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# Nasdaq

## Straddles and Strangles: It's All Volatility to Us

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# Straddles & Strangles

## It's All Volatility to Us

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# Outline

- **Nasdaq-100 (NDX) Option Market Stats**
- **2024 Short Dated Option Review**
- **Questions / Q&A**

# Nasdaq-100 Options

## 2024 Highlights

- **NDX option volume up by 39% versus 2023**
- **Volume is 122% higher than 2022 – the year daily expirations became available**
- **Index (+ ETF) options have been the growth tools industry-wide over the past 3 years**

# Short Dated Option Review

## At-The-Money Straddle Testing

- **Use midpoint of closing ATM bid-ask spread to determine straddle values**
- **Each observation assumes 2.00 points of slippage**
- **We also record the straddle as a percent of NDX and price changes**

# Short Dated Option Review

## 1 Day Straddles

1-Day Short ATM Straddle P/L 2023 vs. 2024				
Year	Max	Min	Avg	Total
2023	+225.89	(289.29)	(0.47)	(97.85)
2024	+333.11	(603.34)	(14.69)	(3510.47)

1-Day Long ATM Straddle P/L 2023 vs. 2024				
Year	Max	Min	Avg	Total
2023	+285.29	(229.89)	(3.53)	(850.15)
2024	+599.34	(337.11)	+10.69	+2554.47

