

Using Options for Price Risk Management

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Mountains & Minds

Futures, Options & Obligations

- Terminology can be confusing
 - Options on Feeders, Wheat, or Corn
 - December option
- Options are rights but not obligations to buy or sell a futures contract
 - Put = Sell and Call = Buy
- Futures contract carries a joint obligation for the buyer and seller
 - Seller must make delivery & The buyer must take delivery OR
 - **Offset contract**



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Discussion of Terms

- CBOT Wheat Futures 12-1-10, \$7.42
- CBOT **Put** Strike Prices and Premiums, 12-1-2010

Strike	Session								Pr.Day		Expiry Date
	Open	High	Low	Last	Time	Sett	Chg	Vol	Sett	OpInt	
future	743 ² / ₈	745 ⁶ / ₈	739	742	Nov 26, 16:00	742	3	1044	739	16166	
600	-	23 ⁴ / ₈	23 ⁴ / ₈	23 ⁴ / ₈	Nov 26, 16:43	23 ⁴ / ₈	-2 ³ / ₈	1	25 ⁷ / ₈	1	
660	-	45	45	45	Nov 26, 16:43	45	-3 ³ / ₈	1	48 ³ / ₈	1	
680	-	54 ¹ / ₈	54 ¹ / ₈	54 ¹ / ₈	Nov 26, 16:43	54 ¹ / ₈	-3 ⁴ / ₈	1	57 ⁵ / ₈	1	
700	-	64	64	64	Nov 26, 16:43	64	-3 ⁶ / ₈	1	67 ⁶ / ₈	24	
730	-	80 ⁵ / ₈	80 ⁵ / ₈	80 ⁵ / ₈	Nov 26, 16:43	80 ⁵ / ₈	-4	1	84 ⁵ / ₈	1	
740	-	86 ⁴ / ₈	86 ⁴ / ₈	86 ⁴ / ₈	Nov 26, 16:43	86 ⁴ / ₈	-4 ¹ / ₈	1	90 ⁵ / ₈	1	

Obligations With Options

- Depends on whether you are buying or selling options
- Put Option is the right but not the obligation to **sell** an underlying futures contract.
 - You can buy or sell put options
- Call Option is the right but not the obligation to **buy** and underlying futures contract.
 - You can buy or sell call options
- There is no joint obligation with options

Buying vs Selling Options

- For every buyer, there is a seller.
- The typical producer will most always buy an option
- The buyer of an option has:
 - The right to exercise the option *but*
 - The seller can not force him to exercise the option.
- Buying Put = Right to Sell a futures contract
 - Put = Sell (PS)
 - A true hedger wants equal and opposite positions in the cash and futures market.

Put = Right to Sell Futures = Short Position

- But you typically buy a Put
 - Buy a right to sell a futures contract
 - Put = Sell (PS)
- Protection from falling prices
- For producers of a commodity
 - Small grains, calves, ...

Remember PS => (Put=Sell)

Call = Right to Buy Futures = Long Position

- You typically buy a Call
 - Buy a right to buy a futures contract
 - Call = Buy (CB)
- Protection from rising prices
- For consumers of a commodity
 - Feeders that use grain
 - Feeders that purchase calves as an input

Remember CB => (Call=Buy)

Strike Price and Premiums

- Options are bought and sold at a specified Strike Price
 - Set by Exchanges and willingness of “option writer”
- The premium paid for the option is set by daily trading at each exchange
 - Very similar to insurance premium
- Once you pay the premium and transactions cost (brokerage fees), you have no more costs associated with an option contract.
 - You either Exercise/Offset or the option expires worthless

Buy Put = Right to Sell Futures (PS)

Feeder Cattle (Nov. 2015)

• Put Strike Price	\$ 200.00
+ Expected Basis at sale (5 -6 Cwt)	\$ 3.00
- Premium Paid	\$ 10.50
- Brokerage and Interest	<u>\$ -.20</u>
= Projected cash price at sale	\$ 192.30

At Weaning/Sale/Offset

• Offset Put Option, Futures @	\$ 195.00
Cash price at sale time	<u>\$ 198.00</u>
Actual Basis (\$198 - \$195)	\$ 3.00
+ Gain on Option (\$200 - \$195)	\$ 5.00
= Gross Cash Price Received	<u>\$ 203.00</u>
Net Cash Price Received (\$203-\$10.5-\$0.20)	\$ 192.30

