



## WARRIOR TRADING

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### CHAPTER 8. MOMENTUM TRADING STRATEGIES

INTRO TO MOMO

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## Momentum Trading Strategy

I love trading stocks gapping up and it's my go-to strategy for morning trades.

The Gap and Go strategy is a subset of the Momentum Strategy. Any stock gapping up has momentum. However, the Gap and Go strategy, applies to trading stocks gapping up in the first 15min of the day, and is the most consistent and easiest strategy I've developed.

Many of the examples we look at in this chapter, could have easily been included in the Gap and Go chapter, if the stock was a gapping stock. Some of the examples in this chapter were stocks gapping up, but after the first 15min of the "Gap and Go" strategy, they continued to provide Momentum setups. You will see a lot of overlap between Gap and Go and Momentum Strategies.

Also, once the Gap and Go trades are finished (usually by 9:45-10am), we start to look for momentum in the market anywhere we can find it. This means watching our Momentum Scanners.

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## Momentum (mid-day runner)



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## Momentum (mid-day runner)



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## What Creates Momentum?

Momentum is caused by an imbalance between Supply and Demand.

Extreme momentum and parabolic moves (when stocks go straight up) are extreme imbalances between supply and demand, and represent crowd mentality that every stock market experiences.

Whether it's a currency like Bitcoin, or the Real-Estate Market, investors and traders experience fear and greed, and what results are massive moves. Some of these moves last only hours, others last days, weeks, or even months.



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## When 1 stock is strong, many others follow!

It's very common when we see one stock start to take off on a parabolic move (100% or more), that other stocks will get added momentum. Sometimes these stocks will be in the same sector, similar daily chart setup, other times they are just of similar price.

What is this phenomenon all about?

Traders who missed Setup A, get aggressive (greed) on Setup B thinking since A ran, B will run too. Multiply this trading mentality across hundreds of thousands of day traders, and we start to see some incredibly exaggerated moves in the market. These imbalances offer opportunity for smart traders to profit.



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## How to Find Momentum?

We find Momentum trades on the HOD Momentum scanner. This is looking for stocks hitting new highs on high relative volume with a volume spike. Exactly the type of indicators of high retail trader interest.

We find Gap and Go with a Gap Scan, and Momentum Trades with the Momo Scanner.



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## Learning to Read Scanners

Learning to read the High of Day Scanners is critical for momentum trading.

### My Favorite Scans

- 1) "Massive Volume & Low Float" is a powerful scanner.
- 2) "Massive Volume \$1-10" is strong but doesn't have the float under 10mil shares.

M High of Day Momo Scanner									
Time	Symbol	Price (\$)	Vol Today (Shs)	Flt (Shr)	Vol 5 Min (Shs)	lockTwit Rel Averages	Strategy Name	Tod Rn %	
9.34	LBIX	3.01	113K	2.16M	177K	0.0	Massive Volume & Low Float	53	
9.34	LBIX	3.12	114K	2.16M	179K	0.0	Massive Volume & Low Float	60	
9.34	LBIX	2.99	97.5K	2.16M	152K	0.0	Massive Volume & Low Float	54	
9.34	LBIX	3.00	97.6K	2.16M	152K	0.0	Massive Volume & Low Float	54	
9.34	LBIX	2.98	96.1K	2.16M	150K	0.0	Massive Volume & Low Float	53	
9.34	VG	5.31	374K	189M	1.7K	3.8K	Medium Volume \$1-10	23	
9.33	VG	5.29	306K	189M	1.4K	3.5K	Medium Volume \$1-10	23	
9.33	VG	5.17	248K	189M	1.1K	3.5K	Medium Volume \$1-10	14	
9.32	INFI	1.46	2.19M	40.5M	6.1K	15K	Massive Volume \$1-10	17	



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## **Slide 557**

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**9      Update with our scanners**

Ross Cameron, 5/29/2020

## **Slide 558**

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**10     Update with our scanners**

Ross Cameron, 5/29/2020

## Momentum Example

Multiple 9ema Pull Back entries.

Also bull flag patterns.

These 9ema pull backs provide safe entries where you don't feel like you are chasing.



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## Momentum Example



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## Momentum Example



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## Momentum Trading Strategy Checklist

Time Frame: All Day, but Momentum is almost always best at in the first 1-2hrs of the day

Stock Type: Low Float Stock (under 50mil shares, parabolic stocks will be under 10mil shares)

Range Today: **Should already be up at least 10% or up at least 50% to be considered Parabolic**

Relative Volume: Must be at least 2x above average

Daily Chart: Price should be above the 9ema and with room to the 200ema, or well above the 200ema.

Requirements: Stock should have a Catalyst or be a former runner, but technical breakouts are okay.

Price Range: Price preferred between \$1.50-10.00, but applicable for all prices. Higher prices should be 5min patterns only.

Entry: Any of the setups we'll discuss today. Parabolic setups are also valid when the stock is up more than 50%.

How do you find stocks: Gap Scanners and Momentum Scanners

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## Parabolic Movers aka Momentum on Steroids

Parabolic Movers are stocks that basically go straight up. **In excess of 10% in 5min, and typically more than 50% in 1 day.** Sometimes we see this with stocks that go straight down, but more often, it's with stocks that are going up.

A typical momentum stock has the potential to go 20-30% in 1 day while a parabolic stock can go anywhere from 50-500% in 1 day!



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## Fast Breakout Trades on Momentum Stocks

Momentum stocks can have INCREDIBLE range. Meaning in less than a minute, they can spike up \$1.00 per share or drop \$1.00 per share. Using a breakout mentality has worked well for me quickly capture profit on the setups below, then adjusting stops to breakeven.

