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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

Tuesday, May 6, 2014

06052014



Nifty gaped up above PDC. First candle acted as IR. Short on BOF of IRH. TP when break of RN/IRL failed. Avoided long as there was too much of chop above. Went short on BO of earlier swing low. Trade did not move . Came back and stopped me out above RN. BOF of RN was a TRAP which I missed. Went long on BOF of PDC and TST of NS BRN 6700. TP at RN

Posted by SMART Trader at 4:02 PM



26 comments:



Kishore May 6, 2014 at 4:06 PM

Hi ST
-2 points in 3 trades

<http://tinypic.com/r/2cp49kn/8>

Please comment

thanks n rgds
Kishore

Reply



Uday Dave May 6, 2014 at 4:12 PM

Hi ST,

Not traded today as I was not comfortable with the Space.

Here are my thoughts,
<http://charttechnical.blogspot.in>

Thanks.

Reply

▼ Replies

 **SMART Trader**  May 6, 2014 at 4:41 PM

URD

Last one you could have taken a little risk
Fag end, Critical mass short and need to cover, a BOF, Powerful DP PDC as well as NS BRN 6700

ST

 **Uday Dave** May 6, 2014 at 5:07 PM

Thanks ST

For that trade initial SL was about 10 pts plus commission. FTA was 6740 which might act as a flip and in fact acted as a flip, then there was MSP. Then there was RN at 12 pts distance. So that was the only reason.

 **Uday Dave** May 6, 2014 at 5:28 PM

ST,

How to weigh such trades? I mean, here critical mass, order flow, and earlier behavior are in favor but space and RR not favorable.

Thanks

 **SMART Trader**  May 6, 2014 at 6:28 PM

URD

There is no way to know for sure. You have to take a chance
It was just an assumption that critical mass will start covering shorts
Further did not expect fresh selling at this time.
ST

Reply

 **Unknown** May 6, 2014 at 4:14 PM

Sir,

My two trades today

Long on BOF of IRL (Low at open and BRN as well 6700 NF)
I went long at 6756.. 11:23 candle with SL as 6743.. SL hit.

I could have managed to exit just below 6750, took 7 more point risk unnecessarily.
Placing SL below tail..took more points away from me.

Short on BPB of BRN 6750
I went short at 6750 with SL 6754.. high of 12:38 bar

Guess this trade should have been avoided.

Your comments sir...

Reply


▼ Replies

 **SMART Trader**  May 6, 2014 at 4:51 PM

Rose Mary

Trade 1. read the reply to Kishore
Trade2. BPB trade entry should be on the break of BO extreme. Here price did not extend beyond the BO bar. This showed there was only stop triggering. No follow up selling

ST

 **Trekkie** May 7, 2014 at 8:33 AM

Hi ST,

Because it was only stop triggering that gave the big red bar, would we take the TRAP entry that followed?

Reply

 **SMART Trader**  May 6, 2014 at 4:33 PM

Kishore

You traded the signals well.
First trade was a little risky. There was too much traffic in the area you traded into. As you know price moves through a fluid smoothly where as price will struggle to cross such congestion. After your entry there was not much space, little over 10 points only. Better to avoid such situations. You can opt for the BO other end if price showed momentum

ST

Reply



Trekkie May 6, 2014 at 5:20 PM

Hi ST,
Will you please share how you trailed stop loss on trade 1 today? Thank you

Reply

▼ Replies



SMART Trader May 6, 2014 at 6:42 PM

S Roy
Initial SL was above the entry bar. nifty bounced from IRL more than I expected and scared me.
Later shifted SL to this pull back high. Next 40 minutes it was a narrow range. once its low broke. I brought it down to breakeven so that I won't lose. covered when BO of RN failed
ST



Trekkie May 6, 2014 at 10:09 PM

Thank you ST, I exited after two green bars that reversed from IRL, this happens too often for me, I end up scratching it only to find price run away without me.



SMART Trader May 7, 2014 at 10:29 AM

S Roy
Read the reply to Kishore.
Here again your logical target is the big red BO bar low

ST

Reply



Unknown May 6, 2014 at 6:40 PM

Hi ST,

You have improved my trading thought process - and I am only a few days into your blog (after reading your ebook)! Thank you.
Now I have started to see pivots, break out attempts & failures, started to anticipate reversals etc.. I have only been doing paper trades with price action method (I primarily trade options intraday) - but now I have started to see things a lot better on the charts. I hope I will get courage to trade futures (honestly, I till now have feared futures trading) with Price Action. May be I will start with 1/10th of Options position sizing till I get clarity of mind. Any suggestions and comments from you will be appreciated!