Value of an Option

- Options derive their value from the strike price relative to the futures price for a specific commodity and time frame
- The premium paid for a particular strike price is set through daily bidding
- The premium established depends on how high or low the bidders thinks the futures price will get relative to the strike price.
- Value also depends on time to expiration and volatility of the market for a specific commodity

In the Money or Out of the Money

- **In the money** = An option whose strike price, if exercised, would give positive returns
- **Out of the money** = a strike price that if exercised would not produce positive returns
- **Puts** are in the money when **strike price greater than futures**
- **Calls** are in the money when **strike price less than futures**
- **At the money** (Strike price = Futures price)

Value of In the Money Option

- Has both intrinsic value and time value
 - Intrinsic value is the positive return it would generate if exercised
 - Time value is the value due to the chance it will change in value between now and when it is exercised
- Why would anyone want to buy an out of the money option?
 - Less expensive
 - Need to manage risk at some level
 - Price expectations

Mechanics of an Option

- How do you capture value?
- **Exercise the option**
 - Take the underlying position in the futures market
 - Once in the futures market, you offset the futures contract at the current futures price.
- **Offset the option** by selling (or buying) it back
 - The premium at the time the option is offset should reflect its value.
 - What happens if it does not?

KCBT Sept 2011 Puts on 11-26-10

Strike	Session								Pr Day		Expiry Date
	Open	High	Low	Last	Time	Sett	Chg	Vol	Sett	OpInt	
future	761 ⁶ / ₈	763 ⁶ / ₈	752 ⁶ / ₈	759 ⁶ / ₈	Nov 26, 14:27	759 ⁶ / ₈	3 ⁶ / ₈	475	756	8120	
720	-	66 ⁴ / ₈	66 ⁴ / ₈	66 ⁴ / ₈	Nov 26, 16:43	66 ⁴ / ₈	-1 ⁶ / ₈	0	68 ² / ₈	4	

Puts are **In The Money** when
Strike price is > the Current Futures Price,

Why would I exercise the right to sell at \$7.20
when the Futures are trading at \$7.60

CBOT Puts for Sept 2011 on 11-26-10

Strike	Session								Pr.Day		Expiry Date
	Open	High	Low	Last	Time	Sett	Chg	Vol	Sett	OpInt	
<u>future</u>	743 ² / ₈	745 ⁶ / ₈	739	742	Nov 26, 16:00	742	3	1044	739	16166	
600	-	23 ⁴ / ₈	23 ⁴ / ₈	23 ⁴ / ₈	Nov 26, 16:43	23 ⁴ / ₈	-2 ³ / ₈	1	25 ⁷ / ₈	1	
660	-	45	45	45	Nov 26, 16:43	45	-3 ³ / ₈	1	48 ³ / ₈	1	
680	-	54 ¹ / ₈	54 ¹ / ₈	54 ¹ / ₈	Nov 26, 16:43	54 ¹ / ₈	-3 ⁴ / ₈	1	57 ⁵ / ₈	1	
700	-	64	64	64	Nov 26, 16:43	64	-3 ⁶ / ₈	1	67 ⁶ / ₈	24	
730	-	80 ⁵ / ₈	80 ⁵ / ₈	80 ⁵ / ₈	Nov 26, 16:43	80 ⁵ / ₈	-4	1	84 ⁵ / ₈	1	
740	-	86 ⁴ / ₈	86 ⁴ / ₈	86 ⁴ / ₈	Nov 26, 16:43	86 ⁴ / ₈	-4 ¹ / ₈	1	90 ⁵ / ₈	1	

<http://www.tfccharts.com/menu.html>



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Put: Establishes A Floor Price

Initial Conditions:

- KCBT **Put** Strike Price \$7.20
- Plus Basis HRW, \$- .58
- Minus Trading cost per bushel \$.02
- Minus Premium Cost for Put \$.66
- Equals Estimated Cash Floor Price \$5.94



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Strike Prices

KCBT
July 2011
Puts on Nov.
26, 2010

Put = Sell
(PS)

