

The background of the slide is a photograph of a server room. The server racks are illuminated with various colored lights, including blue, green, and red, creating a grid-like pattern of light points.

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# What Worked and What Didn't in the Option Market Last Month

May 13, 2015

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# What Worked and What Didn't

## Outline

- **AAPL Earnings**
- **GPRO Earnings**
- **IBM Earnings**
- **Russell 2000<sup>®</sup> Trading**

# AAPL Earnings

## Bull Put Spread

- AAPL reported earnings after the close Monday April 27
- Cautiously bullish trade was executed in AAPL Weeklys<sup>SM</sup> just before the close

### Three year summary of AAPL earnings reactions

Max	Min	Abs Avg.	Last Q
8.87%	-12.35%	5.12%	5.65%

**Buy 1 AAPL May 1<sup>st</sup> 124 Put at 0.72**

**Sell 1 AAPL May 1<sup>st</sup> 125 Put at 0.91**

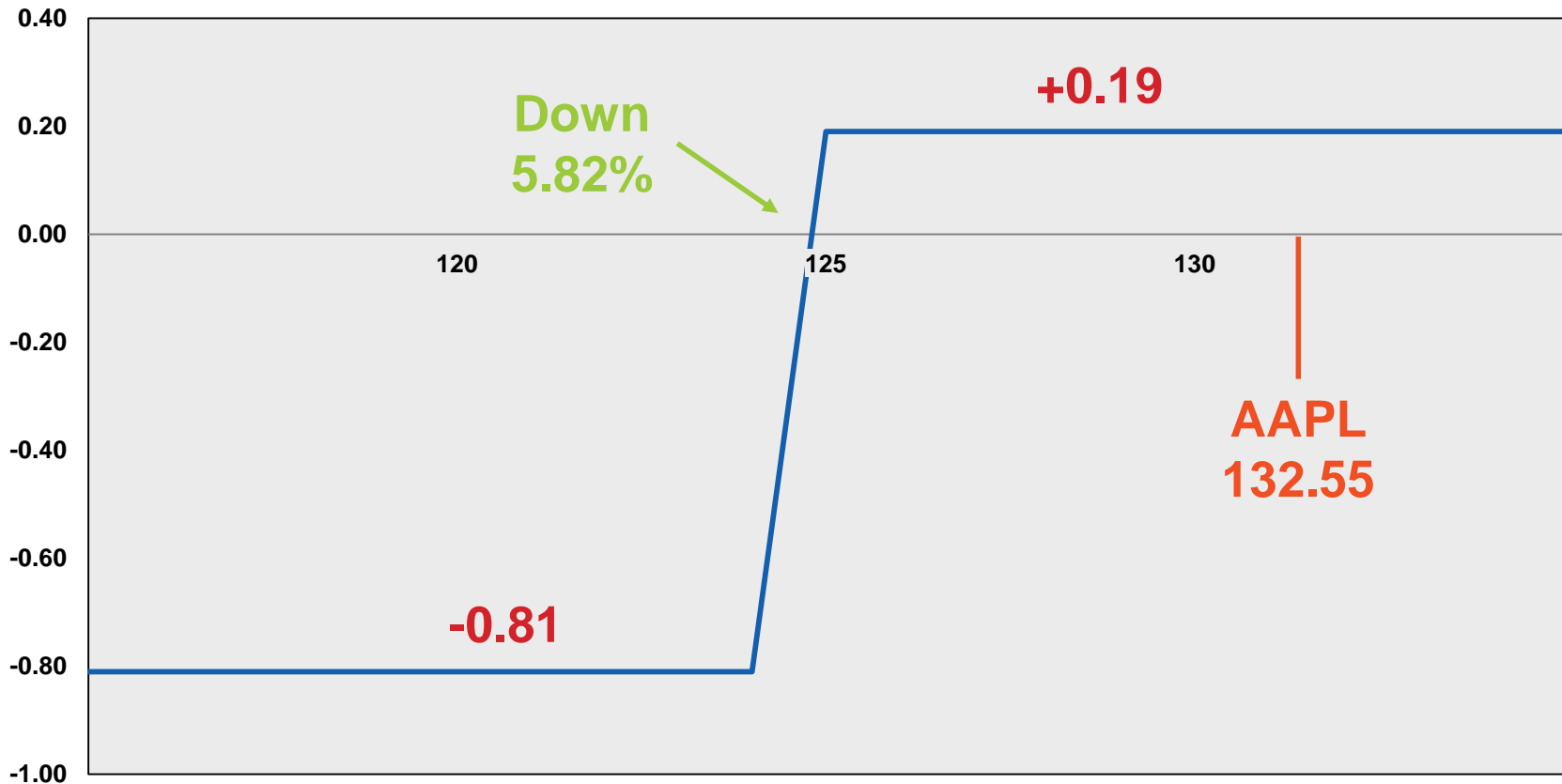
**Net Credit = 0.19**

*Data Source: Bloomberg*

# AAPL Earnings

## Bull Put Spread

### Long AAPL 124 Put / Short AAPL 125 Put



# AAPL Earnings

## Ratio Spread

- AAPL reported earnings after the close Monday April 27
- A slightly bullish to neutral ratio spread trade came to the AAPL post just before the close

