

Strategy: Debit Verticals

DISCLAIMER

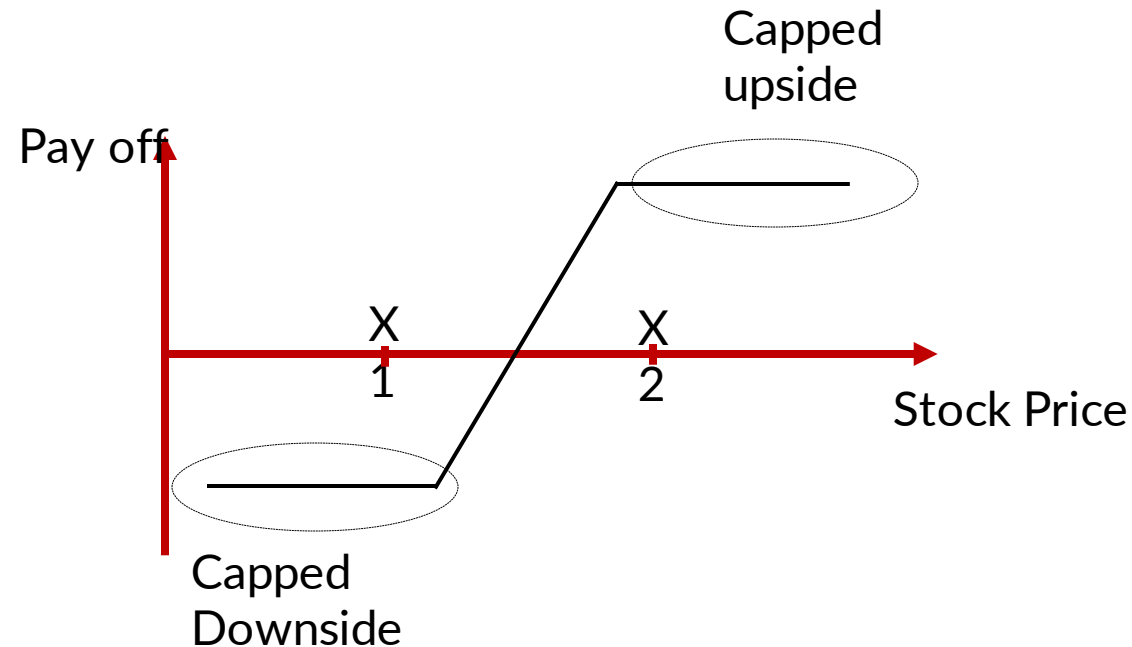
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What is It? Debit Call Spread

- Buy 1 call, while simultaneously selling 1 call of the same expiry but higher strikes
- Reduce the premium



