

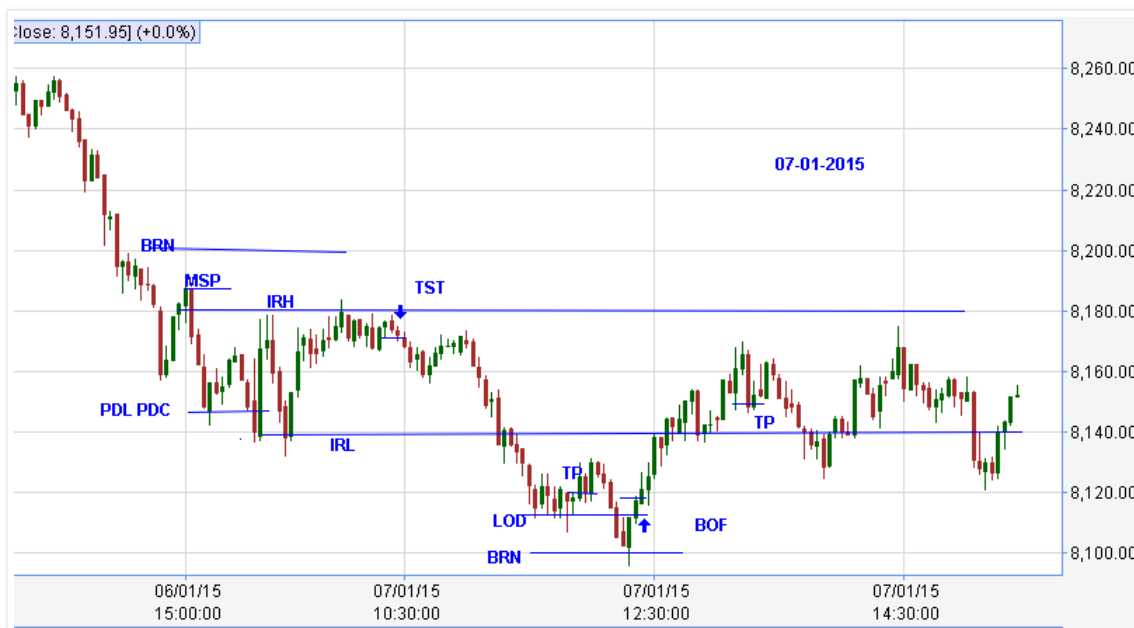


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There is a substantial risk of loss associated with trading Derivatives . Losses can and will occur. My methods will not ensure profits

Wednesday, January 7, 2015

07012015



This is an illustrative example of the concepts being discussed. Markings are just visualizations on historical data in hindsight analysis
Nifty opened within previous day range. IR formed . TST of IR gave a short signal. Trade moved well. covered when price stalled at 8120. Long on BOF of BRN/LOD. Covered when price failed to sustain above RN 8150. Expected a signal at HOD at the fag end, but price failed to reach HOD. Afternoon session was a BW around PDL/PDC/RN8150 and IRL

Posted by SMART Trader at 3:28 PM



23 comments:



Trader Pai January 7, 2015 at 3:43 PM

Hi ST,
Is the marking of the MSP correct ?
I thought yesterday's last swing high was the MSP

My trades :-
<http://tradingdecisionpoints.blogspot.in/2015/01/07012015.html>

Trade 1:- I went Long over MSP as BOF PDH. Stopped out
Trade 2 :- BOF IRL. But micromanaged :(
please comment and advise

thanks n rgds
Kishore

Reply

▼ Replies



SMART Trader January 7, 2015 at 4:39 PM

MSP is not the last swing high
It is the swing high from the last impulse down that created the lowest low originated
Most of the time last impulse of previous day will act as a range. Do not consider the morning break
It was a BOF of probable range low . Probable range high is not tested at all. Focus on last impulse of the previous day in the morning session

ST



Trader Pai January 7, 2015 at 5:08 PM

Hi ST,
After today's first bar wasn't MSP moved down to last swing high of yesterday?

rgds
Kihore



SMART Trader January 7, 2015 at 5:37 PM

Right. Don't call it MSP.
It was the higher extreme of the previous day last impulse which can act as a range.
Do not trade into a probable range extreme that can resist, especially a CT trade.
ST

Reply



Unknown January 7, 2015 at 3:59 PM

Good Evening and thanks for the chart ST,
PDC - Do you recommend the actual close on charts or the average rate from exchange.

Raju
Reply

▼ Replies



SMART Trader January 7, 2015 at 4:43 PM

Trade what you see on your chart.

ST

Reply



Unknown January 7, 2015 at 4:11 PM

Thanks ST for the charts.

My trades were almost similar to you in terms of entries but my SLs give me a lot of pains, they turn my supposedly profitable trades into loss or break even ones.

1. I took a TST trade in the morning I moved my initial stop to 10:33 ish candles post the trade movement in favour and it got hit at the next small pivot high.

