



WARRIOR TRADING

LARGE CAP DAY TRADING COURSE

14 Chapters of Learning...

Chapter 1. Intro to Large Cap Trading

Chapter 2. Risk Management

Chapter 3. Stock Selection

Chapter 4. The Trader's Edge

Chapter 5. Macro & Micro Markets

Chapter 6. Establishing Support & Resistance

Chapter 7. Daily Chart Patterns

Chapter 8. Intraday & Entry Patterns

Chapter 9. Technical Trading Strategies

Chapter 10. Volume Profile Analysis

Chapter 11. Trade Management

Chapter 12. Overview of Trading Tools

Chapter 13. Trading Plan & Your Business

Chapter 14. Recommended Reading

House Keeping Items

Step 1. Watch EVERY Chapter of the Warrior Starter. The Warrior Starter is the PREREQUISITE to this class.

Step 2. Login to the Day Trading Chat Room as often as possible to watch me trading.

Step 3. Begin using a trading simulator as soon as you feel comfortable to start testing the waters.

Step 4. DO NOT TRADE WITH REAL MONEY until you've completed the Pre-Trading Checklist at the END of the Warrior Pro Course.

Step 5. Do NOT Mirror trade with real money (blindly following)

Students who skip classes, don't follow the rules of the strategy, trade the wrong stocks, and trade with real money before their ready are students likely to fail. Don't be like that!

Prove you can be profitable BEFORE trading with real money

Opening a new account is exciting but you shouldn't start actively trading until you have already PROVEN that you have a successful trading strategy. This means trading first in a demo account.

As you work your way through this class, it's a great opportunity to practice the strategies that we teach in a simulator (or with small share size with real money if you are at a free commission broker).

Large Cap & Advanced Technical Trading Course



FUTURES



FOREX



Learn To Trade & Live Your Dream

"To know in the morning that your compensation is fixed; to know that you must do the same thing all day long, to know that whether you do a little more or a little less, whether you are more or less interested and more or less efficient, your pay is automatically fixed – creates the most deadly monotony that I can believe possible." – George F. Johnson, 1899 founder of Endicott-Johnson Co. — one time largest footwear manufacturing company in the United States



WARRIOR TRADING

CHAPTER 1: INTRODUCTION TO LARGE CAP TRADING

Introduction To **Large Cap** Trading

Today You Will Learn

- An Introduction To Large Cap Stocks
- An Overview of The Large Cap Momentum Trading Strategy
- Benefits of Trading Large Cap Stocks
- The Importance of The Overall Market and Market Breadth

Why Are These Items Important?

- These key items are what is going to be the first step in beginning to build a foundation for your new trading strategy
- Building a proper foundation and grasping the very basic concepts will help facilitate the learning process

The Process

1. Build A Foundation: Learn The Basic Concepts
2. Develop A Personalized Approach: Learn A Proven Strategy & Adjust
3. Refine & Improve: Learn Advanced Concepts & Tools
4. Formulate A Trading Plan: Outline Your Approach In Detail
5. Simulated Trading: Deploy Your Plan In A Simulated Account
6. Review: Carefully Review Metrics To Understand Strengths/Weaknesses
7. Consistency: Strive To Achieve Consistent Results For 8 Weeks
8. Go Live: Transition To Live Trading SLOWLY

An Overview Of The Large Cap Strategy

The strategy can be defined as a **Momentum** based approach with an emphasis on advanced technical analysis and market sentiment

The presence of momentum is a key element to any day trading strategy and especially so with large caps since they are predominantly controlled by high frequency algorithms the majority of the time

I will teach you how to identify the stocks that have the most potential, and furthermore, exploit the imbalances in these stocks that will allow for highly predictable trading outcomes

Large Cap Strategy Momentum Strategies

Highly focused on precision entries and anticipation techniques

Utilizing FAST TIME FRAMES (LESS than 1 minute) to pinpoint low risk entries

Adding into a position that is in your favor to maximize profits

Utilizing advanced technicals to locate highly predictable trading outcomes

What is a **Large Cap** Stock?