In the Money



Strike	Session					Premiums			Pr.Day		Expiry Date
	Open	High	Low	Last	Time	Sett	Chg	Vol	Sett	OpInt	
future	750	756 ⁶ / ₈	745 ⁶ / ₈	752 ² / ₈	Nov 26, 14:27	752 ² / ₈	2 ² / ₈	1436	750	49867	
440	-	¹ / ₈	¹ / ₈	¹ / ₈	Nov 26, 16:43	¹ / ₈	-	0	¹ / ₈	12	
480	-	⁴ / ₈	⁴ / ₈	⁴ / ₈	Nov 26, 16:43	⁴ / ₈	-0 ¹ / ₈	0	⁵ / ₈	10	
500	-	1 ¹ / ₈	1 ¹ / ₈	1 ¹ / ₈	Nov 26, 16:43	1 ¹ / ₈	-	0	1 ¹ / ₈	31	
550	-	4 ⁴ / ₈	4 ⁴ / ₈	4 ⁴ / ₈	Nov 26, 16:43	4 ⁴ / ₈	-0 ³ / ₈	0	4 ⁷ / ₈	106	
570	-	7 ¹ / ₈	7 ¹ / ₈	7 ¹ / ₈	Nov 26, 16:43	7 ¹ / ₈	-0 ³ / ₈	0	7 ⁴ / ₈	61	
600	-	12 ⁶ / ₈	12 ⁶ / ₈	12 ⁶ / ₈	Nov 26, 16:43	12 ⁶ / ₈	-0 ⁵ / ₈	43	13 ³ / ₈	374	
620	-	17 ⁷ / ₈	17 ⁷ / ₈	17 ⁷ / ₈	Nov 26, 16:43	17 ⁷ / ₈	-0 ⁵ / ₈	0	18 ⁴ / ₈	22	
630	-	20 ⁶ / ₈	20 ⁶ / ₈	20 ⁶ / ₈	Nov 26, 16:43	20 ⁶ / ₈	-0 ⁶ / ₈	0	21 ⁴ / ₈	47	
640	-	24	24	24	Nov 26, 16:43	24	-0 ⁶ / ₈	0	24 ⁶ / ₈	384	
650	-	27 ³ / ₈	27 ³ / ₈	27 ³ / ₈	Nov 26, 16:43	27 ³ / ₈	-1	1	28 ³ / ₈	215	
660	-	31 ² / ₈	31 ² / ₈	31 ² / ₈	Nov 26, 16:43	31 ² / ₈	-0 ⁷ / ₈	0	32 ¹ / ₈	238	
680	-	39 ⁴ / ₈	39 ⁴ / ₈	39 ⁴ / ₈	Nov 26, 16:43	39 ⁴ / ₈	-1 ¹ / ₈	0	40 ⁵ / ₈	15	
690	-	44 ¹ / ₈	44 ¹ / ₈	44 ¹ / ₈	Nov 26, 16:43	44 ¹ / ₈	-1 ¹ / ₈	0	45 ² / ₈	248	
700	-	48 ⁷ / ₈	48 ⁷ / ₈	48 ⁷ / ₈	Nov 26, 16:43	48 ⁷ / ₈	-1 ² / ₈	7	50 ¹ / ₈	342	
720	-	59 ³ / ₈	59 ³ / ₈	59 ³ / ₈	Nov 26, 16:43	59 ³ / ₈	-1 ³ / ₈	0	60 ⁶ / ₈	32	
730	-	64 ⁷ / ₈	64 ⁷ / ₈	64 ⁷ / ₈	Nov 26, 16:43	64 ⁷ / ₈	-1 ⁴ / ₈	0	66 ³ / ₈	19	
740	-	70 ⁶ / ₈	70 ⁶ / ₈	70 ⁶ / ₈	Nov 26, 16:43	70 ⁶ / ₈	-1 ³ / ₈	0	72 ¹ / ₈	28	
750	-	76 ⁶ / ₈	76 ⁶ / ₈	76 ⁶ / ₈	Nov 26, 16:43	76 ⁶ / ₈	-1 ⁴ / ₈	0	78 ² / ₈	217	
760	-	82 ⁷ / ₈	82 ⁷ / ₈	82 ⁷ / ₈	Nov 26, 16:43	82 ⁷ / ₈	-1 ⁴ / ₈	0	84 ³ / ₈	18	
770	-	89 ² / ₈	89 ² / ₈	89 ² / ₈	Nov 26, 16:43	89 ² / ₈	-1 ⁴ / ₈	0	90 ⁶ / ₈	20	

KCBT Sept. 2011 Calls, 11-26-10

Strike	Session					Pr.Day			Expiry Date		
	Open	High	Low	Last	Time	Sett	Chg	Vol		Sett	OpInt
future	761 ⁶ / ₈	763 ⁶ / ₈	752 ⁶ / ₈	759 ⁶ / ₈	Nov 26, 14:27	759 ⁶ / ₈	3 ⁶ / ₈	475	756	8120	
780	-	78 ⁵ / ₈	78 ⁵ / ₈	78 ⁵ / ₈	Nov 26, 16:43	78 ⁵ / ₈	1 ⁵ / ₈	0	77	3	

