

# Professional Intraday Options Strategy Framework for Nifty 50

**& Critical Disclaimer:** Options trading with 100% capital is extremely risky. One wrong trade can wipe out 50-100% of capital. The strategies below are educational frameworks - always paper trade first and never risk money you can't afford to lose.

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## **\*\*LOGIC A: Quick Scalping Strategy (Momentum Surfing)\*\***

### **\*\*Market Philosophy\*\***

Capture rapid 5-15% moves in ATM options during high-momentum periods. Target 3-5 trades/day with 70%+ win rate.

### **\*\*Entry Logic (ALL conditions must align)\*\***

#### **For CALL Entry:**

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#### 1. Price Action Trigger:

- Spot breaks above 5-min high with volume > 1.5x average
- Futures trading at premium (Futures > Spot by 10 points)

#### 2. Momentum Confirmation:

- RSI(5-period) crosses above 60 from below
- Price > VWAP AND VWAP slope is positive (rising)

#### 3. Greek Validation:

- ATM Call Delta 0.45 (ensures responsiveness)
- Gamma/Theta ratio > 8 (favors rapid moves over time decay)

#### 4. Sentiment Filter:

- PCR (Put-Call Ratio) < 1.0 (bullish sentiment)
- Call OI building at ATM strike (10% increase in last 2 min)

#### 5. Time Window:

- Trade only between 9:30-11:30 AM and 2:00-3:15 PM
- Avoid 11:30 AM - 2:00 PM (lunch consolidation)

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**For PUT Entry:** (Mirror conditions with inverted logic)

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## **\*\*Market State Filter (Critical for Scalping)\*\***

### **TRENDING Market (Trade Allowed):**

- ADX > 25 (strong trend)
- Price consistently above/below 20 EMA for last 3 minutes
- ATR expanding (current ATR > 1.2x of 10-min average ATR)

### **SIDEWAYS Market (NO TRADE):**

- Price oscillating around VWAP with no clear breakout
- Bollinger Bands contracting (bandwidth < 50% of daily average)
- Multiple false breakouts in last 10 minutes

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## **\*\*Risk Management - Logic A\*\***

### **Stop Loss:**

- **Fixed:** 25% of premium paid (e.g., if buy at 110 @exit at 175 )
- **OR Dynamic:** If trade moves +10% in your favor, trail stop to breakeven

### **Profit Target:**

- **Primary:** 15% gain (lock in 50% position)
- **Secondary:** 30% gain (exit remaining 50%)
- **Never hold beyond 20 minutes** - theta decay accelerates

### **Stagnation Rule:**

- If price moves <5% in either direction within 8 minutes, exit at market
- This prevents theta from eroding your position in dead zones

### **Position Sizing:**

- With 110,000 capital: Buy only 1 lot initially
- Risk only 11,500 - 2 per trade (15-20% of capital max)
- Nifty options typically 150 - 150 lot, so 1-2 lots maximum

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## **\*\*LOGIC B: High Conviction Strategy (Confluence Trading)\*\***

## **\*\*Market Philosophy\*\***

Wait for 3-4 independent signals to align. Trade only 1-2 times/day with 80%+ win rate. Hold for larger moves (30-60%).

## **\*\*Entry Logic (Minimum 5 of 7 conditions)\*\***

### **For CALL Entry:**

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#### 1. Structural Price Level:

- Price testing a key support level (previous day high/low, VWAP)
- Price forms higher low after pullback in uptrend

#### 2. Multi-Timeframe Alignment:

- 5-min: Price > 9 EMA > 21 EMA
- 15-min: RSI between 50-70 (not overbought)
- Hourly: Uptrend intact (price > 50 SMA)

#### 3. Volume Surge:

- Current 1-min volume > 2x of 10-min average
- Institutional activity (large orders visible in market depth)

#### 4. Greek Sweet Spot:

- Delta: 0.50-0.60 (balanced risk-reward)
- Vega < 15 (low sensitivity to volatility crush)
- Implied Volatility < 80th percentile (avoid overpaying)

#### 5. Smart Money Confirmation:

- Futures OI increasing with price (long build-up)
- Put writing at support levels (OI surge in OTM Puts)

#### 6. Sentiment Extreme:

- PCR > 1.3 (excessive fear = contrarian bullish)
- OR PCR steadily declining from >1.2 to <1.0 (fear turning to greed)

#### 7. Catalyst Awareness:

- No major news/event scheduled in next 30 minutes
- Market opened 30+ minutes ago (avoid opening volatility)

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## **\*\*Market State Filter - Logic B\*\***

### **IDEAL Trading Conditions:**

- **Volatility Range:** India VIX between 12-20 (not too low, not panic)
- **Trend Clarity:** Price respecting EMAs with clean pullbacks (not choppy wicks)
- **Session Phase:** First hour (9:15-10:15) or last 90 min (2:00-3:30) - highest conviction setups

### **AVOID Trading When:**

- VIX >25 (too chaotic) or <10 (too dead)
- Price whipsawing through moving averages with no follow-through
- Range-bound between morning high/low for >1 hour

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## **\*\*Risk Management - Logic B\*\***

### **Stop Loss (Choose One):**

- **Percentage-Based:** 35% of premium (wider than scalping due to longer hold)
- **Structure-Based:** Below the swing low (for Calls) or above swing high (for Puts)
- **Volatility-Adjusted:** 1.5x ATR from entry price

### **Profit Management (Staged Exits):**

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At +20%: Lock in 33% of position

At +40%: Lock in another 33% (66% total secured)

At +60%: Trail remaining 34% with 20-point stop on underlying

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### **Time-Based Rules:**

- Maximum hold time: 90 minutes (before accelerated theta kicks in)
- If trade isn't +10% within 30 minutes !' re-evaluate; exit if losing conviction
- **Never hold overnight** with small capital

### **Position Sizing - Conservative:**

- Risk only 1%, 0.001 per trade (10-15% of capital)
- If premium is 1100/lot max 10-15 lots (but likely only 1-2 lots are affordable with 110K)

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## **\*\*Advanced Optimization Tips\*\***

### **\*\*1. Dynamic Greek Monitoring\*\***

Since you have 1-second data:

- **Watch Delta decay:** If Call Delta drops from 0.55 to 0.40 without adverse price move, volatility is compressing! Exit
- **Gamma scalping opportunity:** When Gamma spikes  $>0.02$ , small price moves create large Delta changes! Potential for quick profits

## **\*\*2. Volatility Regime Filter\*\***

- **High IV (VIX  $>20$ ):** Favor selling credit spreads instead of buying naked options
- **Low IV (VIX  $<12$ ):** Better for buying options (cheaper premiums)
- Your strategies work best when **VIX is 13-18** (moderate regime)

## **\*\*3. Order Flow Imbalance\*\***

With 1-second data, monitor:

- If ATM Call bid-ask spread suddenly widens from 1¢ to 8¢! Liquidity drying up, avoid entry
- Large buy orders stacking at Ask price = bullish aggression

## **\*\*4. Time Decay Optimization\*\***

- **Best trading windows:** 9:30-10:30 AM (low theta impact, high momentum)
- **Worst window:** 2:30-3:00 PM (theta accelerates exponentially near expiry day)

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## **\*\*Realistic Expectations with \$100,000 Capital\*\***

### **\*\*Harsh Truths:\*\***

1. **Lot sizes:** Nifty options are 250 lot typically. You can afford 1-3 lots maximum.
2. **Brokerage/STT:** Each trade costs \$30 in fees. After 10 trades, you've spent \$300 (0.3% of capital).
3. **Slippage:** With 1-second execution, you might face 1-2% slippage in fast markets.

### **\*\*Survival Strategy:\*\***

- **Week 1:** Paper trade both strategies, no real money
- **Week 2-3:** Trade Logic B only (1 trade/day max) with real money
- **Month 2:** If profitable, add Logic A (scalping) cautiously
- **Capital Growth Rule:** Only increase risk after doubling capital to \$200,000

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## **\*\*The Brutal Risk Reality\*\***

With \$100,000 Options:

- **3 consecutive losses** (even at 20% loss each) = -\$60,000 (60% drawdown)
- **One catastrophic mistake** (wrong side of gap move) = -\$100,000 (total wipeout)

### **My Professional Recommendation:**

- Start with \$125,000 - 50,000 for options, OR
- Trade equity intraday with \$110,000 first, build to \$125K then transition to options
- Options are leverage instruments - they amplify both gains AND losses

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### **\*\*Which Strategy to Start With?\*\***

**If you're experienced:** Logic A (scalping) - but requires intense focus and discipline

**If you're newer:** Logic B (high conviction) - fewer trades = fewer chances to make mistakes

**My suggestion:** Master Logic B first for 2-3 months. Once consistently profitable, layer in Logic A for 1-2 scalps per day.

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Would you like me to:

1. Create a backtesting framework to validate these strategies on historical data?
2. Design a specific risk management dashboard that alerts you when to stop trading for the day?
3. Build a position sizing calculator optimized for your \$110K capital?