

JTR

SWING TRADING SYSTEM

A Complete Guide to Systematic Swing Trading

27.4%

Avg Annual Return

10/11

Winning Years

55%

Win Rate

1.94x

Profit Factor

What is Swing Trading?

Capturing short-term price "swings" — holding for 5 to 30 days

Day Trading
Minutes to Hours

Swing Trading
5 — 30 Days

Investing
Months to Years

No Screen Watching



Decisions after market hours using EOD data

Clear Risk Limits



Every trade has entry, stop-loss, and target

Part-Time Friendly



Can be done alongside a full-time job

Systematic Rules



No emotional decisions — follow the strategy

Trending vs Rangebound Markets

Markets move in two modes — the JTR system has strategies for both

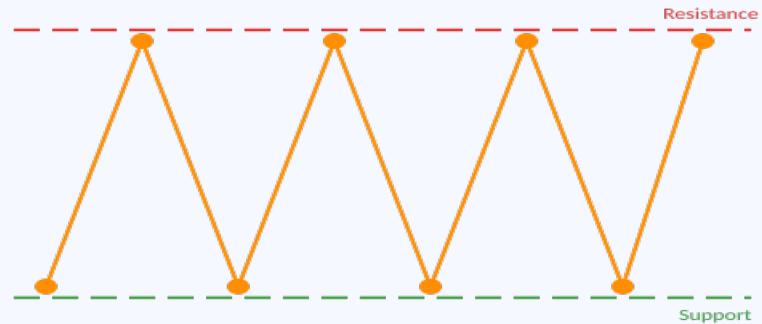
UPTREND



Higher highs + Higher lows

Like climbing stairs — momentum is on your side

RANGEBOUND



Bounces between ceiling and floor

Gains are smaller but support bounces work well

What is a Trading Strategy?

A set of rules — not a gut feeling. Without a strategy, you're gambling.



When to Buy

Entry Signal



When to Take Profit

Exit / Target



When to Cut Losses

Stop-Loss

The Math That Matters

55 wins × ₹8,000 = ₹4,40,000

45 losses × ₹5,000 = ₹2,25,000

Net P&L = ₹2,15,000 profit

(100 trades at ₹2L each, 55% win rate)



Key Insight

You don't need to be right most of the time. A 50% win rate with 1.6x reward/risk is very profitable. Cut losses short, let winners run.

Entry, Exit & Stop-Loss

The three pillars of every trade — never enter without knowing all three



Good Entry

- Near support level (proven floor)
- Green candle (buyers winning)
- No gap-down (no panic selling)



Bad Entry

- "Stock fell a lot" — no setup
- Buying without a stop-loss
- Catching a falling knife

Stop-Loss: Your Insurance Policy

Entry: ₹1,000

Stop-Loss: ₹950 (-5%)

Golden Rule:

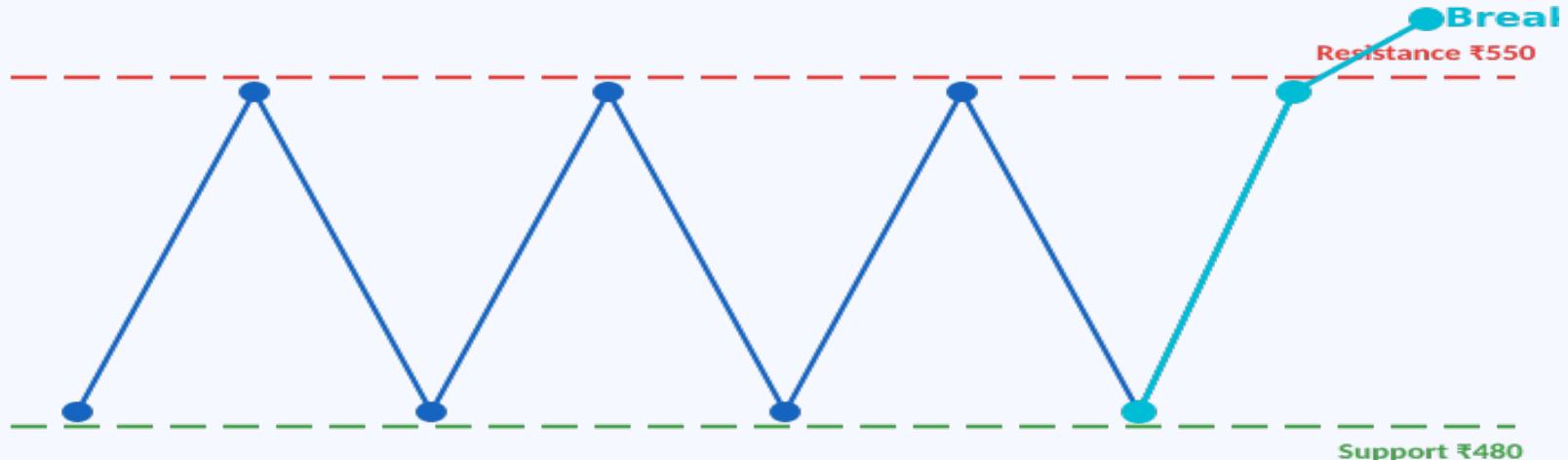
Always know your stop-loss BEFORE you enter.

