August 29th, 2022 (+$53)

By disciplined_daytrader · August 29, 2022

TL;DR

On August 29th, 2022, the author focused on adhering to their trading rules, resulting in a successful single trade on SPY that yielded a profit of $53. They emphasized the importance of patience and sticking to a high win rate strategy rather than chasing multiple trades. The author reflected on their trading decisions and the potential for future trades while maintaining a disciplined approach.

August 29th, 2022

I entered today being extremely aware that my only goal was to follow my rules and that is it. I did not care if I was going to make money or not I just wanted to trust my system and try out my new strategy of going for high % win rate trades instead of high R trades. That being said, I only took 1 single trade for the entire day on the SPY and I absolutely nailed it. Although, it is very tricky for me to look back and think there is nothing to improve on. Lets dive in.

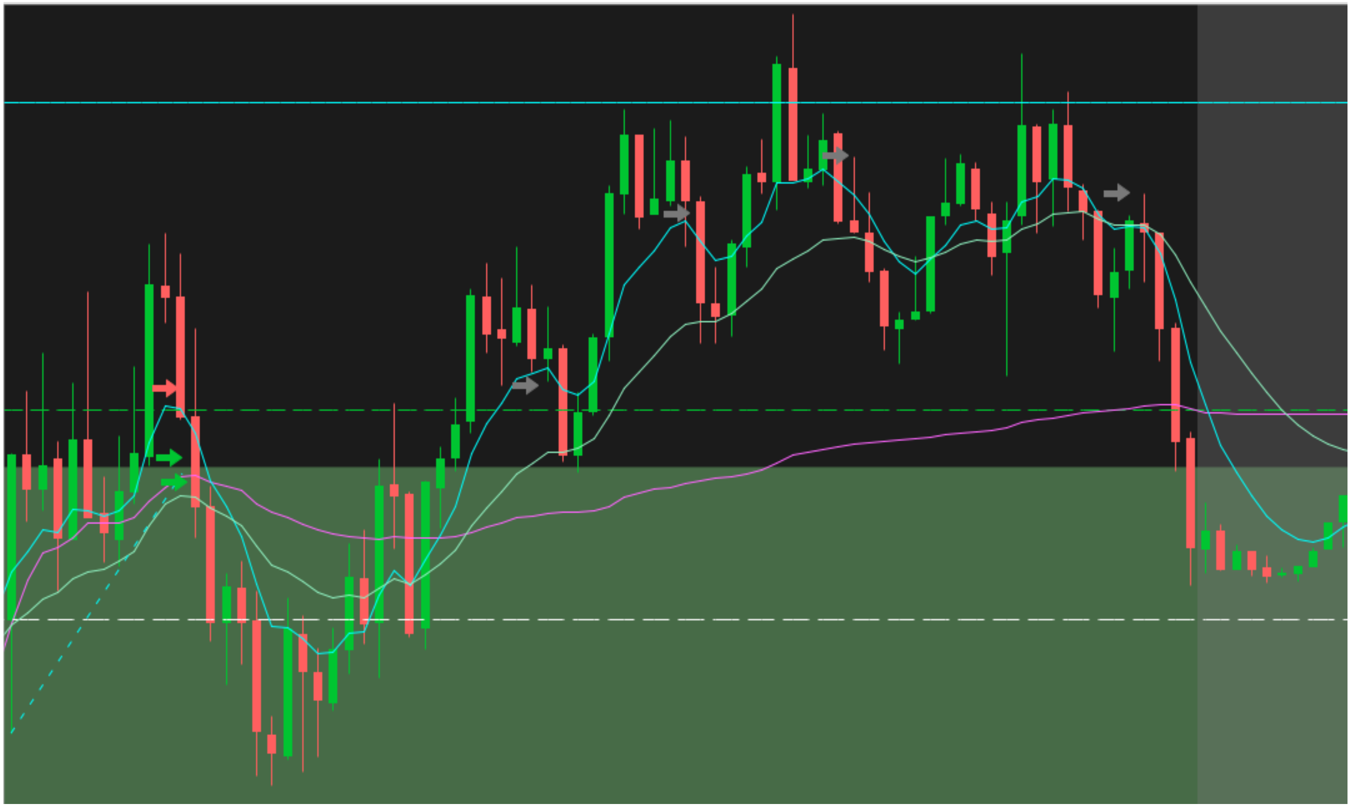
1st Trade (only trade):

-I waited all morning being extremely patient and cautious because I knew that we were quite extended to the downside after fridays 17 point move on the SPY and overall indices. When the morning started and it was extremely choppy I knew that I was definitely going to have to wait for a good confirmation before I entered becuase this was going to be a very choppy day with tons of traps. Once we broke the 8ema I knew that this was my chance so I took 2 contracts with about 82 shares of exposure and I was down 38 cents before I ended up being profitable on this trade. I used take my trades with about a 2R and I used to have my exits be obviously 1.2 of my target. Since my target was about 50 cents I used to stop out at a 25 cent loss. Since I am taking more aggressive and higher risk trades with a 1R and a higher win rate I know that I have to have my stop equal my target. I held through the sweat and then waited for the break down to new 5 minute low and I took my first contract at 50 cents then the second one at 65 cents. Perfect execution. I want to maybe say that I couldve held this trade but I think that is a flawed view (for now). Dont get me wrong, I would love to take this trade and hold for 2.5 point like it gave but for now I need to find something replicable and easy. No more doing multiple setups and trading a lot. I need 1 setup that works and I need to stick to it. Someday in the future I can open up my playbook but not now. I think eventually when I am using more than 3 contracts I can take 75% of my position off and hold the remainder for the rebreak of the 8ema back to the upside.

