

A wide-angle photograph of a mountain valley. The mountains are covered in patches of snow and are set against a cloudy, overcast sky. The valley floor is also covered in snow, creating a sense of depth and scale.

TradeBook: From Valleys to Victories
Unlock the Mountain Pass Trading Edge

PRESENTED BY:

Peter Donnelly

DISCLAIMER

BearBullTraders.com employees, contractors, shareholders and affiliates, are **NOT an investment advisory service, a registered investment advisor or a broker-dealer** and does not undertake to advise clients on which securities they should buy or sell for themselves.

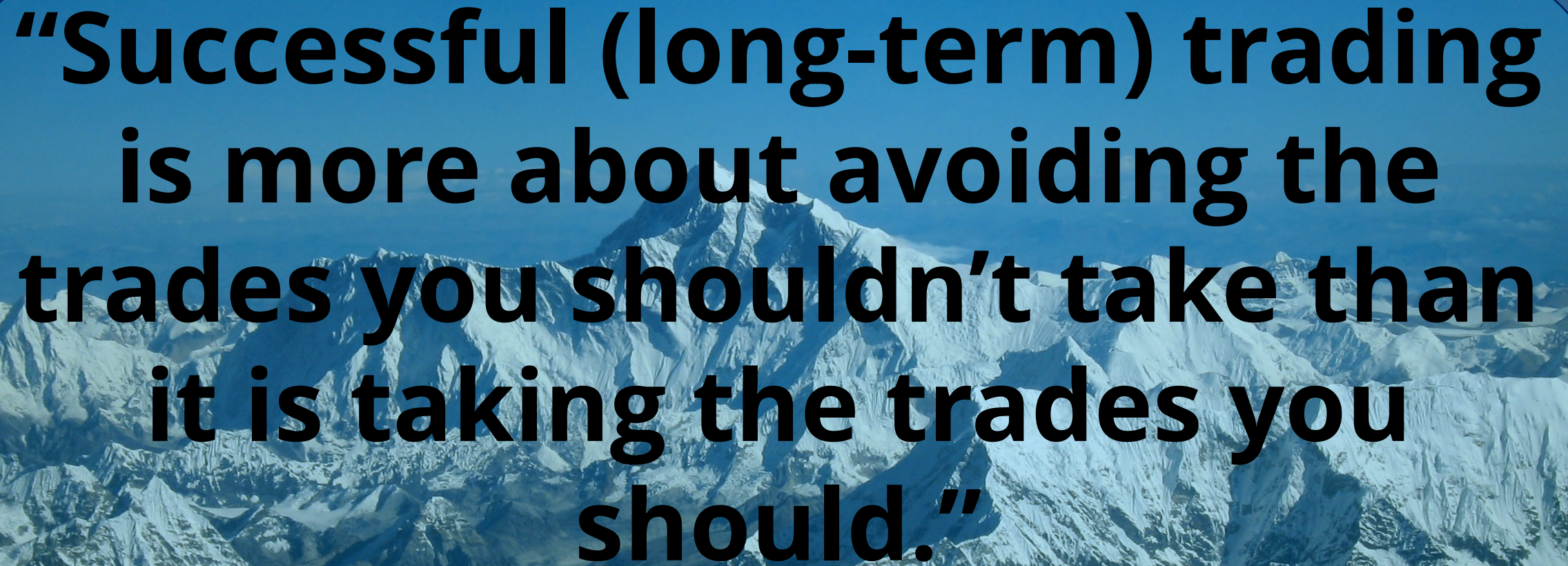
You understand that **NO content published as part of the Bear Bull Trading Room and its Website constitutes a recommendation** that any particular investment, security, portfolio of securities, transaction or investment strategy is suitable for any specific person.

You further understand that **none of the creators or providers of our Services or their affiliates will advise you personally** concerning the nature, potential, value or suitability of any particular investment, security, portfolio of securities, transaction, investment strategy or other matter.

Overview

- Stock Selection
- Setup Identification
- Trade Execution
- Consideration Notes
- Examples



An aerial photograph of a vast mountain range, likely the Himalayas, with numerous peaks covered in snow. The image has a strong blue color cast. The text is overlaid on this background.

**“Successful (long-term) trading
is more about avoiding the
trades you shouldn’t take than
it is taking the trades you
should.”**

-Me, today

Stock Selection

- The **Mountain Pass** is a Trend Reversal Pattern that marks the end existing trend and the potential start of a new trend
- Can be played on any stock that:
 - Has a float >50M shares and is “in-play” (i.e. RVOL >100%),
OR
 - Gets regular, daily high volume and price action (e.g. MAG7 stocks)
- The stock should exhibit the following:
 - Sets a new **high/low** of the day (i.e. extended from VWAP),
AND
 - Has the 50 SMA between the current price and the VWAP

Stock Selection

- *Potentially* supported by a similar move in the overall market direction
- Markets are neither highly choppy or **strongly** directional
- Can be played anytime from **10:00am - 3:30pm**, *but the best trades often set-up from 10:30am - 2pm*

