

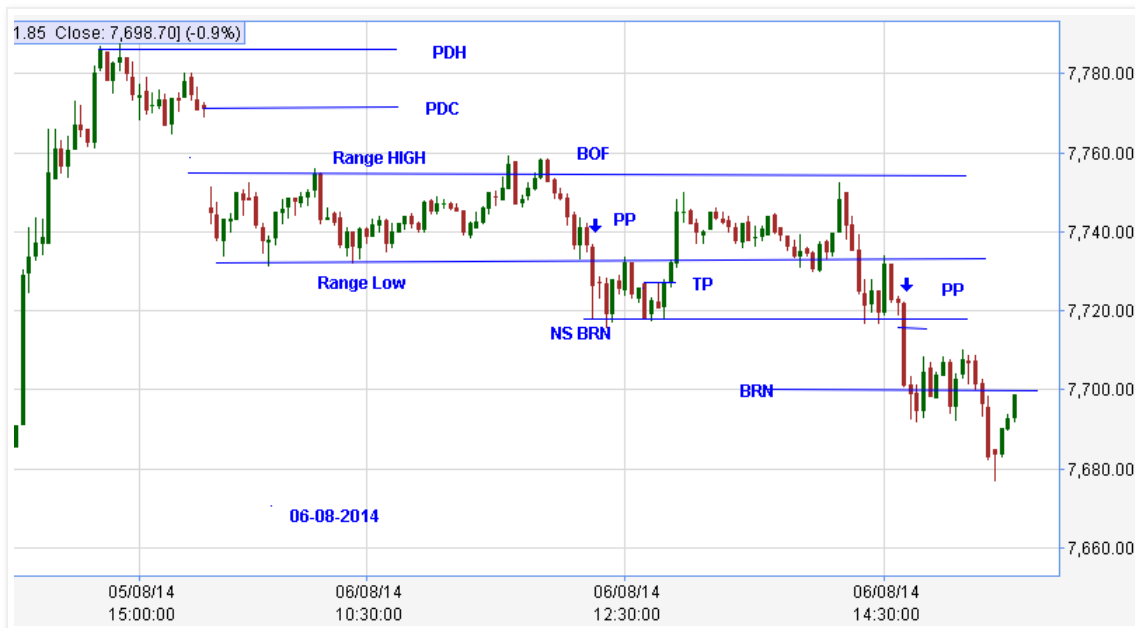


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There is a substantial risk of loss associated with trading Derivatives . Losses can and will occur. My methods will not ensure profits

Wednesday, August 6, 2014

06082014



Nifty gaped down below PDC. IR formed. There was a BOF at PDH. Went short when the move broke IRL. Scratched when price bounced from NS BRN. Attempted one more short below NS BRN level. Exited when price chopped around BRN 7700.

Posted by **SMART Trader** at 3:35 PM



38 comments:



candle August 6, 2014 at 3:48 PM

looking like cigarette !
Reply



Price Action Lab August 6, 2014 at 3:51 PM

Hi ST,
Why didnt u do IRH BO trade?
Here is my trades <http://screencast.com/t/c0x3h0d5C9>

Naveen
Reply

▼ Replies



SMART Trader August 6, 2014 at 5:50 PM

I skipped the first trade as my bias was down.
Price was below PDC and Below the previous day last impulse
It was a gap down also. Further there was PDC and PDH above the area
Price action till that time has not trapped any shorts also
Your second one was a nice trade. Third Long there was no space to the flip and shorts were created on break of NSBRN only their stops will be above that only

ST

Reply



Only Nifty August 6, 2014 at 3:53 PM

ST Sir,

Tough session, managed to close with 6 point loss.
Trades [here](#)

Reply

▼ Replies



SMART Trader August 6, 2014 at 5:52 PM

Yes. it was a tough section.
No conviction from either side.