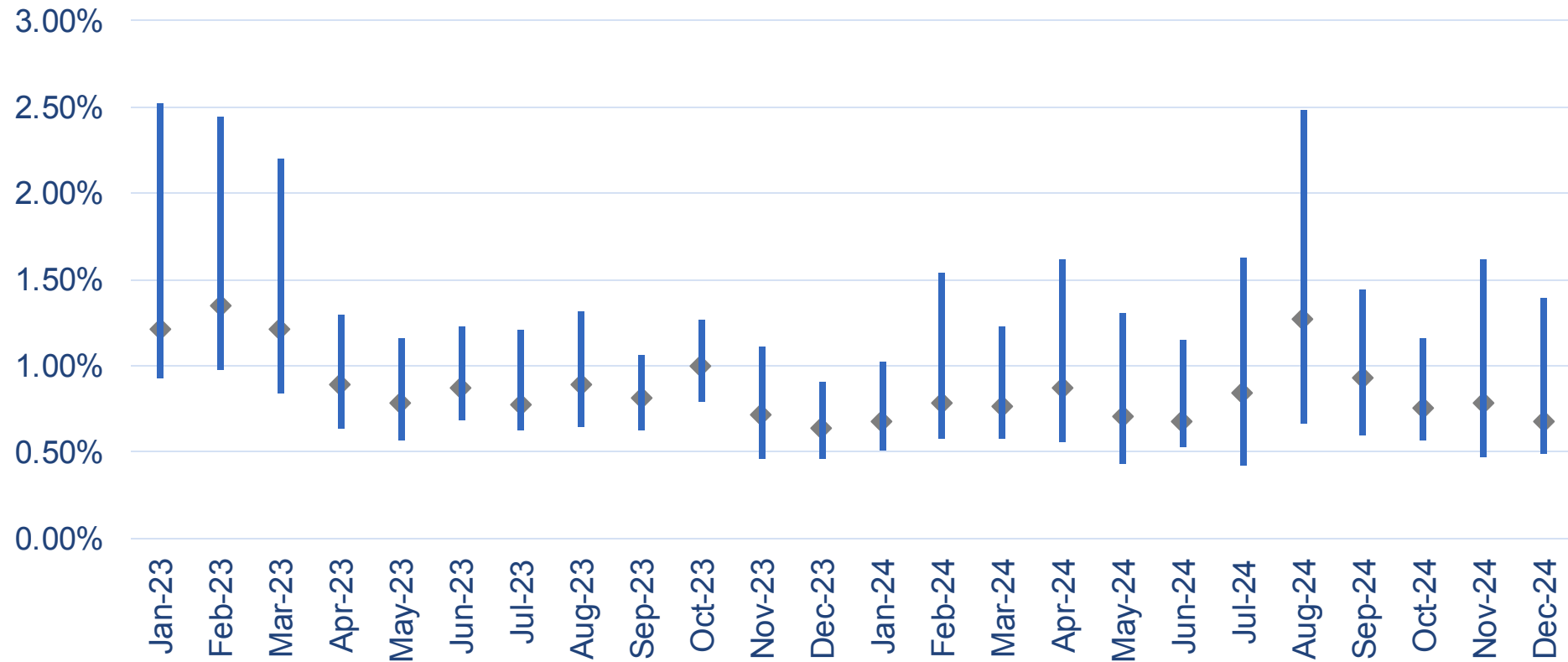
Source: Bloomberg

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# Short Dated Option Review

## NDX 1-Day Straddle High/Low/Average By Month

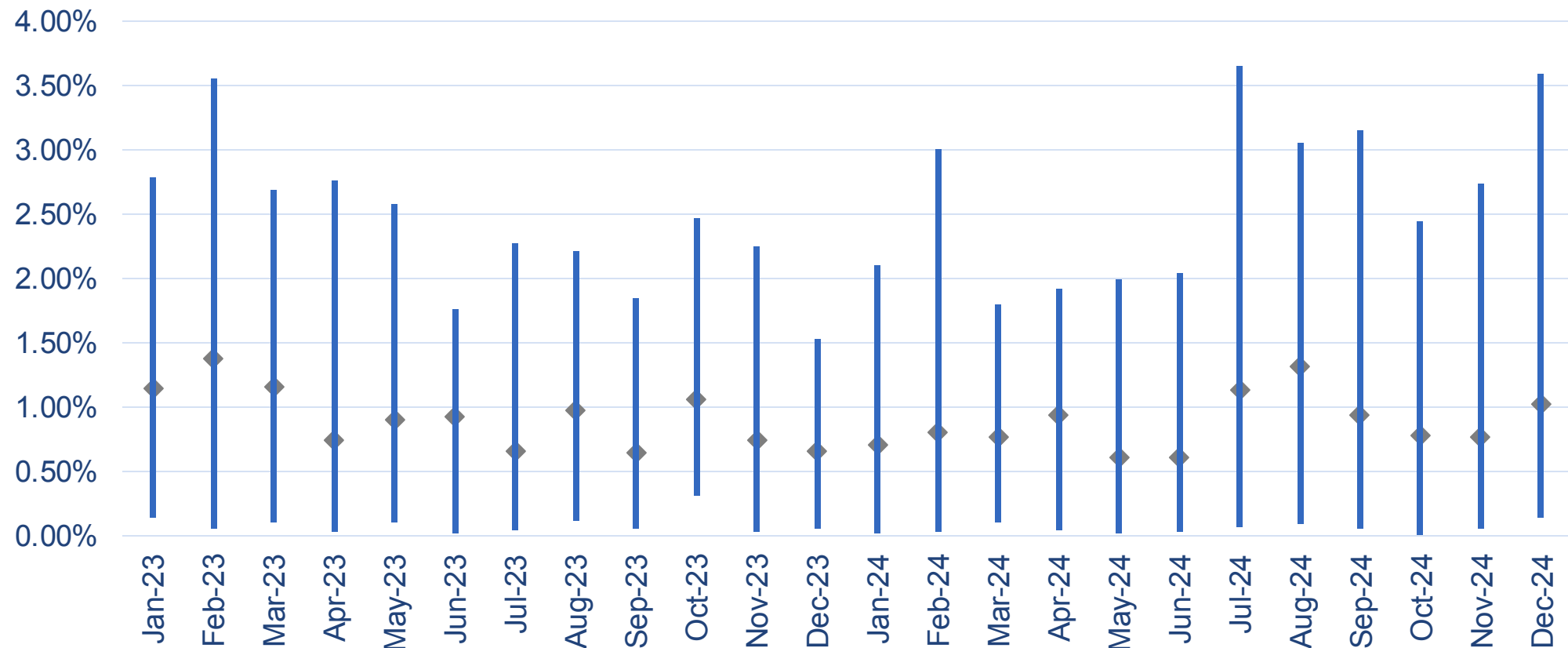


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Source: Bloomberg

# Short Dated Option Review

## NDX 1-Day Price Change High/Low/Average By Month



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Source: Bloomberg

# Short Dated Option Review

## 2 Day Straddles

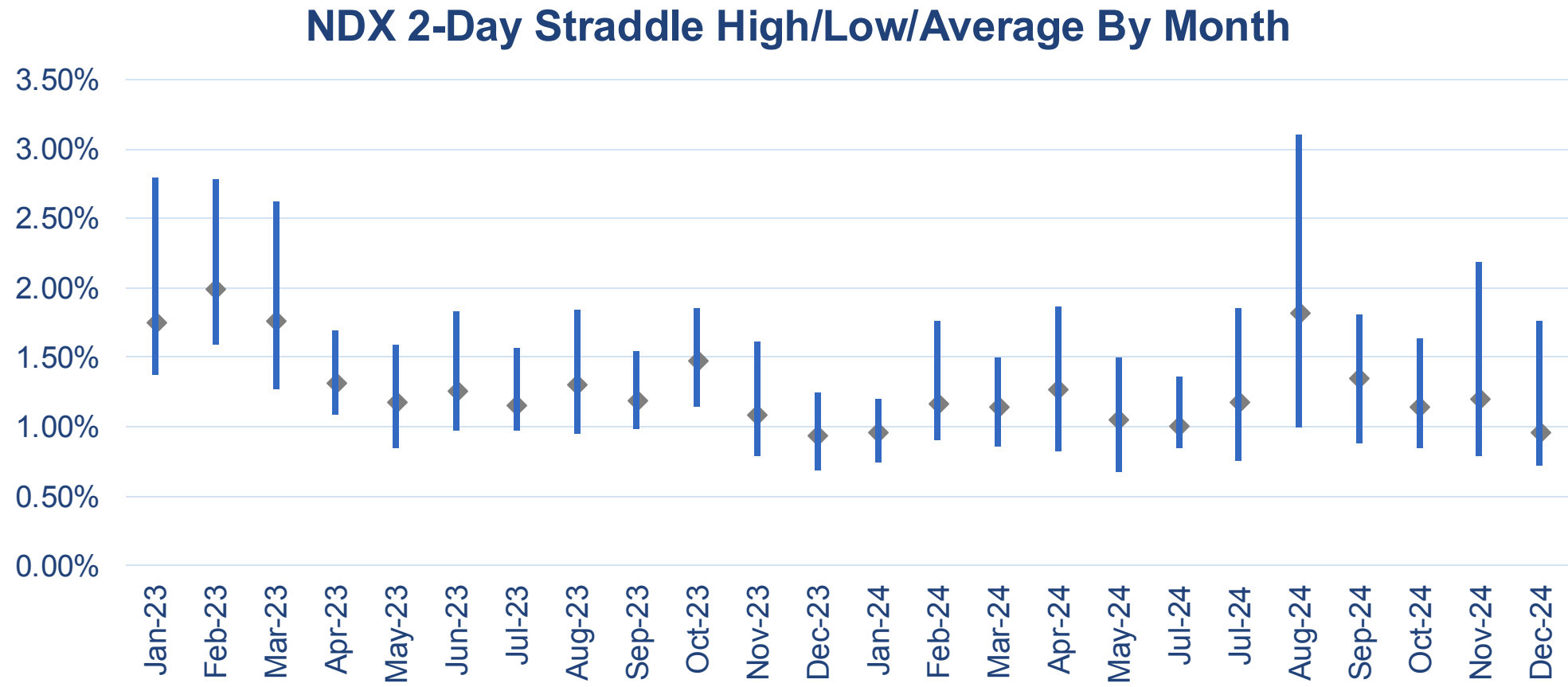
2-Day Short ATM Straddle P/L 2023 vs. 2024				
Year	Max	Min	Avg	Total
2023	+322.13	(589.24)	+8.07	+1911.56
2024	+375.67	(1048.05)	(19.18)	(4545.88)

