THE EXECUTION

The first step as a trader you have to take is to look for swing highs in an uptrend. When you spot a trend, and the market has already moved to the upside, you have to wait for it to take a pullback to Fibonacci levels. Retracements will give you an opportunity to enter into the trade.

To confirm the pullback, check the Moving Average Conversion Divergence. If the blue line crosses the red line from below, the MACD holds strength. Once a green candle is formed at the Fibonacci levels, it suggests a buy signal. The perfect place to enter is above the closing price of the green candle. The stoploss will be at the previous swing low.

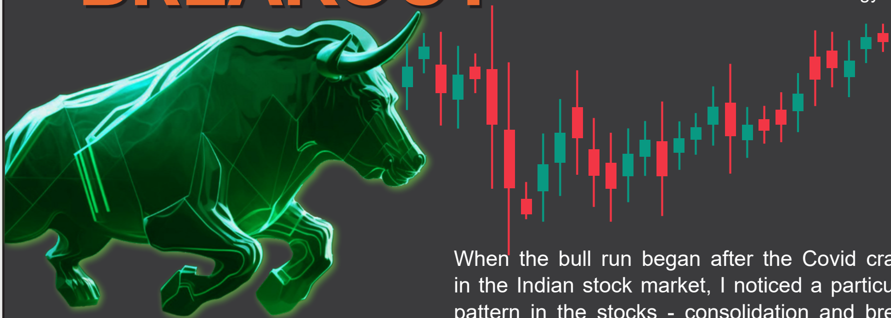
You will notice that the MACD generates sell signals frequently but that is not where you have to exit. The exit is likely to be above the 0% Fibonacci level or look for at least a 1:2 Risk:Reward ratio.

From the above illustration, it is evident that we got an early buy signal from MACD but we waited until all our criteria were met.

1.4

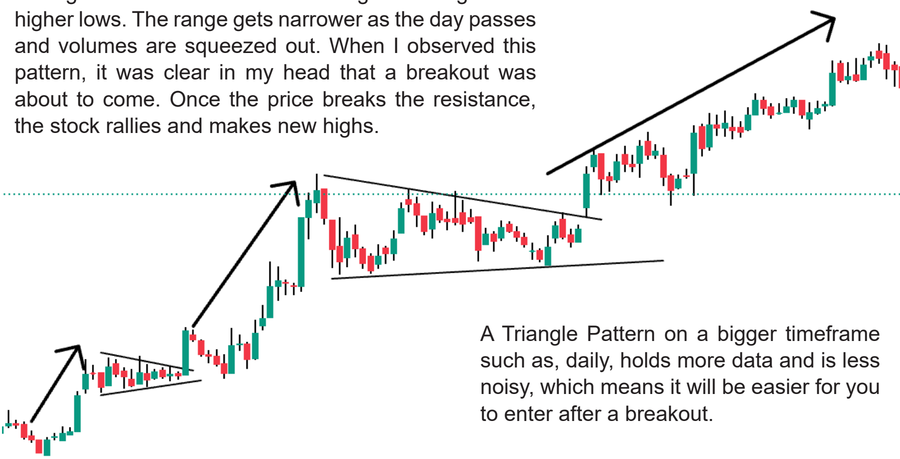
RIDING A BREAKOUT

Strategy video



When the bull run began after the Covid crash in the Indian stock market, I noticed a particular pattern in the stocks - consolidation and break out with huge volume. This consolidation and breakout is called the Triangle Pattern.

A Triangle Pattern is formed when the price soars and then goes into consolidation making lower highs and higher lows. The range gets narrower as the day passes and volumes are squeezed out. When I observed this pattern, it was clear in my head that a breakout was about to come. Once the price breaks the resistance, the stock rallies and makes new highs.



A Triangle Pattern on a bigger timeframe such as, daily, holds more data and is less noisy, which means it will be easier for you to enter after a breakout.

Here are a few stocks which gave a good Triangle breakout:


LearnZebra published on TradingView.com, Nov 07, 2023 14:08 UTC+5:30
MOLD-TEK TECHNOLO, 1D, NSE O260.15 H269.80 L247.85 C262.85 −2.80 (−1.05%)
Vol 740.57K
INR
No wonder a simple price action pattern can be your go-to swing trading strategy. The mere use of volume and some trendlines can help you capitalise in the markets.
480.00
440.00
400.00
360.00
322.15
280.00
262.85
240.00
200.00
160.00
120.00
80.00
40.00
0.00
−40.00
265.497K
Oct
Nov
Dec
2023
Feb
Mar
Apr
8
Jun
TradingView

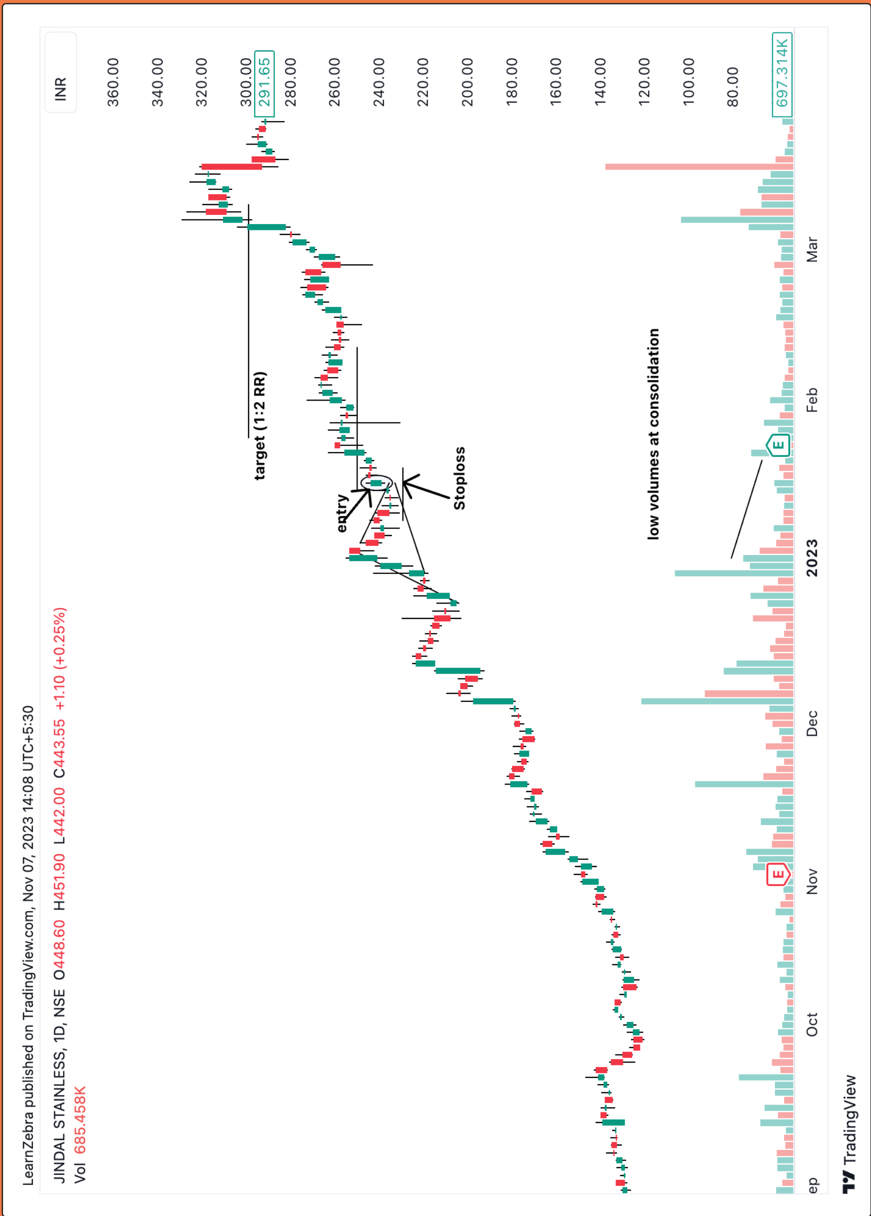
THE STRATEGY

This strategy does not require any complicated indicators like others. A simple combination of a volume indicator and trendlines can do wonders.

To make money from this strategy, your observation of the pattern needs to be sharp.
Since it is a swing trading strategy, you can only create a long position in cash markets.

