Key to 4:00 Quiz A: 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 $18 and Dell’s stock price ends up at $14 when the options expire on August 17, 2012. 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.
   \[ -100 \times 0.51 \]

b. Submit a market order to sell one call contract.
   \[ +100 \times 0.50 \]

c. Submit a market order to buy one put contract.
   \[ 100 \times ( -2.04 - 14 + 18) \]

d. Submit a market order to sell one put contract.
   \[ 100 \times (2 - 18 + 14) \]