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August 19, 2021

**OCC**

# **Bullish and Bearish Strategies**

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# Bullish and Bearish Options Strategies

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# Presentation Outline

- Speculating with Calls and Puts
- Vertical Spreads
- Bullish 3-Way
- Bearish 3-Way

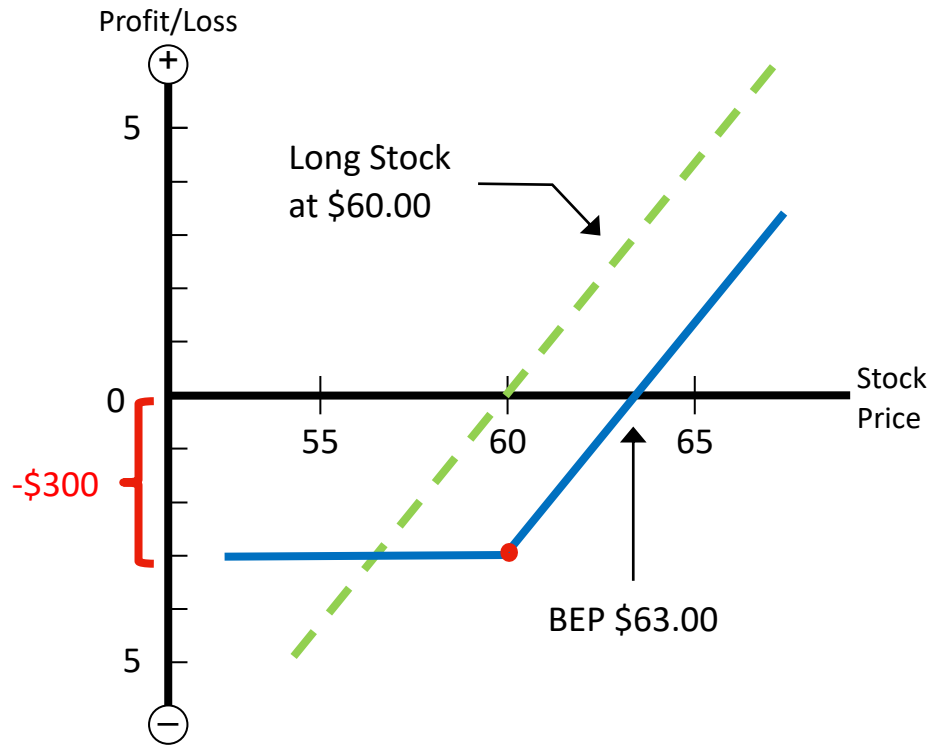


# Bullish and Bearish Strategies



# Call Buying Example

Buy 60.00 strike call at \$3.00



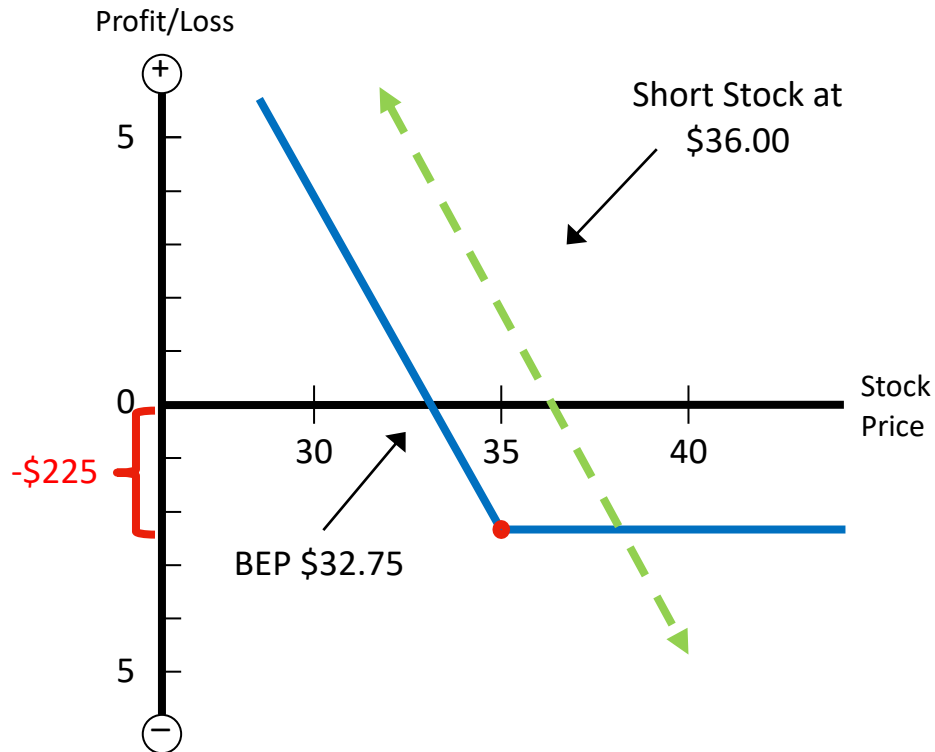
**Break-even at Expiration:**  
Strike Price + Call Premium Paid  
 $\$60.00 + \$3.00 = \$63.00$