2-Day Long ATM Straddle P/L 2023 vs. 2024				
Year	Max	Min	Avg	Total
2023	+585.24	(326.13)	(11.58)	(2859.56)
2024	+1044.05	(379.67)	+15.18	+3589.88

Source: Bloomberg

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# Short Dated Option Review

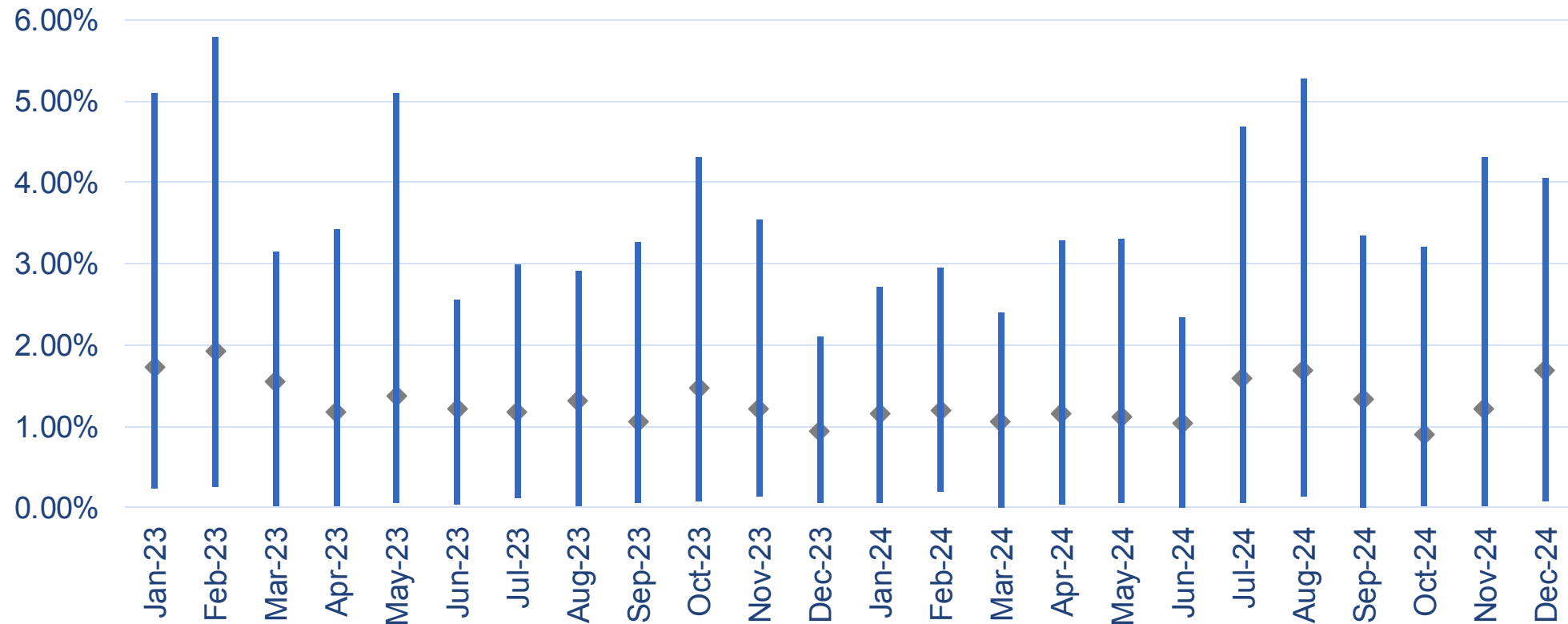


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Source: Bloomberg

# Short Dated Option Review

## NDX 2-Day Price Change High/Low/Average By Month



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Source: Bloomberg

# Short Dated Option Review

## 3 Day Straddles

3-Day Short ATM Straddle P/L 2023 vs. 2024				
Year	Max	Min	Avg	Total
2023	+277.85	(525.41)	+0.87	+206.89
2024	+520.52	(685.17)	(17.92)	(4279.95)

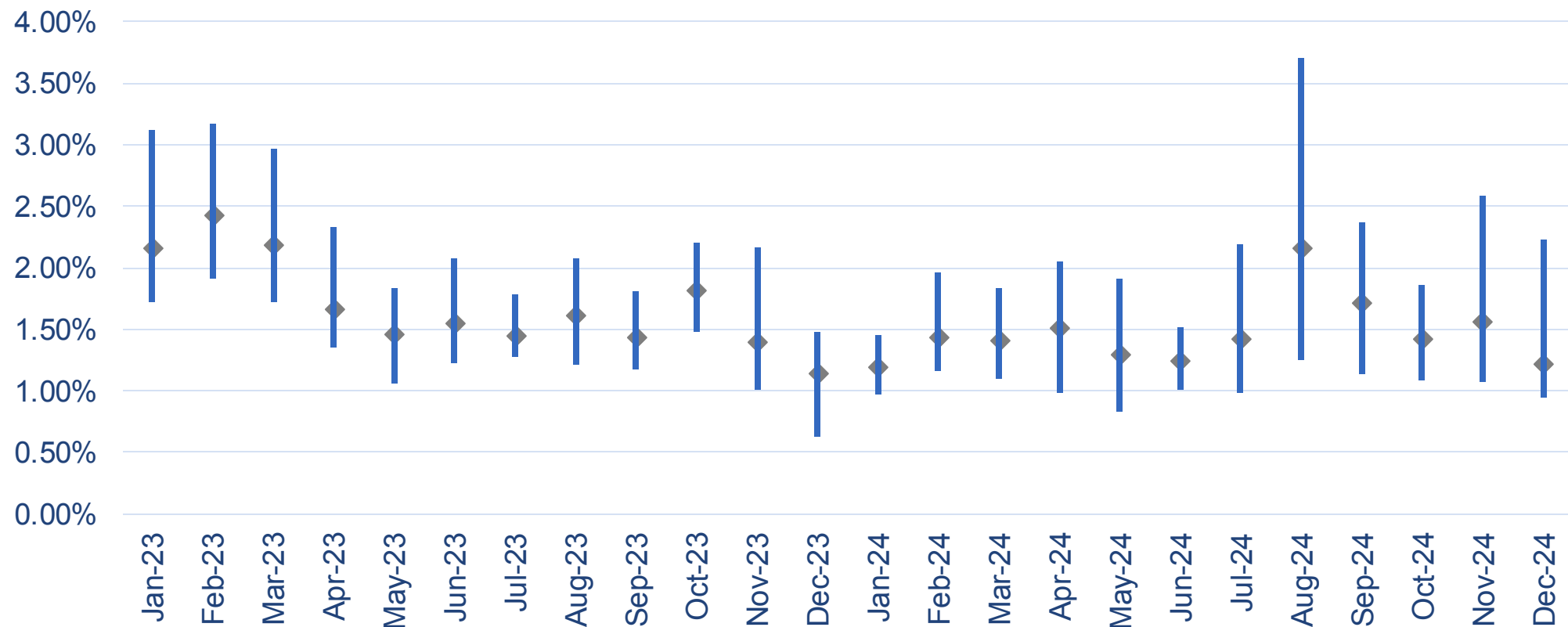
3-Day Long ATM Straddle P/L 2023 vs. 2024				
Year	Max	Min	Avg	Total
2023	+521.41	(281.85)	(4.69)	(1154.89)
2024	+681.17	(524.52)	+13.92	+3323.95

