

Welcome to

Binary Options

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1. Trading Online

One of the most popular methods of earning money from home is via online trading. Up until recently, the global markets have been barred from much of the international population by exceptionally high entrance fees and the necessity to learn overly complex trading techniques. As in so many other areas, the internet has brought in the welcome competition driving down entrance fees and streamlining the trading process so that anyone can be part of the global market.

Online trading offers anyone, from anywhere across the globe, the chance to enjoy the opportunities that had previously been reserved for professional traders – all it takes is a computer, an Internet connection as well as a bank account and you're ready to begin trading. This simple method of trading can be done in one of three ways. This book will focus on one of the most popular trading types of them all – **Binary Options trading**.

However, before you begin trading Binary Options, it is strongly advise that you take the time to read through this eBook and learn about the different aspects of trading Binary Options so that you can start trading with minimum risk to your investments.

2. What is A Binary Option?

Binary means 'two', and *option* means a choice with a direction. In the trading world, when you invest in a Binary Option you are investing in the predicted movement of two possible movement of an asset's, commodity's, stock's or currency's direction. Binary Options have a number of different names, including "all-or-nothing" options and "digital options". Each of the names represents the core concept behind Binary Options – they are a straightforward yes/no proposition with a predetermined percentage pay-out.

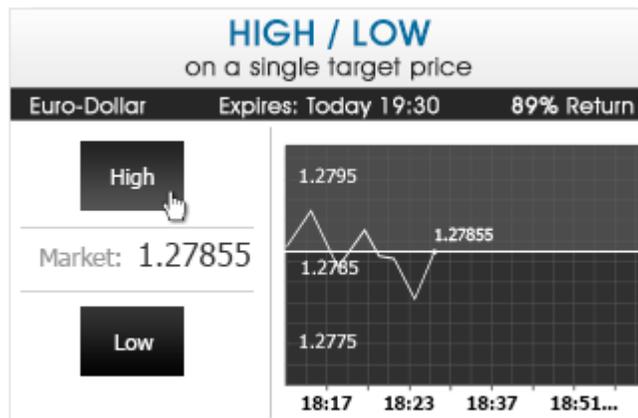
Trading Binary Options is easy to learn and a quick skill to master, allowing even those with no previous experience to benefit from fast profits by using simple yes/no decisions regarding a given asset. Furthermore, OptionFair® offers traders many advantages over other forms of market trading, such as higher pay-outs, 60 second trades and mobile trading.

Each Binary Option trade has a predetermined expiration time. Once the expiration time is reached, the option can end in one of three positions: "In-the-money", where the predetermined profit is successfully made, "out-of-the-money", in which the invested amount is lost, or in very rare occasions the Binary Option can expire "at-the-money" in which the investment will be returned in full with no profit or loss.

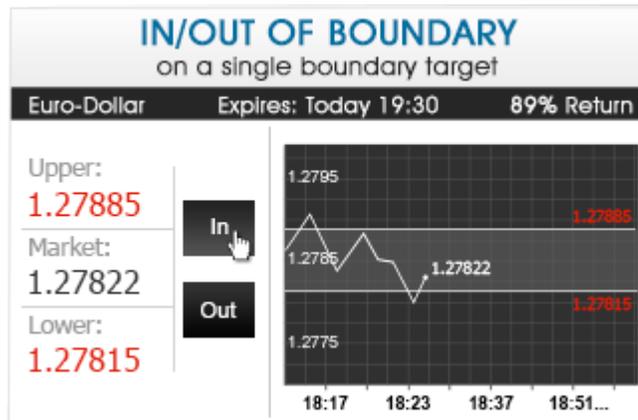
OptionFair® provides traders with a unique ability to profit greatly within short periods of time using many well-known assets (these include currencies, indices, stocks and commodities) and a simple user interface that is backed by the established TechFinancials company. Often, traders select the instrument they wish to use based on their own personal trading skills and entrepreneurial knowledge.