**Maximum Loss:**  
\$3.00 Call Premium Paid  
\$300.00 Total



# Put Buying Example

Buy 35.00 strike put at \$2.25



**Break-even at Expiration:**  
Strike Price – Put Premium Paid  
 $\$35.00 - \$2.25 = \$32.75$

**Maximum Loss:**  
\$2.25 Put Premium Paid  
\$225.00 Total

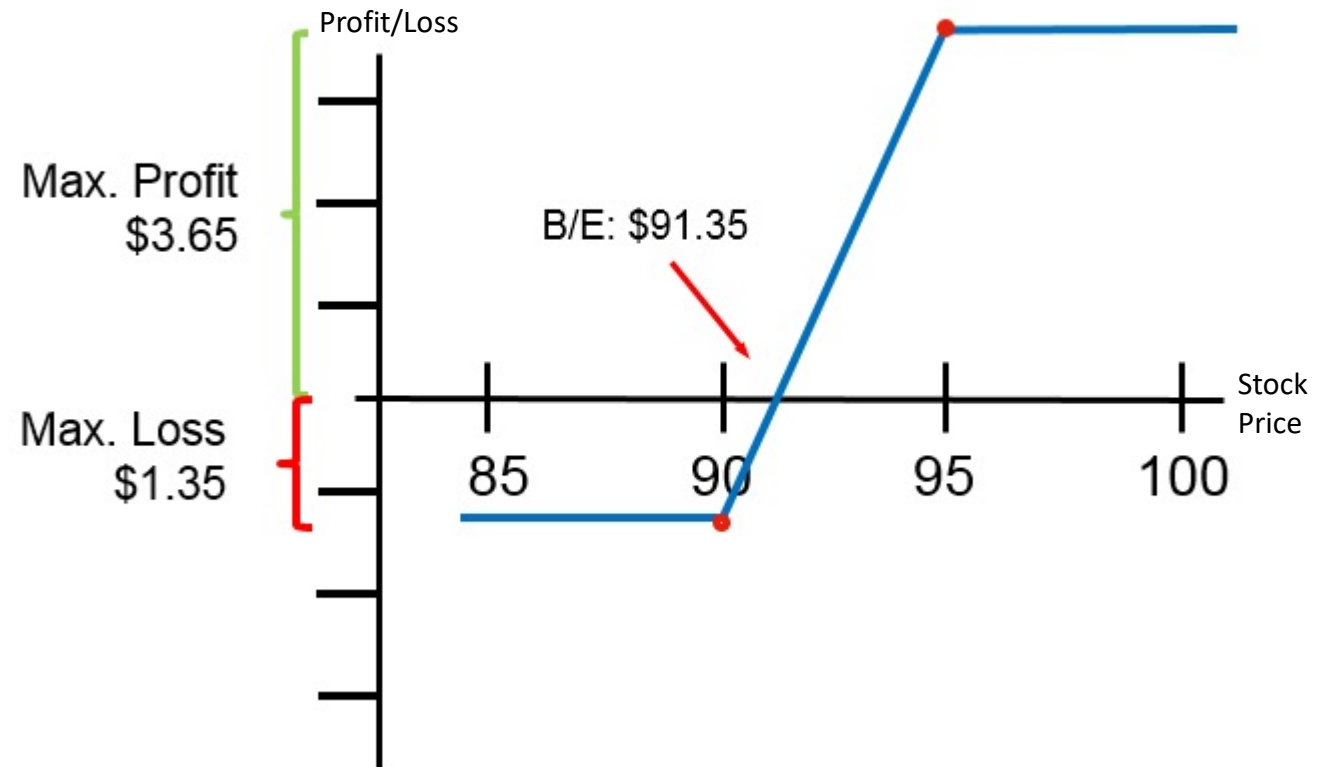
# Vertical Spreads



# Bull Call Spread (Debit)

**Buy** a lower strike call and **sell** a higher strike call

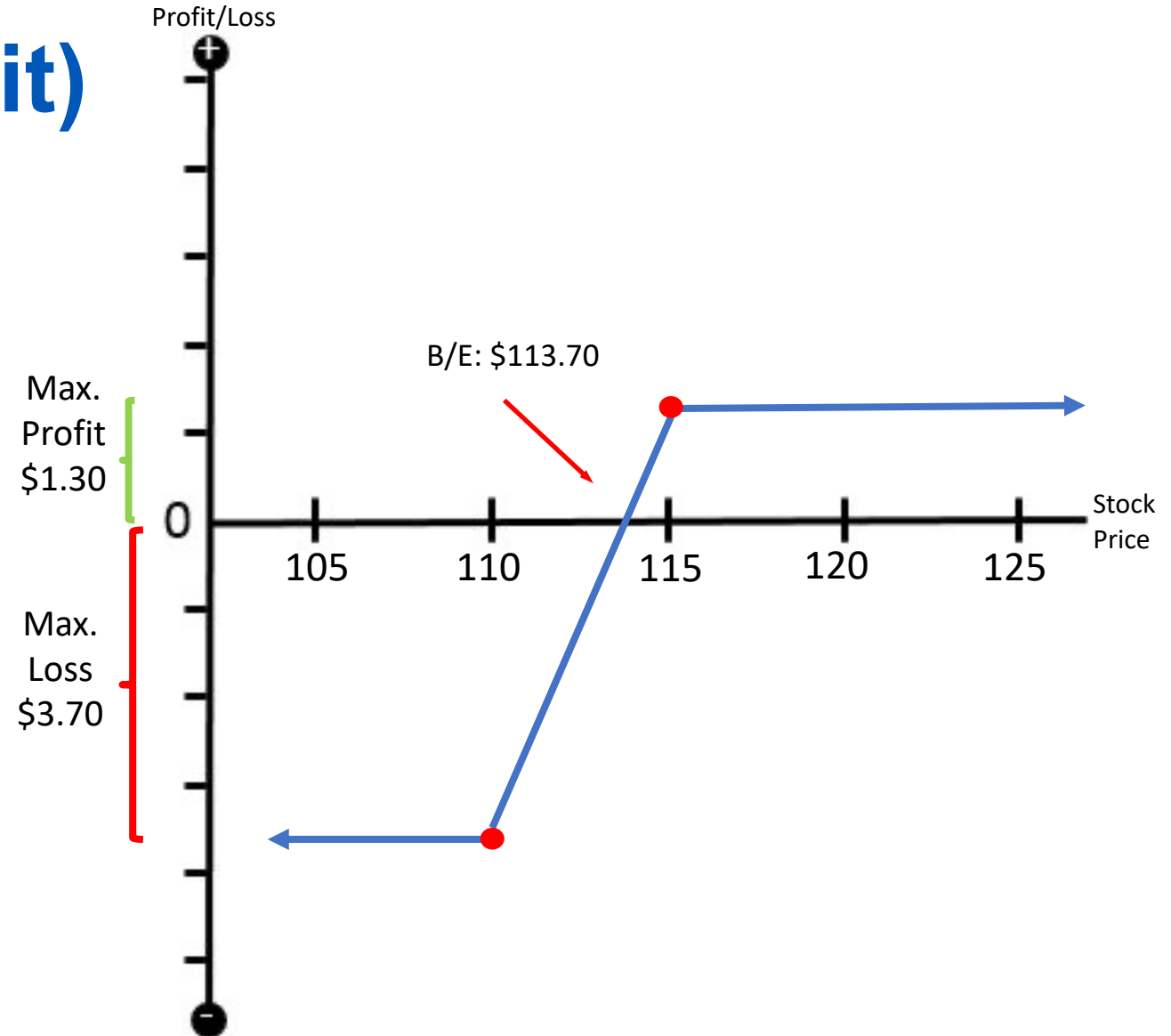
- Stock @ \$90
- Buy 1 90 Call \$2.05
- Sell 1 95 Call \$0.70
- **Net Debit \$1.35**



