BANKING FINANCIAL MANAGEMENT and FINANCIAL ECONOMICS

Introduction to Structured Positions

Dave Coker

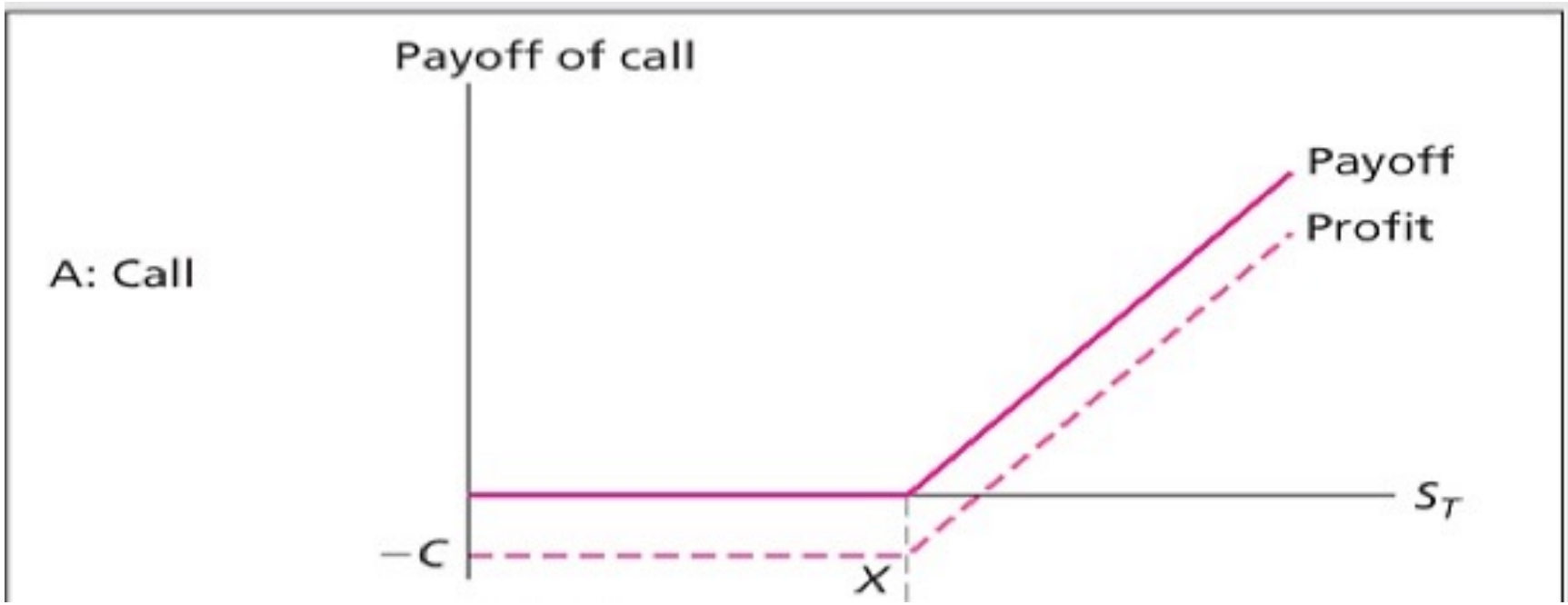
OBJECTIVES

- Build off previous presntation
- Focus on completing assessment
- Introduce structured positions – combinations of options
- Focus on Straddle
- IF you'd like to review Strangles that is fine BUT
  - For assessment I suggest Straddle as we will complete in class

