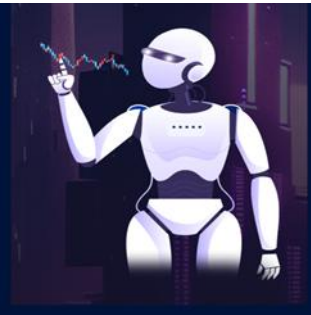


# Campaign Trading

## Automating Systems



Q1'25 Newsletter

## Firebird Trading Systems – Elevate Your Trading Strategy

*Your Source for Trading Insights, Tools, and Strategy Updates*

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### Welcome to 2025 and Firebird Trading System Updates!

*As we move into 2025, we're excited to bring you new option search tools, automated strategies, more in depth learning aids and insights, and an expanded set of tools to*



*support your trading success. This month's newsletter includes product spotlights, expert tips, and ways to maximize Firebird's tools. This new video provides an overview of the Firebird Trading Systems site.*

[https://firebirdtradingsystems.com/wp-content/uploads/2024/11/hek-pvac-syx-2024-11-15-09\\_58-GMT-5-1.mp4](https://firebirdtradingsystems.com/wp-content/uploads/2024/11/hek-pvac-syx-2024-11-15-09_58-GMT-5-1.mp4)

**Recently Added Option Search Tools:** [\*Deep In The Money Calls and Puts\*](#)

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### Featured Service – TradeStation Scanner Search tools

Transform your trading by using Firebird's search tools in TradeStation Scanner to find complex spreads which offer potentially favorable characteristics for traders.

At Firebird we are continuously building new tools and improving older ones. We also test each of the tools that we build by searching for option positions, performing the analysis and actually trading the positions that we like.

### Below are Two Examples

We found these positions in December and opened them with real money.

**Example 1:** Bought CVNA (Trading at \$222.66) Bull Diagonal Spread on 12/23/24.

Long Put: 2 ea @ 35.87

Short Put: 2 ea @ 18.10

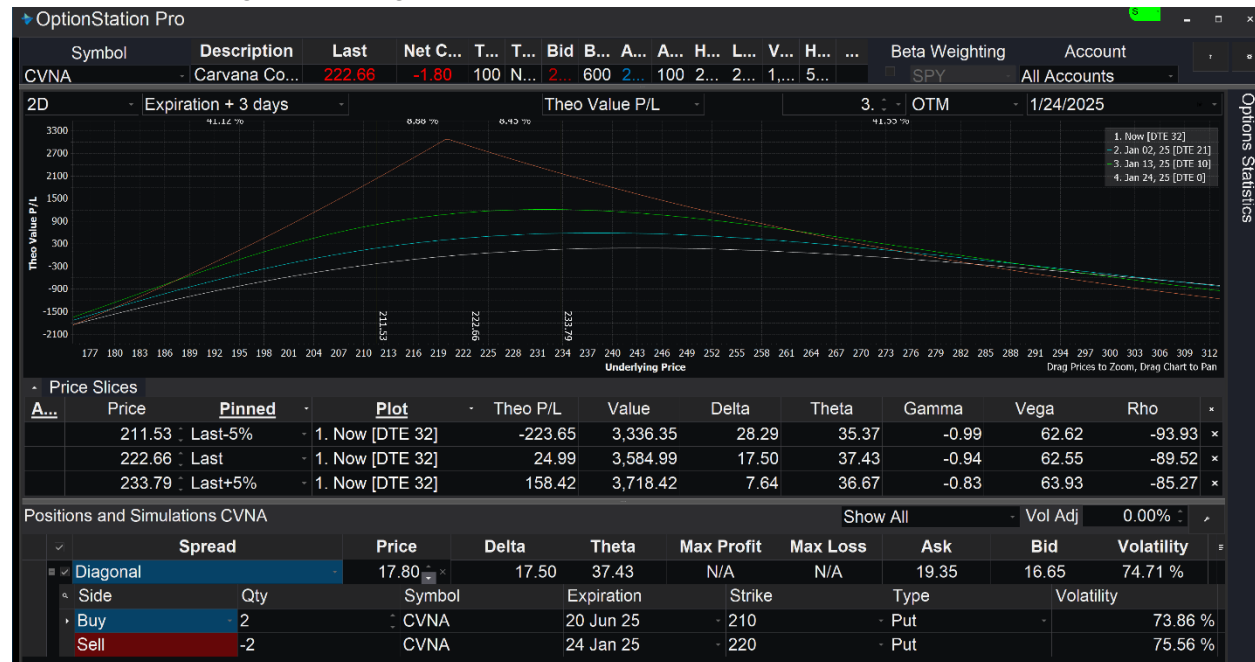
The total buying Power required equals:  $((2 \times \$1000) + 2 \times (\$35.87 - \$18.10)) = \$5554$

