ABSTRACT

This paper purpose is to analyze the return on option contract in IHSG and LQ45 2009-2012 period using Put Call Parity method. Put Call Parity methodology, proposed by Stoll (1979) is used to find the relation between put and call price with assumption there be will no dividend and using European option for the transaction.

The author is using the Black Scholes Method to find the value of the call option and using Put Call Parity to find the value of put option. As the free rate risk, the author is using Bank of Indonesia interest rate (BI Rate) and using the assumption that is volatility constant all the time. the execution of the option is depending on the price in the expiration date.

The result found that the return of the method are not producing profit for the investors in IHSG and LQ45 2009-2012 periods and the research found that shorter period are better to initiate the contract

Keywords: Investment, Option Market, IHSG, LQ45, Put Call Parity, Black Scholes