Twitter Thread by Nikita Poojary



Nikita Poojary
@niki_poojary



Thread: Free Options Trading Course for Beginners with small capital.

Reference: Option trading marathon series, part 1 from Mr. Subasish Pani ft. @PushkarRThakur

Collaborated with @AdityaTodmal

1/ Trading journey of Mr. Pani

• He has an experience of 7 years.

• He has made a profit of Rs. 20 cr. over these years with a capital of Rs. 2 cr.

• However, it's not easy to make such profits.

• More difficult, is to retain those profits and build more on it.

2/ How he ventured to options selling

• He started with futures and option buying however after a certain point when his capital grew, he faced scalability issues and hence he resorted to options selling.

3/ Investing becomes imp once the capital grows:

• Since his trading profits have grown well, he has started investing (investing is always for LT).

• For folks who dnt have much info regarding investing can simply buy Nifty 50 stocks & keep rebalancing as Nifty 50 does.

4/ Covered calls strategy for the portfolio:

• Pledge the portfolio and receive margin ~80% which he would then use to sell OTM CEs of the stocks which are in his portfolio.

• This helps in generating fixed income from the portfolio.

5/ For folks who wish to learn trading, check this:

• Need to have a firm commitment.

• In terms of money and in terms of how much time you would give yourself in market.

6/ Start with a small capital:

• Lets say you start with Rs. 10k.

• Buy everyday one single stock exit with Rs. 300 loss and profit of Rs. 600 with position sizing.

• Do this exercise for 30 days.

• This is to understand the process.

7/ Stick to your set up

• Be disciplined

• Don't do system hopping

• Try to take atleast 100 trades to understand the nuances of the system, as develop discipline over the period.

8/ What is Call option (CE) & Put Option (PE)

• If your view is that market will go up, an option buyer will buy a CE and if the view is that market will go downside then an option buyer will buy a PE.

• Every option has a premium.

9/ Intervals in NF & BNF:

• Nifty option strikes has an interval of 50 points and Banknifty has 100 points.

• Check Option chain for more details:
- Nifty : https://t.co/5BrThceFd3
- Banknifty: https://t.co/HbPkJw310q

10/ When does an option buyer or a seller makes money?

• Buyer makes money if the market moves in his favor.

• Option sellers make money if the market remains sideways or moves in his favour.

11/ Basic set up for option sellers: Short Straddle

• Wherever the spot is sell both CE & PE of the same strike.

• Currently NF spot is at 17530, so to short a straddle one has to sell both 17550 CE & PE together.

