HOMEWORK #1

PLEASE WRITE YOUR FULL NAME AND THEN SUBMIT YOUR HOMEWORK

Name: ANSWERS

Problem 13-2a

Use the table below to complete the spreadsheets below

	CALL			PUT		
Exercise Price (X)	March	April	May	March	April	May
150	20.00	21.50	23.00	3.00	3.50	4.45
155	15.50	16.25	17.75	4.10	4.90	5.90
160	12.50	12.85	13.50	5.30	6.00	6.80
165	8.10	9.00	10.65	7.00	8.00	9.20
170	5.20	6.30	8.50	9.40	10.75	12.45
175	3.25	4.25	5.75	13.00	14.30	14.20
180	2.50	3.40	4.45	15.00	16.10	17.75

INPUT

a

Action	Date	Option	Exercise Price	Stock Price	Premium (Pay)/Rec
Buy	March	Call	150	175	-20.00
Buy	April	Call	165	165	-9.00
Buy	May	Put	170	160	-12.45
Buy	March	Put	180	162	-15.00
Sell	May	Put	165	125	9.20
Sell	April	Put	175	165	14.30
Sell	May	Call	155	180	17.75
Sell	April	Call	150	165	21.50

OUTPUT

Payoff	Profit /Loss	BE (Stock)	HPR %
$ 25.00	$ 5.00	$ 170.00	25.00%
$ -	$ (9.00)	$ 174.00	-100.00%
$ 10.00	$ (2.45)	$ 157.55	-19.68%
$ 18.00	$ 3.00	$ 165.00	20.00%
$ (40.00)	$ (30.80)	$ 155.80	
$ (10.00)	$ 4.30	$ 160.70	
$ (25.00)	$ (7.25)	$ 172.75	
$ (15.00)	$ 6.50	$ 171.50	

Action	Date	Option	Exercise Price	Stock Price	Premium (Pay)/Rec
Sell	May	Straddle	175	200	19.95
Buy	March	Straddle	180	185	-17.50

Payoff	Profit /Loss	BE1 (Stock)	BE2 (Stock)	HPR %
$ (25.00)	$ (5.05)	$ 194.95	$ 155.05	
$ 5.00	$ (12.50)	$ 185.00	$ 202.50	-71%