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

**Saturday, March 22, 2014**

## Way to Go

Decision Point trading method is in public domain for more than two years now. I am very happy to note that many people are trading the method very consistently and profitably. But still a lot of readers are struggling and not getting the desired results.

In an earlier article titled "Slippery Slopes", I have written about the process of trader development. It includes defining a structure, finding tactics to trade the defined structure and deliberate practice to gain execution mastery. Here we have a well defined structure and effective tactics to trade that structure. For the time being do not tamper with these.

Almost two third of the work is over. Now you need to work on execution consistency. To execute the method consistently without hesitation three things are needed.These are knowledge of concepts, belief in the method and, trust in our own ability to execute. These will not come easily. It may take some time and you need to survive in the market till it clicks.

If you proceed systematically, you can cut short this learning curve without serious damage to your capital, financial as well as emotional. Let me explain how to go about this.

1. Read all the important posts repeatedly so that you will have a thorough knowledge of the concepts. Go through the past trades posted to know how the concepts are applied in real trading situations. Do not skip the comment section
2. Go through the historical charts and mark the trades on them on your own. Do it slowly and write down the reasons for your action and inaction. Do it at least on hundred charts. More the better
3. Simulate the trades with a software analyzing bar by bar replay. Do the simulation on at least a year's data. More the better.
4. Watch the market live and identify the trades. Entries and exits. Do not trade for a month with real money. Do it till you get a feel of the price action as it unfolds.
5. Go live with a single lot. Focus on execution rather than on money. Your aim is to perfect your execution.
6. Focus on a single pattern first. I will recommend the BOF. For a month do not touch anything other than BOF
7. You need to wait patiently till a good setup appears. The "Itch" to trade should go.
8. In trading quality is more important than quantity. Trade less and win more. Skip low probability trades because losses can add up quickly in day trading.
9. Cut your losses quickly. When in doubt get out. Preserving the capital to fight another day is the first priority.
10. Finally do not mix and match any other concepts with this initially. Once you gain experience you will know what goes well with this. You can have whiskey on the rock or with water, soda, and cola. But never with buttermilk. .

Slow down and always under trade. This is  purely a discretionary method. You need to train your brain. It will not happen in a day. Please do allow enough time for it to get hard wired and develop "Schemas". Remember this is a skill with life long utility and be willing to go through a little hardship.

**Read**

We're not good enough to be disappointed. We're bad enough to get to work.

Posted by SMART Trader at 12:14 PM   M⊞ ⋲ ◾ ⑂

## 19 comments:

**Uday Dave** March 22, 2014 at 2:19 PM
ST

A very good post. Everything to do, required, is very well summarized.

I feel every bit of knowledge required to trade successfully with the proven method is available here. No need to go anywhere else. One needs only strong willingness to acquire that knowledge, apply, and be ready to go through the long learning process.

Wish the readers all the best.

Thanks
UR Dave.

Reply

**Anonymous** March 22, 2014 at 5:31 PM

Nice Write up ST...

On a lighter note,how do you like to have your Whisky? :)

Thanks
RK

Reply

**SMART Trader** March 22, 2014 at 6:42 PM

RK

Depends.
Rare blends donated by my NRI cousins-Neat
Premiums bought through my mother in laws defense quota-On the rocks
Locals-With anything
I am not a habitual drunkard. Annual consumption is less than two liters

ST

Reply

**Unknown** March 22, 2014 at 6:48 PM

Hi ST,

Great actionable post as always!!
Thanks a lot.
Nice to know there are rules for drinking even:)!!

Thanks
TBP

Reply

**Unknown** March 22, 2014 at 8:49 PM

Hi,
Just as it worked in intra day, I thought same should be working with bigger timeframe also. I back tested on Axisbank(Spot) with WEEKLY High/Low/Close and 15tf for the smaller time frame...Last week , it appears to give nice return.. Rajeshji, can u please check and confirm ...

If u also feel I can adopt it on liquid stocks like Axisbank because for me 3tf is very difficult to manage due to office engagements..

Regards,
Sumesh

Reply

**Anonymous** March 22, 2014 at 9:02 PM

Thanks Alot ST. I never forget your help throughout my life. You are my role model. I learning more from you regarding trading as well as in other aspects of life.

Thanks
Arun

Reply

**SMART Trader** March 22, 2014 at 9:09 PM

Sumesh

You can definitely try this.
You have to back test it on few years of data. If results are satisfactory trade small in spot.

ST

Reply

**Unknown** March 23, 2014 at 2:50 PM

hi ST
i'm in confusion need suggestion. for day trading,discount broker better or full service broker?

Reply

**SMART Trader** March 23, 2014 at 6:55 PM

Sudharshan

Go for a discount broker. Cut the costs

ST

Reply

**Unknown** March 24, 2014 at 8:45 AM

ST,

Should I take saturday's range(22'Mar) or Friday's rage((21'Mar) For the purpose of today's(Monday) trading..

I'm not sure whether small range of saturday should be considered..

Reply

**adhi narayanan** March 24, 2014 at 8:51 AM

A very good post again. Thanks ST.

Reply

**SMART Trader** March 24, 2014 at 9:04 AM

Sumesh

Saturday trading was within Friday range.For PDH,PDL use Friday levels.PDC consider Saturday close

ST

Reply

**Anonymous** March 24, 2014 at 11:36 AM

ST Sir,

Thanks for this insightful and inspiring post and also the link. After reading it, I am feeling less ashamed about my failures and more determined to work towards achieving my goals.

Regards,
KSG

Reply

**Uday Dave** March 24, 2014 at 2:57 PM

Hi ST

Today's chart
http://www.mql5.com/en/charts/1635008/nse-nifty-m3-gci-financial-ltd

If possible try to post it in today's post. I had to leave early today.

Took two nice trades. Have a look. Your comments are always appreciated.

Thanks.

Reply

**SMART Trader** March 24, 2014 at 3:24 PM

URD

Good trades. First trade same for me. Second one I considered BRN as range high and went short on BOF/FTC at BRN and had to scratch

ST

Reply

**Anonymous** March 25, 2014 at 4:43 PM

Hi ST,
Can you suggest any software for backtesting or simulation ?

Reply

**SMART Trader** March 25, 2014 at 7:00 PM

Anon

I was using Amibroker

ST

Reply

**Anonymous** March 27, 2014 at 1:45 AM

Hi ST Sir,

I was broken when tried to find the simulate software and no idea how to insert nifty futures old data in that.I have some question kindly clarify my simple questions. 1,Is amibroker can be used for simulation.2,Is this free or cost 3,How to get nifty futures old data.Is this free or cost. Pls guide me thanks Arun

Reply

**Hari** February 12, 2015 at 9:08 PM

Hello ST,

I read your book Decision Points (found the link on one of the Zerodha blogs), you have a very logical and interesting point of view. I started to follow your method from this week and to my surprise this method works, my risk has reduced considerably as compared to my past, now i know exactly where to put my SL. As you have mentioned in this post, i have started with identifying BOF and taking only these trades. As i am in the learning phase, till now out of 3 trades, one trade goes right for me and i try to take only 2-3 trades in a day due to the costs involved.

Thanks a lot for this wonderful system and this blog, hope to learn more from you!

Regards,
Hari

Reply

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