Twitter Thread by Abhishek Kar



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So we had discussed a few pointers in the previous thread about options,its time now we discuss further implications and applicability in this thread which will help you in NEW YEAR.
Let’s go and dive into the world of options trading.

-The amount of decay can be measured by theta. This is why you can be right on stock price direction and still lose money. The time decay portion of the option price overpowers the directional move in the underlying stock price.

-During result days due to the heightened uncertainty, there is opportunity for options sellers because of the expensive premium. When entering into an earnings trade, it is optimal to initiate the trade as close in time to the event as possible.

-Keep some cash on sidelines. This would help in adjustments,margin expansion,face losses and also during new opportunities which suddenly arise. A lot of people do the mistake of going all in and regretting later.

-Everything in trading has a trade off.

Unlimited profit comes at the expense of low probability of profit. Give up some profit potential, and you gain a higher probability of profit.
-By using portfolio beta weighted delta, you can accurately gauge your overall portfolio risk. If your portfolio is leaning too far in..

one direction (bullish or bearish) you now have the information to add offsetting trades to reduce your overall directional risk
-Iron condors & credit spreads are two defined risk short premium strategies
These strategies involve both selling a closer to the money option..

& buying a further out of the money option.
-When you place our options orders, you need to go in at mid price to get a fair price on your positions. As a retail trader, you never will be able to buy on the bid price or sell on the ask price. That is the job of the market maker

-In options with a market order, you are allowing your broker to fill your trade at whatever price someone is willing to give you. This is often not a fair price and using market orders is a great way to get ripped off.
-Hope you gained some insights.

Here is the link of previous thread. If you wish more informative threads which ofcourse dont cost anything but add value,dont forget to retweet on this post. I am certain you can do that to spread learning.
https://t.co/AV8EPWM2Uf
Keep learning
Keep sharing
Keep growing

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> The entire thread will have some quick pointers on options trading. These bullet points are based on experience and learning and even if you are completely new,will help you to build some perspective. So,lets go :
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> — Abhishek Kar (@Abhishekkar_) December 29, 2020