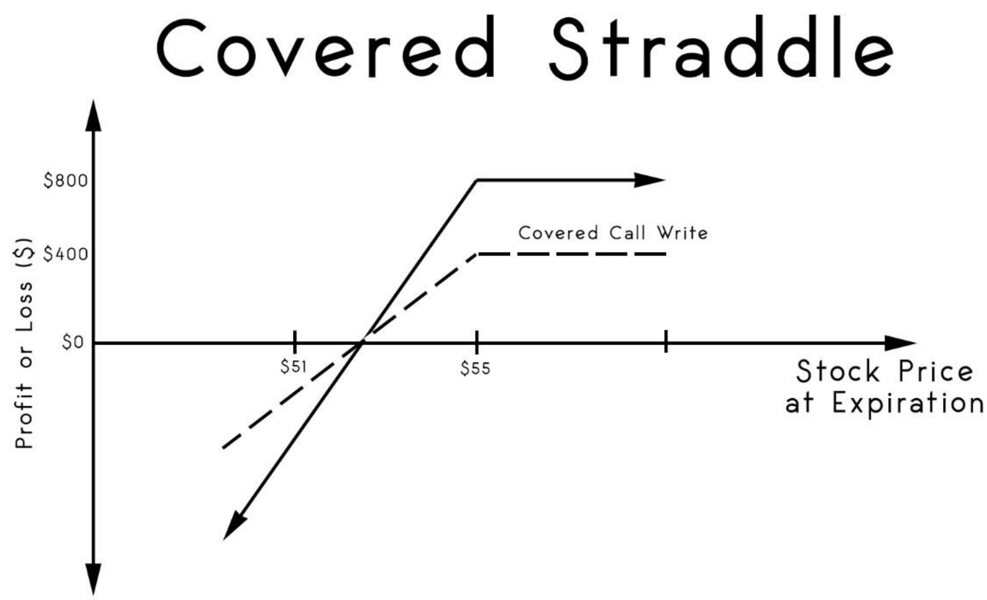
Covered Straddle Part 2

Take a look at the covered straddle payoff chart.



What do you notice? It has more premium collected! It is a more bullish strategy than just covered calls. That's because you have a great amount of risk and capital that is being used. I really like this because it dials up the risk on my favorite stocks. Do you notice the risk? On the downside you have a little more exposure! If the stock falls you can theoretically lose more money. However, as I mentioned when you sell calls remember you are doing it on stocks you love. Therefore, you don't mind taking on more stock! So, the risk isn't really a risk.

The only thing you must make sure of is that you have enough capital to open a covered straddle position. If you have a small portfolio, I recommend doing this on something under $15 per share. But again, it must be a big stable company unless you are more experienced! I suggest American Airlines for educational and experience purposes. If you have a bigger portfolio – then go ahead and do this on everything. I personally do it on Tesla which is about 100k position minimum. But I am making sure this is feasible for anyone with at least a $3,000 portfolio. Goes without saying this strategy works the same whether you have $3,000 or $3,000,000. Enjoy this one. And I hope it opens your mind to how complex and interesting options are.