

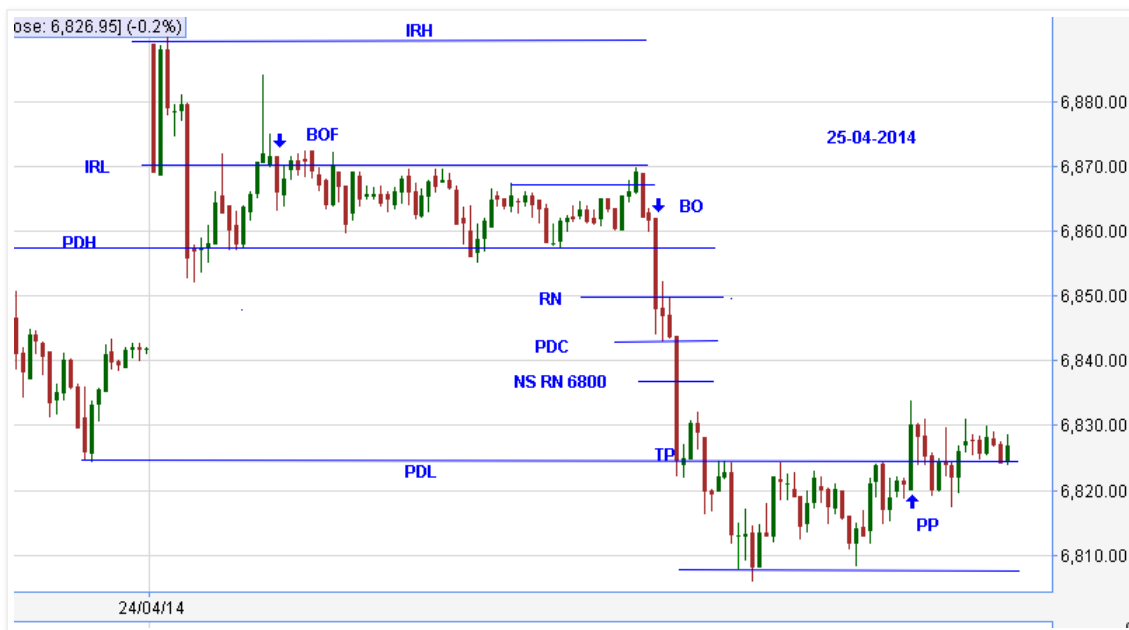


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*There is a substantial risk of loss associated with trading Derivatives . Losses can and will occur. My methods will not ensure profits*

Friday, April 25, 2014

25042014



Traded continuous charts today. Nifty opened above PDH. This is due to premium factor. IR formed. BOF of IRL was inviting with two nice pin bars. But trade did not move. scratched. Went short on break of PDH. As I expected price was able to break RN. Then trailed till PDL. Nifty traded in a range below PDL for a while. Long PP trade did not work. Scratched.

Posted by SMART Trader at 3:41 PM



25 comments:



kishore April 25, 2014 at 3:51 PM

Hi ST

My Trades :- <http://tinypic.com/r/30xeus5/8>

Another -20 day :( (Referred yesterday's F2 for PDH,PDL,PDC.What is the reason behind you using continuous chart this time ?)

Didnot take the short since RN and NS BRN was below .

Took long at the end hoping SL orders of all these shorts will be there .  
It also failed..

Please go through my 3 trades and kindly let me know what went wrong and what I didnt do right ..

thanks n rgds  
Kishore

Reply

▼ Replies



kishore April 25, 2014 at 4:09 PM

ST,  
Please ignore the first down arrow (if you can see it) ..It was added by mistake

rgds

Kishore

Reply



Unknown April 25, 2014 at 4:06 PM

SIR,  
DUE TO THE PREMIUM FACTOR PROBLEM SHALL WE COMPARE THE SAME EXPIRY (MAY NF) CHART FOR PDH,PDC AND PDL.(INSTEAD OF APRIL NF CHART),  
PL CLEAR MY DOUBTS.  
THANK YOU.  
SELVANRAJ

Reply

▼ Replies



SMART Trader April 25, 2014 at 4:45 PM

Selvanraj

Frankly I do not know which is the right way. You can use any chart  
No need to mix and match. We are not buying or selling at DPs blindly. we act as per price action.  
May miss a trade or may take profits a little earlier. No other danger

ST

Reply



SMART Trader April 25, 2014 at 4:26 PM

Kishore

Usually I keep the continuous charts. today forgot to change.  
First trade was very low probability. Bias was bearish Notice candles 1 and 6. You were trading into the origin of second WRB where there was massive selling. Usually such WRB will act as a range. Second one was late. After the two BOF pin bars of IRL, you shorted after half an hour. Here break of the range low is the right entry. You have to ignore RN and take a chance on a BO after 3.5 hours of tight trading range. Nothing wrong with last one. It is all in the game. you exited it well

ST

Reply

▼ Replies



kishore April 25, 2014 at 4:29 PM

Thanks ST

Reply



xrtrader1 April 25, 2014 at 4:37 PM

Hi ST,  
"Nifty opened above PDH. This is due to premium factor" can you explain the premium factor please?

Reply

▼ Replies



SMART Trader April 25, 2014 at 5:10 PM

Xrtrader

In current /continuous charts once the current month expires next month data is appended.  
Yesterday data was April contracts. today May data is added to that and shown as continuation  
Yesterday at the time of expiry, the premium was zero. Today when May data gets added premium is reflected and looks like a gap up. Hope it is clear.

