



Strategic Swing Trading

Trade with The Pros Strategic Swing Trading

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Last Updated: December 6th, 2022

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WELCOME

The Strategic Swing Trader is a hands-on learning experience introducing both general swing trading concepts and advanced strategies, developed and tested over time.

As a long-time trader of the Strategic Swing, those concepts are the foundation for my strategies, however, this class will solely focus on the longer-term chart patterns.

You will learn advanced tactics, stock selection, trade and money management, as well as new ideas and strategies never taught before.

This program is designed for the wide array of long-term traders/investors, including those who follow the market the entire day and those who dedicate as little as 30 minutes per day.



S t r a t e g i c T r a d e r

Welcome

Once you have an understanding of what is involved, you should always strive to keep your trading simple.

It does not have to be complicated.

But to get that “understanding”, we have a lot of material to cover.

SO, LET’S BEGIN!



TABLE OF CONTENTS

1. INTRODUCTION

- What is Swing Trading?
- General Guidelines
- Difficulties and Unique Advantages
- The Four Major Timeframes

2. THE FOUNDATION

- The Only Movement Possible
- Basic Unit Strategies
- NGP Swing Trading Strategies

3. THE FIRST STRATEGY

- The Transition A Play Using a BO
- The Transition A Play Using a BS

4. THE SECOND STRATEGY

- The Transition B Play

5. THE THIRD STRATEGY

- The Transition C Play

6. THE FOURTH STRATEGY

- The Transition D Play



TABLE OF CONTENTS

7. THE FIFTH STRATEGY

- Stage 2 and Stage 4 Plays Using:
 - BO/BD Entries
 - BS/SS Entries

8. THE SIXTH STRATEGY

- The Gap Play

9. THE SEVENTH STRATEGY

- The Earnings Play

10. TRADE METRICS

- The Entry
- Trade Management
- Share-Sizing

11. SCANNING AND SELECTION

- Creating Your Universe
- Scanning Your Universe

12. CLOSING COMMENTS

- Finding What You Like
- Prepare and Test a Plan
- Follow-Up on All Trades

13. GLOSSARY

SECTION 1

INTRODUCTION TO SWING TRADING





INTRODUCTION

WHAT IS SWING TRADING?

Swing trading is an income-producing / wealth-building style of trading.

- It is designed to capture short-term swings in an ongoing trend

while sidestepping the brief counter-trend moves.

- It attempts to take advantage of an often overlooked niche; one that is too short for large institutions and too long for floor and day traders.
- Positions are generally held from 1 to 10 days.

INTRODUCTION

GENERAL GUIDELINES

Just like in day trading, the most important element about swing trading is deciding what style to pursue and patterns to focus on.

- The style and patterns you choose must suit you, be in line with your own natural personality, and make perfect sense to you.
- Since you are taking on overnight risk, it's paramount to take only high-quality setups with “secure” stops.
- The market itself is a more important factor when swing trading than in any other style of trading.
- When playing swing trades from the Hourly and Daily charts, make sure the Weekly chart is in alignment or at least not conflicting.



INTRODUCTION

GENERAL GUIDELINES

When playing core trades from the Weekly chart, make sure the Monthly timeframe is in alignment or at least not conflicting.

- As a rule, stop playing a trend when the larger timeframe hits a conflicting area. Examples to follow but can include:
 - An uptrend on the smaller timeframe running into a resistance area on the larger timeframe.
 - An uptrend on the smaller timeframe running into a DTL, d20ma, or general area of a SS ('Sell Setup') on the larger timeframe.
- Lastly, make sure the company has no pending news announcements, unless that is what you are playing, i.e: 'The Earnings Strategy'.





INTRODUCTION

DIFFICULTIES

The market is by far the most difficult part about swing trading. (smooth and trending vs. choppy and sideways)

- Overnight gaps can present difficulties from time-to-time, but it's rare if you are trading along the line of least resistance.
- Unexpected news can present a major obstacle, but is also extremely rare.
- Share-sizing and stop-selection must incorporate inherent volatility of the underlying security.

INTRODUCTION

ADVANTAGES

During trending markets, swing trading is the easiest style of trading, and requires the least amount of dedicated time.

- News announcements work in your favor most of the time, if you're trading in the right direction.
- Most of your work is done after the market's close, at your own pace, and while you still have your objectivity.
- A large 'universe' to select from, and a multitude of strategies, are available to the swing trader.





INTRODUCTION

FOUR MAJOR TIMEFRAMES

THE MONTHLY CHART (each bar = one month)

This timeframe is primarily used to set the bias for “core” plays and gain perspective of the long-term picture for the stock.

TIP: Traders of a Weekly chart setup should NEVER take a trade without first consulting the Monthly chart.

INTRODUCTION

FOUR MAJOR TIMEFRAMES

THE WEEKLY CHART

(each bar = one week)

This timeframe is primarily used to set the bias for trades that originate from the Daily chart.

Daily chart setups should NEVER violate a trend that exists on the Weekly chart.

TIP: This timeframe can also be used for entries on longer-term plays.





INTRODUCTION

FOUR MAJOR TIMEFRAMES



THE DAILY CHART (each bar = one day)

This timeframe CAN be used to set the bias for short-term swing trades that originate from the Hourly chart.

However, it is primarily used to find swing setups.

TIP: Traders of an Hourly chart setup should NEVER go against the Daily timeframe, with the only exception being 'The Gap Strategy'.

INTRODUCTION

FOUR MAJOR TIMEFRAMES

THE HOURLY CHART (each bar = 60 minutes)

This timeframe is used for entries to strategies that originate on the Daily chart.

TIP: The Hourly chart is also the main timeframe for trade management.



INTRODUCTION

SUMMARY

✓ The Weekly and, especially, the Monthly timeframes are used to gain a perspective of the larger picture, and for core or position trading.

✓ The Daily timeframe is used for finding patterns.

✓ The Hourly timeframe is generally used for entries and management.



SECTION 2

THE FOUNDATION



“

To understand swing
trading, you must
intimately know
‘The Only Movement’
possible in the market...

THE FOUNDATION

THE ONLY MOVEMENT POSSIBLE

This is the only complete movement a stock or market can make. There is no other movement possible.

