

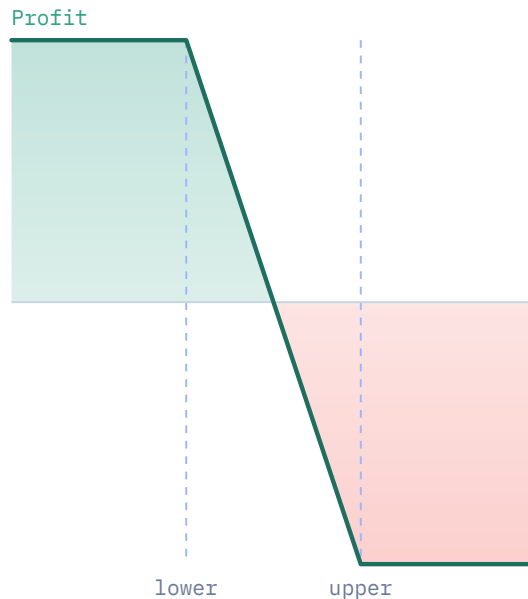
Bear Call Spread

Selling premium with defined risk for falling to quiet prices.

also: call credit spread · short call vertical

PAYOFF PROFILE

Profit / loss per contract unit



Schematic, not to scale.

Price at expiration →

CONSTRUCTION

- -1 Call at the lower strike
- +1 Call at the upper strike

KEY FIGURES

Maxprofit	premium received
Maxloss	strike distance - premium
Break-even	lower strike + premium
Profitzone	price below the break-even
Capitalrequired	spread width minus the credit received, held as margin
Opening	premium is collected

WHAT HELPS THE POSITION

Direction	Falling prices help
Movement	Large moves hurt
Time	Time works for you
Volatility	Rising volatility hurts

WHAT PAYS YOU

Time decay Size of the move against you

You get paid on time decay for as long as price stays below the short strike.

TYPICAL USE

Market phase	sideways range, quiet downward drift, clear downtrend
Volatility	high (IV rank > 50)
Goal	Income
Expiration	30-45 days
Strike choice	short 0.15-0.30 Delta
Assignment risk	medium on the short call, especially before an ex-dividend date

EXIT & MANAGEMENT

Take profit	50% of the credit
Loss limit	2× the credit
Time rule	close at 21 days to expiration

THE ONE QUESTION BEFORE ENTRY

How far outside the expected move to expiration does the lower strike sit?

COMMON MISTAKES

- Spreads too narrow on a wide bid-ask - slippage eats the credit
- A gap through both strikes: maximum loss in a single night



Related: Short Iron Condor · Bear Put Spread — Opposite: Bull Call Spread
Figures are per contract unit at expiration, before fees and tax. This is not investment advice — options can lose their entire value.