### Three year summary of AAPL earnings reactions

Max	Min	Abs Avg.	Last Q
8.87%	-12.35%	5.12%	5.65%

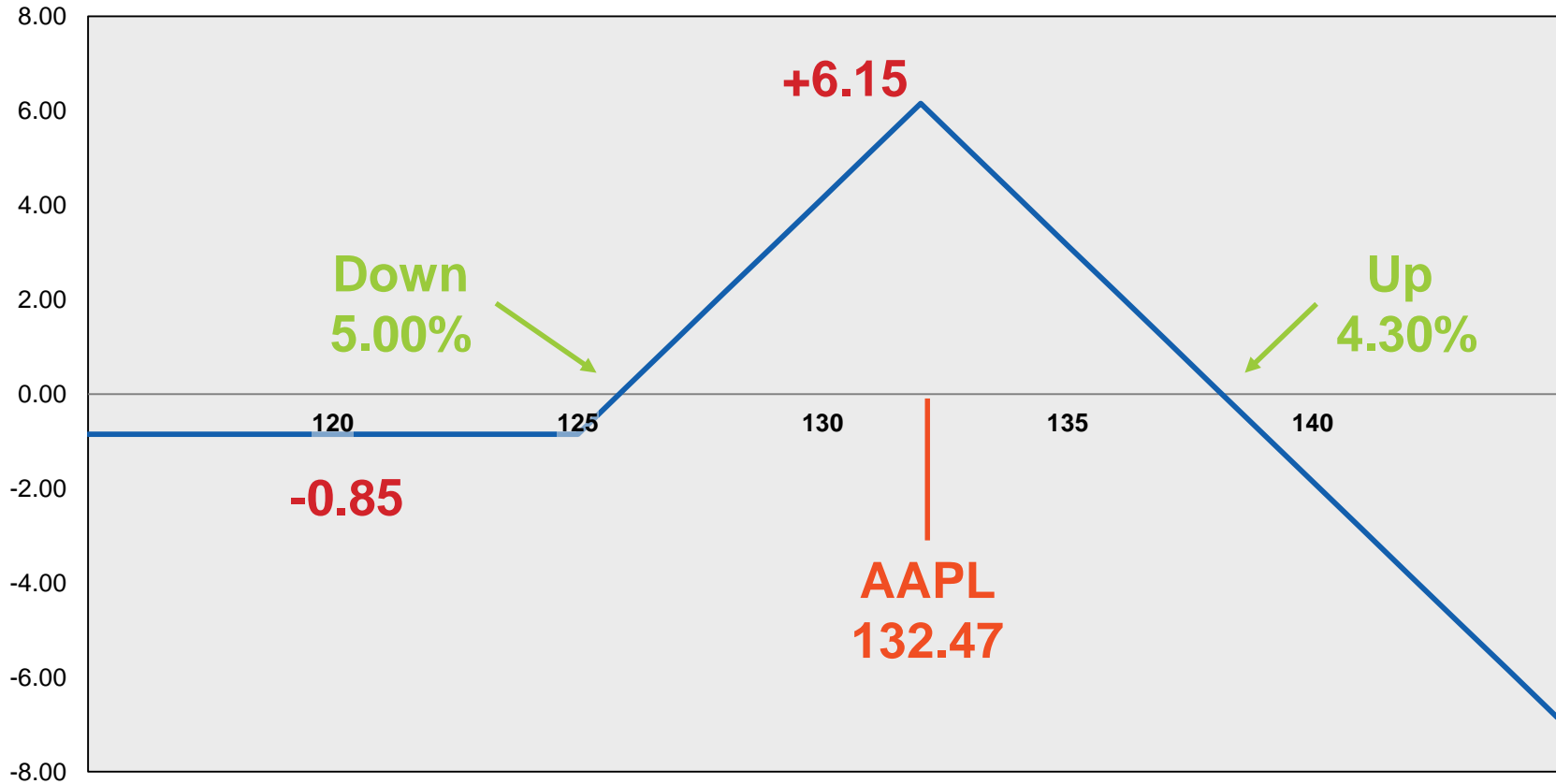
**Buy 1 AAPL May 1<sup>st</sup> 125 Call at 8.45**  
**Sell 2 AAPL May 1<sup>st</sup> 132 Calls at 3.80 ea**  
**Net Debit = 0.85**

