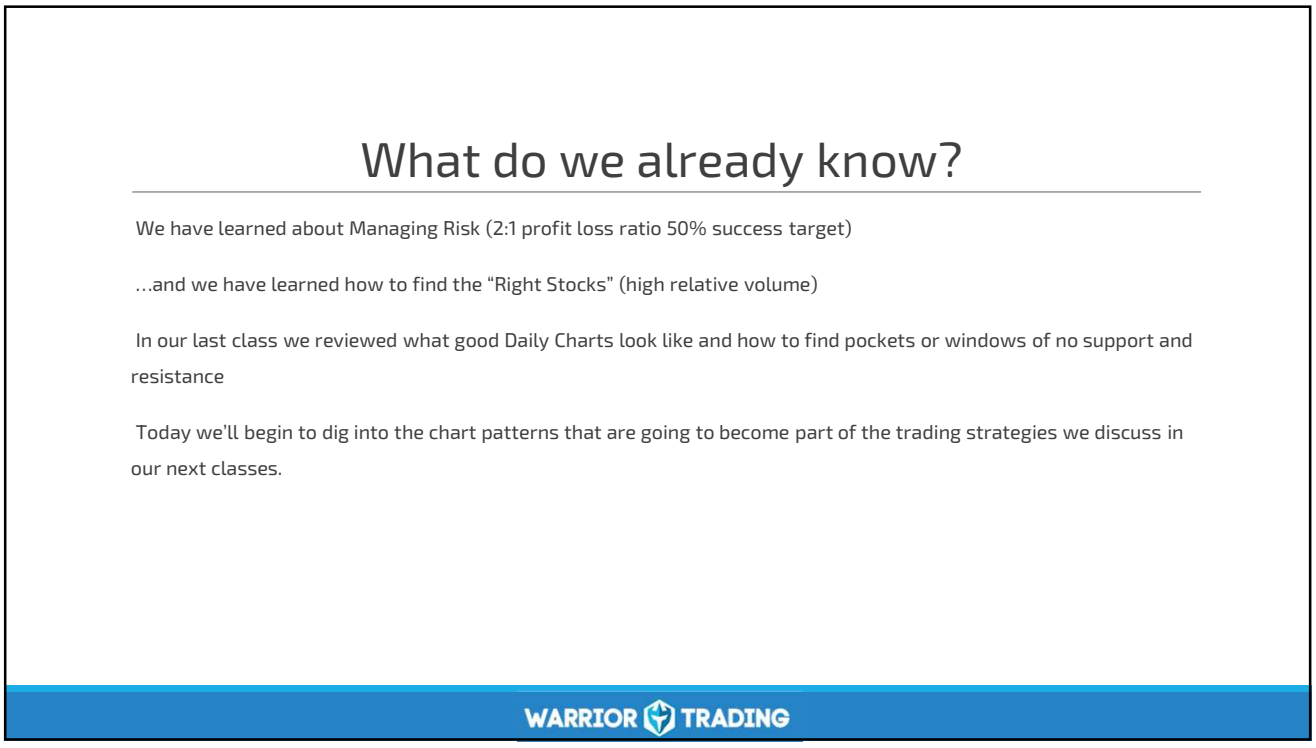
WARRIOR TRADING
CHAPTER 5. INTRADAY CHART PATTERNS
PART 1: INTRO TO INTRADAY CHART PATTERNS
WARRIOR TRADING

247


What do we already know?
We have learned about Managing Risk (2:1 profit loss ratio 50% success target)
...and we have learned how to find the "Right Stocks" (high relative volume)
In our last class we reviewed what good Daily Charts look like and how to find pockets or windows of no support and resistance
Today we'll begin to dig into the chart patterns that are going to become part of the trading strategies we discuss in our next classes.
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248

Today you will Learn

- The correct entry point from a technical perspective.
- That these patterns are only valid on the Right Stocks to Trade.
- Remember, Patterns are not Strategies. They are just patterns, a strategy is how you will trade this pattern, what type of stocks you'll apply it too, your share size, time of day to trade, etc. The universal chart patterns discussed today will be the basis for our strategies in Chapter 6, 7 and 8.

249

Why Is This Important?

- Chart patterns are what we use to establish entry points and profit potential. It would be impossible to trade without charts or charting patterns.
- When you look at charts, also think about what somebody taking the OPPOSITE side of this trade would be thinking during this pattern. Would they be wanting to cut losses and get out, or would they be happy?

