Section 2.
Finding Positions

What the *Find Positions* command does

When you click the **Find Positions** command, OptionExpert begins an evaluation of all the option positions that meet your requirements and conform with the strategy selected in the Strategy list. Only those options that meet the screens and conditions specified through Properties will be included. Any option that does not meet your requirements will be eliminated from the evaluation process. Regardless of the ROI, any position not meeting your minimum breakeven probability figure will not be selected.

Upon completion of the evaluation, the Position window displays tabs for the most profitable positions, ranked in order of position ROI. A maximum of 10 positions will be selected. The most profitable, or number one ranked, position always appears in the Position window. If there are no profitable positions found, the Position window will show a message to that affect.
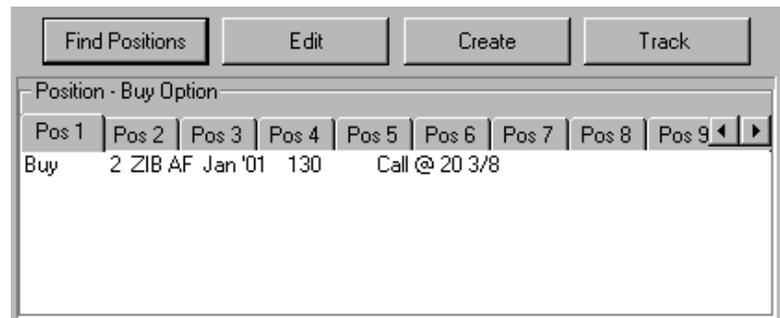
Position section with Position window and commands

The tabs allow you to display and review the lower ranked positions found in the analysis. When you select a position by clicking one of the tabs, the selected position will appear in the Position window and an analysis of that position will appear in the Economic Analysis section.

The selection process is greatly affected by large differences between the theoretical value and market price for the current date. Part of the economic analysis assumes that the market price on the analysis date will be equal to the theoretical value on the analysis date. Profit then is gained from not only the movement of the stock in the market, but also by the movement of market price toward the theoretical value.

Note
You can change the default values for the screens and conditions in Properties. See *Customizing Properties*, section 5.

Position   Profit

The Economic Analysis window shows the results of the evaluation of the option positions selected in the Position window. The number one position, the best of all profitable positions found by the system, is always displayed unless the user selects another from the alternative positions. The criterion for deciding which is the best option position is percent ROI (return on investment) which is directly related to position profit.

Position profit is the gain that would be realized if the scenario represented by the data shown in Situation Data is in fact valid. The gain is simply the future value of the position on the analysis date less the cost of entering the position. The cost is readily available since current option prices are provided by your data service and are easily viewed in the Option List (Position Analysis window). The question that remains is how to estimate the future value of the options.

OptionExpert provides two methods for determining future option values and allows the user to choose the analysis method that is used. (This choice is selected from the *Analysis Method* tab of *Option Strategy Properties*. See *Customizing Properties,* Section 5.) The two choices provided for arriving at the approximate worth of an option at a specified date in the future are:
  • Computed
  • Expected

The *Computed* or Actual mode involves a single solution of the Black-Scholes theoretical option pricing model using the Indicated Value, Volatility, and other Situation Data values. This calculation assumes that all Situation Data, including the projected value of the underlying stock or index on the analysis date (Indicated Value), is exactly known.

The *Expected* or Theoretical mode uses a range of Indicated Values based on probability and produces an expected or theoretical result.

The *Computed* mode puts the burden on the user to make an accurate projection of the underlying value. While the *Expected* mode also requires realistic Situation Data input, the importance of the projected underlying value is somewhat less. Because the *Expected* mode analyzes a range of scenarios, any of which may or may not be profitable, the impact of the projected value on the final result is not as great. However, since the *Expected* mode requires a good understanding of probability theory, OptionExpert defaults to the *Computed*, or Actual mode.

Computed Analysis method

The "Computed" method of analysis involves a straightforward calculation of option value using the Black-Scholes option pricing model. The two most important parameters in this calculation are the Situation Data values for Volatility and Indicated Value.

Indicated Value, which reflects the projected movement in price of the underlying instrument, is particularly important. The user should always examine the Indicated Value computed by the system and be in complete agreement with the scenario for future price performance that the value represents. If the user does not agree with the scenario, the value can and should be changed. If you are in doubt as to future price movement, you could select another underlying instrument or you might consider using the "Expected" mode of analysis (see below).

Expected Analysis method

The concepts behind this method of analysis include probability and probability distributions, conditional value of the option, conditional profit (or loss) of the option, and expected profit of the option.

