Twitter Thread by Aditya Todmal

Aditya Todmal
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Sir has more than 100 videos on his Youtube channel.

He mainly focuses on the same few concepts to take a trade.

I can teach you those in the next 5 minutes:■

Collaborated with @niki_poojary

1/— OI unwinding for Aggressive trades

Okay, so you must begin your search for these type of trades "ANYDAY AFTER 1 PM".

For eg:

If the market is going up and you spot some large unwinding on the call side.

Sell the immediate puts from where the market reversed to go up.

Where option sellers are trapped no need to check the support resistance as a big directional move is going to happen.

Just aggressively sell puts straight up, pocket the higher premiums and make high returns.

Explaining the logic in the next tweet.

Logic:

Simple, option sellers are tapped. In this case on the call side.

When a seller is trapped he will buy his option back.

Option buyer will not be in a hurry to square off as he is in profit.

This will result in a huge spike in calls.

A call option seller cutting his position means he is not confident that the market will go down or sideways.

We take a hint from him and sell puts to make a profit.

Dont do debit spreads post 1 pm:

After the spike no meaning to buy debit spreads also if you are going to take the trade overnight as well as the risk will be very high.

To avoid this high risk, we can skip debit spreads post 1 pm.

2/— Candle Size

Closely monitors big candle sizes.

No big candles means no aggressive trades.

Looks for 0.5% candles on a 3 min chart to spot a strong buyer/seller.

For eg, last full expiry he played on the basis of that green strong candle on 3 mins.

I had updated the logic too on Twitter.

Here's the tweet.

https://t.co/q5AQhiD4DM

> When the market was dipping @Ronak_Unadkat Sir told @niki_poojary and me that he is adding put sells of 38700 in this dip.
>
> Logic is highlighted in the chart below:
>
> Bias should be bullish until the strong green candle is out.
>
> Sixer day for him! Congratulations! \U0001f973\U0001f973\U0001fae1 pic.twitter.com/Fc6wppwy3K
>
> — Aditya Todmal (@AdityaTodmal) August 11, 2022

3/— Keep in mind breakout and breakdown levels

For eg, last week the market had broken out from 36800.

Until the market came below this level he would not be getting trapped in calls unnecessarily.

In this case, just look for trade with a bullish bias.



4/— Dont sell options on breakouts intraday

Firstly, he doesn't like selling options on a breakout aggressively for intraday.

For eg:

Market broke out from 39000 level.

If you sell 38500 put, lot of decay wont come unless you take it intraday.

Already most of the decay is over.

If 3-4 hours are left still for the trading day to be over then you can:

Buy ATM calls and sell Otm calls.

If you are buying 100 rs calls then you can sell 50 rs calls against them.

Rule: The debit in such trades shouldn't exceed 1% of cap.

For eg your capital is 10 lakh, your max debit can be 10,000 rs.

How to manage a debit spread he has already shown in his youtube videos.

Attaching the links below:

Hindi - https://t.co/DRq2gUiYG4

English - https://t.co/eCFwBIlwk1

5/— Call premiums don't rise on an upmove and put premiums don't rise on a downmove:

This means only two things either the market will:
1) consolidate or
2) take a reversal.

If a buyer has bought calls and his target has achieved but the call has not increased.

He is forced to square off his trade.

6/— Monitor Strangle premiums

If the strangle premiums are not falling means there is erratic behavior and we have to be very careful.

If they are falling can take trades to profit from "theta decay".

When premiums are not falling and most option sellers have no mtm profits intraday.

He goes for debit spread trades on such occasions rather than selling strangles.

This is how he makes profits on those tough days.

TLDR version:

1) OI unwinding for Aggressive trades
2) Candle Size
3) Keep in mind breakout and breakdown levels
4) Dont sell options on breakouts intraday
5) Call premiums don't rise on an upmove and put premiums don't rise on a downmove
6) Monitor Strangle premiums

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Have & happy & safe weekend!