Data Source: Bloomberg

# AAPL Earnings

## Ratio Spread

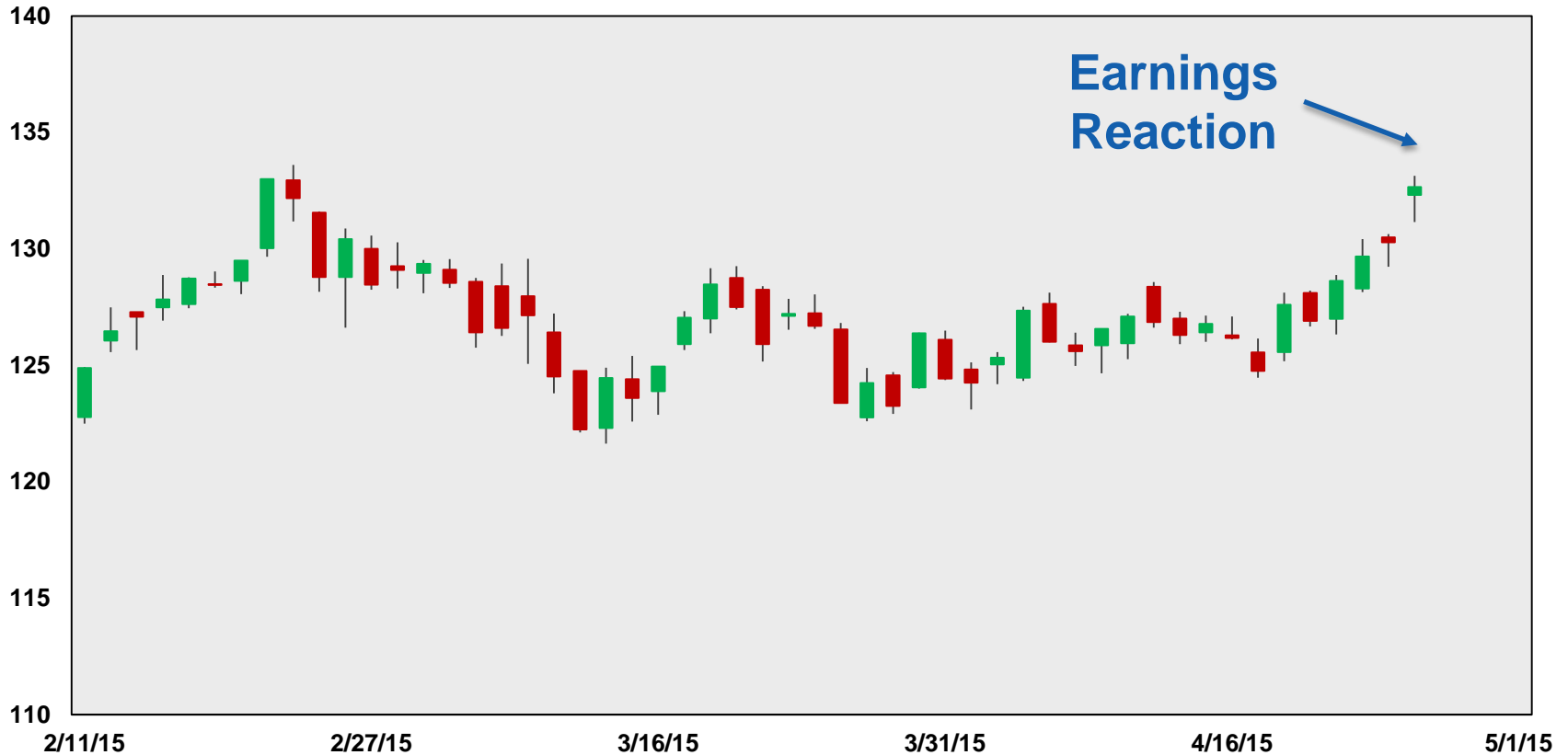
### Long AAPL 125 Call / Short 2 AAPL 132 Calls



# AAPL Earnings

## Price Action

### Daily Prices



Data Source: Bloomberg



# GPRO Earnings

## Cash Secured Put

- GPRO reported earnings after the close Tuesday April 28
- About an hour before the market closed on the 28<sup>th</sup> someone sold Weeklys puts on GPRO

### Three quarter summary of GPRO earnings reactions

Max	Min	Abs Avg.	Last Q
12.97%	-14.59%	13.63%	-13.33%

**Sell 1 GPRO May 1<sup>st</sup> 42.50 Put at 0.75**

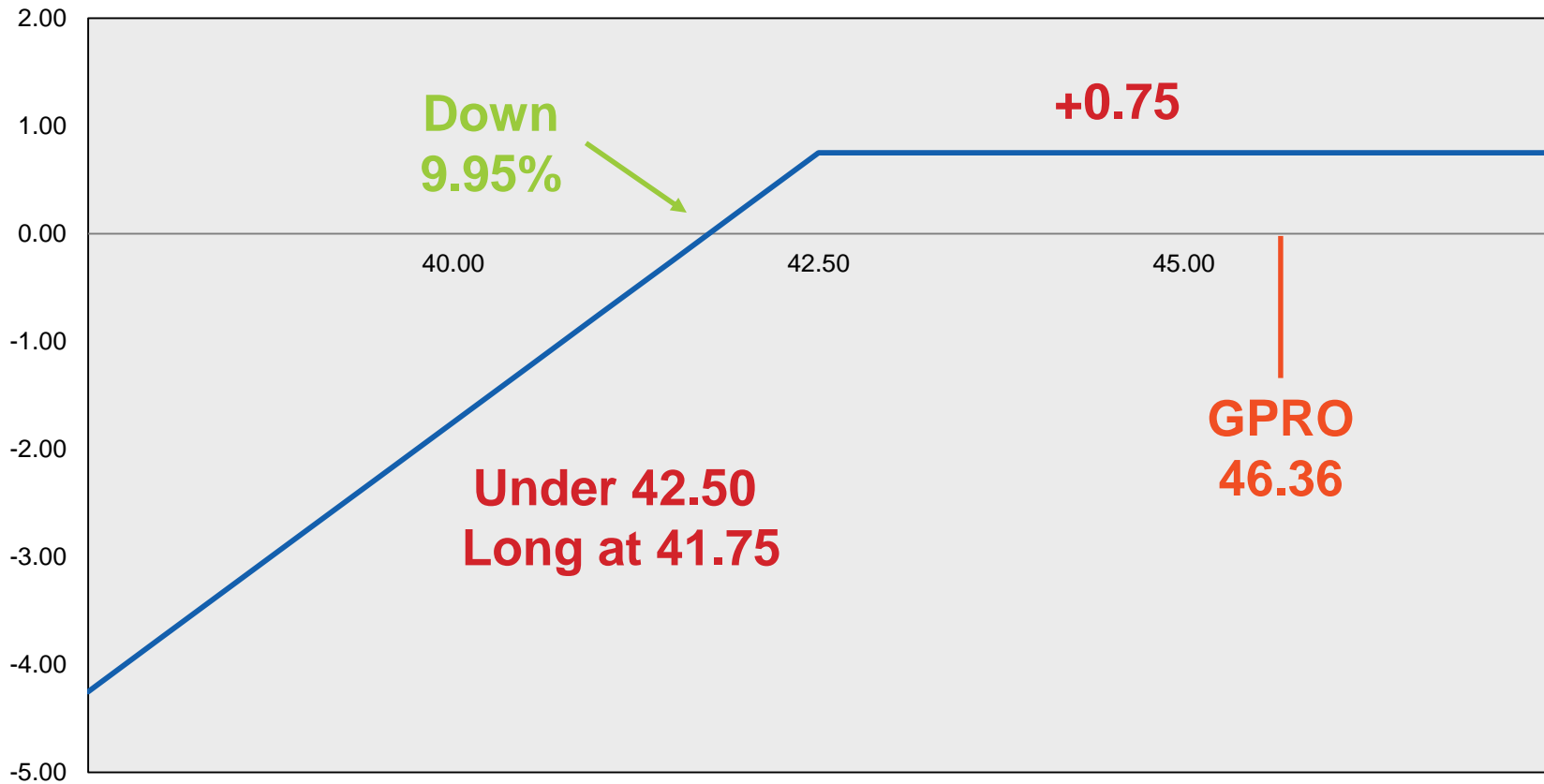
**Obligation to buy shares of GPRO  
net effective price of 41.75**

