



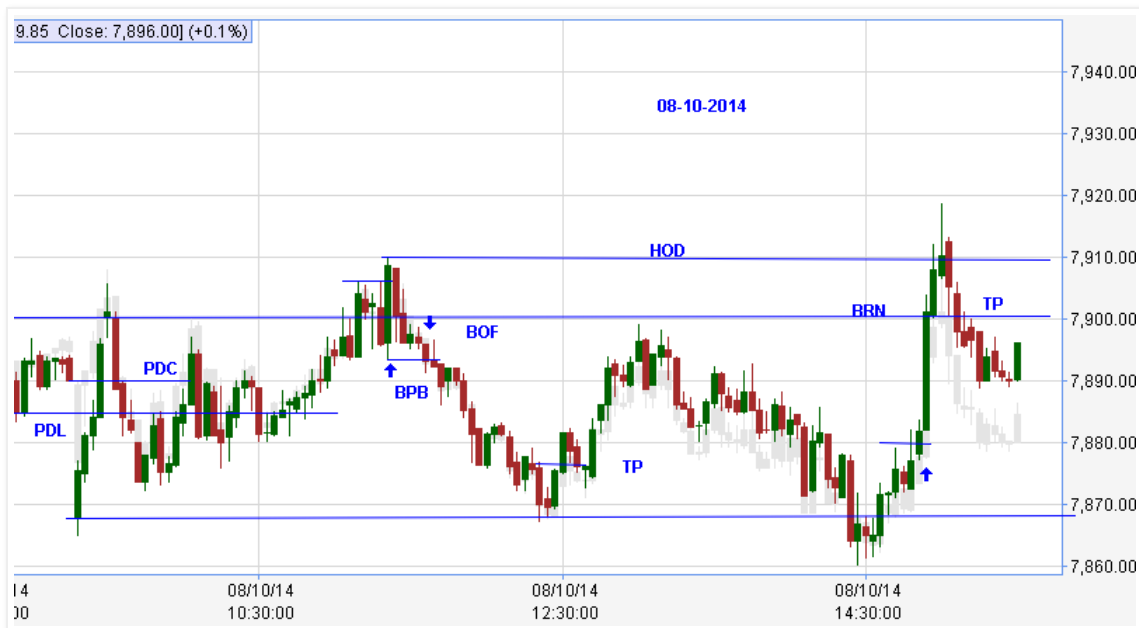
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There is a substantial risk of loss associated with trading Derivatives . Losses can and will occur. My methods will not ensure profits

Wednesday, October 8, 2014

08102014



Nifty gaped down below PDL. The up move was swift. It did not give a pullback to go long . IR formed . This range acted as a Barbed Wire the whole day. Attempted a BPB long at BRN. This trade failed and I exited when price fell below BRN. Went short here as BOF of BRN. This was also a pattern failure. Covered when price bounced from LOD. Went long on the BOF of LOD. TP at BRN. Price is still below BRN 7900. If it gets accepted above this level, it will be a BOF of 26092014 low. I expect positional shorts to unwind then

Posted by [SMART Trader](#) at 3:42 PM



40 comments:



Rajaramz October 8, 2014 at 3:46 PM

Dear ST,

When you enter the trade, will it be during the open of the next candle or the close of the candle.

Regards

Reply

▼ Replies



SMART Trader October 8, 2014 at 4:08 PM

I always enter with Stop Loss Limit orders.

This is always on break of a level. For example price makes a swing high at 7983

My entry will be on break of this level. I will feed a SL-Limit order with trigger of 7983.50 and a limit of 7984

ST



Rajaramz October 8, 2014 at 10:20 PM

I guess for long order in the above instance.



SMART Trader October 9, 2014 at 8:31 AM

Yes
Entry is always on break of a level

ST

Reply



nirtos October 8, 2014 at 3:49 PM

hi st,
my trades: <http://screencast.com/t/v4cvUSyWgY>

Reply

▼ Replies



SMART Trader October 8, 2014 at 4:13 PM

Good Trades
You could capture most of the move in second trade

ST



nirtos October 8, 2014 at 4:30 PM

I placed a order below 7860 as bpb also which did not trigger. If triggered would that have been a valid trade.



