



**The Webinar will begin at 8pm**

**Mountain Pass: A Deep Dive Into  
Trading the Double Top/Bottom Pattern**

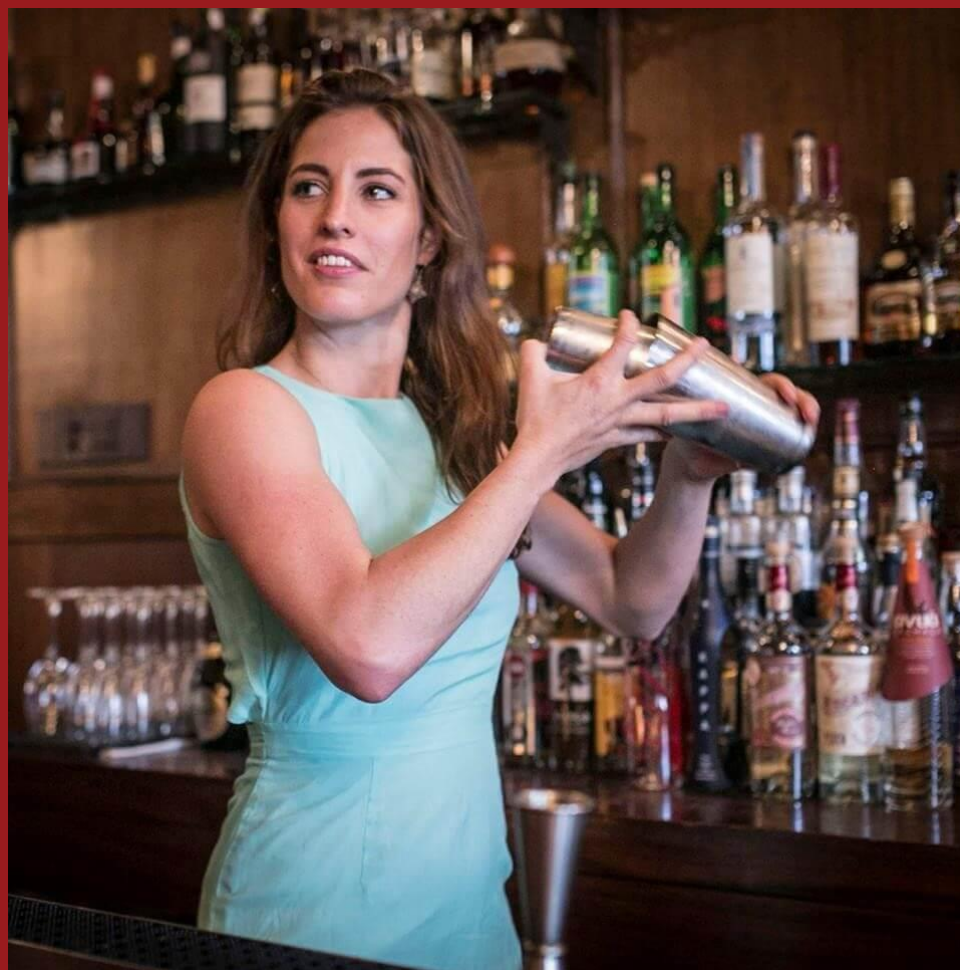
**Presented By:  
Peter**



# Mountain Pass: A Deep Dive Into Trading the Double Top/Bottom Pattern

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# *What is the Mountain Pass Strategy?*

The **Mountain Pass** is a Trend Reversal Pattern that:

1. Is the end existing trend and the potential start of a new trend
2. Sets a new **high/low** of the day (i.e. extended from VWAP)
3. Fails to set a 2<sup>nd</sup> new **high/low** of the day
4. Pulls in, then crosses, the 50 Simple Moving Average (SMA)
5. Hopefully goes to VWAP...or beyond!



