

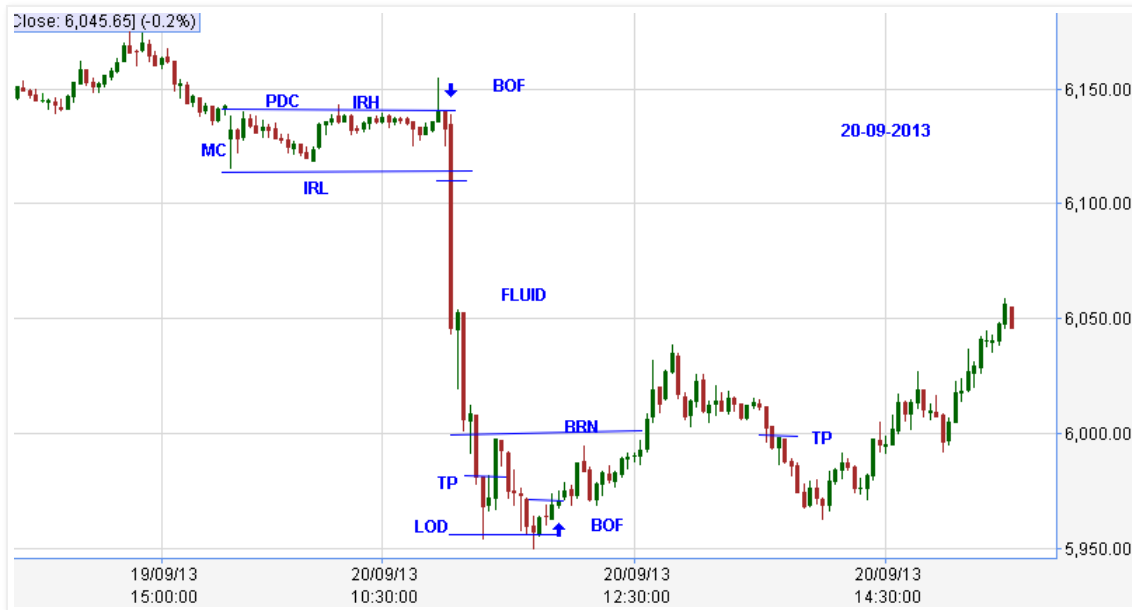


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There is a substantial risk of loss associated with trading Derivatives . Losses can and will occur. My methods will not ensure profits

Friday, September 20, 2013

20092013



Nifty opened just below PDC. First candle was a MC . It acted as IR. Market was expecting too much from the new RBI governor.and got sold immediately after announcement. BOF of IRH/PDC gave a short signal. Short below IRL. TP on gap closure. BOF of LOD gave another trade. TP at BRN 6000. did not attempt any other trade.

Posted by SMART Trader at 10:33 PM



8 comments:

adhi narayanan September 21, 2013 at 7:07 AM

In first trade your short below IRL. Space is not in favour. Because BRN & PDL was very near and even it was an announcement day. Is there any other reason for this trade?

Reply



SMART Trader September 21, 2013 at 9:34 AM

Adhi

In reality it was not a signal based trade at all even though there were signals to go short.

It was taking advantage of the panic of positional longs in the market

After the gap up and run the previous day, market was very vulnerable. It was waiting for the RBI announcement. Market was expecting too much from RBI and discounted it much earlier.

Now there are three possibilities with respect to the announcement.

- 1.Below expectation- sell off
- 2.As per expectation-Profit booking
- 3.Exceeds expectation-Further Rally

Probability of a sell off was much much more than a rally.We are betting on the order flow of higher time frame players who never care about Our DPs

Finally what was the risk ? If it bounces back to the range exit quickly with less than 10 points loss.We must learn to act fast

For example think about the people who have gone long on the break of IRH. Market gave them 3 minutes to correct their mistake, trading inside the range before the sell off I will bet 99% of them did not exit and got trapped suffering 100+ point loss

ST

Reply

Anonymous [September 21, 2013 at 11:10 AM](#)

I was also waiting for market to crack and so waited for a pullback after the break of IRL but that never came in time for me to trade.

Reply



SMART Trader  [September 21, 2013 at 11:19 AM](#)

Anon

Waiting for a pull back wont work in such explosive moves.Sometimes you may not be able to get a fill for your orders

ST

Reply

Anonymous [September 22, 2013 at 1:47 PM](#)

Do you keep track of the news before and during the trading hours? Normally, I notice that I develop a positive or negative bias based on the news and that impacts my trading. Your thought pls?

Reply

Anonymous [September 22, 2013 at 2:25 PM](#)

Do you have these 3 minute daily charts of the previous period (without your markings)? That will help us in practicing your method and then check your markings.

Reply

Anonymous [September 22, 2013 at 6:57 PM](#)

How do you avoid the fake breakouts? In what cases you decide to take the breakout of IRL and sometimes, you decide to play BPB after the IRL breakout? Else, I end up entering these fake breakouts and lose money. Looking forward to your guidance!

Reply



SMART Trader  [September 22, 2013 at 8:35 PM](#)

Anon

I do not keep track of news during trading hours. But I keep track of major announcements and avoid a position I do not have historical charts. If you are an Icharts subscriber , you can view it

I rarely trade direct breakouts of levels. I prefer BOF and BPB. Many factors contribute to the success of breakout some are

1.Market bias favourable

2.Accumulation of stops at the level

3.Bof at the other end trapping traders

4.other factors like space, order flow, critical mass, risk, etc

ST

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 - [June](#) (26)
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