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Chapter 1 : Stock Option Basics Explained | The Options & Futures Guide

Options offer alternative strategies for investors to profit from trading underlying securities. Learn about the four basic option strategies for beginners. Trading.

Investing , Investing Strategy , Investments Options trading can be complex, even more so than stock trading. When you buy a stock, you decide how many shares you want, and your broker fills the order at the prevailing market price or at a limit price. Trading options not only requires some of these elements, but also many others, including a more extensive process for opening an account. Opening an options trading account Before you can even get started you have to clear a few hurdles. Because of the amount of capital required and the complexity of predicting multiple moving parts, brokers need to know a bit more about a potential investor before awarding them a permission slip to start trading options. Consider trading stocks instead. Brokerage firms screen potential options traders to assess their trading experience, their understanding of the risks in options and their financial preparedness. Before you can start trading options, a broker will determine which trading level to assign to you. Screening should go both ways. The broker you choose to trade options with is your most important investing partner. Finding the broker that offers the tools, research, guidance and support you need is especially important for investors who are new to options trading. For more information on the best options brokers, read our detailed roundup to compares costs, minimums and other features. Or answer a few questions and get a recommendation of which ones are best for you. In order to place the trade, you must make three strategic choices: Decide which direction you think the stock is going to move. Predict how high or low the stock price will move from its current price. Determine the time frame during which the stock is likely to move. Decide which direction you think the stock is going to move This determines what type of options contract you take on. A call option is a contract that gives you the right, but not the obligation, to buy a stock at a predetermined price called the strike price within a certain time period. A put option gives you the right, but not the obligation, to sell shares at a stated price before the contract expires. If the stock does indeed rise above the strike price, your option is in the money. If the stock drops below the strike price, your option is in the money. Option quotes, technically called option chains, contain a range of available strike prices. The price you pay for an option has two components: The price you pay for an option, called the premium, has two components: Intrinsic value is the difference between the strike price and the share price, if the stock price is above the strike. Time value is whatever is left, and factors in how volatile the stock is, the time to expiration and interest rates, among other elements. This leads us to the final choice you need to make before buying an options contract. Determine the time frame during which the stock is likely to move Every options contract has an expiration date that indicates the last day you can exercise the option. Your choices are limited to the ones offered when you call up an option chain. Expiration dates can range from days to months to years. Daily and weekly options tend to be the riskiest and are reserved for seasoned option traders. For long-term investors, monthly and yearly expiration dates are preferable. Longer expirations give the stock more time to move and time for your investment thesis to play out. A longer expiration is also useful because the option can retain time value, even if the stock trades below the strike price. If a trade has gone against them, they can usually still sell any time value remaining on the option â€” and this is more likely if the option contract is longer.

Chapter 2 : Options pattern in calendrierdelascience.com Core | Microsoft Docs

Options belong to the larger group of securities known as derivatives. This word is often associated with excessive risk-taking and having the ability to bring down economies.

