Others

atio Spread

atio Spread

Straddle

Iron Butterfly

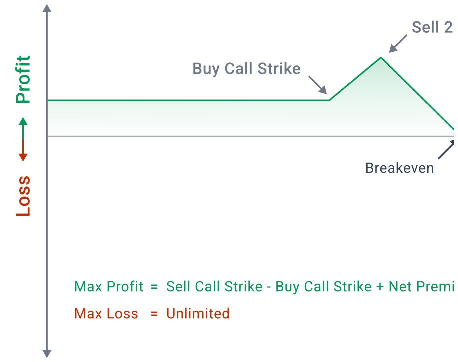
Strangle

Iron Condor

Example:

Instrument	Qty	Price
BUY NIFTY 07th Oct 24850 CE	75	109.9
SELL NIFTY 07th Oct 25050 CE	150	30.55

See Example Open in Builder



Strategy Summary

Market View
Neutral to Moderately Bullish

Premium
Depends. Can be pay or receive

Max Profit
Limited, depends on Net Premium Paid or Received

Max Loss
Unlimited

Margin
Required

Effect of Time
Depends on premium paid or received

Effect of Volatility
Varies based on stock position relative to option strikes

Market View

Neutral to moderately bullish. Trade this when you expect a slow move to the sold call strike.

The Trade

Buy one call option below the stock price and sell two call options above the stock price.

Breakeven

If you have paid premium

- Lower Breakeven = Strike price of bought call + Net Premium Paid
- Upper Breakeven = Strike price of sold call + Difference between strikes - Net Premium Paid

If you have received premium

- No Lower Breakeven
- Upper Breakeven = Strike price of sold call + Difference between strikes - Net Premium Received

Higher Strike - Lower Strike - Net Premium Paid

Max Loss

Unlimited

Premium

Depends. It can be pay or receive.

Margin

Required

Effect of Time

This is not straight forward as it depends on whether you paid premium or received premium.

Effect of Volatility

Complex, and depends on where the stock is in relation to the bought and sold calls.

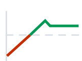
Pros

- Can generate profit with minimal or zero upfront cost.
- Benefits from gradual upward movement in the stock or index.

Cons

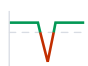
- Unlimited Risk if the stock rallies significantly beyond the short call strikes.
- Higher margin requirement due to sold call.

More Strategies:

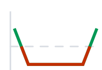


Put Ratio Spread

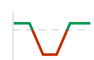
Long Straddle



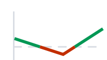
Long Iron Butterfly



Long Strangle



Long Iron Condor



Strap