10/4/22 (-$27 originally; -$69 after degen)

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TL;DR

On October 4, 2022, the author experienced a challenging trading day, ultimately resulting in a loss. Despite a significant bounce in the SPY, the author noted low trading volume and struggled with multiple trades that did not meet quality standards. Key lessons included avoiding shorting during strong upward trends and being more selective with trades.

10/4/22

Grade: F

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 a no trade day for me because of work. However the SPY had a huge bounce and ended the day nearly 10 points above where it had closed the day before (around $6 from open). However, when reviewing the charts, the daily candle is on much lower volume then the past candles, nearly half of the previous day candle. This could mean two things: 1) the day before was the bottom and volume piled in long; 2) this could be a false break out. While we broke the shorter time frame (August) daily downtrend, we are still in the macro downtrend from January and have room to above 400 on that downtrend. Overnight the SPY gapped up another 5 points and is opening around the 372 level. This 372-373 level has been a level of support/resistance in the past and was the top of the range we were in for the past week. However this has been a very strong move. If we move to the upside I believe we could hit 375, and even the next support zone of 380. I think at the open we will likely dip and then potentially rip in a gap and go like formation. I will likely look to go long. However, if we do reject, we have room down to 366 (previously day close, and thereafter to the prior 362-363 demand zone.

In regards to the QQQ, we have not broken the short term (August) downtrend. It gapped up like the SPY but the move is not as strong. We are testing a big supply zone of 278-279 right now. If we reject we could move down to the 275 zone. If we move up we could see 285, the next significant level.

Trade Analysis:

- Trade 1 was a break of the 5 and 1 minute trend. It had a move up so I got in towards the top of the move looking for 50c down to the 9 EMA. However the trade consolidated for two candles and then made a strong move up. I respected by R/R though. Looking back on it, the 5 minute looked like a clean pull-back to go in long. This was not the best trade as I'm guessing at a reversal on a strong green day.
- Trade 2 was a continuation play on the SPY, we had a 5 minute pull back to the 9 EMA and I was expecting a move higher. Had to close out for my 25c risk.
- Trades 3 was the same as Trade 2 just took it later after a bottoming tail. This worked out and I got around 45c on it. I did not hold for the full 50c as it was around the 377 level and the level 2 was showing big resistance. However I only took this trade with 35 shares.
- Trade 4 was a continuation short off a trend break on the QQQ to the downside. There was a 20/9 EMA cross over so I was expecting this to continue down. I reduced my size on this once the trade looked like it wasn't going my way at an even level, then respected by 25c risk on it so it was not a big loser.
- Trades 5 was a short after a long red rejection candle. This was not a very good technical trade.
- Trades 6 was a long continuation trade that was looking good until we got a huge red dildo candle. I was able to close out even though.
- There were a lot more trades after this - wheels fell off the wagon and I'm not going to break all these bad trades down.
- I went back to trade in the afternoon power hour and almost trippled my loss like an idiot. This was a terrible day.
- NOTES: Gray Arrow 1 was a consolidation zone on the 1m chart after the initial break out. We were holding the premarket high of 373.55 and I was considering taking a long around that level, however I had just gotten off a work phone call and was not feeling confident. It could have been an easy $1. This was a bad day. I got

FOMO from missing out on th first long move of the day. Then the SPY kept moving up without any entries until it reached the high of 377.24 at which point it's been consolidating and ranging between that level and 376. I kept taking trades in this consolidation zone which absolutely killed me. I took way too many trades today and many of them poor quality set-ups which I could not even explain why I took them other than I wanted to get out of the red. I should have not traded at all or waited for a stronger move.

Lesson moving forward: DO NOT SHORT GRINDING GREEN DAYS! How many times do I have to learn this lesson.

FAQ

What was the main issue with the trading day on October 4, 2022?

The main issue was a series of poor-quality trades that led to significant losses, compounded by a lack of patience and discipline.

What did the author learn from this trading experience?

The author learned the importance of not shorting during strong green days and the need to be more selective with trade setups.

What was the performance of the SPY on that day?

The SPY had a notable bounce, closing nearly 10 points higher than the previous day, but the author expressed concerns about the low trading volume.

How did the author approach their trades during the day?

The author took multiple trades, often in a consolidation zone, which led to frustration and increased losses due to poor decision-making.

What strategies did the author plan to implement moving forward?

The author plans to be more selective with trades and to respect risk/reward ratios, avoiding impulsive decisions driven by fear of missing out.