



Greeks - Summary

In simplest terms, Greeks give traders a way to estimate and judge their exposure to various options pricing inputs

Delta – A measure of the rate of change in an options theoretical value for a one-unit change in the price of the underlying security.

Gamma – A measure of the rate of change in an options delta for a one-unit change in the price of the underlying. In other words, the rate of change in delta. Measured in Delta not dollars.

Vega - A measure of the rate of change in an option's theoretical value for a one-unit change in implied volatility.

Theta - A measure of the rate of change in an option's theoretical value for a one-unit change in time to the option's expiration date.

Rho - A measure of an option's theoretical sensitivity to changes in the risk-free interest rate.