In order to take FAST breakout trades, you will need the following:

You need Hot Keys

You need to be good at reading Level 2 and Time & Sales

You have to willing to react quickly to the market

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## Momentum Trading Process

- 1) Find a stock on the Momo Scanners
- 2) Check the news and breakdown the daily chart for support/resist
- 3) Choose a potential entry based on one of the setups.
- 4) Now that I know the price I want to enter, I'm watching the Level 2 and Time & Sales to confirm a flow of buyers, and to confirm no big sellers on the ask. I'm watching the Level 2 when I enter the trade.
- 5) Once I'm in the trade I'm still watching the Level 2, but I also check back at the chart to keep checking the low of the last candle, that will continue to be my stop, unless I see an earlier exit indicator.
- 6) I'll start selling when I hit my first profit targets.



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## Order Entry Window

Entering via Order Entry Window, or simply using Hot Keys. I use Hot Key Shift+1 to buy 2500 shares with a Limit Order offset 5 cents above the Ask. This allows some slippage, but controllable.

I will sell ½ when I hit my first profit target (usually 20-30 cents vs a 10 cent stop).

Then I adjust my "mental" stop to breakeven. If the stock comes back to my original entry price, I'll sell the rest.



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## Exit Indicators for All Momentum Strategy Trades

**I will begin to sell if:**

- 1) I see Heavy Resistance on the Level 2 in the form of a big seller, I bail out by selling on the bid.
- 2) I stop seeing buying, and I'm just seeing a lot of selling on the Time & Sales, I bail out by selling on the bid.
- 3) If my first profit target has touched, I sell half by selling on the Ask , and adjust stop to breakeven for remainder.
- 4) If 2<sup>nd</sup> or 3<sup>rd</sup> profit targets are hit, I continue to sell small pieces on the Ask.
- 5) If my entry is on the 5min chart, typically I will sell on the first red candle on the 5min chart, unless I'm already up so much that I can afford to hold through the pullback.



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## Breakout or Bailout

If it doesn't start working in the first 5min of entering the trade, I often just bail out breakeven. I expect immediate resolution from these patterns!



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## Live Trading Examples

During this Chapter I'll show several Live Trading Examples.

I will continue to upload live trading examples specifically to this chapter, and to our Live Trading Archives. You can continue to check out the latest examples as long as you continue to remain a member of the Warrior Pro Courses.



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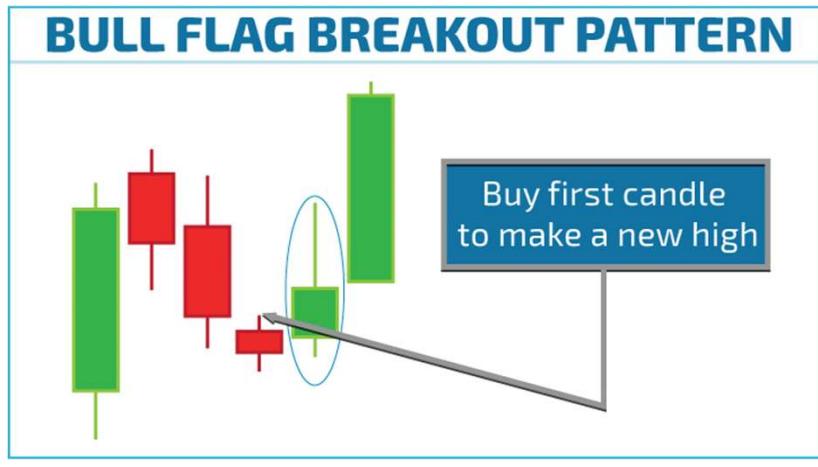
## WARRIOR TRADING

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LONG SETUP 1: THE 1<sup>ST</sup> AND 2<sup>ND</sup> PULLBACK SETUP

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## Long Setup 1. The 1<sup>st</sup> & 2<sup>nd</sup> Pullback Setups



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## The Bull Flag/ Flat Top Setup

The Bull Flag / Flat Top Setup is a Momentum Trading Strategy chart pattern

**Entry:** Buying the first candle to make a new high after at least 1 red candle, but preferably 2 or 3. Often the strongest first pullbacks are directly after a fresh 5min breakout of a bull flag or ABCD pattern, or right at the open.

**Target:** Target is always a re-test of the high of day, however, depending on how far the flag pulled back, there may be risk for a double top.

**Risk Factors:** False Breakouts & Double Top resistance. If a flag pattern has retraced more than 50% of the move it's no longer valid.

**Stop Loss:** Low of last 5min candle, or arbitrary 5-10-20 cents. Letting it go more than 20 cents against me is not good, it's rare it would turn into a winner.

**Notes:** In a strong market I'll double for the high of day break, and in the case of parabolic stocks, I'll look for possible circuit breaker halts.

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## Bull Flag with 1/2 & Whole dollar breaks



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## Bull Flag with 1/2 & Whole dollar breaks, and MA pullbacks



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## Bull Flags and Flat Tops



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## Bull Flags



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## Bull Flags



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## Live Trade: 5min Bull Flag

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## Live Trade: First 1min Pullback

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## Live Trade: NNDM Flat Top Flag Pattern then Bull Flag Pattern

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## Live Trade: Buying 1st Bull Flag

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## Live Trade \$DDE Flat Top Breakout

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## Live Trade Flat Top Breakout

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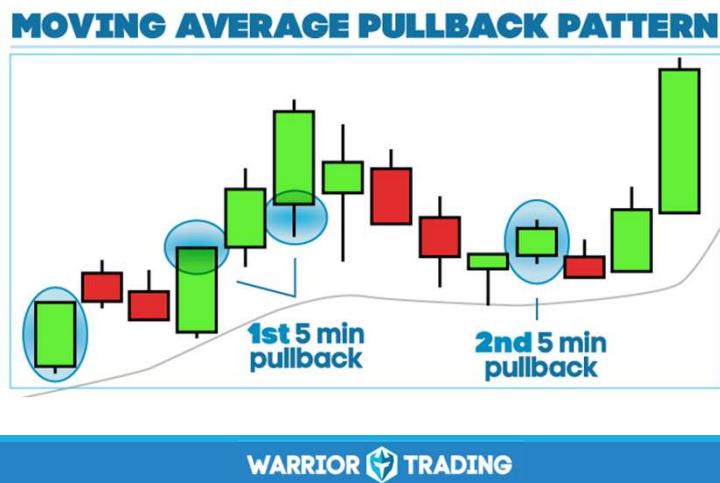
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LONG SETUP 2: THE MOVING AVERAGE PULLBACK aka "BOUNCE OFF \_\_" (9ema, 20ema, VWAP)

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## Long Setup 2. Moving Average Pullback aka "Bounce off \_\_" (9ema, 20ema, VWAP)



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## The MA Pullback Setup

**Entry:** This can be tricky. Entry usually around  $\frac{1}{2}$  or whole dollars after curl above MA. The first candle to make a new high is no longer valid because by the time we're looking at a MA pullback, the first candle typically already made a new high and failed.

