Strategy:
Long & Short Strangle

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Presented by: Ardi

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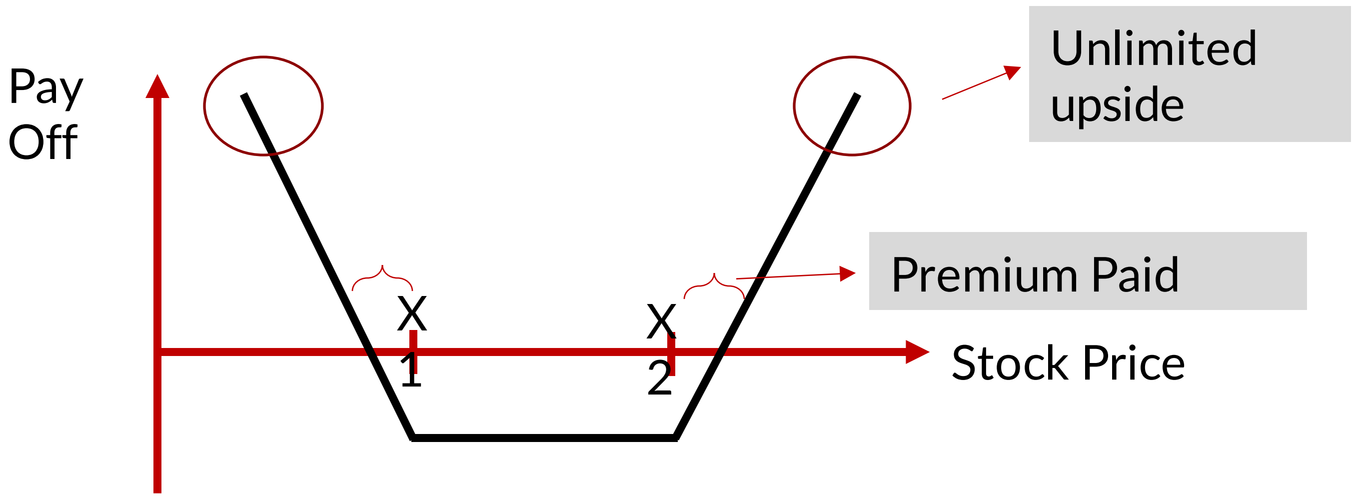
What is It? Long Strangle

- It is via buying one OTM call and one OTM puts
- Limited downside with unlimited upside
- Strategy for drastic swings!

