



# Capitalizing on Failed Breakouts With a Structured Approach

PRESENTED BY:

Mike B.

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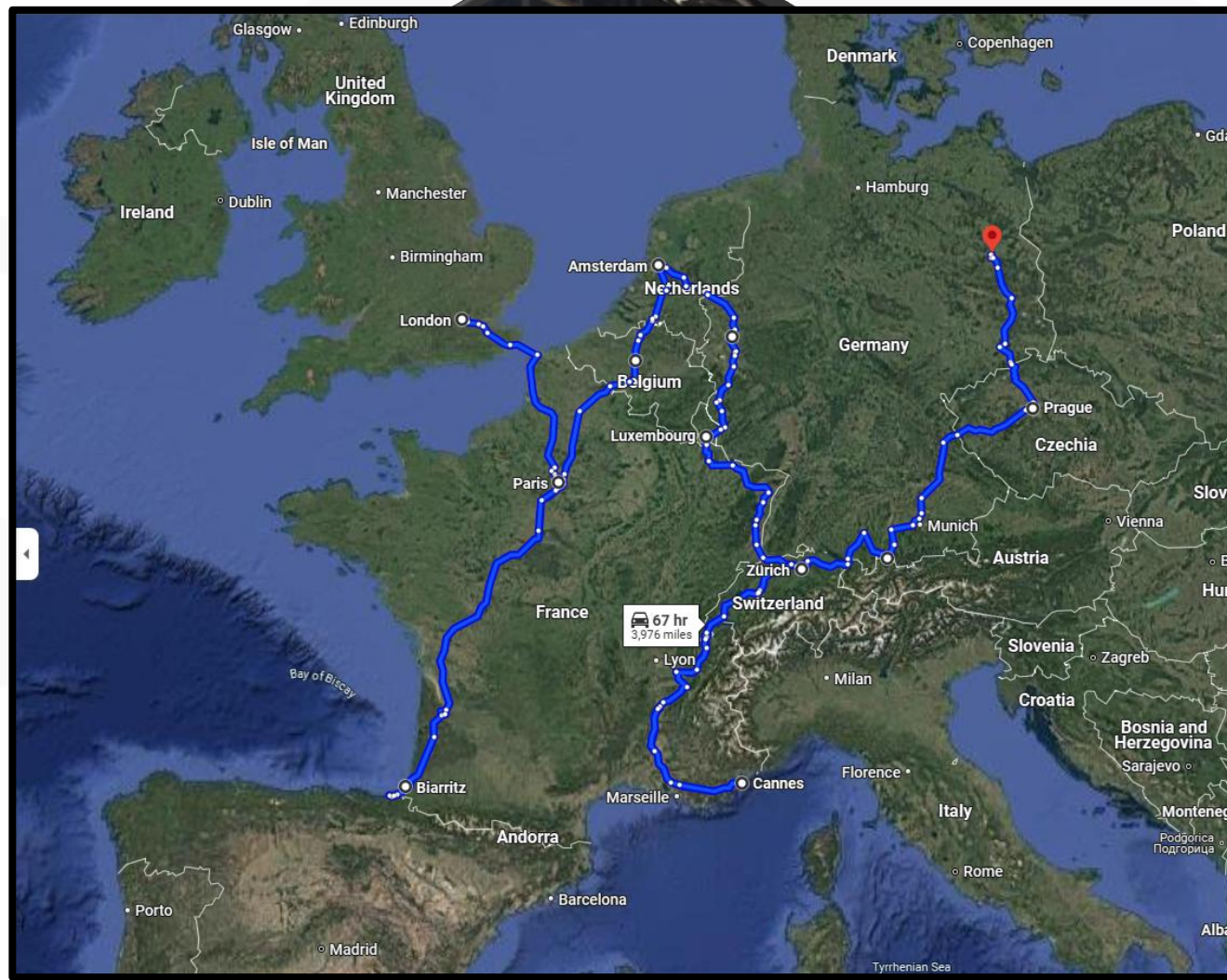
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# Mike Baehr

- History Prior to Trading:
  - 23 Years in United State Marine Corps
  - Curriculum Developer
  - BA in Accounting
  - MS in Forensic Accounting
- Trading History:
  - Started Trading in 2008
  - Began Day Trading in 2018
  - Join Bear Bull Traders in 2020
- Trading Strategies:
  - Break High of Day
  - **Failed High of Day Break**
- Hobbies:
  - Volunteer in the Local Community
  - Traveling
  - Running



# Overview

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- Philosophy of the Trade
- Stock Selection
- Setup Identification
- Trade Execution
- Consideration Notes
- Examples



