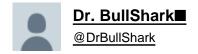
Twitter Thread by Dr. BullShark■





How to avoid blowing up your account trading OPTIONS (A thread)

- 1. Becoming consistently profitable trading OPTIONS takes practice and discipline.
- 2. Trading Options is similar to trading stock, YOU are in control of your profits per movement (up or down) in the underlying.
- 3. Buying a CALL- You pay a Premium price based on the STRIKE price you choose. With a call you get paid when the stock moves up
- 4. Buying a PUT- You pay a premium price based on the STRIKE price you chose. With PUTS you get paid when the underlying stock price goes down
- 5. Premium price goes up when the trade moves in your favor (call betting upside, put betting downside movement)
- 6. The goal is to buy a premium and resell it for a higher premium when the trade works
- 7. Like basic stock trading, you want to scale in and out of your position
- 9. People see cheap premium and tend to pick those, not knowing in reality they are risking more!
- 10. Don't let the premium price dictate which strike you chose.. the higher the premium, the less risk/ volatility that trade will see!
- 11. When day trading options, you are essentially trading DELTA
- 12. Delta is what your premium will pay per dollar movement in underlying.
- Ex. Delta .5 pays 50c per dollar movement in underlying
- So if original cost =50\$ premium,
- 1\$ move up in underlying pays .50 or 100% trade
- 13. The ultimate pay is weekly expiry OTM options... the goal is to get the OTM option to go ITM, the deeper ITM it goes the harder it pays!(highrisk)
- 14. To avoid that risk, just trade a further expiry on the same strike!

15. Best way to pick your strike is going 1 in the money and/or 1 otm!

As the OTM becomes ITM, sell your original ITM and collect the difference in premium. Your old OTM is now your new ITM, and you can pickup a new OTM option if you still have conviction/want to add more

- 16. When Swinging options, the further expiry you go the less risk and the less payout! Picking ITM vs OTM also dictates risk same as daytrading
- 17. THETA comes into play here (price per day to hold the contracts) further expiry less theta
- 18. More detailed basics refer here https://t.co/zs18kSwUFc

What Are Stock Options,

A How To Guide by @DrBullShark

- 1. The two main types of options are calls and puts.
- -> Calls give the right (but not the obligation) to buy 100 shares of a stock at a certain price (called strike) by a certain date(expiry)
- Dr. BullShark\U0001f988 (@DrBullShark) August 17, 2021

There are many free rooms that provide excellent edu but for more personalized help, step by step options trades (my own positions), consider joining

https://t.co/1TF6l1oKfk

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