AAII San Diego Options Trading SIG

Calendar Spreads

June 20, 2026

A strategy where you:

1. use options of the same type (calls or puts)
2. the same strike price,
3. but with different expiration dates.

This strategy takes advantage of time decay (theta) and differences in implied volatility between expirations.

- Previous meetings: www.aaiisandiego.com/sub-groups/options-trading/

Flexible Meeting Fees

- Voluntary contributions pay for our expenses.
- Many generous, voluntary online contributions were made during COVID
- Thank You.
- Ways contribute:
  - Cash or check
  - https://www.paypal.com/donate/?hosted_button_id=2M5F9F7L4C2HU
  - Use this QR code

Upcoming Events

All meetings will be held in person and online at 9 AM PDT at the Good Samaritan Church in La Jolla, CA, .

July 11, 2026: Upside Participation, Downside Protection: Enhancing Portfolio Resilience by Ryan Harder, Chief Investment Strategist and Portfolio Manager, Ocean Park Asset Management.

September 12, 2026: Presentation by Jeffrey Hirsch, Editor of the, Stock Traders Almanac.

See why the core indicators (Best Six Months, January Barometer, Santa Claus Rally, 4-Year Cycle) have outperformed across every regime since 1950 and why they still matter in an AI-driven market.

Get Jeff's 15-year outlook through 2040. his 2026 midyear update, top stock picks and sector ETF trades.

Presentation Outline

Option Basics

- Options Described
- Describe the Market

Option Spreads

- Vertical
- Diagonal
- Horizontal

Trade Example: Calendar

- Thinkorswim platform demonstration

Why Opions?

- Risk Reduction: protect stock holdings from a decline in market price (long puts).
- Generate income (calendars, credit spreads).
- Stock acquisition at a lower price (short puts).
- Market speculation at lower risk and greater reward (long calls).

What is an Option

- An option is either a **Call** or a **Put**
- An option is a contract that is bought or sold.
- One contract provides for buying or selling 100 shares of an underlying asset.
- The underlying asset is bought or sold at specified price, on or before a specified date.
- The specified price is the Strike Price
- The date is the Expiration Date
- An option exists as either a Call or a Put
    - *Stock can be Called Away*
    - *Stock can be Put up for sale*

Describing Options

- If you **sell a call**, you have the obligation to sell the underlying asset (it gets called away).

- If you **buy a call**, you have the right, but not the obligation, to **buy** the underlying asset

- If you **sell a put**, you have the obligation to buy the underlying asset (it gets put up for sale and put to you).

- If you **buy** a put, you have the right, but not the obligation, to **sell** the underlying asset (the option is exercised and the stock is **put** up for sale).

Underlying Assets

- Stock (ex: TSLA, AAPL, AMZN)
- ETF (SPY, QQQ, IWN)
- Index (SPX, VIX, RUT, NDX)
- Futures (/ES, /MES, /NQ)

The Market

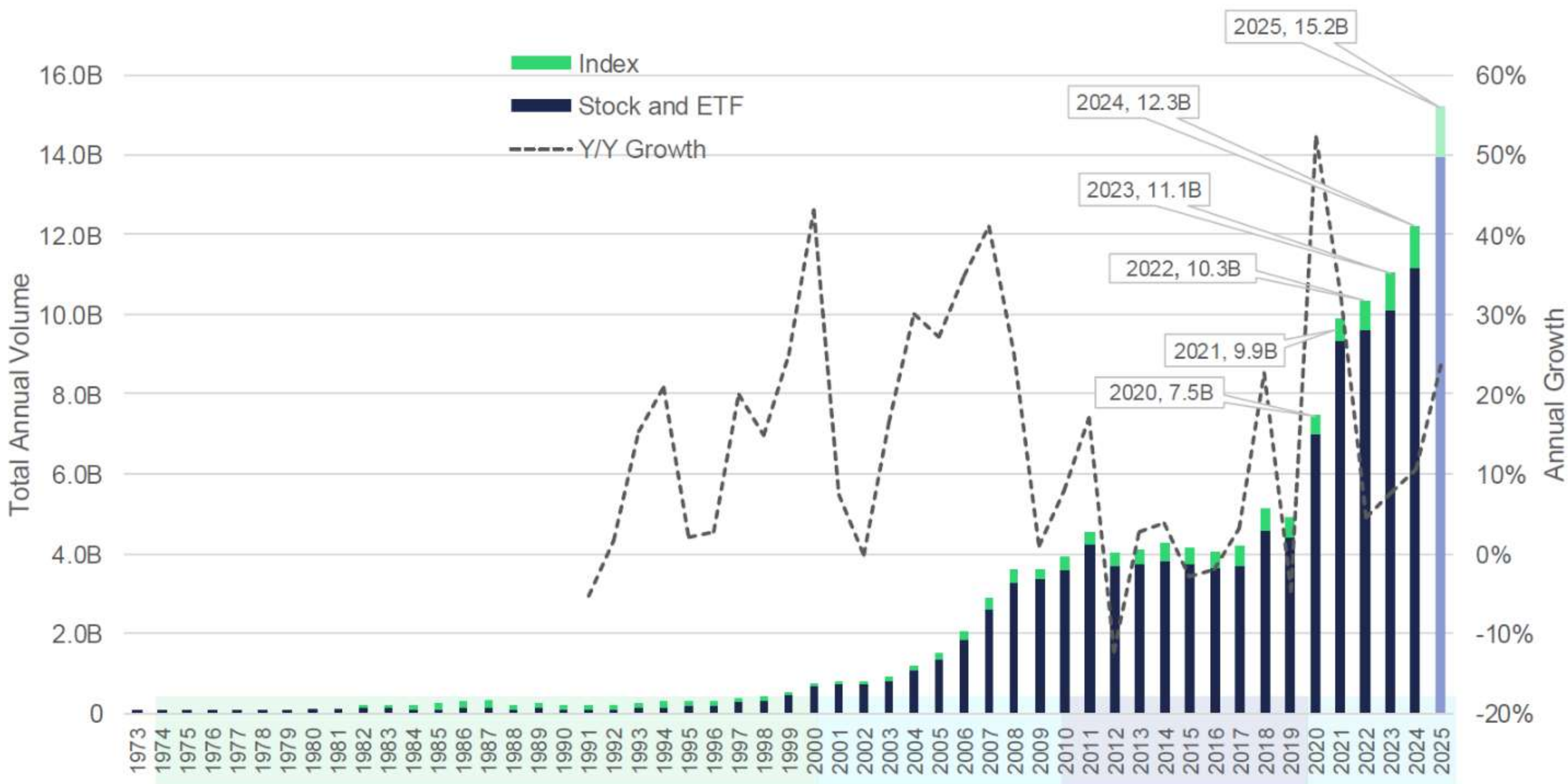
Options are traded through your **brokerage firm** at **Exchanges**. Trade transactions are cleared through the Options Clearing Corporation **(OCC).**

