CallsAnd$trikes

Having fun making money!

Quick Start Guide

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A guide for the beginner to start using CallsAnd$trikes to help with options trading.

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Calls and Strikes Quick Start Guide

Introduction

This is a preliminary version of a user's guide for the Calls and Strikes website. Calls and Strikes allows you to create lists of stock names that you are interested in, and then to examine comparisons of options for each name, as well as comparisons between names in each list.

Note that some of the screenshots illustrate an earlier version of the site that was titled 'Options Spread Game'.

Startup

Web Address

At the present time, you can access the website with any of the following addresses:

- http://optionsspreadgame.com
- http://optionspreadgame.com
- http://callsandputsgame.com
- http://multistrikegame.com
- http://callsandstrikes.com

None of these have an SSL certificate as yet, so https access is not possible.

Register as New User

Upon entry, the website will present the login screen. As a new user, you may click on the **Register as new user** link:


On the registration screen, you must enter an 'email address':

In this preliminary version, this address merely needs to look like an email address, but does not have to be a valid address. No email will be sent to the address.

The password must conform to rudimentary complexity rules (minimum 8 chars, upper and lower case, and at least one digit). Be advised that since this version does not use SSL, your id and password information can possibly be intercepted if your connection is compromised, therefore it is recommended that you do not use a password that you may also be using for your other activities.

After successful registration, you are given the option of adding a couple of Watchlists to get you started:
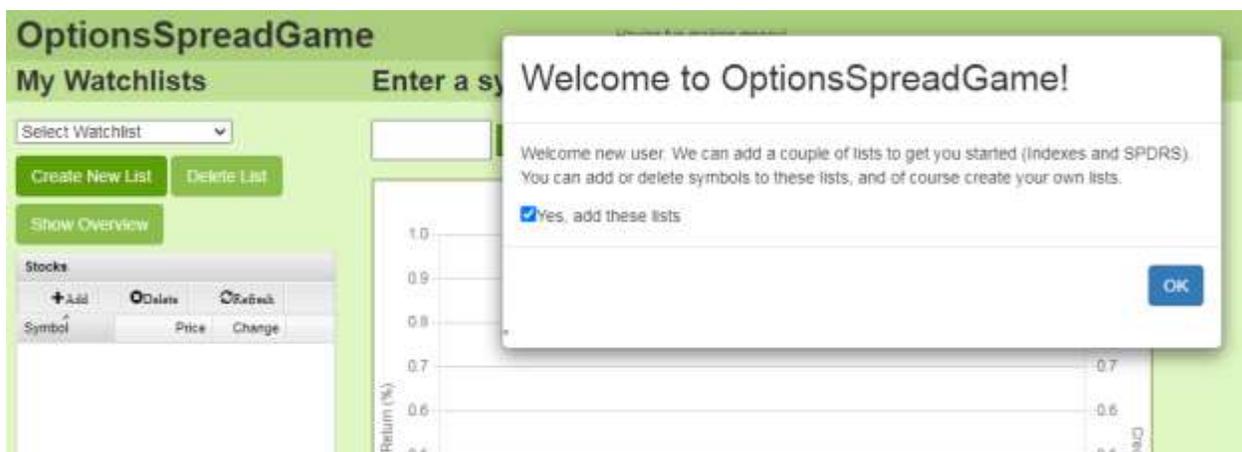
In this version, the lists include a list of common indexes, and also a Sector SPDR list. It is suggested that you allow these lists to be added to get you started more quickly.

Managing Watchlists

Select from Your Watchlists
After registering as a new user, and after logging in as an existing user, your first action likely will be to select a watchlist from your list of watchlists:

Click on the drop arrow to show your lists:

From there, click on the list that you want to examine.

Create/Delete Watchlists

You can create additional watchlists by first clicking on the **Create New List** button, after which you will be prompted for the name(s) of the new lists. You can delete a watchlist by first selecting it from the lists of existing watchlists, and then clicking on the **Delete List** button.

Adding/Deleting in a Watchlist

You can add symbols to the currently selected watchlist by clicking on the **Add** button, after which you will be prompted for symbols to add. You can delete a symbol by first selecting the symbol in the list, and then clicking on the **Delete** button.

Selecting a Symbol

Clicking on an entry in the currently-displayed watchlist will show detail of that entry in the detail pane. Note that you can also directly enter a symbol name in the detail pane.