250

Intraday vs Daily charts

Remember from our class yesterday that when we have a super strong stock it can override a poor daily chart.

However, a great daily chart usually can't override a poor intraday chart or a lack of intra-day volume

Focus on the stock being a **Stock in Play**! If it doesn't have high relative volume forget about it.

Some of the biggest home run trades will have both great daily and intraday charts.

251

These Patterns are ONLY Valid on the Right Stocks to Trade

Applying these patterns to stocks that don't meet the criteria for being the right stock to trade will result in failed breakouts and unnecessary losses.

The reason these patterns breakout is *because* other traders see the same setup you are seeing, and are buying at or near the same place.

This is the most important thing for you to remember.

252

High Relative Volume Makes the Pattern

We NEED volume to make a pattern resolve. Without volume, the pattern will fail.

Ask, do we have High Relative Volume?

Is Volume coming in at the Breakout Spot?

Volume confirms we are right and that other people see the pattern too!

253

What is the Best Time Frame to Trade on?

Some students have asked the question of when to use the 1min, 5min, or focus on the daily chart. These patterns exist on ALL time frames.

The 5min time frame is the most respected, but the 1min time frame can be used in addition to the 5min time frame for stocks with extremely high relative volume.

The first 1min pullback after a 5min breakout is particularly strong because this where traders who missed their initial entry will get in.

254

1min vs 5min Trading

Circumstances when I would NOT use the 1min chart.

- 1. If the stock is extremely extended already on the 5min chart.
- 2. If the stock has already experienced more than 2 pullbacks on the 1min chart since the breakout began. (In other words, it's most likely extended on the 5min chart and needs to pullback and give us a 5min bull flag or flat top.)
- 3. I'm less likely to use the 1min chart on higher priced stocks, over $10, but especially over $20. This price range gets very choppy with lots of fake outs.
- 4. If the 1min chart is extremely extended off the 20ema, I'll be more cautious, even though I might still take a trade.
- 5. I rarely take a 1min entry if the 1min price is below the 1min 20EMA.

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255

1min vs 5min Trading

Circumstances where I'm very likely to use the 1min chart.

- 1. When a stock that meets all of our criteria for being a big potential stock (low float, huge volume spike, great daily chart, etc) has just hit my HOD scanner, I'll look for first 1min pullback, even if it's a micro pullback.
- 2. When a stock that meets all of our criteria has just broken out on the 5min chart but I missed my entry, I'll get in on the first 1min pullback. Even if I already have a position I'll use the first 1min pullback to take a quick breakout..

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256

The Most Popular Patterns

Today we'll be reviewing patterns for both Long & Short traders

1. Bull Flags & Bear Flags
2. Flat Top Breakouts & Flat Bottom Breakdowns
3. Flag Patterns Above and Below Moving Averages
4. ABCD Pattern
5. Top & Bottom Reversals

257

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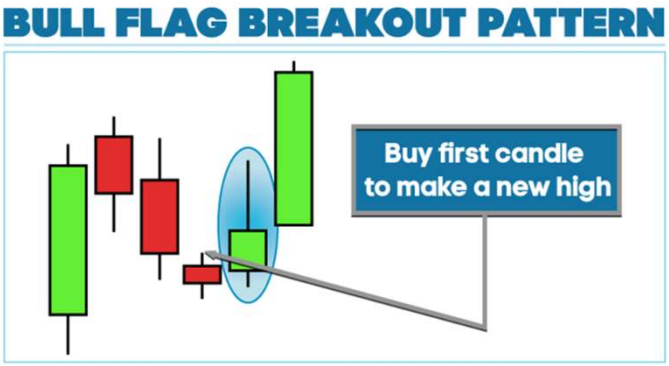
CHAPTER 5. INTRADAY CHART PATTERNS

