

The background of the slide is a high-angle, wide shot of the Chicago skyline at sunset. The sky is a mix of orange, pink, and light blue. The city's skyscrapers are densely packed, with many windows glowing with interior lights. The Lake Michigan is visible in the distance. A large, semi-transparent white triangle is overlaid on the left side of the image, pointing towards the center.

# RUT Credit Spreads

Interactive Brokers Webcast

Russell Rhoads, CFA

Options involve risk and are not suitable for all investors. Prior to buying or selling an option, a person must receive a copy of Characteristics and Risks of Standardized Options. Copies are available from your broker or from The Options Clearing Corporation at [www.theocc.com](http://www.theocc.com). The information in these materials are provided for general education and information purposes only. No statement within these materials should be construed as a recommendation to buy or sell a security or to provide investment advice. Supporting documentation for any claims, comparisons, statistics or other technical data in these materials is available by contacting Cboe at [www.cboe.com/Contact](http://www.cboe.com/Contact). Multiple leg strategies involve multiple commission charges. Cboe® and VIX® are registered trademarks, and Cboe Global Markets<sup>SM</sup> and RUT<sup>SM</sup> are service marks of Cboe Exchange, Inc. Russell 2000® is a registered trademark of Frank Russell Company, used under license. All other trademarks and service marks are the property of their respective owners.

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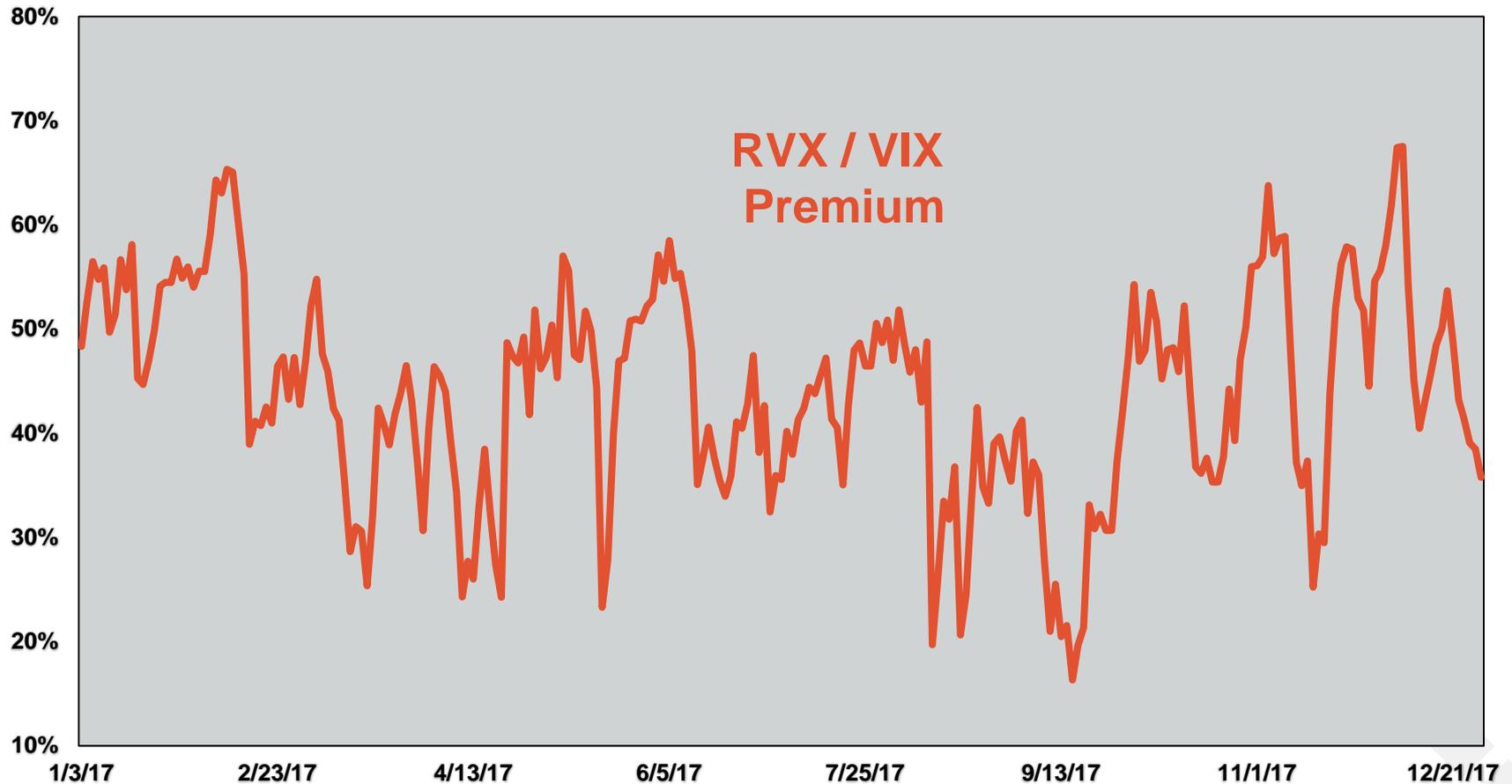
- ❖ Russell 2000 Index
- ❖ RUT Options
- ❖ Trading Examples
- ❖ Resources / Questions / Contact



