



A Fidelity Investments Webinar

Options Pricing

BROKERAGE: OPTIONS



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- There are additional costs associated with option strategies that call for multiple purchases and sales of options, such as spreads, straddles, and collars, as compared with a single option trade.
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Intermediate Options Trading Webinar Series

Options Pricing

Understand how options are priced and learn how you can help get better returns.

What You Need To Know About Volatility

Understanding the different volatility types and how to formulate and manage an outlook on implied volatility.

One Leg or Two

Evaluate the pros and cons to more complex options trading strategies (e.g. spreads).

Generating Options Trade Ideas

Get to know the Fidelity suite of resources for options trade idea generation.



Agenda



Option Price Components

Option Pricing Basics

What factors determine an option contract's premium/price?

Option Pricing Factors

- Stock price
- Strike price
- Time to expiration
- Interest rate
- Dividends
- Volatility

Option Pricing Model

Option's Theoretical Price

Option Valuations

What factors affect the supply and demand for options?

Stock owners
get nervous

Buy options for
protection or speculation

Buying pressure
raises IV levels

Higher expected
move in the security

Higher demand for
option contracts

Higher IV levels

Implied Volatility:

Implied Volatility (IV) can be used as a measure of an option's relative value. Supply and demand for option contracts affects IV.

Result: More expensive premiums

Option Valuations

What factors affect the supply and demand for options?

Rising market
improves outlook

Sell options
for income

Selling pressure
lowers IV levels

Lower expected
move in the security

Lower demand
for options

Lower IV levels

Implied Volatility:

Implied Volatility (IV) can be used as a measure of an option's relative value. Supply and demand for option contracts affects IV.

Result: Less expensive premiums

Review: Premium Components



$$\text{Premium} = \text{Intrinsic Value} + \text{Extrinsic Value}$$

An option contract that has intrinsic value is
"in the money"

An option contract that has no intrinsic value is
"out of the money"



Factors That Affect Price

Factors That Affect Price



Stock Price



Time to Expiration



Volatility

Underlying Stock's Price

Major factor in the price of options

Higher-priced stocks/ETFs will tend to have higher-priced options

- A \$1000 stock will typically have higher option prices than a \$5 stock

We can measure how movement will affect the option contract's price with the Greeks.*

Delta



Delta can be used to tell you how much your option contract's price will change based on a dollar move in the underlying. It can also give you share equivalency or an approximation of the probability that the option contract will expire in or out of the money.

Example

A long call with a 0.50 delta should move approximately \$0.50 with a \$1 move in the underlying:

This is the equivalent of being long 50 shares of the underlying, and has a 50% chance of being in or out of the money at expiration.

Consider Time Decay



Time decay typically accelerates as expiration comes closer, meaning shorter-term options have the highest time decay.

Strike	Last	Bid	Ask	Theta
Nov 22 CALLS				
85	13.40	13.45	13.65	-0.0198
87.5	11.25	11.10	11.30	-0.0258
90	9.00	8.90	9.05	-0.0336
92.5	6.95	6.85	7.00	-0.0413
95	5.10	5.05	5.20	-0.0473
97.5	3.55	3.55	3.60	-0.0491
100	2.35	2.35	2.38	-0.0468
105	0.85	0.84	0.86	-0.0317
110	0.30	0.29	0.30	-0.0176
115	0.12	0.12	0.13	-0.0099
Apr 17 CALLS				
95.71	8.50	8.45	8.60	-0.0204
96.43	8.15	8.05	8.20	-0.0204
97.14	7.95	7.70	7.85	-0.0205
97.5	7.63	7.50	7.65	-0.0204
97.86	7.45	7.35	7.50	-0.0205
98.57	7.10	7.00	7.15	-0.0205
99.29	6.66	6.65	6.80	-0.0204
100	6.45	6.35	6.45	-0.0204
100.71	6.10	6.05	6.20	-0.0204
101.43	5.70	5.75	5.90	-0.0203

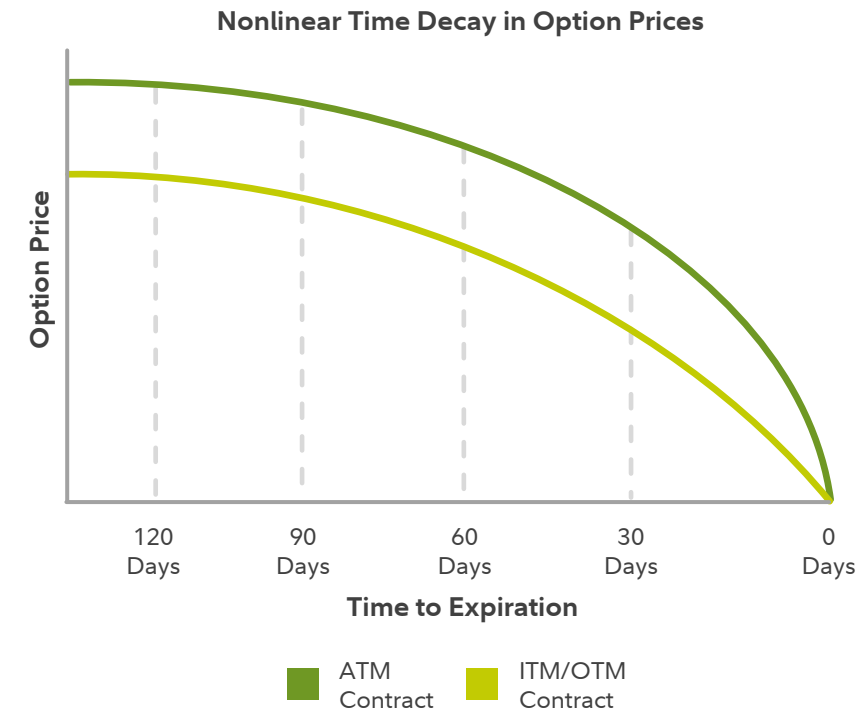


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Theta



Theta tells you how much the option contract's value should change based on one day's **passage of time**.

Example

If you have a theta of 0.05, your option's price will lose approximately \$0.05 of value for one day's passage of time, all else being equal.

Greeks are not static! \$0.05 loss today could be significantly different next day/week/month. At-the-money options experience nonlinear time decay, and decay accelerates around the last 30–45 days of the contract's life.

What Is Volatility?

Volatility measures the relative price fluctuations of a security.

Measure of uncertainty (risk)

- Low volatility > Less movement > Less risk
- High volatility > More movement > More risk

Measured in annualized percentage terms

- 10% volatility on a \$100 stock means the one-year expected move is + or (-) \$10

No bias for direction

Historical vs. Implied Volatility

Historical Volatility (HV)

- Uses **actual** pricing data over the specified period
- Measures **realized** volatility
- Can be gauged by looking at a price chart
- Based on number of trading days
e.g., HV20 includes 20 trading days' worth of data

Implied Volatility (IV)

- Derived from the option contract prices on the given security
- Measures **expected** volatility
- Based on calendar days for a theoretical option

Consider Event Risk



Historical events affect demand—and in turn, impact volatility.

- Earnings reports
- Product releases
- Drug approvals



Each spike in IV on this volatility chart represents an upcoming earnings report.

Image is for illustrative purposes only.

Vega



Vega tells you how much the option contract's value should change based on one-percentage-point change in **Implied Volatility**.

Example

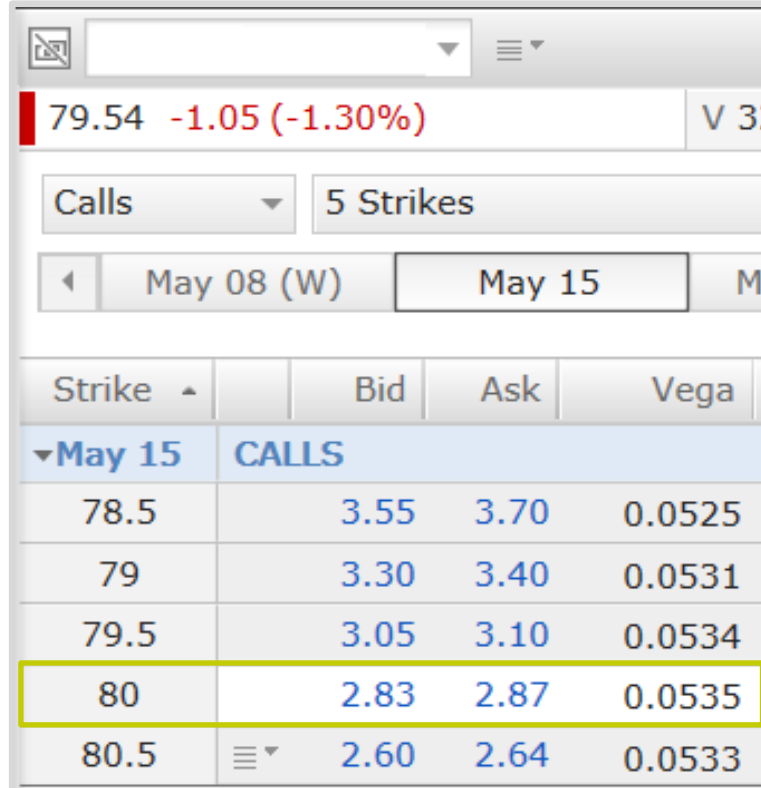
If you have a vega of 0.05, your option's price should gain or lose \$0.05 for a one-percentage-point change in Implied Volatility, all else being equal.

Implied Volatility is the "X factor" in options pricing. If there is more demand for an option, IV should increase and, therefore, so will the option's price. If there is less demand for an option, IV should decrease and thus the option's price should decrease as well. Again, remember that a change in IV should directly affect the option's price, but it will also affect all the Greeks.

Measuring Volatility with Vega

Vega = 0.0535

Theoretically, the option will make \$5/contract with each 1% move up in IV and lose \$5/contract with each 1% move down in IV.



Strike	Bid	Ask	Vega
78.5	3.55	3.70	0.0525
79	3.30	3.40	0.0531
79.5	3.05	3.10	0.0534
80	2.83	2.87	0.0535
80.5	2.60	2.64	0.0533

Image is for illustrative purposes only.

Example

You are predicting an 8% drop in IV after an earnings announcement.

$$-8 \times 0.0535 \times 100 = \text{\textbf{-\$42.80/contract}}$$

You are expecting the contract price to go from **\$2.83** to **\$2.40** (\$2.83 - \$0.428) resulting in a **loss of \$42.80 from the 8% IV drop**, with everything else remaining constant.



Plan a Trade

Trade Planning Process

- Reason for Placing the Trade
- Outlook on Price Movement
- Entry Strategy
- Exit Strategy

Reason for Placing the Trade

Is there an event you should consider?

