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EC

BNK INVEST INC.

Interesting EC Put Options For October 20th

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Written by **BNK Invest** for **BNK Invest** →

Investors in **Ecopetrol SA** (Symbol: EC) saw new options begin trading this week, for the October 20th expiration. At [Stock Options Channel](#), our YieldBoost formula has looked up and down the EC options chain for the new October 20th contracts and identified the following put contract of particular interest.

The put contract at the \$12.50 strike price has a current bid of 65 cents. If an investor was to sell-to-open that put contract, they are committing to purchase the stock at \$12.50, but will also collect the premium, putting the cost basis of the shares at \$11.85 (before broker commissions). To an investor already interested in purchasing shares of EC, that could represent an attractive alternative to paying \$12.61/share today.

Because the \$12.50 strike represents an approximate 1% discount to the current trading price of the stock (the other would be out of the money but persistent), there is also the possibility that the put

(in other words it is out-of-the-money by that percentage), there is also the possibility that the put contract would expire worthless. The current analytical data (including greeks and implied greeks) suggest the current odds of that happening are 52%. Stock Options Channel will track those odds over time to see how they change, publishing a chart of those numbers on our website under the [contract detail page for this contract](#). Should the contract expire worthless, the premium would represent a 5.20% return on the cash commitment, or 54.23% annualized — at Stock Options Channel we call this the *YieldBoost*.

Below is a chart showing the trailing twelve month trading history for **Ecopetrol SA**, and highlighting in green where the \$12.50 strike is located relative to that history:



The implied volatility in the put contract example above is 70%.

Meanwhile, we calculate the actual trailing twelve month volatility (considering the last 251 trading day closing values as well as today's price of \$12.61) to be 44%. For more put and call options contract ideas worth looking at, visit StockOptionsChannel.com.



[Top YieldBoost Puts of the S&P 500 »](#)

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