



Warrior Trading

CHAPTER 1. INTRODUCTION TO TRADING



Making a Living Day Trading

We are going to get into all the details of day trading, but as a basic concept, day traders profit by actively buying and selling shares of stocks. This means we buy stocks with the plan to sell them higher, and for a profit.

The only way we can profit from the market is by trading stocks that are moving. That means day traders look for volatility! If the market is going sideways, we have nothing to trade and we can't profit. The good news is that almost every single day there is a stock making a big move.

Through this course we will discuss finding the right stocks to trade, managing risk, understanding support/resistance, the trading strategies I use everyday, and the nitty gritty including reading level2 and hotkeys.

As you get started trading, remember you should always trade in a paper trading / demo account before trading with real money.





We Will Teach You...

Chapter 1. Intro to Trading Concepts

Chapter 2. Risk Management

Chapter 3. The Right Stocks to Trade

Chapter 4. Setting up your Charts & Understanding Candle Sticks

Chapter 5. Popular Chart Patterns

Chapter 6. Momentum Trading Strategies Part I

Chapter 7. Momentum Trading Strategies Part II

Chapter 8. Reversal Trading Strategies

Chapter 9. Scanning

Chapter 10. Level2, Time & Sales and Hot Keys

Chapter 11. Trade Management

Chapter 12. Trading Plan for the Next 3 months

Chapter 13. Overview of Trading Tools

Chapter 14. Parabolic Movers

Chapter 15. Live Trading Review



Today you will Learn

- Brokers Overview
- Margin accounts vs Cash accounts
- PDT Rules
- Leverage
- The process of opening an account
- Order Types (Limit vs Market)
- Routing Options & Fees
- Entering Orders
- Bid/Ask
- Level 1 and Level 2
- Float
- Long vs Short
- Short Sale Restrictions
- Understanding the overall Market
- The Volatility Index
- Reporting your Trades
- Trading is like...



Why Is This Important?

- These concepts will become the foundation you can build your trading career on. Some of you may already be familiar with the basics, but it doesn't hurt to have a refresher!

Brokers Overview

In order to trade you will need to fund a broker account. You have many choices of brokers so it's important to find a broker that matches your needs. The brokers we talk about today are great for day traders.

There are many brokers that cater to retail traders who also want to use their accounts to pay bills, write checks, and need an ATM/Debit card. These brokers are typically better for investors and are not a good option for active day traders.

Best Brokers



As Day Traders we need access to the best tools.

My preferred brokers are Speedtrader & Suretrader, both founded by the same person. They offer an excellent platform, fast order executions, and low price commissions.

Details about our Favorite Brokers

- Speedtrader (requires \$25k min balance and accepts US Traders only)
- Suretrader (requires \$500 min balance and accepts International Traders)



Commissions

Speedtrader

Warrior Trading students with Speedtrader enjoy \$3.95/trade commissions plus ECN fees. (we'll review ECN fees later on).

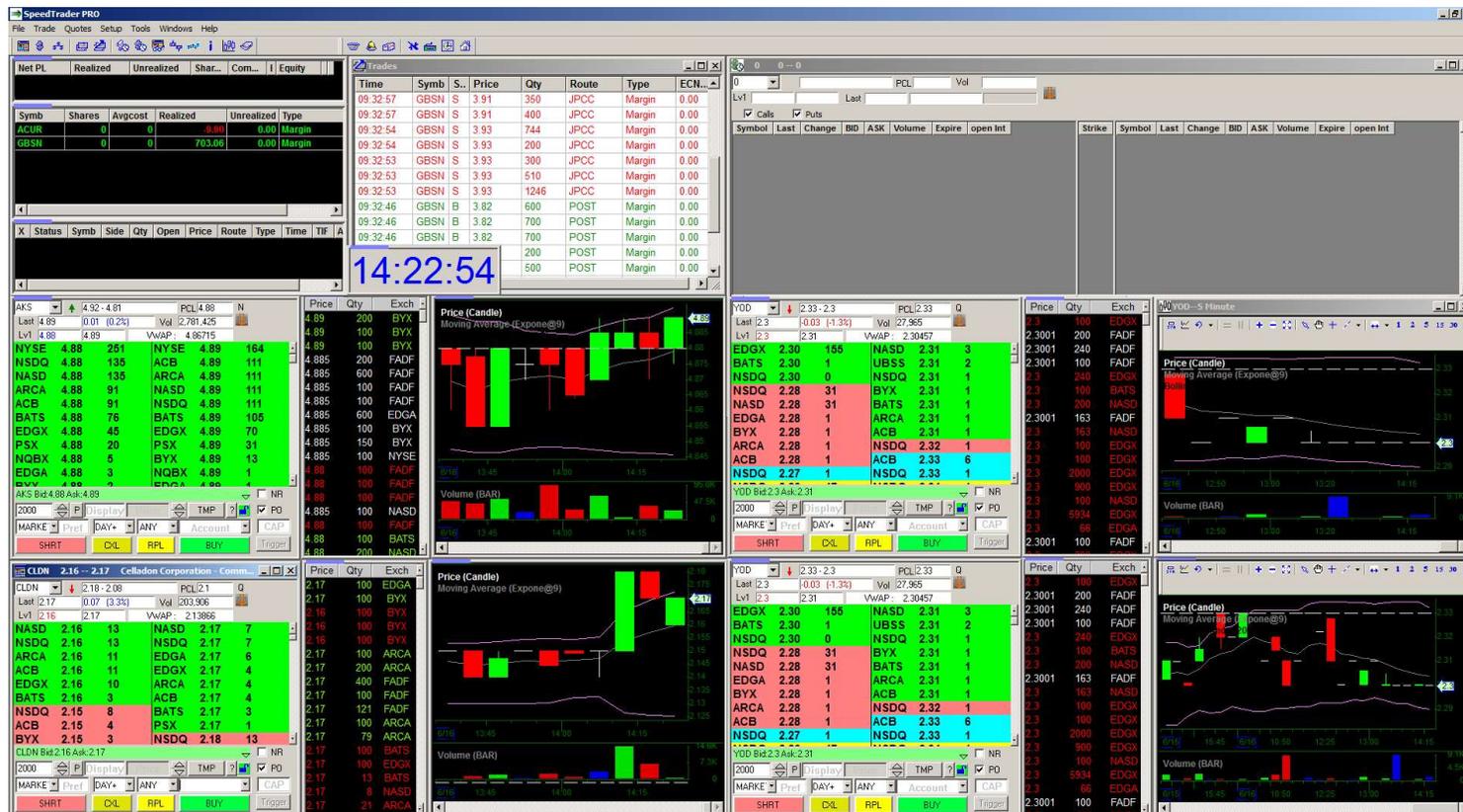
Platform fees at this time are \$0.00/month as long as you generate \$500 in commissions/month.

Suretrader

Suretrader is priced at \$4.95/trade commissions plus ECN Fees.

Platform fees vary between \$49-99/mo.

SpeedTrader & Suretrader Layout



Lightspeed Layout



Local) 14:24:10

MP&L 0 DJIA 17,915.25 Exp 0 S&P 0.00 Cnt 0.00 Ndx F 0.00 M Avg 0 Val 0 Comp 5,062.17 Pos 0 Pend 0

+124.08

Page New Utilities Layout Windows Help ROSSCA

Account Summary

- Marked P&L
- Open P&L
- Closed P&L
- Open Positions
- Shares Traded
- Dollar Value
- Buying Power
- Remaining BP
- Futures BP
- Pending Orders
- Equity

Positions

Symbol	Position	Price	CB Open P&L	CB Closed P&L	CB Marked P&L
Empty table					

Messages

SSL CONNECTION TO QUOTE OK
Welcome to the MarketData Server
Market open

Orders 2

Time	Symbol	Price	Quantity	Side	Contra
Empty table					

Orders

Time	Symbol	Price	Quantity	Side	Contra
Empty table					

Origin Agritech Limited

SEED

TIER	N1	CHG	-0.02	VOL	600.6
LAST	2.71	CLOSE	2.73	OPEN	2.76
LO	2.52	HI	2.77	BxA	90x20
ARCA	2.70	90	ARCA	2.72	16
EDGX	2.69	10	EDGX	2.72	4
NSDQ	2.68	46	NSDQ	2.73	14
EDGA	2.68	1	BATS	2.77	1
BATS	2.66	1	BATY	2.92	1
BATY	2.52	1	EDGA	2.92	1
LULD	2.18	1	BOSX	3.18	1
BOSX	2.07	1	PHLX	3.18	1
PHLX	2.07	1	LULD	3.27	1

Time & Sales 2

BITI 17.59

Price	Size
17.59	200
17.59	300
17.59	200
17.59	200
17.59	200
17.59	300
17.59	300
17.59	200
17.50	200
17.46	100
17.25	200
17.25	100
17.235	100
17.235	100
17.46	100
17.22	100
17.22	100
17.22	200
17.22	100
17.22	100
17.45	100
17.22	100
17.22	100
17.22	100
17.4101	100
17.41	100
17.45	100
17.45	100

Biotie Therapies Corp.

BITI

TIER	N1	CHG	-0.51	VOL	33.6
LAST	17.59	CLOSE	18.10	OPEN	18.02
LO	17.01	HI	18.22	BxA	2x2
ARCA	17.22	2	NSDQ	17.59	2
EDGX	17.10	8	EDGX	17.63	4
NSDQ	17.10	1	BATS	17.75	1
BATS	17.07	1	ARCA	18.20	1
LULD	15.75	1	LULD	19.25	1
BOSX	0.00	1	BOSX	199000.00	1
BATY	0.00	1	BATY	199000.00	1
EDGA	0.00	1	EDGA	199000.00	1

Order Entry 1: BITI

Symbol	Shares	Price	Market
BITI	100	17.22	LSPT
Type	Visible		TIF
Limit	100	0.00	DAY
	Inside Bid	Inside Ask	
SELL	17.22	17.59	BUY

Order Entry 2: BITI

Symbol	Shares	Price	Market
BITI	100	17.22	LSPT
Type	Visible		TIF
Limit	100	0.00	DAY
	Inside Bid	Inside Ask	
SELL	17.22	17.59	BUY

Watchlist

Last Price	+/- Stock
- INDEXES	
.INDU	7,915.25 +124.08
.SPA	
.SPX	2,096.97 +12.54
- ETF	
GLD	113.3105 -0.419
QQQ	108.95 +0.74
SLF	34.42 +0.23
SPY	210.28 +1.17
- STOCKS	
AAPL	127.72 +0.81
AMZN	427.18 +3.51
BAC	17.51 +0.04
C	57.08 +0.43
FB	81.275 +0.565
GE	27.1901 -0.019
GOOG	528.8458 +1.645
GS	213.23 +1.47



Margin vs Cash Accounts

Cash Accounts

There are 2 types of trading accounts. Cash accounts allow you to only trade with the available cash balance. This means if you put in \$25k, you can only buy \$25k worth of stock. More importantly, when you sell that stock, you have to wait 3 days for the trade to settle before you can reinvest those funds. For Day Traders who trade 10 or more times/day, we need trades to settle immediately.



Margin vs Cash Accounts

Margin Accounts

Margin accounts allow you to borrow money from your broker to continue trading instead of waiting 3 days for each position to settle. When you apply for a margin account the trades will settle instantly. This means you can use your \$25k account balance all day long. You could trade 1mil worth of stock buying and selling again and again.

Here's the catch! In order to Day Trade with a margin account you need to maintain a \$25k min balance.



PDT Rules

The Pattern Day Trader (PDT) Rule

The PDT Rule states that if you execute more than 3 day trades in a 5 day rolling period you are a day trader. In order to day trade out of margin account you must maintain the \$25k min balance.



Leverage

With Margin comes Leverage

Once you have been approved by your broker for a margin account, they will give you leverage. This is where things get risky! Leverage comes with all margin accounts as long as it's not an IRA account.

Leverage means you can borrow money from your broker to execute trades. This can be very useful while trading, and especially while building small accounts.

Leverage is 4x during the day for US brokers. That means you min \$25k balance gives you \$100k in buying power. But remember, your broker is letting you borrow up to \$75k to day trade, this privilege carries great responsibility!



Suretrader

Hold up!

You may be scratching your head thinking “I don’t have \$25k”, and “I thought you said Suretrader have a \$500 min balance”.

Suretrader is located in the Bahamas and isn’t required to uphold the PDT rules. This is a tremendous opportunity for new traders because it allows you to begin trading on a margin account with leverage, for only \$500.

Suretrader also isn’t limited to 4x leverage and gives 6x leverage. That means if you fund an account with a modest \$2k balance, you will have \$12k in buying power on margin and leverage.



Opening an Account

Opening an account with a broker is very similar to opening a bank account. You have to provide 2 form of ID, proof of residency (utility bills), and sign agreements. When applying for margin accounts you have to sign margin agreements and disclose your level of experience as a trader. If you say you have zero experience trading, they may deny your margin account.

Once your account has been approved, it's ready to be funded. I typically use wire transfer to add/remove money from my accounts. Wire transfers are same day, and I just don't feel like waiting.



Slow Down

Opening a new account is exciting but you shouldn't start actively trading until you have already PROVEN you have a successful trading strategy. This means trading first in a demo account.

As you work your way through this class it's a great opportunity to practice the strategies we teach in the simulator.

In order to trade in a simulated environment, you will need to know the basics of how to entry a trade.





Order Types

There are three basic types of orders you can send to buy or sell shares.

Market Orders: A market order to buy or sell will give you shares at “market price”. This is your way of telling the broker to give you shares, and you don’t care what price. This typically isn’t a good method for day traders because the price we pay will directly impact how profitable the trade will be.

Limit Orders: In contrast to a Market Order, a Limit order requires you to put in a price, which is the MOST you are willing to pay, or the LEAST you are willing to sell for. This is the type of order I use.

Stop Orders: These types of orders are triggered when a stock crosses a certain price. These are typically used as Stop Loss orders, to sell your position at a loss if a certain threshold has been crossed. These can be sent as Market or Limit orders.



Order Routing Methods

Think of the market as an island. On this island all the buyers and sellers meet to exchange shares. This is where everyone goes to buy and sell.

There are dozens of bridges to get to this island.

When you send an order from your broker, they will automatically choose which bridge they think is fastest, using a Smart Routing system.

Alternatively, you can choose to directly route through the electronic communications network (ECN) that you prefer. Like bridges, ECN's charges "tolls" or fees for their use. These are in addition to commissions.

Some brokers won't allow you to choose which route you use, and in exchange, won't charge you ECN fees. The problem is that they may choose slow routes and you can't do anything about it.



Order Routing Methods

You can use the Smart Routing "Limit", or you can direct route, with any of the ECN's listed here with Speedtrader.

I generally choose 1 ECN that has low fees and use that one. I find the orders are typically a little faster than using the Smart Routing.

You can ask your broker to give you a list of the ECN fees and then choose a route that isn't too expensive.

Typical fees will be .0015 or \$1.50 x 1k shares

Open an Account Account Login Live Support
 Call toll-free: 1 (800) 874-3039

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Routing Fees

- Prices
- Commission Fees
- Account Fees
- Software Fees
- Routing Fees
- Margin Fees

Online Trading Fees

Venue	Add Liquidity	Take Liquidity	Outbound Shares
SPTD SMART	\$0.0015	\$0.0015	\$0.0015
ARCA	(\$0.002)	\$0.003	\$0.0035
CCMX	\$0.003	\$0.003	\$0.003
EDGA (Routeable)	(\$0.0006)	\$0.003	\$0.003
EDGA (Non-Routeable)	(\$0.0006)	\$0.003	\$0.003
EDGX	(\$0.002)	\$0.0029	\$0.0029
INET	(\$0.002)	\$0.003	\$0.003
ITG	\$0.0015	\$0.0015	\$0.0015
JPCC	\$0.0015	\$0.0015	\$0.0015
QUIK	\$0.005	\$0.005	\$0.005
LQPT	\$0.0015	\$0.0015	\$0.0015
NASDAQ	(\$0.002)	\$0.003	\$0.003
NIX	0.003	\$0.003	N/A



Bid and Ask



Every stock has a Bid and an Ask. You can place trades at either the Bid price, the Ask price, or between the “spread”.

The Bid is where Buyers can place orders and wait for somebody to sell them shares.

The Ask is where Sellers can place orders and wait for somebody to buy shares. As a seller, to get the best price, we want to force somebody to buy our shares at the ask price. However, we can always sell to one of the buyers on the Bid. This will be for a lower price.



Level 1

YOD	↓	2.33 - 2.3	PCL 2.33	Q	
Last	2.3	-0.03 (-1.3%)	Vol 27,965	↓	
Lv1	2.3	2.31	VWAP: 2.30457		
EDGX	2.30	155	NASD	2.31	3

Level 1 is the first depth of the market. This is the Bid and Ask. The Bid Ask above shows the ECN that is holding the shares, the Price, and the Number of shares available. 155 = 15,500 (add 2 zeroes)

In this case if you want to buy share of this stock, there are 300 available at 2.31. You could sit and wait with an order at 2.30, or you could buy immediately from a seller at 2.31.

I buy shares on the Ask price so I can get in immediately.



Level 2

Level 2 is very important because it shows you the Market Depth. This shows you the Bid and Ask, but also how many buyers are lined up just below the bid and just above the ask. This tells us if there are big buyers/sellers close by. We will discuss Level 2 in more detail later on.

The screenshot shows a trading platform interface for YOD stock. At the top, it displays the stock symbol 'YOD', a price range of '2.33 - 2.3', and 'PCL 2.33'. Below this, it shows 'Last 2.3', a change of '-0.03 (-1.3%)', and 'Vol 27,965'. The 'Lv1' (Level 1) bid is '2.3' and the ask is '2.31', with a 'VWAP: 2.30457'. The main part of the window is a table of market depth orders, with bid orders on the left and ask orders on the right. The table is color-coded: green for orders below the bid, red for orders above the ask, and cyan for orders at the bid and ask prices. At the bottom, there are controls for order entry, including a quantity field set to '2000', a 'P' button, a 'Display' button, a 'Price' field, a 'TMP' button, and a 'Trigger' button. There are also buttons for 'SHRT' (short), 'CXL' (cancel), 'RPL' (replace), and 'BUY'. The interface also shows 'NR' and 'PO' checkboxes, and a 'CAP' button.

Exchange	Price	Quantity	Exchange	Price	Quantity
EDGX	2.30	155	NASD	2.31	3
BATS	2.30	1	UBSS	2.31	2
NSDQ	2.30	0	NSDQ	2.31	1
NSDQ	2.28	31	BYX	2.31	1
NASD	2.28	31	BATS	2.31	1
EDGA	2.28	1	ARCA	2.31	1
BYX	2.28	1	ACB	2.31	1
ARCA	2.28	1	NSDQ	2.32	1
ACB	2.28	1	ACB	2.33	6
NSDQ	2.27	1	NSDQ	2.33	1



Time & Sales

Next to the Level 2 window is our Time and Sales window. This shows us each order as it's placed. Red orders occur on the Bid price, Green orders on the Ask Price, and white orders are in between the spread.

Learning to read the Time & Sales to understand order flow will be important. Again, we will cover this later on in the course.

YOD						Price	Qty	Exch
YOD	2.33 - 2.3	PCL	2.33	Q		2.3	100	EDGX
Last	2.3	-0.03 (-1.3%)	Vol	27,965		2.3001	200	FADF
Lv1	2.3	2.31	VWAP	2.30457		2.3001	240	FADF
EDGX	2.30	155	NASD	2.31	3	2.3001	100	FADF
BATS	2.30	1	UBSS	2.31	2	2.3	240	EDGX
NSDQ	2.30	0	NSDQ	2.31	1	2.3	100	BATS
NSDQ	2.28	31	BYX	2.31	1	2.3	200	NASD
NASD	2.28	31	BATS	2.31	1	2.3001	163	FADF
EDGA	2.28	1	ARCA	2.31	1	2.3	163	NASD
BYX	2.28	1	ACB	2.31	1	2.3	100	EDGX
ARCA	2.28	1	NSDQ	2.32	1	2.3	100	EDGX
ACB	2.28	1	ACB	2.33	6	2.3	100	EDGX
NSDQ	2.27	1	NSDQ	2.33	1	2.3	2000	EDGX
YOD Bid:2.3 Ask:2.31						2.3	900	EDGX
2000	P	Display	TMP	?		2.3	100	NASD
MARKE	Pref	DAY+	ANY	Account		2.3	5934	EDGX
SHRT	CXL	RPL	BUY	Trigger		2.3	66	EDGA
						2.3001	100	FADF



Float

It's important to remember that we're trading in a closed market. This means when we buy shares, we're always buying from a seller, and when we sell shares, we're always selling to a buyer.

When a company has its Initial Public Offering, they release a fixed number of shares onto the open market. This becomes the company's "Float". The Float is simply the number of shares available to trade.

We are all trading out of the same pool of shares, although sometimes large quantities of shares can be purchased by banks and institutions, which makes them unavailable for trading. That means if a company has a 70% institutional ownership, the amount of the float that is actually available to trade on a day to day basis is only about 30%.



Float continued

The reason why float is important is because this represents the SUPPLY of shares for a stock. If there is a very limited supply (less than 50million available shares), the stock can move very quickly if there is a high level of demand due to breaking news.

In contrast, a company like Bank of America, has a float of over 10billion shares. In a practical sense, this means a stock like Bank of America will move very slowly. Even great news won't likely result in massive moves.

As a Day Trader, we will primarily be trading stocks with low floats of under 100million shares. However, there will be times when the combination of high institutional ownership and exceptional news will make a higher float stock worth trading.

Low Float Level 2

Market Depth WATT Regional

Bid 10.50 Bid Size 16 Low 10.50 Change
Ask 10.53 Ask Size 8 High 11.25 Change(Open)

MM	Bid	Size	MM	Ask	Size
PSE	11.15	10	PSE	11.18	1
NMS	11.14	1	NMS	11.19	11
BATS	11.12	1	EDGX	11.20	13
EDGX	11.10	5	EDGA	11.20	1
BATY	10.82	1	BATY	11.21	1
EDGA	10.33	2	BATS	11.27	3
BSE	8.25	1	BSE	13.70	1
PHILc	8.25	1	PHILc	13.70	1

Big Float Level 2

Market Depth window showing BAC Regional data. The window displays bid and ask prices, sizes, and market maker (MM) information.

Market Summary:

- Bid: 15.11, Bid Size: 1064, Low: 14.83, Change: [unspecified]
- Ask: 15.12, Ask Size: 27, High: 15.14, Change(Open): [unspecified]

Market Makers (MM) Table:

MM	Bid	Size	MM	Ask	Size
NYSE	15.11	1054	PSE	15.12	151
NMS	15.11	682	NYSE	15.12	47
EDGX	15.11	393	BSE	15.12	43
PSE	15.11	374	PHIL	15.12	34
BATS	15.11	188	BATS	15.12	27
EDGA	15.11	117	NMS	15.12	17
BATY	15.11	42	EDGX	15.12	16
PHIL	15.11	6	EDGA	15.13	55
BSE	15.11	3	BATY	15.13	30
NSXc	15.00	6	NSXc	15.25	6
MSEc	14.86	800			



Order Entry Window



The Order Entry window is where you place your orders.

Choose your Share Size, your Price (for limit orders), your Order Type, and your Route.



Order Entry Window

YOD	2.33 - 2.3	PCL 2.33	Q
Last	2.3	-0.03 (-1.3%)	Vol 27,965
Lv1	2.3	2.31	VWAP: 2.30457

Exchange	Price	Qty	Exchange	Price	Qty	Exch
EDGX	2.30	155	NASD	2.31	3	EDGX
BATS	2.30	1	UBSS	2.31	2	FADF
NSDQ	2.30	0	NSDQ	2.31	1	FADF
NSDQ	2.28	31	BYX	2.31	1	EDGX
NASD	2.28	31	BATS	2.31	1	BATS
EDGA	2.28	1	ARCA	2.31	1	NASD
BYX	2.28	1	ACB	2.31	1	FADF
ARCA	2.28	1	NSDQ	2.32	1	NASD
ACB	2.28	1	ACB	2.33	6	EDGX
NSDQ	2.27	1	NSDQ	2.33	1	EDGX

Price	Qty	Exch
2.3	100	EDGX
2.3001	200	FADF
2.3001	240	FADF
2.3001	100	FADF
2.3	240	EDGX
2.3	100	BATS
2.3	200	NASD
2.3001	163	FADF
2.3	163	NASD
2.3	100	EDGX
2.3	100	EDGX
2.3	2000	EDGX
2.3	900	EDGX
2.3	100	NASD
2.3	5934	EDGX
2.3	66	EDGA
2.3001	100	FADF

YOD Bid:2.3 Ask:2.31

2000 P Display Price TMP ? PO

MARKET Pref DAY+ ANY Account CAP

SHRT CXL RPL BUY Trigger



My Account Window

SpeedTrader PRO

File Trade Quotes Setup Tools Windows Help

Net PL	Realized	Unrealized	Shar...	Com...	Equity

Symb	Shares	Avgcost	Realized	Unrealized	Type
ACUR	0	0	-9.90	0.00	Margin
GBSN	0	0	703.06	0.00	Margin

Time	Symb	S..	Price	Qty	Route	Type	ECN...
09:32:57	GBSN	S	3.91	350	JPCC	Margin	0.00
09:32:57	GBSN	S	3.91	400	JPCC	Margin	0.00
09:32:54	GBSN	S	3.93	744	JPCC	Margin	0.00
09:32:54	GBSN	S	3.93	200	JPCC	Margin	0.00
09:32:53	GBSN	S	3.93	300	JPCC	Margin	0.00
09:32:53	GBSN	S	3.93	510	JPCC	Margin	0.00
09:32:53	GBSN	S	3.93	1246	JPCC	Margin	0.00
09:32:46	GBSN	B	3.82	600	POST	Margin	0.00
09:32:46	GBSN	B	3.82	700	POST	Margin	0.00
09:32:46	GBSN	B	3.82	700	POST	Margin	0.00
				200	POST	Margin	0.00
				500	POST	Margin	0.00

14:22:54

AKS	4.92 - 4.81	PCL	4.88	N
Last	4.89	0.01 (0.2%)	Vol	2,781,425
Lv1	4.88	4.89	VWAP:	4.86715

NYSE	4.88	251	NYSE	4.89	164
NSDQ	4.88	135	ACB	4.89	111
NASD	4.88	135	ARCA	4.89	111
ARCA	4.88	91	NASD	4.89	111
ACB	4.88	91	NSDQ	4.89	111
BATS	4.88	76	BATS	4.89	105
EDGX	4.88	45	EDGX	4.89	70
PSX	4.88	20	PSX	4.89	31
NQBX	4.88	5	BYX	4.89	13
EDGA	4.88	3	NQBX	4.89	1

Price	Qty	Exch
4.89	200	BYX
4.89	100	BYX
4.89	100	BYX
4.885	200	FADF
4.885	600	FADF
4.885	100	FADF
4.885	100	FADF
4.885	600	EDGA
4.885	100	BYX
4.885	150	BYX
4.885	100	NYSE
4.88	100	FADF
4.88	100	FADF
4.88	100	FADF
4.885	100	NASD
4.88	100	FADF
4.88	100	BATS
4.88	200	NASD

Price (Candle)
Moving Average (Exponent@9)

Volume (BAR)



Long vs Short

If you are new to trading you may not be familiar with the concept of shorting. Just as you can buy stocks and profit as they go up, you can sell stocks, and profit as they go down.

When you sell short 1000 shares your account will show -1000 in red. As the stock drops down, you will see your profits increase. In order to close the position you have to “cover” the short. Buying shares will cover your short.

Since you are selling shares when you short, you are borrowing them from your broker. The risk in shorting is that you will eventually have to buy back the shares. If the stock goes the wrong way, and goes up 10,000%, you could lose far more than you initially put into the trade. Many traders have blown up their accounts shorting penny stocks and hot momentum stocks.

Many traders find themselves with either a long biased or a short biased. If you are a short biased trader you will have to make sure you broker has shares available for you to borrow, so you can short.

The Long Biased Market



Historically the Market has been consistently strong, despite some years of bearish markets. As a result, the market has a strong bullish sentiment. Many traders who have a short bias, are trying to short the worlds strongest bull market. This can result in massive losses if they aren't professionally trained to manage risk.





SSR Restriction

Short Sale Restriction

The market has what's called a Short Sale Restriction. It restricts your ability to short stocks as market orders on the BID, when stocks have dropped more than 10% in 1 day. This means you can only short a stock when it's moving UP. Shorting on the "Uptick". The fact that we have this rule in place shows that we benefit from a institutionalized long bias in the market

Imagine a Long Buy Restriction, where you can't market into a stock unless it was selling off. It's unthinkable! Stocks routinely rally 100% in 1 day, we've even seen stocks run over 1000% in a matter of days. This is considered good for the market, and the market encourages it by allowing these types of runners, while preventing equally dramatic sell offs.



The Overall Market

As Day Traders we focus on the small picture. We are looking at which stock TODAY has breaking news and a reason to surge up. Mutual funds that trade alongside the overall market aim for 5-7% gains/year. As Day Traders, we're looking for stocks that can move that much in a single day. This means aggressively hunting the market for the breaking news catalysts, and jumping into different stocks each day based on price action.

We look to trade stocks that have a reason to buck the overall trend in the market. The market may be down, but if a stock has great news, it usually doesn't matter too much.



The \$SPY

The market trade with the most volume in the first 1hr of the day. This is generally in response to overnight news and earnings. This is when I do the bulk of my trading. I trade when the markets are most active, and when stocks have a reason to make big moves.

As we move towards lunch time and into the afternoon, stocks often begin to settle down. This means we need to find an intraday catalyst. This will come in the form of one of our morning stocks continuing to be extremely strong, mid-day breaking news, or reversal setups. Stocks that have been extremely strong or weak all day may be due for a reversal. This is where the overall market comes into play. When extremely weak stocks are selling off with the overall market, I will watch for the market to start to bounce as I consider taking a reversal setup. I watch the \$SPY (S&P 500) for indicators of market direction.



The Volatility Index

It's also worth noting that on days when the overall market is making extreme moves, say big news overnight that results in the market opening much higher or lower (gapping up or gapping down), we do need to be mindful that the pressure of the market could weigh on the stocks we're watching.

During extreme market conditions (300+ point sell offs), we can also watch the Volatility Index for market sentiment, and market reversals. Some traders will even trade the Volatility Index through leveraged funds such as \$UVXY or \$SVXY. So when the market begins to sell off, they buy the VIX since the fear and volatility is increasing. When the market begins to bounce off the lows, they may decide to short the VIX for the correction.

“VIX values greater than 30 are generally associated with a large amount of volatility as a result of investor fear or uncertainty, while values below 20 generally correspond to less stressful, even complacent, times in the markets” - Investopedia



Tracking your Trades

As you get started it's important that you begin tracking all your trades in an excel or google sheets type of doc. You want to begin to understand your percentage of success and your average winners vs average losers. This will become your baseline or starting point for your career. We will take this information and begin to draw conclusions from the data about the time of day you trade best, the price range where you make the most money, and the causes of some of your biggest losses

You can download my Excel doc here:

<https://www.warriortrading.com/excel-trade-sheet/>



Tracking your Trades

You can download my Excel doc here:
<https://www.warriortrading.com/excel-trade-sheet/>

2016-TradeRecords [Protected View] - Excel

PROTECTED VIEW Be careful—files from the Internet can contain viruses. Unless you need to edit, it's safer to stay in Protected View.

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W	X	Y	Z	AA
1	Date	Entry	Gap	Surging	1st	2nd	3rd	News	Top	Bot	Bad	Stock	#	Buy	Sale	Net \$	Return	Return	Return	Return	Total	Total	Gross	Loss	Win		
2	Time	Source	& GO!	Momo	Flag	Flag	Flag	Trade	Rev	Rev	Risk	Symbol	Options	Bought	\$ Per	\$ Per	Gain/Loss	Win	Loss	Rate % +	Rate % -	Investment	Comissions	Return		Notes	
3	Tuesday	am	Scanners									ITMN	Long	1,000	45.6700	45.7200	50.00	0.05		0.11%		45,670.00	0.00	45,720.00	0	1	Light Vol, slow mover
4	Wednesday	am	Gappers									CSIQ	Long	2,000	27.5200	27.9552	870.40	0.44		1.56%		55,040.00	0.00	55,910.40	0	1	
5	Wednesday	pm	Gappers									CSIQ	Short	2,000	28.7700	28.8700	-200.00		-0.10		-0.35%	57,540.00	0.00	57,740.00	1	0	
6												Options											0.00				
7												-											0.00				
8												-											0.00				
9												-											0.00				



We all have our place

Where is your place in the Market?

Are you good at spotting reversals?

Consolidation Breakouts?

Track all of your trades and review the data to see where you excel and where you fall behind.

You might be surprised with what you find!



Be good at 1 Strategy

Learning to Tread Water in the market.

If you can be good at just 1 setup you can be successful

Just Wait for that setup and scan aggressively for that setup.

Get good at 1 setup, then branch out.

My favorite are the Gap and Go, Momentum, and Reversal Strategies, which we will cover later in this course.



Making it look easy

A lot of people think I make it look easy when I'm trading. The reality is I'm using the best tools available and I've had a lot of practice.

Think about trying to ride a road bike in the sand on the beach. No matter how hard you try you won't make any progress. Then here comes Ross on a beach bike with fat tires pedaling along without any trouble. I'm making it look easy, but I'm using the right tools for the job.

We have so many students that simply don't have the education to know which tools and strategies they should be using. As a result, they struggle. So during this course, take things slowly. Study hard, practice in a simulator, and let us know if you have questions.



Is trading like fishing?



1. Sometimes fishing / trading is great, sometimes it's not, we can't control this.
2. There are greater influences that are out of our control (weather, mechanical failure vs economic conditions or technical failures)
3. Trading Losses vs losses due to repairing equipment, having to wait out a storm, etc.
4. Being self employed means learning to get through the hot streaks and the slumps with composure.



Homework

For homework I want everyone to begin tracking trades on an excel doc. You need to track time of day, Entry/Exit, Profit/Loss, and the SETUP you took.

This data will become extremely useful as we develop your trading strategy!

Tracking Doc: <http://www.warriortrading.com/excel-trade-sheet/>

Extras & Links

Email me with questions ross@warriortrading.com





Warrior Trading

CHAPTER 2. RISK MANAGEMENT





Today you will Learn

- Choosing Strong Stocks vs Managing Risk
- Profit Loss Ratios
- Target Percentage of Success
- Personality test
- Defining a strategy around YOUR personality
- Balancing your Risk
- Building a Cushion
- Be good at being wrong
- Breakout or Bailout
- 5 Types of Risk
- Reasons why traders fail
- Gambling Mentality
- Fear of Missing Out
- Twitter Traders never lose
- Take the traders who brag about big winners with a grain of salt
- Snow ball conditions
- Revenge Trading



Why Is This Important?

- Risk management is critical to long term success as a day trader. Without it, you will not succeed.
- An inability to Manage Risk is the leading cause of Failure as a Day Trader.



Risk Management is #1

What Separates Good trades from Bad Traders? RISK MANAGEMENT

You've probably heard the statistic that 90% of day traders will fail to make money. These failures are the result of trading with a lack of education, and an inability to manage risk. These are avoidable failures in my opinion.

It's very important for us to dig into the causes of failure so we can learn to avoid these common mistakes.





Success in Trading

Success is not about being right 100% of the time. In reality, its about learning to cut your losses when you are wrong.

Imagine if all your losses were only \$10, but your winners were \$90.00. You wouldn't need to be right that often to cover your losses. In fact, if you were right just 10% of the time you'd break even before commissions.

Trading is like Skiing. When you ski, you know you are going to fall, falling is inevitable. You have to learn to fall in a controlled way, so you don't get hurt. This is like trading, understanding loss is part of trading, but if we learn to control losses, we can have a great career as traders.

Choosing Stocks vs Managing Risk



I want everyone trading strong stocks but we know we can make money with a horrible percentage of success as long as we use proper risk management.

This means we must focus our foundation as traders on risk analysis first, and stock selection second.

When we apply the fundamentals of risk management to proper stock selection and chart patterns, we greatly improve our odds of success.





When I was a Beginner

I traded the wrong stocks and mismanaged my trades and risk

I would take trades with ZERO stop

I realized I could save myself big \$ by simply using a stop.

Example, I bought a stock at 9.90 with a target of selling at 10.00. I ended up taking a loss when I sold at 9.40 -.50 cents.

Using proper risk management, I should have had a 5 cent stop with that 10 cent target. I would have been risking 10% of my loss if I simply used a proper stop.

Always Know What You Stand to Lose



If you don't know how much you are risking in a trade, you are asking for trouble.

Always know your potential risk, it's how to establish the value of taking a trade.





Sometimes the Best Trade is
NO TRADE



Profit Loss Ratio's

As we work through this course we'll be talking about Profit/Loss Ratios a lot. So what does it mean?

2.00 average winner : 1.00 average loser is a 2:1 profit loss ratio.

Successful Day Traders have a MIN profit loss ratio of 1:1, and aim for 2:1. This means our losses are smaller than our winners, or at worst, equal in size. The profit loss ratio you trade with directly relates to the percentage of success required to be profitable.

A high profit loss ratio means you can be wrong a lot, and still make money.



Profit Loss Ratio Stats

2:1 Profit Loss Ratio = 33% is Breakeven

1:1 Profit Loss ratio = 50% is Breakeven

1:2 Profit Loss ratio = 66% is Breakeven

Over the course my of years trading and after reviewing tens of thousands of trades, I've always aimed for a 2:1 profit loss ratio, but I typically see a 1:1 profit loss ratio. I aim high, but come in slightly below my targets. This means I need a 50% success rate to breakeven. I trade between 68-72% success rate, which makes me a profitable trader with a 1:1 ratio.

Put Statistics in your Favor



KNOW YOUR STATS

Know your Average Winners and Losers

Aim to always Improve this Ratio

Small Adjustments can amount to Big \$

I know if I can make my losses just a few cents smaller on average, and my winners a few cents bigger, over the course of 1000 trades that can be the difference between breaking even and being profitable.



Target P/L Ratio

Clearly P/L Ratios are HUGE in risk management

I aim for a 2:1 Profit Loss ratio.

I want EVERY trade to have the Potential to double my risk.

Sometimes I sell sooner if I get an exit indicator, that's okay!



2:1 = The Golden Ratio

I rarely take a trade the doesn't give me the chance to double my risk.

Risk \$100 to make \$200.

ALWAYS ASK YOURSELF – Is this a 2:1 Profit Loss Ratio?

When the profit window is larger, we have a better chance of capturing a winner even if we don't have the best entries or exits.

If best case scenario for a trade is only 10 cents of profit, we'll typically only capture $\frac{1}{2}$ of that. A 5 cent winner is rarely enough to justify a trade. So we have to look for a setup with a bigger profit potential.

P/L Ratios reflect your personal trading style



Your profit loss ratios will often be a reflection of your personal risk preferences.

I have a trade management strategy that involves selling $\frac{1}{2}$ my position as soon as I've made the amount of money I was risking on the trade. If I'm up \$100 and I was risking \$100, I sell $\frac{1}{2}$, which gives me a \$50 profit cushion.

As soon as I've sold $\frac{1}{2}$, I adjust my stop on the remaining shares to breakeven. Because of this strategy, I have TONS of small \$50 winners which draws down my average winner statistic. However, it increases my percentage of success.

This trade management strategy will be discussed in detail later in the class, but for right now we will look at it as a reflection of my personality.



What type of trader are you?



Do you prefer to hold positions for several hours while thinking about the trade and analyzing the potential?

Do you prefer to enter a position, set your stop, and walk away so you don't over trade it?

Do you prefer to trade with small amounts of capital and let the trades work for a longer period of time?

Do you think holding some positions overnight might be acceptable for you?

Are your computer skills leaving something to be desired?

Do you trade via Mobile or Tablet while at work?



You are a longer term Day Trader



If you Answer YES to these questions, it's extremely important that you look for trade opportunities that offer a min of 2x profit vs your risk. These are trades that you will get into and sit with for a while. You want to make sure they are the right setup, with great news, and big potential.

The drawback with this strategy is that you will often be up 10-20 cents, or more, but not take profits because you are looking for a bigger move. Since you will let these small wins turn into losses, your percentage of success will be lower, and your profit loss ratio must be higher.

What type of trader are you?



Do you prefer to hold positions for only a few minutes and get out of the market as quickly as possible?

Do you feel anxious about having money tied up in the market?

Do you have a tendency of selling as soon as you have a small profit?

Do you prefer to trade with larger amounts of capital for a short period of time?

Do you have great computer skills with an ability to quickly enter and exit positions?

Are you able to make quick decisions?

Are you a good multi-tasker?



You are a short term Day Trader



If you Answer YES to these questions, you are leaning towards being a short term day trader, often called a scalp trader. This means you are looking for quick opportunities in the market to jump in with large positions, and get out as soon as you have your profit target. This will likely result in a 1:1 profit loss ratio, but since you will sell as soon as you have a small profit, as long as you are able to realize 10-20 cents of profit, each trade will be a small winner, thus improving your percentage of success to the 50% min required to profit from a 1:1 ratio.



Position Sizing

I have developed a strategy where I'm as aggressive as I possibly can be, but I only trade A Quality Setups. On my A Quality setup, I sometimes take very large size.

If you adopt a strategy of only trading A quality setups, and you find that during a period of a few days or a few weeks A quality setups are working extremely well, I will be more aggressive. This means making the strategic decision to use larger size in order to capitalize on the strong markets.

The Sugar Shack

Being from Vermont I grew up around the Maple Syrup industry. The tricky thing about sugaring is that you have a very small window in the spring where you can collect and boil down the sap. Once that window is gone, you have to wait till next year.





Balance your Risk

If you take 10 trades and risk \$100 on 9, and then risk \$10,000 on the 10th and lose, you trade with a 90% success rate and are still a losing trader because you didn't balance risk across your trades.

It's okay to go heavy or light, but you must be relatively balanced between your risks

I typically risk between \$200-400 on each trade during the time of day when I'm the most profitable (9:30-11:30am). During the afternoon I might risk only \$50-100/trades since I'm usually just trying to add a few extra winners without risking giving back morning profits. This strategy puts the majority of my trades on the SAME LEVEL



Building a Cushion

The most important part of each day is building your daily profit cushion. If my first three trades put me in the red should I triple down and try to get out of the loss? No. By doing that I risk tripling my loss on the day.

I usually get aggressive pretty quickly out of the gates. I look for immediate resolution to scalp my way up to a small daily cushion.

Once I have a cushion I get aggressive until I hit my daily goal. Once I've hit my goal, I ease back and start reducing my risk so I don't worry about giving back the easy profits.



Traders think about Risk

Traders think about Risk, but Gambles think only about profits.

We have to always ask how much we're risking?

Do you have a mental stop?

How much are you risking in this trade?

If you're going to take 17k shares and you're risking 10 cents (\$1,700), you better make sure you stand to make at least 20 cents (\$3,400).

Whether you take 17k shares or 170 shares, the profit loss ratios need to be sustainable.

Twitter Traders never lose



Remember that on social media people typically put out the image of themselves they want people to see. That means selective posting of trades. Only posting the best trades, and quietly sweeping the losers under the carpet.

Even worse, there are people out there who will simply lie about trades to get attention.

Have you seen the show Cat Fish? People do crazy things! So take everything with a grain of salt and try not to worry too much about what other people are doing.

Also, as a general public service announcement, be careful about who you share personal information with. Be smart, and be safe.



Be GOOD at being WRONG



I'm Wrong 30-40% of the time and Make Money.

Learn to be GOOD at being Wrong

Take lots of small losses

Always get your stops as tight as possible

As soon as a setup doesn't feel right I bail out.

Sometimes this means I sell for a small loss and then end up seeing the stock run, but other times I sell for a small loss and then the stock ends up tanking.

I have these rules because they keep my account SAFE and help me reduce risk.



Breakout or Bailout

As part of my short term trading strategy, I look for almost immediate resolution on my trades. On my best trades I'm profitable immediately and never go red. So if I get into a trade and I'm not in the profit in the first 2min, I bail out. It's either a breakout or a bailout situation.

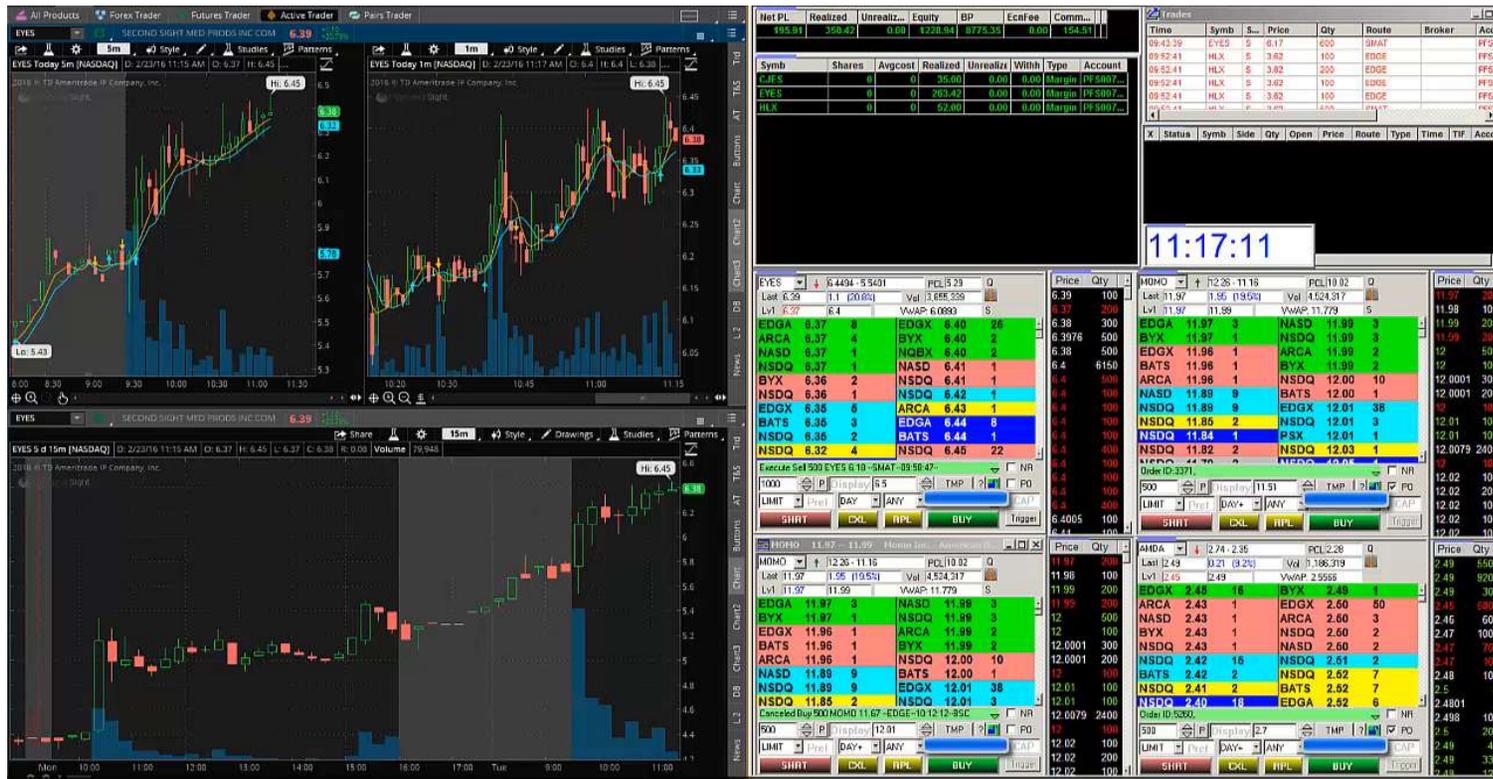
This strategy doesn't work as well for longer term day traders because they often sit with small losses for a while before a setup starts to work.



Breakout or Bailout

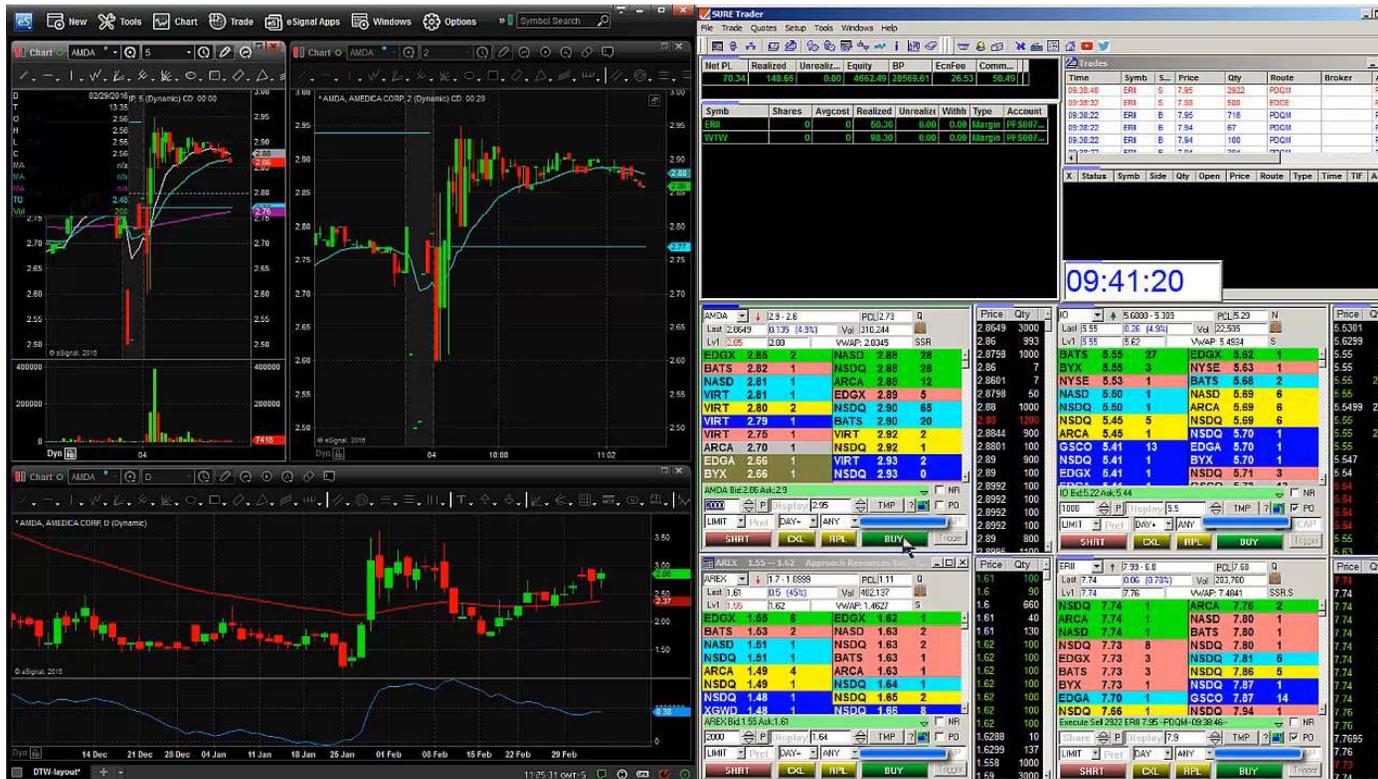


\$EYES – Breakout or BAILOUT



This trade on \$EYES showed me taking an entry for the ½ dollar roll and then stopping out with only a 2 cent loss. The stock ended up falling a solid 40 cents. I got out early because the setup didn't work immediately.

\$AMDA – Breakout or BAILOUT





6 Types of Risk

1. Exposure Risk (amount of \$ in Trade = share size x price per share)
2. Distance from Stop x Share size
3. Slippage
4. Float and Volatility
5. Time in the Trade
6. Halt Risk



Halt Risk

Code: T1 – News Pending: The company has requested trading of the stock be halted while they release material news. This can be good or bad. When the stock reopens, the market will react to the news. Sometimes stocks that are moving quickly on rumors will get halted while the company comes out and responds to the rumor. That's why holding stocks that are moving on rumors can expose you to halt risk.

Code: LUDP - Volatility Trading Pause: Stocks can also spike up or down and get halted on a volatility halt or circuit breaker.

Code: H10 – SEC has suspended trading in this stock (common among penny stocks and companies suspected of stock promotion or fraud)

This is a 5min halt to pause trading for stocks priced above \$3 and that move more than 10% in a 5min period.

Stocks under \$3.00 have different circuit breaker rules, and S&P 500 stocks and Indices also have different rules.

Circuit breaker rules are also looser between 9:30-9:45 because that is when peak volatility exists.

When a stock is halted, you cannot trade it, you have to wait.

Add to Winners not to Losers



Many traders practice a strategy of averaging into positions. This means they take a starter with the expectation that they may lose and add more shares at a lower price.

I personally avoid Averaging Down

I add to Winning Trades and Scale out of Losing Trades

If a Trade isn't working, I can Sell half, and Buy back if the pattern shapes up again!



