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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*

Wednesday, June 12, 2013

## Trading Plan

"Plan the trade and trade the Plan" is perhaps the most common advise given to traders. Planning the trade is very easy. But most of the time we fail to trade the plan. In the heat of battle we become nervous, tensed and fail to execute as per the plan. Still it is better to have some plan and teach ourselves to stick to it.

We are trading a discretionary method. Everything cannot be defined in such a method. It is impossible to set rules for everything. Discretionary trading totally depends on our judgement. We need to take decisions as per our judgement. So the end result will vary from trader to trader even though we are trading the same method.

I have prepared a brief plan to guide us in trading the method. I think I have covered the most essentials in this check list..I wish you to remind that the method cannot be traded mechanically. It all depends on your ability to Read and feel the Market

### TRADING RULES

#### Entries

- Trade only at Decision Points
- Hide Initial Stop behind a DP
- Entry preferably on break of a potential Flip Zone(To ensure two layers of defense)
- Counter Bias Trades preferably on BOF (Ensure orders from trapped traders)
- BPB entries preferably only on the first BPB of the move( To avoid over extended moves)
- Ensure Space for the trade to move

#### Trade Management

- Scratch if price crack flip and settle (Think Pressure Plays then)
- Trail using flips and pivots
- Exit at the next DP
- Exit on reasonable profit
- Always consider strength of the move before the exit

### Market Bias

#### Initial

- Price Inside or Outside of Previous Day Range?.
- Daily chart in Rally or Decline?
- Price at Upper or lower side of Previous day range?
- Price above or below PDC?
- Price above or below Day Open
- Price Gaped on open? Trend gap or CT gap ?
- Initial price move. Bullish or Bearish.

#### Ongoing

- Current range above or below the previous range?
- Last DP crack. Upside or Downside?

#### Other Helpful Concepts

- Master Candles at DP
- Initial Range
- Channel after a spike
- Barbed Wires
- Layer over Layer
- Brackets and envelopes
- Cigarettes
- Pressure plays and Traps
- Fluid
- Critical Mass

*Finally the most important thing. Always think order flow. Learn to identify locations where other traders are likely to keep their orders. Try to position yourself to take advantage of this accumulated orders*



## 18 comments:

[adhi narayanan](#) [June 13, 2013 at 8:58 AM](#)

It will be very useful, when we make a printout of the trading plan during market hours. thanks  
Reply



[Unknown](#) [June 13, 2013 at 8:59 AM](#)

Wonderfully put up ST Da.....  
Reply



[Raghu R Bhat](#) [June 13, 2013 at 11:17 AM](#)

ST - Thanks for the template - it is a great summary of your Century of posts - rb  
Reply

[Capt. Premial](#) [June 13, 2013 at 3:04 PM](#)

I was in search of a guru and coincidentally i happened to meet Mr. Rajesh Sahani a month back while i was in Mumbai, who introduced me to this god's Gift blog. Since one month i have been studing your Structures and started noting down on my book all explained in structures and made my checklist. Today i am really surprised to see almost the same Checklist. God bless you. I can say confidently bcos of your beautiful and simplified way of explanation i started gaining confidence in trading." A candle which light another Looses nothing You are one of those candles. Do keep simplifying the way of trading. God will always be with you.  
Reply



[HARISH TAHKAR](#) [June 13, 2013 at 4:11 PM](#)

Sir,  
Excellent guideline summary to follow  
I am presenting some my observations which I think will be helpful to blog readers.(1) Draw horizontal lines on plain charts of Open,PDC place VWAP.  
Full IR above/below will be trend day (2)VWAP works as regression line,turning points of mkt eg.price gap down open < PDC price remaing mostly above VWAP throughr day,it makes BO,PDL,PDC,sometimes even PDH  
(3)VWAP can show success of BO on DPS eg,VWAP remaing good distance above PDL but price rremains below it,if low volumes price moves above VWAP,makes BOF like wise on PDC,PDH  
(4)1st swing H-L,1st BO or BOF.1st attempt to turn the market.1st WRB dominate the market.eg.1st attempt to turn the market is strong means bottom is near.If 1st low and next 2-3 lows are nearer with 5-7 points diffirence it is rounding bottom and trapes short sellers.List is big If you like, I will write.Thanks.  
Reply

### ▼ Replies



[Unknown](#) [March 3, 2015 at 5:16 AM](#)

HARISH TAHKAR,

Have few doubts on your observation. can you please clarify...

on Point 1. " Full IR above/below will be trend day.." .. I understand that the VWAP will be calculated only after the market open during the market hours. So you are trying to say after IR, if the full IR is above/below the VWAP, then market is going to continue the trend.

Also I ma not clear on other points expect "If 1st low and next 2-3 lows are nearer with 5-7 points diffirence it is rounding bottom and trapes short sellers.".. can you please explain

Reply



[vk](#) [June 13, 2013 at 5:49 PM](#)

Thank you soooooooooo much sir.  
Reply



[SMART Trader](#) [June 13, 2013 at 7:59 PM](#)

Harish  
Thanks.  
I am open to all the suggestions and improvements. Only condition is that the core concept should remain as such  
It will be better if you can post some annotated charts  
  
ST  
Reply



**SMART Trader** June 13, 2013 at 8:24 PM

Capt.Prental

Thanks for the visit and comment.  
I am happy that I could show a few the right way to proceed

ST

Reply



**Sunil Saranjame** June 13, 2013 at 9:09 PM

It is difficult to make a flow chart but let me try.

Ty,

Reply



**SMART Trader** June 13, 2013 at 9:55 PM

SS

Thanks

Yes. It will be a tough job

ST

Reply



**HARISH TAHKAR** June 13, 2013 at 10:05 PM

Sir,  
I will send with chartscreen print and explination of how I use your trading concept in my trade set ups on Saturday.Please guide me how I can post charts.Through E-mails as undermention ?

Reply



**SMART Trader** June 13, 2013 at 10:29 PM

Harish

You can upload the charts to web and share the link

ST

Reply



**Bharat** June 13, 2013 at 10:55 PM

Thanks a lot ST

Reply



**Unknown** August 1, 2013 at 2:04 PM

What is the time frame that u trade 5min ??

Reply



**SMART Trader** August 1, 2013 at 3:22 PM

anurag

3M

ST

Reply

**Anonymous** February 7, 2014 at 12:12 PM

ST,  
Can you elaborate or give an example of "Scratch if price crack flip and settle (Think Pressure Plays then)"?  
Thx,  
DM

Reply



**SMART Trader** February 7, 2014 at 3:22 PM

DM

Usually our entry is on break of a formation. say a minor pivot. Once pivot crack, we are in . But price pull back and the entry point fails to act as a Flip,exit the trade. You can consider a pressure play trade if price breaks the newly made pivot later provided other factors are favourable

ST

Reply

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