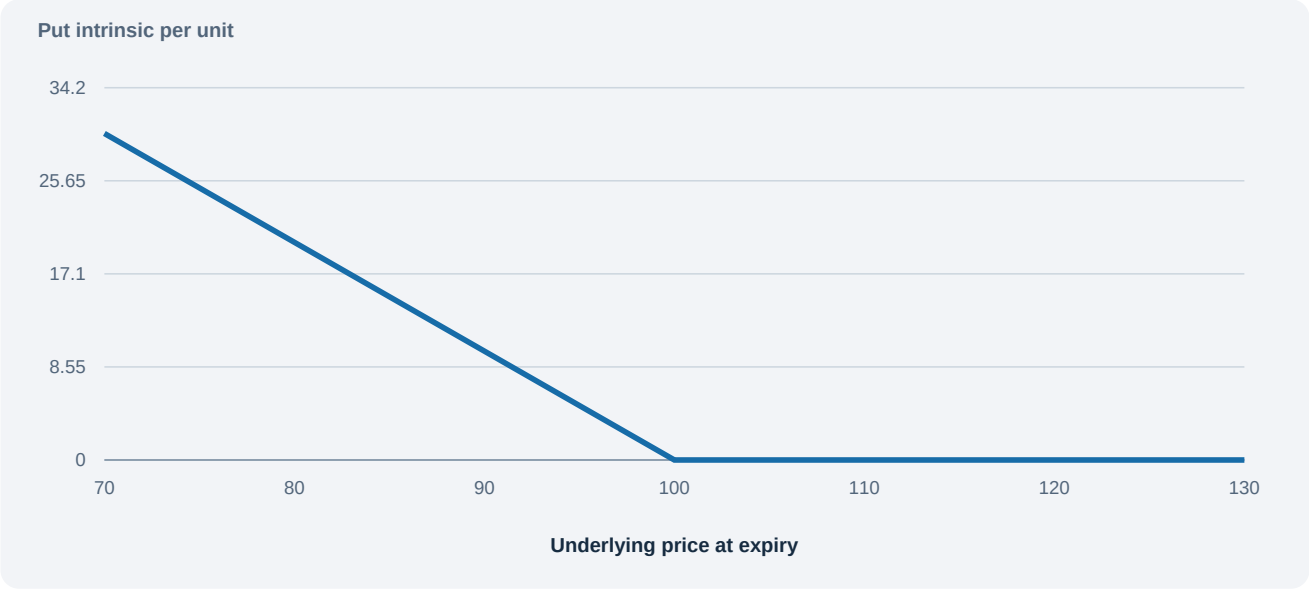
Put intrinsic value at expiry

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

At expiry, a put's intrinsic value is the positive part of the strike minus the underlying price. It reaches zero when the underlying is at or above the strike.

FORMULA Put intrinsic = max(strike - underlying, 0)

SCENARIO 01: Synthetic expiry scenario; reference strike 100



WORKED EXAMPLE

At underlying 90, intrinsic value is 10; premium and multiplier are excluded. No fees or settlement frictions.

COMMON MISTAKE

Using call-style subtraction reverses which prices create intrinsic value for a put.

BEFORE YOU USE THE CALCULATION

1. Identify the put strike.
2. Floor intrinsic value at zero.
3. Subtract premium only when calculating P/L.

COMPARE TWO MORE INPUT SETS

Scenario 05: Synthetic expiry scenario; reference strike 140. At underlying 130, intrinsic value is 10; premium and multiplier are excluded. No fees or settlement frictions.

Scenario 10: Synthetic expiry scenario; reference strike 190. At underlying 180, intrinsic value is 10; premium and multiplier are excluded. No fees or settlement frictions.

Background context: Options Industry Council: Strategy education

Learn. Analyze. Practice. Trade Smarter. | Original calculations; background sources provide context.

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