Source: Bloomberg

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# Short Dated Option Review

## NDX 3-Day Straddle High/Low/Average By Month

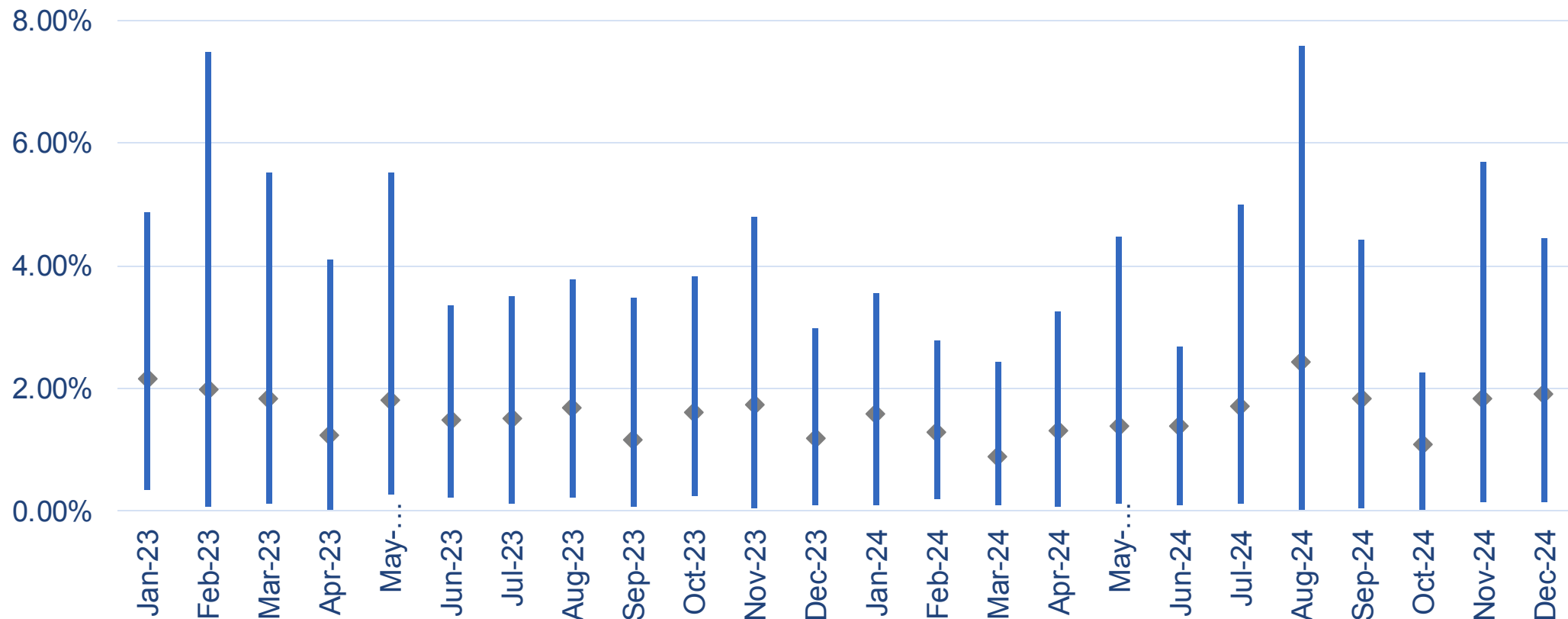


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Source: Bloomberg

# Short Dated Option Review

## NDX 3-Day Price Change High/Low/Average By Month



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Source: Bloomberg



# Short Dated Option Review

## 4 Day Straddles

4-Day Short ATM Straddle P/L 2023 vs. 2024				
Year	Max	Min	Avg	Total
2023	+277.85	(525.41)	+0.87	+206.89
2024	+520.52	(685.17)	(17.92)	(4279.95)