Earnings Report, Product Releases, Drug Approvals

Trading Implied Volatility or Direction

- Implied Volatility Play: Selling or Buying IV Strategies
Don't forget that the option market is pricing in its expected price movement
- Direction Play: Buying or Selling Strategies
Don't forget about the IV changes that occur around these events

Technical Events

- Trends can take years to develop versus impacts of time decay
- Support and Resistance
- Breakouts

Fundamentals

- Current business environment
- Individual company metrics

Remember

The reason for placing the trade can help define the exit strategy.

Outlook on Price Movement

Are you bullish, bearish, or neutral?

Bullish

- Positive delta option strategies

Bearish

- Negative delta option strategies

Neutral or no directional bias

- Delta close to zero
- Trade is not based on direction, but on time, IV changes, and/or magnitude of price movement

Remember

There is more than one way to trade direction or volatility outlooks.

Entry Strategy

How do you choose a strike price and an expiration date?

Reason for trade will impact the selected time frame

- **Shorter Term:** High price acceleration, but more time decay
- **Longer Term:** Less time decay, but less price acceleration

Buyer or Seller?

- **Buyer:** Typically, option buyers use further out expirations

Time works against long option positions

Further-dated expirations reduce the effects of time decay

More time for outlook to play out

- **Seller:** Typically, option sellers will look for 30–60 days to expiration

Attempt to balance premium being received with exposure to accelerated time decay

Time decay helps short option positions

Remember

Options have a balance of risk and reward.

Keep in mind the amount you are willing to risk relative to the account size. Don't allow trades to get too big.

Exit Strategy

What are your profit and loss targets?

Establish exit strategy **before** entering trade

Define risk and reward targets

- Dollar or percentage amount
- Technical signal
- Price level

Consider closing when you've reached a specific percentage of max gain

Remember

If your original outlook changes, reassess your exit strategy.

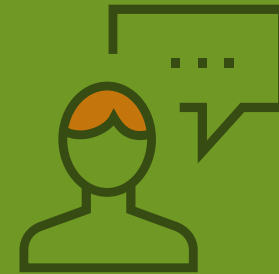
Let Your Outlook Define the Option Strategy



Key takeaways

- Know what you are trying to trade
- Consider your risk/reward balance
- Use volatility analysis to select an option strategy
- Consider the effect of time on the strategy
- Evaluate strategies with option Greeks
- Establish an exit strategy prior to entering a trade
- Reassess if your outlook changes

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about options

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Watch: Check out videos that cover options basics

Attend: Register for monthly webinars

Glossary

Delta

Delta is the sensitivity of an options price to the change in the price of the underlying asset.

Theta

Theta measures the effect that the decrease in time has on an option as it approaches expiration. This is also known as time decay. Theta quantifies how much value is lost on the option due to the passing of time.

Vega

Vega is a measure of an option price's sensitivity for a given change in implied volatility. An increase in the implied volatility (i.e., the expected volatility) of an option will increase the value of both call and put options, and falling implied volatility decreases the value of both types of options.

Glossary



Premium

The price a put or call buyer must pay to a put or call seller (writer) for an option contract. Market supply and demand forces determine the premium.

Volatility

A measure of the fluctuation in the market price of the underlying security. Mathematically, volatility is the annualized standard deviation of returns.

Thank You



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What you need to know about volatility

BROKERAGE: OPTIONS

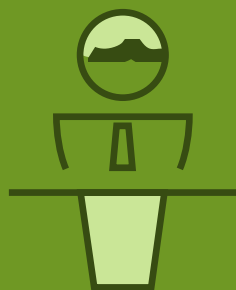


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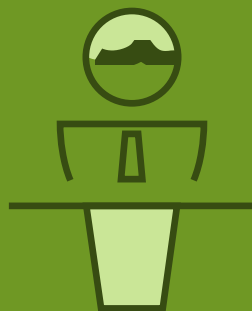
Understanding the different volatility types and how to formulate and manage an outlook on implied volatility.

One Leg or Two

Evaluate the pros and cons to more complex options trading strategies (e.g. spreads).

Generating Options Trade Ideas

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What is on our agenda today?

What is Volatility?

Overview and comparison of Historic vs Implied Volatility (HV/IV)

How does IV affect option pricing?

A deep dive on meaning and interpretation of IV

Using volatility data to make trade decisions

Determining the relative expensiveness of a potential trade

Fidelity resources for volatility analysis

Live demonstration of the Option Chain, Option Statistics and more



What is Volatility?

What is volatility?

Volatility measures the price movement and fluctuation of an underlying security

Measures uncertainty (risk)

- Low volatility → Less movement → Less Risk
- High volatility → More movement → More Risk

No bias for direction

Measured in percentage terms

- 10% volatility on \$50 stock = **1 year expected move is + or (-) \$5**

Different types of volatility

- Historical vs. Implied Volatility

Historical Volatility vs. Implied Volatility

Historical Volatility (HV)

- Realized, statistical, or *actual* volatility
- Calculated using past price movement of the security
- HV % tells you the expected range a security should price within over 1 year based on historical movement
 - Considers 1 standard deviation and therefore is expected to capture 68% of price points
- Many technical indicators are based on historical volatility
 - Bollinger Bands, Average True Range (ATR), etc.

VOLATILITY			
IV30 62.35	IV60 65.63	IV90 65.48	
HV10 28.05	HV20 30.24	HV30 45.02	HV60 47.97

Current stock price + or (-) 30.24%
 Based on the last 20 trading days, there is a 68% likelihood (or simply 2/3 of the time) that the stock will be within this price range.

Image shows volatility data from the Option Statistics tool in Active Trader Pro

Historical Volatility vs. Implied Volatility

Implied Volatility (IV)

- Measures what the market expects volatility of the security to be in the future, based on premiums on option contracts for that security
- Annualized percentage for future expected move
- Dynamic - will change with option prices based on supply and demand for contracts

VOLATILITY							
IV30	62.35	IV60	65.63	IV90	65.48		
HV10	28.05	HV20	30.24	HV30	45.02	HV60	47.97

62.35% annualized expected move based on hypothetical 30-day option contracts

Image shows volatility data from the Option Statistics tool in Active Trader Pro

Historical Volatility vs. Implied Volatility

Historical Volatility (HV)

- Uses **actual** pricing data over the specified period
- Measure of **realized** volatility
- Based on trading days

Implied Volatility (IV)

- Derived from the option contract prices on the given security
- Measure of **expected** movement
- Based on calendar days for a theoretical option



How does IV affect
option pricing?

Implied Volatility: Standard Deviations

IV is expressed as a percentage move of the stock price representing a one standard deviation move over the next year

- ***What is a standard deviation??***

From a statistical standpoint, at the end of 1 year there is a:

- 68% likelihood the stock will end the period within 1 standard deviation
- 95% likelihood the stock will end the period within 2 standard deviations
- 99% likelihood the stock will end the period within 3 standard deviations

Implied Volatility: Standard Deviations

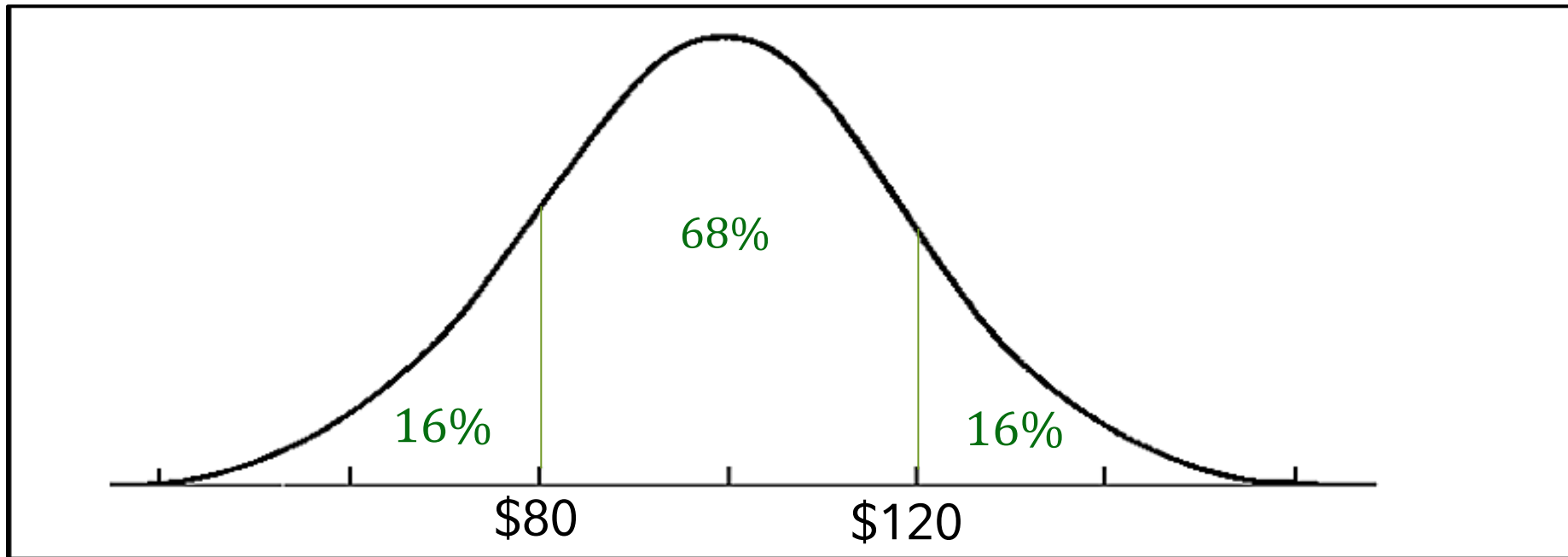
Example: A stock trading at \$100, with 20% IV has a 68% likelihood at being between \$80 and 120 at the end of one year.

Stock price = \$100

$\$100 \times 20\% = \20

IV = 20%

$\$100 (+/-) \$20 = \$80/\120



The stock's annual expected range is between \$80 and \$120

Expected Move Calculation

Traders will convert the **annualized** expected move into **daily** expected move or expected move until expiration using the following formula:

$$\text{One standard deviation move} = \frac{\text{Stock Price} \times \text{Implied Volatility} \times \sqrt{\text{Days to expiry}}}{\sqrt{\text{Trading Days in a year}}}$$

Trader's tip

It's helpful to remember that 16% IV results in a 1% daily expected move:
 $(\$100 \times .16 \times 1) = +/- \1

Our previous example converted to a daily expected move...

