Twitter Thread by Heena Jain



Heena Jain
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If there's one trader from whom you can learn everything about Systems, Algo, Trend following, Options, Backtesting, you name it.. it has be to @TraderLogical

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Here is a compilation of 42 of his tweets that I found useful in my quest for system building:

1) His first 100% ROI journey:
https://t.co/tb4Gzcmpsu

> Reached 100% returns today in less than 6 months goal no 1 achieved.writing a thread to share my journey what kind of systems i trade and future plans.started this experiment in may with a capital of 9.86L till yesterday profit was 9.56L today's profit made me cross 100%. pic.twitter.com/j2ZGfCRKZZ
>
> — Logical Trader (@TraderLogical) November 3, 2020

2) Backtesting Bar by Bar is the real deal. He had spent 6 months, 6+ hours per day doing bar by bar replay.
https://t.co/BhAH7R0zjH

> reading/listening the story of many successful trader friends from twitter i feel i really got lucky in trading. The only thing i did right was Watched charts for 10Years in 5-15-30 and 1hour and went live with system trading from Day 1.
>
> — Logical Trader (@TraderLogical) August 15, 2021

3) Average points and Max DD for Nifty/Banknifty:
https://t.co/n4coZWwUhx

> my system stats since many have asked avg point 13 for nifty 42 for bnf max dd 340 for nifty 1100 for bank-nifty avg 200-220 trades in a year i do for each system.hope it help
>
> — Logical Trader (@TraderLogical) November 3, 2020

4) How to calculate average points and account for slippage:
https://t.co/wV0Ezi1XjI

> for nifty look for total points captured without cost and divide it with total no of trades. u will get avg points per trade if it is less than 8-9 points system will not be making money as 2.6pps cost plus slippage on entry exit will make a system loosing if avg is 6-7 points
>
> — Logical Trader (@TraderLogical) March 19, 2020

5) Position Sizing considering Risk of Ruin:
https://t.co/alVrvbtKKf

> always assume double the DD of back-test. plus assume loosing streak in future to be at-least double of back-test. multiply this loosing streak into avg looser and position size such that this number never exceeds certain % of ur capital(RISK of RUIN depends on individual) https://t.co/QrnKdiIGAD
>
> — Logical Trader (@TraderLogical) April 11, 2020

6) How to get ideas for system bulding:
https://t.co/sLytjGFP43

> whatever 2/3 systems i have designed the ideas have come by watching 5/15/30mins and 1hour charts for last 10 yeras and than taking automation backtest if you think without real screen time or bar by bar replay we can just code our way out from day 1 it will be really difficult
>
> — Logical Trader (@TraderLogical) July 14, 2021

7) How to develop conviction in Trend Following System:
https://t.co/jw5AG8ixCd

> conviction in ones system is directly proportional to length of backtest. please stop doing 6 months 1 year backtest and do atleast 1000 plus trades per rule or 10+ Years if you are a trend follower in index check ur performance in 2017,2014,2012
>
> — Logical Trader (@TraderLogical) January 30, 2022

8) Double bottom setup to mechanical rules:
https://t.co/hyMNn3pRPK

> a potential double bottom ??? i have been testing these reversal patterns lately let me phrase rules for the 1 pattern to give u idea of how we can convert our visual ideas during watching charts to mechanical rules. pic.twitter.com/yfr5NT4jHY
>
> — Logical Trader (@TraderLogical) March 22, 2021

9) One of his Breakout setups:
https://t.co/EnoWkhdz5X

> Breakout of PDH pullback at pdh and bounced one of the setup i trade mechanically but today becuase of some other filters this trade was only triggered in 1 system and not in other. pic.twitter.com/eQns9HRBBj
>
> — Logical Trader (@TraderLogical) May 21, 2020

10) Breakout and breakout failures:
https://t.co/gMuOUnUfMj

> https://t.co/CpUcom9U93 this website was my first intro to market structures breakouts and breakout Failures. this post about Consistency is gold. @niftynirvana has given a lot to trading community for free. pic.twitter.com/qTLfj4bZOc
>
> — Logical Trader (@TraderLogical) July 1, 2021

11) Best Technical Indicator: NONE. Just Pure Price Action:
https://t.co/TJgHvUFM6k

> i dont use any indicator. google trend days there will be many definitions choose them and back-test them. one of such article.please note i dont use these destinations given in this article https://t.co/X69w6fPbL5
>
> — Logical Trader (@TraderLogical) April 13, 2020

12) Best book on Trend following:
https://t.co/6klVP2kR7W

> this book has everything you need to mechanically trade just based on price how to mechanically define trends and ranges and how to trade them once u understand concepts you can tweak or build your own. happy tradinghttps://t.co/6ohdyBdGAa
>
> — Logical Trader (@TraderLogical) November 16, 2020

13) Book that helped him in building an intraday system:
https://t.co/qqhlh37kaw

> one of the book which helped me a lot in coming up with a intraday system is secrets of pivot boss by @PivotBoss.
>
> — Logical Trader (@TraderLogical) July 21, 2021

14) Book for position sizing:
https://t.co/nttccVncM0

https://t.co/roblIDIi0n this book is gold. its a heavy read but if one reads it few times one will realize how important position sizing is and how dynamic position sizing can make a AVG system Great. #MUSTREAD

— Logical Trader (@TraderLogical) March 9, 2020

15) Best source for learning Price Action:
https://t.co/luev2ETh5m

@LanceBeggs book and nifty nirvana blogs were my first price action reads and till date didn't need anything else. Lance beggs book has quite Mechanical rules in case anyone is interested https://t.co/akxHGjiFzy

— Logical Trader (@TraderLogical) March 28, 2021

16) His biggest EDGE in trading:
https://t.co/5poYeiXM7N

In trend following i didn't have a trade on Wednesday had a trade yesterday and 95% chance no trade today as well. My biggest edge in trend following is when not to trade.

— Logical Trader (@TraderLogical) September 24, 2021

17) A demo of his trading Style:
https://t.co/exzJuEuyYy

looks like a failed attempt to Break yesterday range SL has to be 15560. pic.twitter.com/FUlhXyuhN4

— Logical Trader (@TraderLogical) April 15, 2021

18) Python Class for Algo Trading:
https://t.co/Q7UkNGxoBK

learn python from here https://t.co/LAI18R7gG3 and there is a course 400-500 rs by mayank rasu on udmay to learn about kiteconnect this is enough after this its all ur logic.

— Logical Trader (@TraderLogical) September 9, 2021

20) How to build a robust Algo:
https://t.co/Nha70t1iM0

6months back i started working on writing scripts in python with 0 knowledge of python and api usage of Zerodha. 6 months later i am attempting my first script which uses websoket,dont use market order(complex order placement),tries to handle all exceptions/cornor cases.

— Logical Trader (@TraderLogical) July 13, 2020

21) Myth on Algo Trading: https://t.co/Ts67qPb5oG

> Got many dms saying that they are not profitable and want to learn algo trading. Repeating it for the 100th time (maybe) algo is as good as the person who has created it algo trading itself is not profitable. we need a good system that's the main thing
>
> — Logical Trader (@TraderLogical) November 26, 2021

22) Execution is the holy grail:

An algo should be able to:
-Login itself
-Trade itself
-Repair itself
-Refire orders if they were missed for some reason
-Basically mimic how a human would handle his trades

https://t.co/qg3QWngzLJ

> My dm is filled with msgs from option sellers who were doing entry at fixed time with fixed SL-M. remember this "to make simple system work one needs to make really robust execution". its been 1.5 year of Algo development and execution engine is still getting improved.
>
> — Logical Trader (@TraderLogical) August 20, 2021

23) Increasing size on multiple timeframe breakout:
https://t.co/dBUBqqOZfi

> work in progress to incorporate heiger timeframe support Resistance but not to exit but to increase position size if crossed.
>
> — Logical Trader (@TraderLogical) February 19, 2020

24) Risk to Reward:
https://t.co/w0tm41cPCK

> I look at all the above but for me risk to reward is the most important even if win rate is 60% I don't trade a system with risk to reward of less than 1 reason is everything being random only way to win the game in long run is risk: reward
>
> — Logical Trader (@TraderLogical) January 9, 2022

25) How to position size as per SL:
https://t.co/eV8KxyVvx9

if your sl changes based on volatility/price-action ur position size should be based on Risk per Trade basis. if u have a fixed sl either point/percentage than u can go with 1lot per XLakh type of position Size.(this is for intraday)

— Logical Trader (@TraderLogical) July 26, 2021

26) On aggressive position sizing:
https://t.co/U8LwjSNwKG

i don't discourage the world aggressive coz i too am doing somewhat aggressive position size but always keep in mind with more Risk u almost rely on sequence of trades. more risk->more returns->more absolute DD on cap -> more chance of account bust(we need to be aware of this) https://t.co/iNfY9uMLYC

— Logical Trader (@TraderLogical) January 30, 2022

27) Fixed lot per capital or risk per trade:
https://t.co/juOeu2rgix

there is a reason why many traders i know trade Xrs per lot more than Risk per trade reason is by the time u calculate risk and decide on position size price moves up fast if u are trading breakout so no solution to this other than building a sophisticated execution engine

— Logical Trader (@TraderLogical) February 7, 2022

28) Trailing Stops:
https://t.co/Y7kSSFzOTB

I place stops based on market structure and position accordingly I found this being best approach for me. Rather than tight stops I let market structure give me a stop and my position size change accordingly

— Logical Trader (@TraderLogical) November 4, 2021

29) How to identify trend days:
https://t.co/IwbZzmHN33

analyse the charts to see when we get unidirectional moves or trend days there are many repeated pattern which u will find just have one goal to trade on trend days.

