Twitter Thread by Manas Arora

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Quick question.

Would you trade this VCP pattern in the making? Yes/No? And, why?



To all those who are saying No because the current market ain't right for upside breakout trades, please look at the timeline of the picture. It is from 2016/17 when almost every stock exploded.

The majority answered Yes but for me, it's a NO. I'd pass this 2T VCP/CnH because even though the 2nd U shape is smaller in size by 70% but this U formed at a huge distance away from the 50 DMA line a.k.a EXTENDED.

1/n

The odds of profiting from the get-go are much better when breakouts happen 'closer' to 50dma.

As you can see in the picture, the price stayed sideways until the line caught-up with the price. Had you traded this breakout, you would have sat on a dead trade for 5-6 weeks

2/n



After covering the distance, when that same bloody formation was spotted, look at the result yourself. This is an eye-opener for everyone who said YES and for everyone who said no for a different reason.

3/n



After I pointed out this mistake my trainee was committing, his number of bad trades dropped by a whopping 90%. And imagine the losses which he is saving now.

Time to save yourself from such great looking set-ups which are not really great.

#BroTip

Chk your past trades & the entry point. Out of all the trades, how many trades were already extended when you entered?

In my entire trading experience, I have seen the majority making this mistake. Let me knw how much you could have saved. I bet the number will be HUGE!

#BroTip