

# Quiz 1

- Due Jan 17 at 11:59pm
- Points 25
- Questions 5
- Available Jan 14 at 8:20pm - Jan 17 at 11:59pm
- Time Limit 25 Minutes

This quiz is no longer available as the course has been concluded.

## Attempt History

	Attempt	Time	Score
<b>LATEST</b>	<a href="#">Attempt 1</a>	19 minutes	25 out of 25

Score for this quiz: 25 out of 25

Submitted Jan 15 at 5:51pm

This attempt took 19 minutes.

Correct answer



Question 1

5 / 5 pts

A trader writes a March put option with a strike price of \$30. The price of the option is \$4.

At expiration the stock is at \$20.

What is the profit or loss?

- ☐ gain \$6
- ☐ loss \$10
- ☐ gain \$10
- ☒ loss \$6

Correct answer



Question 2

5 / 5 pts

A trader **writes** a September call option with a strike price of \$20. The stock price is \$18 and the option price is \$2. Describe the trader's profit or loss if the option is held until September and the stock price is \$25 at that time.

- ☐ profit \$3
- ☐ profit \$5
- ☐ loss \$5
- ☒ loss \$3

Correct answer



Question 3

5 / 5 pts

You have bought a put option on a stock with a strike of \$50 for \$1.

Your friend has sold a call option on the same stock with strike of \$50. The call price is \$2

Both options have same maturities.

If at expiration the stock is at \$49, what are the P&L for both.

- ☐ Both positions are same at \$2
- ☐ You: \$2 ; Friend: \$0
- ☐ You: \$0 ; Friend: \$0
- ☒ You: \$0 ; Friend: \$2

Correct answer



Question 4

5 / 5 pts

Kathy's position: Long forward on SPY with forward price \$60.

Sam's position: Long call option on SPY with strike price of \$60.

Both have same maturities.

If stock is at \$45 at maturity, what are the payoffs?

- ☒ Kathy: -\$15 ; Sam: \$0
- ☐ Kathy: \$15 ; Sam: -\$15
- ☐ Kathy: \$15 ; Sam: \$0
- ☐ Kathy: -\$15 ; Sam: \$15

Correct answer



Question 5

5 / 5 pts

The current price of a stock is \$94, and 3-month European call options with a strike price of \$95 currently sell for \$4.70. An investor who feels that the price of the stock will increase is trying to decide between buying 100 shares and buying 2,000 call options (20 contracts). Both strategies involve an investment of \$9,400. How high does the stock price have to rise for the option strategy to be more profitable than the stocks.

- ☐ \$94
- ☐ \$0
- ☒ \$104.45
- ☐ \$98.7

Quiz Score: 25 out of 25