I'll Keep Adding

7 Figure account Traders can Buy anywhere, add more, and make their way out of a trade with profit.

This isn't MOST traders

This is not a good way to trade for MOST traders.

If you see somebody on twitter or hear of a trader who hit a huge winner, just remember to keep it in perspective.

Be the best trader YOU can be, don't worry about how much other people are making

Plan the Trade: Trade the Plan



This is very important. If you intended to Scalp, don't turn it into a 5hr hold.

If you intended a short term day trade, don't turn it into a swing trade.

Don't average down

Don't add to a bad Chart Pattern

Determining Profit Targets



Right now we're talking primarily about setting HARD mental stops. This means if we see our max loss, we bail out of the trade.

We haven't talked about how to determine a profit target. For right now, profit targets are simply going to be 2x the risk. You can look at the chart and decide if you feel the profit target is realistic.

As we begin to look at charts and support/resistance levels you will learn more about how to understand realistic profit targets.





Why Most Traders Fail

We talked about how most traders fail because they're unable to manage risk properly.

In all my years working with students I've found two common causes of failure. The first cause is trading with a live account with a poor percentage of accuracy. Poor accuracy is usually the result of inexperience. The good news is that you will get better as you gain more experience in the market! The bad news is that students who blow up their accounts because of poor accuracy experience a completely avoidable loss. You need to trade in the simulator until you've proven you can trade with a profitable P/L Ratio and with a good % of success



Snow Ball Days

The second cause of failure is more concerning for me. It's called revenge trading, and snow ball days. This is when a trader goes into the red and instead of walking away with a small loss, they average down, or get extremely aggressive trying to make up for the losses.

When a trader is trading from an emotionally fueled place, their ability to analyze the quality of a setup and take responsible positions is pretty much non-existent. They can start swinging for the fences on anything that moves. I once met a trader that lost \$600k in a single day. Don't underestimate the power of an emotionally fueled trader.

You need to breath, be calm, and accept losses with grace. You will lose. I lose 30-40% of the time. It's not a big deal. We may need to condition you to experiencing losses by having you trading with small size. Taking a loss with 200 shares is no big deal, but with 2k shares, it might stress you out. Start small with your share size so you can focus on trading the BEST setups, and not allowing yourself to get emotionally fueled.



Fear of Loss

Fear of Loss and Fear of Missing out, are two big emotional motivators. These fears can cause you to trade in order to alleviate the fear. If you are afraid of losing, you may hold a loser too long, if you are afraid of missing, you may end up chasing a stock and paying a price that is too high.

You have to learn to experience the emotion of fear without letting it take over your rational thought process. Once you give in to fear and start trading from a fearful place, you will lose. You must be focused on trading the best setups. Fear is a distraction.



Fear of Missing Out

Anytime I see a big mover and I missed a good entry I start to feel that itch to jump in and chase it. I have the fear of missing out on the move. It's really important to develop a sense of self awareness regarding these emotions. It's easy to see a stock run up and think I can jump in here and it will keep going, but a bad entry is never worth it. Every trade must have a good risk reward ratio and a safe 1min or 5min chart setup.



Cap your LOSSES

Embrace loss as a simple cost of doing business as a trader. Practice losing by setting 10 cent stops on EVERY trade. Losing 10 cents isn't a big deal! Take the small losses and don't sweat it.

Cap your losses and let your winner run. This is the only way to succeed as a trader. Traders who hold losses and sell winners too soon are capping their winners and letting their losers run. It doesn't make sense, but so many traders do it!

Mitigate Risk by Trading Strong Stocks



Trade the Strongest Stocks

Trade the Strongest Patterns

We will review these later in the course, but this is critical to remember.

Everything we talk about is based on reducing our risk in the markets.
We will come back to this topic again and again.

My Suretrader Challenge



Tradervue Logged in as: daytrader@mellicott.com | Logout

Dashboard Journal View Trades View Reports View New Trade Search Import Trades

symbol: Symbol tag: Tag side: All duration: All entry date range: Start date End date Filter clear

Overview Detailed Win vs Loss Days Compare Tag Breakdown Advanced

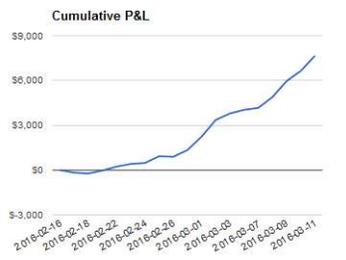
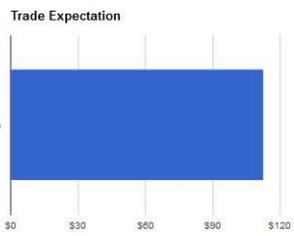
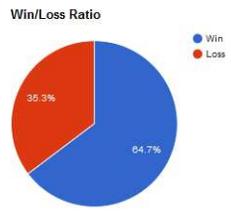
Report type: Aggregate P&L Per-trade average

P&L type: Gross Net \$ T R Help

Statistics

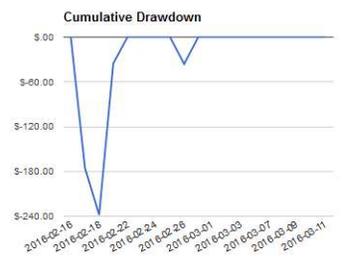
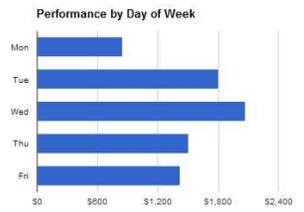
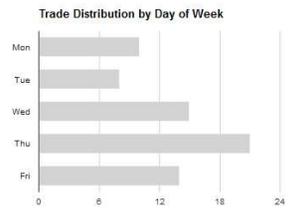
Total gain/loss:	\$7,653.16	Largest gain:	\$1,069.61 (show)
Average daily gain/loss:	\$425.18	Largest loss:	-\$221.12 (show)
Average daily volume:	16407	Average per-share gain/loss:	\$0.05
Average winning trade:	\$213.75	Average trade gain/loss:	\$112.55
Average losing trade:	-\$72.99	Trade P&L standard deviation:	\$244.71
System Quality Number (SQN):	n/a	Probability of random chance:	0.0%
		K-Ratio:	1.98
Total number of trades:	68	Profit factor:	5.37
Number of winning trades:	44 (64.7%)	Average hold time (winning trades):	9 minutes
Number of losing trades:	24 (35.3%)	Average hold time (losing trades):	8 minutes
Max consecutive wins:	7 (show)	Max consecutive losses:	4 (show)
Average position MFE:	\$214.60	Average position MAE:	-\$48.94
Total commissions:	\$1,574.35	Total fees:	\$922.80

Select: Days/Times Price/Volume Instrument Market Behavior Win/Loss/Expectation Liquidity



Select: Days/Times Price/Volume Instrument Market Behavior Win/Loss/Expectation Liquidity

Click in charts below to drill down into data. Watch the video!



My Suretrader Challenge



Note: this report displays data for intraday trades only, regardless of 'duration' filter setting above.

Winning days Losing days

Statistics - 15 Winning Days

Total gain/loss:	\$7,927.57
Average daily gain/loss:	\$528.50
Average daily volume:	17285
Average per-share gain/loss:	\$0.06
Average trade gain/loss:	\$158.55
Total number of trades:	50
Winning trades:	37 (74.0%)
Losing trades:	13 (26.0%)
Average winning trade:	\$243.23
Average losing trade:	-\$82.47
Trade P&L standard deviation:	\$267.33
Probability of random chance:	0.0%
K-Ratio:	2.88
System Quality Number (SQN):	n/a
Average hold time (winning trades):	7 minutes
Average hold time (losing trades):	2 minutes
Profit factor:	8.39
Largest gain:	\$1,069.61 (show)
Largest loss:	-\$190.91 (show)
Average position MFE:	\$260.94
Average position MAE:	-\$54.68
Total commissions:	\$1,222.65
Total fees:	\$809.60



Statistics - 3 Losing Days

Total gain/loss:	-\$274.40
Average daily gain/loss:	-\$91.47
Average daily volume:	12018
Average per-share gain/loss:	-\$0.02
Average trade gain/loss:	-\$15.24
Total number of trades:	18
Winning trades:	7 (38.9%)
Losing trades:	11 (61.1%)
Average winning trade:	\$57.90
Average losing trade:	-\$61.79
Trade P&L standard deviation:	\$80.55
Probability of random chance:	21.7%
K-Ratio:	-0.75
System Quality Number (SQN):	n/a
Average hold time (winning trades):	20 minutes
Average hold time (losing trades):	10 minutes
Profit factor:	0.60
Largest gain:	\$113.48 (show)
Largest loss:	-\$221.12 (show)
Average position MFE:	\$85.87
Average position MAE:	-\$32.99
Total commissions:	\$351.70
Total fees:	\$113.19

Help

Help



Homework

We want you to continue tracking all your trades in an excel doc.

Additionally, I want you to begin reviewing your current profit loss ratios and average percentage of success.

Recommended Reading.

Trade Mindfully, by Gary Dayton



Extras & Links

Email me with questions ross@warriortrading.com





**WARRIOR
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CHAPTER 3. STOCK SELECTION





Today you will Learn

We will continue to discuss risk management and emotional conditioning during this chapter as we talk about Stock Selection. Proper Stock Selection is an extension of risk management. We can further reduce our risk in the market by only trading the strongest stocks each day.

- HFT Trading
- Stock Selection
- High Relative Volume
- Extreme Stocks
- Trading the Big Days
- How do we find stocks to trade?
- Low Float Runners
- Follow through days
- Inside days
- Building a Watch List of Gappers
- Breaking News



Why Is This Important?

- The theories of trading are great, but at the end of the day, you need to apply these to stocks in real-time. In order to do this you need to know how to find the best stocks to trade.



HFT trading

In 2010 over 60% of Market Volume was HFT's (high frequency trading by algorithmic computers) (Business Week article)

If HFT is 60% in the overall market, it's fair to think it will be HIGHER on some stocks, and LOWER on others.

The problem with HFT trading is that we may think we see a predictable chart pattern but when it's occurring on a stock that has low relative volume the patterns will almost never breakout. In a sense, they are traps! These aren't patterns or setups we should be trading, even though they may look great (aside from the lack of volume)

The charting patterns we'll review later in the course are meaningless when they are formed by HFT trading.

How do we identify pockets of Safety?



A Retail Traders Market

We are competing against millionaire traders, and billionaire hedgefund managers to see who can consistently generate a profit from the markets.

Each type of trader and investor will have a different place in the market. I focus on trading stocks that I consider to be “account builders”. This is because when I was learning to trade, I didn’t have a 10mil account at a hedge fund, I had barely \$25k and I needed to figure out a way to double it in 1 year.

If I had a 10mil account, I wouldn’t be trading the low float stocks, I would trade stocks like FB and AAPL, because I could buy 1-2mil worth of shares each day and have a chance at making 10-20k/day. As a result, you will often see the big board names dominated by big money, and the lower priced names dominated by retail traders with smaller accounts.

The big names whip around more, as people move in and out with millions of dollars, causing quick drops, and unexpected rips. The patterns are rarely as concise or clear as they are on small caps. I think this is related to the fact that an enter of 10k shares by a hedge fund may not need to be as precise. What’s a difference of a few thousand dollars when you’re planning to hold these stocks for several days?



Stock Selection

Since we are trading in a market that is dominated by high frequency algorithms, it means when the overall market is going up, the majority of stocks will go up. When the overall market is going down, the majority of stocks will go down. When the markets are choppy, most stocks are choppy.

Trading stocks trending with the market can be very tricky.

Our edge in this market is focusing on stocks that have a REASON to do something other than trend with the overall market. These are the stocks that retail traders will all be trading because they aren't dominated by HFT's, instead, they trade in a much cleaner and more predictable manor.

We MUST trade stocks with high relative volume.

If the average volume of a stock is 500k, and it's trading on 1mil shares of volume it's trading on 2x relative volume. I rarely trade a stock unless it's trading on 2x relative volume.



Stock Selection

A stock must have the following technical characteristics to be worth trading for Momentum or Gap and Go Strategies. Reversal strategies don't require the following, but it's always preferred.

- 1) Low Float (Float under 10mil preferred, under 20mil ideal, rarely will I trade over 100mil)
- 2) High Relative Volume (at least 2x average)
- 3) Volume Spiking at or around time of entry.
- 4) Ideally a former runner with history of making big moves
- 5) Ideally we need a news catalyst driving the momentum, but a technical breakout on the daily chart can work.
- 6) Ideally we want a strong daily chart with no nearby resistance (we will review this in more detail later)

If we have all 6 elements this is the perfect combination and can result in an explosive move.



High Relative Volume

We Follow the Volume in the Market. By trading stocks with high relative volume we ensure that thousands of other day traders are also trading these same stocks.

The good news is that almost every single day there is a stock having an extreme, once in a year type of event. These are the stocks that HFT volume will be very low on, and retail trader volume will be very high on. This means when familiar chart patterns begin to form, thousands of traders are watching ready to help them resolve.

There are typically a handful of stocks each day experiencing very high relative volume. This is where we have to focus our attention. These stocks become our watch list for the day.

What Makes a stock Extreme?



High Relative Volume is typically the result of a News Catalyst, but sometimes it can be the result of a technical breakout.

Catalysts usually come as news posted after market hours including: Earnings, Breaking News, Activist Buying, FDA announcements, SEC announcements, Pharma Clinical Studies.

If you look at a chart of almost any stock you will say days that have huge volume spikes. THOSE are the days we would be trading that stock. Typically the highest volume days also correlate to the days where the stock moves the most. This isn't a coincidence.



We Trade the Big Days





We Trade the Big Days



We MUST follow the Volume



Trading Low Volume stocks is asking for trouble. When you look at a breakout spot on a low volume stock, you might be the only person looking at it! Stocks breakout because thousands of traders are watching the setup. The only reason thousands of traders will be watching a stock is if there is a catalyst.

Low volume stocks are more likely to be manipulated by a small number of traders or HFT traders.

The patterns you see on charts will rarely be respected.





Low Volume Example





High Volume Example

Clean Patterns and heavy volume make this stock trade in a much more predictable manner.





Low Float Potential

Remember how we talked about Float in our first class?

Low Float stocks with a catalyst have the potential to make incredible squeezes. We've seen stocks run 100% in less than 20min, and 10,000% over the course of several days. Sometimes when a catalyst is strong enough, it will result in a stock being in play for several days in a row as traders scramble to get a piece of the action



Low Float Potential

This stock ran from \$2.00 to over \$20.00 in a matter of trading days. The company makes Body Camera's that police wear and there was speculation after a series of police shootings that it might become law that all officers wear them. That would have been great news for the company! It ended up not happening and shares sold off in the months following the rally.





Low Float Potential

This stock surged up for several days as traders jumped on the momentum.





Low Float Potential



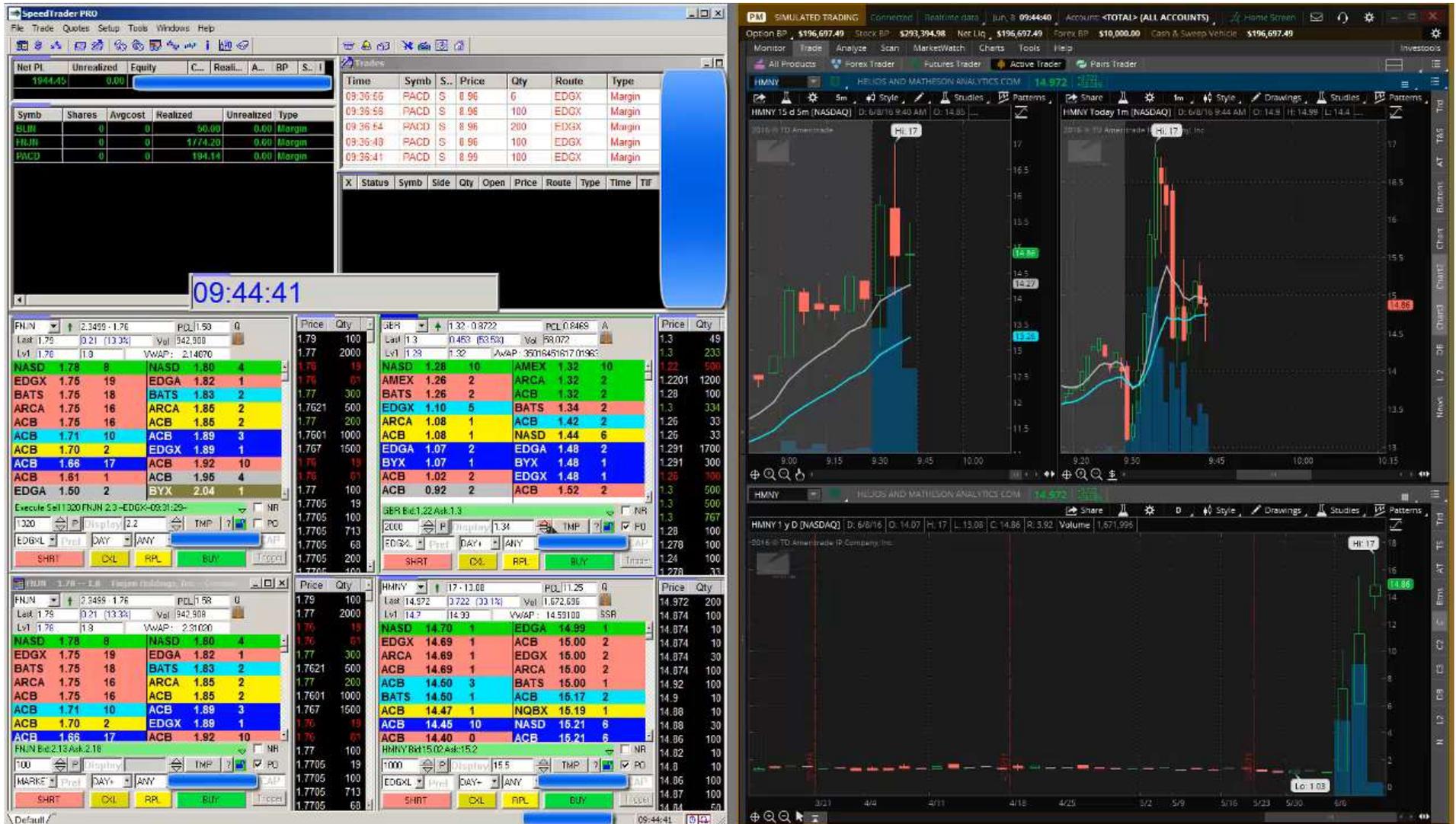


Low Float Potential

This stock surged up for several days as traders jumped on the momentum.



Low Float Potential



Squeeze, Halt, Squeeze, Halt, Squeeze



Former Runners

It's always a good idea to keep an eye on stocks that you remember are former runners. These are stocks that put in huge candle sticks on the daily. We know when a catalyst comes out they can get wild!

Sometimes we will see a stock on the gap scanner that is a former runner. A stock that previously made a huge move. Since these stocks have shown the ability to make a big move in the past, there is good reason to think they could do it again in the future. We'll keep those on close watch for a potential trade.



Former Runners Cont.





Follow Through Days

The day AFTER a huge move is considered a follow through day. Sometimes these stocks will follow through, break the high of the breakout day, and continue to run. Other times they trade inside the price action of the previous day and aren't worth trading.

In general, I wait for these stocks to break the high of the previous day before I jump in. Breaking the high shows continuation of buying momentum.



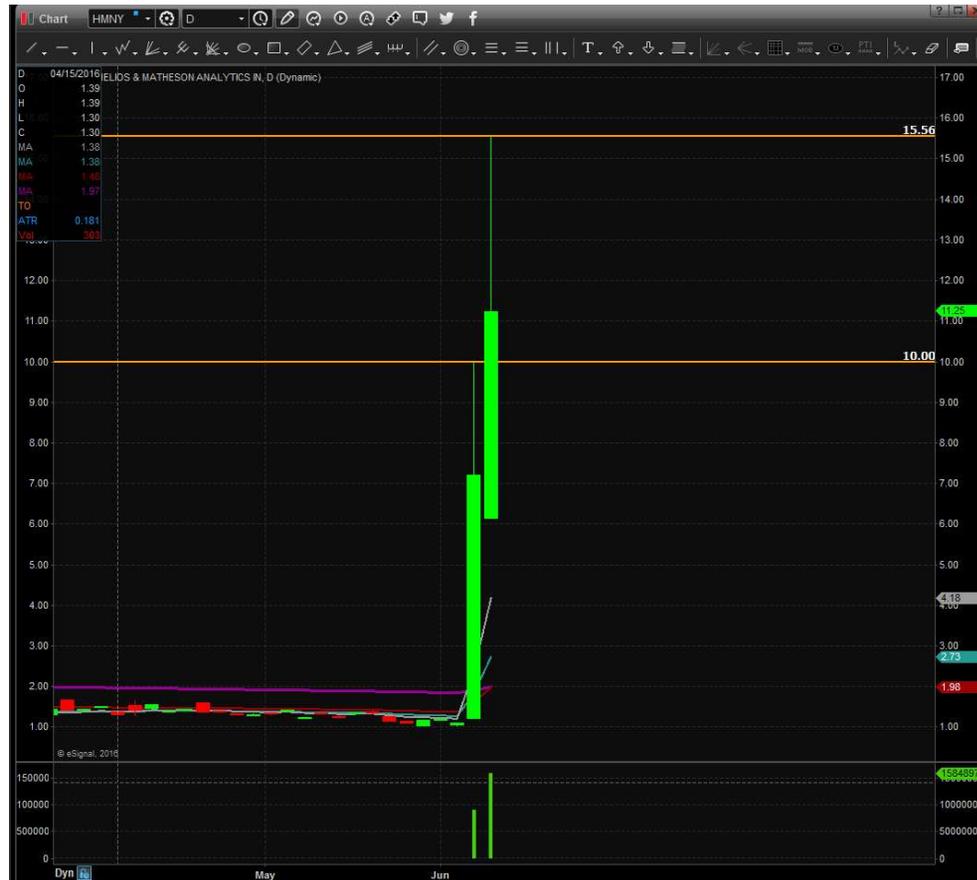
Follow Through Days

The day after a big move, the stock kept making new highs. Each time a stock makes a new high vs. the previous day there is a potential trade on the follow through setup.





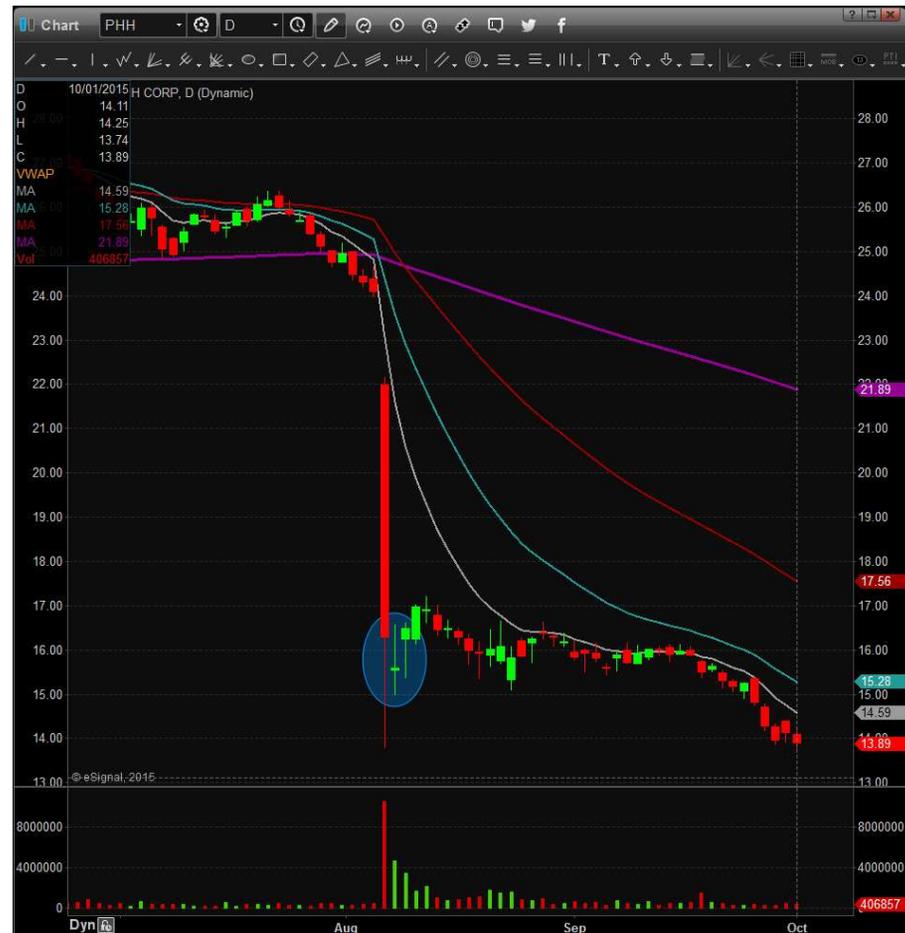
Follow Through Days





Inside Days

The price action is completely inside the previous days candle. These typically aren't worth trading unless they break yesterday's high or low.



How do we Find the Extreme Stocks



We use Stock Scanners.

I have built a series of stock scanners available for trading course students to download. They are run inside Trade-Ideas.

Each morning before the market opens we scan for HIGH Pre-Market Volume

The Scanners focus on Gaps



A Gap is the difference between the previous days close and today's open.



Gap Example





Gappers & Earnings

Scanning for 4% gaps and earnings

Gappers: 8:46:06 - 8:46:35

Symbol	\$	%	T	E Day	S	Float	SFloat	%	Company Name
CDTI	2.33	13.7	43,937	-14.75	136.4	13.30M	5.00	0.0	CLEAN DIESEL TECHNOLOGIES
AVEO	2.57	12.7	732,835	-17.75	13.5	53.99M	0.20	737	AVEO PHARMACEUTICALS
TA	17.25	9.5	14,635	-17.75	66.4	35.21M	3.90	493	TRAVELCENTERS of AMERICA
PVA	5.00	8.9	9,990	-15.25	0.0	56.26M	32.80	0.0	PENN VIRGINIA
SPHS	1.24	6.0	3,390	-13.50	0.0	14.65M	0.90	93.6	SOPHIRIS BIO
YGE	1.10	5.8	13,500	3.25	0.0	127.6M		86.5	YINGLI GREEN ENERGY
ZION	30.20	5.6	2,585		0.0	198.3M	7.60	2.5K	ZIONS BANCORP
PXLW	6.02	5.4	8,100		0.0	21.06M	11.00	536	PIXELWORKS
CONN	37.20	4.7	2,157	0.25	0.0	7.55M	50.90	2.5K	CONN'S
BZUN	12.00	4.4	5,775		0.0	33.38M		0.0	BAOZUN INC ADS
YOKU	28.75	4.0	21,478	-8.25	1.0	115.8M		418	YOUKU TUDOU
CTRP	78.25	-4.1	81,208	-13.25	7.7	129.9M		479	CTRIP.COM INTL
SOL	1.37	-4.2	54,475	0.25	0.0	73.48M		1.9K	RENESOLA
BOJA	26.60	-5.0	4,292		9.4	1.60M		1.2K	BOJANGLES
TUBE	16.22	-5.4	3,901	-14.50	5.2	11.02M	19.50	617	TUBEMOGUL
DAKT	10.21	-5.4	250	0.25	0.0	35.55M	3.00	19K	DAKTRONICS
PPL	32.86	-5.5	7,100	-17.75	0.2	667.2M	1.60	435	PPL
WG	1.50	-10.7	8,500	-19.25	0.0	50.49M	6.60	0.0	WILLBROS GROUP
RGLS	12.10	-12.2	11,468	-17.25	100.8	24.87M	24.90	920	REGULUS THERAPEUTICS
HIHO	2.79	-18.6	412		0.0	2.56M	0.40	0.0	HIGHWAY HOLDINGS
EMAN	2.55	-19.8	19,750	-12.50	490.2	16.92M	1.40	824	EMAGIN

How I create my Watch List



Each morning I create a watch List of the top Pre-Market Gapper Stocks that have a catalyst. I will use tools like Benzinga Pro and Market Watch to find out what the news is.

I review each stock based on the 6 elements discussed earlier in class, prioritizing stocks that meet all criteria as the ones with the most potential.

Later in the course we'll talk about the strategies I use to trade the top 4 gappers each day. It's called my Gap and Go strategy.





Building a Watch List

Once I have my Watch List I keep those stocks on WATCH until they prove to me they aren't worth watching

I will watch them all day if I have to

If you watch 4 stocks all day, you are guaranteed if a pattern forms you won't miss it.

On the other hand, it's important to remember that patterns only follow through when there is high relative volume. So the 4 stocks you choose to watch all day must have very high relative volume.



Typical Watch List



\$GBSN 3.9mil share float, gapping up 7.5%. This is a stock that likes to make big runs, then sell off, much like \$MOC. I'll be watching this out of the gates over pre-market highs if we see continued strength pre-market. Headline: [Great Basin Begins Clinical Trial for Stool Bacterial Pathogens Panel](#)



\$EAC 5.8mil share float gapping up 218%. About 300k of pre-market volume as of 8:50am, it may be a bit crowded. We'll see. Watching possible long over \$2.00. Headline posted after hours yesterday: [Erickson Announces Award of Two Contracts with the United States Navy Military Sealift Command](#)



\$GIGA, 4.7 mil share float gapping up 13%. Announced earnings last night, possible runner. Pre-market flag isn't very nice. Big move after hours then dropped back down. Headline: [Giga-tronics receives \\$3.3 Million Order for Advanced Signal Generator Products](#)



\$CALI 2.39 mil share float gapping up 43%. Watching long over pre-market highs if we get some volume. Headline: [China Auto Logistics Sells Zhonghe for Approximately \\$62.3 Million; Sees Net Proceeds of Approximately \\$25.8 Million After Transfer to Purchaser of Outstanding \\$36.5 Million Zhonghe Related Payable](#)



Adding to Watch List

As the Day progresses, I may take stocks off my watch List that have failed

I may add new stocks that weren't originally on my watch list but have strong momentum that came from under the radar.

I will add stocks that have breaking news intra day



Breaking News

Listening to Benzinga (or other squawk box style news services) gives you very quick notice on breaking news.

Breaking news can turn a boring day into the biggest day of the year.

We must be **SELECTIVE** on what news we are willing to trade.

Trading News is Risky, but the confirmation that the stock is now worth trading will be high and sustained levels of volume.



News Reversal Example

This stock sold off 3 points on breaking news, then quickly reversed. This provided a mid-day opportunity for trades.

We'll discuss the setups and patterns later on, but for right now, just know that this is the right type of stock to trade.



News Example - \$SRPT





Stock buy outs

Typically a Buy Out results in a stock that will trade flat.

The price and value has been determined.

Buy out stocks aren't in play in most cases.



Stock buy out example





Stock Selection

Remember while you are reviewing stocks that we always want to have the home run big win potential. I always take base hits when I get them, but I don't take trades that don't have the potential to give me that 2:1 profit loss ratio.

We must also be able to apply our risk management techniques to any stock we're considering.

Stock Selection as Risk Management



Stock Selection is a 2nd level of Risk Management

By avoiding penny stocks, low volume stocks, illiquid stocks, we can focus our trades in safer areas of the market.

Use your Stock Selection as an opportunity to reduce risk.

The next topic will be trading the strongest patterns to further reduce our risk.





Homework

I want you to begin making a watch list of 4 stocks everyday.

These stocks should be gapping up with a catalyst. Your watch list should include the stock symbol, the news catalyst, and the float.

Later in the course we will talk about the entries and trading setups and how they fit into my trading strategies.

You are welcome to email me the watch list for my review.



Extras & Links

Email me with questions ross@warriortrading.com





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CHAPTER 4. CANDLE STICKS & DAILY CHARTS





Today you will Learn

How to understand candlestick charts and how to setup your charts. We will also discuss recognizing Gaps, Triggers, and Windows.

- Candle Stock Charts
- What is a candle stick?
- Hammers
- Doji's
- Long Body Candles
- Charting Time Frames
- Technical Indicators
- Triggers and Windows
- Support Lines



Why Is This Important?

- Learning to read charts and see the patterns is a critical skill for any day trader. This is something you will learn overtime as you see more as more charts. The candle sticks and chart setups explained here to day will be the foundation for your development.



Candle Sticks

- Stock Charts are comprised of candle sticks. Each candle stick represents the price action within a set period of time. If you are looking at a daily chart, each candle stick represents 1 day.
- As Day Traders we use 1min and 5min charts. Each candle represents 1min or 5min of price action
- Some Traders use Bar Charts, or Line Charts, but most Day Traders use Candle Stick Charts

Bar Charts





Line Charts





Candle Stick Charts





Candle Sticks

- As Day Traders we rely heavily on Stock Charts.
- Stock Charts are a form of technical analysis.
- We look for specific chart patterns to find areas of support and resistance.
- We use a minimum number of indicators to avoid over complicating simple strategies and setups.
- As Day Traders we look closely at candle stick patterns, but we even look at individual candle stick formations. We can draw some conclusions just based on candle stick shapes.
- Each candle stick represents a period of time. A 1min candle stick chart means every candle stick is 1min of time. A 5min candle stick chart means each candle is 5min of time. This logic applies for all time frame. The most popular time frames are 1min, 5min, and Daily.

.



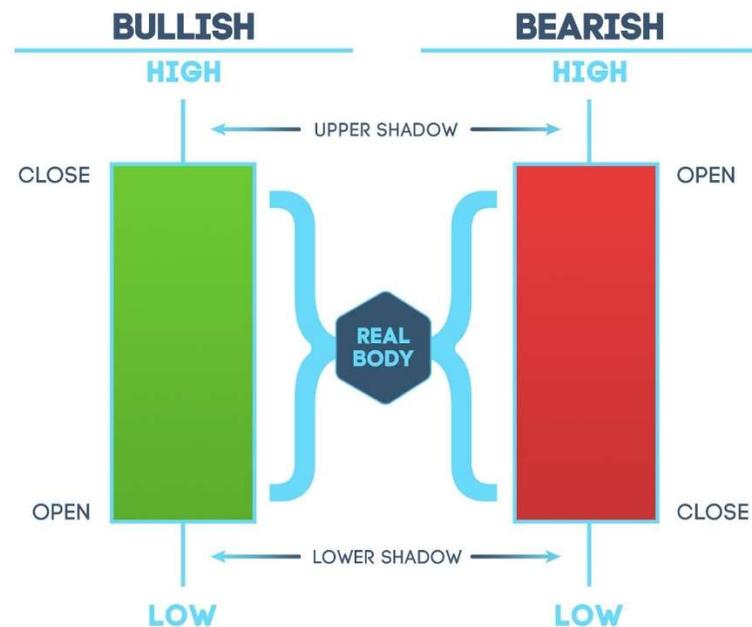
Candle Sticks

What does each Candle Stick Tell us

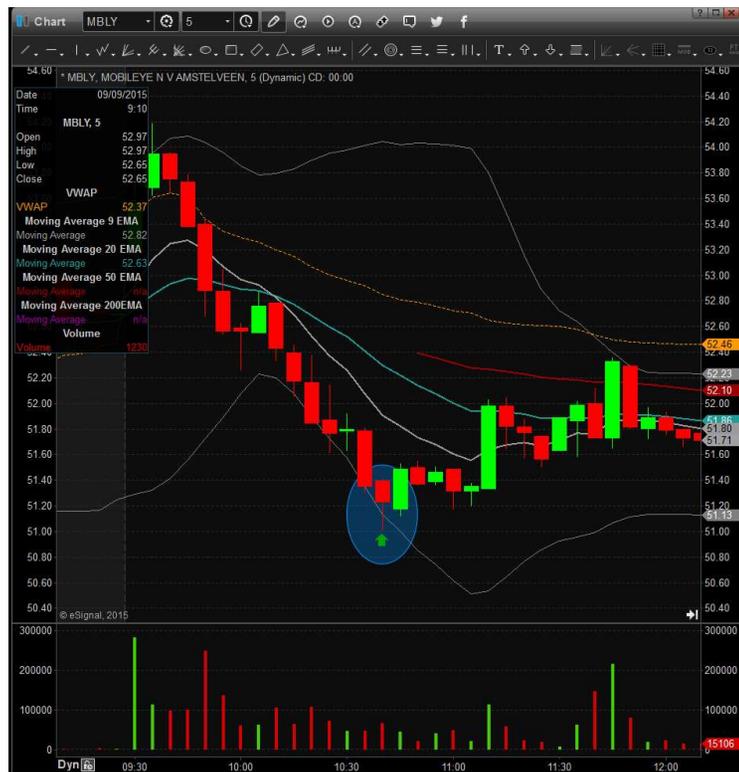
The shape of candle can also give us information about the market sentiment

The open on Green candles is always the low, opposite for Red Candles

CANDLESTICK BASICS



Hammer & Inverted Hammer Candles





Hammers

Hammer candle sticks always occur at the bottom of a sell off. When this candle stick shape occurs during sideways consolidation it's pretty much meaningless.

But at the bottom of a sell off, it indicates a bottom getting “hammered out”. The fact that the price dropped during the candle stick period, and then came back up to close near the top is significant. Buyers rallied to bring the price back up. In the context of a reversal, it could indicate a stock is beginning to change directions.

In the context of an uptrend, the same is true. A squeeze to the upside and then sellers come in and pull the price back down, indicating a possible correction.

Doji Candles





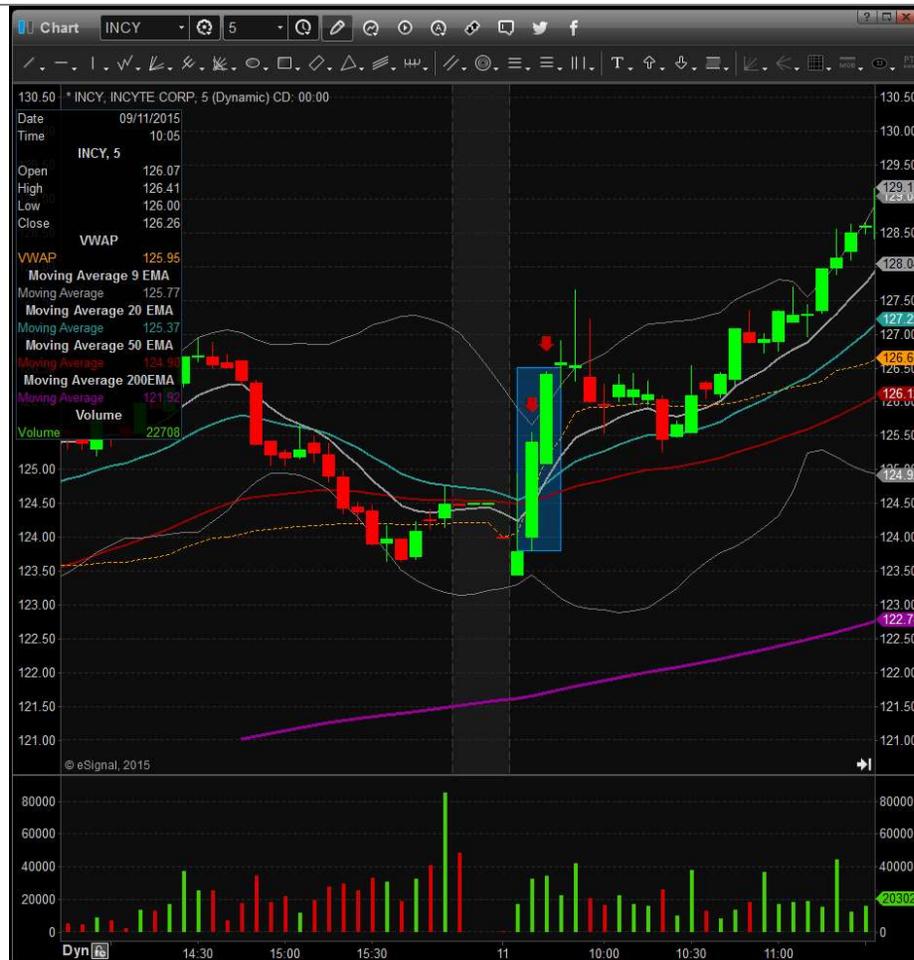
Doji Candles

Doji candles are considered candles of indecision. In order for a Doji candle to be created, the price must open, then fall, then rise, then close back at the same price. When the price is whipping around like this it's indicative of indecision. Anytime a stock is experiencing a strong uptrend, or a strong downtrend, indecision at the peaks could indicate a short term correction.

During sideways consolation candles of indecision are meaningless since sideways price action already reflects indecision.

These candles are only indicators, not confirmation. Later in the course we will discuss the full context of reversals and how doji's are an important indicator.

Long Body Candles





Long Body Candles

In contrast to the indecision of a Doji candle, a Long Body Candle shows extreme strength in the market. The price opens at the bottom of the candle, then surges and closes at the top of the candle. This is a very bullish indicator.

This is the same with long body red candles. They are a sign of extreme weakness.

Charting is Technical Analysis



Technical Analysis is a form of interpreting price action and critical areas of support and resistance

As Pattern Traders, we look for Technical Breakout patterns on charts

These are areas on the chart where we will see many buyers and sellers

Volume will confirm the technical breakout is happening

We use charts to find our entries, profit targets, max loss points, etc.
They are the heart of any trade.

Technical vs Fundamental Analysis



As Day Traders, we focus on technicals.

We don't want to get into the game of justifying holding a trade because of fundamentals such as "strong sector" or "strong company profits".

Fundamentals are important for longer term investors, swing traders, etc.

Short term traders have to focus on immediate levels of support/resistance

These levels will come from Tech Analysis



My Charting Layout

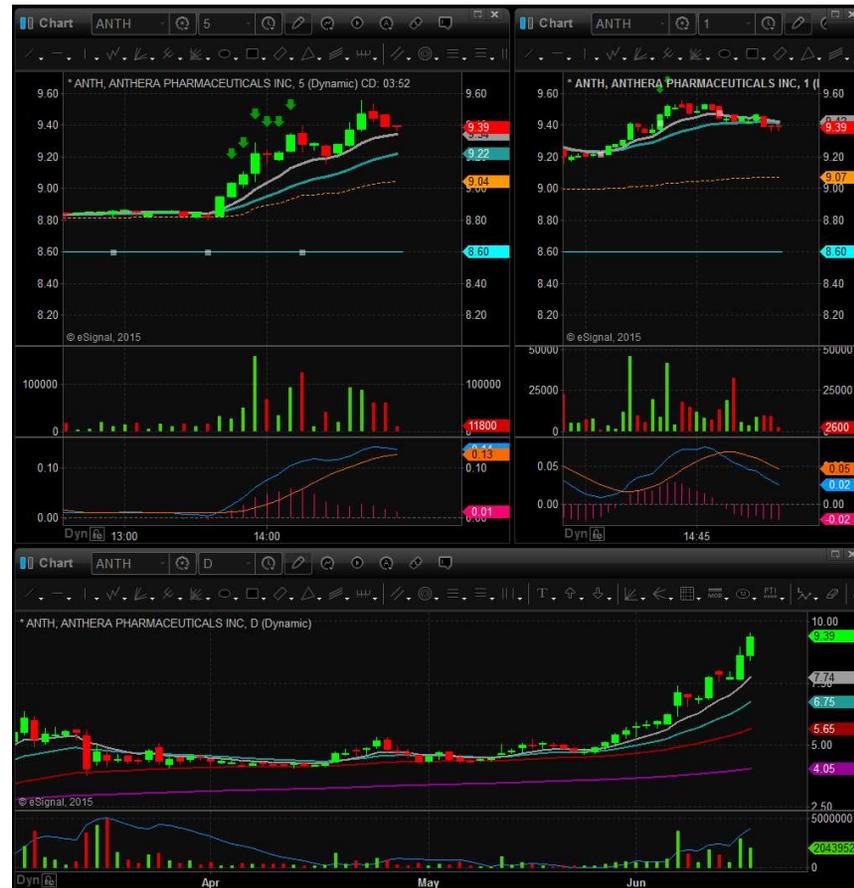
I use 3 time frames when I look at a stock.

Daily chart

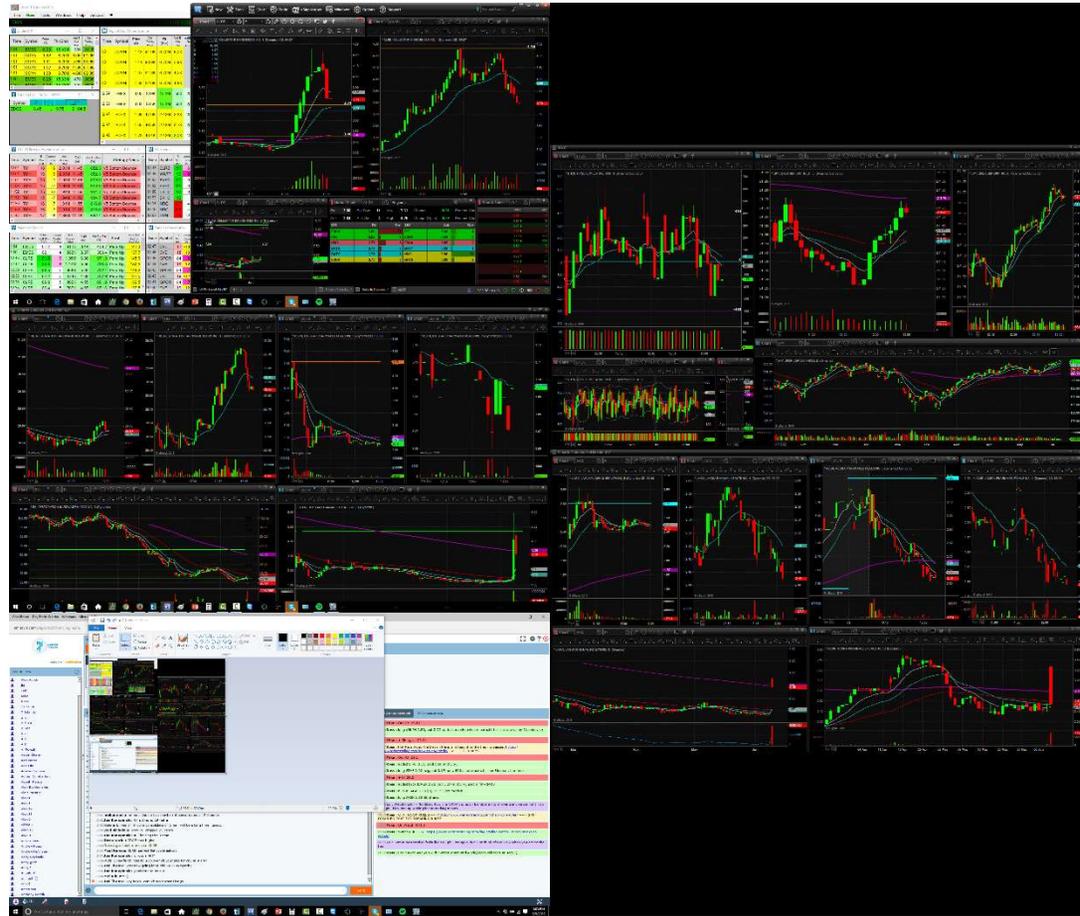
5min Chart

1min Chart

Remember to step back and look at the bigger picture! How does the daily chart look? That is the context for your day trades.



My Monitors





Key Levels

We learn to anticipate the breakout levels on a chart where volume will come in.

By anticipating these, we have our orders ready to buy just before or just as volume begins pouring in.

This allows us to get the max profit with the min amount of time waiting.



Technical Indicators

Technical Indicators are simply designed to give you a context for the current price action and sometimes gives you an indication of future direction

You can never rely on Technical Indicators. Instead use them to confirm what you already suspect in chart patterns.



Technical Indicators

Technical Indicators are complex formulas that provide a context for current price action

Many technical indicators LAG behind price action. Therefore, they are slower to react, and not helpful for day trading.

There are a lot of traders who hunt for the Holy Grail of technical indicators. After a lengthy search, I can tell you it doesn't exist! There is no combination of indicators that will give you full proof entry or exit signals. You have to learn to read the chart patterns as you trade the stocks with high relative volume.

How to Setup your Charts



Throw away all technical indicators!

I Use the Following

9ema

20ema

200ema

For Reversal Trading and Pull Back Entries

Volume Weighted Average Price VWAP

Bollinger Bands



Volume Bars

Volume Bars show us visually how much volume occurred during a candle stick period.

We can look for patterns such as increasing or decreasing volume.

These are one of the most important indicators





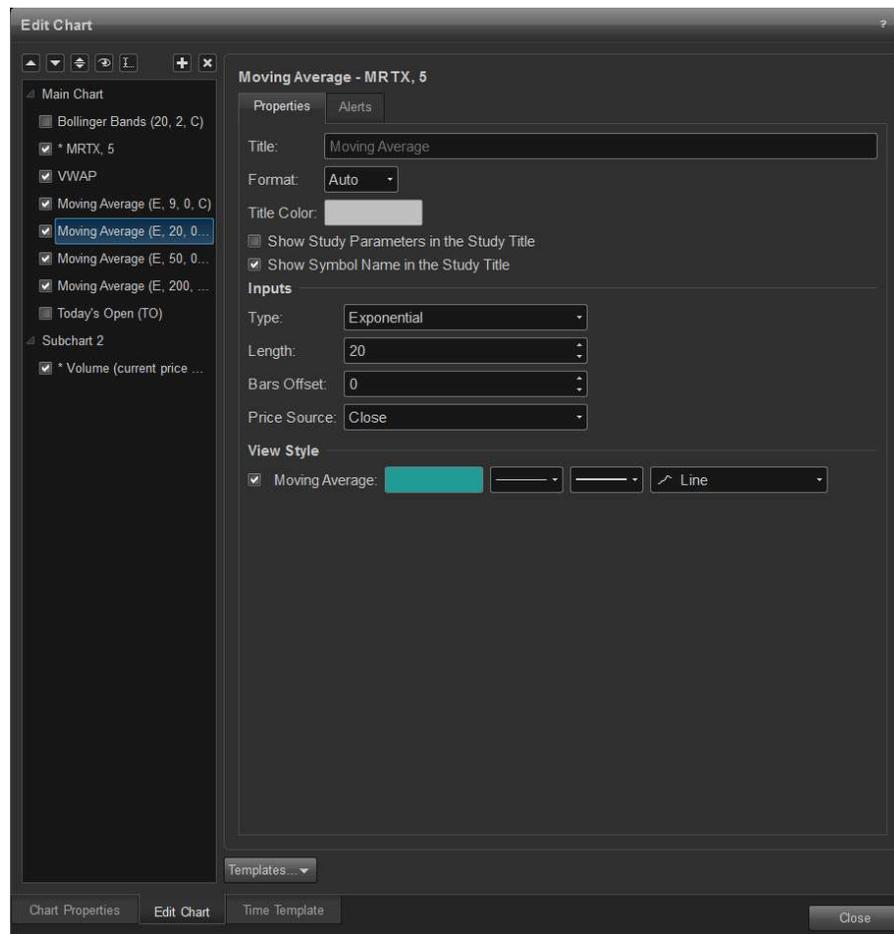
Moving Averages

Moving Averages are simply averaging price over a set period of time. An exponential Moving Average heavily weights recent price action vs older price action. A simple Moving Average is just the average without any weighting.

I use 9ema, 20ema, 200ema



Moving Averages





Moving Averages



Resistance at 50ema on the Daily



Moving Averages



Resistance at 200ema on the Daily Chart



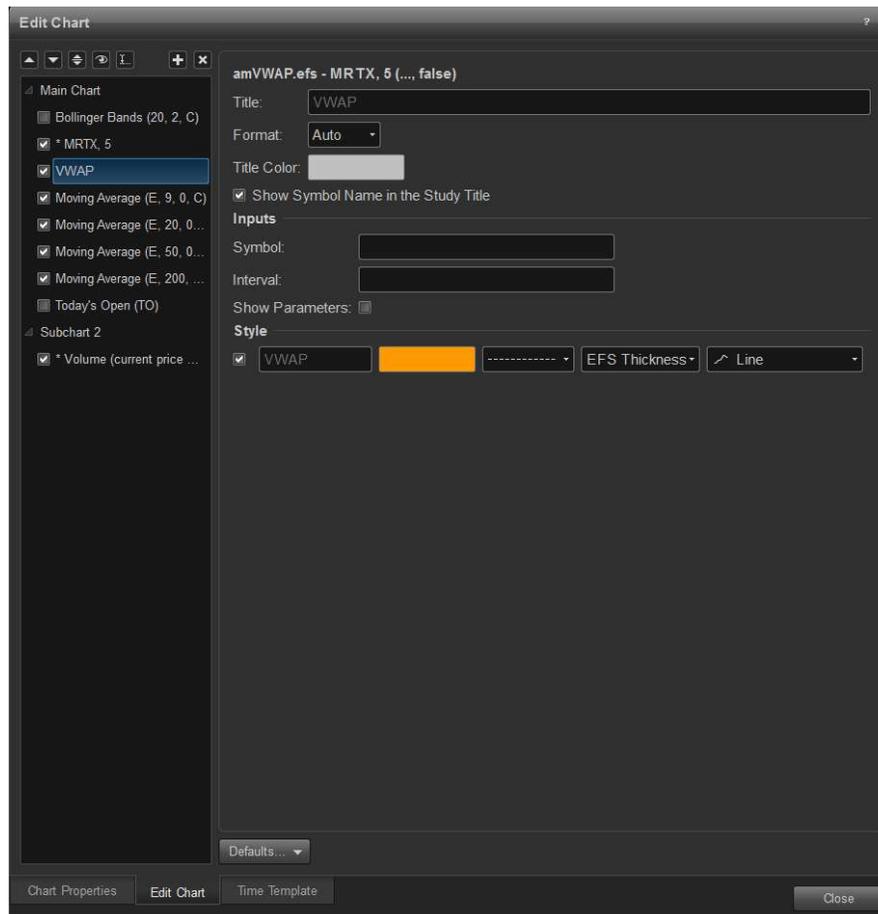
VWAP

The VWAP is the Volume Weighted Average price. Like a moving average, this is an average price of a stock. What is unique is that it takes into account the amount of volume at each price. Like exponential moving averages, it gives us more information than a simple moving average.

