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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

Thursday, March 5, 2015

05032015



Nifty opened within previous day closing range and traded within it during the morning session. Short on TST of range high. Covered when price bounced from PDL and failed to sustain below PDC/RN. Another short on the break of PDL also moved well. TP at BRN. Could not capture the up move . A buy order at BRN did not trigger on retest. Price surged and moved above PDH. Another long at PDL too moved well after some chop. TP when price fell below BRN

Posted by SMART Trader at 3:52 PM



36 comments:



Unknown March 5, 2015 at 4:06 PM

Hi ST,
What gave you confidence to take the last TST ..You were trading in to PDC RN NS BRN DO .

thanks n rgds
Kishore

Reply

▼ Replies



SMART Trader March 5, 2015 at 4:28 PM

Price was pushed down below PDL but was able to move above it successfully. Price moved up very quickly and naturally I expected some consolidation. Up move created a fluid and the break of pivot low could not take the price beyond PDL into the fluid .. So I felt price will not fall.

ST



Bharat March 5, 2015 at 6:33 PM

ST,
I agree we were not able to go down .. but we had no of FTA RN,PDC, todays open.. and you tried test trade there.. thats really amazing.. Price also chopped around it. giving both side wickish candles.. What gave confident to you that this will move up.and not continue to chop around?

Thanks and Regards
Bharat

Reply



Unknown March 5, 2015 at 4:11 PM

Hi ST,
For the first TST .There was a test just before you took the trade .
Why didnt you take that trade
?

rgds
Kishore
Reply

▼ Replies



SMART Trader March 5, 2015 at 4:32 PM

Trade did not trigger. My order was at the MC high of yesterday evening.
Yesterdays pull back also stalled at the same level @8983

ST



Unknown March 5, 2015 at 5:53 PM

thanks ST

regards
Kishore

Reply



Unknown March 5, 2015 at 4:21 PM

I tried PA trading but ended doing exactly opposite of your analysis :(

I have attached candle by candle thought process here
<http://i.imgur.com/erbrmQL.png>

Could you comment on my last trade and some suggestions for improvement.

My morning session was great but gave back all and more in the last trade.

Reply



Unknown March 5, 2015 at 4:26 PM

Okay I get it... I forgot to put PDL in the chart :(
it would have given me some clue.

Reply

▼ Replies



SMART Trader March 5, 2015 at 4:49 PM

This bar by bar analysis is tiresome and a waste of time and energy. Trade the acceptance and rejection of prominent levels.
Here the level was PDL. Price moved above PDL . The question is whether it will break below it or not. If you feel PDL will hold,
enter long at or very close to the level . Keep your SL little below the level (generally I risk 10 points). That is your maximum
loss. If it is not going down, it will move up. How far? Nobody knows. So manage it as good as you can

ST



Unknown March 5, 2015 at 4:58 PM

Thanks for the input Sir, reading bar by bar seems to seeing shapes in the cloud, if you look hard you can see almost anything.
I realized my three main mistakes of the day,

1) didn't plot the PDL on the chart how lazy of me !
2) Missed to see the fluid
Above two mistakes completely took me out of context with markets.

3) I had mental stops and realizing for sane trading we need standing stops :)

Thanks for your input/guidance and for being a continuous inspiration!

-TradingNoob

Reply



Unknown March 5, 2015 at 5:01 PM

why did not you reverse the position near TP area .just consider your second trade it might gave you 100 pts rally

Reply

▼ Replies



SMART Trader March 5, 2015 at 5:07 PM

Always you are going to miss a lot of opportunities irrespective of your trading method Let it go. Do not chase. Sooner or later there will be another one

ST



Unknown March 5, 2015 at 5:58 PM

ST,
But even if you missed the TST BRN you could have taken long above that pivot high?

rgds
Kishore



SMART Trader March 5, 2015 at 6:15 PM

I did not expect the price to go above PDL which was also a strong flip
So I was not very comfortable to go long above pivot high

ST

Reply



Bharat March 5, 2015 at 6:34 PM

ST,

What made to take the first trade just on test of yesterdays last range.?any clue from morning price action ?

Regards

Bharat

Reply

▼ Replies



SMART Trader March 6, 2015 at 1:28 PM

Market behave like that most of the time.
After a sell of if markets open within previous day closing range and move up without testing the previous low
It will turn from FTA and retest the low again.

ST

Reply



L.V.Gandhi March 5, 2015 at 7:47 PM

Can You please give your entry order and SL for your last trade?

