



# Options Fundamentals

## Ep 6

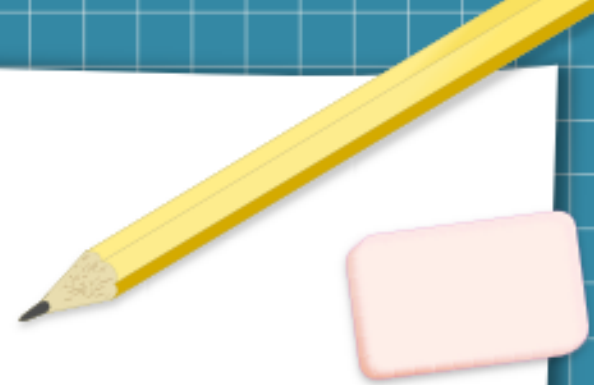
# Demystifying the Greeks: Theta

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BitChute: MidwayTrades





# Disclaimer

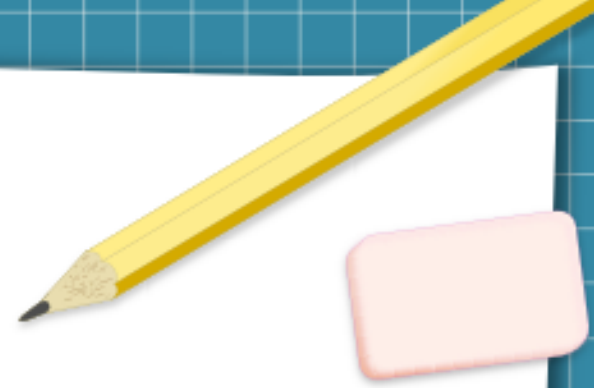


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# What is Theta?

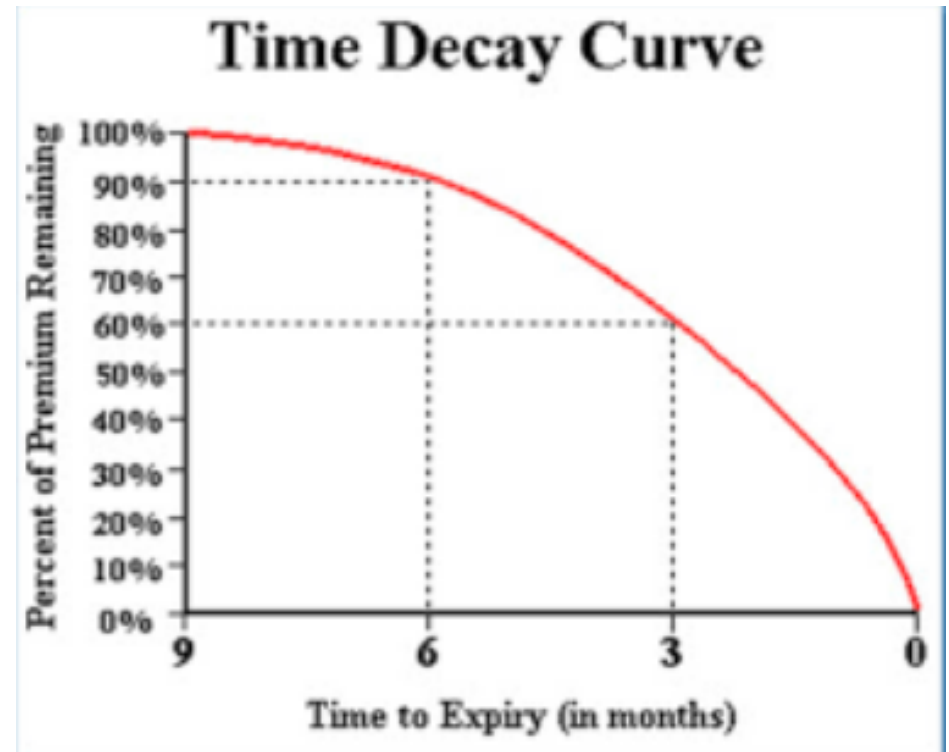


- Extrinsic Value
  - Volatility
  - Time
- All extrinsic goes away at expiration
- Theta measures the affect on the price of an option after the passage of a unit of time (day)
  - It measures the effect of time decay on the option price



# Theta Behavior

- Theta moves at the square root of time
  - As you move out in time it goes up slower
  - As you get closer to expiration, it accelerates
- This behavior is most true ATM
  - ITM/OTM options move more linearly with respect to time





