

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

Thursday, December 4, 2014

# 04122014



This is an illustrative example of the concepts being discussed. Markings are just visualizations on historical data in hindsight analysis
Nifty gaped up above PDH. There was too much of volatility. Could not go short as there were many levels like PDH BRN and PDC. Long on
the second test of LOD after BOF. Covered when price failed to move above PDC. then there was a TRAP pattern. Entered above PDH as
PP. Covered at HOD

Posted by SMART Trader at 3:44 PM

# 18 comments:



# Trader Pai December 4, 2014 at 3:53 PM

Hi ST,

Why didnt you take a BOF PDC Short .(Actually the TRAP) at 8589 around 2  $\mbox{pm}\xspace$ ?

rgds Kishore

Reply





## SMART Trader December 4, 2014 at 4:04 PM

There was a BOF around 12.45 where I exited, then price moved above PDC It stayed there for an hour. So I did not believe it. BOF should reject rapidly

ST

Reply



Unknown December 4, 2014 at 3:54 PM

Hi ST

Thanks for the chart.

What made you confident that the PP trade would take out BRN and reach HOD??

Thanks again.

Reply

Replies



# SMART Trader December 4, 2014 at 4:10 PM

Price moving above PDH is a major transition. Price was trapped within 8550-8590 for three days. Gap up was an attempt to escape from the range But it failed. Price was making another attempt. I knew if it succeeds it is going to move well Further price was moving up after a TRAP

ST

Reply



#### Bhavir December 4, 2014 at 4:15 PM

Awesome trades ST. Another scratched day for me; a harsh ranged week actually. Any feedback please? I too have the same question as TBP - what gave your confidence for the PP Long?

http://niftytradediary.wordpress.com/2014/12/04/4-dec-2014/

Reply

Replies



# SMART Trader December 4, 2014 at 6:23 PM

Do not enter into matured moves.

Normally market makes measured moves. I repeat NORMALLY, not as a rule

After a BO of range price will travel approximately the same width of the broken range

8565-8590 and 8590-8615 as on today. Yesterday 8550-70 and 70-90

Nifty on an average trades within 50 points. Ones a move from an extreme exceeds this, do not enter in that direction It is time to look for an exit or reversal. Average intraday swing in NF is around 25 points. We can't expect more than that without sitting through a pullback or consolidation Read the reply to TBP



### Bhavir December 5, 2014 at 12:20 AM

Thanks ST. Another lesson learnt. Will try to be more vigilant.

Reply



#### L.V.Gandhi December 4, 2014 at 4:54 PM

After 9:39 bar pin bar and 9:45 green bar (and world markets in up), I thought it is BOF of PDH, and went long above green bar. It failed. What was your thought process at that point. I exited below 9:45 bar low. Is it correct or should have exited early.

Reply

Replies



## SMART Trader December 4, 2014 at 6:33 PM

I usually stay out if I see abnormal volatility at the open till it stabilizes

25 point bars with long tails and engulfing bars show something wrong and trading this with a 10 point stop loss is simply not possible

ST



#### L.V.Gandhi December 4, 2014 at 7:45 PM

Thanks

Reply



## Bharat December 4, 2014 at 5:23 PM

Why did you avoided test trade above 9.54 near pdh., price rejected twice, and we broke out today above yesterdays range., that was major transition. What is the difference between yesterdays test trade at 9.44, 2nd lod after initial down move and todays price action which we would avoid with similar set up?

Secondly after morning fall we moved up in sluggish action .which didnt seemed to be uptrend, we normally take trap entries in strong trends only. What was the reason. to consider it a trap pattern here? also we had BRN and PDH as FTA ahead just 10 points. or looking to strenght of 12.21 to 12.30 bars you deceded to enter on breakout. ?Kindly enlighten..

Thanks and Regards

**Bharat** 

Reply

#### Replies



#### SMART Trader December 4, 2014 at 6:56 PM

Read my reply to LVG above.

Price moving above PDH is a major transition. But price opening above PDH and getting rejected furiously is not a signal to go long. It was just a stall or pause on the way down. If you go long BRN is there to resist. First candle was a MC and acted as IR. This will also resist

You have not understood TRAP correctly it seems. TRAP at MSP is a powerful pattern

http://niftynirvana.blogspot.in/2014/01/trap.html.
There will be trouble areas ahead always. We have to take a decision there

http://niftynirvana.blogspot.in/2012/11/make-or-break-levels.html

ST

Reply



#### AHGTrader December 4, 2014 at 7:40 PM

Excellent trades. Good thinking to stay out when bars are crazy especially in the morning. I am curious why you didn't consider BPB of pdc around 10:25 and 10:40. Because it already moved a lot in one direction and you are looking for a long?

Also, in your last trade, BRN was very close (10 pts). That didn't bother you? Thank you & regards,

Reply



## SMART Trader December 4, 2014 at 8:14 PM

About BRN, i have written in an early reply. please read

Regarding BPB. Look at yesterdays chart. First market moved down and tested 8550 and pulled back

Then price tried to go below 6 or 7 times. All the time 8560 gave solid support. Do you want to trade an over extended move to such a level. trading patterns in isolation is not going to work.

ST

Reply



## Trade 4 living December 4, 2014 at 9:22 PM

Rajesh,

Thanks a lot for the explanation as it confirms the quantitative aspect of trading too!

It is worth more than uranium!

Well I can only pray for you that you always be healthy, wealthy and happy... Tat Tvam Asi...

With kind regards,

Reply

# Anonymous December 5, 2014 at 9:55 AM

Thanks for the chart. It was a tricky day; your explanations and the discussions on this forum helped a lot.

Thanks Rajesh and other guys

Regards BS Chandran

Reply



#### Unknown December 6, 2014 at 6:59 PM

Dear ST

- 1. What is a TRAP?
- 2. How much is the monthly cost of the Ichart Software?

Reply

Replies



## SMART Trader December 6, 2014 at 8:34 PM

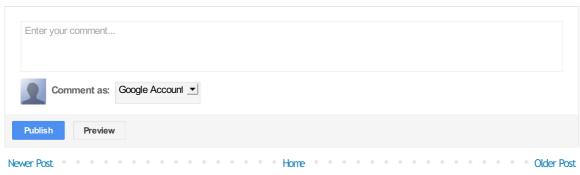
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http://niftynirvana.blogspot.in/2012/02/structure-and-patterns.html http://niftynirvana.blogspot.in/2012/02/rants-n-raves.html

ST

Reply

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