August 25th, 2022 (+$23)

By disciplined_daytrader · August 25, 2022

TL;DR

On August 25th, 2022, the author reflects on a day of trading with mixed results, highlighting lessons learned from trades on NVDA and SPY. Key takeaways include the importance of avoiding shorts on frontside moves and the need for patience in identifying high-probability entries. The author emphasizes sticking to a trading plan and being aware of market conditions to improve future performance.

August 25th, 2022

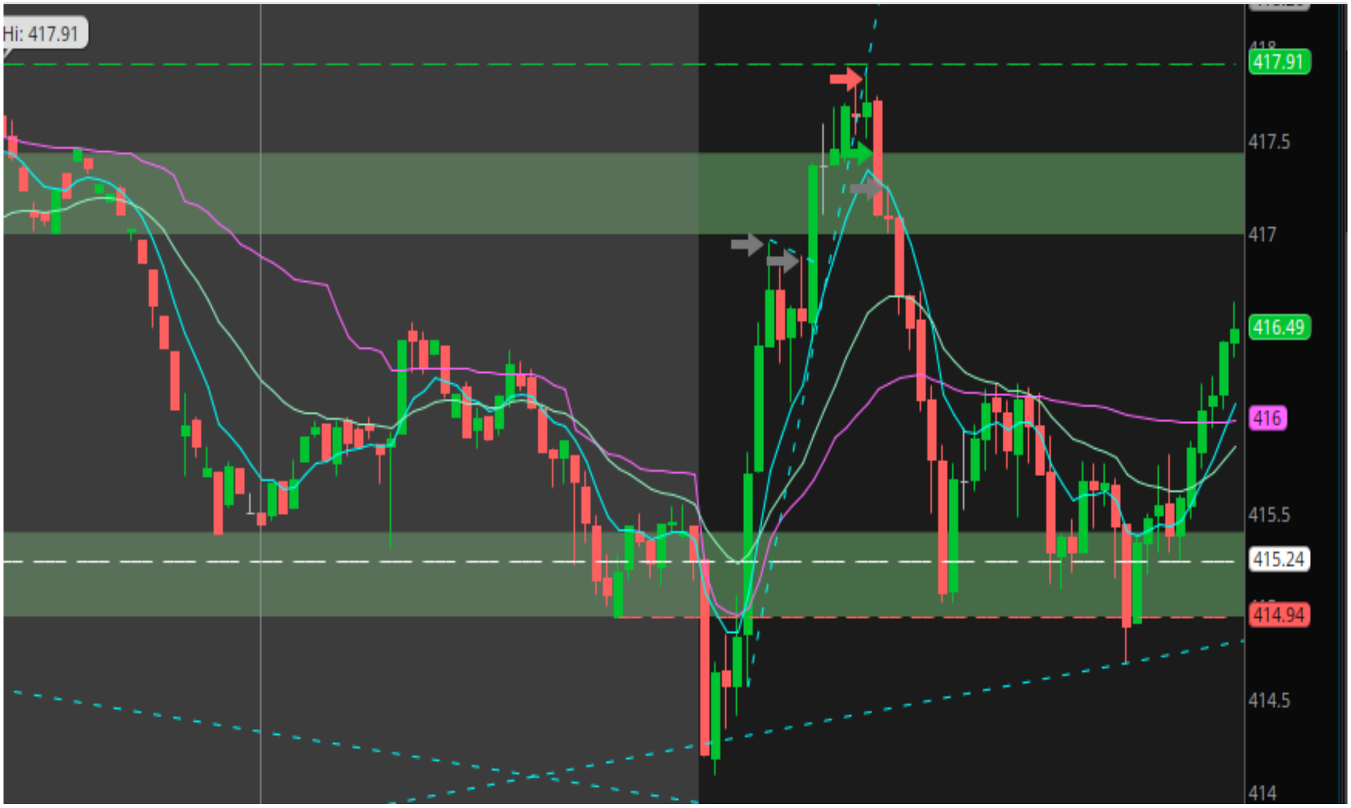
Finally a mini green day (even tho its kinda just a scratch day) but GREEN IS GOOD.

1st trade

-I took the previous day close resistance breakdown on NVDA which felt pretty sketchy just because NVDA was still above the 8ema and on these huge gap and go days there is very strong volatility which makes NVDA move something like 4x its usually movements. I made a tiny little 50 cent move profit and just left it alone because I really wanted to make my goal of the day to be only taking high probability entries.

Mistake: I really shouldnt have taken this trade because we were in a frontside. The only reason I wont consider this a bad trade is because we had a huge gap down in after hours and I presumed that this would fill the gap then continue downwards. Gladly I took my profits really fast just becuase I was very hesitant to hold this trade. I wouldve definitely been sad though if it flushed down through the 8ema and I scalped it too tight. Either way though it was a decent little trade but not one I should take ever again. DO NOT SHORT FRONTSIDE is one of my main rules and I broke that on this trade.

