

# CBOT<sup>®</sup> 100 oz. Gold Futures and Options Strategies



 **Chicago Board of Trade**



# Contents

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Introduction . . . . .	page 3
Long Futures . . . . .	4
Short Futures . . . . .	5
Long Call . . . . .	6
Long Put . . . . .	7
Short Call . . . . .	8
Short Put . . . . .	9
Bull Call Spread . . . . .	10
Bull Put Spread . . . . .	11
Bear Call Spread . . . . .	12
Bear Put Spread . . . . .	13
Long Straddle . . . . .	14
Short Straddle . . . . .	15
Summary . . . . .	16



# Introduction

## Your Flexible Choice

The addition of the CBOT 100 Ounce Gold Options to the Chicago Board of Trade's precious metals complex provides a key benefit to traders – FLEXIBILITY.

This document highlights an array of strategies that allow traders to benefit from a variety of market conditions ranging from bearish to bullish and volatile to stable. These strategies are just a sampling of the many trading opportunities available in the CBOT Precious Metals Complex.

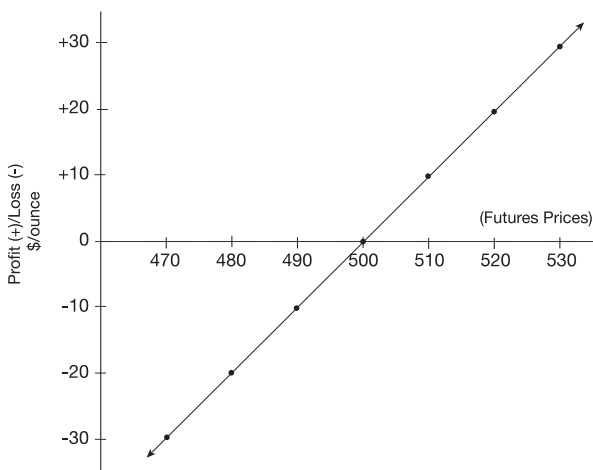
The content featured in this document includes the market position, market objective, profit/loss potential, deltas and other information associated with twelve strategies using CBOT 100 Ounce Gold Futures and Futures Options.

Although these strategies are for educational purposes and are not intended to be construed as trading advice or recommendations, the vast number of trading opportunities makes the CBOT Precious Metals Complex “Your Flexible Choice.”

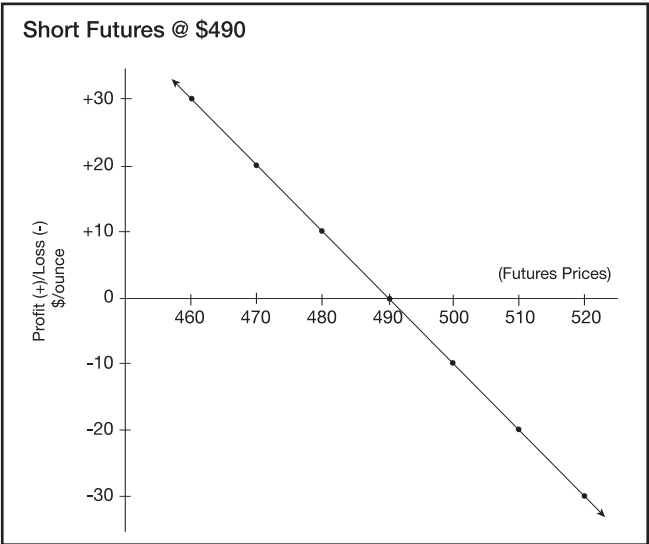
The examples on the following pages do not include transaction fees. All applicable transaction fees should be considered when evaluating strategies.