The largest potential gain is: ~\$3100 (this would occur if the position was held until the short put expired and the underlying stock was trading at 220 (the short put Strike Price)

Another important point that the P&L Graph shows is that the Implied Volatility of the Short Position (what we are selling) is higher than that Implied Volatility of the Long Position (the one that we are buying)

To lose money in this position at the Short Put expiration date of 01/24 (and the Implied Volatility remains stable), if no adjustments are made, the underlying stock must close below ~192 or close above ~294.

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**Example 2:** Bought TSM (trading at 201.49) Bull Diagonal Spread on 12/27/24.

Long Put: 2 ea @ 16.32

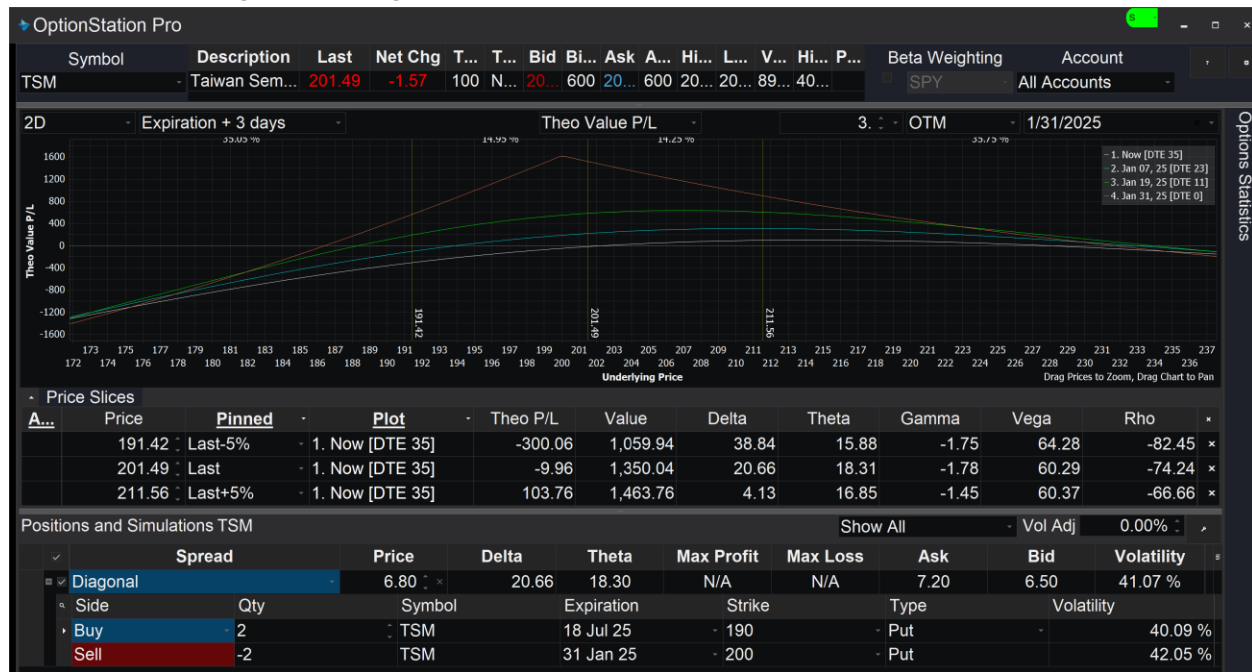
Short Put: 2 ea @ 9.57

The total buying Power required equals:  $((2 \times \$1000) + 2 \times (\$16.32 - \$9.57)) = \$3350$

The largest potential gain is: ~\$1625 (this would occur if the position was held until the short put expired and the underlying stock was trading at 200 (the short put Strike Price)

Also, for this position, as in the previous one, the P&L Graph shows that the Implied Volatility of the Short Position (what we are selling) is higher than that Implied Volatility of the Long Position (the one that we are buying).