- Markets are fragmented, anonymous and 90% electronic.
- Every trade has a buyer and a seller, but one initiator.
- There is information in every quote and every trade.

Options Clearing Corporation (OCC)

- Established in 1973
- Owned by the major exchanges (*i.e.* CBOE, AMEX, PHLX, PSE)
- Regulated by the SEC
- Main role: to act as a performance guarantor for all options

Annual Options Volume



Option Spread: Definition

The simultaneous purchase of one option hedged by the sale of another option.

A trader will use the sale of one option to reduce the risk of buying another option. The probability of profit is improved.

Spread Types

- Vertical
- Horizontal (Calendar)
- Diagonal

Spread Types

Option Prices

Strikes	Jan	Feb	Mar
60	3	5	6
70	2	3	4
80	1	2	3

horizontal

vertical

diagonal

Calendar Spread

- Horizontal Spread using only puts or only calls
- Used to capture time decay (*theta*)
- Limited risk but limited profit potential
- You want the stock to move to the strike at near-term (front month) expiration

Calendar Spread

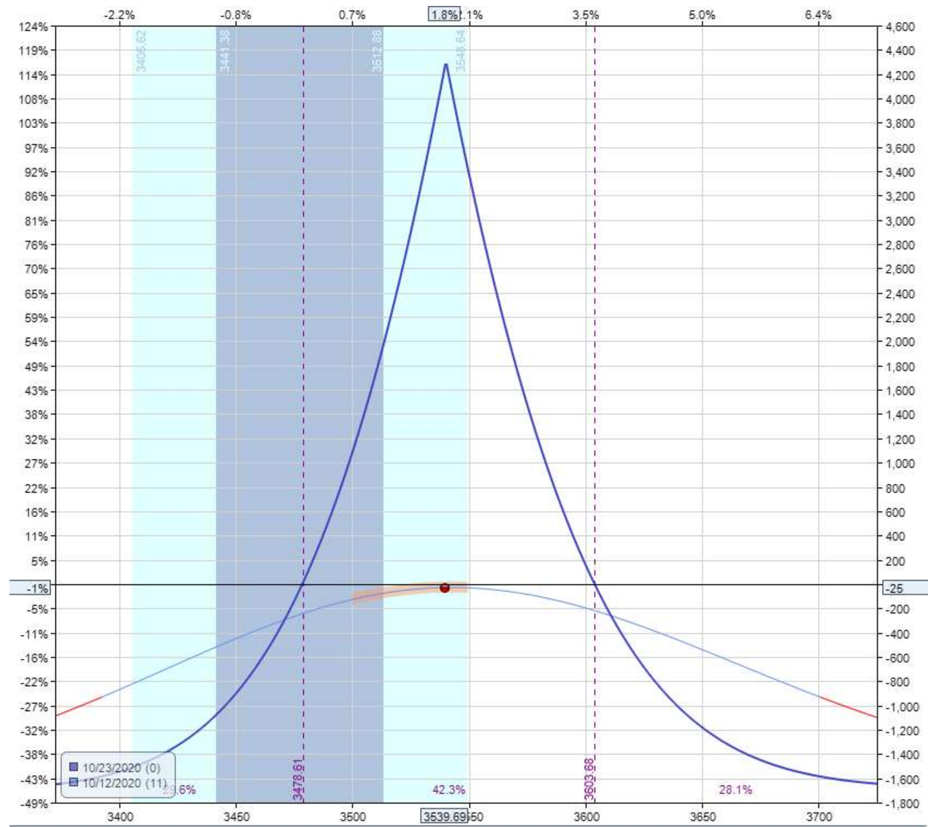
1. Uses options with different expirations but same strike.
2. Sell the near-term option, buy the longer-term option.
   - short strike in front month
   - long strike in back month
3. Both options are the same type (call or put).
4. Best used in a sideways market with low volatility.
5. Profit from time decay and increased implied volatility.

SPX 11 Day Calendar Spread

Sell 2, SPX 3540, 23 OCT Calls

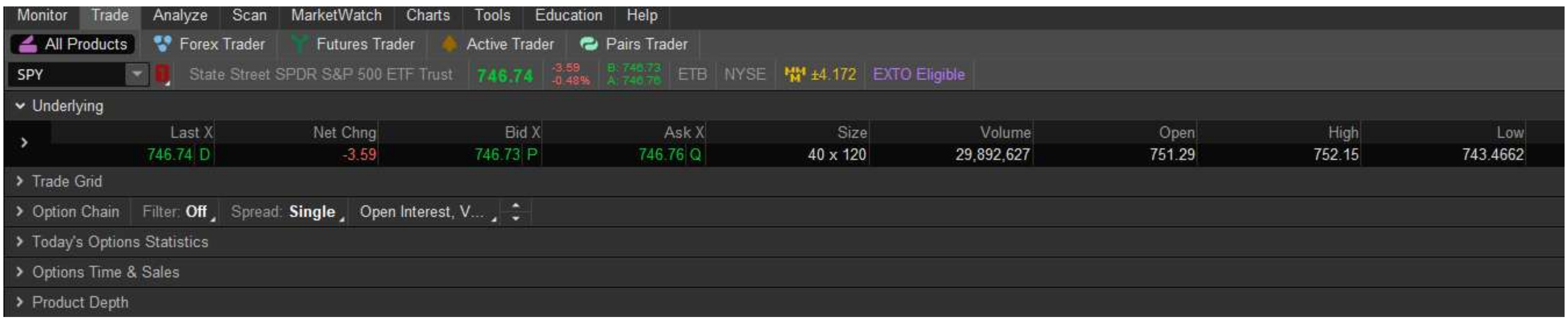
Buy 2, SPX 3540, 28 OCT Calls

	Weekly	23 Oct 20 (11)	18.50%			Weekly	28 Oct 20 (16)	18.17%		
CALL	Mid	IV	Delta	Model	Pos	Mid	IV	Delta	Model	Pos
3550	39.80	18.19	47.05			48.10	17.88	47.76		
3545	42.40	18.30	48.85							
3540	45.15	18.43	50.62		-2	53.55	18.11	50.78		+2
3535	48.00	18.57	52.38			56.45	18.24	52.26		
3530	51.00	18.74	54.10			59.45	18.39	53.72		



