



# How to Trade the Break of High of Day Strategy

PRESENTED BY:

John Hiltz

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### Prior to Trading:

- 21 Years in United States Army
- Two tours as an instructor at the United States Military Academy
- BA in Civil Engineering
- MS in Systems Engineering

### Trading History:

- Students of the markets and trading from 2010 - 2017
- Started Swing Trading in 2017
- Began Full-Time Day Trading in 2019
- Bear Bull Traders since 2020

### Favorite Strategies:

- Break of High of Day (BHOD), **95%+ of trades since Jan 2020**



John Hiltz

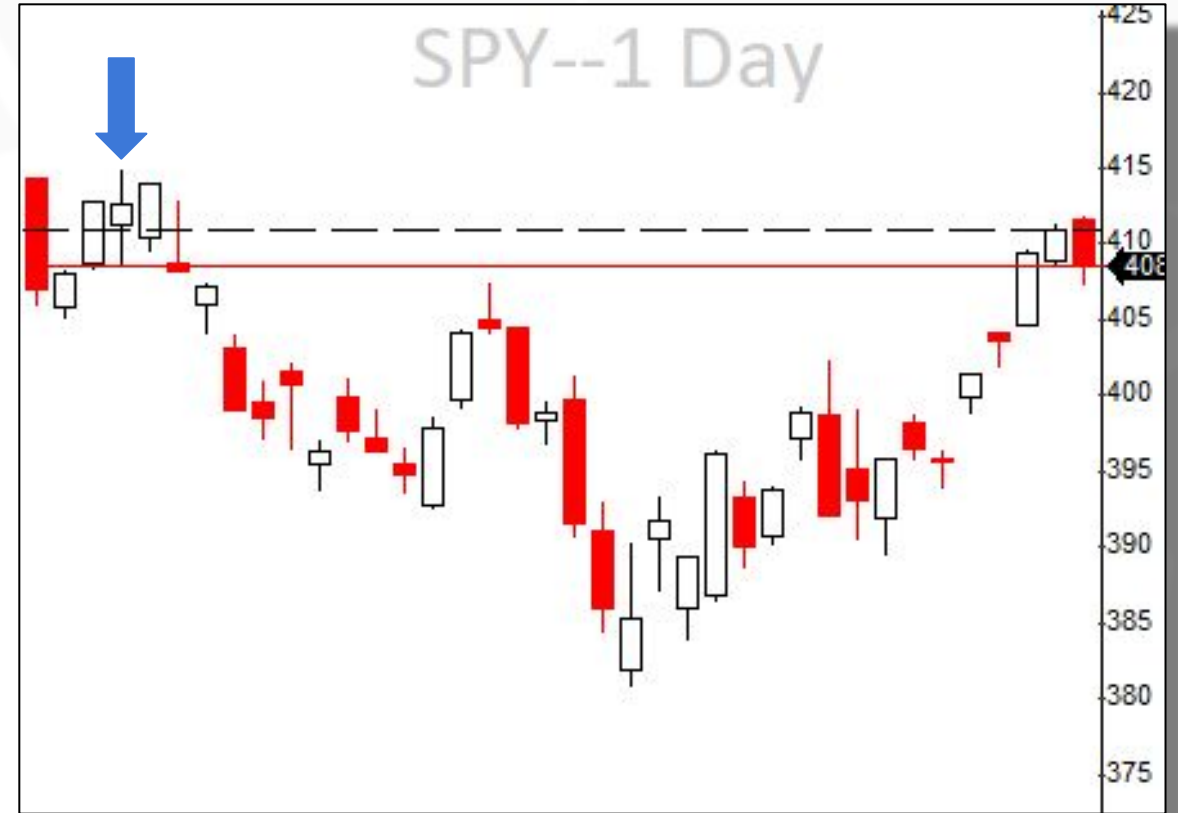
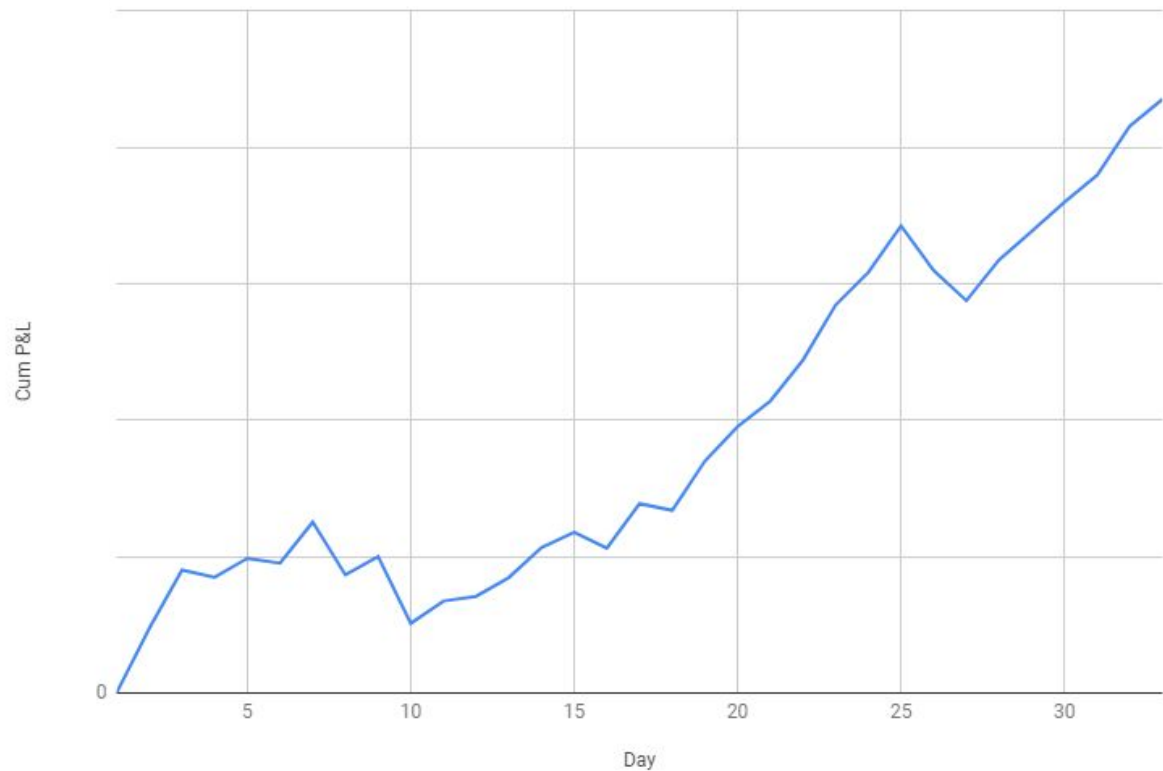
# Purpose

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- Examine the **fundamental basics** of my High of Day Break strategy
- Any strategy takes hundreds of attempts to find your **edge**
- I have traded this strategy 3000+ times over 3+ years