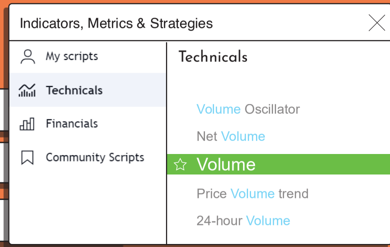
Indicators Alert Replay

THE EXECUTION



ZEBRALEARN

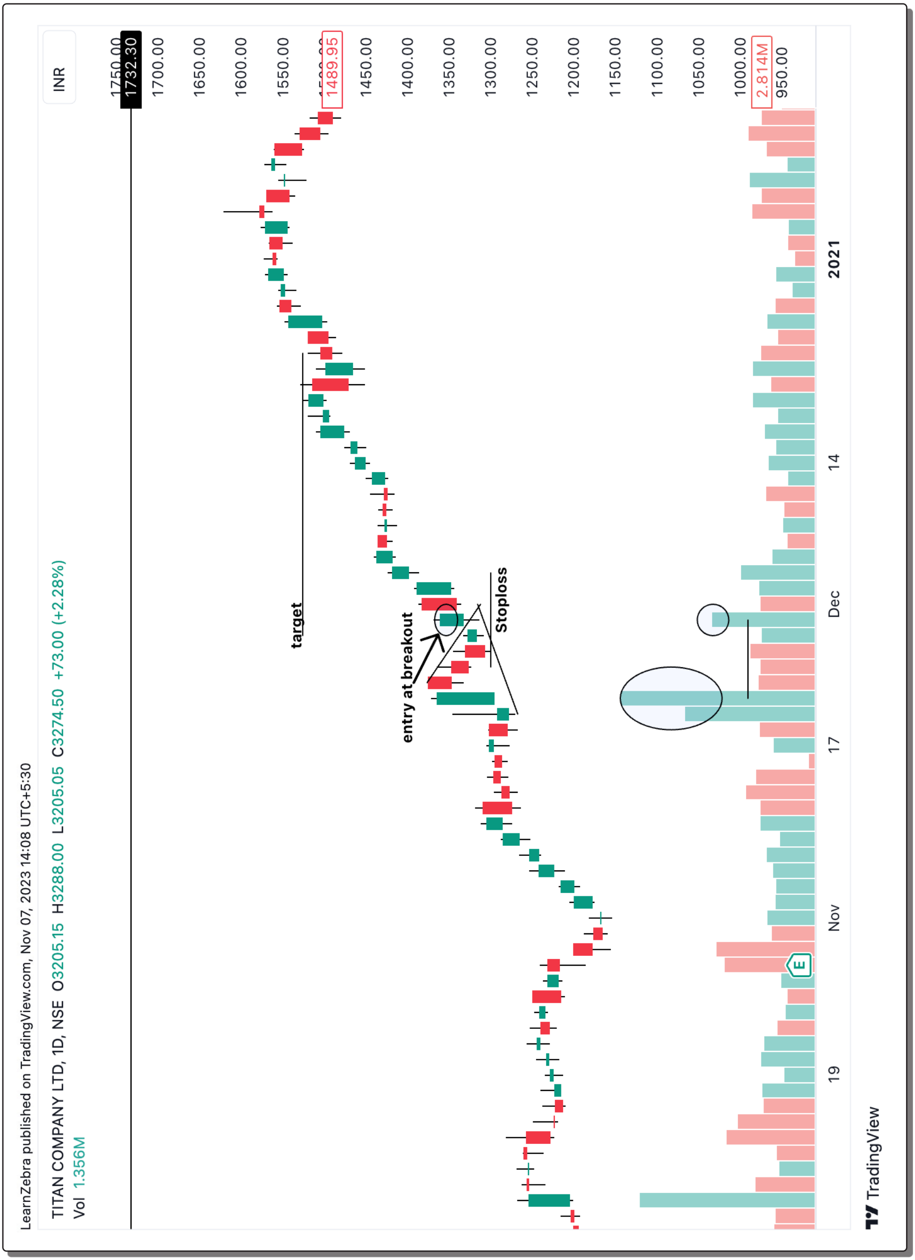
FOLLOW THESE STEPS TO TAKE ENTRY:



- Select the daily timeframe and add a volume indicator to the chart.
- Look for an uptrend.
- A rally with huge volumes will start the formation of a Triangle Pattern.
- After a rally, consolidation will take place. Lower highs and higher lows will form a Triangle Pattern.
- Draw trendlines connecting the body of the candles.
- You will see a decline in the volume of consolidated candles.
- Wait for a breakout candle carrying high volumes.
- Note that the breakout candle should be a solid bullish candle.
- **BUY** above the closing price of the breakout candle.
- Place **STOPLOSS** below the lower trendline of the Triangle.
- **TARGET** is a minimum of 1:2 Risk to Reward ratio.

Indicators Alert Replay

ZEBRALEARN

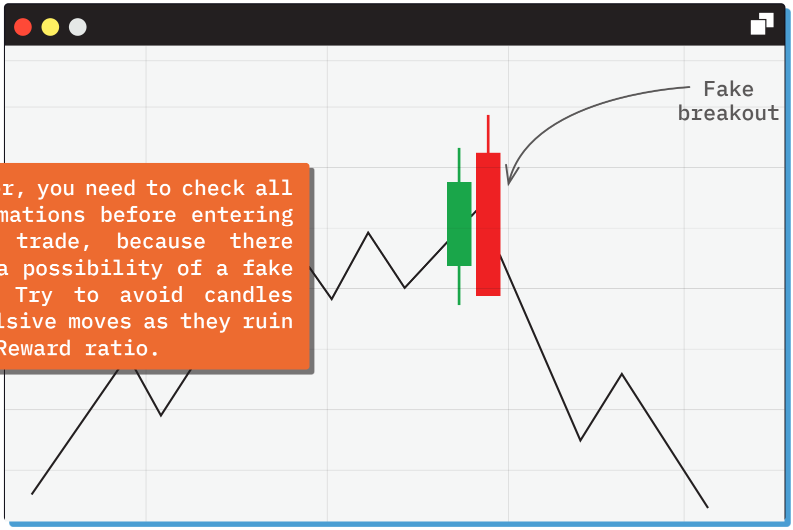


FROM THE ILLUSTRATION

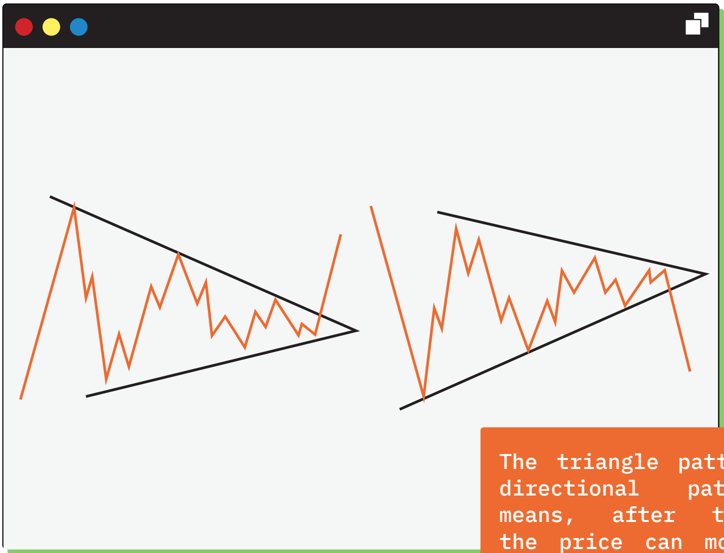
You can see that TITAN stock is in an uptrend making higher lows. After a small consolidation, a Bullish Marubozu candle is formed with huge volumes giving early indication of Triangle formation.

The Bullish Marubozu candle makes a high of 1371. A consolidation is visible after closing and there is a decline in volumes. The decreasing volumes indicate that a breakout with huge volumes is likely to continue the trend.

A breakout at 1360 level with 5.497M volumes confirms the Triangle breakout, and the price continued the make higher highs.



As a trader, you need to check all the confirmations before entering into any trade, because there might be a possibility of a fake breakout. Try to avoid candles with impulsive moves as they ruin the Risk:Reward ratio.



The triangle pattern is a bi-directional pattern, which means, after the breakout, the price can move in either direction.

However, the probability of succeeding with this strategy increases when the Triangle is formed in an uptrend, as it will act like a bullish continuation pattern.