**Target:** Target is always a move back to high of day.

**Risk Factors:** Weakness is shown by the fact that the stock returned all the way to the moving average instead of continued immediately. However, this can trap short sellers if it does begin to move back up.

**Stop Loss:** Low of last 5min candle, or arbitrary 5-10-20 cents. Profit Target: 10-20-40 cents.

**Notes:** This is a good strategy to take a starter, and then double over high of day.

This strategy can work well when a stock has been consolidating around moving averages through lunch then breakout in the afternoon.

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## Moving Average Pullbacks



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## Moving Average Pullback



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## Moving Average Pullback



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## Momentum (shorting)



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## Momentum (shorting)



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## Live Trade: Bounce off VWAP Setup PIXY #1

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## Live Trade: Bounce off VWAP Setup PIXY #2

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## Live Trade: Bounce off VWAP Setup SNOA

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## Live Trade: Bounce off VWAP Setup CHK

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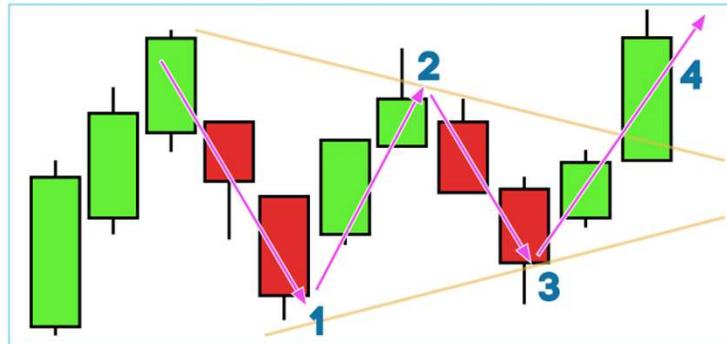
LONG SETUP 3: THE ABCD (1234) SETUP

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## Long Setup 3. The 1234 setup

More commonly known as the ABCD setup

### THE 1234 FLAG PATTERN



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## ABCD Setup

**Entry:** When the price breaks over Point 2 (B) of the Pattern.

**Target:** Target is always a retest of high of day.

**Risk Factor:** The fact that the stock first formed a Bull Flag pattern, and then failed, is weakness. However, it could have trapped early short sellers who will likely cover over point B, and then certainly over high of day.

**Stop Loss:** Low of last 5min candle, or arbitrary 5-10-20 cents. Profit Target: 10-20-40 cents.

**Notes:** I like to see consolidation above the 9ema. Sometimes this pattern isn't picture perfect, they continue flagging and turn into a MA breakout setup.

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## ABCD Setup



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## ABCD Flag Pattern



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## ABCD Flag Pattern



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## ABCD Flag Pattern



\* Results are self submitted by students and have not been independently verified.

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## Live Trade: CAPR

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## Live Trade: ABCD Flag Pattern

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## **Live Trade:** 1min ABCD Flag Pattern but extended and then fails

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## **Live Trade:** ABCD Flag Pattern 1min

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## Live Trade: ABCD Flag Pattern on \$KOSS

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## Live Trade: 1min ABCD Flag Pattern

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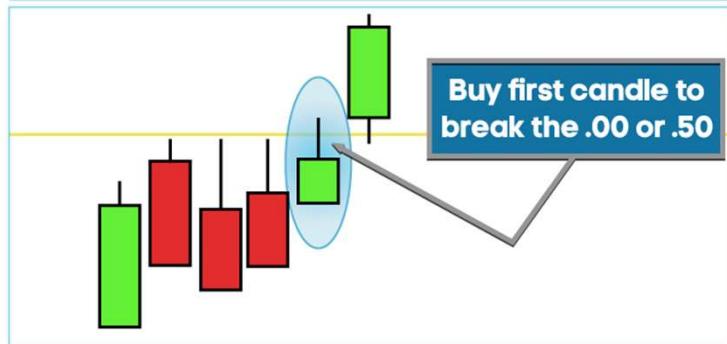
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LONG SETUP 4: THE HALF & WHOLE DOLLAR BREAKOUT

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### Long Setup 4. Whole & ½ Dollar Entries

#### WHOLE DOLLAR & HALF DOLLAR ENTRIES



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## The Whole Dollar & ½ Dollar Setup

**Entry:** At ½ or whole dollar. Sometimes I will buy at 4.90, expecting 5.00 breakout.

**Stop Loss:** Always use 10 cent stop on these trades since profit targets are smaller.

**Target:** Target is high of day, or if the stock is already at high of day, target is the next .25, .50, .75 or .00. Roughly 15-25 cent breakout over the entry.

**Risk Factors:** This is a strategy that DOES NOT work in a slow market. But in a strong market where FOMO is strong and the feeding frenzy is active, half and whole dollars are good entries.

**Notes:** Remember that this is also where short sellers will place their stops (just as long traders place stocks near ½ and whole dollars). That creates an extra surge of volume through the breakout.

This strategy does require closely watching the Level 2 and time and sales to confirm the surge of buying is coming in as the breakout price approaches.

This works best on stocks that have particularly big ranges, and is an especially good strategy for Parabolic Stocks.



