



5-Minute ORB Using Options

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OVERVIEW

- 5-Min Opening Range Breakout Strategy (Review)
- Stock Selection: Volume, Open Interest, Bid-Ask Spread
- Options vs Equities: Capital Required (Review)
- Risk Management
- Strike Price & Contract Selection
- Execution w/ Contracts

5-MIN ORB STRATEGY (Review)

IDENTIFY

- Opening strategy used for momentum and trade trading
- Looking for stocks with significant pre-market volume
- Good candidates = Gappers
- Long or Short
- Setup can be used after the 1st hour
- Setup can be used for a 15, 30, or 60min ORB
- Long above VWAP / Short below VWAP
- Bonus: Breaking through a technical level

EXECUTE

- Allow 5-min range to be created
- Price is not too extended from VWAP
- Check for high RVOL
- Use 5min to identify setup / 1min pullback for entry opportunities
- Bonus: Opening range < ATR

PROFIT

- Key technical levels
- L2 + tape signals





OPTIONS vs. EQUITIES: CAPITAL REQUIRED (REVIEW)

NVDA Equity Position

- Stock price: \$448.46
- Buy 100 shares
- Capital required: \$44,846

NVDA Option Contract

- Strike price: \$447.50
- Premium: \$7.50 (x100 shares)
- Buy 1 contract
- Capital required: \$750



STOCK SELECTION: VOLUME, OI, SPREAD

- High option volume & open interest names
 - S&P 100, NASDAQ 100
 - ex. TSLA, NVDA, META, AMZN, GOOGL
- High volume & open interest
 - Allow for liquidity and ease of execution w/ contract fills
 - Shows interest in specific strike prices
- Low volume can lead to a large bid-ask spread
 - \$0.30 spread = \$30
 - 5 contracts entered on a market order = P&L immediately down \$150

	Last	Change %	Opt. Vlm	OPTION OPEN I...
SPY	443.84	0.11%	5.94M	19.47M
QQQ	370.87	0.16%	2.88M	13.14M
TSLA	265.45	-3.26%	1.52M	10.44M
AAPL	178.25	1.85%	1.30M	8.85M
NVDA	439.92	0.21%	1.02M	3.68M
IWM	182.66	-0.52%	603K	9.62M
HYG	74.69	0.07%	478K	4.50M
AMD	102.36	0.86%	409K	3.45M
AMZN	140.10	-0.21%	374K	7.44M
NKLA	1.71	43.70%	348K	2.79M
META	302.69	0.79%	278K	3.47M
EEM	39.14	0.03%	247K	4.62M
MSFT	329.14	-0.33%	234K	3.00M
TQQQ	39.93	0.45%	233K	1.38M
GOOGL	138.58	0.86%	229K	3.63M
XLF	34.78	0.32%	222K	4.17M
MARA	9.78	-0.20%	202K	1.10M
SLV	21.35	1.14%	188K	5.63M

BID-ASK SPREAD & LIQUIDITY COMPARISON

AMZN 137.52 -- 137.58

AMZN 138.84 - 135.56 PCL 139.98 Vol 61,461,262

Lv1 137.52 137.58 Last 137.58 -2.4 (-1.7%)

Calls Puts Sep22 Sep29 Oct06 Oct13 Oct20 Oct27 Nov17 Dec15 2024Jan18

Symbol	Last	Change	BID	ASK	Strike	Symbol	Last	Change	BID	ASK	Volume
+AMZN*D9M135	3.3	-2	3.25	3.35	135	+AMZN...	0.58	0.31	0.57	0.6	18247
+AMZN*D9M136	2.6	-1.84	2.55	2.61	136	+AMZN...	0.87	0.48	0.84	0.87	51394
+AMZN*D9M137	1.95	-1.68	1.88	1.97	137	+AMZN...	1.22	0.63	1.21	1.27	15493
+AMZN*D9M138	1.4	-1.45	1.38	1.43	138	+AMZN...	1.67	0.85	1.67	1.75	9224
+AMZN*D9M139	0.98	-1.26	0.97	1	139	+AMZN...	2.26	1.09	2.24	2.45	5048
+AMZN*D9M140	0.67	-1	0.65	0.67	140	+AMZN...	2.97	1.37	2.88	2.99	3781
+AMZN*D9M141	0.43	-0.77	0.41	0.43	141	+AMZN...	3.7	1.55	3.65	3.8	794
+AMZN*D9M142	0.27	-0.56	0.26	0.27	142	+AMZN...	4.5	1.67	4.35	4.7	461
+AMZN*D9M143	0.16	-0.4	0.16	0.17	143	+AMZN...	5.45	2	5.35	5.6	308
+AMZN*D9M144	0.1	-0.26	0.1	0.11	144	+AMZN...	6.4	2.1	6.3	6.65	331