# Bull Put Spread (Credit)

*Sell* a higher strike put and  
*buy* a lower strike put

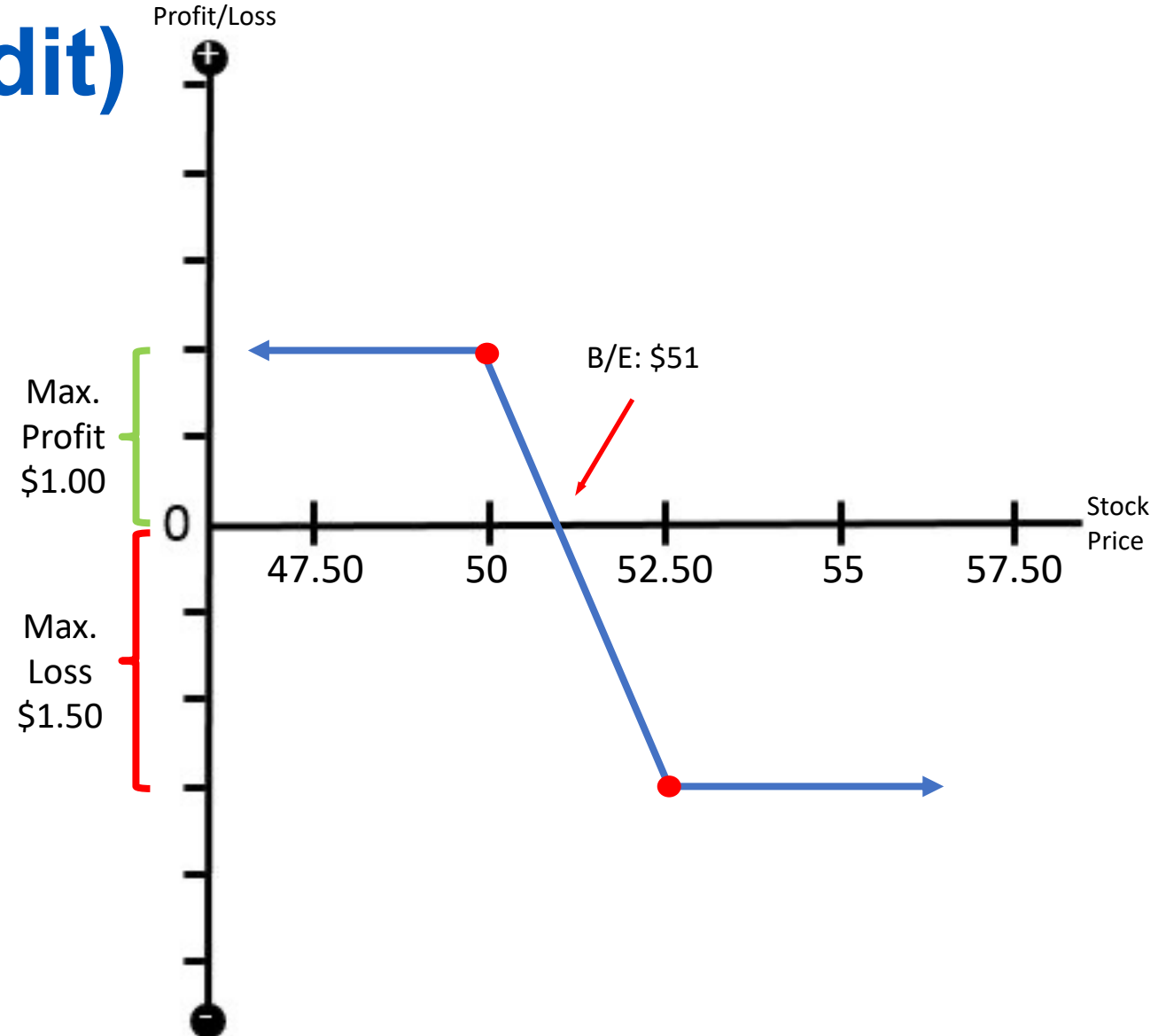
- Stock @ \$115
  - Sell 1 115 Put \$2.00
  - Buy 1 110 Put \$0.70
- Net Credit \$1.30**