# Philosophy of the Trade

- Breakouts at Extremes Have a High Probability of Failure
- Primarily a High of Day Break Trader
- 76.40% Win Rate with Criteria Met (BHOD)
- 40.42% Win Rate with Trading Outside Criteria (BHOD)
- 59.58% Probability When Criteria Not Met Trade will Fail
- I Decided to See If Within this 59.58% I Could Find an Edge



# Stock Selection

- Bad High of Day Break Setups
- Focus is on 1 Setup at a Time
- Always looking for **BHOD 1<sup>st</sup>**
- If less than 3 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**

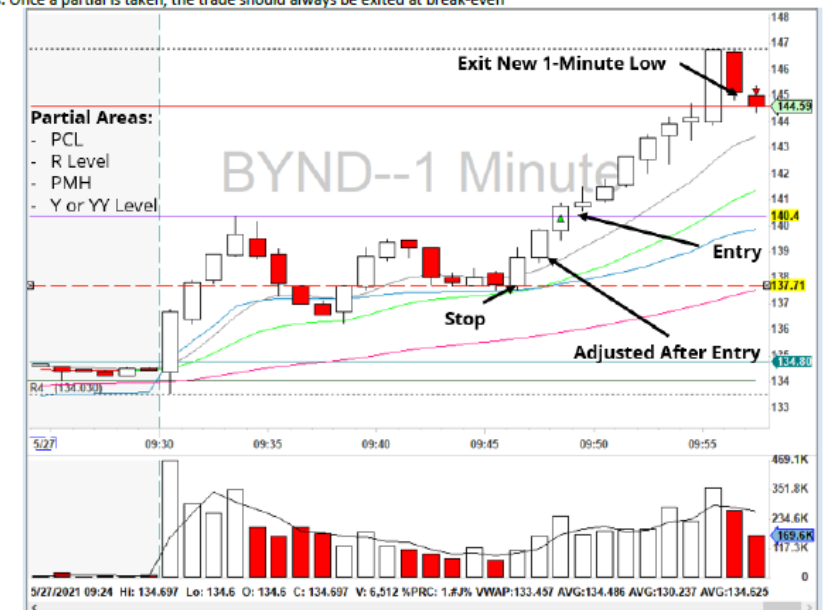
### Entry Signal:

- Stock prints .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.

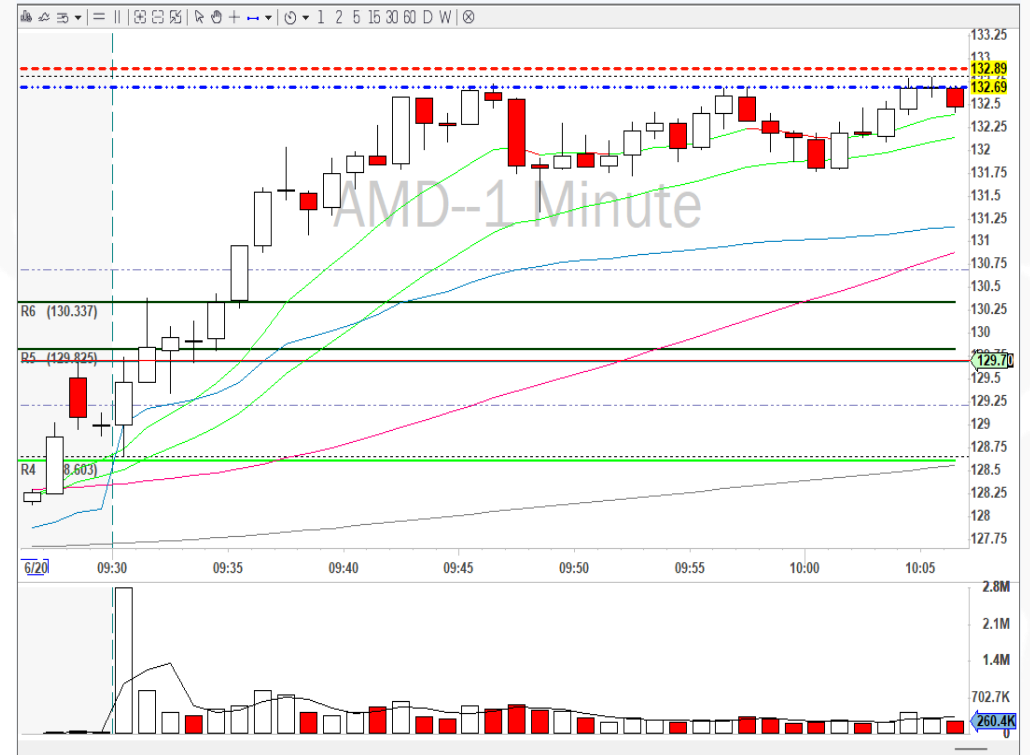
Target: A new one-minute low

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, Rx, EM, 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 fails to make a new 1-min high



