July 7th, 2022

By disciplined_daytrader · July 7, 2022

TL;DR

This blog post discusses trading mistakes made on July 7th, 2022, focusing on a failed breakout strategy and the pitfalls of anticipating market moves. It offers solutions for better trading practices, emphasizing the importance of understanding market strength and adhering to specific trading rules.

Best Trade of the Day: Failed 5 minute Breakout. (Green Arrow)

Worst Trade of the Day: Anticipation of backside moves (Anything above the Bull Flag Breakout because that signals beginning of frontside)

Mistakes

- Anticipated on every single entry (shorting the frontside)

-Too greedy on short that wouldve put me green on the day.

-Expected bottoms to fall out when they havent in 3 days

Solutions

-Never short until you have at least a 5 minute weak breakout and if that breakout gets bought up then dont try again

-Never short 5 minute weak breakouts when the SPY is ALSO doing it

-Always make sure you know the overall strength on the day. For example:

a. Gap up? or Gap Down?

1.Gap up: always be careful holding for longer moves especially when it holds premarket high

2. Gap down: Easier to hold moves through the lows and go for pull ups/weak 5 minute breakouts near PM high or PM low

b. Previous Day Close, Premarket High/Low, Opening Price, and Intraday High

1. Always watch each of these areas as the key signals to define where the strengh is. Is it holding above them or below? Where are the indices? Where are the Trendlines?

RULES:

<u>1. Always stick to the Plan</u>

<u>2. Never take more than 3 trades going for the same Setup</u>

3. 90% of Profit must be taken at 1.5$/share. If there is a good opportunity to add into the trade again then you can do it but only on clear marker red days.

4. Assume the money is lost before the trade is executed.

5. Never stay stagnant with Sizing. IF you stay the same size you look for more which only hurts you

FAQ

What was the best trade of the day?

The best trade of the day was identified as a failed 5-minute breakout.

What mistakes were made during trading?

Mistakes included anticipating entries too early, being overly greedy, and expecting market bottoms to fall out without sufficient evidence.

What solutions are suggested for better trading?

The post suggests waiting for a weak breakout before shorting, monitoring overall market strength, and adhering to specific trading rules.

What are some key rules to follow while trading?

Key rules include sticking to a trading plan, limiting trades to three for the same setup, and taking 90% of profits at $1.50 per share.

How should one assess market strength before trading?

Traders should evaluate factors like gap direction, previous day close, premarket highs/lows, and intraday highs to determine market strength.