

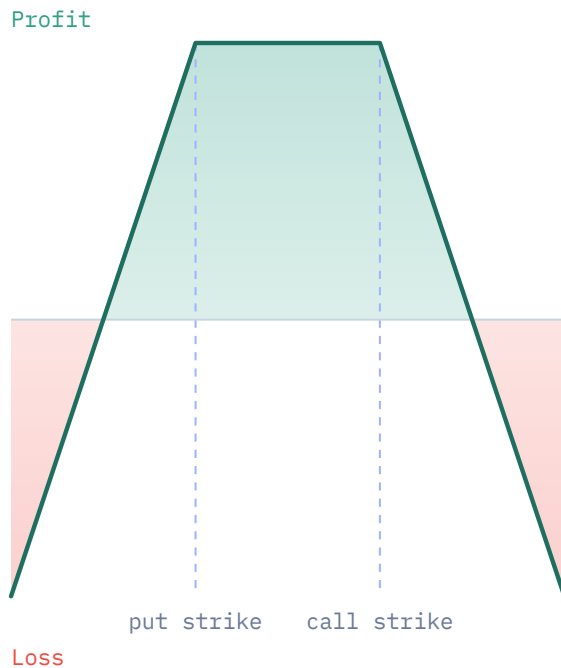
Short Strangle

Premium from a wide range, without protective wings.

also: selling 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	premium received
Maxloss	unlimited to the upside
Break-even	put strike - premium and call strike + premium
Profitzone	price between the two break-evens
Capitalrequired	margin on both sides
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 a lot

WHAT PAYS YOU

Time decay Size of the move against you

You get paid on time decay across a wide range - with no protective wings.

TYPICAL USE

Market phase	sideways range, calming down after a volatility spike
Volatility	high (IV rank > 50)
Goal	Income
Expiration	30-45 days
Strike choice	beide 0.10-0.20
Assignment risk	high

EXIT & MANAGEMENT

Take profit	50% of the credit
Loss limit	2x the credit
Time rule	close at 21 days to expiration

THE ONE QUESTION BEFORE ENTRY

Why are you giving up the protective wings of an iron condor?

COMMON MISTAKES

- An iron condor is the same trade with wings - skipping the wings to save the cost means carrying unlimited risk



Related: Short Iron Condor · Jade Lizard — Opposite: Long Strangle

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