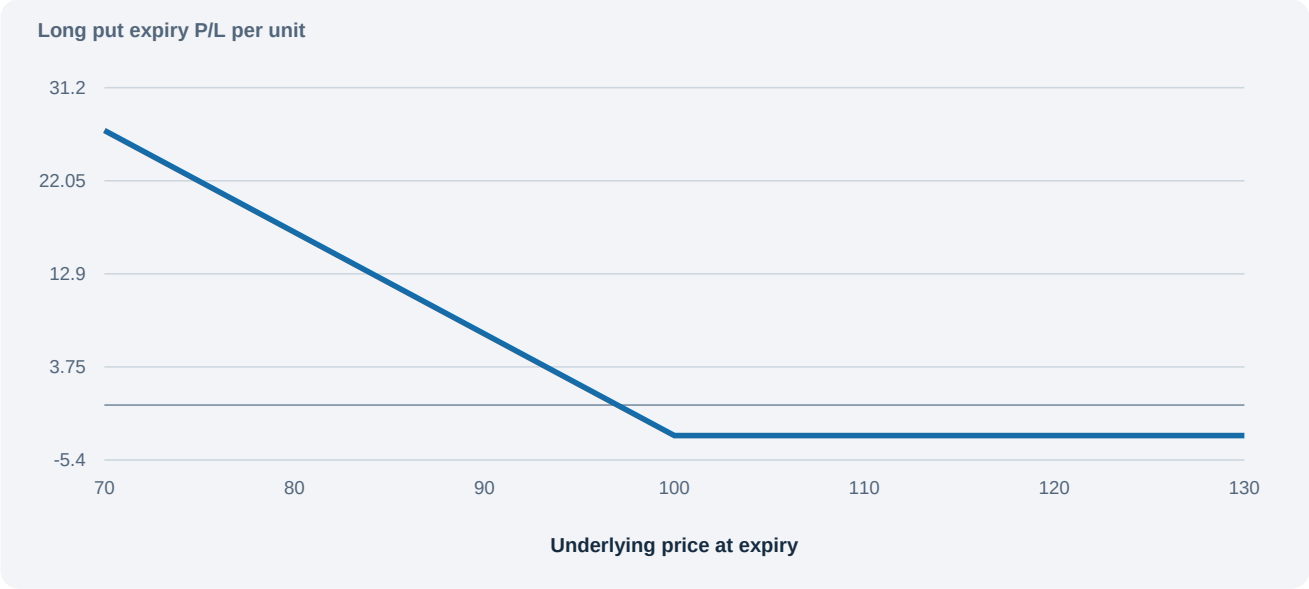
Long-put expiry break-even

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

A long put breaks even at expiry when the strike-minus-underlying payoff equals the premium paid. A positive option payoff can still be smaller than its initial cost.

FORMULA Expiry break-even = strike - premium paid

SCENARIO 01: Synthetic expiry scenario; reference strike 100



WORKED EXAMPLE

Long put expiry break-even is 100 - 3 = 97; costs are excluded. No fees or settlement frictions.

COMMON MISTAKE

Assuming any move below the strike is a profitable put trade ignores the premium.

BEFORE YOU USE THE CALCULATION

1. Use the premium actually paid.
2. Include costs for a net threshold.
3. Calculate at expiry under stated assumptions.

COMPARE TWO MORE INPUT SETS

Scenario 05: Synthetic expiry scenario; reference strike 140. Long put expiry break-even is 140 - 5 = 135; costs are excluded. No fees or settlement frictions.

Scenario 10: Synthetic expiry scenario; reference strike 190. Long put expiry break-even is 190 - 7.5 = 182.5; costs are excluded. No fees or settlement frictions.

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