— Logical Trader (@TraderLogical) December 28, 2021

30) Setup that makes money:
https://t.co/FK2HHVCBhA

if we cap one side (loss) and keep other side open in long run any such setup has to make money in my view the issue is we trust BT too much and position size based on than without thinking what if we get 20+loosers in a Row https://t.co/3UGpF36OSR

— Logical Trader (@TraderLogical) January 28, 2022

31) Demo on how to trade swing points:
https://t.co/v5nvS3wBKa

> short below 30972 with sl above swing high seems a good trade pic.twitter.com/ojTAdquT5Y
>
> — Logical Trader (@TraderLogical) April 12, 2021

32) How to mark swing points using algo:
https://t.co/l9FbdyYYHE

> a good start point to detect patterns using algos. u can use the same to define swing high lows. and trade dow theory higher high higher low or lower high lower low breakouts https://t.co/nVhvbeUJJ2
>
> — Logical Trader (@TraderLogical) December 15, 2020

33) Law of Large Numbers:
https://t.co/jOiSnRxYse

> if you are having doubts whether ur sl should be 0.5% or 0.6% whether ur entries should be exactly at breakout or 5point buffer/ 10 point buffer. if u should start trailing after 0.5% profit or 0.75% profit. just try to understand law of large numbers all ur answers are there
>
> — Logical Trader (@TraderLogical) May 8, 2020

34) HH HL, LH LL.. he follows simple structure/setups for his trades:
https://t.co/DzSNVBpssI

> my systems are trend following and very simple logic HH HL or LH LL breakouts and pullbacks i define them mechanically and trade these market swings.
>
> — Logical Trader (@TraderLogical) November 3, 2020

35) On Gaps:
https://t.co/XL5X4f53zp

> it prompted me to do data analysis and found one more issue with my system which treats all gaps equally. in Case of huge gap trading a Direct Breakout is a recipe of disaster. almost 70% looser i had. once i started trading live such small nuances i am introducing to my system.
>
> — Logical Trader (@TraderLogical) March 6, 2020

36) A stable income helps in sailing through a Drawdown:
https://t.co/CQBa337xCO

everytime i go through DD i realise how difficult full time trading can be (not as fancy as it looks)with all the Backtest and analysis there is no guarantee of anything in market and having a stable income flowing in keeps me sane in DD phase. this will be 5th week of time dd

— Logical Trader (@TraderLogical) February 11, 2022

37) Diversification with uncorelated strategies for big capital:
https://t.co/NCbUEFdqOd

the best advice i got in last one year is to trade multiple uncorrelated strategies this has helped me to keep my DD in check last 40 days max dd is 5%. today also option buying lost 1% (nifty) option selling made1.1%(banknifty) so overall it was a flat day.

— Logical Trader (@TraderLogical) November 18, 2021

38) Diversification for retail traders:
https://t.co/BkNclMGzSV

while we need multiple uncorrelated strategies as our capital grows 99% of us have not reached that capital. till we are a small retail traders focus on 1 method first reduce DD by position size and compound till we reach a decent. IMHO

— Logical Trader (@TraderLogical) November 27, 2020

39) Act dumb infront of markets for higher rewards:
https://t.co/40fxSUxqfd

Today system took short trades in which I had no confidance even when they moved in favor.but what I did ? I did nothing. It's very difficult to act dumb in front of market but highly rewarding in long run.

— Logical Trader (@TraderLogical) December 9, 2021

40) Opinion on 9:20 Straddle with tight SL:
https://t.co/xMb5qBEwGh

when u are backtesting on a 3rd party platform u should understand the limitation. i met a friend who tested straddle with 10% SL and MTM sl of 30 points(high expectancy in Backtest) and was saying i am not able to match my backtest in live market.

— Logical Trader (@TraderLogical) February 4, 2022

41) Automation is the way to go:
https://t.co/4wndNrVdm6

> if you are a systematic trader with all rules defined automating the rules is a pure bliss. today i had to catch early morning flight and there was no way i could punch manual orders missing one such day could mean a month of profit gone since trend follower depends on outliers
>
> — Logical Trader (@TraderLogical) December 24, 2021

42) Final Takeaway:
https://t.co/B1iDUWYhej

> if there is one takeaway i want anyone to take from me is that if u follow ur rules 100% manage risk well in long run money can be made. its been 1 year i have not taken a single discretionary trade(i know i am bad at it)
>
> — Logical Trader (@TraderLogical) January 26, 2022