

WHAT IS DAY TRADING

OPTIONS?

What should you know in 2025?



TERRA CHANEL

INTRODUCTION

Are you interested in learning more about how you can start making money, by day trading stock options? Well, you've come to the right place.

Learn the basics first so you can become one of the greats to learn, implement and earn an extra stream of income. Then take this skill and create generational wealth by teaching your family also. Ready to get started?

Let the games begin!





STOCK MARKET LINGO

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To be a successful day trader in 2025, you need a combination of market knowledge, technical skills, risk management, and discipline. Here are the key areas to focus on:

1. Market Knowledge & Strategy

Understand Market Trends: Keep up with economic reports, interest rates, and geopolitical events that influence markets.

Select a Trading Strategy: Choose between scalping, momentum trading, breakout trading, or mean reversion strategies.

Follow Market Sentiment: Use social media, news feeds, and AI-powered analytics to track sentiment shifts.

2. Technical & Fundamental Analysis

Technical Indicators: Master RSI, MACD, Bollinger Bands, VWAP, and Fibonacci retracements.

Price Action & Volume Analysis: Learn to read candlestick patterns, support/resistance, and order flow.

Fundamental Catalysts: Monitor earnings reports, Federal Reserve policy changes, and industry news.

3. Technology & AI Integration

- **AI-Powered Trading Tools:** Use automated screeners, AI-driven pattern recognition, and trading bots for efficiency.
- **High-Speed Execution:** Invest in a low-latency broker and a fast internet connection.
- **Algorithmic Trading:** Consider scripting your own bots using Python or platforms like TradeStation, NinjaTrader, or ThinkorSwim.

4. Risk Management & Psychology

- **Set Stop-Losses & Take-Profits:** Define your risk per trade (e.g., 1-2% of account balance).
- **Avoid Overtrading:** Stick to a daily loss limit and walk away if the market is choppy.
- **Emotional Discipline:** Control FOMO (Fear of Missing Out) and revenge trading.

5. Regulation & Compliance

- **Pattern Day Trading Rule (PDT):** If trading in the U.S., maintain a minimum \$25,000 balance for margin accounts.
- **Tax Implications:** Understand short-term capital gains tax rates and use tax-efficient strategies.

Broker Selection: Choose a reputable broker with competitive fees, order execution speed, and security.

6. Market Sectors & Assets

- * **Stock Market:** Focus on high-volume stocks (tech, EVs, AI, biotech).

- * **Crypto Trading:** Understand Bitcoin halvings, DeFi trends, and NFT market impacts.

- * **Futures & Forex:** Consider trading indices (S&P 500, Nasdaq), commodities (gold, oil), or currency pairs.

7. Continuous Learning & Adaptation

- * **Paper Trading:** Use simulators before going live.

- * **Follow Trading Mentors & Communities:** Engage with experienced traders on X (Twitter), YouTube, or Discord groups.

- * **Keep a Trading Journal:** Track trades, review mistakes, and refine your strategy.



THE BASICS

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A call option and a put option are types of derivative contracts used in options trading. They give the buyer the right, but not the obligation, to buy or sell an asset at a specified price before a certain expiration date.

1. Call Option (Bullish Strategy)

- A call option gives the holder the right to buy an underlying asset at a predetermined price (strike price) before the expiration date.
- Traders buy call options when they expect the price of the asset to rise.
- Example: You buy a call option on Apple (AAPL) with a \$150 strike price and an expiration in one month. If AAPL rises to \$170, you can buy it at \$150 and sell for a profit.

2. Put Option (Bearish Strategy)

- A put option gives the holder the right to sell an asset at a predetermined price (strike price) before expiration.
- Traders buy put options when they expect the price of the asset to fall.
- Example: You buy a put option on Tesla (TSLA) with a \$200 strike price. If TSLA drops to \$180, you can sell at \$200 and profit from the decline.



Key Terms to Know

- **Strike Price:** The price at which you can buy (call) or sell (put) the asset.
- **Premium:** The cost of buying an option contract.
- **Expiration Date:** The last day the option can be exercised.
- **In the Money (ITM):** A call option is ITM when the stock price is above the strike price; a put is ITM when the stock price is below the strike price.
- *** Out of the Money (OTM):** A call is OTM when the stock price is below the strike price; a put is OTM when the stock price is above the strike price.

Real-World Call and Put Option Trading Scenarios

Scenario 1: Call Option (Bullish on a Stock)

Let's say you believe Apple (AAPL) stock, currently trading at \$150, will go up in the next month due to strong earnings. Instead of buying the stock outright, you purchase a call option.

Option Details:

- **Strike Price:** \$155
- **Expiration Date:** 1 month from now
- **Premium (Cost per contract):** \$5
- **Contract Size:** 100 shares

Possible Outcomes:

- AAPL Rises to \$170: Your option is in the money (ITM) because you can buy AAPL at \$155 and sell at market price \$170. Your profit is:
- Sale price (\$170) - Strike price (\$155) = \$15 per share
- Total profit: $(\$15 - \$5 \text{ premium}) \times 100 = \$1,000$

AAPL Stays at \$150 or Drops: Your option expires worthless, and you lose the premium \$500.

