How to Swing Trade

(Figures and Tables)

A Beginner's Guide to Trading Tools, Money Management, Rules, Strategies and Routines of a Swing Trader

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Preface by Andrew Aziz, Ph.D.

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Chapter 2 – How Swing Trading Works

Figure 2.1 - A chart of LFIN going up like a rocket and illustrating how being short can be much more risky (chart courtesy of StockCharts.com).

Figure 2.2 - A chart of SPY showing stairs up and the window down (chart courtesy of StockCharts.com).

Figure 2.3 - A chart of SHOP after a negative report from Citron (chart courtesy of StockCharts.com).

Chapter 4 – Financial Instruments for Swing Trading

Figure 4.1 - Charts of the Biotechnology ETF LABU versus PUMA showing how important, especially in the biotechnology sector, diversification can be (charts courtesy of StockCharts.com).

Some Select Sector ETFs

ETF Symbol and Name	Focus of ETF
SPY	S&P 500 Index
XLU Select Sector SPDR	Utilities
XLE Select Sector SPDR	Energy
XLRE Select Sector SPDR	Real Estate
XLP Select Sector SPDR	Consumer Staples
XLY Select Sector SPDR	Consumer Discretionary
XLV Select Sector SPDR	Health Care
XLI Select Sector SPDR	Industrial
XLB Select Sector SPDR	Materials (commodities)
XLK Select Sector SPDR	Technology
XLF Select Sector SPDR	Financial

Table 4.1 - A list of Select Sector ETFs available to trade.

Some Popular Direxion Funds

ETF Symbol	Focus of ETF
TNA	Russell 2000 Small Cap Bull 3x
TZA	Russell 2000 Small Cap Bear 3x
NUGT	Gold Miners Index Bull 3x
DUST	Gold Miners Index Bear 3x
LABU	S&P Biotech Bull 3x
LABD	S&P Biotech Bear 3x
SOXL	Semiconductor Bull 3x
SOXS	Semiconductor Bear 3x

Table 4.2 - A list of Direxion leveraged ETFs available to trade.

Figure 4.2 - Charts illustrating the performance of the XLK Technology Select Sector SPDR Fund versus the performance of MU during the same period (charts courtesy of StockCharts.com).

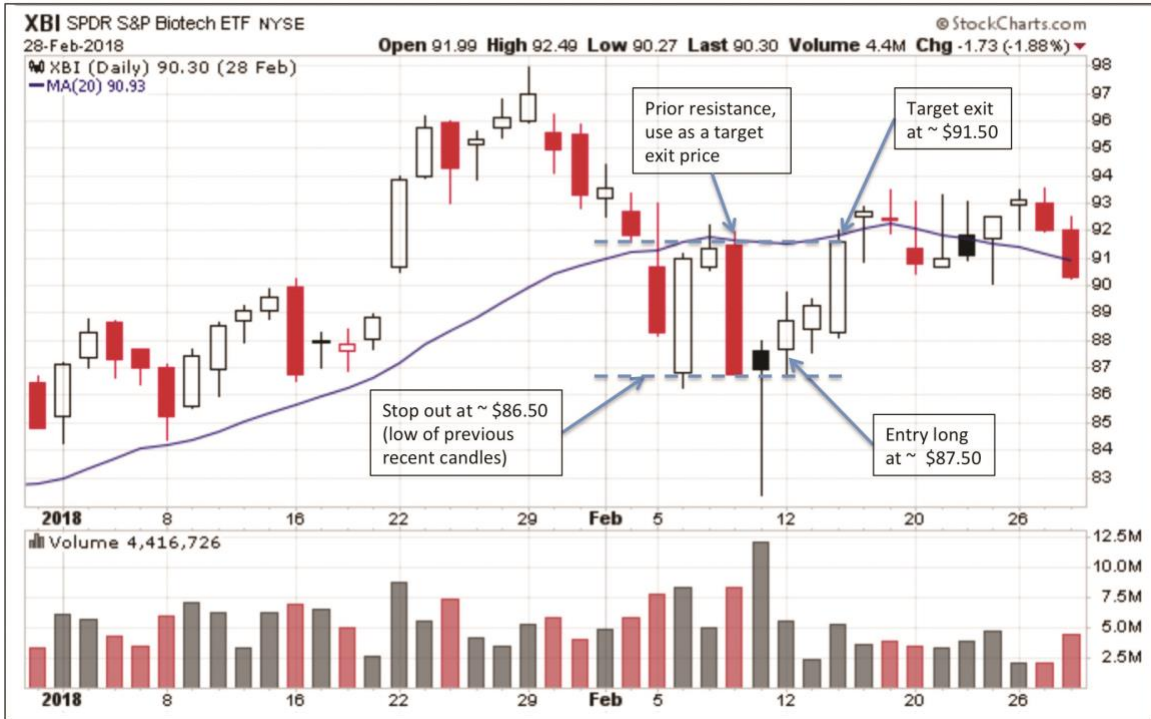# Chapter 5 – Risk and Account Management

Figure 5.1 - A chart of XBI illustrating a very good risk to reward ratio for a long trade setup (chart courtesy of StockCharts.com).
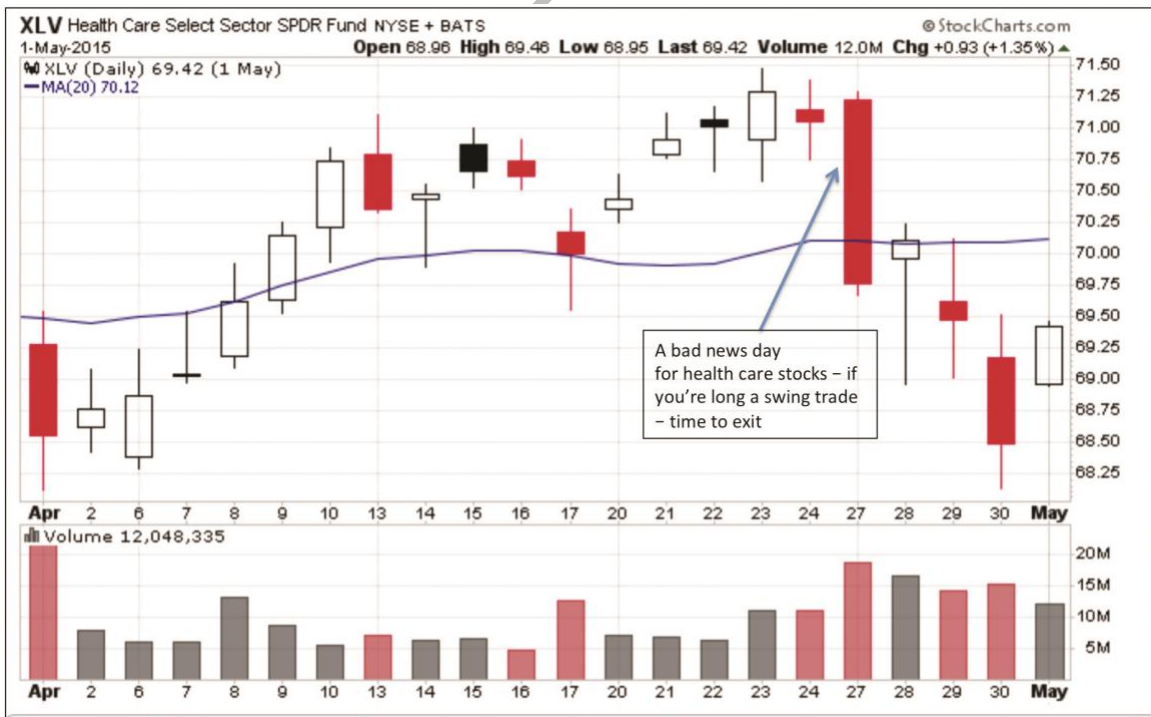

Figure 5.2 - A chart of XLV after some negative tweets by US politicians about the pharmaceutical and health care industry (chart courtesy of StockCharts.com).

Chapter 6 – Fundamental Analysis

Figure 6.1 - RIOT announces news on October 2nd, 2017 regarding their shift to blockchain technology (chart courtesy of StockCharts.com).

Figure 6.2 - A chart of KODK following its blockchain news announcement in January 2018 (chart courtesy of StockCharts.com).