# Bear Call Spread (Credit)

*Sell* a lower strike call and  
*buy* a higher strike call

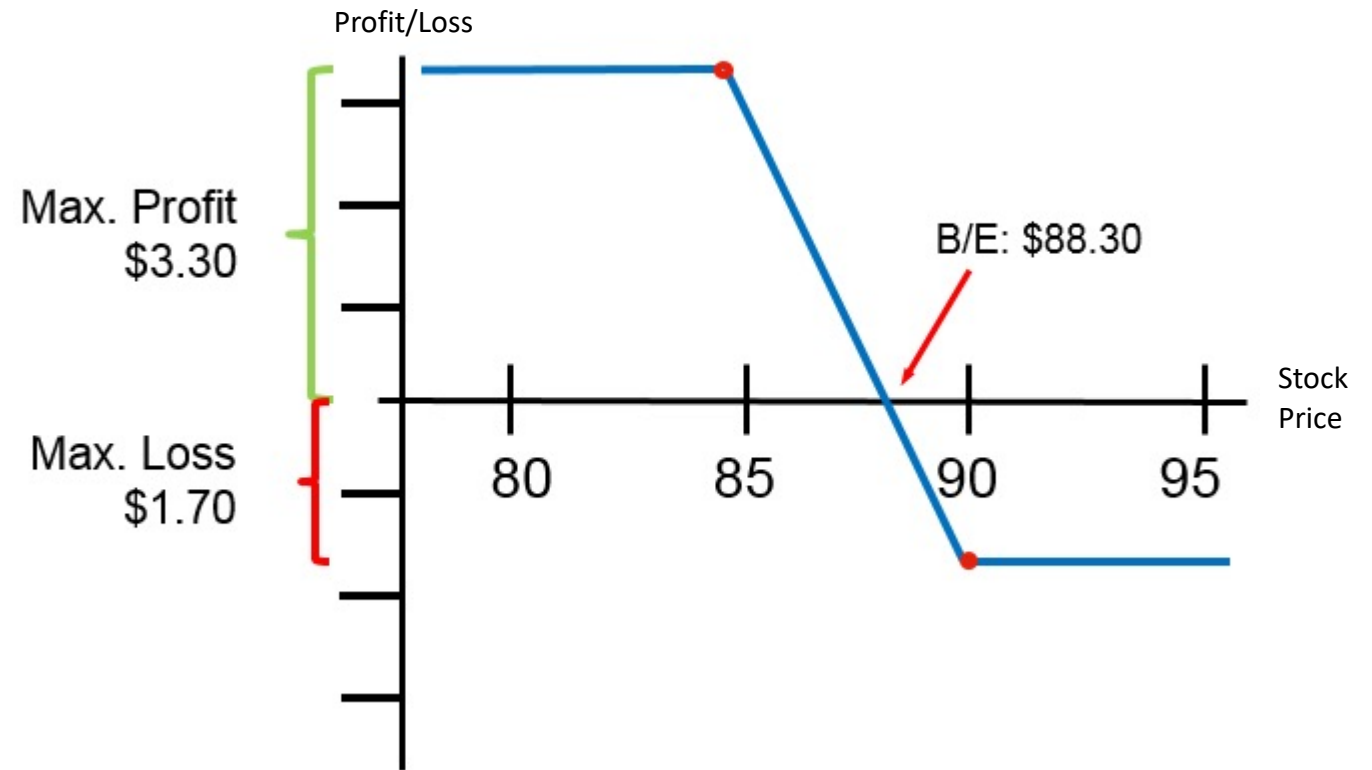
- Stock @ \$50
  - Sell 1 50 Call \$1.65
  - Buy 1 52.50 Call \$0.65
- Net Credit \$1.00**



# Bear Put Spread (Debit)

**Buy** a higher strike put and **sell** a lower strike put

- Stock @ \$90
- Buy 1 90 put \$3.50
- Sell 1 85 put \$1.80  
**Net Debit \$1.70**



# 3-Way Spreads



# Bullish: Forecasting Share Price Increases

Whether it be by technical or fundamental analysis, or the investor's belief that a company is poised for a share price increase, bullish investors have many choices when it comes to capitalizing on their outlook:

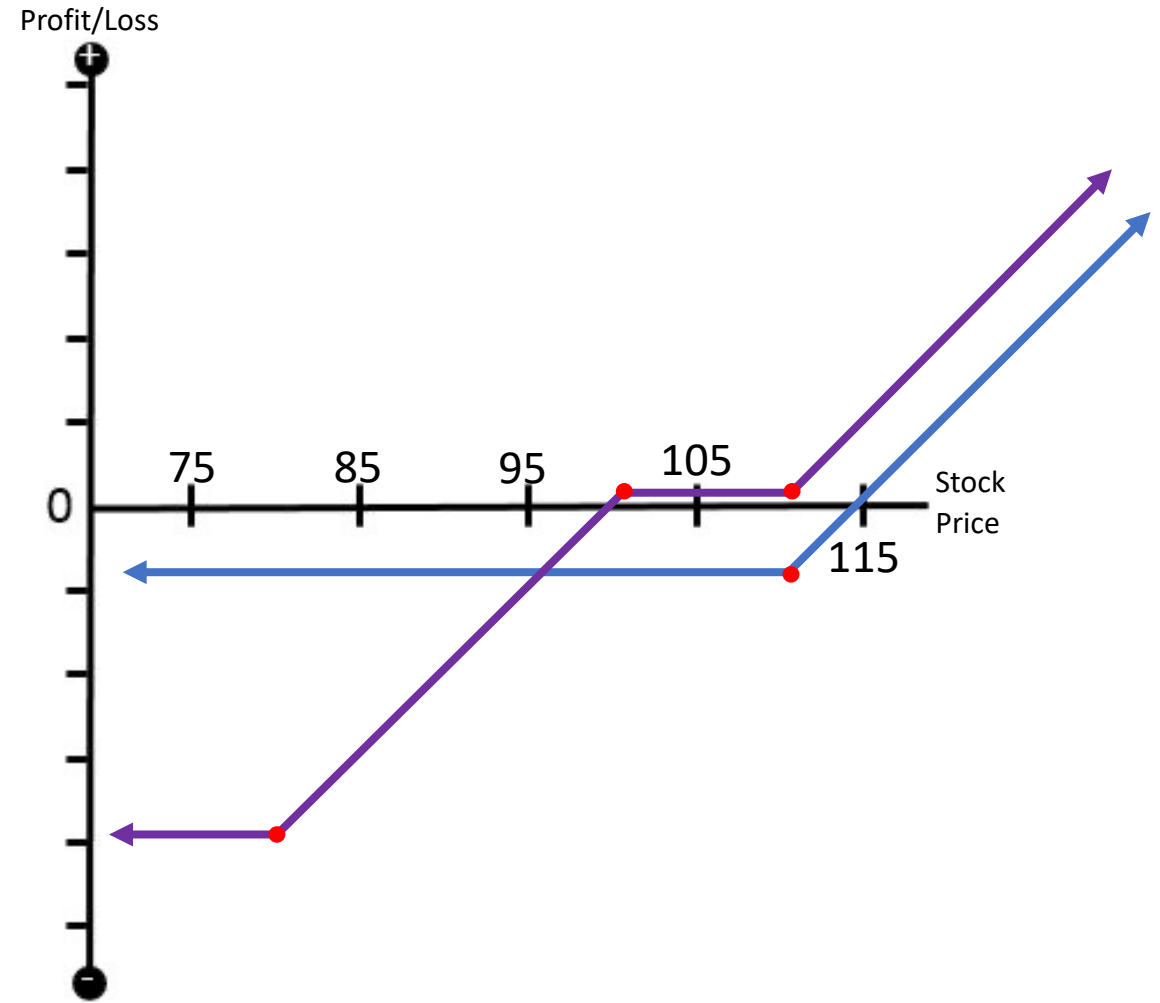
- ✓ Buy shares
- ✓ Buy Call
- ✓ Buy a Bull Call spread
- ✓ Sell a Bull Put spread





# Bullish 3-Way: Bull Put Spread w/Long Call

- Buy 1 110 calls for **\$4.30**
  - Buy 1 110 calls for \$4.30
  - Sell 1 100 puts at \$6.10
  - Buy 1 80 puts for \$1.30
- Net Credit of \$0.50/spread



