

Gamma Blast Playbook

How to anticipate late-session gamma spikes in NIFTY options without holding naked risk

What is a gamma blast?

A short, sharp premium expansion in near-ATM options (often near expiry) driven by fast delta changes (gamma) plus hedging/short-covering. It usually occurs late in the session when time is short and positioning is crowded.

Goal: Capture the rare spike when it happens, while keeping losses small on the many days it does not.

1) The Gamma Zone Checklist

A gamma blast is possible only when most of these conditions are true. If you do not have the setup, do not force a trade.

- **Time window:** after 13:30; strongest 14:30-15:10 (expiry day intensifies this).
- **Strike location:** underlying hovering around ATM or within +/- 50 points of a major strike with heavy open interest.
- **Premium state:** the option you are watching is crushed (roughly Rs 10-25) or has repeatedly failed below VWAP.
- **Market regime:** compression/coiling, not a clean trend. Many overlapping candles and failed follow-through.
- **Trigger energy:** a level nearby that can break (VWAP reclaim, range high/low, prior swing) plus a liquidity pocket.
- **Risk context:** no major scheduled event in the next 10-20 minutes that can gap you against the position (or size accordingly).

2) How to Monitor Without Guessing Direction

Do not try to predict the blast. Instead, watch for mechanical conditions that often precede it:

- **Spot price vs VWAP (index):** below VWAP = sellers control; reclaim and hold = possible ignition.
- **Range compression:** tightening candles into a level (range high/low, VWAP, previous breakdown zone).
- **Option tape:** sudden jump in traded volume with fast premium lift (green) after hours of decay is often short-covering.
- **OI magnet:** spot gravitates to a strike with large OI; a break away from the magnet can accelerate hedging.
- **Time pressure:** the last 45 minutes can force dealers and writers to flatten risk quickly.

3) Trade Structures That Limit Risk

Gamma Blast Playbook - NIFTY (Intraday Options)

Pick a structure based on your experience. The theme is simple: define risk, require triggers, and use time stops.

Structure	When to use	Core rule	Exit plan
Micro ATM Straddle (small size)	You expect a burst but do not know direction	Enter only in Gamma Zone; keep cost small	Target +30-60% on combined premium; hard time stop by 15:10
Reaction Entry (VWAP reclaim)	You want lower false-start risk	Buy ATM only after 2 full 5-min closes above VWAP + higher low	Trail under VWAP; exit if VWAP lost or momentum fades
Backspread (1 sell, 2 buy)	You want convex payoff (lottery) with defined risk	Build near ATM with far OTM buys; avoid early day	If no move by 15:10, close; if blast occurs, ride with trailing stop
Debit Spread (ATM buy, OTM sell)	You want controlled cost and less IV damage	Only after trigger; do not enter in the middle of chop	Exit near upper range / resistance; time stop compulsory

4) Execution Rules That Keep You Alive

Most gamma trades fail. Your edge is not prediction - it is survival and process.

- **Size like a scientist:** assume the trade goes to zero. Risk a fixed amount you can lose without emotion.
- **No averaging:** averaging converts a defined-risk idea into a forced bet.
- **Use a time stop:** if the ignition has not started by a set time (e.g., 15:10), exit.
- **Trade the index trigger, not option hope:** prefer entries after VWAP reclaim/acceptance or range break.
- **Take profit mechanically:** scale out into the spike. Gamma moves reverse fast.
- **One-trade rule:** max 1-2 attempts per session; do not chase every candle.

5) The 3-Stage Gamma Blast Map

Stage	What you see	What you do
1. Decay + Compression	Options bleed, candles overlap, spot sticks near a strike; VWAP acts as resistance/support	Stand aside or build a tiny straddle/backspread only if in Gamma Zone
2. Ignition (Trigger)	Index breaks VWAP or range level; option volume jumps; premium lifts quickly	Enter on trigger (reaction entry) or hold the small structure; do not add size late
3. Blow-off + Mean Reversion	Fast vertical candles, then long wicks and stalling	Scale out into strength; trail stop; exit remainder if VWAP is lost

6) A Simple Late-Session Playbook (14:30 to Close)

- **14:30-14:40:** Identify ATM strike and the nearest high-OI strikes. Mark index VWAP + range high/low.
- **14:40-14:55:** Wait for compression into a level. No trade in the middle of chop.
- **Trigger A (Bull):** 2 consecutive 5-min closes above VWAP + higher low -> buy ATM call or ATM debit spread.
- **Trigger B (Bear):** 2 consecutive 5-min closes below VWAP + lower high -> buy ATM put or put debit spread.
- **Non-directional:** If both sides are possible and premium is crushed -> small ATM straddle (strict time stop).
- **15:05-15:10:** If ignition has not started -> exit. If ignition started -> scale out into spikes.

7) Quick Reference Card

Enter only if: <ul style="list-style-type: none">• Time: 14:30-15:10• Premium: Rs 10-25 (crushed)• Spot near ATM / high-OI strike• Compression into VWAP or range level	Never do: <ul style="list-style-type: none">• Average a dying option• Chase late green candles without acceptance• Bet big on a single candle• Ignore time stop
Best trigger: <p>2x 5-min closes beyond VWAP + higher low (bull) / lower high (bear)</p>	Exits: <ul style="list-style-type: none">• Take partials into vertical candles• Trail under VWAP or last 5-min swing• Hard time stop by 15:10 if no ignition

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