# Theta @ 90 days

|              |          |                |          |  |                 |                        |          |           |           |             |
|--------------|----------|----------------|----------|--|-----------------|------------------------|----------|-----------|-----------|-------------|
| TSLA         |          | TESLA INC COM  |          | 308.17   | -3.64<br>-1.17% | B: 307.20<br>A: 308.00 | HTB      | NASDAQ    | MM ±0.895 |             |
| Underlying   |          |                |          |  |                 |                        |          |           |           |             |
| >            | Last X   |                | Net Chng |  | Bid X           |                        | Ask X    |           | Size      |             |
|              | 308.17 Q |                | -3.64    |  | 307.20 P        |                        | 308.00 P |           | 1 x 2     |             |
| Option Chain |          |                |          |  |                 |                        |          |           |           |             |
| Filter: Off  |          | Spread: Single |          | Layout: Last X, Net Change, Impl Vol, Delta, Theta |                 |                        |          |           |           |             |
| CALLS        |          |                |          |  |                 |                        |          |           |           | Strikes: 30 |
|              | Last X   | Net Chng       | Impl Vol | Delta  | Theta           | Bid X                  | Ask X    | Exp       | Strike    |             |
| > 18 APR 19  | (64)     | 100            |          |  |                 |                        |          |           |           |             |
| > 17 MAY 19  | (93)     | 100            |          |  |                 |                        |          |           |           |             |
|              | 95.47 C  | 0              | 66.33%   | .88  | -.12            | 95.30 X                | 97.20 X  | 17 MAY 19 | 220       |             |
|              | 91.66 I  | 0              | 64.09%   | .86  | -.13            | 86.65 C                | 88.70 Z  | 17 MAY 19 | 230       |             |
|              | 83.10 C  | 0              | 62.50%   | .83  | -.14            | 78.70 X                | 80.40 X  | 17 MAY 19 | 240       |             |
|              | 73.25 P  | -2.75          | 60.62%   | .80  | -.15            | 71.05 X                | 72.10 X  | 17 MAY 19 | 250       |             |
|              | 74.55 Z  | 0              | 59.92%   | .79  | -.16            | 67.40 C                | 68.20 X  | 17 MAY 19 | 255       |             |
|              | 60.00 Z  | 0              | 59.15%   | .77  | -.16            | 63.65 C                | 64.50 X  | 17 MAY 19 | 260       |             |
|              | 73.50 Z  | 0              | 58.32%   | .75  | -.16            | 60.00 B                | 60.80 X  | 17 MAY 19 | 265       |             |
|              | 52.70 I  | 0              | 57.67%   | .73  | -.17            | 56.50 B                | 57.30 X  | 17 MAY 19 | 270       |             |
|              | 53.15 B  | 0              | 56.89%   | .71  | -.17            | 53.05 B                | 53.80 X  | 17 MAY 19 | 275       |             |
|              | 50.45 N  | +2.15          | 56.16%   | .69  | -.17            | 49.70 B                | 50.45 X  | 17 MAY 19 | 280       |             |
|              | 46.95 N  | +1.75          | 55.40%   | .67  | -.18            | 46.40 B                | 47.20 B  | 17 MAY 19 | 285       |             |
|              | 43.85 X  | +90            | 54.90%   | .65  | -.18            | 43.45 N                | 44.10 M  | 17 MAY 19 | 290       |             |
|              | 46.75 Q  | 0              | 54.21%   | .62  | -.18            | 40.45 B                | 41.05 B  | 17 MAY 19 | 295       |             |
|              | 37.50 B  | -6.15          | 53.56%   | .60  | -.18            | 37.55 M                | 38.15 M  | 17 MAY 19 | 300       |             |
|              | 34.40 Z  | -2.20          | 52.93%   | .58  | -.18            | 34.80 X                | 35.35 B  | 17 MAY 19 | 305       |             |
|              | 32.53 C  | -2.59          | 52.32%   | .55  | -.18            | 32.15 C                | 32.70 B  | 17 MAY 19 | 310       |             |
|              | 29.55 B  | -3.35          | 51.81%   | .53  | -.18            | 29.70 X                | 30.20 B  | 17 MAY 19 | 315       |             |
|              | 27.55 X  | -3.65          | 51.24%   | .50  | -.18            | 27.30 C                | 27.80 B  | 17 MAY 19 | 320       |             |
|              | 25.00 X  | -3.78          | 50.72%   | .48  | -.18            | 25.05 B                | 25.55 B  | 17 MAY 19 | 325       |             |
|              | 22.63 C  | -2.37          | 50.22%   | .45  | -.17            | 22.95 B                | 23.40 B  | 17 MAY 19 | 330       |             |
|              | 20.24 C  | -5.16          | 49.70%   | .43  | -.17            | 20.95 X                | 21.35 B  | 17 MAY 19 | 335       |             |
|              | 19.00 I  | -3.50          | 49.28%   | .40  | -.16            | 19.10 B                | 19.50 X  | 17 MAY 19 | 340       |             |
|              | 17.25 P  | -2.28          | 48.79%   | .38  | -.16            | 17.35 B                | 17.70 B  | 17 MAY 19 | 345       |             |
|              | 15.75 P  | -1.37          | 48.33%   | .35  | -.16            | 15.70 C                | 16.05 B  | 17 MAY 19 | 350       |             |
|              | 14.21 B  | -1.84          | 47.95%   | .33  | -.15            | 14.20 B                | 14.55 B  | 17 MAY 19 | 355       |             |
|              | 13.22 C  | -1.28          | 47.75%   | .31  | -.14            | 13.00 X                | 13.15 B  | 17 MAY 19 | 360       |             |
|              | 11.90 Q  | -2.50          | 47.18%   | .29  | -.14            | 11.50 Z                | 11.85 B  | 17 MAY 19 | 365       |             |
|              | 10.60 H  | -1.45          | 46.85%   | .26  | -.13            | 10.35 C                | 10.65 B  | 17 MAY 19 | 370       |             |
|              | 9.15 E   | -2.71          | 46.49%   | .24  | -.13            | 9.25 Z                 | 9.55 B   | 17 MAY 19 | 375       |             |
|              | 8.38 C   | -.92           | 46.15%   | .23  | -.12            | 8.25 M                 | 8.55 B   | 17 MAY 19 | 380       |             |