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## ½ Dollar Break Micro 1min Pullback



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## Whole Dollar Break micro 1min pullback



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## Whole Dollar Break micro 1min pullback



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## Whole Dollar, Half Dollar, Halt, 1<sup>st</sup> an 2<sup>nd</sup> pullback



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## Live Trade - \$GBR \$4.00 Whole Dollar Breakout

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## **Live Trade - Buying 1st candle to make a new high**

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## **Live Trade - \$KBSF Squeeze and Halt**

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## **Live Trade – ½ dollar breakout with a 60k Seller**

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## **Live Trade – ½ dollar breakout on SNOA**

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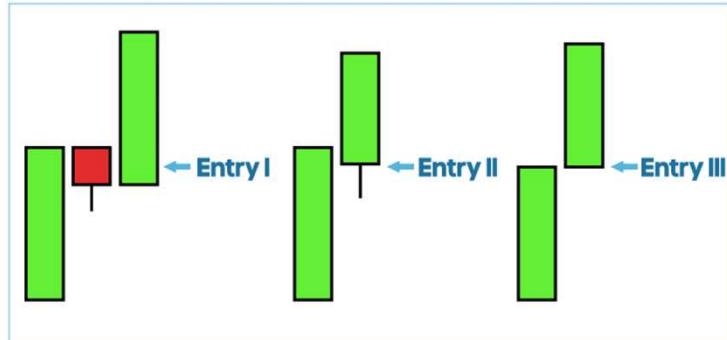
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LONG SETUP 5: THE MICRO PULLBACK

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### 5. Micro Pullbacks

#### MICRO PULLBACKS



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## Micro Pullback Setup

**Entry:** The entry can be within 1 min candle, as the stock dips down, and surges back up. This is an aggressive entry. Some of the BEST Micro Pullbacks and first 1min candles to make a new high, are in the context of either the first pullback after a fresh 5min breakout (5min bull flag or ABCD pattern), or directly after the open, or directly after breaking news.

**Target:** Target is a retest of high of day, and potential squeeze into a halt.

**Risk Factors:** This is an aggressive entry, false breakouts are not uncommon.

**Stop Loss:** Stop can be low of last 1min candle, or arbitrary stops at 5-10-20 cents. Profit Target: 10-20-40 cents.

**Notes:** This is the most common setup for parabolic stocks. They are moving so quickly they often don't pullback for more than a few minutes before surging back up.



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## Micro 1min Pullback



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## Micro pullback before 50% Squeeze



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## Micro pullback before 20% Squeeze



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## Micro pullback before 30% Squeeze (barely noticeable on 1min)



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## Micro pullback before 30% Squeeze (Close up on 30sec chart)



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## Great Micro Pullback after Fresh 5min Breakout



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## \$DFFN Gap and Go into a Circuit Breaker Halt



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## Live Trading: Micro Pullback then Halt

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## Live Trading: Micro Pullback after break of VWAP on WAFU

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## Slide 631

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11 Need to add live trading examples here

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**Live Trading:** False Breakout on Micro Pullback (still profitable due to quick sell over ½ dollar)

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LONG SETUP 6: BUYING A BREAK OF HIGH OF DAY

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## Long Setup 6. Buying Break of High of Day



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## Buying a Break of High of Day Setup

**Entry:** Entry is at high of day, as the stock curls back up after having been below high of day for at least a few minutes.

**Target:** Target is a squeeze to the next resistance point either on the daily or ½ or whole dollar. Possible halts.

**Risk Factors:** Risk of a double top if the stock suddenly squeezed up, but short covering should fuel buying through the breakout point.

**Stop Loss:** Stop can be low of last 1min candle, or arbitrary stops at 5-10-20 cents. Profit Target: 10-20-40 cents.

**Notes:** This setup capitalizes on early short sellers covering through high of day.

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## High of Day Breakout Example



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## High of Day Breakout Example



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## High of Day Breakout Example



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## Live Trade High of Day Breakout Example

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## Live Trade High of Day Breakout Example

Slightly higher priced stock, buying to anticipate break through the high of the recent move, and looking for a retest of high of day.



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LONG SETUP 7: CONTINUATION

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## Long Setup 7. Continuation, Break of Previous Day's High or Pre-Market Highs



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## 2<sup>nd</sup> Day Continuation Setup

**Entry:** Entry is based on the previous days high, or just below anticipating a break. Alternative entries can be red to green, first pullback, or buying into or out of halts, or micro pullbacks.

**Target:** Continuation should give 20-30 cents if the stock was parabolic in the previous day.

**Risk Factors:** Risk is that if the original parabolic move wasn't based on credible news, short sellers will be more aggressive.

**Stop Loss:** Stop can be low of last 1min candle, or arbitrary stops at 5-10-20 cents. Profit Target: 10-20-40 cents.

**Notes:** Short squeeze potential, FOMO, feeding frenzy, etc.

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## 2<sup>nd</sup> day Continuation

\$EYES is a former runner with a history of making huge moves.

This recent run started with intraday breaking news.

Anytime it's gapping up it's on close watch for a breakout.



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## 2<sup>nd</sup> day Continuation



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## 2<sup>nd</sup> day Continuation



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## 2<sup>nd</sup> day Continuation pre-market, then fail



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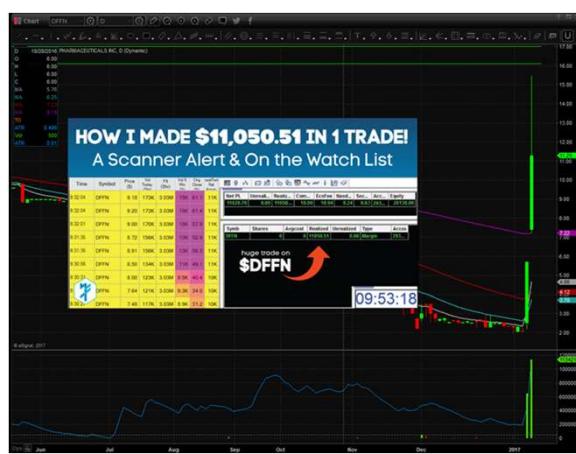
## 2<sup>nd</sup> day Continuation



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## Parabolic Movers (2 days of momentum)



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## Parabolic Movers (2 days of momentum)

Major Stake by billionaire Health Care hedge fund Baker Brothers. This came in combination with fundamental news from the company.