VWAP is Orange Dotted Line



VWAP





Bollinger Bands

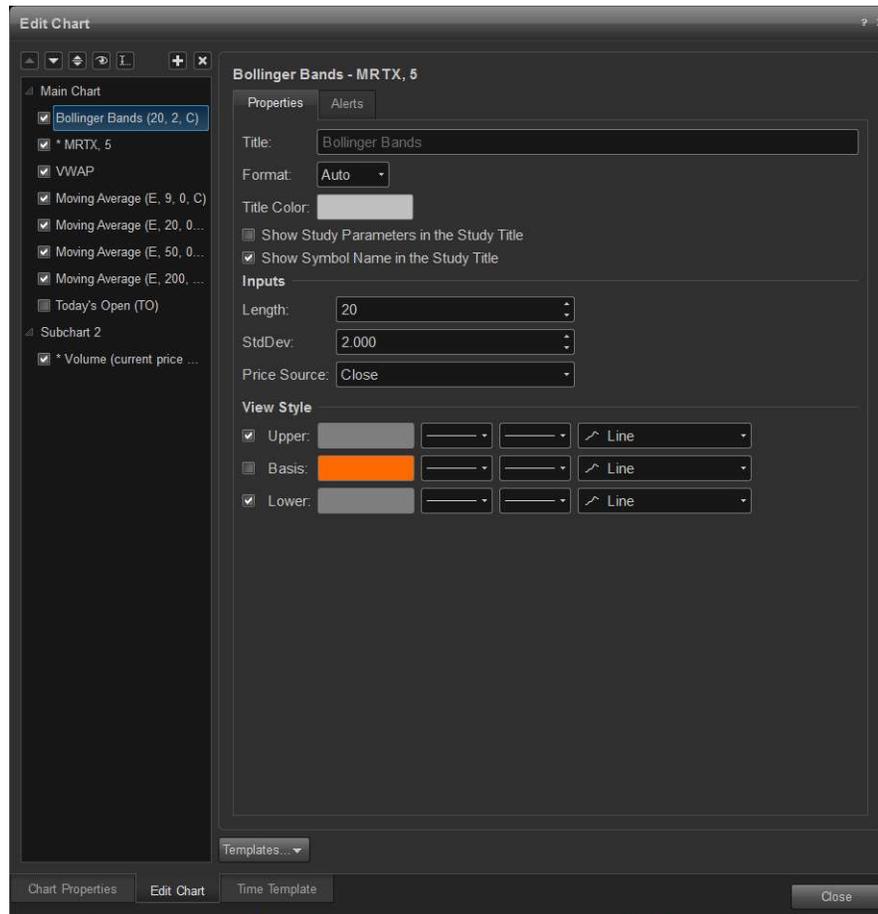
Bollinger Bands are price averages offset to the top and bottom. 90% price action occurs INSIDE Bollinger bands. When the price is outside Bollinger bands, it's considered an extreme situation and a potential reversion indicator

Bollinger Bands are the pink bands around the price.





Bollinger Bands



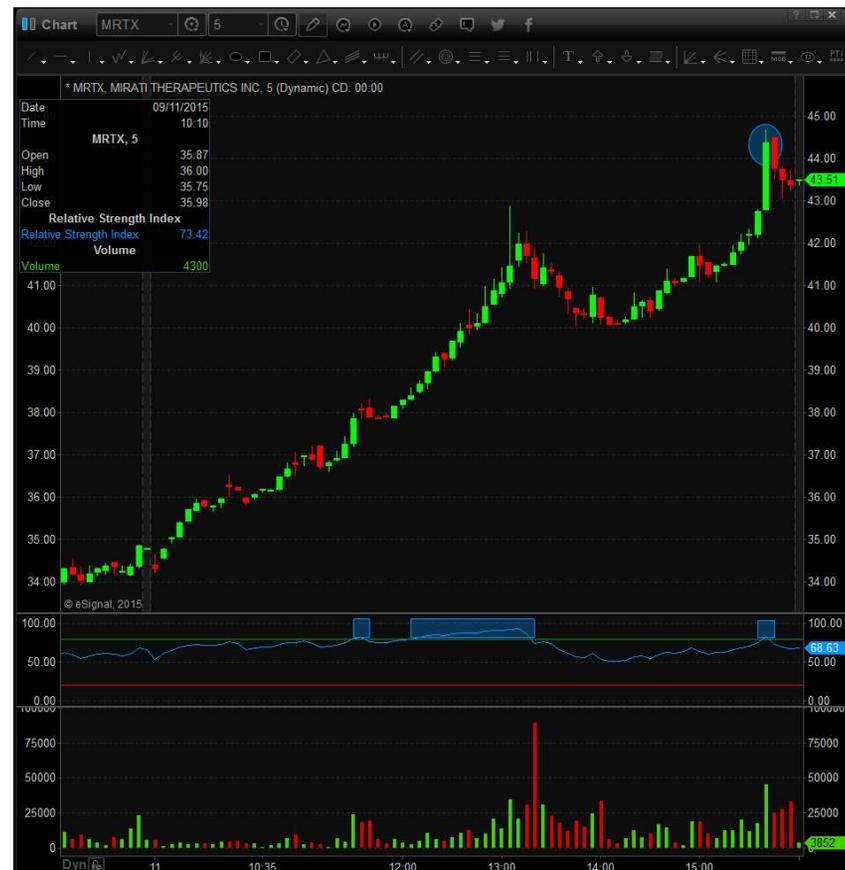


Relative Strength Index

Relative Strength Index tells us the strength or weakness of a stock. RSI is measured on a 0-100 scale.

RSI below 20 is considered very oversold

RSI above 80 is considered overbought



RSI



Edit Chart

Relative Strength Index - NFLX, 5

Properties Alerts

Title: Relative Strength Index

Format: Auto

Title Color: [Color Picker]

Show Study Parameters in the Study Title

Show Symbol Name in the Study Title

Inputs

Length: 14

Price Source: Close

View Style

Relative Strength Index: [Color Picker] [Color Picker] [Color Picker] Line

Bands

Upper band: 80.00 [Color Picker] [Color Picker]

Lower band: 20.00 [Color Picker] [Color Picker]

Templates...

Chart Properties Edit Chart Time Template Close

Combining Technicals and Fundamentals



When I'm preparing my watch list I want confirmation that there is a fundamental reason (a catalyst) that's causing the stock to be gapping up and trading on high relative volume.

Once I know we have a fundamental catalyst, I switch my focus to the technical including Float, and daily support/resistance levels. I don't really care too much what the fundamentals are, just knowing there is an actual reason for the price action is what I want.



Daily Charts

Some Traders believe you **MUST** have a strong daily chart in order to trade the stock

I used to believe that, but I've found strong intraday stocks with the right catalyst can override a poor daily chart.

With that said, the **PERFECT** setup has a strong Intraday **AND** a strong Daily Chart

So lets talk about how to identify a strong daily chart.

When I look at stocks on my scanner, I always have to look at them in the **context** of the daily chart.

What Makes a Strong Daily?



First thing I look for are the windows, and I mark them out with trend lines.

I also look at ascending and descending support/resistance Trend Lines

I mark out all the potential breakout Triggers.

When you are looking at stocks moving up we look LEFT and UP for triggers.

When were looking for triggers on stocks moving down we look LEFT and DOWN.



What Makes a Strong Daily?



Two other types of charts that can be strong but may not be obvious.

1) Stocks hitting 52week highs with no recent resistance. These stocks can continue to be strong since they have no resistance. This will depend on the catalyst driving the move.

2) Stocks coming out of oversold after a long period of trading at low prices. This is acceptable as long as the price is above the moving averages. If we are below the 200ema, expect some resistance around that moving average.

Whole Dollars & ½ Dollars



It's very important to note that almost all stocks, and especially stocks under \$10.00, will have at least a small trigger at whole dollars and ½ dollars.

A stock at 3.99 will see a lot of resistance at the whole dollar of 4.00. Once it breaks that level, if it has high relative volume, we will almost always see a quick break and a 10-20 cent squeeze. When we have daily triggers that also coincide with whole dollars and ½ dollars they are even stronger.

When we see intraday chart patterns consolidating around whole dollars and ½ dollars they are worth keeping a close eye on.

Later we will discuss how to base trades around these critical levels.

Daily Resistance Levels



Daily Resistance Levels





Windows

I look for windows on a chart.

A window is a large area of no support or resistance. This can be in the form of a gap or a large candle stick. It must be one or the other.

A good window has the Average True Range of a stock in open area.

The best setups have several big windows lined up.



What is Average True Range (ATR)



Average True Range is the average price range of a stock in a typical day.

For some stocks this will be as low as 15-20 cents of average range, while other stocks will have an average range exceeding 5.00 a day.

We look for higher ATR stocks because we have more room for setups and profit potential. I like a min of a 50 cent ATR on most stocks.

Daily Resistance Levels



When I look at daily charts, I look UP and to the LEFT when I'm looking to go long. For shorting, I look DOWN and to the LEFT.

Anytime I see a space of at least the ATR of the stock, I mark the high and low of that space or "window".



What is a Trigger?

A trigger is the price right where a window begins.

It's the price (to the penny) on the Daily Chart where you think a massive breakout could occur.

This Trigger should be extremely obvious. Every retail trader should be able to see it!

The more obvious, the more likely it will resolve as we expect!

Don't over complicate this.



Trigger vs Resistance?

When you look at a spot on the chart and you think it's a trigger, could it also be a point of resistance?

A true Trigger will have at least the ATR of the stock in space until the next area of resistance.

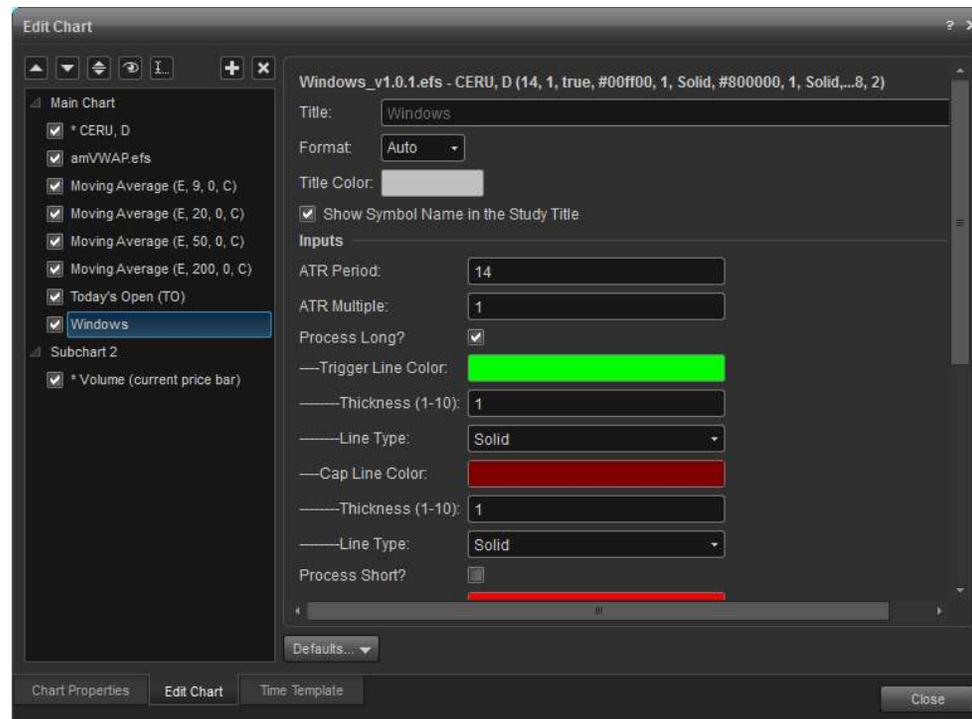
This makes the Trigger powerful!

If the next resistance is 10 cents away, there is no power. Nobody cares



Warrior Windows

Warrior Windows is an eSignal indicator that looks for windows on the daily charts. It will automatically draw them in for you.



Breaking Down Daily Chart



Gap Fill Window Examples





Gap Fill

A Gap Fill is when a Gap is filled by Price Action.

Gap Fill is something we can aim for as we buy a stock entering the window of Gap

Once Gap Fill is complete we can look for reversal off the top of the gap fill line

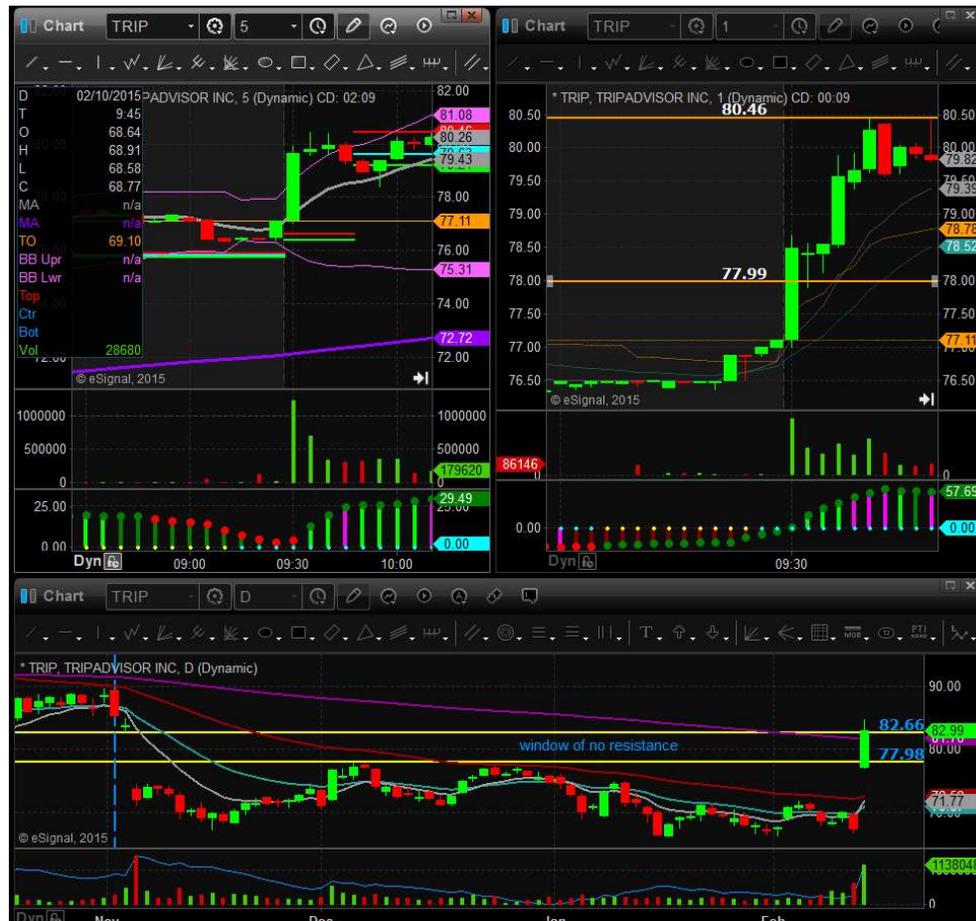
Candle Fill then Gap Fill Window Examples



Gaps on the Daily Chart



Beautiful Daily Chart



Long Candle Window Examples



Gap (Window of no Resistance) on the Daily Chart



How to Draw a Trendline



In addition to the support, resistance, and triggers formed by candle stick highs and lows, we also find support and resistance from trend lines.

Trend lines are angled lines that connect several candles.

A trend line gains validity the MORE times it's been tapped. Just like a flat top breakout, the more times we tap, the more validity the resistance level has.

If your trendline only has 2 taps, it might not be very strong.



Ascending Support/Resistance



Descending Support / Resistance



Don't worry about Daily Chart Watch Lists



I do my homework each night, but it's not scanning through daily charts looking for a setup.

Typically a great daily chart will end up having very little volume and poor follow through UNLESS it has a catalyst.

Instead of making a daily chart watchlist, spend your time reviewing trades you've taken on the 5min chart.



Chart Patterns

Tomorrow we'll begin looking at Intraday Chart Patterns

Including:

Flat Tops

Flat Bottoms

Bull Flags

Bear Flags



Setting up Charts

We're setting up our charts to give us the best understanding and context for current price action.

This allows us to make well educated decisions and reduce our risk as traders. One again, returning to the importance of finding risk management opportunities.



Homework

Identify 3 charts with excellent triggers on the daily chart.

Each chart must have triggers and windows with at least the ATR of the stock.





Extras & Links

Email me with questions ross@warriortrading.com





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CHAPTER 5. INTRADAY CHART PATTERNS





What do we know?

We have learned about Managing Risk (2:1 profit loss ratio 50% success target)

...and we have learned how to find the “Right Stocks” (high relative volume)

In our last class we reviewed what good Daily Charts look like and how to find pockets or windows of no support/resistance

Today we’ll begin to dig into the chart patterns that are going to become part of the trading strategies we discuss in our next classes.

Today you will Learn



The most popular chart patterns that are respected by day traders around the world. These are the patterns we look for. But remember, these patterns only work on stocks that have high relative volume, and we have to always manage risk according to our profit loss ratios and trading strategies. Later we will discuss the specific strategies of how to execute trades based on these patterns.

Most Popular Patterns

- Flat Top Breakouts
- Bull Flags
- Flag Patterns above Moving Averages



Why Is This Important?

- Chart patterns are what we use to establish entry points and profit potential. It would be impossible to trade without charts or charting patterns.



Intraday vs Daily charts

Remember from our class yesterday that when we have a super strong stock it can override a poor daily chart.

However, a great daily chart usually can't override a poor intraday chart or a lack of intra-day volume

Focus on the stock being a Stock in Play! If it doesn't have high relative volume forget about it.

Some of the biggest home run trades will have both great daily and intraday charts

Volume Makes the Pattern



We NEED volume to make a pattern resolve. Without volume, the pattern will fail.

Ask, do we have High Relative Volume?

Is Volume coming in at the Breakout Spot?

Volume confirms we are right and that other people see the pattern too!

The reason these patterns breakout, and suddenly squeeze 20-30 cents or more at the breakout spot is because thousands of traders recognize that this is the lowest risk spot for an entry.

The collective trading mentality is what makes these setups work. It's why we can only trade stocks with high relative volume.



My Favorite Patterns

My favorite continuation patterns are Flat Top Breakouts & Bull Flags.

If you prefer shorting you can use the inverse, Flat Bottom Breakdowns & Bear Flags.

These are patterns, by themselves patterns are not a trading strategy.

They are a component to the trading strategies we will discuss later in the course.

These patterns can occur on all time frames, but as Day Traders, we focus primarily on the 5min chart and the 1min chart.



Flat Top Breakout Pattern

Ascending Wedge Patterns

This is one of my Favorite Patterns

Coiling is good, Period of Consolidation. Notice the consolidation is occurring just above the moving averages.

We don't want to see a U shape or Double Top formation, this is bearish.





Flat Top Breakout Pattern

Notice that this flat top breakout is occurring just below the whole dollar of \$57. This is setting up for both a flat top breakout AND a whole dollar break. This is two setups in 1 and makes it particularly strong.





Flat Top Breakout

This Flat Top Breakout is also a consolidation below the whole dollar of 8.00.

This provides an easy entry at 7.95 for the flat top breakout and a break of the whole dollar.

The result is an almost immediate winner.



Flat Top Breakout



Flat Top Breakout (fail @ lunch)



Flat Top Breakout Pattern



Flat Bottom Breakdowns Pattern



Flat Bottom Breakdowns Pattern



Flat Bottom Breakdowns Pattern



Bull Flag (1st & 2nd)



Bull Flag (1st & 2nd)



Bull Flag Breakout Pattern (1min)



Bull Flag Pull Back/ Breakout Pattern



Bull Flag Breakout Pattern (1min)

This flag has consolidation below \$37.50, (half dollar breakout)



1234 Flag Pattern



1234 Flag Pattern





1234 Flag Pattern



1234 Flag Pattern



1234 Flag Pattern





1234 Flag Pattern





Flag Pattern

Notice this flag consolidates under the ½ dollar of 4.50.

Not every flag will be picture perfect.



Flag Pattern



Flag Pattern



Flag Pattern





1min vs 5min Trading

Yesterday we talked about looking for patterns (flat top breakouts, bull flags) on the 1min or the 5min chart.

Some students asked the question of when to use the 1min, and when to use the 5min.

You can choose to trade on the 1min chart, or the 5min chart, or both.

The first 1min pullback after a high of day breakout is particularly strong because this is where traders who missed their initial entry will get in.



1min vs 5min Trading

Circumstances when I would NOT use the 1min chart.

- 1. If the stock is extremely extended already on the 5min chart.
- 2. If the stock has already experienced more than 2 pullbacks on the 1min chart since the breakout began. (In other words, it's most likely extended on the 5min chart and needs to pullback and give us a 5min bull flag or flat top.)
- 3. I'm less likely to use the 1min chart on higher priced stocks, over \$10, but especially over \$20. This price range gets very choppy with lots of fake outs.
- 4. If the 1min chart is extremely extended off the 20ema, I'll be more cautious, even though I might still take a trade.
- 5. I rarely take a 1min entry if the 1min price is below the 1min 20EMA.

Circumstances where I'm very likely to use the 1min chart.

- 1. When a stock that meets all of our criteria for being a big potential stock (low float, huge volume spike, great daily chart, etc) has just hit my HOD scanner, I'll look for first 1min pullback, even if it's a micro pullback.
- 2. When a stock that meets all of our criteria has just broken out on the 5min chart but I missed my entry, I'll get in on the first 1min pullback. Even if I already have a position I'll use the first 1min pullback to scalp.

If in doubt, always refer to the 5min chart



1min vs 5min Trading

I will almost always trade a 5min bull flag or flat top breakout (as long as it's the first or 2nd pullback since the breakout started) and as long as it's on a stock that meets our criteria for being the right type of stock to trade.



1min vs 5min Trading



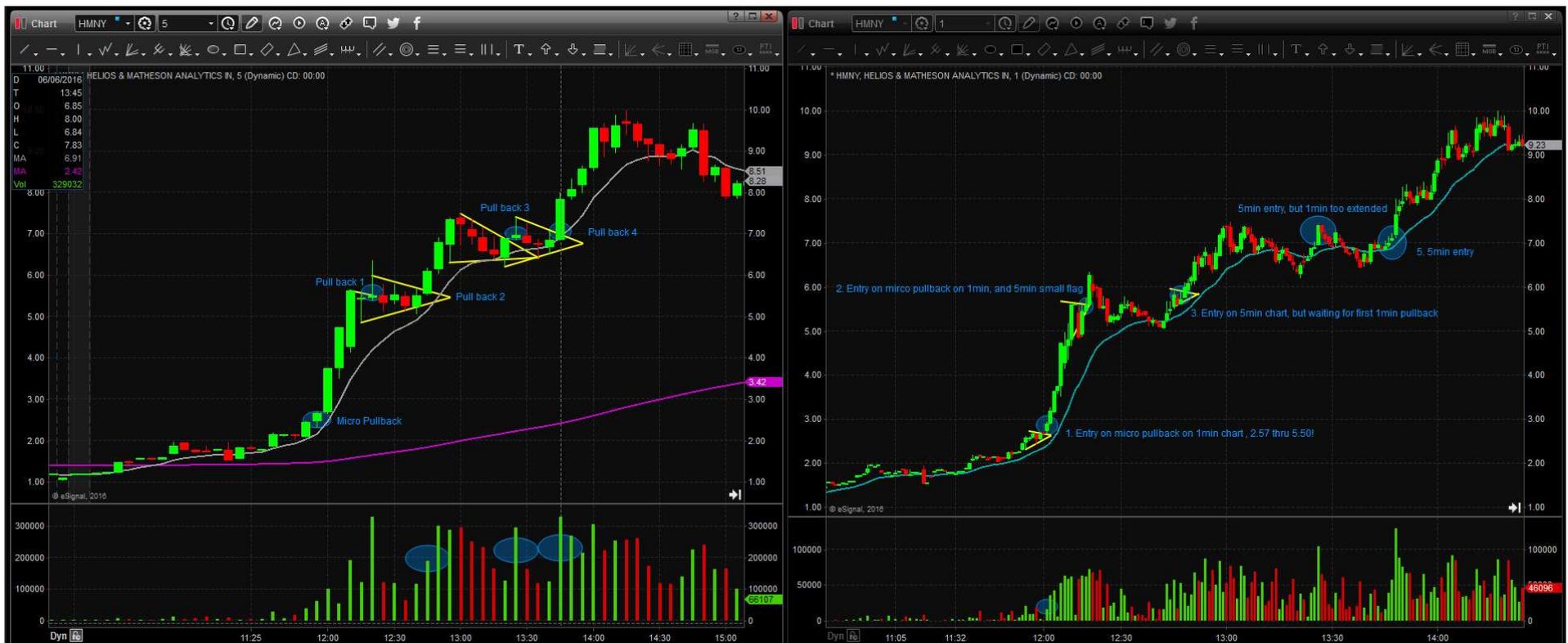


1min vs 5min Trading





1min vs 5min Trading





1min vs 5min Trading



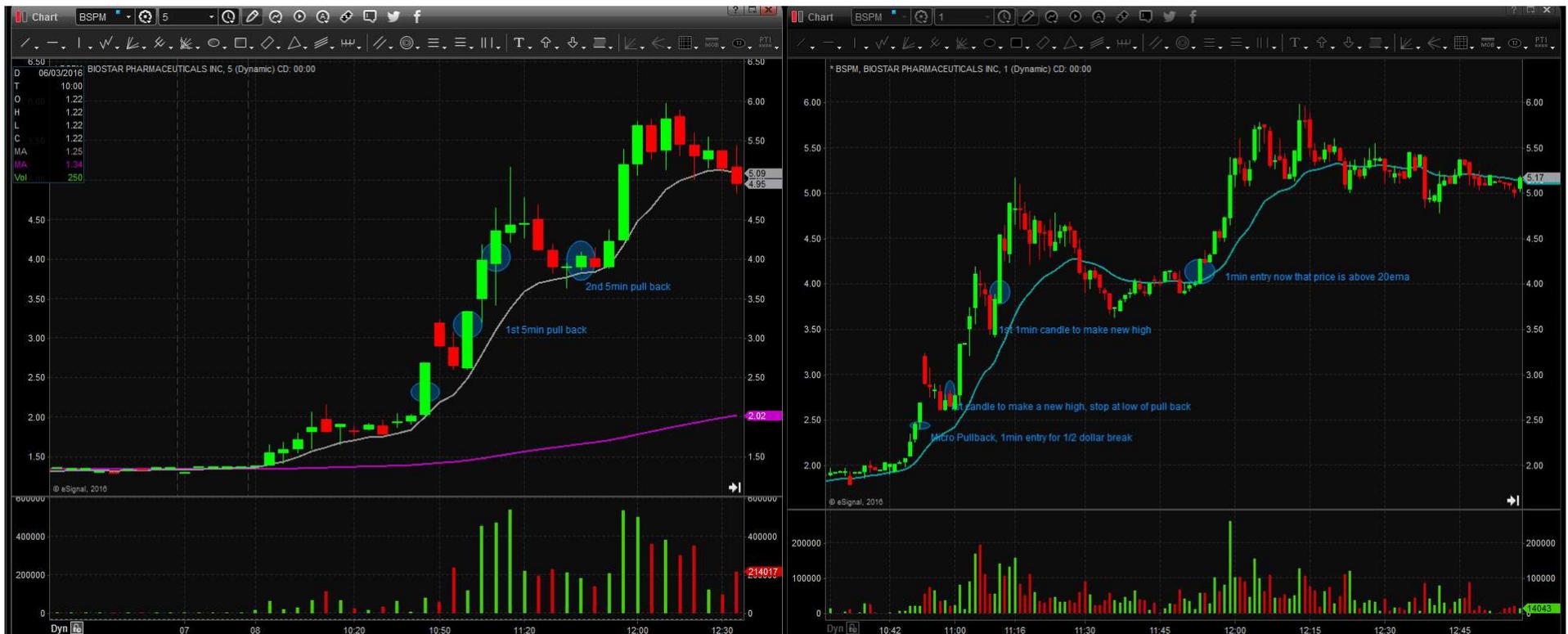


1min vs 5min Trading





1min vs 5min Trading





Finding these patterns

Remember that these patterns are only valid on stocks that have high relative volume.

Rather than searching specifically for these patterns, we look for stocks trading on high relative volume and wait for one of our go to setups to form.

Also remember that these patterns by themselves are not a strategy. They will be utilized in the strategies we discuss later in the course



Extras & Links

Email me with questions ross@warriortrading.com





Warrior Trading

CHAPTER 6. MOMENTUM TRADING STRATEGIES

PART 1: GAP AND GO



Momentum Trading Strategy

What is Momentum?

A momentum stock is experiencing a strong trend. As Day Traders, we focus on the intraday chart, primarily the 5min chart.

Momentum ends typically when the stock reverses direction and breaks below it's moving averages.





Today you will Learn

- My Favorite Day Trading Strategies are based on trading Momentum. This means finding strong stocks that are running, and buying them with the expectation that they will go higher. The inverse is true for shorting weak stocks that are selling off.
- Remember that today we are developing STRATEGIES. We combine everyone we've learned so far. A strategy combines the right "type of stocks", specific types of chart patterns, specific time of day, and a pre-determined level of risk. A strategy is a unified approach to how you are going to trade the markets, and in order to be successful, a strategy must be followed to the T.



Why Is This Important?

- These are the strategies I use every single day to generate profits. These are time tested and proven to be successful strategies. In my opinion, this is the easiest strategy to use to build a small trading account and it's the strategy that works best on stocks priced under \$10



Gap and Go! Strategy

The Gap and Go strategy is a unique Trading Strategy that falls under the category of Momentum Trading Strategies.

Time Frame: 9:30am – 10am (sometimes allowing pre-market trading)

Stock Type: Low Float Stock (under 50mil share)

Requirements: Stock should have a Catalyst or be a former runner.

Price Range: Price between \$1.50-10.00

Accuracy: 78% (based on my trades)

Profit Loss Ratio: 1.5:1 (based on my trades)

How do you find stocks?: Trade-Ideas Gap Scanner



Gap and Go Example





Gap and Go! Check List

The Gap and Go Checklist

- 1) Scan for all gappers more 4%
- 2) Prioritize low float stocks higher on the watch list.
- 3) Hunt for Catalyst for the gap (earnings, news, PR, etc)
- 4) Mark out pre-market chart for support/resistance
- 5) Prepare order to buy so all I have to do is press BUY when market opens
- 6) At 9:30am as soon as the bell rings I'm ready to start trading.

If a stock has a big float, or has too much volume pre-market, it will typically be more difficult to trade when the market opens. For that reason, I prioritize those stocks lower on my list.



Gap and Go! Watch List

I get all my Gap up Strategy stocks from my Trade-Ideas gapper scanners.

Ideally I want a stock that is gapping up between 5-10% and is consolidating pre-market in the top 20% of the pre-market range.

I really like when a stock has a well defined pre-market flag.

On an average day I can find 2-4 good Gap and Go candidates. But if we don't have A Quality setups, I will be cautious.





Gap and Go! Scanner

Gappers: 8:46:06 - 8:46:35

Symbol	\$	%	T	E Day	S	Float	SFloat	% Fl	Company Name
CDTI	2.33	13.7	43,937	-14.75	136.4	13.30M	5.00	0.0	CLEAN DIESEL TECHNOLOGIES
AVEO	2.57	12.7	732,835	-17.75	13.5	53.99M	0.20	737	AVEO PHARMACEUTICALS
TA	17.25	9.5	14,635	-17.75	66.4	35.21M	3.90	493	TRAVELCENTERS of AMERICA
PVA	5.00	8.9	9,990	-15.25	0.0	56.26M	32.80	0.0	PENN VIRGINIA
SPHS	1.24	6.0	3,390	-13.50	0.0	14.65M	0.90	93.6	SOPHIRIS BIO
YGE	1.10	5.8	13,500	3.25	0.0	127.6M		86.5	YINGLI GREEN ENERGY
ZION	30.20	5.6	2,585		0.0	198.3M	7.60	2.5K	ZIONS BANCORP
PXLW	6.02	5.4	8,100		0.0	21.06M	11.00	536	PIXELWORKS
CONN	37.20	4.7	2,157	0.25	0.0	7.55M	50.90	2.5K	CONN'S
BZUN	12.00	4.4	5,775		0.0	33.38M		0.0	BAOZUN INC ADS
YOKU	28.75	4.0	21,478	-8.25	1.0	115.8M		418	YOUKU TUDOU
CTRP	78.25	-4.1	81,208	-13.25	7.7	129.9M		479	CTRIP.COM INTL
SOL	1.37	-4.2	54,475	0.25	0.0	73.48M		1.9K	RENESOLA
BOJA	26.60	-5.0	4,292		9.4	1.60M		1.2K	BOJANGLES
TUBE	16.22	-5.4	3,901	-14.50	5.2	11.02M	19.50	617	TUBEMOGUL
DAKT	10.21	-5.4	250	0.25	0.0	35.55M	3.00	19K	DAKTRONICS
PPL	32.86	-5.5	7,100	-17.75	0.2	667.2M	1.60	435	PPL
WG	1.50	-10.7	8,500	-19.25	0.0	50.49M	6.60	0.0	WILLBROS GROUP
RGLS	12.10	-12.2	11,468	-17.25	100.8	24.87M	24.90	920	REGULUS THERAPEUTICS
HIHO	2.79	-18.6	412		0.0	2.56M	0.40	0.0	HIGHWAY HOLDINGS
EMAN	2.55	-19.8	19,750	-12.50	490.2	16.92M	1.40	824	EMAGIN

Gap and Go! Choosing the Best Stocks

I select the stocks I'll use for the Gap up strategy based on the size of the gap, the catalyst causing the gap, how familiar I am with the stock, and the amount of pre-market volume.

I always mark out the pre-market high, and the high of the pre-market consolidation (if there is any)

Remember that the REASON the Gap and Go strategy works is because thousands of other traders practice a variation of the same strategy. We all look for stocks gapping up with news because we know they have the potential to make a big intraday move. Therefore, we want to be trading the most obvious gappers because this is the same stock everyone will be looking at.

It's the new jungle gym on the playground! Everyone wants a piece.





Good Pre-Market Flag





Bad Pre-Market Flag





Bad Pre-Market Flag





Bad Daily Chart on Gapper





Bad Daily Chart on Gapper



Gap and Go! How to Trade

Now that you know how to make your Watch List of Gap and Go Stocks, how are you going to trade them?

When the Market opens at 9:30 I usually have an order ready to buy the Gap up stock at the pre-market highs. I am looking for an immediate push through pre-market highs (where I'll buy) then a squeeze.

These trades last anywhere from 3min-15min depending on their strength

Remember we still have to refer back to our 2:1 Profit Loss Ratios. If you have a 10 cent stop, you need a 20 cent target.





Level 2 window

We'll be watching the Level 2 window very closely. We will enter all of our orders in the order entry window so they are prepared, and all we have to do is press the Buy button. Alternatively, you can use hot keys to send orders.

The screenshot shows a trading software interface with two main windows. The top window is the Level 2 window, displaying a grid of order data. The bottom window is the order entry window, showing various controls and buttons.

Price	Qty	Exch
5.168	1000	FADF
5.16	100	NASD
5.1454	2000	FADF
5.13	100	EDGX
5.15	100	NYSE
5.12	50	NYSE
5.12	100	EDGX
5.12	300	EDGX
5.12	1495	FADF
5.1201	200	FADF
5.13	200	BYX
5.15	100	EDGX
5.15	300	EDGX
5.15	500	EDGX
5.16	100	BATS
5.15	200	EDGX
5.1515	1000	FADF

ESI 5.13 -- 5.19 IIT Educational Services, Inc. C...
ESI 6.32 - 4.82 PCL 4.37 N
Last 5.168 0.798 (18.3%) Vol 3,658,373
Lv1 5.13 5.19 VWAP: 5.48870
ACB 5.15 0 NYSE 5.19 1
NSDQ 5.14 0 BATS 5.19 1
NSDQ 5.13 2 EDGX 5.20 1
BATS 5.13 2 ARCA 5.25 2
NASD 5.13 2 ACB 5.25 2
EDGX 5.12 6 NASD 5.25 1
NYSE 5.12 1 NSDQ 5.25 1
NSDQ 5.11 1 NSDQ 5.26 1
ARCA 5.10 21 NQBX 5.27 1
ESI Bid:5.14 Ask:5.19
2000 P Display TMP ? PO
MARKE Pref DAY+ ANY CAP
SHRT CXL RPL BUY Trigger

Gap and Go Entry Setups

The Gap and Go strategy offers 4 unique setups. Each setup is an entry opportunity with a pre-determined stop.

1. The 1min Opening Range Breakout (entry on 1min chart)
2. The Break of Pre-Market Highs (entry on 1min chart)
3. The First Pull Back (works on both 1min and 5min charts)
4. The Red to Green Move (typically traded on the 1min chart, but also works on the 5min chart)

Hard stop -20 cent max at all times. Profit targets 20-40 cents.

#1 1min Opening Range Breakout (1min chart)

Sometimes the best gappers are too far off the pre-market highs to buy at high of day. In these cases, I wait for the first 1min candle to close and I buy the high of that candle with a stop at the low of that candle.

This type of strategy is applied only from 9:30-10am.

I also call this my Opening Range Breakout Strategy.



#2 Buying Pre-Market Highs (1min chart)



Buying Pre-market highs for a high of day squeeze is one of my favorite strategies but it requires a good pre-market flag.



#3 The First Pullback (1mi 5min)



The first and second pullbacks are almost always bought up.

Transition from Gap and Go to Momo

These take the form of bull flags (we reviewed this pattern yesterday)

I buy the pull back with a stop at the low.

In this example it's a 1min pullback.



#3 The First Pullback (5min)

Remember yesterday when we reviewed Bull Flags. We traded the 1st and 2nd pullback on the 1min chart, and the 1st and 2nd pullback on the 5min chart.

This is an example of the 1st pullback on the 5min chart.



#4 Gap and Go! Red to Green (1min)

The Red to Green Move is a powerful reversal setup to trade. It is most powerful between 9:30-9:45. I only take Red to Green moves on Gappers.

Characteristics is that a stock gapped up, sold off for a few candles, then rips up through the highs and goes green.

A perfect Red to Green Move will sell off 10% out of the gates, turning on Short Sale Restriction (SSR), and then surge up. This means for the rest of the day shorts can't enter on the bid, they have to get in on an uptick. This can create an perfect storm for low float gappers to show an explosive breakout.



Gap and Go Exit Indicators

Once we enter a Gap and Go trade based on one of our favorite setups, how long do you hold it? With Gap and Go trades, I usually have 10 cent stops, with 20 cent max loss. This means my profit targets are between 20-30 cents on average, with 40-50 cents being exceptionally strong, and 50 cents – 1.00 gains are monstrous.

If you are a scalp trader, you typically sell based on Level 2 or Time & Sales action. If you are a trend based trader, you sell based on first candles to make a new low, or go red.

I will begin to sell if:

- 1) I see Heavy Resistance on the Level 2 in the form of a big seller, I bail out by selling on the bid.
- 2) I stop seeing buying, and I'm just seeing a lot of selling on the Time & Sales, I bail out by selling on the bid.
- 3) If my first profit target has touched, I sell half by selling on the Ask, and adjust stop to breakeven for remainder.
- 4) If 2nd or 3rd profit targets are hit, I continue to sell small pieces on the Ask.
- 5) If my entry is on the 5min chart, typically I will sell on the first red candle on the 5min chart, unless I'm already up so much that I can afford to hold through the pullback.



Breakout or Bailout

Remember the Breakout or Bailout Mentality!

If it doesn't start working in the first 5min of entering the trade, I often just bail out breakeven. I expect immediate resolution from these patterns!



Recent Trades

The following are examples of Gap and Go trades. We trade this strategy every day, so these are just a few of the ones that we traded.





\$OHGI pre-market Gapper

Gappers: 9:25:00 - 9:29:59 5/28/2015

Symbol	\$	%	T	E Day	S	Float	SFloat	%	Company Name
RALY	19.42	43.7	2.15M	5.75	17,979	21.07M	6.70	13K	RALLY SOFTWARE DEVELOPMENT CORP
BIOC	3.65	21.7	916,354	-11.50	663.1	13.10M	75.10	422	BIOCEPT
OHGI	2.35	16.3	38,425	-5.50	77.8	14.36M		1.8K	ONE HORIZON GROUP
SPHS	1.20	11.1	125,519	-10.50	13.9	15.24M	1.30	441	SOPHIRIS BIO
EXPR	18.10	8.9	436,264	0.25	537.6	67.09M	4.70	20K	EXPRESS
ANF	21.19	7.8	550,974	0.25	163.3	68.51M	44.80	4.4K	ABERCROMBIE & FITCH
NSTG	14.63	7.7	1,448	-15.25	0.0	8.77M	8.50	5.4K	NANOSTRING TECHNOLOGIES
DYSL	1.60	6.7	100	-10.50	0.0	9.44M	0.10	0.0	DYNASIL CORP of AM
BBLU	1.59	6.0	600	-12.50	0.0	57.72M	1.10	0.0	BLUE EARTH
IMAX	41.00	5.8	37,331	-19.75	43.1	53.86M	19.80	2.1K	IMAX
LBMH	2.85	5.6	100	-12.50	0.0	27.18M	4.80	0.0	LIBERATOR MEDICAL HOLDINGS INC
TUBE	16.35	5.1	3,430	-11.50	31.4	10.93M	20.70	333	TUBEMOGUL
XBIT	21.00	4.9	6,749		5.0	16.68M		600	XBIOTECH INC COMMON
YGE	1.07	4.9	35,240	6.25	24.6	127.9M		116	YINGLI GREEN ENERGY
MNGA	1.50	4.9	56,579	-10.50	2.4	24.93M	4.20	249	MAGNEGAS
UEC	2.83	4.8	10,100	7.50	0.0	87.58M	12.30	96.8	URANIUM ENERGY
DGLY	15.29	4.8	26,742	-10.75	82.6	3.26M	27.50	141	DIGITAL ALLY
ATRS	2.25	4.7	12,750	-12.75	3.6	112.7M	7.20	808	ANTARES PHARMA
SGNL	1.67	4.4	100	-9.50	0.0	3.82M	1.10	103	SIGNAL GENETICS
MFG	4.33	4.3	54,900		0.0	7.39B		6.1K	MIZUHO FINANCIAL GROUP
GPRO	55.43	4.0	472,084		31.2	55.53M	24.20	317	GOPRO



\$OHGI news - Catalyst

OHGI: (14m) 2.16, watching long over 2.20.

OHGI: One Horizon Group – The Company announced that its App is now supporting China’s mobile pay platforms including Alibaba’s Alipay, Tencent’s Wechat Wallet, and China Union Pay. Gapping up % with a 14.3M share float.

\$OHGI example – Pre-Market Flag



\$OHGI example – 1min ORB, then first 1min pullback





\$OHGI profits

Symb	Shares	Avgcost	Realized	Unrealized	Type
BIOC	0	0	-339.60	0.00	Margin
OHGI	0	0	1399.90	0.00	Margin

X	Status	Symb	Side	Qty	Open	Price	Route	Type	Time	TIF	A
09:54:49											



\$OHGI students profits





\$CDTI pre-market Gapper

Gappers: 9:25:00 - 9:29:59

Symbol	\$	%	T	E Day	S	Float	SFloat	% FT	Company Name
AVEO	2.73	19.7	1.27M	-17.75	45.2	53.99M	0.20	820	AVEO PHARMACEUTICALS
CDTI	2.39	16.6	327,339	-14.75	358.3	13.30M	5.00	302	CLEAN DIESEL TECHNOLOGIES
LTRE	1.64	9.3	1,500	-12.50	133.6	4.47M	0.50	0.0	LEARNING TREE INTL
CONN	37.95	6.8	7,494	0.25	10.1	7.55M	50.90	2.0K	CONN'S
ONB	14.45	6.6	10,000			115.0M	3.30	0.0	OLD NATIONAL
OHGI	3.73	6.6	106,696	-8.50	19.8	14.35M	0.10	152	ONE HORIZON GROUP
TA	16.75	6.3	38,389	-17.75	153.7	35.21M	3.90	2.0K	TRAVELCENTERS of AMERICA
TI	12.91	5.3	15,603		22.4	1.57B		0.0	TELECOM ITALIA
PXLW	6.01	5.3	10,700		0.0	21.06M	11.00	717	PIXELWORKS
DG	76.35	4.9	36,837	0.25	16.1	286.8M	1.90	7.6K	DOLLAR GENERAL
PLUG	2.81	4.9	445,268	-15.75	59.3	167.5M	17.70	474	PLUG POWER
YGE	1.09	4.8	23,700	3.25	0.0	127.6M		58.4	YINGLI GREEN ENERGY
CYBX	68.50	4.7	13,518	2.25	150.2	21.46M	7.20	362	CYBERONICS
ZION	29.95	4.7	96,600		225.3	198.3M	7.60	3.4K	ZIONS BANCORP
GBSN	3.70	4.5	2,430	-12.50	0.0	2.62M	23.40	72.4	GREAT BASIN SCIENTIFIC
ANIP	51.75	4.2	2,794	-19.50	0.0	7.66M	16.90	0.0	ANI PHARMACEUTICALS



\$CDTI News - Catalyst

CDTI: Clean Diesel Technologies - The Company announced very positive results for its “Spinel” technology, a proprietary system that reduces exhaust emissions and expected to drastically reduce the cost for auto manufacturers to attain the clean air standards. Gapping up 14% with a 13.3M share float.

\$CDTI example – Clean Pre-Market Flag



\$CDTI example – 1min ORB



\$CDTI students profits





\$BLFS pre-market Gapper

Gappers: 9:25:39 - 9:26:08

Symbol	\$	Float	SFloat	%	T	E Day	\$	%	Company Name
SNCR	51.21	37.55M	13.70	20.4	463,891		206.2	5.4K	SYNCHRONOSS
ARDX	12.00	7.59M	3.30	12.1	2,545	-15.50	0.0	1.5K	ARDELYX
URRE	1.36	22.08M	10.80	11.5	7,500	-14.75	0.0	460	URANIUM RESOURCES
SYN	2.54	60.85M	4.90	11.4	205,632	-16.50	96.3	1.3K	SYNTHETIC BIOLOGICS
PBMD	2.35	42.72M		11.4	261,291		8.0	105	PRIMA BIOMED
BLFS	2.20	5.97M	2.10	11.1	12,790	-18.25	134.9	3.4K	BIO LIFE SOLUTIONS INC.COMMON S
CEMI	5.10	8.54M	0.30	10.9	21,382	-18.75	1,879.4	906	CHEMBIO DIAGNOSTICS
ICLD	2.92	17.43M	3.90	10.6	17,927	-14.50	72.6	11.6	INTERCLOUD SYSTEMS



\$BLFS News - Catalyst

BioLife Solutions Reports Increased Adoption of CryoStor® and HypoThermosol® Clinical Grade Biopreservation Media Products and Strong Interest in Cloud Based biologistex™ App & evo™ Smart Shipper at ISCT Conference

\$BLFS – messy pre-market Flag



This stock was on the Gap Scanner but sortof took a back seat on my watch list because the pre-market flag wasn't that nice. I did like the Low Float and the price range, so I kept it in my mind to watch just in case.

You'll see when the market opened it ended up spiking up. I was alerted to the move by my HOD Momo scanner.



HOD Scanner Shows the Vol



The screenshot shows a window titled "HOD - Momo until 11:30am" with a table of market data. The table has 10 columns: Symbol, Time, \$, T, Float, E Day, S, C %, and % F. The data is sorted by price, with BLFS at the top and ICLD at the bottom. The BLFS rows show a price range from 2.63 to 2.74, while the ICLD rows show prices of 3.10 and 3.25. The table is displayed in a window with standard OS controls (minimize, maximize, close) and a scrollbar on the right.