BID Price Size ASK Price Size

Last Vol

+TSLA*D9M305 Bid:36.4 Ask:39.1

1 P Display Price TMP ?

MARKET Pref DAY+ ANY OPTIONS

SELL OPEN SELL CLOSE CXL BUY OPEN BUY CLOSE

MRNA 106.72 -- 106.8

MRNA 107.79 - 101.85 PCL 104.14 Vol 4,121,092

Lv1 106.72 106.8 Last 106.7 2.56 (2.5%)

Calls Puts Sep22 Sep29 Oct06 Oct13 Oct20 Oct27 Nov17 Dec15 2024Jan18

Symbol	Last	Change	BID	ASK	Strike	Symbol	Last	Change	BID	ASK	Volume
+MRNA*D9M102	5.45	1.55	5	5.45	102	+MRNA...	0.42	-0.96	0.39	0.45	903
+MRNA*D9M103	4.72	1.82	4.25	4.55	103	+MRNA...	0.58	-1.09	0.57	0.63	667
+MRNA*D9M104	3.69	1.27	3.55	3.7	104	+MRNA...	0.85	-1.36	0.81	0.86	947
+MRNA*D9M105	2.95	1.02	2.92	3.05	105	+MRNA...	1.16	-1.58	1.11	1.18	2143
+MRNA*D9M106	2.36	0.79	2.32	2.41	106	+MRNA...	1.55	-1.58	1.52	1.61	430
+MRNA*D9M107	1.84	0.58	1.8	1.88	107	+MRNA...	2.05	-1.92	1.98	2.35	582
+MRNA*D9M108	1.41	0.44	1.37	1.45	108	+MRNA...	2.63	-1.92	2.58	2.77	127
+MRNA*D9M109	1.1	0.37	1.05	1.1	109	+MRNA...	2.85	-2.5	3.2	3.3	102
+MRNA*D9M110	0.78	0.23	0.77	0.82	110	+MRNA...	3.75	-2.55	3.8	4.1	33
+MRNA*D9M111	0.6	0.15	0.56	0.61	111	+MRNA...	4.75	-2.5	4.65	4.9	61

BID Price Size ASK Price Size

Last Vol

+TSLA*D9M305 Bid:36.4 Ask:39.1

1 P Display Price TMP ?

MARKET Pref DAY+ ANY OPTIONS

SELL OPEN SELL CLOSE CXL BUY OPEN BUY CLOSE

RISK MANAGEMENT & PROFIT TAKING

- Exit based on percentages, chart structure (equity/option), or stall in momentum (for scalp plays)
- Percentages
 - \$1,000 Cash Account
 - 10% risk = \$100 of buying power for contracts
 - Spend \$100 on 1 AAPL contract
 - -10% stop = -1% of full account / \$10 / 1R
 - \$30,000 Margin Account
 - Amount of Capital above PDT = \$5,000
 - Risk based off of \$5,000
 - 10% risk = \$500 of buying power for contracts
 - Spend \$500 on 5 AAPL contracts @ \$100/ea
 - -10% stop = -1% of full account / \$50 / 1R
- Chart Structure
 - LOD/5min equity range
 - LOD/5min option range
 - Equity VWAP

RISK MANAGEMENT & PROFIT TAKING (cont.)

