



Chapter 14, Trading Skill and Tactics - Options

Ticker: _____

What is the drift rate?

What are the calculated price "bounds" of the stock?

Upper bound _____

Lower bound _____

What are the statistical bounds of the options available using the 60% model?

What are the bounds indicated by the Bollinger Bands (set at 20 days average, 2 standard deviations)?

Upper bound _____

Lower bound _____

What is the Efficiency Ratio for the options within your bounds? List them on the back of this sheet.

Which option is the most efficient?

Where is your chosen option falling on the Half Kelly chart? (Probability of success)?

Doing a spread trade? Calculate the above for each "leg" or your trade.

Bought positions cost \$ _____

Sold positions premium \$ _____

Net profit \$ _____ at inception. Possible max profit \$ _____. Possible max loss \$ _____.