

# Dan Sheridan

## Calendars

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**Sheridan Options Mentoring, Inc.**  
**[www.SheridanMentoring.com](http://www.SheridanMentoring.com)**



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# **EEM Calendar Comparision**

**Date: 2/20/2008      Price: \$ 141**

**Let's compare three different calendar trades**

- 1. Single Calendar**
- 2. Double Calendar**
- 3. Triple Calendar**

# EEM Calendar Comparison #1

Date: 2/20/2008

Price: \$ 141

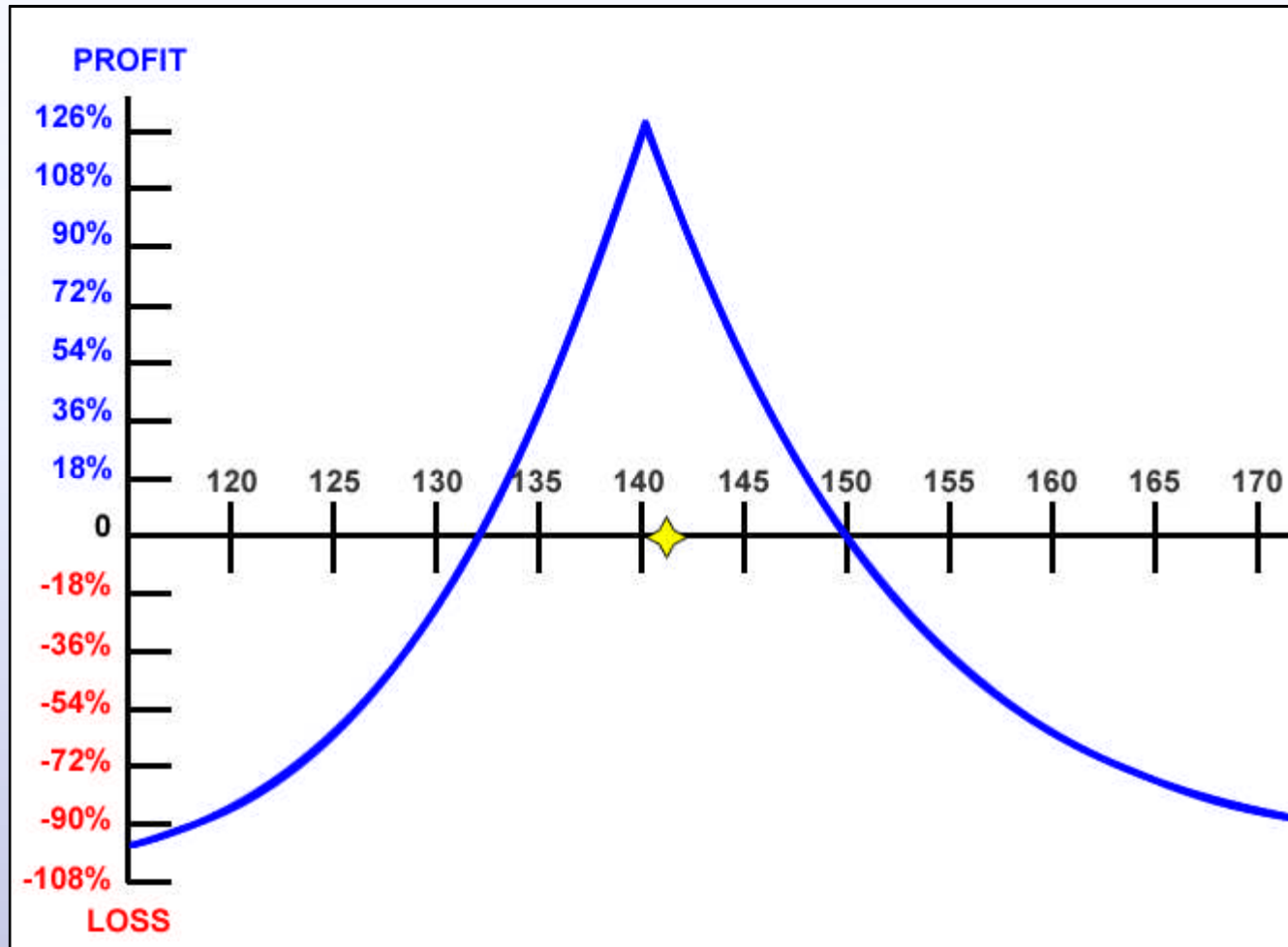
	MAR(30)			APR(59)		
Options	Price	IV	Trade	Price	IV	Trade
145 Calls	\$4.30	36.5%		\$7.00	37.8%	
140 Calls	\$7.00	39.5%	-1	\$9.65	39.7%	+1
135 Calls	\$10.25	42.1%		\$12.80	41.8%	

