LONG CALL, LONG PUT - HONESTLY

Vajgrt Labs - Education - Lesson 44 of 72 - 7 min read - Updated Oct 21, 2026

TL;DR

- A bought call or put is the cleanest defined-risk trade in options: the most you can lose is the premium you paid - every cent of it, known before entry. On the real Oct 9, 2026 chain, the 773 call's premium is $2,068 per contract. 'Defined' describes the ceiling. It says nothing about whether the ceiling fits your account.

- The math that must all happen at once: SPY must travel past the breakeven (773 + 20.68 = 793.68, a +2.0% move) before Nov 30, while theta charges -$19 a day at the chain's printed rate and IV stays honest. Right direction is not enough - the breakeven lesson's rally to 785 still loses $868 on this contract.

- The course's strict conditions for singles: delta in the 0.50-0.65 hunt zone, an expiry matched to the plan, IV checked against its range, a written five-line plan - and Stage 4's division passed: one contract's full premium inside the risk budget. On the $10,000 example account, this contract fails that test: $100 ÷$2,068 rounds to zero contracts.

THE TAKEAWAYS

- The premium IS the position size. 20.68 x 100 = $2,068 - 20.7% of the course's $10,000 example account, riding on one idea with one deadline. 'One contract' is not a size; it is a count. The size is $2,068, and it is judged against the budget exactly like Stage 4 judged shares: the division does not soften because the instrument got more exciting.

- Read the real row like an inspector (Stage 5's chain, Oct 9, 2026, Nov 30 expiry): delta 0.61 - inside the hunt zone, pass. IV 13.1% - the chain graphic itself calls 13% calm, pass. Clock 52 DTE - matches a swing plan, pass. Rent -0.19 a day - -$19 a day per contract, affordable only if the plan's horizon is short or the move is near. Size - $2,068 against a $100 budget, fail. Three passes and a pass on the clock do not average out the fail: conditions are a checklist, not a GPA.

- Breakeven is the trade: 793.68 against a spot of 778.12 means SPY must gain +15.56 points (+2.0%) by Nov 30 for the first dollar of expiry profit. And delta's rough-odds reading (Stage 6: 0.61 ~ a 61% chance of expiring in-the-money) is NOT a 61% chance of profit: an expiry at 780 is in-the-money - and loses $1,368. In-the-money is a location. Profit starts at the breakeven, 20.68 points above the strike, and the distance between those two lines is where most long-premium money dies.

- Why most long-premium trades lose (Stage 6's warning, now with a face): the trade needs a move of a specific size, arriving by a specific date, that wasn't already priced into the premium - while paying daily rent for the wait. Each condition alone is survivable; their product is the base rate. This is not an argument to never buy a single. It is the price of admission: a plan that names all three, and a size that survives being wrong about any of them.

RULE: A single is a ticket with the odds printed on it: premium inside the budget, breakeven drawn, rent affordable, plan written - all four, or it isn't a trade, it's a donation with a delta.

COMMON MISTAKES

- Reading the per-share price as the price. 20.68 is $2,068 - the x100 is not a footnote.

- Treating delta’s odds as profit odds. 61% to expire in-the-money is not 61% to profit; the breakeven, 20.68 points above the strike, is the bar that pays.

- Buying the contract because it’s ’the cheapest on the chain’. Cheap premium usually means far out-of-the-money, short-dated, or both - Stage 6 priced what those expire at.

- Riding a single to expiry ’because it’s defined risk’. Defined risk is the size of the loss, not a reason to take all of it; Lesson 7’s exit rules exist so most trades leave early.

DO IT - JUDGE A SINGLE BEFORE YOU JUDGE A SPREAD

Open the current SPY chain and find the call in the 0.50-0.65 delta zone nearest the money. In your journal, run this lesson’s full audit on it: premium in dollars (x 100), breakeven and the move it needs from today’s SPY price, theta in dollars per day, IV against its recent range (Stage 6), and Stage 4’s division at your own budget. Write the verdict in one line - fits / doesn’t fit, and which condition decided it. Paper only; the audit is the exercise, and it is the first artefact Stage 7’s gate will ask for.

Education only - not financial advice. Call-side quotes: real SPY chain data, Oct 9, 2026 (773 call bid 20.53 / ask 20.68, Nov 30 expiry). Second-leg and put-side quotes are the lessons’ labeled example numbers; spread figures are arithmetic on those quotes. SPY distribution: State Street’s declared September 2026 distribution, $1.8888 per share, ex-date Sep 18, 2026. Exercise-by-exception threshold: OCC Rule 805 ($0.01 in-the-money). Vajgrt Labs - Education.