There are a three of different trading instruments available to Binary Options investors:

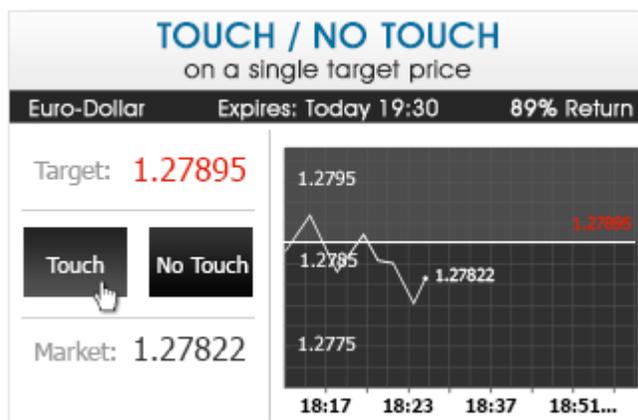
1. **High/Low** – An instrument used with the trader positing whether the underlying asset will be above or below the target price when the option expires.



2. **Boundary** - An instrument used with the trader hypothesizing if the underlying asset will be located inside or outside a specified range at the expiration time (formed by a lower and upper target price).



3. **Touch/No Touch** - An instrument used with the trader predicting whether the underlying asset will reach the target price (Touch) or won't reach the target price (No Touch) during the lifetime of the Binary Option



OptionFair® has expanded its instrument catalogue, exclusively offering Binary Option traders 3 more high-yield variations of the instruments listed above, including “High-Yield Touch”, “Above/Below” and “High-Yield Boundary”. Each of these additional instruments allows greater versatility in trading as well as a higher potential for profit.

3. Why Trade Binary Options?

The benefits of trading Binary Options are three-fold:

1. Simplicity of Trading with Easy to Use Tools
2. Fast and Immediate Return on Investments
3. Profit Possibility Regardless of Up or Down Trends

Understanding the details of each benefit can not only help investors trade wisely, but can give them a better grasp of what exactly it is they are investing in.

1. Simplicity of Trading with Easy to Use Tools

One of the top reasons Binary Options has experienced so much popularity so quickly is how easy it makes trading assets. Binary Options trading manages to strip away much of the complexity offered by other trading types. By ensuring that trading is narrowed down to only the most fundamental elements, Binary Options are an extremely accessible form of trading that offers unparalleled ease-of-use.

The unique simplicity offered by Binary Options also ensures that regardless of your financial background, Binary Options can be easily mastered. Although the interface varies amongst different brokers, OptionFair® is backed by 'TechFinancials', one of the leading online trading providers, and has gone to great lengths to ensure that the technology behind our trading arena is not only reliable, but can be easily used by anyone seeking quality financial services.

Unlike many other forms of trading that require considerable funds to begin trading, OptionFair® offers minimum deposits as low as \$250, offering aspiring entrepreneurs from all financial backgrounds a chance to enter the exciting and rewarding world on online trading.. Furthermore, Binary Options offer considerably more efficient risk control tools when compared to other forms of trading.

OptionFair® provides its traders with a fully equipped financial service for trading Binary Options. Aside from the care and support offered by our dedicated support team, OptionFair® is maintaining a transparent environment with no hidden charges or commissions on trading.

2. Fast and Immediate Investment Returns

Perhaps one of the most alluring benefits of trading with Binary Options is that unlike with a bank (as discussed earlier) or usual asset investments, up to 85% profit can be made in under a minute. 60 second trade tools as well as "End of day" options which expire at the end of the day, "End of Week" options which extend from Monday to Friday and "Weekend

Options” which open on Saturday and close on Monday giving the traders the power to decide when they want to cash in on their investments.

3. Profit Possibility Regardless of Up or Down Trends

Binary Options also offer a very appealing concept in that traders are able to profit regardless of the market’s performance. Even if an asset is losing its value, Binary Options traders are able to profit just as easily as if it was increasing in value. While this sounds simple, this is probably the most important and unique advantages of trading Binary Options as with today’s frequently declining economies investors are able to turn a profit even during, or perhaps more so during, the worst depressions.

You are about to enter an exciting world full of possibilities to learn and profit. Trading Binary Options is the ideal entry point to the global markets and it maintains its popularity with veteran and beginner traders alike.