# Theta @ 60 days

|              |  |                |  |                |  |  |  |                        |  |       |  |         |  |             |  |
|--------------|--|----------------|--|----------------|--|--|--|------------------------|--|-------|--|---------|--|-------------|--|
| TSLA         |  | TESLA INC COM  |  | 308.17         |  | -3.64<br>-1.17%                                    |  | B: 307.20<br>A: 308.00 |  | HTB   |  | NASDAQ  |  | MM ±0.868   |  |
| Underlying   |  |                |  |                |  |  |  |                        |  |       |  |         |  |             |  |
|              |  | Last X         |  | Net Chng       |  | Bid X  |  | Ask X                  |  |       |  | Size    |  |             |  |
|              |  | 308.17 Q       |  | -3.64          |  | 307.20 P   |  | 308.00 P               |  |       |  | 1 x 2   |  |             |  |
| Option Chain |  | Filter: Off    |  | Spread: Single |  | Layout: Last X, Net Change, Impl Vol, Delta, Theta |  |                        |  |       |  |         |  |             |  |
| CALLS        |  |                |  |                |  |  |  |                        |  |       |  |         |  |             |  |
|              |  | Last X         |  | Net Chng       |  | Impl Vol   |  | Delta                  |  | Theta |  | Bid X   |  | Ask X       |  |
|              |  |                |  |                |  |  |  |                        |  |       |  |         |  | Strikes: 30 |  |
|              |  |                |  |                |  |  |  |                        |  |       |  |         |  | Exp         |  |
|              |  |                |  |                |  |  |  |                        |  |       |  |         |  | Strike      |  |
| >            |  | 8 MAR 19 (23)  |  | 100 (Weeklys)  |  |  |  |                        |  |       |  |         |  |             |  |
| >            |  | 15 MAR 19 (30) |  | 100            |  |  |  |                        |  |       |  |         |  |             |  |
| >            |  | 22 MAR 19 (37) |  | 100 (Weeklys)  |  |  |  |                        |  |       |  |         |  |             |  |
| >            |  | 29 MAR 19 (44) |  | 100 (Weeklys)  |  |  |  |                        |  |       |  |         |  |             |  |
| v            |  | 18 APR 19 (64) |  | 100            |  |  |  |                        |  |       |  |         |  |             |  |
|              |  | 79.35 I        |  | 0              |  | 60.71%   |  | .88                    |  | -.13  |  | 77.95 X |  | 79.85 X     |  |
|              |  | 81.00 H        |  | 0              |  | 60.05%   |  | .87                    |  | -.14  |  | 73.85 X |  | 75.45 X     |  |
|              |  | 67.35 N        |  | 0              |  | 58.01%   |  | .86                    |  | -.14  |  | 69.10 X |  | 71.05 X     |  |
|              |  | 64.16 C        |  | -5.74          |  | 57.32%   |  | .84                    |  | -.15  |  | 65.00 X |  | 66.90 X     |  |
|              |  | 63.20 Q        |  | -5.10          |  | 56.29%   |  | .82                    |  | -.16  |  | 61.35 X |  | 62.25 X     |  |
|              |  | 62.12 I        |  | 0              |  | 55.45%   |  | .80                    |  | -.16  |  | 57.35 C |  | 58.25 X     |  |
|              |  | 53.43 I        |  | -4.05          |  | 54.43%   |  | .78                    |  | -.17  |  | 53.40 X |  | 54.25 X     |  |
|              |  | 55.60 P        |  | 0              |  | 53.68%   |  | .76                    |  | -.18  |  | 49.65 X |  | 50.45 X     |  |
