

HOW TO TRADE BINARY OPTIONS

Lesson 2





How to trade BINARY OPTIONS

Lesson02

Making your first Trade

Basic Principles

First 50 min.

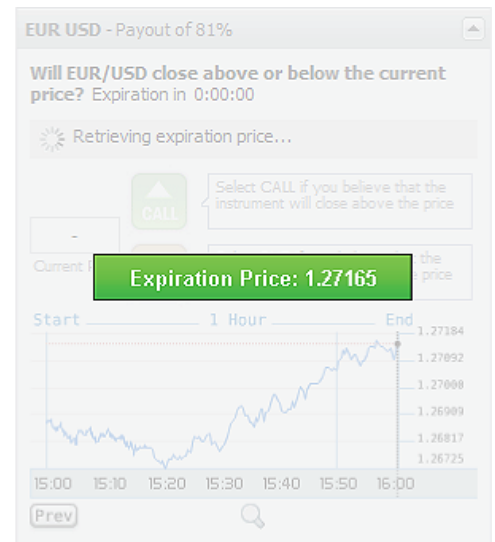
(options are available for trading)

Last 10 min.

(options are closed for trading)

Expiration

all trades are settled
(in-the-money or out-of-the-money)



Expiration price is the price of the binary option when it expires. Expiration price is calculated as a straightforward average of the last Bid and Ask of an underlying instrument prior to expiration, as quoted from Reuters.



THOMSON REUTERS



Basic steps to make a trade

1. Decide on the market and underlying asset you want to trade, whether stocks, commodities, currencies or indices. Select the option (i.e. EUR/USD) that you want to trade from the trading section.



2. Select the direction

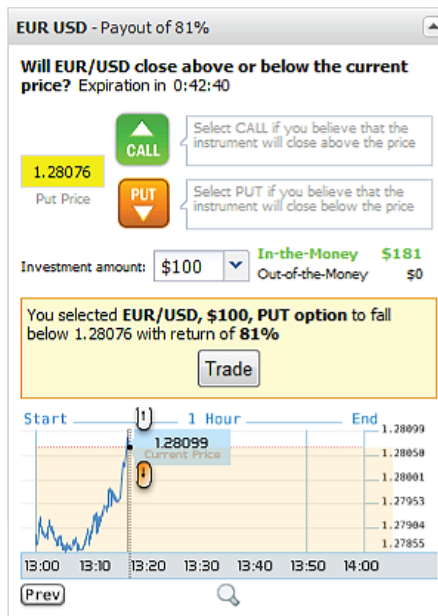
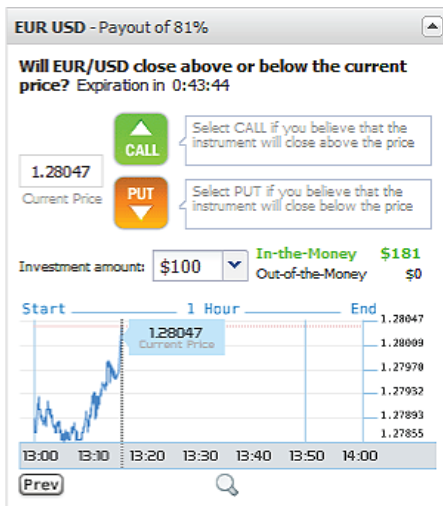
3. Select the investment amount

4. Confirm the transaction details

ABOVE = CALL
BELOW = PUT

minimum - \$30 (per trade)
maximum - \$1000 (per trade)

