Twitter Thread by Kapil Dhama ■■



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All Key points of free straddle webinar are summarized by @Scaliuminvest team.
Points Covered
1. When to initiate straddle
2. How to decide initial SL
3. How to trail SL
4. How to do adjustments in trending market

Thanks to @jitendrajain @yogeshnanda1 and @yogeeswarpal for this.

Trading Straddles

When to initiate Straddles:
Do straddle only when you think market is sideways
Avoid straddles in :

1. trending markets
2. before event
3. when volatility is rising

Step 1: How to identify non-trending markets?

1. RSI should be between 40 and 60 [on 5 min timeframe]
2. ADX and DMI are not trending
   - ALL 3 lines are merged [sideways and not trending]
   - ADX outside both DMI lines

   [when gap increase between 2 DMI lines and ADX is between 2 DMI lines - possibility of trend]

Step 2: Finding Entry on Straddle chart

1. Straddle should be below Vwap Price
2. Straddle should be below 20 EMA [on 1 min chart]
3. It should be making lower highs

Step 3: When not to sell?

1. Avoid selling straddle in falling markets
   As in falling market IV rise rapidly
2. In falling markets can make straddle near major support and shows signs of reversal - where we expect market to reverse

Initial Entry and Stop loss:
Entry : sell below swing low on straddle chart
Initial stop loss : above previous swing high or Vwap [never keep sl > 10 -15 points]

Other ways to keep Stop loss:

1. **Vwap as stop loss and trail with vwap**
2. **Stop loss on individual legs**
3. **Swing highs on option charts**
   Check swing high& low on index chart and whing high price of CE or PE at that time
   - and keeping these prices as stop loss