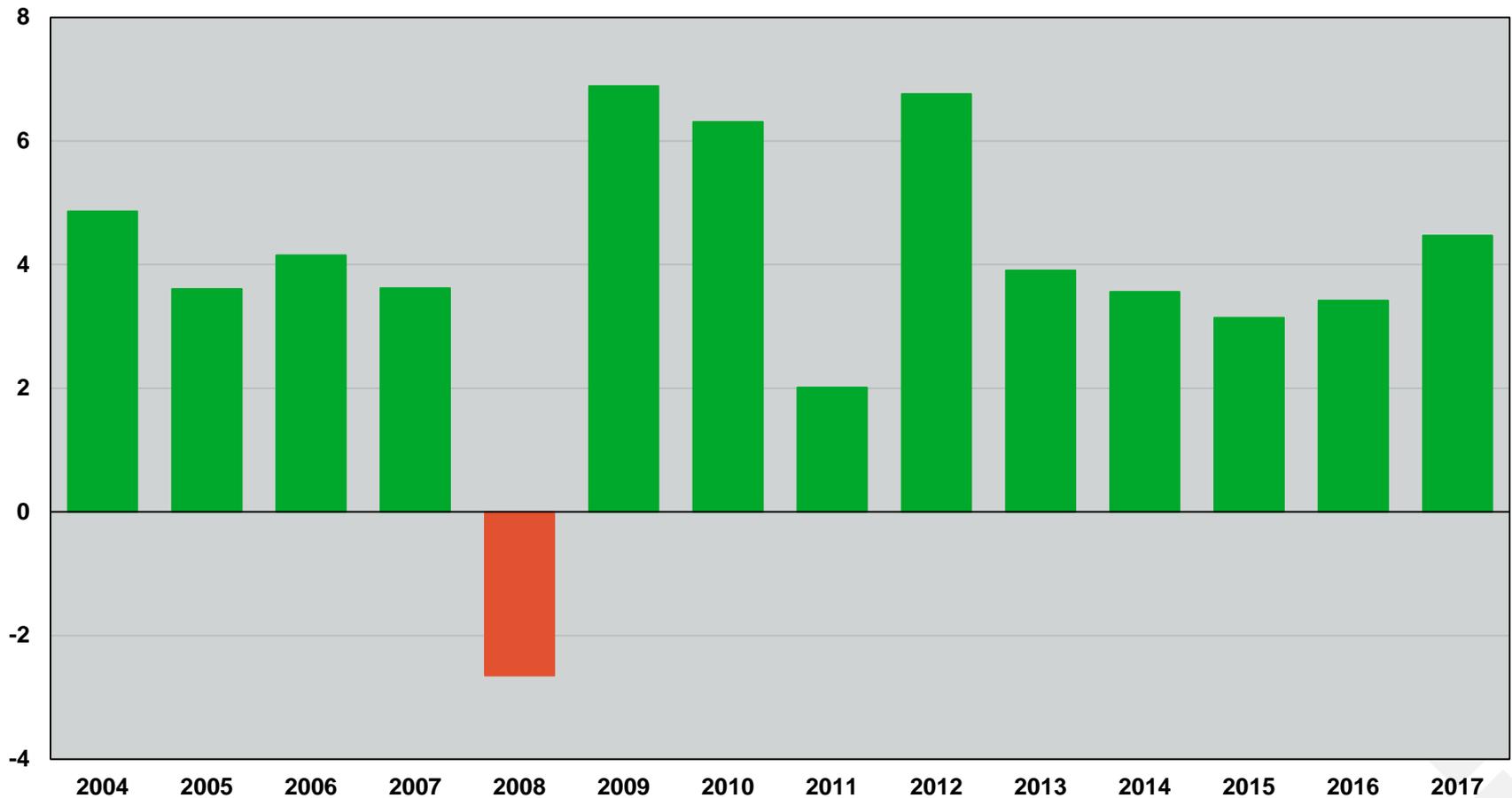
- ❖ The Russell 2000 (RUT) is considered a benchmark for small cap stock performance in the US
- ❖ RUT options offer portfolio managers an efficient method of hedging portfolio risk or increasing income for a small cap portfolio
- ❖ Although both the S&P 500 and Russell 2000 are broad based benchmarks representing US stock market performance, the price behavior of the two often diverge



