

TRW Stock Market Investing Strategy Creation- philip-the-fare

Keep in mind:

Gameplan, draw zones, do you see a 9ma - 50ma - or base box. How does the ma's align, if there is not a clear box etc -> anticipate a certain box. Keep the zone trading in mind, entry upon a break (next candle) or if the break down got rejected. Drill down in timeframes.

Remember the Kone post , look at it again. And look at the comment: *"Im not an expert so feel free to wait for the other G's to answer but it looks like you've got a Base box forming at around 53 and 38 as the 50ma is flat. Either that or a 50ma box "*

Even more important then zones and boxes are: your entry and exit rules.

Level 1. Defining Objectives:

- Time frame: 1W, due to the fact that majority of my time goes into my business
- Equities (stocks) or Options (etf's and equities)
- Swing, momentum or mean reversions? I do have the stomach to ride a trend.
- As a person I'm pretty strongly opinionated but as an investor I've just learnt the hard way that it's better to be flexible and adaptive then too hard headed. But I'll stick to it if it logically makes sense.
- Due to my busy schedule I'd say it's better for me to stay passive for the most time. Cause I can't devote more then 1-4h / week to investing. 50% of the time I land between 1-2h/ week.
- Don't have any urge to close the position if my thesis holds.
- I'm more of a big picture person.
- Risk tolerance: Could go for high risk. Would aim for medium - high risk. One aspect is that my business has enough headaches and risks. Keep in mind, take small losses and ride big wins!

More detailed description

Current situation: currently I run my small sales agency, that's where my cash flow comes from. Age: 32. Overall the money that comes into my company covers corporate expenses, salaries and all other outflows. Though I'm still left with a small amount that I can invest as I see fit. Because savings are included in the outflow budget.

What kind of personality am I : I'm very busy, but I have the patience, pretty much a momentum trader. If there is no logical reason to change my strategy then I won't. Big picture person most definitely. I'm adaptive but I trust the big picture in the end, due to my busy schedule I'd be more of an passive investor then active.

Time availability: On monday - thursday I can't put more then 20min - 30min a day to look at charts mostly I'll do around 18.00 my time (11.00 New York time). Can't set any time aside on Fridays (reporting day). Weekends are free.

So in that case I'd opt in for Swing trading (1D frame) or Long term Investment (1W and above). Preferably a combo of both.

Risk Profile (risk appetite depends on account size, age and risk tolerance):

I approach all investing from a risk reward point of view. Risk is good but it's not always worth it. That being said I would classify myself in the middle. Somewhat risk averse but still willing to take the risk if it's worth it and ride it out.

Asset class: Equities (growth stocks and major etfs) and Options. Futures are out of question for now due to my situation, have though traded nasdaq cfd's successfully but that would require me to be a active trader to make it work.

Bet sizing: Currently I'm saving up for my personal and companies rainy day fund, therefore lump sum investing is out of the picture. Can though contribute monthly to long term investments or swing trades if needed. Willing to risk up to 10% per trade.

Level 2. Defining the strategy:

NOTE: Keep your personality in mind when writing your strategy!

- 3 components:
 - Entry Parameters, how will I enter a trade
 - Exit Parameters, how will I exit a trade
 - Risk per trade

Entry Parameters:

- Based on price movements
- Markers : Zones, MA's (Box System)
- Are you a reversal trader or momentum trader ? (Both cases you have to figure out that price has shifted)
 - Reversal Trader: Price recaptures a zone
 - Momentum Trader: Bigger picture that (box break out or zone break out)
- Time Frames (Your availability): Note Time Frame of my availability also determines if I where to only trade 50ma boxes (1-2h/ week)

My answer:

- Would mark clear zones on 1W frame plus boxes (pref. 50ma boxes) and only trade box break outs (confirm it on 1D time frame). Have already been playing around with it (SPY, QQ and SMH but not with my own money). If the box break happens clearly and holds on 1D zone I'd enter the trade.
- Time Frames (Your availability): 1W, because I only have time like at 18.00 GMT + 2 or later to look at stock charts.
Though I do tend to sometimes to have time in the morning to have a quick look (no more then 20min) at stocks at around 6.00 GMT + 2. And ofcourse, weekends I have all the time in the world. Friday evening is a no go for me.
- Though I wouldn't want to limit myself only trading 50MA box break outs. If I'd know I can monitor a 9MA box trade.
- Summary: wait for a break in a box, if lower low doesn't reach the edge of the box on 1D time frame (closed candle) then enter, zones mark support and resistance, use 9 or 21MA as confirmation if needed.

Exit Parameters

- Emphasis on personality; strongly opinionated or free flowing. If you aren't that opinionated and change your mind quickly then it's easier to exit on predetermined levels (zones targets etc).
Strongly opinionated/ big picture and are able to ride as long as the price hasn't done nothing wrong combine it with MA or other trailing indicator. Exit at a trend break. Ex. as long as the price is above 9 or 21ma you're gonna ride it regardless of the zone
- A mix of two is also okay.

My answer:

- Would definitely be a mix a both. If there is room for growth why take all the money out. Only when a trend breaks I'm okay closing the trade 100%.
- Exiting a trade would look something like this: when first target (weekly zone) hit take out 70% and 30% when the trend has been broken. I.e as long as the price is above the 21MA then I'm fine just riding it out or there is no other negative indication.

Risk per trade :

- Key factors: current financial situation, win rate, future goals are your gonna take money out or can you have it there in and build your retirement of that.

My answer:

- Wouldn't want to risk no more then 5-10% per trade. 10% if the odds or risk to reward is high. Could imaging myself risking 10% on a bread and butter trade (regardless of the instrument). Or if let's say Visa or Microsoft would have a big rally on there way.
- The net profit from my business I receive every month covers all the financial responsibilities I have. However the only major heardal is that I have is that I will have to save up for my personal rainy day fund. This will definitely slow down my investing since my original idea was to put money in every single month and not touch it when it's in the investment account.
- Summary: willing to risk 5-10% per trade and I want to put x amount every single month and not touch it until I'm up y amount €€€. The only criteria for touching the money is if I want to reward myself or cover some payment. But the amount shouldn't be more then for example 10-20% of the total investment capital. Since I would want to grow my money exponentially 😊.

Note:

- Entry and Exits must be crystal clear.