

Trade Chart Patterns Like The Pros

Traders Laboratory

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October 24, 2008

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Agenda...

- Introduction
- Trading Methodology, Research
 - Trading Plan, Instruments, Trading Hours...
- Overview of Entries and Exits
- Top 10 Favorite Patterns
- ABC Setup, Trader Vic's 2B Top/Bottom
- Book Overview

Introduction

- Education
- Corporate America Experience
- Entrepreneurial Experience
- 13+ Years Full-time Trading
- Quant/Math/Analytical/Programming Skills

Presentations, Articles, Book...

- Member of *American Association of Professional Technical Analysts (AAPTA)*
- *Interviewed in Stocks & Commodities (Sep. '08)*
 - <http://www.traders.com/Reprints/ArticleList.html>
- Presentations
 - TradersExpo, Trading Groups
- Articles
 - Stocks & Commodities (June/Aug. 2007, June 2008),
 - The Trader's Journal (Sep./Nov./Dec. 2007)
 - ActiveTrader, Tradersworld, ChartPoint...
- Featured
 - Barrons, WBJ, S&C ...
- Book
 - “Bulls, Bears and Brains” – Joshua Solan, Adam Leitz (John Wiley)
 - “The Mathematician Meets the Markets”

Trading Methodology

Trading Instruments

- E-Mini Futures (ES, NQ, YM, ZG)
 - Short-Term (1m – 30m)
 - Futures: 610 Tick, 5m, Daily

- 100+ Stocks
 - Swing Trading
 - **Overnight** to 3-Days
 - Stocks: 5m, 60m, Daily

Trading Methodology

- Discretionary Trading, Strategy Followups..
- Short-Term Trading (Technical)
 - Bar Charts, Renko and Range Bars
 - Price Pattern Based Trading
- No Oscillators or Momentum Indicators
- Do not follow “Market Gurus”
- All Trading Ideas -- Self Built/Tested
- Goal Oriented Trading

Trading Plan and Research

- 1 to 3 hours on Market Analysis (Stocks)
- 6 to 8 Hours of Trading
- Pattern Recognition
- **Build** Trading Plan
- Update website (www.suriNotes.com)
- Update Journals Every Day
- TradeStation

Trading Day

E-Minis

- 9.00 am – 11.30 am
 - Trade e-Minis
- 11.30 am – 1.00 pm
 - NO e-Mini Trading
- 1.00 pm – 3.00 pm
 - Trade e-Minis
- No Emini Trading and Absolutely **NO** Shorts after 3pm

Stocks

- 8.00 am – 10.30 am
 - Sell/Close Stocks
 - No-New Positions
- 10.30 am – 3.00 pm
 - Trade **ETFs**
 - Pro/UltraShort shares
- 3 pm – 5 pm
 - New Positions (Stocks)
 - Buy/Short

Overview of Entries/Exits

Trade...

■ Framework

– *Time Frame, Trade Time Zones...*

■ Reason To Trade

– *Setup, Pattern, Indicator, System...*

■ Execution

– *Trigger based Entries, Target based Exits*

■ Management

– *Size, Stops, Targets*

Overview of Entries and Exits

- Entries and Exits both are important
- “A Planned Entry leads to A Planned Exit”
- Success in Trading
 - Analysis
 - Excellent Platform/Execution Skills
 - Discipline
 - Money Management
 - MM most successful in Long-Run
 - Short-term Traders -- Technicals

*A Planned **Entry** Leads to
A Planned **Exit***

Entries

- Entry above/below
 - Previous Bar, 2-Bar High or Lows
 - Swing High or Swing Low
 - Breakout/Breakdown (Trendline, Supp./Res., MAs)
 - A Wide-Range Bar
- N-Bar Range Breakout Technique
 - Toby Crabel's Technique

