

Dear Friends!

Simple technique to identify the weekly trend of nifty using the volatility and 1 SD formula.

What is 1 SD formula?

Price range= (Price * volatility * square root of day) /square root of 365

Now nifty future of October 2015 expiry last recorded trade is 7896, we are going to find the weekly trend hence days will be 7 calendar days.

Price range = $0.1485 * 7896 * \sqrt{7} / \sqrt{365} = 162.40$

Trend identification as per Fibonacci principle

	1sdprice range	162.3814	
	LTP	7896	
	Trend expectation as per Fibonacci		
0.236	38.3264	7934.326	7857.674
0.382	62.0368	7958.037	7833.963
0.5	81.2	7977.2	7814.8
0.618	100.3632	7996.363	7795.637
0.786	127.6464	8023.646	7768.354
0.888	144.2112	8040.211	7751.789
1.236	200.7264	8096.726	7695.274
1.618	262.7632	8158.763	7633.237

Trend expectation as per volatility: Uptrend conformation **7934**, successful cross over above **7977** will target **8023-8097-8159**. Down trend conformation **7858** successful fall below **7815** will trigger fall till **7768-7695-7633**.

Range bound trend identification: if all up move invites sale **above 7996** and all down move invites short covering **at 7796** level this indication is sufficient to conclude that the price action is in the range of **7796 to 7996**

What trade decision one trader should take?

a. Buying above 7934 with initial stop loss of 7858 for initial target 7996 or selling future below 7858 with stop loss 7935 for target 7795 is advisable. *These levels are weekly levels and not to be used for intraday. Similar calculation you can do for intraday with daily volatility.*

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Regards

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September 2015 result analysis

My 4th week view as per the 1 SD formula which was achieved till 1.236 target 7724: it gave **down trend** break out on Tuesday and achieved the 1.236 down side target on Wednesday. Though 8011 breakout given on Tuesday opening but did not sustain.

My 3rd week view as per the 1 SD formula which was achieved fully: it gave trend break out on Monday and achieved the final target 8057 today. **Today's high and our calculation is exactly inline.**

My 2nd week view as per the 1 SD formula which was achieved partially: Uptrend conformation 7704, successful cross over above 7772 will target 7951. Down trend conformation 7620 successful fall below 7552 will trigger fall till 7373. –Fall happen till 7558 on 8th September. Buy trend cross over happen in 8th September and touched till 7878 close to 1.236 retracement on 11th September.

My 1st week view as per the 1 SD formula which was achieved successfully: Uptrend conformation 8059, successful cross over above 8161 will target 8316. Down trend conformation 7971 successful fall below 7868 will trigger fall till 7713.