

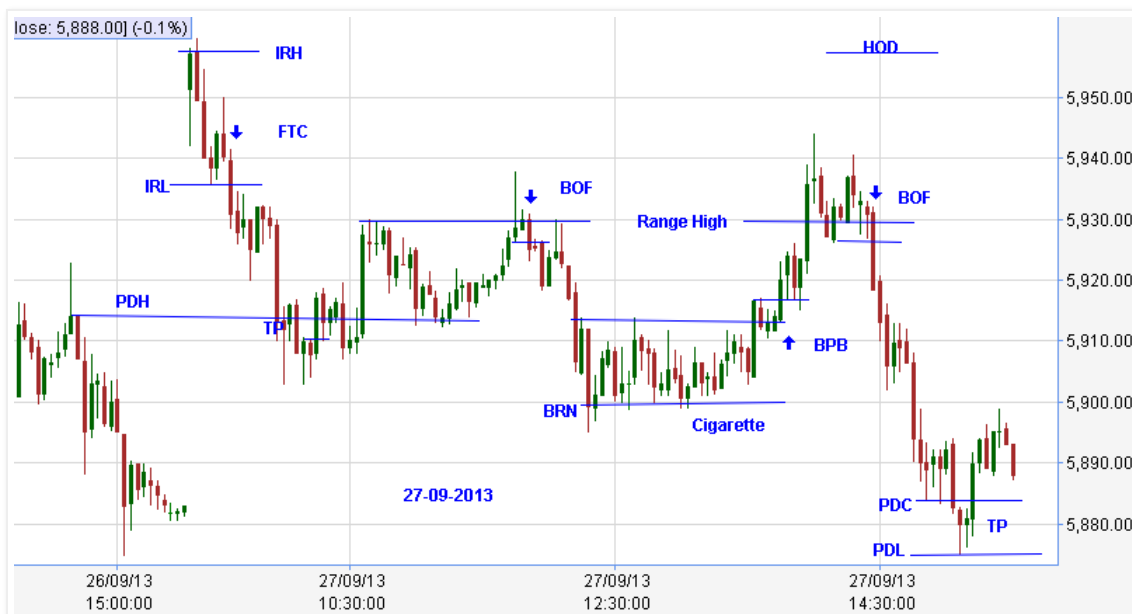


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*There is a substantial risk of loss associated with trading Derivatives . Losses can and will occur. My methods will not ensure profits*

Friday, September 27, 2013

27092013



Nifty gaped up above PDH (icharts is providing continuous current month charts. Gap is due to premium on new contract)IR formed.. Shorted below IRL with a target of PDH.. Break below PDH failed and nifty formed a range above PDH.. BOF of the range high gave a short signal. Again I was prepared for a bounce from PDH. Covered the trade at BRN 5900. Then a Cigarette pattern in the making between BRN and PDH for one and a half hour. Long on BPB of this tight trading range. I expected it to go to HOD but could not go much beyond the earlier range high. Then came trade of the day BOF of Range high. It broke PDH, BRN, PDC and bounced from PDL. Notice how the market is respecting its own price levels again and again. Trade Markets own price levels, Not your own levels or my levels

Posted by SMART Trader at 4:00 PM



## 21 comments:



vikram September 27, 2013 at 4:46 PM

Hi ST,

You are too good (fast and flexible) - it is very difficult to change mindset in such a directionless market!!

By the way, I was using yesterday's oct future (not sep future) decision points and so much more confusing for me. PDL was around 5920 level, PDC was 5948 level, etc.

However, here are my trades (and my observations):

1. Went short at IRL at 5935 (almost same as your place), but covered at 5918 (though I wanted to cover around 5904 when market failed to penetrate 5900 but my hope persisted to take 5900 as TP). But, at the same time, went long at 5918 and scratched the trade at 5909. My mistake - did not follow the guideline that V shape recovery are rare.

2. Took BOF at 5925 (almost same as your place) and kept initial SL at 5933. After 2 candles, I put SL at 5928 and got stopped out. Just after next 2 candles, market gave me another chance to trade BOF at 5922 level. But I have not developed such flexibility yet. So, this ended in 3 point loss.

3. Took BO of high of the cigarette pattern at 5916 (not at BPB around 5918) and took at 5928 when market came down from 5940 second time.

4. By this time, when market started coming second time, I was confused about its direction and so was not confident to take last BOF.

As of now, it seems I do not have the quickness and flexibility to change the stand quickly based on what market is doing. how can this be developed?

Also, in first BOF, you took profit at BRN but in second BOF, you did not take profit at BRN. is that because you were expecting lot of stops being triggered below cigarette low?

how do you keep trailing the Stop loss? For example, I lost the first BOF because I was trailing the Stop loss just above the candle's high (every new candle).

-Vikram

Reply



**Sunil Saranjame** September 27, 2013 at 5:01 PM

Hi ST,

One trick I do is to switch to the next month series one day before the expiry - I switched to the October series on Wednesday itself. I would like to know what other traders following your blog do.

Thanks,

Reply



**videv** September 27, 2013 at 5:36 PM

Hi ST,

Thanks for the charts. It seems DP based trading gives even more opportunities on days with ranges than trend days.

I wanted to know if the price level comparisons of PDH/PDL etc makes sense when there was huge premium difference between NF Oct and Sep series so maybe for first day of new series PDH/PDL of previous series should be ignored?

thanks

vivek

Reply

**Anonymous** September 27, 2013 at 6:41 PM

icharts also provides contract-wise chart. You can select October contract from icharts symbol list.

Reply

**Anonymous** September 27, 2013 at 7:58 PM

Hello sir,

Did only one trade as busy with some other works today ..

sir, when you book profit in Bof or trailing do you take opposite trade immediate or wait for fresh new signal? ...

The reason for asking this is as we get TSL /Bof hit most of all traders take the opposite trade as you know ,so please share your successful way to trade less but effective..

Guptak03

Reply



**SMART Trader** September 27, 2013 at 8:40 PM

Vikram

1.It happens. we have no control over the price. If you are winning more than you lose, it is alright.

2.Trail stop behind pivots

3.It is OK. But there was no follow up for the break above the earlier BO pin bar.I exited below this bar

4.IMO it was a good short trade because it was the fifth failure of the day to go above 5930.

5.How long you are doing this ?. It took me 3 years to define a structure that work reasonably well. Then tried to trade it for six months. After gaining some confidence started the blog. Blog itself is 21 months old now.I am still a single lot BPL trader.

6.Yes expected orders below BRN

7.Slow down. Slow down. Over trading will destroy both your financial and psychological capital

ST

Reply



**SMART Trader** September 27, 2013 at 8:43 PM

SS

I think at least a few of the traders are looking at continuous current month charts because previous days levels are working

ST

Reply



**SMART Trader** September 27, 2013 at 8:47 PM

Anon

Thanks. I will check

Never checked any other setting for the last 5 years.Nifty-1M at 3 minutes is permanent

ST

Reply



**SMART Trader** September 27, 2013 at 8:55 PM

Vivdev

I have watched or traded at least 50 such charts. No disaster so far. We are not expecting these levels to act as support or resistance. We just expect some order flow there. That is all.

The method is basically a range trading methods and will work well in range bound markets. Fortunately markets range 70% of the time

ST

ST

Reply



**SMART Trader** September 27, 2013 at 8:59 PM

Gupta

I do not take Stop and Reverse trades. I exit the trade assess the situation and start afresh

ST

Reply

**Anonymous** September 27, 2013 at 9:09 PM

Hi HT, It is truly amazing to know that you have so many followers (including myself) and you fully deserve it. Out of curiosity, just wanted to know how many hits your blog gets on an average a day.

Subs

Reply



**SMART Trader** September 27, 2013 at 9:40 PM

Subs

247 visitors and 524 page views as of now. Considering the specialized nature of the subject it is not bad. I think

ST

Reply

**Anonymous** September 28, 2013 at 9:43 AM

Hi ST,

Is there any particular reason for not scaling up to four nifty lots? That was your plan as I read in "Rants 'n Raves/Trading for living". If you don't mind sharing, what was the average nifty points per month per lot you could make during the last one year?

Thanks,

ws.

Reply



**vikram** September 28, 2013 at 10:01 AM

Hi ST,

Firstly, thanks for your time in analyzing trades and providing your valuable feedback !