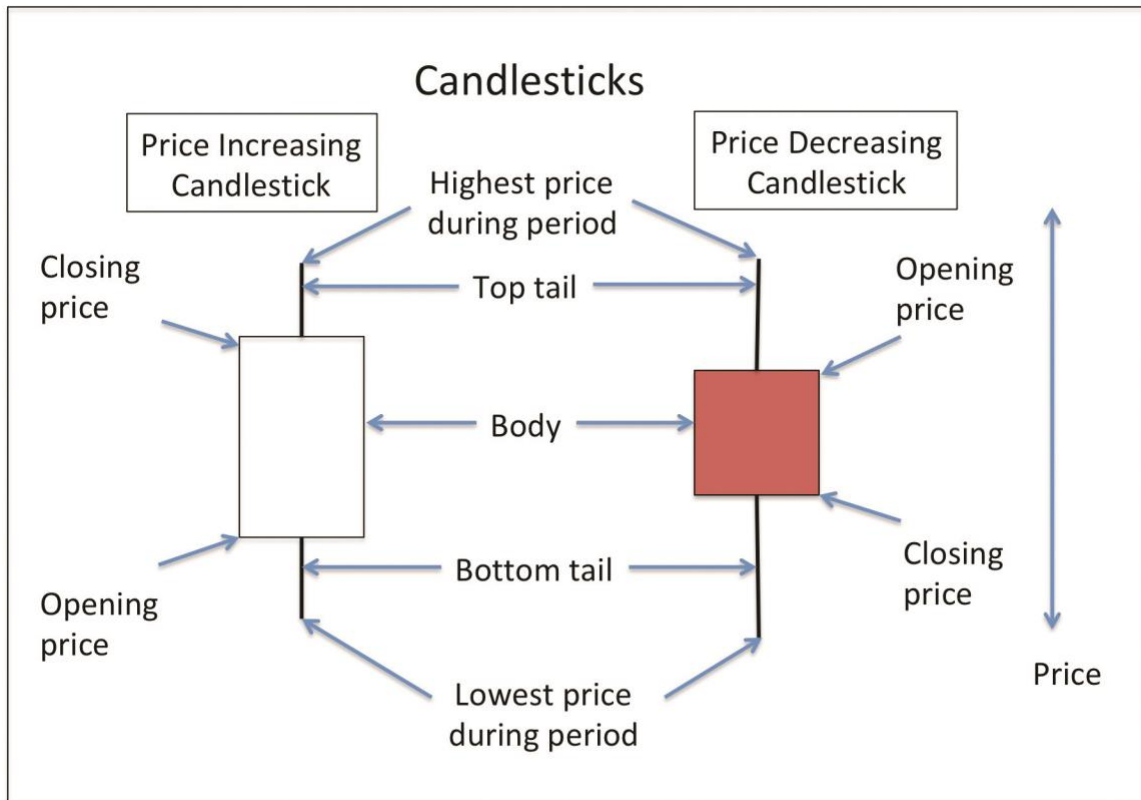# Chapter 7 - Technical Analysis – Charting Basics

Candlesticks

Price Increasing Candlestick

Price Decreasing Candlestick

Highest price during period

Closing price

Top tail

Opening price

Body

Opening price

Bottom tail

Closing price

Lowest price during period

Price

Figure 7.1 - Candlestick examples showing an increasing price and a decreasing price for a single period of time. The color of the candle body can be defined by the chart user to differentiate between a period where the price increases compared to a period where the price decreases.
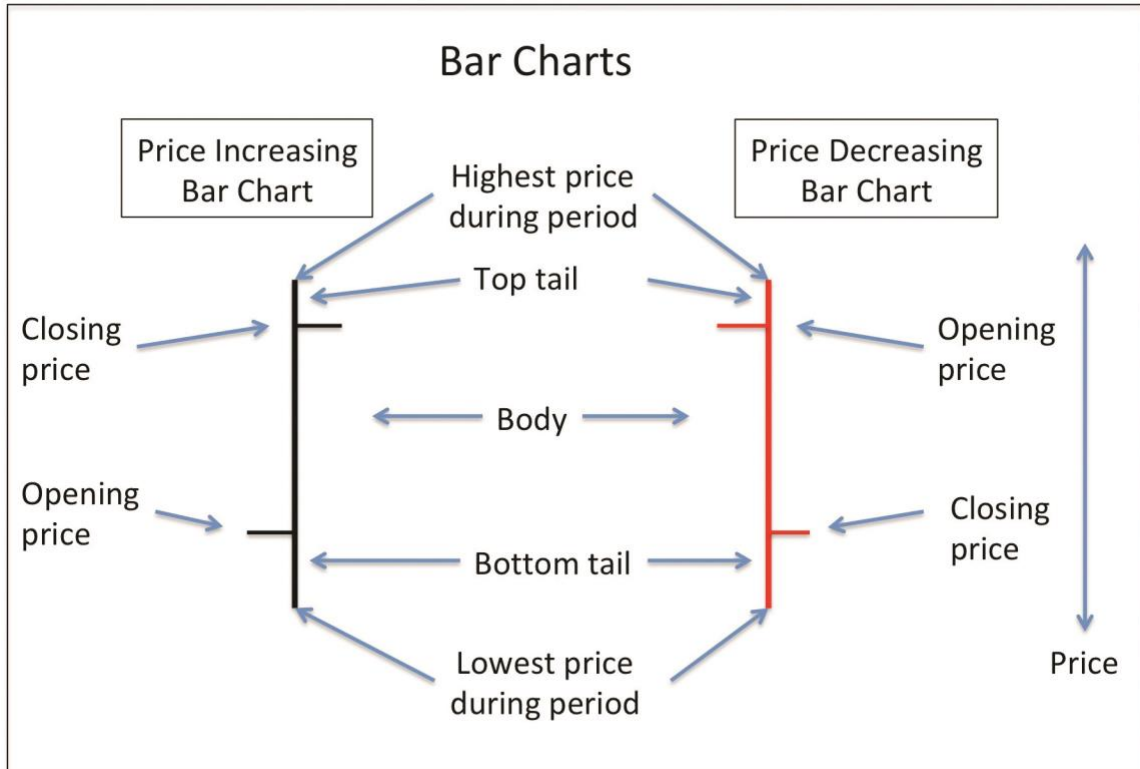
Figure 7.2 - Bar chart examples showing an increasing price and a decreasing price for a single period of time. To help differentiate the bar's direction during a time period, most charts have options that allow the user to define a color for periods where the price increases and a different color for periods when the price decreases. For example, I use green for a price increase and red for a price decrease.
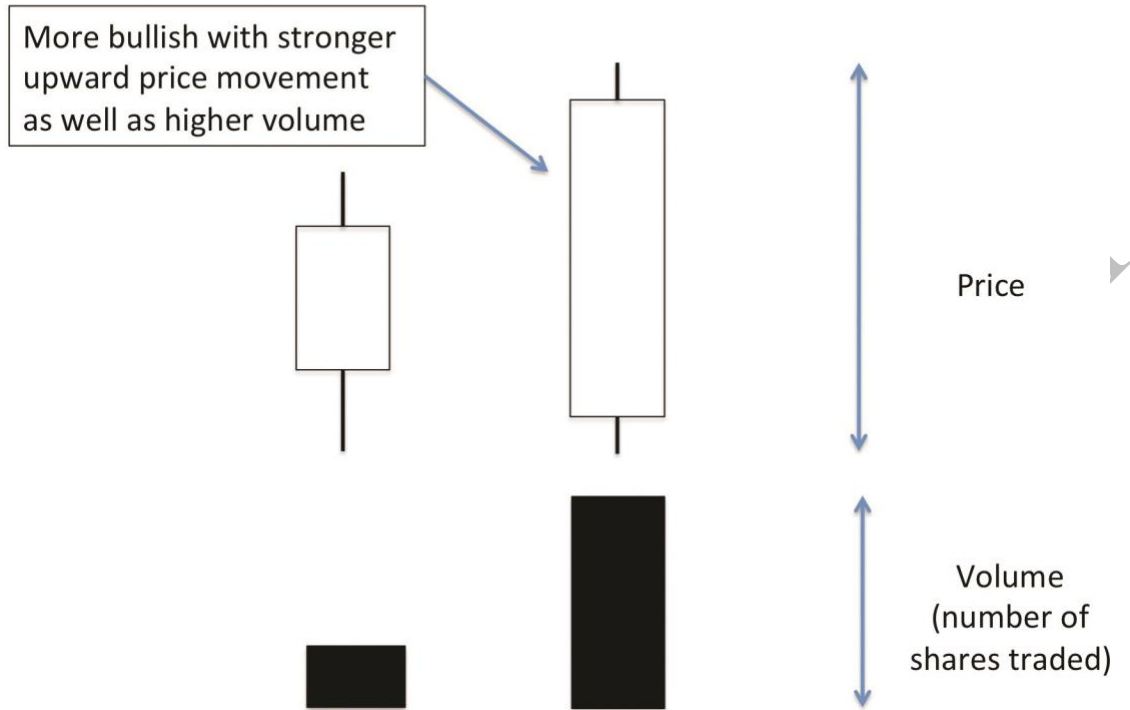
Bullish Candlesticks

More bullish with stronger upward price movement as well as higher volume

Price

Volume (number of shares traded)

