

Date: 25 MAY, 2018

Scrip Name: NIFTY

Strategy – Long Straddle Spread

Buy NIFTY 31MAY 10600 CE at 58

Buy NIFTY 31MAY 10600 PE at 42

Margin Requirement: Rs 7500 (Approx)

Keep a stop loss 40 points loss or Rs 3000 loss

Target 80 points premium gain

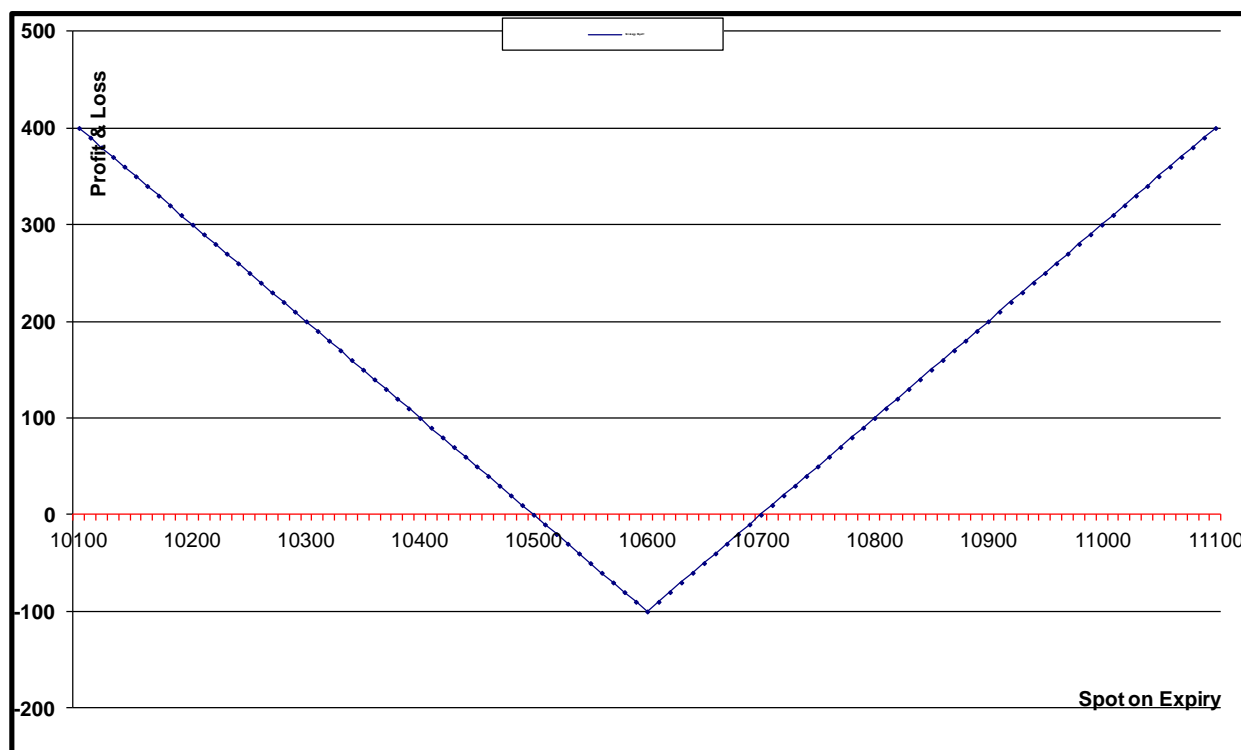
Max Loss: Rs 7500 (100*40) at 10600 NIFTY expiry (if one doesn't keep SL)

Max Gain: Unlimited above 10700 or below 10500

Upper Breakeven point: 10700

Lower Breakeven point: 10500

Pay off:



Reason – The index contract is up for expiry in the next week, the premiums in the options are low which can be taken advantage off. With 4 days to expiry Nifty is likely to move more than 100 points in either direction which can help the strategy make profit.

Derivatives & Technical Analyst

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Profit/Loss at different prices	
NIFTY	Profit/Loss
10400	7500
10450	3750
10500	0
10550	-3750
10600	-7500
10650	-3750
10700	0
10750	3750
10800	7500
10850	11250



NOTE: -

1. The above table payoff is on expiry basis. If the stock moves to expected levels before expiry the profit would then be determined by the time value and volatility and hence in most cases will be lower
2. If the expected move is achieved before the expiry the strategy will most certainly be closed before expiry.
3. The strategy has to be executed in totality and closed in totality as advised by the analyst. There can be market risks associated with not doing the same.

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