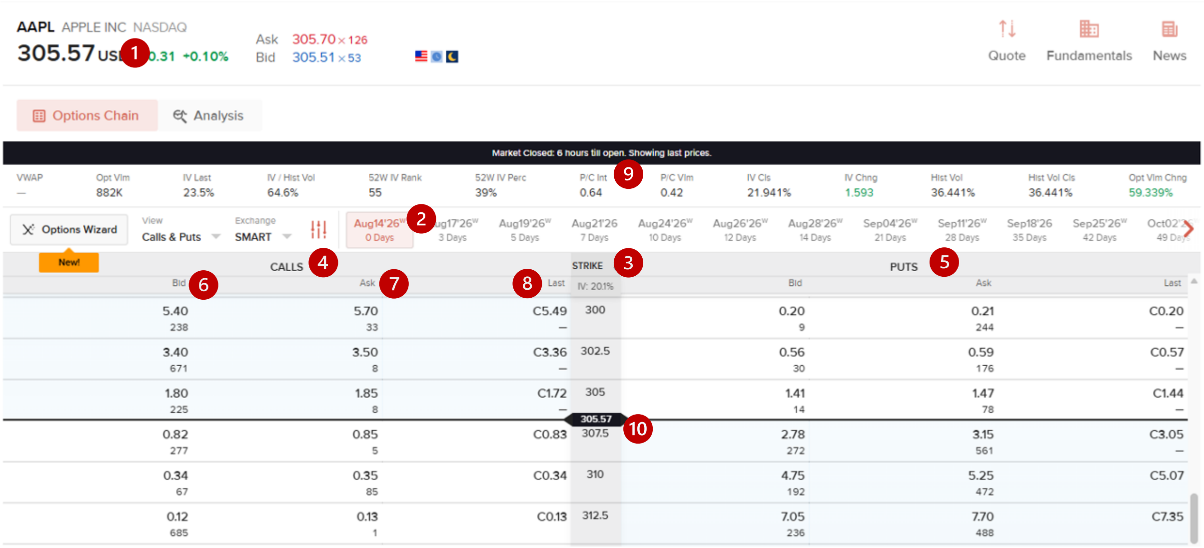
UOBKayHian

Serious about investing

How To Read An Options Chain

Using the UTRADE US Options Chain Screen

Start with the screen itself. The chain shows the selected expiration in columns of strikes, with Calls on the left and Puts on the right. The current underlying price helps you see which strikes are above or below the market.



1	**Underlying Price**	AAPL is shown at $305.57. This is the reference point for judging whether each strike is ITM, ATM or OTM.
2	**Expiration / DTE**	Choose an expiry first. The screen shows the expiration date and the number of days remaining. In this screenshot, the selected contract is at 0 days.
3	**Strike**	The exercise price shared by the Call on the left and Put on the right.
4	**Calls**	Call option quotes appear on the left side of the strike column.
5	**Puts**	Put option quotes appear on the right side of the strike column.
6	**Bid**	Highest displayed price a buyer is willing to pay. It is the sell-side quote reference.
7	**Ask**	Lowest displayed price a seller is willing to accept. It is the buy-side quote reference.
8	**Last**	The price of the most recent trade. It may be stale and is not necessarily the price available now.
9	**Volatility Indicators**	The top bar summarises volatility information such as IV Last, IV/Historical Volatility, 52-week IV Rank and IV Percentile.
10	**Current Price Marker**	The $305.57 marker sits between the $305 and $307.50 strikes, making the nearest-to-market strikes easy to locate.

READING THIS EXAMPLE

AAPL is trading at $305.57 in the screenshot. That means the $305 and $307.50 strikes are closest to the current stock price. The screen visually separates strikes around the current market price with the $305.57 marker.

Strike	Call	Put	How to read it at $305.57
300	ITM	OTM	$300 is below the stock price, so the call has intrinsic value while the put does not.
305	ITM (slightly)	OTM (slightly)	The stock is $0.57 above the strike.
307.50	OTM	ITM	The strike is $1.93 above the stock price.
310	OTM	ITM	The strike is above the current stock price.