Detail Pane
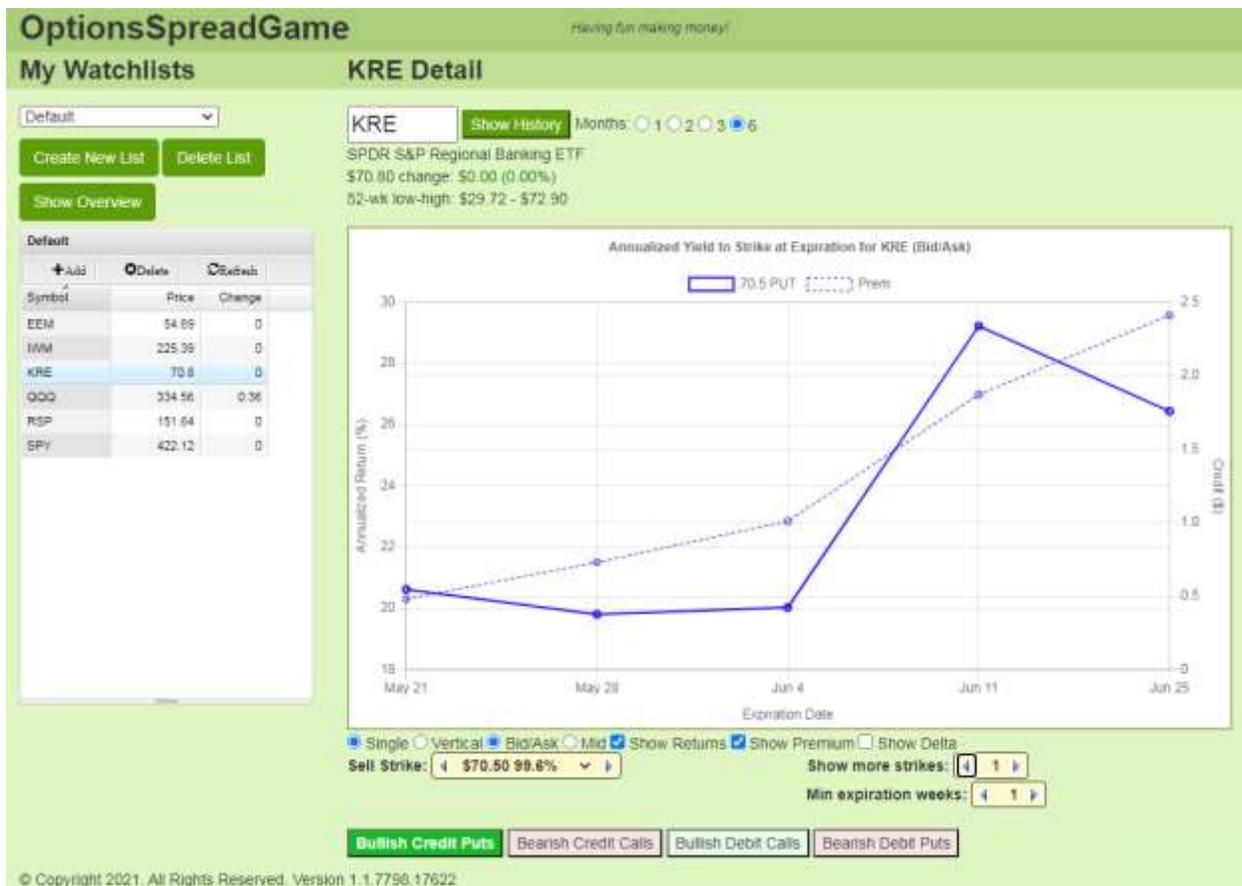
The Detail Pane shows some details of the selected symbol, and also shows a chart of selected option details for that symbol. The initial view is of **Bullish Credit Puts**, and will show a strike just below the current symbol's value. You may also choose **Bearish Credit Calls**, which will show a strike just above the current value. The other two modes, **Bullish Debit Calls** and **Bearish Debit Puts**, may not be particularly useful in this version.

Chart Content

For Credit Puts and Calls, the chart will display expiration dates out to 60 days for the given strike. For each expiration date, the credit premium and the calculated annualized return is displayed. This return assumes that the underlying issue will not move either up or down. You can also see details of any point on the chart by hovering over any of the displayed points.