As is the case with the Computed method, option value is computed from the underlying value (or price) but, in this method a number of option values are computed for a number of different underlying values. These values are chosen to represent a statistical distribution of values that surround the indicated value specified in Situation Data. The values represent a range of scenarios based on probability any of which may or may not be profitable. Then, again based on probability distribution, weights are assigned to each, and a weighted average value is computed. The resulting profit is defined as *Expected Profit.*

Assume, for example, that you are in a situation 45 days from the expiration date for a set of index options. For the index, you have entered an Indicated Value of 275; that is, you are projecting that the value of the index 45 days from now will be 275. The volatility computed for this index is 15%. This information allows the system to compute a probability distribution as shown in Diagram 1. (The entire evaluation process is computational and is essentially hidden from the user.)
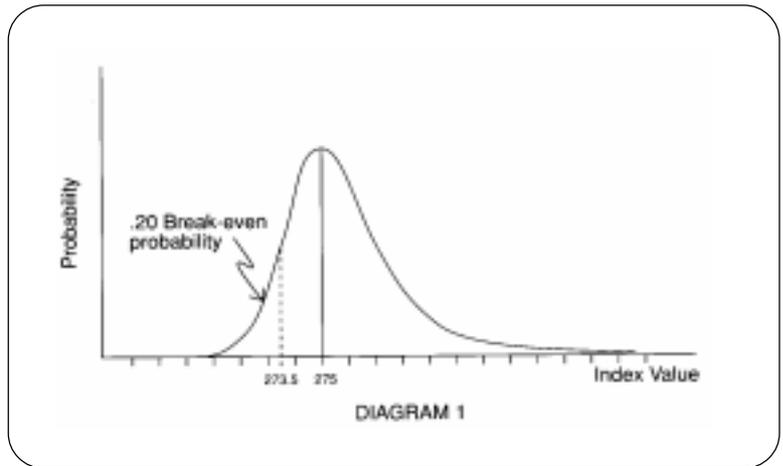
DIAGRAM 1

Diagram 1 is a probability distribution for the expected index value on the analysis date occurring in 45 days. The horizontal scale is index value, and the vertical scale is probability. The probability distribution is centered around the index value of 275 (which is the Indicated Value). Notice that the distribution is skewed slightly to the right. Research has shown that there is a greater chance of higher index values in the future than there is of equivalent lower values.

What the index value will be at the end of 45 days is, of course, unknown. All you can do is make a series of alternative guesses, which is what probability distribution is all about. It simply shows the probability of various index values in the future.

The word probability is a scientific, or mathematical, expression for chance. What is the chance that the value of the index will be exactly 275 at the end of 45 days? That chance is actually very small.

What is the chance that the value will be greater than or equal to 275? According to the probability distribution in Diagram 1, the chance of the value being 275 or more is 50%. The area under the curve represents 100%, or all of the possible alternative index values. The center line is 275, and the area under the curve to the right of that center line is 50% of the total area. Hence, the chance of the index value being 275 or more is 50%.

If you were going to buy an option on this index, what is the chance of making money, what is the chance of breaking even, what is the chance of losing money?

Consider purchasing a call contract for a total cost of 350, including commissions. This call contract has a strike price of 270 and expires in 45 days. Therefore, in order to break even on this option contract, the index value has to be 273.50 or greater. Any value less than 273.50 will cause this call contract to lose money. Referring to Diagram 1, the value of 273.50 is to the left of 275, the mean or expected value, and the area under the curve to the left of 273.50 is equivalent to .20, or a .2 probability. That is, there is a one in five chance of losing money. The optimistic side is that there are four chances out of five to at least break even on this contract.

The shape of the probability distribution in Diagram 1 is strictly determined by the risk associated with the Indicated Value as measured by the variance of the distribution. The variance of the distribution is determined by the volatility of the index and the time to expiration. In other words, how much time is there between now and the expiration date for the index value to fluctuate.

Diagram 2 shows the effect of volatility on the shape of the probability distribution. The two probability distributions shown in Diagram 2 are overlaid. Both have an indicated, or expected, value of 275. One is the same distribution in Diagram 1, with a volatility of 15%. The second has a volatility of 20%.

DIAGRAM 2
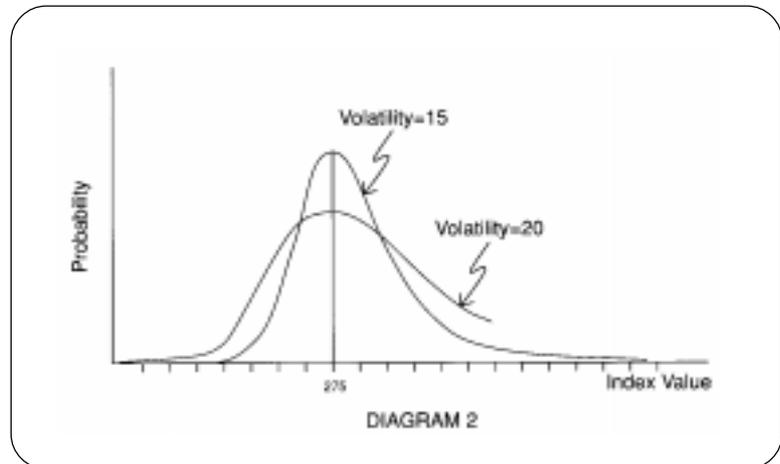
The higher the percentage, the higher the volatility. Therefore, 20% is greater volatility than 15%, or a greater chance of having more extreme values around the expected value of 275. As you can see, the probability distribution with volatility of 20% is wider, so the range of probable values is wider.

In order to accept or reject the call contract being considered, you have to be able to determine its economic value and compare that economic value with other alternative option positions. The criterion for evaluation of the economic value is expected profit.

Expected profit is not the same as the actual profit from the contract. Actual profit is not known until the option expires. Depending on the index value at the time of expiration, the option will have value or may expire worthless. The value at expiration depends on the value of the index. With a strike price of 270, the option will expire worthless if the index is anything less than 270. If the index reaches 272, then the option has a value of 200. If the value of the index at expiration is 278, then the option will have a value of 800, etc.

