

PRODUCT REVIEW

The 7-Step Plan For Mastering Options Option Tutor

Version 2.0

OS FINANCIAL TRADING SYSTEM

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Product: Computerized tutorial for options
Price: \$70 plus \$7 shipping & handling

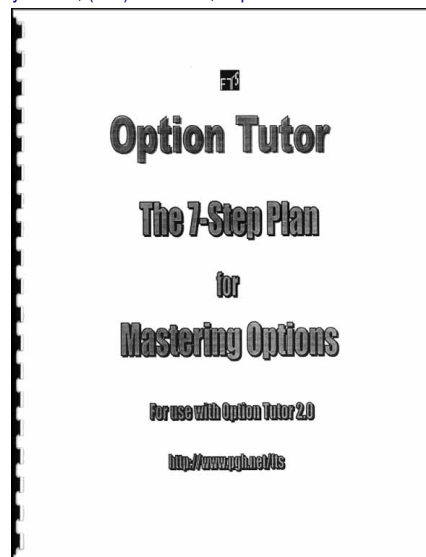
by John Sweeney

An effective tutorial for options trading can be a blessing, and Option Tutor 2.0 has the power to take you where you want to go (Figure 1). With Option Tutor 2.0, you read and do at the same time. The physical manual is really an outline that instructs you to open the applications guide to options and futures on your computer. This tutorial steps you through the actual lessons. I put the tutorial on one side of my screen and the windows from Option Tutor on the other side of my

screen. I'd click back and forth between the two to activate the window of my interest as I worked along.

The applications guide is good stuff. It includes a picture of nearly everything it discusses, so that you can immediately see whether that which you've created in the working windows is correct. Plus, there's a restart button to get you back to the beginning at any time. These features kept me on track and gave me the confidence to play around with program features (Figure 2).

The analytical windows themselves are simple and sometimes innovative. The basic chart is bereft of detailed axes labeling. Instead, you turn on the scale lines and click on the point of interest, thereby summoning the *x* and *y* values. This is not too precise, but you can get the exact breakeven by clicking on the diagram label. This supplies tables for either the nominal profitable breakeven or the economic breakeven, which includes the



Looking to become an advanced options trader? Option Tutor moves from the basics to exotic trading, all onscreen.

costs of funds for the investment. Breakevens are calculated for positions with multiple legs.

The graphics, which are an important

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component of the tutorial, are not automatically scaled and recolored; all this is often done manually in the program. I found this complexity distracting.

Information is input in an editor win-

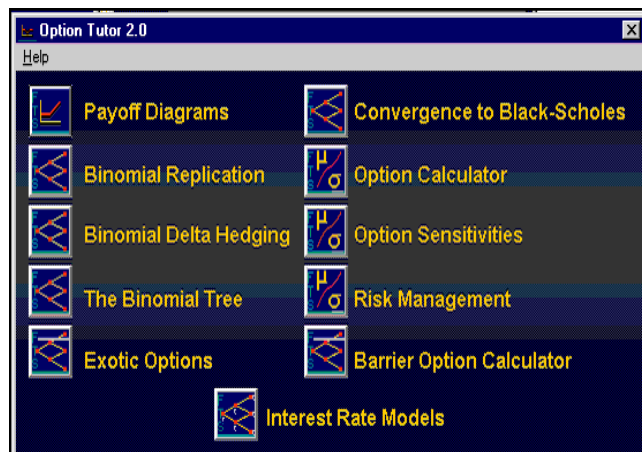


FIGURE 1: POWER ON! Going beyond option basics, Option Tutor handles exotic trades that retail traders may never run into unless they're trading Asian exchanges.