|              |  | 41.59 C        |  | 0              |  | 52.85%   |  | .74                    |  | -.18  |  | 46.00 B |  | 46.70 X     |  |
|              |  | 42.69 C        |  | -3.31          |  | 52.04%   |  | .71                    |  | -.19  |  | 42.40 X |  | 43.15 X     |  |
|              |  | 38.59 A        |  | -6.01          |  | 51.29%   |  | .69                    |  | -.19  |  | 39.00 B |  | 39.70 B     |  |
|              |  | 35.96 C        |  | -2.86          |  | 50.49%   |  | .66                    |  | -.20  |  | 35.70 B |  | 36.35 B     |  |
|              |  | 33.15 N        |  | -1.70          |  | 49.87%   |  | .63                    |  | -.20  |  | 32.65 B |  | 33.20 M     |  |
|              |  | 30.30 Q        |  | -2.20          |  | 49.11%   |  | .60                    |  | -.20  |  | 29.60 B |  | 30.20 X     |  |
|              |  | 27.15 Z        |  | -3.00          |  | 48.42%   |  | .57                    |  | -.20  |  | 26.75 B |  | 27.35 B     |  |
|              |  | 24.05 N        |  | -3.20          |  | 47.82%   |  | .54                    |  | -.20  |  | 24.15 B |  | 24.65 B     |  |
|              |  | 21.18 C        |  | -3.22          |  | 47.22%   |  | .50                    |  | -.20  |  | 21.65 B |  | 22.15 B     |  |
|              |  | 19.62 C        |  | -2.52          |  | 46.71%   |  | .47                    |  | -.19  |  | 19.40 B |  | 19.80 B     |  |
|              |  | 18.00 N        |  | -2.00          |  | 46.08%   |  | .44                    |  | -.19  |  | 17.20 B |  | 17.60 B     |  |
|              |  | 15.45 Z        |  | -2.10          |  | 45.55%   |  | .40                    |  | -.18  |  | 15.20 B |  | 15.60 B     |  |
|              |  | 13.45 M        |  | -1.35          |  | 45.06%   |  | .37                    |  | -.18  |  | 13.40 B |  | 13.75 B     |  |
|              |  | 11.90 P        |  | -1.70          |  | 44.62%   |  | .34                    |  | -.17  |  | 11.75 Z |  | 12.10 B     |  |
|              |  | 10.30 P        |  | -1.25          |  | 44.25%   |  | .31                    |  | -.16  |  | 10.30 Z |  | 10.60 C     |  |
|              |  | 9.12 E         |  | -1.33          |  | 43.80%   |  | .28                    |  | -.15  |  | 8.95 Z  |  | 9.20 B      |  |
|              |  | 8.16 I         |  | -.99           |  | 43.39%   |  | .25                    |  | -.14  |  | 7.70 Z  |  | 8.00 B      |  |
|              |  | 7.10 C         |  | -.80           |  | 43.11%   |  | .23                    |  | -.13  |  | 6.70 Z  |  | 6.90 B      |  |
|              |  | 6.13 C         |  | -.68           |  | 42.79%   |  | .20                    |  | -.12  |  | 5.70 Z  |  | 6.00 Z      |  |
|              |  | 5.00 Z         |  | -.95           |  | 42.53%   |  | .18                    |  | -.12  |  | 4.90 Z  |  | 5.15 C      |  |
|              |  | 4.35 E         |  | -.70           |  | 42.29%   |  | .16                    |  | -.11  |  | 4.20 Z  |  | 4.40 Z      |  |
|              |  | 3.85 C         |  | -.48           |  | 42.09%   |  | .14                    |  | -.10  |  | 3.55 C  |  | 3.80 C      |  |



# Theta @ 2 days

TSLA

TESLA INC COM

308.17

-3.64  
-1.17%

B: 307.20  
A: 308.00

HTB

NASDAQ

±0.895

Underlying

Last X

Net Chng

Bid X

Ask X

Size

308.17 Q

-3.64

307.20 P

308.00 P

1 x 2

Trade Grid

Option Chain

Filter: Off

Spread: Single

Layout: Last X, Net Change, Impl Vol, Delta, Theta

CALLS

Strikes: 30

Last X

Net Chng

Impl Vol

Delta

Theta

Bid X

Ask X

Exp

Strike

15 FEB 19

(2)