Selecting Strike

The strike is displayed as a dollar amount, and also as a percentage of the current symbol value. You can alter the strike in a couple of ways. You can bump the value down and up with the left and right arrows that surround the strike. Or you can directly choose the strike from the droplist.

Showing Multiple Strikes

You can display multiple strikes by incrementing the **Show more strikes** setting:

For Credit Puts and Calls, the additional strikes will be the next lower strikes. After you have selected to show additional strikes, you can go back and adjust the 'base' strike up and down, and the additional strikes will track correspondingly.

In some cases, the chart may be distorted because of the data for the nearest expiration dates. You may exclude the earlier dates by adjusting the **Min expiration weeks** setting.

Single/Vertical

You may notice the buttons for **Single** and **Vertical**. All examples shown here use only the **Single** choice to show a single put or call option. The **Vertical** choice, for put or call vertical spread options, is under development and is not fully functional. Although it may appear partly functional, it should not be used for any guidance.

History Pane

You can view the price history of the currently displayed symbol by clicking the **Show History** button:

Hovering over any point in the chart will show details for that date. The default history is for 3 months, but you may also choose 1, 2, or 6 months.

Overview Pane

In the Watchlist pane, you can click on the **Show Overview** button to show an overview of all the issues contained in the watchlist:

In this example, the chart is showing a comparison of the highest annualized returns of all the issues in the Indexes watchlist, evaluated at a strike that is 90% (or lower) of the current issue price, using the current strategy (either Credit Put or Credit Call). Hovering over the issue will show details of that highest-returning option for that issue. Clicking on the issue will set that symbol into the Detail pane at the indicated strike.

Strategy Guide

Covered Calls

Select the desired symbol, and in the Detail Pane click the **Bearish Credit Call** button. This will show an initial strike that is just above the current value.
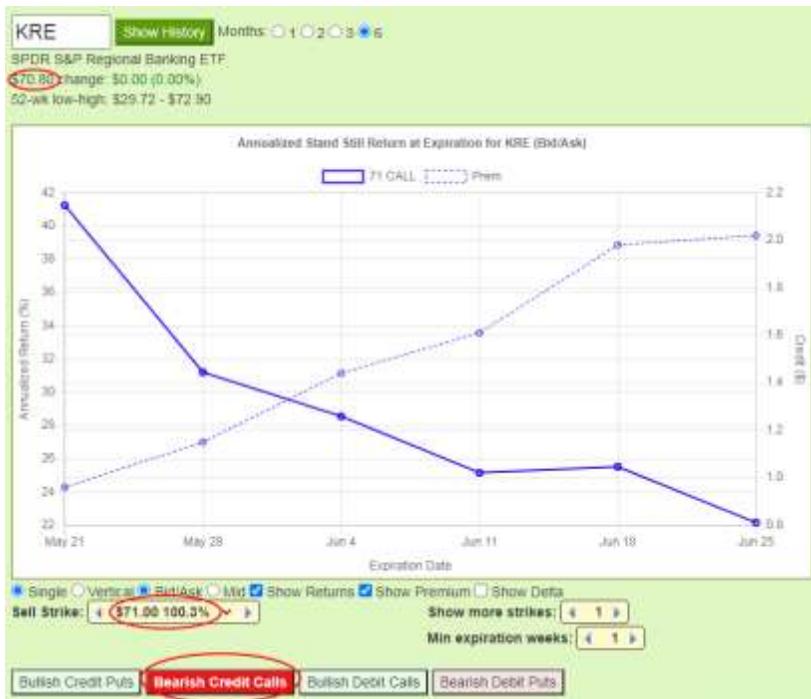
The chart will show annualized returns for this initial strike at expiration dates as far as 180 days out. If a date is not shown, that means that that particular strike is not available on that date. The option premium credit is also shown for each date.

Viewing Multiple Strikes

Increase the number of strikes to display by clicking the right-arrow of the **Show More Strikes** control. At the same time, you will probably increase the **Sell Strike** to a higher value, either by clicking its right-arrow, or by choosing a higher strike from its droplist by clicking its down-arrow.

In this example, the chart displays 3 strikes, starting with the given strike at 74, along with the next 2 lower strikes at 73.5 and 73. Note that in this case, the 73.5 strike is not available on Jun 4 or Jun 18, therefore the chart skips over those dates for that strike.