# Mountain Pass Conditions

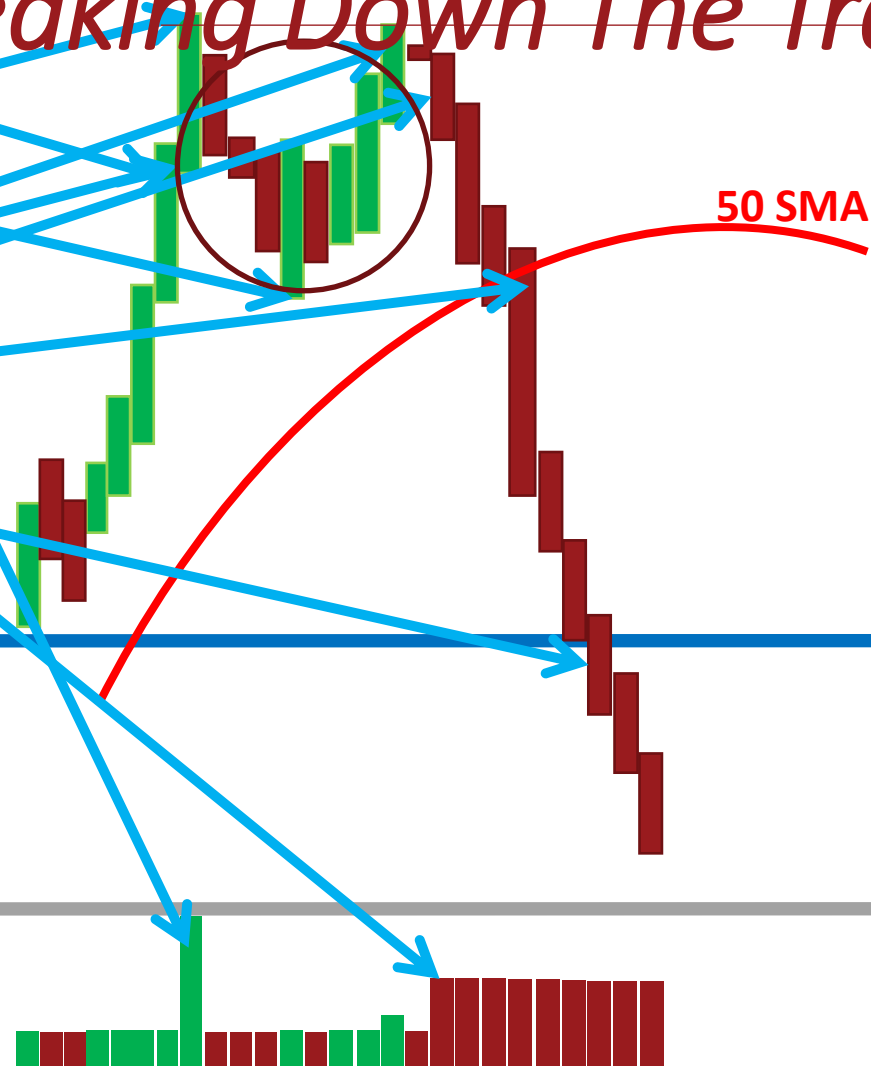
- **Stock should be mid- to large float** and ideally have an event catalyst on the day
- **Works best when a stock has higher than average volume (i.e. RVOL is >100%)**
- *Potentially* supported by a similar move in the overall market direction
- Markets are neither highly choppy nor strongly directional
- Can be played anytime from 9:50am – 3:00pm, *but the best trades often set-up from 10:30am – 2pm*

**DON'T CONFUSE THIS WITH DOUBLE TOP/BOTTOM PLAYS AT THE OPEN. THEY ARE MOMENTUM REVERSALS AND HAVE DIFFERENT CONDITIONS!!!!**



# The Mountain Pass (Double Top) Breaking Down The Trade

1. Strong trend to new high of day
2. Final push on exhausting volume
3. Pullback 20-50% of initial move
4. 2<sup>nd</sup> top which cannot break the high
5. 2<sup>nd</sup> top in 5-20 time periods
6. Drop on increased volume
7. Big drop at 50 SMA cross
8. Drop to VWAP and beyond



