



Develop a TradeBook

PRESENTED BY:

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Overview

- Why Develop a TradeBook
- How to Utilize a TradeBook
- How to Build a TradeBook



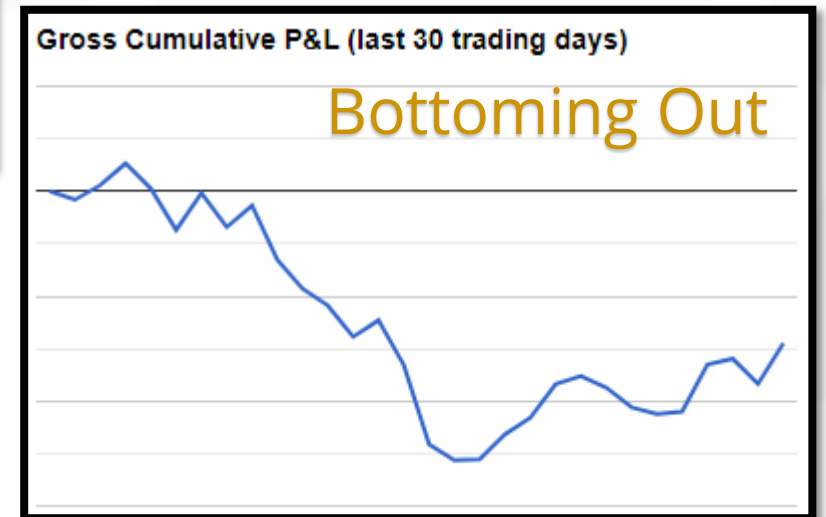
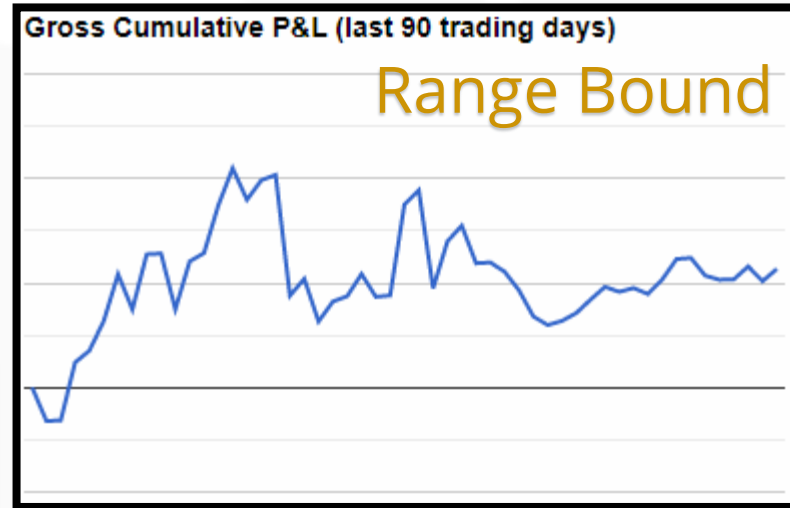
Why Develop a TradeBook

- How do you determine if a trade is good or bad?
 - Process
 - Winner
 - Loser
 - Follow rules
- I would say it is how you executed your Trade
- How do you evaluate that?



