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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, March 12, 2014

12032014



Nifty opened near PDL and attempted to go up. IR formed. Went short blow the PDL/IRL. Price refused to go down and came back. Got stopped out above the swing high. Went long on break of IRH. Price went up breaking RN, PDC and hit NSRN. TP when price came below the Pin bar. Here there was an excellent opportunity for a FTC trade. Missed it. Went short below RN/PDC into the fluid. Trade moved well as expected, but I messed up entering the SL order and got exited at a small profit. Rest of the day price moved in a 20 point range. There was a long signal on TST of PDL, a BOF of NS BRN. Skipped as I thought the strong flip at 6540 will hold.

Posted by [SMART Trader](#) at 3:55 PM



34 comments:

Anonymous [March 12, 2014 at 4:56 PM](#)

ST

Unbelievable  
Out of the world trades. Especially the second and third one. Real trades?  
You may get featured in next market wizard book. LOL

Jayan

Reply



[SMART Trader](#) [March 12, 2014 at 5:18 PM](#)

Jayan

To be frank, I did not like your LOL. I thought of deleting it.

I do not know your trading background. So I can't make out whether you are ridiculing or expressing a genuine doubt.

If you are ridiculing, I do not have anything to say. If you are a genuine confused novice trader you may [Click Here](#)

ST

Reply



**PA Trader** March 12, 2014 at 5:25 PM

ST, how do you handle the frustration of price going to your target level and immediately reversing without filling your order. Or your SL order not being filled because of a sudden move in price. I get very frustrated when such slippages happen :-(  
Apart from the frustration, how do you manage your trades in such situation. If price reversed from your profit sharply without filling your TP order, do you wait for a second attempt, or do you come out with whatever is there on the table. More dangerous is if your SL order does not get filled. I think immediately squaring off at market is the only option?

Reply



**Kintu Patel** March 12, 2014 at 5:45 PM

ST,

Wasnt there a long above 12.45 on breakdown failure of NS6500 and short below 14.21 due to RN6550 fail to cross along with yesterdays close level?

I took those trades and trapped, pls guide how to avoid this..

Also couldn't take the first long directly above IRH as yesterdays close was near . what is thought process in taking this type of trades without looking for bpb or failure at those levels.?

Thanks and Regards

Bharat

Reply



**SMART Trader** March 12, 2014 at 5:52 PM

PATrader

These are all part of the game.  
We have no control over it. Forget it and move on to the next opportunity. While entering stops give at least a point gap between trigger and limit. Enter it early. Market fills first order first

ST

Reply

**Anonymous** March 12, 2014 at 6:17 PM

If he is ridiculing, it only means you are taking good trades that some novice traders refuse to believe. I would be happy if and when i get there :)

SL orders - do you use limit orders for SL too? Why not market orders?

In the long term, Is risk/cost of possible high spread more than risk of no SL hit (with 1 point gap) and panic exit?  
I thought Nifty should be liquid enough for SL Market orders. (I havent started yet)

thanks  
SS

Reply



**nirtos** March 12, 2014 at 6:58 PM

Hi ST,  
seen your reply to jayan. Amazed to see that u really trade single lot. I was thinking that your single unit must be of 1000 nifty. I daily eagerly wait for ur post. I am not trading your method. But try to match my thoughts during the day with yours.

thanks,  
nirmal

Reply



**SMART Trader** March 12, 2014 at 7:09 PM

Bharath

Usually I do not trade signals on NS levels. Most of the time it is used for trade management. Only signals at "Proven" NS levels are considered.

eg 12.42 BOF not considered. 14.36 can be taken as it is a proven level after 12.42 reversal.

What you have taken are valid signals. But you have to consider the space also.

How you got trapped?. Both the trades hit the target and gave sufficient time to exit at a profit.

First trade. So many people were short and the momentum of the reversal proved it. I expected further stops above IRH and entered

ST

Reply



**SMART Trader** March 12, 2014 at 7:25 PM

SS

Nifty never jumped my SL Limit orders so far. Of course It is safer with SL Market orders.