Click Trade




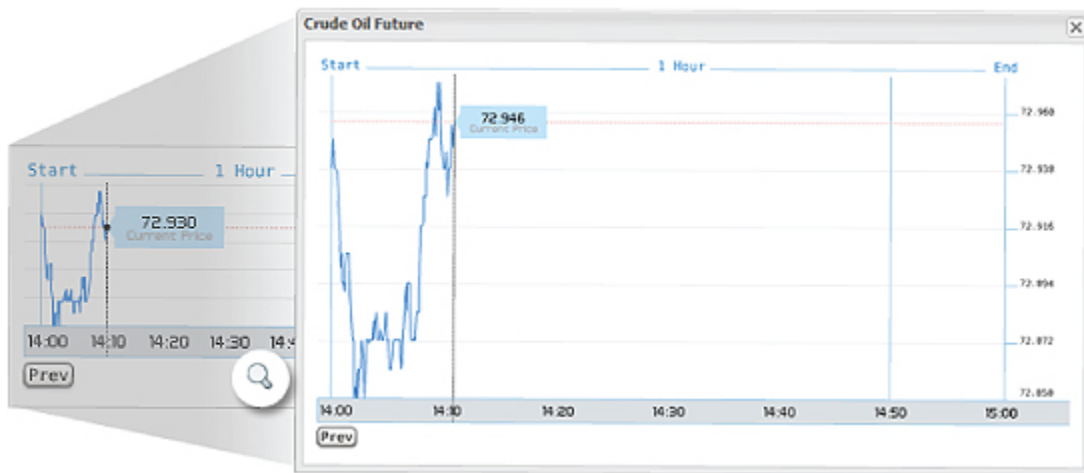


Key features



i) Reading the charts

1. Magnifying the chart

In order to view a larger chart with more detail, press the magnifying glass icon  any asset box beneath the chart. A large real-time chart of the asset will appear in the center of your screen.



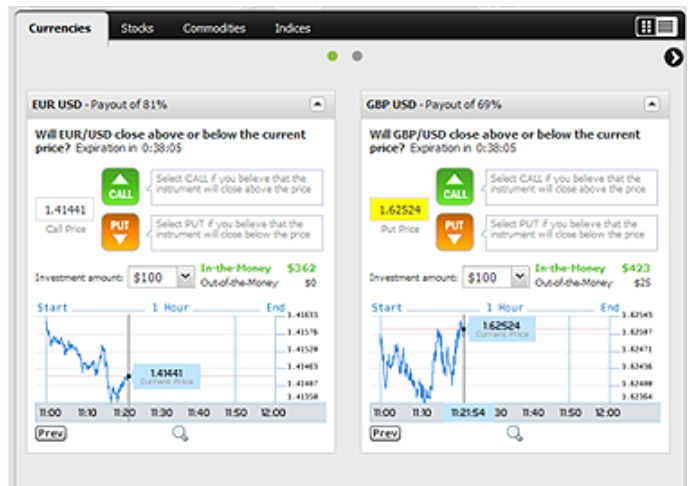
2. Two platform views

The platform allows for two different views on the trading platform. In order to toggle between both views, select the button   v

List View



Box View





ii) Viewing my Open Positions

This section shows you a summary view of all open positions, i.e. the trades that have not yet closed. At any time, depending on the current price of the asset, they may be “in-the-money” or “out-of-the-money”.

My Open Positions						
Instrument	Price	↑↓	%	Amount	Expiry	Status
EUR/USD	1.41535	Call	81%	\$200	12:00pm	In The Money
GBP/USD	1.62425	Put	69%	\$250	12:00pm	Out of The Money
USD/CHF	0.88735	Call	71%	\$100	12:00pm	In The Money
GBP/JPY	132.629	Put	85%	\$250	12:00pm	In The Money

Shows in realtime your trade status.

Important!

Binary Options are based on the European method of trading, meaning they cannot close out prior to the option expiry time, or the end of the hour on Tradesmarter.com. The benefit to the trader is that the position closes out automatically; so there is no need to monitor the trade or re-calculate its P&L.

Once closed the account balance is updated right away.

iii) Viewing my history of trades

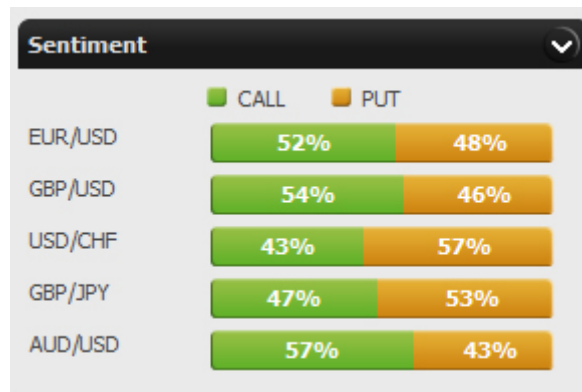
The **My Trades** section of the platform is a summary view of your portfolio and history of trades. Here you can see all the trades you have made including direction, strike and expiry price, amount traded and profit or loss. The My Trades section, including a summary of transactions and account balance, can be viewed online or downloaded in Excel format.

