

# Non Directional Trading

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## **Table of Contents**

<b>1</b>	<b>Introduction</b>
<b>2</b>	<b>Disclaimer</b>
<b>3</b>	<b>What is Non Directional Trading and What is NOT Non Directional Trading?</b>
<b>4</b>	<b>Typical Trading Day</b>
<b>5</b>	<b>To Win or To Loss, it is up to you (95% winning system)</b>
<b>6</b>	<b>Case Study 1 – Soybean Market</b>
<b>7</b>	<b>Case Study 2 – Wheat Market</b>
<b>8</b>	<b>Case Study 3 – Crude Oil Market</b>
<b>9</b>	<b>Case Study 4 – S&amp;P 500 Futures Market</b>
<b>10</b>	<b>Probability is the key to Options Selling</b>
<b>11</b>	<b>Seminar Detail</b>

## **Introductions and NonDirectionalTrading.com objectives**

First of all thank you for downloading this ebook. This will no doubt be 1 of the best ebook you have ever downloaded. This ebook will break down in various section, we will be looking at ways to trade the market without having to predict market direction or rather a brand new way of predicting.

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## **What is Non Directional Trading and What is NOT Non Directional Trading?**

Before we look at what is Non Directional Trading let examine what is NOT Non Directional Trading first.

### **Non directional trading is NOT**

- **A Sure Win Trading System**
  - There is no sure win trading system, if anybody promise you a sure win trading system, you better get running far and away from this guy. Non Directional Trading does have it losses but because of the nature of the trading system. The probability of winning is as high as 95% and many time during the 5% when the system is wrong, there is a chance to adjust and repair the position so it could end up a winner again and again. But still Non Directional Trading do not adjust a position more than 3 times. So if a position require adjusting the 4<sup>th</sup> time, we will consider that as a losing trade. If you understand the nature of Non Directional Trading you will realize that most of the time position do not need adjustment at all.
- **A Day Trading System**
  - It is not a day trading system, you do not have to glue to the screen and watch the market mins by mins. Which mean you will not find Non Directional Trading exciting. Boring and Dull will be the words to use to describe Non Directional Trading
- **Get Rich Quick**
  - While Non Directional Trading can be profitable if rules are follow. It is not a Get Rich Quick system. It make profit consistently averaging 5 – 15% a month based on the investment capital. While it is not a lot it does double your investment capital in a year if done correctly

### **Non directional trading**

#### **What is Non Directional Trading?**

Most trading method / system require a certain degree of bias to predict the market trend or direction in order to make money from the market. If you have been trading long enough you will know that this is very difficult no matter how good you are or how complex your software is. Predict where the market will trend is a difficult task for many of us. On the other hand predict where the market will not go is a much more easier task. Non Directional Trading is about making money predicting where the market will not go.

Which is easier?

To predict where the market will go or to predict where the market won't go?

We are generally non direction trader, we do not predict nor anticipate where the market will go.

- **Making money weather the market move up, move down or sideways after the position has been initiated**
  - We have heard of term making money in up and down markets, you can make money in up or down markets provided you correctly anticipated where the market will go before you initiate the position. Once a position has been initiated you can only make money if the market head your ways. As a Options Seller you can make money in Up, Down and Sideways market even after you have initiated the position.
- **Be wrong and still able to profit**
  - You can be totally wrong as a Options Seller and you are still able to profit. You can be selling far out of money put because you are bullish on market direction. You can be wrong and market go against you but you can still be making money as long as the options you have sold did not go in the money by expiration.
- **Making money predicting where the market will NOT go**
  - We have stress and emphasis on this one again and again. We can now make money predicting where the market will NOT go instead of where the market will go. It is easier to predict where the market will NOT go and extremely difficult to try to anticipate where the market will go.
- **The only System that make money if the market do not move at all**
  - This is the only trading strategy that make money if the market do not move at all. We have stress and emphasis on this one again and again. We can now make money predicting where the market will NOT go instead of where the market will go. It is easier to predict where the market will NOT go and extremely difficult to try to anticipate where the market will go.

## Typical Trading Day

Let look at how a Soybean Charts look like. We will be looking at several example from various market over here.



This is the Soybean Charts updated to 14<sup>th</sup> September. I have not add in any indicator to this charts.

You can now start your technical analysis and start adding in their popular indicator like RSI, Stochastic, Moving Averages, MACD or whatever indicator.

Where is the market heading? Is it uptrend or downtrend or sideways trend? Is it hard to predict where market will go.

While Mr Bull will have 101 reason to long (uptrend) the market. Mr Bear will have 101 reason to short (downtrend) the market. Each will have at most 50/50 chance of winning. When you long a market, someone is at the other end shorting the market. So how can you consistently win in this market unless you have a edge.

The edge can be a winning system that you or someone else has develop. After many years of trading, it is very difficult to consistently make money if predicting the market is 1 of the criteria.

Let look at what non directional techniques is all about and we will look at some of the case studies on various market.

### **To Win or To Loss, it is up to you (95% winning system)**

Long Long time ago there were 2 option traders. One consistently lost while the other made lots of money.



"Why are you so successful?" asked the loser Mr Chasing Hope, to the winner Mr.

Bookmaker "Why do I lose almost every time?" Bookmaker explained, "to win in any game, you must know the rules, you must know what motivates the players and you must have an edge. I will teach you these simple things so you can be a winner."

### **IN THE OPTIONS GAME THERE ARE ONLY TWO BETS**

"The option game consists of only 2 bets. One bet is a call while the other is a put. A player buys a call if he thinks the market is going up while he buys a put if he thinks the market is going down. The person who takes the other side of the bet is the seller of the option."

"Option sellers do business in the way of insurance companies. An insurance company charges a premium for fire insurance. The insurance company only pays if your house burns down. If it does not burn down the insurance company keeps the premium."

"You buy a call if you think the market is going up. If it stays the same or goes down the option seller keeps the premium."

"You buy a put if you think the market is going down. If it stays the same or goes up the option seller keeps the premium."

"In both examples your odds of winning are only one in three if you buy an option."

"It gets even worse for the buyer. Think of health insurance. If a person has cancer, smokes, drinks and works in a high risk job such as construction do you think the insurance company will charge him a low premium? Of course not, the premium will be very high to compensate for the added risk of illness accident or death. Even if this poor soul dies it is of no concern for the insurance company. The premiums collected from all high risk clients such as this man will more than compensate for any of these individuals dying. The same is true for markets. Call and put options for the Japanese Yen are very expensive. In fact the market can move in your favor and you may only break even or lose money. The reason is simple. The yen is highly volatile and the option seller must charge a high premium to protect himself against adverse price movement."

