DRC April 5th, 2023 (+$48)

By disciplined_daytrader · April 5, 2023

Grade:

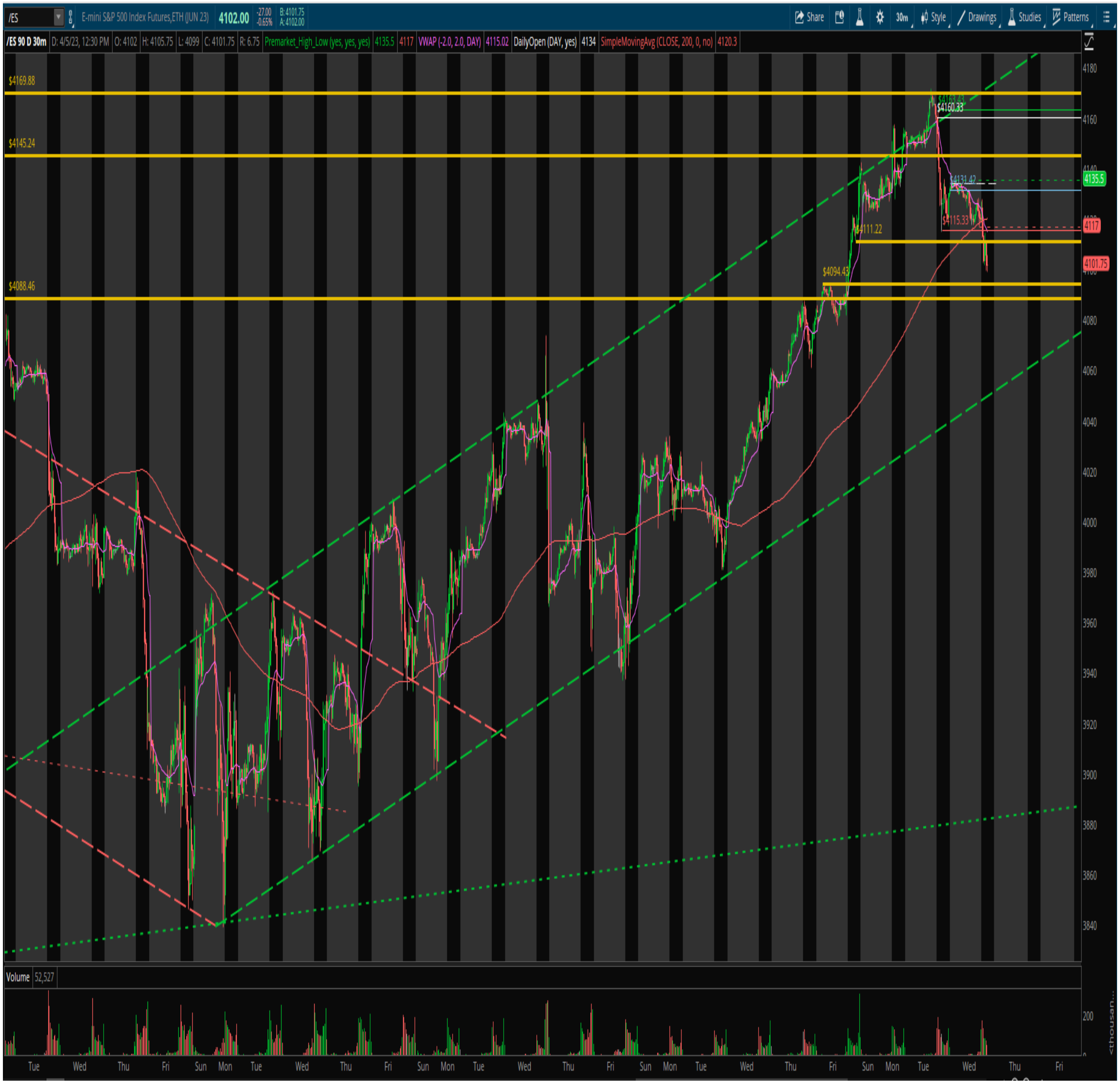
Trade Ideas: B+

Execution: B+

Mindset: A+

<u>Trade Ideas:</u>

<u>Micro Timeframe: Uptrend</u>



Intraday Timeframe: Downtrend

Trades:

1: Micro Reversal Intraday Continuation

1d:5m

<u>Execution</u>:

- Its always nice when you get a 1 and done trade. This morning there was a nice short opportunity that Gonz caught but I was too hesitant on although the weakness amongst the sectors was clear as day and signalling a risk off session. Since I missed that trade I went and made food so I could give the market some time to digest the drop. I came back around 11:30 and pretty much just went for a simple lower high to a new lower low. I had a really nice chance to add into my trade here. I was up about 5 points and then I got a clean pullup that was a nice lower high still and I couldve gotten in and only move my avg 1 point lower. I couldve done that then taken my profits at the same spot and instead of being a $50 trade it couldve been at least $80 and possibly more. I am very happy that I sold at the attempt at a new low and didnt hold this for that big spike. I knew today was just eating off the plates of yesterdays shorts and that means that our chances of a big ass down move are much lower and we could easily find a bottom. Not to mention that the micro timeframe has a massive upchannel and these red moves are simply pullbacks until we break through the bottom of that micro upchannel. That made me want to sell this right at LOD and not fuck around holding. So monday I lost on an 8 point 2 contract winner because I held it too long and I shouldve taken my profits. Tuesday I get a nice 12 point winner and sell it too early because it moved 20 points lower. Today I got a 10 point winner and I sold it right in the perfect spot. There has to be some type of balance on this but I think that balance may come from simply adding into my trades. That way I can take 1 at $50 and then risk the second one for breakeven if I have to. I think that it may be better to just keep going for the lower highs and get 10 points constantly then going for some wild selloff that is 20 points or more. Although this trade was quite nice I shouldve taken the first opportunity of the day.

