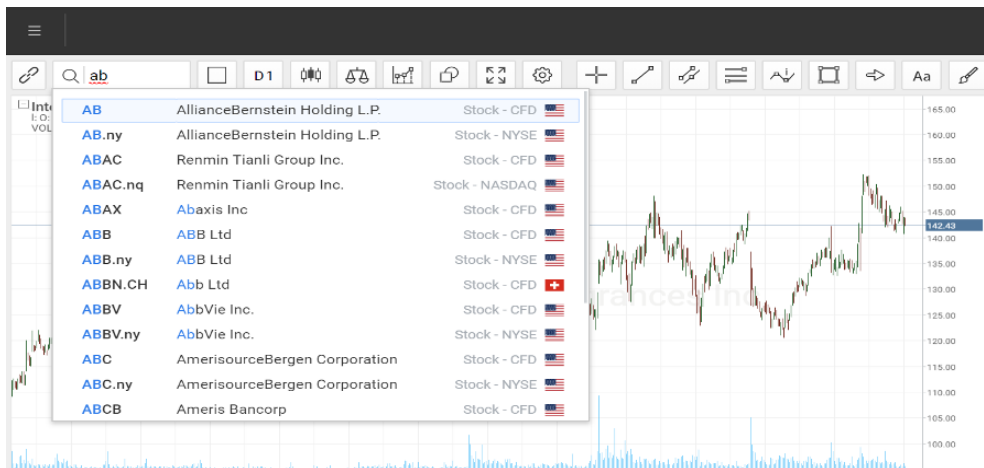


BUFFALO TRADING STRATEGY CHEAT SHEET

HORIZONTAL TRENDS

Step 1.

Find stocks that we want to trade. When it comes to trading, we want to trade American stocks as that is where the volatility is and choose the CFD stock on our broker.



Step 2.

We now need to do our technical analysis on the stock. This is to determine the trend of the market (upwards, downwards and sideways moving stocks). We determine the trend by drawing our support and resistance lines.

When drawing our levels, we are looking for as many touches or bounces on the determined levels we have drawn. We need to see a minimum of 3 bounces on our level of support or resistance to make the trade valid.



Step 3.

Once we have drawn our levels, we now need to work out 3 orders (entry price, stop loss and take profit). **Please remember in a Bullish market all we can do is go long never Sell Short.**

Buy Trade (E.G. Going Long)

To work out the entry price, we must have the current candle sitting on our level of support, we then use this candle's high and add 1% (x by 1.01).



The next order we are working out is the stop loss (remember this order is used to cut our losses if the trade goes against us), we do this by looking at the LOWEST price of the current bounce (this may be one or more candles making up the bounce). Once we have found the LOW of the current bounce we minus 1% (x0.99).



The last order we are working out is our take profit. Please see 2 alternatives in working out how we will take profit.



Option 1 of taking profit – Looking at the highest price of the previous bounce

The first option we have when taking profit is we can look at the highest price of the last bounce and we can draw a horizontal resistance level from there. Once we have drawn the level we can take the resistance price and minus 1% (x0.99).



Option 2 of taking profit – Trend Angles

The second option we have for taking profit is using trend angles. With trend angles we will have to first draw an upwards trending resistance level. Once we have drawn this level we will use the trend angle to connect the angle from where the stock is on the level of support to where it first touches the resistance level we have drawn.

For us to find where we will take profit we will have to find the average angle from the previous bounces (we add up the angles and divide them by the amount of bounces, this will give us our average angle). Once we have found our average angle we will draw a new trend angle from the current bounce to the resistance level we have drawn making sure it is the average angle we have worked out. Once we find where the angle touches our support level we use this value and minus 1% (x0.99) for our take profit.



Step 4.

We now need to work out our trade risk and how many shares to purchase. We do this with the following calculation;

$$\text{trade size} = \text{account risk} \div \text{trade risk}$$

Trade size is the number of shares we purchase

Account risk is 1% of our trading account

Trade risk is the difference (in prices) between from our entry price and stop loss

Step 5.

The last thing we need to do before placing the trade is to make sure the ratios work out, when trading we are looking for a minimum of 3:1. This means our reward must be 3x larger than what our trade risk is.

