

Twitter Thread by Arun Jagtap



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"Stop Loss Hunting...."

Noticing So many Examples of SL Hunting Nowadays in Markets. So, Making a Thread to Explain it Best to my Abilities. Also Attaching most Recent Example in NIFTY from last week...

What Is SL Hunting...??

Stop Hunting is a trading strategy that involves triggering the SL orders of other traders in the market to trigger a 'Temporary High-Volatility Environment'.

Official Definition.

In Simple Words, Common thinking of Most traders is Same. So Whatever Strategy They're using, It Involves Putting A SL at Predictable levels.

i.e. Previous Swing High or Low, Below the Support ,Above the Resistance, Etc.

So when Enough Traders Enter with SL in One trade, Expecting a same move, They Preset these Obvious Levels as their SLs resulting in Forming a Cluster of Stop Losses. Just like so many Fish come together at point of traps.

This is Example of 15 Oct NIFTY. Price is Showing Clear Uptrend. Also Crossed Range Of Yesterday's high. So Many Traders get Convinced about Upmove n Start to Enter With SL of 30-35 Points. So, New traders Entered here Put SL of Around 11390-11395 levels.

But, What Happened..??

Price Jumped Almost 40 Points, made low of 11387 and Bounced right Back to 11420.

The 2nd Doji Candle Happened in matter Of seconds.

It Stayed Between 11410 Zones for Little while. So Traders Got Confused about Direction and Couldn't build-up Conviction To ENTER Neither side of a Trade. And Boom....

50+ Points Upmove.

So why the Hell Price went Down If it had to Go Up in the First Place...??

Answer is Simple. Operators or Big Players just want a 'Better Fill' to their Orders. They have Nothing against the Retailers. It happens Every Now and then in specific Stocks..and will keep happening...

How to Avoid Our SL being Hunted..??

Well. First Thing, SL should be at a Place where Possibility of Clear Trend reversal is High..

And 2nd,, Entry Should be Only After Retest of Trend. Entering in excitement just after 1st Breakout Doesn't result in Good Outcome Everytime.

Your Thinking has to be 'Just a little Smart' than Other Traders.

Only Then u can Survive these Kind Of Markets...

A line From the Show "BILLIONS"

"You Don't Have to Outswim the Shark, You just have to Outswim the guy you're scuba-diving with."

For More Information And Updates...

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<https://t.co/6QgD5MVhBR>

List Of Stocks Where Stop Losses are Hunted Quite Often.

IBULHSGFIN

DRREDDY

UPL

UBL

PEL

ZEEL

YESBANK

DLF.

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