ABSTRACT

Investment that is used by an investor in the capital market never had no risk. The greater the risk level of an asset, the greater the risk of the asset, and vice versa. One of the risk is unstable stock price movement. Managing the risks of the stock price movement used derivatives instruments. One of the derivatives instruments traded in Indonesia is contract option.

This study aimed to analyze the return on contract option using long straddle strategy and short straddle strategy with black scholes. In addition, this study will also compare which strategies are better between the two strategies. The related variables in this study are return using long straddle strategy and return using short straddle strategy.

The population in this study are all companies listed in Indonesia Stock Exchange. The sample in this research was determined by purposive sampling method to obtain 5 companies in the sample. The companies are PT Astra International Tbk (ASII), PT Bank Central Asia Tbk (BBCA), PT Indofood Sukses Makmur Tbk (INDF), PT Telekomunikasi Indonesia (TLKM), dan PT HM Sampoerna Tbk(HMSP).

Based on the results of the study, long straddle strategy is a right strategy because the resulting profits are endless and loss is only for call and put premium. Return between long straddle strategy and short straddle strategy has the same result.

For investors who want to invest in the derivatives market, in particular contracts option investors should look at the movement of stock prices. If the movement of stock increased or decreased drastically, then you should use the long straddle strategy. In addition, investors should choose an option contract with a validity period of 2 months because of the potential to provide greater benefits.

***Keywords*: Derrivative, Contract Option, Long Straddle, Short Straddle, Black Shcoles**