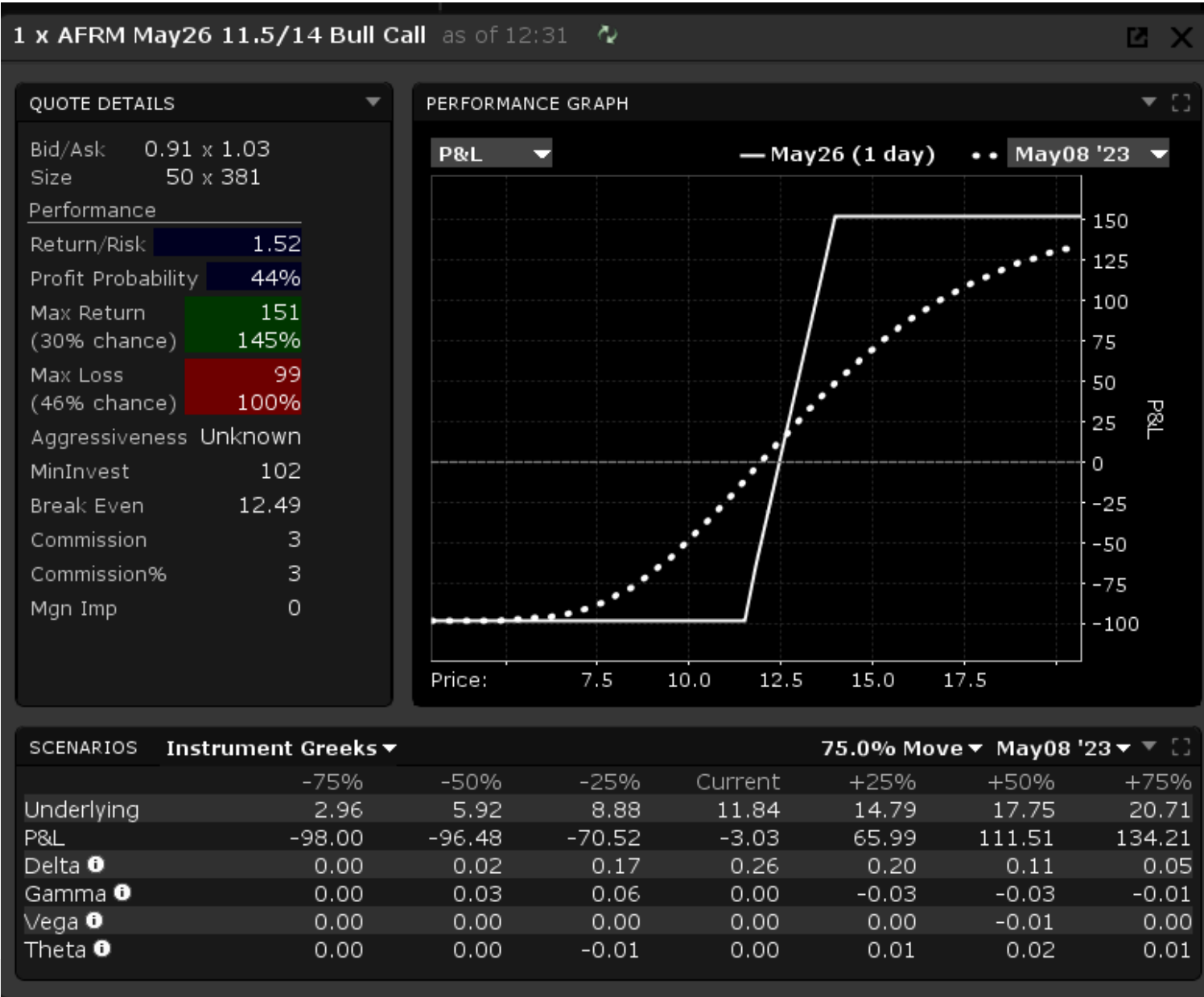
Risk Profile

Max Loss	$\text{Net Premium Spent} * 100$
Max Upside	$(\text{Call spread width} - \text{premium spent}) * 100$
Breakeven	Lower strike + net premium spent

Example



Example



- Long Delta
- Long Vega
- Long Theta
- Long Gamma

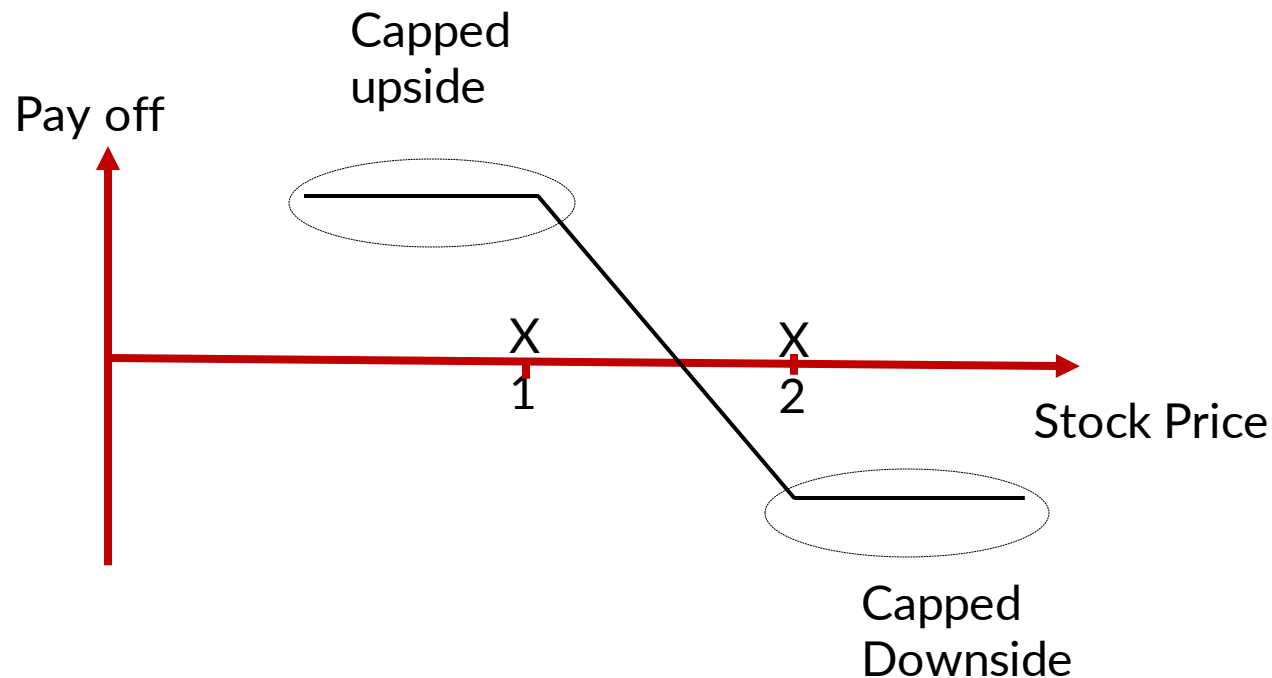
Ideal for when you believe the move is going to be fast. Huge move up.