VWAP

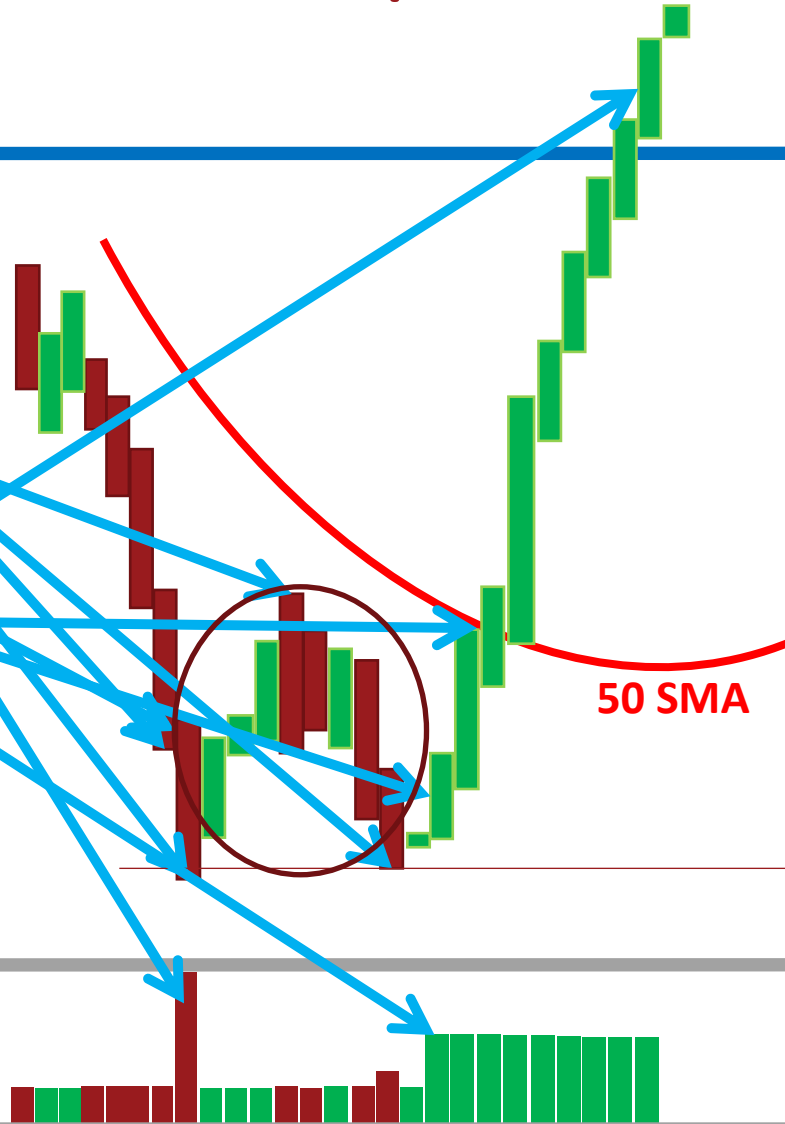
Volume



# The Mountain Pass (Double Bottom)

VWAP

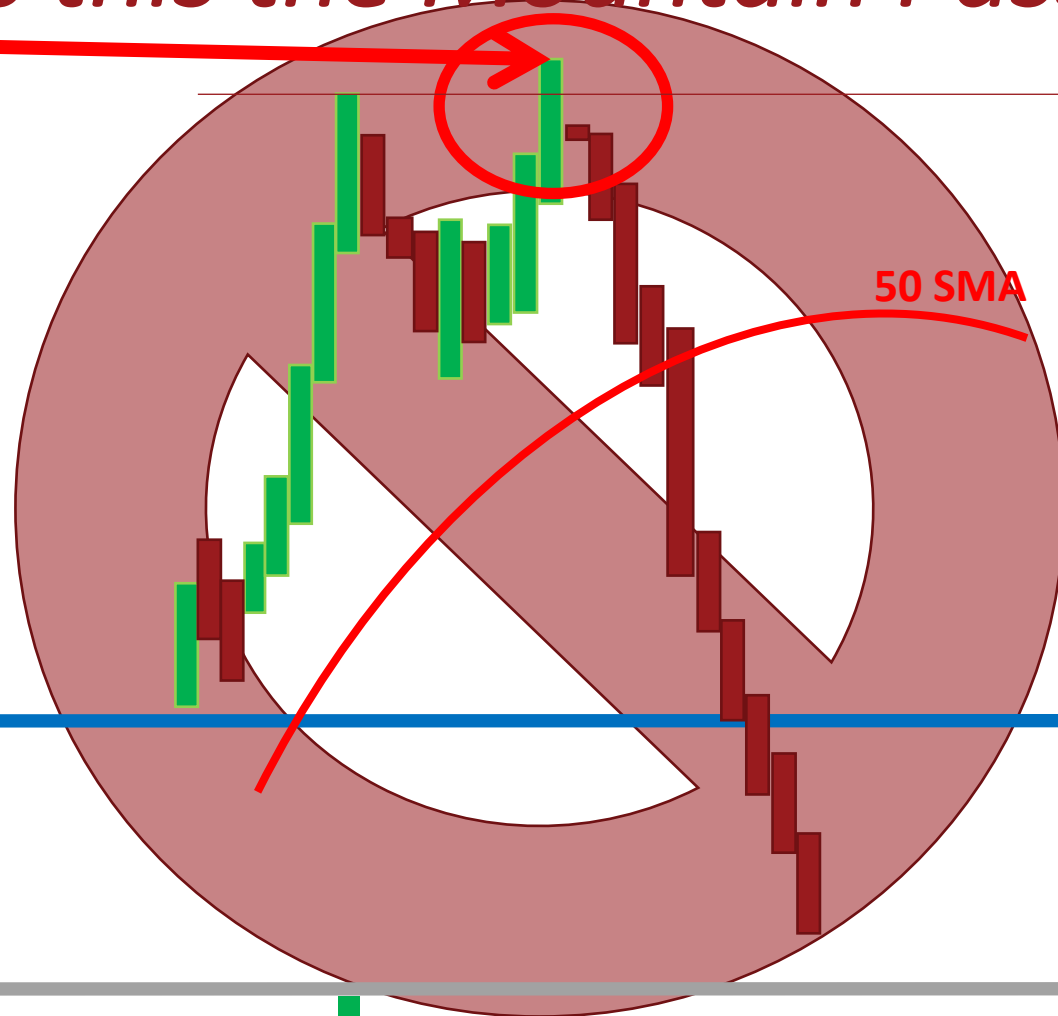
1. Strong trend to new low of day
2. Final drop on exhausting volume
3. Pullback 20-50% of initial move
4. 2<sup>nd</sup> bottom which cannot break the new low
5. 2<sup>nd</sup> bottom in 5-20 time periods
6. Push up on increased volume
7. Big push up at 50 SMA cross
8. Increase to VWAP and beyond



