

Swing Trading for the Fences

with Jeff Drake



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**PART TWO:
FINDING THE BEST SWING TRADES**

Types of Swing Trades

- Swing Trading can have many definitions.
- Some Swing Traders hold positions for only minutes, some for hours, and some for weeks.
- In this course, we are looking to capture profits quickly with a holding time of days.



Our Swing Trade Setup

- We will be concentrating on one specific setup.
- We will be essentially “buying the dip”.
- This is the Reversion to Mean (RTM) concept.



The Strategies

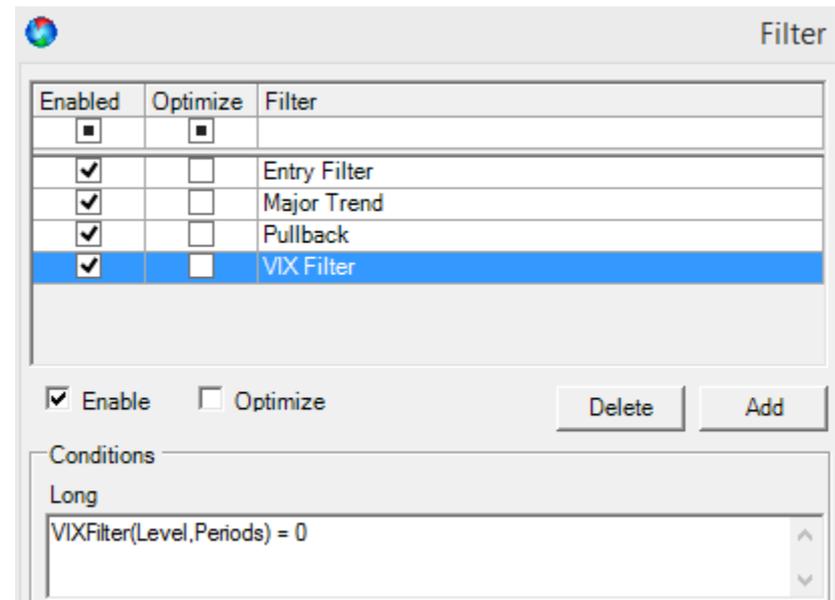
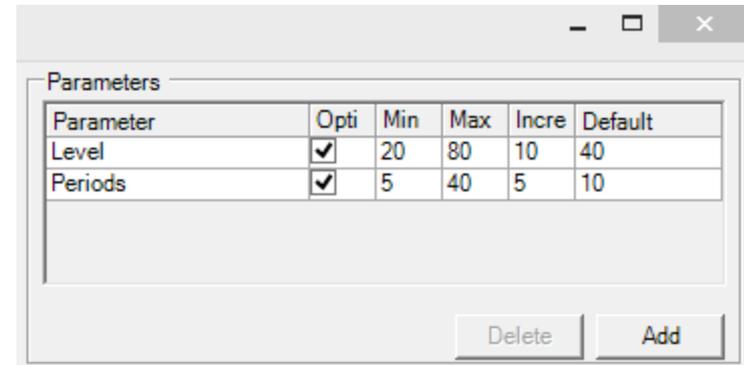
- We have included two new Trading Strategies in this course.
- Both strategies generate RTM signals.
- ST-P37 fires signals on the initial move away from the trend.
- ST-T11 generally waits for a confirmation move back towards the trend.



Strategy	Back Test					
	NT	PT	HR%	ANP%	PPT%	ABT
All Strategies	15,894	11,190	70.40	42.64	0.49	5
ST-P37	6,086	4,200	69.01	20.78	0.62	6
ST-T11	15,598	10,962	70.28	42.21	0.50	5

The VIX Filter

- Both strategies use a VIX filter.
- This filter looks at the level of the VIX index and whether it is rising or not.
- The Level parameter refers to the VIX value.
- Periods refers to the EMA Periods.
- The “0” value means the VIX is above the level.
- “1” would mean it’s below that level.



