

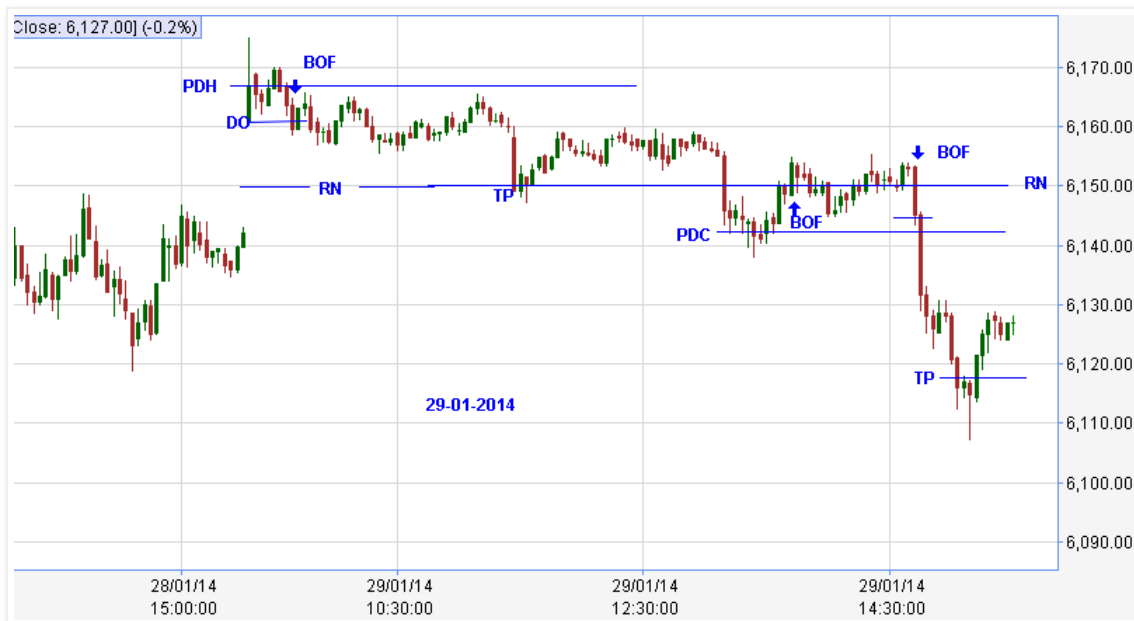


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There is a substantial risk of loss associated with trading Derivatives . Losses can and will occur. My methods will not ensure profits

Wednesday, January 29, 2014

29012014



Nifty gaped up within previous day range and attempted to break above PDH. BOF of PDH gave a short signal. I went short below DO. I was expecting a quick 10 point move to RN. But it took more than 90 minutes to travel 10 points. TP at RN. Nifty traded in a range for a while and broke down. Went long on the LOL BOF of PDC/RN. Trade did not move . Scratched. Went short on BOF of RN. Entered earlier as I suspected a bounce from PDC to form a Barbed wire. TP above the pin bar high.

Posted by SMART Trader at 3:34 PM



41 comments:



Unknown January 29, 2014 at 3:44 PM

Hi ST,

Can we trade RNs with same authority as DPs and BRNs??
Looking at ur first and last trade raised the question.

Thanks

TBP

Reply



Rohit January 29, 2014 at 4:03 PM

ST,
If you don't mind please tell me " How many Nifty points do you make on an average per month" ?

Rgds,
Rohit

Reply

Anonymous January 29, 2014 at 4:06 PM

Sir,

I would like to present one of my observation here-

In a down trend I consider the 1st HL formation as good reversal point.
Once reversal is done, first target is MSP, if MSP not taken out, close the long and go short.

same thing will repeat in next Higher Low formation.

With a down bias today I have not closed my position at HL but waited till the MSP is broken in 4 situations and confidently held the short till close which I initiated at DO.

<http://tinypic.com/view.php?pic=117r7dy6s-8#.UujZZifhWt8>

Raghu

Reply



SMART Trader January 29, 2014 at 4:21 PM

TBP

When I started, RN xx50 levels were not very prominent. Later after the introduction of xx50 option strikes, slowly it is getting important as BRN

Near the expiry NS and NF levels will be almost same and RN becomes more important

<http://niftynirvana.blogspot.in/2012/02/clash-of-titans.html>

ST

Reply

▼ Replies



Trekkiie May 12, 2014 at 7:00 PM

ST,
just out of curiosity...what is the connection between Nifty spot and Options defense? I can understand defending Stock options with stock prices, but to defend nifty options with stocks, they may have to work with multiple stocks, sounds complicated. I am sure I am missing a gorilla here, please help me understand, this is not a priority though I have lots more to understand on DPs which I am sure will keep me busy for a very long time.



