NEWS from **Option Wizard**®

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# Enhanced Option Wizard® Steps Up to Version 7.2; Company Publishes Option Wizard Trading Method

Option Wizard® announces new versions for its Option Wizard, and Backtest Wizard products, and new publication Option Wizard Trading Method.

A template file for Microsoft Excel®, PC or Macintosh, Option Wizard employs the Black-Scholes Model (Black Model for futures) to price calls and puts and generates derivative information to assist the options trader in making sound decisions (volatilities, in-the-money probabilities, delta tables, time decay tables and more). New Option Wizard 7.2:

- Calculates 20-50-100-200 day historical volatilities
- Adds stock buy-write return spreadsheet
- Adds option trade record spreadsheet
- Adds Greeks gamma, rho, and vega (to delta and theta)
- Revamps variable inputs (stock, strike price, etc.) to more intuitive layout
- New Option Wizard Futures (Black Model) calculates options on futures

Option Wizard upgrade is $39 to registered users, available through the online store.

Five years in the research and writing, new publication Option Wizard Trading Method presents strategic concepts on options trading, illustrated with 30 case histories from recent markets. Sent zipped over the Internet, it expands to 70 pages in Microsoft Word format. A link to free Word (and Excel) viewers is at the Option Wizard web site. Option Wizard Trading Method is $99, $49 when purchased with Option Wizard.

Jerry Kopf, principal, Benjamin & Jerold Stock & Options Discount Brokers, Chicago, former CBOE market maker and publisher, The Blue Page (options newsletter) says: "The Option Wizard Trading Method is a very good piece of work — valuable insights and options lore no trader should be without. Explains how to profit when the product `never stops dancing.` Very readable, too."

Option Wizard may be reviewed, downloaded, demonstrated and purchased over the Internet within minutes via http://option-wizard.com.

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New Backtest Wizard 2.0

Companion product Backtest Wizard backtests trading systems on stock, index and futures data, and measures results. It employs lesser-used Excel logic and lookup functions to return buy and sell arguments for security historicals from volume, trend and momentum indicators. New version 2.0 features:

- New toggle smoothing features for Force Index, moving averages and stochastics
- Incorporation of advanced Excel solver function to optimize backtest results
- 200 days of theoretical put-call prices to historical stock prices.

Backtest Wizard charts stock data in candle and bar format; technical indicators in a variety of line, histogram and other customizable charts. At $99, it costs a fraction of other standalone backtesting software products. Analyzing security price movements from a spreadsheet provides a different "tactile" experience than does viewing charts. The Backtest Wizard spreadsheet is also ideal for paper trading.

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# Visuals and captions

May be downloaded at http://option-wizard.com.

| Greeks | |
|---|---|
| DELTA | 0.39 |
| GAMMA | 0.05 |
| VEGA | 9.52 |
| RHO | 4.17 |

Delta tells how much an option will move for a $1 move in the underlying. Gamma tells how much delta will change for each $1 move in the underlying. Vega tells how much the option price will change for a 1% change in the volatility. Rho tells how much the option price will change for a 1% change in the risk-free interest rate.

| HISTORICAL VOLATILITY BY DAY | | | |
|---|---|---|---|
| 200 DAY | 100 DAY | 50 DAY | 20 DAY |
| 0.3275 | 0.3511 | 0.3677 | 0.4322 |

New Option Wizard 7.2 calculates 20-50-100-200 day historical volatilities. The trader drops 200 days of closing prices into the volatility worksheet. Shortcut!: The Option Wizard web site also points to two sites that present free historical volatilities for most stocks and indices.

| Theoretical Options Prices | |
|---|---|
| 105 | 1. Strike price |
| 01/21/98 | Today's date |
| 12/20/98 | 2. Expiration |
| 332 | Days to expiration |
| 0.9102 | Time remaining as % of a year |
| 0.0600 | 3. Risk-free interest rate |
| 40.00% | 4. Implied volatility |
| 34.00% | Historical volatility |
| Calls | Puts |
| 27.11 | 16.19 |
| 27.86 | 15.83 |
| 28.14 | 15.66 |
| 29.95 | 14.86 |
| 29.31 | 15.11 |
| 28.42 | 15.48 |
| 26.93 | 16.14 |
| 29.02 | 15.15 |
| 27.10 | 15.99 |
| 28.80 | 15.21 |
| 28.60 | 15.28 |

LEFT. Lay-in the strike, dates, and other variables, and Backtest Wizard calculates theoretical options prices.

BELOW. Force, trend and stochastics can be easily customized by changing the number of smoothing days, a new feature in Backtest Wizard 2.0.

| TECHNICAL INDICATORS | | | | | |
|---|---|---|---|---|---|
| 4 | 20 | 6 | 20 | 10 | 10 |
| DAY | DAY | DAY | DAY | DAY | DAY |
| Exponential Moving Average | | Moving Average | | %K | %D |
| FORCE INDEX | | TREND | | STOCHASTICS | |
| | | | | | |
| | | | | | |
| | | | | | |
| -1129 | -4431 | 96.35 | 97.61 | 43 | 43 |
| 1281 | -3200 | 96.10 | 97.26 | 36 | 39 |
| 9436 | 2404 | 96.31 | 97.26 | 72 | 44 |
| 12432 | 1863 | 97.19 | 97.29 | 90 | 70 |
| 11197 | 2802 | 98.00 | 97.54 | 87 | 93 |
| 7635 | 1123 | 98.90 | 97.66 | 79 | 85 |
| 8400 | 2590 | 100.13 | 97.90 | 95 | 87 |
| 6731 | 2674 | 101.63 | 98.18 | 99 | 91 |
| 3435 | 1734 | 102.75 | 98.35 | 94 | 96 |
| -4680 | 627 | 102.88 | 98.50 | 59 | 84 |
| 2667 | 2696 | 103.04 | 98.74 | 74 | 76 |
| -6963 | 2834 | 103.08 | 99.14 | 58 | 63 |
| -466 | 3658 | 103.04 | 99.54 | 56 | 56 |
| -1232 | 1540 | 102.58 | 99.78 | 36 | 53 |