

Twitter Thread by Swapnil Kommawar

Swapnil Kommawar

@KommawarSwapnil



BULLISH STRATEGIES

If we want to trade in F&O then, first we have to create a view.

A thread on strategies ■■

Like / retweet for max reach ■■

If our view is BULLISH then we can deploy following strategies

1■Call Buy

■If our view is TOO BULLISH then we can simply buy a CALL option of ATM strike

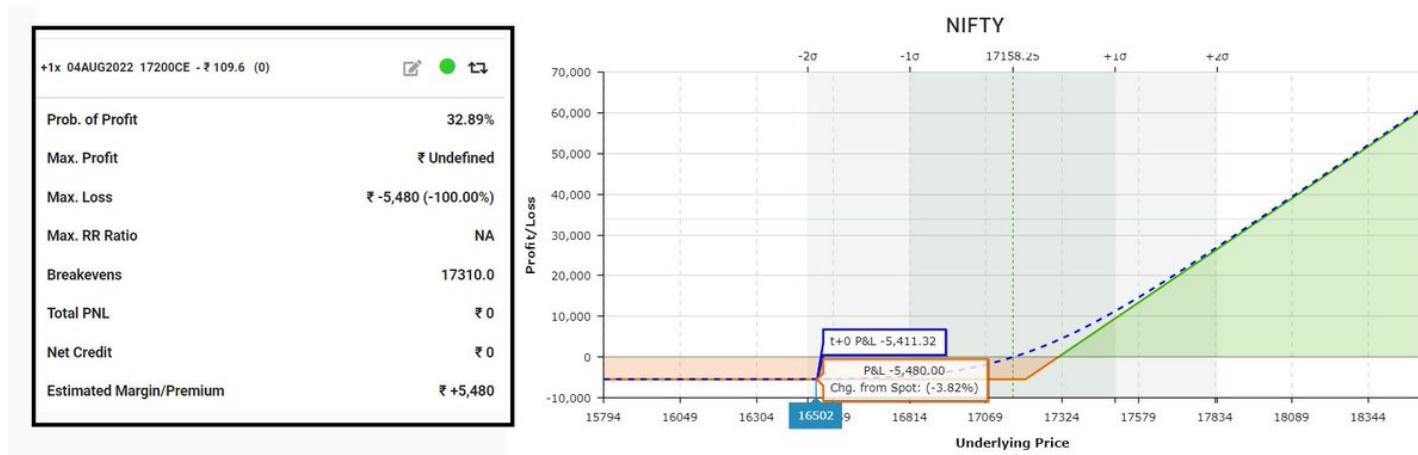
■Risk would be the premium we have paid and

Reward would be unlimited only If it goes above strike price + premium paid

Consider below example :

You bought 17200 CE at 110, at expiry in order to be in profit

Nifty has to stay above 17200 + your premium you paid 110 = 17310.



2 ■ Bull Call Spread

■ Spreads are deployed when our view is NEUTRAL TO BULLISH

■ These are limited risk and limited reward strategies

■ In this spread, we use only calls to trade our bullish view

■ We buy a CALL option of ATM strike and SELL a CALL option above that strike.

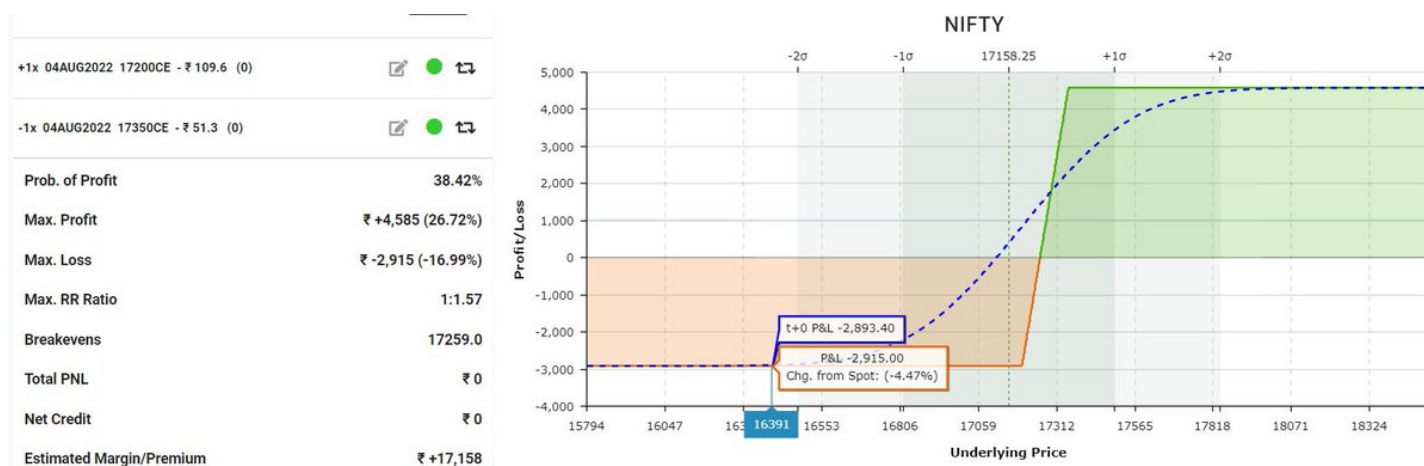
■ Risk would be the premium debited and
Reward when ever it goes above SOLD STRIKE.