What will happen in the future, one has no way of knowing. All you can do is take your best guess with the information that is available. The information available is represented in Diagram 3, and again in Table 1. That information includes the option terms (strike = 270 and time to expiration = 45 days) and the current price of the option, 350/per contract.

TABLE 1

Price	Probability	Conditional Option Value	Option Cost	Conditional Profit (Loss)	Conditional Expected Profit
271	.02	$100	$350	($250)	($5.0)
272	.04	200	350	(150)	(6.0)
273	.14	300	350	(50)	(7.0)
274	.18	400	350	50	9.0
275	.24	500	350	150	36.0
276	.13	600	350	250	32.5
277	.09	700	350	350	31.5
278	.06	800	350	450	27.0
279	.04	900	350	550	22.0
280	.03	1000	350	650	19.5
281	.02	1100	350	750	15.0
282	.01	1200	350	850	8.5

Expected Profit = $183

Expected ROI = $\dfrac{183}{350}$ = 52%

Based on this information, the probability distribution shown in Diagram 3 can be computed. Again, the distribution is skewed slightly to the right, and shows that with a volatility of 15% you can expect the value at expiration to be somewhere between 271 and 282. Each possible index value has a different probability of occurring.
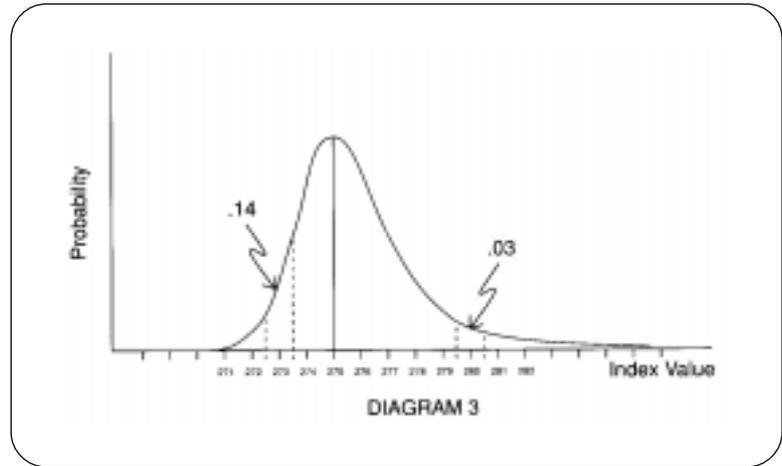
DIAGRAM 3

For example, look at a value of 273 in Diagram 3. A value of 273 on the horizontal axis can be represented by a rectangular cell that is bounded by 272.5 and 273.5, making 273 the average value for the cell. Doing arithmetic on the probability distribution itself, you can see that the area under the curve is 14% of the total, or a probability of .14.

Another example would be the probability for an index value of 280. That probability is represented by the area under the curve that is above the value 280. In Diagram 3, this is 3% of the area under the curve, or a probability of .03.

An analysis for all the possible stock prices between 271 and 282 is represented in Table 1. Column one of the table lists possible index values from 271 to 282. Column two is the probability of each of those specific values occurring.

Column three is the conditional option value at the expiration date. Conditional simply means that one does not know what the option value will be, but it will be directly related to the index value. If the index value turns out to be 271 at expiration, the option will have a value of 100. If the index is 272, the option will be 200. If the index is 282, the option will be worth 1200. These figures are based on the

strike price for the option of 270. In this example, for the sake of simplicity, commissions are not included. Commissions, however, are included in actual calculations in the OptionExpert system.

The fourth column of Table 1 is the option cost. If you decide to select this option position and buy this call contract, the cost is 350. It doesn't matter what the value of the index is in the future.

The fifth column is the conditional profit or loss that will occur (conditional option value less option cost). The profit or loss that occurs is conditional upon the index value. If the index at expiration is 271, then the option value is 100 — a loss of 250. If the index at expiration is 275, then the conditional option value is 500 — a gain of 150.

Column five, then, represents the outcome at expiration. These values are the profit or loss values for each index value. You still need to be able to evaluate the option contract now, without really knowing what is going to happen in 45 days. What you do know is the chance of each of these conditional profits or losses occurring, and from this you can compute the sixth column in the table, conditional expected profit.

Conditional expected profit is an average profit. It is probability multiplied by conditional profit or loss (column two multiplied by column five). Conditional expected profit represents the average profit or loss that would occur, conditional on the index value in column one.

The word average, or expected, means that even though you are only going to make this decision once, the logical thing to do would be to evaluate it as if you were going to make this decision every day for the rest of your life. If this same situation occurs every day from now on, you have one chance in 50 to incur a loss of 250 because that is the loss if an index value of 271 occurs. The probability of a value of 271 occurring is 2%, one chance in 50.

Hence, the conditional expected profit is the average profit or loss from all these future games for the rest of your life. One time out of 50 that you play the game, you are going to lose 250. The average, then, is a loss of 5 (250 divided by 50), conditional upon the index value of 271.

One out of every 25 times that you play this game, the index is going to be 272, and this will result in a loss of 150. The probability of an index value of 272 is .04, or one chance in 25. In this case, the average expected profit or loss is minus 6 (150 divided by 25).

Column six of Table 1, then, is the conditional expected profit from each of the possible conditions or index values that can occur, and shows losses running from 5 to gains as high as 36.

