

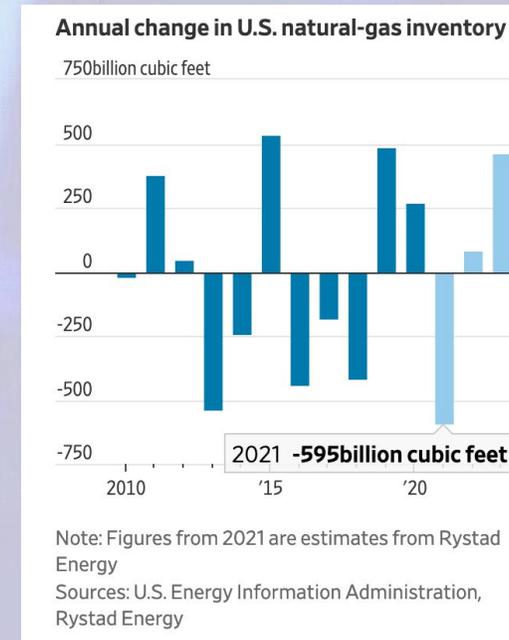
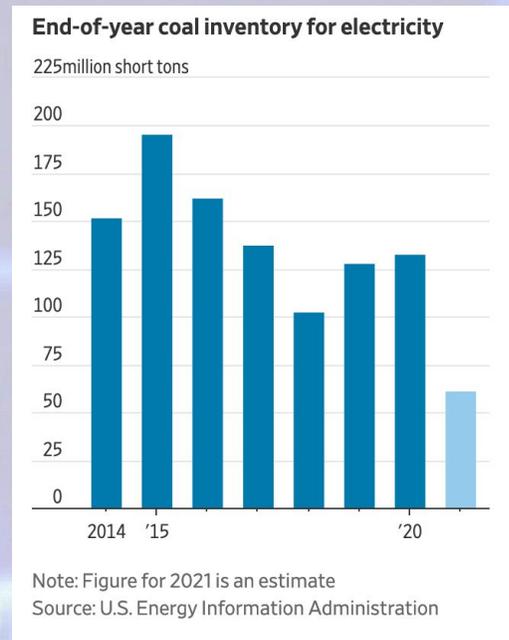
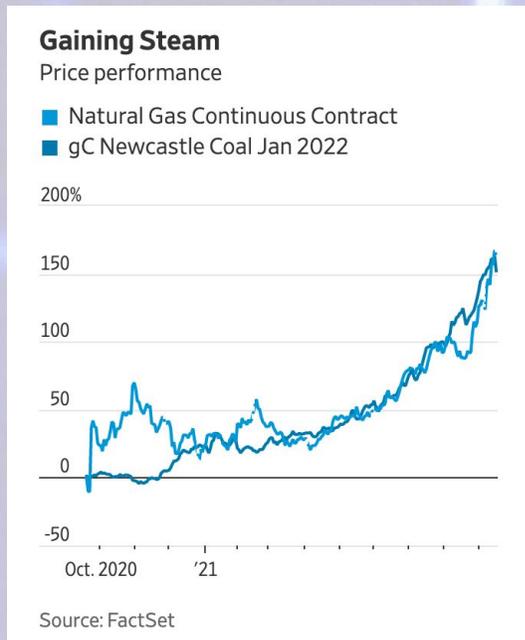


