10/10/22 (+$26)

By suarezg@gmail.com · October 10, 2022

TL;DR

This blog post analyzes trading strategies and market conditions on October 10, 2022, focusing on the SPY/QQQ sell-off and potential trading scenarios. It emphasizes the importance of being selective, respecting risk/reward ratios, and preparing for upcoming CPI numbers.

10/10/22

Grade: B-

Goals: Be more selective and raise winning %

Reminders/Aphorisms:

- Don't fight the trend;
- Be patient, take good set-ups
- Respect at least 2:1 R/R

Overview: Friday was a strong sell-off on the SPY/QQQ for approximately 10 points from open. This created a huge topping tail on the weekly chart. The SPY/QQQ were relatively flat afterhours and pre-market and we are opening in the 362-363 zone that had previously been used as a demand zone/support level. I believe we are back stuck in the range between the 362-363 level and 372-373 level. Today will likely be a difficult day to trade because of this. Considers to keep in mind is that CPI numbers come out this week as well. Potential scenarios:

1) I believe the move likely scenario we get is that we bounce between the two zones all day. At open it is likely we get a green move towards the 372-373 level which we opened near on Friday.

2) At the open we continue the sell off to lows and the zone around 355-357. It will require a lot of selling pressure and volume to break down below this level. However with

CPI numbers coming in this week, I believe the sell-off will continue, it's just a matter of when.

Trade Analysis:

- Trade 1 was a continuation downside trade. I was lookking for the rejection of VWAP and continuation down. I got in this a little early and was stopped out on a spike. However I respected my R/R pretty well.
- Trade 2 I got in again on my prior trade pretty much at the same level as my prior trade (got slippage trying to get back in). We had a big rejection off the 20 EMA/ VWAP and moved down strong. I took my 50c profits on this and then closed my 2nd half on the first green candle to print. This was a pretty good trade.
- Trade 3 was a trend break long. We had broken the 5m trend
- NOTES: Gray Arrow 1 was a continuation downside trade that Iw as considering taking. The market has been moving down on a trend consistently and was consolidating with resistence at 362. I was worried that it was Monday and 10:00 a.m. approaching when we typically have a reversal so I was a little hesitant. This would have worked for 50c at least. Gray Arrow 2 (at around 10:35) was a

continuation downtrend after a strong rejection of the trend break on super high volume. This was a clean trade however I hesitated because we recently had the big move green on high volume. This was immediately sold into though, must have been someone covering a short.

Lesson moving forward: Be careful on entering too early, respect R/R.

FAQ

What was the grade given for the trading analysis?

The trading analysis received a grade of B-.

What are the key goals mentioned in the post?

The key goals are to be more selective in trades and to raise the winning percentage.

What are the potential scenarios for trading mentioned?

The potential scenarios include bouncing between the 362-363 and 372-373 levels or continuing the sell-off to the 355-357 zone.

What lesson is emphasized for future trading?

The lesson emphasized is to be cautious about entering trades too early and to respect risk/reward ratios.

What indicators were used in the trade analysis?

The trade analysis referenced VWAP and the 20 EMA as key indicators for making trading decisions.