Reply

▼ Replies



SMART Trader March 6, 2015 at 2:14 PM

<http://screencast.com/t/mmrPP9CDgQKo>

ST



L.V.Gandhi March 6, 2015 at 6:02 PM

Thanks for the nice explanation with chart. At 8975, there were a BOF today and TSTs and PL at 14:06 and 14:09 was broken. In spite of all these what reasons gave you confidence to go long?



SMART Trader March 6, 2015 at 7:36 PM

The mentioned BOF and the break of that pivot low gave the confidence
There was a fluid below and the stop triggering below the pivot low should have taken price much lower
But the move stalled at PDL which showed strong buying.I entered on a retest of the level. there was strong selling above 8965.
High probability move is one with the market bias and finally they won

ST



L.V.Gandhi March 7, 2015 at 7:32 AM

Thanks.



Trekkie March 10, 2015 at 9:22 AM

Hi ST,
When you took the long at 8940 <http://screencast.com/t/mmrPP9CDgQK0> PDC and 8950 were above. What should be the thinking process there. I did not trade that day, but had I been trading I would have been thinking of PDC and 8950 above as too close for entry at 8940. Please correct my thinking process. Thank you very much.



SMART Trader March 10, 2015 at 12:12 PM

Notice the price action during the day . How many times these levels were broken up and down. It was like a BW around PDC/RN. So I ignored them trade the levels that market respect.

ST



Trekkie March 10, 2015 at 1:29 PM

Thanks a lot ST. everything you say is very helpful.

Reply



smarthingsaroundme March 5, 2015 at 7:49 PM

Hi ST sir,

One quick question on your second trade - break of PDL. Why did you not take/trigger the 12:08 red bar which was a BPB of PDL. Atleast the next green candle would have triggered your entry right? (it is slightly longer than the previous red candle's tail)

In retrospect you did the right thing. But while trading what was the thought process behind not going in for this trade and eventually you took the break of PDL at 12:47

Reply

▼ Replies



SMART Trader March 6, 2015 at 2:47 PM

I rarely trade these kind of breakouts. Usually entry is made on the break of extreme or I wait for a BPB
I did not consider it as a convincing break and pullback. Ideally pull back should not move above DP. So did not try to enter short. Later when a TRAP kind of pattern happened at RN I shorted the latest swing low. That is why I marked the trade as BO and not as BPB

ST

Reply



tRaDeR_B March 5, 2015 at 9:42 PM

Hi ST,

Did you get a chance to try out Zerodha PI?

Reply

▼ Replies



SMART Trader March 6, 2015 at 1:59 PM

No. I am very comfortable with Icharts for charting purpose
IMHO for trading NOW is the stable one. I made a mistake and shifted to Nest

ST



Trekkie March 11, 2015 at 2:40 PM

ST, I feel the same. Can we not switch back to NOW. On 9th, it was weird, according to the chart my SL had triggered, but in NEST it didn't. I expected price to move in my direction so I cancelled the SL (bad idea, but this time it turned out to be good) and put it again after a min and the trade was saved. This makes me wonder if SL trigger is controlled by broker rather than NSE.

Reply



Unknown March 6, 2015 at 4:03 AM

Hi ST, what is WRB. I see this term in your Location post.

Reply

▼ Replies



SMART Trader March 6, 2015 at 10:29 AM

Wide Range Bar

ST

Reply



Charles March 6, 2015 at 11:50 AM

Sir, Just before your second trade i.e. BO on the short side, there was BOF of PDL also price had gone above 8950, why wouldnt you take a long call there ? plz reply. Thanks

Reply

▼ Replies



SMART Trader March 6, 2015 at 2:54 PM

Bias was bearish and the BO was not very convincing. Ideally price should break the extreme well and move above trapping many traders. Please do look at the volume where you considered as a breakout. Notice the volume of 12.51 candle which broke the PDL extreme. BO orders are always at the extremes.

ST



Neethi March 7, 2015 at 10:19 AM

ST Sir,

how the volume is useful when doing the order at decision point ? is that we have to see/compare volume of previous BOF (or) BPB to make the decision at next BOF (or) BPB (or) BO ?

Thanks,
Neethi



Charles March 10, 2015 at 12:40 AM

Thanks for explaining Sir

Reply

Anonymous March 7, 2015 at 2:34 PM

Hello Sir,

Nice blog explaining the method of trading using price action around key levels. I liked the simplicity of the thought process and the chart (no jazzy indicators and clean real estate) minimizing the number of decision making variables.

Keep it up and looking forward to reading and learning from this blog!

Reply

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