Figure 7.3 - An illustration showing 2 bullish candlesticks. The candlestick on the right is more bullish in comparison to the one on the left. The figure also shows the volume bars underneath the candlesticks with the tall bar representing a larger number of shares traded in comparison to the smaller bar.
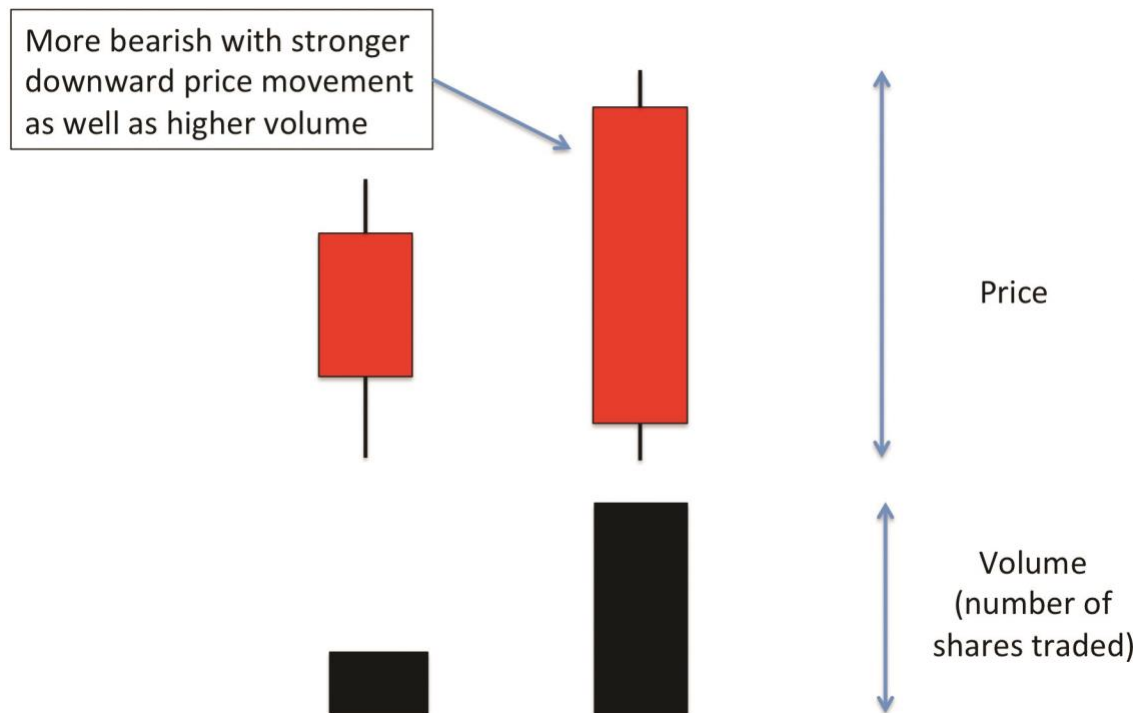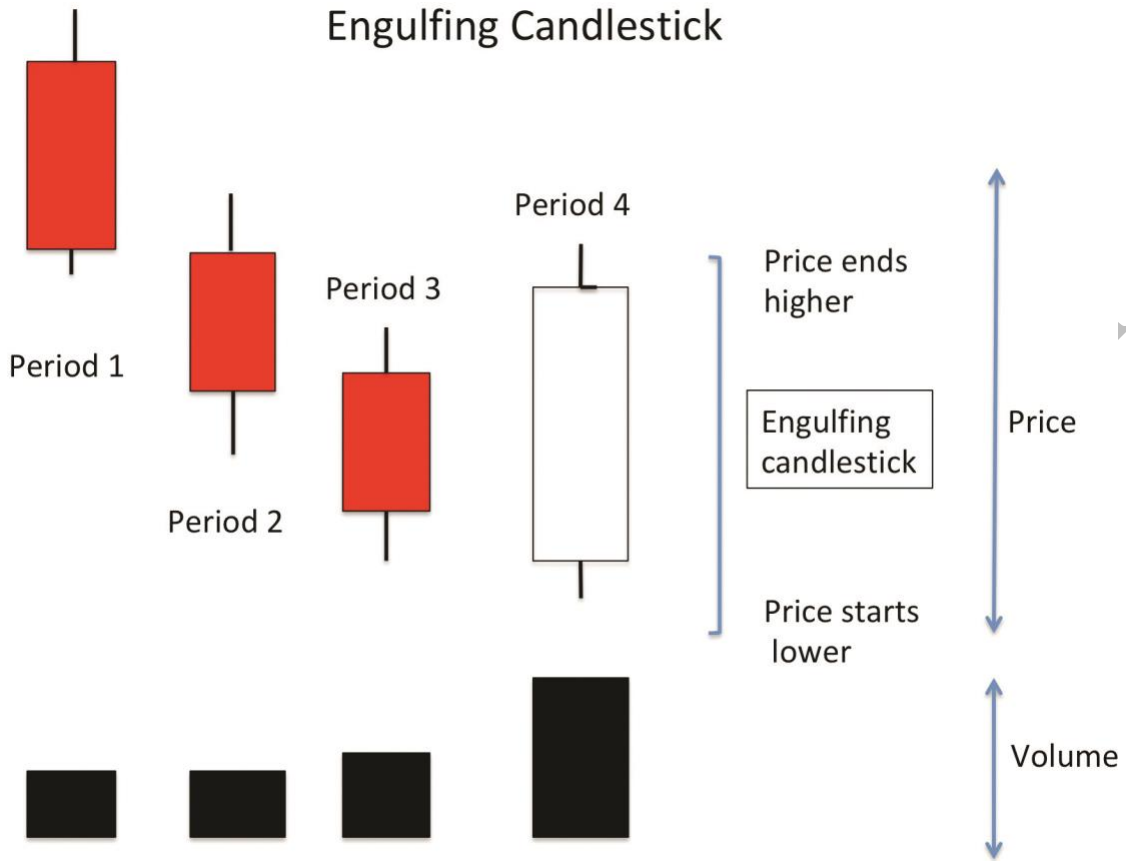
Bearish Candlesticks

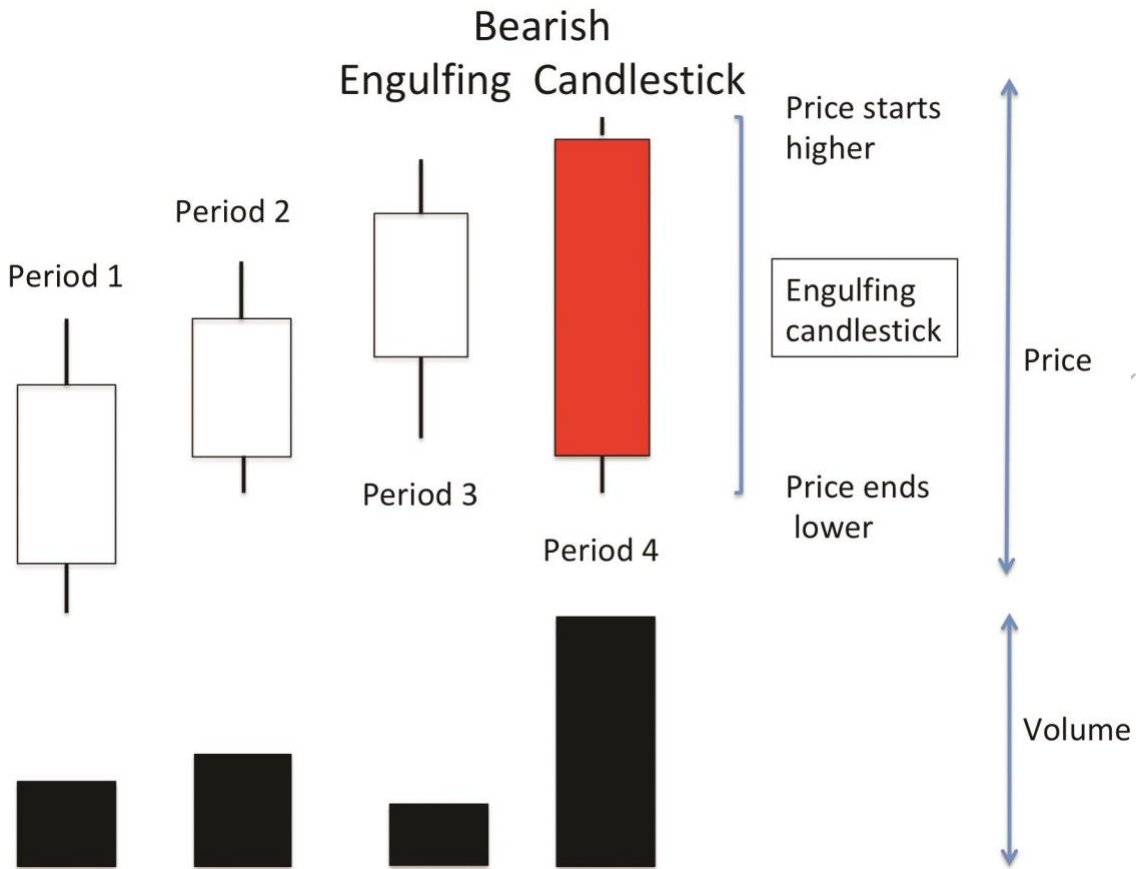More bearish with stronger downward price movement as well as higher volume

Price

Volume (number of shares traded)

Figure 7.4 - An illustration showing bearish candlesticks. The candlestick on the right is more bearish compared to the one on the left. The figure also shows the volume bars underneath the candlesticks with the tall bar representing a larger number of shares traded in comparison to the smaller bar.