**DON'T CONFUSE THE MOUNTAIN PASS WITH
DOUBLE TOP/BOTTOM PLAYS AT THE OPEN.
THEY ARE MOMENTUM REVERSALS AND HAVE DIFFERENT
CONDITIONS!!!!**

Setup Identification

- I will only* play this strategy at the **high** or **low** of the day
- * The exception to this rule is when we have a very strong move off the open and have not breached the full open price

Setup Identification



Setup Identification

- I will only play this strategy at the **high** or **low** of the day.
 - The only exception is when we have a very strong move off the open and have not breached the full open price
- I (almost!) always play this on a 1-minute chart, but it works equally well on a 2-minute or 5-minute timeframes
- This trade works equally well as a long or a short trade

Setup Identification

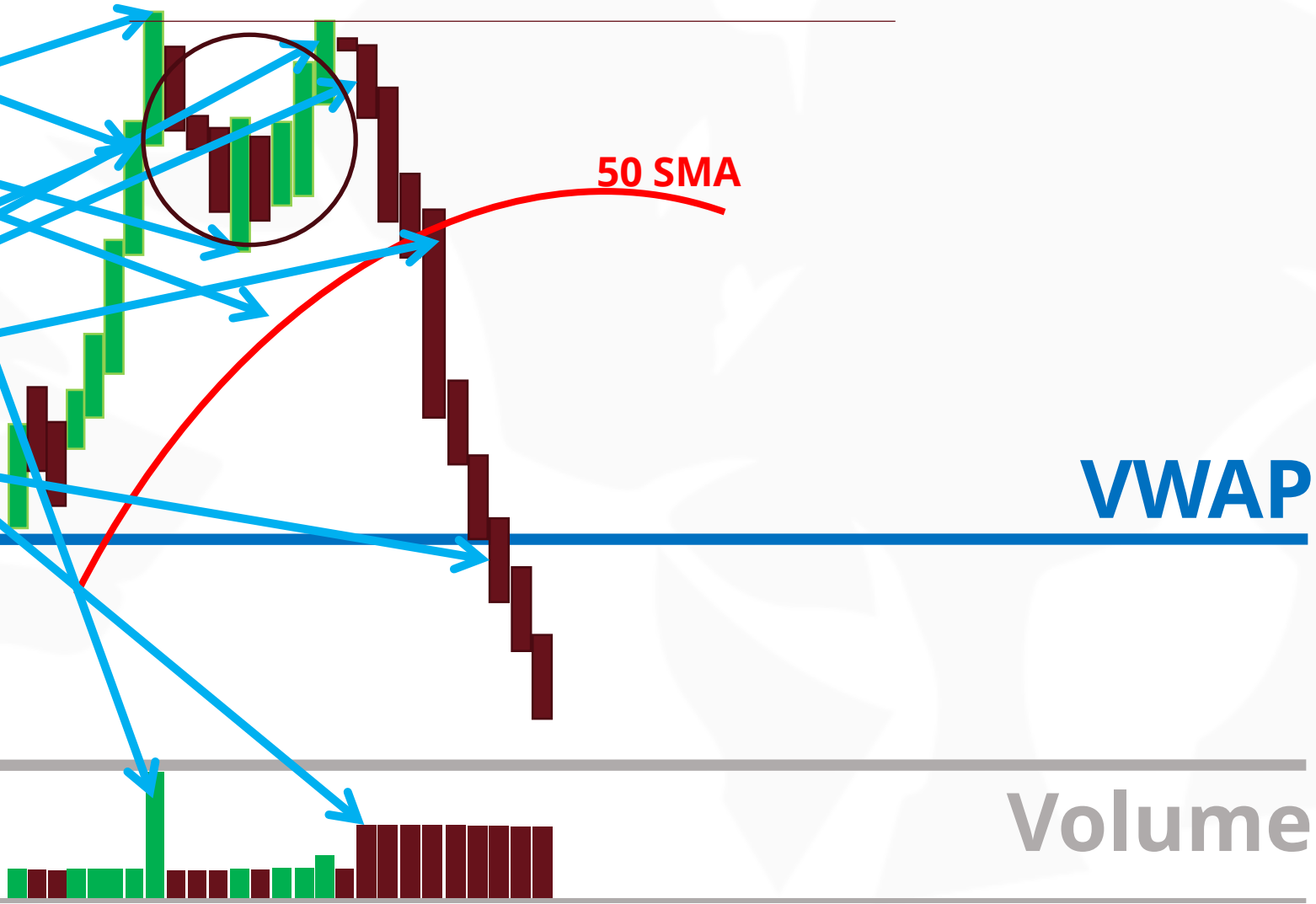
TSLA-1 Minute



Setup Identification

(Double Top)

1. Strong trend to new high of day
2. Final push on exhausting volume
3. Pullback 20-50% of initial move
4. Pullback does not cross the 50SMA
5. 2nd top which cannot break the high
6. 2nd top in 5-20 time periods
7. Drop on increased volume
8. Big drop at 50 SMA cross
9. Drop to VWAP and beyond

