

Bull Call Spread

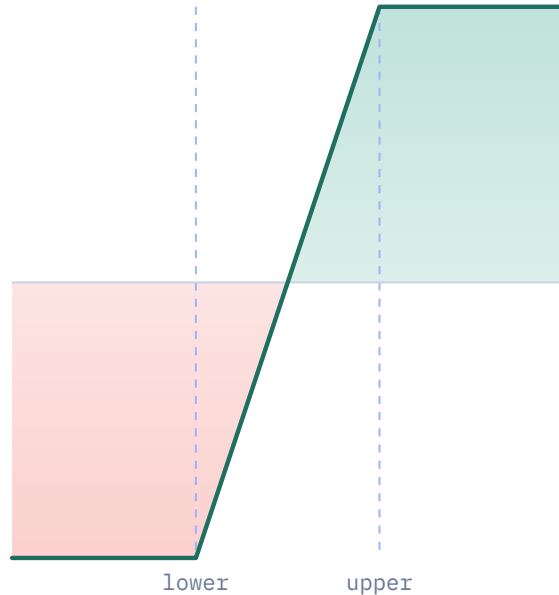
A cheaper long call with a capped profit and a clear price target.

also: call debit spread · long call vertical

PAYOFF PROFILE

Profit / loss per contract unit

Profit



Loss

Schematic, not to scale.

Price at expiration →

CONSTRUCTION

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

KEY FIGURES

Maxprofit	strike distance - premium
Maxloss	premium paid
Break-even	lower strike + premium
Profitzone	price above the break-even
Capitalrequired	equal to the debit
Opening	premium is paid

WHAT HELPS THE POSITION

Direction	Rising 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 direction up to the upper strike. Time works mildly against you.

TYPICAL USE

Market phase	quiet upward drift, clear uptrend
Volatility	medium (IV rank 30-50) / high (IV rank > 50)
Goal	Speculation
Expiration	30-60 days
Strike choice	long 0.50-0.70, short 0.25-0.35 Delta
Assignment risk	low, though early assignment on the short call is possible

EXIT & MANAGEMENT

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

THE ONE QUESTION BEFORE ENTRY

Is the upper strike a realistic price target inside this expiration?

COMMON MISTAKES

- Short strike too close - the maximum gain is almost never reachable
- Forgot that both legs have to be closed out if they finish in the money



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