

**BEAR BULL TRADERS**

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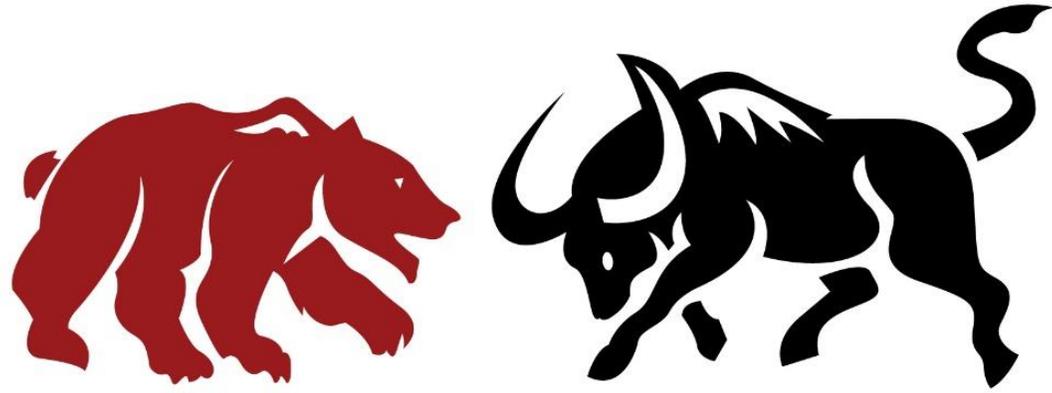
LEARNING COMMUNITY OF SERIOUS TRADERS

# Stocks in Play Support and Resistance

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ANDREW AZIZ

SESSION 2



**BEAR BULL TRADERS**

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LEARNING COMMUNITY OF SERIOUS TRADERS

# How to Find Stocks in Play

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ANDREW AZIZ

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# What is a Stock in Play?

A stock with fresh news

A stock that is **up or down more than 2%** before the market Open in my Gappers watch list

Symbol	\$	T <sub>open</sub>	C \$	C %	Float	I <sub>1</sub> , I <sub>2</sub> , I <sub>3</sub>	SFloat	Sector
HTGM	7.20	617,196	1.39	23.9	6,768,830	1.32	13.15	Manufacturing
STRP	107.20	112,161	15.50	16.9	11.26M	5.11	45.14	Information
ALR	49.45	3,863,582	7.14	16.9	85.39M	0.98	2.76	Manufacturing
AMD	12.48	182,374	0.17	1.4	935.26M	0.55	14.48	Manufacturing
INCY	126.16	204,525	-14.68	-10.4	173.61M	4.73	8.08	Professional, Scientific, and Technical Ser

# Gapper Scanner April 17, 2017

Pre-Market Gappers: 9:00:00 - 9:04:59

Symbol	\$	T <sub>Volume</sub>	C \$	C %	Float	I <sub>High</sub> , I <sub>Low</sub> , I <sub>Open</sub>	SFloat	Sector
HTGM	7.20	617,196	1.39	23.9	6,768,830	1.32 13.15		Manufacturing
STRP	107.20	112,161	15.50	16.9	11.26M	5.11 45.14		Information
ALR	49.45	3,863,582	7.14	16.9	85.39M	0.98 2.76		Manufacturing
AMD	12.48	182,374	0.17	1.4	935.26M	0.55 14.48		Manufacturing
INCY	126.16	204,525	-14.68	-10.4	173.61M	4.73 8.08		Professional, Scient

ATR at least 50 cent  
 Premarket volume at least 50,000 sh  
 Float: Max 1B shares  
 Gap up or down at least 2%.

Top List Config Window

Strategies Search Window Specific Filters Exchanges Symbol Lists Columns Sort Summary

Min Max

Change from the Close  %  %

Float   Shares

Price  \$  \$

Average True Range  \$

Volume Today  Shares

Short Float  %

Change from the Close  \$  \$

Hide Unused Add Defaults More

OK Cancel Flip

# What is a Stock in Play?

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...Offers excellent risk/reward setup opportunities

...Is “readable” that is about to trade higher or lower.

...Moves, and moves are **predictable**, **frequent**, and **catchable**.

- *They respect some indicators: VWAP and Moving Averages.*

# How to narrow them down?

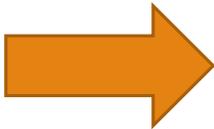
...stock in Gappers scanner that has **high volume** and **clean** pre-market activity

...stocks in Gappers scanner that develops **important levels** which we can trade off of.

Good pre-market price



Good pre-market volume



# Good vs Bad Pre-Market Price action

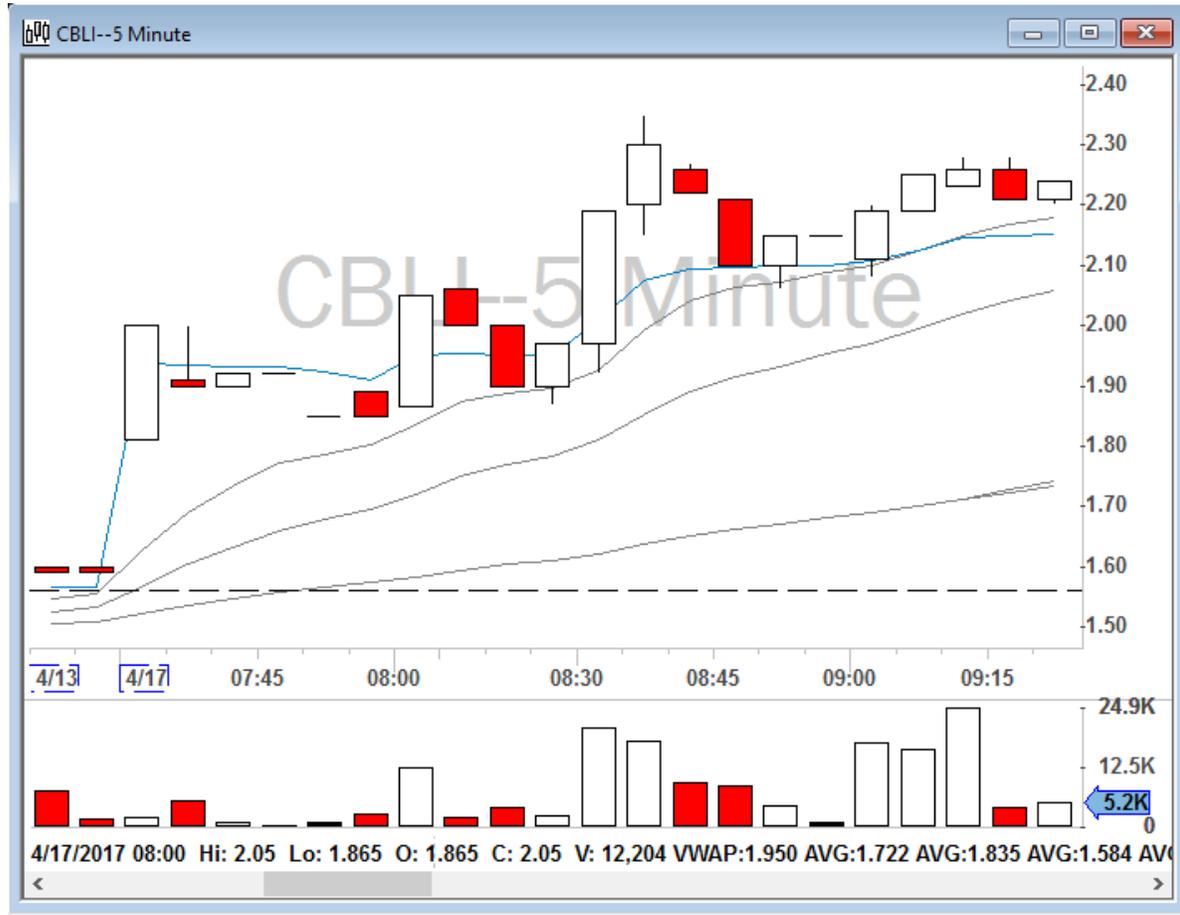


- **Good** price action pre-market



- **Bad** price action pre-market  
(looks like a buy-out)

# Good vs Bad Pre-Market Price action

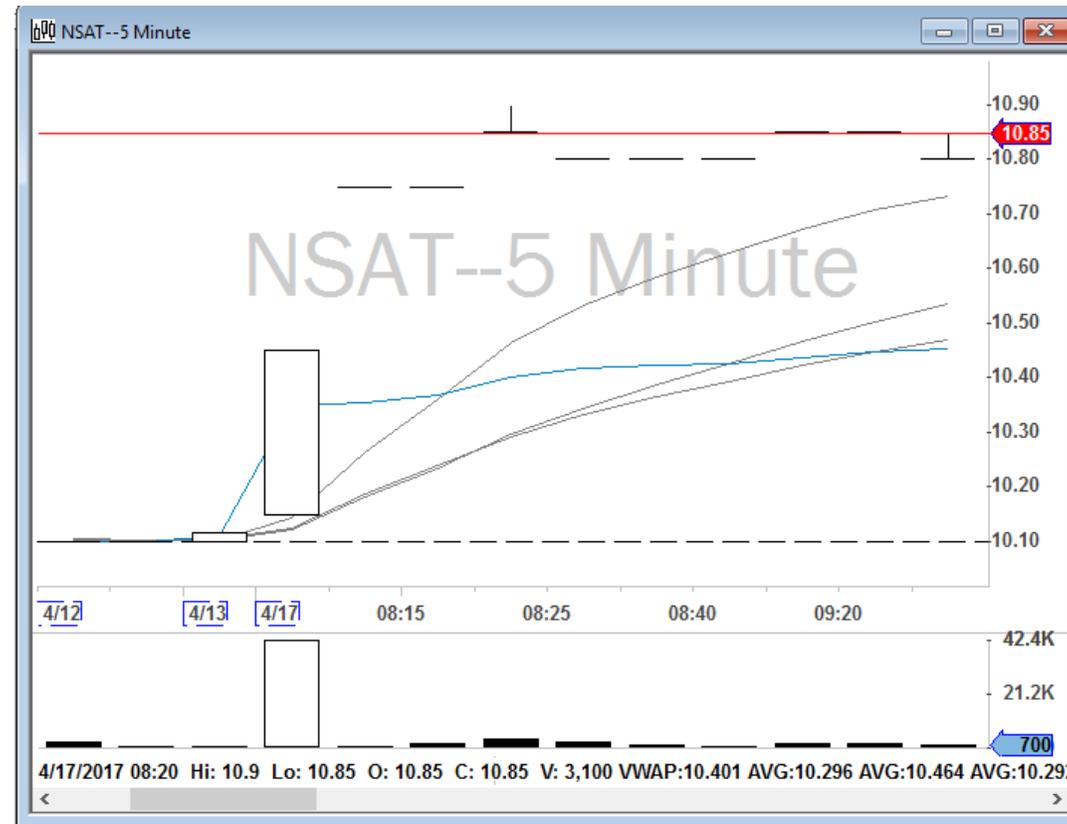


**Good** price action pre-market



**Bad** price action pre-market  
(looks like a buy-out)

# Really bad price action in pre-market



# Example at my DAS chart

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Let's look at today's scanner.

