

How to calculate the delta of options

The Delta of Options

- Delta = \$ change in option price vs \$1 change in underlying stock or ETF
 - Positive Deltas are like owning stock
 - Negative Deltas are like owing stock
 - Add Deltas to get the Delta of a position
 - Delta-neutral strategy to profit from declining implied volatility
 - Or as a hedge against market declines
- Delta changes with changes in:
- Underlying stock or ETF price
 - Days to expiration
 - Implied volatility
 - Interest rates
 - Dividend events

