

## Twitter Thread by Sourabh Sisodiya, CFA



**Sourabh Sisodiya, CFA**

@sourabhsiso19



### Options Thread

How options allows to change and adjust view dynamically.

Let's understand with a live example.

Example : Nifty is at 11921 and you are bullish on Nifty.

1) Buy Naked 11900 CE(call) at 167

**Breakeven : 12068**

**Max Loss : Rs 12555**

**Max Profit : Unlimited**

Max. Profit

₹ Undefined

Max. Loss

₹ -12,555

Breakevens

12068.0

Total PNL

₹ 0

Net Credit

₹ 0

Estimated Margin/Premium

₹ +12,555

# Option 1

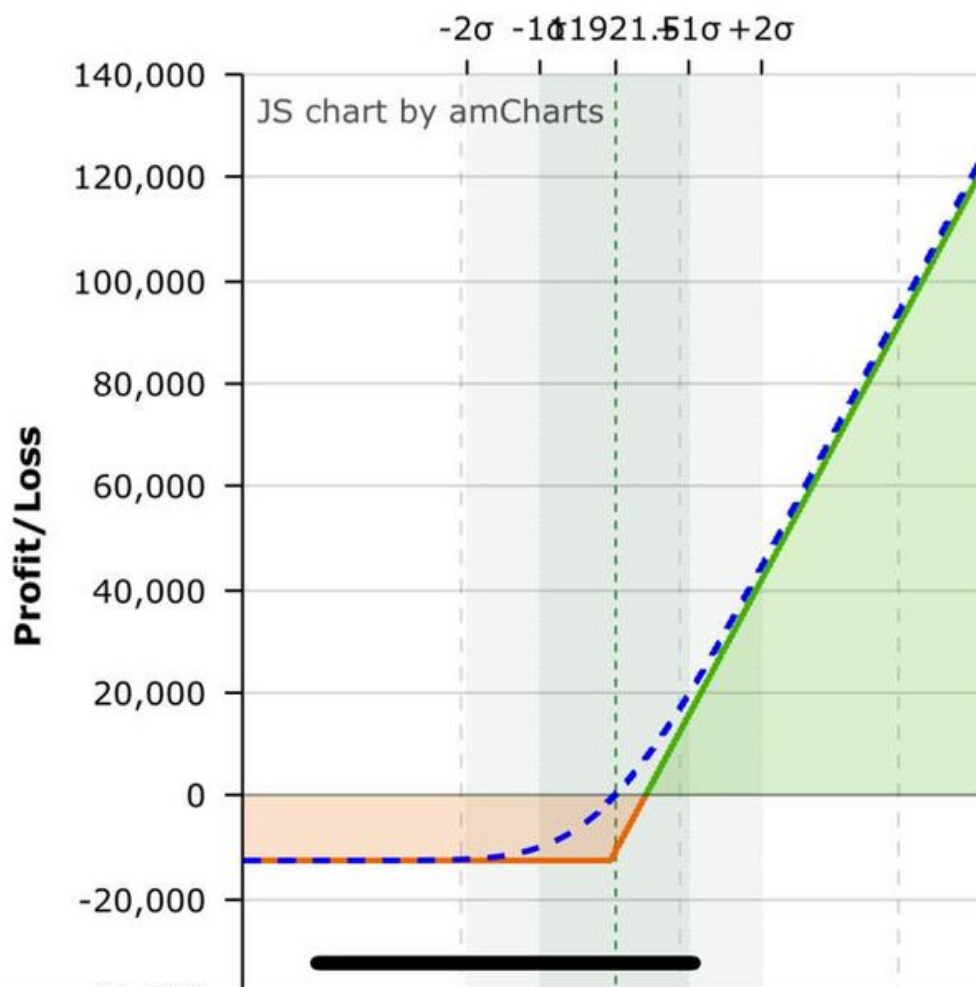


PAYOFF CHART



GREEKS

## NIFTY



2) Now your view changes from bullish to slightly bullish so you can convert naked call into a bull call spread by selling 12100 CE at 72