Market Clock  
 08/17/17 15:17:22

Gappers Watch List (Pre-Market Movers): 9:00:...

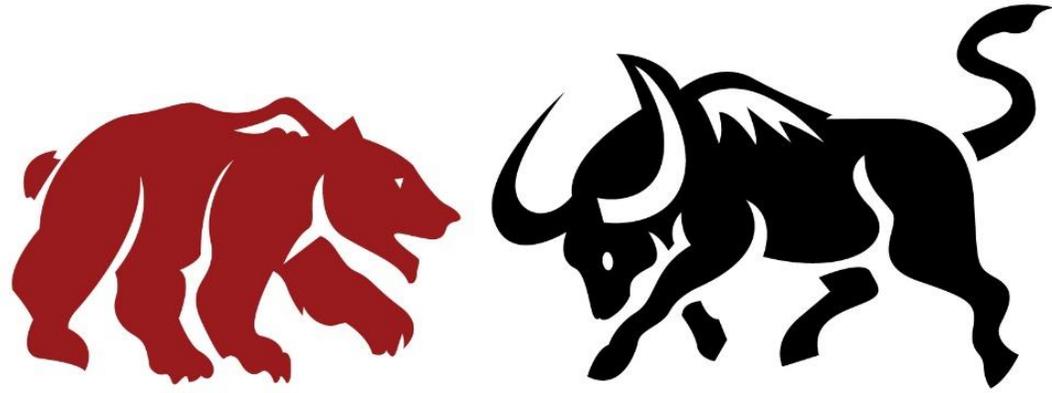
Symbol	\$	T	C	C %	Float	P	S Float	
AABA	63.25	474,035	2.60	4.3	715M	1.30	2.14	Finance and
WMT	78.98	514,486	-2.00	-2.5	1.47B	0.90	2.80	Retail Trade
LB	36.30	111,034	-3.25	-8.2	239M	1.46	8.72	Retail Trade



LB stock in play



S&P500 ETF = SPY (market behavior)



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# Support and Resistance Levels

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HOW TO FIND THEM

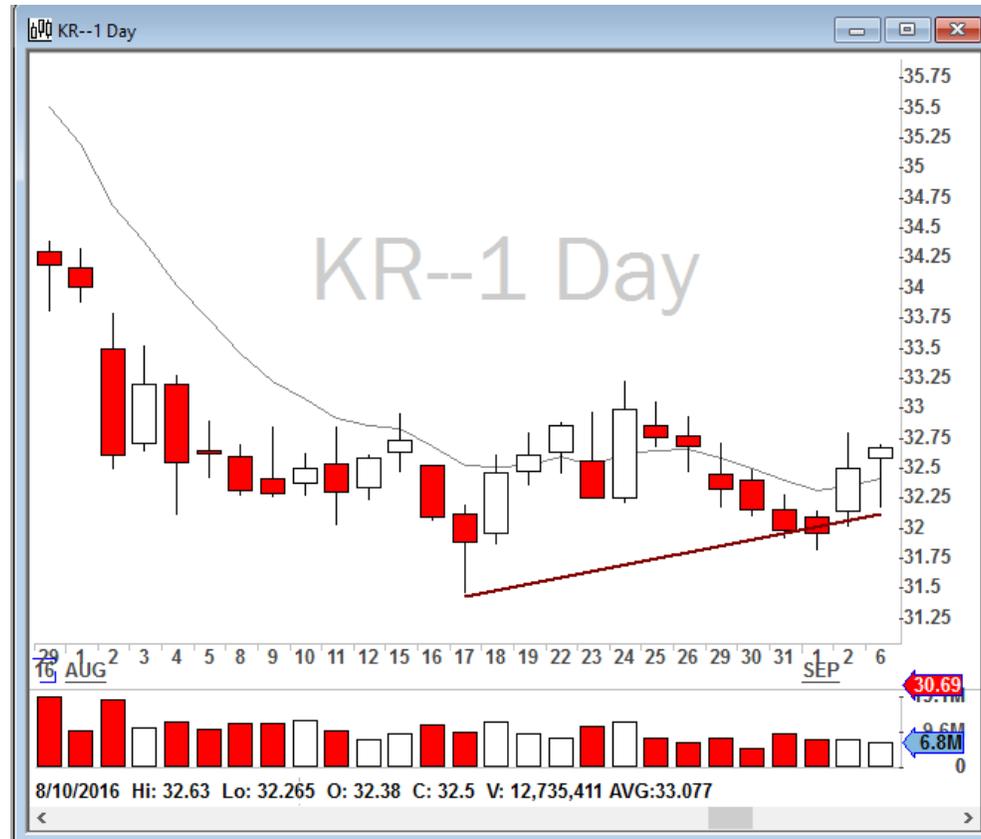
# Support and Resistance Levels

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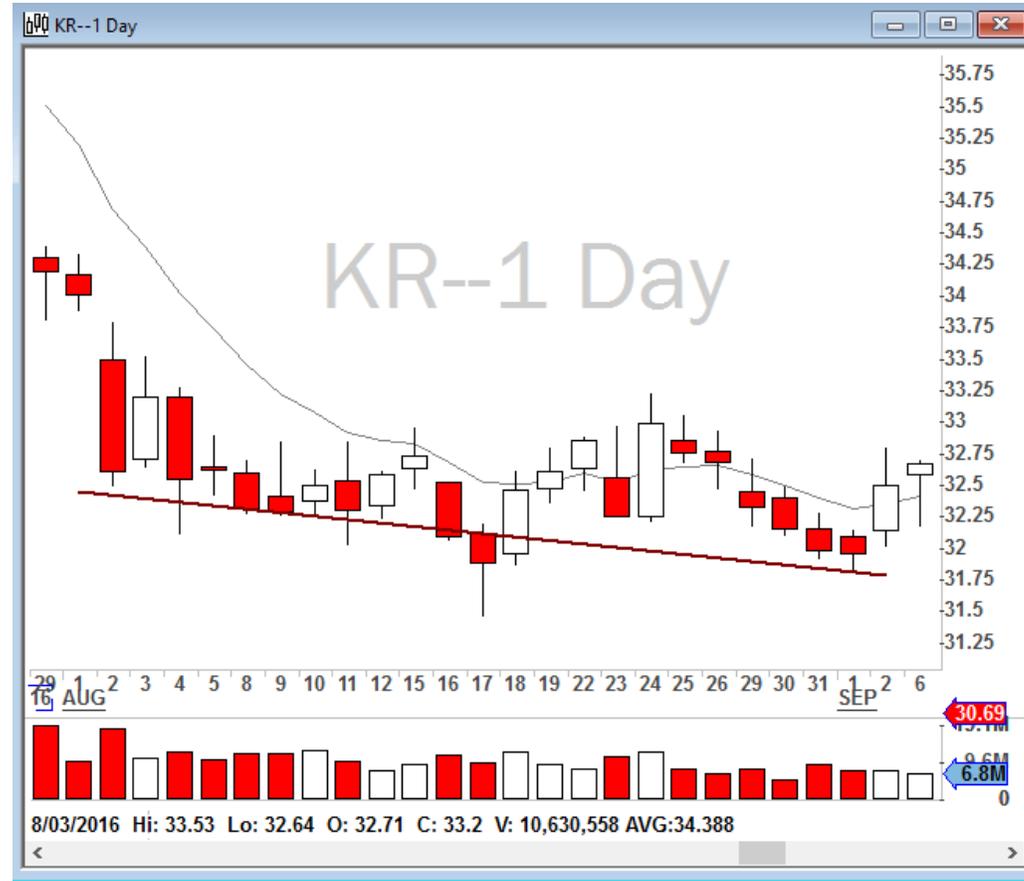
I believe market doesn't know *diagonal price levels*.

It remembers **price levels** only, which is why *horizontal* support or resistance lines make sense, but diagonal trend lines are subjective and open to self-deception.

If you are in the mood of buying you can draw...



If you are in the mood of selling short you can draw...



# What are support and resistance levels?

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- **Support** is a price level where buying is strong enough to interrupt or reverse a downtrend

**definition:** a horizontal line connecting two or more bottoms (on daily chart).

- **Resistance** is a price level where selling is strong enough to interrupt or reverse an uptrend.