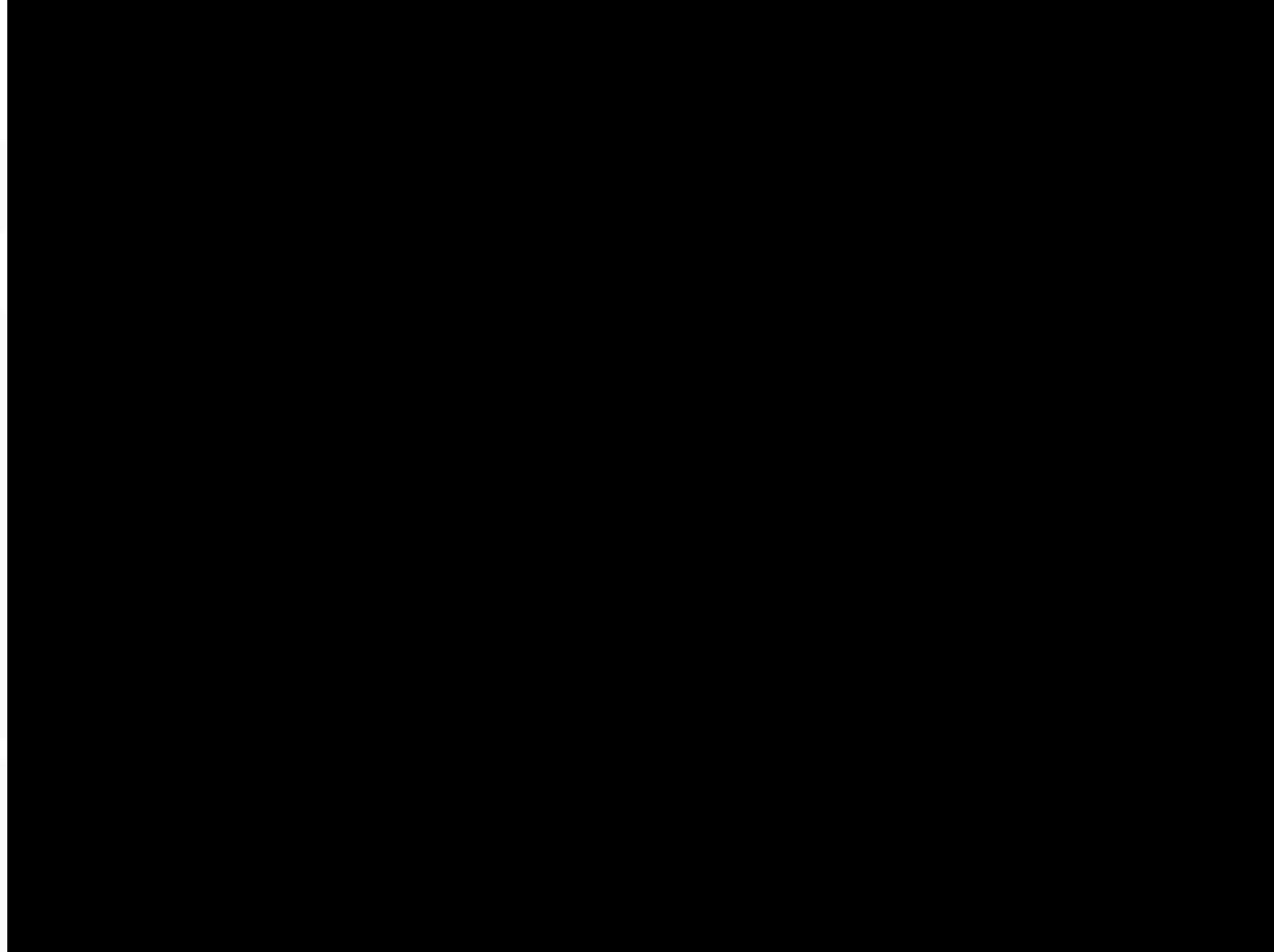
# Recent Trading Results

Cumulative P&L vs. Day



# The #1 Primary Goal of this Strategy

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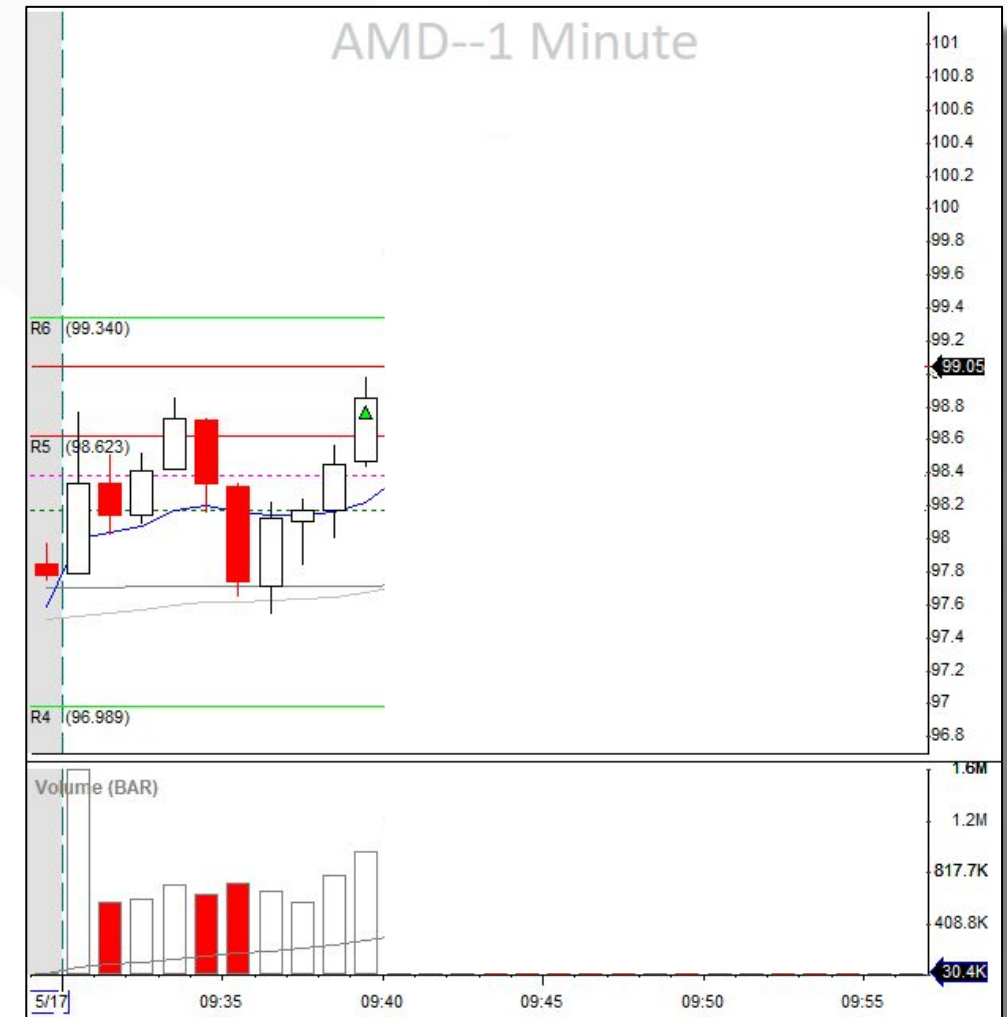
# The #1 Primary Goal of this Strategy

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- ***Get your stop to breakeven!!!!***
- What are the best conditions to make this a higher probability outcome?
- Worry about your target and profit later. If it happens, it happens. If it runs, it runs.
- Think of this presentation as a “Get Stop to Breakeven” class

# A Stock Breaking Its High of Day

- High-of-Day (HOD) for this presentation is defined as the **highest price** achieved **after the open, entry no earlier than 5th candle**
- An interesting event for a stock, we call it out all day regardless of our strategies
- You can bet lots of people and computers are watching
- The potential exists for a good move higher or lower
- It will seldom spend too long at the HOD
- Knowing when to exit a trade that is not working is key





# First 15 Minutes of the Day



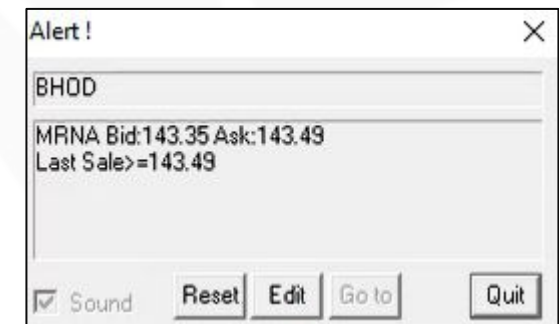
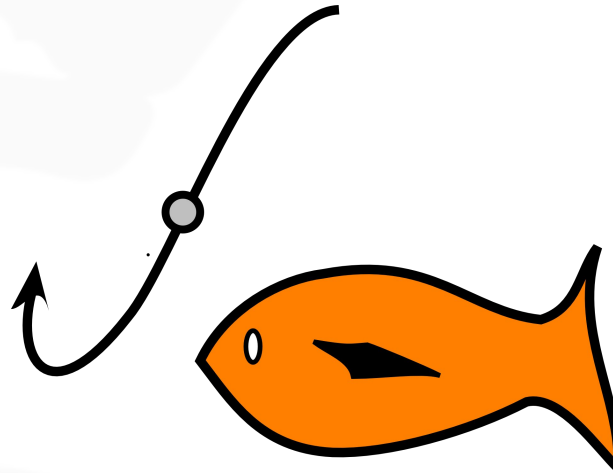
- Just watch for first 10 minutes
- Look for strength versus \$SPY in first 5 minutes
- Continue to look for ticker behavior independent of \$SPY movement

