



How to Find A Trading Strategy

PRESENTED BY:

Mike B.

Mike Baehr

- History Prior to Trading:
 - 23 Years in United State Marine Corps
 - Curriculum Developer
 - BA in Accounting
 - MS in Forensic Accounting
- Trading History:
 - Started Trading in 2008
 - Began Day Trading in 2018
 - Joined Bear Bull Traders in 2020
- Trading Strategies:
 - Break High of Day
 - Failed High of Day Break
- Hobbies:
 - Cooking
 - Running (Soccer Referee)



Overview

- Goal of Trading
- Early Trading Results
- Life Changing Events
- How to Find a Strategy
- Questions



Goal of Trading

Make Money



Trade what you are GOOD at
instead of
what you LIKE to Trade

Early Trading Results

- Forensic accountant and certified fraud examiner
- Dec 2017 – Denied retirement
- Jan 2018 – Found “How to Day Trade for a Living”
- Feb 2018 – Joined BBT (10 months in sim/education)
- Nov 2018 – Went Live
- Sept 2020 – First positive month after all expenses
- Jan 2020 – Consistently positive/retired & joined BBT



Life Changing Event

- Struggled because I was positive and negative
- May 2020 had my biggest losing month
 - Threw away TradeBook I developed
- June 2020 went to Oregon and went back to sim/internet issues



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How to Find a Strategy

How Do I know Which One Fit Me?

DAY TRADING STRATEGIES

OPENING RANGE BREAKOUT

ABCD PATTERN

REVERSALS

BREAKOUTS

VWAP

PRICE LEVEL BREAKOUTS

MOUNTAIN PASS

SWING TRADING STRATEGIES

GAP AND GO

STOCK SPLIT POWER

TREND CONTINUATION

FIBONACCI RETRACEMENT

WEEKLY TREND LINE BREAK

FLAT EMA TRADING

THE PYRAMID SCHEME

OPTION TRADING STRATEGIES

COVERED CALL

MARRIED PUT

BULL CALL SPREAD

BEAR PUT SPREAD

STRADDLE

IRON BUTTERFLY

IRON CONDOR

Self Reflection

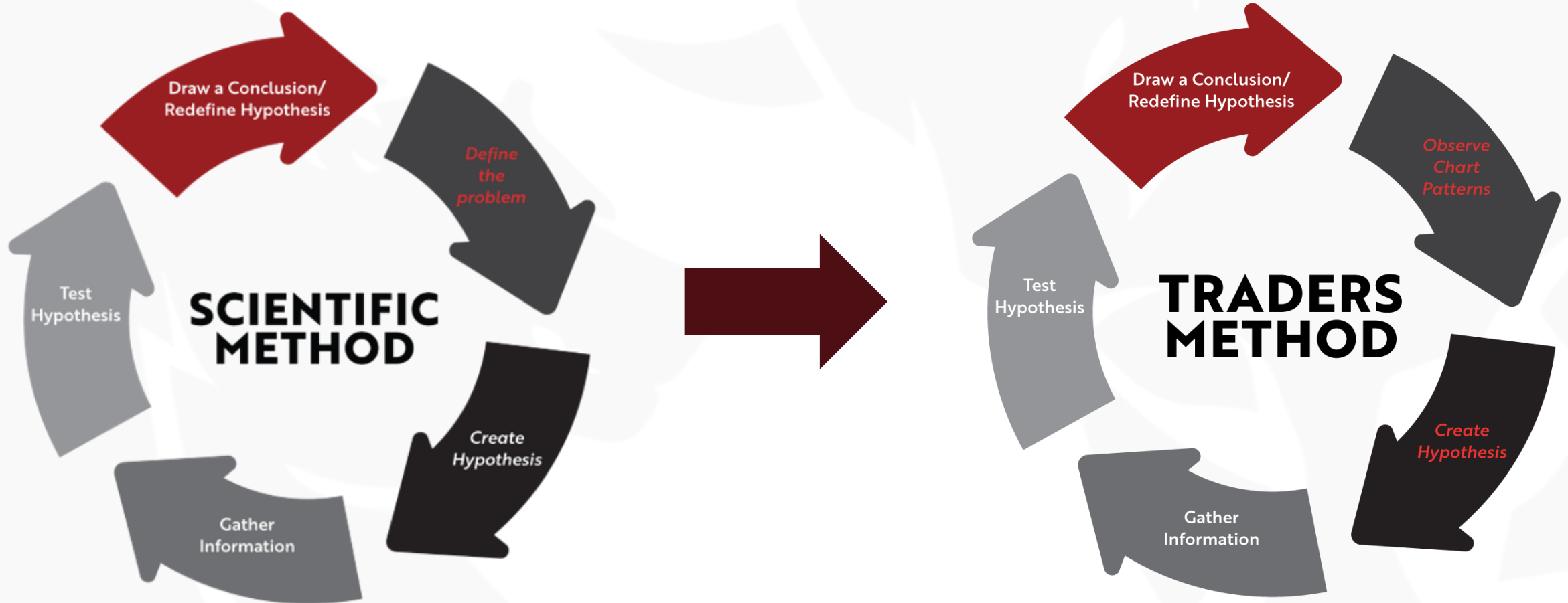
- I wasn't comfortable with the strategies I was trading
- I wasn't making the money I wanted
- I knew I could
- I knew I was knowledgeable
- I just had to stop fighting myself