This move started as a Gap and Go trade



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## Parabolic Movers (2 days of momentum)



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## Parabolic Movers (3 days of momentum)



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## Parabolic Movers (AQXP Former Runner Status)

Anytime \$AQXP reports mildly good news, the stock pops up substantially as investors think maybe it will make a big squeeze again.

\$AQXP round 2. Another strong day since at this point, it was a "former runner"

Notice the 5min chart, over \$14.00 the squeeze to \$16+



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## Parabolic Movers (3 days of momentum)

Martin Shkreli reports majority stake in \$KIBO. The last company he ran produced an AIDS drug. He increased the price by 5000 percent—from \$13.50 to \$750 a tablet.

The company eventually filed for bankruptcy.



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## Parabolic Movers (5+ Days of Momentum)

\$LAKE makes Bio Hazard suits.

During the Ebola crisis, the demand for their suits went up dramatically which was good for business.

During headlines of Ebola scares in the following weeks/months the stock would spike up again.

This resulted in Sympathy Momentum in several other stocks.



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## Parabolic Movers (7+ days of momentum)

\$DGLY was surging up during the police shootings and protests in the US during 2014. There was rumor that all police officers may be required to wear body cameras. \$DGLY makes these. \$TASR does as well, but that stock didn't move as quickly.



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## Parabolic Movers (7 Days of Momentum)

\$EYES is a medical company that performed one of the first successful human eye transplants.



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## Parabolic Movers (14+ Days of momentum)

\$VLTC surged up on news of a billionaire investor taking a large stake. This resulted in speculation about why he made the investment and traders scrambled to get a piece of the action



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## Continuation Example



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## Continuation Example



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## Continuation Example



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## Continuation Example



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## Continuation Example



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## Continuation Example



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## Continuation Example



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## Continuation Example



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## Live Trade: Buying \$RKDA for continuation

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##### LONG SETUP 8: BUYING INTO OR OUT OF A HALT

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## Long Setup 8. Buying into a Halt or Out of Halt



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## Buying into a Halt Setup

**Entry:** Entry is typically as the stock is surging up if it's up 8-10%, going crazy, taking a starter position anticipating a halt. I add every 25 cents if the stock is squeezing up.

**Target:** Target is that if the stock is halted the stock opens 5% higher or more.

**Risk Factors:** Risk of the stock not halting and then I've just bought very high, which is why I start with smaller size and then keep adding. Risk of **FALSE HALTS**.

**Stop Loss:** Stop can be low of last 1min candle, or arbitrary stops at 5-10-20 cents. Profit Target: 10-20-40 cents.

**Notes:** Short squeeze potential, FOMO, feeding crazy, etc.



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## Buying into a Halt Example



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## Live Trade: Buying into a Halt \$CALI

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## Live Trade: False Halt on \$MTSL

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## Live Trade: Breakout coming out of a Halt \$MDGS



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## Live Trading: Halt Trading Gone Wrong - Managing a Big Surprise

I sold  $\frac{1}{2}$  into profit, and held the rest through a big loss, but added off the lows and sold coming back up, reducing the loss vs a panic reaction.

Selling  $\frac{1}{2}$  was important because it gave me an ability to add back on a dip (in this case a huge dip)

Remember, volatility = opportunity!



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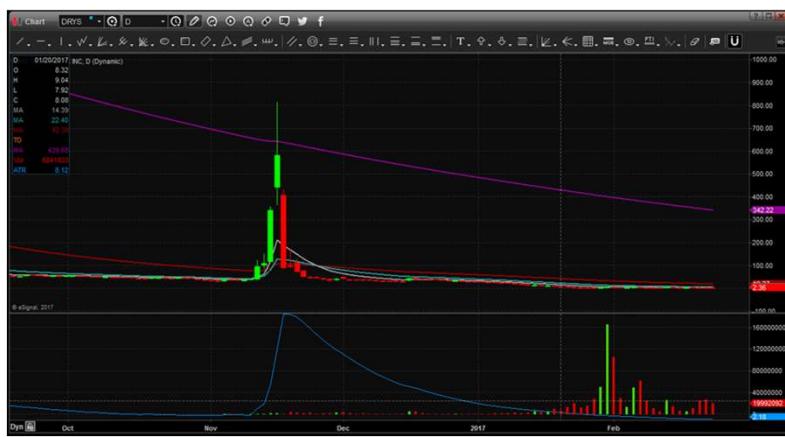

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**LONG SETUP 9: PARABOLIC SQUEEZES**

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## Long Setup 9. Parabolic Squeezes



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## Parabolic Squeeze Setup

**Entry:** Entry is any momentum setup applied to a stock up 50% and squeezing in 25-50 cent bursts.

**Target:** Target is a quick 50 cents - \$1.00 per share per trade and holding into halts.

**Risk Factors:** Risk of the stock not halting and then I've just bought very high, which is why I start with smaller size and then keep adding.

**Stop Loss:** Stop can be low of last 1min candle, or arbitrary stops at 5-10-20 cents. Profit Target: 10-20-40 cents.

**Notes:** Short squeeze potential, FOMO, feeding frenzy, etc.

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## Sympathy Momentum GLBS - Shipping Stock



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## Sympathy Momentum ESEA - Shipping Stock



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## Sympathy Momentum DCIX - Shipping Stock



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## Sympathy Momentum TOPS - Shipping Stock



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## Parabolic Momentum CADC - Chinese Stock



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## Sympathy Momentum YECO - Chinese Stock



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## Sympathy Momentum CNET - Chinese Stock



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## Parabolic Momentum IMTE - Recent IPO



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## Sympathy Momentum BOXL - Recent IPO



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## Parabolic Gap and Go PHUN



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## Parabolic Gap and Go PHUN



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## Parabolic Gap and Go PIXY



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## Parabolic Gap and Go PECK



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## Parabolic Momentum on SES

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# WARRIOR TRADING

CHAPTER 8. MOMENTUM TRADING STRATEGIES

LONG SETUP 10: BREAKING NEWS & IPO'S

694

## Long Setup 10. Breaking News & IPO's

Breaking news mid-day that causes a stock to spike 10%+ and IPO's can create mid-day volatility that momentum traders look for.

