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EQDerivatives

The Information Content Of Block Option Trades

Russell Rhoads

PhD, CFA, Head Research &
Consulting
EQDerivatives

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Russell Rhoads, PhD, CFA
head of research

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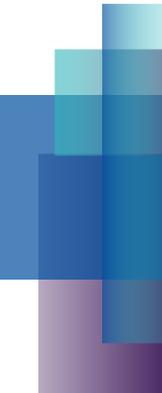
Outline

- **Block Option Trades**
- **Methodology**
- **Preliminary Results**
- **Future Work**
- **Q & A / Contact**



Methods

- Downloaded Unusual Stock Options Activity from www.barchart.com
- This list ranks option volume versus open interest
- Large volume relative to open interest indicates opening transactions
- Excluded options that were traded on expiration date



Universe Characteristics

- **First six months of 2021**
- **113 observations trading days – 90 different stocks with highest volume versus open interest**
- **Days to expiration – range from 1 to 729 – average about 60 days**
- **Average volume about 27,500 contracts versus average OI of 225**
- **101 of the 113 observed trades appear to be held to expiration**



Universe Characteristics

Stocks With Multiple Observations

SNAP	8		VIPS	2
CCJ	4		TME	2
PBR	3		PCG	2
GM	3		LAZR	2
AMC	3		INTC	2
ZTO	2		FB	2

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Universe Characteristics

Stocks With Single Observations

AA		CLDR		HD		MUX		TEVA
AFL		CLOV		HEXO		NAVI		TIGR
AGEN		CMCSA		HL		NOK		TMUS
APA		CVE		HYLN		OXY		TSLA
AU		DHI		IHRT		PBF		TWTR
AXTA		DISCK		INFY		PLTR		UA
BCOV		DVN		INO		PLUG		UBER
BCS		EGHT		ITUB		PSTH		UNP
BHC		EPD		IVR		QD		VG
BK		EXPE		JCI		REI		VIAC
BLDP		F		LUMN		SABR		VXRT
BLNK		FLEX		LVS		SEAS		VZ
BOX		FSR		MLCO		SIRI		WKHS
BPOP		GDS		MRK		SLB		X
CCL		GOEV		MU		SUM		
CGC		HAL		MUR		T		

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Trade Breakdown

- **52 Long Option Trades**
 - 42 Call Purchases
 - 10 Put Purchases
- **27 Short Option Trades**
 - 22 Call Sales
 - 5 Put Sales
- **34 Spread Trades**
 - 15 Bullish Spreads
 - 10 Bearish Spreads
 - 9 Neutral Trades

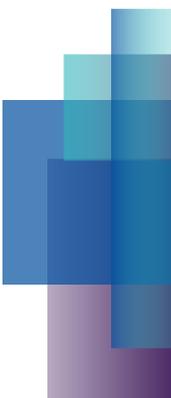


Long Option Trades

Statistics

Type	Trades	Wins	% Win	Exp OTM	% OTM
Call	42	6	14.29%	31	73.81%
Put	10	5	50.00%	2	20.00%

Data Sources: Barchart.Com, LiveVol, and EQDerivatives Calculations

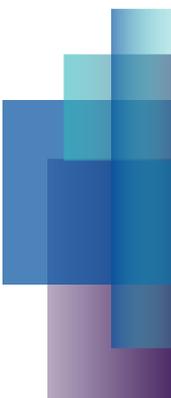


Short Option Trades

Statistics

Type	Trades	Wins	% Win	Exp OTM	% OTM
Call	22	18	81.82%	16	72.73%
Put	5	4	80.00%	3	60.00%

Data Sources: Barchart.Com, LiveVol, and EQDerivatives Calculations

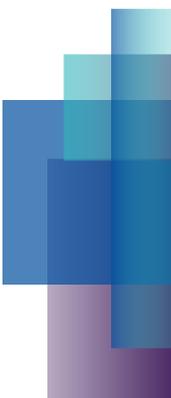


Spread Trades

Statistics

Type	Trades	Wins	% Win
Bullish	15	12	80.00%
Bearish	10	7	70.00%
Neutral	9	5	55.56%

Data Sources: Barchart.Com, LiveVol, and EQDerivatives Calculations



Initial Thoughts

- **Profiting from long option trades is difficult, even for large traders**
- **Large short trades have a much better track record than long trades**
- **Directional spread trades have better outcomes than neutral trades**



Further Work

- **More daily observations**
- **Possibly using the top 5 or top 10 from each trading day**
- **Test on ETFs**



Questions / Contact

Questions?

Contact Info

rhoads@eqderivatives.com

www.eqderivatives.com

Twitter – @RussellRhoads

