Twitter Thread by Divyansh Mishra



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My views and plans on Trading any expiry day summed ahead

This will be a long thread, because there are many tiny details about expiry trading which might help you in future. Overall markets are the best teacher and there is no substitute to practical learning

Here we go ■■

Most of you might know that I'm primarily a directional trader and I'm fine with both options buying and selling depending on market conditions such as Vix, Day, Momentum and overall our positioning in the market structure. I am a strong believer of hedging (Not margin benefit)

1] So I start my Expiry day planning on a Wednesday eve where based on market closing you can have a fair amount of idea where we are headed, I do this analysis on the hourly charts, due to less noise and higher precision for day trading.

This gives an idea of where we are positioned in the market.

2] Next I base my analysis on 3 scenarios, either flat opening, gap up or gap down opening, which kind of opening will affect which market participant the most (Buyer/seller basis). This ensures that I am prepared for

all possible scenarios the next day.

3] Thursday morning, I am all set as per opening, now in the first half I prefer selling options by making credit spreads, this gives me some leverage and I have my orders punched by 9:20. I prefer selling ATM or most of the times mild ITM

options since I plan directional trades. Also as an expiry day trader you should know when momentum kicks in, its usually the first hour followed by a rangebound move till 12:30-1:00 pm and then some liquidity hunting followed by a trending move in second half.

4] By 10:15 at the close of hourly candle you'll know which side we're headed by a fair amount and your options would have decayed well as well, this is the time where I slowly book profits and start trailing my stops. Btw I keep an SL of hardly 10-15

points in option selling

This is very much possible provided you are initiating trades at the right place. I'm fine taking Sl 2-3 times since the premiums I'm selling are usually in the range of 80-90 Rs (In Nifty). This keeps Risk reward in my favor.

5] Another point is to understand risk and be ready for any changes, being dynamic is the only holy grail in this market.

6] Next up I look out for FnO stocks showing strength and index heavy weights. This gives you an idea of what is the scope of movement in them.

This will help you estimate the move possible in index on that day in second half. Now that most positions are trailed, I wait for second half if there is a range breakout to buy options.

7] Now that you've booked some gains already, I always ensure that the sizing

which I have in option buying can never take the profits which I've already made, in short I take a risk on my intraday gains, also option buying trades have a similar 10-15 point SL and it usually should not hit if market is in momentum else if it hits a sideways move is seen.

8] The understanding of IV, Vix and option pricing will take you a long way in understanding how premiums are discounted or are at par or in slight premium at different times of the day. This is something which you need to realise at a personal level by trading many expiry days

and observing them, I'd highly recommend you all to go through all the live trading videos of @BandiShreyas since that'll help you get a grasp of this. It'll help you understand the pricing really well.

9] I never wait for my sold options to go to 0 with full qty.

As soon as 70-75% of my sold premiums are captured I book 75% of my positions leaving the rest 25% with stops of cost & trail them as per vwap eventually.

Understanding your risk is really important and those who are going to start option trading, I'd encourage them to learn

about options and observe markets for a while then start with 1-2 lots to actually get the hang of things before scaling up. Wed/Thu are best days for option selling in my view.

I hope this thread helped, you might share it with friends who are new into options if you like it❤■