Symbol	Time	\$	T	...	Float	E Day	S	C %	% F
BLFS	9:31	2.74	273K	596	5.97M	-18	39K	38.4	3.2K
BLFS	9:31	2.71	273K	595	5.97M	-18	39K	36.9	3.2K
BLFS	9:31	2.70	270K	600	5.97M	-18	39K	36.4	3.2K
BLFS	9:31	2.68	269K	599	5.97M	-18	38K	35.4	3.2K
BLFS	9:31	2.67	250K	561	5.97M	-18	35K	34.8	3.2K
BLFS	9:31	2.65	217K	523	5.97M	-18	31K	33.8	3.2K
BLFS	9:31	2.64	212K	511	5.97M	-18	30K	33.3	3.2K
BLFS	9:31	2.63	210K	505	5.97M	-18	30K	32.8	3.2K
ICLD	9:31	3.25	357K	18.2	17.43M	-14	1.7K	23.1	13.7
ICLD	9:31	3.10	215K	15.7	17.43M	-14	987	17.4	13.7

\$BLFS example – 1min ORB



Case Studies



Break of Pre-Market Highs



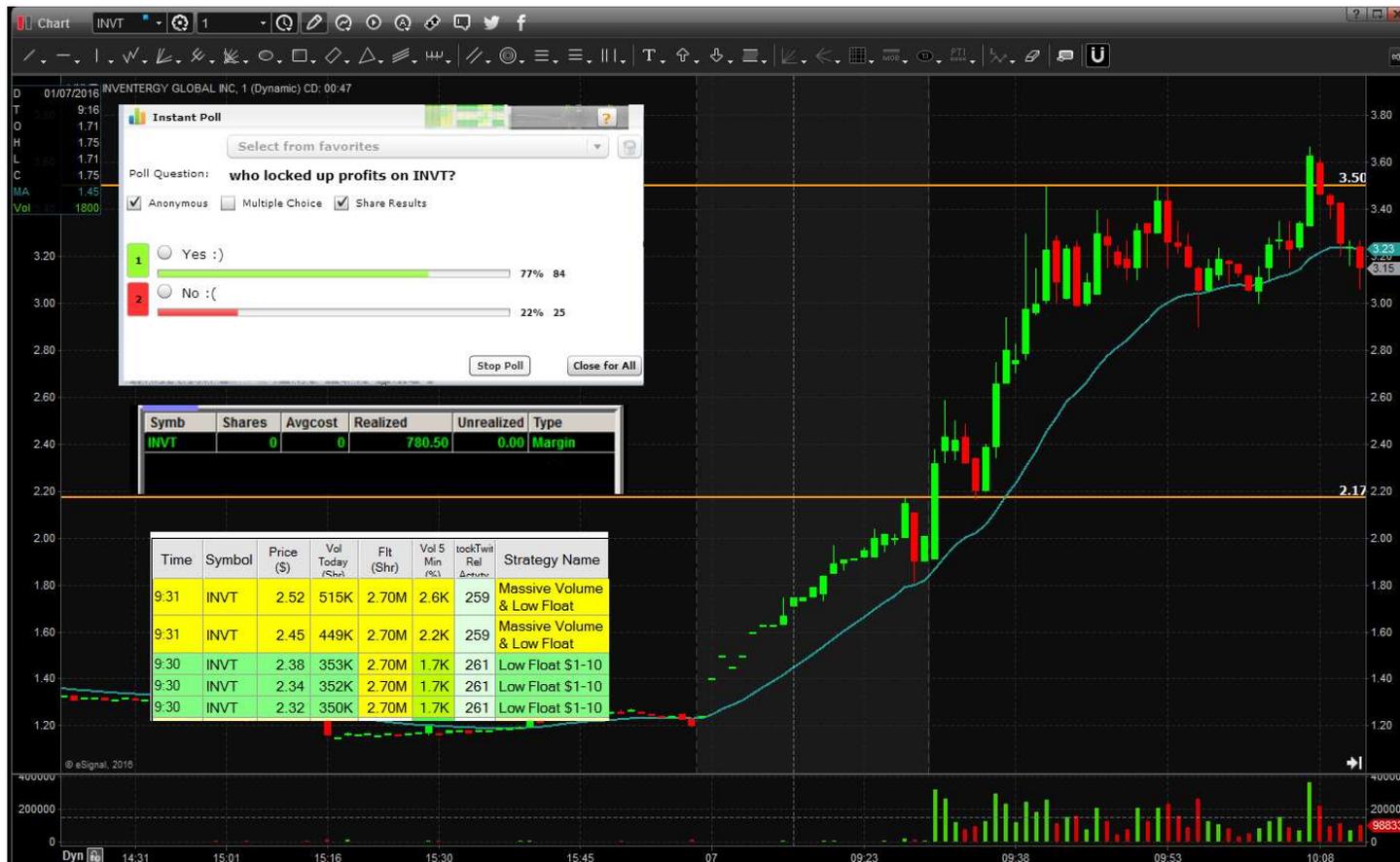
Break of Pre-Market Highs



Break of Pre-Market Highs



Break of Pre-Market Highs



Break of Pre-Market Highs



Break of Pre-Market Highs



\$JVA Break of Pre-Market Highs



1min Opening Range Break



Gap and Go! Red to Green Example



Gap and Go! Red to Green Example



VIDEO Case Studies



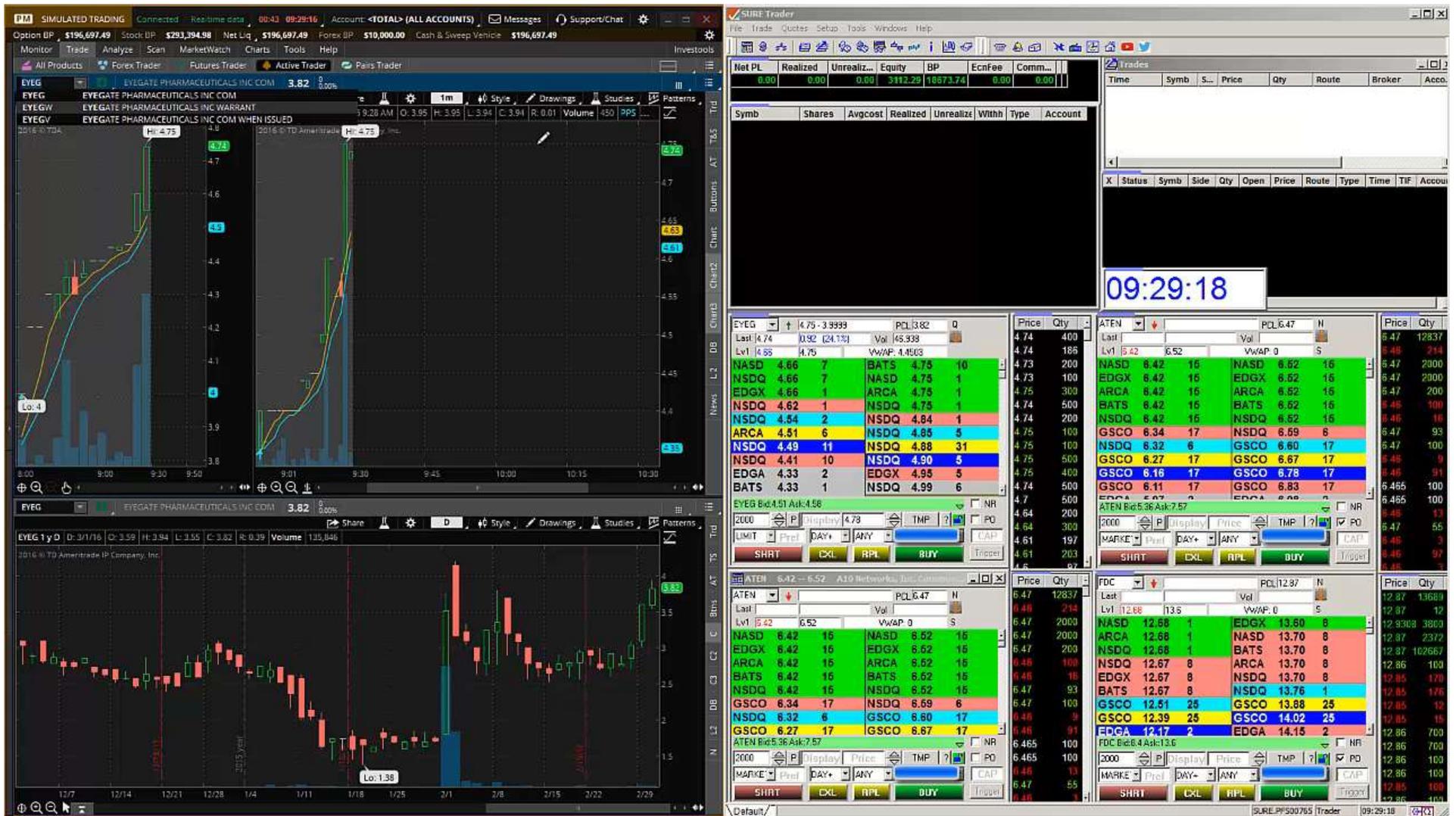
\$LEU Red/Green Gap and Go then \$NWKY Momo Alert

The screenshot displays a trading interface with the following components:

- Top Panel:** Account information for "SIMULATED TRADING" on March 28, 2016, at 09:34:39. Account balance is \$196,697.49. It includes tabs for Monitor, Trade, Analyze, Scan, MarketWatch, Charts, Tools, and Help.
- Left Panel:** Two candlestick charts for NQ Mobile (NMOB). The top chart shows a 15-minute view with a price gap from 4.84 to 4.88. The bottom chart shows a 1-day view from 3/28 to 3/28.
- Right Panel:** A market data grid for LEU (LUNA) and other stocks. The grid shows columns for Price, Qty, and various market indicators. A timestamp of 09:34:39 is visible in the center.
- Bottom Panel:** Order entry windows for LUNA and APLZ, including fields for Limit, Day, and Buy/Sell buttons.



Video: EYEG Gap and Go Break of Pre-Market Highs



Video: ASTC Gap and Go Break of Pre-Market Highs

The screenshot displays a trading interface with several windows:

- Top Left:** Account summary for 'SIMULATED TRADING' showing a balance of \$196,697.49 and a stock portfolio value of \$293,394.98.
- Top Center:** Two candlestick charts for ASTC. The left chart shows a 5-minute view with a high of 3.15 and a low of 1.6. The right chart shows a 1-minute view with a high of 3.15 and a low of 1.6.
- Bottom Left:** A daily candlestick chart for ASTC from 11/30 to 3/7, showing a low of 1.05.
- Top Right:** 'SURE Trader' window showing a Net PL of 0.00, Realized 0.00, and Unrealized 0.00. It also displays a list of trades.
- Bottom Right:** Market data windows for various stocks including ARCA, BATS, EDGX, NSDQ, GSCO, and NITE, showing their current prices and volumes.

A digital clock in the center-right of the interface displays the time 09:32:05.

Video: AKAO break of pre-market highs and HALT

The image displays two screenshots of trading software. The left screenshot is SpeedTrader PRO, and the right is InvestTools.

SpeedTrader PRO (Left):

- Time: 09:30:32
- Net PL: 0.00, Unrealized: 0.00, Equity: [Bar Chart]
- Order Book for BWEN (5.15-5.01):

Price	Qty
5.01	1000
5.04	200
5.0499	700
5.0228	700
5.04	100
5.01	200
5.01	100
5.0101	2000
5.04	680
5.03	100
5.03	100
5.05	66
5.04	100
5.02	150
5.04	50
5.02	200
5.02	200
- Order Book for OPTT (5.6-5.59):

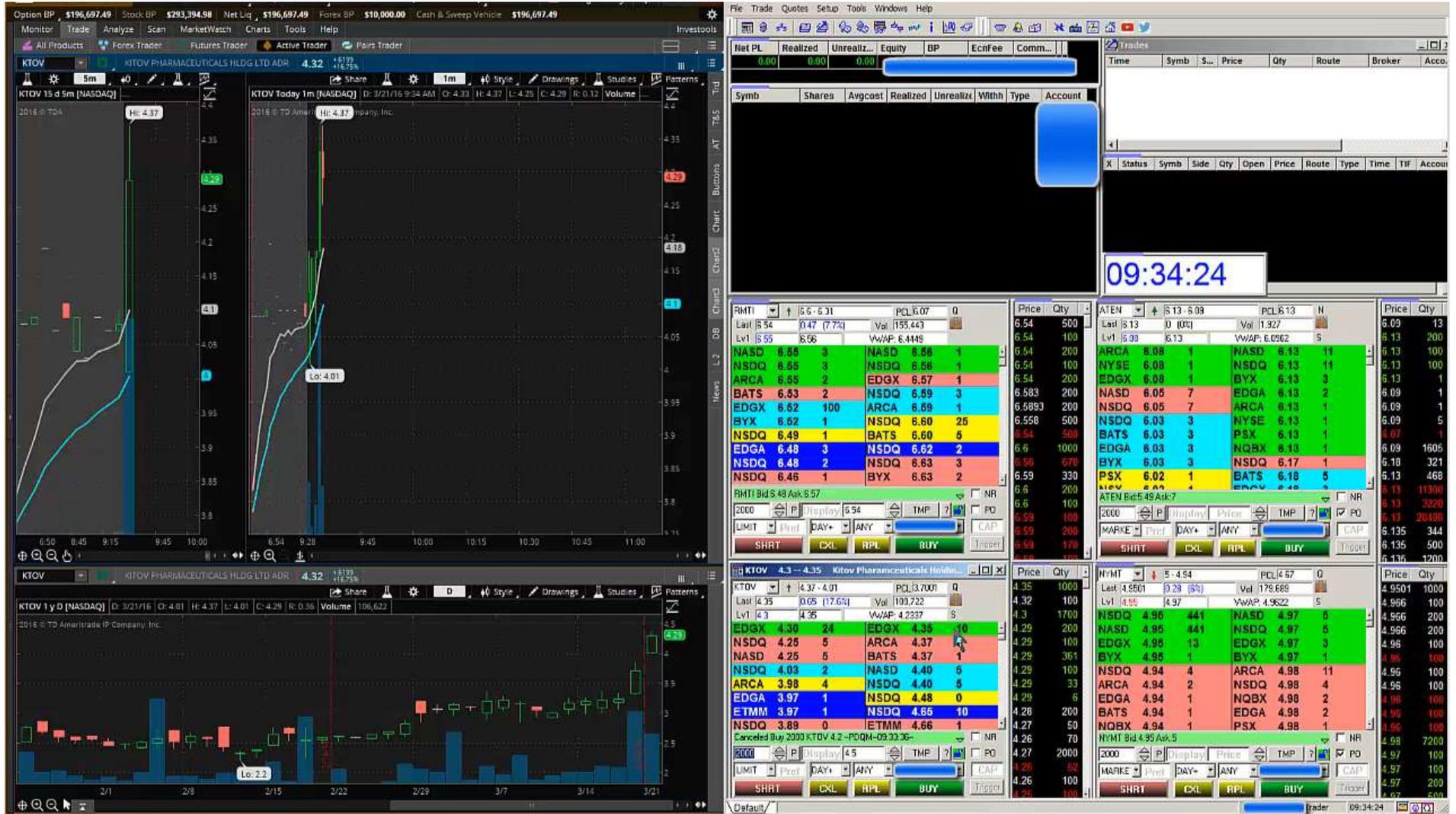
Price	Qty
5.6	100
5.59	200
5.6	400
5.6	100
5.604	100
5.6	100
5.59	99
5.59	500
5.59	99
5.6	100
5.6	200
5.6	100
5.6	100
5.6	100
5.6	100
- Order Book for AXAO (4.2858-3.6):

Price	Qty
4.13	400
4.13	50
4.13	100
4.13	150
4.13	200
4.13	100
4.13	150
4.13	25
4.13	100
4.13	25
4.14	100
4.14	100
4.14	100
4.14	100
4.14	100

InvestTools (Right):

- Account: <TOTAL> (ALL ACCOUNTS)
- Option BP: \$196,697.49, Stock BP: \$293,394.98, Net Liq: \$196,697.49, Forex BP: \$10,000.00, Cash & Sweep Vehicle: \$196,697.49
- Charts for OPTT (OCEAN POWER TECH COM) and AXAO (AMERITRIDE IP CORP) showing price movement and volume.
- OPTT Today 1m [NASDAQ] chart shows a price peak at 6.2 and a low at 5.26.
- AXAO 1 y D [NASDAQ] chart shows a price peak at 6.6 and a low at 1.5.

\$KTOV Gap and Go setup (first pullback)

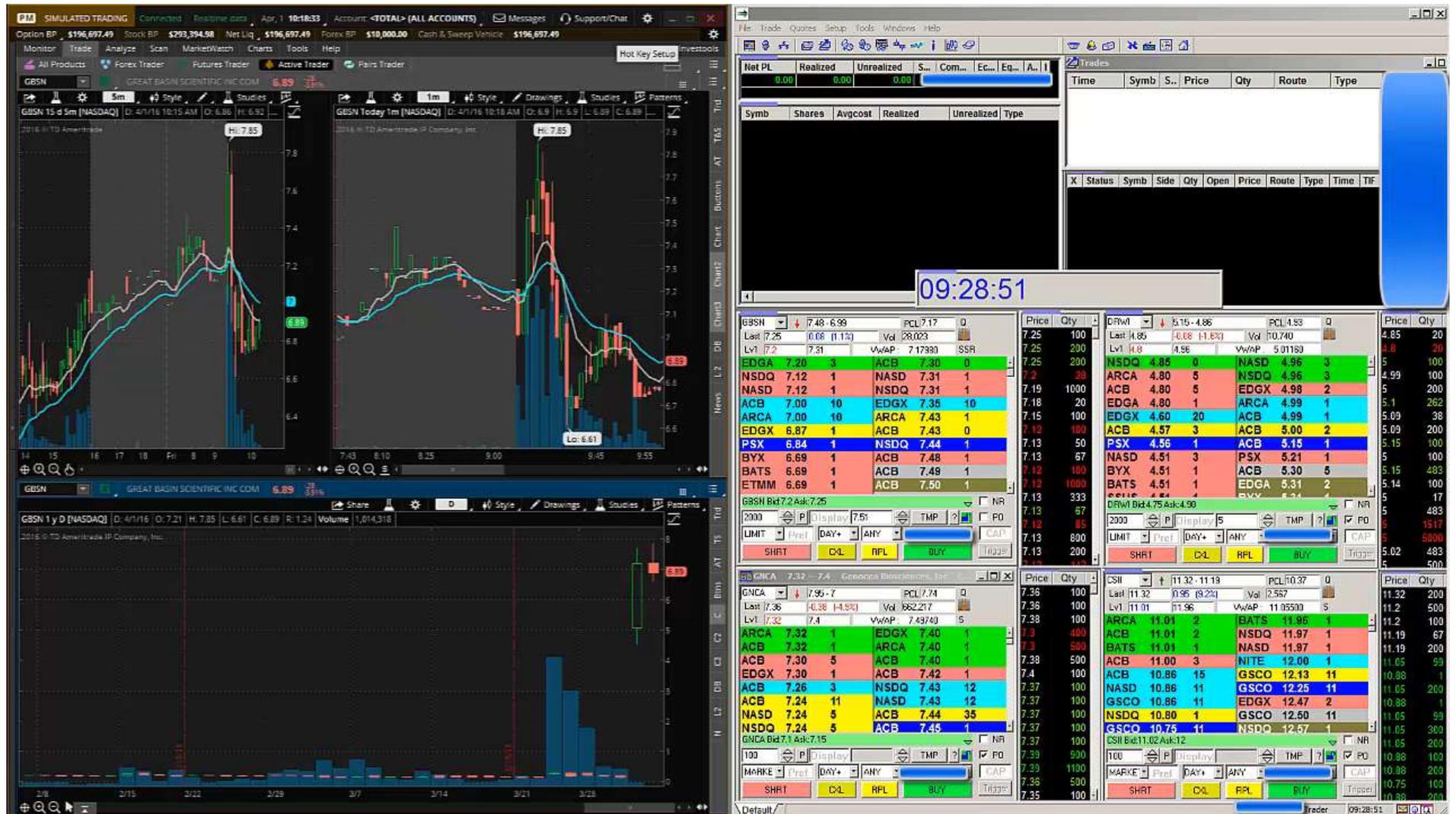


\$ZFGN \$500 in 2min on Gap and Go setup

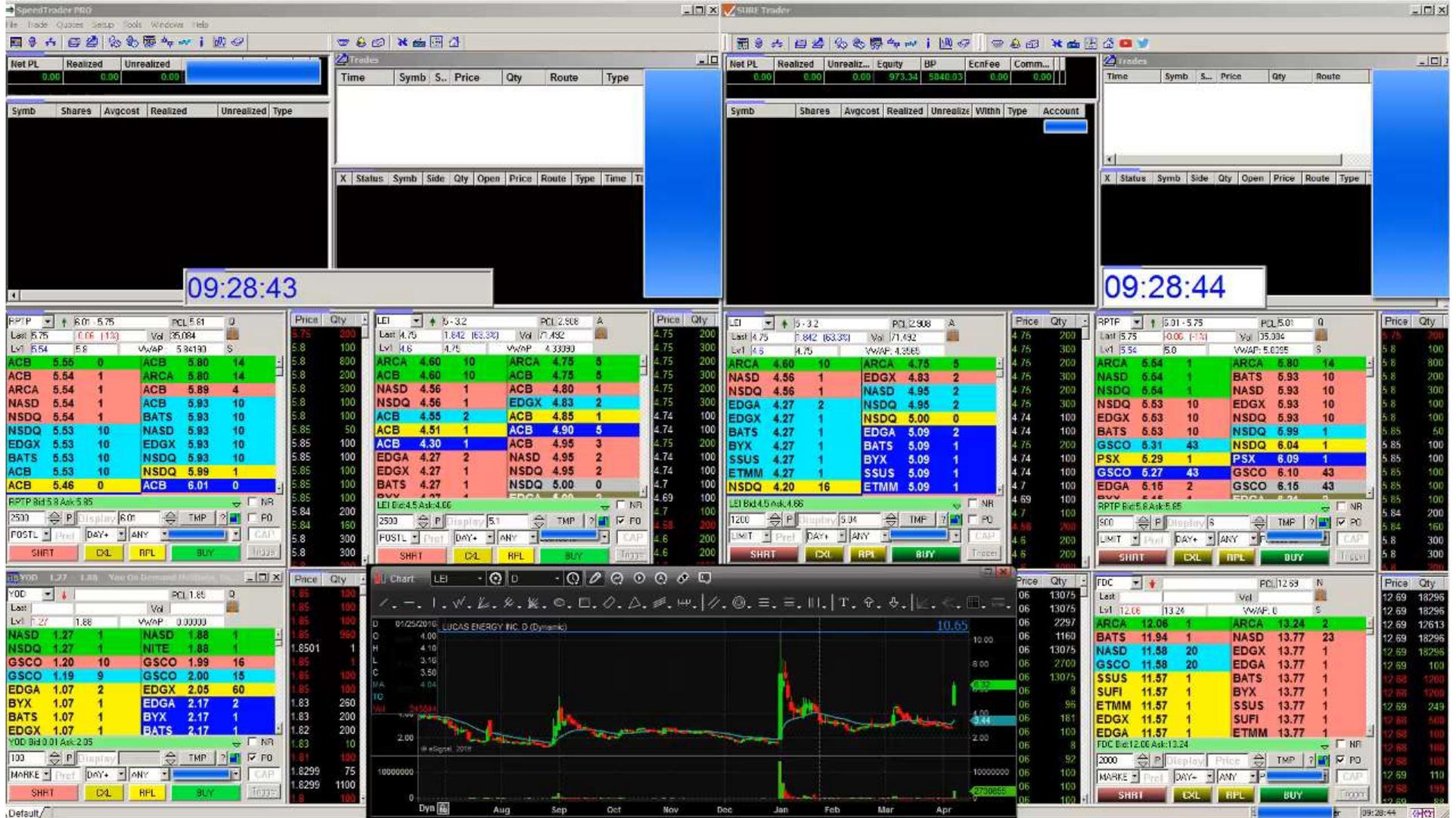
The screenshot displays a trading interface for ZFGN stock. At the top, the account information shows a net liquidation value of \$196,697.49. The main chart area shows two timeframes: a 5-minute chart on the left and a 1-minute chart on the right. The 5m chart shows a gap up from the previous day's close, with a price of 7.73. The 1m chart shows a sharp upward movement from 7.73 to 7.79. Below the charts, there are several order entry windows for ZFGN and other stocks like EDGX, ARCA, NSDQ, and BATS. The ZFGN order window shows a bid price of 7.78 and an ask price of 7.83. The market data tables at the bottom provide a detailed view of the order book and market activity for ZFGN and other related securities.

Symbol	Shares	Avqcost	Realized	Unrealized	Type
Net PL	0.00	0.00	0.00		
BYX	4.76	1	EDGX	4.85	20
EDGX	4.75	13	BYX	4.85	9
ARCA	4.75	9	NSDQ	4.85	8
ACB	4.75	9	NQBX	4.85	8
NSDQ	4.75	8	ARCA	4.85	8
NQBX	4.75	8	EDGA	4.85	8
EDGA	4.75	8	BATS	4.85	8
BATS	4.75	8	NSDQ	4.85	8
NSDQ	4.75	8	ACB	4.85	8
NSDQ	4.71	18	ACB	4.86	1

\$1600 in 15min on Gap and Go setups

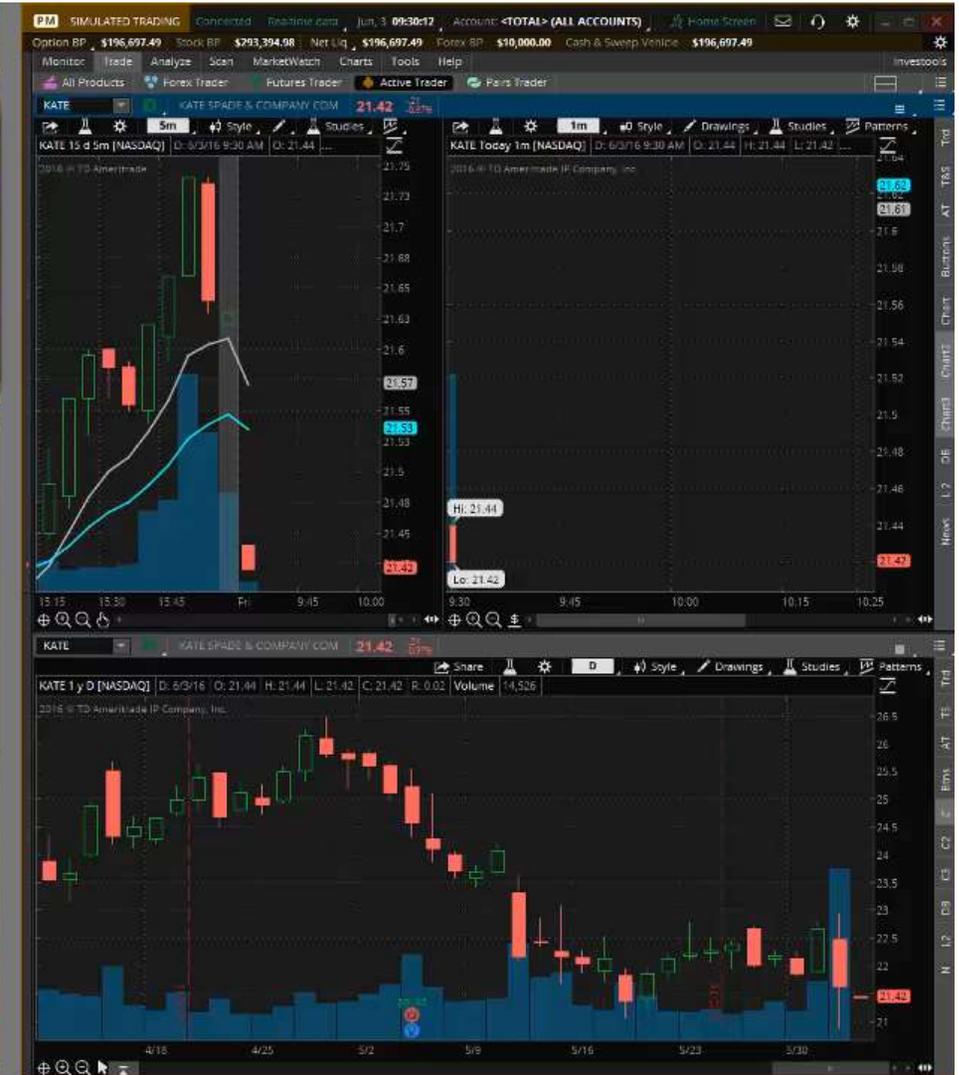


\$1800 in 20min on Gap and Go setups (1mil share float, news, former runner



\$JVA Gap and Go Live Trading

Over \$3500 in profits in 15min.





Extras & Links

Email me with questions ross@warriortrading.com





Warrior Trading

CHAPTER 7. MOMENTUM TRADING STRATEGIES

PART 2: MID-DAY MOMENTUM



Momentum Trading Strategy

I love trading stocks gapping up and it's my go-to strategy for morning trades.

The Gap and Go strategy is a subset of the Momentum Strategy.

But often times there are opportunities to trade momentum throughout the day on stocks that weren't on the watch list as a gapper.

Also, once the Gap and Go trades are finished (usually by 10am), we start to look for momentum in the market anywhere we can find it. This means watching our Momentum Scanners.



Momentum (mid-day runner)



Momentum Trading Strategy

Gap and Go Stocks can become Momentum Stocks

Stocks on the Surging Up Scanner are often good for quick moves to the upside.

I look to get in Surging Up Stocks on the 1st pullback, I will also consider the 2nd pullback but rarely chase stocks beyond that.

The first pullback usually takes the form of a bull flag for a flat top breakout. These provide easy entries for quick profits. These trades are usually 5min-15min long.

We also apply the momentum strategy to Breaking News



How to Find Momentum?

We find Momentum trades on the HOD Momentum scanner. This is looking for stocks hitting new highs on high relative volume with a volume spike. Exactly the type of indicators of high retail trader interest.

We find Gap and Go with a Gap Scan, and Momentum Trades with the Momo Scanner.



Symbol	Time	\$	T	...	Float	E Day	5	C %	%
PLNR	11:27	4.47	273K	3.35	19.36M		2.3K	8.8	2.2K
PLNR	11:26	4.45	267K	3.31	19.36M		2.0K	8.3	2.2K
JAKK	9:34	8.93	209K	45.9	12.04M		2.9K	5.1	1.1K
JAKK	9:34	8.88	208K	46.1	12.04M		2.9K	4.5	1.1K
JAKK	9:34	8.85	204K	45.1	12.04M		2.8K	4.1	1.1K
GBSN	9:32	3.89	504K	29.6	2.62M		5.6K	25.6	757
AAVL	9:32	20.00	1.69M	1.2K	11.60M		7.8K	-49	3.0K
AAVL	9:30	19.74	1.45M	11K	11.60M		4.4K	-49	3.0K
AAVL	9:30	19.27	1.38M	...	11.60M		3.3K	-50	3.0K

How to Find Momentum?

The key to the surging up scanners is that they are showing the stocks in the market right now with the most volume

At any given time we can check the surging scanners to see where the volume is. These stocks are often going to be in play and form patterns we can trade.

Remember, as Day traders, we are FOLLOWING THE VOLUME around the market. That's our job!



Learning to Read Scanners

Learning to read the High of Day Scanners is critical for momentum trading.

My Fav Scans

- 1) “Massive Volume & Low Float” is a powerful scanner.
- 2) “Massive Volume \$1-10” is strong but doesn’t have the float under 10mil shares.

Time	Symbol	Price (\$)	Vol Today (Shr)	Flt (Shr)	Vol 5 Min (%)	StockTwit Rel	Strategy Name	Today's Return (%)
9:34	LBIX	3.01	113K	2.16M	177K	0.0	Massive Volume & Low Float	5%
9:34	LBIX	3.12	114K	2.16M	179K	0.0	Massive Volume & Low Float	6%
9:34	LBIX	2.99	97.5K	2.16M	152K	0.0	Massive Volume & Low Float	5%
9:34	LBIX	3.00	97.6K	2.16M	152K	0.0	Massive Volume & Low Float	5%
9:34	LBIX	2.98	96.1K	2.16M	150K	0.0	Massive Volume & Low Float	5%
9:34	VG	5.31	374K	189M	1.7K	3.8K	Medium Volume \$1-10	2%
9:33	VG	5.29	306K	189M	1.4K	3.5K	Medium Volume \$1-10	2%
9:33	VG	5.17	248K	189M	1.1K	3.5K	Medium Volume \$1-10	1%
9:32	INFI	1.46	2.19M	40.5M	6.1K	15K	Massive Volume \$1-10	17%



Momentum Example

Multiple 9ema Pull Back entries. Also bull flag patterns.

These 9ema pull backs provide safe entries where you don't feel like you are chasing.



Momentum Example



Momentum Example



Momentum Trading Strategy

The Momentum Trading Strategy is a strategy for trading stocks that are already moving up or down quickly.

Time Frame: 9:30am – 12pm(sometimes allowing pre-market trading and sometimes continuing into the afternoon)

Stock Type: Low Float Stock (under 50mil share)

Range Today: Should already be up at least 10%

Requirements: Stock should have a Catalyst or be a former runner, but technical breakouts are okay.

Price Range: Price preferred between \$1.50-10.00, but applicable for all prices. Higher prices should be 5min patterns only.

Accuracy: 72% (based on my trades)

Profit Loss Ratio: 1.5:1 (based on my trades)

How do you find stocks? Trade Ideas HOD Momo Scanner (Yellow or Green Alerts)



Finding Entries

I enter Momentum Stocks based on these types of setups.

- 1) Half Dollar and Whole Dollar Breakout
- 2) Bull Flag/ Flat Top Breakouts
- 3) Moving Average Pullback Entries (also flag patterns typically)
- 4) The 1234 setups. Looking for pivot levels to break
- 5) Breaking News & Halt Setup
- 6) Micro Pullbacks on the 1min chart

On all of these setups, clean daily charts without nearby resistance are preferred.

Low floats are preferred

High volume spikes are preferred.



#1 Whole & ½ Dollar Entries

When a stock is surging up on the MOMO scanner and I see it around 4.90, or 5.45, I will often take entries for the break of the ½ or whole dollar. Stocks surging into these levels often continue to squeeze when they get over the level.

My stop is ALWAYS 10 cents. Entry at 4.99 stop at 4.89. Entry at 5.49 stop at 5.39.

Using a 10 cent stop, I use the scaling exit strategy of selling ½ when I'm up 10 cents, and adjusting my stop to breakeven. I then slowly scale out of the rest into profit or at my stop.



#2 Bull Flag or Flat Tops

If I'm not able to get the whole dollar or half dollar entry, I wait for the first bull flag, flat top breakout, or pull back.

We want to see a strong run up (3-5 Green Candles), this is when a stock will be hitting the HOD scanner, then we want to see a small pull back 2-3 red candles.

As the Bull Flag forms, I buy the first green candle to make a new high vs the previous candle (typically based on the 5min chart, but sometimes the 1min)

I typically use a 10 cent stop here as well, and the same scaling strategy for selling.



#3 The MA Pull Back

When a bull flag takes too long to form and just goes sideways it ends up being a moving average pullback. This isn't always my favorite setup since it already shows some weakness because the stock wasn't able to continue the momentum right away.

With that said, sometimes our strongest all day runners pull back to moving averages then run higher.

My entry will be based on the first candle to make a new high after the tap of the moving average. I may also wait until the break of the top of the flag if a candle has already made a new high but resulted in a fake out. This sort of becomes a flat top breakout if I wait until the highs to break.



#5 Breaking News Setups

There are often times in the middle of the day when we have breaking news that is huge.

It's important to realize that trading breaking news can give you your biggest winners AND your biggest losers. The reason is because stocks trading after breaking news are extremely volatile. You have to be very cautious how you trade them.

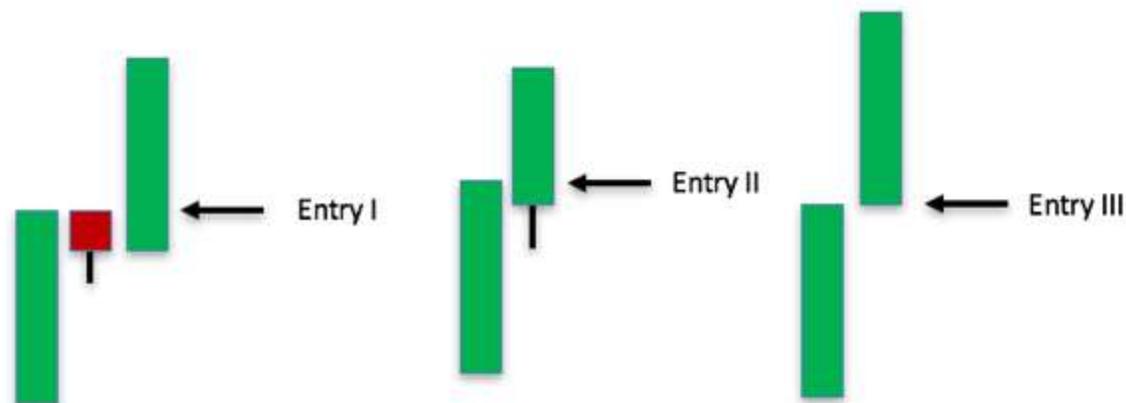
Remember that stocks can be halted pending news, and if a stock starts spiking on rumors, the company may have the stock halted so they can respond to the rumors. Stocks can also spike up on news and get halted on a volatility halt (5min halt to pause trading for stocks priced above \$3 and that move more than 10% in a 5min period) Stocks under \$3.00 have different circuit breaker rules, and S&P 500 stocks and Indices also have different rules.

Good Catalysts: Activist Investors Taking a Stake, Citron Research Reports, Adam F. Articles, FDA, SEC, Gov announcements, Legal actions,

Bad Catalysts: Takeover chatter (this is so vague, and rarely legitimate).

#6 Micro Pull Backs

Stocks surging up and hitting the HOD scanner will often offer brief, micro 1min pullbacks. These are buying opportunities to get into a strong stock. These are especially strong on stocks around half dollars and whole dollars, and on stocks with low floats that are starting to squeeze.



Momentum Exit Indicators

Once we enter a Momentum trade based on one of our favorite setups, how long do you hold it? Just like Gap and Go trades, I usually have 10 cent stops, with 20 cent max loss. This means my profit targets are between 20-30 cents on average, with 40-50 cents being exceptionally strong, and 50 cents – 1.00 gains are monstrous.

If you are a scalp trader, you will typically sell based on Level 2 or Time & Sales. If you are a trend trader, you will sell when the first candles makes a new low, or goes red.

I will begin to sell if:

- 1) I see Heavy Resistance on the Level 2 in the form of a big seller, I bail out by selling on the bid.
- 2) I stop seeing buying, and I'm just seeing a lot of selling on the Time & Sales, I bail out by selling on the bid.
- 3) If my first profit target has touched, I sell half by selling on the Ask , and adjust stop to breakeven for remainder.
- 4) If 2nd or 3rd profit targets are hit, I continue to sell small pieces on the Ask.
- 5) If my entry is on the 5min chart, typically I will sell on the first red candle on the 5min chart, unless I'm already up so much that I can afford to hold through the pullback.



Breakout or Bailout

Remember the Breakout or Bailout Mentality!

If it doesn't start working in the first 5min of entering the trade, I often just bail out breakeven. I expect immediate resolution from these patterns!

Case Studies



No Follow Through (afternoon chop)



1/2 Dollar Break Micro 1min Pullback



1st 5min breakout, then 1min pullback

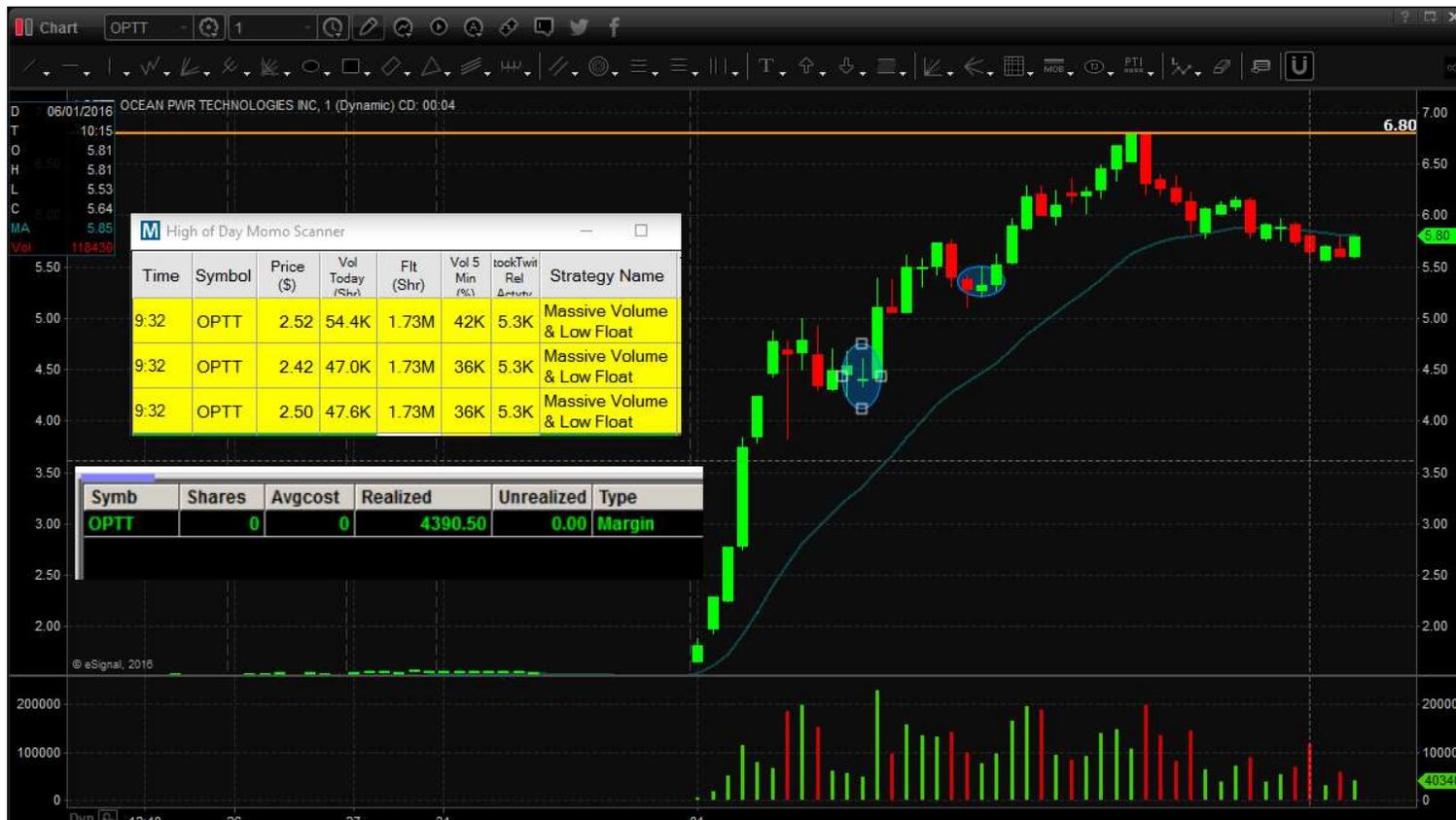


Whole Dollar Break micro 1min pullback





Whole Dollar, Half Dollar, Halt, 1st an 2nd pullback



Bull Flag with 1/2 & Whole dollar breaks



Bull Flag with 1/2 & Whole dollar breaks, and MA pullbacks



Bull Flag





Bull Flags and Flat Tops



Flat Top Breakout

High flying Flat Top / Bull flag, there isn't much of a pull back here which makes this a bit higher risk

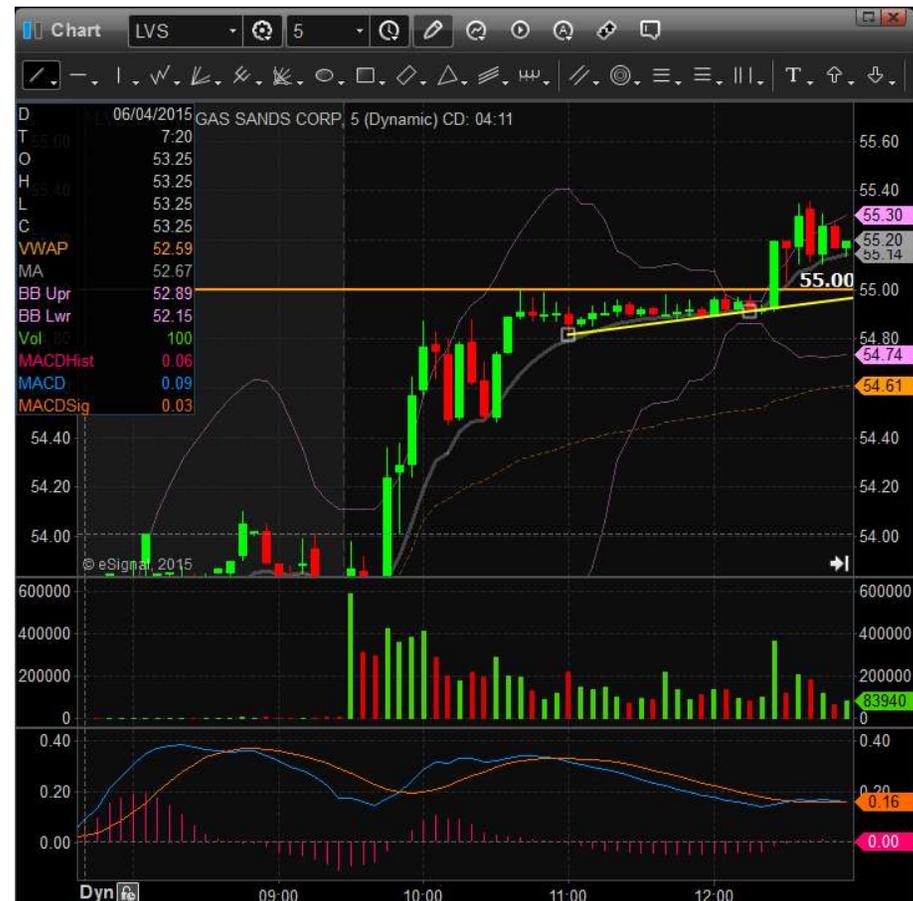




Flat Top Breakout

Flat Top Breakout after consolidation above moving averages.

The entry here is at the breakout price of \$55.00 with a stop of \$54.90. It's a whole dollar setup and a flat top breakout setup.

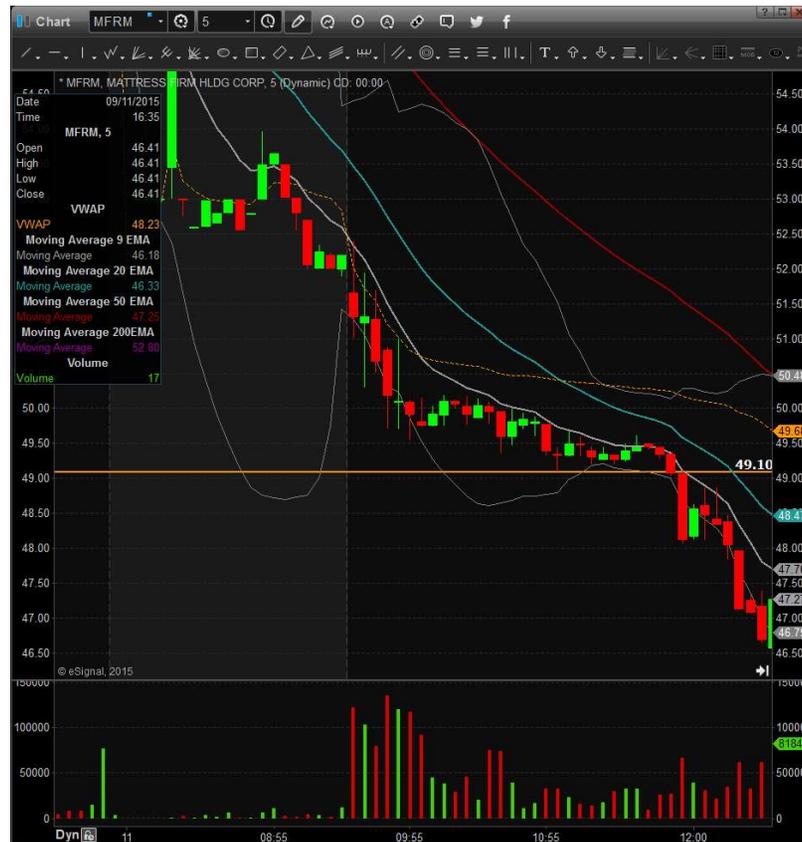




Flat Top Breakout



Momentum (Flat Bottom)





Momentum





Moving Average Pullback





Moving Average Pullback



Moving Average Pullbacks





Momentum (shorting)



Momentum



1234 Setup



1234 Setup



1234 Setup



1234 Setup





1234 Flag Pattern



1234 Flag Pattern





\$MBLY Breaking News Short



Short on Citron Tweet



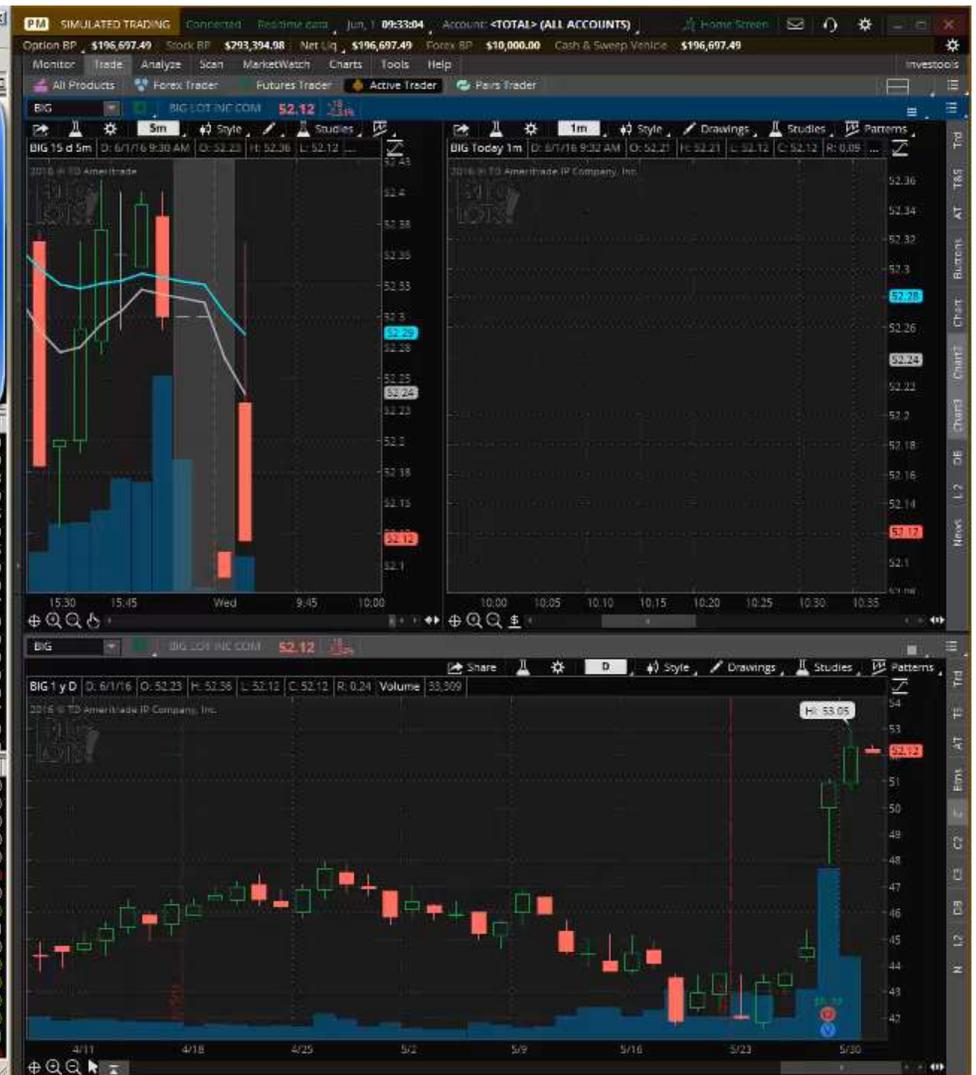
\$WATT Breaking News Long



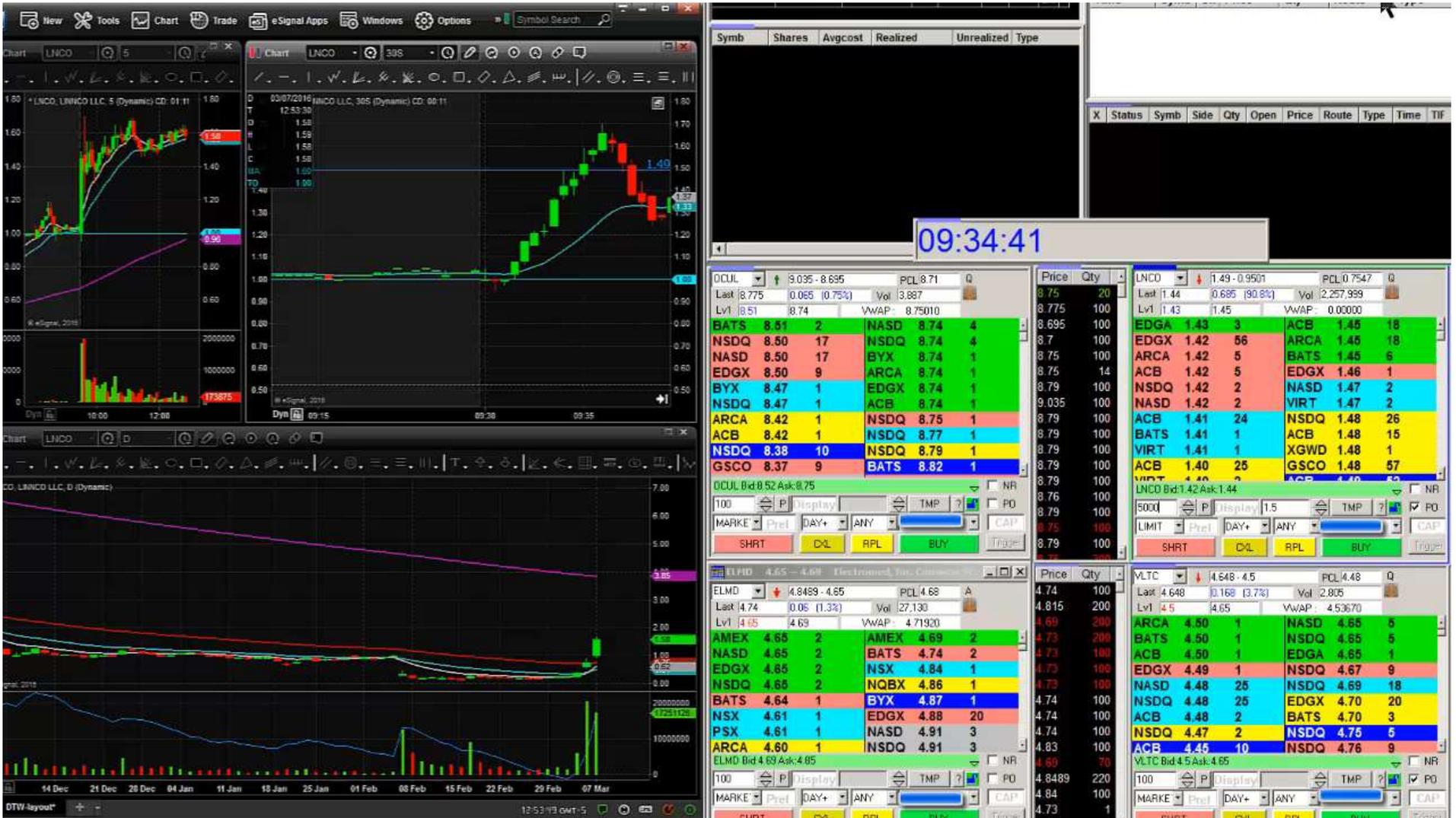
VIDEO Case Studies



Whole Dollar Break then Short Squeeze \$OPTT



\$LNCO half dollar break

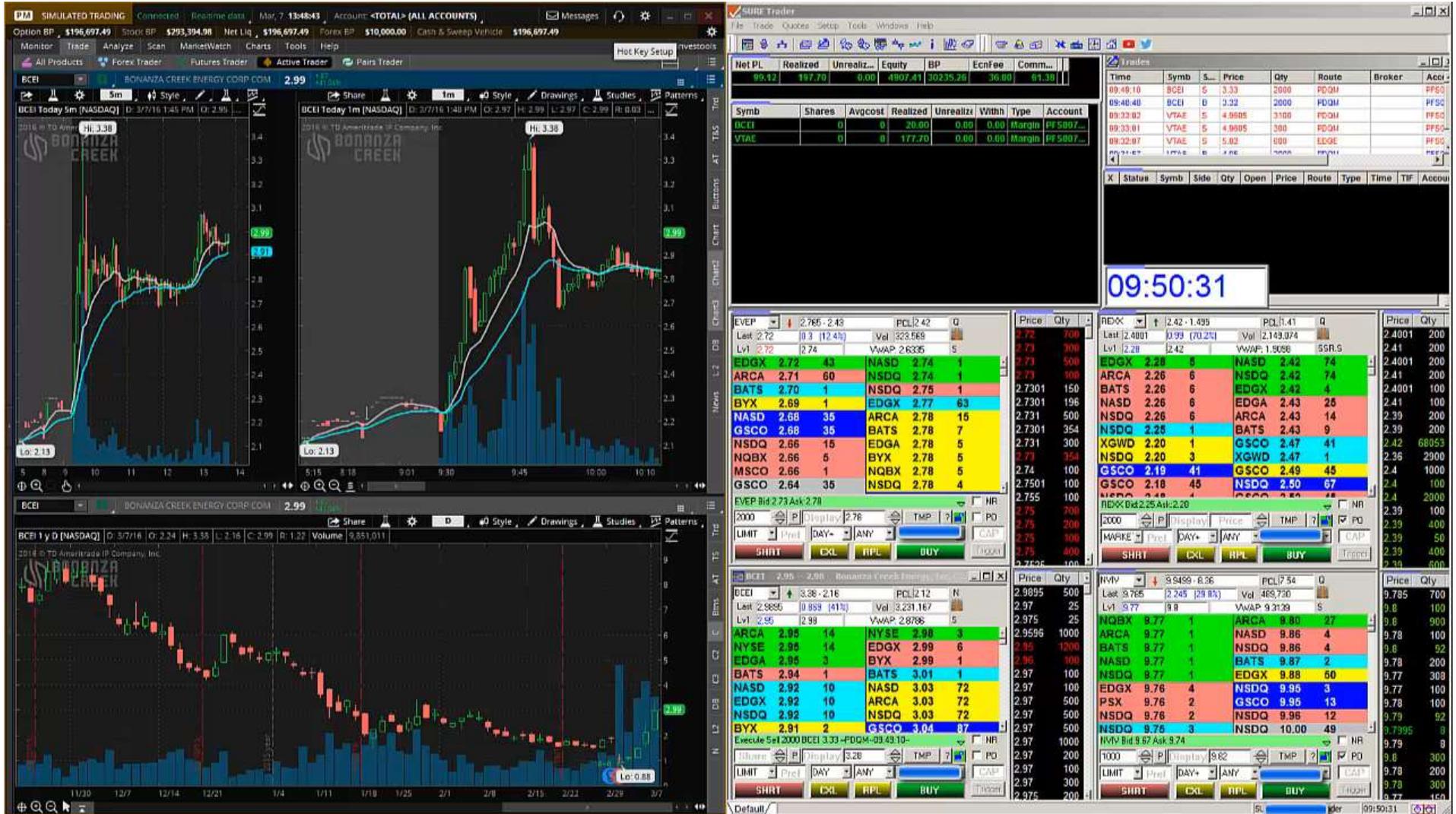


\$BOSC half dollar break

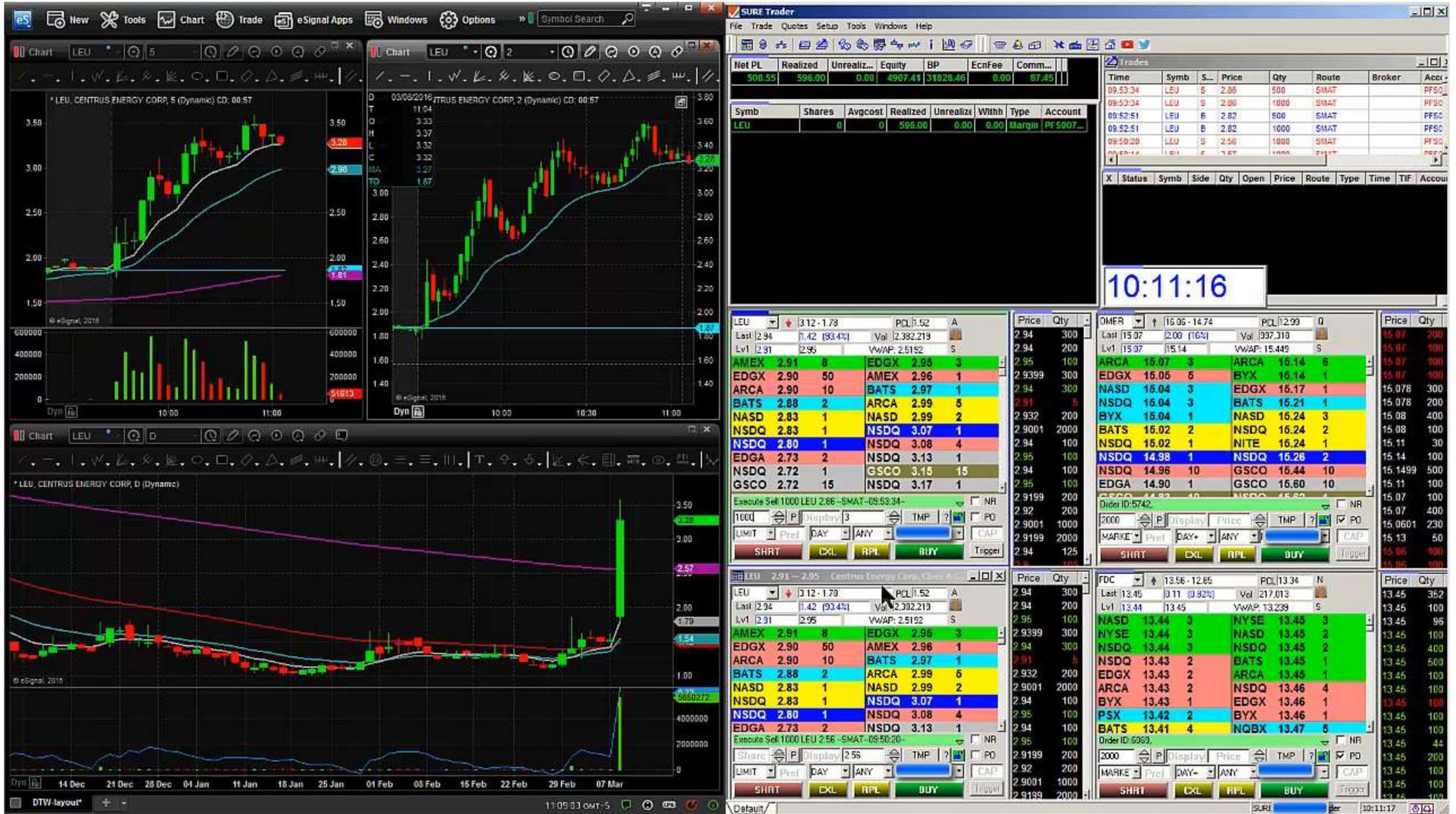
The screenshot displays a trading platform interface with the following components:

- Top Bar:** Account information including Net PL (\$196,697.49), Stock BP (\$293,394.98), and Cash & Sweep Vehicle (\$196,697.49).
- Trades Table:** A table listing recent trades for \$BOSC. A blue box highlights the entry at 09:30:18 for 500 shares at a price of 2.56.
- Order Entry:** Multiple order entry forms for various symbols like ARCA, ACB, NASD, EDGX, PSX, EDGA, BATS, and NQBX, showing price and quantity.
- Charts:** Two candlestick charts for \$BOSC. The left chart shows a 5-minute view with a price range from 50.74 to 53.05. The right chart shows a 1-minute view with a price range from 52.75 to 53.05.
- Market Data:** A central section displaying market data for various exchange-listed securities, including ARCA, ACB, NASD, EDGX, PSX, EDGA, BATS, and NQBX.

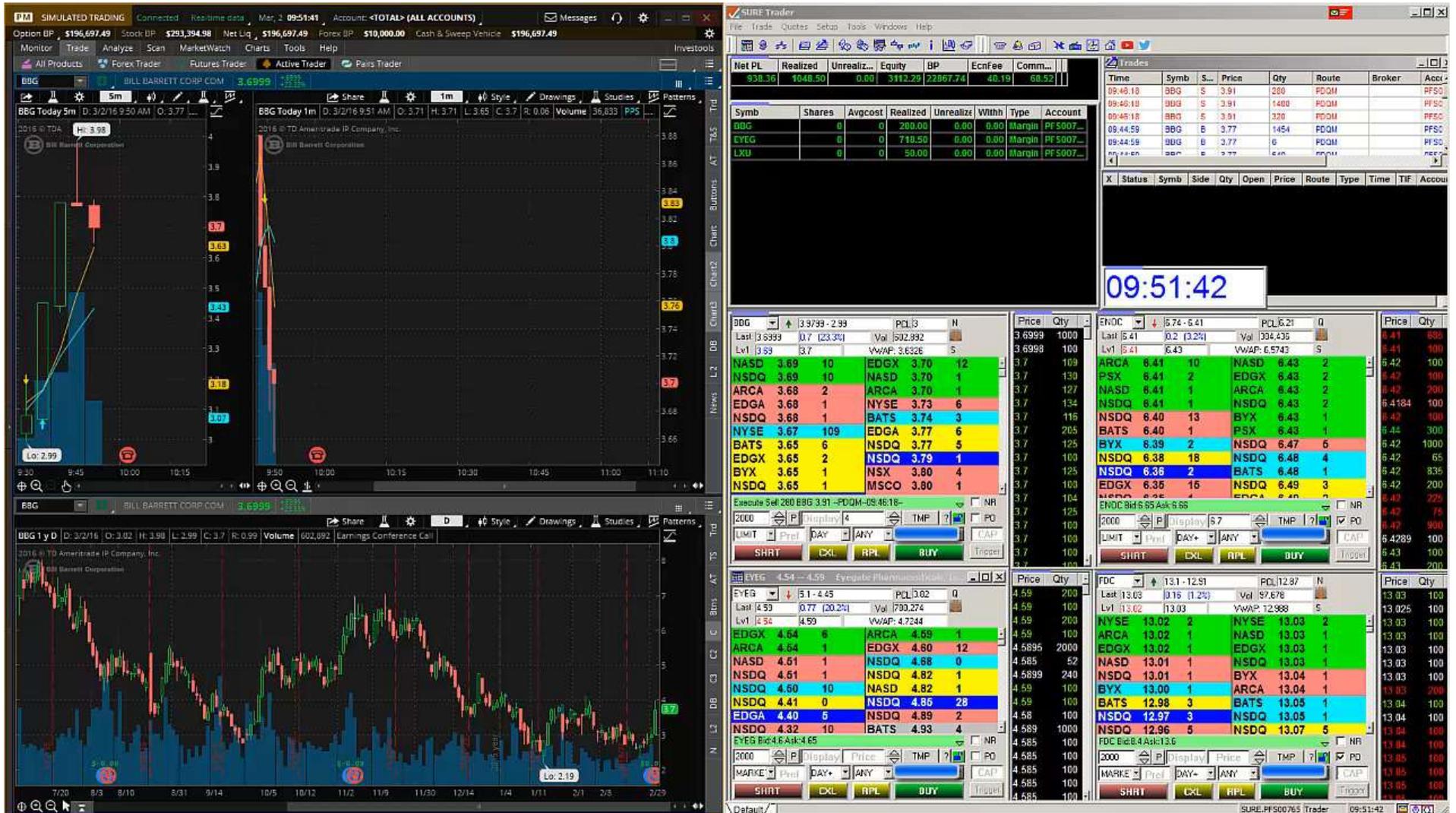
\$BCEI Whole dollar break



\$LEU whole dollar break



Bull Flag 5min Setup



HOD Momo Scanners

The image displays two trading software interfaces. The left interface is SpeedTrader PRO, and the right is DragonWave.

SpeedTrader PRO (Left):

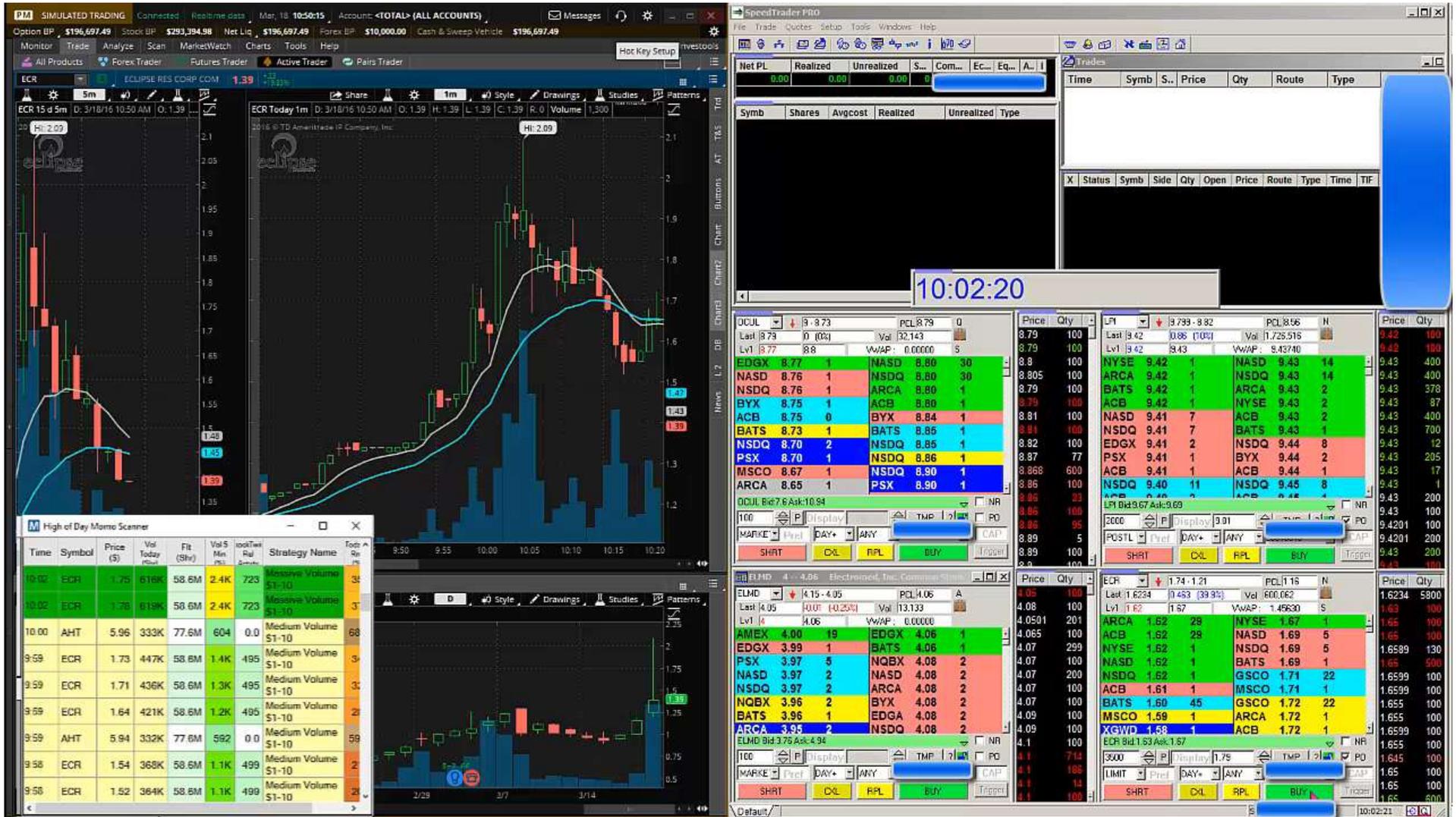
- Trades Table:**

Time	Symb	S.	Price	Qty	Route	Type
09:44:58	GNCA	S	7.01	330	POST	Margin
09:44:28	GNCA	B	7.1	100	JPOC	Margin
09:44:28	GNCA	B	7.1	230	JPOC	Margin
- Order Book:** Shows orders for INVT, ARCA, NASD, NSDQ, EDGX, ACB, and EDGA with columns for Price and Qty.
- Market Data:** Displays real-time data for various symbols like GNCA, ARCA, NASD, NSDQ, EDGX, ACB, and EDGA.
- Time:** 10:06:08

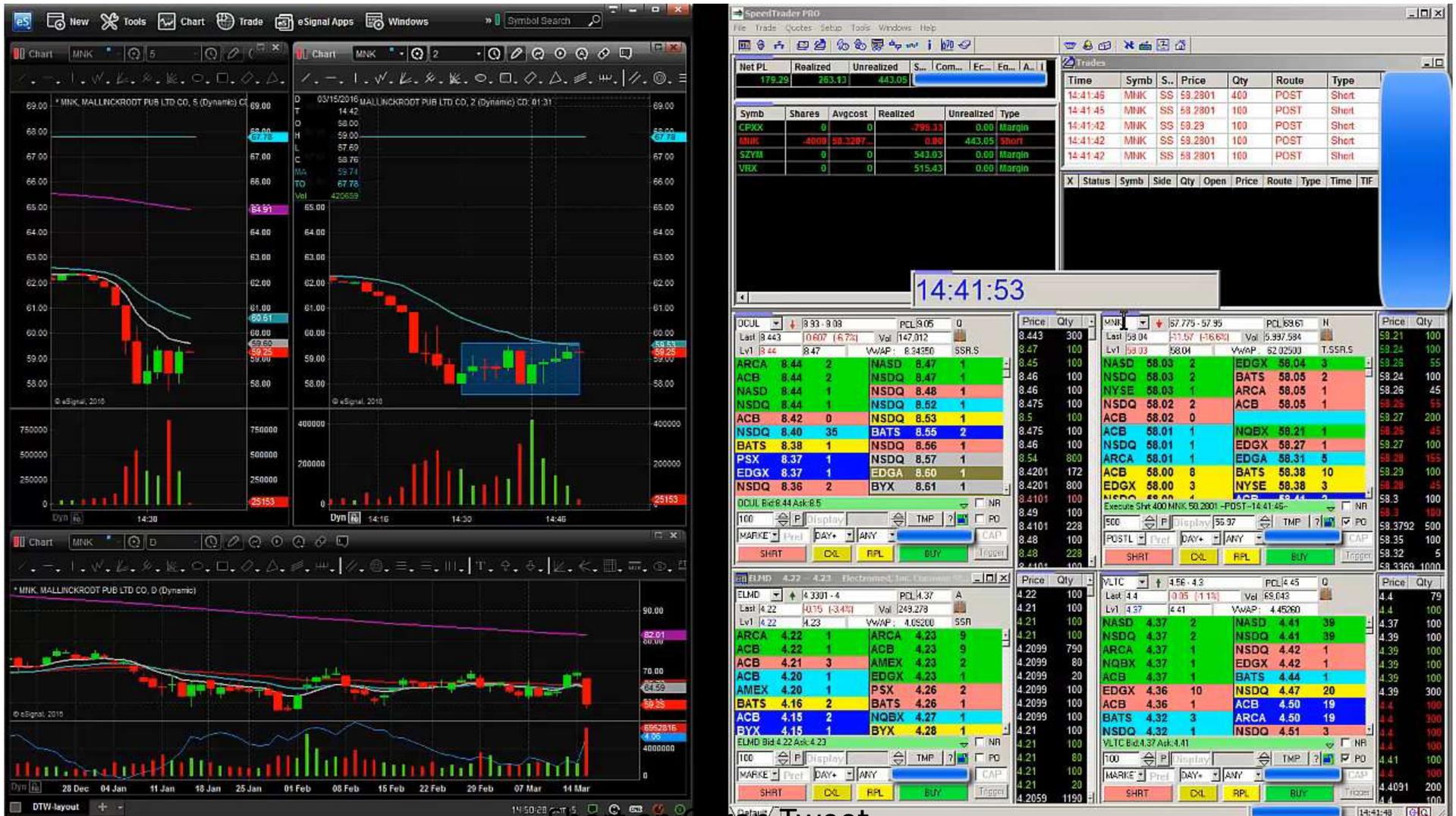
DragonWave (Right):

- DRWI 1d 5m (NASDAQ):** Intraday candlestick chart for DRWI with a 5-minute interval. Price range: 5.4 to 7.2. High: 7.19, Low: 6.59.
- DRWI Today 1m (NASDAQ):** Intraday candlestick chart for DRWI with a 1-minute interval. Price range: 5.6 to 7.2. High: 7.19, Low: 6.59.
- DRWI 1y 0 (NASDAQ):** Daily candlestick chart for DRWI. Price range: 1.5 to 7.5. High: 7.19, Low: 5.53.

\$ECR Momentum (1st pullback)

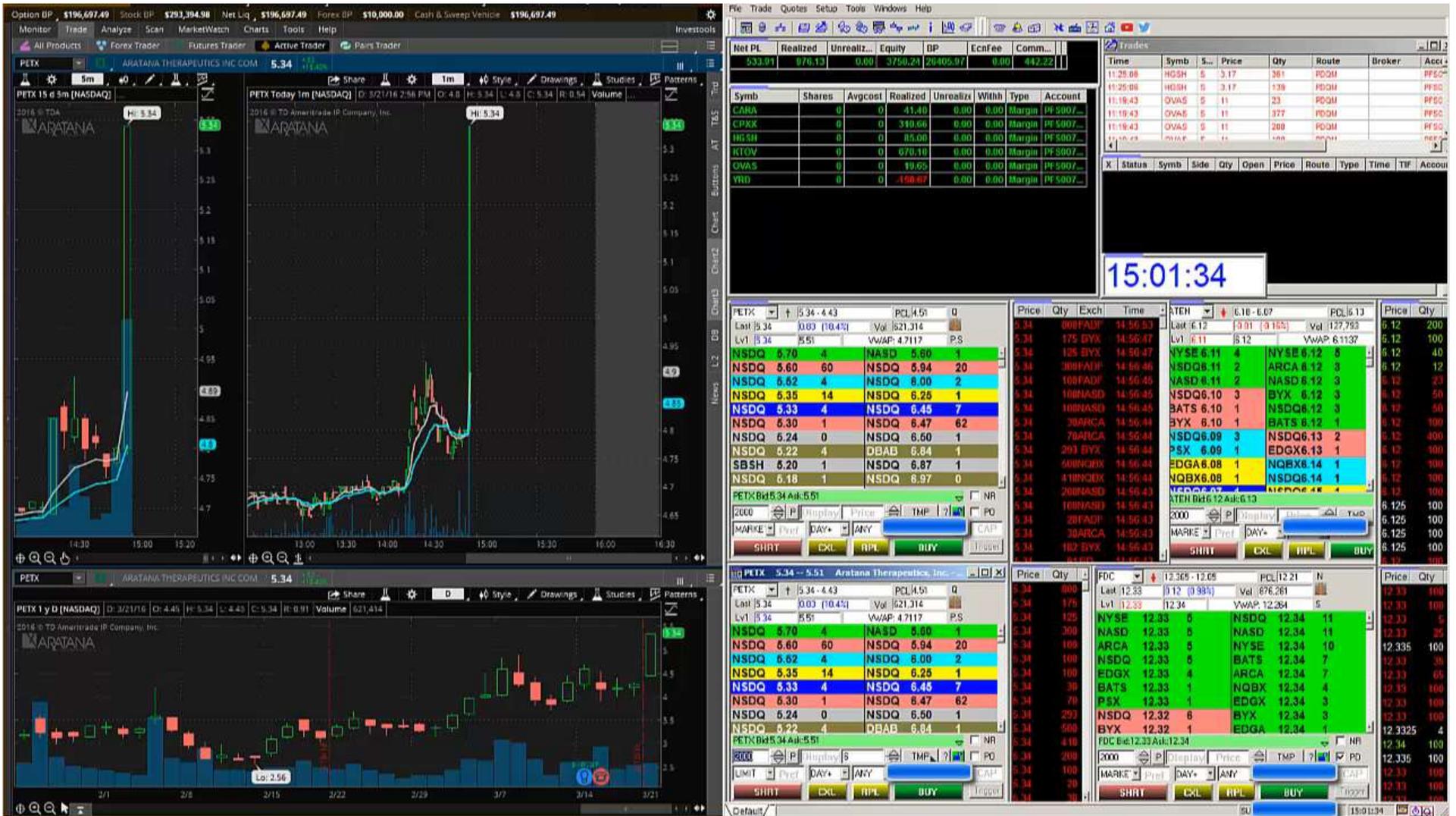


\$MNK Breaking News Short - Citron

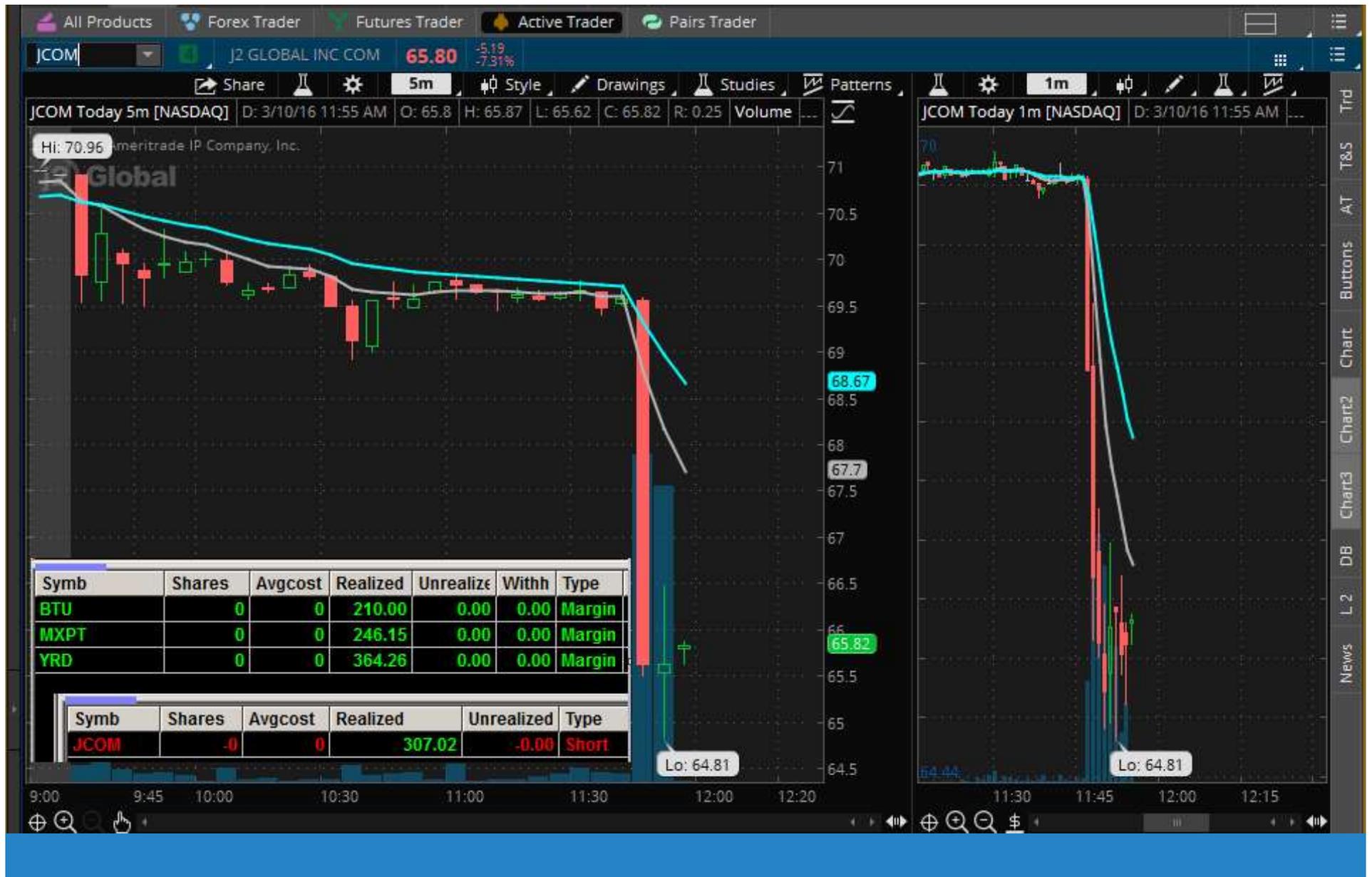


Short on Citron Tweet

\$PETX Breaking News – FDA announcement



\$JCOM Breaking News Short Citron



\$3815 on 4 stocks in 2hrs

SpeedTrader PRO

File Trade Quotes Setup Tools Windows Help

Net PL: 288.84 Unrealized: 0.00 Equity: C... Realiz... A... BP S... I

09:34:48

Time	Symb	S...	Price	Qty	Route	Type	ECN...
09:32:19	EBIO	S	3.52	200	EDGX	Margin	
09:32:19	EBIO	S	3.52	500	EDGX	Margin	
09:32:19	FBIO	S	3.52	800	EDGX	Margin	
09:32:19	EBIO	S	3.52	100	EDGX	Margin	
09:32:18	EBIO	S	3.52	100	EDGX	Margin	

Symb	Shares	Avgcost	Realized	Unrealized	Type
EBIO	0	0	288.84	0.00	Margin

Price	Qty	Price	Qty
1.4667	1000	3.3599	50
1.44	100	3.3624	3000
1.47	100	3.3599	200
1.458	7500	3.3599	300
1.466	100	3.34	440
1.4699	5000	3.3498	400
1.458	1200	3.3498	300
1.47	600	3.3498	100
1.4699	1200	3.36	300
1.4699	600	3.36	100
1.46	100	3.3599	700
1.4525	100	3.3498	700
1.46	100	3.3201	300
1.4611	2000	3.344	500
1.454	5000	3.3498	900
1.4699	2000	3.34	100
1.46	100	3.36	100

Price	Qty	Price	Qty
2.86	250	5.83	49
2.85	767	5.83	25
2.87	500	5.83	5
2.87	500	5.83	88
2.85	95	5.81	100
2.85	590	5.82	20
2.88	500	5.82	80
2.9	8461	5.84	100
2.9	8461	5.84	100
2.91	100	5.84	100
2.91	100	5.84	100
2.95	100	5.84	100
2.95	836	5.82	100
2.95	836	5.84	100
2.95	800	5.84	400
2.95	800		

PM SIMULATED TRADING Connected Real-time data Jun 14 11:36:29 Account: <TOTAL> (ALL ACCOUNTS) Home Screen

Option BP: \$196,697.49 Stock BP: \$293,394.98 Net Liq: \$196,697.49 Forex BP: \$10,000.00 Cash & Sweep Vehicle: \$196,697.49

Monitor Trade Analyze Scan MarketWatch Charts Tools Help

COYN 15 d 5m [NASDAQ] D: 6/14/16 11:35 AM O: 1.41 H: 1.41 L: 1.41

COYN 2 d 1m [NASDAQ] D: 6/14/16 11:35 AM O: 1.41 H: 1.41 L: 1.41

COYN 1 y D [NASDAQ] D: 6/14/16 O: 1.48 H: 1.48 L: 1.33 C: 1.41 R: 0.15 Volume: 173,377



Extras & Links

Email me with questions ross@warriortrading.com





Warrior Trading

CHAPTER 8. REVERSAL TRADING STRATEGIES





Today you will Learn

- Reversal trading strategies are great for mid-day and afternoon trades, especially on days when momentum is a bit slower.



Why Is This Important?

- Reversal trades provide the opportunity for massive profits because the best reversal can offer 10-20 cent stops and multi-point runs. Reversals are best on higher priced stocks which means it's not a strategy that can be easily traded by students with smaller accounts.



Reversal Example



The Advantage of Reversals



It's difficult to anticipate when stocks will make big moves, but we know that almost all big moves eventually are corrected.

We look for reversal opportunities on stocks that have just made extreme moves to the upside or the downside. Our stop will always be at the high or low of the day which means our risk will be very low relative to our profit potential.

Instead of trying to predict the next big mover, we let the moves happen, find them on our scanners, then short the tops or buy the bottoms.

Rubber Band Concept – Stretched out, need to bounce back!!

In order to trade reversals you must be able to identify them in real-time, and understand your risk vs reward!

What Goes up Must Come Down





Only Trading Extremes

The key for success with Top and Bottom Reversals is that we must trade extremes.

I look for indicators of extremes including:

- High RSI (above 90), Low RSI (below 10)
- A candle outside the Bollinger Bands
- 5-10 Consecutive Candles ending with Pin Bar or a Doji



You Will Learn

- How to find reversal setups using Stock Scanners
- How to Read Bollinger Bands to find Extremes
- Using Pin Bar Candle Sticks to take an entry
- Understanding where to set stops & profit targets
- How to trail your winners



How to Find These Setups

Use High of Day and Low of Day Scanners with RSI Filters - We provide our students with these scanners. They are powered by Trade-Ideas.

V5 / V8 Reversal Hybrid Scanner								
Time	Symbol	RSI 5	Vol 5	Time	Vol 15	Vol 5	Strategy Name	
12:21	NFLX	82.5	5	15.8M	1.42	529.8	117	V8 Top Reversal
12:21	NFLX	82.5	5	15.8M	1.42	529.8	117	V5 Top Reversal
12:19	NFLX	81.7	4	15.3M	1.39	561.6	130	V8 Top Reversal
12:19	NFLX	81.7	4	15.3M	1.39	561.6	130	V5 Top Reversal
12:18	NFLX	80.3	4	15.0M	1.36	518.6	120	V8 Top Reversal
12:18	NFLX	80.3	4	15.0M	1.36	518.6	120	V5 Top Reversal
12:17	NFLX	79.0	4	14.8M	1.35	479.2	112	V8 Top Reversal
12:17	NFLX	79.0	4	14.8M	1.35	479.2	112	V5 Top Reversal
12:13	SHPG	11.9	-6	2.03M	8.57	421.3	-13	V8 Bottom Reversal
12:13	SHPG	11.9	-6	2.03M	8.57	421.3	-13	V5 Bottom Reversal
12:06	SHPG	12.6	-5	1.96M	8.50	478.2	-16	V8 Bottom Reversal
12:06	SHPG	12.6	-5	1.96M	8.50	478.2	-16	V5 Bottom Reversal

RSI xtremes						
Time	Symbol	5 Min RSI (n)	Consec Cndls (/5)	Vol Today (Shr)	Vol 15 Min (%)	Rel Vol
12:51	SIGM	5.4	0	524K	434.4	1.92
12:50	AXTA	15.3	-6	1.5M	261.8	2.70
12:50	SIGM	6.1	0	518K	402.3	1.92
12:45	CLR	31.9	-7	1.9M	81.8	1.13
12:43	OIL	24.8	-8	549K	36.7	0.95
12:43	FLR	22.9	-7	862K	53.0	1.33
12:42	SIGM	6.8	0	504K	610.5	1.91
12:42	OIL	25.4	-8	546K	35.8	0.95
12:42	FLR	25.0	-7	856K	48.3	1.33

Reversal Trading Strategy

If we see a stock has just made a strong move, either to the upside or the downside, we may feel we've missed the opportunity to jump on the momentum. Instead, we wait for the reversal, to trade the opposite direction.

Time Frame: 9:30am – 4pm (Strategy works all day, but requires high volume on the stock in question)

Stock Type: Low – Medium Float Stock (under 50mil ideal, but up to 100mil not usually a problem)

Range Today: Should already be up or down at least 5%, but 10% is better.

Requirements: A min of 5 consecutive candles on the 5min chart, more is better. Volume Spiking.

Price Range: Price preferred between \$20-100, but applicable for all prices.

Accuracy: 67% (based on my trades) (accuracy lower because timing reversals is hard)

Profit Loss Ratio: 2.5:1 (based on my trades) (Wins are bigger because when they work, they work!)

How to find stocks: Use Reversal Scanners, Low RSI Scanners, and Consecutive Red/Green Candles scanners, then buy first candle to make a new high.



Finding the Setup

Now that you know how to use scanners to find the stocks worth trading, you need to find your setup.

The reversal setups I trade

1. Candle outside Bollinger Bands
2. First candle to make a new high after 5+ red candles
3. Over/Under a whole dollar or half dollar
4. Bounce off 200EMA on the Daily Chart
5. Bounce off support or resistance on the Daily Chart.

The setup has to be very obvious for me to take the trade.



Setting your Stop

With reversal trades we have to remember we are going against the trend. That means I don't want to fight it! If the stock continues to be trending, I'll just bail out with a small loss. I set stops at High of Day or Low of Day. Sometimes I will use an arbitrary 10-20 cent stop if the HOD or LOD is too far away.

Using the 10-20 cent stop, I still want a min of 2:1 profit loss ratio, and 3:1 is better for reversals.



Profit Targets

I set profit targets first at the 20ema on the 1min chart. If I'm taking a bottom bounce that has already started to curl off the bottom, I there isn't room to profit between current price an 20ema, I will wait for it first break and hold over the 20ema.

1st Profit Target: 20ema on the 1min chart

2nd Profit Target: 9ema on the 5min chart

3rd Profit Target: 20ema on the 5min chart

4th Profit Target: VWAP

Candles Outside Bollinger Bands



Candle Outside Bollinger Bands



When we have 5+ consecutive candles and the final candle is outside the Bollinger Bands this is a particularly strong setup. Anytime a candle is outside the Bollinger Bands a stock is very extended.

I will use the candle outside the Bands as my “Pin Bar”. Once that candle has closed (on the 5min chart) I will use the High as my stop, and the bottom as my entry to short.

Using my scaling strategy, as soon as I’ve made what I was risking, I cover half, and adjust stops to breakeven. I’ll then trail the rest of the position as long as possible.



5+ Consecutive Candles





5+ Consecutive Candles

Anytime we have 5+ Consecutive candles AND we have extremely high or low RSI (above 90/below 10), we have a good chance of a reversal happening. My entry is based on the first candle to make a new high, with a stop at the low. This is the same as a Bollinger Band Reversal setup except that the final candle may not be outside the bands.

Whole Dollar and ½ Dollar Entries



We wait for the stock to break below the whole dollar of \$79. That shows continued weakness. However, if it were truly weak, it wouldn't be able to get back above the whole dollar. As soon as we break above the whole dollar, we get long at \$79.

Whole Dollars / Half Dollars



This is the riskiest type of reversal strategy, but it can also be the most profitable. What I essentially do is look for an entry when a stock is trading around the $\frac{1}{2}$ or whole dollar, and set my stop on the other side. Preferably, I want to see a stock break through the whole or half dollar, and then fail. I will take the reversal as it fails and breaks back through the figure.

Sometimes I will take an entry on an approach to a whole dollar, but that is risky because that is essentially just buying a weak stock as it approaches a support level, without knowing if that support level will be respected.

Reversal Exit Indicators

I tend to prefer immediate resolution of Reversal Trades. If I get in expecting a bounce, and we don't bounce, I'm immediately on my guard.

If you are a scalp trader, you will typically sell based on Level 2 or Time & Sales. If you are a trend trader, you will sell when the first candle makes a new low, or goes red.

I will begin to sell if:

- 1) I see Heavy Resistance on the Level 2 in the form of a big seller, I bail out by selling on the bid.
 - 2) I stop seeing buying, and I'm just seeing a lot of selling on the Time & Sales, I bail out by selling on the bid.
 - 3) If my first profit target has touched, I sell half by selling on the Ask, and adjust stop to breakeven for remainder.
 - 4) If 2nd or 3rd profit targets are hit, I continue to sell small pieces on the Ask.
 - 5) If my entry is on the 5min chart, typically I will sell on the first red candle on the 5min chart, unless I'm already up so much that I can afford to hold through the pullback.
 - 6) Since I expect an immediate breakout, if we don't get it, I'll get out breakeven.
- 

Trading Market/Sector Reversals



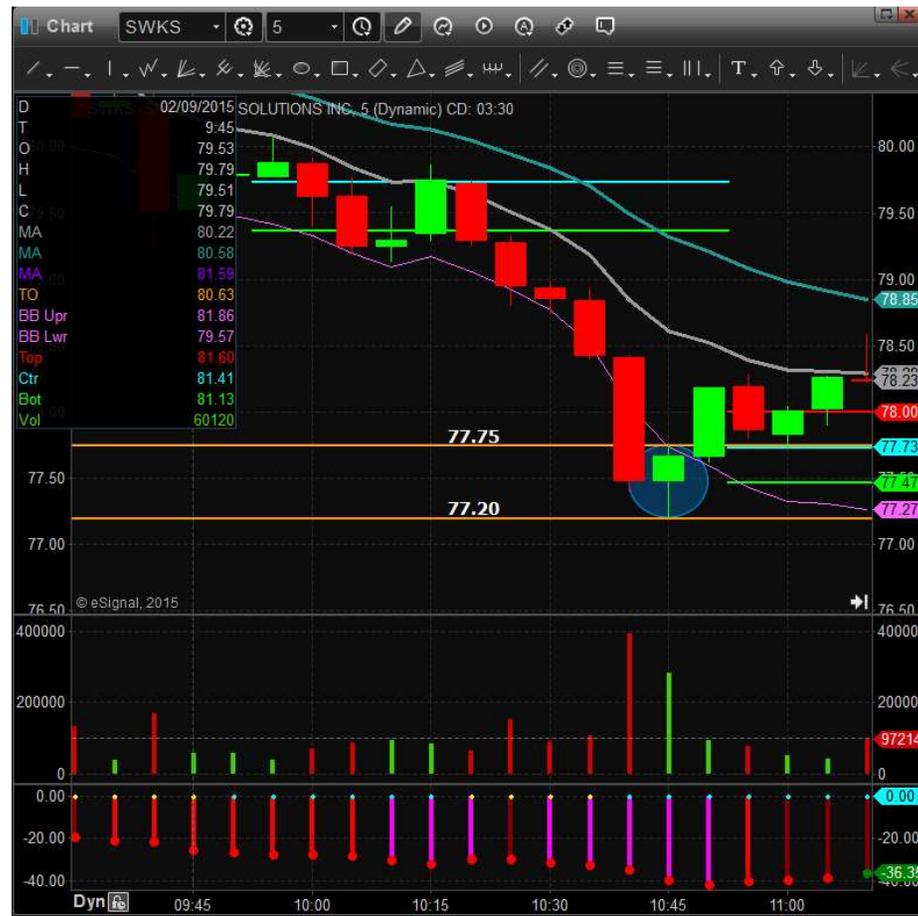
It's important to be mindful of the overall market when you are doing reversal trades. If biotechs are tanking and the whole sector is weak, we have to be careful about jumping into a bottom bounce too early. This is the same with market strength of weakness.

If for example airlines are dropping, I will keep charts up of 4 airlines and see which one looks best for a reversal. When it starts to bounce, I'm going to want to see all airline stocks also start to bounce. That tells me the sector is reversing.

Case Studies



Candles Outside Bollinger Bands



Bottom Bounce



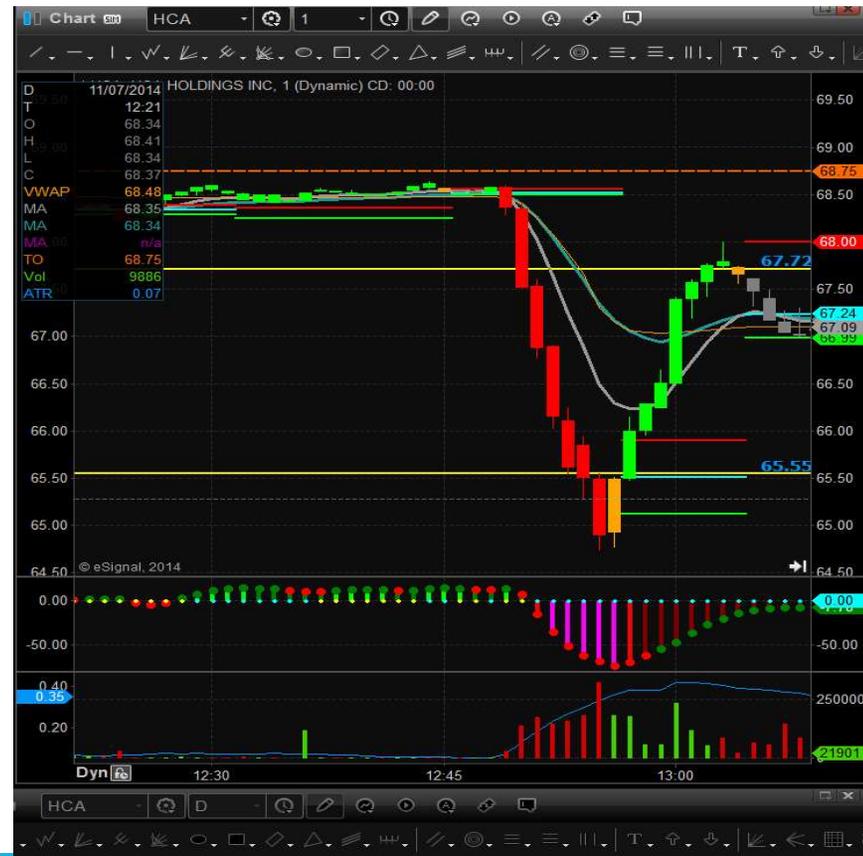
Bottom Bounce



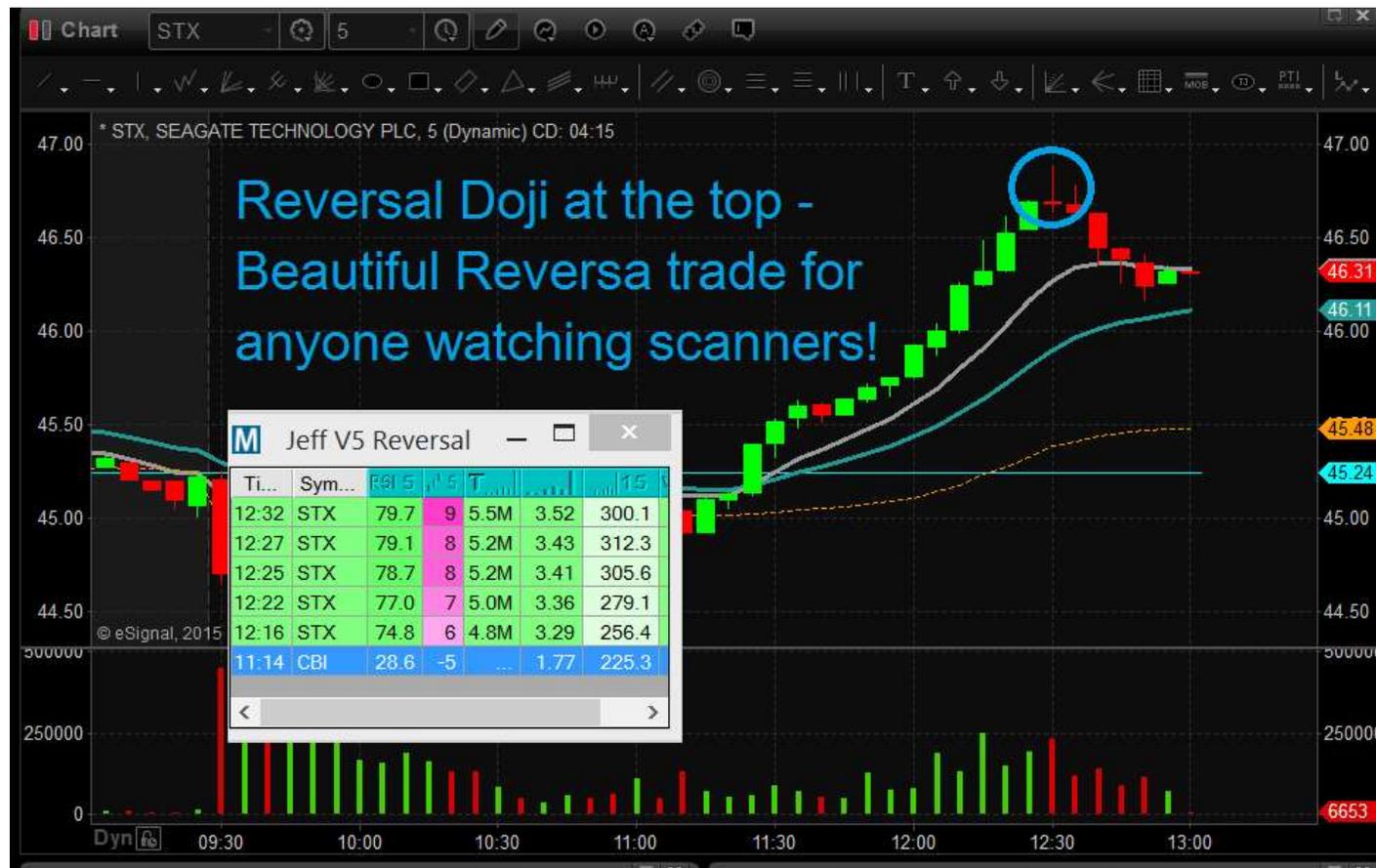
Bottom Bounce



Bounce Examples – Volume Peak



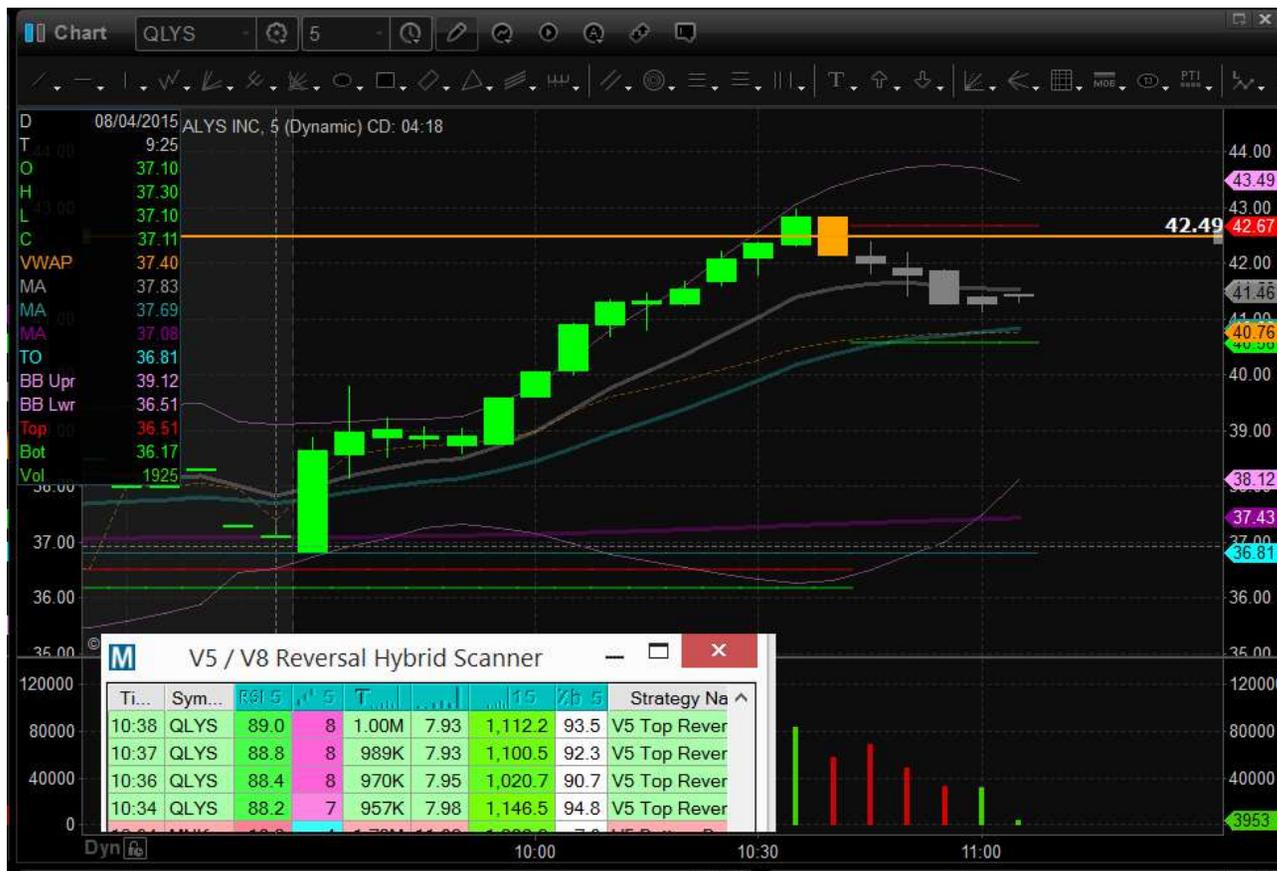
Top Reversal (with pin bar)



Top Reversal (with pin bar)



Top Reversal



Top Reversal (with pin bar)



Top Reversal (with pin bar)



Top Reversal (with pin bar)



VIDEO Case Studies



\$BIG Top Reversal, then Long Momo

SpeedTrader PRO

File Trade Quotes Setup Tools Windows Help

Net PL: 1083.56 Unrealized: 0.00

Symb	Shares	Avgcost	Realized	Unrealized	Type
BOSC	0	0	1112.50	0.00	Margin

10:10:30

Time	Symb	S.	Price	Qty	Route	Type
09:30:30	BOSC	B	2.59	200	ARCA	Margin
09:30:30	BOSC	F	2.59	200	ARCA	Margin
09:30:30	BOSC	B	2.56	200	ARCA	Margin
09:30:18	BOSC	B	2.56	500	ARCA	Margin
09:30:18	BOSC	F	2.56	800	ARCA	Margin

X	Status	Symb	Side	Qty	Open	Price	Route	Type	Time	TIF

Price	Qty	Price	Qty
3.2799	8	53.035	200
3.2689	1800	53.035	100
3.25	216	53.035	100
3.25	284	53.035	100
3.25	1080	53.035	100
3.25	188	53.035	100
3.28	15	53.035	100
3.277	300	53.035	100
3.25	2	53.035	100
3.25	129	53.035	100
3.265	331	53.035	100
3.265	50	53.035	100
3.265	279	53.035	100
3.25	331	53.035	100
3.25	50	53.035	100
3.25	279	53.035	100
3.25	2	53.035	100

Price	Qty	Price	Qty
1.94	100	7.3201	200
1.94	40	7.34	200
1.94	100	7.3337	200
1.94	200	7.34	200
1.94	200	7.34	200
1.94	589	7.34	200
1.95	100	7.3133	300
1.9595	1000	7.34	200
1.9587	100	7.3299	200
1.9699	50	7.34	75
1.9401	400	7.3112	41
1.93	500	7.328	125
1.9	100	7.3399	50
1.9199	400	7.34	50
1.88	289	7.3211	292
1.88	1800	7.335	150
1.88	1800	7.3175	400

PTA SIMULATED TRADING

Option RP: \$196,697.49 Stock RP: \$293,394.98 Net Lq: \$196,697.49 Account: <TOTAL> (ALL ACCOUNTS) Home Screen

Monitor Trade Analyze Scan MarketWatch Charts Tools Help

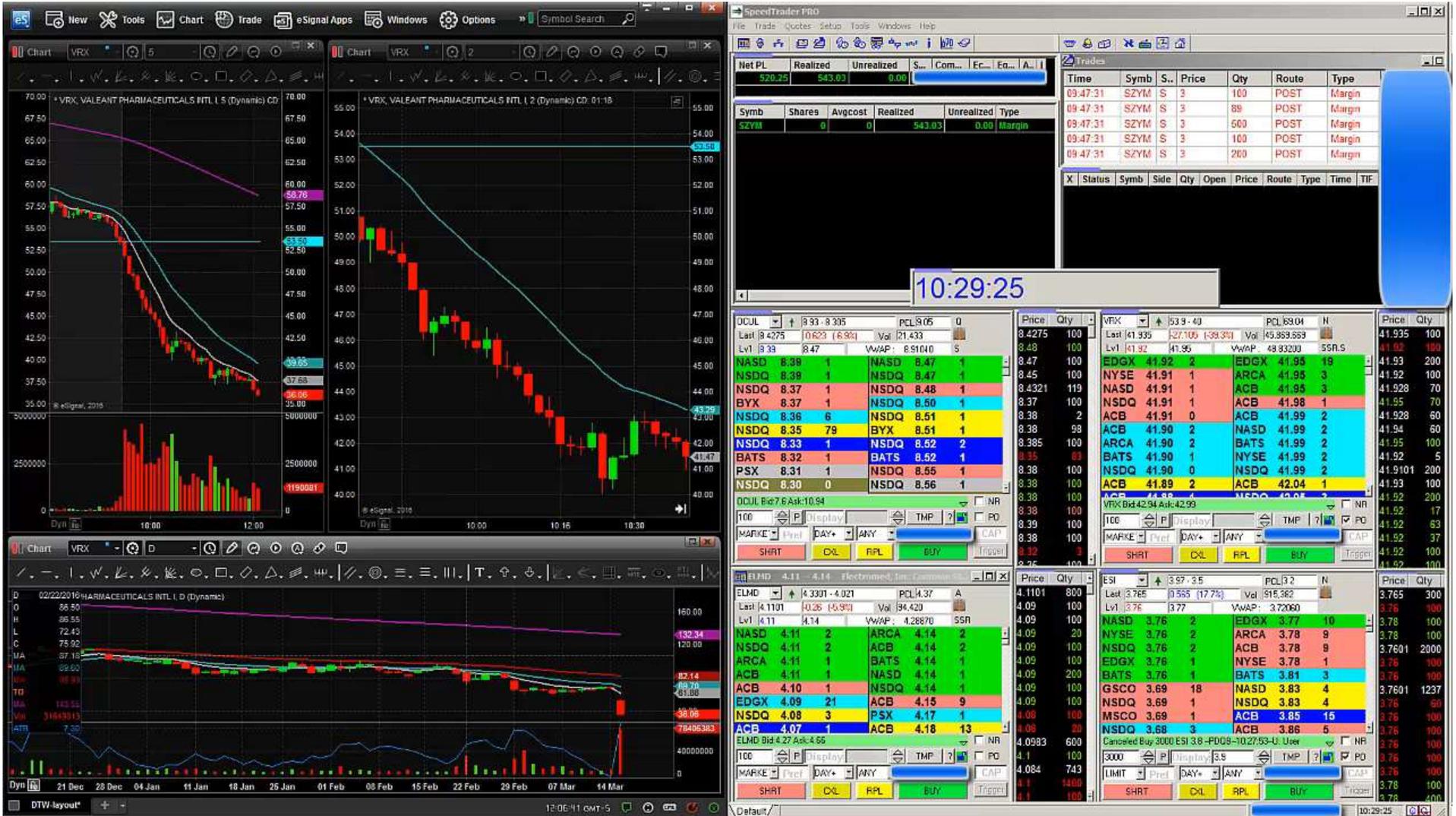
Investor

Big 15 d 5m

Big Today 1m

Big 1 y D

\$VRX Bottom Bounce





Extras & Links

Email me with questions ross@warriortrading.com





**WARRIOR
TRADING**

Warrior Trading

CHAPTER 9. STOCK SCANNING WITH TRADE-IDEAS





Today you will Learn

- How to build a stock scanner.
- We've already talked about the trading strategies and how to use scanners, but this class is going to dive into how to actually build and customize scanners to your liking.



