

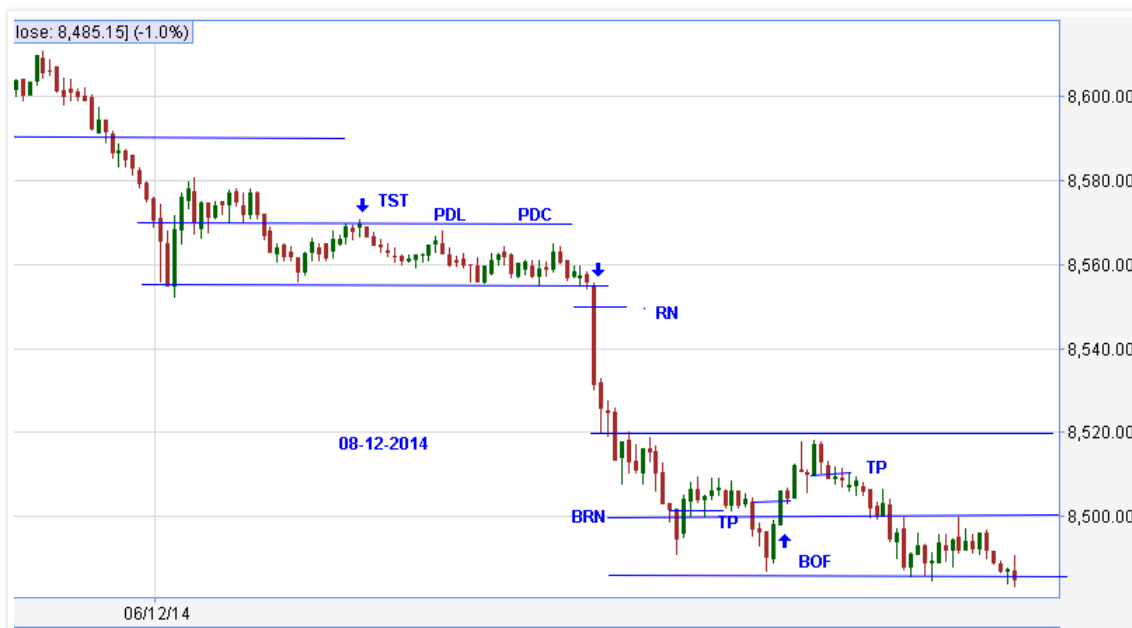


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There is a substantial risk of loss associated with trading Derivatives . Losses can and will occur. My methods will not ensure profits

Monday, December 8, 2014

08122014



This is an illustrative example of the concepts being discussed. Markings are just visualizations on historical data in hindsight analysis
 I was not trading today. Nifty opened near PDC/PDL and bounced. There was no follow up buying and fell below PDL. One can short this breakdown. Market gave another TST also. Finally gave a PP. 4 touches at the range low and each rejection made a lower high. Last bounce was a minor TRAP. BOF of BRN did not work

Posted by SMART Trader at 5:06 PM



17 comments:



zoozoo December 8, 2014 at 5:29 PM

Dear ST,

I went short again in 13:42 candle i.e. below the 13:02 candle, with a stop above the entry candle. Got stopped out quickly. Was this a valid trade as per our method?

Reply

▼ Replies



SMART Trader December 8, 2014 at 6:01 PM

Nifty had already moved nearly 90 points from the HOD at that time
 Avoid over extended moves

ST

Reply



Trader Pai December 8, 2014 at 6:02 PM

thanks ST,

rgds
 Kishore

Reply



Lisa December 8, 2014 at 6:38 PM

Hi ST,

All your readers who are maintaining their blog must read the SEBI (Research Analysts) Regulation, 2014. This has come into force from 1st December 2014. Based on my understanding, nobody (unless registered or plan to register within 6 months) can give any buy/sell recommendation on any security through any means. If anybody interprets it differently, please discuss on this blog or on my resotrading blog (or chat on my blog).

Thanks

Reply

▼ Replies



SMART Trader December 8, 2014 at 7:50 PM

I think these guidelines may not be applicable to us

The statute defines a Research analysts as

u) "research analyst" means a person who is primarily responsible for,-

i. preparation or publication of the content of the research report; or

ii. providing research report; or

iii. making 'buy/sell/hold' recommendation; or

iv. giving price target; or

v. offering an opinion concerning public offer,

We are not doing 3, 4 and 5. can the contents be considered as a research report ?

