



# Straddles for Earnings

Workspace Instructions

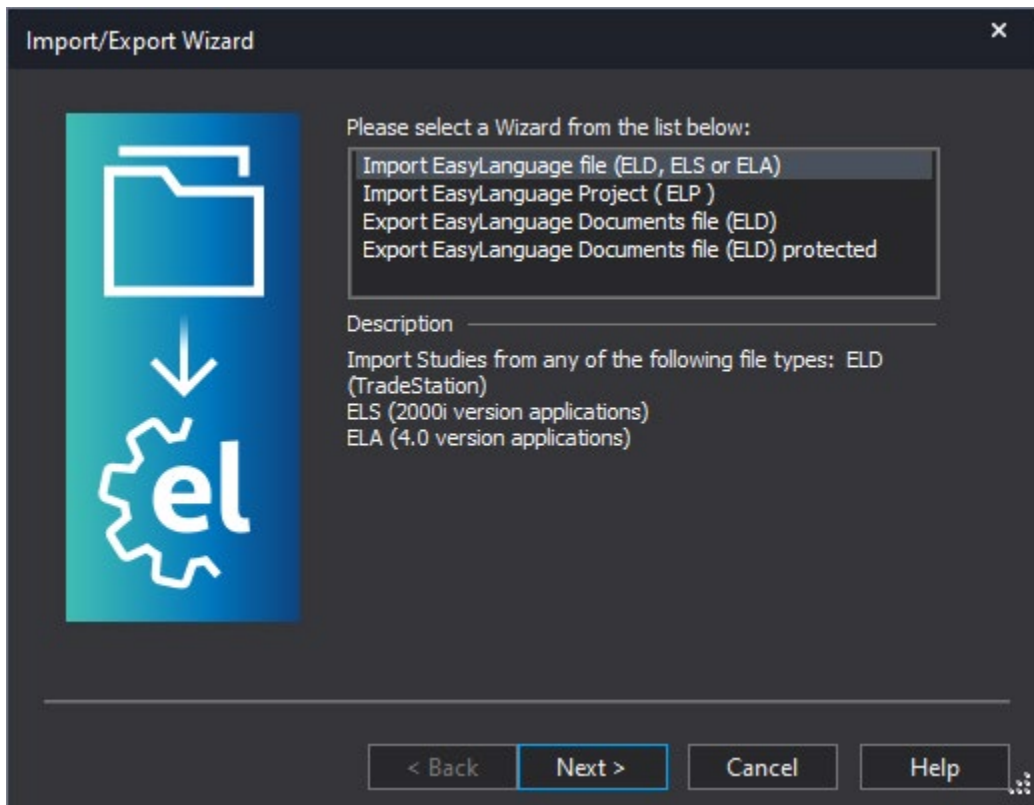


Options  
**Strategies**

The Straddles for Earning 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: **Straddles for Earnings.TSW**.
  - b. Custom study file name: **IV Range Percent.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**.



- 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 **IV Range Percent** and click **Open**.
- 10 Back on the **Import Wizard**, click **Next**.
- 11 **Indicator** is checked for **Study Types**, so click **Next**.
- 12 Two indicators are listed under **Available Studies**.
  - a. IV Range Percent CH (for Charting).
  - b. IV Range Percent RS (for RadarScreen).
- 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 **Straddles for Earnings** 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.



a. **EPS Posting ShowMe** – plots historical Earnings as a dot over the candle on the date Earnings were announced.

b. **Impl Volty/Historical Volty study** – plots the ratio between implied volatility and historical volatility. Low numbers suggest the current IV is low.

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



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



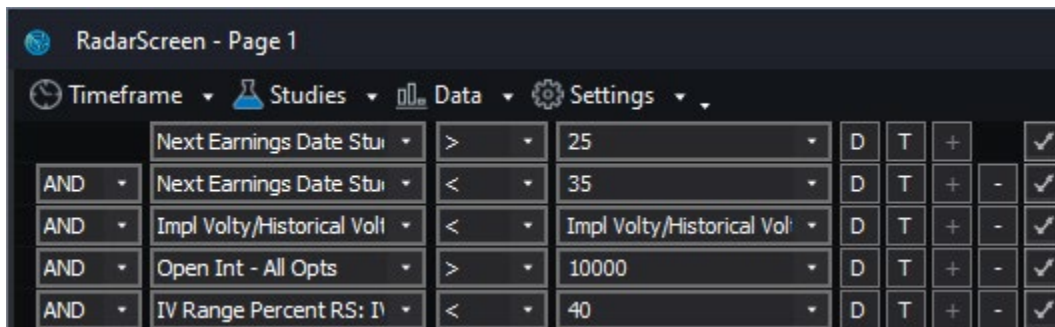
## RadarScreen

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Timeframe Studies Data Settings