4. Binary Options: Trading Basics

As explained earlier, Binary Options are one of the most simple and profitable forms of online trading. To understand what Binary Options are really all about, let’s consider the following situation:

Assume that you have \$1000 available for investment. Using standard investment avenues that are usually offered to us, we would consider placing the funds in the bank so that we can profit from the interest paid back to us by the bank for letting them hold on to our money. If this bank

offers a 5% yearly interest rate, we can expect to earn \$50 by the end of the year.

Alternately, we can choose to invest in Binary Options. Typically, Binary Options offer up to an 85% fixed pay-out on an investment within minutes, meaning that your initial \$1000 can turn into \$1850 by the time you get back from your coffee break!

To make the example clearer, let's use a real-world scenario that can illustrate the point. One of the most attractive assets in Binary Options is 'oil'. In a typical Binary Option, we can choose whether the price of oil will go up or down in the next 15 minutes. Based on our prediction, we choose either "high" or "low" and select our investment amount (\$1000). If our prediction is correct, we have earned \$850 in 15 minutes.

However, to enjoy the most success possible; traders need to do more than just guessing the right direction. For example, if we know that OPEC (Organization of the Petroleum Exporting Countries) is preparing a new round of financial sanctions against oil exporting countries and that the announcement is scheduled for today at 15:00 GMT, we can expect oil prices to react. Usually, these situations cause oil prices to soar due to the fears of oil supply being compromised, giving us a good opportunity to turn a quick profit. Using our knowledge, we can select "low" from the 'High/Low' tool after the publication with more certainty that our prediction will be correct. If there is an OPEC announcement but their position on the subject is unclear, we can take advantage of the market volatility created by the event and using the boundary instrument, select "out"(out of a specific range of prices). When trading Binary Options, we do not actually buy the asset, we simply speculate on its price.

To compare and understand the two examples given at the beginning of the chapter, let's review them according to 3 key factors:

1. **ROI (Return On investment)** – The percentage of expected profit. If we invest in the bank, we will receive a yearly profit of 5%. If we invest in Binary Options, we have the opportunity to profit by 85% within minutes.
2. **Lock-In Period** – The time your investment remains “locked” before you can profit from it. If we invest with the bank, we cannot actually touch the money without decreasing the 5% profit. Alternately, Binary Options investments are locked only until the contract expires, which is usually in minutes.
3. **Risk** – The possible loss of our investment. Depositing money into a bank carries minimal risk, however it also offers miniscule ROI. On the other hand, investing in Binary Options always carries a risk of losing the investment.

To conclude, it is safe to say that “the bigger the risk, the bigger the reward”. As illustrated above, trading options offers both advantages and disadvantages. Banks offer steady but very low revenues over a very long period of time as opposed to trading with Binary Options which offers significantly higher revenues in a short amount of time while taking on added risk to the investment.

5. Getting Started

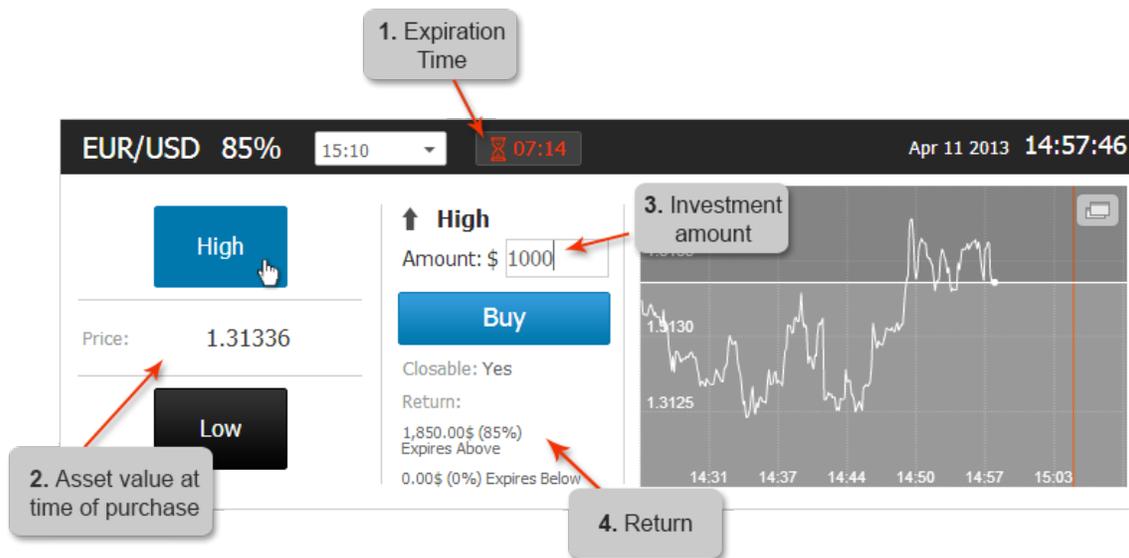
Simply put, finding success through trading Binary Options is all about educated speculation regarding the direction in which an asset is likely to move. There is no purchase of the actual asset, only a simplified form of trading that allows for profit with a limited budget and no special requirements.

