

Black-Scholes OVM Menu

This tool implements the widely used Black-Scholes European option valuation model used to calculate the prices of a **CALL** and a **PUT** European stock options. To show it, touch the “**FIN**” menu button in the main menu and select the “**BSCH**” tab.



Key	Action
[STOCK]	Input the Stock prices of the asset.
[STRIKE]	Input the Strike prices of the asset.
[#DAYS]	Input the number of days to expiration of the option.
[DIV%]	Stores the annual dividend yield of the asset.
[VOL%]	Stores the market price volatility of the asset.
[R.F.%]	Stores the market risk free annual rate in %.
[CALL]	Calculates the CALL option prices for the asset.
[PUT]	Calculates the PUT option prices for the asset.

To perform the CALL & PUT calculation, the values of “STOCK”, “STRIKE”, “DIV%”, “VOL%”, “R.F.%” and “DAYS” must be entered typing the value and touching in the corresponding button.

Example:

Consider the European call and put options on a stock that has a current spot price of \$50 and a volatility of 25%. The option has a strike price of \$60 and matures in 180 days. The risk-free interest rate is 7%.

What are the values of the PUT and CALL options?

Solution:

Keystroke	Description
50 [STOCK]	Input the current market value of the asset. STOCK = 50.00
60 [STRIKE]	Input the strike price on the option. STRIKE = 60.00
25 [VOL%]	Input the stock annualized volatility. VOL% = 25.00
0 [DIV%]	Input the annualized dividend yield. DIV% = 0.00
7 [R.F.%]	Input the risk free rate for the option lifetime. R.F.% = 7.00
180 [DAYS]	Input the number of days to option expiration. DAYS = 180.00
[CALL]	Calculates the call option price. CALL= 1.05
[PUT]	Calculates the put option price. PUT = 9.02