Bullish
Engulfing Candlestick

Period 4

Period 3

Period 1

Period 2

Price ends higher

Engulfing candlestick

Price starts lower

Price

Volume

Bearish
Engulfing Candlestick

Period 2

Period 1

Period 3

Period 4

Price starts higher

Engulfing candlestick

Price ends lower

Price

Volume

Figure 7.5 – Two illustrations showing a bullish engulfing candlestick and a bearish engulfing candlestick.

Figure 7.6 - A chart of TZA showing an engulfing candle associated with a change in trend. In addition, the chart shows a harami cross, which also indicates a potential change in stock price direction (chart courtesy of StockCharts.com).

Doji Candlesticks
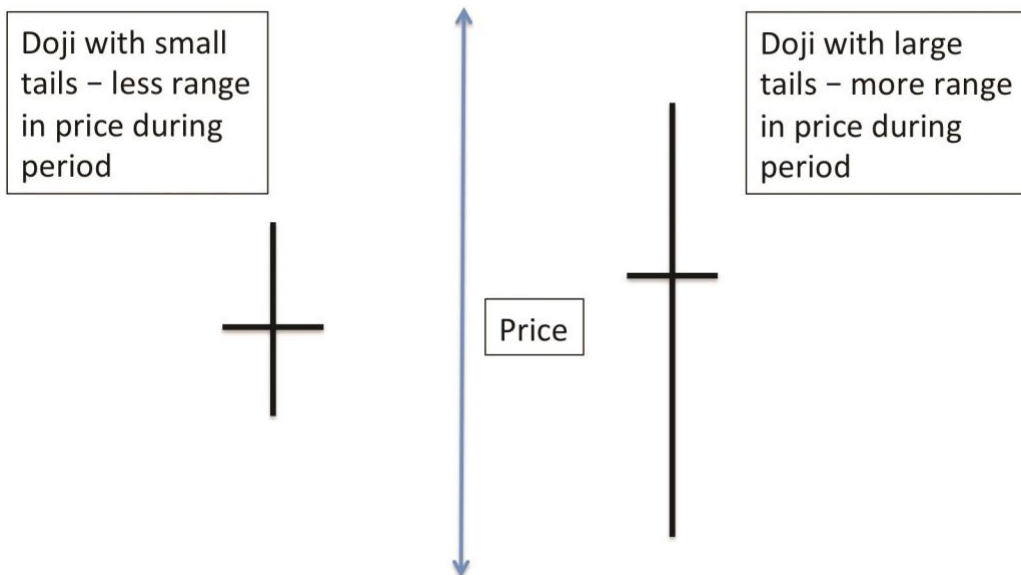
Figure 7.7 - An illustration of doji candlesticks with long and short tails.

Bullish and Bearish Harami Cross Doji

Harami cross doji candlestick indicating price may reverse and go lower

Harami cross doji candlestick indicating price may reverse and go higher

Price

Volume
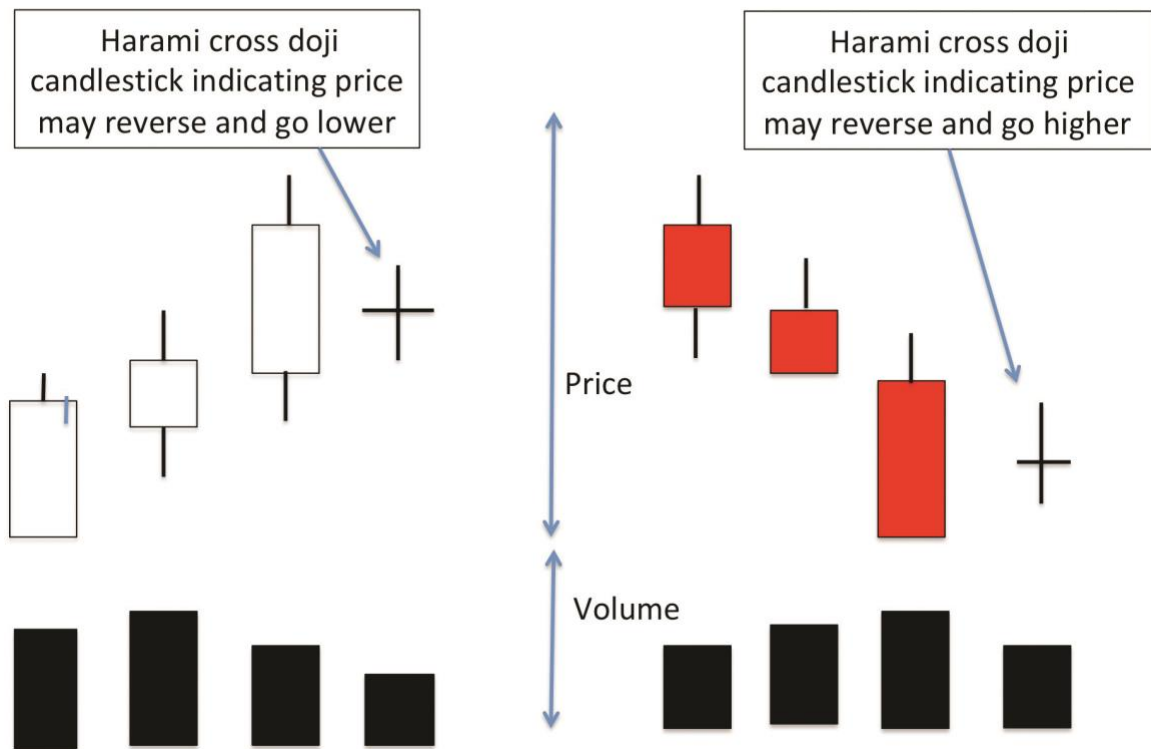
Figure 7.8 - An illustration of a bullish and bearish harami cross.

Bullish and Bearish Doji

Bearish doji candlestick indicating price may reverse and go lower (gravestone)

Bullish doji candlestick indicating price may reverse and go higher (dragonfly)
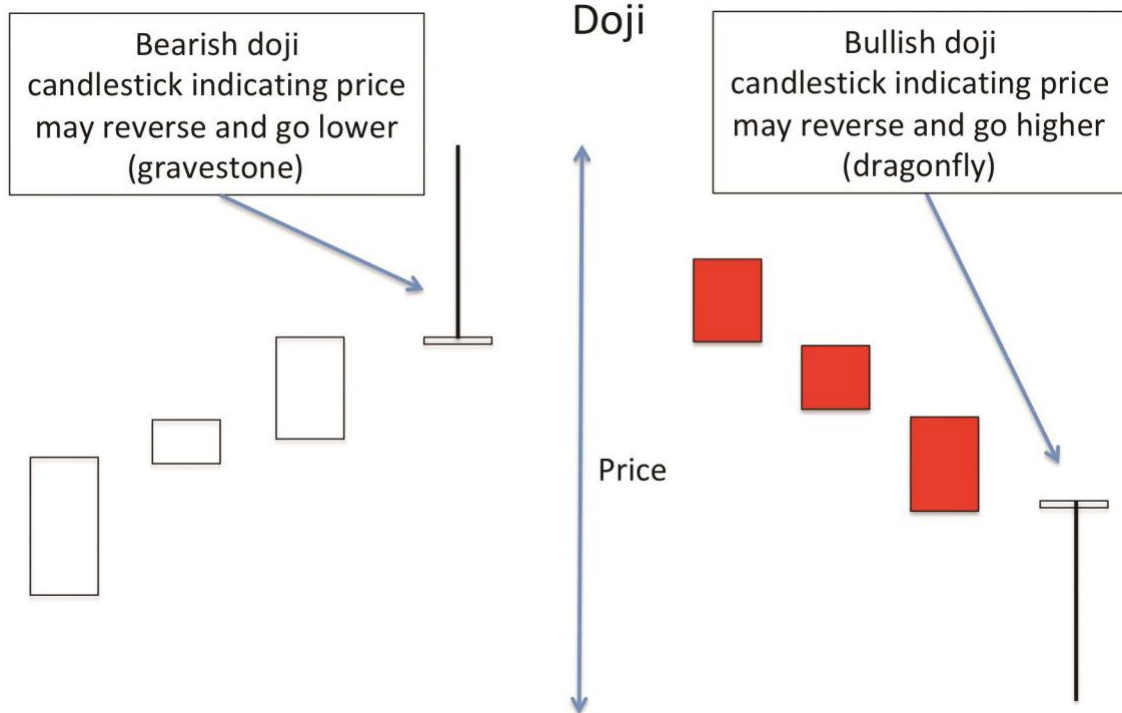
Price

Figure 7.9 - An illustration of gravestone and dragonfly doji candlesticks.