PART 2: BULL FLAGS AND BEAR FLAGS

258

1. Bull Flag



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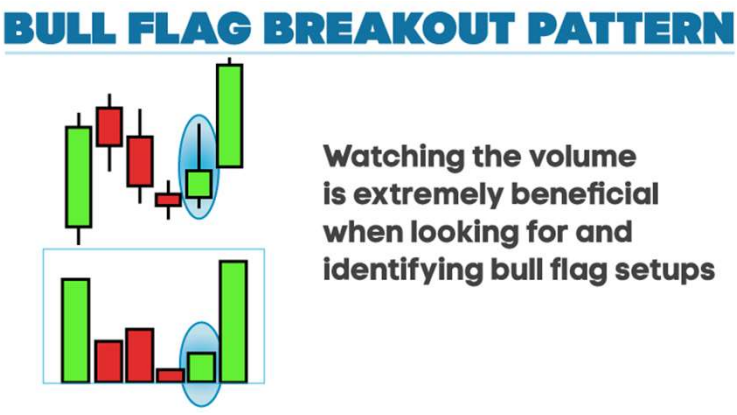
259

Bull Flag Volume Profile



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260

Bull Flag (bear flag is inverse)

A Bull Flag has the following characteristics:

1) 3+ Green Candles moving up sharply followed by…

2) 2 or more Red Candles (these candles cannot break the high of the previous candle)

3) A perfect 5min Bull Flag pulls back to the 9ema on the 5min chart.

4) The entry point is the first candle to make a new high after 2 red candles and a tap of the 9ema on the 5min chart, with stop at the low of the last 5min candle.

5) A Bull Flag should not retrace more than 50% of the original move to the upside.

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261

Bull Flag

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262

Bull Flag

WARRIOR TRADING

263

Bull Flag

WARRIOR TRADING

264

Bull Flag

WARRIOR TRADING

265

Bull Flag (1st & 2nd)

WARRIOR TRADING

266

1min vs 5min Trading

WARRIOR TRADING

267

Bull Flag (1st & 2nd)

WARRIOR TRADING

268

1min vs 5min Trading

WARRIOR TRADING

269

1min vs 5min Trading

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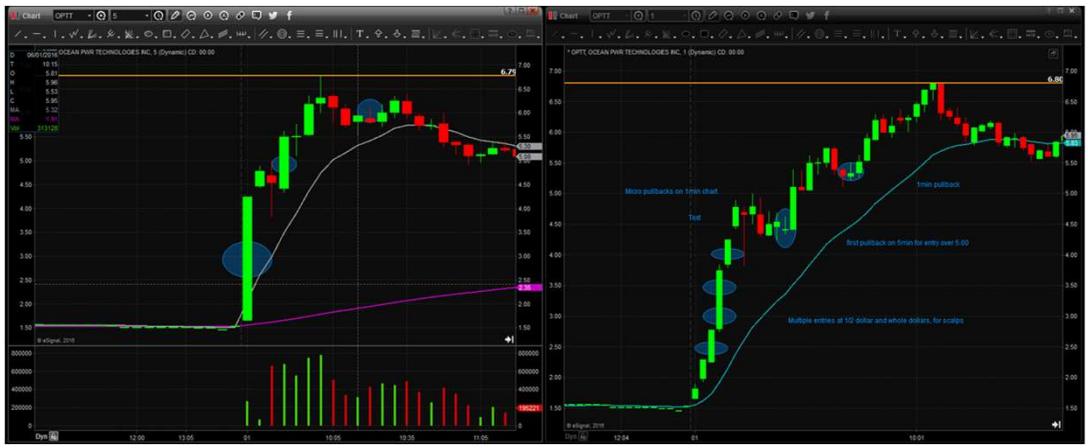
270

1min vs 5min Trading



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271

Bull Flag

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272

Bull Flag

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273

Bull Flag

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274

Bull Flag

WARRIOR TRADING

275

Bull Flag

WARRIOR TRADING

276

Bull Flag

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277

Bull Trap
(Bull Flag and False Breakout)

A Bull Trap is when we see a Bull Flag and then it immediately rejects and drops back down.

What can create a high likelihood of a bull trap?

- 1. The stock is well extended off the 9ema
- 2. The stock has already made a very large move
- 3. It's anytime after 12pm

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278

Bull Trap
(Bull Flag and False Breakout)

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279

Bull Trap
(Bull Flag and False Breakout)

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280

Bull Trap
(Bull Flag and False Breakout)

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281

Bull Trap
(Bull Flag and False Breakout)

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282

Bull Trap
(Bull Flag and False Breakout)

