Twitter Thread by Subhadip Nandy

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This is actually an interesting question and a correct observation. Many people before you also have made this observation, so I am going to explain this the best I can

> Ek baat to hai dada, u like mandi over teji.. Don't u... I mean u play both sides bt still... Im ryt \U0001f911\U0001f911
>
> — VaibhavSharma (@vaibhav2631) September 23, 2022

I am trading since badla days. There being long meant you had to pay badla / interest and being short meant you received badla. Similar to an options buyer having theta burn and an options seller being theta positive. So the bias among pros were being short bit

Now, as of now I am an options buyer. All my strategies are geared towards options buying, so I have a theta burn continuosly. I do use strategies to cover that a bit, but still the burn is there

Now, let's consider how an options buyer makes money. His enemy is theta, vega can be friend or enemy (coming to this in next tweet) , Delta is whether his view is right or wrong

Now say I am bullish on BNF and I buy calls and I am directionally correct . As BNF goes up, generally IV will decrease. This leads to a double whammy.
1. Vega hurts me
2. Theta decay increases.
So, the position does give money, but slowly

If I am bearish and buy puts, IV will generally increase. This is doubly beneficial
1. Vega is in my favour
2. Theta decay slows down and in some cases is totally negated by Vega effect

So, a right trade on PUTs will pay much more than a right trade on CALLs if the moves happen in the same time frame.

Plus, falls are faster and rises are slower. Fast means less theta burn, slow means bigger theta burn.

Hence, I am more inclined to PUTs than calls. I normally play upmoves thru stock options and downmoves on indices options. This also has an explanation, maybe later someday.

Lastly, I might go for a naked position on PUTs, but bullish I will always play thru some kind of spread to counter the theta burn. Also, position size will be differnt with bearish being higher.

Someone rightly pointed out, fear acts faster than greed