

Modified Wheel – Covered Straddle Part 1

A modified wheel is just opening a short put and a covered call at the same time. After some Googling I discovered the strategy that I thought I made up and have been profiting from is called a covered straddle. The interesting thing I want to note is as you get better with options trading you will discover things that work for you! I've been using covered straddles and thought they were a variation of the wheel. And to a certain degree you could argue that it is or isn't. But one thing is for sure if you know how to do the wheel well, then a covered straddle is another similar strategy that makes you income! Below is what a short straddle looks like. As you can see you have a max profit when the stock stands still. A short straddle involves unlimited risk. I don't recommend it. Although it does look beautiful. If a stock stands still, you make money! I hope you find that interesting because I certainly do. Making money from a stock doing nothing! Get paid for nothing!

Short Straddle



