Twitter Thread by Aditya Todmal

Aditya Todmal
@AdityaTodmal

Curated tweets of @sourabhsiso19

Found awesome content: ■

1. Moneycontrol
2. Bank nifty Strangles/Straddles
3. Learnings
4. Expiry Trading
5. Directional trading
6. Long Term Investing
7. Pivot system
8. DHS pattern
9. Multiple trade management threads/ways.

Moneycontrol article on @sourabhsiso19 ■

https://t.co/IrdMhpR1e9

> @moneycontrolcom did a detailed story on my trading journey.
> But many couldn\u2019t read it as it needed a pro-subscription.
>
> So here\u2019s a blog on the same :https://t.co/dwN2xieUKd#trading #journey #quant #options #algotrading #markets #OptionsTrading
>
> — Sourabh Sisodiya, CFA (@sourabhsiso19) May 26, 2020

What Sourabh does and how to trade like him? ■

https://t.co/NZCLZss1D2

> Getting many DM\u2019s on how I can learn and trade like you.

To be a succesful trader one needs an edge
My edge:
1)focus on selected instruments (Banknifty majorly and few stocks)
2) backtested my strategies historically (for past 10years)

(1)

— Sourabh Sisodiya, CFA (@sourabhsiso19) January 10, 2020

Why trade multiple systems? ■
1. Keeps drawdown at minimum.
2. Strong money management can be applied.
3. Better psychology.

https://t.co/dc1ecuLyO6

Do I trade only BNF ?

Other than BNF intraday , I run few other systems too.
1) Intraday Momentum
2) Positional systems
3) Vol Crush Trade etc

Goal of system trading is to run few non-correlated strategies together so that system drawdown is at the minimum.#trading #systems pic.twitter.com/mS8jFEaLUW

— Sourabh Sisodiya, CFA (@sourabhsiso19) March 4, 2020

Thread on how options allow you to change your positions in a dynamic manner. ■

https://t.co/JiW264aAav

Options Thread

How options allows to change and adjust view dynamically.
Let\u2019s understand with a live example.

Example : Nifty is at 11921 and you are bullish on Nifty.

1) Buy Naked 11900 CE(call) at 167

Breakeven : 12068
Max Loss : Rs 12555
Max Profit : Unlimited pic.twitter.com/TXMhh5HWsd

— Sourabh Sisodiya, CFA (@sourabhsiso19) December 7, 2019

Why he trades Bank Nifty strangles. ■

https://t.co/76OeeTbBTG

> Why do I trade BNF strangles ?
>
> Sharing EOD backtest results of straddles.
> SL 50 points or exit at close
>
> Then we I tested on 1 min.option data to find
>
> -Best time to enter
> -Best time to exit
> -Max possible decay for day
> -Days to avoid strangles#edge #systems #quant #banknifty pic.twitter.com/atYsKJJFG2
>
> — Sourabh Sisodiya, CFA (@sourabhsiso19) February 22, 2020

Sell strangles when ■
1. Opening is in the middle of PDH/PDL.
2. Combined strangle chart at day low.
3. Below Vwap.
4. Below 20 MA.

https://t.co/395faWrFmw

> Did 8900 PE and 9000 CE at 9:30 am
>
> 27 points decay till now and still trailing
>
> Logic :
>
> 1)Open with previous day range
> 2)Wednesday there\u2019s good decay
> 3) Combined strangle was below vwap and trending down#data #trading #options pic.twitter.com/xyKmvhyz7y
>
> — Sourabh Sisodiya, CFA (@sourabhsiso19) May 20, 2020

When he sells strangles if market opens within PDH/PDL he trails aggressively as according to a study a breakout can happen anytime in the second half. ■

https://t.co/EIFgMQZZwN

> Why exits are important:
>
> The morning is back to 250 and my entry price.

