📘 Debit Spreads Cheat Sheet

**🔷 Bull Call Spread**

A **Bull Call Spread** is a bullish options strategy (used at support levels) designed to profit when the stock price rises moderately.

**Setup:**

* **Buy a lower strike call (long call)** → Buy 100 call (higher premium)
* **Sell a higher strike call (short call)** → Sell 110 call (lower premium)

This strategy is used when you're slightly bullish and want to limit both potential profit and loss.

**Also known as:**  
Bull Call Spread / Call Debit Spread / Long Call Spread / Vertical Call Spread (Slight Bullish)

🔗 Tastytrade  
🎥 [YouTube](https://www.youtube.com/watch?v=1Uvq3z0BkpU)

**Example:**

* Stock: XYZ is trading at $100.
* Buy $95 call for $6.00
* Sell $105 call for $2.00
* **Net Debit** = $6.00 - $2.00 = $4.00 ($400 per contract)

✅ **Maximum Profit** = Difference in strike prices - Net Debit = ($105 - $95) - $4 = $6.00 or $600 per contract  
❌ **Maximum Loss** = Net Debit = $4.00 or $400 per contract

**Scenarios:**

* If stock rises above $105 → Both calls are exercised, you earn max profit = $600
* If stock stays below $95 → Both calls expire worthless, you lose the debit = $400

**Key Considerations:**

* **Time Decay**: Hurts the position since you're net long premium.
* **Implied Volatility**: A rise in IV helps the long call; falling IV hurts.

**🔻 Bear Put Spread**

A **Bear Put Spread** is a bearish options strategy (used at resistance levels) that profits when the stock price falls moderately.

**Setup:**

* **Buy a higher strike put (long put)** → Buy 105 put (higher premium)
* **Sell a lower strike put (short put)** → Sell 95 put (lower premium)

This strategy limits both profit and risk and is ideal for a moderate bearish view.

**Also known as:**  
Bear Put Spread / Put Debit Spread / Long Put Spread / Vertical Put Spread (Slight Bearish)

🔗 Tastytrade  
🎥 [YouTube](https://www.youtube.com/watch?v=AdX74VXzljY)

**Example:**

* Stock: XYZ is trading at $100.
* Buy $105 put for $7.00
* Sell $95 put for $2.00
* **Net Debit** = $7.00 - $2.00 = $5.00 ($500 per contract)

✅ **Maximum Profit** = Difference in strikes - Net Debit = ($105 - $95) - $5 = $5.00 or $500  
❌ **Maximum Loss** = Net Debit = $5.00 or $500

**Scenarios:**

* If stock drops below $95 → Both puts are exercised; you earn max profit = $500
* If stock stays above $105 → Both expire worthless; you lose the debit = $500

**Key Considerations:**

* **Time Decay**: Hurts the position as you're net long premium.
* **Implied Volatility**: Rising IV helps; dropping IV hurts your long put.