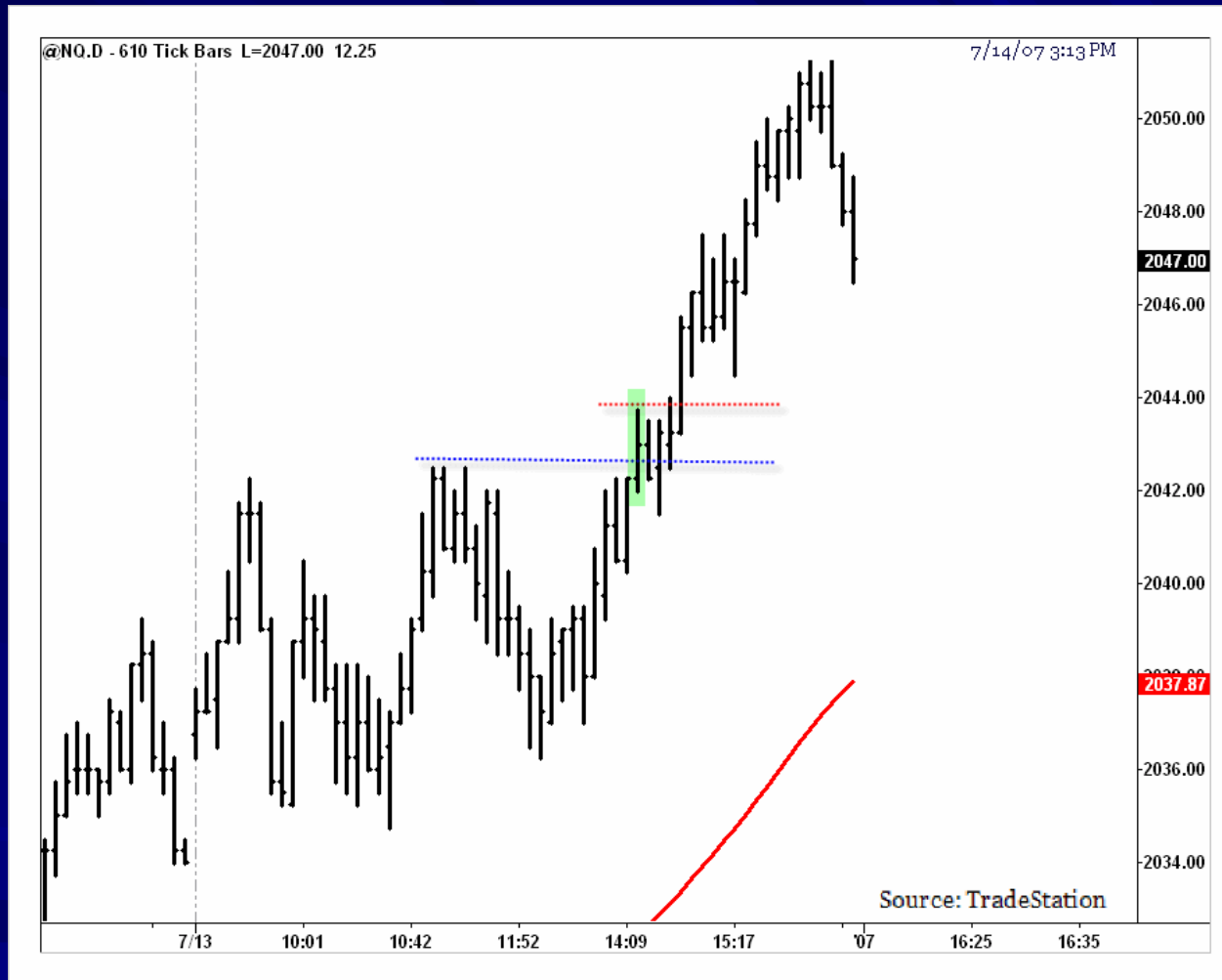
Entry: 2-Bar High/Low



Entry: Swing High/Swing Low



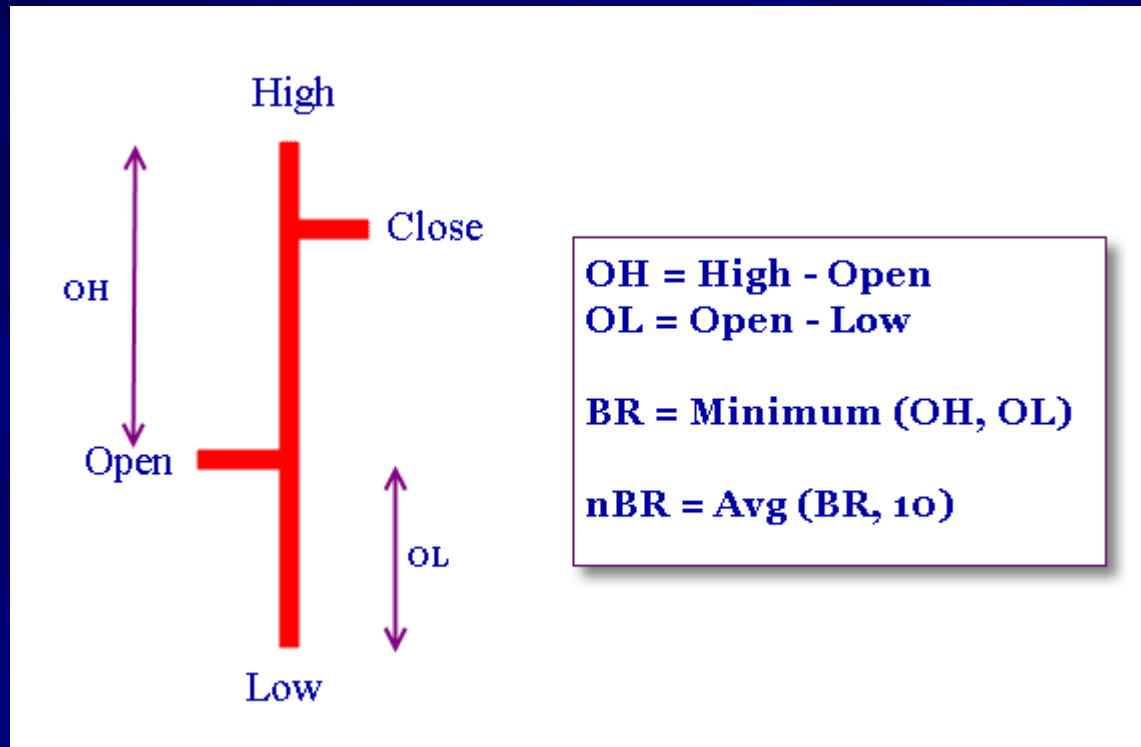
Entry: Breakout/Breakdown Bar's High/Low



Entry: Wide-Range Bar High/Low



N-Bar Range Breakout Technique



Exits

- “Must be Planned”
- Key Support and Resistance Levels
- Fibonacci Levels
- ATR Exits
- Bar Size Exits
- Dollar based Exits

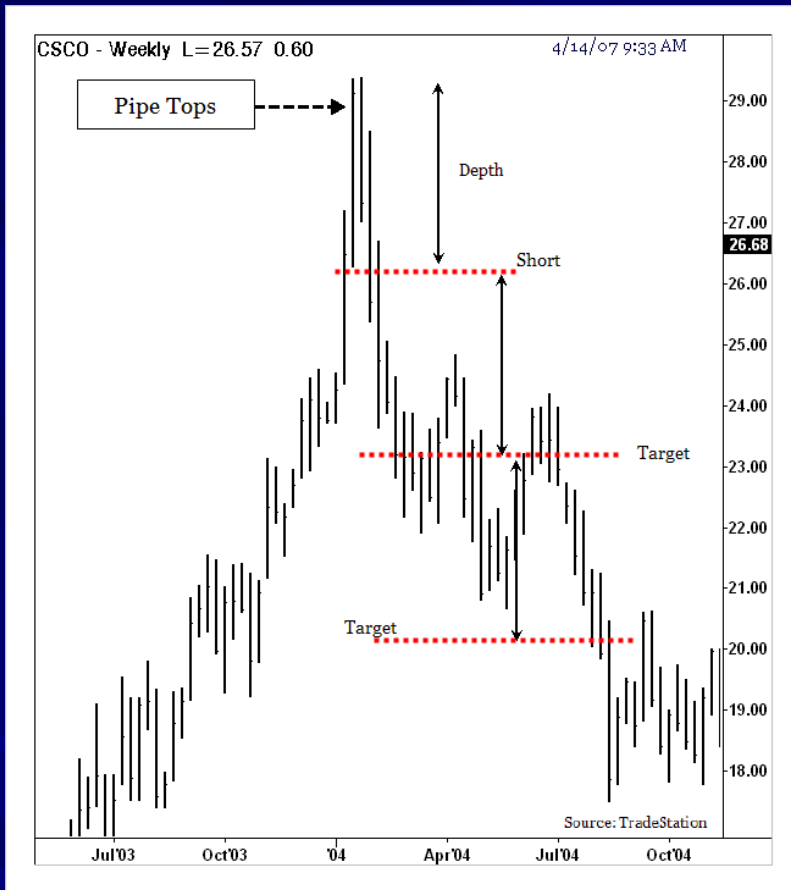
Exit: Key Supp./Resistance Levels

- Moving Averages
 - 21 and 89 XMA, 200 SMA
- Swing Highs/Lows
- Trend Lines
- Previous Day High/Lows
- First Hour Highs/Lows

Exit: Fibonacci Levels

- Use High and Low values
- Fib. Levels (0.382, 0.618, 1.0, 1.168)
- Secondary Fib. Levels (0.786, 1.27, 1.38)

Exit: Bar Size Exits



suriTools Video

Video...

http://www.youtube.com/watch?v=8wuW_a0Drl

Top 10 Favorite Patterns

Pattern Trading

- There are **NO** Perfect Patterns
- All Patterns Fail – Key is to know when to ‘Trade’ them and when to ‘Avoid’ them
- There is no single pattern which is a Holygrail
- Patterns must be clearly visible... Do not **FORCE** a pattern