Symbol	Description	Last	Next Earnings Date ... Date	#Days	Impl Volty/H... IV/HistVol	IV Range Percent IV	RS IV Range%	Open Int - All Opts
1	S&P 500 Index							
2	EXR Extrage Space Storage Inc	148.17	02/21/24	34	88.2%	0.28	35.62	8,396
3	CRL Charles River Labs Intl	203.52	02/21/24	34	105.5%	0.35	24.73	7,935
4	EXPD Expeditors Intl of Washing	126.56	02/20/24	33	131.7%	0.21	26.98	4,058
5	ANSS Ansys Inc	331.68	02/21/24	34	31.8%	0.18	0.00	42,080
6	FANG Diamondback Energy Inc	150.10	02/20/24	33	128.3%	0.28	66.21	147,158
7	CEG Constellation Energy Corp	111.70	02/15/24	28	108.0%	0.30	59.78	20,084
8	ABNB Airbnb Inc	135.95	02/13/24	26	152.3%	0.38	19.26	508,526
9	AIG Amer Intl Grp	66.75	02/13/24	26	189.7%	0.22	30.55	160,602
10	AKAM Akamai Technologies	117.71	02/13/24	26	252.3%	0.29	41.52	116,791
11	BIIB Biogen Inc	245.27	02/13/24	26	122.0%	0.31	45.81	54,539
12	ECL Ecolab Inc	197.44	02/13/24	26	177.0%	0.19	27.18	15,560
13	EQT EQT Corp	36.00	02/13/24	26	122.7%	0.37	45.18	289,131
14	EXC Exelon Corp	35.46	02/13/24	26	66.2%	0.24	8.89	123,516
15	HWM Howmet Aerospace Inc	53.57	02/13/24	26	131.9%	0.28	70.86	16,860
16	ACGL Arch Cap Grp	79.48	02/14/24	27	115.7%	0.27	33.90	7,037
17	ADI Analog Devices	189.99	02/14/24	27	117.2%	0.28	47.49	140,123

- 1 The RadarScreen is pre-populated with the 500 symbols that make up the S&P 500 Index.
- 2 Studies
  - a. **Next Earning Date** - plots upcoming earnings report date for stocks. Two additional columns, Time and Status, are hidden from view. It also displays the number of days before the earnings report is released.
  - b. **Impl Volty/Historical Volty** - plots the ratio between implied volatility and historical volatility. Lower numbers indicate the current IV is low.
  - c. **IV Range Percent RS** - plots the current IV and what the percentage of this value is, in relationship to a 100-day high-low range. 0% indicates IV is at its 100-day lowest, and 100% indicates that IV is at its 100-day highest. When IV percent is lower than 40, the background cell is colored dark blue. Users may adjust the historical look-back period and the threshold percentage by editing the inputs of the study.
  - d. **Impl Volty - All Opts** - plots the implied volatility of all options of the underlying with a 20-period moving average.
- 3 Filters
  - a. Next Earnings Date > 25
  - b. AND Next Earnings Date < 35
  - c. AND Impl Volty/Historical Volty Ratio < Low Pct
  - d. AND IV Range Percent < 40
  - e. AND Open Interest – All Options > 10000



## Straddle Entry Conditions

- ✓ The earnings report date falls within a 25 to 35 day-range from the current date, approximately 15 candlesticks before earnings on a daily chart
- ✓ Ensure that the IV/HV ratio is below the low percentage level, indicating a low current IV.
- ✓ The IV Gauge Percent study should show IV below the 40% range, although a value below 20% may provide a stronger signal.
- ✓ The chart shows a history of implied volatility rising dramatically toward the earnings reports.
- ✓ It would be wise to reconsider entering the straddle if the current IV is higher than usual when compared to past earnings reports.

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