Before doing anything, you must first log in to your OptionFair® account by going to www.optionFair.com. Next, enter your details in the upper-right section of the page. To demonstrate Binary Options trading, we must first select an asset. Assets available at OptionFair® include currencies, stocks, indices and commodities, with new assets being added regularly.

To use in an example, we will 'trade' the Euro-Dollar index. Upon selecting the asset, we will be prompted to choose the type of Binary Options instrument we'd like to use. In this case, we will select "high/low". To use this Binary Options instrument, a trader needs to speculate regarding whether they think the asset will be higher or lower than the strike Price at the expiry time.

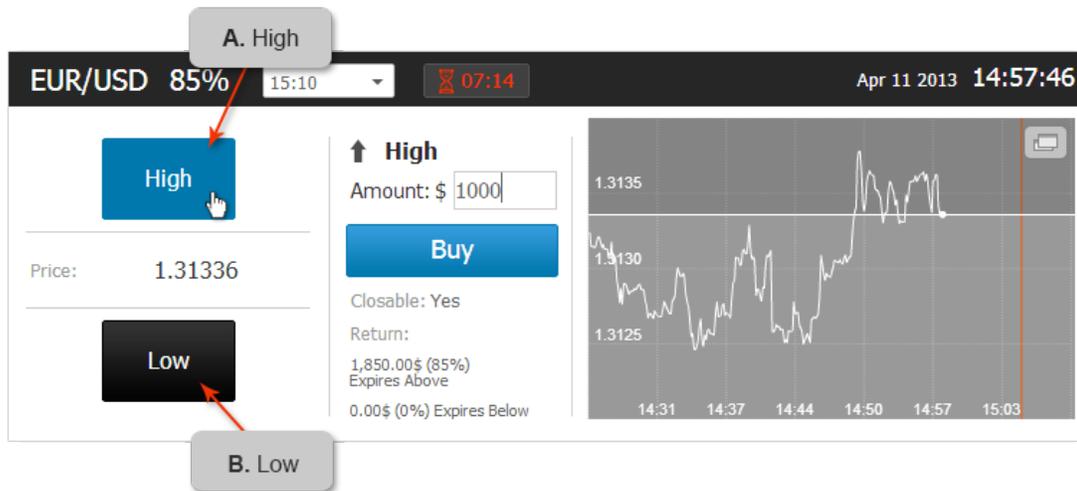
There are 4 primary details needed to start trading (here, using Euro-Dollar as the underlying asset):

1. **Expiration Time** - in 15 minutes
2. **Assets value at time of purchase** - 2,164.46.
3. **Investment Amount** - \$1000
4. **Return** – 85%



At this point we can do one of two things – Purchase a **“high”** option or a **“low”** option.

- A. **Low** – A target price of - 2,164.46 is offered. If the asset expires below this strike price, the option will expire “in-the-money” (profit). If the asset expires above the strike price, the option will expire “out-of-the-money” (loss).
- B. **High** – A target price of -2164.46 is offered. If the asset expires above this strike price, the option will expire “in-the-money” (profit). If the asset expires below the strike price, the option will expire “out-of-the-money” (loss).



Different Instruments

If we were using the touch instrument, we would select "Touch" if we believed that the market would touch the target price at any time before expiration or "No Touch" if we believe that the market will not touch the target price any time before expiration.