UB Equity Research Group

Options trading and other trading basics

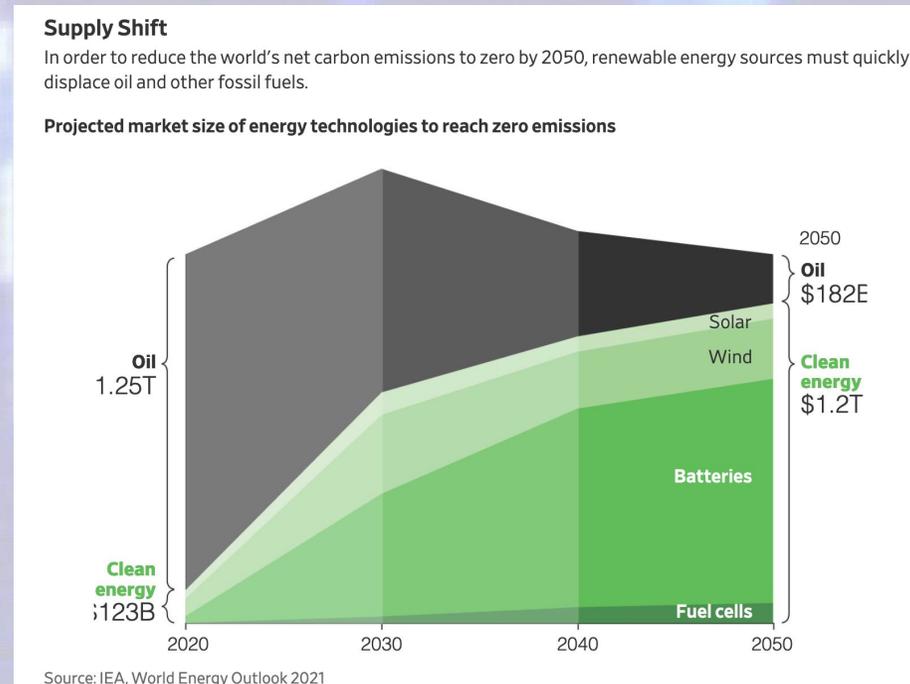
Current Event - Energy Crisis?

- US natural gas prices highest they've been since 2014.
 - Levels that are high but not nearly as high as in Europe and Asia
 - This is not usually a problem but....
 - It's only October and the US isn't stockpiling fast enough and is exporting a lot of it's energy (like natural gas and coal) elsewhere.
 - Could lead to a crisis if there's a particularly cold winter in the US.



Current Event - Decreased Energy Investment

- Decreased investment in fossil fuel production (i.e oil drilling, coal mining) has meant less an overall smaller supply of energy.
- This is because of a shift away from fossil fuels to clean energy by governments and investors.
- But the rate of divestment from fossil fuels has been faster than the rate of new investment in clean energy to replace them.
 - This could mean a stronger possibility of energy shortages in the future.



What is Options Trading?

An **option** is a contract giving the buyer the right, but not the obligation, to buy (in the case of a call) or sell (in the case of a put) the underlying asset at a specific price on or before a certain date.

- Price is per 100 Contracts
- Strike Price
- Expiration
- In the money (ITM)
- Out of the money (OTM)
- Time decay (Theta)



Calls, Puts, and more

- Calls- a financial contract that gives the right but not the obligations to buy a stock
- Remember that calls and puts are decaying assets
- Strike Price - the price at which your option can be exercised.
- Puts- a financial contract that gives the right but not the obligation to sell a stock



