Twitter Thread by Nikita Poojary

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How to make 1% consistently via Option Selling?

- **Analyzing the trend**
- **Selling OTM's**
- **Making adjustments**
- **Capturing trending move**
- **Without big drawdowns**
- **Right Position Sizing**
- **Risk Management**

Here are the 11 aspects to focus on:

Collaborated with @AdityaTodmal

1. Analyze the trend:

To begin with, determine whether Bank Nifty is trending, consolidating, or stuck in a range.

Why?

Cause we can predict what it will do then.

2. How many points to capture?

The margin required for selling one lot is around Rs. 1.5 lakh for a strangle.

If we earn around Rs. 1500 on one lot, we would make 1% return on our capital.

1500/25 = 60 points

Either sell directional 60 and make it zero.

Or 30-30 both sides.

3. How do we begin in the weekly expiry?

Can tend to skip Friday's as there are two days holiday.

In those 2 days market has ample time to come out with news, react to SGX and so forth.

So from a R:R perspective it is not great to carry from Friday.

Even the decay isn't huge if you see unless there's a big gap and you are on the correct size of it.

The Weekly candle also is from Monday to Friday.

So at Friday EOD we know how the weekly candle looks as well.

4. What was the recent trend?

If the market was consolidating recently then we are going to wait for a proper breakout or breakdown.

If it is taking too much time we can sell far otms.

But with the intention of exiting the strangle when a breakout/breakout happens.

5. Post-significant movement:

Post a big movement in the weekly candle, we are looking for an inside candle in the current week.

Thereby we would look for selling strangles as they would be most rewarding.

Usually can target around 30-40 rs premiums.



6. Adjustments:

Adjustments can generate more returns than you had originally planned.

Basic rolling up and down can be done to extract higher premiums.

Can't adjust every move though, so should know when to exit.

Here is where levels come into play.

7. Capturing trending move:

There are levels after which Bank Nifty is going to make a big move.

In my Youtube channel as well as my twitter, I always share my bias.

I mark S1, S2, S3 and R1, R2 and R3.

Sometimes I don't mark one side at all.

That's when I am expecting a trending move.
https://t.co/Ywik8EMxl0

#BANKNIFTY

4. Hourly TF:

\u2022 S/R mentioned on the charts.

\u2022 Moving within the rising channel.

\u2022 41300 zone is a good level to go long in case any reversal pattern.

\u2022 40800-850 would act as a first pullback post BO, good levels to go long on positional basis.
pic.twitter.com/E2x9DCKY0s

— Nikita Poojary (@niki_poojary) November 13, 2022

You may refer to my weekly multi timeframe analysis threads and videos if you want to learn and observe more of the same.

https://t.co/g7MwzR706i

I gathered 15 examples of Weekly Bank Nifty analysis

By @niki_poojary, chronologically:

Save 100+ hours researching.

A thread: \U0001f9f5

— Aditya Todmal (@AdityaTodmal) December 2, 2022

8. Without big drawdowns:

Don't take more than a 3% hit.

I have seen traders usually lose their minds when they lose more than this. The cycle of bad trading originates after this.

So we have to ensure to not let it happen in the first place.

Psychology needs to be intact.

9. Right Position Sizing:

On Rs. 10 Lakh maximum you can sell is 6 lots.

Beginner should avoid any leverage unless they are profitable for 6 months consistently.

Don't enter all your qty at once.

Stagger the qty as and when you make profits.

10. Risk Management:

Do respect your SL.

Never change it based on Hope or your bias as you always go wrong as the market is supreme. Your SL should be the one which you had planned before taking an entry in the trade.

11. Pro Tip: Go and backtest:

Can go and backtest your trading and look for areas for improvement.

Forward testing is also essential to see if you can do it in the live markets and keep a check on your emotions when trend is not in favour but your SL is also not hit.

We are on Youtube as well now!!

We have a FREE Youtube Channel where we cover our analysis of the markets.

If interested feel free to join using this link: https://t.co/ijbLiYzXml

If you enjoyed this thread here's another one:

https://t.co/7pmJkbBM2N

> Do you want to know how to create a Trading Plan using only Price Action?
>
> Here's a breakdown of 11 simple yet powerful steps to create one: \U0001f9f5
>
> Collaborated with @AdityaTodmal
>
> — Nikita Poojary (@niki_poojary) October 26, 2022

We also have a FREE Telegram channel as well.

Link to join: https://t.co/GpDL0dXbzS

That's a wrap!

If you enjoyed this thread:

1. Follow us @Adityatodmal & @niki_poojary for more threads on Price action, Option Selling & Trading growth.

We've got you covered.

2. RT the first Tweet to share it with your audience.

I appreciate it!