- Take profit based on percentages, chart structure (equity/option), or stall in momentum (for scalp plays)
- Percentages
 - \$1,000 Cash Account
 - 10% risk = \$100 of buying power for contracts
 - Spend \$100 on 1 AAPL contract
 - 20% gain = 2% of full account / \$20 / 2R
 - \$30,000 Margin Account
 - Amount of Capital above PDT = \$5,000
 - Risk based off of \$5,000
 - 10% risk = \$500 of buying power for contracts
 - Spend \$500 on 5 AAPL contracts @ \$100/ea
 - 20% gain = 2% of full account \$100 / 2R
- Chart Structure
 - Key technical levels on the equities chart

STRIKE PRICE & CONTRACT SELECTION

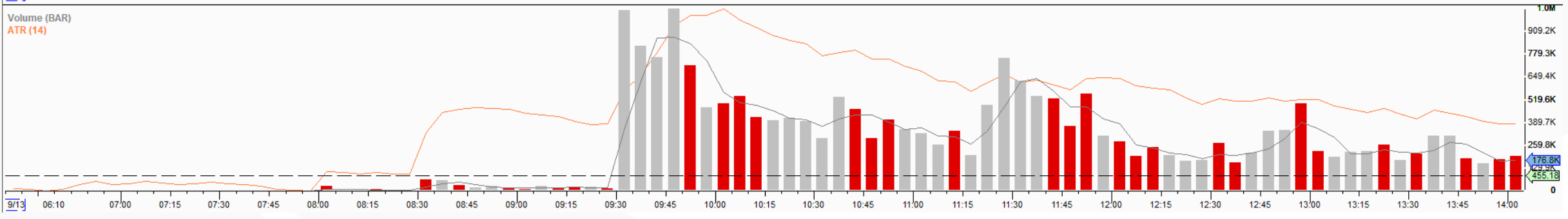
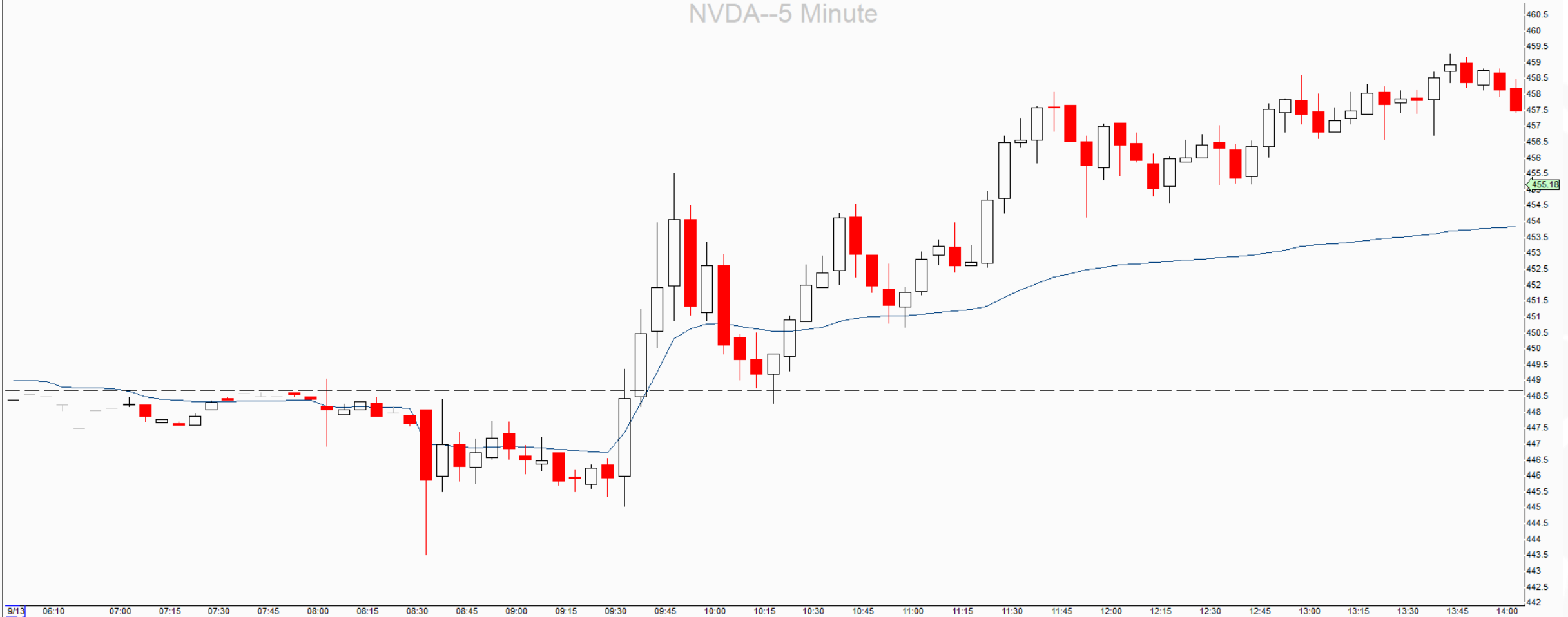
- Strategy Choice: Long Call/Long Put
 - *Note: Additional strategy choice = Debit Vertical to lower cost of position*
- Expiration Series:
 - Same week (non-ETFs)
 - Following week (non-ETFs on Friday)
 - 1-2DTE (ETFs)
 - *Note: Can be played with 0DTE but much more risky and can be difficult to manage*
- ATM (at the money) & slightly ITM (in the money)
 - Move relatively in sync w/ equities
 - Cost more
 - Delta = 0.5 or higher
- OTM (out of the money)
 - Move relatively in sync w/ equities as long as price action is steady and strike price is not too far away
 - Lack of momentum/movement = dip in contract prices
 - Cost less
 - Delta < 0.5
 - Mid-range strike price (1-2 strikes out of the money / ATR)



