10/7/22 (+$52)

By suarezg@gmail.com · October 7, 2022

TL;DR

On October 7, 2022, the trading day was challenging with SPY and QQQ showing a downtrend after a spike at open. The author emphasizes the importance of being selective, following trading rules, and maintaining a disciplined approach to achieve profitability. Key takeaways include respecting risk/reward ratios and adapting strategies based on market trends.

10/7/22

Grade: A-

Goals: Be more selective and raise winning %

Reminders/Aphorisms:

- Don't fight the trend;
- Be patient, take good set-ups
- Respect at least 2:1 R/R

Overview: Yesterday was a tough day to trade. We spiked at open then come down and had a ranging downtrend the rest of the day on the SPY/QQQ. Both the SPY/QQQ had topping tails on the daily charts. At 8:30 jobs data released and the market moved down around 7 points. This broke the higher low we had made and were consolidaitng around. The SPY is now opening below the key 372-373 level that we had previously discussed. This is a Friday so have to be careful for profit taking and options expiring. Potential scenarios:

1) Most likely we get a gap and go down. We retest the 372-372 level and then move down to the next level around 362-363.

2) We could also see a consolidation day since we have had a strong move up followed by a strong move down.

Trade Analysis:

- Trade 1 was a continuation trade to the downside. We had a move up to the 20 EMA on low volume which rejected pretty quickly. I got in at a decent entry looking for 50c. I got target pretty easily but on the runner spiked and I got out for around even. I had confidence in this trade because the SPY gapped down big and I was expecting a gap and go this morning. If I had given myself a little bigger of a stop loss, I could have held for the larger move down. I could have executed this trade a little better, but either way was happy with the results.
- Trade 2 was a continuation trade to the downside. We had a strong big move down on the prior 5 minute candle, we had a pull up on low volume and a rejection of the higher price quickly. This was a solid set-up on the 1m chart and got the 50c target easily and held the rest for close to $1.

- NOTES: After becoming unhinged on Monday and breaking every rule I have been very strict on my rules and I was able to go green on the week with a high win percentage. Goes to show that if I stick to my rules and work hard and review we can break through and be profitable. I'm nearing breakeven point on my large cap trading. I do have to consider the fact that I'm more short biased and the market was moving down during this week and not get cocky.

Lesson moving forward: Continue to follow rules.

FAQ

What was the trading grade for October 7, 2022?

The trading grade for October 7, 2022, was A-.

What were the main goals for trading mentioned in the post?

The main goals were to be more selective and raise the winning percentage.

What was the market trend observed on SPY and QQQ?

The market showed a downtrend after an initial spike at open, with both SPY and QQQ having topping tails on their daily charts.

What trading strategies were discussed?

The author discussed continuation trades to the downside, emphasizing the importance of good set-ups and respecting risk/reward ratios.

What lesson did the author learn moving forward?

The author learned to continue following trading rules strictly to maintain profitability.