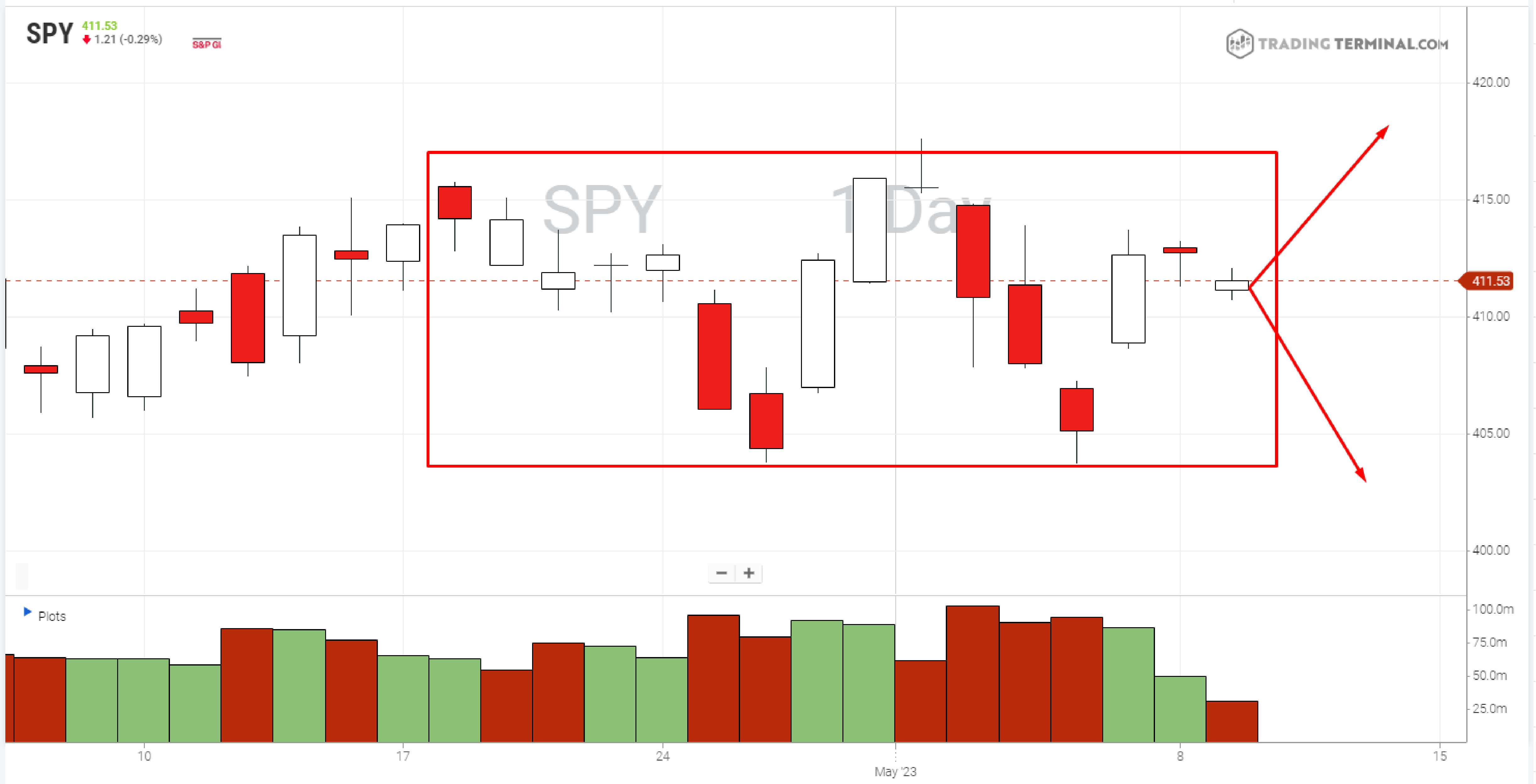


Where to Use It

- When you expect fast moves, and breach of expected moves or EMs.
- These are neutral strategies that you would make money both ways, regardless of the direction.
- You are long volatility: so you expect to put these on when vol is low and is expected to rise.

Max Loss	Premium Spent *100
Max Upside	Unlimited
Breakeven Up	Call strike + total premium spent
Breakeven Down	Put Strike - premium spent

Example



SPY
411.53
1.21 (-0.29%)
S&P GI
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SPY
1 Day
420.00
415.00
411.53
410.00
405.00
400.00
Plots
100.0m
75.0m
50.0m
25.0m
10
17
24
May '23
8
15

