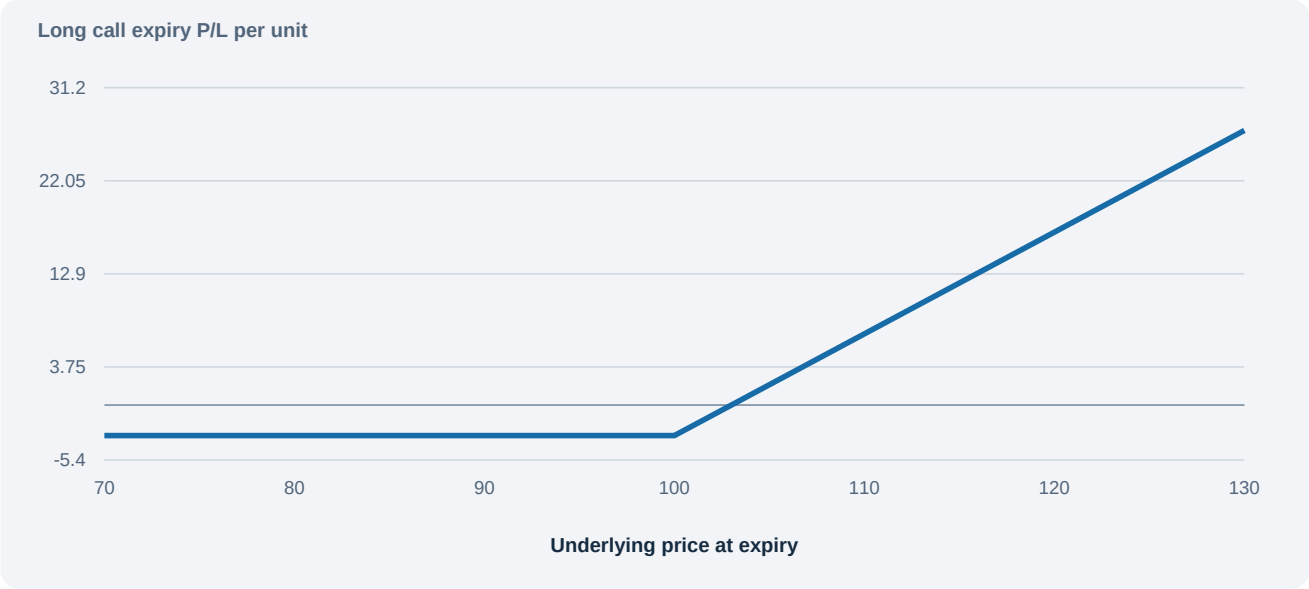
Long-call expiry break-even

Option arithmetic | Original synthetic example | Edition 2026-11-26

A long call breaks even at expiry when its intrinsic value equals the premium paid. Before expiry, its market value also reflects volatility and time remaining.

FORMULA Expiry break-even = strike + premium paid

SCENARIO 01: Synthetic expiry scenario; reference strike 100



WORKED EXAMPLE

Long call expiry break-even is 100 + 3 = 103; maximum premium loss is 3. No fees or settlement frictions.

COMMON MISTAKE

Using the expiry break-even as a forecast or a pre-expiry mark-to-market rule misstates its purpose.

BEFORE YOU USE THE CALCULATION

1. Include premium per unit.
2. Add costs if calculating net break-even.
3. Keep expiry and interim valuation separate.

COMPARE TWO MORE INPUT SETS

Scenario 05: Synthetic expiry scenario; reference strike 140. Long call expiry break-even is 140 + 5 = 145; maximum premium loss is 5. No fees or settlement frictions.

Scenario 10: Synthetic expiry scenario; reference strike 190. Long call expiry break-even is 190 + 7.5 = 197.5; maximum premium loss is 7.5. No fees or settlement frictions.

Synthetic values are not historical market data. Educational material; trading can result in substantial losses.