SMART Trader May 16, 2014 at 4:08 PM

S Roy

Big institutions are option sellers. They will be having big exposures at strike levels.
They defend these areas with their right especially near to expiry. The volatility you witness on expiry day is because of this. It is a premium eating game

ST

Reply



SMART Trader January 29, 2014 at 4:24 PM

Rohit

My target is average 10 points a day after commission. Assuming 20 days it comes to 200 points a month.
I am making it consistently

ST

Reply



nifty for bread January 29, 2014 at 4:27 PM

Sir,
Where exactly do you keep your trailing SL at flipzone? Should we keep our trailing SL behind flipzone in the same way we hide our initial stoploss behind DP? If so, can we hide our trailing SL, 3 points behind flipzone?
Thanks.
S.Karthikeyan

Reply



nifty for bread January 29, 2014 at 4:36 PM

Sir,
RN XX50 assumes as much importance as BRN during expiry. Can we safely assume that barring the expiry week, RN need not be looked at as a strong DP in the remaining 3 or 4 weeks?

Thanks
S.Karthikeyan

Reply



SMART Trader January 29, 2014 at 4:54 PM

Raghu

Good observation
Have a look
<http://i60.tinypic.com/14aj794.png>

ST

Reply

▼ Replies



Trekkie July 6, 2014 at 11:09 PM

Hi ST,
Is this a confirmed observation that can be used live? Thanks.



SMART Trader July 6, 2014 at 11:39 PM

S Roy
It works only if the trend is strongly down and the move is not over extended
Actually the first situation is a complex pull back and the second one a TRAP
Here also the entry is very discretionary Trend should be strong and DP should be weak
ST.

Reply

Anonymous January 29, 2014 at 5:02 PM

ST
Abt your 3rd trade-BOF od RN:
Why not go short at the earlier point highlighted by box? <http://i59.tinypic.com/359a1js.gif>
OR Did you want the low (inside the box) to break to trigger your trade? Thx,
DM
Reply



SMART Trader January 29, 2014 at 5:19 PM

SK
Better to take note of RN always. Day by day it is becoming as important as BRN

You can use 2 or 3 point margin behind a flip. There should be some momentum after the entry otherwise flip will not hold .Example
todays first trade

ST

Reply



SMART Trader January 29, 2014 at 5:25 PM

DM
I was already long then. I exited the long on break of the BO candle.
Price again went above RN and sold. I went short on break of swing low.

I am not very comfortable with stop and reverse. I exit and enter again

ST

Reply



Uday Dave January 29, 2014 at 5:42 PM

ST,
It is regarding BOF of PDH. I too hoped it to give quick points and fill the gap. The trade ultimately did it but took too much time. How to
deal such situation. What to do?
1) Whether sit tight till target is achieved.
Or
2) Scratch it as not moving as expected, taking too much time.

I would appreciate your thoughts on this. How can we deal with it better?

Thanks

Reply



Uday Dave January 29, 2014 at 5:50 PM

ST and Raghu

Thanks for sharing the observation of HL.

Reply

Anonymous January 29, 2014 at 6:02 PM

Thanks for the reply ST

Rgds,
Rohit

Reply



SMART Trader January 29, 2014 at 6:05 PM

URD

It depends on the location.

I think it is better to stay with the trade if a strong signal like BOF at a Strong Location like PDH especially at the open. Most probably this will become the days extreme. Let us sit tight if we are trading an extreme or a probable extreme.

What do you say

ST

Reply

Anonymous January 29, 2014 at 6:17 PM

Thank you sir,
Thanks you Dave,

I feel short should be depending on the distance between E to MSP.

If its less, then the short at TST or BOF of MSP will justify due to lack of strength for price to move up which confirms the orders too (typically it happened today)

If the distance between E to MSP is more as you shown in the pic then as you said may be at D or B SL MSP.

Raghu

Reply



amber January 29, 2014 at 6:25 PM

Sir good evening , sir in todays update you have not taken IRL any reason for it , kindly update thnx

Reply



Uday Dave January 29, 2014 at 6:30 PM

ST,
Thanks. I too feel location is important. It is just the momentum at that particular point that it lacks. It kind of frustrates. But that is the reality. Lets accept it.