Delta	-3.1
Gamma	-0.5
Theta	3.1
Vega	6.4

# EEM Calendar Comparison #1

Date: 2/20/2008

Price: \$ 141



# EEM Calendar Comparison #2

Date: 2/20/2008

Price: \$ 141

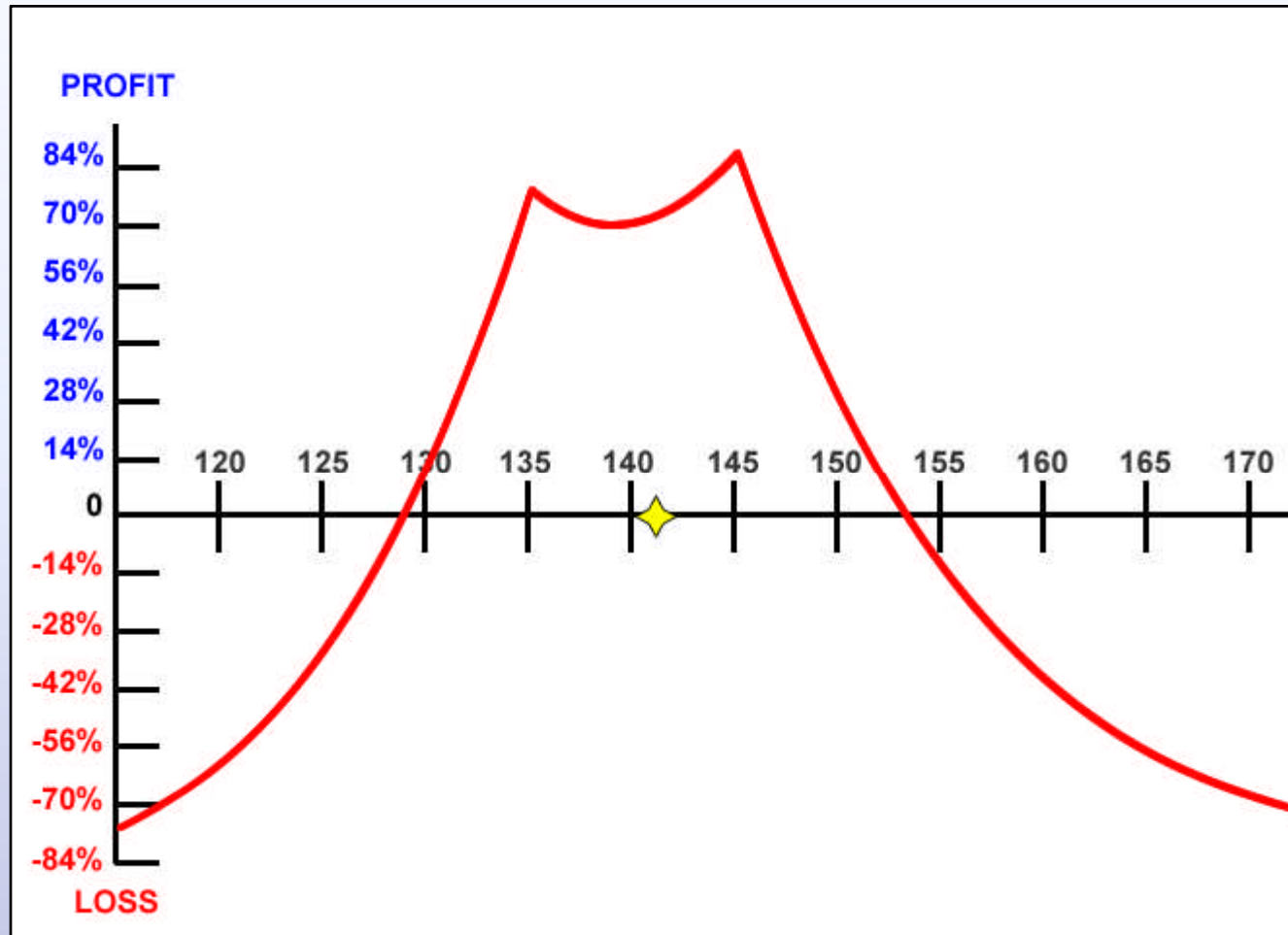
Options	MAR(30)			APR(59)		
	Price	IV	Trade	Price	IV	Trade
145 Calls	\$4.30	36.5%	-1	\$7.00	37.8%	+1
140 Calls	\$7.00	39.5%		\$9.65	39.7%	
135 Calls	\$10.25	42.1%		\$12.80	41.8%	
145 Puts	\$5.70	36.3%		\$10.50	37.6%	
140 Puts	\$4.00	39.3%		\$8.25	39.8%	
135 Puts	\$2.75	42.3%	-1	\$6.30	41.4%	+1

Delta	-5.1
Gamma	-0.9
Theta	5.4
Vega	13.2

# EEM Calendar Comparison #2

Date: 2/20/2008

Price: \$ 141



# EEM Calendar Comparison #3

Date: 2/20/2008

Price: \$ 141

Options	MAR(30)			APR(59)		
	Price	IV	Trade	Price	IV	Trade
150 Calls	\$2.33	33.9%	-1	\$4.80	36.1%	+1
145 Calls	\$4.30	36.5%		\$7.00	37.8%	
140 Calls	\$7.00	39.5%	-1	\$9.65	39.7%	+1
135 Calls	\$10.25	42.1%		\$12.80	41.8%	
135 Puts	\$4.00	42.3%		\$6.30	43.7%	
130 Puts	\$2.75	45.1%	-1	\$4.85	46.9%	+1
125 Puts	\$1.90	48.3%		\$3.85	49.3%	

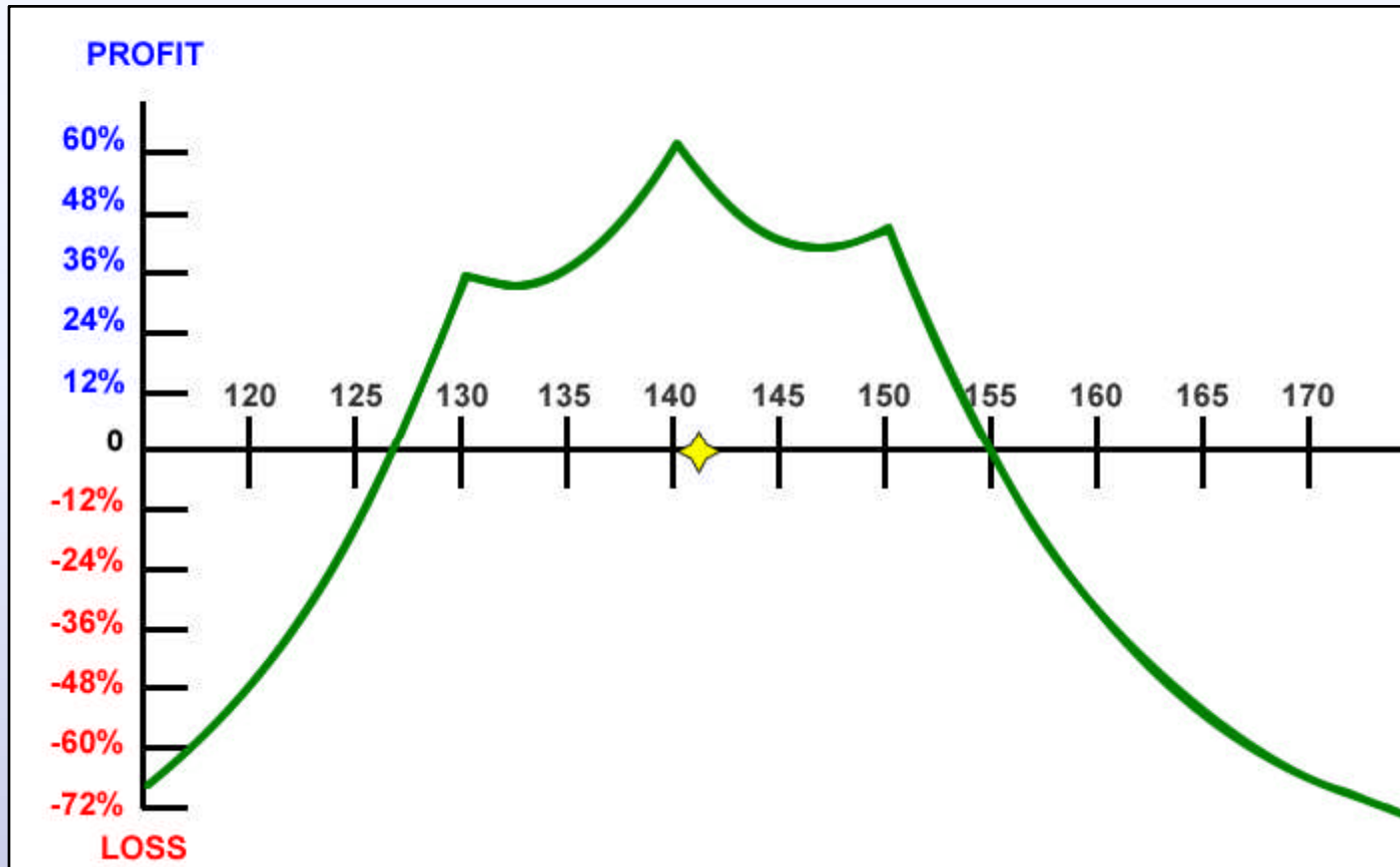
Delta	-5.4
Gamma	-1.2
Theta	6.6
Vega	20.8



