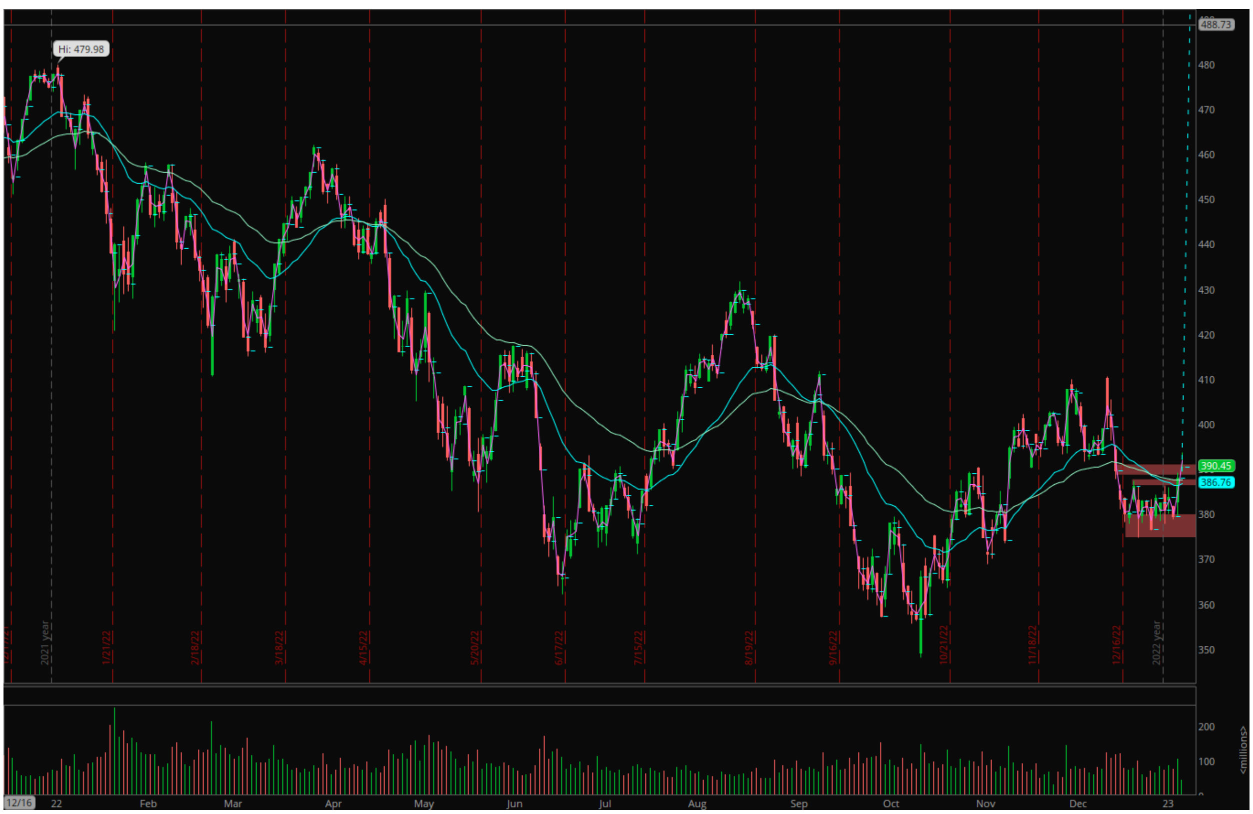
January 9th, 2022 (+$22) DRC

By disciplined_daytrader · January 9, 2023

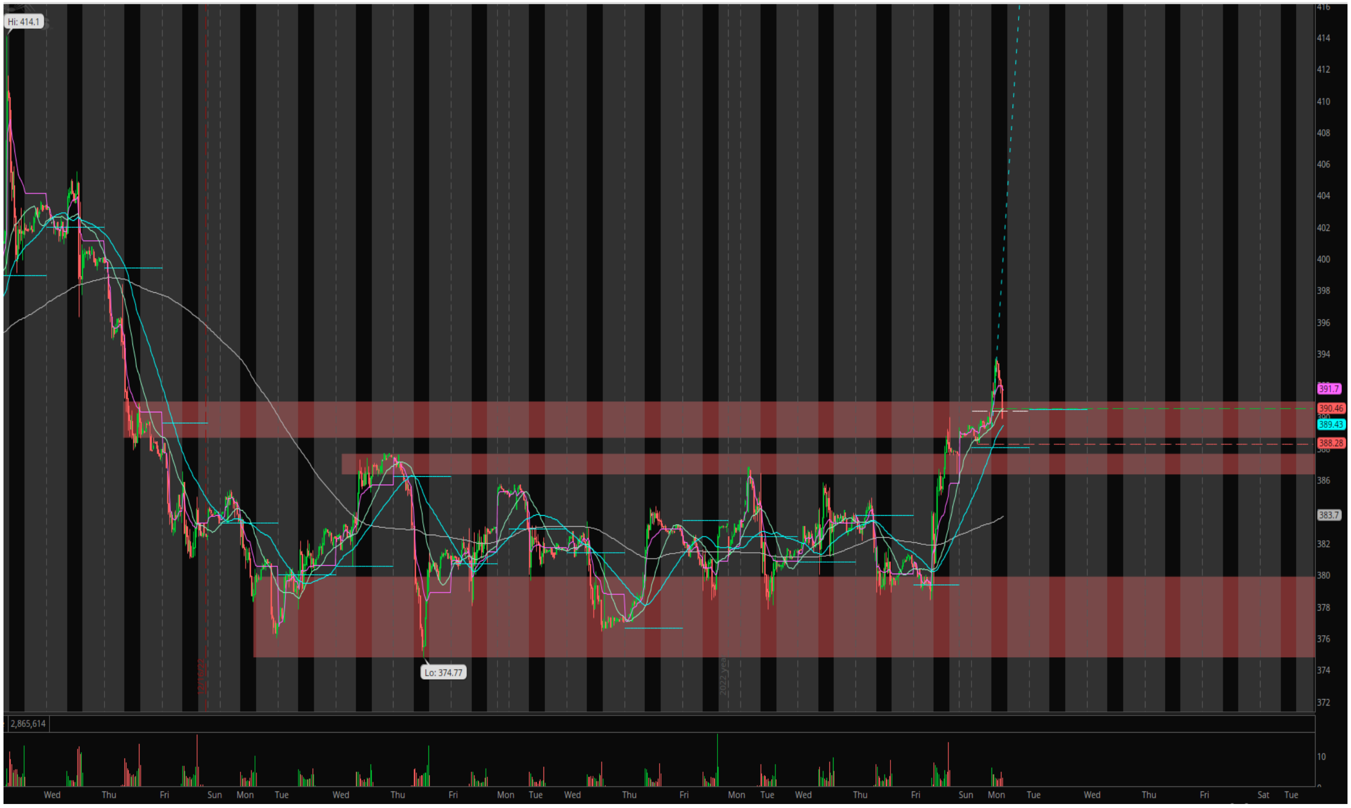
TL;DR

This blog post discusses trading strategies and mistakes made on January 9th, 2022, focusing on futures and options trades during a micro uptrend. The author reflects on missed opportunities and emphasizes the importance of avoiding shorts in an uptrending market, especially before significant macroeconomic events. Key insights include recognizing patterns for potential reversals and managing risk effectively.