Top 10 Patterns

1. Trader Vic's 2B Pattern
2. ABC Patterns (Auto)
3. Double Bottoms/Tops
4. Opening Range Pivots
5. Fib. Zone Pivots
6. Market Fractals
7. X5 Patterns – Gartley, Butterfly, Crab, Bat
8. Dragon
9. Flags/Pennants/Wedges
10. Gaps

Top 2 Patterns Presentation

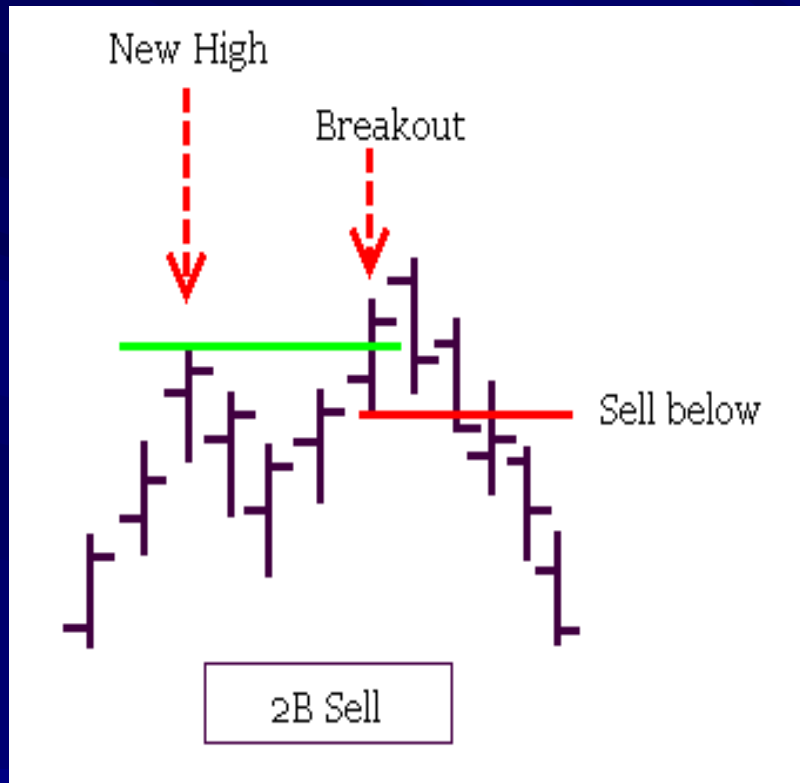
Trader Vic's

2B

Trader Vic's 2B Patterns

- Victor Sperandeo “Trader Vic”
- “*Principles of Professional Speculation*”
- Irregular “Double Top” or “Double Bottom”

Trader Vic's 2B Top (Sell)



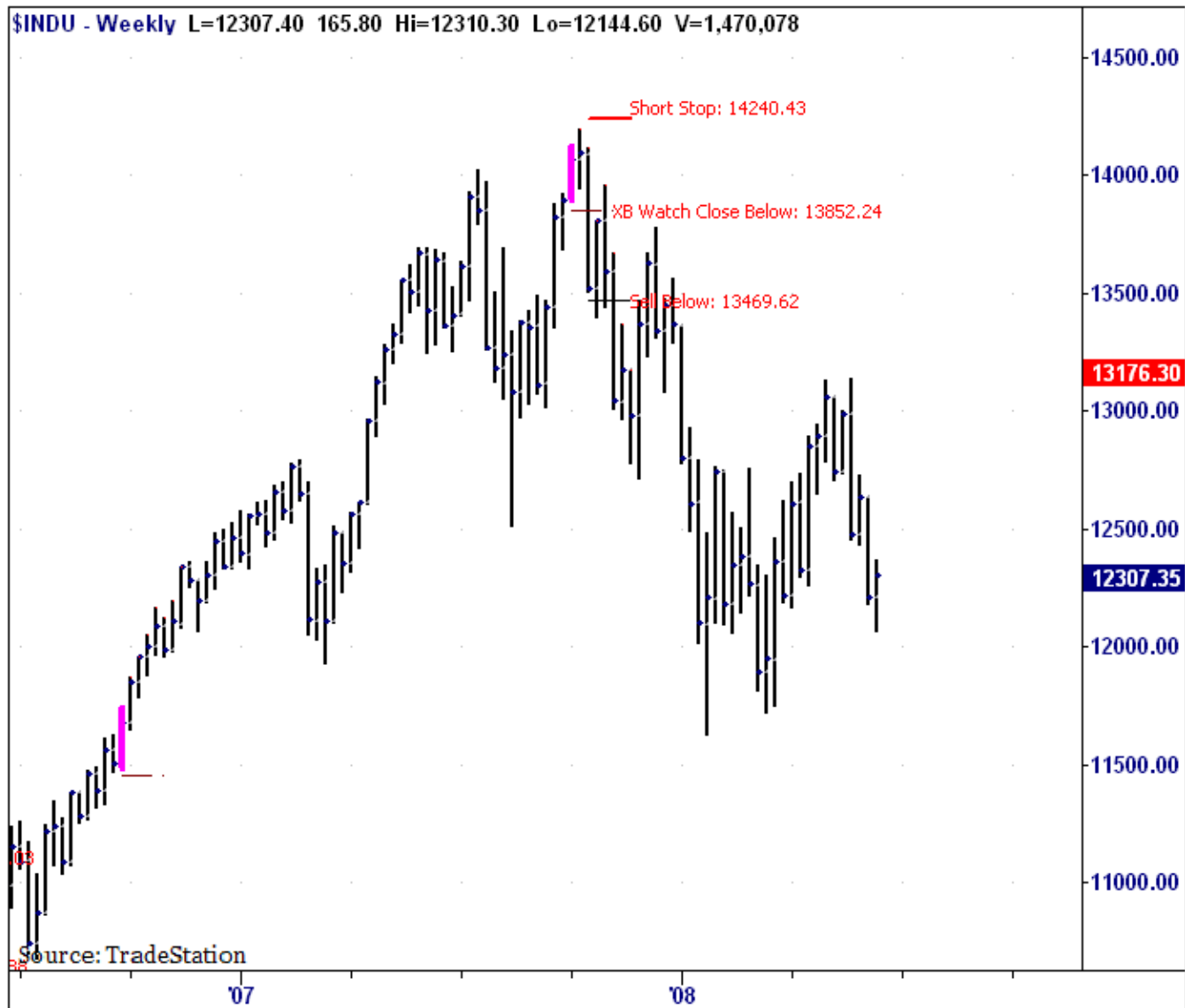
2B Sell (Rules)

- Must make a New High
- Decent Retracement
- Close above New High
- No Follow Through
- Close below Breakout Low
- **Short:** below the Low
- **Target:** Major Swing Low
- **Stop:** Above Breakout High