- Stock price = \$100
- IV = 20%
- Sq. root of trading days in a year = approx. 16

$$\frac{\$100 \times .20 \times 1}{16} = + \text{ or } (-) \$1.25$$

Implied Volatility is derived from option pricing

Option pricing components:

- ✓ *Stock price*
- ✓ *Strike price*
- ✓ *Expiration date*
- ✓ *Interest rate*
- ✓ *Dividends*

- ✓ ***Implied Volatility***

Option pricing model

Option theoretical price

IV can be derived by working backwards through the formula since the option price and all other components are known

Pricing models are used to price the initial IV

ATM contracts are generally used to calculate IV because they usually have highest volume and therefore prices are more determined by actual order flow (supply and demand)



Using volatility data to
make trade decisions

How the market affects IV levels

IV is considered a **measure of investor fear**. It changes due to market supply and demand.



Impact of supply and demand on IV

Consider an analogy:

Where would you expect sunglasses and snow cones to be more expensive: in Alaska or Florida?

Why?

- Higher probability that the sun will be shining - sunglasses for protection, snow cones for relief
- In Alaska there may not even be snow cone shacks because of dismal demand
- More demand = Higher premiums

Now let's apply it to SPX options:

- "Disaster" possibly looming => Investors purchase options to protect existing position(s) or to speculate on a downside move
- Demand increases when SPX falls due to continued downside concern
- SPX goes up => less concern about downside risk
- Selling premium to increase returns = more supply = IV decreases

Volatility Skew

Supply and demand are different for each option series:

When there is a bias resulting in higher implied volatilities for successively lower strike prices it is known as put skew. The opposite is call skew.

Trader's tip-
Identify the vertical skew direction to see market's expectation for more volatile moves towards the skew.

Horizontal skew:

When implied volatility levels are different across expiries, this is called horizontal skew.

- This is most prevalent around known upcoming events like earnings announcements where the options expiring soonest, but after the event will tend to have the highest IV levels

But, beware!

IV Skew is not stagnant, it can and does change over time, sometimes rapidly.



Strike	Bid	Ask	IV Mid
▼ May 20 (73 days) CALLS			
185	1.83	1.86	29.54%
180	2.80	2.82	30.22%
175	4.15	4.20	31.12%
170	5.95	6.05	32.43%
165	8.25	8.35	33.79%
160	11.00	11.05	35.43%
155	14.10	14.20	37.07%
150	17.60	17.70	38.81%
145	21.35	21.50	40.62%
140	25.35	25.50	42.65%

Put Skew

Strike	Bid	Ask	IV Mid
▼ May 18 (71 days) CALLS			
42.5	3.20	3.30	126.51%
40	3.50	3.70	123.13%
37.5	3.90	4.10	120.51%
35	4.40	4.60	115.63%
32.5	5.00	5.10	111.37%
30	5.60	5.80	105.84%
29	5.90	6.10	102.99%
28	6.20	6.40	99.96%
27	6.60	6.80	97.55%
26	7.00	7.20	94.48%

Call Skew



Fidelity resources for volatility analysis

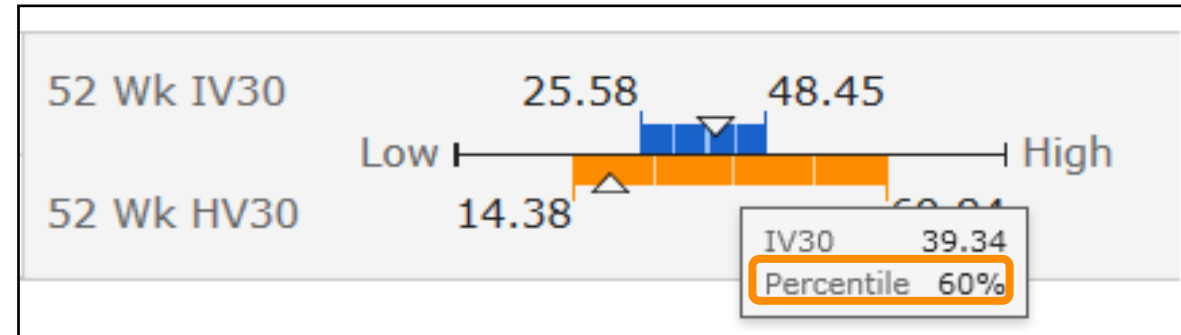
Expensiveness

IV is a product of supply and demand for option contracts and, therefore, can be a measure of expensiveness



How can you determine whether a specific stock's IV is relatively expensive (or inexpensive)?

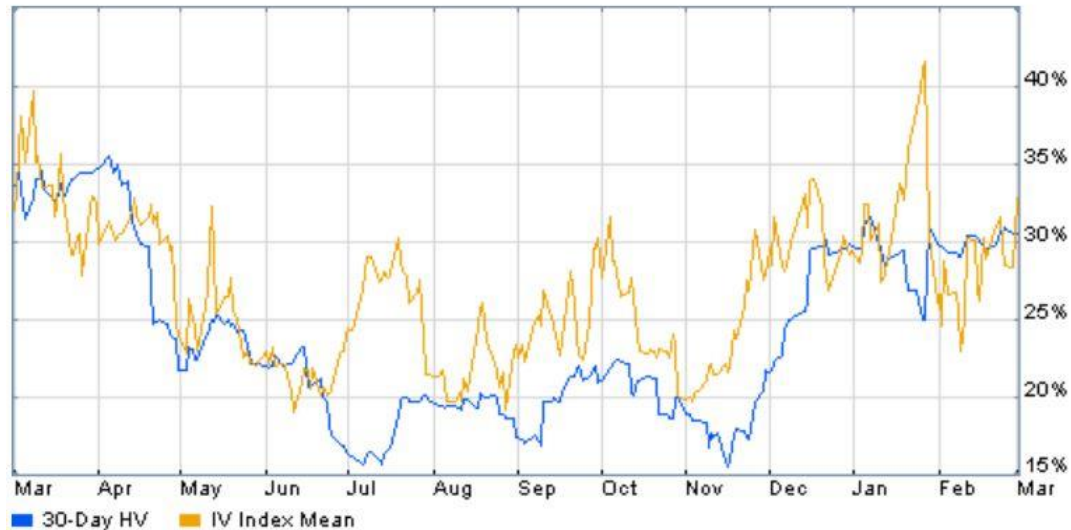
- IV percentile shows where a specific stock's IV is compared to where it has been in the last 52 weeks



Expensiveness - continued

How can you determine whether a specific stock's IV is relatively expensive (or inexpensive)?

AAPL: Daily 1 Year Volatility Chart (3 months | 6 months | 1 Year)
 IV Index Call | IV Index Put | IV Index Call & Put | IV Index Mean



IV index chart
 compares
 historical volatility
 with implied
 volatility over the
 last year

IV Index chart can be found in the option research section on Fidelity.com

- Helps to compare current volatility data with historical data to identify high or low levels
- Allows traders to identify divergence and convergence between HV and IV
- Quick way to find when volatility measures are at extremes and may likely revert to their mean values

Vega

Vega measures direct impact on option prices due to changes in Implied Volatility (IV)

It represents the amount an option contract's premium will change due to a 1% move in IV

166.7883 ↓ 3.5883 (2.20%)		V 47,548,3	
Calls	10 Strikes	All	
Mar 04 (W)	Mar 11 (W)	Mar 18	
Strike	Bid	Ask	Vega
Jan 20 '23 (324 days) CALLS			
160	23.25	23.45	0.5957
165	20.45	20.65	0.6123
170	17.95	18.15	0.6226
175	15.65	15.80	0.6262

Vega = 0.6226

Theoretically, the option will make \$62.26/contract with each 1% move up in IV and lose \$62.26 with each 1% move down in IV.

Example:

You are predicting an 8% drop in IV after an earnings announcement.

- 8 x .6226 x 100 = - \$498.08 / contract

*You are expecting the contract price to go **from 18.15 to 13.17** (18.15 - [.6226 x 8] rounded) resulting in a change of \$498.08 from the 8% IV drop, assuming all else remains constant.*



Key Takeaways

Volatility measures the amount a stock fluctuates. It is considered a measure of risk, uncertainty and fear.

Option traders consider 2 types of volatility: Historical volatility (HV) and Implied volatility (IV). HV looks at **past** price movement. IV is the option market's expectation of **future** movement.

IV is expressed as an annualized percentage of the stock price and represents a one standard deviation move. It can be used to calculate future expected move on an annual basis, or for a more specific time period.

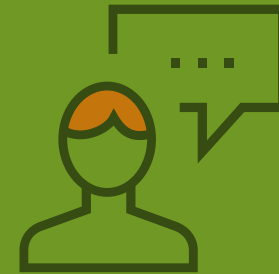
IV is a product of supply and demand for specific option contracts. It can be used as a gauge to determine whether options are relatively cheap or expensive.

Fidelity provides the IV percentile, IV index and more for option traders to use to analyze past and present volatility and to formulate an outlook on volatility.

Vega measures how much a 1% move up or down in IV will affect option prices.



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One Leg or Two? Choosing Between Single & Multi-leg Strategies

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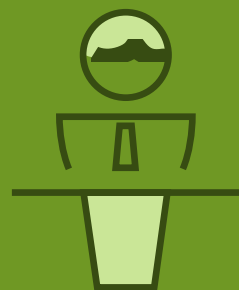


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- There are additional costs associated with option strategies that call for multiple purchases and sales of options, such as spreads, straddles, and collars, as compared with a single option trade.
- Greeks are mathematical calculations used to determine the effect of various factors on options.
- Technical analysis focuses on market action — specifically, volume and price. Technical analysis is only one approach to analyzing stocks. When considering which stocks to buy or sell, you should use the approach that you're most comfortable with. As with all your investments, you must make your own determination as to whether an investment in any particular security or securities is right for you based on your investment objectives, risk tolerance, and financial situation. Past performance is no guarantee of future results.
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Intermediate Options Trading Webinar Series

Options Pricing

Understand how options are priced and learn how you can help get better returns.

What You Need To Know About Volatility

Understanding the different volatility types and how to formulate and manage an outlook on implied volatility.

One Leg or Two

Evaluate the pros and cons to more complex options trading strategies (e.g. spreads).

Generating Options Trade Ideas

Get to know the Fidelity suite of resources for options trade idea generation.