1yr:1d



30d:30m



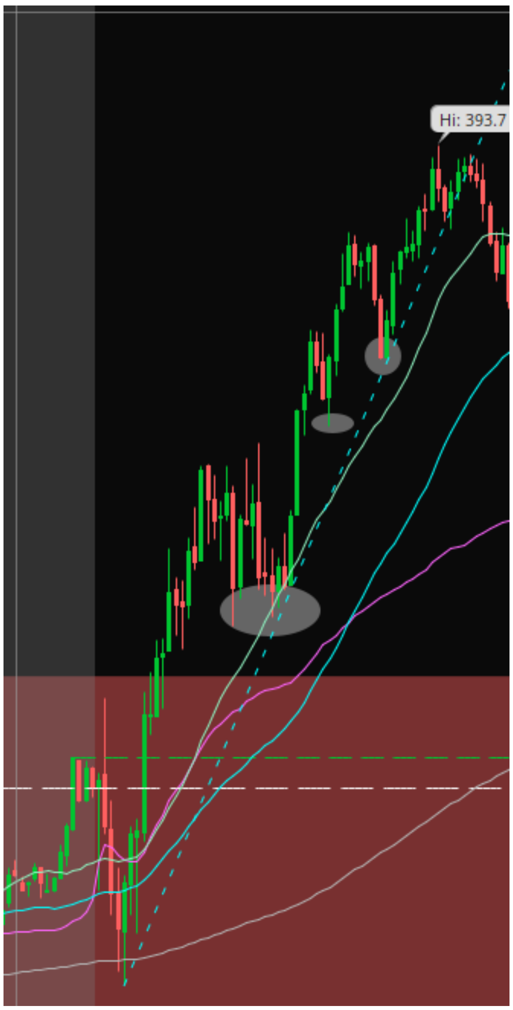
1d:2m

1d:2m (Futures Trades)

- My biggest mistake on the futures trades that I took today is the fact that I went short on a micro uptrending day. Micro uptrends are EXTREMELY difficult to short into because simply put, they are uptrends. Shorting a frontside move must be avoided at all costs unless we create a pattern that offers an entry into a reversal. This did occur late into the session at 11:30ish but before that we were in a clear uptrend and shorting made no sense. My first trade is left center and I took a nice 4 point loss immediately and then regretted not flipping long for a trend continuation setup. Eventually the pattern was actually broken and I got short on the break of the trendline and then held with intention of holding for any lower high and selling into the first lower low. The reason why I wanted to sell fast in this trade was becuase I dont want to hold a short when we are in a micro uptrend. Later I rescinded this thought and got back in with an options trade but In general its really hard for the market to flip short when going long, although since we are in a bear market it is not unseen.

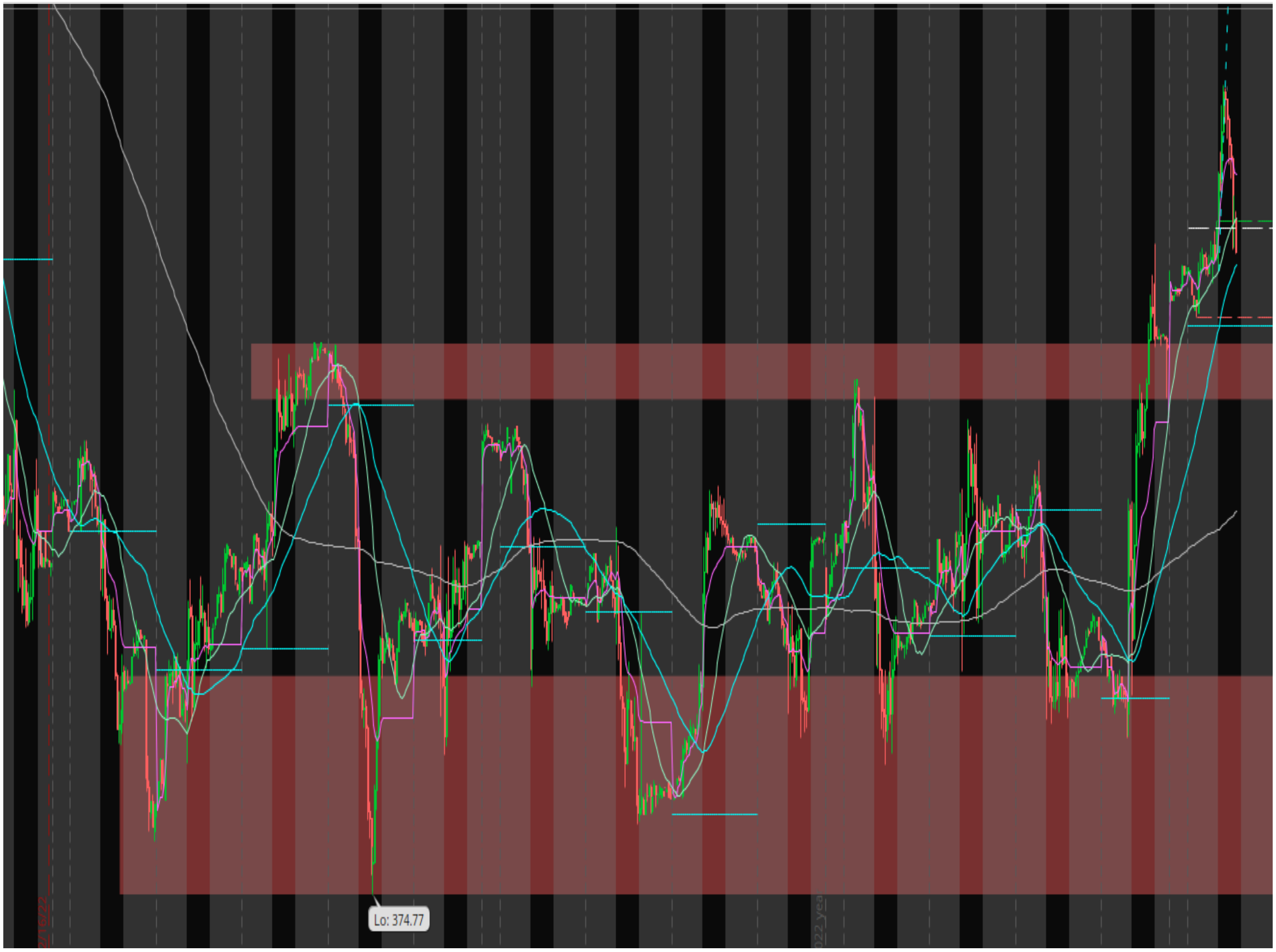
Where could I have improved?