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Trader's Methodology

- Utilized My Forensic Accounting Background



Observe Chart Patterns

- I spent 2 weeks trading everything I saw
 - 5-minute ORB
 - 15-Minute ORB
 - ABCD
 - Double Top/Bottom
 - BHOD/BLOD
- I didn't care about making money I just wanted data
 - Screenshot upon entry
 - Used to identify criteria
 - Screenshot at the end of day
 - Determine if the trade was a winner/loser



Observing Charts

- After 2 weeks of trading (over 100 trades)

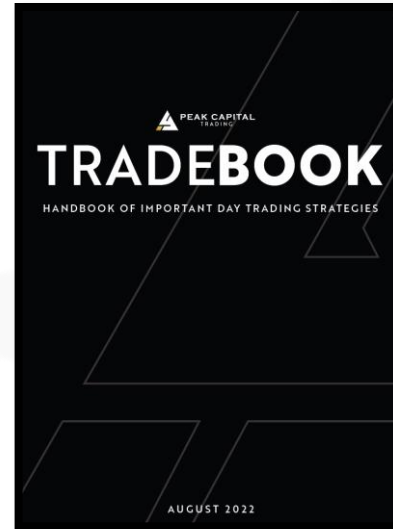
- BHOD/BL0D
- Double Top/Bottom
- 5-minute ORB
- 15-Minute ORB
- ABCD

- Majority of trades fell into 2 categories

- 54 BHOD, 71% winning percentage (end of day image)
- 36 Double top, 55% winning percentage (end of day image)

- Choose to trade BHOD

- Developed a draft trading plan, which I borrowed from John



PEAK CAPITAL TRADING / TRADEBOOK Break of High/Low of Day \$ Level

This is the easiest way to take an HOD trade. You simply enter the position either just before the price breaks past the HOD or, if you can get a reasonable entry, just after it breaks past the HOD.

Time: Any time during the trading day, but easier to trade between 9:40am - 11:30am ET

Indicators:

- Works best with stocks in the \$100 - \$400 range
- Best if HOD is exactly at a \$ level, within 15 cents is OK
- Even better if the \$ level is a multiple of 5, 10, 50, 100, etc.
- Even better if the HOD/\$ level is also a PMH, PCL, Y, YY, ATH
- Want stock to have pulled back at least \$1 from HOD, more is better
- Looking for a chart pattern that is "punching" up toward the \$ level

Confirmations:

- Level 2 should have a noticeably large ASK to the dollar level near the HOD and also at the next dollar level
- Price arrives at the \$ level "quickly" (i.e., seems to be moving faster than other stocks and SPY)
- SPY is trending up or at least sideways
- Ideal entry is when the \$ level ASK decreases by about 50% and the Time and Sales confirms buyers were hitting the ASK in large numbers

Entry Signal:

- Your entry will be at the \$ level if executed perfectly (you bought some of that large ASK)
- You can enter after the break as well, but it is a judgment call on how far above the \$ level is acceptable (perhaps \$0.10 on a \$100 stock, perhaps \$0.25 on a \$400 stock)

Stop Loss:

- At least \$0.51 below the entry \$ level

Target:

- Take 50% partials at half-dollar and dollar levels

Rules:

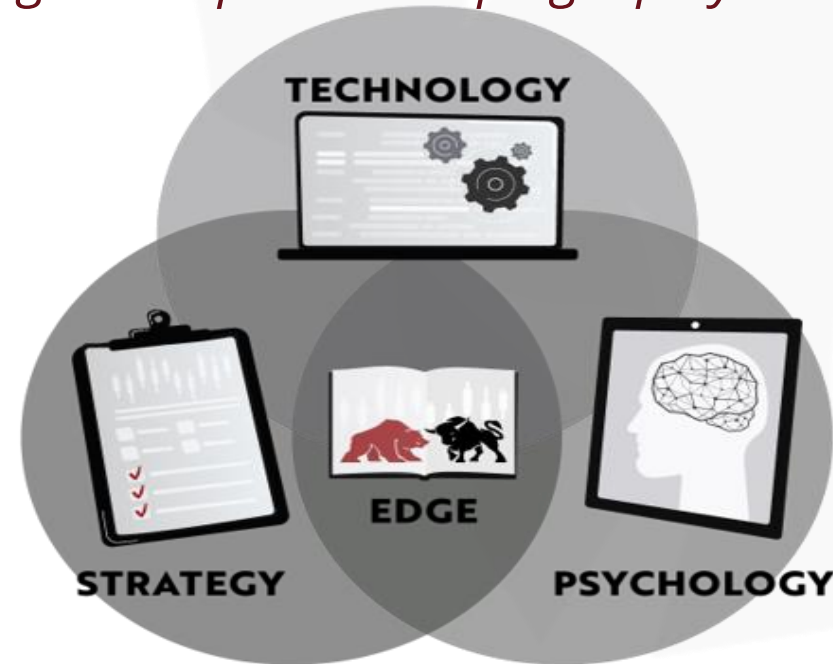
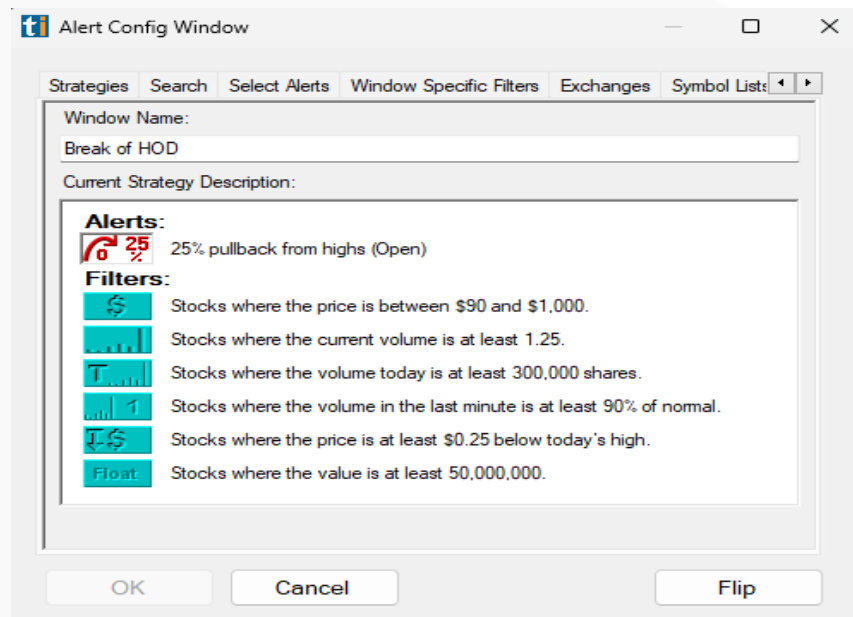
- Once a partial is taken, the trade should always be exited at break-even
- Exit the trade after 5-min if you do not have your first partial
- Exit the trade if the first three 1-min candles after entry have lower lows and lower highs
- This is not a trade where it is "success or a -1R loss", it is perfectly fine to take a -0.5R loss, use your judgment and watch SPY



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Create a Hypothesis

- *I believe trading the BHOD/BL0D strategy with a TI scanner alert will allow me to trade a strategy more inline with my personality.*
- *This will result in my ability to take more trades within the trading day as BHOD/BL0D occurs throughout the trading day.*
- *Success will be achieved with a 70% winning rate along with a positive sloping equity curve.*



