

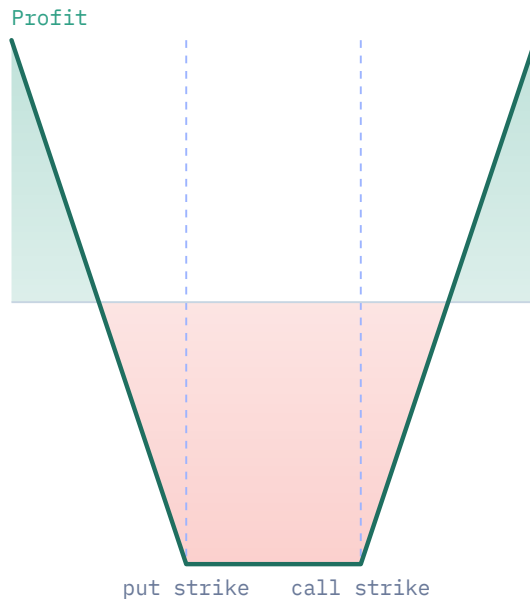
Long Strangle

Like the straddle, only cheaper — and it needs a larger move.

also: buying a strangle

PAYOFF PROFILE

Profit / loss per contract unit



Schematic, not to scale.

Price at expiration →

CONSTRUCTION

- +1 Call at the call strike (out of the money)
- +1 Put at the put strike (out of the money)

KEY FIGURES

Maxprofit	unlimited above, put strike - premium below
Maxloss	premium paid
Break-even	put strike - premium and call strike + premium
Profitzone	price outside the two break-evens
Capital required	equal to the debit
Opening	premium is paid

WHAT HELPS THE POSITION

Direction	Direction barely matters
Movement	Large moves help
Time	Time works 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. It has to be larger than a straddle would need.

TYPICAL USE

Market phase	large move, direction open
Volatility	low (IV rank < 30)
Goal	Trading volatility, Speculation
Expiration	45-90 days
Strike choice	beide 0.15-0.30
Assignment risk	none

EXIT & MANAGEMENT

Take profit	25-50% of the debit
Loss limit	50% of the debit
Time rule	before 21 days to expiration

THE ONE QUESTION BEFORE ENTRY

Is the expected move large enough to reach one of the two break-evens?

COMMON MISTAKES

- Cheaper than a straddle - but the move it needs is meaningfully bigger



Related: Long Straddle — Opposite: Short Strangle

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