Cost	Curr Cost	Com	Profit/Loss	PnL%	Delta	Gamma	Theta	Vega
-1,705.00	1,680.00	5.00	-25.00	-0.68%	0.31	-0.11	76.27	100.93

Start SPY Calendar
6-17-26, SPY@746.74 (-3.59, -0.48%)



SPY Option Chain

SPY | State Street SPDR S&P 500 ETF Trust | 746.7499 | -3.5801 -0.48% | B: 746.74 A: 746.77 | ETB | NYSE | ±4.204 | EXTO Eligible

Underlying

Last X	Net Chng	Bid X	Ask X	Size	Volume	Open	High	Low
746.7499 D	-3.5801	746.74 P	746.77 V	120 x 240	29,962,671	751.29	752.15	743.4662

Trade Grid

Option Chain | Filter: Off | Spread: Single | Open Interest, V...

17 JUN 26	(0)	100 (Weeklys)	51.38% (±4.684)
18 JUN 26	(1)	100	26.09% (±8.478)
22 JUN 26	(5)	100 (Weeklys)	15.80% (±11.113)
23 JUN 26	(6)	100 (Weeklys)	16.30% (±12.542)
24 JUN 26	(7)	100 (Weeklys)	16.68% (±13.849)
25 JUN 26	(8)	100 (Weeklys)	17.07% (±15.141)
26 JUN 26	(9)	100 (Weeklys) POS	17.39% (±16.351)
29 JUN 26	(12)	100 (Weeklys)	16.28% (±17.655)
30 JUN 26	(13)	100 (Quarterlys)	16.75% (±18.903)
1 JUL 26	(14)	100 (Weeklys)	15.88% (±18.593)
2 JUL 26	(15)	100 (Weeklys)	17.30% (±20.964)
10 JUL 26	(23)	100 (Weeklys)	17.11% (±25.654)
17 JUL 26	(30)	100	17.55% (±30.046)
24 JUL 26	(37)	100 (Weeklys)	17.33% (±32.946)
31 JUL 26	(44)	100 (Weeklys)	18.06% (±37.446)
21 AUG 26	(65)	100	18.61% (±46.919)
31 AUG 26	(75)	100 (Weeklys)	18.58% (±50.329)
18 SEP 26	(93)	100	19.81% (±59.806)
30 SEP 26	(105)	100 (Quarterlys)	19.63% (±62.989)

SPY Option Statistics 6-16-26, 11:13am

SPY | State Street SPDR S&P 500 ETF Trust | 746.615 | -3.715 -0.50% | B: 746.60 A: 746.63 | ETB | NYSE | ±4.203 | EXTO Eligible

Underlying

Last X	Net Chng	Bid X	Ask X	Size	Volume	Open	High	Low
746.615 D	-3.715	746.60 P	746.63 P	320 x 80	30,007,474	751.29	752.15	743.4662

Trade Grid

Option Chain Filter: Off Spread: Single Open Interest, V...

Today's Options Statistics

52 week IV High:	0.307
52 week IV Low:	0.138
Current IV Percentile:	22%
52 week HV High:	0.207
52 week HV Low:	0.057
Current HV Percentile:	68%
Implied Volatility:	17.54%
VWAP:	749.485

Trade Analysis	Calls		Puts		Total	
Total Volume:	3,467,456		3,897,150		7,364,606	
Traded at BID or below:	1,652,026		1,775,605		3,427,631	
...% of total:	47%		45%		46%	
Traded at ASK or above:	1,504,851		1,750,003		3,254,854	
...% of total:	43%		44%		44%	
Between the Market:	310,579		371,542		682,121	
...% of total:	8%		9%		9%	
Delta Between						
0 ... 20	1,316,015	37%	1,485,043	38%	2,801,058	38%
21 ... 40	950,745	27%	1,063,338	27%	2,014,083	27%
41 ... 60	1,053,138	30%	1,223,195	31%	2,276,333	30%
61 ... 80	90,546	2%	102,392	2%	192,938	2%
81 ... 100	57,012	1%	23,182	0%	80,194	1%

Sizzle Index	2.418
Call Sizzle Index	2.619
Put Sizzle Index	2.264
Volatility Sizzle	0.942
Stock Sizzle	0.453
P/C Ratio	1.124

SPY Option Chain

SPY | State Street SPDR S&P 500 ETF Trust | 747.01 | -3.32 -0.44% | B: 746.99 A: 747.03 | ETB | NYSE | ±4.266 | EXTO Eligible

Underlying

Option Chain Filter: Off Spread: Single Open Interest, V...