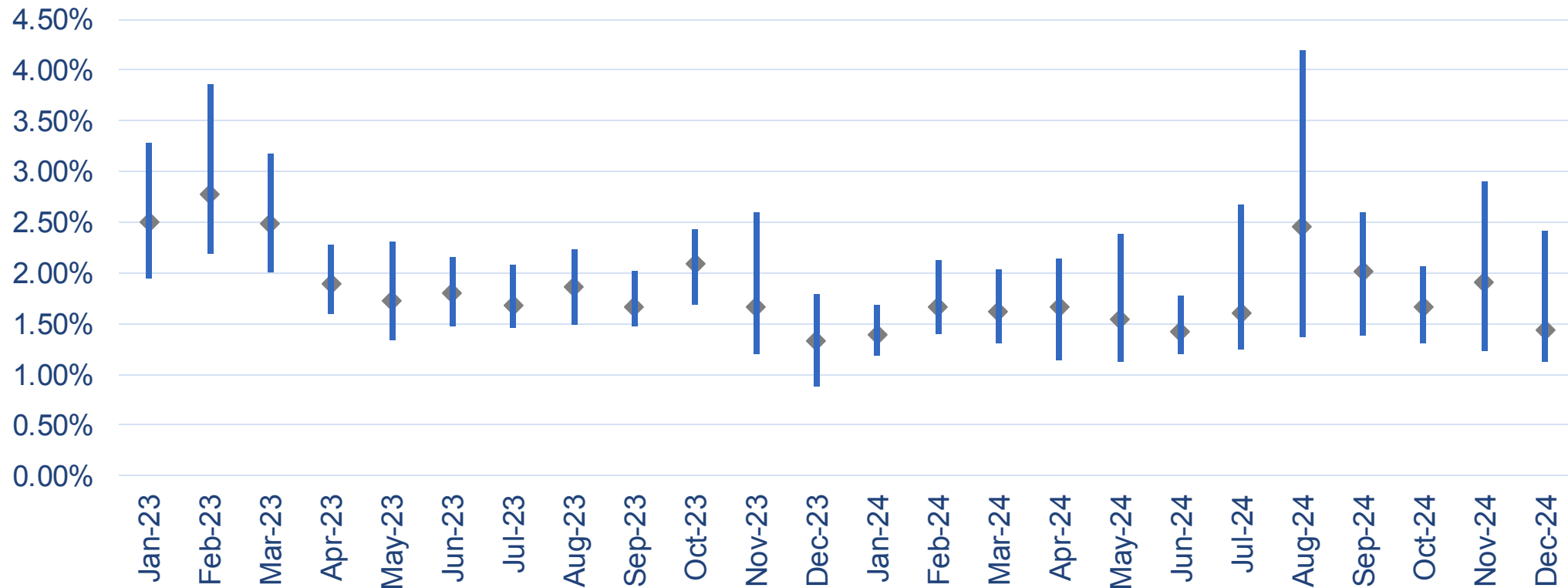
4-Day Long ATM Straddle P/L 2023 vs. 2024				
Year	Max	Min	Avg	Total
2023	+521.41	(281.85)	(4.69)	(1154.89)
2024	+818.13	(383.61)	+8.38	+1837.55

Source: Bloomberg

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# Short Dated Option Review

## NDX 4-Day Straddle High/Low/Average By Month

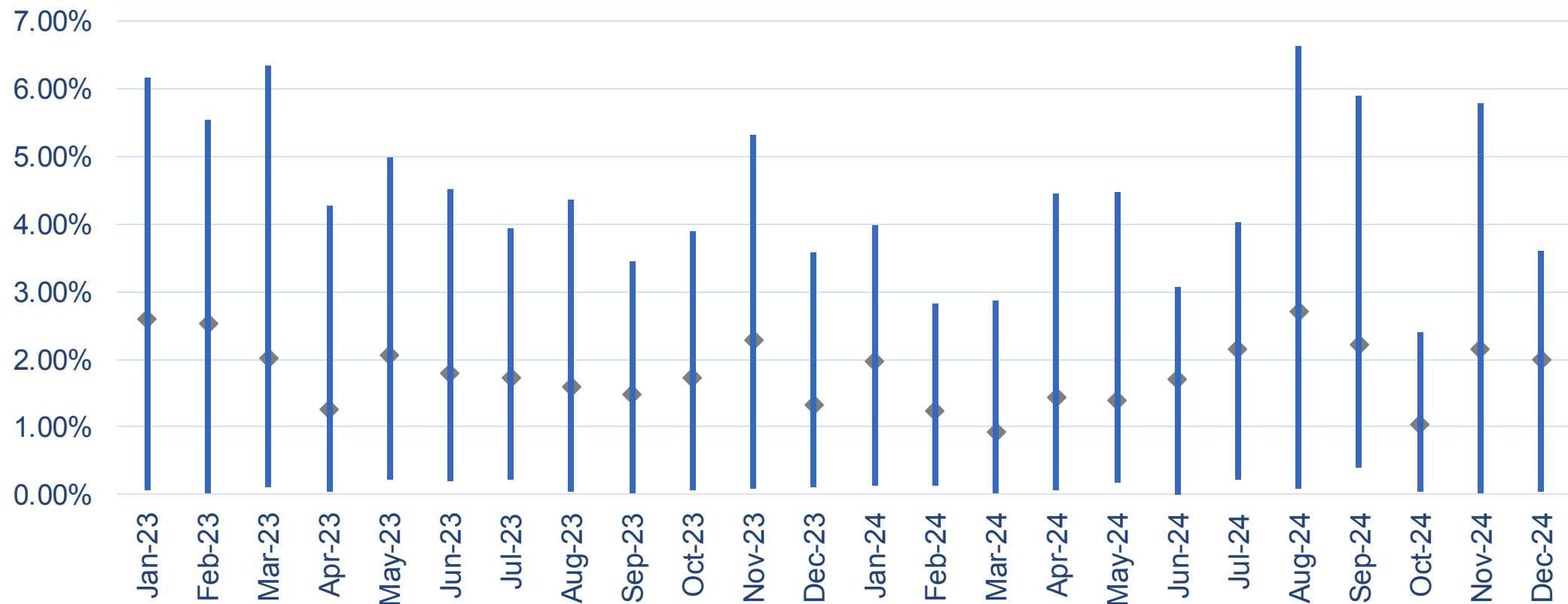


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Source: Bloomberg

# Short Dated Option Review

## NDX 4-Day Price Change High/Low/Average By Month



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Source: Bloomberg

# Short Dated Option Review

## 5 Day Straddles

5-Day Short ATM Straddle P/L 2023 vs. 2024				
Year	Max	Min	Avg	Total
2023	+277.85	(525.41)	+0.87	+206.89
2024	+520.52	(685.17)	(17.92)	(4279.95)