Reply



Uday Dave January 29, 2014 at 6:41 PM

Raghu and ST,

I feel this topic is worth making a blog post. It will be better understood by others if these thoughts are put together in a nice manner. Request you to do needful.

Reply



SMART Trader January 29, 2014 at 7:01 PM

URD

We will do it after going through some more historical charts

ST

Reply

Anonymous January 29, 2014 at 7:02 PM

Sir & Dave

actually it not "depending on the distance between E to MSP"

It should be "depending on the distance between HL to MSP"

Raghu

Reply

Anonymous January 29, 2014 at 7:42 PM

ST,
It looked like a channel to me ..
So hesitated to take the trades...
Is day not a diagonal barbed wire till the last fall ?

rgds
Kishore
Reply



Uday Dave January 29, 2014 at 7:44 PM

ST and Raghu,
Here couple of historical charts.

<http://i59.tinypic.com/2h5ra4z.jpg>

<http://i58.tinypic.com/34o3l1g.jpg>

Reply



SMART Trader January 29, 2014 at 7:53 PM

Kishore

It was not a channel
Channel will make successive lower highs and lower lows. Here price traded in successive lower ranges

ST
Reply

.

anoop.av January 29, 2014 at 9:13 PM

sir, what is today's HIGH,LOW and CLOSE? sir i am using 3 min nest chart for trading but very different candle creating between our chart i think your chart is more perfect what kind of chart are you using ? replay me pls
Reply



amber January 29, 2014 at 9:27 PM

Sir kindly update on my question thnx
Reply



Unknown January 29, 2014 at 9:42 PM

Good Evening ST,
I shorted after breaking of RN & PDC around 1.15 PM & later closed it with loss. Is it a right trade?

Thanks
Reply



SMART Trader January 29, 2014 at 9:46 PM

Amber

IRL, MC Low and DO same levels

ST
Reply



SMART Trader January 29, 2014 at 9:52 PM

Anoop

OHLC
6161.10,6174.95,6107.25,6127.90

ST
Reply



amber January 29, 2014 at 9:56 PM

Sir thnx very much
Reply



SMART Trader January 29, 2014 at 10:00 PM

Sanjaya

Avoid direct breakouts as far as possible.Look to sell the range highs and buy the range lows.Most of the breakouts will trap you.

ST

Reply



PA Trader January 30, 2014 at 12:13 AM

ST,
My problem is that I am not able to manage my trade well, especially I am not able to decide if I should hold on to a trade if its not moving , or I should exit. Take today's example.

<http://imgur.com/SueqWVr>

I shorted at point 1 as BOF of PDH. I took an exit at 2 when price went above the minor swing point just before it. I felt that the price is not moving in my direction and so exited.
Then again I took a TST of PDH and shorted below the range low at 3. Price once again went up and formed a range. I kept 4 as my SL, but when price reached 5, i got fed up and exited at BE, just before the bearish WRB.

I am confused between "Identify when you are not right and move out" and "Give the price some play area".

Reply



Ananthsha Sarali January 30, 2014 at 8:40 AM

hi ST,

I'm learning from your blog. Thank you!.

Reply



SMART Trader January 30, 2014 at 10:58 AM

PATrader

<http://i61.tinypic.com/20h402.png>

ST

Reply



PA Trader January 30, 2014 at 6:21 PM

Thanks ST for your response on my comment.

@URD,I feel that what you are suggesting is based upon the definition of trend change. A trend change from down to up happens when there is a) a Higher Low and b) a Higher high. A higher low fulfills first criteria of the trend change definition. But until a higher high is not formed by breaking the MSP, the downtrend is still said to be intact. What do you say?

Reply



SMART Trader January 30, 2014 at 6:39 PM

PATrader

Yesterday I had written this in the reply. But it is missing.

Hope you drive a car.Remember how you learned it.

First you learned about the controls.Then you simulated it and practiced it live.This is not enough.

To become a good driver, something else you have to develop. It is called road sense. It takes time.

You have to develop Market Sense. It will take time. But unfortunately people will flirt to some other method before this happens

ST

Reply



Uday Dave January 30, 2014 at 10:45 PM

PATrader

I posted those historical charts in reference to the "observation of HL shared by Raghu" and its consequent discussion with ST and Raghu. You are right, we need to wait till MSP cracks for confirmation of new trend.

ST,

Thanks for sharing the <http://i61.tinypic.com/20h402.png>

Reply

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