ST

Reply



kishore August 6, 2014 at 4:00 PM

Hi ST,
Why didnt you take BO of IRL in the morning ?

thanks n rgds
Kishore

Reply

▼ Replies



SMART Trader August 6, 2014 at 5:56 PM

I skipped the first trade as my bias was down.
Price was below PDC and Below the previous day last impulse
It was a gap down also. Further there was PDC and PDH above the area
Price action till that time has not trapped any shorts also. Weak positional shorts already exited Yday
Yesterdays afternoon up move was a short squeeze and market reversed that entire move

ST

Reply



Only Nifty August 6, 2014 at 4:00 PM

ST Sir,

Why you avoid BO of IRL at 11:35?
I attempted because multiple attempts to break IRL failed & NF forming higher lows.. thought direct BO will work. When SARed the trade.. that is unnecessary!

Also i posted "Market Commentary", in my blog post.. could you please correct me if am making any mistake in reading market moves. if your time permits :)

Thanks in advance.

Reply

▼ Replies



SMART Trader August 6, 2014 at 5:58 PM

Please read the answer to Kishore
I will go through it

ST

Reply



rocky August 6, 2014 at 4:37 PM

Why i didnt took long when 3 attempt to IRL failed then why not short at 46 when BOF

Reply

▼ Replies



SMART Trader August 6, 2014 at 6:06 PM

I hesitated and missed that BOF
Entered late on break of IRL and had to scratch the trade
Do not consider my trades as ideal trades. I fail to notice many clues and end up doing many mistakes
Always do a hindsight analysis of price action and compare your trades with that only. This is a discretionary method and each trader trades the method as per their market reading.

ST

ST

Reply



Rajesh Shahani August 6, 2014 at 4:57 PM

ST Sir,

Second push failures seem reliable signals for exit, would you ever consider them for early CT entry if space permits..

Regards,
Rajesh

Reply

▼ Replies



SMART Trader August 6, 2014 at 6:07 PM

Yes I do look for an exit when second push fails

ST

Reply

veer August 6, 2014 at 6:27 PM

Dear ST

Is it correct to short at BOF at immediate swing low? (as done by Born to Trade - his second trade)- (or) wait to break IRL and PP as you have done? Which is ideally correct? As regards Born to Trade his trade might have clicked but my concern is there is RN 7740 and price support area range 7733 to 7748 just before BOF. The is it correct to short just below the immediate swing low? Your valuable reasoning will clear my doubts.

Regards,

Veer

Reply

▼ Replies



SMART Trader August 6, 2014 at 7:18 PM

Veer

What he has done is the correct way to trade. Sell range highs and buy range lows.

If price is trading in a lower range prefer selling the range highs. Prefer BOF to TST while selling the range high so that the trade is with the trend+Low risk+Early on the move+Opportunity to ride the SL at the other end etc. It is always better than a direct blind, late BO entry.

Your concerns are valid. We need to consider the other factors like, Critical mass, trouble areas, order flow expectations etc. before taking the entry. Always prefer a BOF of the other end of the range to the BO of an extreme. Please do read the reply to Rose written below

ST

Reply



SMART Trader August 6, 2014 at 6:57 PM

Rose

Markets moves in short time ranges. This is not a new concept but an adaptation of Darvas Box.

Darvas traded the breakout of a box extreme and expected the price to get accepted in a new range

This method has drawbacks. We will never know whether price will get accepted at the new range or not

It is a blind entry. We use the same concept but prefer BOF of an extreme to target the other extreme. If we are lucky price may break the other extreme and move to a new range. DP method uses both DPs and Short term ranges to define the market structure. Best trades always occur when a DP acts as a range extreme

All the trades are based on the move of price from one range to the other whether confirmed or anticipatory (BPB V/S BO). Today the price opened below the previous day closing range Hence avoided BO of IRH and looked for short

<http://screencast.com/t/q0jIAFIwkl>

ST

Reply

▼ Replies



DM August 6, 2014 at 7:17 PM

How do you define closing range? If it the last impulse move how does one identify it? Can you elaborate on this with PA around yday's close as an example?