Calls are **In The Money** when
Strike price is < the Current Futures Price,

Why would I exercise the right to buy at \$7.80
when the Futures are trading at \$7.60



KCBT July2011 Calls, 11-26-10

Strike	Session								Pr.Day		Expiry Date
	Open	High	Low	Last	Time	Sett	Chg	Vol	Sett	OpInt	
future	750	756 ⁶ / ₈	745 ⁶ / ₈	752 ² / ₈	Nov 26, 14:27	752 ² / ₈	2 ² / ₈	1436	750	49867	
600	-	164 ³ / ₈	164 ³ / ₈	164 ³ / ₈	Nov 26, 16:43	164 ³ / ₈	1 ⁵ / ₈	0	162 ⁶ / ₈	29	
660	-	123	123	123	Nov 26, 16:43	123	1 ² / ₈	0	121 ⁶ / ₈	68	
680	-	111 ⁴ / ₈	111 ⁴ / ₈	111 ⁴ / ₈	Nov 26, 16:43	111 ⁴ / ₈	1 ² / ₈	0	110 ² / ₈	6	
700	-	101	101	101	Nov 26, 16:43	101	1 ¹ / ₈	0	99 ⁷ / ₈	184	
750	-	79	79	79	Nov 26, 16:43	79	0 ⁶ / ₈	0	78 ² / ₈	272	
770	-	71 ⁴ / ₈	71 ⁴ / ₈	71 ⁴ / ₈	Nov 26, 16:43	71 ⁴ / ₈	0 ⁵ / ₈	0	70 ⁷ / ₈	13	
780	-	68 ¹ / ₈	68 ¹ / ₈	68 ¹ / ₈	Nov 26, 16:43	68 ¹ / ₈	0 ⁵ / ₈	0	67 ⁴ / ₈	22	
800	-	61 ⁶ / ₈	61 ⁶ / ₈	61 ⁶ / ₈	Nov 26, 16:43	61 ⁶ / ₈	0 ³ / ₈	0	60 ⁷ / ₈	240	
820	-	56	56	56	Nov 26, 16:43	56	0 ³ / ₈	0	55 ⁸ / ₈	16	
850	-	48 ⁵ / ₈	48 ⁵ / ₈	48 ⁵ / ₈	Nov 26, 16:43	48 ⁵ / ₈	0 ³ / ₈	0	48 ² / ₈	425	
860	-	46 ³ / ₈	46 ³ / ₈	46 ³ / ₈	Nov 26, 16:43	46 ³ / ₈	0 ² / ₈	3	46 ¹ / ₈	174	
900	-	38 ⁶ / ₈	38 ⁶ / ₈	38 ⁶ / ₈	Nov 26, 16:43	38 ⁶ / ₈	0 ² / ₈	0	38 ⁴ / ₈	742	
1000	-	25 ⁵ / ₈	25 ⁵ / ₈	25 ⁵ / ₈	Nov 26, 16:43	25 ⁵ / ₈	-	0	25 ⁵ / ₈	229	

In the Money

Call: Establishes A Ceiling Price

Initial Conditions:

- KCBT **Call** Strike Price \$8.00
- Plus Basis HRW, \$- .58
- Plus Trading cost per bushel \$.02
- Plus Premium Cost for Call \$.61
- Equals Estimated Cash Ceiling Price \$8.05

In the Money

CBOT Calls For Sept 2011 on Nov. 26, 2010

Call = Right to Buy
(CB)

