Swing Trading for the Fences

with Jeff Drake

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Swing Trading for the Fences

PART FOUR:
THE DAILY SWING TRADING PROCESS

Introduction

- Welcome to Part Four of Swing Trading for the Fences.

- Today we'll go over the daily process to swing trade our method.

- BONUS: We'll also look at the effect of different order types on our swing trades.
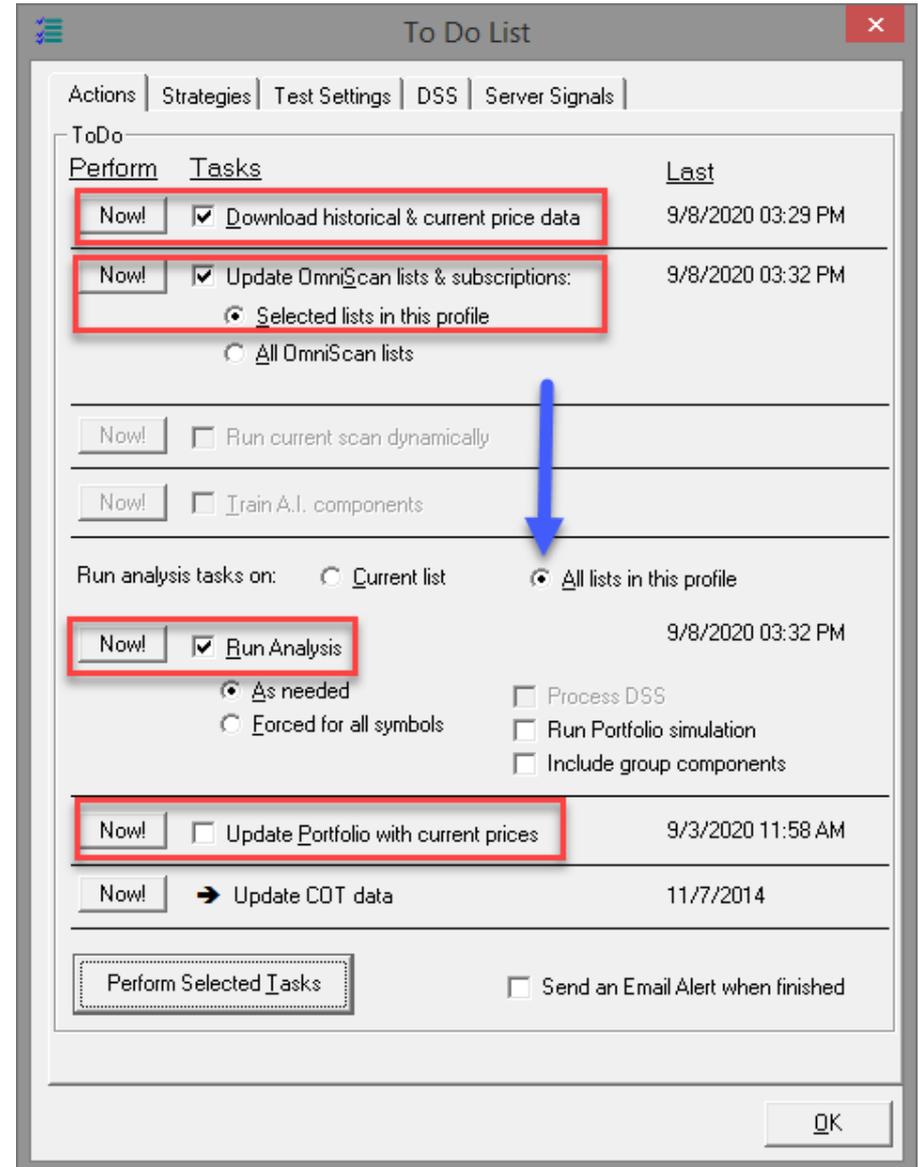
The Daily Process

