



Zero to Trading in 21 Days

Day 18: Vertical Spreads



Learn:

Test your knowledge and understanding of the concepts presented in the video.



Review:

Summarize the main points and concepts from the video.



Apply:

Demonstrate how you will apply the concepts from the video into your own trading.



- What advantages do vertical spreads have over long options?
- What disadvantages do vertical spreads have when compared to long options?



- What are the basic entry rules for bearish vertical spreads?
- How would you decide if you were using calls or puts to construct a vertical spread?
- How do you calculate the maximum loss of a debit spread? What about a credit spread?



- Select a stock you are moderately bearish on. Build a bearish vertical spread and answer the following questions:
 - What strike are you selling?
 - What strike are you buying?
 - Are you using calls or puts?
 - What is your maximum loss?
 - What is your maximum gain?