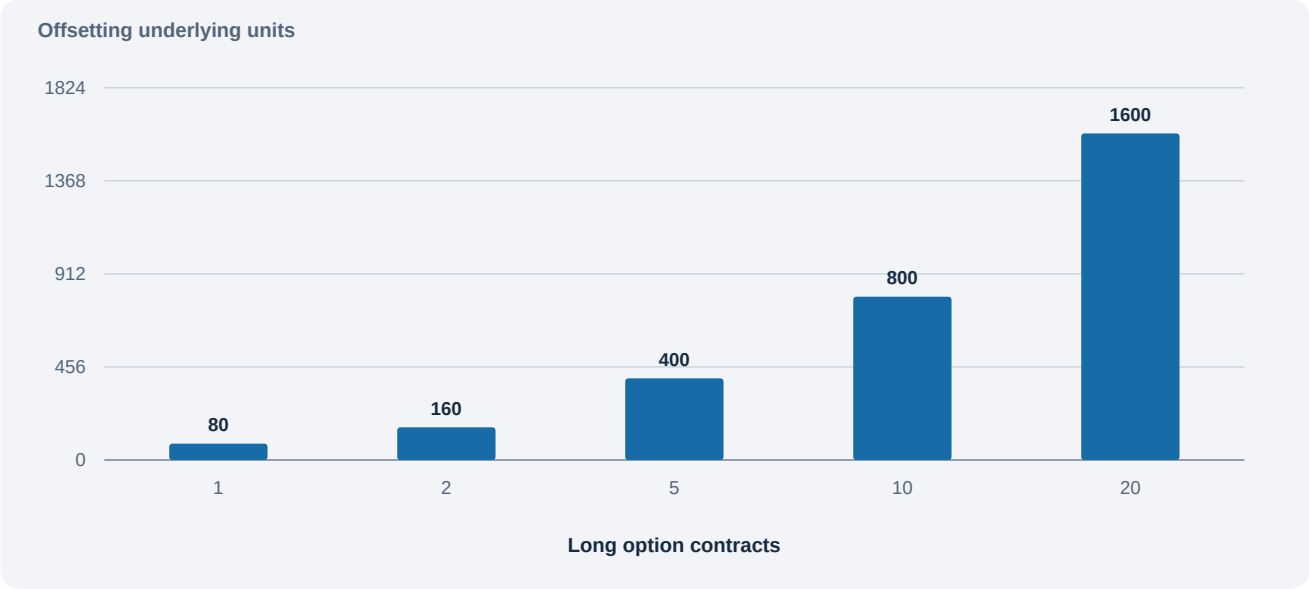
Underlying units for a delta offset

Option sensitivities | Original synthetic example | Edition 2026-11-26

Multiplying option delta by contract multiplier and contract quantity gives a local underlying-equivalent exposure. An opposite underlying position offsets that estimate at the current inputs.

FORMULA Hedge units = -delta x multiplier x contracts

SCENARIO 01: Long options with delta -0.8; multiplier 100



WORKED EXAMPLE

Five contracts need a local offset of 400 underlying units. Negative units mean a short underlying position.

COMMON MISTAKE

Treating a one-time delta offset as permanent ignores gamma and changing market inputs.

BEFORE YOU USE THE CALCULATION

1. Include long or short position sign.
2. Apply the actual multiplier.
3. Recalculate when relevant inputs change.

COMPARE TWO MORE INPUT SETS

Scenario 05: Long options with delta 0.1; multiplier 100. Five contracts need a local offset of -50 underlying units. Negative units mean a short underlying position.

Scenario 10: Long options with delta 0.9; multiplier 100. Five contracts need a local offset of -450 underlying units. Negative units mean a short underlying position.

Synthetic values are not historical market data. Educational material; trading can result in substantial losses.