

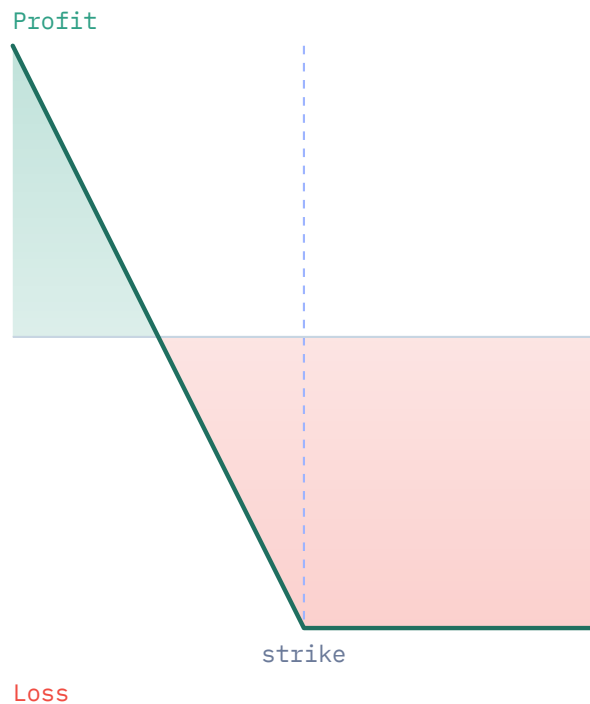
Long Put

A bought right to falling prices — the loss is capped at the premium.

also: buying a put · put option

PAYOFF PROFILE

Profit / loss per contract unit



Schematic, not to scale.

Price at expiration →

CONSTRUCTION

- +1 Put at the strike

KEY FIGURES

Max profit	strike - premium
Max loss	premium paid
Break-even	strike - premium
Profit zone	price below the break-even
Capital required	premium only
Opening	premium is paid

WHAT HELPS THE POSITION

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

WHAT PAYS YOU

Price direction Time decay against you

You get paid on downside direction. Time works against you.

TYPICAL USE

Market phase	clear downtrend
Volatility	low (IV rank < 30) / medium (IV rank 30-50)
Goal	Speculation, Hedging
Expiration	45-120 days
Strike choice	0.30-0.60
Assignment risk	none (long option)

EXIT & MANAGEMENT

Take profit	50-100% of the debit
Loss limit	50% of the debit
Time rule	close before 21 days to expiration

THE ONE QUESTION BEFORE ENTRY

Does price fall fast enough and far enough below your break-even?

COMMON MISTAKES

- Bought as protection without ever adding up what a year of it costs
- Bought puts in a panic, once IV had already blown out



Related: Bear Put Spread · Protective Put — Opposite: Naked Short Put

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