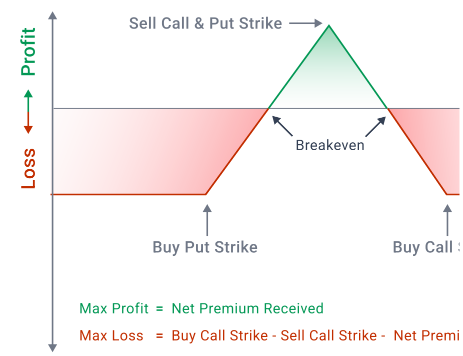
Neutral

Example:

Instrument	Qty	Price
BUY NIFTY 07th Oct 24650 PE	75	27.9
SELL NIFTY 07th Oct 24850 PE	75	79.5
SELL NIFTY 07th Oct 24850 CE	75	109.9
BUY NIFTY 07th Oct 25050 CE	75	30.55

See Example Open in Builder Watch Video



Straddle
utterfly
Strangle
Iron Condor
an
e Plateau

Strategy Summary

Market View
Neutral

Premium
Receive

Max Profit
Net Premium Received

Max Loss
Buy Call Strike - Sell Call Strike - Net Premium Received

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 around a specific price and experience low volatility.

The Trade

Sell a put and call at the same strike near the stock price. Your view is that the stock wont go down or up. Buy a lower Put call for protection on both sides just in case you're wrong. The sold strike is exactly in the midpoint of the two bought stril

Breakeven

Two Breakeven points

- Upper Breakeven: Middle Strike Price + Net Premium Received

Net Premium Received

Max Loss

Buy Call Strike - Sell Call Strike - Net Premium Received

Premium

Receive

Margin

Required

Effect of Time

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

Effect of Volatility

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

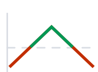
Pros

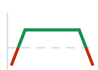
- Limited risk strategy with predefined maximum loss.
- Generates income upfront through the premium received.
- Profits from time decay if the stock/index remains near the sold strike.
- Delta Neutral - Immune to small moves in stock price.

Cons

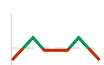
- If the stock/index moves significantly, the strategy can result in losses.
- The range in which it makes money is narrow.

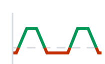
More Neutral Strategies:

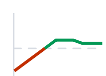

Short Straddle


Short Strangle


Short Iron Condor


Batman


Double Plateau


Jade Lizard