OPTIONS TRADING CRASH COURSE

ADVANCED GUIDE TO MAKE MONEY WITH OPTIONS TRADING IN 30 DAYS OR LESS! LEARN THE FUNDAMENTALS AND PROFITABLE STRATEGIES OF OPTIONS TRADING

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Advanced Guide to Make Money with Options Trading in 30 Days or Less! – Learn the Fundamentals and Profitable Strategies of Options Trading

By Mark Elder, Brian Douglas

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Introduction

Thank you so much for downloading the book *options trading: Advanced Guide to Make Money with Trading Options in 30 Days or Less! – Learn the Fundamentals and Profitable Strategies of Options Trading*. In this book, we are going to be talking about how to optimize option trading for advanced users.

Keep in mind that there are many ways to go about options trading. However, this book will teach you how to implement Advanced Techniques, which will help you to see optimal results when it comes to option trading. In this book we're going to talk about many things, more specifically we will talk about Advanced Techniques with options trading and how to scale options trading to the point where you can make a lot of money. As we know, trading, in general, is a precarious task and should have optimal knowledge before you get into it. This book is not for beginners.

This it is for people who are advanced to this topic and are looking to take it to the next level — keeping that in mind before you implement any of the techniques provided to you in this book. Make sure that you understand the basics of options trading before you start any of the advanced techniques if you try out the advanced techniques before you even know how to use basic techniques that you will not see any results, and you will lose a lot of money. This is just a fair warning for the beginners if you're advanced then you will see great benefits out of these techniques.

Chapter 1: Options Trading Advanced

In this chapter, we will talk about what an option trading is and also touch upon some stock trading as well. Even though this book is for advanced traders, we would like to touch upon the basics in this chapter. The reason why is because it is always good practice to go over the basics before we get into the topic at hand. Also, it is very important that you understand both stock trading and options trading before we get into the advanced topics. Overall in this chapter, we will talk about practical theory and examples which will help you to really understand what an option trading is and how you can yield amazing benefits.

Stock Investing

The market value of a share is that which results from the official price lists, if listed and may be different from the nominal value and the asset value (net equity divided by the number of shares), according to some variables. By simplifying, a solid company with good growth prospects will be associated with high potential and therefore a high value of the shares issued; on the other hand, a company with financial problems and with prospects of de-growth will be associated with a low value of its shares. Even the performance of the economy, politics, and speculation can influence the market value of an action.

How to Choose the Best Stocks

But which actions to choose? Upstream of this choice there must be a careful study of their tolerance to risk, also taking a cue from past behavior. Once you have decided how much to invest in shares, based on all the reasoning you have to do, you have to decide what to buy.

To this end many theories come in handy, the main ones are fundamental analysis and technical analysis. The fundamental theory tells when to buy, hold or sell a share, based on the prospects for growth over competitors, budget data, price, and dividend. However, the financial statements of companies do not always correspond to reality, since it is sufficient to insert an active or passive contingency to see the final result change. There are also the emotions of the market, so even under ideal conditions; it is possible that the value of action remains very low for a long time, perhaps falling below the purchase price.

Technical analysis, on the other hand, deals with the historical price trend, and purchase (or sales) decisions are made by forecasts. In reality, it is not so simple. What complicates things? The fact that even the market (companies, private investors, and institutional investors) probably uses the same tools, is observing and reacting, sometimes logically and sometimes in an illogical way.

Option Trading

This is also known as binary options trading. When you trade options, you do not have to purchase any assets. Instead, you simply have to predict if the price of an underlying asset will be higher or lower than its current price at the expiry date.

There are only two options to choose from: call and put. If you think that the price is going to increase, then you should choose a call; however, if you think that the price is going to decrease, then choose put. If you make the right prediction, then you can earn around 90% net profit. The rate usually depends on the offer of your broker. When you trade options, you will already know how much you can earn from trade since there is already a predetermined fixed payout. Moreover, if you think that investing in stocks where an increase of 25% in a year is already considered high, then you should think again. When you trade options, you can earn around 90% per trade. What's more, is that you can earn this quickly. When you trade options, you can choose from different timeframes. A trade can last for days, even weeks. But there is also what is known as speed options where the trade can be as fast as five minutes. In fact, there is also a one-minute trading time frame.

You need to be careful with options trading. Although it is a good way to earn lots of money quickly, it can also cause you to lose your money just as fast. If you make the wrong choice, then you will lose your whole wager. As you can see, options trading is as close as you can get to casino gambling. However, do not consider this to be a gamble. Of course, this will depend on your approach. If you just rely on pure luck, then you are gambling. But, if you take the time and efforts to do your research and all necessary preparations, if you consider every wager as a decision, then you are trading and not just gambling. Take note that this book does not encourage gambling. In order to increase your chances of success, you have to study the different assets.

When you trade options, you should pick an asset that is being traded. Now, you should research and try to learn as much as you can about this asset. The more that you know and understand an asset, the more likely that you can predict its price movement. This is how you can increase your chances of making a profit. If you plan on becoming a successful options trader, then you should be ready to do diligent research and analysis.

There are different strategies that you can use when you trade options. It is important that you use a strategy to increase your rate of success. You should learn about fundamental analysis. It is referred to as the lifeblood of investment. When you use fundamental analysis, you will have to focus on the basics. This is why it is important because it looks into the foundation of things. Once you have an understanding of the fundamentals, then you can more easily speculate how assets will move in the market. When you use this strategy, you should study the news regarding the asset concerned, the economy, technological developments, and the market in general, and others. This strategy is probably one of the most demanding strategies out there that require you to exert time and efforts; however, it is also highly effective. In fact, expert traders consider this a must if you are serious about options trading. Here is an example of how you apply this strategy: Let us say that you trade options with US currency. If there is news that the employment rate in the US is falling down, and all other things being equal, then you know that the price of the US currency will also drop. Hence, you can choose the put option and probably make a nice profit.

If you are familiar with the saying, “Knowledge is power,” then this is what this strategy is about. It is about gaining quality information so that you can make your analysis and come up with a wise trading decision. Although there is no amount of preparation that can guarantee a positive return, using the right strategy can significantly increase your chances of making a nice profit.

Another important strategy that you should learn is technical analysis. When people think about options trading, they often imagine someone who looks at and analyzes a graph or chart. This is what technical analysis looks like. If you are more of a visual person, then you will most probably like technical analysis. The idea behind this strategy that all the elements that can affect an asset have their final effect on its price. Therefore, by simply analyzing the price movements of an asset, you get to deal with all these elements at once. After all, whether you make a profit or not will depend on the price. Hence, it is only right that you focus on the price of an asset. When you use this strategy, then you need to learn to read patterns. However, take note that patterns come and go. This means that not every time that you look at a graph or chart there is always a pattern to be seen. A common mistake is to force yourself to see a pattern to the point that you get to create a pattern even though there is none.

You can try to combine fundamental analysis and technical analysis. Many expert traders achieve continuous success by sticking to these two strategies. Of course, there are many other strategies out there that you can use, and you can even create your own strategy.

If you are just starting out, then it is advised that you start out small. In fact, you should take advantage of a demo account. Most options brokers will provide you with a demo account. This will allow you to make trades in a real market environment without actually risking real money.

Just a word of caution: Although options trading seems simple and easy, it can cause you to lose money quickly if you are not careful with it. So, remember to always back up every trading decision with solid research and analysis.
Just like the previous method, this method will also be a bit "theoretical," so please read it a couple of time if you don't understand it fully the first time. Now, there are two types of options trading one is call options, and the other is put options. So, in this chapter, we will be going through the two options, we will discuss how they work. So, without further ado, let us get into it.

Call Options

To explain call options, we will be using an analogy. Let's say you work in the automotive industry. You know the ins and outs of it. You also know exactly how much a specific car is worth and if it will go up in price or not in future, now you get some insiders news that the 1996 corvettes will be going up in prices in 6 months from now. Just like anyone in the interest of making some profits you start looking for a 1996 corvette, and lo and behold you find the perfect example of one for sale

Now, it will cost you $20,000 to buy one, and you only have $5,000 to spare. But you do know that you will be getting a bonus in 6 months for $20,000 which will cover the cost of the car, but unfortunately, it will be too late by then as the prices will go up. So, what you do is this: offer the seller $5,000 as a down payment for the car. You will tell the seller that you will have the full amount of $20,000 in 6 months from now for the car until then you will take the car off the market, and in 6 months you will buy it for a fixed price of $20,000. If you can't fulfill the cost of the car in the six months' time, the seller keeps the vehicle and the $5,000 and if you do have the funds ready in 6 months you can buy the car for the fixed price of $20,000.

Let's now talk about how this would work in the stock trading market, for example, if a stock is trading at $10 and you think it will go up to $20, what you can do is buy $15 "call option" for $0.10. If your predictions where right and the stock did go up to $20, then you could buy the stock at $15 even if the stock is at $20 netting you a profit of $4.90. But like in the analogy above there is a time limit, so let us say the stock didn't go up until $20 by the time you had predicted it to go up then you are out $0.10 cents, and the seller keeps the $0.10.

Put Options

Now, we will be using the same analogy for the put option as we did for the call option. So, let us say you ended up buying the Corvette for $20,000, to keep yourself and the car safe you decide to buy insurance at $1,000 for a year's coverage. In case of an accident or theft, the insurance company will cover your losses. Let's just say a year goes by and nothing happens to your car. You are happy that nothing happened, and you bought the insurance for your peace of mind and the insurance company is satisfied that nothing happened to your car and they get to keep the $1,000.

In another example, let's say your car has been damaged and it will cost you $4,000 to fix the damages. You decide to use your insurance to cover your losses, and the insurance covers your losses as promised. In the final example, your car gets stolen. Now you are out $20,000! Don't worry. The coverage is more than happy to cover your loss of $20,000 as it happened within the year. You see, the insurance company doesn't mind paying out $4,000 or $20,000 for your damages when you only paid $1,000 as it is getting the $1,000 premium from multiple people. They would need to pay out $20,000 in that year, but they got $1,000 premium from 100 people, which means they made $80,000 profit in a year.

Now let's use put option in a trading scenario. So if a stock is floating around $15 per share and you have a feeling that it will drop down to $10. As a safety net, you could buy a $12.50 put option for $0.10. If the stock drops down to $10, you will still have the possibility of selling it at $12.50 even if the stock is at $10. Netting you a profit of $2.40, on the other hand, this would leave the person at a loss of $2.40 who sold you the "put option." Now if the stock never drops down to $10 in a certain amount of time and the "put" expires then the put buyer is out $0.10, and the seller keeps the $0.10 as profit.

It Is a Gamble

You are now well educated on options trading, and you know that it can be a gamble. Therefore, I would not recommend making this your sole income as the cash flow is unpredictable. Exercise this method on the side to make money.

How much money can you make?
Just like stocks, you cannot put a number. People have made millions of dollars from options trading, and some have lost millions of dollars on options trading so like I said there is no fixed rate of pay you will be getting but also there is no cap on how much you can make.

Now before you go and try out your luck in this, please remember to know what kind of risk you are putting yourself into. There is no guarantee that you will make money or lose money, it is a gamble. For you to make it less of a chance, find out everything about the stocks you will be buying, know if it will be going down or up in price and then make your call. Just remember to make this your side income stream rather than your sole income as it could lead you to lose some money if not all. So, remember, practice with smaller amounts of money and have the discipline to stop when you feel like you are going into deep.

Chapter 2: How to Start Trading

We have already spoken extensively about how to invest in the stock market and how this activity can generate very high profits. Precisely because of a large number of profits that can be obtained, many are those who aspire to become stock traders: but how do you learn to invest in the stock market?

The point is that the Exchange is not a game: every time someone uses the term “play in the stock market” is taking you on the wrong path, because it is not a game, it is about investment. The best way to learn how to invest in the stock exchange is to start investing with an intuitive and easy to use a broker. The best solution in my opinion? Definitely 24option. Among other things, those who register for free at 24option also get free excellent trading alerts with which to invest in the stock market is much easier.

Invest in Stock from Home

The first characteristic of the investment in the stock market that immediately jumps to the eye is that it is an investment that can be made directly from home. It is no longer necessary to go to the Bank to hand over the purchase orders to the employee on duty. With a little nostalgia, the old traders remember those bank branches that had become a bit of a meeting place for the oxen park, given a large number of traders who met and exchanged information and observations. On the one hand, it is a positive thing, since investing in the stock market through an Italian bank is the best way to get skinny off of commissions and especially to lose money, given the inadequacy of the tools offered.

The only positive aspect of these oxen park meetings was the possibility of transmitting the necessary experience to those who were starting to invest in the stock market. Learning to invest in the stock market using the comments and experiences of older people is something that is difficult to do if you work from home. To solve this problem, it is obviously possible to attend discussion forums and try to establish a dialogue with the most experienced users. There is also to say that it is advisable to always go very carefully on the forums because of not all the information that there are correct. Add however that investing in the stock exchange from home, using tools such as binary options or contracts for difference, is great more convenient than going to a bank branch physically.

