

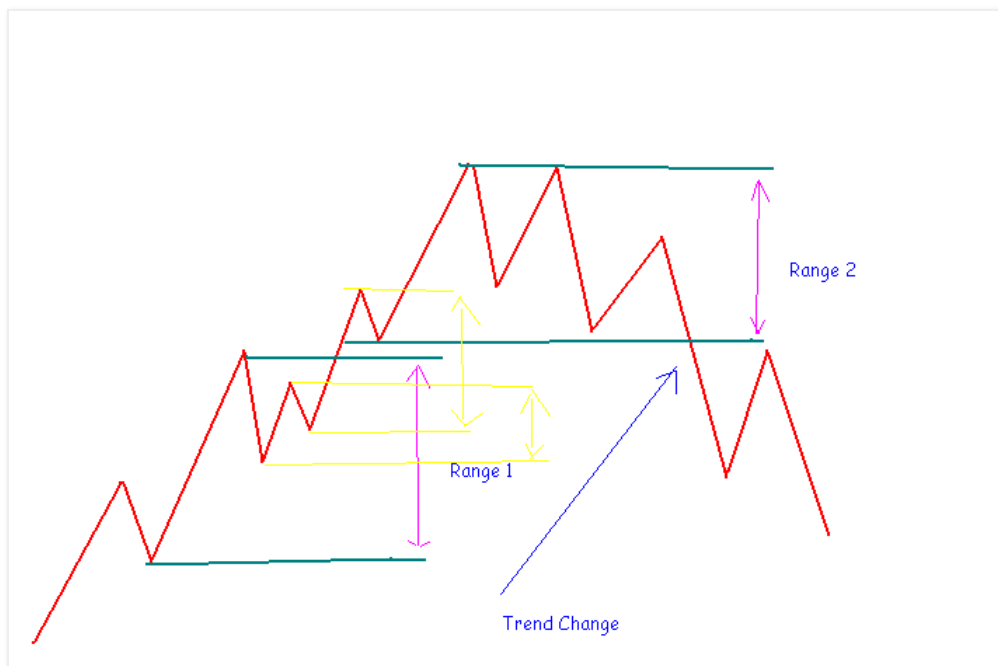


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There is a substantial risk of loss associated with trading Derivatives . Losses can and will occur. My methods will not ensure profits

Wednesday, May 2, 2012

Trading the Ranges



Theoretically 70% of the time markets will be trading in a range. They are in a trend only at the remaining 30% of the time. It is very difficult to know exactly where the trend will start and where it is going to end. By the time we know a trend has started it is too late to enter and we are not able to capture a major portion of it.

So I thought it is better to trade the markets as if it is in a range 100 % of the time . Then I am going to be correct 70 % of the time. I assume the market is in a range all the time and for me a trend is a breakout of a range extreme. A prolonged trend is a series of range breakouts where as the range is a series of range breakout failures.

The first task was how to define a range. Markets move in waves. There are two types of moves impulsive and corrective. Impulsive moves are momentum moves in the direction of trend and corrective moves are weak counter trend moves. Every wave is a probable range. Generally during trend periods corrective waves become ranges. Impulse waves too can become ranges especially during sideways market periods. Ranges can overlap and there could be ranges inside a range. I try to buy the range lows and sell the range highs.

Every range extreme is not tradable in my scheme of things. I would like the range extreme to match with trader decision points, in other words a confluence. A slight change in perspective can make a lot of difference. Many people struggle with the concept of trend in multiple time frames and get whip sawed left and right.

I hope I could convey what I wanted to say.. Otherwise please let me know

Posted by SMART Trader at 12:08 AM



8 comments:



sreyO... August 11, 2013 at 9:50 AM

Dear ST,
For corrective trade fibo levels and square levels help us to enter a trade in the direction of trend...
Reply



SMART Trader  August 11, 2013 at 10:31 AM

sreyO

I do not monitor any "Calculated" levels like Fibo,gann,MAs, MP etc.

I try to trade markets own levels and never expect the Market to respect our calculated levels

Market will always respect its own levels for sure.

ST

ST

Reply



Peter February 16, 2014 at 2:28 PM

Hi Rajesh, great info you present here, thank you. I find it quite interesting the way you have structured/mapped your market. I particularly believe that the way you identify decision points and only consider other swings points (trading ranges) when in alignment with decision points, is a great way to filter and rate SR zones. For me it simplifies the process of trading decisions and does not clutter the chart.

I am also a big fan of Lance Beggs and it's refreshing to see some further development/thoughts on his techniques.

Many thanks

Peter

Reply



SMART Trader  February 16, 2014 at 7:18 PM

Peter

Thanks for the visit and comment

For an astute Day Trader only SR levels matter.

For a Day market like Nifty ,my decision points work well. I do not know how efficient it can be on a 24 Hr. market

ST

Reply



Trekkiie May 28, 2014 at 11:50 PM

Hi ST,

What do the yellow lines represents? range within range or some other?

Reply

▼ Replies



SMART Trader May 29, 2014 at 9:09 AM

Yes. Every impulse and corrective can develop as a range

ST

Reply



Josef February 20, 2015 at 4:37 PM

Your posts are enlightening . What kind of confluence do you normally look out for ?

Reply



SMART Trader February 21, 2015 at 10:43 AM

A level could be BRN, range high and any other levels like PDL/H at the same time.
This makes the level more stronger

ST

Reply

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