

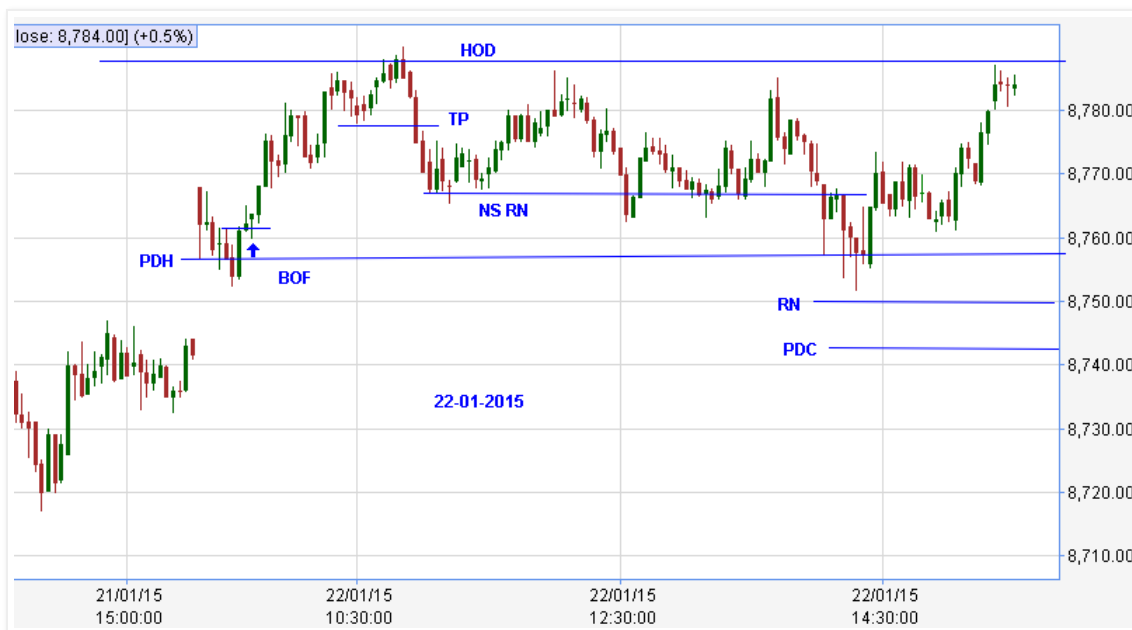


This image is no longer available. Visit [tinypic.com](http://tinypic.com) for more information.

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

Thursday, January 22, 2015

22012015



*This is an illustrative example of the concepts being discussed. Markings are just visualizations on historical data in hindsight analysis*  
Nifty gaped up above PDH and moved down. Long on BOF of PDH. closed near 8775. No other trades. Skipped last BOF of PDH as I suspected NS RN area which gave support for a long time to resist

Posted by SMART Trader at 6:15 PM



18 comments:

veer January 22, 2015 at 7:20 PM

Dear ST

The first candle itself shows price got rejected at RN 8780 - then what gave you confidence to go long on BOF of PDH immediately after that ?

Secondly, trading nifty gives smaller gains in intra-day unless it is a trend day. You are very well experienced trader and have been trading several years. Why should you not take up Bank Nifty which also liquid and gives more gains. Of course it is more volatile than Nifty. The 14 day ATR of BNF is around 350 whereas for nifty it is 120. Because of this, in range bound days I used to see that you scrap the trades often. But in the case Bank Nifty even during range bound days it easily gives 20 to 40 points( it is my observation) . What are your reasons to select nifty rather than bank nifty ? ( Of course you - it is the individual's privilege to select any stock / index) - What I wanted to know the reasoning/ logic of the selection.

Regards,

Veer

Reply

▼ Replies



SMART Trader January 22, 2015 at 8:58 PM

PDH is a DP and much more powerful level than NS RN. Price proved it is not interested to go below PDH. So went long. Trend was up and Bias bullish.

I started with nifty and I am very familiar with its behaviour. BN is at 20K and Nifty at 8.7K. So naturally it will move more. We may need a stop of 25 points minimum for such volatility. Making 20 points in NF risking 10 points and Making 50 points in BNF

risking 25 are same from RR point of view.

ST

---

Reply



**Bharat** January 22, 2015 at 7:21 PM

ST.

Didn't understand your BOF trade in morning today..we gapped up above yesterdays high and bearish action in few bars.. prices not opened below yesterdays high went up above it and failed below it again.. this is how we look for BOF if i m not mistaken. Also if we consider the IRLH at that time there was not enough margin to move also.

What made you to pull the trigger there?

Thanks and Regards

Bharat

Reply

▼ Replies



**SMART Trader** January 22, 2015 at 9:46 PM

You are looking for patterns in charts. Look at the core concept. Acceptance and rejection of price at levels. Here the level is PDH. Price opened above PDH and tried to move below it. It got rejected and remained above PDH. Now we expect the price to move up. How far dont know. We plan our trade considering other factors. Here trade was with trend and I expected price to break IRLH.

Here price gaped up. Imagine price opened at PDC and first bar moved from PDC to DO a very wide range bar. Then price pull back to the support PDH which is very normal. Then it is a BPB. If PDH holds you can long here provided you feel it will break HOD or you are prepared to deal with the situation  
<http://carlfutia.blogspot.in/2009/08/here-is-first-of-two-post-by-fellow.html>

ST

---

Reply



**Neethi** January 22, 2015 at 7:41 PM

ST Sir,

Thanks for the Chart.

