

# Summary

[www.swing-trade-stocks.com](http://www.swing-trade-stocks.com)

This is a summary of how I trade stocks based on all the information on this website.

**This is only a summary.** You still need to study the other pages to get the most out of this trading method!

Let's get started with market timing.

## MARKET TIMING

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Use the S&P 500 to time your trades to the market with Williams %R at a 3 period setting. You can also use the RSI indicator if your charting package doesn't have Williams %R as both give similar signals.

You are going to use the 2 moving averages on the chart of the S&P 500 to tell you whether you will be focusing on long positions or short positions (trend). Then you will use Williams %R for timing.

### 1. Use moving averages to determine the trend

For long positions, the 10 SMA must be above the 30 EMA. For short positions, the 10 SMA must be below the 30 period EMA.

### 2. Use Williams %R (3) for timing

Set Williams %R at a 3 period setting. Oversold is less than -80. Overbought is more than -20

[Continued]

### 3. To establish new long positions

The 10 SMA is above the 30 EMA on the S&P 500 and Williams %R is oversold - look to buy stocks.

### 4. To establish new short positions

The 10 SMA is below the 30 EMA on the S&P 500 and Williams %R is overbought - look to short stocks.

### 5. Check the hourly chart

Look at the hourly chart on the S&P 500 for bullish or bearish patterns. It's also helpful to drill down to the 15 minute time frame.

### 6. Supplemental

Look at the VIX to identify extreme market readings.

Note: Only use these market timing rules to establish new positions - **not to exit positions**.

### Related pages

[Market timing](#)

[Using the VIX](#)

## SELECTING INDIVIDUAL STOCKS

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This is for long positions only. Reversed for short positions.

## 7. Trend

The trend is up with the 10 SMA above the 30 EMA. The stock is in between the 10 SMA and 30 EMA (Traders Action Zone). This stock is in a stage 2 uptrend.

## 8. 200 SMA

The stock is above the 200 period simple moving average (SMA).

## 9. Pullback

The stock has 2-3 consecutive down days (pullback) with lower highs.

## 10. Candlestick Pattern

The stock has a bullish candlestick pattern for today (hammer, engulfing, piercing), and/or traded over the high of the previous day.

## 11. Hourly Chart

The hourly chart matches your expectations on the daily chart.

## 12. Earnings

The stock is not coming out with an earnings release within the next couple of days.

## 13. Support Level

This stock is trading at or close to a support level.

## Related pages

[Traders Action Zone \(TAZ\)](#)

[Trading pullbacks](#)

## MANAGEMENT

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This is for managing your money and your trades.

### 14. Money Management

Do not risk more than 2% of your money on any one trade. Use this number to determine how many shares you should buy.

### 15. Trade Management

For swing trades, trail your stops under the current days low or the previous days low <sup>?</sup> whichever is lower. Aggressive traders can sell when the first bearish candle develops. If the stock is at the beginning of a trend, consider selling only ½ of your position when stopped out. Trail your stops on the remaining shares under swing point lows until stopped out.

## Related pages

[Money management](#)

[Exit strategy](#)

# HERE IS AN EXAMPLE CHART



This chart shows what you are looking for when scanning for stocks.

Good trading!