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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, June 7, 2012

Barbed Wire



Normally price will not stay at the decision points much longer. Decision points are areas from where price moved away historically. These points are proven levels of demand supply imbalance. I expect a significant group of traders to react and act at these levels and create an imbalance again.

On rare occasions price will not run away from these areas, Instead it chops around it creating a tight trading range(TTR)..This is a very dangerous pattern which I call "Barbed Wire". If you try to trade the DP , you may get whipsawed left and right.Fortunately this pattern is rare and most of the time it appears around BRN.Once a BOF trade fails dont be in a hurry. to enter again. Better to stay out till price moves out of the TTR. Never attempt Counter Trend trades.

When in doubt, stay out

Posted by [SMART Trader](#) at 6:59 PM



4 comments:

Anonymous July 15, 2013 at 7:04 PM

Have you considered classifying the strength of a decision point by how strong price left the level previously? Google Sam Seiden and have a look at his supply/demand zones and his odds enhancers. I trade strong decision points/zones as greater reversal potential. Weaker zones are more likely to act as areas for trapping traders for the liquidity before reversing. Stronger zones are usually areas where a bunch of limit orders will be stacked and traders who missed the last strong move there last time are waiting, or where banks have large unfilled orders waiting.

Reply



[SMART Trader](#) July 15, 2013 at 9:07 PM

Anon
Thanks
I have explained some of these in my post titled "Decision Points"

ST

Reply

Anonymous January 25, 2014 at 12:05 PM

ST,
How to identify this pattern at the earliest ?Could you please throw some light in to at which point (approximate) we may confirm the pattern
thanks
Kishore
Reply



SMART Trader January 25, 2014 at 10:25 PM

Kishore

No way. Once you get stopped out at a DP , do not be in a hurry to trade that area again.Confirm it is not a Channel or Barbed Wire
ST
Reply

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