

Weekly Options Report

BY PAUL FORCHIONE



Tuesday, April 17, 2012

Markets are listed in order of daily \$ value of options traded (DVO).
Data is organized to highlight trading edge opportunities using futures options.
Data as of April 13, 2012

Symbol	Name	DVO (\$000's)	UND'L Size	Under Valued	Over Valued	SV%	SV Pctl	IV%	IV Pctl	IV%>SV%
SP	S&P 500 Index (CME)	91398	341,250		B	12.70%	38	16.30%	47	C
ES	E-Mini S&P 500 (CME)	30099	68,250			16.40%	55	16.40%	46	
CL	Crude Oil (NYM)	20036	103,320	D		26.20%	29	25.50%	8	
ZS	Soybeans (CBT)	11190	72,038		B	18.70%	10	18.80%	1	C
GC	Gold (CMX)	9194	166,020		B	15.30%	42	16.50%	37	C
ZC	Corn (CBT)	8745	31,038	D		28.10%	28	25.90%	3	
6E	EuroFX (CME)	7000	163,525		B	8.90%	3	9.90%	8	C
KC	Coffee (ICE)	6632	67,575	A		36.20%	68	30.70%	9	
ZB	U.S. Treas Bonds (CBT)	6109	141,437	A		15.50%	81	9.40%	1	
ZN	U.S. 10-yr Treas Notes	5226	131,531	A		8.10%	71	4.80%	1	
SB	Sugar - World (ICE)	4846	25,547		B	25.20%	1	26.20%	1	C
CT	Cotton (ICE)	3657	44,865		B	22.50%	1	29.20%	19	C
LE	Cattle - Live (CME)	3456	46,420	A		18.10%	85	14.70%	35	
SI	Silver (CMX)	3453	157,270		B	29.70%	19	30.80%	10	C
NG	Natural Gas (NYM)	2046	22,020		E	39.10%	72	45.10%	87	C
ZW	Wheat (CBT)	1461	31,513	D		35.70%	40	29.50%	3	
CC	Cocoa (ICE)	1429	22,000	A		41.00%	76	35.30%	86	
6J	Japanese Yen (CME)	1187	154,550	A		10.30%	87	9.80%	37	
GF	Cattle - Feeder (CME)	1120	77,700	A		21.40%	99	11.80%	11	
6A	Australian Dollar (CME)	991	103,030	A		15.30%	72	10.80%	4	
HE	Hogs - Lean (CME)	957	36,090	D		17.90%	15	17.00%	13	
ZF	U.S. 5-yr Treas Notes	935	123,484	A		4.30%	53	2.40%	5	
GE	Eurodollar (CME)	815	248,800	D		59.20%	5	58.30%	8	
6C	Canadian Dollar (CME)	812	99,860	D		9.40%	36	7.50%	6	
ZM	Soybean Meal (CBT)	787	39,780		B	20.50%	9	22.30%	37	C
6B	British Pound (CME)	628	98,988	D		9.60%	46	7.60%	4	
OJ	Orange Juice (ICE)	454	21,863	A		40.00%	82	32.30%	72	
6S	Swiss Franc (CME)	63	136,075	D		10.90%	14	10.30%	9	
ZL	Soybean Oil (CBT)	46	34,122		B	18.50%	15	18.70%	9	C
HO	Heating Oil (NYM)	45	133,514	D		24.00%	44	22.20%	5	
DX	U.S. Dollar Index (ICE)	37	80,060	D		7.60%	1	7.50%	3	
RB	Gasoline (RBOB: NYM)	27	137,201		B	24.50%	29	26.10%	19	C

OPTION MARKET COMMENTS – Data is from **OptionVue (800-733-6610)**. Pctl figures are based on 1.5 yrs of weekly implied and statistical volatility data. Liquidity and underlying contract size are also important.

<p>A -- UNDERVALUED options in VOLATILE or TRENDING markets</p> <p>IV% < SV% and SV PctL > 50</p> <p>Consider option buying strategies: (diagonal calendar spreads, strangle swaps, option purchases, ratio backspreads, long straddles or long strangles). These strategies have positive Vega.</p> <p>D -- UNDERVALUED options in NON-VOLATILE markets</p> <p>IV% < SV% and SV PctL < 50</p> <p>Consider calendar spreads. This strategy has positive Vega.</p>	<p>B -- OVERVALUED options in NON-VOLATILE markets</p> <p>IV% > SV% and SV PctL < 50</p> <p>Consider option selling strategies: (reverse calendar spreads, reverse strangle swaps, option sales, ratio spreads, short straddles or short strangles). These strategies have negative Vega.</p> <p>E -- OVERVALUED options in VOLATILE or TRENDING markets</p> <p>IV% > SV% and SV PctL > 50</p> <p>Consider reverse diagonal calendar spreads. This strategy has negative Vega.</p>	<p>C -- OVERVALUED options</p> <p>IV% > SV%</p> <p>If you have a neutral outlook, then consider at-the-money iron butterflies or iron condors. These strategies have negative Vega.</p> <p>If you have a bullish outlook, then consider out-of-the-money call butterflies or call condors. These strategies have negative Vega.</p> <p>If you have a bearish outlook, then consider out-of-the-money put butterflies or put condors. These strategies have negative Vega.</p>
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<p>When IV PctL < 50, then options are <u>undervalued</u> from a historical perspective.</p> <p>This would confirm the <u>undervaluation</u> assessment for markets that are labeled A and D.</p>	<p>When IV PctL > 50, then options are <u>overvalued</u> from a historical perspective.</p> <p>This would confirm the <u>overvaluation</u> assessment for markets that are labeled B and E.</p>	<p>When IV PctL > 50, then options are <u>overvalued</u> from a historical perspective.</p> <p>This would confirm the <u>overvaluation</u> assessment for markets that are labeled C.</p>
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Learn to Trade Options with Paul at www.TheAceProgram.com or www.TradingOptionsVisually.com

FUTURES AND OPTIONS TRADING CAN INVOLVE SUBSTANTIAL FINANCIAL RISK

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