

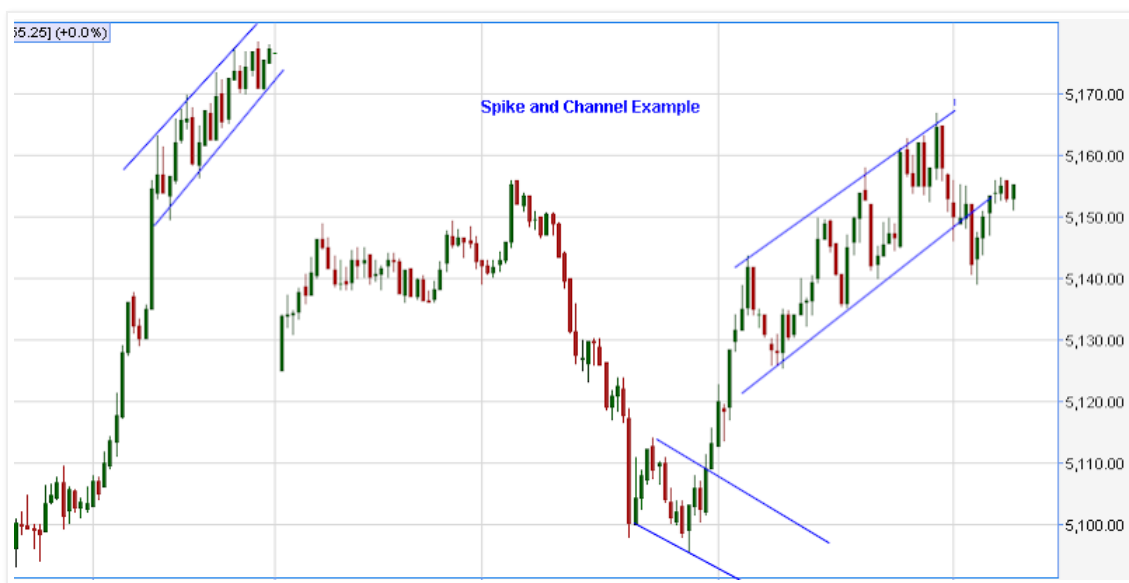


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There is a substantial risk of loss associated with trading Derivatives . Losses can and will occur. My methods will not ensure profits

Friday, June 22, 2012

Spike and Channel



In an earlier post , I had written about a dangerous patten called "Barbed Wire" formed around decision points.. Unless you identify this pattern earlier, you may get whipsawed left and right before you know what is happening."Spike and Channel" is another dangerous patten. If it happens immediately after day open ,you may be able to ride it.But better to stay out.SAC is nothing but a diagonal Barbed Wire.

A relatively large move in a short period of time is a spike. It could be an up move or a down move.A spike can be a gap, Wide range bar or a few bars in the same direction.After the spike price moves in a Channel in the same direction of the spike.While trading BOF ensure that it is not a SAC move.

Above chart is today's price action . You can also see a narrow SAC previous day evening.If we did not notice the SAC most of us will get trapped in BOF trade of HOD.Today those who have traded the BOF of BRN-LOD made good money. Imagine if it turned out to be a SAC to the down side.

Posted by SMART Trader at 4:35 PM



4 comments:

Anonymous September 10, 2013 at 7:56 AM

what is SAC? its not in glossary

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SMART Trader September 10, 2013 at 9:09 AM

Anon

SAC is Spike And Channel

ST

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rgctoronto September 17, 2013 at 10:23 PM

There's a "glossary" ? Where can I find that ?

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SMART Trader September 17, 2013 at 10:32 PM

rgctoronto

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