

Twitter Thread by Aditya Todmal

Aditya Todmal

@AdityaTodmal

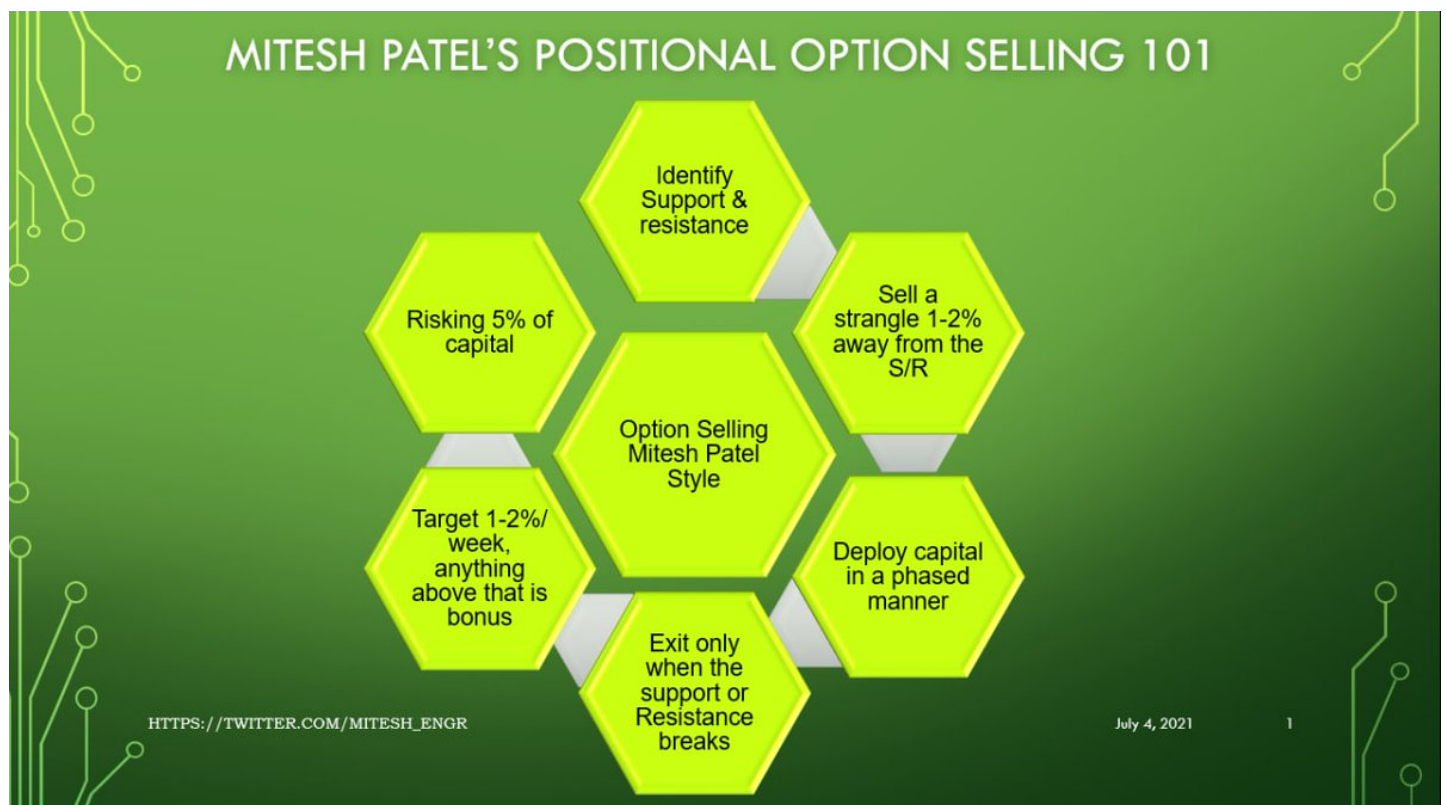


A Thread on the Boss himself @Mitesh_Engr

Mitesh Sir's Positional Option Selling 101:

- How to find direction
- Which options to sell
- How to deploy capital
- Exit criteria
- What ROI he targets weekly
- What % risk he takes

Done with the help of @niki_poojary



How @Mitesh_Engr Sir finds the direction?