# 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:
  - 1<sup>st</sup> Partial: 20 EMA or 50 SMA
  - 2<sup>nd</sup> Partial: VWAP
  - 3<sup>rd</sup> Partial: Support Levels
  - All Out: B/E or Significant Level



# Consideration Notes

- Do Not Enter near 20 EMA (Chasing + High Failure Rate)
- Move Stop to B/E after 1<sup>st</sup> Partial
- 1<sup>st</sup> Partial need to have at least 1:1R
- Trade Should work within 3 minutes or get out of the way.
- Do not enter in the middle of the range



# Examples \$GOOGL 1/7



# Examples \$INTC 3/7



# Examples \$TSLA 6/2



# Examples \$AAPL 6/4



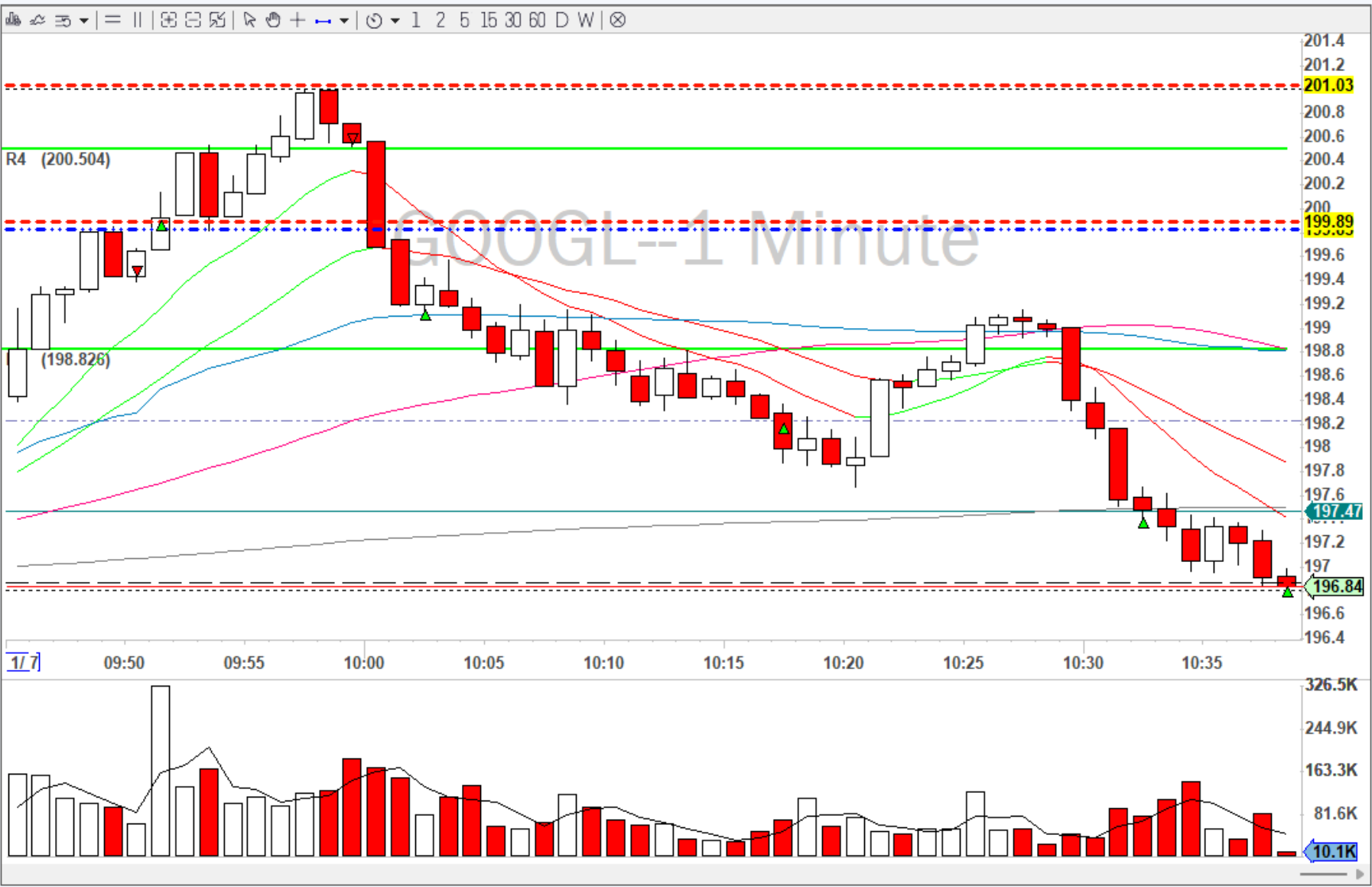
# Examples \$AMD 6/20



# Examples \$GOOGL 1/7



# Examples \$GOOGL 1/7



# Examples \$AAPL 6/24