When trigger price hits Always a Limit order gets priority over Market order. Exchange servers are designed to generate maximum volume. One example

Sell order 1 6205  
Sell order 2 6210  
Buy order 1 Buy Market  
Buy order 2 Buy Limit 6206  
Here market will match  
Buy 2 Sell 1 and Buy 1 Sell 2.  
Market will never match Buy 1 Sell 1 and leave Buy 2 Sell 2 un executed  
Market orders will get the worst execution.Hope it is clear

ST

Reply



Unknown March 12, 2014 at 7:26 PM

Hi ST,

Took a BPB PDC trade around 12:00(went long).  
How could have I avoided it as I was lucky to scratch it.  
Did I miss the MSP concept??

Thanks  
TBP

Reply

Anonymous March 12, 2014 at 7:57 PM

thanks, that makes sense from exchange point of view although i assumed it would be FIFO.

One more thing to be careful of :)

SS

Reply

Anonymous March 12, 2014 at 8:11 PM

I can see great replies in this thread...Only one dream left now..

Dear ST, Please post a photo of yourself as the next blog post..Its a request

Thanks,  
Karthik

Reply



SMART Trader March 12, 2014 at 8:17 PM

TBP

What you have done is correct as per the pattern. Went long on break of MSP and exited on TRAP. But I avoided this because  
1. After such a vertical move, I did expect some consolidation. There will not be an immediate up move.  
2. If I enter above MSP there is not sufficient space. Maximum is 10 point move with 10 point risk  
3. Critical mass still long. They entered above PDL, IRH, and PDC. They will hold on till it breaks below PDC  
4. Price not even touched PDC. I would have gone long if a BOF happened at PDC.

ST

Reply



SMART Trader March 12, 2014 at 8:29 PM

Karthik

Wait till I come out with some videos. Till then believe that I am handsome as a Greek God

ST

Reply



Unknown March 12, 2014 at 8:32 PM

Hi ST

Thanks for the wonderful explanation  
And yes ST I second Karthik's request....

TBP

Reply

Anonymous March 12, 2014 at 8:34 PM

Hi ST

My trades today (live paper trades only)  
<http://tinypic.com/r/295ecra/8>

Trade 1 :- thinking the SL orders of the shorts accumulated over the swing high .

Trade 2 :- BOF of PDC and BOF of swing high in the flag like formation

Trade 3 :- Tight range BO..

It was a joy seeing the price moved in my direction ...

No mechanical trading can give you this joy ...

Trading using your brain rather than depending some calculated signals ...

I can understand the worry of people ..They might have hit their SLs today many times and they definitely are gonna ridicule the system and doubt the genuinity

Ofcourse I know in real time I may not behave like this..But atleast I am profitable in paper and i think it is the first step..

I failed to achieve even this by trading other systems

thanks n rgds

Kishore

Reply



**SMART Trader** March 12, 2014 at 8:43 PM

Nitros

I am a Below Poverty Line trader keeping just 30K in my broking account.

ST

Reply

**Anonymous** March 12, 2014 at 8:58 PM

Corre on ST...

I did not mean that...You handsome or not i do not care...But i know u have a beautiful mind....

Most successful traders i come across does not tell or teach their strategy...especially see Zerodha 60 day challenge winners..They will never tell u their cryogenic technology... I do not understand what they gain from hiding it or not educating needy traders...I strongly believe that India needs many more traders

Now, compare them to you..you are providing a great service for wannabe and struggling traders...

That does make you a Indian trading God,if not a Greek God..)

I believe most people who frequently reads your blog will agree with me on this....Dont you guys???

Btw, are you really going to come out with some videos? I will be waiting eagerly...

Many thanks

Karthik

Reply



**SMART Trader** March 12, 2014 at 9:22 PM

Kishore

1.It is the right entry. I was short in the market and exited here. Could have reversed to long here  
2.Dont call this a BOF of PDC. Price settled above PDC for two hours. Entry is right .It was a TRAP. BOF of MSP  
3.Right trade. One you must be well aware of the space and FTA. Must have a plan to deal with a bounce back  
DP trading will give you an enduring edge. Your brain will take some time to develop the "Schemas". Once mastered,I believe, trading will become effortless. It will be like driving a car.Trust the super computer that resides safe inside your skull

ST

Reply



**amber** March 12, 2014 at 9:33 PM

Sir good evening sir i could not understand which proven level is considered here , 14.36 can be taken as it is a proven level after 12.42 reversal, kindly update thnx

Reply

**Anonymous** March 12, 2014 at 9:35 PM

ST,

I think you are a fan of psycho cybernetics

An amazing book

rgds

Kishore

Reply



**SMART Trader** March 12, 2014 at 9:38 PM

Karthik

I know. I was just joking.