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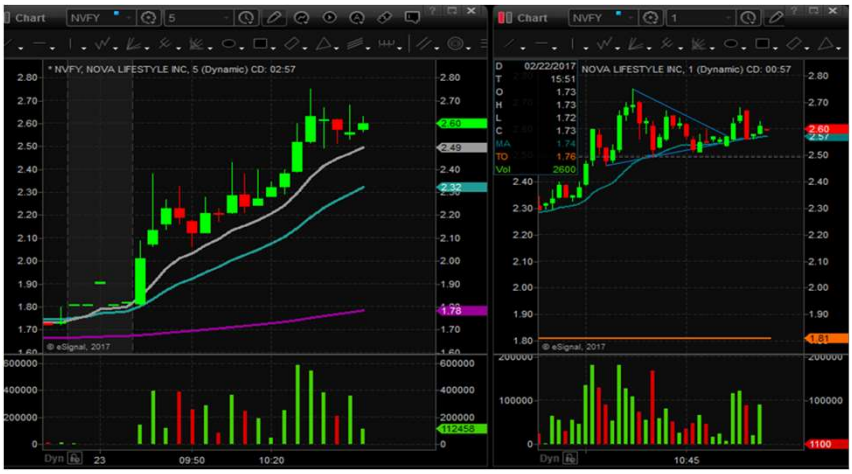
283

Bull Trap
(Bull Flag and False Breakout)



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284

Bull Trap
(Bull Flag and False Breakout)

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285

Bull Trap - A Premature Breakout is a Trap for Beginners

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286

Bear Flag Pattern

Bear Flags are the inverse of Bull Flags. It's the exact same pattern except we look for stocks dropping, then 2 – 3 green candles, then the first candle to make a new low to go short.

This strategy is preferred by Mike for trading large caps because accessibility of shares available to borrow is better than short sellers.

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287

Bear Flag Breakdown Pattern (1min)

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288

Bear Flag Breakdown Pattern (5min)

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289

Bear Flag Breakdown Pattern (1min)

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290

Bear Flag Breakdown Pattern (5min)

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291

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PART 3: FLAT TOP BREAKOUTS & FLAT BOTTOM BREAKDOWNS

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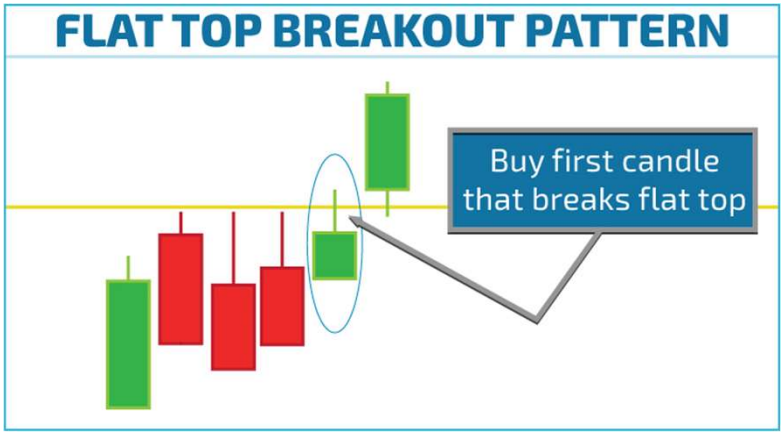
292

2. Flat Top Breakout Pattern



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293

Flat Top Breakout
(Flat Bottom Breakdown is inverse)

A Flat Top Breakout has the following characteristics:

1) 3+ Green Candles moving up sharply followed by…

2) 2+ candles of sideways consolidation (red or green) that are just slightly below, or at high of day price.

3) Continued consolidation will ultimately rest on the 9ema

4) The entry point is the first candle to break the high of day, with stop at the low of the last 5min candle.

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294

Flat Top Breakout Pattern

Flat Top Breakout pattern with consolidation under 5.70. The high of day was 5.72, but the consolidation occurred under the more logical psychological resistance of 5.70.

We often notice resistance at half dollars, whole dollars, and at dimes and nickels.

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295

Flat Top Breakout Pattern

Ascending Wedge Patterns

This is one of my Favorite Patterns

Coiling is good, Period of Consolidation. Notice the consolidation is occurring just above the moving averages.

We don't want to see a U shape or Double Top formation, this is bearish.

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296

Flat Top Breakout Pattern

This Flat Top Breakout is also a consolidation below the whole dollar of 8.00.

This provides an easy entry at 7.95 for the flat top breakout and a break of the whole dollar.

The result is an almost immediate winner.

