



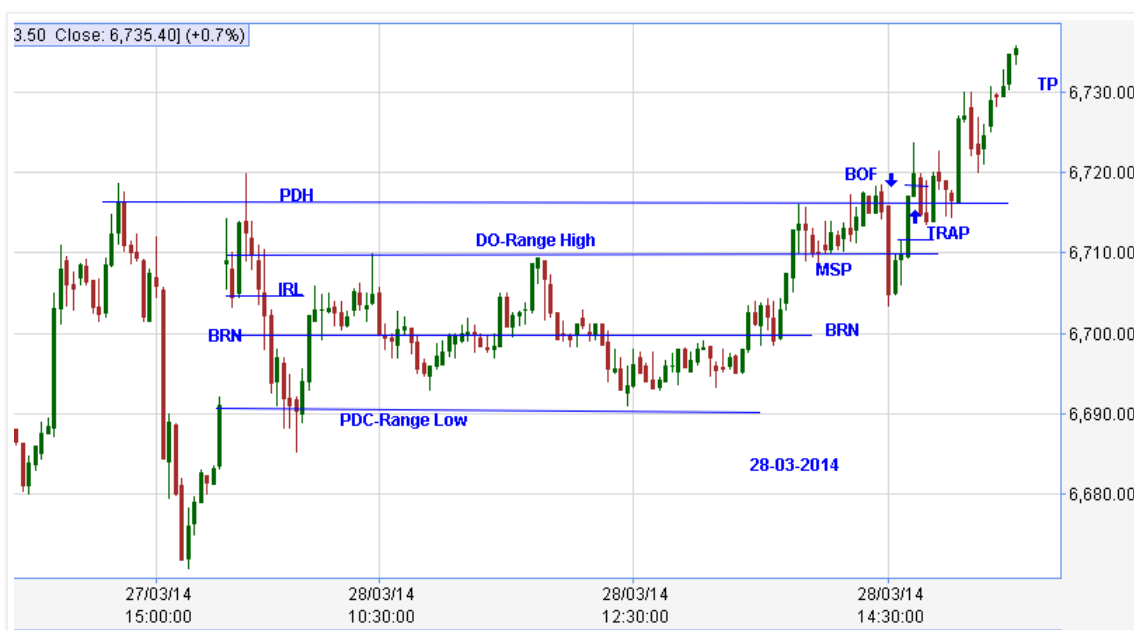
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There is a substantial risk of loss associated with trading Derivatives . Losses can and will occur. My methods will not ensure profits

Friday, March 28, 2014

28032014



Nifty gaped up within previous day range. Tried to go above PDH but failed. BOF of PDH gave a short signal. Skipped considering IRL, BRN and PDC. Then a Barbed Wire around BRN with DO and PDC as range extremes. Shorted BOF of PDH on break of MSP. Trade failed creating a TRAP pattern. Exited at a small loss. Long on break of PDH. There was no momentum as expected but price finally moved up after a pullback. TP at market close.

Posted by [SMART Trader](#) at 3:44 PM



35 comments:



[Unknown](#) March 28, 2014 at 3:53 PM

Hi ST

Today tried trading with swings as SLs. Is it valid??

[Plz click here](#)

Thanks
TBP

Reply



[SMART Trader](#) March 28, 2014 at 4:05 PM

TBP

After the entry you can trail like that. Every method has pros and cons. Sometimes you may give back a lot of profit

ST
Reply

[Unknown](#) March 28, 2014 at 5:17 PM



Dear ST,
On yesterday, HOD is around 6680 (27032014 graph). But when comes to today's graph, PDH is 6716. How this will come? And it has anything to do with March and April contract. If so then I need to consider yesterday's April contract for marking PDH, PDC and PDL?

Regards,
Dinil
Reply



Unknown March 28, 2014 at 5:19 PM

Dear All Traders,
If anybody wants NS realtime graph for free, check
<http://www.bazaartrend.com/nsecharts/intraday-free.php>

Regards,
Dinil
Reply



SMART Trader  March 28, 2014 at 5:55 PM

Dinil

Used April contract chart.
If you are using current month contracts, it will appear as a gap up due to premium factor

ST
Reply

Anonymous March 28, 2014 at 7:18 PM

Hi ST.
My trades today ...
All 4 losers

<http://tinypic.com/r/3328pif/8>

rgds
Kishore
Reply



SMART Trader  March 28, 2014 at 7:30 PM

Kishore

<http://niftynirvana.blogspot.in/2012/10/brackets-and-envelops.html>

ST
Reply

Anonymous March 28, 2014 at 7:39 PM

Hi ST,
This is the second time you are referring that link :)...
Some how making mistakes live

thanks n rgds
Kishore
Reply

Anonymous March 28, 2014 at 7:49 PM

Hi ST,
I gone through the post again but if you have time could you please explain what I did wrong in my trades today ?

thanks n rgds
Kishore
Reply

Anonymous March 28, 2014 at 8:48 PM

Hi st,

Clearly visible PDC to DO 3 times swing high to swing low there. If i trade there. surely i get some nice points but how to identify the brackets pattern earlier?