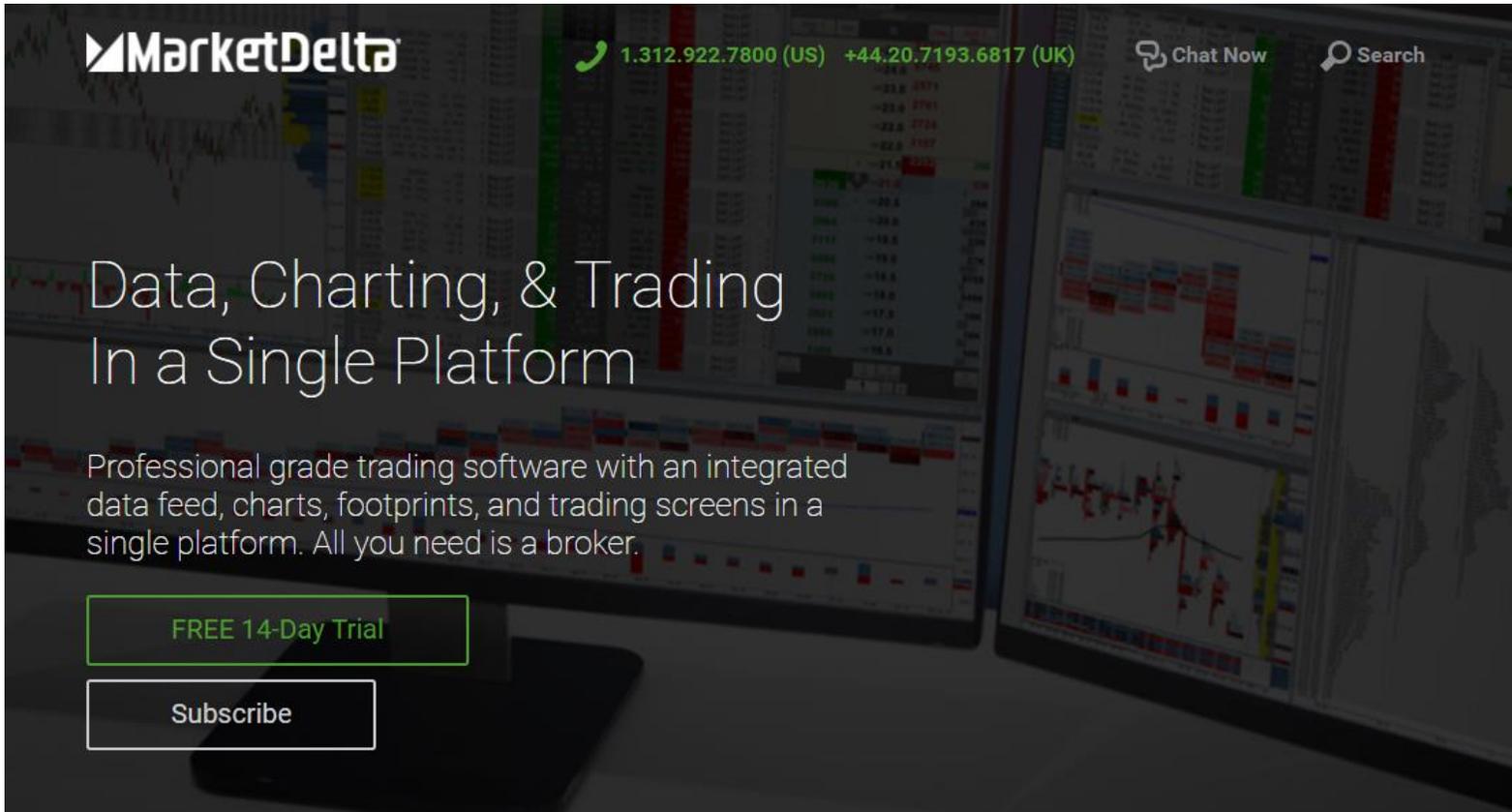
**definition:** a horizontal line connecting two or more tops (on daily chart).

# How to find Support/Resistance lines?

- 1. Sophisticated software's like MarketDelta**
- 2. Automatically by DAS for few important levels**
- 3. Manually by traders by evaluating Pre-market and daily charts**

# 1. Softwares

There are software to find **levels** in real time.



**MarketDelta**

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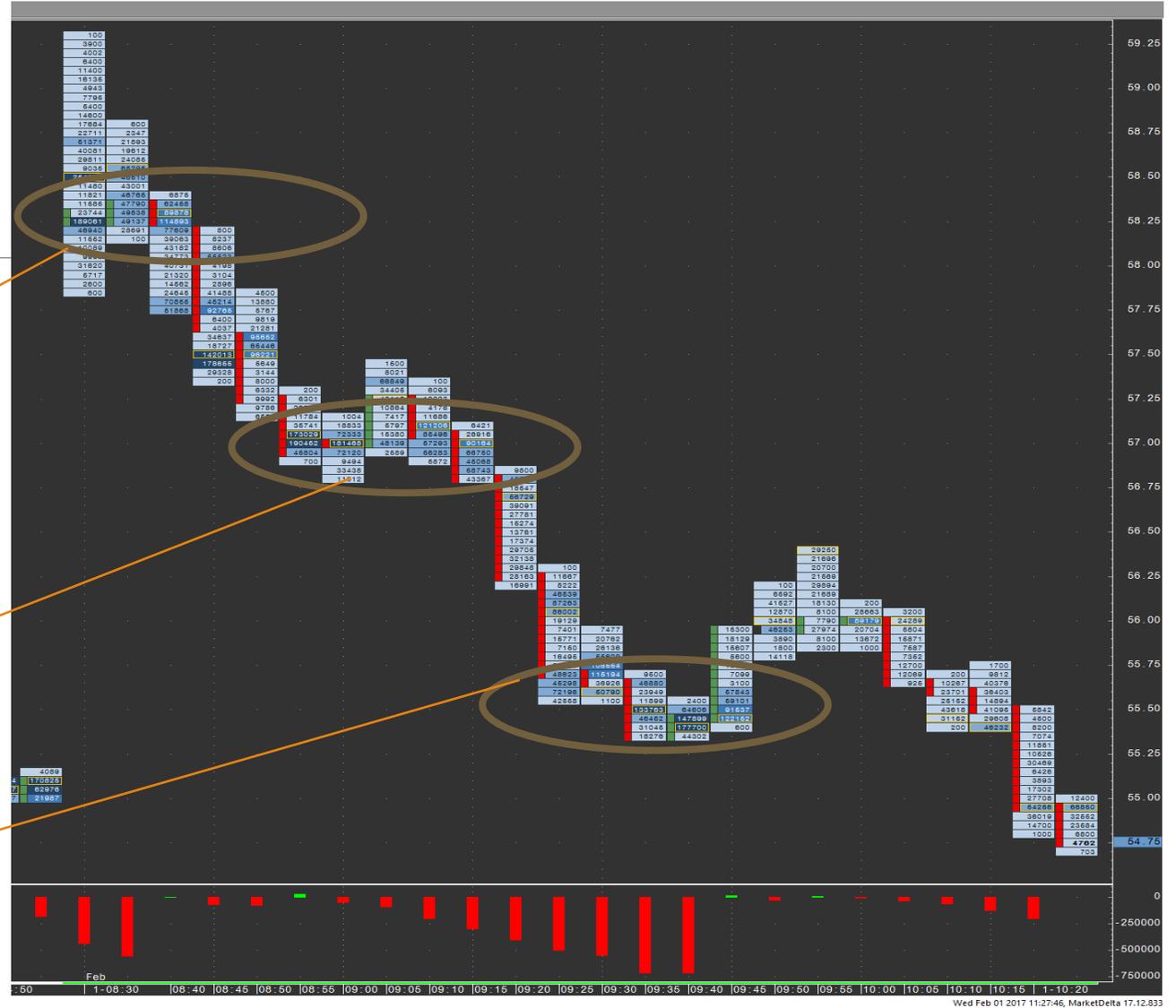
[Subscribe](#)

Price	Qty	Exch	Flag
13.2586	1000	FADF	
13.23	100	FADF	
13.22	200	FADF	
13.22	200	FADF	
13.24	100	FADF	
13.23	100	FADF	
13.22	100	FADF	
13.22	900	FADF	
13.22	200	FADF	
13.2599	100	FADF	
13.22	260	FADF	
13.2599	900	FADF	
13.22	100	FADF	
13.2599	200	FADF	
13.23	200	FADF	
13.2599	260	FADF	
13.2499	200	FADF	
13.25	100	EDGA	
13.25	100	ARCA	
13.24	100	NQBX	F
13.25	100	PSX	F
13.25	100	EDGX	
13.25	100	NASD	
13.26	100	EDGX	F
13.26	100	BATS	F
13.26	100	PSX	
13.26	100	NASD	



Color in time and sales shows traders psychology

# OKE chart: Feb 1, 2017.



At support/resistance levels order flow increases, sellers and buyers become more active on bid/ask.

Image courtesy of Tevor Harnett at MarketDelta

## 2. Automatic by DAS

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### **Automatically plotted by DAS:**

1. Previous day close
2. Previous days (Y and YY) high, low

# PriceMarker: Y High, Y Low, YY High YY Low

Price Marker

	Line Style	Color	Width
Price 1			1
Price 2			1
Price 3			1
Price 4			1

Commit Cancel

Study Config

Studies

- Price
- Volume
- Moving Average
- STO
- Momentum
- RSI
- OBV
- VAD
- CMF
- Envelopes
- Bollinger Bands
- CCI
- MACD

Studies in Chart

- Price (Candle)
- VWAP ()
- Moving Average (Expone@20)
- Moving Average (Expone@9)
- Moving Average (Simple@50)
- Moving Average (Simple@200)
- PriceMarker (Y Low,Y High,YY Low,YY High)

MoveDown MoveUp Config ConfigEx

Commit Cancel



From PriceMarker

# Y Low, Y high, YY High, YY Low

My watchlist Gapper on June 21, 2016 at 9:20 a.m. showing KMX may be a Stock in Play for that day.