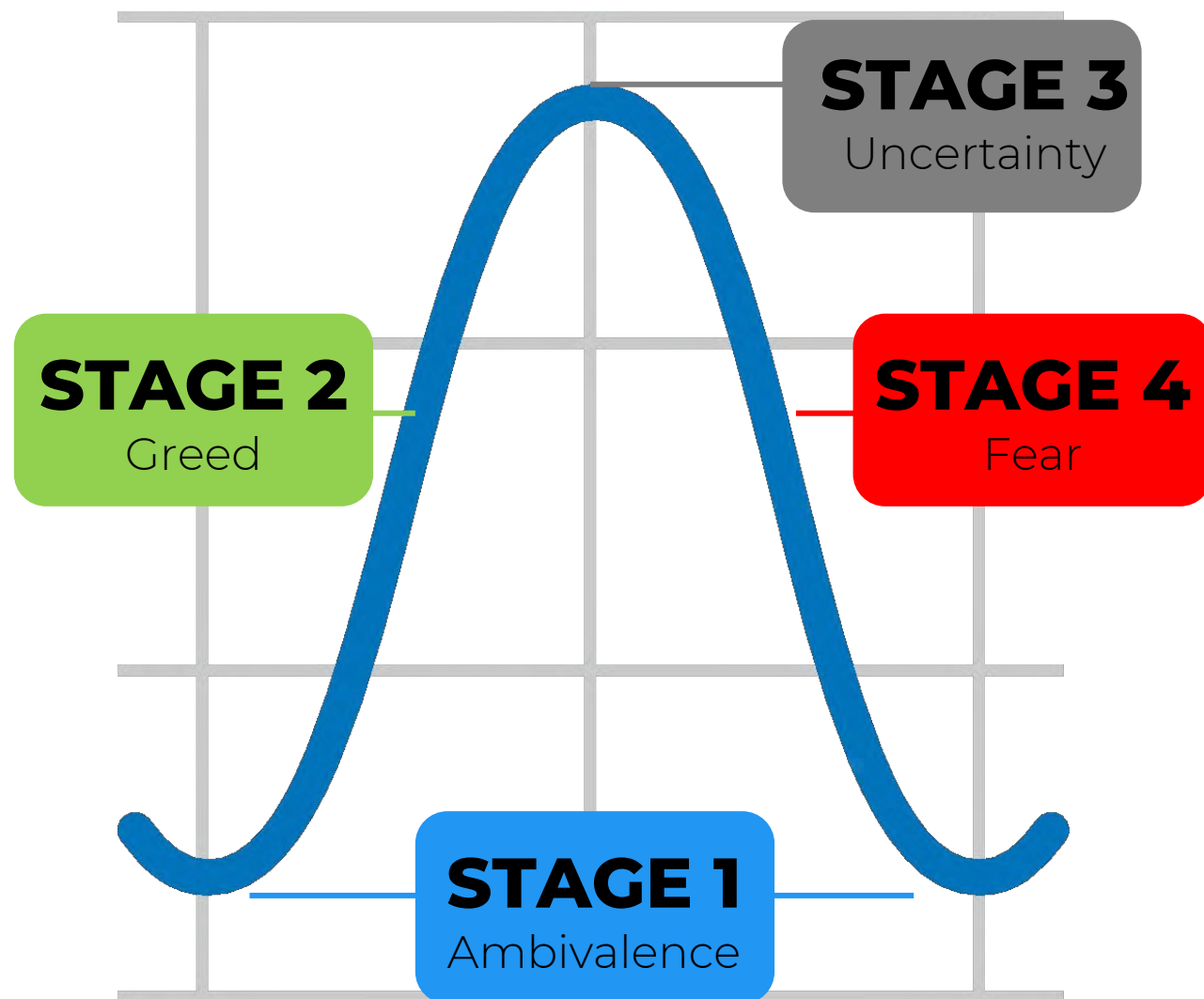
The entire life of a stock and/or market is comprised of this cycle, repeated time and time again.

This cycle forms the basis for one's ability to predict future price movements based on the laws of psychology and probability.

This cycle, sometimes referred to as the Basic Unit', helps the trader know the current status of the stock or market, as well as, what is likely to occur next.

The key to trading successfully is knowing where you are in the cycle.

This cycle is comprised of four distinct stages which, in turn, are ruled by four distinct emotions.



THE FOUNDATION

THE ONLY MOVEMENT POSSIBLE



NOTE:

At times, Stage 3's will be sharp and abrupt. These tops often result in very severe collapses.