If we were using the Boundary instrument, we would select "In" if we believed that the market price would close within the upper and lower target prices at expiration, or "Out" if we believed that the market price would close outside of the upper or lower target prices at expiration.

This example demonstrates the simplicity and core concepts behind trading Binary Options. We must first select an asset, the type of Binary Options instrument, the direction in which we speculate the asset will move, and finally, the investment amount. Using these simple steps,

traders will be able to execute trades with increased risk control and greater opportunities to profit.

1. Choose Asset

Asset	
EUR/USD	85%
USD/JPY	70%
GBP/USD	85%
EUR/JPY	70%
GBP/JPY	85%

2. Choose Direction

EUR/USD 85%

High

Price: 1.31130

Low

3. Insert Amount & Buy

↑ High

Amount: \$

Buy

Closable: Yes

Return:

1,850.00\$ (85%)
Expires Above

0.00\$ (0%) Expires Below

6. Binary Option Assets

One of the most appealing features in trading Binary Options is the fact that it can be applied to virtually every type of asset. OptionFair® provides traders with the ability to experience nearly every type of market through a simplified interface that is geared towards increased risk control and higher profits.

Binary options assets are divided into 4 categories:

Currencies – Much like the foreign exchange industry, Binary Options allow speculation over a currency pair’s performance. Unlike the foreign exchange industry, Binary Options provide greater profits in shorter time frames coupled with the security of knowing that the investment amount is final and that even if the investment has been lost, no further losses can

incur. OptionFair® offers Binary Options trading on an exceptionally wide variety of currencies, including the majors (such as EUR/USD, GBP/USD, EUR/JPY, and many more) as well as some of the more exotic currency pairs such as USD/TRY and EUR/NOK.

Stocks – The available list of stocks available for trading with Binary Options may vary greatly between brokers. OptionFair® prides itself on having one of the most impressive stocks catalogues in the market. Combined with Binary Options, stocks trading on assets such as Google, Facebook, BP and Apple have become an increasingly profitable investment, and are all readily available on OptionFair's® trading service.

Commodities – The commodities market is one of the most interesting due to its two-way relationship with the geo-political climate. Using OptionFair®, traders will be able to trade assets such as Gold, Silver and Crude Oil with speed and versatility available nowhere else.

Indices – Indices are widely regarded as an effective means for trading Binary Options. The indices' constant liquidity also make them an ideal choice for hedging, as well as lower taxation policies which ensure that they will always be a preferred asset category. The six most notable indices include:

- **The Dow Jones Industrial Average**, which includes the 30 most traded Industrial stocks in the NYSE (New York Stock Exchange), such as *Coca Cola*, *Amex* and *Microsoft*, amongst many others.
- **The NASDAQ (National Association of Securities Dealers Automated Quotations)** is considered by many to be the biggest index. Composite Index includes over 3000 components and is regarded

as an indicator of the performance of technology and growth companies' stock.

- **The S&P (Standard & Poor's) 500** is a stock market index based on the common stock prices of 500 top publicly traded American companies.
- **The DAX (Deutscher Aktien Index) 30** is a blue chip stock market index consisting of the 30 major companies from the Frankfurt Stock Exchange.
- **The FTSE (Financial Times Stock Exchange) 100** is a share index of the stocks of the 100 companies listed on the London Stock Exchange with the highest market capitalisation. It is one of the most widely used stock indices and is seen as a gauge for business prosperity.
- **The Nikkei 225** is a stock market index for the Tokyo Stock Exchange. The Nikkei is the most widely quoted average of Japanese equities, similar to the Dow Jones Industrial Average in the US.

7. What Affects Binary Options?

Investing with Binary Options is all about your ability to predict market trends, up OR down. First we must determine when the price is low and when it is high. This section will detail some of the different techniques to analyse the markets and global trend-setting events that can drastically affect the markets.

Fundamental Analysis

Fundamental analysis is about using real data to evaluate an asset's value. Although most analysts use fundamental analysis to value stocks, this method of valuation can be used for just about any type of asset.

For example, an investor can perform fundamental analysis on stocks by using revenues, earnings, future growth, return on equity, profit margins and other data to determine a company's underlying value and potential for future growth.

