



(DJX) Dow Jones Industrials	(SPX) S&P 500
(QQQ) Nasdaq-100 Shares	(OEX) S&P 100
(OEF) iShares S&P 100	(RUT) Russell 2000
(VIX) CBOE Volatility Index	(NDX) Nasdaq-100
(UIX) CBOE Volatility Index	(MNX) Mini-NDX

**INDEX  
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## DJX Bull Spread

### Example

The market climbed Friday following several days of sell-off, ending with the Dow Jones Industrial Average<sup>SM</sup> (DJIA) at a level of 10,800. Options on the Dow Jones Industrial Average (DJX) are based on 1/100th of the DJIA<sup>SM</sup> level, so that the DJX is at a level of 108.00.

### Outlook

You are bullish on the DJX until year-end, and believe market may gain 5% - 10% in that time.

### Possible Strategy

Bull Call Spread.

Buy 1 DJX December 108 call at 5.25.

Sell 1 DJX December 116 call at 1.50.

Net debit of 3.75, or \$375.00.

\*All values shown are at the time of expiration.

Index Change	DJX@ exp.	Long 108 call value	Short 116 call value	Spread Cost	Net P/(L)
+11.11%	120.00	\$1,200.00	\$400.00	(\$375.00)	\$425.00
+7.41%	116.00****	\$800.00	\$0.00	(\$375.00)	\$425.00
+3.47%	111.75*	\$375.00	\$0.00	(\$375.00)	\$0.00
+/-0.00%	108.00**/**	\$0.00	\$0.00	(\$375.00)	(\$375.00)
-2.78%	105.00	\$0.00	\$0.00	(\$375.00)	(\$375.00)

At Expiration (in December)

\*Break-even: DJX @ 111.75 (+3.47%)

\*\*Unchanged: Loss of \$375.00

\*\*\*Maximum Loss: \$375.00 if DJX < or = 108 (+/-0.00%)

\*\*\*\*Maximum Gain: \$425.00 if DJX > or = 116 (+7.41%)

**In Short:**

A \$375.00 cost established a bullish position with the possibility of yielding a \$425.00 profit if DJX is at or greater than 116.00 at expiration. Unchanged or decline yields loss of \$375.00, which is the maximum risk. DJX between 108 and 111.75 results in partial loss of initial investment.

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For more information on the DJX options, please visit <http://www.cboe.com/djx>

For more examples of options strategies, please visit <http://www.cboe.com/strategies/>

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