10/27/22 (-$10)

By suarezg@gmail.com · October 27, 2022

TL;DR

This blog post discusses trading strategies and reflections on recent trades, emphasizing the importance of being selective and respecting risk management. The author shares insights on market movements, particularly with SPY and QQQ, and highlights lessons learned from both successful and unsuccessful trades.

Grade:

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: Yesterday was another uncontrolled day because I took a short on MSFT with larger size than I should have and held way past my risk because I was watching Meir's stream. The trade did look good but I should not be following traders at this point and also should be careful with sizing. If I only counted my SPY trades I was green on the day. Also in my pre-market review yesterday I wrote the following: "1) We are opening on the SPY around a prior level of 380-381. As we broke through this zone with no problem yesterday, I believe may get a slight sell off into the zone and then a move higher. The next zone up is a zone from September around 388-389. This would be the next level of resistance. If we meet this level and stall, it wouldn't be a bad potential short opportunity." This is exactly what happened and I did not have conviction to take the trade. If I took the trade with large size I would have made a huge trade as the SPY sold off everything it had gained. When we approach large and well known levels like this I need to capitalize. In terms of the SPY and QQQ yesterday, we had a large 6 point move and then it gave it all back, closing the day with a huge topping tail on higher volume than the last daily candle. We had some bad earnings from Google and more recently

Meta. This could be the start of another leg down but we have to be careful and not be biased. We are starting the day pretty much flat. Potential scenarios:

1) We move up to premarket high at around 384.5 and then reject and move back into the 381-382 level which the SPY has been using as support. At this level, we can either bounce and go long targeting the 388-389 zone where we rejected yesterday, or we can move through the zone with volume, with the next major target at around 378 (where the downtrend we broke was) and then down to 371-372.

2) We can move down to the 381-382 level at open and then get heavy buying pressure up to the 388-389 zone. From there we can reject again and move down, or this time on the 2nd test we can break through. The next key level is around 396.

Trade Analysis:

- Trade 1, 2, and 3, were all based on my premarket thesis of finding resistance at premarket high and coming down. Also the QQQ and big stocks like TSLA had moved hard down under VWAP. Trade 1 and 2 were too early and I stopped out respecting my risk strictly. The third trade worked out for mme where I took it with smaller size though.
- Trade 4 was a continuation downtrend trade off of premarket low. This trade looked like it was moving in the right direction and then spiked. I had my stop a little bigger than 25c and above premarket low. I don't think this was a bad trade ultimately but the market had a huge green move afterwards. It didn't really make sense.
- Trade 5 was a continuation downtrend trade off the 5 minute, it hit my 50c target but TOS didn't fill me and then it spiked on me for a larger than expected loser

- Trade 6 was a retard trade - I got in for a continuation long since we've been bullish the past few days and I thought, hey - this is what an idiot would do. After holding through a lot of chop it worked. Guess you need to be a retard to make money in this market.
- Trade 7 was another retard trade chasing the downward move this time (not shown above).
- NOTES: Looking back at trade 4 and trade 5, I should have played the long move off the 381-382 support level. While it does not make much sense - we have had bullish days in the past few days and that's whats going to happen I guess. Support zones will be holding stronger.

Lesson moving forward: I don't really know what the lesson can be. If I had to think of something it's that trust my thesis and respect support zones now that we are moving green?

FAQ

What was the main goal of the trading strategy discussed?

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

What were the key levels mentioned for SPY?

Key levels for SPY included the support zone around 381-382 and resistance around 388-389.

What lesson did the author learn from their trades?

The author emphasized the importance of trusting their thesis and respecting support zones, especially in a bullish market.

What was the outcome of the author's trades?

The author experienced mixed results, with some trades resulting in losses while others were successful, particularly when adhering to their premarket thesis.

How did external factors influence the author's trading decisions?

External factors, such as earnings reports from major companies like Google and Meta, influenced market movements and the author's trading strategy.