2B Top (Sell)

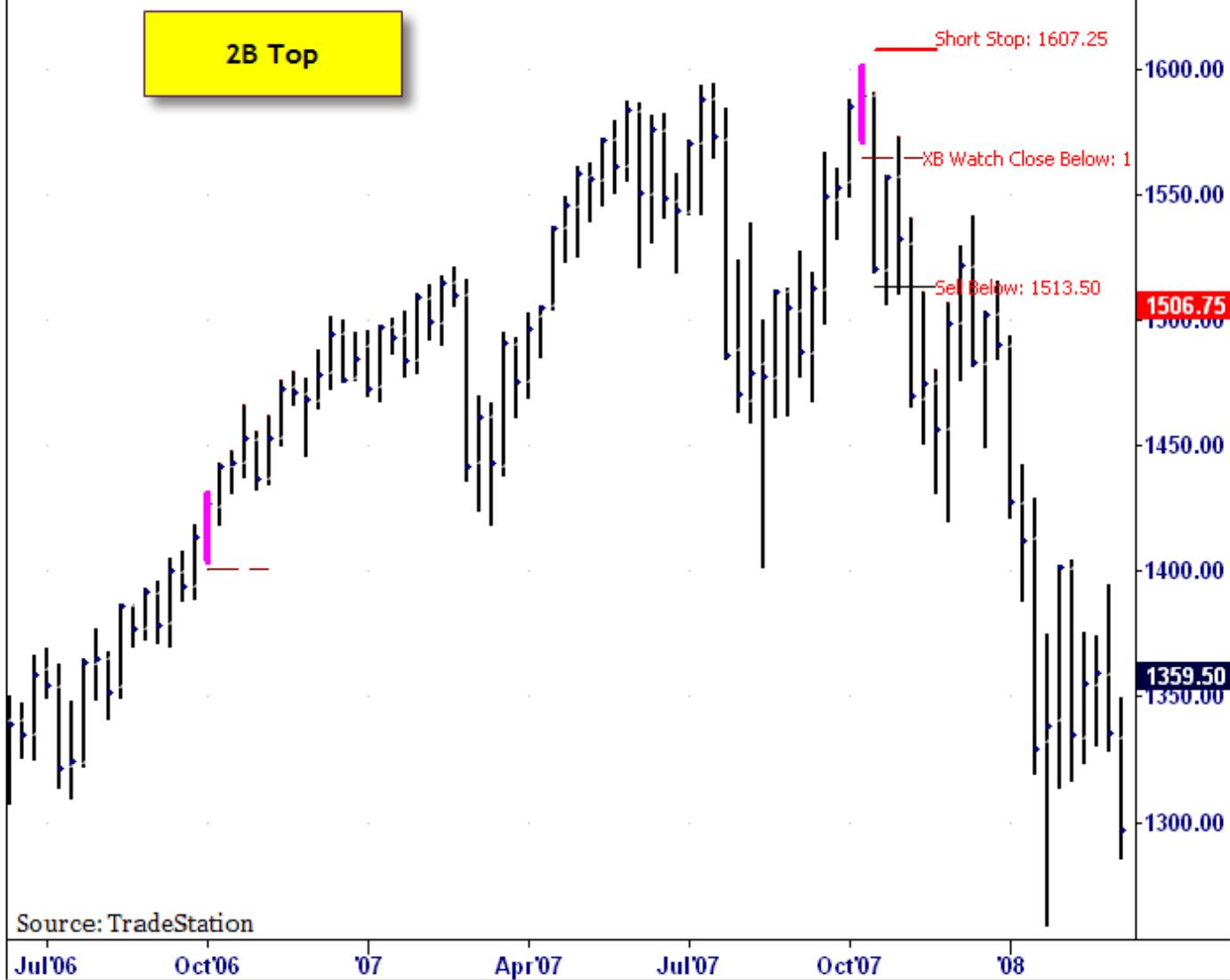


2B Top (sell)



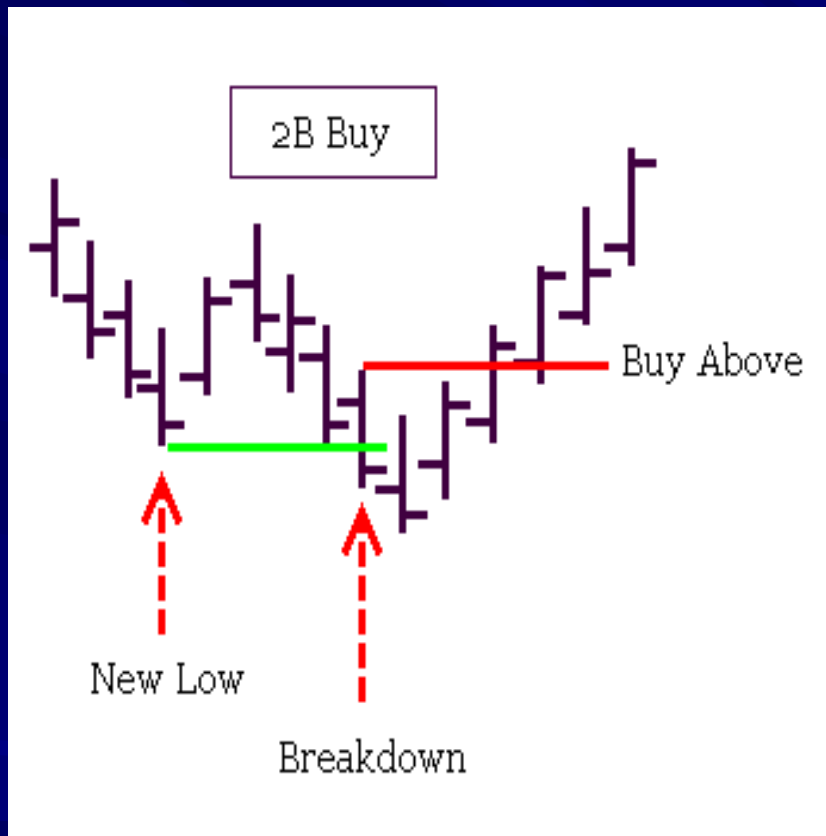
@ES - Weekly L=1359.50 -0.25 Hi=1361.50 Lo=1357.25 V=7,091

2B Top



Trade Chart Patterns Like The Pros

Trader Vic's 2B Bottom (Buy)