<b>STRATEGY</b>	Long Futures
<b>MARKET OPINION</b>	Bullish
<b>MARKET POSITION</b>	Buy futures
<b>OPTION STRATEGY DEBIT/CREDIT</b>	N/A
<b>PROFIT POTENTIAL</b>	Unlimited
<b>PROFIT POINT</b>	Any futures price above the price at which the position was initiated
<b>LOSS POTENTIAL</b>	Unlimited [except to the extent that the futures price cannot fall below zero]
<b>LOSS POINT</b>	Any futures price below the price at which the position was initiated
<b>BREAK-EVEN POINT</b>	Futures price at which the position was initiated
<b>MARGIN REQUIRED</b>	Yes
<b>DELTA</b>	+1.00

Long Futures @ \$500

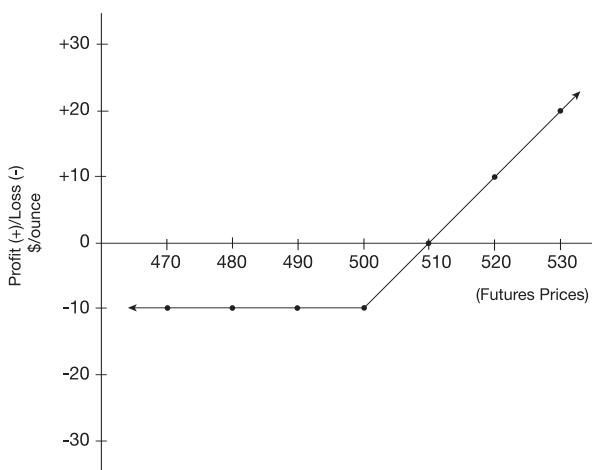


<b>STRATEGY</b>	Short Futures
<b>MARKET OPINION</b>	Bearish
<b>MARKET POSITION</b>	Sell futures
<b>OPTION STRATEGY DEBIT/CREDIT</b>	N/A
<b>PROFIT POTENTIAL</b>	Unlimited [except to the extent that the futures price cannot fall below zero]
<b>PROFIT POINT</b>	Any futures price below the price at which the position was initiated
<b>LOSS POTENTIAL</b>	Unlimited
<b>LOSS POINT</b>	Any futures price above the price at which the position was initiated
<b>BREAK-EVEN POINT</b>	Futures price at which the position was initiated
<b>MARGIN REQUIRED</b>	Yes
<b>DELTA</b>	-1.00



<b>STRATEGY</b>	Long Call
<b>MARKET OPINION</b>	Bullish
<b>MARKET POSITION</b>	Buy a call
<b>OPTION STRATEGY DEBIT/CREDIT</b>	Debit [premium paid]
<b>PROFIT POTENTIAL</b>	Unlimited
<b>PROFIT POINT</b>	Any futures price above the [strike price plus premium paid]
<b>LOSS POTENTIAL</b>	Limited to premium paid
<b>LOSS POINT</b>	Any futures price below the [strike price plus premium paid]; maximum loss point is any futures price at or below the strike price
<b>BREAK-EVEN POINT</b>	Strike price + Premium paid
<b>MARGIN REQUIRED</b>	No
<b>DELTA</b>	0 to +1.00