Example using the $305 Call: Bid = $1.80 and Ask = $1.85. The displayed bid-ask spread is $0.05. For a standard 100-share contract multiplier, a quoted premium of $1.85 corresponds to $185 before fees if bought at that price.

Example using the $307.50 Put: Bid = $2.78 and Ask = $3.15. The $0.37 spread is much wider than the $305 Call example, which illustrates why should look at the bid-ask spread rather than only the Last price.

WHAT THE TOP VOLATILITY BAR MEANS

VWAP	Volume-Weighted Average Price. Average price of the underlying during the session, weighted by trading volume. On this screen, it refers to the underlying stock.
Opt Vlm	Options Volume. Total option-contract trading volume for the underlying during the session, as displayed by the platform.
IV Last	Latest Implied Volatility. The latest IV reading displayed. IV reflects the market's pricing of expected volatility, not direction.
IV / Hist Vol	Implied Volatility / Historical Volatility. Compares current implied volatility with historical volatility to show how option-implied volatility relates to past underlying-price movement.
52W IV Rank	52-Week IV Rank. Shows where current IV sits within its 52-week high-to-low range. A higher value means current IV is nearer the top of that range.
52W IV Perc	52-Week IV Percentile. Shows how current IV compares with historical IV observations over the past 52 weeks. It is different from IV Rank; exact platform methodology may vary.
P/C Int	Put/Call Open Interest Ratio. Compares put open interest with call open interest. It should not be interpreted alone as a bullish or bearish signal.
P/C Vlm	Put/Call Volume Ratio. Compares put trading volume with call trading volume for the session. It reflects activity, not necessarily investor direction.
IV Cls	Implied Volatility Close. The implied-volatility reading at the previous market close, providing a reference for current IV.
IV Chng	Implied Volatility Change. The change in IV from the platform's reference or previous-close value. Positive means IV increased; negative means it decreased.
Hist Vol	Historical Volatility. A backward-looking measure of how much the underlying price has fluctuated over the platform's specified lookback period.
Hist Vol Cls	Historical Volatility Close. The historical-volatility reading at the previous market close, used as a reference for current historical volatility.
Opt Vlm Chng	Options Volume Change. Percentage change in options trading volume relative to the platform's comparison/reference period, indicating whether activity is higher or lower.

A BEGINNER'S READING ORDER

1. Check the stock price	Know where the underlying is trading before looking at strikes.
2. Choose the expiration	Decide which expiry you are examining and note DTE. Very short-dated options can change rapidly.
3. Find the nearest strikes	Use the current-price marker to locate ATM and nearby ITM/OTM strikes.
4. Decide Call or Put	Calls are displayed on the left; Puts on the right.
5. Read Bid and Ask	Use these as the current quoted market. Do not assume Last is executable.
6. Check the spread	Ask − Bid. Wider spreads can increase execution cost and slippage.
7. Add liquidity info	If your platform view exposes Volume and Open Interest by contract, use them together with the spread as liquidity context.
8. Add IV and Greeks	Use IV and Greeks to understand volatility, direction, time decay and sensitivity. These may be available under additional columns or Analysis.

IMPORTANT DISTINCTIONS

Bid vs Ask	Bid is the market's buy quote; Ask is the market's sell quote. Buying normally focuses on the ask side, while selling focuses on the bid side, although actual execution can occur between quoted prices.
Last vs Current Quote	Last is historical—the most recent transaction. Bid/Ask show the current displayed market and can change without another trade occurring.
Volume vs OI	Volume counts contracts traded during the session; open interest counts outstanding contracts. They are different measures and neither alone guarantees liquidity.
IV vs Direction	Implied volatility reflects the market's pricing of uncertainty/magnitude, not whether the stock is expected to go up or down.
IV Rank vs IV Percentile	Both put current IV into historical context, but they measure different things and exact platform calculations can differ.

Reminder: Do not choose an option based only on premium. Consider expiry, strike, bid-ask spread, liquidity, implied volatility, Greeks and the strategy's maximum profit/loss together.