Strike	Session								Pr Day		Expiry Date
	Open	High	Low	Last	Time	Sett	Chg	Vol	Sett	Oplnt	
future	743 2/8	745 6/8	739	742	Nov 26, 16:00	742	3	1044	739	16166	
720	-	96 6/8	96 6/8	96 6/8	Nov 26, 16:43	96 6/8	-0 7/8	1	97 5/8	23	
800	-	67 7/8	67 7/8	67 7/8	Nov 26, 16:43	67 7/8	-1 4/8	4	69 3/8	35	
850	-	54 7/8	54 7/8	54 7/8	Nov 26, 16:43	54 7/8	-1 5/8	1	56 4/8	1	
860	-	52 5/8	52 5/8	52 5/8	Nov 26, 16:43	52 5/8	-1 5/8	2	54 2/8	2	
960	-	35 2/8	35 2/8	35 2/8	Nov 26, 16:43	35 2/8	-1 4/8	25	36 6/8	25	
970	-	33 7/8	33 7/8	33 7/8	Nov 26, 16:43	33 7/8	-1 5/8	5	35 4/8	5	
980	-	32 5/8	32 5/8	32 5/8	Nov 26, 16:43	32 5/8	-1 5/8	10	34 2/8	10	
990	-	31 4/8	31 4/8	31 4/8	Nov 26, 16:43	31 4/8	-1 4/8	15	33	15	
1000	-	30 3/8	30 3/8	30 3/8	Nov 26, 16:43	30 3/8	-1 4/8	1	31 7/8	52	
1010	-	29 2/8	29 2/8	29 2/8	Nov 26, 16:43	29 2/8	-1 4/8	7	30 6/8	23	
1020	-	28 1/8	28 1/8	28 1/8	Nov 26, 16:43	28 1/8	-1 4/8	5	29 5/8	15	
1030	-	27 1/8	27 1/8	27 1/8	Nov 26, 16:43	27 1/8	-1 4/8	1	28 5/8	12	
1040	-	26 2/8	26 2/8	26 2/8	Nov 26, 16:43	26 2/8	-1 3/8	5	27 5/8	14	
1050	-	25 2/8	25 2/8	25 2/8	Nov 26, 16:43	25 2/8	-1 3/8	5	26 5/8	217	
1060	-	24 3/8	24 3/8	24 3/8	Nov 26, 16:43	24 3/8	-1 3/8	5	25 6/8	18	
1070	-	23 4/8	23 4/8	23 4/8	Nov 26, 16:43	23 4/8	-1 3/8	5	24 7/8	17	
1080	-	22 6/8	22 6/8	22 6/8	Nov 26, 16:43	22 6/8	-1 2/8	4	24	13	
1090	-	22	22	22	Nov 26, 16:43	22	-1 2/8	1	23 2/8	13	
1100	-	21 2/8	21 2/8	21 2/8	Nov 26, 16:43	21 2/8	-1 2/8	1	22 4/8	33	
1110	-	20 4/8	20 4/8	20 4/8	Nov 26, 16:43	20 4/8	-1 2/8	1	21 6/8	13	
1120	-	19 7/8	19 7/8	19 7/8	Nov 26, 16:43	19 7/8	-1 1/8	3	21	4	



CME Feeder Quotes, 2-6-15

Commodity Futures Price Quotes For Feeder Cattle (Globex) (CME)											
(Price quotes for CME Feeder Cattle (Globex) delayed at least 10 minutes as per exchange requirements)										REFRESH DATA	
Also available: pit Session Quotes											
Click for Chart	Current Session								Prior Day		Opt's
	Open	High	Low	Last	Time	Set	Chg	Vol	Set	Op Int	
Mar'15	197.000	199.300	196.250	198.875	10:08 Feb 06	-	3.225	2206	195.650	14897	Call Put
Apr'15	196.950	199.125	196.550	198.675	10:08 Feb 06	-	2.825	472	195.850	5480	Call Put
May'15	196.925	199.750	196.925	199.450	10:08 Feb 06	-	2.975	332	196.475	7217	Call Put
Aug'15	200.925	203.000	200.800	202.725	10:08 Feb 06	-	2.600	207	200.125	7514	Call Put
Sep'15	199.925	202.175	199.925	202.050	10:08 Feb 06	-	2.875	37	199.175	1050	Call Put
Oct'15	199.400	201.000	199.400	200.775	10:08 Feb 06	-	2.975	49	197.800	1105	Call Put
Nov'15	197.925	199.850	197.925	199.100	10:08 Feb 06	-	2.700	16	196.400	237	Call Put
Jan'16	-	-	-	197.450 *	10:06 Feb 06	-	-	-	194.850	13	Call Put