1.5

SWING TRADING WITH INSTITUTIONAL MOVES

Strategy video

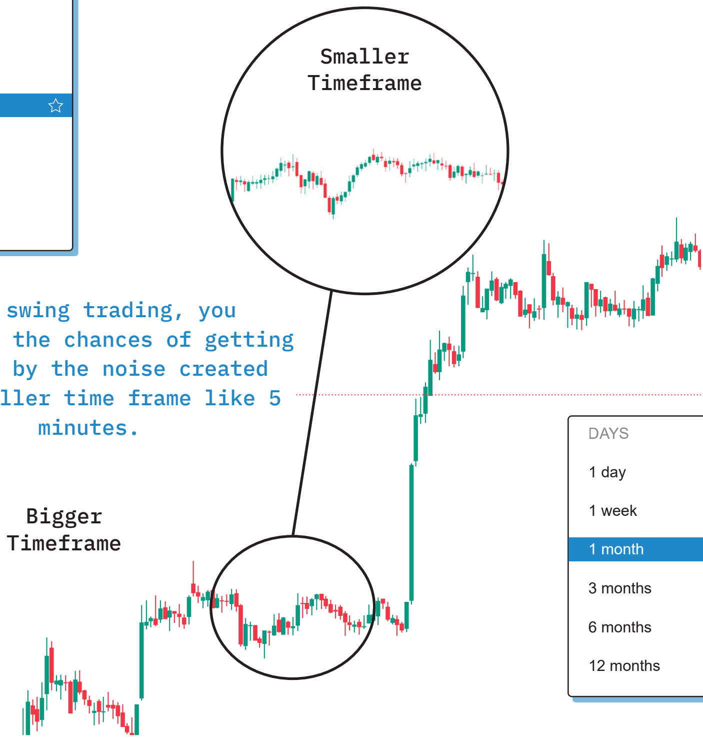
Swing trading is a popular trading style that many traders look forward to when they do not want to ride wild movies of the market. It is a trading style that people consider doing as it eliminates the chances of market going wild during a session. During my journey in stock market, I have always heard a name that is known for its style of stock trading. Yes, I am talking about Mark Minervini. Mark Manervini is a successful swing trader who is known for trading fast-moving growth stocks while implementing a concrete entry and exit strategy.

Indicators Alert Replay

Mr Mark Minervini

Minervini believes that timing your trades is critical and recommends you combine technical analysis, fundamental analysis, and risk management1. He is famous for trading the volatility contraction pattern (VCP), which he used to win multiple U.S. investing championships.

MINUTES
- 1 min
- 3 mins
- 5 mins
- 15 mins
- 30 mins
- 45 mins



With swing trading, you eliminate the chances of getting trapped by the noise created on a smaller time frame like 5 minutes.

DAYS
- 1 day
- 1 week
- 1 month
- 3 months
- 6 months
- 12 months

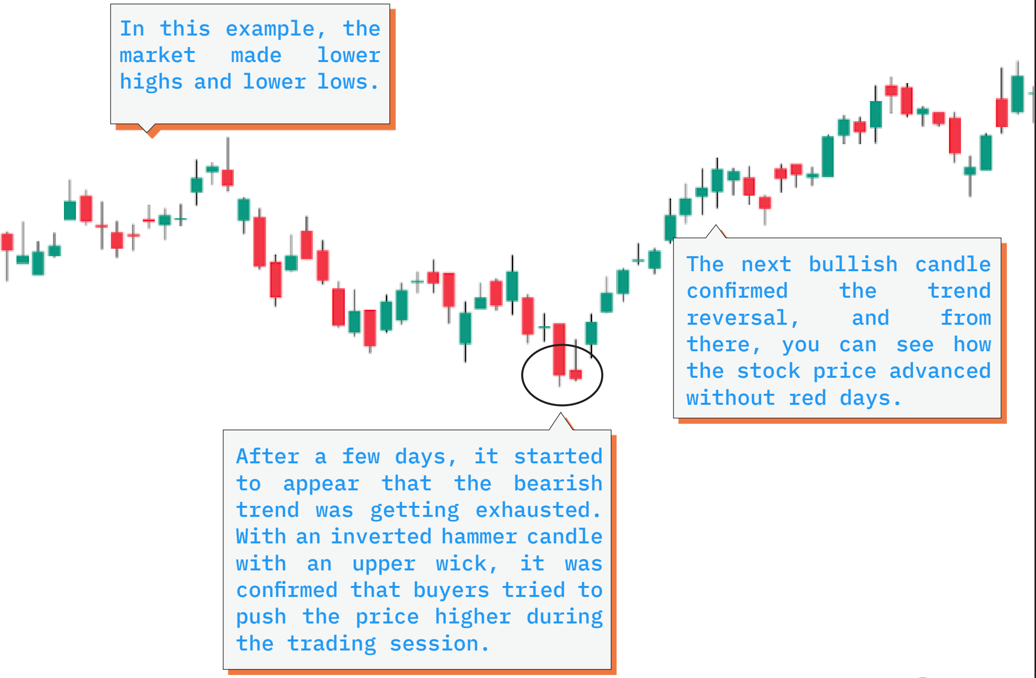
ZEBRALEARN

Swing trades are taken with the objective of riding major market swings and the estimated time for a trade completion is between 1 week to a month. However, swing trading is not restricted to trading the primary trends, one can do swing trading on 1-hour also. Minervini's trading strategy allowed him to win multiple U.S. investing championships

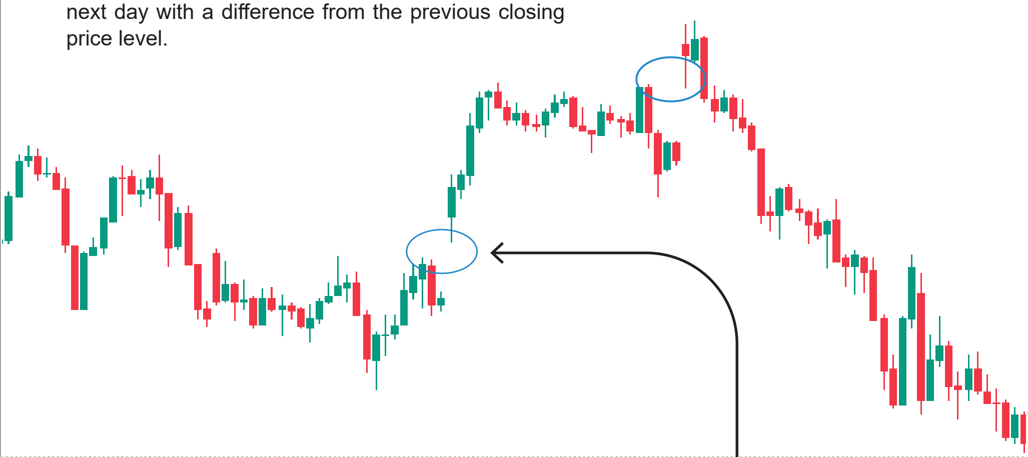
Swing trades are taken with the objective of riding major market swings and the estimated time for a trade completion is between 1 week to a month. However, swing trading is not restricted to trading the primary trends, one can do swing trading on 1-hour also. The objective of using swing trading is to generate maximum returns when the market moves in a single direction, to create an Alpha, and beat the index.

WHAT A SUCCESSFUL SWING TRADING LOOKS LIKE?

Look at some swing trade examples that helped Mark Manervini win U.S. investing championships.
When you enter into a swing trade, the first priority is to look for such price levels from where all the days can be of the same colours. If the market turns bullish, it should continue to stay bullish. This will help you gain maximum returns in less time. When the price moves in a smaller swing, it can either consolidate or fail to make a new high. This is why, to maximise returns, always look for price levels that hold significant importance.

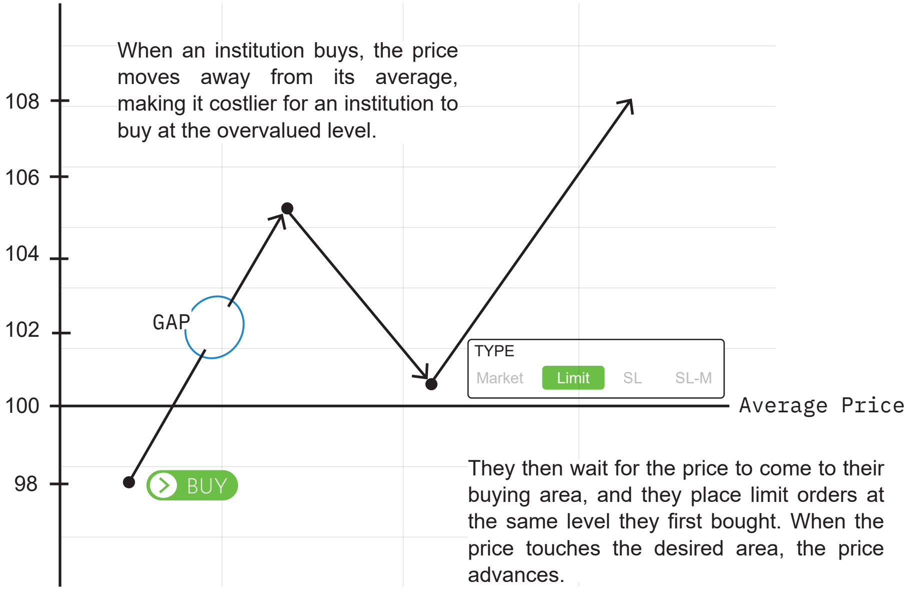


My swing trading journey is somewhat similar to this. ***I swing trade only those stocks which have previously opened gap up and are retracing back to their gap levels.*** Gaps aren't normal, gaps are created when the price opens with huge volumes the next day with a difference from the previous closing price level.