Why Is This Important?

- Stock scanners are literally how we find 90% of our trades.
- If you know you like trading momentum on stocks that are priced between \$30-40, you will need to modify the scanners that were included with this class. I want you to be able to do that!



Scanner Settings

Just like Charting Software and Broker Access, you need Scanners

You need a way to find the stocks you will trade.

Remember in the first class how I talked about trying to ride a road bike in the sand? Do yourself a favor and use the best tools!

I use Trade-Ideas.

Simple Scans usually work very well

Complex scans can also be helpful



Tools vs Skills

We want to have the best tools, but if we don't know how to use them they're worthless!

Learning to use Trade-Ideas will allow you to harness the technology and put more money in your pockets.

Here's another example, think of two carpenters. One with 30 years experience, and other with only 3 months experience. In this case, giving the new carpenter the best tools won't help him produce better results because he won't know how to use them. On the flip side, the experienced contractor will probably know how to squeeze the most of our sub-par tools.



Daily Setups

I don't spend much time scanning for Daily Chart Setups

But I focus mostly on Intraday patterns

As we've talked about before, a great daily chart with no catalyst is unlikely to move.



Pattern Scanning

Scanning for Intraday patterns is very complex especially if we are scanning for patterns

I have dozens of variations of scanners I've written to look for specific patterns including Flags, Wedges, Top & Bottom Reversals

In general, I find it easier to look for strong stocks and then manually look for the pattern than to search for patterns.



Pattern Scanning

Trying to find a stock that has pulled back after a quick move is difficult. In my mind I know exactly what I want to see, but there are so many variables it's difficult to tell the scanner what we want without excluding good setups.





Gap and Go! Scanner

I scan Pre-Market to create a watch list of stocks I'm going to trade.

Sort by highest Pre-Market Volume and look at each chart. My pre-market scans are how I prepare my day.

Gappers: 8:46:06 - 8:46:35

Symbol	\$	%	T	E Day	S	Flow	SFlow	%	Company Name
CDTI	2.33	13.7	43,937	-14.75	136.4	13.30M	5.00	0.0	CLEAN DIESEL TECHNOLOGIES
AVEO	2.57	12.7	732,835	-17.75	13.5	53.99M	0.20	737	AVEO PHARMACEUTICALS
TA	17.25	9.5	14,635	-17.75	68.4	35.21M	3.90	493	TRAVELCENTERS of AMERICA
PVA	5.00	8.9	9,990	-15.25	0.0	56.26M	32.80	0.0	PENN VIRGINIA
SPHS	1.24	6.0	3,390	-13.50	0.0	14.65M	0.90	93.6	SOPHRIS BIO
YGE	1.10	5.8	13,500	3.25	0.0	127.6M		86.5	YINGLI GREEN ENERGY
ZION	30.20	5.6	2,585		0.0	198.3M	7.60	2.5K	ZIONS BANCORP
PXLW	6.02	5.4	8,100		0.0	21.06M	11.00	536	PIXELWORKS
CONN	37.20	4.7	2,157	0.25	0.0	7.55M	50.90	2.5K	CONN'S
BZUN	12.00	4.4	5,775		0.0	33.38M		0.0	BAOZUN INC ADS
YOKU	28.75	4.0	21,478	-8.25	1.0	115.8M		418	YOUKU TUDOU
CTRP	78.25	-4.1	81,208	-13.25	7.7	129.9M		479	CTRP.COM INTL
SOL	1.37	-4.2	54,475	0.25	0.0	73.48M		1.9K	RENESOLA
BOJA	26.60	-5.0	4,292		9.4	1.60M		1.2K	BOJANGLES
TUBE	16.22	-5.4	3,901	-14.50	5.2	11.02M	19.50	617	TUBEMOGUL
DAKT	10.21	-5.4	250	0.25	0.0	35.55M	3.00	19K	DAKTRONICS
PPL	32.86	-5.5	7,100	-17.75	0.2	667.2M	1.60	435	PPL
WG	1.50	-10.7	8,500	-19.25	0.0	50.49M	6.60	0.0	WILLBROS GROUP
RGLS	12.10	-12.2	11,468	-17.25	100.8	24.87M	24.90	920	REGULUS THERAPEUTICS
HIHO	2.79	-18.6	412		0.0	2.56M	0.40	0.0	HIGHWAY HOLDINGS
EMAN	2.55	-19.8	19,750	-12.50	490.2	16.92M	1.40	824	EMAGIN



Momentum Scanners

These are my MOMO scanners that I use for all of my Momentum Strategy Trades.

Time	Symbol	Price (\$)	Vol Today (Shr)	Flt (Shr)	Vol 5 Min (%)	lookTwit Rel Actvty	Strategy Name	Today's Rng (%)	Rel Vol
2:19	OMEX	3.81	129K	6.05M	3.0K	570	Massive Volume & Low Float	333	10.0
2:18	OMEX	3.74	127K	6.05M	2.9K	571	Massive Volume & Low Float	318	9.85
2:18	OMEX	3.62	126K	6.05M	2.6K	571	Massive Volume & Low Float	293	9.80
2:17	OMEX	3.52	125K	6.05M	2.3K	572	Massive Volume & Low Float	273	9.74
1:07	GOGO	12.44	1.70M	49.2M	2.0K	130	Medium Vol \$10+	212	2.13
1:07	GOGO	12.33	1.70M	49.2M	2.0K	130	Medium Vol \$10+	203	2.13
12:52	CPXX	2.51	1.03M	22.9M	931		Medium Volume \$1-10	180	7.60
12:45	CPXX	2.49	969K	22.9M	804		Medium Volume \$1-10	167	7.30
12:43	CPXX	2.48	959K	22.9M	857		Medium Volume \$1-10	161	7.27



Surging Scanners

Sorting by high volume. This shows us the stocks with the most relative volume in the last 5min. This tells us which stock is most active in the market right now.

Symbol	\$	T	...	5
PULM	3.21	...	185	4,787.8
MBRX	7.15	...	1.58	1,284.8
BOIL	15.08	85K	1.27	324.1
VDTH	8.52	...	3.48	30.3



Reversal Scanners

Notice the RSI column and

Notice the 5 Consecutive Candles

V5 / V8 Reversal Hybrid Scanner								RSI xtremes						
Time	Symbol	5 Min RSI	Consec Cndls (5)	Vol Today (Shr)	Rel Vol	Vol 15 Min (%)	Strategy Name	Time	Symbol	5 Min RSI	Consec Cndls (5)	Vol Today (Shr)	Vol 15 Min (%)	Rv
10:44	PXD	15	-4	3.18M	9.92	834.0	V5 Bottom Bounce	10:26	WGP	4.9	-1	1.1M	645.1	24.
10:40	PXD	16	-4	3.04M	10.10	665.9	V5 Bottom Bounce	10:24	TTI	6.3	-2	2.8M	2,332	14.
10:12	HES	10	-6	551K	1.44	297.1	V5 Bottom Bounce	10:20	WGP	6.2	0	1.0M	738.5	23.
10:11	SM	7.1	-8	590K	1.68	249.7	V5 Bottom Bounce	10:17	TTI	5.0	-1	2.3M	1,203	13.
10:10	HES	10	-6	530K	1.43	286.1	V5 Bottom Bounce	10:12	ATW	8.0	-1	646K	138.3	1.
10:09	HES	11	-5	504K	1.41	270.8	V5 Bottom Bounce	10:11	SM	7.1	-8	590K	249.7	1.
10:06	BMV	10	-7	1.99M	3.68	421.0	V5 Bottom Bounce	10:11	OAS	8.4	-1	2.2M	278.5	1.
10:05	BMV	11	-7	1.91M	3.64	394.8	V5 Bottom Bounce	10:11	WGP	5.5	-2	830K	634.1	22.
10:03	CVX	10	-6	928K	1.31	141.5	V5 Bottom Bounce	10:09	WGP	6.3	-1	811K	729.2	21.

Parabolic Movers									Candles Consecutive						
Time	Symbol	5 Min RSI (0-100)	Consec Cndls (5 Min)	Vol Today (Shr)	Rel Vol	Vol 15 Min (%)	Strat...	Pos Bol Bnd (5 Min) (%)	Time	Symbol	5 Min RSI	Consec Cndls (5)	Vol Today (Shr)	Vol 15 Min (%)	Rv
10:28	EXAS	74.8	0	10.9M	18.37	659.9	Para Up	93.5	11:28	NRG	70	8	1.6M	55.4	0.
10:19	AKAO	80.2	2	432K	5.69	375.8	Para Up	218.9	11:27	NRG	69	8	1.6M	53.2	0.
10:17	AKAO	79.8	2	358K	4.82	268.8	Para Up	213.3	11:26	NRG	68	8	1.5M	48.3	0.
10:17	AKAO	79.0	2	338K	4.56	236.8	Para Up	201.9	11:24	NRG	67	7	1.5M	43.1	0.
10:11	SM	7.1	-8	590K	1.68	249.7	Para Down	5.6	11:23	NRG	65	7	1.5M	39.9	0.
9:57	OAS	10.3	-5	1.30M	1.41	211.2	Para Down	-9.4	10:12	CLR	16	-8	613K	210.4	1.
									10:11	SM	7.1	-8	590K	249.7	1.
									10:10	BARA	15	-8	3.0M	195.0	0.



Artificial Intelligence

Custom Trade-Ideas Pro

File New Tools Windows Help Account

45ms

Channel Bar

MY CLOUD
HOLLYWOOD
PREMARKET
SOCIAL MEDIA
SURGE
VOLUME
OPTIONS
SECTORS
PRICE UP MOVEMENT

HAS - HASBRO (S) \$86.69 \$86.50 \$86.00 \$85.50 \$85.00 \$1.90K

HAS - HASBRO (D) \$86.02 \$80.00 \$75.00 \$70.00 461.67K

SPY - SPDR S&P 500 (15) \$209.00 \$207.00 \$205.40

AI Strategies - 06/16/16 03:05 PM

Total (\$)	Open (\$)	Closed (\$)	Filter	Strategy	All Strategies										
\$-0.17	\$0.39	\$-0.56	None												
Win %	Recent Perf	Timeframe	L/S	Strategy	Time Stp	Stop Loss	Pft Tgt	Win % Today	Opn Trds Today	Avg Pft Per Trade	Trds Today	Profit	Pft Basis Points	Opn Pft	Closed Pft
63.9		intra...	Sh...	Bollinger Reversion Scalp	60min	Smart Sto...	\$3.00	100.0	1	0.15	1	0.15	72	0.15	0.00
62.1		intra...	Lo...	Early Bird 30 - Over \$20	60min	Smart Sto...	\$1.00	25.0	1	-0.07	4	-0.30	-45	0.24	-0.56
61.8		intra...	Lo...	Mighty Mouse	60min	Smart Sto...	\$2.00	0.0	0	-0.02	1	-0.02	-134	0.00	-0.02
70.6		intra...	Sh...	Bon Shorty	60min	3.00%			0	0.00	0	0.00	0.00	0.00	0.00
59.6		intra...	Lo...	Escalate under \$20	45min	Smart Sto...	\$0.75		0	0.00	0	0.00	0.00	0.00	0.00
67.3		intra...	Lo...	Larger Market Cap	75min	Smart Sto...	\$2.00		0	0.00	0	0.00	0.00	0.00	0.00
64.7		intra...	Sh...	OR Breakdown - Over	60min	Smart Sto...	\$2.00		0	0.00	0	0.00	0.00	0.00	0.00

New Highs vs. New Lows

AlertsSec 77% 23% 3:05 PM

MKC RPG SLB KEX MPC LM

Strategy Trades - Open - 06/16/16 03:05 PM

Entry Time	Exit Time	L/S	Strategy	Sym	Entry Price	Lat Price	Min Pft	Profit	Max Pft	Pft Basis Points	Opn Pft	Closed Pft
...	...	S...	Bollinger Reversion Scalp	CE...	20.84	20.69	0.00	0.15	0.21	72	0.15	0.00
...	...	L...	Early Bird 30 - Over \$20	PRU	71.04	71.28	-0.10	0.24	0.35	34	0.24	0.00

Strategy Trades - Closed - 06/16/16 03:05 PM

Entry Time	Exit Time	L/S	Strategy	Sym	Lat Price	Entry Price	Exit Price	Non-Exit Pft	Profit	Max Pft	Pft Basis Points	Opn Pft	Closed Pft
...	...	L...	Early Bird 30 - Over \$20	STT	57.4	57.5	57.37	-0.07	-0.08	0.01	-14	0.00	-0.00
...	...	L...	Mighty Mouse	UN...	1.43	1.49	1.47	-0.06	-0.02	0.00	-134	0.00	-0.00
...	...	L...	Early Bird 30 - Over \$20	AEP	66.9	66.8	66.71	0.06	0.13	0.07	-19	0.00	-0.00
...	...	L...	Early Bird 30 - Over \$20	MMP	73.3	72.8	72.50	0.52	0.33	0.00	-45	0.00	-0.00



Lets make a Scanner

Watch me make a basic scanner in Trade-Ideas





Extras & Links

Email me with questions ross@warriortrading.com





**WARRIOR
TRADING**

Warrior Trading

CHAPTER 10. LEVEL 2 AND HOT KEYS





Today you will Learn

- How to read Level 2, Time & Sales, and how to use Hot Keys



Why Is This Important?

- As a day trader you will have a huge advantage if you are able to read the level 2 and time & sales windows.
- These skills may not be necessary for swing traders and longer term day traders, but it's absolutely critical for short term day traders and scalp trading
- It's also extremely important to understand how to read Level 2 so you can make good decisions as you enter and exit trades



Learning to Read Level 2

We're going to briefly go over a few things we discussed in the first class just to make sure we're all on the same page!

Remember that we're ONLY looking at the Level 2 on stocks worth trading. The type of patterns and bullish/bearish indicators seen on Level 2 are meaningless on stocks that don't have high relative volume.

The Level 2 and the 5min/1min chart are the two things that all the traders involved in an active stock are focused on. So learning to read the subtle queues will give you an advantage.

The most important time to watch Level 2 is when you are about to buy, especially when the entry is a BREAKOUT spot.



Bid and Ask



Every stock has a Bid and an Ask. You can place trades at either the Bid price, the Ask price, or between the “spread”.

The Bid is where Buyers can place orders and wait for somebody to sell them shares.

The Ask is where Sellers can place orders and wait for somebody to buy shares. As a seller, to get the best price, we want to force somebody to buy our shares at the ask price. However, we can always sell to one of the buyers on the Bid. This will be for a lower price.



Level 1

YOD	↓	2.33 - 2.3	PCL 2.33	Q
Last	2.3	-0.03 (-1.3%)	Vol 27,965	↓
Lv1	2.3	2.31	VWAP: 2.30457	
EDGX	2.30	155	NASD	2.31 3

Level 1 is the first depth of the market. This is the Bid and Ask. The Bid Ask above shows the ECN that is holding the shares, the Price, and the Number of shares available. 155 = 15,500 (add 2 zeroes)

In this case if you want to buy share of this stock, there are 300 available at 2.31. You could sit and wait with an order at 2.30, or you could buy immediately from a seller at 2.31.

I buy shares on the Ask price so I can get in immediately.



Level 2

Level 2 is very important because it shows you the Market Depth. This shows you the Bid and Ask, but also how many buyers are lined up just below the bid and just above the ask. This tells us if there are big buyers/sellers close by.

YOD	↓	2.33 - 2.3	PCL	2.33	Q
Last	2.3	-0.03 (-1.3%)	Vol	27,965	
Lv1	2.3	2.31	VWAP	2.30457	
EDGX	2.30	155	NASD	2.31	3
BATS	2.30	1	UBSS	2.31	2
NSDQ	2.30	0	NSDQ	2.31	1
NSDQ	2.28	31	BYX	2.31	1
NASD	2.28	31	BATS	2.31	1
EDGA	2.28	1	ARCA	2.31	1
BYX	2.28	1	ACB	2.31	1
ARCA	2.28	1	NSDQ	2.32	1
ACB	2.28	1	ACB	2.33	6
NSDQ	2.27	1	NSDQ	2.33	1

YOD Bid:2.3 Ask:2.31

2000 P Display Price TMP ? PO

MARKE' Pref DAY+ ANY Account CAP

SHRT CXL RPL BUY Trigger

What do I look for in Level 2



What do I look for in the Level 2?

Level 2 is always moving so the things I'm looking for on most stocks is the spread, and big bids.

I look at the Spread

I look for the number of Market Makers

I look for big bids

I look to see how close together the market depth levels are.

The screenshot shows a trading software interface for the stock YOD. At the top, it displays the current price range (2.33 - 2.3), the previous close (PCL) at 2.33, and the current price (Last) at 2.3, which is down 0.03 (-1.3%) from the previous close. The volume (Vol) is 27,965. The Level 1 bid is 2.3 and the ask is 2.31, with a VWAP of 2.30457.

Exchange	Price	Quantity	Exchange	Price	Quantity
EDGX	2.30	155	NASD	2.31	3
BATS	2.30	1	UBSS	2.31	2
NSDQ	2.30	0	NSDQ	2.31	1
NSDQ	2.28	31	BYX	2.31	1
NASD	2.28	31	BATS	2.31	1
EDGA	2.28	1	ARCA	2.31	1
BYX	2.28	1	ACB	2.31	1
ARCA	2.28	1	NSDQ	2.32	1
ACB	2.28	1	ACB	2.33	6
NSDQ	2.27	1	NSDQ	2.33	1

At the bottom of the interface, there are controls for order entry, including a quantity field (2000), a 'Display' button, and a 'Trigger' button. The 'Trigger' button is currently set to 'BUY'.

Number of Market Makers



What do I look for in the Level 2?

In this example you can see the spread is 1 cent. Some stocks will trade with 3-5 cent spreads, other trades with 10-20 cent spreads, and some are even bigger! A big spread indicates a stock can quickly make big moves, but it's also indicative of a thinly traded stock. If you buy at the top of the spread, you are instantly down if you sell at the bottom of the spread.

On the other hand, thickly traded stocks have 1 cent spreads, so a small spread is okay.

The screenshot shows a trading platform interface for the stock YOD. The top section displays the current price at 2.33, a change of -0.03 (-1.3%), and a volume of 27,965. The Level 2 order book is visible, showing a spread of 1 cent (2.31 - 2.30). The order book is color-coded: green for buy orders, red for sell orders, and cyan for the current bid and ask. The interface includes various controls like 'Display', 'Price', 'TMP', 'Pref', 'DAY+', 'ANY', 'Account', 'CAP', and buttons for 'SHRT', 'CXL', 'RPL', 'BUY', and 'Trigger'.

Symbol	Price	Quantity	Symbol	Price	Quantity
EDGX	2.30	155	NASD	2.31	3
BATS	2.30	1	UBSS	2.31	2
NSDQ	2.30	0	NSDQ	2.31	1
NSDQ	2.28	31	BYX	2.31	1
NASD	2.28	31	BATS	2.31	1
EDGA	2.28	1	ARCA	2.31	1
BYX	2.28	1	ACB	2.31	1
ARCA	2.28	1	NSDQ	2.32	1
ACB	2.28	1	ACB	2.33	6
NSDQ	2.27	1	NSDQ	2.33	1

Number of Market Makers



What do I look for in the Level 2?

I look to see how many ECN/Market Makers are lined up at the current price. Stocks that are thickly traded will move slowly. So if a stock has 10 market makers sitting at 2.31, it's not as desirable as if there is only 1.

The screenshot shows a trading platform interface for the stock YOD. The top section displays the current price at 2.33, a change of -0.03 (-1.3%), and a volume of 27,965. Below this is a table of market makers (ECNs) and their respective bid and ask prices and quantities. The table is color-coded: green for bids, red for asks, and cyan for the current bid and ask. The current bid is 2.27 (NSDQ, 1) and the current ask is 2.31 (NASD, 3). The interface also includes a control panel at the bottom with buttons for SHRT, CXL, RPL, BUY, and Trigger, along with various settings like 'Display Price', 'TMP', 'MARKE', 'Pref', 'DAY+', 'ANY', 'Account', and 'CAP'.

ECN	Price	Quantity	ECN	Price	Quantity
EDGX	2.30	155	NASD	2.31	3
BATS	2.30	1	UBSS	2.31	2
NSDQ	2.30	0	NSDQ	2.31	1
NSDQ	2.28	31	BYX	2.31	1
NASD	2.28	31	BATS	2.31	1
EDGA	2.28	1	ARCA	2.31	1
BYX	2.28	1	ACB	2.31	1
ARCA	2.28	1	NSDQ	2.32	1
ACB	2.28	1	ACB	2.33	6
NSDQ	2.27	1	NSDQ	2.33	1

Number of Market Makers



What do I look for in the Level 2?

Looking for big bids and big asks will tell us if somebody is holding down a stock, or propping it up. These can provide psychological support. However, anyone with a large account can place a large order, and cancel it before it starts to get filled. So be mindful that there can be some manipulation there.

Big Bids encourage me to jump in to long side knowing we have a level of support at the large bid.

The screenshot shows a trading platform interface for YOD stock. The top section displays the current price at 2.33, a change of -0.03 (-1.3%), and a volume of 27,965. Below this is a table of market maker orders. The table is color-coded: green for bids and red for asks. The largest bid is at 2.30 with 155 shares from EDGX. The largest ask is at 2.33 with 6 shares from ACB. The interface also includes a control panel at the bottom with buttons for SHRT, CXL, RPL, BUY, and Trigger, along with various settings like 'Display Price', 'TMP', and 'Account'.

Market Maker	Price	Quantity	Market Maker	Price	Quantity
EDGX	2.30	155	NASD	2.31	3
BATS	2.30	1	UBSS	2.31	2
NSDQ	2.30	0	NSDQ	2.31	1
NSDQ	2.28	31	BYX	2.31	1
NASD	2.28	31	BATS	2.31	1
EDGA	2.28	1	ARCA	2.31	1
BYX	2.28	1	ACB	2.31	1
ARCA	2.28	1	NSDQ	2.32	1
ACB	2.28	1	ACB	2.33	6
NSDQ	2.27	1	NSDQ	2.33	1

Number of Market Makers



What do I look for in the Level 2?

The spread between the intervals of depth is important to notice as well. If there is a bid of 2.31, but the next ask isn't until 2.45, that tells me when 2.30 breaks the stock could quickly rip. That is typical of thinly traded stocks.

The screenshot shows a trading platform interface for YOD stock. At the top, it displays the current price range (2.33 - 2.3), PCL (2.33), Last price (2.3), change (-0.03, -1.3%), Vol (27,965), and VwAP (2.30457). The main part of the interface is a Level 2 order book with columns for price, quantity, and market maker. The order book is color-coded: green for asks and red for bids. The top row shows a bid of 2.31 with a quantity of 3 from NASD. Below it, there are several other market makers at 2.31, including UBSS (2), NSDQ (1), BYX (1), BATS (1), ARCA (1), and ACB (1). The next ask is at 2.32 from NSDQ (1). Below that, there is a bid of 2.33 from ACB (6) and another bid of 2.33 from NSDQ (1). The bottom of the interface shows a control panel with buttons for SHRT, CXL, RPL, BUY, and Trigger, along with various settings like Display, Price, TMP, and Account.

Market Maker	Price	Quantity
NASD	2.31	3
UBSS	2.31	2
NSDQ	2.31	1
BYX	2.31	1
BATS	2.31	1
ARCA	2.31	1
ACB	2.31	1
NSDQ	2.32	1
ACB	2.33	6
NSDQ	2.33	1



Time & Sales

Next to the Level 2 window is our Time and Sales window. This shows us each order as it's placed. Red orders occur on the Bid price, Green orders on the Ask Price, and white orders are in between the spread.

Learning to read the Time & Sales is very important, especially at key breakout spots.

YOD						Price	Qty	Exch
YOD	↓	2.33 - 2.3	PCL	2.33	Q	2.3	100	EDGX
Last	2.3	-0.03 (-1.3%)	Vol	27,965		2.3001	200	FADF
Lv1	2.3	2.31	VWAP	2.30457		2.3001	240	FADF
EDGX	2.30	155	NASD	2.31	3	2.3001	100	FADF
BATS	2.30	1	UBSS	2.31	2	2.3	240	EDGX
NSDQ	2.30	0	NSDQ	2.31	1	2.3	100	BATS
NSDQ	2.28	31	BYX	2.31	1	2.3	200	NASD
NASD	2.28	31	BATS	2.31	1	2.3001	163	FADF
EDGA	2.28	1	ARCA	2.31	1	2.3	163	NASD
BYX	2.28	1	ACB	2.31	1	2.3	100	EDGX
ARCA	2.28	1	NSDQ	2.32	1	2.3	100	EDGX
ACB	2.28	1	ACB	2.33	6	2.3	100	EDGX
NSDQ	2.27	1	NSDQ	2.33	1	2.3	2000	EDGX
YOD Bid:2.3 Ask:2.31						2.3	900	EDGX
2000	P	Display	TMP	?		2.3	100	NASD
MARKE	Pref	DAY+	ANY	Account		2.3	5934	EDGX
SHRT	CXL	RPL	BUY	Trigger		2.3	66	EDGA
						2.3001	100	FADF



Time & Sales

Remember, this is a zero sum market, every transaction is both a buy and sell. At the end of the day, the same number of shares are available as the beginning of the day. They just changed hands.

						Price	Qty	Exch
YOD	↓	2.33 - 2.3	PCL	2.33	Q	2.3	100	EDGX
Last	2.3	-0.03 (-1.3%)	Vol	27,965		2.3001	200	FADF
Lv1	2.3	2.31	VWAP	2.30457		2.3001	240	FADF
EDGX	2.30	155	NASD	2.31	3	2.3001	100	FADF
BATS	2.30	1	UBSS	2.31	2	2.3	240	EDGX
NSDQ	2.30	0	NSDQ	2.31	1	2.3	100	BATS
NSDQ	2.28	31	BYX	2.31	1	2.3	200	NASD
NASD	2.28	31	BATS	2.31	1	2.3001	163	FADF
EDGA	2.28	1	ARCA	2.31	1	2.3	163	NASD
BYX	2.28	1	ACB	2.31	1	2.3	100	EDGX
ARCA	2.28	1	NSDQ	2.32	1	2.3	100	EDGX
ACB	2.28	1	ACB	2.33	6	2.3	2000	EDGX
NSDQ	2.27	1	NSDQ	2.33	1	2.3	900	EDGX
YOD Bid:2.3 Ask:2.31						2.3	100	NASD
2000	P	Display	Price	TMP	?	2.3	5934	EDGX
MARKE	Pref	DAY+	ANY	Account	CAP	2.3	66	EDGA
SHRT	CXL	RPL	BUY	Trigger		2.3001	100	FADF
						2.3	200	EDGX



Time & Sales

I choose to look just at the size and price, I remove the other columns. You could choose to look at the Route and the Time, but I don't find those helpful.

YOD						Price	Qty	Exch
YOD	2.33 - 2.3		PCL	2.33	Q	2.3	100	EDGX
Last	2.3	-0.03 (-1.3%)	Vol	27,965		2.3001	200	FADF
Lv1	2.3	2.31	VWAP	2.30457		2.3001	240	FADF
EDGX	2.30	155	NASD	2.31	3	2.3001	100	FADF
BATS	2.30	1	UBSS	2.31	2	2.3	240	EDGX
NSDQ	2.30	0	NSDQ	2.31	1	2.3	100	BATS
NSDQ	2.28	31	BYX	2.31	1	2.3	200	NASD
NASD	2.28	31	BATS	2.31	1	2.3001	163	FADF
EDGA	2.28	1	ARCA	2.31	1	2.3	163	NASD
BYX	2.28	1	ACB	2.31	1	2.3	100	EDGX
ARCA	2.28	1	NSDQ	2.32	1	2.3	100	EDGX
ACB	2.28	1	ACB	2.33	6	2.3	2000	EDGX
NSDQ	2.27	1	NSDQ	2.33	1	2.3	900	EDGX
YOD Bid:2.3 Ask:2.31						2.3	100	NASD
2000	P	Display	Price	TMP	?	2.3	5934	EDGX
MARKE	Pref	DAY+	ANY	Account	CAP	2.3	66	EDGA
SHRT	CXL	RPL	BUY	Trigger		2.3001	100	FADF
						2.3	200	EDGX

What I look for at the breakout point



Right as a stock is approaching a breakout spot there are few things I'm looking for on the Level 2 and Time & Sales. What I'm looking for is any indication that the stock is going to breakout. I often buy in anticipation, so getting any of those subtle queues will help me decide to jump in.

I want to see: Lots of Buy Orders going through in GREEN (at the ask price). I'll see these flowing through the Time & Sales Window.

If there is a heavy seller at the breakout price, that indicates some resistance. That is okay because breakout points are almost always resistance AND triggers. So what I want to see is if there is a heavy seller of 10k shares, I want to see that dropping down to 9, 8, 7, 6, 5, etc, as we see the buy orders flow through on the Time & Sales. This tells me we are getting a volume spike at the breakout spot.

Remember, VOLUME CONFIRMS the breakout.



Transaction Sizes

Market Makers (ECN's) typically move shares in 100 share blocks. If I see a lot of 100 share orders going through, I'm not going to think much of it. Retail traders buy in larger lots, 1k shares, 2k, shares, etc.

YOD						Price	Qty	Exch
YOD	2.33 - 2.3	PCL	2.33	Q		2.3	100	EDGX
Last	2.3	-0.03 (-1.3%)	Vol	27,965		2.3001	200	FADF
Lv1	2.3	2.31	VWAP	2.30457		2.3001	240	FADF
EDGX	2.30	155	NASD	2.31	3	2.3001	100	FADF
BATS	2.30	1	UBSS	2.31	2	2.3	240	EDGX
NSDQ	2.30	0	NSDQ	2.31	1	2.3	100	BATS
NSDQ	2.28	31	BYX	2.31	1	2.3	200	NASD
NASD	2.28	31	BATS	2.31	1	2.3001	163	FADF
EDGA	2.28	1	ARCA	2.31	1	2.3	163	NASD
BYX	2.28	1	ACB	2.31	1	2.3	100	EDGX
ARCA	2.28	1	NSDQ	2.32	1	2.3	100	EDGX
ACB	2.28	1	ACB	2.33	6	2.3	2000	EDGX
NSDQ	2.27	1	NSDQ	2.33	1	2.3	900	EDGX
YOD Bid:2.3 Ask:2.31						2.3	100	NASD
2000	P	Display	Price	TMP	?	2.3	5934	EDGX
MARKE	Pref	DAY+	ANY	Account	CAP	2.3	66	EDGA
SHRT	CXL	RPL	BUY	Trigger		2.3001	100	FADF

You want to jump in, but how to I place an Order?

Lets go over some of the order types we discussed in our first class





Order Types

There are three basic types of orders you can send to buy or sell shares.

Market Orders: A market order to buy or sell will give you shares at “market price”. This is your way of telling the broker to give you shares, and you don’t care what price. This typically isn’t a good method for day traders because the price we pay will directly impact how profitable the trade will be.

Limit Orders: In contrast to a Market Order, a Limit order requires you to put in a price, which is the MOST you are willing to pay, or the LEAST you are willing to sell for. This is the type of order I use.

Stop Orders: These types of orders are triggered when a stock crosses a certain price. These are typically used as Stop Loss orders, to sell your position at a loss if a certain threshold has been crossed. These can be sent as Market or Limit orders.



Order Routing Methods

Think of the market as an island. On this island all the buyers and sellers meet to exchange shares. This is where everyone goes to buy and sell.

There are dozens of bridges to get to this island.

When you send an order from your broker, they will automatically choose which bridge they think is fastest, using a Smart Routing system.

Alternatively, you can choose to directly route through the electronic communications network (ECN) that you prefer. Like bridges, ECN's charges "tolls" or fees for their use. These are in addition to commissions.

Some brokers won't allow you to choose which route you use, and in exchange, won't charge you ECN fees. The problem is that they may choose slow routes and you can't do anything about it.



Order Routing Methods

LIMIT
 MARKET
 STOP
 BATDL
 BATDM
 XDRLKIL
 XDRLKIM
 HPPOL
 HPPOM
 SPDRXL
 SPDRXM
 HELXL
 HELXM
 ARCAL
 ARCAM
 INETL
 INETM
 INETP
 EDGAL
 EDGAM
 EDGXL
 EDGX
 EDGXP
 ITGIL
 ITGIM
 JPCCCL
 JPCCM
 MDPTL
 NSXL
 NSXM
 POSTL
 POSTM
 XALLL
 XALLM
 XDAGL
 XDAGM
 ONYXL
 ONYXM
 LYNXL
 LYNXM
 NYSEL
 NYSEM
 NASDL
 NASDM

You can use the Smart Routing "Limit", or you can direct route, with any of the ECN's listed here with Speedtrader.

I generally choose 1 ECN that has low fees and use that one. I find the orders are typically a little faster than using the Smart Routing.

You can ask your broker to give you a list of the ECN fees and then choose a route that isn't too expensive.

Typical fees will be .0015 or \$1.50 x 1k shares

[Open an Account](#) | [Account Login](#) | [Live Support](#)
 Call toll-free: 1 (800) 874-3039 [f](#) [t](#) [in](#)

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 Stock Locate Services

Routing Fees

- Prices
- Commission Fees
- Account Fees
- Software Fees
- Routing Fees
- Margin Fees

Online Trading Fees

Venue	Add Liquidity	Take Liquidity	Outbound Shares
SPTD SMART	\$0.0015	\$0.0015	\$0.0015
ARCA	(\$0.002)	\$0.003	\$0.0035
CCMX	\$0.003	\$0.003	\$0.003
EDGA (Routeable)	(\$0.0006)	\$0.003	\$0.003
EDGA (Non-Routeable)	(\$0.0006)	\$0.003	\$0.003
EDGX	(\$0.002)	\$0.0029	\$0.0029
INET	(\$0.002)	\$0.003	\$0.003
ITG	\$0.0015	\$0.0015	\$0.0015
JPCC	\$0.0015	\$0.0015	\$0.0015
QUIK	\$0.005	\$0.005	\$0.005
LQPT	\$0.0015	\$0.0015	\$0.0015
NASDAQ	(\$0.002)	\$0.003	\$0.003
NIX	0.003	\$0.003	N/A



Limit Order

I Use a Limit Orders for all my trades. I set the Limit Price by Default to 5 cents above the ask. I'm willing to pay a little more in order to get into the trade, but not more than 5 cents. This for me is safer than using a Market Order, but still lets me get into trades quickly.

I may adjust this up or down depending on the particular stock and my stop limit.



Routing

I Route my Orders through Direct Access to specific market makers. This gives me the best price and the fastest execution.

I prefer to use ARCA for fast orders. I can also use the standard Smart Limit order by Speedtrader, which is cheaper.

If you use Etrade they will route your orders within their own system and it will slow down the executions.

As breakout traders, we need best price and fast orders!



Dark Pools

Dark Pools are where institutional traders place their transactions

These “pools” of shares are not available to retail traders

This means when a retail traders places a buy or sell order, we won't get access to those shares.

Some Brokers allow Dark Pool Routing



Prepare Order

I prepare my order and all I need to do is click “BUY” when I’m ready to send it. There is no additional confirmation needed, this order will be live.

99% of my buy orders are going to be on the Ask as a Marketable Limit order. This is because I’m trying to buy at the apex when a ton of other buyers are also coming in.



Canceling Orders

If my order is not immediately filled, if the price moves up and skips my order, I cancel it by pressing the escape button on my key board. This is a hot key setting.





Scaling out of Trades

When I'm scaling out of Trades, whether it's a winner or a loser, I try to sell my shares on the ask to get the best price.

Selling on the ask forces buyers to come to you. This increases the strength of the momentum. This means even though you are selling, it won't show as a red on the Time & Sales. It will still be green because the transaction occurred on the ASK when somebody bought your shares

You aren't feeding the bids and indicating weakness.

If I have to bail out of a trade because it's not working I'll sell on the bid, but otherwise I sell on the ask.



How to Hide Shares

Using ARCA and other Direct Routes, you have to display a min of 10% of your actual size. If you have 100k shares you can show 10k.

If you are selling a thinly traded stock, you may want to hide your shares to not scare away buyers. If you are buying a stock that shows a 10k seller on the ask and even after 10k of buying it still shows 10k shares, there is probably a hidden seller.

I typically don't hide shares because it's inconvenient. You can't display odd lots, which means you have to show 100, 200, 300, etc. You can't show an odd lot like 330. Because I use hot keys that automatically calculate my position and then sell $\frac{1}{2}$ or $\frac{1}{4}$, the calculations would frequently result in odd lots and rejected orders.

Adding / Removing Liquidity



Adding Liquidity to the Market means you are adding shares that can be bought or sold. This would be any order that is not immediately “marketable” or filled when it’s placed

By Adding Liquidity to the Market, many Market Makers will give you ECN Rebates

When you Remove Liquidity you may get charged an ECN Fee.

At the end of the day, ECN fees and rebates aren’t a big deal, and they aren’t something you would want to design your trading strategy around. They are just something to be aware of.





Adding Liquidity

Adding Liquidity to the Market means you are improving market liquidity by adding shares.

This would be considered ANY order that is not immediately Marketable.

When you Add Liquidity, you get PAID ECN rebates. ARCA pays .002

This means if I sell 10k shares on the Ask ARCA will pay me \$20.00



Removing Liquidity

When you place a market order, you are taking liquidity away from the market.

Some brokers will charge you an ECN fee for this. It may be anywhere from .0025-.01

This can be costly, but is the price to get fast executions with direct market routing

VIDEO Case Studies

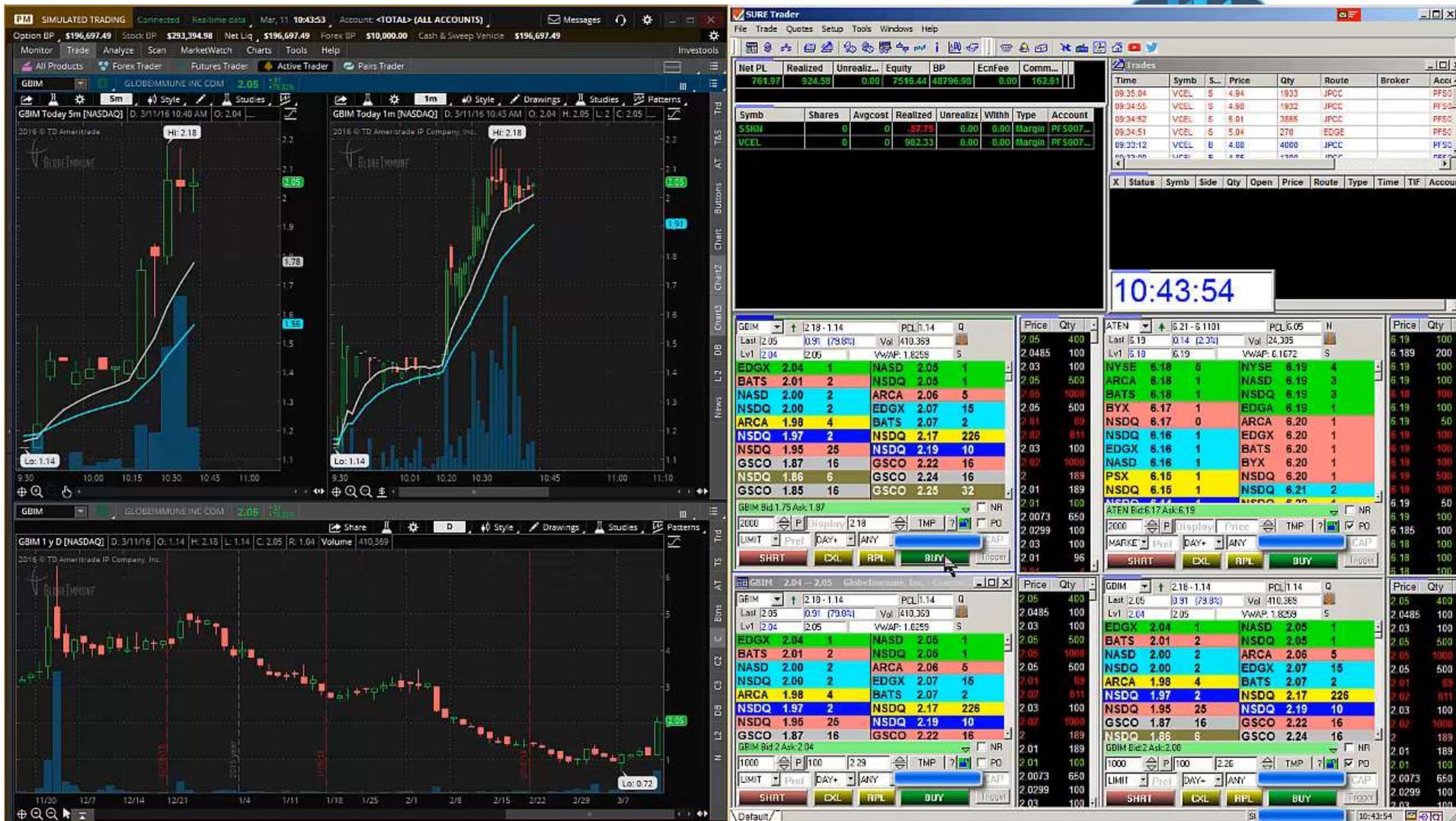




\$CPXX 100k Seller

100k seller





and offered a quick 10 cent pop

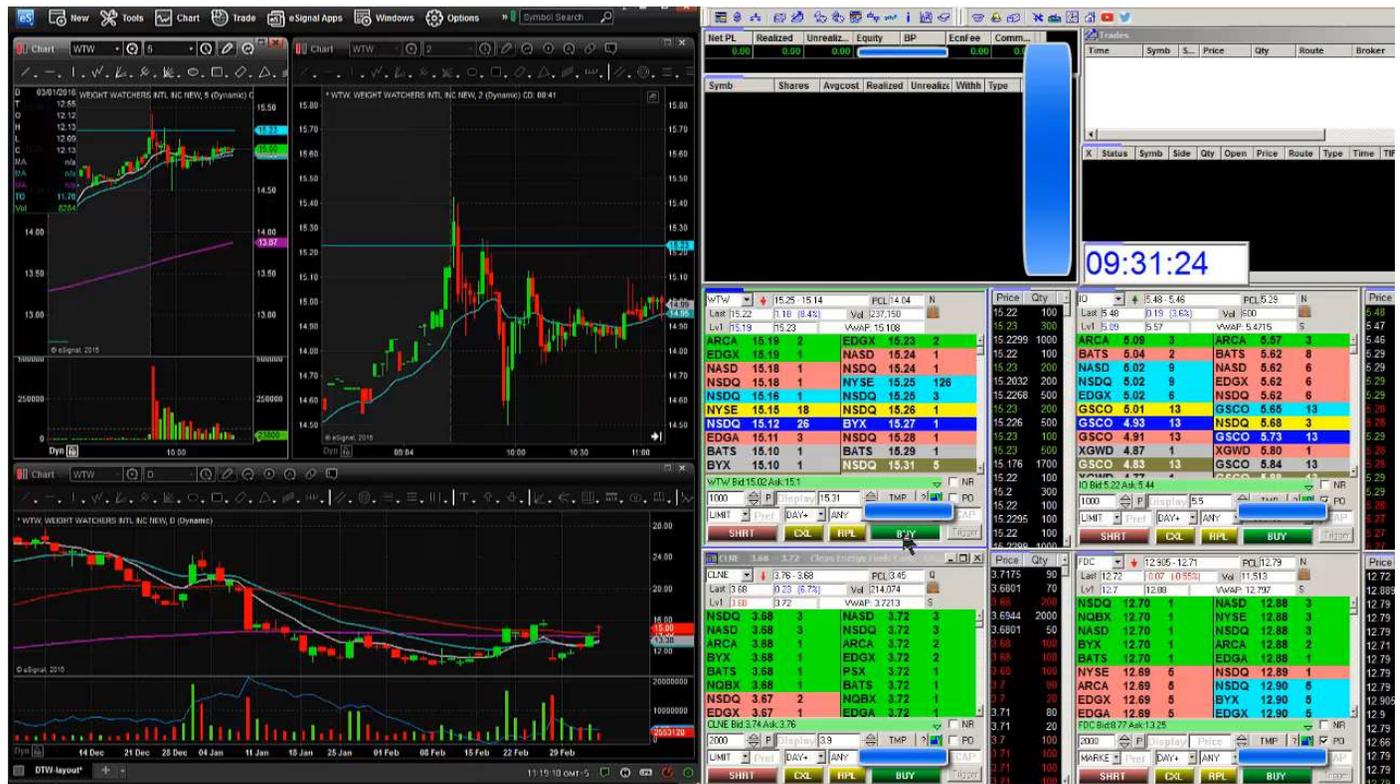




Level2 Studies on \$WTW \$ERII

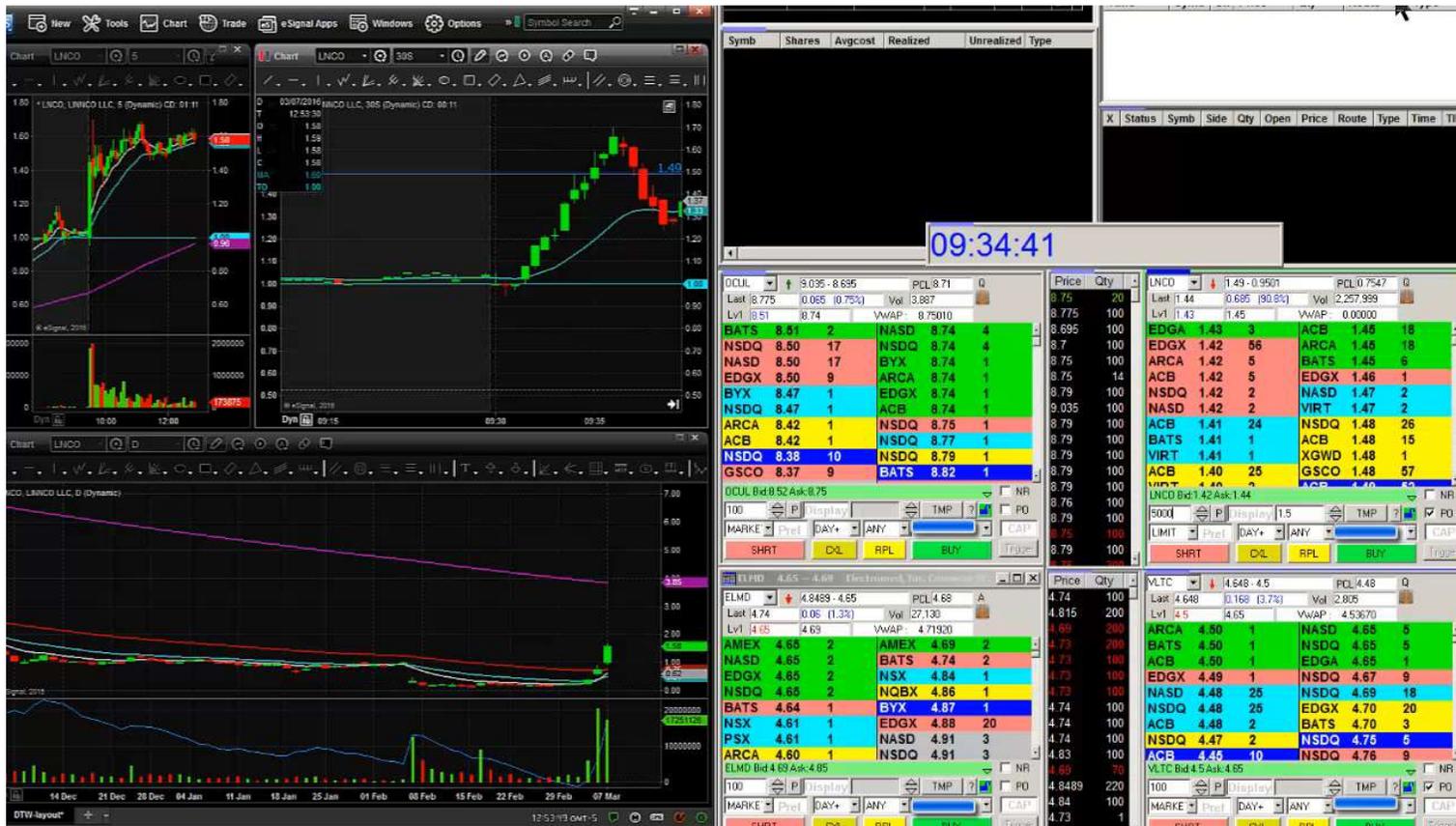
Once the 25k seller moved on \$WTW we got a nice 15 cent pop.