Thx,



SMART Trader August 6, 2014 at 8:37 PM

<http://niftyinivana.blogspot.in/2012/05/trading-ranges.html>

Last corrective or impulsive move can act as a range. Market can range between DPs also

I have marked the previous day closing range in yellow

ST



Only Nifty August 6, 2014 at 8:40 PM

Thanks a lot for explanation sir.. i am getting clarity on how to play ranges in conjunction with DP's now

Reply

veer August 6, 2014 at 7:43 PM

Dear ST

Thank you very much for the enlightenment. Your screen shot presentation remind me of your article already written. Even though I have read the article, the application of it matters. Now I will remember for ever after having practically encountered.

Regards,

Veer

Reply

▼ Replies



SMART Trader August 6, 2014 at 8:49 PM

I have uploaded the last two days price action . Go through it
You need to pay attention to DPs and Ranges to get the right picture
Please do not expect everything to be picture perfect and you need not.
Nobody can define the exact structure. An approximation that works reasonably well is enough

<http://posting.org/image/lrdmct6c9/>

<http://posting.org/image/5i0actu1l/>

ST



DM August 6, 2014 at 9:01 PM

Thx a ton for clarifying with examples. Now it is very clear.
DM



augubhai August 6, 2014 at 9:54 PM

Thanks for the explanation with the images.



Trekkie August 6, 2014 at 10:30 PM

Hi ST,
Would you please put a chart like this for today as well for comparison. Thanks for your help.



SMART Trader August 7, 2014 at 8:55 AM

<http://screencast.com/t/q0jIAFlwkl>

ST



Trekkie August 7, 2014 at 9:21 AM

Thank you and thanks for your patience ST, I apologize for asking for it before reading your post to Rose in full.

Reply



Unknown August 6, 2014 at 7:55 PM

Hi ST

I have a query regarding PP.

Is there any stipulation like PP has to spend a certain amount of time between DPs or a range??

My doubt is regarding Tata steel in today's trade. Please have a look. Is it a PP or will it be a direct BO??

Please clarify.

<http://i58.tinypic.com/33acawk.jpg>

Thanks

TBP

Reply

▼ Replies



SMART Trader August 6, 2014 at 9:00 PM

I did not understand your question properly are you referring to the short trade

ST



Unknown August 7, 2014 at 9:11 AM

Hi ST

I was referring to the box which I have drawn. I want to know if we can consider the set up in the box as PP before the big BO candle appeared?? (In hindsight I feel it was only a SL triggering move which may have happened as traders might have gone short in the morning break of IRL)
Please clarify

Thanks
TBP



Trekkie August 7, 2014 at 9:26 AM

Hi ST,

Yesterday I took a PP short below 13:24 and scratched it. At that time, it looked like PP to me <http://imgazer.imageshack.com/img905/756/KC02Er.png> Obviously something is wrong with my thought process about PP. Please correct.



SMART Trader August 7, 2014 at 11:22 AM

13.24 bar comes at the middle of last down impulse 7760-7720
Middle of a probable range and not valid as PP

ST



SMART Trader August 7, 2014 at 11:24 AM

As you said it is not a PP just some stop triggering

ST



Trekkie August 7, 2014 at 11:38 AM

Thanks a lot ST. That awesome explanation makes things perfectly clear now. Thank you

Reply



Unknown August 6, 2014 at 10:17 PM

Hi ST,

I'm very new to stock market and technical analysis. When i compared your chart with the one in google finance or yahoo finance or even the intraday chart in <http://www.nseindia.com/> ; i see that nifty never breached 7745+ mark during 11:30 - 12:00 whereas in the chart that you've attached, nifty went beyond 7750+ in the same timeline. Can you let me know how this could happen and what i'm missing?

Thanks,
Varadha
Reply

▼ Replies



SMART Trader August 7, 2014 at 8:59 AM

May be you are looking at Nifty Spot index chart
Here we are trading Nifty Futures. August contract chart

ST

Reply



nirtos August 7, 2014 at 11:41 AM

This comment has been removed by the author.

Reply



Only Nifty August 7, 2014 at 12:06 PM

ST Sir,

How you are highlighting those ranges on charts.. in iCharts i don't see option to do that Or you are using any other tool?
If your time permit, please let me know

Reply

▼ Replies



SMART Trader August 7, 2014 at 2:32 PM

I am using a S/W called JING to take screen shots and annotate
It is a freeware

ST

Reply

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