Trade-Ideas Pro

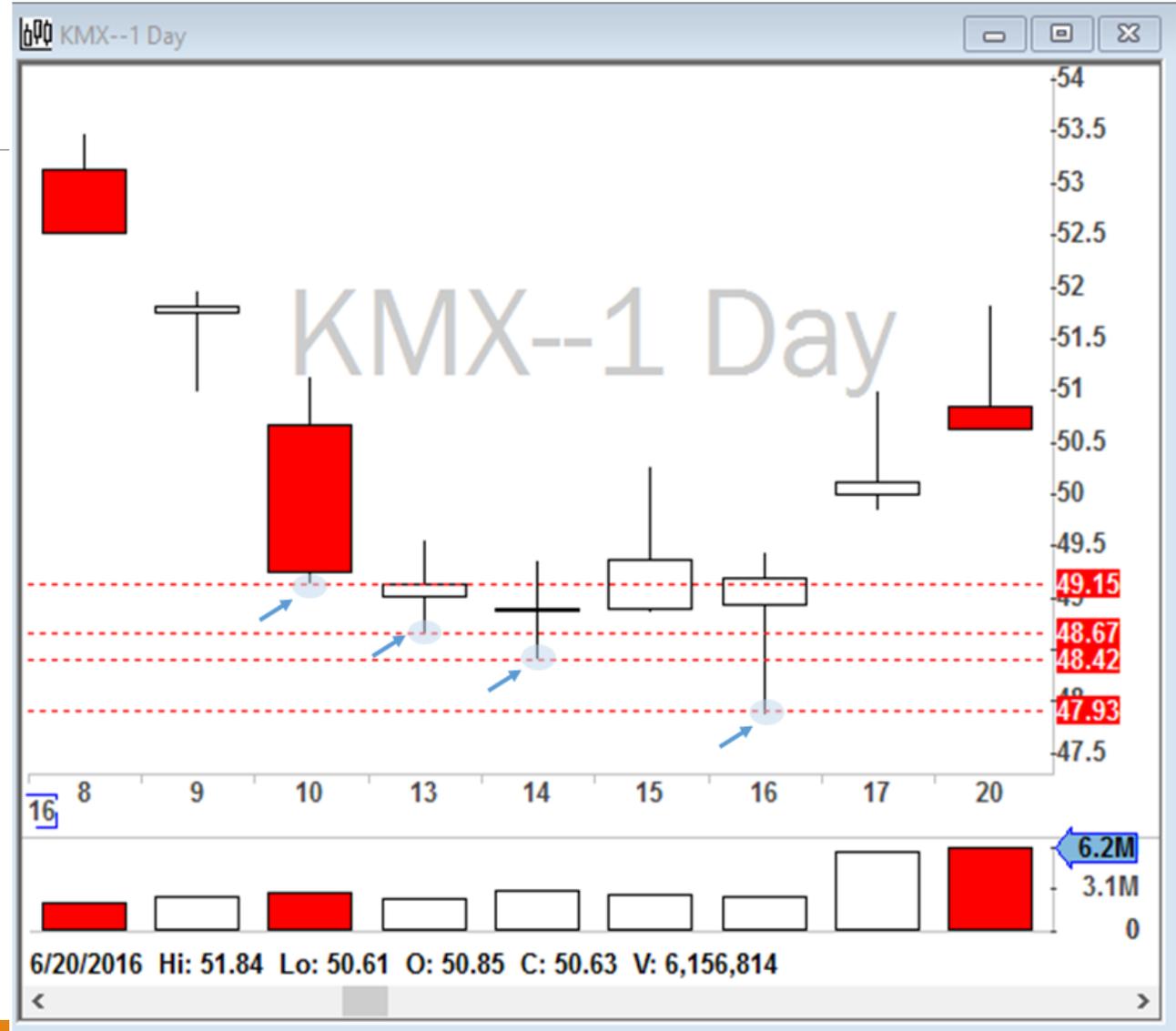
File New Tools Windows Help Account

17ms

Up Gappers: 9:20:00 - 9:24:59 6/21/2016

Symbol	Price (\$)	Gap (\$)	Gap (%)	Vol Today (Shr)	Ft (Shr)	Avg True	Company
UAL	45.00	1.60	3.7	63,191	336M	1.53	UNITED CONTINE
LEN	48.30	1.64	3.5	59,372	189M	0.94	LENNAR
TM	107.60	1.80	1.7	51,698	1.36B	1.62	TOYOTA MOTOR
BUD	128.53	2.08	1.6	99,945	784M	2.52	ANHEUSER-BUSC
BTI	124.60	1.39	1.1	120,962	894M	2.24	BRITISH AMERICA
KMX	49.05	-1.58	-3.1	265,779	193M	1.53	CARMAX
CSAL	26.85	-1.31	-4.7	1,984,509	136M	0.64	COMMUNICATI LEASING
WERN	22.12	-2.56	-10.4	315,191	44.6M	0.70	WERNER ENTERI

