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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, June 13, 2013

13062013



Nifty gaped below PDL , attempted to close the gap and failed. Went long on the BOF of BRN. This did not move as expected. Scratched it. Nifty channelled for a while and then traded in a range. Did not get any other signal to trade.

Posted by SMART Trader at 6:49 PM



5 comments:

adhi narayanan June 13, 2013 at 8:06 PM

I have taken today's 6th bar as IRH. Market moved above it and came down below IRH. I have traded it as a BOF of IRH and covered with 15 pt profit.

Reply



SMART Trader June 13, 2013 at 8:39 PM

Adhi

Good.

But the trade was very risky one

For BOF of a range high, the target is always the other extreme of the range. Here your IR was too tight to trade.

ST

Reply



Raghu R Bhat June 14, 2013 at 8:24 AM

ST what you are saying is unless you see a clear 30 points edge you will not take the trade (exception I can think of are the cigarette butt BO trades, where the market is trapped in a tight range for more than an hour) - rb

Reply

SMART Trader June 14, 2013 at 10:41 AM



Raghu

I think your comment is related to my answer to adhi. Let me explain

There is no confusion regarding IR low. Adhi took the 6th bar high 5726 as IRH. IRL, the logical target of the BOF trade is 5715 ignoring the tails. If you consider commission+ slippage as 4 points potential is only 7 points. not a worthy trade.

Now think about the IRL (not on hind sight). It is the first bar of the day. It withstood the 60 point gap down attack by the bears in a down trending market. Absorbed a massive selling of 12000 nifty lots.

The trade was bad even if it made money.

I am not against trading even 10 point ranges. But you must well aware of the big picture

ST

Reply

adhi narayanan [June 14, 2013 at 6:50 PM](#)

In that trade, my thought was only to trade with the trend (I usually avoid CT trades). But really I have forget the IR low before taking the position. That was a mistake.

Reply

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