December 6, 2022 (+$45.00) - Swimming Up Stream

By natemadden1994 · December 7, 2022

TL;DR

On December 6, 2022, the author executed three long trades, resulting in a net gain of $45. Despite a clear downward trend throughout the day, the author reflects on the importance of following market trends and avoiding unnecessary trades against the prevailing direction. Key takeaways emphasize the need to adapt trading strategies to align with market movements.

December 6, 2022 - (3 Trades) (+$45.00)

Overall Grade: C+

Day Summary: Today was another day where I should have just followed the trend. We literally had an all day sell off, until the last 30 minutes of the trading session. I am thankful to be green today considering I took 3 trades, all of them being longs. I don't know how many times I need to tell myself to go with the trend. It would have just been so much easier to short today. When we have a day with a clear, direct trend ... follow it. I did do a good job being patient for my entries on the longs I did take though. A day like this a couple months ago would have been so bad for me because of how I used to blindly buy dips.

1YR:1D - SPY

1D:5M - 1D:1M - SPY

<u>Trades</u>

<u>Trade 1</u> - Long 3 Contracts @ Fake Breakdown, Double Bottom (Recent Demand Zone) **(Trend Reversal)**

Grade: B

- I did a good job being patient for this entry, as I took this trade after 11am, but I did enter just a bit early. I should have waited for the candle to close at least
- We were significantly over-extended when I took this grade so I was expecting a bounce, which helped give me conviction on the Double Bottom
- The fact that we had already broken the 5min trend also made me start looking for the double bottom
- There is some anticipation on this trade which can be dangerous, but I felt pretty good that we were going to get a bounce here

FIX: Wait for the entry candle to close before entering. Try not to anticipate bottoms.

Trade 2 - Long 1 Contract @ Demand Zone (after seeing 1 min bottom wick) **(Trend Continuation)**

Grade: B

- I'm ok with this trade because I followed my plan and did a better job of using the higher time fram (15min)
- It didn't work out, but that's trading, and I did a good job at cutting my loser at LOD
- This is the point in the day where I should have started to consider we might see an extended sell off
- Good Entry on this trade and I used the intraday demand zones to make a good plan

FIX: Recognize the daily weekness and just avoid this trade all together. No sense in trying to catch a reversal when the trend is working against you this strong

<u>Trade 3</u> - Long 1 Contract @ Demand Zone

Grade: C-

- This was an unnecesarry trade. Stop going long on a down trending day like this
- Good entry and I was, at this point, expecting a bounce because we were so sold off on the day, but that is a dangerous game to play
- At least I used just 1 contract on this trade, but why even waste the time and the money
- The R/R was good on this trade, but the probability of this finally being the bottom was low

FIX: Avoid this trade. Don't waste your time or money, but if you are going too, don't fight the trend.

Takeaways: Stop fighting the trend. We haven't had much trend throughout the last 2 weeks so maybe I'm just too stubburn to accept it when it's happening now, but I need to trade with the market. It will be so much easier and I can hold for continuation moves. We also rejected off the **Yearly** downtrend (see 1YR:1D chart above) so I should be ready to potentially see more short moves in the markets.

Easy Money: SHORT !! Every Lower High!!

FAQ

What was the overall performance on December 6, 2022?

The overall performance for the day was a gain of $45 from three trades, resulting in a grade of C+.

What was the main trading strategy used?

The author attempted to execute long trades despite a clear downward trend, highlighting the importance of following market trends.

What were the grades for the individual trades?

The first trade received a grade of B, the second trade also received a B, and the third trade received a grade of C-.

What lesson did the author learn from this trading day?

The author learned the importance of not fighting the trend and the need to adapt trading strategies to align with market conditions.

What should traders do on down trending days?

Traders should avoid taking long positions on down trending days and instead consider shorting opportunities.