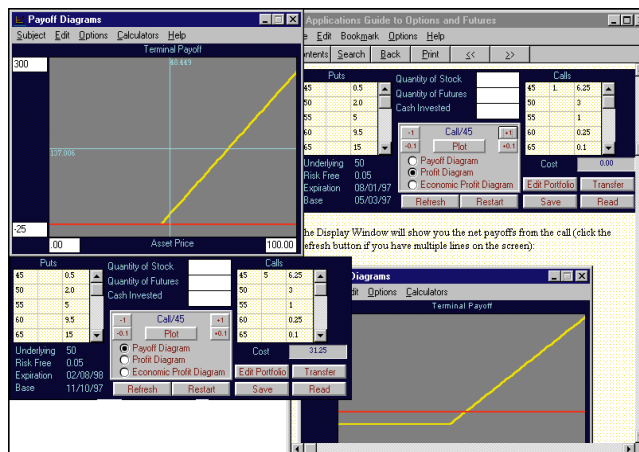


FIGURE 2: THEY'RE THE SAME! Student input (left) matches tutorial directions (right) during lesson 1. Option Tutor 2.0 keeps students on track by showing their results next to the tutorial's solution.

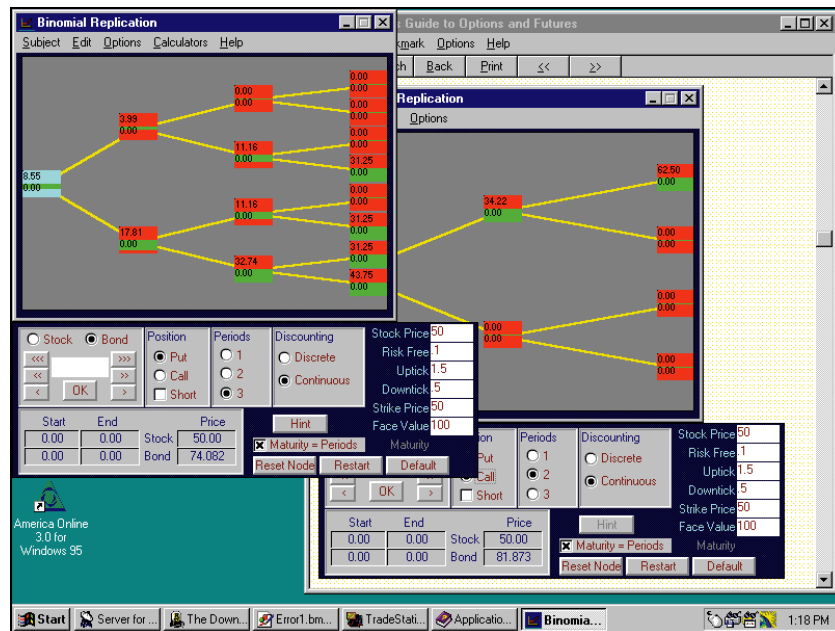


FIGURE 3: BINOMIAL MODELS. An option pricing exercise balances out at the proper estimated equivalence to stocks and bonds. Option Tutor includes a plain-language, simple-formula explanation of this model with models you can tweak on your own.

dow, or more conveniently, by clicking and typing on the calls and puts you have in mind. The Help section discusses using the cut-and-paste option from spreadsheets and even live datafeeds, but that's beyond the tutorial. Not included are sample datasets that could eliminate typing and speed things up. The advantage to their absence is your gaining familiarity with the input screens.

The tutorial itself is very wide-ranging, covering basics; stock options; index futures and options; currency derivatives; and futures options. The only problem is that it is made up of a set of modules without a clearly thought-out sequence of usage. The paper manual is supposed to provide this, but sometimes falls short.

Scanning Figure 1, you'll see empowered options variants that no other tutorial attempts. In addition, you'll find a readable, didactic exposition on modeling theory, modules on creating and maintaining hedges, and a nifty little calculator you can use for quick values of options parameters. Stocks, futures and indices are all covered. You're go-

ing to go from the commercial basics (about two pages and 10 minutes) to portfolio insurance in what Financial Trading System refers to as the seven-step plan.

SUPPORT

Support is by voice mail or E-mail, and response time is 24 hours or less. Since the program doesn't use a standard Windows interface, I came up with a number of minor questions for support.

POWER ON

Don't let the unfamiliar interface intimidate you: Keep mousing and you'll get an impressive education on options usage plus some software into which you can plug your own data. The program may provide more information than the average retail trader can absorb, but it's ideal for a professional analyst who wants a truly thorough grounding in options.

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