Agenda

Options strategies

Considerations

Single leg option strategy

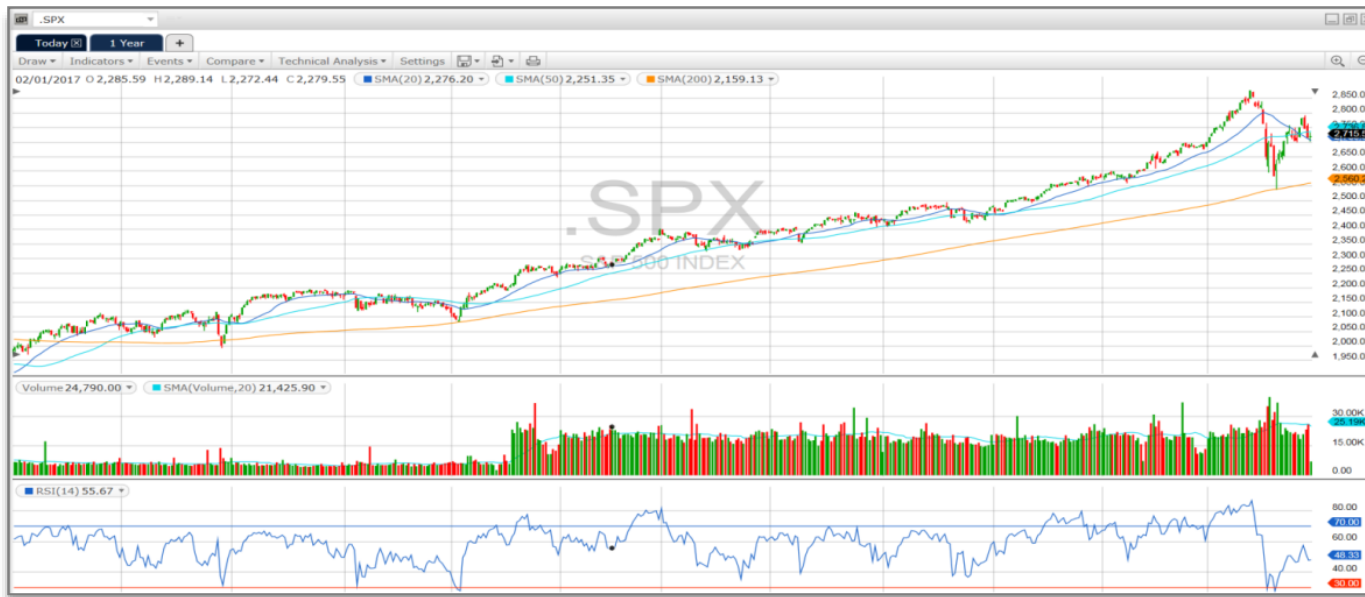
2 legged option strategy

Common pitfalls to avoid

Consider a Bullish Outlook

We'll cover 2 scenarios:

- Trading a breakout
- Trading a long-term trend



Factors to consider:

- Time horizon (Theta)
- Volatility outlook (Implied Volatility)
- Expectations of price movement
- What you're trading
- Probabilities and risk reward

Trading a Breakout

If you have a **short time horizon**, looking for ways to **minimize capital** or expect an **increase in volatility**, then you may want to consider....

A **long call** option strategy

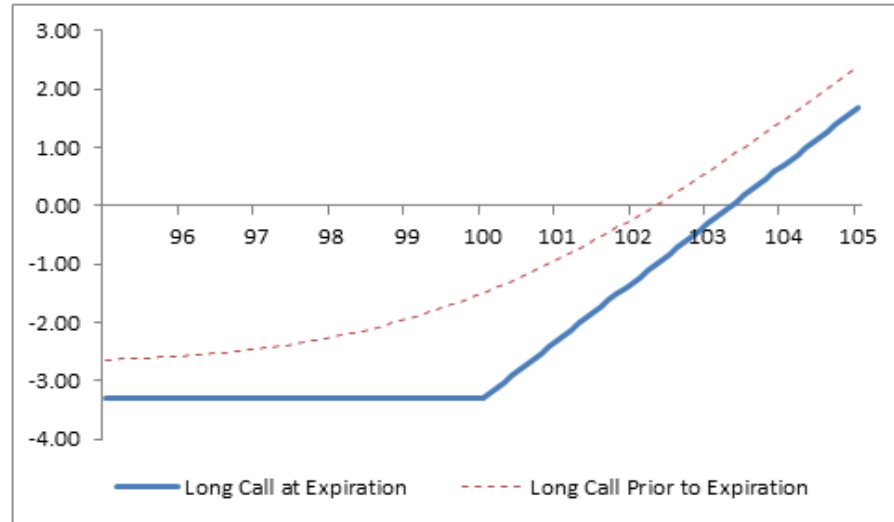


Trader's Tip

Allow your outlook to define the strategy.
Don't allow your strategy to define your outlook.

Long Call: Single Leg Strategy

Profit/Loss diagram and table: Long 100 Call @ 3.30



Outlook	Bullish
Construction	Buying a call
Max Gain	Unlimited
Max Loss	Call premium paid
Breakeven @ expiration	Strike price + Call premium paid



Trader's Tip

There are several different approaches that can tailor your trade to your risk and trade style.

Read more about the [long call strategy](#).



News & Research > Learning Center > Options Strategy Guide

Placing the Trade

188.66 ▲ 2.94 (1.58%) V 35,045,019 HV30 28.39 IV30 27.51 C/P Ratio: BULLISH BEARISH

Calls 10 Strikes All Volume & Open Int (W) Adj Trade In Chain

Jun 28 (W) Jul 19 **Aug 16** Sep 20 Oct 18 Jan 17 '20 Jun 19 '20 Sep 18 '20

Strike	Bid	Ask	% Chg	Volume	Open Int	IV Mid	Delta	Gamma	Theta	Vega
CALLS										
165	30.95	32.10	6.62	26	7,084	28.35 %	0.7662	0.007	-0.0249	0.4754
170	27.95	28.25	9.96	108	26,436	27.82 %	0.7279	0.0077	-0.0268	0.5144
175	24.35	24.95	8.74	153	27,989	27.38 %	0.6861	0.0084	-0.0286	0.5488
180	21.55	21.85	8.68	274	19,105	26.93 %	0.6417	0.009	-0.0299	0.5772
185	18.70	19.00	9.94	271	12,999	26.53 %	0.595	0.0094	-0.0308	0.5983
190	16.10	16.45	10.07	2,949	18,770	26.17 %	0.5469	0.0098	-0.0312	0.6116
195	13.75	14.10	8.53	300	14,895	25.84 %	0.4982	0.01	-0.0312	0.6157
200	11.70	11.90	7.34	1,708	71,218	25.58 %	0.4498	0.01	-0.0308	0.6111
205	9.85	10.10	8.85	532	12,484	25.29 %	0.402	0.0099	-0.0298	0.5978
210	8.20	8.50	8.11	2,227	22,557	25.02 %	0.3565	0.0096	-0.0285	0.5769

TRADE

INDIVIDUAL

Margin Buying Power \$9,188.68
Non-Margin Buying Power \$4,576.92

Symbol 200117C190

Action Buy to Open

Quantity 1

Order Type Limit

Limit 16.40

TIF Day

Conditions None Type Margin

Preview Clear All

JAN 17 2020 \$190 CALL

16.40 ▲
1.50(10.07%)

B 16.10 x 10
A 16.45 x 3
V 2,949



Trader's Tip

Account can be selected to pre-fill trade ticket when selected under settings.

Long Call Considerations

- Timeframe of breakout
- Time decay
- In-the-money (ITM)
- Out-of-the-money (OTM)
- Implied volatility

Delta 71.443 | Gamma .0723 | Theta -3.687 | Vega 58.383



Trader's Tip

Delta is used to measure the equivalent long/short share exposure.

Manage your trade:

- Leave alone
- Close out
- Roll out

Trading a Long-Term Trend

If you have a **longer term horizon**, looking for ways to **minimize capital at risk**, or concerned with a **higher probability trade**, then you may want to consider...

A **bull call spread** option strategy



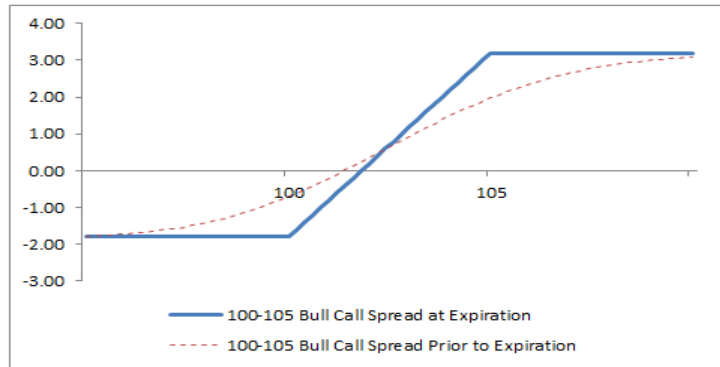
Trader's Tip

Spread trades are slower to reach max gain/loss when compared to a single leg strategy.

Bull Call Spread: 2 Legged Strategy

Profit/Loss diagram and table: bull call spread

Long 1 100 Call at (3.30)
 Short 1 105 Call at 1.50
 Net Cost = (1.80)



Outlook	Bullish
Construction	Buying a lower strike call and selling a higher strike call
Max Gain	Difference between the strikes – premium paid
Max Loss	Premium paid
Breakeven @ expiration	Lower strike price + Premium paid



Trader's Tip

Traders will typically buy the lower strike ITM and sell higher strike OTM.

Read more about the [bull call spread strategy](#).



News & Research > Learning Center > Options Strategy Guide

Placing the Trade

188.66 + 2.94 (1.58%) V 35,042,057 HV30 28.39 IV30 27.51 C

Vertical - All Strikes - Offset: 20 - (W)

Jun 28 (W) Jul 19 Aug 16 Sep 20 Oct 18

Net Bid	Mid	Net Ask	Strike	Net Bid	Mid	Net Ask
13.75	17.175	20.60	140 / 160	2.99	3.14	3.29
13.60	16.075	18.55	145 / 165	3.60	3.775	3.95
13.25	14.775	16.30	150 / 170	4.25	4.475	4.70
12.35	13.725	15.10	155 / 175	5.00	5.225	5.45
11.55	13.125	14.70	160 / 180	5.85	6.075	6.30
11.95	12.675	13.40	165 / 185	6.75	7.00	7.25
11.50	11.825	12.15	170 / 190	7.65	7.925	8.20
10.25	10.725	11.20	175 / 195	8.65	8.925	9.20
9.65	9.90	10.15	180 / 200	9.65	10.00	10.35
8.60	8.875	9.15	185 / 205	10.65	10.95	11.25
7.60	7.925	8.25	190 / 210	11.60	11.90	12.20
6.65	6.975	7.30	195 / 215	12.60	13.05	13.50
5.90	6.075	6.25	200 / 220	13.35	13.975	14.60
5.05	5.55	6.05	205 / 225	14.35	14.70	15.05
4.25	4.475	4.70	210 / 230	13.30	14.60	15.90
3.55	3.945	4.34	215 / 235	14.15	15.40	16.65
2.74	3.01	3.28	220 / 240	14.15	16.40	18.65
1.88	2.32	2.76	225 / 245	15.10	17.40	19.70
2.02	2.155	2.29	230 / 250	15.65	18.725	21.80
1.30	1.605	1.91	235 / 255	16.15	19.05	21.95
1.25	1.605	1.96	240 / 260	15.40	19.35	23.30
0.84	0.95	1.06	250 / 270	15.95	19.975	24.00
0.75	0.505	0.76	260 / 280	15.75	19.975	24.70

MULTI-LEG OPTION TRADE

INDIVIDUAL

Margin Buying Power \$9,188.68 Non-Margin Buying Power \$4,576.92

Symbol: [] Spread: []

Leg 1 Buy to Open 1 Jan 17 2020 190 Call

Leg 2 Sell to Open 1 Jan 17 2020 210 Call

* Add Leg

Order Type: Net Debit Amount: 8.00

TIF: Day Conditions: None Route: AUTO

Trade Type: Margin

Net Bid 7.60 Mid 7.925 Net Ask 8.25

Preview Clear All

188.66 + 2.94 (1.58%) V 35,042,170

Exchange Quotes	Leg Quotes
	net Bid Mid net Ask
COMP	7.60 7.925 8.25
CBOE	6.85 8.25 9.65
ISE	3.55 7.80 12.05

PROFIT/LOSS AT EXPIRATION

Max Gain \$1,200.00

Max Loss -\$800.00

Break Even AAPL at 198.00

Analyze Profit & Loss



Trader's Tip

Mid-point price is what many traders will try to achieve.

Bull Call Spread Considerations

- Provide sufficient time to allow trade to develop
- Willing to cap gains to offset option centric risks
- Spreads need time to work towards max gain
- Max loss is less compared to outright long call

Delta 18.73 | Gamma .0009 | Theta -.535 | Vega 4.304



Trader's Tip

Spreads help offset IV impacts and time decay.

Manage your trade:

- Leave alone
- Close out
- Roll out

Common Pitfalls



Using the same strategy because it worked before

Selling the additional leg to stop losses on the long leg

No exit strategy needed

Key Takeaways

- Key factors to analyze include: time horizon, outlook on IV, price move expectancy, reason for trade, and risk/reward balance
- Single and 2 legged option strategies should be considered for different reasons, know the tradeoffs of using one over the other
- Use an option strategy that gives the you a risk/reward balance that matches what you're looking to trade
- Take advantage of the options tools we provide to help analyze these factors and make confident trading decisions

Use the Fidelity Learning Center at home to...

www.fidelity.com/learning-center

Watch videos

How-to-videos show you the tools in Active Trader Pro® - for example, Option Chain and Option Statistics

Options Strategy Guide

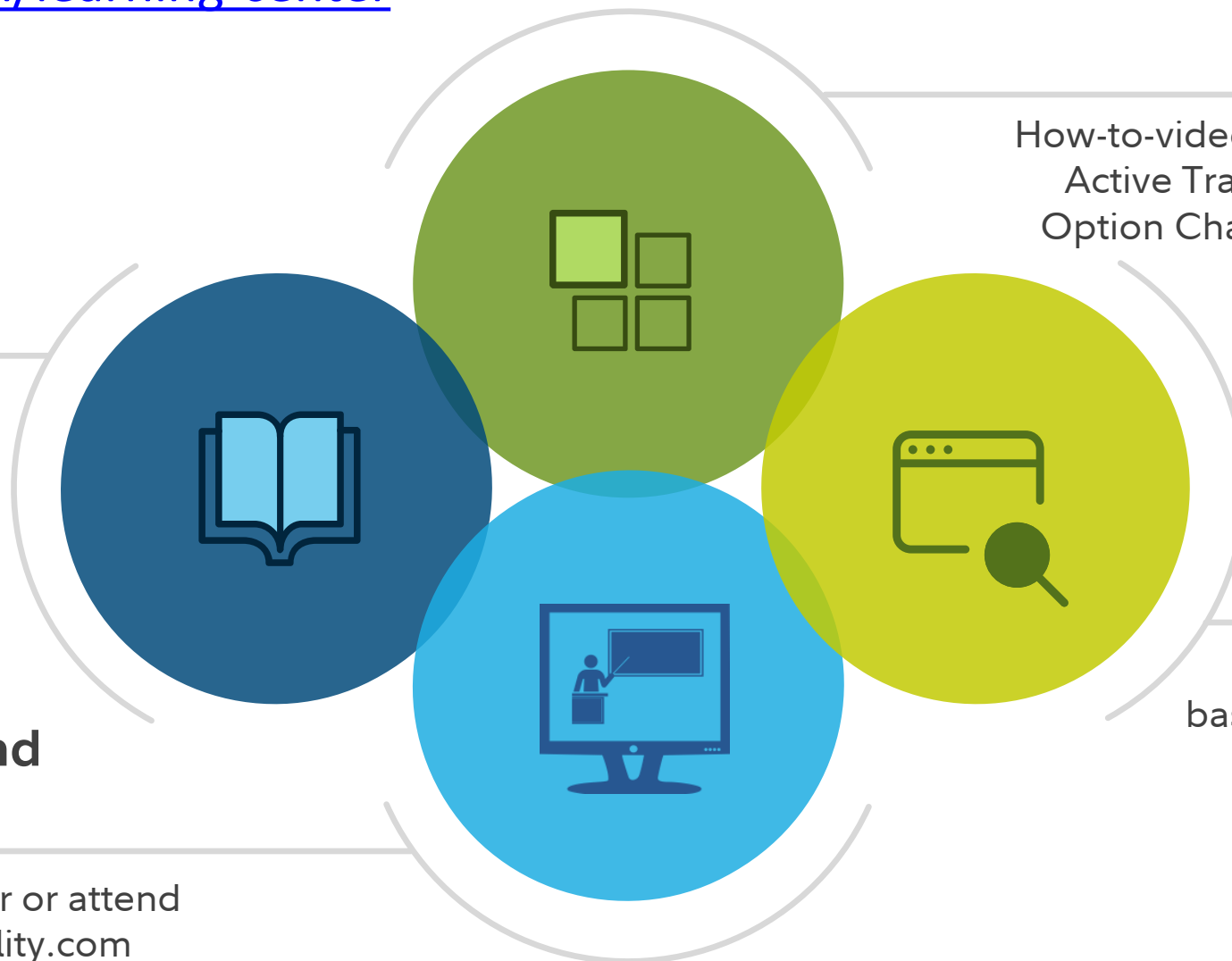
Discover new strategies based on outlook, potential profit, and risk

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Register for a local seminar or attend monthly webinars on Fidelity.com



Next Steps

- ✓ Download Active Trader Pro®
- ✓ Attend a coaching session
- ✓ Register for an options educational event

fidelity.com/ATP

fidelity.com/coaching

fidelity.com/optionevents

How Fidelity Can Help



Call the Active Trader
Strategy Desk 877.907.4429

Better understand how to use our
options research and trading tools

Further utilize the Active Trader Pro[®]
trading platform

Create a more effective, overall
trading strategy



Generating Options Trading Ideas Using Fidelity's Tools and Resources

BROKERAGE: **OPTIONS**



Closed captioning is provided to assist with today's webinar. Please be advised that closed captioning may not be a completely accurate transcription due to a variety of reasons including but not limited to:

- Background noise
- Volume and clarity of the speaker's voice
- Speaker's proficiency with the English language
- Lexicons and dialects specific to a geography or community

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- Any screenshots, charts, or company trading symbols mentioned, are provided for illustrative purposes only and should not be considered an offer to sell, a solicitation of an offer to buy, or a recommendation for the security.
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Options Investors Need Powerful Tools



Generate new trading ideas

Generate new trading ideas and validate existing ones with online tools from Fidelity.com

Feel confident in your trading decisions

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Visit Fidelity.com and click: News & Research > Options.

The screenshot shows the Fidelity.com Options Research page. The top navigation bar includes the Fidelity logo, links for Customer Service, Profile, Open an Account, Refer a Friend, and Log Out, and a search bar. Below this is a secondary navigation bar with categories: Accounts & Trade, Planning & Advice, News & Research (selected), Investment Products, and Why Fidelity. The main content area is titled 'Options' and includes sub-sections for 'Argus Focus List', 'Market Commentary', and 'Markets'. The 'Argus Focus List' section features a table of stock symbols and annualized return rates. The 'Market Commentary' section contains a news article titled 'Stocks Rise Tuesday'. The 'Markets' section includes an 'IV INDEX MONITOR' table.

Argus Focus List
 PROVIDED BY ARGUS
 02/10/2020 4:00:00PM
 Top covered calls and diagonal spreads.

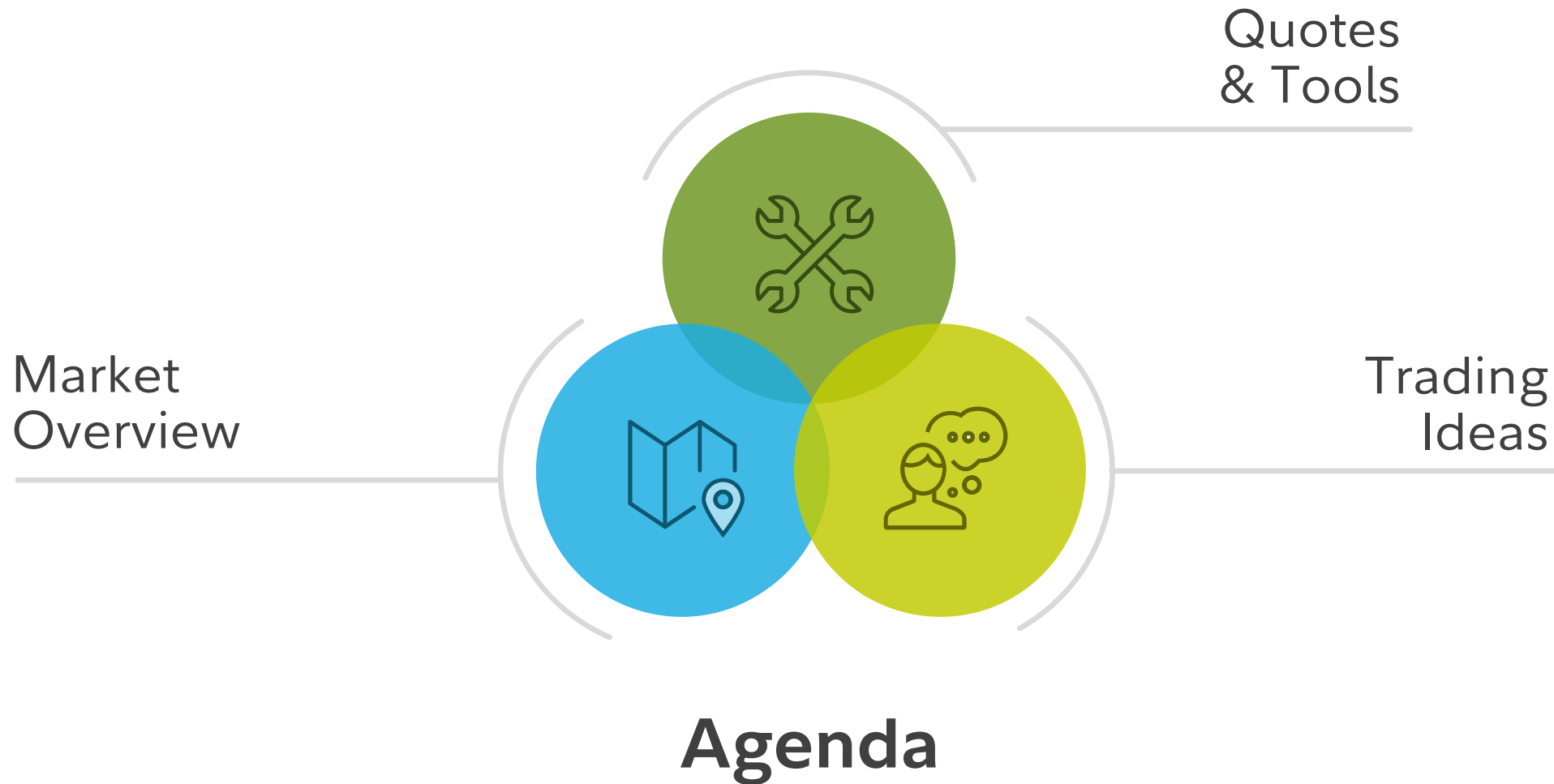
Stock Symbol	Annualized Return Rate*
	192.57%
	131.10%
	114.42%
	97.90%