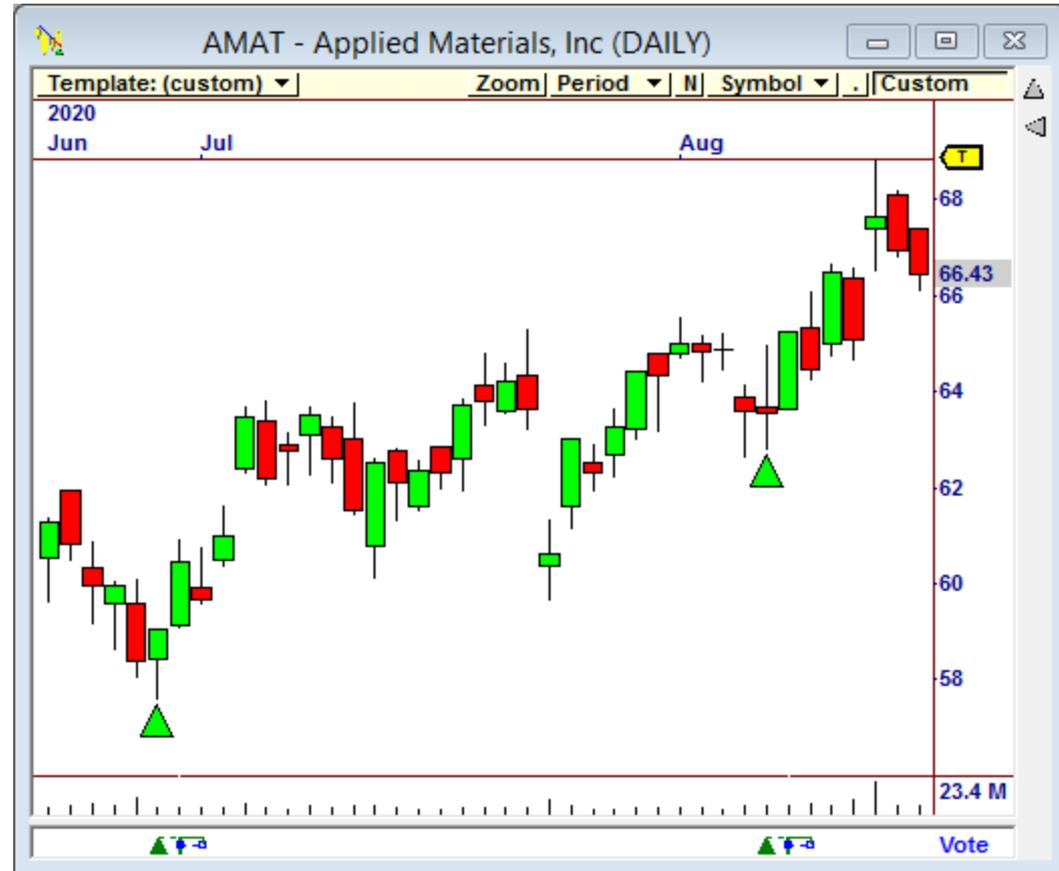
ST-P37 Strategy

- ST-P37 is an aggressive strategy that fires both long and short signals.
- It will fire against the trend in order to capture higher profits on the reversion move.