- Daily charts S/R
- 75 min charts S/R
- Intraday trend
- Always play directional
- Never trades in strategies

DIRECTIONAL OPTION SELLING

- Look at daily chart and find the trend
- Check the Support and Resistance in daily
- Check 75min chart and find support & resistance
- Find intra trend and then THOKO!
- In daily or 75 min find a Support/ Resistance, once that is taken out with volume sell aggressively
- Eg: If 35800 is the resistance, once that is taken out decisively, sell PE's aggressively and vice-versa if the Support is broken
- In Directional trade one can double or triple one's capital in a year, provided one has good knowledge
- In Strategy trades one can generate 20-30% return p.a. After paying taxes return around 15-17% , so the better alternative is SIP in index fund



[HTTPS://TWITTER.COM/MITESH_ENGR](https://twitter.com/MITESH_ENGR)

July 4, 2021

3

Which options to sell in weekly expiry according to @Mitesh_Engr?

- Weekly candle High/Low
- Sell 1% away options from those
- Exit when levels breached

HOW TO SELECT STRIKES FOR SELLING WEEKLY OPTIONS?

- Identify last week low and high
 - If trading near low sell only calls
 - If trading near high sell only puts
 - If in a range sell Strangles
- Sell strangles 1-2% distance from those levels
- For strangles, if high or low is broken exit loss making position
- Sell opposite side options immediately, as direction is clear

[HTTPS://TWITTER.COM/MITESH_ENGR](https://twitter.com/MITESH_ENGR)

July 4, 2021

2



Position Sizing by @Mitesh_Engr Sir.

How to deploy your capital?

- First sell 20%
- Pyramid the next day
- When to exit
- What to do when view goes wrong
- What to do with idle capital

POSITION SIZING

Deploy only 20-30% capital on a Friday

If it goes in your favor:

- If the underlying is trading in a range add more position slowly next day
- When you get 0.5 to 1% ROI exit current week position
- Sell safe options for getting low return on capital directionally OR
- Wait for next week

If it goes against you:

- If it goes against you, exit sold options
- Exit if option doubles or 2.5X from sell avg
- Since we have used a part of the capital i.e 25-30% we will lose small
- Also very imp to think on your feet, to decide and execute quickly on the losing legs & add on to the winning side

Repeat the above process week after week to gain consistently

[HTTPS://TWITTER.COM/MITESH_ENGR](https://twitter.com/mitesh_engr)

July 4, 2021

4

Some important tweets of [@Mitesh_Engr](https://twitter.com/mitesh_engr) Sir

- What Data to look at
- ROI for safe players per month
- Max risk per day
- Gather knowledge and play directional
- Never play strategies

TWEETS FROM THE BOSS



Mitesh Patel @Mitesh_Engr · Mar 29, 2018

Last 5 days bank nifty chart
Resistance & Support
Intraday chart
Live OI data
Last 5 days OI build up in Nifty and bank nifty future
Most Important is ATP of option
If option trades 50% below its ATP then I am Selling blindly

...



Mitesh Patel @Mitesh_Engr · Apr 4, 2018

Covered all sold puts with min loss and immediately switched to call sell position
Now only having call sell position.

...



Mitesh Patel @Mitesh_Engr · Apr 25, 2018

Sold 25100 CE and 25200 CE.
Huge OI at 25000 CE will act as resistance for my sold calls

...



Mitesh Patel @Mitesh_Engr · May 18, 2018

Replying to @VenkatKShriyan
3% per month If you will play safe.
With little risk 5% per month.

...



Mitesh Patel @Mitesh_Engr · May 20, 2018

Even after having good knowledge you are not playing direction trade..
Then what's the use of knowledge?
I am selling option with direction play..
No hedge strategy..Love to take risk..
A definition of real aggressive trader..

...



Iamanil @tradetherange25 · Jun 5, 2018

Replying to @Mitesh_Engr
wat is ur risk per day?

1



1



...



Mitesh Patel @Mitesh_Engr · Jun 5, 2018

Max 5% of capital

...



Mitesh Patel @Mitesh_Engr · Oct 20, 2019

I never played option with strategies.
Reason : I know where to cut my position.
If you are a full time trader and full time on screen then there is no meaning of playing strategies.
My view.

...

[HTTPS://TWITTER.COM/MITESH_ENGR](https://twitter.com/mitesh_engr)

July 4, 2021

5

What kind of returns should traders expect according to @Mitesh_Engr

- Monthly 2% easily via index options
- With little risk 4-5%
- Beginners weekly target - 0.5%
- Consistency
- Trade fearlessly later

HOW MUCH RETURN TO EXPECT?