ST

Reply



kishore April 25, 2014 at 4:38 PM

ST,  
Would you have taken a long BO if price had moved in the opposite direction at the same time you took the short BO? Considering it is trading in to that same WRB origin?

rgds  
Kishore

Reply

▼ Replies



**SMART Trader** April 25, 2014 at 5:05 PM

Kishore.

My BO trade was a minor trap pattern. Notice that I have drawn a line there. There was no upward momentum on the break of previous swing high. If price stayed above that flip line for a while, I will look to go long on a BO. Target will be IRH. We can expect a lot of stops above this range.

ST

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Reply



**Unknown** April 25, 2014 at 5:13 PM

Dear ST

Could you please throw more light on your "scratched" trades? Honestly I have a big trouble to understand this. I want to know when you lose confidence on this trade so that you scratch? and what point you lose or gain? and on what basis you do these kind of trades?

Please explain this, this really could help more people than you imagine, I hope (Especially me)

Tnx  
Sakthi

Reply

▼ Replies



**SMART Trader** April 25, 2014 at 9:12 PM

Sakthi

IMHO, Most of the things we learned from books and trading forums will not work, especially in day trading. For example, take the last trade of the day. A range formed PDL as the high. I expected a lot of stops above PDL and entered on the breakout. Price could not move beyond the higher swing high. gave a pull back and attempted to go up again. This attempt also failed. I exited when it fell back to the range. Loss is 4 points including commissions. Many traders will keep a SL below range low and hope. Today it did not come down because most of the people were short and were covering at the far end. Those people will get stopped out at a 20 point loss. Take the first trade. My risk was just 5 points including commissions and made 35 points on the trade. Most of the day traders are losing because they do not know how to manage risk. For me every trade begins as a scalp to the FTA. If it breaks FTA, I will raise stops and trail. Otherwise will try to exit at a small profit/break-even/small loss. Result of a trade can be a small loss, big loss, small profit and a big profit. You eliminate big loss. Small profits and losses will even out. Big profit will remain with you.

<http://niftyinirvana.blogspot.in/2013/01/scratch-and-win.html>

ST



**xrtrader1** January 1, 2015 at 9:47 AM

Thankyou..

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Reply



**Unknown** April 25, 2014 at 6:47 PM

Hi ST  
where exactly u entered ur BO trade, below PDH or above PDH?

Reply

▼ Replies



**SMART Trader** April 25, 2014 at 8:31 PM

Sudharshan

I entered on break of PDH. Once price comes back above PDH I will look for an exit. I will keep my hard stop above the BO bar high.

ST

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Reply



**Unknown** April 25, 2014 at 10:14 PM

Dear ST,

Thank you very much for your clearcut explanation on scratch trades.

I (we) really owe to you a lot,

tnx,  
Sakthi  
Reply



Trekkie April 26, 2014 at 11:17 AM

Dear ST,  
When price reversed a couple of times from PDH, was there any long entry? How to stay out of such longs?  
Reply

▼ Replies



SMART Trader April 26, 2014 at 12:58 PM

Sujee.S

Theoretically Yes.  
But trade need space to move. Here the logical target is the range high. It is less than 10 points. Not worth taking the risk.  
Further market is trading below open and bias is slightly bearish. Better to stay with the trend. Pattern is just a TST and not a BOF. So we cannot expect order flow from trapped traders.  
Price action trading is not trading some patterns. We must be well aware of the big picture and take a decision as per available information

ST

Reply



Trekkie April 26, 2014 at 1:32 PM

Dear ST,  
Thank you.  
Reply



Unknown April 26, 2014 at 7:41 PM

Dear ST,  
  
I'm a big fan of your posts and read them everyday without fail... I have always this confusion.... How to determine nifty numbers (like NSBRN / NSRN) on Nifty "Futures" charts.. Do we do manual calculations and mark them based on premium/discount.. As I'm also a chart member and on NF chart I guess we cannot overlap NS chart ?

Pl. excuse me if u have already covered it elsewhere

Regards,  
Sumesh

Reply

▼ Replies



SMART Trader April 26, 2014 at 9:46 PM

Sumesh

NS levels are approximations. It will depend on premium/discount.  
I monitor these levels on my trading terminal. NF will stall or pause near these levels and I consider these levels.  
These levels are for trade management only. I rarely initiate trades there.

ST

Reply



Trekkie April 27, 2014 at 9:59 AM

Hi ST,  
What type of filter do you use for entry/exit in Nifty? Filter as in entry value +1 rupee or something like that? Please advise.  
Reply



SMART Trader April 27, 2014 at 10:48 PM

Sujee

Usually within 1 point  
For example BO of a swing high at 6704  
I will enter a SL Limit 6704.50 trigger and limit 6705

ST

Reply

Trekkie June 29, 2014 at 11:10 PM



Hi ST,

Will yu please explain the thought process for going short on the BO trade below PDH? The initial break of PDH ended up as tails in the morning, after that at what point would the SLs have moved to below PDH where we took short? Thanks for your help.

Reply

▼ Replies



**SMART Trader** June 29, 2014 at 11:31 PM

After the BOF of PDH price went up and pulled back forming a swing low point at PDH. Naturally people will cut their exposure raising stops. Price tested this low again and went up. New longs kept SL below this low. Then a TRAP pattern trapped some longs. We can also expect their stop below PDH.

ST

Reply

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