Without SL: 5% dip → 20-30% loss

With SL: 5% max loss, capital preserved

Support & Resistance

The floor and ceiling of price action — your roadmap for entries and exits



Buy near support = small risk (SL just below) + large reward (up to resistance or breakout)

EMA, Keltner Channel & Pullbacks

The technical indicators that power Strategy T entries

EMA(20) — Moving Average

Smoothed average of last 20 days' closing prices, weighted toward recent. Acts as dynamic support in uptrends. Pullback to EMA = high-probability buy.

Keltner Channel

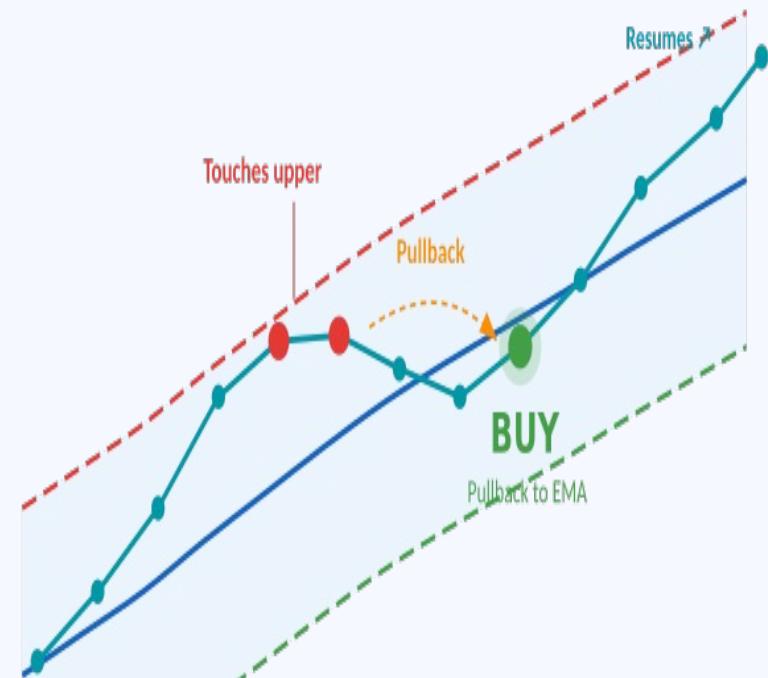
Upper Band: $\text{EMA}(20) + 2 \times \text{ATR}$

Middle Line: $\text{EMA}(20)$

Lower Band: $\text{EMA}(20) - 2 \times \text{ATR}$

ATR = Average True Range (daily volatility)

Strategy T Logic: Stock touches upper band (strong). Pulls back to EMA (on sale). Buy the dip!



RSI & Bullish Divergence

When price disagrees with momentum — a powerful reversal signal

RSI (Relative Strength Index)

RSI > 70: Overbought

RSI < 30: Oversold (may bounce)

Scale: 0-100, based on 14-day gains vs losses

IBS & CCI Filters

IBS = $(\text{Close-Low})/(\text{High-Low})$

IBS > 0.5 = closed in upper half (bullish)

CCI(20) > -100: Not in deep freefall

Bullish RSI Divergence — The Reversal Signal

Price:

₹100



₹90



₹85

Lower Lows ↓

RSI:

25



22



28

Higher Lows ↑

Selling pressure fading. Smart money accumulating. Buy!

Multi-Stage Exits — The Secret Sauce

Sell in portions at different levels — lock in profit early, let winners run

Total: ₹9,300 vs ₹5,400 (selling all at +6%)

Stage 3: Upper Keltner (₹1,150)

Sell 30 shares → Lock ₹4,500

Stage 2: +10% (₹1,100)

Sell 30 shares → Lock ₹3,000

Stage 1: +6% (₹1,060)

Sell 30 shares → Lock ₹1,800

Entry: ₹1,000 — Buy 90 shares

Stop: ₹950 (-5%)

Multi-stage exits capture 50-70% more profit. Stage 1 locks in guaranteed profit. Stages 2-3 let winners run.

