**Logic 2 – (VWAP bounce for trending market)**

The VWAP Bounce Strategy is a mean reversion approach that utilizes the Volume Weighted Average Price as a dynamic support and resistance level. This strategy capitalizes on institutional trading patterns, as smart money often uses VWAP for entry points, making it highly effective for scalping options.

**Entry Rules**

Primary Conditions:

* Wait for a clear trend establishment with price of the option (CE or PE) trading above or below VWAP
* Look for healthy retracement of the option back to the VWAP line after a strong directional move
* Enter on bullish/bearish confirmation candle (engulfing, pin bar, or hammer) after VWAP touch
* Volume confirmation must accompany the bounce for stronger signal validation
* Additional confirmation: Combine with RSI (oversold/overbought) for enhanced accuracy

Technical Setup:

* Timeframe: 5-minute candlestick charts

Option (Call or Put) buying Entry:

* Price of the option above VWAP + bullish bounce candle at VWAP + volume spike + RSI (oversold/overbought)

**Stop-Loss Rules**

* Fixed SL: Below the confirmation candle low, or, 12% of the option price value – whichever is minimum.

**Take-Profit Rules**

* Primary Target: 15-25 points on option premium
* Risk-Reward Ratio: Maintain 1:1.8 minimum
* Time-based Exit: Close positions within 10-15 minutes if target not reached
* Trailing Stop: Use VWAP as trailing support/resistance

**Risk Management**

* Maximum Trades of an instrument: 3-4 trades per day to avoid overtrading
* Avoid Trading: During 12:30-1:30 PM lunch session (low liquidity)
* Market Filter: Only trade when India VIX is below 18.

Implementation Tips:

* Best performance during 9:30-11:00 AM and 1:30-3:00 PM sessions
* Focus on ATM or slightly ITM options (80-110 premium range)
* Combine with CPR levels for additional confluence points

**Logic 1 (Option chain SMC for range bound market)**

The Option Chain Smart Money Strategy tracks institutional footprints through Open Interest (OI) analysis, volume spikes, and Put-Call Ratio (PCR) changes to identify high-probability entry points. This approach follows the "smart money" movements rather than retail sentiment.

**Entry Rules**

Primary Conditions:

* Monitor heavy OI build-up at ATM or 1-step OTM (OTM1) strikes in real-time
* Identify volume spikes (1.4x the 15-candle average) in specific option contracts
* Confirm with price chart signals (VWAP confluence or CPR breakout)
* Track live OI changes and Implied Volatility (IV) increases

Technical Setup:

* Timeframe: 5-minute charts with real-time option chain monitoring
* Call Entry: Heavy CE OI buildup + price above key levels + volume surge
* Put Entry: Heavy PE OI buildup + price below support + institutional selling
* PCR Analysis: Use contrarian signals (PCR >1.3 bearish, <0.5 bullish)
* Liquidity Filter: Ensure bid-ask spread <0.1% for optimal execution

Smart Money Indicators:

* Sudden OI spurt in specific strikes (indicates institutional positioning)
* Price/OI divergences suggesting accumulation or distribution
* Volume-weighted delta changes in option contracts

**Stop-Loss Rules**

* ATR-Based SL: Use 1.2x Average True Range for dynamic stop placement
* Percentage SL: 13% of option premium paid
* Technical SL: Below key support/resistance levels identified through smart money analysis

**Take-Profit Rules**

* Minimum Target: 1:2 risk-reward ratio
* Time Decay Management: Exit before 2:30 PM on expiry days to avoid theta decay

**Risk Management**

* Maximum Trades: 2-3 high-quality setups per day per instrument
* Quality Filter: Only trade when all three factors align (price + OI + volume)

Implementation Tips:

* Best performance during 9:15-11:30 AM and 2:00-3:15 PM
* Avoid trading during major news events or earnings