

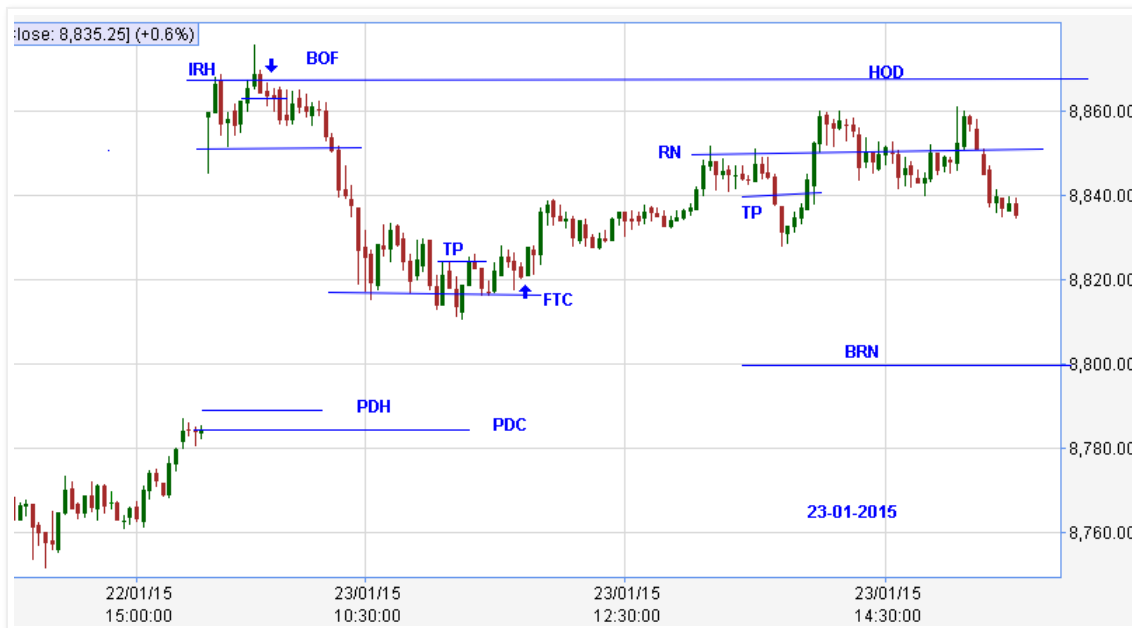


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*There is a substantial risk of loss associated with trading Derivatives . Losses can and will occur. My methods will not ensure profits*

Friday, January 23, 2015

23012015



*This is an illustrative example of the concepts being discussed. Markings are just visualizations on historical data in hindsight analysis*  
Nifty gaped up above PDH. IR formed. Short on BOF of IRH. covered when price failed to move below 8820. Long at 8820 and covered it when price failed to move above RN. No other trades

Posted by SMART Trader at 7:45 PM



27 comments:



**Bhavir** January 24, 2015 at 12:28 AM

Excellent observation ST. I hesitated to take BOF of IRH since in last two days such BOF have failed and markets moved higher. Took BOF of RN instead

What gave you confidence to take the FTC long immediately after having closed the short trade? In hindsight I notice the movement just before the FTC looks like a falling wedge (bullish) or ending diagonal in wave 5.

<https://niftytradediary.wordpress.com/2015/01/24/23-jan-2015/>

Reply

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**SMART Trader** January 24, 2015 at 11:05 AM

I suspected it was channeling down to BRN, the next DP. But exited on crack of Swing High. Then it made higher high and higher low twice and looked like a rounding bottom. Risk was low so went long

ST

Reply



**L.V.Gandhi** January 24, 2015 at 7:50 AM

In an uptrend, what was your thought process to take Short at all time high.

Reply

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**SMART Trader** January 24, 2015 at 11:14 AM

The move was over extended and looked like an exhaustion gap  
Initial move after a gap up is also important. If price moves up and stalls after a gap up, stall area can be a reliable resistance. If price move down after a gap up and gets support at a DP, next up move can break IRH. The rejection was strong and ended up as a pinbar

ST



**L.V.Gandhi** January 25, 2015 at 7:12 AM

Thanks.



**Trekkie** January 25, 2015 at 8:43 AM

Hi ST,  
Were the holidays a factor at all ?



**Trekkie** August 5, 2015 at 8:44 AM

Hi ST,  
For the first short, are you considering it an over extended move from Jan 16th The prior two days Jan 21st and 22nd were range days, then we had this gap up which you shorted. Please could you explain this a bit more? Thanks a lot. Why is the move between 9:20 and 9:27 not considered a pull back to support at DP? Thanks for your help



**SMART Trader** August 5, 2015 at 4:48 PM

It was an outside trend gap. That too a big one. FTC above HOD is a short here  
Do not enter on the BO of IR on such days

ST



**Trekkie** August 5, 2015 at 5:40 PM

Thank you so much ST.

