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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, July 27, 2012

## Exit First

I am a short time frame" Discretionary Trader." I trade for income and not for capital appreciation and I am trying to earn my daily bread from the market.

Like "System Traders", I cannot bet on the probabilistic nature of a system and can't afford draw down while waiting for the probability to work in my favor. My goal is to manage the day's opportunities as good as I can. My edge is minor demand and supply imbalances that occurs in the market frequently and give a 15-20 point move within the next 15 minutes. These moves could be just "NOISE" for many.

My trading revolves around Decision Points. Entries must happen at these levels where a demand and supply imbalance existed earlier. These are proven price levels and I expect the imbalance to be there again. *My entry is mainly based on my "read" of the market and my "feel" for the price action at these Decision Points.*

I always decide upon my exit before I enter the trade. When the price approaches and reacts to a Decision Point, I identify a point where price should not go if my expectation is correct. I will try to enter as close to this point as possible. Risk is reduced by making my entry close to the stop and not by placing the stop close to the entry.  
In my scheme, unlike in the dictionary, "Exit" comes before "Entry"

Posted by [SMART Trader](#) at 4:19 PM



## 16 comments:



[Naren Lokwani](#) July 27, 2012 at 6:11 PM

ST Sir,

Amazing blog, really loved your analysis and trading style.

StockFundoo

Reply



[SMART Trader](#) July 27, 2012 at 6:53 PM

@Stock Fundoo

Thanks.

Please do visit and give feedback

ST

Reply

[Anonymous](#) July 28, 2012 at 10:37 AM

Ur decision point trading patterns appear logical and work sometimes and fail sometimes as in any other trading system Ultimately bottomline is how much money one is making from the market. If u post a performance update like Sunil on the blog this will validate whether one can really make a daily living out of trading.

Reply

[ruchir](#) July 28, 2012 at 12:25 PM

right. exit-planning is must. BUT, the REAL question is, can we exit at at the exact price-mark where we want to? suppose,i buy a stock at 555 and i do not want to stay in it if it goes below 551, so i put my stop-loss order at 550.90-550.40, i.e. stop will be triggered as soon as price HIT 550.90 and THEN my order will be put into the OFFER queue between 550.90-550.40. now, after buying the stock at 555, it goes up to 557 and then something happens (some odd news...) and someone sells in BULK and eats up all BID offers up to 543 in a single trade. so, now, my stop has been triggered and put in OFFER queue at the least price-mark 550.40. BUT, it has not been filled. price just retraces a little after touching 543 to 545 and then again start sliding...i have to , then, square-off my trade at whatever SELL price is available...( you know, many times price just stumbles DOWN whole day.)

Reply



**Unknown** July 28, 2012 at 2:20 PM

please suggest a book which I can read to understand the method that you use in trading.

Reply



**SMART Trader** July 28, 2012 at 5:01 PM

nuchir

This frequently happen if you are trading illiquid stocks, but not in Nifty. I have used SL orders thousands of times for my entry and exit. It never happened to me.

ST

Reply



**SMART Trader** July 28, 2012 at 5:15 PM

@Anonymous

I am confident that I can trade this method for a living. This method may or may not work for others. They have to validate this on their own.

@Unknown

This method is my own cocktail. You won't find this on any books.

ST

Reply



**Ananth** July 29, 2012 at 8:10 AM

though the right thing to do in case of the anonymous "doubting thomas" would have been to ignore the comment, probably you chose to publish the same and the response that "hit a nail on the head" on all such doubts as an example to all prospective doubters .....if a trader is to make a living out of this the only way is to have an absolute belief in the system that one follows.....record of past performance and all such nonsense is good for those trying to sell something....for anyone looking for a system that would earn a living the first requirement is to convince oneself of the effectiveness of the edge.....that is the only way one would come out on top of this probabilistic game where the outcome of any one trade is absolutely unpredictable while a certain pattern may give better than even odds over a large set of trades....so the basic point of this post- minimising loss on each and every trade is the most fundamental take away....but not all would take away anything .....even if gold coins are strewn on his path a blind man would keep walking straight ahead and may even complain that something is hurting his feet !!

Reply



**SMART Trader** July 29, 2012 at 10:34 AM

Ananth

Rightly said.

I don't want to prove or disprove anything. Nobody is going to win an argument. It is a waste of time and energy.

Here I am sharing something that is working well for me. Others can validate on their own and take appropriate action.

ST

Reply



**chetas** July 29, 2012 at 4:37 PM

Golden words " Risk is reduced by making my entry close to the stop and not by placing the stop close to the entry "

i have been very successful in the last month in trading BOF/ BRN/ FTC/ BPB/ PDC/h/l and Initial range. Your post on Channel and spike, Scout part barbed wire all were very useful.

I learned TA, from Aarvee and regularly follow Illango sir's blog and learned about High erra/ low erra trading system and Trend trading.

But my interest has always been intra day trading. Take the trade, book the profit, take payout from broker and go the ATM ...

Your methods have helped me to sharpen my intra day skills and helps me to earn not only my bread but also my cheese and Red Wine too...

Reply



**Unknown** July 29, 2012 at 5:00 PM

what is the full form of BRN?

Reply



**SMART Trader** July 29, 2012 at 5:48 PM

Unknown

BRN is Big Round Number like 5000, 5100, 5200 etc. These are psychologically important levels and many traders "Act" here

ST

Reply



**SMART Trader** July 29, 2012 at 6:06 PM

chetas

Nice to learn my methods are helpful to you.  
Ilango is great. He is very consistent in his methods and blogging.  
Ilango, manoj and me started blogging in 2008. SS was senior and he used to visit us and give valuable comments and suggestions that time also  
[Read](#)

ST

Reply



**VK** July 30, 2012 at 12:03 PM

Hi ST:

Your methods are simply amazing. It does not involve speculation but simple calculation. Following it involves another term MDP (mental decision point) of the trader whether to accept it or not. Thanks once again.

Regards

Vinod

Reply



**SMART Trader** July 30, 2012 at 9:08 PM

Vinod

I will consider conducting an MDP (Management Development Program) for such traders.

ST

Reply



**Unknown** March 19, 2014 at 11:13 AM

st sir,  
I from to Bihar. I like this trad I nifty f\$o trading iall time is loss but you book is fentastik so I profit  
thanks st sir.

Reply

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  - [October](#) (28)
  - [September](#) (27)
  - [August](#) (30)
  - ▼ [July](#) (33)
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  - [June](#) (33)
  - [May](#) (33)
  - [April](#) (27)
  - [March](#) (31)
  - [February](#) (42)
  - [January](#) (3)