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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, September 25, 2013

25092013



Nifty opened between PDC and BRN. Formed an IR as a MC. Tried to go long above IRH and immediately scratched the trade. I thought price may go to the high of previous day range. Short at BPB of BRN. PDL was a concern .price broke it and went down further. Shorted one more lot on BPB of PDL. TP around 5840. BPB of range high gave a long signal. Trade into a fluid. Price went where it is expected to go BRN 5900.

Posted by [SMART Trader](#) at 4:03 PM



14 comments:



**vikram** September 25, 2013 at 6:35 PM

Hi,

Following are the trades I did today and looking forward to your feedback:

1. went long in the morning on 6th candle around 5918 as BOF of PDC and TST of BRN. I was expecting stops at 5920 and so expected the market to go beyond 5920 with force, but market came back and so stopped out around 5911. In the hindsight, seems little late.
2. went short just below IRL at 5903. Again I was expecting lot of stops below 5900 and thought that I may not get pullback to enter later. Finally, covered this short at 5852.
3. Then, when the market broke the low of 5929 and came back, then I thought of it as BOF of LOD and went long at 5933. market went up to 5943 but then came down and so got stopped out at 5933.
4. after this, market was just breaking lows for collecting stops and nothing else.. I thought market is making barbed wire. When market broke the range, I decided to trade the BPB and go long at 5958 but could not gather confidence as I thought the market bias was down. So missed a good trade in the end. By the time, I realized, it was near yesterday's PDC and I waited for BOF which did not happen. Once the market crossed yesterday's PDC again, then BRN was near and it was already around 2:30 and so did not go long.

Please let me know where you think that my line of thinking was wrong and needs to be corrected.

thanks  
Vikram

Reply

Anonymous September 25, 2013 at 7:50 PM

Hello sir,

The last long trade was not favoring the RR and it came @ last one hour .so what made you to Ride that trade and you took that risk ?

my trade was 1st long trade @ PDC 7th candle and exited @ 10th candle bcoz of BOF and took short from there and exited @ PDL,even i was expecting more but bcoz of expiry near didnt took risk and was happy @ pdl and after that didnt trade the last hour long as it was not favoring the RR.

Guptak03

Reply



SMART Trader September 25, 2013 at 8:33 PM

Vikram

1. There was no BOF at PDC or TST of BRN at the time of your trade. It was only an anticipatory breakout trade. Very low probability one in my opinion. The right way is to place a stop loss entry order at 5921 or 5922. close the trade if price closes/falls below 5020. These are all extreme low risk trades
2. Wrong you are trading into a BRN. There is a very high probability of price bouncing back. Notice how price could not break below BRN for 24 minutes after your entry.
3. Expect some consolidation after a big fall. Let the market trade in a range and let stops accumulate V reversals rarely happen
4. It was a kind of barbed wire around 5840. People are short from morning. Now where are these people kept their stops ? above range high only
5. 2.30 is not too late to initiate a trade. You will find commitment from traders till 3o clock
6. Trade the breakouts not anticipatory breakouts

ST

Reply



Arvind September 25, 2013 at 8:49 PM

Sir,

Today everything was loud and clear for me.

The last long trade was in hindsight ever since the market was in the range as I thought critical mass is on short side but pulled my hand when the market offered me ,just could not believe my eyes.

Thanks

Reply



SMART Trader September 25, 2013 at 9:13 PM

Gupta

Why RR is not favourable.

IMHO all breakout trades are RR favourable. In this case you are entering at 5861 and you expect a lot of stop triggering and follow up buying. If it is not happening and price falls below the breakout bar you are out. You did it in your first trade why not here ?

