Introduction:

Swing Trader trading periods in a particular stock:

* 1 – 3 Weeks

Swing Trader Expectation/Psychology:

* 5 – 10 % returns
* 3 – 5% Stop Loss

Considerations before Taking any position in swing Trade:

1. Advance-Decline Ration (ADR) -- Market Mood

Advance – Buying stocks Rows

Decline – Selling Stocks Rows

ADR > 1 then 🡪 Bullish Market trend at that particular time

ADR < 1 then 🡪 Bearish Market trend at that particular time

ADR = 1 then sideways / consolidating market trend

ADR ratio can be view in NSE web-portal

1. Monetary Policy (By RBI Governor) / Budget / US Market / China Market / Event / News / Global Market (Dow Jones/ Nasdaq / Nifty VIX)

# Fundamental Stocks

Fundamental stocks are the stocks which are only in growth movement from years to years consistently.

How to pick up fundamental stocks:

1. Return on Equity (ROE) Index

Greater the value of ROE, Strong/good will be stock.

If ROE >=12 then stock is fundamental stocks.

If ROE >=12-15 then stock is Average fundamental stocks.

If ROE > 20, then strong fundamental stocks

1. Return on Capital Employed (ROCE) Index

Greater the value of ROCE, Strong/good will be stock.

If ROCE >=12 then stock is fundamental stocks.

If ROCE >=12-15 then stock is Average fundamental stocks.

If ROCE > 20, then strong fundamental stocks

Below are the additional parameters which confirms stocks as fundamental stock:

1. Last 4 quarter result should be increasing
2. Last 4 years profit should be increasing
3. Promoter/ FII/ DII / Mutual Funds holdings

Greater these holdings good is the stock.

1. Debt

Company should be either debt free or debt minimum.

Debt should be decreasing year to year.

# RSI Strategy

This strategy is applicable for 🡪 Fundamental Stocks only.

RSI Strategy works on 3 indicators:

1. macd (Moving Average Convergence or Divergence)

12 – 26 – 9 (Default Setting)

macd consists of 4 components:

* 1. Green Line / macd line
  2. Red Line / Signal line
  3. Zero Line / Base Line
  4. Macd histogram

Types of cross over in macd:

1. Bullish / Positive Cross over:

When green line crosses red line from below to up and comes in upward direction then cross over is bullish cross over.

Bullish cross over is time to buy the stock.

When there is bullish cross over and both lines are above the zero line then it is 🡪 strong bullish cross over. It is high time to buy the stock.

1. Bearish / Negative Cross over:

When green line crosses red line from top to below direction and comes in downward direction then cross over is bearish cross over.

Bearish cross over is time to sell the stock.

When there is bearish cross over and both lines are below the zero line then it is 🡪 strong bearish cross over. It is high time to sell the stock.

1. RSI (Relative Strength Index)

It tells whether the stocks is in overbought or oversold zone.

1. RSI < 30 then stock is in over sold zone.

RSI < 20 🡪 Stock is in strongly oversold zone.

When RSI is in oversold zone, then good time to buy the stock.

1. RSI > 70 then Stock is in over bought index

When stock is in over bought index then either exit from the stock or trail the stop loss.

1. Money Flow Index

It is same as RSI. It tells whether the stock is in overbought/oversold zone.

Apply RSI Strategy:

1. RSI <30
2. Money Flow Index < 30
3. Bullish crossover / Storing bullish crossover by macd indicator.

If above 3 criteria met, then only buy the stock.

# 52 Week High Breakout Strategy

This strategy is applicable only on the fundamental stocks which are on the high of their last 52 week.

These stocks maintain bullish moment at least for 3 days continuously after breaking their 52 weeks highs.

1. Volume should be good/comparatively increasing
2. Market should not be bearish and no bad news/events
3. Macd crossover should be bullish
4. RSI indicator should be <=30
5. Buy the stock at first day of 52 week high.

Results Strategy

# Results Series Strategy

We buy the stocks whose results are expected to be good.

1. This strategy will work only on 🡪 Fundamental stocks
2. We should analyze the stocks before 2 months of result declare. Of at the last 20th days of their 3rd Quarter.
3. We will consider RSI index also in this strategy, we will buy the stock when RSI <=30-40

As we knows the stocks results will be good at the time of declearation. So, the stock will come up.

1. We need to sell the stock before their results. As on the day of result declaration it will start correcting or decreasing.

How to select which stocks have good results:

Auto Sector

1. Fundamental Stocks – Nifty Auto
2. Auto Sector declares monthly sales data of their products

If overall 3 months sales is good/growing then it is expected that the stocks have good result.

1. Take in consideration of Base Sector also of the stocks

Example : Tyre stocks of the auto sector (i.e., if auto sales increasing then their base sector tyre also increasing).

Banking Sector

1. Analyze Buisness Reports declared by banks before 15 days of result declaration:

Criteria need to consider in business Report:

1. Deposit Report / Deposit Growth
2. Overall Load Disbursement
3. Asset Improvement / Quality
4. CASA Ration (Current Account / Saving Account Ratio)

Take the stock if all above four stocks are increasing.

1. RSI <= 30-40
2. macd crossover bullish

Metal Sector:

How to consider metal results:

1. Before results, Metal companies declare production data reports, sales report and export report.
2. Include RSI strategy
3. Include macd strategy

# Dividend/Bonus Strategy

This strategy will work only for 5-6% profit.

Dividend is the part of the profit which is shared to the shareholders.

Retail earning is the part of the profit which is kept for the buisness further.

Dividend is decided in the board meeting at the time of quarter results announcements.

Select only the company which has: dividend yield >=3%

Divident Yideld = Divident amount per share / Current Share price \* 100

Announcement/Decleration Date: the date at which board of directors announces that the company will pay a dividend.

The ex-divident date, record date and pay date are included In the announcement.

Ex-date/Ex-divident date 🡪 athe date after which stock buying will not be considered for the dividend.

Record Date : the previous date of ex-date is record date (i.e., the stock will be considered for dividend only till record date)

How strategy works:

1. Buy the stocks next day of dividend announcements
2. Stocks dividend must be > = 3%
3. Sells the share before record date (by booking profit of 6%)