I dont think so. It defines a research report as follows

(w) "research report" means any written or electronic communication that includes research analysis or research recommendation or an opinion concerning securities or public offer, providing a basis for investment decision and does not include the following communications:-

(i) comments on general trends in the securities market;

(ii) discussions on the broad-based indices;

(iii) commentaries on economic, political or market conditions;

(iv) periodic reports or other communications prepared for unit holders of mutual fund or alternative investment fund or clients of portfolio managers and investment advisers;

(v) internal communications that are not given to current or prospective clients;

(vi) communications that constitute offer documents or prospectus that are circulated as per regulations made by the Board;

(vii) statistical summaries of financial data of the companies;

(viii) technical analysis relating to the demand and supply in a sector or the index;

(ix) any other communication which the Board may specify from time to time;

Let us see. This is really dangerous. Research report includes "opinion concerning securities or public offer, providing a basis for investment decision". An advise not to subscribe to a mediocre public issue by a blogger becomes illegal here

ST



Trekkie December 8, 2014 at 8:43 PM

Yea, I too think it does not apply to us. Please check <http://www.iimhd.ernet.in/~jrvamra/blog/index.cgi/Y2014-15/research-analyst-definition.html>

Reply



PA Trader December 8, 2014 at 6:54 PM

I dont think that this blog or the blogs maintained by some other folks here like you should fall under this arbit. The posts are after market analysis and not recommendations to buy/sell. But yes, I do believe that more clarity is required from SEBI as to what actually is illegal and what is not.

Reply



L.V.Gandhi December 8, 2014 at 7:16 PM

I shorted as you suggested below PDC below 9:48 to 9:54 bars. But I scratched after second up above 11:03 to 11:12 bars congestion. what is your thought process at this point.

Thought I have seen in your write ups about regarding SLs for various cases of trade entries, I request you to write something about changing SLs as the situation demands in a select few situations after trade entries.

Reply

▼ Replies



SMART Trader December 8, 2014 at 8:01 PM

LVG

Yesterday evening price was falling and closed at the low. Morning up move was a pull back. more than half an hour price stayed there and broke down below PDC/PDL. Price breaking below PDL is a major transition. Price after an inside day going to make a LH-LH and changing to decline mode in Daily. PDL and PDH are the most powerful DPs. Do not exit unless you are getting a reasonable profit or the trade gets invalidated

ST

L.V.Gandhi December 8, 2014 at 8:17 PM



Thanks. Should I consider invalidation if the candle crosses high or low of a candle that crossed back PDL/PDH ? ie BPB above PDL/PDH.



Trekkie December 8, 2014 at 8:40 PM

Hi ST,
Thanks. I too am in the same boat today. Perhaps should not have paid attention to LOD at that time, the touch trades have confused me completely now, The possibility of someone taking a touch trade is causing me to exit too soon :(I regret having watched Ziad. I am sure he is great, but I think it was not the right time for me to watch his videos. Prior to that I would not have exited unless price closed outside LOD or reversed above my entry bar. H-E-L-P :)



SMART Trader December 8, 2014 at 8:50 PM

Candles are not very important. If price moves above and gets accepted above the DP, trade gets invalidated. Better way is to short around 8569 with SL at 80. then bring down SL to 8571 and sit tight with a risk of 2 points

ST



SMART Trader December 8, 2014 at 9:05 PM

S Roy
If you are not comfortable leave them
Did you take the PP trade?. Price tested the range low 4 times.
Rejections getting weaker, making Lower highs each time
That too a trend trade. Price staying below PDL. A nice fluid below it

ST



Trekkie December 8, 2014 at 10:51 PM

Hi ST,
Thanks, no I didnt take the PP, range low ws x55 there was x50 as barrier below, so wasnt sure where to place the order. Should I have just placed it at 49 or so? Was there any possibility of a LS happening there?



L.V.Gandhi December 9, 2014 at 7:55 AM

Thanks explanation.
PP trade I attempted. I put order below RN. It was skipped. Price moved from 52 to 32.

Reply



Lisa December 8, 2014 at 7:32 PM

Maintaining blog or discussing past trades is not an issue. However, in my opinion, we can not make any future buy/sell recommendation in our blog.

Reply



Arvind December 9, 2014 at 6:04 PM

Sir,
As a habitual range player, I hate when positional trader are in charge of the market. Every LOD seems to me a Range low to me and I look for BOF of Range low, only to get stopped out. It is very hard to sell to already sold market in these kind of days.

Reply

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