"As a Options Buyer, you may be correct in market direction and still lose money."

"Are you beginning to understand? To make a profit, you must be correct in market direction and price has to make a major move in that direction No wonder 80% of option buyers lose money."

### **WHO ARE THE PLAYERS AND WHAT MOTIVATES THEM?**

Bookmaker explained, "There are two groups of players in options. The buyers and the sellers. You, my friend Hope Chaser, are a buyer. That is why you lose consistently. You buy and you hope the market moves in your favor. You play options like a buyer of social welfare lottery tickets. You buy hope. Have you ever known anyone who consistently makes money buying lottery tickets? The only consistent winner is the underwriter. For every dollar taken in only 60% is paid out."

"The seller of options uses the same tactics as a lottery underwriter, insurance company or casino."

"These businesses assess risk, levy a premium, and get rich."

"Their edge can be your edge. You as an option seller will win 80% of the time."

### **TRADE WITH AN 80%+ CHANCE OF MAKING MONEY ON EVERY TRADE !**

Bookmaker was always happy to share his knowledge. His mission in life was to earn consistent profits from the market and teach a few worthy souls his moneymaking strategy.

"Chasing Hope, why do you buy calls and puts when most of the time you lose?"

Hope answered "I buy them because I have hope to make huge profit with only small premium risk."

Bookmaker made his usual frank comment, "Most of the time you lose your premium don't you. Better you should sell hope than buy it?"

This leads to Bookmaker's Rule #1: **NEVER BE A BUYER OF AN OPTION, BE A SELLER** because it is a proven, statistical fact that 80 % of options expire worthless. If you buy an option your chances of winning are only 20 %. If you are a seller of an option your odds of winning are 80 %.

"This sounds like a winner, how do I sell options and how do I protect myself should the market go against me? I am afraid to be a seller of options because the brochure from my brokers said that sellers of options have unlimited risk," asked Chasing Hope.

Bookmaker replied, "options are like anything for sale. Buyers and sellers come together in a marketplace and decide on a price. The process to be implemented is similar to buying a share or futures contract. Buyers and sellers are matched electronically. In US options markets buyers and sellers are matched using an open outcry system. Risk is managed by having a pre existing plan to cut losses should your position go against you. Here is a simple plan you can use."

"This plan puts time on your side. An option seller put money into his pocket every day."

**"To protect yourself from unlimited loss you would place a protective buy stop at 550 and a protective sell stop at 475. If the future price reached those levels you would immediately liquidate the entire position. You would take a loss on one option and a profit on the other option as well as a small profit on the futures. There is less than a 20% chance of this happening."**

This was Bookmakers Rule #2: ***USE THE SAME WINNING PLAN AS CASINOS, PUT TIME ON YOUR SIDE.***

The bookmaker explained: "casinos are in the hope and dream business. They sell the dream that you can make \$2,000,000 by investing only one dollar in the one arm bandit. Have you ever seen anyone win a jackpot? Usually what happens, a player will start with a few hundred dollars and lose all. The player keeps pulling the handle hoping that the next pull will be a big jackpot. Time is the enemy of the player because the longer he plays the more money he loses. The result is empty pockets. Time is on the side of the casino."

"In option trading, time is on the side of the option seller. Each day that passes the option becomes worth less."

"Here, my friend Hope, is an example of an option selling plan with Live Cattle. Live Cattle which is traded on the Chicago Mercantile Exchange is an excellent market for an option seller. Most of the time market congests in a range. You may sell both puts and calls at the same time."

"Do not forget to manage your risk. Remember what the broker brochure said. Sellers of options have unlimited risk."

**"Set a Mental Stop to liquidate your Options Position. Never let a Options to get In The Money "**

This is Bookmaker's most important rule, RULE #3: ***IF YOU SELL AN OPTION, Never let your Options get In The Money unless you place a buy or sell stop on the actual Futures Contract.***

Let look at various case study here

## Case Study 1 – Soybean Market



Soybean 14<sup>th</sup> Sep 2007

Looking at the above Soybean charts. Instead of predicting where the market will go we will predict where the market will not go instead. In this case. We predict that Soybean will not go above 1160 in the next 41 days by 26<sup>th</sup> Oct 2007. If we are right in this predicting we make money.

Which is easier to predict if Soybean will go up or down. Or pick a level to predict where Soybean will not go?

The Red Vertical line indicate when the options expire. The Blue horizontal line indicate the level where the position will start to loss money if it is broken. This ebook did not touch on the adjustment strategy yet. The updated chart will be shown in the next released of this ebook.