Strikes: ALL

CALLS							PUTS				
Delta	Extrinsic	Intrinsic	Bid X	Ask X	Exp	Strike	Bid X	Ask X	Delta	Extrinsic	Intrinsic
17 JUL 26 (30) 100											17.63% (±30.193)
.65	9.495	10.01	19.29 C	19.72 C	17 JUL 26	737	8.63 I	8.69 W	-.36	8.66	0
.64	9.76	9.01	18.58 C	18.96 C	17 JUL 26	738	8.92 E	8.98 I	-.37	8.95	0
.63	10.07	8.01	17.88 C	18.28 C	17 JUL 26	739	9.21 I	9.28 I	-.38	9.245	0
.62	10.37	7.01	17.25 W	17.51 T	17 JUL 26	740	9.54 W	9.61 W	-.39	9.575	0
.60	10.745	6.01	16.58 E	16.93 W	17 JUL 26	741	9.86 I	9.93 I	-.40	9.895	0
.59	10.995	5.01	15.85 W	16.16 C	17 JUL 26	742	10.20 I	10.28 I	-.41	10.24	0
.58	11.375	4.01	15.25 C	15.52 E	17 JUL 26	743	10.53 B	10.61 I	-.43	10.57	0
.57	11.725	3.01	14.60 C	14.87 E	17 JUL 26	744	10.88 I	10.96 I	-.44	10.92	0
.56	12.115	2.01	14.09 W	14.16 E	17 JUL 26	745	11.23 I	11.31 W	-.45	11.27	0
.54	12.50	1.01	13.48 I	13.54 W	17 JUL 26	746	11.61 I	11.70 I	-.46	11.655	0
.53	12.90	.01	12.88 I	12.94 I	17 JUL 26	747	12.02 I	12.09 U	-.47	12.055	0
.52	12.31	0	12.28 I	12.34 I	17 JUL 26	748	12.48 I	12.57 I	-.49	11.535	.99
.50	11.70	0	11.67 B	11.73 B	17 JUL 26	749	12.89 B	12.96 W	-.50	10.935	1.99
.49	11.11	0	11.08 I	11.14 W	17 JUL 26	750	13.34 S	13.42 P	-.51	10.39	2.99
.48	10.575	0	10.54 I	10.61 B	17 JUL 26	751	13.83 I	13.92 I	-.52	9.885	3.99
.46	10.06	0	10.03 W	10.09 J	17 JUL 26	752	14.27 N	14.53 W	-.54	9.41	4.99
.45	9.51	0	9.49 I	9.53 N	17 JUL 26	753	14.73 N	15.04 C	-.55	8.895	5.99
.43	9.015	0	8.98 I	9.05 D	17 JUL 26	754	15.23 N	15.53 E	-.56	8.39	6.99
.42	8.51	0	8.48 I	8.54 I	17 JUL 26	755	15.69 C	16.00 C	-.58	7.855	7.99
.41	8.03	0	8.00 I	8.06 W	17 JUL 26	756	16.33 N	16.62 C	-.59	7.485	8.99

Consider SPY 30 DTE, ATM Calls

SPY | State Street SPDR S&P 500 ETF Trust | 747.5401 | -2.7899 -0.37% | B: 747.53 A: 747.55 | ETB | NYSE | ±4.077 | EXTO Eligible

Underlying

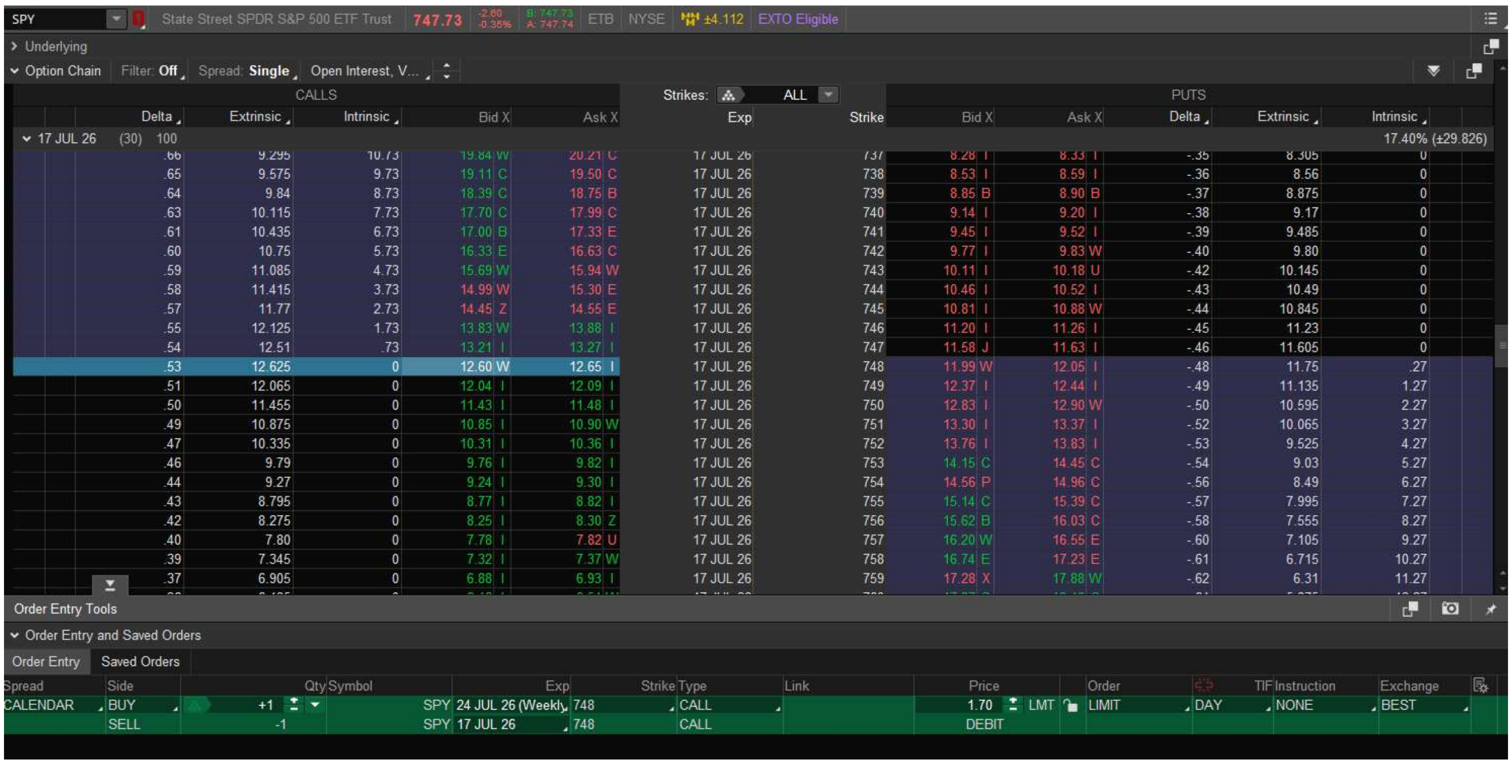
Option Chain | Filter: **Off** | Spread: **Single** | Open Interest, V...

