Skyvestments Trading Education

Options Greeks Cheat Sheet

A plain-English guide to Delta, Gamma, Theta, Vega, and implied volatility.

Built for traders who want structure, discipline, and better preparation before risking capital.

Educational Disclaimer

This resource is for educational purposes only and is not financial, investment, or trading advice. Trading involves risk, and past performance does not guarantee future results.

The Four Greeks Traders Should Understand

Options can move because of direction, time, volatility, and how close the option is to the strike. The Greeks help explain those moving parts. This cheat sheet keeps the explanations simple.

Greek	What it means	Simple way to think about it	Risk reminder
Delta	How much the option price may change when the stock or ETF moves $1.	Direction exposure. Higher delta means the option behaves more like the underlying.	Delta changes as price moves. It is not fixed.
Gamma	How fast Delta changes when the underlying moves.	Acceleration. Gamma can make winners move faster and losers move faster.	Gamma risk often increases near expiration.
Theta	How much value the option may lose from time passing.	Time decay. Every day that passes can reduce premium.	Theta can hurt long options, especially near expiration.
Vega	How much the option price may change when implied volatility changes 1 percentage point.	Volatility exposure. Higher IV can inflate premiums; lower IV can crush them.	Vega matters around earnings, Fed events, and major uncertainty.

Quick Examples

Delta example	If an option has a Delta of 0.50, a $1 move in the underlying may move the option about $0.50, all else equal.
Theta example	If an option has Theta of -0.08, it may lose about $0.08 per day from time decay, all else equal.
Vega example	If an option has Vega of 0.10, a 1 percentage point rise in implied volatility may add about $0.10 to the option, all else equal.

Options Pre-Trade Questions

☐ Do I understand whether this trade needs direction, volatility, time, or all three to work?
☐ Is implied volatility high, low, or unknown compared with recent conditions?
☐ How many days are left until expiration?
☐ What event could cause implied volatility to rise or collapse?
☐ Where is my stop or exit plan if the option loses value quickly?
☐ Am I buying premium because I have a plan, or because I am chasing?

Plain-English takeaway: Delta is direction, Gamma is acceleration, Theta is time decay, and Vega is volatility. Do not trade options blindly without understanding how these forces affect premium.