67.

Consider the following investment strategy involving put options on a stock with the same expiration date.

i) Buy one 25-strike put

ii) Sell two 30-strike puts

iii) Buy one 35-strike put

Calculate the payoffs of this strategy assuming stock prices (i.e., at the time the put options expire) of 27 and 37, respectively.

(A) –2 and 2

(B) 0 and 0

(C) 2 and 0

(D) 2 and 2

(E) 14 and 0

68.

For a non-dividend-paying stock index, the current price is 1100 and the 6-month forward price is 1150. Assume the price of the stock index in 6 months will be 1210.

Which of the following is true regarding forward positions in the stock index?

(A) Long position gains 50

(B) Long position gains 60

(C) Long position gains 110

(D) Short position gains 60

(E) Short position gains 110