# EEM Calendar Comparison #3

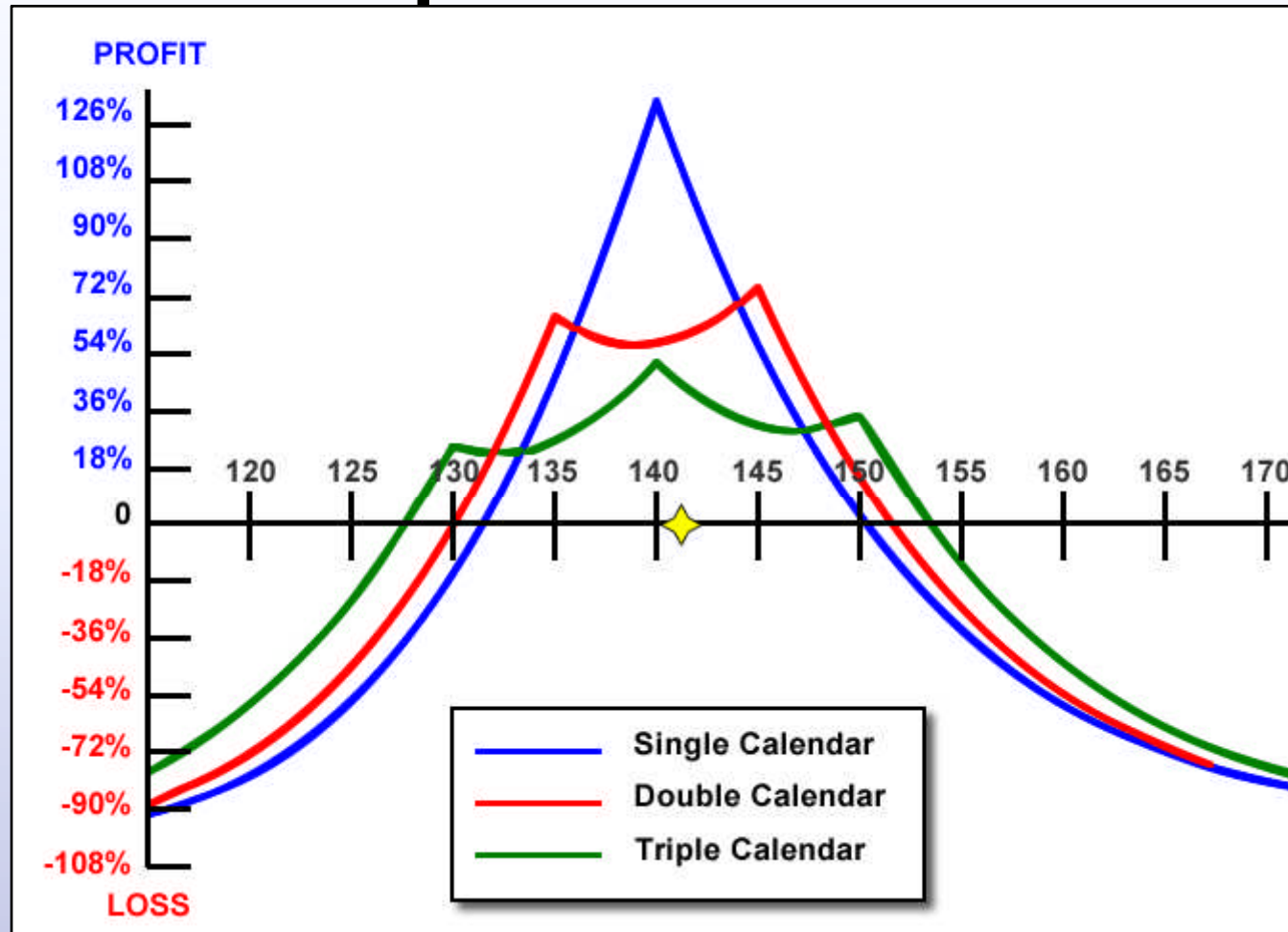
Date: 2/20/2008

Price: \$ 141



# EEM Calendar Comparison

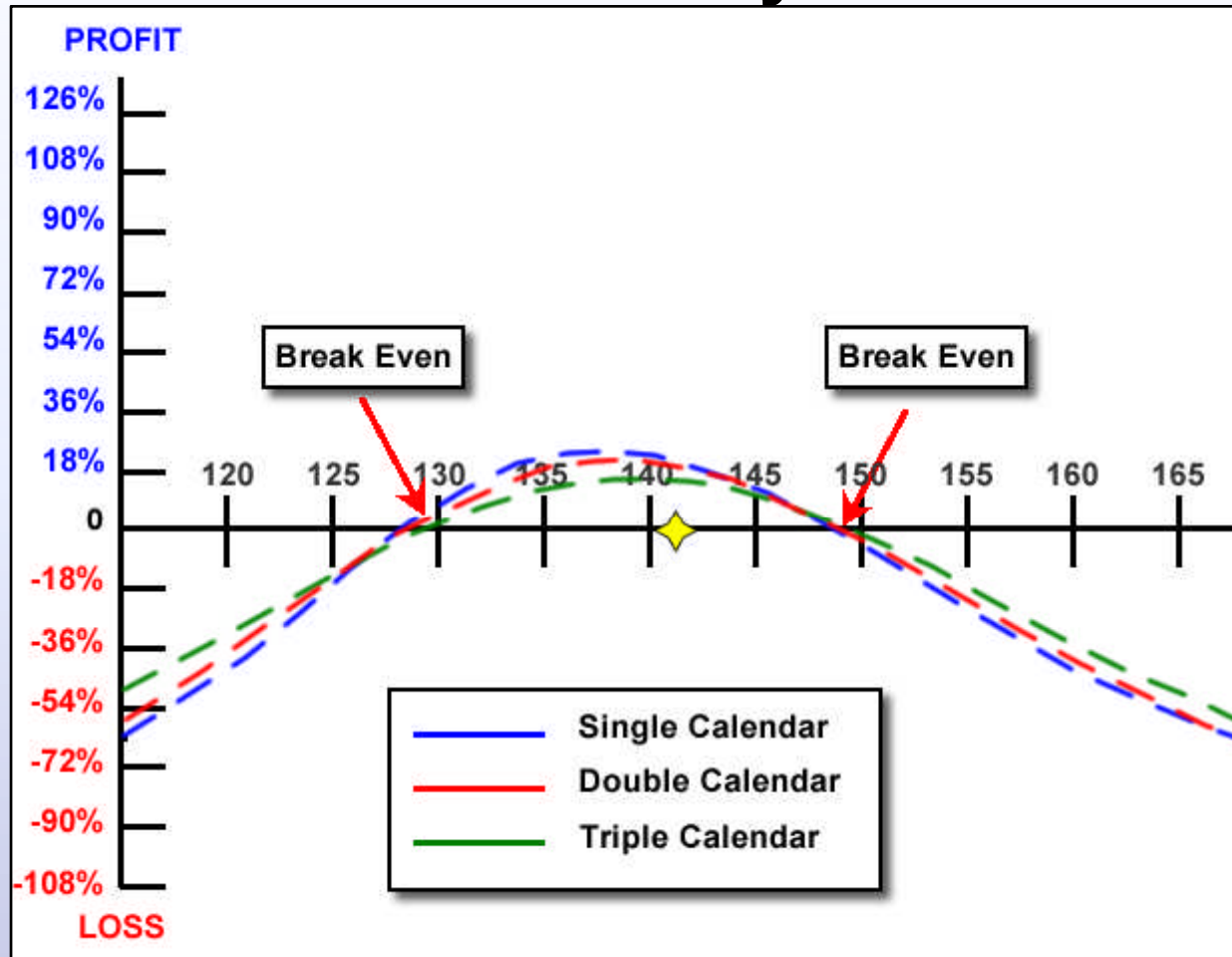
## Expiration Yields



Which one would you trade and why?

# EEM Calendar Comparison

## Yield Curves for 15 days in the future



Which one would you trade and why?

# Considerations for picking a Calendar

**What trade offs are there between them?**

**Break evens vs. best yields**

**Best Yields vs. best protection for large moves**

**Execution issues**

**Commissions**

# EEM Price Chart



# EEM Double Calendar Guidelines

1. **35-40 days**
2. **Place short calls 5-10 points OTM**
3. **Place long options out 1-3 months from shorts**