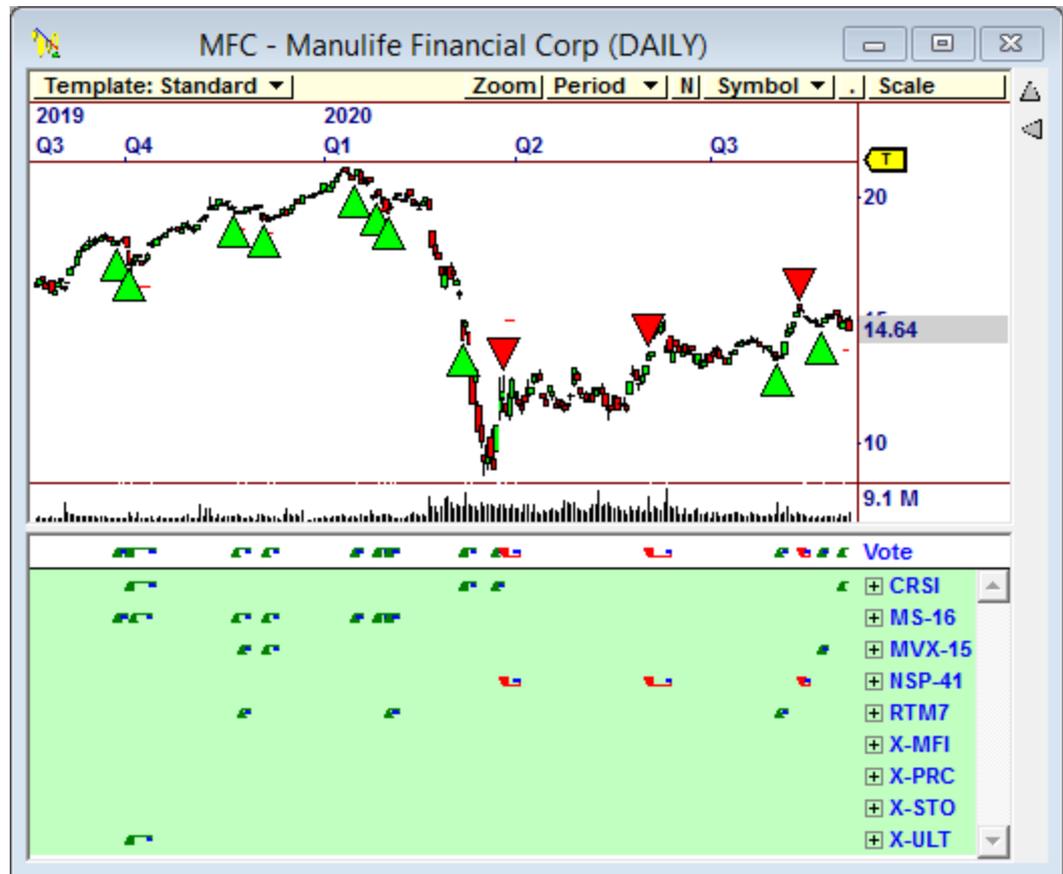
ST-T11 Strategy

- ST-T11 uses “peak” systems.
- These systems wait for their indicators to form a peak.
- This makes it a more conservative strategy.
- It generates a lot of trades!