Bid/Ask or Midpoint Pricing
The initial chart view shows Bid/Ask pricing, but you can choose Midpoint pricing by clicking the **Mid** option.

As might be expected, the Midpoint pricing can be optimistic compared to the Bid/Ask pricing, and will also be reflected in the calculated annualized returns. You can return to the Bid/Ask pricing by clicking the **Bid/Ask** option.

Viewing Delta

To view delta for each strike/expiration date, click the **Show Delta** option. You might also choose to declutter the chart by turning off the **Show Premium** option.

When displaying delta, the chart will alter its right-side scale to a fixed 0-100 range. It is possible to show premium as well as delta, but the premium will be displayed in a 0-$10 range.

If you want to reduce the probability of your covered call being assigned, you would want to limit your choices to deltas of less than 30, or even 20. In the example chart, you can see that the deltas are mostly in the 30-40 range. To see strikes/dates with lower deltas, you will have to increase the base strike.


In this example, we have increased the strike by 2 points, and the deltas are in the 20-30 range. The resulting annualized returns are lower, due to the lower premiums associated with the higher strikes.

The chart suggests that the Jun 11 75 Call, or the Jun 25 75.5 or 76 Call would be viable choices, with deltas of .25, .26, and .23.

If you're not Concerned about Assignment

If you don't care about losing your shares by assignment, then you could merely ignore delta, and just choose based on returns.
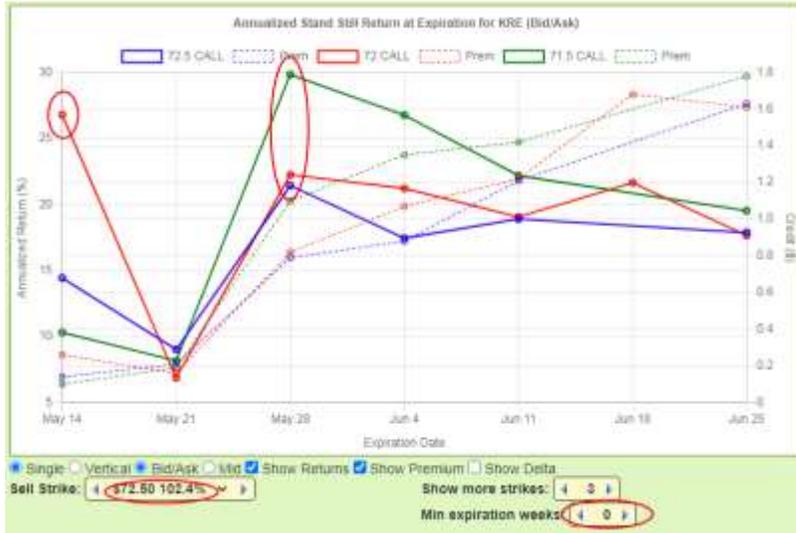

Assume in this case that you don't mind being assigned at 72. You could just set the **Sell Strike** to 72, but you can better use the power of Calls and Strikes by setting the **Show more strikes** to 3, and setting the **Sell Strike** to the next higher strike, which in this case is 72.50. You might also set the **Min expiration weeks** to 0 so that you can see the next expiration date. Generally, the prices for the very next week will skew the chart so that the remainder of the dates won't display well. But in this case the chart does suggest that the next date, May 14 (the chart was generated on May 9) 72 call might be something to consider. Otherwise, the May 28 calls look 'better' than the later dates. The May 28 71.5 call, although a half-point lower than your specified strike of 72, might look good enough for you to consider.

Of course, if you don't want to sell at a loss, do not enter or consider strikes below your cost basis.

