TradeStation®

Bull Call Spreads

Workspace Instructions
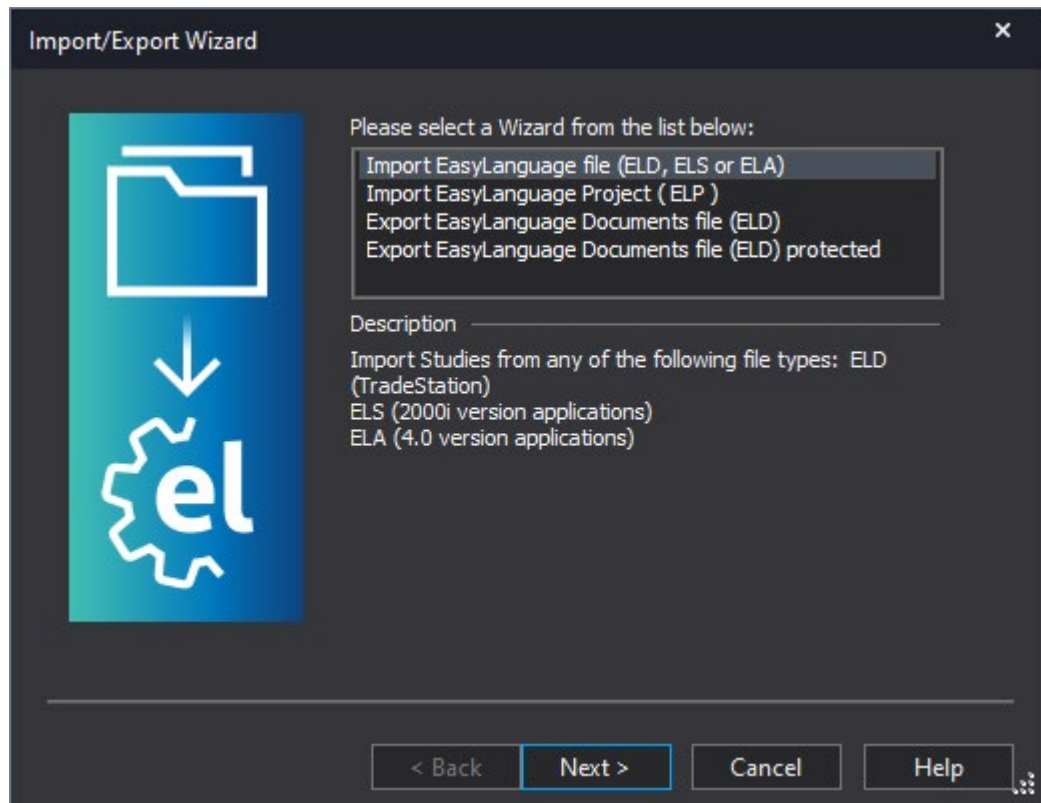
The Bull Call Spreads workspace contains custom studies that are not built into the TradeStation Desktop by default. You must import the custom studies before opening and using the workspace.

Import Custom Study

1 Download the workspace and custom study provided with the article.
   a. Workspace file name: **Bull Call Spreads.TSW**.
   b. Custom study file name: **RSI RS.ELD**.

2 The workspace and study will be inside a ZIP folder in your computer's **Downloads** folder

3 Using File Explorer, locate the **Downloads** folder, right click on the **Straddles-for-Earnings ZIP** and select **Extract All**.

4 Make a note of the folder to where the files will be extracted, and click **Extract**.

5 From the TradeStation Desktop, click **File – Import Export/EasyLanguage**.

Import/Export Wizard ✕

Please select a Wizard from the list below:

Import EasyLanguage file (ELD, ELS or ELA)
Import EasyLanguage Project (ELP)
Export EasyLanguage Documents file (ELD)
Export EasyLanguage Documents file (ELD) protected

Description
Import Studies from any of the following file types: ELD (TradeStation)
ELS (2000i version applications)
ELA (4.0 version applications)

< Back | Next > | Cancel | Help

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6   Select **Import EasyLanguage file (ELD, ELS or ELA)**.

7   Click **Next**.

8   Click **Browse** and locate the folder to where you extracted the files on Step 4.

9   Click **RSI RS** and click **Open**.

10   Back on the **Import Wizard**, click **Next**.

11   **Indicator** is checked for **Study Types**, so click **Next**.

