

Learn

Options

Trade

Analyse

Watchlist

New

Positions

Orders

AP

Neutral

Example:

Instrument	Qty	Price
BUY NIFTY 07 th Oct 25100 CE	75	20.85
SELL NIFTY 07 th Oct 25150 CE	150	14.1
BUY NIFTY 07 th Oct 24600 PE	75	21.5
SELL NIFTY 07 th Oct 24550 PE	150	16.7

See Example

Open in Builder

BP - Buy Put SP - Sell Put BC - Buy Call SC - Sell Call

Max Profit = Sell Call Strike - Buy Call Strike + Net Premi

Max Loss = Unlimited

Strategy Summary

Market View

Neutral

Premium

Depends. Can be pay or receive

Max Profit

Limited, depends on Net Premium Paid or Received

Max Loss

Unlimited

Margin

Required

Effect of Time

Profit increases with time if the stock does not move

Effect of Volatility

Loses if volatility increases

Market View

Neutral. Trade this strategy when you expect the market to remain rangebound within a specific price range.

The Trade

Strike 1 - Buy 1 Call Option slightly above stock price
Strike 2 - Sell 2 Call Options N strikes above strike 1
Strike 3 - Buy 1 Put Option slightly below stock price
Strike 4 - Sell 2 Put Options N strikes below strike 3

Breakeven

https://web.sensibull.com/learn-options-strategies/batman

1/2

If you receive Premium

- Higher Call - Lower Call + Net Premium Received

If you pay Premium

- Higher Call - Lower Call - Net Premium Paid

Max Loss

Unlimited

Premium

Depends. It can be pay or receive

Margin

Required

Effect of Time

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

Effect of Volatility

If implied volatility reduces, the strategy makes profit.

Pros

- Profits from a stable market, collecting premium if the stock/index stays within the expected range.
- Can be structured to be a net credit strategy, reducing initial cost.

Cons

- Can be complex to execute and manage due to multiple legs.

More Neutral Strategies:

