

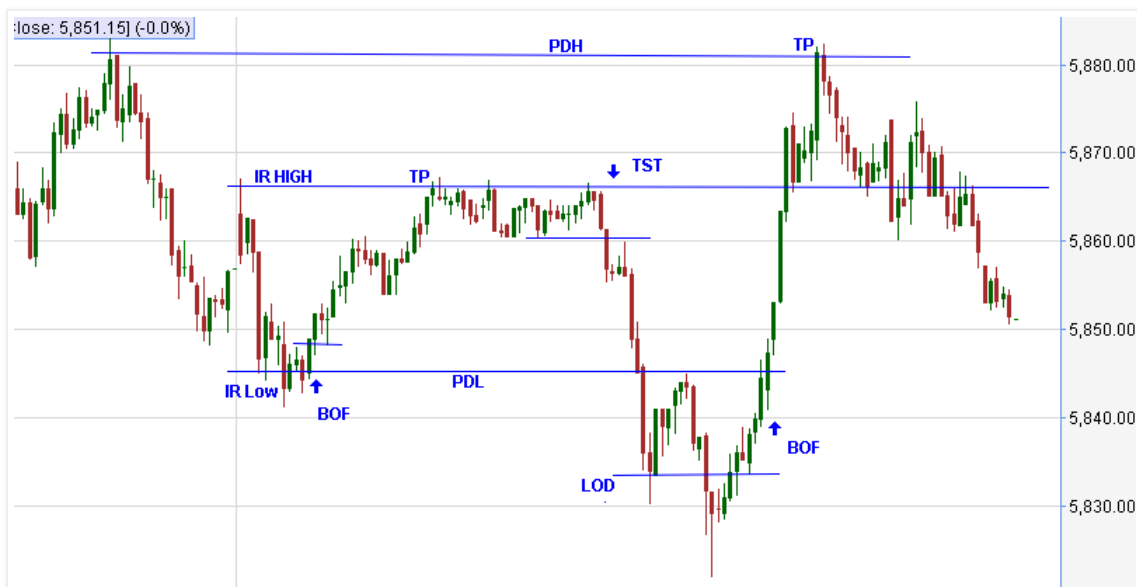


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*There is a substantial risk of loss associated with trading Derivatives . Losses can and will occur. My methods will not ensure profits*

Monday, February 25, 2013

25022013



Nifty opened within previous day range. IR formed.. BOF of PDL gave a long signal.TP at IR high. Went short on TST of IR High on break of the small range.TP on BOF of LOD. Long on the break of pull back swing high at PDL. TP at PDH. As expected market chopped rest of the day

Posted by [SMART Trader](#) at 4:17 PM



14 comments:

[Anurag](#) February 25, 2013 at 7:59 PM

Hi ST Sir,

I have few doubts regarding reading of today's chart, plz help me in clearing them

1) I went short at 12:57PM candle, considering it to be BPB from IR low. Though had to scratch it later. Was this a wrong trade? You had a different reading at that DP, which obviously was better and more profitable.

2) How do you identify a price level as LOD when there are few more candles lower than that price?

3) I was looking to go long at 2:30 candle, but was not confident so didn't took it. Though not clear, why that trade was not to be taken (probably FTA around 273)?

4) Why did you expect choppy trading for rest of the day?

5) How do you manage BPB trades when no pre-defined DP is in sight? Using TSL or candle reading or something else?

Reply



[akshay](#) February 25, 2013 at 8:01 PM

hi sir

Congrats for excellent trades today...I also took these trades...but how do you manage your trades once they start going into profit...Do you use trailing stop loss..I got out early in the first trade after seeing the wide range bear candle in the middle!!!

Reply

[ratnakar](#) February 25, 2013 at 9:19 PM



Wish I can steal ur brain, or hack ur computer, heheheh.

thanx.

Reply



**SMART Trader** February 25, 2013 at 11:11 PM

@akshay

I trail the trade hiding my stops behind Flip zones, swing points and DP.

This works well when you are able to catch a reversal from an extreme. If your entry is in the middle of the move it is very difficult to manage. Better to exit at FTA and regret.