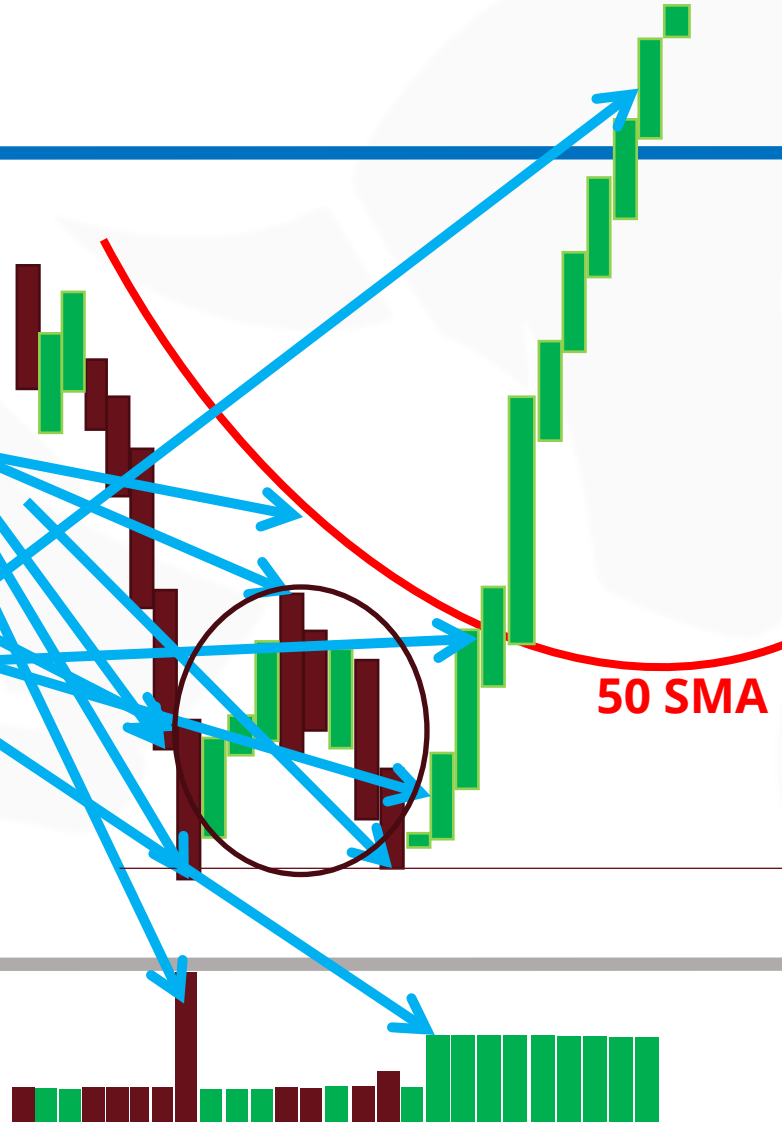


Setup Identification

(Double Bottom)