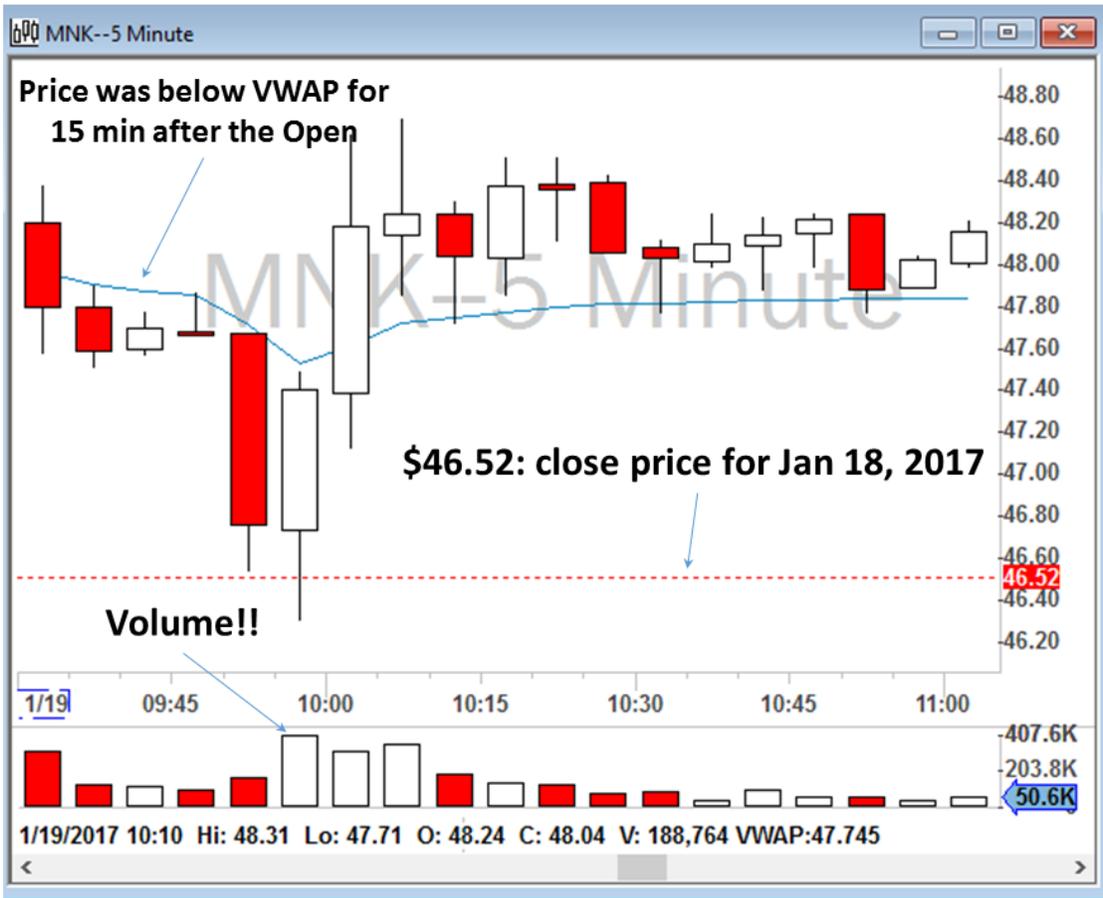
Sym

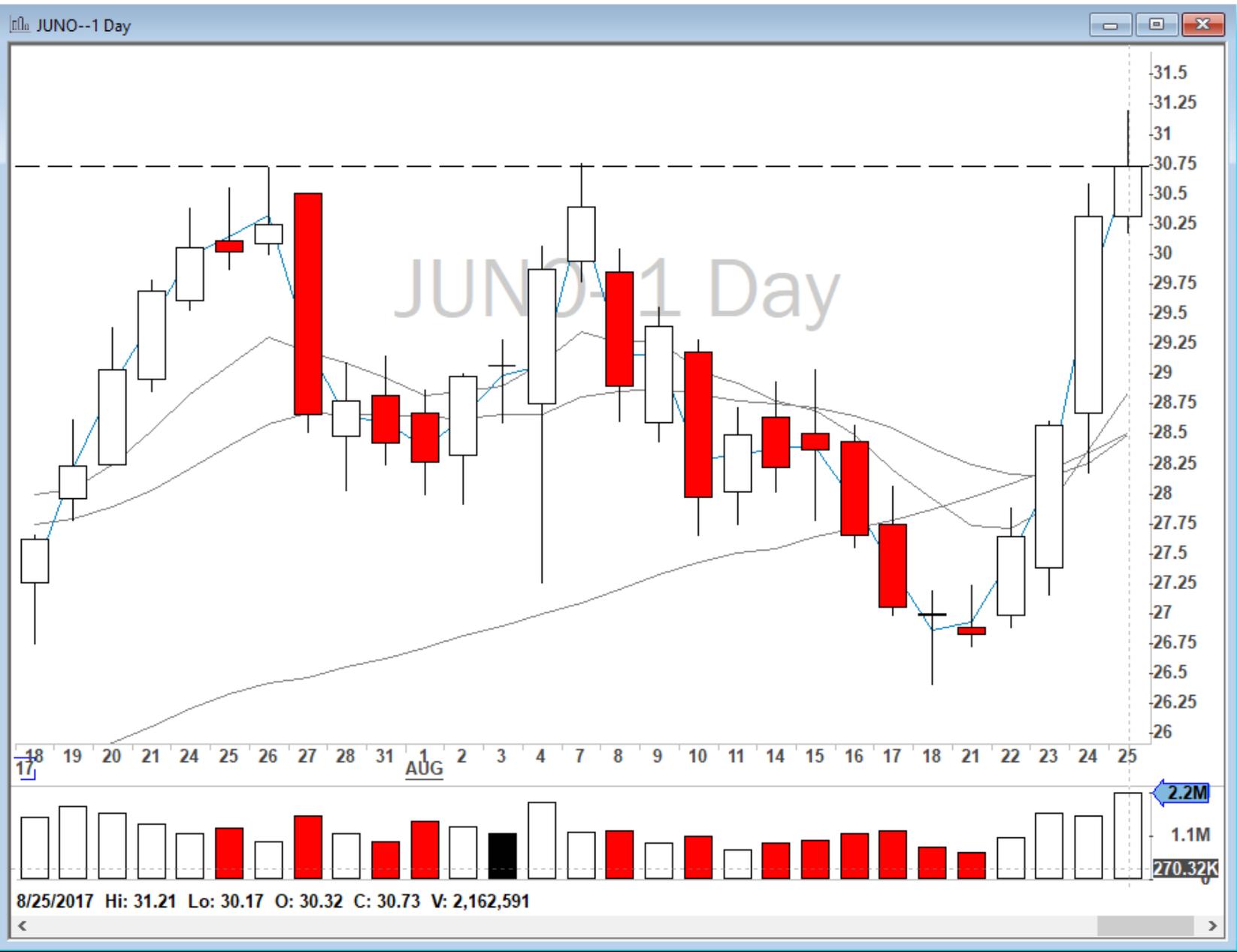


# Y Low, Y high, YY High, YY Low



# Previous Day Close a very strong level.





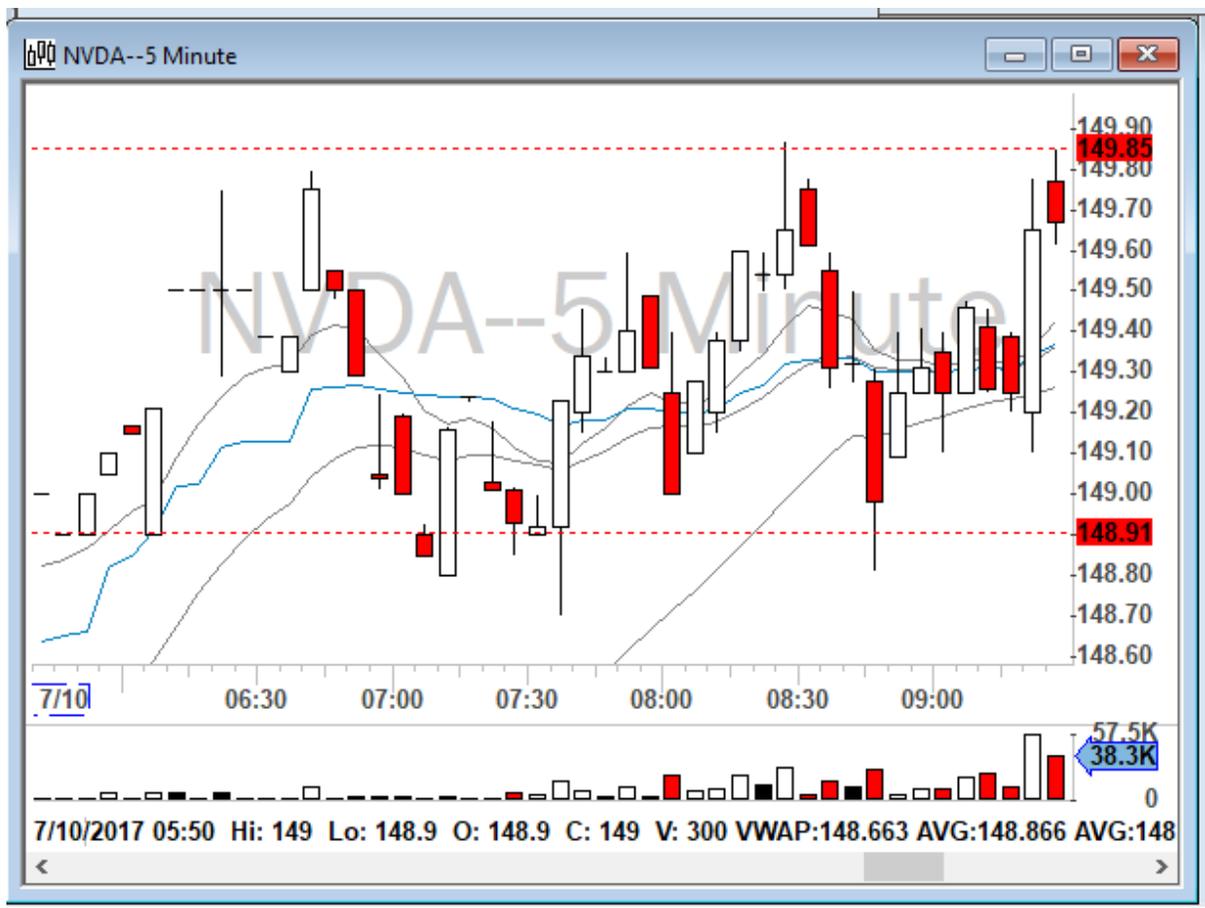
# 3. Manually found Support/Resistance lines

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## Manually plotted by trader:

1. Clear pre-market levels
2. Moving Averages on **5 min** and **daily** charts  
*(Higher moving averages are stronger 200 >>50>>20>>9....)*  
*(Higher time frames are stronger Daily >> 5min >> 1min)*
3. Extreme prices (wicks) on daily chart where price bounced  
*(More bounce from a level on daily chart, is stronger that level)*

# 3.1. Pre-Market Levels



Symbol	\$	T	C \$	C %	Float	I, I I	S Float	Sector
NVDA	149.37	376,612	2.61	1.8	558M	5.55	5.04	Manufacturing
AMD	13.55	850,636	0.19	1.4	935M	0.79	19.99	Manufacturing
VRX	16.42	160,436	0.19	1.2	328M	0.96	15.41	Manufacturing
OCUL	6.50	77,612	-0.62	-8.7	22.2M	0.94	32.28	Manufacturing

