



Albion Green

Financial Education

Program Leader

Andy Mayer has over 14 years experience as an FX options trader and manager of trading teams in the investment banking industry. He began his career in London with NatWest Global Financial Markets, and worked for Credit Agricole and Morgan Stanley before moving to Asia in 2010. His most recent banking role was running the Asia FX derivatives department at CIBC Hong Kong.

Andy has a BSc from the University of Durham, England and an MSc in mathematical modelling from Edinburgh University, Scotland. He holds a diploma in technical analysis from the Society of Technical Analysts.

Advanced Vanilla FX Options

Introduction

Foreign Exchange (FX) options are widely traded, but not widely understood. This advanced course is a continuation of the Introduction to Vanilla FX Options course. We will study advanced concepts including smile greeks, third order greeks and correlation trading with vanillas.

Who the course is for?

- Anyone who has done the Introduction to Vanilla FX Options course and wants to learn more
- Junior and intermediate traders on FX options desks
- Investment bank sales people who know the options basics and want to gain a very strong understanding of the product
- Bank and Hedge Fund macro traders who have knowledge of vanilla options basics
- Central bank reserve managers
- Risk department professionals in any financial institution

Learning outcome

Upon completion of the course, students will have a full understanding of FX vanilla options and how to trade them with the smile model.



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Course content

Day 1

- The time value of volatility
- Weekend and event weightings
- Fixed vol theta and constant fwd-fwd vol theta
- Vol curve moves
- Weighted vega and vega weights
- Calendar spreads
- The smile model
- Smile vega
- Is a vega-neutral butterfly really vega neutral?
- Smile delta
- Smile delta-hedge adjustment
- Smile gamma

Day 2

- Normalised risk reversals and butterflies
- Spot-butterfly correlation
- 10 and 25 delta risk reversals
- Spot-risk reversal correlation
- 10 and 25 delta butterflies
- Correlation between currencies
- Cross volatilities
- Trading correlation with vanilla options
- Summary and conclusion

Learning Techniques

Participants will be taught one module per session and their knowledge will be tested regularly during the course to track progress.

Language

English

Number of participants

Up to 10

Duration

Two full days, or eight evening sessions of one and a half hours each.

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