

Title:

Option Trading ~ Thinking ^Outside The Box~

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1004

Summary:

Wouldn't it be great if we could buy an option with five months left until expiration and sell

We can buy a spread that has a lot of time value left at almost the same price as we can sell

Keywords:

futures options, commodity options

Article Body:

Wouldn't it be great if we could buy an option with five months left until expiration and sell

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I started comparing how expensive options were in relation to the other strike prices in the s

The first 1 or 2 option months, as everyone knows loses time value quickly. The at the money s

The next several months, the opposite is true. Compared to each other, the strikes that are cl

6 days left at the money option cost 12 points

6 days left out of the money option cost 2 points

70 days left at the money option cost 43 points

70 days left out of the money option cost 29 points

There is more than 10X the time left but the 70 day at the money option (43 points) is only le

The 70 day out of the money option (29 points) is almost 15X the cost of the 6 day out of the

Sell 6 day at the money and sell 70 day out of the money. Buy 6 day out of the money and buy 7

When the 6 day options expire we can sell the next month to take in more premium, still keeping

What goes up, must come down! We have all heard this before in reference to the laws of Graviti

The ^smart money~, commercials will not be scared into selling when a market they have purchas

There is a famous book, ^You Can't Lose Trading Commodities~. The author buys commodities and

You need a big bankroll for this. Personally I know corn won't go to \$1.00 but what if it did?

I started trading the Soy Complex this way several years ago. Not with options. Strictly futur

Black Jack players did this until Casinos caught on and put limits on bets. It is a known fact

These card players would bet something like this: \$5 lose, \$10 lose, \$20 lose, \$40 lose, \$80 w

The problem is there is a slight chance that you could lose 40 times in a row. Now with Commo

Now before I go any further, I need to tell you that I am not recommending you double down on

By now you can see we only use this to go long a market since we can never be sure how much a

I prefer to trade this using options. There are many ways to do this. You could buy an option
I use spreads so I am not paying for time decay. I will probably sell more Theta than I buy, s

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