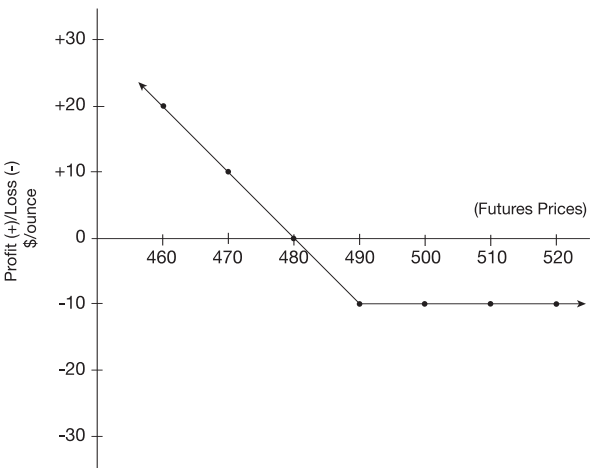
Long 500 Call @ \$10/ounce Premium





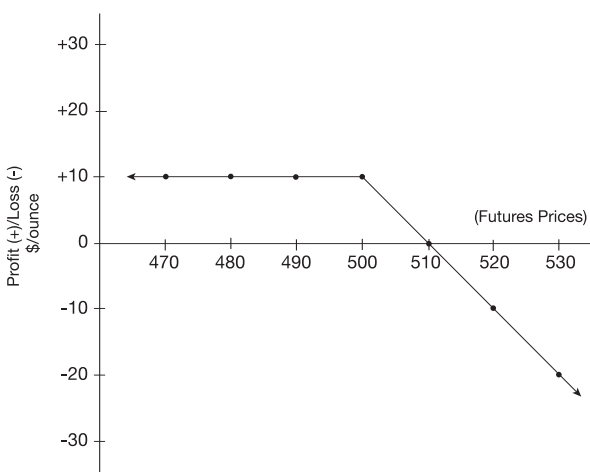
<b>STRATEGY</b>	Long Put
<b>MARKET OPINION</b>	Bearish
<b>MARKET POSITION</b>	Buy a put
<b>OPTION STRATEGY DEBIT/CREDIT</b>	Debit [premium paid]
<b>PROFIT POTENTIAL</b>	Unlimited [except to the extent that the futures price cannot fall below zero]
<b>PROFIT POINT</b>	Any futures price below the [strike price minus the premium paid]
<b>LOSS POTENTIAL</b>	Limited to premium paid
<b>LOSS POINT</b>	Any futures price above the [strike price minus the premium paid]; maximum loss point is any futures price at or above the strike price
<b>BREAK-EVEN POINT</b>	Strike price - Premium paid
<b>MARGIN REQUIRED</b>	No
<b>DELTA</b>	0 to -1.00

**Long 490 Put @ \$10/ounce Premium**



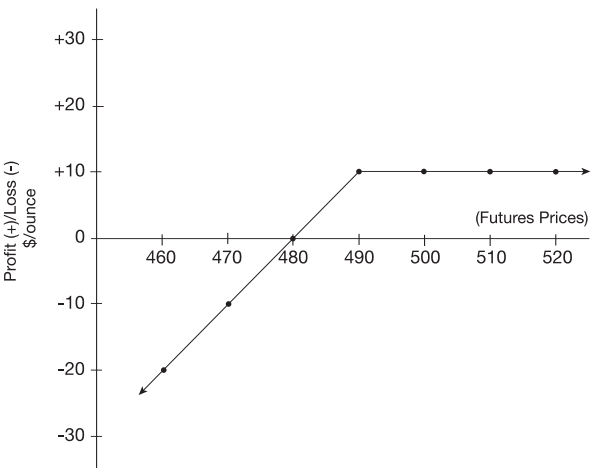
<b>STRATEGY</b>	Short Call
<b>MARKET OPINION</b>	Neutral to slightly bearish
<b>MARKET POSITION</b>	Sell a call
<b>OPTION STRATEGY DEBIT/CREDIT</b>	Credit [premium received]
<b>PROFIT POTENTIAL</b>	Limited to premium received
<b>PROFIT POINT</b>	Any futures price below the [strike price plus premium received]; maximum profit point is any futures price at or below the strike price
<b>LOSS POTENTIAL</b>	Unlimited
<b>LOSS POINT</b>	Any futures price above the [strike price plus the premium]
<b>BREAK-EVEN POINT</b>	Strike Price + Premium received
<b>MARGIN REQUIRED</b>	Yes
<b>DELTA</b>	0 to -1.00

### Short 500 Call @ \$10/ounce Premium



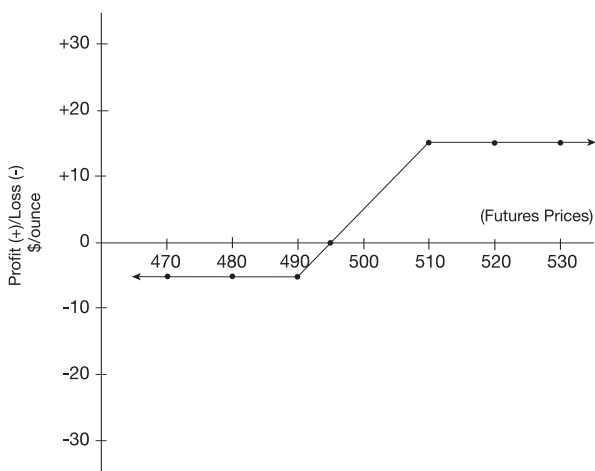
<b>STRATEGY</b>	Short Put
<b>MARKET OPINION</b>	Neutral to slightly bullish
<b>MARKET POSITION</b>	Sell a put
<b>OPTION STRATEGY DEBIT/CREDIT</b>	Credit [premium received]
<b>PROFIT POTENTIAL</b>	Limited to premium received
<b>PROFIT POINT</b>	Any futures price above the [strike price minus premium received]; maximum profit point is any futures price at or above the strike price
<b>LOSS POTENTIAL</b>	Unlimited [except to the extent that the futures price cannot fall below zero]
<b>LOSS POINT</b>	Any futures price below the [strike price minus the premium received]
<b>BREAK-EVEN POINT</b>	Strike price - Premium received
<b>MARGIN REQUIRED</b>	Yes
<b>DELTA</b>	0 to +1.00

