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## **Theoretical Price**

The theoretical value for the equity or index option (call and put) you are valuing, as determined by the pricing model input values displayed on the left side of the calculator's interface.

## **Delta**

Theoretical Sensitivity of option value to unit change in the underlying. Delta indicates a percentage change. For example, a delta of "0.400" indicates the option's theoretical value will change by 40% of a single change in price of the underlying. Be aware, however, that delta changes as the price of the underlying changes. As this a theoretical sensitivity, option market values can change more or less than the amount indicated by the delta.

## **Gamma**

Theoretical sensitivity of Delta to unit change in the underlying. Gamma indicates an absolute change in delta. For example, a gamma change of "0.150" indicates the delta should increase by 0.150 if the underlying price is increased by 1.000, or decrease by 0.150 if the underlying price is decreased by 1.000. Results may not be exact due to rounding.

## **Theta**

Theoretical sensitivity of option value to change in time. Theta indicates an absolute change in option value for a 'one unit' reduction in time to expiration. This calculator assumes "one unit" of time is 1 day. For example, a theta of "-0.050" indicates the option's theoretical value will change by -0.050 if days to expiration is reduced by 1. Results may not be exact due to rounding.

## **Vega**

Theoretical sensitivity of option value to change in volatility. Vega indicates an absolute change in option value for a one percent change in volatility. For example, a vega of "0.090" indicates the option's theoretical value will increase by 0.090 if the volatility percentage is increased by 1.000, or decrease by 0.090 if the volatility percentage is decreased by 1.000. Results may not be exact due to rounding.

## **Rho**

Theoretical sensitivity of option value to change in interest rate. Rho indicates the absolute change in option value for a one percent change in the interest rate. For example, a rho of "0.060" indicates the option's theoretical value will increase by 0.060 if the interest rate is increased by 1.000. Results may not be exact due to rounding.

