

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



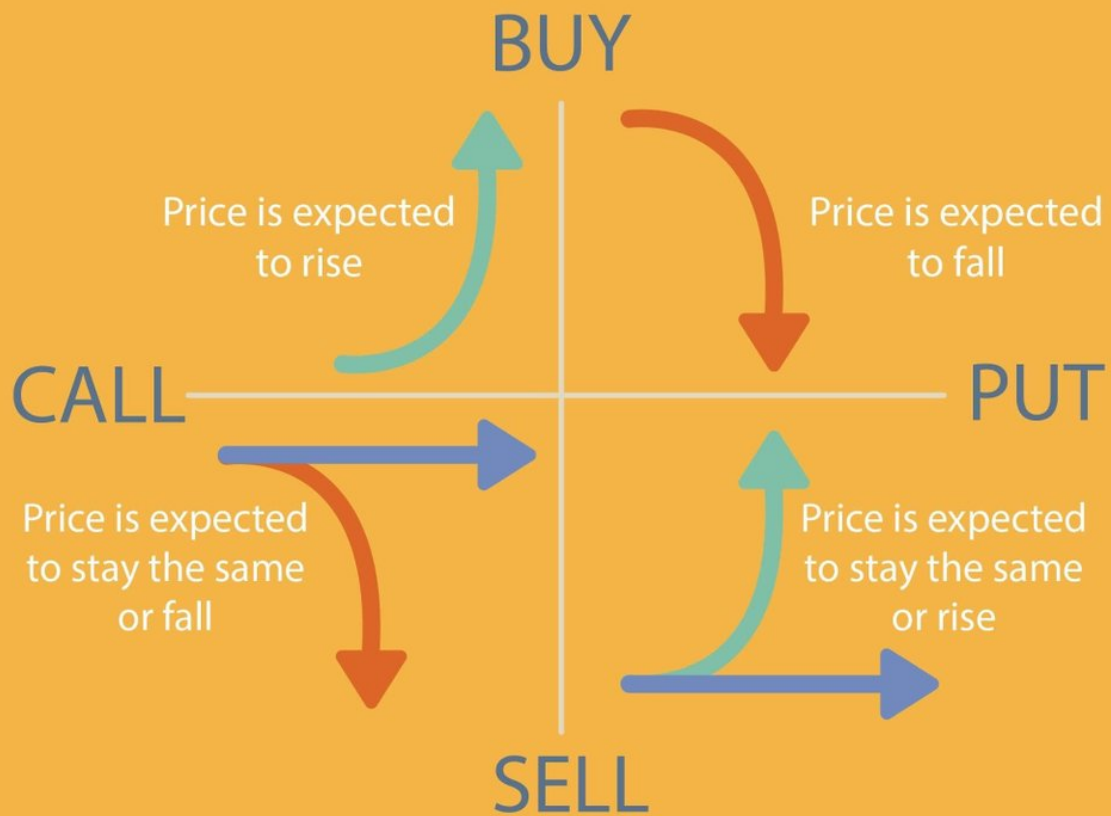
The more time left until expiration, the greater the value of the option.

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 | 1,500 | -3.55 | 0.10 | 24.48 | 1,84,465 | -29,655 | 8,525 |
| 842 | -818 | 1,502 | - | 739.05 | 172.60 | 50 | 735.00 | 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 | -452 | 593 | - | 687.00 | 171.05 | 50 | 682.00 | 689.00 | 1,750 | 17,650.00 | 23,050 | 0.05 | 0.15 | 3,350 | -4.40 | 0.05 | 21.83 | 2,59,182 | -21,622 | 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 | -4,078 | 933 | - | 541.95 | 173.25 | 500 | 538.55 | 541.95 | 200 | 17,750.00 | 1,150 | 0.15 | 0.20 | 4,850 | -4.75 | 0.20 | 22.92 | 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 | -5.00 | 0.15 | 20.56 | 4,30,380 | -30,761 | 49,557 |
| 1,869 | -707 | 2,552 | - | 439.00 | 166.45 | 100 | 438.00 | 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 | -7.10 | 0.10 | 16.41 | 5,25,067 | -34,044 | 51,586 |
| 3,073 | -3,938 | 3,073 | - | 390.00 | 163.10 | 250 | 386.00 | 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 | 99,000 | -74.90 | 0.05 | 5.49 | 26,74,460 | 22,454 | 55,468 |
| 2,644 | -7,289 | 40,124 | - | 238.95 | 142.50 | 200 | 238.20 | 238.95 | 350 | 18,050.00 | 50 | 0.10 | 0.15 | 1,150 | -21.55 | 0.10 | 11.25 | 4,39,572 | -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 | 2,650 | -50.90 | 0.05 | 7.20 | 11,42,428 | -21,904 | 20,830 |
| 5,449 | -8,135 | 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 | 50 | 160.15 | 161.55 | 300 | -177.30 | 161.55 | 12.29 | 59,704 | 242 | 1,348 |
| 65,969 | -22,135 | 13,30,489 | 0.00 | 0.05 | -0.35 | - | - | 0.05 | 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 | 111.10 | 111.40 | 300 | -157.80 | 111.40 | 10.79 | 1,79,344 | 19 | 634 |
| 29,266 | 1,332 | 4,40,542 | 0.00 | 0.05 | -1.10 | 17,850 | 0.05 | 0.10 | 41,150 | 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 | 111.10 | 111.40 | 300 | -157.80 | 111.40 | 10.79 | 1,79,344 | 19 | 634 |
| 32,645 | -1,611 | 1,04,237 | 2.37 | 0.10 | 0.05 | - | - | 0.10 | 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 | 145.90 | 145.95 | 250 | -159.60 | 145.55 | 20.22 | 45 | 19 | 21 |
| 27,326 | -678 | 72,202 | 0.05 | 0.05 | -0.65 | - | - | 0.05 | 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 | 32.76 | 17 | 15 | 17 |
| 7,486 | 886 | 27,405 | 19.38 | 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 | -377.35 | - | - | - | - | 2 |
| 33,649 | -7,466 | 1,13,866 | 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 | -1,090 | - | - | - | - | 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 | 1,000 | -243.30 | 685.10 | - | 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 | -1,130.10 | - | - | - | - | 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:

Select Symbol

Expiry Date

Strike Price

NIFTY

OR

Select

14-Oct-2021

OR

Select

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.