

Strategy Creation Bootcamp

By: jianistrae80

#1, Defining Objectives:

Riding trends: Over my last couple of trades, I've realized that I'm never eager to change a position easily even if small changes to the current stock direction exist. With that in mind, I think I'm personally a momentum trader. I focus more on the big picture when it comes to anything I do in life, the same goes for stock movements. I would prefer to be a passive trader as I wouldn't want to get stressed out by looking at charts during my trading hours.

Time availability: Taking the difference in time zone and my college life into consideration, I can only allocate 1-3 hours a day to the stock market, this makes swing trading a more suitable option for me as it fits perfectly into my daily lifestyle.

Risk Profile: I have a personality that can tolerate minimal and acceptable risk. I have a minimal start-up capital of 2000 USD only and I wouldn't want to blow my account in a short period.

Asset Class: I'd like to trade for momentum stocks from 8 am to 11 am (EST time). I would also be trading with the underlying, and options, this is because I wouldn't want to risk much and options help to cap risks while increasing potential profits at the same time as well.

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#2, defining the strategy:

Entry parameters:

Weekend work: create a watchlist for a few sectors filled with individual stocks. Then, look for consolidations using the squeeze pro indicator in each sector. If there's a consolidation, look at its trend compared to SPY. If it's in a positive trend (above 50mA), go to the sector and check its holdings. Go stock by stock in its holdings to look for boxes.

1. If looking for bullish action, compare SPY and QQQ and see if QQQ has a higher change in percentage than SPY
If looking for bearish action, compare SPY and QQQ and see if SPY has a higher change in percentage than SPY.
2. After that, look for individual stock names under SPY/QQQ.
3. Go long if the price is above 50mA or 9MA, Go short if the price is below 50mA or 9mA.
4. Identify boxes (50mA, 21mA, 9mA) or identify new zones to play zone-to-zone trading. To ensure a successful box breakout to the upside, make sure the price is above 50mA and 9mA or I will also use the "price above latest zone" method.
Extra: try using options strategies (e.g. if the price consolidates in a box and unsure of where the price will go, use iron condors or butterfly spread)
5. I will also identify candlestick patterns to help increase my opportunity to trade if I don't see any box breakouts on my watchlist.
6. I will also implement the Fibonacci Retracement tool if I do not see any box that's going to break anytime soon, setting my stop loss at the last candlestick swing high/low and placing my take profit at the -27% area.



Will be swing trading as I only have 1-3 hours a day available in front of the screens as a college student.

Exit Parameters:

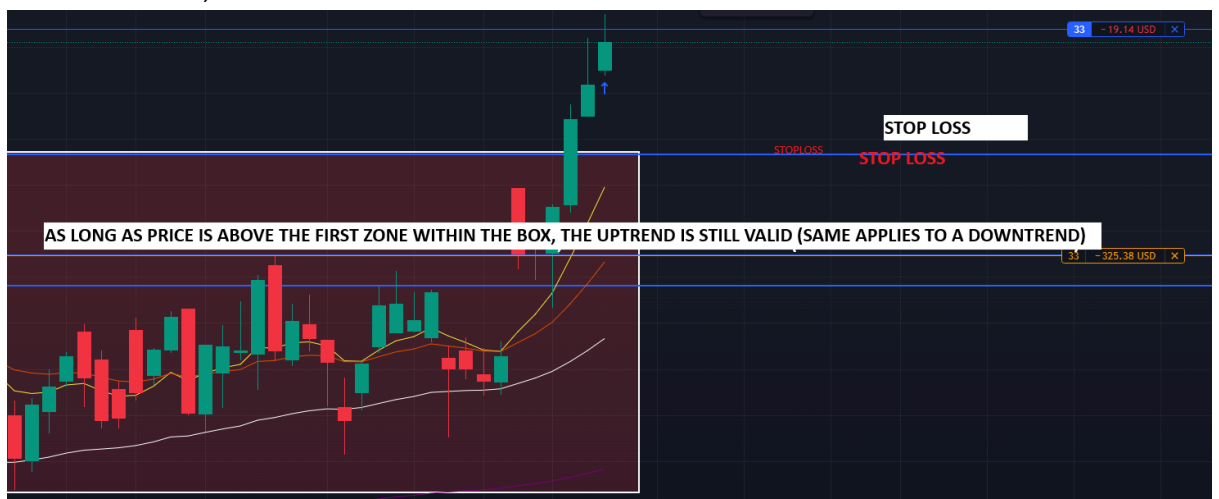
1. If it is a box breakout, take partial(70%) profits after the price makes two higher highs; two lower lows (primary goAL), or when it manages to reach the hitting zone using the options money heuristic(secondary goal). Ride the price with the remaining money as long as it stays above the 9mA or 50mA. Place a stop lost at the highest zone within the box; and the lowest zone within the box. If the remaining money is riding below 9 and 50mA, TP all money at the hit zone. (if there's no previous price history at this area of the chart, there will normally be an invisible resistance or support zone in between the boundary of the box and the hit zone)
(consider taking 50% profit at zone in between take profit and top boundary of box)



2. Take partial (70%) profits when the price manages to advance to the next zone from the current zone continue to ride the price and set a stop lost at the current zone.



3. Set stop lost slightly below the top of each box or at first zone of each box (depends on the situation)



If price went lower than the stop loss but is still above the first zone within the box, wait for potential bullish action and ride with it as long as it stays above the first zone.

Recommendations: "Hey man I saw this and thought to tell you how I use stops. I use stop loss to cap the amount of loss I take on any trade I enter. Sometimes you get stopped out yes, but you always rather stop a loss at say 10% of the contract than

losing 90% of that capital you forked over for the contract. As price moves in my favor, I simply move my stop up continuously in profit levels.. allowing me to ride safely, not necessarily getting out too soon. With options having a system and not having any big losses guarantees you longevity as a trader. I use stops to assure my loss is only but so big, and profits small tiny or big are ACCRUED. I see it as being a responsible steward of one's capital., you can always move your stops up."

Attention: always make entries solely on data provided on the daily timeframe, only look for stock directions on the hourly timeframe for confirmation.

Risk Per Trade:

- Only allow up to 5% of the money from the portfolio to be placed in each position
- If using options, must purchase and sell at least one option for each trade to cap risk and increase gains.
- Only open 3 trades a day (idk if that's too little), despite losing or winning, call it a day after 3 trades
- Main goal for now: earn a bit of money to fund my daily expenses