Strategies With Options

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You Create

- Infinitely many strategies
- Your choice of strategy depends on your beliefs about the market
- Plain strategy from the beginning
- Follow the market changes

Changing Friends

- Put-Call Parity
- Time To Maturity
- Volatility
- Time Value

Who Are You?

BULL

– Optimist; Market in a rising trend

BEAR

– Pessimist; Market going down

NEUTRAL

– Stabile; No changes in underlying

VOLATILE

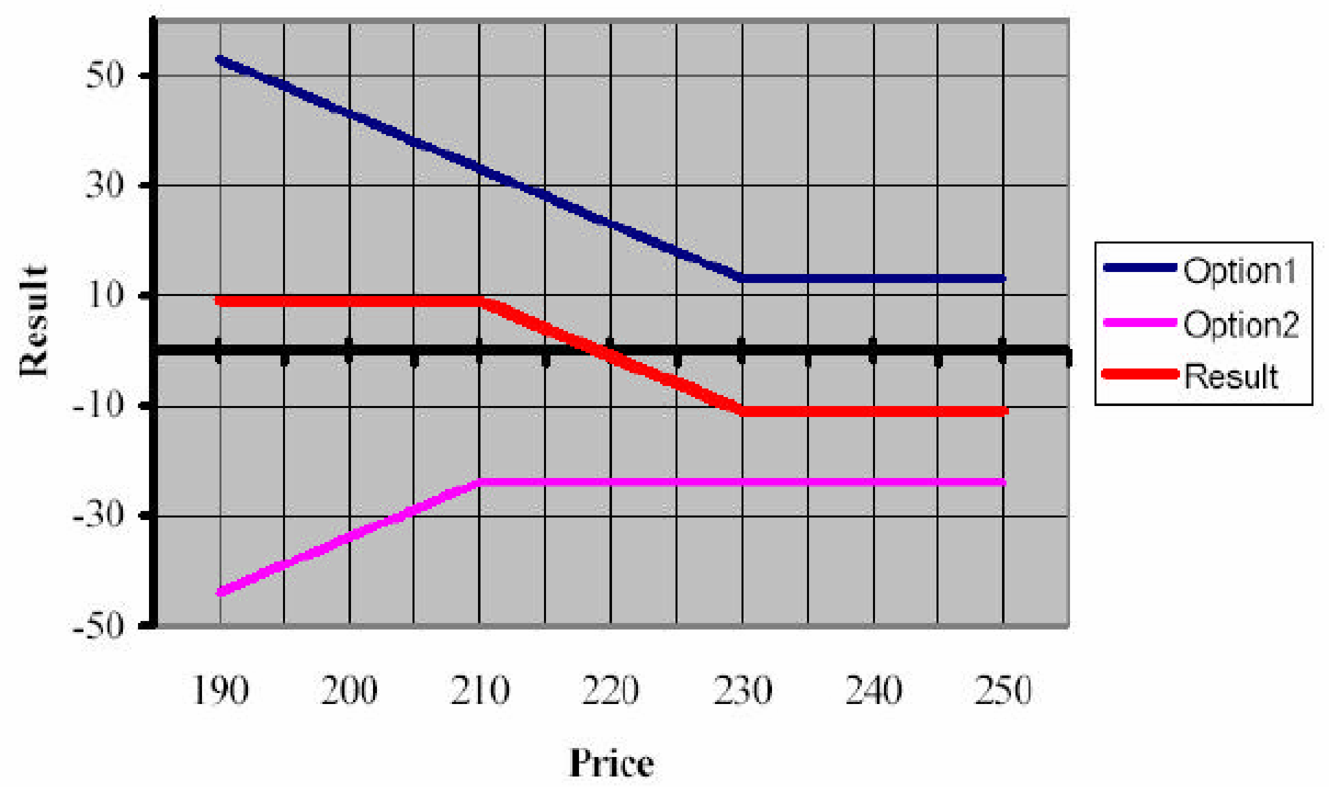
– You believe prices will fluctuate

Strategies

- Bear Spread
  - moderately bearish & fairly certain that the market will not rise
- Positive Three Leg Position
  - bullish
- Short Butterfly
  - moderately expect prices to be volatile

