

Daily Options Selling Screener Template

Use this prompt template to identify the **Top 5 stocks for selling options** (short premium strategies) each day. It incorporates key selection **criteria** and instructs the AI to output results in a clear table format for easy analysis.

Checklist Criteria

1. **High Implied Volatility (IV) Rank:** Focus on tickers with **IV Rank above 50** (options considered “expensive”), preferably above ~70–80 for optimal premium selling ¹. High IVR indicates elevated option premiums, which is ideal for option sellers ².
2. **No Imminent Earnings:** Exclude stocks with earnings announcements during the intended trade window (unless the strategy is specifically to play earnings). Earnings can cause volatility spikes and sudden IV crush afterwards, so it’s safer to **avoid selling options right before earnings** ³ to minimize unforeseen price jumps.
3. **Strong Liquidity:** Ensure **tight bid/ask spreads and high open interest** for the options being considered. Liquid options have narrow spreads and ample open interest, which reduces slippage and allows easier trade entry/exit ⁴. (As a rule of thumb, look for strikes with high volume/OI and spreads only a few cents wide ⁵.) This guarantees efficient pricing ⁶.
4. **Optimal Delta (Probability):** Target a **delta around 0.25–0.30** for the short option strike. A ~0.25 delta roughly corresponds to a 75% probability of expiring OTM (profitable for the seller), balancing risk and reward. Selling slightly out-of-the-money options (delta 0.20–0.30) is a common sweet spot for premium sellers ⁷.
5. **Technical Alignment:** Align the strategy with technical indicators:
6. If **RSI < 30** and the stock is at a clear support level, it signals oversold conditions. Favor **bullish premium-selling strategies** here (e.g. sell cash-secured puts or put credit spreads) to exploit a likely bounce ⁸. Traders often sell put spreads when a stock holds at support after an oversold signal ⁹.
7. If **RSI > 70** and the stock is at resistance, it signals overbought conditions. Favor **bearish strategies** (e.g. call credit spreads) to profit from a potential pullback ⁸. Selling call spreads near resistance is a common approach when a stock looks stretched to the upside ⁹.
8. If the stock is **range-bound** (sideways trading) and IV is high, consider a **neutral strategy** like a **Ratio Spread**. Ratio spreads can be structured for a credit and have no risk on one side, benefiting from high IV by selling extra OTM options for premium ¹⁰. This works best when you expect the underlying to stay within a range – the strategy profits if the stock remains near the short strikes at expiry ¹¹.
9. **Sound Fundamentals:** Prioritize **financially solid companies** – reasonable valuation, consistent earnings growth, and low debt. The underlying stock should be fundamentally strong so that, in case you’re assigned shares (from short puts) or hold the position, you’re comfortable owning it. *Selling options on fundamentally sound stocks at sensible strike prices is crucial to mitigate downside risk* ¹². This way, even if the trade goes wrong, you have confidence in the stock’s long-term value.

Prompt Instructions for the AI

1. **Start with Watchlist:** Begin analysis with the user's top 25 most liquid stocks (user-provided watchlist). These are likely large-cap or high-volume names suitable for options trading.
2. **Apply Criteria Filter:** For each stock in the watchlist, **run through the checklist** above: check IV Rank, upcoming earnings, option liquidity, available strikes near 25–30 delta, RSI and support/resistance levels, and basic fundamentals. **Eliminate** any ticker that fails key criteria (e.g. low IVR, illiquid options, imminent earnings unless intended, etc.).
3. **Expand if Needed:** If fewer than 5 candidates meet all criteria in the initial list, gradually expand the search to a broader watchlist or other liquid stocks until you identify 5 solid candidates. (Ensure any new tickers are reasonably liquid and meet the checklist standards.)
4. **Select Strategies:** Determine the **most suitable option strategy** for each chosen stock based on its setup:
 5. Bullish outlook with high IV → short put or bull put credit spread (put spread if wanting defined risk).
 6. Bearish outlook with high IV → call credit spread.
 7. Neutral outlook (range-bound) with very high IV → ratio spread (e.g. sell 2 puts, buy 1 put for credit, or the call equivalent) for a potentially large profit zone.
Make sure the short strikes correspond to ~30 delta and align with support/resistance clues from technicals.
8. **Calculate POP and Payouts:** For each candidate, estimate the **Probability of Profit (POP)** – often roughly (1 – delta of short strike) for a simple short option or use tools/analytics for spreads. Also note the **max profit** (credit received) and **max loss** (width of spread minus credit, or undefined if naked options – though prefer defined-risk spreads for safety).
9. **Compile Notes:** Write a brief **note for each trade** explaining why it's attractive. Mention IV Rank level, lack of earnings in near term, technical signal (e.g. "RSI 25 at long-term support"), and any fundamental confidence point ("strong balance sheet" or "solid recent earnings"), etc. Keep notes concise but insightful.
10. **Long-Term Ideas:** Separately, identify any stocks from the analysis that are **good long-term buy candidates** (if any appear). These would typically be fundamentally strong companies that might be undervalued or oversold currently. We'll list them with a brief rationale and a suggested portfolio allocation percentage (if the user is interested in investing long-term). This section is optional and only included if such opportunities surface during the scan.

