- The Naked Put can be thought of as you believe the strike price will be a lower bound on the price of the Underlying.
- The Naked Call can be thought of as you believe the strike price will be an upper bound on the price of the Underlying.
- The Put Debit Spread can be thought of as your estimate is that the price of the Underlying is going to go down, you're just not sure by how much and you want to minimize how much you can lose in case your prediction is wrong.
- The Call Debit Spread can be thought of as your estimate is that the price of the Underlying is going to go up, you're just not sure by how much and you want to minimize your potential loses in the event that the price of the Underlying moves against you.
- The Put Credit Spread is similar to the Call Debit Spread, but instead of the buying of Calls being the profit generator, the selling of Puts is now your profit generator, meaning that your betting against what others might believe. You believe that the price of the stock is an overreaction, and that it will correct itself and go up, you just hedge this bet in case the others turn out to be right and there is no overreaction or correction. This can be thought of as a hedged Naked Put (although technically it is no longer naked as by definition the Naked Put is referred to as naked because it is not hedged, but the deeper ideology behind the strategy is the same, ie. you believe the stock price will correct itself and go back up).
- The Call Credit Spread can be thought of as being similar to the Put Debit Spread, but instead of the buying of Puts being your profit generator, the selling of Calls is now your profit generator, meaning you're betting against what others may believe. You believe that the price of the stock is an overreaction and that it will correct itself and go down, you just hedge this bet in case the others turn out to be right and there is no overreaction or correction. This can be though of as the hedged Naked Call.
- The Risk Reversal can be thought of as you are absolutely sure that the price of the Underlying will move in a certain direction and want to get your long position paid for by selling a short position.
- The Short Strangle can be thought of as you wish to impose both a lower and an upper bound on the price of the Underlying, and you believe that the price of the Underlying will not move outside of these two numbers. A sort of squeeze of the stock price, a volatility play that allows you to make money off of a stock not moving much.
- The Iron Condor can be thought of as you wish to impose both a lower and an upper bound on the price of the Underlying as you believe that the price of the Underlying will not move outside of these two numbers, however, you also wish to hedge this bet in case you're wrong by buying cheaper options in both directions. A sort of hedged squeeze of the stock price, a volatility play that allows you to make money off of the stock not moving or only moving slightly.