



# **WARRIOR TRADING**

## **CHAPTER 2: MOVING AVERAGES & INSTANT TREND ANALYSIS**

# Moving Averages & Instant Trend Analysis

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## Today You Will Learn

- The 5 Key Items You Need To Trade The Active Investor Approach
- How To Identify Active Trends
- How To Utilize The 9 & 20 Exponential Momentum Moving Averages

# The 5 Key Items

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- A Strong Trending Chart
- 9 EMA
- 20 EMA
- Pivots
- Volume

Get on the right side of the trend and you are already more than halfway there!

# The STRONG Trend Is Your ONLY Friend

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- A strong trending chart is in an active trending sequence that can be identified instantly. There should be no question as to whether or not a stock is in an active trend as it should be readily apparent and determined within seconds
  - Establish a goal to look through a vast number of charts(25-50) in a very short period of time(3-5 minutes) while setting aside the strongest active trends for further review which may include catalysts, sector, fundamentals, etc

# The STRONG Trend Is Your ONLY Friend

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- The most important reason behind seeking out only the strongest stocks is...?

R I S K

# The STRONG Trend Is Your ONLY Friend

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How do strong active trends correlate directly to your risk?

- The strongest trends, or otherwise referred to as the market “leaders”, will be the first stocks to be bought back up after any market weakness has occurred
- Regardless of if the market weakness lasts a few hours, a few days, or even a few weeks, the strongest active trending stocks, or market leaders, will be the first to see any sustained upward movement, thus providing a measurable way to control and manage risk

*\*This is one of the most important concepts you will learn throughout this course\**

# Active & Passive Trends

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What is the "Active" & "Passive" Trend?

- The Active Trend is simply defined as the short term movements within a strong trend where profits can be captured by an active trader
  - Active trends are most commonly utilized in day trading, swing trading, position trading, etc
- The Passive Trend is simply defined as the broader based, or macro level trend that occurs over long periods of time. Active and Passive trends can occur simultaneously, just on different scales
  - Passive trends are most commonly utilized in long term investments to mirror returns of the broader market and thus are found in ETF's and Index Funds

# Active Trends





# Active Trends



# Active Trends



# Active Trends



# Passive Trends



# Passive Trends



# Momentum Moving Averages

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What Are Momentum Moving Averages?

- Momentum Moving Averages are indicators that measure the active trend by providing points of reference for several aspects including:
  - Instant Trend Analysis
  - Magnitude of a Move
  - Support & Resistance
  - Buy & Sell Points

# Momentum Moving Averages

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Which Momentum Moving Averages Are Used?

- 9 EMA(Exponential Moving Average)
  - Best utilized on high momentum stocks in accelerated trends to pinpoint potential entry points and define risk
- 20 EMA(Exponential Moving Average)
  - Best utilized on momentum stocks that break the accelerated trend of the 9 EMA but remain in the active trend. Here, again, we will use the 20 EMA as a reference point as part of the position management decision process

# Momentum Moving Averages: 9 EMA





# Momentum Moving Averages: 9 EMA



# Momentum Moving Averages: 9 EMA



# Momentum Moving Averages: 20 EMA



# Momentum Moving Averages: 20 EMA



# Momentum Moving Averages: 20 EMA



# Momentum Moving Averages: 9 & 20 EMA



# Momentum Moving Averages: 9 & 20 EMA



# Momentum Moving Averages: 9 & 20 EMA





# Pivots

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What Is A Pivot?

- A Pivot is comprised of price action that is consistent over preferably a longer term, but also short periods of time that creates an active support/resistance level

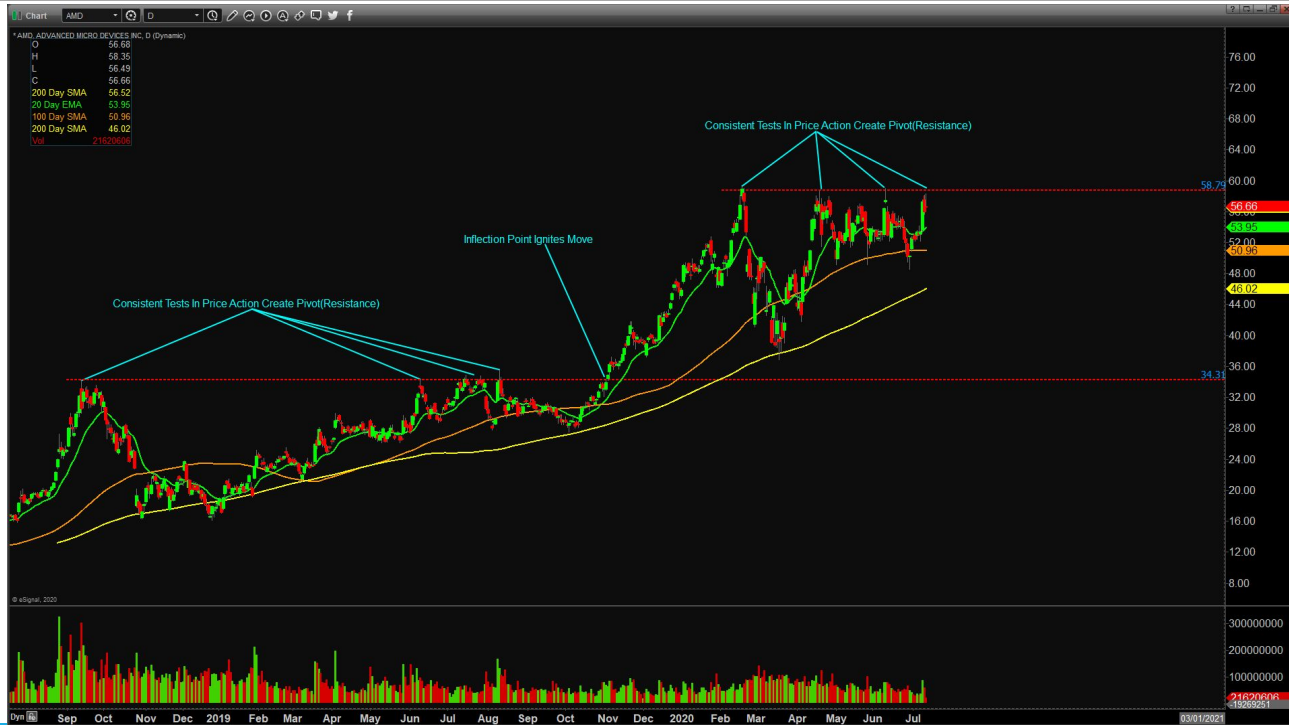
# Pivots

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## What Is The Importance Of A Pivot?

- Arguably the most fundamental intricacy of market structure in that these support & resistance zones act as inflection points for major market moves
- Pivots are created over both long & short periods of time where close consistency in price action is identifiable
- Reactions to these pivot points root from the emotions and outcomes experienced on the previous tests, often resulting in a significant inflection point
- Proper technical analysis and a basic understanding of market structure is crucial in developing the skills to identify these substantial levels

# Daily Pivot



# Daily Pivot



# Intraday Pivot



# Volume

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- Volume is a critical factor, if not the most important, when gauging both the timing and the potential magnitude of pattern resolution
- Volume precedes price, and in result of identifying proper volume profiles we can accurately predict whether or not a move is imminent and thus providing the ability for low risk, precision entry points

# Volume



# Volume





# Volume

