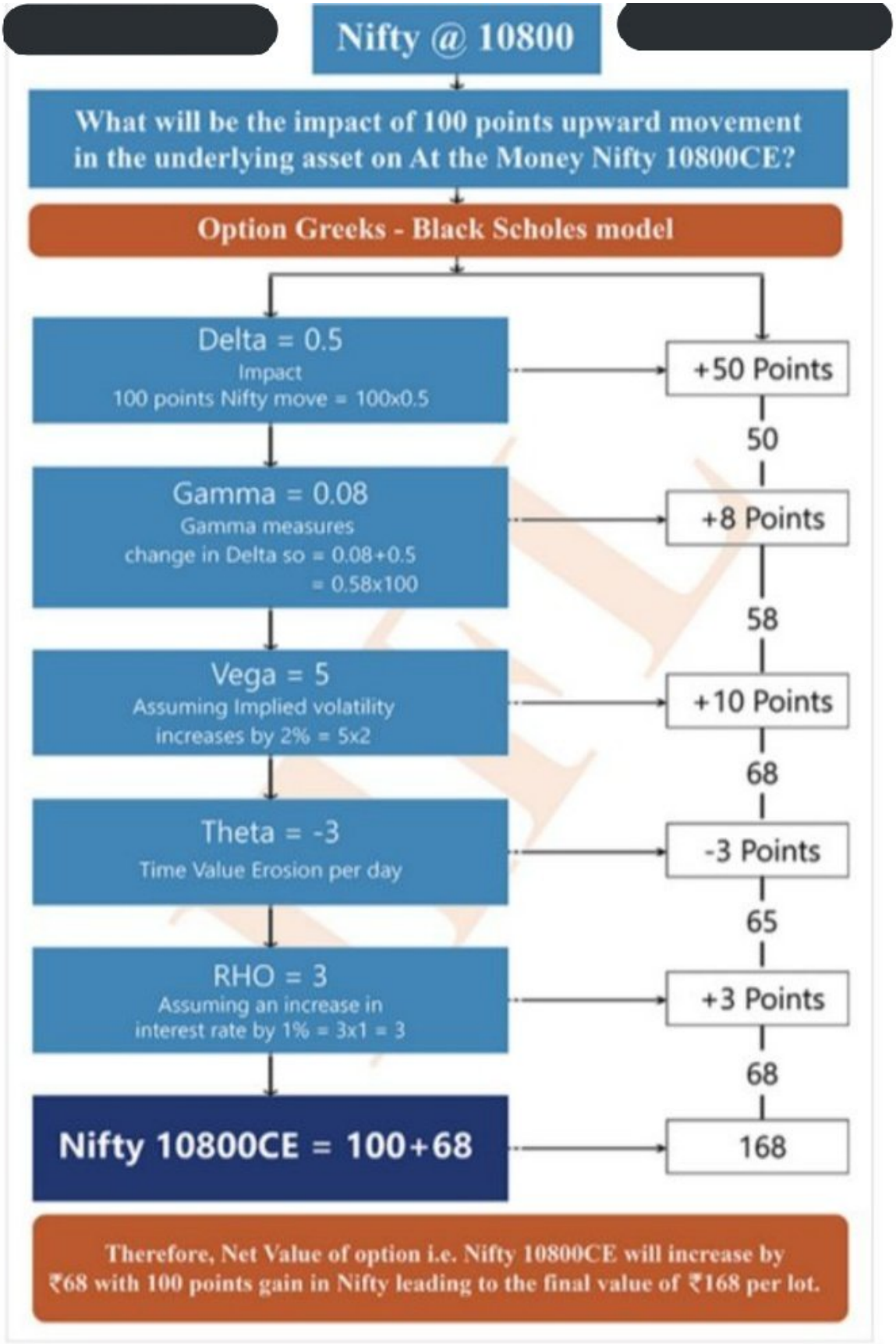
Twitter Thread by Anand Luhar



Anand Luhar
@anand_luhar



#optionBasics


Nifty @ 10800
What will be the impact of 100 points upward movement in the underlying asset on At the Money Nifty 10800CE?
Option Greeks - Black Scholes model
Delta = 0.5
Impact
100 points Nifty move = 100x0.5
+50 Points
50
Gamma = 0.08
Gamma measures
change in Delta so = 0.08+0.5
= 0.58x100
+8 Points
58
Vega = 5
Assuming Implied volatility
increases by 2% = 5x2
+10 Points
68
Theta = -3
Time Value Erosion per day
-3 Points
65
RHO = 3
Assuming an increase in
interest rate by 1% = 3x1 = 3
+3 Points
68
Nifty 10800CE = 100+68
168
Therefore, Net Value of option i.e. Nifty 10800CE will increase by ₹68 with 100 points gain in Nifty leading to the final value of ₹168 per lot.