I have plans to do some videos. Trading, especially PA trading is a visual process. It is very difficult to explain it through text and pictures. When? Can't say now. My daughter is writing her 12th exams now. I will be very busy with her Entrance exams, college admissions etc for sometimes. Will work on this after everything gets settled.

ST

Reply



**Unknown** March 12, 2014 at 9:39 PM

Bang on Karthik!!

Three cheers to ST's spirit!!!

TBP

Reply



**Prabhat** March 12, 2014 at 9:42 PM

Hi ST,

Not sure if it would be a big ask - but in case you provide your analysis for the next trading day (probable strength & weakness) levels then it would help plan the next day's trade.

Also, do you provide nifty updates (strength & weakness levels) during live mkt hrs? Please do not mis-understand that I am asking for any calls, no I am not.

Reply



**SMART Trader** March 12, 2014 at 9:54 PM

Amber

I do not consider NS levels as DPs because it is an assumed level as the premium varies. But once held it can be considered as a DP on second test of the level.

ST

Reply



**SMART Trader** March 12, 2014 at 10:06 PM

Kishore

It is all about some feeling good psychology. May not be of much help in trading.

I will rate "Talent Code" by Daniel Coyle much higher as it deals with skill development.

ST

Reply



**SMART Trader** March 12, 2014 at 10:15 PM

Prabhat

I doubt you are new to the blog and you have not gone through the ebook and important posts listed under the blog.

I trade levels called Decision points. This includes Fixed levels related to previous day and Round numbers. Example: Previous day High/Close/Low etc.

There are dynamic levels like MSP Range high low etc which will be known as market progresses.

There is nothing to plan or react as price action unfolds around these levels.

ST

Reply



**amber** March 12, 2014 at 10:27 PM

Sir thnx

Reply

**Anonymous** March 13, 2014 at 1:06 PM

Can't believe that you are trading only one lot...!! thought you would be trading at least 4 lots!! Can someone really survive trading only one lot? I asked only out of curiosity. Have heard people saying we need to invest lakhs and lakhs of rupees to make living out of trading.

ST Can you please throw some light on how much money should we put in assuming we have a good and proven trading strategy.

Sathish

Reply



**SMART Trader** March 13, 2014 at 2:30 PM

Sathish

Currently my trading income is not enough to meet my monthly expenses. I am still on the learning curve and will slowly scale up. I have all the safety gears in place. I don't care even if I do not make any money for the next two years. Survival is not a problem at all. Focus is on skill development

ST

Reply



**Trekkie** May 29, 2014 at 10:46 PM

Hi ST,

For the second trade, long on BO of IRH, where would we keep sl? A couple of points below IRH?

Reply

▼ Replies



**SMART Trader** May 29, 2014 at 11:22 PM

S Roy

Going long on break of IRH means we are anticipating the price to settle above IRH. Once it falls below IRH, the trade is invalidated. Keep SL below IRH, say minus 5 points. The question is whether price is getting accepted in the new area. Sometimes price will come back and stop us out. Then it will blast off. Can't help. Then look to reenter.

ST

ST



**Trekkie** July 15, 2014 at 12:00 AM

Hi ST,

For the second and third trades, at what point during the bar formation would you decide to place the order? The price move is sudden, especially in the third trade. I often miss such move, so trying to learn how to do it. Thanks for your help.



**SMART Trader** July 16, 2014 at 4:42 PM

I usually enter some BO trade orders in advance. Second trade was an accident. I had entered a long above IRH and short below IRL. Short trade executed and I forgot to cancel the long. This order executed later. Somehow it turned out to be a profitable one. Third one, after the FTC it was making lower lows. Entered in anticipation

ST

Reply

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