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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, August 22, 2014

22082014



Nifty opened above PDC . Traded in a 20 point range the whole day between IRL and PDH. Tried a BOF trade of IRL. Scratched it when price failed to go above PDH. Being weekend expected some nice move near closing. Nothing happened

Posted by SMART Trader at 3:30 PM



27 comments:



Unknown August 22, 2014 at 4:08 PM

Hi ST ,

Two questions :-

1. Can the two Short trades taken on TST /FTC of PDH around 11.30 AM and 2 PM
2. Can the BOF long trade taken near range low on forming Pinbar to range low

Regrds

Reply

▼ Replies



SMART Trader August 22, 2014 at 8:04 PM

1.They are tradeable signals. But I do not take such risky ones.Bias was bullish and price hanging below the PDH/All time high.Price has moved just 20 points from day low and cant expect a move exhaustion. Here my preferred trade is buying the Range low in anticipation of Range High breaking. Do not go for all the signals. Quality of setup is also important
2.You can. Earlier the better. More confirmation means more risk. Not yet reached such a level of expertise.
<http://goo.gl/NSu3lp>

ST

Reply



xrtrader1 August 22, 2014 at 4:19 PM

Hi ST,
Understand you have taken Trade at the break of MSP. Under what condition do you take the trade at 2:30(BOF).
Want to understand thinking process behind
a> Taking BOF after MSP
b> Taking BOF before MSP

Reply

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SMART Trader August 22, 2014 at 8:20 PM

MSP is applicable only on a trend move. Think FTA
Every range will have a mid point where price stall. Today 7920 acted as the mid point. On the way down this level supported twice and I expected it to act as a flip. Here you have two options. Enter as close to 7910 as possible or wait for the break of FTA 7920
Here I opted for option no 4 http://niftynirvana.blogspot.in/2012/03/trouble-areas_14.html
Professional entry is always earlier. <http://goo.gl/NSu3lp>

ST



xrtrader1 August 22, 2014 at 10:33 PM

Thanks ST

Reply



Trekkie August 22, 2014 at 6:18 PM

Thank you ST.

Reply



Uday Dave August 22, 2014 at 6:47 PM

ST sir

One query. When can we expect the complex pull back?
If the price has run up straight without any pull back and once it stalls, can we expect CPB? For example, your yesterday's second trade.
What is your observation about it overall? Please share.

URD

Reply

▼ Replies



SMART Trader August 22, 2014 at 9:28 PM

We do not need any special treatment for CPB. Complex pullbacks are multi leg pullbacks that appear as tight ranges. We already trade these patterns as BOF of Range Extremes and TRAPS.CPB can be very tricky and most of the time traders are shaken out of good trades due to CPB. Let me explain with a picture

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

Traders generally try to enter on a BO and sit tight through pull backs trailing their stops . In the picture, Many traders enter on break at B and sit tight. When price completes a PB ,they raise their stop to this new swing low. Price come backs stops themout and surge ahead.

Our method is different. We try to enter at point A and once price breaks point B ,we are comfortable. We exit at C if we feel the barrier is strong and momentum is missing . If the move is over extended exit at C.

If we feel there is still some scope for another leg up wait for the pull back . Exit it if the second push fails at D. We can always reenter on a TRAP at E. Alternatively if distance between point B and E is very few points, we can risk a little more and hide the stop behind the DP

Most of the time all these problem arise when our entry is late. If shorted on BOF of ATH we will be comfortable in managing the trade.

ST



goodidea.vishal August 22, 2014 at 10:31 PM

Thank you ST sir :)

Regards



Uday Dave August 22, 2014 at 11:06 PM

Sir

Thank you very much for this nice detailed explanation. As you rightly said CPBs are tricky and they shake us out from the good trade, especially if CPBs happen immediately after the entry and the trade has not moved much in the favor.

URD

Reply



Rahul August 22, 2014 at 7:30 PM

Which Charting software & data feed you use ?