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Reply



**umang jain** January 24, 2015 at 8:24 AM

Hi ST two doubts

1. Your first trade BOF of IRH dont you think it was too aggressive since market open such a gap up on a fundamental strong news of ECB QE

2. Please do reply this one: How do you go about doing a scratch trade. ie at what point do you decided its a wring trade and its better to move out. Today for me it happened a couple of times that I scratched a trade (after say 5 mins) and then it went in my direction later. I am not sure I scratched it out of fear or what. Today I made a loss but some other day I mite save some I am not sure what is a better strategy scratch of let SL be taken out.

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Reply

▼ Replies



**SMART Trader** January 24, 2015 at 11:25 AM

1.Read reply to LVG  
2.Such rules cannot be formulated.Try making some changes. Pre accept the risk of a trade . Raise stop to breakeven once it breaks FTA and trail with stop at swing points.

ST

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Reply



**umang jain** January 24, 2015 at 8:32 AM

[IMG]<http://i58.tinypic.com/73jpk5.png>[/IMG]

Reply

**Anonymous** January 24, 2015 at 11:52 AM

Thanks for the Chart.

Regards

BS Chandran

Reply

**Unknown** January 24, 2015 at 2:03 PM

 i skipped ur BOF thinking that there is little space to IRL and shorted below IRL as i thought positional critical mass long and they may keep trailing SL below IRL. am i right?

Reply

▼ Replies

 **SMART Trader**  January 24, 2015 at 6:01 PM

You cant expect the stops of positional longs there. Very few will exit there  
It was a gap up of 80 points and they are in good profit. They will hang on during a normal pull back

ST

Reply

 **Unknown** January 24, 2015 at 2:18 PM

i have just completed reading the book " self decipline in 10 days" by theodore bryant. nice book its usefull for trading profession for to be self deciplined.

Reply

 **Trekkie** January 24, 2015 at 5:03 PM

Hi ST,  
Thanks for the chart. Was the 2nd trade not fiddling in the middle? There was no DP around. So can we say this was not exactly per system, but a good trade?

Reply

▼ Replies

 **SMART Trader**  January 24, 2015 at 5:55 PM

Read these posts again and decide whether it is as per the system or not  
<http://niftyinirvana.blogspot.in/2014/02/failure-to-continue.html>  
<http://niftyinirvana.blogspot.in/2013/12/dynamic-levels.html>

ST

 **Trekkie** January 25, 2015 at 8:41 AM

Hi ST,  
Thanks for the links, went through them again. I still need your help in understanding that trade because BRN was still a few points away. Just want to know what were some of the things you took into account while taking that trade. As I was watching the chart, I was tempted to go long at that point, but refrained from doing so because it did not fit into my understanding of the system. Was there a dynamic DP there at that point in time? Thanks for your help.

 **SMART Trader**  January 25, 2015 at 7:24 PM

Check NS chart

ST

 **Trekkie** January 25, 2015 at 8:43 PM

Thank you ST. Nice one.

Reply

 **Lisa** January 24, 2015 at 7:46 PM

If your readers are looking for self improvement book then I highly recommend 'Psycho-cybernetics' by Maxwell Maltz.

Reply

▼ Replies

 **Unknown** January 28, 2015 at 5:44 PM

Thank you Reso, I ordered the book.

Reply

 **manas** January 25, 2015 at 12:17 AM

hi st,  
i observed that before u taking the bpb trade u look for the pull back whether it has gone down below the dp or not before taking it.am i right

Reply

▼ Replies

**SMART Trader**  January 25, 2015 at 7:27 PM



Ideally a BPB should not cross the DP. In a long trade pull back should not fall below the Decision Point

ST

Reply



Unknown January 26, 2015 at 3:15 PM

Hi ST,

It was a great to chance your ebook on DPs. The book is indeed a great and must read for serious traders. I'm using similar methods for day trading professionally. However, I don't consider Big Round Numbers (BRN) as DPs and emphasize more on Day's Opening (DO) as an important DP. Usually on non trending days, the DO is hit 10s of times. I'm currently working to automate my method which works on trending markets and does wonders on range bound markets.  
[http://4.bp.blogspot.com/-YXoR6Sm5Zk/VMYKVFox\\_VI/AAAAAAAAAbkM/Gi9d8-Ysl4/s800/20150123.png](http://4.bp.blogspot.com/-YXoR6Sm5Zk/VMYKVFox_VI/AAAAAAAAAbkM/Gi9d8-Ysl4/s800/20150123.png)  
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Regards,  
TSR.

Reply

▼ Replies



SMART Trader January 26, 2015 at 3:28 PM

Thanks for the comment  
Nice charts. All the best

ST

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