Intra-Day Trading Techniques

With

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Introduction
Four Styles of Trading

Types of Trading

Four Styles of Trading: Core; Swing; Guerrilla; Day

Which fall into….

Two Broad Trading Categories: Wealth; Income
# Two Broad Trading Categories

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Intra-day Trading Defined

**What is Intra-day Trading?**

1. A style that covers a holding period of **several minutes to hours**.
2. Three forms of Intra-day Trading: **Scalping**  **Momentum**  **Day**
3. This style of trading has become **widely accepted recently**.
4. Day Traders use **5- & 15-Min. charts** to make entries and exits.
5. Day Trading is best used on **active**, highly **liquid** stocks.
6. Day Traders try to capture smaller gains with **minimal dollar risk**.
7. Day Trading is a style of trading that **May not be suitable for ALL!!**
Psychological Trading Requirements

Confidence  Patience  Discipline

HOW

Subjective analysis must be reduced or eliminated.

A systematic objective Method of interpretation is needed.

This builds a thought process which builds Confidence.

Patience  Discipline  Becomes Your Job!
The Building Blocks

Foundation
Tools of the Pristine Day Trader

**Charting Tools:** 5-, 15- & 60-Min. Intra-day charts displayed in Candlestick form. Color coded volume.

**Technical Tools:** 20- & 200-period ‘simple’ moving averages.

**A Price Pattern:** The Pristine Buy & Sell Setup.
Intra-day Charting

The 15-MIN. Chart

Candlesticks

20-Period MA

200-Period MA

Color Coded Volume
Determining Who Won The Battle

**Bulls Win**

**Bears Win**
Simplified Candle Language

Six Candle Concepts

- Changing of the Guard™ - COG
- Wide Range Body - WRB
- Narrow Range Body – NR
- Narrowing Range Bodies - NRB
- Topping Tail - TT
- Bottoming Tail - BT

All give traders the Same Message.

The probability of the current trend changing is increasing.

A high probability opportunity may exist to trade.
Pristine Buy & Sell Setup Facts:

- The setup can be traded in all time frames.
- It is a set of bars that occurs in a detailed formation.
- This combination of bars is a segment or smaller part of the overall pattern.
- It offers high probability with low risk.
The Pristine Buy and Sell Setup

Each new bar opens in the area of the prior bar’s close and also closes above/below its opening price until a reversal of that occurs.

The setup is complete after a reversal candle has formed.

**Buy Setup**

**Sell Setup**
The Pristine Buy and Sell Setup

This is **NOT** what we are looking for!

These bars overlap each other and do not have the predictability we are looking for.
Congestion patterns are whippy and unpredictable. Recognized by overlapping candles and multiple failures in both directions.
Simple Moving Averages

- **Long** positions are favored when prices are *Above* their 20-MA on a 60-Min. chart. Entry points are found on 5- or 15-Min. charts.

- **Short** positions are favored when prices are *Below* their 20-MA on a 60-Min. chart. Entry points are found on 5- or 15-Min charts.

- **Short** positions are considered when prices are extended *Above* the 20-MA on a 60-Min. but *Below* their 20-MA on the 5-Min. chart.

- **Long** positions are considered when prices are extended *Below* the 20-MA on a 60-Min. but *Above* their 20-MA on the 5-Min. chart.
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Moving Average Guidelines

The 60-MIN. Chart

Long Term Intra-Day

When Prices rise
Above the 20-MA.

When Prices decline
Below the 20-MA.

Favor Short Trades

Favor Long Trades.
Moving Average Guidelines

Extended Bearish Trend

**Prices move above 20-MA.**

20-MA

200-MA

60-Min.Chart

5-Min.Chart
Candlestick Concepts
Candlestick Concepts

Ask yourself, “What does the current candle tell you about the prevailing trend?” Note: A trend = 3-5 bars moving in the same direction.

Each candle will give us information that either confirms or contradicts that trend.

Long or Expanding range candles tell us volatility is high or momentum is increasing.

Short or Narrowing range candles tell us volatility is low or momentum is decreasing.
Candlestick Concepts

Changing of the Guard Bar - COG

A **Bullish COG** is defined as three or more consecutive red bars followed by a green bar.

