



Understanding Your Online Broker's Options Trading Screen

How To Avoid “Psychological”
Response

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- To prevent concern and confusion, the next few slides will help you to understand how to “read” your options selling trades on your Online Broker's Platform.
- Oftentimes position values (your profit) will “Float” between positive and negative – this is NORMAL.
- The mistake many investors make is rushing to the exits when then see something like this:



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Income Trade Recommendation made on January 26, 2012:

Sell Gold Miners ETF (GDX) February \$55 Puts

Symbol	Option Contract	Qty	Cost	Total Cost	Price	Market Value	Gain/Loss	Change %	Action
GDX	GDX Feb \$55 Puts	-2	\$1.25	-\$250.00	\$ 3.40	-\$680.00	-\$430.00	63.2%	Trade/Roll



The first mistake many investors make is mis-reading the QTY and Total Cost columns and assuming they've somehow "lost money". You haven't – this is simply how your broker shows a "Sell" trade (because it's cash OUT to them and Cash IN to you). If you see this, don't worry – this is how it SHOULD look.



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Three weeks later on February 14, with the GDX trading at \$53.19, you would see the following on your options trading screen:

Symbol	Option Contract	Qty	Cost	Total Cost	Market Price	Market Value	Gain/Loss	Change %	Action
GDX	GDX Feb \$55 Puts	-2	\$1.25	-\$250.00	\$ 3.40	-\$680.00	-\$430.00	63.2%	Trade/Roll

The second mistake often made occurs when new prices are updated along with Market Value. In this case, you might “Think” you’ve lost \$430.00

You haven’t...unless you react and close the position. **Don’t do this.** You have TWO preferred choices: first, let the trade run to conclusion; or second, ROLL the trade, if necessary. Watch what happened with this trade...



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TWO DAYS later on February 16, the GDX rebounded to \$55.15, and you would NOW see the following on your options trading screen:

Symbol	Option Contract	Qty	Cost	Total Cost	Price	Market Value	Gain/Loss	Change %	Action
GDX	GDX Feb \$55 Puts	-2	\$1.25	-\$250.00	\$0.40	-\$80.00	\$ 170.00	212.0%	Trade/Roll

In just two days, you swung back to a profit.



And, one day later...



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On February 17, the GDX February \$55 Puts **Expired Worthless** after the close:

Symbol	Option Contract	Qty	Cost	Total Cost	Price	Market Value	Gain/Loss	Change %	Action
GDX	GDX Feb \$55 Puts	-2	\$1.25	-\$250.00	\$0.00	\$ -	\$ 250.00	250.0%	Trade/Roll

You kept the initial \$250.00

Key Lesson: You haven't "lost" money unless you close the trade **early**. But because you have **TIME** on your side and the **ability to ROLL the trade** forward, don't make the mistake of turning a paper loss into a cash loss.

