

October 3rd, 2022 (+\$50) FULL ANALYSIS

By disciplined_daytrader · October 3, 2022

TL;DR

On October 3rd, 2022, the market experienced a 'Grinding Green Day,' characterized by heavy short covering and limited upward movement. The author reflects on personal trading experiences, detailing losses and strategies for navigating such market conditions, emphasizing patience and precise entry points for trades.

October 3rd, 2022

-Today was what we call a "Grinding Green Day." This is characterized by heavy short covering by large position holders so the market does not reverse, but it also does not have very good sustained green moves the same way that the red occurs. What does that mean? When we are red we usually are dropping huge volume very intensely and it happens very quick so the returns are very good. When we have a Grind Green Day the green moves are in frontside channels rather than massive green moves that happen on high volume very quickly. This is MY ARCH NEMESIS trading day. I have many stats that back up the fact that on these price action days I lose the most amount of money possible. For example, last week I lost \$200 on this exact same day. Ill post last weeks price action and analysis right here below this intro:



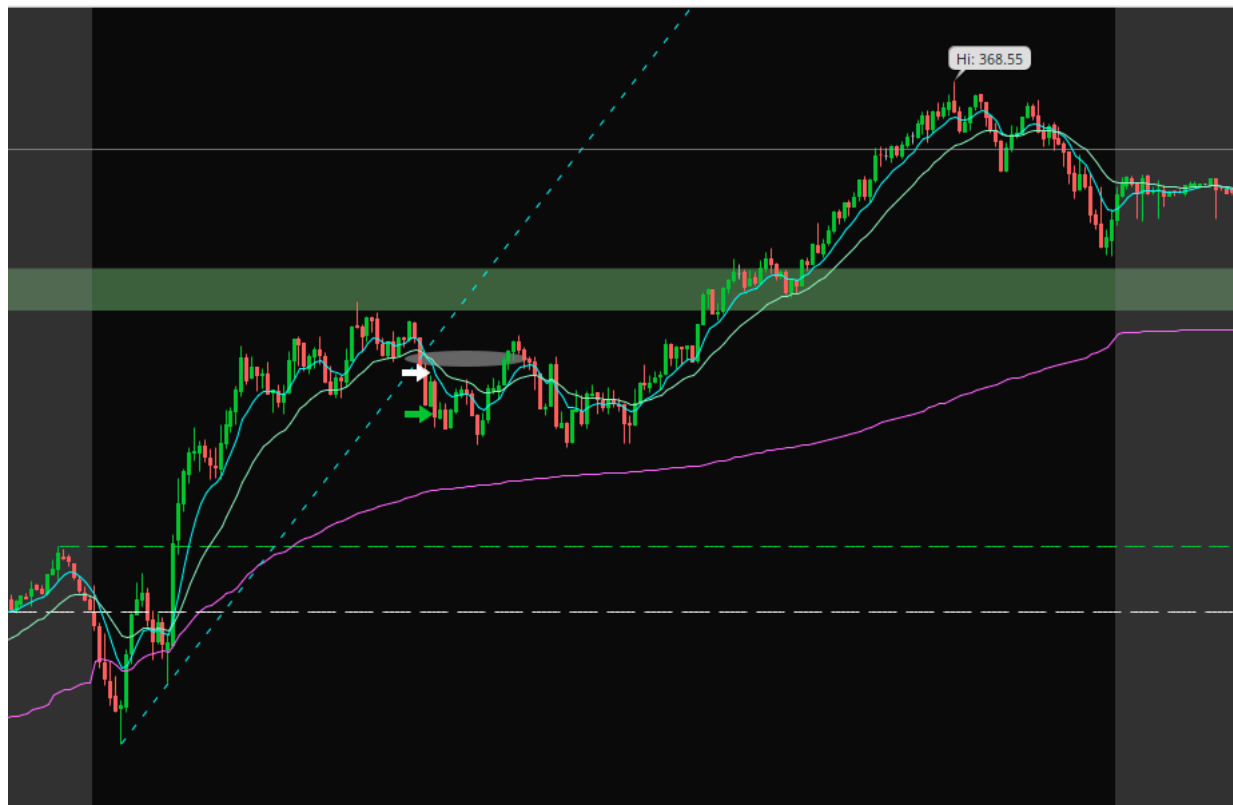
-This was the day I lost 200 on Grind Green Day price action. As you can see we have a lower trendline that is quite extended from the true price action. I realized early on in today (oct 3rd) price action that we were setting up extremely similar price action to the day that I posted here above which was September 28th. The reason why is because we have a large uptrend in the premarket on Sept. 28th and we broke the premarket high on big volume and we did not pullback hard 1 single time. This was eerily similar to today as I will explain below.

1yr:1d



-Huge bottom bounce rejection.

1d:2m



1d:5m



-Go above and checkout the price action I posted in the first picture in this analysis. See how we have a strong premarket uptrend then we break above premarket high and hold a huge green move and pretty decently high volume? Yes, that is called a Grinding Green Day. When we have price action like this I lose TONS of money so I knew that today I was probably going to have only 1 single chance at making a profit so I corrected my mistakes from the previous day on Sept. 28th when I was using much different indicators and overtrading a ton. Today I used the entire days price action in the chart and I was not going to take a trade until the price action met up with my trend and we broke it cleanly for a good entry. I sat on my hands for 3.5 hours for this trade to show itself and I just want to note that in general trading should be quite boring and when you have a clean and clear setup that works well you should sit on ur ass and wait for it to prove itself and then once it does you size big into it, take your money, and FUCK OFF.