- We have a simple series of steps to follow in order to daily trade this method:
    - Update OmniTrader
    - Determine Market Mode
    - Check Current Positions
    - Determine Available Cash
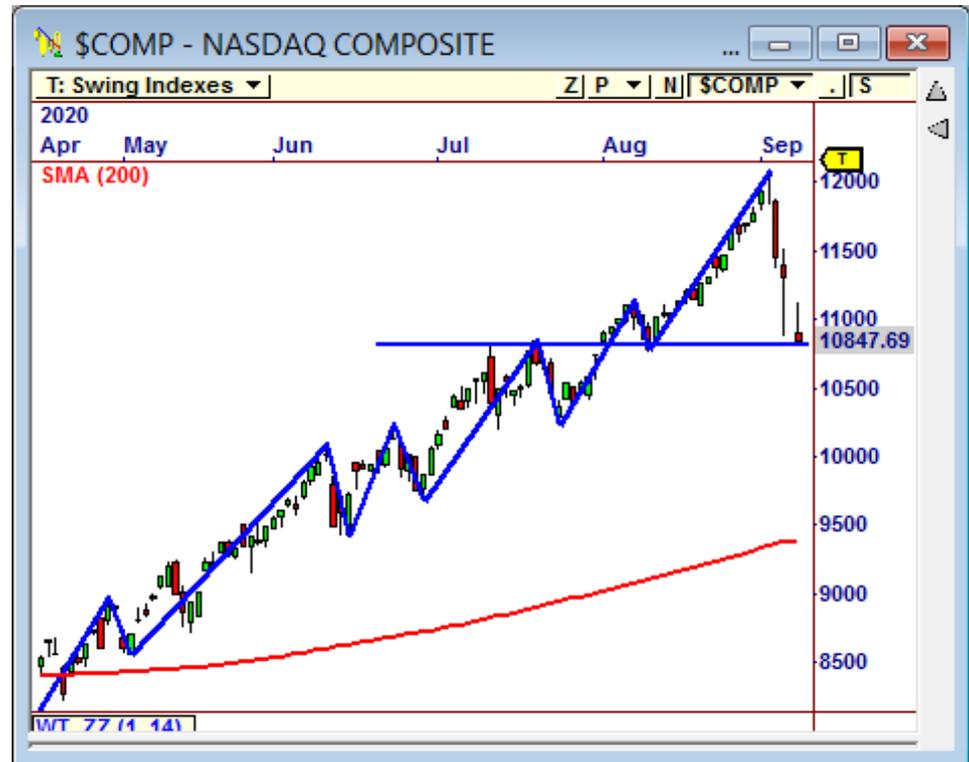   - Find New Trades!

Update OmniTrader

- Step one is to update OmniTrader.
  - Get Data
  - Update OmniScans
  - Run Analysis
  - Update Portfolio
- Be sure that you have all lists selected to update.

Determine Market Mode

- Next we determine Market Mode and apply classic analysis techniques:
  - Pivot Analysis
  - 200 Period SMA
  - Support and Resistance
  - Volatility

Check Current Positions

- We need to look at our current positions and see what actions need to be taken.

- We need to know which trades we need to exit.

- We also adjust stops if necessary.

Determine New Trade Availability

- Now we need to see how much cash we have available.

- Remember to consider the Market Mode:
  - Total Allocation
  - Portfolio Balance
  - Trade Size

Remember to Consider Diversification

- Consider the positions that are still open as far as what industry groups they are in.

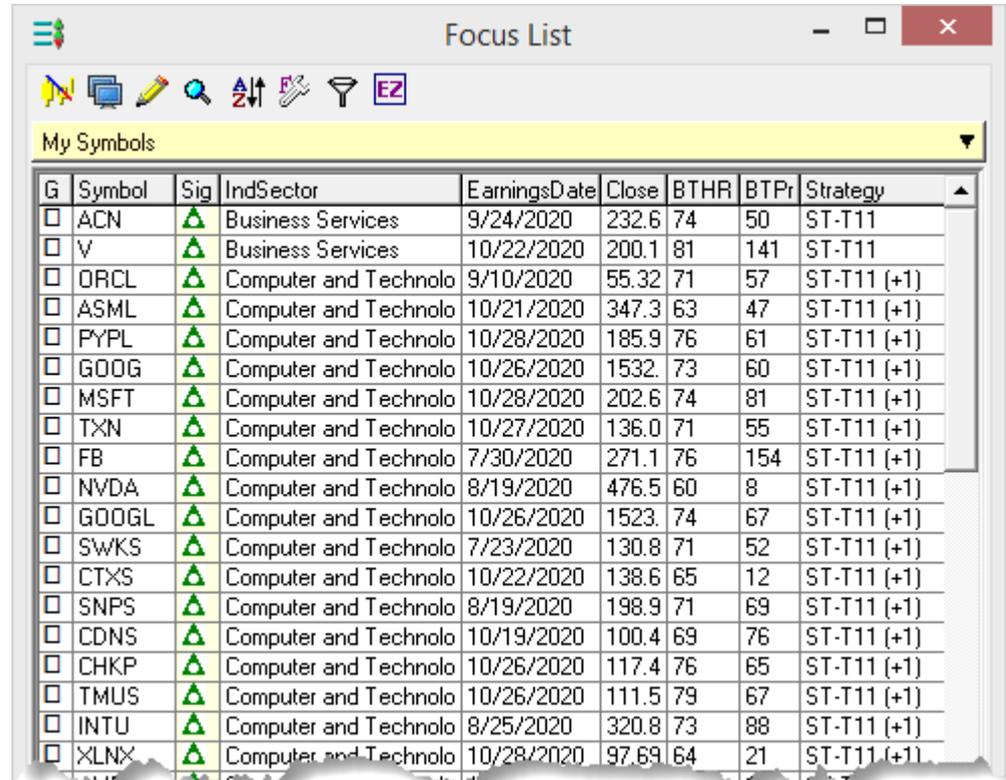- This might help you use diversification in your new trade selection.

