CBOE THE OPTIONS INSTITUTE℠

Interactive Brokers Webcast

What Worked and What Didn’t in the Option Market Last Month

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What Worked and What Didn't

Outline

- VXX Spreads
- Russell 2000® Trades
- CBOE Volatility Index® (VIX® Index) Into Expiration
- Contact Info

VXX Spread Trades

Bear Call Spread

- **Late Monday – June 29th – VXX at 20.28 up over 17% on the day**
- **Spread trade came in taking the other side of this spike in volatility**

Sell 1 VXX Jul 2nd 21 Call at 0.61

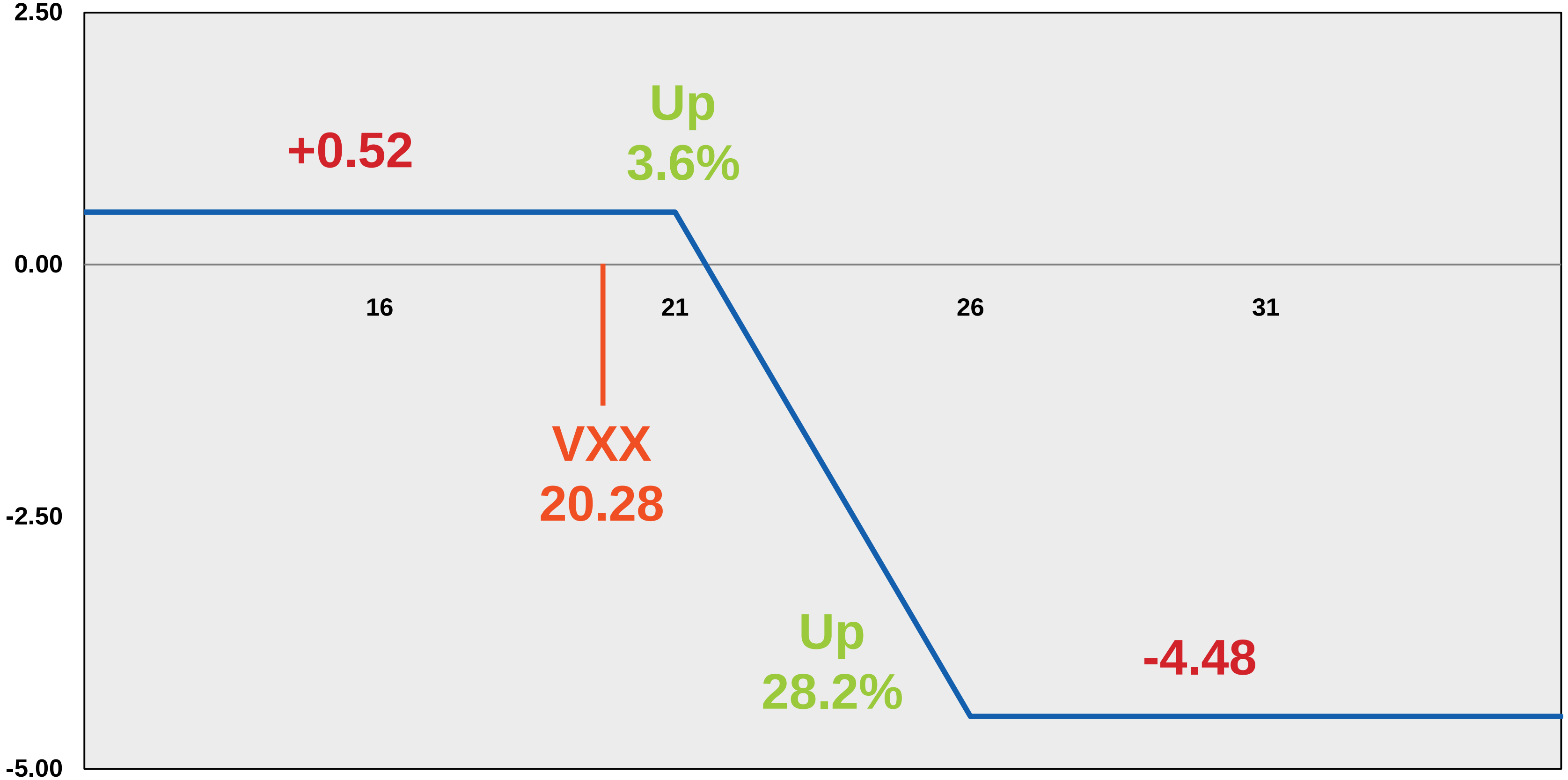
Buy 1 VXX Jul 2nd 26 Call at 0.09

Net Credit = 0.52

VXX Spread Trades

Bear Call Spread

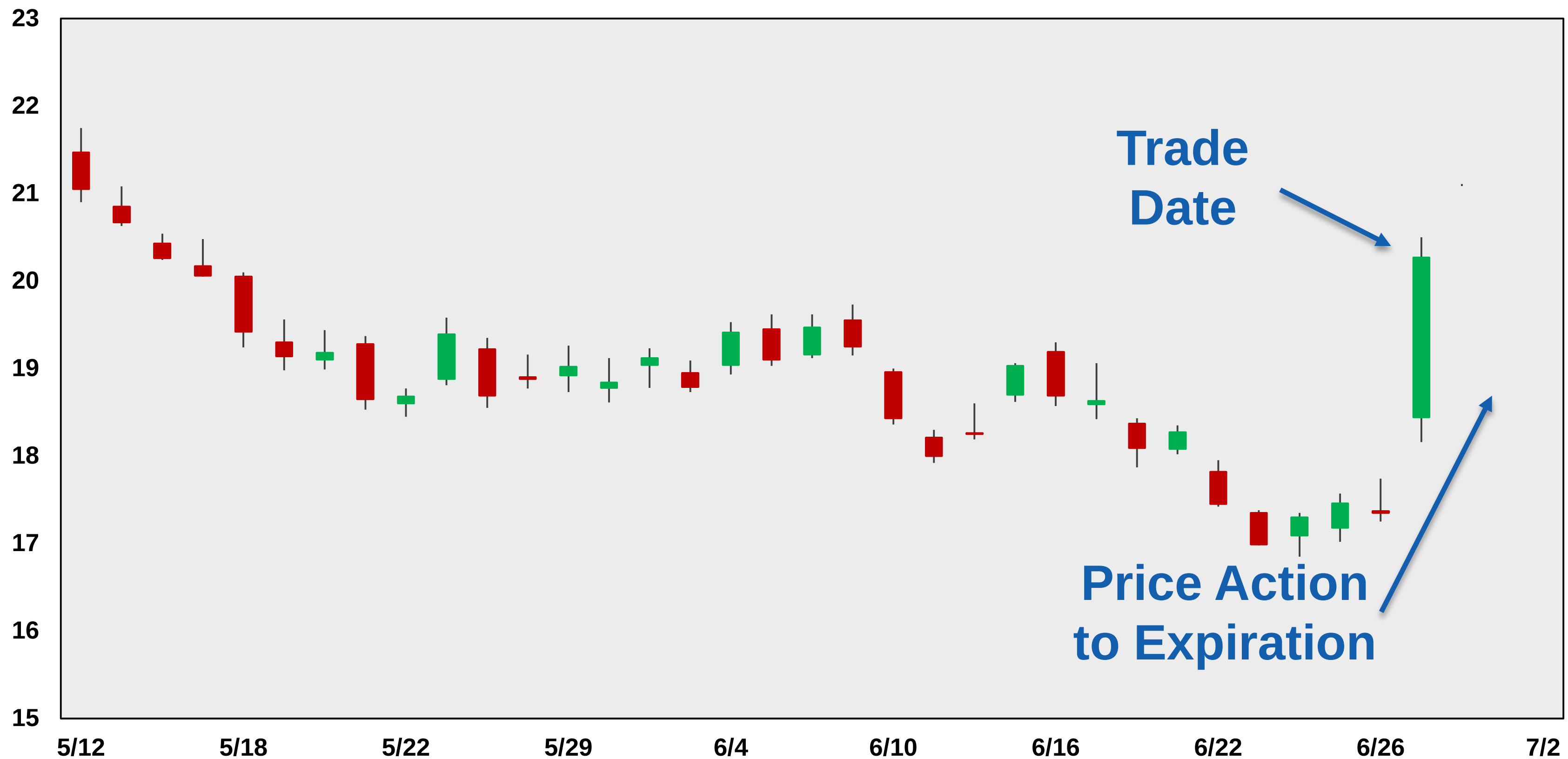
Short 1 VXX 21 Call / Long 1 VXX 26 Call



