THE SWING REPORT

Sell Rules and Stop Losses Educational Webinar

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THE SWING REPORT

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Webinar Agenda

- Key Message - Vulnerability To Your System
- Buying Breakouts and Setting Stops- NVDA Example
- Buying Pullbacks and Setting Stops - COIN Example
- Rotating Between 10/20 EMA UBER/PLTR EXAMPLE
- Monitoring overall portfolio exposure
- QQQ 4-6% mental extension from 10EMA
- Rapid Questions
- Key Steps to a Trade

Put all your eggs in one basket
and then watch the basket very carefully.

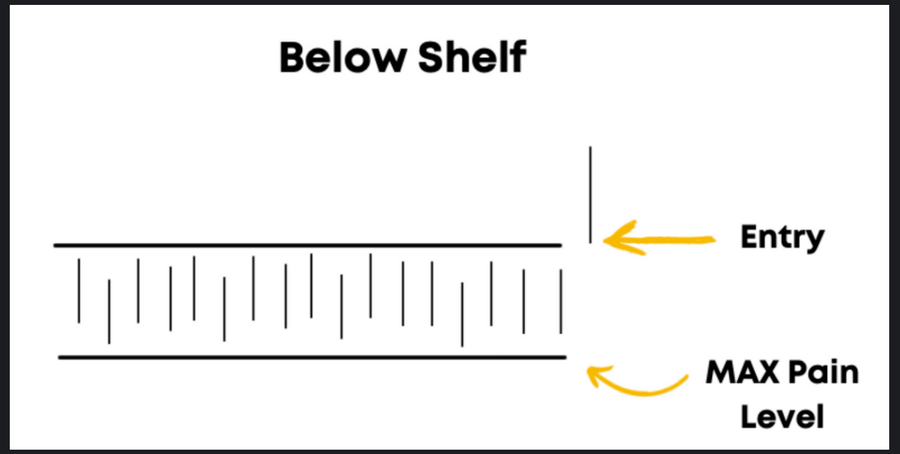
Stanley Druckenmiller

Key message

- Most people fail to have success because they are unwilling to be vulnerable to their strategy
- Get a good buy area, and let the moving averages be your guide, you have to be willing to let stocks pull back
- When the stock breaks sell into weakness

Trading Breakouts - Positioning and Initial Stop

- Big Weekly Base & Launchpad
- Try to get In on the 65 minute. Look to use 3-5% Stop (~40 bps)
- Goal is to get a good Buy Area, Let moving average be your guide
- Initial Stop - Below Shelf, Adjust to LOD as Breakout Works
- Adjust up on Ignite Bars, Reconfirmations, Trail at 10/20 ema

