**Assignment for Week 11**

**Advanced Options Strategies**

 ***Choose the correct answer by highlighting it***

 1. What is the primary objective of a Long Straddle strategy?

 - A. To profit from price stability in the underlying asset

 - B. To profit from high volatility in the underlying asset

 - C. To take advantage of low volatility in the underlying asset

 - D. To minimize premium costs

 2. Which of the following strategies involves buying both a call and a put option at different strike prices?

 - A. Long Straddle

 - B. Short Straddle

 - C. Long Strangle

 - D. Short Iron Condor

 3. In a Bull Call Spread, the maximum profit is achieved when:

 - A. The stock price is at the lower strike price

 - B. The stock price is at the higher strike price

 - C. The stock price remains stable

 - D. The stock price falls below the lower strike price

 4. Which of the following strategies has limited profit and limited risk?

 - A. Long Butterfly

 - B. Long Straddle

 - C. Short Strangle

 - D. Bear Call Spread

 5. A Short Iron Condor strategy would be suitable if the trader expects:

 - A. High volatility in the market

 - B. Low volatility in the market

 - C. A strong upward trend in the underlying asset

 - D. A strong downward trend in the underlying asset

 6. In a Long Strangle, which options are typically bought?

 - A. Two calls at the same strike price

 - B. A call and a put at the same strike price

 - C. A call and a put at different strike prices

 - D. Two puts at different strike prices

 7. In which of the following strategies does the maximum risk equal the net premium received?

 - A. Long Straddle

 - B. Short Straddle

 - C. Bull Call Spread

 - D. Bear Put Spread

 8. A Bear Put Spread is generally used when the trader expects the underlying asset to:

 - A. Increase significantly in price

 - B. Stay within a narrow price range

 - C. Decrease moderately in price

 - D. Remain stable with high volatility

 9. In a Short Strangle, what is the primary risk for the trader?

 - A. Premiums received from selling the options

 - B. Limited potential for profit

 - C. Unlimited potential losses if the underlying asset moves significantly

 - D. None, as it is a low-risk strategy

 10. The maximum profit in a Long Butterfly strategy is achieved when:

 - A. The stock price is at the highest strike price

 - B. The stock price is at the lowest strike price

 - C. The stock price is at the middle strike price

 - D. The stock price is outside the range of all strike prices

 11. A Bull Put Spread is constructed by:

 - A. Buying a lower strike put and selling a higher strike put

 - B. Buying a higher strike call and selling a lower strike call

 - C. Selling a higher strike call and buying a lower strike call

 - D. Selling a lower strike put and buying a higher strike put

 12. Which of the following is true for a Short Iron Condor?

 - A. It has unlimited profit potential

 - B. It has a high-profit potential in volatile markets

 - C. It profits if the underlying remains in a specific range

 - D. It requires a strong trend in the underlying asset

 13. A Long Straddle will be profitable if:

 - A. The underlying asset stays within a narrow range

 - B. There is a significant move in the underlying asset's price

 - C. The underlying asset falls slightly in price

 - D. The underlying asset has no price movement

 14. Which of the following strategies involves selling both a call and a put at the same strike price?

 - A. Short Strangle

 - B. Short Straddle

 - C. Long Butterfly

 - D. Bull Call Spread

 15. A Bear Call Spread is best suited for which market condition?

 - A. Bullish market with high volatility

 - B. Stable market with low volatility

 - C. Bearish market with moderate downward movement

 - D. High volatility with large price swings

 16. Which of the following strategies is designed to benefit from low volatility?

 - A. Long Strangle

 - B. Long Straddle

 - C. Short Straddle

 - D. Bull Call Spread

 17. In a Long Iron Condor strategy, a trader typically profits when:

 - A. The underlying price stays within a specific range

 - B. The underlying price breaks out of the range

 - C. There is a strong upward trend in the underlying asset

 - D. The underlying asset has high volatility

 18. Which of the following best describes a Short Straddle strategy?

 - A. Buying a call and a put at the same strike price and expiry

 - B. Selling a call and a put at different strike prices and expiry dates

 - C. Selling a call and a put at the same strike price and expiry date

 - D. Buying a call and a put at different strike prices and expiry dates

 19. A Bull Call Spread is generally profitable if the underlying asset:

 - A. Moves significantly downward

 - B. Remains stable

 - C. Experiences a moderate upward movement

 - D. Moves significantly upward beyond both strike prices

 20. In a Short Butterfly Spread, the profit potential is:

 - A. Limited and maximized when the underlying price is at the middle strike

 - B. Unlimited if the underlying price rises above the upper strike

 - C. Maximized if the underlying price is below the lower strike

 - D. Maximized if the underlying price moves significantly in either direction

—--------------------------------------------------------END—--------------------------------------------------------