

# Strategy: Long Call/Long Put

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# What is It?

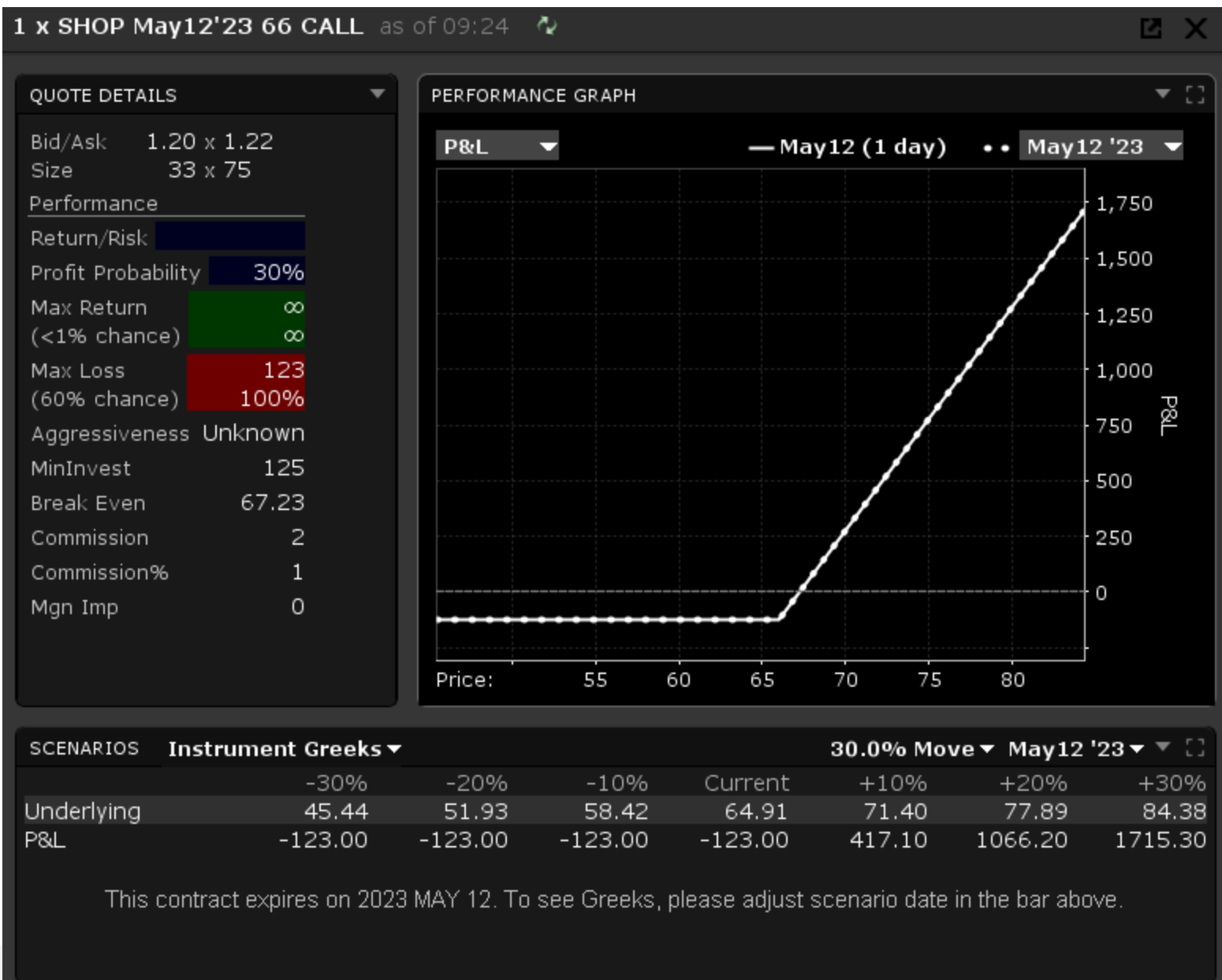
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- A call option is a contract between a buyer and a seller to purchase a certain stock at a **certain price** up until a **defined expiration date**. The buyer of a call has the **right**, not the obligation, to exercise the call and purchase the stocks.
  
- A put option is a contract between a buyer and a seller to sell a certain stock at a **certain price** up until a **defined expiration date**. The buyer of a put has the **right**, not the obligation, to exercise the put and sell the stocks.

# Where to Use It: Long Call

- When you are expecting a breakout, or a fast move higher (ABCD pattern, break of high of the day, R4 breakouts etc etc)
- This is a directional strategy.
- Strike: slightly OTM, or ATM for maximum gamma gain
- Implied Volatility: depends on time frame. For day trades, it does not matter. For longer than 30 days, you want to buy when the implied volatility is lower than usual, or on the way down.

