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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, December 2, 2014

02122014



This is an illustrative example of the concepts being discussed. Markings are just visualizations on historical data in hindsight analysis
 Announcement day. No trades till it is over. Short on BOF of PDL/PDC and BRN. Covered around 8560 as price bounced from RN. Long when second test of RN held. Expected a move to PDL. Covered when price bounced from the flip @ 8580. Hesitated to take the TST of Range low. No more trades

Posted by SMART Trader at 3:45 PM



24 comments:



Unknown December 2, 2014 at 3:49 PM

Thanks ST for the charts!!

Reply



Trader Pai December 2, 2014 at 3:50 PM

Hi ST,
 Thanks
 Just one trade for me
<http://tradingdecisionpoints.blogspot.com/2014/12/2122014.html>

rgds
 Kishore

Reply

▼ Replies



SMART Trader December 2, 2014 at 4:01 PM

Good One

ST



Trader Pai December 2, 2014 at 4:20 PM

Thanks ST

rgds
Kishore

Reply



----- December 2, 2014 at 4:20 PM

Hello ST,

Being following your blog from last four months now. Came here from Traderji.
Firstly thanks for developing and sharing Decision Point Method.

In last few posts you mentioned Touch Trades. What are Touch Trades?

Reply

▼ Replies



SMART Trader December 2, 2014 at 4:29 PM

Touch trades are blind trades taken at a DP
Yet to develop as a method

ST

Reply



Trekkie December 2, 2014 at 4:43 PM

Thank you ST,

I took one short in the morning and scratched it, rest of the day wasn't comfortable entering, so just watched.

Reply



Ranjit December 2, 2014 at 5:41 PM

Hi,

Nice to read and go through this blog. I am happy to see somebody so actively participating in his own method. This is a clear example that if any one who have a method and works on to finetune it can do well in trading were others without a system fail and fall back a disciplined trader keeps moving ahead. Once a very good trader i met told me Method tells us one thing Market repeats itself and it will always visit your method so why in a hurry. Wish you a very profitable and a safe trading always.

Warm Regards,
Ranjit Nair

Reply

▼ Replies



SMART Trader December 2, 2014 at 8:51 PM

Thanks for the visit and comment

ST

Reply



L.V.Gandhi December 2, 2014 at 7:56 PM

I would like to know your SL for your second trade. Will you exit below entry bar as BOF is nullified or below RNP?
Is this BOF is CT or not?

Reply

▼ Replies



SMART Trader December 2, 2014 at 8:25 PM

My initial SL was at 8550 from which price got rejected twice.
Entry was near 8561. I will not raise stop unless it makes a higher high.
It was a CT trade. But you need to see the context within which it happens.
Price was falling from 8600 and a straight drop of 50 points creating a Critical mass that is short.
Fall terminated at 8550 and pulled back. Next push down failed to go below 8560. another push down broke the new swing low and stopped at 8550 again. Stop triggering below 8560 low could not take price beyond 8550.
Bounce back crossed the flip and I entered above it. Usually when market fails to do something twice, it will do the opposite. That is why Double tops and bottoms work. Here it failed thrice and it favours an up move

ST



L.V.Gandhi December 2, 2014 at 8:45 PM

Thanks for the nice explanation. You raise SL only after PH at 12:18 bar crossed. Am I correct in my understanding or not? If not can you explain a bit more on rising SL.



SMART Trader December 2, 2014 at 9:01 PM

Yes. Whatever happens around that area is noise and caused by the tussle between the teams. This information cannot be relied upon. If price moves above the swing area and settles there, no issues. If it gets rejected, we need to think about protecting the capital. Stand alone patterns will not work. Location and the context in which it happens matters <http://niftynirvana.blogspot.in/2012/09/location.html>

ST



L.V.Gandhi December 3, 2014 at 7:59 AM

Thanks.

Reply



AHGTrader December 2, 2014 at 9:43 PM

Thank you for the good charts. Two quick questions.

1. For BOF trades, I see you use bar low to enter like today or swing highs / lows to enter like yesterday. Curious when do you choose which option?

2. Would you consider the second trade also a TST of the LOD?

Thank you,

Reply

▼ Replies



SMART Trader December 2, 2014 at 9:55 PM

1. The core concept of the BOF is the rejection of price from the new area. You can enter the moment you are convinced that the price is getting rejected. But it is psychologically very difficult to enter without a formation and its break. If I feel the rejection is strong I enter on break of candle, otherwise wait for a swing point to form. It depends on the level of confidence at that time. More confirmation means more risk and poor RR

2. Yes it was a TST. I hesitated because earlier attempt failed to move above 8580 and it was a third CT move attempt. Second one was not able to reach the earlier high

ST



AHGTrader December 2, 2014 at 10:07 PM

Thank you ST.

Reply



AHGTrader December 2, 2014 at 10:39 PM

One more quick question. In the first trade (BOF), where you waiting for a close below the low of the green bar & short one tick below the closed red bar or the short was one tick below the low of the green bar without waiting for the close? One of the challenges without waiting for a close would be the trap shorties via wick.

Thank you...

Reply

▼ Replies



SMART Trader December 3, 2014 at 9:32 AM

Price moved above PDL. It should not fall below that level again. If it does BO is failing. Once the price is not showing momentum we need to anticipate a BOF and ready with the order. Keeping it below a candle low gives some illusion of certainty. You can enter say 5 point below PDL which can be equally good. Price may reverse and stop you out. It is all in the game

ST



AHGTrader December 4, 2014 at 4:51 AM

Yep. Agree. Very good point. Thank you for your response.

Reply



Bhavir December 3, 2014 at 12:16 AM

Thanks for sharing ST. My observations at - <http://niftytradediary.wordpress.com/2014/12/03/2-dec-2014/>

I was observing BNF today. Have you ever tried BNF using DP?

In case you have; can you share your observations about which RN work in case of BNF and what is typically a good initial risk level beyond which doesn't make sense to trade intra-day (for eg. We avoid more than 10 point stop trades in Nifty)

At least today it seemed to provide good moves and smooth trailing opportunities. I will try to observe it as time permits and share my observations.

Reply

▼ Replies



SMART Trader December 3, 2014 at 3:41 PM

I have not traded BN so far. Method will work, i think
Unlike Nifty, moves are fast and furious. A double edged sword

ST

Reply



Trekkie December 3, 2014 at 8:32 AM

Hi ST,
You went short below the green bar. Was it the multilayer bof that gave you the confidence to go short directly below the bar?

Reply

▼ Replies



SMART Trader December 3, 2014 at 3:36 PM

Yes. there were many resistances on top. further a gap down below PDL , a major transition
Bias favoured a short

ST

Reply

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