

Title:

Futures Option Spreads ~ Delta Neutral Trading

Word Count:

668

Summary:

There are many ways to trade futures option spreads. One way is to trade spreads that can profit

Another way is to buy and sell options based on their deltas. Some of these trades are called

If you buy an at t...

Keywords:

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Article Body:

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Another way is to buy and sell options based on their deltas. Some of these trades are called

If you buy an at the money call, you will have a delta of +50.

If you sell an at the money call, you will have a delta of -50.

If you buy an at the money put, you will have a delta of -50.

If you sell an at the money put, you will have a delta of +50.

Basically, the deltas will be determined by where you want the market to go. Think of it this

If you look at most at the money options, you will find that they are usually not at 50. That

If you purchased one at the money call and one at the money put, you would be delta neutral. T

Another delta neutral trade is a ratio back spread. An example of this trade would be to sell

If you put it on for a credit or even money and the market was lower at expiration of the opti

Most traders teach that ratio back spreads should be done in the far months only. This is beca

You can also see that in order to have a lot of time left in the trade, the difference in stri

If you are expecting a big move, think differently than the norm and start to look at options

So the next time you hear someone recommending the same old ratio back spreads, take a look at

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