*Data Source: Bloomberg*

# GPRO Earnings

## Cash Secured Put

### Short GPRO 42.50 Put



# GPRO Earnings

## Price Action

### Daily Prices



Data Source: Bloomberg

# IBM Earnings

## Bullish Ratio Spread

- IBM reported earnings after the close Monday April 20
- Trader with a moderately bullish outlook put on a ratio spread with a bullish bias 62 seconds before the close

### Three year summary of IBM earnings reactions

Max	Min	Abs Avg.	Last Q
4.41%	-8.28%	4.15%	-3.10%

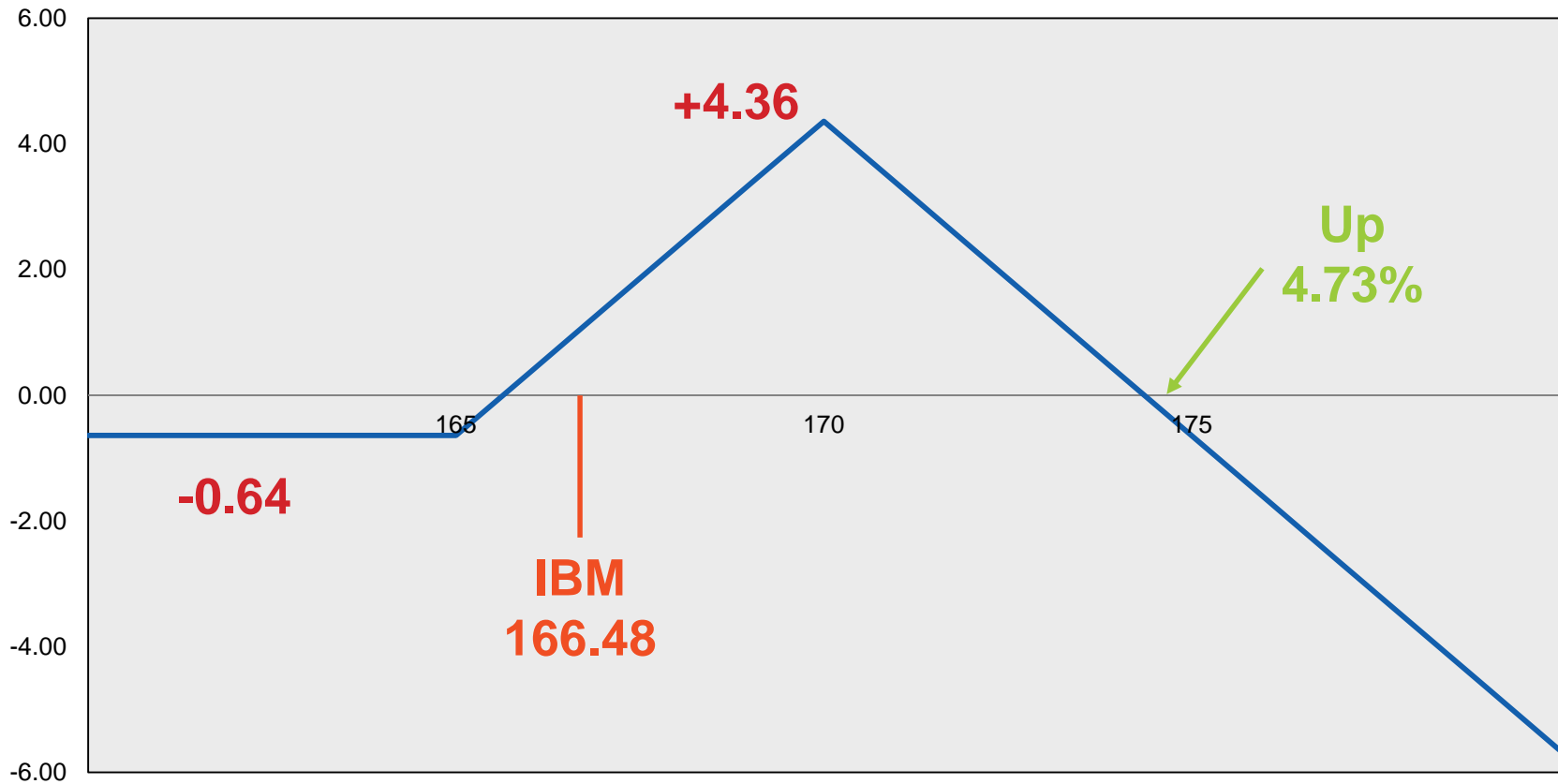
**Buy 1 IBM Apr 24<sup>th</sup> 165 Call at 3.92**  
**Sell 2 IBM Apr 24<sup>th</sup> 170 Calls at 1.64 each**  
**Net Debit = 0.64**