To lose money in this position at the Short Put expiration date of 01/31, if no adjustments are made, the underlying stock must close below ~186 or close above ~234.



In the next Newsletter (Q2'25) we will report the results of these trades including any adjustments that were made.

## Firebird Tools & Resources – An Overview of the Current Option Spread Search Tools

Firebird's Option Skew Search tools are designed to work on the TradeStation Scanner and Radar Screen. These tools are designed as Indicators and can be added in the search criteria once the Search has been set up and the stocks have been selected.

This month the use of the TradeStation Scanner to find favorable spreads will be discussed.

### 1. TradeStation Configurations for Option Skew Search Tools

To create a new Scanner Search, open the TradeStation Scanner and select Add. You will see this popup. Name the Search Tool as you like.

This screenshot shows a dialog box with a 'Name:' text field at the top, followed by a large 'Notes:' text area. Below the notes area, there is a section titled 'Save this scan to a specific folder in the Scans pane (optional):' which contains a dropdown menu currently set to '<none>' and an 'Add Folder...' button. At the bottom of the dialog, there are five buttons: '< Back', 'Next >', 'Run', 'Cancel', and 'Help'. The 'Next >' button is highlighted with a blue border.

Click Next and you will see this popup.

This screenshot shows a dialog box titled 'Specify the universe of symbols to scan:'. It contains two main sections. The first section, 'Symbols to Include', has a dropdown menu with the text '<Select symbol lists, or custom symbols to include in universe>'. The second section, 'Select symbols to exclude:', has a similar dropdown menu with the text '<Select symbol lists, or custom symbols to exclude from universe>'. At the bottom left, there is a checkbox labeled 'Set as default'. At the bottom right, there are five buttons: '< Back', 'Next >', 'Run', 'Cancel', and 'Help'. The 'Next >' button is highlighted with a blue border.

Click on the drop down in the Select Symbol.....space and choose which symbols to use. At Firebird we typically select, “All Stocks”.

Then select Next and you can begin to input the criteria to use for your search. This is where the Firebird Indicator is selected to be used for specific searches. To insert the Firebird Search tool, go to Indicator and it should appear in your Indicators, after you have Imported it.

The Selection Criteria configurations that Firebird uses for each of the Firebird Skew Search Tools are shown below. It is important to get all of the configurations set up correctly to make the searches function and be useful.

Also remember that these tools are designed to find Stocks that may have Option Skews that present Complex Option Positions which present advantageous opening positions. To determine if these stocks have option pairs that are advantageous, the trader must complete a thorough analysis in OptionStation.

Option Skew Search Tools are listed below in alphabetical order.

Firebird Batman Skew Search

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Name

Symbol Universe

Scan Criteria

Schedule

Results

Notification

Select the criteria to use in the scan:

|                                     | Field                      | Operator | Field/Value     |                                     |                                     |
|-------------------------------------|----------------------------|----------|-----------------|-------------------------------------|-------------------------------------|
| <input checked="" type="checkbox"/> | Close                      | >        | 89              | <input checked="" type="checkbox"/> |                                     |
| <input checked="" type="checkbox"/> | Close                      | <        | 399             | <input checked="" type="checkbox"/> |                                     |
| <input checked="" type="checkbox"/> | IV (Today)                 | >        | IV (3 Days Ago) | <input checked="" type="checkbox"/> |                                     |
| <input checked="" type="checkbox"/> | Open Interest-Calls & Puts | >        | 1               | <input checked="" type="checkbox"/> |                                     |
| <input checked="" type="checkbox"/> | Firebird Batman Skew       | Score    | >               | 2                                   | <input checked="" type="checkbox"/> |

Input/Setting Name

Value

Price

Close

Interval

15 Minute

The MaxBarsBack setting you

Auto-detect

Load additional data

200

Currency based on

Account

Sort key

<none>

☐ Ignore this scan criterion for symbols that do not have a valid value

<Select Criteria>

Move Up

Move Down

Set as default

Save...