Market Commentary
Stocks Rise Tuesday
 PROVIDED BY ARGUS
 02/11/2020 5:44:00AM
 Stocks in the U.S. are higher at mid-morning Tuesday. Federal Reserve Chairman Jerome Powell is testifying in front of Congress today and tomorrow as part of a semi-annual report from the central bank. At present, the S&P 500 is up 0.69%, the DJIA...

Markets
IV INDEX MONITOR

Index	IVX	Change	1-Yr Hi/Lo
	11.9	-0.4	22/9
	16.8	+0.2	26/11
	16.9	-0.6	25/13
	12.1	-0.5	23/9
	91.9	-5.5	129/66
	14.9	-0.5	26/12
	14.9	-0.7	25/12
	15.2	+0.1	26/12
	17.1	+0.1	26/12
	10.4	-0.3	17/8
	37	-1.7	47/22
	25.6	-1.3	37/22
	23.2	-0.3	36/20
	10.7	0.5	24/8

S&P 500 INDEX (SPX)





Quotes & Tools

Quotes & Tools



Option Chain

View a list of all the options contracts available for a given security

Key Statistics

IV Index

Option Quote & Chart

Probability Calculator

P/L Calculator

Market Commentary

Option Chain | Key Statistics | IV Index | Option Quote & Chart | Probability Calculator | P/L Calculator | Market Commentary

AS OF 2:34:00PM ET 01/30/2020

Strategy: Calls & Puts | Strikes: 10 | Volume: All | Open Int: All | Weekly: On | Histogram: On

View All Expiration Dates

Bid	Ask	Delta	Volume	Open Int	Imp Vol	Action	Strike	Action	Bid	Ask	Delta	Volume	Open Int	Imp Vol
CALLS Jan 31 '20 (1 days) PUTS														
4.40	4.55	0.9445	16	14	37.95 %	▼	132	▼	0.06	0.07	-0.0555	319	952	37.82 %
3.45	3.60	0.9054	57	95	35.50 %	▼	133	▼	0.10	0.11	-0.0896	862	1,443	34.53 %
2.54	2.64	0.8482	781	293	31.85 %	▼	134	▼	0.17	0.18	-0.1461	1,408	1,575	31.55 %
1.71	1.76	0.7425	551	295	29.51 %	▼	135	▼	0.31	0.34	-0.2549	2,758	2,053	29.03 %
1.00	1.05	0.5831	2,420	558	27.17 %	▼	136	▼	0.60	0.63	-0.4155	1,338	2,823	27.31 %
0.50	0.52	0.3818	3,701	1,909	25.81 %	▼	137	▼	1.08	1.12	-0.614	952	2,440	26.13 %
0.21	0.22	0.2022	1,909	1,785	25.42 %	▼	138	▼	1.78	1.83	-0.7993	958	2,077	25.53 %
0.09	0.10	0.1026	1,539	1,235	26.88 %	▼	139	▼	2.64	2.72	-0.8953	308	2,654	27.18 %
0.03	0.04	0.0434	1,001	2,933	27.55 %	▼	140	▼	3.55	3.70	-0.9502	818	3,480	28.73 %
0.02	0.03	0.0288	212	1,853	31.68 %	▼	141	▼	4.55	4.70	-0.9895	152	1,563	26.75 %
CALLS Feb 07 '20 (8 days) PUTS														
CALLS Feb 14 '20 (15 days) PUTS														
CALLS Feb 21 '20 (22 days) PUTS														
CALLS Feb 28 '20 (29 days) PUTS														
CALLS Mar 06 '20 (36 days) PUTS														

Quotes & Tools



Option Chain

Key Statistics

Learn about the overall options volume and volatility for an underlying security

IV Index

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Probability Calculator

P/L Calculator

Market Commentary

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\$136.42 ↑ 0.36 (0.26%)

AS OF 2:36:00PM ET 01/30/2020 [More Quote Information](#)

KEY STATISTICS [View Demo](#)

PROVIDED BY LIVEVOL, INC. AS OF 2:36:00PM ET 01/30/2020 [Refresh Data](#)

Volatility

IV30	26.76	IV60	24.06	IV90	22.83
HV10	21.33	HV20	19.35	HV30	17.65
HV60	23.50				

52 Week Range

IV30	14.45 (L) - 31.37 (H)	73rd Percentile
HV30	11.63 (L) - 36.21 (H)	25th Percentile

Trade Breakdown

	Calls	Puts	Totals
Total Volume	<div style="width: 45%; height: 10px; background: linear-gradient(to right, green, red);"></div>	<div style="width: 55%; height: 10px; background: linear-gradient(to right, green, red);"></div>	94,438
Avg Volume	<div style="width: 45%; height: 10px; background: linear-gradient(to right, green, red);"></div>	<div style="width: 55%; height: 10px; background: linear-gradient(to right, green, red);"></div>	174,012
Open Interest	<div style="width: 45%; height: 10px; background: linear-gradient(to right, green, red);"></div>	<div style="width: 55%; height: 10px; background: linear-gradient(to right, green, red);"></div>	1,074,689
Avg Open Interest	<div style="width: 45%; height: 10px; background: linear-gradient(to right, green, red);"></div>	<div style="width: 55%; height: 10px; background: linear-gradient(to right, green, red);"></div>	1,205,886
Sold on Bid	12,670	4,999	17,669
% of Total	19%	17%	19%
>5% OTM	4,927 (39%)	1,460 (29%)	6,387 (36%)
Bought on Ask	15,196	5,424	20,620
% of Total	23%	18%	22%
>5% OTM	7,563 (50%)	1,040 (19%)	8,603 (42%)
Net Deltas	-9,724	-12,020	-21,744
Net Premium	-\$22,788	-\$213,511	-\$236,298

Today's Biggest Trades

Time	Option	QTY	Price	Exchange	Condition	Market	IV	Underlying
12:17	Mar20 155 C	1,836	0.67	AMEX	MultLegAutoEx	0.67 x 0.68	26	136.57
11:05	Feb21 135 P	1,000	3.32	AMEX	MultLegCross	3.30 x 3.40	28	135.88
11:05	Feb21 135 C	1,000	4.37	AMEX	MultLegCross	4.35 x 4.45	28	135.88
10:56	Jun19 125 P	1,000	3.05	ISE	StkOptCross	3.05 x 3.25	22	135.40
10:36	Jul17 120 P	1,000	2.42	PHLX	SingLegFir	2.33 x 2.58	23	135.73
09:36	Feb28 140(W) C	1,000	2.64	PEARL	AutoExecution	2.51 x 2.64	27	135.97
12:17	Mar20 145 C	918	2.13	AMEX	MultLegAutoEx	2.09 x 2.14	25	136.57
13:20	Mar20 135 P	850	4.23	AMEX	MultLegFir	4.15 x 4.25	24	136.22
13:20	Mar20 135 C	850	5.73	AMEX	MultLegFir	5.70 x 5.80	24	136.22
12:10	Feb07 145(W) C	500	0.77	MIAX	MultLegAutoEx	0.77 x 0.78	41	136.43
12:10	Feb07 157.5(W) C	500	0.15	MIAX	MultLegAutoEx	0.14 x 0.15	52	136.43
10:56	Jun19 130 P	450	4.70	AMEX	MultLegFir	4.65 x 4.85	22	135.35
10:56	Jun19 145 C	450	4.33	AMEX	MultLegFir	4.20 x 4.35	22	135.35
10:47	Feb07 140(W) C	335	1.57	CBOE	SingLegAuctNonISO	1.57 x 1.58	40	135.51
13:47	Mar06 142(W) C	278	2.39	MIAX	MultLegAutoEx	2.39 x 2.42	26	136.56
13:47	Feb21 140 C	278	2.47	MIAX	MultLegAutoEx	2.43 x 2.46	28	136.56
11:24	Feb28 145(W) C	270	1.45	NASD	AutoExecution	1.43 x 1.45	27	136.59
12:11	Feb07 157.5(W) C	266	0.15	CBOE	AutoExecution	0.14 x 0.15	52	136.44

Quotes & Tools



Option Chain

Key Statistics

IV Index

Compare the historical volatility of an underlying security with the implied volatility of its options

Option Quote & Chart

Probability Calculator

P/L Calculator

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\$136.37
↑ 0.31 (0.23%)

AS OF 2:37:00PM ET 01/30/2020

[More Quote Information](#)

IV INDEX

Implied Volatility Index

Term	Current IV Index				1 Week Ago		1 Month Ago	
	Call	Chg.	Put	Chg.	Call	Put	Call	Put
7 Days	39.57%	12.10%	39.30%	12.55%	25.18%	24.59%	19.05%	18.78%
14 Days	32.88%	8.62%	32.68%	9.08%	22.68%	22.04%	23.06%	22.76%
21 Days	28.83%	5.64%	28.62%	6.57%	21.78%	21.09%	22.07%	21.91%
30 Days	26.72%	3.45%	26.50%	5.16%	22.38%	20.94%	22.12%	21.71%
60 Days	23.87%	0.70%	23.57%	2.40%	22.71%	20.87%	22.72%	21.63%
90 Days	23.01%	0.17%	22.13%	0.59%	22.69%	21.49%	22.96%	21.78%
120 Days	23.17%	N/A%	21.48%	N/A%	N/A%	N/A%	N/A%	N/A%
150 Days	23.02%	-4.45%	21.33%	-5.43%	25.18%	24.59%	19.05%	18.78%
180 Days	22.56%	-1.69%	21.65%	-1.95%	22.68%	22.04%	23.06%	22.76%
270 Days	22.45%	-0.73%	21.83%	-0.22%	21.78%	21.09%	22.07%	21.91%
360 Days	22.57%	-0.70%	21.93%	0.59%	22.38%	20.94%	22.12%	21.71%
720 Days	23.48%	0.31%	22.97%	1.81%	22.71%	20.87%	22.72%	21.63%
1080 Days	23.46%	0.62%	22.99%	1.45%	22.69%	21.49%	22.96%	21.78%