The final figure of 8.5 represents the case where the index at expiration is 282. Profits would be 850, but you can also see from column 2 that this is only going to happen one in 100 times (.01). So the conditional expected profit from an index value of 282 is only 8.50 (850 divided by 100).

The final step in this process is to sum column six. The expected profit from the call contract is the total of all values in the column, or 183. The expected return on investment is 183 divided by an investment of 350, which means an expected return on investment of 52%. The economic evaluation for the call contract under consideration is 183. That number will be compared with total expected profits from other option positions in order for the best option position to be selected.

Is 183 what you are going to get back from this option contract? No. The actual return depends upon the actual index value on expiration day. The actual return from this call contract, if it is purchased, will be one of the values in column five, conditional profit or loss. The 183 profit represents the average return, average if you were to play this game, or make this investment, every single day for eternity. On the average, you would get back a profit of 183 every time you invested 350.

Sometimes, however, you would get back 850, sometimes you would get back 250, and sometimes you would lose 150. But on the average, played over and over again, the average return would be 183.

Of course, you are not going to make this investment over and over again. This is the only time you will see this particular situation. But this mathematical process allows for the expected profit to be the most logical and mathematically correct criterion for making a selection among alternative investment situations.

The analysis shown in this example, buying a single call contract, is a simple one. The analysis would be exactly the same, although more complex, for the various hedge and spread strategies. In more complex strategies, conditional option value and conditional profit or loss are computed from a total of all of the positions of which the strategy consists. The option cost would be the sum of all the costs and revenues generated by the various positions. The actual analysis process, however, is exactly the same.

Before you execute *Find Positions*

Before executing *Find Positions*, you must first select a Strategy. You should also review the Situation Data and revise any of the data that you want to change. Because of its importance in the analysis process, the Indicated Value should always be scrutinized. These steps are explained below.

Step 1. Select a Strategy

Before you ask OptionExpert to analyze the available options and compute the most profitable option positions, you first need to select a strategy from the Strategy section of the Position Analysis window.

If you have chosen the underlying instrument because you want to make a strong bet that it will move in one direction, you can select strategies to take particular advantage of the type of move you expect. If you expect the underlying instrument to remain relatively flat or if you expect it to move strongly but you don't know in which direction, you would choose other strategies. If you are unsure as to which strategy is best, you can let the system determine the best strategy based on your projection of price for the underlying instrument. This price projection is entered in the form of the Indicated Value.

☐ *To select a strategy:*

1. Display the list of strategies by clicking the arrow on the *Strategy* list box.

2. Select the strategy you want by clicking on it.

3. The selected strategy will appear in the *Strategy* box.

The five ways to select positions are explored in the next section.

Step 2. Review/adjust Situation Data

There are seven Situation Data parameters, any of which can be revised by simply typing new values in the Situation Data text boxes. Adjustment of the two most important parameters, Indicated Value and Volatility, are discussed below. Of the remaining values, two (Current Price, and Dividend) are downloaded from your data service and two (Interest Rate and Position Capital) are taken from Properties. The last value (Analysis Date) is automatically set by the system.

Strategy list box

Note
You can change the default values in Properties. See *Customizing Properties*, section 5.

Indicated Value

The Indicated Value is the projected price for the underlying instrument on the Analysis Date, the date when all option positions are evaluated by the system. This date is normally set to the next option expiration date.

The Indicated Value is one of the main factors in evaluating option positions and, hence, in the selection of those positions with the greatest expected profitability. OptionExpert computes the Indicated Value as a function of price, price trend, volatility, and time to expiration. If you don't concur with the value shown, you can adjust it to your projected price for the Analysis Date.

Volatility

The Volatility shown in Situation Data is computed from historical price information downloaded from your data service via the internet. You may, however, choose to replace this value with one that incorporates market implied volatility (MIV). MIV is computed from an option pricing model by plugging in the current price of the option and calculating volatility. Put and Call MIV values derived for the underlying symbol are listed in the Economic Analysis section of the Position Analysis window.

OptionExpert provides a special function that allows you to calculate a new volatility by combining MIV values with historical volatility using weighting factors for each type of volatility. The result is a calculated or weighted volatility value. To access this function, click the green and red **Volatility Calculator** button located to the left of *Volatility* in the Situation Data section. The *Volatility Calculator* dialog box will pop on to your screen. See *Situation Data* in Section 1 of this chapter for help using the *Volatility Calculator* function.

Strategy List provides five ways to select positions

The Strategy list provides a number of ways for you to designate the type of option positions you want to include in the analysis:

1. Let OptionExpert find the best long or short single option position.

2. Let OptionExpert find the best bullish or bearish option position.

3. Choose a complex strategy and let OptionExpert find the best position.

4. Ask OptionExpert to find both the best strategy and position.

5. Let OptionExpert find the best covered call write or covered variable call write position.

Note

Before you execute *Find Positions*, make sure that the *Indicated Value* coincides with your projected price for the *Analysis Date*.

1. Let OptionExpert pick a single position

Select either **Buy Option** or **Sell Option** and, when you execute **Find Positions**, OptionExpert will evaluate all options in the Option List and select those with the maximum return on investment. The selection is based on the data in the Situation Data window.