Risk Profile

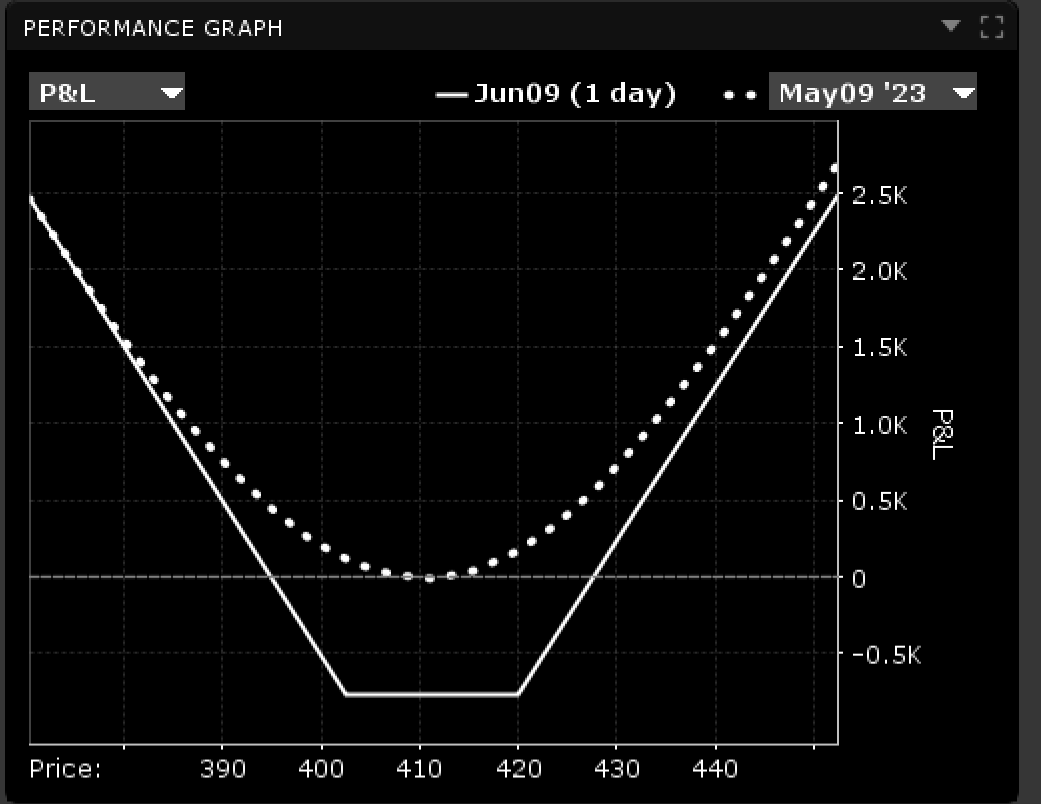
1 x SPY Jun09 402.5/420 Strangle as of 12:20

QUOTE DETAILS

Bid/Ask	7.63 x 7.65
Size	84 x 630

Performance

Return/Risk	
Profit Probability	36%
Max Return	∞
(<1% chance)	∞
Max Loss	768
(38% chance)	100%
Aggressiveness	Unknown
MinInvest	768
Break Even	394.82, 427.68
Commission	3
Commission%	0
Mgn Imp	-15,394



SCENARIOS Instrument Greeks 10.0% Move May09 '23

	-10%	-5%	-1%	Current	+1%	+5%	+10%
Underlying	370.30	390.87	407.33	411.44	415.55	432.01	452.58
P&L	2455.60	691.68	8.31	-8.94	41.48	860.89	2695.32
Delta	-1.00	-0.66	-0.13	0.04	0.20	0.74	0.98
Gamma	0.00	0.02	0.04	0.04	0.04	0.02	0.00
Vega	0.02	0.50	0.83	0.86	0.86	0.54	0.10
Theta	0.00	-0.11	-0.20	-0.21	-0.22	-0.16	-0.08

- Delta neutral*
- Long Vega
- Long Theta
- Long Gamma

Everyday that goes by, and the stock does not do anything, is a lost day.