Thanks
Suresh
Reply

NIRTOS [March 28, 2014 at 9:10 PM](#)

Hi ST,
<http://screencast.com/t/ph2uAwWw> . an interesting situation. Should we trade nifty fut according to nifty spot chart . like range low bof.

Reply



SMART Trader [March 28, 2014 at 9:29 PM](#)

Kishore

There are two angles to the method

1.Decision Points

2.Ranges

High probability trades happen when a confluence of these factors occurs. In other words a DP happens to be a range extreme.

Today, an envelop formed around IR forming a new probable range PDH to PDC. Trade these range extremes. Trades in between are low probability trades.

Further once you get stopped out at a DP do not repeatedly trade signals there. You will be in a channel or Barbed Wire

ST

Reply



SMART Trader [March 28, 2014 at 9:33 PM](#)

Suresh

Very difficult to trade it real time. Almost impossible with two levels, BRN and IRL in between

ST

Reply

nirtos [March 28, 2014 at 9:46 PM](#)

ST,
Please see and comment : <http://screencast.com/t/r5Rsj8U5>

Reply



SMART Trader [March 28, 2014 at 9:57 PM](#)

NIRTOS

Your observation is correct and can be used for decision making effectively. But requires some detailed study
There was a discussion long back. Then I dropped it as I did not have time to work on it. We will work on it. Read
<http://niftyinirvana.blogspot.in/2012/10/nifty-levels.html>

ST

Reply



SMART Trader [March 28, 2014 at 10:03 PM](#)

nirtos

Read the given link. Divergence can be used effectively, I believe

ST

Reply

Anonymous [March 28, 2014 at 10:23 PM](#)

Hi ST,
Thanks a lot...Understood..
Between I noticed a big difference in the premium through out the day ...Premium was fluctuating a lot...

Why this is happening and most importantly do we have to take anything from that?

rgds
Kishore

Reply



SMART Trader [March 28, 2014 at 10:54 PM](#)

Kishore

Read the discussion with nitros. We will explore the possibility of using this divergence

ST

Reply

Anonymous [March 29, 2014 at 10:04 AM](#)

Hi ST,
For the first trade you exited when price moved above MSP But you didnt exit the last trade when price closed below the range/PDH .
Why is this difference in exits ?

rgds
Kishore
Reply



SMART Trader March 29, 2014 at 11:38 AM

Kishore

There are many reasons for that.
1.Market bias was bullish. Trading above PDC and at the top end of previous day range.
2.BOF of was very technical Price did not penetrate the level well and never went above HOD ie morning BOF bar high. Very few get trapped.
3.I was expecting a strong BOF at HOD. But order was placed long back not to miss a fast sell off. This got triggered
4.All prominent areas will act as a flip after the break . Here it was not evident.A second push down did not happen. It showed it was some stop triggering and not real selling.
5.BOF of MSP was a good rejection which did not pullback till it reached the HOD. Expected a pull back there.
6.Placed the stop below the pull back low and it never triggered
7.A pattern failure is a much powerful pattern to trade in the opposite direction.
8.If you observe very closely you can find that the range of the day was between DO and PDC.Early morning tried to break it and failed.Later broke the range and got sandwiched between PDH and DO. An attempt to push back the price into the range failed. I got trapped there

ST
Reply

Anonymous March 29, 2014 at 11:48 AM

Thanks ST for the explanation

rgds
Kishore
Reply

Anonymous March 29, 2014 at 11:52 AM

Hi ST,
When you say it was just the stop triggering , then who are trapped for the TRAP trade ?
May be very less trapped and so no explosion there .?
Hope you dont mind me asking so many questions

thanks n rgds
Kishore
Reply



Uday Dave March 29, 2014 at 12:53 PM

Hi Kishore

I am interrupting in your conversation with ST but excuse me. The same problem happened with me earlier and it took me a lot of time to understand exactly what is going wrong until I went through this post one more time.

<http://niftyinirvana.blogspot.in/2012/05/trading-ranges.html>

Here you will understand how the wave ends up making a range. When we try to trade DPs our first task is to identify the range, then put DPs and see if confluence of range extreme and DP happens. Try to take trade around those confluences. This is what my understanding is and believe me, it is working great.

