Long-strangle expiry thresholds

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

A long strangle buys an out-of-the-money put and call at different strikes with the same expiry. The put strike minus total premium and call strike plus total premium are the idealized break-evens.

FORMULA Break-evens = put strike - debit; call strike + debit

SCENARIO 01: Synthetic expiry scenario; reference strike 100



WORKED EXAMPLE

Put 90, call 110, debit 6: break-evens 84 and 116. No fees or settlement frictions.

COMMON MISTAKE

Measuring the required move from only one strike hides the full loss zone between the thresholds.

BEFORE YOU USE THE CALCULATION

1. Order put and call strikes.
2. Add both premiums.
3. Use expiry payoff and label costs excluded.

COMPARE TWO MORE INPUT SETS

Scenario 05: Synthetic expiry scenario; reference strike 140. Put 130, call 150, debit 10: break-evens 120 and 160. No fees or settlement frictions.

Scenario 10: Synthetic expiry scenario; reference strike 190. Put 180, call 200, debit 15: break-evens 165 and 215. No fees or settlement frictions.

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