Find New Swing Trades!

- Now we prospect for new positions.

- Use our confirmation steps to find the trades with the best profit potential.

- DON'T TRADE INTO EARNINGS!

Focus List

My Symbols

G	Symbol	Sig	IndSector	EarningsDate	Close	BTHR	BTPr	Strategy
☐	ACN	▲	Business Services	9/24/2020	232.6	74	50	ST-T11
☐	V	▲	Business Services	10/22/2020	200.1	81	141	ST-T11
☐	ORCL	▲	Computer and Technolo	9/10/2020	55.32	71	57	ST-T11 (+1)
☐	ASML	▲	Computer and Technolo	10/21/2020	347.3	63	47	ST-T11 (+1)
☐	PYPL	▲	Computer and Technolo	10/28/2020	185.9	76	61	ST-T11 (+1)
☐	GOOG	▲	Computer and Technolo	10/26/2020	1532.	73	60	ST-T11 (+1)
☐	MSFT	▲	Computer and Technolo	10/28/2020	202.6	74	81	ST-T11 (+1)
☐	TXN	▲	Computer and Technolo	10/27/2020	136.0	71	55	ST-T11 (+1)
☐	FB	▲	Computer and Technolo	7/30/2020	271.1	76	154	ST-T11 (+1)
☐	NVDA	▲	Computer and Technolo	8/19/2020	476.5	60	8	ST-T11 (+1)
☐	GOOGL	▲	Computer and Technolo	10/26/2020	1523.	74	67	ST-T11 (+1)
☐	SWKS	▲	Computer and Technolo	7/23/2020	130.8	71	52	ST-T11 (+1)
☐	CTXS	▲	Computer and Technolo	10/22/2020	138.6	65	12	ST-T11 (+1)
☐	SNPS	▲	Computer and Technolo	8/19/2020	198.9	71	69	ST-T11 (+1)
☐	CDNS	▲	Computer and Technolo	10/19/2020	100.4	69	76	ST-T11 (+1)
☐	CHKP	▲	Computer and Technolo	10/26/2020	117.4	76	65	ST-T11 (+1)
☐	TMUS	▲	Computer and Technolo	10/26/2020	111.5	79	67	ST-T11 (+1)
☐	INTU	▲	Computer and Technolo	8/25/2020	320.8	73	88	ST-T11 (+1)
☐	XLNX	▲	Computer and Technolo	10/28/2020	97.69	64	21	ST-T11 (+1)

Conclusion

- These steps can usually be completed minutes each day.

