September 12th, 2022 (+$34) So much money left on the table

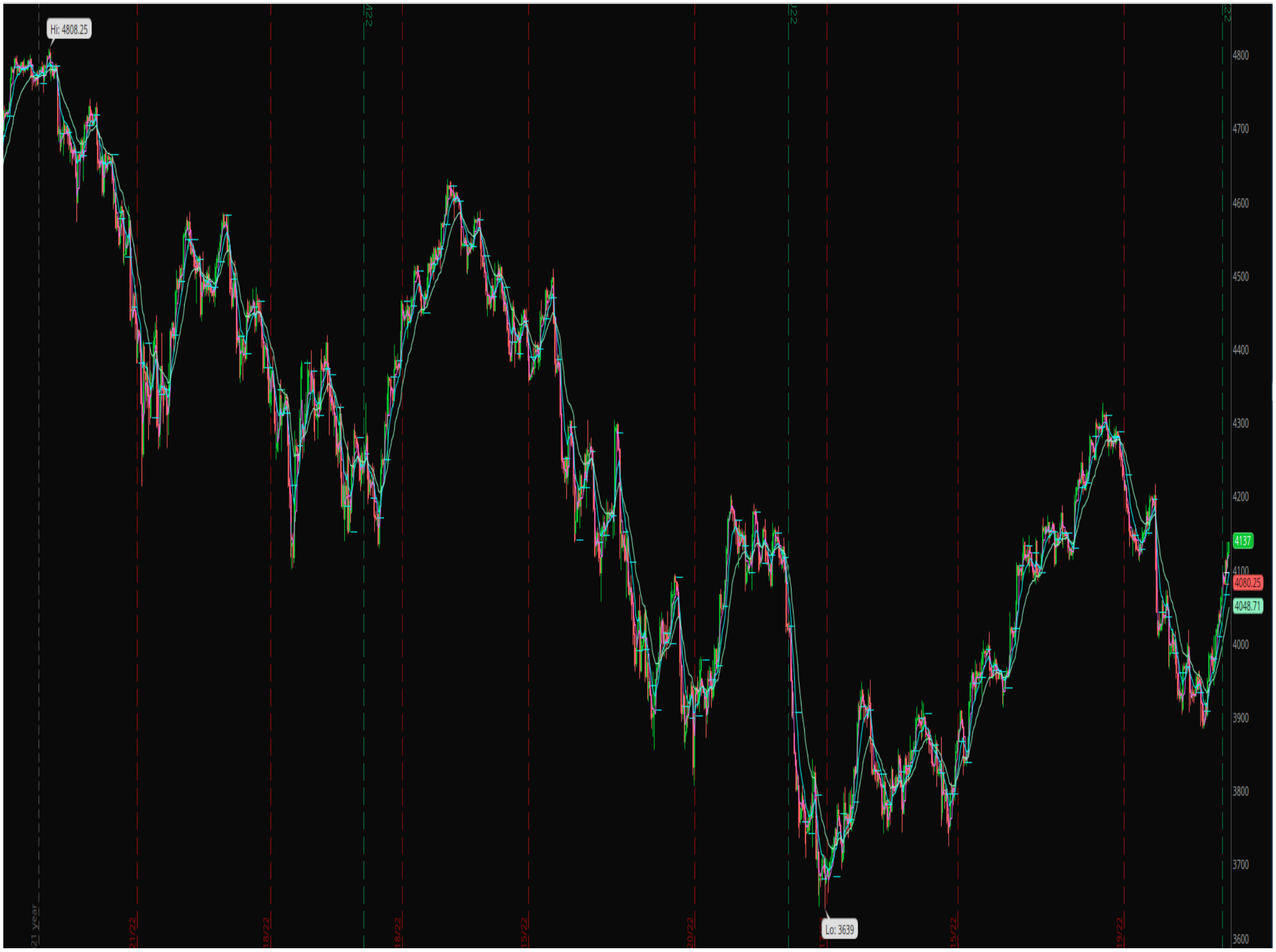
By disciplined_daytrader · September 12, 2022

TL;DR

On September 12, 2022, the author shares their cautious trading experience while using a laptop and unstable Wi-Fi. They successfully executed a short trend reversal trade but reflect on the potential profits they left on the table by not capitalizing on additional setups. The post emphasizes the importance of identifying high-probability trades and managing risk effectively.

September 12, 2022

Today I was trying to be as cautious as possible because I was not at my desk and instead was trading off of my single monitor laptop and on sketchy wifi. Since that was the case I pretty much told myself that I am only taking the easiest setup of the day and if I make money on it I will leave and if I lose money on it then I will leave.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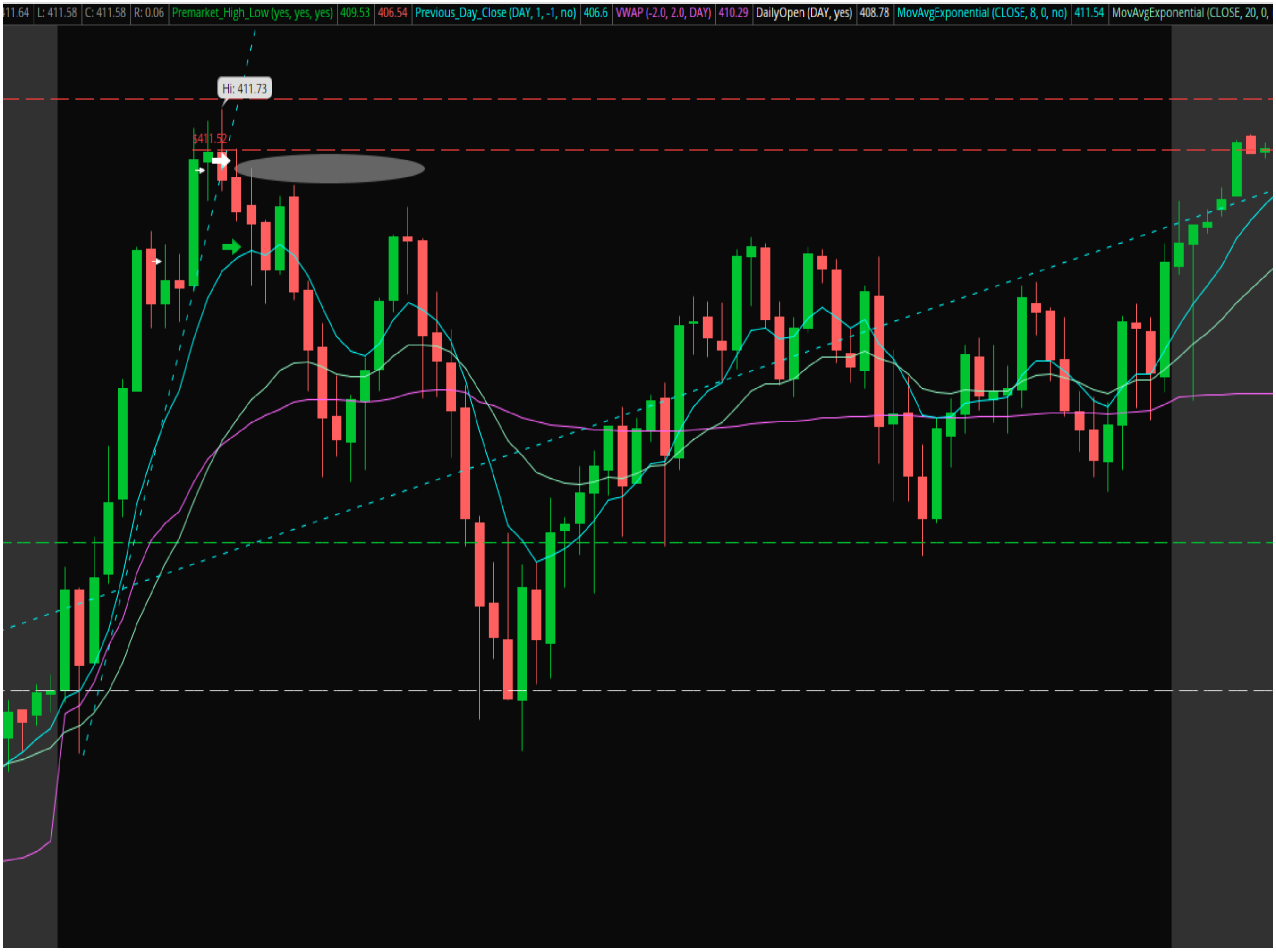
11.64 | L: 411.58 | C: 411.58 | R: 0.06 | Premarket_High_Low (yes, yes, yes) | 409.53 | 406.54 | Previous_Day_Close (DAY, 1, -1, no) | 406.6 | VWAP (-2.0, 2.0, DAY) | 410.29 | DailyOpen (DAY, yes) | 408.78 | MovAvgExponential (CLOSE, 8, 0, no) | 411.54 | MovAvgExponential (CLOSE, 20, 0,
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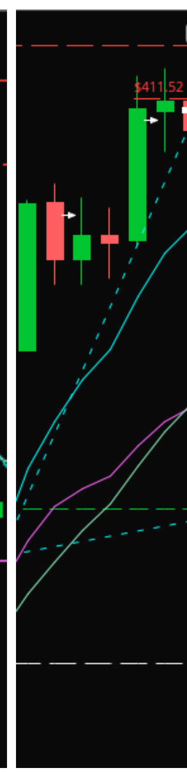
$411.52