100

41.17 A

0

70.82%

.97

-.22

34.90 Z

36.60 Z

15 FEB 19

272.5

31.85 I

-9.94

71.31%

.96

-.28

32.70 X

34.00 B

15 FEB 19

275

25.40 Q

0

64.35%

.97

-.24

30.00 B

31.60 Z

15 FEB 19

277.5

29.05 Z

-2.85

60.82%

.96

-.26

27.60 X

29.05 B

15 FEB 19

280

31.00 P

0

58.93%

.95

-.30

25.15 B

26.65 B

15 FEB 19

282.5

24.28 X

-5.54

51.44%

.95

-.24

22.70 X

23.95 B

15 FEB 19

285

20.29 Q

0

52.07%

.93

-.34

20.25 B

21.75 Z

15 FEB 19

287.5

18.86 C

-3.64

46.31%

.93

-.31

17.75 X

19.20 B

15 FEB 19

290

16.07 B

-3.78

46.57%

.89

-.41

15.65 X

16.80 X

15 FEB 19

292.5

13.85 C

-4.15

43.13%

.87

-.44

13.20 M

14.50 X

15 FEB 19

295

11.65 C

-7.35

41.61%

.83

-.51

11.15 X

12.15 X

15 FEB 19

297.5

9.60 E

-3.83

39.72%

.77

-.57

9.25 B

9.80 X

15 FEB 19

300

7.50 I

-3.90

37.81%

.71

-.62

7.25 I

7.80 X

15 FEB 19

302.5

5.80 C

-3.76

35.75%

.63

-.64

5.50 Z

5.85 Z

15 FEB 19

305

4.20 B

-3.98

35.64%

.53

-.67

4.10 M

4.40 N

15 FEB 19

307.5

3.00 P

-3.15

34.96%

.43

-.65

2.87 M

3.15 X

15 FEB 19

310

2.12 I

-2.73

34.68%

.33

-.59

2.00 H

2.13 B

15 FEB 19

312.5

1.38 C

-2.22

34.37%

.24

-.50

1.30 Q

1.40 B

15 FEB 19

315

.95 N

-1.73

34.16%

.17

-.40

.78 Z

.91 Z

15 FEB 19

317.5

.59 Q

-1.38

35.54%

.12

-.34

.57 Z

.61 A

15 FEB 19

320

.39 P

-1.05

35.80%

.08

-.25

.31 Z

.42 X

15 FEB 19

322.5

.26 C

-.73

37.95%

.06

-.22

.26 H

.30 C

15 FEB 19

325

.18 H

-.55

38.80%

.04

-.16

.14 N

.23 X

15 FEB 19

327.5

.15 C

-.38

41.32%

.03

-.15

.13 Q

.18 X

15 FEB 19

330

.11 C

-.31

42.82%

.03

-.12

.09 P

.14 X

15 FEB 19

332.5

.09 E

-.22

44.96%

.02

-.11

.08 Z

.11 N

15 FEB 19

335

.07 C

-.17

47.06%

.02

-.09

.06 Z

.10 N

15 FEB 19

337.5

.06 M

-.14

49.36%

.01

-.08

.05 Z

.09 X

15 FEB 19

340

.07 Q

-.10

51.42%

.01

-.08

.04 Q

.08 P

15 FEB 19

342.5

.05 Q

-.08

55.06%

.01

-.08

.05 Q

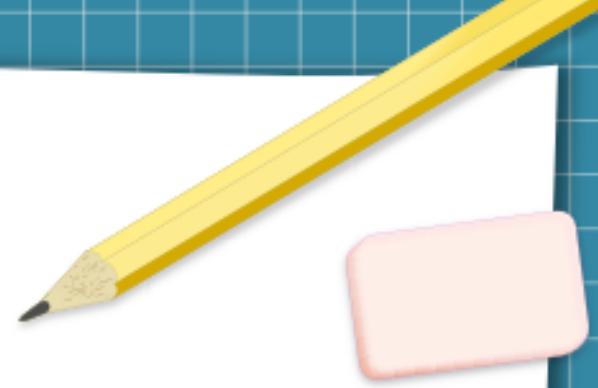
.08 X

15 FEB 19

345



# Real-World Theta



- Theta is a theoretical value
- In the real world, theta does not necessarily decay at an even rate even throughout a week
- Due to markets being closed on weekends, theta will come out faster starting around Weds/Thurs to account for the weekend
  - If it didn't, everyone would sell options near the close on Fri and buy them back at the open on Mon.



