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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 17, 2012

Clash of the Titans

A mistake many Nifty Future traders make is that they forget that they are trading a derivative. Many fail to monitor the Nifty spot Index level. We pay attention to Big Round Numbers on NF but fail to notice BRN on the underlying. If NF stalls at an unexpected area always have a look at nifty spot. Most probably it may be approaching some crucial area

Big players will be having huge option exposures, As you know strike prices are in multiples of hundred . They will fight out tooth and nail to defend their territory. Fierce battles are always fought around these strike prices.

Trade very carefully around these areas, especially on expiry days . There is very high probability of getting whipsawed a lot, if you are playing for ten and fifteen points

I feel, generally Nifty moves in swings of 20 points. NF levels may vary a little as per market sentiment because of the premium or discount component. . In my experience 3 minute charts are ideal to capture 20 point swings. 5 Minutes are also good .Higher time frames are useless and 1M is too fast for me. Majority of the traders are using 5M charts. I prefer 3M because it gives early signals than the 5M

I will always allow the majority to enter after me and take my position to profit

Posted by [SMART Trader](#) at 4:50 PM



6 comments:



[sometimesbullsometimesbear](#) February 17, 2012 at 6:03 PM

My experience since 1998 tells me that the cartons and containers give consistent money and not the individual soap packets. :) Chasing small packets only helps the brokers office or the dabba traders office. Correct me if i am wrong pls. Reached ur blog through Tinamo. Keep up the good work. Thks.

Reply



[Parminder](#) February 17, 2012 at 6:43 PM

Nice blog unable to understand the concept of how u trade. if u could make it more clear and crisp.

Thanks
pam

Reply



[SMART Trader](#) February 17, 2012 at 7:20 PM

Hi SBSB

Welcome to my blog. You are so special to me because you are the first one to make a comment.

I respect your opinion. But I am not a greedy inexperienced person started trading to make a fast buck. I started as a buy and hold investor in 1987 before the existence of NSE, Derivat and internet trading. Still I have a good portfolio of bluechip shares worth many lakhs' Started swing trading in 2005 and from 2006 to 2008 I was blogging on swing trading. Still you can see the blog at <http://smart-trade-nse.blogspot.in/>

Started day trading in 2010. Taking the leave I have accumulated over the years one week in every month. Already day traded more than 100 days. This year also I will continue like that. Waiting for next year February to complete 28 years of Banking Service and to take VRS with full pension.

For me it was a very slow gradual cautious painful progression
Please do visit and give your valuable comments and suggestions
ST

Reply

[SMART Trader](#) February 17, 2012 at 7:56 PM



Hi Paminder

Welcome to the blog and thanks for the comment.

The core concept is price acceptance and rejection. Very difficult to explain in few words.

There are certain decision points like PDH, PDL, HOD, DT, LOD etc etc.

BOF, BPB, TST etc are some of the patterns that can occur at these areas

Rest is tactics and execution experience

Go through the glossary to know the short forms. I will be explaining all this in forthcoming posts

ST

Reply



Sunil Saranjame February 17, 2012 at 9:43 PM

Hi ST,

Excellent blog and superb trade set ups. It's an out of the box experience for me after long.

Keep up the good work. I've posted your link and will add you on the side bar.

BTW, please add a follow by e mail button / follow this blog button or whatever they call it.

Good luck on those 3 min TF.

-ss

Reply



SMART Trader February 17, 2012 at 10:11 PM

Thanks SS

Glad that you liked my cocktail. I stole and borrowed from many people and mixed my own thing. So far it tastes good.

We are all work in progress. Let me see how far I can take this.

You know very well that one can lose the way and get stranded in this jungle.

Cheers

ST

Reply

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