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297

Flat Top Breakout Pattern

Notice that this flat top breakout is occurring just below the whole dollar of $57. This is setting up for both a flat top breakout AND a whole dollar break. This is two setups in 1 and makes it particularly strong.

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298

Flat Top Breakout Pattern

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299

Flat Top Breakout Pattern

WARRIOR TRADING

300

Flat Top Breakout Pattern

WARRIOR TRADING

301

Flat Top Breakout Pattern

WARRIOR TRADING

302

Flat Top Breakout Pattern

WARRIOR TRADING

303

Flat Top Breakout Pattern

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304

Flat Top Breakout
(Bull Trap / False Break)

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305

Flat Bottom Breakdown Pattern

Flat Bottom Breakdown Patterns are the inverse of Flat Top Breakout Patterns. It's the exact same pattern except we look for stocks dropping, then a period of sideways consolidation, then the first candle to make a new low below the bottom of the support level is where I go short.

This strategy is preferred by Mike for trading large caps because accessibility of shares available to borrow is better than short sellers.

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306

Flat Bottom Breakdowns Pattern

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307

Flat Bottom Breakdowns Pattern

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308

Flat Bottom Breakdowns Pattern

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309

Flat Bottom Breakdowns Pattern

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310

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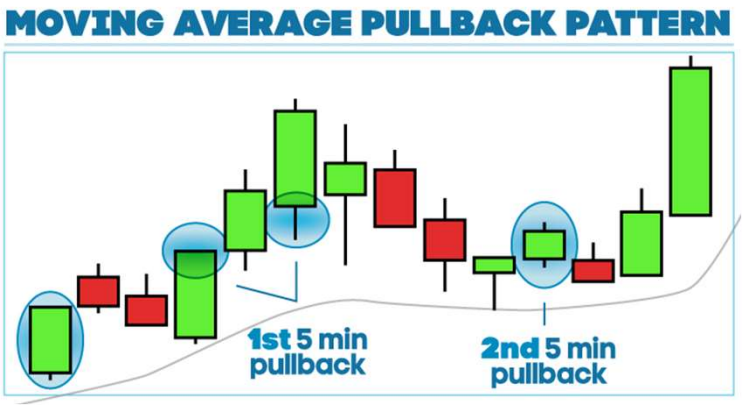
CHAPTER 5. INTRADAY CHART PATTERNS

PART 4: MOVING AVERAGE/VWAP PULLBACKS

311

3. Moving Average Pullback aka "Bounce off ___" (9ema, 20ema, VWAP)



312

Moving Average Pullback aka "Bounce off ___" (9ema, 20ema, VWAP)

A Moving Average Pullback has the following characteristics:

1) 3+ Green Candles moving up sharply followed by…

2) 2 or more candles of consolidation above the 9ema. This may start out as a bull flag or a flat top breakout, but then ends up having a false break, or consolidating for a longer period of time.

3) A perfect 5min Pull Back pulls back to the 9ema on the 5min chart. Sometimes these continue to fade all the way to the VWAP, and that means the new entry is at the support of the VWAP.

4) The entry point is not always extremely clear. Sometimes we start to see slight curling, and then take a 1min Bull Flag after we see that volume is coming back into the name. Stop will usually be 20 cents max.

313

Moving Average Pullbacks

314

Moving Average Pullbacks

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315

Moving Average Pullback Flag Pattern

Notice this flag consolidates under the ½ dollar of 4.50.

Not every flag will be picture perfect.

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316

Support at the 200ema

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317

Moving Average Pullback Flag Pattern

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318

Moving Average Pop (shorting)

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319

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PART 5: ABCD (1234) PATTERN

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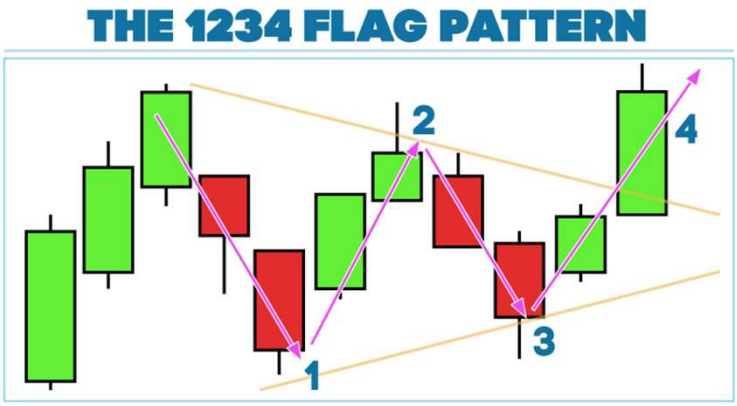
320