What are the best platforms to invest in home exchange? There are a few platforms that are truly reliable and affordable. Among the best platforms to invest in the Stock Exchange we can report:

Plus500: safe and reliable, it is a truly professional platform. Plus500 is a difference trading (CFD) trading platform that allows you to invest in thousands of shares listed in all major world markets.
24option: a truly safe and reliable binary options broker, perfect for investing in the stock market.

Iq Option: one of the most innovative binary options brokers. It is very safe and reliable. Offers a free unlimited demo account in time and quantities. Iq Option is the only platform for trading on the stock market that allows you to start investing with just 10 euros.

How to Start Investing in the Stock Market

The first step to start investing in the stock market is to know what the stock exchange is. It might seem obvious, but it's not like that: many traders start stock trading without even knowing what it is. The Stock Exchange is the regulated financial market on which shares are exchanged, which represent securities owned by listed companies. Each share gives the right, as the case may be, to receive a dividend (a portion of the company profits that are redistributed) and to participate in the ordinary and extraordinary meetings of a company.

Usually, however, it is not advisable to invest in the stock market through the shares. The best way to start investing in the stock market is to focus on derivative contracts that have underlying shares. In this way you get the advantage of increasing earnings and, above all, earning both when stocks go down and when they go up, obviously making the right prediction.

How to Learn How to Play in the Stock Market

At this point, you may ask how to learn how to play the stock market? The title of this paragraph is a provocation because we know that we must not talk about gambling but about investing. In any case, how do you start? How do you learn? The best way to start is options. These derivative instruments, in fact, are very simple to use and understand. In fact, binary trading is very easy: if we choose as a stock listed on a World Exchange (one of the main ones, of course), we only have to indicate whether the price of the asset will be increased or decreased at the end of a period of time. It does not count the level of variation, only the sign counts: and this is perfect for learning because the aspiring trader can concentrate only on a few fundamental factors, leaving out all the details. It must be said that options trading can produce profits so high that many traders are choosing to trade options only, although they do not need a simplified approach.

How to Operate on the Stock Exchange

We have already seen that to operate on the stock exchange it is convenient to use derivative instruments, binary options are better to start with and, later, CFDs can also be adopted (contracts for difference). Another important choice to make to invest in the Stock Exchange, especially at the beginning, is to focus exclusively on the best stocks, i.e. those of large companies listed on the world's major stock exchanges.

Among other things, the major options brokers and CFDs provide access to all the big stocks but not too small listed companies, perhaps in secondary stock exchanges like the one in Milan. In fact, these titles are usually extremely dangerous, and the novice trader who should choose them would be at serious risk of losing money.

How Investments in the Stock Market Work

For completeness of information, I try to make a global overview of the functioning of investments on the Stock Exchange. In general, it is possible to invest in the stock market with the direct purchase of listed shares or with the purchase of derivatives. In general, for those who have the problem of how to start investing in the stock exchange, the recommended choice is that of derivatives, in particular, binary options. For those who want to buy the securities directly, the process is slightly more complex: you have to open an account for the custody of shares and on this deposit, you, unfortunately, pay a salty stamp. Moreover, this type of investment usually passes for Italian banks and involves high fees and poor service. Vice versa, for those who choose to invest in the stock market with binary options or CFDs, there are zero commissions and a service that really works very well.

Another way to invest in the stock exchange is made up of mutual funds. Investments of this type work through the purchase of a share of the fund. The managers then use the money obtained through the sale of shares to invest the stock exchanges. This is an indirect investment that delegates all responsibilities to fund managers. In some cases, good profits can be made, but it has often happened that investment funds, especially if managed by Italian companies, have led to very strong losses. Moreover, the tax treatment of this type of investment is strongly penalizing.

Investment Strategies

It is much better to do it yourself, then. But when you work with options or CFDs on the stock exchange, you need to have investment strategies that work well. In general, we can say that there are very simple strategies that allow us to predict the market trend based on the direct observation of the graphs. It is also possible to predict the market trend also based on the news relating to the various listed companies. Finally, for those wishing to delegate to others the choice of strategy without incurring the costs of investment funds, it is always possible to subscribe to trading signals services: in practice it is another trader (or group of traders) that indicates by e-mail, SMS or integration with the trading platform, what is the right transaction to do at the right time.

How Much Can You Earn?

The questions of those who aim to invest in stocks always stand identically from the day the stock market is born, and I would like to respond to these in-depth. Example queries:

How much do you earn on the stock market?
How to start playing on the stock market?
How do you earn in the Forum Exchange?
How much can you earn by investing in the stock market?
I lost everything in the bag

The last one will seem strange, but it is one of the many searches that many users make. They are traders who lose their investment on the stock exchange, and we should try not to fall into the same mistakes studying the financial markets and investing with a non-high risk profile and a diversified portfolio.

There is no time, in fact, that an investor does not ask how much you earn by choosing to invest in the stock market. To this question, it has never been possible to assign a precise answer. Most professional traders, in fact, know perfectly well that the amount of gain that can be obtained on the stock exchange is also linked to subjective factors. It is these latter that really determine what is then called gain.

The return on an investment in the stock exchange is also linked to a series of elements circumscribed over time. Investing today in the stock market is certainly not the same thing as an investment that took place over 10 years ago. In fact, then, it was in full expansion. The Ftse Mib, remaining at the Italian stock exchange, had reached very high levels and the performance of the individual shares seemed to improve continuously.

That era is officially over for some time. Investing in the stock market today means charging a series of risks unthinkable up to 10 years ago. Not only. Entire sectors of the stock market, such as the banking sector, are subject to an erosion of the price that seems unstoppable. This is another element to take into consideration when trying to understand how much you can earn on the stock market. Compared to the past, investing today in the stock market means to be aware that there are securities whose relaunch still seems very far away.

All the factors listed belong to the determination of how much you earn with the stock exchange. It is a variable sum linked to contingencies. But there is a way to calculate when to invest in the stock exchange and when not? In other words, is it possible to determine a minimum sum above which the investment was successful?

The minimum gain that can be obtained on the stock exchange to be able to talk about a successful investment is the result of a kind of summation. By removing the field from possible misunderstandings, it is always important to highlight that the factors to be added do not concern the subjective sphere of the investor. Instead, these are purely objective elements. The first, and most important, concerns inflation. When choosing to buy stocks, it is hoped that, at the end of the investment, the increased capital will not be lost with the increase in the consumer price index. Now it is clear that, when starting to invest in the stock market, the inflation rate is not known but only reputable. During the investment, however, we have all the information available to quantify what would have been the natural increase in the amount invested in light of the trend of inflation.

This makes it possible to get an accurate picture of the change in the consumer price index year after year. Assuming that there are zero risk investments on the market (a postulate rather than a reality), investing in the stock market is worthwhile if the yield is higher than that obtainable with the risk-free security. To do this calculation, you can take into consideration the government bonds of a highly developed country. The yields of these bonds, clearly low, must then be compared with those of the investment on the stock exchange.

The interest rate that is paid by this risk-free security must, therefore, be added to the index relating to the trend in consumer prices. Thus we obtain a first data which, however, is still incomplete. To define what is the expected gain of the investment on the stock exchange, a third element must be added. At this point, one enters the field of subjectivity. The third variable is an additional margin that compensates for the risk invested by the investor. Quantifying this third element is not at all simple. Traders, however, are used to quantifying the risk run in a couple of percentage points.

The definitive summation to determine how much you earn by choosing to invest in the stock market can be summarized as follows: inflation + return on capital + additional margin. In all-around 11 percentage points.

The 11 percentage points of return obtainable by investing in the stock market are gross. It is, therefore, necessary to subtract all the items of expenditure, including taxes. Furthermore, this is a level that is supported by a normal trend in the consumer price index. It is obvious; on the other hand, that today with low inflation, that minimum level tends to fall further. The summation alone, however, provides a partial picture of how much money should be earned "at a minimum" on the stock exchange.

A very important factor is the duration of the investment. In this case, the rule is very clear: to obtain interesting returns, hold shares for very long periods. This happened over 10 years ago. In fact, at the time, economic growth seemed to be unlimited, and the trend in inflation was positive too. In those years, the same stock indices improved continuously. But that picture has failed today. Paradoxically, to be able to earn on the stock exchange, based on the model mentioned, it would take an even longer period of time than 10 years ago.

All the major analysts say that investing today in the stock market makes sense only if the shares can be maintained for 10 years. It takes time to succeed, so, year after year, to accrue an interesting return. But over time it also serves a lot of confidence in a restart.

The example of banking sector securities is just the tip of an iceberg of what is happening on the stock exchange. If you look at the prices of many stocks in recent years, you notice the total absence of lasting restart. It is true that this situation is taking root especially in recent years, but who says that the picture will improve in a few years? This is the real breaking point compared to the past.

Today the balance risks/opportunities hang, and not a little, on the first course. The factors to be taken into consideration are many starting from systemic risk. The stock market trend, in fact, has to deal with the macro framework of reference and it is pitiless. The global economic recovery, in fact, does not take off.

Going down to the domestic market, the underlying picture is even more deteriorated. For this reason alone, investing in Italian shares is already a less advantageous step than an investment in US equities. All reports of the International Monetary Fund do not leave much hope in this regard: the difficult situation is bound to last in the future. The overall risk is then increased as further elements of concern have been inserted into this framework. The examples, in this sense, are the Brexit but also the serious crisis of Italian banks.

Therefore, investing in long-term stocks remains a bet for strong hearts. The fact that the long-term risks have increased, however, does not mean that it is impossible to gain on the stock market today. There is a way to avoid being overwhelmed by these fears. The road is to focus on the short term. The means to travel this way is to rely on binary trading and Forex & CFD Trading.

Alongside the various factors that we have mentioned as elements of risk to be reckoned with by choosing to invest in the stock market today, there are also purely economic considerations that advise against the long term. That 11% that we have indicated as the minimum sum that can be earned, in fact, is gross. In that percentage, in fact, various expenses are charged that derive from being a shareholder.

Those who choose to buy shares are subject to a series of taxes and are obliged to respect a lot of duties. It is obvious that if this happens at a time of financial expansion, then it is not a problem. On the other hand, if it starts at a time of crisis, then it is a further factor that discourages the long term.

Investing today on the stock exchange means relying on binary trading and CFD trading. In fact, only these two financial instruments make it possible to obtain a profit that is not subject to the many risks of the long term. With binary options and Contracts for Difference, it is possible to bet on the progress of stock even for very short time intervals.

This is especially true in the case of binary options. Investing in the stock market with options trading means betting on what is the direction that our action will take even in the 60 seconds following the opening of the trade. It is obvious that if the mechanism of operation of binary options is this, then all the talk about the risks of long-term investment makes no sense.

An options trading, on the other hand, is a way to defend against the high uncertainty that is ultimately characterizing the markets.

These same considerations apply in the case of CFD trading. The latter very closely resembles the traditional purchase of shares. With CFD trading it is possible to buy instruments that are linked to the performance of specific actions. You earn and lose in relation to the trend of listing but with a substantial difference compared to the stock exchange.

In fact, when you buy Cfd, you do not charge any duty. Also, the expenses as a commission are certainly not like those of the shares. Earnings, on the other hand, can be immediate. In this case, too, short-term investments can be carried out.

But where can you trade online today? In recent years there has been a boom in authorized platforms. This talk covered both binary trading and CFD trading. The list below shows the best brokers to earn trading with the stock market. It is good to remember that the use of these instruments can lead to the loss of capital. For this reason, before betting on online trading, it is always better to practice on demo platforms. These allow simulating the trading activity without risking losses.

All the best trading platforms give this possibility that it is exercisable without time limits. By joining the practice on the trading platform also a study on technical analysis and fundamental analysis, it is possible to create a valid alternative to the investment on the stock exchange. How much you earn today with online trading is definitely higher than what you earn on the stock market. Testing with a demo account costs nothing. Today, however, the role of inflation has become secondary. The curve of consumer price trends leaves no room for misunderstanding. Inflation is increasing nowadays slowly, and indeed, the risk of deflation remains around the corner. This is why we need other elements to define what we earn today in the stock market.

Chapter 3: Platforms and Tools for Options Trading

If you are new to the world of trading, this is quite a bit of information to take in, but with an example of each in the coming chapters, you should be able to internalize the difference between these two options and know their usage. For now, keep in mind that the example with the car is not fundamentally different from how an option works; merely the underlying asset is different.

Getting Started Brokers:

As a starting trader, your broker will be very important to you. Not just because you will want one with the lowest cost per trade, but also because you want the best research tools available to you. I highly recommend that you start with options Review – this brokerage house has the lowest transaction cost per option bought or sold and will be extremely useful when making the most profit off of trading a small number of options. Later in this chapter, you will see that the amount that you invest in an option is a function of your total investment fund. Assuming that since you are at the beginner level and your total investment fund is not all that large, the brokerage fees can add up quite quickly, and so this is a great firm for starting off with small trades. For the best research tools available, you will want to go with Charles Schwab Review. This is a broker that you might never even want to trade through, but rather make an account, keep some money there, and use their tools for finding the most up to date prices/indexes for different options.

