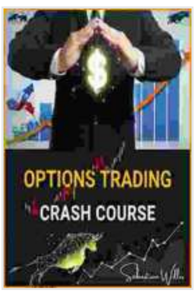
Options Trading Crash Course: A Comprehensive Guide for Beginners

Options trading can be a complex and intimidating subject, but it doesn't have to be. This comprehensive crash course will teach you everything you need to know about options trading, from the basics to advanced strategies. By the end of this course, you'll have the knowledge and skills you need to trade options profitably.



OPTIONS TRADING CRASH COURSE: The Complete Guide to Making Immediate Money Trading Options. Earn Passive Income Using Easier Stock Market Strategies and Techniques (2024 Edition for Beginners)

by Cynthia Hickey

★★★★★ 5 out of 5

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Text-to-Speech	: Enabled
Enhanced typesetting	: Enabled
Word Wise	: Enabled
Print length	: 130 pages
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Screen Reader	: Supported

What are Options?

Options are financial contracts that give the buyer the right, but not the obligation, to buy or sell an underlying asset at a specified price on or before a certain date. There are two types of options: calls and puts.

- **Calls** give the buyer the right to buy the underlying asset at the strike price.
- **Puts** give the buyer the right to sell the underlying asset at the strike price.

The strike price is the price at which the buyer can buy or sell the underlying asset. The expiration date is the date on which the option contract expires.

How Options Are Traded

Options are traded on exchanges, just like stocks and bonds. When you buy an option, you are entering into a contract with the seller of the option. The buyer of the option pays the seller a premium in exchange for the right to buy or sell the underlying asset at the strike price.

The price of an option is determined by a number of factors, including the price of the underlying asset, the strike price, the expiration date, and the volatility of the underlying asset.

Options Trading Strategies

There are a variety of options trading strategies that you can use to profit from the movement of the underlying asset. Some of the most common strategies include:

- **Buying calls**: This strategy is used when you believe that the price of the underlying asset will rise. When you buy a call, you are buying the right to buy the underlying asset at the strike price. If the price of the underlying asset rises above the strike price, you can profit by exercising your option and buying the underlying asset at the lower strike price.

- **Selling calls**: This strategy is used when you believe that the price of the underlying asset will fall. When you sell a call, you are selling the right to someone else to buy the underlying asset at the strike price. If the price of the underlying asset falls below the strike price, the buyer of your option will not exercise their option, and you will keep the premium that you received for selling the option.
- **Buying puts**: This strategy is used when you believe that the price of the underlying asset will fall. When you buy a put, you are buying the right to sell the underlying asset at the strike price. If the price of the underlying asset falls below the strike price, you can profit by exercising your option and selling the underlying asset at the higher strike price.
- **Selling puts**: This strategy is used when you believe that the price of the underlying asset will rise. When you sell a put, you are selling the right to someone else to sell the underlying asset at the strike price. If the price of the underlying asset rises above the strike price, the buyer of your option will not exercise their option, and you will keep the premium that you received for selling the option.

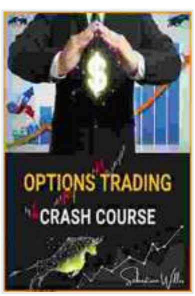
Options Trading Risks

Options trading involves a number of risks, including:

- **The risk of losing your entire investment**: If the price of the underlying asset moves against you, you could lose the entire amount that you invested in the option.

- **The risk of time decay**: Options have a limited lifespan, and the value of an option decays over time. This means that you could lose money on an option even if the price of the underlying asset moves in your favor.
- **The risk of volatility**: The price of options is highly influenced by the volatility of the underlying asset. If the volatility of the underlying asset increases, the price of the option will also increase. However, if the volatility of the underlying asset decreases, the price of the option will also decrease.

Options trading can be a profitable and exciting way to invest. However, it is important to understand the risks involved before you start trading options. By following the tips in this crash course, you can increase your chances of success in the options market.



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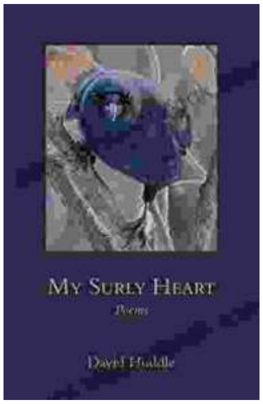

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