10/18/22 (+$56)

By suarezg@gmail.com · October 18, 2022

TL;DR

On October 18, 2022, the author reflects on trading strategies, emphasizing the need for selectivity and improved winning percentages. Despite overtrading, the market shows potential for a bounce, with key support levels identified. The analysis includes trade breakdowns and lessons learned regarding risk management and profit-taking strategies.

10/18/22

Grade: A

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

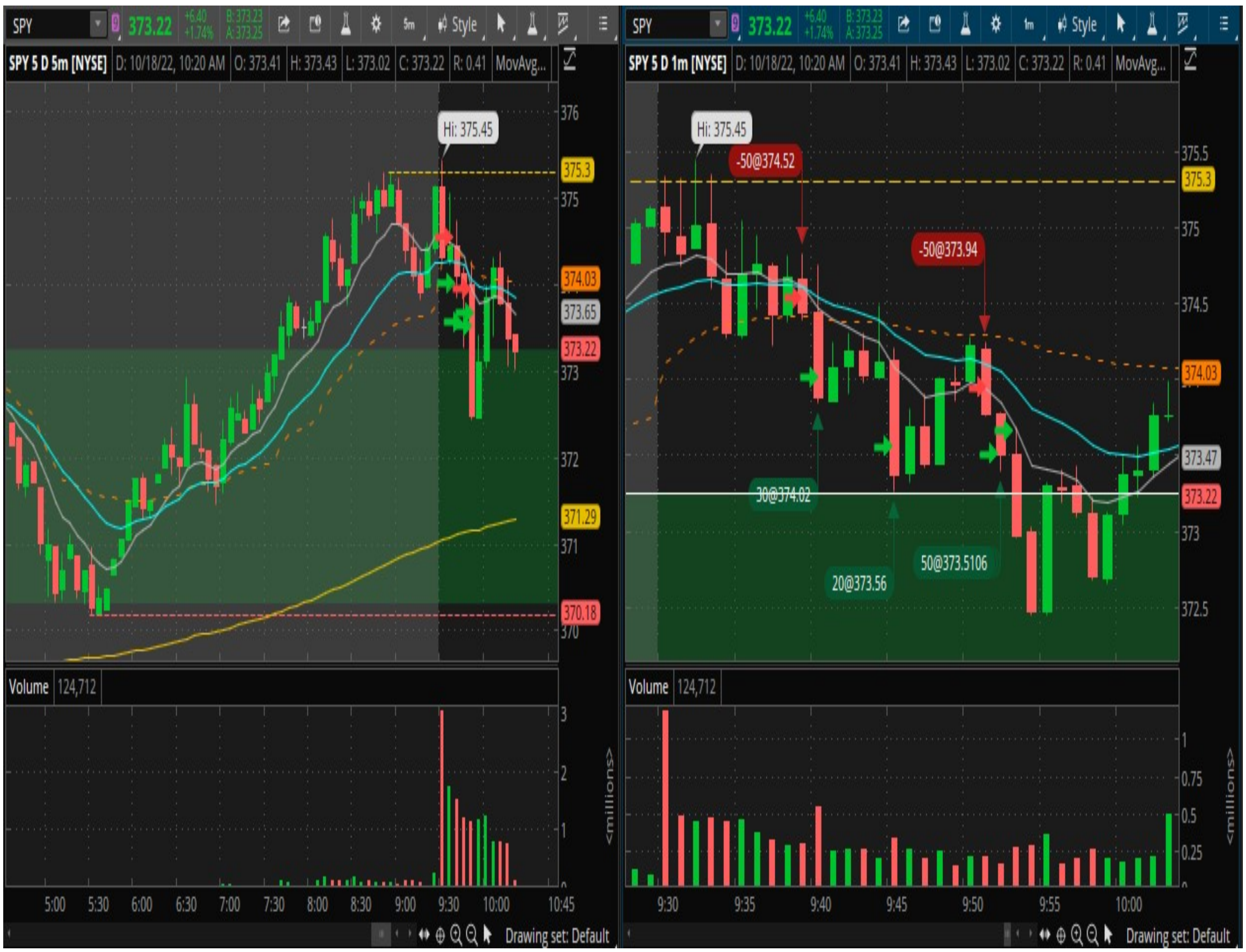
Overview: Really overtraded yesterday, thankfully the damage wasn't bad. I need to be patient and take better setups. Yesterday we consolidated all day, likely because of uncertainty in the market due to upcoming earnings. I did notice that on the weekly chart we were below the 200 EMA, which since 2019 has not happened since COVID. This makes it seems like we will have a nice bounce here, although I don't know if this is the final goodbye the market's downtrend. We still have a lot of room to the upside before we can say we are on an uptrend. Premarket J&J beat earnings and the SPY is gapping up close to $10. We have held the 355-356 level as support on the bottom and have moved up through multiple zones. We are opening right above the 371-372 zone which was previously the zone we kept topping out at and pushing down. The next zone up is the 380 level. The 4H chart looks like we have reversed and made a higher low and higher high. Potential scenarios:

1) We have some profit taking at open but have an opening drive up to the 380 level. If we break through the next real zone would be 390.

2) We could get another day of consolidation similar to yesterday waiting on some of the larger player earnings to come out.

3) If we do sell-off it will likely be to previous day close levels around 366-367, where we consolidated for most of the day yesterday.

Trade Analysis:



- Trade 1 was a continuation downtrend trade. We had been consolidating above VWAP with decreasing buying pressure/volume, preparing for a bigger move down. I got in at VWAP and took 50c on my partial and let the rest run for $1. The only thing I would consider doing differently in this trade would have been adding on the

green topping tail to VWAP. This was a quick bounce on low volume that went down almost instantly. It seems as if it was someone covering a big position.
- Trade 2 was a continuation downtrend trade. We had a bounce off the 372-373 level back up to VWAP. However the 5 minute chart was showing low volume on the move up. We were stalling at VWAP so I got in when we started moving down. I took my 50c target on this, but took my runner way too early. If I held the runner I could have gotten an extra $1 to $1.50. I need to figure out a better system for taking partials.
- NOTES:

Lesson moving forward: Respect my risk, let the partial run it's not that much money to lose if I have to cut it but I can make my wins a lot bigger.

FAQ

What was the author's main goal for trading on October 18, 2022?

The main goal was to be more selective in trades and raise the winning percentage.

What market condition was noted in the blog post?

The author observed that the market was below the 200 EMA for the first time since COVID, indicating potential for a bounce.

What were the potential scenarios discussed for the market's movement?

The scenarios included profit-taking with an upward drive, another day of consolidation, or a sell-off to previous day close levels.

What lesson did the author learn from their trades?

The author learned to respect their risk and allow partials to run longer to maximize profits.

How did the author perform on their trades?

The author had mixed results, noting specific trades where they could have improved their profit-taking strategy.