

## Twitter Thread by Nikita Poojary



**Nikita Poojary**

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Catch me if you can @Mitesh\_Engr

Time for a■

**Mitesh Sir's EXPIRY Option Selling 101:**

- What to look for?
- Strike Selection & Ratios
- SL mgmt
- Avoiding freezes
- Monthly Expiry
- Event days
- How he would have traded last expiry?

In collaboration with @AdityaTodmal

# Mitesh Patel's 101 Expiry Option Selling



[https://twitter.com/Mitesh\\_Engr](https://twitter.com/Mitesh_Engr)

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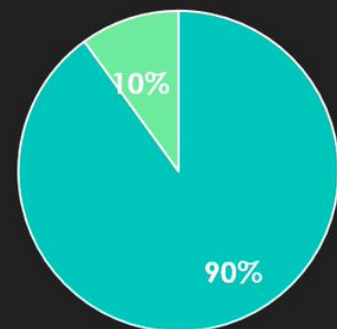
Edward de Bono says intelligence is like a ■ Automobile

"A powerful car may be driven badly. A less powerful car may be driven well. The skill of the car driver determines how the power of the car is used."

## Mitesh Patel's Expiry Option Selling

- Positional Options selling has contributed lions share in building a profit war chest
- However expiry options selling shall always be enigmatic and is associated with an adrenaline rush for traders as there is no ceiling for a skilled trader
- Mitesh Sir's highest gain on an expiry day is 15%

Mitesh Sir's total trading Profit in Options selling



■ Positional ■ Expiry

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What [@Mitesh\\_Engr](https://twitter.com/Mitesh_Engr) Sir looks at for Expiry Trading:

- Technicals of BNF
- Individual Heavyweight stocks of BNF

- Support/Resistance of BNF on weekly TF
- Also has Superb SL management
- When it comes to adjustments, he is always on toes

## Mitesh Patel's style Expiry trading

Things Mitesh Sir looks at:

- Instrument: Bank Nifty Options
- Chart: Bank Nifty futures
- Time Frame (TF): 3min
- Volume
- Observes Price Action & volume
- Understand the trend of BNF
- Understand the Banking stocks trend viz. HDFC Bank, ICICI Bank, SBIN, Axis Bank & Kotak Bank
- Support and Resistance of weekly BNF
- SL management
- Quick Adjustments

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How to Select Strikes to Sell?

- You can't sell based on premium
- Follow only trend
- Price action is best to sell on expiry day
- Never wait for the options to go to zero



# Selection of Strikes

- Never sell options based on the premium of a strike
- Determine strikes based only on Support & Resistance i.e. a particular range
- Follow trend
- Price action with volume is the best to follow on expiry
- Never wait for the option to go to zero as options are prone to huge swings on expiry



**Mitesh Patel** @Mitesh\_Engr · May 10, 2019

How I am playing expiry..  
I am starting option selling at 50 Rs. by looking at trend, support & resistance.  
As premium is high I am selling less qty at 50. (5% of total qty)  
If it will go up I will not add more but will keep SL.  
If it is in my favour I will add more.  
That's all.

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Using Ratios to Sell:

- If BNF is in a range then strangles
- If breakout/ breakdown from a range then directional
- Selling 70/30 or 80/20 ratios
- 2 examples on how he used ratios

## Strangle / Directional & Ratio of CE & PE

- Most of the times whenever BNF is trading within a range Mitesh Sir sells Strangle usually 1:1 ratio
- However if the view on BNF is bullish or bearish then he tweaks the ratio
- Whenever there is clear direction which happens after a range Breakout (BO) or Breakdown (BD) he will sell only PE's or CE's respectively
- Understanding trend is very crucial when it comes to option selling



**Mitesh Patel** @Mitesh\_Engr · Apr 25, 2019

This month expiry could be a difficult.  
I will target 70% on put side & 30% on call side.  
29600/500 put  
Call after trend confirmation only.  
Nifty 11600/650 put



**Mitesh Patel** @Mitesh\_Engr · Mar 20, 2019

Expiry trades.  
At current trend 80% position on put side and 20% on call side.  
It may change with respect to trend.  
Target to sell 29500 & below put and 30100 & above call

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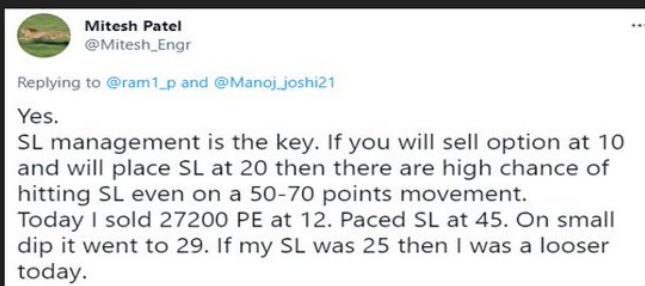
## Stop Loss Management:

Logical explanation given by [@Mitesh\\_Engr](#) Sir on how to manage stop losses

