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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

Sunday, September 2, 2012

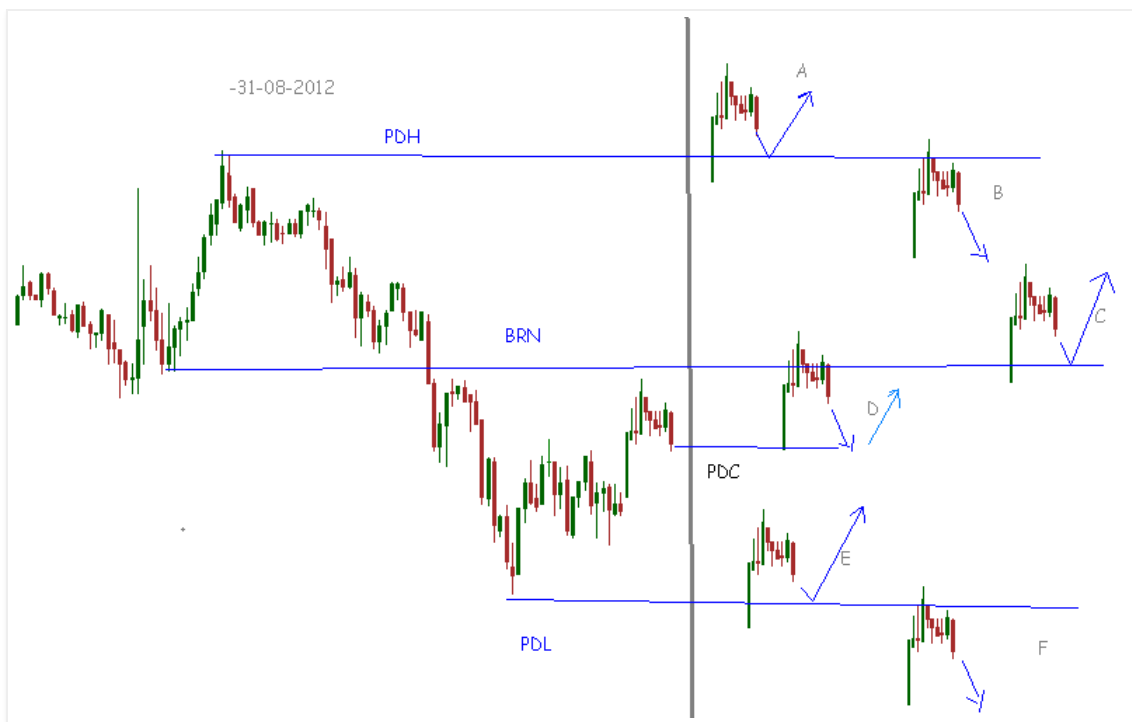
Location



I have written a short post on the importance of location where price action happens. I made this picture for that post. On the left side you can see the chart of 31-08-2012. On the right side you can see the projected 30 Minute price action for the next day as if it is occurring at different places marked A to F. Let me know your bias and thoughts in these situations. I am not going to publish the original post. Your comments are going to serve the purpose.

You need not write an essay. Just one line is sufficient, for example. "A-look to go long on TST of IR Low"

I am expecting good response from your side. Please do not let me down



In fact, I am a little bit disappointed with the lukewarm response. Any way happy to note that a few cared to respond. My anticipation of price action will be as per the above picture. Do not forget to notice the Initial Range and BRN. Be aware of the FTA. The very same price action occurring at different locations have different meaning and require different approach. Location is the most important thing in Price Action Trading. Location is very important not only in Real estate investment but also in trading.

Posted by [SMART Trader](#) at 12:01 PM



20 comments:



[Unknown](#) September 2, 2012 at 2:47 PM

A: This is BO of PDH. Looking to go long at BPB to PDH.

B: This is BOF of PDH. Short immediately with SL 2 points above PDH.

C: Do nothing. Wait till price reaches some DP (or BRN which is not shown here).

D: Looking to go long at PB to PDC.

E: Looking to go long at PB to PDL. If price goes below PDL, treat it as BOF of PDL and short at PB to PDL.

F: Short immediately as BOF of PDL.

One small question: Why you have chosen last 30 min pattern of 31.8.2012 for this?

Reply



[Atharva](#) September 2, 2012 at 3:05 PM

Dear ST,

Thanks for this wonderful exercise...

I was wondering how you are initiating trades, when market opens with gap in down trend above PDH and trends strongly w/o giving any signal of BPB.

Honestly a live testing done during last week I found my self in wrong trades on couple of time. Could not take decision when price was trading betn PDL and LOD

on this exercise ;trying my best
@Pt C will wait for mkt to test PDC and initiate a long trade.