The screen below shows a position selected using the Buy Option strategy. Based on a bearish scenario for IBM on this date, the system selected IBM October 125 puts as the optimum (ranked #1) long position. The Indicated Value for the IBM stock is 115.01, and the Volatility is 31.
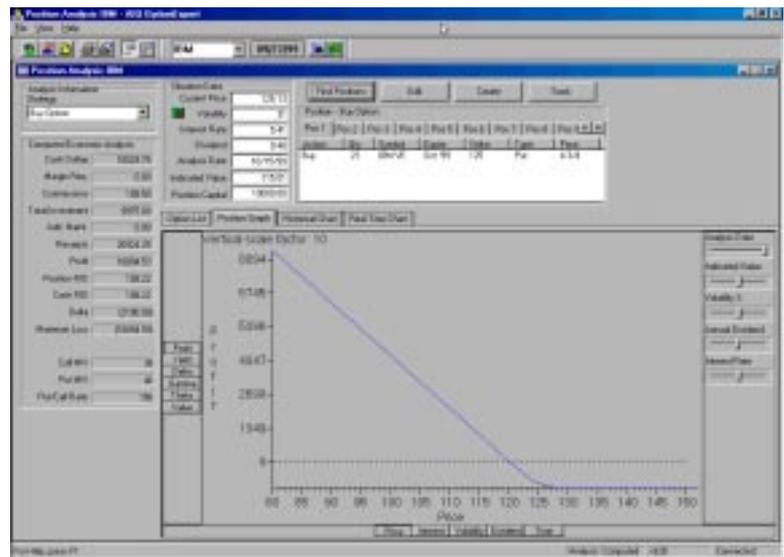
Long Position selected by system

The Position Graph for the long position shows a breakeven price for the stock of about 120—where the profit vs. price line crosses the zero profit line. Any stock price less than 120 will result in a profit, and prices above a loss. The maximum loss is about $10,900, equivalent to the initial investment.

The screen below displays the Position Analysis window following a selection of positions under the Sell Option (Write) strategy using the same data as in the previous example; that is, the system is asked to select a short position.

One of the top write positions selected by OptionExpert is sell October 120 calls. The position of three contracts results in a return on investment of 31.9.5%.
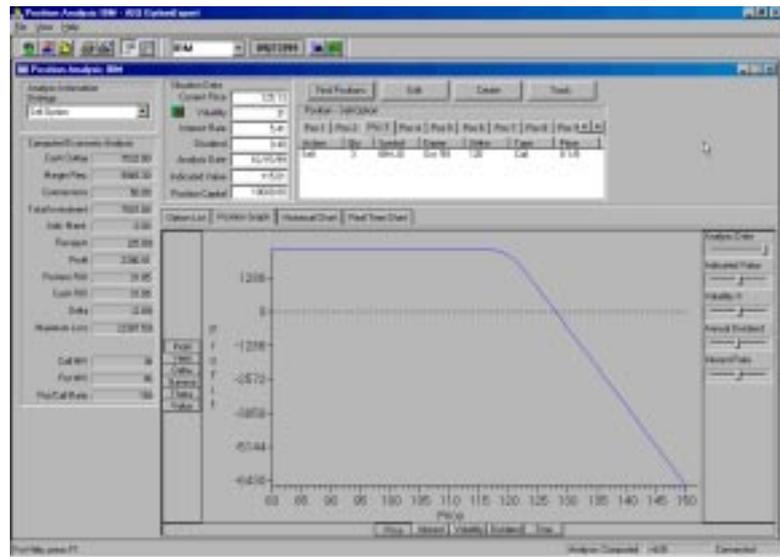
Short Position Selected by the System

The Position Graph for this short position shows a breakeven value for the stock at about 128. Anything below this value, indicated by the crossing of the line, would be a profit. Anything above the breakeven value would be a loss, with maximum profit from the sale of the puts, about $2,390, occurring below 120. As you can see from the graph, the selling of naked options is a high-risk position with limited profit potential.

2. Let OptionExpert pick a bullish or bearish option position

Depending upon your short-term price projection (Indicated Value) for the underlying issue, select either **All Bullish Strategies** or **All Bearish Strategies**, then click **Find Positions**. OptionExpert will evaluate all strategies within the category that your choice indicates, including both single option and complex option positions, and select those with the highest return on investment. The selection is again based on the data in the Situation Data window with the Indicated Value and Volatility being the most critical items of data.

3. Select a complex strategy and let OptionExpert recommend your position

If you want to evaluate a particular complex option strategy, such as a specific spread or straddle, you can let the system determine the best position for that strategy. The list of strategies provides 14 different spread, straddle, and strangle strategies. The 14 strategies available are: bull spread, bear spread, bullish time spread, neutral time spread, bearish time spread, diagonal bull spread, diagonal bear spread, butterfly spread, buy straddle, sell straddle, buy strangle, sell strangle, sell covered straddle, and sell covered strangle.

When you determine which complex strategy you want evaluated, select it from the Strategy list, click **Find Positions** and OptionExpert will proceed to evaluate your selected strategy. Again, the evaluation of the position is based on the data in the Situation Data window and is highly dependent upon the projection of the Indicated value.

When the evaluation has been completed, the Position window will display the most profitable position and tabs will be added for up to 10 positions ranked in order of position ROI.

An example of letting OptionExpert select an optimum position, given the complex strategy selection, is shown on next page. In this example, the user has requested the optimum position needed to implement a Bearish Time Spread. The selected position is shown in the Position window, with the appropriate analysis in the Economic Analysis section. Based on the Situation Data shown, this position would result in a return on investment of 152%.

