Twitter Thread by Sai Krishnan

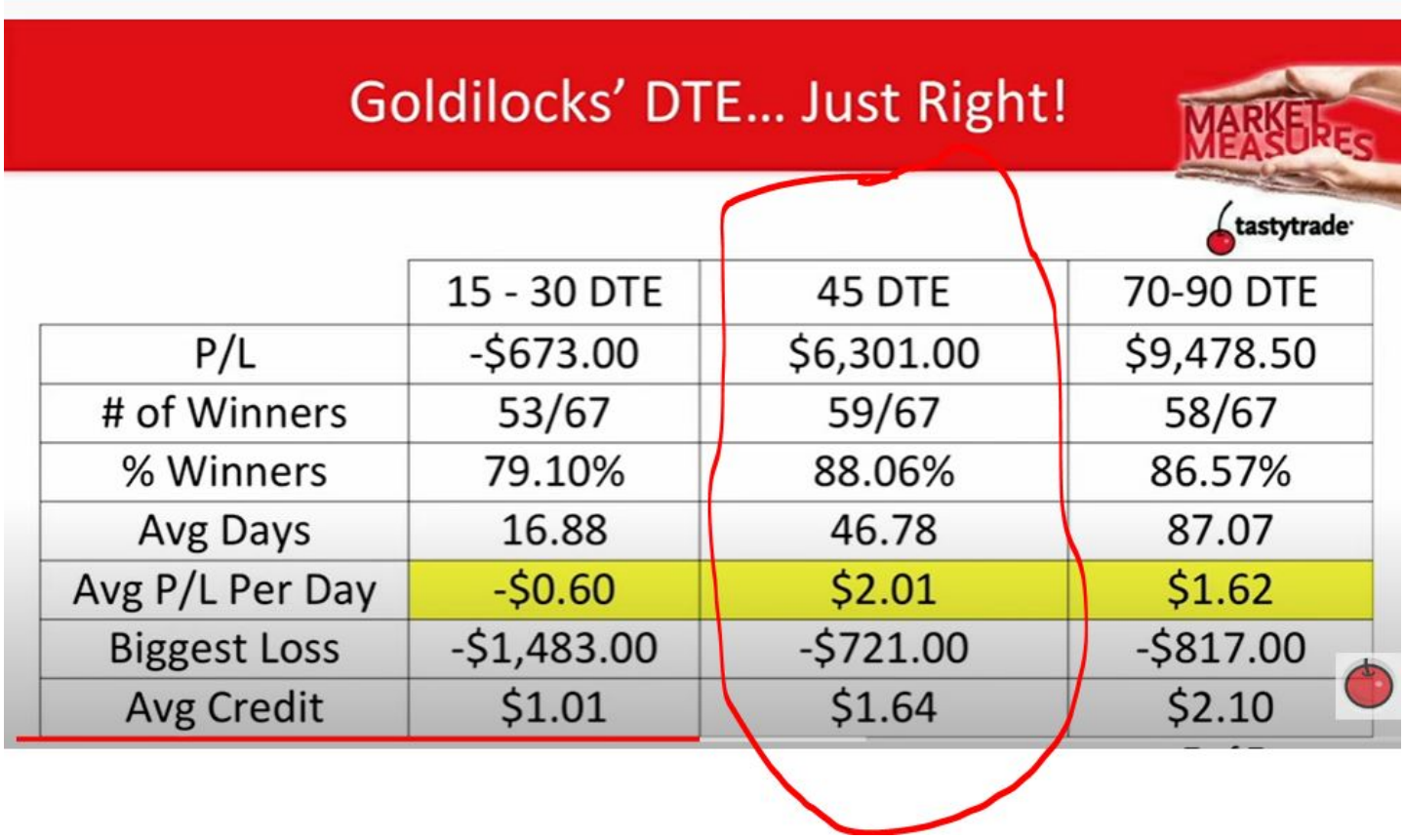


Sai Krishnan
@Saik101

Monthly positional strangles have become underrated.
Back in the day NIFTY only had monthly options,
Here's a summary of the research done by Tastytrade on how to trade it.
I have binge watched @tastytrade 's options content when I started out.
So here it is■■ 1/n



First question..When to enter?
The tasty way has always been 45 days to expiration.
According to them it is the "Goldilocks' Zone" .
So Let's say you want to initiate a trade for Dec monthly Expiry, around 15th Nov would be the ideal date to enter the trade.
2/n



	15 - 30 DTE	45 DTE	70-90 DTE
P/L	-$673.00	$6,301.00	$9,478.50
# of Winners	53/67	59/67	58/67
% Winners	79.10%	88.06%	86.57%
Avg Days	16.88	46.78	87.07
Avg P/L Per Day	-$0.60	$2.01	$1.62
Biggest Loss	-$1,483.00	-$721.00	-$817.00
Avg Credit	$1.01	$1.64	$2.10

Second question..which strike price to trade?

The answer is 16D strangle ie -0.16D for PUT sell and 0.16D for call side.

