

Moomoo/Cboe Q3 2024 Options Survey



Introduction

- **Interest in options** trading at the retail level continues to expand.
- Decreasing fees and spreads, **better access** to financial information and powerful analytical and educational tools are some of the drivers of the expansion.
- Moomoo surveyed its users at the end of the quarter to find out which ones are using options and the resources and tools they are using to do so.
- Cboe provided **proprietary data** for the survey that further supports many of the unique insights.
- **Survey objective:** Understand investor sentiment around options trading.
- Moomoo asked **three** key questions.

* Options trading entails significant risk and is not appropriate for all customers. It is important that investors read Characteristics and Risks of Standardized Options (<https://j.moomoo.com/017y9J>) before engaging in any options trading strategies. Options transactions are often complex and may involve the potential of losing the entire investment in a relatively short period of time. Certain complex options strategies carry additional risk, including the potential for losses that may exceed the original investment amount. Supporting documentation for any claims, if applicable, will be furnished upon request. Moomoo does not guarantee favorable investment outcomes. The past performance of a security or financial product does not guarantee future results or returns. Customers should consider their investment objectives and risks carefully before investing in options. Because of the importance of tax considerations to all options transactions, the customer considering options should consult their tax advisor as to how taxes affect the outcome of each options strategy.



Three Key Questions We Asked

WHO IS TRADING OPTIONS?

Many investors are relatively new to options trading but have prior experience in stock trading and are often more financially well off than non-options traders.

WHAT DO OPTIONS TRADERS WANT THE MOST?

Options traders are hungry for new products, trading tools and informational and educational sources that fit their varied reasons for trading and the different strategies they employ.

ARE INVESTORS COMFORTABLE WITH OPTIONS?

There is strong interest in educational resources for options which will make investors more confident. Gaining more knowledge and familiarity with options is the first step to get more investors to use options.



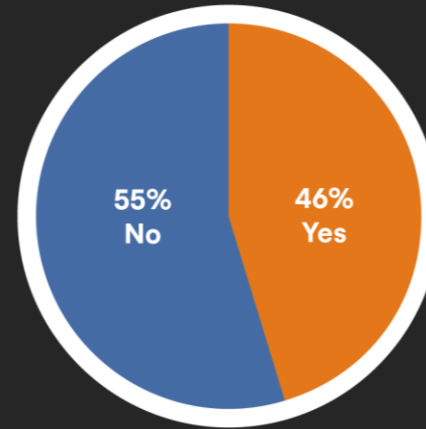
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Who Is Trading Options?

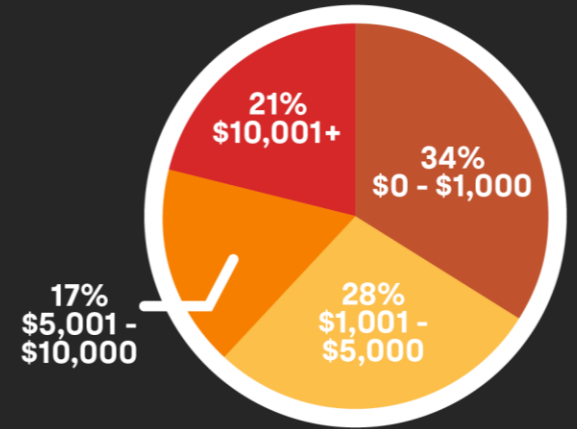


Options Traders are on Average More Experienced and Better Capitalized Traders

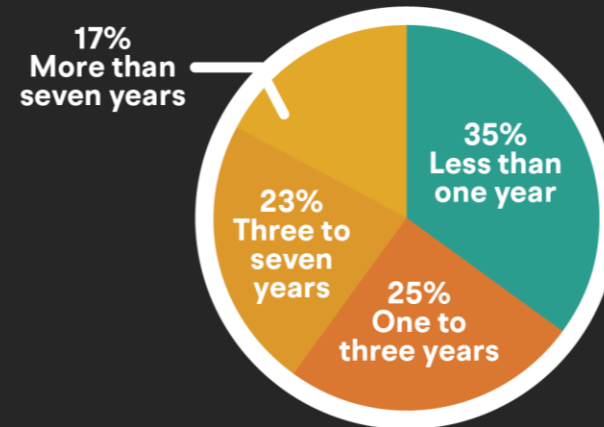
- Options investors often start trading stocks first, then graduate to options.
- More **stock trading experience** overall
 - 54% of options traders have been trading stocks more than three years compared to only 29% of non-options traders.
- **Better funded** overall
 - 50% of options traders have contributed more than \$5,000 to their trading investments on an annual basis compared to only 28% of non-options traders.
- **Higher household income** on average
 - 54% of options traders have annual household income of over \$70,000 compared to only 42% of non-options traders.



Have you traded at least one option contract in 2024?



How much do you contribute to your trading investments on an annual basis?

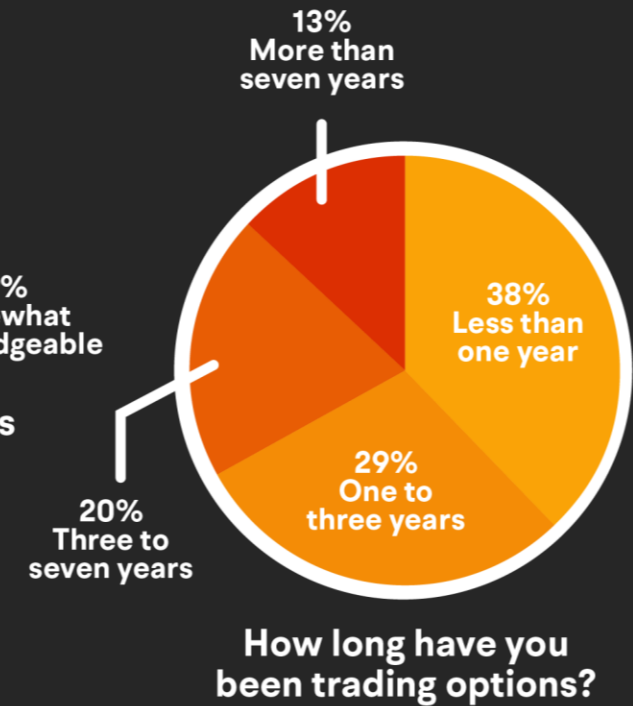


How long have you been trading stocks?



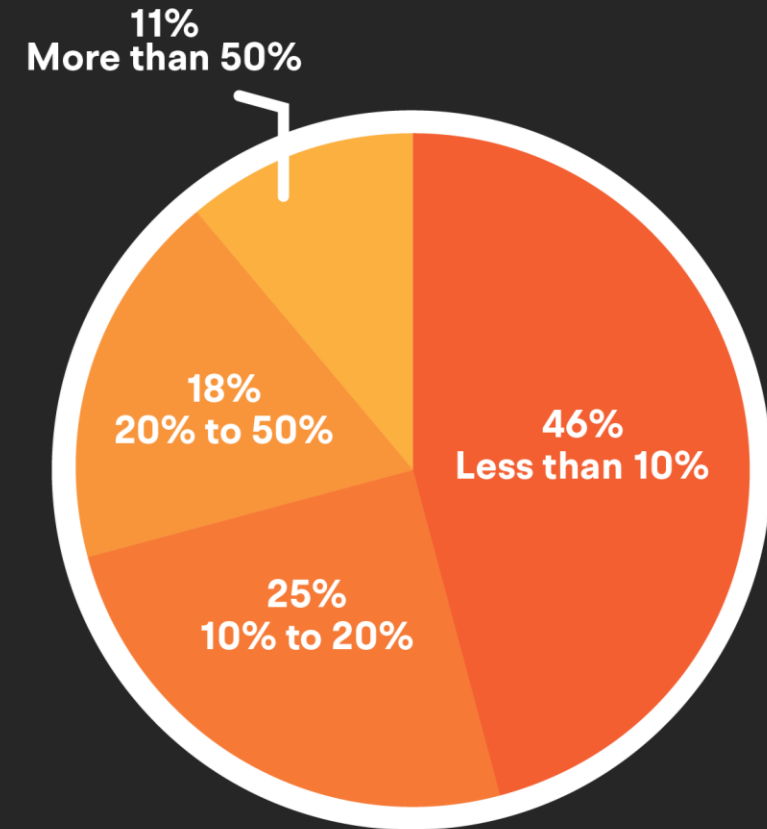
Options Trading Is Still New in the Investor Journey

- Many traders first exposed to options during the pandemic are still at the beginning of their education.
- **67%** of those surveyed have been trading options less than three years.
- Only 5% of survey participants identify as experts in options trading compared to 27% who identify as beginners.
- Among those options traders with over seven years' experience, **23%** identified their education level as expert.



