

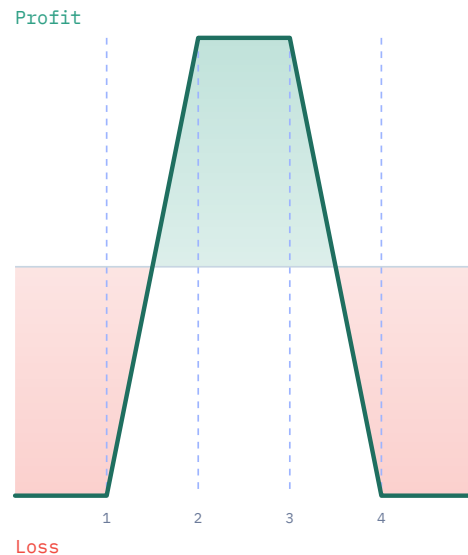
Short Iron Condor

Premium from a sideways range, both sides capped by wings.

also: iron condor

PAYOFF PROFILE

Profit / loss per contract unit



Schematic, not to scale.

Price at expiration →

KEY FIGURES

Maxprofit	premium received
Maxloss	widest wing - premium
Break-even	strike 2 - premium and strike 3 + premium
Profitzone	price between the two break-evens
Capitalrequired	medium
Opening	premium is collected

WHAT HELPS THE POSITION

Direction	Direction barely matters
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 on both sides. Movement is your only enemy.

TYPICAL USE

Market phase	sideways range, calming down after a volatility spike
Volatility	high (IV rank > 50)
Goal	Income
Expiration	30-60 days
Strike choice	Short Legs 0.10-0.20 Delta
Assignment risk	medium on whichever side gets tested

EXIT & MANAGEMENT

Take profit	50% of the credit
Loss limit	2× the credit, or roll the tested side
Time rule	close at 21 days to expiration

CONSTRUCTION

- +1 Put at the strike 1
- -1 Put at the strike 2
- -1 Call at the strike 3
- +1 Call at the strike 4

THE ONE QUESTION BEFORE ENTRY

Is the range you expect genuinely narrower than the move the market has priced in?

COMMON MISTAKES

- Sold as an 'income machine', then one loss wipes out six winning months
- Wings of unequal width, so the max loss was calculated wrong
- Held through earnings



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