Volume

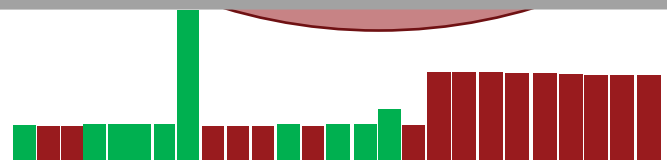


# Is this the Mountain Pass?

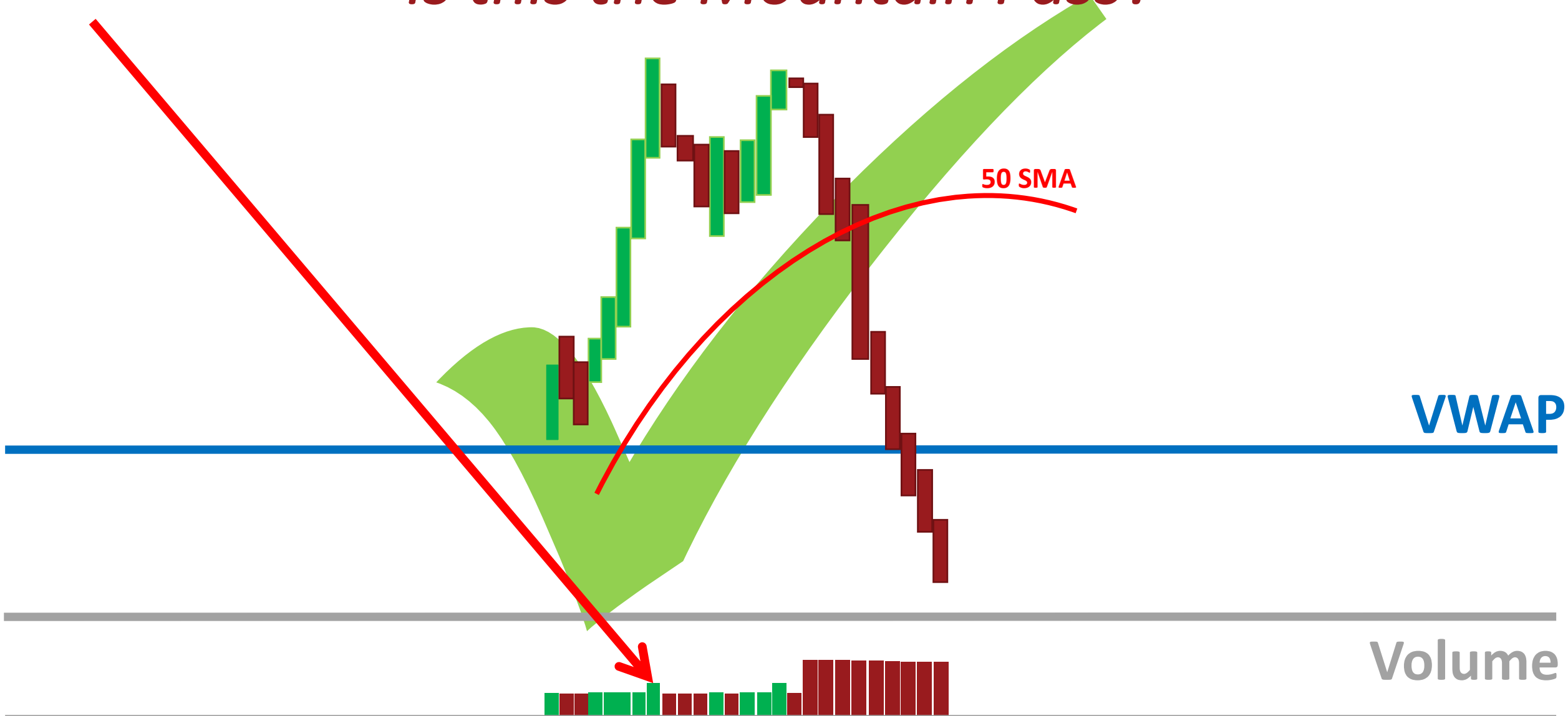


VWAP