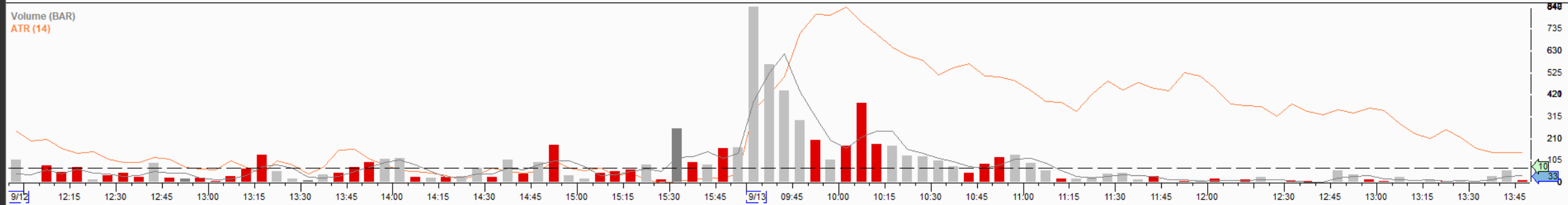
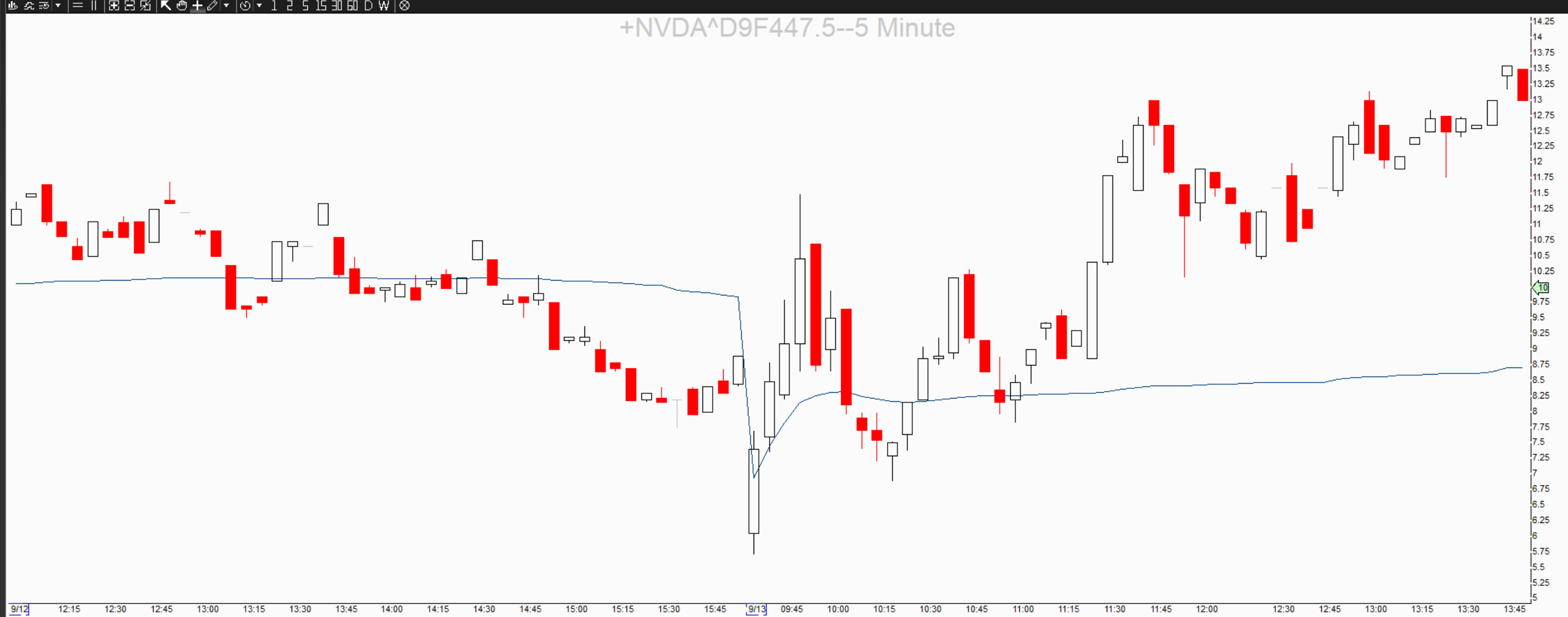
EXECUTION WITH CONTRACTS