OK

Run

Cancel

Help

Interval can be set from 1 to 60 minutes. The trader can try different settings to see which ones they prefer.

# Firebird Bear Diagonal Skew Search

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Name

Symbol Universe

Scan Criteria

Schedule

Results

Notification

Select the criteria to use in the scan:

|                                     | Field                      | Operator | Field/Value     |   |
|-------------------------------------|----------------------------|----------|-----------------|---|
| <input checked="" type="checkbox"/> | Close                      | >        | 89              | x |
| <input checked="" type="checkbox"/> | Close                      | <        | 399             | x |
| <input checked="" type="checkbox"/> | IV (3 Days Ago)            | >        | IV (5 Days Ago) | x |
| <input checked="" type="checkbox"/> | IV (Today)                 | >        | IV (3 Days Ago) | x |
| <input checked="" type="checkbox"/> | IV (Today)                 | >        | 20              | x |
| <input checked="" type="checkbox"/> | Open Interest-Calls & Puts | >        | 1000            | x |
| <input checked="" type="checkbox"/> | RSI                        | >        | 50              | x |

☐ Ignore this scan criterion for symbols that do not have a valid value

| Input/Setting Name          | Value                 |
|-----------------------------|-----------------------|
| Price                       | Close                 |
| Length                      | 14                    |
| OverSold                    | 30                    |
| OverBought                  | 70                    |
| OverSColor                  | MyColors( "DodgerB" ) |
| OverBColor                  | Red                   |
| Interval                    | 15 Minute             |
| The MaxBarsBack setting you | Auto-detect           |
| Load additional data        | 200                   |
| Currency based on           | Account               |
| Sort key                    | <none>                |

☐ Ignore this scan criterion for symbols that do not have a valid value

☒ Firebird Bear Diagonal Skew

| Input/Setting Name          | Value       |
|-----------------------------|-------------|
| Price                       | Close       |
| Interval                    | 15 Minute   |
| The MaxBarsBack setting you | Auto-detect |
| Load additional data        | 200         |
| Currency based on           | Account     |
| Sort key                    | <none>      |

☐ Ignore this scan criterion for symbols that do not have a valid value

<Select Criteria>

Move Up

Move Down

☐ Set as default

Save...

OK

Run

Cancel

Help

Interval can be set from 1 to 60 minutes. The trader can try different settings to see which ones they prefer.

# Firebird Bull Diagonal Skew Search

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| Name                                  | Select the criteria to use in the scan:                                                        |                        |                 |   |
|---------------------------------------|------------------------------------------------------------------------------------------------|------------------------|-----------------|---|
| Symbol Universe                       | Field                                                                                          | Operator               | Field/Value     |   |
| Scan Criteria                         | <input checked="" type="checkbox"/> + Close                                                    | >=                     | 89              | x |
|                                       | <input checked="" type="checkbox"/> + Close                                                    | <=                     | 399             | x |
| Schedule                              | <input checked="" type="checkbox"/> + IV (3 Days Ago)                                          | >=                     | IV (5 Days Ago) | x |
|                                       | <input checked="" type="checkbox"/> + IV (Today)                                               | >=                     | IV (3 Days Ago) | x |
| Results                               | <input checked="" type="checkbox"/> + IV (Today)                                               | >                      | 20              | x |
|                                       | <input checked="" type="checkbox"/> + Open Interest-Calls & Puts                               | >                      | 1000            | x |
| Notification                          | <input checked="" type="checkbox"/> + RSI                                                      | <                      | 50              | x |
|                                       | Input/Setting Name                                                                             | Value                  |                 |   |
|                                       | Price                                                                                          | Close                  |                 |   |
|                                       | Length                                                                                         | 14                     |                 |   |
|                                       | OverSold                                                                                       | 30                     |                 |   |
|                                       | OverBought                                                                                     | 70                     |                 |   |
|                                       | OverSColor                                                                                     | MyColors("DodgerBlue") |                 |   |
|                                       | OverBColor                                                                                     | Red                    |                 |   |
|                                       | Interval                                                                                       | 15 Minute              |                 |   |
|                                       | The MaxBarsBack setting you want                                                               | Auto-detect            |                 |   |
|                                       | Load additional data                                                                           | 200                    |                 |   |
|                                       | Currency based on                                                                              | Account                |                 |   |
|                                       | Sort key                                                                                       | <none>                 |                 |   |
|                                       | <input type="checkbox"/> Ignore this scan criterion for symbols that do not have a valid value |                        |                 |   |
|                                       | <input checked="" type="checkbox"/> + Firebird Bull Diagonal Skew                              | Score                  | >               | 3 |
|                                       | Input/Setting Name                                                                             | Value                  |                 |   |
|                                       | Price                                                                                          | Close                  |                 |   |
|                                       | Interval                                                                                       | 15 Minute              |                 |   |
|                                       | The MaxBarsBack setting you want                                                               | Auto-detect            |                 |   |
|                                       | Load additional data                                                                           | 200                    |                 |   |
|                                       | Currency based on                                                                              | Account                |                 |   |
|                                       | Sort key                                                                                       | <none>                 |                 |   |
|                                       | <input type="checkbox"/> Ignore this scan criterion for symbols that do not have a valid value |                        |                 |   |
|                                       | <Select Criteria>                                                                              |                        |                 |   |
| <div>Move Up Move Down</div>          |                                                                                                |                        |                 |   |
| <div>Set as default</div>             |                                                                                                |                        |                 |   |
| <div>Save... OK Run Cancel Help</div> |                                                                                                |                        |                 |   |

