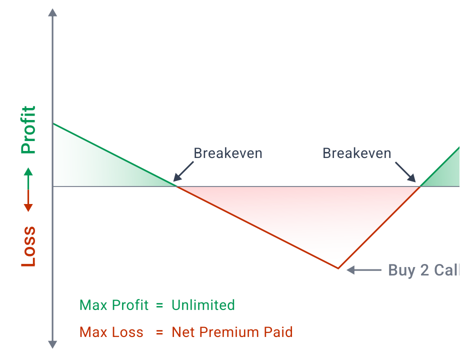
Others

atio Spread
Straddle
Iron Butterfly
Strangle
Iron Condor

Example:

Instrument	Qty	Price
BUY NIFTY 07th Oct 24850 CE	150	109.9
BUY NIFTY 07th Oct 24850 PE	75	79.5

See Example Open in Builder



Strategy Summary

Market View
Volatile

Premium
Pay

Max Profit
Unlimited

Max Loss
Net Premium Paid

Margin
Not required

Effect of Time
Loses value with time

Effect of Volatility
Benefits from increased volatility

Market View

Volatile. When you expect a big move in either direction, but a bigger upside move. Typically used before major events like regulatory announcements, or economic data releases.

The Trade

Buy 2 Call Options with strike price near the stock price; Buy 1 Put Option at the same strike price.

Breakeven

Two Breakeven points
- Lower Breakeven: Strike Price - Net Premium Paid
- Upper Breakeven: Strike Price + (Net Premium Paid/2)

Max Profit

Net Premium Paid

Premium

Pay

Margin

Not required

Effect of Time

You lose money each day the stock does not move.

Effect of Volatility

A rise in implied volatility increases option premiums, benefiting the strategy.

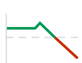
Pros

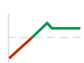
- High profit if the stock moves sharply up.
- Profit from large downside moves, though to a lesser extent.
- Limited risk, as the maximum loss is the premium paid.

Cons

- Loss if the stock does not move.
- Requires big movement in price to be profitable.
- Time decay works against the position.

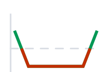
More Strategies:


Call Ratio Spread


Put Ratio Spread


Long Straddle


Long Iron Butterfly


Long Strangle


Long Iron Condor