

NIFTY CMP- 5750

Initiated date: 5th Oct 2012

Exit date:

Options strategy-								Payout tracker-							
STRIKE	BUY CALL	SELL CALL	BUY PUT	SELL PUT	PREM PAID	PREM RECD	TOTAL	STRIKE	BUY CALL	SELL CALL	BUY PUT	SELL PUT	PREM PAID	PREM RECD	TOTAL
5200								5200							
5300								5300							
5400								5400							
5500								5500							
5600				38		1900	1900	5600							
5700			69		-3450		-3450	5700							
5800	57				-2850		-2850	5800							
5900		27				1350	1350	5900							
6000								6000							
6100								6100							
6200								6200							
6300								6300							
TOTAL							-1500	TOTAL							

Payout calculation-							
STRIKE	BUY CALL	SELL CALL	BUY PUT	SELL PUT			SUM
5200	-2850	1350	21550	-18100			1950
5300	-2850	1350	16550	-13100			1950
5400	-2850	1350	11550	-8100			1950
5500	-2850	1350	6550	-3100			1950
5600	-2850	1350	1550	1900			1950
5700	-2850	1350	-3450	1900			-3050
5800	-2850	1350	-3450	1900			-3050
5900	2150	1350	-3450	1900			1950
6000	7150	-3650	-3450	1900			1950
6100	12150	-8650	-3450	1900			1950
6200	17150	-13650	-3450	1900			1950
6300	22150	-18650	-3450	1900			1950

Theory-
 Nifty expected to remain volatile & could either end the month above 5900 or below 5700.
Strategy analysis:
 Buy 5800 call & buy 5700 put
 Sell 5900 call & 5600 put
 Premium paid: Rs 6300
 Premium received: Rs. 3250
 Max. profit: Limited
 Max. loss: Limited
 As long as Nifty remains above 5800 & below 5700, the strategy will ensure a max. profit of Rs. 1950. If Nifty remains in the 5700- 5800 range on the expiry of the October contract, the max. loss will be limited to Rs. 3050.
Pls. refer the payoff diagram below

Payoff diagram