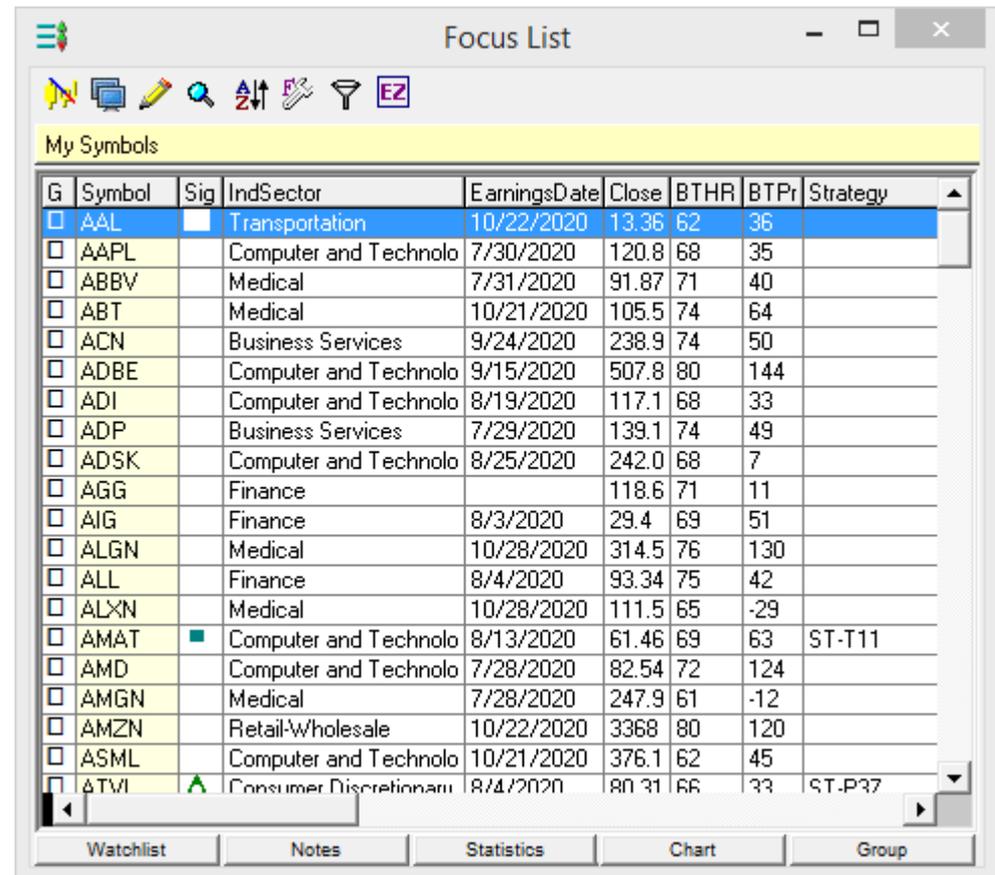
Other Strategies

- We have created many strategies that are conducive to this trading method:
 - X-Suite
 - T-3 Suite
 - RTM7
 - NSP-41
 - VBX-3
 - XLS-19 V2
 - CRSI
 - MS-16
 - MVX-15
 - Etc.



The Symbol Lists

- The base list in the profile are the stocks in the S&P 100 and NASDAQ 100.
- These stocks are highly liquid and most of them lend themselves well to this trading method.
- Feel free to add in any stocks that you want – this is not a mechanical strategy approach.



The screenshot shows a window titled "Focus List" with a toolbar and a table of stock symbols. The table has columns for Symbol, Sig, IndSector, EarningsDate, Close, BTHR, BTPr, and Strategy. The first row is highlighted in blue.

G	Symbol	Sig	IndSector	EarningsDate	Close	BTHR	BTPr	Strategy
<input checked="" type="checkbox"/>	AAL		Transportation	10/22/2020	13.36	62	36	
<input type="checkbox"/>	AAPL		Computer and Technolo	7/30/2020	120.8	68	35	
<input type="checkbox"/>	ABBV		Medical	7/31/2020	91.87	71	40	
<input type="checkbox"/>	ABT		Medical	10/21/2020	105.5	74	64	
<input type="checkbox"/>	ACN		Business Services	9/24/2020	238.9	74	50	
<input type="checkbox"/>	ADBE		Computer and Technolo	9/15/2020	507.8	80	144	
<input type="checkbox"/>	ADI		Computer and Technolo	8/19/2020	117.1	68	33	
<input type="checkbox"/>	ADP		Business Services	7/29/2020	139.1	74	49	
<input type="checkbox"/>	ADSK		Computer and Technolo	8/25/2020	242.0	68	7	
<input type="checkbox"/>	AGG		Finance		118.6	71	11	
<input type="checkbox"/>	AIG		Finance	8/3/2020	29.4	69	51	
<input type="checkbox"/>	ALGN		Medical	10/28/2020	314.5	76	130	
<input type="checkbox"/>	ALL		Finance	8/4/2020	93.34	75	42	
<input type="checkbox"/>	ALXN		Medical	10/28/2020	111.5	65	-29	
<input type="checkbox"/>	AMAT		Computer and Technolo	8/13/2020	61.46	69	63	ST-T11
<input type="checkbox"/>	AMD		Computer and Technolo	7/28/2020	82.54	72	124	
<input type="checkbox"/>	AMGN		Medical	7/28/2020	247.9	61	-12	
<input type="checkbox"/>	AMZN		Retail-Wholesale	10/22/2020	3368	80	120	
<input type="checkbox"/>	ASML		Computer and Technolo	10/21/2020	376.1	62	45	
<input type="checkbox"/>	ATVI		Consumer Discretionary	8/4/2020	80.31	66	33	ST-P37

