



Vizle

Buying a Put option

V

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Buying a Put option

I have a choice to sell a stock at a particular price

Amazon's share price = \$1,780.00

If the share price falls

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Paying a Put option

I have a choice to sell a stock at a particular price

Amazon's share price = \$1,780.00

If share price falls - The option allows to sell it at a higher (agreed) price

premium paid = (-ve Payoff) \Rightarrow Maximum loss



Buying a Put option

Share price \rightarrow 1600

I have a choice \rightarrow stock at a particular price

total price = \$1,780.00

179 1700

Premium \$80

If the share price

- The option allows to sell it at a higher (assumed) price

Premium

Maxim loss (Loss)





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Buying a Put option

Buying share = \$1,780.00

Bull

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Buying a Put option

Buying share = \$1,78

Bullish on the stock

Short term

\$5.00

sell the share for \$1,700

→ \$200

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Buying a Put option



Share 1,780

Buying share = 180.00

Bullish on the stock

Short term

\$200

< 1,700

→ loss is getting reduced

\$50.00

To sell the share for \$1,700

\$1,750

\$1,650

\$2,000

\$50.00



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