

Net “delta” in AAPL listed option market



DB analyzed every AAPL listed option trade that occurred from January 2013 to February 2014

These trades were classified as bullish or bearish depending on whether they traded at the bid or the offer. So, for example, a call that traded on the offer side was deemed a bullish trade. We ignored transactions that traded at mid market

We then delta-weight this activity to capture a directional view of the overall options market

- Option traders will hedge their positions by trading in the underlying stock to maintain a “delta” neutral position to stock price performance (i.e., sell calls and buy stock such that they are indifferent to changes in the stock price)
- Looking at the net deltas of actual option activity shows that Fridays are more likely to see selling activity, while Mondays are more likely to see buying activity

	Average net delta		
	(in shares)	% of days negative	% of days positive
Friday	(99,292)	63.8%	36.2%
Monday	131,618	39.7%	60.3%
Other	(373,363)	56.0%	44.0%

- Even though the amount of stock is small relative to Apple’s ADTV of 10 – 15mm shares, there is a strong correlation between this activity and the stock return on the relevant day of the week^(a)