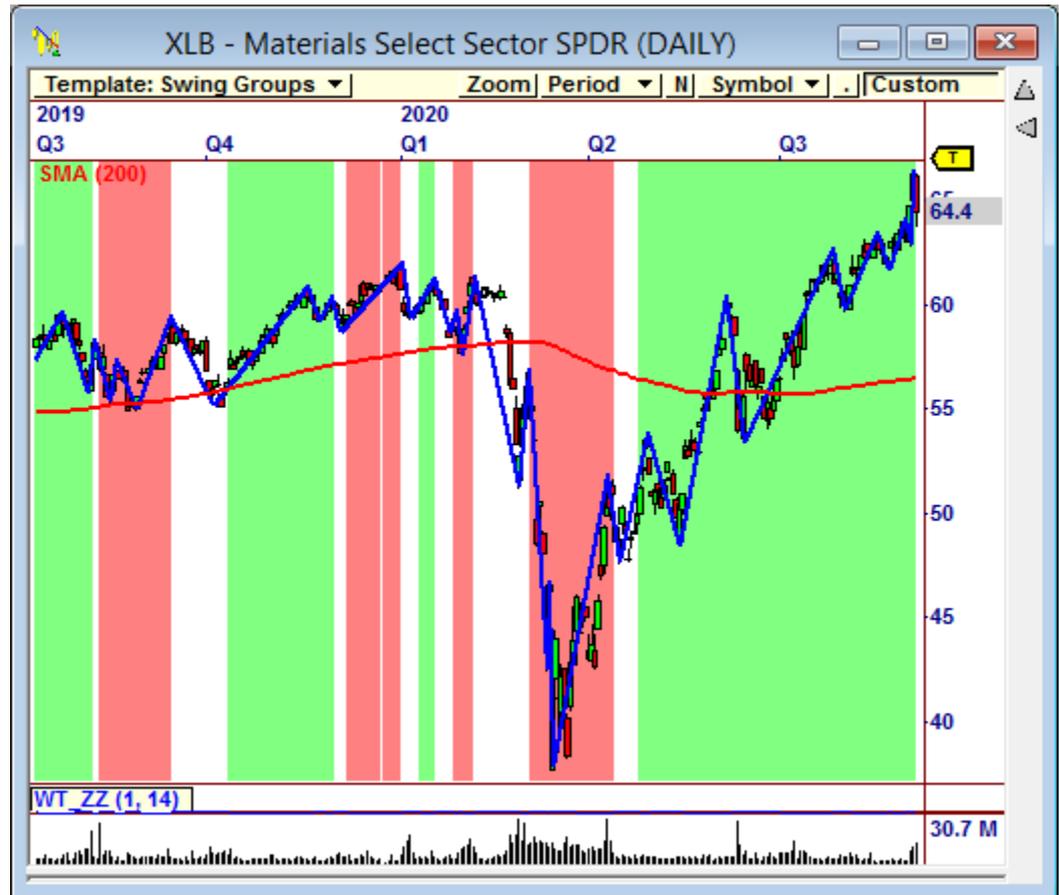
The Tech Movers Scan

- We've also included the Tech Movers OmniScan.
- Since Tech Stocks have been so hot lately, we wanted focus on them.
- This list can be easily changed to include or focus on any hot industry group.



Focusing on Hot Groups

- We can “juice” our candidate list by adding hot groups.
- The Group Tabs allow us to easily see which industry groups are out-performing.



