

# *Swing Trading for the Fences*

with Jeff Drake



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# ***Swing Trading for the Fences***

**PART ONE**  
**BROAD MARKET ANALYSIS TECHNIQUES**

# Introduction

- Welcome to *Swing Trading for the Fences!*
- This is Part One of our four-part course.
- We'll be focusing on Broad Market Analysis.



# Course Overview

- This course will be presented in four parts:
  1. Broad Market Analysis Techniques
  2. Finding and Confirming the Swing Trade
  3. Managing the Swing Trade
  4. The Daily Process w/ Bonus Material



# The Course Website

- The Power Trading Summit website is shown below.
- It includes all assets for every course:
  - Course Recordings
  - Live Trading Recordings
  - Installation Packages
  - Additional Assets

Power Trading Summit - Swing Trading for the Fences

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[www.OmniTrader.com/seminars/PowerTradingSummit](http://www.OmniTrader.com/seminars/PowerTradingSummit)

# The Installation Package

- The course installation package includes the following components:
  - Swing Trading for the Fences Profile
  - Two New Swing Trading Strategies
  - One Swing Trading Trade Plan
  - Two Chart Templates
  - One Swing Trading Scan

# The Swing Trading for the Fences Profile

OmniTrader - Swing Trading for the Fences

File Edit View Mode Tools Window Help

Real Mode Focus List To Do List Symbol: XLU Strategy: All Strategies Chart Options Broker: Paper

Focus List

My Symbols

G	Symbol	Sig	IndSector
<input type="checkbox"/>	AAL		Transportation
<input type="checkbox"/>	AAPL		Computer and Technolo
<input type="checkbox"/>	ABBV		Medical
<input checked="" type="checkbox"/>	ABT		Medical
<input type="checkbox"/>	ACN		Business Services
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<input type="checkbox"/>	ADP		Business Services
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<input type="checkbox"/>	AGG		Finance
<input type="checkbox"/>	AIG		Finance
<input type="checkbox"/>	ALGN		Medical
<input type="checkbox"/>	ALL		Finance
<input type="checkbox"/>	ALXN		Medical
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<input type="checkbox"/>	AMD		Computer and Technolo
<input type="checkbox"/>	AMGN		Medical
<input type="checkbox"/>	AMZN		Retail/Wholesale
<input type="checkbox"/>	ASML		Computer and Technolo
<input type="checkbox"/>	ATVI		Consumer Discretionary
<input type="checkbox"/>	AVGO		Computer and Technolo
<input type="checkbox"/>	AWK		Utilities
<input type="checkbox"/>	AXP		Finance
<input type="checkbox"/>	BA		Aerospace
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<input type="checkbox"/>	BIIB		Medical
<input type="checkbox"/>	BK		Finance

Watchlist Notes Statistics Chart Group

XLI - SPDR Select Sector Fund - Indu...

T: Swing Groups Z P N XLI . S

2020 Jan Feb Mar Apr May Jun Jul Aug

SMA(200)

WT\_ZZ(1,14)

77.66

79.1 M

Vote

XLK - SPDR Select Sector Fund - Tec...

T: Swing Groups Z P N XLK . S

2020 Jan Feb Mar Apr May Jun Jul Aug

SMA(200)

WT\_ZZ(1,14)

119.79

61.7 M

Vote

XLP - SPDR Select Sector Fund - Con...

T: Swing Groups Z P N XLP . S

2020 Jan Feb Mar Apr May Jun Jul Aug

SMA(200)

WT\_ZZ(1,14)

65.69

51.0 M

Vote

XLU - SPDR Select Sector Fund - Utili...

T: Swing Groups Z P N XLU . S

2020 Jan Feb Mar Apr May Jun Jul Aug

SMA(200)

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59.71

90.3 M

Vote

Chart Date: 9/4/2020 Chart Periods: 130 Chart Periods: 3 6 9 12 All Period Type: DAILY

Process Completed 0.00% 10:49 AM

# *Swing Trading for the Fences*

**DETERMINING MARKET MODES**

# Determining Market Modes

- We want to trade in sympathy with the market.
- We'll use a few classic analysis techniques.
- Pivot Point analysis will be used for the market and the stocks we trade.



# Classic Analysis

- Our use of classic analysis techniques allow us to see what the rest of the market sees.
  - Major Trend Analysis
  - Major Level Analysis
  - Volatility Analysis
- The market is aware of these indicators and levels.
- The market often reacts to them.



