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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, December 15, 2014

15122014



This is an illustrative example of the concepts being discussed. Markings are just visualizations on historical data in hindsight analysis
Nifty gaped down and refused to go below the first bar. Nifty Spot touched 8200 the earlier flip and bounced. I thought it may reverse today. But it did not happen. Last down impulse held as a range. Took two BOF shorts of PDC/PDL LOL levels. Covered them when it bounced from RN. Skipped the last one as I was not confident as price has started making higher lows

Posted by SMART Trader at 3:59 PM



22 comments:



Trader Pai December 15, 2014 at 4:06 PM

Hi ST,
Please comment on my trades

<http://tradingdecisionpoints.blogspot.in/2014/12/12152014.html>

rgds
Kishore

Reply

▼ Replies



SMART Trader December 15, 2014 at 4:53 PM

First trade was taken in a hurry, last one is the third trade from the same location
More than 4 swings rarely happens
<http://niftyinirvana.blogspot.in/2012/02/daily-trading-patterns.html>

ST



Bharat December 15, 2014 at 5:34 PM

ST,

I also took first trade like kishore. and trapped.. what was wrong with IRH bpb trade.. we had exhaustive good gap and bullish

bar. market trying to reverse. What factor do we consider to take this type of trade.. ?

Secondly i also took the last trade as Kishore took.. looking to third attempt to go up failed.. and trapped. Wasn't this a type of broad channel , where third attempt to go up fails resumes the bigger down trend? What should be the thought process there.

Thanks and Regards
Bharat



SMART Trader December 15, 2014 at 5:47 PM

I do not find any BPB of IRH here. You can try a long PDL as target.
Market rarely move more than 4 swings in a day. After that it can be a chop
Can be considered as a broad upward channel. Then short should only be below 8250 swing low

ST

Reply



mrajguru December 15, 2014 at 4:24 PM

why you did not take a BPB trade at approx 12.10 pm?

[IMG]<http://i59.tinypic.com/2ccwvin.png> [IMG]

Reply

▼ Replies



SMART Trader December 15, 2014 at 4:58 PM

Price should cross the earlier extreme and pull back
Price never broke PDC, The earlier extreme .

ST

Reply



Homer_23 December 15, 2014 at 5:14 PM

Hi Rajesh,
When do you consider tail of candle as DP and when do you consider body of candle as DP. I'm referring to PDL taken today. also, I did not consider PDL as a DP today as that level was tested - basis your guidance on Friday's trade. Was I right in my approach. My only trade was the one that you had taken.

Reply

▼ Replies



SMART Trader December 15, 2014 at 5:26 PM

I always avoid tails. May adjust the level a little bit on next test.
Previous day test is not counted. PDL is a fresh level for the day.
Levels get invalidated if broken from both sides or a range forms around it

ST



Trekkie December 15, 2014 at 8:51 PM

Hi ST,
Can I say today PDL/PDC did not get invalidated because price move was only to the downside of PDL/PDC? Thanks.



SMART Trader December 15, 2014 at 10:08 PM

Still in force. They have not broken Convincingly even though there were overshoots

ST



Homer_23 December 15, 2014 at 10:27 PM

Thank you Rajesh for the explanation.



Homer_23 December 16, 2014 at 1:21 AM

Thank you Rajesh for your help and explanation

Reply



L.V.Gandhi December 15, 2014 at 7:13 PM

In your first trade, Price went above PDL after your entry. What conditions would have made you think it as failure, ie going above 10:42 bar or 10:45 bar, and exit the trade

Reply

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SMART Trader December 15, 2014 at 10:13 PM

In a LOL BOF it may happen. The focus is always on the second level.
This has happened even in the original example given
<http://niftyinirvana.blogspot.in/2012/03/layer-over-layer.html>
ST



DM December 15, 2014 at 10:52 PM

How about TT at the 2nd level? Today it would have also been a trend trade.
Have noticed that LOL "generally" reverses from 2nd or 3rd level. On 0212 it was PDL-PDC-BRN LOL and price reversed from BRN.
DM



SMART Trader December 16, 2014 at 9:14 AM

You can try it. As you know there are no certainties only probabilities
ST

Reply



Trade 4 living December 15, 2014 at 7:14 PM

Rajesh,
My observations:
IR - 8230 to 8255
Traded in the range 8255 to 8275
You wrote the following:
1.Trade ranges and trade at the extreme
2.Buy at low and sell at high when market is going up
3.Sell at high and but at low when market is going down
Are my observation correct and revise if wrong ?
With Kind Regards,
Reply

▼ Replies



SMART Trader December 15, 2014 at 10:25 PM

What is the difference between 2 and 3?. You have not understood the concepts well
These cannot be explained in a comment reply. Please go through the important posts
<http://niftyinirvana.blogspot.in/2012/05/trading-ranges.html>
<http://niftyinirvana.blogspot.in/2012/05/buy-low-sell-high.html>
<http://www.niftyinirvana.blogspot.in/2012/06/trends.html>
<http://niftyinirvana.blogspot.in/2014/06/daily-dose.html>
<http://niftyinirvana.blogspot.in/2014/06/trend-traps.html>
<http://niftyinirvana.blogspot.in/2014/08/taming-trend.html>
<http://niftyinirvana.blogspot.in/2014/11/more-on-structure.html>
ST

Reply



Trade 4 living December 16, 2014 at 6:27 AM

Rajesh,
I have compiled all your posts not related to trading analysis into a word document and read about more than ten times.

I wrote the following :
That IR was 8230 to 8255 and the market traded in the ranges 8255 to 8275..8280.
Are these observations correct ?

I traded the above market based on the theory....
1. Market moves in ranges.
2.Always trade at the extremes of the range
3.Buy at low and sell at high of the range or Sell at high and buy at low of the range.

I bought around 8255 and sold 8275 when the market went up
Sold around 8275 and bought around 8255 when the market went down
bought around 8255 and sold around 8275 when the market went up
sold again around 8275 and bought again around 8255.

Instead of writing the above so many times.
I wrote the following :
1.Trade ranges and trade at the extreme
2.Buy at low and sell at high when market is going up
3.Sell at high and but at low when market is going down

Now am I right ?
With kind regards,
Reply

▼ Replies



SMART Trader December 16, 2014 at 9:09 AM

You are right on the approach
Other factors like SCORE too plays an important role
You do it when most of these factors favor a trade. Here the experience factor comes into play
Your success will depend on your decision which one to take and which one to skip
As you gain experience you will start making more and more right decisions and will achieve consistency
Screen time and time spent on deliberate practice are important factors in this skill development

ST

ST



Homer_23 December 17, 2014 at 2:18 PM

Hi Rajesh,
What do you mean by SCORE. Please help in understanding



SMART Trader December 17, 2014 at 3:39 PM

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ST

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