

How Option Trading Profits In Any Market Conditions

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{bot_wrgoogle}Yes! It is possible and easy to profit whether stocks are up, down or sideways using option trading. If the ability to trade all kinds of market conditions is the doorway to becoming a stock market millionaire, then option trading would be the very key.

In this article, I will outline some common ways by which you can profit from all kinds of markets by option trading. For more free option trading information, you may wish to visit

www.OptionTradingPedia.com. Simple Option Strategies for Up Markets. Buy Call Option - You could buy the same number of equivalent stocks for a fraction of the price using call options and profit when the stock goes up. If the stock should crash, you will lose only the small amount you put towards buying the option instead of the whole amount that you would have put towards buying the stock itself.

Sell Naked Put Option - Instead of buying call options, you could sell short put options thereby pocketing the entire amount you made on selling the put options if the stock should go up. Bull Call Spread - A bull call spread consists of buying call options at the money and selling short out of the money call options of the same month. The benefit of this strategy is that you profit when the stock goes up and profit also when the stock stays sideways!

Simple Option Strategies for Down Markets. Buy Put Option - Instead of shorting stocks and risking a margin call, you could simply buy a put option. Buying a put option is exactly the same as buying call options except that you profit when the stock goes down instead of up. Sell Naked Call Option - Instead of buying put options, you could sell short call options thereby pocketing the entire amount you made on selling the put options if the stock should go down.

Bear Put Spread - A bear put spread consists of buying put options at the money and selling short out of the money put options of the same month. The benefit of this strategy is that you profit when the stock goes down and profit also when the stock stays sideways!

Simple Option Strategies for UP or DOWN Markets Straddle - A straddle consist of buying a call option and a put option at the same strike price on the same stock. This strategy allows you to profit whether the stock moves up or down and

is excellent when you are certain that a stock will move greatly soon but isn't sure which direction that may be. Strangle - Similar concept to a straddle but buys out of the money call option and put option instead of at the money ones in order to reduce the cost of the position.

Simple Option Strategies for Sideways Markets - Covered Call - If you are holding on to a stock that is moving sideways, you could collect "rental" out of it by selling the call option of that stock month after month and pocket the whole amount of the sale should the stock remain sideways.

Short Straddle - Instead of buying call options and put options as described above in a Straddle, you would sell short them instead. In this way, you create an option position which profits when the stock remains sideways.

Are you amazed now at how easy it is to profit in any kind of market conditions by option trading? These are only very few of the many more option trading strategies that you can use to your specific portfolio needs. To learn more about what option trading and stock options are for free, please visit

www.OptionTradingPedia.com.

Jason Ng is the Founder of Masters 'O' Equity Asset Management. He is a fund manager specializing in options trading and his Star Trading System has helped thousands. For Free Option Trading Knowledge, please visit

www.OptionTradingPedia.com .