Strategy J – Weekly Support Bounce

Buy at proven support levels when the stock shows signs of bouncing

The Logic

If a stock held a price for 26 weeks and pulls back again, buyers step in. You buy where the market says "cheap enough."

Exit — 2-Stage Scale-Out

| Stage | Trigger | Action |
|--------|----------------|----------------|
| 1 | +5% | Sell 50% |
| 2 | +10% | Sell remaining |
| Trail | Chandelier | HH-3×ATR |
| Safety | 10d underwater | Exit all |

SL: 26-week lowest weekly low

| Condition | Why |
|-------------------------------|---------------------|
| Price 0-3% above 26wk support | Near proven floor |
| IBS > 0.5 | Close in upper half |
| Green candle | Buyers won |
| CCI(20) > -100 | Not in freefall |
| No gap-down | No overnight panic |

Example: HDFCBANK

26-week support: ₹1,420

BUY ₹1,438 | Stop ₹1,395 | T1 ₹1,510 | T2 ₹1,582

Strategy T — Keltner Channel Pullback

Buy the dip in a strong uptrend — a proven winner temporarily "on sale"

The Logic

Stock that touched upper Keltner is in strong uptrend. Pullback to EMA(20) = trend intact, temporarily discounted.

| Condition | Why |
|----------------------------------|-----------------|
| Within 1% of EMA(20) | Pulled back |
| Touched upper Keltner in 10 bars | Recent strength |
| Green candle | Bounce starting |
| No gap-down | No panic |

Exit — 3-Stage Scale-Out

| Stage | Trigger | Action |
|--------|----------------|-----------------|
| 1 | +6% | Sell 1/3, SL→3% |
| 2 | +10% | Sell 1/3 |
| 3 | Upper Keltner | Sell last 1/3 |
| Safety | 10d underwater | Exit all |

Initial SL: 5% hard stop

Example: TRENT

Touched upper Keltner at ₹5,800

BUY ₹5,470 | Stop ₹5,197 | T1 ₹5,798 | T2 ₹6,017

Strategy R — Bullish RSI Divergence

Catch reversals at the bottom — when selling pressure exhausts itself

The Logic

Price lower low + RSI higher low = selling fading. One of the most reliable reversal signals.

Stop: 1% below swing low (structural). Same 3-stage exit as T.

| Condition | Why |
|-----------------------------------|------------|
| Price: lower low, RSI: higher low | Divergence |
| RSI divergence ≥ 3 pts | Not noise |
| RSI(14) < 40 | Oversold |
| Structural stop $\leq 5\%$ | Risk ok |
| Green candle, no gap-down | Reversal |

Example: TATAPOWER

Low1: ₹376 RSI=30.7 → Low2: ₹368 RSI=34.0

Price ↓ RSI ↑ = Divergence!

BUY ₹374 | Stop ₹364 | T1 ₹397 | T2 ₹412

How the Strategies Work Together

Three strategies on Nifty 100 — diversified by market condition

J

Support Bounce

Rangebound

Mean Reversion

T

Keltner Pullback

Trending

Trend Following

R

RSI Divergence

Bottoming

Divergence Reversal

Capital Allocation

₹20L total | ₹2L per trade | Max 3/day
Signals ranked by ATR% (calm stocks first)

Risk Management

J: Weekly low (2-5%)