From the Position Graph for the bearish time spread, it is easy to see why this kind of spread is considered speculative. Although the profit potential is high, the probability of making a profit is low.
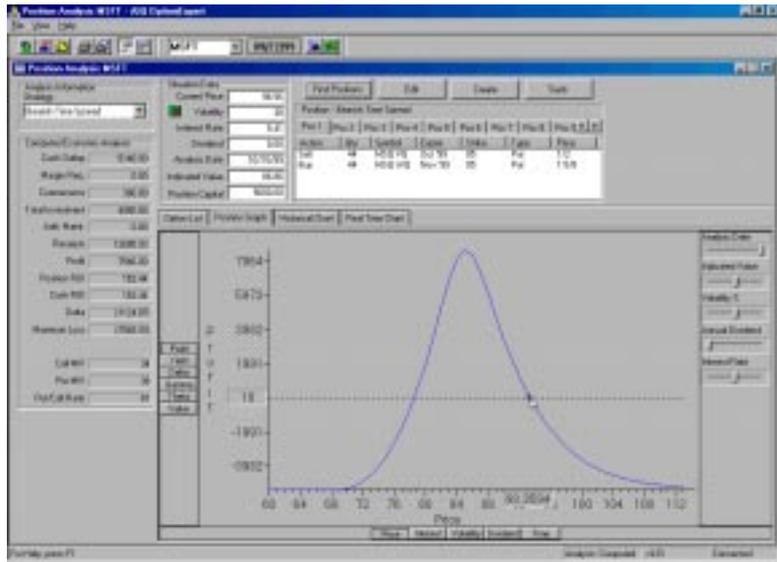
Optimum Position for Selected Strategy

The position is profitable between stock prices of about 78 and 93. But, if the price of the stock does not fall below 93, the position is unprofitable. The advantage of this strategy over buying the put is that your investment is less and the potential profit is greater.

4. Ask OptionExpert to select both strategy and position

When you select **All Option Strategies**, the system evaluates every option and every strategy included in the list of strategies. Select this alternative and click **Find Positions**, and the system will do just that—evaluate all strategies and select the optimum.

Only those options that meet the screens and conditions specified through Properties will be evaluated. Any option that does not meet your requirements will be eliminated from the evaluation process. You can change the default values for the screens and conditions in Properties. See *Customizing Properties*, section 5.

When the evaluation has been completed, the Position window will list up to 10 of the most profitable positions ranked in order of position ROI. When you select a position by clicking a tab, the Position window will list the position and an analysis of the selected position will appear in the Economic Analysis section.
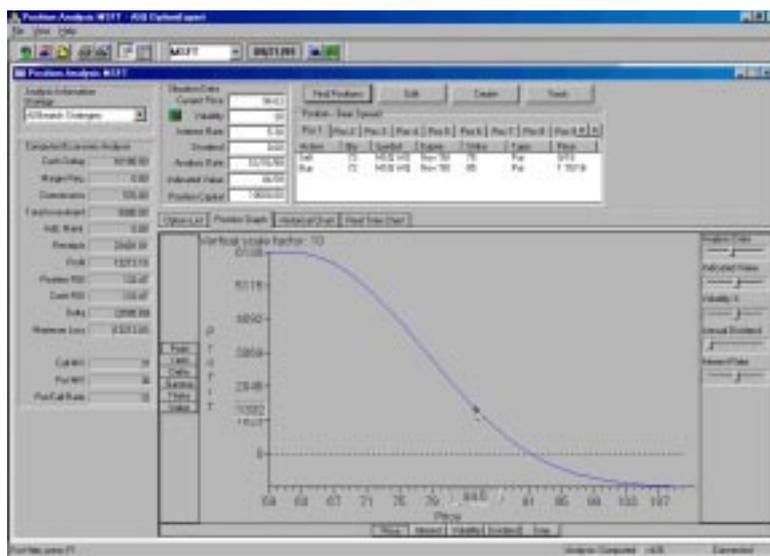
The System Selects both Strategy and Position

In the example above, OptionExpert selected a Bear Spread position when asked to find the best option position for MSFT on 9/21/99. The Indicated Value shown in Position Data (84.59) reflects a bearish outlook for the stock and the Volatility (38) indicates relatively moderate volatility.

The Position Graph for the bear spread shows that the risk is limited while potential for profit is high should the stock drop in price as predicted. Maximum loss is limited to about $13,200 and, if the price of the stock falls below 91, the position becomes profitable. The disadvantage of this strategy is that your entire investment is at risk. However, looking at the Position Graph, you can see that the potential profit is much greater than the amount at risk.

5. Find covered call write or covered variable call write positions

With these strategies, calls are sold with a long position in the underlying shares of stock used as collateral. The option premium gives protection on the downside should the stock decline. However, if the stock should rise above the strike price of the call, the writer stands to lose all appreciation above that price.

Covered call writing is a relatively safe, conservative strategy that is very different from writing uncovered call options. Writing calls against stock actually reduces the risk of stock ownership. In exchange for limiting your profit potential on the upside, the premium provides some downside protection. The option premium may also be looked at as compensation for the appreciation opportunity that is given up.

Most likely, the investor in a covered call position owns the underlying stock prior to writing the calls. In other situations, it is possible that the purchase of the stock will coincide with the writing of the calls, although both are not necessarily disposed of at the same time.

