

Twitter Thread by Professor



Professor

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Here comes the 3rd and final part of the long weekend 'Beginners' Pathway" series.

In this we'll see Open Interest basics and Option Chain Analysis.

There are two types of Options, Call Option & Put Option.

WHAT IS AN OPTION?



An option is a contract that issues rights to traders to buy or sell an asset within a preset timeframe & price.



The two fundamental types of Options Trading are: Call & Put



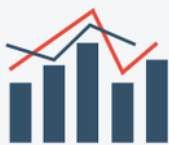
A **call** options contract provides a right to buy shares of a security at a given price by a set date.

A **put** options contract gives the buyer of the contract the right to sell the stock at a strike price by a specified date.



Drivers of Option Value:

Volatility



The higher the stock's volatility, the greater the value of the option.

Time



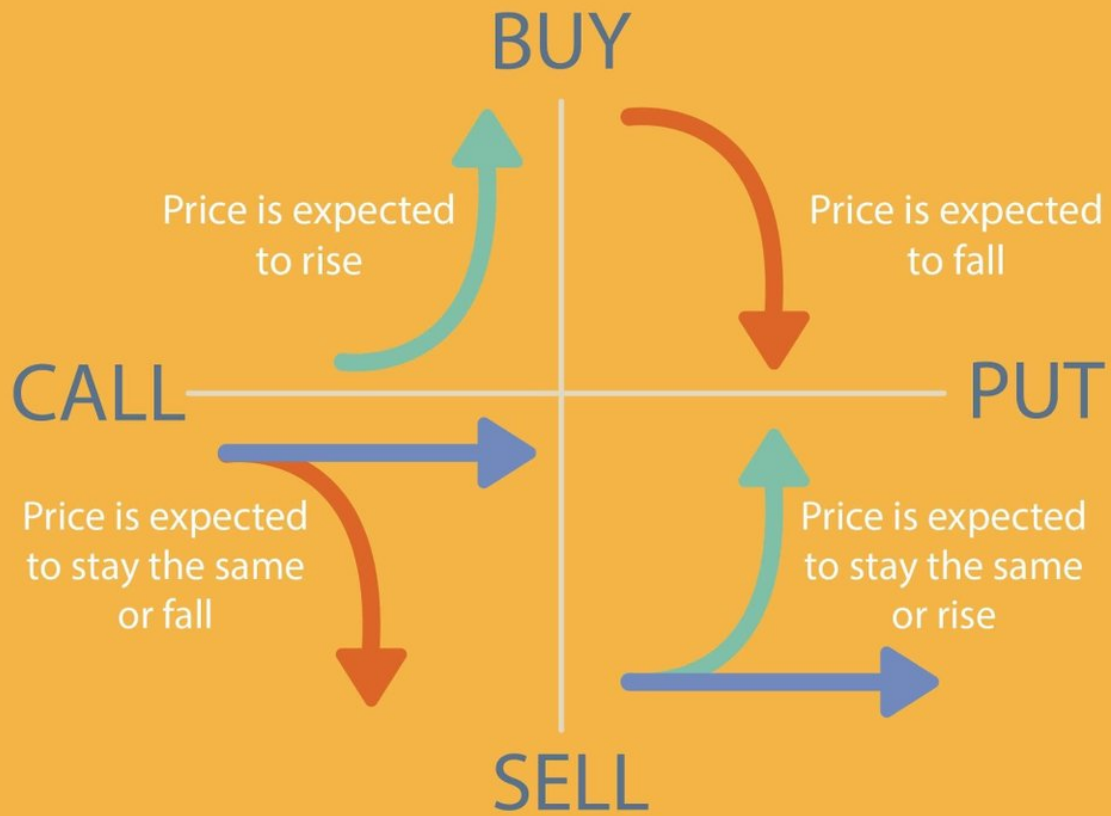
The more time left until expiration, the greater the value of the option.

Direction



The direction the underlying stock trades will affect the value of the option

This graphics show when to buy and when to sell options.



The first thing that we need to know is the moneyness i.e. whether an Option is At the money (ATM), In the money (ITM) or Out of the Money (OTM).

The strike closest to the market price is At The Money.

I have tried to explain OTM & ITM in a very simplistic & easy manner.

