DRC November 2, 2023

By disciplined_daytrader · November 2, 2023

Potential points profit if I traded perfectly within the system:

System: Weak

Point Potential: 8

Results: -20

Margin of +8 potential to -20 result: (-%350)

Ooooof get fucked pussy

Total Winnings (Fees Included)	400.0	-	Symbols Traded*	1	-
Total Losses (Fees Included)	-1,362.5	-	Max Consecutive Winning	1	-92.86%
Net Profit (Fees Included)	-962.5	-	Max Consecutive Losing	5	-83.87%
Profit Margin	-240.62%	-54,786.36%	Avg Position Amount* ?	1.0	-98.58%
Commissions	0	-	Avg Position Cost* ?	4,306.35	160.21%
Reg Fees	0	-	Largest Win	400.0 | 0.19%	-86.38% | -99.89%
Total Fees	0	-	Largest Loss	-412.5 | -0.19%	-72.98% | -99.77%
Gross Profit (Fees NOT Included)	-962.5	-	Avg Win	400.0 | 0.19%	2,035.61% | -90.1%
Avg Daily P&L ?	-962.5	-300,881.25%	Avg Loss	-151.39 | -0.07%	1,173.25% | -94.35%
Total | Closed | Open*	10 | 10 | 0	-	Avg Trade Duration	4 Mins 42 Secs	-98.96%
Total Winners	1 | 10.0%	- | -74.15%	Avg Win Duration	10 Mins 10 Secs	-98.25%
Total Losers	9 | 90.0%	- | 48.37%	Avg Loss Duration	4 Mins 6 Secs	-98.09%
Total Scratches ?	0 | 0.0%	- | -100.0%	Avg Scatch Duration	-	-100.0%

- Jesus FUCKING christ that was awful

- Overall account took a nice hit today.

VOLD- below OP nearly entire session (bearish)

Weight- Below OP entire session and consolidating above PML

ADD- Very very very bullish at >2000 value + holding way above OP.

TICK- trending lower

Out of 4 internals, 3 were considered "bearish" and 1 was considered bullish. Thus my perpencity to short this entire move up all day.

