Getting Up and Running

Control Panel

Display Properties   ? ✕

| Background | Screen Saver | Appearance | Effects | Web | Settings |

Delete   Properties   Views

A

Drag the monitor icons to match the physical arrangement of your monitors

1   **2**

Find Fast   Fonts   Game
Controllers   Infrared

A

Multimedia   Network   ODBC Data
Sources (32bit)   Passwords

Display:

1. Toshiba Plug and Play Monitor on S3_Inc. Savage/IX w/MV ▼

Sounds   System   Telephony   Toshiba
Hardwa...

Colors

256 Colors ▼

Screen area

Less ⎯▭⎯ More

800 by 600 pixels

☑ Extend my Windows desktop onto this monitor.   Advanced...

OK   Cancel   Apply

1 object(s) selected   Changes display settings.   🖳 My Computer

To fill your computer screen with the animation, set your computer's screen resolution to 800 × 600. To run the animation in a window, set your computer's resolution higher.
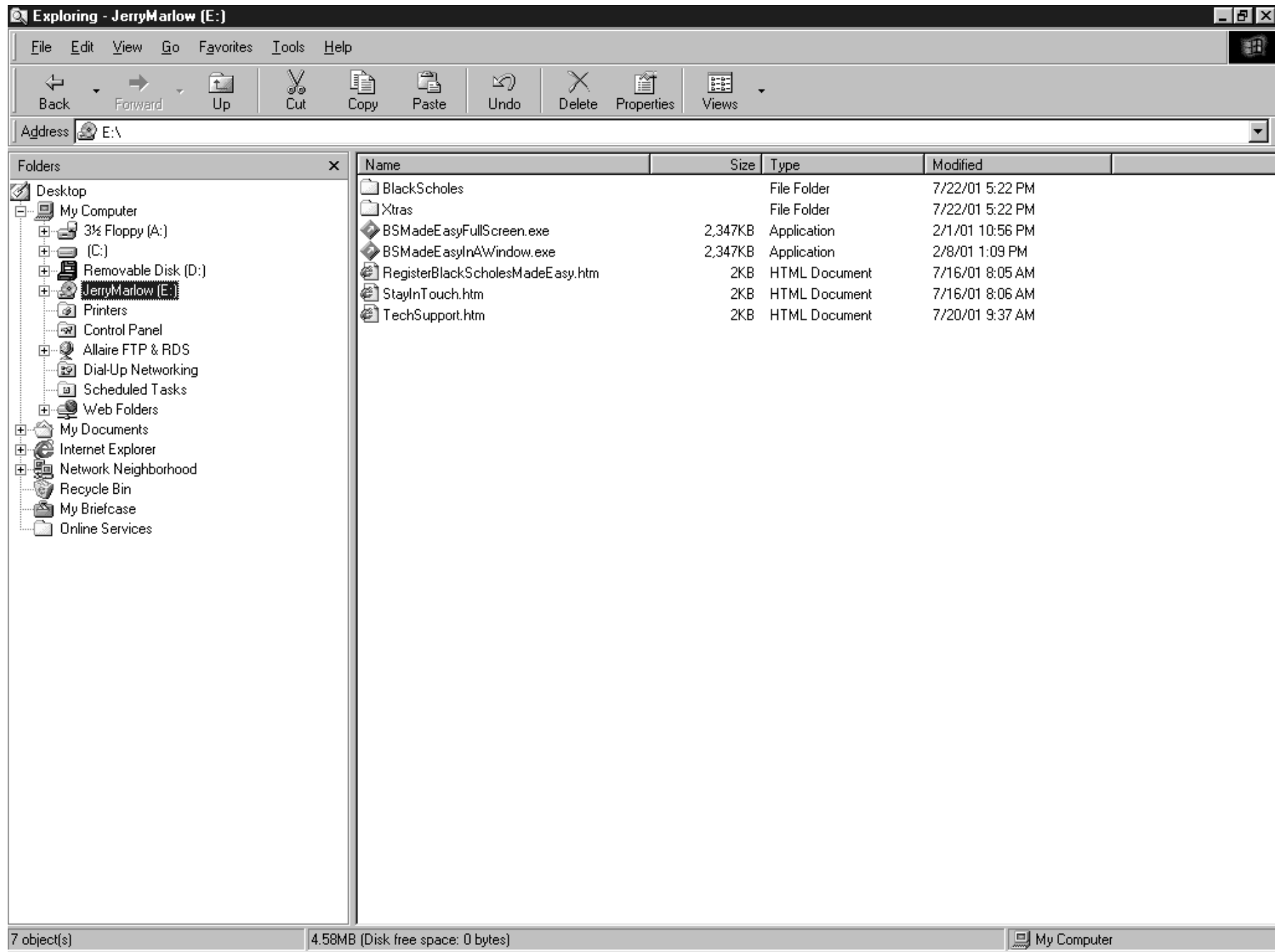
Black-Scholes Made Easy runs on Windows at a screen resolution of 800 × 600.