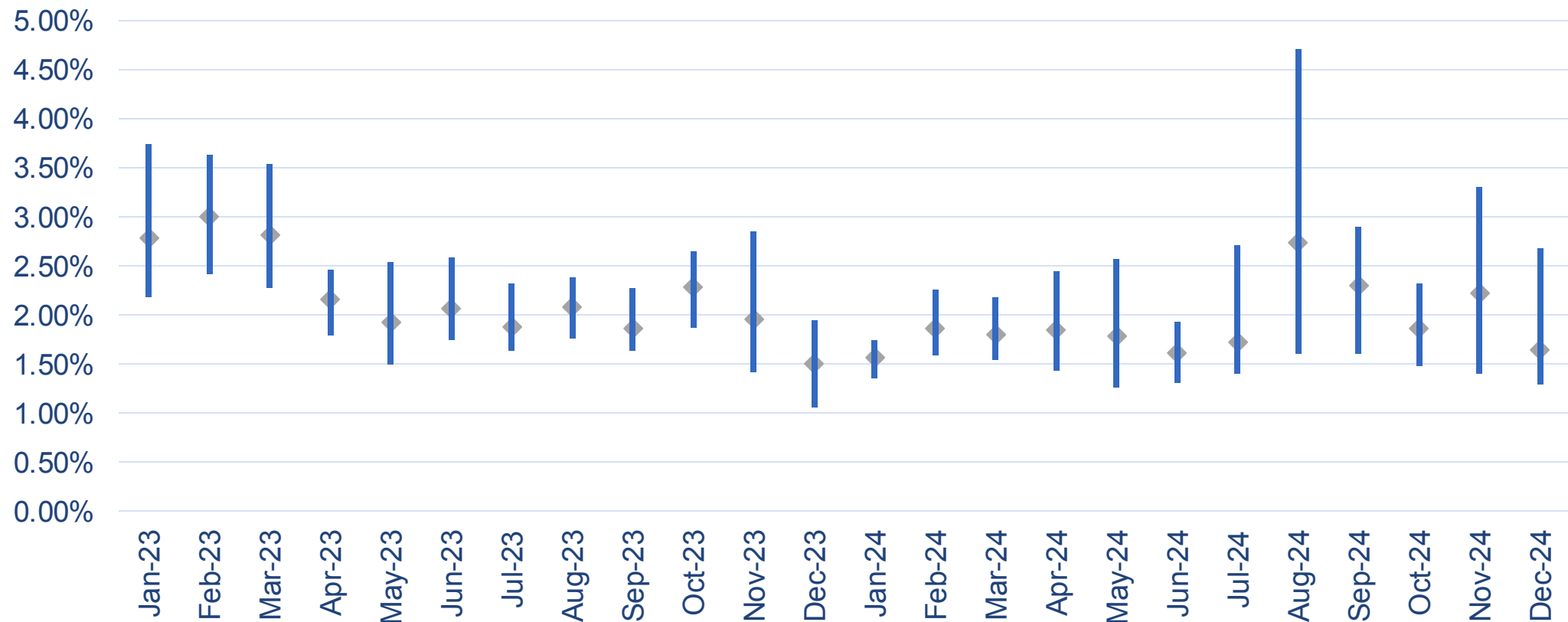
5-Day Long ATM Straddle P/L 2023 vs. 2024				
Year	Max	Min	Avg	Total
2023	+521.41	(281.85)	(4.69)	(1154.89)
2024	+818.13	(383.61)	+8.38	+1837.55

Source: Bloomberg

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# Short Dated Option Review

## NDX 5-Day Straddle High/Low/Average By Month

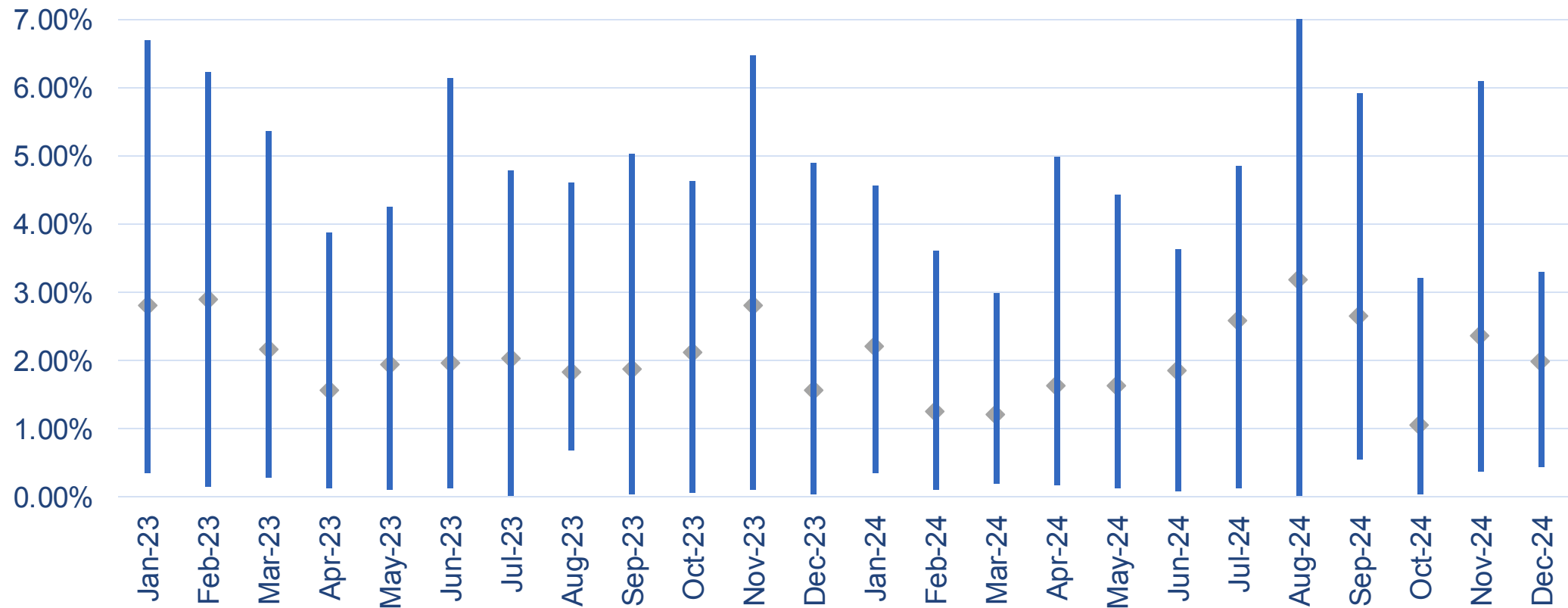


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Source: Bloomberg

# Short Dated Option Review

## NDX 5-Day Price Change High/Low/Average By Month



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Source: Bloomberg

# Short Dated Option Review

## Strangle Testing

- **Use midpoint of ATM straddle pricing divided by NDX level to select strike prices**
- **Each observation assumes 2.00 points of slippage**