Volume



# Is this the Mountain Pass?

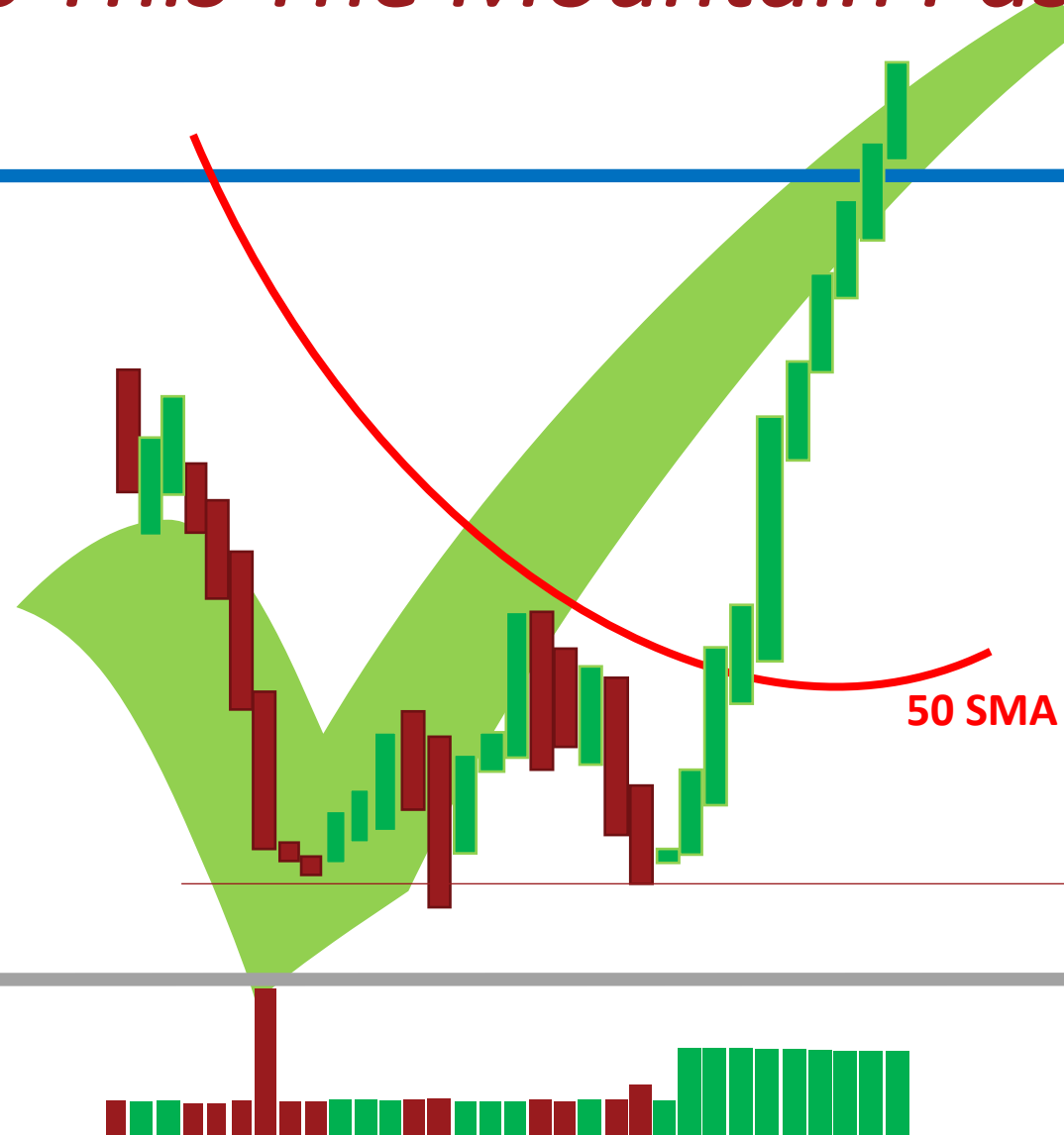


# Is This The Mountain Pass?



# Is This The Mountain Pass?

