

# Options Greeks Contract Selection Cheat Sheet

Quick educational filters for reviewing directional option contracts before entering a trade.

**Important: This is a framework, not a trade signal.**

These ranges are educational screening guidelines for simple directional long calls or long puts. They are not universal rules. Different strategies, timeframes, market conditions, and risk tolerance can require different Greeks. Always understand the full risk before trading options.

## 1. Quick Contract Filter

Item	Preferred Starting Point	Why It Matters
<b>Delta</b>	About 0.50 or higher for directional contracts; many traders look around 0.50-0.70.	Shows directional exposure. A higher delta usually moves more closely with the stock/ETF than a far out-of-the-money option.
<b>Gamma</b>	Moderate, not extreme. Be careful with very high gamma near expiration.	Shows how fast delta can change. High gamma can help fast moves but can also make the option unstable.
<b>Theta</b>	Manageable relative to your planned hold time and target. Avoid heavy time decay if the trade may take time.	Shows time decay. Long options lose value as time passes, especially near expiration.
<b>Vega / IV</b>	Avoid blindly buying very expensive premium when implied volatility is elevated.	Vega shows sensitivity to volatility. IV crush can hurt premium even if direction is partly right.
<b>Volume / Open Interest</b>	Prefer liquid contracts with healthy volume, open interest, and a tight spread.	Liquidity helps reduce slippage and makes entries/exits cleaner.
<b>Bid-Ask Spread</b>	Prefer tight spreads. Wider spreads make the trade more expensive before it starts.	A bad spread can create a loss immediately after entry.
<b>Expiration / DTE</b>	Match expiration to the plan. Shorter DTE is faster and riskier; longer DTE gives more time but costs more.	Time to expiration affects theta, gamma, premium, and how forgiving the trade may be.

## 2. Directional Long Call / Put Checklist

- Delta is strong enough for the move I am trying to capture.
- The contract has enough time for the setup to work.
- Theta is not so heavy that time decay works against me too fast.
- Implied volatility is not extremely elevated right before an event unless I understand the risk.
- The bid-ask spread is tight enough to enter and exit cleanly.
- Volume and open interest are strong enough for liquidity.
- I know my invalidation level on the chart before entering.
- I know the maximum I can lose if the contract goes against me.

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## 3. Quick Examples

Contract Snapshot	Read	Decision Question
Delta 0.58 Gamma 0.04 Theta -0.06 Vega 0.11 Tight spread Good volume	Reasonable directional exposure with manageable decay and liquid trading conditions.	Does the chart setup justify the risk and expiration?
Delta 0.18 Gamma 0.03 Theta -0.11 Wide spread Low volume	Farther out-of-the-money with weaker directional exposure, heavier decay, and poor liquidity.	Am I buying a cheap lottery ticket instead of a planned trade?
Delta 0.65 Gamma very high 1-2 DTE Theta heavy	Can move fast, but risk can also accelerate quickly if price stalls or reverses.	Is this a quick scalp plan, or am I taking more risk than I understand?

## 4. Simple Rule of Thumb

**For a basic directional option trade, start by asking: Is the contract liquid, is delta strong enough, is theta manageable, and is IV reasonable? If the answer is unclear, slow down before entering.**

## 5. Red Flags

- Buying very low-delta contracts just because they are cheap.
- Ignoring theta when holding a long option overnight or through multiple sessions.
- Buying inflated premium before earnings or major news without understanding IV crush.
- Trading wide spreads where you lose money just entering and exiting.
- Choosing expiration randomly instead of matching it to the trade plan.
- Using Greeks without a chart plan, stop plan, or risk limit.

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