Although Many Are Still New To Options, Some Investors Are Choosing To Trade Them Over Stocks

- 37% of survey respondents primarily trade options compared to 63% that primarily trade stocks.
- This is despite a low overall allocation of funds towards options trading.
 - 46% of options traders allocate less than 10% of their investing capital towards options trading.

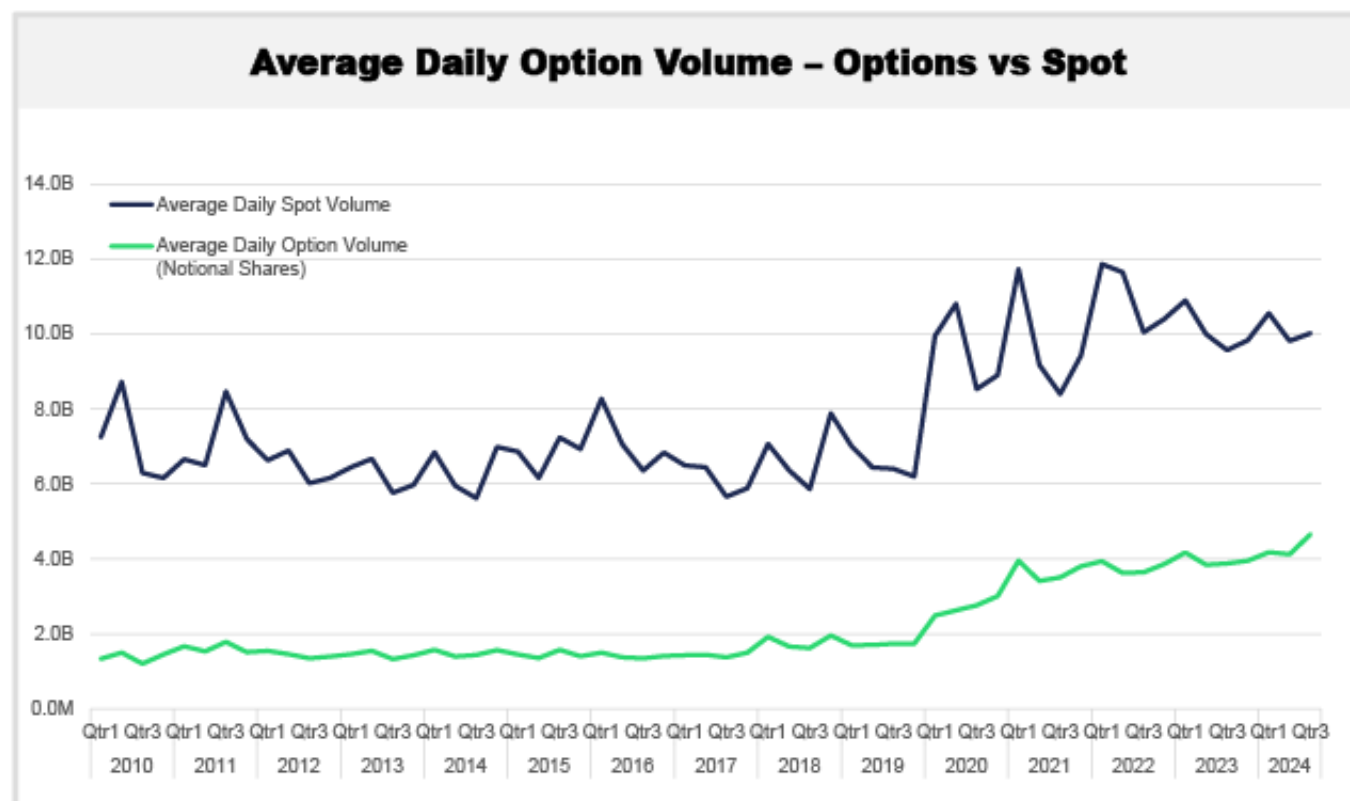


What percentage of your investing capital do you allocate to options trading?



Overall Options Volume has Seen Significant Growth Since the Pandemic

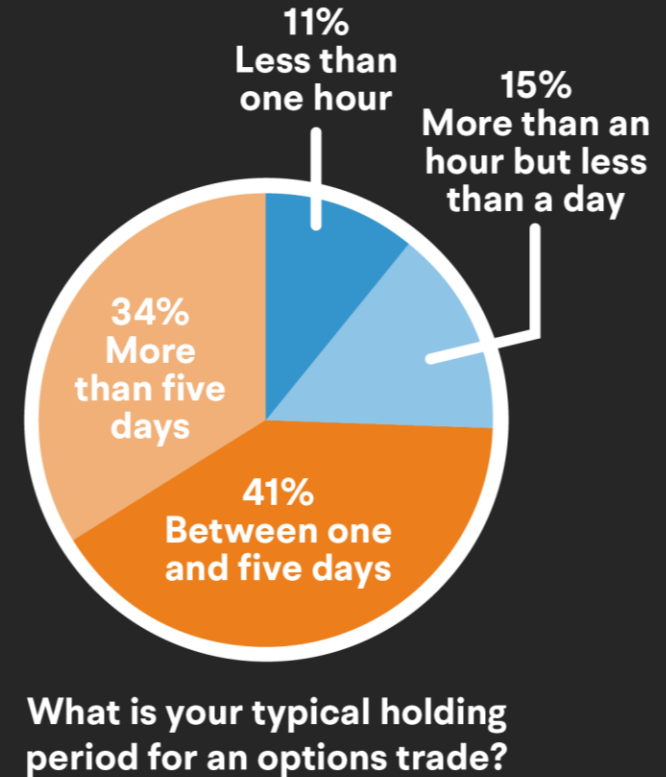
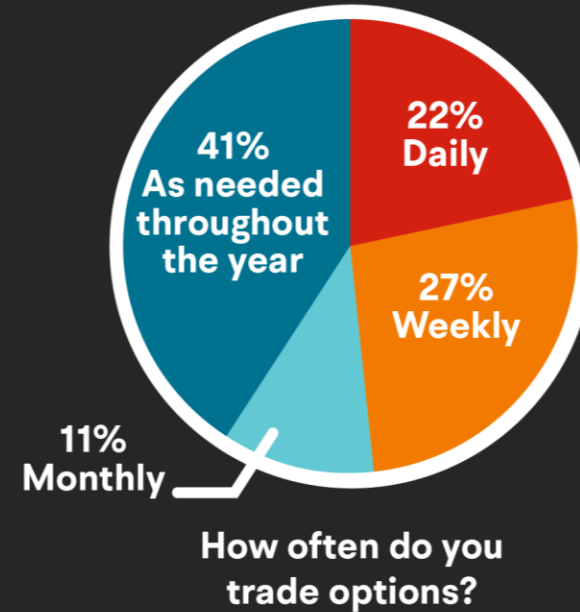
- According to Cboe, average daily option volume has been growing significantly, which is aligned with the active trading of many of our surveyed users.



Cboe LiveVol, LLC 8/30/24 Source: <https://datashop.cboe.com/option-sentiment>

Options Investors are Active

- 49% of investors trade options on either a **daily** or **weekly** basis.
- 41% of options traders hold their position from between **one** and **five** days.