Figure 7.10 - A chart of PFE showing both gravestone and dragonfly doji candlesticks with corresponding stock price reversal action (chart courtesy of StockCharts.com).
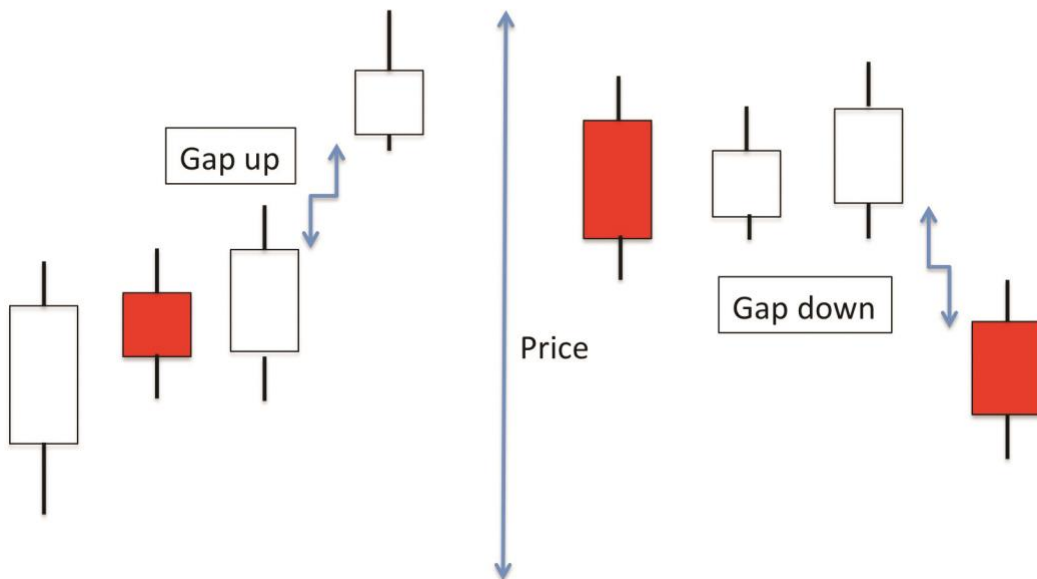
Figure 7.11 - An illustration showing examples of a gap up and a gap down between trading sessions.

Figure 7.12 - A chart of NETE showing the gap up and follow through for several days, followed by a gap and fill (chart courtesy of StockCharts.com).

Chapter 8 - Technical Analysis – Indicator Tools

Figure 8.1 - A chart of SPY that shows both support and resistance levels from February through to April 2018 (chart courtesy of StockCharts.com).

Figure 8.2 - A chart of SLF that shows how levels of support and resistance were respected a number of times in the past (chart courtesy of StockCharts.com).

Figure 8.3 - A chart of AMZN in a long-term uptrend with a break in trend at the end of March 2018 (chart courtesy of StockCharts.com).

Figure 8.4 - A chart of FEYE showing how you could have used levels of support and resistance for entries and exits (chart courtesy of StockCharts.com).
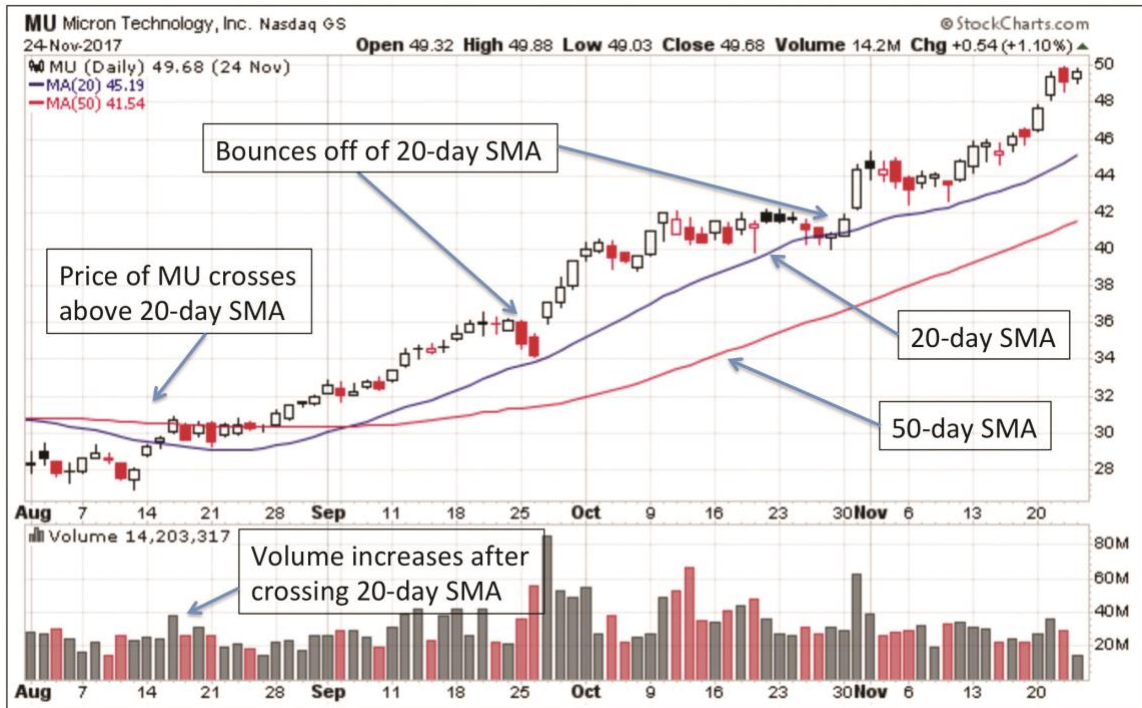
Figure 8.5 - A chart of MU showing the stock price crossing the 20-day SMA and then the 20-day SMA providing support as the price trends higher (chart courtesy of StockCharts.com).

Figure 8.6 - A chart of MU that shows the difference in signals between the 20-day SMA and the 20-day EMA (chart courtesy of StockCharts.com).

Figure 8.7 - A chart of XLP showing a golden cross event where the 50-day SMA crosses the 200-day SMA (chart courtesy of StockCharts.com).

Figure 8.8 - A chart of DDD showing how the RSI reflects future price movements when an overbought signal is given by the indicator (chart courtesy of StockCharts.com).

Figure 8.9 - A chart of the ETF XLP with the MACD and RSI indicators showing a pending price reversal (chart courtesy of StockCharts.com).

Figure 8.10 – A chart of MU showing price action and corresponding changes in the ATR indicator (chart courtesy of StockCharts.com).

Chapter 9 - Technical Analysis – Patterns

Figure 9.1 - A chart of MU showing a double bottom pattern and a double top pattern, both of which indicate a reversal in price action (chart courtesy of StockCharts.com).
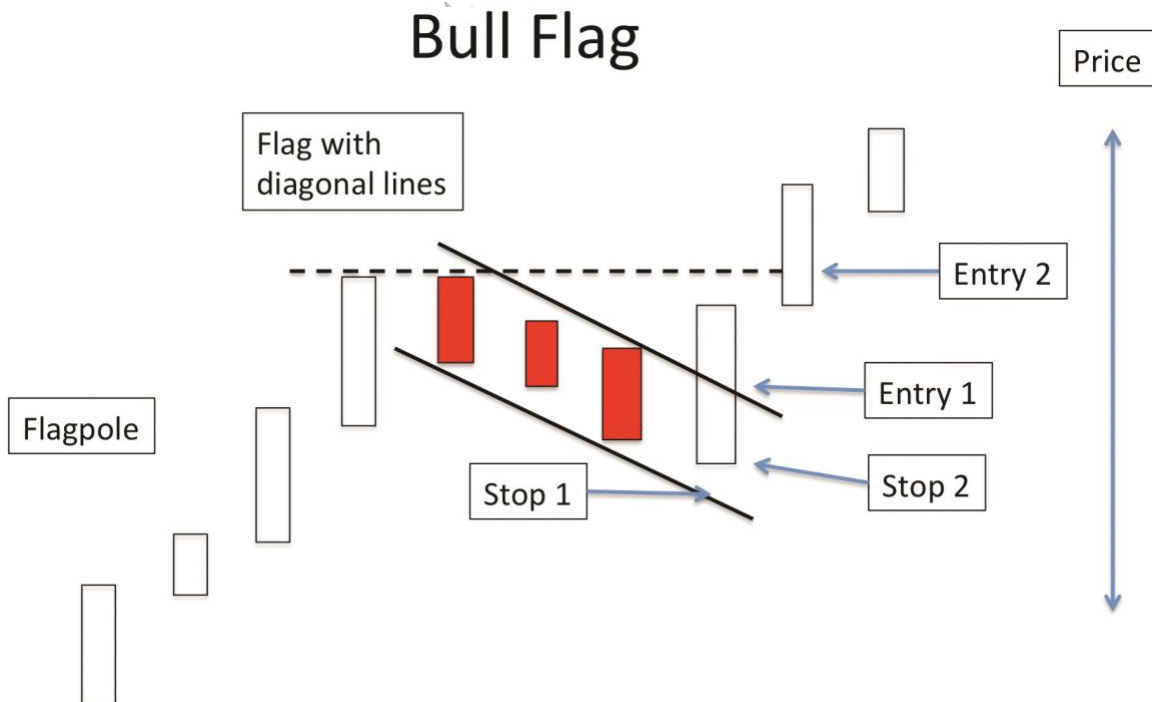
Figure 9.2 - An illustration of a bull flag with various options for entry and stop-loss points shown.

