Twitter Thread by The Chartians

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Option trading is tough but here’s what can make it easier for you

8 option strategies that you can use in any market (sold as a ■ 50,000 course !)

1/ Bullish: Put Spread (Vertical Spread)

This means shorting a near OTM Put Options and buying far OTM Put Options to hedge.

Let's consider, I am bullish on Nifty (Spot: 17900).

So I will short 17800 PE and buy 17600 PE as hedge.

Payoff and other details is attached below.

2/ Bullish: Put Spread (Cross Calendar Spread)

It means shorting a near ATM put of current expiry and buying OTM put option of next expiry to reduce margin.

Let's consider, I am bullish on Nifty (Spot: 17900).

So I will short 17800 PE (22/09) and buy 17600 PE (29/09).

If you are unsure of the view then cross calendar spread can be used as profit is good in between the range.

Decay in the far OTM option for next expiry will be less than current expiry options so that will be again a benefit.

3/ Bearish: Call Spread (Vertical Spread)

This means shorting a near OTM Call Options and buying far OTM Call Options to hedge.

Let's consider, I am Bearish on Nifty (Spot: 17900).

So I will short 18000 CE and buy 18200 CE as hedge.

Payoff and other details is attached below.

4/ Bearish: Call Spread (Cross Calendar Spread)

It means shorting a near ATM call of current expiry and buying OTM call option of next expiry to reduce margin.

Let's consider, I am bearish on Nifty (Spot: 17900).

So I will short 18000 CE (22/09) and buy 18200 CE (29/09).

In above four strategies, if you are sure and confident of your analysis then you can short ATM options instead of OTM options so that you can capture decent profit.

ITM option can also be shorted but decay will be less for that.

5/ Neutral: Iron Condor

It is basically taking shorts in near ATM call and put and buying OTM call and put to reduce margin. Preferred when expectation is expiry will be within a range.

Example: Nifty Spot 17900.
Short 18200 CE and 17600 PE. Buy 18400 CE and 17400 PE to hedge.

6/ Neutral: Iron Fly

It is used if expectation is expiry might happen at a particular level.
Short ATM Call and Put and buy OTM Call and Put to hedge.

Example: Nifty Spot 17900

Short 17900 CE and 17900 PE. Buy 18100 CE and 17700 PE to hedge.

Payoff is attached below.

Iron Fly has decent Risk:Reward ratio compared to Iron Condor.

Now a modify version of this is strategy is shared in the next part.

7/ Neutral: Iron Condor (Cross Calendar Spread)

It is basically shorting near ATM Call and Put for current expiry and buying far OTM Call and Put for next expiry.

Nifty Spot is 17900.
Short 18200 CE and 17600 PE (22/09).
Buy 18400 CE and 17400 PE (29/09) to hedge.

8/ Neutral: Iron Fly (Cross Calendar Spread)

It is basically shorting ATM Call and Put for current expiry and buying far OTM Call and Put for next expiry.

Nifty Spot is 17900.
Short 17900 CE and 17900 PE (22/09).
Buy 18100 CE and 17700 PE (29/09) to hedge.

That's all the basic of option strategy that you can use in option selling.

Take max 5% risk in any position.

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https://t.co/z5stVdI5Zu

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> 8 option strategies that you can use in any market (sold as a \u20b9 50,000 course !)
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> — The Chartians (@chartians) September 17, 2022