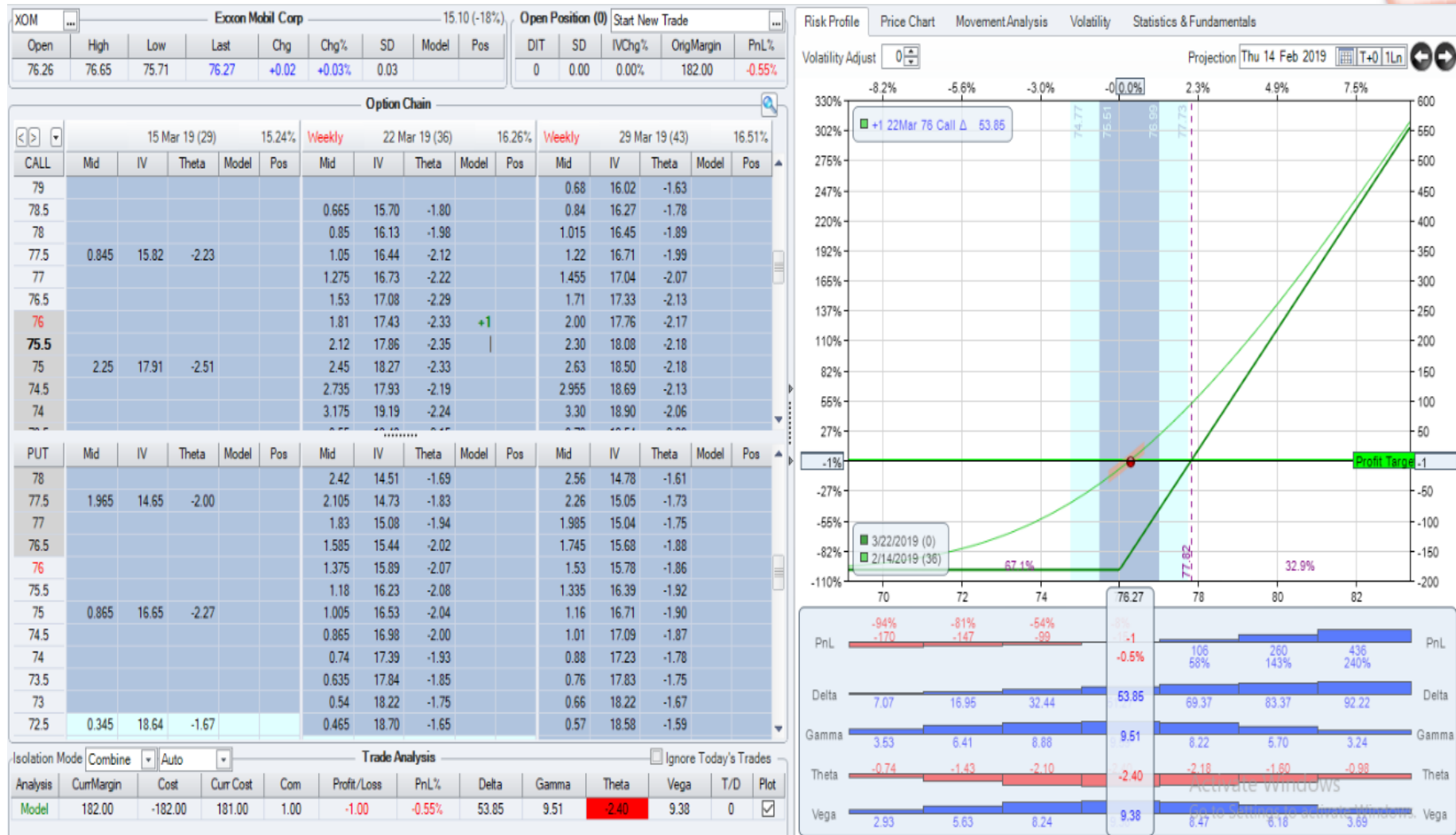
# Why Do Traders Care?

A yellow pencil with a black eraser and a pink eraser are positioned in the top right corner of the slide.

- Theta decay is a foe of option buyers and a friend to option sellers
- Some traders like to trade spreads where they sell more theta than they buy, thus the trade has positive theta and time works in favor of the trade.