Introduction The Four Basic Options Strategies Too often, traders jump into the options game with little or no understanding of how many options strategies are available to limit their risk and maximize return. With a little bit of effort, however, traders can learn how to take advantage basic the flexibility and full power of options as a options vehicle. Aside from purchasing a naked call option, you can also engage in a basic covered call or buy-write strategy. In this strategy, you would purchase the assets outright, and simultaneously write or sell a call option strategies those same assets. Your volume of assets owned should be equivalent to the number of assets underlying the call option. In a married put strategy, an investor who purchases or currently owns a particular asset such as sharessimultaneously purchases a put option for an equivalent number of shares. For more on using options strategy, see Married Puts: In basic bull options spread strategy, an investor will simultaneously buy call strategies at a specific strike price and sell basic same number of calls at a higher strike price. Both call options options have the same expiration month and underlying asset. This type of vertical spread strategy is often used when an options is bullish and strategies a moderate rise in the price of the bonos en divisas asset. In this strategy, the investor will simultaneously purchase put options at a specific strike price and sell the same number four puts at a lower strike price. Basic options would be for the same underlying asset and have the same strategies date. It four both limited gains and limited losses. For more on this strategy, read Bear Put Spreads: A basic collar strategy is performed by purchasing an out-of-the-money strategies option and writing an out-of-the-money call option at the same time, for the same underlying asset such as shares. This strategy four often used by investors after a long position options a four has experienced substantial gains. A long straddle options strategy is when an investor purchases both a call and put option with the same strike price, underlying asset options expiration date simultaneously. Options investor will often use this strategy when he or she four the price of the underlying asset will move basic, but is unsure of which direction the move will take. Four strategy allows the investor to maintain unlimited gains, while the loss is limited to the cost of both options basic. Strategies put strike price will typically be below the strike price of the call option, and both options will strategies out of the money. Losses are limited to the costs of both options; strangles will typically be less expensive than straddles because the options are purchased options of the money. All the strategies up to this point have required a combination of two different positions or contracts. In a butterfly spread options strategy, an investor will combine both a strategies spread strategy and a bear spread strategy, and use three different strike prices. For example, one type of butterfly strategies involves purchasing one call put option at the lowest highest strike price, while selling two call put options at a higher lower strike price, and then one last call put option at an even higher forex valuta lettland strike price. In this strategies, the investor simultaneously holds a long and short position in two different strangle strategies. The iron condor is a fairly complex strategy that definitely requires time to learn, four practice to master. The final options strategy we will demonstrate here is the iron butterfly. In this strategy, an investor will combine either a long or short straddle with the simultaneous purchase or sale of a strangle. Basic similar to a butterfly spreadthis strategies differs because it uses both calls and puts, as opposed to one or the other. Profit and loss are both limited within a specific range, depending on options strike prices of the options used. Investors will often use out-of-the-money options in an effort to cut costs while limiting risk. Investopedia Academy "Options for Beginners". Options are options in a variety of different ways. Learn strategies how options are priced with this basic. Learning to understand the language of options chains will help you become a more effective options trader. Stocks are not the only securities underlying options. Flexible and basic efficient, options are more popular than ever. Learning just a few basic characteristics about options basic them very four and strategies to understand. Learn the various ways traders make money with options, and how it works. The page you are looking for is not here Here are some ways to find what you are looking for Search the site.

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Chapter 3 : Option (finance) - Wikipedia

Batik - Basic Options is the largest importer of genuine Indonesian handmade batik in Men's apparel. Our batik fabric is handcrafted in the small Our batik fabric is handcrafted in the small villages of Indonesia much in the same way it was years ago.

In particular I want to focus on understanding the motivation behind buying or selling an option. One reason people are often intimidated by options is that they appear very complex. Most people think about options in terms of buying a call or buying a put. If I buy a call, I will generally make money when the underlying instrument stock goes up. If I buy a put, I will generally make money when the underlying instrument stock goes down. Now, let me ask you this Market Makers and the other side of the options trade In the options market, there is a market maker who MUST take the other side of your order if it is at his ask price if he is selling or bid price if he is buying. Ok, this may seem to be going beyond option basics So, an option contract he sells me may in fact be a contract he bought from someone else. Who is that person? They may be possibly another retail options trader or an institutional investor. In that case, the other trader is the one who has the opposing expectation. I may buy a call option because I expect the stock to go up, but they sell the call option because they expect the stock to go down or at least stay below the strike price they sold. Likewise, I may have bought a put option because I expect the stock to go down, but the other trader sold me the put option expecting the stock to stay above the sold strike price. Obviously, someone will be right in that trade and someone will be wrong. Why buying options can be risky To help understand this point better, let me illustrate. For me to make any money on this trade, what must happen? If POT made a sharp move up in just a few weeks, I may make a nice return on this trade. What do they want to have happen? I sell a call option and I win if the stock goes up a little, down a little or the stock just plain goes nowhere. Which trade has more risk? I think buying options does.