On \$ERII as soon as I saw the 300k seller, I bailed. Too big of a wall to break through.

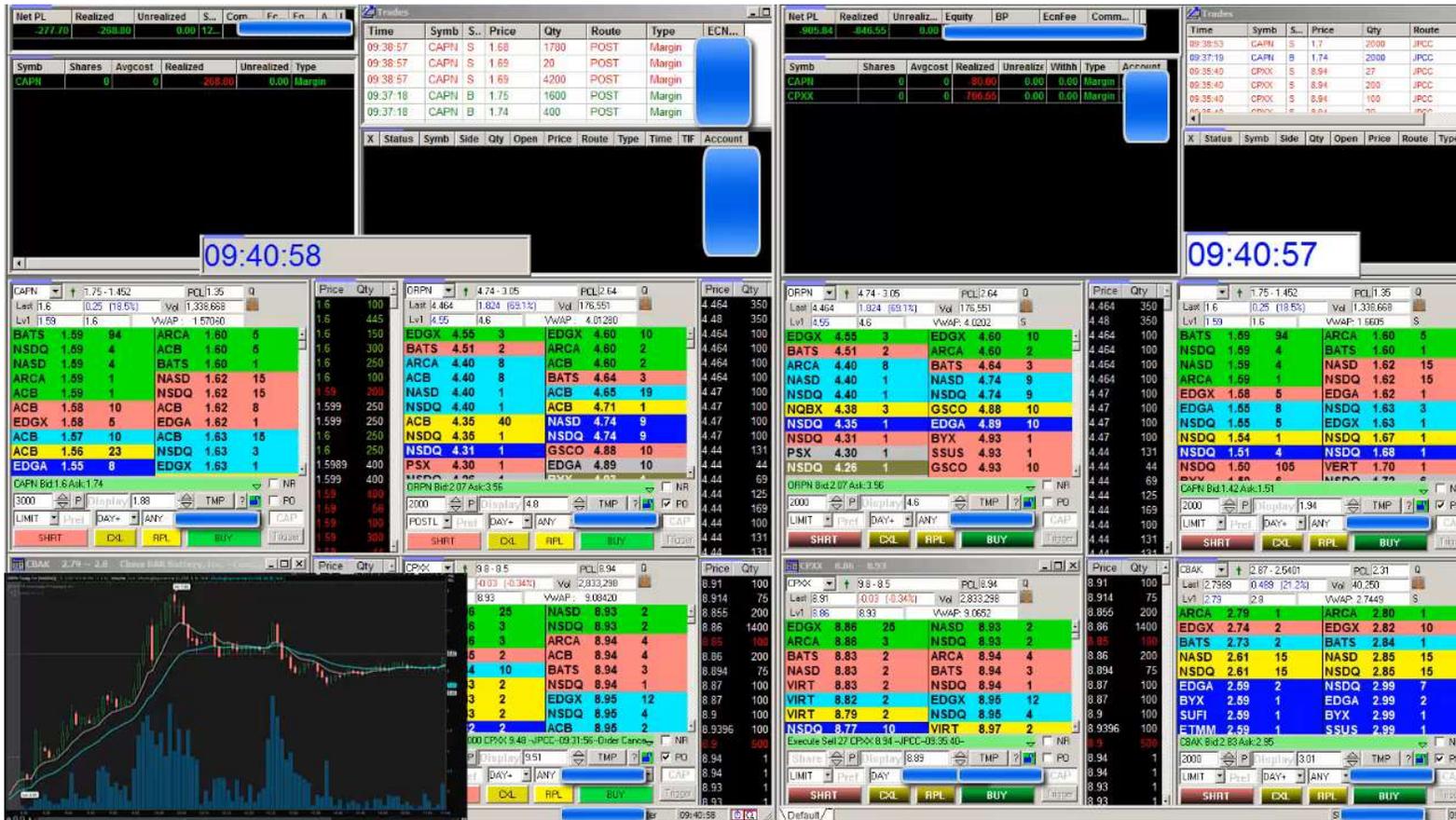




\$LNCO 1/2 dollar break



\$ORPN Gap and Go, 1st Pullback (big bids level2 Parabolic Squeeze)





Pinned Level 2 (Stock About to be Halted)

The screenshot displays a trading interface with a Level 2 order book for VCEL. The order book shows a large sell order at the top, indicating a potential market halt. The time is 12:20:34. The interface also shows two candlestick charts for VCEL, one for the 5-minute period and one for the 1-day period, both showing significant price volatility.

Time	Symb	S.	Price	Qty	Route	Type
10:14:44	CHAT	S	2.84	1400	POST	Margin
10:13:50	CHAT	S	2.88	290	POST	Margin
10:13:11	CHAT	S	2.85	490	POST	Margin
10:12:16	CHAT	S	2.85	2900	POST	Margin
09:56:53	RTK	S	3.92	2900	POST	Margin

Symb	Shares	Avgcost	Realized	Unrealized	Type
CHAT	0	0	0.00	0.00	Margin
RTK	0	0	71.00	0.00	Margin
TRIC	0	0	107.20	0.00	Margin
VCEL	0	0	146.92	0.00	Margin
ZFGN	0	0	497.66	0.00	Margin

Price	Qty	Price	Qty	Exch	Time
24701	13	VCEL 5.30	5.30	BYX	12:18
2549	37	VCEL 5.30	5.30	BYX	12:18
254	1000	NSDQ 5.30	35	ACB	5.30
2.47	100	NSDQ 5.20	20	ACB	5.33
2.5	588	ACB 5.16	1	NSDQ	5.39
2.55	300	NSDQ 5.12	1	ACB	5.41
2.5	100	NSDQ 5.11	2	NSDQ	5.49
2.47	100	ACB 5.10	0	NSDQ	5.60
2.47	233	NSDQ 5.08	2	ACB	5.60
2.47	29	NSDQ 5.05	4	NSDQ	5.69
2.445	100	NSDQ 5.02	6	NSDQ	5.70
2.47	100	NSDQ 5.01	2	ACB	5.73
2.445	400	VCEL 5.30	5.30	BYX	12:18
2.43	200	VCEL 5.29	5.30	BYX	12:18
2.43	100	VCEL 5.29	5.30	BYX	12:18
1.42	100	VCEL 5.29	5.30	BYX	12:18
2.4201	700	VCEL 5.29	5.30	BYX	12:18
2.4201	700	VCEL 5.29	5.30	BYX	12:18

Price	Qty	Price	Qty	Exch	Time
1.83	100	NSDQ 1.83	7	NSDQ	1.88
1.82	200	ARCA 1.83	5	EDGX	1.88
1.82	200	ACB 1.63	5	ARCA	1.68
1.78	100	NSDQ 1.82	3	NSDQ	1.65
1.78	100	NSDQ 1.82	3	NSDQ	1.65
1.8	490	EDGX 1.82	2	BATS	1.67
1.81	100	ACB 1.61	6	ACB	1.68
1.84	1000	NSDQ 1.61	2	ACB	1.68
1.84	400	BATS 1.60	2	NSDQ	1.72
1.8001	25	BATS 1.60	2	NSDQ	1.72
1.8136	1000	BATS 1.60	2	NSDQ	1.72
1.85	40	BATS 1.60	2	NSDQ	1.72
1.8031	2710	BATS 1.60	2	NSDQ	1.72
1.8	40	BATS 1.60	2	NSDQ	1.72

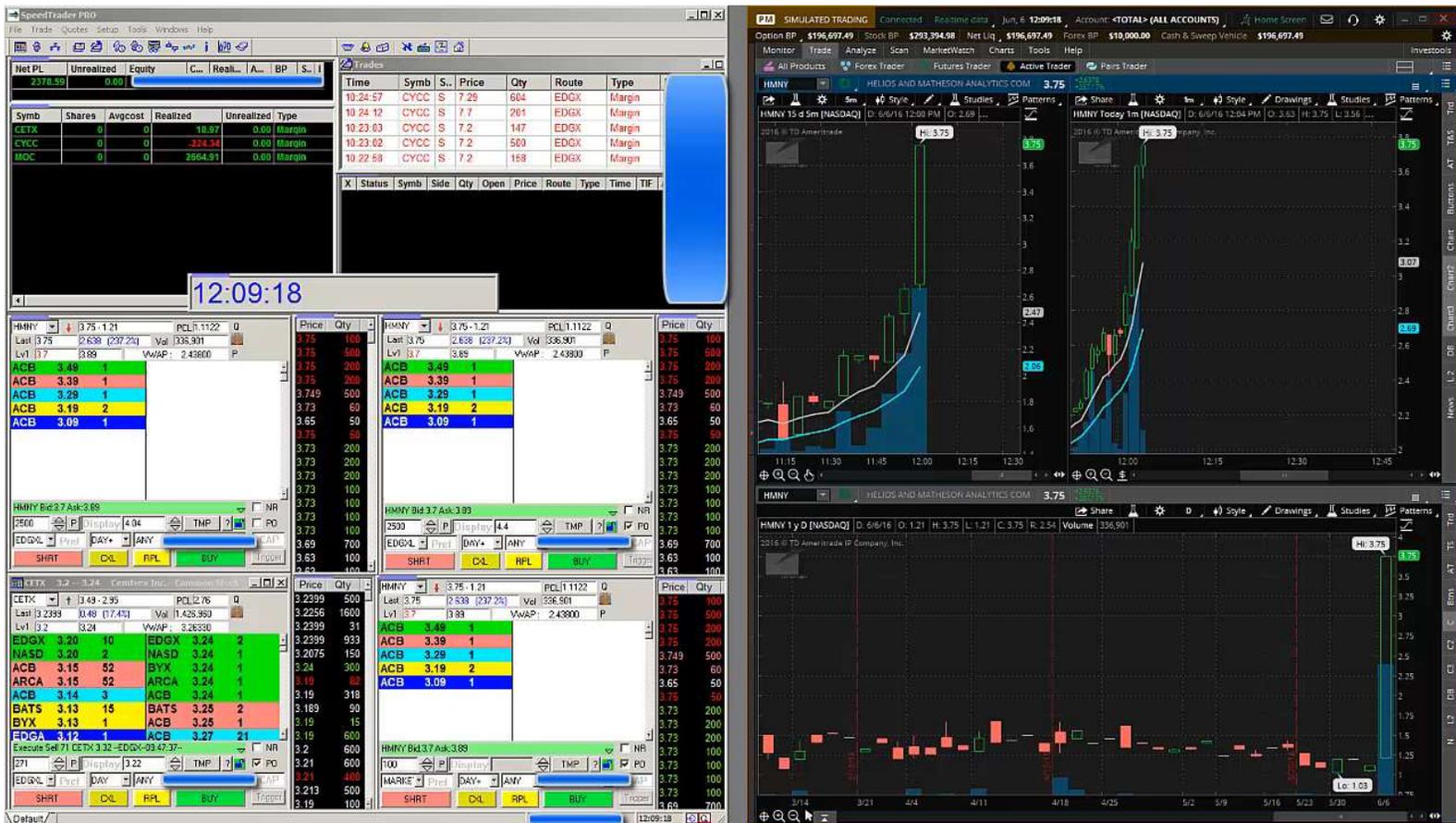
Pinned Level 2 (Stock About to be Halted)



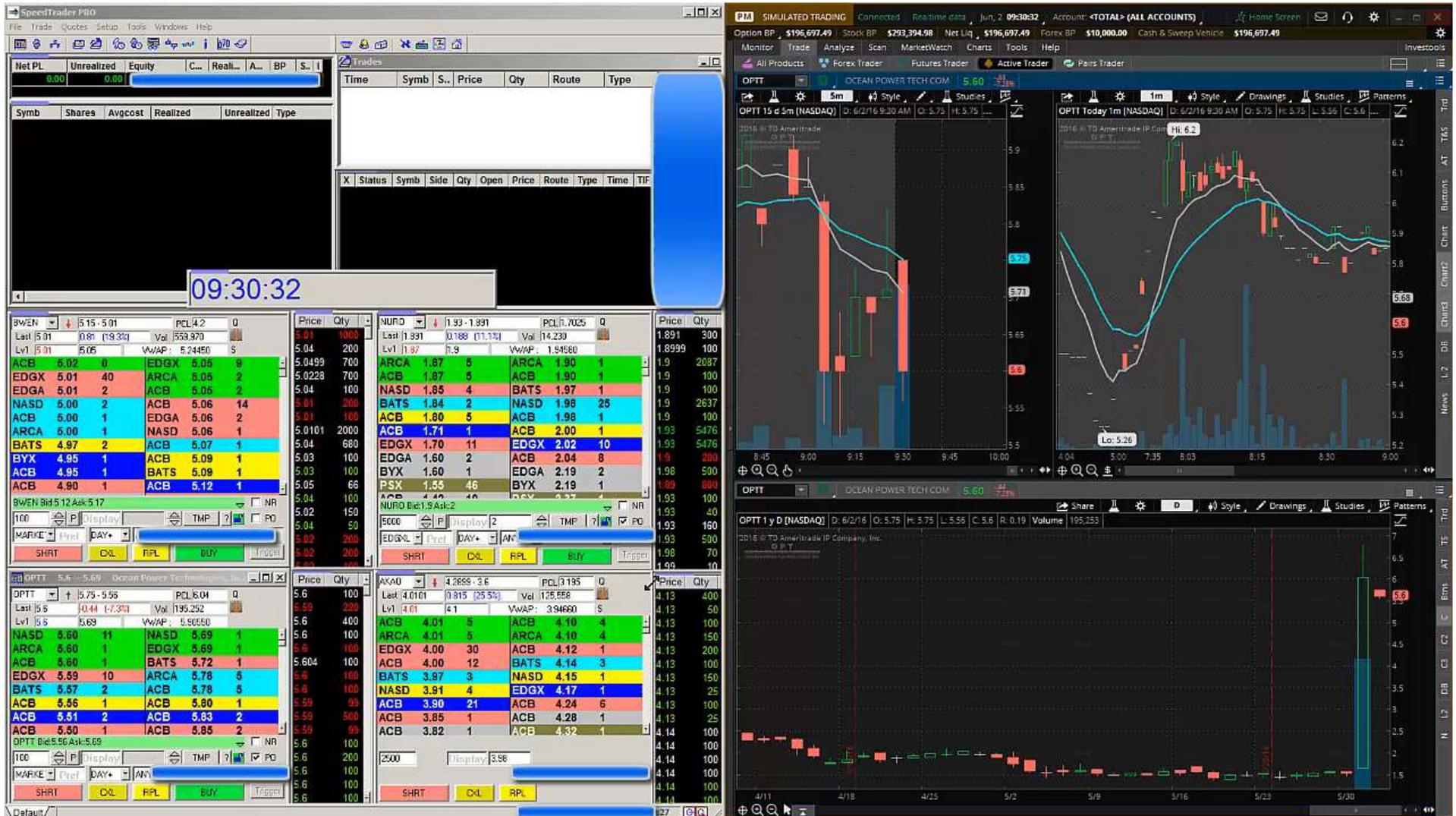
The screenshot displays a comprehensive trading interface. On the left, there are three candlestick charts for different timeframes: 15m, Today (1m), and 1y (D). The top chart shows a sharp price increase from approximately 5.3 to 6.25. The middle chart shows a similar trend with a low of 4.43. The bottom chart shows a long-term view with a low of 3.51. The right side of the interface is divided into several sections: a 'Trades' window at the top right showing a list of executed trades with columns for Time, Symb, S, Price, Qty, Route, and Type; a 'Level 2' order book in the center right showing bid and ask orders with columns for Price, Qty, Exch, and Time; and a 'Level 3' order book at the bottom right showing a more detailed view of the order book with columns for Price, Qty, and Exch. A digital clock in the center of the interface displays the time 10:26:01.



\$HMNY Breaking News & Halt (acquisition/merger)



Video: AKAO break of pre-





Hot Key Settings

Using Hot Keys I can prepare my orders AND send my orders. Hot keys help avoid wasting time typing up our orders, thinking about the math and amounts, and avoids the risk of irritating typos.

I have two different types of Hot Keys

- Hot Keys that send live orders
- Hot Keys that prepare orders and make changes on my order entry window



Using Hot Keys

Using Hot Keys allows very quick orders.

Most Brokers provide Hot Key configurations that you may be able to customize for your preference

Direct Access Software used by Speedtrader provides great Hot Key functionality.

Sterling and Lightspeed Pro also have good Hot Key settings

Hotkey Configuration

NAME	KEY	Command(s)
Cover Short - Limit - 1/1 Position		Route=POSTL; Share=Pos; TogSShare=; Price=Ask+.05; NoRR=N; BUY; TIF=DAY
Cover Short - Limit - 1/2		Route=POSTL; Share=Pos*.5; TogSShare=; Price=Ask+0.10; NoRR=N; BUY; TIF=DAY
Cover Short - Limit - 1/4		Route=POSTL; Share=Pos*.25; TogSShare=; Price=Ask+0.10; NoRR=N; BUY; TIF=DAY
Share Size -100 Shares	,	Share=Share-100
Share Size +100 Shares	.	Share=Share+100
Share Size -1000 Shares	Ctrl+,	Share=Share-1000
Share Size +1000 Shares	Ctrl+.	Share=Share+1000
10 cent stop	Ctrl+1	ROUTE=STOP;StopType=Market;StopPrice=Bid-.10;Share=Pos;TIF=DAY; ACCOUNT= ; SELL=Send
20 cent stop	Ctrl+2	ROUTE=STOP;StopType=Market;StopPrice=Bid-.20;Share=Pos;TIF=DAY; ACCOUNT= ; SELL=Send
SELL Ask - 1/4 Position	Ctrl+;	Route=LIMIT; Share=Pos*.25; TogSShare=; Price=Ask; NoRR=N; TIF=DAY; ACCOUNT= ; SELL=Send
- .1	Ctrl+KeyDown	Price=Price-0.1
Stop Breakeven (LONG)	Ctrl+B	ROUTE=STOP;StopType=Market;StopPrice=AvgCost;Share=Pos; TIF=DAY; ACCOUNT= ; SELL=Send
SELL Bid - 1/4 Position = Bail Out	Ctrl+C	Route=LIMIT; Share=Pos*.25; TogSShare=; Price=Bid-0.05; NoRR=N; TIF=DAY; SELL=Send
Route = POST Copy	Ctrl+I	Route=LIMIT
SELL Ask - 1/1 Position	Ctrl+K	Route=LIMIT; Share=Pos; TogSShare=; Price=Ask; NoRR=N; TIF=DAY; ACCOUNT= ; SELL=Send
SELL Ask - 1/2 Position	Ctrl+L	Route=LIMIT; Share=Pos*.5; TogSShare=; Price=Ask; NoRR=N; TIF=DAY; ACCOUNT= ; SELL=Send
Route = POST	Ctrl+P	Route=LIMIT
Cancel all	Ctrl+Q	CXL ALLSYMB
Focus Share	Ctrl+S	FOCUS Share
Trailing Stop	Ctrl+T	ROUTE=STOP;StopType=Trailing;Share=Pos;TIF=DAY;BUY
SELL Bid - 1/2 Position = Bail Out	Ctrl+X	Route=LIMIT; Share=Pos*.5; TogSShare=; Price=Bid-.05; NoRR=N; TIF=DAY; ACCOUNT= ; SELL=Send
SELL Bid - 1/1 Position = Bail Out	Ctrl+Z	Route=LIMIT; Share=Pos; TogSShare=; Price=Bid-.05; NoRR=N; TIF=DAY; ACCOUNT= ; SELL=Send
+ .01	KeyUp	Price=Price+0.01
+ .1	Ctrl+KeyUp	Price=Price+0.1
- .01	KeyDown	Price=Price-0.01
Switch Windows	TAB	SwitchTWnd
10 cent stop (SHORT)	Alt+1	ROUTE=STOP;StopType=Market;StopPrice=Ask+.10;Share=Pos;TIF=DAY; ACCOUNT= ; BUY=Send
20 cent stop (SHORT) Copy	Alt+2	ROUTE=STOP;StopType=Market;StopPrice=Ask+.20;Share=Pos;TIF=DAY;BUY
Cover Short Bid - 1/4 Position	Alt+;	Route=LIMIT; Share=Pos*.25; TogSShare=; Price=Bid; NoRR=N; TIF=DAY; ACCOUNT= ; BUY=Send
Stop Breakeven (SHORT)	Alt+B	ROUTE=STOP;StopType=Market;StopPrice=AvgCost;Share=Pos;TIF=DAY; ACCOUNT= ; BUY=Send
Cover Short Position 1/4	Alt+C	ROUTE=LIMIT;Price=Ask+0.05;Share=Pos*.25; TogSShare=; ACCOUNT= ;TIF=DAY;BUY
Cover Short Bid - 1/1 Position Copy	Alt+K	Route=LIMIT; Share=Pos; TogSShare=; Price=Bid; NoRR=N; TIF=DAY; ACCOUNT= ; BUY=Send
Cover Short Bid - 1/2 Position	Alt+L	Route=LIMIT; Share=Pos*.5; TogSShare=; Price=Bid; NoRR=N; TIF=DAY; ACCOUNT= ; BUY=Send
Cover Short Position 1/2	Alt+X	ROUTE=LIMIT;Price=Ask+0.05;Share=Pos*.50; TogSShare=; ACCOUNT= ; TIF=DAY;BUY
Cover Short Position	Alt+Z	ROUTE=LIMIT;Price=Ask+0.05;Share=Pos; TogSShare=; ACCOUNT= ; TIF=DAY;BUY
Buy Max BP	Shift+1	ROUTE=LIMIT;Price=Ask+0.05;Share=BP*.90;ACCOUNT= ; TIF=DAY+;BUY=Send

HotKey File

Extras & Links



Email me with questions ross@warriortrading.com





Warrior Trading

CHAPTER 11. TRADE MANAGEMENT & YOUR
PSYCHOLOGICAL GAME





Today you will Learn

- How to manage your open positions
- Techniques to handle fear of Loss



Why Is This Important?

- Trade Management is critical to success as a trader. If you consistently find good setups but sell too soon, you'll never be successful in the long term.

Holding Losers and Selling winners



Why do we do this?!?

This is a very common pattern among new traders. You have small winners, and big losers.

You hold the losers too long and sell the winners too soon.

How do we change this pattern!

Set Rules for Entries and Exits, and follow the Rules.



Appropriate Sizing

You must size according to a pre-determined level of risk. If you are willing to risk \$1k on a trade, you can either take 10k shares with a 10 cent stop or 2k shares with a 50 cent stop.

So you have to ask which stop is more realistic and is appropriate for the chart.

If you are suddenly down, you have to stick with the plan and sell.

I see so many students in the simulator over leveraging their accounts.



Taking the Trade

We have one of our Go To Setups developing and preparing for a breakout

We can set a reasonable stop with a 2:1 potential profit loss ratio.

We can take a $\frac{1}{2}$ size position leading up to the breakout with the intention of doubling as more volume comes in.

We take the trade, set the stop, and LET IT WORK



Scaling into Winners

On a winning trade that I have a ½ size or even full size position, if I'm confident the stock is about to breakout, or continue breaking out, I will add more size.

Add to Winners!

I adjust my stop to the low of the last 5min candle, possible the last 1min candle.

I want to add more shares but keep relatively the same amount of risk on the position.



Scaling into Breakouts

Often times as we are approaching a strong breakout, I will add a $\frac{1}{2}$ size position with the intention of doubling if the breakout occurs

I do this for 2 reasons

- Sometimes on the breakout I can't get filled
- I can have a larger position with better price average and confirmed breakout

Scaling out of winners Income Trading



As an Income Trader I want to produce income on all of my trades.

I don't want to go up \$1k and not lock it up. So I sell $\frac{1}{2}$ or $\frac{3}{4}$ of my position and adjust stop to breakeven and let the rest RIDE until I get stopped out.

We've discussed this extensively in the class, but this trade management strategy is based on the personal risk preferences I have. You can create your own trade management guidelines based on your risk tolerance.



Exit Indicators

There are a few universal exit indicators that work with pretty much every strategy. Its important to learn to recognize these and to bail out if you see these exit indictors.



Follow the Trend

I buy stocks that are TRENDING. I don't buy during consolidation patterns.

We buy Breakouts. Therefore, we MUST see the trend continue. A 5min candle making a new low indicates trend may be reversing.

Occasionally I will hold to the low of the Bull Flag, but only if I already have profit on the trade and have scaled down to a $\frac{1}{4}$ position or less.

5min Candle makes new low





Extension Bars

Extension Bars are extremely large candles, they are Spikes! They are typically going to be 25 cent candles at a min, and as large as 1 or 2 dollars.

We have to sell into this spikes because we are getting too over extended.



Extension Bar Example



Where did the Volume Go?

If we see Volume Declining, that's my exit signal!

I don't want to hold through low volume consolidation.

The strong volume is what CONFIRMS the breakout is happening.





Trailing Stops

A trailing stop allows you to hold a position while booking profits. You continue to hold a core position until you see an exit indicator.

I'll begin to use trailing stops but only once my stop has been adjusted ABOVE breakeven. If my stop is still breakeven I wouldn't set a stop lower than that.

Once I'm setting profit stops, I simply set a stop at the low of the last 5min candle and keep adjusting it every time a new 5min candle closes.

This is how I trail my winners up.



Trailing Stop Example





Scaling out Losers

If I am in a Breakout Trade with a full size position and it seems the trade may not be working as planned, I may sell half, for a small loss or a small profit, simply to reduce my EXPOSURE. I'd rather take a loss on a ½ size position than a full size position.

Back to the Breakout of Bailout mentality



Day Trading Psychology

The biggest obstacle to trading success for most traders are **emotions**

It is extremely difficult to become comfortable experiencing losses.

Think of a home builder, and every 3 weeks somebody comes along and knocks down half the house.

You have to get used to getting knocked down and rebuilding.

Trade Management & Your Emotional Game



Learn to be okay with being wrong.

Trade Management is very much combined with Risk Management

We often change our risk parameters mid-trade to accommodate a losing position

That is a BAD HABIT



Getting Knocked Down

Successful traders have learned how to recover from getting knocked down without losing composure

Losing Money is part of the job for us.

Every day we must achieve peak performance and maintain a clear state of mind so we can trade out of losses without losing control.



Market Psychology

The Winners Walk away

The Losers Keep Fighting it Out

Trading 9:30-11am is the easiest time to make money.

Trading out of frustration to make back losses is a recipe for disaster.

Many of the afternoon traders are aggressively trying to make back morning losses.

When is my best trading?



My best trading is from 9:30am-10am.

If I haven't performed well during this time frame, odds are, the next time I will perform well will be tomorrow.

I can't force aggressive trading outside my peak performance window.

This means you have to know your stats.



Building a Cushion

I try to get a solid winner on my first or second trades of the day. I want to build my daily cushion as quickly as possible to get myself green on the day.

Knowing when to walk away

Trading in the morning is always easiest, so if I can't get a winner in the morning my odds of getting wins mid-day or afternoon decrease exponentially.

Sometimes the best chance to get the next win is tomorrow morning!



Trying to Bounce Back

When we take a few losses the natural instinct is trying to recover those losses quickly.

This instinct is actually very dangerous. We cannot force the market or force trades. We must wait for trade so come to us.

Whether we are red or green for the week/month, we should trade the same strategy.

We may increase risk while we are trading well, but not when we are trading poorly.

When do you get Aggressive?



I found I used to get extremely aggressive any day that I hit my daily goal, then lost it and went red on the day.

I would spend the rest of the day grasping at straws, taking trades on anything moving. Often times these days would end very badly for me as I kept losing and kept getting more frustrated.

Learn to become familiar with your triggers and your trading patterns.



Risk of Overtrading

Over Trading can be extremely risky.

Most traders that are extreme over traders are unable to achieve success.

You must take strictly calculated trades and this typically results in only a few trades each day, rarely more than 20.



Discipline is a Practice

Discipline is a practice and it's something you have to always work on.

You don't achieve a level of discipline and then you can stop working on it.

Everyday you have to exercise your ability to maintain composure.



How to improve discipline?



I have a few methods for improving my ability to maintain focus and discipline throughout the day.

1. Mediation. I mediate every morning before the market opens. This practice by itself requires discipline to maintain.
2. Exercise. Again, it requires discipline to maintain a workout regimen.

Practicing discipline in other areas of your life will improve your ability to maintain composure as a trader.





Making RULES

As a trader I have repeatedly put myself into Trader Rehab. I typically do this after a particularly embarrassing and unacceptable loss. It's a time to go back to basics. Refocus on the core strategy. For me, trader rehab usually means I only trade for the first 2hrs, and I limit my position size.

If I break rules, I have to run 5 miles for each rule I break. I would rather just not break rules vs have to run. But you have to be able to hold yourself to the rules if you make them!



Managing Risk

Everything we've talked about today is based on the topics of managing your trades, and specifically, managing risk. We know there is risk in trading, and sometimes the most difficult obstacle to successful trading are our own emotions.

Managing risk and managing emotions go hand in hand.



Extras & Links

Email me with questions ross@warriortrading.com



**WARRIOR
TRADING**

Warrior Trading

CHAPTER 12. CREATING YOUR TRADING PLAN





Today you will Learn

- How to setup a trading plan.
- We will discuss:
 - Your Objectives
 - Strategies You'll Trade
 - What to Expect



Why Is This Important?

- Success in Day Trading requires discipline. The trading plan is what you will follow everyday. It's the business plan that will guide you towards trading success.

I want to be a Professional Day Trader



What do I need to do?

Just like any other profession, if you are serious, you have to evaluate whether or not this is really a potential career path.

This isn't a part-time hobby you do on the side, learning to day trade requires a tremendous amount of time and energy.

Once you have achieved proficiency in the market, you can scale back to focusing only 2hrs a day on trading. But as a beginner, you need to spend several hours/day studying.

Make your Plan and Trade your Plan



In order to succeed as a trader you MUST be organized and discipline. This starts with tracking all your trade on an excel doc and continues with writing a trading strategy and overall trading plan

Never Trade an Unproven Strategy



You should only live trade a strategy that is proven to be successful.

This is part of risk management. When you know a strategy has a 65% success rate and 2:1 profit loss ratio, you have a full understanding of the risk.



Don't Trade Real Money

Don't Trade with Real Money until you've proved that you can make money with a papertrading account.

This would have saved me over \$30k in losses...and I'm not the only one!

Once you are consistently making money on paper, you can transition to live trading with small size.



Day Trading Plan Basics

- 1) What is your Strategy?
- 2) What are your daily goals, max loss limits, and how many times / day will you trade?
- 4) What is your 6 month target?



Gap and Go! Strategy

The Gap and Go strategy is a unique Trading Strategy that falls under the category of Momentum Trading Strategies.

Time Frame: 9:30am – 10am (sometimes allowing pre-market trading)

Stock Type: Low Float Stock (under 50mil share)

Requirements: Stock should have a Catalyst or be a former runner.

Price Range: Price between \$1.50-10.00

Accuracy: 78% (based on my trades)

Profit Loss Ratio: 1.5:1 (based on my trades)

How do you find stocks?: Trade-Ideas Gap Scanner

Gap and Go Entry Setups

The Gap and Go strategy offers 4 unique setups. Each setup is an entry opportunity with a pre-determined stop.

1. The 1min Opening Range Breakout (entry on 1min chart)
2. The Break of Pre-Market Highs (entry on 1min chart)
3. The First Pull Back (works on both 1min and 5min charts)
4. The Red to Green Move (typically traded on the 1min chart, but also works on the 5min chart)

Hard stop -20 cent max at all times. Profit targets 20-40 cents.

Gap and Go Exit Indicators

Once we enter a Gap and Go trade based on one of our favorite setups, how long do you hold it? With Gap and Go trades, I usually have 10 cent stops, with 20 cent max loss. This means my profit targets are between 20-30 cents on average, with 40-50 cents being exceptionally strong, and 50 cents – 1.00 gains are monstrous.

If you are a scalp trader, you typically sell based on Level 2 or Time & Sales action. If you are a trend based trader, you sell based on first candles to make a new low, or go red.

I will begin to sell if:

- 1) I see Heavy Resistance on the Level 2 in the form of a big seller, I bail out by selling on the bid.
- 2) I stop seeing buying, and I'm just seeing a lot of selling on the Time & Sales, I bail out by selling on the bid.
- 3) If my first profit target has touched, I sell half by selling on the Ask, and adjust stop to breakeven for remainder.
- 4) If 2nd or 3rd profit targets are hit, I continue to sell small pieces on the Ask.
- 5) If my entry is on the 5min chart, typically I will sell on the first red candle on the 5min chart, unless I'm already up so much that I can afford to hold through the pullback.

Momentum Trading Strategy

The Momentum Trading Strategy is a strategy for trading stocks that are already moving up or down quickly.

Time Frame: 9:30am – 12pm(sometimes allowing pre-market trading and sometimes continuing into the afternoon)

Stock Type: Low Float Stock (under 50mil share)

Range Today: Should already be up at least 10%

Requirements: Stock should have a Catalyst or be a former runner, but technical breakouts are okay.

Price Range: Price preferred between \$1.50-10.00, but applicable for all prices. Higher prices should be 5min patterns only.

Accuracy: 72% (based on my trades)

Profit Loss Ratio: 1.5:1 (based on my trades)

How do you find stocks?: Trade Ideas HOD Momo Scanner (Yellow or Green Alerts)



Finding Entries

I enter Momentum Stocks based on these types of setups.

- 1) Half Dollar and Whole Dollar Breakout
- 2) Bull Flag/ Flat Top Breakouts
- 3) Moving Average Pullback Entries (also flag patterns typically)
- 4) The 1234 setups. Looking for pivot levels to break
- 5) Breaking News & Halt Setup
- 6) Micro Pullbacks on the 1min chart

On all of these setups, clean daily charts without nearby resistance are preferred.

Low floats are preferred

High volume spikes are preferred.

A solid blue horizontal bar at the bottom of the page.

Momentum Exit Indicators

Once we enter a Momentum trade based on one of our favorite setups, how long do you hold it? Just like Gap and Go trades, I usually have 10 cent stops, with 20 cent max loss. This means my profit targets are between 20-30 cents on average, with 40-50 cents being exceptionally strong, and 50 cents – 1.00 gains are monstrous.

If you are a scalp trader, you will typically sell based on Level 2 or Time & Sales. If you are a trend trader, you will sell when the first candles makes a new low, or goes red.

I will begin to sell if:

- 1) I see Heavy Resistance on the Level 2 in the form of a big seller, I bail out by selling on the bid.
- 2) I stop seeing buying, and I'm just seeing a lot of selling on the Time & Sales, I bail out by selling on the bid.
- 3) If my first profit target has touched, I sell half by selling on the Ask, and adjust stop to breakeven for remainder.
- 4) If 2nd or 3rd profit targets are hit, I continue to sell small pieces on the Ask.
- 5) If my entry is on the 5min chart, typically I will sell on the first red candle on the 5min chart, unless I'm already up so much that I can afford to hold through the pullback.

Reversal Trading Strategy

If we see a stock has just made a strong move, either to the upside or the downside, we may feel we've missed the opportunity to jump on the momentum. Instead, we wait for the reversal, to trade the opposite direction.

Time Frame: 9:30am – 4pm (Strategy works all day, but requires high volume on the stock in question)

Stock Type: Low – Medium Float Stock (under 50mil ideal, but up to 100mil not usually a problem)

Range Today: Should already be up or down at least 5%, but 10% is better.

Requirements: A min of 5 consecutive candles on the 5min chart, more is better. Volume Spiking.

Price Range: Price preferred between \$20-100, but applicable for all prices.

Accuracy: 67% (based on my trades) (accuracy lower because timing reversals is hard)

Profit Loss Ratio: 2.5:1 (based on my trades) (Wins are bigger because when they work, they work!)

How do you find stocks?: Use Reversal Scanners, Low RSI Scanners, and Consecutive Red/Green Candles scanners, then buy first candle to make a new high.



Finding the Setup

Now that you know how to use scanners to find the stocks worth trading, you need to find your setup.

The reversal setups I trade

1. Candle outside Bollinger Bands
2. First candle to make a new high after 5+ red candles
3. Over/Under a whole dollar or half dollar
4. Bounce off 200EMA on the Daily Chart
5. Bounce off support or resistance on the Daily Chart.

The setup has to be very obvious for me to take the trade.

Reversal Exit Indicators

I tend to prefer immediate resolution of Reversal Trades. If I get in expecting a bounce, and we don't bounce, I'm immediately on my guard.

If you are a scalp trader, you will typically sell based on Level 2 or Time & Sales. If you are a trend trader, you will sell when the first candle makes a new low, or goes red.

I will begin to sell if:

- 1) I see Heavy Resistance on the Level 2 in the form of a big seller, I bail out by selling on the bid.
 - 2) I stop seeing buying, and I'm just seeing a lot of selling on the Time & Sales, I bail out by selling on the bid.
 - 3) If my first profit target has touched, I sell half by selling on the Ask, and adjust stop to breakeven for remainder.
 - 4) If 2nd or 3rd profit targets are hit, I continue to sell small pieces on the Ask.
 - 5) If my entry is on the 5min chart, typically I will sell on the first red candle on the 5min chart, unless I'm already up so much that I can afford to hold through the pullback.
 - 6) Since I expect an immediate breakout, if we don't get it, I'll get out breakeven.
- 

4 month Trading Plan



1st month is SIMULATED TRADING

All of our students take part in our 4 month, 3 step trading plan where we start you with \$50 of risk per trade and slowly increase that to \$200 risk per trade.

Students who have completed our 3 step trading plan successfully are building the skills to earn upwards of \$100k/year as a day trader.

We aren't teaching you to get rich quick, it takes hard work, but we are teaching trading skills that can be used for a life time.





Trading Plan

For the next four months, you must follow a strict trading plan.

You must prove to yourself that you are successful and that you worth investing in.

You have to prove this not only to yourself, but to anyone else considering supporting you in this process.





Objectives & Rules

Your Objectives & Rules:

- 1) Trade in the simulator for a min of 1month to gain experience with new strategies
- 2) Only trade during the times permitted by your strategy.
- 3) Do not exceed Max Loss, or Max Position Size restrictions
- 4) Exceed a min of 50% accuracy. 60-70% is target range.
- 5) Maintain a positive Profit Loss Ratio of AT LEAST 1:1
- 6) Use our scaling strategy to sell ½ when you are up a little, and set stop at breakeven.
- 7) Do not trade through major economic news (FOMC meeting minutes)
- 8) When you trade LIVE, only trade the strategies you successfully traded as a paper trader.

If you can achieve these objects and follow these rules, you will be ready to advance to live trading in Month 2.



Trading Plan Goals

Trades per Day: 4 (but not more than 10)

Target Accuracy: 50% min, 60-70% goal

Max Risk per Trade: You are risking \$50 per trade to start, but we will increase to \$200/trade in risk.

Daily Profit Target: \$100 / day profit, will increase to \$400.

Daily Max Loss: If you lose \$100 in 1 day you are done for the day! Will increase to \$400

Weekly Goal: Daily goal x 3. (\$300), will increase to \$1200

You should focus on whichever strategy resonates with you most, Gap and Go, Momentum in the first 2hrs, or Reversals.

I personally would choose the Gap and Go and Momentum strategies.



1st Month - \$50 Risk

Trades per Day: 4 (but not more than 10)

Target Accuracy: 50% min, 60-70% goal

Max Risk per Trade: You are risking \$50 per trade.

Daily Profit Target: \$100 / day profit.

Daily Max Loss: If you lose \$100 in 1 day you are done for the day!

Weekly Goal: Daily goal x 3. (\$300)



Take 4 trades per day

Risk \$50 per trade. Lose on 2 trades.

You are down \$100.

Make \$100 on 2 trades, you make \$200.

You have a net profit of \$100.

You may hit a winner that far exceeds \$100.

Ideally, I'd like to see you win on 3 out of the 4 trades you take, but you can still be profitable with a 50% success rate.



Do this for 1 month

Do this every day for 1 month

Prove to yourself that you can choose the right stocks, the right patterns, and consistently come out ahead.

Right now, it's not about how much you make, it's about building consistency!!



Month 2

In Month 2, you will repeat month 1 except this time you will consider trading in a real account IF you have proven yourself successful in the first month of training.

You have to make the decision for yourself about when you are ready to trade with real money. You may feel you need to repeat the month 1 trading plan in a simulator until you have proven you can maintain a good profit loss ratio and percentage of success.



3rd Month - \$100 Risk

After your first successful month of live trading with small size, you are going to look to increase your size. Only increase size if you are generating profits.

Trades per Day: 4 (but not more than 10)

Target Accuracy: 50% min, 60-70% goal

Max Risk per Trade: You are risking \$100 per trade.

Daily Profit Target: \$200 / day profit.

Daily Max Loss: If you lose \$200 in 1 day you are done for the day!

Weekly Goal: Daily goal x 3. (\$600)

Month 3 – Double your Risk



Risk \$100 per trade. Lose on 2 trades.

You are down \$200.

Make \$200 on 2 trades, you make \$400.

You have a net profit of \$200.

You may hit a winner that far exceeds \$200.



4rd Month - \$200 Risk

After you have seen steady progress during your 3rd month of live trading, you will likely be feeling an increase in confidence. When you feel more confident, you know you are ready to increase share size and increase risk per trade

Trades per Day: 4 (but not more than 10)

Target Accuracy: 50% min, 60-70% goal

Max Risk per Trade: You are risking \$200 per trade.

Daily Profit Target: \$400 / day profit.

Daily Max Loss: If you lose \$400 in 1 day you are done for the day!

Weekly Goal: Daily goal x 3. (\$1200)

Month 4 – Double your Risk



Risk \$200 per trade. Lose on 2 trades.

You are down \$400.

Make \$400 on 2 trades, you make \$800.

You have a net profit of \$400



Set Realistic Goals

As a beginner trader what should you expect?

Don't expect to be profitable in the first 2 months trading.

You should be papertrading for the 1st month, and most likely breaking even after commissions once you start trading live. You will be breaking even because commissions will be a larger percentage of your gains when you trade with small size. Once you move into month 3 and month 4, you should start to see gains increase.

Trading is a process.

SURVIVE UNTIL YOU LEARN

You learn by experience in this industry



If you fail, try again

If you need to spend 6 months paper trading until you see the percentage of success and the profit loss ratios required to be profitable, that's okay. It took me over 18 months. As long as you are practicing your trades, and tracking your trade logs, you can gain experience and gain insight about what you need to do to improve your results.



Final Words of Wisdom

Day Trading requires a high level of discipline and composure in order to make the right decisions under pressure.

The ability to maintain discipline and composure are muscles that will become strengthened the longer you exercise them. Don't be alarmed if at first you struggle! This is how every professional trader begins, hence why we say to start trading with a paper trade/demo account!! Why practice or struggle with real money?



Final Words of Wisdom

We have taught you the basics of trading but we have just scratched the surface.

In our trading courses we go in depth on each of these topics and other topics to advanced to cover in this intro class.

The most important thing for a new trader to focus on is educating yourself. We will teach you the skills to be a professional trader. If you are ready to learn we're here to teach!





Extras & Links

Email me with questions ross@warriortrading.com





**WARRIOR
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CHAPTER 13. OVERVIEW OF IMPORTANT TOOLS



The Tools of the Trade



As we've discussed the best trading tools are critical to success.

Remember when we talked about trying to ride a road bike in the sand?
Don't be like that guy!

Using the right tools will make your job so much easier.





Broker Tools

We're going to review the Suretrader/Speedtrader Platform

The screenshot displays the SpeedTrader PRO interface with several key components:

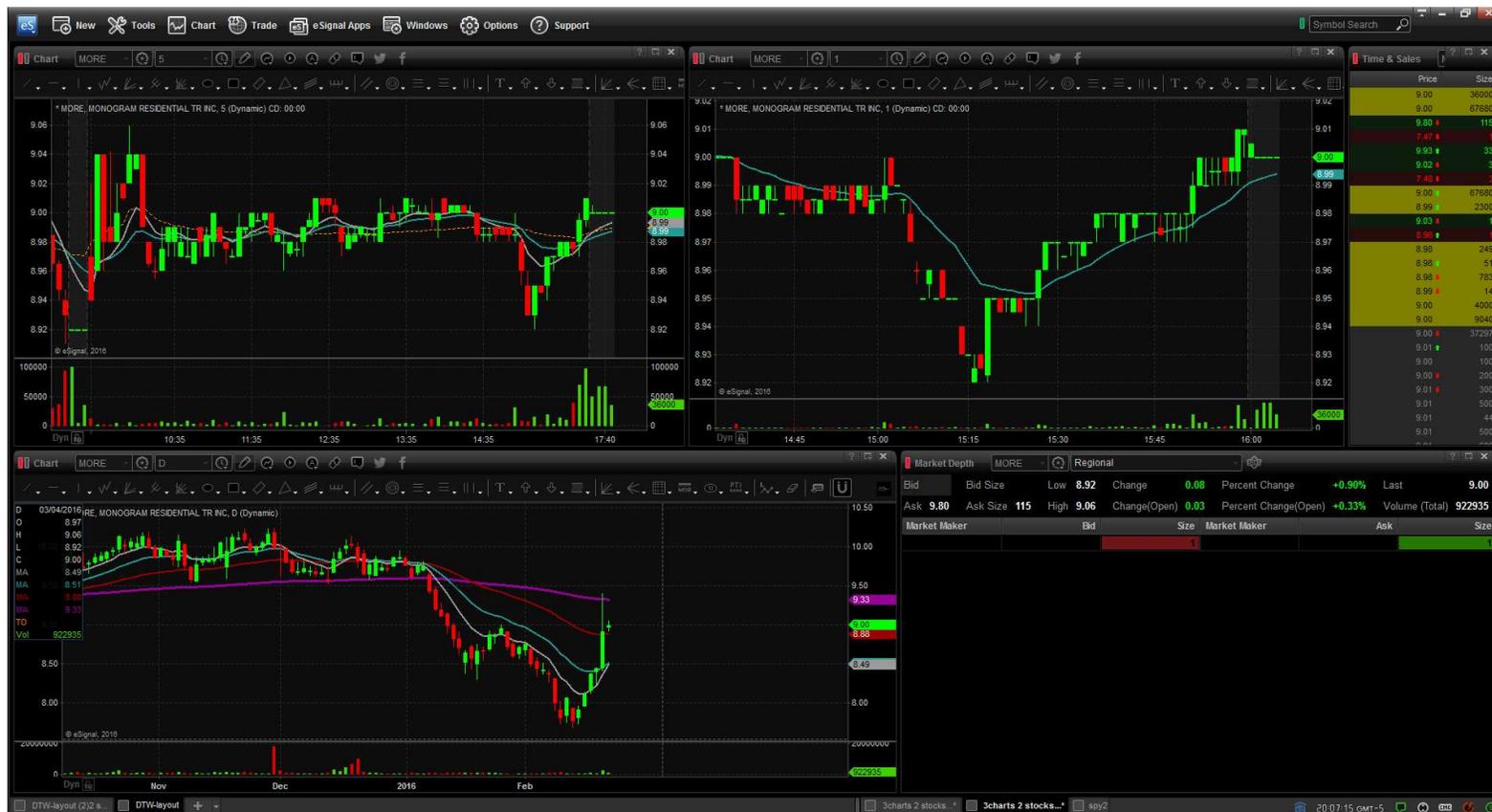
- Top Left:** A 'Trades' window showing a list of executed trades with columns for Time, Symb, S, Price, Qty, Route, Type, and ECN. A 'Net PL' window shows realized and unrealized profit/loss for various symbols.
- Top Center:** A 'Cals' window for placing orders, including fields for Symbol, Last, Change, BID, ASK, Volume, Expire, open Int, and Strike.
- Top Right:** A 'Yield' window showing market data for a specific symbol, including Last, Bid, Ask, and Volume.
- Middle Left:** A 'Market Data' window displaying a list of market data points for various symbols, including NYSE, NASDAQ, and ARCA.
- Middle Center:** A 'Price (Candle)' chart showing price movement over time with a moving average and volume bars.
- Middle Right:** A 'Yield' window for another symbol, showing market data and a 'Volume (BAR)' chart.
- Bottom Left:** A 'Market Data' window for a different set of symbols, including CLDN, NASD, and ARCA.
- Bottom Center:** A 'Price (Candle)' chart for a third symbol, showing price movement and volume.
- Bottom Right:** A 'Yield' window for a fourth symbol, showing market data and a 'Volume (BAR)' chart.

The interface is densely packed with data and charts, typical of a professional trading platform. A digital clock in the center shows the time as 14:22:54.



Charting Tools

We're going to review the eSignal Charting Platform





Scanning Tools

We're going to review the Trade-Ideas Scanning Platform

Trade-Ideas Pro

File Tools Windows Help Account

49ms

5min Surging: 1:05... High of Day Momo Scanner

Time	Symbol	Price (\$)	Vol Today (Shr)	Rel Vol	Flt (Shr)	Vol 5 Mn (%)	Rel Vol	Strategy Na...
11:16	SN	7.29	1.40M	2.36	50.55M	155.1	176	Medium Float
11:16	REXX	2.89	1.11M	2.19	41.35M	151.7	672	Medium Float
11:15	ORIG	2.39	1.54M	3.65	87.61M	960.9	0.0	Medium Float
11:15	UNT	17.52	1.24M	4.60	49.17M	154.6	4.7K	Medium Float
11:15	SN	7.22	1.39M	2.36	50.55M	211.1	177	Medium Float
11:15	SGY	8.21	2.15M	3.06	52.71M	168.7	826	Medium Float
11:15	BCEI	6.50	1.84M	2.07	45.79M	165.2	65.7	Medium Float
11:15	ZINC	3.47	1.69M	3.12	43.18M	206.6	463	Medium Float
11:15	ORIG	2.36	1.50M	3.55	87.61M	778.2	0.0	Medium Float
11:15	BTU	25.89	1.35M	3.37	16.57M	963.7	215	Low Float
11:14	SGY	8.17	2.13M	3.07	52.71M	183.1	829	Medium Float
11:13	REXX	2.88	1.09M	2.17	41.35M	1,686.5	690	Medium Float
11:13	UNT	17.45	1.23M	4.67	49.17M	225.5	4.7K	Medium Float
11:13	ORIG	2.36	1.44M	3.48	87.61M	876.9	0.0	Medium Float

Single Stock Detail Profile

SAREPTA THERAPEUTICS-Pharmaceutical Preparation Manuac...