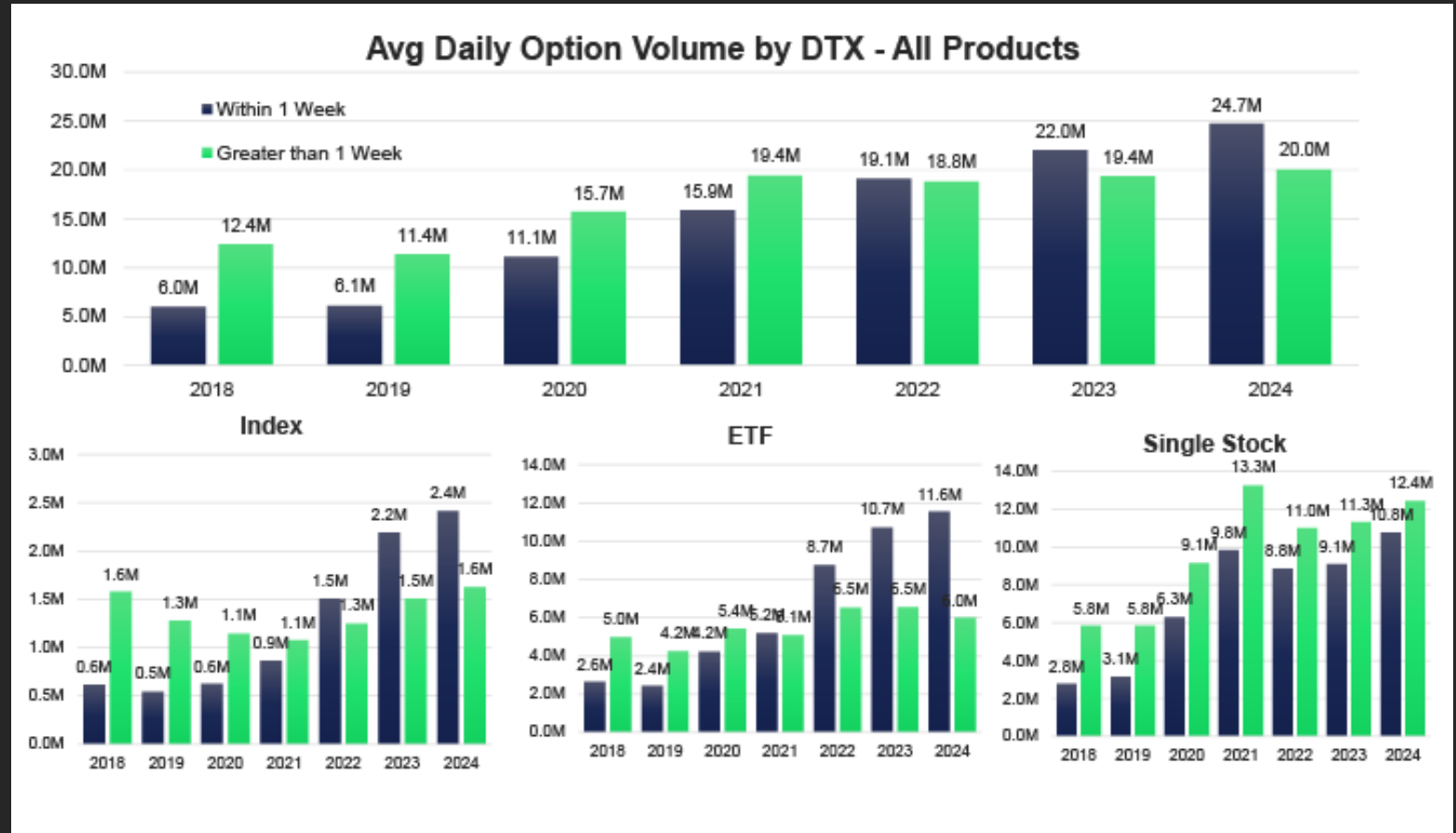


* ODTE or Same Day expiration options: Keep in mind, opening new options positions close to or on their expiration date comes with substantial risk of losses for reasons that include potential volatility of the underlying security, limited time to expiration, flagging as a pattern day trader, and others. This type of strategy is not suitable for all investors and should be utilized only by sophisticated investors who understand the essentials of options and the risks of ODTE options.



Short Dated Options Trading is Increasing

- 43% of options investors surveyed trade Zero Days to Expiration (ODTE) options, which lines up with the growth as identified in the Cboe data.



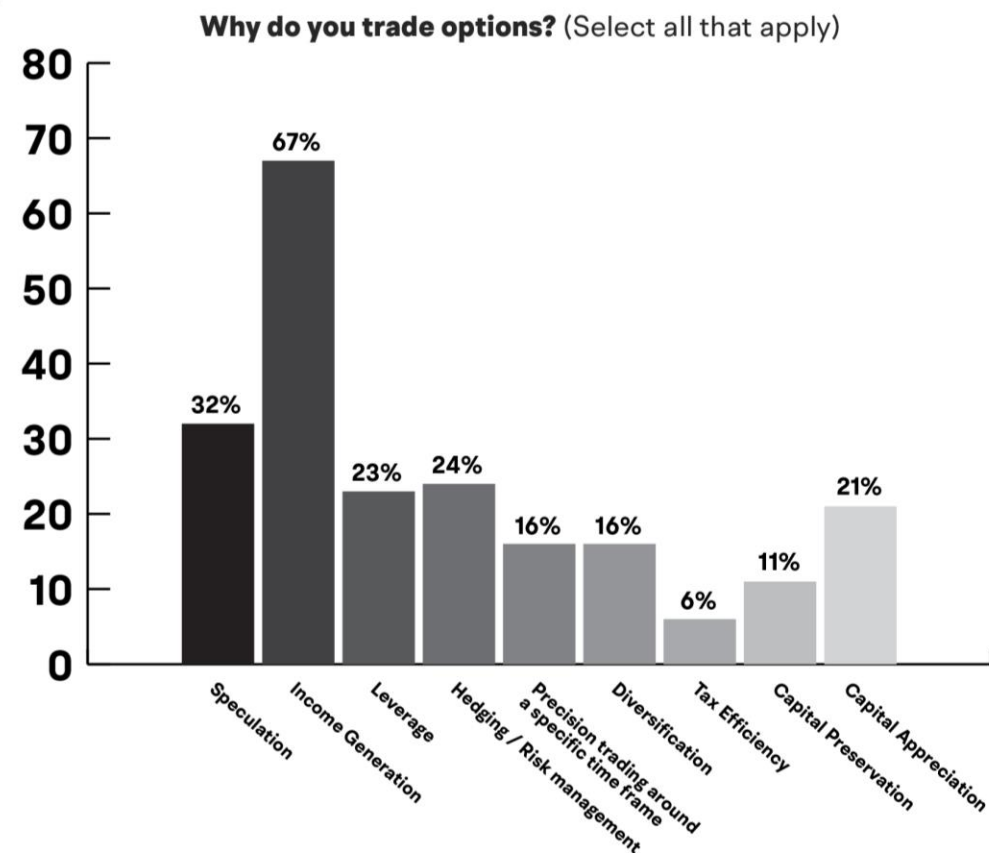
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What do Options Traders Want
the Most?