# The Alert

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- The more stocks you can watch, the better
- Alerts are **like** a free scanner in DAS (Hooks in the water)
- I can set 37 alerts (my current watchlist) in about 2 minutes using a hot key, easiest when the market clearly sells off
- Set them below HOD according to **stock price, time of day, and volatility**

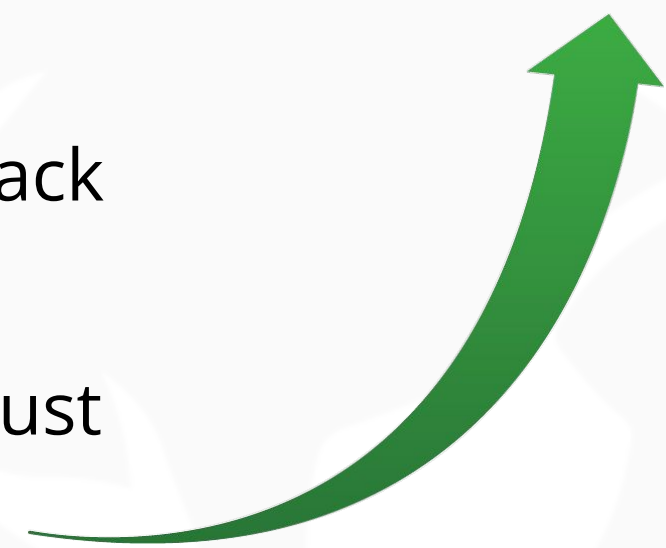
**Let's say an  
alert goes off**



# The “Punch” Pattern

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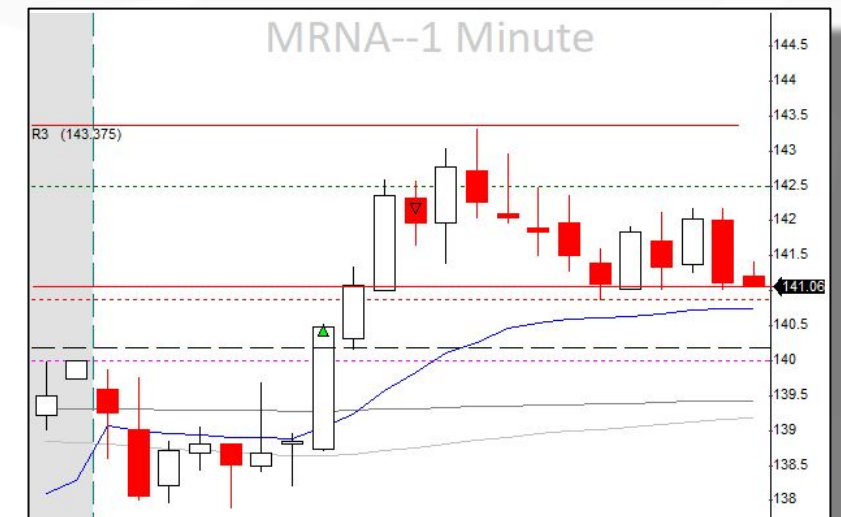
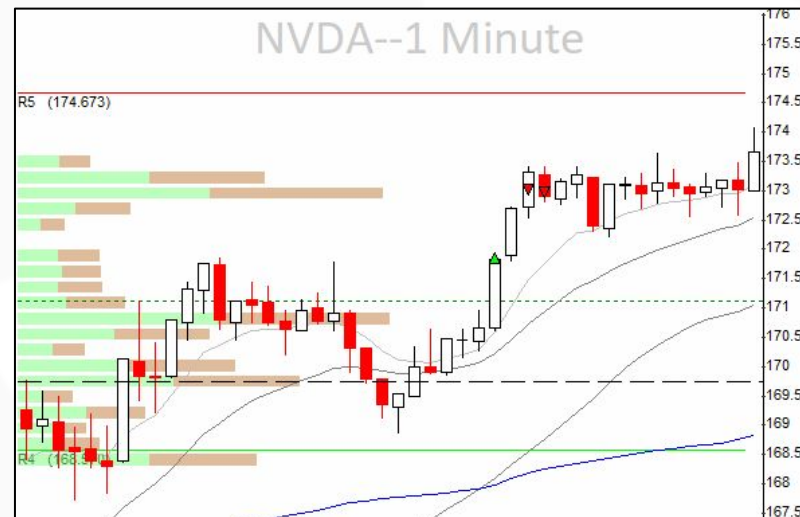
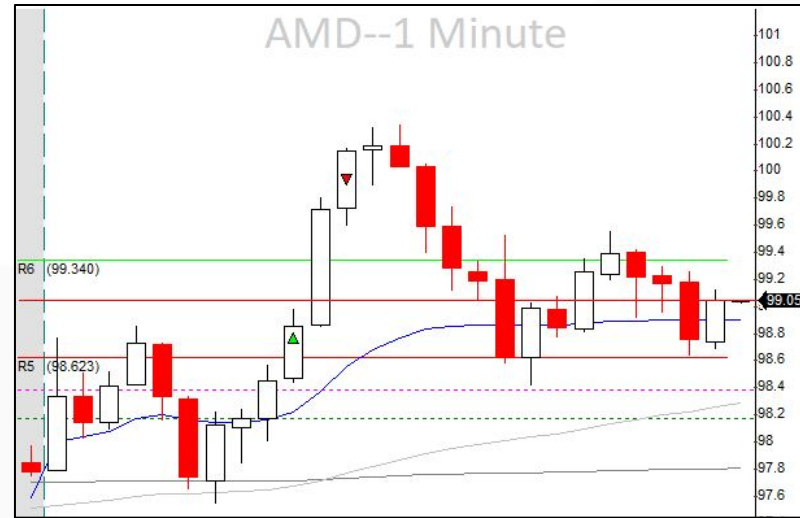
- Check for punch pattern after the alert goes off
- In perfect form it is a series of candles forming an exponentially shaped move to the HOD
- Not necessarily exponentially shaped from full pullback bottom to HOD, could be last dollar move only
- So it could be many 1 minute candles or it could be just 2 or 3 (or even 1)
- Can also see it form in the 5 min and 15 min later in the day, but final punch should be observed on the 1 min



# Pullback & “Punch” Pattern Examples

- Sufficient pullback **varies by stock price, time of day, and volatility**
- General rules of thumb:

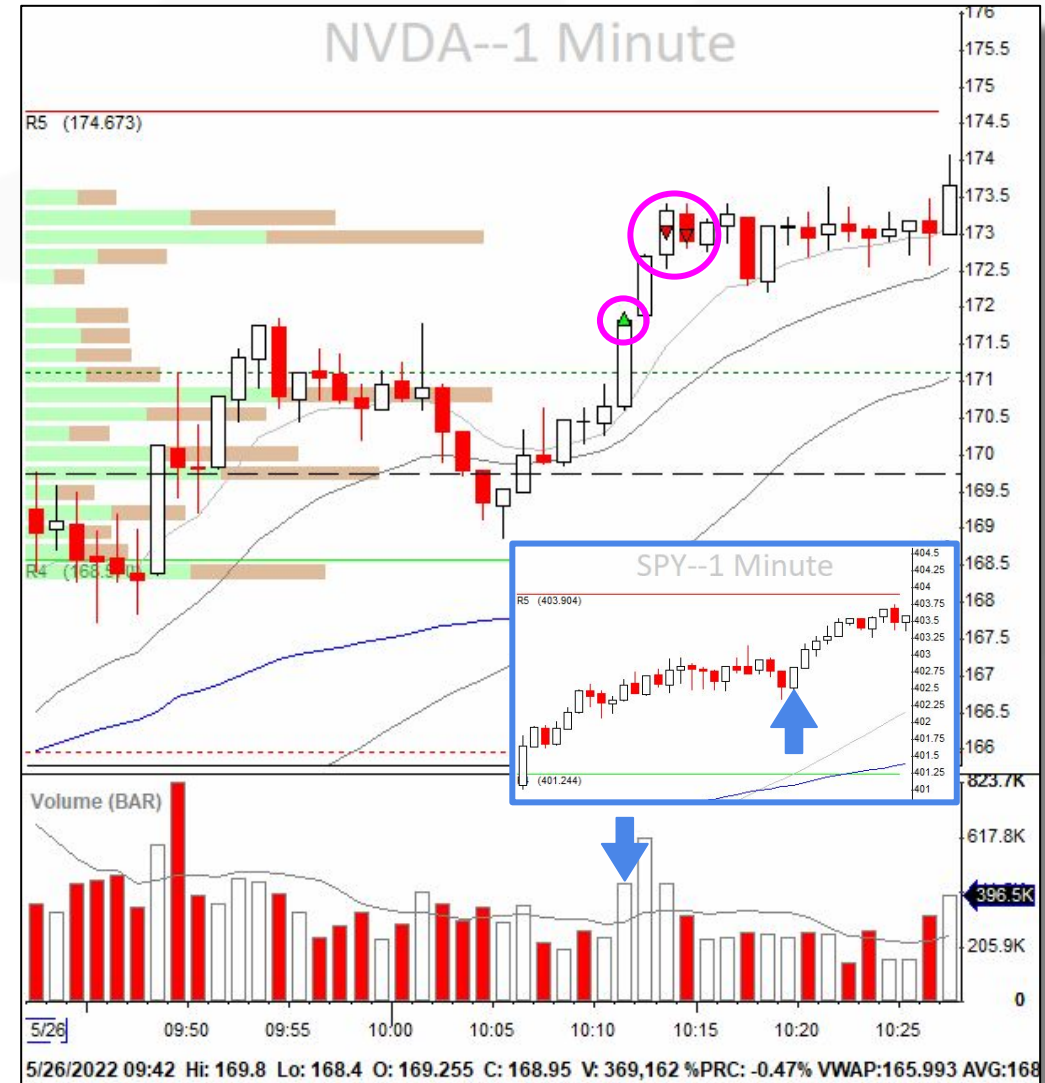
Stock Price	Minimum Pullback
< \$100	\$0.50
> \$100, < \$200	\$1.00
> \$200	\$2.00





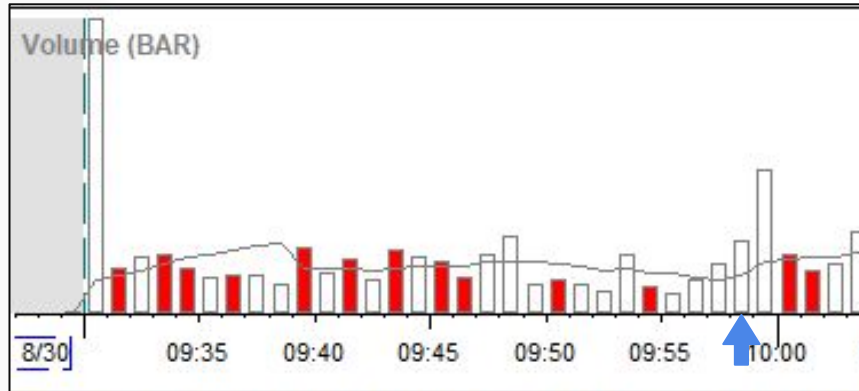
# From Alert to HOD - The \$SPY

- We are now checking for independent behavior from the \$SPY
- Ideally want non-correlation prior to entry and then white \$SPY candle on entry
- \$SPY trend upward after entry also great

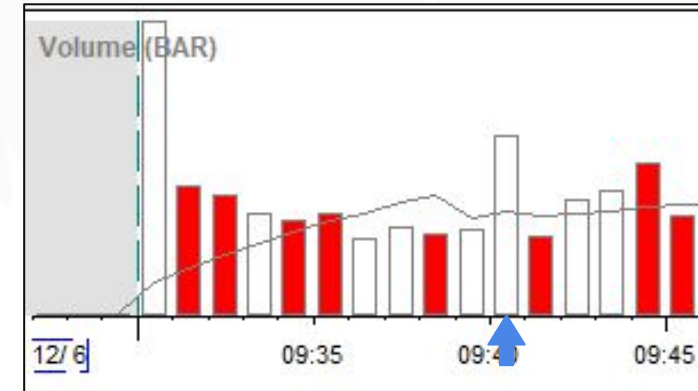


# Appreciable Volume - Get to Next Price Zone!

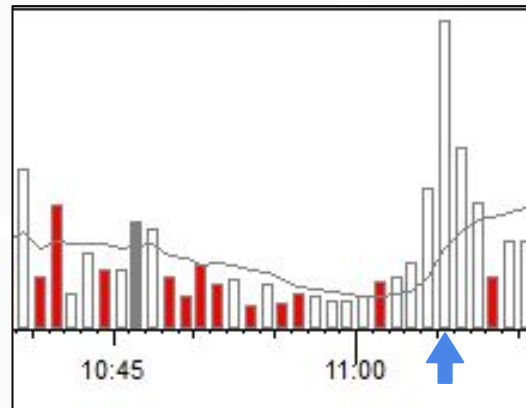
- Tough to quantify, requires some gut / intuition / feel
- Have to assess in the moment, dynamically. Use the clock!



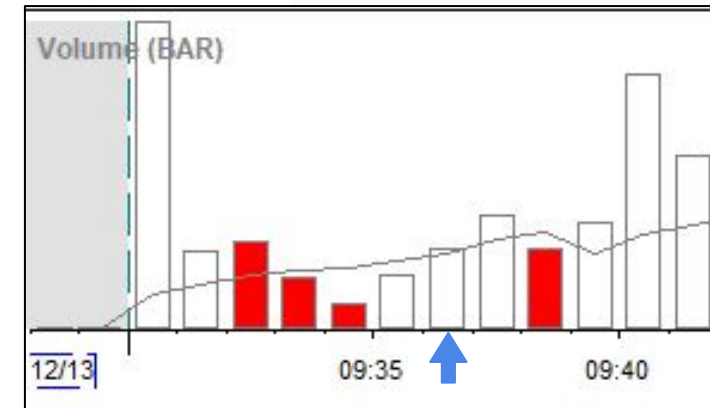
White Steps



Spike Volume



Exponential White Steps



Pivoting Volume

# Fundamentally Two Types of Entry

- HOD is exactly at or “just below” a \$-Level (my rule is below within \$0.10, play at the \$-Level)
  - Try to play the break of the liquidity at the \$-Level
  - Ideal entry is buying a chunk of that liquidity
  - Want to see large prints on Time & Sales prior to entry
- HOD price is anywhere else? Let the BID break the HOD
- Beware: Intuition that comes with experience (Edge) is a big factor in deciding to take an entry

PDD 57.91 -- 57.93 Pinduoduo Inc. - American Depositary S...