# Bearish: Forecasting Share Price Decreases

Whether it be by technical or fundamental analysis, or the investor's belief that a company is poised for a share price decrease, bearish investors have many choices when it comes to capitalizing on their outlook:

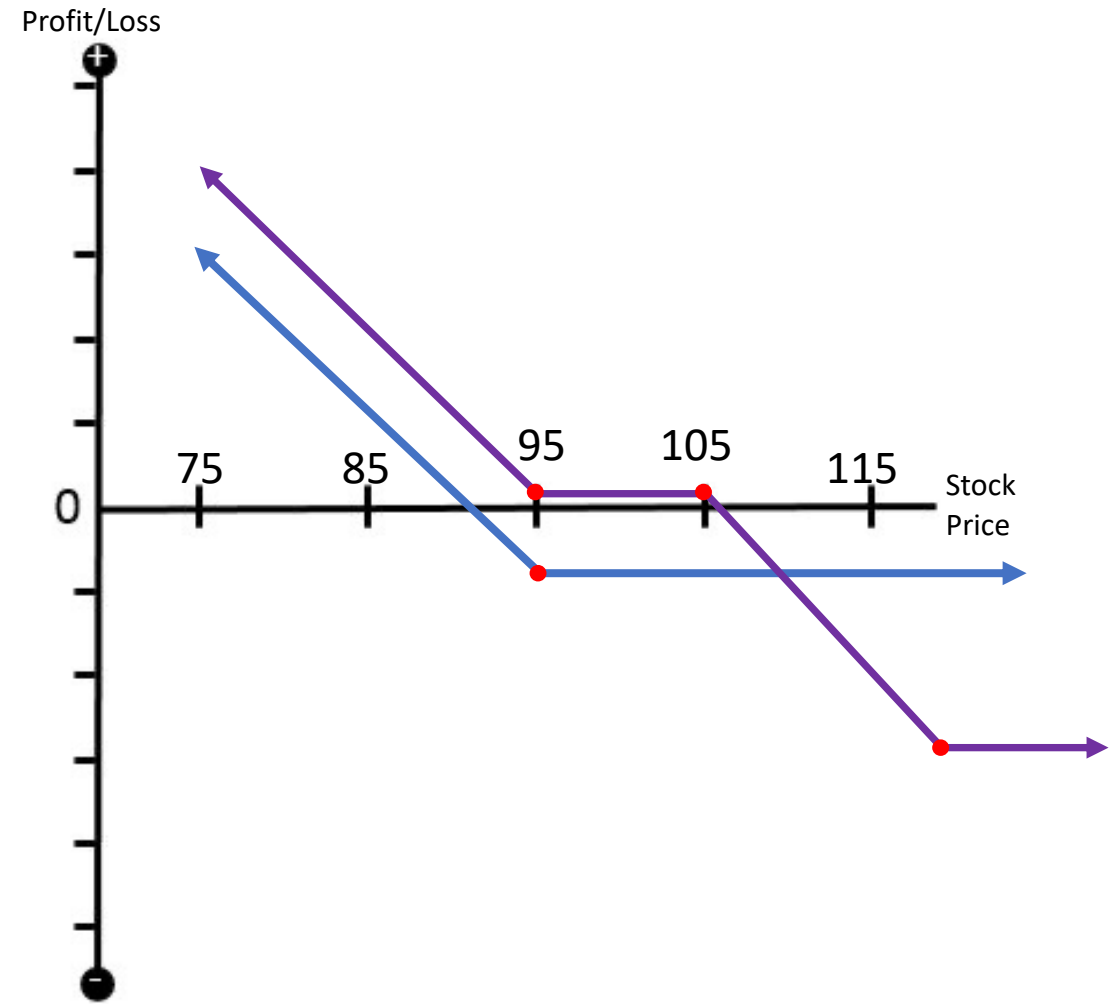
- ✓ Sell shares short
- ✓ Buy Put
- ✓ Buy a Bear Put spread
- ✓ Sell a Bear Call spread



# Bearish 3-Way: Bear Call Spread w/Long Put

- Buy 1 95 puts for **\$4.30**
- Buy 1 95 puts for \$4.30
- Sell 1 105 calls at \$6.50
- Buy 1 120 calls for \$1.80

Net Credit of \$0.40/spread



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