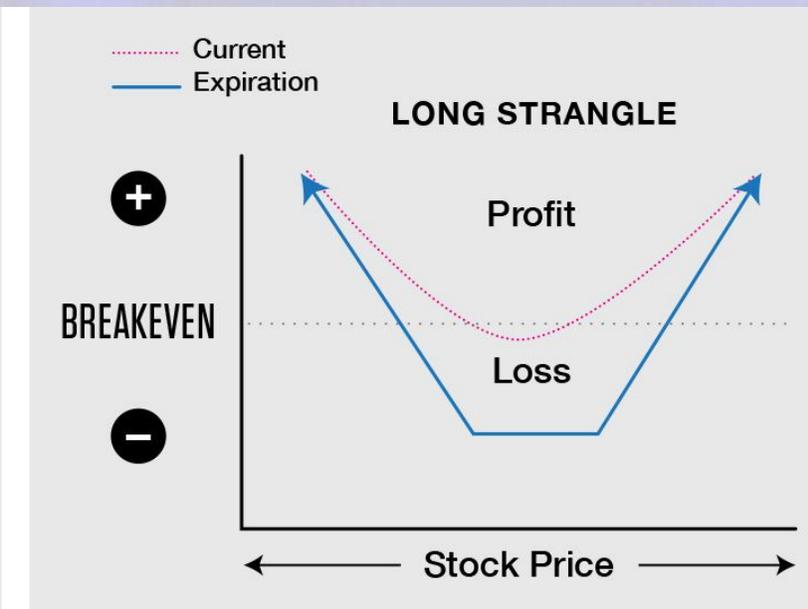
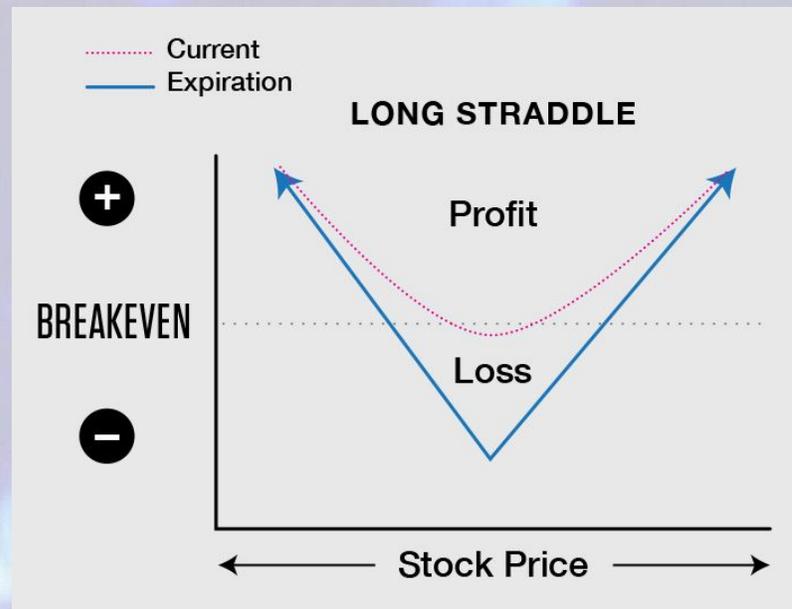
Iron Condor/Butterfly

- An iron condor is a strategy that consists of two puts one long and one short. Along with two calls long and short. Lastly 4 strike prices all with the same expiration date. It works best when when the underlying asset closes between the middle strike prices at expiration. Essentially you want low volatility in the underlying asset.



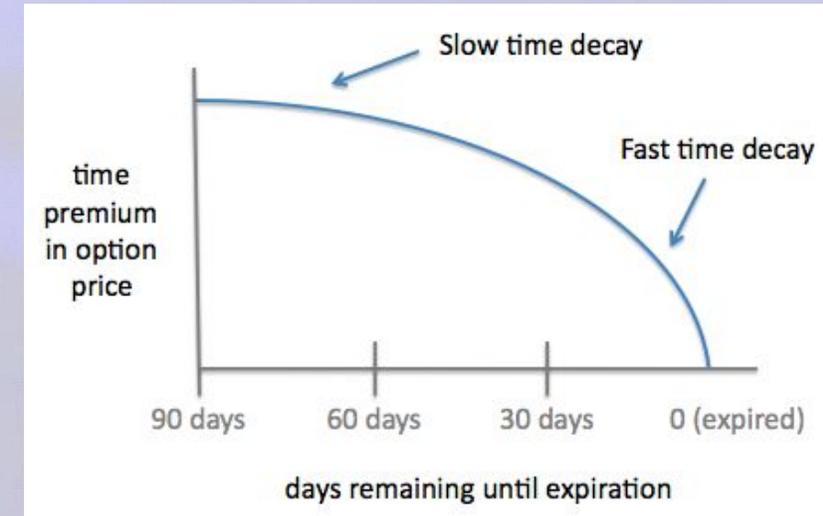
Straddle/Strangle

- **Straddles and strangles** are both options strategies that allow an investor to benefit from significant moves in a stock's price, whether the stock moves up or down.



The Greeks

- Delta: Shows how much the price will move for every dollar the stock moves
(constantly changing)
- Theta: The rate at which time decay affects an option
- Gamma: The rate at which delta will change



Different types of Traders or Trading Strategies

- Scalp trading
- Momentum Trading
- Technical Trading
- Fundamental Trading
- Swing Trading
- Day Trading



Technical Trading

- A Technical Trader focuses on charts and graphs.
- They analyze lines on stock/index graphs for signs of convergence or divergence.
- Convergence- When the indicator and price move in the same direction.
- Divergence- When there is a disagreement between the indicator and the price. Indicates that something is changing rapidly



Fundamentals Trading

- Is a method of Trading, where a trader focuses on company-specific events to determine which stock to buy and when to buy it.
- “Trading on Fundamentals” is more of a buy-and-hold strategy, then a day trade (buy and sell in one day) strategy.
- Fundamental Analysis- is a method of measuring a securities intrinsic value by examining related economic or financial factors.



