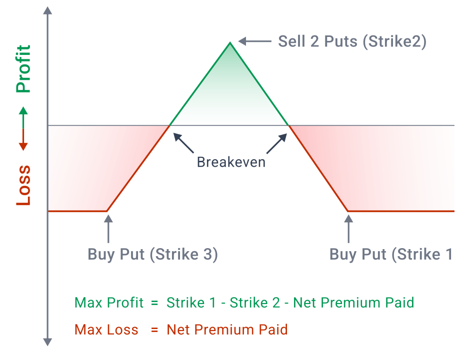
Bearish

Example:

Instrument	Qty	Price
BUY NIFTY 07th Oct 24600 PE	75	21.5
SELL NIFTY 07th Oct 24350 PE	150	6.95
BUY NIFTY 07th Oct 24100 PE	75	3.75

See Example   Open in Builder



Strategy Summary

Market View
Bearish

Premium
Pay

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 near the sold strikes.

Effect of Volatility
Low

Market View

Bearish. Trade this when you expect the stock/index to move down and expire at the strike price of the sold puts, maximiz

The Trade

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

Breakeven

Two Breakeven points

- Lower Breakeven: Strike 1 - Net Premium Paid
- Upper Breakeven: Strike 3 + Net Premium Paid

Max Loss

Net Premium Paid

Premium

Usually Paid, very 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 near Strike 2 profit every day.

Effect of Volatility

Effect of implied volatility changes is relatively low.

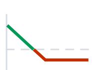
Pros

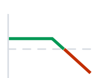
- Lower cost compared to buying a put option.
- Limited risk with a well-defined maximum loss.
- High reward-to-risk ratio if the stock expires at the sold put strike price.

Cons

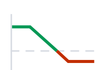
- Requires precise movement in the stock price for maximum profit.
- More complex to manage than simpler strategies due to the multiple options involved.

More Bearish Strategies:

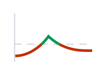

Buy Put

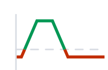

Sell Call

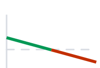

Bear Call Spread

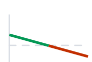

Bear Put Spread


Put Ratio Back Spread


Long Calendar with Puts


Bear Condor


Sell Future


Short Synthetic Future