Breakeven : 11996

Max Loss : Rs 7100

Max Profit : Rs 7800

#OptionsTrading #trading

Max. Profit	₹ +7,837.5
Max. Loss	₹ -7,162.5
Breakevens	11996.0
Total PNL	₹ 0
Net Credit	₹ 0
Estimated Margin/Premium	₹ +73,603

## Option 2

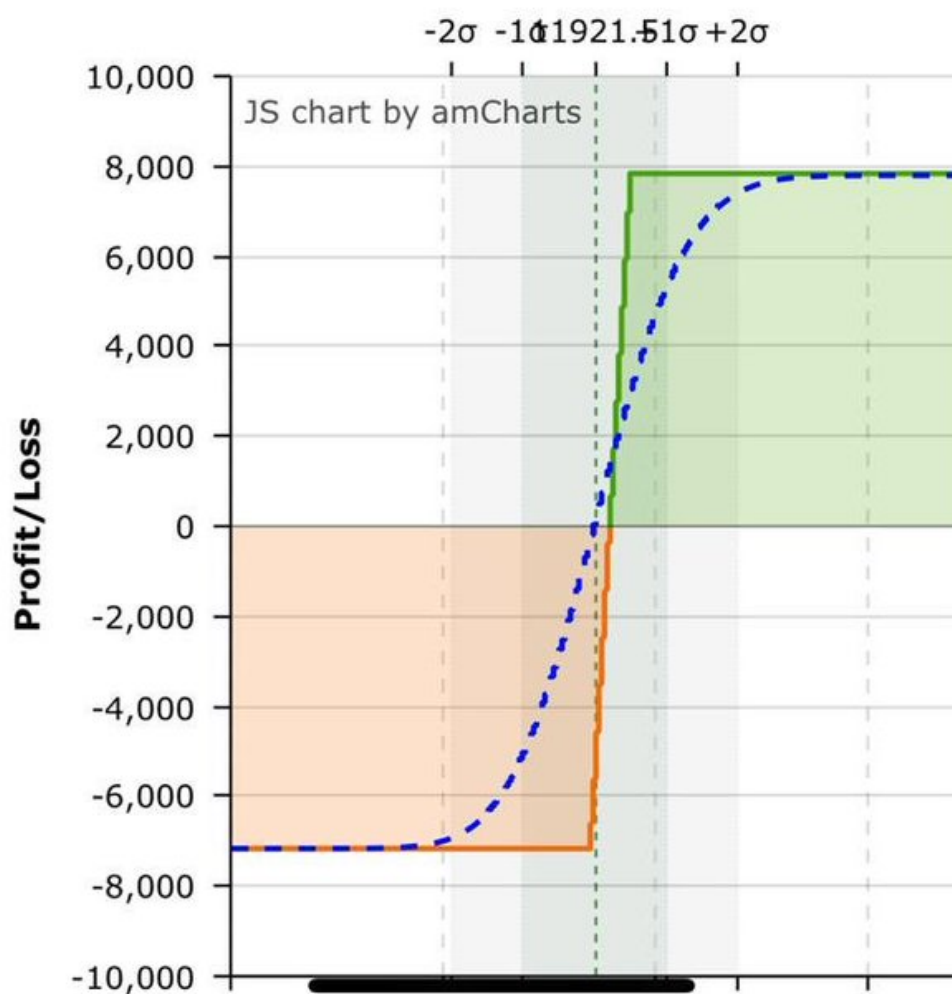


PAYOFF CHART



GREEKS

### NIFTY



3) Now your changes from slightly bullish to slightly bearish. You can convert the bull call spread into a ratio spread by selling more 2 calls of 12100 CE

Breakeven : 12224

Max Loss : Unlimited above 12224

Max Profit : Rs 18550

#OptionsTrading

Max. Profit	₹ +18,547.5
Max. Loss	₹ Undefined
Breakevens	0-12224.0
Total PNL	₹ 0
Net Credit	₹ +3,622.5
Estimated Margin/Premium	₹ +264,106

# Option 3



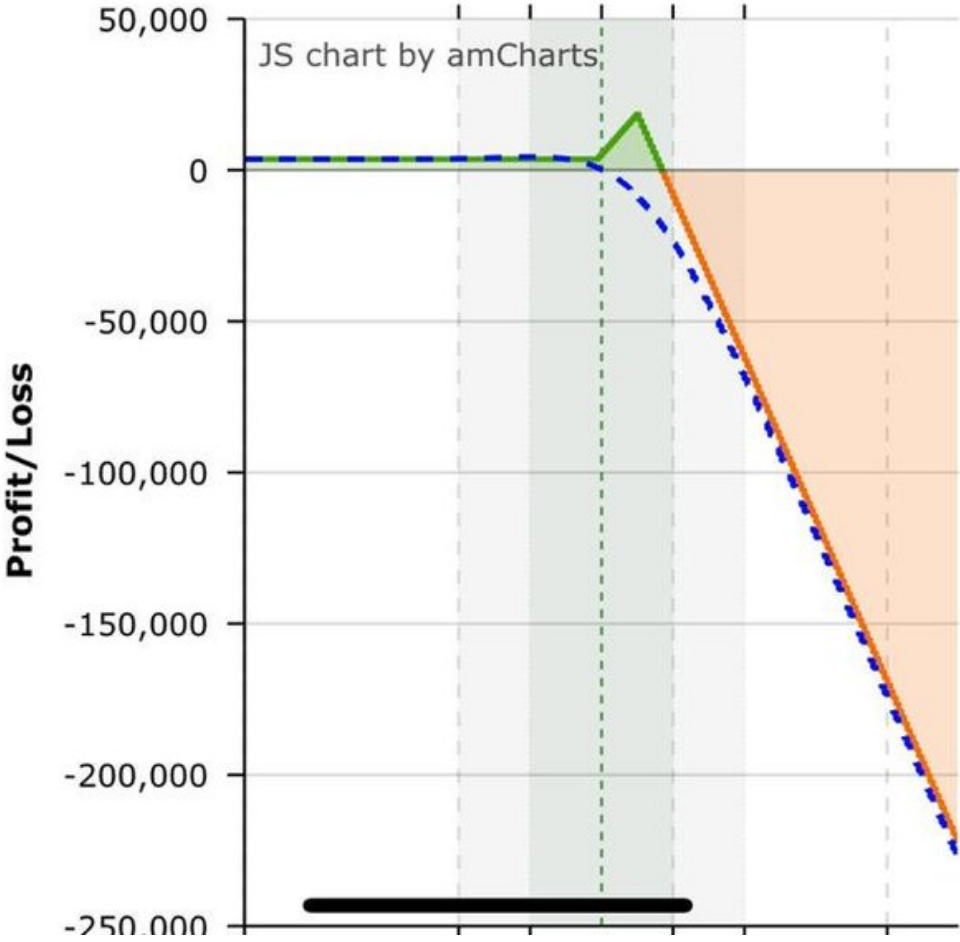
PAYOFF CHART



GREEKS

NIFTY

-2σ -1σ1921.51σ +2σ



4) Now if your view changes to sideways then you can buy 2 lots of 12200 CE to convert the ratio spread in a butterfly spread.

Breakeven : 11936 to 12182

Max Loss : Rs 2600

Max Profit : Rs 12300

#OptionsTrading

Max. Profit	₹ +12,292.5
Max. Loss	₹ -2,632.5
Breakevens	11936.0-12182.0
Total PNL	₹ 0
Net Credit	₹ 0
Estimated Margin/Premium	₹ +247,494

## Option 4



PAYOFF CHART



GREEKS

### NIFTY

