

Twitter Thread by ANKY

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Option Buying Strategies (Long Volatility Strategies)

These Strategies to be followed when you expect Big moves or increase in Volatility.

A Thread■:

Simple Long Call:

View: Very Bullish

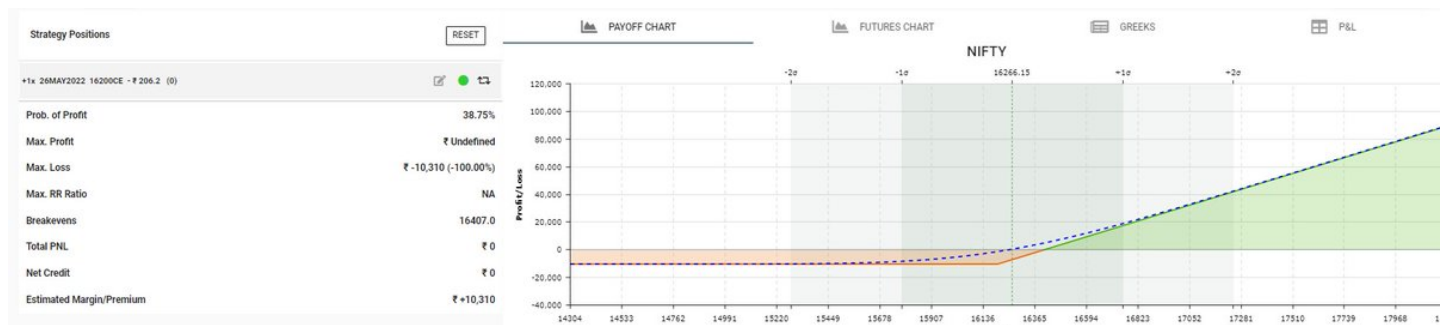
Strike: Can be ATM, ITM or max 1 Strike OTM.

I don't recommend buying deep OTM options, it is pure gambling or Lottery buying.

Reward: Unlimited upside

Risk: Premium paid

POP: Low



Simple Long Put:

View: Very Bearish

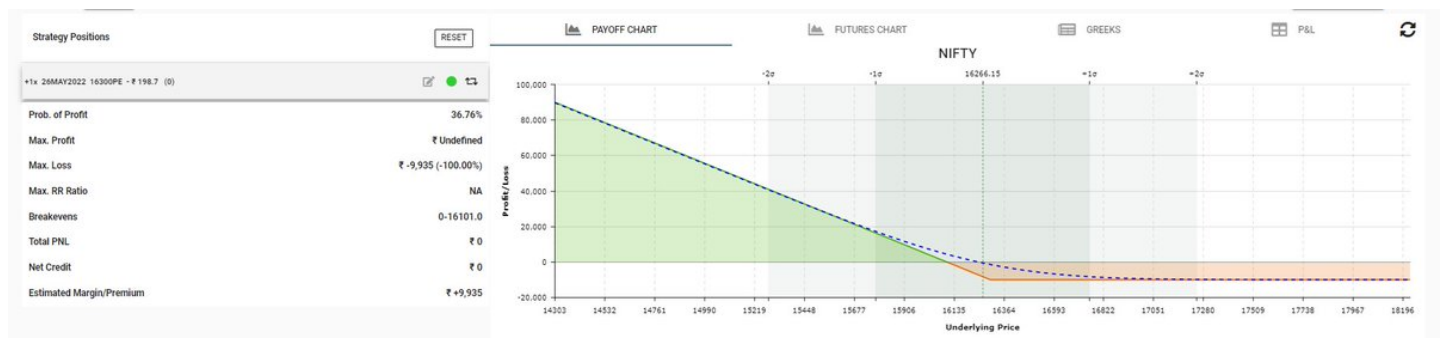
Strike: Can be ATM, ITM or max 1 Strike OTM.

I don't recommend buying deep OTM options, it is pure gambling or Lottery buying.

Reward: Unlimited downside

Risk: Premium paid

POP: Low



Simple Long Call:

View: Very Bullish

Strike: Can be ATM, ITM or max 1 Strike OTM.

I don't recommend buying deep OTM options, it is pure gambling or Lottery buying.