900	70.125	0.000	\$3,506	68.818	\$3,441	74.30	0.348	-0.343	1.016	0.740	28.49%	25.40%	Buy	Sell
910	63.250	0.000	\$3,162	61.901	\$3,095	70.48	0.374	-0.370	1.091	0.709	28.49%	25.91%	Buy	Sell
920	57.875	0.000	\$2,894	55.394	\$2,770	66.47	0.396	-0.393	1.154	0.674	28.49%	27.30%	Buy	Sell
930	52.500	0.000	\$2,625	49.314	\$2,466	62.29	0.413	-0.411	1.205	0.637	28.49%	28.15%	Buy	Sell
940	47.625	0.000	\$2,381	43.668	\$2,183	58.00	0.425	-0.425	1.241	0.599	28.49%	28.99%	Buy	Sell
950	43.000	0.000	\$2,150	38.460	\$1,923	53.66	0.433	-0.433	1.263	0.558	28.49%	29.63%	Buy	Sell
960	38.375	0.000	\$1,919	33.689	\$1,684	49.32	0.435	-0.436	1.269	0.517	28.49%	29.92%	Buy	Sell
970	33.750	0.000	\$1,688	29.348	\$1,467	45.03	0.432	-0.434	1.260	0.476	28.49%	29.89%	Buy	Sell
980	30.000	0.000	\$1,500	25.426	\$1,271	40.83	0.424	-0.426	1.237	0.435	28.49%	30.23%	Buy	Sell
1000	23.500	0.000	\$1,175	18.768	\$938	32.90	0.395	-0.398	1.153	0.356	28.49%	30.84%	Buy	Sell
1020	18.625	0.000	\$931	13.548	\$677	25.81	0.353	-0.356	1.031	0.283	28.49%	31.73%	Buy	Sell
1040	14.750	0.000	\$738	9.566	\$478	19.71	0.304	-0.306	0.886	0.219	28.49%	32.59%	Buy	Sell
1060	11.250	0.000	\$562	6.609	\$330	14.66	0.251	-0.254	0.733	0.165	28.49%	32.95%	Buy	Sell
1080	8.750	0.000	\$438	4.469	\$223	10.63	0.201	-0.203	0.586	0.122	28.49%	33.60%	Buy	Sell
1100	6.500	0.000	\$325	2.959	\$148	7.51	0.155	-0.157	0.453	0.087	28.49%	33.78%	Buy	Sell
1120	5.125	0.000	\$256	1.920	\$96	5.19	0.116	-0.118	0.339	0.061	28.49%	34.56%	Buy	Sell
1160	2.875	0.000	\$144	0.761	\$38	2.31	0.060	-0.061	0.175	0.028	28.49%	35.21%	Buy	Sell
1200	1.125	0.000	\$56	0.280	\$14	0.94	0.028	-0.028	0.081	0.012	28.49%	33.81%	Buy	Sell
1300	0.625	0.000	\$31	0.017	\$1	0.07	0.003	-0.003	0.008	0.001	28.49%	40.09%	Buy	Sell
1400	0.125	0.000	\$6	0.000	\$0	0.00	0.000	-0.000	0.000	0.000	28.49%	40.39%	Buy	Sell
Strike	Last	Change	Value	Theo Price	Theo Value	Delta	Gamma	Theta	Vega	Rho	His Vol	Imp Vol	Trade!	

The 1160 Call Options is Worth \$144. If Soybean stay below 1160 by 26<sup>th</sup> Oct 2007. We will profit \$144. Trading is a simple game.

Margin Results		
Description	Initial	Maintenance
Soybeans	\$347.49	\$257.40
Net Option Value	\$143.75	\$143.75
<b>TOTAL</b>	<b>\$491.24</b>	<b>\$401.15</b>

Margin Calculator Number of Rows: 5

The 1160 Call Options required an Initial Margin of \$347 and Maintenance Margin of \$257. To be on the safe side we will be using double of the initial margin required to put up this position.

Initial Margin - \$347

Double Initial Margin - \$694

Premium Collected - \$144

Days to Expiry - 41

Return on Investment per month -  $((144 / 694) / 41) * 30 = 15.1\%$

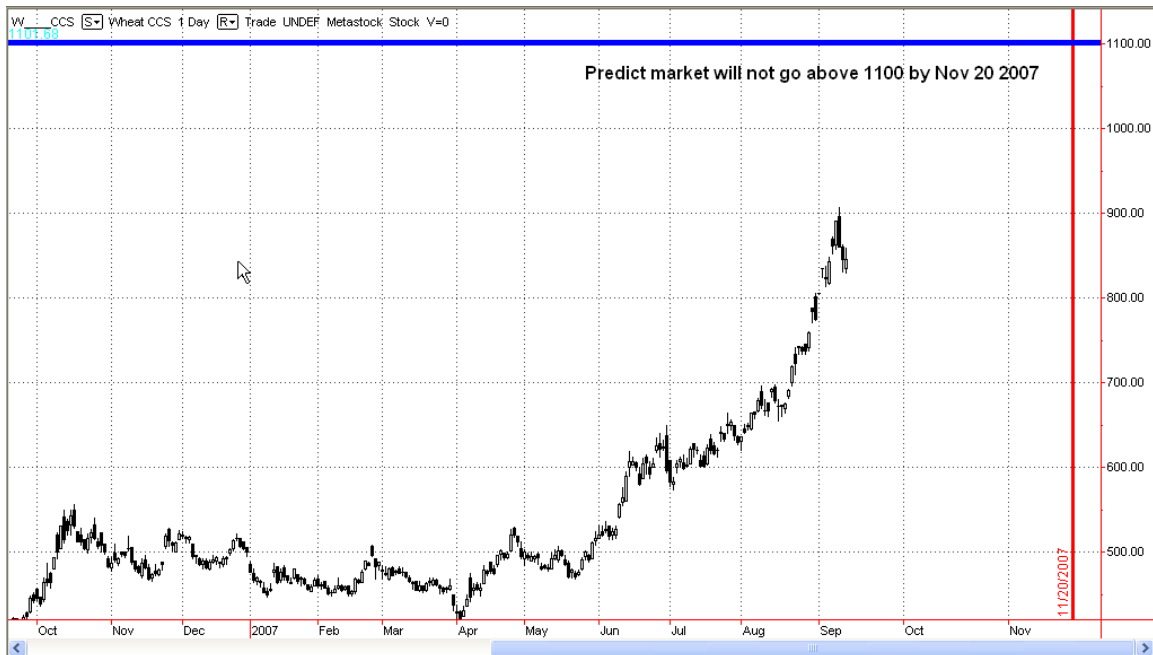
This trade give us about **15.1% return a month**

## Soybean 16<sup>th</sup> Oct 2007



The small circle indicate when the trade is initiated on 14<sup>th</sup> september

## Case Study 2 – Wheat Market



Wheat 14<sup>th</sup> Sep 2007

Looking at the above Wheat charts. In this case, we predict that Wheat will not go above 1100 in the next 66 days by 20<sup>th</sup> Nov 2007. If we are right in this predicting we make money.