Their tools feature a number of neat applications, like predictions on what the cost of options will be a few months down the line based on assumptions that a trader inputs. This is not an account that you need to create right away, but is one that will almost certainly be useful to you in the future as you continue to trade. Aside from these two brokerage houses, you will have lots of different choices for picking a broker. I recommend just dealing with these two to start, and even from these, you will probably want to avoid Charles Schwab as you find your way and make a few trades first. Other brokerage firms offer toolsets that are not as good as Schwab or offer a transaction fee per trade that will be more expensive than an option. Bid Price/Ask Price: In our basic examples that covered the simple strategies of calls and puts, we were working with some very basic rules.

For the sake of simplicity and to explain the mechanics of options, I removed the cost per transaction for options. This means more than just removing the fees that a broker would collect, but also not having to worry about a key aspect of the options market – the bid price and ask price for options. You will be relying on a lot of different sources to decide what commodities to write or buy options for, and chief among them will be the different exchanges that sell options.

These are indexes that list the most frequently purchased options, giving lots of information about the volume of options being sold, how they are being written, and when most of them are expected to expire. The most key piece of information will be the bid and ask price for options. The asking price is what option sellers are trying to get for selling one contract. The bid price is what buyers are willing to pay for an option. We refer to the split between them as the spread of the option. This concept may sound complicated, but the premise is actually quite easy when taken with an example. Suppose that you were interested in purchasing a call option from McDonald's. Don't worry about the strike price, expiration date, or exercise price. All you need to know is that you want to buy a call and that you know the underlying commodity is McDonald's stock. You would refer to an index on your broker's website, or refer to an index from one of the major listing boards, such as the Chicago Board Options

Exchange. Here you would find a listing of bid prices, asking prices, and the spread between them. These are typically listed in a per-share metric, such that if you wanted to buy one option contract, you would typically be multiplying the ask or bid price by one hundred to get the real cost of the option. This is because options are sold and bought measuring against 100 shares for each options contract. In this case, with the McDonald’s stock, the bid price is $4.90 and the asking price is $5.12. The spread, in this case, is then $0.22. What this means is that a buyer is willing to buy an option on McDonald’s stock for $4.90 per share, while a seller is willing to sell an option for $5.12 per share. You will also get a listing of the volume of the number of contracts sold in the last time interval (ranges depending on how you sort the options).

The spread is useful because it tells you how much you would immediately lose per share if you bought an option on McDonald’s and immediately turned around and sold it. In this case, you would be buying an option for $0.22 more than you would be selling the option, netting you the loss of that spread per share on buying the McDonald’s option. There is a lot of useful information to be gleamed from the bid/ask price, as well as the spread for options contracts. First, it tells an options trader how the supply and demand of a particular option contract match each other so that if the spread is quite large, there is either more demand for an option or it is in limited supply. Two, it tells the options trader how much they could realistically write options for on a particular commodity. Three, and most important to both options traders and general investors, it shows the possible direction of a commodity in the near future.

If the spread is quite large on McDonald’s and the volume of calls is quite low, this means that investors believe the stock is due for a reversal in the near future. The lack of options being sold signal that there is a discrepancy in the number of options being offered versus the number of options that actually exist. In simplest terms, you can think of these three metrics, bid, ask and spread, as a way of determining the supply and demand for options on a particular commodity. It will be one of the most useful indexes when determining what commodities to write or buy options for. How you use the information is highly variable on the volume of options sold, whether it is a call or put and other information about how a company is doing. It is not the end of all tool for determining the direction that a commodity will move, but it is instead just one tool among many. Searching For Options: The intent of this book is to give a trader all of the information they need to make intelligent trades right away.

You are learning about key strategies that are used at every level of trading to make a profit in any type of market. With this intent, I am writing examples that feature the laymen terms for expiration dates, strike prices, etc. How you will actually search for options will be a bit different. For example, say that you want to find calls for Microsoft that expire on July 20, 2018. This is listed as C-MSFT Jul 20 The first letter refers to whether the option is a call or put, followed by the ticker name of the company, and then the month and two digits of the ending year. To find the specific date, March 12th, you would look through the index of all of the calls that are being sold for Microsoft that expire in March of 2018, and sort by date. This will grant you the ability to find the specific end date that you are looking for.

In searching for options, you will find that indexes list a lot of additional information in addition to the end date, call or put, etc. The lists show metrics for the changes in the overall cost of the option. This is based on the spread of the option overall, with the major metrics showing different ways in which the spread has changed over time. This is highly variable based on where you are looking up an index, but most of the time they will have common information like the percentage change in spread and volume of options for this date being sold. It is very important that as you are searching for options, you are doing so knowing that there are thousands of options for each company listed every month. Part of the challenge of invoking any of the strategies in this book is a matter of getting good at finding an option that suits your needs. Listing an option to be sold is simple enough, but buying one that will profit you takes some time getting used to. It is for this reason that I highly suggest doing plenty of searching on the brokerage firm of your choice before you start making any purchases. It can be a bit confusing to read listings at first, but a few searches and you'll get the hang of it.

As a final note, nearly all options are listed in the cost of the option per share. For example, a call for Starbucks may be listed as $1.10. The true cost of this option is $110 because the option must be purchased in increments of 100 shares. Also, since you may not be buying the option from the same trader, the call on the second hundred shares is likely to be a different price. It means that looking at the simple value of price per share cannot just be extrapolated to 200 or 1000 shares. You have to figure that the prices are highly flexible, and will not remain the same as you increase the number of calls or puts that you buy of any one company. Size of Investment Fund & Amount to invest: The size of your investment fund is going to vary depending on how much you want to put at stake for your options trading future. I make the recommendation that you do not start with an amount of less than $2,000. Any amount more than this is great, but this is really the absolute minimum that you will need to get started.

An ideal amount is closer to 4k or 5k. At these sums, your investment in each option can be quite sizeable, with good returns on trades that work well to your favor. It is key that for each trade you make you risk no more than ten percent of your total investment fund. This is the upper limit of how much you will want to spend on a single option. You should never be spending more than this percentage on a single option because if a trade goes poorly, it limits your ability to spread out risk in the future. Starting at $2,000, this means that each trade you make should be limited to $200. You will find that there are not that many trades that you can conduct with that much money. You will be able to buy a single option, instead of multiples. Also, the brokerage fees will play a more significant role as the percentage that they take from commissions will matter more. Most importantly, it limits the expiration date for your trades. Keep in mind that it will be, in most cases, a month before you can really determine if a trade has been beneficial to you. This means that you must assume that the trade is in limbo, and cannot count profit until the option is made liquid. In your first month of trading therefore, you can expect to make a maximum of around six trades with a $2,000 investment fund. This gives you time to learn from your mistakes, learn your style, and figure out how you can improve your trading game. In regards to determining the amount to invest, remember that writing an option contract will net you some amount of money upfront, but that you must calculate what your potential risk is for each contract that you write. As you progress to the next few chapters and start looking at more advanced strategies, you will want to focus on covered calls and puts, as well as plain straddles and strangles. These are strategies that tell you exactly how much money is at risk in each one of your transactions. If you start writing options for stock that you do not own, the covered aspect of this strategy, you are exposing yourself to a lot of risk for each individual trade. The money that you make in the immediate after writing an option is money that needs to be thought of as still at risk, and not something that you can bank; this is all in addition to knowing what your total exposure to risk for each trade that you make. If calculating your risk based on writing contracts seems difficult right now, that’s fine; you will fully understand how to make these calculations when you are done reading the explanations for strategies in the following chapters.

Chapter 4: Financial Leverage from Experts

While it should come as no surprise that you are going to need to gather as much data as possible in order to make the best trades, regardless of what market you are working in; it is important to keep in mind that if you don’t use it in the right way then it is all for naught. There are two ways to get the most out of any of the data that you gather, the first is via technical analysis and the second is via fundamental analysis. As a general rule, you will likely find it helpful to start off with fundamental analysis before moving on to technical analysis as the need arises. To understand the difference between the two you may find it helpful to think about technical analysis as analyzing charts while fundamental analysis looks at specific factors based on the underlying asset for the market that you are working in. The core tenant of fundamental analysis is that there are related details out there that can tell the whole story when it comes to the market in question while technical analysis believes that the only details that are required are those that relate to the price at the moment. As such, fundamental analysis is typically considered easier to master as it all relates to concepts less expressly related to understanding market movement exclusively. Meanwhile, technical analysis is typically faster because key fundamental analysis data often is only made publicly available on a strict, and limited, schedule, sometimes only a few times a year meaning the availability for updating specific data is rather limited.

Fundamental Analysis Rules

The best time to use fundamental analysis is when you are looking to gain a broad idea of the state of the market as it stands and how that relates to the state of things in the near future when it comes time to actually trading successfully. Regardless of what market you are considering, the end goals are the same, find the most effective trade for the time period that you are targeting. Establish a baseline: In order to begin analyzing the fundamentals, the first thing that you will need to do is to create a baseline regarding the company's overall performance. In order to generate the most useful results possible, the first thing that you are going to need to do is to gather data both regarding the company in question as well as the related industry as a whole. When gathering macro data, it is important to keep in mind that no market is going to operate in a vacuum which means the reasons behind specific market movement can be much more far-reaching than they first appear. Fundamental analysis works because of the stock market's propensity for patterns which means if you trace a specific market moved back to the source you will have a better idea of what to keep an eye on in the future.

Furthermore, all industries go through several different phases where their penny stocks are going to be worth more or less overall based on general popularity. If the industry is producing many popular penny stocks, then overall volatility will be down while at the same time liquidity will be at an overall high. Consider worldwide issues: Once you have a general grasp on the current phase you are dealing with, the next thing you will want to consider is anything that is going on in the wider world that will after the type of businesses you tend to favor in your penny stocks. Not being prepared for major paradigm shifts, especially in penny stocks where new companies come and go so quickly, means that you can easily miss out on massive profits and should be avoided at all costs. To ensure you are not blindsided by news you could have seen coming, it is important to look beyond the obvious issues that are consuming the 24-hour news cycle and dig deeper into the comings and goings of the nations that are going to most directly affect your particular subsection of penny stocks. One important worldwide phenomenon that you will want to pay specific attention to is anything in the realm of technology as major paradigm shifts like the adoption of the smartphone, or the current move towards electric cars can create serious paradigm shifts.

Put it all together:

Once you have a clear idea of what the market should look like as well as what may be on the horizon, the next step is to put it all together to compare what has been and what might to what the current state of the market is. Not only will this give you a realistic idea of what other investors are going to do if certain events occur the way they have in the past, you will also be able to use these details in order to identify underlying assets that are currently on the cusp of generating the type of movement that you need if you want to utilize them via binary option trades. The best time to get on board with a new underlying asset is when it is nearing the end of the post-bust period or the end of a post-boom period depending on if you are going to place a call or a put. In these scenarios, you are going to have the greatest access to the freedom of the market and thus have access to the greatest overall allowable risk that you are going to find in any market. Remember, the amount of risk that you can successfully handle without an increase in the likelihood of failure is going to start decreasing as soon as the boom or bust phase begins in earnest so it is important to get in as quickly as possible if you hope to truly maximize your profits. Understand the relative strength of any given trade: When an underlying asset is experiencing a boom phase, the strength of its related fundamentals is going to be what determines the way that other investors are going to act when it comes to binary options trading. Keeping this in mind it then stands to reason that the earlier a given underlying asset is in a particular boom phase, the stronger the market surrounding it is going to be. Remember, when it comes to fundamental analysis what an underlying asset looks like at the moment isn’t nearly as important as what it is likely to look like in the future and the best way to determine those details is by keeping an eye on the past.

Quantitative Fundamental Analysis

The sheer volume of data and a large number of varying numbers found in the average company’s financial statements can easily be intimidating and bewildering for conscientious investors who are digging into them for the first time. Once you get the hang of them, however, you will quickly find that they are a goldmine of information when it comes to determining how likely a company is to continue producing reliable dividends in the future.

At their most basic, a company's financial statements disclose the information relating to its financial performance over a set period of time. Unlike with qualitative concepts, financial statements provide cold, hard facts about a company that is rarely open for interpretation. Important statements Balance sheet: A balance sheet shows a detailed record of all of a company's equity, liabilities and assets for a given period of time. A balance sheet shows a balance to the financial structure of a company by dividing the company's equity by the combination of shareholders and liabilities in order to determine its current assets. In this case, assets represent the resources that the company is actively in control of at a specific point in time. It can include things like buildings, machinery, inventory, cash and more. It will also show the total value of any financing that has been used to generate those assets. Financing can come from either equity or liabilities. Liabilities include debt that must be paid back eventually while equity, in this case, measures the total amount of money that its owners have put into the business. This can include profits from previous years, which are known collectively as retained earnings.

