

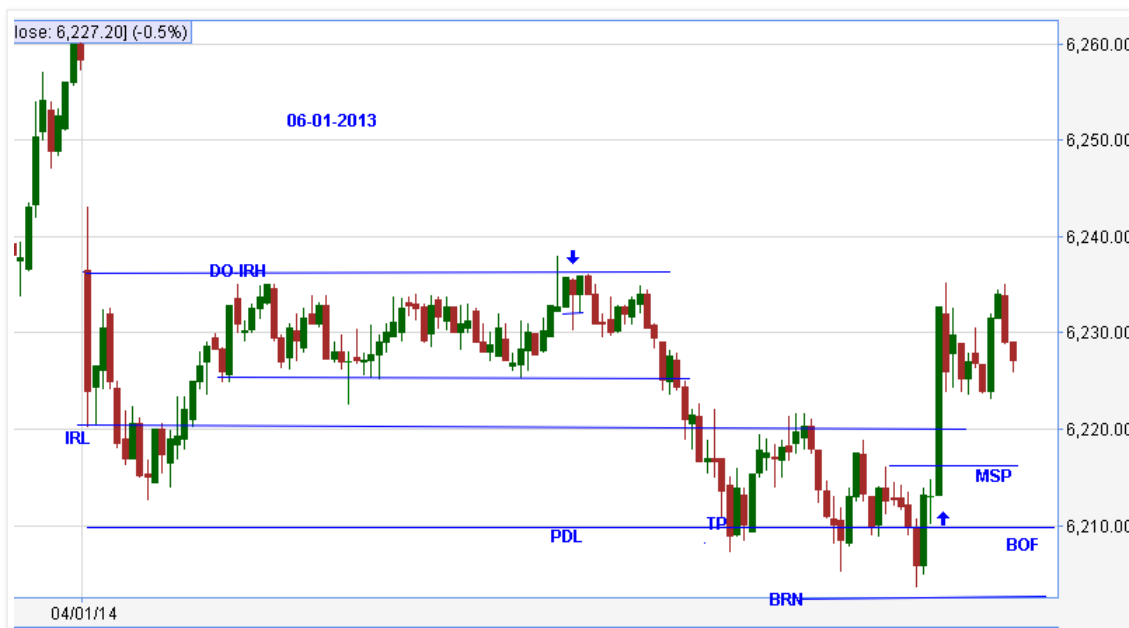


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There is a substantial risk of loss associated with trading Derivatives . Losses can and will occur. My methods will not ensure profits

Monday, January 6, 2014

06012014



Nifty gaped down within previous day range. First MC candle acted as IR. Skipped short below IR due to PDL and BRN. Short on BOF of DO/IRH. TP at PDL. Long on BOF of PDL on break of MSP. BRN 6200 of NS is strongly resisting

Posted by SMART Trader at 3:57 PM



33 comments:



Unknown January 6, 2014 at 4:21 PM

Hi ST,

While marking IRH today, I left the long shadow and marked only the body at 6235 as IRH. Is it always safe to leave the long shadow while considering IRH/IRL?

Thanks,
TBP

Reply



nirtos January 6, 2014 at 4:40 PM

Dear ST,

I tried entries at 1.45 bof of day low and 2.24 bar bof of day low and skipped third entry made by you. How can I improve . Please suggest
Thanks,

Nirmal
Reply



SMART Trader January 6, 2014 at 4:40 PM

TBP

Normally I ignore the tails.

Most of the time it works. I won't say it is ALWAYS safe.

ST

Reply



SMART Trader January 6, 2014 at 4:50 PM

Nirmal

The problem is you are trying to trade the patterns without considering the background information. You are taking counter trend trades and not considering the MSP. You are not considering SCORE. You are not considering Market Bias. Even if you get everything right, you may get stopped out. But rarely. Read about MSP and SCORE

ST

Reply



nirtos January 6, 2014 at 5:52 PM

Dear St,
does it mean that a counter trend bof should be traded only after a msp is broken. if we don't get a msp and price runs away then better to leave it.

nirmal

Reply

Anonymous January 6, 2014 at 6:30 PM

Hi Sir,

Why skipped "Skipped short below IRL due to PDL and BRN".. as there is 20 points gap???