4. **Place long strikes 5-10 points from shorts**
5. **PLAN Max loss 20% ( adjust by -8-10%)**
6. **PLAN Take Profits 15%**
7. **Adjustment points  $\frac{1}{2}$  way between short strike and breakeven move  $\frac{1}{2}$  of spreads**

# EEM Double Calendar

Date: 7/12/2007

Price: \$141.50

Options	AUG(37)				SEP(72)			
	Price	IV	Delta	Trade	Price	IV	Delta	Trade
150 Calls	\$1.25	22.1%	23.8		\$2.95	23.8%	31.3	
145 Calls	\$3.00	24.3%	41.9	-5	\$5.00	25.1%	44.5	+5
140 Calls	\$5.65	26.3%	59.8		\$7.70	26.5%	57.5	
140 Puts	\$3.90	26.6%	-40.5		\$5.95	27.8%	-42.7	
135 Puts	\$2.70	30.9%	-25.9	-5	\$4.30	29.7%	-31.2	+5
130 Puts	\$1.60	32.7%	-16.1		\$3.10	31.8%	-22.3	

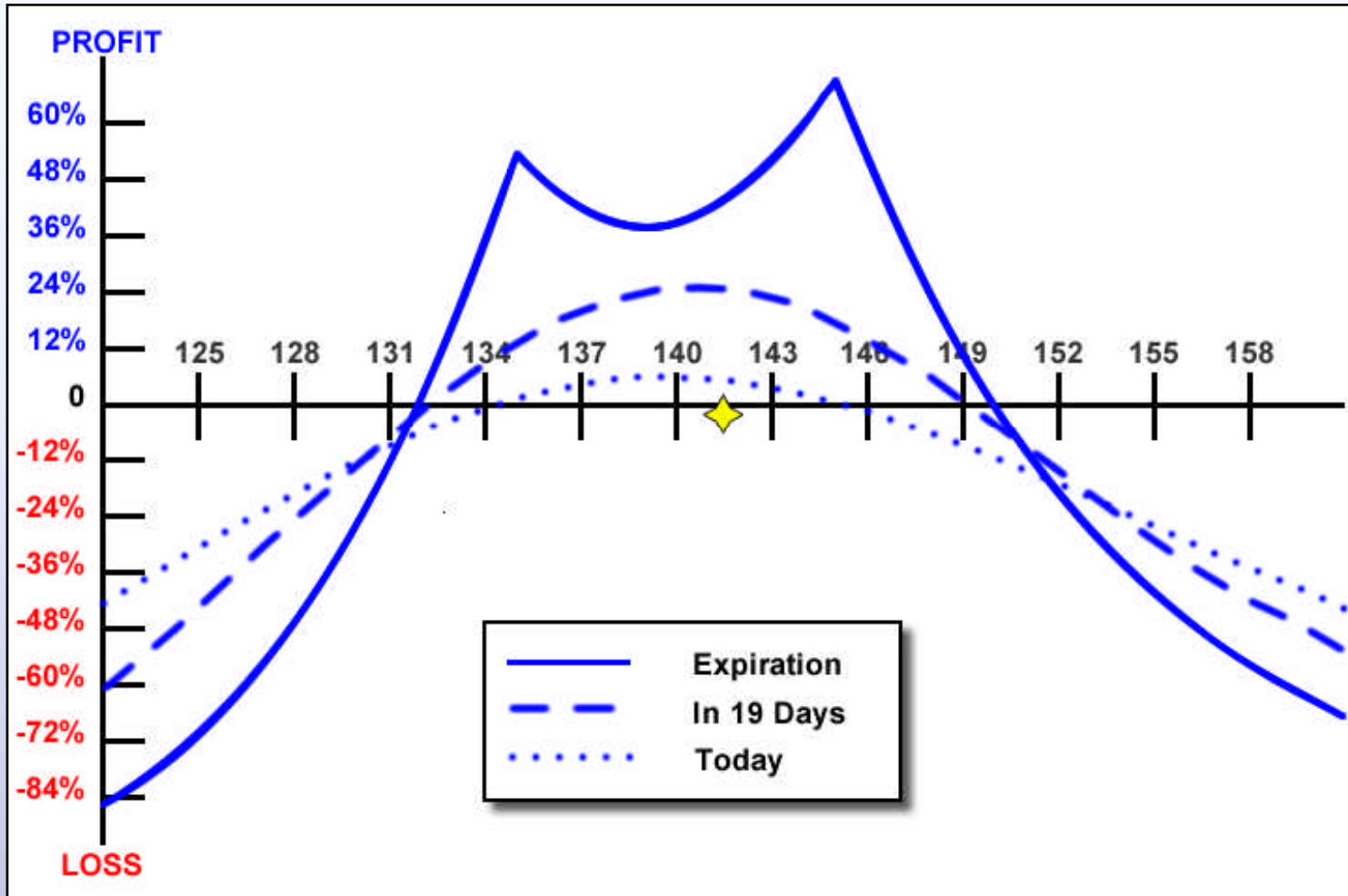
Delta	-13.4
Gamma	-7.0
Theta	16.2
Vega	73.8