Swing Trading for the Fences

**CONFIRMING THE BEST
SWING TRADES**

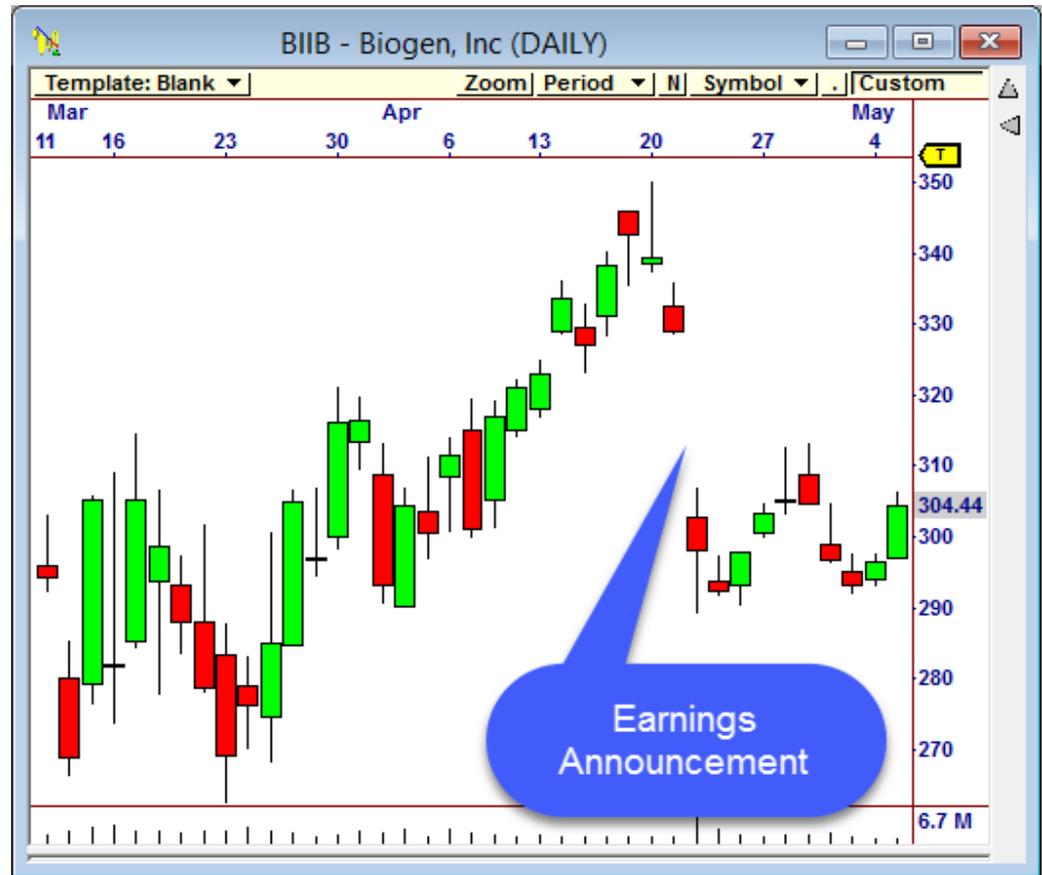
Confirmation Steps

- We can confirm the best Swing Trades with just a few simple steps:
 - Earning Reports
 - Pivot Analysis
 - Reward to Risk
 - Chart Patterns
- Keep your broad market analysis in the back of your mind.



Avoiding Earnings Reports

- Earnings reports are unpredictable.
- We want to avoid trading into this unpredictability.
- Avoid trading stocks that are within 5 days of their earnings report.



Revisiting Pivot Analysis

- The Pivot Analysis we covered in Part One can help us confirm trades.
- For longs, the most recent high pivot is potential resistance.
- The recent low would represent potential support.

