Series 7 options strategies chart

Every position the Series 7 and SIE test, per share: maximum gain, maximum loss and breakeven. One equity option contract = 100 shares.

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POSITION	MARKET ATTITUDE	MAXIMUM GAIN	MAXIMUM LOSS	BREAKEVEN
One option The four building blocks. Every other row is a combination of these with each other or with stock.				
Long call Buy a call	Bullish	**Unlimited**	premium	strike + premium
Long put Buy a put	Bearish	strike – premium	premium	strike – premium
Short (uncovered) call Sell a call, no stock owned	Bearish or neutral	premium	**Unlimited**	strike + premium
Short (uncovered) put Sell a put	Bullish or neutral	premium	strike – premium	strike – premium
Stock plus one option A stock position with an option written against it (income) or bought around it (insurance).				
Covered call Own the stock, sell a call	Neutral to mildly bullish (income)	(strike – stock cost) + premium	stock cost – premium	stock cost – premium
Protective put Own the stock, buy a put	Bullish, with insurance	**Unlimited**	(stock cost – strike) + premium	stock cost + premium
Covered put Short the stock, sell a put	Neutral to mildly bearish (income)	(short sale price – strike) + premium	**Unlimited**	short sale price + premium
Protective call Short the stock, buy a call	Bearish, with insurance	short sale price – premium	(strike – short sale price) + premium	short sale price – premium
Vertical spreads Buy one option and sell another of the same class and expiration at a different strike. Debit spreads want the spread to widen; credit spreads want it to narrow.				
Bull call spread (debit) Buy the lower-strike call, sell the higher-strike call	Moderately bullish debit · wants to widen · hopes to exercise	(higher strike – lower strike) – net debit	net debit	lower strike + net debit
Bear call spread (credit) Sell the lower-strike call, buy the higher-strike call	Moderately bearish credit · wants to narrow · hopes to expire	net credit	(higher strike – lower strike) – net credit	lower strike + net credit
Bull put spread (credit) Sell the higher-strike put, buy the lower-strike put	Moderately bullish credit · wants to narrow · hopes to expire	net credit	(higher strike – lower strike) – net credit	higher strike – net credit
Bear put spread (debit) Buy the higher-strike put, sell the lower-strike put	Moderately bearish debit · wants to widen · hopes to exercise	(higher strike – lower strike) – net debit	net debit	higher strike – net debit
Straddles and combinations A call and a put together. Long positions bet on movement; short positions bet on calm.				
Long straddle Buy a call and a put, same strike and expiration	Expects a big move, either direction	**Unlimited**	total premium	strike + total premium strike – total premium
Short straddle Sell a call and a put, same strike and expiration	Expects the stock to stay put	total premium	**Unlimited**	strike + total premium strike – total premium
Long combination (strangle) Buy a call and a put with different strikes or expirations	Expects a big move, either direction	**Unlimited**	total premium	call strike + total premium put strike – total premium
Short combination (strangle) Sell a call and a put with different strikes or expirations	Expects the stock to stay in a range	total premium	**Unlimited**	call strike + total premium put strike – total premium

Breakeven rules: calls add the premium to the strike, puts subtract it. Call spreads: lower strike + net premium. Put spreads: higher strike – net premium.

Formulas verified by expiration-payoff arithmetic (16 of 16).