VXX Spread Trades

Price Action

Daily Prices



Data Source: Bloomberg

VXX Spread Trades

Bear Put Spread

- **Friday May 29th – VXX at 19.02**
- **Trader legged into a bear put spread using short dated options**

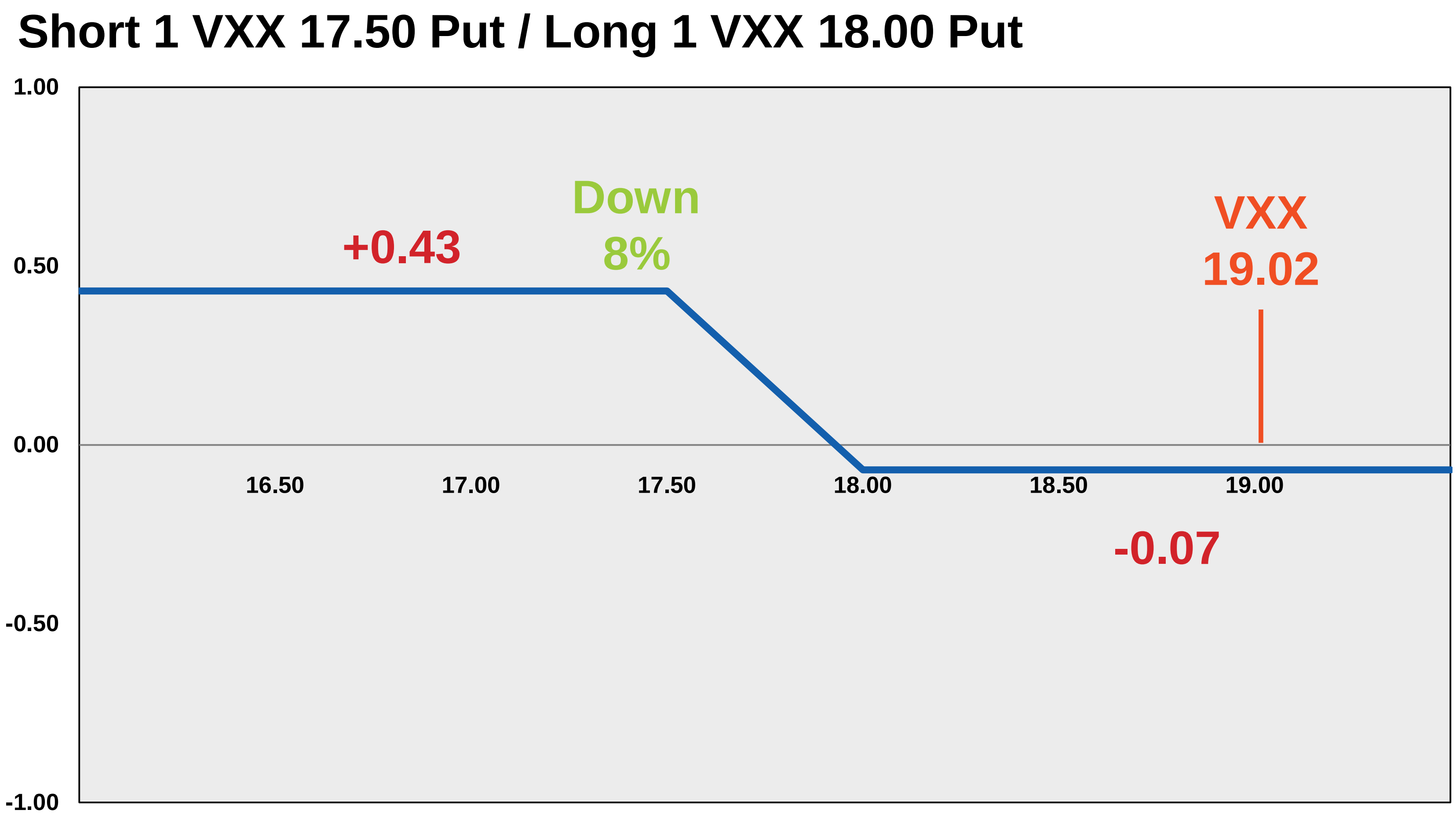
Buy 1 VXX Jun 5th 18.00 Put at 0.10

Sell 1 VXX Jun 5th 17.50 Put at 0.03

Net Cost = 0.07

VXX Spread Trades

Bear Put Spread



VXX Spread Trades

Price Action

Daily Prices

Data Source: Bloomberg

Russell 2000 Trading

Bear Call Spread

- **June 18 – RUT hitting new all time highs**
- **During the first hour of trading with RUT at 1278.02**

