August 30th, 2022 (+$23)

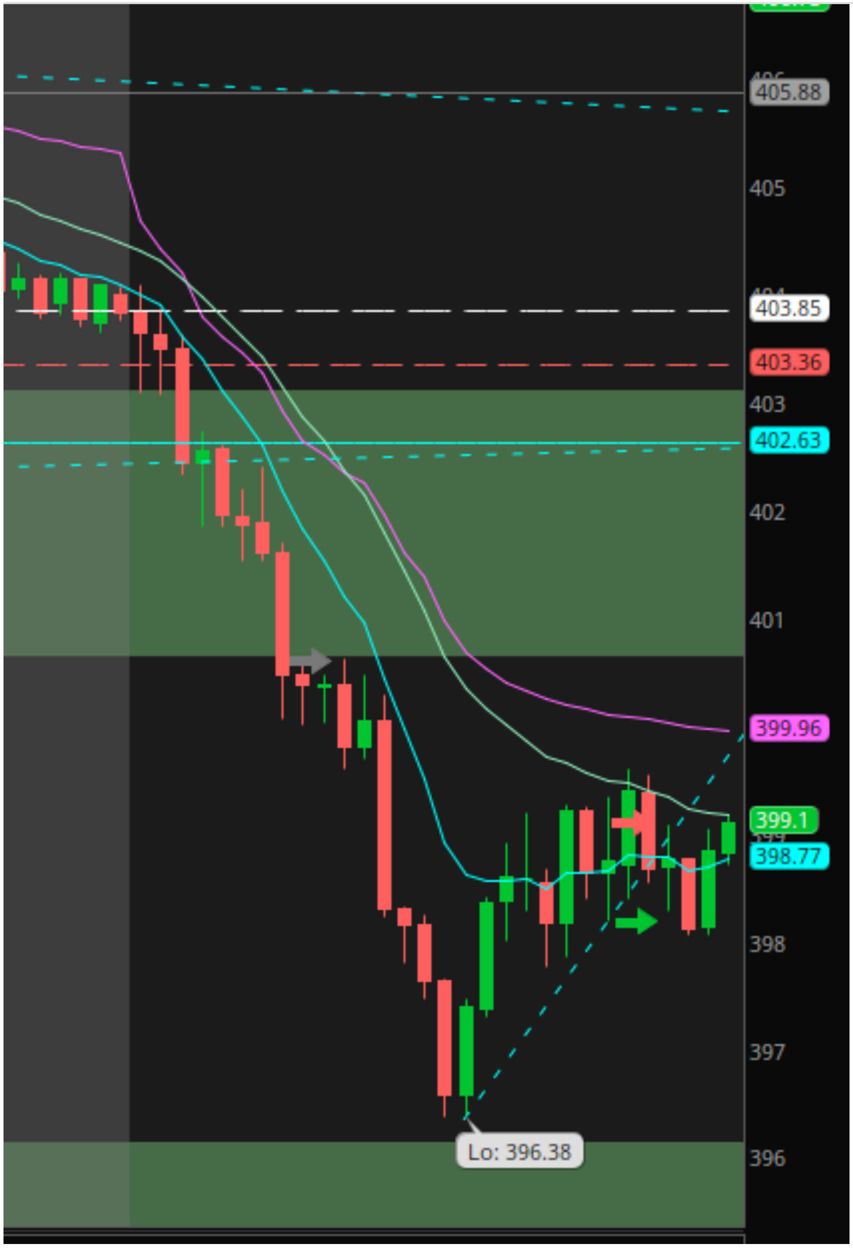
By disciplined_daytrader · August 30, 2022

TL;DR

On August 30th, 2022, the author reflected on trading strategies, particularly focusing on the challenges of trading on red days. Despite missing a key trade setup, they successfully executed a small trade based on moving averages, emphasizing the importance of adapting strategies and reflecting on trading decisions. The post highlights the balance between seeking setups and recognizing when to take calculated risks.

August 30th, 2022

Today I was very close to taking zero trades because my setup was not there. I realize though that I think its wrong to try to only trade this backside strategy on "green days." There has to be a way to make money even on days where its a strong red day and the only trades are chasing the downwards move. I am still torn between thinking "find more setups" and "looking for potential moves that are ugly are still not worth trading or talking about because that thought process is flawed in a game of probabilities." Its tricky for me to think about what is more worth it. Either way its never wrong for me to be reflecting on everything that I can possibly think of on any given trading day. That being said, I tried a new setup today on a continuation of a backside move.



1st Potential Trade (first gray arrow below green supply zone): This was definitely the best backside continuation trade of the day and I completely missed it. It wouldve been much more worth it to just take this with small size and test out my strategy rather than being scared and completely missing it. Although this is still a "chase" in my head, I think its worth considering as a decent setup for a "wallet padder" type of trade. That means I wont make a lot but I can at least make some money on a tricky day of trading. This was a great example of a continuation of backside. We were testing 400 and broke down through the trendline on the micro timeframe. I could have and should have taken this trade with tiny size and looked for the break of lows and even though I cant scale out with options with only one contract that would be the ideal situation. That was also the beginning of the day and had a very good chance of continuation rather than the trade I ended up taking that had a much lower win %

1st Trade: I took the break down of the first trend break after we found a bottom. This was truly a great trade even though it is one that I will avoid in the future. I waited for the SPY to hold above the 8 ema and then find the 20 ema. Once we hit the 20 and found sellers I knew we would probably break down through the 8ema again. I took a super small size (38 delta) trade and had my risk set above the previous bar high and my target below the previous bar low. I set my stops and left to let the trade work itself. Luckily I was right and made a tiny profit on it even though it was actually more than my normal target on the trades I take on backside moves. Although it was small size I am very happy with this trade because I used all of my new moving averages to get a signal of a direction that I could capture for a small profit. I am also very happy I took the profits right at the break of the prior bar low because I knew that there was a decent chance that we pop right back up through the 8ema since we were previously above it. Although I do like this trade I think it is one I will still avoid in the future and instead of this one I can go for the more aggressive first trade of the day where I have a higher win % but it feels more risky.

FAQ

What trading strategy was discussed in the post?

The author focused on a backside trading strategy, particularly how to adapt it on red days.

Did the author take many trades on August 30th, 2022?

No, the author was close to taking zero trades due to a lack of favorable setups.

What was the outcome of the author's first trade?

The author executed a small trade based on moving averages and made a tiny profit, which exceeded their normal target.

What lesson did the author learn from missing a key trade?

The author realized the importance of testing strategies even on challenging days and not letting fear prevent them from taking potential trades.

What is a 'wallet padder' type of trade?

A 'wallet padder' trade refers to a lower-risk trade aimed at making small profits, especially on tricky trading days.