ST

Reply



**SMART Trader** February 25, 2013 at 11:14 PM

ratnakar

Very few cells of my brain work well. You may regret later

ST

Reply

**Vishal** February 25, 2013 at 11:17 PM

Hi ST ji.,

Even i have the same doubts as anurag about LOD, HOD and BPB without DP, pls help us.,

Reply

**Vishal** February 25, 2013 at 11:47 PM

also ST sir, does our method work on event days like railway budget and budget days.? How do you trade on these days.?

Reply



**SMART Trader** February 25, 2013 at 11:57 PM

Anurag

1. It was a nice BPB and trade able. In fact it went where it is supposed to go and beyond. Naturally FTA is the target for the trade. It is the previous swing low. Price broke it and later this breakout failed. No other option other than scratching.

2. HOD and LOD are marked in hind sight for naming purpose only. While initiating the trade it is just an extreme swing high or low. Marked LOD of today is not the PDL of tomorrow

3. How can you go long at 2.30 candle? BPB of IR high? BPB of IR high is over at 13.45. You were looking to go long the TST of PDH and BOF of HOD (Further a MC break). Price action here is simply the mirror image of what happened at today's bottom (BOF of LOD) After a 50 point vertical move did you expect a further run?

4. Market already moved in 4 direction. This was the fifth one this happens very rarely.

5. In a BPB trade FTA and the target is always the swing extreme. If price fails to move beyond this I exit. If it moves further I will trail with a stop behind the flip zone

st

Reply



**SMART Trader** February 26, 2013 at 12:14 AM

vishal

Most of the days Market is in control of day traders. They have certain habits and where they are likely to act can be predicted reasonably well

On announcement, expiry, budget days market will be controlled by a different crowd, acting on news. They don't care about our price levels and will play spoil sport.

I rarely trade on such days

ST

Reply

**Anurag** February 26, 2013 at 10:06 AM

ST Sir,

I understand PDL/PDH will be the actual day low/high, what I was asking was when substantial price action is there to unfold in the day and price has already gone below/above prior swing low/high, how do we consider that swing as DP. Is this purely discretionary or can it be built in the overall method?

Reply



**SMART Trader** February 26, 2013 at 12:01 PM

Anurag

Once price moves into uncharted area, some where it is going to pull back creating a swing point. There is no way to know for sure whether the trend will continue or not.

The only option is to trade this as any other DP. But you need to pay attention to background information like  
How far the trend is in progress  
How the critical mass positioned

For example 25-02 price action

Price consolidation just above 5860 for a long time

1.BO traders shorts the break of 5860

2.Price pull backs for 3 candles. Pull back traders short

3.Another group short below the extreme of pull back

4.Further shorts enter on break of PDL

5.Price pull back to PDL. Pullback traders short again

6.BO traders short again on the break of swing low

7.Breakout fails. Now critical mass is short. Panic sets in people scramble to exit. Fuel in fire Explosive reversal

8.All momentum moves start where critical mass get trapped.

9.Trading some fixed patterns and candle patterns in isolation will not work

10.Trading is engaging the other party, En cashing their fear and greed.

11.Most of the traders are being taught to trade the trend.Breeding pigs to slaughter

ST

Reply

Anurag February 26, 2013 at 7:39 PM

Tremendous analysis ST sir. I try to analyze on similar lines but nowhere near. I guess this is what traditional 'tape reading' refers to.

Identifying critical mass can change the whole approach at DPs.

Reply



SMART Trader February 26, 2013 at 8:28 PM

Anurag

I am training my mind to pay selective attention to subtle perceptual cues of price action.I am successful to some extend. Still a long way to go.

I am indebted to Richard Horsey and his paper "Art of Chicken Sexing" for this insight.The paper is really worth its weight in gold.

I am really sad most of the readers have not paid attention to this.The least visited post of this blog.Not even a single comment for the post

ST

Reply

Anurag February 26, 2013 at 9:01 PM

Long back I started reading "Art of chicken sexing", found it too abstract, left it midway. Back then, was not following price action, so probably couldn't relate. Will read it again.

Probably requisite understanding to appreciate the thought process in the paper comes at stage 2 or 3 of trading. Trader flirting with different methods wont be able to relate and dig any deeper.

Reply

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