## Solutions Chapter 7

### Exercise 7.1

A. In the money are the Call July $17.00 and the Put July.
B. The call expiring in September is more valuable since it has a higher time value.
C. 1 ($19.50 – $17.00 – $1.30)/$1.30 = 92%.
   2. Loss of 100%. The put option is worthless at expiration.
   3. ($19.50 - $17.10)/$17.10 = 14%.

### Exercise 7.2

a. Put January, Call January, Call April.
b. Buy a put or write a call.
c. There are no changes.