Sell 1 RUT Jun 26th 1290 Call at 5.30

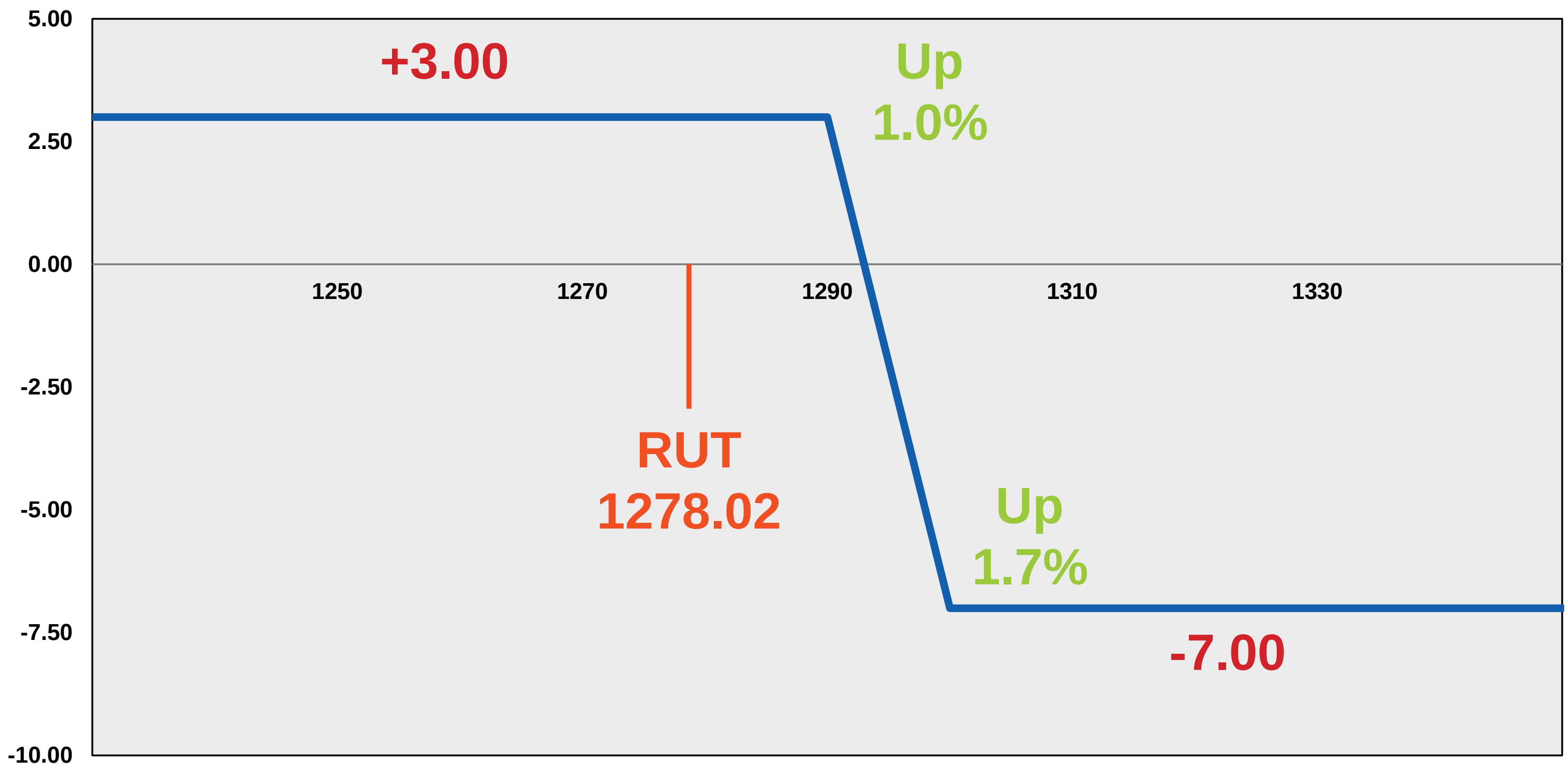
Buy 1 RUT Jun 26th 1300 Call at 2.30

Net Credit = 3.00

Russell 2000 Trading

Bear Call Spread

Short 1 RUT 1290 Call / Long 1 RUT 1300 Call



Russell 2000 Trading

OTM Bear Call Spread

- **June 18 – same day with RUT hitting new all time highs**
- **Mid-morning with RUT at 1283.35**

