

HOMWORK #3

PLEASE WRITE YOUR FULL NAME AND THEN SUBMIT YOUR HOMEWORK

Name: ANSWERS

Problem 13.2b

Use the table below to complete the spreadsheets below

Exercise Price (X)	CALL			PUT		
	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

Action	Date	Option	Exercise Price 1	Exercise Price 2	Stock Price	Premium (Pay)/Rec
	March	Bull Call Spread	150	160	170	-7.50
	April	Bull Put Spread	160	180	162	10.10
	May	Bear Put Spread	170	180	150	-5.30
	April	Bear Call Spread	160	170	170	6.55
Long	March	Butterfly Call Spread	150	160	165	-1.50
Short	May	Butterfly Call Spread	170	180	200	1.45

OUTPUT

Total Payoff	Total Profit/Loss
10.00	2.50
-18.00	-7.90
10.00	4.70
-10.00	-3.45
0.00	-1.50
0.00	1.45

Bull Call Spread -March

	X	Prem	S	Payoff	Profit
Buy Low	150	-20.00	170	20.00	
Sell High	160	12.50	170	-10.00	
		<u>-7.50</u>		<u>10.00</u>	2.50

Bull Put Spread -April

	X	Prem	S	Payoff	Profit
Buy Low	160	-6.00	162	0.00	
Sell High	180	16.10	162	-18.00	
		<u>10.10</u>		<u>-18.00</u>	-7.90

Bear Put Spread -May

	X	Prem	S	Payoff	Profit
Buy High	180	-17.75	150	30.00	
Sell Low	170	12.45	150	-20.00	
		<u>-5.30</u>		<u>10.00</u>	4.70

Bear Call Spread -April

	X	Prem	S	Payoff	Profit
Buy High	170	-6.30	170	0.00	
Sell Low	160	12.85	170	-10.00	
		<u>6.55</u>		<u>-10.00</u>	-3.45

Long Butterfly Call Spread -March

	X	Prem	S	Payoff	Profit
Buy High	160	-12.50	165	5.00	
Sell Avg	155	15.50	165	-10.00	
Sell Avg	155	15.50	165	-10.00	
Buy Low	150	-20.00	165	15.00	
		<u>-1.50</u>		<u>0.00</u>	-1.50

Short Butterfly Call Spread -May

	X	Prem	S	Payoff	Profit
Sell High	180	4.45	200	-20.00	
Buy Avg	175	-5.75	200	25.00	
Buy Avg	175	-5.75	200	25.00	
Sell Low	170	8.50	200	-30.00	
		<u>1.45</u>		<u>0.00</u>	1.45