CALLS | Strikes: ALL

17 JUL 26 (30) 100

Delta	Extrinsic	Intrinsic	Bid X	Ask X	Exp	Strike
.65	9.43	10.55	19.76 C	20.20 C	17 JUL 26	737
.64	9.66	9.55	19.05 C	19.37 C	17 JUL 26	738
.63	9.99	8.55	18.34 C	18.74 B	17 JUL 26	739
.62	10.255	7.55	17.63 C	17.98 C	17 JUL 26	740
.61	10.565	6.55	16.93 E	17.30 W	17 JUL 26	741
.60	10.88	5.55	16.28 W	16.58 C	17 JUL 26	742
.59	11.21	4.55	15.62 E	15.90 C	17 JUL 26	743
.58	11.565	3.55	14.96 C	15.27 C	17 JUL 26	744
.56	11.975	2.55	14.45 C	14.60 C	17 JUL 26	745
.55	12.28	1.55	13.80 I	13.86 I	17 JUL 26	746
.54	12.645	.55	13.16 I	13.23 Z	17 JUL 26	747
.52	12.60	0	12.57 D	12.63 T	17 JUL 26	748
.51	12.01	0	11.98 I	12.04 W	17 JUL 26	749
.50	11.415	0	11.39 U	11.44 I	17 JUL 26	750
.48	10.865	0	10.84 I	10.89 N	17 JUL 26	751
.47	10.295	0	10.27 P	10.32 W	17 JUL 26	752
.46	9.78	0	9.75 W	9.81 B	17 JUL 26	753
.44	9.24	0	9.21 D	9.27 Z	17 JUL 26	754
.43	8.735	0	8.71 P	8.76 I	17 JUL 26	755

Analyze 30 DTE Calendar



SPY | State Street SPDR S&P 500 ETF Trust | 747.73 | -2.60 -0.35% | B: 747.73 A: 747.74 | ETB | NYSE | ±4.112 | EXTO Eligible

Underlying

Option Chain | Filter: Off | Spread: Single | Open Interest, V...

17 JUL 26 (30) 100 — 17.40% (±29.826)

CALLS Delta	CALLS Extrinsic	CALLS Intrinsic	CALLS Bid X	CALLS Ask X	Exp	Strike	PUTS Bid X	PUTS Ask X	PUTS Delta	PUTS Extrinsic	PUTS Intrinsic
.66	9.295	10.73	19.84 W	20.21 C	17 JUL 26	737	8.28 I	8.33 I	-.35	8.305	0
.65	9.575	9.73	19.11 C	19.50 C	17 JUL 26	738	8.53 I	8.59 I	-.36	8.56	0
.64	9.84	8.73	18.39 C	18.75 B	17 JUL 26	739	8.85 B	8.90 B	-.37	8.875	0
.63	10.115	7.73	17.70 C	17.99 C	17 JUL 26	740	9.14 I	9.20 I	-.38	9.17	0
.61	10.435	6.73	17.00 B	17.33 E	17 JUL 26	741	9.45 I	9.52 I	-.39	9.485	0
.60	10.75	5.73	16.33 E	16.63 C	17 JUL 26	742	9.77 I	9.83 W	-.40	9.80	0
.59	11.085	4.73	15.69 W	15.94 W	17 JUL 26	743	10.11 I	10.18 U	-.42	10.145	0
.58	11.415	3.73	14.99 W	15.30 E	17 JUL 26	744	10.46 I	10.52 I	-.43	10.49	0
.57	11.77	2.73	14.45 Z	14.55 E	17 JUL 26	745	10.81 I	10.88 W	-.44	10.845	0
.55	12.125	1.73	13.83 W	13.88 I	17 JUL 26	746	11.20 I	11.26 I	-.45	11.23	0
.54	12.51	.73	13.21 I	13.27 I	17 JUL 26	747	11.58 J	11.63 I	-.46	11.605	0
.53	12.625	0	12.60 W	12.65 I	17 JUL 26	748	11.99 W	12.05 I	-.48	11.75	.27
.51	12.065	0	12.04 I	12.09 I	17 JUL 26	749	12.37 I	12.44 I	-.49	11.135	1.27
.50	11.455	0	11.43 I	11.48 I	17 JUL 26	750	12.83 I	12.90 W	-.50	10.595	2.27
.49	10.875	0	10.85 I	10.90 W	17 JUL 26	751	13.30 I	13.37 I	-.52	10.065	3.27
.47	10.335	0	10.31 I	10.36 I	17 JUL 26	752	13.76 I	13.83 I	-.53	9.525	4.27
.46	9.79	0	9.76 I	9.82 I	17 JUL 26	753	14.15 C	14.45 C	-.54	9.03	5.27
.44	9.27	0	9.24 I	9.30 I	17 JUL 26	754	14.56 P	14.96 C	-.56	8.49	6.27
.43	8.795	0	8.77 I	8.82 I	17 JUL 26	755	15.14 C	15.39 C	-.57	7.995	7.27
.42	8.275	0	8.25 I	8.30 Z	17 JUL 26	756	15.62 B	16.03 C	-.58	7.555	8.27
.40	7.80	0	7.78 I	7.82 U	17 JUL 26	757	16.20 W	16.55 E	-.60	7.105	9.27
.39	7.345	0	7.32 I	7.37 W	17 JUL 26	758	16.74 E	17.23 E	-.61	6.715	10.27
.37	6.905	0	6.88 I	6.93 I	17 JUL 26	759	17.28 X	17.88 W	-.62	6.31	11.27