# Long Call: Negative Theta



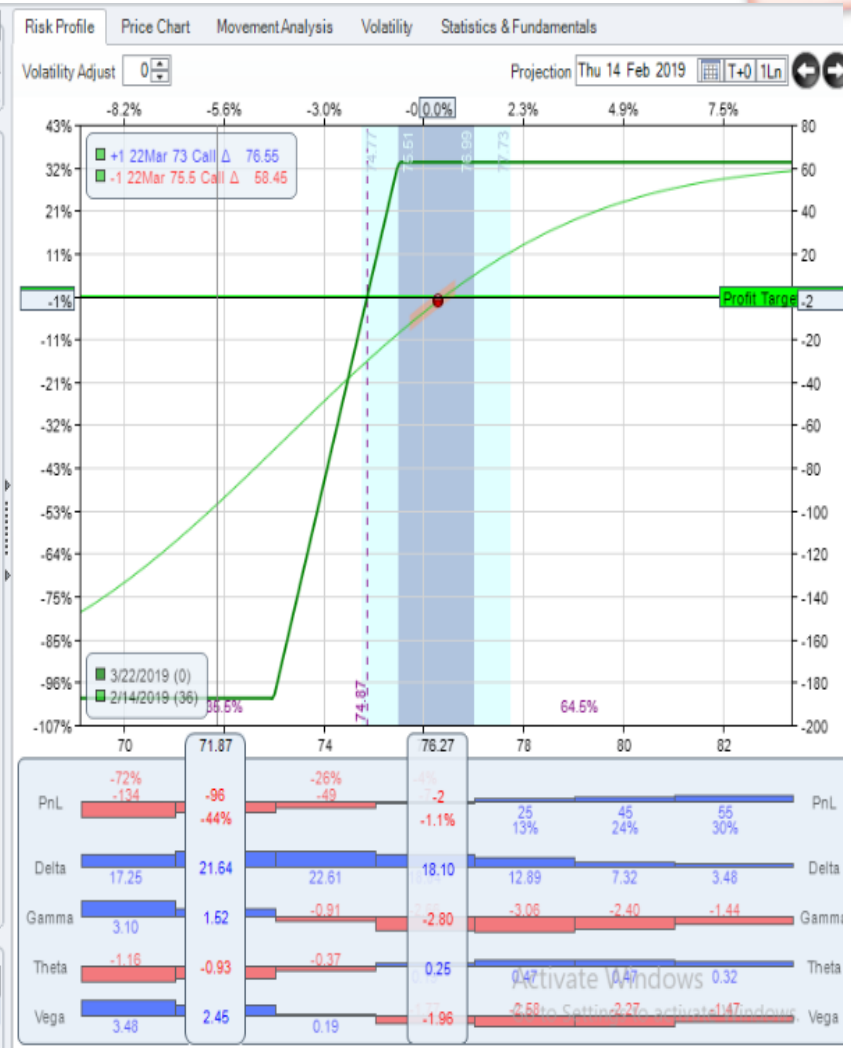


# Long Call Spread: Positive Theta

|       |                  |       |       |       |        |      |       |     |  |              |      |                   |            |        |  |  |                 |  |
|-------|------------------|-------|-------|-------|--------|------|-------|-----|--|--------------|------|-------------------|------------|--------|--|--|-----------------|--|
| XOM   | Exxon Mobil Corp |       |       |       |        |      |       |     |  | 15.10 (-18%) |      | Open Position (0) |            |        |  |  | Start New Trade |  |
| Open  | High             | Low   | Last  | Chg   | Chg%   | SD   | Model | Pos |  | DIT          | SD   | IVChg%            | OrigMargin | PnL%   |  |  |                 |  |
| 76.26 | 76.65            | 75.71 | 76.27 | +0.02 | +0.03% | 0.03 |       |     |  | 0            | 0.00 | 0.00%             | 187.50     | -1.07% |  |  |                 |  |

