Options Volatility Trading - Intensive (Day)

This "real time" options trading course focuses on volatility trading. The class deals primarily with functioning as a Market Maker/Specialist, but also covers options as a means of expressing market opinions. The course begins with a notional amount of capital that the class trades. One portfolio is a volatility trading account, where participants act as options market makers. The other portfolio trades in a more speculative nature, using technical and fundamental analysis to make their trading decisions.

Available Session(s):

18-Nov-2008 -- 20-Nov-2008	New York	USD $3275
NY Institute of Finance - Downtown	9:00am - 4:30pm	Tue Wed Thu

Instructor(s):[McCabe Hurley;]

Targeted Audience

Traders, assistant traders, sales professionals, financial analysts, cash/money managers, auditors and compliance professionals.

Special Offer

Clients who register for this course will receive a complimentary 6 month subscription to the Financial Times and FT.com. The Financial Times is the world's most respected financial newspaper providing a broad assessment on finance, business and the industrial sector. Subscriptions will start within 6-8 weeks of the application process, and are limited to one per client. For questions about your subscriptions call 800-628-8088 or email uscirculation@ft.com. US and Canada enrollees only.

Advance Preparation

No advance preparation required.

Prerequisites

Basic understanding of technical analysis and fundamental analysis or equivalent knowledge.

Learning Objectives

Students will be able to:
· Describe the differences between option models
· Estimate the probability statements made by a volatility figure
· Compare the risk profiles of option trades with the synthetic equivalent position
· Discuss how changes in different variables will affect the value of calls and puts (delta, gamma, theta, vega, & rho)
· Discuss the principles of volatility trading and how this type of trading can be profitable (Identify ways to make money trading both a long and a short gamma position)
· Differentiate the various risk profiles created in chosing one hedge over another
· Calculate historical volatility and evaluate the resulting data
· Describe skew and kurtosis
· Outline how skew and kurtosis affect the prices of OTM options
· Define implied volatility curves over time and price: the term structure of implied volatility & the implied volatility

Alumni Comments

"Instructor's knowledge was a definite strength."
"This material is not taught anywhere else!"
"There was real-world immediate application of the course materials."
"The class is very interactive and applicable to the market."
"Instructor is extremely knowledgeable and easy to follow."

Follow-Up Courses

Technical Analysis - Day
Fusion Analysis Suite
Fusion Analysis - Workshop
Fusion Analysis - Day/Evening

Level: Advanced

CPE Credits: 21.5

Instructional Method: Group-Live

Detailed Outline

Overview of Volatility Trading & Review of Risk Parameters
· Overview of Volatility Trading
· The market participants and how they interact with price

Dispersion Books
· How a dispersion book operates
· Comparing volatilities around the world
· The types of trades a dispersion book looks for

· Review of Risk Parameters
· Delta, Gamma, Theta, Vega & Rho

Put-Call Parity, Hedging & Overview of Volatility Trading
· Put-Call Parity
· Understanding the relationship between put and call prices
· Hedging
· Maintaining a neutral position: delta, vega, theta and rho

Volatility Skew & Assigning Value
· Volatility Skew
· Understanding the difference between ATM volatility and OTM volatility
· Evaluating rich/cheap in skews
· Historical Volatility
· Comparing Historical and Implied Volatility

Taking on a Trade
· Walking through an actual trade
· Looking for real time opportunities
· Hedging the position (for Delta, Vega, Theta & Rho)

Trading in the Real World
· Unwinding the trade and taking profits
· Unwinding the trade and limiting losses
· Expiration day decisions
· Dealing with the fluid nature of options

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