Income statement:

While the balance sheet can be thought of as a snapshot of the fundamental economic aspects of the company, an income statement takes a closer look at the performance of the company exclusively for a given timeframe. There is no limit to the length of time an income statement considers, which means you could see them generated month to month, or even day to day; however, the most common type used by public companies are either annual or quarterly. Income statements provide information on profit, expenses, and revenues that resulted from the business that took place over a specific period of time. Cash flow statement: The cash flow statement frequently shows all of the cash outflow and inflow for the company over a given period of time. The cash flow statement often focuses on operating cash flow which is the cash that will be generated by day to day business operations. It will also include any cash that is available from investing which is often used as a means of investing in assets along with any cash that might have been generated by long-term asset sales or the sale of a secondary business that the company previously owned. Cash due to financing is another name for money that is paid off or received based on issuing or borrowing funds. The cash flow statements are quite important as it is often more difficult for businesses to manipulate it when compared to many other types of financial documents. While accountants can manipulate earnings with ease, it is much more difficult to fake having access to cash in the bank where there is none that really exists. This is why many savvy investors consider the cash flow statement the most reliable way to measure a specific company's performance. Finding the details: While tracking down all the disparate financial statements on the company's you are considering purchasing stock in can be cumbersome, the Securities and Exchange Commission (SEC) requires all publicly traded companies to submit regular filings outlining all of their financial activities including a variety of different financial statements. This also includes information such as managerial discussions, reports from auditors, deep dives into the operations and prospects of upcoming years and more. These types of details can all be found in the 10-K filing that each company is required to file every year, along with the 10-Q filing that they must send out once per quarter. Both types of documents can be found online, both at the corporate website for the company as well as on the SEC website. As the version that hits the corporate site doesn't need to be complete, it is best to visit SEC.gov and get to know the Electronic Data Gathering, Analysis, and Retrieval system (EDGAR) which automates the process of indexing, validating, collecting, forward and accepting submissions. As this system was designed in the mid-90s, however, it is important to dedicate some time to learning the process as it is more cumbersome than 20 years of user interface advancements have to lead you to expect. Qualitative Fundamental Analysis Qualitative factors are generally less tangible and include things like its name recognition, the patents it holds and the quality of its board members. Qualitative factors to consider include Business model: The first thing that you are going to want to do when you catch wind of a company that might be worth following up on is to check out its business model which is more or less a generalization of how it makes its money. You can typically find these sorts of details on the company website or in its 10-K filing. Competitive advantage: It is also important to consider the various competitive advantages that the company you have your eye on might have over its competition. Companies that are going to be successful in the long-term are always going to have an advantage over their competition in one of two ways. They can either have better operational effectiveness or improved strategic positioning. Operational effectiveness is the name given to doing the same things as the competition but in a more efficient and effective way. Strategic positioning occurs when a company gains an edge by doing things that nobody else is doing. Changes to the company: In order to properly narrow down your search, you will typically find the most reliable results when it comes to companies that have recently seen major changes to their corporate structure as it is these types of changes that are likely to ultimately precede events that are more likely to see the company jump to the next level. The specifics of what happened in this instance are nearly as important as the fact that statistically speaking, 95 percent of companies that experience this type of growth started with a significant change to the status quo.

Chapter 5: The Technical Analysis

In this chapter, we are going to be talking about technical analysis and fundamental analysis. It is essential that you understand these two concepts, as they will help you tremendously with the growth of your Option trading endeavors. Both of these techniques work very well when it comes to helping you make more profits out of your trading endeavors. Nonetheless, they both have their places. That being said, we will talk about technical analysis and explain to you what it is and the same thing with the fundamental analysis. And then we will help you understand which method works better for what, once you've been able to understand this you will be in a much better position in terms of making more money with Options Trading.

Technical Analysis

To put with technical analysis is, it is a way Option Traders finds a framework to study the price movement. The simple theory behind this method is that a person will look at the previous prices and the changes, hence determine the current trading conditions and the potential price movement. The only problem with this method would be that it is theoretical meaning that all technical analysis is that it is reflected in the price. The price reflects the information which is out there, and the price action is all you would need to make a trade. The technical analysis banks on history and the trends, and the Traders will keep an eye on the past, and they will keep an eye on the future as well and based on that they will decide if they want to trade or not. More importantly, the people who are going to be trading using the technical analysis will use history to determine whether they're going to make the trade or not. Essentially the way to check out technical analysis would be to look up the trading price of a particular stock in five years. This is what many Option Traders used to determine the history and the future of the stock, and whether or not they should trade using technical analysis. There are many charts you can look up online to figure out how technical analysis takes place. However, we have given you a brief explanation of what technical analysis is.

When using technical analysis, they also look at the trends that took place in the past. Most of the time, the stock fluctuates simply because of the trends that took place at that time, keeping that in mind, the Traders will look at the future and see if the trends will retake the place. If so, then they will most definitely trade or not trade depending on that's going to benefit them or not. Even though many people would consider technical analysis very "textbook," it is still very subjective. The reason why it is very personal is it because people interpret things differently. Some might think that the past will help the stock, whereas some might think it won't. Which is why technical analysis is both textbook and subjective at the same time. The reason why it is textbook is that you have to do a lot of research before you pull the trigger, and it is subjective because the final decision it's going to be based on how you feel about the trade. Many people say that technical analysis as more of a short-term thing; however, some still believe the technical report can be used in the long-term. In our opinion, we think that technical analysis short. The reason why we think technical analysis is short-term is that we are mainly basing our assumptions based on the past and the trends that took place. Keeping that in mind, the capital gains you might see from technical analysis might be short-term. Meaning that the tray that you will make will not keep going in the long-term and will be a quick gain for you. Keeping that in mind, technical analysis is a great tool to use for people who are looking to make more money from Options Trading rather quickly, however, make sure that you do research properly on the stock before you make a trade on it. Many people make a trade on it by looking at the 5-year chart. However, it's much deeper than that you need to make sure that the trends that took place during those five years are going to retake the place. If not, then it will be entirely subjective for you to make a trade or not. The great thing about technical analysis would be that if you do it correctly, you will have a better chance of seeing success from it, and it can build a ton of confidence in new traders. This will be a significant thing for newbies or could be a bad thing for them since you will become extremely confident and make a blunder.

Fundamental Analysis

Fundamental analysis is more realistic and feasible in the long term. The whole premise behind the fundamental analysis is that you look at the economy of the country and the trading system that's going on to determine whether it is a good trade or not. More focusing on economics, that's why it helps you to figure out which dollar is going up or down and what is causing it.

One of the greatest things you can do when it comes to Options Trading is to understand why a dollar is dropping or going up. Once you're able to understand that, you will be in a much better position for gaining profits in your Option Trading endeavors. When using the fundamental analysis, you will be looking at the country's employment and unemployment rate also see how the training with different countries overall sing the country's economy before you decide on whether you should try it or not. Many successful Option Traders solely believe in fundamental analysis, as it is factual, unlike technical analysis. Even though technical analysis is accurate, it is not guaranteed like the theoretical analysis. Instead of looking at the trends, you will be looking at what is causing the highs and the lows. Not only that, based on the highs and lows, you will be able to determine the country's current and future economic outlook, whether it is good or not. One rule of thumb to look into with be how good the country is doing, the better the country is doing, the more foreign investors are going to take part in it. Once starting the piece in it, the dollar or the stock in that country will go up tremendously.

The idea behind fundamental analysis is that you need to look at the countries economically and you also need to look at. To make you understand, what fundamental analysis is it is mostly when you invest in a country is doing good in the economy, and not invest in a company when they're doing bad in the marketplace. Which makes sense since the economy dictates how high are low prices going to be per dollar. Most of the time, investors will invest the money as soon as they see the dollar going up. The reason why they will do that is that they know the dollar will keep climbing up since the economy is getting better. One of the great examples would be when the US dollar dropped in 2007 2008, and the Canadian dollar took up, at that point, a lot of investors are investing in Canadian dollars of the US dollar. After a very long time, the US dollar was dropping tremendously, whereas the Canadian dollar was more expensive than the US dollar. This was one of the anomalies which took place back in the day. If you were to use technical analysis in this instance, then you will not get a lot of success out of this economy drop. Which is why fundamental analysis could work a lot better or most people in the long-term and in the short-term, which is why many top traders recommend you follow fundamental analysis instead of technical analysis to find out which dollar you're going to be investing in.

Which Method to Use and When?

Now we get into the part where we show you which method to use and when ideally what Options Trading you would like to dabble with technical analysis and fundamental analysis to see optimal success. However, you can do fundamental analysis and see progress, both long-term and short-term. In our opinion the best way to go about it would be to try out technical analysis in the short-term, the reason why we think the technical analysis, in short, would work very good for you is that it is something that you can't go wrong with if you do it properly. As we explained to you what technical analysis is, you can see why it is so good for someone to start with technical analysis and to see amazing results out of it. Another thing technical analysis can help you out with would be that it will help you to build up your confidence in the beginning. When you're starting Option Trading especially in the beginning, it is essential that you build up confidence and you make yourself believe that you can, make money from Options Trading.

This will help you to continue with your Options Trading journey and to learn more, more accurately help you to start investing your money the right way and to continue off becoming a full-time Option Trader. Once you have dabbled with technical analysis, you can start doing your more long-term trades with fundamental analysis. The only problem with fundamental analysis would be that there's a lot more research to be done, and if you're trying to make Options Trading a long-term income Source or a full-time income Source, then the chances are you should be doing your research before you make a trade. Keep in mind that, fundamental analysis will help you to keep going in the long-term and will yield you the best results possible. Even though technical analysis has a higher success rate, fundamental analysis will be a lot more long-term. Secondly, the more you do fundamental analysis, the easier it's going to get for you.

Keeping that in mind, the best method to go about Options Trading, in the beginning, would be to start with technical analysis make small trades, and make some money. This will help you to build up your confidence with Options Trading and therefore help you to keep going on. The second thing you should be doing is research on the fundamental analysis I'm slowly started dabbling with it until you are sure on which dollar or stock on investing based on your research. You will require some brainpower to really dabble with Options Trading using fundamental analysis. However, once you understand it and start dabbling with it, you will see the success they looking for with Options Trading. The final verdict would be to use both of them however used technical analysis, in the beginning, to really see some short-term benefits out of it and then eventually branch off to fundamental analysis and then dabbing our technical analysis trading there to see the small incremental games. When combined both you will be in a much better position to make a lot of money from Options Trading.

Chapter 6: Mindset Controlling Your Emotions like a Pro

We will talk about what you should be doing, to make sure that you are not failing in your endeavors to start your options trading journey without making it too hard on yourself. In this chapter will show you what you could be doing to make options trading your lifestyle and to not only help you to start your trading journey but to stay on track. These daily patterns will help you not to fail when trading, and we understand that you might fail a couple of times in anything you do, and it is understandable to do so. Nonetheless, this chapter will show you how to make sure you are consistent and not failing. Many successful people have followed these habits, to get optimal results in all of their aspects of life, whether it be job-related or anything else. Make sure you start implementing all of these habits after you are done reading this book as it will help you to make options trading much easier for you. The reason why this chapter might sound philosophical is that the only way you will see success with options trading is if you do it consistently. For you to do that, you need to change your current lifestyle by being more productive and disciplined. You have to remember, being successful in options trading is more of a lifestyle.

Plan Your Day Ahead

Planning your day ahead of time is crucial, not only does planning out your day help you be more prepared for your day moving forward, but it will also help you to become more aware of the things you shouldn't be doing, hence wasting your time.

Moreover planning your day will truly help you with making the most out of your time, that being said we will talk about two things 1.Benefits of planning out your day 2. How to go about planning out your day. So without further ado, let us dive into the benefits of planning out your day.

It will help you prioritize:

Yes, planning out your day will help you prioritize a lot of things in your day to day life. You can allow time limits to the things you want to work on the most to least, for example, if you're going to write your book and you are super serious about it. Then you need a specific time limit every day in which you work on a task wholeheartedly without any worries of other things until the time is up. Then you move on to the next job in line, so when you schedule out your whole day, and you give yourself time limits, then you can prioritize your entire day. The same thing goes for your trading, make sure you allocate time for trading, which will allow you to be more focused on your research, hence making you more successful.

Summarize your normal day:

Now, before we start getting into planning out your whole day ahead, you need to realize that to plan your entire day, you need to know precisely what you are doing that day. Which means you need to write down every single thing you do on a typical day and write down the time you start and end, it needs to be detailed in terms of how long does it take for your transportation to get to work, etc.

Now after you have figured out your whole day, you can decide how to prioritize your day moving on could be cutting out a task that you don't require or shortening your time for a job that doesn't need that much time. After you have your priorities for the day, you can add pleasurable tasks into your day like hanging out with your friends, etc.

Arrange your day:

It is crucial that you arrange your day correctly, so the best way to organize your day is to make sure you get all your essential stuff done earlier in the day when your mind is fresh. After that's done, you can have some time for yourself to relax and do whatever it is that you want. But make sure you get all the things that need to be done before you can move on to free time for yourself. Another thing that will help you is to set time limits on each task, and once you start setting time limits, you will be more likely to get the job done.

Remove all the fluff:

So, what I mean by that is remove all the things that are holding you back from achieving your goals. Make sure you remove all of the things that are holding you back from getting the things that you need to be doing. If you have time for the fluff, do it if not, then work on your priorities first. In conclusion, planning out your day will help you tremendously! Make sure you plan out your day every day to ensure successful and accomplished days.

Cut out negative people:

This task might be the hardest to do, but it is quite essential, see the people who you are around are the people who will create your personality. So if you are around negative people, you will develop adverse circumstances for yourself, so if you are around people who are not upbeat about life and find everything wrong and never see the good in anyone, you need to cut them out and be around people who are happy and ready for what life has to offer. Now I get it, some cynical people can be your family members, and you can't cut them out, the ideal thing to do is 1. Make them understand what they are doing wrong 2. Show them how they can change their life. And if they still want to remain the same, then keep your distance.

In conclusion, it is essential that you are in a grateful "vibe" as it will not only help you with your mental and physical health, but it will also help you attract better people and better circumstances. Don't forget to practice the

three methods we discussed in this chapter for you to be in a grateful 'vibe" throughout the day and life! That being said I hope this chapter shed some light on the importance of being grateful and how it can make or ruin a living, and I hope you don't take this chapter lightly being grateful is the most critical thing you can do to turn your life around. So be thankful!
Now that we have covered the part of being grateful, and how it can help you with your day to day life and eating habits. Let us give you some concrete ideas on how to change the way you live your experience and to make it better.

Stop Multitasking

I think we are all guilty of this at a time, and if are multitasking right now, I need you to stop. Now multitasking could be a lot of things, and it could be as small as cooking and texting at the same time, or it could be as big as working on two projects at the same time. Studies are showing how multitasking can reduce your quality of work, which something you don't want to do if your goal is to get the best result out of the thing that you are doing. That being said, there are a lot more reasons as to why you shouldn't be multitasking, so without further ado, let’s get into the primary reasons why multitasking can be harmful.

You're Not as Productive.

Believe it or not, you tend to be a lot less productive when you are multitasking. When you go from one project to another or anything else for that matter, you don't put all your effort into your work. You are always worried about the project that you will be moving into next. So moving back and forth from one project to another will affect your productivity if you want to get the most out of your work you need to be focused on one thing at a time and make sure you get it done to the best of your abilities. Plus you are more likely to make mistakes, which will not help you work at the best of your ability.

You Become Slower at Your Work.

When you are multitasking, chances are you will end up being slower at completing your projects. You would be in a better position if you were to focus on one project at a time instead of going back and forth, which of course helps you complete them faster. So the thing that enables you to be faster at your projects when you're not multitasking is the mindset, we often don't realize how much mindset comes into play. When you are going back and forth from one project to another, you are in a different mental state going into another project which takes time to build and break. So by the time you have managed to get into the mindset of project A you are already moving into project B, it is always best that you devote your time and energy one project at a time if you want it to doe did an at a faster pace.

Set Yourself a Goal (time, quality, etc.)

All in all, multitasking will do you no good. It will only make you slower at your work and make you less productive. Making sure you stop multitasking is essential, as it will only help you live a better life. One thing to remember from this chapter is to put all your energy at one thing at a time, and this will yield you a lot better projects or anything that you are working towards to be great. If you want to be more successful and live a better life, you need to make sure your projects are quality as I can't stress this point enough. You are probably reading this book because you want to get better at living your life or achieve goals which you haven't yet. One of the reasons why you are not living the life that you want or haven't reached your goal could be a lot of things but, one of the items could be the quality of your work which could be taking a hit because of your multitasking. So review yourself, and find out why you haven't achieved your goal and why you are not living the life that you want.

Then if you happen to stumble upon multitasking being the limiting factor or the quality of your work, I want you to stop multitasking and start working on one project at a time while giving it your full attention. What you will notice is that your work will have a higher quality and will be completed in a quicker amount of time following the steps listed above, which will change your life and help you achieve your life goals in a better more efficient way.

Now that we have talked about some action items in regards to making options trading more of a lifestyle by changing the way you set up your day. Let us talk about some of the lifestyle changes you need to make, in regards to making trading more easy for you.

Get More Sleep.

It is essential that you start getting your 8 hours of sleep. Many people don't know this but, even if your eating is perfect but you still aren't getting the sleep chances are you are not going to see the changes. Getting your 8 hours of sleep helps you a lot. When you get the right amount of deep sleep, you will see results such as better recovery and better mental health. It is essential that you get your full 8 hours of sleep if you don't, then your option trading endeavors might go to vain. Not only that, if you don't get enough sleep, the chances of you staying awake the next morning will drop down tremendously. You will be a lot more sleepy the days you don't get your full sleep. Keep that in mind moving on, and as always make sure to get your total 8 hours of sleep.

Physical Activity

It is very crucial for you to take part in physical activities, for a straightforward reason it will help you to assist your motivation to trade. The same thing as getting proper sleep, the role of you being physically active will give you a great balance of you being energized and motivated throughout the day. Many people don't know this, but being physically active can help you to stay more motivated. There have been many studies backing these claims up, that being said, let's talk about some of the benefits which might come along with you following a working out plan.

Regular Exercising Changes Your Brain

No, regular exercises do not change the way your brain is shaped by any means if that's what you're thinking. But what it will help with, is better memory and better-thinking skills. If you were to do your research, you will find that out for yourself, how big of a role regular exercising plays when it comes to brain functions. Make sure you start implementing this physical activity, it will only help you get better at your trading skills and to see better results out of it. By now you can see the benefits of exercising, not only does regular exercising help you stay healthy physically, but it also enables you to optimize your mind and helps you with better brain function which will allow you to work for an extended period at any given task.

Improves your mood:

This is one of the most significant differences you will notice once you start working on your health is that your mood will stay elevated through the day! Which is a great thing to have as you will be able to get more things done and be more successful? See when you work out you release a chemical called dopamine, which is a feel-good hormone and of course working out will help you become less stressed.

Improves physical health:

Yes, this is one of the most salient points to bring up but let's discuss it anyway. Once you start to implement healthy habits to your day you will become more physically fit, which will not only give you more energy through the day, it will also help you keep up with things like your daily chores and not get tired so quickly. You will see a difference in the quality of your life and your work ethic once you start to implement daily health habits and become more physically healthy.

Helps boost your immune system:

These ties into improved physical health, but working out will boost your immune system and lower your risk of diseases like diabetes, hypertension, etc. Once you have a boost in your immune system, you will be less likely to get even the common flu. I know of someone who hasn't gotten flu in fifteen years simply because he started to live a healthy life, now I am not saying that you will see the same results but staying healthy will definitely help you with boosting your immune system which will help you not get sick so often and enjoy some quality time with your family and get more stuff done.

Now that we have discussed how staying in shape can help you live a better life, we will now move on to the ways you can help yourself live a healthier life.

Start easy:

Now, if you have never worked out in your life, you need to realize that you won't be going hard at the gym as Arnold Schwarzenegger did in his hay days. So don't push yourself too much in the gym because you are not ready for it, and you might lose motivation. So if you are starting off getting in shape perhaps light jogs, some resistance training couple times a week to get the blood moving. But make sure you get up to the point where you are working out at least three hours a week to see some health benefits. Start once a week then twice, and so on.

After reading this chapter, many might be thinking that this is more of a self-help book than it is options trading. The truth is that we want you to understand how to live a better life by changing the habits that you are currently following. Doing option trading and making it a lifestyle is a lot more work than you think it is. For you to make it easy, you need to understand that you need to change your habits to be successful at option trading, which means you need to change the way you move the way you think and the way you perform. This chapter gives you a clear idea on how to start living a better life by changing up your habits, once you do change your practices you will notice that options trading as a whole will be straightforward for you.

The reason why it will be straightforward for you is that you will change the way you move and the change the way you live your life in general. Changing the way you live your life will not only help you get better results, but it will also help you to make options trading a lifestyle, many people confuse income source as not being a part of a lifestyle, and it is something that they're supporting to better their health. But the truth is that when they're working on trading, they don't realize that it needs to be a lifestyle for it to be a health benefit, if you want to be healthier then you need to make sure that you're taking care of your health 24/7 365 days a year.

Which means you need to make this a lifestyle, and for you to make this a lifestyle, we need to understand some self-help techniques to keep it sustained for a more extended period. Which is why this chapter is more self-help oriented, we wanted to make sure that this book is different than any other books that you've read when it comes to starting your options trading journey. The way we're going to be delivering it is by showing you how to change your lifestyle for the better instead of the worst. With that being said, I hope this chapter was helpful to you, and we will see you in the next chapter.

Chapter 7: Options Trading Strategies for Experts

While it can be easy to feel as though there is too much information out there regarding options trading to ever hope to keep it straight, there are several key strategies you will use on a regular basis that you can focus on at the start to make the entire process far more manageable. As long as you take the time to utilize them correctly, you will find that each of the strategies outlined below will dramatically improve your success rate while decreasing your overall risk at the same time.

Keep in mind that the strategies that you use aren't nearly as important as the fact that you choose strategies that suit your trading style and compliments the trading plan you are focused on using for the time being. Keep in mind that just because a strategy seems useful, doesn't mean it is going to be useful in your hands. Play name: Buy/write Who should run it: This strategy is suitable for everyone When to run it: This strategy is effective in a bearish market Details: Sometimes referred to as the covered call, this strategy works when the trader purchases shares of an underlying stock while at the same time generating a call that is equal to the entire number of underlying stock shares owned. This strategy is ideal for traders who have already invested in the stock market and are looking for a way to shore up what may be previously questionable choices as the options will ensure that you can generate a premium even if the other bets placed in the investment don't exactly pay off. This is an especially viable way to ensure long term investments remain viable as the option will guarantee a profitable price for the length of its existence. This makes the covered call strategy ideal for LEAPs, index future and funds whose purchase was facilitated via margin.

Play name: Married put Who should run it: This strategy is suitable for everyone When to run it: This strategy is effective in a bullish market Details: A married put is a great strategy if you have reason to take a bullish attitude towards the price of a given underlying asset while at the same time aiming to shore up any potential losses you might come across. To use this strategy properly, the first thing you will need to do is to purchase any amount of the underlying asset in question while tat the same time purchasing a put that covers the same amount. This will act as the price floor that will help you to prevent serious, unexpected losses in the case of a sudden price drop. While adding more money to a losing proposition is never the best choice, a married put can be used to shore up an existing investment that hasn't turned out as you hoped.

Regardless of the size of your portfolio, this is a useful strategy to mitigate the risk that can't be dealt with in any other way. While the married put will not be the best choice in any situation, if used in the right way, and with plenty of caution, it can be a reliable way to improve your successful trading percentage successfully. To ensure this always works out in your favor, you will never want to begin a new transaction without having a clear understanding of the risk you are working with beforehand. You will then be able to factor in additional costs more easily and compare the total cost to the amount of risk you are going mitigate as a result. After that, all that's left is going to be doing the math and choosing the option that makes the most fiscal sense at the moment. What's more, married puts also help to reduce the potential for risk when it comes to new options to exercise as it ensures you always have available shares waiting in the wings. Play name: Bull call spread who should run it: This strategy is suitable for everyone When to run it: This strategy is effective in a bullish market Details: To utilize the bull call spread successfully, you will want to start with a call option that is purchased at a strike price that is worth returning to in the future. You will also need to sell an equal number of calls at a strike price that is above the initial strike price yet still within a reasonable distance. Both of these calls will also need to include the same timeframe as well as the same underlying asset. This is an excellent strategy to use if you feel bullish on the strength of the asset in question or you have research that shows the price is likely to increase during your chosen timeframe. This strategy also goes by the name vertical credit spread thanks to its mismatched legs.

Those that sell close to the money result in a credit spread that includes a positive time value and a net credit. Debit spreads are created if a short option ends further away from the money than the point it started from. Regardless, you can consider this strategy a net buy. Play name: Bear put spread Who should run it: This strategy is suitable for everyone When to run it: This strategy is effective in a bearish market Details: Similar in practice to the bull call spread, the bear put spread is useful under different circumstances. To use it effectively, you will need to purchase a pair of put options that have different strike prices, own lower and one higher. You will then need to purchase an equal number with the same timeframe and the same underlying asset. This can be an especially useful strategy if you have a bearish opinion of the underlying asset in question as it will help to limit your losses if you judge the market incorrectly. It is still important to be cautious, however, as the profits that it will bring you are always going to be limited to the difference between the two puts you initially purchased, minus any relevant fees. The most profitable time to utilize this strategy is if you are already planning on short selling a specific underlying asset and a traditional put option won't provide you with the protection you need.

