

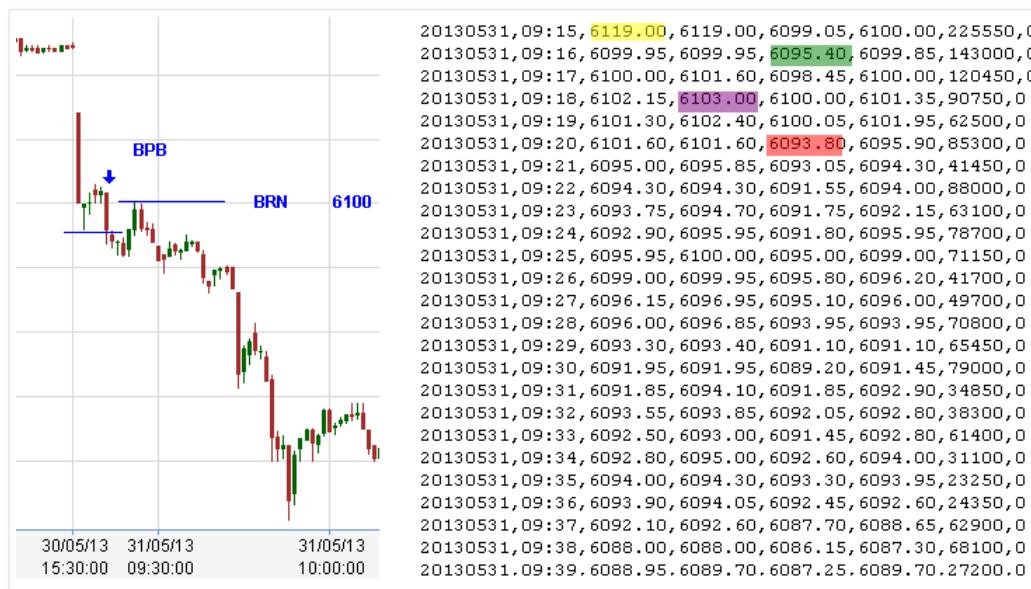


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There is a substantial risk of loss associated with trading Derivatives . Losses can and will occur. My methods will not ensure profits

Sunday, June 2, 2013

Burn the Chart



Do we really need charts to trade? I don't think so. Charts are just pictorial representation of the underlying data. Live auction markets produce streaming data and we cut and chart it for our convenience. There is nothing magical about the charts and chart patterns.

There is a misconception among the traders, especially beginners that their success as a trader will depend on their chart reading skills. They spend count less hours perfecting their chart reading skills and waste their time on identifying patterns where none exists. Markets move up and down for a reason. Unless we understand the [Reality of the Market](#), no amount of chart reading skill is going to make us consistently profitable. Only the horizontal price levels are important in Markets Everything else is just illusions.

Look at the picture. It is the 1M chart of NF on 31-05-2013. Immediately after the open there was a BPB trade opportunity. I have given the raw data along with the chart.. We can see from the raw data that in the second minute nifty broke below BRN and made a low of 6095.40. Then there was a pull back and price failed to go below the earlier low for the next three minutes.. Price attempted to move above the BRN. Now we are ready to short if price falls below 6095.40 with our orders. Next minute we are in.

Before the introduction of computers and live charting the good old tape readers were doing the same thing. They were interpreting the raw data. Thank God. Everything is much easier now.

You do not need the charts to trade. Burn them. But ensure you can read the raw data before you do it.

While posting the link I found out that this one is my 100th write up. Now there are 65 under "Rants and Raves" and 35 under "Structure and Patterns". I really wonder how long I can continue writing on such a small subject. Frankly I do not know if anybody is getting benefited .I hope at least one will.

Posted by [SMART Trader](#) at 3:21 PM



23 comments:



Rajesh Shahani June 2, 2013 at 6:29 PM

Dear ST,
Thank you and congratulations on your 100th writeup, I am unable to quantify the benefit I have derived out of your blog and I am sure there are many more.

Warm regards,
Rajesh
Reply

vishal June 2, 2013 at 7:19 PM

hi ST sir,
congrats on 100th blog writeup, my whole trading is based on your system, i'm benefiting for sure, thanks for giving us knowledge., :)
Reply

Anonymous June 2, 2013 at 8:14 PM

Narraskar ST ji,

Congrats on the century of posts. This is the only Price Action (PA) blog from our markets. Further this is the only blog which gives confidence to one that he can make it as a successful trader. This is the only blog which does not use intimidating concepts and inspires that trading is within ones reach.

I started reading this blog few months back (through SS @ timamo 's blog), read all the posts under Structure and Patterns and most under Rants 'n Raves. Went back to clear some basic concepts of PA trading. Came back to read all the posts here again and now get all your new posts through blogtrottr.com feed. In the meanwhile have also started to trade as per PA. I wait for your daily post to check where I could have done better during the trading day.

This is one of the most recommended blogs on trading in the Indian Equity markets. I am sure the 100th posts is just a mile stone on a continuous journey. Here the journey being more interesting than the destination.

Dhanyawad,
VP

Reply



augubhai June 2, 2013 at 8:15 PM

Hi ST,

Please keep up the great job that you are doing with this blog!!

I am a regular follower of your blog, and often analyze the moves with the perspective that you have provided. (I was wondering about why you did not take that BPB of BRN, but did not post the query).

After trading hours I wait impatiently for your update, often visiting the blog 2-3 times before you actually post the analysis!!

Reply

adhi narayanan June 2, 2013 at 9:20 PM

Subject is small. But everyday is a new day. everyday there is a new price movement. we are learning everyday.