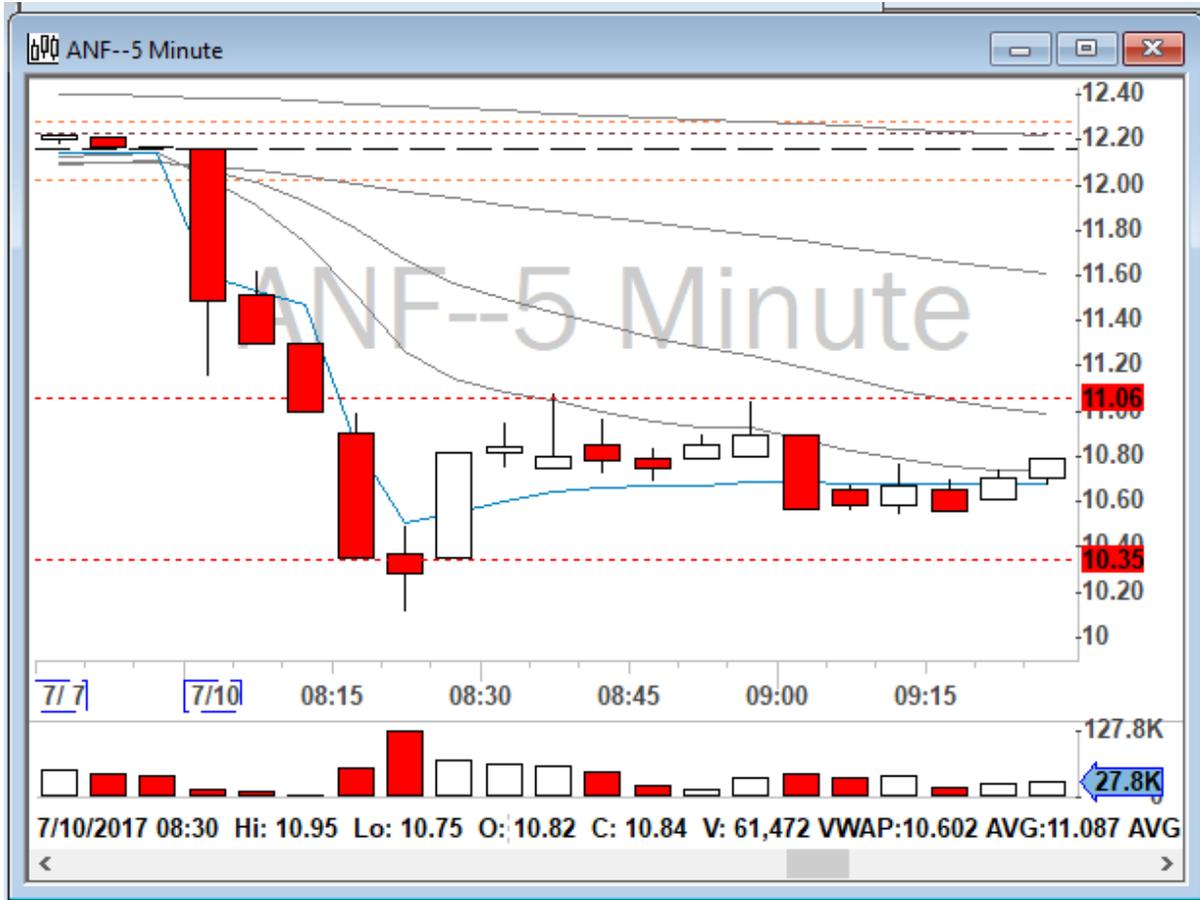
# Same Pre-Market Levels after the Open



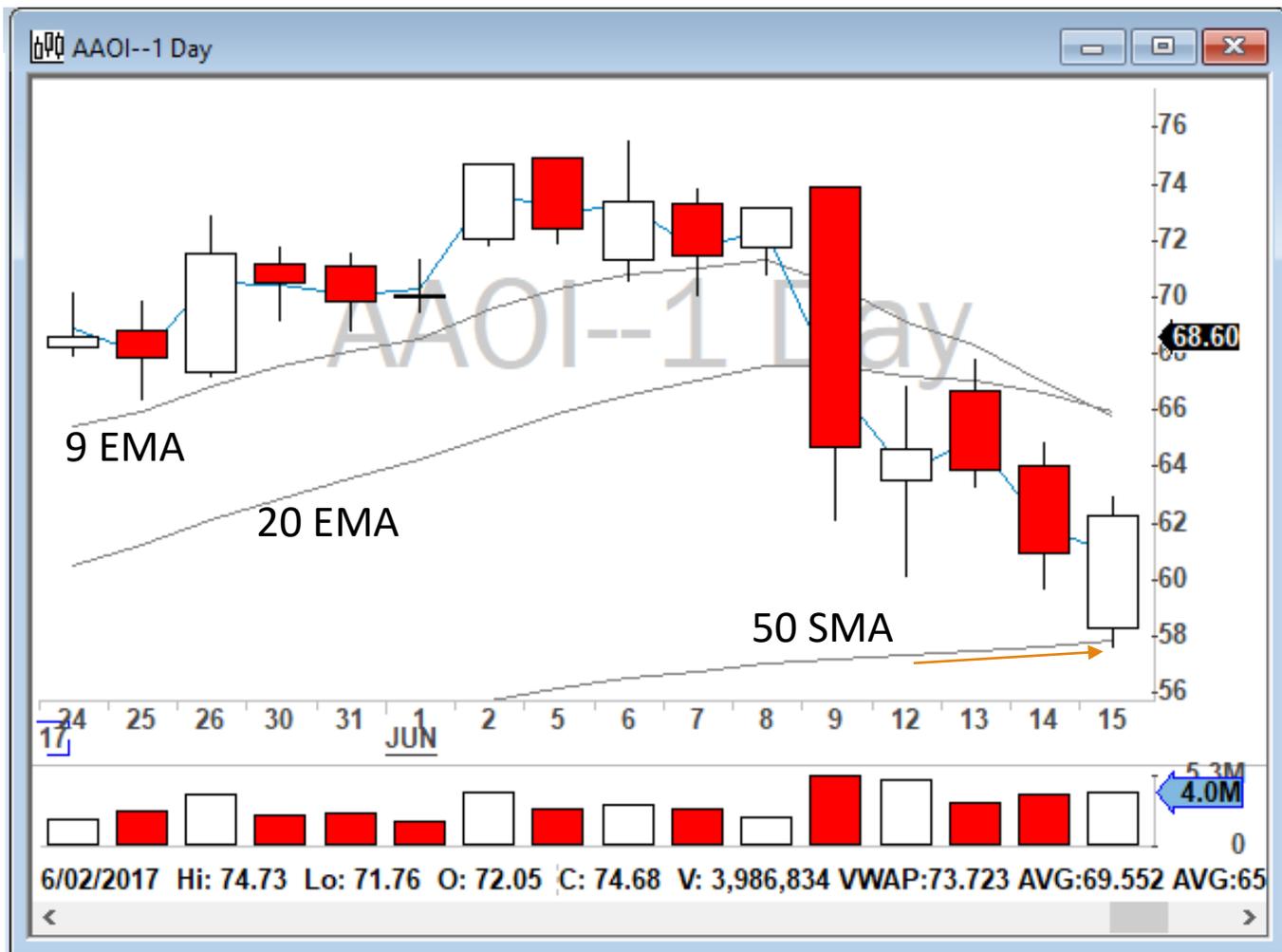
# 3.1. Pre-Market Levels



# 3.1. Pre-Market Levels



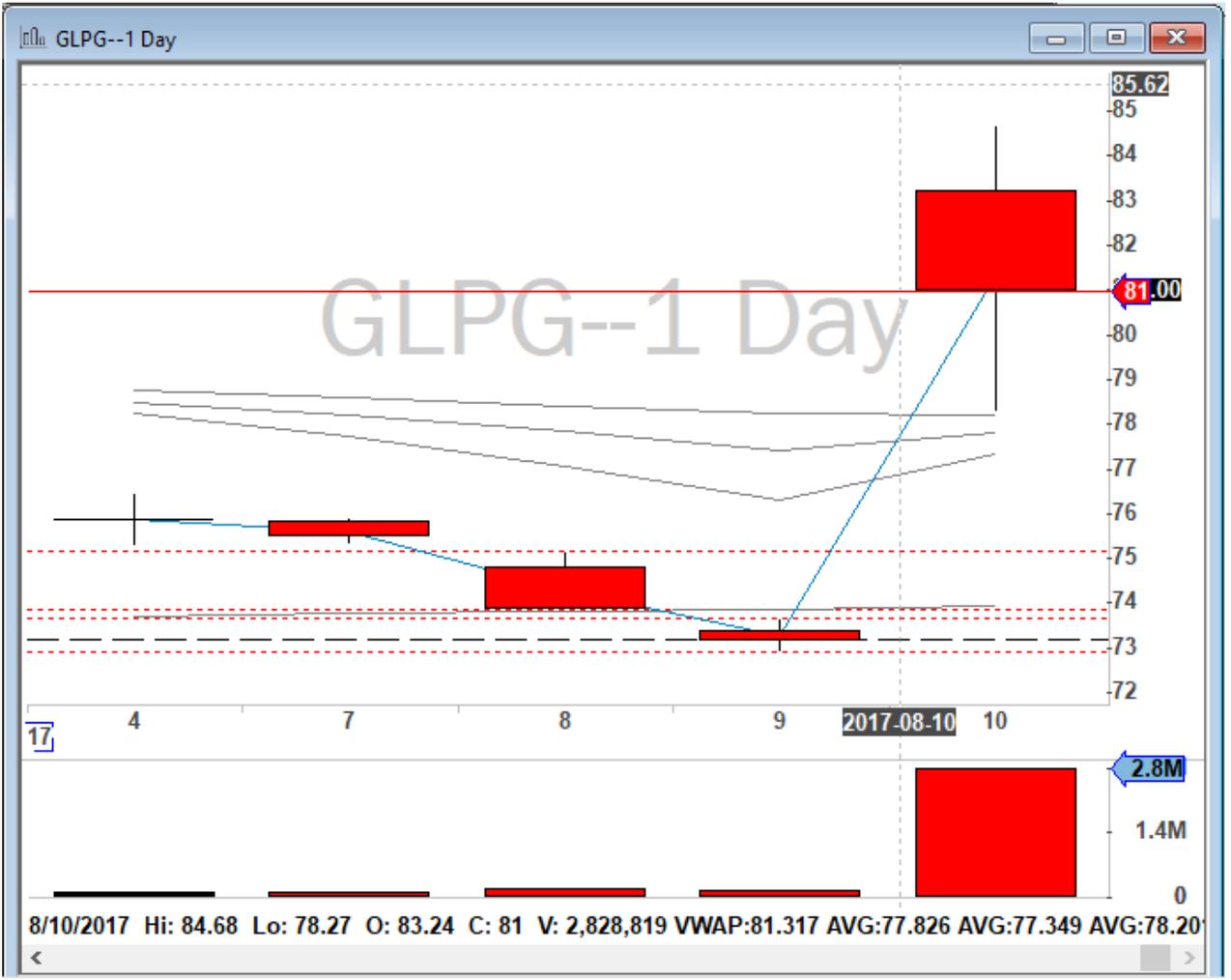
# 3.2. Daily Moving Averages



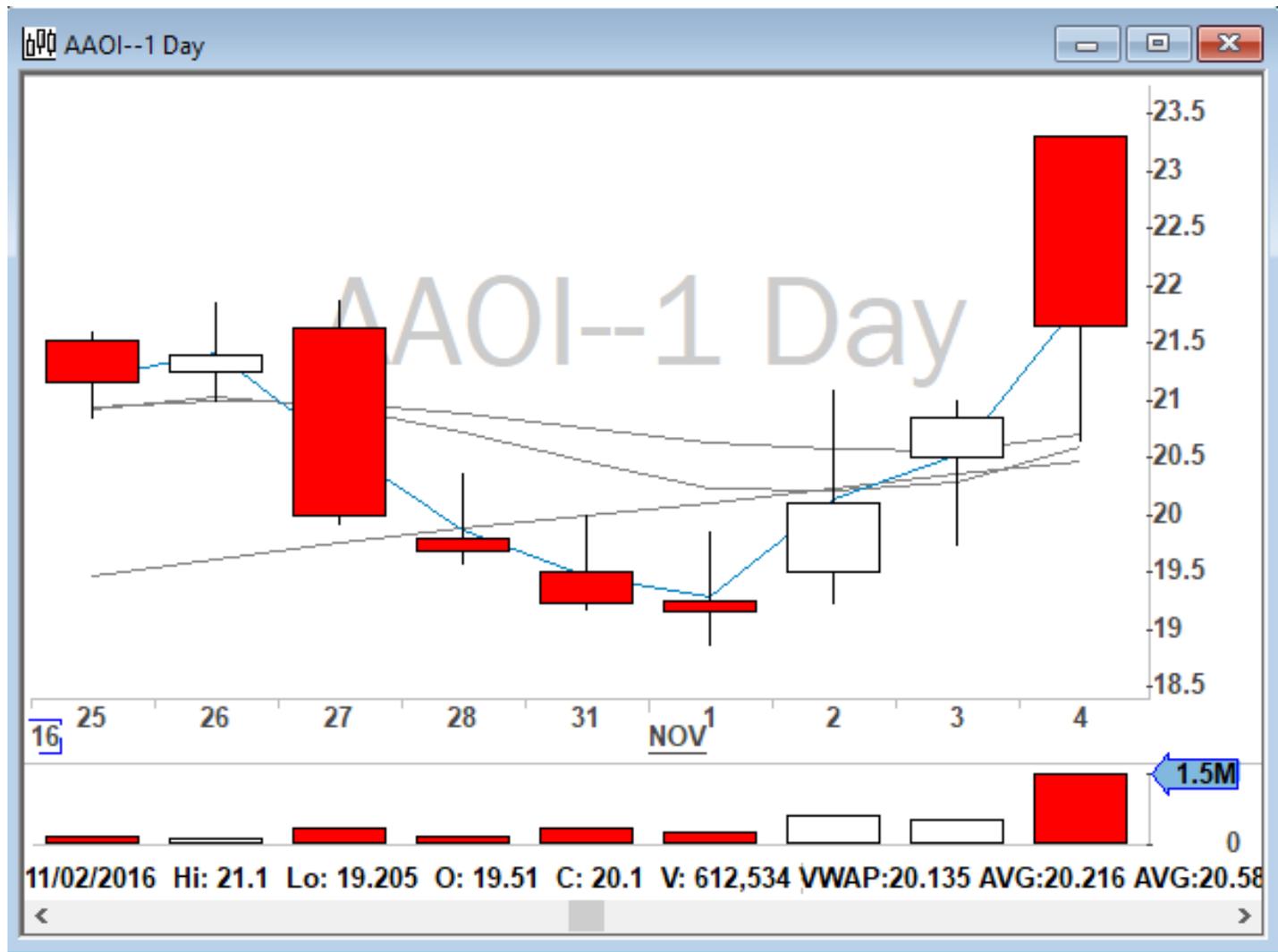
Market Clock  
**08/10/17 19:35:48**

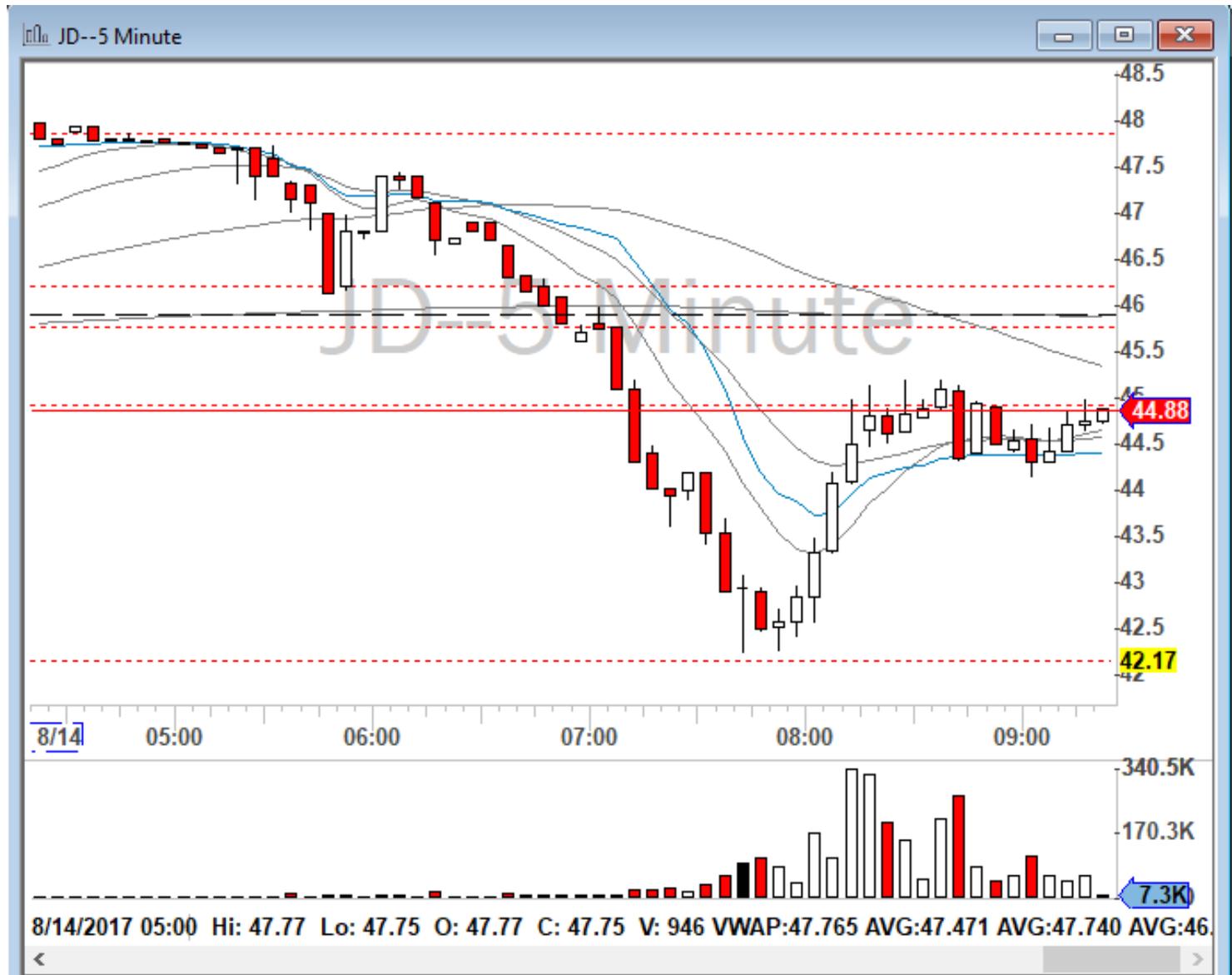
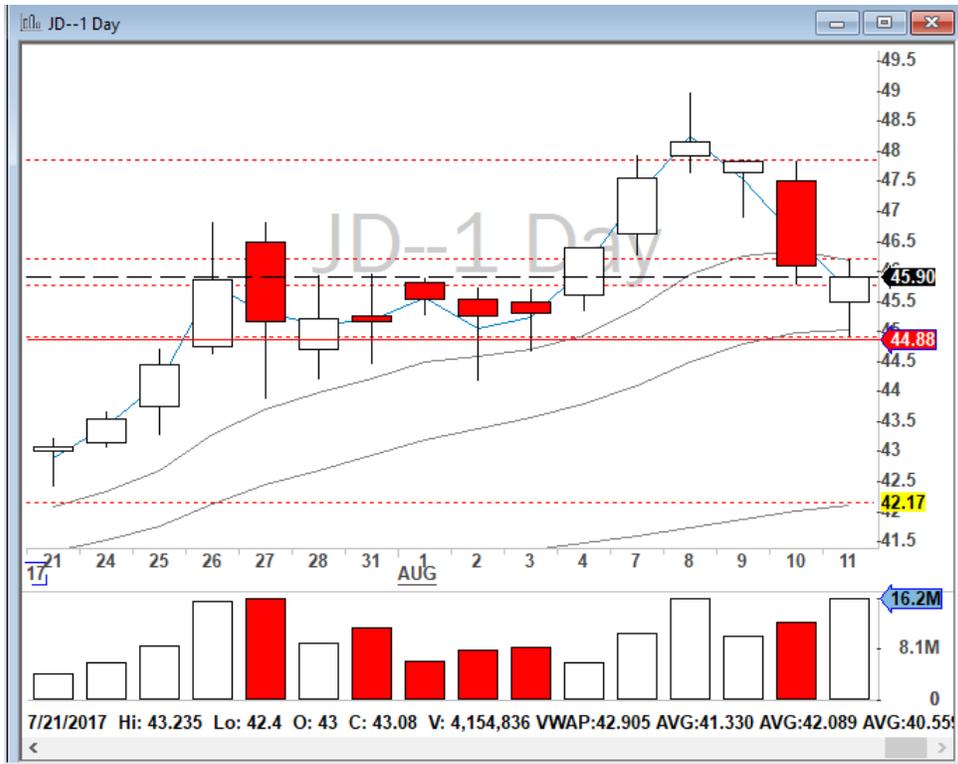
**T** Gappers Watch List (Pre-Market Movers): 9:09:20 - 9:09:49

Symbol	\$	T	C \$	C %	Float	I	S Float	Se
GLPG	84.00	631,123	10.83	14.8	45.7M	1.71		
PRGO	74.83	197,118	8.46	12.7	134M	1.79	11.61	Manufacturing
GOOS	20.35	65,515	1.40	7.4	35.7M	0.61	8.24	Manufacturing