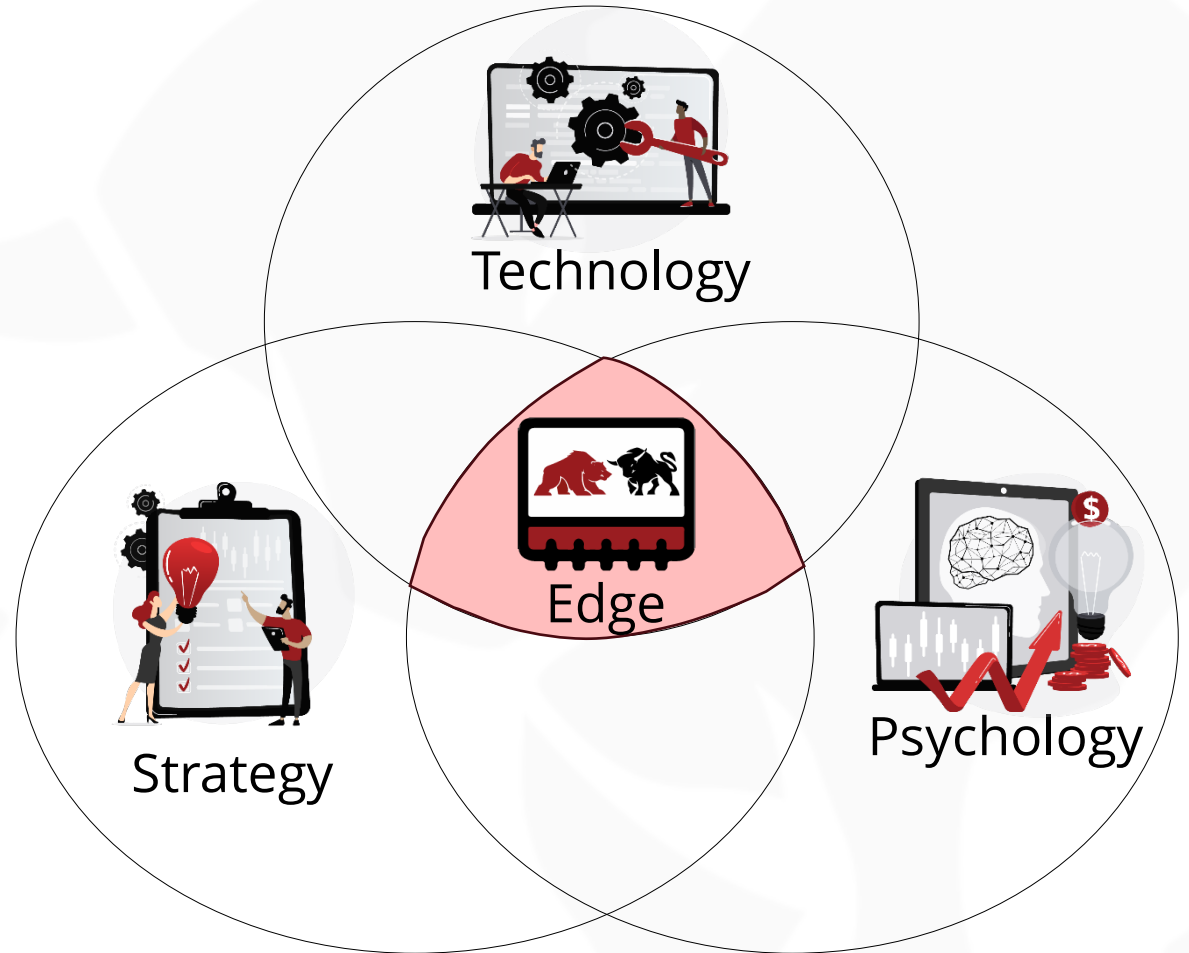
Why Develop a TradeBook

- Utilize a TradeBook to Evaluate Trades
- What Does Your Equity Curve Look Like?



Why Develop a TradeBook

- What is a TradeBook?
- Strategy
 - Trading Plan (Risk & Trade Management)
 - Trading Rules
 - Trading Framework
- Technology
 - Trading Tools
 - Hot Keys
 - Journal Criteria
- Psychology
 - Trader Personality Assessment
 - Performance Profile/Goals
- TradeBook Edge
 - Edge Definition



Why Develop a TradeBook

- What does a TradeBook do for you?
- Codifies a Process of putting on a Trade
- Identifies Strengths/Weaknesses
- Builds Confidence
- Able to Evaluate Yourself
 - Before the Trade
 - During the Trade
 - After the Trade



