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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

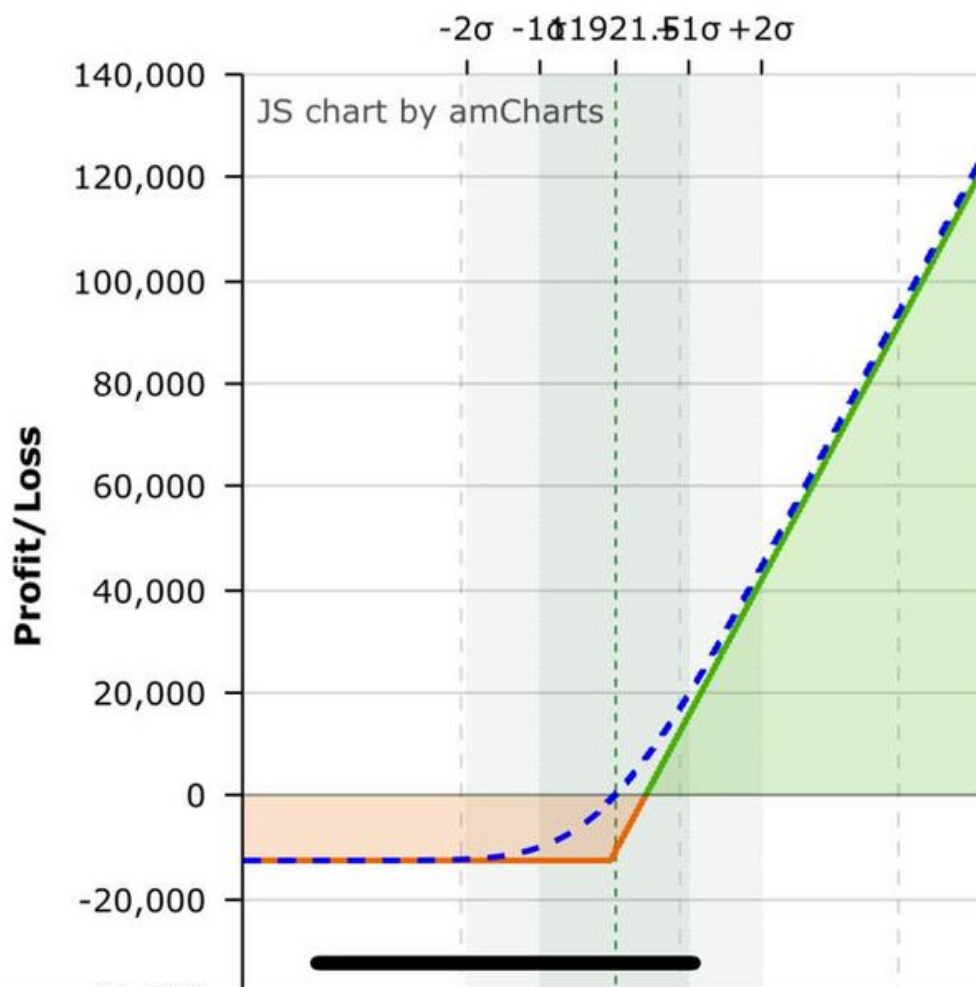


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2) Now your view changes from bullish to slightly bullish so you can convert naked call into a bull call spread by selling 12100 CE at 72

