

Iron Fly (IF) Deploy and Adjustments

➔ Every strategy in options is just combination of Credit Spread and Debit spread like

Iron fly is combination of Two credit spreads

Butterfly is combination of Credit and Debit Spreads

Ratio Spread is nothing but Debit spread with extra sells

When to deploy IF :-

- 1) Your view is non directional.
- 2) When your view is directional you go with Bullish / Bearish IF so that break even will increase in that direction.

Bank nifty Spot is at 43600 so I selected Strikes of 15th Dec Expiry.

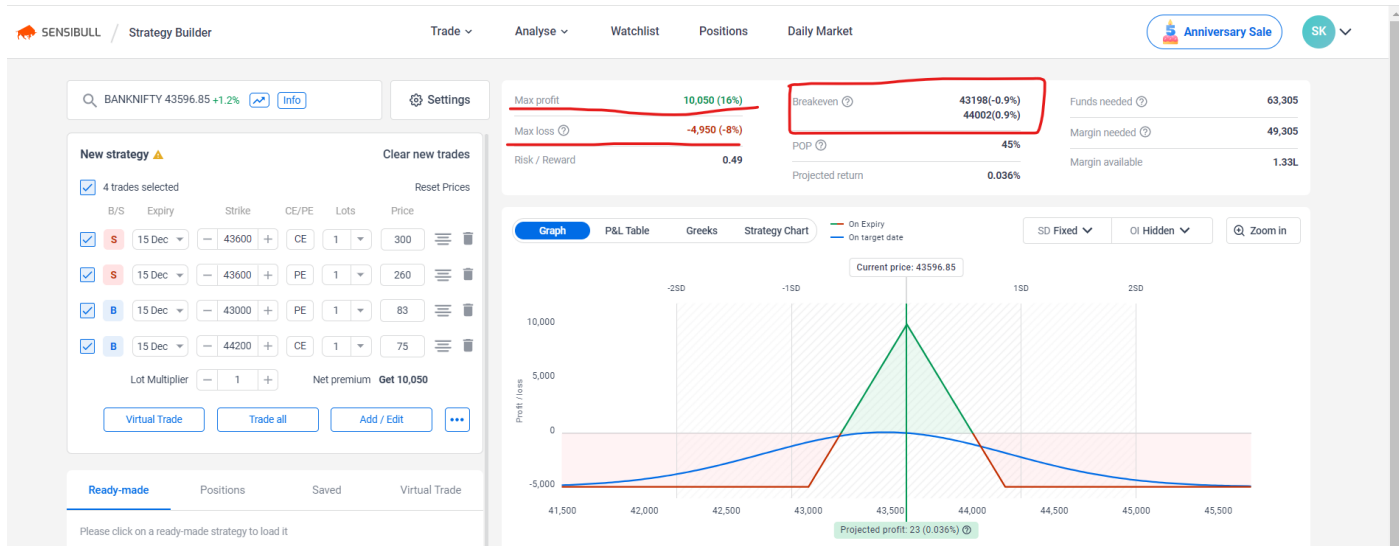
Strike selection for Neutral view IF :-

43600 ce and 43600 pe sell

43000 pe Buy

44200 ce buy

I selected each strike with 600 points spread difference. You can select strikes with 300/400/500/600 points spread difference also. Depends on your view / risk / reward.



When you deploy IF consider 3 Parameters .

- 1) Range
- 2) Profit
- 3) Loss

- ➔ If you focus on Big Range select buy wings far from straddle and vice versa.
- ➔ If you focus on Max Profit select buy wings far from straddle and vice versa.
- ➔ If you focus on less loss select buy wings Near from straddle and vice versa.

So it depends on individual risk/screen time / Full time or part time trading / Capital / Peace of trading.

I will prefer to select last option so that my loss will be in control and I can do my office work with peace of mind. So, its totally depends on Individual.