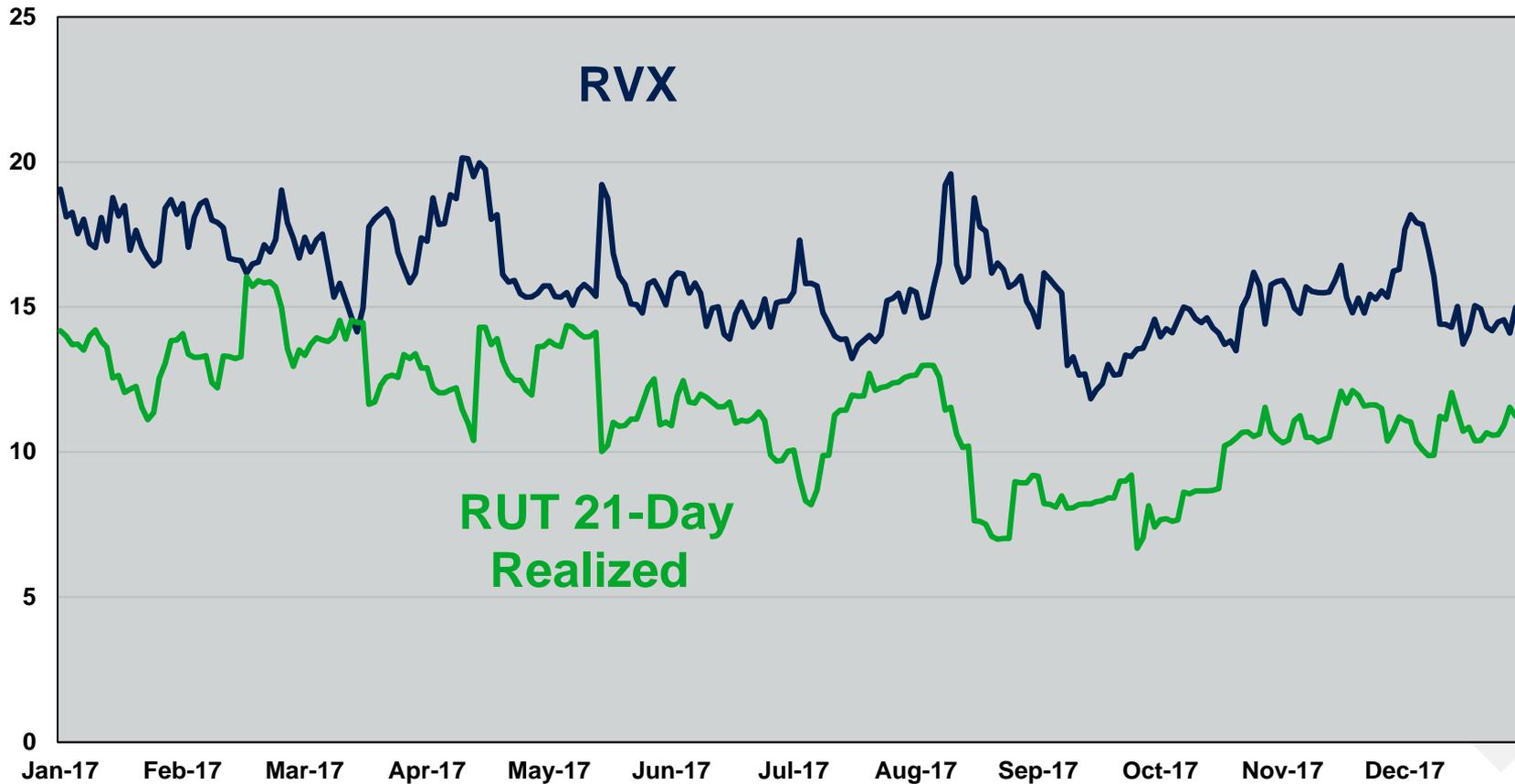
## RVX vs. VIX Index



## RVX vs RUT Realized by Year



## RVX vs. Russell 2000 Realized Volatility



# Russell 2000 Index Options

## Expirations Available – February 1, 2018

2-Feb-18		23-Mar-18		21-Sep-18
9-Feb-18		29-Mar-18		28-Sep-18
16-Feb-18		20-Apr-18		21-Dec-18
23-Feb-18		30-Apr-18		31-Dec-18
2-Mar-18		31-May-18		21-Jun-19
9-Mar-18		15-Jun-18		20-Dec-19
16-Mar-18		29-Jun-18		18-Dec-20

Blue = PM Settlement

Red = AM Settlement



# Russell 2000 Index Options



February 1, 2018 – RUT @ 1578

	9-Feb	16-Feb	23-Feb	2-Mar	9-Mar
1580 Call Bid	12.90	17.60	21.40	25.00	28.30
1590 Call Ask	8.80	13.50	17.00	20.50	24.00
Bear Call Credit	4.10	4.10	4.40	4.50	4.30
Bear Call Risk	-5.90	-5.90	-5.60	-5.50	-5.70



# Russell 2000 Index Options



February 1, 2018 – RUT @ 1578

	9-Feb	16-Feb	23-Feb	2-Mar	9-Mar
1575 Put Bid	12.00	16.60	20.10	23.20	26.80
1565 Put Ask	9.00	13.30	16.80	20.00	23.50
Bull Put Credit	3.00	3.30	3.30	3.20	3.30
Bull Put Risk	-7.00	-6.70	-6.70	-6.80	-6.70