*The Red Vertical line indicate when the options expire. The Blue horizontal line indicate the level where the position will start to loss money if it is broken. This ebook did not touch on the adjustment strategy yet. The updated chart will be shown in the next released of this ebook*

970	21.875	0.000	\$1,094	9.464	\$473	16.70	0.221	-0.212	0.897	0.267	31.34%	41.50%	Buy	Sell
980	20.000	0.000	\$1,000	8.186	\$409	14.86	0.205	-0.196	0.831	0.239	31.34%	41.60%	Buy	Sell
990	18.125	0.000	\$906	7.060	\$353	13.17	0.189	-0.181	0.766	0.213	31.34%	41.57%	Buy	Sell
1000	16.500	0.000	\$825	6.073	\$304	11.63	0.173	-0.166	0.702	0.189	31.34%	41.63%	Buy	Sell
1010	15.000	0.000	\$750	5.210	\$260	10.24	0.158	-0.151	0.641	0.168	31.34%	41.68%	Buy	Sell
1020	13.625	0.000	\$681	4.457	\$223	8.98	0.143	-0.138	0.582	0.148	31.34%	41.73%	Buy	Sell
1030	12.375	0.000	\$619	3.803	\$190	7.85	0.130	-0.124	0.526	0.130	31.34%	41.80%	Buy	Sell
1040	11.250	0.000	\$562	3.237	\$162	6.85	0.117	-0.112	0.474	0.114	31.34%	41.89%	Buy	Sell
1050	10.250	0.000	\$512	2.748	\$137	5.95	0.105	-0.101	0.425	0.100	31.34%	42.01%	Buy	Sell
1060	9.250	0.000	\$462	2.328	\$116	5.16	0.094	-0.090	0.379	0.087	31.34%	42.02%	Buy	Sell
1070	8.375	0.000	\$419	1.967	\$98	4.45	0.083	-0.080	0.338	0.076	31.34%	42.08%	Buy	Sell
1080	7.625	0.000	\$381	1.658	\$83	3.84	0.074	-0.071	0.299	0.065	31.34%	42.21%	Buy	Sell
1100	6.250	0.000	\$312	1.170	\$58	2.82	0.057	-0.055	0.232	0.049	31.34%	42.35%	Buy	Sell
1110	7.000	0.000	\$350	0.979	\$49	2.41	0.050	-0.048	0.204	0.042	31.34%	44.67%	Buy	Sell
1200	2.500	0.000	\$125	0.180	\$9	0.52	0.013	-0.013	0.054	0.010	31.34%	43.83%	Buy	Sell
1300	0.750	0.000	\$38	0.023	\$1	0.08	0.002	-0.002	0.010	0.002	31.34%	43.38%	Buy	Sell
2000	0.125	0.000	\$6	0.000	\$0	0.00	0.000	-0.000	0.000	0.000	31.34%	66.09%	Buy	Sell
3000	58.000	0.000	\$2,900	0.000	\$0	0.00	0.000	-0.000	0.000	0.000	31.34%	-	Buy	Sell
Strike	Last	Change	Value	Theo Price	Theo Value	Delta	Gamma	Theta	Vega	Rho	His Vol	Imp Vol	Trade!	

The 1100 Call Options is Worth \$312. If Wheat stay below 1100 by 20<sup>th</sup> Nov 2007. We will profit \$312.

Margin Results			Buy	Sell
Description	Initial	Maintenance		
Wheat	\$498.96	\$369.60		
Net Option Value	\$312.50	\$312.50		
<b>TOTAL</b>	<b>\$811.46</b>	<b>\$682.10</b>		

Margin Calculator Number of Rows: 5

The 1100 Call Options required an Initial Margin of \$498 and Maintenance Margin of \$369. To be on the safe side we will be using double of the initial margin required to put up this position.

Initial Margin - \$498

Double Initial Margin - \$996

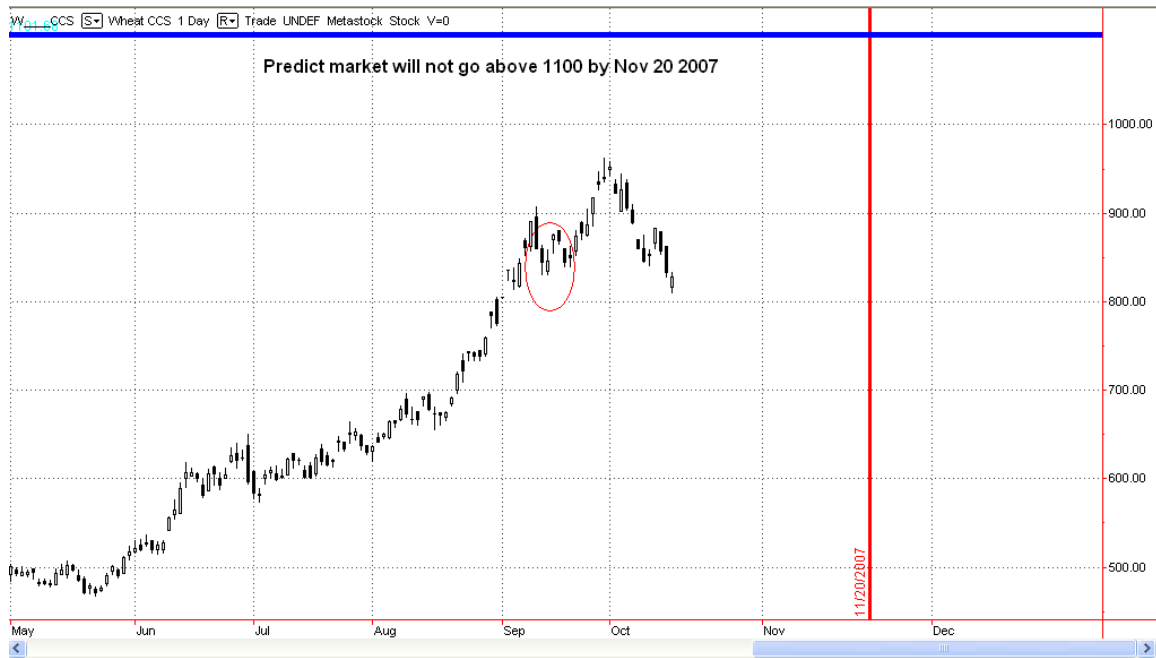
Premium Collected - \$312

Days to Expiry – 66

Return on Investment per month –  $((312 / 996) / 66) * 30 = 14.2\%$

This trade give us about **14.2% return a month**

## Wheat 16<sup>th</sup> Oct 2007



**The small circle indicate when the trade is initiated on 14<sup>th</sup> september**



### Case Study 3 – Crude Oil Market



Crude Oil 14<sup>th</sup> Sep 2007

Looking at the above Crude Oil charts. In this case, we predict that Crude Oil will not go above 93.50 in the next 32 days by 17<sup>th</sup> Oct 2007. If we are right in this predicting we make money.