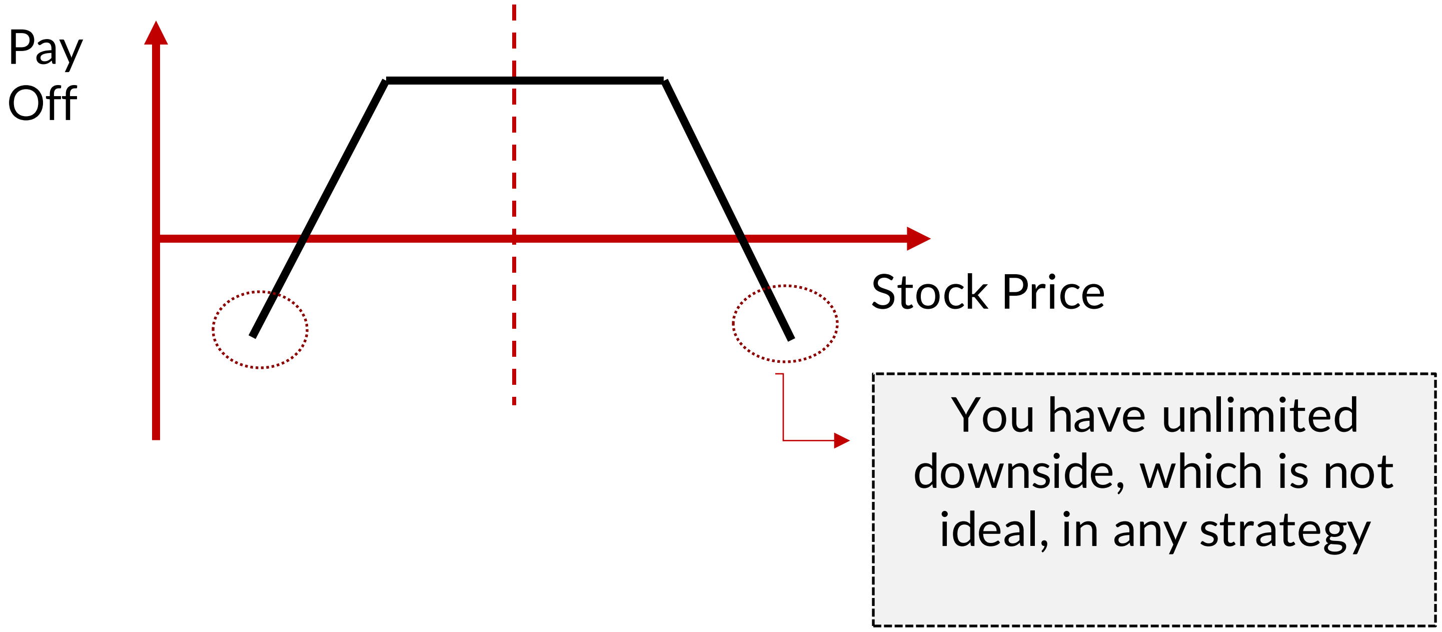
You need fast moves!

Pros & Cons

- Unlimited return, capped loss. Lower probability trades.
- Time sensitive.
- No assignment risk

What is It? Short Strangle

- It is via selling one OTM call and one OTM puts
- Limited upside with unlimited downside
- Strategy for range bound market.

