Others

atio Spread

atio Spread

Straddle

Iron Butterfly

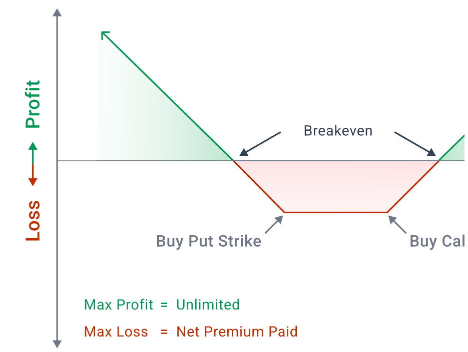
Strangle

Iron Condor

Example:

Instrument	Qty	Price
BUY NIFTY 07th Oct 24650 PE	75	27.9
BUY NIFTY 07th Oct 25050 CE	75	30.55

See Example Open in Builder



Strategy Summary

Market View
Volatile

Premium
Pay

Max Profit
Unlimited

Max Loss
Net Premium Paid

Margin
Not required

Effect of Time
Loses value with time

Effect of Volatility
Benefits from increased volatility

Market View

Volatile - A very big move up or down. Trade this when you expect a huge price movement in either direction.

The Trade

Buy a Put below stock price and buy a Call above the stock price.

Breakeven

Two Breakeven points

- Lower Breakeven: Lower Strike Price - Net Premium Paid
- Upper Breakeven: Higher Strike Price + Net Premium Paid

Max Profit

Unlimited

Premium

Pay

Margin

Not required

Effect of Time

Time Decay hurts the strategy, as both options lose value over time.

Effect of Volatility

A rise in implied volatility increases option premiums, benefiting the strategy.

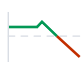
Pros

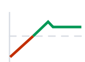
- Lower cost than a Long Straddle since OTM options are cheaper.
- Unlimited profit potential if the stock moves significantly in either direction.

Cons

- Requires a large price movement to become profitable.
- If the stock does not move, the strategy suffers a total loss of premium paid due to time decay.

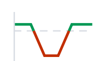
More Strategies:


Call Ratio Spread


Put Ratio Spread


Long Straddle


Long Iron Butterfly


Long Iron Condor


Strap