Thanks,
Mahesh

Reply



SMART Trader January 6, 2014 at 7:18 PM

Mahesh

IRL to PDL was 10 points

ST

Reply

Anonymous January 6, 2014 at 7:29 PM

Hi Sir,

Thanks for your reply..

Below IRL skipped shot.. but no buy over there??
May be i am wrong... pls suggest.
Let me know how to post screenshots... have some other questions as well.

Once again thanks for your info and suggestions.

Thanks,
Mahesh

Reply



nifty for bread January 6, 2014 at 7:40 PM

Sir,
Do you ignore the tails of the PDL and PDH candles, while drawing the DP lines on the next day? I think, yesterday's low was 6204. If we take 6204 as PDL, the space between IRL and PDL is 16 points. I need your guidance.

I took the BPB of IRL and had to exit without any profit.

S.Karthikeyan

Reply



SMART Trader January 6, 2014 at 7:49 PM

Nirmal

Price action trading is not rule based trading. We have to take an appropriate decision processing all the available background information.

Think about just one factor. Order flow. People have shorted

1. break of pivot low at 6230

2. Again short at the break of range low

3.Short on the break of Morning Low made

Now where is the logical place for their stops ?Early shorts are trailing their stops.Most of the stops will be above the pin bar which attempted to go above IRL and failed. Both your longs failed to trigger these stops

Later Nifty made lower highs and traders trailed. Finally it was above the swing high marked MSP and I went long on break of this point.The entire Green WRB was just stops getting triggered.

There is no guarantee that a break of MSP will lead to a reversal BOF can happen in case of MSP also. That is what Dave had mentioned in his post

ST

Reply

▼ Replies



Trekkie May 11, 2014 at 11:46 AM

Awesome explanation, thank you ST. ST will you please explain critical mass with an example ?



SMART Trader May 11, 2014 at 6:57 PM

S Roy

Most of the short term traders enter on break of a swing pivot. When three or four swing pivots break in a particular direction, we can safely assume critical mass. The concept will only work when the day trading crowd is in control. It will not work during the euphoric buying from retailers and when FIs are on a shopping spree

ST



Trekkie May 11, 2014 at 7:07 PM

Dear ST,
Thank you so much, I truly appreciate the help you have been giving me, thanks a LOT.

Reply



SMART Trader January 6, 2014 at 8:01 PM

Mahesh

I am not a fan of direct breakouts . I rarely trade it unless it is a PP or into a fluid.

There was a long signal at the BOF of IRL. I did not take it because.

It was counter trend and no space above it. FTA was 6230 which was a BRN of NS 6200. Above it DO and IRH, if you ignore tails

ST

Reply



SMART Trader January 6, 2014 at 8:23 PM

KS

I generally ignore the tails. Most of the time tails could be because of one or two freak trades.Tails are very tricky. We will never know where exactly are the orders.

While dealing with immediate levels consider tails. For example today's first candle.If you decide to short below the IRL, it is not wise to ignore the tail and short below the low of the bodies of first two candles because all the stops will be below the tails only.

Later price confirmed the low of the candles as IRL when this level acted as a flip on pull back. Same level acted as a resistance in the afternoon session.

Losses are unavoidable in this business. Be ready to pay a substantial amount as tuition fee.But I can tell you It will be much less than any other method with DP trading

ST

Reply



nifty for bread January 6, 2014 at 8:25 PM

Sir,

Thanks a lot for your detailed reply on the locations, where the shorts have been made and the probable Stop loss areas for these shorts. You have entered exactly at the point, where the stops of all these shorts get triggered.

It is a very valuable lesson in the new Year on how to follow the order flow.

S.Karthikeyan

Reply

Anonymous January 6, 2014 at 8:26 PM

Sir,

You shorted after Pin bar and BOF of DO/IRH .What made you short at your Arrow marked bar?It was a long tail bar and did not close below BOF PIN bar.Why did not you wait to short below BOF PIN bar.Should DH be the ideal SL?

Thanks,

Dushmant

Reply



nifty for bread January 6, 2014 at 8:34 PM

Sir,
Thanks for your guidance. My experience with other methods of trading, where I had to keep 20 points as SL, had really inflicted some damage on my Account. I dumped them on time for good.

With DP trading, even during learning stages, I am able to maintain my account without any loss or gain. This itself is an achievement for me.

As I know more and more about DP trading, it can only get better and better.