- Lab Mode is an excellent tool to help you practice this method.
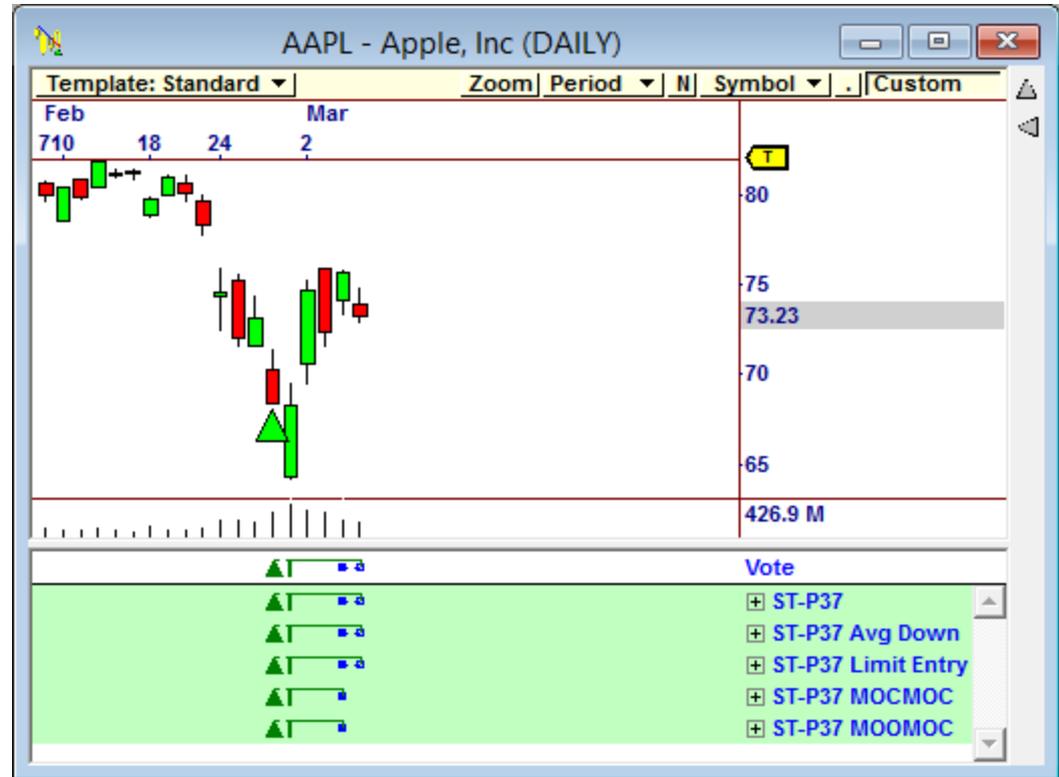
- Plan the Trade, Trade the Plan!

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BONUS SECTION:
ENTRY AND EXIT OPTIONS

When to Get In and When to Get Out

- In the course we use Market on Open entries and Market on Open exits.

- There are options as to how we enter and exit trades.

- We'll look at pros and cons of each option using ST-P37 long trades.
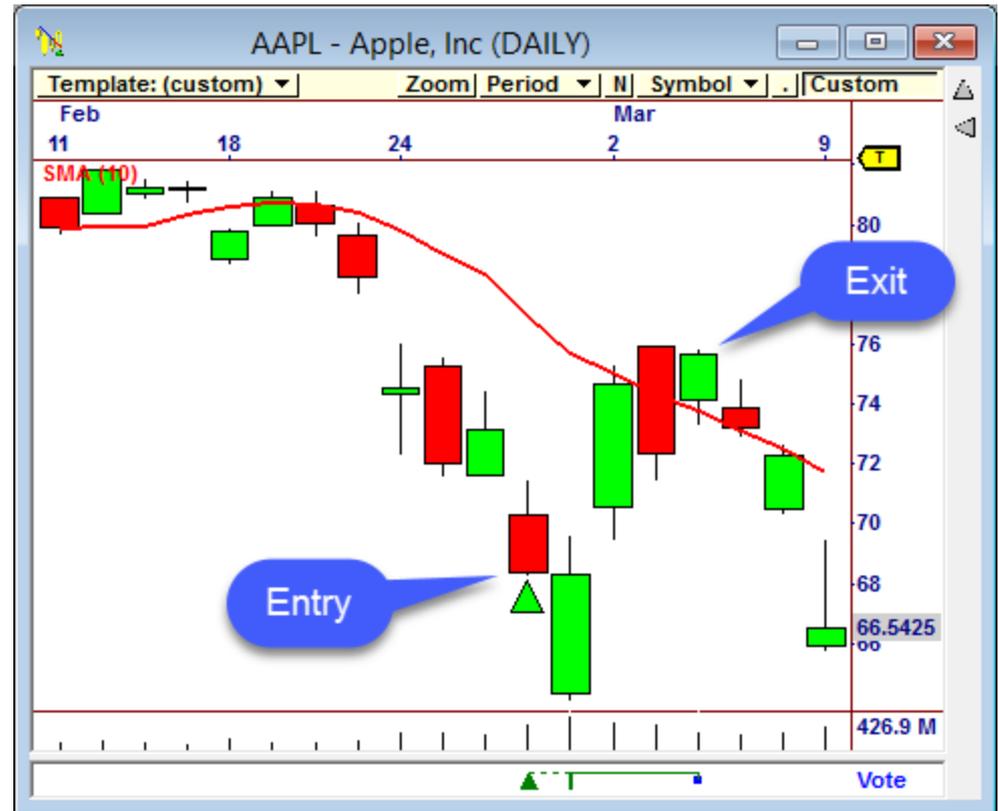
In and Out at the Open

- Getting in and out at the open is easy as we can place our orders anytime after market close and before the next session starts.

- However, getting out of trades to free up cash for new trades can be an issue.