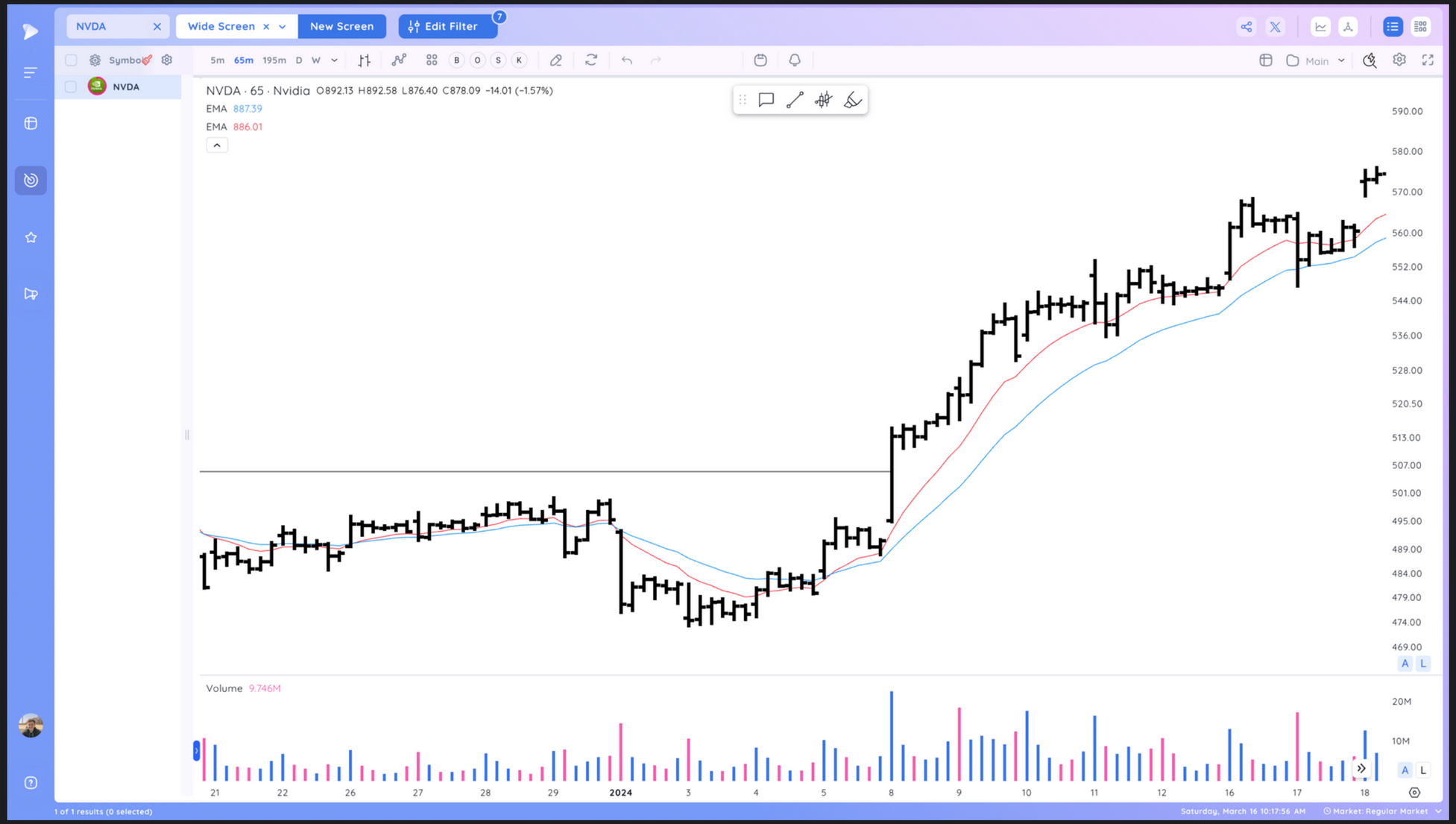




A Note on Liquidity

- Know what type of stock you are trading
- Liquidity Types
  - High Price Liquid - Preferred
  - High Priced Illiquid
  - Low Price Illiquid
    - Mentally assume 10% Stop
- I trade a lot of the same liquid names over and over
  - Learn their character
  - Comfort sizing up, entries, exits

Trading Breakouts - NVDA Case Study



Trading Pullbacks - Positioning and Initial Stop

- Pulling into Support, Shorter Bases, Against Ideally the 20ema
- Try to get good general buy area - Buy In Pieces
  - Buy 150 approaching support, Another 150 as it builds an area, the last 200 as it completes the pattern.
- Look to risk ~20 bps. Mentally 15 bps
- Follow Through is Key! If It does not follow through shortly, it’s unlikely to work

