

THE GLOBAL PRODUCT CERTIFICATION PROGRAM

CERT <GO> GET THE BEST OUT OF BLOOMBERG

E306: Volatility Risk

OBJECTIVE

The vulnerability of all market sectors to changes in volatility poses significant risk to equity portfolios. This seminar shows you tools to help manage risk. It looks at analyzing volatility exposure and implementing hedging strategies.

OMON

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.

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.

HVG

HVG graphs historical price volatility for a selected security. You can use HVG to identify trends in historical volatility in order to help predict future volatility and hence an appropriate implied volatility to pay.

HIVG

HIVG graphs the historical implied volatility and prices/yields for a selected security. 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.

TRMS

TRMS displays an equity or index's options series, implied call and put volatility for at-the-money options, and historical volatility for up to 10 years. You can use TRMS to view the overall perspective on a security's volatility across the entire term structure to assist in better pricing.

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.

OHT

Use OHT to display option horizon analysis for call and put strikes for a selected equity with underlying options. OHT allows you to modify the underlying and option price, days to expiration, horizon date, short-term finance rate volatility at the horizon date so you can calculate future price changes based on your own market assumptions.

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.



Bloomberg