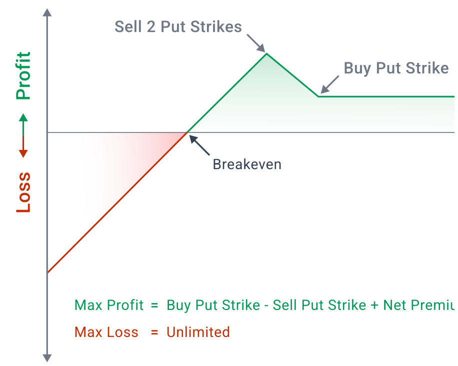
Others

atio Spread
atio Spread
Straddle
Iron Butterfly
Strangle
Iron Condor

Example:

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

See Example Open in Builder



Strategy Summary

Market View
Neutral to Moderately Bearish

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
Depends on premium paid or received

Effect of Volatility
Varies based on stock position relative to option strikes

Market View

Neutral to moderately bearish. Trade this when you expect a slow move to the sold put strike.

The Trade

Buy one put option above the stock price and sell two put options below the stock price.

Breakeven

If you have paid premium
- Lower Breakeven = Strike price of sold put - (Difference between strikes - Net Premium Paid)
- Upper Breakeven = Strike price of bought put - Net Premium Paid

If you have received premium
- No Upper Breakeven
- Lower Breakeven = Strike price of sold put - (Difference between strikes - Net Premium Received)

Max Loss

Unlimited

Premium

Depends. It can be pay or receive

Margin

Required

Effect of Time

This is not straight forward as it depends on whether you paid premium or received premium.

Effect of Volatility

Complex, and depends on where the stock is in relation to the bought and sold calls.

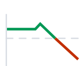
Pros

- Can generate profit with minimal or zero upfront cost.
- Benefits from gradual downward movement in the stock or index.

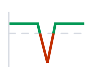
Cons

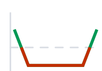
- Unlimited Risk if the stock falls significantly below the sold put strike.
- Higher margin requirement due to sold put.

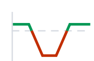
More Strategies:

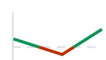

Call Ratio Spread


Long Straddle


Long Iron Butterfly


Long Strangle


Long Iron Condor


Strap