You will likely find them especially useful if you plan on speculating and also feel that prices are going to decrease. This will allow you to avoid employing additional capital while only waiting for the worst to happen. As such, you will be able to hope for the best and plan for the worst at the same time. Play name: Protective collar Who should run it: This strategy is suitable for everyone When to run it: This strategy is effective in a bullish or bearish market Details: The protective collar strategy can be executed by buying into a put option that is already out of the money. From there, you will then want to write a secondary call option that is based on the same underlying asset and is also out of the money. After that, you will then be able to create a secondary call option that is based on the same underlying asset that is also out of the money already. Thus, this strategy is useful if you are already committed to a long position on an underlying asset that has a history of strong gains. Using a protective collar properly then allows you to ensure that you can anticipate a steady level of Profit while also retaining control of the underlying asset if the positive trend does continue. Using a protective collar correctly is as easy as ensuring the contract for the put option you purchased was at a strike price that is more than likely enough to ensure you will hold onto most of the profits you banked throughout the process. After that, you will then be able to fund the collar strategy using the call option you previously created. This strategy is advantageous if you are looking to maintain your profits at all costs as it only requires a small additional fee. What's more, this is an excellent way to move funds about got tax purposes as any option that you rollover does not need to be accounted for until it has been either purchased or expired. Play name: Straddle Who should run it: This strategy is suitable for everyone When to run it: This strategy is effective in a bullish or bearish market Details: The straddle can be used to either go long or short.

The long straddle can be extremely effective if you feel as though the price of a given underlying asset is going to move significantly in one direction, you don't know what direction that will ultimately be. To utilize this strategy, you will need to purchase a put and a call, both using the same underlying asset, strike price, and timeframe. After the long straddle has been created successfully, you will be guaranteed to generate a profit if the price in question moves in either direction before it expires. On the other hand, if you are interested in utilizing a short straddle, you will instead want to sell a call and a put with the same costs, timeframe, and underlying asset. This will allow you to profit from the premium, even if everything else doesn't turn out as well as you may have liked. This guaranteed Profit means that this is a particularly useful strategy if you don't expect to see movement very much in either direction before the option expires. Nevertheless, it is still important to remember that the chances that this strategy will be successful are directly related to the odds that the underlying asset is going to move in the first place. Play name: Strangle who should run it: This strategy is suitable for everyone When to run it: This strategy is effective in a bullish or bearish market Details: Functionally, a strangle similar to a straddle except that it is often cheaper to execute on as you are buying into options that are already out of the money. As such, you can typically pay as much as 5o percent the cost of a straddle for a strangle, which makes it even easier to play both sides of the fence.

Typically, a long strangle is more useful than a short straddle because it offers up twice the premium for the same amount of risk. To use the long strangle correctly, you will want to purchase a call along with a put that is both based on the same underlying asset with the same timeframe and different strike prices. The strike price for the call will need to be above the strike price for the put, and both should be out of the money. This strategy can be especially useful if you plan on the underlying asset moving a great deal, without having a clear idea as to the direction. When used properly, this will virtually ensure you turn a profit once you have taken any fees out of the equation. Play name: Butterfly spread who should run it: This strategy is suitable for everyone When to run it:

This strategy is effective in a neutral market Details: A butterfly spread is a combination of a bear spread and a traditional bull strategy which uses a total of three strike points. To begin with, you will need to purchase a call option at the lowest point you can manage before selling a pair of calls at a higher price and then a third call that has an ever-higher price. Your end goal with these purchases is to make sure that you have a range of prices you can profit from when everything is said and done. This strategy can prove particularly effective when you have a completely neutral opinion on the current market. What's more, you should also expect the underlying asset to move in the direction you favor, even if you don't have all the details locked down just yet. This, then means that you will want to strive to keep the market volatility as low as possible. The greater the overall level of volatility, the greater the cost of this strategy will be. Furthermore, it is imperative to keep in mind that if you choose incorrectly when it comes to the direction the underlying asset is going to move, then the amount you stand to lose can be significant. Play name: Iron condor Who should run it: This strategy is suitable for everyone When to run it: This strategy is effective in a bullish or bearish market Details: To utilize the iron condor strategy, you will need to begin by taking a short position as well as a long position via a pair of strangles that is situated so they will take full advantage of a market that is staunchly low volatility. The pair of strangles should include both a long and a short, with both sets to the outer strike price. You can accomplish the same general effect with a pair of credit spreads if you are so inclined. In this scenario, the call spread would be placed above the market price, and the put would be placed beneath the current market price. The iron condor should only be used if you are trading via index options as they offer the decreased level of volatility and risk that you need to make it reliable. This means that you will want to use the iron condor if you are practically certain the market is going to move in the direction your research indicates that it is going to. Doing otherwise is almost surely going to leave your plan open to significant additional risk, and likely sooner rather than later as well. Play name: Iron Butterfly Who should run it: This strategy is suitable for everyone When to run it: This strategy is effective in a bullish or bearish market Details: The iron butterfly strategy can be anchored by either a short straddle or a long straddle depending on your needs. Regardless, you will want to orchestrate than a strangle based on the straddle you needed to use. The iron butterfly utilizes a mixture of puts and calls to limit the potential for loss (but also profits) around the strike price you previously determined. This strategy is best used with options that are out of the money as they allow you to minimize both risk and cost.

When it comes to trading options successfully in the long-term, the secret isn't being able to make the right trades at every juncture. After all, that's impossible. No, the real secret to long-term success is learning to recover when a surefire trade suddenly goes sideways on you at the last moment. The faster you can get your business back on track, the quicker you can get back to making a profit. Long call repair strategies

Long call repair strategies

This first section contains strategies designed to increase the profit potential of long call positions that have recently seen a quick, unrealized loss. Remember, having a great strategy is extremely important, but there is more to making a profit in the long-term than that. In trading, the best offense is often a good defense. Play name: Long call repair Who should run it: This strategy is suitable for veterans When to run it: This strategy is effective in a bullish market Details: It is common for new traders to buy a simple put or call, only to find out that they were ultimately wrong about the way the underlying asset moved when everything was said and done. For example, a long call that is out of the money would see sudden unrealized losses if its underlying asset dropped. To understand the best course of action in this situation, a second example is required. For this example, assume that it is the middle of the February and you believe that Microsoft which is currently sitting at 93.30 is about to make a move that puts it above its resistance levels and end at about 95. You can then easily jump in with a near the money call for July, leaving you roughly six months until expiration and plenty of time for the related movement to occur. From there, however, things don't go according to plan, and the stock drops to below $90 instead. The price of your July call would now be worth only about $1.25, down from about $3 thanks to the time decay, creating an unrealized loss of $175 per option purchased.

As there is still a fair amount of time left until expiration, it is possible that the stock could still make the option profitable but waiting also has the potential to generate additional losses or other opportunity costs which could also result in a loss of Profit. One way to mitigate this loss is through the process of averaging down and purchasing additional options, though this only increases your risk if things continue not to go your way. Instead, a simple and effective means of lowering your breakeven point, while also increasing the possibility of turning a profit is to roll the position down into a bull call spread, discussed in the next chapter. The concept of rolling it down means to replace an existing option with a new option that is similar in most ways except that one has a lower strike price than the other. Utilizing this practice mans you don't have to exercise the first option as the time is extended until the end of the second option. To use this strategy in the above example, you would start by placing an order to sell a pair of calls at the July expiration date at your target price of $95 for $1.25, which is essentially going short on the first call option. At the same time, you would want to buy an additional July 90 call and sell it for roughly $2.90. The result of this process is a bull call spread that improves the odds of success while only adding a small amount of additional risk. What' more, the breakeven point decreases dramatically from $98, all the way to $93.25. From there, assuming that the Microsoft stock continued to trade even higher, past the original starting point, then your bull call spread would be strong enough to break even with a potential profit for the target of $95, though the maximum amount of Profit for each option is going to be $175 due to the way it was constructed. Play name: Alternate repair style Who should run it: This strategy is suitable for veterans When to run it: This strategy is effective in a bullish market Details: Alternately, you could roll down into a traditional butterfly spread, discussed in the next chapter when the underlying stock drops to $90. When using this strategy, you would instead want to sell a pair of July $90 calls, which would sell for about $4 each, while also hanging on to the July $95 long call. You would also need to purchase a call for the July date at $85 as well that sells for around $7.30 after time decay has been taken into account.

You will see that the total risk actually decreases on the downside in this scenario as the total debit amount drops to $230, and there is also a limited upside risk if the stock moves back towards the breakeven point. If the stock goes nowhere, the trade still turns a profit as well. Play name: Combined repair strategy Who should run it: This strategy is suitable for all-starts When to run it: This strategy is effective in a bullish market Details: As this is a variation of the traditional butterfly spread, the maximum amount of profit you can expect is going to come at the strike price of the two July $90 short calls that you created, but movement dropping away from this point until it starts to generate losses instead. As such, you may also want to combine the two repair strategies to create a multi-lot repair approach. This combination can be used to preserve the ideal odds that come with producing a profit from a potential loss. Determining strike price: One of the most important facets of using the repair strategy effectively is setting the correct strike price for the options in question. This price will ultimately determine the cost of the trade as well as influencing your breakeven point. The best place to start is by considering the magnitude of the unrealized loss that you are coming off of. For example, if you purchased a stock at $40 and it is now at $30, then your paper loss is $10 per share.

In this case, you would want to purchase the at the money calls while at the same time writing out of the money calls with a higher strike price that is above the strike price of the purchased calls by half of the stock's loss. This means you would want to start with three-month options before moving forward from there as needed. Generally speaking, the greater the loss you have already experienced, the greater the amount of time that you will have to spend repairing it. It is also important to keep in mind that it will not be possible to repair all mistakes for free as the worst offenders will require a small debit payment to set up the position in a potentially profitable manner. If your loss is over 70 percent, then it is likely not going to be possible to repair it at all.

Unwind the position: While breaking even after the hypothetical situations discussed above might sound good now, when you find yourself in a similar situation in the real world you may find yourself wanting to more than break even, you will likely want to make an additional profit as well. As an example, assume that the Microsoft stock that previously dropped now rose to $60, which means that you are now interested in keeping it rather than selling when it hits $70. Unwinding a position consists of closing out a positive that has previously been pulling double duty offsetting other investments. Unwinding can increase liquidity risk in some scenarios. If an asset is less liquid, it can be difficult to find an interested buyer or seller, which means the liquidity risk is elevated. Regardless of whether a transaction was completed intentionally or accidentally, all risks associated with the particular security still apply when attempting to unwind it. Unwinding becomes an even more advantageous proposition if the volatility in the underlying stock has increased to such a point that you decide you want to hold onto the stock. You will be able to find your options priced much more attractively in this scenario as long as you remain in a good position with the underlying stock. Problems can arise in this scenario if you attempt exiting while the stock is trading at or above the breakeven price as this will cost you as the total value of the option in question will be negative. As such, you should generally only consider unwinding an existing position if the price remains underneath the original breakeven price and the prospects look promising.

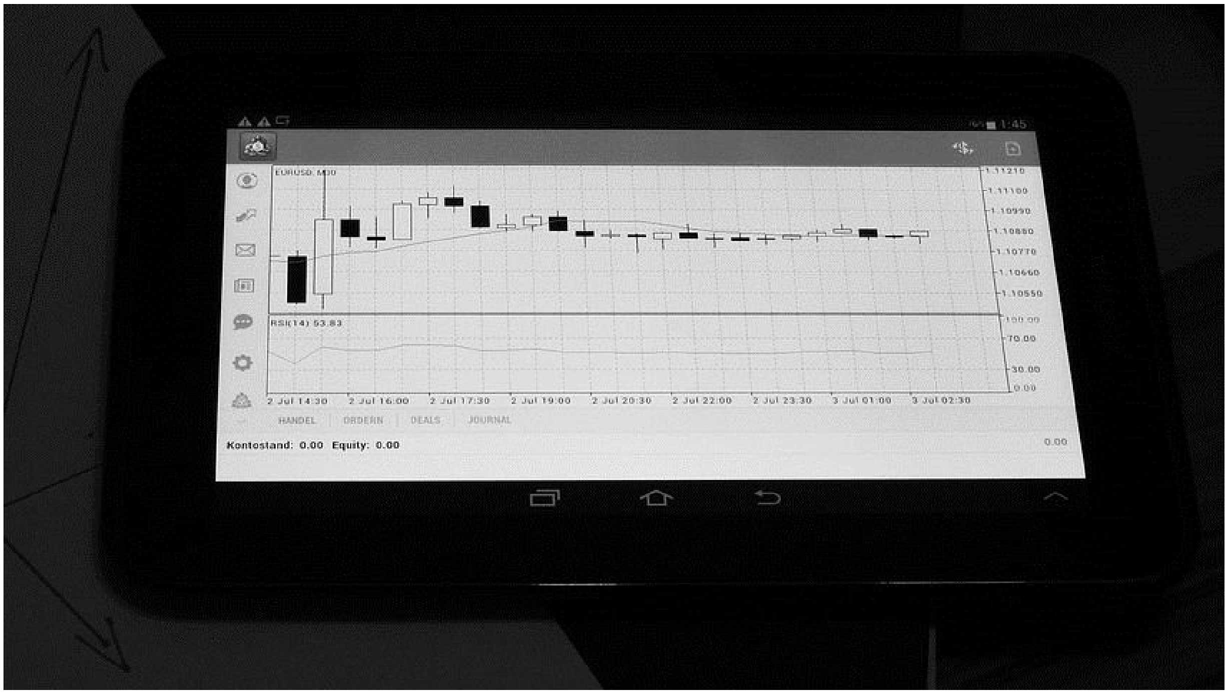
Otherwise, you are typically going to be better off simply establishing a new position in the same stock at the current market price. Short call repair strategies Play name: Delta hedge Who should run it: This strategy is suitable for veterans When to run it: This strategy is effective in a bullish or bearish market Details: To understand this strategy, consider the following. Let's say you own an exchange-traded call option on a listed stock (very general case). If available in sufficient quantity, borrow and sell the underlying security that the call option was written on (short sell it). You'll belong the call and short the stock. This is called a delta hedge, as you would be delta trading the stock. Delta refers to short-term price volatility. In other words, you'll short a single large block of the stock, then buy shares, in small increments, whenever the market drops slightly, on an intra-day basis. When the market price of the stock rises incrementally, you'll sell a few shares. Back and forth, in response to short-term market price moves, while maintaining a static "hedge ratio."