**Short 490 Put @ \$10/ounce Premium**



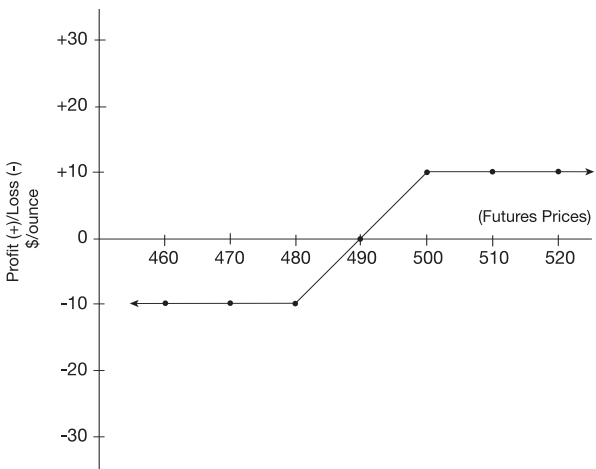
<b>STRATEGY</b>	Bull Call Spread
<b>MARKET OPINION</b>	Bullish
<b>MARKET POSITION</b>	Buy a lower strike price call and sell a higher strike price call on the same commodity with the same expiration date
<b>OPTION STRATEGY DEBIT/CREDIT</b>	Net debit [premium received is less than premium paid]
<b>PROFIT POTENTIAL</b>	Limited to the [difference between the strike prices] minus the net debit
<b>PROFIT POINT</b>	Any futures price above the lower strike price plus net debit; maximum profit point is any futures price at or above the higher strike price
<b>LOSS POTENTIAL</b>	Limited to the net debit
<b>LOSS POINT</b>	Any futures price below the [lower strike plus the net debit]; maximum loss point is any futures price at or below the lower strike price
<b>BREAK-EVEN POINT</b>	Lower strike price + net debit
<b>MARGIN REQUIRED</b>	No
<b>DELTA</b>	[Delta of call bought] - [Delta of call sold]

**Long 490 Call @ \$10/ounce Premium and  
Short 510 Call @ \$5/ounce Premium**



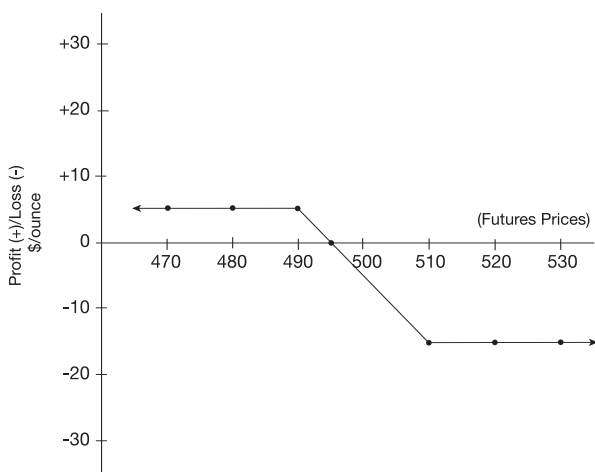
<b>STRATEGY</b>	Bull Put Spread
<b>MARKET OPINION</b>	Bullish
<b>MARKET POSITION</b>	Buy a lower strike price put and sell a higher strike put on the same commodity with the same expiration date
<b>OPTION STRATEGY DEBIT/CREDIT</b>	Net credit [premium received is greater than premium paid]
<b>PROFIT POTENTIAL</b>	Limited to the net credit
<b>PROFIT POINT</b>	Any futures price above the [higher strike price minus the premium received]; Maximum profit point is any futures price at or above the higher strike price
<b>LOSS POTENTIAL</b>	Limited to the [difference between the strike prices] minus net credit
<b>LOSS POINT</b>	Any futures price below the [higher strike price minus net credit]; maximum loss point is any futures price at or below the lower strike price
<b>BREAK-EVEN POINT</b>	Higher strike price - net credit
<b>MARGIN REQUIRED</b>	Yes
<b>DELTA</b>	[Delta of put bought] - [Delta of put sold]