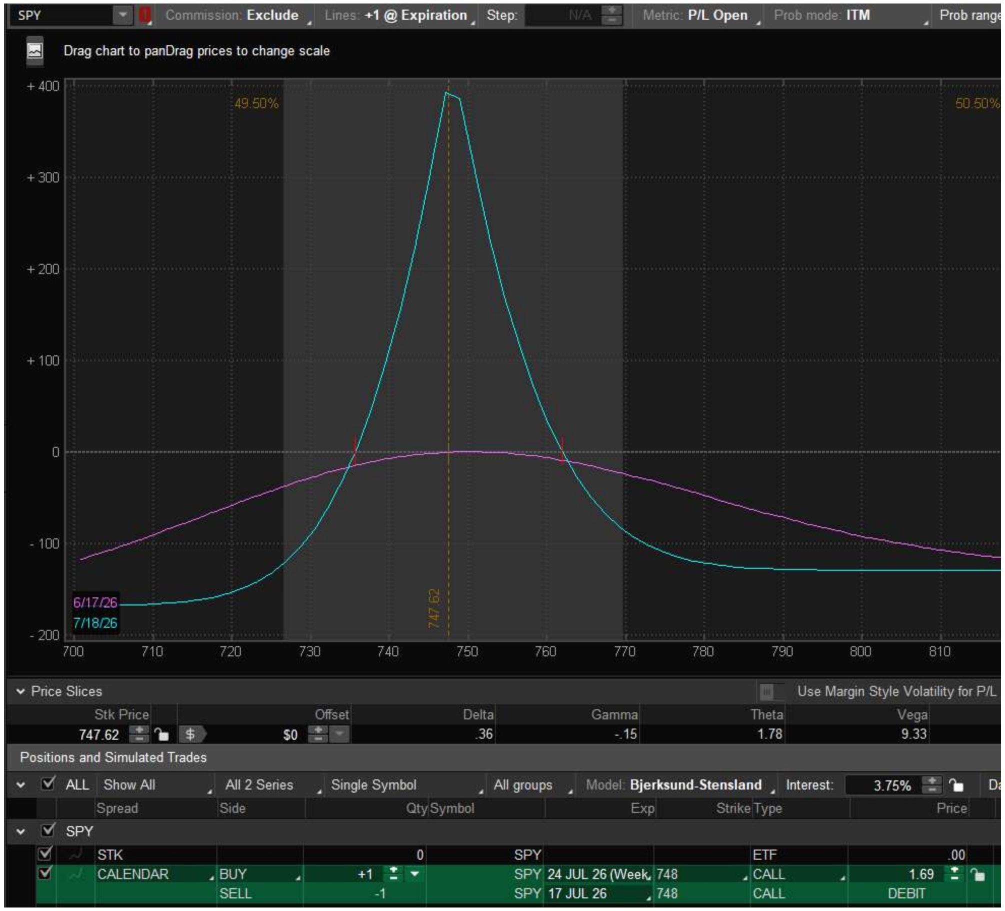
Order Entry Tools

Order Entry and Saved Orders

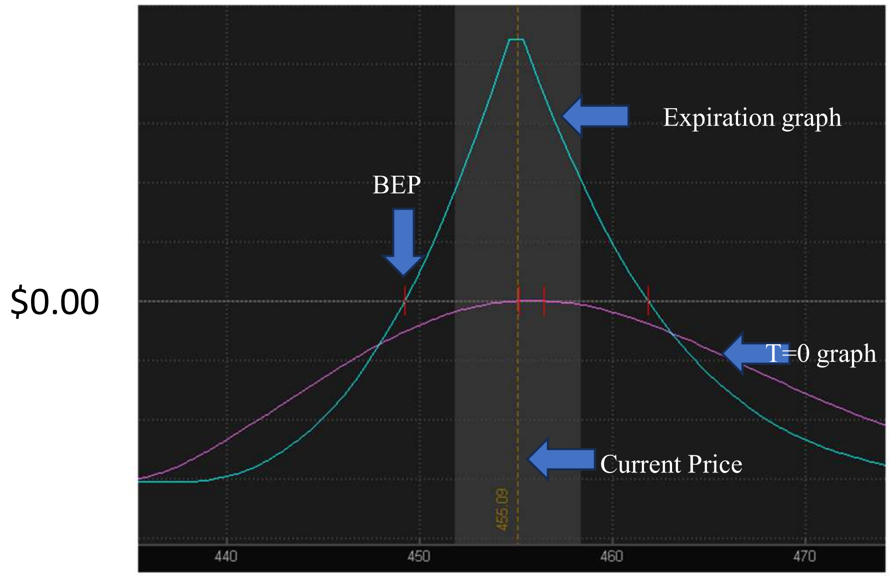
Order Entry | Saved Orders

Spread	Side	Qty	Symbol	Exp	Strike	Type	Link	Price	Order	TIF	Instruction	Exchange
CALENDAR	BUY	+1	SPY	24 JUL 26 (Weekly)	748	CALL		1.70 LMT	LIMIT	DAY	NONE	BEST
	SELL	-1	SPY	17 JUL 26	748	CALL		DEBIT				

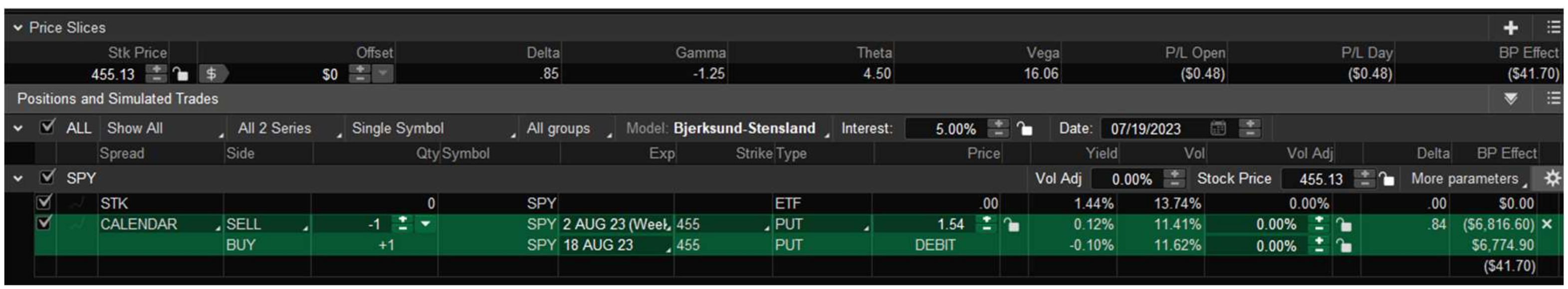
SPY 30 Day Call Calendar for $1.69 Debit