A **Bearish COG** is defined as three or more consecutive green bars followed by a red bar.

**Pristine Tip:** While there are different variations, the message is always the same! A reversal in momentum has occurred!
Narrowing Range Bars - NRB

A series of bars in which the difference between the highs and lows is Narrowing.

**Pristine Tip:** While there are different variations, the message is always the same! A slowing in momentum is occurring!
**Narrow Range Bodies - NR**

Bars in which the body of the candle is small relative to the overall length of the candle. They may have Tails on either side of the body.

**Pristine Tip:** While there are different variations, the message is always the same! A slowing in momentum has occurred!
**Topping Tail Bars - TT**

Bars in which prices had been higher, then supply forced prices lower into the lower part of the bars range.

**Pristine Tip:** While there are different variations, the message is always the same! Distribution has occurred!
**Bottoming Tail Bars - BT**

Bars in which prices had been lower, then demand forced prices higher into the upper part of the bars range.

**Pristine Tip:** While there are different variations, the message is always the same! Accumulation has occurred!
Wide Range Bar - WRB

A Bar in which the Candle Body is relatively wide compared to the most recent bars.

A Wide Range Bar after a period low volatility ignites momentum in that direction.

A Wide Range Bar after an extended advance or decline typically happens near the end of a move. An NR or NRB will signal the turn.
Candlestick Concepts

COGs
- Dark Cloud Cover
- Piercing Pattern
- Bullish Engulfing
- Bearish Engulfing
- Counter Attack Lines
- Thrusting Lines

NB
NRB
WRB
BT
COGs
COGs
Candlestick Concepts

Narrow Range Bodies & Bars
- Long Legged Doji
- Inverted Hammer
- Shooting Star
- Hangman
- Harami
- DOJI

NBs

TT

WRB

BT

COG
Moving Average Concepts
Moving Average Concepts

The relationship between MAs and/or Price and MAs

Serve as:

- An Overbought / Oversold Indicator
- A Bullish / Bearish Divergence Indicator
- A Guide to price Support & Resistance
- A Tool to help anticipate where a reversal may occur
- A Risk – Reward Indicator
- A Relative Strength Indicator
Moving Average Concepts

An Overbought / Oversold Indicator

As the 20- and 200-MAs move farther apart, the odds of a reversal increase.

As prices move farther away from the 20-MA, odds of a reversal increase.
A Momentum or Bullish/Bearish Divergence Indicator

A COG after a new high or new low accompanied by a smaller distance between price and the 20-MA signals a slowing in Momentum and a Divergence.
Moving Average Concepts

A Guide to Support & Resistance

Looking to the left of an MA should point toward an area of support or resistance.

Price Resistance

Price Support

A Moving Avg. is a tool that helps the trader anticipate where to enter positions or take profits.
Moving Average Concepts

Anticipate Entry/Exit and Risk/Reward

As prices move further from an MA, odds of a reversal increase.

TIP: The correction from the first point of resistance increases the odds that this point will be overcome.

Distance between MAs

RISK is below COG

Anticipated Exit

Anticipated Entry
Moving Average Concepts

A Relative Strength Indicator

Comparing the MAs of a stock or index to another will tell us which is stronger.

Narrow

Wide

200-MA

20-MA

Stronger

Weaker

30 10:00 10:30 11:00 11:30 12:00 12:30 13:00 13:30 14:00 14:30 15 16 17 18 19
Retracement Concepts
Retracement levels are used to measure the *STRENGTH* or *WEAKNESS* of a move Counter to the *Prevailing* trend.

The Retracement levels are a percentage measurement between significant highs and lows.

The Retracement levels we are concerned with are 40, 50 and 60%.

Retracement levels alone are not enough to consider entering a position. A Pristine setup is also needed.

Learn to see retracement levels without drawing them. When trading, analysis must be done quickly.
After a **40%** Retracement, the trend is still considered positive.

The trend should continue in the original direction.
After a 50% Retracement, the trend is considered positive to neutral.

The trend should continue in the original direction.
After a 60% Retracement, the trend is considered neutral to negative.

The trend is in question.
A: Retraced rally by more than 60% (Weakness); expect a move lower.

B: Retraced decline by more than 60% (Strength); expect stabilization and or a move higher.
After an 80 – 100% Retracement, the trend is considered negative.

