

**What Is Option:**

Option is basically a derivative product which value is derived from its underlying asset. Option premium has intrinsic value which is said to be real value and time value which gets melted as its closer to the Expiry.

**Strike:**

Option is basically a derivative product which value is derived from its underlying asset. Option premium has intrinsic value which is said to be real value and time value which gets melted as its closer to the Expiry.

**Option Nature :**

There are two types of options call option (CE) and put option (PE) you have option buying and option selling, as an option buyer when you think the market is going to go up, then you can buy an CALL option and if think the market can go down than you can buy PUT option but while trading in option buying you need to catch the right momentum into the market by which you can make profit but still based on various factors of your strategy, you can make a profit but when you Trading directional trading you should have a good technical analysis knowledge.

**Best Part of Option Trading:**

The best part of option trading is you can make profit in three conditions of market, opposite direction, downside direction and sideways / range bound market but option trading are high risk instrument if you don't know how to manage your risk.

**Moneyness of Option:**

Option strike are can be at the money option (ATM), out of the money option (OTM), in the money option (ITM).

**Option Strategies:**

There are many strategies in Option trading, it might be hard to understand the strategies with the names like bear call spread strategy and bull put spread strategies, short straddle strategy, shorts strangle strategy and short iron fly strategies etc so basically there are many strategies can be formed in option trading which can be done in Option Trading.

**Short Strangle strategy:**

shorts strangle strategies in which we are selling call option put option of different strike price and in short straddle as I mention you need to have a right entry time, right exit time, right stop loss in this short standard strategy as well you can make a very good amount of profit then short straddle that's also, we have given in our option strategy course. In non-directional trading short straddle and Short strangle will be most profitable trading strategy

While trading on the above short straddle or Short strangle strategy we can do few adjustments based on risk or opposite to our direction

- Each leg you can maintain a stop loss example 30% or 40% on the premium
- Strike shifting based on market movement.
- Strategy can be exited if you daily risk limit has crossed.

Option buying reality hardly less than 1% of trader are profitable in option buying, no doubt option buying gives more profit than option selling and non-directional trading but in the real time market it becomes way difficult for an option buyer to make profit which doesn't mean it's not possible to make profit but while trading there are many aspects which can make to a profitable trader

- If any strategy which gives 1:2 risk reward and winning ratio of 50% still you can be a profitable. If a strategy which gives 1:1 then you need to have 75-80% winning ratio.
- You need to have at least 50,000 capitals by which you can do proper risk management.
- Be discipline and patient.
- Strong Psychology and right mindset.
- Follow your strategy and trade plan.
- Control emotion.

But at the same time when you approaching to towards non directional trading strategy and hedging strategy are much less risky than directional option buying naked, it's all up you what is you approach in Option trading.

**Get In Touch:**

**Visit Us:** <https://investchennai.in>

**Call Us :** +91 9566382667