Cash Flow	\$ (1,830)
15% Profit Target	\$ 275
20% Max Loss	\$ (366)

# EEM Double Calendar

Date: 7/12/2007

Price: \$141.50





# EEM Double Calendar

Date: 7/25/2007

Price: \$140

Options	AUG(24)				SEP(59)			
	Price	Entry Pr	IV	Trade	Price	Entry Pr	IV	Trade
150 Calls	\$0.60		23.8%		\$2.28		25.1%	
145 Calls	\$1.85	\$3.00	25.8%	-5	\$4.20	\$5.00	27.1%	+5
140 Calls	\$4.25		28.9%		\$6.80		29.2%	
140 Puts	\$4.30		30.6%		\$6.55		30.4%	
135 Puts	\$2.50	\$2.70	33.1%	-5	\$4.60	\$4.30	31.7%	+5
130 Puts	\$1.35		35.1%		\$3.50		35.1%	

Delta	6.0
Gamma	-12.1
Theta	25.4
Vega	86.2

Cash Flow	\$ (1,830)
Profit	\$ 395
15% Profit Target	\$ 275
20% Max Loss	\$ (366)

# EEM Double Calendar

Date: 8/16/2007

Price: **\$118.50**

Options	SEP(37)				DEC(128)			
	Price	IV	Delta	Trade	Price	IV	Delta	Trade
130 Calls	\$1.75	36.0%	22.3		\$5.40	33.6%	30.4	
125 Calls	\$3.20	37.6%	34.2	-5	\$7.30	34.4%	38	+5
120 Calls	\$5.50	40.3%	47.1		\$9.75	35.9%	45.8	
115 Puts	\$4.95	45.0%	-40.4		\$9.05	40.1%	-46.6	
110 Puts	\$3.70	50.0%	-29.7	-5	\$7.10	41.3%	-39.3	+5
110 Puts	\$2.55	52.8%	-21.2		\$5.50	42.6%	-32.6	

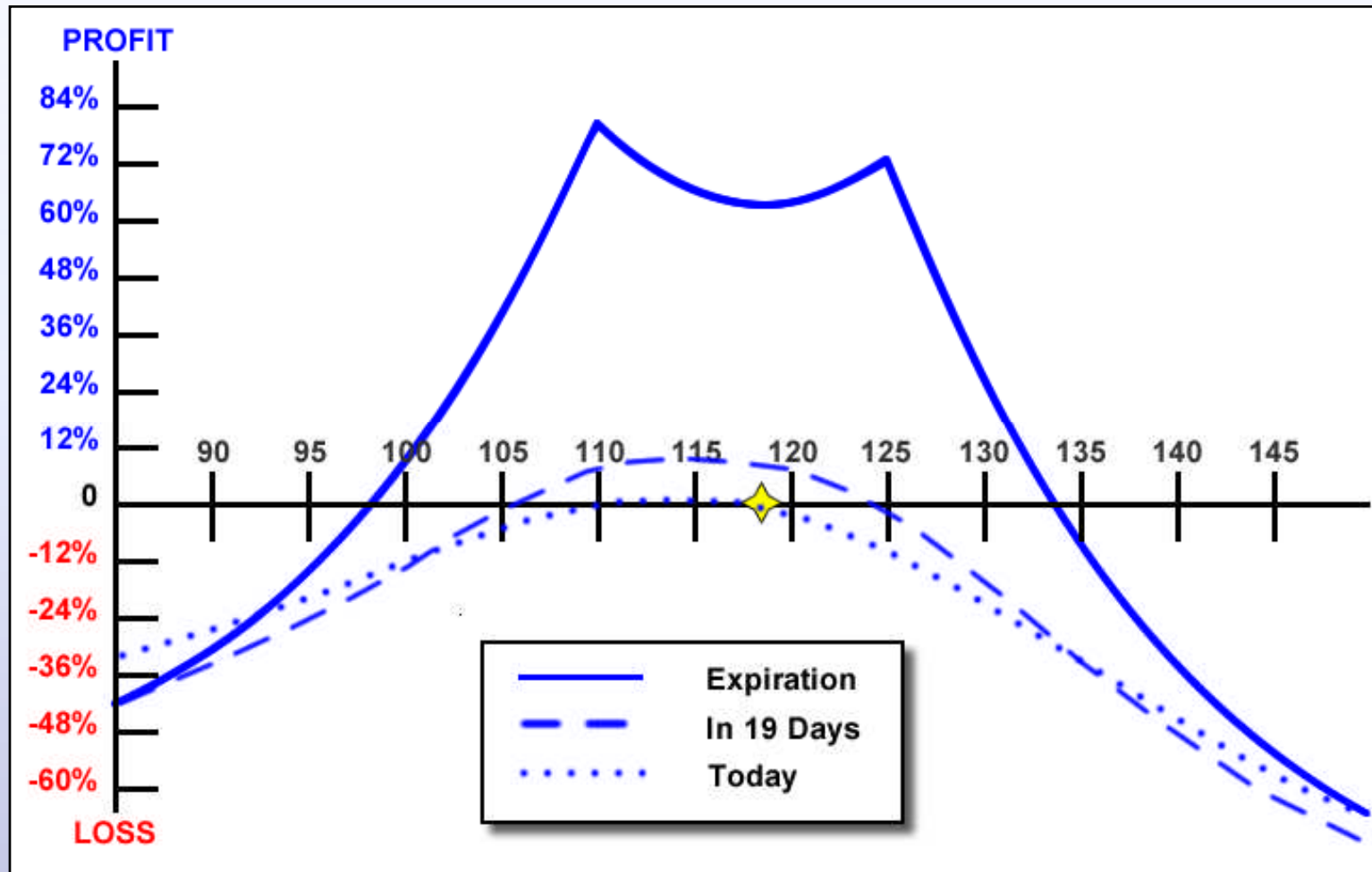
Delta	<b>-28.9</b>
Gamma	-6.8
Theta	<b>40.5</b>
Vega	130.1

Cash Flow	\$ (3,780)
15% Profit Target	\$ 567
20% Max Loss	\$ (756)

# EEM Double Calendar

Date: 8/16/2007

Price: \$118.50



# EEM Double Calendar

Date: 8/24/2007

Price: \$130.75

## Why Adjust??

Options	SEP(29)			DEC(120)		
	Price	IV	Trade	Price	IV	Trade
130 Calls	\$5.30	32.7%		\$10.80	33.6%	
125 Calls	\$8.85	37.3%	-5	\$14.10	35.8%	+5
120 Calls	\$12.70			\$17.20	36.5%	
115 Puts	\$1.15	44.0%		\$4.70	39.4%	
110 Puts	\$0.80	48.9%	-5	\$3.50	40.4%	+5
105 Puts	\$0.50	51.9%		\$2.60	41.7%	