*The Red Vertical line indicate when the options expire. The Blue horizontal line indicate the level where the position will start to loss money if it is broken. This ebook did not touch on the adjustment strategy yet. The updated chart will be shown in the next released of this ebook*

8850	0.31	0.00	\$310	0.06	\$60	3.15	1.369	-0.006	0.016	0.002	22.36%	30.34%	Buy	Sell
8900	0.28	0.00	\$280	0.04	\$40	2.59	1.165	-0.005	0.014	0.002	22.36%	30.58%	Buy	Sell
8950	0.25	0.00	\$250	0.03	\$30	2.12	0.985	-0.004	0.012	0.002	22.36%	30.73%	Buy	Sell
9000	0.22	0.00	\$220	0.03	\$30	1.73	0.828	-0.003	0.010	0.001	22.36%	30.79%	Buy	Sell
9050	0.20	0.00	\$200	0.02	\$20	1.40	0.691	-0.003	0.008	0.001	22.36%	31.07%	Buy	Sell
9100	0.18	0.00	\$180	0.01	\$10	1.13	0.574	-0.002	0.007	0.001	22.36%	31.28%	Buy	Sell
9150	0.16	0.00	\$160	0.01	\$10	0.91	0.474	-0.002	0.006	0.001	22.36%	31.41%	Buy	Sell
9200	0.14	0.00	\$140	0.01	\$10	0.73	0.389	-0.002	0.005	0.001	22.36%	31.44%	Buy	Sell
9250	0.13	0.00	\$130	0.00	\$0	0.58	0.317	-0.001	0.004	0.000	22.36%	31.84%	Buy	Sell
9300	0.12	0.00	\$120	0.00	\$0	0.46	0.257	-0.001	0.003	0.000	22.36%	32.19%	Buy	Sell
9350	0.10	0.00	\$100	0.00	\$0	0.36	0.208	-0.001	0.002	0.000	22.36%	31.95%	Buy	Sell
9400	0.09	0.00	\$90	0.00	\$0	0.28	0.167	-0.001	0.002	0.000	22.36%	32.15%	Buy	Sell
9450	0.08	0.00	\$80	0.00	\$0	0.22	0.133	-0.001	0.002	0.000	22.36%	32.29%	Buy	Sell
9500	0.07	0.00	\$70	0.00	\$0	0.17	0.106	-0.000	0.001	0.000	22.36%	32.34%	Buy	Sell
9600	0.06	0.00	\$60	0.00	\$0	0.10	0.066	-0.000	0.001	0.000	22.36%	33.01%	Buy	Sell
9700	0.05	0.00	\$50	0.00	\$0	0.06	0.040	-0.000	0.000	0.000	22.36%	33.52%	Buy	Sell
10000	0.03	0.00	\$30	0.00	\$0	0.01	0.008	-0.000	0.000	0.000	22.36%	35.07%	Buy	Sell
10100	0.02	0.00	\$20	0.00	\$0	0.01	0.005	-0.000	0.000	0.000	22.36%	34.57%	Buy	Sell
10200	0.02	0.00	\$20	0.00	\$0	0.00	0.003	-0.000	0.000	0.000	22.36%	35.73%	Buy	Sell
10500	0.01	0.00	\$10	0.00	\$0	0.00	0.000	-0.000	0.000	0.000	22.36%	36.34%	Buy	Sell
11000	0.01	0.00	\$10	0.00	\$0	0.00	0.000	-0.000	0.000	0.000	22.36%	41.43%	Buy	Sell
11250	0.01	0.00	\$10	0.00	\$0	0.00	0.000	-0.000	0.000	0.000	22.36%	43.86%	Buy	Sell
11500	0.01	0.00	\$10	0.00	\$0	0.00	0.000	-0.000	0.000	0.000	22.36%	46.22%	Buy	Sell
12000	0.01	0.00	\$10	0.00	\$0	0.00	0.000	-0.000	0.000	0.000	22.36%	50.75%	Buy	Sell
12500	0.01	0.00	\$10	0.00	\$0	0.00	0.000	-0.000	0.000	0.000	22.36%	55.04%	Buy	Sell
Strike	Last	Change	Value	Theo Price	Theo Value	Delta	Gamma	Theta	Vega	Rho	His Vol	Imp Vol	Trade!	

The 93.50 Call Options is Worth \$100. If Crude Oil stay below 93.50 by 17<sup>th</sup> Oct 2007. We will profit \$100.

Margin Results		
Description	Initial	Maintenance
Crude Oil	\$547.56	\$405.60
Net Option Value	\$100.00	\$100.00
<b>TOTAL</b>	<b>\$647.56</b>	<b>\$505.60</b>

Margin Calculator Number of Rows: 5

The 93.50 Call Options required an Initial Margin of \$547 and Maintenance Margin of \$405. To be on the safe side we will be using double of the initial margin required to put up this position.