Execution Method	Hit Rate	Profit Per Trade
MOO/MOO	69%	0.62%

In and Out at the Close

- Market on Close orders can be difficult to execute.

- Orders must be submitted 15 minutes prior to close.

- Your analysis will done on incomplete bars.

- You still have the issue of exiting trades to free up cash for new trades.

Execution Method	Hit Rate	Profit Per Trade
MOO/MOO	69%	0.62%
MOC/MOC	71%	0.71%

In at the Open, Out at the Close

- Another option is to enter at the open but exit at the close.

- Since we close trades at the close, we will have that cash available for our open entries.

- Still have the early analysis issue for the close orders.

- Be sure and avoid the PDT issue in smaller accounts.

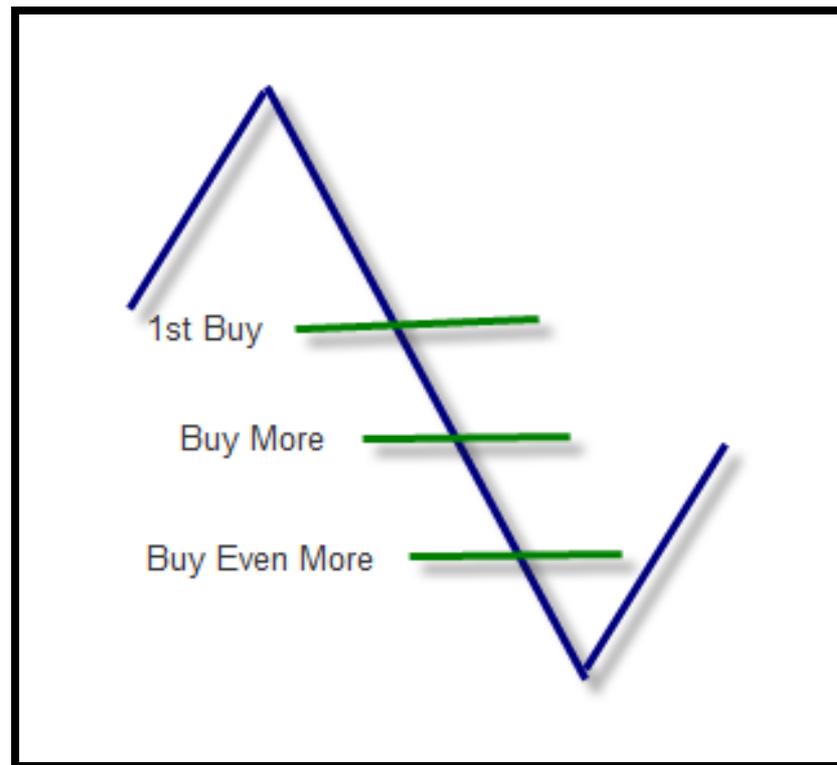| Execution Method	Hit Rate	Profit Per Trade
MOO/MOO	69%	0.62%
MOO/MOC	71%	0.66%

Using Limit Order Entries

- Limit Order Entries can help us "lock in" an entry price.

- Limit Orders can be placed at any time.

- We may miss trades if price gaps beyond our limit price.

- In this example I made the limit one cent above the close of the prior session.

Execution Method	Hit Rate	Profit Per Trade
MOO/MOO	69%	0.62%
Limit/MOO	69%	0.63%

The Averaging Down Technique

- Averaging Down is a technique where we buy more shares if the trade moves against us.

- It lowers the average price paid.

- This approach can often assist with Hit Rate and Profit per Trade.

- There is a substantial risk if the stock continues to move against you.

- You are also tying up a large part of your account in one position.

1st Buy

Buy More

Buy Even More

This illustration shows the concept behind the Averaging Down method. As the trade moves against you , you buy more shares to reduce your average cost /share.

The Average Down Trade Plan

- This Trade Plan only Averages Down once.

- It does not have a Fixed Loss Stop.

Execution Method	Hit Rate	Profit Per Trade
MOO/MOO	69%	0.62%
Avg Down/MOO	78%	1.09%

Entry Methods Case Study

- Our study shows that most execution methods limited effect on results.

- There may be a slight advantage with MOC/MOC, but it can be difficult to execute.

- Averaging Down can be effective in certain markets, but can be risky.

Execution Method	Hit Rate	Profit Per Trade
MOO/MOO	69%	0.62%
MOC/MOC	71%	0.71%
MOO/MOC	71%	0.66%
Limit/MOO	69%	0.63%
Avg Down/MOO	78%	1.09%

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CONCLUSION