# Major Trends

- To help us determine the major market trend, we will use the 200 Period Simple Moving Average.
- It is commonly used by a vast number of other traders and analysts.
- We'll pay particular attention to when it's being tested.



# Major Levels

- We also want to be aware of any Major Levels near the index value.
- This is normally support and resistance levels.
- We also need to be aware of an index near a round number.



# Volatility

- Volatility is directly related to fear or uncertainty.
- An increase in Index volatility can help us decide how to approach the market.
- Volatile markets call for reducing risk on long trades and looking for more short opportunities.



# The VIX Index

- The VIX Index is also known as the Fear Index.
- It's based on the option price inputs of the S&P 500.
- It helps us measure fear and uncertainty in the market.
- VIX levels can also be useful.



# The Swing Indexes Chart Template

- The Swing Indexes Chart Template has the indicators we will use for index analysis.
- We'll also be marking major levels on the indexes.



# ***Swing Trading for the Fences***

**PIVOT POINT ANALYSIS**

# Pivot Point Analysis

- Classic analysis techniques are helpful, but we get more information with Pivot Point Analysis.
- Pivots have multiple uses:
  - Support/Resistance
  - Trend Direction
  - Trend Strength
  - Trading Levels



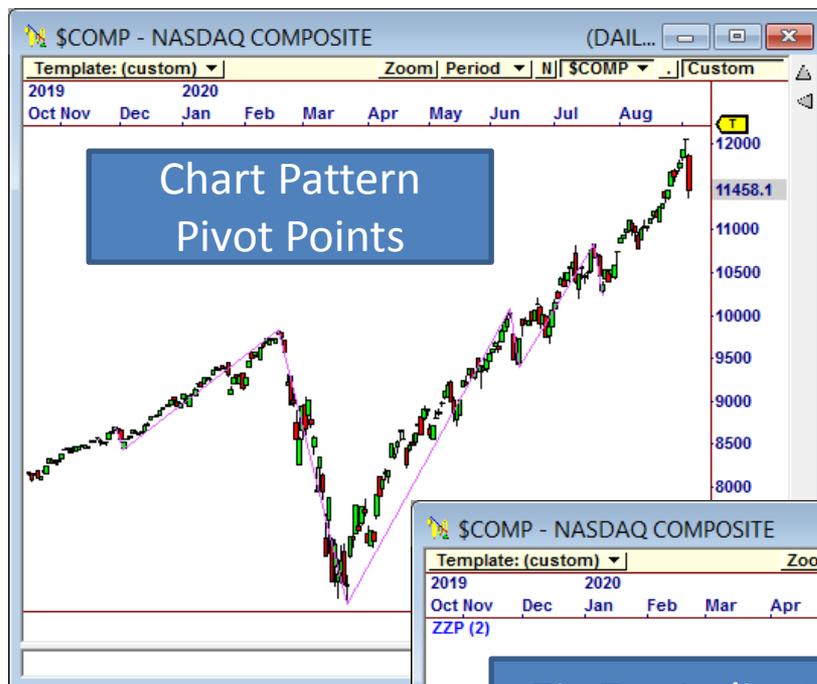
# Advantages of Pivot Analysis

- Pivot Analysis has advantages over classic analysis techniques.
  - Trend direction analysis has much less lag than other trend indicators.
  - Pivots also provide trend strength information.
  - Trend continuation information is provided.
  - Pivots also provide warning signs.



# Types of Pivots

- Pivot Points can be calculated different ways.
- OmniTrader provides you with automatic Pivot Points.
- The Zig Zag indicator can also be used for Pivot Points.



