Price Action Option Strategy

In this strategy, we work only in → **In The Money (ITM).**

**In The Money:**

In the “In The Money”,

Spot price (Current Market Price) > Strike Price.

When there is market opening:

1. Gap UP

2. Gap Down

3. Consolidation

Market Trends:

1. Directional Trend

2. Volatile Market at Event/ Expiry of Option → It is most of the money maker trend and is most risky.

3. Consolidation/ Breakup/ Break down.

1. In Bullish trend/ up trend stocks, Whenever there is gap down opening then it always tries to recovers original bullish trend in short time period.

2. In Consolidation trend stocks,

Inside consolidation stocks, we should keep small stop loss because in consolidation breakdown may be either in up side or may be downside.

So, probability of loss/gain is very large. So, Keep stop loss always very small.

3. In Gap up trend,

In gap up opening of stock, the stock first wil adjust its price and consolidates then it continues its trend.

So, Try not to pick stock with gap up opening, wait and let it adjust and consolidate and then it will continue its trend so, at consolidation time pick the stock, not at the time of gap up opening.

Note:

1. RSI also indicates whether stock is in over bought or over sold zone.

2. MACD indicator is also helpful to indicate trend reversal.