Gibraltar Asset Management

Stockbrokers & Investment Managers

FTSE 100 Short Strangle Strategy

The objective is to sell front month out-of-the-money calls and puts on the FTSE 100, taking maximum advantage of "time decay" which falls the most during the last 30 days of trading. Strike prices are calculated using a combination of technical analysis and mathematical reference to the VIX, which indicates where the market thinks the S&P could finish based upon current volatility. Any option that is within 25 points of the strike will be rolled higher or lower for the same month.

FTSE 100	5725
VIX	19.57

FTSE 100 Call

Recommended Option Series	December 6050 calls
Price	8 points

Rationale:

This is 325 points (5.7%) above the current level and has the following resistance levels to break:

5875	two year high
5909	upper bollinger band
6000	psycologically important resistance point

FTSE 100 Put

Recommended Option Series	December 5100 puts
Price	9 points

Rationale:

This is 625 points (10.9%) below the current level and has the following support level breaks:

5685	50 day moving average
5616	lower bollinger band
5434	200 day moving average

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