4. The ABCD (1234) Flag Pattern



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321

The ABCD (1234) Flag Pattern

A ABCD (1234) Flag Pattern has the following characteristics:

1) 3+ Green Candles moving up sharply followed by…

2) 2 or more candles of consolidation above the 9ema. Then a first 5min candle to make a new high that DOES NOT break high of day. The high of this burst is Point #2. Then a 2nd pullback to the 9ema, which forms point #3. The entry is when the stock moves back up for the 2nd time and breaks point #2. This becomes #4.

3) This consolidation should occur above the 9ema.

4) The entry point is a break of point #2. Stop will usually be 20 cents max.

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322

A 1min ABCD (1234) is Typically a 5min Bull Flag which means Multi-Time Frame Alignment

The ABCD (1234) pattern is especially strong on a 1min chart because it often means the 5min chart is forming a bull flag. This means we have multi-time frame alignment, and both 1min traders and 5min traders will see this strong opportunity to buy the stock.

These are some of the most powerful setups.

A 5min ABCD pattern can also be very powerful, but the 1min chart will simply show a much longer period of consolidation, including a failed breakout at point B.

323

ABCD (1234) Flag Pattern

Helpful hint: This is a perfect example of multi-time frame alignment. It's a 5min bullflag and a 1min ABCD pattern.

324

ABCD (1234) Flag Pattern

Helpful hint: This is another perfect example of multi-time frame alignment. It's a 5min bullflag and a 1min ABCD pattern.

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325

ABCD (1234) Flag Pattern

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326

ABCD (1234) Flag Pattern

WARRIOR TRADING

327

ABCD (1234) Flag Pattern

WARRIOR TRADING

328

ABCD (1234) Flag Pattern

WARRIOR TRADING

329

ABCD (1234) Flag Pattern

WARRIOR TRADING

330

ABCD (1234) Flag Pattern

WARRIOR TRADING

331

ABCD (1234) Flag Pattern

WARRIOR TRADING

332

ABCD (1234) Flag Pattern

WARRIOR TRADING

333

ABCD (1234) Flag Pattern

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334

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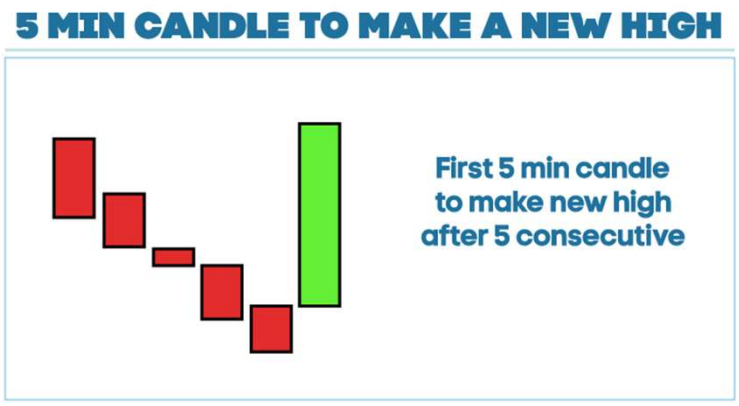
CHAPTER 5. INTRADAY CHART PATTERNS

PART 6: TOP AND BOTTOM REVERSALS

335

5. Top and Bottom Reversals



336

Top and Bottom Reversals

A Reversal Pattern has the following characteristics:

1) 3+ Red or Green Candles moving up/down sharply followed by…

2) A Doji Candle or a Topping Tail Candle

3) The first candle to make a new high/low is the confirmation of the reversal

337

Reversal Pattern

338

Reversal Pattern

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339

Steps you can take today

These are steps you can take today to trade the strongest patterns.

1) Focus on 5min chart time frames.

2) Only apply chart patterns to stocks with high relative volume.

3) Use the HOD scanners to find stocks squeezing up, then wait for first pullback opportunity for an entry.

4) Remember, these are only PATTERNS, these are not a strategy. In our class tomorrow, I'll show you the first strategy where I utilize these patterns.

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340