Types of Adjustments on IF :-

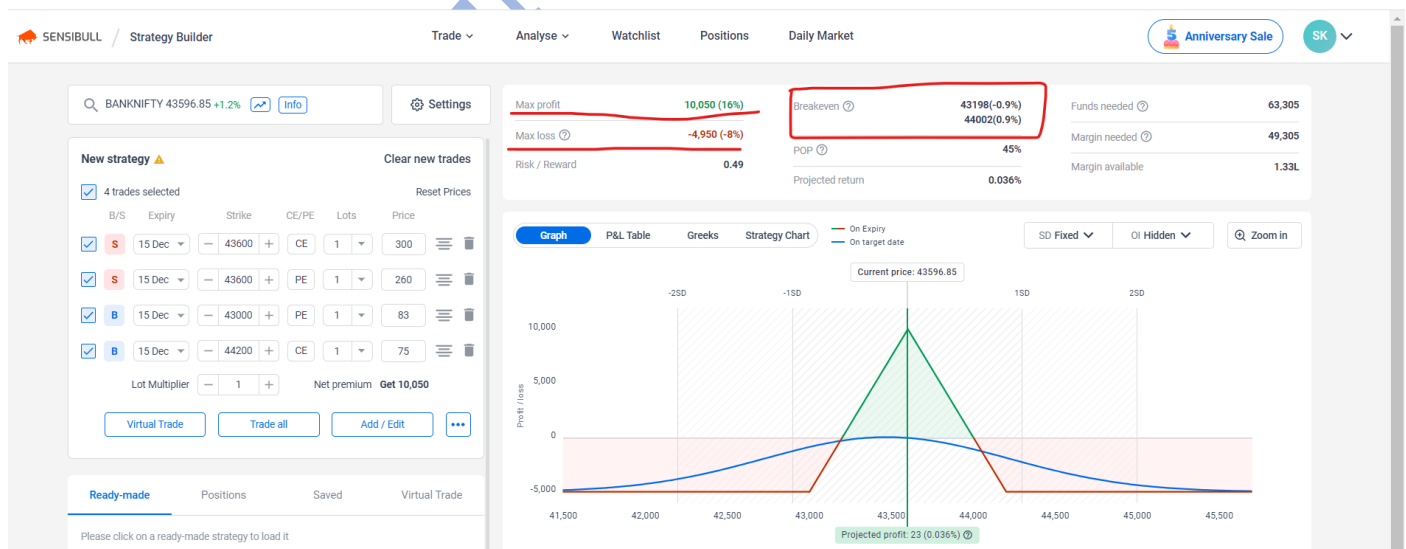
- 1) Broken wing Fly
- 2) Extra sells
- 3) Revers buying
- 4) Deploy Butterfly or Ladder
- 5) Deploy Ratio spread
- 6) Deploy debit spread

Among those adjustments some strategies require high capital / some require less capital all adjustments are good but it depends on how much capital do you have and which is suitable to your phycology .

Most of the time will prefer do Extra selling and reverse buying only.

In this I will explain Extra sells and Reverse buying adjustments .

Reverse buying and Extra sell Adjustments:-



In this strategy we have break even at 43200 and 44000

After deploy this IF see Bank nifty spot chart with 1 Hr time frame . Find near by support and Resistance.

Case 1:- Market direction is Upside.

- ➔ If you marked 43800 is Resistance and 43400 is Support . Till market test both the levels and closed above or below 15 mints candle wont do any adjustments.
- ➔ If market test 43800 levels and hold for 15 mints then exit 43000 pe and enter 43200 pe with debit of 20 to 30 rs . **Immediately** sell 42800 below puts equal to the debit you paid.
- ➔ If market going up side and breaks 44000 and hold just move 43200 to 43300 pe so that down side become loss free and if extra sell position 80% premium decayed then exit that put and sold next week puts below 42500 puts because current week we don't get much premiums.
- ➔ If market retrace to our straddle or break come below the marked resistance then move 44200 ce to 44000 ce made reverse buying and make loss free on the both the side and sold 45000 above calls in next week for extra credit.

Case 2 :- Market direction is Downside.

- ➔ If you marked 43800 is Resistance and 43400 is Support . Till market test both the levels and closed above or below 15 mints candle wont do any adjustments.
- ➔ If market test 43400 levels and hold for 15 mints then exit 44200 ce and enter 44000 ce with debit of 20 to 30 rs . **Immediately** sell 44500 above calls equal to the debit you paid.

- ➔ If market going down side and breaks 43000 and hold just move 44000 to 43800 ce so that up side become loss free and if extra sell position 80% premium decayed then exit that calls and sold next week calls below 45000 calls because current week we don't get much premiums.
- ➔ If market retrace to our straddle or break come above the marked support then move 43000 pe to 43200 pe made reverse buying and make loss free on the both the side and sold 42500 below puts in next week for extra credit.

Capital: - 70k per 1 lot required.

Keep Learning and Keep Growing 😊

Thanks,
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