

March 30th, 2023 (+\$30) DRC

By disciplined_daytrader · March 31, 2023

Futures

1st: Micro Continuation Intraday Continuation

2nd: Micro Reversal Intraday Reversal

1d:5m



- The first trade was really just me expecting us to rally again like wednesday but again (like wednesday) we just choppy at the open, pulled back for a while, found a bottom late

day, rallied into the close. This has happened 3 days in a row which makes sense because the market clearly wants to rally at every open now but there is just not enough of a catalyst to bring in the volume required to really make this move higher aggressively. Once the first trade didnt work I just got short simply from the fact that since we did pullback the last 2 days, a pullback today wouldnt be too rare lol. We had a very clean rounded top pattern and I got short risking the break of the previous lower high. I was almost stopped out but I was 1 tick above the stop. This was EXTREMELY lucky and I really think today wouldve been a tilt day if I had gotten stopped out on that short just to watch it rip lower for the next 2 hours straight. I did place my stop relatively high and to a point where the structure would be broken so yes I had the correct stop (down to the penny) but I still am somewhat lucky that it didnt hit it.

- From the HOD to the LOD it was a 26 point move. I caught about 11 points of that move which was 42% of the entire days range. I think that is pretty damn good. Usually anything above 30% is really nice and this week I had a 77% trade and a 42% trade. I was very close to getting long on wednesday for a big move that I wouldve caught as well but I was just too early on that trade and ended up losing.

What gave me the confidence to hold this trade for 42% of the entire short move?



- Firstly we are in a large uptrend on the micro so holding shorts for breakdowns is very sketchy UNLESS you have something big happening in the Macro.

- Above we have the sector ETFs and I explained this in last post but the top are DEFENSIVES and bottom are OFFENSIVES. When we expect the market to rally then we want to see a risk on behavior. Risk on means that people buy Offensives and sell Defensives. Risk off is the opposite. At the open we have risk on behavior because the bottom ETFs (offensives) were rallying while the top ETFs (defensives) were falling.

There was a shift that happened around 11ish where all the offensives started to crash lower. Why would this happen? If they started strong and all the defensives were moving lower then why would they start to fall while defensives fell at the same time? Look at the bottom right of the chart [XLFF\\$55.94+0.58%](#) is the financial sector. I wrote in my last post that this sector has been paramount in showing the direction of the overall market. There is so much fear in financials right now that when they move lower, the entire market follows. You can see that they were on a tear to the downside right from open. If financials and defensives were all moving lower then why was the market trying to rally at the open? XLK (tech) XLY (consumer discretionary, AMZN etc.) and SMH (semis) were all rallying at the open. These 3 sectors alone were holding up the entire market. You could tell though in the SPY price action via the rounded top that the sellers were coming back in. Once XLY XLK XLC SMH all started to move lower I knew I was in a good short and I could hold for a while before a big pop was coming. These sector ETFs are incredible indicators for confidence or pessimism in the market. Everyone should have these on a watchlist or on their charts.

How could I have traded this better?

1d:5m



- ADD TO THE DAMN TRADE

- I got in this trade somewhat late because the market wasn't showing weakness until I was about to enter. We had a pullup directly to my entry point and I contemplated adding into this trade but I bitched out again. I am not sure why I am so scared to do this. I understand that maybe adding into a short when we are in micro uptrend is just not a good idea because there will always be some random buy momentum that can destroy you (like what happened at EOD), but this short pulled up exactly to my entry and I

couldve just added there and yes if I got stopped out it wouldve been a 50\$ loss but if added one more time on the next pullup and sold where I sold my position originally, this wouldve been 3 contract trade with an average near 4077 and if I had changed my stop out to breakeven once I had 3 contracts and then kept my target the exact same then I wouldve essentially been risking a breakeven trade for about a 135\$ potential profit. I would take that chance any day of the week.