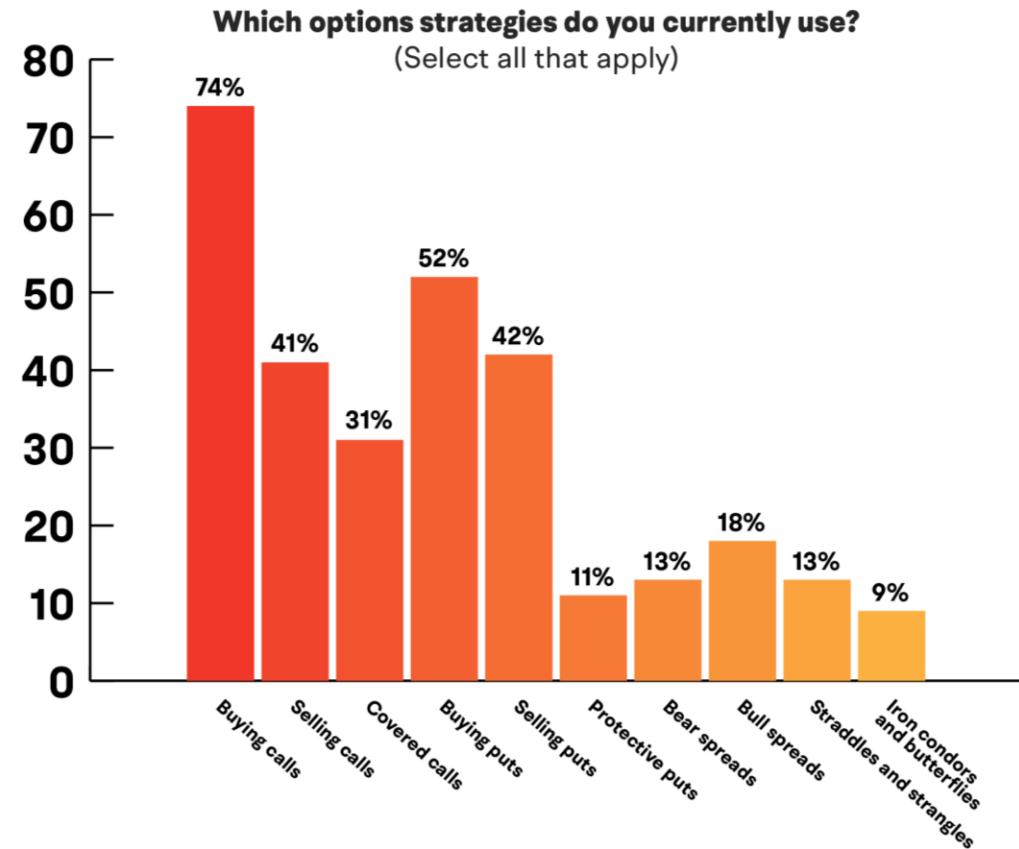
The Needs of Options Traders Vary Based on Their Purpose and Strategies in Using Options

- Income generation, speculation and hedging are the top three uses of options by survey participants
- Most popular trading objectives by age group:
 - 26 to 34 year olds – diversification and tax efficiency
 - 35 to 44 year olds – leverage and capital preservation and appreciation
 - 55 to 64 year olds – capital appreciation, income generation
 - 65+ year olds – speculation and precision trading around a specific time frame
- Single leg strategies are more popular among options traders than spreads.
- The “buy calls” strategy is the most popular and used by 74% of options traders.



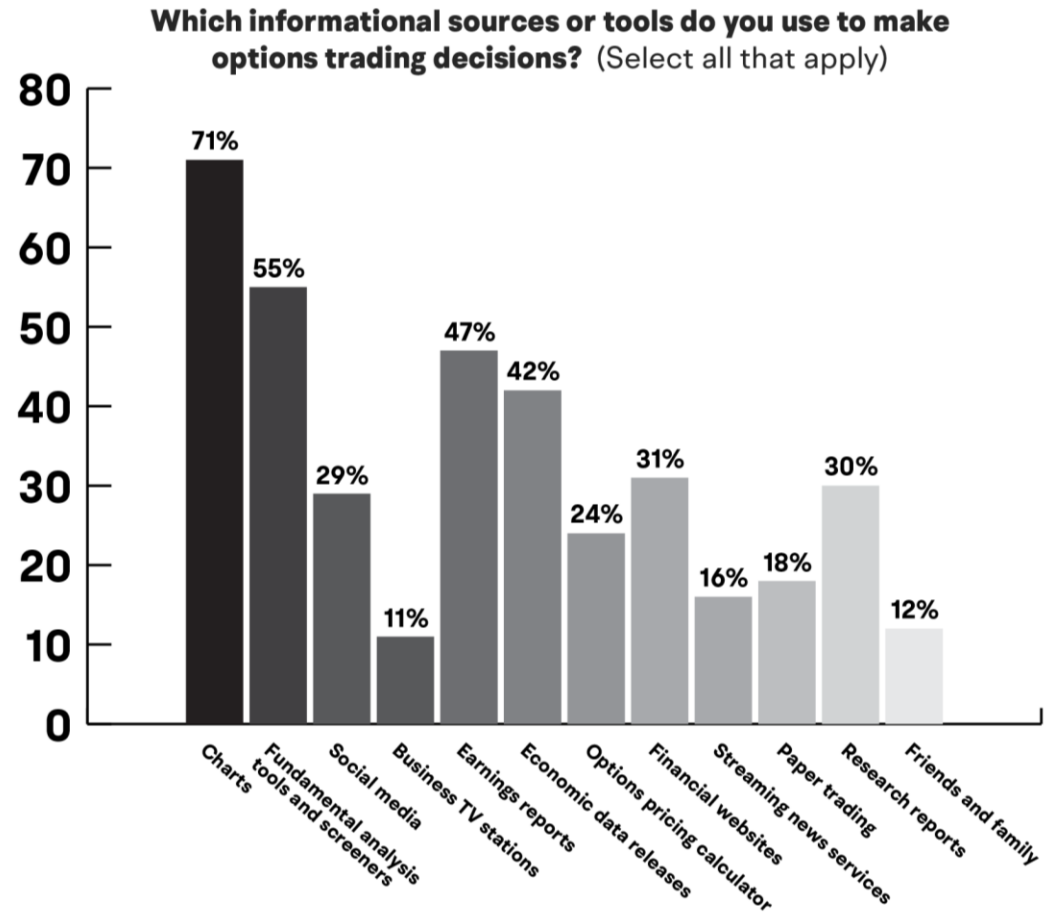
The Needs of Options Traders Vary Based on Their Purpose and Strategies in Using Options cont.

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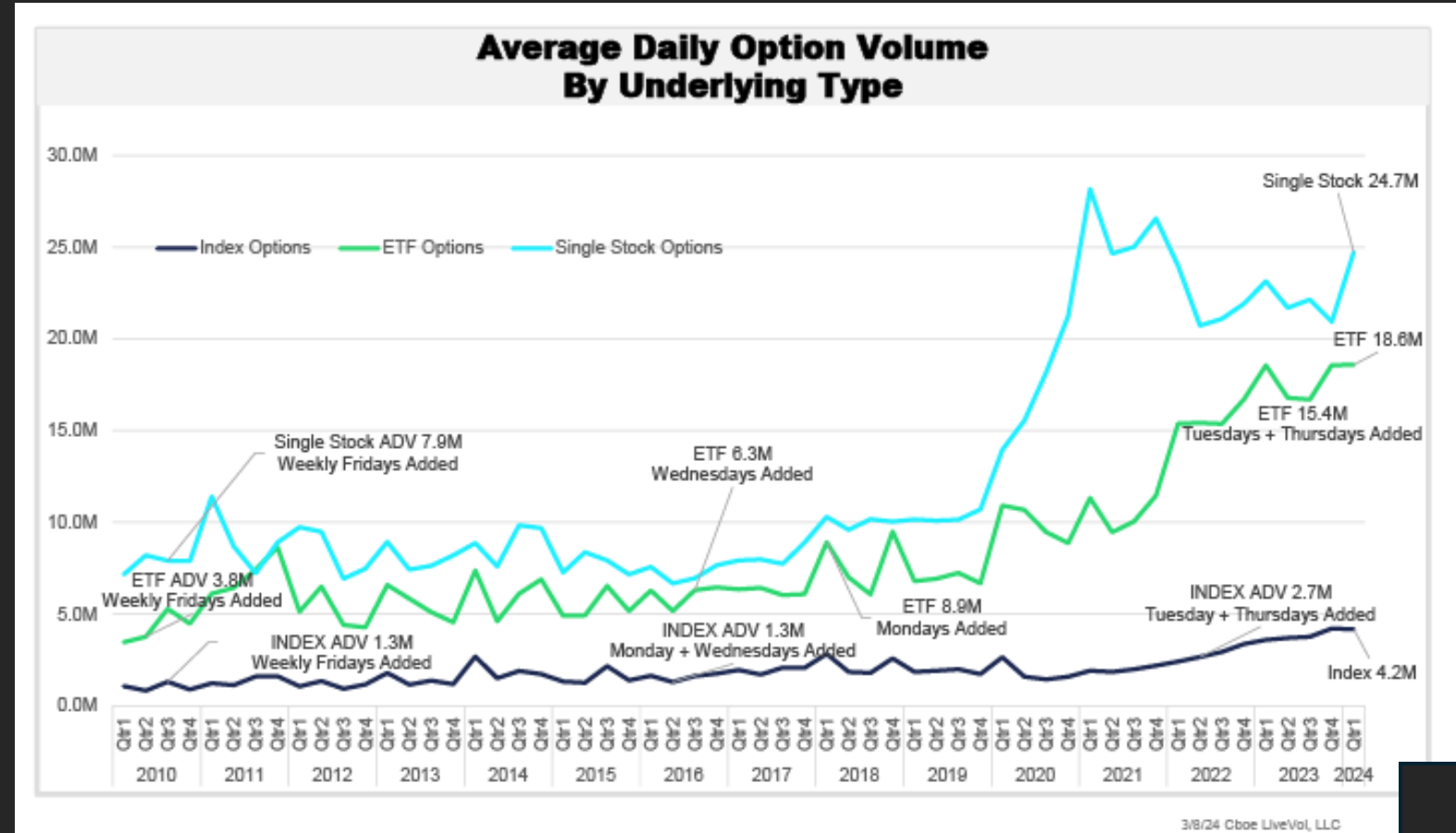
A Variety of Informational Sources and Tools are Needed by Traders for Their Investment Decision Process