2. May I know yr SL for the second BOF of BRN trade

3. I took a TST trade of MSP at 2:30ish didn't you find that set up good?

Reply

▼ Replies



SMART Trader January 7, 2015 at 8:13 PM

1. Pre-accept the risk and stay with the trade till it hits FTA. We will never perfect the exit.
2. First it was a disaster stop below BRN. Then moved to 8109 just below LOD.
3. I think you took a TST short. It moved well to the other range extreme.

ST

Reply



xrtrader1 January 7, 2015 at 4:16 PM

Really admire with precision you take TST trades ST :).. super..

Reply



xrtrader1 January 7, 2015 at 4:22 PM

ST Question: Most of the time TST gives an impression of BW, any guidance to judge it better.

Reply

▼ Replies



SMART Trader January 7, 2015 at 4:53 PM

BW is also a tradeable range. TST is possible at strong levels.
1. Confluence. Here it was IRH, NS RN, and was very near to last impulse high.
2. Trade should not be counter trend.

ST

Reply



Lazy Trader January 7, 2015 at 6:34 PM

Dear Rajesh,

I have been a silent follower of this blog and have gone through majority of its posts and all materials highlighting the trading methodology. I have seen this method work and do wonders. I have been able to align most of my entries as per the trading methodology highlighted in here. However, I have not been able to time my exits well in case of Dynamic Levels and many a times Static levels as well.

Therefore, could you please highlight the thought process which goes into it.

For eg: I exited the first trade at the 11:42am candle @ 8120, although wasn't more an intuitive call, had the pullback on the IRL @ 11:15 be stronger, I would have TPed the trade early.

Similarly, I couldn't perfect identify the BOF trade and made a late/relevant entry. I know there is a long way to go to attain the expertise, but could you please once guide on better exits please!

Can you please once highlight the concept of exits/ swing high using this as a test case.

Reply

▼ Replies



SMART Trader January 7, 2015 at 8:24 PM

Nobody is going to perfect an exit unless it is based on some indicator
After every trade we are going to regret. You trail it behind swing pivots
Allow a PB at trouble areas and exit if the new swing pivot break
In a range look for exit at the other end. Exit on FTC beyond a point
Exit at the next DP. Exit on a reasonable profit. There are so many ways and nothing is perfect

ST

Reply



L.V.Gandhi January 7, 2015 at 8:04 PM

Your second trade was CT trade. Am I correct in my assumption? Under what conditions you would have exited? What was your trailing SL?

Reply

▼ Replies



Trader Pai January 7, 2015 at 8:27 PM

ST,
TRAP didn't work.
Did that give you confidence to take your second trade? or Would you have taken the trade if there was no TRAP

thanks
Kishore



SMART Trader January 7, 2015 at 8:43 PM

Yes. It was a good BOF, trapping critical mass
My disaster stop was below BRN. Then raised to 12.21 bar low just below LOD
Then to BO bar low of IRL 12.36. Price suddenly sold from RN but did not hit the SL
Moved above RN again and I exited when it failed to sustain above the RN level

ST



SMART Trader January 7, 2015 at 8:51 PM

I never hesitate to take a BOF that traps critical mass
One rarely loses on such traders. 90% of the time it will be either a winner or a break even

ST



L.V.Gandhi January 8, 2015 at 6:45 AM

Thanks.

Reply



Trekkie January 8, 2015 at 12:07 AM

Hi ST,
Where was FTA for the first TST entry? Thanks

Reply

▼ Replies



SMART Trader January 8, 2015 at 8:40 AM

RN/PDL/PDC

ST

Reply



Bhavir January 8, 2015 at 12:56 AM

I chose PDC to be the average closing price; thus decisions changed. Can you please review thought process if one considers PDC as I did? <http://niftytradediary.wordpress.com/2015/01/08/7-jan-2015-choice-of-pdc-last-price-vs-close-price/>

My 2 cents on choice of PDC -

1. PDC = last traded price - this is only a price at which last trade happened. Very few participants would have traded at this price
2. PDC = average closing price - daily MTM of swing traders (carry forward trades) depends on this price. Anyone would prefer to not make a MTM loss and close position as close to PDC as possible.

Most of the times these 2 variations of PDC wont really be too far; but in today's trade action choice (1) was clearly beneficial. I'm sure there might be times when choice (2) profits. Any observations in your experience you can share?

Reply

▼ Replies



SMART Trader January 8, 2015 at 10:46 AM

I have not tried to trade with average close level .

These levels serve as reference points only. You may need to identify the new levels as price action unfolds

For example you can see the real support was at 8140 the IR and not at PDL. Then trade this new level and discard PDC/PDL. At the open you expect the last impulse high to resist. Price turns before that making IRH. Then you trade IRH

ST

Reply



Unknown January 8, 2015 at 3:57 PM

can u define which all are high probability trades and low probability trades in DP method ? so that we can increase and decrease the size.

Reply

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