REVIEW

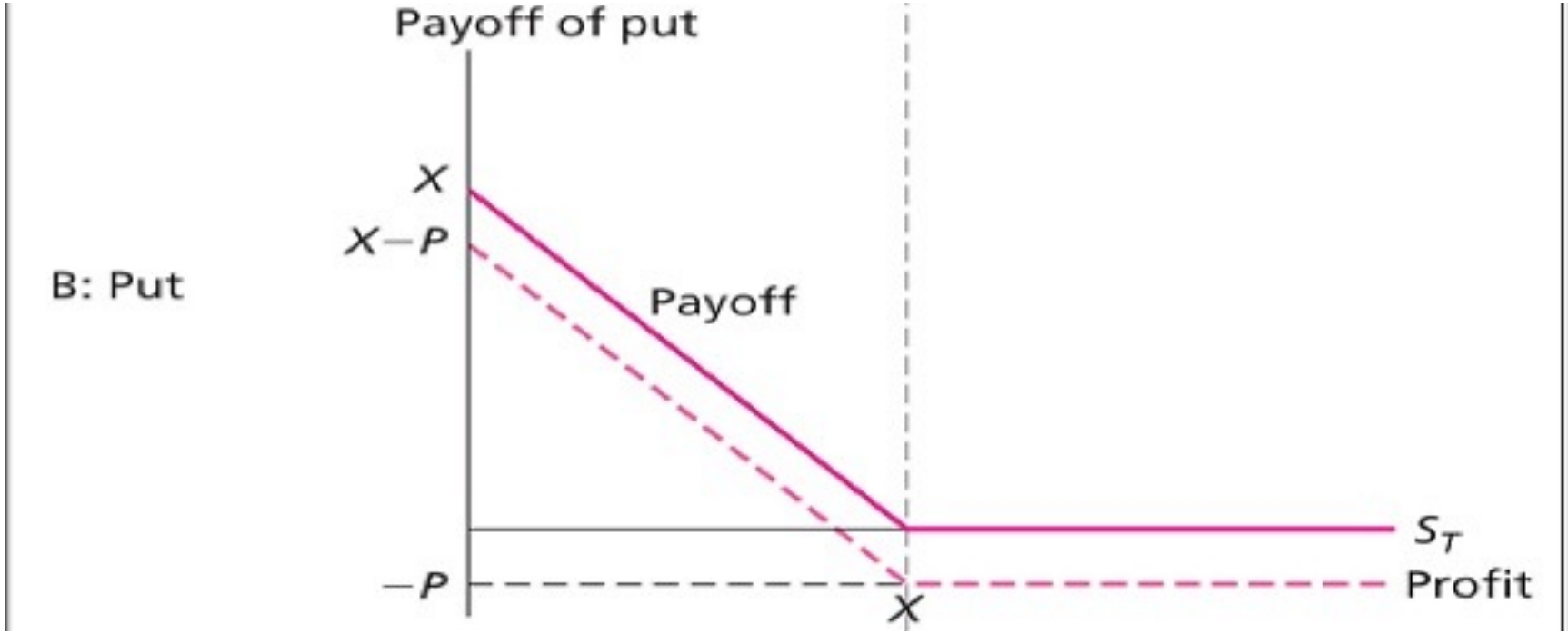
- **Call option**
- **Put option**

CALL



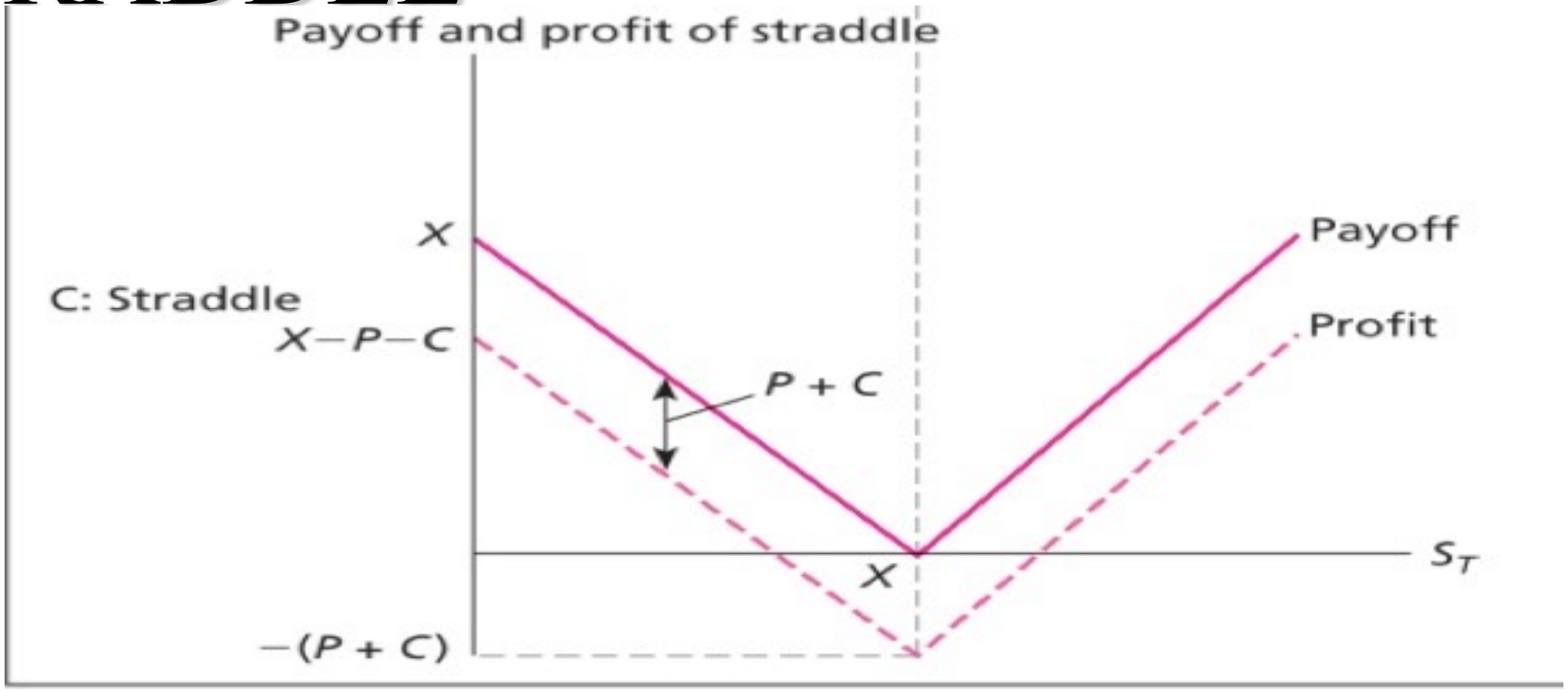
- **Need to consider**
  - **Strike price**
  - **Call premium**
  - **Time – suggest 1Y**

PUT



- **Need to consider**
  - **Strike price**
  - **Put premium**
  - **Time – suggest 1Y**

STRADDLE



- **Need to consider**
  - **Strike price**
  - **Call and Put premium**
  - **Time – suggest 1Y**

STRADDLE

- For your selected company
- Yahoo Finance
- Find options



STRADDLE

- **Find 1Y calls**
- **Note: you may not find PRECISELY**

April 12, 2024 | In The Money | Show: **List** | Straddle | Option Lookup

Calls for April 12, 2024

