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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, August 8, 2012

08082012



Nifty opened within previous day evening range. BOF of PDH gave the first short signal. TP at PDC. Skipped the long TST trade at PDC. Price tested the range high and drifted down. I was expecting a BOF at LOD. Price was still trading within the previous day closing range. Nifty refused to go down below 5350. Low of four bars were 5350. Then price turned and started moving up. Another push down also failed to go below 5350. I went long as I can keep my stop loss below LOD. I was lucky to get very good profit on this trade. Last trade was BPB of HOD. Went short when price re entered the range. Could get 20 points on this.

Posted by SMART Trader at 8:53 PM



## 7 comments:



Piyush Sharda August 9, 2012 at 12:05 PM

hi st,  
i appreciate interesting concepts u have listed here.

when i look at the charts i see  
1)one breakout failure trade failing the second one successful  
2)the 5350 failure falls in failure to continue pattern i guess. when i look at the charts i see similar patterns for short at 5365 area 1.30pm, then approach of high of day at 2.40

how can one avoid these whipsaws?

Reply



SMART Trader August 9, 2012 at 2:44 PM

Piyush

Thanks.  
If you try to make rules and trade this method around DP, it will not work. we need to observe and understand what is happening around DP.

1.I think you are referring to the BOF of PDH.Breakout bar itself closed at the lower end next 4 bars failed to go above the BO bar next one tried and got rejected and breakout failed It is a single occurrence.

2.It can be classified as TST.

At 5365 theoretically pattern is same. But you need to consider the bias also. It was bullish. It is prudent not to attempt TST trades counter bias as there wont be any order flow from trapped traders.

Why no long trade at HOD, critical mass of Traders are long from 5350. They will start selling at the first sign of reversal.Green bar was just a pull back in the new down move.

We must learn to decipher real buying and selling from profit booking. That too in real time

ST

Reply



**Piyush Sharda** August 9, 2012 at 4:36 PM

thanx for reply,

i have not clearly understood ur ist 2 points

1) bo failure of pdh 5366.7. now how do u execute. in i can see 2 bars in ur chart closing above that. next going below and then a rally culminating in a shooting star. i am narrating from left side so when u take trade? when 3rd bar went below 5366.7 why was it not bof? pls note the next high 5373 has occurred after that. we dont know whether it'll happen or not when 3rd bar went below 5366.7. it even closed below that.

trend is bullish i can guess by ma, higher highs in hour charts but those tools i didnt find here. so how do u guess that trend is bullish and not to make a 5365 at 1.30 and another failure to continue trade which wud have been a success at 12.

Reply



**SMART Trader** August 9, 2012 at 9:17 PM

Piyush

Don't be too rigid in your definitions.The question is whether the price is getting accepted or rejected from the new area. Watch the price action. We may need to watch and decide.If we are in doubt stay out.

Actually the real DP is not 5366.70

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My trend definition is a little different

[Watch](#)

Hope this helps

ST

Reply



**Piyush Sharda** August 10, 2012 at 10:42 AM

well the only thing is now we are analysing after the event. u are right abt judging acceptance/rejection but while judging then many a times there are 3-5 point loss trades those are cost to a trader. in this chart as the level marked is different perspective changes .

this trend definition i saw but this includes failure to continue at resistances too like u took at low of day . one shud get bearish at resistances for possible downward bias..

Reply



**SMART Trader** August 10, 2012 at 12:57 PM

Piyush

Market is a place where countless people executing countless strategies. Decision points are not brick walls. There will be a lot of price overlap.If you are looking for something certain and unambiguous, you will get disappointed, DP trading is like betting on a tug of war. We must learn to read and feel the opposing forces in real time and bet with the lowest risk. Why you are making many 3-5 point losses while judging the acceptance rejection ? Wait till you feel price has made an extreme. try to get an entry within 10 points of this extreme and manage the trade. If you get stopped out it is over. This is not a SAR method

ST

ST

Reply



**Piyush Sharda** August 11, 2012 at 12:28 PM

thanx for reply

not trading just observing now.

Reply

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