Testing the Hypothesis

- Must Have Discipline
- Focus on the Process
- Good Trades not \$\$\$

		Break of High/Low of the Day Scanner																										
Date	Stock	Strate	Pre	Ris	Scan	Rev Vol	Float	Vol 1 Min	Vol Today Ratio	Vol Today	RVOL >90%	Level 2 Stacking	Smooth Volume	Indicators		Confirmation		Entr	Analysis		Profit Taking				Time			
														High/Low at PCL, PMH, PML, Y, Y, D	Pullback from High/Low SWAP	No Consolidation near HOD/LOD	Begin to Punch		Rising Volume into the HOD/LOD	Breaks the HOD/LOD	Did the Trade meet my Edge	Should I Have Taken the Trade	Did the Trade Work	Plan A		Plan B	Plan C	1:1/Break/Even
22-Jun	PTON	BHOD	S	S	1.97	73.2M	274.5	13.6	391K	X	X	X	X	X	X	X	X	X	X	Y	Y	Y	N	N	N	N	0943	
22-Jun	MSFT	BLOD	S	S	2.82	7.48B	114.9	2.9	1.08M	X	X	X	X	X	X	X	X	X	X	N	N	N	G	P	P	P	Y	1539
23-Jun	SQ	BLOD	S	S	7.61	357M	432.6	7.4	896K	X	X	X	PCL	X	X	X	X	X	X	Y	Y	Y	Y	P	P	P	N	0933
25-Jun	NCLH	BHOD	S	S	2.34	213M	205.8	113.5	9.23M	X	X	X	X	X	X	X	X	X	X	Y	Y	Y	Y	P	P	P	N	0935
25-Jun	DOCU	BLOD	D	D	1.55	177M	345.8	5.3	356.2K	X	X	X	X	X	X	X	X	X	X	Y	Y	Y	Y	P	P	P	N	0949
25-Jun	UAL	BHOD	D	D	1.85	246M	183.5	8.3	6.61M	X	X	X	X	X	X	X	X	X	X	Y	Y	Y	Y	P	P	P	Y	1012
25-Jun	BA	BHOD	S	S	2.6	564M	213.5	7.4	5.14M	X	X	X	X	X	X	X	X	X	X	Y	Y	Y	Y	P	P	P	N	1029
29-Jun	AAPL	BLOD	S	S	1.75	4.33B	164.3	9.7	4.03M	X	X	X	PML	X	X	X	X	X	X	Y	Y	Y	Y	P	P	P	N	0947
29-Jun	FB	BHOD	S	S	17.6	2.4B	685.4	19.3	4.93M	X	X	X	PMH	X	X	X	X	X	X	Y	Y	Y	Y	Y	Y	Y	Y	0955
30-Jun	FB	BHOD	S	S	1.43	2.4B	221.9	13.1	3.91M	X	X	X	PML	X	X	X	X	X	X	Y	Y	Y	Y	P	P	P	Y	1004
30-Jun	FB	BHOD	S	S	1.28	2.4B	139	18.5	5.51M	X	X	X	PML	X	X	X	X	X	X	N	N	N	N	N	N	N	N	1012
30-Jun	AMD	BHOD	S	S	1.38	1.16B	143.4	23.4	11.7M	X	X	X	X	X	X	X	X	X	X	Y	Y	Y	N	N	N	N	N	0956
2-Jul	MSFT	BHOD	S	S	1.51	7.48B	178.2	11.2	3.83M	X	X	X	X	X	X	X	X	X	X	N	Y	Y	Y	P	P	P	N	0952
6-Jul	BABA	BHOD	U	U	3.65	2.36B	506.3	31.2	4.77M	X	X	X	X	X	X	X	X	X	X	Y	Y	Y	N	N	N	N	N	0944
6-Jul	BABA	BHOD	U	U	3.65	2.36B	506.3	31.2	4.77M	X	X	X	X	X	X	X	X	X	X	Y	Y	Y	Y	P	P	P	Y	0957
7-Jul	FB	BHOD	S	S	1.9	2.40B	177	4	1.41M	X	X	X	D	X	X	X	X	X	X	Y	Y	Y	Y	P	P	P	Y	0941
7-Jul	FB	BHOD	S	S	1.69	2.40B	172.2	12.9	4.54M	X	X	X	ATH	X	X	X	X	X	X	Y	Y	Y	Y	P	P	P	N	1108
7-Jul	ROKU	BHOD	S	S	1.67	101M	321.3	6.4	635K	X	X	X	D	X	X	X	X	X	X	Y	Y	Y	Y	P	P	P	Y	1058
7-Jul	MSFT	BHOD	S	S	1.59	7.48B	215.5	9.2	3.11M	X	X	X	YY	X	X	X	X	X	X	Y	Y	Y	Y	P	P	P	N	0954
7-Jul	BABA	BHOD	U	U	5.04	2.36B	545.6	20	3.41M	X	X	X	LPM	X	X	X	X	X	X	G	N	N	G	Y	P	P	Y	0955