Monday January 22 – RUT at 1597

Bull Put Spread Executed

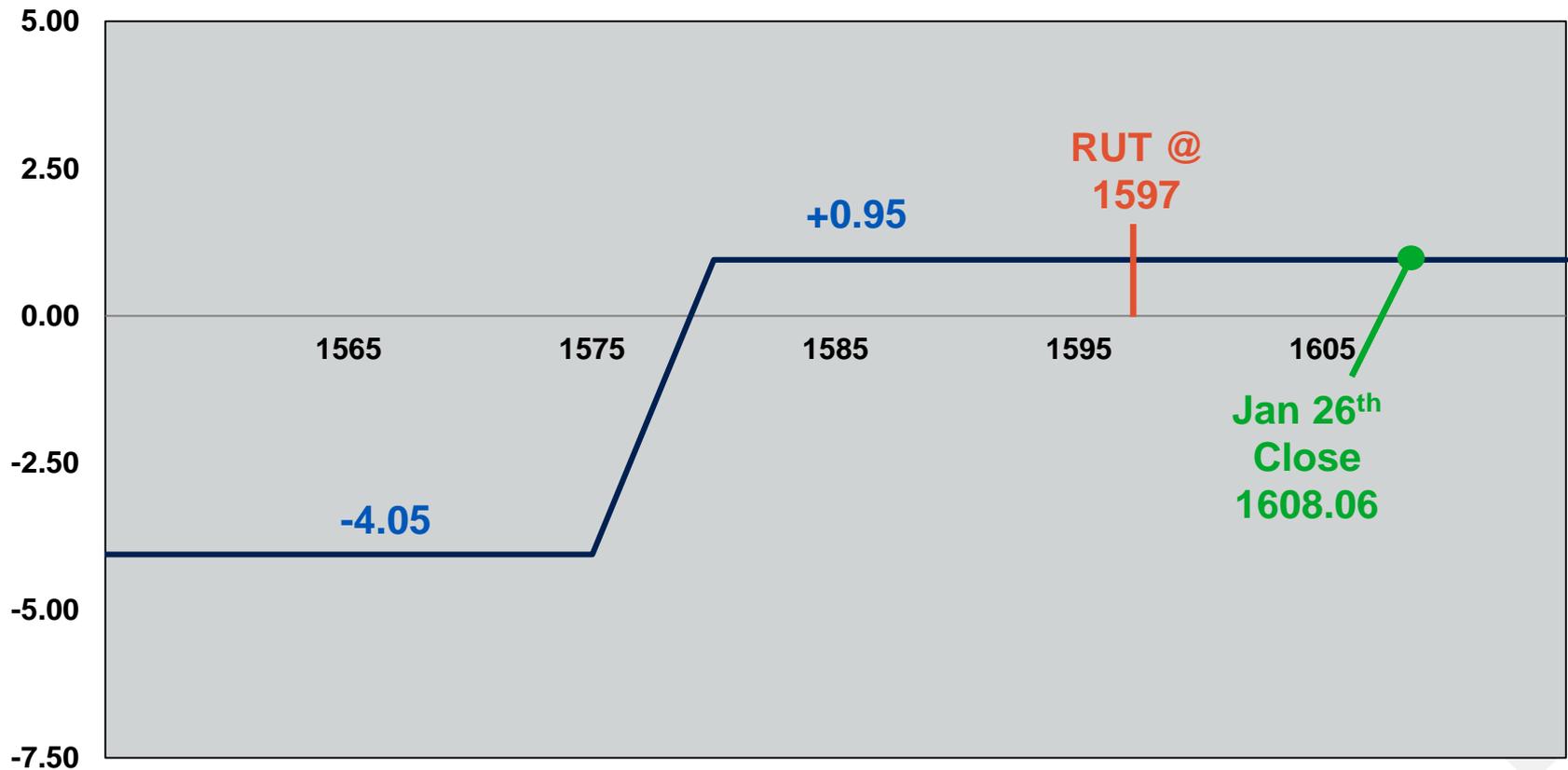
Sell RUT Jan 26<sup>th</sup> 1580 Put at 4.80

