

Call Backspread

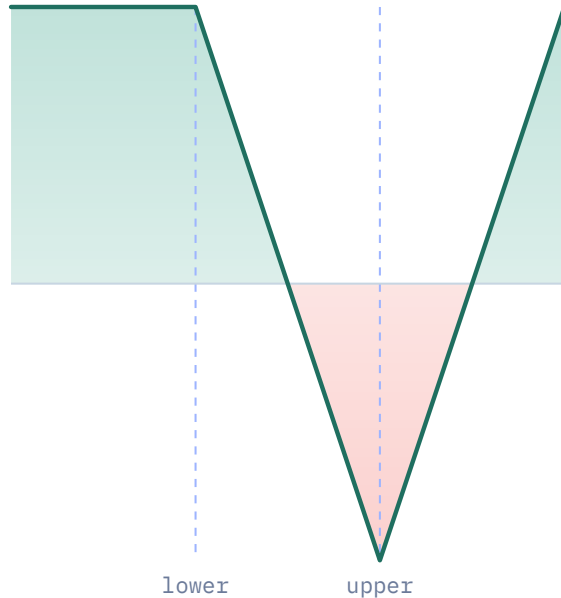
Unlimited upside with a loss zone around the target strike.

also: ratio backspread · reverse ratio spread

PAYOFF PROFILE

Profit / loss per contract unit

Profit



Loss

Schematic, not to scale.

Price at expiration →

CONSTRUCTION

- -1 Call at the lower strike
- +2 Call at the upper strike

KEY FIGURES

Maxprofit	unlimited to the upside
Maxloss	strike distance + premium
Break-even	upper strike + strike distance + premium
Profitzone	price above the break-even
Capitalrequired	medium to high
Opening	mixed, depending on the strikes

WHAT HELPS THE POSITION

Direction	Rising prices help
Movement	Large moves help
Time	Time works against you
Volatility	Rising volatility helps

WHAT PAYS YOU

Size of the move Time decay against you

You get paid on a genuine breakout to the upside. Half a move is the worst case.

TYPICAL USE

Market phase	large move, direction open, clear uptrend
Volatility	low (IV rank < 30)
Goal	Speculation, Trading volatility
Expiration	45-90 days
Strike choice	short ~0.50, long ~0.30 Delta
Assignment risk	medium

EXIT & MANAGEMENT

Take profit	situational
Loss limit	the maximum loss sits exactly at the upper strike
Time rule	close before expiration - the worst case is expiring right at the upper strike

THE ONE QUESTION BEFORE ENTRY

Are you expecting a genuine breakout – or just a move up?

COMMON MISTAKES

- The worst case is not 'no move at all', it is a move that stops exactly at the upper strike



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