

How to Read an Options Chain Part 2

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Let's continue our topic of How to Read an Options Chain. In Part One we learned how to read and use an option such as where the Put and Call are located, as well as, where At-The-Money, Out-of-The-Money, and In-The-Money are located, so now we will look at that differently. We will look at it from a visual perspective on an actual chart as if we are placing an order using an option chain.

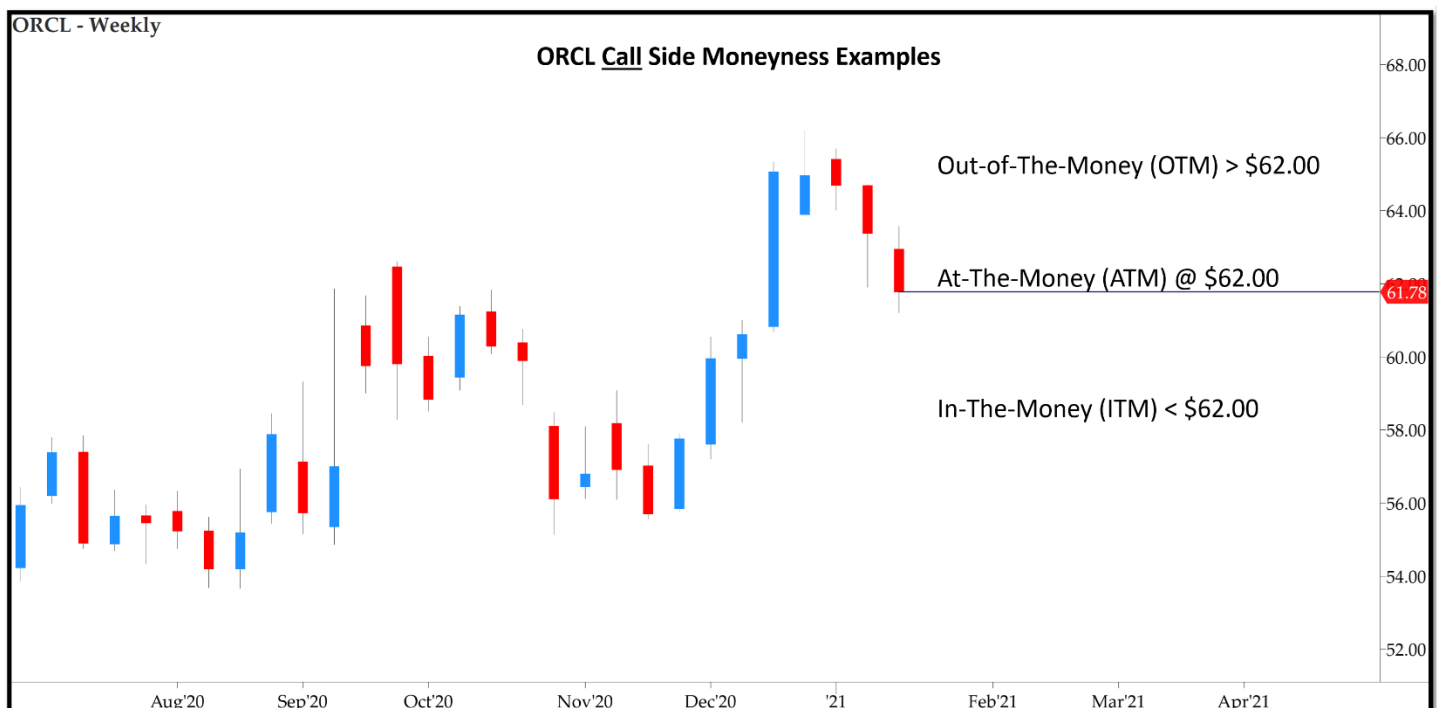
A quick reminder on Moneyness on the Option Chain.

| CALLS | | | | Strikes: 14 | | PUTS | | | |
|--------|----------|---------|---------|-------------|--------|---------|---------|--------|----------|
| Volume | Open.Int | Bid X | Ask X | Exp | Strike | Bid X | Ask X | Volume | Open.Int |
| 90 | 11,004 | 33.40 D | 34.75 I | 15 JAN 21 | 185 | .41 B | .52 H | 563 | 15,280 |
| 226 | | 35 C | 30.00 I | 15 JAN 21 | 190 | .60 H | .76 A | 1,186 | 24,689 |
| 198 | | 30 Z | 25.35 I | 15 JAN 21 | 195 | .85 Q | | 3,545 | 14,825 |
| 492 | | 25 B | 20.80 I | 15 JAN 21 | 200 | 1.30 B | | 1,743 | 30,407 |
| 154 | 3,302 | 15.15 P | 16.50 I | 15 JAN 21 | 205 | 1.85 B | | 5,172 | 15,192 |
| 602 | 22,685 | 11.30 M | 12.50 I | 15 JAN 21 | 210 | 3.10 Z | 3.60 B | 1,057 | 22,996 |
| 3,752 | 62,542 | 8.10 P | 8.90 C | 15 JAN 21 | 215 | 4.65 W | 5.55 Z | 3,285 | 64,144 |
| 4,588 | 31,435 | 5.50 B | 6.00 J | 15 JAN 21 | 220 | 6.85 C | 7.55 P | 457 | 12,339 |
| 3,780 | 28,050 | 3.65 H | 4.00 D | 15 JAN 21 | 225 | 9.60 C | | 196 | 2,824 |
| 4,333 | | 30 Z | 2.47 P | 15 JAN 21 | 230 | 13.05 C | | 52 | 17,799 |
| 3,309 | | 25 B | 1.42 B | 15 JAN 21 | 235 | 17.05 C | | 82 | 313 |
| 3,496 | | 20 D | .90 N | 15 JAN 21 | 240 | 21.55 I | | 91 | 1,093 |
| 504 | 6,208 | 15 B | .59 B | 15 JAN 21 | 245 | 26.35 I | 28.05 H | 0 | 341 |
| 1,753 | 16,955 | 10 C | .28 C | 15 JAN 21 | 250 | 31.25 I | 32.75 W | 1 | 351 |

We will use this to view the Moneyness on a chart as we traders use charts to analyze our trades.