1st Trade: Trend Reversal Short



-I waited all day for the trend to be met and once we hit the trend we broke it quite cleanly. I waited for the nice pullup back to the trendbreak retest zone and I took the trade with zero hesitation looking for just a simple 50 cent target on 2 contracts equalling about 90 shares of exposure. There can be many arguments for whether or not I was early on this trade or if I shouldve taken it multiple times so I am going to just dive into the various conclusions that I came to while watching the price action after I took the win.



-So here we have 4 possible entries on this specific trade setup. Firstly, we used the entire price action on the trendline which is the first check. Secondly, we waited for the price action to catch up to the trend and see how it reacted in that zone. Thirdly, we sized into the trade and took our profits quickly because 50 cents is the goal on this style and that is even more especially true on a day where we are Grinding Green. Where is the best entry on this trade?

A: Most aggressive entry by far because we constantly see trends break then retest with a much bigger bounce than what happened on trade entry A. Although this is the most aggressive I do think that it has very high EV because we broke trend by 50 cents already before this pop and the bearish engulfing red candle that started the break of the trend was most likely going to continue further lower once it happened. I also like how the green candle where I entered popped but was staying engulfed by the previous red candle. Once we held the head of the green body candle below the head of the previous red engulfing candle I knew I was safe for my exit and I held for my desired target of 50 cents. This is a classic trend reversal retest trend break other than the fact that we did not really "retest" the trendbreak zone in the same ways that we normally would.

B: Here we have another breakdown that is very similar to trade A because it broke down in the same exact area. Once we hit that 20ema we found the sellers again and we pushed lower to make a lower high and a lower low. This is nice for continuation but not

too great for a trend reversal. This could have easily broke back above the oval area similar to how the trade labeled C did. I do not like this entry much because IF the A entry broke down then popped back into that oval area in a more clean way then B also broke down in the same oval area I would like B a lot more. Since A broke down quickly and did not retest the trendbreak zone in a clean manner I really dont like the B entry. Again the point of identifying high EV from entry points is not to note "Where would I make money and Where would I not make money," it is about finding the BEST CHANCE to make money. On every single one of these entries A,B,C,D, I wouldve made money becuase hindsight is 2020. I want to find the replicable easy money trades and B is simply not one of them even though if I took it I wouldve made my target quite fast.

C: This is the worst entry out of all of these examples simply because it would be very difficult on a Grinding Green Day to take this entry with high confidence because I fully expected the SPY to break out much higher than it did and I did not know when it was going to happen but I knew it would happen. Since C is way above the oval area (trendbreak zone) then there is just no way I wouldve taken this trade with high confidence even though again I wouldve made money on it if I had the perfect entry.

D: This is probably the 2nd best entry on this example because D pushes right back up exactly to the trendbreak zone and fails epicly for a full point move. After C occurred and failed there was definitely some merit to taking another trendbreak retest but again I would only take this if I completely missed the first 3 entries which would be somewhat desperate to make profits which is not a headspace that any trader wants to be in. Entry D is nice in hindsight but practically it is quite awful and extremely difficult to take with confidence. It also occured so fast that I just dont know how anyone couldve taken this with options contracts unless marketing in which is highly advised against. It is also important to note that the more times we retest that trendbreak zone the more likely we are to break back above it. This is exactly what happened later in the session.



-See how we retest this again after D and then break above it very strongly? Yeah that is why you avoid the multiple retest theory. Once a trend is broken you get 1 chance to take the reversal and if you are lucky then you get another chance later on to take the Trend Continuation. Other than that there is really no reason to be taking multiple shorts back to back ESPECIALLY on a Grinding Green Day.

Easy Money Trades of the Day:



Taking this long right here with even smaller size and holding all day for a big grinding green move wouldve been the easiest money of the day and I ended up actually taking this trade in my swing portfolio and made about \$200 on it. (dont get too excited...I lost about 200 last week in my swing portfolio going for longs just like this that did not work). Although, I missed it in my main portfolio I am happy I took it in the swing account and really crushed the trade. I sold late day for an awesome 70% return with 3 contracts and it just felt really nice to identify a Grinding Green Day early on and to capitalize on it going long and going short. I nailed the easiest short of the day and I also nailed the best long of the day. All in all, I am very happy about doing that especially since I waited so long and was so patient for the short trade.

The 2nd easy money trade is the short trade that I took which is described in my post above. That was by far the easiest and most reliable short of the day which is arguably on the "wrong side of the V" to an extent but that is also the reason why I take these trend reversals for quick profits. I dont wanna be the idiot who takes a short on a Grinding Green Day and holds for some impossible move lower. It just doesnt work like that. It is always smarter to find the best EV highest replicable setup and just do that everyday

when it shows itself and SIZE up heavily into the trade. All in all this was a great day of trading that was emphasized by extreme patience.

FAQ

What is a 'Grinding Green Day'?

A 'Grinding Green Day' refers to a market day characterized by slow upward movement due to heavy short covering, lacking the intense volume typically seen during rapid declines.

Why does the author dislike Grinding Green Days?

The author finds that they often incur significant losses on Grinding Green Days, as evidenced by a \$200 loss on a similar day prior.

What trading strategy did the author use on October 3rd?

The author waited for a clear trend break before entering a trade, aiming for a 50-cent target and emphasizing the importance of patience and discipline.

What was the outcome of the author's first trade on this day?

The author successfully executed a trend reversal short trade, achieving their target profit after waiting for the right market conditions.

How does the author suggest improving trading performance?

The author advises traders to be patient, wait for clear setups, and avoid overtrading, focusing on high probability entries.