You need not stop trading one hour before the close as a rule. But you must be careful after 3 pm There wont be new commitments and a lot of margin trades get squared off automatically by the trading platforms

Once your trade is in breakeven trail it do not exit in a hurry. 80% of profit will come from 20% of the trades. Manage the risk, not avoid it

ST

Reply



SMART Trader September 25, 2013 at 9:34 PM

arvind kumar

Trade only when everything is loud and clear..Just 10 nifty point a day is enough for you to earn a decent monthly income from trading. With a capital of 200000/- you can very well trade 4 lots.You need not capture each and every move

ST

Reply



Atharva September 25, 2013 at 10:53 PM

Dear ST

Greetings!!

I am thankful to God for letting me know this wonderful blog.

After studying almost more than 6 months I am happy that 70 % of my trades are matching with yours.. they may differ being you have been saying it is discriminatory system. But the most wonderful thing is I know where to book and this is giving tremendous peace..

During these 6 months all these weekends I have reading your post and every time it gives new insight

God bless you ST!!!

Thanking you and Best wishes

Yours

Atharva

Reply



**vikram** September 26, 2013 at 9:01 AM

Hi ST,

First question: When NF opened below the PDC and made MC, but the IRH was higher than PDC, is that not BOF of PDC? (I mean market opened below PDC and then came back up beyond PDC).

Second question: If we look at the action of 24th (just before closing), market touched BRN of 5900 and then in the 25th morning, market opened below PDC and went down to almost 5900 (5904 to be exact) and then went up beyond PDC. If we see the last 1 hour action of 24th and first 10 minutes of 25th, is this not TST of BRN 5900?

Please help me clarify my thought process.

By the way, thanks a lot for your time.

-Vikram

Reply



**SMART Trader** September 26, 2013 at 9:58 AM

Vikram

Do not be too technical about the levels. Price is moved by the collective action of millions of traders executing a million strategies. Do not expect pin point precision.  
Core concept is the acceptance and rejection of price at levels. Everything else is just tactics

I was not looking at the exact value of PDC. I considered the nearest round number 5920 as the boundary

Your decision to go long was logical. considering the price action

ST

Reply



**SMART Trader** September 26, 2013 at 10:46 AM

Athava

Happy to learn that my rants were useful to you. Your trades need not match with mine. You have to trade your own method. 95% are losing because their approach is totally wrong.

1.They are not respecting Markets own levels. They try to impose their own calculated levels on the Market. Market don't care a \$#!%.

2.They try to dictate the market what it should do. People call a level support and want the market to go up from there. Who the hell are they to dictate Mother Market ?

Trade markets own levels and let the market decide where to go from these levels. You will get better at this skill with experience  
Manage risk and exit if you are wrong without hesitation and look for the next opportunity

ST

Reply

**Anonymous** September 26, 2013 at 11:30 AM

Dear sir, please teach some good money management plan to earn 15k per month & inform about your best probability method to trade for beginners like me, then how many points you are giving for your broker (with tax etc.,) from your trade

thanks

karthik

Reply



**SMART Trader** September 26, 2013 at 12:15 PM

Karthik

Trading cannot be taught.

You have to learn it on your own by doing. Others can only guide

My high probability trades are BOF and breakouts I call Pressure Plays

My cost is around 2 Nifty points per trade

ST

Reply



**vikram** September 26, 2013 at 1:28 PM

Hi,

I have a question regarding scratching the trade. I normally wait for the low of the breakout candle to be hit to cover the wrong trade. This results in loss of about 8 -10 points per wrong trade if the breakout was fake (only for triggering the stops). What is your experience? Is this acceptable loss or should we try to restrict it further to 3-4 points but then we may lose the right trade. Your thoughts?

But one good has happened after going through your blog and following your guidelines, my number of trades have come down and now I focus on mainly high probability trade. Well, still I do slip sometimes, but improving ...

Thanks  
Vikram  
Reply



**SMART Trader**  September 26, 2013 at 1:41 PM

Vikram

Now a days markets are very volatile and average range is very high. In current volatility, this is acceptable as the right trades are running 60-80 points. When the average range comes down, you will be able to risk less, but earn less. RR will take care of itself. Trade selectively and only take high probability trades

ST  
Reply

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