Watch for a double top or double bottom if a COG forms.

Expect a short-term rally / pullback.
A retracement of over 100% takes out support or resistance and is considered negative, but often sets up a high probability reversal.
Retracement Concepts

Retracements greater than 100% negate the prior trend.

They often set up a high probability reversal point.

A move above a prior high signals Strength but is a High Risk Entry.

Buying shallow pullbacks of 40 to 50% after a COG is low risk, professional trading.
Support & Resistance Concepts
## Support and Resistance Concepts

### Actual Support and Resistance

- A series of price bars.
- Prior highs / lows / bases.
- An unfilled gap between price bars.

They are guides as to where traders may anticipate a reversal.

### Subjective Support and Resistance

- Moving Averages
- Retracements
- Time

Also guides to anticipate reversal points.

Without price points in the same area, these are less significant.
Support and Resistance Concepts

Unfilled Gap
Resistance

Anticipate sellers in the area of Unfilled Gap.

Prior Low
Support

Anticipate Buyers in the area of Prior Lows.
Support and Resistance Concepts

Anticipate sellers in the area of Prior Highs.

Anticipate a reversal in the area of Unfilled Gap.

Prior High

Resistance

Unfilled Gap

Support

TT

BT
Support and Resistance Concepts

Resistance at Prior Base

TIP: What was Support will become Resistance.

Anticipate Sellers

NB
Market Timing Concepts
The TRIN Indicator: Used to determine who is in control of the market.

Readings below 1.0 indicate more volume is entering advancing issues; Buyers in control.

Readings above 1.0 indicate more volume is entering declining issues; Sellers in control.

An Inverse Indicator

Declining Trin is Bullish  Rising Trin is Bearish

Buyers are in control  Sellers are in control
**The TICK Indicator:** Used to determine Market strength and directional changes.

Readings above 0 indicate more stocks trading on upticks, favors longs.
Readings below 0 indicate more stocks trading on downticks, favors shorts.

Prior highs and lows are used as points of support and resistance in the broad market.

+ 1000 indicates excessive buying; odds of a reversal are very high.
- 1000 indicates excessive selling; odds of a reversal are very high.
Putting It All Together
Putting It All Together

Start with the longer time frame.

Prices test Support.

A WRB forms. Be Alert!

A COG signals the decline is over.

Moving Avg. Divergence.

Check Market and look for entry.
Putting It All Together

The TRIN Indicator

1. Trin above 1.0 and Rising. Sellers are in control.

2. Trin above 1.0 but Declining. Sellers are losing control.


5-Min.
Putting It All Together

The TICK Indicator

- **Support**
- **Resistance**
- **> 100% Retracement into resistance signals Strength.**
- **TT**
- **A > 100%**
- **Look to buy the pullback.**
- **TICK enters the Broad Market Resistance Area.**
- **Expect Momentum To stall.**
Putting It All Together

Oversold MAs Wide. Deep Retracement above the 20-MA. Strength!

After a PBS, BUY!

Target 200-MA Price Resistance.

Offer at Resistance.

60-Min. is Bearish.

A New low was made as the Tick reached Major Market Support!

200-MA

Resistance

WRB

COG

5-Min.

TT

NR

TT

20-MA

60%

50%

40%

Price Resistance.

Offer at Resistance.
Putting It All Together

- **TICK**
  - Resistance

- **TRIN**
  - Sellers in Control
  - Buys taking Control

- **BT**
  - Sellers in Control

- **COG**
  - Divergence
  - Prior Low Support

- **5-Min.**
  - Support
  - 20-MA
  - 200-MA

- **60-Min.**
  - Volumes MA [4-20]
  - Volumes MA [4-20]

- **5-Min.**
  - 20-MA
  - 200-MA
  - COG

- **5-Min.**
  - TT
  - TT
  - TT
A Japanese proverb says, “If you wish to know the road, inquire of those who have traveled it.” The authors of Tools and Tactics for the Master Trader clearly know the road. Their unique insights, trading tactics and powerful tools, so enjoyably presented, make this a book that belongs on every trader’s shelf.

Steve Nison, CMT - Author of Japanese Candlestick Charting Techniques
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www.pristine.com/intraday.htm