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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

Thursday, September 11, 2014

11092014



Nifty opened near PDC and moved up. PDH resisted and fell. Did not short as NS BRN was near. Shorted below NS BRN when price failed to move above PDC twice. TP near 8090 when second push failed. Price moved up in a channel. Could avoid the BOF short of BRN as I could identify the channel earlier. Long when price moved above PDL. TP when PDC resisted. No other trades.

Posted by SMART Trader at 3:46 PM



37 comments:



Unknown September 11, 2014 at 3:52 PM

Hi ST

Can the first short be taken as BOF PDC??

Thanks
TBP

Reply

▼ Replies



SMART Trader September 11, 2014 at 3:59 PM

Yes. Price is getting rejected above PDC.
Problem is you cannot expect much order flow from trapped traders

ST

Reply



kishore September 11, 2014 at 4:15 PM

ST,
Took two trades both failed ..

<http://tinytic.com/r/2yk1jxh/8>

Did not take the first short you take because i considered PDL as the range low.

My Short 1 :- BOF of Range high
My Short 2 :- BOF of BRN

Please comment
rgds
Kishore
Reply

▼ Replies



SMART Trader September 11, 2014 at 5:12 PM

Second one is OK. If we are not able to identify a channel it may happen
First one is premature. Allow some consolidation after a selling climax to short again

ST

Reply



Unknown September 11, 2014 at 4:38 PM

Hi ST,

Where was your SL for FTC trade?

Thank you,
Kiran.

Reply

▼ Replies



SMART Trader September 11, 2014 at 5:05 PM

Treat it as a BO of 2 earlier swing lows . Exit if price move back above it
Give some room say 5 points

ST

Reply



Trade 4 living September 11, 2014 at 7:33 PM

Rajesh,

I went long around 11:32 @8085 SL 8080 as I thought it would not go down any further taking it account that it was around 80 point drop and it has bounced back from low.

Was my thinking correct ?

Please do let me know.
With kind regards,

Reply

▼ Replies



SMART Trader September 12, 2014 at 10:03 AM

It is a BOF of LOD.
You can safely go long with a small SL when a second push after a selling climax fails

ST

Reply



L.V.Gandhi September 11, 2014 at 8:29 PM

Should we take the short after 14:00? Can you shed light on your thought process.
How to anticipate and deal with premium as it varied from 20 to 40 today to note RN and BRN levels of nifty spot.

Reply

▼ Replies



SMART Trader September 12, 2014 at 10:10 AM

I would have gone short if it was a BOF of PDC.
There is no way to anticipate premium discount.

ST



L.V.Gandhi September 12, 2014 at 10:37 AM

Thanks.

Reply



Unknown September 11, 2014 at 8:35 PM

ST, I skipped the first trade as PDL was so close. The RR was also bad. So what was the rationale behind the trade?

Reply

▼ Replies



SMART Trader September 12, 2014 at 9:31 AM

There will be potential barriers all the time. These are all make or break levels. Not brick walls
We must be aware of these trouble areas and must be prepared for a bounce from these areas and should have a plan well ahead. That is all. We will never know for sure what will happen at PDC. Plan your trade
I decided to short at 8118. If price bounce back I will exit at 8124. I pre accepted a risk of 6 points and executed. Luckily price moved well

ST



Unknown September 12, 2014 at 10:14 AM

Thanks for the reply.

Reply



L.V.Gandhi September 11, 2014 at 8:37 PM

On 10/09/14 below 12:45 bar, You took BOF trade. For me the move up to that point also looks like a slow up channel from 11:30 bar. Am I wrong?

Reply

▼ Replies



SMART Trader September 12, 2014 at 9:14 AM

Theoretically Yes
11:30 low was 8133 and the BOF range high 8142
Should we look for a channel within a 9 point point?
Price was trading within the IR. Better to focus on range extremes

ST



L.V.Gandhi September 12, 2014 at 10:38 AM

Thanks. learnt Channel looking with range.

Reply



Unknown September 11, 2014 at 10:05 PM

Wats the link between 50 stocks, nifty spot, nifty futures and nifty options? i mean how once price movements or traders actions in one influence other?

Reply

▼ Replies



SMART Trader September 12, 2014 at 8:53 AM

All these cannot be written in a comment reply.
You can learn all these basics from
http://www.nseindia.com/NP/nse_paathshala.htm

ST

Reply



videv September 12, 2014 at 7:55 AM

About the first short trade, is my understanding correct that it was a FTC beyond PDC/PDH/RN 8150 because of 8120 level having 2 bounces both yesterday and today and both failed to move higher? Just trying to understand if yesterday's swing low 8120 was important in your consideration.

