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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, March 21, 2014

21032014



Nifty gaped up within previous day range. IR formed. Did not take the short of IRL as it was near the NS BRN. Whole day Nifty created a Barbed Wire around this level. Attempted a long on BOF of range low. It did not move as expected. scratched.

Posted by SMART Trader at 3:57 PM



25 comments:



Uday Dave March 21, 2014 at 4:05 PM

Hi ST

One more range bound day..nothing so special. Here is my chart,
<http://www.mql5.com/en/charts/1625851/nse-nifty-m3-gci-financial-ltd>

Thanks.

Reply



Kintu Patel March 21, 2014 at 6:29 PM

Hi ST,

Below are the trades i took and chopped around.. Would you please, clarify how i could had avoided those chopping around BRN NS.. like u did.

<http://i.imgur.com/ZGQyeyX.png>

Bharat

Reply

Anonymous March 21, 2014 at 7:15 PM

Hi ST,
Why didnt you take the BPB NS BRN below IRL in the morning ?

rgds
Kishore
Reply



SMART Trader March 21, 2014 at 9:26 PM

Bharath

You were trying to trade a 20 point barbed wire range. Only trade no 4 is as per method. Where is space for 1,2 and 3?
Please do not trade with real money now. You are searching for patterns to trade without any feel of the big picture. May need some more exposure to get the thought process right
NS levels are approximations and used for trade management. Not considered as DP unless it qualifies as a range extreme

ST
Reply

Anonymous March 21, 2014 at 9:29 PM

Hi ST,

I have a basic question. I used to read that one strategy work wells for some period fails after that. I want to know how you feel about DP method for the long time perspective say after 5 years? looking for your valuable comments.

Thanks
Suresh
Reply



SMART Trader March 21, 2014 at 9:34 PM

Kishore

Very low probability trade.
It is very difficult for the price to go down after a gap up open
Below there were Gap closure area, PDC, BRN 6500 and PDL within 25 points. Reasonable expectation is 10 points. So skipped

ST
Reply



SMART Trader March 21, 2014 at 10:02 PM

Suresh

DP method will give you an enduring edge. Method will work even after 10 years. This requires some explanation.
The reason is these are not calculated levels but derived from the markets own action and used as reference points.
Every trader with little experience will notice these levels. When market opens don't you look whether it opens above or below PDC?
People notice whether the current price is above or below opening price. They notice when price breaks above PDH and falls below PDL.
DPs work because so many people notice these levels and use it as reference points to act. DPs will work as long as people look at these reference points.

But PDC, PDH, PDL, DO etc will lose their relevance and may stop working. when ?

The question is for all the blog readers to answer.

ST
Reply



Uday Dave March 21, 2014 at 10:12 PM

ST and other blograters,

DPs won't work if traders stop following them or find something else than DPs to follow.

Thanks
Reply

Anonymous March 21, 2014 at 10:50 PM

IMHO, it will stop working when the human race become extinct... :)

a meteor crashing into earth?

Thanks
tRaDeR_B
Reply



A March 22, 2014 at 6:56 AM

Hi ST,

There are a lot of info here including Decision point book & articles in this blog. As a beginner how to practice and become master in using dp method. Step by step process. Pls guide

Thanks
Arun
Reply

Anonymous [March 22, 2014 at 7:54 AM](#)

Hi ST
PDC, PDH, PDL, DO etc will lose their relevance and may stop working. when ?
IT IS POSSIBLE ONLY IN CONTINUE MARKET WITHOUT BREAK(24 HRS)
RAJ
Reply



SMART Trader  [March 22, 2014 at 9:28 AM](#)

Raj

You are absolutely right. Congrats.
These levels will work as long as Nifty Futures remains a day market

ST
Reply



Uday Dave [March 22, 2014 at 10:52 AM](#)

Good Morning ST

To carry this conversation further here are "my views."

Sooner or later it will become 24-hour market if that is the ultimate transition our market has to go through in future. Then PDLs, PDHs, PDCs, DOs will no longer be relevant. Question is should we need to worry now? No. If DPs don't work then something else will

Is market structure going to change, is the structure of support/resistance going to change, will there be no ranges to trade.....
I don't think so..

Markets may not remain the same, but market participants will remain the same as long as we remain as the human.

Thanks
Reply



SMART Trader  [March 22, 2014 at 11:52 AM](#)

URD

You are right. Nothing is there to worry. Traders should be like Chameleons, willing to change the color and adapt in a jiffy.

When x50 strikes were introduced what we did? We accepted the reality and changed accordingly. Markets will change so will our methods.
Where there is a will, there is a way

ST
Reply



SMART Trader  [March 22, 2014 at 12:37 PM](#)

Arun

Made a separate post on the subject

ST
Reply

Anonymous [March 22, 2014 at 1:11 PM](#)

Hi Rajesh,

You are a good teacher !
Just one question
You are using quantitative techniques based on price action

There are qualitative techniques based on price and volume.

Is it okay to use combination of these techniques to arrive at entry and exit for a profitable trade ?

I will not trade in futures but will trade in options, please let me know the important points which I have to consider while trading in options ?

Thanks and Regards,
Rajesh
Reply



SMART Trader March 22, 2014 at 1:59 PM

Rajesh

Sorry. I know nothing about options.
Now regarding the use of TA techniques. These analysis serve three purposes
To identify a trade location
To anticipate the direction of future move
To measure the strength of current move.
Better to avoid the first category along with DP method as this may create conflicts. Type 2 and 3 can be used without any problem if you feel it helps

ST

Reply

Anonymous March 22, 2014 at 2:18 PM

Hi Rajesh,

Well I identify trade location with DP and confirm it with TA because confluence gives high probability of profitable trade.

I would place order at price levels where the market would reach in case of order flow.

It gives me confidence to see the thing works !

For exit I look at the DP levels as well as where it would go as per TA method and decide the exit part

Suppose I decide to play 4 lots of future.

Do I place one order for 4 lots or split or split of 2 order of 2 lots each knowing that I am willing to bear the risk of 10 points for 4 lots.

Please do let me know.

Thanks and Regards,
Rajesh

Reply

Anonymous March 22, 2014 at 2:20 PM

Hi Rajesh,

This is one of the blog I follow

<http://traderfeed.blogspot.in/>

Thanks and Regards,
Rajesh

Reply



SMART Trader March 22, 2014 at 2:53 PM

Rajesh

Dr. Brett is just fantastic
I was a regular reader from 2006 to 2010 . Then he stopped updating. Now started again in this January only.

In fact I had exchanged some emails with him long back. He was so kind to answer my foolish questions

ST

Reply

Anonymous March 22, 2014 at 11:01 PM

Hi Rajesh,

You have not answered my question about placing orders.

Please do.

Thanks and Regards,
Rajesh

Reply



SMART Trader March 23, 2014 at 9:00 AM

Rajesh

I still trade with one lot.
Once I increase the size I will go for all in scale out method. Every trade start as a scalp to FTC. Book half at FTC and make the trade free to trail.

ST

Reply

Anonymous [March 23, 2014 at 6:49 PM](#)

Hi Rajesh,

Thanks for the reply.

Hope you do not mind calling you Rajesh instead of ST !

Thanks and Regards,
Rajesh

Reply



SMART Trader [March 23, 2014 at 6:57 PM](#)

Rajesh

“What’s in a name? that which we call a rose
By any other name would smell as sweet.”

— William Shakespeare, Romeo and Juliet

Reply

Anonymous [March 23, 2014 at 11:07 PM](#)

Dear ST,

A query for tomorrow's trading session. You will be looking at Saturday's session for DP's or Friday's or both.

Reply

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