Call Side Moneyness Chart Visual

Here we will look at the Moneyness on a chart from the Call perspective. We will look at Oracle (ORCL). The last price was \$61.78 so the nearest Strike Price would be \$62.00 and because the last price is very close to the \$62.00 strike price, it would be considered At-The-Money (ATM).

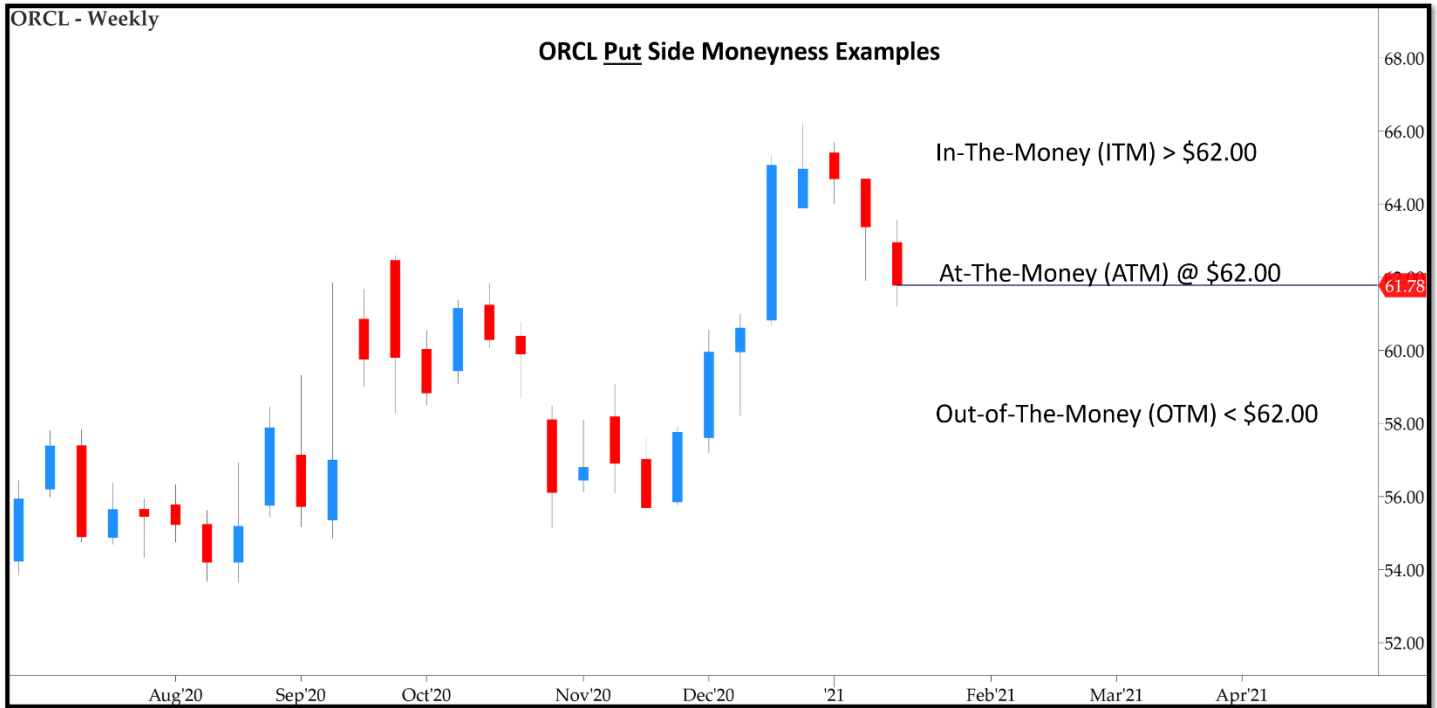


Any Strike price above that is considered Out-of-the-Money (OTM) and any Strike Prices below \$62.00 is considered In-The-Money (ITM)

The Put side is different however, let us look at that next.

Put Side Moneyness Chart Visual

Here we will look at the Moneyness on a chart from the Put perspective using the exact same ORCL Weekly chart.



At-The-Money (ATM) is still the \$62.00 Strike, as \$61.78 is still the last price traded.

Any Strike price below \$62.00 is considered Out-of-the-Money (OTM) and any Strike Price above \$62.00 is considered In-The-Money (ITM) as shown in the picture above.

There are many possibilities when it comes to trading options, such as buying a call ITM, ATM, or OTM. Selling a call ATM, ITM, or OTM would be more examples and that is just the call side. Trading options literally gives you many "options" as a trader and is one of the reasons why traders gravitate toward them.

Stay tuned for our Self-paced Option Course

Special Note: One of the very best option trading resources I have seen is [this website](#). I use it to set up my own trades and it has been very helpful for me. If you sign up on their website (not app) they will give you a 20% discount.

God Bless & Good Trading,

Ryan

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You may learn more about Trading & Investing at www.TraderTactics.com