

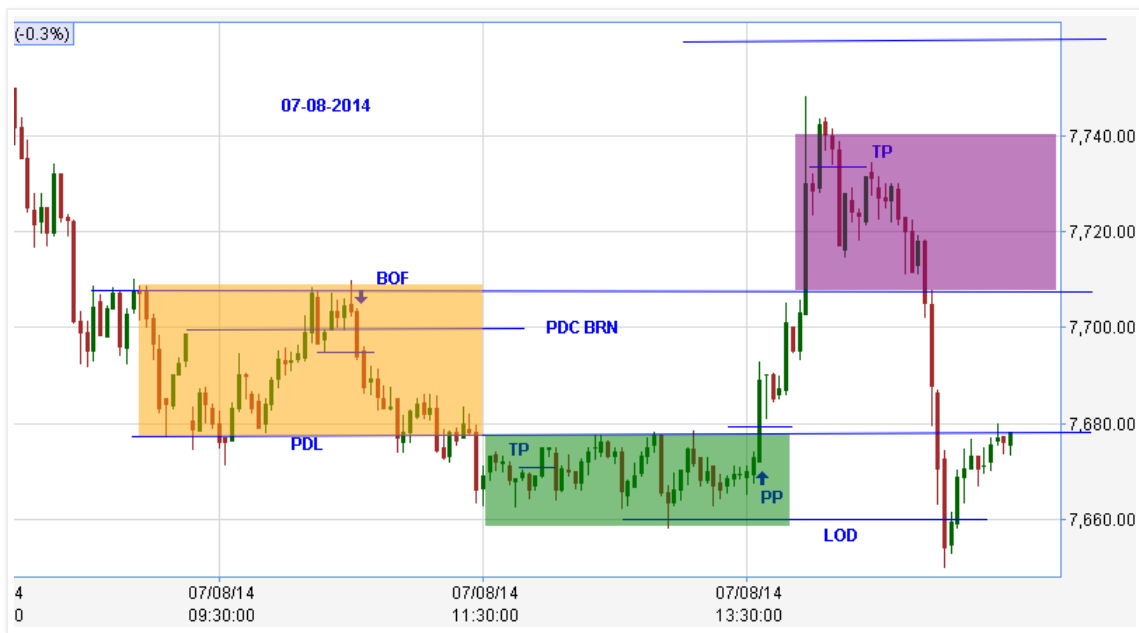


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There is a substantial risk of loss associated with trading Derivatives . Losses can and will occur. My methods will not ensure profits

Thursday, August 7, 2014

07082014



Nifty opened near PDL. Got rejected. Avoided long as PDC and BRN was close. Short on BOF of PDC/BRN. Target was LOD. Price broke PDL and consolidated below it. Exited the trade. Long on PP when price came back to the old range. TP near 7730. Missed the down move as I expected some consolidation and attended some other work. There was a BOF of LOD. Did not go for it

Posted by [SMART Trader](#) at 3:43 PM



40 comments:



kishore August 7, 2014 at 3:46 PM

ST,
Whats the reason behind TP near 7730?

thanks n rgds
Kishore

Reply

▼ Replies

SMART Trader  August 7, 2014 at 3:57 PM

I was targeting PDH. But price failed to take out that giant bar high. So expected some consolidation and covered

ST

Reply



Only Nifty August 7, 2014 at 3:49 PM

ST Sir,

Couldn't capture moves in full, due to complex pullbacks.
But happy that, i am able to view ranges in confluence with DP's now.
Definitely this is helping me to take quality decisions, Thanks for your time in identifying loophole in my earlier approach .

Trades [here](#)

Reply

▼ Replies



SMART Trader August 7, 2014 at 4:00 PM

Second trade entry and exit were late.
So you made less money and missed the last trade

ST



Only Nifty August 7, 2014 at 4:04 PM

Yes sir.. was away at time of BO.. entered at BRN as risk in limit.

Late exits are something i had to take care in later stage.. as of now my approach of trial SL behind pull back levels.. returning good money in trending moves.

Reply



Only Nifty August 7, 2014 at 3:49 PM

One Query sir.. based on my observations.

What is good location to initiate BOF of RH.. Below low of BO candle or wait for pivot low to be formed and break later?
My observation is, at PDH DP.. (if coincide with range high).. entering BOF trade just below BO candle works.. for other DP's like PDC or simple range high. entering BOF trade below pivot low is low risk entry (chance of whip is high, as no much trapper traders.. for direct BOF)

Correct me if my understanding is wrong?

Reply

▼ Replies



SMART Trader August 7, 2014 at 4:03 PM

I have no such statistics. I use both methods.
If price makes a swing pivot within the BO bar, I enter there

ST

Reply



Price Action Lab August 7, 2014 at 3:52 PM

Hi ST,
Did 5 trades today out of it only 2 trades moved as per my plan.
How you avoided all those trades which i did?
May be i am over trading.
<http://screencast.com/t/UEmeCqZT>

Naveen

Reply

▼ Replies



SMART Trader August 7, 2014 at 4:09 PM

For your trades 1,3 and 4 there is no space for the trade to move
Dont trade all the signals at DPs. Pay attention to other factors like
Space, Critical Mass, Order flow, Risk, and Trend

ST

Reply



Unknown August 7, 2014 at 3:54 PM

Hi ST
Can the last trade(short) be taken as FTC HOD??

Thanks
TBP

Reply

▼ Replies



SMART Trader August 7, 2014 at 4:11 PM

Yes. It was an FTC.

But psychologically it is very difficult to enter such trades

ST

Reply



Trekkie August 7, 2014 at 4:07 PM

Hi ST,
Where would you have taken short if you were focusing on the chart?

Reply

▼ Replies



Trekkie August 7, 2014 at 4:13 PM

Hi ST,
One more doubt. I had marked my initial range and yday's closing range like this <http://imgizer.imageshack.com/img539/9041/vijSp.png> and because of that did not take the short due to overanalysis. At what point should I have changed the range to the way it is on your chart. Thanks for your help.



SMART Trader August 7, 2014 at 4:14 PM

I am afraid, I may not
I was very biased and was expecting another range between the breakout flip and HOD
Ideal short is on break of BRN

ST



SMART Trader August 7, 2014 at 4:23 PM

Once a range gets bracketed or enveloped, I look for the new range
A range inside another range is ignored unless it gets well established
Everything is an approximation. Market will not move within our framework
But all the concepts together will help us to remain on the right side of the move most of the time

ST



Trekkie August 7, 2014 at 10:00 PM

Thanks a lot ST. Brackets/Envelopes skipped my mind today. I took only one trade today, the long, I took it above PDL.

Reply



Unknown August 7, 2014 at 4:14 PM

Hi ST Sir ji
I Also Start your Method
See My Traders
<http://i.imgur.com/8eJ43UL.jpg>

Reply

▼ Replies



SMART Trader August 7, 2014 at 4:28 PM

Nice.
Start a blog and post it there so that it will serve as a trade journal
Avoided the short trade there. Please do look what happened at the area earlier

ST

Reply



Unknown August 7, 2014 at 5:12 PM

Hello, Sir!

Here is my doubt, please clear the same.. [IMG]<http://i57.tinypic.com/5pgak9.png>[IMG]

Thanks

Reply

▼ Replies



SMART Trader August 7, 2014 at 5:55 PM

Yesterday last move down was acting as range
So placed the long order above previous day swing high
It did not trigger.

ST

Reply



VKM August 7, 2014 at 5:32 PM

ST sir
Attempted three trades today, first trade as yours, second as BPB long of PDL and third FTC short.
<http://dpinratrading.blogspot.in/2014/08/07082014.html>

VKM

Reply

▼ Replies



SMART Trader August 7, 2014 at 5:49 PM

Very good trades. I missed the last short

ST

Reply



rocky August 7, 2014 at 7:13 PM

hello sir why you not longed at IRH and kindly look at my trades <http://i62.tinypic.com/2j0h2qr.png>

Reply

▼ Replies



SMART Trader August 7, 2014 at 7:35 PM

Your initial range is not right
First three bars made the IR which was later enveloped and became irrelevant
Price was within the previous day closing range and never broke out of it

ST

Reply



L.V.Gandhi August 7, 2014 at 8:13 PM

Dear ST,
I have a few doubts about some trades which I took and failed.
1) I also took first trade of Born to Trade. I read your answer above.
In my thought process,
a) trend was down as continuation of yesterday as yesterday's PH not broken
b) as it was below PDL, space up to Rn was available.
c) regarding critical mass and order flow, if you can explain how it goes against the trade, it will be nice

2) In between 11:30 to 13:30, it was a Barbed Wire.
Until the following trades done range was 7676.7 to 7662.15. Hence these trades
But as the time moved from 11:30 to 12:21, it was below PDL, with two higher lows at 11:45 and 12:03 and higher High at 11:57.
Hence at 12:21; I put a trade at trigger of 7677.25 limit of 7677.75 above PDL 7676.7. It failed and I did exit.
Further as this failed, Then I went short below then low of 7662.15 in candle 12:54.
If you can kindly explain reasons to avoid these trades, it will be useful.

