

# Option Main-session-1

Friday, October 2, 2020  
5:42 AM

	Stock Future	Stock Options	Index Future	Index Options
Expiry	Last Thursday of each Month	Last Thursday of each Month	Last Thursday of each Month	Last Thursday of each Month
				Last Thursday of each Week

- Don't get into buying the call if the market is bullish, because the premium are already expensive
  - Why?? Because of IV. In 40-50 or grater , IV considered as very high. So the time become higher
- When IV is high then Time value will be also high. Option sellers make more money when Time value is high.
- When CE will sell? On the bearish side
- **Higher the Implied volatility, higher the Time Value. When Time higher the Value, Option seller will make good amount of money.**
- When we sell a PUT: We know that Price will no go below that.
- **TMI & TMJ**

OI	Premium Price	Term	Big Players involved	Understanding
UP (Build-up)	DOWN	Short Build-up (TMI)	Strong Bearish	Big Players Accumulating
DOWN	UP	Short Covering (TMJ)	Strong Bullish	Big Players Fearful

- **Example: Zeel NSE**



- We could see a previous gap here , with high of that candle is 230.



- Plot a resistance line on the gap and is at 230. Also we could see an inverted hammer resistance. From there the price starts falling down slowly



- Many neutrals at the same resistance level of 230, basically a sideways action was whole of sep 2020 --> YNJ!!!



- **YNJ Setup ==> Yaha Nahi Jayega!!!**
- Analysis
  - Price moving inside the channel
  - We could see the resistance line of the Gap
  - Also inverted hammer at resistance
  - What about BB is challenged?
    - In that case price may broke the resistance level. Here the BB not



- Form the analysis we can conclude that, ZEE most likely may not cross 230 on our conviction, go to options
- In stock/NSE chart, at resistance level, it shown a Dark cloud cover



- Go to Option chart. Spot Price = 230. So check for 230 strike price in CE
- While checking in Option Sep-230 CE chart, it printed an Bearish engulf at the same on the spot chart
  - Why not printed the same Dark cloud cover in the spot chart?
    - Because in option chart there will be the involvement of Time value
  - ATM = 230
- Since the view is bearish, Big players will sell the CE. So OI will increase

OI	Premium Price	Term	Big Players involved	Understanding
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- 21-Sep-2020, at the last week of expiry -we can see that
  - The premium is going down.
  - Also the OI was shedding /going down sharply even when the spot is going up. Why?
    - CE buyers are squaring off more position - Long Covering
    - People who are build up short position, most chances are there that the same people who are squaring off the position now
- Then check the 230 CE and OI in OCT 2020 expiry. So SEP-2020 was going down while OCT-2020 was going up. What does it mean?
  - They are rolling over to next month expiry
- Then check any Trend line BO/BD in spot chart



- To add more conviction add BB



- Also check RSI



- Check DMI



- Check the **Spread of ZEE**
  - Spread = Difference between tow strike prices
  - For the ZEE, the difference is 5 rupees.
  - In SPOT chart, the TLBD happens at 218
  - So in Option chart the ATM/Strike price will be = 215
- YNJ For Option Selling

YNJ for CE	You bet the Price will not go Above perticular level	
YNJ for PE	You bet the Price will not go Below perticular level	

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- In Option selling (CE/PE)
  - The more the OTM you go the lesser the risk. Also reward become less.