PDD 57.96 - 53.97 PCL 53.75 Q

Last 57.93 4.18 (7.8%) Vol 8,015,149

Lv1 57.91 57.93 Bid-Ask Spread: 0.02 S

MMID	BID	SIZE	MMID	ASK	SIZE
IEX	57.910	4	MEMX	57.930	1
IEXG	57.910	4	BATS	57.930	1
NASD	57.910	2	NSDQ	57.930	0
NSDQ	57.910	1	NSDQ	57.940	3
MEMX	57.910	1	NASD	57.940	2
ARCA	57.900	3	ACB	57.940	0
ACB	57.900	3	NSDQ	57.950	2
NSDQ	57.900	2	NSDQ	57.960	8
EDGX	57.900	2	ARCA	57.960	1
NSDQ	57.890	2	NYSE	57.960	1
ACB	57.890	1	ACB	57.960	0
NSDQ	57.880	1	NSDQ	57.970	2
ACB	57.880	1	ACB	57.970	2
NSDQ	57.870	3	NSDQ	57.980	4
ACB	57.870	1	ACB	57.980	2
NYSE	57.870	1	EDGX	57.980	2
NSDQ	57.860	1	NSDQ	57.990	64
BATS	57.860	1	ACB	57.990	9
NSDQ	57.850	3	NSDQ	58.000	547
NSDQ	57.840	6	ACB	58.000	98
ACB	57.840	0	BYX	58.000	1
NSDQ	57.830	2	NSX	58.000	1
ACB	57.830	0	NSDQ	58.010	1
NSDQ	57.820	1	ACB	58.010	0
BYX	57.820	1	NSDQ	58.020	3
ACB	57.820	0	ACB	58.020	0
NSDQ	57.810	10	NSDQ	58.030	3
ACB	57.810	0	NSDQ	58.040	2
NSDQ	57.800	3	NSDQ	58.050	2
NSX	57.800	1	NSDQ	58.060	2
ACB	57.800	0	ACB	58.060	0
NSDQ	57.790	3	NSDQ	58.070	1
NSDQ	57.780	2	ACB	58.080	20
ACB	57.780	0	NSDQ	58.080	0

Price	Qty	Time	Exch
58	2600	10:35:43	NYSE
58	1500	10:35:43	NYSE
58	1000	10:35:43	ARCA
58	1000	10:35:43	ARCA
58	1000	10:35:43	ARCA
58	2000	10:35:43	ARCA
58	3600	10:35:43	NYSE
58	1000	10:35:43	EDGX
58	2000	10:35:43	NYSE
58	3000	10:35:43	EDGX
58	1900	10:35:43	EDGX
58	3600	10:35:43	NYSE
58	20000	10:35:43	EDGX
58	1066	10:35:43	ARCA
58	1000	10:35:43	NYSE
58	1060	10:35:43	EDGX
58	1146	10:35:43	NASC
58	1600	10:35:43	NASC
58	1000	10:35:43	NASC
58	1600	10:35:43	NASC

# Stopping Out Below Breakeven

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- I give myself a wide initial stop to account for possible volatility at or near HOD
- Like pullback, a sufficient stop distance **varies by stock price, time of day, and volatility**
- I give myself more room than I need, but only take a “full loss” about 10–15% of the time, usually exit well above the full loss when trade is failing
- Reasons I get out below breakeven:
  - Clear loss of appreciable volume (*it ain't happening*)
  - \$SPY drops hard and I am some form of red for the trade
  - 4-5 moves through HOD level (especially at \$-Level)
  - Too much time has elapsed (1-5 minutes depending on time of day)
  - 3 candles after entry with lower highs, lower lows (“Dying 1 Min Chart”)



# Helpful and Hurtful Levels

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- Trading near or up into certain levels can ***potentially*** help or hurt a HOD break
- **Helpful**
  - Pre-Market High
  - Yesterday's High if not part of multiple daily resistance
- **Hurtful**
  - Multiple daily resistance
  - Previous Day Close (PDC)
- It's a judgement call on how close these levels should be to warrant consideration (**Once again, stock price, time of day, and volatility**)
- These levels can affect entries **and targets**

# When to Move Stop to Breakeven

- When the price has moved an appreciable amount (**Once again, stock price, time of day, and volatility**)
- Often price is bumped to new “decision leve;” by spike volume, the new battle is above your entry
- Or when you take your 1st partial
- Or when the price is not very far in the green, but has been struggling for too long
- “Too long” depends on time of day, 2nd candle near open, 5 minutes late in day

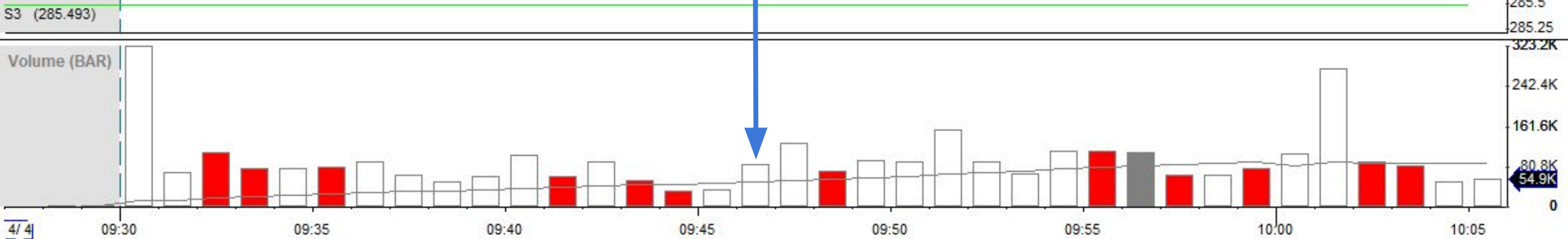


Buy Mkt 50	Buy Mkt 100	Buy Mkt 200	Buy Mkt 400	Buy Mkt 600	Buy Mkt 800	
B/E+0	B/E+5	B/E+10	B/E+15	B/E+20	B/E+25	B/E+30

# How To Take Profits

- I try not to use partials, now go for all or nothing on a target
- Target is a function of **stock price and volatility (not so much time of day)**
- This comes from gaining familiarity with your watchlist
  - TSLA, NVDA, MSFT: Let these run at least \$2
  - AAPL, BABA, AMD: \$1 move is plenty
  - JPM, DIS, WMT: Maybe \$0.50
- Then look for targets near these moves
- Price likes to try to get to certain levels
  - Pre-Market High
  - Yesterday's High
  - Previous Day's Close
  - \$5, \$10, etc. Level
  - Multiple Day Resistance