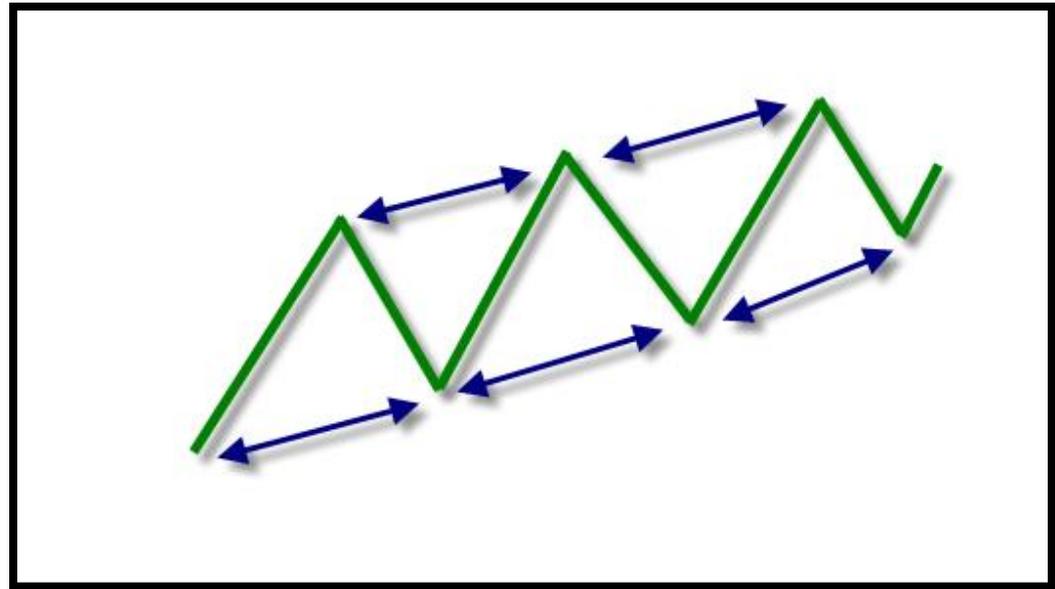
# The WaveTrader Pivot Points

- We will be using the Wave Trader Zig Zag indicator in this course.
- These are based on how far price is away from recent highs or lows in ATRs.
- Indicator parameters let us make the indicator more/less sensitive.



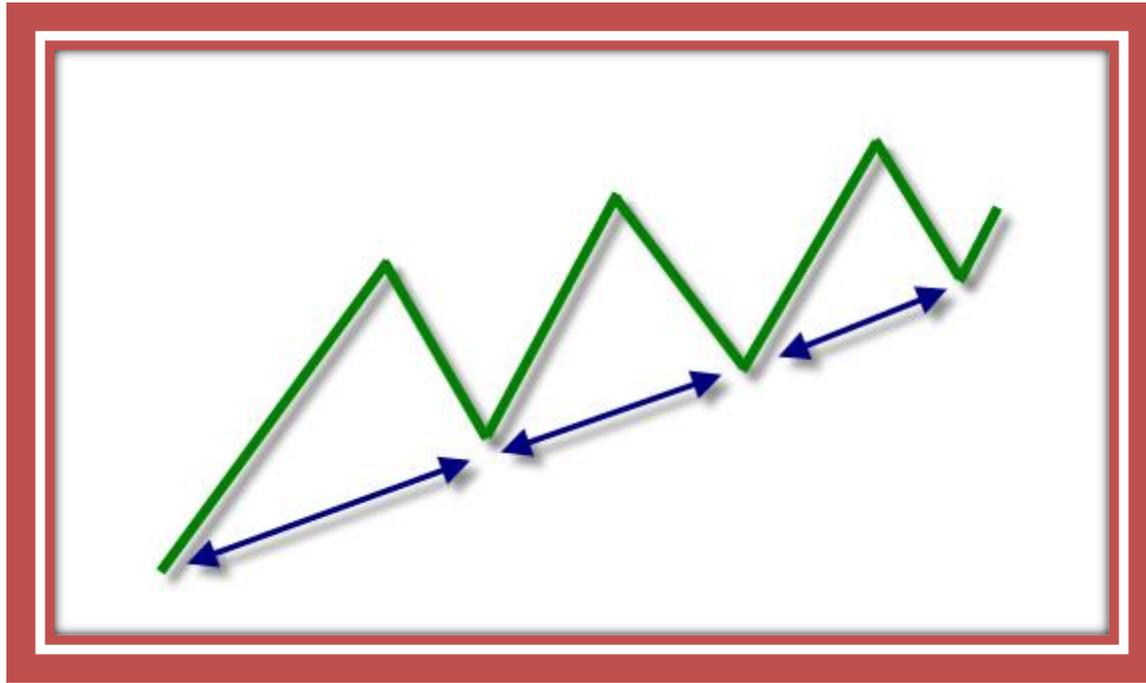
# Trend Analysis w/ Pivots

- We will use Pivot Points to help us determine trend direction and strength.
- Higher Lows and Higher Highs point to a bullish trend.
- Lower Highs and Lower Lows point to a bearish trend.



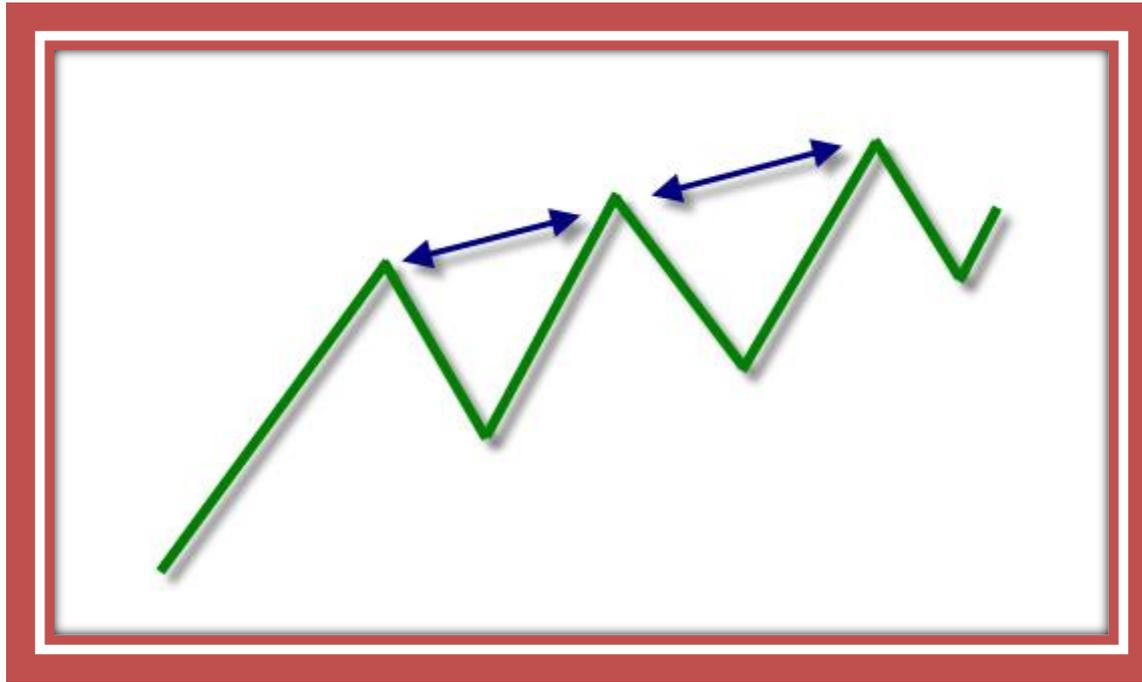
*Example of a "Perfect" Upward Trend*

# Uptrending Higher Lows



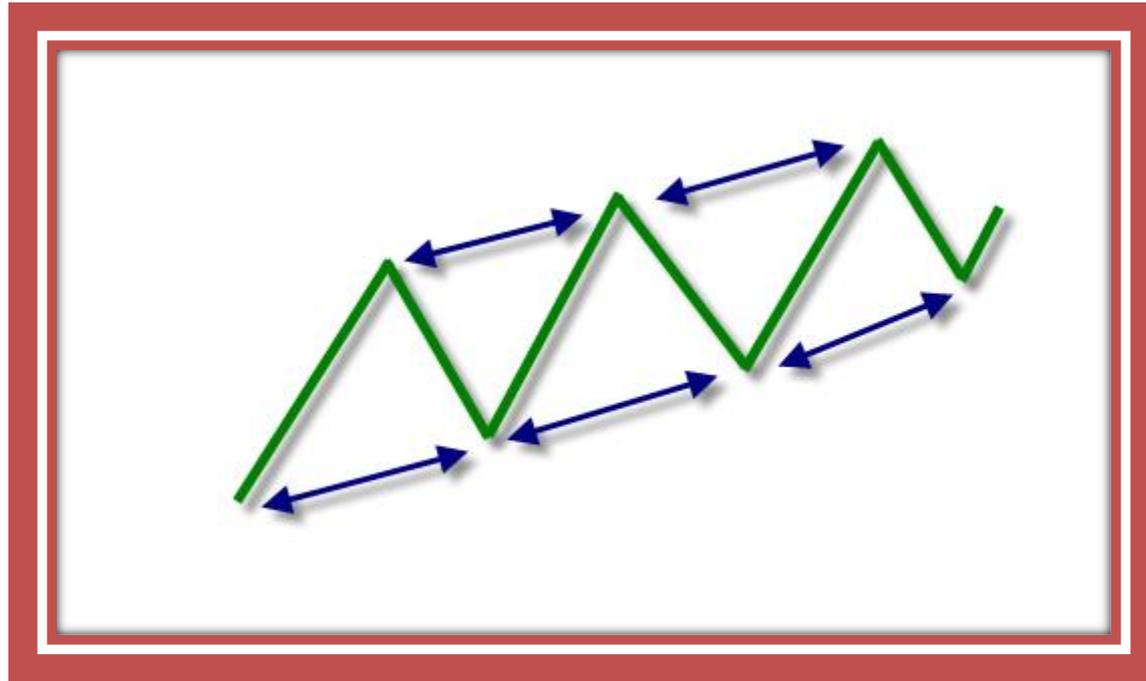
- In upward trending markets, higher lows provide confirmation of a trend continuation as well as supplying excellent entry opportunities.