SMART Trader October 8, 2014 at 5:38 PM

Yes it is a valid one
You have to pay attention to RN 7850 though

ST

Reply



rocky October 8, 2014 at 4:07 PM

<http://i57.tinypic.com/9h2h75.jpg> first bar makes difference

Reply

▼ Replies



SMART Trader October 8, 2014 at 4:24 PM

Ignore the tails first and adjust on retest
Market proved the real level @ 12.30

ST



videv October 8, 2014 at 7:44 PM

I had the same problem with my data provider, who forwards the same junk data NSE gives them:-)

To avoid such issues, I note down the NF and NS prices for first few ticks and first minute or so. I didn't see 7855 printed on terminal on NF, HOWEVER both my data provider (NLC RT data) and Nest trader showed that as the low made in opening candle!! That confused me too and I missed the last BOF of IRL/LOD, for me it was BOF of DO.

I think these issues are to do with NSE ... icharts takes out this junk out of NSE data. They are probably most reliable in terms of data quality.

Reply



Trekkie October 8, 2014 at 4:10 PM

Hi ST,
For the first long below which bar did you exit. I exited below 11.20 bar, was it too late? For the last trade, at which point did you decide to exit. I exited at xx98. Would keeping SL below 3 p.m bar which closed outside HOD at that time be wrong? I thought about that, then thought it better to let market play out. Not sure if that was a correct decision.

Also, please could you share your thoughts on improving self discipline and increasing will power. These are two areas I struggle with while trading. I am a sober person usually, but while trading I could become insane every now and then ...lol

Reply

▼ Replies



SMART Trader October 8, 2014 at 5:00 PM

After the entry price came back below BRN. Then went up and fell below BRN again
I just squared off. Pin bar at HOD made it clear that price is getting rejected. Was just hoping that BRN will give support. If it is not holding just exit. We will never perfect the exit

As you gain experience all these emotions will come down to a manageable level but will never go away

If people can do this why not trading? At least we are not going to break our neck
<https://www.youtube.com/watch?v=GPWJc8sLhjo>

ST



L.V.Gandhi October 8, 2014 at 6:18 PM

After first long, did you exit below the low of 11:24 bar or 11:27 bar. Was it SL limit order or or just limit order?



Trekkie October 8, 2014 at 10:38 PM

Hi ST,
Great comparison. Timing is everything in both :) While they have the discipline, I lack it completely, while they risk their neck, I just risk points.



SMART Trader October 9, 2014 at 8:41 AM

LVG

I just exited pressing square off when price fell below BRN
On hindsight analysis the trade was a mediocre one
1.The first break did not break the then HOD
2.Pullback came below the BRN to move up gain. BRN did not give adequate support
3.Our entry is on BPB. If the move is strong price should move ahead immediately
There should not be another pullback immediately .otherwise it is a failure to continue and look for an exit

ST



SMART Trader October 9, 2014 at 8:47 AM

S Roy
Discipline is not the problem
It is lack of experience and screen time.
Lack of trust,Lack of confidence, Second guessing, hesitation,
There are not many great traders with army background

ST



L.V.Gandhi October 9, 2014 at 9:10 AM

Thanks, ST

Reply



nifty for bread October 8, 2014 at 4:14 PM

Sir,

1) Your second trade(BOF of BRN): You have mentioned that it was also a Pattern failure. The price has almost reached the then LOD. So, I do not understand why you are terming it as pattern failure.

2) I took the last trade at the breach of earlier swing high, 2.27 PM candle high. What was your thought process behind delaying the entry? I did not wait till PDL got breached, as I thought that that PDL and PDC were breached from both sides many times, making them irrelevant.

Thanks,
S.Karthikeyan

Reply

▼ Replies



SMART Trader October 8, 2014 at 5:14 PM

1.By pattern failure I referred to the BPB trade which failed. Please read the comment of videv yesterday
2.I thought of going long above the BO bar. then kept the order at a round number

ST



nifty for bread October 8, 2014 at 5:50 PM

Sir,

Thanks for the guidance.

