



# Cherry Picks

tastytrade's Quantitative Newsletter for Traders

April 27, 2021

**Options involve risk and are not suitable for all investors. Please read [Characteristics and Risks of Standardized Options](#) before deciding to invest.**

Major Stock ETF		Last Price	Theoretical 30-Day Range	IV	IV Rank	tastytrade volatility indicator
IWM	Russell 2000	228.68	± 17.05	0.26	8%	Slightly More Volatile than the S&P 500
QQQ	Nasdaq	340.29	± 22.44	0.23	6%	Slightly More Volatile than the S&P 500
SPY	S&P 500	417.2	± 21.53	0.18	6%	-
DIA	Dow Jones	339.52	± 16.55	0.17	10%	As Volatile as the S&P 500
Sector ETF		Last Price	Theoretical 30-Day Range	IV	IV Rank	tastytrade volatility indicator
XOP	Oil & Gas Exploration	79.13	± 10.21	0.45	15%	More Volatile than the S&P 500
OIH	Oil Services	178.86	± 22.56	0.44	2%	More Volatile than the S&P 500
XRT	Retail	93.9	± 11.84	0.44	4%	More Volatile than the S&P 500
XLF	Financial	35.66	± 4.29	0.42	12%	More Volatile than the S&P 500
GDXJ	Junior Gold Miners	50.11	± 5.32	0.37	4%	More Volatile than the S&P 500
XLI	Industrial	101.73	± 10.79	0.37	14%	More Volatile than the S&P 500
XBI	Biotech	139.98	± 14.05	0.35	13%	More Volatile than the S&P 500
KRE	Regional Banking	68.18	± 6.55	0.34	4%	More Volatile than the S&P 500
XLE	Energy Select	48.29	± 4.71	0.34	5%	More Volatile than the S&P 500
XLK	Technology	142.9	± 13.93	0.34	19%	More Volatile than the S&P 500
XME	Metals & Mining	42.14	± 3.99	0.33	6%	More Volatile than the S&P 500
GDX	Gold Miners	36.03	± 3.31	0.32	9%	More Volatile than the S&P 500
XHB	Homebuilders	76.13	± 5.46	0.25	7%	Slightly More Volatile than the S&P 500
XLV	Consumer Discretionary	178.78	± 11.79	0.23	0%	Slightly More Volatile than the S&P 500
XLB	Materials	83.16	± 5.48	0.23	13%	Slightly More Volatile than the S&P 500
XLP	Consumer Staples	68.74	± 3.94	0.2	20%	Slightly More Volatile than the S&P 500
IYR	U.S Real Estate	98.3	± 4.79	0.17	14%	As Volatile as the S&P 500
XLV	Health Care	122.56	± 5.27	0.15	7%	Slightly Less Volatile than the S&P 500
XLU	Utilities	65.97	± 2.65	0.14	8%	Slightly Less Volatile than the S&P 500
Commodity ETF		Last Price	Theoretical 30-Day Range	IV	IV Rank	tastytrade volatility indicator
USO	U.S. Oil Fund	42.7	± 4.41	0.36	4%	More Volatile than the S&P 500
SLV	Silver	24.46	± 2.24	0.32	9%	More Volatile than the S&P 500
UNG	U.S. Natural Gas Fund LP	10.51	± 0.87	0.29	20%	Slightly More Volatile than the S&P 500
GLD	Gold	167.04	± 7.18	0.15	6%	Slightly Less Volatile than the S&P 500
TLT	20 Year Bond	139.66	± 5.61	0.14	22%	Slightly Less Volatile than the S&P 500
LQD	Corporate Bonds	131.56	± 4.15	0.11	14%	MUCH Less Volatile than the S&P 500
IEF	10 Year Bond	114.27	± 2.62	0.08	18%	MUCH Less Volatile than the S&P 500
FXE	Euro Currency	113.15	± 1.62	0.05	34%	MUCH Less Volatile than the S&P 500
Country ETF		Last Price	Theoretical 30-Day Range	IV	IV Rank	tastytrade volatility indicator
EWZ	Brazil	35.92	± 3.40	0.33	3%	More Volatile than the S&P 500
RSX	Russia	26.63	± 2.37	0.31	10%	Slightly More Volatile than the S&P 500
EWV	Mexico	46.95	± 3.50	0.26	12%	Slightly More Volatile than the S&P 500
EWY	South Korea	93.38	± 5.89	0.22	5%	Slightly More Volatile than the S&P 500
FXI	China	46.99	± 2.83	0.21	5%	Slightly More Volatile than the S&P 500
EWJ	Japan	67.95	± 3.90	0.2	28%	Slightly More Volatile than the S&P 500
EEM	Emerging Markets	54.72	± 2.82	0.18	10%	As Volatile as the S&P 500
DXJ	Japanese Equity	59.29	± 2.89	0.17	6%	As Volatile as the S&P 500
EFA	Large capped non-US	78.77	± 2.94	0.13	20%	Slightly Less Volatile than the S&P 500
Inverse / Leveraged ETF		Last Price	Theoretical 30-Day Range	IV	IV Rank	tastytrade volatility indicator
NUGT	Gold Miners Bull 3X	66.31	± 11.98	0.63	7%	MUCH More Volatile than the S&P 500
SPXU	Ultra Short S&P500	20.17	± 3.35	0.58	34%	MUCH More Volatile than the S&P 500
TBT	20 Year Treasury	20.39	± 1.93	0.33	17%	More Volatile than the S&P 500
UUP	USD Index Bullish	24.46	± 0.56	0.08	16%	MUCH Less Volatile than the S&P 500
Volatility		Last Price	Theoretical 30-Day Range	IV	IV Rank	tastytrade volatility indicator
VIX	VIX options	17.85	-	1.06	6%	MUCH More Volatile than the S&P 500



