Twitter Thread by Aditya Todmal



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The best traders are all directional traders.

We should be investing our time into learning what the best traders are doing.

I have traded with @niki_poojary for the past year, who is an aggressive directional trader.

Here are my 10 learnings trading with her: ■

1. Learn directional trading

If you want to be the best, you have to be very good at gauging the direction of the market and then betting aggressively.

Practicing this style over a lot of years will give you an edge which will help you compound your account quicker.

2. Levels based trading

Premium-based sellers put an SL of double or triple in the system which has a very high probability of taking your SL.

Irrespective of premium price, just stick to the charts.

A simple understanding of S&R enables you to take trades on levels.

3. Patterns

Chart patterns are necessary to understand market trends and to predict further movements, which helps us in deploying our trades accordingly.

Eg: A symmetrical pattern means prices have squeezed a lot and an expansion is soon on the cards.

Cont. ■■

Likewise, after a strong momentum, some consolidation can be expected.

Entry/Exit triggers can also be determined on the basis few patterns.

She focuses on:
1. Symmetrical Triangles
2. Rectangle breakouts
3. Flag breakouts
4. M or W breakouts
5. Range breakouts

4. Take high risks when you are winning

If you want to grow your account faster, you'll be required to take a lot of risks.

Conservative traders may make consistent returns, but not higher returns.

Cont. ■■

Eg: A trader targets 1% a week.

Over 50 weeks, he'll win 40 weeks and lose 10 weeks if you take an 80% win rate.

Assuming, winning 40 times gives him 40%, and losing 10 times takes away 10%. (assuming a 1:1 risk-reward)

So, the Net ROC is 30%

Cont. ■■

Despite trading conservatively, it's almost impossible to have all green weeks.

You're bound to lose a few times over a year.

If one wishes to grow his/her account then it's important to learn to trade aggressively.

5. Profit Money

One needs to first build a profit cushion by trading conservatively in the initial period.

Once the war chest is built, all you are doing is staking the profit money, so that your capital is intact.

6. Stop Loss

Earlier whenever I used to go long in futures, I never used to keep any SL as those were blue-chip stocks.

Instead, I used to sell CE's against my positions.

I used to end up holding them for at least 2 to 3 months and see huge red mtms.

SL helps psychologically.

7. No time wastage in a trade

Post trading on patterns, it's simply a target or SL.

So you get to know whether you are right/wrong pretty quickly.

Better to know early if it's wrong as you can bet elsewhere without getting stuck in a trade that isn't giving you returns.

8. Expiry Trading

The decay is extremely fast on an expiry day.

If you get your bet right on this day, you can potentially make very good money.

We take more risk on expiry days compared to other days.

Even next year, we will be focusing on expiry days the most.

9. Weekly Analysis

Weekly analysis helps in determining a range and helps us to gauge the strikes which have a high probability of expiry OTMs.

Accordingly, our trading blueprint is formed.

Without such weekly plans, we would just be selling CE's or PE's randomly.

Cont. ■■

Here's a thread on how I learned to make a weekly trading plan from @niki_poojary

https://t.co/aVh21muOYi

> The best traders have a trading plan.
>
> But 98.8% of the new traders, don't know how to make one.
>
> I analyzed @niki_poojary's account, to learn how we can create a plan on our own.
>
> Here's the simple 8-step process:\U0001f9f5
>
> — Aditya Todmal (@AdityaTodmal) February 13, 2022

Hope you discovered something new (because that's the point!)

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See past threads here: @AdityaTodmal & @niki_poojary

If you liked this thread, here's another one I think you'll enjoy.
https://t.co/bv2mbhSaLn

> 15 Learnings from Power of Stocks: \U0001f9f5
>
> Collaborated with @niki_poojary
>
> — Aditya Todmal (@AdityaTodmal) January 23, 2022