YY	79.74	58,042	1.77	2.3	35.7M	3.00		Administrative and Supp Management and Reme
FANG	93.32	69,813	-1.26	-1.3	97.7M	3.14	5.22	Mining, Quarrying, and C
ESPR	49.85	127,405	-0.69	-1.4	16.3M	3.17	27.62	Manufacturing
MOD	16.50	52,700	-0.30	-1.8	49.2M	0.58	2.37	Manufacturing
KSS	40.18	664,413	-1.75	-4.2	170M	1.22	21.53	Retail Trade
MX	11.25	85,901	-0.55	-4.7	33.1M	0.60	16.38	Manufacturing
DVAX	15.85	873,512	-1.35	-7.8	30.2M	1.89	11.90	Manufacturing
DDS	61.99	149,413	-11.35	-15.5	22.9M	4.27	60.00	Retail Trade
CBI	12.64	740,756	-3.69	-22.6	99.6M	0.91	17.20	Construction



# 3.2. Daily Moving Averages

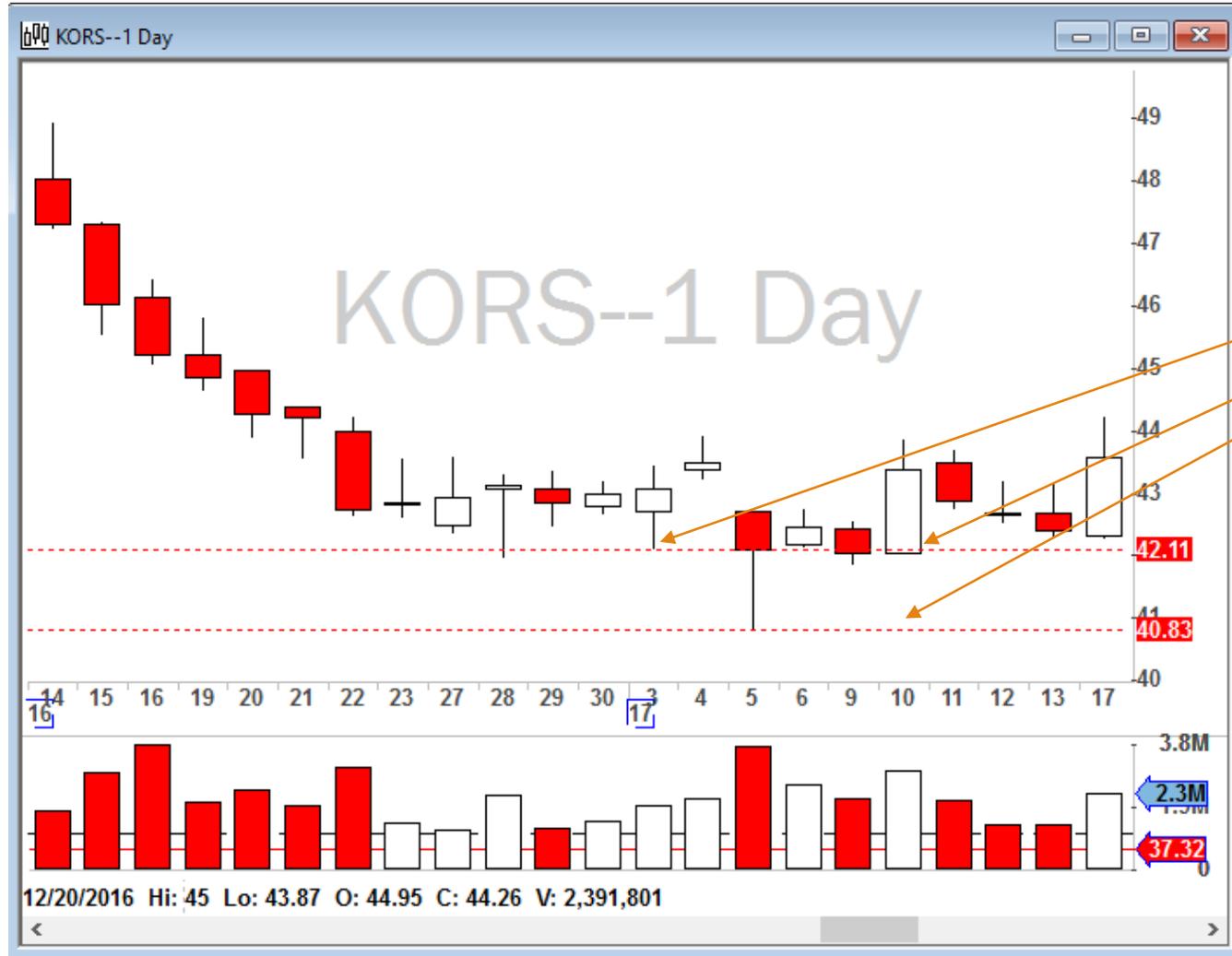




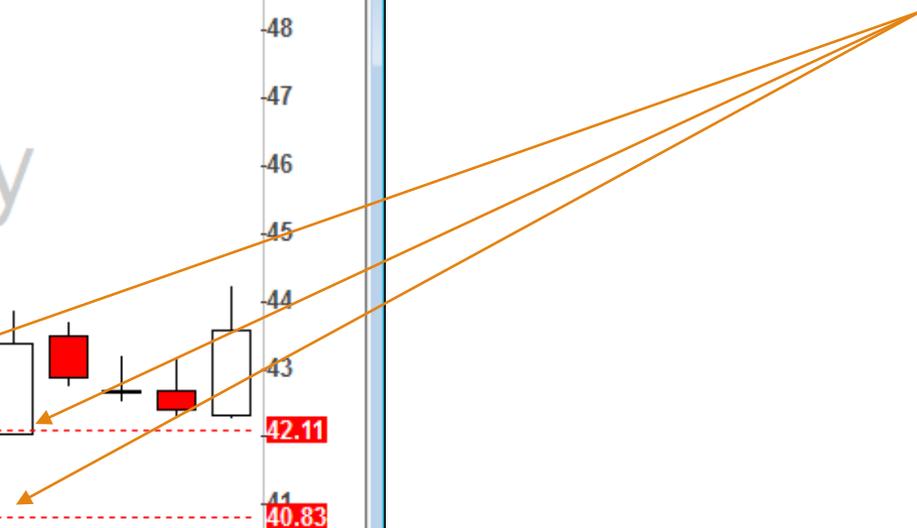
## 3.3. Manually by trader from Daily charts.

