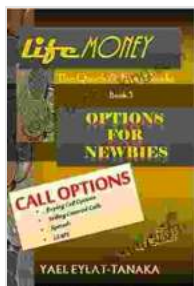


Options For Newbies: Call Options



LifeMONEY ... in smaller bites: Options for Newbies - CALL OPTIONS by Yael Eylat-Tanaka

★★★★☆ 4.5 out of 5

Language	: English
File size	: 2782 KB
Text-to-Speech	: Enabled
Screen Reader	: Supported
Enhanced typesetting	: Enabled
Word Wise	: Enabled
Print length	: 60 pages
Lending	: Enabled



What are call options?

Call options are a type of financial derivative that gives the buyer the right to buy an underlying asset at a set price on or before a certain date. The underlying asset can be a stock, bond, commodity, or currency.

Call options are often used by investors who believe that the price of the underlying asset will rise. If the price of the underlying asset does rise, the call option will increase in value.

How do call options work?

When you buy a call option, you are paying for the right to buy the underlying asset at a set price. This price is known as the strike price.

The expiration date is the date on which the option expires. If you do not exercise your option by the expiration date, it will expire worthless.

The premium is the price you pay for the call option. The premium is determined by a number of factors, including the strike price, the expiration date, and the volatility of the underlying asset.

What are the benefits of call options?

Call options offer a number of benefits, including:

- **Leverage:** Call options allow you to control a large number of shares of the underlying asset with a relatively small investment.
- **Limited risk:** The most you can lose on a call option is the premium you paid for it.
- **Potential for profit:** If the price of the underlying asset rises, the call option will increase in value.

What are the risks of call options?

Call options also come with a number of risks, including:

- **Time decay:** The value of a call option decreases as the expiration date approaches.
- **Volatility risk:** The value of a call option is affected by the volatility of the underlying asset. If the volatility of the underlying asset decreases, the value of the call option will also decrease.
- **Liquidity risk:** Call options are not as liquid as stocks or bonds. This means that it may be difficult to sell your call option if you need to.

Are call options right for me?

Call options are a complex financial instrument. Before you invest in call options, it is important to understand the risks involved.

If you are comfortable with the risks, call options can be a powerful tool for increasing your returns. However, if you are not comfortable with the risks, it is best to avoid call options.

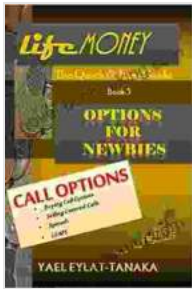
How to trade call options

If you are interested in trading call options, there are a few things you need to do:

1. **Open a brokerage account.** You will need a brokerage account to trade call options.
2. **Learn how to read option quotes.** Option quotes provide information about the price, volume, and open interest of call options.
3. **Develop a trading strategy.** Before you start trading call options, it is important to develop a trading strategy.
4. **Place your trades.** Once you have a trading strategy, you can place your trades through your brokerage account.

Call options are a powerful tool for increasing your returns. However, it is important to understand the risks involved before you invest in call options.

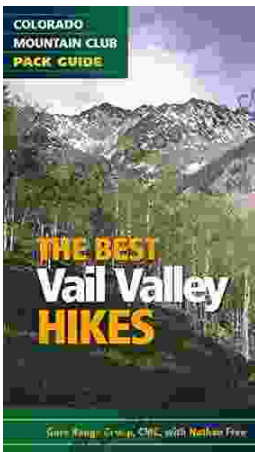
If you are comfortable with the risks, call options can be a great way to boost your portfolio.



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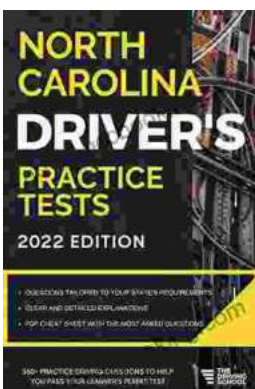
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