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■:

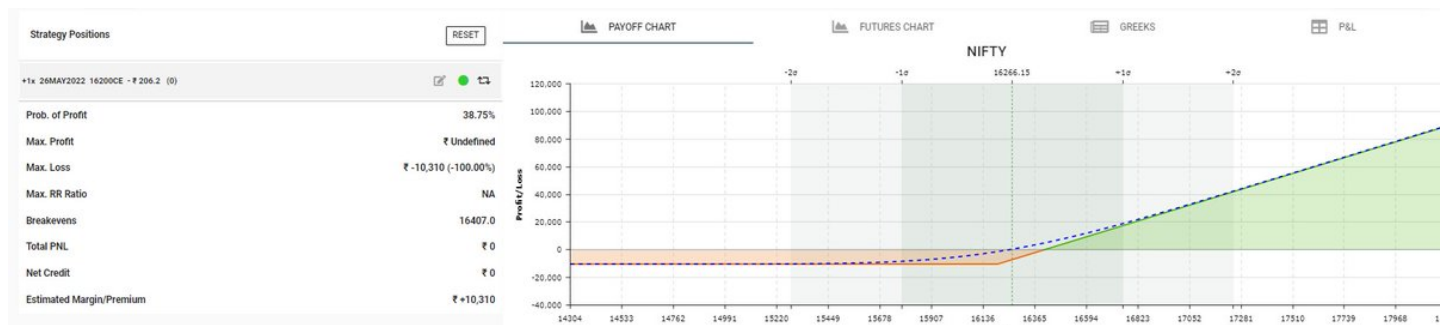Simple Long Call:

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
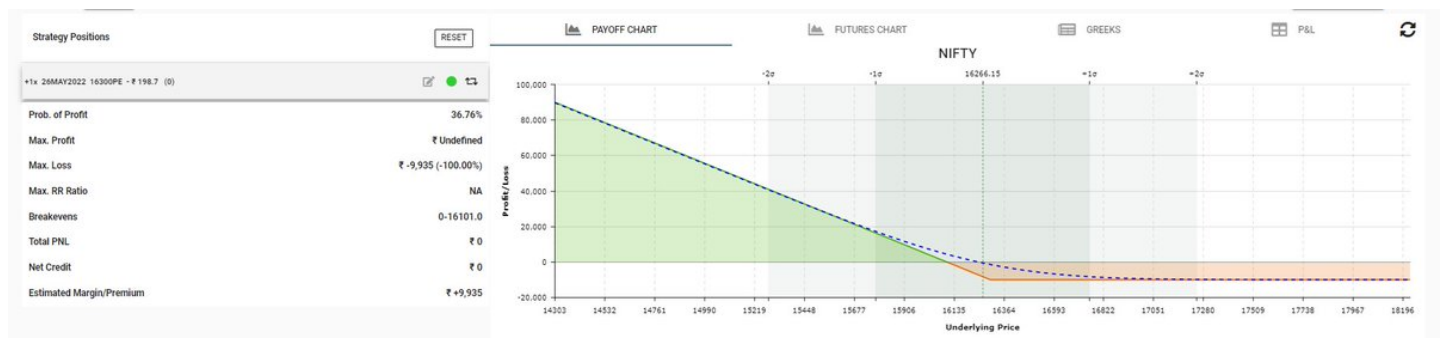POP: Low

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:
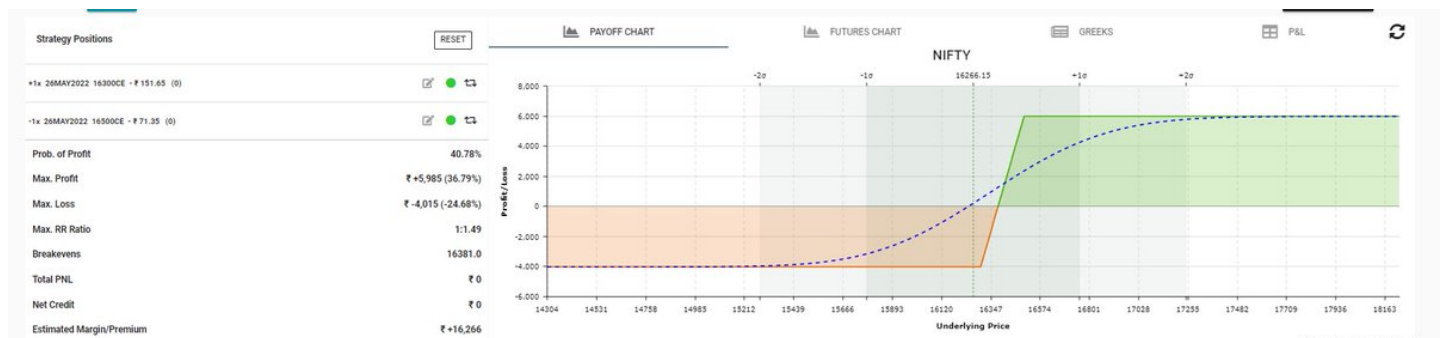
View: Bullish