1st Trade: Short Trend Reversal

Firstly, let me just say that goddd fuckin damn I really have been wanting to trade 1 time per day and nail a perfect setup for so long and sometimes I catch it and sometimes I dont but today I did and I am so happy that I finally was able to take a trade in a perfect setup that I can identify and make money and leave. When trading these options and the SPY like this I really reduce my risk while simultaneously minimizing my upside. I am okay with minimizing upside for now but eventually when I start catching these daily and can stay very consistent then I will start going for more of them. Ideally though there are rarely more than 2 good trade setups per day. The goal is to identify all the potential setups that the SPY has and then find 2 per day and size variably depending on the macro setups. This trade was a perfect trend reversal setup. There were multiple confluencing factors. Firstly, we had a clean 5 minute trend with a degree of 73% (not something I usually look at but I probably should so I will start identifying the angle from now on) the trend held a very nice sideways push that I narrowly avoided in a short. Once we broke back above and went higher but stalled out quickly I knew that a bigger pullback was coming. Then we broke the 5 minute trend and I waited for the entry just like I should. I took the 2 minute pop back to the trendbreak line and then set my stops for 50 cents and they hit within 5 minutes. Although I like this trade very much, there are a ton of even better entries for bigger rewards. lets look



So I took the very first white arrow and sold at the green arrow but as you can see there are at least 4 more possible trades that couldve been taken off of this area. Shortly after I took my first trade I saw the SPY come right back up and retest that area. I was already in the trade at that point so the 1st entry can mostly be ignored since I sold my position after that drop. The second entry was another retest of the failed move higher and when I was watching this I thought that possibly it was not that good because it did not go very high into that zone and test the area. Now that I am looking back I think that this is actually an even bigger indication that this was weak. Ideally you dont want to be shorting something that is testing highs every 30 minutes and this (2nd possible entry) was a good example of that. We couldnt reach highs and I almost took a short on this trade with just 1 contract but it flushed back down before I could enter. Then the 3rd possible entry came back and tried to retest the 2nd possible entry highs and it failed there as well. Again a perfect entry point on the 5 minute chart. Ideally this was the best entry of the day on this setup because you were risking about 41 cents to make 1 dollar. I really wish I wouldve taken this one but while we are in this micro trend on the daily chart I just feel like I should be very cautious going for late day pushed after being green over 1%. Finally that 4th entry was another possible place to tak ethe short because yet again it failed to move near the highs of the 3rd possible entry, therefore making a lower high yet again and in that 4th possible entry there was about 49 cents of risk and 1.39 in return. A very juicy place to be taking something even with small size. Let just do the math here and see how much money I left on the table

This is the 410 Put option contract 1d:1m chart and each number corresponds to the numbers above on the SPY equitiy chart.

1st Trade I took: +$34

(Missed profit if I sold below the last red candle bottom) (2 contracts)

