**Trading Principles**

**If you are not willing to learn, no one can help you.**

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

**Don’t front run, Don’t Guess, Don’t Gamble, be surgical, be 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

1. 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 2 Satisfied.
   * Do current market analysis on the stock and its competitors.
   * Confirm the stock is the sector that is growing. Don’t select stock in non-growing sector.
   * 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 etc say so.
   * RSI < 30.
   * Price less than 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. Avoid trading during the first 15 to 20 minutes of the market open.
5. **Sell** Stocks between 8.30am to 9.30am | **Buy** stocks around 1pm or between 2.45 to 3pm.
6. Use limit orders, not market orders
7. Know your entry price, exit price, and stop-loss even before you enter the trade
8. Beginners should not use margin.
9. Have a selling plan
10. Keep a journal of all your trades
11. 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.
12. Cut your losses.
13. Trade strong stocks long in an uptrend; short weak stocks in a downtrend.
14. Wait for the pullback/retest
15. 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.
16. Don’t trade when the trend is unclear. Remember no trade or no position is great position.
17. Daily Routine:
18. 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 loosing 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 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. It is not over when you lose, it is over when you quit.
40. The most important strategy begins in your mind. Be more focused on your target and become profitable

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**COVERED CALL (Profit is capped, Loss Unlimited)** Covered Calls Explained: [https://youtu.be/D5Rjx\_7XG2U](https://www.youtube.com/watch?v=D5Rjx_7XG2U)

**Step1: You buy 100 stocks of XYZ at 150$**

**Step2: You do a SELL CALL on the stocks you bought.**

**For example.**

**I sell call on XYZ | Current Price= 180$ | Strike price 220 | Exp Oct 10 | Premium = 10$ | 1 Contract |**

**If the price goes above the strike price, I will make capped profit that is**

**(Strike Price – cost price of the stock) x (Number of contract X 100) – (number of contact x Premium)**

**(220 – 150) x (1 x 100) – (10 x 100) = 6000 profit.**

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**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.

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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.

**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)

**When price is at discount (a) Support and you see huge Buy Orders from market, 95% of the time, we can make money by doing BULL put Spreads.**

**When price is at premium (a) resistance and you see huge sell Orders from market, 95% of the time, we can make money by doing Bear Call Spreads. All we need is interest to learn, practice and patience to wait for those levels. You can make huge success in trading if you follow his simple strategy. You can use same strategy for Stocks, Optios, Futures, Currencies etc. Explain in detail**

ChatGPT said:

This trading strategy leverages two important principles: *support and resistance levels* in price movements and *order flow* in the market. Here’s an in-depth look at how each part of this approach works and why it can be effective:

1. Understanding Support and Resistance Levels

* Support Level: This is a price point where an asset (such as a stock, option, future, or currency) tends to find buying interest. When the price hits this level, there’s often a “floor” where buyers come in to support the price. If there is significant buying demand, the price may reverse or stabilize here. For example, if you notice a stock at a support level, you may see a lot of buy orders as traders expect the price to bounce up.
* Resistance Level: This is a price level where selling interest tends to be strong. The asset encounters a “ceiling” as sellers come in, which may cause the price to drop or consolidate. For instance, if a stock is trading near a resistance level, there’s often a lot of selling activity, which can prevent the price from rising further.

2. Recognizing Buy and Sell Orders at Key Levels

* Large buy orders at a support level or large sell orders at a resistance level indicate strong market sentiment and can create opportunities to enter trades with defined risk. These large orders often reflect institutional interest, which can influence the market’s direction in the short term.
* Observing significant buy or sell orders provides confidence that the market will react strongly to these levels, either rebounding from support or dropping from resistance.

3. Using Bull Put Spreads at Support

* A bull put spread involves selling a put option with a higher strike price and buying another put with a lower strike price on the same asset and expiration date. This creates a limited-risk, limited-reward position that profits if the asset stays above the higher strike price.
* When the price is near a support level, and you see large buy orders, it signals potential for a bullish move or stability around this price. Executing a bull put spread here allows you to benefit from a move upwards or stability, with your maximum profit occurring if the price closes above the higher strike price at expiration.

4. Using Bear Call Spreads at Resistance

* A bear call spread involves selling a call option with a lower strike price and buying a call with a higher strike price on the same asset and expiration date. This is a bearish strategy that profits if the asset remains below the lower strike price.
* When the price approaches a resistance level, and there are substantial sell orders, it indicates potential for a downward or sideways move. Entering a bear call spread here allows you to profit if the price drops or stays below the lower strike price, with maximum profit if it remains below this level by expiration.

Why This Strategy Works

* Defined Risk and Reward: Both the bull put and bear call spreads are limited-risk strategies. You know in advance the maximum amount you can gain or lose, which helps you manage risk.
* Probability of Success: By entering these trades at support (bull put) or resistance (bear call), you’re aligning with natural levels in the market where price often reverses. Adding the signal of large buy or sell orders reinforces the probability that the trade will succeed.
* Broad Applicability: The strategy can be applied to stocks, options, futures, currencies, or other assets where support and resistance levels are relevant, providing versatility across markets.

Key Points for Success

* Patience and Discipline: This strategy requires you to wait for clear signals at support and resistance levels, coupled with strong buy or sell interest.
* Practice and Learning: Understanding how to identify support and resistance, interpret order flow, and manage options strategies like spreads takes practice and ongoing learning.
* Adaptability: While the strategy can work in different markets, market conditions may change, so you should adapt based on volatility, trends, and macroeconomic factors.

By following these principles, you can structure your trades in a way that aligns with market patterns, giving you an edge in terms of probability and risk management. Remember, however, that no strategy is foolproof, and it’s essential to use appropriate risk management and remain adaptable to changing market conditions.