If you want the animation to fill up the entire computer screen, set your screen resolution to 800 × 600.

If, while you're running the animation, you also want to see on-screen other software you have running, then set your screen resolution higher than 800 × 600.

If you know how to set the resolution of your computer, go ahead and do so. Otherwise, follow these steps:

1. To bring up the Windows menu, simultaneously press the Control (Ctrl) key and the Escape (Esc) key.

2. Roll your mouse cursor up to the Settings icon.

3. Click on Control Panel.

4. Double-click on the Display icon.

5. At the top of the selection, click on Settings.

6. Set the resolution to 800 × 600 or higher. (If your computer only supports a screen resolution of 640 × 480, you'll have to use the CD with a different computer.)

7. Click on OK.

8. Exit the Control Panel.

Exploring - JerryMarlow (E:)

File   Edit   View   Go   Favorites   Tools   Help

Back   Forward   Up   Cut   Copy   Paste   Undo   Delete   Properties   Views

Address   E:\

Folders ✕

- Desktop
  - My Computer
    - 3½ Floppy (A:)
    - (C:)
    - Removable Disk (D:)
    - JerryMarlow (E:)
    - Printers
    - Control Panel
    - Allaire FTP & RDS
    - Dial-Up Networking
    - Scheduled Tasks
    - Web Folders
  - My Documents
  - Internet Explorer
  - Network Neighborhood
  - Recycle Bin
  - My Briefcase
  - Online Services

Name	Size	Type	Modified
BlackScholes		File Folder	7/22/01 5:22 PM
Xtras		File Folder	7/22/01 5:22 PM
BSMadeEasyFullScreen.exe	2,347KB	Application	2/1/01 10:56 PM
BSMadeEasyInAWindow.exe	2,347KB	Application	2/8/01 1:09 PM
RegisterBlackScholesMadeEasy.htm	2KB	HTML Document	7/16/01 8:05 AM
StayInTouch.htm	2KB	HTML Document	7/16/01 8:06 AM
TechSupport.htm	2KB	HTML Document	7/20/01 9:37 AM

7 object(s)   4.58MB (Disk free space: 0 bytes)   My Computer

To run Black-Scholes Made Easy, double-click on BSMadeEasyFullScreen.exe or on BSMadeEasyInAWindow.exe.

1. Put the *Black-Scholes Made Easy* CD in the CD player of your computer.

2. Go into My Computer, Windows Explorer, or File Manager.

3. Find the CD. The CD should show up on your screen labeled JerryMarlow.

4. Click on the CD icon.

5. To run the animation full screen, double-click on BSMadeEasyFullScreen.exe.

   To run the animation in a window, double-click on BSMadeEasy-InAWindow.exe.

   (To register as a user of *Black-Scholes Made Easy,* double-click on RegisterBlackScholesMadeEasy.htm. For links to the author's websites and e-mail address, double-click on StayIn-Touch.htm. For links to Tech Support, double-click on TechSupport.htm.)

If the screen resolution is set correctly, the first screen will look like one of the two on top.

The first screen that the animation lands on should look like one of the images on top.

If it does, great.

If, however, the first screen of the animation looks like the bottom image, then the resolution of your computer is set too low.