What was the best opportunity of the day?

If you took this short here that is the best trade of the day (shoutout gonz). The reason why that is the best trade of the day is as follows:

1. Massive sector weakness at open and the data move gave a clean lower high entry from the selloff in the premarket so looking for lower high entries is important

2. Perfect lower high from PM action

3. VOLD was hitting LODs

4. ADD sold off through opening print price

5. MACDs all bearish on every single timeframe

6. TICK 90% below 0

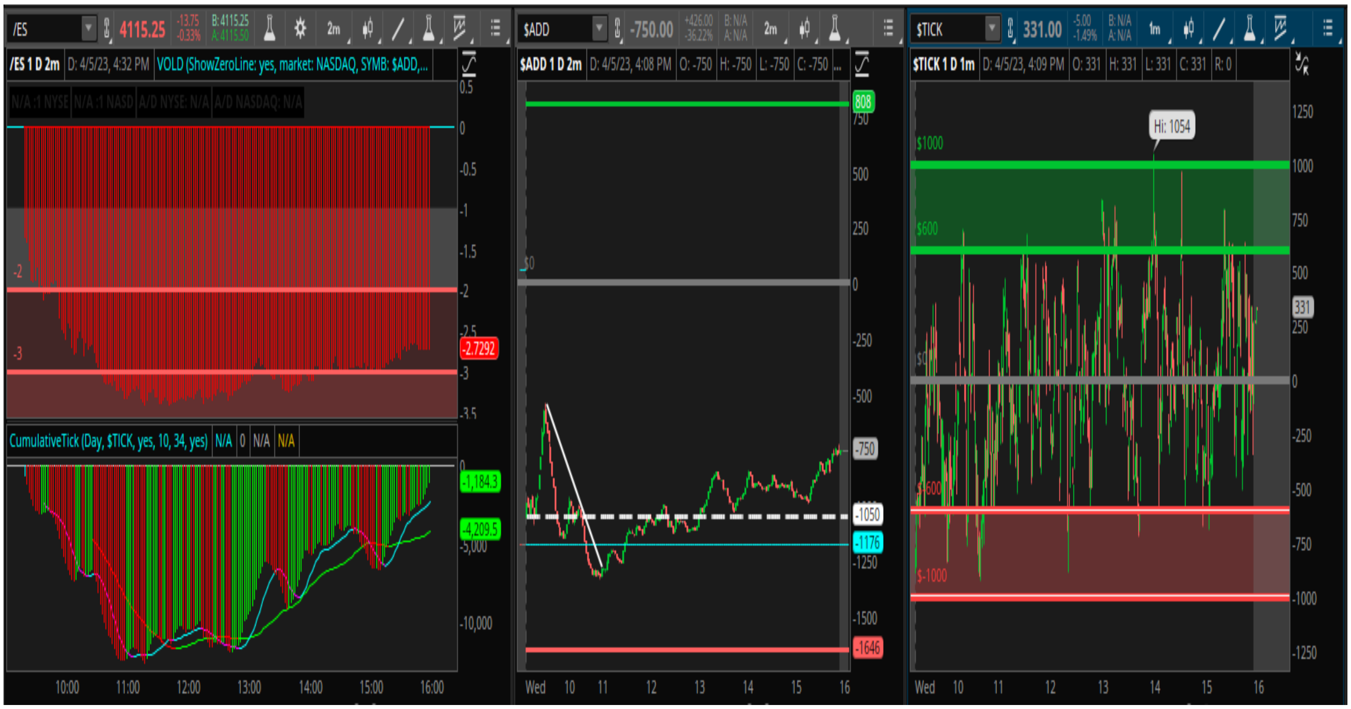
7. Below all EMAs

8. QQQ was leading the selloff and it was already was below previous day low so the SPY should follow

1. <u>Sectors</u>

- This is probably the best ever example of a risk off behavior in the market since I started watching the sectors. The defensives have EXTREME buying at the open while the offensives have EXTREME selling. This is clear risk on behavior and up until about noon when the offensives found a bottom and the defensives started to hold at highs. The only problem with today was the fact that the defensives and offensives were inversely performing which means that offensives were up just about the same amount that defensives were down. This means a rotation is occuring in the market. Institutions are buying risk off assets while selling risk on asset positions. Since the defensives were up so much we did not have a really clean 35+ point selloff that occurred yesterday. Although, this behavior is still risk off so shorting in general will be much much easier than going long until they start to rotate back to balance and consolidate like what happened near noon.

2. VOLD ADD TICK



- VOLD was weak at open but steadily got stronger throughout the session until 12:00

- ADD broke the descending trendline and never made a new low on the day after that. Big reversal.

- TICK was more negative than positive until again about 12:00

What does this mean?

- To me this looks like clearly exhausted selling around about all at the same time on each indicator. 12:00 was peak high on VOLD. 11:00 was peak low on ADD. 12:30 was the last -600 or lower value on TICK. These all are saying that yes we had risk off behavior at open but now that behavior is slowing down. This does not mean going to just go for a reversal though, you need the chart to line up first.

Mindset:

Overall the mindset was spot on today. I think I couldve taken that first short and added into it for a really nice trade and I was somewhat late to the party on my trade which is why I took it at LOD and didnt expect continuation. Had I taken that trade and added into it I wouldve given myself an A+ on Execution and Trade Ideas. I think taking that mid day lower high short is still a really nice trade and a good demonstration of following the trend being very important. I really like how I took a break and cooked some food after missing that first opp and then moving onto the next. I didnt have fomo and I just wanted to give the market and myself some time to react to that big drop.