As your first call option gets closer to maturity, roll it over into the next available contract, either one-month or preferably three-month, time to expiration. Play name: Synthetic Short Who should run it: This strategy is suitable for veterans When to run it: This strategy is effective in a bearish market Details: The synthetic short is used to promote the payoff of a short losing position. It can be completed by selling a call that is currently at the money while at the same time buying an equal number of puts that are also at the money for the same underlying stock and expiration date. It is important to keep in mind that there are immense risks when it comes to using this strategy, along with an unlimited potential for Profit which means it is best used when you are bearish on the related underlying security.

You can think of this strategy as being similar to the short stock position as a whole as there is no maximum for Profit as long as the underlying stock price continues to drop. Furthermore, credit is typically taken when entering this scenario, as calls are almost always going to be more expensive than puts. This means that even if the underlying stock price remains relatively unchanged for the length of the expiration time, there will still be a potential for Profit based on the amount of the initial credit that was taken. The formula for determining a profit in this scenario is as follows:

Maximum Profit = Unlimited Profit Achieved When Price of Underlying < Strike Price of Long Put + Net Premium Received Profit = Strike Price of Long Put - Price of Underlying + Net Premium Received As with the unlimited potential for reward, the potential for risk in this scenario, to determine the potential for loss, consider the following: Maximum Loss = Unlimited Loss Occurs When Price of Underlying > Strike Price of Short Call + Net Premium Received Loss = Price of Underlying - Strike Price of Short Call-Net Premium Received + Commissions Paid Finally, the breakeven point in this scenario can be determined via the following: Breakeven Point = Strike Price of Long Put + Net Premium Received

Chapter 8: An Example of Trade



In this chapter, we will talk about basic trading habits, and also give you examples of some great option trading strategies. That way you have a better idea on how to go about trading. Keep in mind, this information can be used for any trading you decide to take part in. Keeping that in mind, we will dive into this chapter.

The investment in the medium and long-term is ideal for those who want to build capital, or simply diversify and enhance savings over time simply and at reduced costs. Given their versatility, ETFs can be used in different medium and long-term investment strategies, where they can support or replace traditional instruments, thus allowing to achieve the set objective. Currently, the range of ETFs is so diverse that any FCI can be replicated (at a much higher cost)

A strategy to invest its capital in the medium to long term is to resort to investment funds, whose popularity has grown progressively over the last twenty years. One of the main characteristics of the Funds is that of allowing the underwriter to enter the market with modest capital and to obtain professional management that will allow them to obtain positive results over time, with moderate risk. Investment funds should favor more active management, even if this does not always happen. In addition to weighing on their final return, they are the highest management costs to which the same funds are subject, and whose impact is felt particularly in times of slowdown or stagnation of the market. In light of this situation, the investor could find it convenient to substitute the investment in funds with that of ETFs that aim to follow closely the evolution of its benchmark index, while offering the maximum possible transparency.

In advance it cannot be said whether it is better to invest in funds or in ETF; to make this choice you have to decide if you want the manager to move away from the benchmark (and from which benchmark): this possibility is called "active risk." Active risk is not necessarily bad, because there are some managers who are actually better than others, but in reality, they are few and, not always, you can find them. If you decide to move away from the basic risk, you must be convinced that:

good managers exist;
that they can do better than their benchmark;
above all, be able to find them!

If you think you can complete each of the three phases, it is appropriate to rely on active funds, otherwise, ETFs are preferred because they cost less and carry precisely where you decided to go, without additional surprises.

The techniques for choosing the ETF that best suits your investment strategies are different; an interesting methodology is applied to sector rotation: the market as a whole is made up of different equity sectors, corresponding to the different economic sectors and their continuous alternation from the origin to the expansion and contraction phases. For this reason, the moments in which all the economic sectors grow or decrease simultaneously are quite rare. The concept of sector rotation is useful to identify, on the one hand, the stage of maturity of the current primary trend and on the other to select those sectors that have a growing relative strength. For example, sectors sensitive to changes in interest rates tend to anticipate both the minimums and the maximums of the market, while the sectors sensitive to the demand for capital goods or raw materials generally tend to follow the overall trend of the market with delay. Through ETFs, it is possible to take an immediate position on a specific stock, without necessarily being forced to buy the different securities belonging to that particular basket. In this way, it will be possible to obtain immediate exposure to this sector, benefiting at the same time as its growth in value, besides the advantages linked to the diversification.

It is also possible to invest using relative strength, investing, perhaps, on a stock exchange index, at the same time benefiting from its growth in value, in addition to the advantages linked to diversification.

For example, if one thinks that at a given moment the US market should grow in relative terms to a greater extent than the French one, it will be appropriate to make the first one and to underweight the second one. This decision can be reached by analyzing the comparative relative strength between the two markets, which compares two dimensions (composed of market, sector, securities or other indices) to show how these values are performing in a relative manner. Respect to each other. The trend changes expressed by relative strength generally tend to anticipate the actual ones of the financial activity to which it refers. It is, therefore, possible to use the relative strength to direct purchases towards ETFs that show a growing relative force.

The great flexibility of ETFs also allows the construction of guaranteed capital investment; in times of financial turbulence, investors often turn to products that provide capital protection: those provided by financial intermediaries often have high fees and charges for customers. Not many people know that it is possible to build a guaranteed capital product by yourself, which respects your personal investment needs! The central point of the logic of guaranteed capital is interest rates and the duration of the investment because at the base of all there are the two central concepts of finance:

the higher the interest rates, the greater the return on the money
as the duration increases, you earn more, because money "works" longer

The money we will obtain in many years can be brought to today, as for bills that follow the discount law (the technical term of bringing the future money to today). You can easily answer the question: "to have 100 euros in seven years, knowing that the rates are at 5%, how much money do I have to invest?" This statement indicates how much money is needed to invest today to get the desired amount at maturity. The bonds that allow only the fruits to maturity, without paying interest during their life, are called zero-coupon bonds (zcb) and are quite common on the market. If for example, I want to have € 100 at maturity and interest rates are at 5% I will have to invest in zero-coupon bonds € 95.24 (if the deadline is between 1 year) € 78.35 (if the deadline is in 5 years) € 61.39 (if the deadline is 10 years) 48.1 € (if the deadline is between 15 years) and 23.21 € (if the deadline is 30 years)

In effect, by building investment with guaranteed capital, one only has to decide how to invest the remaining part of the initial 100 euros that have not been allocated in the zero coupons. An ideal solution could be to invest in options because, thanks to the leverage effect, they can amplify any yield. If you have a less aggressive investment profile, ETFs are excellent tools to build guaranteed capital investment. If, for example, we assume a 10-year investment with rates of 2.5% for that maturity, the portion to be invested in zcb is equal to 78.12%, while the remaining 21.88% will be invested in ETF.

This investment strategy makes it possible to achieve a minimum (not real) "money" return target with few operations, as the zcb provides for the repayment only on the nominal amount of the loan (not discounted to the inflation rate). It is, therefore, a valid methodology for those who intend to make investments with clear objectives and have little time to devote to monitoring the values as only an operation until expiry may be necessary. Unlike a guaranteed capital product offered by any financial intermediary, an investment of this kind built independently with ETFs can be dismantled entirely or in pieces (selling only the zcb or active assets, ETF) to meet any need. Naturally, only at maturity will there be a certainty of the preestablished return and, over the course of the loan, a temporary adverse trend in financial variables, (rates rise by lowering the zcb and at the same time decreasing the value of the ETF) could result in the liquidation of losing positions. The same consequence would be selling a structured bond, with the advantage that "doing it at home" the commissions are much lower and you can separate the two components and, if necessary, liquidate only one, according to specific needs.

Profitability of equity (Roe): this is the ratio between the net result and the net assets of a given company, in particular from the point of view of equity investments is an important parameter as a profitability higher than the cost of capital is an index of the ability of an enterprise to create value, therefore it should be a guarantee of greater capacity for growth of the securities in the phases of the rise of the market and of resistance in the reflexive phases. From this point of view, the Roe is always held in strong consideration by those who choose to invest in shares today.
Price/earnings ratio: a low ratio of this parameter makes a share price particularly attractive, but at the same time it could mean that expectations regarding future profits are not particularly positive. As in the case of the Roe, this is a factor to be taken into due consideration when choosing the best actions to invest in.

Price-book value ratio: the ratio between the share price and the net asset value resulting from the last balance sheet, especially if this ratio is lower than the unit means that the company is being paid less than the value of the budget net of liabilities. However, this does not necessarily mean that it is a good deal, since the company may not be able to produce profits either.

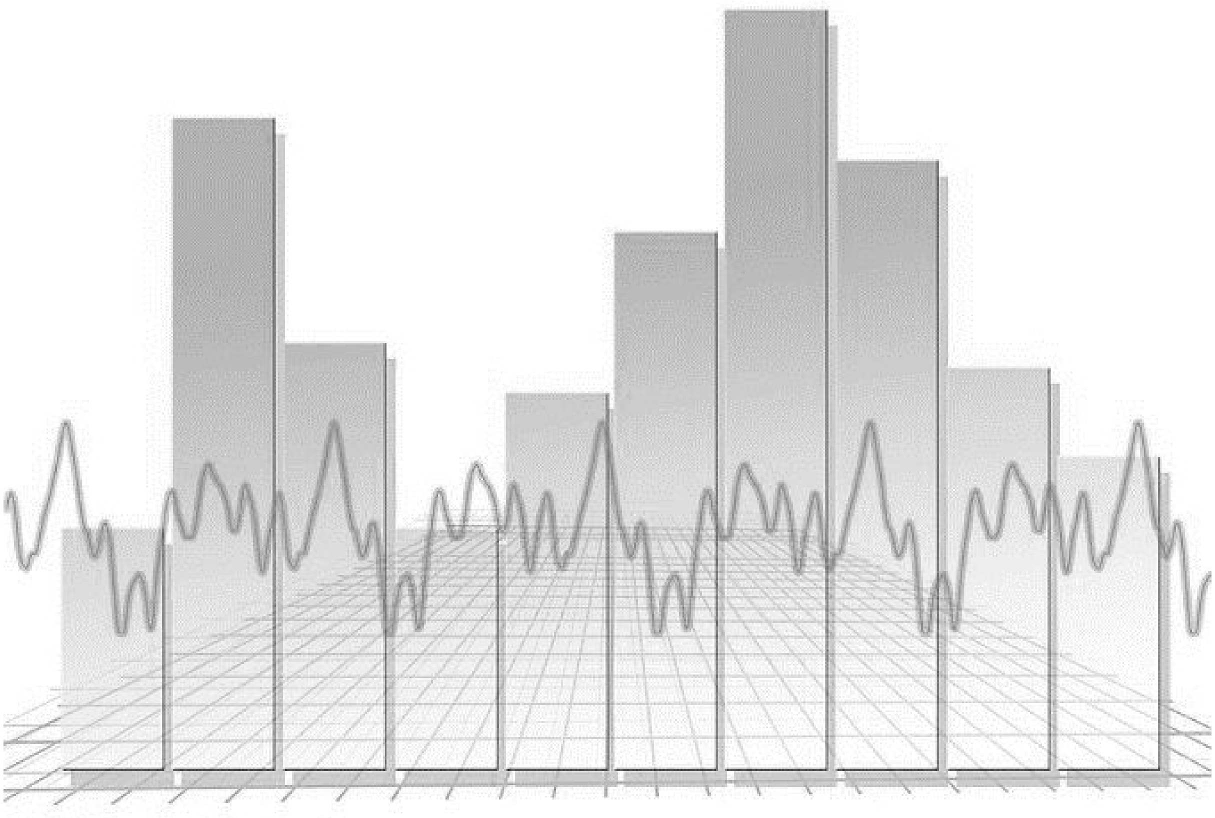
Dividend yield: this is the percentage ratio between the last distributed dividend and the share price, in particular, it measures the remuneration provided by the company to shareholders in the last year in the form of liquidity. This parameter is often taken into account to identify the securities to invest in, since a company able to distribute dividends is generally a healthy company, but also in this case, as with all the other selection parameters, it is necessary to a broader and more complete analysis, since a high level of this indicator could also mean that the company has made few investments or has little prospect of growth. For this reason, looking at the dividend yield as a primary factor in determining the securities in which to invest in the options market is reductive. The dividend yield only makes sense if accompanied by considerations on any business plans and industrial plans of the listed company. Only in this way is it possible to have guarantees on what are the prospects of the group in the future.

