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Binary Option Trading Strategies by Markbenson

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The Reversal

This is based on a concept that if, for example, an asset happens to move in one direction, it is somewhat unlikely to remain at that top position and will soon move back towards its original position, and at times all the way. An investor should buy an option, Call or Put, depending on whether the price has risen or fallen rapidly, assuming that it will soon return.

The Straddle

This is somewhat because it involves buying both a Call and Put option on the same asset. The idea is to straddle the asset at a low point as well as a high point; therefore the area in between the two options can be twice as successful for the investor. This is usually used when the volatility of the asset is high and so an investor wishes to protect himself. An expiry level in between the two strike prices would be ideal, although, if it happens to fall outside this parameter, then at least one option would expire in the money.

The Knock-on Effect

In our CEO's opinion, this is the most logical of all the strategies. The thinking behind this is that a move in one option will have a knock-on effect to another. That is to say that the price of a stock may affect the price of the index in which it is traded, or a related stock or commodity. The key here is to understand the connections between assets and attempt to anticipate the movements in either one.

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