Measured Move Targets using the ATM Straddle

Long Straddle: Long Call and Long Put at the Same Strike and the Same Expiration

Short Straddle: Short Call and Short Put at the Same Strike and the Same Expiration

We look at the ATM Straddle for a Measured Move Target in any time Target

SPY is currently trading $515.60

ATM for today, Calls are $1, Puts are $1.50= $2.50 total, SPY is roughly 10% of SPX, implying the SPX can move $25 up or down today

The 7 Ways a stock can move

1. Parabolic Higher: Buy Calls
2. 45 degree angle higher: Buy Call Flies on MM Target
3. 15 degree angle higher: Sell Put Spreads (Weekly MM)
4. Flat: Iron Condor, Iron Butterflies, or Weekly MM
5. Down 15 degree lower: Sell Call Spread (Weekly ATM MM)
6. Down 45 degree lower: Buy Put Flies
7. Parabolic Lower: Buy Puts

If you buy Calls or Puts and the stock does NOT move, long gamma, short theta

META us trading $500, the 3.15.2024 500 Straddle is $15 to the upside or downside

Implying the stock can move $485 or $515