Bear Flag
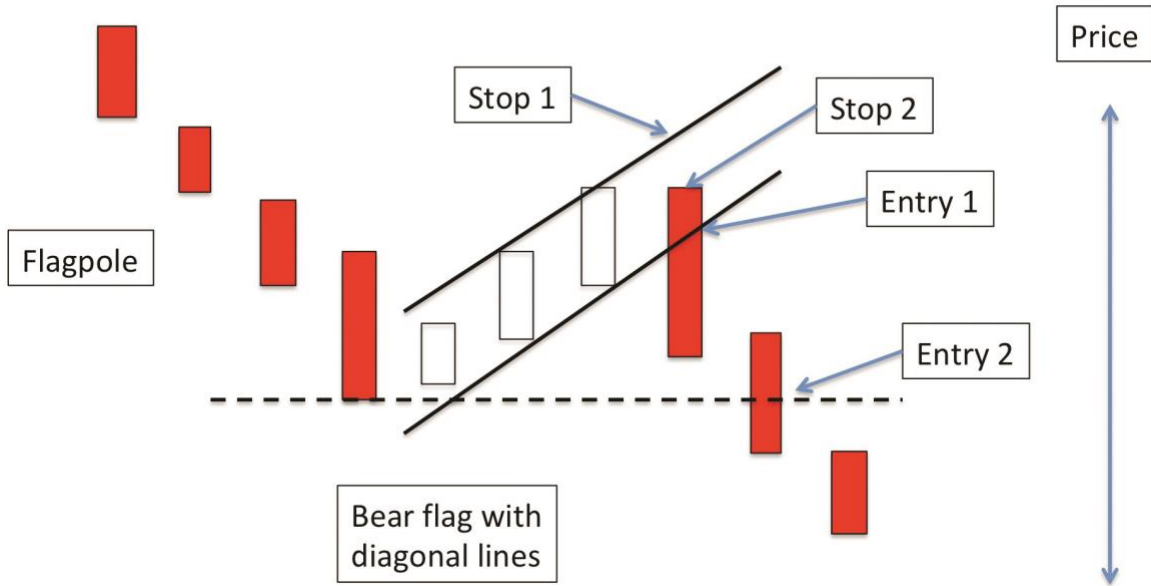
Figure 9.3 - An illustration of a bear flag with various options for entry and stop-loss points shown.

Figure 9.4 - A chart of CAT with both bull and bear flags giving you some options to enter and exit a position in this stock (chart courtesy of StockCharts.com).
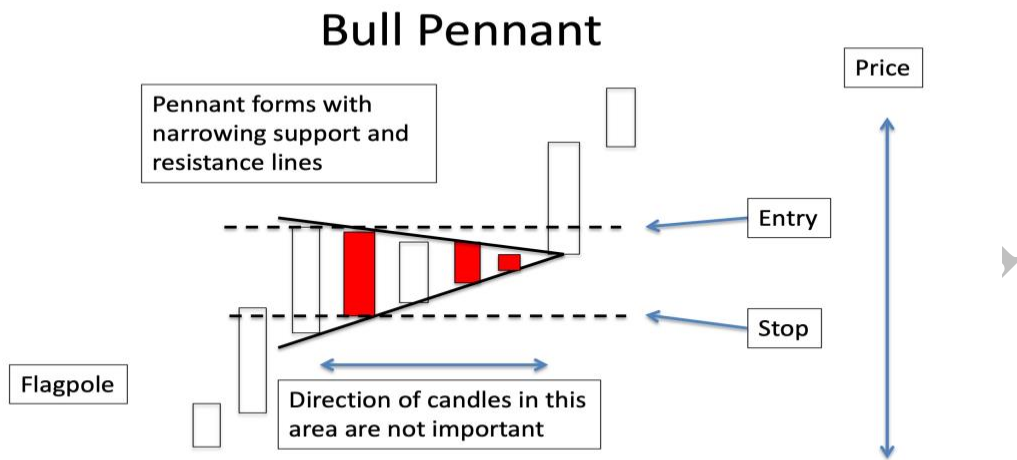
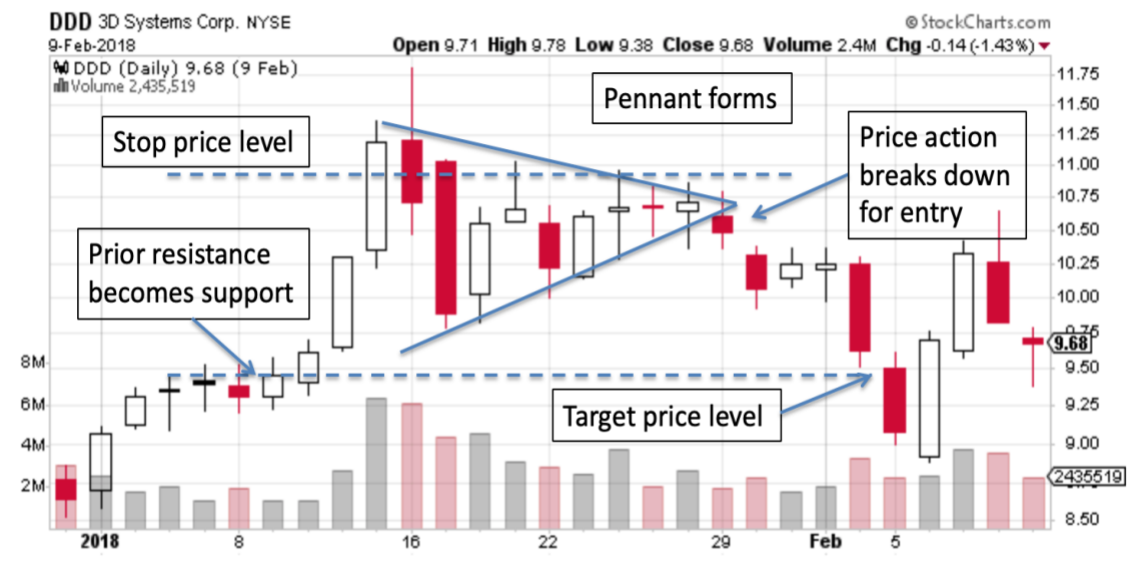Figure 9.5 - An illustration of a bull pendant pattern.

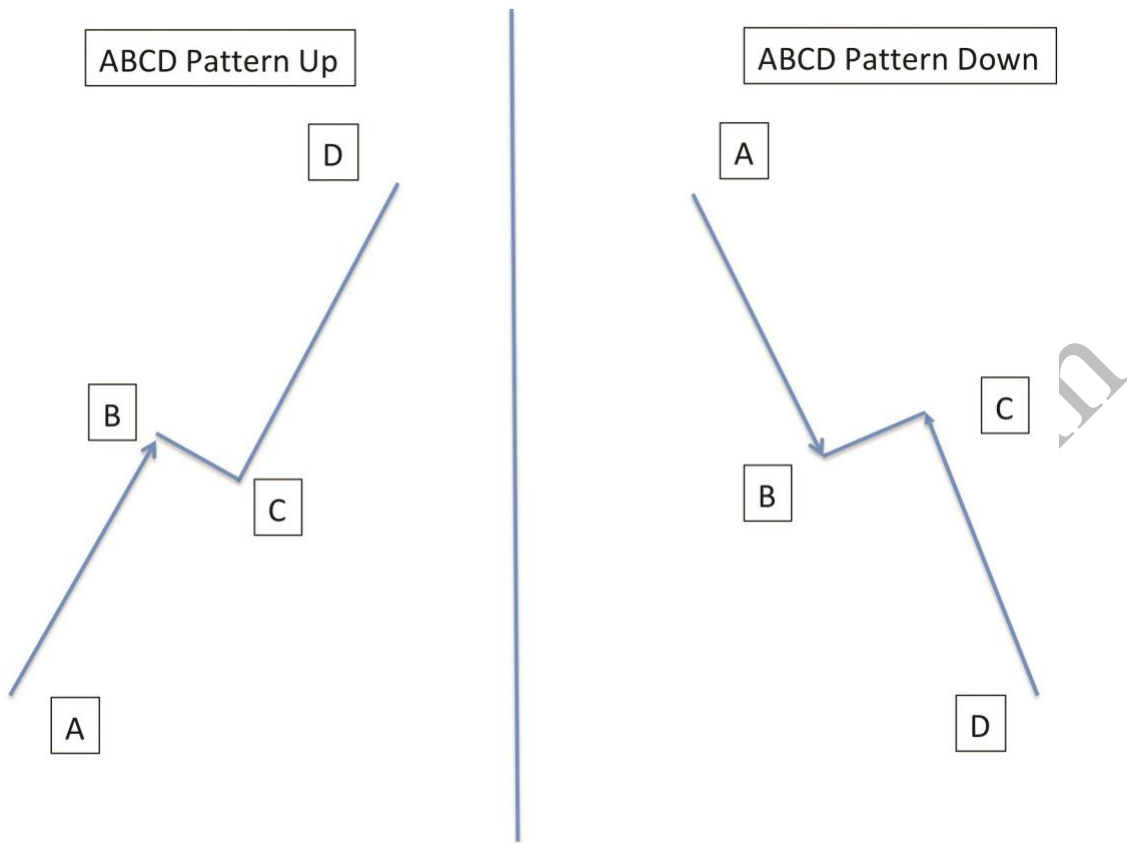Figure 9.6 - A chart illustrating how a pendant trade on DDD would have worked (chart courtesy of StockCharts.com).