- From Index Options one can make monthly 2% easily
- If one is capable of taking a small risk then the returns can be ~4-5% monthly
- Anything above 4-5% is to be considered as bonus
- Beginners can target 0.5-1% weekly depending on their risk appetite with a SL of 2%
- Once one makes consistent returns and amass a substantial profit thereafter one can play fearlessly and can gain more



[HTTPS://TWITTER.COM/MITESH_ENGR](https://twitter.com/MITESH_ENGR)

July 4, 2021

6

Important points by @Mitesh_Engr Sir

- Never average losers
- Remember levels of stocks
- Cut losses immediately
- Overnight positions - Control position sizing/ hedge

OTHER IMPORTANT POINTS

- Never avg loss making position
- Remember the levels of individual stocks viz. HDFC Bank, ICICI Bank, SBIN, Axis Bank, Kotak Bank as these are heavy weights in the BNF index
- If the position goes against you exit at C2C or at a small loss
- Sell opposite side option with same rule
- Try to cut down losses immediately to avoid big loss
- For overnight position - Reduce position sizing or play with hedges
- Eg: one can buy hedge at 3.15pm and exit the next morning by 9.20am
- With hedge profit will be limited, however losses would also be under check



[HTTPS://TWITTER.COM/MITESH_ENGR](https://twitter.com/mitesh_engr)

July 4, 2021

7

How @Mitesh_Engr Sir determines stop loss?

- Options levels
- Bank Nifty future levels
- At that level check option price and keep that as an SL
- Rely on theta decay to help you
- This will lower your SL further

HOW TO DETERMINE STOP LOSS?

- Check specific option chart
- Check Bank Nifty future levels to decide SL
- Eg: if BNF is trading at 34800 and your SL is 35100 as per BNF charts then check the LTP of the strike that you want to sell and gauge the approx. price of that option if BNF were to reach 35100, and place your SL accordingly
- In option selling, since theta /time decay is your friend, as time passes, one can trail their SL accordingly



[HTTPS://TWITTER.COM/MITESH_ENGR](https://twitter.com/mitesh_engr)

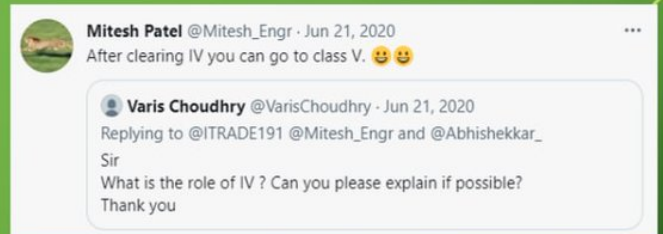
July 4, 2021

8

Importance of IV according to @Mitesh_Engr Sir

- Doesn't serve much purpose
- When news is priced in option premium cools
- Don't be fooled by twitter gurus

IMPORTANCE OF IV



- Apart from creating confusion on its abbreviation, and to sound cool, it doesn't serve much purpose!
- Whenever there's a sudden news, option premiums spike and once the news is priced in, the options premiums cool off
- Don't fall prey to IV, theta, gamma, etc. keep it simple

[HTTPS://TWITTER.COM/MITESH_ENGR](https://twitter.com/MITESH_ENGR)

July 4, 2021

9

Importance of Greeks according to @Mitesh_Engr Sir ■■

IMPORTANCE OF GREEKS

Mitesh Patel @Mitesh_Engr

I was just reading book about option Greeks. Agar kisiko samaj Mai aaye to muje bata dena. Maine to ye do page dekhne ke baad book hi close kar diya..

2.11 VEGA Since delta changes whenever the stock price changes, it is useful to have a measure that captures this relationship. This measure is called implied volatility. Mathematically, it is the sensitivity of delta to a small change in stock price. Mathematically, gamma is the derivative of delta with respect to the stock price. Since delta is the derivative of the option price with respect to the stock price, gamma is the second order derivative of the option price with respect to the stock price. For European call and put options, gamma is given by the following formula.

2.10 GAMMA

Vega measures the option price's sensitivity to a change in implied volatility. Mathematically, it is the sensitivity of the option price with respect to the implied volatility. Mathematically, gamma is the derivative of delta with respect to the stock price. Since delta is the derivative of the option price with respect to the stock price, gamma is the second order derivative of the option price with respect to the stock price. For European call and put options, gamma is given by the following formula.

$$\gamma_{\text{call, European}} = \frac{\partial \delta}{\partial S} = \frac{\partial^2 C}{\partial S^2} = \frac{N'(d_1)}{S\sigma\sqrt{T-t}} > 0, \quad (2.25)$$
$$\gamma_{\text{put, European}} = \frac{\partial \delta}{\partial S} = \frac{\partial^2 P}{\partial S^2} = \frac{N'(d_1)}{S\sigma\sqrt{T-t}} > 0. \quad (2.26)$$
$$\gamma_{\text{put, European}} = \frac{\partial \delta}{\partial S} = \frac{1}{\sqrt{2\pi}} e^{-\frac{d_1^2}{2}} \text{ where } d_1 \text{ is defined as in equation 2.5 and } N'(x) = \frac{1}{\sqrt{2\pi}} e^{-\frac{x^2}{2}}. \quad (2.27)$$

