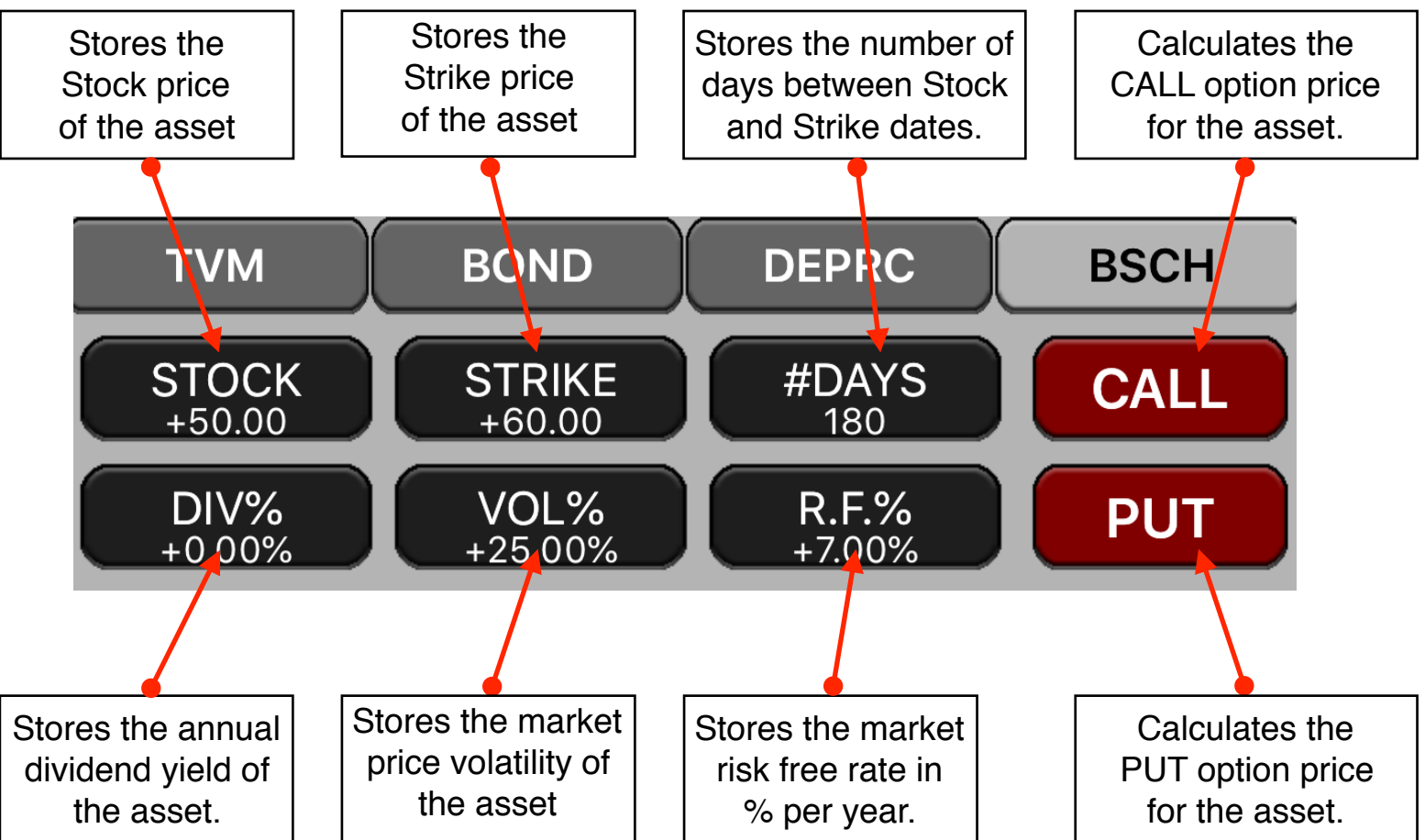


# Black-Scholes OVM Menu

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 “**Finance**” button in the main menu, and select the “**BSCH**” tap button.



To perform the calculation, the values of “**STOCK**”, “**STRIKE**”, “**DIV%**”, “**VOL%**”, “**R.F.%**” and “**DAYS**” must be entered typing the value and touching in the corresponding button. Then, touching the “**CALL**” or “**PUT**” button, the tool will calculate the value showing the result in the display.

## 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
Type "50" [STOCK]	Input the current market value of the underlying asset.
Type "60" [STRIKE]	Input the strike price on the option.
Type "25" [VOL%]	Input the stock annualized volatility.
Type "0" [DIV%]	Input the current annualized dividend yield of the asset.
Type "7" [R.F.%]	Input the risk free rate that corresponds to the option lifetime.
Type "180" [DAYS]	Input the number of days to expiration of the option.
[CALL]	Calculates the <b>call</b> option price. <b>Result = 1.05</b>
[PUT]	Calculates the <b>put</b> option price. <b>Result = 9.02</b>