

Thursday, August 20, 2020
10:23 AM

Step1:

Check the monthly chart first & MACD line. Try to identify this is buy/sell signal
To check the MACD for a month, it needs to be over.

Step2:

Check the weekly chart & check stochastic. Change the smooth to 3

a) If it is a +ve cross over then Buy signal

b) If it is a -ve cross over, sell signal

Step3:

Check volume

Step4:

Add EMA

5>13>26 (Buying)

5<13<26 (Selling)

Step5:

Find chart pattern. To find out that need to zoom out.

Use:

To find out a reversal or continuation pattern

Targets.

If it is a flag & pole, it's a cont. pattern of PREVIOUS TREND.

If it's a BREAK-OUT, most likely to continue the trend.

If it's a BREAK-DOWN. NEED TO CHECK

While finding out the pole of the flag, we need to consider the previous significant (LOW/high based on bullish or bearish). Here the previous significant low is from where trend is reversed.

Step6:

Find out the FIB retracement. Always three points.

1) Height of the pole.

2) We need to check the lowest point of the flag.

3) We need to check the lowest point of the flag.

Step 7:

Find out the top fishing = short shelling from the top

Find out the bottom fishing

Step8:

Find out the weapon: We always need a weapon to enter

Step9:

Checkout divergence

Since we are not traded yet, we are not looking into top/bottom fishing.

Step10:

Finding out the Stop loss

Checkout the stochastic and find out the PCO position.

Plot a vertical line connecting the same candle.

Find out the low/high point (based on bullish or bearish)

Incase bullish, first stoploss point (we will decide which stop loss to consider later) will be the low of OSC POC candle and vice versa.

For the second one, find out the significant candle who has guts to breakout the resistance.

Then check the median of the significant candle

Also it should satisfy the heavy volume

Median = (opening price + closing price) / 2

Step 11:

Find out the target.

Find out the major resistance. Use descending resistance

Bulls check it to exist.

Find out the major support Use ascending support

Bears check for target.

We will not use if it attains max. high or max. low for bulls & bears respectively

For a flag & pole,

The first target will be the depth of the flag

Use price chart

Conservative traders will put the second target on the LOW BEFORE THE BREAKOUT the flag

aggressive traders will put the price range at starting of the BREAKOUT POINT OF FLAG.

Step 12:

Risk to rewards

Reward Min

T1=66 (426-360 the price we bought)

RISK = Price we bought - stop loss

306-347 = -41 13

Step 13:

Risk reward ratio:

T1 reward (66) / RISK (13) = 5.09

So risk to reward = 1:5