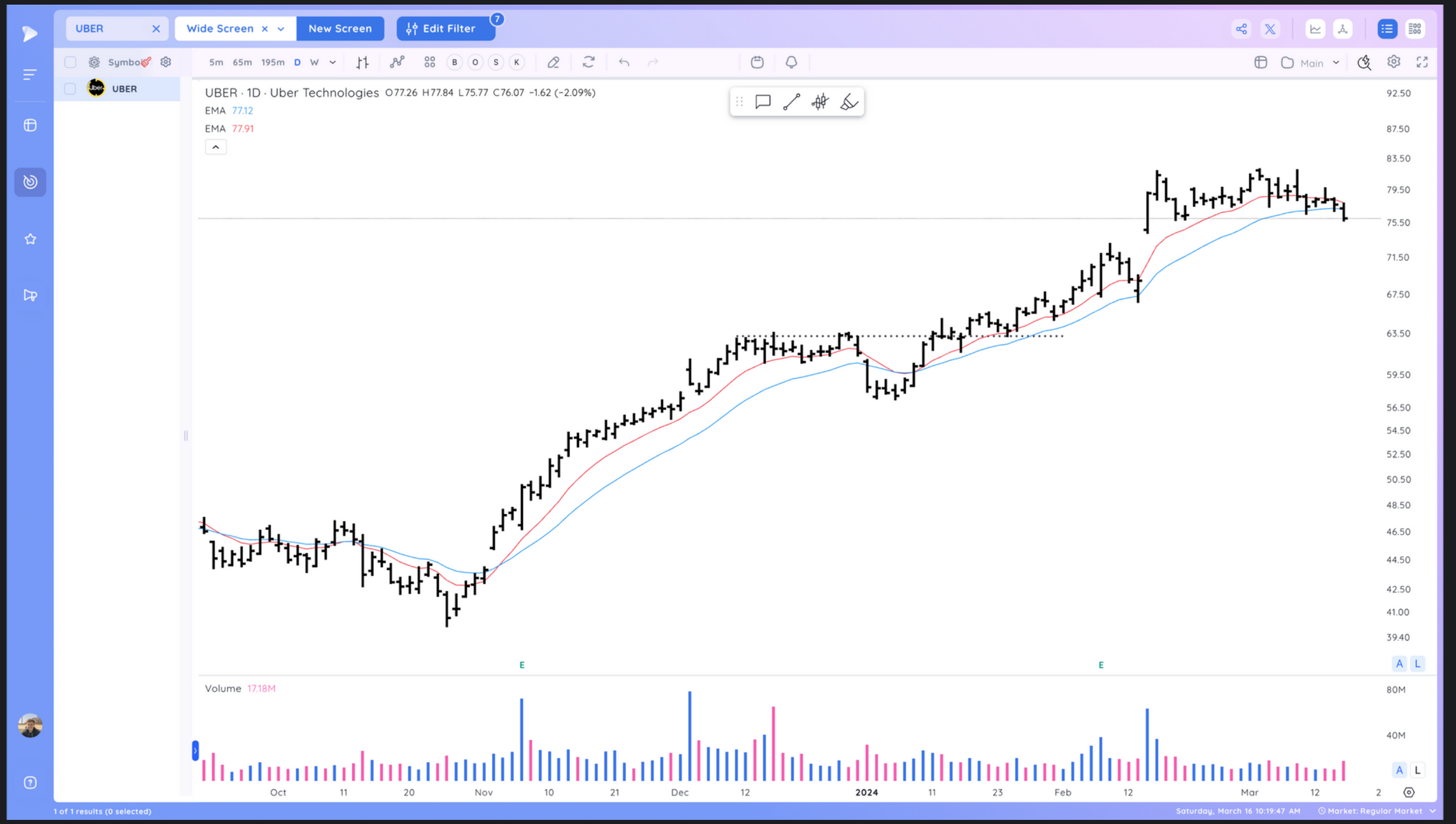
Trading Pullbacks - Coin Case Study



Position Management - Rotating Between 10/20 EMA

- Stocks choose a moving average - let that guide you
- Don’t try to get too creative, most traders would perfrom best by letting the stock work as long as it is holding the MAs
- You have be be willing to let stocks pullback
- Sell Some Hold Some
  - If you think its a bit extended, sell some. Look to hold the rest
  - Don’t have to sell all at once

Rotating Between 10/20 EMA UBER/PLTR Case Study



Monitoring Overall Exposure

- If you try a few new positions and have little cushion, consider selling 1 even if it is doing nothing wrong.
    - This allows you to better manage the other ones