Reply

▼ Replies



SMART Trader September 12, 2014 at 9:04 AM

We consider DPs as barriers which can hold or break. Here in the first trade PDC is the barrier. Price was not able to cross above PDC. If it cannot go up it has to fall till new buying emerges. Where it can happen? no body knows. It can be

NSBRN,PDL,BRN or somewhere else. We act and manage it as per our reading. Core concept is simple. Acceptance and rejection of price at prominent levels. That time 8120 was NS BRN approximately

ST

Reply



Trekkie September 12, 2014 at 11:11 AM

Hi ST,
in case channel (as it happened in the afternoon) where would we look for short? Thanks.

Reply

▼ Replies



SMART Trader September 12, 2014 at 11:25 AM

Channel is a soft trend. Only thing is that it will not respect flips
Treat it like any other trend which can accelerate or reverse

ST



Trekkie September 12, 2014 at 11:28 AM

Thank you ST.



SMART Trader September 12, 2014 at 11:28 AM

Nifty is channeling down now. Dont know whether it will reverse from BRN or accelerate down
It may form a horizontal range within IRL and BRN

ST



Trekkie September 12, 2014 at 11:46 AM

Thanks again ST. You have such clear perspective :) What made u think it could range between IRL and BRN?



SMART Trader September 12, 2014 at 12:11 PM

Last impulse down may act as a range. A range between MSP and LOD
Another thing is that Nifty spot is refusing to go below PDC. A BOF of PDC happened
Then there was a retest. Trading the extremes can avoid chop

ST



Unknown September 12, 2014 at 1:31 PM

u take NS for only trade management not for entries right? i think NS is just like a FTA.



SMART Trader September 12, 2014 at 1:36 PM

Option strikes on Nifty spot will influence price move
I do not trade these levels but use it for trade management.
I avoid trading into them and use it for profit booking

ST



Trekkie September 12, 2014 at 10:08 PM

Please see chart here <http://imgizer.imageshack.com/img537/3927/hvCdoY.png> Thick red line is PDC of spot, thin red line is PDC of futures. I am trying to understand what you meant by "Another thing is that Nifty spot is refusing to go below PDC". When long is taken above purple arrow, Nifty spot is below PDC. I think I am getting lost somewhere, please help.



SMART Trader September 13, 2014 at 10:11 AM

Very poor observation !!!!!
Long was NOT taken where you marked.
Entry was on break of that marked swing high which happened after 15 minutes
PDC of NS is an important point Even NSE official chart marks it in Red and Green
http://www.nseindia.com/index_nse.htm
NSE takes the average closing as PDC instead of LTP. . So there will always be a slight difference

ST



Trekkie September 13, 2014 at 10:57 AM

Hi ST,
Thanks so much for your patience and I apologize for the confusion in my words. Please help. Here in this chart <http://imgizer.imageshack.com/img903/1020/bCAySA.png> i have further marked where we took our entry with a purple line (above the purple arrow pivot.). Red arrow is position of NS Spot at the time of long entry I think...or am I totally in the woods? I never realised the significance of NF spot close etc. will observe it carefully again with the help of Bazaartrends chart. I tried

icharts for this specific reason once back in June and at that time the folks at icharts were not able to help me with getting the NF spot chart. Thanks again for all your help.



SMART Trader September 13, 2014 at 12:52 PM

When the order triggered NS was below its PDC, I agree. The problem is you are thinking too theoretical and ignoring the practical side of a trade entry. We are trading NF and we have to enter our orders on NF and not NS. So we need to find a NF level to feed our order. After the first BOF of BRN NF went to 8104.80. Corresponding NS level was 8083.85 above 8082.65 which was PDC. Now price goes down and another BOF of BRN happens. NS also move down and fails to break the early low. Now the logical place to go long is above the early swing high of NF. Earlier when price reached this level NS was above its PDC. So we assume this to happen again and enter our order. But when the order triggered NS was lagging. If you wait for the NS to cross, you may miss the trade or will only get a late entry
<http://screencast.com/t/pav9RnvAaX>

ST



Trekkie September 13, 2014 at 2:19 PM

Hi ST,
Thank you so much for patiently explaining this to me. Thank you also for the beautiful chart.

Reply



SMART Trader September 12, 2014 at 12:41 PM

Here is how to view NS chart within Nifty Future chart
This will serve our purpose
<http://screencast.com/t/VHhmc6JM>

ST

Reply



Unknown September 12, 2014 at 1:25 PM

u still use open interest and volume?

Reply

▼ Replies



SMART Trader September 12, 2014 at 1:28 PM

I never used OI and Volume

ST

Reply

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