Mistakes: None. Perfect trade. Perfect entry, Perfect tolerance of risk, Perfect exit, Perfect no fomo.

Solutions: N/A

Potential Trades:



Potential Trade #2:

-I really am not sure even looking at potential trades after 11:00 would be helpful or not becuase it kinda just feels like I am creating some type of fomo but oh well lets see what we can pull from these potential entries. Firstly, this was the 2nd 8ema trend break of the day where we were initially in an uptrend then are broken to the downside from an ema break. You can see after the first trade I took on the day we broke down through the 20ema and held below it for about 45 minutes then we broke back above the 20 and then vwap and then the 8. This signals a new frontside is about to begin. We tested highs and failed in that area for a good 30 minutes then we broke the 8 back to the downside. There was a tiny pop once we broke the 8 and if I entered there I couldve gotten another 50 cent move quite easily. Thankfully, when I look at these other potential trades it helps me reinforce the idea that 50 cents is really all that I need. I couldve taken this trade 3 times today in a very safe way and made about 50-75$ per trade with not much of a headache. I really want to emphasize though that if I took any of these and tried to be greedy then I wouldve lost my ass. It is imperative that I stick to my 50 cent rule for now and just keep that as my target.

Potential Trade #3:

-This is another frontside trend 8ema break but this one hardly retested at all. The break was also not very convincing. Its kinda nice to see that these trades get much uglier as the day goes on.

Potential Trade #4:

-Again here is another 8ema break that retested actually pretty nicely. It almost touched the 20 then broke back above the 8 which will give very high win % trades. I think this is probably the 2nd best entry of the day that wouldve given a very quick and easy 50 cents.

Thoughts:

-I am thinking that it might be better to possibly size into these a little more slowly rather than just taking 2 contracts right off the rip. Potentially I could take 1 contract then buy another once we get confirmation but then my targets are completely screwed up. Something else that is extremely important is the fact that I was only taking these trades on highs of the day or near highs of the day. This trade is extremely weakened when the market is sitting at lows all day or consolidating. Moreover, its even worse when we just had a 3.5% down day and we are sitting in a major demand zone. I really like this approach of 1 and done becuase I am looking through the other trades of the day and it seems like there are tons of traps where this trade does not work at all. I think this could actually help me create a new rule where if I end up green on my first trade of the day I need to just stop. This may save me tons of money becuase I really see tons of entries for this strategy that happen throughout the day but they are extremely sketchy and I couldve lost all my profits and then some if I ended up taking any of those entries.

Nuances:

- I think the idea that you should have 10,000 iterations of something rather than 10,000 hours is a very smart way to approach a setup. There are probably 15 examples of this trade on this chart today and there are so many reasons why 13/15 of them are not good enough to take. For example, the first trade of the day was the best by far because we had a mini uptrend, we made so many topping tail lows, we had a huge selloff last session, we had many days previous to today where we have tiny green grinds at open then we flush strong and fast the moment the bidders weaken, we couldnt hold premarket high, we broke the 5 minute trend. This is a great example of a high conviction trade. Now lets look at the 2nd potential entry and explain why it is probably not a trade that is worth taking no matter what happens in the price action after. For example, we retested highs and broke down but not very strong, we are sitting in a huge demand zone that was already tested at 11:00 and had a bounce so there is no telling how far that bounce will go, we broke back above premarket high, we broke down vwap and reclaimed, we broke down 20ema and reclaimed. etc.. This is a great way to think about how some trade possibly are good but are really not worth it no matter how technical (right) they seem. I know I couldve made $200 or more today if I took all of the other entries available but also I couldve botched one and made my day be cut in half or worse, lost and revenge traded and went red on the day. Waiting for the first reversal/ breakdown/continuation of bear market moves on the day is probably the best one to do it but the 2nd 3rd 4th 5th 6th opportunities of the day will be much more difficult and nuanced and they will take a very trained eye to be able to know when one is truly worth it or not. I need to stick to the first one of the day for now and try to nail it. If I go for every single on I will end up where I was before, High R but low win %. This is not how I want to be.

New Rules:

(temporary) **Trade the first move of the day and leave. Do not attempt every single potential entry.**

-When I get a nice cushion of profits I will change this rule but for now I think its a good one. I will follow it loosely until I see a reason to otherwise only listen to this.

FAQ

What was the main goal for the author on August 29th, 2022?

The author's main goal was to follow their trading rules and trust their system, regardless of whether they made money or not.

How many trades did the author take on that day?

The author took only one trade on SPY for the entire day.

What was the outcome of the author's trade?

The author successfully executed the trade, resulting in a profit of $53.

What strategy did the author decide to focus on?

The author decided to focus on high percentage win rate trades instead of high risk trades.

What lesson did the author learn about taking additional trades?

The author realized that taking additional trades after a successful one could lead to losses, reinforcing the idea of stopping after being green on the first trade.