August 23rd, 2022 (-$18)

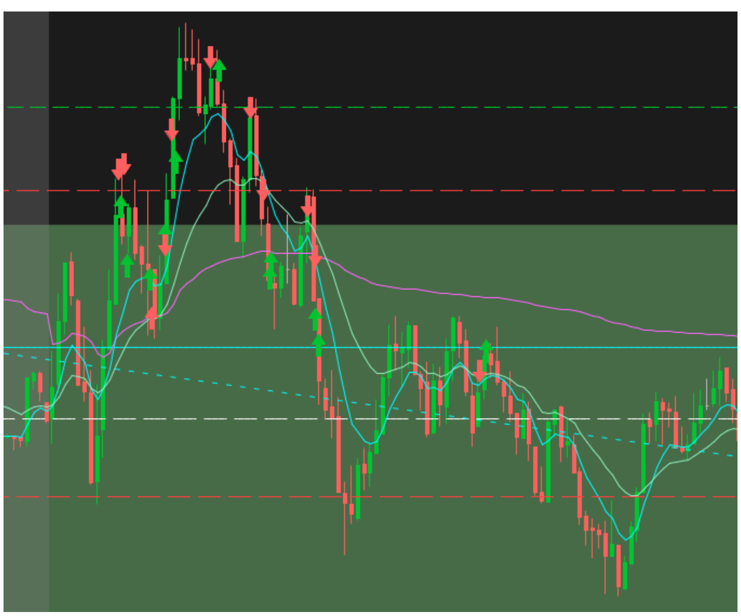
By disciplined_daytrader · August 23, 2022

TL;DR

On August 23rd, 2022, the disciplined day trader faced another challenging day, ultimately ending down $18. The trader reflected on the importance of not fighting the trend, managing emotions, and focusing on high-probability setups. Key takeaways included the necessity of taking breaks after losses and properly sizing into trades to improve overall performance.

August 23rd, 2022

Well yet another red day for the good old disciplined day trader. If options didn't cost $0.65/contract I would be green today and yesterday although very marginally small but still green nonetheless. Yesterday I wanted to make my goal for the week to not fight the trend anymore because I realize that just because something has a high R does not mean its a good trade. Anything has a high R when you are praying for a fucking reversal hahhaha but the trades that have a high win % are actually much better to take and those trades are always following the trend not fighting it. Today I did much better at not fighting the trend although I did have 1 trade where I attempted to fight the trend.



-Something I am going to do every single day now is identify the 3 trend types that will show me what direction the smart money is going in so that I can capture a tiny piece of their flooding

-Macro Trend: down

-Micro Trend: down

-Daily Trend: consolidation

1. My first trade of the day was a short scalp looking for no more than 30 cents once the SPY hit the first resistance line. I totally piked it and made nothing after fees even though it went exactly where I thought it would.

2. My second trade was another scalp short where I re-entered and made a decent little profit

3. Third trade was when I broke the rule of fighting the trend and I decided to go long into the push that seemed like it would break highs. Sadly it did break highs but I got shaken out at the perfect low before it happened. I ended up losing a full 60 cents on that trade just because I chased the entry and fought the trend all while completely unacounting for risk. Awful trade. Pure emotional stupidity,

4. Tried to short again near the previous high cuz seemed like it was going to lose steam and fakeout. Nope. Squeeze me out almost immediately and just like that I was down 60 dollars from 2 extremely impulsive trades that really made zero sense to take at all.

5. Shorted again at the high with a beautiful entry and I somehow managed to also mess this trade up by not allowing my risk to play out. I knew I was risking the high again and going for the breakdown for a 50 cent move. I stopped myself out basically near my entry because I feared it would break out of the high again. Again, pure emotion, not trading whatsoever.

6. Finally I regain my cool and I take the best short setup that exists in todays market. The macro downtrend, micro downtrend, top of consolidation after a failed move higher and a break of the 5 minute trendline. I took this trade and bought a second contract to size into it once it broke down again. I covered both contract at vwap to basically put me at around -$20 on the day.

7. Another super high probability setup is the backside move on a macro micro daily downtrend. I took the short once it broke back above vwap for the move down to previous day close to see if this could confirm a red day. I took anotehr nice entry right at resistance and added in the break through vwap then covered at the previous low. This put me up about 10 dollars on the day after having so many awful trades in terms of entries and exits and emotions.

8. Last trade was the fail to move above previous day close. I entered knowing I wanted to just risk 20 cents and it spiked so I covered then immediately watched it go exactly where I thought. I was not patient enough on this entry and only really took this trade because I wanted to be green on the day since I havent been green in over 2 weeks now.

Mistakes: NEVER FIGHT THE TREND. The call option I took where I immediately lost my profits on the day basically started the snowball effect of ruining the rest of my trades. I took the short right after this loss just to try to recover and ended up screwing myself even more. Just one tiny mistake like this cost me hundreds of dollars. I impulsively sold my short that was a perfect entry right after this trade. So just 1 time I fight the trend and lose and it snowballs into a more than 80 dollar loss in the next 3 trades. Cannot emphasize enough the importance of just following the smart money.

WHEN YOU FUCK UP TAKE A BREAK: If i wouldve taken a break after that stupid call option then I probably wouldve realized my next trade going short at the perfect top was soing to be a very good trade. instead I lost my cool and ruined that opportunity.

SIZE INTO HIGH PROBABILITY SETUPS: I did not properly size into the last 3 trades of the day because I was already down on the day and did not want to open myself up to more risk. I couldve taken 3 contracts on those backside shorts just because they had such a good win rate that it makes sense to be sized up much more than if I am taking some low win rate high R trade.

Solutions:

1. NEVER FIGHT THE TREND

2. TAKE A BREAK AFTER A LOSS

3. SIZE INTO HIGH PROBABILITY SETUPS: Macro downtrend, Micro downtrend, Daily downtrend/consolidation.

GOALS FOR TOMORROW:

CONTROL EMOTIONAL INSTABILITY. No more being mad about being wrong. at this point you should know better and you should never be putting yourself into a situation where you fall into anger and take stupid trades. Calm = confident. You should be confident in all of your abilities that you work tirelessly on. There is no reason to be angry at anything the market does. You know this is designed to ruin you and if you let it then they win.

FAQ

What was the trader's main takeaway from August 23rd, 2022?

The main takeaway was to never fight the trend, as doing so led to significant losses.

How did the trader perform throughout the day?

The trader experienced a mix of trades, ultimately ending the day down $18 after several impulsive decisions.

What strategies did the trader plan to implement for future trades?

The trader planned to identify trend types, take breaks after losses, and size into high-probability setups.

What emotional challenges did the trader face?

The trader struggled with emotional instability, which affected decision-making and led to impulsive trades.

What was the trader's goal for the next trading day?

The goal was to control emotional instability and maintain confidence in trading abilities.