Stage 1 = Ambivalence

Stage 3 = Indecision

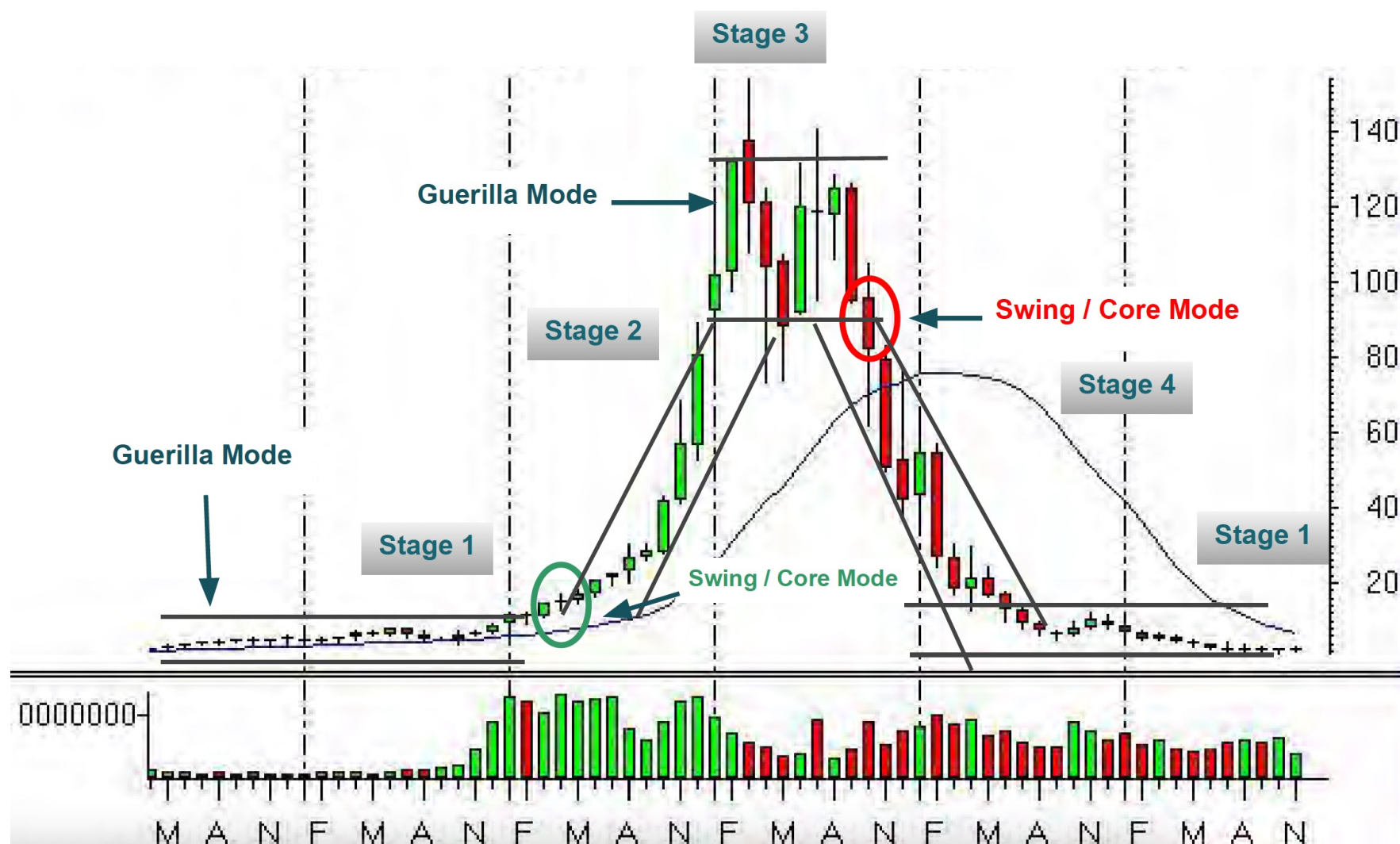


THE FOUNDATION

**THE
ONLY
MOVEMENT
POSSIBLE**

THE FOUNDATION

THE ONLY MOVEMENT POSSIBLE





THE FOUNDATION

**THE
ONLY
MOVEMENT
POSSIBLE**

THE FOUNDATION

THE ONLY MOVEMENT POSSIBLE



THE FOUNDATION

THE ONLY MOVEMENT POSSIBLE

NOTE

From this point forward, ALWAYS assume the following:

Red line = 200SMA

Blue line = 20SMA

Black line = 8SMA



THE FOUNDATION

THE ONLY MOVEMENT POSSIBLE



Daily



THE FOUNDATION

**THE
ONLY
MOVEMENT
POSSIBLE**

THE FOUNDATION

THE ONLY MOVEMENT POSSIBLE



THE FOUNDATION

THE ONLY MOVEMENT POSSIBLE

QUESTION

What areas likely provide the best opportunities, with the highest reward to risk?

1. *Stage 1 = Ambivalence*
2. *Stage 2 = Greed*
3. *Stage 3 = Indecision*
4. *Stage 4 = Fear*



THE FOUNDATION

THE ONLY MOVEMENT POSSIBLE

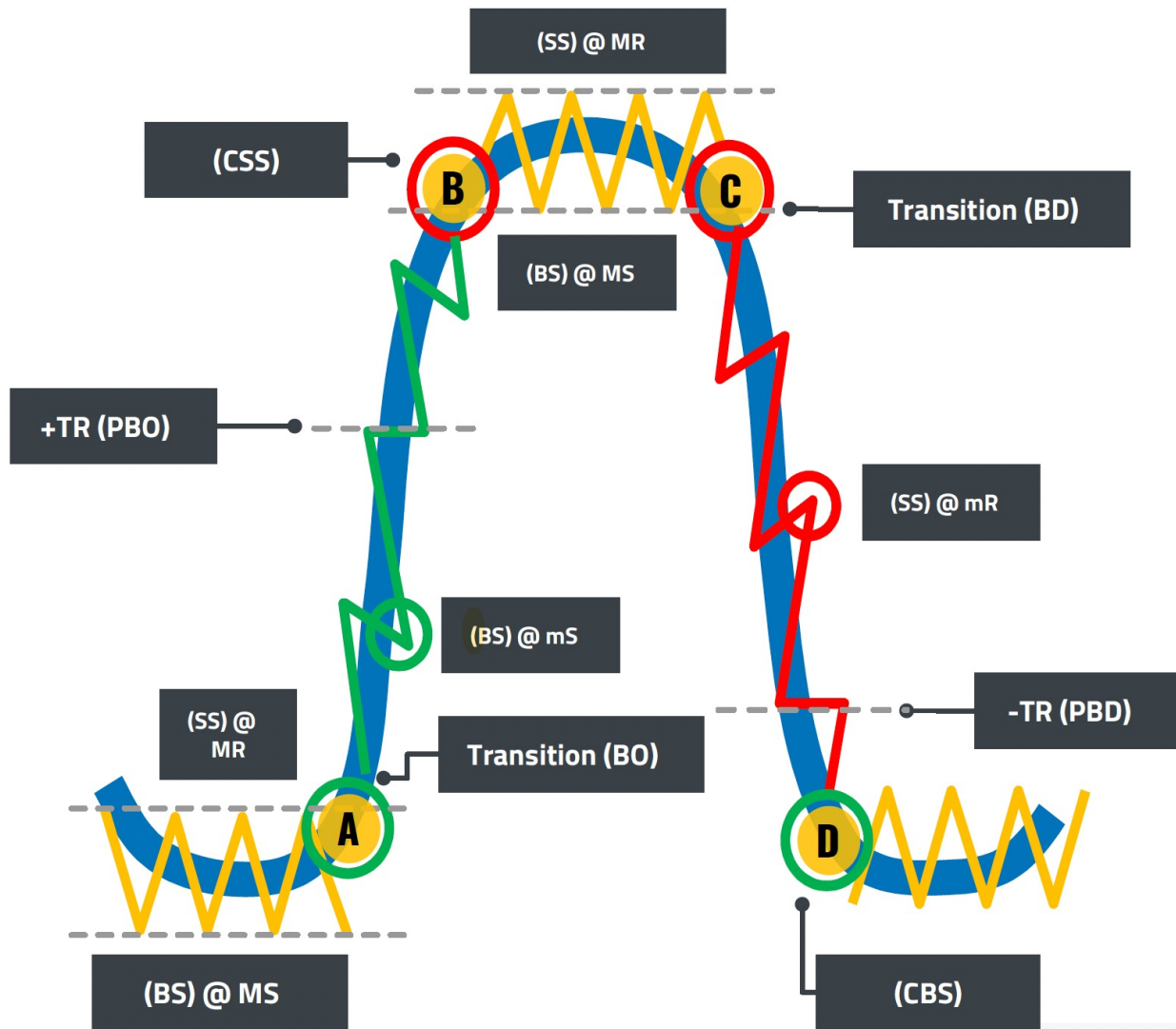
*This picture could very well
be the most important
picture you ever see!*

*Going over it won't take
more than a few minutes*

*Grasping it might take you
10 years, 10 months, 10 days
or even just 10 minutes.*

*However, once you do, your
trading will never be the
same again.*

THAT IS A PROMISE!