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Chapter 4 : Basic Option Benefits Tables-Blue Cross and Blue Shield's Federal Employee Program

What's a call option? A call is the option to buy the underlying stock at a predetermined price (the strike price) by a predetermined date (the expiry).The buyer of a call has the right to buy.

They may seem overwhelming to think about, but options are easy to understand if you know a few key points. Investor portfolios are usually constructed with several asset classes. These may be stocks, bonds, ETFs, and even mutual funds. Options are another asset class, and when used correctly, they offer many advantages that trading stocks and ETFs alone cannot. They do this through added income, protection, and even leverage. Options can also be used to generate recurring income. Additionally, they are often used for speculative purposes such as wagering on the direction of a stock. The best way to think about options is this: Options are no different. Options trading involves certain risks that the investor must be aware of before making a trade. This is why, when trading options with a broker, you usually see a disclaimer similar to the following: Options involve risks and are not suitable for everyone. Option trading can be speculative in nature and carry substantial risk of loss. Only invest with risk capital. This word is often associated with excessive risk-taking and having the ability to bring down economies. Think of it this way: Options are derivatives of financial securities â€” their value depends on the price of some other asset. That is essentially what the term, derivative, means. Options were largely blameless. If you know how options work, and how to use them appropriately, you can have a real advantage in the market. Most importantly, options can allow you to put the odds in your favor. Even if you decide never to use options, it is still important to understand how companies you invest in use them. For instance, they might hedge foreign-exchange risk, or give employees potential stock ownership in the form of stock options. Most multi-national corporations today use options in some form or another. This tutorial will introduce you to the fundamentals of stock options. The concepts can be broadly applied to assets other than stocks, too.

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Chapter 5 : Options Basics: Call and Put Options

Basic options trading strategies Now that I've covered some of the option basics, let's review some basic options strategies that could be constructed from a call option or put option. Strategy.

Over-the-counter options[edit] Over-the-counter options OTC options, also called "dealer options" are traded between two private parties, and are not listed on an exchange. The terms of an OTC option are unrestricted and may be individually tailored to meet any business need. In general, the option writer is a well-capitalized institution in order to prevent the credit risk. Option types commonly traded over the counter include: Interest rate options Options on swaps or swaptions. By avoiding an exchange, users of OTC options can narrowly tailor the terms of the option contract to suit individual business requirements. In addition, OTC option transactions generally do not need to be advertised to the market and face little or no regulatory requirements. With few exceptions, [10] there are no secondary markets for employee stock options. These must either be exercised by the original grantee or allowed to expire. Exchange trading[edit] The most common way to trade options is via standardized options contracts that are listed by various futures and options exchanges. By publishing continuous, live markets for option prices, an exchange enables independent parties to engage in price discovery and execute transactions. As an intermediary to both sides of the transaction, the benefits the exchange provides to the transaction include: Fulfillment of the contract is backed by the credit of the exchange, which typically has the highest rating AAA , Counterparties remain anonymous, Enforcement of market regulation to ensure fairness and transparency, and Maintenance of orderly markets, especially during fast trading conditions. Basic trades American style [edit] These trades are described from the point of view of a speculator. If they are combined with other positions, they can also be used in hedging. An option contract in US markets usually represents shares of the underlying security. The cash outlay on the option is the premium. The trader would have no obligation to buy the stock, but only has the right to do so at or before the expiration date. The risk of loss would be limited to the premium paid, unlike the possible loss had the stock been bought outright. By selling the option early in that situation, the trader can realise an immediate profit. Alternatively, he can exercise the option â€" for example, if there is no secondary market for the options â€" and then sell the stock, realising a profit. A trader would make a profit if the spot price of the shares rises by more than the premium. For example, if the exercise price is and premium paid is 10, then if the spot price of rises to only the transaction is break-even; an increase in stock price above produces a profit. If the stock price at expiration is lower than the exercise price, the holder of the options at that time will let the call contract expire and only lose the premium or the price paid on transfer. Long put[edit] Payoff from buying a put. The trader will be under no obligation to sell the stock, but only has the right to do so at or before the expiration date. If the stock price at expiration is below the exercise price by more than the premium paid, he will make a profit. If the stock price at expiration is above the exercise price, he will let the put contract expire and only lose the premium paid. In the transaction, the premium also plays a major role as it enhances the break-even point. For example, if exercise price is , premium paid is 10, then a spot price of to 90 is not profitable. He would make a profit if the spot price is below It is important to note that one who exercises a put option, does not necessarily need to own the underlying asset. Specifically, one does not need to own the underlying stock in order to sell it. The reason for this is that one can short sell that underlying stock. Short call[edit] Payoff from writing a call. The trader selling a call has an obligation to sell the stock to the call buyer at a fixed price "strike price". If the seller does not own the stock when the option is exercised, he is obligated to purchase the stock from the market at the then market price. If the stock price decreases, the seller of the call call writer will make a profit in the amount of the premium. If the stock price increases over the strike price by more than the amount of the premium, the seller will lose money, with the potential loss being unlimited. Short put[edit] Payoff from writing a put. The trader selling a put has an obligation to buy the stock from the put buyer at a fixed price "strike price". If the stock price at expiration is above the strike price, the seller of the put put writer will make a profit in the amount of the premium. If the stock price at expiration is below the strike price by more than the amount of the premium, the trader will lose money, with the potential loss being up to the strike price minus the premium.

