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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, November 24, 2014

24112014



Nifty gaped up above PDH and moved up. An outside trend gap. Hesitated to short below the pin bar and missed FTC trade. Price did not give a good location to short later. Went long on BOF of PDH. Covered when price bounced from HOD. Then it was a choppy channel move rest of the day.

Posted by [SMART Trader](#) at 3:28 PM



19 comments:



[zoozoo](#) November 24, 2014 at 3:49 PM

Dear ST,

You did not consider BPB of then HOD around 2:20, till that time channel move was not visible (to me).

Reply

▼ Replies



[SMART Trader](#) November 24, 2014 at 4:13 PM

I ignored tail while drawing HOD. But I wanted price to break the extreme. The 3rd candle high There was no momentum. It took 20 minutes after BO to touch that level. So I did not enter

ST

Reply



[Unknown](#) November 24, 2014 at 3:50 PM

Dear Sir, After you took long, Price failed to move beyond 8522 on second attempt. Why did you not close position near 8518 - 8515 ? Any particular thought during this ??

In fact it came below your buy price.. Didn't you think you were risking a winning trade turning into a losing one..

Reply

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SMART Trader November 24, 2014 at 4:35 PM

If you look at the chart, it will look very wide. The range was only 20 point wide. Every range will have a mid point and this will always give some resistance. Now regarding the trade. My entry was at 8514 and stop loss at 8509 below PDH and the swing low made after the entry. Risk was just 5 points at the time. Ignore commission as it will be there always. The entry was on BOF of PDH and valid till it breaks below it. If I exit at 8515, I am going to gain (Avoid a loss) of 6 points. Is it prudent to quit a valid trade with a risk of 6 point and look for another one with more risk?

Reply



Unknown November 24, 2014 at 3:55 PM

Hi ST,

Why you did not scratch your trade when the price reversed at 8520 and came back to your buy price.

Thank,
Aris.

Reply

▼ Replies



SMART Trader November 24, 2014 at 4:37 PM

Read reply to Sumresh

ST

Reply



Unknown November 24, 2014 at 4:09 PM

Hi ST

Allowed deep PB today??

Thanks
TBP

Reply

▼ Replies



SMART Trader November 24, 2014 at 4:45 PM

No more micro managing and trailing within a 10 point space

ST

Reply



Uday Dave November 24, 2014 at 5:17 PM

ST sir,

You were trading the 20 point probable range and it took more than 2 hours to break out from 10 point range that happened after your entry, and still you stick with the trade for that long. Even if one anticipates a range bound move after the big move Friday, don't you think waiting for 2 hours is too much time to wait for the trade to move? Usually you do not wait that long. Why to risk even 6 points when the price move and momentum is not in favor and refuses to move in desired direction after prolonged period of time.

Thanks
URD

Reply

▼ Replies



SMART Trader November 24, 2014 at 6:23 PM

URD

Hope you might have seen the notes by SpacemanSpiff
<http://niftyinirvana.blogspot.in/2014/11/webinar.html#comment-form>
I am quoting Point no 8 of the notes below

P8 - When does it make sense to scratch and when to hold

- Over long number of trades, scratching does not work, If SR is good and good R:R - missed returns overwhelm escaped losses
- Chopping around SR is normal, no need to scratch after small moves trace back
- Consider context, is setup still valid? Is S/R still good
- Example of scratch - pressure play - Fast move + consolidation, does not continue ahead

On going through some of the exits, I felt the argument is valid. In this particular trade I could raise the stops and reduce the initial risk. So Completely trusted the structure and believed that the price will go to the other extreme in due time. Need to check the validity in the long run

ST



Uday Dave November 24, 2014 at 10:29 PM

Thanks a lot. I had missed that comment. I could not understand properly the last line "Example of scratch - pressure play - Fast move + consolidation, does not continue ahead" Please help me with that.

URD



SMART Trader November 25, 2014 at 8:38 AM

I think he means we should not wait and allow the price to hang around after a PP and to some extent in case of BPB Price is supposed to move immediately. In case of a BOF where critical mass gets trapped the momentum will not be visible immediately. Move gathers momentum only when the traders trading the current move loses hope and start covering

ST



SpacemanSpiff November 25, 2014 at 9:21 AM

Hello, Specifically, his example for scratch was - a fast move that starts consolidating. At that point it makes sense to tighten stops before target.



SMART Trader November 25, 2014 at 3:53 PM

Thanks, Spaceman

ST

Reply



Trekkie November 24, 2014 at 8:18 PM

Hi ST,
I didnt take the BOF long because DO was too close? Was that a wrong decision? Thank you.

Reply

▼ Replies



SMART Trader November 24, 2014 at 8:36 PM

Nothing wrong
Here IR got enveloped by the down move
trade was with the trend and I felt this down move will act as a range

ST

Reply



Bhavir November 25, 2014 at 1:22 AM

Another peculiar observation and learning today. Thanks everyone for contributing with your questions and thanks ST for taking time out to explain.

Guess sharing my observation is just a formality today :)
<http://niftytradediary.wordpress.com/2014/11/25/24-nov-2014/>

Reply



Homer_23 November 25, 2014 at 12:50 PM

I read in our older blogs that you use icharts, do you still use icharts, also which broker to you use. e.g Zerodha, shraekhan etc

Reply

▼ Replies



SMART Trader November 25, 2014 at 3:56 PM

Still using I charts
I have accounts with Zerodha, Trade Smart online

ST

Reply

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