Figure 9.7 - An illustration of 2 ABCD patterns (bearish and bullish).

Figure 9.8 - A chart of AMD illustrating an ABCD pattern (chart courtesy of StockCharts.com).

Figure 9.9 - A chart of AMD illustrating a head and shoulders pattern with neckline (chart courtesy of StockCharts.com).

Figure 9.10 - A chart of CAKE illustrating an inverted head and shoulders bottom with neckline (chart courtesy of StockCharts.com).
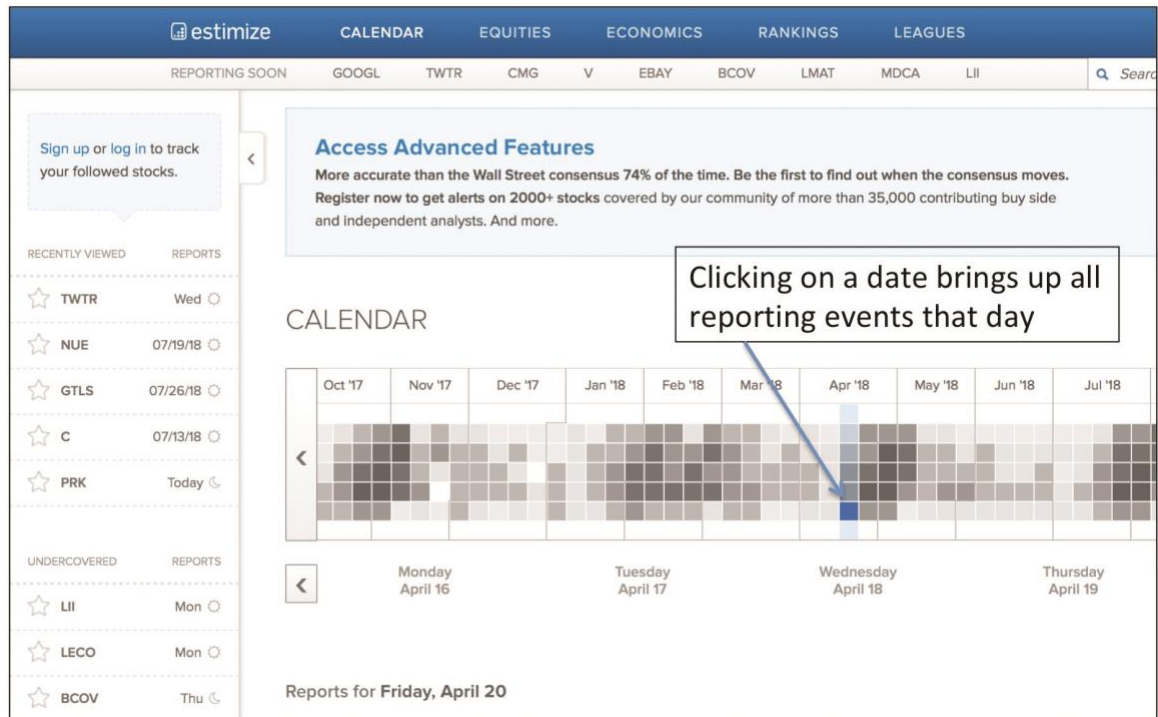
Chapter 11 – Swing Trading Rules

Figure 11.1 – A screenshot of the Estimize website calendar page showing upcoming news releases.

Chapter 12 - Swing Trading Strategies

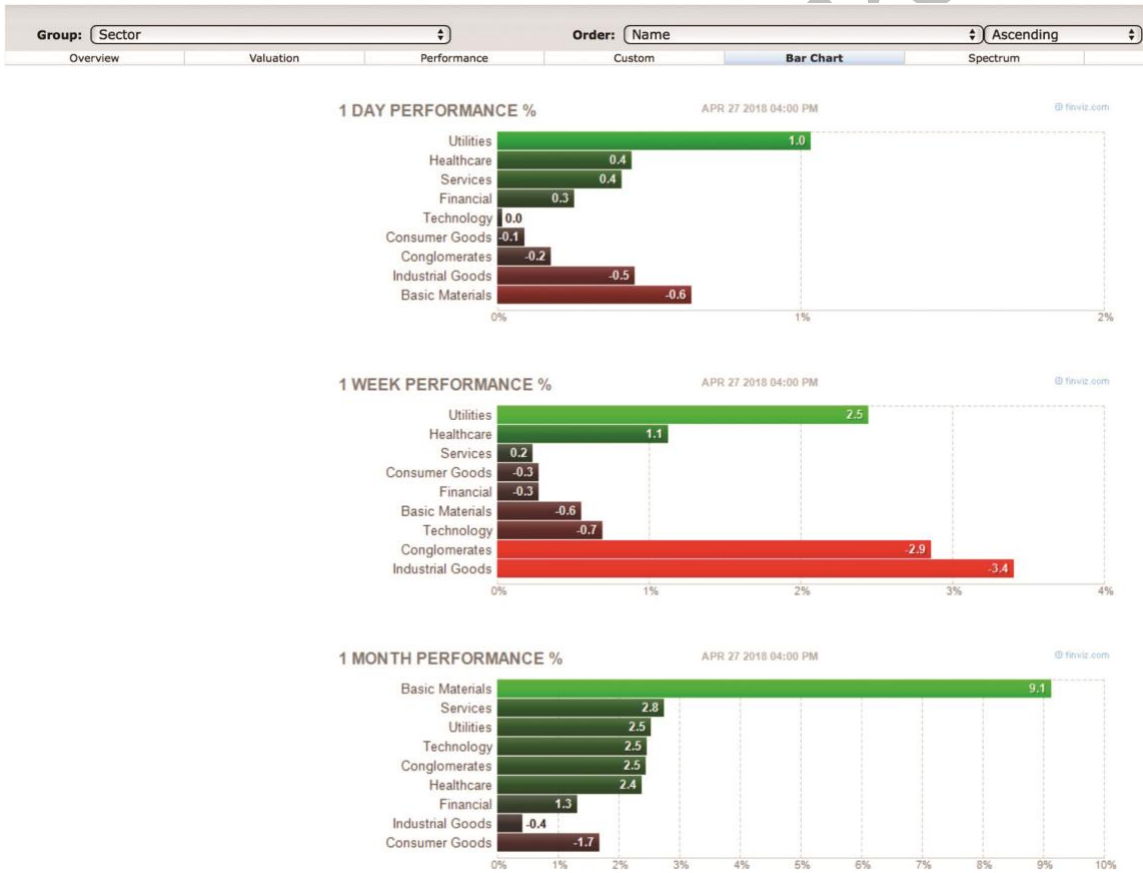Figure 12.1 - A screenshot of the Finviz site showing the overall market indicators.

Figure 12.2 - A screenshot of the Finviz Groups tab showing which sectors are in favor and which are out of favor over multiple time frames.

