Twitter Thread by Pankaj DP

Pankaj DP
@voPAtrader

Friends,
in this thread, I shall explain important trading concepts in simple way.

It takes time to create content. I hope you find it worthy of RETWEET.

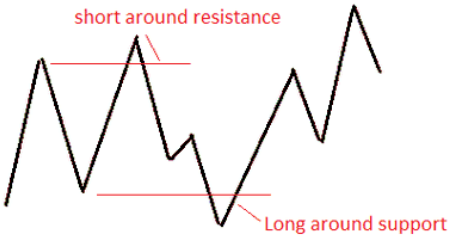
If response is good, then I shall continue with this series to cover more in depth concepts/ different scenarios.

1. Trending markets



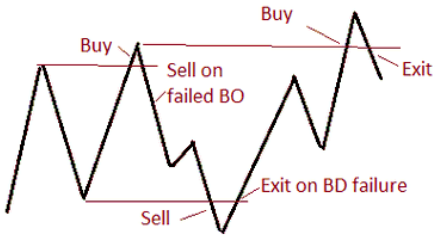
2. Choppy markets

What we plan to do..



Choppy mkt

What we actually do..



Choppy mkt

What we should do..

DO NOTHING



Choppy mkt

*This is for directional traders, not Straddle/ strangle writers

3. Handling losses

Original Capital: 2 Lacs

series of losses

Current Capital: 1 Lac

What we plan to do..

- No over trading
- Take only valid signals
- No undue risks

What we actually do..

- Hero or Zero with 50k
or
Buy- Sell, Sell-Buy, Buy-Sell, Buy-Sell, Sell-Buy, Buy-Sell, Buy-Sell, Sell-Buy,Sell-Buy

Lose another 25k

Form opinions like..
- Stock market toh bus jua hain, jua.
- Operators mere SL khate hain

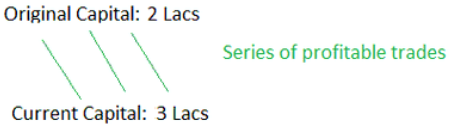
What we should do..

Either,
- take a break from markets for few days.
- Study past trades, Identify mistakes, create a plan, Slowly resume trading with 25%-50% less position size

or

Trade with extremely small qty. Increase capital once cross some milestones like 20%-30% gains.

4. Handling profits



What we plan to do..

- Preserve gains
- Stick to plan
- Increase position size by 10%

What we actually do..

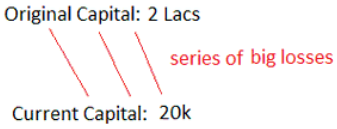
- Get over confident
- Increase position size by 25-30%
- Give up gains in 5 days; get frustrated, revenge trades

Revised Capital: 1.75Lacs

What we should do..

- Firstly learn to digest profits.
- Take out 1Lac and invest in stocks/ FD/MFs etc
- Since we are on winning streak, slowly increase position size by 10-15%.
- If we hit few bad trades, immediately reduce position size to original

5. Handling huge capital drawdown



What we plan to do..

- Promise to self, to rectify all mistakes
- Search for new indicators/ holy grails on Twitter- Youtube
- Watch psychology videos

What we actually do..

- Hero or Zero with 20k
- Add 50k/ 1 L capital

Loss cycle repeats

What we should do..

STOP trading. Period.
- Start learning from 0.

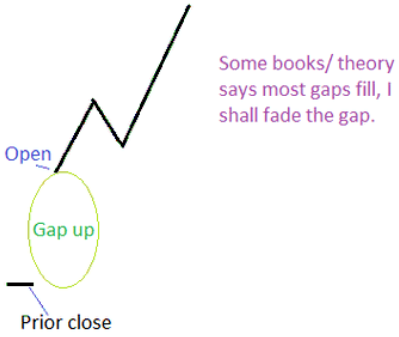
6. Trading around events

A big event coming up.... Budget/ LS elections
or
stock specific news comes.... Scam/ mgt resignations/ M&A etc.

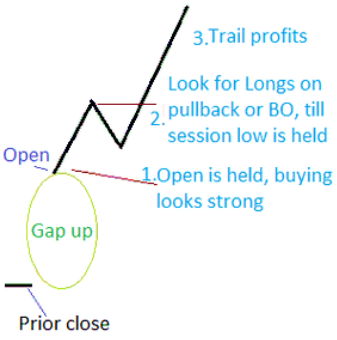
What we plan to do..	What we actually do..	What we should do..
- Watch news & read social media on what experts are saying - Then based on their inputs take trades or Form a bias.... Bad news -> Mkt/ stock to fall, let me short	- Hero or zero trades thru Long deep OTM options - Over trading - Exit blue chip stocks on fear or add dicey companies coz they are cheap	- If no prior experience of trading such events, DO NOT TRADE. else, - Stop watching news & focus on Data/ Volumes-Price action - Widen SL - trade with 50% position size. - Do not buy naked OTM options

7. Trading post Gaps (1 of many other ways)

What we plan to do..	What we actually do..	What we should do..
		In markets, there is big difference betn Theory & practicals. All gaps need not fill same say. Just follow data & Price.







8. Expiry Options (Hero or zero)

#Options #optiontrading

Today is expiry. BN options rose big towards end..



After markets....we think,
> This Long option setup was so obvious. I could have bought at 15. If not 200, even if I exited at 150, still 10x returns. I can multiple capital thru Expiry trading.

What we plan to do..

- Buy 5-10 Rs options every expiry, based on some analysis.
- It can goto 0 in few expiries, but when it goes 10-20x I shall make big returns

What we actually do..

Expiry1: Buy at 10 → 0 expires worthless

Expiry2: Buy at 5 → 0 expires worthless

Expiry3: Buy at 10 → 300 → Sell at 15, in fear. Premium rises till 300

What we should do..

Understand far OTM options are lottery tkts.
Preferably buy ITM options of next expiry

or
if you want to play expiry, as lottery, allocate small fund which you dont mind losing. Trail when in profit.