The vega of a regular option is always positive. As implied volatility goes up, the option becomes more sensitive to changes in the stock price. The above formulae show that the gamma of a European call option is equal to the gamma of a European put option. Respectively, Figures 2.4 and 2.7 indicate the way in which gamma varies with the stock price and the time to maturity. It is helpful to interpret gamma in terms of how the delta hedge of an option changes for a change in stock price.

Mitesh Patel @Mitesh_Engr · Jun 22, 2020
Few are saying in comments that I am making fun, have arrogance, dhamand
What will you do by remembering IV level or by knowing IV?
I don't know any delta, Gama, Theta, beta, Beti, dada, nani etc.
Even traders are not able to remember stocks level then what will they do with IV

Mitesh Patel @Mitesh_Engr · Jun 21, 2020
After clearing IV you can go to class V. 😊😊
[twitter.com/VarisChoudhry/...](https://twitter.com/VarisChoudhry/)

Mitesh Patel @Mitesh_Engr · Jun 22, 2020
If any sudden news will out then option premium will spike on both sides & after effect of news all option will settle to their original level slowly I never watched any IV or option Greeks during trading
Follow only trends
If u want to know about Greeks then follow Twitter Gurus

Mitesh Patel @Mitesh_Engr · Dec 15, 2018
Apana kaam trend dekh ke thokne ka..Greeks Gaya bhad Mai..

[HTTPS://TWITTER.COM/MITESH_ENGR](https://twitter.com/MITESH_ENGR)

July 4, 2021

11

What @Mitesh_Engr Sir doesn't do


- Play strategies
- Doesn't believe in Greeks

What @Mitesh_Engr Sir does do

- Remember levels of stock/index
- Simple trading

WHAT HE DOESN'T DO?

- He doesn't believe in option strategies, because if one is a full time trader and dedicates the market hours watching the screen then there is no need to play strategies
- He doesn't believe in greeks
- He believes in remembering the levels of the indices & stocks
- He believes in the KISS principle – Keep It Simple Stupid!



[HTTPS://TWITTER.COM/MITESH_ENGR](https://twitter.com/MITESH_ENGR)

July 4, 2021 10

Is Option selling limited profit? Look at @Mitesh_Engr Sir's explanation and think again.

Making 2X of his original capital per month now.

OPTION SELLING IS A LIMITED PROFIT STRATEGY READ BELOW & THINK AGAIN!



[HTTPS://TWITTER.COM/MITESH_ENGR](https://twitter.com/MITESH_ENGR)



July 4, 2021

12

Power of BRUTAL compounding ■

Killer tweets by [@Mitesh_Engr](#)

Faster than a cheetah ■ surely.

POWER OF BRUTAL COMPOUNDING




July 4, 2021

13

[@Mitesh_Engr](#) Sir has no limits

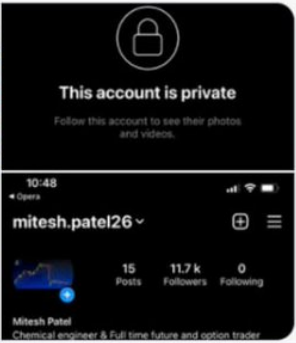
- Doesn't have any metal blocks like 1% per week
- Aims high


DON'T LIMIT YOUR CHALLENGES, CHALLENGE YOUR LIMITS!



Mitesh Patel @Mitesh_Engr · May 29


Insta followers same.
His avg. compounding return based on data is 11% pm in 90 months (assuming 7.5 years)
Currently I am running with 11.3% compounding return in 41 months.
Note : Not boosting myself. Want to catch him.



Mitesh Patel @Mitesh_Engr · Jun 13

Hey @jackschwager I would like to share my journey in your next market wizard book with audited statements.
What's the eligibility?



[HTTPS://TWITTER.COM/MITESH_ENGR](https://twitter.com/MITESH_ENGR)

July 4, 2021 14

This was an introductory thread on how @Mitesh_Engr Sir trades positionally.

@niki_poojary and @AdityaTodmal will be making more threads on how Mitesh Sir trades

- Futures
- Expiry Trading etc etc

Keep an eye out for those threads.

Happy learning to everyone!