Refresh | [How to Use the IV Index \(PDF\)](#) | [View De](#)

Historical Volatility

Term	HV	1 Week ago	1 Month ago	52-Week High		52-Week Low	
10 Days	21.33%	8.43%	14.56%	55.89%	04/22/2019	6.91%	01/29/2019
20 Days	19.35%	14.04%	12.64%	42.79%	05/09/2019	9.03%	02/07/2019
30 Days	17.65%	13.58%	14.73%	36.21%	04/30/2019	11.63%	02/22/2019
60 Days	23.50%	21.67%	22.02%	28.48%	06/25/2019	13.56%	04/03/2019
90 Days	20.67%	20.01%	21.18%	27.52%	08/15/2019	19.74%	10/31/2019
120 Days	21.11%	22.07%	22.15%	26.58%	04/17/2019	19.38%	10/31/2019
150 Days	21.29%	20.69%	21.43%	25.93%	11/13/2019	20.12%	03/15/2019
180 Days	20.79%	20.40%	20.82%	24.79%	11/27/2019	19.44%	03/14/2019

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Option Chain

Key Statistics

IV Index

Option Quote & Chart

Access detailed quotes and
chart individual options contracts

Probability Calculator

P/L Calculator

Market Commentary

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Option Chain | Key Statistics | IV Index | **Option Quote & Chart** | Market Commentary

AS OF 2:40:00PM ET 01/30/2020 [More Quotes](#)

\$136.48 ↑ 0.42 (0.31%)

Option Quote and Chart

Enter Option Symbol

Find Option e.g.,-SYMBBymddC99

Underlying Expiration

All

As of 2:40:00PM ET 01/30/2020 [Refresh](#)

Calls			Puts	
Bid	Ask	Strike	Bid	Ask
Jan 31 2020				
36.35	36.55	100.0	0.00	0.07
31.35	31.55	105.0	0.00	0.07
26.35	26.55	110.0	0.00	0.03
21.25	21.55	115.0	0.00	0.03
16.30	16.55	120.0	0.00	0.01
15.25	15.55	121.0	0.00	0.03
14.25	14.55	122.0	0.00	0.01
13.25	13.55	123.0	0.00	0.02

Quotes delayed at least 15 min. [Option Chain](#)

Options trading entails significant risk and is not appropriate for all investors. Please read the [Characteristics and Risks of Standardized Options](#), which is available from the SEC. Supporting documentation for any claims, if applicable, will be provided to investors upon request. News, commentary, data, charts, research reports, ratings and analyst opinions and other information are provided by third-parties unaffiliated with Fidelity and are intended for research purposes to help investors make informed decisions. All information supplied or obtained from this page is for informational purposes only and does not constitute an offer of or a solicitation of an offer to buy or sell a security, or a recommendation or investment strategy. Fidelity does not endorse or adopt any particular investment approach to evaluating individual securities. Fidelity makes no guarantees that information provided is accurate and does not provide any warranties regarding results obtained from its use.

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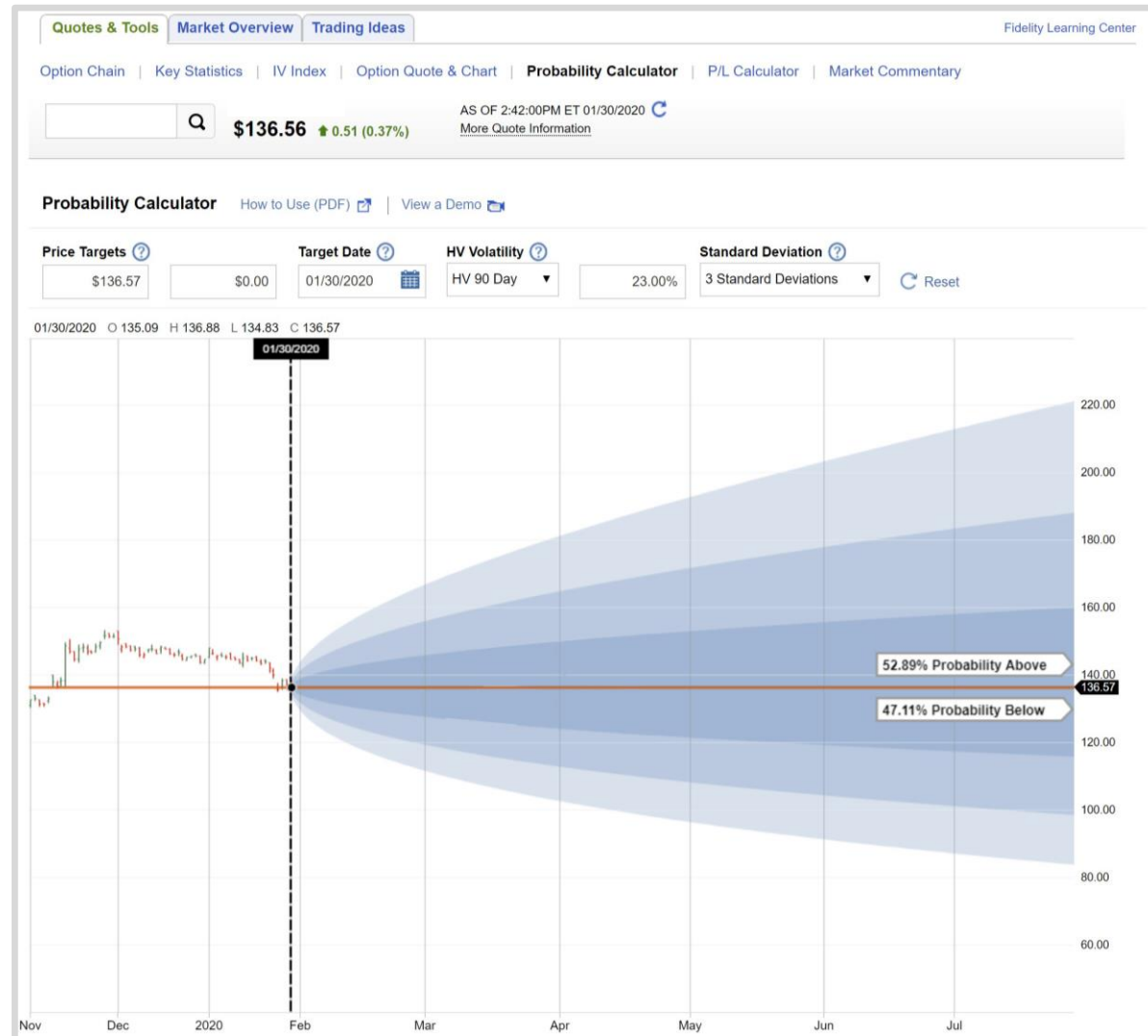
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Estimate the underlying index or equity trading above, below, or between preselected price targets by a target date

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\$136.68 ↑ 0.62 (0.46%)

AS OF 2:49:00PM ET 01/30/2020
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P/L CALCULATOR

Add Option Contract(s) [Find Symbol](#)

Price/Volatility
Interest
Dividends/Size

Evaluation Price

Days to Expiration

Today: 01/30/20 Expiration: 01/31/20

Volatility Change Absolute ▾

-100%
▾
 100%

[Restore Defaults](#) [Apply](#)

DIS - The Walt Disn...

Last: 136.71 | Change: 0.65

Price Points	P/L
75.00	\$3,660.00
105.00	\$3,160.00
120.00	\$1,660.00
135.00	\$160.00
136.60	\$0.00
150.00	-\$1,340.00
165.00	-\$2,840.00
180.00	-\$4,340.00
195.00	-\$5,840.00
--	--

Refresh | [How to Use the P/L Calculator \(PDF\)](#) | [View Demo](#)

Graph Display Price Mid-Price Invert Position

Total Strategy

Bid	Mid	Ask	Delta	Gamma	Theta	Vega
36.60	36.70	36.80	-100.00	0.00	-0.00	-0.00

Buy/Sell	Quantity	Expiration/Strike	Bid	Ask	Theoretical Price	Evaluation Price	IV	Delta	Gamma	Theta	Vega	Action
<input checked="" type="radio"/> Buy <input type="radio"/> Sell	<input style="width: 40px;" type="text" value="1"/>	Jan 31 2020 100 Call	36.60	36.80	36.71	<input style="width: 60px;" type="text" value="36.60"/>	250.00	-100.00	0.00	-0.00	-0.00	<input type="button" value="Trade"/>

P/L Calculator provided by: IVolatility.com

91 Screenshots are only for illustrative purposes.

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MARKET COMMENTARY

THU	WED	TUE	MON	FRI
JAN 30, 2020	JAN 29, 2020	JAN 28, 2020	JAN 27, 2020	JAN 24, 2020

Stocks Red as Virus Worries Persist
PROVIDED BY ARGUS - 01/30/2020 5:43:00AM

Stocks opened lower Thursday and major indices are still trading in red numbers despite rising sentiment even as investors keep an eye on the possible effects of a coronavirus outbreak in China on the global economy.

At present, the S&P 500 is down 0.53%, the DJIA is down 0.41%, and the NASDAQ is down 0.46%.