- Charts are the most used source, followed by fundamental analysis tools and screeners and economic data releases.
- 74% of options traders use technical analysis in their trading which aligns with the popularity of charting.



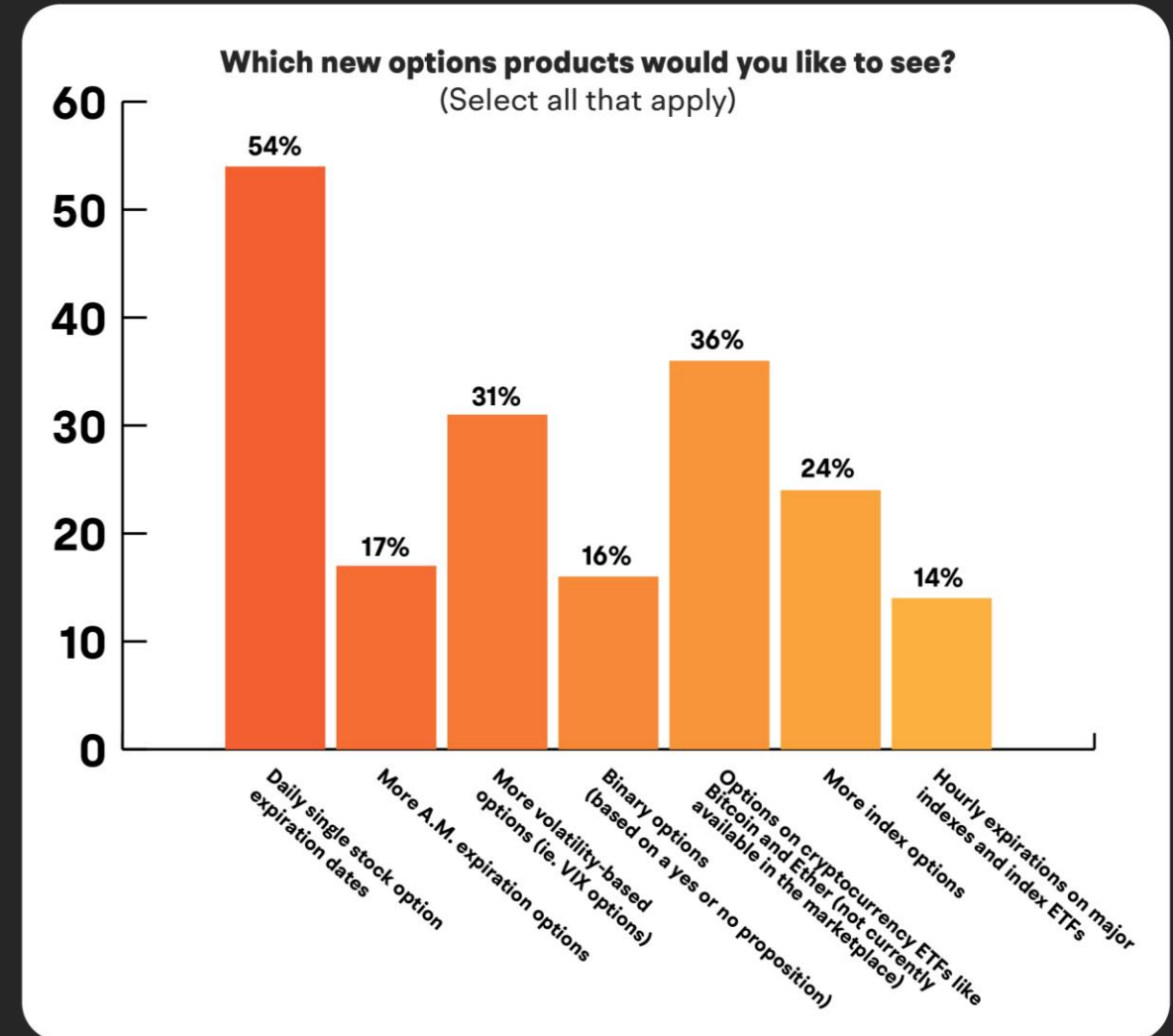
Increase in the Number of Expirations Leads to Increased Daily Volume

- Cboe data shows an increase of volume as new product introduced, which is consistent with the interests from the surveyed investors.



