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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, June 26, 2012

26062012



Nifty opened near previous day low and BRN 5100. Moved up and formed an initial range. BPB of the IR was the first signal. This trade ended in a loss. If you get stopped out, do not attempt another trade around the same place, especially on a weak DP like IR High/Low. FTC at A is looking good in hind sight, very difficult to trade in live market. BOF of DO-PDL-BRN gave a good long signal. I was holding it and expecting it to cross above HOD.

Posted by SMART Trader at 3:55 PM



11 comments:



Smita June 26, 2012 at 4:09 PM

ST,

As you mention, BOF around 5100 gave a long signal, so in live market after how many candles here you decided to go long or which pattern did you observe to go long? I am asking how do we decide that this is BOF and not the break out when bias of day was -ve as it had broken day low and was unable to cross 5134 lvs after testing it almost 3 times.

Reply



SMART Trader June 26, 2012 at 4:34 PM

smita

Think about order flow

What could be below the 5100 level?

1. Stop loss sells who have gone long from morning

2. Breakout traders waiting with sell orders

3. Momentum sellers shorting from day high.

Now nifty breaks the level triggering all these orders and bounce back (see the volume)

Now these people are on the wrong foot and panic. They start to exit and reverse their positions by buying into the market and we ride their fear. Hope it is clear.

5134 to 5100 is a big move for 3M chart traders where as it is just noise for some others. So you need to decide on your time frame first

ST

Reply



Smita June 26, 2012 at 6:36 PM

ST ,

I keep track of 30 mins TF and watch 5 min TF for signals .
But do not watch 3 mins , I don't have an access to it plus I amnot that skilled yet . I amtrying to get rid of all the rust accumulated over the years :-)

Reply



SMART Trader June 26, 2012 at 7:02 PM

Smita

In my opinion 30M is too big a time frame for day trading. 5M is ok. Better stick to a single TF and avoid confusion. Good charting is a must. Skill will develop automatically when you focus on something.

ST

Reply



oru_indian June 26, 2012 at 9:34 PM

Dear ST,

No DP trade today. Today also I saw the BOF but as the time was post 2:40 which took time to conclude the thoughts considering the balance available time for the day whether to buy or not and missed to act.
But learned to sit tight through to overcome the itch to trade.

rgds-Ajith

Reply



SMART Trader June 26, 2012 at 9:49 PM

Ajith

Reversals happening at the fag end will run well. You need not take every minor setups. Stick to best locations and best signals.

ST

Reply



oru_indian June 27, 2012 at 8:37 AM

Dear ST,

Another point was, WAP difference was not much around BOF. When to use the WAP strategy ?

rgds-Ajith

Reply



SMART Trader June 27, 2012 at 7:58 PM

Ajith

If the market reverses at the last hour of the day, pay attention to WAP. If there is much difference don't be in a hurry to book profit. It may run a lot as the losers are exiting their positions.

ST

Reply



oru_indian June 27, 2012 at 9:44 PM

Dear ST,

If I understand correctly, WAP is a post trade check list item for profit booking decision that too for final hour period of day rather than a decision item for checking before entering into a trade. Pls confirm

rgds-Ajith

Reply



SMART Trader June 27, 2012 at 10:04 PM

Ajith

Right.

But on the way if it breaks a DP and gives a good BPB opportunity, you can consider a fresh entry

ST

Reply



oru_indian June 28, 2012 at 7:40 AM

Thx ST

rgds-Ajith

Reply

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