Reward: Unlimited

Risk: Premium paid

POP: Low

Call Debit Spread:

View: Bullish

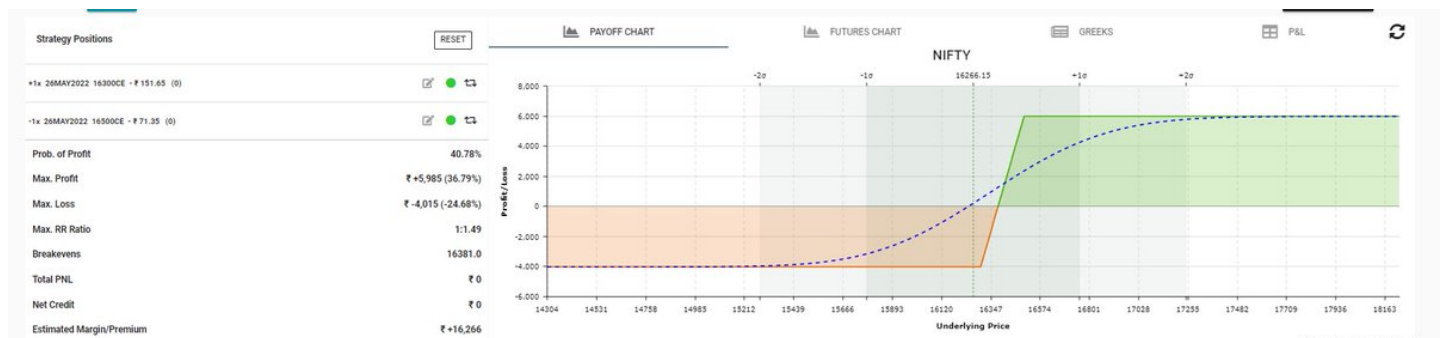
Strike: Should be selected such that max profit is at least 2x of max risk

Reward: Limited

Risk: Limited to the net premium paid

POP: higher than pure call buy

Margin: approx 18k per lot required



Put Debit Spread

View: Bearish

Strike: Should be selected such that max profit is at least 2x of max risk

Reward: Limited

Risk: Limited to the net premium paid

POP: higher than pure Put buy

Margin: approx 18k per lot required



Long Straddle:

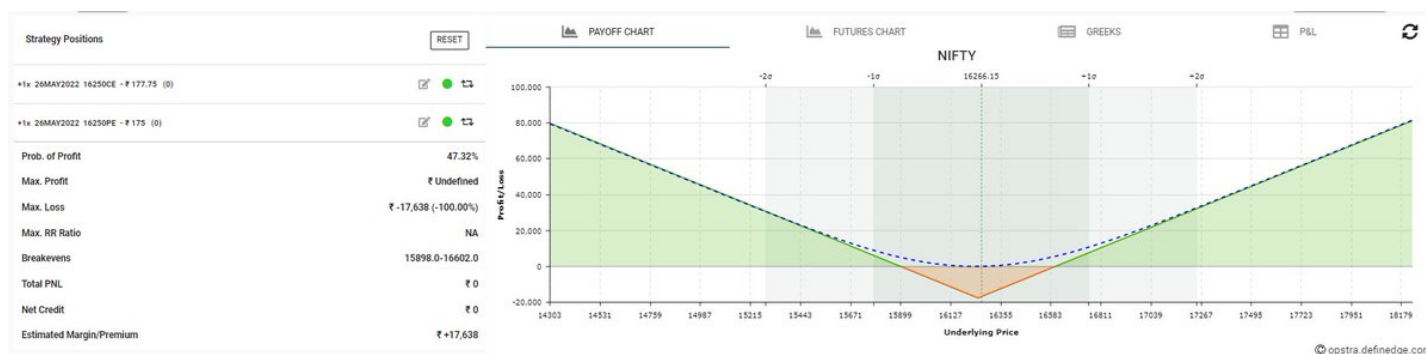
View: Big move in either direction

When to make: When market is rangebound for long time and big move is expected or an event is upcoming

Reward: Unlimited

Risk: Limited to the net premium paid (high)

POP: high



Long Strangle:

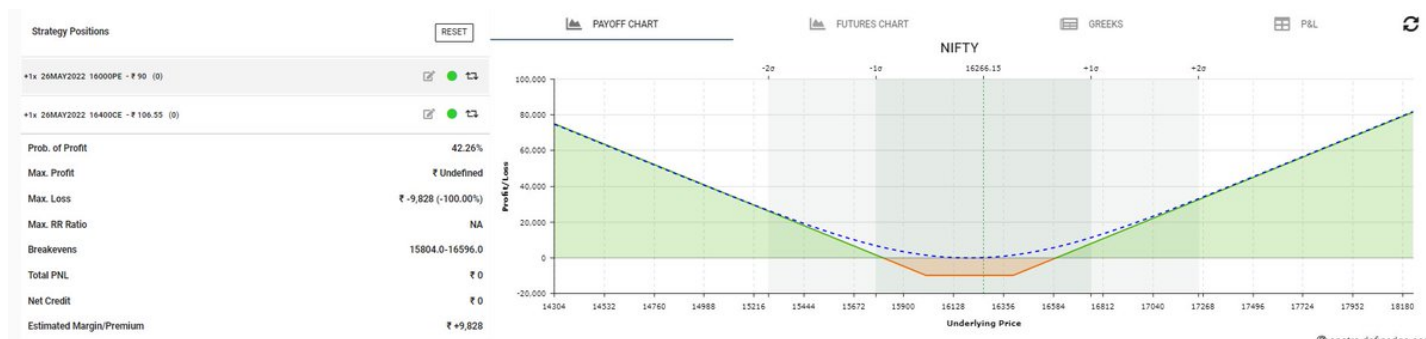
View: Big move in either direction

When to make: When market is rangebound for long time and big move is expected or an event is upcoming

Reward: Unlimited

Risk: Limited to the net premium paid (Lower than Straddle)

POP: Lower than Straddle



Long Guts:

Similar to Strangle but buying ITM options

View: Big move in either direction

When to make: When market is rangebound for long time and big move is expected or an event is upcoming

Rwd: Unlmt

Risk: Lmtd to the net premium paid (< Straddle)

POP:



Strip:

Buy 2 lots of ATM Put and Buy 1 lot of ATM Call

View: Big move in either direction (Bearish Bias)

When to make: When market is rangebound for long time and big move is expected or an event is upcoming

Reward: Unlimited

Risk: Lmtd to the net premium paid (high)

POP: high



Strap:

Buy 2 lots of ATM Calls & Buy 1 lot of ATM Put

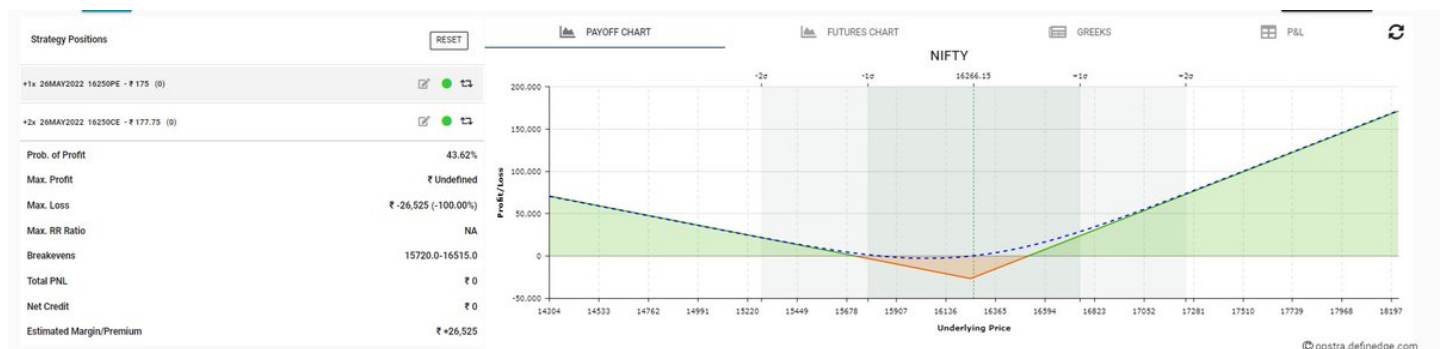
View: Big move in either direction (Bullish Bias)

When to make: When market is rangebound for long time and big move is expected or an event is upcoming

Reward: Unlimited

Risk: Lmtd to the net premium paid (high)

POP: high



Long Iron Fly

View: Move expected in either direction

When to make: When market is rangebound for long time & move is expected or an event is upcoming

Reward: Limited

Risk: Limited

POP: Very High



Long Call Butterfly (Same as Long ironfly but made only from Calls)

But sometimes better rewards

View: Move expected in either direction

When to make: When market is rangebound for long time & move is expected or an event is upcoming

Reward: Limited

Risk: Limited

POP: Very High



Long Put Butterfly (Same as Long ironfly but made only from Puts)

But sometimes better rewards

View: Move expected in either direction

When to make: When market is rangebound for long time & move is expected or an event is upcoming

Reward: Limited

Risk: Limited

POP: Very High



Long Iron Condor

View:, Big Move expected in either direction

When to make: When market is rangebound for long time & Big move is expected or an event is upcoming

Reward: Bigger

Risk: < IronFly

POP:

(also have Similar results for Long Call Condor & Long Put Condor)