Good Catalysts: Activist Investors Taking a Stake, Citron Research Reports, Adam F. Articles, FDA, SEC, Government announcements, Legal action

Bad Catalysts: Takeover chatter (this is so vague, and rarely legitimate).



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## Breaking News & IPO Setups

**Entry:** Could by any of the patterns already discussed, but most frequently half dollars/ whole dollars, or micro pullbacks.

**Stop Loss:** Low of last 5min or 1min candle, or arbitrary 5-10-20 cents. Profit Target: 10-20-40 cents.

**Target:** Potential target is 5-10% since these stocks are often moving quickly

**Risk Factors:** Trading breaking news and IPO's can be extremely risky and they can change directions quickly. It encourages hovering over the sell button and bailing at the first sign of weakness. Can you confirm the source of breaking news? Is the news legitimate?

**Notes:** In the past year I've traded breaking news and IPO's less and less. They are volatile, but not predictable.



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## IPO



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## \$GBT Breaking News & Circuit Breaker Halt



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## \$MBLY Breaking News Short



Short on Citron Tweet

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## \$MNST Breaking News Short



Short on Citron Tweet

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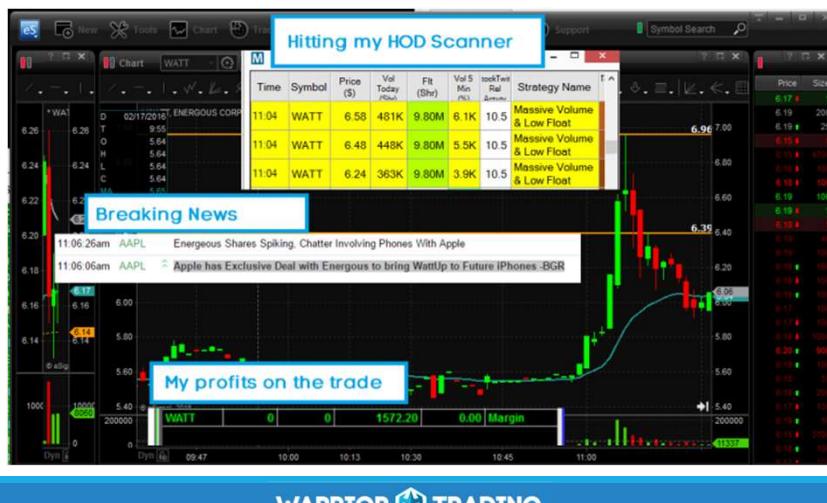
700

## \$WATT Breaking News on Apple Rumors



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## \$WATT Breaking News on Apple Rumors



702

## Buyout Headline that ends up not being real...



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## Live Trade: \$LYFT IPO

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## Live Trade: Breaking News on \$FIT (buyout rumor)

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CHAPTER 8. MOMENTUM TRADING STRATEGIES

PART 11: REVERSE SPLIT SETUP

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## Stock Splits

A Traditional Stock Split: 1000 shares of a \$700 price stock 10:1 split - Will be 10,000 shares priced at \$70.

A Reverse Split 1000 shares of a 70 cent stock 10:1 split – Will be 100 shares priced at \$7.00.



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## Why do Reverse Splits exist?

There are listing requirements to keep the price of your stock above \$1.00. If the stock falls below \$1.00, a Reverse Split may be the only option to regain compliance.



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## Reverse Split Reduces Float

A 10:1 reverse split, reduces the float by the same ratio of the split. A stock that previously had a 10mil share float, will now have a 1mil share float after a 10:1 split.



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## Reverse Splits and News Come Hand in Hand

Since a company is trying to regain compliance, it's very common that after the reverse split positive news will be released to encourage investors to take positions.

The combination of reduced float, plus a catalyst event, can create the reverse stock split squeeze.



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## Reverse Splits Daily Charts

The ideal Reverse Split Setups will have a clean daily chart, meaning lots of room to the 200ema. Typically these stocks are weak (otherwise they wouldn't need to do a reverse split), but we prefer to see a long period of consolidation versus a recent big drop.



711

## Reverse Splits Setup

**Entry:** Entry will be based on any of the Momentum or Parabolic Momentum Setups

**Target:** For reverse splits I usually set aggressive targets of 25-50 cents, sometimes even more.

**Risk Factors:** Biggest risk factor is false breakouts and a drop back down.

**Stop Loss:** I typically give 20-30 cents of room.

**Notes:** We often see Reverse Split stocks become popular, and in a matter of days 5-6 might make big moves. Then they become quiet again.

Reverse splits can become Parabolic Stocks in a strong market.



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## Reverse Split Example



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## Reverse Split Example



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## Reverse Split Example



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## Reverse Split Example



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## Reverse Split Example



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## Reverse Split Example



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## Reverse Split Example



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## Reverse Split Example



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## Reverse Split Example



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## Reverse Split Example



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## **Live Trading: Reverse Split Squeeze \$8 to \$15**

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# **WARRIOR TRADING**

**CHAPTER 8. MOMENTUM TRADING STRATEGIES**

**PART 12: RECENT IPO BREAKOUT**

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## Recent IPO Setup

When stocks IPO on the initial IPO day they often sell off. Whether it's from insiders selling shares or simply because the IPO price is seen as too high, this will present a breakout opportunity in 3-6 months.



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## Recent IPO Breakout

Sometimes triggered purely by a technical breakout, although other times by news, the price we are watching are all time highs.

If the stock breaks above all time highs, there is no resistance.