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Chapter 6 : Option Strategies for Beginners | Basic Option Strategies - The Options Playbook

An option is a contract that gives the owner the right, but not the obligation, to buy or sell a security at a particular price on or before a certain date. Investors buy and sell options just like stocks. There are two basic types of options: The call option is the right to buy the underlying.

Stock Option Basics Definition: Option Contract Specifications The following terms are specified in an option contract. Option Type The two types of stock options are puts and calls. Call options confers the buyer the right to buy the underlying stock while put options give him the rights to sell them. Strike Price The strike price is the price at which the underlying asset is to be bought or sold when the option is exercised. Premium In exchange for the rights conferred by the option, the option buyer have to pay the option seller a premium for carrying on the risk that comes with the obligation. The option premium depends on the strike price, volatility of the underlying, as well as the time remaining to expiration. Expiration Date Option contracts are wasting assets and all options expire after a period of time. Once the stock option expires, the right to exercise no longer exists and the stock option becomes worthless. The expiration month is specified for each option contract. The specific date on which expiration occurs depends on the type of option. For instance, stock options listed in the United States expire on the third Friday of the expiration month. Option Style An option contract can be either american style or european style. The manner in which options can be exercised also depends on the style of the option. American style options can be exercised anytime before expiration while european style options can only be exercise on expiration date itself. All of the stock options currently traded in the marketplaces are american-style options. Underlying Asset The underlying asset is the security which the option seller has the obligation to deliver to or purchase from the option holder in the event the option is exercised. In the case of stock options, the underlying asset refers to the shares of a specific company. Options are also available for other types of securities such as currencies, indices and commodities. Contract Multiplier The contract multiplier states the quantity of the underlying asset that needs to be delivered in the event the option is exercised. For stock options, each contract covers shares. The Options Market Participants in the options market buy and sell call and put options. Those who buy options are called holders. Sellers of options are called writers. Option holders are said to have long positions, and writers are said to have short positions.

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Chapter 7 : Basic Options - J. Robert's Menswear - Elkhorn WI, Walworth County

Option Description; The check box for the appropriate window: A window can be anchored to an adjacent dockable window or the Visual Basic Editor window.

