

SQ Trade: (+\$62)

By disciplined_daytrader · December 14, 2022

TL;DR

In this blog post, the author discusses a recent trade involving SQ, noting a significant downtrend in the SPY and the impact of upcoming economic events. The author shares insights on the trade's success, attributing it to market divergence and volume analysis, while acknowledging a degree of luck in timing the exit.

1d:5m SPY



1d:5m SQ



-The SPY was clearly in a massive downtrend all day today basically spiking 3% at CPI data then immediately sold off and deleted the entire gain which is to be no surprise to any trader who has been trading this year. We have a massive day tomorrow with JP and 50 bps hikes so big moves the day before such a monumental moment in this bear market is just the normal.



-I took this short here and almost top ticked SQ and also sold almost perfectly at lows. I am not going to sit here and say "I planned this awesome trade etc.. because I truly did not expect this and I also got lucky by not being greedy and selling once I hit 50% return on the option. This trade was 30% recognizing that SQ was divergent from the SPY, 40% recognizing that the price of 74 had a bunch of volume packed into it, and 30% luck. Happy I got this one through and it worked out as well as it did. We will see tomorrow if I sold this way too early or not. If the SPY moves lower at open and we do a 75bps hike I am going to kick myself.

FAQ

What was the main focus of the trade discussed in the blog post?

The main focus was a short trade on SQ, which the author executed during a significant downtrend in the SPY.

How did the SPY perform on the day of the trade?

The SPY experienced a massive downtrend, initially spiking 3% after CPI data before selling off and erasing those gains.

What factors contributed to the author's successful trade?

The author credits 30% of the success to recognizing SQ's divergence from the SPY, 40% to the volume at the price level of 74, and 30% to luck.

What was the author's sentiment about the timing of the trade?

The author expressed uncertainty about whether they sold too early, especially with the potential for significant market moves due to upcoming economic announcements.

What upcoming event did the author mention that could impact the market?

The author mentioned an upcoming JP meeting and a potential 50 basis point hike, which could lead to big market moves.