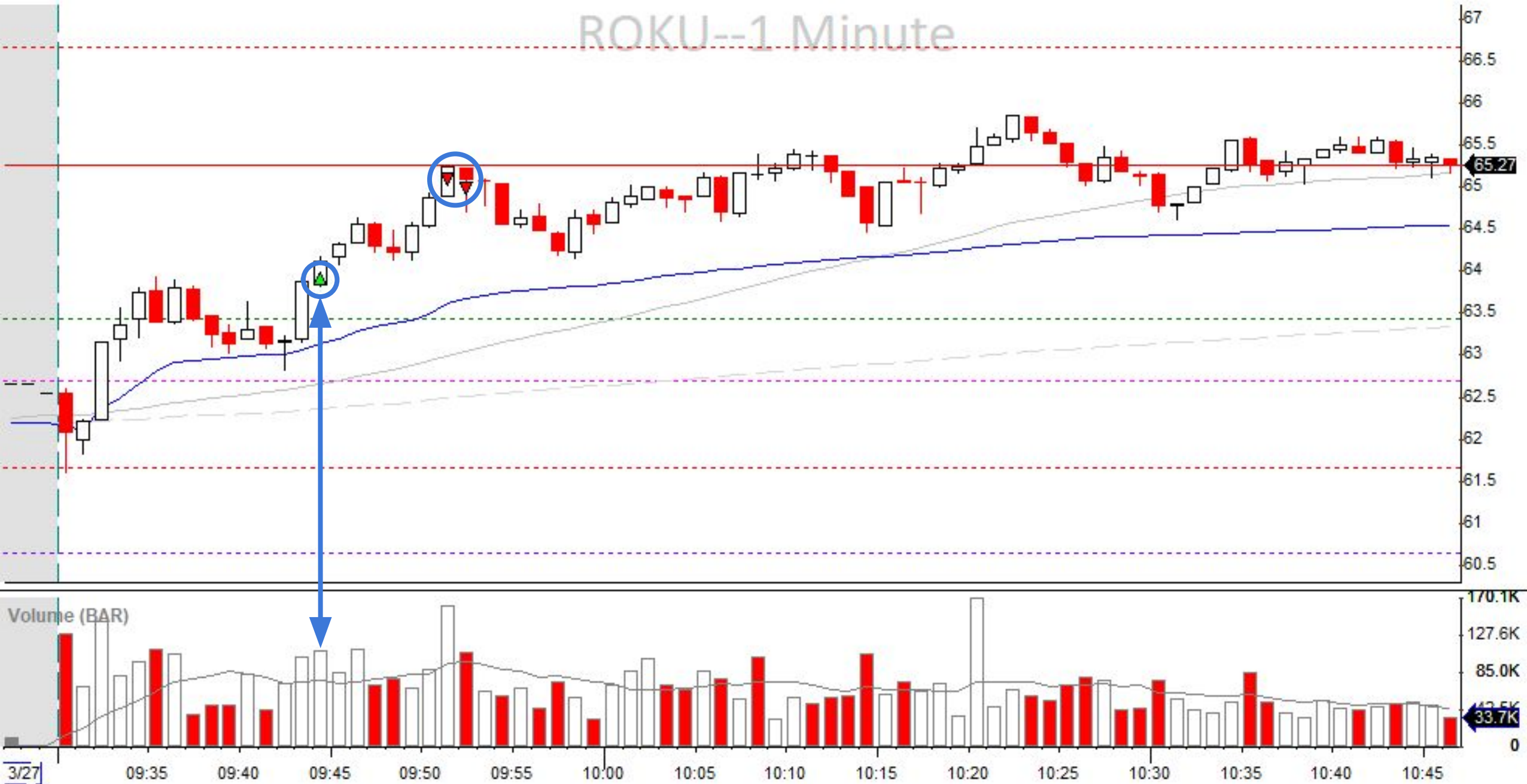




**BEAR BULL**  
TRADERS



# ROKU--1 Minute



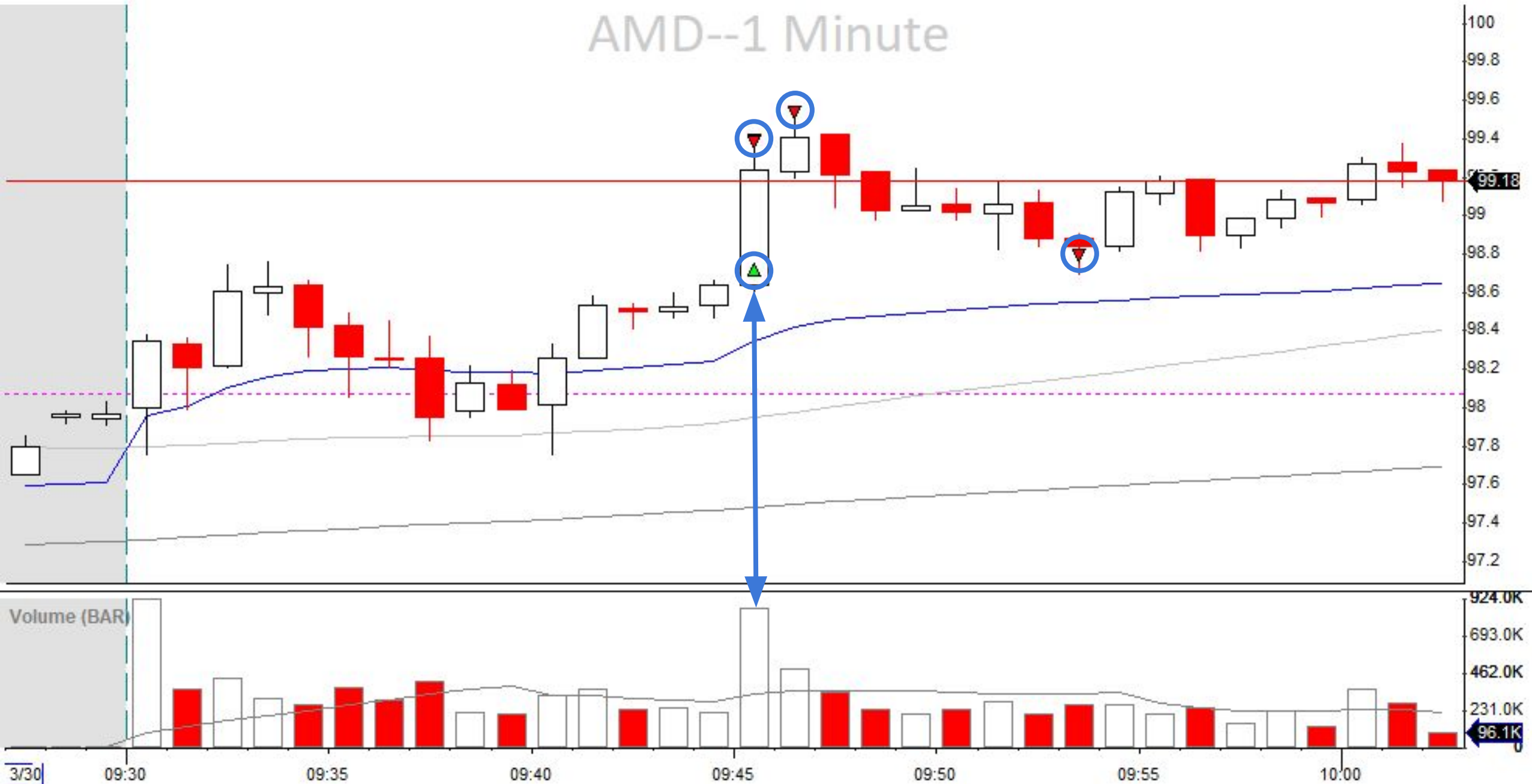
**BEAR BULL**  
T R A D E R S

# GOOGL--1 Minute



**BEAR BULL**  
T R A D E R S

# AMD--1 Minute

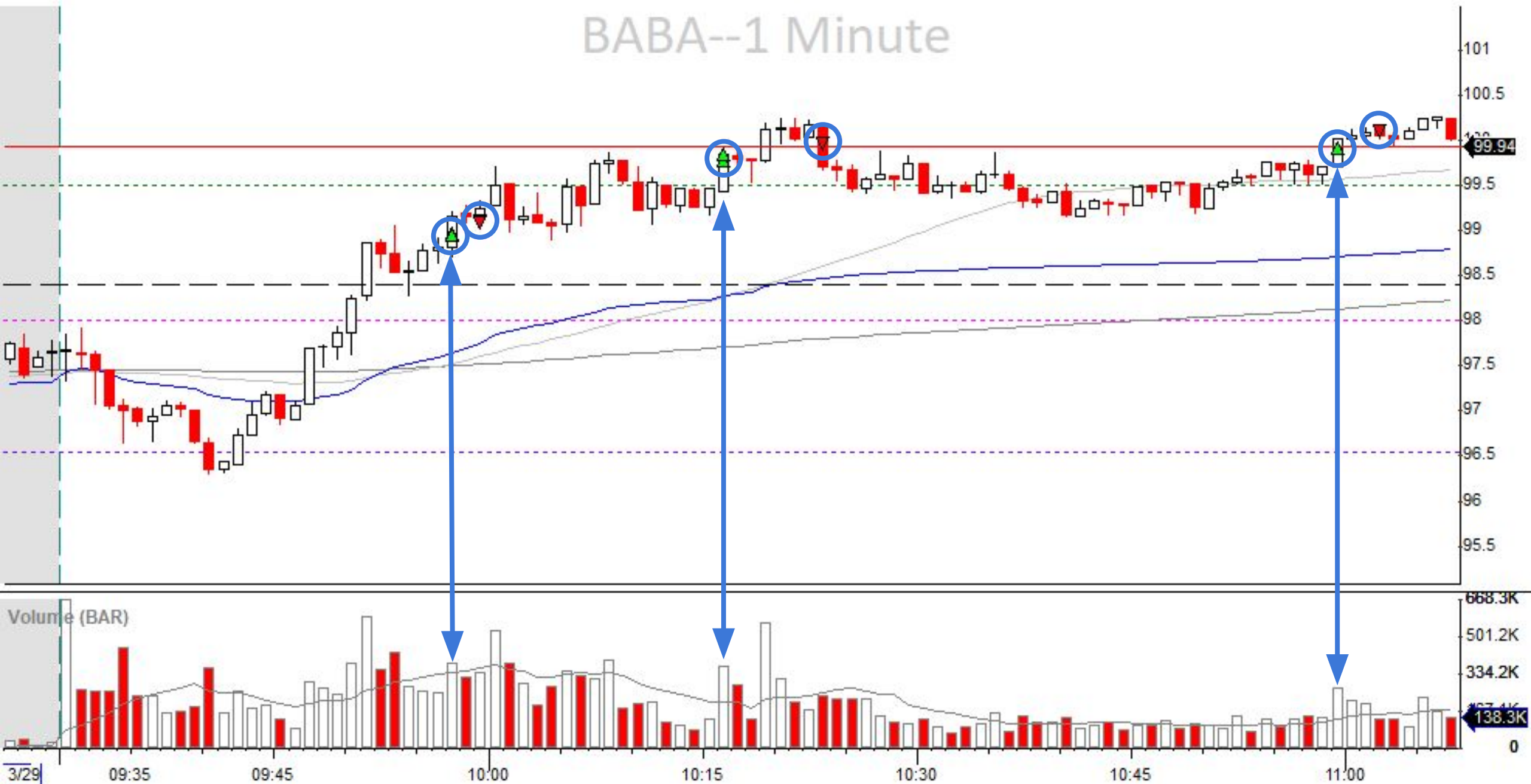


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**BEAR BULL**  
T R A D E R S

# BABA--1 Minute



**BEAR BULL**  
T R A D E R S



# ABNB--1 Minute

R4 (142.830)

R3 (140.190)

S3 (134.910)

Volume (BAR)

2/16

09:30

09:35

09:40

09:45

09:50