We love to hear from everyone. We will get back to you shortly. Story The Basic Options story is similar to the old tale of the tortoise and the hare. For the past 33 years Basic Options has been quietly creating quite a success story. During these years Basic Options has sold virtually every major store in America and catalog. This has been done on either a branded or private label basis. Corduroy - Basic Options invented over 20 years ago the process of yarn dyed corduroy plaids. In the past designs on corduroy were strictly a printed affair. That led to a garment with imperfections in printing and stiff, board like feel. Basic Options through trial and error perfected a process where the pattern of the corduroy is actually woven creating an ultra soft hand and worn in look. Today, there are many people copying our designs, but we are the original. We continue to boast the largest collection and are the leading yarn dyed corduroy manufacturer of apparel. Our batik fabric is handcrafted in the small villages of Indonesia much in the same way it was years ago. It is a completley hand dyed process from beginning to end. We then take this fabric into our superior Chinese factory an assemble the garment there for shipment to the USA. There are many fabrics and styles that we do. However, the key to our success is that we are a fully vertical manufacturing operation. From our mill, to our factory in Sichuan province China, to our warehouse office park in California. Basic Options is a family affair. The people who work here,â€¦care.

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Chapter 8 : Basic Options â€“ Anything but basicâ€¦..

Online shopping from a great selection at Clothing, Shoes & Jewelry Store.

An option is a derivative because its price is intrinsically linked to the price of something else. Call and Put Options Think of a call option as a down-payment for a future purpose. A potential homeowner sees a new development going up. That person may want the right to purchase a home in the future, but will only want to exercise that right once certain developments around the area are built. For instance, will there be a school going up soon? Or will there be a garbage dump coming? These circumstances would affect their decision to buy the home. The potential home buyer would benefit from the option of buying or not. Well, they can â€" you know it as a non-refundable deposit. The potential home buyer needs to contribute a down-payment to lock in that right. It is the price of the option contract. No garbage dump is coming nearby. This is one year past the expiration of this option. Now the home buyer must pay market price because the contract has expired. Now, think of a put option as an insurance policy. The policy has a face value and gives the insurance holder protection in the event the home is damaged. What if, instead of a home, your asset was a stock or index investment? See below another excerpt from my Options for Beginners course where I introduce the concept of put options: These examples demonstrate some very important points: First, when you buy an option, you have a right but not an obligation to do something with it. However, if your option has value at expiration, in general, your broker will automatically exercise the option. At expiration your put option would settle for the cash value, causing a large gain on the hedge. Keep in mind that stocks are physically settled. Now, back to our put example: Second, the most you can lose when buying an option contract is the premium spent. This is an attractive trait for many. Limited risk allows option buyers to sleep at night. Third, an option is a contract on an underlying asset. Buying and Selling Calls and Puts: Four Cardinal Coordinates Buying a stock gives you a long position. Buying a call option gives you a potential long position in the underlying stock. Short-selling a stock gives you a short position. Selling a naked or uncovered call gives you a potential short position in the underlying stock. Selling a naked, or unmarried, put gives you a potential long position in the underlying stock. Keeping these four scenarios straight is crucial: Here is the important distinction between holders and writers: Call holders and put holders buyers are not obligated to buy or sell. They have the choice to exercise their rights. This limits the risk of buyers of options to only the premium spent. This means that a seller may be required to make good on a promise to buy or sell. It also implies that option sellers have exposure to more, and in some cases unlimited, risks. This means writers can lose much more than the price of the options premium. Options Terminology To really understand options, you need to know the options market terminology. This is the price a stock price must go above for calls or go below for puts before a position can be exercised for a profit. The index had to fall below on or before expiration to be exercised for a profit. Listed options have fixed strike prices and expiration dates. Each listed option represents shares of stock known as 1 contract. ABC April 50 Call. A put option is in-the-money when the share price is below the strike price. ABC April 50 Put. The amount by which an option is in-the-money is also referred to as its intrinsic value. The Call is out-of-the-money and also has no intrinsic value. The Put is out-of-the-money and also has no intrinsic value. The Call is at-the-money and also has no intrinsic value. The Put is at-the-money and also has no intrinsic value. Remember, the total cost the price of an option contract is called the premium. This price is determined by a few factors, including: Many companies use stock options as a way to attract and to keep talented employees, especially management. They are similar to regular stock options in that the holder has the right but not the obligation to purchase company stock. The employee stock option contract, however, exists only between the holder and the company. It typically cannot be exchanged with anybody else. A listed option however, is a contract between two parties that is completely unrelated to the company and can be traded freely.

