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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, February 14, 2014

14022014



Nifty gaped up within previous day range. IR formed. Went short below IRL for a quick 10 point trade. TP at BRN. Thought of doing a TT at BRN. Level was so strong confluence of PDC/PDL/BRN. But did not do it. Went short on BOF of IRH. Scratched the trade when it bounced from MSP. Could not capture the down move. Double BOF of PDL gave a long signal. Nice trade of 50 points. TP at 6060 level.

Posted by SMART Trader at 3:33 PM



24 comments:



xrtrader1 February 14, 2014 at 3:51 PM

Hi ST,
Question: Why the first BOF at 13:58 was not taken, but the second BOF at 14:09 was taken. (I am talking about your last trade)
What made to stop taking first BOF.

Reason: I took the first BOF scratched and took the second. Curious How first trade could been avoided ?

Reply

anoop.av February 14, 2014 at 4:08 PM

good evening sir today i took short position BF of IRH I did not scratch it because my SL was beyond the BOF bar and booked profit at BRN and took long position BOF of BRN and booked profit around RN today was a good day for me

Reply



SMART Trader February 14, 2014 at 4:12 PM

xrtrader1

Usually I enter on break of the BO bar especially counter trend trades.

An effective BOF should trap a lot of traders. Think about what happened today.
A lot of traders shorted below 6018 pivot low and another batch below BRN. Now the BO fails. Where are the stops?. Early shorts stops are far above. BRN shorts above the BO bar high.

Price did not break these areas and drifted down Another break of LOD. Few more shorts. BO fails. Now where are the stops? all short term traders shifted to MSP.
I went long above MSP riding these panic exit. Price crosses HOD triggering the stops of position traders. Further up move.
Hope it is clear.

ST

Reply

Anonymous February 14, 2014 at 4:12 PM

How Tp comes 6060

Reply

ANOO.PAV February 14, 2014 at 4:13 PM

xrtrader answer is simple first BOF did not move above BOF candle watch picture

Reply



Uday Dave February 14, 2014 at 4:15 PM

Hi ST,

We all have heard if there is BOF of range extreme we can have BO of other. Today, there was a range of 6000 to 6030. First there was a BOF of range, so expected BO of other extreme, i.e. at 6000. BO again failed at 6000. Can we consider that as one of reasons to successful break of 6030? I have been observing such failures on both extremes. Sometimes BO attempt on either of the side third time becomes successful sometimes not. May i know your observation

Thanks

Reply



SMART Trader February 14, 2014 at 4:18 PM

Anon

TP is Take profit area
I covered the long near 6060

ST

Reply



SMART Trader February 14, 2014 at 4:24 PM

Anoop

Nice trades.
Focus on BOF of extremes and manage risk. Survival should be the first priority in Markets.

ST

Reply



SMART Trader February 14, 2014 at 4:40 PM

URD

I dont think we can reach any such conclusions.

It is based on a very simple assumption. In a range if price fails to break an extreme, it will move to the other extreme. That is normal.
In case of a BOF we can anticipate a strong move to the other side as trapped traders exit. This may break the other extreme and trigger SL orders to move further.
But if there is a lot of opposing order flow even these stop triggering will not have follow through.
In short after a BOF, the probability of the other extreme breaking is very high. That is all.

ST

Reply



Uday Dave February 14, 2014 at 4:42 PM

ST,

One more thing, Nifty spot 6000 level is missing on your chart.
Any reason...

Thanks

Reply



PA Trader February 14, 2014 at 5:46 PM

ST, excellent explanation of your BOF of BRN trade. Thanks !!

Reply



SMART Trader February 14, 2014 at 5:51 PM

URD

I was paying attention to NS levels. Forgot to mark on chart

ST

Reply



xrtrader1 February 14, 2014 at 5:58 PM

Thanks for the explanation ST.

Very clear.

Fyi.. I have taken your system and modified it to the suite me.

But the Basic Structure is inspired from you.

Reply



SMART Trader February 14, 2014 at 6:04 PM

PATrader

Other factors like critical mass plus time (ie afternoon session of weekend day) played a vital role in triggering the move

ST

Reply



PA Trader February 14, 2014 at 7:39 PM

Yes, this time factor demonstrated itself last Friday also.

Reply



SMART Trader February 14, 2014 at 9:01 PM

Kishore

Market was falling continuously for two days and the critical mass was holding shorts. Due two weekend these people will cover and avoid two day holding risk.

Further no body will create new short positions at the afternoon session.

Shorting was a very low probability action. Hence I was looking to go long and did not think about shorting at all.

ST

Reply



nifty for bread February 15, 2014 at 7:32 AM

Sir,

I refer to the BOF of IRH trade. 3 Swing pivots were located in the 30 points range between IRH and BRN. (at 12.00 Noon, 11.30 Noon and 10.27AM). Was there anything that suggested that this BOF move will be strong enough to break all the 3 pivots? High volume of BOF?

Thanks

S.Karthikeyan

Reply



SMART Trader February 15, 2014 at 10:00 AM

SK

Why you are bothering so much about these minor swing points?

We have already defined a framework to trade. We trade DP to DP and Range extreme to range extreme. Price may or may not respect these swing points in between. Manage accordingly.

While driving do not bother much about every pot holes and humps on the road

ST

Reply



nifty for bread February 15, 2014 at 10:44 AM

Sir,

Thanks for the guidance.

S.Karthikeyan

Reply



Abbas February 15, 2014 at 12:34 PM

Sir,

One humble request. Do we need to give attention on break of IRL particularly chart of 14.2.14, where IRL was between IRH and BRN in

the morning session. I m getting butchered at this area.

Regards

Abbas

Reply



SMART Trader February 15, 2014 at 12:43 PM

Abbas

Sorry. I did not understand your question properly. Make it clear

ST

Reply



Abbas February 15, 2014 at 4:57 PM

Dear Sir,

First downward movement happened in the morning and price touched BRN-PDC-PDL.

After that it started moving upward and stalled near IRL and gave 2 signal for BOF (as price failed to go up). I had taken trade on both the signal below breakout bar and both trade failed.

I seek your guidance that where I went wrong and how to avoid such trades.

Regards

Abbas

Reply



SMART Trader February 15, 2014 at 6:38 PM

Abbas

PDL/PDC/BRN is a stronger level than IRL. There is not enough space for the trade to move. This is an Envelop pattern <http://niftyinirvana.blogspot.in/2012/10/brackets-and-envelops.html>

ST

Reply



Abbas February 16, 2014 at 11:55 AM

Thanks ST,

For guidance and that too with illustrative example.

Regards

Abbas

Reply

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