Long 480 Put @ \$5/ounce Premium and  
Short 500 Put @ \$15/ounce Premium



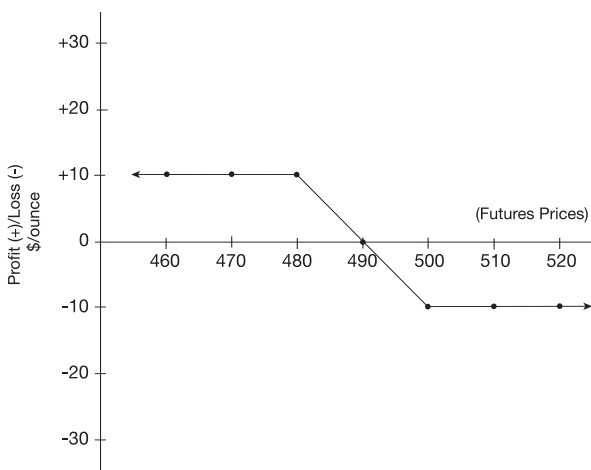
<b>STRATEGY</b>	Bear Call Spread
<b>MARKET OPINION</b>	Bearish
<b>MARKET POSITION</b>	Sell a lower strike price call and buy a higher strike price call on the same commodity with the same expiration date
<b>OPTION STRATEGY DEBIT/CREDIT</b>	Net credit [premium received is greater than premium paid]
<b>PROFIT POTENTIAL</b>	Limited to the net credit
<b>PROFIT POINT</b>	Any futures price below the [lower strike price plus net credit]; maximum profit point is any futures price at or below the lower strike price
<b>LOSS POTENTIAL</b>	Limited to the [difference between the strike prices] minus the net credit
<b>LOSS POINT</b>	Any futures price above the [lower strike price plus net credit]; maximum loss point is any futures price at or above the higher strike price
<b>BREAK-EVEN POINT</b>	Lower strike price + net credit
<b>MARGIN REQUIRED</b>	Yes
<b>DELTA</b>	[Delta of call bought] - [Delta of call sold]

**Short 490 Call @ \$10/ounce Premium and  
Long 510 Call @ \$5/ounce Premium**



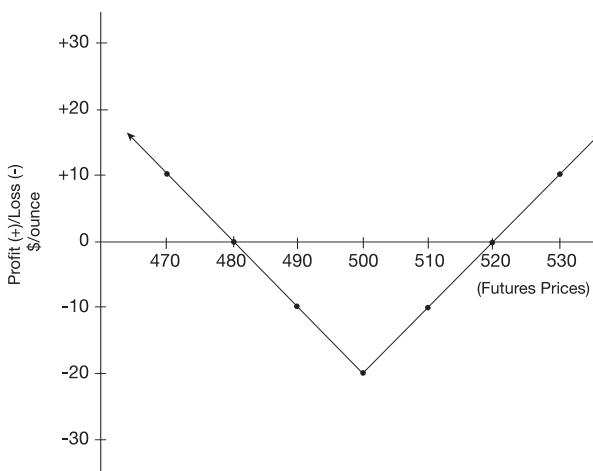
<b>STRATEGY</b>	Bear Put Spread
<b>MARKET OPINION</b>	Bearish
<b>MARKET POSITION</b>	Sell a lower strike price put and buy a higher strike price put on the same commodity with the same expiration date
<b>OPTION STRATEGY DEBIT/CREDIT</b>	Net debit [premium received is less than premium paid]
<b>PROFIT POTENTIAL</b>	Limited to the [difference between the strike prices] minus the net debit
<b>PROFIT POINT</b>	Any futures price above the [higher strike price minus net debit]; Maximum profit point is any futures price at or below the lower strike price
<b>LOSS POTENTIAL</b>	Limited to the net debit
<b>LOSS POINT</b>	Any futures price above the [higher strike price minus net debit]; maximum loss point is any futures price at or above the higher strike price
<b>BREAK-EVEN POINT</b>	Higher strike price - net debit
<b>MARGIN REQUIRED</b>	No
<b>DELTA</b>	[Delta of put bought] - [Delta of put sold]