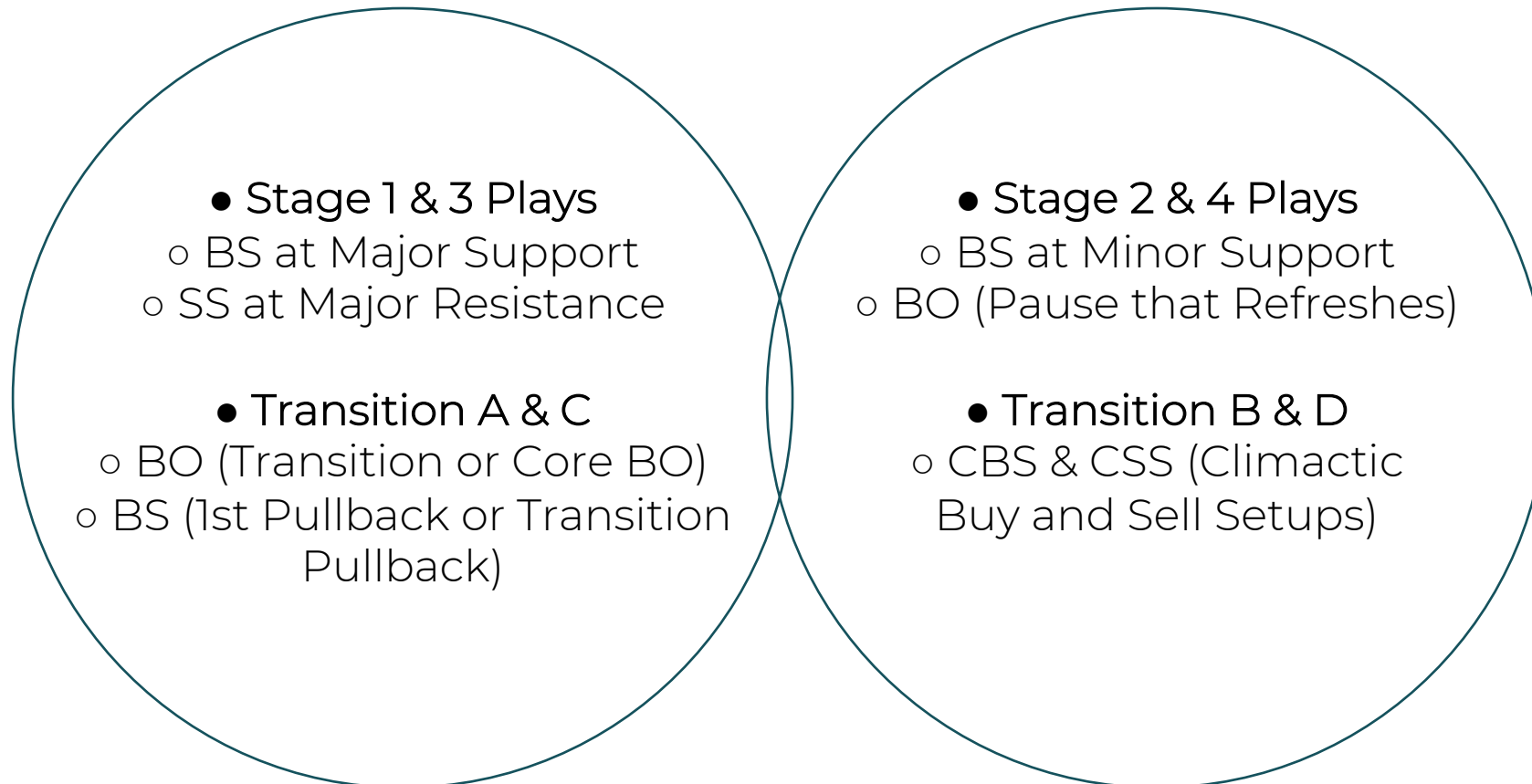


THE FOUNDATION

SWING TRADING STRATEGIES

Strategies Solely Based On Basic Unit

There are several strategies available for the swing trader:



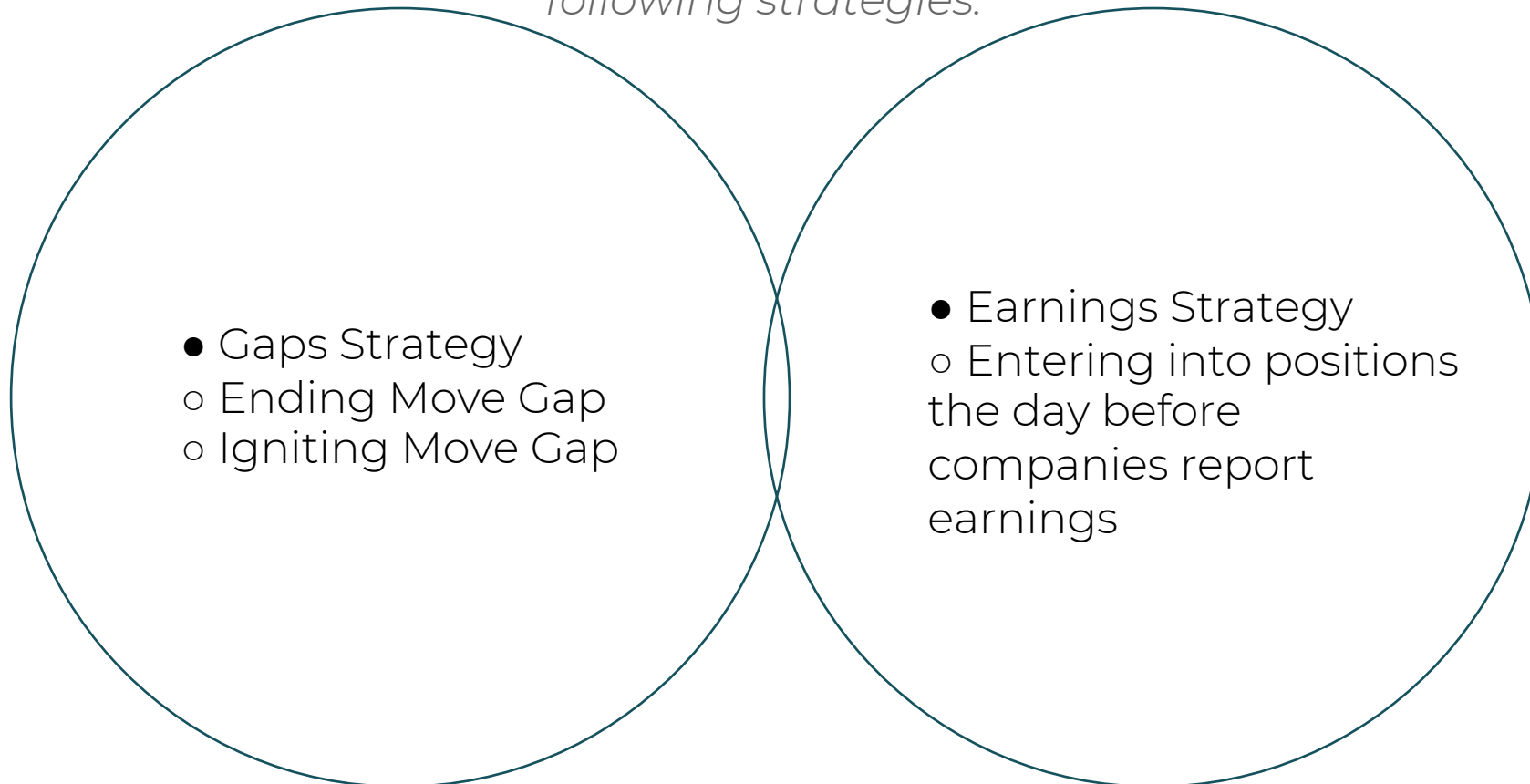


THE FOUNDATION

SWING TRADING STRATEGIES

Additional Strategies

In addition to the previous strategies, I have also discovered the two following strategies:



SECTION 3

THE FIRST STRATEGY:
TRANSITION A PLAY (BO & BS)



TRANSITION A PLAY

USING A BO ENTRY

CONCEPT

At the end of an often severe downtrend, stocks often start correcting through time, rather than price, by basing sideways.

This basing action is a healthy occurrence as it signals the end of Stage 4 and the possibility of a transition back to Stage 2.

At that point, the 20ma will flatten out and start going through price.

*Once the base tightens and the 20ma curves up to meet price, a **BO entry** can be taken with a stop under the base/20ma.*



TRANSITION A

Daily FRO: 254% in 22 Days



TRANSITION A

Daily MCHX: 30% in 4 Days

Entry

Stop



TRANSITION A

Daily AT: 25% in 4 Days



TRANSITION A

Daily HMI: 47% in 6 Days



TRANSITION A

Daily HALO: 43% in 4 Days



TRANSITION A

Daily PHMD: 61% in 5 Days



TRANSITION A

Daily VIMC: 39% in 5 Days

Entry

Stop



TRANSITION A

Daily ZGNX: 18% in 2 Days

Entry

Stop



TRANSITION A



TRANSITION A

Daily URBN: 6% in 3 Days

Entry

Stop



TRANSITION A

Daily CLVS: 27% in 1 Day



TRANSITION A PLAY

USING A BS ENTRY

CONCEPT

As discussed earlier, stocks often establish long bases (Stage 1) and eventually transition higher through a breakout pattern.

However, sometimes especially after a sharp sell off at the end of Stage 4, a stock will snap back like a rubber band and break the downtrend.

When that happens, the astute trader watches that stock for a possible entry on the next BS at or near the newly rising 20ma.



TRANSITION PLAY



The 1st Pullback after transition

TRANSITION PLAY

Daily



The 1st Pullback after transition

TRANSITION PLAY

Daily



The 1st Pullback after transition

TRANSITION PLAY



The 1st Pullback after transition

TRANSITION PLAY

Daily



The 1st Pullback after transition

TRANSITION PLAY

Daily



The 1st Pullback after transition

TRANSITION PLAY

Daily



The 1st Pullback after transition

TRANSITION PLAY



The 1st Pullback after transition

BUY

SECTION 4

HOLD

SELL

THE SECOND STRATEGY:
TRANSITION B PLAY



TRANSITION B PLAY

USING AN INTRADAY CSS ENTRY

CONCEPT

After an extended run up, and once enough novice traders become convinced of the stock's bullishness, a stock will sometimes rally so fast and hard that it becomes climactic on the Daily chart.

When that's the case, the best way to enter would be to drill down to the intraday timeframes and use an [intraday CSS entry](#) on a 5min or 15min chart.



TRANSITION B PLAY

USING AN INTRADAY CSS ENTRY

QUESTION

Where Is The Correct Entry On The
Following Charts?



TRANSITION B

Daily



TRANSITION B



TRANSITION B

Daily



TRANSITION B

Weekly



TRANSITION B



SECTION 5

THE THIRD STRATEGY: TRANSITION C PLAY



TRANSITION C PLAY

USING A -123 ENTRY

CONCEPT

When a stock is about to start a Stage 4 downtrend, a -123 pattern will often develop, providing a powerful transition with a potentially very high reward-to-risk ratio.

The -123 pattern is so powerful that, in many cases, it will slice through support like a hot knife through butter.



TRANSITION C

Daily



TRANSITION C



TRANSITION C



TRANSITION C



TRANSITION C

Daily



TRANSITION C

Daily



TRANSITION C



TRANSITION C

Daily



TRANSITION C



SECTION 6

THE FOURTH STRATEGY: TRANSITION D PLAY



TRANSITION D PLAY

USING AN INTRADAY CBS ENTRY

CONCEPT

After an extended sell off, those who have held on too long begin to exit in an attempt to keep some of their gains.

Once the last batch of novice traders panic out of the stock, their selling will cause the stock to go climactic.

When that happens, the best way to enter would be to zoom down to the intraday timeframes and use an intraday CBS entry on 5min or 15min chart.



TRANSITION D



TRANSITION D

Daily



TRANSITION D



SECTION 7

THE FIFTH STRATEGY: STAGE 2 & 4 PLAY (BO/BD & BS/SS)



STAGE 2 & 4 PLAY

Using a BO/BD or a BS/SS entry

CONCEPT

The price of a stock can only go up, down or sideways.

The sideways bases are known as Stages 1 and 3.

The uptrends and downtrends are known as Stages 2 and 4, respectively.

While the stock is trending up or down, the trader watches the stock for either a pullback or a breakout type entry.

Sometimes even a -123 forms. Any of these patterns is acceptable as long as it forms in the direction of the trend.