Sell 1 RUT Jun 26th 1310 Call at 1.03

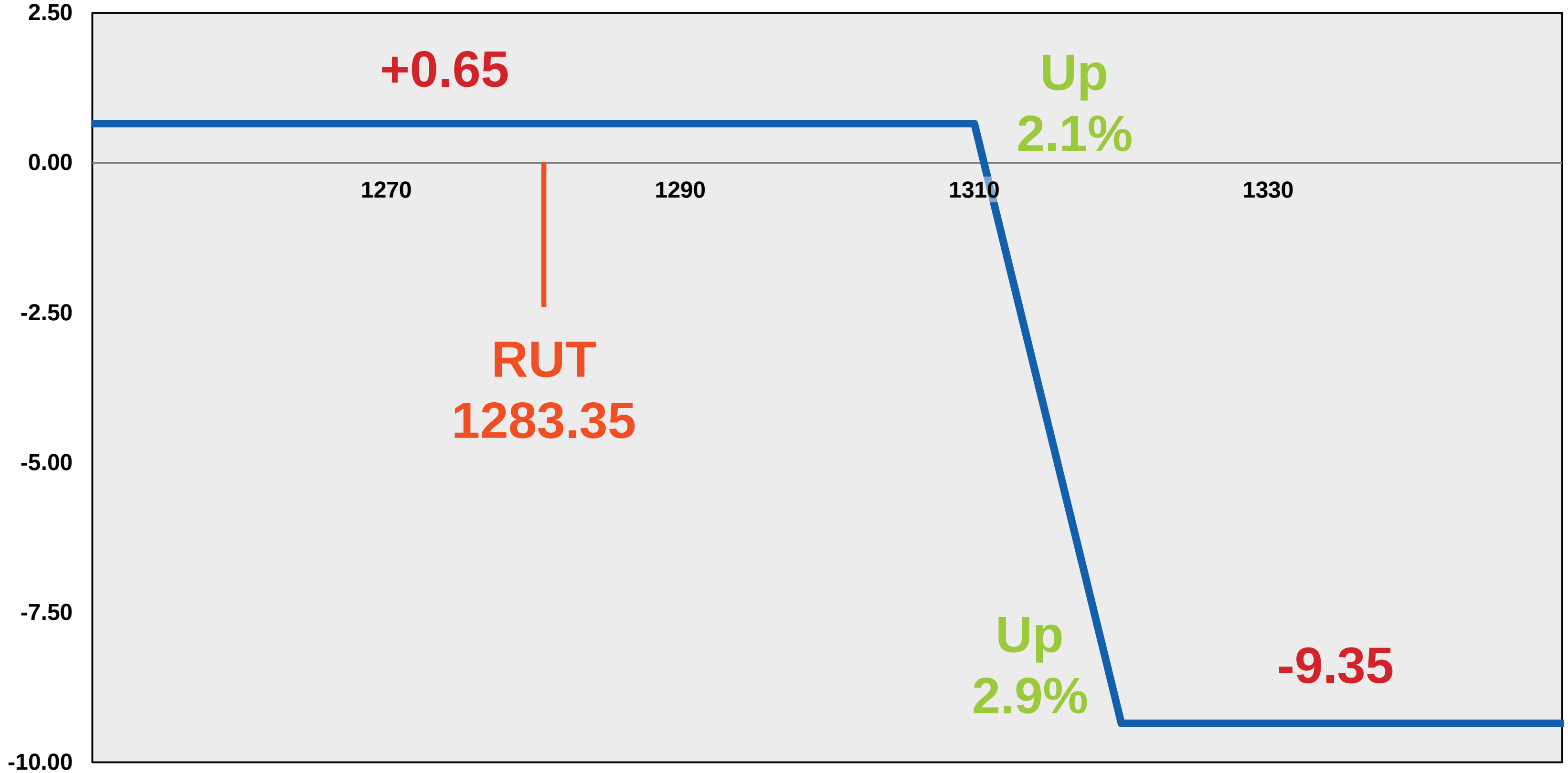
Buy 1 RUT Jun 26th 1320 Call at 0.38

Net Credit = 0.65

Russell 2000 Trading

OTM Bear Call Spread

Short 1 RUT 1310 Call / Long 1 RUT 1320 Call



Russell 2000 Trading

Price Action

Daily Prices

Data Source: Bloomberg

VIX Expiration Trade

Short Strangle + Long Call*

- Monday June 15 – VIX at 15.39 and June VIX at 15.50
- Both were up about 10% on the day
- June VIX options expired on the open Wednesday June 17th