# Risk Profile

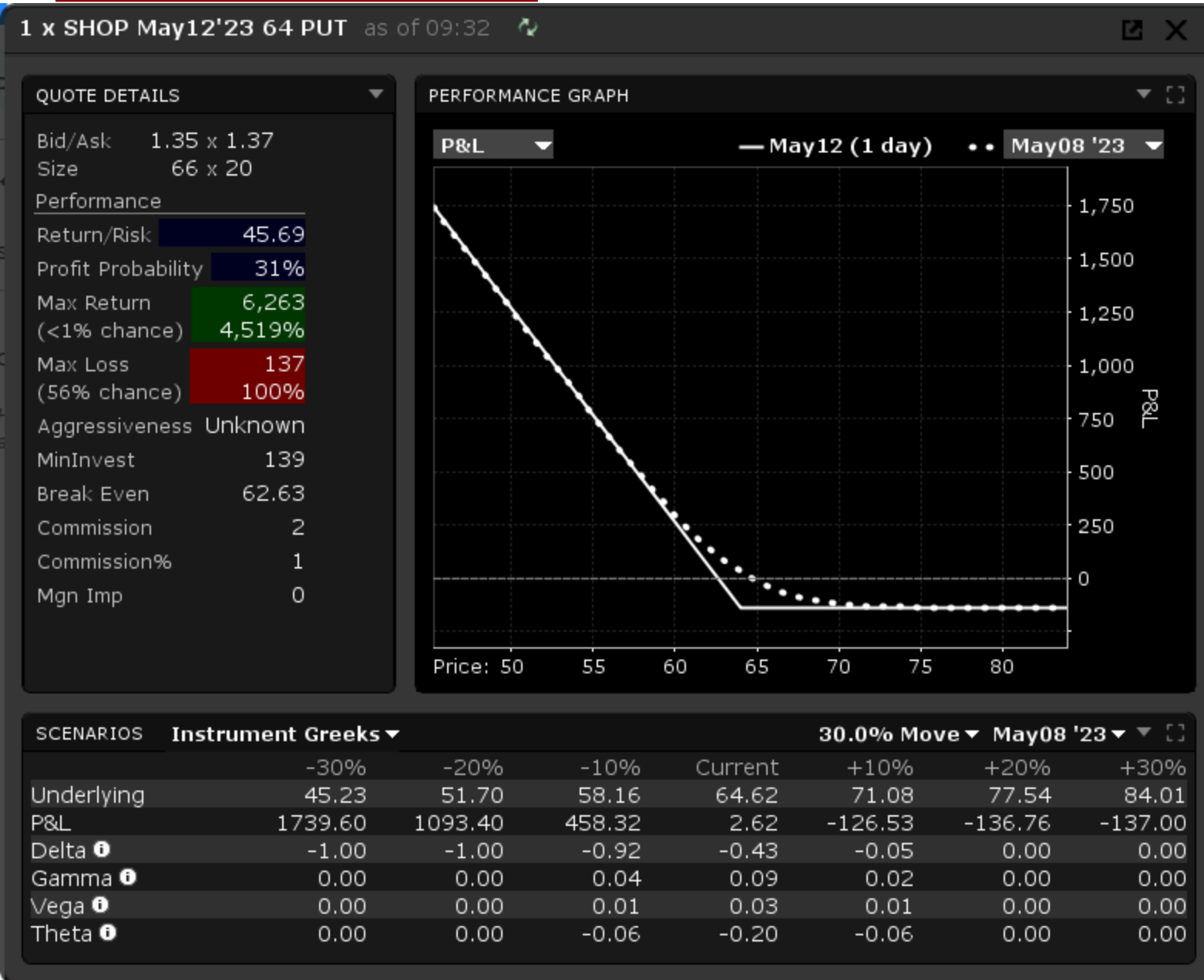


- Unlimited upside
- Capped downside.
- Long Vega
- Long Delta
- Long Theta

# Where to Use It: Long Put

- When you are expecting a breakdown, or a fast move lower (ABCD pattern, break of low of the day, S4 breakdowns etc etc)
- This is a directional strategy.
- Strike: slightly OTM, or ATM for maximum gamma gain
- Implied Volatility: depends on time frame. For day trades, it does not matter. For longer than 30 days, you want to buy when the implied volatility is lower than usual, or on the way down.

# Risk Profile



- Unlimited upside
- Capped downside.
- Long Vega
- Short Delta
- Long Theta