SPY Put Calendar at Start



Theta: 4.5
Date: 7-19-23, Day = 0
Volatility adjustment = 0.00%
P/L = $0.48



Price Slices

Stk Price	Offset	Delta	Gamma	Theta	Vega	P/L Open	P/L Day	BP Effect
455.13	$0	.85	-1.25	4.50	16.06	($0.48)	($0.48)	($41.70)

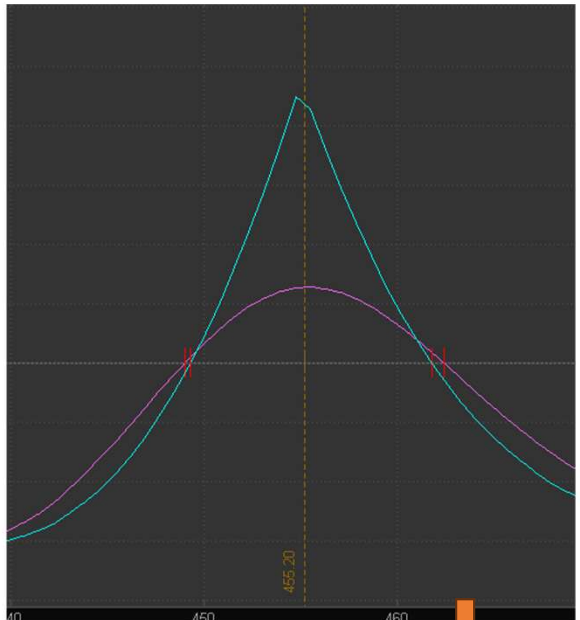
Positions and Simulated Trades

ALL · Show All · All 2 Series · Single Symbol · All groups · Model: **Bjerksund-Stensland** · Interest: 5.00% · Date: 07/19/2023

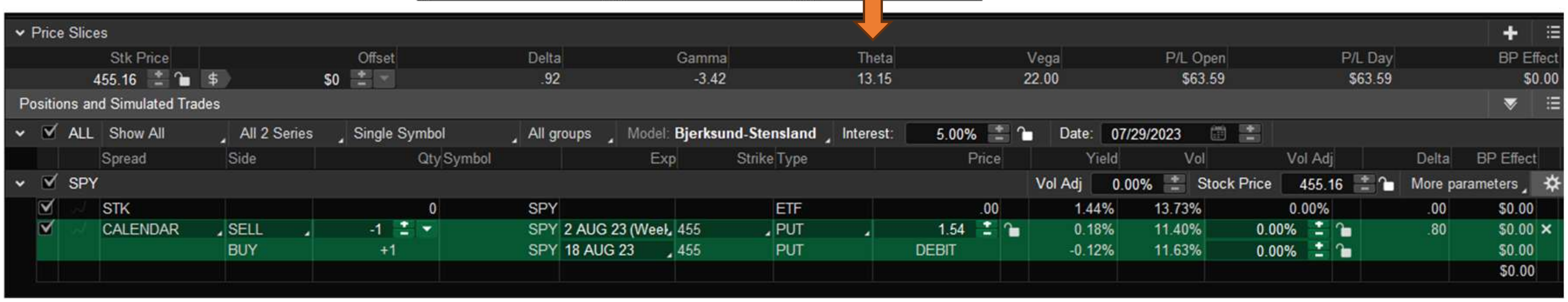
SPY · Vol Adj 0.00% · Stock Price 455.13 · More parameters

Spread	Side	Qty	Symbol	Exp	Strike	Type	Price	Yield	Vol	Vol Adj	Delta	BP Effect
STK		0	SPY			ETF	.00	1.44%	13.74%	0.00%	.00	$0.00
CALENDAR	SELL	-1	SPY	2 AUG 23 (Week	455	PUT	1.54	0.12%	11.41%	0.00%	.84	($6,816.60)
	BUY	+1	SPY	18 AUG 23	455	PUT	DEBIT	-0.10%	11.62%	0.00%		$6,774.90
												($41.70)

SPY Put Calendar (at Day 10)



Theta: 13.15
Date: 7-29-23, Day = 10
Volatility adjustment = 0.00%
P/L =$63.59 (132X)



Price Slices

Stk Price	Offset	Delta	Gamma	Theta	Vega	P/L Open	P/L Day	BP Effect
455.16	$0	.92	-3.42	13.15	22.00	$63.59	$63.59	$0.00

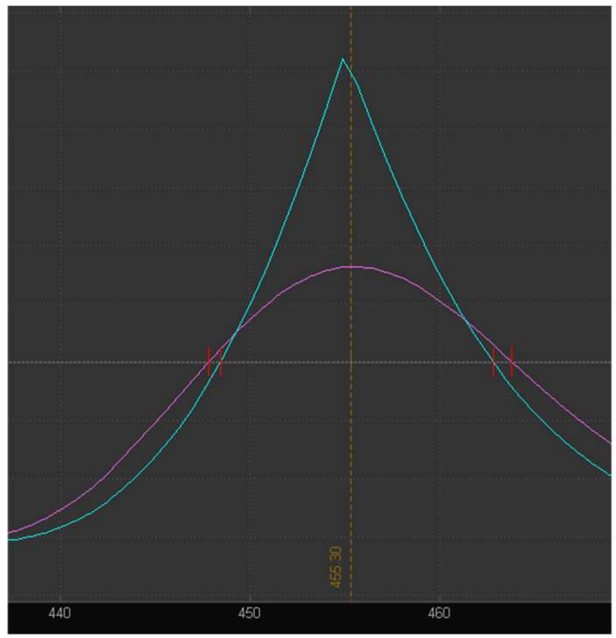
Positions and Simulated Trades

ALL Show All All 2 Series Single Symbol All groups Model: Bjerksund-Stensland Interest: 5.00% Date: 07/29/2023

