Twitter Thread by Paytm Money



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On popular demand, here's a thread on our key takeaways from F&O Pe Charcha with @Mitesh_Engr

Start with a low capital and master all 3 phases of the market – upward, downward and consolidation. If your winning trades are >60-70%, then increase your capital.

Treat trading as a business and target similar gains. An annual profit of 25% is reasonable and achievable.

Does a restaurant change recipes every day? No.

Similarly, stick to strategies if there is a 70% success rate. If it doesn't work for 2 months, don't worry, it might work for the rest of the 10 months

Option buyers need more skill than sellers as they need to catch the direction at the right time.

Approx 5-7 stocks move in a given day.

Study the charts before market opens and catch the moment in the first hour of trading. You can assess the pre-open rates of all F&O stocks at 9.07 a.m. and place the potential stocks in your watchlist.

Traders with smaller capital like Rs. 1-2 lakhs must consider hedging as their trades might not be as diversified.

I prefer taking positions in a breakout compared to consolidation.

I started trading full-time only after going through all 3 phases – bull, bear and consolidation!

Fear comes into the picture when your position size is huge.

Leverage is a double-edged sword and must be carefully considered. If a trader wishes for more profit, he/she could increase the capital instead of leveraging.

One must look at % return rather than amount of profit.

Traders with a small capital of Rs. 2-5 Lakh should consider starting with index options.

A quick scenario:

In a gap up where I see a bull trend emerging, I'd sell a put where there were breakout signs. If there's a gap the next day, I'd sell the previous day's closing price strike after unwinding.