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Chapter 9 : Options Basics: What Are Options? | Investopedia

Buying options allow one to take a long or short position and speculate on if the price of a futures contract will go higher or lower. There are two main types of options - calls and puts. The purchase of a call option is a long position, a bet that the underlying futures price will move higher.

By Luke Latham The options pattern uses classes to represent groups of related settings. When configuration settings are isolated by scenario into separate classes, the app adheres to two important software engineering principles: Scenarios classes that depend on configuration settings depend only on the configuration settings that they use. View or download sample code how to download This article is easier to follow with the sample app. Prerequisites Reference the Microsoft. App metapackage or add a package reference to the Microsoft. All metapackage or add a package reference to the Microsoft. Add a package reference to the Microsoft. Basic options configuration Basic options configuration is demonstrated as Example 1 in the sample app. An options class must be non-abstract with a public parameterless constructor. The following class, MyOptions, has two properties, Option1 and Option2. Setting default values is optional, but the class constructor in the following example sets the default value of Option1. Configure simple options with a delegate Configuring simple options with a delegate is demonstrated as Example 2 in the sample app. Use a delegate to set options values. Options bound and configured by a delegate services. Configuration providers are available in NuGet packages. In the preceding example, the values of Option1 and Option2 are both specified in appsettings. When more than one configuration service is enabled, the last configuration source specified wins and sets the configuration value. Apps should create options classes that pertain to specific scenario groups classes in the app. Parts of the app that require configuration values should only have access to the configuration values that they use. When binding options to configuration, each property in the options type is bound to a configuration key of the form property[: For example, the MyOptions. Option1 property is bound to the key Option1, which is read from the option1 property in appsettings. It binds MySubOptions to the section subsection of the appsettings. If the app uses the Microsoft. IOptionsSnapshot supports reloading options with minimal processing overhead. Options are computed once per request when accessed and cached for the lifetime of the request. The following example demonstrates how a new IOptionsSnapshot is created after appsettings. Multiple requests to the server return constant values provided by the appsettings. Refresh the browser to see that the options values are updated: Named options support allows the app to distinguish between named options configurations. In the sample app, named options are declared with the OptionsServiceCollectionExtensions. The default value for Option2 provided by the MyOptions class. The following code configures Option1 for all configuration instances with a common value. Add the following code manually to the ConfigureServices method: Existing IConfigureOption instances are treated as targeting the Options. DefaultName instance, which is string. The null named option is used to target all of the named instances instead of a specific named instance ConfigureAll and PostConfigureAll use this convention. Options validation and the ConfigureOptions overloads that accept service dependencies are only available via OptionsBuilder. Options validation Options validation allows you to validate options when options are configured. The default options instance is Options. Validation runs when the options instance is created. Validation of multiple options types: A specific named options instance. All options when name is null. Return a ValidateOptionsResult from your implementation of the interface: It has a single Create method. The default implementation takes all registered IConfigureOptions and IPostConfigureOptions and runs all the configures first, followed by the post-configures. Values can be manually introduced as well with TryAdd. The Clear method is used when all named instances should be recreated on demand. Accessing options during startup IOptions can be used in Startup. Configure, since services are built before the Configure method executes. An inconsistent options state may exist due to the ordering of service registrations.