Rating and target price: the rating is the judgment that certain analysts and investment banks have on a specifically listed security while the target price represents the maximum target price to which the security may go. Dozens of judgments are published daily on all listed shares. Giving an eye to these judgments is a way to have further clarification on what may be the prospects of the listed. If, in fact, more brokers decide to cut the rating on an X stock from buying (buy) to neutral or worse still sell (sell) then it means that, indeed, the expectations of the security in question are certainly not positive and therefore, perhaps, it is not the case to insert this title in the list of shares to invest in. Clearly, promotions and failures (upgrades and downgrades) are not in the air but are accompanied by reports within which are explained the reasons behind that single judgment. Therefore, rating and target price are one of the most important factors for choosing the best actions to invest in. More. As the great traders who focus on equities perfectly know, looking at the historian or the evolution of the rating and target price of a single stock, one can have an even more complete picture in the choice of actions to invest in today.

I have drawn the basic coordinates for the choice of securities to invest in. This brief guide does not clearly claim to be exhaustive but taking the factors indicated into consideration means reducing the risk margin in the investment. These considerations also apply clearly when investing in online shares through trading platforms. Before identifying the best stock to bet on, in fact, it is always good to take into account the parameters that we have indicated even if, as happens in the case of online trading, the goal is not to hold possession of the action but rather to bet on the price of the same.

As you can see in this chapter we talked about many things that will help you with the trading, more specifically option Trading. You have to understand that when it comes to option Trading it is very similar to stock trading and options trading. Keeping that in mind we gave you tips and examples on how trading the truly work. Moreover, we also showed you some of the tips that many top Traders use in order to make more money from the traits. This book is essentially a basic overview of options trading and trading in general. Also, once you understood this book you will be in a much better position to try and get for trading for yourself and expanding more. Also if there's anything in this book which you don't understand, make sure that you keep reading it until you do as it is very important that you do so. Understanding options trading or trading, in general, is a very difficult task, so we totally understand if you have to go through his book again to really understand the concept. With that in mind we come to the conclusion of this chapter, thank you so much for reading until the end and we hope you really learned a lot from this chapter.

Chapter 9: Tips for Becoming a Top Trader



Successful Trading Strategies

When all is said in done, you are the one responsible for turning your venture into foreign exchange into a successful endeavor. That is actually one of the great things about the stock. You do not have a boss screaming down your neck, telling you to do something that you do not agree with. You have the ability to come up with your own trading plan based on your own research and your own knowledge. That being said, success can come more quickly for some than for others, and a lot of the time this has to do with approaching this endeavor with the right strategy. In this chapter, we will provide you with three strategies designed to help you make this foray into stock as profitable as possible (with as little loss as possible).

Strategy 1. Buy low and sell high.

This is a strategy that we have discussed before and it's not as straightforward as it seems. If you began stock trading today with $25,000 in your pocket and access to a trading platform, all ready and raring to go, how would you know what is low and what is high? It's your first day. Naturally, for you to understand what would represent a good low investment and conversely what is high, you need to have some knowledge of the exchange rate history of that currency. Maybe the exchange rate for Japanese yen seems low, but actually, compared to last year or a few months ago, it's a little high. Now it would not be a good time to buy. Maybe the pound seems low right now, but yesterday the British government announced that the first round of the Brexit negotiations with the EU failed and therefore the pound may have room to go lower than it is was when you logged onto your trading platform. Maybe you should wait and see what the pound is later today or tomorrow and buy then. The point here is that buying low and selling high requires understanding the patterns associated with that stock and what might cause it to go up or down. And that's merely the buying side of things. Once you have bought low, you need to figure out when you are going to sell. This is where a good trading plan will come into play. A good plan will prevent you from selling too soon, or even not selling soon enough.

Strategy 2. Focus on not losing money rather than on making money.

This may not be an easy strategy to understand initially, in part because not losing money and making money seem like two sides of the same coin. They are, but they are not identical. One of the personality types that is associated with difficulty in finding success in trading is the impulsive type. This type of person wants to make money and they want to make it quick. They have a vague strategy about how they plan on doing that, but the most important thing to them is that they have a high account balance to make as many trades as they need to turn a profit. This is the wrong approach. Currencies are not the same as stocks. The value of a stock may change very little even over a week's time, so I strategy that involves a lot of trades in order to make money is usually not the best strategy. You want to have a crystal clear idea of when you are going to but, yes, because you want to make money, but mostly because you don't want to lose.

Every market that involves exchanges, like the stock market, has some implicit risk, and stock trading is risky, too, because you may be tempted to give up the advantage you have to try and make money quickly.

Strategy 3. Develop a Sense of Sentiment Analysis

Alright, the third strategy was going to be about Fibonacci retracement, which is a type of technical analysis of the market, but as this is the basics of stock trading, we are going to go into a different strategy that is not any easier than a Fibonacci retracement, just different. Sentiment analysis is a term that is used in many different specialties, not just finance, and it is not easy to describe. It is essentially a type of analysis that is not based on a chart showing exchange rates over time (technical analysis) or on an understanding of a factor that might today be affecting the value of the stock(fundamental analysis). Sentiment analysis attempts to gauge the tone of the market, the direction the market is heading in, by parsing all of the available information. A key to understanding sentiment analysis is likening it to public opinion. The economy may be booming, people have more money in their pocket, so the stock of this hypothetical country should increase in value, but maybe it doesn’t. Maybe there is something that is causing the market to be bearish and which therefore might cause the stock to drop. As you perhaps can tell, as this analysis is not based on any concrete information, it can be thought of as intuitive and no one has intuition on day 1. Let’s just be honest about that. Intuition comes from experience. But the purpose of this strategy is to introduce to you the idea that not the foreign exchange market, like any market is not going to behave like a machine because it’s not a machine. Markets are places where human beings come together and humans are unpredictable, often in a frustrating way. Perhaps one day, stock trading may be handled by machines (that wouldn’t be fun), but that day is far off and so you will have to develop your own sense of where the market seems to be going and use this as a strategy to achieve success in this endeavor.

Research

Regardless of the investment that you make, be sure always to do your research. Doing research is a must. It is what will increase your chances of making the right investment decision. As the saying goes, "Knowledge is power." The more that you understand something, the more likely that you will be able to predict how it will move in the market. This is why doing research is essential. It will allow you to know if something is worth investing in or not. Remember that you are dealing with a continuously moving market, so it is only right that you keep yourself updated with the latest developments and changes, and the way to do this is by doing research.

Just because you have surfed the web for a few hours does not mean that you are already in the position to make an investment decision. You should understand that doing research should be part of your daily life as an investor/trader. Even if you are just a side trader, it is still essential that you do your research so that you will be informed of the best trading practices.

Remember that gaining information is not limited to just surfing the web for information. It is also suggested that you join online groups and forums that are related to your chosen investment. This way, you will be able to meet and connect with like-minded people. There is also a good chance that you can learn something from them.

Do not rush the process of doing research. Take note that you make decisions based on the information that you have on hand, and such information that you have will depend on the time and efforts that you put into doing research. Make sure that all of your decisions are backed up by solid research and analysis.

Write a Journal

Although not a requirement, writing a journal can be beneficial. You do not need to be a professional writer to write a memoir; however, you need to do two things: Update your journal regularly and be completely honest with everything that you write in your journal. By having a journal, you will be able to identify your strengths and weaknesses more effectively. It can also help you realize lessons that you might otherwise overlook.

You can record anything in your journal that is related to your business or investment. Ideally, it should contain your reasons, as well as your objectives. You can also write down your mistakes and new learning's that you encounter along the way.

In the first few weeks, you might not appreciate the value of keeping a journal. However, after some time, you will start to understand its importance, especially once you begin to notice your progress or developments. The important thing is to persist in writing your journal. It will allow you to view yourself from a new perspective, from a standpoint that is free from bias and prejudice.

Have a Plan

Whether you are going to start forex trading or trade in general, it is always good to have a plan. Make sure to set a clear direction for yourself. This is also an excellent way to avoid being controlled by your emotions or becoming greedy. You should have a short-term plan and a long-term plan. You should also be ready for any form of contingency. Of course, it is impossible to be prepared for everything. If you are suddenly faced with an unexpected and challenging situation, take your time to study the situation and develop a new plan. Never take action without proper planning. Poor planning leads to poor execution but having a good idea usually ends up favorably. You should stick to your plan. However, there are certain instances when you may have to abandon your project, such as when you realize that sticking to the same program will not lead to a desirable outcome or in case you find a much better idea. Proper planning can give you a sense of direction and ensure the success of execution.

Make your plans practical and reasonable. Remember that you ought to stick to whatever project you come up with, so be sure to keep your ideas real. Before you come up with an idea, you must first have quality information. Again, this is why doing research is very important.

What if you fail to execute your plan? This is not uncommon. If this happens to you, relax and think about what made you fail to stick to your plan? Was it favorable to you or not? Take some time to analyze the situation and learn as much as you can from it. Indeed, having a plan is different from executing it. It is more challenging to implement a plan as it demands that you take positive actions.

Learn from Your Competitors

Pay attention to your competitors and learn from them. Studying your competitors is also an excellent way to identify your strengths and weaknesses. You can learn a great deal from your competitors, especially ideas on how you can better improve your business.

Your competitors can also help you promote your trading goals and draw more techniques. This way, you get a better idea of how to trade. You do not have to fight against your competitors; you can work together.

It is prevalent for people online to support one another. , it is a good practice that you connect with other traders, especially those who are in the same niche. Do not think of them as your direct competitors, and you might be surprised just how friendly they can be.

Now, a common mistake is to consider yourself always better than the others. This is wrong as you are only deluding yourself, making you fail to see the bigger picture. Instead of still seeing yourself better than your competitors, learn from them, and see how you can use this knowledge to improve your trading endeavors

Cash-out

Some people who trade forex or invest in cryptocurrency commit the mistake of not making a withdrawal. The reason why they do not cash out is so that they can grow their funds. Since you can only earn a percentage of what you are trading/investing, having more funds in your account means that you can make a higher profit return. Although this may seem reasonable, it is not a recommended approach. It is strongly advised that you should request a withdrawal. You should understand that the only way to truly enjoy your profits is by turning them into cash; otherwise, it is only as if you were using a demo account. Also, by making a withdrawal, you get to lower your risks, since the funds that you withdraw will no longer be exposed to risks. You do not have to remove all your profits right away. If you want, you can withdraw 30% of your total profits, allowing the remaining 70% to add up to the funds in your account. The important thing is to make a withdrawal still now and then.

Take a Break and Have Fun

Making money online can be fun and exciting; however, it can also be a tiring journey. Therefore, give yourself a chance to take a break from time to time. When you take a break, do not spend that time thinking about your online business. Instead, you should spend it to relax your body and clear your mind. If you do this, then you will be more able to function more effectively. This is an excellent time to go on a vacation with your family or friends or at least enjoy a movie night at home. Do something fun that will put your mind off of business for a while. Do not worry; after this short break, and you are expected to work even more.

Making money online is a long journey, so enjoy it. Making money online can be lots of fun. Do not just connect with people to build a good following, but also try to make friends with your connections. You do not have to take things too seriously. Keep it fun and exciting.

Conclusion

Thank you so much for downloading the book options trading: Advanced Guide to Make Money with Trading Options in 30 Days or Less! – Learn the Fundamentals and Profitable Strategies of Options Trading.

As you can see, we learn many things in this book. Not only did we teach you how to set up a profitable options trading portfolio, but we also showed you how to make a lot of money and take it to the next level with options trading. Options trading is one of the less risky ways to make money with trading, and nonetheless, if not done correctly, then you will pay the price. Options trading is something which needs to be done out of the level-headed mindset.

Also, do not let the emotions get into it, which is why it is essential that you keep your mind calm when doing options trading. As we taught you in this book, how to keep your head down and focus. Another thing to keep in mind when options trading, would be that you really understand what you're doing if you don't know what you're doing the chance that you will not succeed in this. However, this book was written for advanced traders if you are reading this book then chances are you're an advanced options trader then you will have a good idea on how to trade the right way. Nonetheless, I hope you learned a lot from this book, and if you did make sure to leave us a good review.