Independent study title	VOLATILITY TRADING STRATEGIES: EVIDENCE FROM SET50 INDEX OPTIONS
Author	Ratirat Sungthong
Degree	Master of Science (Finance)
Major field/Faculty/University	Master of Science Program in Finance (International Program) Faculty of Commerce and Accountancy Thammasat University
Independent study advisor	Assistant Professor Anutchanat Jaroenjitrkam, Ph.D.
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ABSTRACT

This study aims to determine the best model between standard deviation volatility and GARCH volatility for SET50 index options volatility trading strategies using delta-hedging for all moneyness. The study finds that delta-hedging with standard deviation volatility trading returns and GARCH volatility trading returns cannot outperform risk-free for both call and put options. After taking the transaction cost, the standard deviation volatility trading return is larger than the GARCH volatility trading return in all the moneyness periods. However, the difference in return between these two strategies is insignificant. Volatility trading strategies have a better chance of generating a positive return in in-the-money periods for call options and out-of-the-money periods for put options, excluding close to zero delta. However, the probability of gaining a positive return for both the return from GARCH and the standard deviation is comparable to gambling. The Delta Neutral strategy is not 100% risk management and is ineffective for hedging due to fluctuating delta values.

Keywords: Volatility trading strategy, Delta hedging, SET50 index option