*Data Source: Bloomberg*

# IBM Earnings

## Ratio Spread

### Long 1 IBM 165 Call / Short 2 IBM 170 Calls



# IBM Earnings

## Bear Call Spread

- IBM reported earnings after the close Monday April 20
- Trader with a bearish outlook for IBM put on a pretty aggressive bear call spread

### Three year summary of IBM earnings reactions

Max	Min	Abs Avg.	Last Q
4.41%	-8.28%	4.15%	-3.10%

**Sell 1 IBM Apr 24<sup>th</sup> 167.50 Call at 2.55**

**Buy 1 IBM Apr 24<sup>th</sup> 177.50 Call at 0.30**

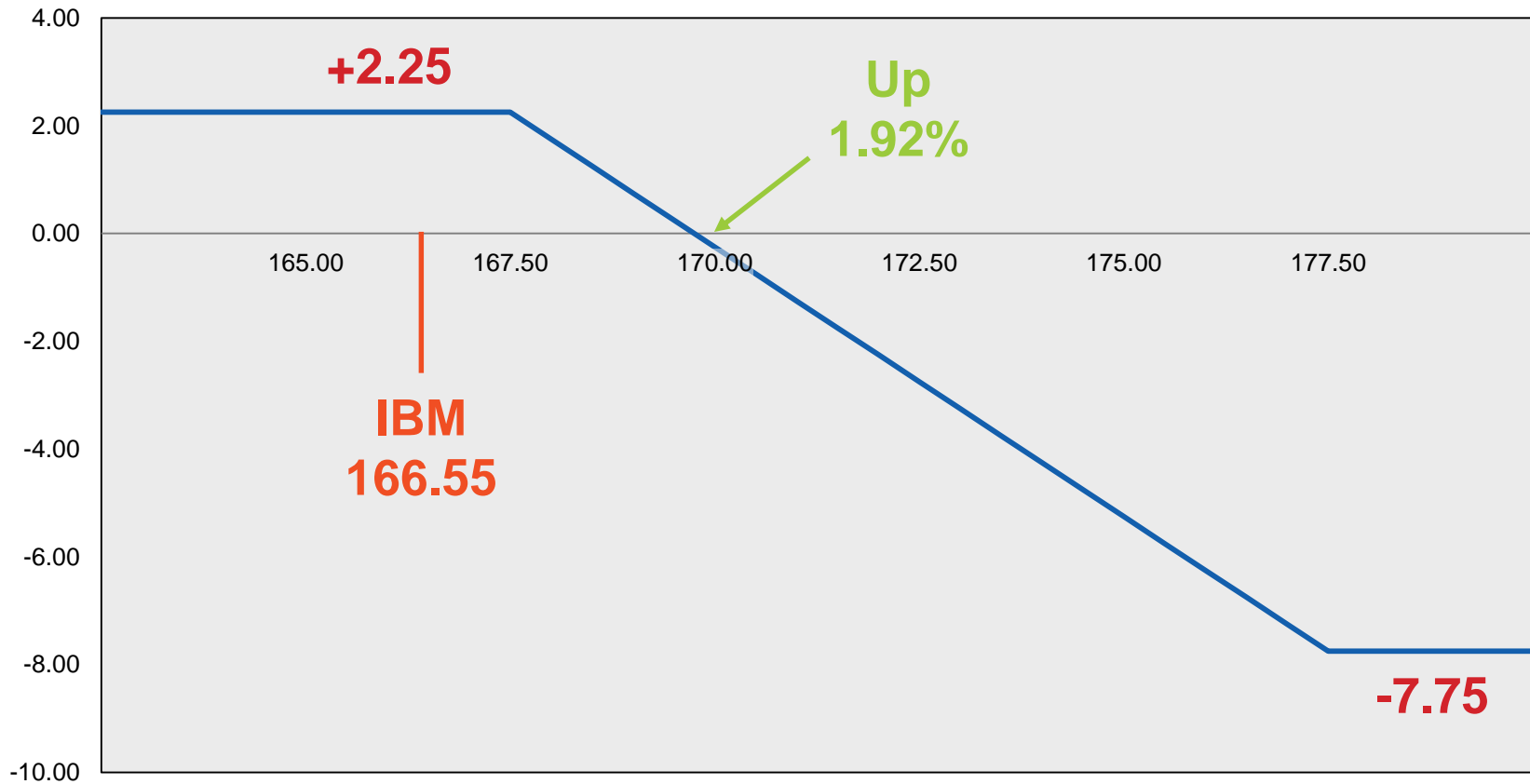
**Net Credit = 2.25**

*Data Source: Bloomberg*

# IBM Earnings

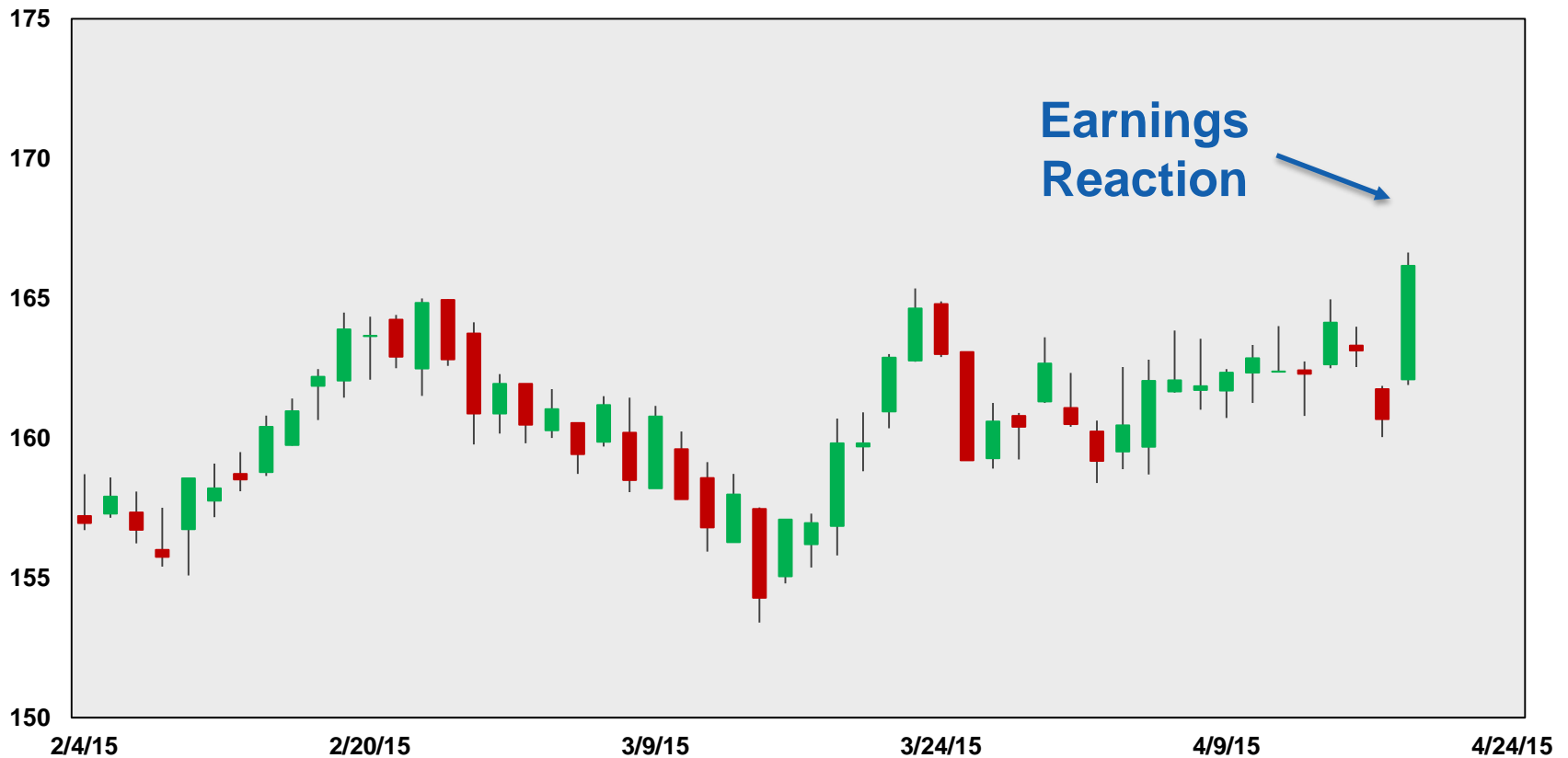
## Bear Call Spread

### Short IBM 167.50 Call / Long IBM 177.50 Call



## Price Action

### Daily Prices



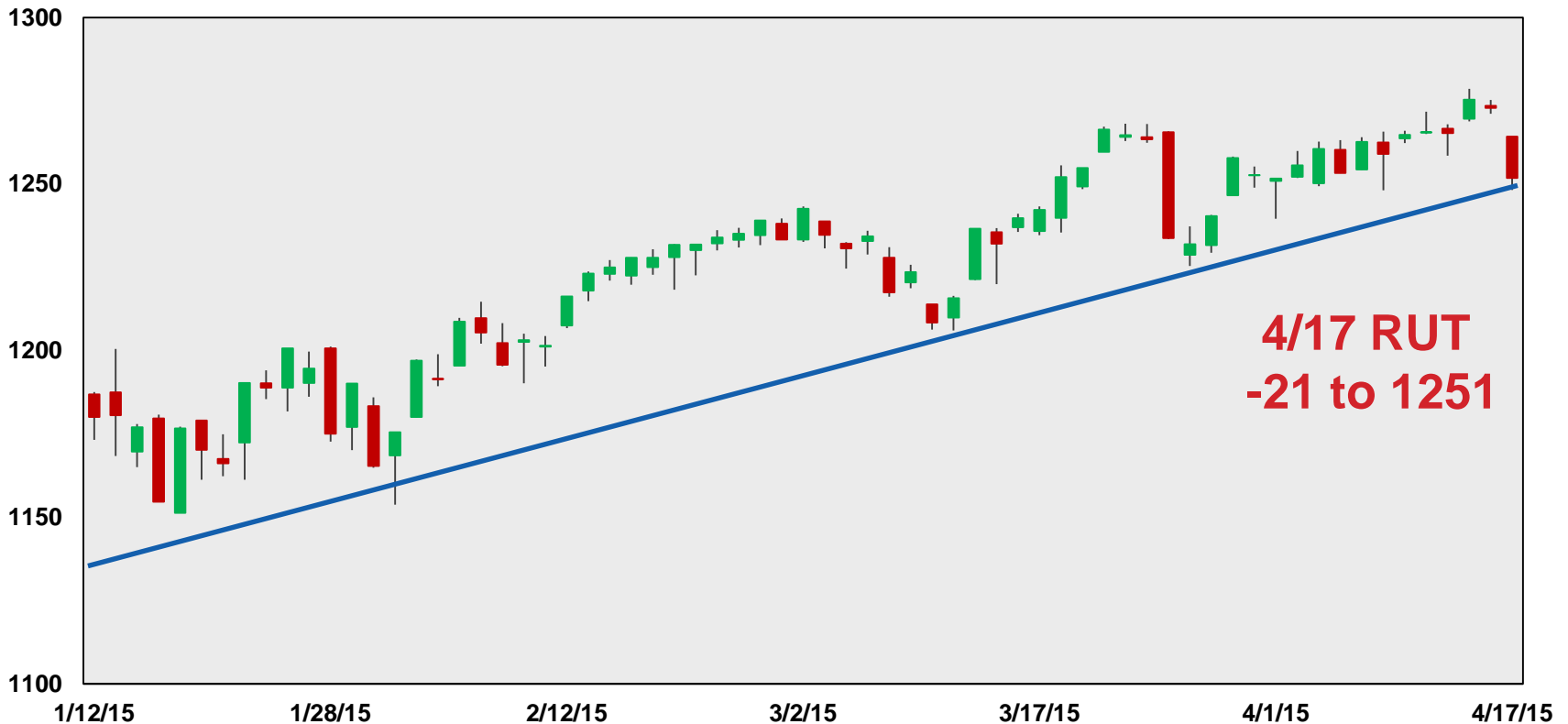
Data Source: Bloomberg