<http://www.tfccharts.com/menu.html>



CME Nov. Feeder Puts, 2-6-15

Commodity Futures Options Price Quotes For Nov 2015 Feeder Cattle (Globex) Puts(CME)											
(Price quotes for CME Feeder Cattle (Globex) delayed at least 10 minutes as per exchange requirements)											
Also available: pit Session Quotes											
Strike	Session						Pr. Day		Expiry		
	Open	High	Low	Last	Time	Set	Chg	Vol		Set	Op Int
future	197.925	199.850	197.925	199.600	10:11 Feb 06	-	3.200	29	196.400	237	
1800	-	-	-	5.775 *	16:42 Feb 05	-	-	-	5.775	-	
1820	-	-	-	-	17:58 Feb 05	-	-	-	6.275	1	
1820	-	-	-	5.400 *	17:58 Feb 05	-	-	-	6.275	1	
1840	-	-	-	-	17:57 Feb 05	-	-	-	6.825	3	
1840	-	-	-	5.850 *	17:57 Feb 05	-	-	-	6.825	3	
1860	-	-	-	5.775 *	17:57 Feb 05	-	-	-	7.425	-	
1880	-	-	-	-	17:57 Feb 05	-	-	-	8.075	5	
1880	-	-	-	7.650 *	17:57 Feb 05	-	-	-	8.075	5	
1900	-	-	-	-	17:57 Feb 05	-	-	-	8.775	2	
1900	-	-	-	-	17:57 Feb 05	-	-	-	8.775	2	
1920	-	-	-	-	17:57 Feb 05	-	-	-	9.525	10	
1920	-	-	-	-	17:57 Feb 05	-	-	-	9.525	10	
1940	-	-	-	-	17:57 Feb 05	-	-	-	10.325	5	
1940	-	-	-	11.325 *	17:57 Feb 05	-	-	-	10.325	5	
1960	-	-	-	-	17:57 Feb 05	-	-	-	11.200	5	
1960	-	-	-	-	17:57 Feb 05	-	-	-	11.200	5	
1980	-	-	-	-	17:57 Feb 05	-	-	-	12.125	-	
1980	-	-	-	-	17:57 Feb 05	-	-	-	12.125	-	
2000	-	-	-	-	17:57 Feb 05	-	-	-	13.100	2	
2000	-	-	-	10.500 *	17:57	-	-	-	13.100	2	



CME Nov. Feeder Calls 2-6-15

Commodity Futures Options Price Quotes For Nov 2015 Feeder Cattle (Globex) Calls(CME)											
(Price quotes for CME Feeder Cattle (Globex) delayed at least 10 minutes as per exchange requirements)											
Also available: pit Session Quotes											
Strike	Session						Pr. Day		Expiry		
	Open	High	Low	Last	Time	Set	Chg	Vol		Set	Op Int
future	197.925	199.850	197.925	199.575	10:12 Feb 06	-	3.175	29	196.400	237	
1800	-	-	-	22.125 *	16:42 Feb 05	-	-	-	22.125	-	
1820	-	-	-	27.850 *	17:57 Feb 05	-	-	-	20.650	-	
1840	-	-	-	26.300 *	17:57 Feb 05	-	-	-	19.200	-	
1860	-	-	-	26.800 *	17:57 Feb 05	-	-	-	17.800	-	
1880	-	-	-	-	17:57 Feb 05	-	-	-	16.450	-	
1880	-	-	-	-	17:57 Feb 05	-	-	-	16.450	-	
1900	-	-	-	-	17:56 Feb 05	-	-	-	15.150	-	
1900	-	-	-	-	17:56 Feb 05	-	-	-	15.150	-	
1920	-	-	-	-	17:57 Feb 05	-	-	-	13.925	-	
1920	-	-	-	-	17:57 Feb 05	-	-	-	13.925	-	
1940	-	-	-	-	17:57 Feb 05	-	-	-	12.725	-	
1940	-	-	-	-	17:57 Feb 05	-	-	-	12.725	-	
1960	-	-	-	-	17:57 Feb 05	-	-	-	11.600	-	
1960	-	-	-	-	17:57 Feb 05	-	-	-	11.600	-	
1980	-	-	-	-	17:58 Feb 05	-	-	-	10.525	-	
1980	-	-	-	-	17:58 Feb 05	-	-	-	10.525	-	
2000	-	-	-	-	17:57 Feb 05	-	-	-	9.500	-	
2000	-	-	-	-	17:57 Feb 05	-	-	-	9.500	-	
2020	-	-	-	-	17:57 Feb 05	-	-	-	8.550	-	



Option Sellers (Writer)

- You are exposed to added risk if you are an option seller
 - Margin calls just like the futures market
- A person buying the option you sold can force you to provide the underlying position in the futures market.
 - Margin account balance used to cover your losses
- Can sell Puts or Calls
 - Sell right to sell = put (PS)
 - Sell right to buy = call (CB)

Questions

Web Address to Download Files

<http://rightrisk.org/presentations>