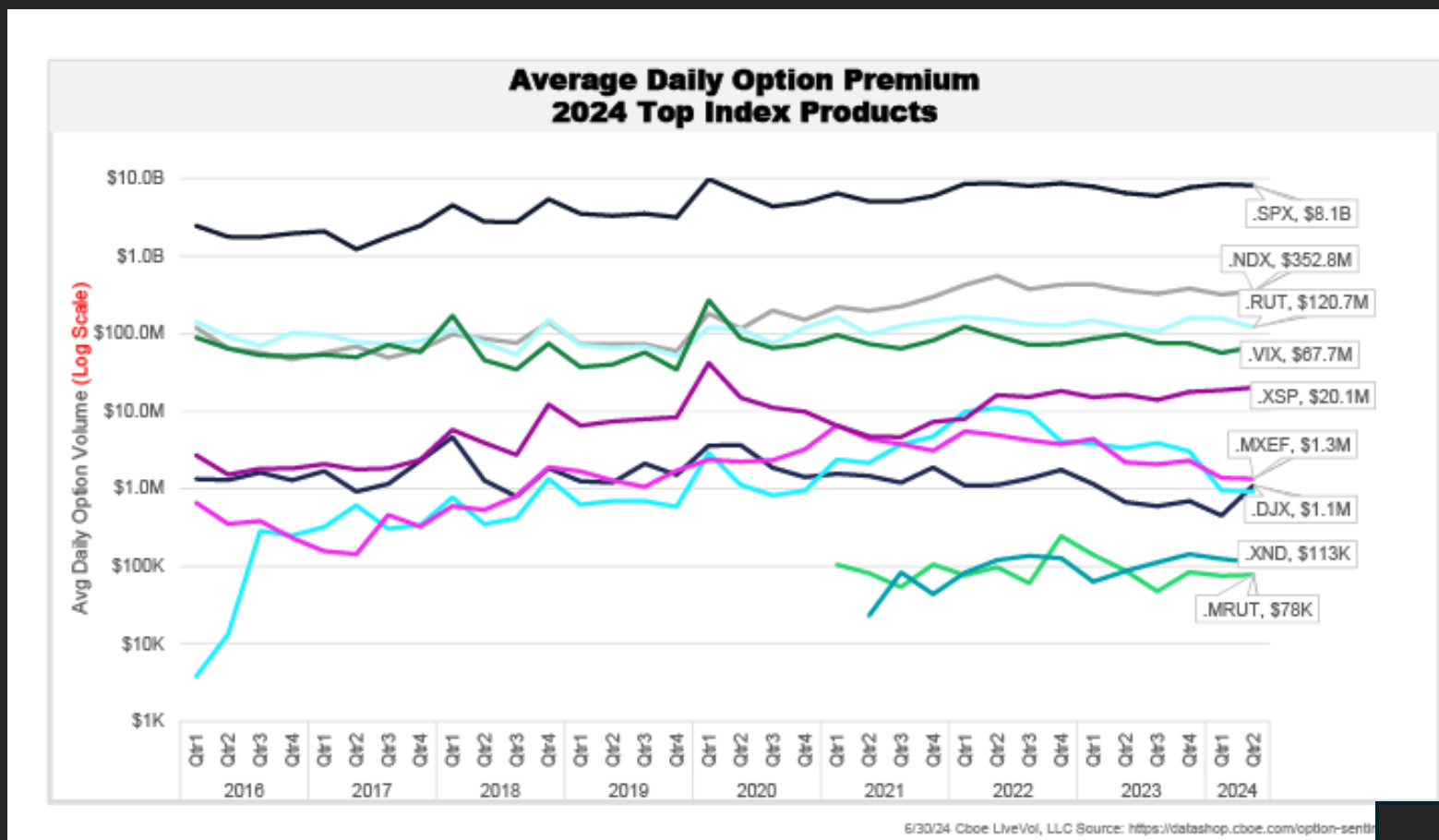
Options Investors are Interested in New Products in the Space

- Many traders would like to see more frequent expirations, but not too frequent.
- 54% of options traders would like to see daily single stock expiration dates.
- Only 14% of options traders would like to see hourly expirations on major indexes and ETFs.



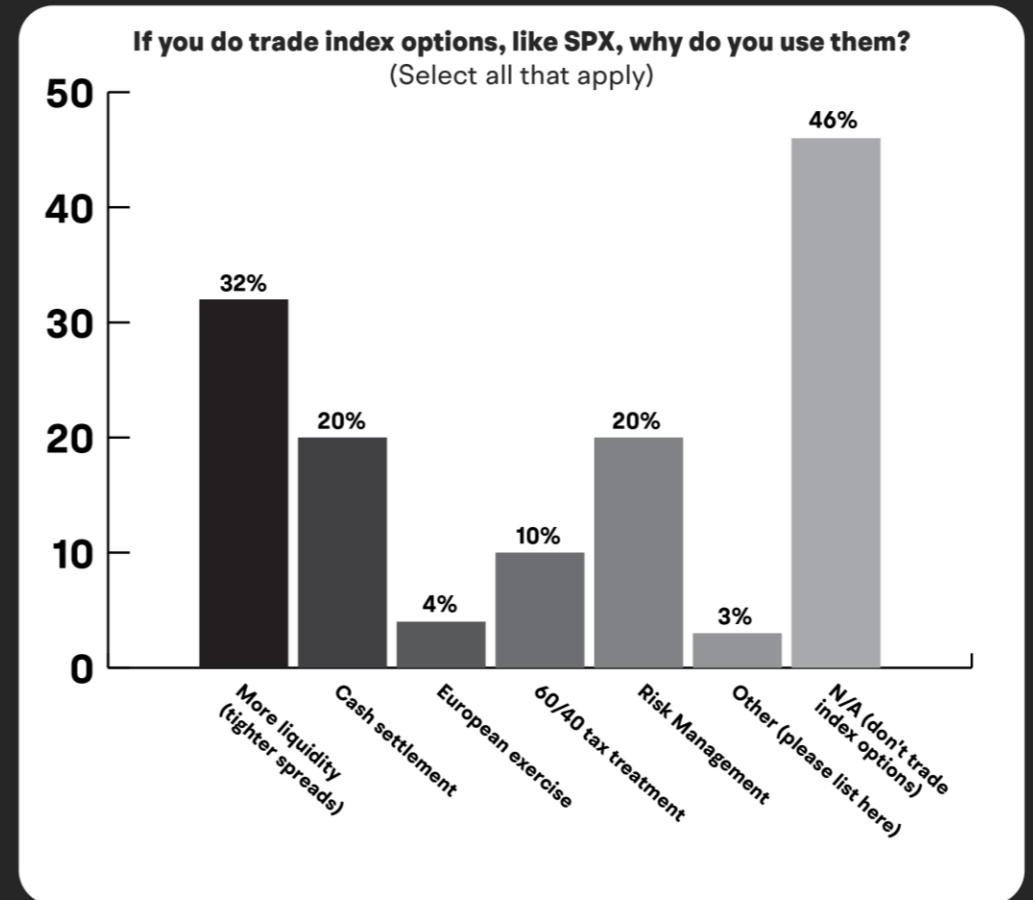
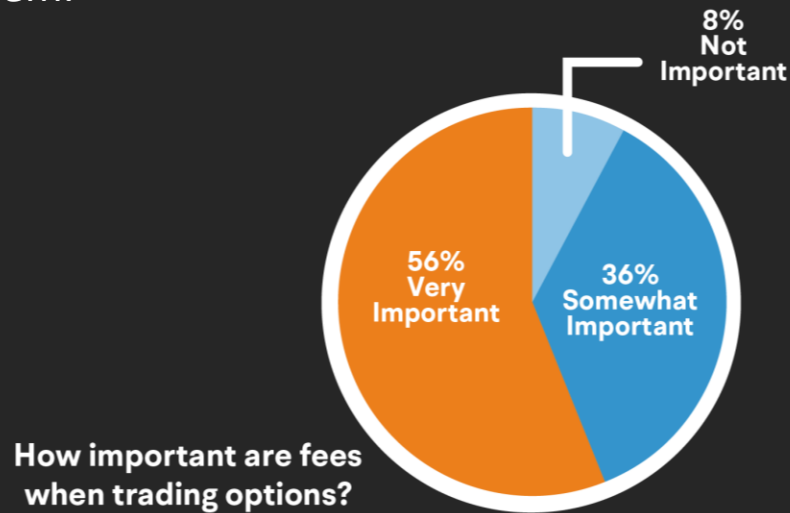
SPX has the Highest Daily Option Volume Among All Index Options Products

- The large volume of SPX options has increased the liquidity of the market, a trait deemed valuable to our surveyed participants.



Increase in Active Traders Spotlights Cost Consciousness

- 92% of options traders consider fees either very or somewhat important.
- For index options, like SPX, “more liquidity/tighter spreads” (32%) was the top response for using them.