CALLS										PUTS										
OI	CHNG IN OI	VOLUME	IV	LTP	CHNG	BID QTY	BID PRICE	ASK PRICE	ASK QTY	STRIKE PRICE	BID QTY	BID PRICE	ASK PRICE	ASK QTY	CHNG	LTP	IV	VOLUME	CHNG IN OI	OI
152	-54	167	41.47	894.75	178.50	1,000	826.60	922.95	1,250	17,450.00	1,450	0.10	0.15	3,000	-2.70	0.15	32.59	19,017	-3,690	6,367
1,040	-965	2,538	-	839.05	174.05	50	837.00	839.05	1,750	17,500.00	-	-	0.05	2,000	-3.05	0.05	28.16	2,65,700	-16,929	33,043
447	-93	168	-	790.00	177.25	1,800	776.65	798.30	1,800	17,550.00	1,650	0.10	0.15	1,350	-3.85	0.10	26.88	1,84,465	-29,655	8,525
842	-818	1,502	-	739.05	172.60	50	739.05	739.05	1,600	17,600.00	2,350	0.10	0.15	1,400	-3.55	0.10	26.48	1,84,465	-29,655	24,496
760	-352	593	-	667.05	171.05	50	662.00	669.00	1,750	17,650.00	23,050	0.05	0.15	3,350	-3.95	0.05	25.74	1,84,465	-29,655	5,026
4,260	-2,479	4,433	-	639.30	172.00	50	637.40	639.35	300	17,700.00	78,650	0.05	0.15	3,350	-4.40	0.05	21.83	2,59,182	-21,622	32,153
2,318	-447	933	-	546.30	173.50	50	582.60	598.30	1,800	17,750.00	1,150	0.15	0.20	4,850	-4.75	0.20	23.92	89,558	-12,201	9,360
9,674	-3,980	12,600	-	541.95	173.25	500	538.55	541.95	200	17,800.00	11,450	0.15	0.20	7,950	-5.60	0.15	20.56	4,30,380	-30,761	49,557
1,869	-700	2,552	-	441.65	173.00	300	431.10	439.00	100	17,850.00	300	0.10	0.20	6,500	-6.45	0.10	18.10	1,45,589	-18,634	11,510
8,398	-6,644	17,507	-	439.00	166.45	100	438.00	439.00	50	17,900.00	90,800	0.10	0.15	1,350	-7.70	0.10	16.41	5,25,067	-34,047	51,586
3,073	-1,938	3,073	-	390.00	163.10	100	386.10	390.00	250	17,950.00	12,900	0.10	0.20	2,100	-10.30	0.10	14.70	2,59,708	-24,393	11,720
8,054	-18,921	83,041	-	338.55	160.65	200	338.00	338.60	1,000	18,000.00	-	-	0.05	1,750	-11.70	0.05	12.98	1,80,301	-18,196	38,106
2,644	-1,439	4,012	-	288.95	163.60	50	287.70	288.95	350	18,050.00	50	0.10	0.15	1,150	-21.55	0.10	11.25	439,572	-29,069	12,667
7,590	-34,456	2,25,408	-	238.95	142.50	200	238.20	238.95	300	18,100.00	44,750	0.05	0.10	1,100	-33.15	0.05	8.88	1,20,703	-50,667	29,951
5,449	-3,938	2,28,720	-	187.70	123.75	50	187.70	189.15	1,500	18,150.00	1,05,200	0.05	0.10	26,650	-50.90	0.05	7.20	11,42,428	-21,904	20,830
21,415	-75,284	13,30,489	-	138.15	100.15	1,050	138.15	138.50	1,250	18,200.00	-	-	0.05	99,000	-74.90	0.05	5.49	26,74,460	22,454	55,468
