

1. Record Nr.	UNINA9910830876303321
Autore	Nations Scott
Titolo	Options math for traders : how to pick the best option strategies for your market outlook // Scott Nations
Pubbl/distr/stampa	Hoboken, New Jersey : , : Wiley, , 2012 ©2012
ISBN	1-119-20310-4 1-118-22621-6
Edizione	[1st edition]
Descrizione fisica	1 online resource (268 p.)
Collana	Wiley Trading
Disciplina	332.64 332.64530151
Soggetti	Options (Finance) - Mathematics Investments - Mathematics
Lingua di pubblicazione	Inglese
Formato	Materiale a stampa
Livello bibliografico	Monografia
Note generali	Includes index.
Nota di contenuto	Options Math for Traders; Contents; Preface; THE PHENOMENA; THE GOAL; THE STRATEGIES; THE TAKEAWAYS; JUST ONE EQUATION; ABOUT THE WEBSITE; GETTING STARTED IN OPTION TRADING; Acknowledgments; PART ONE The Basics; CHAPTER 1 The Basics; OPTION SPECIFICS; DESCRIBING AN OPTION; OPTION COST AND VALUE; Inherent Value; Time Value; HOW TIME VALUE CHANGES; DOING THE SAME FOR PUTS; MONEYNES; CHAPTER 2 Direction, Magnitude, and Time; MAGNITUDE AND TIME ARE RELATED; UP AND DOWN AREN'T THE ONLY POSSIBILITIES; THE PATH MATTERS; VOLATILITY COMBINES THESE ISSUES; CHAPTER 3 Volatility; RISK IS VOLATILITY INVESTORS DEMAND A RISK PREMIUM, REDUCING THE PRICE OF RISKY ASSETS VOLATILITY IS THE STANDARD DEVIATION OF RETURNS; STANDARD DEVIATION TELLS US WHAT RANGE OF OUTCOMES TO EXPECT; STANDARD DEVIATION OF RETURNS IS VOLATILITY; TYPES OF VOLATILITY; Forecast Volatility; Future Volatility; CHAPTER 4 Option Pricing Models and Implied Volatility; IT'S AN OPTION PRICING MODEL, NOT AN EQUATION FOR OPTION VALUES; A BLACK-SCHOLES EXAMPLE; THE ASSUMPTIONS; INPUTS TO THE BLACK-SCHOLES OPTION PRICING MODEL; IMPLIED VOLATILITY; THE SENSITIVITY OF OPTION PRICES TO

CHANGES IN THE INPUTS; Delta; Theta; Gamma
VegaRho; PART TWO The Phenomena; CHAPTER 5 The Volatility Risk Premium; VOLATILITY RISK PREMIUM, THE WHAT; THE ASSUMPTIONS, THE WHY OF THE VOLATILITY RISK PREMIUM; THE VOLATILITY RISK PREMIUM-HOW MUCH; HOW TO THINK ABOUT THE VOLATILITY RISK PREMIUM; THE VOLATILITY RISK PREMIUM BY ASSET CLASS; THE VOLATILITY RISK PREMIUM OVER TIME; CHAPTER 6 Implied Volatility and Skew; IMPLIED VOLATILITY BY STRIKE PRICE; OPTION SKEW, THE WHEN; OPTION SKEW, THE WHERE; ASSUMPTIONS, THE FIRST WHY OF OPTION SKEW; ASSUMPTIONS AND OTHER REASONS; DETERMINING IF ONE OPTION IS A GOOD HEDGE FOR ANOTHER OPTION SKEW, THE HOW MUCHCHAPTER 7 Time Value and Decay; TIME VALUE BY STRIKE PRICE; THETA-THE MEASURE OF DAILY OPTION TIME VALUE EROSION; OPTION PRICE EROSION DOESN'T HAPPEN IN A STRAIGHT LINE; OPTION PRICE EROSION, THE WHAT; ANOTHER WAY OF LOOKING AT DAILY EROSION; CHAPTER 8 The Bid/Ask Spread; WHAT DO WE MEAN BY "THE MARKET"?; MARKET MAKERS; BID/ASK SPREAD, THE WHAT; DELTA'S IMPACT ON BID/ASK SPREADS; WIDER BID/ASK SPREADS; THE BID/ASK SPREAD WHEN THERE'S MORE COMPETITION; EQUITY OPTIONS; THE BID/ASK FOR OPTION SPREADS; THE BID/ASK OF MULTI-LEGGED SPREADS
WHAT'S THE REAL FAIR VALUE OF AN OPTION BASED ON THE BID/ASK?
CHAPTER 9 Volatility Slope; THE CORRELATION BETWEEN MARKET PRICES AND IMPLIED VOLATILITY; The Volatility Slope; THE VOLATILITY SLOPE, THE WHY; THE ASYMMETRY; VOLATILITY SLOPE AND SKEW ARE RELATED; PART THREE The Trades; CHAPTER 10 Covered Calls; COVERED CALLS ARE BEST FOR STOCKS YOU ALREADY OWN AND WANT TO KEEP; THE PHENOMENA AND COVERED CALLS; BREAKEVEN POINTS; BREAKEVEN POINTS AND RATES OF RETURN; Option Premium Yield; Return if Called Away; USING COVERED CALLS FOR DOWNSIDE PROTECTION; IF OUR STOCK RALLIES
SELECTING THE COVERED CALL

Sommario/riassunto

A practical guide to the math behind options and how that knowledge can improve your trading performance No book on options can guarantee success, but if a trader understands and utilizes option math effectively, good things are going to happen. The idea behind Options Math for Traders + Website is to help retail option traders understand some of the basic tenants and enduring relationships of options, and option math, that professional and institutional traders rely on every day. This book skillfully highlights those strategies that are inherently superior from an option math