2B Buy Rules

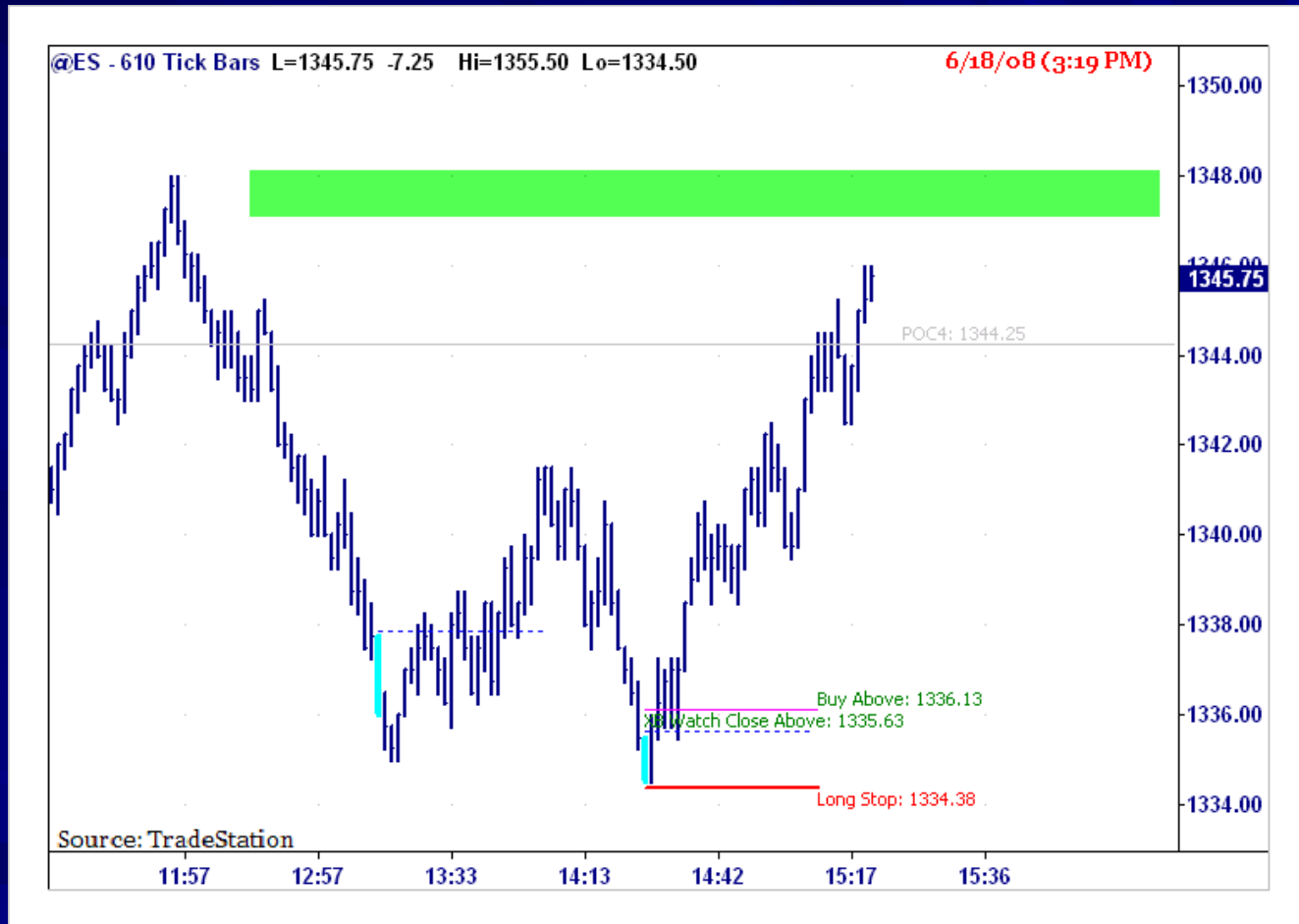
- A New Low
- Decent Retracement
- Another Low below New Low
- No follow Through
- Close above Breakdown High
- Long above Breakdown High
- Stop below the Low
- Target a Major Swing High

2B Long (Example)

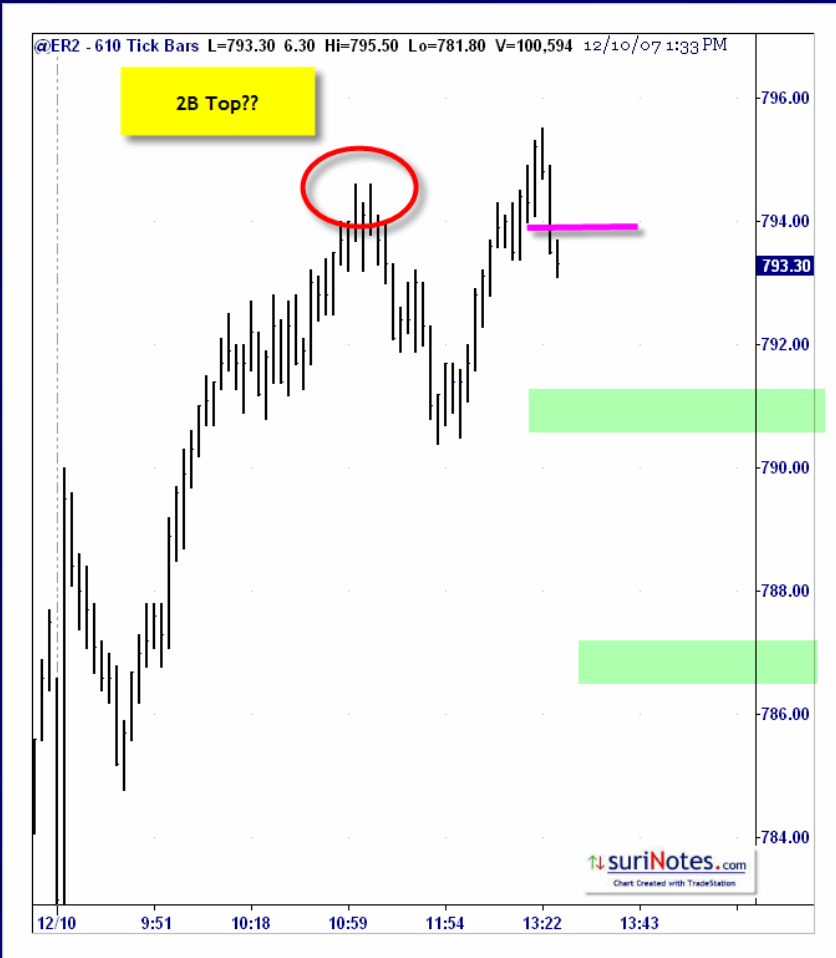


Trade Chart Patterns Like The Pros

2B Buy (June 18)



2B Patterns



Trade Chart Patterns Like The Pros

2B Top/Bottom Scans in RadarScreen

2B Scan Demo...

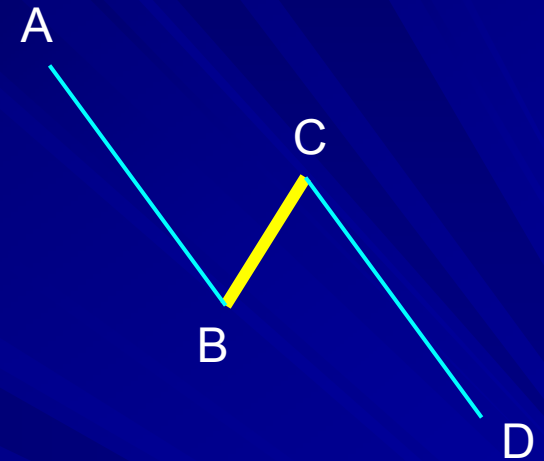
■ Video...