Initial Margin - \$547

Double Initial Margin - \$1094

Premium Collected - \$100

Days to Expiry – 32

Return on Investment per month –  $((100 / 1094) / 32) * 30 = 8.5\%$

This trade give us about **8.5% return a month**

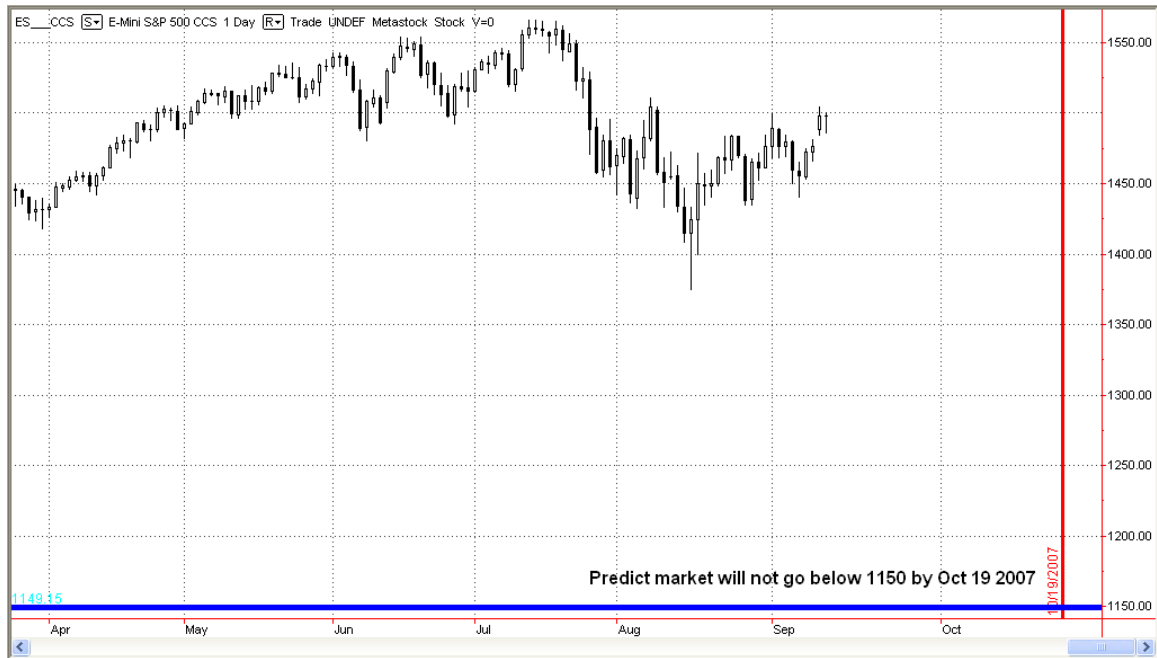
## Crude Oil on 16



**th October**

**The small circle indicate when the trade is initiated on 14<sup>th</sup> september**

**Case Study 4 – S&P 500 Futures Market**



S&P 500 14<sup>th</sup> Sep 2007

Looking at the above S&P500 charts. In this case, we predict that S&P 500 will not go below 1150 in the next 34 days by 19<sup>th</sup> Oct 2007. If we are right in this predicting we make money.

*The Red Vertical line indicate when the options expire. The Blue horizontal line indicate the level where the position will start to loss money if it is broken. This ebook did not touch on the adjustment strategy yet. The updated chart will be shown in the next released of this ebook*

## October S&P 500 OPTION Puts

Show All Scroll ▲ Scroll ▼ More Info Customize Refresh

Expiration Date: 10/19/07 Days Till Expiration: 34

Strike	Last	Change	Value	Theo Price	Theo Value	Delta	Gamma	Theta	Vega	Rho	His Vol	Imp Vol	Trade!
900	0.00	0.00	\$0	0.00	\$0	0.00	0.000	-0.000	0.000	-0.000	18.60%	0.00%	Buy Sell
925	0.00	0.00	\$0	0.00	\$0	0.00	0.000	-0.000	0.000	-0.000	18.60%	0.00%	Buy Sell
950	0.00	0.00	\$0	0.00	\$0	-0.00	0.000	-0.000	0.000	-0.000	18.60%	0.00%	Buy Sell
975	0.00	0.00	\$0	0.00	\$0	-0.00	0.000	-0.000	0.000	-0.000	18.60%	0.00%	Buy Sell
1000	0.05	0.00	\$12	0.00	\$0	-0.00	0.000	-0.000	0.000	-0.000	18.60%	43.78%	Buy Sell
1025	0.10	0.00	\$25	0.00	\$0	-0.00	0.000	-0.000	0.000	-0.000	18.60%	43.91%	Buy Sell
1050	0.15	0.00	\$38	0.00	\$0	-0.00	0.000	-0.000	0.000	-0.000	18.60%	43.00%	Buy Sell
1075	0.25	0.00	\$62	0.00	\$0	-0.00	0.000	-0.000	0.000	-0.000	18.60%	42.63%	Buy Sell
1100	0.35	0.00	\$88	0.00	\$0	-0.00	0.000	-0.000	0.000	-0.000	18.60%	41.52%	Buy Sell
1110	0.40	0.00	\$100	0.00	\$0	-0.00	0.000	-0.000	0.000	-0.000	18.60%	41.08%	Buy Sell
1120	0.50	0.00	\$125	0.00	\$0	-0.00	0.000	-0.000	0.000	-0.000	18.60%	41.10%	Buy Sell
1125	0.55	0.00	\$138	0.00	\$0	-0.00	0.000	-0.000	0.000	-0.000	18.60%	41.03%	Buy Sell
1130	0.60	0.00	\$150	0.00	\$0	-0.00	0.000	-0.000	0.000	-0.000	18.60%	40.93%	Buy Sell
1135	0.65	0.00	\$162	0.00	\$0	-0.00	0.000	-0.000	0.000	-0.000	18.60%	40.80%	Buy Sell
1140	0.70	0.00	\$175	0.00	\$0	-0.00	0.000	-0.000	0.000	-0.000	18.60%	40.63%	Buy Sell
1150	0.80	0.00	\$200	0.00	\$0	-0.00	0.000	-0.000	0.000	-0.000	18.60%	40.23%	Buy Sell
1160	0.95	0.00	\$238	0.00	\$0	-0.00	0.000	-0.000	0.000	-0.000	18.60%	40.05%	Buy Sell
1170	1.15	0.00	\$288	0.00	\$0	-0.00	0.000	-0.000	0.000	-0.000	18.60%	40.01%	Buy Sell
1175	1.25	0.00	\$312	0.00	\$0	-0.00	0.000	-0.000	0.000	-0.000	18.60%	39.92%	Buy Sell
1180	1.35	0.00	\$338	0.00	\$0	-0.00	0.000	-0.000	0.000	-0.000	18.60%	39.80%	Buy Sell
1190	1.55	0.00	\$388	0.00	\$0	-0.00	0.000	-0.000	0.000	-0.000	18.60%	39.48%	Buy Sell
1200	1.80	0.00	\$450	0.00	\$0	-0.00	0.000	-0.000	0.001	-0.000	18.60%	39.24%	Buy Sell
1210	2.10	0.00	\$525	0.00	\$0	-0.01	0.000	-0.000	0.001	-0.000	18.60%	39.04%	Buy Sell
1215	2.20	0.00	\$550	0.00	\$0	-0.01	0.000	-0.000	0.002	-0.000	18.60%	38.74%	Buy Sell

The 1150 Put Options is Worth \$200. If S&P 500 stay above 1175 by 19<sup>th</sup> Oct 2007. We will profit \$200.

Margin Results		
Buy Sell		
Description	Initial	Maintenance
S&P 500 Index Products	\$925.00	\$740.00
Net Option Value	\$200.00	\$200.00
<b>TOTAL</b>	<b>\$1,125.00</b>	<b>\$940.00</b>

Margin Calculator ? Number of Rows: 5

The 1150 Put Options required an Initial Margin of \$925 and Maintenance Margin of \$740. To be on the safe side we will be using double of the initial margin required to put up this position.

