Chanakya Strategy

Strategy Named chanakya because:

Chankya ji : Chote chote waar krne se dushman kamjor ni hota, hum khud kamjor ho jaate h.

Waar ek baar ho or solid ho.

i.e., Daily trade and 10 trades per day has no benefit, it will leads to loss finally. Weekly 1-2 days trade will leads to profits.

Base of Strategy:

1. Monthly 6-8 Trade or Weekly 1-2 Trade
2. We will focus on Deep In the money options

(Deep in the money – 4th-5th Option inside In the money Options. Deep in the money options have large intrinsic value. They have nearly 100% delta i.e., their price changes with every point changes in the underlying price.).

If bought OTM 🡪 Then market will be in our direction but there will no profit and

If bought ATM 🡪 Then market will be in our direction but very less profit comparably.

1. It depends on PCR and PCR RSI Mix strategy i.e., don’t use this strategy without PCR

(Watch PCR in night i.e., before market opening time and RSI at run time of market).

1. We will focus on next expiry options only.

We don’t work with current expiry as premium decays with more rate if market is not in our direction.

We can hold it too for 1-2 day as there is less decay.

1. Work only with 1 lot and go for only 70-80 points in bank nifty and 35-40 point for nifty i.e., only Rs 1000 profit at 1 lot.

Importance of Strike Price in Option:

Every strike price does not work well with every trade. A particular strike price worked well with particular trades. So, It is very important to select correct strike price for the trade.

How Strategy Works:

If PCR < 0.7 (i.e, Market is Extremely Over Sold) 🡪 Then, buy the Deep In the money Call Options.

If PCR > 1.7 (i.e., Market is extremely over bought) 🡪 Then, Buy Deep in the money Put Option

**Example:**

1. Let say market is oversold at 1600 point i.e., pcr <0.7 then, it is expected then it can go max below upto 15800 (lets assume next support) so, we will buy 15800 Deep in the money strike price call option of next expiry.
2. Let say market is overbought at 1600 point i.e., pcr > 1.7 and it is expected that it can go max above upto 16200 (let assume next resistance), so, we will buy 16200 deep in the money put option of next expiry.

**Note:**

Market is oversold or overbought in the next. In the next day, it give gap down/up opening then as the rsi is below 30 then there will be trend reversal for the recovery and then buy deep in the money call/put option of next expirty.

Limitations of Strategy:

1. Any news in opposite direction i.e., RBI / FED News / Election News / Govt Data/ Budget.