Your writeup's giving confidence when we PAY TO LEARN on some day's.

After looking your blog only, i have stopped using indicators and buy sell arrows.

So I am expecting a lot of writeup's from you in the future, because the subject is VERY BIG.

Reply

Anonymous June 2, 2013 at 9:25 PM

Dear ST,

I am a regular follower (but silent) of your blog. In fact I look forward to reading it when I return from Office.

Keep up the great work.

Regards.

Reply



Unknown June 2, 2013 at 10:28 PM

I do not agree with burning the chart. Chart is a simple visual depiction of raw data. Chart is so much easier to understand than voluminous raw data. In fact chart is the main tool, backbone of price action trading as enumerated by you. Without chart, I can't even think of day trading.

As for the benefits from your blog and posts, I cannot put it better than "VP". Perhaps I had mentioned it earlier, I had never thought of venturing in day-trading. Your blog changed all that. As Augu Bhai put it, I wait for your post everyday evening and compare with my trades. Keep it up!!

Thanks,

Reply



Sunil Saranjame June 2, 2013 at 10:29 PM

Hi ST, congrats! Keep it going!

We know that trading + blogging can be very demanding but say a post on alternate days will be good.

Thanks and regards,

Reply

SAM June 2, 2013 at 10:57 PM

Dear ST,

Congrats for your 100th Whiteup, These are really helping to people like me to become Profitable trader..

You are really doing a Excellent work..

Hats Off to you...

Thanks and Regards

SAM

Reply



Sunil Saranjame June 2, 2013 at 11:29 PM

btw, the grandfather of tape reading is - Richard Wyckoff!

http://en.wikipedia.org/wiki/Richard_Wyckoff

Thanks n regards ST,

Reply



Unknown June 2, 2013 at 11:50 PM

CONGRATS ON UR 100TH POSTS. GREAT WORKS, I AM REGULAR FOLLOWER OF UR BLOG. KEEP POSTING. GOD BLESS YOU.

Reply

Anonymous June 3, 2013 at 1:50 AM

I BELIEVE IT IS ATTEMPTING 1 MINUTE CANDLE, INSTEAD OF 3 MINUTE, AND CATCHING SIGNAL EARLY, BUT IT MAY TURN OUT TO BE WICK OF 3M CANDLE, AND MAY CATCH IMMATURE SIGNAL.

Reply

Murali June 3, 2013 at 7:38 AM

Dear ST,

Congrats on your 100th post. My best wishes to reach 1000. Your post count should be only in bull move. We don't even want sideways move :)

I am sure you will know from the comments if anyone is getting benefited :). You should have no doubt on that.

As SS pointed out, its hard to do full time trading and also blog. Kindly choose a frequency which is comfortable for you, but continue the nice work.

Regards,
Murali

Reply



Deven Malhotra June 3, 2013 at 11:02 AM

Hi ST,

Congratulations for completing 100 blogs..

Keep it up, as there are many silent followers who are getting benefited from your analysis.

As rightly said above, comparing your analysis with ours trade is a "Daily Do" for many traders like me.

Thanks,
Deven Malhotra

Reply



SMART Trader June 3, 2013 at 9:23 PM

Dear All

Thank you very much for the feed backs

I am really happy to learn that you are getting benefited from my rants.

In fact I have derived much more benefit from this blog. Let me quote Henri-Frederic Amiel

"It is by teaching that we teach ourselves, by relating that we observe, by affirming that we examine, by showing that we look, by writing that we think, by pumping that we draw water into the well." -

You are helping me to learn

Thanks a lot.

ST

Reply



SMART Trader June 3, 2013 at 9:31 PM

Anon

I used the 1M chart just to explain the concept. I will be trading the 3M candle charts (Not the raw data)

ST

Reply



SMART Trader June 3, 2013 at 10:02 PM

Nifty Baz

I am afraid, I was not able to convey what I wanted to say

1. Tape Readers were able to identify actionable price levels without live charting and computers.
2. Live Charting made this task much easier for sure
3. But unfortunately the focus shifted from identifying actionable levels to something else
4. Instead of Actionable price levels, traders started looking for Dragons, butterflies and Cock& Ball.
5. Focus shifted from price to derivatives of price data called indicators.
6. Computers and charting made trading much more complex
7. I don't want you to abandon charts and trade raw data. It is much more easier to use a chart

ST

Reply



VK June 3, 2013 at 10:13 PM

Congrats ST on your 100th episodic article.

Thanks for all the great work you do.

Regards

VK

Reply



SMART Trader June 3, 2013 at 10:16 PM

SS

Thanks for the link

No other patterns can beat the grandpa's upthrusts and springs even after a century

ST

Reply



amber June 3, 2013 at 10:20 PM

thnx sir for a nice update burn the chart thnx

Reply



ratnakar June 4, 2013 at 8:42 AM

Congratulations sir, We r waiting for ur 1000th writeup, n ahead. Its very beneficial n thank u very much for all ur efforts. May The Almighty bless u with lots of wisdom, patience n success, so all r benefitted.

thnx.

Reply

Anurag June 4, 2013 at 3:10 PM

Hi ST Sir,

Congrats for your 100th post. It has been a privilege to have come across 'Nifty Nirvana' and follow it. You have changed the way I used to trade, u have changed the way I used to approach trading and more importantly you have changed the way my trading book used to look :)

Keep up the good work. God Bless!!

Reply



Raghu R Bhat June 5, 2013 at 10:18 PM

Congrats ST on your century. Of all the price action stuff yours is the clearest and cleanest exposition. rb

Reply

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