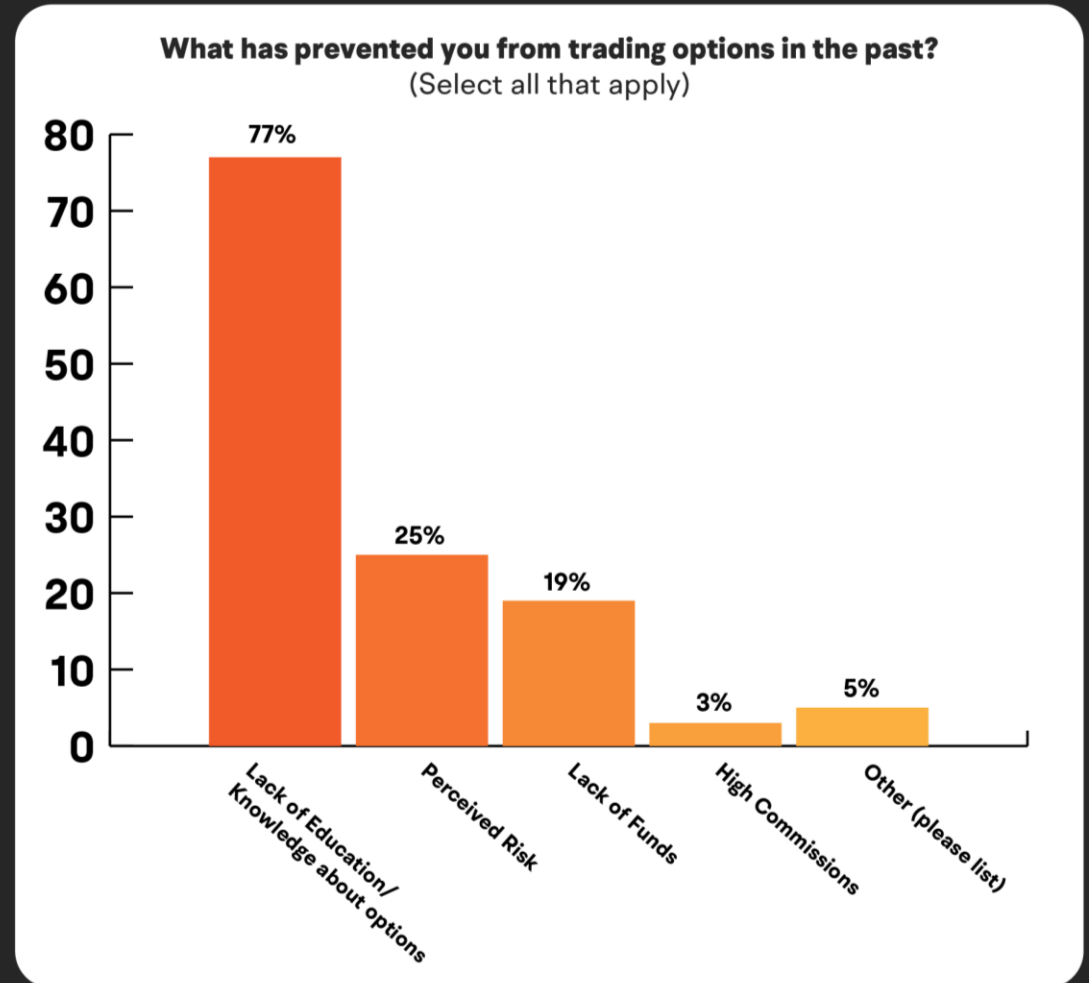
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Are Investors Comfortable with
Options?



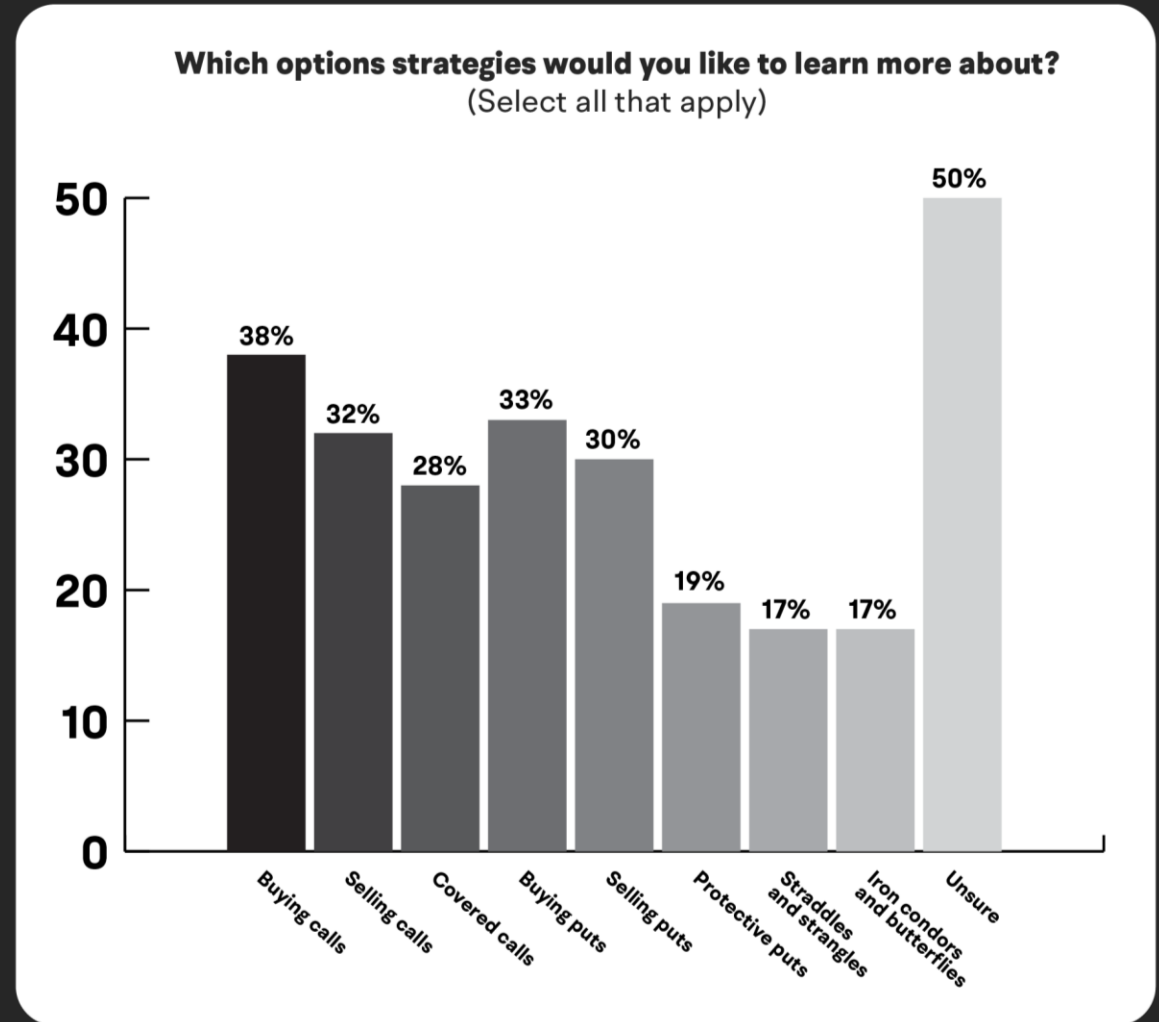
A Lack of Options Education Holds Back Investors From Trading Them

- 77% of non-options traders cite a lack of knowledge about options as a reason that has prevented them from trading options in the past.
- This is well ahead of the second most cited reason, “perceived risk” at 25%.