Solution: Never short above the 8ema and preferrably wait for the break and retest. There are 2 potential trades on any backside move that starts the day off in a frontside. They are 1. 5-10 minute trend retest entry (which usually gives at least a good scalp trade) and 2. The 8ema break and retest short (which gives much higher % win rate and also a much higher reward potential. As you can see in this chart NVDA really didnt have either of those trades setup today. The trend break did not retest so there is no entry and the 8ema broke but it was so extended to the frontside that it didnt really indicate anything other than a frontside pullback.



2nd trade

-I patiently waited a very long time for the absolute perfect entries on the SPY. As I have found out in the past 2 week the SPY is a very tricky and trappy ticker. It waits to pull in early people on every single move then sucks them out, hunts liquitidy, then flies in the direction late day. I have multiple arrows in this image, the gray arrows are potential entries that I either considered taking or compltetly missed.

Potential entry 1 (first gray arrow): This was an awesome avoided entry. As I attempted to explain in my previous post about bet sizing, this is one of the trades where I could take it and have an awesome R but I also would only win on this trade about 26% of the time. This is the definition of an anticipated frontside move which is something I am trying very hard to avoid at all times.

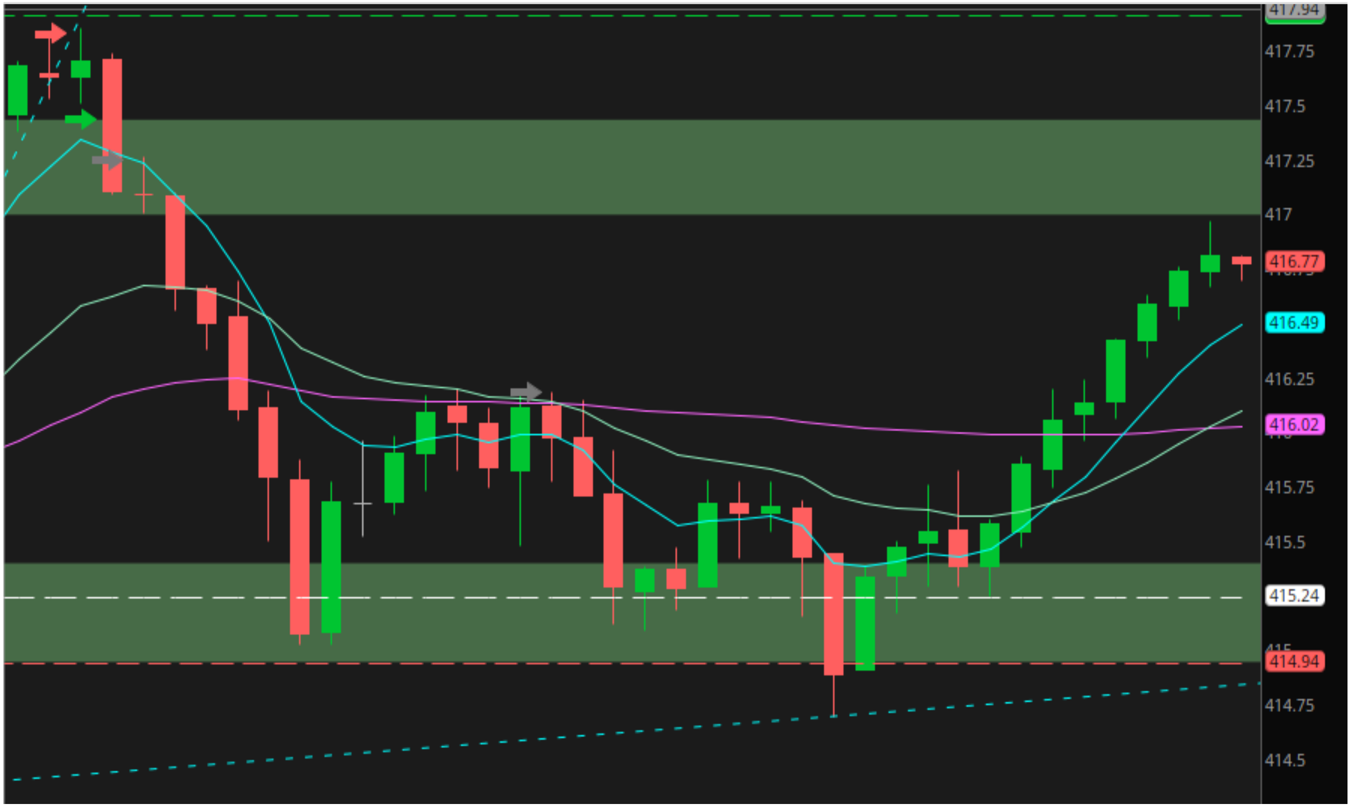
Potential entry 2 (second gray arrow): Another awesome avoided entry because again we have a push that tried to break highs and failed but did not make a lower low. This again has a slightly higher % chance of winning but it is marginally negligent (perhaps a 35% win rate) I am extremely happy I avoided these entries because I wouldve lost money on them almost definitely and I also wouldve only been able to buy 1 contract rather than feeling confident and sizing in.