1d:2m



1. I shouldve bought all of these pullbacks that had clear support right below them. This is a higher low higher high uptrend that worked very nicely for the entire first half of the day. I missed out on at least 2 ten point moves back to back that I really shouldve captured.

30d:30m



2. Avoid all shorts before 11:00 on a day that proceeds a massive uptrend the session before. These huge ranging breakouts are tricky to short and especially tricky at or near the open.

1d:2m (Options Trade)

- I reallly really like this trade. This was a trade where I was shorting with intention to hold for either a breakdown into vwap or a breakout through the high of day. Since we broke out of the range I knew that there is some potential that we create a lower high on the daily chart and selloff very strongly. Since we started to reverse and we confirmed that the reversal would continue from the SPY making a lower high attempt, I knew that I could get in and hold for a good move. This was only a 1 point trade but it felt like a lot more. I really enjoyed this because I took it in my webull account and shorted with my bracket orders set and I went to go exercise and once I was done I checked and saw that I had a really clean trade that I didnt even have to watch. Those bracket orders are beautiful when done correctly. This was a classic trend reversal continuation trade. Albeit

I did not capitalize as much as possible because I sold the position at vwap but on a micro uptrending week like this week, I think its smart to take short profits somewhat fast.

Notes:

Upcoming this week:

JP Tuesday

CPI Thursday

Michigan Consumer Sentiment Friday

When we have huge macro events coming up late in the week then we should expect more chop to occur. This is why I was a little more tempted to take a short trade even though on the micro timeframe we are in an uptrend. I think trading up until thursday will be quite difficult with many surprises in store. I want to make sure I keep risk off until thursday comes and then if we have a setup for a clean lower high on the daily chart then we will have a beautiful short trade on the SPY. I am unsure though if this is what will happen and want to make sure that if CPI is very good and aids in the pausing of hikes probability then I need to be aware of that immediately upon the number release and GET LONG.

FAQ

What was the author's biggest mistake in trading on January 9th, 2022?

The author regretted going short during a micro uptrend, which is difficult to short into, and recognized that they should have waited for a reversal pattern.

What trading strategy did the author suggest for uptrending markets?

The author recommended buying pullbacks with clear support instead of shorting, especially in a higher low, higher high uptrend.

What macro events were mentioned that could affect trading?

The author noted upcoming macro events such as JP Tuesday, CPI Thursday, and Michigan Consumer Sentiment Friday, which could lead to increased market volatility.

How did the author feel about their options trade?

The author felt positive about their options trade, appreciating the use of bracket orders that allowed them to manage the trade without constant monitoring.

What is the author's outlook on trading before the CPI release?

The author is cautious about trading before the CPI release, anticipating potential market chop and emphasizing the need to keep risk off until the data is available.