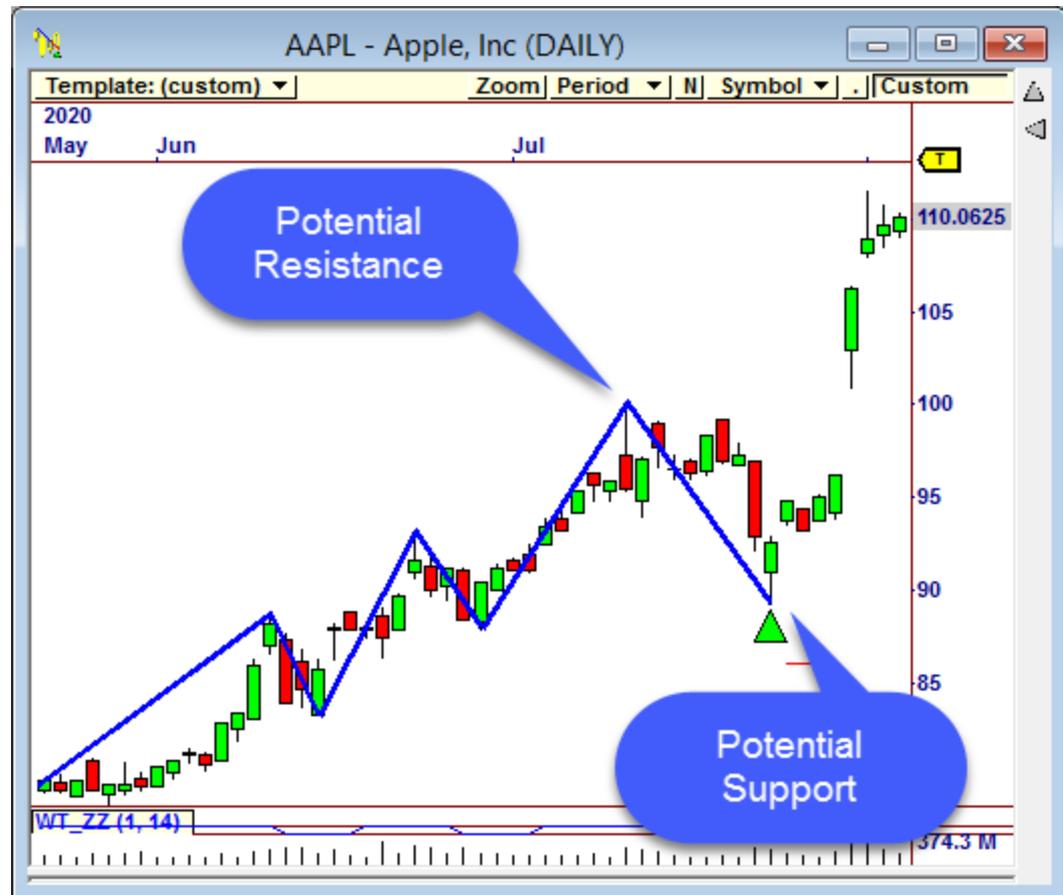


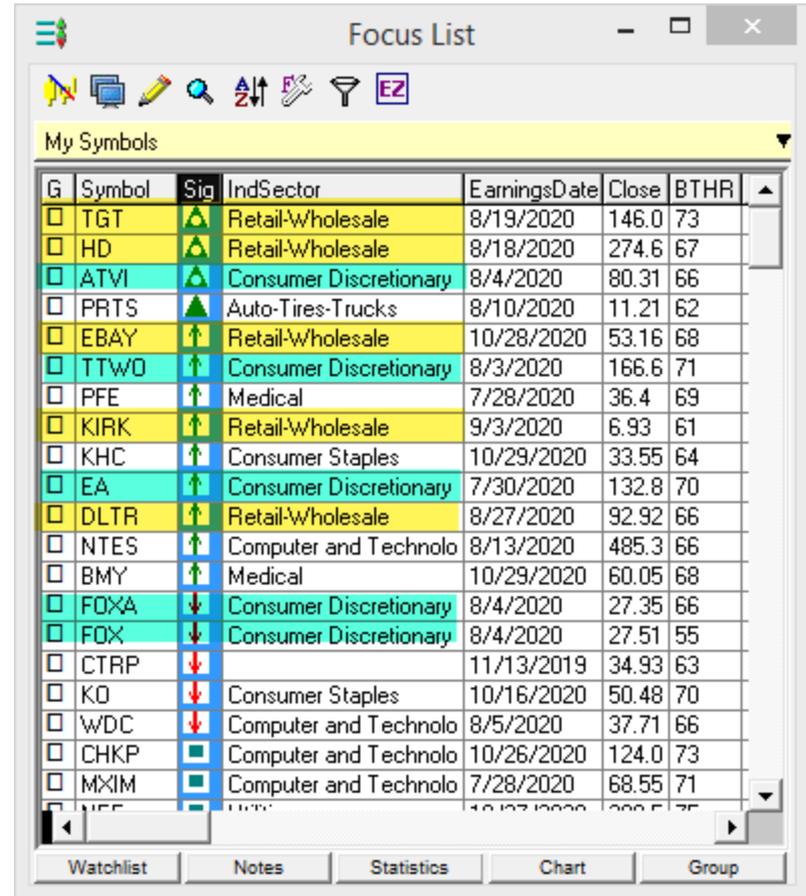
Chart Patterns

- We can confirm with chart patterns.
- Support and resistance are your main confirmers.
- Other useful patterns:
 - Fibonacci Retracement Levels
 - Candle Patterns



Diversification Considerations

- If possible, we want to diversify our stock picks.
- Looking for stocks from different industry groups can help us confirm which trades to take.



The screenshot shows a window titled "Focus List" with a toolbar and a table of stock data. The table has columns for G, Symbol, Sig, IndSector, EarningsDate, Close, and BTHR. The data is as follows:

G	Symbol	Sig	IndSector	EarningsDate	Close	BTHR
<input type="checkbox"/>	TGT	▲	Retail-Wholesale	8/19/2020	146.0	73
<input type="checkbox"/>	HD	▲	Retail-Wholesale	8/18/2020	274.6	67
<input type="checkbox"/>	ATVI	▲	Consumer Discretionary	8/4/2020	80.31	66
<input type="checkbox"/>	PRTS	▲	Auto-Tires-Trucks	8/10/2020	11.21	62
<input type="checkbox"/>	EBAY	▲	Retail-Wholesale	10/28/2020	53.16	68
<input type="checkbox"/>	TTWO	▲	Consumer Discretionary	8/3/2020	166.6	71