ABC Patterns

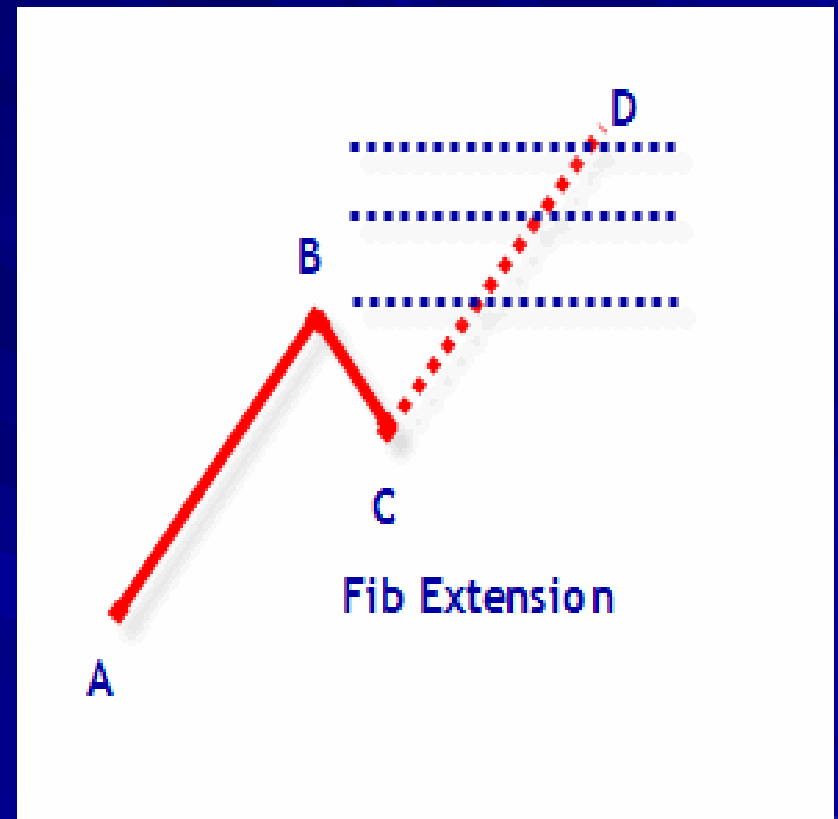
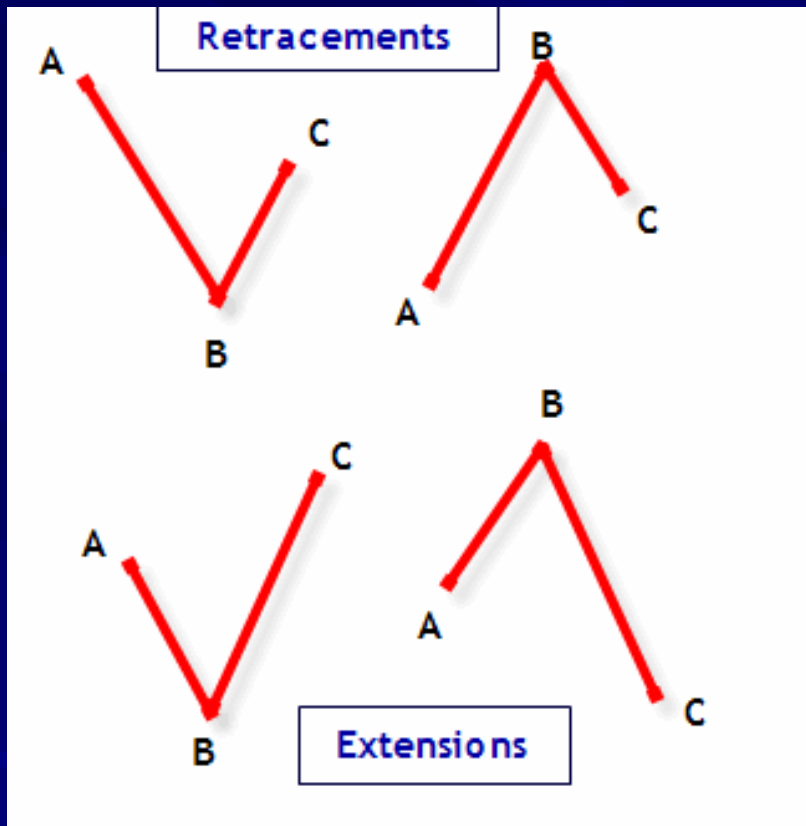


ABC Patterns

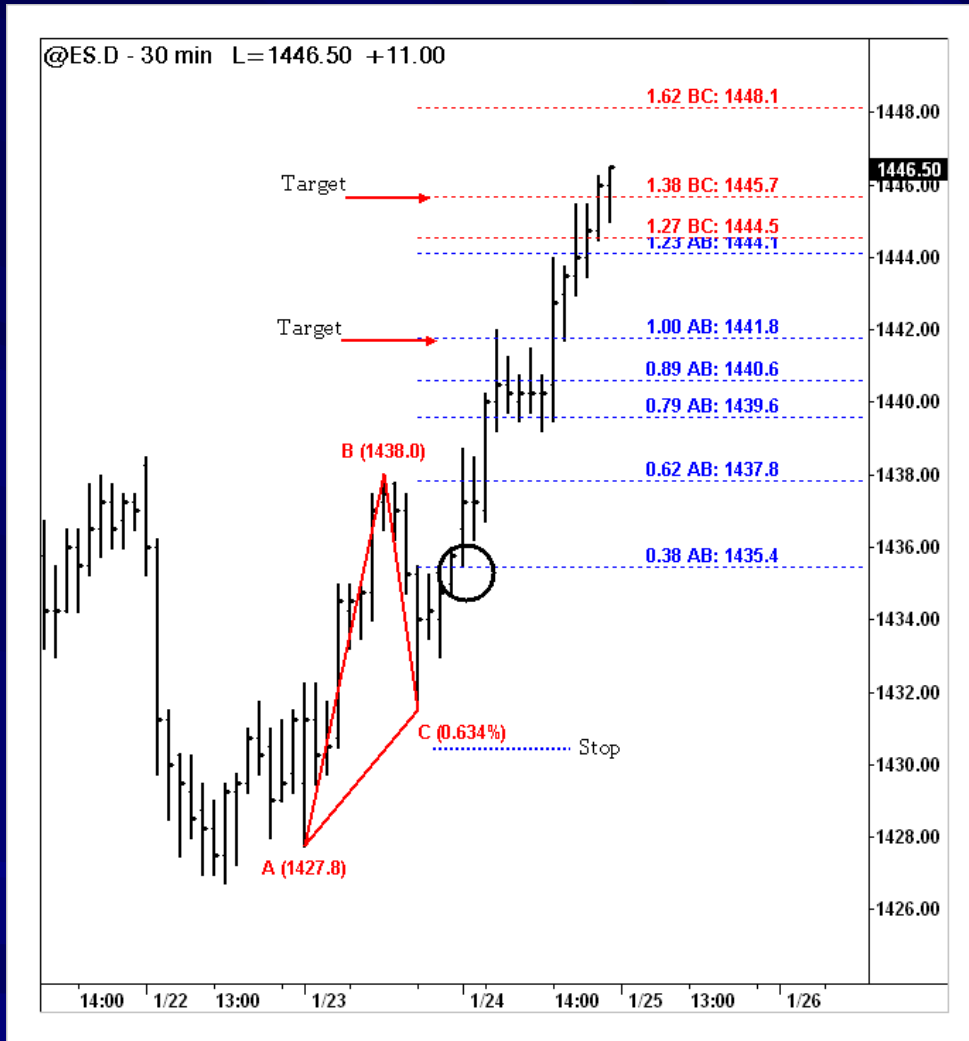
- H.M. Gartley's Book...
- 3-Pivot, 1-2-3 Waves...
- Lightning Bolt
- Trend, Retracement, Trend
- $AB = CD$ Pattern formation
- Trade in the **Direction** of the Trend



