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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*

Tuesday, March 20, 2012

## Layer Over Layer



LOL, An abbreviation of Laugh out Loud is a very common internet slang. Historically it was used on Usenet and now it is widely used on electronic communication like Email and SMS. LOL secured its place on Oxford English Dictionary in March 2011.

Here LOL means Layer Over Layer. I use this to denote two or more important Support or Resistance levels positioned very close. A lot of traders will get trapped in these areas. Usually the price will break the first level and the break of second level will fail.

Trapped breakout traders of these levels will panic and start to exit initiating a move in the opposite direction. Then momentum traders join them and fuel the move further. 30 to 50 point moves are very common from LOL areas.

**Watch "LOL" and laugh all the way to the bank**  
Wish you all "LOL" (Lots Of Luck) with "LOL" (Lots Of Love).

Posted by [SMART Trader](#) at 8:52 PM



## 11 comments:

Anonymous January 24, 2014 at 11:15 PM

ST,  
Where is the entry here?  
Above both DP's?  
Or BOF of lower DP?

rgds  
Kishore  
Reply



[SMART Trader](#) January 25, 2014 at 9:34 AM

Kishore

Above both DP.  
Price may get trapped between the two DP's and range

ST

Reply

Anonymous January 25, 2014 at 11:51 AM

ST

On the fly above both DP or will you wait for a swing high to form?

rgds

Kishore

Reply



SMART Trader January 25, 2014 at 10:12 PM

Kishore

It depend upon the momentum and trend. For a rapid rejection you cant wait for a pull back. For a BOF of counter trend moves there will be a quick reversal.If you wait for the pull back ,you may miss the entry

ST

Reply

▼ Replies



Charles January 23, 2015 at 12:23 AM

ST Sir, You mentioned we need not wait for BOF of counter trend; is it bcoz its at LOL or should v never wait for a pullback? Thanks.



SMART Trader January 23, 2015 at 8:58 AM

I mean the BOF of a CT move

A counter trend move travels a lot, hits a DP, Overshoots it, BO fails

Then the reversal will be quick and strong in the original trend direction.Price may not pull back or retest the level again

ST

Reply



Trekkie May 25, 2014 at 12:05 PM

Hi ST,

When we have a LOL like this, <http://i.imgur.com/fv44ij7.png> , are A, B and C potential BOF entries?

Reply

▼ Replies



SMART Trader May 26, 2014 at 10:54 AM

S Roy

It may not work in such situations. It is a tight trading range like a barbed wire

Right pattern is

Price makes a prolonged move in one directions.

Encounters a lot of opposing order flow at the first level

Some how manages to break the level and hits the second one

Traders pushing the current move gets exhausted and last of them gets trapped.

Now price will make a strong reversal

ST

Reply



Trekkie May 26, 2014 at 11:44 AM

Dear ST,

Thank you. The first word that popped into my head as I was reading this was...Gurujii...Thank you for being such a great teacher. In my interactions with many traders in forums and chats, I never came across this level of dedication in teaching. I do not know whether they did not know or did not want to share all they knew. Thank you is too small a word for what you have been teaching me and the clarity with which you have been teaching me these past two months. I am ever indebted to you.

Reply



goodidea.vishal July 4, 2014 at 8:25 AM

hii ST sir

<http://chartindia.blogspot.in/2014/07/lol-layer-over-layer.html>

Is the LOL ??

Please check it

Reply

▼ Replies



**SMART Trader** July 4, 2014 at 8:50 AM

Yes . Two important levels positioned very close  
Works well when price hits them after a good move

ST

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