Why Develop a TradeBook

Process Evaluation

Category 1 Trade

Correct Process
Trade Worked
Correct Performance



Category 3 Trade

Bad Process
Trade Didn't Work
Poor Performance



Category 2 Trade

Correct Process
Trade Didn't Work
Correct Performance



Category 4 Trade

Bad Process
Trade Worked
Poor Performance

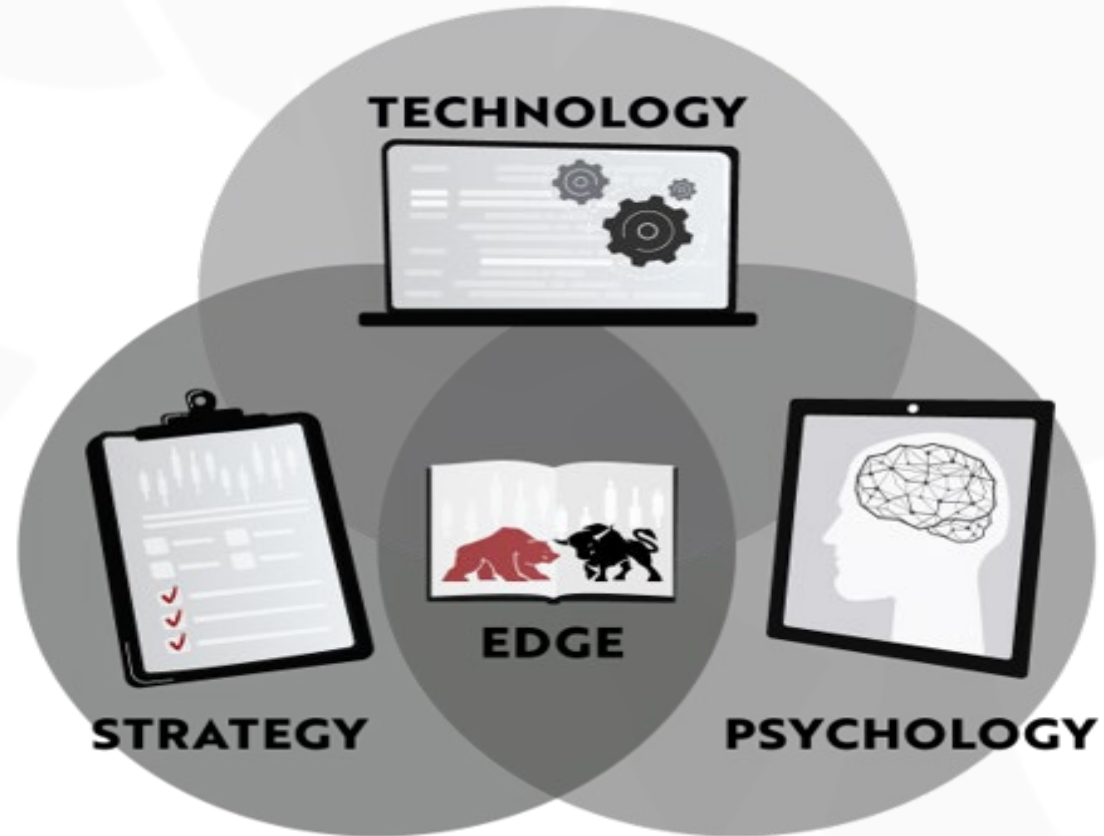


Utilizing a TradeBook

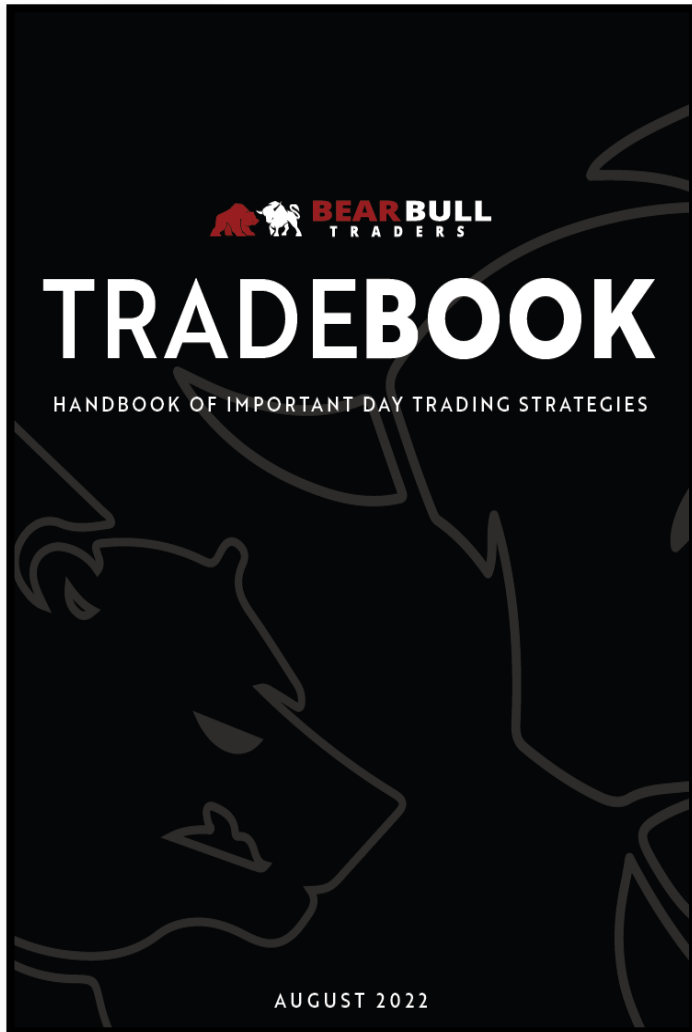
- How do we use a TradeBook
 - Selection
 - Stocks in Play
 - Time of Day
 - Confirmation
 - Indicators
 - Confirmations
 - Execution
 - Entry Signal
 - Stop Loss
 - Profit Targets
 - Consideration of results
 - Rules & Notes