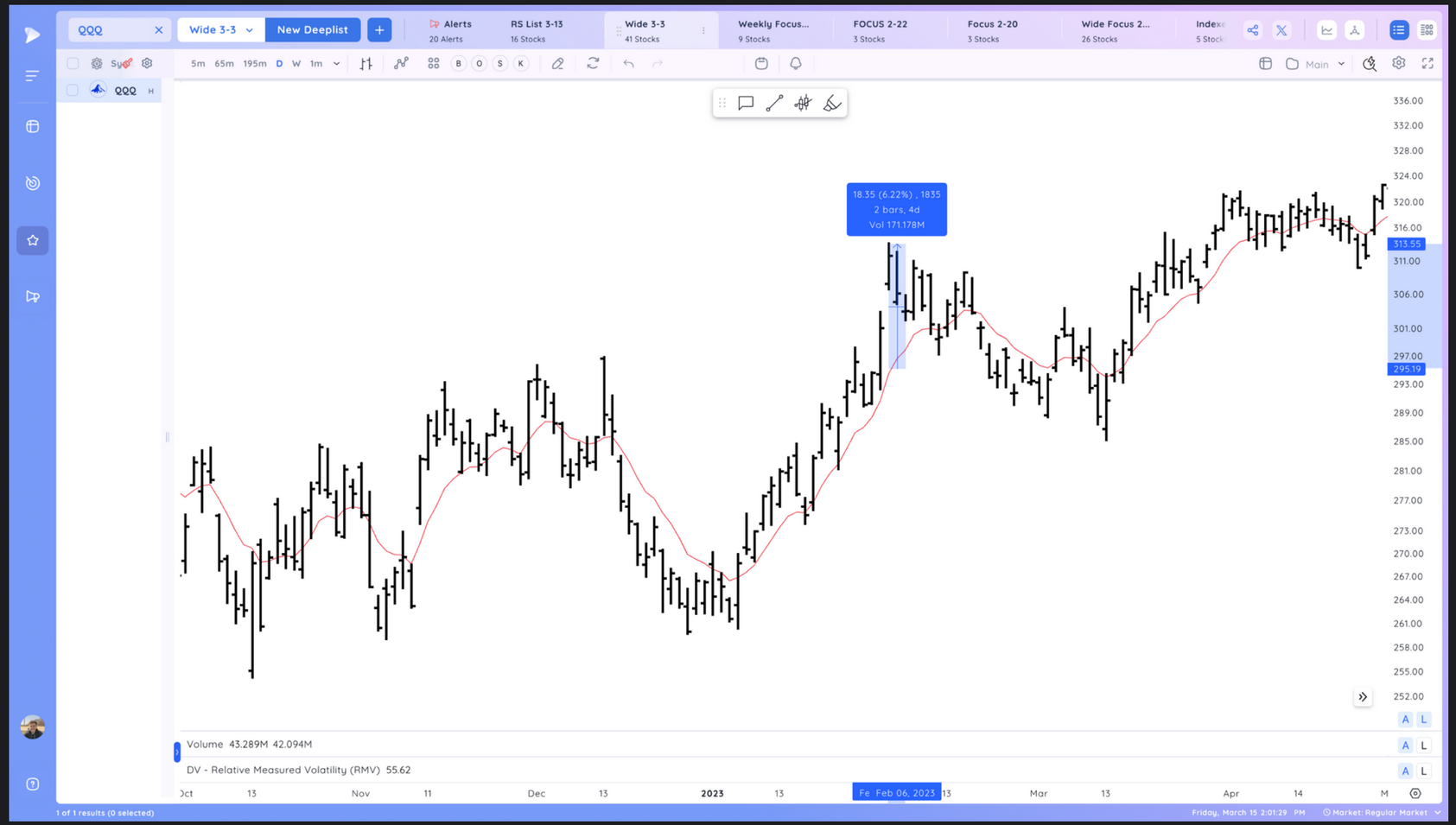
- Allows you to act from a more objective perspective

- Can I handle a 5% down day if stopped out of new positions?

- Focus is on the cores.

QQQ 4-6% mental extension from 10EMA

- Very likely to put in a short term top
- Feb 2023 Example:



Key Concepts

- Is your reason for buying still valid?
- Ignite Bar, adjust bar to that bar low, Ideally there is volume
- Reconfirmations, New highs, Be on Guard if the stock breaks back into the structure
- Look for well defined trendlines with ~3 touches. A trend line break is a sell signal, and this nearly always lines up with the 20ema
- Selling into strength vs using MAs. The is no 100% right way,
  - Pros and Cons to both methods
  - The first buy area can help determine mindset. Primary vs Secondary plays
- Historical Extensions, be aware of the numbers