Initial Margin - \$925

Double Initial Margin - \$1850

Premium Collected - \$200

Days to Expiry - 34

Return on Investment per month -  $((200 / 1850) / 34) * 30 = 9.5\%$

This trade give us about **9.5% return a month**

## S&P 500 4<sup>th</sup> Oct 2007



**The small circle indicate when the trade is initiated on 14<sup>th</sup> september**

### **Probabilities is the key to Options Selling**

Probabilities is the key to successful options selling. We want to trade only in high probabilities winning trade. The key to successful options selling require you to select which strike and which expiry to sell and how much premium is collected.

The Seminar will cover all this important aspect to ensure you are well equip with the knowledge require to make money.

### **Seminar detail**

What this course is not about

- This is not the textbook stuff where we repackage it
- This is not something that you learn and cannot apply

What can this course bring you

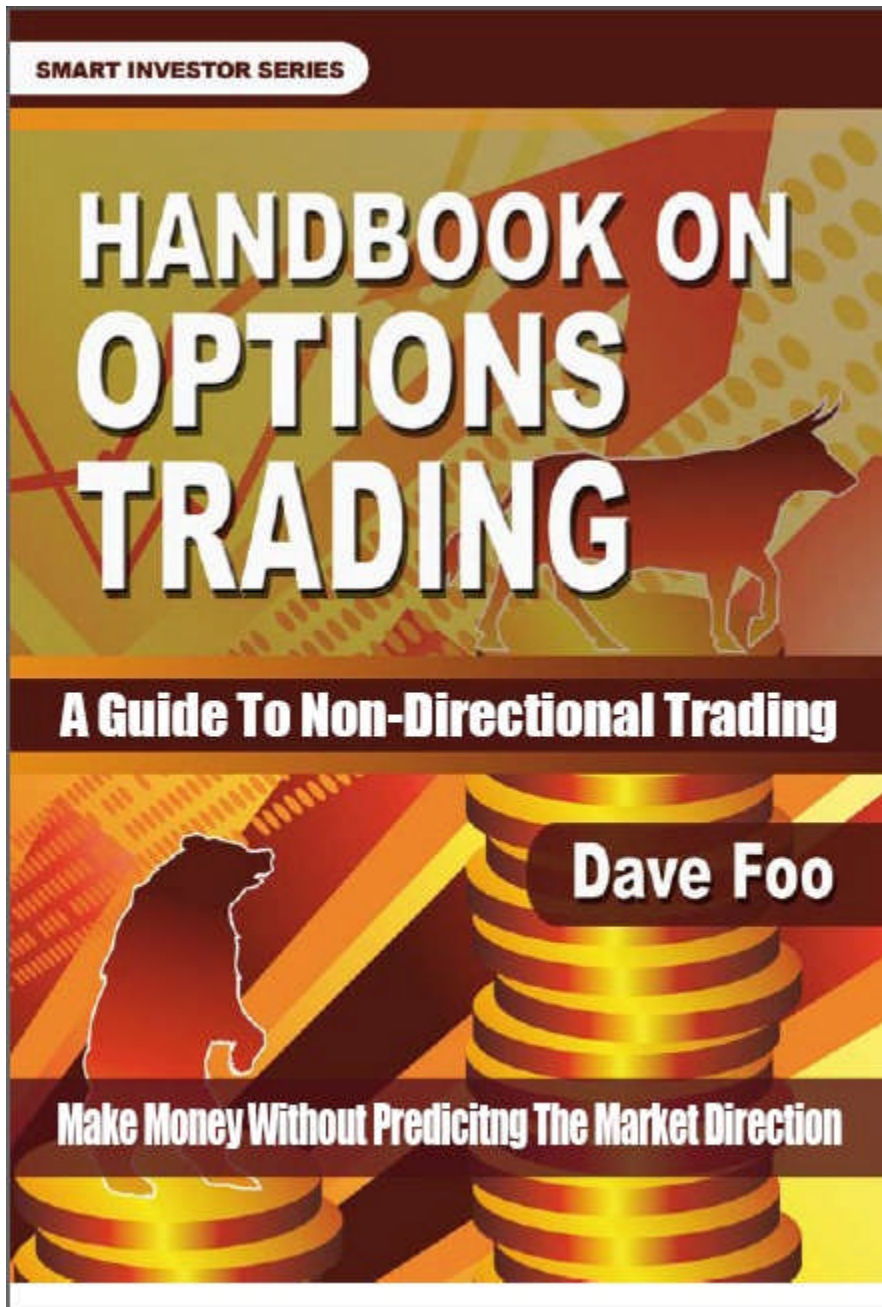
- We started the course with the basic and intermediate of Options Trading
- We explain some of the most popular techniques that many Options Trader use, iron condor, butterfly, credit and debit spread etc. We explain how to construct those spread and WHY we do not use them. Even thou we do not use them we feel it is our responsibility to teach our students what is it and let the student decide.
- We move on to Advanced Class in day 2 which is the core of the whole course
- Risk associated with Options Selling
- Benefit of Options Selling
- Our Income Generator Method and Lottery Method
- The HOW and WHY we choose and select the trade
- Techniques that you can learn and start to apply next week

You will understand How and Why we do our Options Trade. How we select the strike and how far out of the money and how long to expiry. We teach all that we know. We share all the information with our students. We have nothing to hide. Market is big enough for everyone of us.

Do you want more?