Scenario 2: Put Option (Bearish on a Stock)

Now, you expect Tesla (TSLA) stock, currently at \$200, to drop after weak delivery numbers. Instead of short-selling, you buy a put option.

- Option Details:
- Strike Price: \$190
- Expiration Date: 1 month
- Premium: \$6
- Contract Size: 100 shares

Possible Outcomes:

- TSLA Falls to \$175: Your option is in the money, so you can sell TSLA at \$190 while the market price is \$175. Your profit is:
- Sale price (\$190) - Market price (\$175) = \$15 per share
- Total profit: $(\$15 - \$6 \text{ premium}) \times 100 = \900
- TSLA Stays Above \$190: Your option expires worthless, and you lose the premium \$600.

Key Takeaways:

- Call options are for bullish traders who expect price increases.
- Put options are for bearish traders who expect price drops.
- Options allow leverage, but you can lose the entire premium if the stock doesn't move in your favor.



CHART PATTERNS

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Day traders rely on chart patterns to identify potential trade opportunities. Here are some of the most common patterns used in 2025:

1. Reversal Patterns (Trend Change Signals)

These indicate a shift from an uptrend to a downtrend (or vice versa).

A. Head and Shoulders (Bearish Reversal)

- Formation: Three peaks—middle (head) is the highest, with two lower peaks (shoulders).
- Signal: A break below the “neckline” confirms a downtrend.
- Opposite: Inverse Head & Shoulders (Bullish reversal).

B. Double Top & Double Bottom

- Double Top (Bearish): Two peaks at a similar level, signaling resistance and a potential drop.
- Double Bottom (Bullish): Two lows at a similar level, indicating support and a possible upward reversal.

2. Continuation Patterns (Trend Strengthening Signals)

These suggest the trend will continue in the same direction.



A. Bullish & Bearish Flags

- Formation: Sharp move (flagpole) followed by a small consolidation (flag).
- Signal: Breakout in the direction of the flagpole suggests a continuation of the trend.

B. Triangles (Symmetrical, Ascending, Descending)

- Symmetrical Triangle: Price consolidates into a tighter range, followed by a breakout in either direction.
- Ascending Triangle (Bullish): Flat resistance level with higher lowsâ€”breakout suggests a rally.
- Descending Triangle (Bearish): Flat support level with lower highsâ€”breakout suggests a drop.

3. Breakout & Momentum Patterns

These indicate potential high-volatility moves.

A. Cup and Handle (Bullish)

- Formation: A rounded bottom (cup) followed by a slight pullback (handle).
- Signal: A breakout above the handle suggests a strong uptrend.

B. Opening Range Breakout (ORB)

- Strategy: Trade based on the first 15-30 minutes of market action.
- Signal: A breakout above the morning high or below the morning low signals momentum continuation.

C. VWAP Reversal & Breakout

VWAP (Volume Weighted Average Price) acts as dynamic support/resistance.

- Signal: Price breaking and holding above VWAP indicates a bullish move; breaking below signals a bearish move.

4. Mean Reversion Patterns

These capitalize on overbought or oversold conditions.

A. RSI Overbought/Oversold Reversals

- Signal: RSI > 70 suggests overbought (possible sell); RSI < 30 suggests oversold (possible buy).

B. Bollinger Band Reversals

â€¢ Signal: Price touching the upper band signals overbought (potential sell); touching the lower band signals oversold (potential buy).

How to Use These Patterns in Day Trading

- Confirm with Volume: High volume increases breakout reliability.
- Set Stop-Losses: Place stops below support (for longs) or above resistance (for shorts).
- Pair with Indicators: Use VWAP, RSI, MACD, or Fibonacci retracements to strengthen trade setups.

TIME TO EXECUTE

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Best Patterns for Options Trading

1. Breakout Patterns (Great for Buying Calls/Puts)

Best for directional trades where you expect a strong move in price.

- Bullish Breakout (Call Option)
- Pattern: Ascending Triangle, Cup & Handle, Flag Pattern
- Signal: Stock breaks above resistance with high volume.
- Strategy: Buy a Call Option before the breakout or use a Bull Call Spread to limit risk.
- Bearish Breakout (Put Option)
- Pattern: Descending Triangle, Bearish Flag, Head & Shoulders
- Signal: Stock breaks below support with high volume.
- Strategy: Buy a Put Option or use a Bear Put Spread for risk control.

2. Reversal Patterns (Best for Catching Trend Changes)

Great for mean reversion strategies or selling premium (credit spreads, iron condors).