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

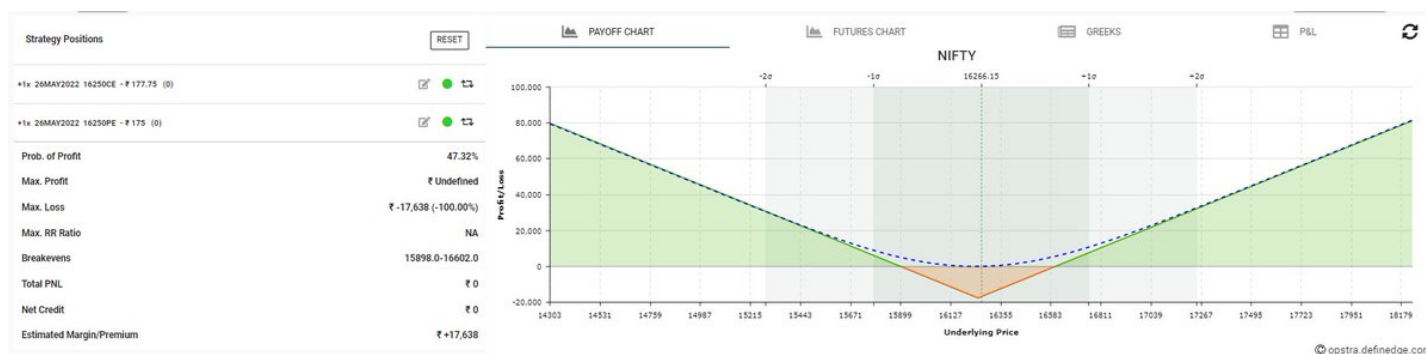Risk: Limited to the net premium paid (high)

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

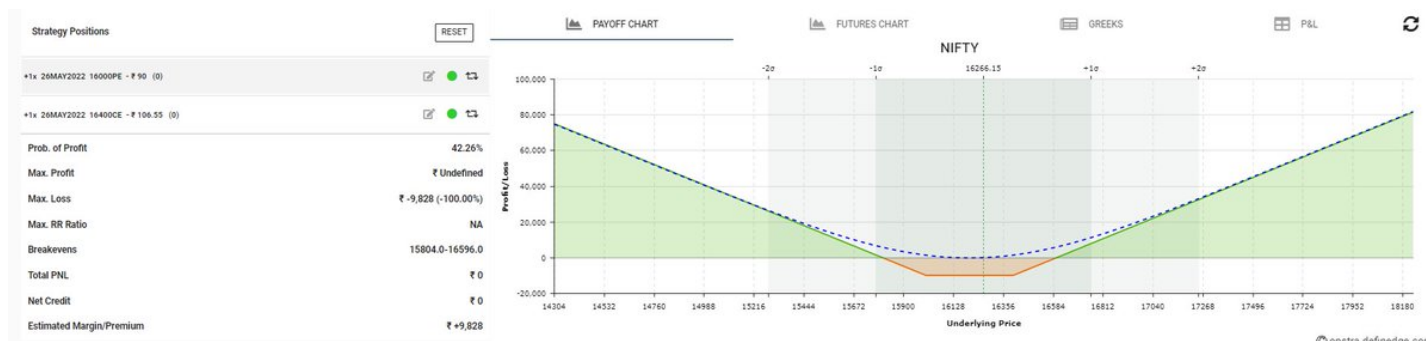**Long Guts:**

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

Rwrd: Unlmtd

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:

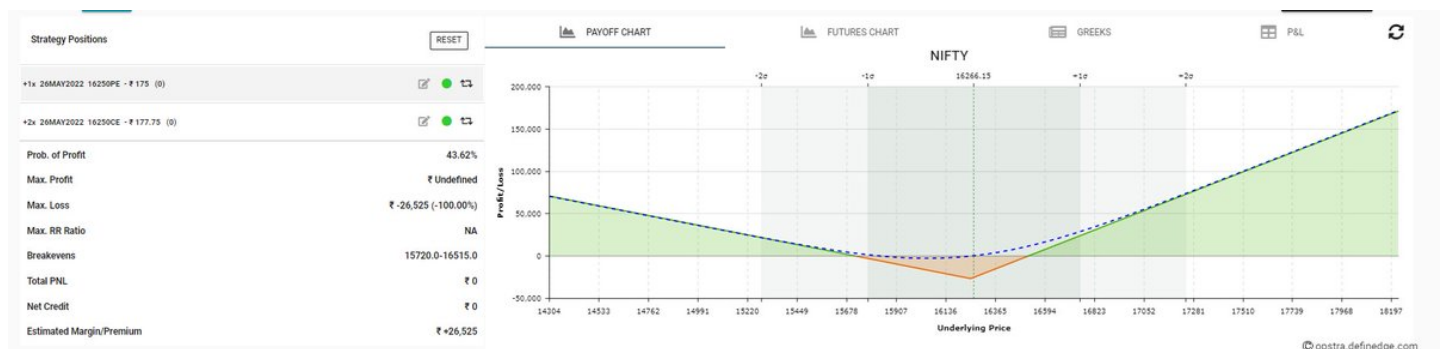Buy 2 lots of ATM Calls & Buy 1 lot of ATM Put

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
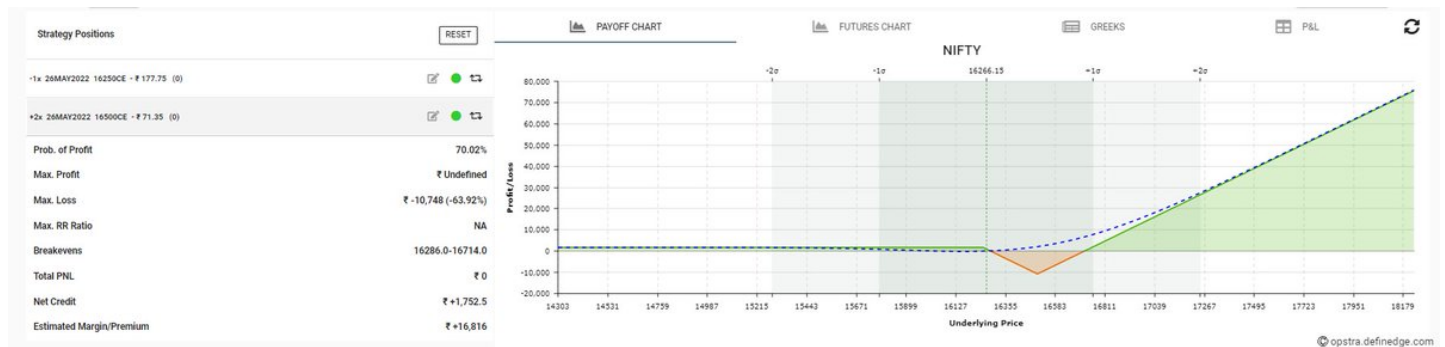
View: Bullish

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

Reward: Unlmtd upside & Limited downside

Risk: Lmtd if market is rangeboud

POP: Very High

Bearish Long Put Ratio Spread

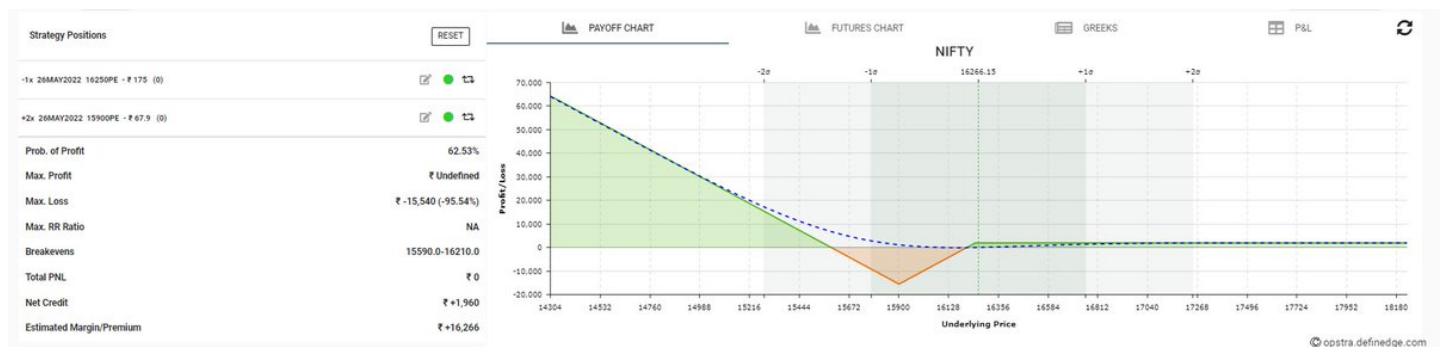Short ATM Put & Buy 2 OTM Put less than half price of ATM Put

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 rangeboud

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