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In Trading Your Asset Is

.....Your Trading Knowledge!

Unlock the Secrets of Forex Options

“ High Profit, Low Risk Strategies ”

18/05/2007

Golden Rule - No Signal No Trade

142 pips Banked on GBPUSD

On 18th May 2007, Jay Lakhani did a live trading session



Summary Of Trades

1. Long at 1.9741
2. Incremental profits taken for position 1 – half position closed **20 pips banked**
3. Covered Calls – Received 40 pips credit, option expired worthless, as the spot price closed below the strike price – **Banked 40 pips**
4. Bought puts to hedge position 1 above, stops removed, subsequently expired worthless **LOSS 9 pips**, at one stage position was 220% in profit.
5. Long @ 9713
6. Position 1.) above closed for **26 pips profit**
7. Position 5.) above closed for **54 pips profit**
8. Short @ 1.9767 – Closed for **11 pips profit**

Why Trade Forex Options?

1. Unlimited Gain
2. Limited Risk
3. Powerful yet simple strategies!

What Will You Learn Today

1. Mistakes that 90% of traders make
2. Why traders fail.
3. How to avoid the pitfalls of options trading.
4. How professionals use option strategies

Basics of Option Trading

- What is an Option
- “ It is a right, not the obligation, to buy (call option) or to sell (a put option) an asset at a predetermined price on or before the expiry date of the option. To acquire this right the buyer pays a premium to the seller

Call Option

- **Call Option** - The buyer of the option has a right, but not the obligation, to buy the asset, on or before the expiry date. You would buy the call option if you are very bullish of a price rise
- **Example of a call option;** - On 3rd august GBPUSD has a spot price of 1.8700, around 10.00 am London time. If you are bullish on cable, you may want to buy a call option. A daily option, with a strike price of 1.8775 could have been bought for 11 pips. At midday noon, the spot price had risen to 1.8850. The option purchased for 11 points is now worth 75! A profit of nearly 700%

Put Option

- **PUT OPTION** - Put option gives the buyer a right but not the obligation to sell the asset, on or before the expiry date. If the buyer of the put option, does not want to exercise the right, he can transfer this right to another person for a premium. You would buy the put option if you are very bearish of a price rise.
- **Example of a PUT option;** - On 3rd august GBPUSD has a spot price of 1.8895, around 14:00 am London time. The price has failed to close above the resistance at 1.8900, and also there is a bearish MACD Divergence. If you are bearish on cable, you may want to buy a put option. A daily option, with a strike price of 1.8875 could have been bought for 21 pips. 3 hours later the spot price had fallen to 1.8840. The option purchased for 21 points is now worth 51! A profit of nearly 250%

Advantages of Options Trading

- Risk Management
- Time
- Speculation
- Leverage
- Stop Loss
- Income Generation
- Advanced Strategies