**Trading Principles**

**If you are determined to learn, no one can stop you.**

**Don’t front run, don’t Guess, don’t Gamble, Be surgical and reactive.**

* + All the below stocks are good for Covered Call as well;
    - **Growth Stock:** MSFT, AAPL, NVDA, AMZN, GOOGL, TSLA, WMT, PLTR, COIN, MSTR, LULU, TXN, PM, AMD, DELL, NKE, TGT, ADBE, IBM, TSM, SMCI, SBUX, COP
    - **Day Trade:** KHC, AAL, CMG, DIS, INTC, WM, HPE, HPQ, WDC, MU, STX, HAL, XOM, OXY, MRO, PYPL, BAC, UBER, LUV, T, VZ
    - **Only for Experienced:** SOXL, TSLL, TNA, BITO, NVDL, MARA, RIOT, SOFI, TSLR
  + **Dividend Only Stock:** TSLY, NVDY, CONY, MSTY, ULTY

1. **Take a break if you consistently winning, otherwise overconfidence and carelessness can lead to very big loss**
2. **Use Paper trading to test a strategy for at least 2 weeks before using actual money.**
3. Select stocks;

Only from S&P 500 and Nasdaq and with high volume, volatility and economic moat (competitive adv. NVDA, NFLX)

and owned by institutions and mega investors.

1. Buy ONLY when the ALL of the following matches.
   * Step 4 Satisfied.
   * Analyze the company’s financial health, focusing on revenue, profit, and debt levels.
   * Review the company's earnings growth trends over recent quarters and years
   * Assess the stock’s valuation using metrics like P/E ratio, P/B ratio, and PEG ratio.
   * Investigate the company’s competitive position and market share in its industry.
   * Evaluate the quality and stability of the company’s management team.
   * Examine cash flow to ensure the company generates sufficient operational income.
   * Check recent news for any impactful events or regulatory issues.
   * Analyze industry trends to see if the sector is in a growth or decline phase.
   * Study analyst ratings and price targets but form your own conclusions.
   * Understand the company’s business model and primary revenue sources.
   * Assess the company's long-term potential rather than just short-term gains.
   * Learn about the stock/Product fully before buying one last time.
   * Buy only the stocks from your own stock universe, don’t buy some new stock because metfool says so.
   * RSI < 30.
   * Price less than EMA (Exponential Moving Average).
   * Price is on Support.
   * Price almost touching the lower band of Bollinger Band.
   * Price is trying to move over the VWAP indicator.
   * MCAD is gaining momentum.
   * No Recent Bad news about the stock/ETF.
   * Analysis on Major websites are positive.
   * Has at least minimum 2% to 20% ATR.
   * Buy when the downturn is ended and one or 2 green candle is generated.
   * Buy only when you have decided on a price for stop loss.
   * Patiently wait until the price you are comfortable (sometimes you have to patiently wait for months)
   * Don’t buy stocks if the price is less than 200 days moving average.
   * Don’t buy stocks on hunch alone, your hunch along with indicators need to match before decision.
2. Sell if any or a combination of items gets satisfied.
   * RSI > 70 and at resistance.
   * When you are 30% profit on the stock.
   * When there is a negative news about the stock you own.
   * When you know selling current stock and investing in another is going to profitable.
   * Sell and cashout when you know unemployment news etc are coming in a day or two.
3. Bollinger Band / EMA / MACD / RSI / Support / Resistance / Trend Lines / ATR/ VWAP/ RSI
4. Learn to Trade, not to make money. If you are a patient disciplined trade, money follows you.
5. Avoid trading during the first 15 to 20 minutes of the market open.
6. **Sell** Stocks between 8.30am to 9.30am | **Buy** stocks around 11am, 1pm or between 2.45 to 3pm.
7. Use limit orders, not market orders
8. Know your entry price, exit price, and stop-loss even before you enter the trade
9. Beginners should not use margin.
10. Have a selling plan
11. Keep a journal of all your trades
12. any pros swear by their journal, where they keep records of all their winning and losing trades.

Write down what you did right or wrong. Doing so will help you improve as a trader, which is your primary goal.

Not surprisingly, you’ll probably learn more from your losers than your winners.