1st Potential Reversal Retest: +$34

2nd: +$50

3rd: +$54

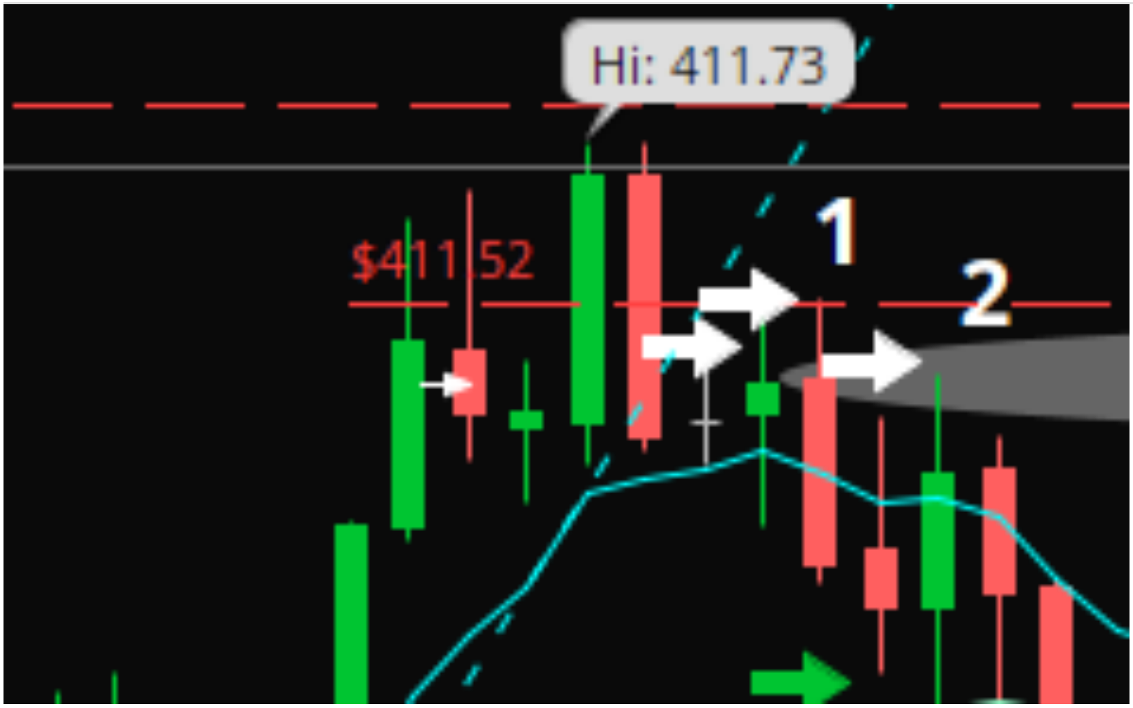
4th: +$120

I know that I never wouldve taken all of these with 2 contracts but even if I took them all with just 1 contract and sold at the previous low basically saying that this setup will produce lower and lower lows, then I still wouldve made another $110 ontop of my $34 win. That is just with 1 contract. Now if I wouldve used 2 contracts on that then I wouldve made another $220 ontop of the $34. That is ridiculous to think that I couldve taken this setup 4 times today and been pretty confident about every entry and every exit (although the 4th exit wouldve been a stretch of a trade). I really wan to start identifying how and why im leaving so much money on the table on this setup. I know that I want to keep my 50 cent rule going for now jsut to see if I can walk away with money everyday going for these high probability scalp trades, but it is becoming abundantly clear that I am leaving tons of money on the table on these trend reversal setups. Those BEMS (Bearish Engulfing Momentum Shift) trades are surely never meant to ever give more than 50 cents but these trend reversals almost always give much more than that. Someday I will widen my risk but for now im taking every single win I can get.

HESITATION TRADES:

1st Hesitation: BEMS Short

So we had a decently clean setup for the bearish engulfing setup where we had 3 green candles that god increasingly smaller then a red candle that engulfed the previous candle and then another red candle that flushed slightly lower. On this retest I almost took a trade but hesitated because we were still heavily above the 8ema and that first red flush candle was quite weak. Also the 5 minute was still very strong to the upside and the angle was very high.I strongly considered the fac thtat we could break through the highs here and for all those reasons I hesitated on taking it so once the setup was over I just watched it play out and surely enough it broke back above the highs. Thankfully my instincts were correct on this one.



2nd Hesitation: BEMS Short

Again here was a little engulfing candle and this one was pretty easy to avoid because it really didnt engulf shit, it was engulfed itself hahah. So I didnt take it but I considered it so I placed an arrow on the chart to ID why I instinctually decided to skip out on this one. Luckily moments after this I saw that we were coming up on the 5 minute trendline retest and that is the much cleaner and better setup. To be honest, I think its probably very important to consider the fact that most of these BEMS setups are actually quite awful because while they are okay for very fast scalps, they usually do not actually give continuation to the downside. I really should deeply think about why I take these and if they are truly worth it or not.

TAKEAWAYS:

I really like how the last 5 sessions I have been green and we have been mostly trending very strong to the upside on 4/5 of those sessions. It used to be very typical that I would lose a ton of money on any day where we were slowly trending to the upside but for me to find these much higher probability setups that give fast scalps and quick profits while keeping risk minimal is a huge step in the right direction. I dont wanna tell people yet cuz I dont want to jinx it but my win rate this month so far is already 2x my average winrate. That is a fucking huge step in the right direction. Sadly, I dont know what my r/r is right now cuz TJ doesnt take options data yet but soon I will be able to find all of that out. I need to simply keep this momentum up and start being more risk heavy while I am finding these perfect setups 1 to 2 times per day. I need to make sure that I am not scared to take a setup multiple times if it presents itself that way. Tomorrow I will look through all of my past days and see how often these setups re-occur and how likely they are to be clean after the first clean one happens. That will be essential to maximizing potential gains on days like today where I took it only 1 time but it worked 4 times after my exit.

FAQ

What was the author's trading strategy on September 12, 2022?

The author focused on taking only the easiest setups due to trading from a laptop with unreliable Wi-Fi, aiming to minimize risk while still making a profit.

How much did the author make on their first trade?

The author made a profit of $34 on their first trade, which was a short trend reversal.

What did the author realize about potential profits?

The author realized they left significant money on the table by not taking additional trades that could have yielded higher profits.

What is the author's current risk management approach?

The author is currently adhering to a 50-cent rule for risk management while aiming to secure consistent daily profits from high-probability scalp trades.

What was the author's hesitation during trading?

The author hesitated to take a bearish engulfing setup due to concerns about market strength and the potential for breaking through highs.