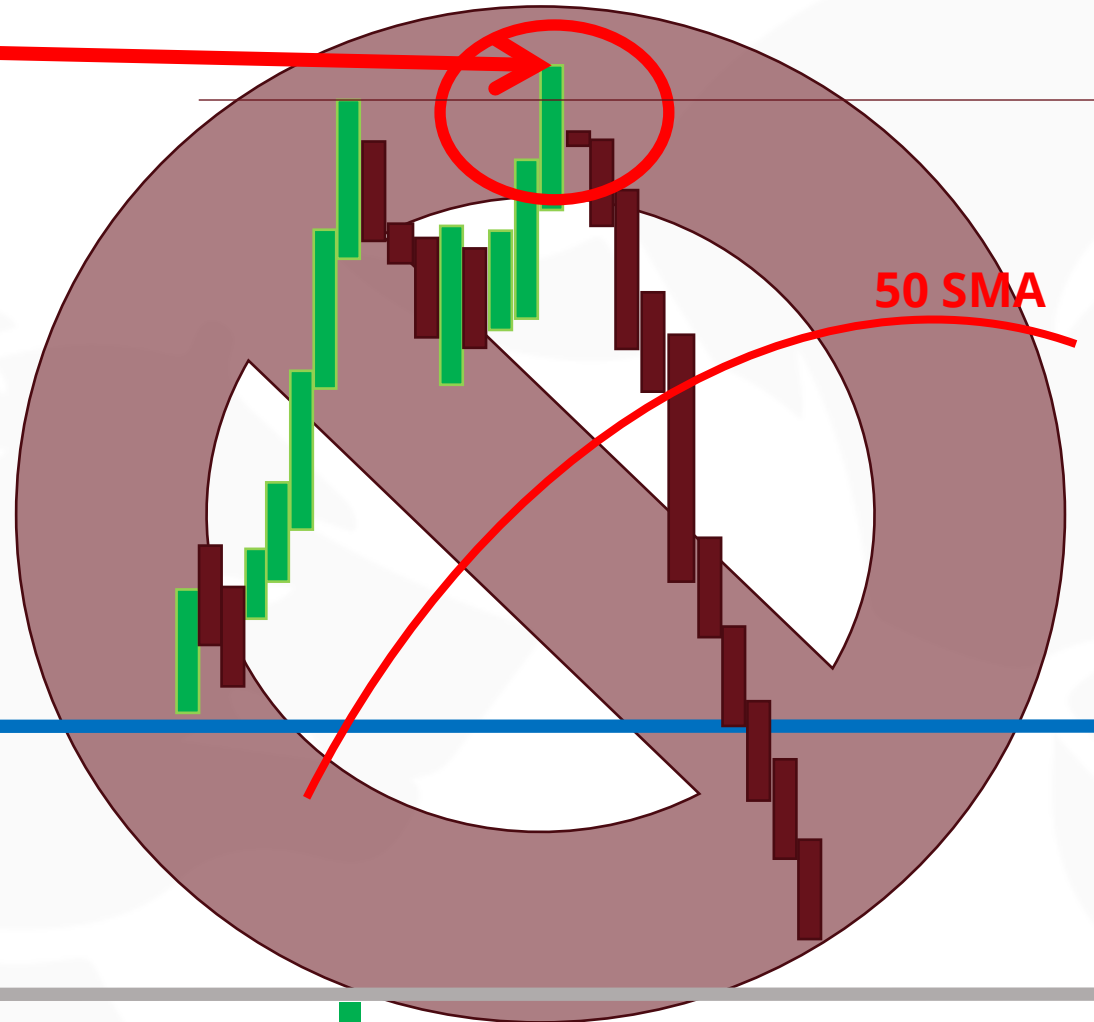
VWAP

1. Strong trend to new low of day
2. Final drop on exhausting volume
3. Pullback 20-50% of initial move
4. Pullback does not cross the 50SMA
5. 2nd bottom which cannot break the low
6. 2nd bottom in 5-20 time periods
7. Push up on increased volume
8. Big push up at 50 SMA cross
9. Increase to VWAP and beyond



