Twitter Thread by Siddharth Bhansali



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Factors to consider when Analyzing individual Stocks:

1■■ Market Structure (Stage analysis, TLs, S&R, Elliot Wave)
2■■ Patterns & Volume
3■■ Candlesticks
4■■ Indicators (e.g RSI, ADX, Bollinger Bands, etc.)
5■■ Interplay of Timeframes
6■■ Fundamental catalysts

RT if Thread is USEFUL

Before Entry into a Trade, consider:

1■■Where is Price coming from? (Prior Trend/Sideways)
2■■Where does it have potential to go? (Target levels)
3■■Where does your view get negated? (Stop Loss)
4■■What's the Risk/Reward ratio? (Do Position Sizing)
5■■Long Thesis vs. Short Thesis?

Classify your Trading setups:

1■ Positional
2■ Trend following
3■ Momentum/ Trend continuation
4■ Range bound
5■ Bottom Picking

Actions that have Hurt my Trading the most:

1) Not using a Stop & Not sticking to my Trailing Stop (especially in a winning position)
2) Pyramiding in winning positions at the wrong time (emotional attachment & lack of new ideas)
3) Acting on Tips (not backed by own analysis)

1■ How you Trade is a complete reflection of your Personality. To be a better Trader, Be Honest with yourself first !

2■ One must survive the Bad days & those Drawdowns, to be able see the Light of the Best Days !

(my 2 cents of solace■, after this 2 week Virus bloodbath)

Different Ways to use A Stop:

1■ Market Structure break (S&R, TLs , Darvas Box)
2■ Pattern negated/failed
3■ Dynamic stop using MAs/Bands
4■ Fibonacci based Stop
5■ High or Low of Candle/ w. ATR
6■ Chandelier Trailing Stop
7■ Time based Stop + RSI
8■ Fixed % or Price level Stop

Day Trading■:
Consider these 5 Variables when making Trading Decisions (taken from @smbcapital):

1■■ The Big Picture
2■■ Technical Analysis
3■■ Reading the Tape
4■■ Intraday Fundamentals
5■■ Intuition

3 Dangerous Things that spell Ruin■■for Life:

1■ Ego - idea that 'you think you know everything & can never be wrong'
2■ Playing the Blame Game - instead learn to 'take responsibility'
3■ Comparing with Others - often does no good, leading to negative emotions such as envy, etc.

True Discipline is what separates your Avg Trader from a CPT. You can have all the knowledge & tools & the best analysis but if you can't Execute it properly and stay True to your Method with proper Risk Management. You will never make it as a Consistently Profitable Trader.

Two of the BIGGEST mistakes I have been making since the Covid-19 crash started has been:
1■ Forgetting my Time Frame
2■ Not being Patient with new opportunities as I keep jumping in early instead of Waiting for the right levels....

I don't want to repeat these mistakes■

Some Deep Qs to ask yourself:

1) If you Die tomorrow, who will cry for you?
2) So far in the life you have lived, how do you measure yourself or what you are proud about?

3) What can you not live without?

Some Deep Qs to ask yourself (continued):

1) What were the major ATH & major ATL points in your life, and how did you deal with them? what followed?
2) Why are you doing what you are doing and are you diverting from your Why? Be specific
3) Are you even Listening.....?

In Trading, you can have:

1■■ Big Profit
2■■ Big Loss
3■■ Small Profit
4■■ Small Loss

- Your Goal is to avoid (2) completely & embrace (4)
- Search for highly skewed Risk/Reward and you can hit (1)
- (3) is common but not sufficient to make a fortune

A Stock follows:

Its Own Trajectory ➡■Then its Peers (Sector) ➡■ Then its Benchmark Index ➡■ Then finally Global cues

In Trading, Remember:

1■ Over Analysis is Paralysis
2■ Entries and Exits are Most IMP (don't be fickle with 'em)
3■ Profitable Trading is More Waiting...
4■ Less Trade, More Size
5■ Infinite Trading Opportunities Everyday so no FOMO
6■ Trade your chart, not your opinion/news

A Question to Ponder Upon ■, especially when in a Tough Spot■:

"How many times has a limiting self-belief or a shallow self-image served to be an obstacle for you to walk on the path of greatness ?"

Rules for Trading:

1■■ Trading everyday is not necessary. Profit > Frequency
2■■ Frustrated or Disturbed Mindset is harmful when making Trading decisions
3■■ For Best Results, you need your own Space/Environmental for Trading
4■■ Discuss Trading with only a few or don't at all

For your Trades to be successful, focus on these Key ■ 3 aspects:

1■■ Trend continuation ■ Trend reversal ■
2■■ Risk/ Reward ratio
3■■ Money management ■■

Courtesy of @TheAnantAcharya Sir. I highly recommend all to watch his "Illusions of Financial Markets" series !■

Areas/Tools I'm going to focus on to build a concrete Trading approach:

1) Sector Analysis
2) Stock Selection (Peers)
3) Stage Analysis (Price, Volume)
4) Multiple Timeframes
5) Relative Strength
6) Fibonacci
7) Anchored VWAP
8) Moving averages
9) RSI
10) ADX
11) Bollinger bands

A Routine to follow every Week/Month - maintain a Chartbook, for example:

1) Broad Market Indices (Nifty50, Nifty Small-Cap100)
2) Sectoral Indices
3) International Indices (SPY, DAX)
4) Forex (USD/INR)
5) Gold
6) Silver
7) Dr. Copper
8) Crude Oil
9) Natural Gas

On Trend Reversals:
➡■ As a general guideline, don't expect Trends to Change unless they correct more than 50% of the Prior Trend
➡■ Presume a Trend will continue forever unless it is Reversed
➡■ Markets can Break One but not Two Swings, if they do re evaluate the Trend

When Analyzing Charts:
■ALWAYS learn to look Left■■ , you'll be surprised at how when congestion zones are broken, price moves swiftly■■■ in the direction of Trend....

Timeframe (Trend analysis/Trade execution combo)

Scalping/day trade 15min/3min
Swing (1-2days) 75min/15min
Swing (1-2 weeks) Daily/75min
Short term (1-2 months) weekly/daily

Medium term (0.5-2 years) monthly/weekly
Long term (>2 yrs) Quarterly/monthly

Credits @ProdigalTrader

Time and Again, I need to remind myself:

1■ Always respect RISK
2■ Trading suffers when under Emotional/Environmental disturbance
3■ You need that SNIPER mentality

Bcuz when times are tough, you act reckless ➡■ you end up not having nuff ammo to capitalize■ on the good times

And the ■■ tweet on my Reminder■ to self, comes after my account hit a New All time Low this past week FML.
.
Need to realize the Limitations of my circumstances/ environment and Adapt accordingly ■➡■No Excuses
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Will I come out of this? IDK I'll be surprised by the outcome

I shall start reading the Market Wizard series ASAP as I take sort of a break from active participation in the markets. Need new found Inspiration/Motivation as I feel I'm on the verge of Quiting, just after having an almost blown up account within 304 days since inception https://t.co/MPK4w11a1g

> For New Traders Re: Market Wizards by @jackschwager "If you read market wizards and that doesn't completely excite you to the point where you can't sleep, then you probably shouldn't be in this business.....read that book as a barometer of how interested you are" - @PythonTrader
>
> — J.C. Parets (@allstarcharts) July 14, 2020

"There are Very Few things in Life that you have complete Control over. You can't Will the outcomes to go 100% as per your desire. In this sense, Life is somewhat like Trading. We are dealing with probabilities (call it chance/luck whatever), one can't get ridd of odds."

There are many Parallels between Life & Trading:

E.g.➡■To live a Good Life, one must not only have good Thoughts and Intentions but one must also ACT on 'em

Similarly in Trading, just having good Setups and Trade ideas won't make the cut, you must put Risk on the table too■

Another one on Life and Trading:

➡■ Just like Morals & Ideals keep a Human in check, prevents one from going down the wrong path in Life

So in Trading, Rules of Risk Management prevent a Trader from blowing■ up their Account in the process

Last one on Life and Trading:

➡■To live your Dream Life, one must have Belief and Faith in themselves, no matter how rough the road is

So, Trading too requires the Mindset to withstand all the emotional swings■ that come with the ups & downs of your PnL as you trade the market

The Most Dangerous thing that keeps happening to me is:

- After One Good Trade, I end up taking huge risks avg setups leading to a streak of losses that causes my account to hit new ATLs
- DO NOT TAKE YOLO Trades■■!!!

Being in the Business of Speculation, I need to acknowledge the fact that I am my own worst enemy, its not the market, its me. I have the ability to turn on Self destruct mode at any time and wherever I do as I have done in the past, I always f*cking regret it■. Its Me vs. Me...

Another Hazardous Lesson learnt via getting Demolished■■■:

■ Never Ever focus on winning, getting this much % return on capital, meeting so & so targets, trying to recover, etc.
■ Instead focus on Not Losing money, be Humble in accepting profits, be a Process oriented Trader

A Realization (as I'm experiencing it):

"Money cannot be a driving factor for me to become a World class Trader. Because when it's all gone, I'm in a losing streak or possibly bankrupt. Then what's going to keep me motivated to stay in the game or revive from the dead ?"

D:■■■

Today, it's officially been 1 year since I first entered the markets w. my first stock purchase on 17th Sept, 2019. Been a ■ ride of self discovery + wealth destruction, battling out my human instincts more than the market. Gotta Review the Whole Journey so far, mayshare it here

Final Message (31/12)

2020 has been The WORST Year for me, both personally & professionally, so far in my Entire Life (just 22 tho■)

- All the mistakes, promises, warnings, rules, etc. I Ended Up Not Following them AGAIN!
- Shameful to say Haven't yet learnt My Lesson F*CK■
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(contd.)
2020 has been such a Nightmarish Year THAT I wish I could forget !

- Just so much SHIT■going on in my Personal Life that has been adversely impacting other Areas of my Life (downward spiral■■ effect)

- At the brink of No Hope but maybe 2021 may be My Year■■■

& CLOSED