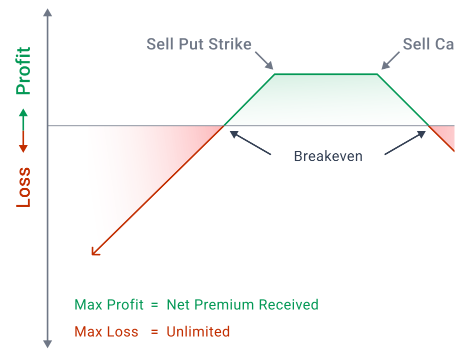
Straddle
utterfly
Strangle
Iron Condor
an
e Plateau

Neutral

Example:

Instrument	Qty	Price
SELL NIFTY 07th Oct 24650 PE	75	27.9
SELL NIFTY 07th Oct 25050 CE	75	30.55

See Example Open in Builder Watch Video



Strategy Summary

Market View
Neutral

Premium
Receive

Max Profit
Net Premium Received

Max Loss
Unlimited

Margin
Required

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

Effect of Volatility
Loses if volatility increases

Market View

Neutral. Trade this when you expect the stock/index to stay within the strikes sold and experience low volatility.

The Trade

Sell a Put below the stock price and sell a Call above the stock price.

Breakeven

Two Breakeven points
- Lower Breakeven: Put Strike Price - Net Premium Received
- Upper Breakeven: Call Strike Price + Net Premium Received

Max Profit

Net Premium Received

Premium

Receive

Margin

Required

Effect of Time

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

Effect of Volatility

Increase in implied volatility is unfavorable as it increases the value of both options, leading to potential losses for the sel

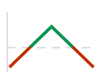
Pros

- Profits from time decay if the stock/index remains stable.
- Generates income upfront through the premium received.
- Wider profit range compared to a short straddle.
- Delta Neutral - Immune to small moves in stock price.

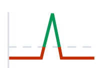
Cons

- Unlimited loss potential if the stock/index moves significantly in either direction.
- High margin requirement due to potential large losses.

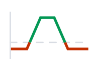
More Neutral Strategies:



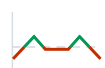
Short Straddle



Iron Butterfly

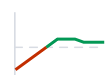


Short Iron Condor



Batman

Double Plateau



Jade Lizard