For Indian Markets, weekly expiry is best for option traders.

For long directional bets, use monthly expiry.

| **Feature** | **India** | **US/Europe** |
| --- | --- | --- |
| Retail participation | High and growing | Mixed |
| Weekly expiries | Aggressive (multiple indices) | Limited |
|  |  |  |
| Market hours | Asia/Europe overlap | US-specific |
| Derivatives liquidity | Highly concentrated in Nifty, Bank Nifty | Broader |

|  |  |  |
| --- | --- | --- |
| Sell OTM Option (₹40–₹60) | 75–85% ✅ | Expires with full profit most of the time |

|  |  |  |
| --- | --- | --- |
| Sell ATM Options (Straddle) | 55–65% ✅ | Riskier, but higher premium collection |

|  |  |  |
| --- | --- | --- |
| Iron Condor | 65–75% ✅ | Range-bound strategy; perfect for sideways Indian markets post-event |

Trade for next weekly expiry

**How to Use This to Your Advantage:**

1. **Volatility Crush on Expiry**: India’s weekly options decay very fast on expiry day. You can **sell options with tight spreads** to benefit from this.
2. **Retail overbuying OTM Options**: Indian retail traders love buying cheap, OTM weekly options. These decay fast—**so option selling (credit spreads, straddles, iron condors)** becomes profitable.
3. **Time Zone Edge**:
   * You get to **react first to overnight US/global events** before Europe/US opens.
   * Use **gap up/down strategies**, especially on Thursdays.

**Best Strategies for Indian Weekly Options**

**If You Are an Option Seller:**

* **Expiry Day Short Straddle (at-the-money)**:
  + Place SL for both legs
  + Close by 2:30 PM max
* **Credit Spreads (Bear Call, Bull Put)**
  + Sell OTM option, buy further OTM option for protection
* **Iron Condor**:
  + Works well in range-bound markets (especially post-events)

**If You Are an Option Buyer:**

* **Buy Options only when IV is low and event is expected**
* **Directional trades**:
  + Use moving average crossovers, RSI divergence, support/resistance

**Special Strategy: Wednesday Evening / Thursday Morning Shorting**

* Market opens with a gap
* Premiums get inflated due to theta + event risk
* Take advantage of decay post 11:00 AM

**4. Events to Watch Weekly in Indian Market**

* **Thursday Expiry (Nifty)**
* **RBI Policy / Fed Policy**
* **India VIX Movement**
* **FIIs/DII Cash Flow**
* **US CPI, Jobs Data, Indian IIP/Inflation**
* **Market Regime**
* **Support Resistance**
* **Day of the week**

| **Factor** | **Why It's Important** | | |
| --- | --- | --- | --- |
| **OTM Option Selling** | Exploits theta decay & low win-rate of OTM buyers (75%+ options expire worthless) | | |
| **VIX** | Helps you measure expected volatility – low VIX favors sellers, high VIX favors buyers | | |
| **Support/Resistance** | Avoid placing sold options too close to key levels | | |
| **Market Regime** | Volatile vs trending vs range-bound markets call for different strategies | | |
| **Day of Week** | Theta decay accelerates midweek; liquidity and movement vary by day | | |
| **Regime** | | **Indicators** | **How to Trade** |
| **Sideways / Neutral** | | Low ATR, ADX < 20, price in range | Best for Iron Condor / Strangle |
| **Trending Up (Bullish)** | | Higher highs, price above 20/50 EMA, ADX rising | Bull Put Spread or Put Side Short |
| **Trending Down (Bearish)** | | Lower lows, price below 20/50 EMA, ADX rising | Bear Call Spread or Call Side Short |
| **High Volatility / Unstable** | | VIX > 20, sudden big candles, gaps | Reduce position size / sit out or use hedged strategies |

**3. Support & Resistance Zones**

Plot using:

* **Daily pivots**
* **Option chain open interest (OI) build-up**
* **Price action levels** (supply/demand zones)

📌 **Don’t sell strikes near support/resistance.** Always choose strikes:

* At least **2% away from current spot**
* **Outside the high OI zones**
* **Outside your expected range (based on implied move)**

| **Day** | **What to Do** | **Why** |
| --- | --- | --- |
| **Monday** | Build positions for the week (low theta) | Entry day for iron condor/spreads |
| **Tuesday** | Add strangles if range-bound | More theta; clearer trend if any |
| **Wednesday** | Sell weekly expiry positions (BankNifty) | Max theta decay begins |
| **Thursday** | Expiry trades on Nifty (straddle/strangle) | Quick theta crush but higher risk |
| **Friday** | Prep next week, initiate far expiry trades | Premiums start building up |

📌 Regime-Based Portfolio Strategy (Long-Term / End-of-Day)

| Regime | Stocks (Core ₹23L) | Options (Max ₹4L) | Notes |
| --- | --- | --- | --- |
| Bullish | - Buy strong trending stocks (leaders / breakout candidates)  - Focus on sectors leading NIFTY/BANKNIFTY  - Hold medium-term (weeks–months) | - Bull Call Spread (buy ATM call, sell OTM call)  - Cash-Secured Puts (on stocks you want to own)  - Only if implied probability is not skewed against us AND risk/reward profile is acceptable  - Otherwise avoid directional trades | Stocks = majority allocation → ride trend  Options = tactical, leveraged with capped risk, no intraday |
| Bearish | - Exit weak stocks, let losers go (do not add new longs)  - Avoid intraday trades | - Bear Put Spread (buy ATM put, sell lower OTM put)  - Covered Calls (if holding stocks you don’t want to sell)  - Only if implied probability is skewed bearish AND risk/reward is acceptable  - Otherwise avoid directional trades | Stocks = preserve capital  Options = hedge downside, defined risk, small positions |
| Mean Reversion / Range-Bound | - Minimal stock buying  - Avoid chasing breakouts  - Buy near strong support if desired | - Iron Condor (sell OTM call/put spreads)  - Short Straddle / Strangle (hedged)  - Butterfly Spreads | Options used to collect premium within range  Stock allocation mostly preserved |
| High Volatility | - Avoid stock positions unless defensive ETFs / bluechips | - Long Straddle / Strangle (buy call & put)  - Calendar Spread (sell short expiry, buy long expiry) | Exploit large moves  Position sizing small → max loss per trade capped |
| Neutral | - Hold existing stock positions, avoid new buys  - Only passive holding | - Small hedged premium-selling trades (Iron Condors)  - Avoid directional bets | Capital preservation focus  Options for income only |

🔹 Position & Risk Principles

* Stocks: ₹23L → diversified 10–15 strong names → reduce idiosyncratic risk
* Options: ₹4L → 2–3 positions max, each risking ≤1–1.5L
* Directional trades only if BOTH conditions met:
  1. Implied probability strongly skewed in your favor
  2. Risk/reward acceptable → potential loss ≤ ~2× potential gain
* Otherwise → take hedged spreads or stay out
* No intraday trades → everything end-of-day / swing

✅ Key Change

* Previous version: directional trades if probability skewed.
* Updated version: directional trades only if probability skewed AND payoff profile is acceptable.
* This protects against trades like your 27k-loss vs 11k-gain scenario.