The variable ratio call write, which is a special type of covered call write, is a sophisticated strategy that combines covered and uncovered call writing. In a ratio call write, the writer sells calls against more shares than are owned. The most common ratio, called the covered call ratio, is 2:1, where two calls are sold against 100 shares of the underlying stock.

When you select **Covered Call Write** or **Variable Ratio Call Write**, and click **Find Positions**, a special dialog box (*Covered Positions Conditions*) is displayed which allows you to specify the number of shares in the underlying stock that you own. In addition, you can specify the covered write ratio which allows you to sell calls against more shares than you own. The system then evaluates every call option for the type of strategy you have selected.

*Covered Call Write position
selected for IBM*
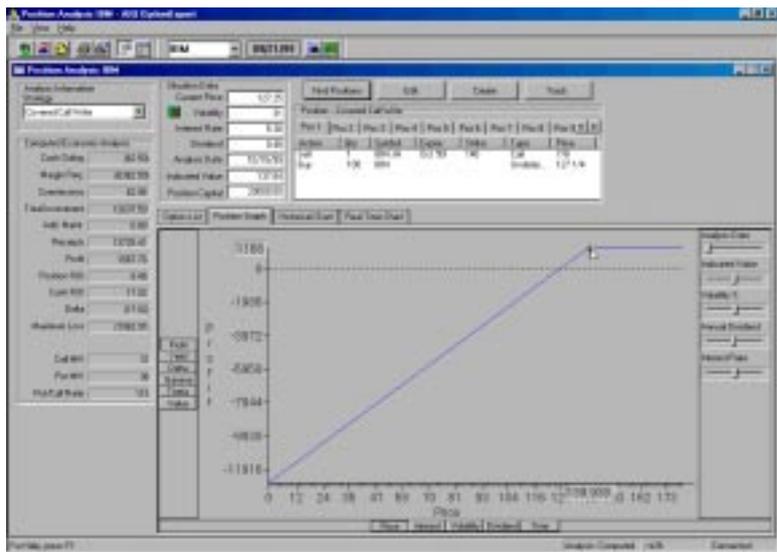
*Variable Ratio Call Write position
selected for IBM*
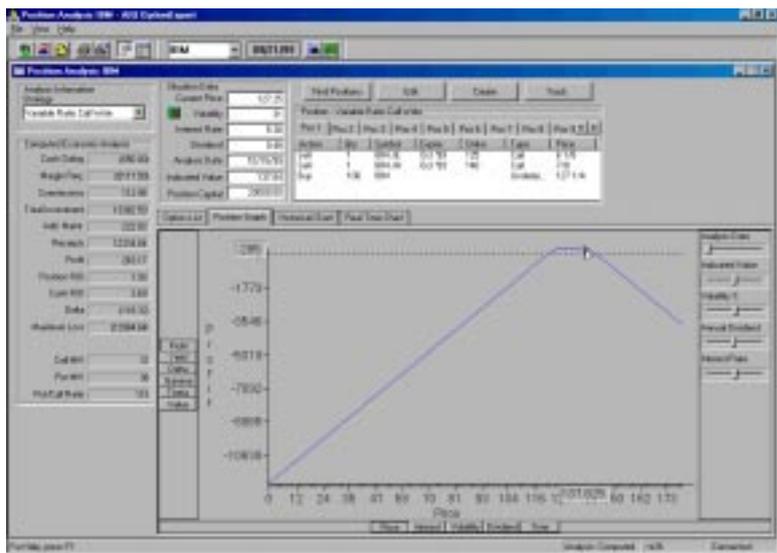
Displaying and editing positions

Displaying Positions

When *Find Positions* completes the evaluation of positions, the Position window displays tabs for the most profitable positions, ranked in order of position ROI. A maximum of 10 positions will be selected. If there are no profitable positions found, the Position window displays a message to that affect.

The most profitable, or number one ranked, position is initially shown in the Position window. The tabs allow you to display and review other lower ranked positions found in the analysis. Any selected position can be displayed so that you can view the position in detail and view an Economic Analysis computed for the position. To view other positions, simply click the numbered tabs located above the Position window.

Editing Positions

The *Edit* command button located in the row of buttons above the Position window is used for editing positions. This command is available for use only when an option position is shown in the Position window.

☐ *To edit a position:*

1. Select the position you want to edit by displaying it in the Position window. Then click the **Edit** button.

2. The dialog box that appears (*Edit Position*) is used for editing position data.

Type	Qty	UPC	Symbol	Description	Price	Commission	Cost/(Proceeds)
Sell	1	100	ZKF AQ	AOL Jan '01 85 Call	28 3/8	25.00	(2812.50)
Sell	1	100	ZKF AY	AOL Jan '01 87 1/...	27 1/8	25.00	(2687.50)
Buy	100	1	AOL	AMERICA ONLINE ...	87	1000.00	9700.00

Variable Ratio Call Write - Edit Position

OK | Cancel | Help
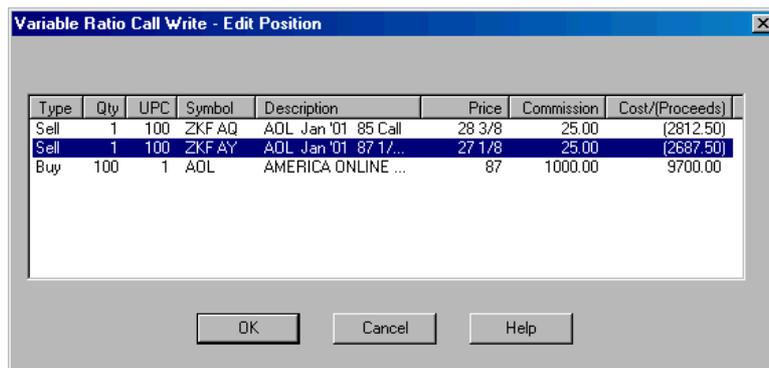
Edit Position dialog box with middle option position selected

3. To make changes to this position, proceed as follows:

- In the main window of the dialog box, double click with your mouse the line you wish to change. A second dialog box will appear containing the data from the selected line.