<input type="checkbox"/>	PFE	▲	Medical	7/28/2020	36.4	69
<input type="checkbox"/>	KIRK	▲	Retail-Wholesale	9/3/2020	6.93	61
<input type="checkbox"/>	KHC	▲	Consumer Staples	10/29/2020	33.55	64
<input type="checkbox"/>	EA	▲	Consumer Discretionary	7/30/2020	132.8	70
<input type="checkbox"/>	DLTR	▲	Retail-Wholesale	8/27/2020	92.92	66
<input type="checkbox"/>	NTES	▲	Computer and Technolo	8/13/2020	485.3	66
<input type="checkbox"/>	BMY	▲	Medical	10/29/2020	60.05	68
<input type="checkbox"/>	FOXA	▼	Consumer Discretionary	8/4/2020	27.35	66
<input type="checkbox"/>	FOX	▼	Consumer Discretionary	8/4/2020	27.51	55
<input type="checkbox"/>	CTRP	▼		11/13/2019	34.93	63
<input type="checkbox"/>	KO	▼	Consumer Staples	10/16/2020	50.48	70
<input type="checkbox"/>	WDC	▼	Computer and Technolo	8/5/2020	37.71	66
<input type="checkbox"/>	CHKP	■	Computer and Technolo	10/26/2020	124.0	73
<input type="checkbox"/>	MXIM	■	Computer and Technolo	7/28/2020	68.55	71

Conclusion

- We are looking to buy on pullbacks and profit from the return to the previous trend.
- The strategies provided give us a nice advantage.
- Just a few simple confirmation steps will help us profit consistently.

