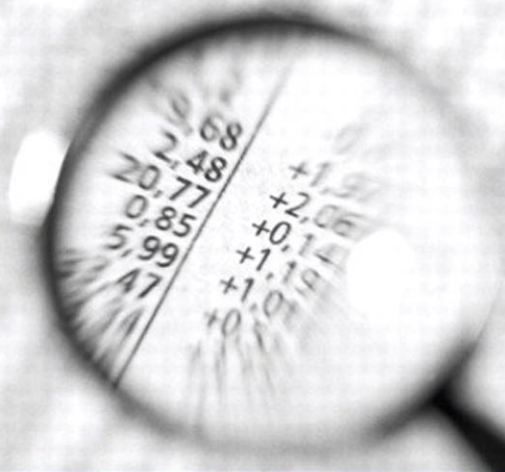


# DAY TRADING OPTIONS

PROFITING FROM PRICE DISTORTIONS  
IN VERY BRIEF TIME FRAMES



J E F F   A U G E N

INSTRUCTOR, NEW YORK INSTITUTE OF FINANCE

# DAY TRADING OPTIONS

# **Day Trading Options: Profiting from Price Distortions in Very Brief Time Frames**

## **Table of Contents**

Contents

Preface

Chapter 1: Basic Concepts

The Case for Short-Term Trading

Recent Changes in the Options Market

Support Day Trading

Unstable Markets Provide Unique Advantages  
to Option Traders

Technical Analysis, Technical Indicators, and  
Price Distortions

Endnotes

Chapter 2: New Directions in Automated  
Trading

Key Concepts

# **Table of Contents**

High-Performance Computing and Market  
Efficiency

A Simple Illustration

Testing the Market's Efficiency

Fooled by Randomness

Insider Trading

Summary

Further Reading

Endnotes

## **Chapter 3: Trading Volatility Distortions**

Key Concepts

IntroductionThe Implied Volatility Surface

Calculating Fair Volatility

Parsing Price Changes by Weekday

Trading Volatility Distortions

Alternate Trade StructuresBackspreads

Volatility and Price Spike Distribution

Summary

Endnotes

## **Chapter 4: Working with Intraday Price Spike Charts**

# **Table of Contents**

Key Concepts

IntroductionA New Charting Tool

Basic Calculations

Price Spikes at the Single-Minute Level

Examples of Ultra-Short-Term Volatility Swings

Summary

## **Chapter 5: Special Events**

Key Concepts

Introduction

Unavoidable Volatility Distortions

Event Trading

Summary

Endnotes

Index