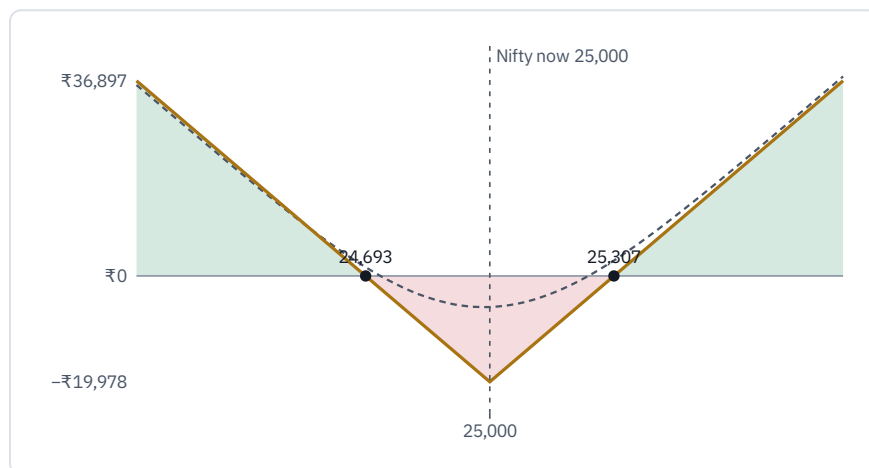


Nifty Straddle (long and short) strategy

Long and short straddles, breakevens, IV crush, a worked example at the 25,000 strike and exits. By M. A. Horaira, updated 10 October 2026.

THE RULES

- **Long straddle:** buy the at-the-money call and put on the same expiry; you need a move bigger than the total premium, in either direction
- **Short straddle:** sell the same two options; you profit if the Nifty stays near the strike, and the loss is unlimited
- **Breakevens:** the strike plus and minus the total premium (about $\pm 1.2\%$ in the example)
- **Volatility:** a long straddle loses value if volatility falls (for example after an event), a short straddle gains
- **Exit:** long: sell when the move comes or cut the loss at a set share of the premium; short: buy back if the premium rises by half



Payoff at expiry for one lot, with model premiums (Nifty 25,000, 12% volatility, 6 days). Live premiums differ.

WORKED EXAMPLE

Long 25,000 straddle: CE 166.00 + PE 141.35 = 307.35 points, ₹19,978 for 1 lot. Breakevens 24,692.65 and 25,307.35 ($\pm 1.2\%$). Short straddle: the same numbers with the signs reversed, and an unlimited loss.

LOT SIZE

Units = lots $\times$ 65. Premiums here are model estimates; use live prices. STT: 0.15% of premium sold (from 1 April 2026), plus brokerage, exchange charges and GST.

BEFORE EVERY TRADE

- ☐ Is the expected move bigger than the breakevens?
- ☐ Is volatility already high (event)?
- ☐ Exit plan before expiry?
- ☐ Short side: hedged or sized for a big move?
- ☐ Costs counted?

CHECK IT BEFORE YOU TRADE IT

1. Put live premiums into the payoff calculator.
2. Check the margin in your broker's calculator.
3. Set the stop and the take-profit before entry.
4. Paper trade a few weekly expiries, including a fast one.
5. Count costs: STT 0.15% of premium sold, plus brokerage and charges.
6. Calculator: pipledgerfx.com/nifty-option-payoff-calculator

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pipledgerfx.com/nifty-straddle-strategy