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There is a substantial risk of loss associated with trading Derivatives . Losses can and will occur. My methods will not ensure profits

Friday, May 30, 2014

30052014



Traded the continuous chart. Nifty opened within previous day range. IR formed. Did not attempt the BO trade of IRH .Missed the BOF of IRH as it moved very fast.First trade was a short of HOD on BOF. TP when price failed to go below RN. BOF of LOD/RN gave a long signal. Stopped out below the entry bar. Did not take any other trades as I suspected a channel. Ignored NS levels as there was too much fluctuation in premium.

Posted by [SMART Trader](#) at 3:52 PM



42 comments:



[Unknown](#) May 30, 2014 at 4:01 PM

Hi ST
The morning fall was lethal. Could not capture it.
Was there any reason in not taking LOL BOF (BOF of then LOD/RN) above IRL??

Thanks
TBP

Reply

▼ Replies



[SMART Trader](#) May 30, 2014 at 4:14 PM

TBP
I was not confident to trade against that kind of a fall
Further NF premium was too low for the opening day. So I was bearish
Last CT BOF also failed
ST

Reply

[Unknown](#) May 30, 2014 at 4:15 PM



ST Sir,

Flat day today... just like nifty... ended day with 3 point loss... missed to short on BOF of PDC.. Which is good trade of the day!

TRADE1:

Long on BO of IRH (7280) also PDC, with initial SL below PDL (7254)
Scratched the trade when NF failed to go up and came into IR again
Exited trade at 7278, with loss of 5 points

TRADE2:

Long above PDL (7255) after BOF of BRN (7250) with initial SL 7248
Moved SL to 7271 when NF moves above PDC
Trial SL hit at 7271; exited trade with gain of 13 points

TRADE3:

Long at 7262 after BOF of PDL & TST of BRN (7250) with initial SL 7247
Moved SL to 7253, low of PDL BO candle
SL hit; exited trade with 11 point loss

Points earned: -3

Reply

▼ Replies



PUCHU_2500 May 30, 2014 at 6:07 PM

rose mary,
yesterday I hv forgot to back fill jun series data, so I am unable to understand ur trades, bcoz ur DPs are different. pls, upload ur chart and mark all ur trades on chart. it will help me to learn something.

Reply



SMART Trader May 30, 2014 at 4:27 PM

Rose Mary
Your first trade was too dangerous. You were trading into a very strong flip zone
Do not keep 26 point SL. Average swings in NF on 3M chart is around 20 points
Never risk more than 10 points while day trading
ST

Reply

▼ Replies



nifty for bread May 31, 2014 at 2:44 PM

Sir,
Zone above IR acted as a strong support on 29/05/14, before getting broken towards the end of the day. Is that the reason, you refer to this zone as a strong flip zone?
Thanks,
S.Karthikeyan



SMART Trader May 31, 2014 at 3:17 PM

Yes. 7280-7300 zone acted as strong support and I expected it to resist
The area supported on 26,27,28 and 29. Finally broke on 29th

ST



nifty for bread May 31, 2014 at 3:40 PM

Sir,
Thanks for your guidance.
S.Karthikeyan

Reply



Uday Dave May 30, 2014 at 4:30 PM

Hi ST

Nice trades. Why you avoided BOF of LOL IRL RN in the morning? Today I first time took SS trade. Please have a look and comment.

<http://www.charttechnicals.blogspot.in/>

Also please have a look at the link "Performance Review" at the bottom of blog page. This month for the first time I have seriously and more consistently traded. All I have achieved today is only because of you. You guided me, you led me through the darkness and taught me the real trading. You had been there with me whenever I needed you.

ST, I thank you from the bottom of my heart. Please always comment, criticize. I would always need your helping hand.

Thanks.
UR Dave

Reply

▼ Replies



SMART Trader May 30, 2014 at 4:41 PM

I thought about going long as it was a fluid. But hesitated to trade against bias
You have done well. Even if you eliminate that 171 point trade, you have made 250 points in 11 days
That is a good performance

ST



Price Action Lab May 30, 2014 at 4:58 PM

Hi Dave,

Good trades, SS trade was really nice, where would be your initial SL if SS trade went wrong.

Regards
Naveen



Uday Dave May 30, 2014 at 5:47 PM

Hi Naveen

Thanks. As price was staying around PDL/RN and making lower swing highs, like PP, gave me confidence to take that SS trade.
Initial SL was behind PDL, 7 points away from my entry.