# Short Dated Option Review

## 1 Day Strangles

1-Day Short ATM% Strangle P/L 2023 vs. 2024				
Year	Max	Min	Avg	Total
2023	+82.10	(242.59)	(3.51)	(842.20)
2024	+114.20	(546.39)	(17.79)	(4327.08)

1-Day Long ATM% Strangle P/L 2023 vs. 2024				
Year	Max	Min	Avg	Total
2023	+238.59	(86.10)	(0.49)	(105.80)
2024	+542.39	(118.20)	+13.79	+3371.08

Source: Bloomberg

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# Short Dated Option Review

## 2 Day Strangles

2-Day Short ATM% Strangle P/L 2023 vs. 2024				
Year	Max	Min	Avg	Total
2023	+96.05	(466.91)	+5.03	+1118.55
2024	+164.50	(587.54)	(12.76)	(3063.39)

2-Day Long ATM% Strangle P/L 2023 vs. 2024				
Year	Max	Min	Avg	Total
2023	+462.91	(100.05)	(9.03)	(2066.55)
2024	+583.54	(168.50)	+8.76	+2107.39

Source: Bloomberg

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# Short Dated Option Review

## 3 Day Strangles

3-Day Short ATM% Strangle P/L 2023 vs. 2024				
Year	Max	Min	Avg	Total
2023	+114.40	(498.74)	+6.83	+1478.66
2024	+199.45	(927.45)	(1.27)	(220.40)

3-Day Long ATM% Strangle P/L 2023 vs. 2024				
Year	Max	Min	Avg	Total
2023	+494.74	(118.40)	(10.83)	(2426.66)
2024	+923.45	(203.45)	(2.73)	(735.60)

Source: Bloomberg

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# Short Dated Option Review

## 4 Day Strangles

4-Day Short ATM% Strangle P/L 2023 vs. 2024				
Year	Max	Min	Avg	Total
2023	+119.85	(383.39)	+8.42	+1953.85
2024	+225.45	(693.94)	(2.77)	(607.47)

4-Day Long ATM% Strangle P/L 2023 vs. 2024				
Year	Max	Min	Avg	Total
2023	+379.39	(123.85)	(12.42)	(2901.85)
2024	+689.94	(229.45)	(1.23)	(348.53)

Source: Bloomberg

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# Short Dated Option Review

## 5 Day Strangles

5-Day Short ATM% Strangle P/L 2023 vs. 2024				
Year	Max	Min	Avg	Total
2023	+131.55	(450.71)	+8.95	+2234.62
2024	+249.85	(847.83)	+2.47	+522.08

5-Day Long ATM% Strangle P/L 2023 vs. 2024				
Year	Max	Min	Avg	Total
2023	+446.71	(135.55)	(12.95)	(3182.62)
2024	+843.83	(253.85)	(6.47)	(1478.08)

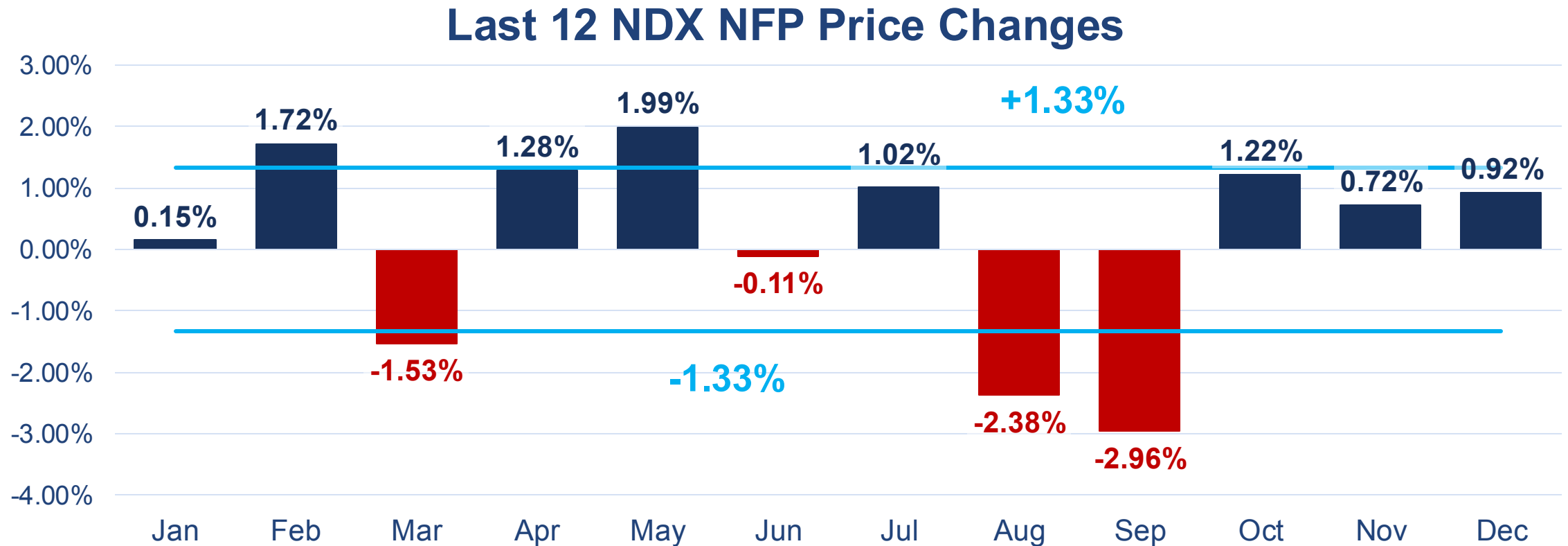
Source: Bloomberg

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# Short Dated Option Review

- We use this data to explore option pricing and market reactions around major economic events
- Last Friday was the December 2024 Non-Farm Payroll (NFP) report
- Much like earnings announcement, the historical look uses the last twelve observations

