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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, July 20, 2012

Initial Range

Initial Range is a slightly different approach of the Opening Range. The concept of opening range was popularized by Toby Crabel. He has explained many ways to trade the OR effectively. in his articles. It really is a wonderful concept.

So , What is OR?. In practice, Traders consider it as a range between the High and Low made during a specific time interval from the open. Traders set specific time interval such as 5M, 10M, 15M and 30Minutes. So , if we are using a 5-minute OR. The highest high and lowest low reached during the first 5-minutes of trading after the open gives us two price levels. This is OR. (I still doubt Toby Crabel really meant this),

Anyway, I do not like this practice. Who are we to dictate the market to respect our own levels ? So let the market trade after open and show us its own levels and market is for sure going to respect its own levels. *Do not try to impose a time limit on the market.* It will show you the real OR which I prefer to call Initial Range

As in any other market concept , don't be too rigid in your definitions. If it looks like a range and acts like a range it is Initial Range. You can trade the IR as any other range. Fading the extremes and buying or selling breakout pullbacks of range extremes.

The problem with many new traders are they want everything to be defined. and set rules for everything to be done. This is simply not possible. There is no other way but learn to operate in an uncertain environment.

Embrace Subjectivity, Embrace Ambiguity

Posted by SMART Trader at 9:13 PM



6 comments:



Unknown July 20, 2012 at 6:41 PM

sir only one question plz ,
upto what points break of initial range is considerable .

i mean what filter should be used as we saw many times in range 2-5 points is considerable or it will count as bo , bof.

Reply



SMART Trader July 20, 2012 at 7:08 PM

Sandeep

I do not use any filter. The question is whether the price is getting accepted in the new area or not. I trade IR High/Low as any other decision point like PDL, PDH etc,

ST

Reply

Anonymous July 20, 2012 at 8:46 PM

Lateral thinking boss this is lateral thinking. I like it.

Zindagi mein kuch naya paana hai tho kuch hatke kama padega. Wohi bhed chaal me rahoge tho wohi paaoge jo hamesha paate aaye ho.

ORB ORB ORB I hv heard this bhed chaal so many times. U shattered it.
Good going.

Reply



SMART Trader July 20, 2012 at 9:09 PM

@Anon

Thanks for the visit and encouragement

ST
Reply



Unknown July 20, 2012 at 9:10 PM

and sir what is criteria that price is accepted in new are i mean 5-10 minutes or 5-10 bars or any other ?

also thanks for king kong photo and humor.

Reply



SMART Trader July 20, 2012 at 10:00 PM

Sandeep

Read the last paragraph again

There are no fixed rules in Market.

It is all about screen time - time spent watching, observing, studying price action.

ST

Reply

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 - [02072012](#)
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 - [May](#) (33)
 - [April](#) (27)
 - [March](#) (31)
 - [February](#) (42)
 - [January](#) (3)