Where to Use It

- When expecting a huge move up
- Ideal for low volatility environment
- Lower probability, higher return trades.

What is It? Debit Put Spread

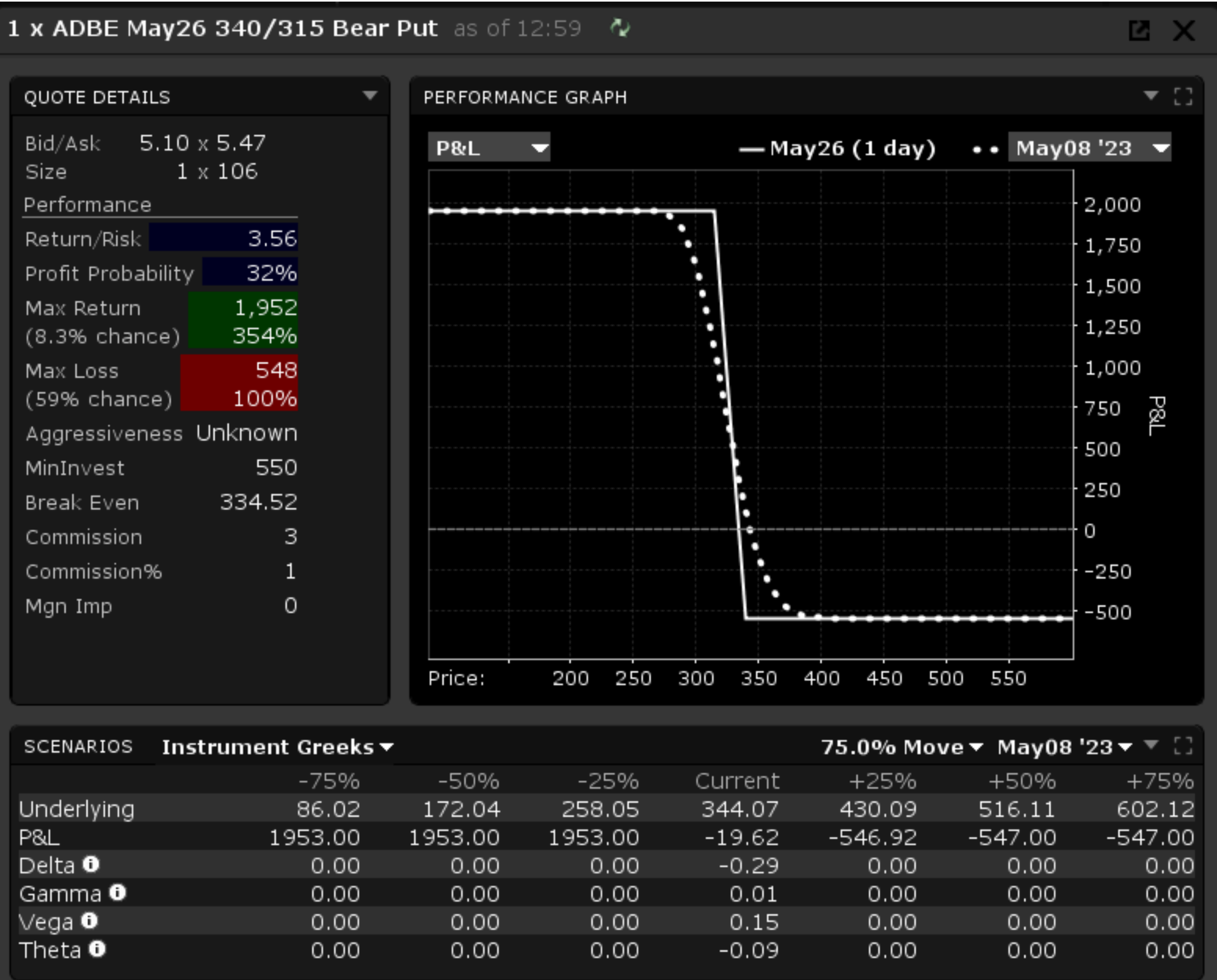
- Buy 1 put, while simultaneously selling 1 call of the same expiry but lower strikes
- Reduce the premium



Example



Example



- Short Delta
- Long Vega
- Long Theta
- Short Gamma

Ideal for when you believe the move is going to be fast. Huge move lower.

Where to Use It

- When expecting a huge move down. Speed is important.
- Ideal for low volatility environment, because you are going long Vol. You want the vol to pick right back up.
- Lower probability, higher return trades.