> Why did I exit ?
> Check the violin plot for the answer.
>
> Range bound but can become trending in 2nd half. pic.twitter.com/vnKNY8iHyl
>
> — Sourabh Sisodiya, CFA (@sourabhsiso19) March 25, 2020

Start with 1/3rd quantity, add if in favour.
Win big on highest quantity, lose small when on lower quantity.. ■ ■

https://t.co/HZsESN3QmL

> I start with only 1/3 of my original position when I get a signal and add more only if the trade goes in my favour. So when I am right I have my largest postion open and when wrong I lose only on the initial 1/3rd.
>
> — Sourabh Sisodiya, CFA (@sourabhsiso19) September 28, 2019

Thread on how to manage Bank Nifty straddles. ■

https://t.co/dJJQj2L6cR

> How to manage straddles :
>
> 1) As bnf open was within yesterday range created a 29000 straddle at around 9:30 am
>
> 29000 PE sold at 528 and
> 29000 CE sold at 453#trading #OptionsTrading pic.twitter.com/aPvB0iFvkA
>
> — Sourabh Sisodiya, CFA (@sourabhsiso19) November 20, 2020

Learnings he has noted down in an excel. Go through this, very important. ■

https://t.co/K8LD5Mo4p0

> Q\u2019s on how could I avoid the spike:
> Good trading is learning from your mistakes.
>
> I exited early as I had already seen such markets and had made a note of it (see highlighted area)
>
> Attached a ss of my learnings#OptionsTrading #banknifty #trading pic.twitter.com/wg6xq9uIE8
>
> — Sourabh Sisodiya, CFA (@sourabhsiso19) February 18, 2020

Another tweet on his lessons learnt and the mistakes he's noted down. ■

https://t.co/4QXfegHC3s

Thread on trading lessons & mistakes:

I always keep my mistakes & lessons learnt in front of my screen while trading.
Bcz we as traders tend to commit the same mistakes everytime.

So seeing your learnt lessons everyday ensures that you avoid them.
#trading #mistakes
(1) pic.twitter.com/58i504kdfN

— Sourabh Sisodiya, CFA (@sourabhsiso19) June 23, 2020

Don't sell straddles/strangles on gap days as premium moves are erratic and rarely there is a follow through. ■

https://t.co/icI1aMaetV

If you had created straddles/strangles you would have made loss.

I didn\u2019t create today

Reason : My Learnings book

\u201cGaps generally don\u2019t show follow thru and premium moves are erratic\u201d.

Knowing when to trade is also imp.#banknifty #OptionsTrading #system pic.twitter.com/Mi5nBxBaJM

— Sourabh Sisodiya, CFA (@sourabhsiso19) February 19, 2020

Create Skewed bullish strangles when market crosses previous day high and weekly pivot. ■

https://t.co/ZpEYmy95Lt

Sold 21600 PE -22300 at 335

The strangle decayed almost 170 points.

Logic:

As soon bnf crossed 21670(prev day high & weekly pivot)
Created skewed bullish strangles.

Today being a wed the decay is high but key is to create skewed postions as per view.#trading #theta
pic.twitter.com/nTP6s5fEoi

— Sourabh Sisodiya, CFA (@sourabhsiso19) July 1, 2020

Pointers on how to do expiry trading. ■

https://t.co/FjXxBfaPTa

22 times SL got hit today but still day is in good green.

Rules

1) Start small and add slowly as per movement
2) Don\u2019t let options become ITM
3) Make sure MTM loss < 2% of capital
4) Keep tight stop after 2 pm to avoid gamma risk#expiry #trading #theta pic.twitter.com/ebxWfCD3V0

— Sourabh Sisodiya, CFA (@sourabhsiso19) June 25, 2020

Last week of expiry, keep stocks in watchlist that are 1-2% away from highest OI strike. ■

Logic is if that is breached writers will panic leading to a big short covering move.

https://t.co/Z8vR75ihts

Keep Kotak Bank in radar for tomorrow if sustains above 1900

Trend : It\u2019s at New 52 week high

Options Data :

1900 strike has max call OI and it\u2019s last week of expiry.
Price sustaining above 1900 will make call writers run for cover leading to a further short covering rally.
pic.twitter.com/GnLaHuhenU

— Sourabh Sisodiya, CFA (@sourabhsiso19) November 23, 2020

Thread on how to do long term investing. ■

https://t.co/Zh2j67wdR1

Can long term investments also be done using systems ? Yes !

