Dear Professor,

Thank you for taking the time to read my message. I am primarily a momentum trader with a strong focus on riding trends. My strategy revolves around identifying and capitalizing on significant market momentum, allowing me to maintain a calm and objective mindset while concentrating on the bigger picture. This approach is most effective in markets where clear trends are present, enabling me to anticipate and follow price movements with confidence.

Given my schedule, swing trading aligns best with my lifestyle and availability. I typically have around 2-3 hours each day to monitor the market, which suits a strategy focused on capturing medium-term trends over several days or weeks. This allows me to avoid the constant need to be glued to screens, while still being actively involved in decision-making.

In terms of risk management, I have a balanced risk tolerance. My approach is to lock in profits as soon as my targets are achieved—this isn't driven by fear, but rather by discipline and a clear understanding of my goals. When trades move in my favor, I often allow a portion of my position to continue running to maximize gains. However, I also have a well-defined risk threshold; once my maximum loss—usually around 20%-30% per trade—is reached, I promptly exit the position to preserve capital.

I primarily focus on stocks as my asset class. I find them to offer a manageable level of volatility, which allows for a clearer understanding of market dynamics. Additionally, I trade options as they provide a higher reward potential and a more fluid movement, which aligns with my preference for momentum and trend trading. The flexibility of options gives me the ability to amplify returns while maintaining a structured risk profile.

Thank you once again for considering my approach.

Sincerely,

Christian Jose Lopez

Defining the Strategy:

Dear Professor,

Building upon the objectives outlined previously, I've developed a structured and methodical trading strategy that aligns with my momentum trading approach. This strategy focuses specifically on the 1-hour timeframe, leveraging technical indicators to identify high-probability trade setups while maintaining a disciplined approach to risk management.

Core Elements of the Strategy:

1. **Timeframe**:
    - The strategy is optimized for the 1-hour chart, which balances the granularity needed for precise entries with the broader perspective required for trend confirmation.
2. **Indicators**:
    - **Fibonacci Bollinger Bands (FBB)**: Used to identify overbought and oversold levels, as well as potential reversal zones within a trending market.
    - **Exponential Moving Averages (EMA)**:
        - EMA 20 and 50: Short-term trend and momentum indicators, providing cues for entries during pullbacks.
        - EMA 100 and 200: Long-term trend confirmation, ensuring trades align with the broader market direction.
    - **Relative Strength Index (RSI)**: Monitors market momentum and highlights divergences to confirm potential trend reversals or continuations.
    - **AI Trend Navigator**: Adds a layer of confidence by validating directional bias and trend strength.
3. **Entry Criteria**:
    - **Trend Following**:
        - Buy (long): Price is above the EMA 200 and pulls back to the EMA 20 or EMA 50, with RSI above 50 indicating bullish momentum.
        - Sell (short): Price is below the EMA 200 and pulls back to the EMA 20 or EMA 50, with RSI below 50 indicating bearish momentum.
    - **Reversal Signals**:
        - RSI divergence coupled with price touching the outer Fibonacci Bollinger Bands, indicating a potential exhaustion of the current trend.
        - Confirmation with candlestick patterns, such as pin bars or engulfing candles, for additional entry validation.
4. **Exit Strategy**:
    - Take partial profits when the price reaches the middle Fibonacci Bollinger Band.
    - Close the remainder of the position at the opposite Bollinger Band or when the risk/reward ratio (2:1 minimum) is achieved.

- Use a trailing stop to lock in profits during strong, extended trends.

5. **Risk Management**:
    - Limit the risk per trade to 1-2% of total capital.
    - Set stop-loss orders slightly beyond recent swing highs/lows to account for volatility while avoiding premature exits.
    - Monitor trades during high-volume sessions to reduce exposure to false signals.
6. **Asset Focus**:
    - While I primarily trade stocks, options are incorporated to capitalize on amplified returns. Options allow for strategic positioning in both trending and range-bound markets, enabling flexibility within the strategy.

By adhering to this framework, I am able to maintain a disciplined, data-driven approach that aligns with my objectives as a momentum trader. Each element of the strategy has been carefully chosen to complement my trading style and maximize profitability while minimizing risk exposure.

Thank you for reviewing the details of my strategy. I look forward to your feedback and insights.

Sincerely,
Christian Jose Lopez