Cash-Covered Puts

Select the desired symbol, and in the Detail Pane click the **Bearish Credit Put** button. This will show an initial strike that is just below the current value.
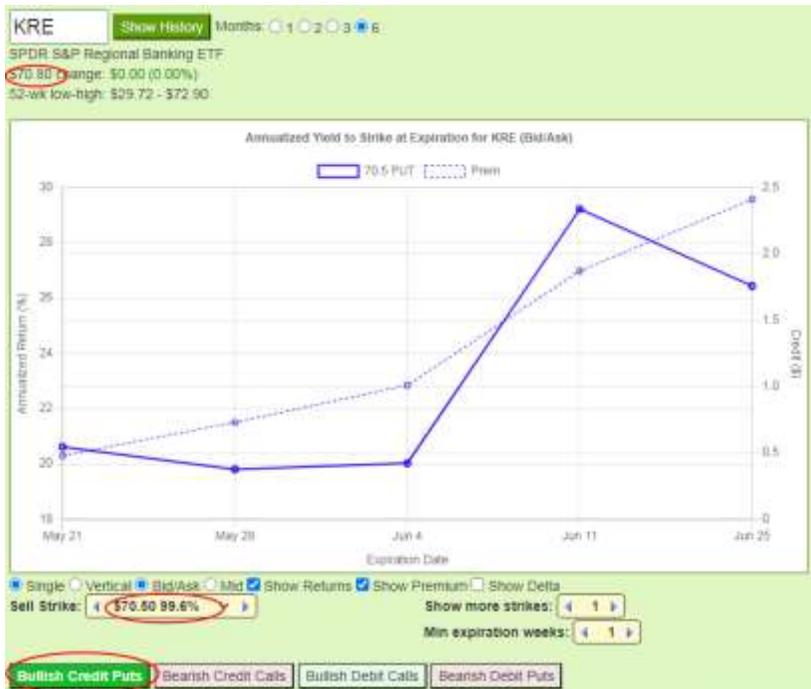
The chart will show annualized returns for this initial strike at expiration dates as far as 180 days out. If a date is not shown, that means that that particular strike is not available on that date. The option premium credit is also shown for each date.

Multiple Strikes, Bid/Ask or Midpoint Pricing

The usage of multiple strikes and bid/ask or midpoint pricing is exactly as described for Covered Calls.

Viewing Delta

Again as with Covered Calls, to view delta, click the **Show Delta** option, and optionally unclick the **Show Premium** option.

If you don't mind buying the underlying, then you will look at deltas in the 30+ range.

However, if you're looking more at an income scenario, with reduced risk of assignment, that you might instead seek deltas below 20, in which case you would lower the **Sell Strike**. With a lower-volatility name like SPY, you will see something like this, with the **Sell Strike** in the 90-95% range:

Here, Calls and Strikes suggests that if you're looking at the 390 put in a ~30-day expiration, that the May 28, Jun 4, and Jun 11 expirations are indeed 'better' than the near non-Friday dates.

With a higher-volatility name like TSLA, you will lower the **Sell Strike** much further, unless assignment is desired, or at least not unwanted. You might also add the **History** view to see how past performance compares with the displayed strikes.

It can be seen that Jun 18 and Jul 16 offer better returns than either the Jun 25 puts, or the preceding dates, and the difference between the 560 and 570 Puts can be also seen. Note that the 575 Put appears only as a 'point' at May 21, since it is not offered at the other dates.

Using the Overview to Compare Names

As described above, the Overview Pane can show an overview of all the issues contained in a watchlist.

Note that the Bid/Ask-Mid selection affects the results, as does the Min expiration weeks.

Comparing Bullish Puts

In the view shown above, KRE shows the highest annualized return, under the conditions of a 90% sell strike, and a 30 delta.

When comparing bullish puts, you can raise or lower the specified maximum **Sell Strike** as a percentage of the underlying issue- higher for more aggressive and lower for more conservative. You can also raise or lower the specified **Max Delta** – again higher for more aggressive and lower for more conservative.

It is possible that with very conservative settings, some issues may show no returns at all if there are no options that satisfy the criteria.

Exploring the Overview Results

Referring to the earlier overview with the 90% strikes and 30 deltas, we see that by hovering on the KRE bar, that the maximum return of 6.26% was found on the Sep 17 61 Put. Let's further investigate that option by clicking on the KRE bar in the overview.

This does indeed show the 61 Put for Sep 17, but also shows all other expirations, from the specified minimum expiration weeks, out to 180 days. In this case, only Jul 16 has that same strike.

If we want to examine the neighboring strikes, we can increase the **Sell Strike** setting in the Detail Pane (not the Overview Pane) to the next-higher strike, and increase the **Show more strikes** setting to 3.

Note that the added 60 and 62 Puts are available with other expiration dates than our original 61 puts. This adds some visual context to the original Sep 17 61 Put, and in some cases can expose more attractive alternates.