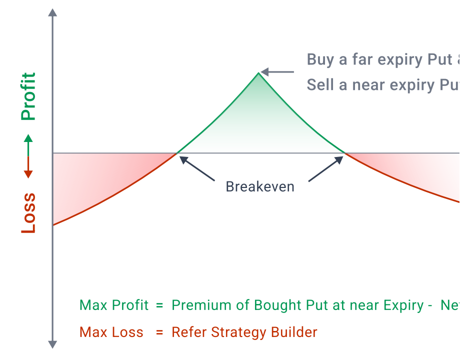
Bearish

Example:

Instrument	Qty	Price
SELL NIFTY 07th Oct 24600 PE	75	21.5
BUY NIFTY 28th Oct 24600 PE	75	122.3

See Example Open in Builder



Strategy Summary

Market View

Neutral to Moderately Bearish

Premium

Usually Paid, rarely received

Max Profit

Value of Bought Put at near Expiry - Net Premium Paid

Max Loss

Limited, depends on price at Expiry

Margin

Required

Effect of Time

Profit increases with time if the stock price stays near the strike.

Effect of Volatility

Benefits from increased volatility

Market View

Neutral to Moderately Bearish. Trade this when you expect the stock/index to remain stable or move slightly lower, particu the strike price, around the near expiry.

The Trade

Buy a far expiry put option.
Sell a near expiry put option of the same strike price.
For example, sell NIFTY weekly option and buy NIFTY monthly option.

Breakeven

Breakeven is variable and depends on multiple factors, including time decay and volatility. Check the Breakeven using Stra while deploying such trades.

- Max profit = Value of Bought Put at Expiry – Value of Bought Put at Entry + Premium Received from Short Put

Max Loss

This will be more than the net premium paid, and depends on the difference between the prices at which the options expir approximation, use Strategy builder.

Premium

Pay

Margin

Required

Effect of Time

The put sold loses value faster than the put bought. So you make money with each passing day if stock remains near the

Effect of Volatility

Higher implied volatility benefits the strategy by increasing the value of the bought put.

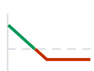
Pros

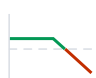
- Profits from both time decay and potential IV increases.
- Limited risk, as the short put helps offset the cost of the long put.
- Effective in a stable or slightly bearish market.
- Flexibility to adjust by rolling the short put or exiting early.

Cons

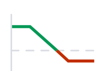
- Limited profit potential.
- Risk of loss if the stock moves significantly away from the strike price.

More Bearish Strategies:

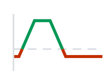

Buy Put

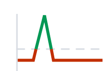

Sell Call

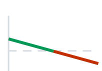

Bear Call Spread

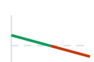

Bear Put Spread


Put Ratio Back Spread


Bear Condor


Bear Butterfly


Sell Future


Short Synthetic Future