

Profitability of selected 0DTE index options strategies*

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Abstract

In recent years, the volume of trading in 0DTE index options has increased significantly. Despite the growing importance of these instruments in the financial market, there are still relatively few studies that analyze investment strategies in 0DTE index options. The article examines the effectiveness of the Iron Condor option strategy on SPX 0DTE options. Two variants of the Iron Condor strategy were tested using one-minute data of changes in index and option prices over the past 12 months. Both variants of the strategy proved profitable confirming the hypothesis that this type of trading can be profitable. The article confirmed the existence of the phenomenon of overstatement of implied volatility in the 0 DTE options market in relation to the actually realized volatility.

Keywords: 0DTE, index options, options strategies (JEL:G1)