Key to 1:25 Quiz B: 3/26/12

Quiz: Set up the equations to calculate the overall profit or loss for each of the following option transactions if the strike price of all options equals $32.50 and Microsoft’s stock price ends up at $30 when the options expire on January 18, 2013. Note: if you do not show a sign, I will assume your number is positive.

a. Submit a market order to buy one call contract.
   
   \(-100* 2.17\)

b. Submit a market order to sell one call contract.
   
   \(+100*2.12\)

c. Submit a market order to buy one put contract.
   
   \(100*( -3.20 – 30 + 32.50)\)

d. Submit a market order to sell one put contract.
   
   \(100*(3.10 – 32.50 + 30)\)