Reply

▼ Replies



SMART Trader August 7, 2014 at 8:54 PM

For the first trade there was no space to move 7670 was NSRN 7650 option strike which gave a lot of support
You can see the significance of 7660 if you look to the left side of the chart. See what happened there on the last visit. I would have shorted below 7660. Trend was of course down as you noticed.
Second trade, it was not a barbed wire. It was a tight trading range. In a range we need to sell the highs and buy the lows. This one was too narrow to initiate such trades. So no trade till price moves out of the range. I have marked the ranges in colours to highlight how range transitions give trade opportunities

ST



L.V.Gandhi August 8, 2014 at 7:37 AM

Thank You very much for Nice explanation. Self little slow in understanding. Bear with me.



Bharat August 8, 2014 at 8:57 AM

ST,

How do we differentiate between barbed wire and tight trading ranges? is the barbed wire broader range with two sided trades?

Regards
Bharat



SMART Trader August 8, 2014 at 9:17 AM

<http://niftyinirvana.blogspot.in/2012/06/barbed-wire.html>

ST

Reply

veer August 7, 2014 at 8:32 PM

Dear ST

Thanks for coloring the ranges to understand clearly.

Regards,

Veer

Reply

▼ Replies



SMART Trader August 7, 2014 at 9:02 PM

Do not expect the ranges to be picture perfect always.
There will be some overlaps and overshoots.
Problem occurs when people try to make it mechanical and create rules for everything
Intuition and discretion have a place in the process which takes time to develop

ST

Reply



bhopinder August 7, 2014 at 10:29 PM

ST,

At what point of time you placed your 2nd order (PP Long)

Reply

▼ Replies



SMART Trader August 8, 2014 at 8:57 AM

Kept the order when price made three higher highs and higher lows after the breakdown

ST

Reply



Trade 4 living August 7, 2014 at 11:41 PM

Rajesh,

You have coloured the ranges and which makes understanding of price action concepts easier.

Thanks would be do injustice to do your efforts but of because there is no other word in English which I know would be appropriate, for elucidating difficult price action concepts in simple terms, I am using it.

THANK YOU !

I use quantitative and qualitative tools for trading.

I somewhat understood when quantitative tools fails and when they succeed, why qualitative tools always succeed !

It was an was an Eureka day !

It is like understanding the following:

- Heisenberg uncertainty principle
- You are always in rest and as well in motion when stationary one place
- God is in temple, in every living and non-living organism, inside you, outside you and omnipresent

Thanks once again !

May you attain Nirvana !

With Kind Regards,

Reply



Bharat August 8, 2014 at 8:53 AM

ST,

Was there a long opportunity above 11.36 on BOF of LOD? if you would avoid that looking to PDL just above that.. How much point u kept above that range for entry into that direct breakout after range low failure of 12.54

I mostly miss this big breakout from ranges waiting for BPB opportunity after range breakout.

Can you go bar by bar with that range from 11.27 to 1.36 breakout thought process?

Thanks and Regards

Reply

▼ Replies



SMART Trader August 8, 2014 at 9:13 AM

I do not do any bar by bar analysis. We try to buy the lows and sell the highs on a range. Here the range was too narrow to make such trades. Went long when price escaped from the range. Thought process is very simple. Price fell below PDL and got trapped between LOD and PDL. When it climbed back to the early range went long. Bar by bar analysis is a waste of time and energy. Most of the small time moves are random and insignificant. Look for major transitions that will create significant imbalances.

ST



Bharat August 8, 2014 at 12:38 PM

ST,

I didn't mean bar by bar like bar 1, bar 2 bar 3 etc.. but the thought process while the range was in making until we identify as a tight range..

Above 11.36 I was looking for BOF of lod, then when it failed back below irl in 12.03 candle I was thinking now we are in small range below it. on break of which down side there was a strong support.. so I intended to take only breakdown failure trade there.. and if broke down sharply I would miss the bus. and if any pullback opp can take down side trade.

Again at 12.24 range expanded by 2pt .. and back.. again 12.48 range expanded by a tick. at 12.54 when range expanded to down by around 5pts.. we say we have breakdown of range now.. can take bpb or BOF trade there.

When price again went back and made lower high 1.06 .

We can have another range high or one or two rs failure.. there.. and back. at what point u place sl buy order for that point . this thought process..?

Thanks and Regards

Bharat

Reply



Trekkie August 8, 2014 at 11:02 AM

Hi ST,

Daily chart looks interesting, should see how this plays out EOD <http://imgur.com/rdQEF8.png>

Reply

▼ Replies



SMART Trader August 8, 2014 at 12:10 PM

Moving as per my expectations so far.
After a range high BOF heading to range low
<http://screencast.com/t/thbSjD1Q>

ST

Reply



Trekkie August 8, 2014 at 1:32 PM

Thank you ST, I should stop drawing these trendlines! I have stopped on 3 mins, but still having hangover in daily chart.

Reply

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