

CHAPTER 10

OPTION STRATEGIES

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10.1 INTRODUCTION

Now that we are thorough with the basics of options, it's time we apply the knowledge and learn about option strategies. We will be learning about how to make our own strategies as well. This is about to get really exciting.

Before we learn about the methods for creating our own strategies, let's first look at some commonly used strategies. Understanding these would create a base for us as we move ahead with creating our own strategies.

While making strategies, we will be combining different options, futures and cash positions. We may be short on 2 options, long on 1 and even selling a stock or buying one. All of it happening simultaneously in a strategic way would together become our trading strategy with derivatives. It is important that we make this as practice-driven as possible. More you practice, better will be your understanding.