AB = CD Structures



ABC Bullish



ABC Bullish Pattern

- 2 to 3 bar Pivot Strength
- Must have at least 62% Retracement
- **Entry:** After ABC pattern, Long Above the High of Previous Bar
- **STOP:** Below 'C'
- **Target:** Between 100% of AB and 127% of BC

ABC Bullish



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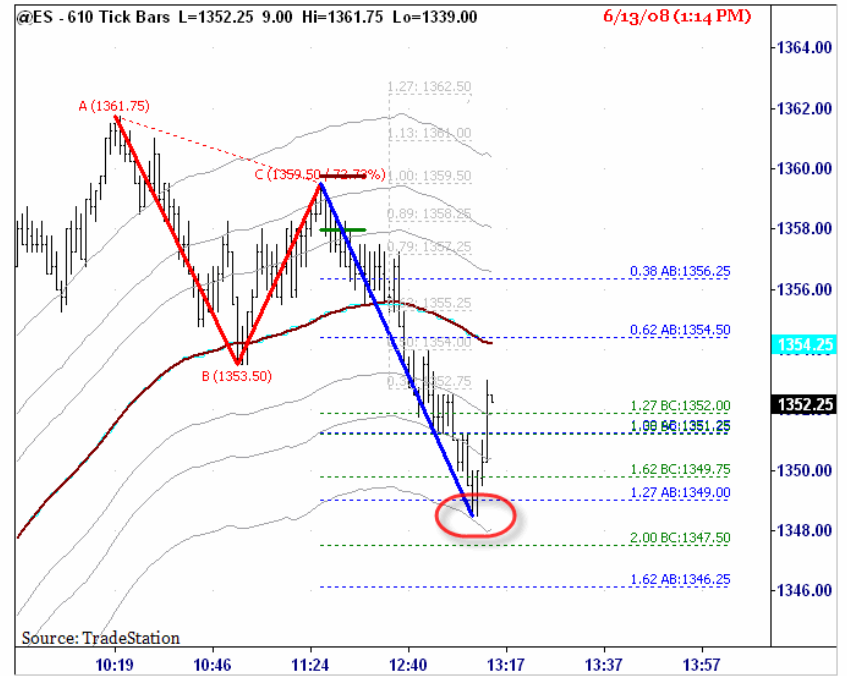
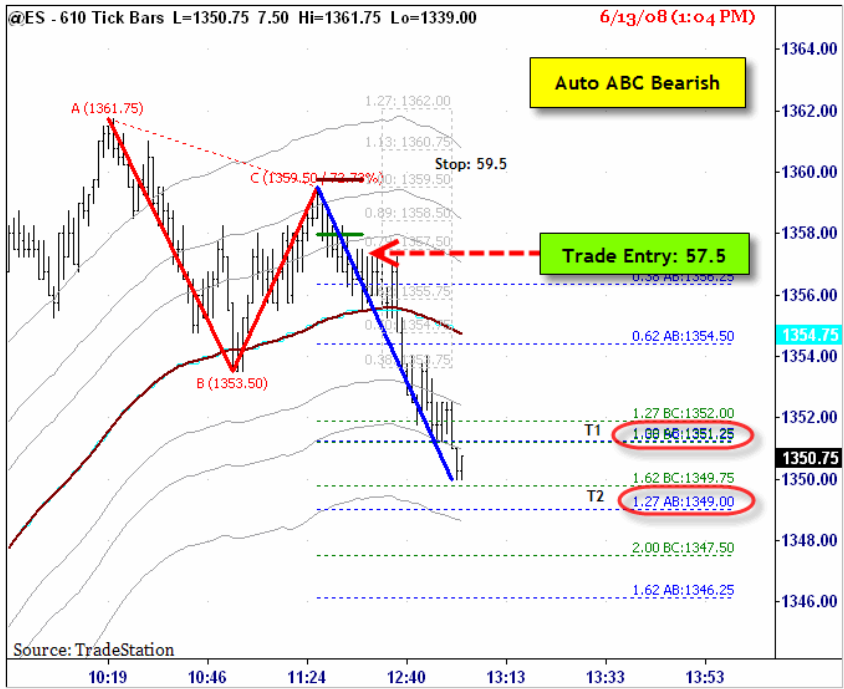
ABC Bearish



