STRUCTUREX · FREE CHEAT SHEET

Option Greeks cheat sheet

What each Greek means, in plain words, and what it means when you sell options.

All Greeks are **per share**. One contract = 100 shares, so multiply by 100 for one contract.

Delta

the speed + the rough odds

How much the option's price moves when the stock moves $1.

- Calls: 0 to 1. Puts: 0 to −1.
- Also a rough guess of the chance the option ends in the money. A 0.25 delta is about 1 in 4. That is the market's pricing, not a forecast.
- Seller's use: picking the strike.

Call delta 0.30. Stock rises $1. Call rises about 0.30 a share.

Theta

the daily melt

How much the option's price drops each day from time passing, if nothing else changes.

- Shown as a minus number on the chain.
- Small far from expiry. Grows fast in the last few weeks.
- Seller's use: the melt is what you collect for waiting. A move in the stock can wipe out many days of it.

Theta −0.03. One day later, all else equal, the option is worth about 0.03 a share less.

Vega

the fear gauge

How much the option's price moves when implied volatility (IV) moves 1 point.

- IV is how big a move the market is pricing in.
- Bigger on options with lots of time left.
- Seller's use: an IV jump raises the price of the option you sold, even if the stock hasn't moved.

Vega 0.05. IV goes up 10 points. Option rises about 0.50 a share.

Gamma

how fast delta changes

How much delta changes when the stock moves $1.

- Highest when the stock sits near the strike and expiry is close.
- Seller's use: high gamma means a small move can turn a calm trade into an in-the-money one fast. It is why the last week is the jumpy one.

Delta 0.30, gamma 0.04. Stock rises $1. Delta is now about 0.34.

Rho

interest rates

How much the option's price moves when interest rates move 1 point.

Calls rise with rates; puts fall. Tiny on options a few weeks out. It starts to matter on options a year or more away.

1. Plus or minus? The signs for each position

Your position	Delta	Gamma	Theta	Vega	In plain words
Buy a call	+	+	−	+	Wants the stock up and fast. Time works against you.
Buy a put	−	+	−	+	Wants the stock down and fast. Time works against you.
Sell a cash-secured put	+	−	+	−	Gains a little if the stock rises, loses if it falls. Time works for you. An IV jump hurts.
Covered call (100 shares + a sold call)	+	−	+	−	Still owns the stock's drop. The sold call trims the delta: 100 shares and a 0.30 call act like about 70 shares.
Sell a call (no shares)	−	−	+	−	Loses if the stock rises, with no ceiling on the loss.

2. Rules of thumb

- **Buyer and seller are mirrors.** Sell an option and every Greek flips sign.
- **Delta is a guess, not a promise.** A 0.20-delta option still ends in the money about 1 time in 5.
- **Near expiry, gamma takes over.** Delta can swing from 0.20 to 0.80 on one move.
- **Greeks change every minute.** They come from a pricing model. Check them again before you trade.
- **Multiply by 100 and by your contracts** to see a Greek in dollars for your position.
- **Theta is the gain only if nothing else moves.** On most days, something does.
- **Before earnings, IV is usually high.** It often drops after the report. That drop is vega at work.
- **No Greek changes the worst case.** A sold put's worst case is still the stock going to zero.