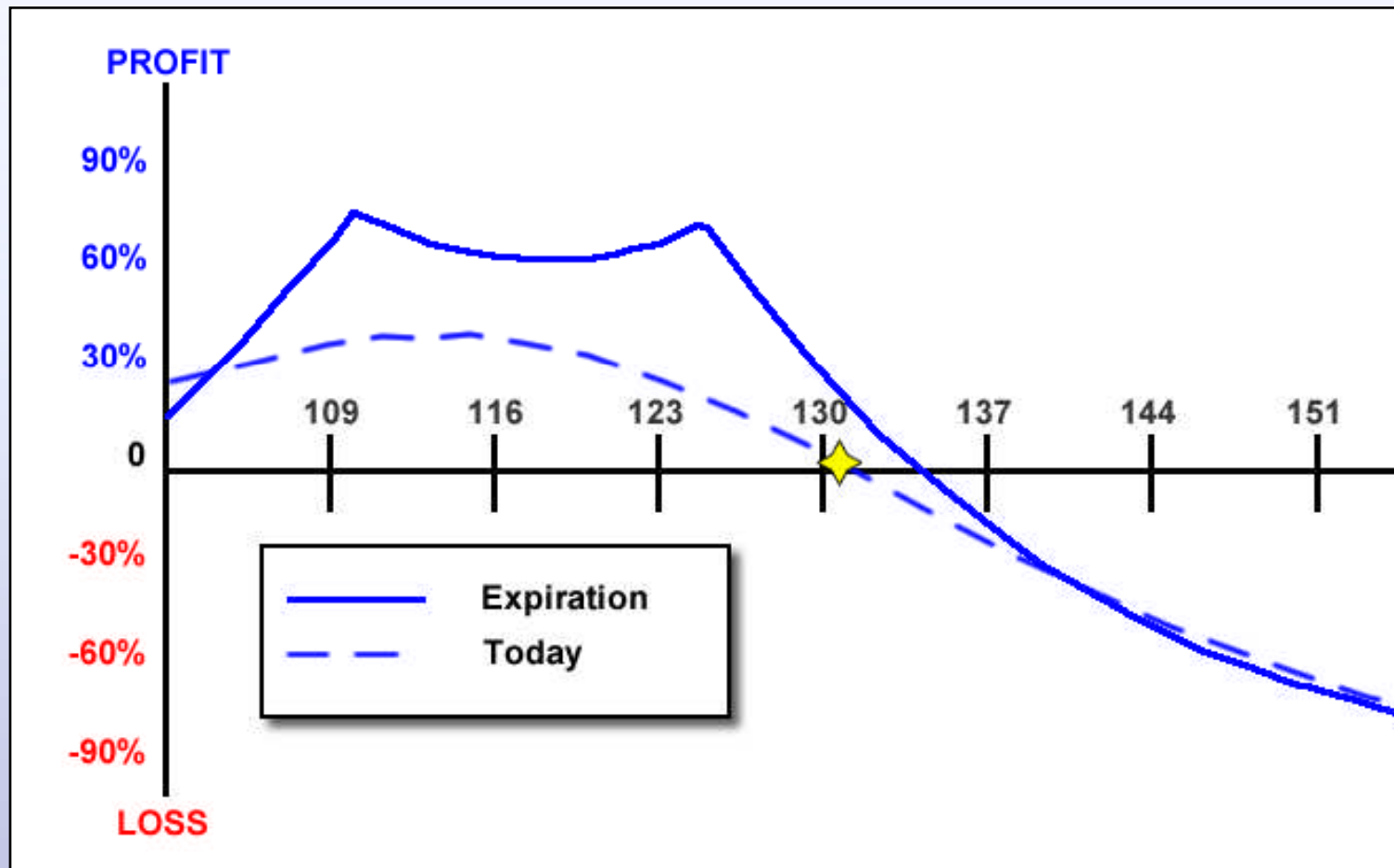
Delta	-145.9
Gamma	-2.5
Theta	30.2
Vega	147.0

Cash Flow	\$ (3,780)
Profit	\$ 165
15% Profit Target	\$ 567
20% Max Loss	\$ (756)

# EEM Double Calendar

Date: 8/24/2007

Price: \$130.75



# EEM Double Calendar

Date: 8/24/2007

Price: \$130.75

Options	SEP(29)				DEC(120)			
	Price	IV	Trade	New	Price	IV	Trade	New
135 Calls	\$2.80	30.2%		-3	\$10.80	33.6%		+3
130 Calls	\$5.30	32.8%			\$14.10	35.8%		
125 Calls	\$8.85	37.3%	-5		\$17.20	36.5%	+5	
115 puts	\$1.15	44.0%			\$4.70	39.4%		
110 Puts	\$0.80	48.9%	-5	+3	\$3.50	40.4%	+5	-3
105 Puts	\$0.50	51.9%			\$2.60	41.7%		

## Before

Delta	-145.9
Gamma	-2.5
Theta	30.2
Vega	147.0

## After

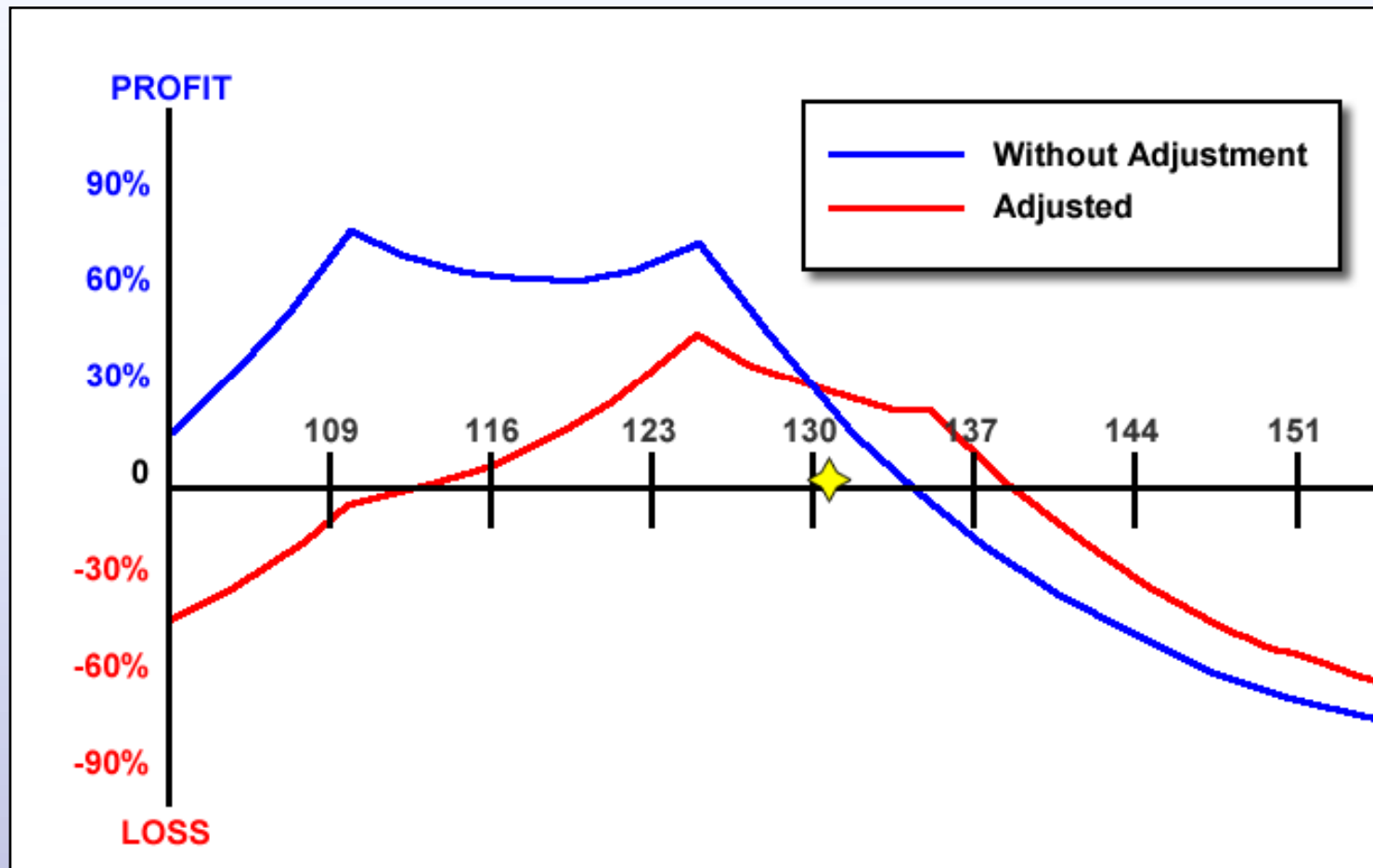
Delta	-90.5
Gamma	-9.4
Theta	34.6
Vega	151.1