T: 5%→3% after exit

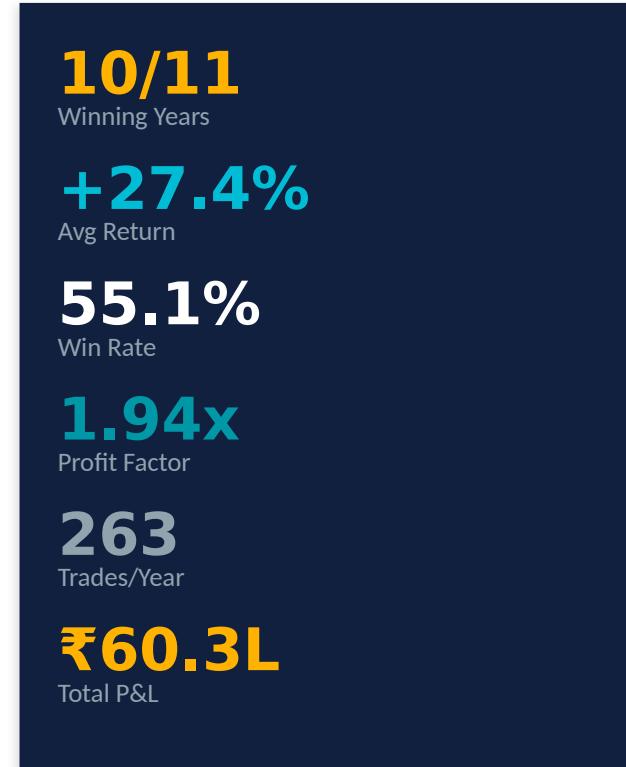
R: 1% below swing low→3%

Max loss/trade: ₹10,000

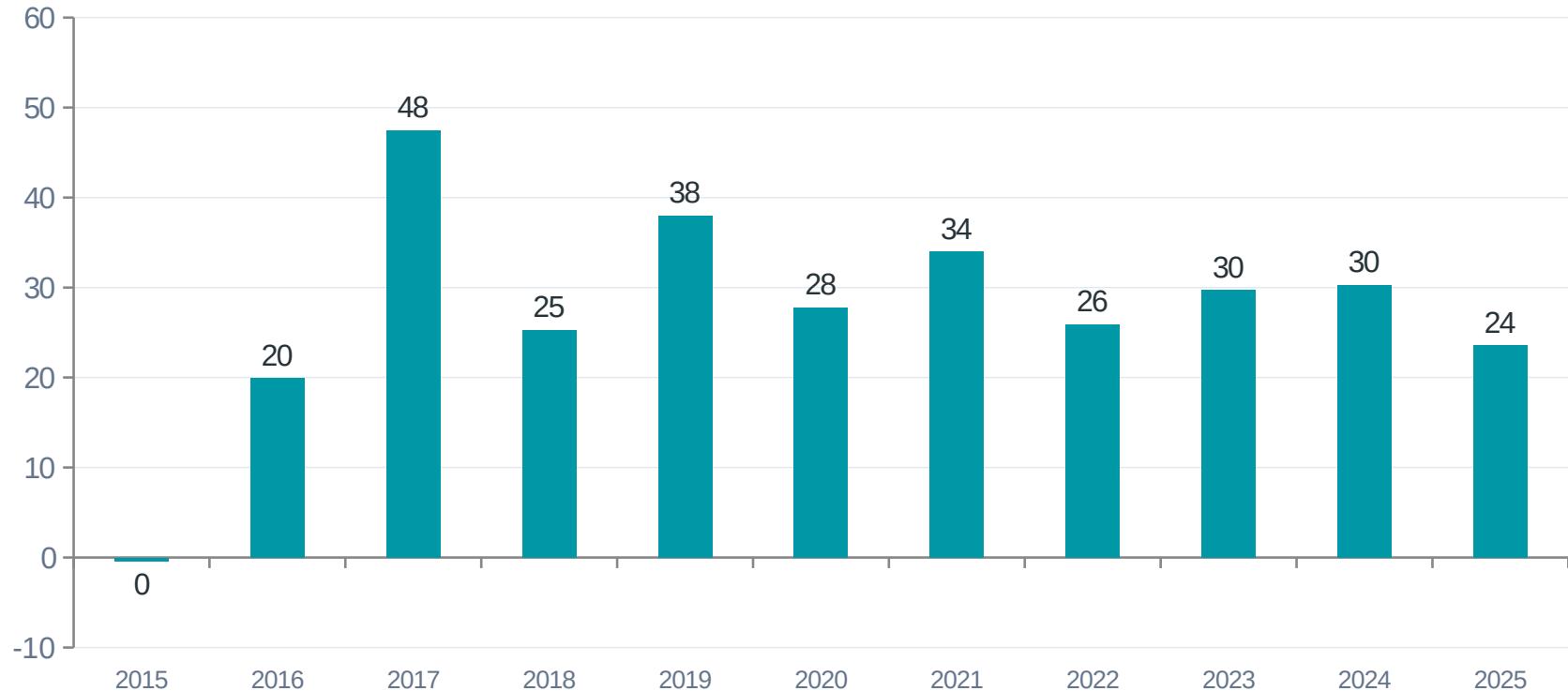
11-Year Backtest Results (2015-2025)