Buy RUT Jan 26<sup>th</sup> 1575 Put a 3.85

Net Credit = 0.95



## RUT 1580 / 1575 Bull Put Spread Payoff Diagram



Wednesday January 17 – RUT at 1590

Bull Put Spread Executed

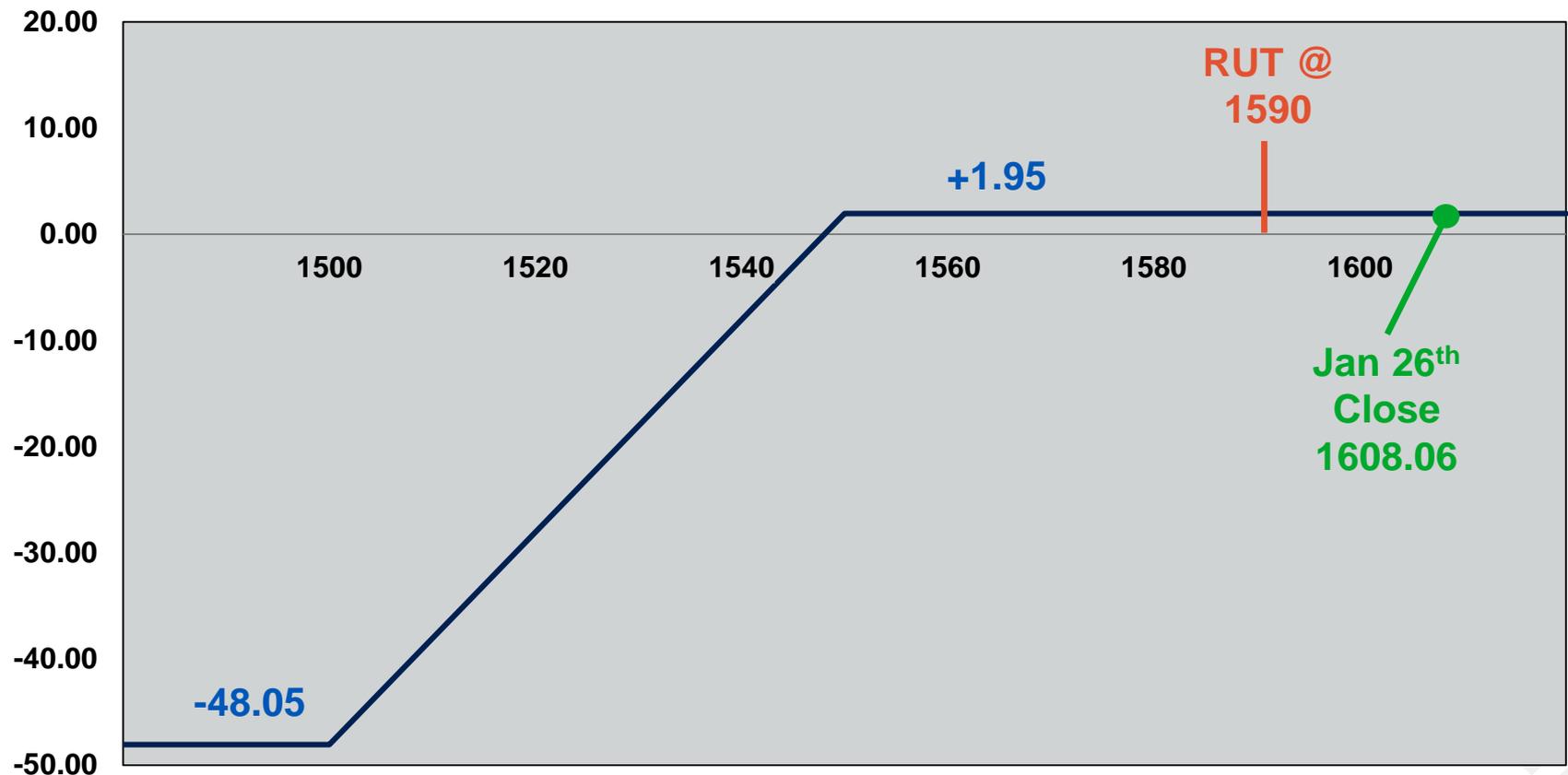
Sell RUT Jan 26<sup>th</sup> 1550 Put at 2.88