Original Cash Flow	\$ (3,780)
Required	\$ 4,620
Profit	\$ 165
15% Profit Target	\$ 567
20% Max Loss	\$ (756)

# EEM Double Calendar

Date: 8/24/2007

Price: \$130.75



# EEM Double Calendar

Date: 9/4/2007

Price: \$136

	SEP(18)			DEC(109)		
Options	Price	IV	Trade	Price	IV	Trade
140 Calls	\$2.15	30.6%		\$8.25	32.4%	
135 Calls	\$4.75	34.3%	-3	\$11.00	34.0%	+3
130 Calls	\$8.25	38.0%		\$13.90	34.9%	
125 Calls	\$12.50		-5	\$17.25	36.2%	+5
115 Puts	\$0.55	54.8%		\$3.45	40.8%	
110 Puts	\$0.30	56.3%	-2	\$2.70	42.6%	+2
105 Puts	\$0.20	61.4%		\$2.00	44.2%	

Delta	-156.5
Gamma	-5.3
Theta	48.2
Vega	169.2

Original Cash Flow	\$ (3,780)
Required	\$ 4,389
Profit	\$ 132
15% Profit Target	\$ 567
20% Max Loss	\$ (756)



# EEM Double Calendar

Date: 9/4/2007

Price: \$136

Options	SEP(18)				DEC(109)			
	Price	IV	Trade	New	Price	IV	Trade	New
140 Calls	\$2.15	30.6%		-2	\$8.25	32.3%		+2
135 Calls	\$4.75	34.3%	-3		\$11.00	34.0%	+3	
130 Calls	\$8.25	38.0%			\$13.90	34.9%		
125 Calls	\$12.45		-5		\$17.25	36.2%	+5	
115 puts	\$0.55	54.8%			\$3.45	40.8%		
110 Puts	\$0.30	56.3%	-2	+2	\$2.70	42.6%	+2	-2
105 Puts	\$0.20	61.4%			\$2.00	44.2%		

## Before

Delta	-156.5
Gamma	-5.3
Theta	48.2
Vega	169.2

## After

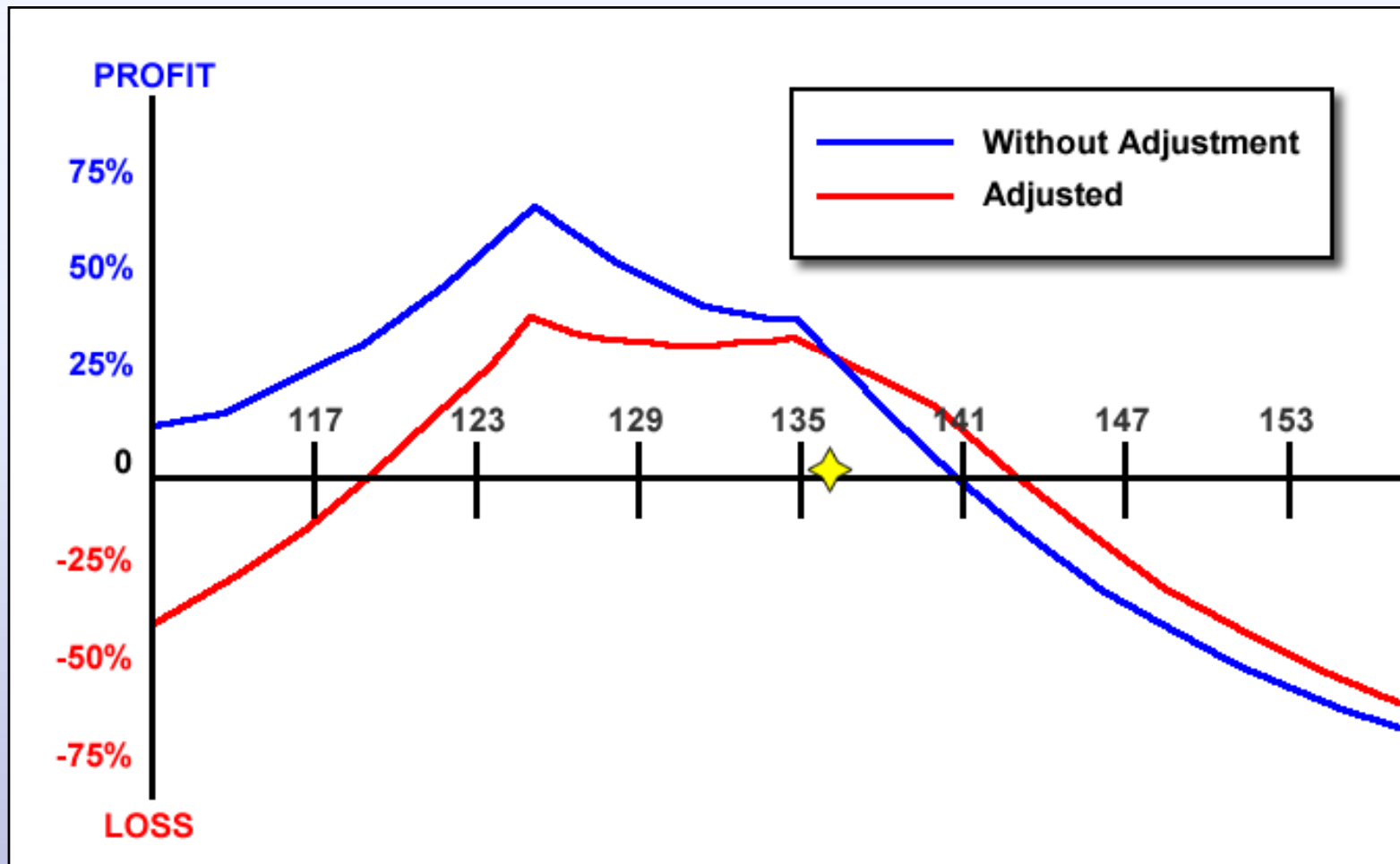
Delta	-119.3
Gamma	-12.4
Theta	57.4
Vega	177.9

