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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

Tuesday, July 29, 2014

Reading: Taps on DP

I am reproducing below a blog post written by [Deven Malhotra](#) in his blog . Please go through it and post your valuable feed backs on his blog.

Taps on DP

A Pattern, I have observed many times & am using it is [TAPS on DP](#). Its coming frequently in Nifty nowadays. The criteria, I look for is:-

- 1) A Range Formation between 2 DPs.
 - 2) Price starts knocking at one of the DPs (>2 times). The more the knocks, the better.
 - 3) HL or LH formations as per the BO requirement. If the Taps are on DP above you, see for HL requirements & LH for Taps on DP below you.
 - 4) Tails on that DP are better (For me, Taps on BB are equivalent).
 - 5) Enter Above/ below the DP on BO.
- I will give few examples without BB from recent days..

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Posted by [SMART Trader](#) at 4:23 PM



5 comments:



[Deven Malhotra](#) July 29, 2014 at 4:56 PM

Thanks a lot ST for reproducing it.. but plz drop the suffix "Sri", i am too young for it ;)

Thanks,
Deven Malhotra

Reply

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[SMART Trader](#) July 29, 2014 at 5:05 PM

Shall I jumble it and make " Sir" which is more appropriate
Anyway, as you wish edited

ST

Reply



[Trekkie](#) July 29, 2014 at 9:26 PM

Hi ST/Deven,
Is this not what Pressure Play is ? Am I missing something?

Reply

▼ Replies



[SMART Trader](#) July 29, 2014 at 10:14 PM

Pressure Plays are generally reversal trades. We bet on stop accumulation and critical mass positions. This particular patterns examples are all continuation moves rather than reversals. Basically both are breakout trades. In other words these kind of moves are absorption failures. Trend orders overwhelming resting orders.
<http://niftyinirvana.blogspot.in/2012/02/absorption.html>

ST

Reply



Unknown July 30, 2014 at 4:22 PM

Hi all,

Is this something like formation of an ascending triangle before the long PP and a descending triangle before the short side PP ? This is what I felt after seeing the charts on <http://tradewithseven.blogspot.in/>. Am I mistaken here?

>> Conventional TA states that S/R levels become stronger after each test

Yes. Let me share what I read recently about the same point that ST has mentioned. The failure comes due to the fact people may enter with heavy qty after seeing successful successive rejections and its corresponding PP might be really strong.

-Mathew

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