

Title:

Managing Option Directional Trades

Word Count:

703

Summary:

Options provide great position management and risk control potential when using them to trade

Keywords:

stock market, options, stocks. trading

Article Body:

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Roll Up/Down

Most traders are familiar with the concept of a trailing stop whereby one moves their protection

Here's a recent example from the author's own trading.

A long position in Seagate Technology (STX) was initiated when the stock was trading at around

If the portfolio exposure was deemed acceptable at \$2.60, an alternate course of action would

Roll Forward

One of the issues with options is the limited duration they provide for holding trades. If one

Continuing with the STX example, we can look at rolling forward. That would be accomplished by

Consider the earlier roll-up in STX from the 22.50 call to the 25 call. If we were still in the

The rolling of strike prices and expiration is something easily accomplished. The transaction

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