Example : You bought 17200 CE at 110

And sold 17350 at 51

So, $110 - 51 = 59$ ■

So you will be in profit if it stays above
 $17200 + 59 = 17259$



3 ■ Bull Put Spread

■ In this spread, we use puts to trade with our bullish view

■ We sell a PUT option of the ATM strike and BUY a PUT option below that strike

■ Risk would be premium DEBITED and reward would be as long as the underlying trades above SOLD strike.

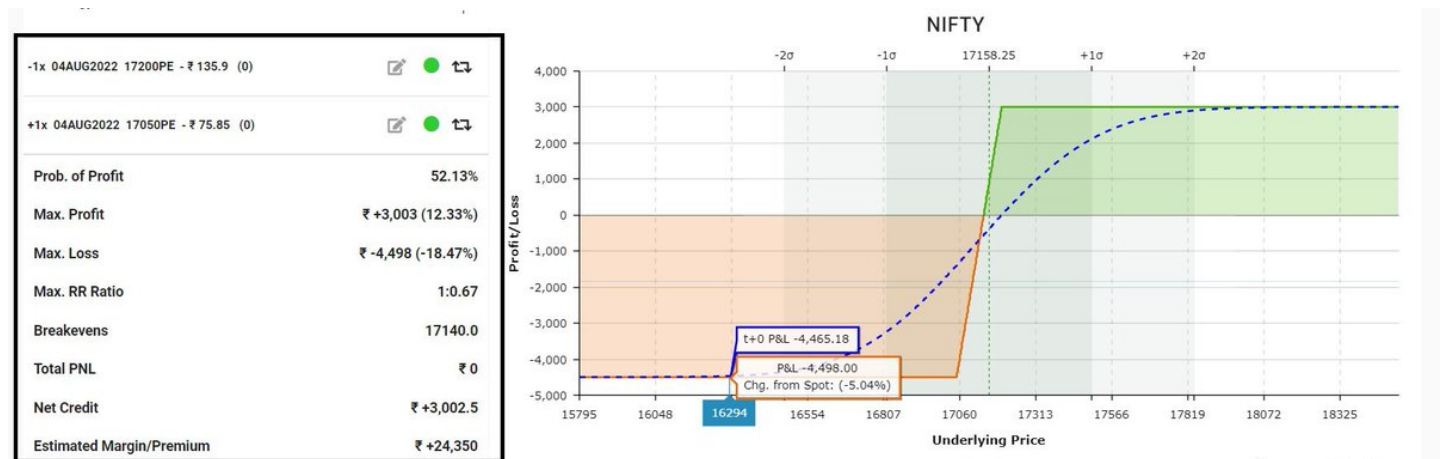
Example : You sold 17200 put at 136■

And bought 17050 at 75.85

$136 - 76 = 60$

So breakeven is $17200 - 60 = 17140$

You have to stay above 17140 in order to be in profit zone.



Hope you have understood how to trade in spreads.

You have to stick to conditions of market and execute it.

Do let me know in comment section what next you want to know more on trading with hedge.

So, that I will try to explain in simple words with example■

You can compare each one ■

Call Buy Vs Bull Call Spread Vs Bull Put Spread

CALL BUY

Simply buy a CE at ATM strike. Pay off chart looks like this



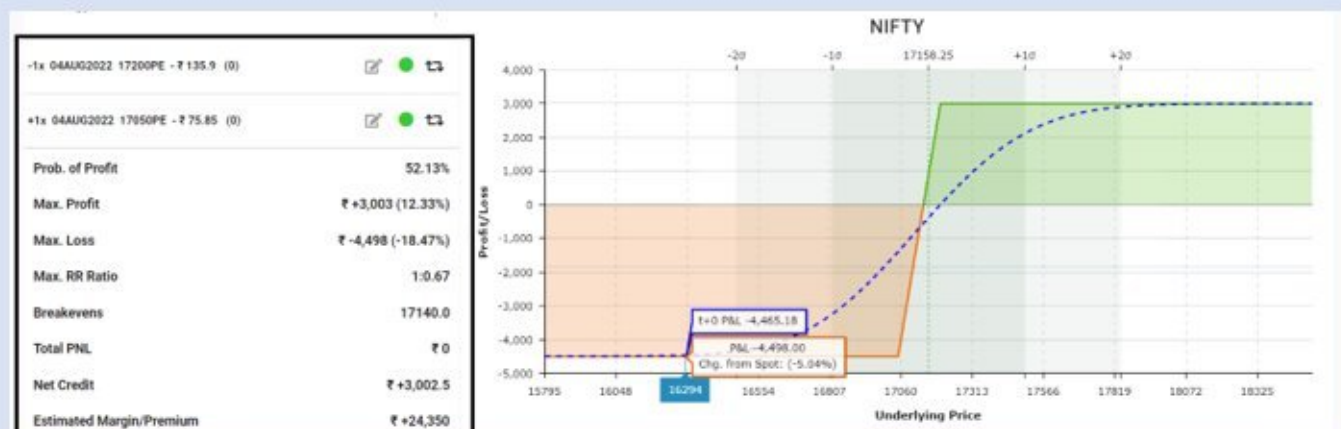
BULL CALL SPREAD

Buy a CE at ATM strike and SELL a CE above that strike. Pay off chart looks like this



BULL PUT SPREAD

SELL a PE at ATM strike and BUY a PE below that strike. Pay off chart would be like this



You can join the telegram through the link below ■

<https://t.co/yY38y9m5ba>