

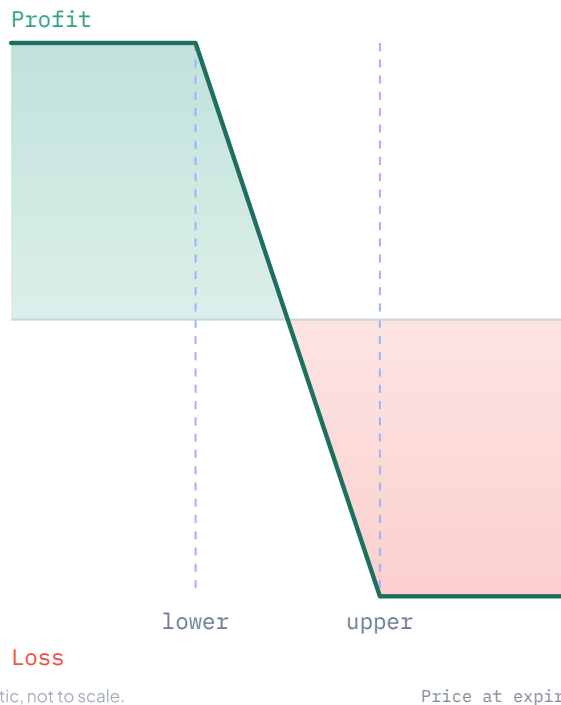
Bear Put Spread

A cheaper long put with a capped profit.

also: put debit spread · long put vertical

PAYOFF PROFILE

Profit / loss per contract unit



KEY FIGURES

Maxprofit	strike distance - premium
Maxloss	premium paid
Break-even	upper strike - premium
Profitzone	price below the break-even
Capitalrequired	equal to the debit
Opening	premium is paid

WHAT HELPS THE POSITION

Direction	Falling prices help
Movement	depends on where the price sits
Time	depends on the construction
Volatility	depends on the construction

WHAT PAYS YOU

Price direction Time decay against you

You get paid on downside direction as far as the lower strike.

TYPICAL USE

Marketphase	quiet downward drift, clear downtrend
Volatility	medium (IV rank 30-50) / high (IV rank > 50)
Goal	Speculation, Hedging
Expiration	30-60 days
Strike choice	long 0.50-0.70, short 0.25-0.35 Delta
Assignment risk	low

EXIT & MANAGEMENT

Take profit	50-75% of the maximum gain
Loss limit	50% of the debit
Time rule	close at 21 days to expiration

CONSTRUCTION

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

THE ONE QUESTION BEFORE ENTRY

Is the lower strike a realistic downside target inside this expiration?

COMMON MISTAKES

- Bought during a panic, once put skew had already inflated the premium



Related: Long Put · Bear Call Spread — Opposite: Bull Put Spread

Figures are per contract unit at expiration, before fees and tax. This is not investment advice — options can lose their entire value.