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HOW TO DO SHORT STRANGLES TO MAKE 1% WEEKLY INCOME CONSISTENTLY?

I've made majority of my money by short strangles and I'll explain one very easy short strangle strategy which you guys can follow.

I'll also explain the adjustments and risk management.

1: What days it should be done?

It has to be done on Monday to thursday.

You can skip Fridays as there's negligible decay and big delta moves.

2: Preferred Instrument:

Banknifty will be the preferred instrument, since it's high risk and high reward.

Moreover it has good premiums.

3: Criteria:

It has to be done when Banknifty is inside a range on the 15 min chart.

As we can see here, it was June 6th Monday and Banknifty was in a perfect range, which makes it ideal for short strangles.



4: Positon sizing:

Although we'll hedge our positions but you strictly don't have to use the margin benefit which you will receive.

Ideal qty which be 6 lots on each side on a 10L rs capital and 3 lots on 5L capital

5: What premiums to sell?

We'll start of by selling 30rs call and 30rs put if the market is rangebound.

You DON'T need to sell high premiums to make 1% a week. It's a myth!

- You should easily get a very wide range since 30rs premiums will be trading approx 1500-2000 pts away.

- This will also ensure more safety.

6: Overnight hedging:

Since we'll be carrying overnight positions you can buy 3-4 rs far otm options on both side for worst case scenario.

You will get margin benefit which is not supposed to be used to increase size.

7: Adjustments:

-Let's say if you sold 30rs short strangles and Banknifty falls.

-The put will rise to 50rs and the call will fall to 20rs

- In this case, one can exit the call at 20rs and shift it down and sell a new call worth 45-50rs and carry the positions overnight.

- Proper hedging has to be done while carrying the positions.

8:Stoploss:

If any of your sold options touches 90-100(i.e 3x of the premium) then it should be very clear that Banknifty is not in a range anymore, it is trending.

Under this condition you should immediately exit the losing position and sit out.

9: Risk management:

In any case even after adjustments, if your loss exceeds more than 1% of your total capital, you should exit all your positions that day and start fresh the next day.

There's no point in fighting with the market.

10: Event days:

-Event days should be strictly avoided by newbies.

- If there's a fed interest rate meet in the US then too you should not take any overnight positions as there is a high chance of gaps.

11: Your highest profits will come on wednesdays and thursdays on short strangles.

- If on any day you are in 1% profit, then it's better to book all your positions for that day and start fresh the next day.

- If you have any doubts then hit me up on DM anytime and I'll try my best to answer your query.

12: I have already made a video on this strategy last year, so you can watch it for a better understanding:

https://t.co/Ny6plchSlc

13: For more learnings and analysis during live markets join our telegram channel :
https://t.co/uNIrqpN1pH