Contract Name	Last Trade Date	Strike	Last Price	Bid	Ask	Change	% Change	Volume	Open Interest	Implied Volatility
IBM240412C00165000	2024-03-28 11:28AM EDT	165.00	26.55	0.00	0.00	0.00	-	5	0	0.00%
IBM240412C00170000	2024-03-25 12:14PM EDT	170.00	20.19	0.00	0.00	0.00	-	1	0	0.00%
IBM240412C00175000	2024-04-03 12:56PM EDT	175.00	16.05	0.00	0.00	0.00	-	5	0	0.00%
IBM240412C00177500	2024-04-09 2:58PM EDT	177.50	10.67	0.00	0.00	0.00	-	1	0	0.00%
IBM240412C00180000	2024-04-05 2:17PM EDT	180.00	10.37	0.00	0.00	0.00	-	4	0	0.00%
IBM240412C00185000	2024-04-09 3:29PM EDT	185.00	4.20	0.00	0.00	0.00	-	46	0	0.00%
IBM240412C00187500	2024-04-09 3:59PM EDT	187.50	2.73	0.00	0.00	0.00	-	253	0	0.00%
IBM240412C00190000	2024-04-09 3:58PM EDT	190.00	1.25	0.00	0.00	0.00	-	706	0	1.56%