SRPT 36.85

Today's Png (%) -4.94 (-11.82%)

1:06 PM

SAREPTA THERAPEUTICS
Volume: 4,621,578
Rel Volume: 4.55

Float: 35.23M Position in 60 minute range:

Change Since January 1: 154.7% Position in Range:

Change in 20 Days: 9.0% Position in 5 Day Range:

Market Cap: \$1.73B Position in Year Range:

Short Growth: -0.75% Cash: \$156.89M

Short Float: 29.05% Current Debt: \$25.66M

EPS: -4.29 Revenue: 1.09M

Earnings Date: 22.25 Quarterly Revenue Growth:

StockTwits Average Activity: 23.03 StockTwits Relative Activity: 454.4%

Relative Volume Leaders: 1:06:07 - 1:06:36

Symbol	Vol 5 Mn (%)	Price (\$)	Today's Png (%)	Vol Today (Shr)	Rel Vol	Flt (Shr)	Vol 5 Mn (%)	Chg Opn (%)
CTRV	21.4	4.00	113.8	3.9M	53.0	22.3M	-6.4	
WGBS	22.6	1.60	125.5	7.1M	36.3	3.46M	3.2	
SYRX	65.6	1.08	173.7	2.0M	34.9	12.7M	-1.8	
EXAS	1,199.7	10.13	263.4	23M	33.0	94.7M	-1.8	
RDWR	218.5	13.35	231.2	4.2M	26.6	35.3M	5.8	
TCS	1,075.3	12.94	162.2	1.3M	15.7	16.8M	-6.8	
GB	115.8	52.01	147.4	617K	7.68	25.1M	-2.8	
EDAP	190.2	4.12	185.6	526K	5.70	24.9M	-8.4	
SRPT	67.7	36.85	160.2	4.6M	4.55	35.2M	-7.8	
MVIS	26.4	3.07	307.5	690K	4.54	46.1M	-10.0	
WG	92.8	2.27	224.6	1.1M	4.22	47.0M	18.2	
CANF	28.8	3.97	58.9	2.7M	4.17	9.46M	5.8	
UNT	96.1	17.57	358.7	2.0M	4.04	49.2M	24.3	

Gappers: 1:05:43 - 1:06:12

Symbol	Price (\$)	Flt (Shr)	Shrt Flt (%)	Gap (%)	Vol Today (Shr)	Earn Date (M/D)	Vol 5 Mn (%)	Rel Vol	Rel Val	Con
PMCS	10.27	162.8M	3.28	33.3	87.02M	14.75	248.5	4.0K	85.03	PMC-SIERRA
SYRX	1.07	12.66M	2.77	26.0	1.95M		58.5	8.7K	34.96	SYSOX GLOB
RCOON	1.05	3.32M	1.83	21.3	9.511	3.25	0.0	698	0.27	RECONSTRUCT
SPRO	2.30	3.34M	0.43	19.2	6.152	20.25	0.0	7.2K	2.63	SMARTPROS
EOX	2.74	6.55M	27.91	19.1	473.851	19.75	137.3	165	1.97	EMERALD OIL
WGBS	1.60	3.46M	1.71	18.6	7.13M		61.0	576	86.40	WAFERGEN BIO
LNTH	3.65	8.74M	0.53	13.7	28.396		3.6	0.0	0.36	LANTHEUS HOL
PRTS	2.22	16.70M	0.54	13.4	5.202	19.75	0.0	0.0	0.24	US AUTO PARTS
OPXA	3.29	5.88M	1.54	13.1	101.983	23.25	0.0	310	1.77	OPEXA THERAP
DRD	1.66	35.01M	11.5	83.417			7.2	472	1.80	DRD GOLD
ADXS	8.20	11.4	49.623				0.0	2.83	ADVAXIS	
EXH	23.65	62.04M	3.72	11.9	1.30M	20.75	60.0	2.4K	3.20	EXTERRAN HOL
ZINC	3.51	43.18M	30.72	9.4	3.06M		71.3	614	3.21	HORSEHEAD HC
TRIV	4.94	7.11M	4.78	9.2	5.358		0.0	0.0	0.30	TRIVASCULAR T
EGT	2.23	4.44M	0.28	8.7	3.925	22.25	182.9	0.0	1.11	ENTERTAINMEN
CAS	1.29	8.50M	0.27	8.3	2.367	20.75	0.0	0.0	0.10	CAS MEDICAL S
SEM	11.42	86.29M	11.41	8.2	1.92M	17.75	75.5	4.5K	5.10	SELECT MEDICA
MNGA	1.01	24.26M	6.69	7.9	655.691		43.7	349	2.08	MAGNEGAS
RCAP	1.20	30.90M	22.35	7.7	1.22M		28.2	544	2.81	RCI CAPITAL CC
DD	56.17	903.4M	3.20	7.3	26.37M	15.25	187.6	2.8K	8.78	EI DU PONT DE
RESN	4.58	4.10M	10.77	7.2	5.807		0.0	0.0	0.13	RESONANT INC
SYPR	1.16	6.95M	0.40	6.9	5.905	20.25	0.0	0.0	0.46	SYPRIS SOLUTI

V5 / V8 Reversal Hybrid Scanner

Time	Symbol	5 Min RSI	Consec. Cndts. (/5)	Vol Today (Shr)	Rel Vol	Vol 15 Mn (%)	Strategy Na...
1:01	DDD	78	4	1.62M	1.33	241.2	Top - Under \$15
12:58	DDD	76	3	1.59M	1.31	275.9	Top - Under \$15
12:58	JUNO	83	4	1.43M	2.17	430.4	V8 Top Reversal
12:58	JUNO	83	4	1.43M	2.17	430.4	V5 Top Reversal
12:58	DDD	74	3	1.57M	1.30	263.6	Top - Under \$15
12:57	JUNO	82	4	1.41M	2.15	460.7	V5 Top Reversal
12:56	JUNO	81	4	1.39M	2.12	459.8	V5 Top Reversal
12:55	JUNO	80	4	1.37M	2.11	451.5	V5 Top Reversal
12:54	GR	22	-6	6.53M	1.81	137.2	Bounce - Under 3
12:48	BSHR	28	-5	1.39M	1.73	184.2	Bounce - Under 3
12:48	BSHR	28	-5	1.39M	1.73	184.3	Bounce - Under 3
12:47	BSHR	29	-5	1.39M	1.70	182.8	Bounce - Under 3
12:36	LGF	18	-10	995K	2.84	164.7	V8 Bottom Bounc
12:36	LGF	18	-10	995K	2.84	164.7	V5 Bottom Bounc
12:20	LGF	23	-7	935K	2.85	218.3	V8 Bottom Bounc
12:20	LGF	23	-7	935K	2.85	218.3	V5 Bottom Bounc
12:19	LGF	23	-6	931K	2.85	220.3	V8 Bottom Bounc
12:19	LGF	23	-6	931K	2.85	220.3	V5 Bottom Bounc
12:19	HSY	16	-8	619K	1.58	252.0	V5 Bottom Bounc
12:18	HSY	18	-8	611K	1.57	236.9	V5 Bottom Bounc

RSI xtremes

Time	Symbol	5 min RSI (/5)	Vol Today (Shr)	Vol 15 Mn (%)	
11:59	NFLX	22	-8	9.6M	138.3
11:58	INFI	14	-7	611K	92.2
11:58	CRUS	24	-6	755K	79.2
11:58	ALK	11	-7	549K	160.0
11:58	CAH	15	-10	1.1M	63.9
11:58	LEN	20	-6	613K	27.7
11:58	CNC	12	-7	560K	101.3
11:58	BIB	15	-10	1.6M	150.7
11:58	AMZN	28	-6	2.0M	109.1
11:58	DVA	20	-7	539K	92.5
11:58	BIS	85	9	1.0M	110.6
11:58	BIB	15	-10	1.5M	189.9
11:58	HALO	17	-6	501K	132.2
11:58	XBI	16	-10	5.3M	196.2
11:58	BDX	12	-15	538K	44.0
11:58	LABD	81	9	610K	93.6
11:58	XLV	11	-13	13M	139.5
11:58	STJ	17	-9	739K	56.0
11:58	ABV	15	-6	3.8M	95.7
11:58	MRK	13	-11	5.8M	144.2

Low Float Small Caps

Time	Symbol	Price (\$)	Vol Today (Shr)	Rel Vol	Flt (Shr)	Vol 5 Mn (%)
12:28	BCEI	7.02	3.22M	2.35	45.79M	396.5
12:13	GORO	3.15	572K	3.51	47.87M	2,155.8
12:13	GORO	3.14	567K	3.47	47.87M	2,033.0
12:13	GORO	3.11	565K	3.46	47.87M	2,001.1
11:32	SGY	8.51	2.54M	3.17	52.71M	354.7
11:29	SGY	8.42	2.47M	3.14	52.71M	311.6
11:20	BCEI	6.66	1.94M	2.11	45.79M	208.2
11:10	MPO	6.17	297K	2.65	4.98M	6,078.8
11:06	SGY	8.12	2.01M	3.10	52.71M	384.9
11:06	TESO	8.52	279K	4.44	38.84M	202.0
10:41	SGY	7.89	1.43M	2.91	52.71M	303.2
10:40	SGY	7.84	1.41M	2.92	52.71M	284.9
10:39	SGY	7.82	1.39M	2.91	52.71M	209.2
10:28	NSSC	7.01	230K	62.5	11.93M	15,740.9
10:28	NSSC	7.01	230K	62.5	11.93M	15,740.9
10:28	NSSC	7.00	229K	62.3	11.93M	15,489.3
10:28	NSSC	7.00	229K	62.3	11.93M	15,489.3
10:28	NSSC	6.98	226K	61.7	11.93M	14,703.0



News Feeds

We're going to review the Benzinga Pro Platform

A screenshot of the Benzinga Pro dashboard. The browser address bar shows 'https://pro.benzinga.com/dashboard/'. The dashboard has a dark header with 'BENZINGA Pro' and navigation options like 'Save Workspaces', 'Squawk', and 'DA'. Below the header, there's a 'Workspace 1' section with a search bar and filters. The main content is a news feed with entries for various dates from 2015 to 2016, including market updates and company news. A small notification bubble at the bottom right says 'Does this look different to you?' with a user profile icon and a red notification badge.



Extras & Links

Email me with questions ross@warriortrading.com





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Warrior Trading

CHAPTER 14. PARABOLIC RUNNERS





Parabolic Movers

Parabolic Movers are stocks that basically go straight up. Sometimes we see this with stocks that go straight down, but more often, it's with stocks that are going up.

The combination of a news catalyst with traders mentality to chase the move causes these incredible moves. It's hard to believe a stock can go from \$2.00 to \$50 in a matter of days, but it's happened many times and it will surely happen again!





Parabolic Movers

The dynamics of a Parabolic Mover

What allows a stock to surge up? We are looking for that perfect combination of:

- 1) Low Float (stocks with a low float can make incredible moves)
- 2) Strong Catalyst (either public news like ebola, gun control, or company specific news, activist investors, FDA approvals, drug breakthroughs, etc.)



Parabolic Movers

How to trade Parabolic Movers.

On the one hand, we can easily make a living without trading parabolic movers. On the other hand, they clearly provide massive opportunities for profit if you trade them properly.

I trade these using the same Gap and Go, Momentum, and Reversal strategies that we've already discussed.

Something that is different is that once I have a profit cushion on the stock, I will try to take a position and let it ride as long as possible, knowing I've already made money on the stock with my first trades.



Parabolic Movers

It's important to know how to trade parabolic movers. You should study as many of the past parabolic mover charts that you can find. These will help prepare you for the next parabolic movers.



Intraday Squeezes

Intraday squeezes are often the result of a low float stock with a recent catalyst or a technical breakout. These sometimes result in multi-day moves, but are often just a 1 day runners. We ride the momentum then look for the next one.



Intraday Squeeze





Intraday Squeeze



Intraday Squeeze





Intraday Squeeze

Original breakout on \$ATV was a technical squeeze

Notice the first two pullbacks on the 5min were extremely strong.

Also look at the afternoon run off the moving average support.





Former Runner effect

On a later day when \$ATV was gapping up, it was predictable it would squeeze because it was a recent runner. Traders who missed the first move see the gap and often jump in for the ride.





Multi-Day Squeezes

A multi-day parabolic move requires a substantial catalyst. These can be company specific or global news.



Parabolic Movers

Major Steak by billionaire Health Care hedge fund Baker Brothers. This came in combination with fundamental news from the company.

This move started as a Gap and Go trade





Parabolic Movers

Anytime \$AQXP reports mildly good news, the stock pops up substantially as investors think maybe it will make a big squeeze again.

\$AQXP round 2. Another strong day since at this point, it was a “former runner”

Notice the 5min chart, over \$14.00 the squeeze to \$16+





Parabolic Movers

Martin Shkreli reports majority stake in \$KBIO. The last company he ran produced an AIDS drug. He increased the price by 5000 percent—from \$13.50 to \$750 a tablet.

The company eventually filed for bankruptcy.





Parabolic Movers

\$LAKE makes Bio Hazard suits. During the Ebola crisis, the demand for their suits went up dramatically which was good for business. During headlines of Ebola scares in the following weeks/months the stock would spike up again.





Parabolic Movers

\$EYES is a former runner with a history of making huge moves.

This recent run started with intraday breaking news.

Anytime it's gapping up it's on close watch for a breakout.

The 5min setups were very strong on this. The obvious setups worked the best because thousands of people were buying it up.





Parabolic Movers

\$VLTC surged up on news of a billionaire investor taking a large stake. This resulted in speculation about why he made the investment and traders scrambled to get a piece of the action





Front Side of the move

On the intraday chart, I would generally consider the stock to be on the front side of the move as long as it holds the 20ema. But if we see a 1234 setup that breaks to the downside, that is also an indicator the momentum may be shifting.





Back Side of the move

As the price crosses below the 20ma, and breaks the 1234 setup to the downside, this would be a possible short.

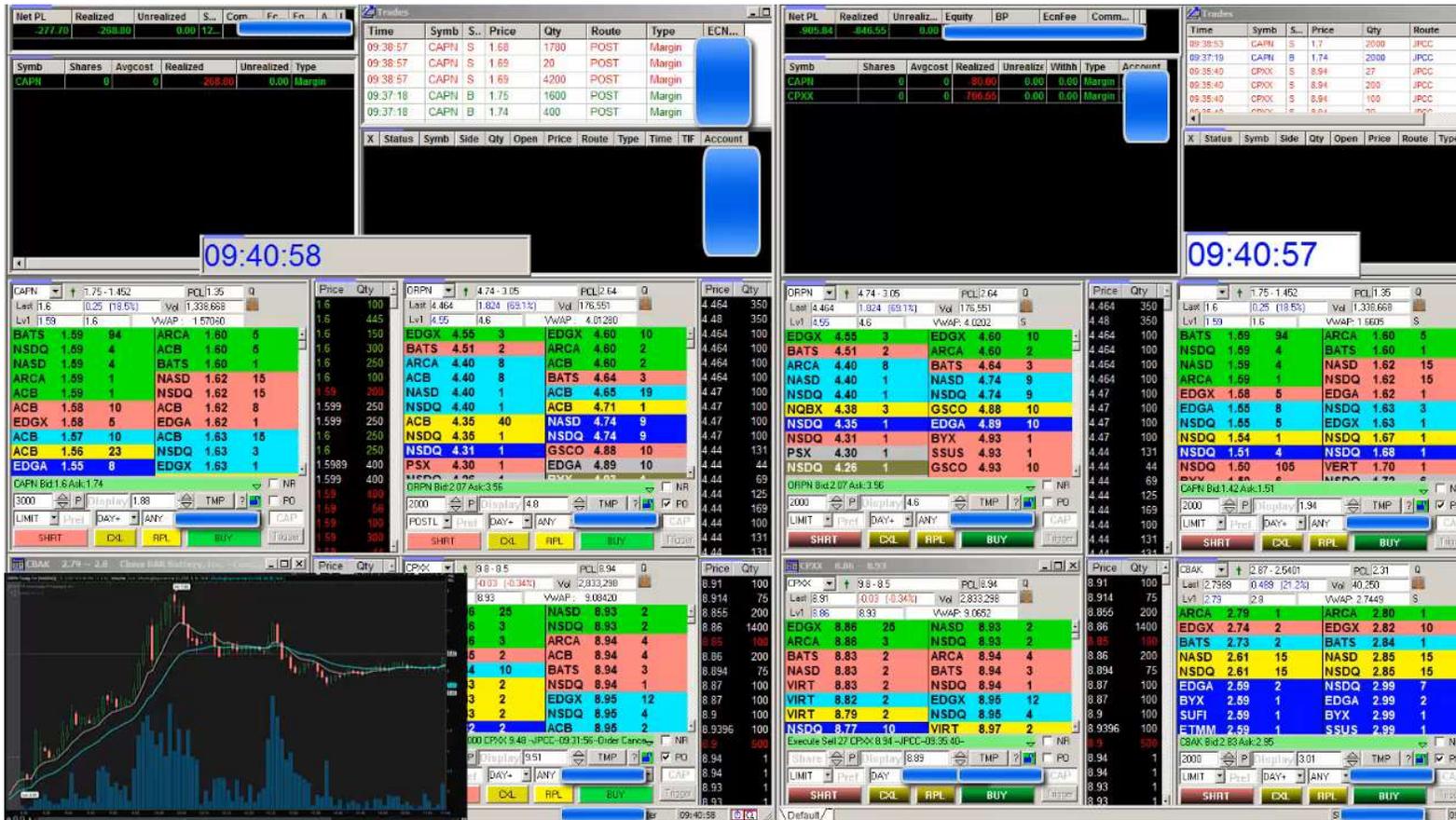
Many short sellers have blow up accounts trying to short parabolic movers. So you have to be extremely careful and always respect your stops.



VIDEO Case Studies



\$ORPN Gap and Go, 1st Pullback (big bids level2 Parabolic Squeeze)



\$DELT +400%

The screenshot displays a comprehensive trading interface with several key components:

- Top Panel:** Account summary for "SIMULATED TRADING" showing a net liquidation value of \$196,697.49 and a stock position of \$293,394.96.
- Left Panel:** Portfolio overview for "SpeedTrader PRO" with columns for Net PL, Unrealized, and Realized values. A timestamp of 09:40:28 is visible.
- Center Panel:** Order book and trade history for "DELT". The order book shows a bid of 0.90 and an ask of 1.09. The trade history shows a recent trade at 11.01.
- Right Panel:** Price charts for "DELTA TECHNOLOGY HOLDINGS LTD. ORD" and "SKYWORKS SOLUTIONS INC. COM". The Delta chart shows a price spike to 1.09, while the Skyworks chart shows a price of 66.47.
- Bottom Panel:** Detailed order entry and execution controls for the DELT trade, including quantity (10), price (0.90), and execution type (BUY).

Video: AKAO break of pre-market highs and HALT

The image displays two screenshots from a trading software interface. The left screenshot shows the SpeedTrader PBO window at 09:30:32, featuring a grid of market data for various stocks including BWEN, ACB, EDGX, EDGA, NASD, ARCA, BATS, BYX, and OPIT. The right screenshot shows the SIMULATED TRADING window with two candlestick charts for OPIT. The top chart is a 5-minute view showing a price peak at 5.62 followed by a sharp decline. The bottom chart is a 1-day view showing a price peak at 5.62 followed by a sharp decline, with a volume spike at the end of the day.

SpeedTrader PBO Market Data (09:30:32)

Symb	Shares	Avgsct	Realized	Unrealized	Type
BWEN	5.15	5.91			
ACB	5.02	0			
EDGX	5.01	40			
EDGA	5.01	2			
NASD	5.00	2			
ARCA	5.00	1			
BATS	4.97	2			
BYX	4.95	1			
ACB	4.95	1			
ACB	4.90	1			

OPIT 5m (NASDAQ) Chart Data

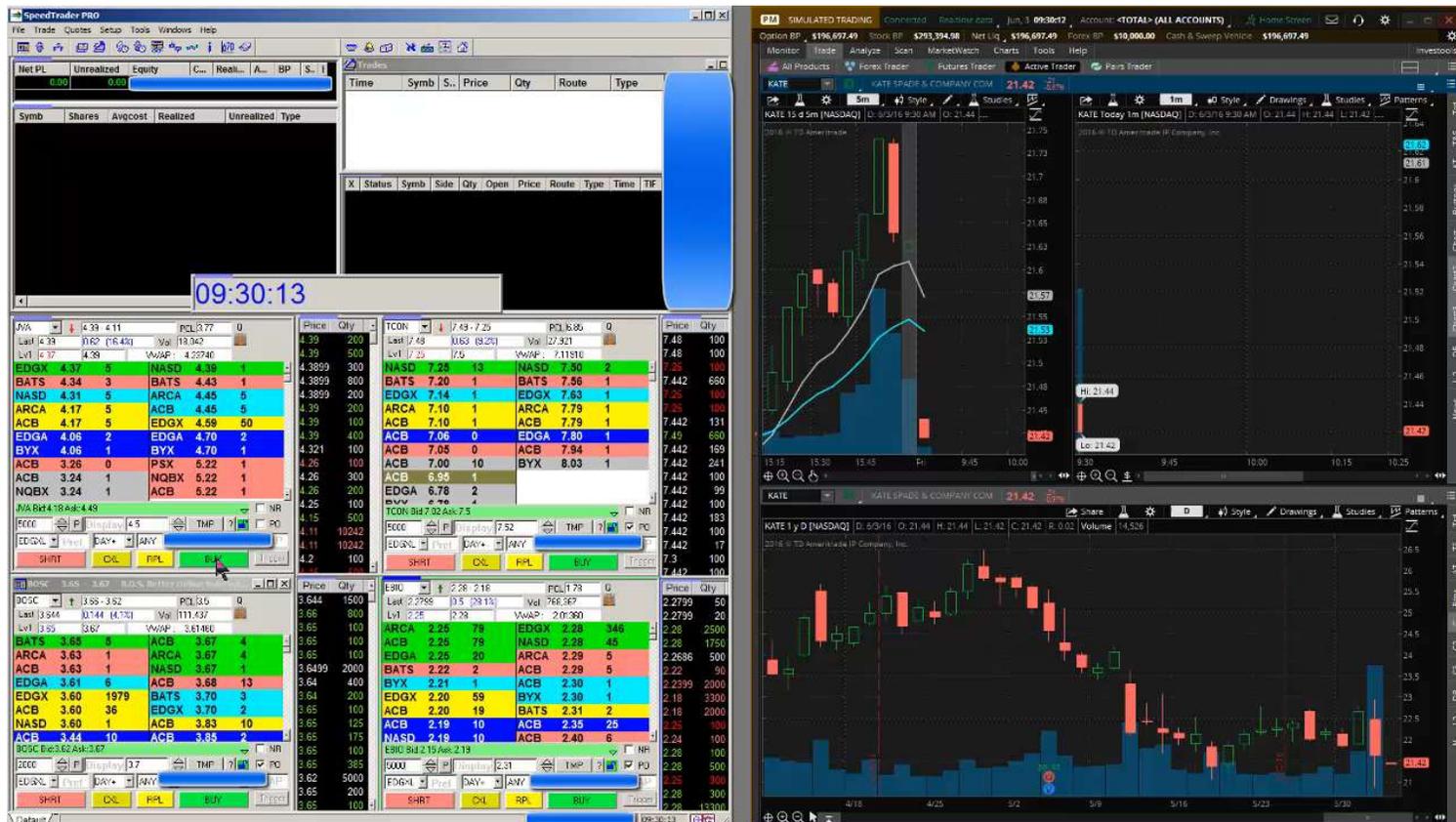
Time	Price
8:45	5.50
9:00	5.55
9:15	5.60
9:30	5.62
9:45	5.55
10:00	5.50

OPIT Today 1m (NASDAQ) Chart Data

Time	Price
4:04	5.50
5:00	5.55
5:35	5.60
8:03	5.62
8:15	5.55
8:30	5.50
8:50	5.55
9:00	5.50

\$JVA Gap and Go Live Trading

Over \$3500 in profits in 15min.





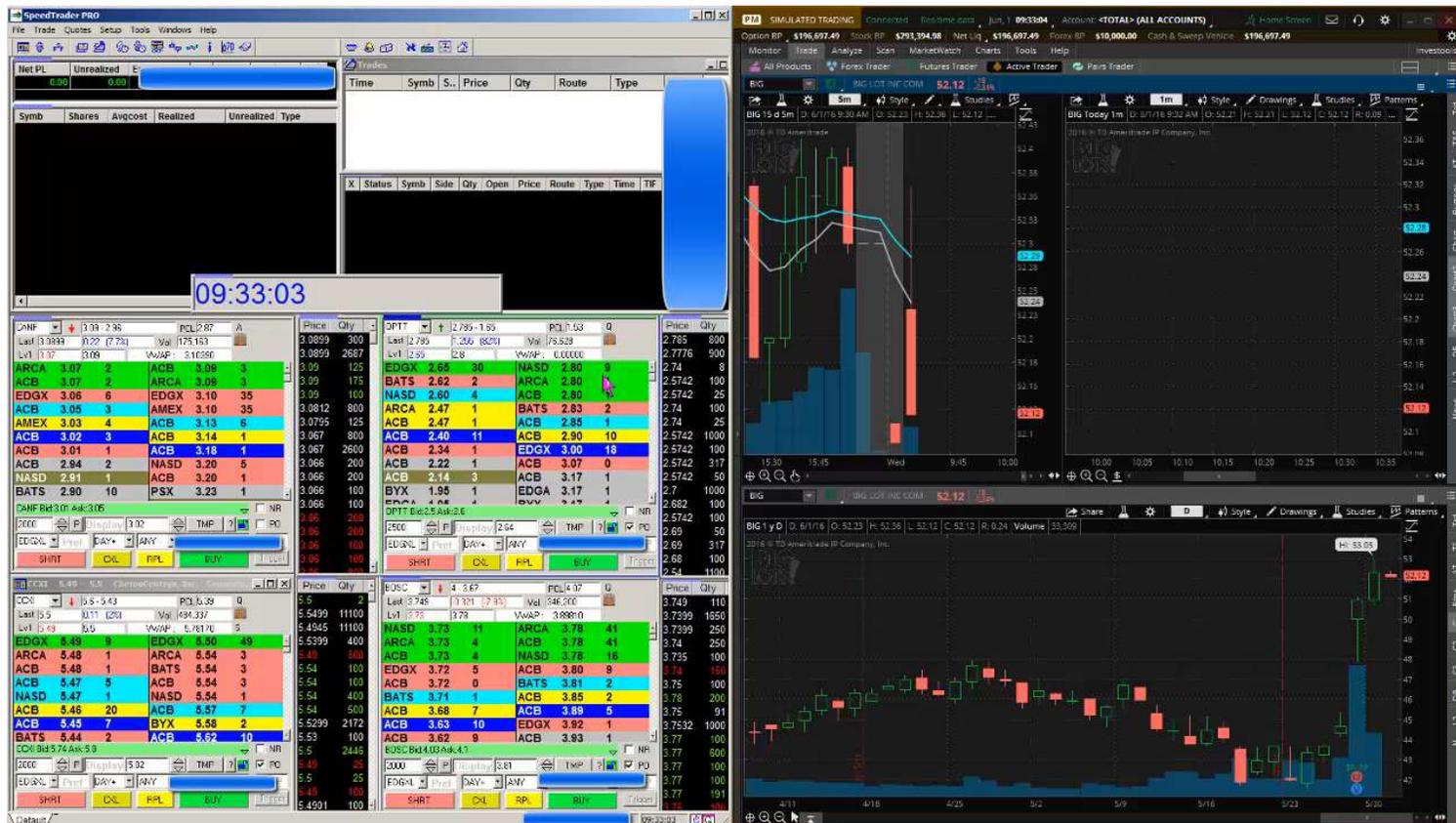
\$HMNY Breaking News & Halt (acquisition/merger)

The screenshot displays a trading interface with multiple panels. The top left shows a 'Trades' window with a list of transactions:

Time	Symb	S.	Price	Qty	Route	Type
10:24:57	CYCC	S	7.29	604	EDGX	Margin
10:24:12	CYCC	S	7.7	261	EDGX	Margin
10:23:03	CYCC	S	7.2	147	EDGX	Margin
10:23:02	CYCC	S	7.2	500	EDGX	Margin
10:22:58	CYCC	S	7.2	158	EDGX	Margin

The bottom left shows an order book for \$HMNY with various limit orders (ACB) and a market order (MKT). The right side features three price charts: 'HMNY 15 d 5m', 'HMNY Today 1m', and 'HMNY 1y D', all showing a sharp price increase around 12:09 PM. The current price is \$3.75.

Whole Dollar Break then Short Squeeze \$OPTT





Extras & Links

Email me with questions ross@warriortrading.com





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CHAPTER 15. LIVE TRADING EXAMPLES



VIDEO Case Studies



\$ELMD +\$450 Momo Trade



The screenshot displays the SURE Trader software interface, showing a multi-panel view of market data and trade execution for the stock ELMD.

Top Panel (Charts): Two candlestick charts for ELMD. The left chart shows a daily view from approximately 9:30 AM to 11:15 AM, with a high of 4.99 and a low of 4.33. The right chart shows a 1-minute view of the same period, highlighting a sharp upward price movement.

Bottom Panel (Charts): A 1-year daily chart for ELMD, showing price fluctuations from late 2014 to early 2015, with a high of 4.99 and a low of 2.57.

Right Panel (Trade Execution): A table showing trade execution details for ELMD. The table includes columns for Time, Symb, S, Price, Qty, Route, and Broker. The trades are as follows:

Time	Symb	S	Price	Qty	Route	Broker
09:41:13	CARA	S	5.04	650	PDQM	PF50
09:41:00	CARA	S	5.01	650	PDQM	PF50
09:39:24	CARA	S	5.15	300	EDGE	PF50
09:39:20	CARA	S	5.15	100	EDGE	PF50
09:39:19	CARA	S	5.15	300	EDGE	PF50
09:37:40	CARA	S	4.95	100	PDQM	PF50

Bottom Right Panel (Order Book): A table showing the order book for ELMD. The table includes columns for Price, Qty, and Bid/Ask status. The data is as follows:

Price	Qty	Status
4.55 - 4.25	100	Ask
4.5368	100	Ask
4.5368	100	Ask
4.5368	100	Ask
4.54	100	Ask
4.537	100	Ask
4.53	100	Ask
4.53	100	Ask
4.5492	700	Ask
4.4962	100	Ask
4.4962	100	Ask
4.48	100	Ask
4.48	100	Ask
4.51	100	Ask
4.53	100	Ask
4.54	50	Ask
4.54	100	Ask

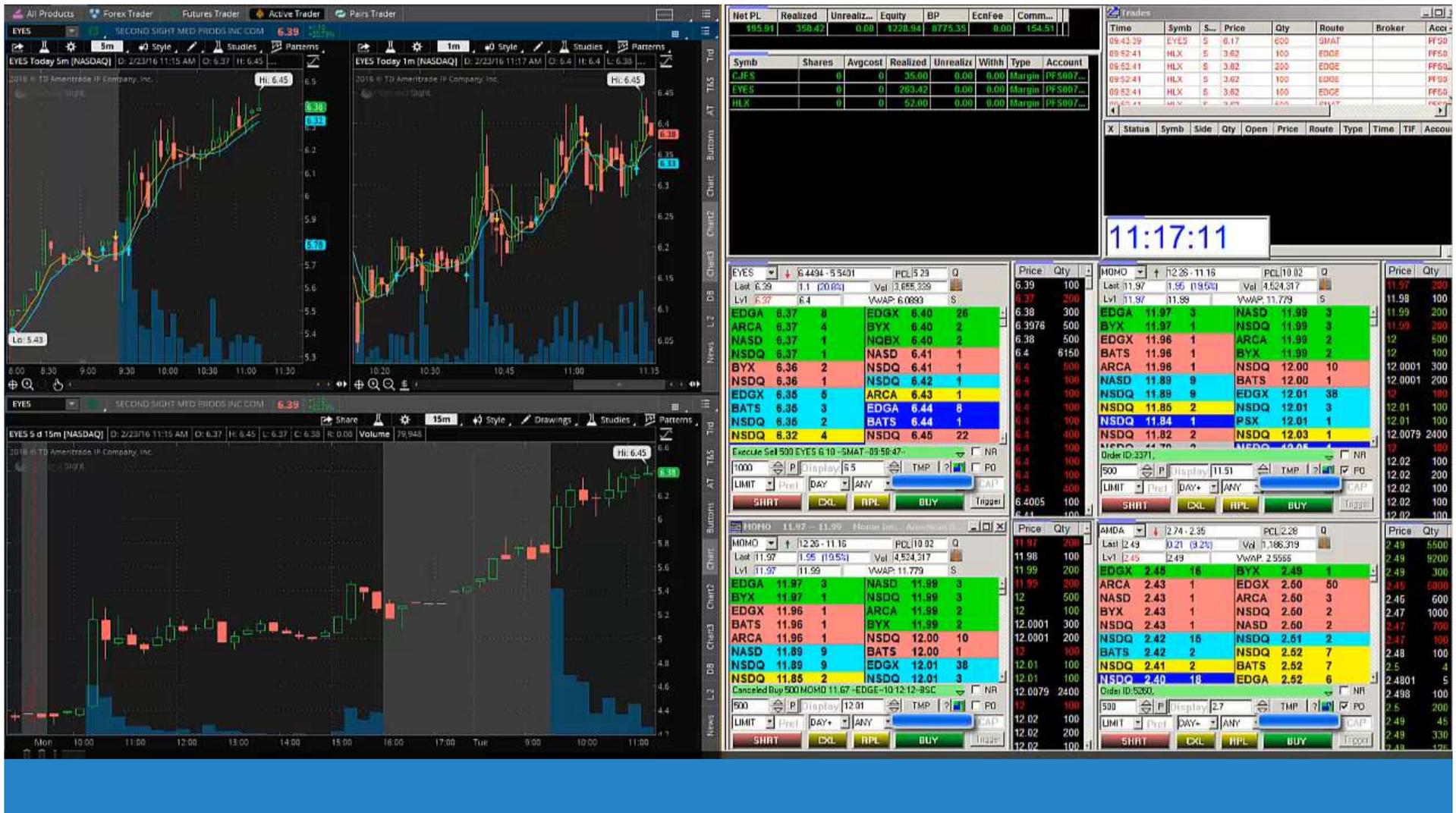
Bottom Right Panel (Market Data): A table showing market data for ELMD. The table includes columns for Price, Qty, and Bid/Ask status. The data is as follows:

Price	Qty	Status
4.55 - 4.25	100	Ask
4.5368	100	Ask
4.5368	100	Ask
4.5368	100	Ask
4.54	100	Ask
4.537	100	Ask
4.53	100	Ask
4.53	100	Ask
4.5492	700	Ask
4.4962	100	Ask
4.4962	100	Ask
4.48	100	Ask
4.48	100	Ask
4.51	100	Ask
4.53	100	Ask
4.54	50	Ask
4.54	100	Ask

Bottom Right Panel (Order Book): A table showing the order book for CARA. The table includes columns for Price, Qty, and Bid/Ask status. The data is as follows:

Price	Qty	Status
5.08 - 4.63	20	Ask
5.08	400	Ask
5.06	100	Ask
5.08	400	Ask
5.08	400	Ask
5.08	100	Ask
5.08	100	Ask
5.08	100	Ask
5.03	100	Ask
5.0101	1500	Ask
5.05	100	Ask
5.05	100	Ask
5.08	18	Ask
5.08	200	Ask
5.07	100	Ask

\$EYES – Breakout or BAILOUT



\$IO Low Float Momo Trade





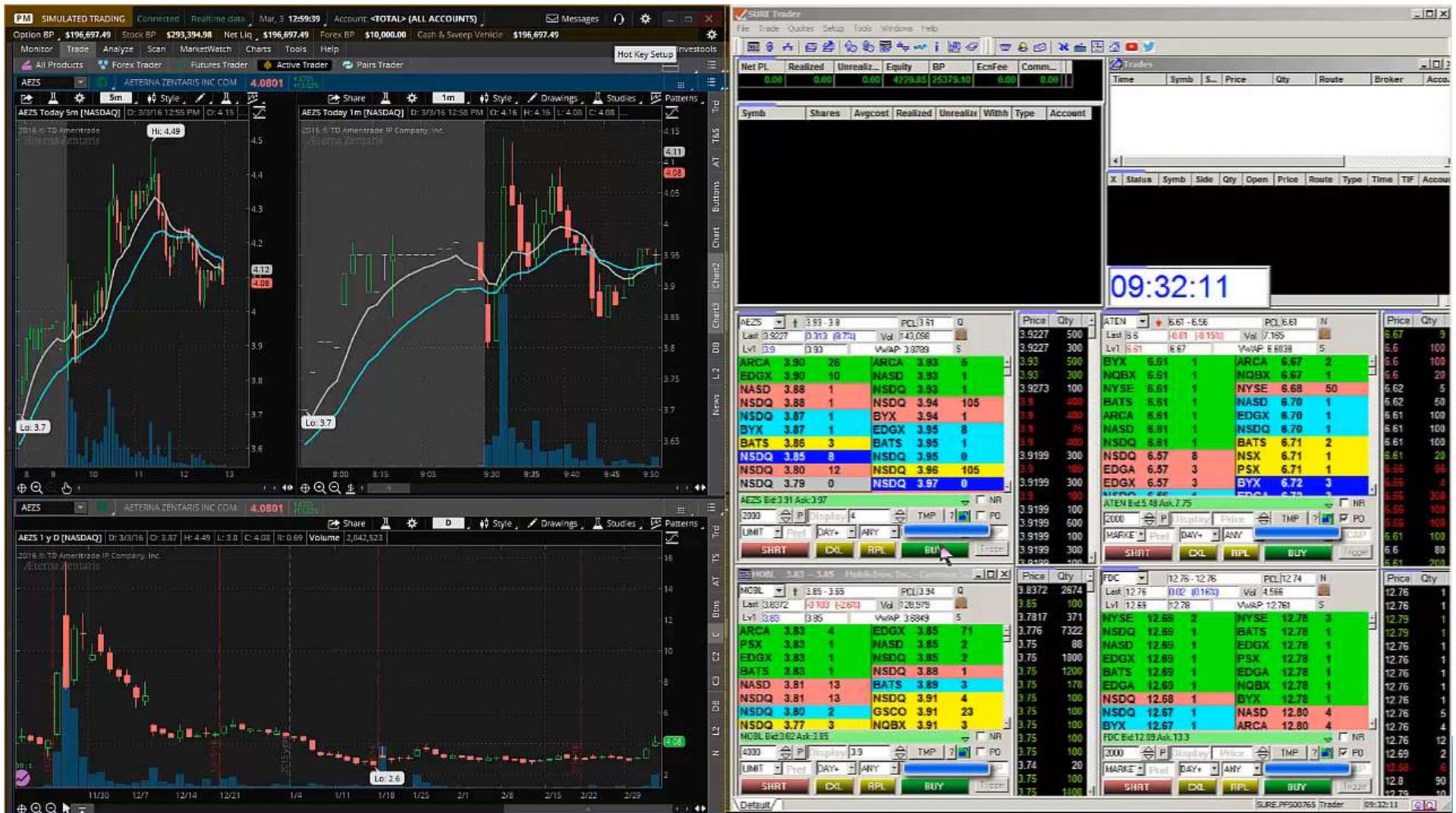
\$BBG Momo

The screenshot displays a comprehensive trading workstation. On the left, there are two candlestick charts for BBG (Bill Barrett Corp) and ENOC (Energy East). The top left window shows account information: Option BP \$196,697.49, Stock BP \$293,304.98, Net Liq \$196,697.49, and Cash & Sweep Vehicle \$196,697.49. The central 'High of Day Momo Scanner' window provides a table of potential trades:

Time	Symbol	Price (\$)	Vol Today (Est)	FB (BPs)	Vol 5 Min (%)	Last Trd (Shares)	Strategy Name
9:42	BBG	3.68	180K	38.2M	549	236	Medium Volume S1-10
9:41	BBG	3.60	180K	38.2M	521	238	Medium Volume S1-10
9:41	BBG	3.55	178K	38.2M	510	238	Medium Volume S1-10
9:41	WTI	2.37	205K	34.6M	589	144	Medium Volume S1-10
9:41	LXU	8.24	276K	18.7M	1.1K	442	Medium Volume S1-10
9:41	LXU	8.18	271K	18.7M	1.1K	442	Medium Volume S1-10
9:41	ADXS	6.52	260K	25.1M	1.2K	959	Medium Volume S1-10
9:41	OCN	2.29	1.20M	83.3M	532	827	Medium Volume S1-10
9:41	ENOC	6.69	188K	20.9M	756	204	Medium Volume S1-10

On the right side, there are multiple order entry windows for various stocks, including ARCA, EDGX, NYSE, and ENOC. Each window shows the current price, volume, and order type (BUY). A 'Trades' window at the top right shows a list of recent transactions with columns for Time, Symb, S, Price, Qty, Route, and Broker. A digital clock in the center-right displays the time 09:44:57.

\$AEZS Gap and Go





\$CPXX Breakout or Bailout, didn't hold, stopped out.



\$SZYM Breakout or Bailout, Profit Stops



The screenshot displays a trading platform with several windows:

- Top Left:** A candlestick chart for \$SZYM with a volume bar at the bottom. The price is around 2.70.
- Top Right:** A smaller candlestick chart for \$SZYM, showing a breakout above a horizontal line at 2.60.
- Bottom Left:** A long-term candlestick chart for \$SZYM from December 2019 to March 2020, showing a significant price increase.
- Right Side:** A 'SpeedTrader PRO' window showing a 'Trades' table and a 'Market Data' table.

Time	Symb	S.	Price	Qty	Route	Type
X	Accp	SZYM	B	40	4003	2.92

Symb	Shares	Avgcost	Realized	Unrealized	Type
SZYM	4000	2.92	0.00	0.00	
- Bottom Right:** A 'Market Data' window showing a list of stocks and their prices.

Symbol	Price	Qty
SZYM	2.85	2.45
ARCA	8.85	6
EDGX	8.95	4
BATS	8.96	1
NSDQ	8.98	1
ACB	8.99	12
BYX	8.99	1
PSX	9.05	1

\$ORPN Gap and Go, 1st Pullback (big bids level2 Parabolic Squeeze)



Net PL	Realized	Unrealized	S...	Com	Fr	Fn	A	I
-277.70	-268.80	0.00	12...					

Symb	Shares	Avgcost	Realized	Unrealized	Type
CAPN	0	0	208.80	0.00	Margin

Time	Symb	S...	Price	Qty	Route	Type	ECN...
09:38:57	CAPN	S	1.68	1780	POST	Margin	
09:38:57	CAPN	S	1.69	20	POST	Margin	
09:38:57	CAPN	S	1.69	4200	POST	Margin	
09:37:18	CAPN	B	1.75	1600	POST	Margin	
09:37:18	CAPN	B	1.74	400	POST	Margin	

Net PL	Realized	Unrealiz...	Equity	BP	EcnFee	Comm...
-905.84	-846.55	0.00				

Symb	Shares	Avgcost	Realized	Unrealiz	Withd	Type	Account
CAPN	0	0	80.80	0.00	0.00	Margin	
CPXX	0	0	766.55	0.00	0.00	Margin	

09:40:58

Price	Qty	ORPN	Price	Qty	PCL
1.6	100	4.74	3.05	350	1.35
1.6	445	4.55	4.6	350	1.35
1.6	150	4.51	4.6	100	1.35
1.6	300	4.40	4.6	100	1.35
1.6	250	4.40	4.6	100	1.35
1.6	100	4.40	4.6	100	1.35
1.59	200	4.40	4.6	100	1.35
1.599	250	4.40	4.6	100	1.35
1.599	250	4.40	4.6	100	1.35
1.6	250	4.40	4.6	100	1.35
1.6	250	4.40	4.6	100	1.35
1.5989	400	4.40	4.6	100	1.35
1.599	400	4.40	4.6	100	1.35
1.59	100	4.40	4.6	100	1.35
1.59	50	4.40	4.6	100	1.35
1.59	100	4.40	4.6	100	1.35
1.59	300	4.40	4.6	100	1.35

09:40:57

Price	Qty	ORPN	Price	Qty	PCL
4.464	350	4.74	3.05	350	2.64
4.48	350	4.55	4.6	100	2.64
4.464	100	4.51	4.6	100	2.64
4.464	100	4.40	4.6	100	2.64
4.464	100	4.40	4.6	100	2.64
4.464	100	4.40	4.6	100	2.64
4.47	100	4.40	4.6	100	2.64
4.47	100	4.40	4.6	100	2.64
4.47	100	4.40	4.6	100	2.64
4.47	100	4.40	4.6	100	2.64
4.47	100	4.40	4.6	100	2.64
4.44	131	4.40	4.6	100	2.64
4.44	44	4.40	4.6	100	2.64
4.44	69	4.40	4.6	100	2.64
4.44	125	4.40	4.6	100	2.64
4.44	169	4.40	4.6	100	2.64
4.44	100	4.40	4.6	100	2.64
4.44	131	4.40	4.6	100	2.64
4.44	131	4.40	4.6	100	2.64

Price	Qty	CPXX	Price	Qty	PCL
8.91	100	9.8	8.5	500	0.94
8.914	75	8.93	8.93	200	0.94
8.855	200	8.86	8.93	200	0.94
8.86	1400	8.86	8.93	200	0.94
8.85	100	8.86	8.93	200	0.94
8.86	200	8.86	8.93	200	0.94
8.894	75	8.86	8.93	200	0.94
8.87	100	8.86	8.93	200	0.94
8.87	100	8.86	8.93	200	0.94
8.9	100	8.86	8.93	200	0.94
8.9396	100	8.86	8.93	200	0.94
8.9	500	8.86	8.93	200	0.94
8.94	1	8.86	8.93	200	0.94
8.94	1	8.86	8.93	200	0.94
8.93	1	8.86	8.93	200	0.94
8.93	1	8.86	8.93	200	0.94

Price	Qty	CPXX	Price	Qty	PCL
8.91	100	9.8	8.5	500	2.31
8.914	75	8.93	8.93	200	2.31
8.855	200	8.86	8.93	200	2.31
8.86	1400	8.86	8.93	200	2.31
8.85	100	8.86	8.93	200	2.31
8.86	200	8.86	8.93	200	2.31
8.894	75	8.86	8.93	200	2.31
8.87	100	8.86	8.93	200	2.31
8.87	100	8.86	8.93	200	2.31
8.9	100	8.86	8.93	200	2.31
8.9396	100	8.86	8.93	200	2.31
8.9	500	8.86	8.93	200	2.31
8.94	1	8.86	8.93	200	2.31
8.94	1	8.86	8.93	200	2.31
8.93	1	8.86	8.93	200	2.31
8.93	1	8.86	8.93	200	2.31

\$LEU Red/Green Gap and Go then \$NWKY Momo Alert



PM SIMULATED TRADING Connected Realtime data Mar 28 09:34:39 Account <TOTAL> (ALL ACCOUNTS) Messages

Option BP \$196,697.49 Stock BP \$293,394.98 Net Liq \$196,697.49 Forex BP \$10,000.00 Cash & Sweep Vehicle \$196,697.49

Monitor Trade Analyze Scan MarketWatch Charts Tools Help

All Products Forex Trader Futures Trader Active Trader Pairs Trader

NQ NQ MOBILE INC COM 4.8399

NQ 15 d 5m D: 3/28/16 9:30 AM O: 4.8 Hi: 4.84 L: 4.83 C: 4.84 R: 0.01 Volume 7,650 MovAvg...

2016 © TD Ameritrade IP Company, Inc.

NQ Today 1m D: 3/28/16 9:34 AM O: 4.83 Hi: 4.84 L: 4.83 C: 4.84 R: 0.01 Volume 7,650 MovAvg...

2016 © TD Ameritrade IP Company, Inc.

NQ 1y D D: 3/28/16 O: 4.8 Hi: 4.84 L: 4.79 C: 4.84 R: 0.05 Volume 44,776

2016 © TD Ameritrade IP Company, Inc.

SpeedTrader PRO

File Trade Quotes Setup Tools Windows Help

Net PL Realized Unrealized S... Com... Ec... Et... A... I

0.00 0.00 0.00

Symb Shares Avgcost Realized Unrealized Type

Time Symb S. Price Qty Route Type ECN...

X Status Symb Side Qty Open Price Route Type Time Tr

09:34:39

LEU	3.62	3.28	PCL	3.21	A
Last	3.46	0.25 (7.63%)	Vol	122,006	
Lvl	3.45	3.45	VWAP	3.53263	SSR
ACB	3.45	19	AMEX	3.48	2
ARCA	3.45	19	ACB	3.50	22
AMEX	3.45	1	ARCA	3.50	22
EDGX	3.42	16	NASD	3.50	1
ACB	3.42	2	NSDQ	3.50	1
NASD	3.42	1	EDGX	3.51	18
NSDQ	3.42	1	NSDQ	3.51	3
BATS	3.41	2	ACB	3.51	1
GSCO	3.35	16	BATS	3.53	2
ACB	3.32	14	GSCO	3.57	16

LEU	3.62	3.28	PCL	3.21	A
Last	3.46	0.25 (7.63%)	Vol	122,006	
Lvl	3.45	3.45	VWAP	3.53263	SSR
ACB	3.45	19	AMEX	3.48	2
ARCA	3.45	19	ACB	3.50	22
AMEX	3.45	1	ARCA	3.50	22
EDGX	3.42	16	NASD	3.50	1
ACB	3.42	2	NSDQ	3.50	1
NASD	3.42	1	EDGX	3.51	18
NSDQ	3.42	1	NSDQ	3.51	3
BATS	3.41	2	ACB	3.51	1
GSCO	3.35	16	BATS	3.53	2
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NSDQ	3.42	1	NSDQ	3.51	3
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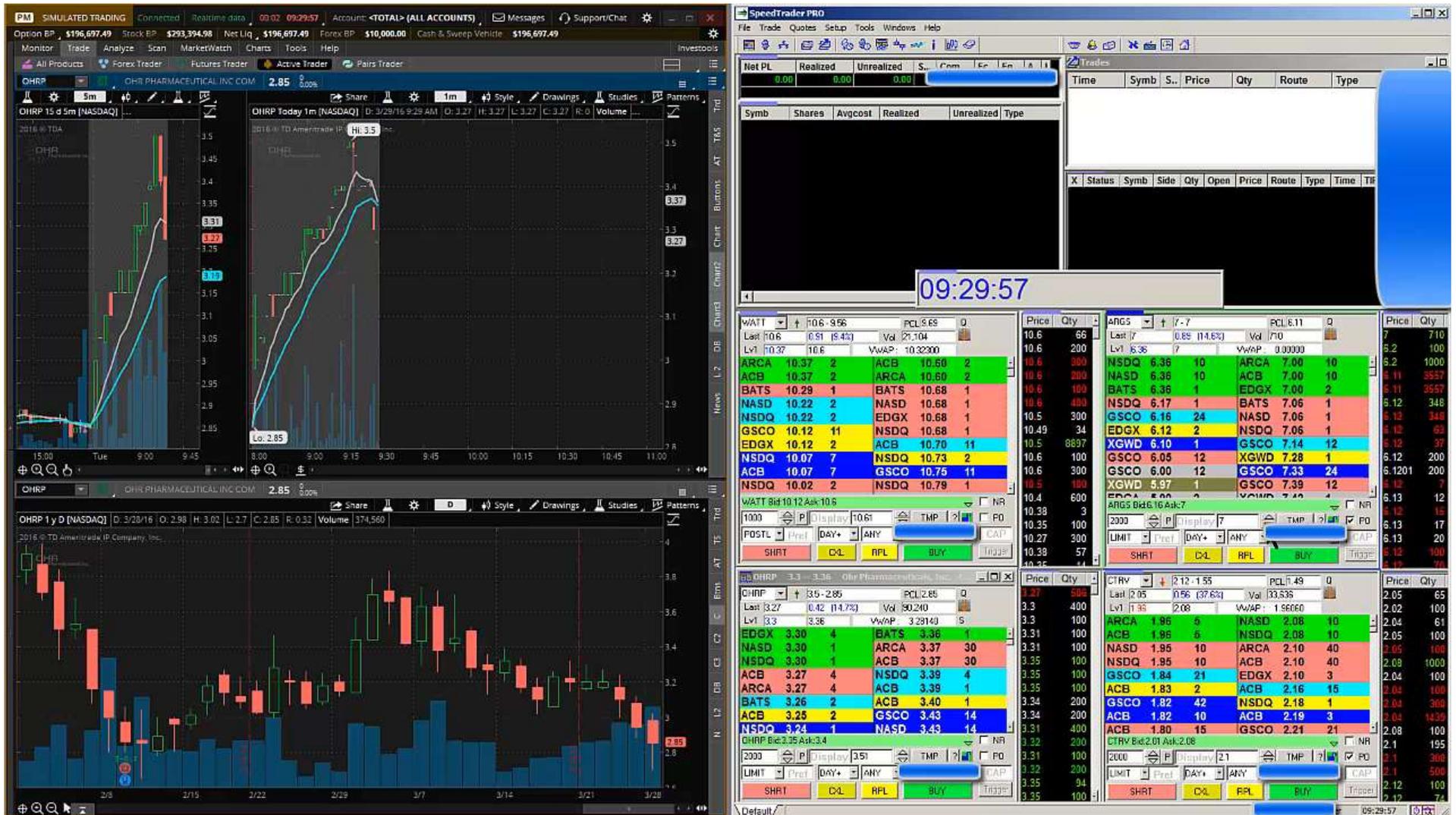
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BATS	3.41	2	ACB		

Gap and Go & Momo





Extras & Links

Email me with questions ross@warriortrading.com