Short 480 Put @ \$5/ounce Premium and  
Long 500 Put @ \$15/ounce Premium



<b>STRATEGY</b>	Long Straddle
<b>MARKET OPINION</b>	Extreme price volatility
<b>MARKET POSITION</b>	Buy a call and buy a put on the same commodity with the same expiration date and strike price
<b>OPTION STRATEGY DEBIT/CREDIT</b>	Net debit [premium is paid on both options]
<b>PROFIT POTENTIAL</b>	Unlimited [except to the extent that the futures price cannot fall below zero]
<b>PROFIT POINT</b>	Any futures price less than the [strike price minus the net debit] or any futures price greater than the [strike price plus the net debit]
<b>LOSS POTENTIAL</b>	Limited to the net debit
<b>LOSS POINT</b>	Any futures price between the [strike price minus the net debit] and the [strike price plus the net debit]; maximum loss point is when the futures price equals the strike price
<b>BREAK-EVEN POINT</b>	Two break-even points [strike price + net debit] or [strike price - net debit]
<b>MARGIN REQUIRED</b>	No
<b>DELTA</b>	[Delta of call bought] + [Delta of put bought]

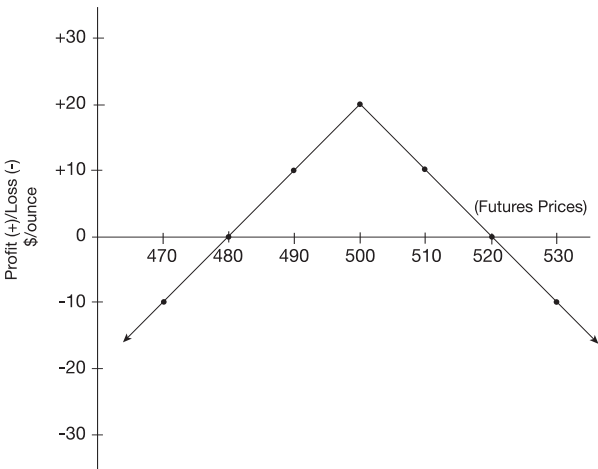
Long 500 Call @ \$10/ounce Premium and  
Long 500 Put @ \$10/ounce Premium





<b>STRATEGY</b>	Short Straddle
<b>MARKET OPINION</b>	Neutral or stable
<b>MARKET POSITION</b>	Sell a call and sell a put on the same commodity with the same expiration date and strike price
<b>OPTION STRATEGY DEBIT/CREDIT</b>	Net credit [premium received on both options]
<b>PROFIT POTENTIAL</b>	Limited to the net credit
<b>PROFIT POINT</b>	Any futures price between the [strike price minus the net credit] and the [strike price plus the net credit]; maximum profit point is when the futures price equals the strike price
<b>LOSS POTENTIAL</b>	Unlimited [except to the extent that the futures price cannot fall below zero]
<b>LOSS POINT</b>	Any futures price that is less than the [strike price minus the net credit] or greater than the [strike price plus the net credit]
<b>BREAK-EVEN POINT</b>	Two break-even points [strike price + net credit] or [strike price - net credit]
<b>MARGIN REQUIRED</b>	Yes
<b>DELTA</b>	- [Delta of call sold] - [Delta of put sold]

Short 500 Call @ \$10/ounce Premium and  
Short 500 Put @ \$10/ounce Premium



## Summary

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In addition to the strategies included in this publication, there are many other strategies using CBOT Precious Metals Futures and Options which can meet your needs and market expectations. Contact your broker to discuss your flexible choices.

For more information on CBOT precious metals markets, visit [www.cbot.com/metals](http://www.cbot.com/metals) or call 312-341-7955.





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