Nifty 100, ₹20L capital, ₹2L/trade

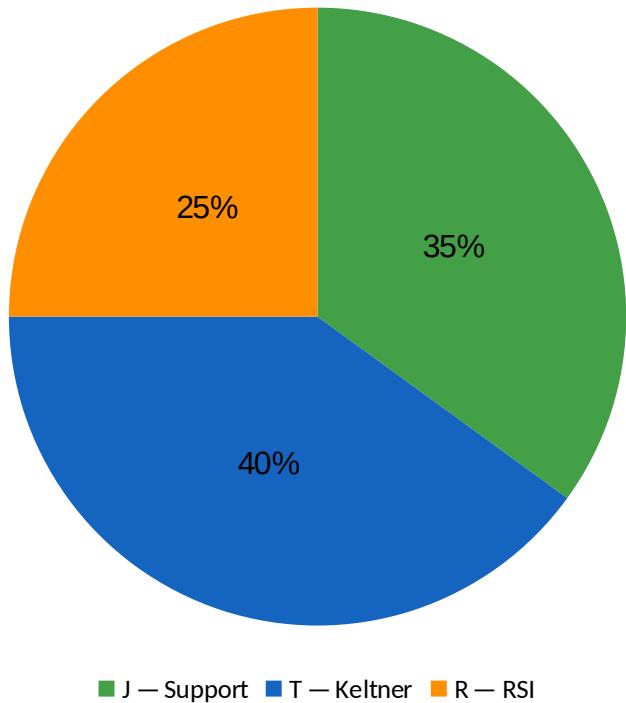
| Year | Trades | Win% | PF | Return | P&L |
|------|--------|-------|------|--------|--------|
| 2015 | 229 | 45.4% | 0.99 | -0.4% | -0.08L |
| 2016 | 250 | 50.0% | 1.69 | +19.9% | +3.98L |
| 2017 | 253 | 58.9% | 3.00 | +47.5% | +9.49L |
| 2018 | 271 | 55.0% | 1.78 | +25.3% | +5.06L |
| 2019 | 336 | 58.0% | 1.92 | +38.0% | +7.61L |
| 2020 | 303 | 59.4% | 1.59 | +27.8% | +5.55L |
| 2021 | 256 | 56.6% | 2.09 | +34.0% | +6.79L |
| 2022 | 269 | 58.7% | 1.74 | +25.9% | +5.17L |
| 2023 | 216 | 56.9% | 2.50 | +29.7% | +5.94L |
| 2024 | 247 | 59.1% | 2.09 | +30.3% | +6.05L |
| 2025 | 258 | 48.4% | 1.96 | +23.6% | +4.72L |



Annual Returns — Visual Overview



Strategy Composition



In Trending Markets

Strategy T generates the most signals. Strong stocks pull back and bounce off EMA.

In Corrections

J catches support bounces. R catches reversals. Together = opportunities in any market.

Key Takeaways



Systematic, Not Emotional

Rules-based — no gut feelings or FOMO



Risk First

Max loss per trade: ₹10,000 (5% of ₹2L)



Diversified by Design

J+T+R cover trending, rangebound, bottoming



Multi-Stage Exits

Lock profit early, let winners run — 50-70% more



Proven Track Record

10/11 years profitable, 27.4% avg, 1.94x PF



Part-Time Friendly

EOD analysis only, ~1 trade/day average

Glossary – Key Terms

| Term | Definition |
|---------------|---|
| ATR | Average True Range — daily price volatility |
| CCI | Commodity Channel Index — distance from avg |
| Chandelier | Trailing stop: Highest High – $3 \times \text{ATR}(14)$ |
| EMA | Exponential Moving Average — weighted to recent |
| Gap-Down | Today's open < yesterday's close |
| Green Candle | Close > Open — buyers won |
| IBS | Internal Bar Strength — close in day's range |
| Keltner | EMA(20) $\pm 2 \times \text{ATR}(14)$ envelope |
| Profit Factor | Total wins \div total losses (> 1.5 good) |
| RSI | Relative Strength Index (0-100) |
| SL | Stop-Loss — exit to limit losses |
| Support | Price where buyers step in |
| Swing Low | Local bottom with higher prices both sides |
| Win Rate | % of profitable trades |

Important Risk Notes

1. Past performance does not guarantee future results. Backtest uses historical data with fill/slippage assumptions.
2. Markets can stay irrational longer than you can stay solvent. Systemic crashes cause drawdowns even with stops.
3. 5% SL assumes exit at stop price. Gap-downs may cause larger actual losses.
4. Designed for Nifty 100 liquid large-caps. Do not apply to small-caps or illiquid stocks.
5. Never risk more than you can afford to lose. ₹20L capital is illustrative.
6. Paper-trade for at least 3 months before committing real capital.

JTR

SWING TRADING SYSTEM

"Cut losses short. Let winners run."

Systematic. Diversified. Proven.

Jayaraman | For Discussion Purposes Only