After performing the above steps, the AI should present the **output in two sections** as described below.

Desired Output Format

The assistant should return results in Markdown tables with the following structure:

Options Trading Table (Top 5 Short-Premium Candidates)

Ticker	Strategy	POP (%)	Max Profit / Max Loss	Notes
XYZ	Short Put (Cash-Secured)	75%	\$200 / \$9,800	IVR 82 ¹ , no earnings for 4 weeks, RSI 28 at support – bullish reversal signal, solid fundamentals (good earnings growth).
ABC	Bear Call Spread (credit)	68%	\$150 / \$350	IVR 90, earns next week (skipped) – <i>Example of a skipped ticker due to earnings</i> ³ .

Include 5 entries above – one per selected ticker, each with a brief rationale in the Notes.

The “Strategy” should specify the trade (e.g. *Short 50 Put @ \$X*, or *Sell 50/45 Put Spread*, etc., as needed), and **POP** is probability of profit. “Max Profit/Loss” can be given as the premium vs risk (for spreads or naked positions). Use **bold or italics** sparingly in Notes to highlight key points if needed.

Long-Term Buy Ideas (if any)

Ticker	Rationale	Suggested Allocation %
DEF	Strong financials, recent dip to ~\$50 (support), dividend payer – attractive long-term hold	5%
GHI	High-growth sector leader, undervalued after sell-off, excellent balance sheet	3%

(Only list entries here if some stocks warrant long-term investment consideration. Include 1–3 tickers with brief rationale and what percentage of a portfolio might be allocated. If no obvious long-term buys, this section can be omitted or left blank.)

Usage: Copy the above template into your daily ChatGPT prompt. Provide your watchlist and any specific parameters (e.g., "1-month trade window" or "avoid biotech sector") as needed. The AI will then **run the full checklist** and return the top 5 options-selling trade ideas in the table format, followed by any long-term investment ideas. This ensures a consistent, thorough analysis each day, highlighting high-probability setups for selling options while managing risk.

1 2 Implied Volatility (IV) Rank & Percentile Explained | tastylive

<https://www.tastylive.com/concepts-strategies/implied-volatility-rank-percentile>

3 When You Should Not Sell Options: A Guide for Beginner Options Traders – Navia Blog

<https://navia.co.in/blog/when-you-should-not-sell-options/>

4 5 Options Liquidity | Blog | Option Samurai

<https://optionsamurai.com/blog/options-liquidity-tips-to-identify-the-best-opportunities-with-real-market-example/>

6 Why Trading Volume and Open Interest Matter to Options Traders

<https://www.investopedia.com/trading/options-trading-volume-and-open-interest/>

7 Options Premium Group

<https://www.optionspremiumgroup.com/post/how-to-use-delta-when-selling-options>

8 9 Key Points About Selling Credit Spreads | Market Insights

<https://www.tradestation.com/insights/2024/07/07/options-trading-key-points-credit-spreads/>

10 Ratio Spread: What are Front Ratio Puts and Calls? | tastylive

<https://www.tastylive.com/concepts-strategies/ratio-spread>

11 Ratio Spread: Overview, Calculation, Types, Trading Guide, P&L, Risks

<https://www.strike.money/options/ratio-spread>

12 Three Things to Know About the Wheel Strategy | Charles Schwab

<https://www.schwab.com/learn/story/three-things-to-know-about-wheel-strategy>