Original Cash Flow	\$ (3,780)
Required	\$ 5,141
Profit	\$ 132
15% Profit Target	\$ 567
20% Max Loss	\$ (756)

# EEM Double Calendar

Date: 9/4/2007

Price: \$136



# EEM Double Calendar

Date: 9/10/2007

Price: \$132

Options	SEP(12)			DEC(103)		
	Price	IV	Trade	Price	IV	Trade
140 Calls	\$0.75	32.4%	-2	\$7.00	33.6%	+2
135 Calls	\$2.40	36.4%	-3	\$9.45	35.8%	+3
130 Calls	\$5.20	40.5%		\$12.15	36.5%	
125 Calls	\$8.95		-5	\$15.25	33.0%	+5

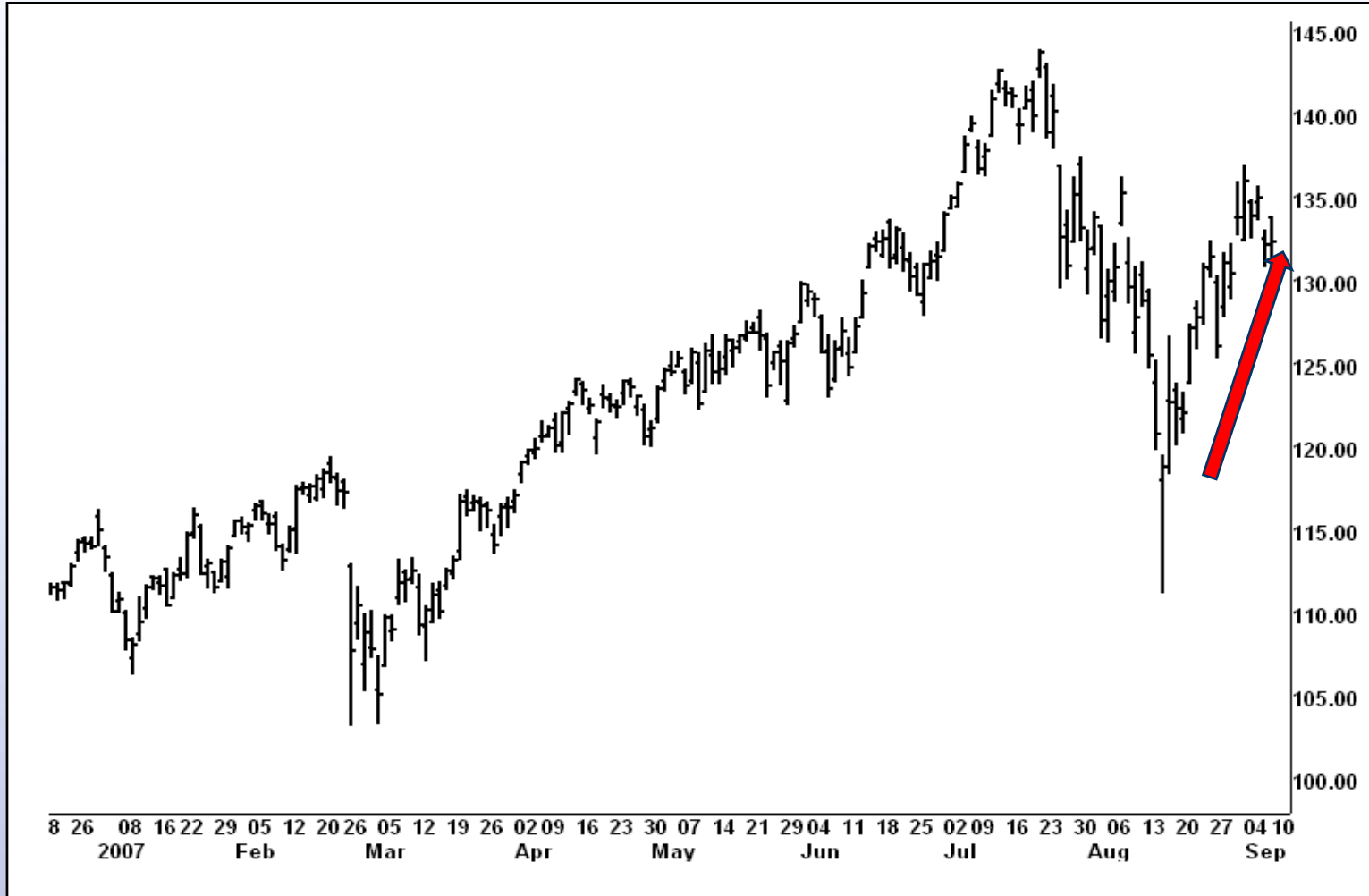
Delta	-60.0
Gamma	-19.5
Theta	77.9
Vega	193.2

Original Cash Flow	\$ (3,780)
Required	\$ 4,929
Profit	\$ 1,145
15% Profit Target	\$ 567
20% Max Loss	\$ (756)

# EEM Price Chart

Date: 9/10/2007

Price: \$133



**EEM Moved from 118 ½ to almost 135 and we still did great!**

# Calendar Back Test Results

	Capital	Profit/Loss	Yield
January-07	\$ 1,292	\$ 334	26%
February-07	\$ 704	\$ (128)	-18%
March-07	\$ 916	\$ 600	66%
April-07	\$ 1,704	\$ 273	16%
May-07	\$ 5,228	\$ 629	12%
June-07	\$ 3,504	\$ 636	18%
July-07	\$ 2,166	\$ 342	16%
August-07	\$ 6,669	\$ 1,097	16%
September-07	\$ 7,712	\$ 289	4%
October-07	\$ 3,226	\$ 488	15%
November-07	\$ 2,814	\$ 678	24%
December-07	\$ 5,070	\$ 846	17%
January-08	\$ 4,052	\$ (846)	-21%
<b>Totals</b>	<b>\$ 45,057</b>	<b>\$ 5,238</b>	
<b>Monthly Average</b>	<b>\$ 3,466</b>	<b>\$ 403</b>	<b>12%</b>
		<b>Annual Yield</b>	<b>140%</b>

**Without March-07, Monthly yield 11%, Annual Yield 126%**

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