

Strategy:

Failed High of Day Breakouts

Stock Selection

- Bad High of Day Break Setups
- Focus is on 1 setup at a time
- Always looking for BHOD 1st
- If less than 4 Indicators Switch to FBO
- If less than 3 Confirmations Switch to FBO
- ***Never go in looking for a FBO over a BHOD***

Trading Plan (BHOD with Scanner)

Enter a position when there is a buyer who is willing to pay more for the stock than anyone else in the world during the intraday session if it has rising volume into the break.

Time: 9:40am – 3:30pm ET

Indicators:

- The stock has smooth volume (Consistent Candles)
- The HOD is near a significant level (PMH, PML, TFL, ATH, PCL, R/S(x) or Daily)
- The stock is pulling back from the HOD (minimum of 2 red candles)
- Level 2 is stacking above the HOD at .50 intervals
- RVOL is greater than 90%

Confirmations:

- Begins to "punch" towards the HOD (has an indecision or engulfing candle after the pullback)
- Does not consolidate at the HOD (No more than 1 red candle after the punch going into the break)
- Has rising volume into the break of the HOD (Step up white Volume)
- Time & Sales is running more Green than Red

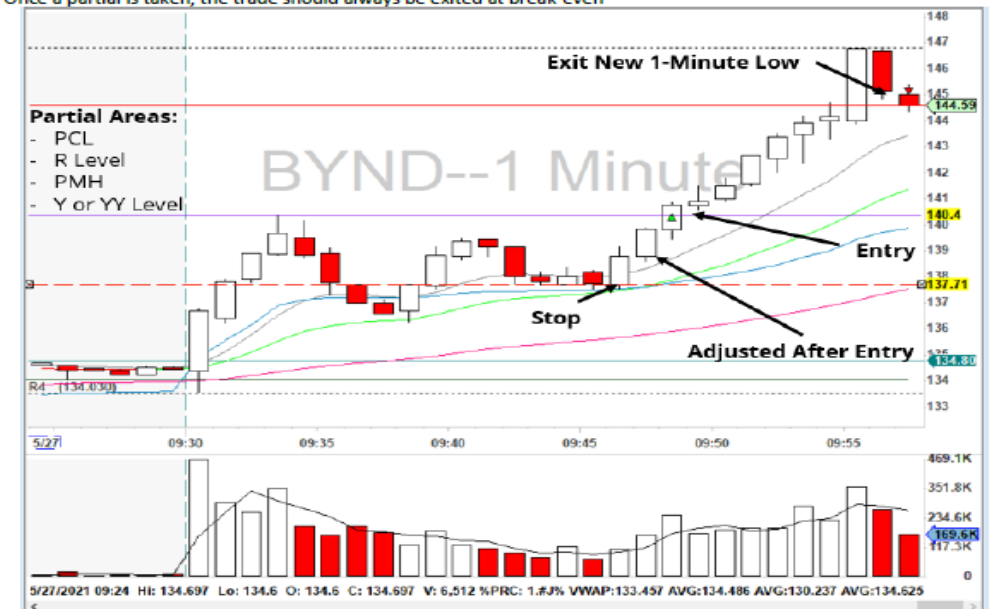
Entry Signal:

- Stock print's .01 cent above the HOD on the BID side

Stop Loss: Bottom or wick of the previous candle before the entry candle. Stop is moved to the bottom wick of the next 1-minute candle after entry if a partial is not taken before it closes.

Target: A new one-minute low

Rules: Once a partial is taken, the trade should always be exited at break-even



Setup Identification

- Time: 0950 – 1250
- Indicators
 - \$SPY is Sloping Downward on the 5-min Chart
 - HOD is near a Significant Level (PCL, R5 & R6, PMH)
 - Volume Spike Prior to the Break
 - Tested the Significant Resistance Level
 - No Level 2 Stacking on the “Ask” Side
- Confirmations
 - Dying volume going into the break
 - 9 & 20 EMA are flattening out and rolling over
 - Candle after the break doesn't make a new 1-min high

Pre-Market High (PMH) Tested Significant Level



Trade Execution

- Entry Signal
 - Enter on a new 1-minute low or as it breaks the 9 EMA or support level if close by
- Stop Loss:
 - High of Day + Spread
 - High of Pullback + Spread
- Targets:
 - 1st Partial: 20 EMA or 50 SMA
 - 2nd Partial: VWAP
 - 3rd Partial: Support Levels
 - All Out: B/E or Significant Level



Consideration Notes

- Do Not Enter near 20 EMA (Chasing + High Failure Rate)
- 1st Partial need to have at least 1:1R
- Move Stop to B/E after 1st Partial
- If the candle after entry makes a new 1-minute high I exit
- Trade should work within 2 minutes or get out of the way.
- Do not enter in the middle of the range



Examples



Examples