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# Current Market Outlook



**30-Day Expected Range Plots** – The colored cone represents a 30-day expected theoretical price range that is calculated from the options' implied volatilities. In theory, we expect that prices will stay, with a 68% probability, within the boundary of the cone.

TSLA 30-Day, 1-Standard Deviation Expected Move ( $\pm 17.29\%$ )



Down 24 this morning.

MRVL 30-Day, 1-Standard Deviation Expected Move ( $\pm 10.63\%$ )



IV Rank over 30%. Earnings on May 27.

FXE 30-Day, 1-Standard Deviation Expected Move ( $\pm 1.59\%$ )



Currencies don't move much. But the euro is up against the dollar.

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# Glossary

**IV.** Implied Volatility is the estimated volatility of a security's price derived from its option price; the higher the IV, the more expensive the option and therefore the larger the expected price move. IV is an annualized number of volatility, e.g. a IV of 27 means the option's market is pricing in an annualized price range, either plus or minus, of 27%.

**IV Rank.** IV by itself doesn't tell us if the volatility is high or low - but IV Rank does. An IV Rank of 70 means that the IV is 70% between its low and high IV over the past year. The higher the IV Rank, the higher the security's IV is compared to its past year. We provide six levels to make evaluating easier:

- **Extremely High:** IV Rank between 90 and 100
- **High:** IV Rank between 75 and 90
- **Moderately High:** IV Rank between 50 and 75
- **Moderately Low:** IV Rank between 25 and 50
- **Low:** IV Rank between 10 and 25
- **Extremely Low:** IV Rank between 0 and 10

**Option Liquidity.** At tastytrade we have our own theoretical measure of option liquidity, Poor, Moderate, Good, or Great. It examines the options' bid/ask spread, open interest, and the number of strikes with non-zero bids.

**Correlation with S&P 500.** Correlation is a statistical measure of how strong a relationship two securities have with one another. A correlation of -1 means the stocks are perfectly negatively correlated (they move in opposite directions), while a correlation of +1 means the stocks are perfectly positively correlated (they move in the same direction). A correlation of 0 means there exist little relationship.

**Earnings.** The earnings date of the security. In practice we tend to see stocks have a larger amount of implied volatility (IV) nearer to earnings as the market is pricing in the fear of the upcoming earnings announcement. In parenthesis, is BTO or AMC; "Before the Open" or "After Market Closes", respectively. Upcoming earnings dates do sometimes change.

## Disclosures

**Options involve risk and are not suitable for all investors. Please read Characteristics and Risks of Standardized Options before deciding to invest in options: <https://www.theocc.com/components/docs/riskstoc.pdf>**

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