Thanks.



SMART Trader May 30, 2014 at 6:16 PM

URD

Be careful with SS trades
If market jumps your entry order and second one gets executed, you will land up in trouble
Alternatively you can exit clicking square off button

ST



Uday Dave May 30, 2014 at 6:36 PM

Thanks ST.

We have to be very quick and that is the only drawback with SS, I feel. I had put SL limit order below RN for entry and once it got executed I had to put two SL orders. One for initial SL and one for target. Once target was achieved, I canceled initial SL order immediately.

Reply



Price Action Lab May 30, 2014 at 4:48 PM

Hi ST,

I traded Jun month chart so PDL & PDC are different compared to yours, I missed BOF of HOD.
Is it good option to trade continuous chart rather than current month's charts (especially expiry next day).
Please comment on my trades. <http://screencast.com/t/K4MkOtut6>

Regards
Naveen

Reply

▼ Replies



SMART Trader May 30, 2014 at 5:58 PM

Naveen

You have done well.
Don't worry about charts. Stick with something
It will not make any major difference. Everything will even out in the long run

ST

Reply

veer May 30, 2014 at 4:54 PM

Hello ST

When there is PDC and PDL nearby - is it better to wait for price to touch the PDL and then take BOF if any. Can we expect that the price will touch the lower one before giving BOF? What is your experience. Pls suggest.

Regards,

Veer

Reply

▼ Replies



SMART Trader  May 30, 2014 at 5:49 PM

There is no guarantee that price will touch the second level.
If it does, the BOF will be a powerful one. Many times it happens

ST

Reply



kishore May 30, 2014 at 4:58 PM

thanks for the chart ST,

rgds
Kishore
Reply



Unknown May 30, 2014 at 5:18 PM

@RoseMary

PDL is around 7230. Could you pls explain how you interpreted it as 7255? Do you offset the difference in premium after the contract expiry?

Manoj
Reply

veer May 30, 2014 at 7:02 PM

Thanks ST

Regards,
Veer
Reply



Unknown May 30, 2014 at 7:16 PM

ST sir, agree with you.. When i realized that i am risking big in 1st trade..i changed SL to cost.. Trade shud hav been avoided

Putchu_2500,
Yesterday i traded may chart only..today i traded june..i mean i took yesterday open close of jun future fr today trading... Check below link fr my trads on chart

<http://mimgur.com/ucVDxJH>

Manoj,
I considered yesterday open close low on june future

UR Dave,
Nice shorts u did today.. I was lookinh fr long opportunities.. Missed these trades..

Reply



Unknown May 31, 2014 at 12:34 PM

hi ST im new to market
which broker you trading with?and what is brokerage in points per trade or lot? how much exposure your getting?

Reply

▼ Replies



SMART Trader  May 31, 2014 at 1:02 PM

Go for some discount brokers
Zerodha /Trade Smart Online etc. A round trip will cost you around Rs100/- on Nifty futures one lot

ST

Reply



Unknown May 31, 2014 at 1:04 PM

ST Sir, can u pl. tell

1.) In your first trade (BOF of HOD) u covered @ around 7255 'TP when price failed to go below RN' (7250).... But immd. after short price halted @ 7270. Don't u think there was lack of momentum and should have exited ...?

2.) U said "Did not take any other trades as I suspected a channel"... First time , I'm seeing u r considering pattern in trading as against

sheer levels.. Any particular reason or situation where we should use patterns ..

Thanks and God bless u for your selfless mission.
Sumresh

Reply

▼ Replies



SMART Trader May 31, 2014 at 1:22 PM

Sumresh

1.Wide range bars will create a small fluid and expect a deep pull back
Here the entry bar was a WRB and I gave a little room
2.You have not gone through all the important posts listed below the blog,it seems.I was using the concept for so many months
<http://niftynirvana.blogspot.in/2012/08/price-channels.html>

ST

<http://niftynirvana.blogspot.in/2012/08/price-channels.html>



Unknown May 31, 2014 at 4:37 PM

Hi, please clarify
WRB or master candle or a recent significant bars looks different for different time frames(i think), then how can we trade them?



SMART Trader May 31, 2014 at 5:24 PM

Every candle is a range in a lower time frame. What are PDH,PDL,PDC?
They are the high,low and close of the previous candle in day time frame. Here we are looking for a minor range breakout.
The last significant bar in 3M will not be visible at all in 10M or higher charts. It may or may not be visible on 5M.We cannot expect higher time frame traders to act here. But for 3M and below it will be visible and they may act.This is also applicable to swing pivots in 3M charts. 15M chart trader will not see it at all.

