Twitter Thread by Aditya Todmal

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Most of the traders on Twitter are non-directional traders.

Only a few trade on one side according to direction.

Here are 9 benefits of directional trading you cannot miss:■

Collaborated with @niki_poojary

@niki_poojary 1/ Higher Returns

Playing as per the trend usually gets you more conviction in your trades.

Which then leads to higher returns as you trade with the increased confidence.

Rather than selling 30-30 on each side, for eg, can just sell 90-100 on one side and make more.

@niki_poojary 2/ Easy management

It is easier to manage directional trades according to stop loss or targets based on patterns.

Don't need additional factors to think of for eg, premiums, distance from the spot, greeks, etc.

@niki_poojary 3. Avoid adjustments constantly

Non-directional option sellers have to constantly do adjustments to their trades.

Many times their original view is right but then the adjustments go wrong.

To combat these adjustments, they make more adjustments that unnecessarily use margins.

@niki_poojary 4. Improves price action analysis

You cannot be a good directional trader without having a very good grip on price action analysis.

Constantly using the price to make trades rather than playing for theta leads you to better understand price action.

@niki_poojary 5. Avoid strangle trap

Most of the option sellers get trapped due to greed of selling on both sides due to lower margins for the second leg.

So to make more returns they sell both sides(strangles).

That's why every week they get trapped unnecessarily.

@niki_poojary 6. Best traders are directional Traders

Two traders come to mind when it comes to directional trading.

1. Mitesh Patel Sir
2. Subhasish Pani

Look at the growth of their trading accounts, both have increased their accounts by doing directional option selling.

@niki_poojary 7. Can potentially make jackpots

If the market is really one side, there are some occasions where you can make windfall profits just by rolling your trades.

Think of the bull market rise where every day was a gap up and upside.

The money people made during that time was huge.

@niki_poojary 8. Can apply to any instrument

Directional trading can be applied to any instrument once learned how to do it.

For eg, if you can gauge the direction, you can trade in stocks, cryptos, commodities, etc.

The logic is the same everywhere.

@niki_poojary 9. Applicable on any day

Non-directional traders, usually wait for Tuesdays to start the week as that's where theta decay is the highest.

When you play for delta rather than theta, any day is good for you as movement takes place daily, so you can sell options and make a profit.

@niki_poojary Hope you discovered something new (because that's the point!)

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If you enjoyed this thread here's another one:
https://t.co/E4LmaF4gHn

> Twitter is a free university.
>
> But 98.8% forget 20% of what they read.
>
> Here are 10 threads you must re-read:
>
> — Aditya Todmal (@AdityaTodmal) June 5, 2022