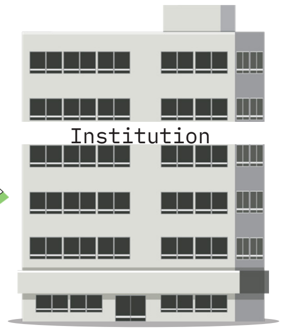
Before the market opens for regular business, it opens 15 minutes early to settle market orders and adjust according to the market volatility created overnight.

The market discounts everything but have you ever noticed prices sometimes retrace back to their gap level? To answer this, I would say, because of pending order blocks. It is not possible for retailers to create huge gaps, only big players can do this as they buy and sell huge quantities.



Retailers and institutions think differently. Retailers have less money so they try to buy high and sell higher to enjoy the ride. However, little do they know that these market swings are created by big players.

Big players start accumulating when retail investors sell, and this is how they change the bearish trend to bullish.



> **“In my strategy, I wait for the price to touch the demand zone or supply zone, and then trade accordingly.”**

The idea is to trade on the institution’s footprints. I.e. buying and selling near the gap area with the first retracement. When the price retraces for the first time after a swift move, it is likely to go in the desired direction but, if the price fails to move, there is a high probability big players will exit from the trade. ***The reason they exit from the trade is simple - they accumulate or distribute without coming into the eyeballs of the public.***

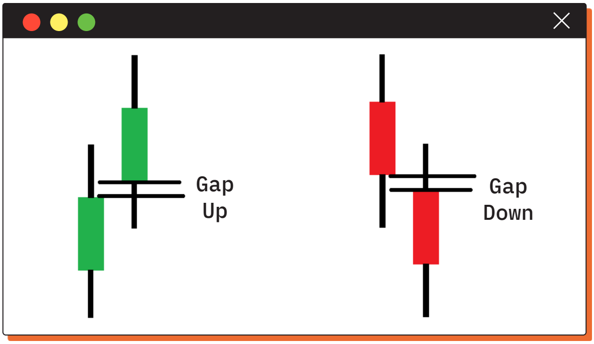

LearnZebra published on TradingView.com, Nov 07, 2023 14:08 UTC+5:30
Nifty 50 Index, 1D, NSE O19241.00 H19276.25 L19210.90 C19230.60 +97.35 (+0.51%)
Vol 189.516M
INR
Contrary to retailers' belief, they kept on buying. This turned the market bullish from bearish.
19500.00
19230.60
19000.00
18750.00
18500.00
18321.15
18000.00
17750.00
17500.00
17250.00
17000.00
16750.00
16500.00
16250.00
16000.00
15750.00
235.916M
15250.00
Oct
Nov
Dec
2023
Feb
Mar
Apr
May
TradingView

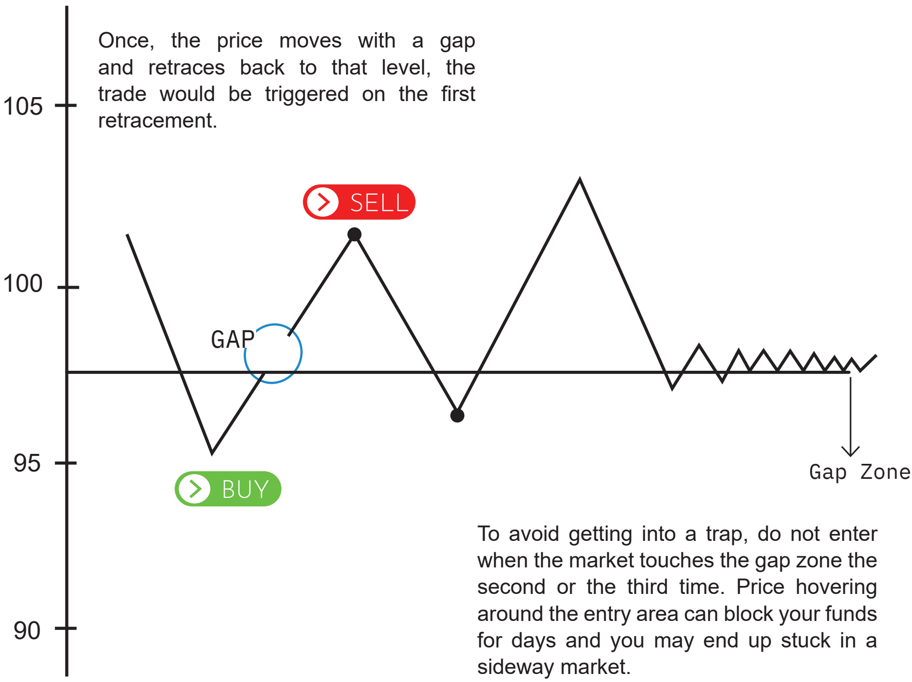
On 30th September 2022, Nifty 50 corrected by 7.34% from the top. If you see, the market sentiment was negative but for value investors and institutions, this was the place where the market was undervalued, they saw an opportunity and started accumulating.

The same thing is visible on the chart during the period of December 2022 to March 2023. Due to negative sentiments in the market and the collapse of a few major US banks, the market was making lower lows. Bears were dominating the market until the price came to the previous demand zone. See, a tenet of technical analysis says “History repeats itself and often rhymes”. Lots of short-side trades were open at the 17000 level but the value investors and institutions kept on accumulating. Hence, the market again rallied from the 17000 level to touch new highs again.

THE STRATEGY

For the swing trading strategy, we will pick highly liquid stocks, and prepare a monthly watchlist. On a daily timeframe, we will wait for the price to open a gap up or gap down to mark the demand or supply zone.





Once, the price moves with a gap and retraces back to that level, the trade would be triggered on the first retracement.

To avoid getting into a trap, do not enter when the market touches the gap zone the second or the third time. Price hovering around the entry area can block your funds for days and you may end up stuck in a sideway market.

THE EXECUTION

To **BUY** using this strategy, take the following steps:

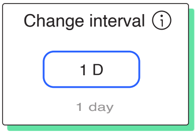
- Prepare a watchlist of highly liquid stocks.

Liquid

Symbol	Last	Chg	Chg%
RELIANC	2496.65	−12.00	−0.48%
AXISBAN	948.80	−4.10	−0.43%
HDFCBAI	1635.70	−14.20	−0.86%

Source: TradingView

- Select the daily timeframe for analysis.



- Look for stocks where the price is making lower lows and reaching its previous demand zone.

- Once the price reaches the anticipated demand zone, wait for the market to open gap up and end in green.

- **BUY** above the high of the bullish candle.

- Place **STOPLOSS** below the gap.

- **TARGET** is on a trailing basis, or you can simply find a major resistance level for the exit.


LearnZebra published on TradingView.com, Nov 07, 2023 14:08 UTC+5:30
Nifty 50 Index, 1D, NSE O19241.00 H19276.25 L19210.90 C19230.60 +97.35 (+0.51%)
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18500.00
18250.00
18000.00
17750.00
17500.00
17250.00
17000.00
16750.00
16500.00
16250.00
16000.00
15750.00
226.05M
15250.00
Target
Entry
Stoploss
Dec
2023
Feb
Mar
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May
Jun
Ju
TradingView

On 20th March 2023, Nifty reached near to its demand zone and stayed in consolidation for a few days. If you notice, there were candles with lower rejection, meaning the market is interested in moving up as buyers are pushing the price higher.

See, price is consolidating because of accumulation and distribution between institutions and retailers. This consolidation indicates fresh buying by big players. Once the price opened gap up, you can see how it started to advance. Our entry is triggered above the green candle after a gap up and we have placed the stoploss at the low of the gap.

The aimed target is the previous swing high. However, the market created two swing highs, and ideally, the trade should have been closed on 17th April but the major supply zone was at the 18000 level. Since, the market was extremely bullish, it was easy for the price to break the 17800 level. With this strategy, we almost booked a profit of almost 1:3.

To **SELL** using this strategy, take the following steps:

- [x] Prepare a watchlist of highly liquid stocks.

Liquid

Symbol	Last	Chg	Chg%
RELIANC	2496.65	−12.00	−0.48%
AXISBAN	948.80	−4.10	−0.43%
HDFCBAI	1635.70	−14.20	−0.86%

Source: TradingView

- [x] Select the daily timeframe for analysis.