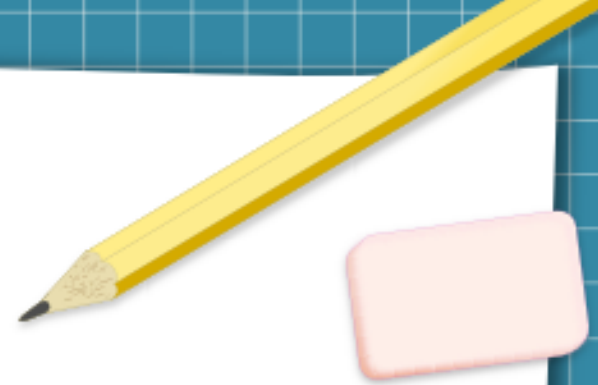
|              |                |       |       |       |     |        |        |                |       |       |     |  |        |        |                |       |     |  |  |        |
|--------------|----------------|-------|-------|-------|-----|--------|--------|----------------|-------|-------|-----|--|--------|--------|----------------|-------|-----|--|--|--------|
| Option Chain |                |       |       |       |     |        |        |                |       |       |     |  |        |        |                |       |     |  |  |        |
| <>           | 15 Mar 19 (29) |       |       |       |     | 15.24% | Weekly | 22 Mar 19 (36) |       |       |     |  | 16.26% | Weekly | 29 Mar 19 (43) |       |     |  |  | 16.51% |
| CALL         | Mid            | IV    | Theta | Model | Pos |        | Mid    | IV             | Theta | Model | Pos |  | Mid    | IV     | Theta          | Model | Pos |  |  |        |
| 77.5         | 0.845          | 15.82 | -2.23 |       |     |        | 1.05   | 16.44          | -2.12 |       |     |  | 1.22   | 16.71  | -1.99          |       |     |  |  |        |
| 77           |                |       |       |       |     |        | 1.275  | 16.73          | -2.22 |       |     |  | 1.455  | 17.04  | -2.07          |       |     |  |  |        |
| 76.5         |                |       |       |       |     |        | 1.53   | 17.08          | -2.29 |       |     |  | 1.71   | 17.33  | -2.13          |       |     |  |  |        |
| 76           |                |       |       |       |     |        | 1.81   | 17.43          | -2.33 |       |     |  | 2.00   | 17.76  | -2.17          |       |     |  |  |        |
| 75.5         |                |       |       |       |     |        | 2.12   | 17.86          | -2.35 | -1    |     |  | 2.30   | 18.08  | -2.18          |       |     |  |  |        |
| 75           | 2.25           | 17.91 | -2.51 |       |     |        | 2.45   | 18.27          | -2.33 |       |     |  | 2.63   | 18.50  | -2.18          |       |     |  |  |        |
| 74.5         |                |       |       |       |     |        | 2.735  | 17.93          | -2.19 |       |     |  | 2.955  | 18.69  | -2.13          |       |     |  |  |        |
| 74           |                |       |       |       |     |        | 3.175  | 19.19          | -2.24 |       |     |  | 3.30   | 18.90  | -2.06          |       |     |  |  |        |
| 73.5         |                |       |       |       |     |        | 3.55   | 19.49          | -2.15 |       |     |  | 3.70   | 19.54  | -2.03          |       |     |  |  |        |
| 73           |                |       |       |       |     |        | 3.975  | 20.27          | -2.11 | +1    |     |  | 4.10   | 20.05  | -1.97          |       |     |  |  |        |
| 72.5         | 4.225          | 20.40 | -2.03 |       |     |        | 4.35   | 20.18          | -1.93 |       |     |  | 4.625  | 21.98  | -2.11          |       |     |  |  |        |
| PUT          | Mid            | IV    | Theta | Model | Pos |        | Mid    | IV             | Theta | Model | Pos |  | Mid    | IV     | Theta          | Model | Pos |  |  |        |
| 78           |                |       |       |       |     |        | 2.42   | 14.51          | -1.69 |       |     |  | 2.56   | 14.78  | -1.61          |       |     |  |  |        |
| 77.5         | 1.965          | 14.65 | -2.00 |       |     |        | 2.105  | 14.73          | -1.83 |       |     |  | 2.26   | 15.05  | -1.73          |       |     |  |  |        |
| 77           |                |       |       |       |     |        | 1.83   | 15.08          | -1.94 |       |     |  | 1.985  | 15.04  | -1.75          |       |     |  |  |        |
| 76.5         |                |       |       |       |     |        | 1.585  | 15.44          | -2.02 |       |     |  | 1.745  | 15.68  | -1.88          |       |     |  |  |        |
| 76           |                |       |       |       |     |        | 1.375  | 15.89          | -2.07 |       |     |  | 1.53   | 15.78  | -1.86          |       |     |  |  |        |
| 75.5         |                |       |       |       |     |        | 1.18   | 16.23          | -2.08 |       |     |  | 1.335  | 16.39  | -1.92          |       |     |  |  |        |
| 75           | 0.865          | 16.65 | -2.27 |       |     |        | 1.005  | 16.53          | -2.04 |       |     |  | 1.16   | 16.71  | -1.90          |       |     |  |  |        |
| 74.5         |                |       |       |       |     |        | 0.865  | 16.98          | -2.00 |       |     |  | 1.01   | 17.09  | -1.87          |       |     |  |  |        |
| 74           |                |       |       |       |     |        | 0.74   | 17.39          | -1.93 |       |     |  | 0.88   | 17.23  | -1.78          |       |     |  |  |        |
| 73.5         |                |       |       |       |     |        | 0.635  | 17.84          | -1.85 |       |     |  | 0.76   | 17.83  | -1.75          |       |     |  |  |        |
| 73           |                |       |       |       |     |        | 0.54   | 18.22          | -1.75 |       |     |  | 0.66   | 18.22  | -1.67          |       |     |  |  |        |
| 72.5         | 0.345          | 18.64 | -1.67 |       |     |        | 0.465  | 18.70          | -1.65 |       |     |  | 0.57   | 18.58  | -1.59          |       |     |  |  |        |

|                |           |         |                |      |             |        |       |       |       |       |     |                                     |                       |  |
|----------------|-----------|---------|----------------|------|-------------|--------|-------|-------|-------|-------|-----|-------------------------------------|-----------------------|--|
| Isolation Mode | Combine   | Auto    | Trade Analysis |      |             |        |       |       |       |       |     |                                     | Ignore Today's Trades |  |
| Analysis       | CumMargin | Cost    | Curr Cost      | Com  | Profit/Loss | PnL%   | Delta | Gamma | Theta | Vega  | T/D | Plot                                |                       |  |
| Model          | 187.50    | -187.50 | 185.50         | 2.00 | -2.00       | -1.07% | 18.10 | -2.80 | 0.25  | -1.96 | 0   | <input checked="" type="checkbox"/> |                       |  |






# Summary



- Theta quantifies the amount an option will decay over time (typically per day)
- Options decay faster ATM and faster as expiration approaches
- Theta works for option sellers and against options buyers
- Spreads can be used to create positive theta by selling more time decay than you buy





Thank you for your time. Let's keep talking!  
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