Thanks
UR Dave
Reply



SMART Trader March 29, 2014 at 1:05 PM

Kishore

Stop triggering includes those who entered short with a SL order.Very few traders trapped there. Those who entered at the bottom might have raised their stop below MSP. Then a few shorts like me looking for a reversal. That too very few those entered the order in anticipation.The move was swift and unexpected.
The first category need not panic and act. They are out. People like me reversed and added fuel to the up move.
Not enough order flow to trigger an explosive move. That is why it stalled and pulled back at HOD

I had explained the earlier pattern with Pic9 of the post titled Initial Stops

Questions are always welcome.

ST
Reply

shree March 29, 2014 at 7:15 PM



ST,HALLO,
was it not BOF of PDC??? Why you didn't take long there?

Reply

Anonymous March 29, 2014 at 8:12 PM

Thanks Dave and ST
But some how I am wondering that I need to understand the impulsive and corrective waves and how they form the range ...
I feel like I am missing some information/interpreting the information in the "range" post

thanks n rgds
Kishore

Reply

Anonymous March 29, 2014 at 8:15 PM

Dave
To add,
"Here you will understand how the wave ends up making a range"

I did not understand the link between wave and range ?

Hope you are clear what I am trying to say

thanks n rgds
Kishore

Reply

Anonymous March 29, 2014 at 9:40 PM

Hi Dave,

Regarding Gci mt4 3 min chart setup. Still period convertor not found in custom indicator. As u said i pasted in indicator folder in mt4 path. Pls guide me entire process. sorry for the trouble.

Regards
Suresh

Reply



SMART Trader March 29, 2014 at 10:02 PM

Kishore

A wave is simply a directional move. An impulse is a move in the trend direction whereas a corrective a counter trend move. Usually impulses are longer and correctives shorter.

I assume markets range all the time and an up trend is successive higher ranges and down trend successive lower ranges. These ranges may not be picture perfect . They will overlap and there could be ranges inside wider ranges.

DPs are likely to become range extremes. High probability trades occur at range extremes where DPs act as these extremes.

<http://screencast.com/t/T43iEUMSMiRP>

The first three boxes are probable ranges. These ranges did not establish. The 4th one held and became an established range.

Price broke out of the range and consolidated.

Suddenly it fell back into the range and I went short. This move failed and I scratched the trade.

Now price is safely out of previous range. That is why I held on to my long

Searching for ranges is an ongoing process in the market. You can trade DPs on their own, but a confluence is preferred. Price action will not unfold picture perfect. Everything is an approximation. You only need to develop a framework which work reasonably well. Hope I could explain it

ST

Reply



Uday Dave March 29, 2014 at 10:37 PM

Hello Suresh

You need to close the MT4 after putting the indicator in the folder.
So close it and then open mt4. Hopefully it will solve the problem. If not let me know.

Thanks.

Reply



Uday Dave March 29, 2014 at 11:02 PM

ST

Wonderful explanation.

Kishore,
Just do bar by bar replay on few charts and try to mark start of the move and end of move. I am sure you will start understanding these ranges.

Thanks.

Reply

Anonymous March 30, 2014 at 12:24 AM

yes ST
thanks

<http://tinypic.com/r/2dietqe/8>
Isn't marked one a range ..
An envelope and should n't we trade that range and ignore the pink one ?
rgds
Kishore
Reply



SMART Trader March 30, 2014 at 10:41 AM

Kishore

<http://screencast.com/t/z81Dig4XfO>

What you are marked is not right. Project price action into future not to the past. You go on identifying future ranges and act on it only if it establishes as a range. It is a function of the market, not yours. Once market establishes a range, these range extremes qualify as DPs and become actionable levels. These are dynamic DPs and may change as per the market action.

Many times these range extremes are created at other fixed DPs like DO, PDH, PDC etc and this confluence areas are much more powerful.

Another advantage of identifying ranges is that you will get chopped only once. Then you will be able to identify the Barbed wire range and avoid getting hit trading the mid level

The area you marked is not a range but a "Probable" range. Every wave either impulsive or corrective is a "Probable" range. Waves are not ranges but probable ranges.

In the picture 1,2, and three are probable ranges. 4 established as a range. Next up move got extended. Here the area marked by you is a possibility that is PDH-PDC. Other possibilities are PDH-MSP, PDH-BRN. We leave it to the market. But market decided to do something else.

It is very difficult to explain in writing. Simply keep a watch on the last wave and see whether it is getting established as a range. These extremes are as powerful as DPs.

ST

Reply



Trekkie May 3, 2014 at 5:43 AM

Hi ST,
I am just going thru your charts this weekend. In this chart, the last BOF at PDH short entry, was there not a Range high below that which could act as support ? Did it get invalidated at some point? Thanks for the help.

Reply

▼ Replies



SMART Trader May 3, 2014 at 9:31 AM

S Roy

I do not remember what happened then. I think I shorted when price broke this range high to the downside
I have written "Shorted BOF of PDH on break of MSP"

ST

Reply

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