

9.1

Trading Strategies Involving Options

Chapter 9

Options, Futures, and Other Derivatives, 5th edition © 2002 by John C. Hull

9.2

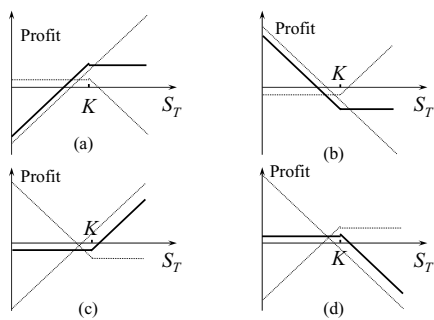
Three Alternative Strategies

- Take a position in the option and the underlying
- Take a position in 2 or more options of the same type (A spread)
- Combination: Take a position in a mixture of calls & puts (A combination)

Options, Futures, and Other Derivatives, 5th edition © 2002 by John C. Hull

Positions in an Option & the Underlying (Figure 9.1, page 186)

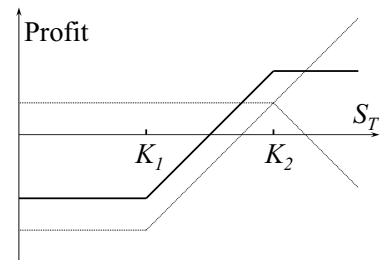
9.3



Options, Futures, and Other Derivatives, 5th edition © 2002 by John C. Hull

9.4

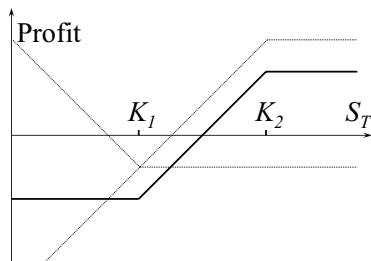
Bull Spread Using Calls (Figure 9.2, page 187)



Options, Futures, and Other Derivatives, 5th edition © 2002 by John C. Hull

9.5

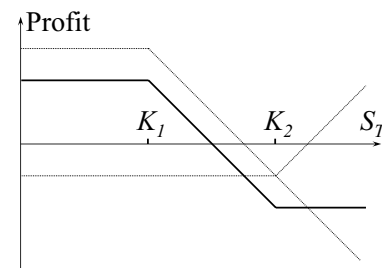
Bull Spread Using Puts (Figure 9.3, page 189)



Options, Futures, and Other Derivatives, 5th edition © 2002 by John C. Hull

9.6

Bear Spread Using Calls (Figure 9.4, page 189)

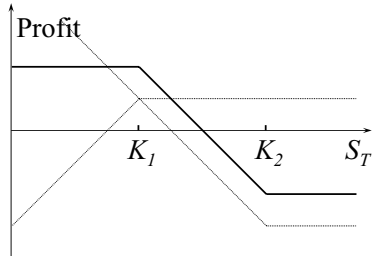


Options, Futures, and Other Derivatives, 5th edition © 2002 by John C. Hull

9.7

Bear Spread Using Puts

Figure 9.5, page 190

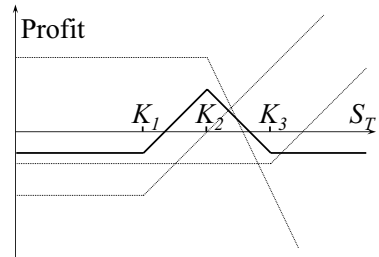


Options, Futures, and Other Derivatives, 5th edition © 2002 by John C. Hull

9.8

Butterfly Spread Using Calls

Figure 9.6, page 191

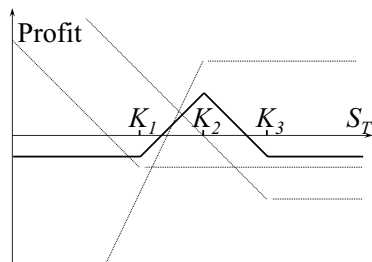


Options, Futures, and Other Derivatives, 5th edition © 2002 by John C. Hull

9.9

Butterfly Spread Using Puts

Figure 9.7, page 192

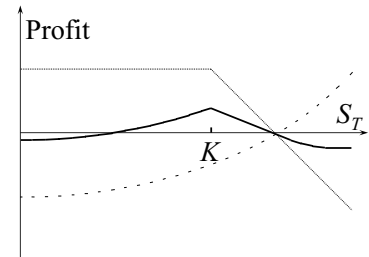


Options, Futures, and Other Derivatives, 5th edition © 2002 by John C. Hull

9.10

Calendar Spread Using Calls

Figure 9.8, page 193

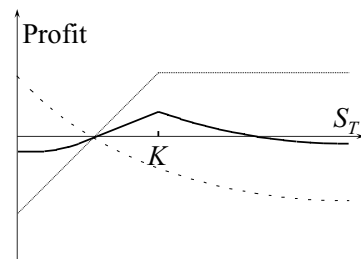


Options, Futures, and Other Derivatives, 5th edition © 2002 by John C. Hull

9.11

Calendar Spread Using Puts

Figure 9.9, page 193

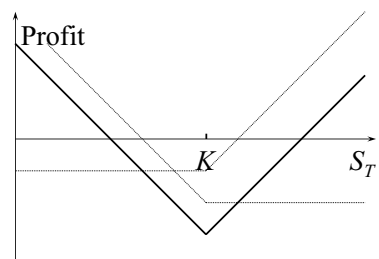


Options, Futures, and Other Derivatives, 5th edition © 2002 by John C. Hull

9.12

A Straddle Combination

Figure 9.10, page 194

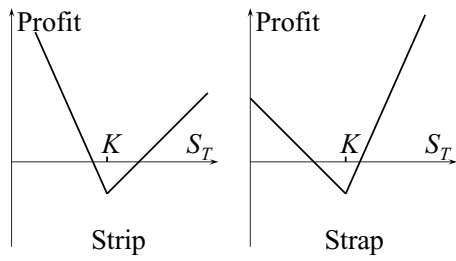


Options, Futures, and Other Derivatives, 5th edition © 2002 by John C. Hull

9.13

Strip & Strap

Figure 9.11, page 195

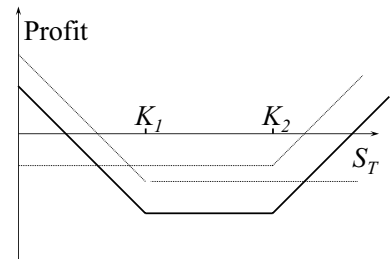


Options, Futures, and Other Derivatives, 5th edition © 2002 by John C. Hull

9.14

A Strangle Combination

Figure 9.12, page 196



Options, Futures, and Other Derivatives, 5th edition © 2002 by John C. Hull