Option Trading Strategies

Sr. No.	Name	Action	Situation under which it is suggested
1.	Straddles	Buy One Call Buy one Put → At Same Strike Price	When Trader expects drastic movement in the price of the underlying asset but direction is not sure. For moderate movement there will be loss.
2.	Strangle	Buy One Call Buy one Put → At Different Strike Price	
3.	Strip	Buy One Call Buy two Puts → At Same Strike Price	When Trader expects prices will move but he is not sure about the direction but expects it will move downwards.
4.	Strap	Buy Two Calls Buy one Put → At Same Strike Price	When trader expects prices will move but he is not sure of movement but expects it will move upwards.
5.	Butterfly	Buy a Call → Strike Price at Low(x_1) Buy another Call → Strike Price High(x_2) Sell two Calls → Strike Price (x_3) average of x_1 and x_2 Same can be done with puts as well in the same manner.	When trader expects low movement in the price of the underlying asset. This results in small amount of profit with limited loss.
6.	Condor Spread	(a)Buy a call → Strike Price< Spot Price (b)Sell a Call → Strike Price = Spot Price (c)Sell a Call → Strike Price > Spot Price (d)Buy a Call → Strike Price > Strike Price of (c)	When trader expects low movement in the price of the underlying asset. This results in small amount of profit with limited loss.
7.	Bull Call Spread	Buy Call → Low Strike Price Sell Call → High Strike Price	When Trader expects market price will go up.
8.	Bull Put Spread	Buy Put → Low Strike Price Sell Put → High Strike Price	
9.	Bear Call Spread	Buy Call → High Strike Price Sell Call → Low Strike Price	When trader expects market price will decline.
10.	Bear Put Spread	Buy Put → High Strike Price Sell Put → Low Strike Price	

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