ABC Bearish



Trade Chart Patterns Like The Pros



Trade Chart Patterns Like The Pros

ABC Scans in RadarScreen

ABC RadarScreen Scans

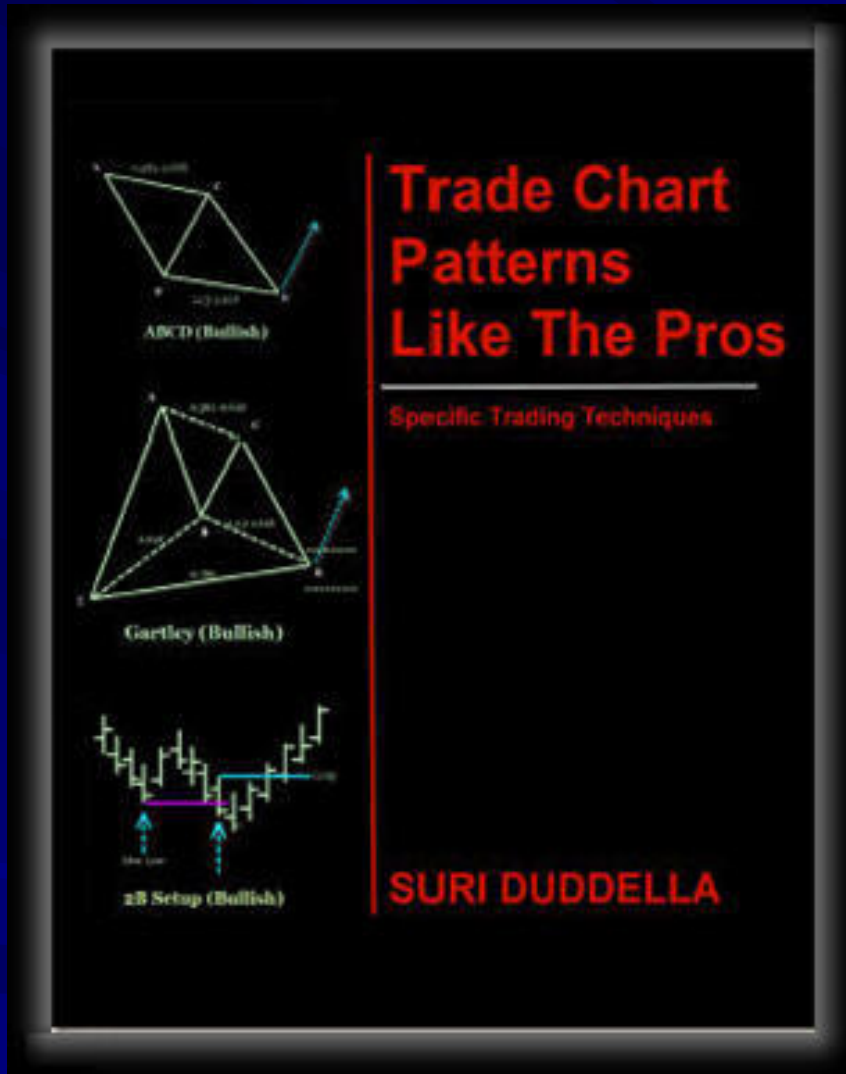
	Symbol	Interval	Last	suri.ABCBear...	suri.ABCBull...		Symbol	Interval	Last	suri.ABCBear...	suri.ABCBull...
1	Nasdaq 100 Index (100)					33	EBAY	Daily	28.36	ABC (0.54)	
2	\$NDX.X	Daily	1966.01			34	ERTS	Daily	46.47		
3	A.APL	Daily	172.35			35	ESRX	Daily	68.33		
4	ADBE	Daily	42.95			36	EXPD	Daily	44.18		
5	ADSK	Daily	38.54	ABC (0.56)		37	EXPE	Daily	21.44		
6	AKAM	Daily	36.33		ABC (0.44)	38	FAST	Daily	48.51		
7	ALTR	Daily	22.82			39	FISV	Daily	50.32		
8	AMAT	Daily	19.90			40	FLEX	Daily	10.92		
9	AMGN	Daily	43.97	ABC (0.63)		41	FMCN	Daily	29.80	ABC (0.63)	
10	AMLN	Daily	27.03			42	FWLT	Daily	73.18		
11	AMZN	Daily	79.05			43	GENZ	Daily	68.74		
12	APOL	Daily	52.34			44	GILD	Daily	54.14		
13	ATVI	Daily	34.26		ABC (0.67)	45	GOOG	Daily	572.10		
14	BBBY	Daily	30.03			46	GRMN	Daily	45.30		
15	BIDU	Daily	327.00			47	HANS	Daily	33.40		
16	BIIB	Daily	59.40			48	HOLX	Daily	23.72		
17	BRCM	Daily	25.81	ABC (0.50)		49	HSIC	Daily	53.14		
18	CDNS	Daily	11.52	ABC (0.67)		50	IACI	Daily	21.34	ABC (0.52)	
19	CELG	Daily	60.27			51	INFY	Daily	47.32		
20	CEPH	Daily	68.61		ABC (0.65)	52	INTC	Daily	22.66		
21	CHKP	Daily	24.50			53	INTU	Daily	29.40		
22	CHRW	Daily	60.15		ABC (0.50)	54	JAVA	Daily	11.72		
23	CMCSA	Daily	21.54	ABC (0.48)		55	JNPR	Daily	24.50		
24	COST	Daily	69.70			56	JOYG	Daily	85.18		ABC (0.56)
25	CSCO	Daily	26.40	ABC (0.48)		57	KLAC	Daily	41.88	ABC (0.46)	
26	CTAS	Daily	28.44	ABC (0.66)		58	LAMR	Daily	35.42		
27	CTSH	Daily	35.51			59	LBTYA	Daily	33.96		
28	CTXS	Daily	33.17			60	JNJ	Daily	66.27		
29	DELL	Daily	24.40	ABC (0.51)		61	LINTA	Daily	16.82		
30	DISCA	Daily	25.33			62	LLTC	Daily	34.07		
31	DISC	Daily	33.91	ABC (0.54)		63	LOGI	Daily	30.30		
32	DTV	Daily	27.76		ABC (0.66)	64	LRCX	Daily	37.11		

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Book Presentation

Book



- 300 Pages
- 8.5" x 11" Book

- 65 Patterns
- 225+ Chart Illustrations
- Precise Entries/Exits
- Targets/Stops

■ \$50

Trade Chart Patterns Like The Pros

Book Introduction Video

– Video...

– <http://www.youtube.com/watch?v=BNRuxUX1sNM>

Book Overview

- 4 years in making/data, 24 months of writing
- Written for “Traders” with “Trading Perspective”
- More practical than theoretical
- Emphasizes “how-to” of pattern recognition
- Each pattern with brief synopsis, 2-4 examples
- Precise entry and exit techniques
- Each example with stops/targets
- No Oscillators, Indicators or Statistics

Book: 13 Chapters Covers...

- Chart Types (Basic types, 3LPB...)
- Bar Groups (Market structures, NR7ID...)
- Pivots (Floor, Fib. Zone, Open Range...)
- Geometric (Triangles, Rectangles...)
- Harmonic (ABC, Gartley, Butterfly...)
- Price Action (Head & Shoulders, C & H...)
- Top and Bottoms (V, Double, Triple...)
- Exotic Patterns (Dragon, Sea Horse...)
- Channels (Donchian, Pitchfork, LRC...)

How to Use this Book...

- Have an Open Mind... Be a Student
- Pick 3-5 patterns of your interest of similar groups...
- Study them thoroughly (Historically, Real-Time) with your Instruments, Time-Frames, Indicators
- “**Master**” your Setups and “**Master**” your Trades
- Build Confidence of Why/How/When to trade
- Let your Trading demand more patterns to Master

Book Discount URL

- \$49.95
 - A \$10 Discount to TL Members
- Normally Sells for \$59.95
- <http://www.suriNotes.com/TL>

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