

Defining Objectives

Momentum Trader

I'm the kind of person that can ride trends to take profit in all market conditions. I'm big picture oriented, strongly Opinionated, and Active.

Time Availability & Risk Profile.

I'm a 27 year old male residing in California USA. I'm willing to allocate 8+ hours a day to scalp trade and learn. With my trading profile I'm willing to start with a medium to high risk tolerance as I'm able to ride volatility and fluctuation. I'm blessed to say I am sitting on savings and 90% passive income from an Amazon FBA business I started 3 years ago that grew my savings and eventually replaced my full time job as a Registered Nurse.

Asset Class

I'm already trading stock options and would like to progress to trading futures. Thanks for your time.

I appreciate the opportunity to learn from you. I'm not here to mess around so I ask for your guidance and harshest critique. I've been in this campus for a month or so leisurely learning lessons and trading on a funded account with success. It's time to put it all together. I'm here to create a winning system, ride the waves, help other students, and retire my family. I have found a passion for trading that burns a fire in my soul because of the potential I see to build wealth.

Level 2: Defining the Strategy

Options Trading Strategy Overview

Objective

To achieve consistent profits by capturing momentum-based breakout opportunities on the **15-minute charts**.

Risk Management

Implement strict risk management techniques, including setting stop-loss orders and adhering to predefined profit-taking levels to minimize downside risk and protect capital.

Entry Parameters

Identifying Momentum Setup:

- Look for stocks exhibiting consolidation or sideways movement near the 9MA and 21MA boxes on the **15-minute charts**.

Confirmation Signals:

- **Price Breakout:** Enter trades when the price convincingly breaks above resistance (for long trades) or below support (for short trades). **Entry is defined by the candle closing above resistance for long trades or below support for short trades.**
- **Volume Confirmation:** Confirm breakout with increased trading volume, indicating strong market interest.

Indicators:

- **RSI Confirmation:** For long trades, ensure RSI is above 50 and rising; for short trades, RSI should be below 50 and falling.
- **Moving Averages (MA Boxes):** Utilize the 9-period EMA as immediate support/resistance, backed by the 21-period and 50-period EMAs for additional confirmation.

Optional Indicator:

- Consider using Bollinger Bands or similar squeeze indicators to identify potential volatility before breakouts.

Exit Parameters

Profit-taking Strategy:

- **Partial Profits:** Take **50%** of the position off the table at a **15% gain from entry**.
- **Final Target:** Aim to capture a total of 30% gain from entry for the remaining 50% of the position.

Risk Control:

- Place stop-loss orders below the breakout level for long trades or above for short trades to manage downside risk.
- Adjust stop-loss to break-even or slightly above entry after capturing partial profits to protect initial capital.

Exit Signals:

- Monitor RSI for overbought (above 70) or oversold (below 30) conditions as potential signals to exit trades.

Example Trade Scenario

Setup: Identify a stock with tight consolidation near the 9MA and 21MA boxes on the **15-minute chart**, supported by a squeeze pattern in Bollinger Bands.

Entry: Enter a long trade as the price **closes above resistance** with strong volume. RSI confirms bullish momentum above 50 and rising.

Execution: Enter the trade at \$100 per share.

Profit-taking:

- Take **partial profits (50% of the position) as the price reaches \$115 per share (15% gain)**.
- Adjust stop-loss to break-even to protect initial capital.
- Aim to capture full profit at \$130 per share (30% gain).

Refinements

1. **Backtesting:** Conduct backtesting on historical data using only the **15-minute timeframe** to validate the effectiveness of the strategy and make necessary adjustments.
2. **Trade Journal:** Maintain a detailed trade journal to record all trades, including entry and exit points, reasons for trade, and performance. This helps in analyzing and improving the strategy over time.

3. **Adaptability:** Be prepared to adapt the strategy to changing market conditions. For instance, during periods of high volatility, consider widening stop-loss levels or adjusting profit-taking targets.
4. **Review Period:** Establish regular review periods to assess the strategy's performance and make necessary tweaks based on market behavior and personal performance.