Technical Analysis

Technical analysis refers to the process of using previous trading data and price movements to determine how similar investments have behaved with similar price movement patterns. Once a pattern is detected, a trader can predict (to a certain degree of certainty) if the investment has high or low chance of becoming profitable. In short, this type of analysis revolves around recognizing previously seen patterns and acting upon them with the expectation that a similar outcome is likely.

Geo-Politics

Geo-politics is a form of fundamental analysis and focuses on political and governmental effects on assets. Using historical events and their effect on the market, a trader can focus on the social, economic and political elements that can increase supply, thwart demand, and vice versa. When performing this type of analysis, traders will look into a variety of economic indicators, such as interest rates, inflation rates, GDP, and many more. For example, take a moment to consider the effects of war in the Middle East on the global economy and specifically on oil prices.

Financial Indicators

As stated earlier, fundamental analysis relies heavily on economic indicators for any prediction. Interest rates are a prime example for an indicator that is vital to trading currencies due to their effect on a currency's value. Furthermore, it's a good idea to be familiar with some of the political/economic agendas of the current governments in power as it may provide a clue as to where financial policies are heading and how it will affect the currency's value. The current state of the European economy is a testament to the importance of this knowledge. Even if a trader is not an expert on world politics and economic climates, it is advised to have a general idea of the state of matters affecting an asset before investing.

8. Trading Tools

When trading at OptionFair®, traders are treated to the highest quality indicators available. These indicators will help traders make the right choice at the right time, and will be an integral part of your trading success.

Charts/Indicators

Charts are widely considered to be an absolute must when it comes to Binary Options trading. They provide a graphical representation of market data and give us a good sense of the general performance and direction that the asset is taking. Technical analysis is based on charts and the graphical representation they provide regarding an asset's performance,

making them one of the most important aspects to consider when trading Binary Options.

Signals

A Binary Options signal is usually a paid service that works by mirroring the trades of a system or an existing trader with proven experience and executing them on your behalf automatically. It is imperative to make sure that the signal provider is reliable and has a good track record. Otherwise, the risk outweighs the benefits by far.

The Media

The media is a great source for information regarding indices, currencies and commodities and stocks in particular. An upcoming announcement from a major tech company has a great deal to do with the stock's performance. A typical example is the almost immediate fall in Apple's share value after the announcement of a new product line, with values rising up as the actual release of the products gets closer and closer.

Furthermore, the media is a great source for any fundamental analysis-related information regarding political unrest or economic strains expected to affect the market.

9. Basic Trading Strategies

Trading Close to Time of Expiry

This Binary Options trading strategy involves waiting for the minimum amount of time left until an option expires and then entering a trade. Generally, Binary Options may open up long before trading is closed; giving those who wait more validity in their prediction regarding the direction an asset is taking.

Event-Driven Trading

This trading strategy is actually a form of fundamental analysis. It involves trading based on real-world events that can affect an asset's price. A typical example may include major economic announcements that are known to affect an asset, such as interest rate announcements and employment rates, amongst others.

Opposite Trading - Hedging

This trading strategy involves buying an opposite Binary Option to your position in order to minimize the risk even further. For example, if trading a "high" option on an asset, using this strategy will have you place a "low" position as well, thus decreasing the risk to your capital. However, it should be noted that while risk is decreased, profit is decreased as well. One of the ways to overcome this issue is to trade with assets that allow for "early closure" – allowing you to close one of the opposing trades if and when you are relatively certain that it is likely to move in a certain direction.

Trading Based on Forward Markets

Trading occurs at all times due to the fact that different trading centres around the world are open at different times. Using this strategy, traders will look into earlier-opened markets and their assets (such as the NIKKEI) to determine the expected reaction in different assets once trading has opened in other parts of the world. Keep in mind that this strategy is only relevant during market openings and has little to no effect at later times.

10. Trading Tips

Be Familiar with the Underlying Asset

As explained earlier, Binary Options derive their value from the underlying asset (such as oil). Therefore, it is advisable that before entering a trade with any asset, you should learn as much as you can about the asset: what affects it, where it is traded as well as any other information that can aid you in predicting an asset's behaviour.