Bullish Long Call Ratio Spread

Short ATM Call & Buy 2 OTM Calls less than half price of ATM Call

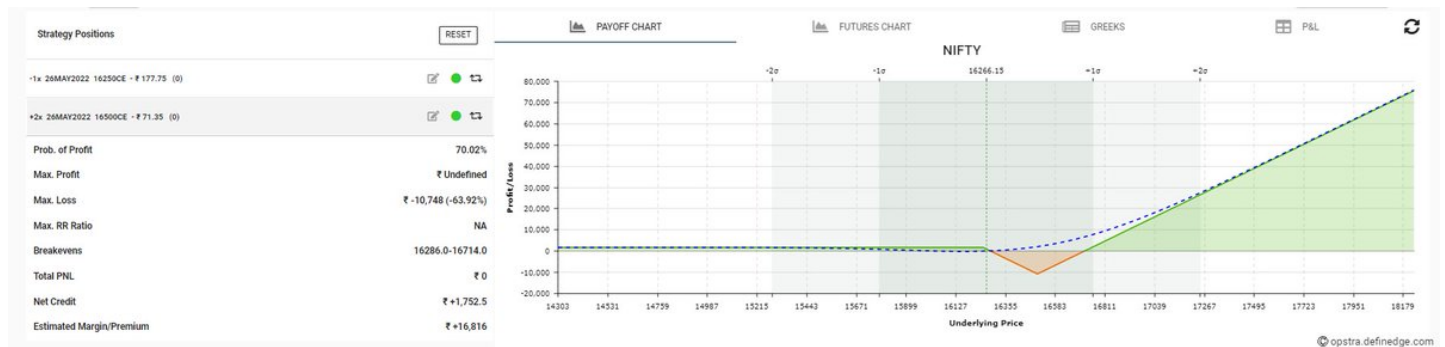
View: Bullish

When to make: When market is rangebound for long time & move is expected upside

Reward: Unlmtd upside & Limited downside

Risk: Lmtd if market is rangebound

POP: Very High



Bearish Long Put Ratio Spread

Short ATM Put & Buy 2 OTM Put less than half price of ATM Put

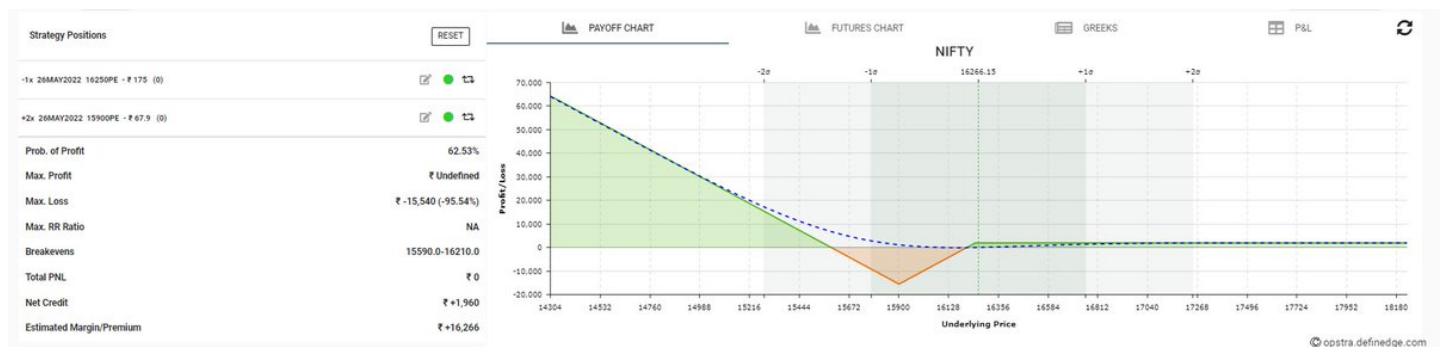
View: Bearish

When to make: When market is rangebound for long time & move is expected upside

Reward: Unlmtd downside & Limited upside

Risk: Lmtd if market is rangebound

POP: Very High



Strangled Strip

Buy 2lots of OTM Put & Buy 1lot of OTM Call

View: Big move in either direction (Bearish Bias)

When to make: When market is rangebound for long time and big move is expected or an event is upcoming

Reward: Unlimited

Risk: Lmtd to the net premium paid (low)

POP: low



Strangled Strap

Buy 2lots of OTM Call & Buy 1lot of OTM Put

View: Big move in either direction (Bullish Bias)

When to make: When market is rangebound for long time and big move is expected or an event is upcoming

Reward: Unlimited

Risk: Lmtd to the net premium paid (low)

POP: low