STAGE 2 & 4

Daily



STAGE 2 & 4

Daily



STAGE 2 & 4

Daily



STAGE 2 & 4

Daily



STAGE 2 & 4

Daily



STAGE 2 & 4

Daily



STAGE 2 & 4

Daily



STAGE 2 & 4

Daily



STAGE 2 & 4

Daily



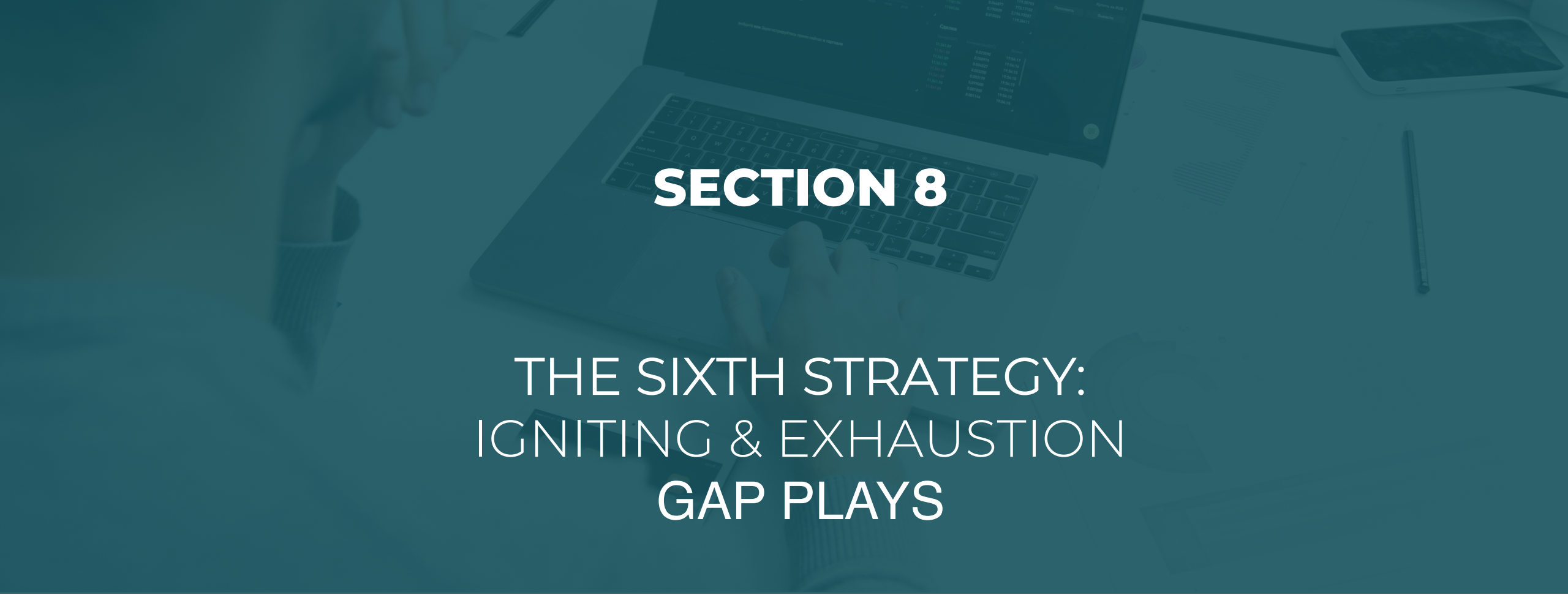
STAGE 2 & 4

Daily



STAGE 2 & 4





SECTION 8

THE SIXTH STRATEGY: IGNITING & EXHAUSTION GAP PLAYS



STRATEGIC SWING TRADER

THE GAP PLAY

CONCEPT

So far we have discussed the four ways stocks end their on-going trend and transition into a completely different one. This is known as the [Transitional Phases](#).

However, sometimes the underlying trend does not go through the typical transition. Most often, the stock experiences what is known as a gap in the price.

The gap, often overlooked, has a significant impact on the stock and ultimately puts an end to the underlying trend



STRATEGIC SWING TRADER

THE GAP PLAY

CONCEPT

There are two types of gaps: Igniting or Exhaustion.

Exhaustion Gaps end / exhaust old trends and are played against the current trend (faded).

Let's look at some examples!