My Trades												
#	Instrument	Trading Time	Expiry Time	↑↓	Strike Price	Expiry Price	Amount	Payout	Rebate	Status	Return	
244161	GBP/USD	May 17, 2011 11:07am	May 17, 2011 12:00pm	PUT	1.62425	-	\$250	69%	10%	Not Settled Yet	-	
244160	EUR/USD	May 17, 2011 11:07am	May 17, 2011 12:00pm	CALL	1.41535	-	\$200	81%	0%	Not Settled Yet	-	
240017	GBP/USD	May 11, 2011 11:44am	May 11, 2011 12:00pm	CALL	1.63959	1.64012	\$100	73%	5%	In the Money	\$173	
240016	USD/CHF	May 11, 2011 11:43am	May 11, 2011 12:00pm	CALL	0.87906	0.87884	\$100	69%	10%	Out of The Money	\$10	
240015	GBP/JPY	May 11, 2011 11:43am	May 11, 2011 12:00pm	PUT	132.290	132.308	\$100	81%	5%	In the Money	\$181	
239991	EUR/USD	May 11, 2011 11:25am	May 11, 2011 12:00pm	CALL	1.43991	1.44095	\$50	81%	0%	In the Money	\$90.5	
212673	EUR/USD	April 5, 2011 03:09pm	April 5, 2011 04:00pm	CALL	1.41677	1.41709	\$100	81%	0%	In the Money	\$181	



iv) Reading the Market Sentiment

The Sentiment bar is an indicative measure of the current sentiment of traders for a particular asset. The Sentiment bar shows the percentage of traders selecting CALL or PUT at any moment, or towards the end of the trading session. It can be helpful in predicting a price trend, together with the use of other analytical support tools provided by your account manager.



v) Selecting an Option from the Asset Index.

To understand the full portfolio of assets traded on Tradesmarter.com, view the Asset Index section on the site. The Asset Index provides a brief description, the hours traded for each asset, and the expiry price calculation.

The diagram illustrates the navigation path from the Tradesmarter website to the Thomson Reuters Asset Index. It starts with the 'Asset Index' link in the 'More Resources' section of the Tradesmarter menu. This leads to the Thomson Reuters logo, which then points to a table of asset options.

Forex	Stocks	Commodities	Indices		
Name	Exchange	Timeframes	Hours	Expiry Calculation	Description
EUR/USD		Hourly currency options	Mon - Thu 24 hrs, Fri 12am - 7pm GMT	$[(Bid + Ask) / 2]$	This widely traded currency pair is the relation of the Euro against the US Dollar.
USD/JPY		Hourly currency options	Mon - Thu 24 hrs, Fri 12am - 7pm GMT	$[(Bid + Ask) / 2]$	This widely traded currency pair is the relation of the US Dollar against the Japanese Yen.
GBP/USD		Hourly currency options	Mon - Fri 7am - 7pm GMT	$[(Bid + Ask) / 2]$	This widely traded currency pair is the relation of the British Pound against the US Dollar.
USD/CAD		Hourly currency options	Mon - Fri 7am - 7pm GMT	$[(Bid + Ask) / 2]$	This widely traded currency pair is the relation of the US Dollar against the Canadian Dollar.



vi) Viewing my Account Balance

The Account Balance section shows your current balance, available cash for trading, amount invested at any time, and status of any bonus funds pending. You can re-charge your balance at any time via the Deposit section at the top of the screen, or directly below the Balance indicator. To learn about our daily bonus promotions and additional training modules, contact us or speak to your account manager today.

Balance: **\$8,114.80**

Available Cash: \$7,314.80 Invested: \$800.00

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