Market Capitalization, or market cap, refers to the total value of a company's stock which is calculated by simply taking the outstanding shares (float) and multiply by the current share price

Large Cap \$10B - \$200B

Mid Cap \$2B - \$10B

Small Cap \$300M - \$2B

Well known Large Cap stocks include those such as **FB, AAPL, NFLX, GOOG, TWTR, TSLA, AMZN**, etc

On Which Exchanges Do Large Caps Trade?

Large cap stocks are attached to all major stock averages and indexes including the Dow Jones Industrial Average and Nasdaq Composite

Dow Jones Industrial Average **\$DJIA**

Nasdaq 100 **\$NDX**

We use the ETF's (Exchange Traded Funds) to track these major market indices which allows us further insight to the sentiment of the markets

S&P 500 **\$SPY**

Nasdaq **\$QQQ**

Large Caps In The Spotlight

Large cap stocks receive the majority of attention and coverage as it is where the very lucrative investment banking industry exists

Large Cap stocks are generally more conservative in nature which allows investment bankers, hedge funds, and private equity firms to move behemoth sized positions with ease, thus giving us retail traders an opportunity to follow the volume for highly predictable movement

An Alternative To Small Caps

Large caps offer a different approach to day trading that many will find more suitable than small caps for the following reasons:

1. **Slower Moving:** Daily time frame, 60min, 15min, 5min, and fast (short) time frames only for precise entry/exit to well established patterns.
2. **Highly Technical:** Very responsive to the technical levels used by traders around the world.
3. **More Analytical:** Less emotionally driven price action, more fundamental, technical, and logical price action.
4. **More Predictable:** Due to large institutional investors entering and exiting position at expected technical levels (200ma, ascending/descending support, resistance, etc.)

Highly Technical, Analytical, & Predictable

Large cap stocks respect major levels of support and resistance which we are able to identify and exploit

Large cap stocks allow ample time for the careful analysis of precision entry and exit points, thus resulting in a much more forgiving approach

Imbalances are created at these major levels which make for highly predictable trading outcomes

Benefits of Trading Large Cap Stocks

Over the long term, large cap stocks are a relatively predictable investment vehicle compared to small caps due a number of factors

Stability: Due to their level of stability they are unlikely to face situations that would render the company insolvent or unable to continue producing revenues completely

Transparency: The vast majority of large cap stocks are transparent in that information about the company is readily available to the public. In addition, they are well covered by equity analysts who disseminate updated information constantly

Dividends: Since growth can be somewhat limited in large cap stocks due to their established foothold, they offer dividend payouts which can add up substantially and are common among income investors seeking conservative investments

Liquidity (High Volume)

Large cap stocks tend to trade with a high level of liquidity allowing for ease of entry and exit without the risk of slippage found in lower float stocks and the small cap markets in general.

Direct correlation between increased liquidity and predictability of a move, what is known as momentum

Scalability

Trading large cap stocks allows one the opportunity to scale strategies due to the liquidity factor

Due to the increased liquidity factor, large cap stocks can absorb virtually any size position, or single order, without causing a sharp movement in price

Capital Requirements

How much capital is actually required to get started?

You can start with as little as \$500-1k. You DO NOT need a large account! How?

There are several brokers available that fall under a different set of regulations which are **NOT** bound by the well known PDT (Pattern Day Trader) rule which requires actively traded accounts to maintain a balance minimum of \$25,000

The most important factor to understand here is **Leverage**. As an account holder at one of these firms you will have access to 6:1 margin which means with a \$5,000 equity balance you will have access to \$30,000 in buying power

Scaling the Large Cap Strategy

Large Cap stocks tend to have very high liquidity and move in an extreme dollar range, thus creating opportunity for any account size

Larger accounts can scale in over time throughout these extreme moves while smaller accounts can capitalize on this range with small positions

Trading Stocks That Have...