Change interval

1 D

1 day

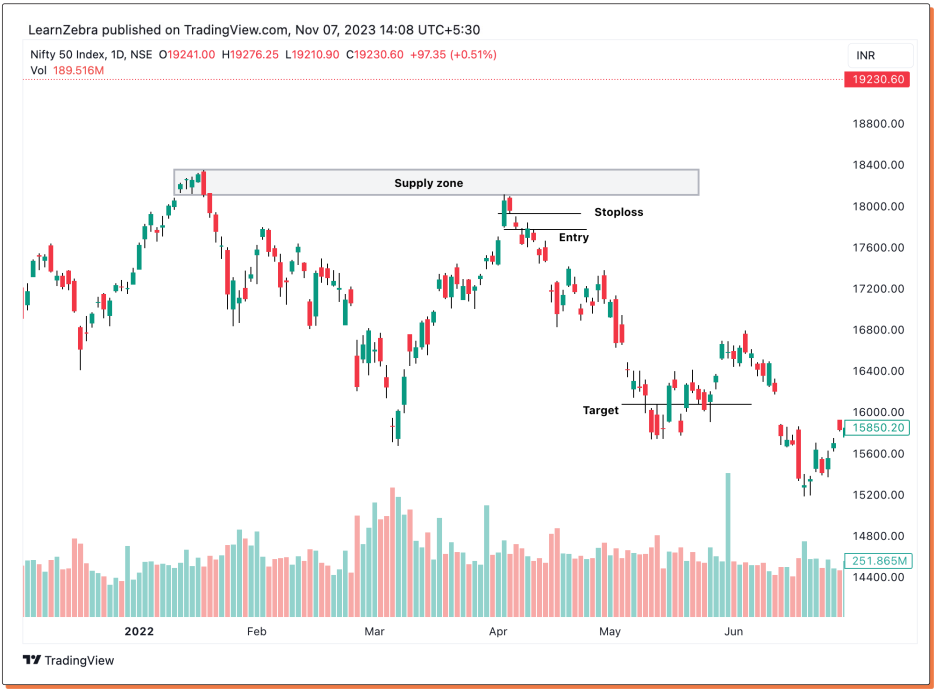
- [x] Look for stocks where the price is making higher highs and reaching its previous supply zone.

- [x] Once the price reaches the anticipated supply zone, wait for the market to open gap down and end in red.

- [x] **SELL** below the low of the bearish candle.

- [x] Place **STOPLOSS** below the gap.

- [x] **TARGET** is on a trailing basis, or you can simply find a major support level for the exit.

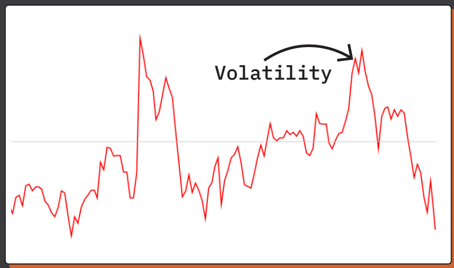


On 5th April 2022, Nifty 50 reached near its supply zone and ended in Red - a clear indication of bears taking over the market. On the next day when the market opened gap down and made it evident that a short swing trade was possible in this scenario. Now, the sell entry got triggered at the low of the second red candle from the top and the stoploss was at the high of the gap. The target was at the low of the market from where it pivoted on 8th March 2022. With this strategy, we got a profit of almost 1:14. However, to be realistic, not every time you will get such opportunities but, whenever the market offers such moves, you can take an informed decision to trade such swings.

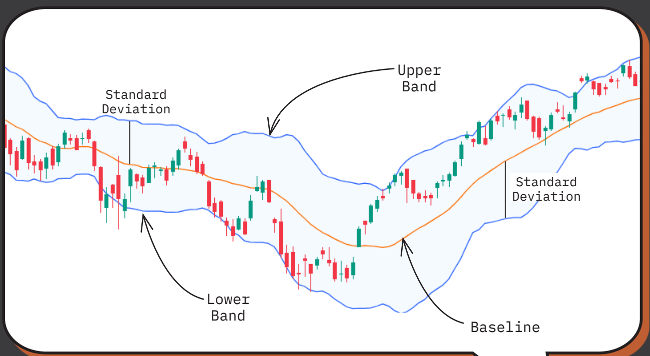
1.6 TRADING THE BREAKOUTS WITH BB AND WIDTH

Strategy video

No matter which market you trade, volatility will always be a crucial part of the movements. I have observed the volatility in the crypto and forex market is higher than the Indian stock market. Volatility, for traders, works like a double-edged sword. When a trader knows how to handle volatility and make it work in his favour, he succeeds. However, if he fails to handle the unprecedented volatility, he becomes a victim of the volatility.

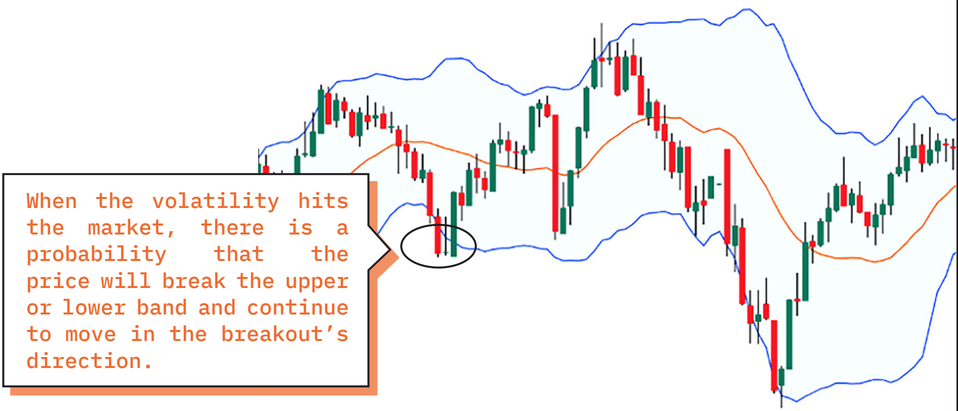


John Bollinger, an American author, financial analyst, and contributor to the field of technical analysis, has developed Bollinger Bands and Bollinger Bands Width. He studied the market for several years and found out that there is no measurement tool to gauge the trading range of an asset, and identify when volatility is going to take place.



Bollinger Bands is a tool that uses a combination of three lines - the upper band, the lower band, and the middle band. The upper and the lower band are two standard deviations from the middle band.

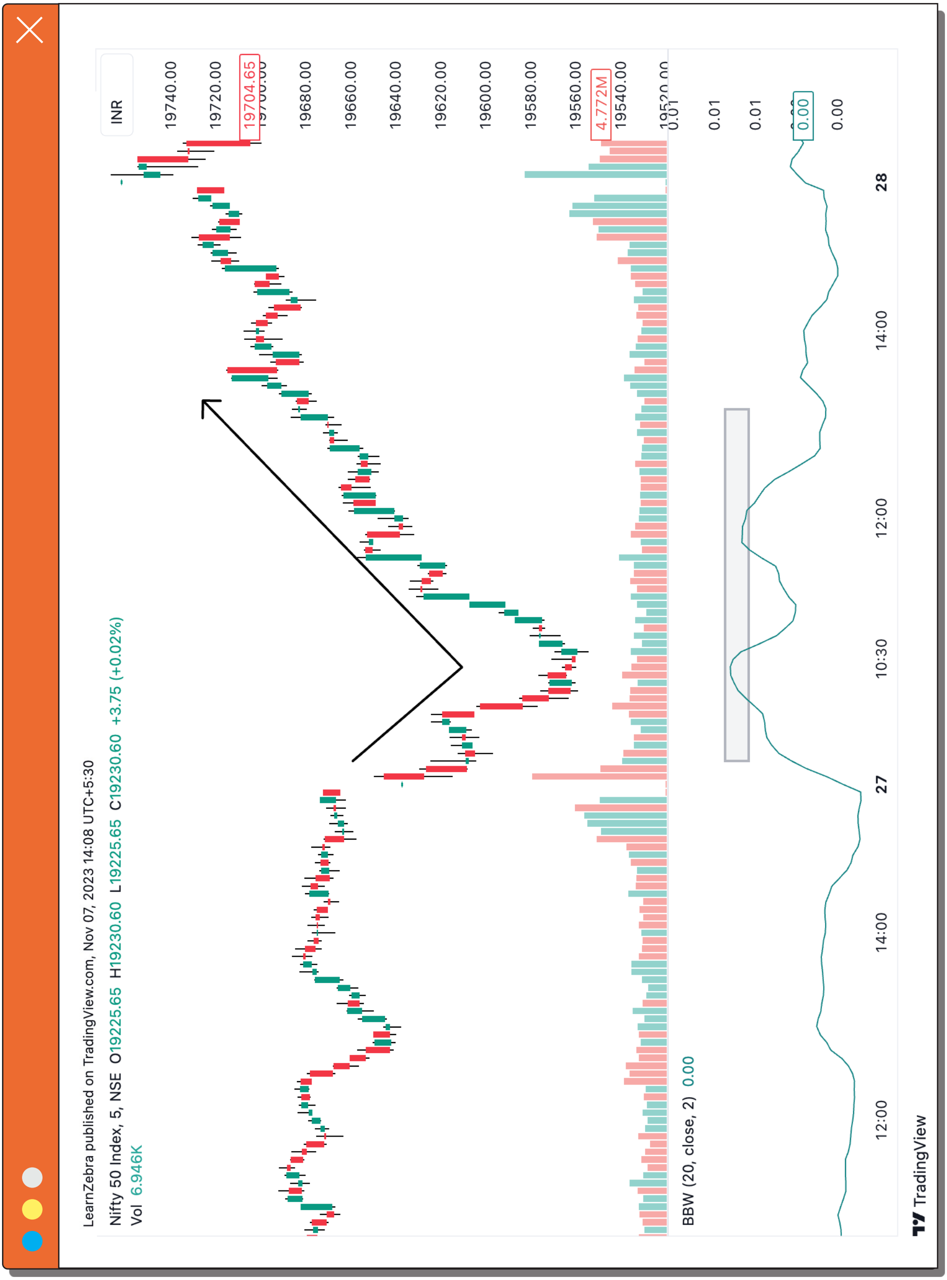
The middle band is a Simple Moving Average with a 20-lookback period. This combination helps you to signal volatility. The Bollinger Band works as an overlay ***indicator. i.e. it wraps around the price.*** A common yet true belief is that the upper band acts like a resistance and the lower band acts like a support.



For John Bollinger, using only the Bollinger Bands was not enough, he later developed another indicator - ***Bollinger Bands Width, an extension of Bollinger Bands.*** This is an underlay indicator that helps traders validate the contraction and expansion of Bollinger Bands. When the Bollinger Bands squeezes, the Bollinger Bands Width stays flat and when the Bollinger Bands expands due to volatility, the Bollinger Bands Width starts to rise.

Indicators Alert Replay

ZEBRALEARN



THE STRATEGY

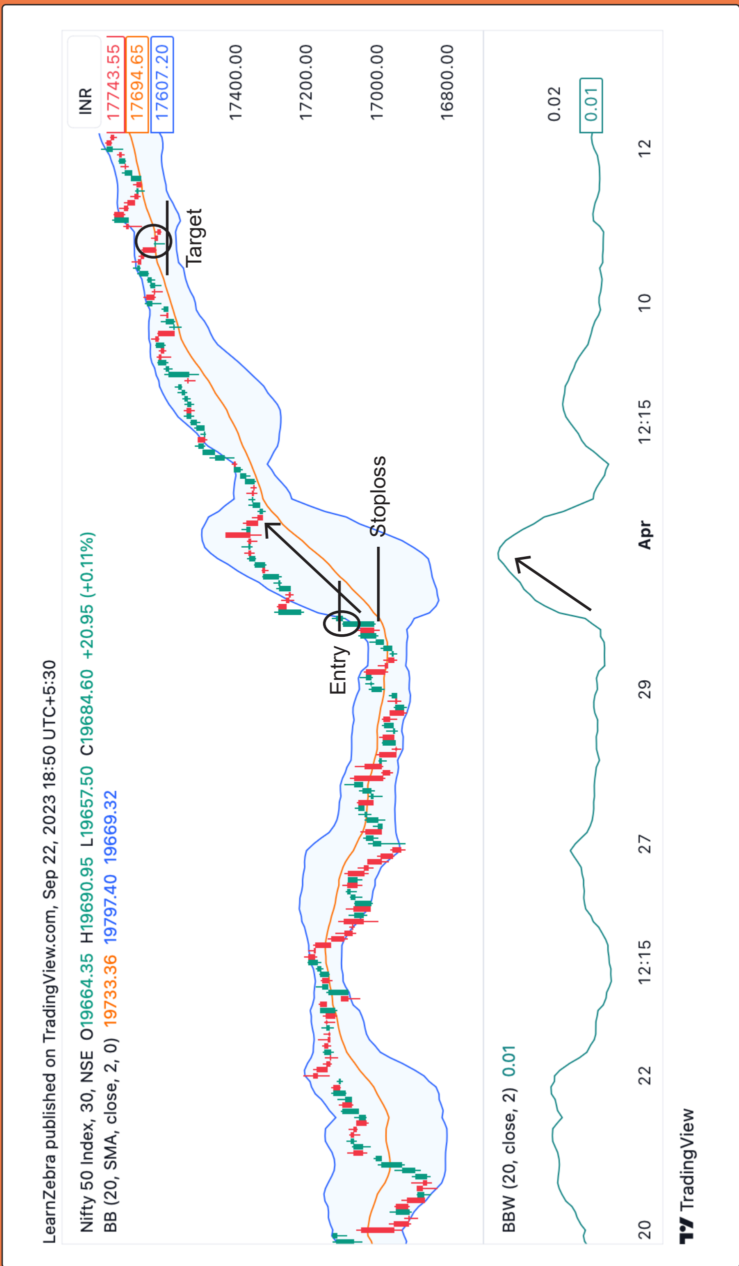
The idea is to buy when the price breaks the upper Bollinger Band and the Bollinger Bands Width increases. This is a swing trading strategy and the preferred timeframe is any frequency above 30 minutes. Prior to the buy signal, the market should be sideways for a while which will squeeze the Bollinger Bands. After a BB squeeze, if the market breaks the range, there is a high probability of the price moving in the breakout direction. The target is on trailing basis. I.e. the middle line of the Bollinger Bands will act like a dynamic support for the price helping traders to trail the stoploss. Once the price closes below the middle line traders should close the trade.

Similarly, when the market is making lower lows but has stuck at a support level, we will look for the price breaking the Bollinger Band squeeze and the market forming a bearish candle.

Indicators Alert Replay

ZEBRALEARN

THE EXECUTION



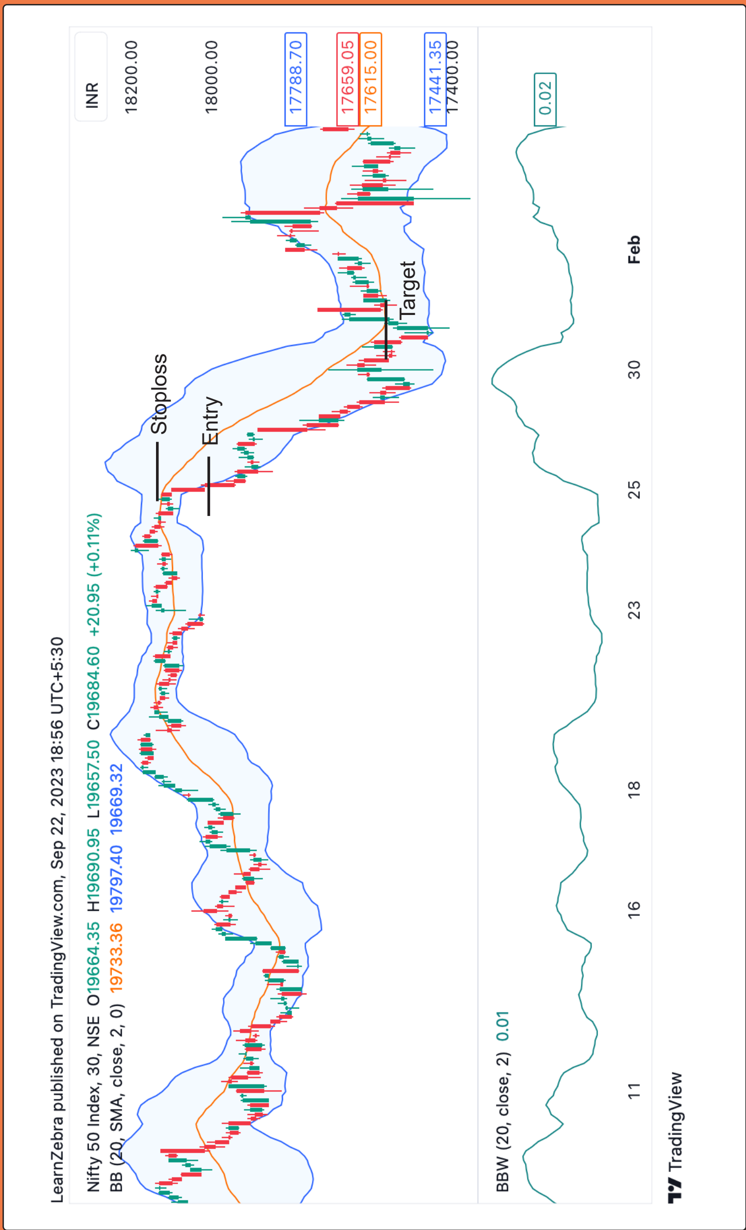
TO BUY USING THIS STRATEGY, TAKE THE FOLLOWING STEPS:

- Prepare a watchlist of stocks.
- Apply Bollinger Bands and Bollinger Bands Width.
- Look for a Bollinger Bands squeeze and the Bollinger Bands Width to stay flat.
- Wait for the price to break the upper Bollinger Band.
- **BUY** when the price breaks the upper Bollinger Band and the Bollinger Bands Width rise.
- **TARGET** is on trailing basis - if the price closes below the middle Bollinger Band, the trade may be closed.
- Place **STOPLOSS** below the middle Bollinger Band.

From 24th March 2023 to 29th March 2023, the market was in a consolidation for a week on a 30-minute timeframe. The Bollinger Bands and the Bollinger Bands Width can be seen squeezed and flat respectively. On 29th March at 3:00 p.m., the price broke the upper Bollinger Band and closed around the save level with a small bearish candle. This provided a buying opportunity at the high of the green candle itself and the target could be done on trailing basis on the middle band. The stoploss can also be placed below the middle band. You can observe how the price rallied after breaking the Bollinger Band. The trade was opened for almost 10 days. The booked profit was of 2.95% with a Risk to Reward ratio of 1:3.82.

Indicators Alert Replay

TO SELL



ZEBRALEARN

TO SELL USING THIS STRATEGY, TAKE THE FOLLOWING STEPS:

- Prepare a watchlist of stocks.
- Apply Bollinger Bands and Bollinger Bands Width.
- Look for a Bollinger Bands squeeze and the Bollinger Bands stay flat.
- Wait for the price to break the lower Bollinger Band.
- **SELL** when the price breaks the lower Bollinger Band and the Bollinger Bands Width rise.
- **TARGET** is on trailing basis - if the price closes below the middle Bollinger Band, the trade should be closed.
- **STOPLOSS** may be placed above the middle Bollinger Band.

From 19th January to 24th January 2023, the market was sideways. On 25th January the market broke the lower Bollinger Band and the Bollinger Bands Width started to rise. For the next few days, the market fell aggressively giving a good short-side trade. The trade was closed when the price closed above the middle Bollinger Band on 30th January 2023. With this strategy, the booked profit was almost 2.65% with a Risk to Reward ratio of 1:5.12.

1.7

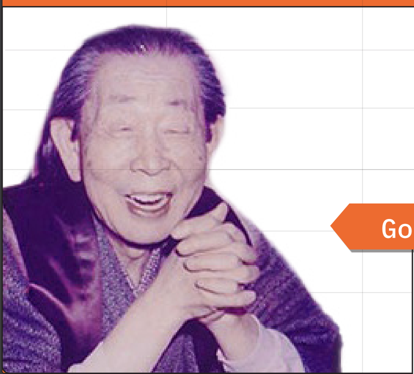
ICHIMOKU CLOUD INDICATOR

Strategy video

If you are reading about the Ichimoku Cloud for the first time, it might look as a bit complex indicator at first. However, trust me very few technical indicators give as clear trading signals as this indicator.

In this chapter, we are going to talk about a swing trading strategy involving the Ichimoku Cloud for buying and selling stocks.

INTRODUCTION



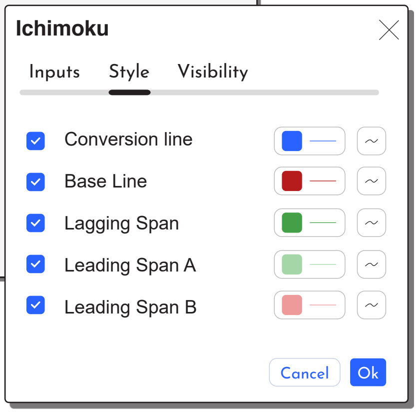
Goichi Hosada

The Ichimoku Cloud indicator was developed by a Japanese journalist named Goichi Hosada in the 1930's. It is a very widely used technical indicator which offers multiple valuable insights of the price charts.

The Ichimoku Cloud indicator is created by combining multiple indicators to help traders identify support and resistance levels, to determine the trend direction, and the momentum of a stock. All of this is done by simply applying the indicator on the price chart.

The Ichimoku Cloud indicator is made of five components:

- A Conversion Line (which is a 9-period Moving Average)
- A Base Line (which is a 26-period Moving Average)
- The Lagging Span (which is the closing price plotted 26 periods in the past)
- Leading Span A (which is the average calculation of the Conversion Line and the Base Line)
- Leading Span B (a 52-period Moving Average)



Unlike Simple Moving Average that only considers the closing price, the averages used in the Ichimoku Cloud indicator take into account both the high and low of the price over a specific number of periods. These averages are also used to plot the Cloud, which helps traders in predicting the future price movements.

Simple Moving Average	Ichimoku Cloud Indicator
Only considers closing price	Takes into account both the high and low of the price over a specific number of periods.

The Ichimoku Cloud is also known as "Ichimoku Kinki Hyo" which means "One glance equilibrium chart" or "chart at a glance" in Japanese.

The name of the indicator resembles its quality of providing a comprehensive view of the market via a single indicator. Goichi Hosada introduced this indicator with the very same aim of capturing multiple market dynamics at one glance and offering clear and better trading opportunities.

FORMULAS USED IN THE ICHIMOKU CLOUD

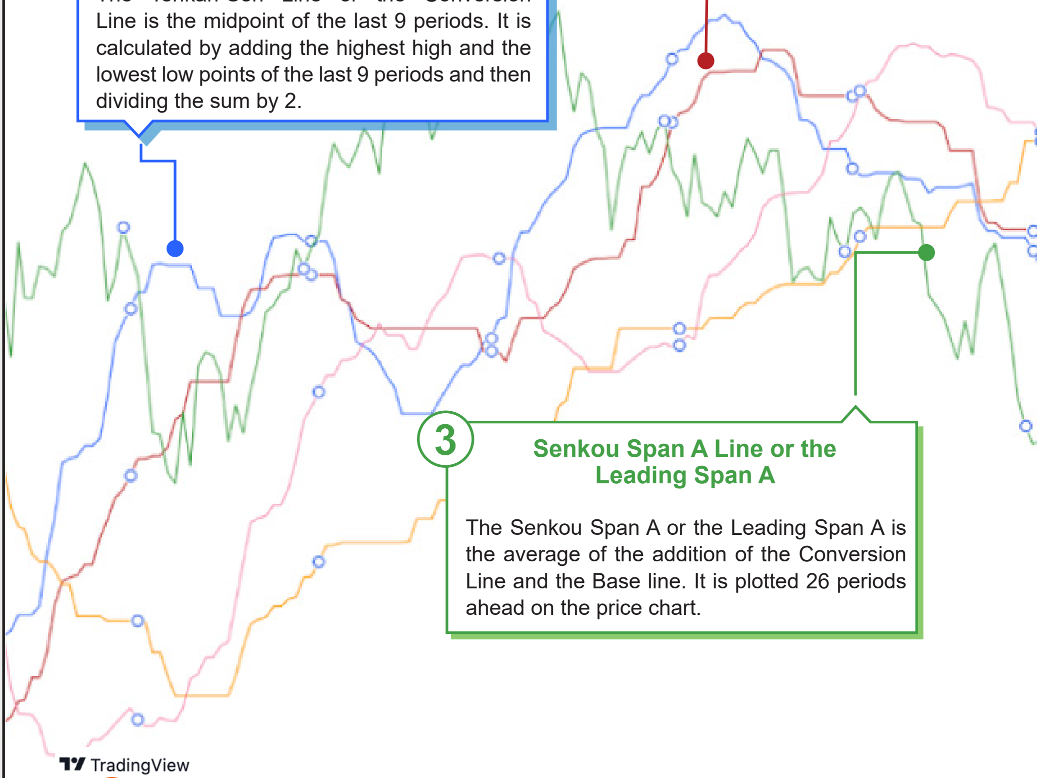
For understanding how the Ichimoku Cloud generates trading signals, you need to know the formulas behind its components.

2 Kijun-Sen Line or the Base Line

The Kijun-Sen Line or the Base Line is the midpoint of the last 26 periods. It is calculated by adding the highest high and the lowest low points of the last 26 periods and then dividing the sum by 2.

1 Tenkan-Sen Line or the Conversion Line

The Tenkan-Sen Line or the Conversion Line is the midpoint of the last 9 periods. It is calculated by adding the highest high and the lowest low points of the last 9 periods and then dividing the sum by 2.



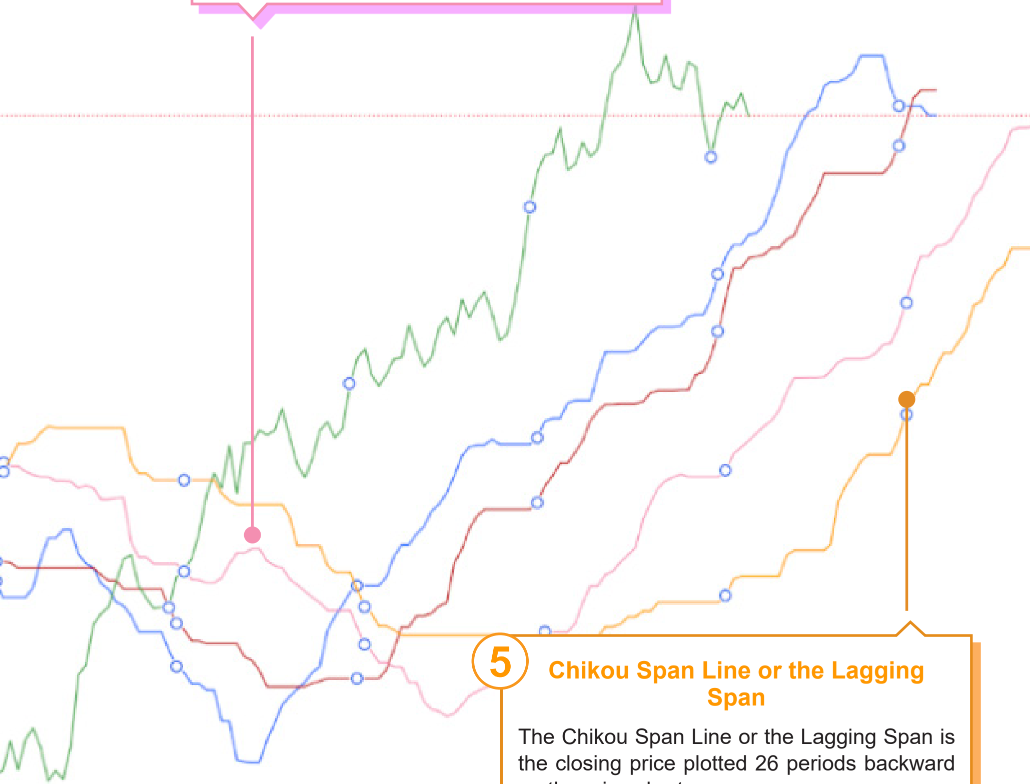
3 Senkou Span A Line or the Leading Span A

The Senkou Span A or the Leading Span A is the average of the addition of the Conversion Line and the Base line. It is plotted 26 periods ahead on the price chart.

Senkou Span B Line or the Leading Span B

4

The Senkou Span B or the Leading Span B is calculated by adding the highest high and the lowest low of the last 52 periods. It is also plotted 26 periods ahead on the price chart.



Chikou Span Line or the Lagging Span

5

The Chikou Span Line or the Lagging Span is the closing price plotted 26 periods backward on the price chart.

Basic level understanding of these formulas allows you to grasp how the trading signals are generated in the Ichimoku Cloud indicator. This indicator can help you take much more informed trading decisions.
Now, let's have a look at the trading strategy which we will be using with the Ichimoku Cloud.

TRADING WITH ICHIMOKU CLOUD INDICATOR

Okay, so now let's talk about some ground rules before going into the strategy. There are only 2 rules that you have to follow.

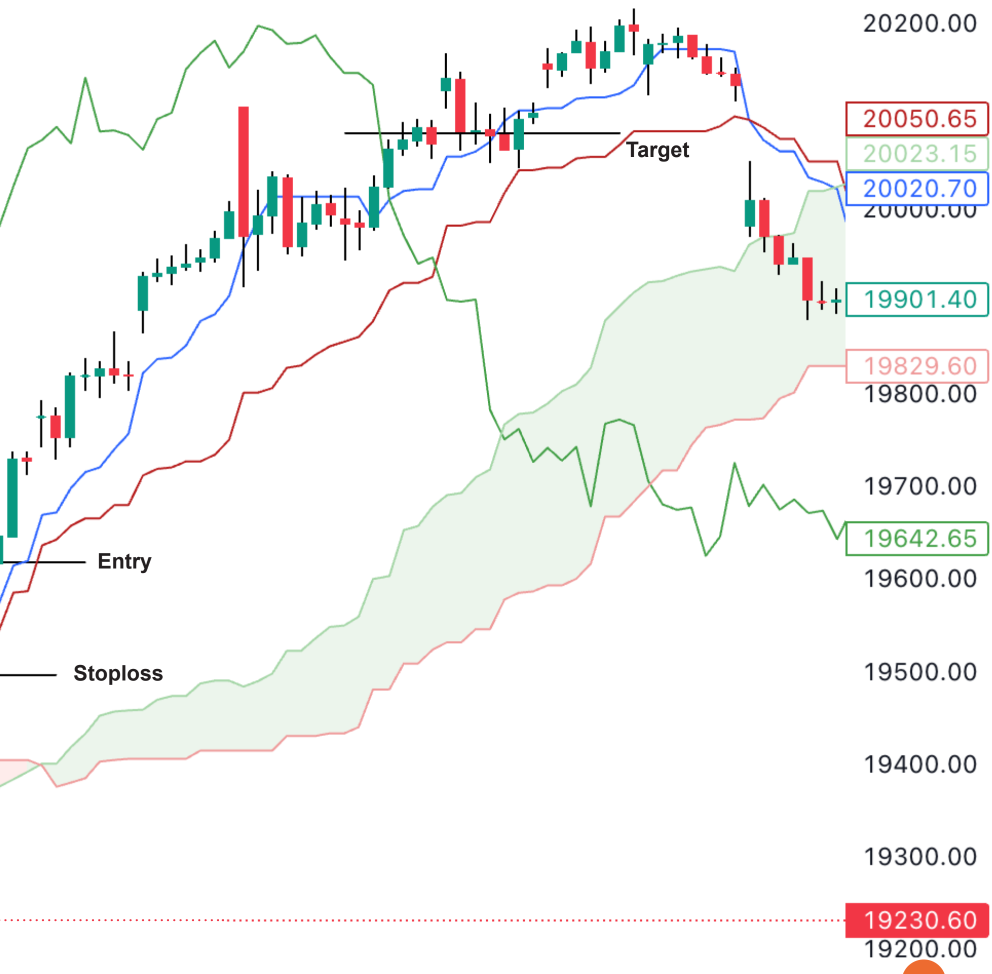
1. **Look for buying opportunities when the Conversion Line (Blue line) is above the Base Line (Red line) and vice versa for selling.**
2. **Only buy when the price has closed above the cloud and only sell when the price has closed below the cloud.**

The strategy used in the following image is a swing strategy and you can implement this by using a 1-hour or a daily trading timeframe. First of all, let's know how to buy stocks using the Ichimoku Cloud indicator.

Disclaimer: The optimisation of this strategy is to enter into a trade when there is a pullback and the stoploss is placed at the pullback level. Thus, this decreases the chance of price hitting the stoploss

The following price chart is of Nifty 50. Keeping both of the rules in mind, look at the highlighted candle. This is where the Conversion Line and Base line crossover has happened. You have to start looking for buying opportunities at this point. However, let's not take a bullish entry unless the price closes above the cloud.

After a few candles, the nifty closed above the cloud. (Look at the highlighted Pin bar candle). This is where we are going to take a bullish entry while keeping the stoploss at the same level as Leading Span A (or the green line of the cloud). As the market goes in your favor, you can trail your stoploss. As this is a swing trading strategy, you can easily watch out for targets with a 1:3 ratio.



Now, let us talk about how to short using the Ichimoku Cloud

If you reverse all the things we talked about for buying, you get all the ground rules for selling with Ichimoku Cloud. Notice the Conversion Line going below the Base Line. This is where you must be alert as a trader. We take a short position when a candle closes below the cloud. Keep the stoploss as same level as the Leading Span A.

CONCLUSION

The Ichimoku Cloud is a powerful technical tool which provides you with insights of the overall market dynamic of a price chart. When traded with rules, it can help you make well-informed trading decisions and boost the efficiency of your analysis to a great extent.

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Notes

CHAPTER 2

INTRADAY STRATEGIES