09:55

10:00

144  
143.5  
143  
142.5  
142  
141.5  
141  
140.5  
140  
139.5  
139  
138.5  
138  
137.5  
137  
136.5  
136  
135.5  
135  
134.5  
134  
133.5  
133

270.9K  
203.2K  
135.5K  
55.1K  
0

139.36

55.1K



**BEAR BULL**  
T R A D E R S

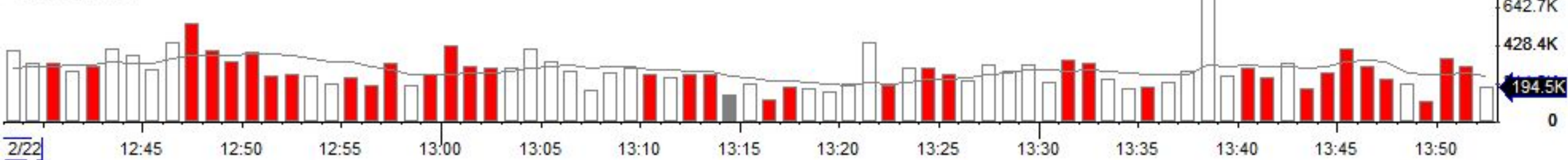
R3 (201.175)

# TSLA--1 Minute

\$199.99



Volume (BAR)

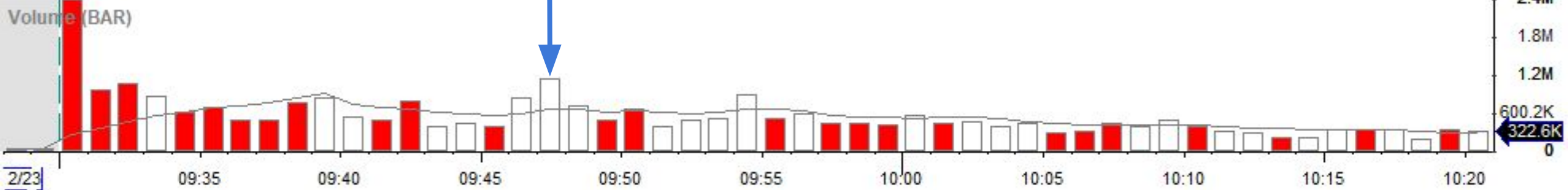
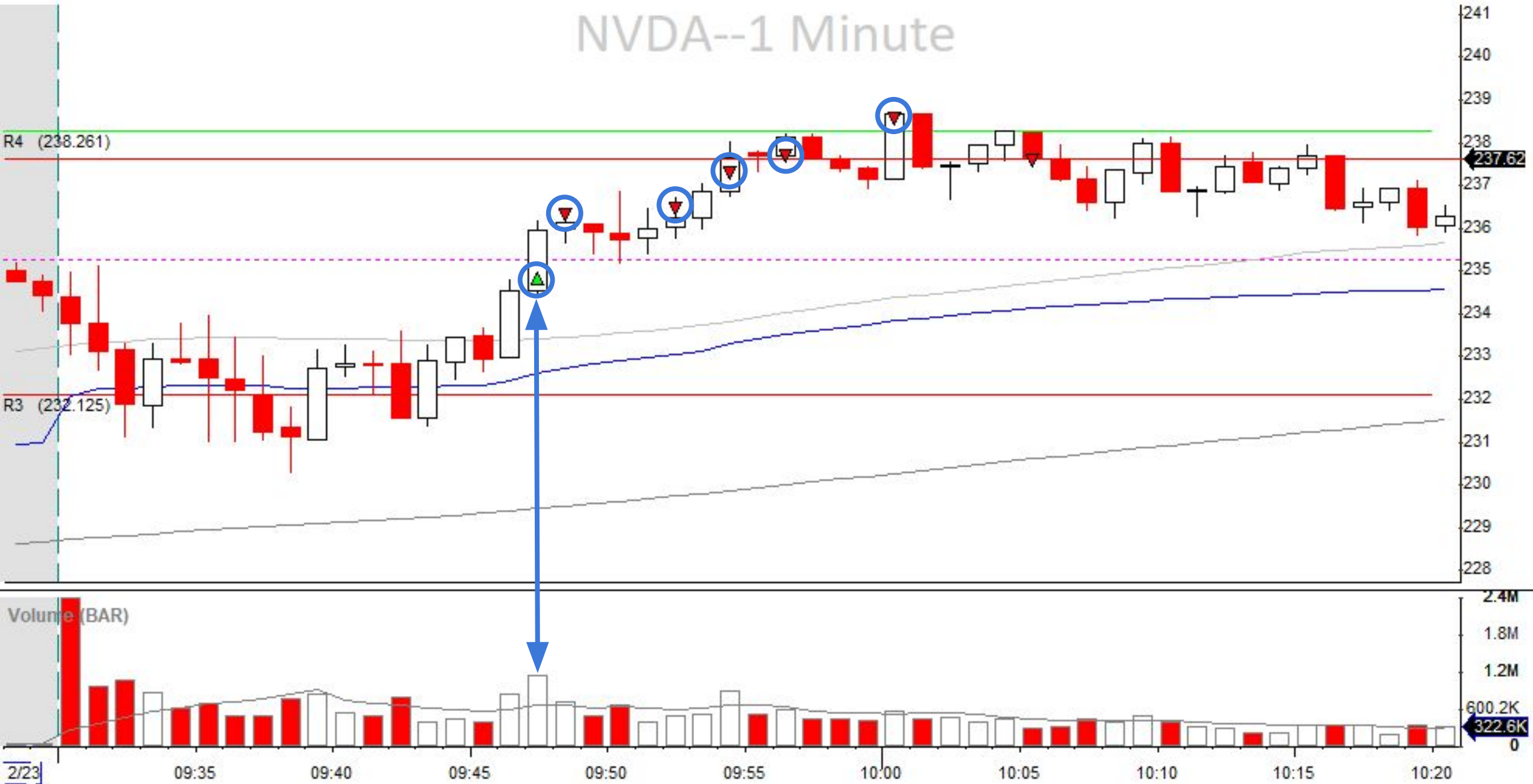


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**BEAR BULL**  
T R A D E R S