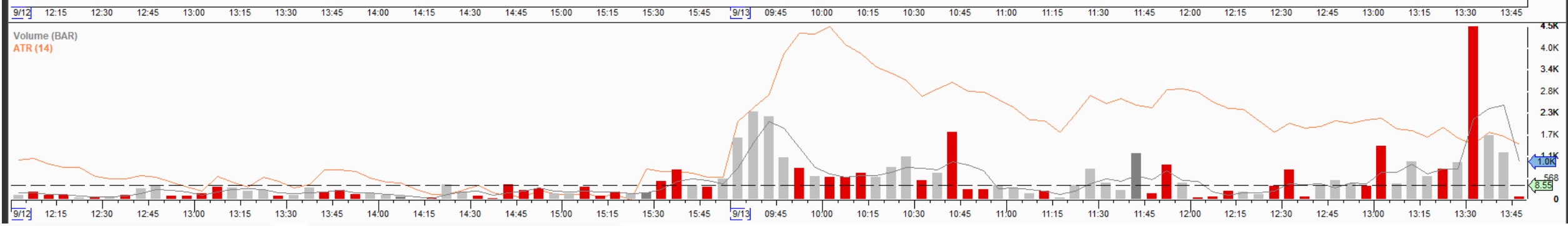
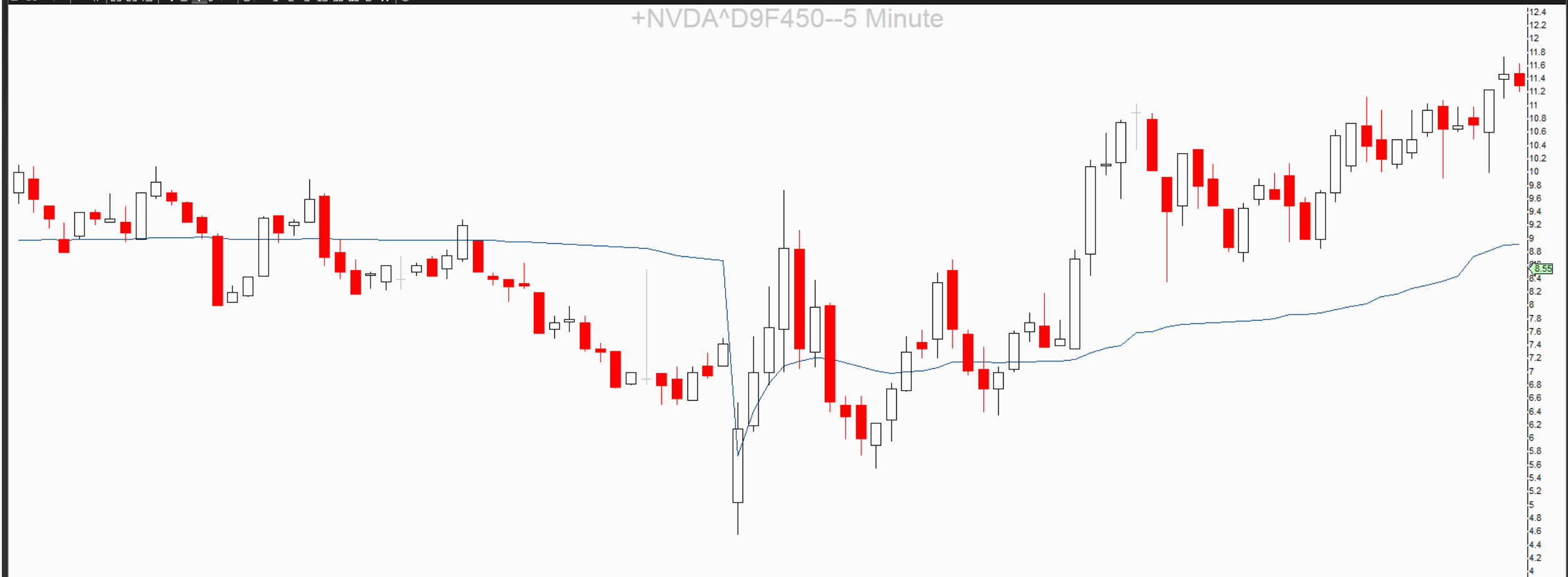
- Allow 5min range to be created
- Allow bid-ask spread to tighten
 - *Note: If spread does not tighten, use spread size to calculate risk accordingly
- Enter using the options montage window via a market order or w/ a marketable limit order hot key (i.e. ASK + 0.03)
- Add stop based on stop loss criteria
 - Percent %
 - Contract chart/candle (calculating size of position)
- Exit using Risk Management techniques (i.e. percentages, chart structure, stall in momentum)
- Scalp + Ride
 - Take part of position off after momentum move
 - Leave % of contracts for trend continuation
 - Move stop to b/e

