

Bull Put Spread

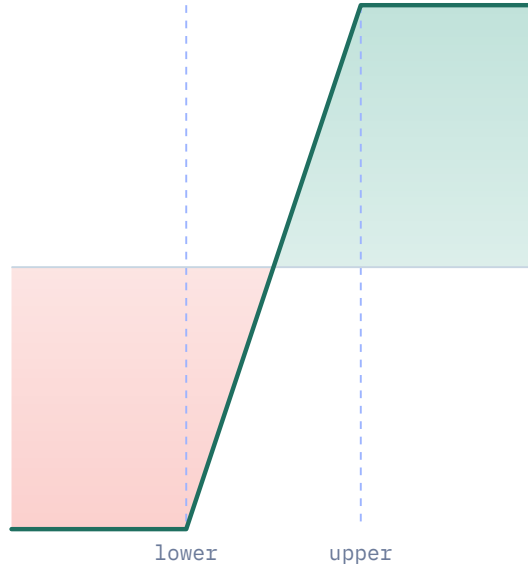
Selling premium with defined risk for rising to quiet prices.

also: put credit spread · short put vertical

PAYOFF PROFILE

Profit / loss per contract unit

Profit



Schematic, not to scale.

Price at expiration →

CONSTRUCTION

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

THE ONE QUESTION BEFORE ENTRY

Do you want a credit against an obligation – or would you rather pay a debit?

KEY FIGURES

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

WHAT HELPS THE POSITION

Direction	Rising 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 above the short strike.

TYPICAL USE

Market phase	sideways range, quiet upward drift
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 put

EXIT & MANAGEMENT

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

COMMON MISTAKES

- Treated as a 'small cash-secured put' - the long put only starts protecting at the lower strike
- On a gap below the lower strike there is no exit left



Related: Cash-Secured Put · Short Iron Condor — Opposite: Bear Put Spread

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