

BRIEF INTRO:

Intraday Trading is always perceived as the arena of dynamism, speed, small time frames, sophisticated software, technical indicators, and much grander stuff out there in the market these days.

Precisely the reason that this thread with this particular strategy (which really is nothing much!) is headed the opposite direction. not that the above cannot make money, but that money is very highly dependant on ME, and one bad day when I had an argument with my wife or the taxman dropped a bombshell at my doorstep, or whatever. . . . is enough to send me hurtling downwards.

I have always felt that one who trades the intraday must have lightning quick reflexes, and be nimble and flexible. well, we got to be nimble and flexible, but lightning quick reflexes, no need for it.

I am therefore on the lookout for a strategy that trades probably everyday, although profits may not come in everyday . . . where there is much less of ME. in fact, a strategy where there is much less of strategy as well!!

This strategy, as always, shouts out from the rooftops that the greater our involvement is with the trade, there is a chance of greater failures. We are therefore back to doing and following something where the "I" has to be kept out of the trade. We are back to trading the "NOW" . . .

And what that involves is trading less. being less smart, being less brilliant, keeping things ultra simple and allowing the markets to put money into our pockets.

DID YOU KNOW?

I wonder if everyone know this already. for me, it was something new. something that put money in the pockets without having to be smart about multiple time frames, multiple indicators, candlesticks and patterns knowledge and the works. something so basic that one could trade it, make profits out of it, but not be able to sound very intelligent in a group of day traders.

Just go back to June 2007. didn't have the patience to go back even further, and count each day's moves. Interesting to note though that 56% of the times the day closed in the same direction as the direction of the first bar crack, and just holding a position from 10am to 3: 25 am already puts us in profit territory.

A further 30% of the time, markets closes sideways, and another 14% of the time, markets have broken the 5min bar, and reversed in the opposite direction and closed in the negative if you were to hold till close.

The very knowledge that 56% of the time, markets tend to move in the direction of the first 5min bar crack gives us confidence. we are no more shivering and worrying about probable losses. We have the odds more on our side and want to milk those odds to its end.

Knowing this is great. the sideways pattern is part of trading. . . . But how do we minimize the losses? Is there a way of bringing those 14% losses down by adding another rule? Yes, there is. bringing down, but in trading, never totally able to eliminate. And we don't mind it one bit, so long as we can bring down the losses, win more than lose, win bigger and lose smaller, and trade the minimum.

THE METHOD:

As always, a Method. hoping to let Art remain Art still.

AIM: The aim is to trade everyday, and if all goes well, to trade between 10am and 3: 25 pm. to trigger without thinking if triggers are hit, trail stop without thinking because that is our Plan, to exit without thinking if stops hit.

PERSPECTIVE: None. no analysis about multiple time frames, and if that is up, then we are up. Once again, reiterating: Trading in line with perspective is not wrong at all. . . Trading the 5 looking at the direction of the 60 is a great way to trade. . . . This one is just another way!

TIME FRAME OF TRADE: The 60min chart, looking at 30min chart 🙄 Lol, right about now, a few people are hurling abuses at me! 60min charts and Intraday, Saint are you mad??! Probably. but am not interested in smaller time frame trading, and pulling out Rs30 here and there and losing Rs50 here and there and landing up the end of the month with Rs10k and feel that one has done something great. Not interested in smaller time frames because it just is not as beautiful flowing as the 60min charts. So, 60min charts with an eye on the 30, it is!

INDICATORS USED: If Volume is considered an indicator, well, I have a look at Volume . . . although I doubt if any major decisions would be taken by me based on the Volumes alone.

CHARTS: Candlestick charts. just because it gives me better visuals, and a particular pattern that crops up on the 60 helps with the Reversal days.

ENTRY: Allow the 5min bar; the first of the day to form. go long if the high + filter is taken out. Go short if the 5min bar low is taken out. Again with a filter

STOP LOSS: Same as filter. I put Rs 9, not too much concerned about the distance, the Rs9 has saved me from many a bad trade, so sticking to it. what is best suited to you, after testing, do that. Basically short the first bar with a stop loss at the bar's high +Rs9 if the first bar breaks to the down. Buy the first bar high with a stop loss at the low of the bar -Rs9.