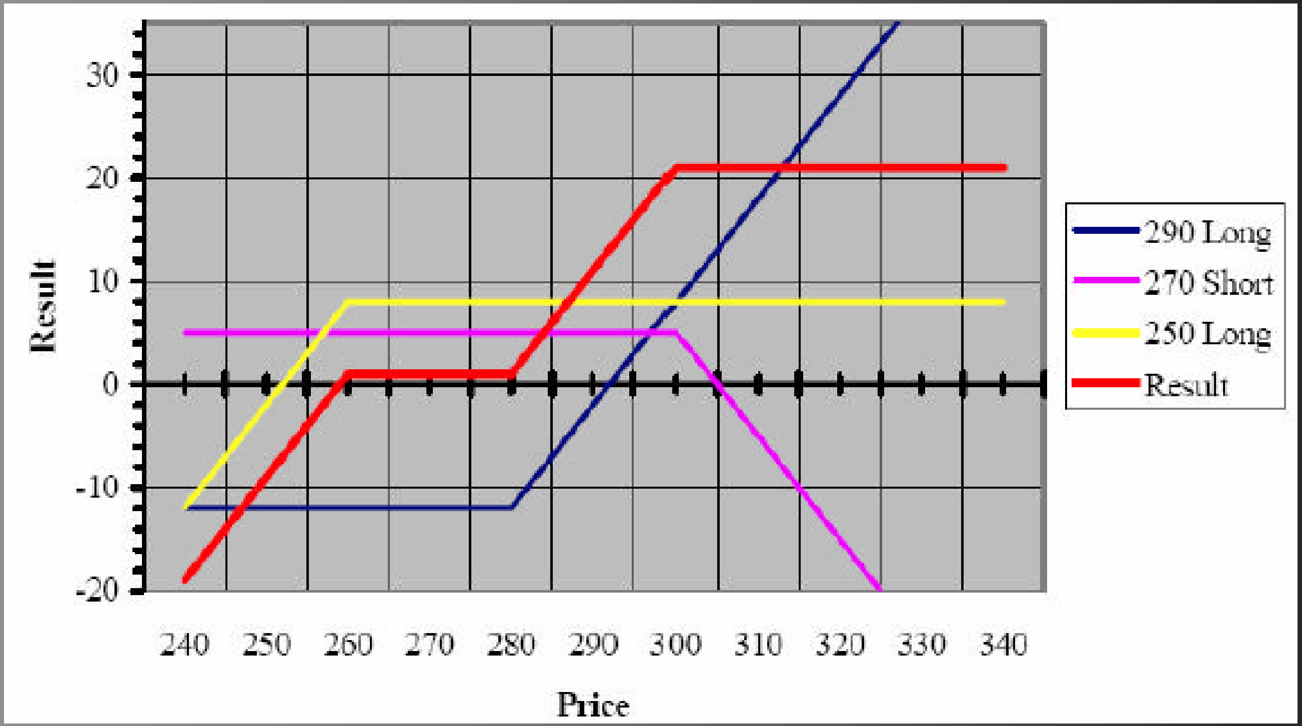
Bear Spread

- Underlying 219
- Issue 210 put
- Buy 230 put



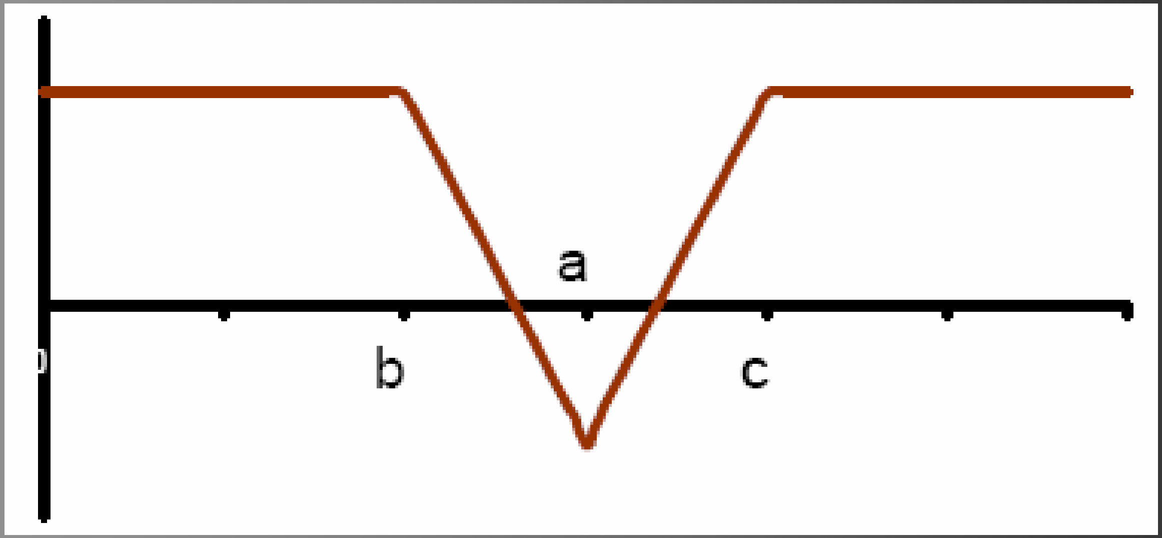
Three Leg Position

- Underlying 280
- Issue 300 call
- Issue 260 put
- Buy 280 call



Short Butterfly

- Short **b** call
- Long **a** call x2
- Short **c** call



Summary

- Simple option strategies are usually the way to begin investing with options.

- By mastering simple strategies, you prepare yourself for advanced option trading.