# Russell 2000 Trading

## Bullish on Weakness

### Daily Price Chart –



Data Source: Bloomberg

# Russell 2000 Trading

## Bullish on Weakness

- On April 17 late in the day with RUT at 1250.50 an aggressive bull put spread trader came into the RUT market

**Buy 1 RUT Apr 24<sup>th</sup> 1250 Put at 10.05**

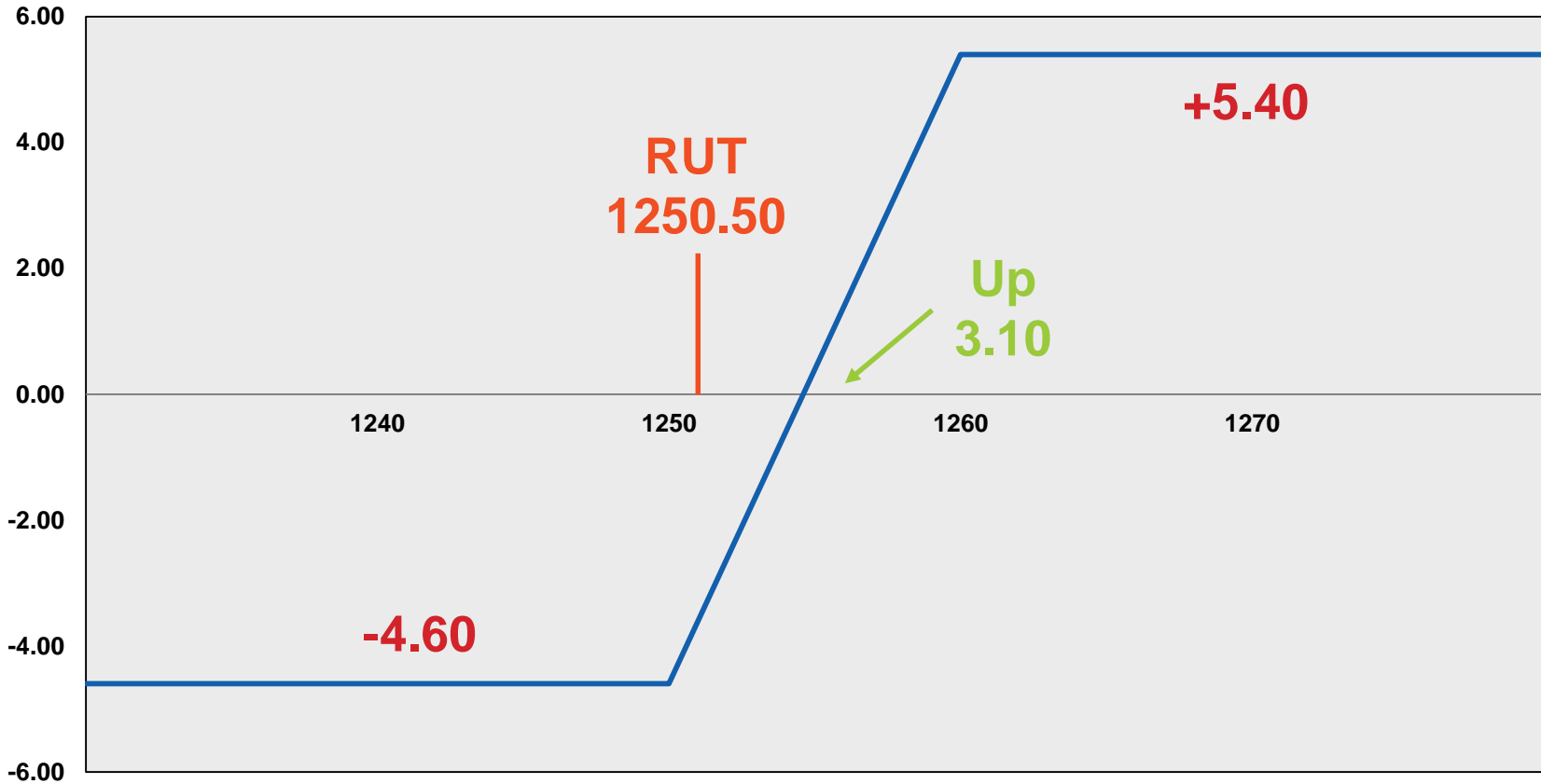
**Sell 1 RUT Apr 24<sup>th</sup> 1260 Put at 15.45**