TRAIL STOP: Let us take the trade as long so that I don't have to repeat the same thing twice. basically vice versa for shorts. The second bar of the day(60min bar) puts in a Higher high and higher low(hope you get it, not higher pivot high and low. just higher high and low. Now the third bar puts in a higher high and low. Move stops to the low of the 2nd bar's low -9. Once the 4th bar makes higher high and low, move stops to the low of 3rd bar-Rs9.

Note: In an uptrend, the lows are being carefully monitored. in a downtrend, it is the highs that are carefully monitored. In this method, we do not care about uptrend and downtrend. we care only about rally and decline. But the rules are the same. . . . RALLY: Monitor LOWS. DECLINE: Monitor HIGHS.

STOP AND REVERSE: Not necessarily. we are trading the 60min charts, and therefore our perspective chart would be Daily, which we are not too much bothered about. But a massive downtrend and a tiny bar on low volumes takes out our trail stops doesn't exactly put us back on longs mode. we still adhere to our trail stops, but if the low of that bar-Rs9 is taken out, we are back to shorts. And yet, we get a nice bottoming tail on the 60, yep, we are going to stop and reverse.

ADDS: No adds except in a clear trend move. we have a rally in an uptrend on the 60, just formed a wrb. yes, we are looking to add. Most often than not, we are looking

to stay put with our initial posns. Unlike the 60min Flow, only one ADD after initial position, and then it's all trail stop.

PROFITS: If long 6 lots, with a stop loss Rs50 away, once we get a Rs50move, will take off 2 lots . . . unless we get a blast off move. Then I am sitting pretty with 10lots till the end of day.

At the end of day, there is pulling out of positions basically because want to be out of all before close. So no real rationale as to why there, and not Rs2 ago.

EXITS: Exits are on hitting Trail stops . . . at the End of Day. or taking profits off the table on a weak move up within a dntrend and reversing once the down move starts.

TRENDS: There are days where there is a one directional move. we do nothing and keep moving our trail stops down. Then there are days that give us a 2 directional move, we enter the trade as planned, our trail stops are hit, and we reverse. Then there are days where there is a 3-directional move. . . . will be frustrating, we get in in all three, and probably end the day with losses, but stick to the Plan. there really is not clear knowing what type of move that can happen that day. So take 'em all.

POSITION SIZING: Take the total amount of capital. risking 1. 25%-1. 5% per trade. Enter with that many contracts as is calculated. . . . I tend to take 3 positions simultaneously, but risk on capital not more than 4%. Trade lesser contracts if must, and cannot manage the heat.

Last word of advice: If you notice, we are not trading lower time frames, and so don't panic on a rally on the 5 and you are holding shorts. stick to the Plan. And another thing: We are not trading Pivots here. we are trading it Bar-to-Bar. Of course, a 60min Pivot break only adds weight. And a 60min entry means we enter later, make less money in that trade as compared to the guy who spotted that move on the 10min charts. But we also tend to lose less as compared to the 10min trader. more of, Slowly but Surely.

Saint

POSITION SIZING:

Same math as before. capital is taken. 1. 25% of that would be the risk in a trade. As always, risk is not the amount of money invested or traded with. . . . it is that amount of money that we stand to lose if our stop losses get triggered.

Altogether, may move into 3 positions. risk is about 4%. On a presumed capital of 10L, the possible loss if all 3 go against us is 40k. Once you have moved into breakeven on any one, you could add. but rarely will get that opportunity as all stocks move at the same time.

But odds of that happening each and every other day is nearly nil, losses will be there, part of trading. . . . first formulate a decent strategy, and then fearlessly swing to the fences. If your stops are getting hit and you are losing every day. . . . something's wrong. Need to have a re-look.

Once the day is over, calculate net profits made. and calculate the next day's risk upon the new capital. So, more a Daily calculation instead of the monthly thing.

TARGET: No monetary target. we are happy with what we get. If we made 10k that day, great. If we made 1L that day, great.

MINDSET

-----There is a lot of Fear and Greed in the markets. We as traders buy Fear and Sell Greed. The only way we can successfully do that is to rigidly follow a Strategy. Only once we stay out of all these emotional upheavals, are we one up over the rest.

And part of that strategy other than the Entry, Exit and Stop Loss, etc and Position Sizing is a bit of analysis post trading day. My advice to the newer trader: Keep a Journal, print out your charts, see your entry and exit and see if all parts of the Plan were strictly adhered to. That's another topic altogether. but the very basic: Have a Trading Plan. Keep a Trading Journal. Analyse about today. Plan for tomorrow.

