Equal-width iron-condor risk

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

A same-expiry iron condor combines a put credit spread and a call credit spread. For non-overlapping equal-width wings, idealized expiry maximum loss is one wing width less the total credit.

FORMULA Maximum loss = wing width - total credit

SCENARIO 01: Synthetic expiry scenario; reference strike 100



WORKED EXAMPLE

Short strikes 95/105, wing width 10, credit 2: idealized expiry maximum loss 8. No fees or settlement frictions.

COMMON MISTAKE

Adding both wing losses at one expiry price double-counts mutually exclusive tails in the idealized payoff.

BEFORE YOU USE THE CALCULATION

1. Confirm equal widths and non-overlap.
2. Use total opening credit.
3. Evaluate assignment and execution separately.

COMPARE TWO MORE INPUT SETS

Scenario 05: Synthetic expiry scenario; reference strike 140. Short strikes 135/145, wing width 14, credit 2.8: idealized expiry maximum loss 11.2. No fees or settlement frictions.

Scenario 10: Synthetic expiry scenario; reference strike 190. Short strikes 185/195, wing width 19, credit 3.8: idealized expiry maximum loss 15.2. No fees or settlement frictions.

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