Regarding my experience, I had brief experience of 'long term investing' and saw infosys & other blue chip stocks falling like a pack of cards in dot com crash. After every big fall, these blue chip stocks looked more and more attractive and I accumulated more. Soon ran out of money and got into huge losses. So much for attraction and then disgusted with stock market that I focused on investing in property rather than stocks. Good for that time.

For me (and lot of others can disagree and so I stress, for me, ) fundamental analysis is like looking into too distant future which is unknown. Moreover, whatever is known through research and other reports, is more or less built into the price. It is too risky. In my opinion, Warren Buffet is successful as he buys blue chip companies in distress times at highly favorable negotiated prices (recent examples, golden sachs, Wells Fargo) and has control and access to their decision making. So, for him, investing is like owning and running business. For me, Fundamental analysis does not provide competitive advantage to small players like me.

After few years, I read tons of books on technical analysis. There are so many patterns and so any newbie can find one or more patterns to justify trade. Moreover, if a flag pattern is appearing on 15 minute, but you can find any other contradictory pattern on 30 minute or hourly chart. If I am following 15 minute, then based on my pattern, I may wish market to go long. but if somebody else is 30 minute, then based on his pattern, he may wish market to go short. This is quite illogical to me.

No wonder, that most of the people leave trading after losing money time and again because trading, based on technical analysis, has been made so complex. Some of the concepts are good but lot of patterns/indicators have been made around it.

Then I focused on swing or positional trading (based on major pivot points). This worked great as long as the market is in trend but then gives a series of losses when the market is in the range.

Then I was lucky to have come across your blog and your method. Now, I have again started trading for last one month only but I can feel (not see in my ledger yet) that I am heading in right direction. I can understand how much pains (financial, etc) you must have gone through to come up to this level.

By the way, why are you still one lot trader? What will make your trading scale higher?

Thanks  
Vikram

PS: I apologize in advance if any of the strict believer in pure fundamental/technical analysis is hurt by my comments. My intention was to write about my experience. if your method is making money for you, please by all means continue to pursue it. if not, please be flexible to look for another method rather than keep losing money again and again.

Reply

Stalktrader September 28, 2013 at 10:44 AM

Sir

How do you plan to scale up in the future.or is it a conscious decision to trade one lot only.

Reply



shub11 September 28, 2013 at 12:34 PM

Hi ST

I have a small doubt

Say 5880 is a pivot point and i want to go long above it so as of now i take an entry through a stop loss buy order @5882

Now my ques is is this the right way to enter or shall i wait for a pull back to make an entry as in like market goes above 5880 till 5890 and then makes a pull back till say 5883 and then make an entry above 5891

Please help me with this silly ques sorry for my ignorance

Reply



sometimesbullsometimesbear September 28, 2013 at 1:36 PM

Dear Vikram ur experience is the experience of majority of retail stock market participants.

BUT after going through this grind a miniscule percentage of them do make it. The secret lies within us and only within us.

"Learn to respect the market...  
The market will respect u in turn"

:):)

Reply



SMART Trader September 28, 2013 at 2:01 PM

@ws

@Stalker

I started trading full time last month only. My target was very modest at 200 points a month. But I exceeded it with a margin of more than 100%

I am a BPL trader. My current capital is less than 2L. I will add one lot for every lakh growth in my capital

ST

Reply



SMART Trader September 28, 2013 at 2:21 PM

shubh

This is what makes trading difficult. Can't say which is the right method. Entering on the first break is the ideal entry with the most favourable RR. You have to make a decision here. Go for the direct break if

1. You expect lot of stops above 5880

2. Trend is up

3. There is a BOF at the other extreme.

4. Critical mass is short and sitting on profit

5. There is enough space to move etc.

Otherwise wait for a pull back

ST

Reply



SMART Trader September 28, 2013 at 2:43 PM

Vikram

I know. I have gone through all this

Investing is very long term trading. Trading whether it is short term or long term requires an edge.

Edge in investing is nothing but inside information.

Knowing where the day traders act and where they stack orders is my edge. It is very short term. May be valid for the next 10 minutes or the next 20 point move.

Regarding scaling up, I am not in a hurry. I trade for income and not for wealth creation. My current focus is to perfect the craft

ST

Reply

Anonymous [September 28, 2013 at 7:42 PM](#)

Hello sir ,  
if possible even please show stoploss in the charts, i amsure it will help all of us to understand our stoploss mistakes ..

Guptak03

Reply

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