Modify Position dialog box displaying the selected option position

- Change the data in any of the individual boxes by clicking an insertion point in the box and typing in new data.

- When you have completed your changes to this line, click **OK**. The Modify Position box will close and the changes are transferred to the previous (*Edit Position*) dialog box.

4. Repeat the above procedure for any other lines that require change.

5. Click **OK**. The dialog box is closed and all changes are transferred to the Position window.

Creating   positions

If you know both the strategy and the position you want to employ and you simply want to use the system to evaluate that position, you can enter your own position using the *Create* command. When you create an option position, it is displayed in the Position window, a tab is added which allows you to select it at any time, and OptionExpert computes an analysis for the position which can be viewed in the Economic Analysis section.

❑ *To create a position:*

1. Click the **Create** command button at the top of the Position window. A *Create Position* dialog box opens. This dialog box allows you to enter a single option position using option data from the Option List.
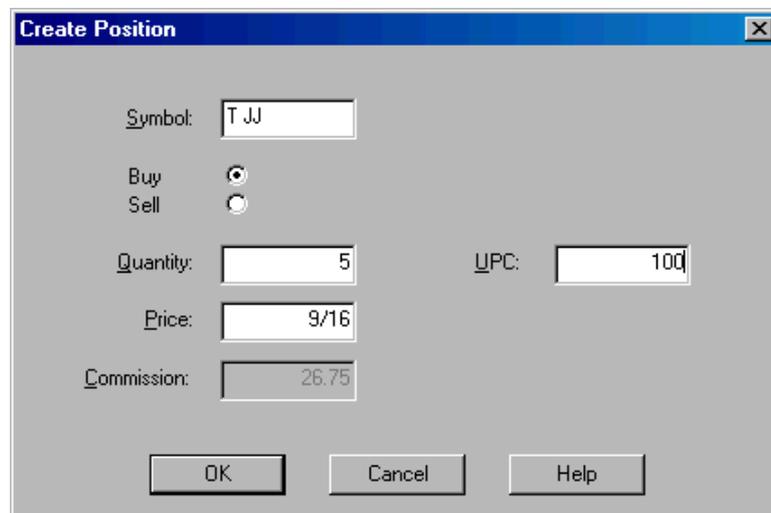
First Create Position dialog box

2. Enter the data for this option position as follows:

   • In the *Symbol* box, enter the option symbol.

   • Use the option buttons to specify **Buy** or **Sell**.

   • Complete the required information in the remaining three boxes.

3. Click **OK**. The second *Create Position* dialog box appears and displays the option position information you entered as a single line.

Note
AIQ recommends that you make it a habit to examine the Position Graph for any positions being analyzed by the system.
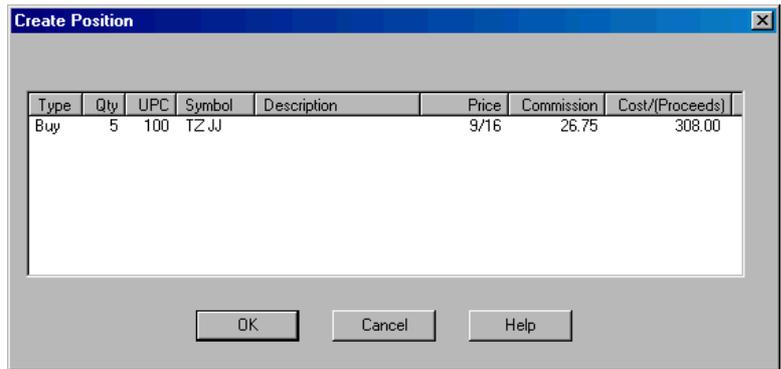
Second Create Position dialog box

*Create Position dialog box
right mouse click menu*

4. For complex strategies, you can add positions as follows:

- Right mouse click anywhere in the white space in the main window to display the Position menu.

- From the menu that appears, select **Add** to display the first *Create Position* dialog box.

- Use this dialog box to create your next position and click **OK**.

- An additional line of information will be added to the window in the second Create Position dialog box for each option you add.

5. When you have finished creating all of the option positions required for the strategy, click **OK**. The dialog box is closed and the new position is transferred to the Position window. Results of the analysis will appear in the Economic Analysis section.

Shortcut Method for Creating a Position

⬜ *To create an option position:*

1. In the Option List, double click on the option you want to use for the position . The first *Create Position* dialog box will open and display the information for that option.

2. Complete the position information by entering values in the *Quantity* and *Price* fields, then click **OK**.

4. When the second *Create Position* dialog box appears, you can edit the position information by double clicking on the position and you can add positions by following step 4 above.

5. When the position is complete, click **OK** to transfer the information to the Position window.