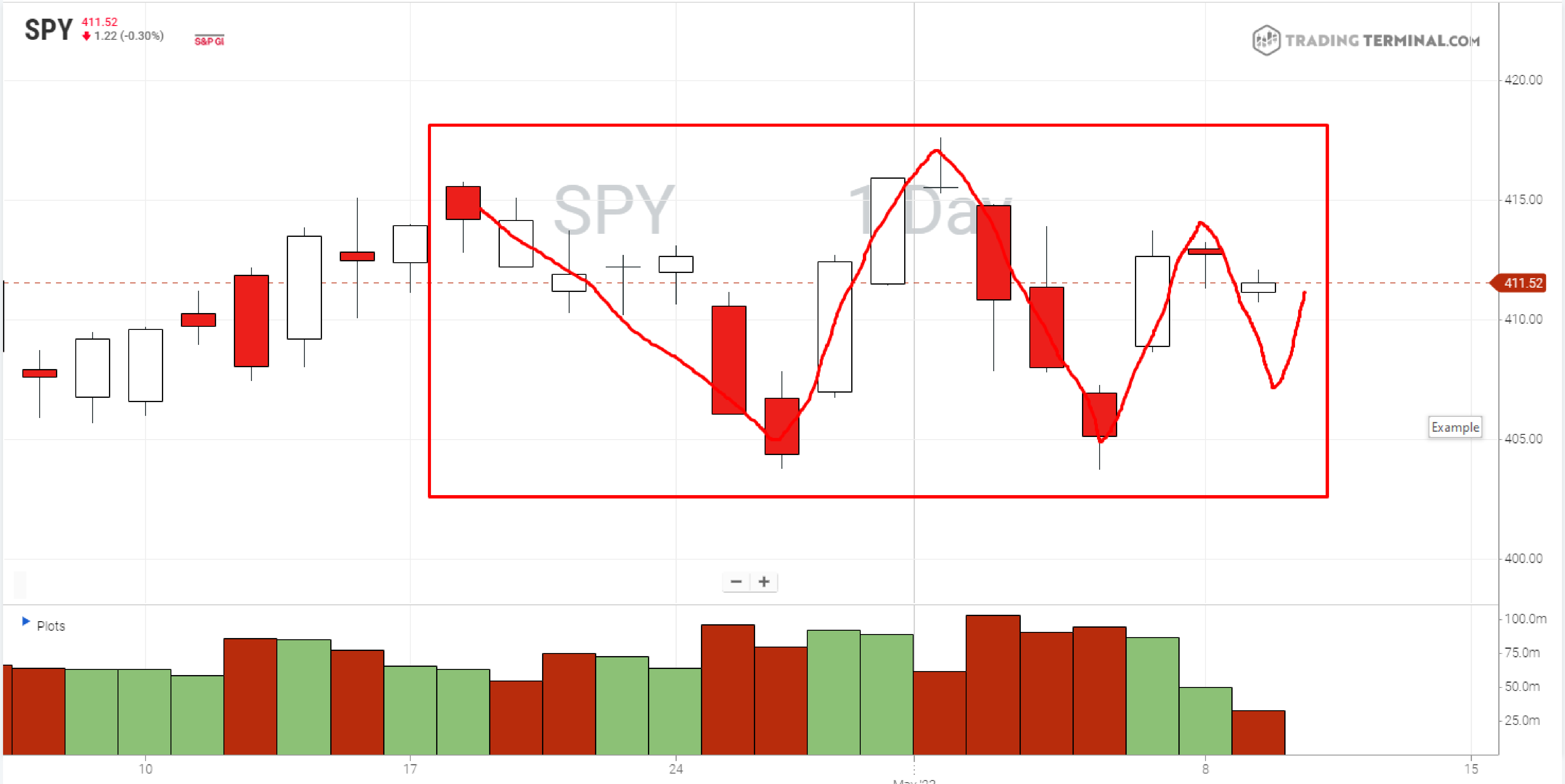


Where to Use It

- When you expect range bound market and declining volatility.
- In this strategy, you want the stock to stay within the range. No breach of expected moves is expected.
- You are short volatility: so you expect to put these on when vol is high and is expected to decline.

Max Loss	**Unlimited**
Max Upside	Total premium collected
Breakeven Up	OTM call strike price + total premium collected
Breakeven Down	OTM put strike – total premium collected