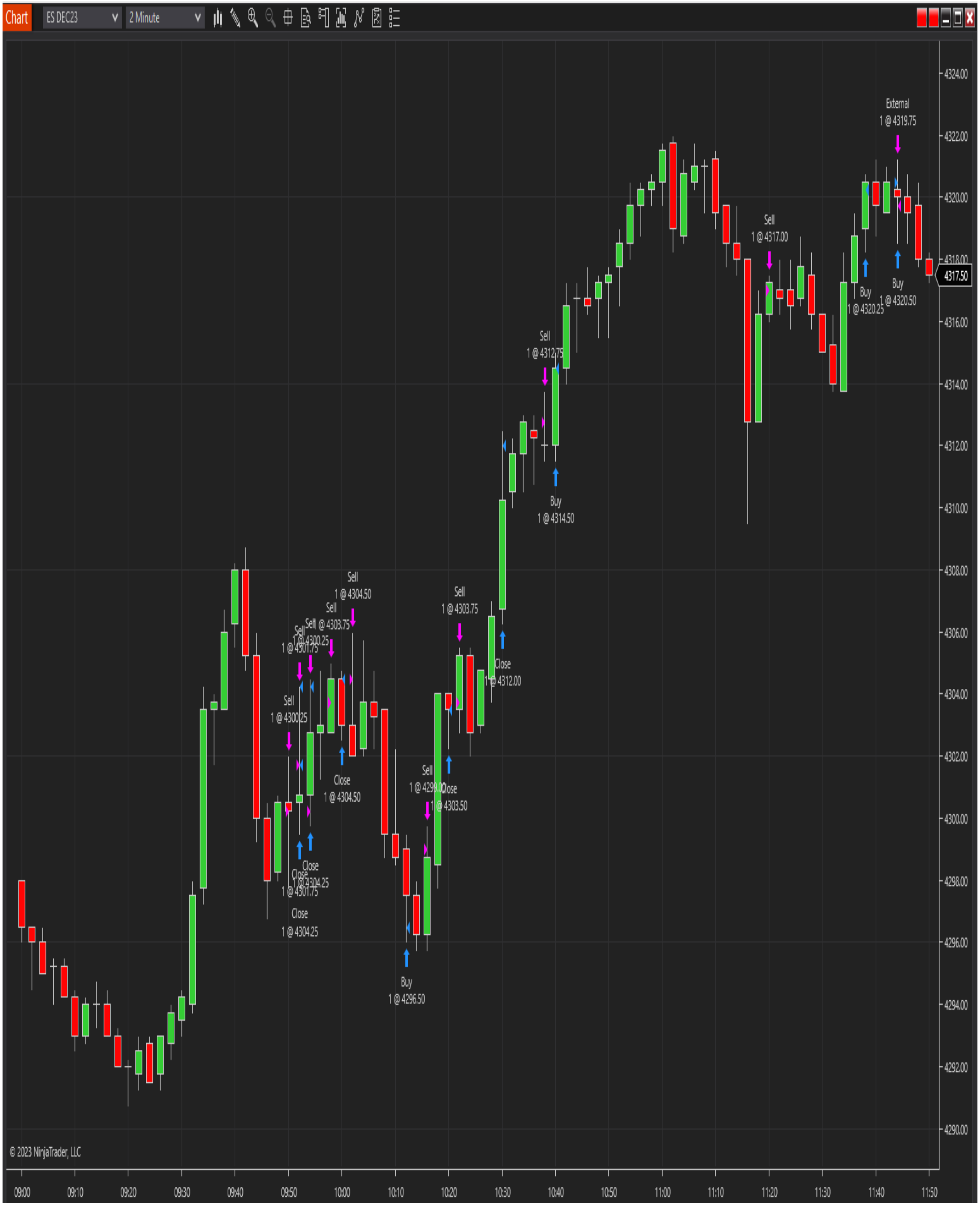
Chart
ES DEC23
2 Minute
External
1 @ 4319.75
Sell
1 @ 4317.00
Buy
1 @ 4320.25
Buy
1 @ 4320.50
Sell
1 @ 4312.75
Buy
1 @ 4314.50
Sell
1 @ 4304.50
Sell
1 @ 4303.75
Close
1 @ 4312.00
Close
1 @ 4304.50
Sell
1 @ 4300.25
Close
1 @ 4303.50
Buy
1 @ 4296.50
Close
1 @ 4304.25
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4317.50
4324.00
4322.00
4320.00
4318.00
4316.00
4314.00
4312.00
4310.00
4308.00
4306.00
4304.00
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11:40
11:50

The day started off with probably the worst executed trades I have taken in months. I was shorting then stopping at the highs, re-enter, do it again and again and again. I was down $500 nearly immediately. Relaxed, waited, nailed a super clean 8 point short with near perfect entry and perfect exit. That put my back to breakeven on the day. I then noticed the first 5m candle to make a new high so I shorted that hoping for ES to move below its OP. I held that short past the 2 point stop mark and then proceeded to hold it past the next stop zone, then finally stopped out losing around 5 points. From -$500 to 0 to -$250. I then for some dumbass reason kep shorting all day eventually losing around 20 total points.

Reasons why this will continue to happen
1. If you scalp system trades that tell you to hold, you will never make money.
2. If you dont vary bet sizing on good days and bad days, you will never make money.
3. If you hold system trades that tell you to scalp, you will never make money.
4. IF you dont PERFECTLY follow entry and exit criterium, YOU WILL NEVER MAKE MONEY.