Interval can be set from 1 to 60 minutes. The trader can try different settings to see which ones they prefer.

# Firebird Calendar Skew Search

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|                 | Select the criteria to use in the scan: |
|-----------------|-----------------------------------------|
| Name            |                                         |
| Symbol Universe |                                         |
| Scan Criteria   |                                         |
| Schedule        |                                         |
| Results         |                                         |
| Notification    |                                         |

|                                     | Field                                                                                          | Operator               | Field/Value    |       |
|-------------------------------------|------------------------------------------------------------------------------------------------|------------------------|----------------|-------|
| <input checked="" type="checkbox"/> | + Close                                                                                        | >                      | ▼ 89           | x     |
| <input checked="" type="checkbox"/> | - Close                                                                                        | <                      | ▼ 399          | x     |
| <input checked="" type="checkbox"/> | + Open Interest-Calls & Puts                                                                   | >                      | ▼ 1000         | x     |
| <input checked="" type="checkbox"/> | + IV (Today)                                                                                   | >                      | ▼ 20           | x     |
| <input checked="" type="checkbox"/> | - RSI                                                                                          | Between                | ▼ 70      ▼ 30 | x     |
|                                     | Input/Setting Name                                                                             | Value                  |                |       |
|                                     | Price                                                                                          | Close                  |                |       |
|                                     | Length                                                                                         | 14                     |                |       |
|                                     | OverSold                                                                                       | 30                     |                |       |
|                                     | OverBought                                                                                     | 70                     |                |       |
|                                     | OverSColor                                                                                     | MyColors( "DodgerBlue" |                |       |
|                                     | OverBCColor                                                                                    | Red                    |                |       |
|                                     | Interval                                                                                       | 15 Minute              |                |       |
|                                     | The MaxBarsBack setting you want used                                                          | Auto-detect            |                |       |
|                                     | Load additional data                                                                           | 200                    |                |       |
|                                     | Currency based on                                                                              | Account                |                |       |
|                                     | Sort key                                                                                       | <none>                 |                |       |
|                                     | <input type="checkbox"/> Ignore this scan criterion for symbols that do not have a valid value |                        |                |       |
| <input checked="" type="checkbox"/> | - Firebird Calendar Skew                                                                       | Score                  | >              | ▼ 0 x |
|                                     | Input/Setting Name                                                                             | Value                  |                |       |
|                                     | Price                                                                                          | Close                  |                |       |
|                                     | Interval                                                                                       | 15 Minute              |                |       |
|                                     | The MaxBarsBack setting you want used                                                          | Auto-detect            |                |       |
|                                     | Load additional data                                                                           | 200                    |                |       |
|                                     | Currency based on                                                                              | Account                |                |       |
|                                     | Sort key                                                                                       | <none>                 |                |       |
|                                     | <input type="checkbox"/> Ignore this scan criterion for symbols that do not have a valid value |                        |                |       |
|                                     | <Select Criteria>                                                                              |                        |                |       |

Move Up Move Down

---

☐ Set as default

Save... OK Run Cancel Help

Interval can be set from 1 to 60 minutes. The trader can try different settings to see which ones they prefer.

