Twitter Thread by Param



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A Thread on How to NOT do blunders while selling Options. ■■

1. Never be Greedy in a High Vix Environment.

Sellers selling OTM get lured by higher premiums and sell near ATM or more than they usually do, this will burn your hand as High premiums also mean that you will end up giving higher premium back than usual as soom as it spikes.

2. Hope

Hope drives a man crazy and this is true for trading the most, hoping for a reversal to cut the pain. Humans have a tendency to avoid the pain and one does not accept the pain by not booking a loss

Tom Hougaard explains this well below.

https://t.co/zDbDT2hdej

3. Not having a setup in non directional Selling

You cannot make money long term if you don't have a set of rules or adjustments in place already if you are trading long term. Make a plan or a system so that you always know how to survive. Your Position is non D not the market.

4. Getting Egoistic

Many people think they are supreme because they are selling options much likely because of the Trend on Twitter in the community,
You are a trader think like one and remain one trading a certain way does not make you better.

5. Playing too near ATM on Expiry or with low premiums and holding.

I see people come in and Trade Straddles and Strangles just 50-100 points away on expiry to chase profits by the end, I've seen this happen because of low capital, please avoid it as Gamma Kills a seller

6. Carrying positionally without knowing the risk

Option buyers ke kapde bikte hai
Sellers ke Ghar bikte hai

If you are not hedged properly or position size isn't there you are one event away from going Bank corrupt or worse in Debt. ■2 takes no time to turn into ■500 :)

7. Focusing on R:R than probability in Non D setups

When selling Straddles or strangles Selling will give you a higher Probability of Profit than a good Risk:Reward and you have to adjust R:R with that

Loose one Gain 2 or 3,

doesn't work here,

Loose 3 gain 1 does work.

8. Not having an edge apart from just Theta

If Theta is thr only edge buddy then you are soong a lot of things wrong, find a way to make changes and gain an edge in Probability, Delta, Risk Reward, adjustments etc.

Just plain Theta won't be the one to keep you alive.

9. That's it for today if you have any questions feel free to dm :)

(Just don't ask this. Please stop it's way too old now)