

Option Prices & Pricing Introduction

Welcome to Framework Investing's Option Prices & Pricing Mini-Course. I'm Erik Kobayashi-Solomon, the author of *The Intelligent Option Investor* and Framework Investing's Director of Research and Content.

This mini-course is designed to offer you a holistic understanding of option pricing screens and of the mathematical model underlying them. We have split the lessons into three sections:

1. Reading option pricing screens
2. Understanding how option pricing models work and what factors drive the prices you see on your screen
3. Understanding the nuances of option pricing that creates both opportunities and pitfalls for option investors

For stock investors, option pricing screens can seem pretty daunting at first. However, by the end of this mini-course, you will appreciate the wealth of information that is available on the screens and be able to find that information quickly and easily.

In this mini-course, we build on many things we have covered in prior mini-courses on Option Basics and Market Mechanics, including Framework's distinctive way of visualizing options from a range of exposure perspective.

Our primary goal in this mini-course is to offer all investors a thorough understanding of the factors that drive option prices and the dynamics that result. Obviously, this goal primarily serves the needs of option investors, but an understanding of what option prices say about the market's expectations for future prices of underlying instruments help investors who never buy or sell an option contract.

We'll get started by explaining how option pricing screens are set up and why you shouldn't always take the "Last Price" of an option at face value.