Catalysts

High Relative Volume

Extreme Movements

Directional Momentum

Significant Support & Resistance Levels

Patience Pays!

Large cap momentum trading requires a unique skill set that is built upon both patience and anticipation

Patiently waiting for significant levels and inflection points to be reached and only then is it the right time to begin to anticipate the impending move and initiate an aggressive position

The Money is Made in the Waiting!

“Go-To” Strategy

As with any investment approach, diversification is a critical factor and is equally so with day trading

At the outset, your #1 focus is to develop a single approach that you can master with the goal of shortening the learning curve, i.e. “Go-To” Strategy

Once profitability is attained you then will look to how you can allocate capital differently with multiple strategies and setups

Be GREAT at ONE Approach!

Secondary Strategies

As you progress in refining your approach and establish consistent profitability it will be advantageous to allocate your capital in different forms to further leverage your edge and fully realize your potential

Slow and controlled deployment of capital into different investment strategies can greatly enhance returns while utilizing the exact same technical approach in your “Go-To” strategy

Know When To Be Aggressive

Aggressiveness, or taking on a calculated increased level of risk, is an important concept to grasp as it can substantially increase profits when utilized properly, BUT, can also very easily be the demise of a trader if abused

It is ONLY within your “Go-To” strategy where you will want to be aggressive - but only a select portion of the time

Aggressive trades will occur with far less frequency, yet can be responsible for the vast majority of profits

Float

What is a stock's Float and how is it relevant?

The Float refers to the number of shares available to trade on the open market (free trading shares)

Float is of importance due to the direct correlation with the volatility/range of a stock

Lower Float = Heightened volatility & Increased range

Higher Float = Lessened volatility & Decreased range

Supply & Demand

The market is a closed system and for every buyer there is a seller and for every seller there is a buyer. This is a key concept to understand as it is the premise on which the market is built: Supply & Demand.

Long: A limited supply of free trading shares (Float) and a **high** level of demand equates to a momentum move to the **upside**

Short: A limited supply of free trading shares (Float) and a **low** level of demand equates to a momentum move to the **downside**

Floats & Institutional Ownership

Many large cap stocks will have massive floats such as 5 or even 10 billion shares which means that only an incredible amount of relative volume will have the ability to move the stock and typically the move will remain constricted

Due to their liquidity and generally conservative nature, large cap stocks are held by many institutions that will control the majority of the float. If a stock has 70% institutional ownership that leaves 30% of the float available to retail traders. However, do not let the institutional ownership lead you to believe the float is lowered as they will often use their holdings to have an influence on the movement

Large Cap Stock Key Elements

Price: Acceptable price range can vary widely on large cap stocks, however it is preferable to use \$10 as the minimum parameter. Statistical analysis reveals that stocks between \$30-\$100 perform best for day trading large cap momentum.

ATR %: Average True Range (ATR) is utilized to determine the expected movement which will allow for accurate percentage stops and profit targets. We use ATR % to give additional insight into volatility. $ATR\% = ATR / \text{Stock Price}$ where a minimum value of 3 is preferred

Float: Float is equally important and ideally 500M or less is the area of focus, though we won't overlook Floats > 500M if the **Relative Volume** is present as this will allow for the extreme range we are in search of to maximize profits within a short period of time

Relative Volume: Relative Volume is a measure of current volume and a critical factor in producing tradeable price action for momentum. Relative volume measures should be at a minimum of 2-3x, and ideally much higher

Float & ATR %

As part of my morning scanning, I search for stocks gapping up using the same gap scanners are small cap traders use, however, I typically focus on higher price and higher floats ranges and look at the stocks within that float and price range with the highest ATR.

