

Twitter Thread by Uday Dave



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Hello traders!

Do you try to understand what is price doing? If not, let me help you.

Price can be either in a trend or range. If it is in trend, it may have either momentum or lack of momentum. If it is in range, it may have either high volatility or low volatility.

1/n

Price cannot do anything else other than these four. As a trader, our first job whenever we look at the price chart, is to try to figure out what price is doing. Is there

Trend with momentum

or

Trend with lack of momentum

or

Range with high vol

or

Range with low vol

2/n

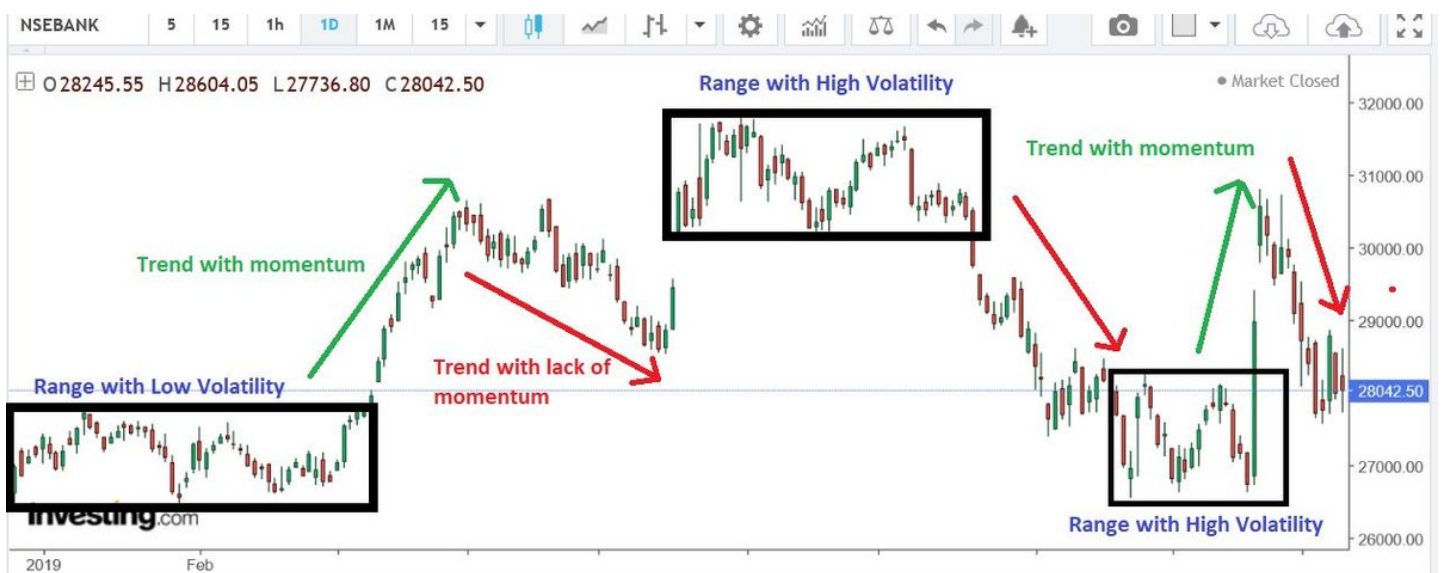
Now let me show you a daily chart of #banknifty of year 2019. First chart with big picture. It clearly shows price in a phase of "range with high volatility."

3/n



Now the same chart of #banknifty but with more understanding of all four phases of price action at different times of the year 2019.

4/n



So now after having it analyzed, we can say that currently #banknifty is in broad range of 32k to 26.5k with high volatility with CMP closer to bottom of range.

5/n

With this analysis, now we can pick any option trading strategy if we have a knowledge of options or any other trading system which allows us to benefit from range with high volatility.

End of thread.