Checkout this full length book at

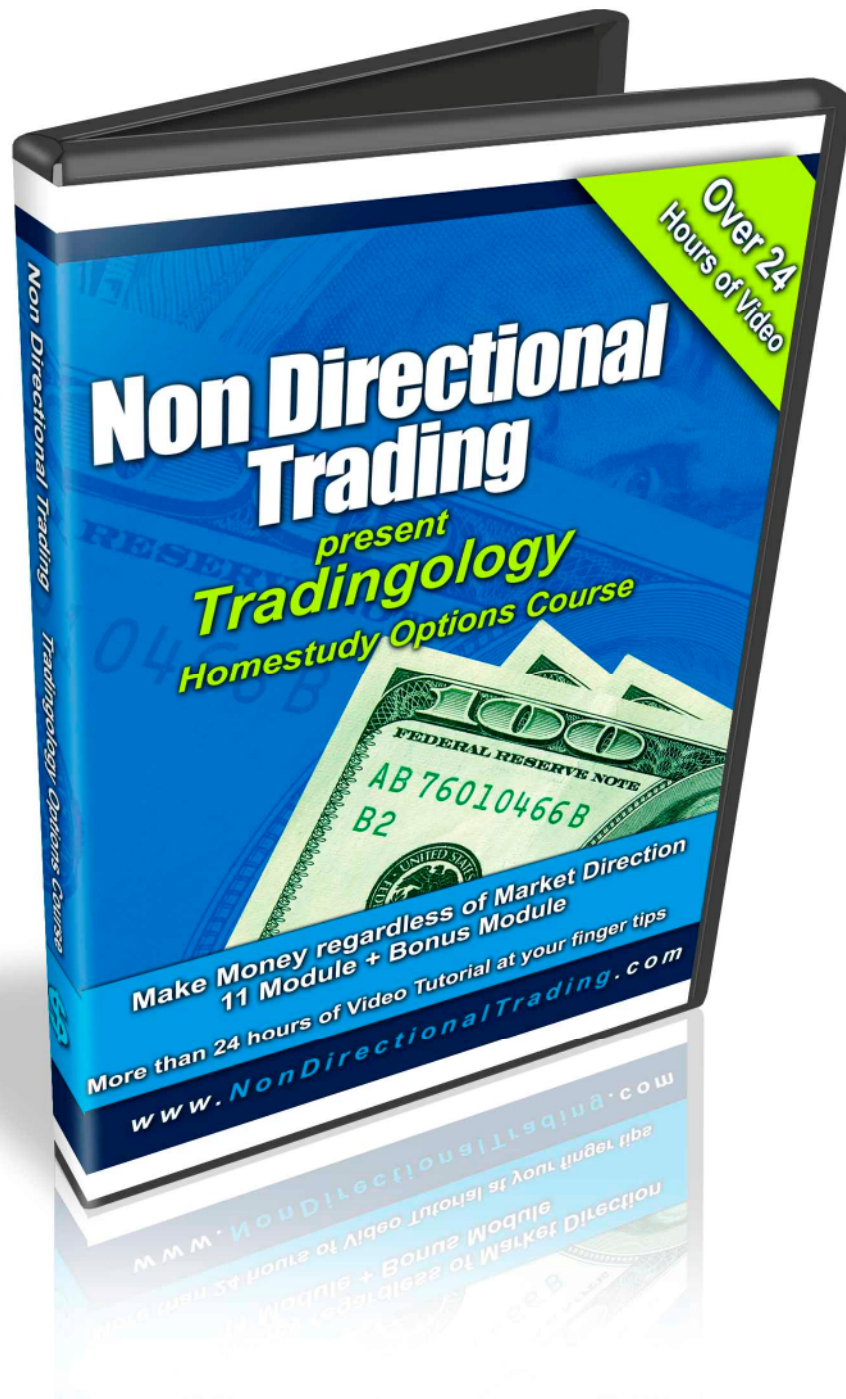
[www.NonDirectionalTrading.com/handbook-on-options-trading.htm](http://www.NonDirectionalTrading.com/handbook-on-options-trading.htm)





# Get the Options Home Study Course at

<http://www.nondirectionaltrading.com/options-homestudy-course.htm>



## Day 1 - Basic (9am - 5pm) Saturday

- Trading is a War Zone
  - The market is a battlefield, everyday is a war zone, every trade you take involve your troops. Every soldiers is as important as you are. You want to lead your troop to win the war at the end of the day
- Why Options Trading
  - Options Trading offer more way to play and more way to play and at the same time it is more complex than any other kind of trading out there.
- Basic Introduction to the world of Options Trading - Call and Put
  - Basic of what is a call options and put options. Why do people buy options and why do people sell options. The other party that is taking the opposite position of you is as smart or smarter than you are and probably has a PHD in quantitative finance.
- Options Spread Trading - Credit & Debit
  - Basic of credit and debit spread. Why is it better than outright call or put options.
- Options Greeks - Delta, Theta
  - Delta and Theta is probably the most important greeks in options trading
- Options Volatility - Is Options Volatility really that important?
  - Implied and Historical volatility and how it affect options pricing.
- Type of Options - American vs European
  - There is generally 2 kinds of options available and what is the main difference between this 2 group
- Stocks Options vs Futures Options vs Commodities Options
  - Various kind of options available on the market and how to select the markets
- Covered Call Options
  - Popular techniques. We will look at ITM, ATM and OTM covered call options
- Iron Condor - Non Directional Trading
  - The almost perfect system
- Brief coverage of other common Options Spread
  - Calendar Spread, Leaps, Reverse Calendar. Diagonal Condor
- All the problem with the above strategy
- Q&A

## Day 2 - Advanced (9am to 5pm) Sunday

- 1st day recap follow by Q&A
  - Recap
- Why Sell Options?
  - Why sell options and not buy since majority of people are buying options
- Why not Stocks Options?
  - The main disadvantage of trading stocks options
- Trade ETF Options, Futures Options and Commodities Options
  - Start with ETF, moving to Index futures options, commodities is for the expert
- Time Value and how to calculate how much Options is losing everyday
  - Appreciate the options premium and watching your account growing as days passes
- Which Strike to Choose? The How and the Why?
  - Which battle ground do you fight, when do you fight and why do you fight?
- Probabilities trading
  - Fight when your chances of winning is high
- Strategy 1 - Special Diagonal Condor with rolling/adjusting mechanism
  - Beginner strategy with locking your losses
- Strategy 2 - Short Strangle - The strategy that make money 95% of the time
  - Favorite strategy that is for the advance user
- Strategy 3 - OPM Trade - Other People Money strategy
  - Lottery ticket strategy
- Diversify, Defense, Position for attack, Retreat, Withdraw & Abandon your troops
  - **The most important topics**
  - Diversify your troops (capital)
  - Defense your troops (capital)
  - Attack (plan and position for entry)
  - Retreat and Withdraw early
    - Retreat and withdraw is to ensure the battle go on and turn a what seem like a losing battle into another winning battle
  - Knowing when to abandon and quit is more important that knowing how to win. If you can't quit, you can't win the war in the long run.
- Q&A

## Day 3 - Live Trading Demonstration (7pm to 10pm) Monday

- Trading Demonstration (Education Purpose only) 9.00pm - 10.00pm