**Net Credit = 5.40**

# Russell 2000 Trading

## Bullish on Weakness

**Buy 1 RUT 1250 Put / Sell 1 RUT 1260 Put**



# Russell 2000 Trading

## Christmas Tree

- Early on April 17 with RUT at 1261 a pretty interesting and bearish spread came into the RUT pit

**Buy 2 RUT Apr 24<sup>th</sup> 1230 Puts at 2.04 each**

**Sell 3 RUT Apr 24<sup>th</sup> 1240 Puts at 3.42 each**

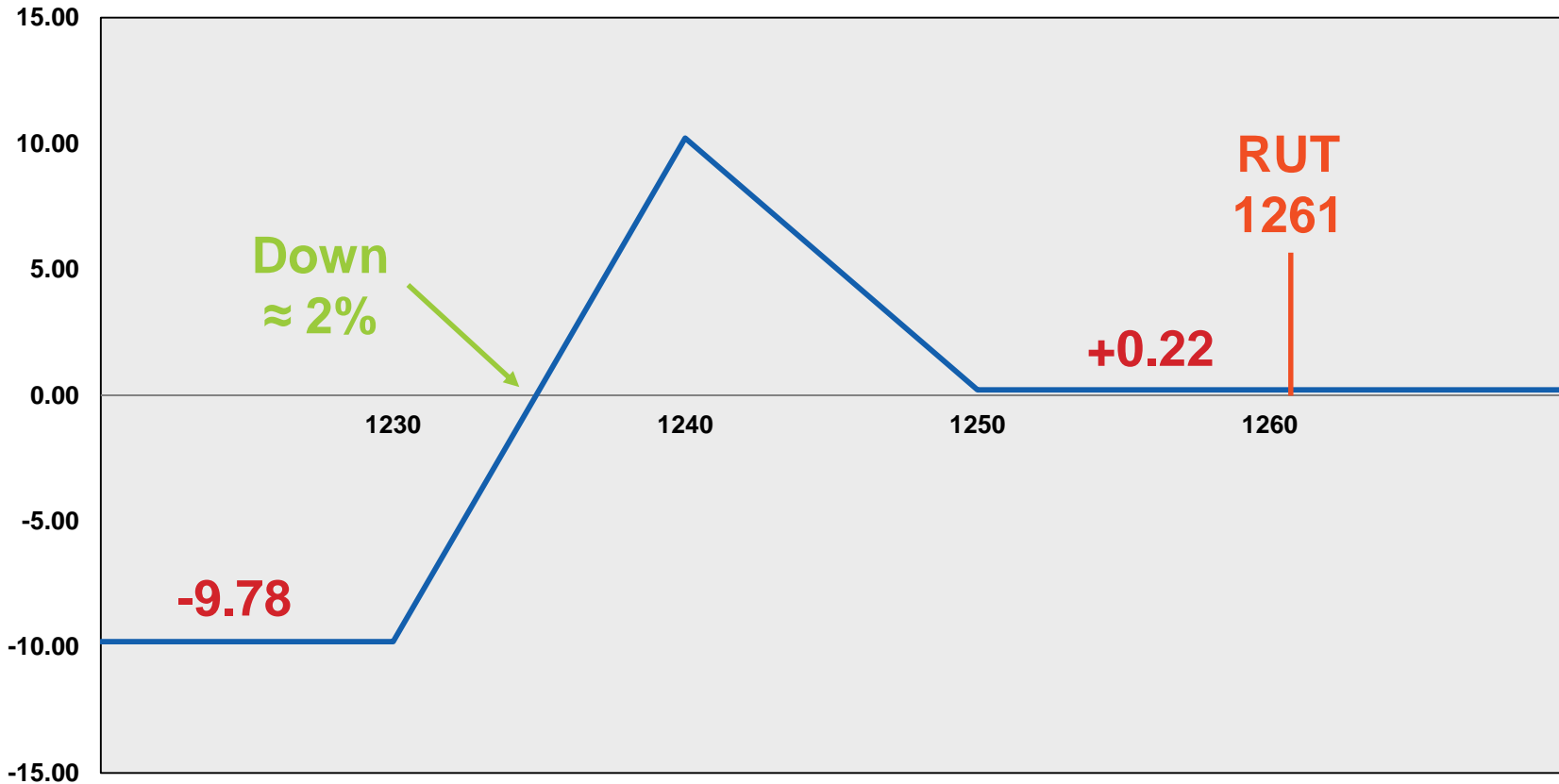
**Buy 1 RUT Apr 24<sup>th</sup> 1250 Put at 5.96**

**Net Credit = 0.22**

# Russell 2000 Trading

## Christmas Tree

**Buy 2 RUT 1230 Puts / Sell 3 RUT 1240 Puts / Buy 1 RUT 1250 Put**



# Russell 2000 Trading

## Price Action

### Daily Price Chart –



Data Source: Bloomberg

# Questions / Resources / Suggestions

## Questions?

[www.cboeoptionshub.com](http://www.cboeoptionshub.com)

[www.cboe.com/weeklys](http://www.cboe.com/weeklys)

## Contact with suggestions

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