# Firebird Covered Calls Skew Search

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Name

Symbol Universe

Scan Criteria

Schedule

Results

Notification

Select the criteria to use in the scan:

|                                                                                                                                                                                                                                                                                                                                                                                            | Field                  | Operator | Field/Value     |                                     |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|----------|-----------------|-------------------------------------|
| <input checked="" type="checkbox"/>                                                                                                                                                                                                                                                                                                                                                        | Close                  | >        | 8               | <input checked="" type="checkbox"/> |
| <input checked="" type="checkbox"/>                                                                                                                                                                                                                                                                                                                                                        | Close                  | <        | 40              | <input checked="" type="checkbox"/> |
| <input checked="" type="checkbox"/>                                                                                                                                                                                                                                                                                                                                                        | IV (Today)             | >        | IV (3 Days Ago) | <input checked="" type="checkbox"/> |
| <input checked="" type="checkbox"/>                                                                                                                                                                                                                                                                                                                                                        | IV (3 Days Ago)        | >        | IV (5 Days Ago) | <input checked="" type="checkbox"/> |
| <input checked="" type="checkbox"/>                                                                                                                                                                                                                                                                                                                                                        | IV (Today)             | >        | 40              | <input checked="" type="checkbox"/> |
| <input checked="" type="checkbox"/>                                                                                                                                                                                                                                                                                                                                                        | Firebird Covered Calls | Score    | >               | 4                                   |
| <div>Input/Setting NameValue</div> <div>PriceClose</div> <div>Interval5 Minute</div> <div>The MaxBarsBack setting youAuto-detect</div> <div>Load additional data200</div> <div>Currency based onAccount</div> <div>Sort key&lt;none&gt;</div> <div><input type="checkbox"/> Ignore this scan criterion for symbols that do not have a valid value</div> <div>&lt;Select Criteria&gt;</div> |                        |          |                 |                                     |

Move Up

Move Down

Set as default

Save...

OK

Run

Cancel

Help

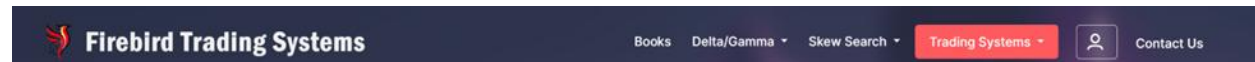
Interval can be set from 1 to 60 minutes. The trader can try different settings to see which ones they prefer.

## Section 4: Philosophy of Trading

Option trading offers a world of possibilities for traders, allowing them to craft strategies tailored to their goals, risk tolerance, and market outlook. Common approaches include directional strategies, such as buying calls or puts to profit from anticipated price movements, and income-generating strategies, like selling covered calls or cash-secured puts to collect premiums. Advanced traders might employ spreads—like verticals, diagonals, iron condors or batman spreads—to limit risk while enhancing profit potential.

Interestingly, the same strategy can serve different purposes. For instance, a trader might use covered calls conservatively to generate steady income from a stock they already own, while another might apply it more aggressively, aiming to optimize returns in a flat or slightly bullish market. Similarly, vertical spreads can be used for speculative bets on short-term price movements or as hedges against broader portfolio risks.

The beauty of options lies in their flexibility: there's no one-size-fits-all approach. Whether focusing on stocks, ETFs, or their derivatives, traders can align strategies with their unique preferences and financial objectives. Each individual's trading journey should be shaped by their understanding, experience, and comfort with risk—making options a powerful tool for personalized wealth-building strategies.



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**Legal Disclaimer:** Trading involves significant risks. Our algorithms are based on simulated data with inherent limitations and may not accurately predict actual market conditions. While our algorithms are rigorously tested, their past performance does not guarantee future results. Always approach trading with caution and consider potential risks before utilizing any algorithm.

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