



# WEEKLY NEWSLETTER



## IS THE RALLY FIZZILING OUT ?

Global markets have shown **intermittent weakness**, with a rub off on to the Indian Indices. Events such as trade war disputes, geopolitical tussles and American presidential elections will keep the market on it's toes.

The cautious optimism is likely to continue with market being **range bound between 10000 and 10500**. One can expect a major move only if these levels are crossed on either side.

The **upcoming earnings season** will likely set the tone for the market in the coming days.

in this newsletter, instead of actionable strategies we would like to discuss some **option trading mistakes and lessons learnt**.

## MARKET WEEKLY OVERVIEW

NIFTY 10383  
Weekly % Change = **1.35%**

### TOP GAINERS

IBULHSGFIN	11.92%
HERMOTOCO	7.84%
BAJFINANCE	7.59%

### TOP LOSERS

YESBANK	4.46%
ICICIBANK	4.04%

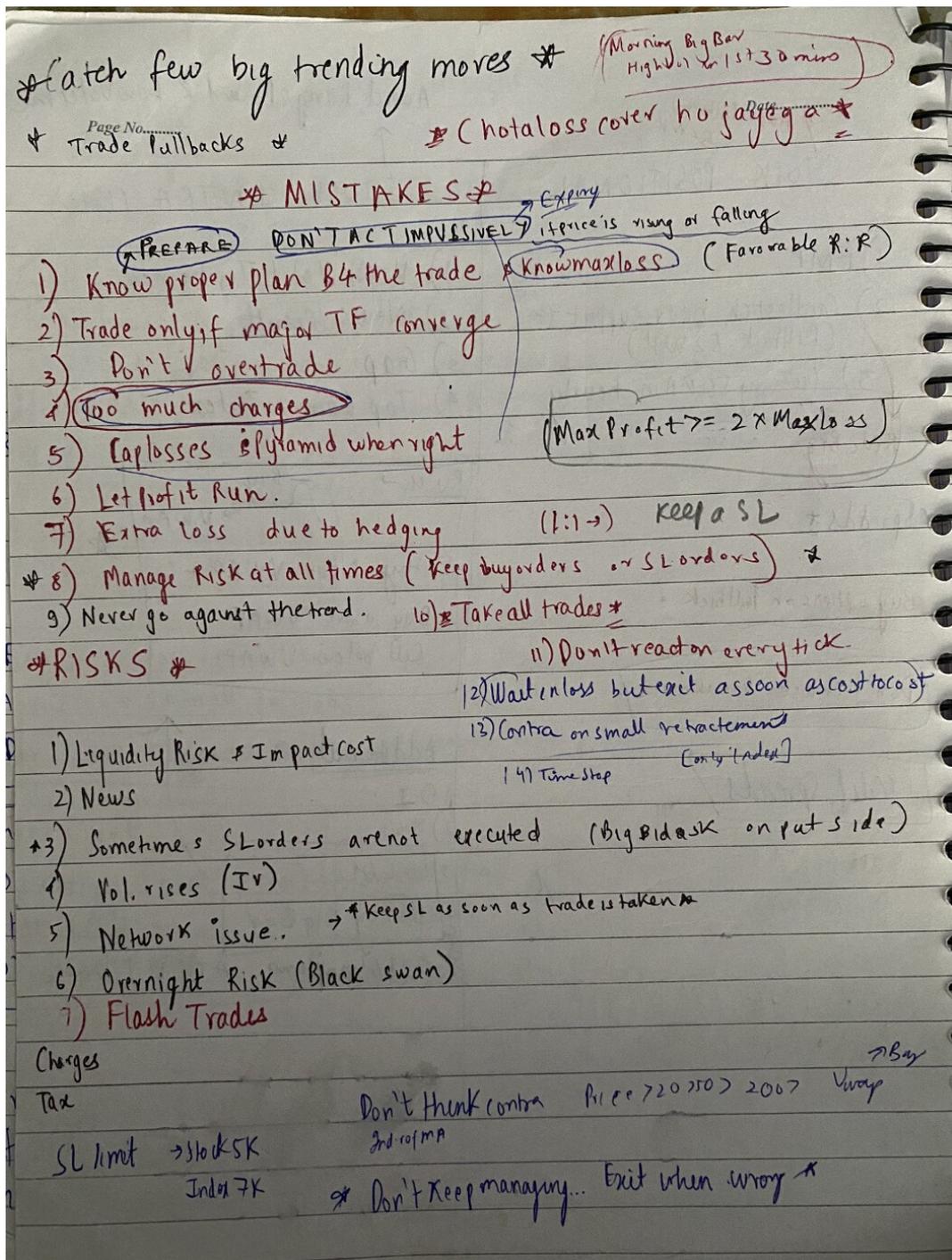
**52 W HIGH**  
RELIANCE  
CIPLA

**52 W LOW**  
NONE

# TRADING MISTAKES AND LESSONS

I always keep my mistakes and lessons learnt in front of my screen while trading. Because we as traders tend to commit the same mistakes every time.

**“Learn from the mistakes of others. You can’t live long enough to make them all yourself.”— Eleanor Roosevelt**



Having your lessons learnt right in front of your eyes every day, reinforces positive habits and ensures that you avoid repeating your mistakes.

# TRADING MISTAKES AND LESSONS

## **Lesson 1: Keep losses less than 1% of capital.**

In 2017, I analysed all my trades and saw that I have majorly lost in stock futures and profits came only via index trading. I accepted that I am not great at stock trading and been majorly trading the index since then.

I decided to adjust all of my past losses to 1 % of capital to see what would be the effect of capping the downside on my trades. I would have had a gain of more than 230 % if I had capped losses at 1% of capital.

## **Lesson 2 : Never underestimate the markets. Anything can happen at anytime so always manage your risk.**

### ***“Option sellers eat like a chicken but shit like an elephant”***

So always manage risk while selling options. Events such as corporate tax rate cut, demonetisation or the steep fall of 2020 are black swans and if not managed properly can take away years of profits or even wipe out your entire trading capital.

## **Lesson 3: Always keep OTM protective stops in the system to keep losses under control in case of any unforeseen event.**

While trading index options, at times I have lost big money due to IV rise, flash crash and option freezes so always keep protective OTM buy stops in the system.

## **Lesson 4 Manage the trade(some people like to call it fire-fighting) only till the time the sold option become ATM, but exit as soon sold option becomes ITM or the option premium becomes 2 x in value.**

Being an option seller, I have a tendency to manage my positions by rolling strikes up or down or converting the existing positions to calendar spreads. Many a time, I have wasted 1 or 2 weeks just to close a loss-making trade at cost.

## **Lesson 5 : Emotional capital is more important than trading capital**

If possible, write about your biggest losses and how you felt at that time so that you make sure you never have to go through that emotional pain again and you don't repeat your earlier mistakes.

Happy Trading !

## DISCLAIMER

This views expressed in this newsletter is just for **educational purpose**  
Investment/Trading in securities market is subject to **market risk and** past performance is not a guarantee of future performance.

Trading in derivatives is extremely risk and should be done only with proper knowledge.

It is very important to do your own analysis before making any investment based on your own personal circumstances

## CONTACT US

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