# Uptrending Higher Highs



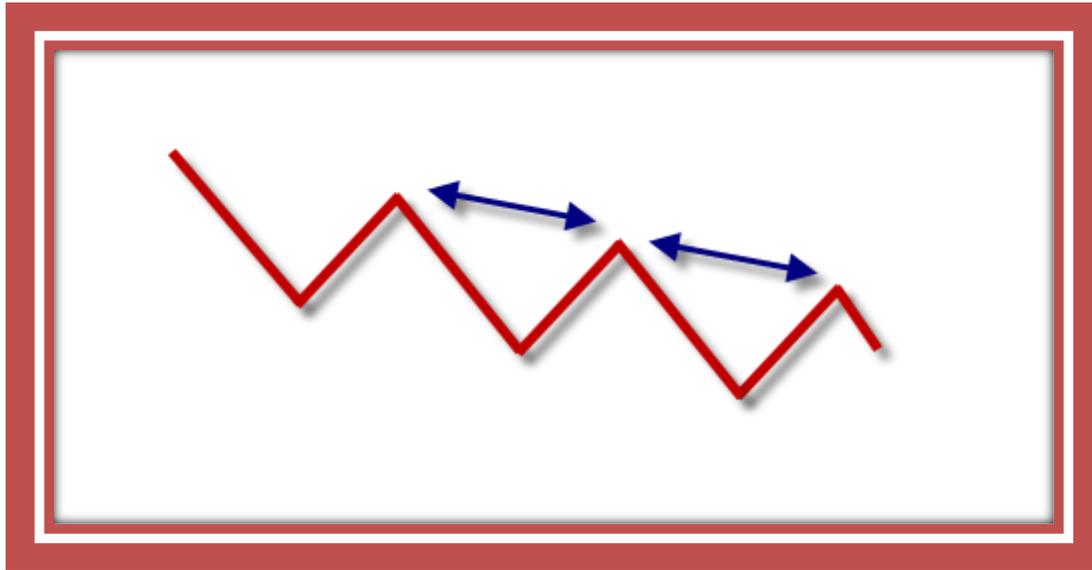
- Higher highs indicate that bullish sentiment is continuing to push the market upward.