Swing Trading

- Swing Traders are Fundamental or Technical Traders who hold their positions for longer than a single day.
- Swing traders usually hold their stocks for a period of a couple of days or from 2 to 3 weeks.



Support and Resistance

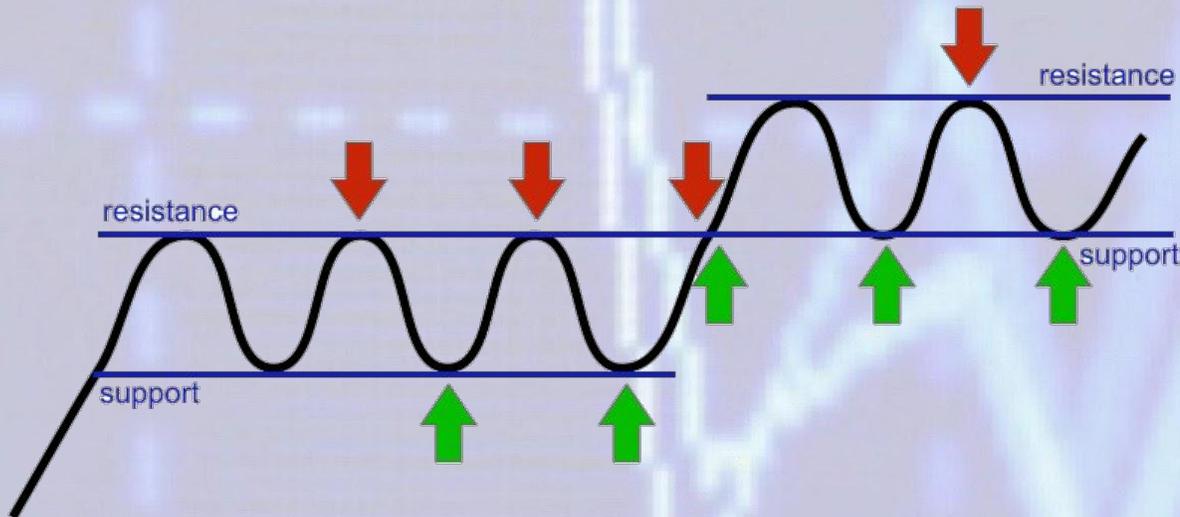
Support- Where buyers will be present

Resistance- Where sellers will be present

Resistance becomes support after it has been broken

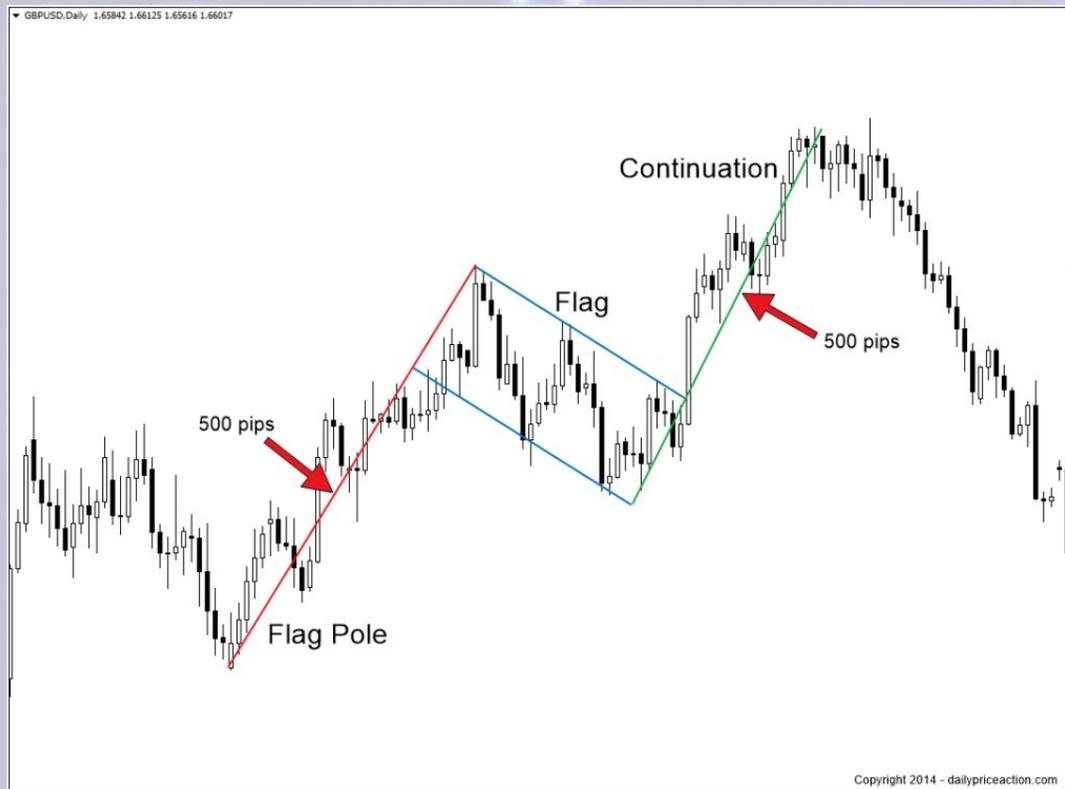
Support becomes resistance after it has been broken

For those following the markets today, SPY has bounced off a strong resistance level at ~\$280



Common Candlestick Patterns- Bull Flag

A bull flag is a common continuation/consolidation pattern that indicates a continued uptrend. This pattern consists of a “flag pole” or a strong uptrend, followed by a brief period of consolidation (the flag) and then a strong upside breakout.



Traders will often say that a stock is “flagging,” meaning that they expect further upside.



Common Candlestick Patterns- Bear Flag

A bear flag is just the opposite of a bull flag. This pattern consists of a “flag pole” or a strong downtrend, followed by a brief period of upward consolidation (the flag) and then a strong downside breakout.

