Twitter Thread by Dr. BullShark■



Dr. BullShark■
@DrBullShark



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

Don’t feel pressured to join, this is not an ad! Just a place to develop your OPTIONS TRADING SKILLS