Figure 12.3 - Charts comparing the performance over the same period of time of 2 ETFs, the XLU versus the XLK. Being invested in the right sector can help your trades be profitable (charts courtesy of StockCharts.com).
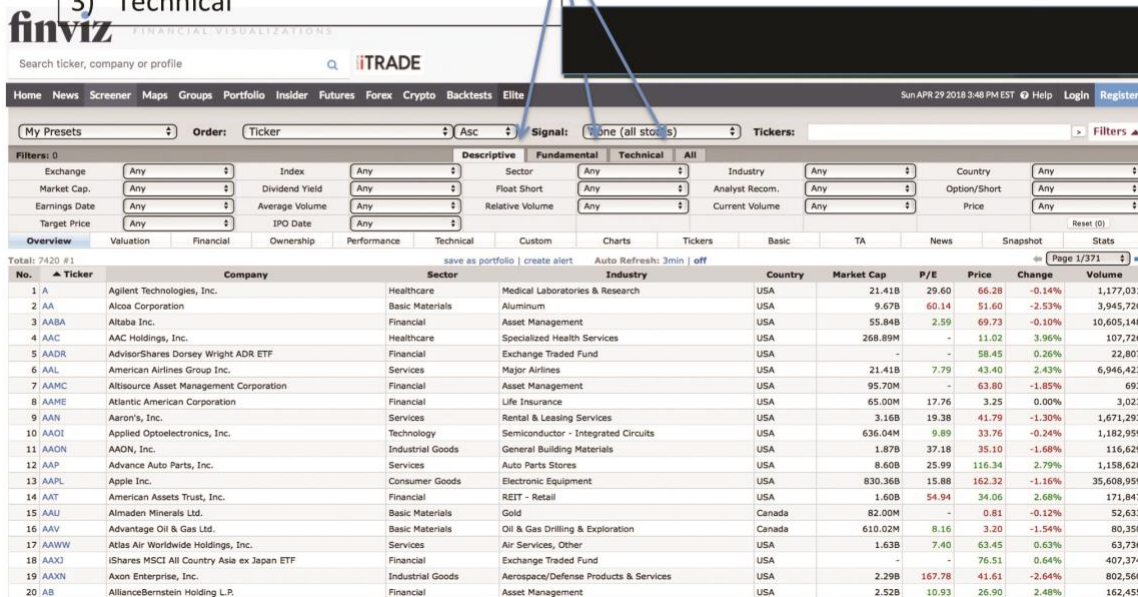
Figure 12.4 - Finviz site Screener page used to filter out stocks for review.
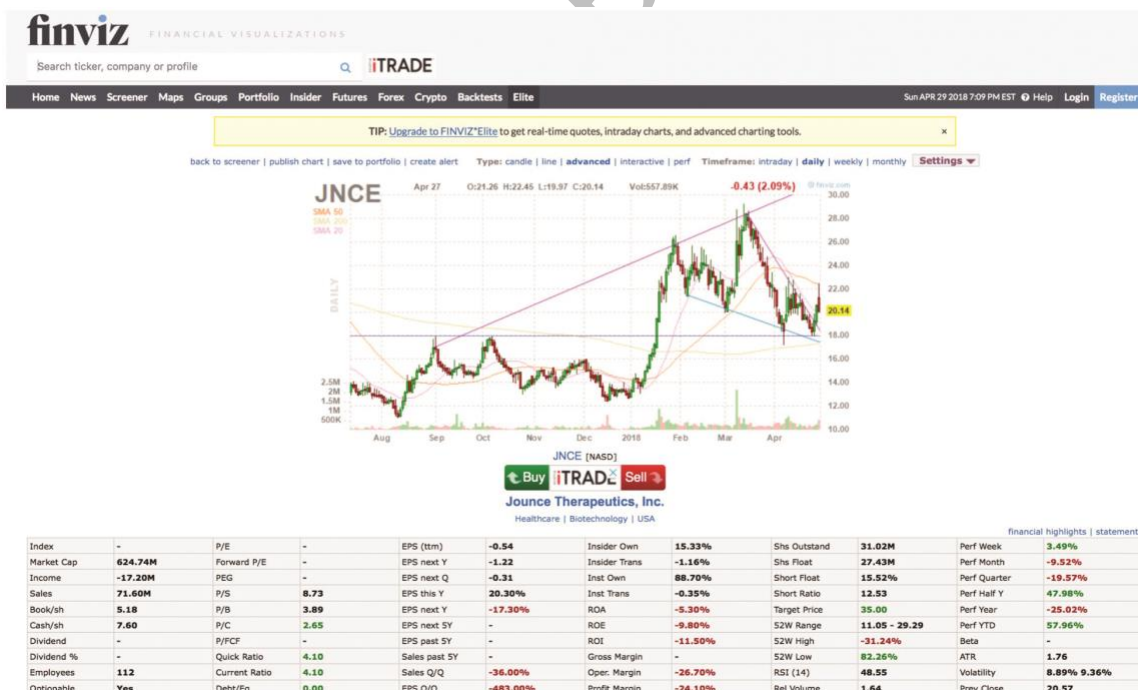

Figure 12.5 - A screenshot of the results of a scan on Finviz. This also illustrates how a chart of each result can be quickly revealed for further examination.
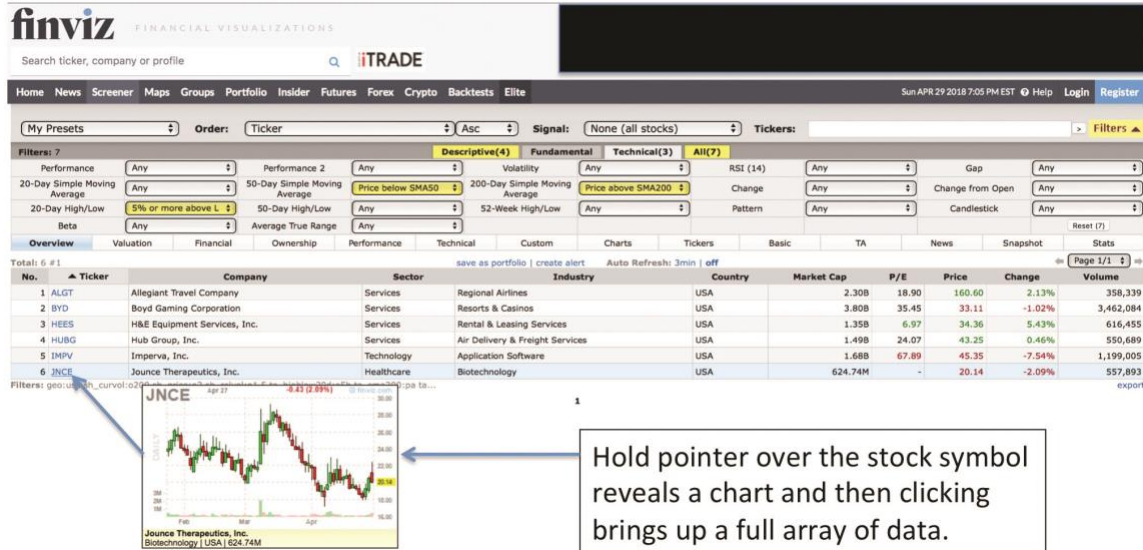
Hold pointer over the stock symbol reveals a chart and then clicking brings up a full array of data.

Figure 12.6 - A screenshot of a more detailed analysis of a filtered stock.

SOME EXAMPLE SEARCHES

Search type	Filters	Other potential filters
Strong uptrending stock	Stock price above 20-day, 50-day and 200-day SMAs	EPS greater than 20%, increasing RSI not over 70 (overbought)
Strong downtrending stock	Stock price below 20-day, 50-day and 200-day SMAs	EPS negative and decreasing RSI not under 30 (oversold)
Reversal trend down to up	Stock price above 20-day, below 50-day and 200-day SMAs	Float short greater than 20% Dragonfly candle pattern
Reversal trend up to down	Stock price below 20-day, above 50-day and 200-day SMAs	Gravestone candle pattern Float short less than 5%
Reversal trend down to up*	Double bottom, engulfing candle up, or dragonfly doji	RSI under 30
Reversal trend up to down*	Double top, engulfing candle down, gravestone doji	RSI over 70

Table 12.1 - A table of options for scanning the market for trading setups.

Note *: some scanning tools have the ability to look for a variety of patterns. Finviz has several pattern scans with more available if you subscribe.
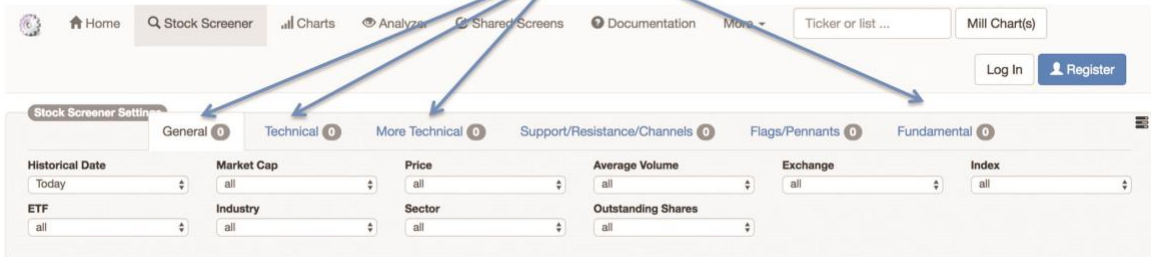
Figure 12.7 - A screenshot illustrating the ChartMill.com web page for scanning and filtering stock trading opportunities.

Figure 12.8 - A chart of WMT showing gaps in price from a close one day to the open on the following trading day (chart courtesy of StockCharts.com).

Figure 12.9 - A chart of WEED.TO illustrating how money poured into the shares of this company associated with a new hot sector (chart courtesy of StockCharts.com).

Figure 12.10 - A chart of ACB.TO illustrating another hot sector marijuana play (chart courtesy of StockCharts.com).

Chapter 13 - The Entry and the Exit

Figure 13.1 - A chart of TTD illustrating how a scaling technique could have worked out profitably (chart courtesy of StockCharts.com).

Chapter 14 – The Routine of a Swing Trader

Figure 14.1 - An example of a spreadsheet based trade journal that you can use to record and review trades.