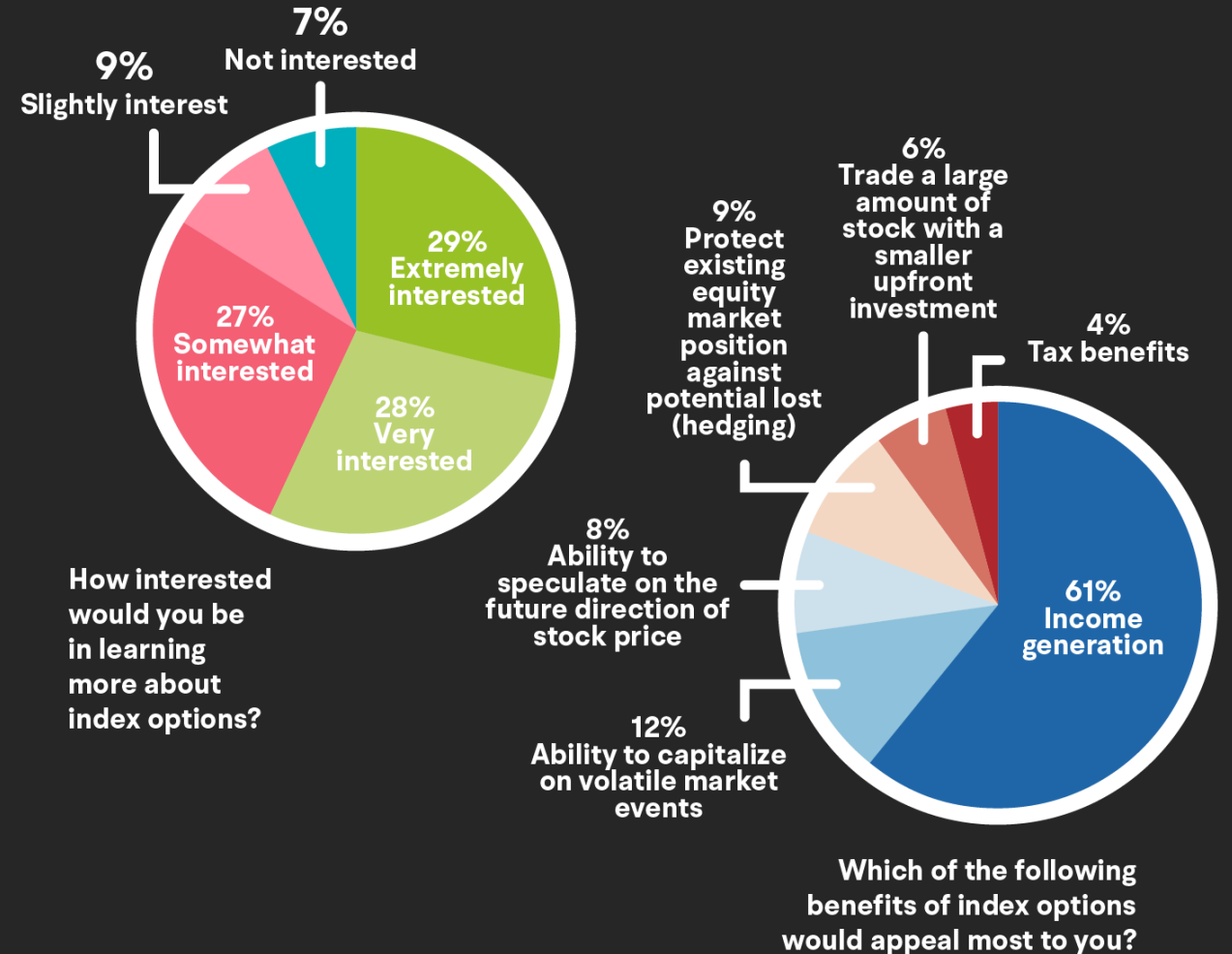
Non-options Traders Are Interested In Learning The Basics

- **Buying calls** (38%) and **buying puts** (33%) are the two strategies non-options traders would like to learn more about.



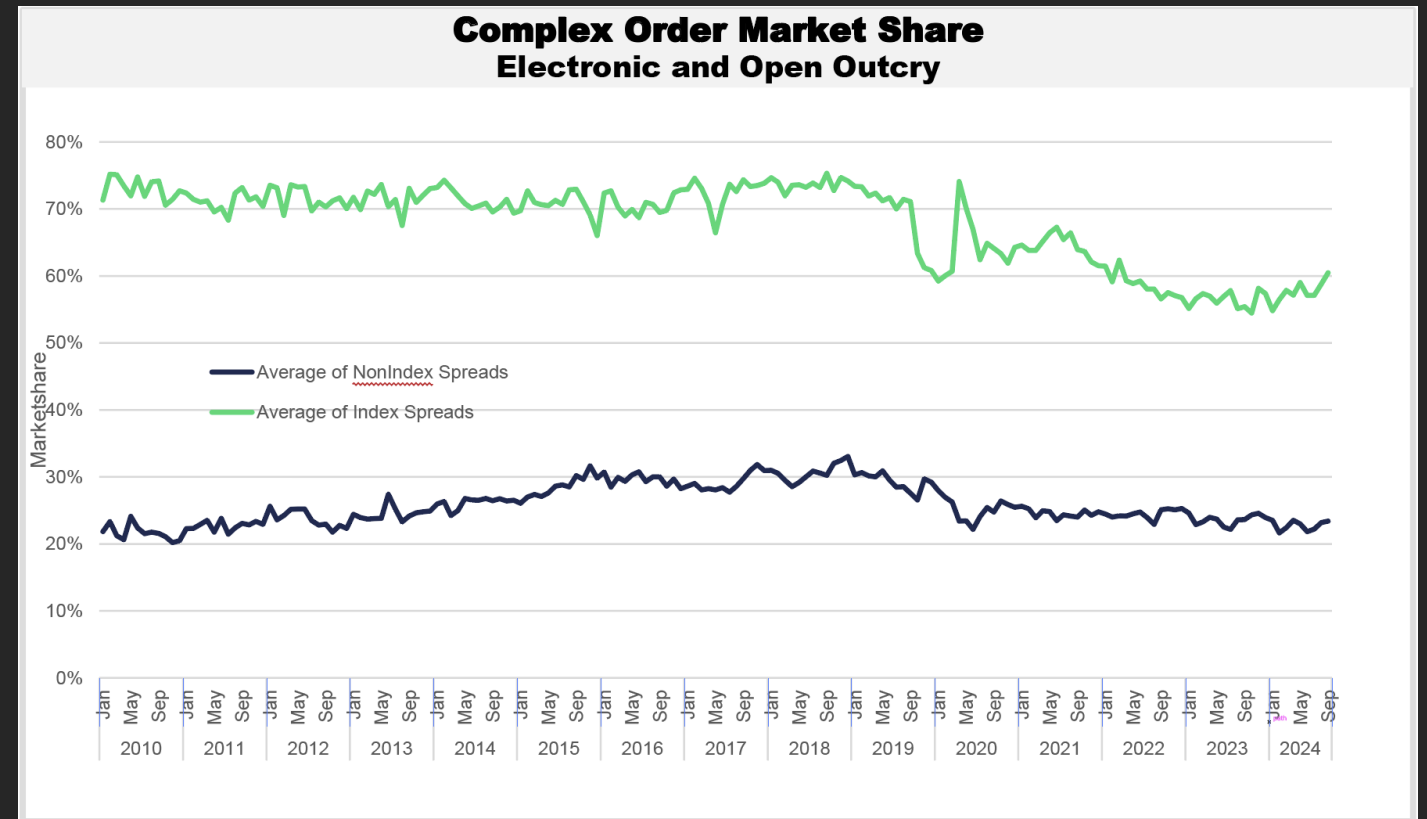
Getting Familiar With Various Options Products Can Be An Important Part Of The Educational Process

- 81% of options traders are either not familiar or only somewhat familiar with index options
- For options trader that do not trade index options a lack of product knowledge, fear of losing money and costs are cited as the main reasons they do not.
- 57% of investors that do not trade options at all are either extremely or very interested in learning about them.
 - Income generation (61%) is far and away the most appealing benefit to them followed distantly by the ability to capitalize on volatile market events (12%)



Index Options Investors Trade Spreads More Often Than Non-index Traders

- Index options are often used by more advanced traders.
- This is shown by the choice of strategies that they use.
- Complex spreads are traded more often than by non-index options traders.



Summary: What We Learned About the State of Options Trading

- Options trading is **more popular than ever** as many investors have gravitated towards the basics in the past few years, and many are looking to expand their trading to **new strategies and products**.
- Many options investors trade actively on a daily or weekly basis and are looking for the **best possible information and fee structures** to elevate their trading.
- Options education is very important in providing the **knowledge and comfort levels** investors need to succeed in options trading.





Disclosures:

The Q3 Moomoo Users survey was conducted in September 2024. The survey included approximately 1000 participants that are registered users of the moomoo app. The data shown in the survey represents the opinion of those surveyed and may change based on market and other conditions. The survey results provided herein may not represent other customers' experience, and there is no guarantee of future performance or success and should also not be construed as investment advice. Experiences may differ than the ones represented here. Investing involves risks regardless of the strategy selected.

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