

Answers to Derivative Markets Module 2 Problems

1) 3.50

2) 0.04

3) 0.03

4) 0.03

5) -0.03

6) maximum profit = 1.41
maximum loss = 0.59

7) collar width = 4
maximum profit = 48.82
maximum loss = ∞
break-even point = 52.82

8) 40.89 - 59.11

9) 0 - 41.04 or 59.96 - ∞

10) break-even points = 49.22 & 50.78
maximum profit = 0.78
maximum loss = 0.22

11) 6.42

12) -9.61

13) 1257.10

14) 4779.12

15) 99639.95

16) 0.0542

17) 0.0589

18) 0.0699