	Sample 1
Percentage of .25R	86%
Percentage of .3R	86%
Percentage of .5R	59%
Percentage of 1R	41%
Percentage of 1.5R	9%
Percentage of 2R +	5%
Faith	100%

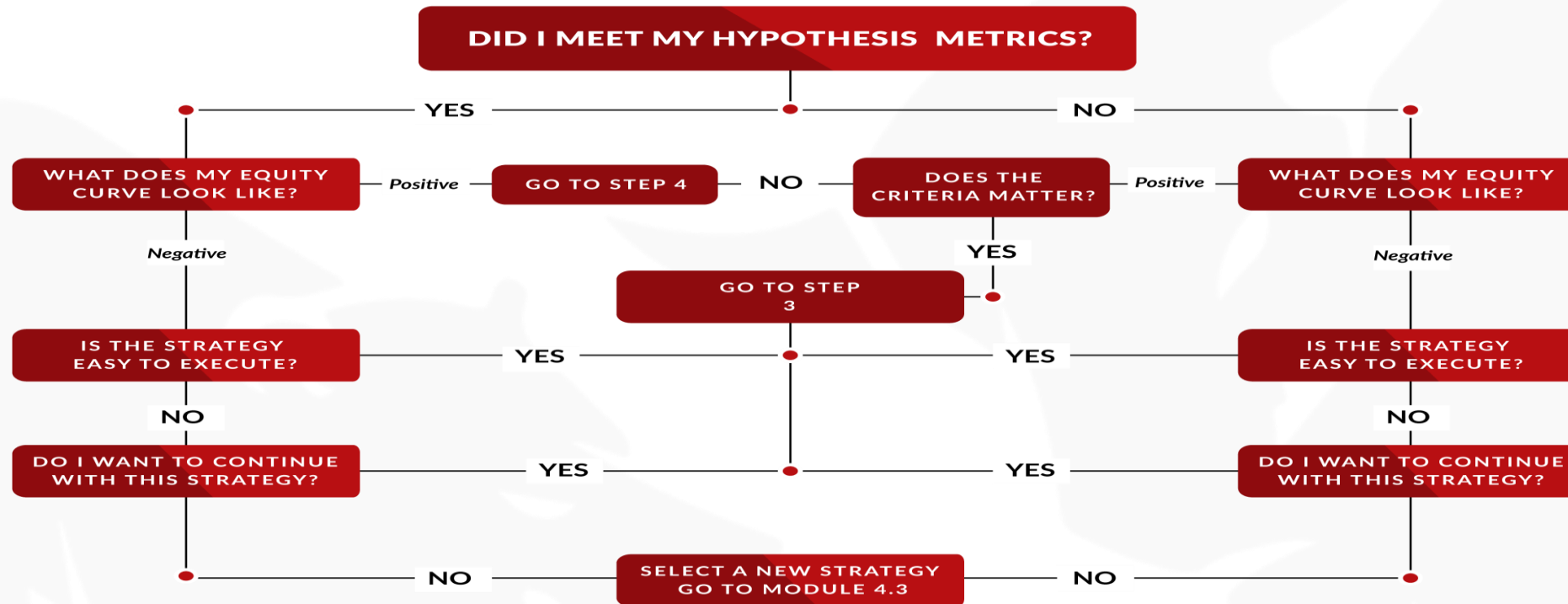
Sample 1 (Profit)	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	Win %	80%
Trade	[Green/Red/White bars]																				# of Viola	2
Violation			NS									V				NS		V				
Sample 1 (BHOD)	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	Win %	73%
Trade	[Green/Red/White bars]																				# of Viola	2
Violation		NS					V			NS		V										
Sample 1 (BLOD)	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	Win %	100%
Trade	[Green/Red/White bars]																				# of Viola	0
Violation																						

Redefining the Hypothesis

- When I Evaluated my Results
 - *Risk to Reward needs to be improved otherwise it is not a viable strategy to produce the outcome I desire.*
- Redefined Hypothesis
 - *I believe changing how I stop out of the BHOD/BL0D strategy will allow me to increase the risk to reward ratio.*
 - *This will result in my ability to take more trades within the trading day as BHOD/BL0D occurs throughout the trading day and is more inline with my personality.*
 - *Success will be achieved with a 70% winning rate along with a positive sloping equity curve.*
- Repeated the Process