TradeBook



Utilizing a TradeBook



ABCD TradeBook

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ABCD Pattern

The ABCD Pattern is one of the most basic and easiest patterns to trade, and it is an excellent choice for beginner and intermediate traders.

Time: Any time during the trading day

Indicators:

- Trending stock making a move from A to B
- Pullback (40-70%) to a support area (preferably 9 EMA on the 5-min chart)
- New high D

Confirmations:

- Candle confirming the direction of the move

Entry Signal:

- Break of the consolidation (D)
- Entry as close as possible to the support after a confirmation candle on the 1-min chart

Stop Loss:

- The low of the consolidation if the entry was inside the range
- New 1-min low if the entry was at the breakout

Target:

- Minimum 2R

Rules:

- Before 10am ET, it's possible to catch ABCD Patterns on the 1-min chart if the stock isn't extended on the 5-min chart; later in the day, it's better to catch reversals on the 5-min chart using the 1-min chart only for entry/exit purposes
- Once a partial is taken, the trade should always be exited at break-even

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Mountain Pass TradeBook

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Mountain Pass

The Mountain Pass is a trend reversal pattern characterized by a double top/bottom (ideally the high/low of the day) followed by a cross of the 50 SMA.

Time: 9:50am – 3pm ET (works best from 10:30am – 2pm ET)

Indicators:

- Stock should be mid to large float and ideally have an event catalyst for the day
- Works best when a stock has higher than average volume (i.e., RVOL > 100%)
- Potentially supported by a similar move in the overall market direction
- Markets are neither highly choppy nor strongly directional

Confirmations:

- Is at the end of an existing trend and the potential start of a new trend
- Sets a new high/low of the day (i.e., extended from VWAP)
- Fails to set a 2nd new high/low of the day
- Pulls in and then crosses the 50 SMA
- The graphic below sets out specific pattern identifiers

Entry Signal:

- Price has completed a 2nd candle in the reversal direction after the 2nd top
- This should be located near or at the start of the pullback price action area

Stop Loss:

- The break of the high/low of the day or, alternatively, the 2nd top (if it is much lower than the high/low of the day)

Target:

- 1st partial beyond the pullback area, other partials can be taken at VWAP or at any major resistance level(s) prior to VWAP

Rules:

- Once a partial is taken, the trade should always be exited at break-even

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Utilizing a TradeBook

- Selection of Stock in Play
 - Stock Selection Criteria
 - Gap up or down %
 - News Catalyst
 - Stock's Float
 - Stock's Average True Range
 - Stock's Short Interest %
 - Pre-Market Volume
 - Stock's Pre-Market Chart
 - Stock's Relative Volume
 - Common Stock Watchlist

QS--1 Minute

112

T Gappers (Pre-Market Movers): 8:00:00 - 8:04:59

Symbol	Price (\$)	Vol Today (Shr)	Chg Close	Chg Close (%)	Flt (Shr)	Avg True Rng (\$)	Shrt Flt (%)	Sector
FUBO	56.30	705,539	6.82	13.8	55.63M	3.89	23.38	Information
QS	107.40	431,566	12.50	13.2	90.96M	11.01	2.03	Other Services (except Public Administra
MP	39.80	144,677	4.08	11.4	127.98M	2.99	3.24	Other Services (except Public Administra
VLDR	27.35	1,585,974	2.67	10.8	70.44M	2.53		
PTON	158.35	153,889	13.96	9.7	245.71M	6.49	5.65	Retail Trade
SWI	17.33	154,063	1.21	7.5	68.70M	1.39	5.27	Wholesale Trade
FEYE	21.49	226,611	1.21	5.9	220.82M	1.13	11.27	Manufacturing
FCEL	9.84	599,119	0.46	4.9	277.16M	1.03	11.76	Manufacturing
PLUG	33.93	211,872	1.56	4.8	395.61M	2.30	16.13	Manufacturing
AIV	5.05	238,991	0.21	4.3	119.15M	3.61	6.95	Finance and Insurance
PLTR	29.43	1,060,303	0.92	3.2	1.02B	2.71	6.00	Information
AAPL	131.98	2,329,631	3.75	2.9	16.99B	2.89	0.53	Manufacturing
SOLO	7.55	111,687	0.15	2.0	61.41M	0.79	10.50	Manufacturing
BCRX	7.56	614,448	-0.74	-8.9	174.16M	0.69	22.78	Manufacturing

