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Bullish

Example:

Instrument	Qty	Price
<span>SELL</span> NIFTY 07 <sup>th</sup> Oct 25100 CE	75	20.85
<span>BUY</span> NIFTY 28 <sup>th</sup> Oct 25100 CE	75	198

See Example

Open in Builder

Profit

Loss

Buy a far expiry Call & Sell a near expiry Call

Breakeven

Max Profit = Premium of Bought Call at near Expiry - Ne

Max Loss = Net Premium Paid

Strategy Summary

Market View

Neutral to Moderately Bullish

Premium

Pay

Max Profit

Value of Bought Call at near Expiry - Net Premium Paid

Max Loss

Net Premium Paid

Margin

Required

Effect of Time

Profit increases with time if the stock price stays near the strike.

Effect of Volatility

Benefits from increased volatility

Market View

Neutral to Moderately bullish. Trade this when you expect the stock/index to remain stable or move slightly higher, particu the near expiry.

The Trade

Buy a far expiry call option. Sell a near expiry call option at the same strike price. Usually the strike chosen is near or sligh current stock price.  
For example, sell NIFTY weekly option and buy NIFTY monthly option.

Breakeven

Breakeven depends on many factors, including time decay and volatility. Check the Breakeven using Strategy Builder while such trades.

Max Profit    Value of Bought Call at Entry    Value of Bought Call at Entry + Premium Received from Short Call

Max Loss

Net Premium Paid

Premium

Pay

Margin

Required

Effect of Time

The call sold loses value faster than the call bought. So you make money with each passing day if stock remains near the

Effect of Volatility

Higher implied volatility benefits the strategy by increasing the value of the bought call.

Pros

- Profits from time decay of the short call and potential IV increases.
- Limited risk, as the short call offsets the cost of the long call.
- Effective in a stable or slightly bullish market around the strike price.
- Flexible management by rolling the short call or exiting before expiration.

Cons

- Limited profit potential.
- Risk of loss if the stock moves significantly away from the strike price.

More Bullish Strategies:

