Twitter Thread by Nikita Poojary



Nikita Poojary
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Do you want to know how to create a Trading Plan using only Price Action?

Here's a breakdown of 11 simple yet powerful steps to create one: ■

Collaborated with @AdityaTodmal

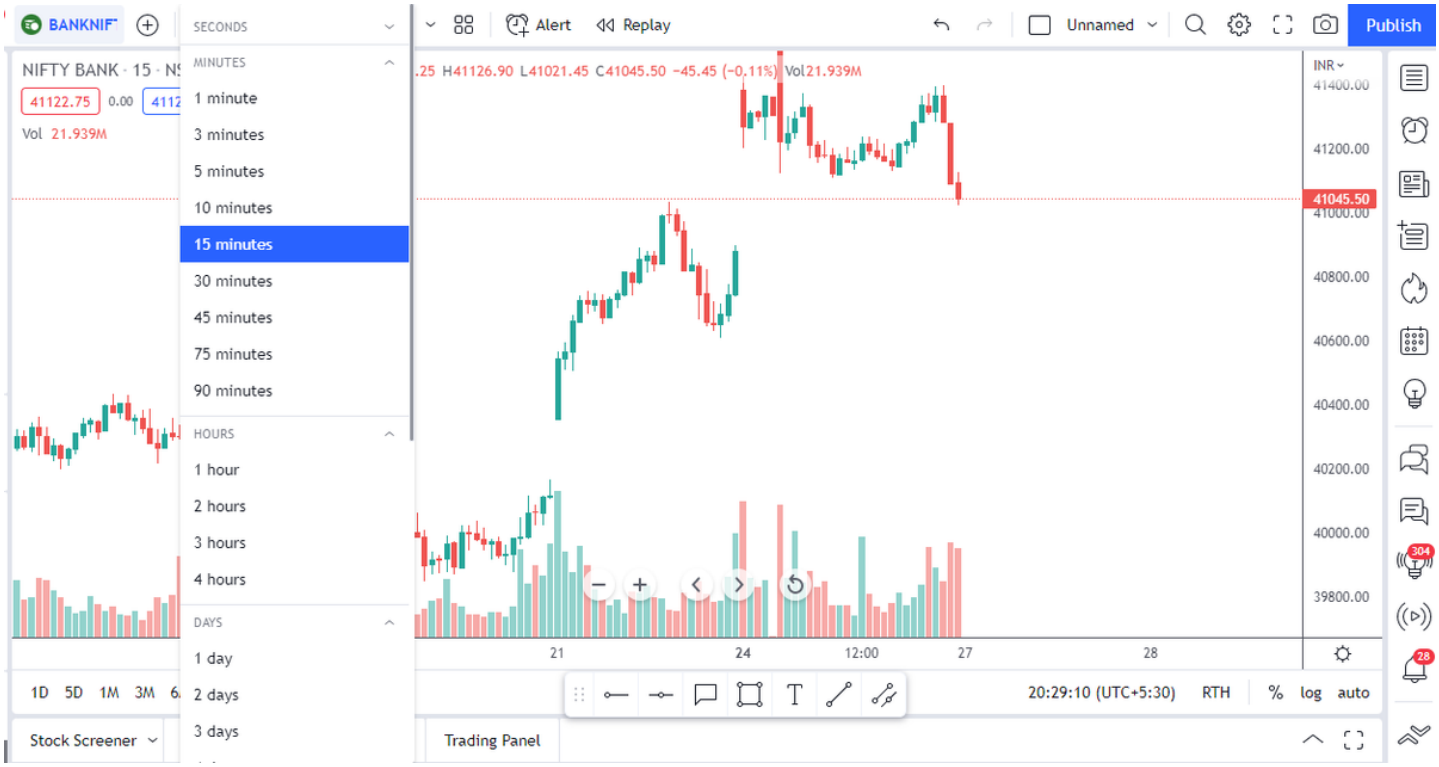
1/ Know your type:

First and foremost, understand whether you are a Scalper or Intraday trader or Swing trader or Positional Trader.

Create an account in @tradingview

2/ Set the Time Frame (TF) of the Charts:

• Scalper: the TF you would use would be in the range of 1- 5min
• Intraday Trader: 5-15min TF
• Swing Trader: Hourly to Daily
• Positional Trader: Weekly



3/ Be aware of the trend at higher TF.

No matter which type of trader you are, its important to know the trend at higher TF.

Crucial to know whether its a buy on dip market or sell on rise market.

In my outlook for the week for #BANKNIFTY & #NIFTY I cover multi TF analysis.

4/ Identify the major Demand & Supply Zone:

• A supply zone is the price area where traders have the highest selling interest or potential.

• A demand zone is the price area where the traders have the highest buying interest or potential.



5/ Find immediate supply and demand zone:

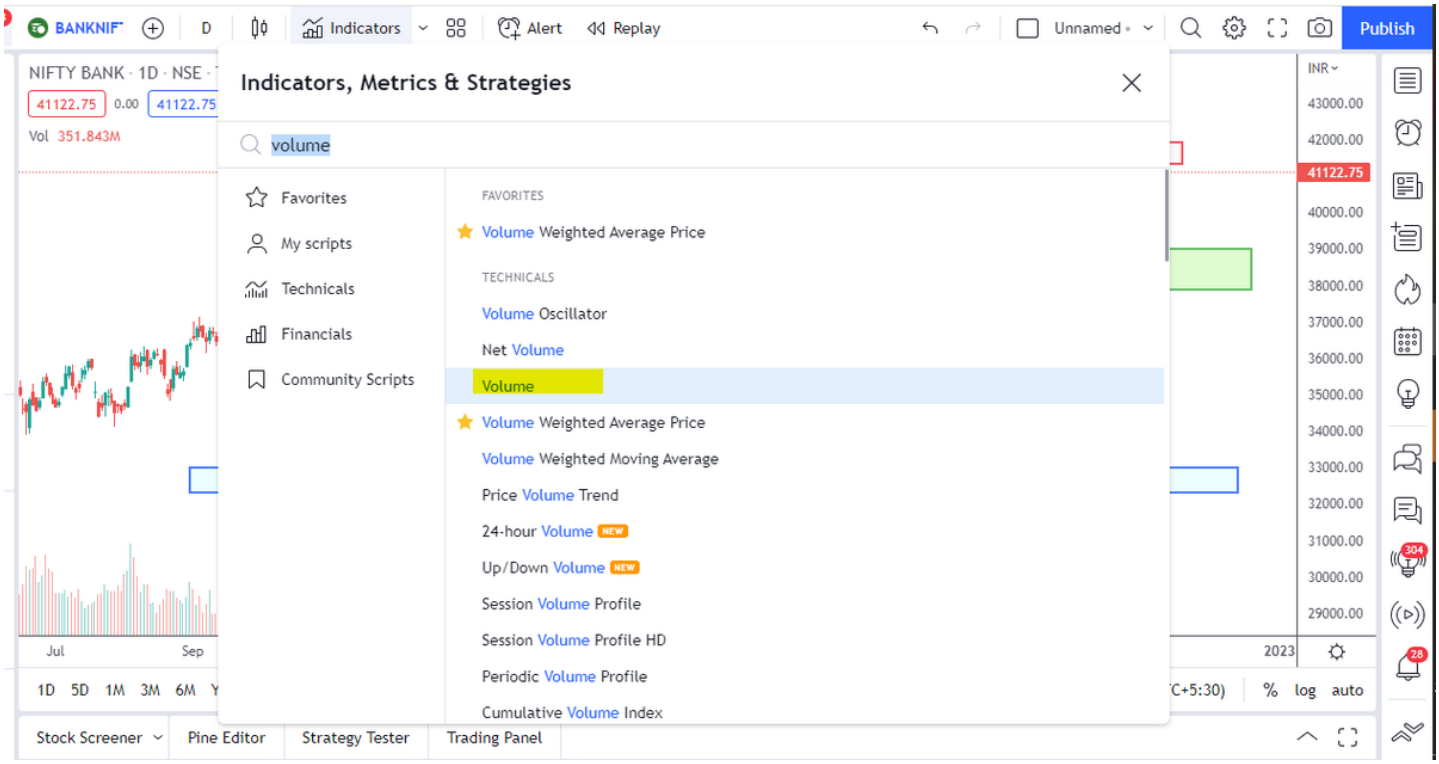
Usually the erstwhile resistance/ supply zone becomes a support/demand zone & vice versa



6/ Importance of Volume:

In @Tradingview you can add indicator as Volume

• Above average and/or increasing trading volume can signal that traders are truly committed to a price move, where the price and volume lines are both increasing.



• Contrarily, below average and/or decreasing volume can signal a lack of enthusiasm, where volume is declining even as the price continues to move higher.

•Volume acts as an additional confirmation.

• BO or BD with volume is considered powerful.

7/ How to determine Entry point:

Entry points in a trending market come after a short counter-trend move or a period of consolidation.



8/ Stop Loss (SL):

• One can either place a defined percentage i.e. Lets say a stock trading at Rs. 250 a 10% SL translates to Rs. 25.

• So if you are long on a stock at Rs. 250 the moment it hits Rs. 225 (250-25) you should be out of the trade.

• Another way of defining a SL is through charts, usually smaller TF traders would keep the SL as the low of the Breakout candle (for longs)

• Positional Traders would keep the SL of the latest swing low (for longs) as their SL.



9/ Position Sizing & Risk Management:

Check this link to calculate proper position sizing

https://t.co/InmdaHgNc7

5/ Risk Management practices:

\u2022 He focus on Risk per trade (RPT):

\u2022RPT helps a trader to calculate correct position size.

\u2022Let's say you decided to not lose 1% of your capital on a single trade (10 lakh capital).

\u2022Hence, your RPT is Rs. 10,000.

— Nikita Poojary (@niki_poojary) October 8, 2022

10/ Trailing Stop Loss (TSL):

• If your trading system has a 1:4 Risk Reward then trail to cost the moment the R:R is 1:1 and so and so forth

• The other way is to maintain a TSL at a precise percentage below the market price (for longs)

• Can also trail basis the candles

11/ When to nail down the profits?:

• Firstly, one can sell into strength when the stock is moving in their favour and there are plenty of buyers

• The second technique is selling into weakness. Initially the stock made a good run-up but is weakening now.

• Technique by Mark Minervini explained in his book Think & Trade like a Champion

• Better to go for a combination of both wherein you book you anywhere between two thirds to three quarters of the holding by selling into strength and the balance keep trailing with tight SL.

• Remember, TSL & partial profit booking are very important for profit protection.

If you enjoyed this thread here's another one:

https://t.co/aO7ZY2zc6I

> The most valuable aspect in trading you aren't using:
>
> POSITION SIZING
>
> Sizing is the key, you'll make big money only if you own a significant size without compromising on risk.
>
> Here are 10 of them, and they are for free: \U0001f9f5
>
> Collaborated with @AdityaTodmal
>
> — Nikita Poojary (@niki_poojary) July 9, 2022

That's a wrap!

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We've got you covered.

2. RT the first Tweet to share it with your audience.

I appreciate it!