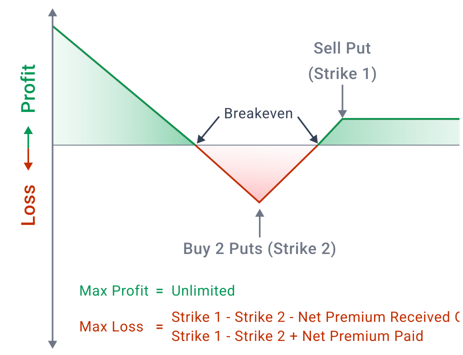
Bearish

Example:

Instrument	Qty	Price
SELL NIFTY 07th Oct 24850 PE	75	79.5
BUY NIFTY 07th Oct 24650 PE	150	27.9

See Example

Open in Builder



Strategy Summary

Market View

Very Bearish

Premium

Net Credit or Net Debit or Zero Cost

Max Profit

Unlimited

Max Loss

Limited, depends on Net Premium Paid or Received

Margin

Required

Effect of Time

Loses value with time if stock does not move

Effect of Volatility

Benefits from increased volatility

Market View

Very Bearish. Trade this when you expect a significant downward move in the stock/index, while limiting risk if the price m higher or remains flat.

The Trade

Sell 1 put option at a higher strike price and Buy 2 put options at a lower strike price.

Breakeven

If Premium Paid

- Breakeven = Lower Strike – (Higher Strike - Lower Strike) – Net Premium Paid

If Premium Received

- Lower Breakeven = Lower Strike – (Lower Strike - Higher Strike) + Net Premium Received
- Upper Breakeven = Higher Strike – Net Premium Received

Max Loss

If Premium Paid

- Higher Strike - Lower Strike + Net Premium Paid

If Premium Received

- Higher Strike - Lower Strike - Net Premium Received

Premium

Pay, receive, or zero cost, depending on expiry. Ideally, aim for a small net credit or zero-cost.

Margin

Required

Effect of Time

Time decay works against the bought option but benefits the sold option.

Effect of Volatility

High volatility benefits the strategy by increasing the value of bought puts.

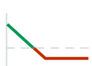
Pros

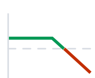
- Unlimited profit potential if the stock falls significantly.
- Limited risk if the stock moves slightly up or remains around the short put strike price.
- Can be structured at low or zero cost, depending on the premiums received and paid.
- Possible small profit even if the stock goes up.

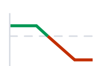
Cons

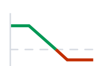
- Moderate losses if the stock/index declines but not significantly enough to profit from the bought puts.
- Requires a sharp downward move to be profitable.

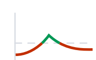
More Bearish Strategies:

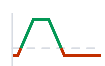

Buy Put

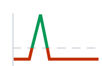

Sell Call

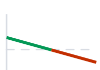

Bear Call Spread

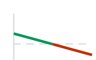

Bear Put Spread


Long Calendar with Puts


Bear Condor


Bear Butterfly


Sell Future


Short Synthetic Future