Buying Long & Selling Short

Long: You purchase shares of a stock and will be in the profit if the stock moves HIGHER. To exit, you will need to send either a limit or market order to SELL

Short Selling: You sell shares into the open market that are borrowed from your broker which you then return by buying back at a lower price. You will be in the profit if the stock moves LOWER. To exit, you will need to send either a limit or market order to COVER

Short Selling

Short Squeeze: An extreme move higher in a stock further fueled by short sellers who must cover their position on the offer contributing to the momentum with enormous buying pressure

Short Sale Restriction (SSR/Uptick Rule): A circuit breaker that when triggered as a stock moves lower by 10% restricts the sale of stock at market and must be filled only by an uptick which means a limit order is required

**Helpful Reminder: Remain extra vigilant when attempting to trade stocks with downward directional momentum under this restriction as it can be difficult to achieve an entry without experiencing severe slippage in result of having to fill a limit order on an uptick*

Market Breadth

The Importance of Market Sentiment & Market Internals

Market Sentiment: Best defined as the “feeling” or “tone” of a particular security or financial market. Active traders utilize the attitude of the market to aid in measuring profit potential. When bulls are in control the market moves higher, whereas when the bears are in control the market moves lower

Market Internals: A collective group of indicators used to not only signal direction in the market but also the force with which it occurs

Market Internal Indicators

\$SPY

\$QQQ

\$UVXY

\$TLT

\$TICK

Advance/Decline Line

\$SPY

\$SPY: An Exchange Traded Fund (ETF) that tracks the Standard & Poor's 500 index which is a mix of 500 large and mid cap stocks. Considered a benchmark as it is used to measure stability and health in the financial markets

Daily technicals used to establish critical inflection points in the market

Intraday price action is a key element in determining sentiment as well as trade direction. Align your trade with the market!

\$SPY



\$QQQ

\$QQQ: An Exchange Traded Fund (ETF) that tracks the Nasdaq 100 which is the top 100 non-financial securities, otherwise known as the Technology sector. When trading a technology company, focus should be more heavily weighted toward the \$QQQ over the \$SPY

Daily technicals used to establish critical inflection points in the market

Intraday price action is a key element in determining sentiment as well as trade direction. Align your trade with the market!

\$QQQ



\$UVXY

\$UVXY: An Exchange Traded Note (ETN) that tracks the volatility present in the market. The \$UVXY is linked to the S&P 500 VIX (Volatility Index) short term futures index which corresponds with 1.5x the daily performance of the S&P 500 VIX

\$UVXY typically will trade inverse to the \$SPY

\$UVXY is used as one of many leading indicators to predict market movement and measure the volatility in stocks which can also be a trading vehicle in times of heightened volatility

\$UVXY



\$TLT

\$TLT: An Exchange Traded Fund (ETF) that tracks the 20 year treasury bond

Bonds are considered a safe haven for investors during volatility or there is uncertainty in the marketplace

As capital flows out of stocks and into bonds the \$TLT will move higher and the market will generally move lower

As capital flows out of bonds and into stocks the \$TLT will move lower and the market will generally move higher

\$TLT



\$TICK

\$TICK (NYSE): A short term measure of the internal strength of the market

The NYSE \$TICK is simply the sum of stocks upticking vs downticking at any given moment. For example, the NYSE is comprised of roughly 2,800 stocks and if 1,600 stocks make an uptick while 1,200 stocks downtick, the net result is a +400 tick

\$TICK: Positive & Negative

Positive Vs Negative Ticks: At any point the ticks begin moving outside the 400 mark it is considered the entry to the “heavy” tick zone