- Double Top / Head & Shoulders (Bearish Reversal → Puts or Credit Spreads)
- Signal: Stock fails to break resistance twice → Expected drop.
- Strategy: Buy a Put Option or sell a Call Credit Spread (Bear Call Spread).
- Double Bottom / Inverse Head & Shoulders (Bullish Reversal → Calls or Credit Spreads)
- Signal: Stock bounces off support twice → Expected rise.
- Strategy: Buy a Call Option or sell a Put Credit Spread (Bull Put Spread).

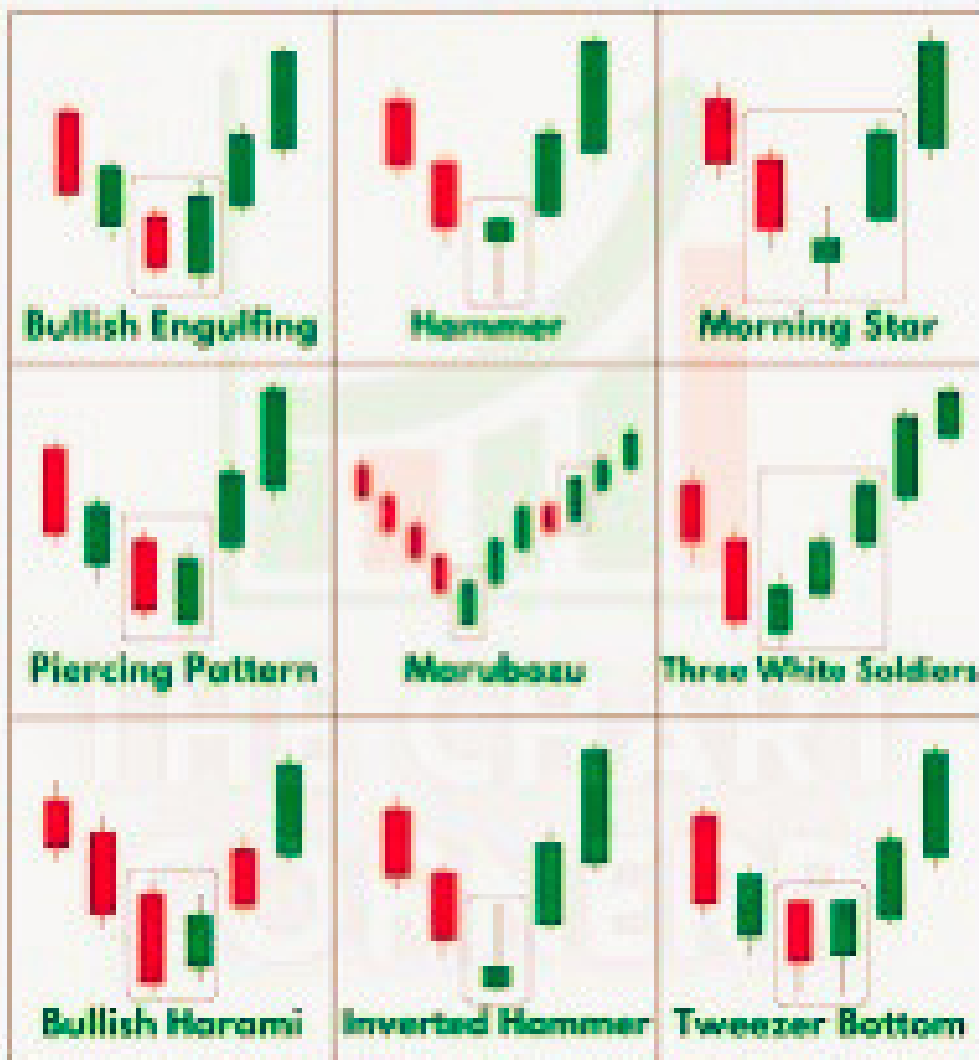
3. Range-Bound Patterns (Best for Selling Options)

Great for non-directional trades, such as Iron Condors and Credit Spreads.

*. Support & Resistance Channels

- Signal: Stock stays in a defined range, bouncing between support and resistance..*
- Strategy:
- Sell Iron Condors (if stock is trapped in a range).
- Sell Strangles/Straddles (if implied volatility is high).

BULLISH CANDLESTICK PATTERN





Elevate Your Financial portfolio

Option's Training Consulta tion



Gain expert insights to identify opportunities and challenges that can enhance financial portfolio.

Strategy Development



Review options trading strategies and patterns that will improve your success rate for profit.

The Profit Maker



We offer three packages to help you increase your financial stability within the stock market.

Virtual sessions

This package will come with two 1 hour training sessions.

First session you will learn about the basic terms and terminology of day trading.

Second session you will learn about strategies patterns and profit.

Fee \$100 each

Managed packages options

Option 1 - Monitored Trading \$50 an hour
Trader will pay professional to guide them during trading hours.

Option 2- Managed Trading
Trader will pay professional to trade for them and split the profit 60/40.



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THE CODE OF SUCCESS

UNLOCK YOUR INNER STRENGTH