Buy RUT Jan 26<sup>th</sup> 1500 Put a 0.93

Net Credit = 1.95



## RUT 1550 / 1500 Bull Put Spread Payoff Diagram



Friday December 22 – RUT at 1543

Bear Call Spread Executed

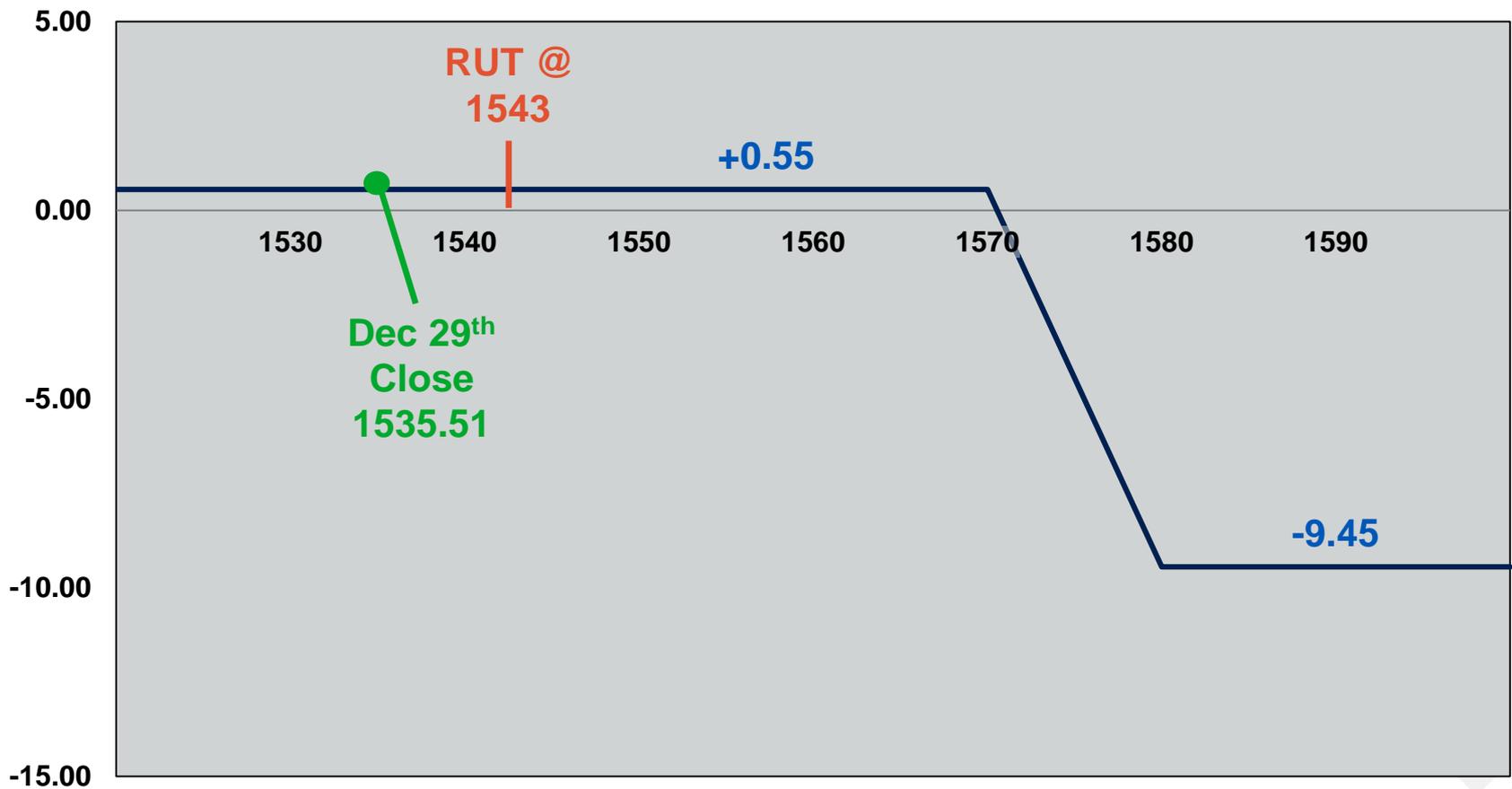
Sell RUT Dec 29<sup>th</sup> 1570 Call at 1.25

