Quiz B for 1:00 Class: 03/20/13

Using the attached information, calculate your overall profit or loss from submitting the following market orders to buy or sell option contracts on News Corp (NWS) with a $29 strike price that expire on April 19, 2013. Assume that all market orders were submitted at 3:05 Eastern Time. For each number use a "+" for an inflow a "-" for an outflow. If you do not specify a sign, I will assume a "+".

a. Assume you bought four call contracts and that News Corp’s stock price rises by $2 per share from its price when you bought the calls.
b. Assume you bought four call contracts and that News Corp’s stock price falls by $2 per share from its price when you bought the calls.
c. Assume you sold four put contracts and that News Corp’s stock price rises by $2 per share from its price when you sold the puts.
d. Assume you sold four put contracts and that News Corp’s stock price falls by $2 per share from its price when you sold the puts.

Wall Street Journal Questions are on the back of this page.

\[ 400 \left( -1.50 - 29 + 31.53 \right) = +672 \]

\[ 400 \left( +16 \right) = -600 \]

\[ 400 \left( +.55 \right) = +220 \]

\[ 400 \left( +.55 - 29 + 27.83 \right) = -248 \]