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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, August 19, 2014

19082014



Nifty gaped up above PDH/BRN and traded in a 20 point range the whole day. Attempted two long trades.BPB of BRN and BPB of Range High. Both the trades failed immediately on entry.

Posted by [SMART Trader](#) at 3:34 PM



13 comments:



[xrtrader1](#) August 19, 2014 at 4:22 PM

Hi ST,  
2nd trade can this be taken as pressure play? Considering BOF of IRL . Though this was with trend ?  
Reply



[xrtrader1](#) August 19, 2014 at 4:31 PM

To add to my previous comment: thought process is :  
Lot of shorts are trapped because of BOF of IRL ( 3 tests). Could be traded for PP on top of DH.  
Reply

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[SMART Trader](#) August 19, 2014 at 7:25 PM

We can try a long. But stop triggering alone will not make a move  
There should be follow up buying and today it was not coming  
ST



[xrtrader1](#) August 19, 2014 at 8:10 PM

Hi ST,  
"There should be follow up buying and today it was not coming"  
--> Not clear what you mean by this. For a breakout how do you look follow up trade. Won't this be too late ?



**SMART Trader** August 19, 2014 at 8:21 PM

Stop loss triggering alone cant make a move. There should be fresh buying or selling from momentum traders in the same direction. We will know this only on hindsight. The BO will fail if there is no follow up

ST



**xrtrader1** August 19, 2014 at 8:27 PM

Got it .. Thanks ST.

Reply



**Trekkie** August 19, 2014 at 4:39 PM

Hi ST,  
Thank you.

Reply



**Unknown** August 19, 2014 at 4:44 PM

Hi ST,

can 11.40 high can be MSP and failure of second BPB as short ?

Regards

Reply

▼ Replies



**SMART Trader** August 19, 2014 at 7:33 PM

MSP is relevant only on a trend move, not in a tight range  
MSP crack means the last impulse is failing to make a consolidation range and likely to be a price reversal  
Failure of second BPB is a short signal. It is BOF of Range high  
This bounced back from BRN

ST

Reply



**sleepytrader42** August 19, 2014 at 8:59 PM

Hi ST,  
Did you think about taking a BOF of IRL/BRN?  
And if so what were your reasons for not entering? Thanks.

Reply

▼ Replies



**SMART Trader** August 20, 2014 at 9:07 AM

Price enveloped the IR and made a barbed wire around BRN  
Trade this new range and not the mid points  
<http://niftyinirvana.blogspot.in/2012/10/brackets-and-envelops.html>  
<http://niftyinirvana.blogspot.in/2012/06/barbed-wire.html>

ST

Reply

**Anonymous** August 20, 2014 at 11:46 AM

Hello Sir,

Thanks for posting your charts from the battle field which have immense educational value unlike teaching gurus who never trade themselves.

I have a question regarding overall price action philosophy.

If I generate a random price chart, a price action trader usually can't tell its a random chart but can come up with a coherent price action story for the chart (eg: BOF happened here, trend line got broken there etc etc.).

Is randomness fooling PA trader in this case? or PA is the absolute truth which works well for both random data or real chart?

I understand traders trade to make money not necessarily to ponder on philosophy.

'If it makes money shut up and use it' is very practical mindset but I would love to hear from you.

Reply

▼ Replies



**SMART Trader** August 20, 2014 at 1:16 PM

Most of the time price moves in the markets are random and will not give a trading edge

All the Technical analysis including price action trading is an attempt to identify a location and direction of non random moves that can happen in markets. Traders try to exploit this edge and make money. IMHO , DP method has an edge and it works reasonably well.

There are no absolute truths in markets. If somebody finds it out, he will own this planet earth in no time

ST

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Reply

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