Day trading 3 steps:

1. Pick a best stock in intraday
2. Perfect entry
3. Exit (Target & Stop Loss)

**How to Pick Best Stock for Intraday?**

Top-Down Approach:

1. Global Markets: 1.US markets 2.Asian markets (Check Sentiment + or -)
2. Indian Market & Sectors: 1.Nifty & Sensex 2.Sectorial Indices (trend follow)

**HOW TO DAY TRADE FOR A LIVING**

Profits can come with practice, the right tools and software, and proper ongoing education.

**Rule1:** Day trading is not a strategy to get rich quickly.

**Rule2:** Day trading is not easy. It is a serious business, and you should treat it as such.

a) You can succeed in Day Trading only if you handle it as a serious intellectual pursuit.

b) Emotional trading is the number one reason traders fail.

c) Practice self-discipline and defensive money management.

d) You must look within yourself, discard your illusions, and change your old ways of being,

**Ch 4: How to find Stocks for Trades**

You need to find the stocks that are in play by day traders, stocks in play. A stock in play is a stock that offers excellent risk/reward opportunities 1:2 or 1:5.

Stocks in Play:

1. A stock with fresh news
2. A stock that is up or down more than 2% before the market open
3. A stock that has unusual pre-market trading activity
4. A stock that develops important intraday levels

Day trading works on the stocks that have ***high relative volume***. Don’t look for ***high total volume***;look for what’s above average for that specific stock. If trading volume is not higher than normal, it means that the trading is being dominated by institutional traders and high frequency trading computers. Stay away from it.

The most important characteristic of high relative volume stocks is that these stocks trade independent of what their sector and overall market are doing.

**RULE-7:** Retail traders trade only stocks in play, high relative volume stocks that have fundamental catalysts and are being traded regardless of the overall market.

We need high relative volume, but how much volume is enough. Don’t trade with average daily volume. You need certain liquidity in the stock to be able to get in and out of the stock without difficulty.

**What makes a stock a Stock in play?**

Usually it is the release of fundamental news about the stock either the day before or during the same trading day. Important news or events for companies acts as fundamental catalysts for their price action.

Fundamental catalysts for stocks make suitable for day trading:

1. Earning Reports 2. Earnings warnings/Pre-announcements 3. Earnings Surprises 4. FDA approvals/disapprovals 5. Mergers/Acquisitions

6. Alliances/partnerships/major product releases 7. Major contract wins/Losses

8. Restructurings/Layoffs/Management changes 9. Stock splits/buy backs/debt offerings

Check the news on all stocks up or down more than 2% pre-market and short-list my gapers watch list. Stocks in play the day before are often still in play for a few days later. Stocks for retail trading are three classes.

**Float and Market Cap**

*Float means the number of shares available for trading*. The highest number of shares available for trading is considered as ‘mega cap’ stock.

**Stock in play can be found in two ways:**

1. Pre-market morning watch list 2. Real time intraday scans

**Pre-market gapers:**

**Real Time Intraday Scans**

**Ch 7: Most Important Day Trading Strategies**

Some strategies based on three elements:

1. Price Action 2. Technical Indicators 3. Candlesticks and Chart patterns

It is important to learn and practice all three elements at the same time.

**DAY TRADING STOCKS**