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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

Wednesday, March 13, 2013

13032013



Nifty gaped down below PDL. Market made a Barbed wire around BRN. I would have taken a chance and attempted the BOF of IR high as the bias was bearish. Ended as a scratch. Always it is better to stay out during a Barbed Wire. Another price behaviour I noticed during many range moves is the BOF of Midpoint. Today a BOF happened at point A. Usually one can expect the market to break the other extreme of the range or at least price should reach the other range extreme. Here Mid point of the range acted as a barrier and the breakout of this level failed. This gave a clue that the Market is going to break to the down side

Posted by SMART Trader at 8:15 PM



2 comments:

Anurag March 13, 2013 at 10:45 PM

Hi ST sir,

Mid point of the range is a good concept. Price action around mid point might give a good indication of possible direction of breakout. Also sir, in his book 'Reading price charts: bar by bar', Al Brooks suggests that breakout of tight trading range will normally be in the direction of trend preceding it. Plz share your viewpoint on this.

Today I just entered at 2:33 candle after the breakout. Though had to scratch it at day end. As you have not marked it in your analysis, just wondering, was this a correct entry?

Reply



SMART Trader March 13, 2013 at 11:25 PM

Anurag

Trend trades are always high probability trades. But you need to consider the Critical Mass also. Don't sell after too much of selling has taken place and don't buy after too much buying. Break of 2.30 bar was a good defensive entry with the SL behind a very strong Flip zone

ST

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