Since there aren't many recent IPO's that fit within our \$1-20 price range, this isn't the most common setup.



726

## Recent IPO Breakout

**Entry:** Entry is based on any Momentum Strategy

**Target:** Target is typically aggressive with Halt potential.

**Risk Factors:** Biggest risk factor is that recent IPO stocks aren't well known, their trading behavior can be choppy.

**Stop Loss:** Stop losses are a big bigger, 20-30 cents.

**Notes:** These can become parabolic stocks.

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## Recent IPO Breakout Setup



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## Recent IPO Breakout Setup



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## Recent IPO Breakout Setup



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## Recent IPO Breakout Setup



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## Recent IPO Breakout Setup



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## Recent IPO Breakout Setup



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## Recent IPO Breakout Setup



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## Recent IPO Breakout Setup

Time	Symbol	Price (\$)	Vol Today (Ks)	Ft (\$Mk)	Vol 5 Min (Ks)	Chg Close (%)	lastRef	Strategy Name	Today's PnL (%)	Ref Val
1:20:12 PM 5/2/2018	BOXL	5.60	95.8K	1.30M	138K	47.5	2.9K	Massive Volume & Low Float	562	55.3
1:20:12 PM 5/2/2018	BOXL	5.50	93.8K	1.30M	118K	44.6	2.9K	Massive Volume & Low Float	531	54.1
1:19:00 PM 5/2/2018	BOXL	5.40	88.3K	1.30M	77K	42.0	2.5K	Massive Volume & Low Float	500	51.0
1:18:56 PM 5/2/2018	IMTE	27.60	1.37K	238.4K	680K	1.2%	1.2K	Massive Volume \$10+	11K	2.0K
1:18:55 PM 5/2/2018	IMTE	27.50	1.37K	238.4K	680K	1.2%	1.2K	Massive Volume \$10+	1.7K	2.0K
1:18:55 PM 5/2/2018	IMTE	27.20	1.37K	238.4K	681K	1.2%	1.2K	Massive Volume \$10+	1.1K	2.0K
1:18:26 PM 5/2/2018	IMTE	27.14	1.36K	238.4K	594K	1.3%	1.3K	Massive Volume \$10+	1.1K	1.9K
1:18:21 PM 5/2/2018	IMTE	26.43	1.35K	238.4K	596K	1.2%	1.2K	Massive Volume \$10+	10K	1.9K
1:17:58 PM 5/2/2018	IMTE	26.39	1.34K	238.4K	603K	1.2%	1.2K	Massive Volume \$10+	10K	1.9K
1:17:57 PM 5/2/2018	IMTE	26.00	1.34K	238.4K	601K	1.2%	1.2K	Massive Volume \$10+	10K	1.9K
1:17:57 PM 5/2/2018	IMTE	25.96	1.34K	238.4K	601K	1.2%	1.2K	Massive Volume \$10+	10K	1.9K
1:17:56 PM 5/2/2018	IMTE	25.85	1.34K	238.4K	600K	1.2%	1.2K	Massive Volume \$10+	10K	1.9K
1:17:56 PM 5/2/2018	IMTE	25.80	1.34K	238.4K	599K	1.2%	1.2K	Massive Volume \$10+	10K	1.9K
1:17:56 PM 5/2/2018	IMTE	25.66	1.34K	238.4K	597K	1.2%	1.2K	Massive Volume \$10+	10K	1.9K
1:17:55 PM 5/2/2018	IMTE	25.61	1.34K	238.4K	595K	1.2%	1.2K	Massive Volume \$10+	10K	1.9K
1:17:46 PM 5/2/2018	IMTE	25.50	1.33K	238.4K	587K	1.2%	1.2K	Massive Volume \$10+	9.9K	1.9K
1:17:43 PM 5/2/2018	IMTE	25.49	1.33K	238.4K	549K	1.2%	1.2K	Massive Volume \$10+	9.9K	1.9K
1:17:40 PM 5/2/2018	IMTE	25.48	1.33K	238.4K	544K	1.2%	1.2K	Massive Volume \$10+	9.9K	1.9K
1:17:39 PM 5/2/2018	IMTE	25.48	1.33K	238.4K	539K	1.2%	1.2K	Massive Volume \$10+	9.9K	1.9K
1:17:39 PM 5/2/2018	IMTE	25.48	1.33K	238.4K	538K	1.2%	1.2K	Massive Volume \$10+	9.9K	1.9K
1:17:29 PM 5/2/2018	IMTE	25.00	1.33K	238.4K	529K	1.2%	1.2K	Massive Volume \$10+	9.7K	1.9K
1:17:29 PM 5/2/2018	IMTE	24.99	1.33K	238.4K	516K	1.1%	1.1K	Massive Volume \$10+	9.7K	1.9K
1:17:27 PM 5/2/2018	IMTE	24.83	1.33K	238.4K	516K	1.1%	1.1K	Massive Volume \$10+	9.7K	1.9K
1:17:03 PM 5/2/2018	IMTE	24.76	1.31K	238.4K	506K	1.0%	1.0K	Massive Volume \$10+	9.6K	1.9K
1:17:03 PM 5/2/2018	IMTE	24.66	1.31K	238.4K	484K	1.0%	1.0K	Massive Volume \$10+	9.6K	1.9K
1:17:02 PM 5/2/2018	IMTE	24.61	1.31K	238.4K	486K	1.0%	1.0K	Massive Volume \$10+	9.6K	1.9K
1:17:02 PM 5/2/2018	IMTE	24.40	1.31K	238.4K	487K	1.0%	1.0K	Massive Volume \$10+	9.5K	1.9K
1:17:01 PM 5/2/2018	IMTE	24.00	1.31K	238.4K	488K	1.0%	1.0K	Massive Volume \$10+	9.3K	1.9K
1:17:01 PM 5/2/2018	IMTE	23.79	1.31K	238.4K	483K	1.0%	1.0K	Massive Volume \$10+	9.2K	1.9K
1:16:46 PM 5/2/2018	IMTE	23.78	1.31K	238.4K	489K	1.0%	1.0K	Massive Volume \$10+	9.2K	1.9K
1:16:40 PM 5/2/2018	IMTE	23.75	1.30M	238.4K	485K	1.0%	1.0K	Massive Volume \$10+	9.2K	1.9K

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CHAPTER 8. MOMENTUM TRADING STRATEGIES

PART 13: VWAP BREAKOUT

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## VWAP Breakout Setup

The VWAP Breakout Setup is a specific type of Red/Green setup. The VWAP is often considered a support/resistance level. As a stock curls up to the VWAP, if it cannot break it, short sellers often take positions and set stops just above VWAP.