EXHAUSTION GAPS



EXHAUSTION GAPS



EXHAUSTION GAPS



EXHAUSTION GAPS



EXHAUSTION GAPS



EXHAUSTION GAPS



EXHAUSTION GAPS



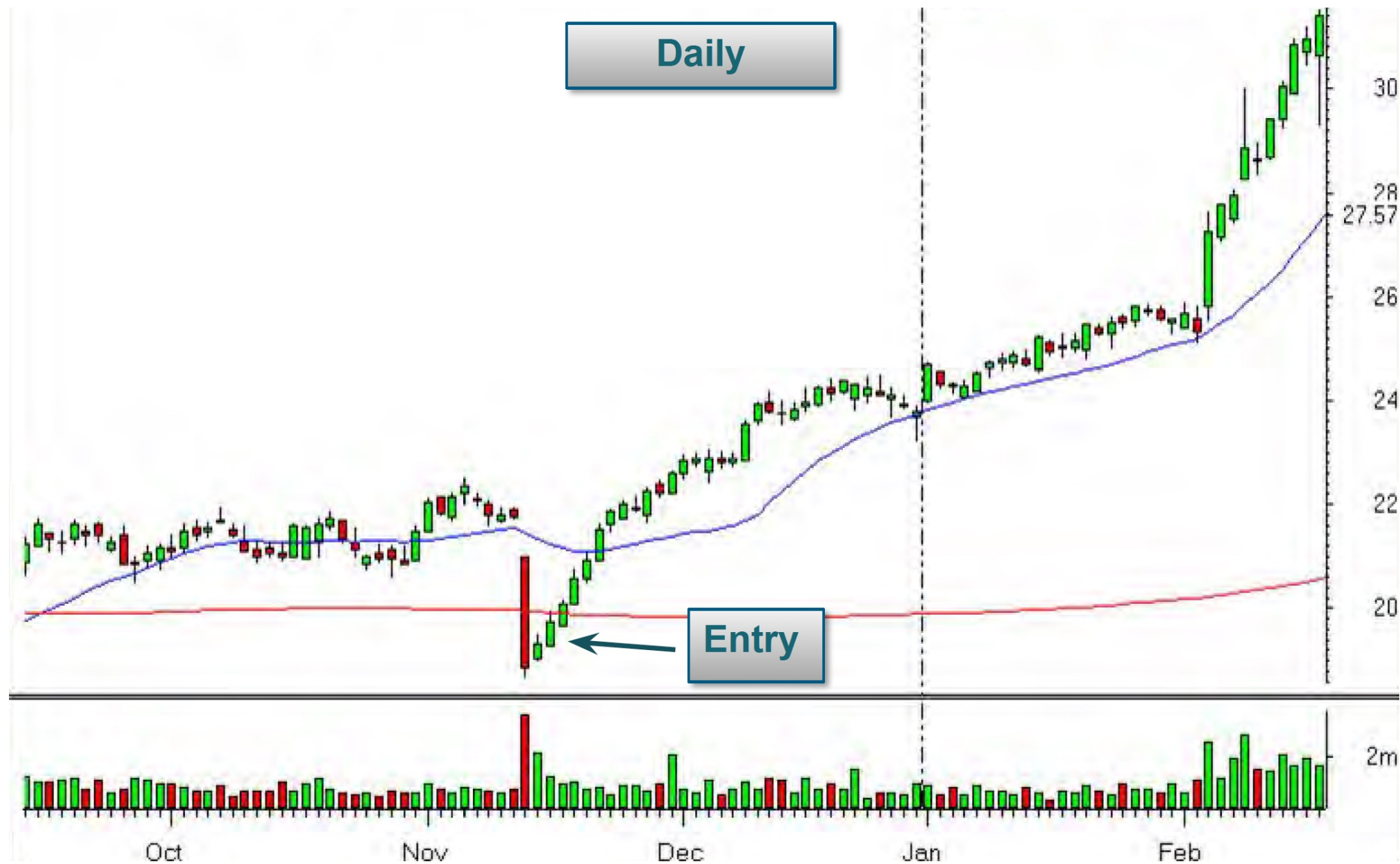
EXHAUSTION GAPS



EXHAUSTION GAPS



EXHAUSTION GAPS



STRATEGIC SWING TRADER

THE GAP PLAY

CONCEPT

Igniting Gaps start / ignite new trends and are played with / in the same direction.

Let's look at some examples!



IGNITING GAPS

Daily



IGNITING GAPS



IGNITING GAPS

Daily



Entry

5m

IGNITING GAPS



IGNITING GAPS

Daily



IGNITING GAPS

Daily



IGNITING GAPS

Daily

Entry



IGNITING GAPS

Daily

Entry



IGNITING GAPS

Daily



IGNITING GAPS

Daily



IGNITING GAPS



IGNITING GAPS



IGNITING GAPS



IGNITING GAPS

Daily

Entry



IGNITING GAPS



IGNITING GAPS



IGNITING GAPS



IGNITING GAPS



IGNITING GAPS



IGNITING GAPS



IGNITING GAPS



IGNITING GAPS



IGNITING GAPS



IGNITING GAPS



GAP STRATEGY: BOTH WAYS



GAP STRATEGY: BOTH WAYS



GAP STRATEGY: BOTH WAYS



GAP STRATEGY: BOTH WAYS



GAP STRATEGY: BOTH WAYS



GAP STRATEGY: BOTH WAYS



GAP STRATEGY: BOTH WAYS



SECTION 9

THE SEVENTH STRATEGY: THE EARNINGS PLAY



THE EARNINGS PLAY

USING TRANSITIONS A & C

CONCEPT

It is no secret that stocks follow earnings. Put more accurately, stock prices follow earnings growth. However, until now, there was no accurate way to know how investors will react to earnings announcements.

This is the idea behind the Earnings Play.

We all know that stocks (and any moving object) follow the path of least resistance. As such, when an uptrending stock has pulled back to support and rising 20ma, the stock should have higher odds of gapping up in the direction of the trend.



EARNINGS PLAY



EARNINGS PLAY



EARNINGS PLAY



EARNINGS PLAY



EARNINGS PLAY



EARNINGS PLAY



Daily



Daily



Daily



Daily



Daily



Daily



Daily



Daily



Daily



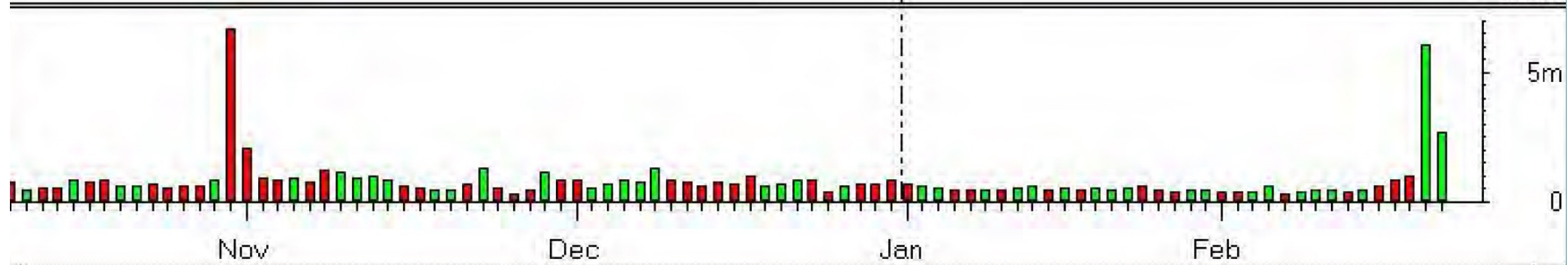
Daily



Daily



Daily



Daily



Daily





Daily



Daily



Daily



Daily



Weekly



Daily



Weekly





Weekly





Weekly



SECTION 10

TRADE METRICS: ENTRIES MANAGEMENT SHARE-SIZING



TRADE METRICS

ENTRIES

ENTRIES

After the right pattern is found on the Daily chart, we drill down to the Hourly timeframe and look for an entry.

Any pattern applies (BS / SS, BO / BD, +/-123, etc.) as long as it meets the strategy requirements.

We will go over live examples during every Strategic Swing Trader session.



TRADE METRICS

TRADE MANAGEMENT

TRADE MANAGEMENT

In conjunction with [Daily Bar-By-Bar](#) management (which I have found most effective for swing trading), the Hourly chart will also be utilized when “significant pivots” are available.

Other Trade Management Issues:

- *How to Manage Target Areas*
- *Gaps in your favor and against you*
- *Disaster rules and first 30 minutes*



TRADE METRICS

SHARE-SIZING

SHARE-SIZING

Your share-size is based on your risk amount (R) divided by your stop: $\text{Share Size} = \text{Risk} / \text{Size of Stop (0.00)}$

EXAMPLE: "R" is \$500 | Entry: \$22.45 | Stop \$21.95
 $\$22.45 - \$21.95 = \$0.50$

$\$500 / \$0.50 = 1,000 \text{ shares}$



SHARE-SIZING

ADDITIONAL CALCULATIONS

Total Capital: % of account used per trade – consider never having more than 25% tied up in any one play.

- *Disaster Gap: Calculate what your loss would be if the position gapped 10% against you. This is somewhat arbitrary but can be helpful for the Earnings Strategy.*

- *Maximum positions open at Maximum Risk.*

The additional calculations are especially relevant if you use tight stops or trade high-priced stocks.



SECTION 11

SCANNING AND SELECTION: CREATING & SCANNING YOUR UNIVERSE



SCANNING AND SELECTION



CREATING YOUR UNIVERSE CREATING

The Need for a Universe

There are almost 20,000 stocks out there. The majority of these are “out of business” & may be only pennies or less per share. Many of these are thinly held and may not even trade in an entire day.