Thanking you once again for this exerciser. This will be test for me to confirm whether the concept of your system is clearly understood or not

Best Regards,

Reply

[Anonymous](#) September 2, 2012 at 5:47 PM

Well I donot day trade. But here is my quick take

A: I shall wait to see what happens during the gap fill which has just began. If price holds without filling gap, then long at the test of IR

low

B: Perhaps short with stop above HOD

C and D: Wait and watch

E: Wait for bottom formation and to go long

F: Short only if next support is far away.

Well how do you trade these setups?

R. S. Iyer

Reply

Anonymous [September 2, 2012 at 8:12 PM](#)

Hello Sir,

From A-F as it is already in breakout buy with sl of low, if stop loss hits reverse the trade, no second thoughts

Regards

-Sharath

Reply



[Raghu R Bhat](#) [September 2, 2012 at 8:16 PM](#)

A Bias+, Long on IR low, which is also PDH

B Bias+, Short on BOF of PDH, CT

C Bias+, Wait for nearest DP

D Bias Nil, Wait for nearest DP

E Bias-, Look to short BOF of PDL,

F Bias-, Look to short on PB to PDL

rb

Reply



[Sunil Saranjame](#) [September 3, 2012 at 8:41 AM](#)

Ohh, I just saw this post.

ok, here we go

A) Long on pullback

B) BOF @ PDH, so go short

C) Long

D) Short

E) BOF @ PDL, long

F) Go short on a pullback

Reply

Tejas [September 3, 2012 at 1:27 PM](#)

A--> Long at BP to PDH.

B--> Short with SL above PDH.

C--> Inconclusive Evidence

D--> Inconclusive Evidence

E--> Long at PB to PDL

F--> Short with SL abv PDL.

Reply



[CalculatedRisk](#) [September 3, 2012 at 2:44 PM](#)

A--> Long at PB to PDH.

B--> Short with Strict SL above PDH.

C--> Inconclusive Evidence

D--> Inconclusive Evidence

E--> Long at PB to PDL.

F--> Short with SL abv PDL.

Reply



Raghu R Bhat September 3, 2012 at 10:17 PM

Missed the BRN - which would have led to reinterpretation - in retrospect it looks simple. 'Life can only be understood backwards; but it must be lived forwards' Kierkegaard

rb

Reply



Sunil Saranjame September 3, 2012 at 10:26 PM

That was nice quiz dear ST.

Thanks!

Reply



SMART Trader September 3, 2012 at 11:07 PM

Thank you very much for your response.

DP trading is very very simple. Consider DP as a border line, say "Wagah"

If price settles in Pak territory, hide your stop in Indian area beyond its reach. If price is in Indian territory, hide your stop in Pakistan land.

ST

Reply

Anonymous September 4, 2012 at 11:57 AM

Easier said than done. Hiding stops Wagah India Pak.. LOL. If it had been so easy we would have had Universities starting graduation diploma and postgraduation MBAs in DP trading, politicians floating universities and taking capitation fee, parents enrolling kids to become traders etc etc.

Reply



Unknown September 4, 2012 at 5:59 PM

I score 100 % !!

So my fundamentals are clear. Now I need practice, practice, practice ...

Thanks ST.

Reply



SMART Trader September 4, 2012 at 9:38 PM

Nifty Baz

Yes, You have understood the concepts well.

All the best.Do not attempt all the signals . stick to good price action at good locations. survival is the first priority in Markets

ST

Reply



Unknown September 4, 2012 at 10:28 PM

ST,

Yes, I am now trying to enter trade only at extremes with RR ratio 1:2. This has drastically brought down my trades. I am practicing with 1 mini.

Reply



SMART Trader September 4, 2012 at 10:32 PM

Anon

You are right.Easier read than done!!

ST

Reply



goodidea.vishal April 4, 2014 at 9:09 PM

wowits really nice post ,

i love it . really .

VERY very beautiful way to explain this concept .

i say you are good writer to explain any topic ,its very nice article
thanks ST .

Reply



AHGTrader December 2, 2014 at 10:55 PM

ST,
I am curious why D is good? It almost looks like a BOF of a big round number and swing low and BO of PDC. Taking BPB of PDC means our FTA would be the BRN / Swing low that just got rejected? Not enough room there.

Trade C already cleared PDC and Swing low and has good room for PDH and is a better option than D.

Agree?
Thank you,
Reply

▼ Replies



SMART Trader December 3, 2014 at 10:53 PM

The post was not made for such detailed analysis. The subject was to highlight the importance of location. The purpose was just to show the same price action at different locations need to be treated differently. Just wanted to show that Price action trading is not pattern trading. Meaning will differ as per the context and location.

ST



AHGTrader December 4, 2014 at 4:52 AM

Got it. Thank you great article and thank you for the followup response.

Reply

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