

THE GLOBAL PRODUCT CERTIFICATION PROGRAM

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E302: Options and Warrants on Equities and Indices

OBJECTIVE

This seminar will discuss both exchange traded options and over-the-counter options and warrants. You will learn how to use advanced analytics to customize an option monitor, to conduct valuation, to create options and warrants, and perform scenario analysis on single and multiple options.

OSCN/WSRC

Use OSCN to generate a list of options based on a set of criteria you select. A set of criteria can include country, exchange, security type, index, industry group, and a variety of underlying and option limiting values. You can use OSCN to find options that meet your fundamental and technical criteria. WSRC is the customized search facility for warrants.

OV/OVX

OV/OVX can be used to create or calculate option values for a selected index or equity option using pricing assumptions you define.

OMON/WCM

OMON displays real-time pricing for a selected exchange-listed security's call and put options. You can customize multiple templates according to the option information you need, such as implied volatility levels, risk measurements, and historical volatility. You can also filter the options according to center price, strike price, and exchange criteria you select. Like OMON, WCM will display your selected data items if warrants (options) exist on the underlying and is thus useful as a search facility.

COAT/POAT

COAT/POAT display call option valuation sensitivity measures for various strike prices for an underlying equity. COAT allows you to evaluate several call options at once to help you identify the options that meet your value and volatility objectives.

HVG/HVT

HVG graphs historical price or yield volatility for a selected security. You can use HVG to identify trends in historical volatility in order to help predict future volatility and thus more accurately price options and warrants. HVT is invaluable in getting an overview of historical volatilities over various periods.

HIVG

HIVG helps gauge historical price movement and volatility versus the market's prediction (implied) of volatility over time. You can use HIVG to identify trends in price direction, predict trends in future volatility or draw correlations between prices/yields and volatility.

HRH

HRH displays a historical return histogram for a selected security. You can use HRH to determine if a security's returns follow a normal theoretical distribution and, therefore, determine the validity of pricing model assumptions.

SKEW

SKEW displays implied volatilities across different strike prices for a selected equity, currency, commodity, or index security. You can use SKEW to detect higher implied volatilities, which indicate that the security has a greater chance of reaching a strike price than the odds predicted by a lognormal probability distribution.

CWS

CWS displays the standstill, breakeven, and if-exercised returns for an equity option contract series, allowing you to quickly determine which strike prices might best enhance your profit and loss. Writing covered calls is a logical method of generating incremental returns on a portfolio.

OSA

OSA calculates the potential profit or loss of an option strategy for a selected equity. You can use OSA to evaluate how changes in the horizon date, underlying price, interest rates, and implied volatility affect an equity option. OSA also allows you to save your positions to a portfolio.

OPDF/RDFL

You can use these two functions to set the defaults for option model, dividend input and interest rate inputs.