Trade number 2:

Mistakes: I dont really think I made any mistakes on this entry. This gives about a 55% win rate and the definition of this entry is (5 minute trend retest). As you can see there are multiple top wicks that fail to breakout all while also breaking the 5 minute trend. I know that this has a slightly higher win percentage of about 55% but it also has a pretty low R. I need to start being okay with taking lower R trades and aiming for the best high % winning trades. The only problem with this goal of mine is that I have to learn to be much more aggressive with my entries. The caveat of high win % trades is the fact that you have to be extremely quick on entries. They usually only give 1 really good entry and then fly without any other entry being anything more than a chase. I do like this trade a lot just from a scalp perspective because I was able to make about 50 cents (which is my target) and I also mitigated my risk heavily by just sticking to my plan and waiting for the trend break retest.

Solution: nothing, good job

Potential entry number 3 (gray arrow right below the green arrow): Okay this is the biggest mistake of the day. Yesterday we were in a strong consolidation pattern and we have been moving off of the lows but in a very sluggish manner. Everytime we break to new highs we get pummeled with sellers and the SPY breaks down hard and heavy. I shouldve been more aware of this and been ready to take an aggressive entry on the break of the 8ema. When the 8ema broke there was a tiny pop (retrace) to the 8ema where the entry wouldve been perfect. I couldve enteres with 3 contracts (need to use big size on high % winners) and I couldve taken my 50 cents and made about 65 dollars which wouldve put me decently in the green for the day. I will be on the lookout for these trades much more often though. I want to see how accurate the 5 minute trend retest beginning of backside move is as well as the 8ema break and retest trade. If I only take these trades combined with at least 1 confluence factor such as; supply zone, filled gap, etc. then I should be able to get a good sense of how aggressive my entries need to be and how patient i need to be once they break. This will be my main setup going forward and I will be watching for it on a daily basis



Potential Entry number 4: This is one that I want to start getting better at which is the backside push fail. As you can see once we broke the 8ema we flushed down hard then once we broke the 20ema we broke down even harder. Then we pushed back above the 8 ema and retest the vwap but held below the 20ema. I think this owuldve been quite a good entry for a decent % winner. I think I need to start really focusing on the 8 versus the 20 ema because the 20 lagged behind the entire day on the frontside but once it broke it signalled the second move to the downside (although I would never take this entry just because it is a chase to me). Once the SPY held below the 8 and the 20 for a decent amount of time and then hit the demand zone, it was a good signal that we will probably see further sellers throughout the day. I really like the failed vwap break then the 8 ema failed break all while holding perfectly under the 20ema. That wouldve been an awesome mid day trade right around 11:50 for another (at least 2 contracts) and 50 cents for about 45$ ontop of the previous missed trade number 3. Ideally I think today I couldve made a little over 100$ if I was aggressive and ready to take those big trades with bigger size. The only problem is that I have been red for so many days and I have really had a weak mindset going into this week. Today I was much more calm and relaxed because I realize how lucky I am to even have this opportunity in the first place. Luckily I think ive gotten so much hatred out of me in the past week that I can finally move forward past that shitty time. Hopefully tomorrow we get some good backside moves and I can watch the 8 and the 20 ema and look for those high % winners that give about a 1R but will let me get to my target of 50 cents with bare minimum 2 contracts. If that works for a while I will look to double my contract size per week until I plateau or start giving back loads of profit. Either way I think it was a great day even though profit was extremely minimal in comparison to my recent losses.

NOTE FOR TOMORROW: DO NOT TRADE UNTIL AT LEAST 11:00AM and IF YOU TRADE BE EXTREMELY CAUTIOUS. JP is talking tomorrow right at 10 which is my favorite time to trade and I will need to be much more patient than I normally am. It it likely that a lot of moves will be fakeouts around that time.

RULES:

1. Dont Fight Micro Trend

2. Dont Short the Frontside

3. Control Emotions/Be Grateful for Opportunity

4. Hold for Target Price

5. Do not give into Greed

RESULTS:

1. SUCCESS

2. 1/2 SUCCESS. (NVDA was somewhat in frontside when I shorted)

3. SUCCESS

4. SUCCESS

5. SUCCESS

Good FUCKING Job

FAQ

What was the main focus of the trades on August 25th, 2022?

The main focus was on identifying high-probability entries and avoiding mistakes, particularly in trading NVDA and SPY.

What mistake did the author acknowledge in their NVDA trade?

The author acknowledged that they shouldn't have shorted NVDA while it was in a frontside move, as it went against their trading rules.

How did the author feel about their SPY trades?

The author felt they made good decisions in avoiding risky entries and successfully executed a trade with a 55% win rate.

What is the significance of the 8ema in trading?

The 8ema is used as a key indicator for determining entry points, particularly for avoiding shorts on frontside moves.

What is the author's goal for future trades?

The author aims to focus on high-probability setups, such as the 5-minute trend retest and 8ema break and retest, while being more aggressive with entries.