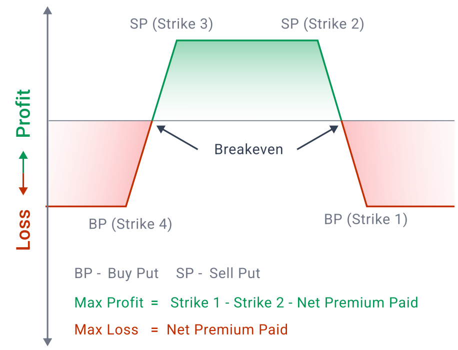
Bearish

Example:

Instrument	Qty	Price
BUY NIFTY 07th Oct 24600 PE	75	21.5
SELL NIFTY 07th Oct 24350 PE	75	6.95
SELL NIFTY 07th Oct 24100 PE	75	3.75
BUY NIFTY 07th Oct 23850 PE	75	2.65

See Example | Open in Builder | Watch Video



Strategy Summary

Market View
Bearish

Premium
Usually Paid, very rarely received

Max Profit
Strike 1 - Strike 2 - Net Premium Paid

Max Loss
Net Premium Paid

Margin
Required

Effect of Time
Profit increases with time if the stock price stays between the sold strikes.

Effect of Volatility
Low

Market View

Bearish. Trade this when you expect the stock/index to decline significantly and expire between the strike prices of the tw maximizing profit.

The Trade

Strike 1 - Buy Put slightly below the stock price
Strike 2 - Sell Put "N" number of strikes below Strike 1
Strike 3 - Sell Put "M" number of strikes below Strike 2
Strike 4 - Buy Put "N" number of strikes below Strike 3

Breakeven

Max Profit

Strike 1 - Strike 2 - Net Premium Paid

Max Loss

Net Premium Paid

Premium

Usually Paid, rarely received

Margin

Required

Effect of Time

If the stock does not move and stays above Strike 1, you make a loss each day. But if stock moves and stays between Stri
Strike 3 you make a profit every day.

Effect of Volatility

Effect of implied volatility changes is relatively low.

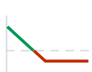
Pros

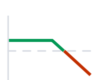
- Limited risk.
- High reward/risk.

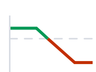
Cons

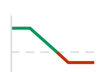
- If the stock moves outside the defined range, the strategy can result in losses.
- More complex to manage than simpler bearish strategies due to the multiple options involved.

More Bearish Strategies:

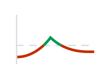

Buy Put

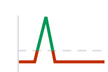

Sell Call

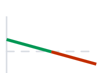

Bear Call Spread

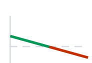

Bear Put Spread


Put Ratio Back Spread


Long Calendar with Puts


Bear Butterfly


Sell Future


Short Synthetic Future