1. Cut your losses.
2. Trade strong stocks long in an uptrend; short weak stocks in a downtrend.
3. Wait for the pullback/retest
4. Stay in the market 30 to 40 percent of the time. The rest of the time be cunningly patient, doing your homework and analysis, holding cash positions, waiting for the next big opportunity and the right setups to present themselves.
5. Don’t trade when the trend is unclear. Remember no trade or no position is great position.
6. Daily Routine:
7. Do analysis on your stock the previous night / Check overnight trades / check gap up and gap downs.

Check news events and draw on the chart / Look for entries on higher timeframe to decide the direction followed by lower timeframe / Take into consideration on major Index. If Major index is red, individual stocks will turn red.

Record trades throughout the day. / Review trades end of day or week.

1. <https://tradingeconomics.com/calendar> note important dates like CPI, PPI, unemployment, Jolts etc.
2. User Stop Loss or Hedge your stocks for downside. Learn to protect **profit** by using trailing stop loss.
3. Options are tough to understand, ask your friend to teach you basics before investing time yourself
4. Don’t Buy options, Even If you are 100% sure :) (**I never bought options**, only sold options).
5. Allocate max 20% of your portfolio for sell options.
6. Sell Options and generate income using Covered calls and absolutely know how to roll an Option.
7. Please keep options simple to covered call alone, no need for fancy spreads/straddle/strangle/condor/butterfly
8. Buy Options when VIX < 20 | Sell Options when VIX > 30
9. Allocate the highest % of funds to your best growth stock.
10. Know your stocks earnings date and don’t run through the earning. IV gets crushed on or after Earnings Report Date.
11. Buy Stocks 3 weeks before the Earnings date and sell the same 2 or 3 days before the Earnings date.
12. 50 cents profit on 500 stocks is 250$, 2 trades will get 500$ a day. So having 1% to 2% daily goal is doable
13. Stocks communicate in whole numbers. \*\* Institutions play in Whole numbers, so I play in fractions \*\*
14. Set Alerts on stocks.
15. Invest 50% of your capital and keep the other 50% in cash for bad day / Red day.
16. Patience and discipline are the key in buying and selling. (If you are in doubt don’t trade, your 1st thought is 90% right).
17. Keep daily track of stocks. |The night before and do analysis and be ready for the next day.
18. Treat every $ as your Parents/Wife/Kids money. You will automatically become very responsible.
19. Don’t average on losing stock.
20. Follow great investors like Warren Buffet, Charlie Munger, Nancy Pelosi etc.
21. Try to stay very little time in the market. (to minimize drawdown, swipe and be out safe as quickly as possible).
22. Use discord to record your trades. Keep a trading journal – study your winning and losing trades.
23. In trading 30 percent is strategy and 70 percent psychology.
24. Keep an eye on US30, US100, SP500, IV and VIX and high impact news like layoffs, mergers, new CIO etc.
25. Keep an eye on Elections, news, wars, Economy. (This is one of the main reasons to lose money).
26. Watch news like CNBC etc. to keep up to date in the market. Visit Barchart.com for news.
27. Big move is always followed by retracement or pullback.
28. Have the stomach to do nothing on deep red days, don’t panic sell, ultimately things will be back to normal.
29. Don’t overtrade on winning or losing days. If you are using 500 shares on winning day, use same qty on loosing day.
30. Fidelity, Schwab etc. all have facility to research on stocks, Make use of this free service.
31. Remove fear & emotions in trade. Aug 5th 24 Dip: Retailer sold $1 Billion; institutions bought +$14 billion
32. TEAM: Together Each Achieves More (Validate and do you own analysis after getting TEAM ideas).
33. Slow and steady win a race. Always analyze and improve your trades.
34. Practice, Practice, Practice and keep learning. Read Books on Stocks / Options
35. Buy Options at the money if possible and only if you an expert,then buy options.
36. Spread out trades between multiple non-correlated stock groups.
37. If you using options Learn Covered call, Bear Call Spread, Bull Put Spread, Short Strangles, Naked Calls and Puts.
38. Sit out on bear market.
39. The most important strategy begins in your mind. Be more focused on your target and become profitable
40. It is not over when you lose, it is over when you quit.

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**Key Quote to Remember:**

**“The stock market is a device for transferring money from the impatient to the patient.”** – Warren Buffett

The overarching theme is to **keep it simple, stay disciplined, and maintain a learning mindset**.

**The "90/90/90 Rule"**: **90% of traders lose 90% of their money in the first 90 days**.

Keeping this in mind helps to focus on **longevity** and survival in the market.

Avoid trying to "get rich quick," and focus on small, consistent profits

Follow YouTube channel

<https://www.youtube.com/@parkevtatevosiancfa9544> (Stock Selection)

<https://www.youtube.com/@FiredUpWealth> (Stock Selection)

<https://www.youtube.com/@tastyliveshow> (Deep advanced Analysis).

<https://www.youtube.com/@juniortrader> (Chart Analysis)

<https://www.youtube.com/@ChrisSain1> (Chart Analysis)

**Options trading involves significant risk Consult with a financial advisor before making any investment decisions.**

**Covered Call (Capped profit, limited upside potential).**

Imagine you own 100 shares of a stock and you want to generate some extra income from these shares.

This is where a covered call comes in.

1. **Own the Underlying Stock:** You already have 100 shares of the stock in your portfolio. This is the "cover" in a covered call.
2. **Sell a Call Option:** You sell a call option on those same 100 shares with a strike price slightly above the current stock price. This gives the buyer the right to buy your shares at that price before the option expires.

**How it Works:**

* **Stock price stays below the strike price:** The option expires worthless, and you keep the premium you received from selling the call. You also keep your shares.
* **Stock price rises slightly above the strike price:** The option buyer may exercise their right to buy your shares at the strike price. You still make a profit from the premium and the increase in the stock price up to the strike price.
* **Stock price rises significantly:** The option buyer will almost certainly exercise their right to buy your shares. You miss out on the larger gains above the strike price, but you still profit from the premium and the price increase up to the strike price.

**Key Takeaways:**

* **Limited Profit Potential:** Your maximum profit is capped at the strike price plus the premium received.
* **Limited Risk:** Your maximum loss is the purchase price of the stock minus the premium received.
* **Income Generation:** Covered calls are a popular strategy for generating income on stocks you already own.
* **Suitable for Neutral to Slightly Bullish Outlook:** This strategy works best when you expect the stock price to remain relatively stable or increase modestly.

**Example:**

You own 100 shares of XYZ stock currently trading at $50. You sell a call option with a strike price of $55 and receive a premium of $2 per share ($200 total).

* If XYZ stays below $55, you keep the $200 premium and your shares.
* If XYZ rises to $60, the option buyer will likely exercise, and you sell your shares for $55 each. Your profit is $5 per share from the price increase plus $2 per share from the premium, totaling $700.

**Important Note:** Like all options strategies, covered calls involve risks. It's essential to understand the potential downsides and consult with a financial advisor before implementing this strategy.

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**BULL PUT Spread (Price at Support, limited profit potential, careful strike selection, time decay works against you, best for moderate price increases)**

Imagine you think a stock is at a support level and likely to go up, but you want to limit your risk. Here's how a bull put spread works:

1. **Sell a Put Option with a Higher Strike Price:** You sell a put option with a strike price slightly above the current stock price. This means you're obligated to buy the stock at that higher price if the option buyer decides to exercise their right.
2. **Buy a Put Option with a Lower Strike Price:** You buy a put option with a strike price even lower than the current stock price. This acts as your insurance policy, limiting your potential losses if the stock drops significantly.

**How it Works:**

* **Stock goes up:** Both options expire worthless, and you keep the premium you received from selling the put option.
* **Stock stays flat:** Similar to the above scenario, you profit from the premium.
* **Stock drops slightly:** You may lose some money, but the put option you bought limits your losses.
* **Stock drops significantly:** Your losses are limited to the difference between the strike prices of the two options, minus the premium received.

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**BEAR CALL Spread (Price at Resistance, limited profit potential, careful strike selection, time decay works against you, best for moderate price decreases)**

Imagine you think a stock is at a resistance level and likely to go down, but again, you want to limit your risk. Here's how a bear call spread works:

1. **Sell a Call Option with a Lower Strike Price:** **You sell a call option with a strike price slightly below the current stock price. This means you're obligated to sell the stock at that lower price if the option buyer decides to exercise their right.**
2. **Buy a Call Option with a Higher Strike Price:** **You buy a call option with a strike price even higher than the current stock price. This acts as your insurance policy, limiting your potential losses if the stock rises significantly.**

**How it Works:**

* **Stock goes down:** Both options expire worthless, and you keep the premium you received from selling the call option.
* **Stock stays flat:** Similar to the above scenario, you profit from the premium.
* **Stock rises slightly:** You may lose some money, but the call option you bought limits your losses.
* **Stock rises significantly:** Your losses are limited to the difference between the strike prices of the two options, minus the premium received.

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**Key Takeaways:**

* Spreads limit both your profit potential and your risk.
* They're a more conservative strategy than buying or selling individual options.
* Understanding support and resistance levels is crucial for effectively using these strategies.

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Strategy

1. Selling Covered Call Weekly (with or without Wheel Strategy)
2. YieldMax
3. Daily 50Cents to 1$ or 1percent
4. Earning date play. (Buy 3 weeks before and sell 2 or 3 days before Earnings Date.

**SELLING OPTIONS LIKE ICE CREAM**?

An ice cream shops that buy a 5-gallon tub for, say, $50. Each tub has 100 scoops, and each of those scoops sells for $3

So, they pay $50 and collect $300!

Our long-dated put is the tub of ice cream that lasts for 120 days; (long dated **Buy Put** serves as insurance because as buyer you have the right to PUT the stock to seller at the strike price even if the stock is strike price – 50 lesser)

Each scoop is the weekly put we sell.

Let’s use Charles Schwab (SCHW) as an example:

SCHW is trading at $74.00

We **buy** a $70 put expiring in 120 days and past the next earnings date for $4.20

We **sell** next weeks at the money 74 put and collect $1.28

We have a tub of ice cream with 16 weekly scoops and the potential to collect $1.28!

If you had 1 contract (100 shares), you would pay $420 for the insurance and collect $2048.

If you had 5 contracts (500 shares), you would pay $2,100 for the insurance and collect $10,240.

If you had 10 contracts (1,000 shares), you would pay $4,200 for the insurance and collect $20,480; this is $1,280 a week.

Day Trade: 10 Mins Trade (Beginners Paper Trade)

**Learn and do. Don’t just watch videos, you want to Do after you learn. Do this for 2 weeks in paper trade.**

Use 8,23 EMA

There is lot of price gap between 8 and 23 EMA. If there is less gap then don’t trade and wait for opportunity to get in.

Call Option:

When and 8 and 23 are both going up.

When 8 EMA is having higher price than the price of 23 EMA

Exit when there are 2 consecutive candles crossing below 8 EMA (on the down side.)

Put Option:

When and 8 and 23 are both going down.

When 8 EMA is having lower price than the price of 23 EMA

Exit when there are 2 consecutive candles crossing above 8 EMA (on the upside side)

Placing the Trade

• Look to see which direction the 8 and 23day moving average is trending.

• If they are trending up you are going to buy Call options; if they are trending down you are going to buy Put options.

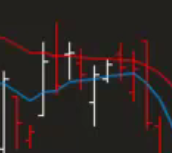
If you like what you see go to the option chain and see if you can find a few options to suit your needs. Be sure to pick an option that has an open interest of at least 100, expires in 45 or more days, and then invest roughly $500 into the trade.

To keep things simple, we are trading the at-the-money or slightly out-of-the-money option.

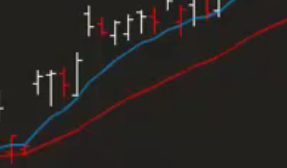
**Exit Criteria** Exit on 2 consecutive price closes above or below the 8-day moving average.

Red Blue both going opposite direction (No Trade).

Red going down, Blue Going Up.



Red Blue both going same direction (Trade).



The 7 Steps.

**What to Trade**

* 1. Fundamental Analysis
  2. Creating a Watch List

**When to Trade**

* 1. Technical Analysis
  2. Potential Trades
  3. Follow through

**How to Manage risks and Profits**

* 1. Exit Strategy
  2. Money Management