

With the rise of easy-to-use brokerage apps that let you buy weekly options with a tap, many new traders jump into the options market chasing potential wins. But have you ever stopped to question how your expected value (EV) stacks up? How does that compare to something as seemingly black-and-white as roulette in a casino?

In this post, we'll break down why **expected value** is the real dividing line between winning and losing, dive into the mechanics of options trading costs, and compare these to casino odds. Buckle up: it's time to get past the vibes and see the math.

The Real Dividing Line: Expected Value

People love to throw around the word "risk" whenever they talk about options, casino games, or any kind of trade. But risk without expected value is like talking about speed without saying the sign in front of the number — you're missing the crucial piece.

Expected Value (EV) is the average amount you expect to win or lose per bet or trade if you repeat it many times. It accounts for both the probability and payoff of every possible outcome.

- **Positive EV** means you expect to come out ahead over time.
- **Negative EV** means you expect to lose money over time.
- Zero EV is a break-even situation.

If you routinely make decisions with negative EV — whether in a casino or on an app — you are on a path to losing money.

Options Trading Costs: The Hidden Fees Nobody Signs Up For

Many brokerage apps flaunt the fact that you can trade options commission-free. Nice. But be alert: **commissions are just one part of your costs.**



Here are some critical components often hidden or downplayed:

- **Bid-Ask Spreads:** The difference between the price you can buy (ask) and the price you can sell (bid) creates an immediate one-way cost.
- **Theta Decay:** Options lose value as time passes — especially weekly options — a cost your position pays if the underlying doesn't move in your favor fast enough.
- **Assignment Risk:** Unexpected early assignment can cause sudden losses or margin calls.
- **Hidden Slippage:** Trade executions might not fill exactly at displayed prices, especially in volatile or low-liquidity options.
- **Psychological Costs & Gamification:** Apps with confetti and constant notifications encourage overtrading, which compounds the costs.

Crunch time: What does this mean for your expected value?

Component Effect on Expected Value Why It's Important Commission Reduces EV by fixed amount per trade Somewhat transparent but often minimized Bid-Ask Spreads Immediate EV loss on entry and exit Hidden cost, bigger on less liquid options Theta Decay Systematic EV drag on long options Time works against option buyers Assignment Risk Potential large EV shock if unplanned Can derail risk management plans suddenly

Casino Odds Explained: A Transparent Negative EV Game

Let's pivot to something with *transparency*: roulette. Every casino publishes the **Return to Player (RTP)** and house edge openly because it's baked into the game mechanics.

Here is what makes roulette simpler:

- The **house edge** for roulette is a fixed percentage (usually about 5.26% on American roulette).
- Every spin is independent with defined probabilities.
- You know exactly what the expected value per dollar bet is before you play.

To paint the picture: if you bet \$100 on American roulette repeatedly, on average, you can expect to lose approximately \$5.26 each cycle long-term. No mystery here.

How does this compare to your weekly options strategy?

Here's the brutal truth:

- Many weekly options buyers face substantial negative EV due to commissions, spreads, and especially theta decay.
- Unlike roulette, your trading app **does not publish an RTP analogy** or expected value — the "price" of trading is mostly hidden in spreads and decay.
- Your outcomes are less transparent because probabilities and payoffs vary widely, unlike fixed casino odds.

Positive EV in Broad Equity Ownership vs Negative EV in Short-Term Options Trades

Consider this: broad equity ownership, like holding an S&P 500 index fund over years, has a historical positive EV, meaning you expect to make money over decades.

Why is that?



- Equity returns have positive expected growth due to economic expansion and reinvested dividends.
- Costs (expense ratios, minimal commissions) are low compared to expected gains.
- Time's magic takes effect through compounding and the law of large numbers.

Compare this to the weekly options strategy that may look like chasing high returns but often carries negative EV when you account for all costs and probability structures.

Time Horizon and the Law of Large Numbers: The Reality Check

Roulette or options: to see true expected value play out, you need a large sample size. One-off wins are just noise.

The **law of large numbers** says that as you increase the number of plays, your average outcome will converge to the expected value.

- If your expected value is negative — as in roulette or many high-frequency options trades — the law tells you that over many trades, you WILL lose money.
- If you hold broad equities with positive EV for decades, the law suggests you'll likely make money, not just get lucky.

Don't let yourself get fooled by "you can stop early" arguments that ignore this foundational principle.

Wrap-Up: Is Roulette Really Worse?

Let's answer the question head-on:

- **Roulette** is a transparent, fixed negative EV game. You know the house edge and expected losses upfront.
- **Your weekly options strategy** may have hidden costs and complexities that erode expected value even faster than roulette — especially if you buy options frequently without a clear edge.
- **Transparency matters:** Casinos publish RTP; brokers don't publish real trading costs or expected value analogs.
- **Positive EV strategies** exist (like long-term equity investing), but short-term options buying often does not offer positive expected value.

- **Time horizon is your friend:** Stick to strategies that make sense over thousands of iterations, not looks that focus on the next winning trade.

So, if you're blowing [behavioral finance triggers](#) your account buying weekly options like you'd spin the roulette wheel, expect similar or worse results after fees. The sign in front of your expected value number matters deeply.

Trade smart, understand your true costs, and never let hidden fees and illusions cloud your math.