12/22/2020 09:21 Hi: 109.13 Lo: 108.89 O: 108.91 C: 109.13 V: 9,547 %PRC: 14.99% VWAP:107.793 AVG:108.286 AVG:105.863 AVG:108.341

Utilizing a TradeBook

- Identification of Setup
 - Indicators: Things that get you interested
 - Level 2
 - Moving Averages
 - Volume Bars
 - Chart Patterns
 - Various Studies
 - Confirmations: Things that make you want to take the trade
 - Level 2
 - Moving Averages
 - Volume Bars
 - Chart Patterns
 - Various Studies



Utilizing a TradeBook

- Identification of Setup Example

- Indicators:

- Pullback from HOD
- Smooth Volume
- Significant Level
- RVOL 90%
- Level 2 Stacking

- Confirmations:

- Begins to Punch
- No Consolidation at HOD
- Rising Volume into the Break



Utilizing a TradeBook

- Execution of Trade

- Entry Signal
 - Volume
 - Price Level
 - Resistance/Support Level
- Stop Loss
 - Technical level always
- Exit, Adds, & Profit Targets
 - Risk Management Principle
 - Movement of Stop Loss
 - Add on pullbacks??
 - Profit Targets
 - Pre-market level, moving averages, etc.



Utilizing a TradeBook

- Consideration of Results
 - Trading rules for the strategy
 - Wait for the breakout
 - Do not trade wicky candlesticks
 - Don't be afraid of stopping out
 - Watch time and sales
 - Watch last sale price
 - Review
 - Keep track of your best trades
 - Keep track of your worst trades

What was Good:

- I did not get rid of this stock in the first few days of trading nicely and could offer an opportunity sometime after the open.
- I did have a little bias towards wanting to trade it when it came to play as the entry was approaching.
- I looked at the past two days prior to the open to see how it traded smoothly, which it did so I kept an eye on it.
- I understood that I had a bias towards the stock, but I made sure that I put the right stop measures in place.
- I was worried about the large movement it had to have to get the first partial, but then when I looked at the small amount of shares I was taking, I felt comfortable taking the trade.

What was Bad:

- The stock had a big move but I could not find what it was. It has been moving nicely for the last two days.

Improvement Areas

- As always need to continue to improve on my trade management area as you could have held the last portion of the trade a little longer.

Building a TradeBook

Observe Charts

Draft a Trading Plan

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Building a TradeBook

Create a Hypothesis

I believe that entering the trade at the break of consolidation will provide the best risk to reward ratio.



Building a TradeBook

Gather Information

Recording the data



Excel



Word



OneNote



PowerPoint



Building a TradeBook

Test Hypothesis

Taking Trades and Evaluating the Results with Strategy Sets

Profit Set 2	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	Win %	60%
Trade	█	█	█	█	█																# of Violations	1
Violation	v																					
Strategy Set 1 (Cat 1 & 2)	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	Win %	80%
Trade	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	█	# of Violations	0
Violation																						
No Strategy (Cat 3 & 4)	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	Win %	20%
Trade	█	█	█	█	█																# of Violations	0
Violation																						
Profit Set Number	1	1	1	1	2																	



Building a TradeBook

Draw a Conclusion

If the data supports, your belief you keep the data point by drawing a conclusion

Redefine Hypothesis

If the data does not support, your belief you redefine hypothesis and repeat the process



Building a TradeBook

- BBT TradeBook Template Link: <https://bearbulltraders.com/go/tradebook-template/>

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- 22 Live Group Trading Session with Mentors via Google Meet
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- Weekly Group Mentorship to Create a Personalized Trading Plan
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- 13 Live Trading Edge Development Webinars
- 3 Dedicated Sessions on Tape Reading and Level 2
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