12   **RSI RS** is listed under **Available Studies**.

13   Click **Finish**.

14   **Import Success** window pops up saying **You have successfully imported your Studies**.

15   Click **OK**.

Open the Workspace

Make sure to follow the steps under Import Custom Study before proceeding to open the workspace.

1   From the TradeStation Desktop, click **File – Workspace – Open Workspace**.

2   Locate the folder to where you extracted the workspace.

3   Click **Bull Call Spreads** and click **Open**.

4   Workspace will open and symbols in RadarScreen will load gradually.

Workspace Components

Charts

1 Daily Chart, symbol linked to RadarScreen and Weekly Chart.

RSI – plots RSI values and helps you identify overbought and oversold periods.

2 Weekly Chart, symbol linked to Daily Chart and RadarScreen. Use this candlestick chart to view the larger trend.

RadarScreen

1 The RadarScreen is pre-populated with the 500 symbols that make up the S&P 500 Index.

2 Studies

      a. Impl Volty - All Opts - plots the implied volatility of all options of the underlying with a 20-period moving average.

      b. Volume Avg - in this RadarScreen set to a Daily Timeframe, it plots the daily traded volume and the 50-day volume average.

      c. RSI RS - plots the current RSI value and whether the security is overbought of overshold.

3 Filters

      a. Open Interest – All Options > 5000

      b. AND RSI RS > 40

Scanner
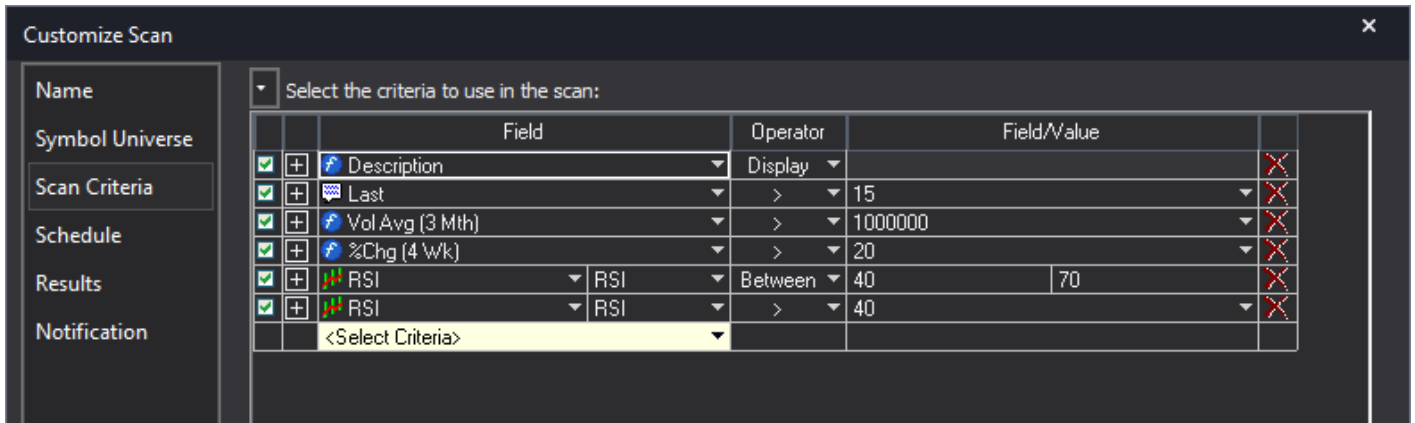
Bull Call Spread Scan

Field	Operator	Field/Value		Rationale
Last Price	>	15		Avoid low value and penny stocks
Volume Average (3 Mo.)	>	1,000,000		Ensure stocks are liquid
% Change (4 Week)	>	20		Find bullish stocks
RSI, Interval = Daily	Between	40	70	The trading time frame should be bullish but not overbought
RSI, Interval = Weekly	>	40		The trend time frame should be bullish

Bull call spread entry conditions

✓ Ensure a bullish weekly trend, and verify that the current price is not in close proximity to a resistance level.

✓ Observe that the daily price is correcting and approaching a strong support level.

✓ Confirm that the stock has liquid options with approximately 5,000 contracts or more in open interest.

✓ Entry for the spread may occur when the current underlying price is within or close to the identified strong support level.

✓ The selected options should be 60 days from expiration to minimize time decay.

✓ Plan to exit the spread 30 days prior to the options' expiration date.

Important Information and Disclosures