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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, August 2, 2012

02082012



Nifty gaped down a little and sold. Bias was bearish . I was looking to short . Did not retest DO-IR High. LOL BOF of IR Low/PDL was a long signal. Got stopped out. Hesitated to go long at A after the second BOF. Missed a good move. TST of DO gave a short signal which made a little profit. Last BOF of HOD was a scratch.

Follow up action is missing even after strong BOF. There is a lack of interest in the market. There is no participation from traders. Volumes are drying up what could be wrong ?

Date	Open	High	Low	Close	Settle Price	Contracts	Turnover (in lacs)	OI
27-Jul-2012	5144.45	5179.75	5095.50	5123.55	5123.55	341276	877063.38	21107900
30-Jul-2012	5157.00	5224.00	5150.25	5216.70	5216.70	264935	687181.15	22044350
31-Jul-2012	5242.85	5247.00	5168.00	5240.55	5240.55	327140	852850.29	22193100
01-Aug-2012	5239.00	5266.80	5229.00	5256.30	5256.30	188456	494626.47	22342800
02-Aug-2012	5248.00	5252.90	5222.10	5246.70	5246.70	159026	416524.93	22578700

Posted by SMART Trader at 3:51 PM



8 comments:



Sunil Saranjame August 2, 2012 at 6:46 PM

ST, I think there are buyers stepping in around 5220 and the Spot to Futures premium hints at a breakout over 5250 spot.

Tomorrow is the day of some action.

Thanks,
Reply

Raghu R Bhat August 2, 2012 at 10:33 PM

Could get in at A to exit at 46. Earlier got stopped out of a long at IR low. Later on went long around 2:30 when prices moved up 10 points



over WMA. Went along with the bear squeeze and exited at 3:28.
Today qualifies for a NR-day so possibly tomorrow may be large range day. my bet is on the downside.

rb
Reply



Kamalesh P Langote August 3, 2012 at 9:51 AM

My experience is it is difficult to trade when the trading range for the day becomes small. Where the high/ low difference for the day is 20-30 points, breakouts become unreliable. A breakout should ideally lead to a big move and if it fails to happen, then it means something else is happening and we should exit a trade.

Reply



Raghu R Bhat August 3, 2012 at 11:47 AM

KPL - look at volatility cycles - low vols will be followed by high vols followed by low vols. So a small range means there is a good chance of BO - but one may decide not to take the trade due to other factors. When Nifty vols are 1.5% BO will give 30 points, when 1% as these days BO will give 15 points etc.

regards
rb

Reply

Anonymous August 3, 2012 at 12:19 PM

Chart is same. Price action is same
But different traders look at it in different ways and end up with dr or cr in their trading account.

For eg
I saw the gap down and pullback as BPB and shorted at pullback and covered at PDL.

Reply



SMART Trader August 3, 2012 at 1:03 PM

@KPL Sir

You are right.If the breakouts are not working, something is wrong. there is a lack of interest among participants. Better to avoid mediocre setups.

ST

Reply



SMART Trader August 3, 2012 at 1:10 PM

@SS

Today being Friday there could be some action it seems

@Raghu

Could not follow your 1%, 1.5% volume criteria for breakouts. Would you be kind enough to elaborate.

@Anon

That is the beauty of trading.
Beauty lies in the eyes of beholder. so true.

ST

Reply



Raghu R Bhat August 3, 2012 at 1:48 PM

Sorry not volume - but volatility. With nifty range of 75 points (1.5%) approx one could look for 3 legs of 30 points each. For lesser nifty range 3 legs of 20 points etc. This could become BO targets. Lately with compressed nifty range we are hard pressed to find 15point legs.

As i write this nifty has made a 50point move. so things are back to normal it seems, volatility wise.

rb

Reply

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 - [01082012](#)
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 - [June](#) (33)
 - [May](#) (33)
 - [April](#) (27)
 - [March](#) (31)
 - [February](#) (42)
 - [January](#) (3)