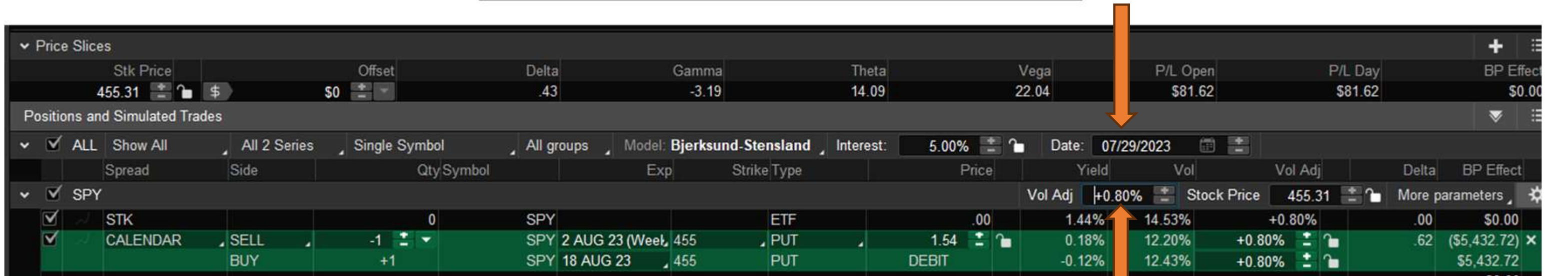
SPY Vol Adj 0.00% Stock Price 455.16 More parameters

Spread	Side	Qty	Symbol	Exp	Strike	Type	Price	Yield	Vol	Vol Adj	Delta	BP Effect
STK		0	SPY			ETF	.00	1.44%	13.73%	0.00%	.00	$0.00
CALENDAR	SELL	-1	SPY	2 AUG 23 (Weel	455	PUT	1.54	0.18%	11.40%	0.00%	.80	$0.00
	BUY	+1	SPY	18 AUG 23	455	PUT	DEBIT	-0.12%	11.63%	0.00%		$0.00
												$0.00

SPY Put Calendar (at Day 10 with volatility increase)

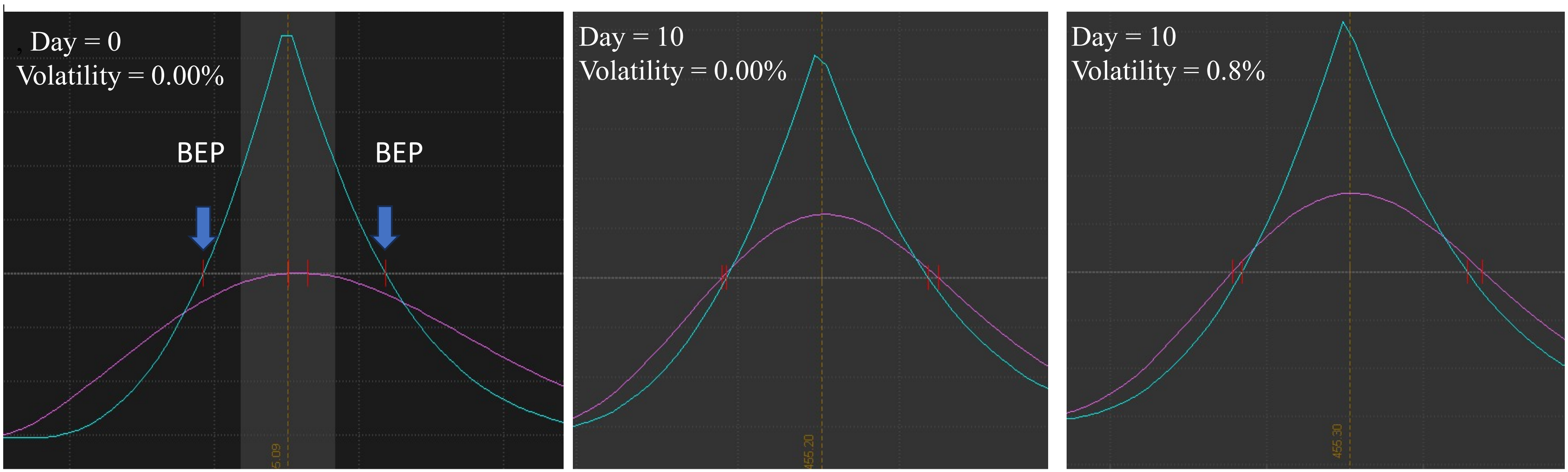


Theta: 14.09
Date: 7-29-23, Day = 10
Volatility adjustment = 0.80%
P/L =$81.62 (170X)



Calendar spreads profit from: 1) time decay and 2) increased volatility

if the underlying price remains between the BEPs.



What Maximizes Theta Capture

1. Always sell the shortest-dated option with good liquidity
Shorter = faster decay.

2. Keep the long option 30–90 days out
This is the sweet spot for:
•Slow decay
•High vega

3. Roll the short option every 7–14 days
This keeps the theta engine running.

4. Re-center the strike when delta exceeds ±0.15
This keeps the tent aligned with the stock.

5. Avoid holding the short option into expiration
Gamma risk explodes. Assignment risk increases. Theta slows down.

Basic Guidelines for Calendar Spreads

1. Avoid trading through earnings and ExDividend date (for stocks).
2. Buy the spread ATM.
3. The short options (front month) should expire in 7 to 40 days.
4. The long options (back month) should expire 7 to 14 days later.
5. Use the expiration or P/L graph throughout the trade.
6. Always have an exit plan and a profit target. Use a mental or real stop loss.
7. Adjust the trade at or near the break-even point:

a) Open a second calendar spread at the current price, converting trade to a double calendar.

b) Close the trade.

Words of Trading Wisdom*

1. There Is No Single True Path
2. Find a Trading Method that is Compatible with Your Personality
3. Keep a Trading Journal
4. Learn from Your Mistakes
5. Risk Management is Critical
6. Trade Small, Often and Consistently
7. If You Hope a Trade Will Work: Get Out (hopeium is not good)
8. Emotions Are Detrimental to Trading
9. Aiming for Consistent Profitability Can Be Counterproductive
10. Successful Traders Love What They Do

* From Jack D. Schwager, Unknown Market Wizards

THE END

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