Reply

▼ Replies



SMART Trader August 22, 2014 at 8:20 PM

lcharts.in

ST

Reply



rocky August 23, 2014 at 10:56 AM

why dont you consider 3 bar as IRH

Reply



SMART Trader August 23, 2014 at 11:31 AM

The first three bars make IR. I did not mark it as we cannot use that level for initiating trades

Later this range got enveloped and lost its relevance.

<http://niftynirvana.blogspot.in/2012/10/brackets-and-envelops.html>

ST

Reply

▼ Replies



rocky August 23, 2014 at 4:41 PM

sir not clear in many case we take the 3rd bar included in IRH and in this particular case we not considering



SMART Trader August 23, 2014 at 9:32 PM

Initial range is the first range formed by the market after the open. It is not based on time. Sometimes the first bar can act as a range. Sometimes first 4,5 or 6 bars act as a range. <http://niftynirvana.blogspot.in/2012/07/initial-range.html>

To qualify as a range this should look like a range and act like a range

Today IR formed by the first three bars. I have marked the range low. Range high was not marked as the IR got enveloped and lost its relevance later. IRL continued to hold till the end of the day. Price bounced back four times from the level

ST

Reply



Unknown August 23, 2014 at 11:54 AM

Hi ST,

Just a thought process can we use floor pivots as the Decision Pointsthese levels are commonly visible to all of traders and will respond well

Rgrds

Reply

▼ Replies



SMART Trader August 23, 2014 at 3:13 PM

I do not use any calculated levels like fibs and floor pivots. I stick to Markets own levels

I have not experimented with pivots so far. If you find floor pivots responding well, no harm in trading them

Mark and annotate last 25 trading day charts and please do share your observation

ST



Unknown August 23, 2014 at 7:10 PM

Thanks ...will backtest and revert.

Reply



sandeep August 23, 2014 at 12:47 PM

Hi ST

I am watching this space for sometime now and this method has improved my trading considerably. thanks for that.

I have a query. pdh should hv been 7937.1. as yesterday high was this only. but you marked it around 7931. why this difference?. am I missing something?

thanks

sandy

Reply

▼ Replies



SMART Trader  August 23, 2014 at 2:54 PM

I usually ignore tails. That can be just overshoots and freak trades
We will never know for sure where the orders are. You can see that yesterday itself the second push turned from 7930 area.
Today also price respected the same area multiple times. So I mark the extreme levels ignoring the tails and later make little adjustments if required on subsequent tests

ST



sandeep August 24, 2014 at 5:53 PM

ok got it. so this is also dynamic?



SMART Trader  August 24, 2014 at 9:10 PM

Market is dynamic and will not provide you a static edge
SR areas are zones not exact lines. There could be overlaps and overshoots
Market is a place where countless people executing countless strategies at the same time.
Always there will be ambiguity and uncertainty and we need to operate within

ST



sandeep August 25, 2014 at 9:36 AM

so true sir... when we think we have tamed the mkt, we get a tight slap... we have to change with mkt.learning new thing everyday.. thanks

regards



Trekkie August 25, 2014 at 11:32 AM

Hi ST,
I am amazed at how consistent your teaching is even in posts from 2012, every post of yours adds more clarity, never more confusion, perhaps its because you are crystal clear in your core trading thought process. Thanks a lot for sharing all this valuable info.

Reply



Unknown August 23, 2014 at 10:20 PM

hi any one trading with <http://www.indiaprocon.com/>
in their website brokerage calculator breakeven is around 1.5 points.
here are some of discount brokers in india, which i came to know while browsing today. full of confusion which one to go.
may be helpfull to any one.

- 1) zerodha
- 2) indiaprocon
- 3) composite edge
- 4) vps share
- 5) jrksv
- 6) tradesmartonline
- 7) achievers
- 8) wisdomcapital

Reply

▼ Replies



Unknown August 25, 2014 at 11:31 AM

Hi,

You can add to the list...

Traderjini
RKGlobal
SASonline
Aliceblue
etc...

There are some interesting discussions going on in TJ forum, some members have published comparison spreadsheets also.

Usually in the breakeven points, stamp duty is excluded. One must pay due consideration to that aspect also.

Regards,
KSG

Reply

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