**You have to decide
which stocks are
acceptable.**





SCANNING AND SELECTION

CREATING YOUR UNIVERSE CREATING

Ask Yourself:

- What is the minimum price you are willing to trade?
- What is the minimum volume you would trade – core or swing?

Then use a platform to download a list of all US Common Stocks that meet your criteria.

SCANNING AND SELECTION

STATIC VS. DYNAMIC SCANNING

Static vs. Dynamic Scanning

A Static Universe simply combines lists of familiar indices you want to trade.

- S&P 500, NAS 100, Semiconductor index, Financials, etc.
- Add in stocks you like when you find them.

A Dynamic Universe is done by scanning for the list through your platform or scanner using certain criteria.

- **Example:** Stocks over \$1.00 and trade more than 500,000 shares per day.





SCANNING AND SELECTION

STATIC VS. DYNAMIC SCANNING

Static vs. Dynamic Scanning

Advantages of a Static Universe:

- You know all the stocks and are more familiar with their movements.
- There won't be a "surprise" stock appearing on our list.

Advantages of a Dynamic Universe:

- You can catch the "next Apple" by finding new stocks.
- New valid stocks are automatically added to the list and old ones are removed keeping your universe up-to-date.

SCANNING AND SELECTION

STATIC VS. DYNAMIC SCANNING

Combining Static & Dynamic Scanning

I prefer dynamic nightly scanning but this is time-intensive.

To save time, I have created several pages of Daily thumbnail charts (organized by sector) that I scan every night. In addition, I keep a running list of symbols that are in the process of setting up, and I scan the list every night.

We will go over all of this during our sessions.



SECTION 12

CLOSING COMMENTS:
FIND PREPARE FOLLOW UP



CLOSING COMMENTS

CLOSING

With all of these tactics and timeframes open to you, you may see many trade opportunities every day. Some will be better than others.

It now becomes important that you recognize combinations of high-odds tactics occurring on different timeframes. The entry is important and the management is critical.





CLOSING COMMENTS



CLOSING

Now we will discuss the final steps:

- *Finding What You Like*
- *Prepare and Test a Plan*
- *Follow up on All Trades*

CLOSING COMMENTS



FIND WHAT YOU LIKE

FIND

Take the time to look at what you have learned in the market place.

- Determine what timeframe and frequency of trades you like.
- Determine your comfort level for entry and management of trades.



CLOSING COMMENTS



PREPARE & TEST A PLAN

PREPARE

Prepare and Test a Plan

Once you find what you like, outline exactly how you will trade it.

- Follow your rules but adjust frequently in the beginning after the trade, then follow your rules on every trade and make no changes.
- At the end of a period of time, you can review and change your plan as needed for the next batch of trades.



CLOSING COMMENTS



FOLLOW UP ON ALL TRADES

FOLLOW UP

Follow Up on All Trades

The only way you can change your plan is by reviewing your trades as they close.

- Determine if you followed your plan in terms of validity, entry, and management.
- Determine after a series of trades if your plan needs changing.



[illegible]

CLOSING COMMENTS



REMEMBER

Use Patience

Wait for the plays that meet your criteria.

REMEMBER

Trading just to trade is the mark of a novice trader.



CLOSING COMMENTS

REMEMBER

Use Focus

All good trades focus on a few plays and become expert at those plays.

REMEMBER

When you focus on what you want, everything else falls away.



CLOSING COMMENTS



REMEMBER

Use Discipline

All the study and planning in the world is useless if you never actually do what you are supposed to do.

REMEMBER

Discipline is doing what you should do, when you should do it, whether you feel like it or not.

“

I just wait until there is money lying in the corner and all I have to do is go over there and pick it up. I do nothing in the meantime. In essence, by not wanting to trade, I have inadvertently transformed myself into a master of patience. By forcing myself to wait until there was a trade that appeared so compelling that I could not stand the thought of not taking it, I had vastly improved the odds...

James Rodgers



THANK YOU

Questions?

*Please reach out to me:
hello@tradewiththepros.com*

SECTION 13

GLOSSARY



CLOSING COMMENTS



GLOSSARY

- **BS: Buy Setup**

- 3 or more consecutive lower highs or 3 or more red bars. Having both makes the setup more potent.

- **SS: Sell Setup**

- 3 or more consecutive higher lows or 3 or more green bars. Having both makes the setup more potent.

- **BO: Break Out (Transition A)**

- A price move through an identified level of resistance/base. The trader buys the stock when the price breaks above the base.

- **BD: Break Down (Transition C)**

- A price move through an identified level of support/base. The trader shorts the stock when the price breaks below the base.

- **TR: Pause that Refreshes**

- A base breakout in the context of an ongoing uptrend. A tight consolidation in an uptrend is usually a healthy occurrence as it allows the stock to rest (work off steam), and helps prepare it for another run to the upside. Reverse for the Bearish PTR in a downtrend.

- **CBS: Climactic Buy Setup (Transition B)**

- 5 or more consecutive lower highs or 5 or more red bars. Having both makes the setup more potent.

TIP: The drop should be so severe that it

CLOSING COMMENTS

GLOSSARY

CSS: Climactic Sell Setup (Transition D)

- 5 or more consecutive higher lows or 5 or more green bars. Having both makes the setup more potent.

TIP: The rally should be so great that it “jumps out” at you (at least 8% above 20ma on Daily Chart).

- Major Support (MS)

- A price level or area at which demand for a stock is much greater than the existing supply.

Every area, from which a strong rally ensued, has contained within it a certain degree of positive memory. This is what creates something close to a self-fulfilling prophecy, which is another way of saying it creates a very high odds long scenario.

- Major Resistance (MR)

- A price level or area at which supply for a stock is much greater than the existing demand.

Every area, from which a strong decline ensued, has contained within it a certain degree of negative memory. This is what creates something close to a self-fulfilling prophecy, which is another way of saying it creates a very high odds short scenario.

- Minor Support (mS)

- A price level or area that lies at or just above the prior high (peak) of a steady uptrend. The basis for this support lies in the fact that resistance, once broken to the upside, often becomes support, just as a ceiling once broken through to the upside becomes the floor.

CLOSING COMMENTS

GLOSSARY

- Minor Resistance (mR)

- A price level or area that lies at or just below the prior low (trough) of a steady downtrend. The basis for this resistance lies in the fact that support, once broken to the downside, often becomes resistance, just as a floor once broken through to the downside becomes the ceiling.



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Strategic **Swing Trader**

TWP Method for Swing Trading