Use Early Closure Wisely

Minimizing damages from unsuccessful trades is a crucial aspect to sustaining a long and profitable trading career. Therefore, closing a losing position is advised for it will diminish your losses and allow for more successful trades in the future. Furthermore, with time you will learn to identify the correct situations to employ this feature, vastly reducing losses in the long-term.

Risk vs. Reward

Trading Binary Options provides great rewards, but it is not free of risk. Generally speaking, the higher the pay-out on any given option, the bigger the risk taken when investing. Therefore, the correct strategy is to weigh in each option and consider the reward as well as the risk associated with it.

11. Conclusion

The core concept behind trading Binary Options may be fairly simple, but there are many aspects that effect assets and therefore the outcome of a Binary Option. We strongly encourage traders to read through some of the more technical parts of this book a second time prior to trading so that you can avoid any loss due to lack of experience. If you have any questions regarding OptionFair's® services, please don't hesitate to contact us at Customercare@optionfair.com.

The world of trading Binary Options is an exciting opportunity for those seeking a new way to enter the global markets with ease. The interface, simple and versatile, offered by OptionFair® provides you with every tool needed to trade successfully, and our dedicated support team is always ready to provide support on every front.

OptionFair's® platform has been designed so that traders have the finest trading interface available for Binary Options. OptionFair's® goal is to offer the end-user with a wide range of financial instruments and assets aimed at providing the ultimate trading experience.

OptionFair® offers up to 85% profit on many assets, 60 second options for quick trading, as well as Android and iOS solutions for trading on the go. Furthermore, OptionFair® is always looking at new ways to provide more value for traders, so be sure to check our available promotions from time to time.

12. Key Terms

At-the-Money – One of three terms used to describe an option’s current status in terms of its ability to generate profit. At-the-money refers to a situation in which the option’s target price is identical to the underlying asset’s price. If an option expires in this status, the investment amount will be returned.

Binary Options –The assets used in a specific type of market trading that offers a fixed pay-out for the prediction of simple yes/no propositions. For example, a typical binary option would ask if the underlying asset, such as Gold, would rise or fall in value and offer an 81% return for a correct prediction.(Also known as all-or-nothing, digital and exotic options.)

Boundary Instrument – A tool used in trading binary options whereby a trader must try to predict if the underlying asset will reach a value that is within or out of a specified range of values when the option expires.

Early Closure – A feature offered by OptionFair® that allows traders to exit an option prior to the decided expiration time for a reduced return.

Expiry level – Refers to the underlying asset’s value once the option expires.

Expiry time – The specific predetermined hour and date when the time allotted for estimating the direction of an assets market value closes.

High/Low Instrument – A binary options trading instrument in which a trader must predict if the underlying asset will reach a value that is above or below the strike price when the option expires.

In-the-Money – One of three terms used to describe an option’s current status in terms of its ability to generate profit. “In-the-money” refers to a situation in which the underlying asset’s value will generate profit. For example, when selecting “high” on the high/low instrument, the option will be “in-the-money” if the underlying asset’s price is above the target price.

Investment Amount – The amount of capital invested in a single binary option.

Market Price – The current value of an underlying asset.

One Touch Instrument – A binary options trading instrument in which a trader must predict if the underlying asset will touch a specific value prior to expiration or not.

Out-of-the-Money – One of three terms used to describe an option’s current status in terms of its ability to generate profit. “Out-of-the-money” refers to a situation in which the underlying asset’s value is such that it will

not generate profit. For example, when selecting “high” on the high/low instrument, the option will be “out-of-the-money” if the underlying asset’s price is below the target price.

Return – The amount given back to the investor once an option expires “in-the-money”. For example, if investing €1,000 in an option that offers an 81% return, the trader will receive €1,810 in returns (€810 in profit) if the option expires “in-the-money”.

Target Price – (Also known as the strike price) a term representing the value that an underlying asset must reach in order for an option to end “in-the-money”. For example, when using the “one touch” instrument and selecting “touch”, the option will end “in-the-money” if the underlying asset touches the target price.

Underlying Asset – The asset used by OptionFair® to provide a binary option. For example, with a binary option that speculates about the price of oil, oil is the underlying asset. OptionFair® offers trading on underlying assets such as currencies, commodities, indices and stocks.