# Short Dated Option Review

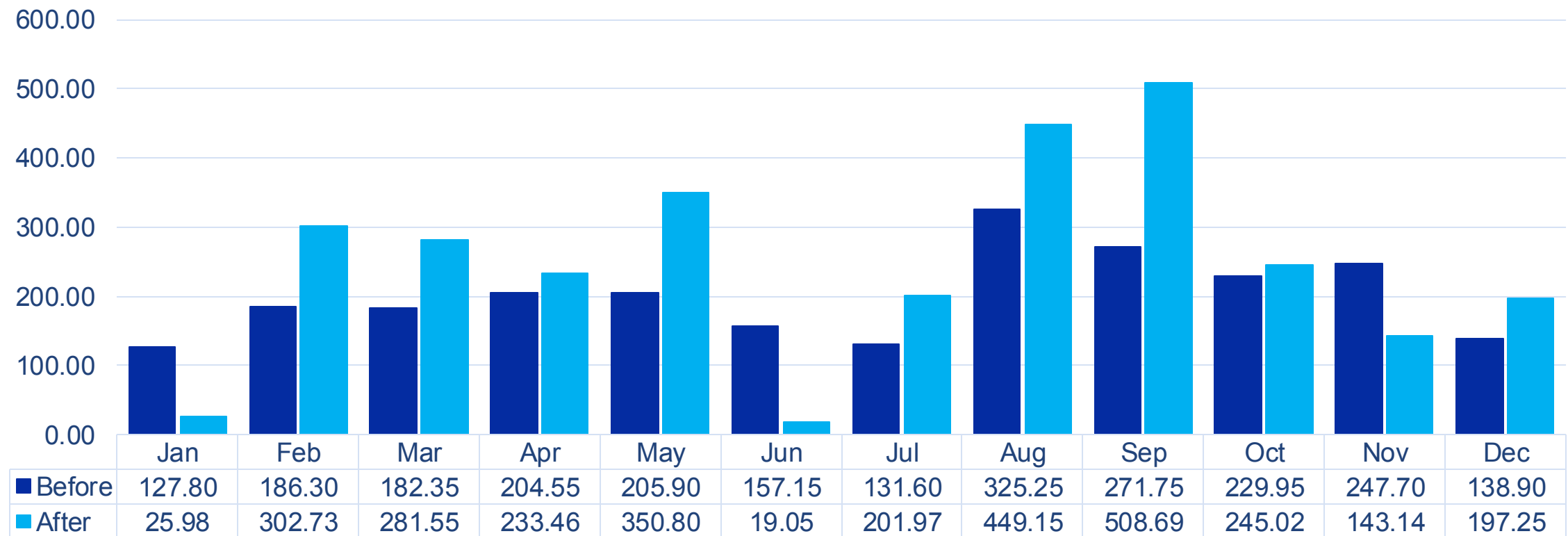


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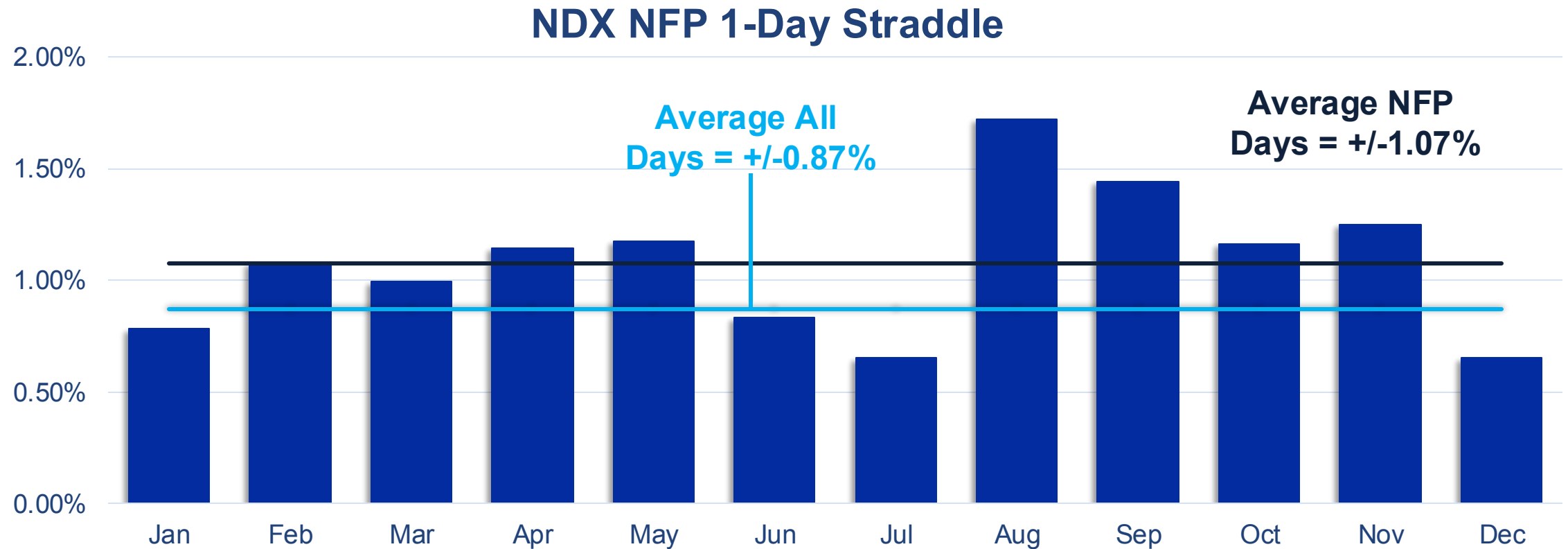
## Last 12 NDX ATM Straddle Before/After NFP



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**(Any market related topic is fine)**

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