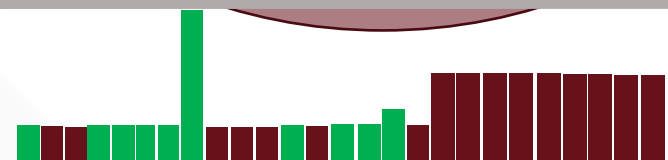
Volume

Test #1 *Is this the Mountain Pass?*

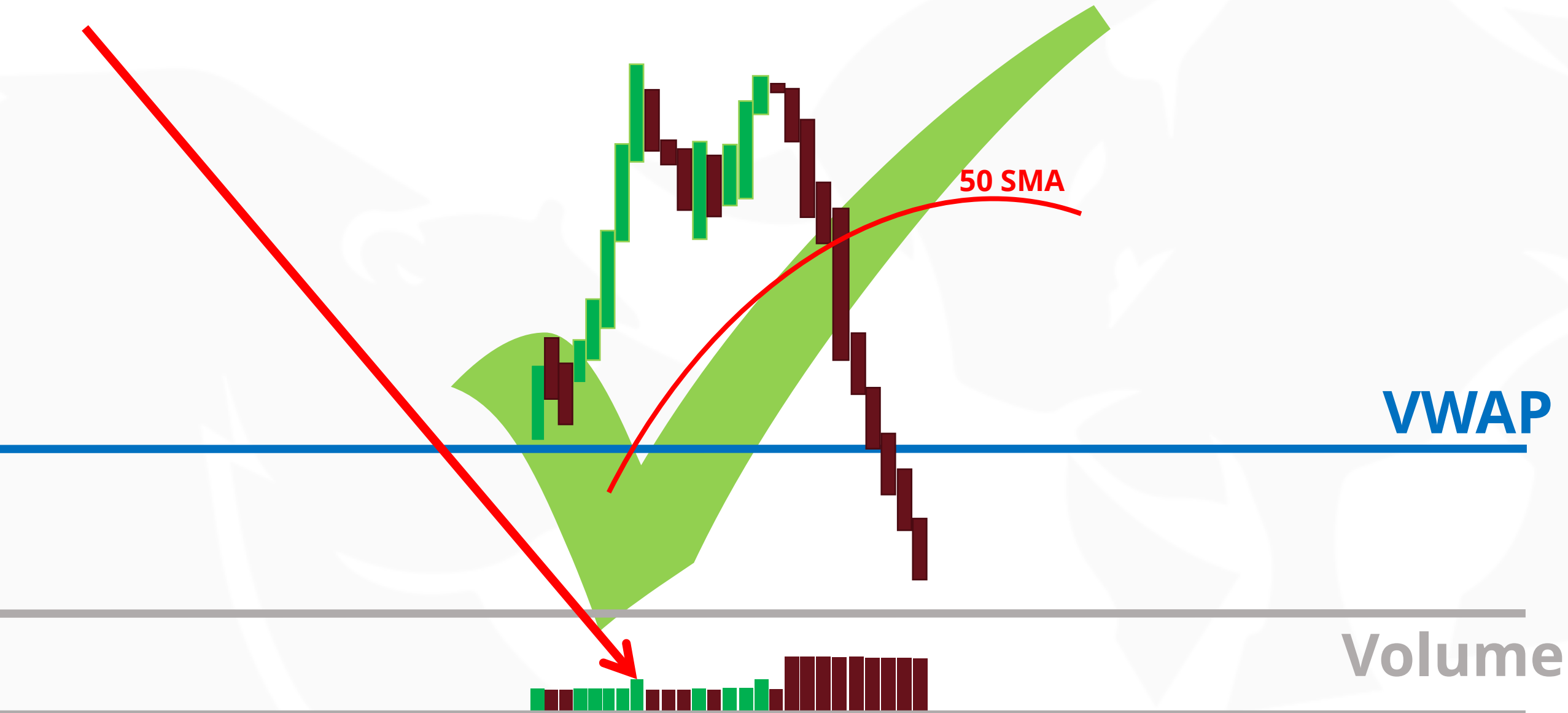


VWAP

Volume



Test #2 *Is this the Mountain Pass?*



Test #3 *Is This The Mountain Pass?*



Test #4 *Is This The Mountain Pass?*

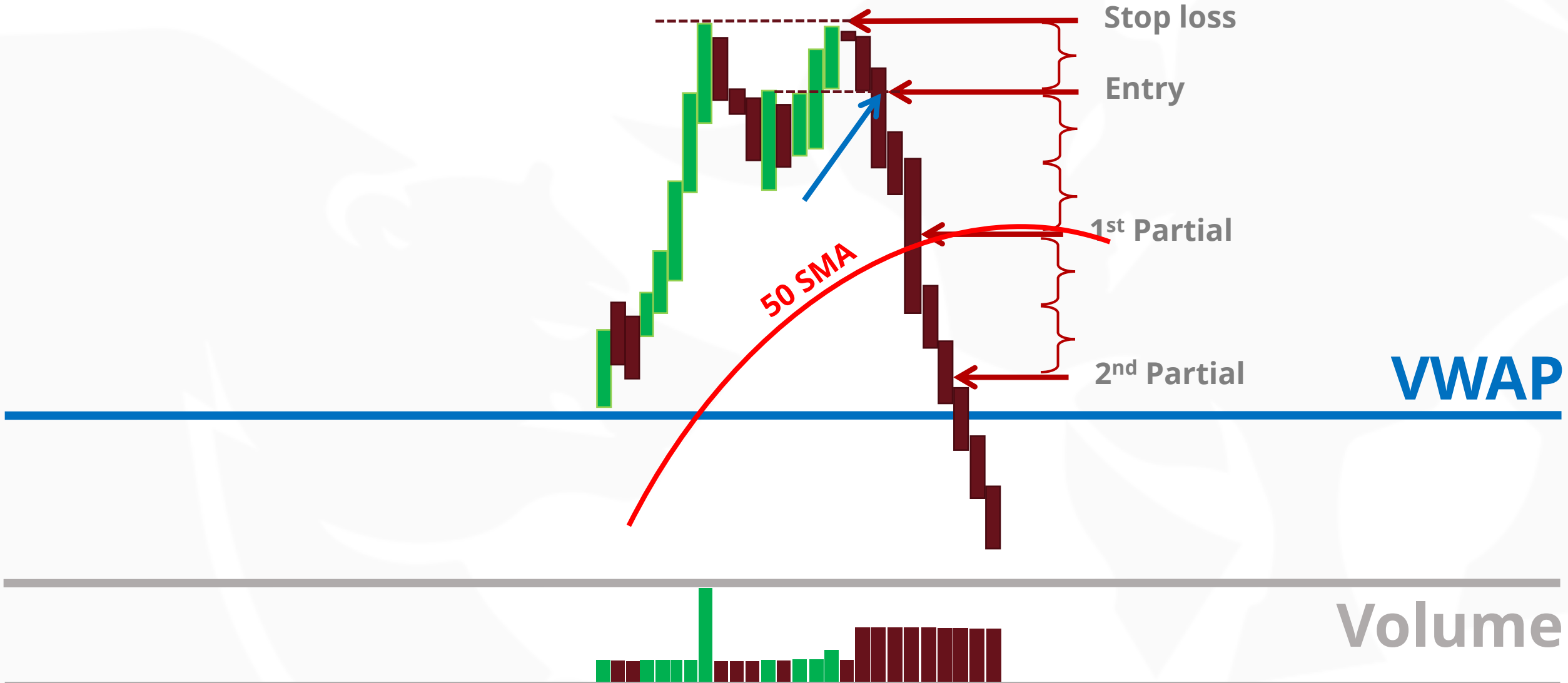
VWAP



50 SMA

Volume

Trade Execution



Trade Execution

- Partial(s) are taken as follows:
 - 1st partial- 2xRisk (or the 50SMA, whichever happens 1st)
 - 2nd partial- 4xRisk (or the VWAP, whichever happens 1st)
 - 3rd + partial(s)- at major support/resistance, trend reversal or consolidation areas

Trade Execution

- 1st partial is 10-25% of original size and all other partials are 50% of remaining size
- Once a partial is taken, the trade can be exited at break-even OR when two candles close above the 50SMA
- Once the trade moves beyond the VWAP, the stop loss can be adjusted for the set-up of any pattern that re-crosses the VWAP.