Sell 2 VIX Jun 15 Puts at 0.30 ea

Sell 2 VIX Jun 16 Calls at 0.50 ea

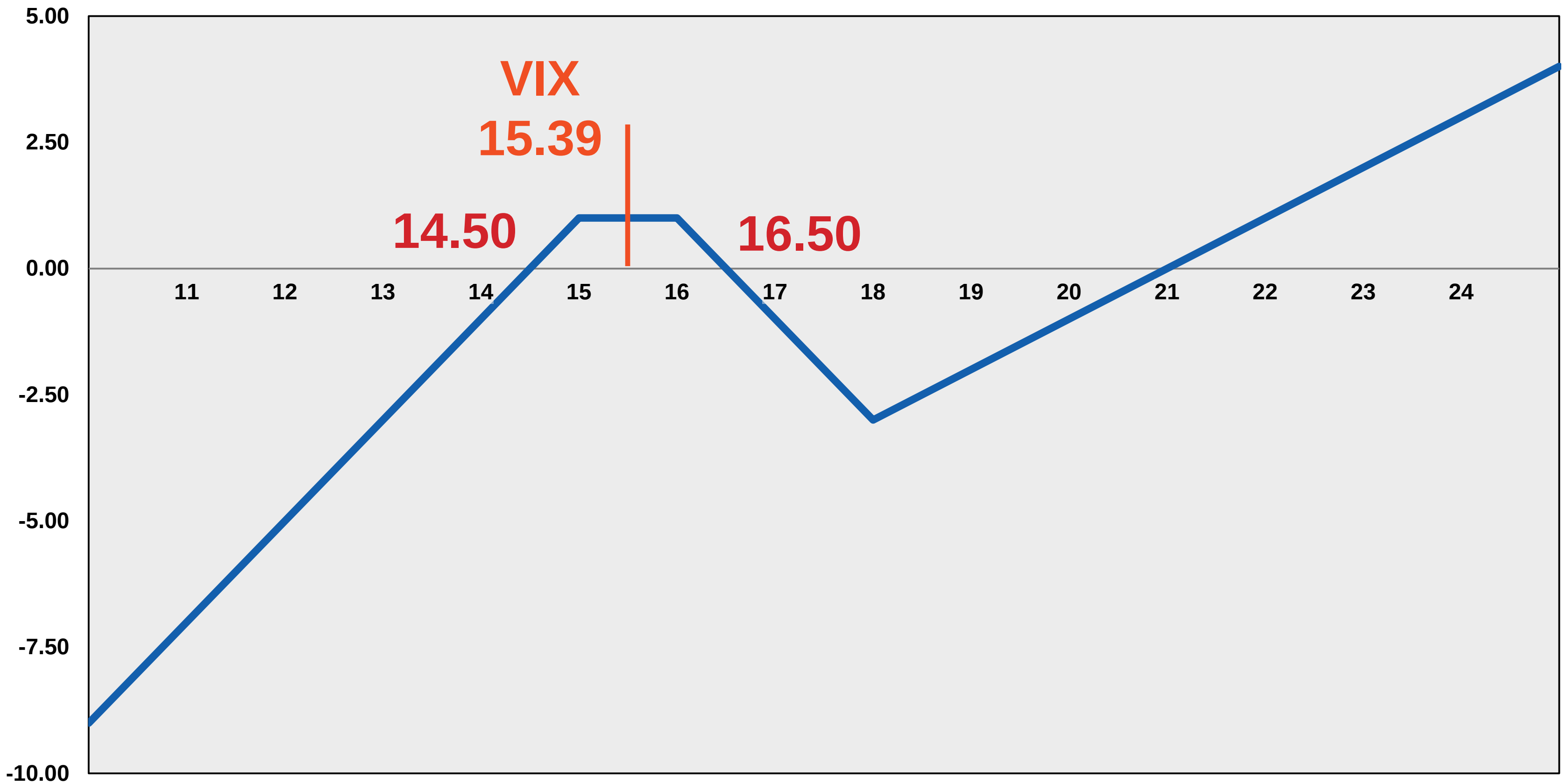
Buy 3 VIX Jun 18 Calls at 0.20 ea

Net Credit = 1.00 per spread

VIX Expiration Trade

Short Strangle + Long Call

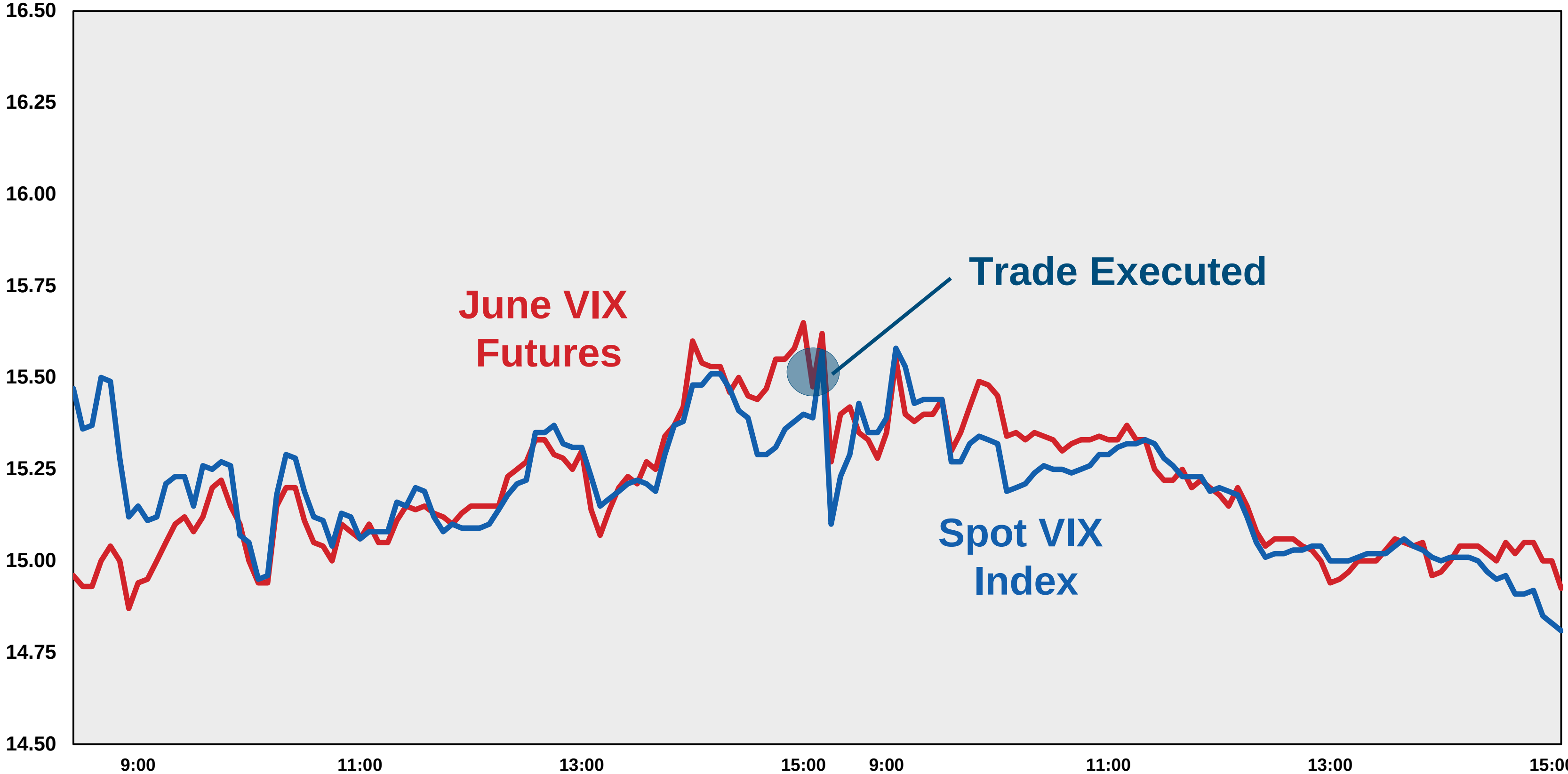
Short 2 VIX 15 Puts + Short 2 VIX 16 Calls + Long 3 VIX 18 Calls



VIX Expiration Trade

Short Strangle + Long Call

Short 2 VIX 15 Puts + Short 2 VIX 16 Calls + Long 3 VIX 18 Calls



Data Source: Bloomberg

Questions / Resources / Suggestions

Questions?

www.cboeoptionshub.com

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Contact with suggestions

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