This is all extremely simple, identify every system trade of the session (9:30-11:30) and tally up how many points those system trades offered. IF you captured more than 50% of the total point value, that is ok. If you captured more than 70% of the total point value that is very good. Lets go over what I should have done today in 15m increments (will implement this tomorrow)

Step 1: Identify Direction through internals:

Open:
VOLD- Bullish
ADD- Bullish
Weight- Bullish
TICK- Bearish

9:45
VOLD- Broke below OP (bearish)
Weight- Broke below OP (bearish)
ADD- Holding HOD and breaking out (very bulish)
TICk- Bearish

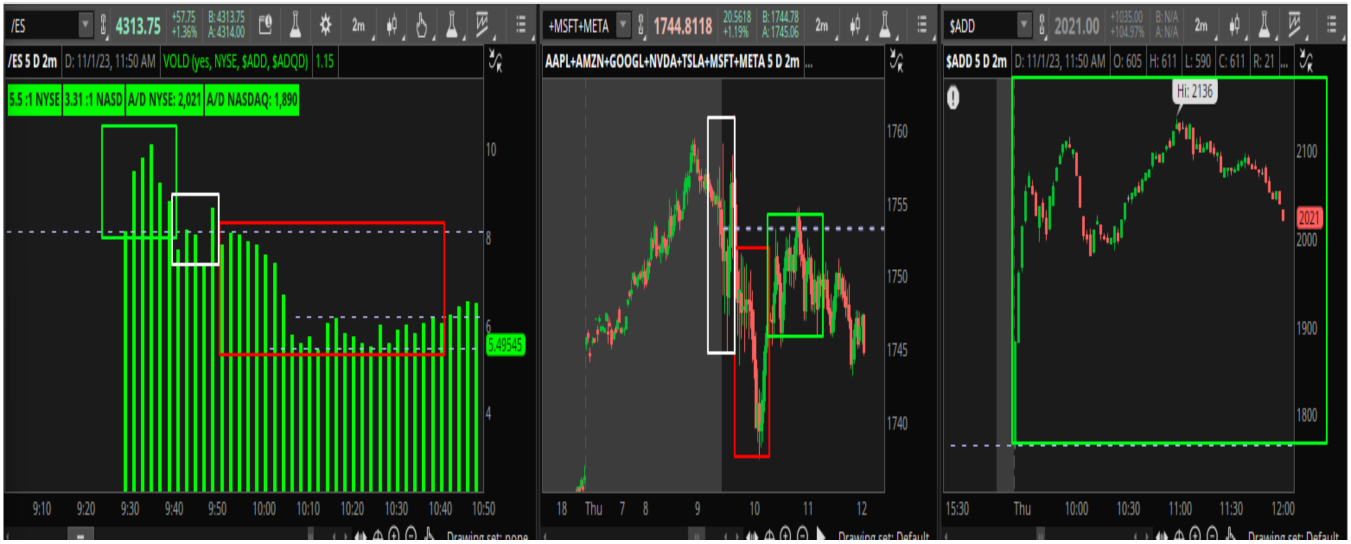
Since internals flipped to downside now we can start to entertain the idea of a short

10:00
VOLD- strongly moving lower (very bearish)
Weight- Break below PML (very bearish)
ADD- holding HOD (very bullish)
TICK- holding above 0 but trending lower (neutrally bearish)

10:15
VOLD- bottoming out at LOD (Bearish)
Weight- Closed back above PML (Neutral)
ADD- Very bullish
Tick- same as 10:00

10:30
VOLD- Hold LOD (Bearish but not strong)
Weight- Retesting OP (neutral)
ADD- Holding highs (very bullish)
Tick- same

Once Weight reclaimed its PML, ES ripped back up through its first breakdown, ADD held highs, TICK still hardly ever below 0, that is when I should have been done trading. The first entries were very sloppy as I was shorting into a large FVG and my entries gave my no room to hold for a clear stop. I finally nailed the clean trade but then I proceeded to trade the continuation afterwards.



Exact moments of Bullishness, Bearishness, and Neutrality. Where do they correlate?
Bullish correlation: 0
Bearish correlation: 9:52-10:18 Bearish but not strong.

IF system is weakly bearish what is first step?
1. Use half size

If system is bearish from 9:52-10:18 where do we enter and what are the trade setups?
1. Since weak bearish, targets are immediate Change of character, not OP and not outsized returns.

Entry and Exit criterium?


Chart
MES DEC23
2 Minute
4322.00
4320.00
4318.00
4316.50
4316.00
4314.00
4312.00
4310.00
4308.00
4306.00
4304.00
4302.00
4300.00
4298.00
4296.00
4294.00
4292.00
4290.00
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09:20
09:30
09:40
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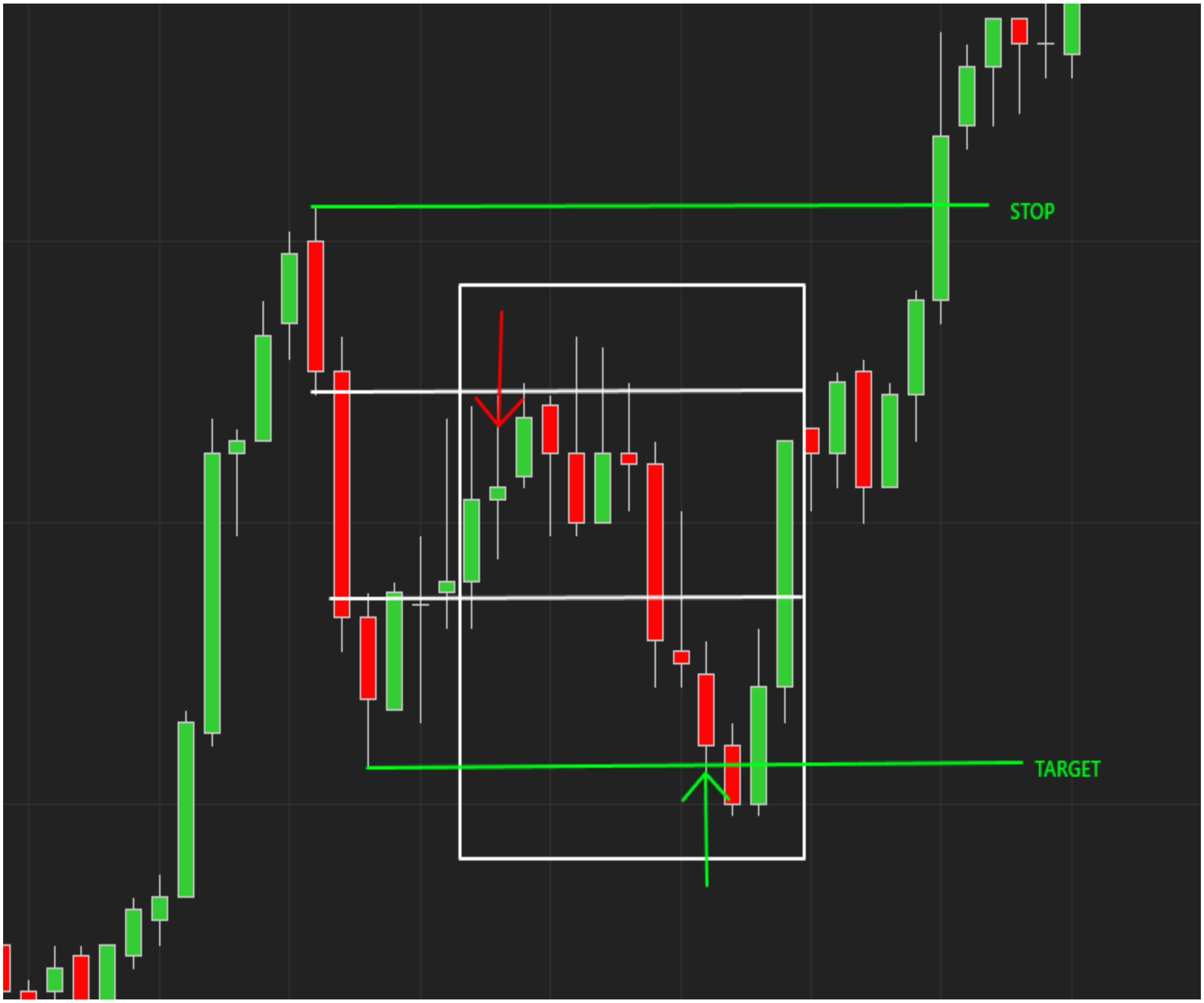
10:10
10:20
10:30
10:40
10:50
11:00
11:10
11:20
11:30
11:40
11:50
12:00

- This is the exact moment in time where we had 2/3 internal confluence and were considered (weak) bearish



- This is exactly how I should have traded within my system
- FVG entry, target is ChoCh, stop is HOD (or high of candle before FVG). This is the 1 trade I could have taken within my system as this was the only window of time where anything had confluence and even then it was still considered very weak.
- Stop= 3 points
- Target = 8 points

I did take this exact trade today but I kept trading afterwards which was a terrible idea for a few reasons

1. 5m NH entries do not work unless we are considered (strong)
2. If you lose 5 times in 1 day chances are you are doing something very wrong lol.

SYSTEM REVIEW

System: If internals trend together, trade in the same direction
Before we identify strength we must identify which internals will matter the most on a weekly basis. Are we in Macro (lot of macro news) or ER (earnings) this week? if Macro then ADD matters a lot if ER ADD matter not as much as Weight.
    - This week is a combo of ER and Macro, making it difficult to know what to follow the most

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When is system considered strong?
1. 3/3 trending together (sometimes ADD can lag or Weight can lag given the type of week (ER or Macro)
2. VOLD ADD making new LOD/HOD back to back
3. Weight also making new LOD/HOD but not required, can lag slightly on Macro weeks
4. Rate of trend is strong
    - VOLD > 0.25pts/2m candle
    - ADD New LOD/HOD consistently
    - Weight: outside of OR = very strong, inside of OR = neutral
5. OP is respected immediately

System is Strong? How do we trade it?

Strength Entry Requirements: (During V Shape)
1. FVG
2. IR

Strength Stopout Requirements: (During V Shape)
1. 1 points above/below HOD/LOD

***Get 3 chances to take this trade, if 3 losses must stop.

Strength Target Requirements: (During V Shape)
1. Passive= first ChoCh

2. Aggressive= Full reversal (OP, PDC) whichever comes first. (very hard to get this trade on formation of V as this is when the most fakeouts will occur on the first ChoCh. I think in general better to take it at first ChoCh then trade continuation rather than trying to hold initial V the whole way into a full reversal.

Strength Entry Requirements: (After V Shape)
1. 5m new countertrending H/L
2. FVG
3. IR

Strength Stopout requirements (After V Shape)
1. (Testing but not sure) 2 pt stop on 5m candle entries
2. (FVG) H or L of candle BEFORE FVG formation
3. (IR) Prior bar H/L

Strength Target Requirements: (After V Shape)

5m Entries:
- new LOD/HOD
- OP/PDC whichever comes first

RARE A++++ Strength:

If system is very strong: 3/3 together, VOLD ADD + Weight making new LOD/HOD together, outside of PDR, Rate of trend is very strong, etc. We look for AGGRESSIVE targets and add into position on FVG or IR or 5m scenarios.

When is system considered weak?
1. 2/3 internal trending together
2. Rate of VOLD trend is weak <0.25pts/2m candle
3. Interals constantly flipped above and below OP
4. ADD flat or consolidating
5. Weight inside of OR

WHEN SYSTEM IS WEAK WE USE 5MES (half size)

Weak Entry Requirements (During V Shape)
1. FVG
2. IR

*** only 2 chances to take this trade. if 2 b2b losses must stop

Weak Stopout Requirements (During V Shape)
1. HOD/LOD

Weak Target Requirements (During V Shape)
1. first Choch (Do not hold for full reversal ever as it is unlikely in most circumstances)

Wean Entry Requirements (After V Shape)
1. FVG
2. IR

***There is no 5m new countertrend H/L entry when the system is weak. These entries tend to be more of fakeouts and very difficult with weak followthrough.

Weak Stopout Requirements (After V Shape)
1. Candle H/L before FVG
2. Prior bar H/L

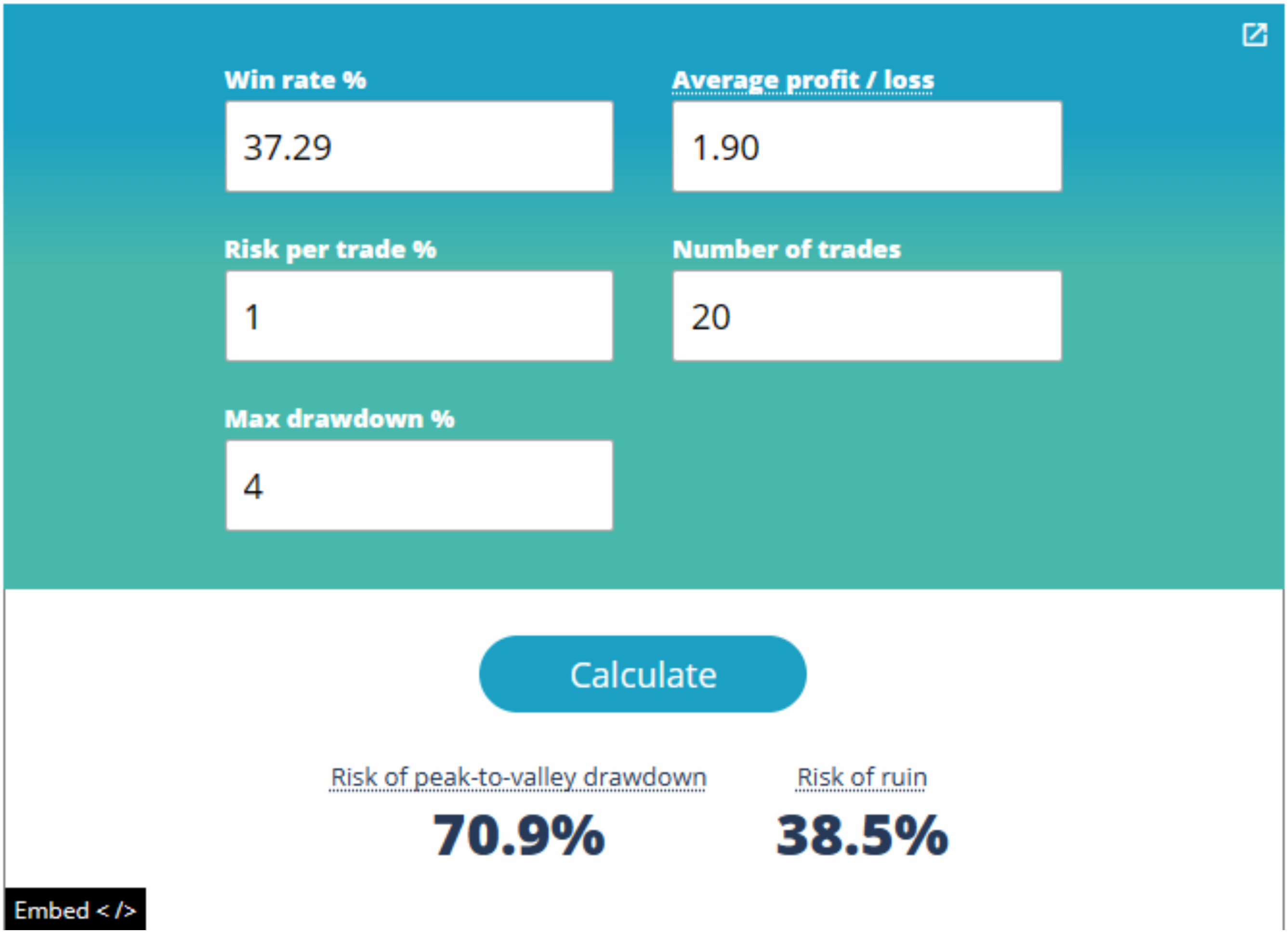
Weak Target Requirements (After V Shape)
1. First ChoCh
2. New LOD/HO

****Never target full reversal when system is weak

When is system considered Neutral?
1. 1/3 internals dictating movement
2. Many retests of OP if 2/3 internals moving together
3. Weight Stuck inside OR
4. Anytime VOLD ADD conflict eachother usually not a good sign for clean price action.

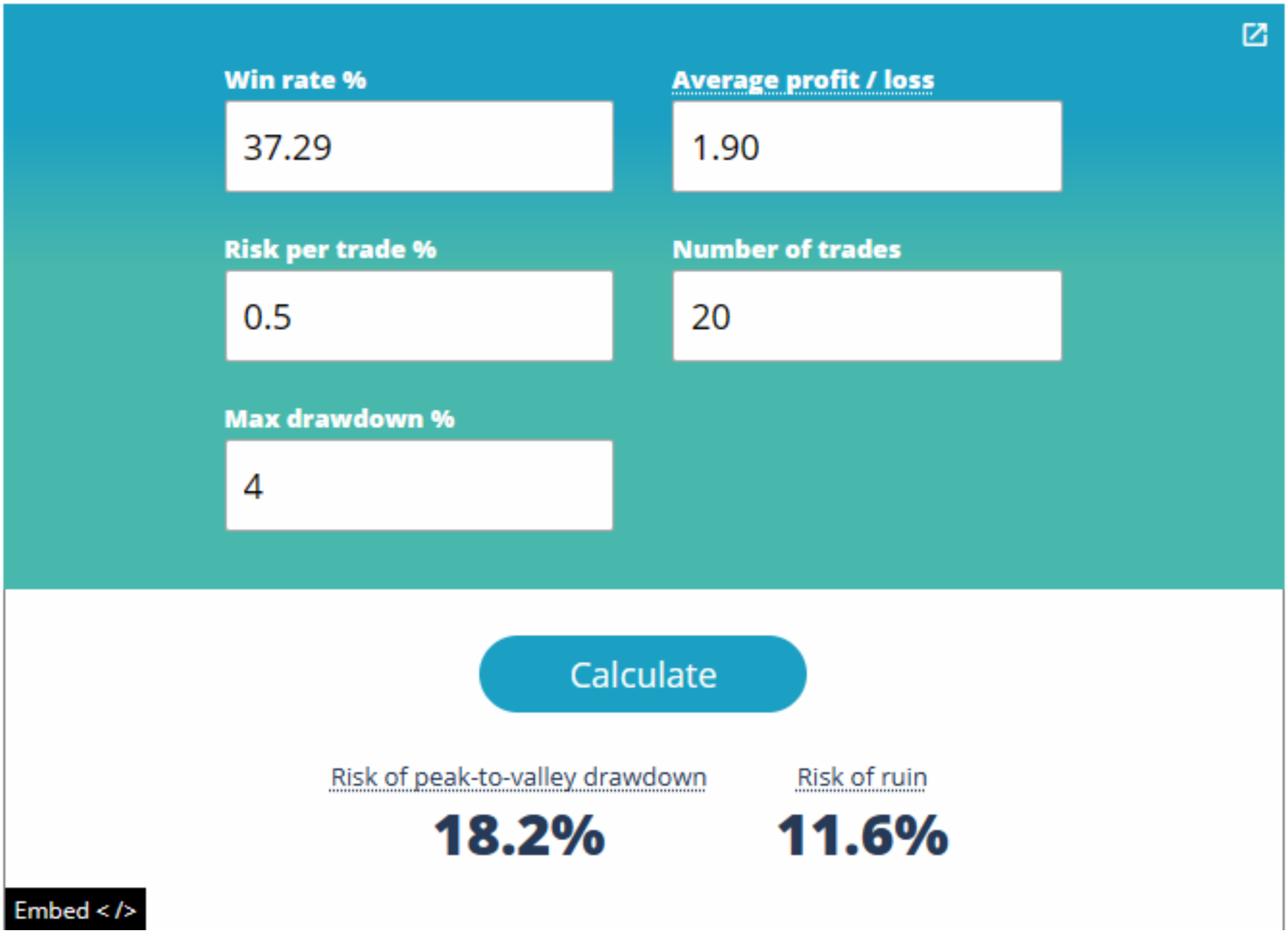
IF THE SYSTEM IS NEUTRAL WE DO NOT TRADE.....EVER. If we do its 1MES for fun and even then you get 2 trades if you lose back to back you are done.

Overall System Stopout requirements:



- This calculates the chances of me blowing up my account (ruin) on a MoM basis
- I adjusted this to adhere to a 50k eval account so my max drawdown is $2k because that is when I would get kicked out. 4% max drawdown of $50k acct is $2k. Then my max risk % per trade is more of a max risk per day as I inputted the # of trades as 20 to also reflect this as a MoM basis and not a per trade basis. This means my daily max stop must be 1% of $50k which is $500. If I keep my max daily stop at $500 my chances of blowing up my account within this system is still 38% which is quite high. Anything better than <%50 is pretty good for me tho since I am not profitable yet.

- Again the # of trades is set to 20 to account for a month of trading and the % risk is set to a daily risk rather than a per trade risk. If I have a daily max stop of $1000 which is 2% of a 50k account, that brings my chances of blowing up account to 61% which is well above %50.
- This shows the importance of sticking to a max stop as the moment I go over it I already bring my chances of blowing up to above 50%.



- I can exaggerate this even more to a daily max stop of $250. if I had that then possibility of blowing account goes the whole way down to 11%.

Mistakes I made today:

1. Failed to ID system as weak and rather traded it more like it was strong.

    -This alone can make me easily lose a shit ton of money if I continue to do so. Trading a weak system is much different than trading a strong one. In weakness, we are likely to chop, not hit targets cleanly, not give clean entries. That is what happened today but instead of me sitting there and not acting, I continued to trade as though the market was wrong and my mind was right but the data was wrong. Again if we are weak there is clear system entry criterium and if we are strong there is clera system entry requirements. there are also exit requirements.

2. Overtraded

    - first 3 trades were purely me spazzing out and not identifying a clear risk level or target. I was just hopping in hoping I was going to make money then get stopped out at

the highs. I need to make sure I pre-define the risk of every trade and if I dont then there is no trade to be taken in the first place.
3. Kept trading even after going from 1 point away from max stop, then going back to breakeven. Anytime I ever get close to B/E after being near max stop I immediately lose way more than my max if I continue to trade. Every trader I know is very similar. IF the day started bad its really unlikely that it will end very good.
4. Went past max Loss. I technically didnt have a max loss on this account as I thought $1k is good but clearly in those risk of ruin calculations I am vastly wrong. $500 max daily loss compared to $1000 is a 30% difference. Even worse is if I had set my max stop to a hard $250 then my chances of blowing up at only 11% compared to 61% when I hit my $1000 losses. This is my 4th $1k loss in this account so far which is insane to think I am still up $1k on it lol. Just more of the back and forth trading that I am so akin to at this point of my trading career.

Main lessons:
1. Every 15 minute identify the system. We are always either Weak strong or neutral and that changes all day. There are multiple pockets of each scenario within a full 2 hour morning session. Every 15 minutes I should be writing down physically what phase we are in within the system.
2. Max loss is vastly more important than youd think. its genuinely the only difference between having high chance of blow up and very very very low chance of blow up. Not losing a lot can really be an entire reason that many people are profitable traders. To be the guy who makes $100 on my green days and im green 90% of the time but I lose $1000 on my red days, is insane and stupid. Without having clear rules and stops in place to lock me out of the account, I will never make any money.

Tomorrow:
1. every 15m write down if system strong, weak, neutral
2. Max loss is $250
3. If system is strong and you are entering at V shape formation and you get the ChoCh take it, if system is strong and you enter after V shape and you can aggressively target full reversal then do it. Moral of the story is, if you identfiy the system parameters, trade the system the way it was designed. Stop taking 3 point winners and thinking you just created wine out of water. At the EOD review the system and find all the potential entries

and exits and if you made more than 50% of the total point value in the system then its a decent day. Above 60% very good. Below 50% not good. Below 35% very very bad.