We trade acceptance and rejection of DPs which are time frame, indicator independent levels which all the traders can see and act.MC,WRB,LSB etc are additional inputs to avoid late or early entries and exits.These are all used as thumb rules.In other words fine tuning of the tactics

ST



nifty for bread May 31, 2014 at 8:23 PM

Sir,
What is LSB?
S.Karthikeyan



SMART Trader May 31, 2014 at 10:51 PM

Last Significant Bar
Many people consider the retrace of LSB as trend reversal

ST



nifty for bread May 31, 2014 at 11:10 PM

Sir,

Thanks for your guidance.

S.Karthikeyan

Reply



Trekkie May 31, 2014 at 2:53 PM

Hi ST,
I couldnt find the link where you wrote about the recent significant bar. Please can you help?

Reply

▼ Replies



SMART Trader May 31, 2014 at 3:06 PM

I have not written a separate post on this. It was somewhere in comment replies.
Read the reply to Sumresh. Such wide range bars are significant bars ,the break of which can trigger a reversal

ST



Trekkie June 1, 2014 at 1:15 PM

Thanks ST. for the BOF trade below the LSB at HOD where would you keep SL? Where would you scratch if price returned back into the LSB? Where was MSP for the up move? Would you consider 10.06 bar low as MSP? Thanks for your help.



SMART Trader June 1, 2014 at 2:36 PM

S Roy
Trade was a BOF of HOD. So logical SL is above that level.
If price pull back and continue down shift SL to new swing high.
MSP is 7222 area. Price struggled to cross 7220 for while and pulled back to the flip before going up and breaking HOD. Pull back was within 10.30 MC. The area gave support on the way down for a while.
All these LSB, MC etc are just thumb rules. Trade the core concept. For example I went short below the BO bar low which was also a MC. In fact the third bar after BO bar confirmed the rejection. one can simply short there with minimum risk

ST



Trekkie June 1, 2014 at 5:29 PM

Hi ST,
I am sorry, I think I didn't ask the question clearly. Please check this chart <http://i.imgur.com/beuSsa0.png> Will A or B be the MSP. After we keep SL at C, if price starts reversing along black arrow at what point will we scratch? Thanks for the help.



SMART Trader June 1, 2014 at 9:14 PM

Here point B is the MSP. Price hit 7270 and struggled to close above the level for 8 bars. That is nearly half an hour. Finally broke the level and pulled back to B. The pull back was within the BO MC. So you will not see a clear swing pivot
After the BOF of HOD price hit MSP and bounced. Here you have to expect a deep pull back as the WRB entry candle created a mini fluid. Here it is always safer to keep your SL above the fluid, that is the entry bar high



Trekkie June 1, 2014 at 9:35 PM

Hi ST,
Thank you so much. Sorry about the many questions.

Reply



SMART Trader May 31, 2014 at 4:47 PM

Channels can occur anywhere. These channels are soft trends and not harmful to a trend trader.
But it will not mix well with DP method. For example look at the above chart.
At 14.30 we did not know it was a channel, 14.24 and 14.27 candles broke below RN and LOD
Price pulled back and went above the flip zone 7250. It is a long as BOF of RN/LOD as per the method and we get trapped when price reversed.
For a trend trader it is a cool ride with trailing stops behind successive lower lows. But we will know it only after getting a hit. So whenever your DP trade fails, look for channels and Barbed wires. Hope I could convey the idea properly

ST

Reply



Unknown May 31, 2014 at 5:28 PM

Yes very clearly sir. Thanks..
This type of losses are unavoidable, but SL and practice of scratching trades will keep us in race... I distinctly remember u advised one day that If we restrict big losses then combination of (small loss + small gain + Big gain) will make us winner in long run ...

Reply



Unknown June 2, 2014 at 2:11 PM

Hi
how to deal with day before yesterday's high and low? as a DP ,or just except PB(or CPB), or use to manage trade.
please clarify. and
which chart to use to have bigger picture, daily chart or intraday continuous chart with higher time frame?

Reply

▼ Replies



SMART Trader June 2, 2014 at 2:40 PM

Zoomout 3M chart. If the level looks prominent as a major turning point pay attention
Otherwise ignore.

ST

Reply

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