12,185	-30,120	19,80,074	-	88.25	68.30	50	88.20	88.25	550	18,250.00	-	-	0.05	55,200	-107.00	0.05	3.74	29,15,710	27,805	34,766
62,085	-28,257	67,99,045	-	38.65	29.35	600	38.45	38.65	1,800	18,300.00	-	-	0.05	3,86,200	-146.20	0.05	1.90	40,65,667	63,207	69,869
1,04,743	51,550	41,08,760	0.37	0.05	-4.10	-	-	0.05	6,45,350	18,350.00	7,550	11.40	11.50	50	-179.35	11.40	2.03	10,19,900	27,997	29,187
79,712	-208	18,99,950	2.37	0.05	-2.40	-	-	0.05	4,23,330	18,400.00	50	61.25	61.30	200	-178.10	61.30	5.95	3,63,294	2,512	4,295
24,107	-2,780	4,40,542	4.17	0.05	-1.75	-	-	0.05	63,950	18,450.00	-	-	0.05	1,750	-178.30	178.30	3.72	1,47,037	877	878
65,969	-22,111	33,554	0.00	0.05	-1.30	1,800	183.00	183.00	25,150	18,500.00	500	160.15	161.55	300	-177.30	161.55	12.29	59,704	242	1,348
13,215	3,002	1,04,237	8.09	0.10	-1.20	17,850	0.05	0.10	750	18,550.00	250	171.10	171.40	150	-177.30	171.40	11.79	1,07,793	19	634
29,266	632	4,40,224	0.01	0.10	-1.10	17,400	0.05	0.10	4,115	18,600.00	300	260.95	261.80	150	-177.30	261.65	17.91	5,007	634	678
8,848	4,040	27,705	11.51	0.10	-1.05	17,400	0.05	0.10	1,200	18,650.00	300	357.90	364.95	250	-181.80	360.50	21.99	453	19	37
32,645	-1,441	1,01,152	2.33	0.05	-0.95	-	-	0.05	37,450	18,700.00	250	357.90	364.95	250	-181.80	360.50	21.99	453	19	37
4,819	2,120	10,897	14.81	0.10	-1.00	31,350	0.05	0.10	3,900	18,750.00	500	465.90	465.95	250	-183.65	460.90	27.28	94	33	21
27,326	831	72,202	0.05	0.05	-0.65	30,050	0.05	0.10	30,050	18,800.00	500	457.70	466.90	50	-183.65	460.90	27.28	94	33	36
2,211	1,223	5,127	16.97	0.05	-0.75	1,200	0.05	0.10	1,800	18,850.00	250	507.60	515.25	500	-224.10	513.90	33.76	17	15	17
7,486	886	27,401	18.48	0.05	-0.70	-	-	0.05	5,000	18,900.00	250	557.50	565.30	500	-259.45	562.80	34.16	10	3	10
2,134	1,108	3,079	19.97	0.05	-0.75	300	0.05	0.10	4,650	18,950.00	1,800	590.10	638.70	1,800	-273.35	627.35	34.69	-	-	2
33,649	-7,466	1,12,860	0.15	0.05	-0.60	-	-	0.05	18,350	19,000.00	1,800	640.30	670.00	300	-173.10	659.65	34.69	199	22	45
1,861	765	16,576	25.19	0.15	-0.50	-	-	0.05	1,550	19,050.00	1,000	646.60	765.75	1,000	-154.05	751.70	-	-	-	2
7,482	22	18,476	24.38	0.05	-0.45	-	-	0.05	13,600	19,100.00	1,000	686.20	781.70	800	-243.33	785.10	-	9	3	5
847	611	15,517	25.83	0.05	-0.35	-	-	0.05	500	19,150.00	1,000	747.55	850.50	1,000	-132.40	850.50	-	-	-	2

