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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

Saturday, November 16, 2013

Observe the Obvious

If you are a regular reader of this blog , you might have noticed the market respects the Decision Points repeatedly. Almost always the price stalls at a decision point and decide about its new direction. Most of the time these levels are very accurate and they work like charm.

What is so special about these levels ? In fact there is nothing magical . It is all simple common sense.Let me explain.

A lot of traders use moving averages to trade the markets. They identify locations to initiate their trades in many ways. Some people enter on price crossover and some others on average crossovers. These traders use different moving averages to make decisions . This varies from 3 period to 200 period. Further,some of them use simple averages and others stick to exponential moving averages. In short these traders are identifying different locations to enter and exit their trades.

Story is not yet over. Traders are using these method on different time frames. Day traders normally use 1,2,3,5,10,15 minute charts. Try to mark all these levels on a chart. It will cover the entire chart space.

Now think about other methods like trend lines, Fibos, EW , and many other indicators. These people use different settings on different time frames. All these traders are divided and identify and trade different levels. In short there is no unity only diversity.

Now coming back to the Decision Points.These levels are fixed and visible to all the traders. There is no confusion or ambiguity about the levels. Previous day high is the previous day high for all. A BRN is a BRN for all. So all the traders monitoring these levels are going to act at the same level. Decision Point traders are united and they rule the divided rest.

Decision points are not my invention. Traders were using the levels for long. I just gave them a name. That is all. Decision Point traders are a few in numbers, I agree. But they are able to move the market because they trade big. They trade big because they are profitable.Most of the time they win because others are divided.

Do not trade what "you" see on the chart, trade what "all " see on the chart.

Posted by [SMART Trader](#) at 9:21 AM



9 comments:



[Monje Moderno](#) November 16, 2013 at 6:47 PM

Hi, you just named it decision point but incidentally I posted some thing similar by name REFERENCE POINT trading in my blog today, as I promised it little while ago at my blog.

www.homsandhoney.blogspot.in

Thank you for what ever you are.

Ding A Dong

Reply



[SMART Trader](#) November 16, 2013 at 7:08 PM

Ding A Dong

Great minds think alike.

.....Unfortunately so do stupid ones.

Just joking

ST

Reply

[Sunil Saranjame](#) November 16, 2013 at 9:50 PM

lol



Great post as always. And sure, the DP's work like magic!

Thanks,
Reply



SMART Trader  November 16, 2013 at 10:00 PM

Thank You, SS

ST
Reply



xrtrader1 November 18, 2013 at 5:03 PM

Wonderful post ST. thanks..

Reply

Anonymous November 19, 2013 at 10:05 PM

Dear Sir,

Thanks for the post.
May God always keeps you healthy, and wealthy.

Thanks a lot for the post again.
Siddarth

Reply



sometimesbullsometimesbear November 21, 2013 at 12:47 AM

DPs are like traffic signals on the trading highway...
Chose to ignore it and it can knock u off.
Respect it and u r safe...

:):)
Good write up...Thx
Reply



VK November 22, 2013 at 11:42 AM

Hi ST:

As usual a great article and the last line is what i really appreciate, it coincidentally appears to be my favourite line (Do not trade what "you" see on the chart, trade what "all " see on the chart.):)

Regards

Vinod

Reply



SMART Trader  November 22, 2013 at 1:43 PM

@SBSB
@Vinod

Thanks

ST
Reply

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