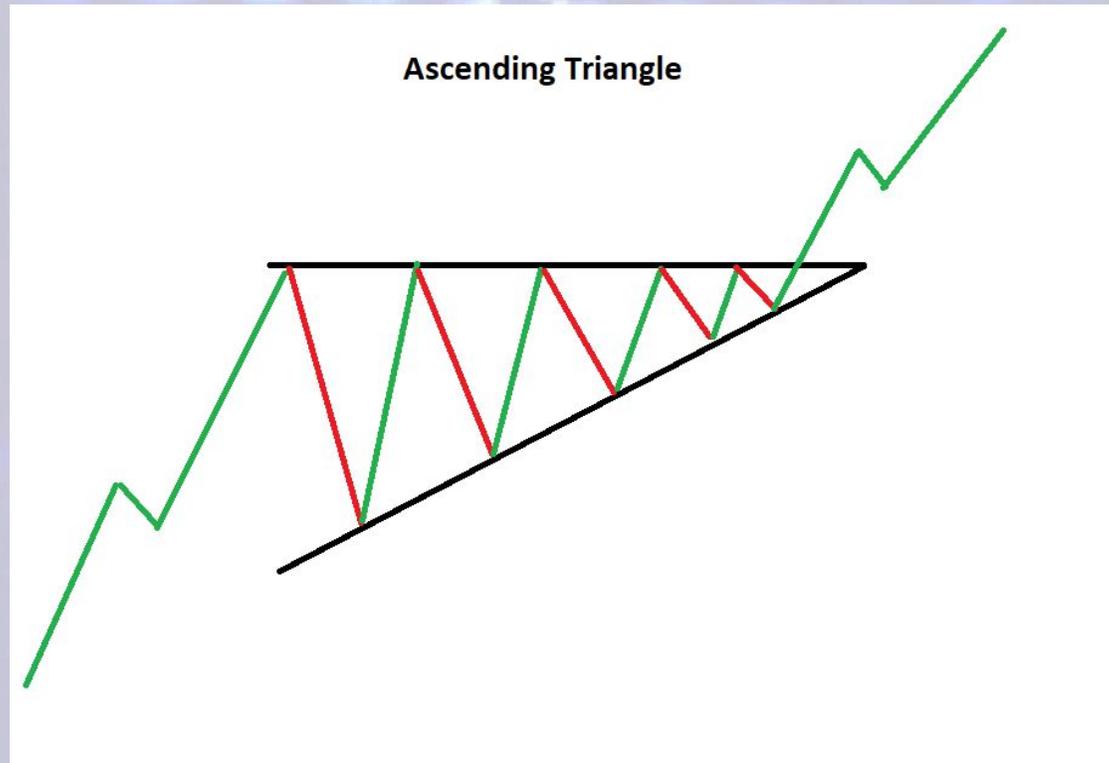


As you can see on the left, the bullish and bearish flag patterns are simply inverted versions of one another.



Common Candlestick Patterns- Ascending Triangle

An ascending triangle is one of the most reliable bullish technical trading patterns. This pattern is classified by higher lows, and similar highs, indicating that an equity wants to move higher but is struggling to break resistance.

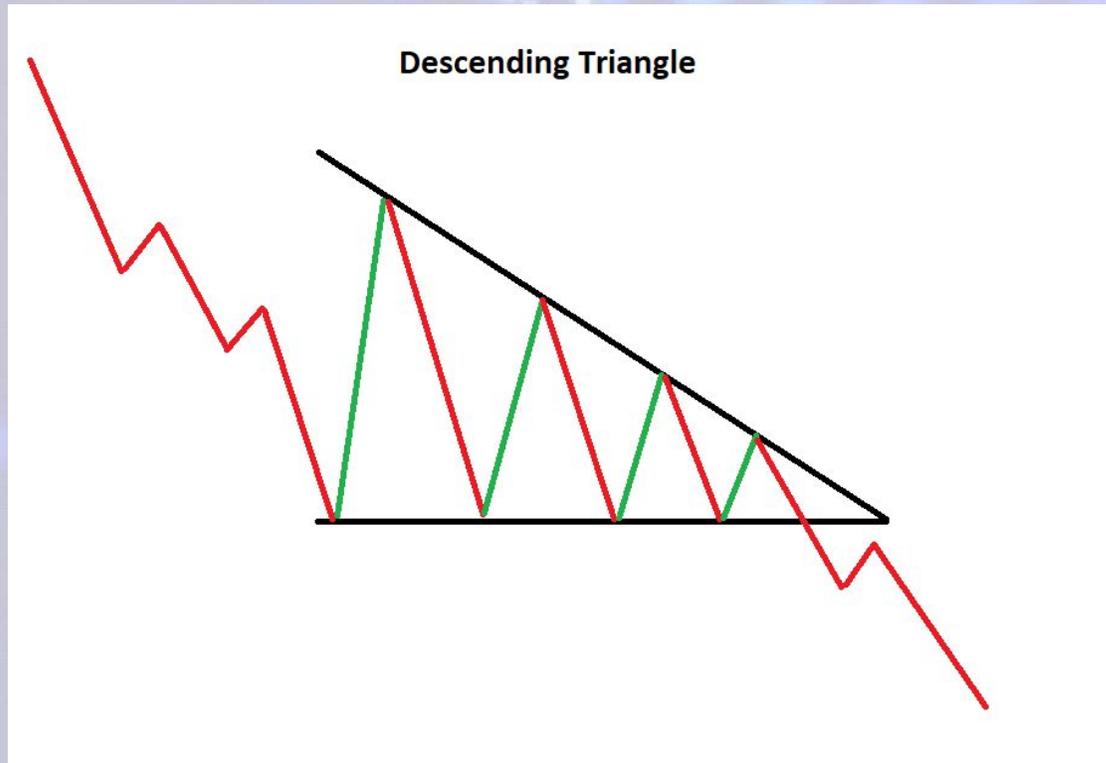


This pattern shows a resumption of an uptrend when the top resistance line is broken and held.