Option chain of Nifty can be seen here

<https://t.co/TgHdov6Kox>

Lets see each item one by one

Option Chain (Equity Derivatives)

Futures contracts

View Options Contracts for: Expiry Date: Strike Price:

OR

Underlying Index: **NIFTY 18,338.55** As on 14-Oct-2021 15:30:00 IST

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CALLS											PUTS										
OI	CHNG IN OI	VOLUME	IV	LTP	CHNG	BID QTY	BID PRICE	ASK PRICE	ASK QTY	STRIKE PRICE	BID QTY	BID PRICE	ASK PRICE	ASK QTY	CHNG	LTP	IV	VOLUME	CHNG IN OI	OI	
10	-2	5	194.29	3,504.15	214.70	500	3,452.80	3,519.35	500	14,850.00	-	-	0.05	9,600	-0.45	0.05	114.18	7,067	31	3,431	
3	2	8	-	3,270.30	270.30	300	3,387.50	3,479.05	1,800	14,900.00	-	-	0.05	6,000	-0.45	0.05	112.47	3,304	305	787	
1	-	-	-	3,018.55	-	1,000	3,233.60	3,448.15	1,000	14,950.00	-	-	0.10	50	-0.45	0.05	110.76	2,593	6	20	
14	-2	3	-	3,295.00	135.00	300	3,287.50	3,369.05	1,800	15,000.00	-	-	0.05	1,000	-0.55	0.05	109.06	20,601	-4,065	9,670	
-	-	-	-	-	-	1,000	3,146.05	3,347.90	1,000	15,050.00	-	-	0.15	1,800	-0.80	0.05	107.36	104	-	40	
-	-	-	-	-	-	1,000	3,116.30	3,253.90	50	15,100.00	-	-	0.05	550	-0.45	0.10	110.86	520	-71	125	
-	-	-	-	-	-	1,000	3,073.25	3,222.30	50	15,150.00	100	0.05	0.25	1,800	-0.60	0.05	103.98	37	7	53	
1	-	-	-	2,958.70	-	1,000	3,022.75	3,194.05	1,000	15,200.00	300	0.05	0.20	1,500	-0.65	0.10	107.34	337	-27	117	
1	-	-	-	2,888.80	-	1,000	2,949.95	3,213.55	1,000	15,250.00	-	-	0.10	100	-0.70	0.10	105.58	237	-2	21	
-	-	-	-	-	-	1,000	2,925.90	3,047.20	50	15,300.00	-	-	0.15	3,800	-0.45	0.20	109.42	9,755	70	163	
1	-	-	-	2,565.65	-	1,000	2,847.15	3,048.50	1,000	15,350.00	-	-	0.05	1,050	-0.95	0.05	97.27	1,107	60	75	
1	-	-	-	2,737.20	-	1,000	2,826.65	3,061.10	1,000	15,400.00	-	-	0.05	800	-0.75	0.05	95.60	300	1	152	
1	-	-	-	2,581.30	-	1,000	2,761.25	3,012.35	1,000	15,450.00	-	-	0.10	100	-0.70	0.10	98.61	709	12	46	
-	-	-	-	-	-	1,000	2,736.30	2,851.35	50	15,500.00	-	-	0.05	100	-0.70	0.05	92.28	16,046	-175	4,949	
-	-	-	-	-	-	1,000	2,679.60	2,892.45	1,000	15,550.00	-	-	0.30	1,000	-	-	-	-	-	-	
1	-	-	-	2,429.10	-	1,000	2,632.55	2,759.05	1,800	15,600.00	-	-	0.10	1,000	-0.75	0.05	88.97	1,307	49	312	
-	-	-	-	-	-	1,000	2,581.75	2,786.10	1,000	15,650.00	-	-	0.25	1,000	-	-	-	-	-	-	
1	-	-	-	2,329.85	-	1,000	2,507.20	2,659.05	1,800	15,700.00	-	-	0.05	2,800	-0.75	0.05	85.68	1,990	-19	188	
-	-	-	-	-	-	1,000	2,459.15	2,682.35	1,000	15,750.00	-	-	0.25	1,000	-	-	-	-	-	-	
1	-	-	-	2,209.25	-	1,000	2,411.30	2,559.05	1,800	15,800.00	-	-	0.05	550	-0.75	0.05	82.40	1,227	-154	247	
1	1	1	-	2,462.55	1,459.25	1,000	2,363.50	2,564.25	1,000	15,850.00	-	-	0.05	300	-0.60	0.05	80.76	32	30	32	
1	-	-	-	2,269.95	-	1,000	2,315.25	2,459.05	1,800	15,900.00	-	-	0.05	1,800	-0.60	0.10	83.14	922	25	281	
-	-	-	-	-	-	1,000	2,267.25	2,493.30	1,000	15,950.00	-	-	0.05	1,700	-0.65	0.05	77.50	12	-3	15	
52	-126	156	-	2,335.15	173.40	50	2,336.00	2,359.05	1,800	16,000.00	-	-	0.05	35,100	-0.75	0.05	75.88	20,692	-3,777	8,405	

OI (Open Interest) – is the number of open contracts relating to that strike. One buy & sell transaction constitutes one unit of OI.

CHNG IN OI – is the change in OI as compared to last day

VOLUME – is the total number of contracts that are traded for a specific strike.

IV means Implied Volatility, High IV means market is expecting more fluctuations in future.

LTP means the Last Traded Price or Premium of an option.