-----Do not listen to anyone who tells you how many ways something cannot be done. Ridiculous amounts can be pulled out of the markets just as much as ridiculous losses are possible. If you have a Plan of Attack that covers all bases, you become one of that 2% who succeed at intraday trading. . . so stop listening to our statistic friends who keep telling you that it cannot be done as there are 98% failure rates et al. If everyone believed that to be true, then we would have a 100% failure rate. the fact of the matter is that 2% thought otherwise. Be that 2%.

-----This strategy is simple but there are times when one would just not be able to press the trigger. We have a huge downtrend, made up of multiple gap downs, each gap down was a buy over the 5 min high and we had some sweet longs. and today, we heard that SGX NIFTY is down and we are having a gap down. We get ready to go long but the 5min low breaks down. we start off this mental argument with ourselves, we feel that after this bar the uptrend will come, and then one bar follows another. Only to feel at the end of the day. Why didn't we just stick to Plan?

Ruthless following of the Plan although one feels that one might very well be wrong is required. We are not here to be all intelligent and analyse. We are here with a Plan, and we trade what we see. We do not trade what we hear, we do not trade what we think, we have a fixed Plan. and we follow it.

FILTER

The Filter used is Rs 9 for me. after testing you might bring that number to 7 or 6, please do what suits you best.

To take an example The NF First bar has formed forming a high of 4300 and a low of 4250. My buy is at 4309. Or my short is at 4241.

The 2nd bar is formed, a high of 4305 and a low of 4278. move that filtered entry to $4305+9=4314$. Next bar is at 4311, low of 4288. still no entry, filtered entry at $4311+9=4320$.

Next bar makes a high of 4316, and a low of 4266. We are now short. That long entry never came. Instead a short is triggered at $4288-9=4279$

Saint

ADVICE:

- a. When trading this strategy, make sure you take that first bar break. if you miss it, high chance you could get tossed about.

- b. As capital increases, but mindset has not become that big. 😊 meaning, you started of with a cap of 10L and the risk of 1. 25% was fine with 12. 5k at risk. Now that you are 20L cap, you are unhappy about 25k risk, and you get that queasy feeling in your stomach. nothing that stops you from dropping that percentage a few points and may be taking on another position.
- c. Before the trade, during the trade, and after the trade. the mentation, the heart rate has to be a flat line. Anything that sends that flat line looking like the Peaks of Everest and the Depths of the Indian Ocean. . . . suggest something be done about it.
- d. A trade is triggered above the Entry point . . let us say at 4320. It makes a high of 4355 and then falls back to 4315 forming a topping tail. then as expected stops taken out and positions reversed. and then a bottoming tail forms and then we reverse the position again and then we get a big move up and we are up for the day. To do this, we need our Brain in top gear. Sleep deprivation will not prevent you from acting on the 5min bar, but it will prevent you from reacting to the rest of the day as you should. Get lots of sleep. And do some meditation or any mental calming techniques that you know of.
- e. Switch off the TV. Don't waste time in hearing all that nonsense. . .
- f. If you are in a trade, eat at your desk or eat after 3: 30pm. off the phones. Find whatever else that distracts you in a trade and get rid of it. During the trade, you and the charts become one. don't let external irritants drag you out of that concentration.
- g. If there is some trouble that happened that you have to look into immediately. exit all trades before you get out of your chair. Look to make it back tomorrow. The market is not running anywhere in a hurry.
- h. Once in a trade, don't get worried about the noise on the smaller time frame. Keep the 60min charts open Don't turn to your 5min charts and start sweating. Advice for the newcomers though and not for the old hands.
- i. If you need to make 1L for survival, and you made 2L that month, pat yourself on the back, and not to forget that you may need this back up money in times of need. If you are making 4L this month, and next , and next. do look into helping others who are less fortunate than yourself. Look to make big and give away big.
- j. There is no Limit to what you can achieve. if there is a Limit, that exists in our own minds.
- k. We are traders, we trade. net profits and losses are greeted by us in a cold, calculating manner for the sake of math. And not the boyish yeehah's and hurray's. We are sad and morose when we don't follow the Plan. We are happy when we follow the Plan. once all the calculations are done, throw out the memory of today---good and bad--tomorrow is a New Day!

All the above are not in any order or sequence. apologies for the near haphazard manner, but throwing out as they come.

All the best!

Saint