However, if it does break the VWAP, on a 1min retest, I want to see it hold that level, then I take my position with a stop just below VWAP. These can be powerful setups as the stock swings from red to green.



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## VWAP Breakout Setup

**Entry:** Entry should not be BELOW VWAP, but just after the stock has broken VWAP and proved it can hold that level. That's typically going to be the first 1min pullback after a fresh breakout. Buying below VWAP to anticipate the breakout is risky, sometimes it's worth it, but it's risky.

**Target:** Target is typically aggressive with Halt potential. First target is always a re-test of high of day.

**Risk Factors:** Biggest risk factor is that the early weakness shows there has been an imbalance to the sell side, short sellers may line up and bring it back below VWAP.

**Stop Loss:** Stop losses can be relatively tight, just below VWAP.

**Notes:** These can become parabolic stocks when it occurs on a low float stock.



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## VWAP Breakout Setup (buying 1st 1min pullback)



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## VWAP Breakout Setup



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## VWAP Breakout Setup



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## VWAP Breakout Setup



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## VWAP Breakout Setup



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## VWAP Breakout Setup



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## VWAP Breakout Setup FAIL (Couldn't Break)



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## Live Trades: Break of VWAP on APDN

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## Slide 745

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12 Possibly replace with chart that doesn't have TAS

Ross Cameron, 5/17/2020

## Live Trades: VWAP Breakout PIXY

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## Live Trades: Break of VWAP on SRNE

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## **Live Trades:** Two Break of VWAP trades on ESEA and MRSN

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## **Live Trades:** Break of VWAP on ADAP

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## Live Trades: Break of VWAP

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# WARRIOR TRADING

CHAPTER 8. MOMENTUM TRADING STRATEGIES

PART 14: DIP BUY (on flush/washout/panic selling)

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## Dip Buy (on flush/washout/panic selling) Setup

My first dip buys were during the 35% market crash of March 2020, when I started buying stocks above to be halted going down, or just after halts going down if they showed strength, noticing some HUGE whips that created an almost INSTANT winners. I then began applying this dip strategy to less extreme examples.

While this setup is similar to a bottom bounce reversal setup, a bottom bounce is typically a setup we look at when stocks are at the bottom. In other words, at low of day.

A Panic Selloff Dip Buy setup can occur while a stock is extremely strong, but just has a momentary panic drop then pops right back up.

This is a complex setup, and will likely be one of the last you'll master as a momentum trader. It requires a strong understanding of Level 2 and technical levels. These skills help you understand potential bounce spots and signs of strength coming back in.



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## Dip Buy Setup

**Entry:** Entry is just after a quick panic sell off, a quick drop from the highs. This setup is specific to a momentum stock, so the stock should have already been up 10%+. Entry can be 9ema, VWAP, or near a half or whole dollar.

**Target:** Target is typically a bounce ½ way back to the highs.

**Risk Factors:** Biggest risk factor is that you are literally buying a stock dropping, if you are too early, you'll immediately get stopped out. That's why I start with small size in case I'm early.

**Stop Loss:** Stop losses are a big bigger, typically 25-50 cents on parabolic stocks.

**Notes:** This setup works best on parabolic stocks with big range.



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## How do I know when to buy?

The tape should be red, and dropping on high volume, often the moment I see a green print I'll press the buy button, knowing short sellers will likely cover and it will start to bounce. Stop is at the low.



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## When do I AVOID buying dips

When a stock is dropping due to breaking news. If a stock drops, and halts going down on news, it can open substantially lower. This is going to have a poor profit loss ratio.

If a stock is dropping due to simply panic, and is still trending up, even if it halts going down, it's still worth watching for a bounce, as long as it's not a breaking news related drop.

The best time to trade a dip is when a stock is still generally strong (above VWAP).



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## Dip Buy Setup



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## Dip Buy Setup: CAPR (5min chart)



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## Dip Buy Setup: CAPR dips to support



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## Dip Buy Setup: CAPR high volume flushes



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## Dip Buy Setup: CAPR massive panic drop



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## Dip Buy Setup: CAPR break of support and washout



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## Dip Buy Setup: Buying dips to 200ema on 5min



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## Dip Buy Setup: Buying dips



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## Dip Buy Setup



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## Dip Buy Setup



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## Huge Panic Sell Off



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## Live Trading: False Halt, risky trade

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## Live Trading: PIXY False Halt

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## Live Trading: False Halt then rip back to highs

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WARRIOR ⚡ TRADING

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## **Live Trading: Caught in Halt going DOWN JFIN**



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## **Live Trade: Bounce after halt going down**

Typically halts going down open lower, this one opened flat, which made me think it would bounce!

When a halt going down opens flat, I like to go long.

When a halt going up opens flat, I often think short (but primarily if there have already been 1-2-3 halts going up that gapped).



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## **Live Trade:** Bounce out of Down Halt \$DARE

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## **Live Trading:** Quick flush then pop off the lows

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## Live Trading: Quick Dip Trade on Flush

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## Live Trading: 2 Dip Trade on panic sell off

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## Live Trading: Dip Trades on SNDX

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## Live Trading: ACY Out of Halt then Drop

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## **Live Trading: Dip Trades on ESEA**

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## **Live Trading: Dip Trade off the Half Dollar ESEA**

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## Live Trading: Dip Trade up to 10k shares

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## Live Trading: PIXY Advanced Dip Trading

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