Prash

Reply

▼ Replies



SMART Trader May 6, 2014 at 7:27 PM

Prash

Thanks.
First thing a trader need to do is to define a structure for the market. A framework within which price move.
Otherwise price moves will not make sense. It will be like watching a foot ball match without knowing the game. You will always be wondering what these 22 guys are up to.
IMHO you can very well trade the method intra day with options. Very simple directional trades buying options. There is no need to worry about the time decay. In fact I think options may give more flexibility. If you are not sure about a move go with OTM and if you are confident trade deep ITM that move like NF.

For example notice the last trades of 05052014 and 06052014. Focus on such BOF reversals at extremes. Please note that I have not traded this with options. Was just sharing the thoughts

ST



NPA Trader May 6, 2014 at 8:29 PM

I want to share my experience when we trade this method with options. If we trade in options by viewing NF chart. We will not be able to put limit orders. So we can miss some trades. if we miss, there is no problem.
After our entry we will not be able to put SL LIMIT orders. because we don't know where to put sl order for options by viewing NF chart. At the time of sl triggered in NF, it is not possible for us to catch the price some times. where we will lose some more points in options.

The only solution will be to trade nifty options by viewing options chart.



SMART Trader May 6, 2014 at 9:34 PM

PA Trader
I have not tried to trade the method live.
If we are trading NF looking at NS chart the same problem happens
That is why I suggested the reversal at extremes so that we will be able to keep our SL at option price extreme

ST

Reply



NPA Trader May 6, 2014 at 8:02 PM

Hi ST,

Can we say the Trap pattern in other words as complex pull back? am i right?

Reply

▼ Replies



SMART Trader May 6, 2014 at 9:30 PM

PA Trader

Yes. A TRAP occurs when traders trading against the market bias get trapped
This will accelerate the trend move.

ST

Reply



athshree May 6, 2014 at 8:11 PM

Hallo, ST,

Your point of trading in deep ITM options is really worth considering. As retail trader there is no fear of hitting 300/500 points accidentally on NIFTY towards opposite direction.....even it hits no major loss as the loss will be only premium, so that one can maintain trading activity though such incident occurs...(ya it is rare but if your luck is not with you one incident may take away 10/15k .of course according to lot size....) and one more point is brokerage....there is difference in brokerage calculation in future and options.....

One more point isif your method is set and well handled...past experience gives you courage in rare incidents to have a big positions for big gain....which is possible in 4/5 trades in a year.

I try it. Now I am concentrating on options of EQUITY with price action method. For example ..today..ACC..after crossing 1280--PDC..1287--PDH.....gone to 1305.....AXIS....breaking of 1554/51--PDC....gone to 1528.....(1237 ..1.57 low cannot catch and I covered it at PBP..with minor profit as there was BOF of PDC of NF)

I shared just a thought....will show it in a chart in few days.

Reply

▼ Replies



SMART Trader May 6, 2014 at 10:05 PM

A th Shree

Thanks for the inputs

ST

Reply



kishore May 7, 2014 at 3:09 AM

Hi ST,

I didnt understand the TRAP here..

Where is the MSP?

Are you talking about the trapped traders who took long over minor swing high just below RN?

rgds

Kishore

Reply

▼ Replies



SMART Trader May 7, 2014 at 10:26 AM

Kishore

I was not able to identify it and trade in real time

It was not a conventional trap which is a BOF of MSP. But if you look at it from a different angle it was a signal to go short

1.It was a complex pull back of RN breakout. Complex PB is a two legged pullback where the second one breaks the earlier extreme and fails to hold. In short a BOF of a pull back swing point.

2.Price broke the range low RN. But pushed back again into the range. It could not stay there for long or could not move up to the range high. In a slightly bearish bias it is a signal that the trend will resume.

I agree it is very difficult to identify and trade in real time.

ST



kishore May 7, 2014 at 10:52 AM

thanks ST



xrtrader1 January 3, 2015 at 7:10 PM

Thankyou

Reply

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