I\u2019ll share the process that we use to build long term systems (100% systematic in nature)

1) Trend should be up

We can objectively decide the trend using a moving averages

(1) pic.twitter.com/x9SogbyZCc

— Sourabh Sisodiya, CFA (@sourabhsiso19) March 21, 2020

Framework for directional strategies. Check the first picture in his tweet, important. ■

https://t.co/07oj4sHvXS

Back to office after a while :)

This is a framework which we use to build directional strategies.
Every point is quantified to build a logical system and then we decide for best option strategy as per our view.

What are your thoughts on it ?#trading #quant #data #system pic.twitter.com/3VRt487vXE

— Sourabh Sisodiya, CFA (@sourabhsiso19) May 9, 2020

Directional trading for going long in stocks: ■

1. ATH or near ATH.
2. Futures OI built up positive.
3. Call unwinding.
4. Strong put writing.

https://t.co/A9LNzIquE4

Keep Bajaj Finance in radar

Logic :

1)Trend :
After sideways consolidation near ATH, formed a bullish candle with volume

2) OI data:
futures up 4.68% & also Futures OI up by 6.54% indicates long built up

3) Option Chain
5000 CE saw unwiniding and fresh put writing in 5000 PE pic.twitter.com/0Ci7FIXv0o

— Sourabh Sisodiya, CFA (@sourabhsiso19) December 16, 2020

DHS pattern (Day high sustains) ■
1. Near 52 week high
2. 1st 5 min candle breaks PDH
3. Day low sl
4. Trail with 20 SMA

https://t.co/Mr8KUGT9Dp

Easy trade in Bajaj Fin & RIL

DHS pattern:

Criteria : Stock should be near 52 W or breaking a range

Entry : if 1st 5 min candle breaks PDH

SL : Day low

Trail using 20 ma

Focus on 1-2 simple patterns & manage risk.

Backtest results are also great.#intraday #patterns pic.twitter.com/NaPwh8nFhO

— Sourabh Sisodiya, CFA (@sourabhsiso19) June 19, 2020

A new Pivot system he uses: ■

1. Buy above R1
2. 15 min candle close above R1
3. SL below candle low and keep trailing.

https://t.co/HiFC0qiTyg

Took trade in Kotak as per new Pivot System which we which we recently backtested

Logic :
Buy above R1 if 15min candle closes above R1
SL below candle

Bought as per system & kept trailing.

Attached backtested Equity curve.#trading pic.twitter.com/EaE4Iai9nP

— Sourabh Sisodiya, CFA (@sourabhsiso19) April 23, 2020

Trade management in a Reliance trade he took. ■

https://t.co/xTJoGEDEvh

How to do Trade Management

What defines your success as a trader is how you manage your losing trade.
I was bearish on Reliance as per view in previous tweet and shorted it at 1052 but RIL started going up

(1) pic.twitter.com/64tJmZ9UEm

— Sourabh Sisodiya, CFA (@sourabhsiso19) March 30, 2020

Trade management on a day when market opened 3% gap up, then went down and then again rallied towards the end. ■

https://t.co/P8q4Db6lRi

Thread:
How I managed my losing trade to end in profit ?

Today was a difficult day for most traders as market opened with a 3%gap up & fell after that and again rallied in the 2nd half.

In this thread, I will be sharing my detailed trade management for today.#trading pic.twitter.com/i7nOwqUBwc

— Sourabh Sisodiya, CFA (@sourabhsiso19) April 17, 2020

Strangle Trade management when there is a violent move/iv spike. ■

https://t.co/BmO53F3NZa

Thread
How to manage strangles dynamically incase of a violent move or IV spike ?

1) Yesterday and infact entire last week if you had created strangles you would have experienced that during upmove only call side were increasing but puts weren\u2019t decaying.#trading #Options

— Sourabh Sisodiya, CFA (@sourabhsiso19) November 7, 2020

Learnings from the book Market Wizards. ■

Thanks to @sourabhsiso19 for the immense learning and hope you enjoyed this compilation. Ask him questions as he always responds to the best of his ability. ■

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THE END

https://t.co/vVuUdOuP1k

Good to see lot of traders pointing out their mistakes.

As they say \u201cLife is too short to make all mistakes yourself\u201d

Sharing some mistakes and learnings from the book Market Wizardshttps://t.co/M5OOHIJRCd#trading #mistakes #learnings #market #wizards pic.twitter.com/S8IoeTXKV8

— Sourabh Sisodiya, CFA (@sourabhsiso19) March 1, 2020