

Twitter Thread by Learn to Trade



Learn to Trade

@learntotrade365



2 hours of non-stop Twitter space by @kapildhama

Topic - Data Points to check as a Option seller

Mega Thread ■ of all the data points to check as a option seller shared by Mr. Kapil Dhama is complied

Retweet to reach wider -Learning should never stop

#StockMarketindia

1/18 <https://t.co/m0NXToSU1p>

**DATA POINTS
TO CHECK
AS A OPTION
SELLER**

MEGA THREAD

\U0001f50a Twitter Space with @kapildhama for the first time

Topic - Data points to check as a option seller

Sunday (16/01/22) evening 06:00 p.m

Link - <https://t.co/XMaoRfOWp4>

Click on the link and set reminder #stockmarkets #trading #StockMarketindia pic.twitter.com/HRPEooa5H2

— Learn to Trade (@learntotrade365) January 15, 2022

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-Make your own trading system

- First identify what suits you ?

Trend Following

Directional or Non-directional option selling

9:20straddle

Naked option buying/selling

-Never take more than 1% loss in intraday

-There is no specific trick in market only important is process

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-Chart & Data plays a important role (Understand to combine to identify trades/direction)

-In all trades knowing exit point is very important

Simple target for Kapil sir in straddle is 100 points in a week on BNF & Loss exit point is 50 points after adjustment (R:R 1:2)

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- Simple target for Kapil sir in straddle is 50 points in a week on NF & Loss exit point is 25 points after adjustment (R:R 1:2)

Check data after 3:00 p.m Chart + Data ?

Check how is the closing (Location of closing - Near Day high or Day low or mid of the day)

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Example:

-If market is near high (Check in data whether Near ATM PE has more writing & in CE writing whether is less at higher strike price) - It is a Probability

Once Data is bullish along with the close he choose

Strangle- Rs.70 PE & Rs.40 CE or scroll down

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Strangle - Rs.50 PE with 10 lots & Rs.50 CE with 5 lots

Data should support chart . If market closing near high but near ATM PE writing is less and CE writing is more (Chart & Data is not matching)

He never prefer Naked option entry specially for positional

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He looks data in perspective of option seller

Data to check for Intraday: (Avoid on friday because data is immature)

- After 9:30 a.m (Check PE or CE writing is more)
- If Gapup & sustain for 15 minutes (Obviously More PE then CE writing - Better probability is bullish)

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-Then need to check whether aggressive PE

- Check current day data for aggressive

-Check Near ATM how aggressive writing

-Need guts to add naked writing in near ATM

-Data created by big players so understand to judge so we can take trades(Check whether data &chart match)

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-If CE writing take over PE writing need to change the view for directional traders

-Always combine Data with charts because market is probability not certainty

-He never check PCR

What to check and

What not to check is important (spending time here is just wasting time)

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How he initiate trade after Data check for directional trade?

-For directional go straddle or spread or strangle

Strangle -Rs.60 PE & Rs.40 CE (If the directional move comes option price becomes half we get cushion)

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Why he avoid MAX OI based selling on expiry?

Example 18100 MAX OI

So if price crosses 18100 panic on one leg by SL triggers as a buy order which can also lead to sudden option premium shout up (Panic for option sellers)

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But same problem of panic is very less in next strike like 18050/18100 during that spike

Why spike occurs? Because everyone become buyers because of option sellers SL triggers as buy order.

This is one main reason he avoid selling in MAX OI

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MAX OI breach for him it is a option buying opportunity & not a option selling

Check the option premium before entering trades if it is not decent swift to next week

Better to sell next week expiry with Rs.60/70 premium than selling Rs.15/20 premium in current week

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-In all option selling trades placing sl is important

-Data is a reservoir like in dam. Until dam is safe it is useful for nearest village

-He believe straddle means hold both leg if one leg SL hit means exit both leg

-He do combine premium SL on 100 points away straddle

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Slow up or down move is more dangerous there are days without big candle nifty will be up/down 250 point

In this case let's say NF is at 18000 after a hour CMP -18100 nearest first resistance is 18120. If first resistance breaches check data

Scroll down to continue

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-Whether 17900/800 PE writers are shifting higher to 18000 PE if it happens more chance of price testing next resistance (Bullishness will continue)

Don't stay on the hope holding CE selling better to exit CE sell or shift higher

Because PE sellers will be aggressive

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Don't hope for rejection get confirmation from data & charts. Until there is not confirmation avoid entering opposite direction trades

Market is dynamic not static so we need to be dynamic

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After taking overnight option selling position if premium opens more than double he will square off at 9:16 a.m and look for other trading opportunity.

Here is the end of the Mega thread