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

Wednesday, August 22, 2012

22082012

Nifty opened within previous day range. I was looking for an opportunity to go long. But the first signal was a BOF of IR high. Did not move to IR low as expected. Scratched. Skipped the retest of Range low. BOF of PDH (wrongly marked as HOD in chart) gave a short which moved till the range low. There is no commitment from neither Bulls nor Bears

Posted by SMART Trader at 4:02 PM   M🅱 t 🅵 ⓟ

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6 comments:

Raghu R Bhat August 22, 2012 at 5:47 PM

ST - Since the opening bias was negative, why were you trying for a long trade? While taking BOF trades in this case do you wait for a pullback or just sell at the bar low of BOF candle?

regards

rb

Reply

SMART Trader ✎ August 22, 2012 at 6:40 PM

Raghu

Cant say bias was negative.of course it was a gap down. but notice yesterday price action. Range1-5390-5410, Range 2 5410-5420, Range 3 5420-5445(probable)
Now coming to today's action. open at 5417. That moment bias was negative,but immediately price went above 5420 and pulled back got support at 5420 and we are in a probable range low. Buy the low and sell the high 5445(range High). I consider market is trading in a range always.
Regarding entry on BOF, I take a simple approach. Maximum risk I can take is 15 points. I account 3 points for commission and slippage and it leaves 12 points maximum. Once I feel the price has tested an extreme, I visualize a 12 point zone from this extreme. If I get any PB or crack of BO bar low within this range,good otherwise I enter at the zone extreme.I am always willing to tolerate some chop within this zone.Most of the time it works.Hope this was helpful

ST

Reply

ratnakar August 22, 2012 at 8:16 PM

how do u end up in profit everyday.. feels fishy... heheheeh

Reply

SMART Trader August 22, 2012 at 9:22 PM

ratnakar
Who told you that ?
Click to view

ST

Reply

Raghu R Bhat August 23, 2012 at 6:53 AM

ST - Thx - Since it opened inside the PD range it was a play between the range rather than a negative bias reading. Regarding BO extensions from the DP lines - BOF extensions fail before 10-12 points. Nearer to 9 pts as per my observations. After 10-12 points I would have to conclude a range shift and wait for a PB to enter. Hope this is what you meant.

RB

Remembering filters of 7points now from earlier days in previous blogs.

regzrds

rb

Reply

SMART Trader August 23, 2012 at 10:05 AM

Raghu

Suppose a BOF happens at BRN 5400 and Breakout extension goes up to 5407, usually I will imagine a zone of 10 points(maximum 12)ie 5397 to 5407 and try to short just below 5397.If breakout bar low or a small pivot comes in between, I will try to enter there.Very difficult to make rules.
Depends upon so many things
Strength of trend, Strength of DP, Distance to next DP, From where the move originated, How far it has traveled.Pattern from which the current move started and price action at the level during previous visit etc etc
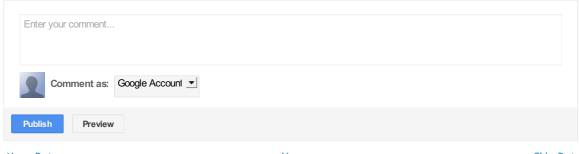Chicken sexing is much easier.
ST

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