Key to 4:00 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 $14 and Dell’s stock price ends up at $18 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.
   \[100*( -2.90 - 14 + 18)\]

b. Submit a market order to sell one call contract.
   \[100*(2.84 - 18 + 14)\]

c. Submit a market order to buy one put contract.
   \[ -100*0.40 \]

d. Submit a market order to sell one put contract.
   \[100*0.38\]