Industries doing well today include food products, software and beverages. Industries trading lower today include air freight and logistics, tobacco, and interactive media and services. The VIX is up 1.19 to 17.58. The most heavily traded options this morning are on the CBOE SPX Volatility Index (VIX), with 24,065 Feb. 19, 2020 12.50 put contracts on the board. The total put/call ratio as of 10:00 a.m. was 0.98 (361,567/370,419). The advancers/decliners ratio for NYSE stocks is 873/1,839 while the advancers/decliners ratio for NASDAQ stocks is 931/1,919. [InvestorsKeyhole, various news and data sources]

Latest News

- [UPS, Amazon Grow Closer as FedEx Goes Its Own Way](#)
Dow Jones & Company, Inc. - 01/30/2020 2:01:00PM
- [Altria Takes \\$4.1 Billion Charge on Juul Investment -- 3rd Update](#)
Dow Jones & Company, Inc. - 01/30/2020 1:33:00PM
- [Intelsat Bonds Fall on Fears Over FCC Auction Plan](#)
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- [Slack Nylon Demand Strains DuPont's Sales](#)
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- High Put Volume
- High Open Interest
- Imploding IV30s
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Top Options Scans

Implied Volatility

IV vs HV

Order Flow

Time Spreads

Earnings

High Option Volume - High option volume today, relative to average (minimum 200 average)

AS OF 01/30/2020 2:56:00PM [Refresh Data](#) | [Export Data](#)

Symbol	Company Name	Last	Last Change	Option Volume	Average Option Volume	Percent Average Volume	
+ GEL	Genesis Energy, L.P.	\$18.08	-\$0.61	36,868	904	4,078%	Action▼
+ WEX	WEX Inc	\$223.28	-\$3.34	8,023	258	3,110%	Action▼
+ PENN	Penn National Gaming, Inc	\$30.71	\$1.70	32,130	1,086	2,959%	Action▼
+ MUSA	Murphy USA Inc	\$106.94	-\$6.08	7,567	388	1,950%	Action▼
+ KEX	Kirby Corporation	\$77.58	-\$7.22	5,517	306	1,803%	Action▼
+ BMO	Bank of Montreal (USA)	\$78.16	-\$0.21	5,532	372	1,487%	Action▼
+ FTI	TechnipFMC PLC	\$16.20	-\$0.45	12,819	1,199	1,069%	Action▼
+ SKY	Skyline Champion Corp	\$29.53	-\$1.31	2,488	272	915%	Action▼
+ CCJ	Cameco Corp (USA)	\$8.23	-\$0.14	42,864	4,767	899%	Action▼
+ ADNT	Adient PLC	\$19.09	-\$0.50	10,112	1,204	840%	Action▼
+ KWEB	KraneShares Trust KraneShares CSI China Internet ETF	\$48.41	-\$1.31	50,039	6,002	834%	Action▼
+ MUR	Murphy Oil Corporation	\$21.14	-\$1.41	19,546	2,346	833%	Action▼
+ YANG	Direxion Daily China 3X Bear Shares	\$47.65	\$2.69	2,858	346	826%	Action▼
+ XLRN	Acceleron Pharma Inc	\$86.35	\$6.59	3,216	402	800%	Action▼
+ EZPW	EZCORP Inc	\$6.41	\$0.09	1,614	206	783%	Action▼
+ EHTH	eHealth, Inc.	\$112.92	-\$5.58	9,956	1,354	735%	Action▼
+ NCLH	Norwegian Cruise Line Holdings Ltd	\$54.13	-\$1.89	7,125	1,027	694%	Action▼

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Select Filters [Reset All](#)

Outlook

Bullish Neutral Bearish

Profit Potential

Limited Substantial Unlimited

Risk Potential

Limited Substantial Unlimited

Available Strategies

Click on a strategy to see its definition and run a market scan.

Bearish OTM Put	Bullish OTM Call	Call Time Spread
Put Time Spread	Collar	Covered Call
Double Diagonal	Iron Condor	Long Call Butterfly
Cash Covered Puts	Long Put Butterfly	Long Straddle
Short Straddle	Long Vertical Call Spread	Long Vertical Put Spread
Short Vertical Put Spread	Short Vertical Call Spread	

Top 50 Results

Adjust Scan Parameters

Enter Underlying Days to Expiration

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Underlying

Find Symbol

Strategy

- Call
- Put
- Buy Write
- Butterfly Call
- Butterfly Put
- Calendar Call
- Calendar Put
- Collar

Expiration

- Jan 31, 20
- Feb 07, 20
- Feb 14, 20
- Feb 21, 20
- Feb 28, 20
- Mar 06, 20
- Mar 13, 20
- Mar 20, 20

Strike

Offset

Volatility

 %

Target Profit

 %

Evaluation Point

 days to expiration

Underlying Move

 %

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Diagonal Spreads

Both

Argus Top Rated

Focus List Best 10

Days to Expiration

From to

Downside Protection

From % to %

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RESULTS

Covered Calls (01/30/2020) | Diagonal Spreads (01/30/2020)

AS OF PREVIOUS CLOSE 01/29/2020 4:00:00PM

Buy Side		Sell Side		RETURN RATE					Argus Rating				
Stock Symbol	Previous Close	Expiration/Strike	Net Debit/Break Even	Downside Protection	In The Money	Assigned	Annualized*	Annual Div Yield	Argus Focus List	Argus Rating	Risk	Argus Report	News & Events
+ WOR	\$37.53	Jun 19 20 35 C	\$33.53	10.66%	6.74%	4.38%	11.27%	2.33%		HOLD	2	PDF	View

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Intra-Day Trade Ideas

Check back during the day for updated trade ideas

THU

JAN 30, 2020

WED

JAN 29, 2020

MON

JAN 27, 2020

FRI

JAN 24, 2020

WED

JAN 22, 2020

FEATURED SYMBOL

6:54 AM ET
DOW

6:43 AM ET
MCD

RESULTS: DOW - DOW INC

Strategy

Look at the March 20, 2020 \$50.00 covered call. For each 100 shares of Dow Inc. you buy, sell one DOW March 20, 2020 covered call option for a \$47.10 (\$48.10 - \$1.00) debit or better. That's potentially a 46% annual return.

Strategy	Symbol (Expiration/Strike)	Days to Expiration	Strategy Price
Buy Side	DOW		\$48.10
Sell Side	Mar 20 2020 50 C	49	\$1.00
			Net Debit/Break Even: \$47.10

Argus Research Notes

We expect the new Dow - a recent spinoff from DowDuPont - to benefit over time from its low cost structure, solid cash flow and declining capital spending requirements, and strong presence in all key geographic and end-use markets. However, we expect Dow to face pressure in the near term from increased production capacity (for ethylene, polyethylene, propylene, distillates, and ethane) and weaker global economic conditions. On January 29, Dow Inc. reported adjusted fiscal 4Q19 earnings from continuing operations of \$577

RELATED INFORMATION

DOW INC (DOW)

\$48.47 ↓ -1.20 (-2.42%)

AS OF 4:10:00PM ET 01/30/2020

Bid 48.47 X 1

Ask 49.45 X 1

Vol 5,603,743

IV30 29.68 +0.81

HV30 27.36 +4.77

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MT Newswires - 01/30/2020 3:55:00PM

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>

PENN NATIONAL GAMING INC (PENN) - Wanna Bet?

POSTED 12:43:16PM ET 01/30/2020

Overview

Super Bowl LIV will pit the NFC champion San Francisco 49ers against the AFC champion Kansas City Chiefs on Sunday, February 2. It's the biggest U.S. sporting event of the year. It's also the largest day of the year for sports gambling.

Sports betting has quickly become the hottest trends in the U.S. gambling industry. It is even more readily available since much of online sports wagering is done from mobile phones. The industry has ballooned since May 2018 when the Supreme Court struck down federal legislation that banned sports wagering in all but a handful of states.

Since that time, there has been a rush to legalize sports wagering. Betting is now allowed in 20 states, including Pennsylvania, New Jersey, Illinois and Michigan. Analysts believe more states will follow. An estimated \$150 million is bet on sports illegally each year, according to the American Gaming Association. Quite frankly, there are plenty of states that are eager to convert some of that money into tax revenues via legal wagering.

RESEARCH IN THIS DAY'S POSTS

PENN - PENN NATIONAL GAMING INC

\$30.87 ▲ 1.85 (6.37%)

AS OF 4:00:00PM ET 01/30/2020

Bid 30.50 X 2
Ask 30.79 X 2
Vol 10,256,993
IV30 50.64 +2.25
HV30 38.84 +13.04

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[Penn National Shares Up 8% Day After Barstool Sports Investment](#)
Dow Jones & Company, Inc. - 01/30/2020 12:16:00PM

[ISS - EVA downgrades PENN NATIONAL GAMING INC from OVERWEIGHT to HOLD.](#)
Investors Analyst Actions - public - 01/30/2020 2:10:00AM

[Race Is on to Cash in on Sports Betting](#)
Dow Jones & Company, Inc. - 01/29/2020 7:20:00PM

[Penn National Gaming to buy stake in Barstool](#)



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01/29/2020 4:00:00PM

Top covered calls and diagonal spreads.

Covered Calls
Diagonal Spreads

Stock Symbol	Annualized Return Rate*
TWTR	281.60%
WDC	198.75%
ATVI	172.56%
ANET	139.11%
DIS	137.96%
NOW	133.65%
SPLK	101.08%
CL	94.95%
MGM	92.70%
APO	80.28%

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*Annualized Return Rate is shown for comparison purposes only.

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01/30/2020 5:43:00AM

Stocks Red as Virus Worries Persist

Stocks opened lower Thursday and major indices are still trading in red numbers despite rising somewhat since the open. Better-than-expected corporate earnings continue to help buoy sentiment even as investors keep an eye on the possible effects of a coronavirus...

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Market Scanner

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AS OF 01/30/2020 2:54:00PM

High Option Volume
Exploding IVs
Imploding IVs

High options volume today, relative to average, minimum 200 average.

Symbol	Company Name	Last	Last Change	Option Volume	Avg. Option Volume	% Avg. Volume
GEL	Genesis Energy, L.P.	\$18.07	-\$0.62	36,868	904	4,078
WEX	WEX Inc	\$222.78	-\$3.84	8,023	258	3,110
PENN	Penn National Gaming, Inc	\$30.63	\$1.61	32,010	1,086	2,948
MUSA	Murphy USA Inc	\$106.92	-\$6.11	7,572	388	1,952
KEX	Kirby Corporation	\$77.61	-\$7.20	5,515	306	1,802
BMO	Bank of Montreal (USA)	\$78.07	-\$0.30	5,532	372	1,487

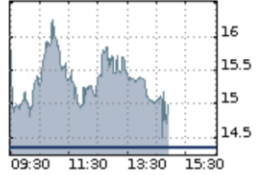
Markets

IV INDEX MONITOR

Index	IVX	Change	1-Yr Hi/Lo
SPX	15	+0.6	22/9
NDX	18.3	+0.9	26/11
EEM	19.8	+2.1	25/13
SPY	15	+0.4	23/9
VIX	106.3	+12.5	129/66
RUT	17.3	+0.9	26/12
IWM	17.5	+0.9	25/12
XLF	16.9	-5.6	26/12
QQQ	18.2	+1	26/12
GLD	10.8	+0.4	17/8
USO	39	+4.8	47/22
EWZ	28	+1.8	37/22
GDX	25.1	+0.9	36/20

S&P 500 INDEX (SPX)

IVX Chart



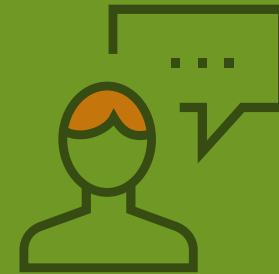
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February 22, 2020 [↗](#)

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