Consideration Notes

- The trade execution on this strategy provides for innumerable variations, so **make it your own!!!**
 - I allow for modifications of my partialling rules based on circumstance (see TSLA example)
 - **I NEVER allow modifications of my entry criteria!**
- Wicks are tricky
 - I will include them in my stops when I have a strong set-up
 - I may not include them in a weak set-up (see TSLA example)

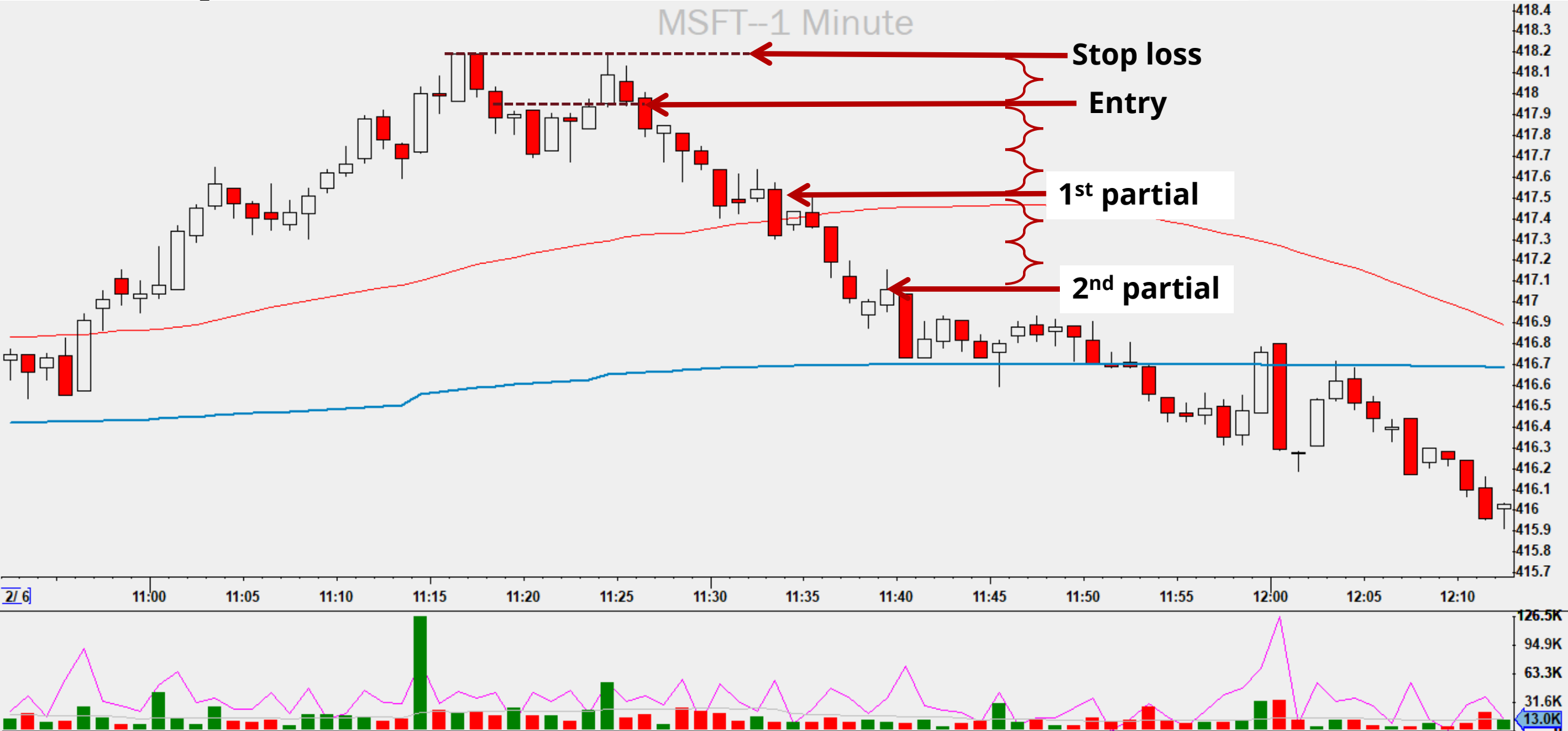
Consideration Notes

- Is trade should be able to achieve 2x risk:reward (1:2) at a minimum before the price reaches the 50SMA or you should not take the trade