S.Karthikeyan

Reply



Unknown October 8, 2014 at 4:25 PM

when to take CT trades and when to avoid CT trades?

Reply

▼ Replies



SMART Trader October 8, 2014 at 5:31 PM

You can go for a CT trade when a trend move gets exhausted and ripe for a pullback. A BOF happens in a trend move.

ST



Unknown October 9, 2014 at 9:23 AM

i think we can take CT at a MTP, FTC, range extreme BOF.

Reply



Unknown October 8, 2014 at 4:34 PM

I took first trade as BOF below PDL on 9:36 bar. Was this a valid trade? Trend is down and price got rejected from three DPs. Didn't work though.

<http://1.bp.blogspot.com/-zdMuGDh7CMg/VDUZrbN5MDI/AAAAAAAAA0w/tybiLvsyXBI/s1600/NF.png>

Reply

▼ Replies



SMART Trader October 8, 2014 at 5:35 PM

Once an initial move forms a bracket around a DP, suspect a BW. Here the target should be IRL from where a lot of buying started. We cannot expect price to move beyond this point immediately. In a range try to trade the range extremes.

ST



Unknown October 8, 2014 at 5:55 PM

Thank you very much!

Reply



Unknown October 8, 2014 at 6:07 PM

Hi ST,

What is the maximum SL you take on a single trade without Brokerage. Some times i am trading with 10-12 points of SL, on top of it brokerage. Is it rt?

Thank you,
Kiran.

Reply

▼ Replies



SMART Trader October 9, 2014 at 8:50 AM

I try to limit it within 10 points.
The average swing in 3M time frame is 20 points approximately.
Looking for a 1:2 risk reward.

ST

Reply



videv October 8, 2014 at 7:47 PM

Hi ST. Would the 1427 candle qualify as MC since next 2 candles were within its range? If so, would it make it a good bet to go long above its high since it is an MC and it also had the DP within its range?

Thanks.

Reply

▼ Replies



SMART Trader October 9, 2014 at 9:33 AM

Yes you can do it.
But I waited for some more confirmation as the BO bar was a big one.

ST

Reply

Bhavir October 9, 2014 at 1:40 AM



ST - why wasn't 14:26 candle BPB of then day low .. after the sharp down move in 14:23 candle?
<http://content.screencast.com/users/Bhavi21/folders/Default/media/249a0f5d-896c-403e-b770-206e4fff9329/08102014.png>

Reply



Bhavi October 9, 2014 at 1:41 AM

Why wasn't 14:26 a BPB of day low ... especially after the sharp down move in 14:23 candle?
<http://www.screencast.com/t/7j7UEc6jWp>

Reply

▼ Replies



SMART Trader October 9, 2014 at 9:58 AM

It is not a BPB
 You are thinking too theoretical and technical
 BPB means price break a level pull back to test the level again
 Level holds and trend resumes. We enter on break of the first extreme point
 Here the bar after the red bar was just the continuation of initial down move
 It made a lower low and lower high. Please go through the earlier examples. There are hundreds of them

ST



Bhavi October 9, 2014 at 11:17 AM

Thanks ST.
 Had the market not moved up at 14.36 but carried on to break 7860 would a short trade trigger below 7860 with 14.23 MC bar acting as SL?



SMART Trader October 9, 2014 at 11:33 AM

It will be a BPB short below 7860
 need to be careful about RN 7850 also

ST

Reply



Trekkie October 9, 2014 at 12:35 PM

Hi ST,
 Do we have one single range or two ranges today so far?

Reply

▼ Replies



SMART Trader October 9, 2014 at 12:49 PM

Ignore the cigarette like ranges which is not trade able like 7960-HOD
 My expectation was HOD-RN. It came below RN. There was a possibility of HOD-DO
 Currently I consider the corrective down move as a probable range

ST



Trekkie October 9, 2014 at 1:05 PM

Thank you ST. What is the reason 7th October high is providing S/R?



SMART Trader October 9, 2014 at 1:47 PM

It is not 7th Oct High
 29,30/9 and 1/10 lows acting as flip. See 30M chart

ST

Reply

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