# The Perfect Upward Trend



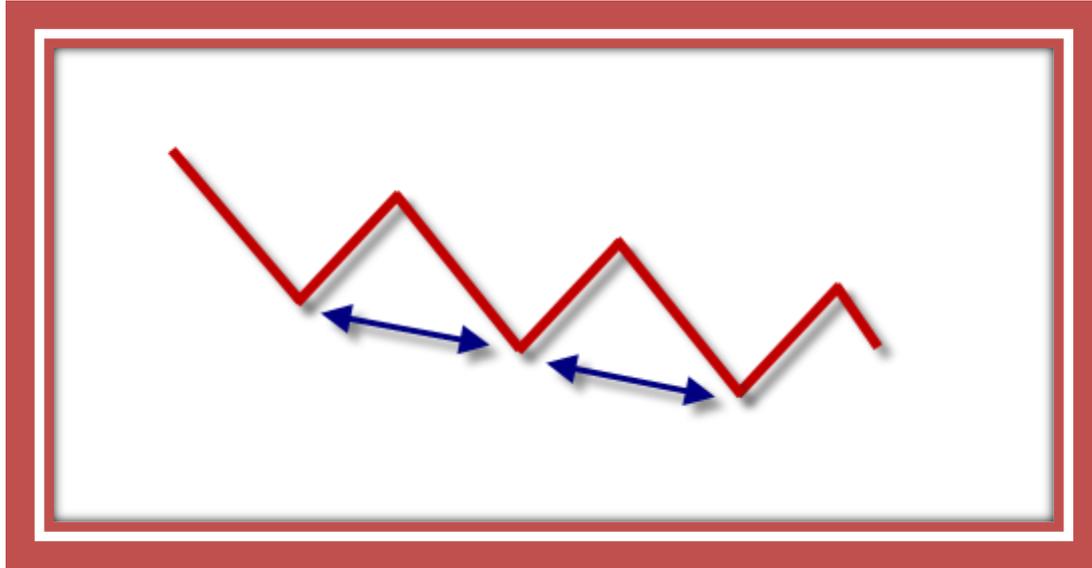
- When we have higher lows coupled with higher highs, we have confirmation of a strong upward trend.

# Downtrending Lower Highs



- Lower highs provide bearish market confirmation as well as presenting good entry points.

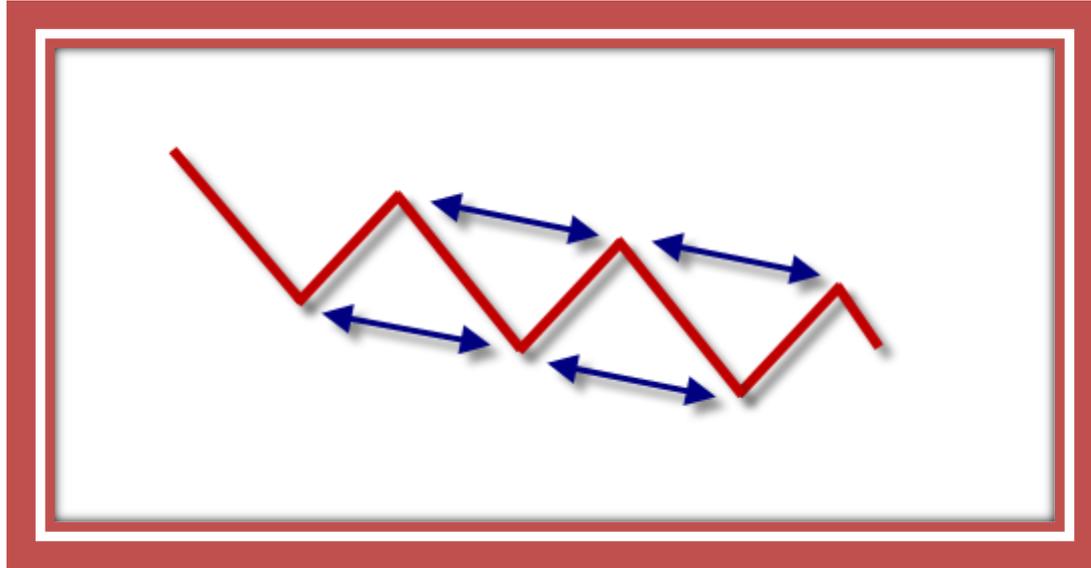
# Downtrending Lower Lows



- A market that continues to ignore potential support will form lower lows and increase selling pressure.

# The Perfect Downward Trend

+1.33



- Lower lows and lower highs provide downward trend confirmation.

# Upward Trend Lower Highs

- If a Lower High is formed in an upward trend, the trend isn't over – yet.
- A Lower High can be a warning sign.
- This would be a good time to consider reducing risk:
  - Fewer Long Positions
  - Smaller Long Trade Size



# Using Pivot Analysis

- Pivot Point analysis helps determine trend information.
- Its true value lies in helping us manage our portfolio.
- Pivot analysis can help us determine:
  - Portfolio Balance
  - Portfolio Allocation
  - Position Size
  - Whether to Engage at All



# Conclusion

- We have introduced the *Swing Trading for the Fences* tools.
- Classic analysis techniques tell us what the market sees.
- Pivot analysis helps get more information.
- Pivot analysis should be used for portfolio management.

