

Learn

Options

Strategies

Trade

Analyse

Watchlist

New

Positions

Orders

AP

Neutral

Example:

Instrument	Qty	Price
<div>SELL</div> NIFTY 07 th Oct 24850 PE	75	79.5
<div>SELL</div> NIFTY 07 th Oct 24850 CE	75	109.9

See Example

Open in Builder

Watch Video

Profit

Loss

Sell Call & Put Strike

Breakeven

Max Profit = Net Premium Received

Max Loss = Unlimited

Strategy Summary

Market View

Neutral

Premium

Receive

Max Profit

Net Premium Received

Max Loss

Unlimited

Margin

Required

Effect of Time

Profit increases with time if the stock price stays near the sold strikes

Effect of Volatility

Loses if volatility increases

Market View

Neutral. Trade this when you expect the stock/index to stay within a narrow range and experience low volatility.

The Trade

Sell a call option near the stock price and Sell a put option with the same strike price and expiry.

Breakeven

Two Breakeven points

- Upper Breakeven: Strike price + Net Premium Received
- Lower Breakeven: Strike price - Net Premium Received

Max Profit

Net Premium Received

https://web.sensibull.com/learn-options-strategies/short-straddle

1/2

Premium

Receive

Margin

Required

Effect of Time

Time Decay works in favor of the strategy, as both options lose value over time.

Effect of Volatility

Increase in implied volatility is unfavorable as it increases the value of both options, leading to potential losses for the seller.

Pros

- Profits from time decay if the stock/index remains stable.
- Generates income upfront through the premium received.
- Delta Neutral - Immune to small moves in stock price.

Cons

- Unlimited loss potential if the stock/index moves significantly in either direction.
- High margin requirement.

More Neutral Strategies:

