DRC October 11, 2023

By disciplined_daytrader · October 11, 2023

Overall Stats

Total Winnings (Fees Included)	0	-	Symbols Traded*	1	-
Total Losses (Fees Included)	-87.5	-	Max Consecutive Winning	0	-100.0%
Net Profit (Fees Included)	-87.5	-	Max Consecutive Losing	1	-96.77%
Profit Margin	0%	-100.0%	Avg Position Amount*	1.0	-98.6%
Commissions	0	-	Avg Position Cost*	4,405.5	175.84%
Reg Fees	0	-	Largest Win	0% | 0%	-100.0% | -100.0%
Total Fees	0	-	Largest Loss	-87.5 | -0.04%	-94.27% | -99.95%
Gross Profit (Fees NOT Included)	-87.5	-	Avg Win	0 | 0%	-100.0% | -100.0%
Avg Daily P&L	-87.5	5,403.14%	Avg Loss	-87.5 | -0.04%	678.47% | -96.83%
Total | Closed | Open*	1 | 1 | 0	-	Avg Trade Duration	1 Mins 3 Secs	-99.77%
Total Winners	0 | 0.0%	- | -100.0%	Avg Win Duration	-	-100.0%
Total Losers	1 | 100.0%	- | 64.8%	Avg Loss Duration	1 Mins 3 Secs	-99.52%
Total Scratches	0 | 0.0%	- | -100.0%	Avg Scatch Duration	-	-100.0%

System: If internals are trending in the same direction, Then trade in that direction targeting liquidity levels.

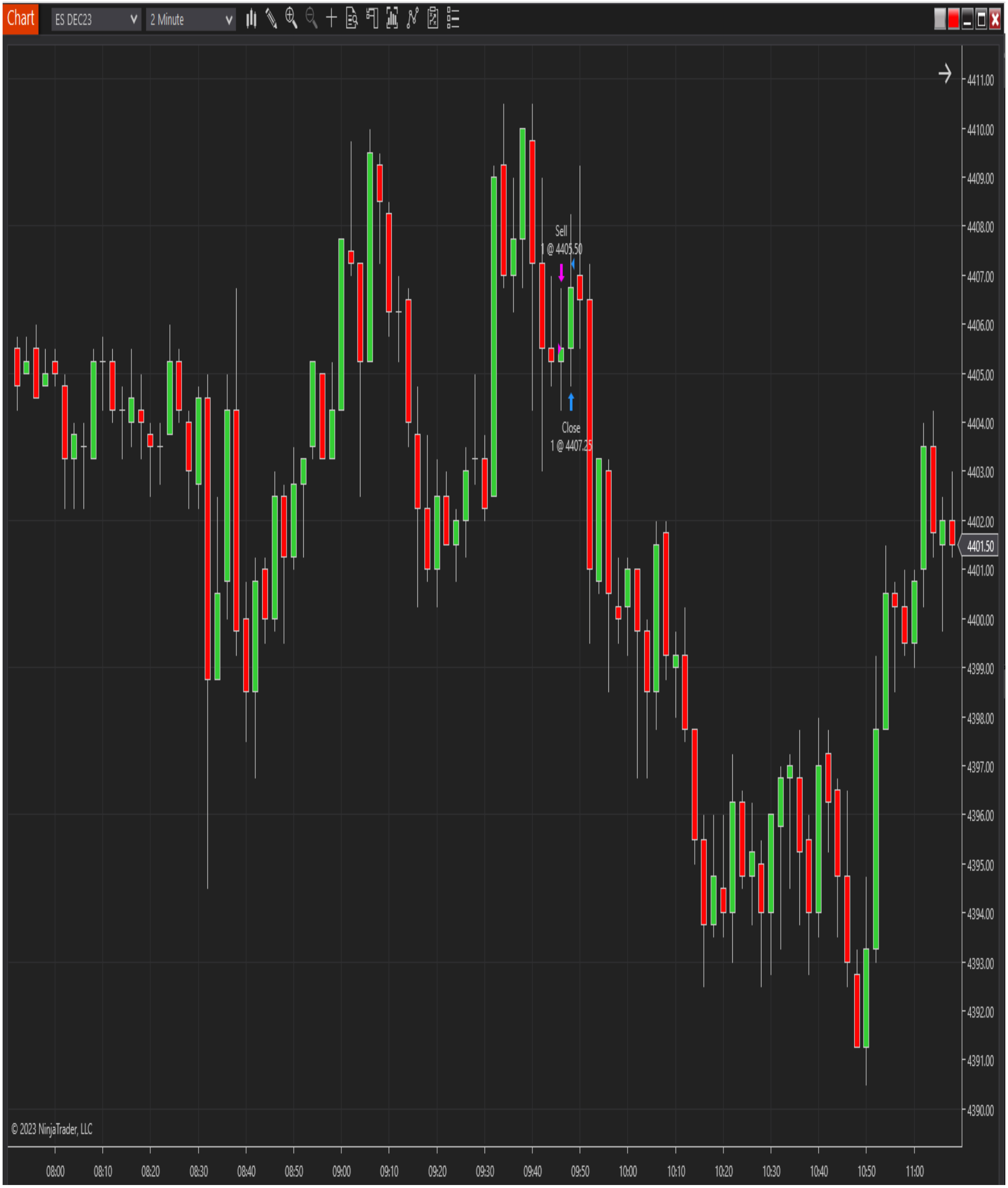
VOLD: Down

Weight: Up

ADD: Up until 10:10 when it breaks OP

2/3 Internals trending higher at the open

Morning Session: 1 Short trade, Loss



Trade: This trade felt wrong for 1 reason and that reason is that 2/3 internals were trending higher when I took it. This is a very interesting scenario because I wanted to get short and was eager to try to take it because of many reasons. Firstly, CPI is tomorrow with FOMC at 2pm. In that scenario it is likely we lock in a range early on and we just stay there for the entire session. As we were failing to break the PM high with strength I was eager to see if that thesis was going to play out. As I got in short I noticed VOLD was moving quite strongly to the upside and its not uncommon for the VOLD to print a very odd candle in the first 2m so I was somewhat nervous that the first 2m candle was just a fluke and we were going to start to move higher. If the VOLD was going to be green and move above OP then that would be 3/3 internals trending higher in which case there is zero reason to short under any circumstance whatsoever. I got out fast as we broke the 2m candle high that I entered in and then I proceeded to watch the price action melt lower for about 20 points with minimal pullups. This is very troubling to me because if my system was going to work correctly shouldnt I have been able to get this short trade? I was also very willing to take it and since I started my DRCs again yesterday I was reiterating to myself (in the DRC) that I MUST FOLLOW MY SYSTEM. The funny part is that had I traded how I have been trading in the past 2 weeks I wouldve definitely got that short move and made money on it. Obviously hindsight is 20/20 but I was very much expecting this exact scenario to occur. Is my system flawed or was this scenario simply outside of my system in which case I am fully 100% okay with missing out on? Lets find out

When did my system tell me that shorting was viable?

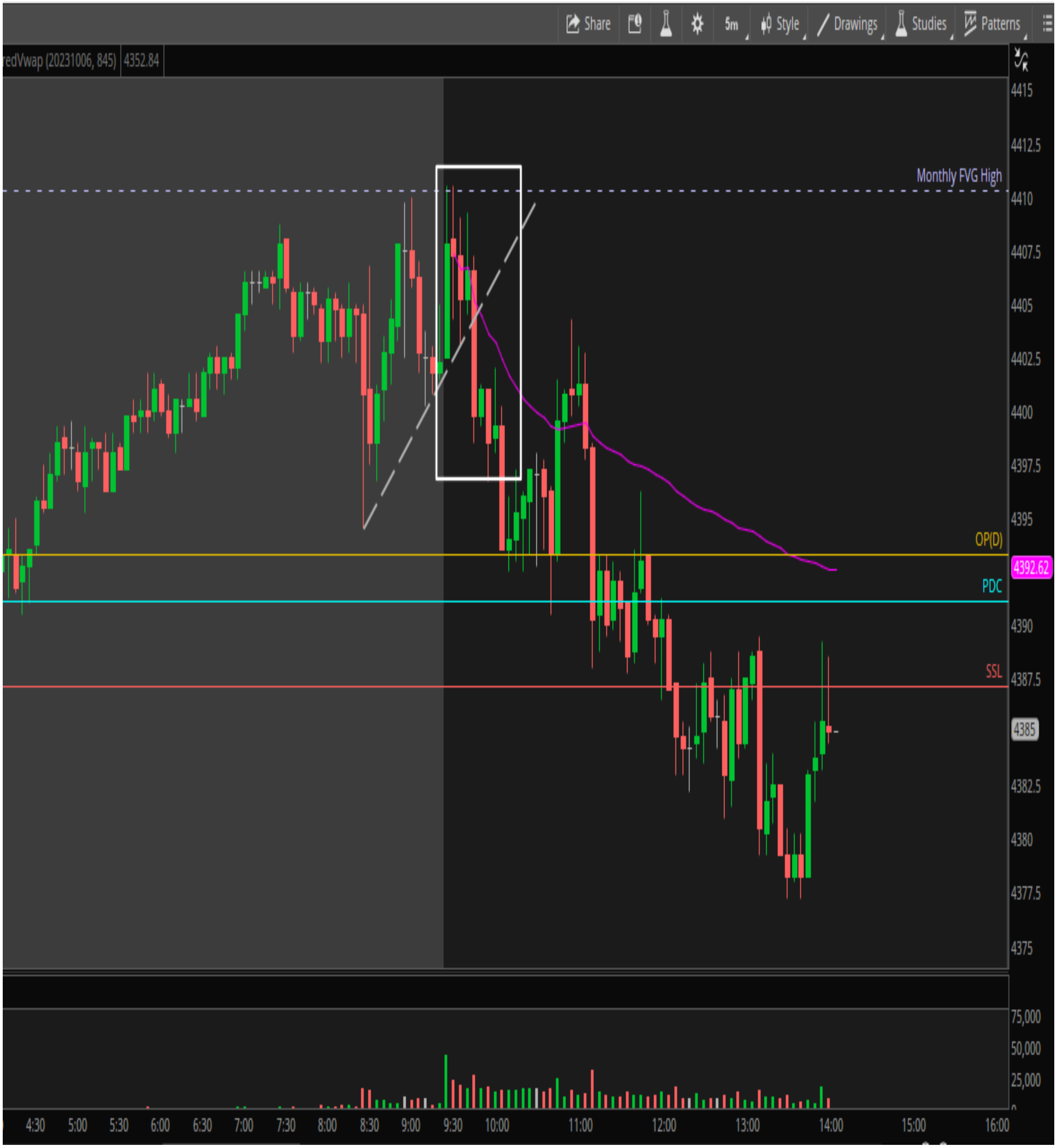
VOLD: Red all day, clearly downtrending

Weight: still above OP nearly the entire session until afternoon but this green horizontal line was the previous days high and when we swipe a level like PDH I am watching like a hawk to see if we use it as a liquidity grab to move in the opposite direction.

ADD: green up until about 10:10 (when it broke OP) but the uptrend brokw right at 9:52

- There was not a clear downtrend until about 9:50 in terms of internals.

When was the market selling off?



- This large trend break happened directly at 9:50

My system was unable to pre-identify when the market was going to turn. It basically was lagging and or immediately following the price action of the ES. As we all know, indicators are lagging so it makes sense that they will be in sync with the broader market but the best time to use these indicators is when they predict the movement before it occurs, not the other way around. Although it took until 9:50 for my system to fully have me confident that we were in a downtrend, there were multiple areas where I couldve shorted for continuation scalps on the backside.

Before I post where I could have possibly entered I must firstly explain that since the VOLD is decreasing slowly and steadily, the Weight was still above OP until way later on in the day, and ADD was somewhat selling off, I would not consider this a high probability environment to be going short for continuation. In what scenario would I consider this a high probability environment for shorting? VOLD must be decreasing with intense speed, ADD must be below OP wayyy before 9:50, Weight should be below its OR and moving with speed. In that scenario, I would be much more willing to get short at aggressive areas looking for continuation and my targets would be much more aggressive as well.


hart
ES DEC23
2 Minute
Sell
1 @ 4405.50
Close
1 @ 4407.25
© 2023 NinjaTrader, LLC
4410.00
4408.00
4406.00
4404.00
4402.00
4400.00
4398.00
4396.00
4394.00
4392.50
4392.00
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11:00
11:10
11:20

(White line is when internals confirmed downtrend was occurring) There are all possible spots where I couldve been working within my system and still made money. Why these zones? These are all 5m candle new highs which when we are in a downtrend are usually used as levels to continue selling into. As you will see below, once I get 2 of these trade on a low probability day like today, I would stop trading.

5m candle new highs after downtrend is confirmed by internals going backside

If I shorted at these spots how do I make sure I dont get chopped up and try to hold for too long targeting too big of a move? The INTENSITY of the movement in the internals is the #1 way for me to know if there is a low or high chance of strong continuation in a trend. How do I measure intensity?

STRONG

VOLD: Must be increasing or decreasing at a rate of more than 0.3 points per 2m candle AND must be making new highs/lows consistently. Also must move directly from OP and not fake out at all.

Weight: Must be outside of OR or outside of PDR

ADD: Immediately upon open its already trending with VOLD and is at an extreme level such as +/- 1800

WEAK

VOLD: moving above and below OP or vice versa at least 1 time before the days direction is chosen (fake outs not good) Must be moving at a rate of less than 0.1 points per 2m candle as well as consistently holding lows or highs without making new HOD or LOD back to back.

Weight: inside of OR and inside of PDR

ADD: Weak values such as anything between -1000 and +1000. Is conflicting the VOLD at the open by moving in the opposite direction (fake outs not good)

When internals are strong (3/3 moving in same direction with Strength traits posted above) I can short nearly every 5m new candle high in downtrends and vice versa for uptrends. I can target either new LOD/HOD in those continuation trades because good strength amongst internals means that continuation is likely and continuation to strong liquidity levels is also likely.

When internals are weak (2/3 or 1/3 moving in same direction with weak traits posted above) I should either not trade at all or I should still make sure I am ONLY trading in the direction of the majority of the internals (ex 2/3 up must go long). When I do trade I must look for entries that give me very low risk (less than 2 points) as in general on days like this I am already less likely to win so risking a lot makes zero sense. IF I do trade must look for no more than 2-4 point scalps and once I get 2 wins its best to just walk away and wait for a better day tomorrow.

Key takeaways:

1. Strength amongst internals is EVERYTHING in terms of determining if you have a low or high probability trade setup occurring.

2. Yesterdays DRC made me miss out on a trade I would have otherwise taken today because after I took my short I realized I was shorting while only 1/3 internals were moving lower. I wrote it down on my note card just like I said I would do in yesterdays

DRC but after doing that I avoided the rest of the session because by the time weight and ADD were below the OP it was nearly 11 and I was already done trading. If I notice more and more often that my rules make me worse I will go back to the "only DRCs on the weekend and I get 1hr to go over my entire weeks trades" (so I dont overanalyze).