NVDA--5 Minute

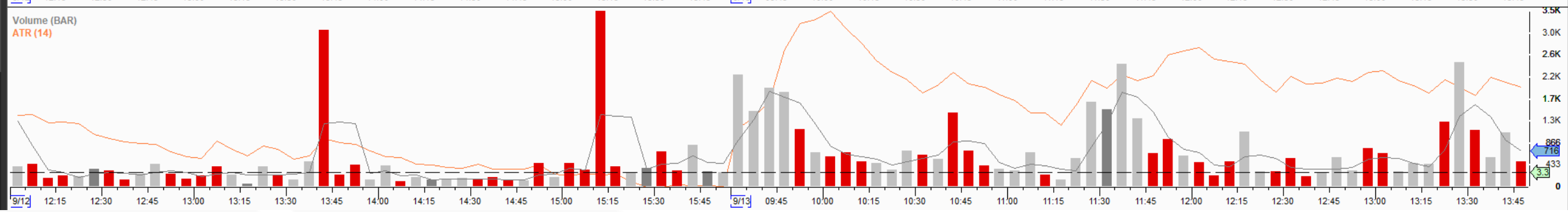
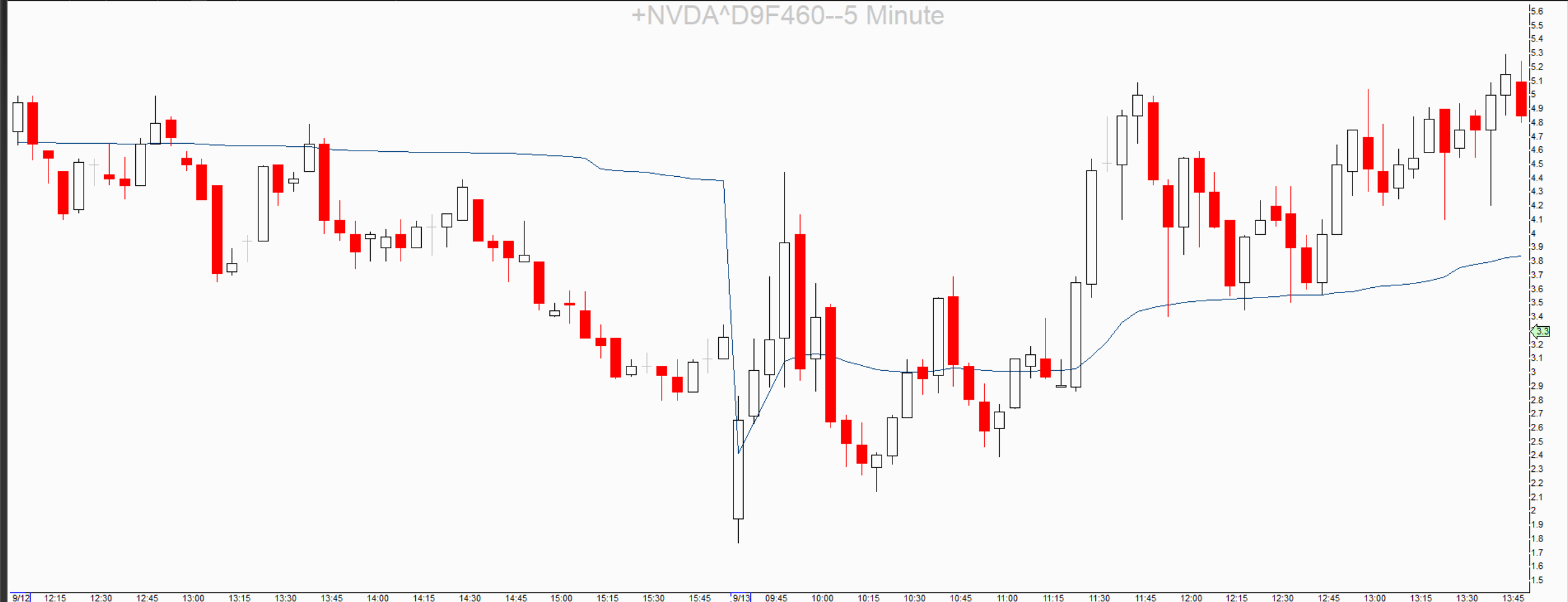


+NVDA^D9F447.5--5 Minute

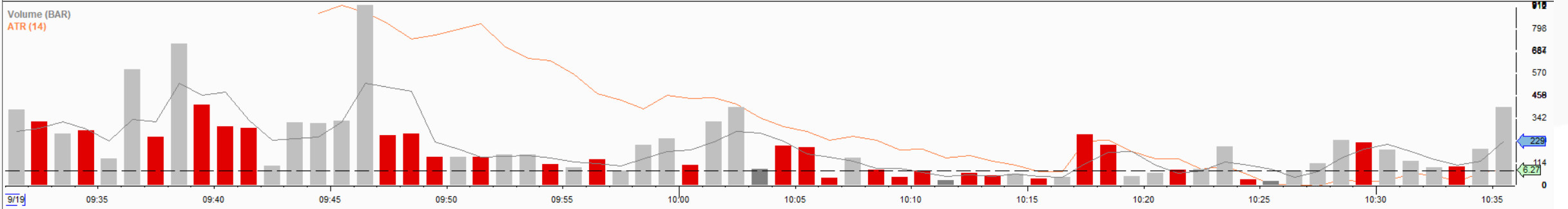




+NVDA^D9F460--5 Minute







KEY TAKEAWAYS

- High volume & open interest stocks (or stocks w/ a catalyst)
- Pay attention to bid-ask spread
- Utilize the contract chart when considering risk
- Pay attention to the equities chart for profit taking
- Be quick to take profit but allow contracts to ride or re-enter for continuation plays
- Be careful with strikes that are far OTM



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