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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*

Sunday, February 12, 2012

## Opening Price

As a general rule the opening price for the day will either be the high or low for the day at least 50% of the time.

If the market opens above the previous days close, the bias is bullish .So if it is trading above the opening price level of the day, it is potentially going up.

If the market opens below the previous days close, the bias is bearish. So if it is trading below the opening price level of the day, it is potentially going down.

Always be aware where the market is in relationship to the open.If the price action goes below the open adopt a negative stance and if the market goes above the open adopt a positive stance.This approach is very simple but it is also very effective as an indicator to have you thinking in the right direction.

A lot of volume will be generated in the first few minutes of the market opening based on the price action during this period.For every new position there will be an equal amount in the opposite direction. Someone has to be wrong, so what tends to happen is that if the market was for instance going down after the open, and reverses back up through the open, the traders who are short will reverse position. If the price action continued to go down the buyers will quit (by selling) and force the price to go lower.

*Derivative markets move in self feeding loops*

Posted by [SMART Trader](#) at 8:58 PM



## 3 comments:



[KJS Arora](#) February 18, 2012 at 1:01 AM

Most beautiful exposition of Opening range breakout.  
I reached your blog via Sunil Saranjire and love your blog. Love at first sight.  
[Reply](#)



[SMART Trader](#) February 22, 2012 at 8:44 PM

Thanks KJSA  
Please do visit and write your valuable feedback  
ST  
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[aishwarya](#) July 20, 2014 at 4:10 AM

sir great explanations indeed if any novice happen to come across care to read it as many times as needed to understand to apply indeed he will become a very successful trader and in abundance  
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