

Trade with Trend system

By AamAadmiSoftware

Trade with trend system provided by AamAadmiSoftware is purely EOD based system which keeps trader with the prevailing trend of market.

How to Use the System:

- 1) Trader will always be in the market either LONG or SHORT.
- 2) System generates Stop-Loss (SL) level for the current holding position at the end of day on the basis of the EOD levels updated by NSE on its website. This SL level is to be used during the next trading day on intraday basis. It means that Stop-Loss is to be acted upon during the intraday market on next trading day and position is reversed if hit.
- 3) It means that Trader will always be holding either long position or short position with a predefined SL. On hitting on this SL position is to be reversed during intraday market movements.
- 4) This system is designed for Nifty futures only. Extending it to other Future Scripts may not yield same results.

Above are the basic rules for trading with this system. However, as every system has some typical situations or slippage, this system also has some of the different scenarios which leads to slippage and needs to be handled differently:

1) Market reverses after Hitting the SL during intraday:

This is a kind of false breakout type situation. As system is based on EOD prices, it considers SL hit only when mkt closes below/above SL levels for long/short positions. To handle these situations, it is advised that an intraday SL or say 20-30 points is kept when position is reversed during the day. If market resumes trend again then the SL will hit and trader will be in the same direction as that of software. On any choppy day, this situation may happen two or max three times. At the end of day trader needs to change the position if market likely to be closed in the band of 20-30 point which is used as SL. This situation will occur only on the day when position is reversed. This is most common slippage in this system.

2) High Gap UP/Gap Down opening :

Due to some global/national events, there may be gap-up or gap-down opening in the market. It may happen that SL level given by the software is within this gap and if market remains in the direction of gap during whole day then market will be available at the defined SL level to reverse the position. On such days, one can reverse the position at the open itself or may wait till the half of the gap is filled up depending on the event due to which gap is created. This is another slippage in this system.

3) Position reversed without hitting SL:

This is a rare occurrence. Sometimes when market is highly volatile during the day specifically in the last 30 min or so and closes near SL, then very rarely software changes its position depending on the volatility and previous days data. However, in almost all of these cases (so far), trader gets better rates to take reverse position on the next day as volatility continues for the next day also. This is another slippage but rarely amount to loss to traders.

4) Expiry Day on Short position holding :

This is a bit tricky to handle. Sometimes on the day of expiry, current series expires below SL for the day for Short Position but next series is above SL due to premium. Under these circumstances it is difficult for the user to decide. In this case it is advised that let the position expire i.e. do not rollover or reverse. Fresh position may be taken on the next day in the direction of software and given SL. It may be long or short position. Position can be taken at the open price or during the day depending upon the SL level and direction of software position. If SL level is between NF spot price and future price, it is advisable to take position during the day otherwise take at open itself.

Users are advised to understand all above situations/slippage properly before adopting this system in actual trading. It is also clarified that AamAadmiSoftware Team does not take any guarantee that this system will generate same results as shown in past performance. AamAadmiSoftware team or company is also not responsible for any loss or damage due to this system. Please read disclaimer on our website.

**** **Happy trading** ****