Buy RUT Dec 29<sup>th</sup> 1580 Call at 0.70

Net Credit = 0.55



## RUT 1570 / 1580 Bear Call Spread Payoff Diagram



Wednesday November 1 – RUT at 1509

Bear Call Spread Executed

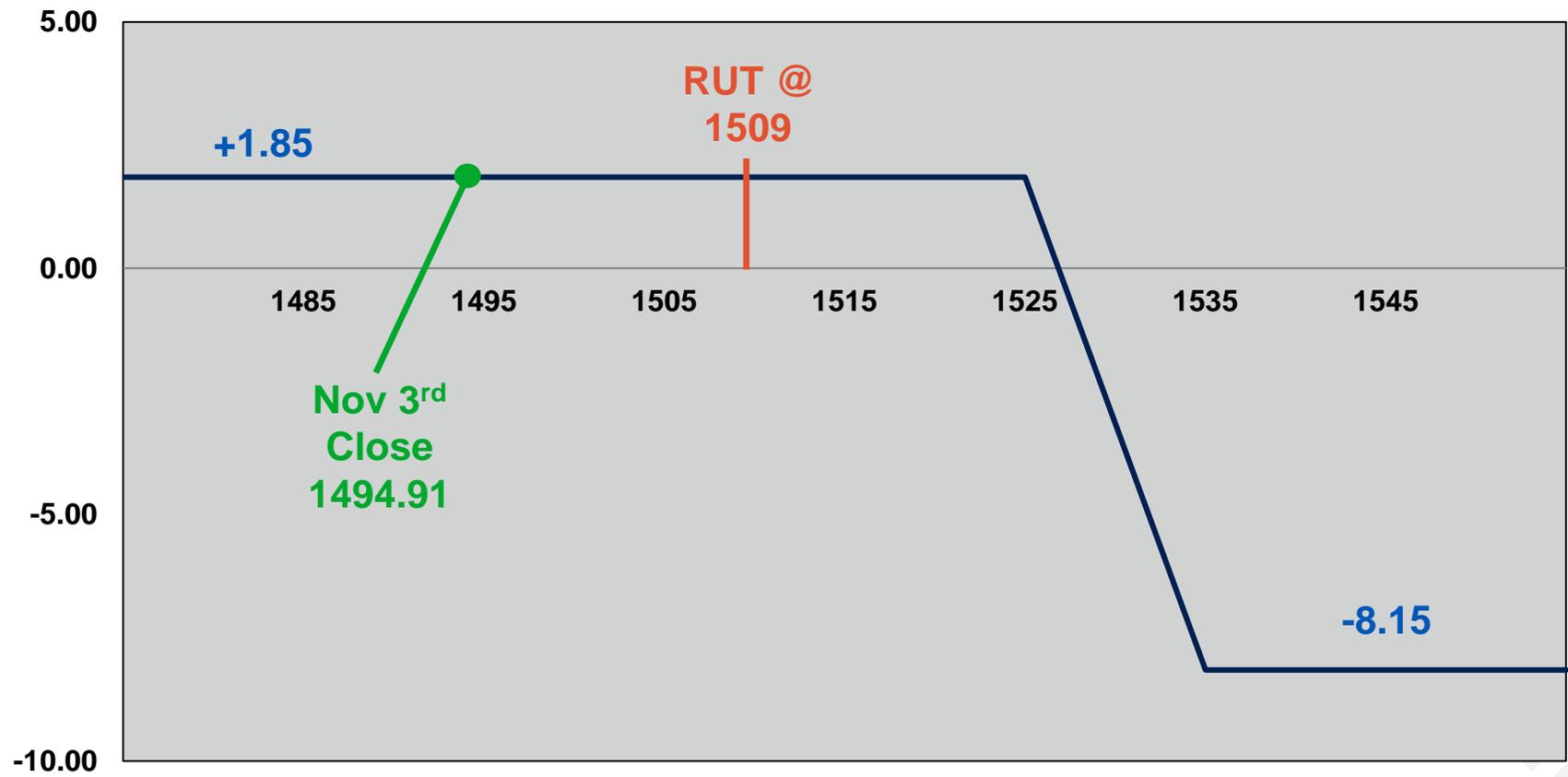
Sell RUT Nov 3<sup>rd</sup> 1525 Call at 3.40

Buy RUT Nov 3<sup>rd</sup> 1535 Call at 1.55

Net Credit = 1.85



## RUT 1525 / 1535 Bear Call Spread Payoff Diagram



Questions / Comments?

Cboe Resources

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