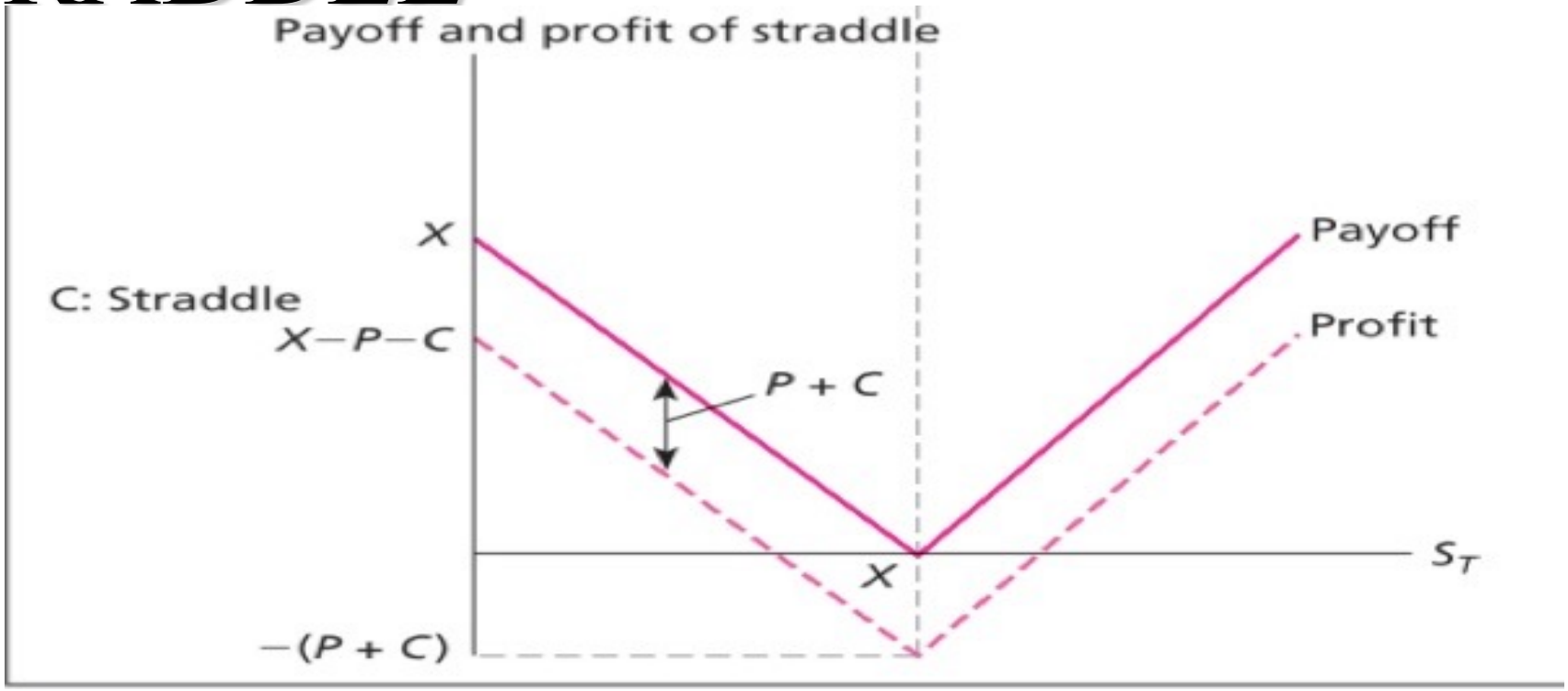
STRADDLE

- **For 1Y calls**
- **Find at the money (closest to current share price) – this will be *X***
- **We are interested in *Last Price* – this will be *C***
- **Repeat this for 1Y puts to get *P***

STRADDLE

- **At this point you will know**
  - **X**
  - **C**
  - **P**
- **We now have data**

STRADDLE



- **Data we have**
  - **Strike price X**
  - **Call and Put premium C & P**
  - **Time – suggest 1Y**

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