- **Extreme** price levels on **daily** chart that price **reversed direction** from that day.
- The price must have a clear bounce from that level.  
*(If you are not certain, it is probably not a support or resistance level.)*
- The more of a line that is touching extreme price lines, the more that the line is a better support or resistance and has more value. Give that line more emphasis.
- Support or resistance lines are actually an “area” and not exact numbers.
- You should always look at the **recent data** to draw lines.

# 3.3. Daily Levels from Chart



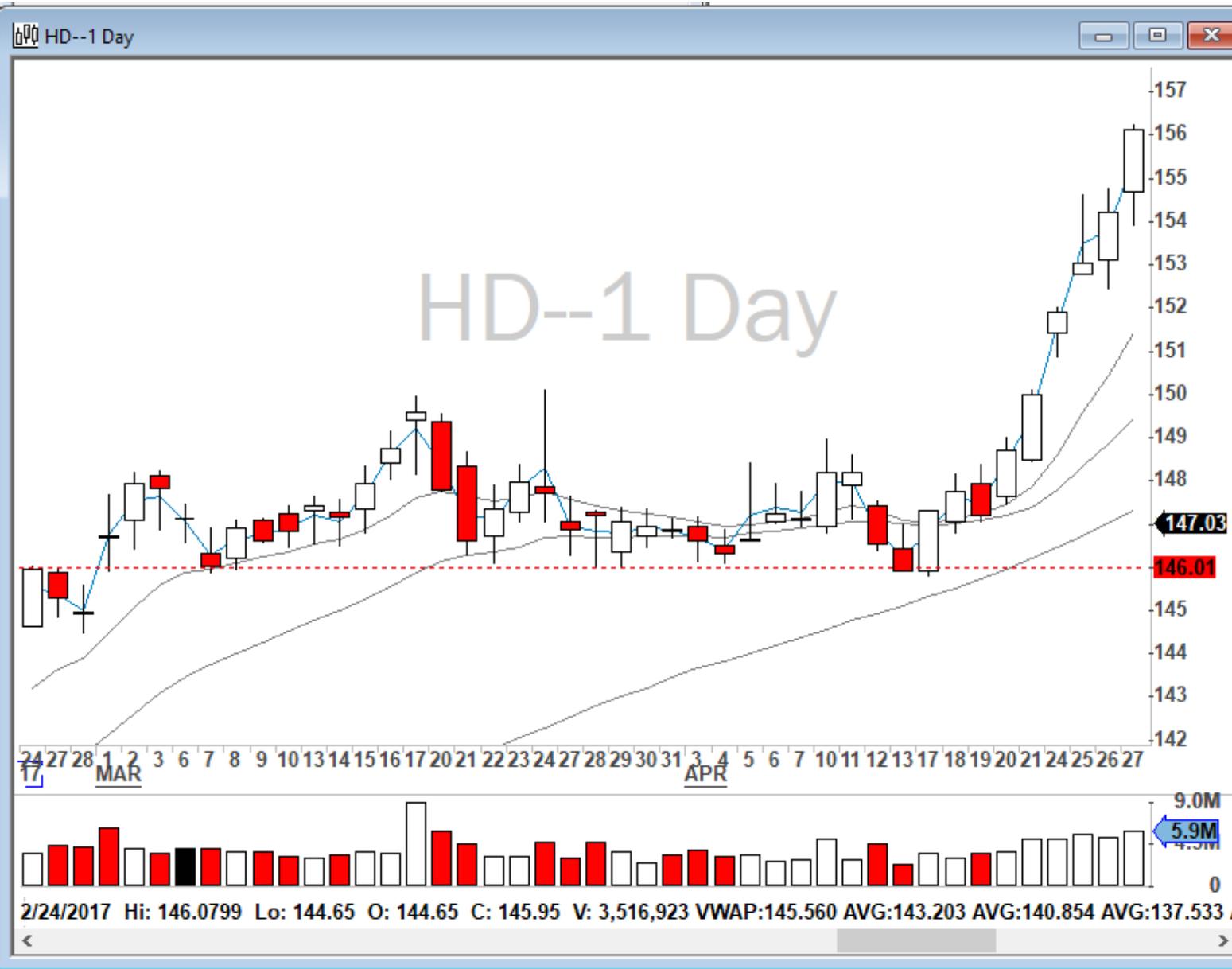
Extreme price level: for day trading







Stock gapped down!  
Where to find levels?





Examples live...

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Thank you.

---

Thank You - andyvantr... x

Secure | https://mail.google.com/mail/u/0/#search/ryan+g/15d52c9ced48ba55

Apps AMZN Mtcs STOCK BBTraders \$\$\$ VT USERS AMZ CS InCm AMS Exp Myroom BBT Admin BBT Admin Room Nadex PayPal VanCity ST AJ Videos Spike VT Dtrading VT VT VT VT Other bookmarks

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Wbnt. login (14)  
More

Thank You Inbox x

Ryan Gutowski  
to andrew

Jul 17 (7 days ago)

Ryan Gutowski  
ryan.gutowski@yahoo.com  
Show details

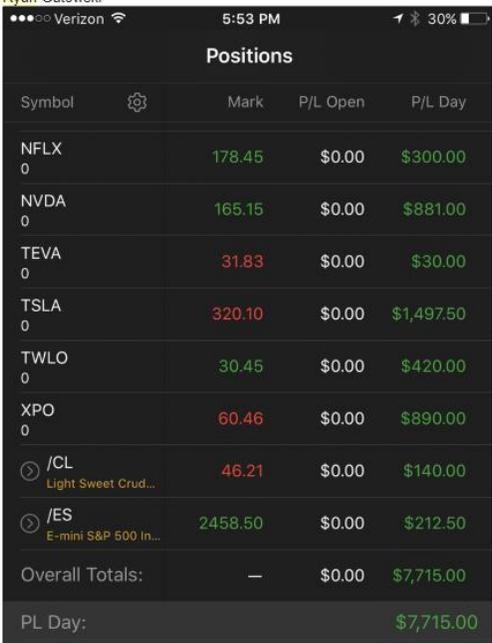
Hey Andrew,

I did not want to write a long drawn out email I just wanted to say thank you for your chat room, guidance, and teachings. I am Ryan G from the chat room. About a year ago I started trading, but I started with real money. That was a big mistake. I eventually lost around \$11,000 before I had to stop. Ever since then, around April or so, I started a paper trading account to practice. I was up around 40k in my paper trading account when I joined your chatroom 3 weeks ago, and now I am nearly at 70k profit. I made about \$10,000 a week trading in your chat room and trading more the rest of the day. I had my best day ever today. I use your strategies, but also some strategies from other traders.

I am a 21 year old student at the University of Illinois studying finance and accounting. Eventually, my dream job will be to trade and run my family business. This is just an email to say thank you, and how much I appreciate what you do for our trading community. I want to continue to practice for a bit before I go back to real money, but I am still excited to wake up every day and trade with you.

Thanks again,

Ryan Gutowski



Symbol	Mark	P/L Open	P/L Day
NFLX 0	178.45	\$0.00	\$300.00
NVDA 0	165.15	\$0.00	\$881.00
TEVA 0	31.83	\$0.00	\$30.00
TSLA 0	320.10	\$0.00	\$1,497.50
TWLO 0	30.45	\$0.00	\$420.00
XPO 0	60.46	\$0.00	\$890.00
/CL Light Sweet Crud...	46.21	\$0.00	\$140.00
/ES E-mini S&P 500 In...	2458.50	\$0.00	\$212.50
Overall Totals:	—	\$0.00	\$7,715.00
PL Day:			\$7,715.00

Verizon 5:53 PM 30%

Andrew

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7:04 PM  
7/24/2017

## NOTE:

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Important support or resistance levels on daily charts stand out. They shout at you: **“grab me by the face”**.

For day trading, it is better to draw support or resistance lines across the **extreme prices or wicks on daily levels** rather than across areas where the bulk of the bars stopped.

# 3. Manually found Support/Resistance lines

**Half-dollars** and **whole dollars** usually act at a support or resistance level, especially in lower than \$10 stocks.

*(If you don't find a support or resistance line around these numbers on daily charts, remember that in day trading these numbers can act as an **invisible** support or resistance line.)*

Important support or resistance levels on daily charts stand out. They shout at you: “**grab me by the face**”.

For day trading, it is better to draw support or resistance lines across the **extreme prices or wicks on daily levels** rather than across areas where the bulk of the bars stopped.

- Minor support or resistance causes trends to pause
- Major support or resistance causes them to reverse.
- Traders buy at support and sell at resistance, **making their effectiveness a self-fulfilling prophecy.**

*For example:*

If you are a buyer, would you buy a stock that is selling off? **NO!**

- You wait until next level of support and then buy (to minimize the entry price)

If you are a seller, would you sell a stock that is rallying up? **NO!**

- You wait until next level of resistance and then sell (to maximize the exit price).