- SL shouldn't hit easily given the spikes on expiry day
- High probability of success
- Don't lose huge in a violent move

# Stop Loss management in the Key

- On expiry spikes can be brutal, hence Mitesh Sir keeps a SL of 4.5-5x



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Excellent explanation on how to avoid an option freeze on an expiry day:

- Keep Stop loss below range
- Exit when hit
- Re-enter when index enters range

# How to escape from Option freeze



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Conviction:

- Ability to take re-entry multiple times
- High premiums
- Limited qty
- High profit
- Don't sell Rs. 1-3 options
- Sell higher premiums and book them at Rs. 2-5

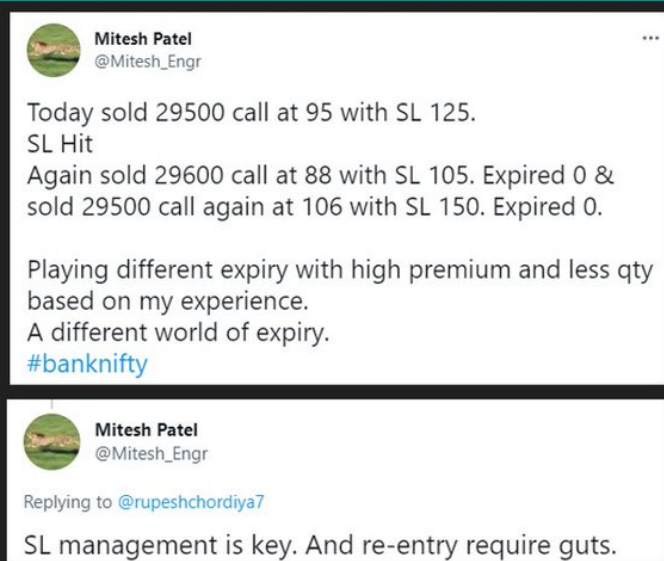
Have added an example of how he had conviction on a particular expiry day



# Importance of Conviction

- If you can't act upon it, then you can't make use of that knowledge
- Have a view and conviction
- Even if SL hits one time and if it moves back under your set up again, then don't shy away from pulling the trigger again

[https://twitter.com/Mitesh\\_Engr](https://twitter.com/Mitesh_Engr)



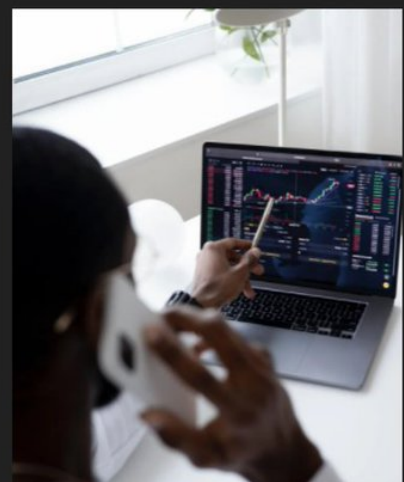
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## Monthly Expiry:

- Never assume option writers will defend their positions
- They are already expired
- Play according to day trend
- No prediction

# Special Pointers for Monthly Expiry

- Avoid selling options after 13:00 hrs.
- Option Selling is not advisable with lesser premiums as adjustment would be difficult
- Better to sell basis trend
- However trend doesn't work at times on expiry days especially the monthly ones



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How to play expiry if knitted with Events:

- No expiry view ahead of the event
- Take decision post the event
- Look at price action to see where chances are based on certain levels
- Risk would lower as we've avoided the volatility

## Expiry Trading on Event Days

- Days like Cabinet meeting or RBI policy or any announcements, Mitesh Sir takes a view post the event basis price action to avoid whipsaws
- As it is expiry days are pretty volatile and with any event the volatility only increases
- During any event the VIX also rises, so the moment the event is out Mitesh Sir immediately takes the trade to cash in on the VIX crush



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What @Mitesh\_Engr Sir has to say on low premium selling on expiry day: ■

- Sell lower premiums high probability
- Repeat multiple times
- Lose heavy one time
- Risk reward is unfavorable
- Classic case of eating like a chicken & shitting like an elephant



# How low premium options selling on expiry day can be disastrous

- One can sell option worth Rs. 3 in morning, by 15:30 hrs. its at 0.05
- Lets assume this was repeated the in 9x thereby earning 27 points
- Assuming post brokerage the net points earned was 22 points.
- On the 10th Thursday again sold the usual option worth Rs. 3
- This time exited at Rs. 50 due to sudden spike
- Losing not just the accumulated gains but also ending up capital erosion



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How to play last Thursday's Expiry? (15th July 2021)