CALLS											PUTS								
OI	CHNG IN OI	VOLUME	IV	LTP	CHNG	BID QTY	BID PRICE	ASK PRICE	ASK QTY	STRIKE PRICE	BID QTY	BID PRICE	ASK PRICE	ASK QTY	CHNG	LTP	IV	VOLUME	CHNG IN OI	OI
168	147	435	18.08	440.65	-337.35	450	444.85	447.00	750	17,150.00	150	41.45	41.65	250	30.10	42.90	19.77	2,00,604	3,686	8,195
2,097	1,667	8,447	18.93	396.15	-298.05	50	404.35	405.00	200	17,200.00	300	50.75	50.90	550	35.70	51.00	19.70	8,11,957	22,241	49,945
262	238	1,262	18.98	356.95	-478.15	450	365.05	365.80	50	17,250.00	550	61.15	61.40	300	43.75	62.00	19.59	2,57,661	3,474	11,082
1,586	1,247	16,920	18.81	320.00	-280.15	50	327.65	328.15	50	17,300.00	250	73.65	73.80	500	51.75	73.85	19.49	9,34,002	15,658	50,026
608	575	4,781	18.67	281.90	-271.60	100	291.70	292.40	550	17,350.00	100	87.95	88.15	200	60.70	87.20	19.43	3,62,007	8,965	14,878
3,710	3,070	59,424	18.63	250.00	-267.25	50	257.90	258.40	50	17,400.00	100	103.70	103.90	300	71.25	103.00	19.26	11,89,194	32,661	60,432
2,012	1,844	28,581	18.58	210.05	-255.50	50	226.05	226.50	200	17,450.00	250	121.70	121.95	50	86.05	124.00	19.13	4,82,048	3,352	9,455
40,891	38,579	4,69,647	18.46	187.25	-240.10	50	196.20	196.65	50	17,500.00	50	141.65	141.85	100	97.60	143.00	19.01	21,20,708	44,874	81,258
19,351	19,113	2,65,461	18.41	166.35	-217.15	50	169.65	170.05	100	17,550.00	50	165.40	165.50	200	111.50	166.00	19.02	7,11,401	11,790	15,935
66,559	64,879	10,68,741	18.36	142.00	-203.40	50	145.20	145.45	150	17,600.00	50	190.70	190.80	50	126.90	192.00	18.90	19,33,603	9,195	47,561
20,013	19,753	5,17,566	18.37	120.00	-187.95	50	123.90	124.05	50	17,650.00	700	218.80	219.20	50	146.85	224.30	18.92	7,80,171	4,503	10,086
86,711	83,246	17,03,868	18.32	100.55	-172.95	150	104.15	104.35	50	17,700.00	100	249.35	249.50	50	163.65	255.00	18.93	18,09,384	16,493	40,926
29,844	29,075	6,94,439	18.31	84.95	-155.90	150	87.20	87.40	50	17,750.00	50	281.85	282.15	50	179.15	287.30	18.97	5,29,008	2,095	6,881
1,31,810	1,17,697	20,75,107	18.23	69.50	-138.40	50	71.55	71.65	150	17,800.00	50	316.65	316.85	50	198.85	325.00	18.85	10,46,846	48	41,848
35,888	30,447	5,94,374	18.23	57.00	-121.15	50	58.95	59.05	100	17,850.00	1,250	354.30	354.60	200	211.10	359.00	18.76	1,47,909	404	8,033
1,30,282	90,452	14,80,509	18.15	47.00	-107.25	250	47.35	47.45	100	17,900.00	50	392.30	393.00	250	229.35	399.00	19.00	2,72,188	-21,521	11,899
31,756	18,599	5,06,615	18.21	38.00	-92.40	100	38.40	38.55	800	17,950.00	700	431.85	432.90	200	242.45	436.85	18.89	30,359	-2,418	1,845
1,52,046	77,065	17,98,709	18.18	30.00	-77.15	2,450	30.55	30.60	50	18,000.00	50	473.75	474.90	50	257.40	481.00	18.73	1,70,066	-14,448	10,017
36,580	18,750	4,83,771	18.18	23.60	-62.35	400	24.20	24.30	50	18,050.00	50	517.25	519.70	450	270.35	526.00	19.11	11,235	-1,190	950
1,02,416	41,043	11,27,198	18.24	19.00	-52.20	50	19.15	19.20	450	18,100.00	50	561.25	562.95	250	282.65	570.20	18.85	27,201	-3,777	3,248

12/ How to initiate a trade:

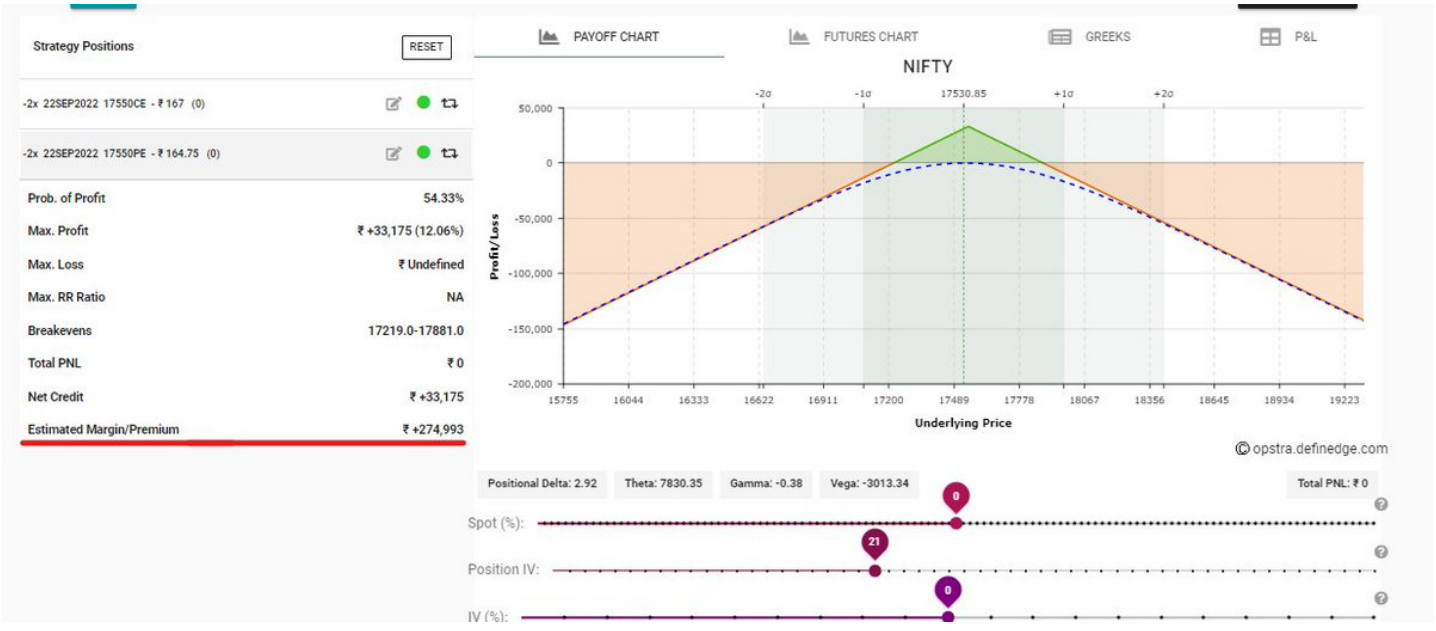
• Net premium collected is Rs. ~330

•Premium decay happens the most on Tuesday Wednesday and Thursday

• Trade this in intraday and avoid overnight risk while learning.

• Probability of this set up is 70%

• The R/R should be 1:2



13/ When to exit:

• Capital required for 2 lot of strangle is aprrox. 3 lacs

• Book out based on target or SL:
- SL: if the losses amount to Rs. 5,000 or
- Target: it if the strangle is in profit of Rs. 10,000.

14/ Don't go into adjustments:

• Especially when you are in learning phase.

• Also Subasish doesn't believe in adjusting the legs, its usually SL or target for him.

15/Don't get sad when you SL is taken out

• Take that as a learning, as you will exactly know how much point SL you need to keep.

• How does the option premium behaves towards the expiry etc.

16/ Option buying requires more discipline

• Although any trader requires discipline while entering and exiting trades however option buyers requires this virtue a lot more.

• An option buyer can make money only if he can time the momentum properly.

17/ Option buying Timing:

• Usually momentum is better from 9.15- 10.30am.

• 5min TF will have more trades than 15min.

• Select the TF as per your temperament.

• If one has slightly more capital then look for trades between 1.30-3.30pm.

• 10.30-12.30pm: No trading zone.

18/ Trading psychology & discipline in option buying:

• If you have booked losses in 3-4 trades in the morning hour then just close for the day.

• If you are in profit in the morning trade , then you can risk that profit and trade in the closing hour.

19/ When to buy?

• E.g. you are using 5min TF.

• If any candle breaks the first 5min high or low buy CE or PE accordingly.

• Eg: Market gives a BO of the first 5min candle basis which you buy a CE option, but thereafter before reaching your 1:2 target it makes a downmove.

20/ When to exit?

• Now exit the CE buy and buy a PE.

• If the market is in momentum then you'll be in profit.

• If your SL gets hit, then that's an indication that market is consolidating.

• If both the sides SL gets hits then better to close trading for the day.

21/ Best time for option buyers having small capital:

• Focus only on 9.15-10.30am everyday.

• Thursdays when there is weekly expiry focus on 1.30-3.30 pm as well, as a strong move towards the end of expiry can fetch handsome returns.

22/ Take inspiration rather than getting influenced:

• Performance comparison should be with oneself rather than comparing with profits of others on the SM.

We have an upcoming two day workshop on October 15th and 16th, 2022.

Venue: Andheri East.

Go through these links and sign up for the workshop.

- FAQ here: https://t.co/l00nLRLgvN

- Registration form: https://t.co/2VdjEKPn5v



Source for this thread:

https://t.co/rVds8oqrdH

If you enjoyed this thread, here's another one which might be helpful:

https://t.co/tDscnKiAKg

An option buyer made Rs. 58 lacs from Rs. 2 lac capital in a span of just one month (March 2020 COVID crash).

He is none other than Mr. Subasish Pani.

THREAD: 11 things you must know to become an option buyer.

> Collaborated with @AdityaTodmal
>
> — Nikita Poojary (@niki_poojary) August 27, 2022

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

If you did:

1. Follow us for more:

@AdityaTodmal
&
@niki_poojary

2. RT the tweet below to share this thread with your audience