

Options Greeks Made Simple

Master Delta, Gamma, Theta, Vega, and Rho with this One-Page Cheat Sheet.

Delta: The Direction Driver

- **Definition:** Measures how much an option's price changes with a \$1 move in the stock.
- **Key Insight:** Ranges from 0 to 1 for calls, 0 to -1 for puts. Think: directional sensitivity.
- **Example:** Stock up \$1, Delta 0.5 Option up \$0.50.

Gamma: The Accelerator

- **Definition:** Shows how fast Delta changes with a \$1 stock move.
- **Key Insight:** Highest near the money, drops as expiration nears. The 'Delta booster.'
- **Example:** Gamma 0.1 Delta increases by 0.1 per \$1 stock move.

Theta: The Time Tamer

- **Definition:** Measures daily option price decay as time passes.
- **Key Insight:** "Negative for buyers, accelerates near expiration. Time is money!"
- **Example:** Theta -0.05 Option loses \$0.05/day.

Vega: The Volatility Vindicator

- **Definition:** Tracks option price sensitivity to a 1% change in volatility.
- **Key Insight:** Higher Vega = bigger swings with volatility shifts.
- **Example:** Vega 0.2 1% volatility jump adds \$0.20 to option price.

Rho: The Rate Ruler

- **Definition:** Measures option price change with a 1% shift in interest rates.
- **Key Insight:** Matters more for long-term options. Often the 'quiet Greek.'
- **Example:** Rho 0.05 1% rate hike adds \$0.05 to option price.