Example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TRADING TERMINAL.COM
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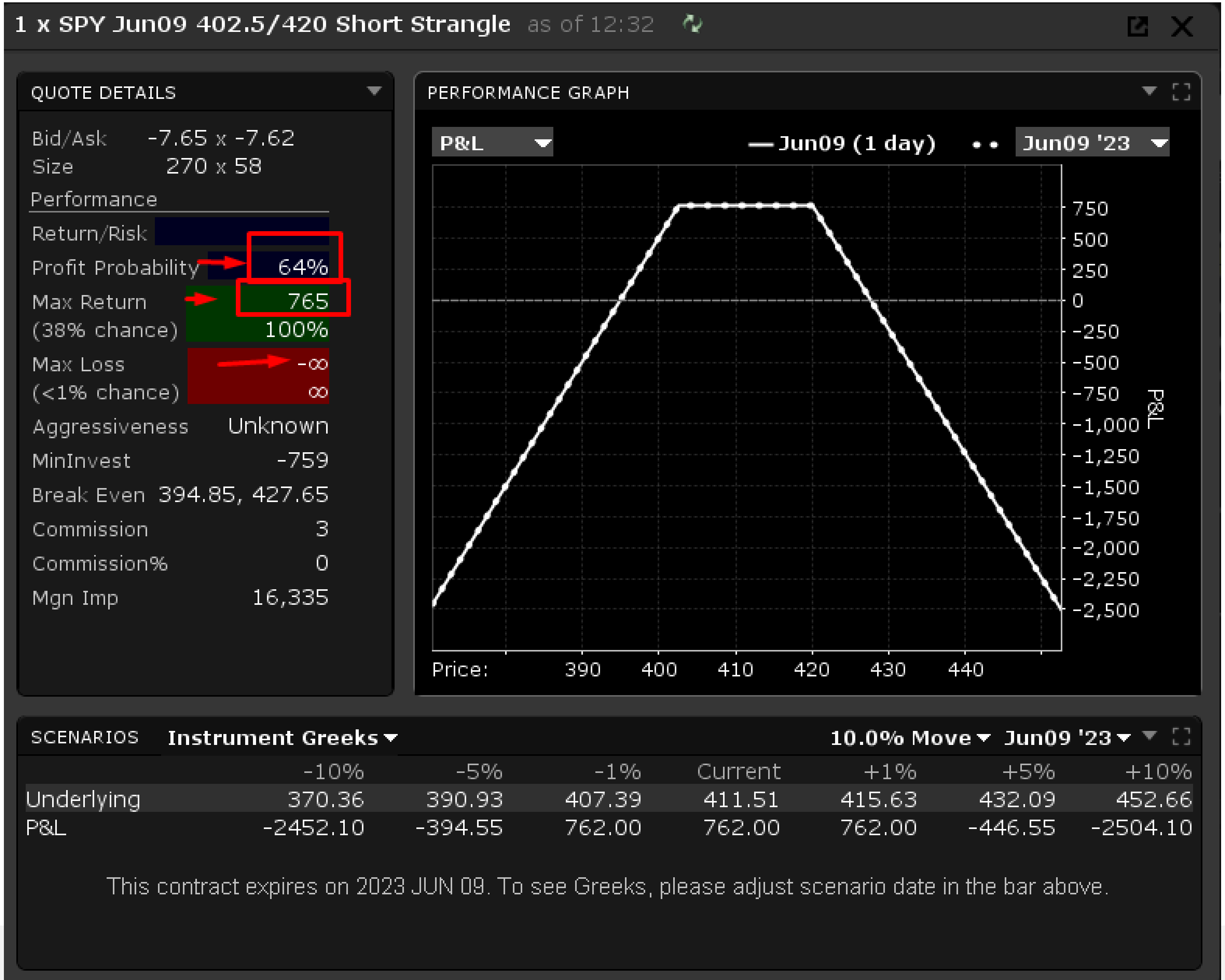
Risk Profile



	-10%	-5%	-1%	Current	+1%	+5%	+10%
Underlying	370.36	390.93	407.39	411.51	415.63	432.09	452.66
P&L	-2452.10	-394.55	762.00	762.00	762.00	-446.55	-2504.10

This contract expires on 2023 JUN 09. To see Greeks, please adjust scenario date in the bar above.

- Delta neutral*
- Short Vega
- Short Theta
- Short Gamma

Everyday that goes by, and the stock does not do anything, is a good day.

You want the stock to be range bound.

Pros & Cons

- limited return, unlimited loss. Higher probability trades.
- Time is in your favor!
- High assignment risk