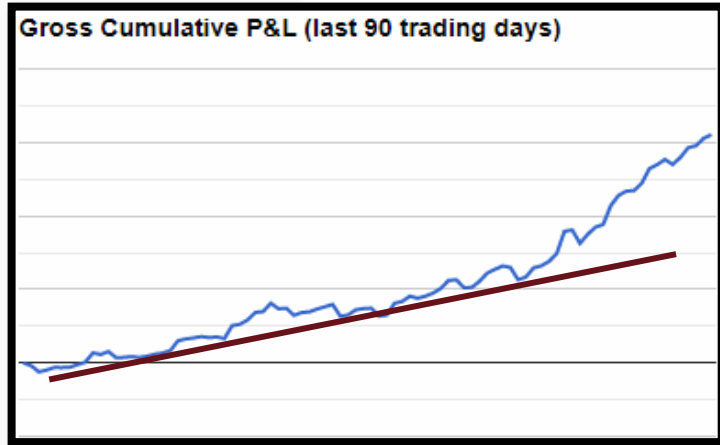
Draw a Conclusion



- ***New Stop Loss & Risk:Reward is valid for trading***
- ***Increase risk on the strategy to test my psychology to find the sweet spot.***
- ***BHOD will be added to my TradeBook as a viable strategy***

Draw a Conclusion

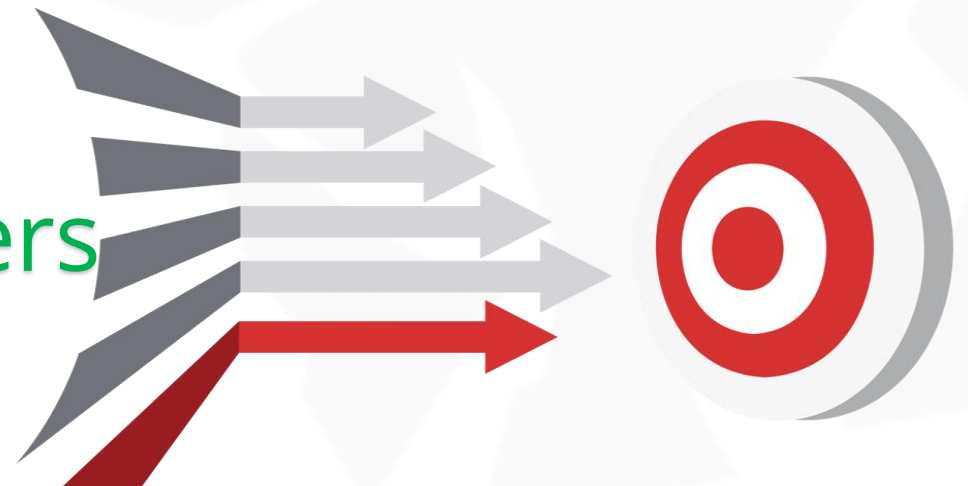
Positive Equity Curve



Discipline % is High

Category 1 & 2	80%
Category 3 & 4	20%

Understand Your Trading Numbers



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Workbook



HOW TO FIND A TRADING STRATEGY

WORKBOOK



TRADING TERMINAL ACADEMY

Checklist of Completed Exercises

Module	Exercise Number	Exercise Name	Complete
2	2.1	Self-Reflection	<input type="checkbox"/>
	2.2	Trader's Checklist	<input type="checkbox"/>
3	3.1	Understanding the Trader's Methodology	<input type="checkbox"/>
4	4.1	Where to Start	<input type="checkbox"/>
	4.2	Observing Chart Patterns	<input type="checkbox"/>
	4.3	Drafting Your Trading Plan	<input type="checkbox"/>
5	5.1	Creating a Hypothesis	<input type="checkbox"/>
6	6.1	Gathering Information for Your Strategy	<input type="checkbox"/>
7	7.1	Testing Your Strategy	<input type="checkbox"/>
8	8.1	Draw a Conclusion or Redefine Your Hypothesis	<input type="checkbox"/>

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INCLUDES: 1 SESSION OF ONE-ON-ONE MENTORSHIP

HOW TO FIND A TRADING STRATEGY

START TRADING WHAT YOU ARE GOOD AT

— Michael Baehr —



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Module 4: Obs

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