Positive Ticks: When the 1 minute \$TICK reading is +400

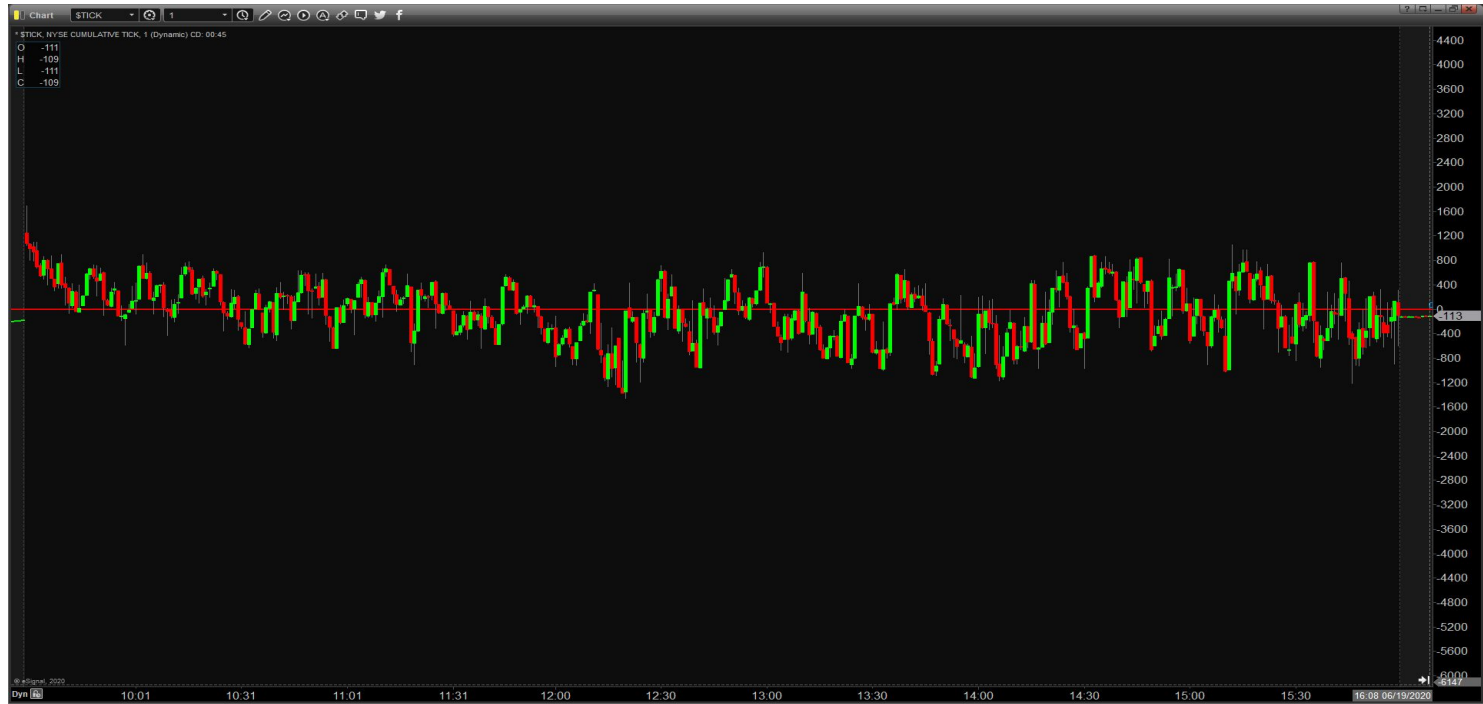
Negative Ticks: When the 1 minute \$TICK reading is -400

\$TICK: How Do We Read It?

Application: We use the \$TICK reading on the 1 minute chart to gain clarity on the current strength or weakness present in the market. The heavier the positive or negative ticks, the more severe of a move in the market can be anticipated

We utilize the \$TICK as a leading indicator of market direction, especially when the market is interacting with critical support or resistance. For example, if the market is drifting lower and tests critical support and heavy positive ticks hit we can now anticipate a relief move back higher which could ultimately result in a short term bottom

\$TICK



Advance/Decline

Advance/Decline Line: Also known as “Market Breadth”, is utilized by technical traders to confirm the strength of a current trend and is essentially measuring stock participation in a move

For example, if stocks are continuing to move slightly higher, yet the Advance/Decline has begun to top out or roll back lower then the current trend may be exhausted and a reversal in trend is a likely scenario

Advance/Decline

