

## SBIN Bull Call Ratio Spread

### Strategy Rationale:

SBIN has seen a sharp correction from 310 levels to 255 levels in last 2 months but on lower side stocks found strong support around 255-260 zone and thereafter has been consolidating between 260-270 range for last few days. In today's session, stock gave a breakout above its resistance zone of 270 and with this added fresh long positions. From current levels, stock is looking bullish and we expect that it can test 290-295 levels in short term. Therefore, we recommend initiating Bull Call Ratio Spread in SBIN at current levels.

### Strategy Details

The strategy consists of buying 1 lot of SBIN March 275 Call option at Rs.7.90 and selling 1 lot of March 285 Call and 295 Call at Rs.4 and 2 respectively. The premium outflow in this strategy would be Rs. 5,700.

### Profit and Loss Matrix:

Maximum Loss will be Rs.5,700 if stock closes below 275 and maximum profit Rs. 24,300 if stock closes between 285-295 at the time of expiry. However, one needs to hedge the strategy by buying 1 lot of SBIN future if prices breach 303.

### Leveraging Cost

The SPAN margin of complete strategy is 1,22,100 at the time of initiation and may vary depending upon the volatility in the market.

### Strategy:

- Buy 1 lot of SBIN March 275 Call at 7.90
- Sell 1 lot of SBIN March 285 Call at 4.00
- Sell 1 lot of SBIN March 295 Call at 2.00



### Team

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