# NVDA--1 Minute

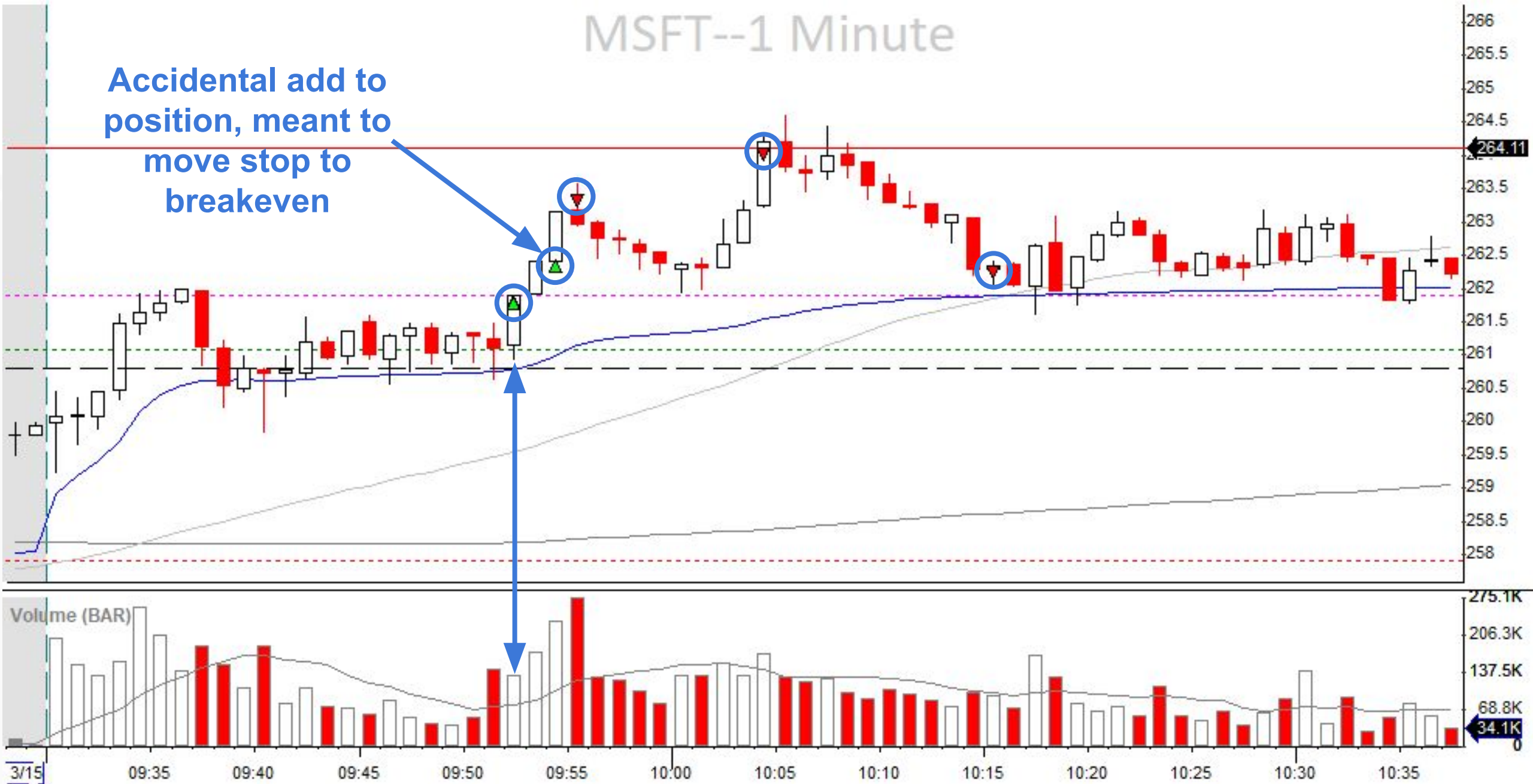


**BEAR BULL**  
T R A D E R S



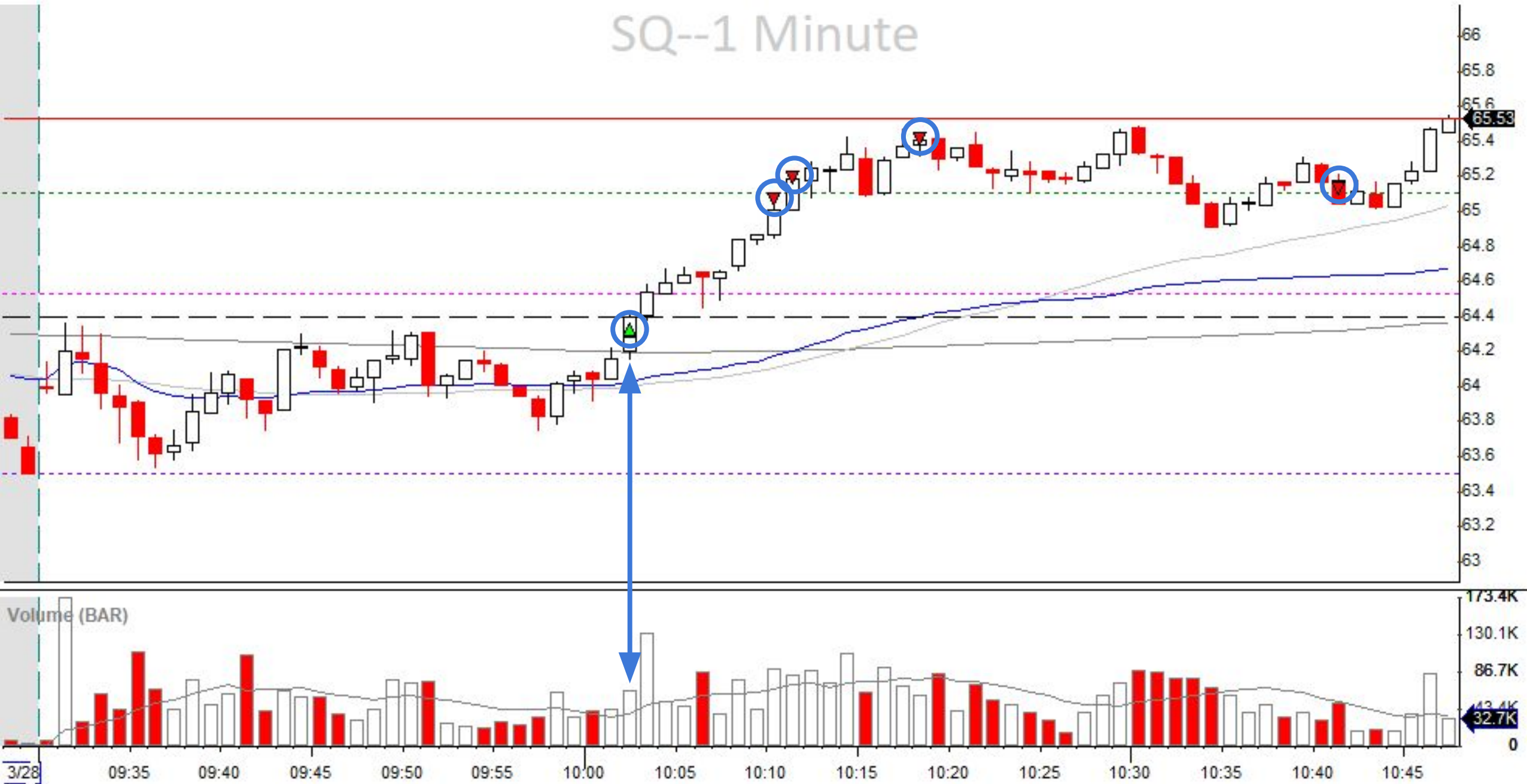
# MSFT--1 Minute

Accidental add to position, meant to move stop to breakeven



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T R A D E R S

# SQ--1 Minute



**BEAR BULL**  
T R A D E R S

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# *Questions/Comments*

john@bearbulltraders.com



@JohnH\_BBT