As you said, Today I haven't gone for any trade, bit planned to study before stuck with the logic. I already expected the 2 trades from you as you explained, after seeing your chart, much happy that I am on the right move.

ques:

1) I set a DP point at 8779, is that correct?

2) if so,

are these 3 BOFs at 10:54, 12:12 and 13:39 valid for short ?

(or) shorts are not valid for today's trend ?

Thanks,

Neethi

Reply

▼ Replies



**SMART Trader** January 22, 2015 at 9:51 PM

No. 8779 is not a DP

DPs are PDC,PDL,PDH,DO,HOD,LOD,IRL,IRH, BRN and Established Range extremes

ST



**Neethi** January 22, 2015 at 9:54 PM

got it thanks, sorry, Established Range extremes means ?



**SMART Trader** January 22, 2015 at 10:07 PM

Look at the line marked RN in 21012015 chart. Price was in a range and it tested that level many times and failed to break. It qualified as an established range high

ST



**Neethi** January 22, 2015 at 10:24 PM

I understand, Thanks sir.

---

Reply

Anonymous January 22, 2015 at 8:53 PM

Hi ST,

Thanks for the chart. The recent incident in which SNB removed the Euro cap, really shook a lot of traders, hedge funds and companies. Few of the forex brokers have also filed insolvency and retail traders have lost lots of money. Its a pretty scary situation when the SL doesn't trigger.

Just want to know your views on this kind of a situation. Is it possible in our market too (specially Nifty). As anything can happen anytime in the market, what do you think retail traders like us should keep in mind and follow so that if ever such a situation occurs, we are saved from getting smashed.

Thanks

BS Chandran

Reply

▼ Replies



SMART Trader January 22, 2015 at 10:03 PM

Disasters can always happen. Diversify  
Do not put your entire net worth into trading.

ST

Reply

veer January 23, 2015 at 7:41 AM

Thanks ST

Regards,

Veer

Reply



manas January 23, 2015 at 11:47 AM

hi ST,

sir asking for some doubts in old charts in ur blog

27/09/2013

<http://niftyinirvana.blogspot.in/2013/09/27092013.html#comment-form>

why u didn't consider bof of pdh when it stopped falling at pdh and make upmove

Reply

▼ Replies



SMART Trader January 23, 2015 at 7:55 PM

It was too volatile a market. It is not possible to catch every trade. We will miss many of them  
Price was trading below PDH and went up too fast with a 20 point bar. No body will expect it.  
Actually i do not remember what I was thinking. It was something happened in 2013

ST

Reply



Unknown January 23, 2015 at 12:05 PM

can u please write a post or explain here

why NF price respond to NS levels?

and why it responds some times but dont do it sometimes?

can we treat NS levels as FTA.

Reply

▼ Replies



SMART Trader January 23, 2015 at 8:00 PM

NS is the real index and NF is the derivative. Premium will vary as per market sentiment. So it is very difficult to pin point NS levels in NF charts. You watch price action at the levels and decide what to do. NS levels can be trouble areas especially when investors are in control as they watch NS levels

ST

Reply



Trekkie January 23, 2015 at 12:28 PM

Hi ST,

I took a long above 13:03 bar and scratched it below 13:39 yesterday. Was the trade wrong? Thanks for your help.

Reply

▼ Replies



**SMART Trader**  January 23, 2015 at 8:06 PM

Not much space for the trade. It was just a 20 point range

ST

Reply

Add comment

Note: Only a member of this blog may post a comment.

Enter your comment...



Comment as: Google Account 

Publish

Preview

[Newer Post](#)

[Home](#)

[Older Post](#)

Subscribe to: [Post Comments \(Atom\)](#)

#### Important Posts

- [Disclaimer](#)
- [Glossary](#)
- [Rants 'n Raves](#)
- [Structure and Patterns](#)

#### Download E-Books

- [Decision Points](#)
- [Structure and Patterns](#)
- [Rants N Raves](#)
- [TRADE-SCORE](#)
- [Video Promo](#)

[Statcounter](#)

#### Reciprocal Links

- [Lance Beggs @ YTC](#)
- [URD @ charttechnicals](#)
- [KPL @ vfmindirect](#)

#### Blog Archive

- ▼ [2015](#) (100)
  - [August](#) (7)
  - [July](#) (17)
  - [June](#) (13)
  - [May](#) (10)
  - [April](#) (11)
  - [March](#) (11)
  - [February](#) (10)
- ▼ [January](#) (21)
  - [30012015](#)
  - [Anniversary](#)
  - [29012015](#)
  - [28012015](#)
  - [27012015](#)
  - [23012015](#)
  - [22012015](#)
  - [21012015](#)
  - [19012015](#)
  - [16012015](#)
  - [15012015](#)
  - [14012015](#)
  - [13012015](#)
  - [12012015](#)
  - [09012015](#)
  - [08012015](#)
  - [07012015](#)
  - [06012015](#)
  - [05012015](#)
  - [02012015](#)
  - [01012015](#)
- [2014](#) (274)
- [2013](#) (299)
- [2012](#) (338)