Examples



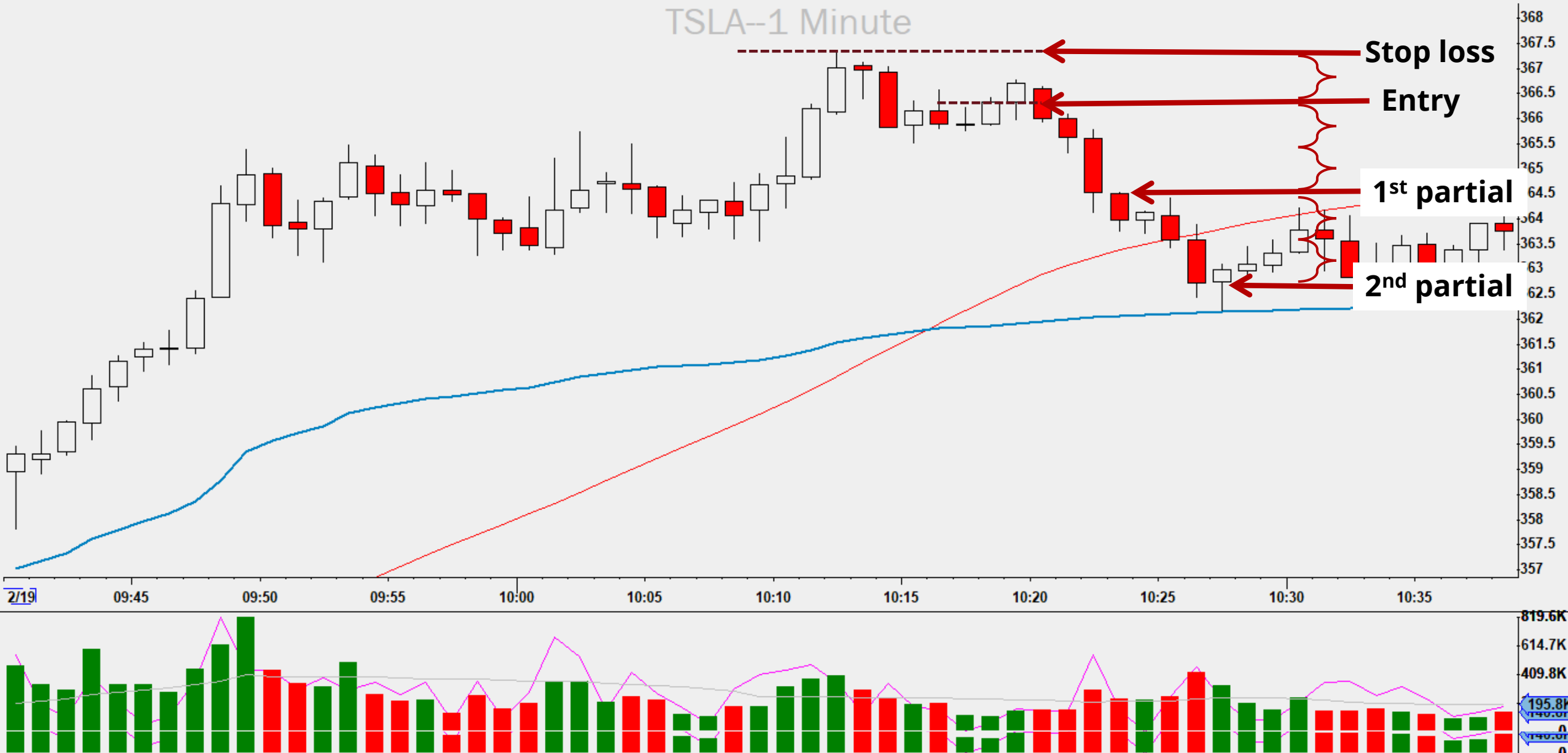
Examples



Examples

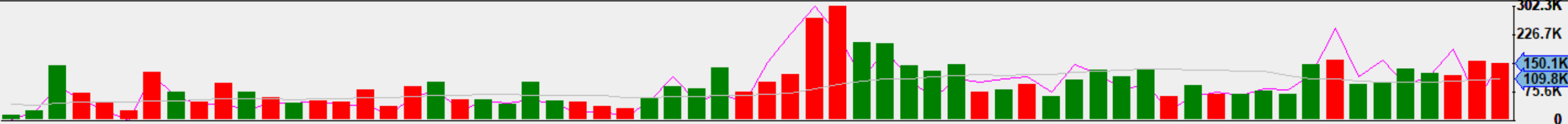
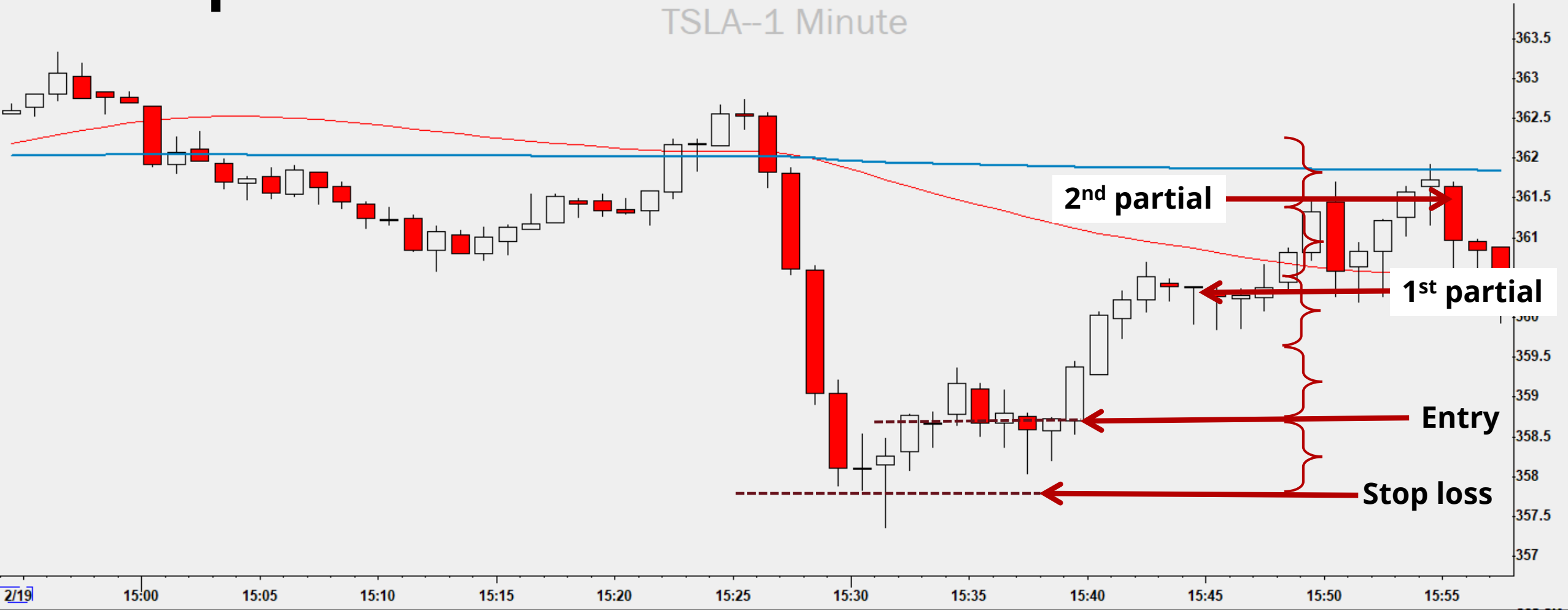


