

DRM Assignment
Submission date – February 29, 2024 (11:59 p.m.)

Marks – 20 points

Step 1- Consider the stock price data for the assigned company for at least recent 3months and utmost 12 months (data should be between January 2022 to December 2023).

Using either technical indicators, or analysts' recommendations form expectations for the stock for next 1 and 2 months.

[Note: Assume you are forming expectations on July1, 2023 data if your data used for forming expectations ends on June 2023. If your data analysed ends on Dec 31, 2023, assumes expectations are formed on January 1, 2024]

Step 2- Using the expectations design option 5 trading strategies. Clearly explain why the strategy is appropriate and for which type of investor. Give the profit diagram and pay-off matrix.

It is necessary to use at least 1 combination strategy and 1 spread and 2 new strategies (not covered in class) for the stock i.e., those not discussed in class.

Step 3- Mention the breakeven price for the strategy, possible losses and possible profits if expectations are realized.

Step 4 – Now, using the actual spot price at maturity find the profit/ loss for the 5 strategies.

Deliverable – First page should have the Group No., names and correct IDs of the students. If a student's name is missing from the first page, he/she will be awarded zero.

One well formatted report per consisting of basic stock analysis (interpretation and charts, wherever necessary) and option trading strategies should be submitted along with any excel sheet, if any, in a zip file.

Name of the file should be simply the group number-stock name.

Pure options strategy and/ or stock + option strategies are allowed though not encouraged.

Note: Students are strongly encouraged to use Bloomberg for the assignment.

Late submission –Penalty of 2points **(Date can't be extended)**