Common Candlestick Patterns- Ascending Triangle

An ascending triangle is one of the most reliable bullish technical trading patterns. This pattern is classified by higher highs, and consistent lows, indicating that an equity wants to move higher but is struggling to break through support.

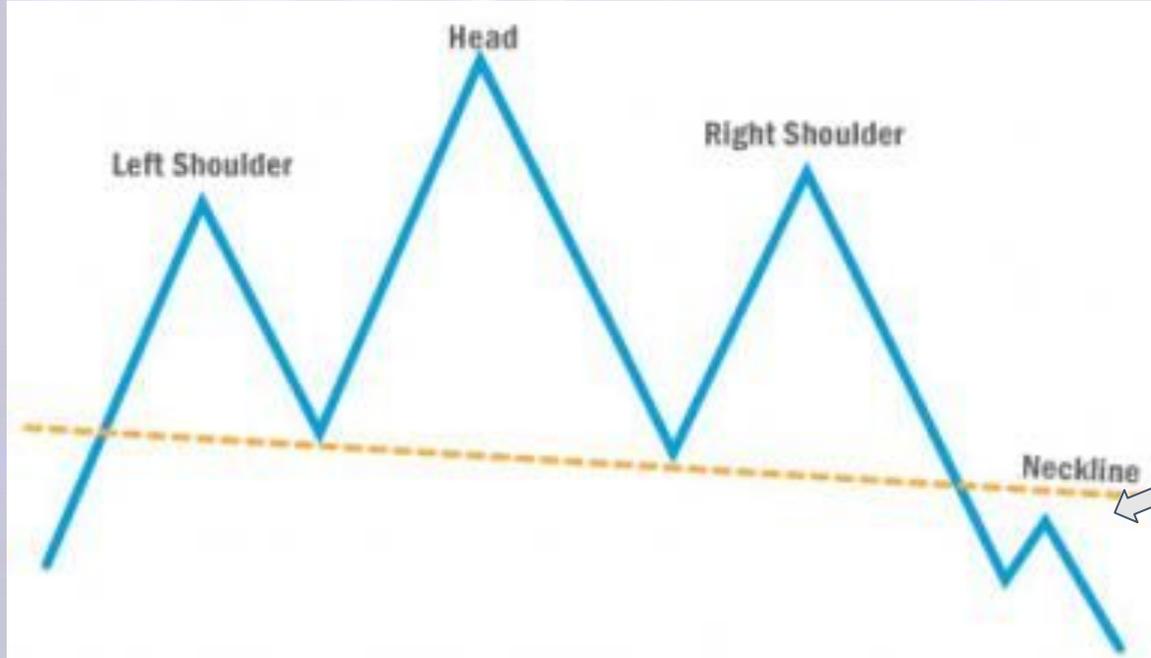


This pattern shows a resumption of a downtrend when the support line is broken and held.



Candlestick Patterns- Head and Shoulders

A head and shoulder pattern is a reversal pattern, meaning that it indicates an inversion in price action. This specific pattern is a bearish pattern, meaning that it indicates the beginning of a downtrend.



When trading using a head and shoulders pattern, it is best to look for an entry when the neckline is broken to the downside and held.



Portfolio Managers

Alexander Macpherson

Cameron Huber

Lucas Romanowski

Nicholas Tan

Farrah Fuld

Robert Siegel

Christopher Davis

Sai Koti Srinivas Mylavarapu

Peter Lysiak

Rajesh Iyengar



Kahoot





EY Information Session with the recruiters!

Come learn about Ernst & Young and get a chance
to speak and network with the recruiters of EY.

Clemens 119

Thursday, 21st October 2021

@6:15pm



Don't forget to stop by for
pizza!

