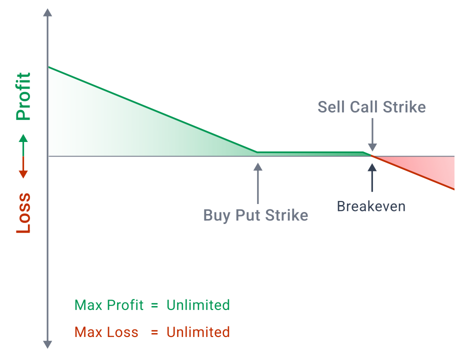
Bearish

Example:

Instrument	Qty	Price
SELL NIFTY 07th Oct 25100 CE	75	20.85
BUY NIFTY 07th Oct 24600 PE	75	21.5

See Example

Open in Builder



Strategy Summary

Market View

Bearish

Premium

Almost zero, you pay or receive a small premium

Max Profit

Unlimited

Max Loss

Unlimited

Margin

Required

Effect of Time

Negligible

Effect of Volatility

Negligible

Market View

Bearish. Trade this when you expect the stock/index to move significantly lower.

The Trade

Sell a call with strike above the stock price. Buy a put with strike below the stock price.

Breakeven

Depends on the premium paid or received.

Max Profit

Unlimited

Premium

Almost Zero cost - the premium paid for the put is mostly offset by the premium received from the call.

Margin

Required

Effect of Time

Time decay benefits the short call but negatively impacts the long put. So almost zero effect of time.

Effect of Volatility

Negligible, as increase in IV increases the price of both bought and sold options and they cancel each other out.

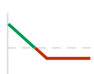
Pros

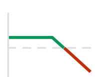
- Can be structured as a zero-cost strategy.

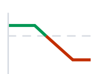
Cons

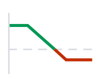
- Unlimited loss if the stock/index rises significantly due to the short call.
- Requires margin to maintain the short call position.

More Bearish Strategies:

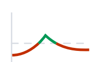

Buy Put

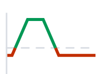

Sell Call

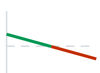

Bear Call Spread

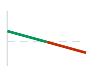

Bear Put Spread


Put Ratio Back Spread


Long Calendar with Puts


Bear Condor


Sell Future


Short Synthetic Future