

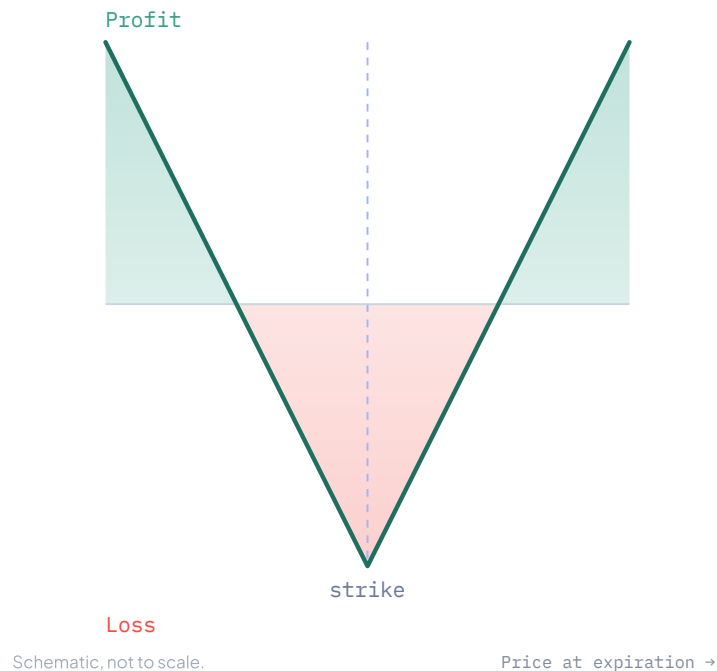
Long Straddle

Bet on a large move without committing to a direction.

also: buying a straddle · long volatility

PAYOFF PROFILE

Profit / loss per contract unit



KEY FIGURES

Maxprofit	unlimited above, strike - premium below
Maxloss	premium paid
Break-even	strike - premium and strike + premium
Profitzone	price outside the two break-evens
Capitalrequired	equal to the debit, but high for a long position
Opening	premium is paid

WHAT HELPS THE POSITION

Direction	Direction barely matters
Movement	Large moves help a lot
Time	Time works strongly against you
Volatility	Rising volatility helps a lot

WHAT PAYS YOU

Size of the move Time decay against you

You get paid on the SIZE of the move, not its direction. Time is your most expensive opponent.

TYPICAL USE

Market phase	large move, direction open
Volatility	low (IV rank < 30)
Goal	Trading volatility, Speculation
Expiration	30-60 days
Strike choice	beide ATM
Assignment risk	none

EXIT & MANAGEMENT

Take profit	25-50% of the debit
Loss limit	50% of the debit
Time rule	theta accelerates hard - decide early

CONSTRUCTION

- +1 Call at the strike
- +1 Put at the strike

THE ONE QUESTION BEFORE ENTRY

Does the move have to be bigger than the one the market has already priced in?

COMMON MISTAKES

- Bought before earnings: the move arrives and the IV crush eats the gain anyway
- Overlooked that both legs bleed time value - you are paying theta twice



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