This offers 68% probability of profit in theory which is equivalent to 1 standard deviation. 3/n

Strike	IV	LTP (Chg %)	OI - lakh	OI change %	Delta
17050	17.2	73.20 -1%	0.3	4.1%	-0.16
17100	17.2	81.15 -2%	5.5	22.8%	-0.18
17150	17.0	89.10 -1%	0.5	1.2%	-0.19
17200	16.8	96.70 -1%	7.4	15.2%	-0.21
17250	16.2	100.10 -7%	0.3	-2.7%	-0.22
17300	16.4	115.25 -3%	B S 6.4	45.3%	-0.24
17350	16.3	125.95 -2%	0.2	16.0%	-0.26
17400	16.0	136.45 -3%	6.1	26.6%	-0.28
17450	15.9	149.95 -1%	0.2	50.2%	-0.30
17500	15.7	162.25 -1%	23.3	22.4%	-0.32
17550	16.0	185.00 +2%	0.3	87.9%	-0.35
17600	15.4	193.00 -2%	4.3	20.4%	-0.37
17650	15.8	220.65 +3%	0.4	28.8%	-0.40
17700	15.2	229.00 -2%	8.9	13.5%	-0.42
17750	15.0	249.00 -1%	0.6	53.6%	-0.44
17800	14.9	269.25 -2%	7.9	33.6%	-0.47
17850	**14.7**	**289.65 -2%**	**0.3**	**161.5%**	**-0.50**
17900	14.4	312.00 -1%	3.0	105.8%	-0.53
17950	14.2	341.10 0%	0.2	63.6%	-0.56
18000	14.2	364.80 -1%	5.6	8.5%	-0.59

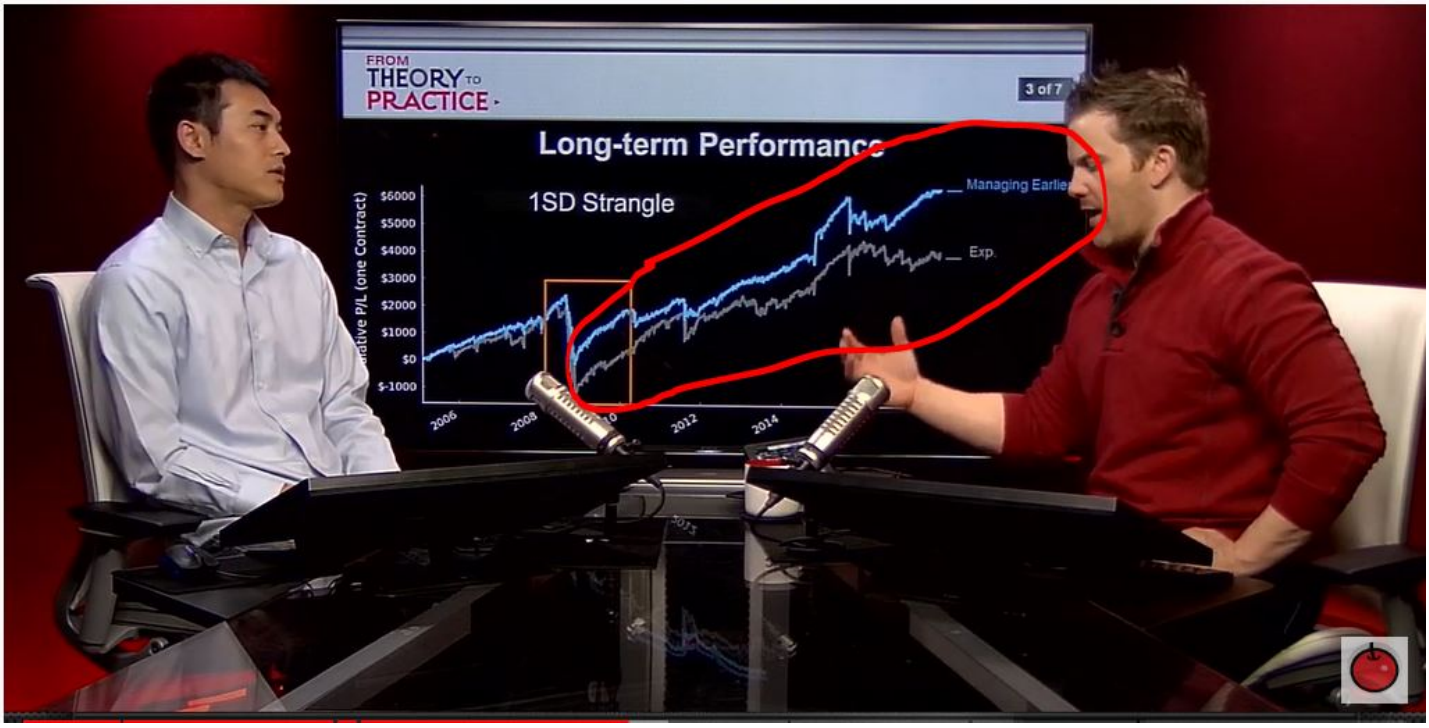
Philosophy of exiting early..

Tastyworks mechanism has this unique style of exiting based only on TIME and nothing else.

When the options are 21 days away from expiry just simply exit.

This reduces you gamma risk significantly.

4/n



How to manage winners and losers.
You can also try this if you're not interested in trading "only time".
Keep it simple,
Manage(exit) winners at 50% of max prodit
Manage losers at a loss of 200% of the initial credit received.
This reduces you profit but also your losses!

5/n



The backtest results.
Note that in this thread, Ive not covered how tastytrade's adjustment philosophies.

Feel free to check their website and explore.

Also RT the first tweet of this thread if you've found it useful.

6/n