	SMALL CAP LEADERS		LARGE CAP LEADERS	
	Max Above 50-d	Max Above 200-d	Max Above 50-d	Max Above 200-d
Average	51%	111%	23%	52%
Median	47%	107%	22%	47%
Highest	146%	442%	41%	121%
Top 10%	79%	189%	29%	68%

Quick Fire Questions - Stop Losses

- How much does a position need to follow through before you adjust stops to breakeven?
- How much do you look to risk on new positions?
- How do you execute your stop losses? Market Order vs Limit? Do you put stop losses in your trading platform once you buy a stock or do you actively watch the stock and manually close out the position once you see it hit?
- Do you wait for a close under your stop?
- How do you trail your stops?

Quick Fire Questions - Position Management

- How can you tell the stock is the first, second, or third exhaustion extensions? Do you start counting from the bottom (reversal extension) or it breaks out from the big base like cup n handle?

- Do you sell part of the position after 3-5 days if up a bit? If so, how do you add back to a winner?

- How much cushion do you need to hold a position overnight?

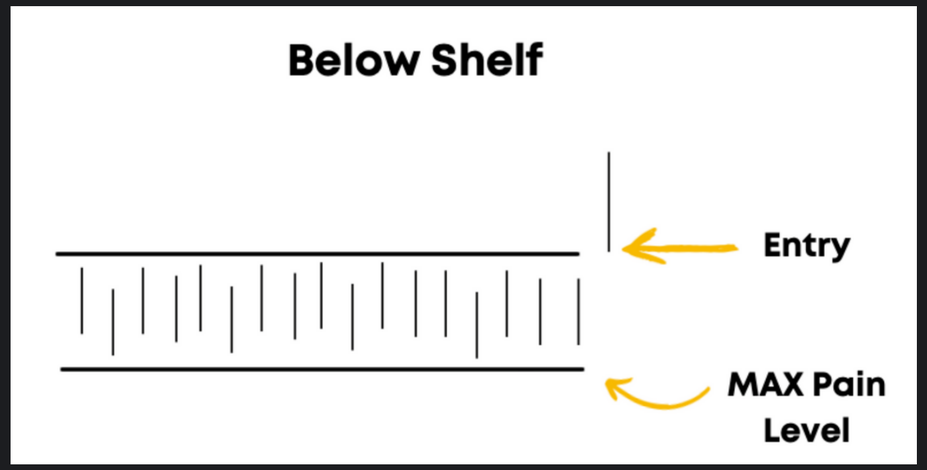
- How do you handle upcoming earnings?

What was your Key Takeaway?



Key Steps to a Trade

- Max pain stop loss below shelf. Determine position size based on this.
- As the breakout really starts to work adjust to the breakout day low
- As we get follow through, move rough stop area to breakeven
- Where are we in cycle? How do I want to play this? Is this a quick swing or a top dog with a great entry out of a bigger basing area? Swing….selling extension. Booking gains.





Key Steps to a Trade

- Early in the cycle raising stops as we reconfirm higher prices and raise stops to below the consolidations. Be reasonable though. Our goal is to let the trade work and not choke it off.

- As we progress and test moving averages on pullbacks is the stock showing us it wants to find support on a specific MA? The 10EMA or the 20EMA?

    - Let the stock guide and give feedback as to its personality. Earlier in the cycle resist the urge to take profits. Let it pull back and build its trend.

Key Steps to a Trade

- As we get deeper into the trend has a trend-line developed with 2-3 touches? Are we tracking a specific moving average?

- Are we getting extended from the ten week EMA? If so, are we looking for the second extension on the daily to sell partials into?

- Later in the cycle, are we seeing an acceleration in the price action? Frozen rope structure? Starting to respect a faster moving average than the majority of the run? EG the 5 day even. If so, let's look to be raising stops with the price action.

- What clues is the stock offering up? Multiple stall candles or signs of a weakening trend?

Key Steps to a Trade

- Take your sell signals on a loss of the respective moving average or a trend-line.
- If you don’t sell the second extension or it doesn’t materialize allow the wedge drop to protect you and take you out of the trade. (Never going to be perfect but the cycle will protect you).
- Be patient. Let the market re-set. After a nice run it often takes a couple weeks for things to re-build and re-set.