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

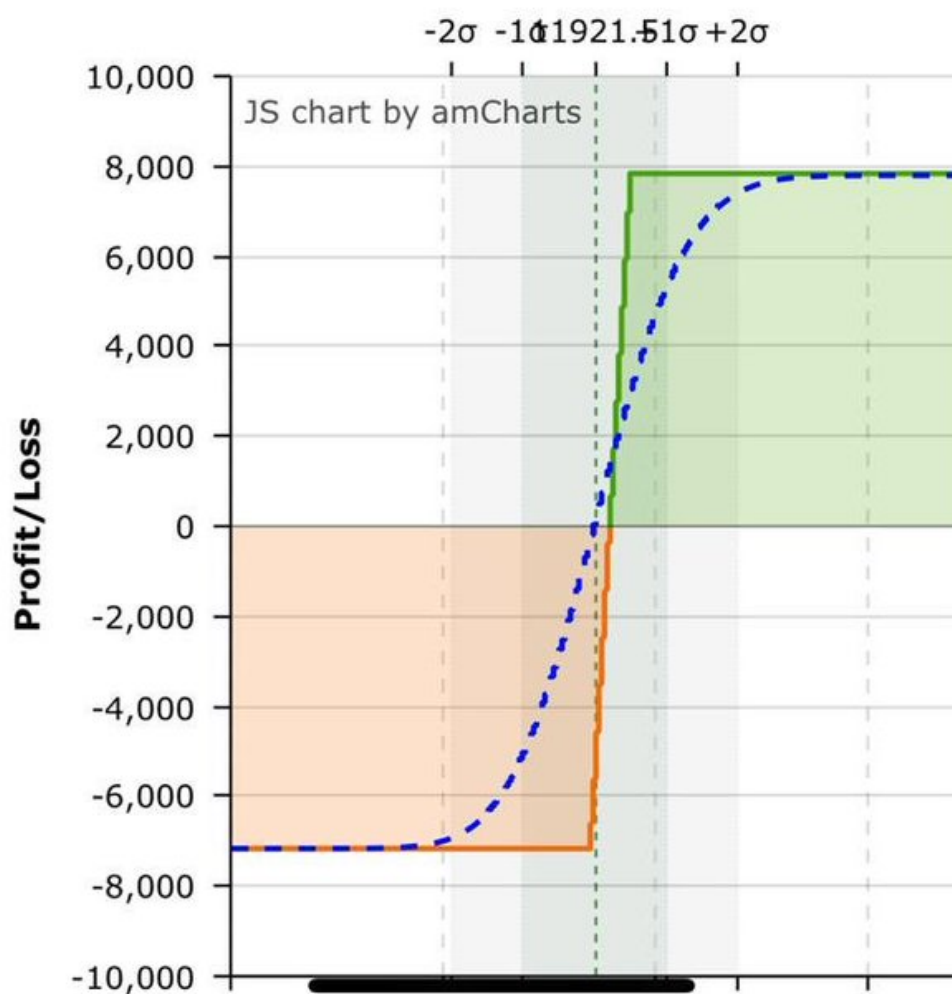


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3) Now your changes from slightly bullish to slightly bearish. You can convert the bull call spread into a ratio spread by selling more 2 calls of 12100 CE

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

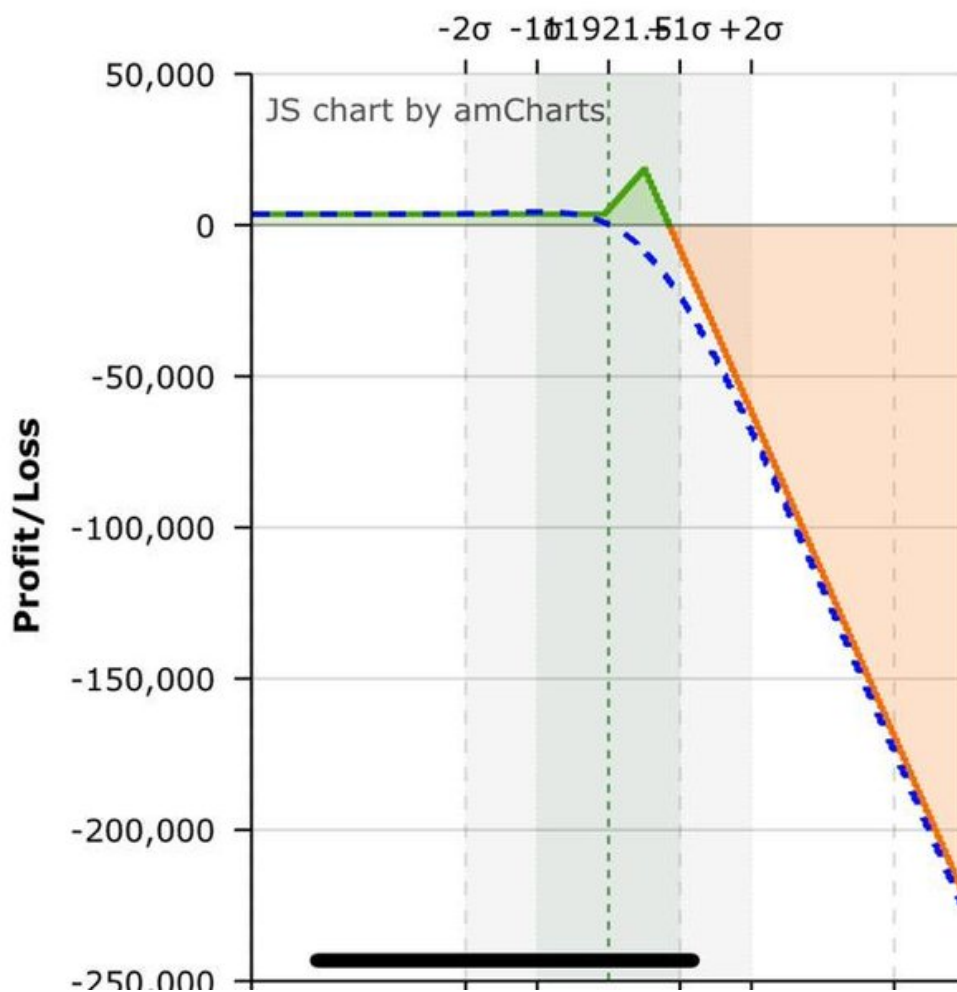


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4) Now if your view changes to sideways then you can buy 2 lots of 12200 CE to convert the ratio spread in a butterfly spread.

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



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