All these things are possible, because of you only Sir,

S.Karthikeyan

Reply



SMART Trader January 6, 2014 at 8:50 PM

Dushmant

We are entering the break of a level. Here I have shorted the break of the BO bar low as BOF.
Next bar after the pin bar was a green bar and did not break the low of pin bar. I placed a SL limit sell order below it. Next bar triggered the trade.
You need not wait for the trigger bar to close. For example take today's long trade. Should we wait for the bar to close to go long above MSP?

Why should we risk more. Once price breaks above the BOF bar your calculation is wrong and just exit

ST

Reply



Unknown January 6, 2014 at 8:51 PM

Hi ST,

Excellent comment on location of stops.
Thanks a lot for the reply.
Indeed a great learning as to how quickly trader mentality changes and how swift things have to be.

Thanks once again.

And thanks to Nirmal for the great question

TBP

Reply



SMART Trader January 6, 2014 at 9:11 PM

KS

If you avoid Hopping and Hoping from your trading, half the battle is won.

There are four outcomes for any trade

1. Big loss
2. Small loss
3. Small win
4. Big win

Small wins will take care of your small losses. Then you avoid big losses and retain your big wins.

That is the art and science of trading

ST

Reply



SMART Trader January 6, 2014 at 9:18 PM

TBP

We will never know where the orders are resting. See how the momentum up move of the day bounced back as if it hit some brick wall.
There are resting orders near BRN 6200 of NS
ie between 6230-6235 of NF

ST

Reply



nirtos January 6, 2014 at 9:21 PM

Dear St,
thanks a lot for your reply. with your methods I am improving a lot.
previously I was only losing and now at par, and "Most of the stops will be above the pin bar which attempted to go above IRL and failed.
Both your longs failed to trigger these stops" if I understand then this is bof of IRL bar. Am I correct.

Thanks.
Nirmal
Reply



nifty for bread January 6, 2014 at 9:22 PM

Thank you Sir for sharing your wisdom

S.Karthikeyan
Reply



nirtos January 6, 2014 at 9:27 PM

St sir,
or you mean to say 1.20 bar
thanks

Reply



SMART Trader January 6, 2014 at 9:32 PM

Nirmal

I have written clearly

"Most of the stops will be above the pin bar which attempted to go above IRL and failed. Both your longs failed to trigger these stops"

How can a bar which attempted to go above IRL become BOF bar of IRL?

Price after breaking the IRL to the downside attempted to go above the level and got rejected forming a pin bar at 13.30. Most of the stops are above this bar at that time.

ST

Reply

Anonymous January 6, 2014 at 9:38 PM

Sir,

First trade was BPB of IRL was eyeing 15 points till PDL and BRN ,got burnt.

Second trade was same as yours.

For your second trade, I don't have any regret of not recognizing or trading it because I know it is fully reserved for you.

Thanks and God bless you.

Arvind

Reply



nirtos January 6, 2014 at 10:06 PM

Thanks St,

now got the point. Thanks a lot

Reply



amber January 6, 2014 at 10:46 PM

Sir how it can be known of Order flow.People have shorted ,kindly update thnx

Reply



chandiok January 7, 2014 at 8:08 AM

Dear ST,

Thank you for sharing one of the most pragmatic ways of the trading way of thinking.

I have also bought the YTC program and in conjunction with DP hope to be a better trader. At least as of now I have come to a no win - no lose situation.

When you mention trend, i suppose you mean within our trading T/F?

Thank you once again and I look forward to interacting and learning more from you.

Best Regards

Reply



SMART Trader January 7, 2014 at 8:32 AM

Amber

People normally enter on breakout of pivots

ST

Reply



SMART Trader January 7, 2014 at 8:47 AM

Chandiok

I trade 3M chart and never look at other time frames. I prefer to use the word "Bias" to "Trend"

Nobody will wake up as a profitable trader one fine morning. It will be a gradual progression.

- 1.Your losses will come down
- 2.you will breakeven without brokerage
- 3.Will breakeven after accounting costs
- 4.Start making small profits
- 5.Will start trusting the method
- 6.Your psychological issues start disappearing.....

95% will flirt to something else before that

ST

Reply



chandiok January 7, 2014 at 10:39 AM

Thank You ST!

Will keep coming back for hand holding.

Reply

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