- Daily chart shows ready for breakout
- Derived supports on hourly charts

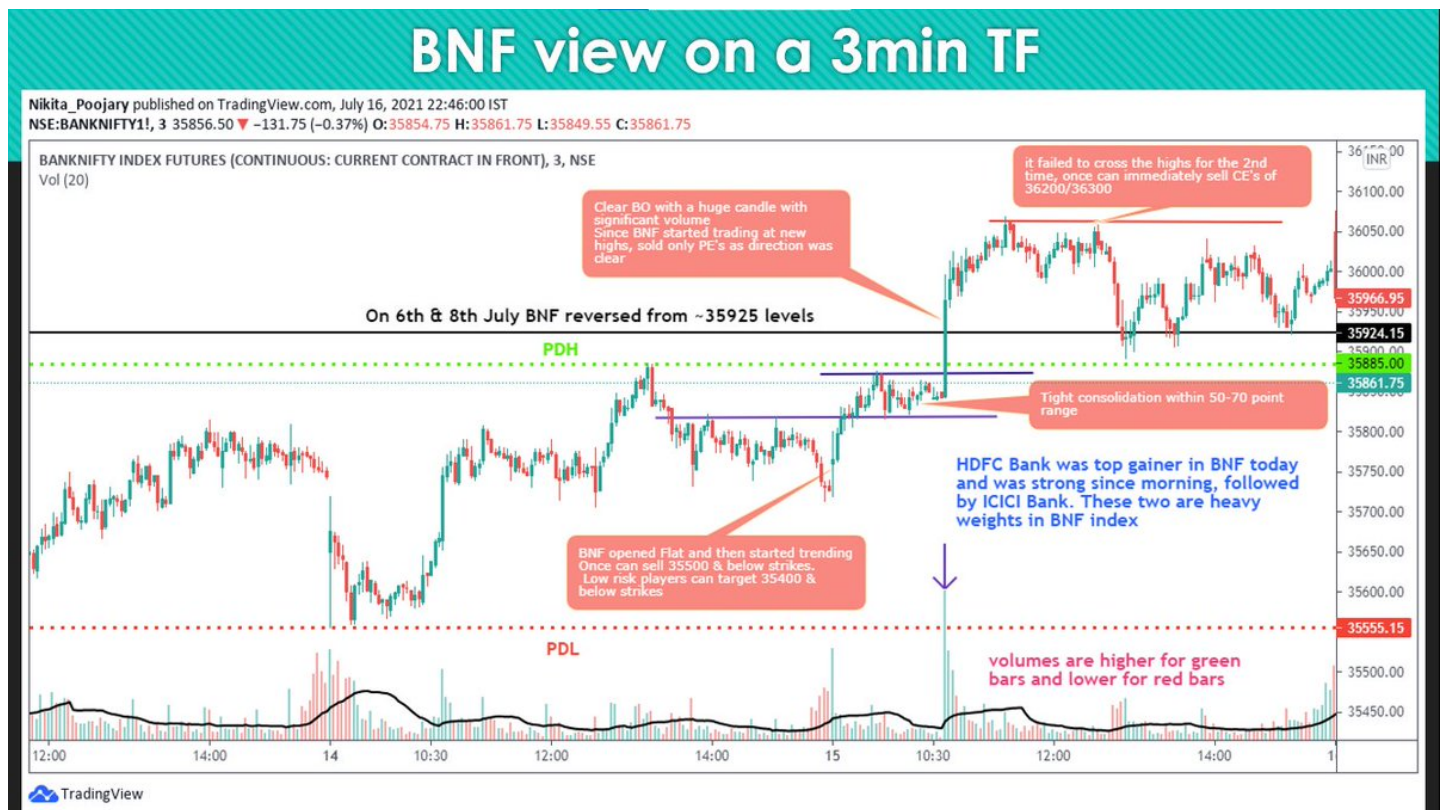
## Day Chart of BNF



Through explanation as to how [@Mitesh\\_Engr](#) Sir plays intraday on expiry

A detailed explanation on last Thursday's Expiry given below:

Please go through it to absorb better



Put option charts of last Thursday

- All Puts trading below ATP
- All strikes were supports or below it

# 35600 PE option chart trading below ATP



Call Option charts of last Thursday

- Trading below ATP after 13:00 hours
- 36000 was a resistance
- Calls above it expected to be zero

# 36100 CE option chart trading below ATP post 13:00 hours



This was a thread on how [@Mitesh\\_Engr](#) Sir trades on expiry day.



@niki\_poojary and @AdityaTodmal will be collaborating to make more such interesting threads on how Mitesh Sir trades

Keep an eye out for those threads

Happy learning weekend to everyone! 🎉

If you have missed out on how @Mitesh\_Engr Sir trades Positional Option selling

You can check the same here 🎉

<https://t.co/Bz4Vt8u4lX>

A Thread on the Boss himself @Mitesh\_Engr

Mitesh Sir's Positional Option Selling 101:

\u2022 How to find direction

\u2022 Which options to sell

\u2022 How to deploy capital

\u2022 Exit criteria

\u2022 What ROI he targets weekly

\u2022 What % risk he takes

Done with the help of @niki\_poojary [pic.twitter.com/tcTKV02oO2](https://pic.twitter.com/tcTKV02oO2)

— Aditya Todmal (@AdityaTodmal) [July 4, 2021](#)