Examples



Examples

TSLA--1 Minute

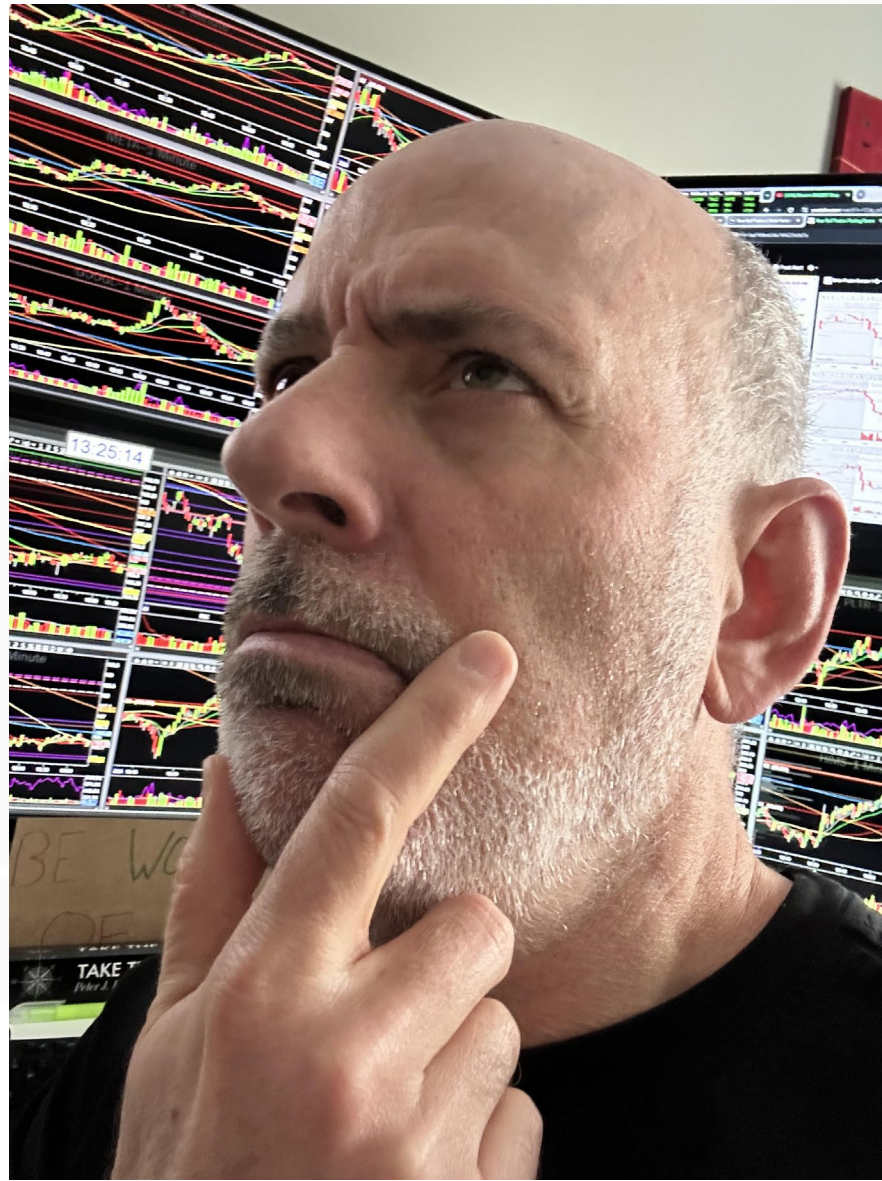


Examples



Examples





peter@bearbulltraders.com