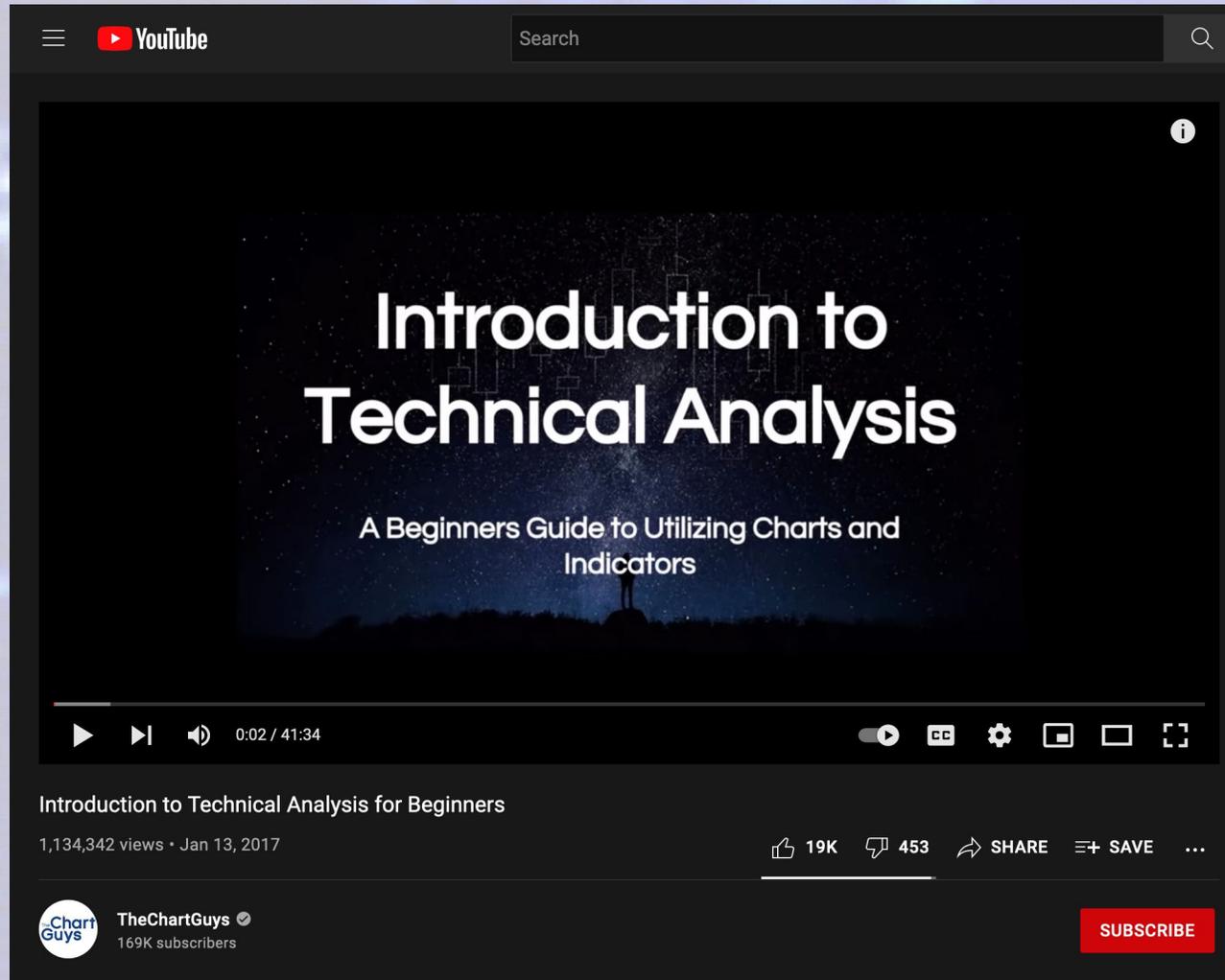
Dress code : Business casuals

Open to all students at UB!

Have some free time? Learn more!

Watch this video to learn some of the basics of technical analysis or TA.

<https://www.youtube.com/watch?v=rIZRtQkfK04>



The image shows a screenshot of a YouTube video player. At the top, the YouTube logo and a search bar are visible. The video title is "Introduction to Technical Analysis" with the subtitle "A Beginners Guide to Utilizing Charts and Indicators". The video player shows a progress bar at 0:02 / 41:34. Below the video, the channel name "TheChartGuys" is displayed with a verified badge and 169K subscribers. The video has 1,134,342 views and was uploaded on Jan 13, 2017. Engagement icons for likes (19K), comments (453), share, save, and a menu are present. A red "SUBSCRIBE" button is located at the bottom right of the video player area.



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