

31. You compute the current delta for a 50-60 bull spread with the following information:

- (i) The continuously compounded risk-free rate is 5%.
- (ii) The underlying stock pays no dividends.
- (iii) The current stock price is \$50 per share.
- (iv) The stock's volatility is 20%.
- (v) The time to expiration is 3 months.

How much does delta change after 1 month, if the stock price does not change?

- (A) increases by 0.04
- (B) increases by 0.02
- (C) does not change, within rounding to 0.01
- (D) decreases by 0.02
- (E) decreases by 0.04