If the screen resolution is not set correctly, hit the Esc key on your keyboard. Go through the instructions for screen resolution on page 2.
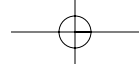
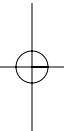# After you accept the licensing agreement, the animation may take a minute or so to load.

Black-Scholes Made Easy—
A Visual Way to Understand
Stock Options, Option Prices,
and Stock-market Volatility

by Jerry Marlow

To continue beyond the title, click anywhere on the screen.
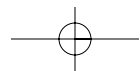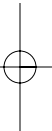
To make the command buttons visible, roll the mouse cursor around on the screen.

Roll your mouse cursor around on the bottom and top left of the screen. You'll see command buttons appear when you roll over them.

Depending on what's going on on the screen, the functions of some command buttons may change.

> 1. **To make the buttons disappear, click the Hide button three times.**

If you want to ignore the tutorial and just start clicking on buttons, first read the section at the end of the book entitled: Navigating through the Animations.

Maybe you don't like to read and just want to click on buttons. Fine. If that's the case though, before you get started you may want to take a quick look at the section on navigating through the animations. It shows you the design principles that govern when and how things come up on screen. Your trial-and-error adventure will be less puzzling and messy.

You can type notes to yourself or to your lecture audience here.

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	Annualized	Period
Expected CC Return	12.00	5.9178%
Median CC Return	-3.125%	-1.5411%
Standard Deviation	55.00	38.6236%
No Dividend	0.00	0.00

Probability of Profit	0.26
Probability in the Money	0.31
Period Option Exp Return	52.9%
Equiv Simple Percent	69.7%

Current Asset Price	33.50
Days to Expire (365 D/Y)	180
Call Strike Price	40.00
Call Option Price	2.25

Price axis (left): $100.04, $91.06, $82.40, $74.56, $67.46, $61.04, $55.23, $49.98, $45.22, $40.92, $37.02, $33.50, $30.31, $27.43, $24.82, $22.46, $20.32, $18.39, $16.64, $15.05, $13.62, $12.32, $11.15

Percent axis (right): 550%, 500%, 450%, 400%, 350%, 300%, 250%, 200%, 150%, 100%, 50%, 0%, -50%, -100%, -150%, -200% to -600% to -Inf %

Buttons:
Calculate Implied Volatility | Draw Your Forecast | Call | Put | No Option | Calculate Black-Scholes Value | Display Div Schedule
Calculate Your Forecast | Simulate Price Change | Fast | Faster | Fastest | Draw Option Forecast | Invest | Enter Div Yield | No Div
Show Simple Percent | Calculate Expected Return | Fast | Fastest | Color Deciles | Clear | Hide | Exit

To save and print pictures of the simulations, use Print Screen and Ctrl+V to copy and paste screen captures into other software. Include notes to yourself.

The animation does not provide a direct way to save or print pictures of the simulations you create on the screen. Nonetheless, you easily can use programs such as Word, PowerPoint, and Excel to save and print pictures of the simulations. You can use graphics software to prepare screen captures for display on the Web.

1. **To capture an image of a simulation you have on your screen, press the Print Screen key on your keyboard. It's usually near the F12 key on the top right of your keyboard. It may be abbreviated Print Scrn or Prt Sc.**

2. **Use your mouse or press Alt+Tab to go to a Word, PowerPoint, or Excel document that you have open.**

3. **In your Word, PowerPoint, or Excel document, hold down the Ctrl key and press the V key (Ctrl+V).**

4. **If you wish to modify a screen capture or use it on a web site, instead of pasting it into a document program, use Ctrl+V to paste the screen capture onto a 800 × 600 canvas in an imaging program such as Adobe Photoshop, Macromedia Fireworks, or Microsoft Photo Editor or Paint. In these programs, you can save screen captures as .gif files and import them into your documents and web sites.**

The screen includes a field in which you can type notes to yourself or to your lecture audience.

5. **To get to the field in which you can type notes, keep hitting the Tab key on your keyboard until the cursor appears in the top middle of the screen.**

(The message field appears on-screen only when you have other data fields on screen.)