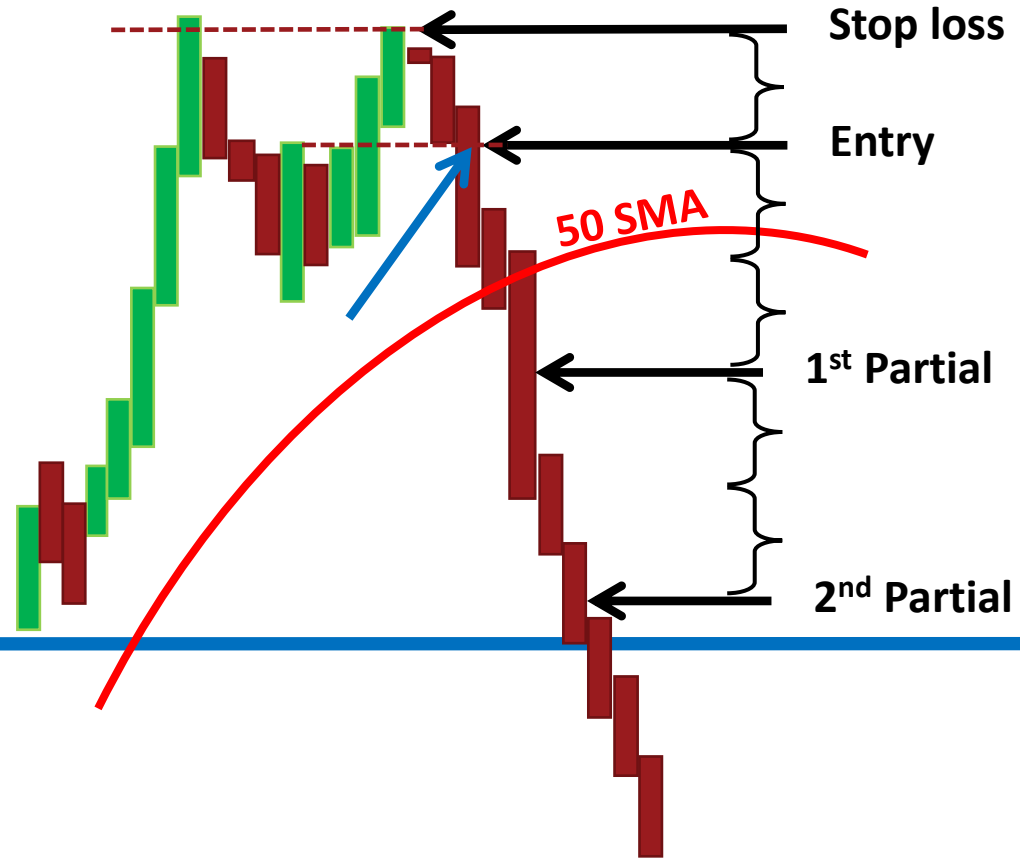
VWAP



Volume

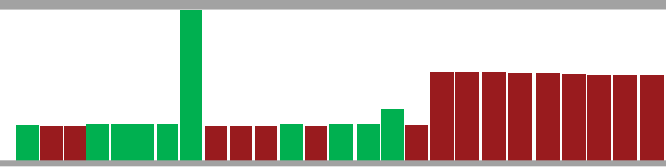


# Managing The Trade



VWAP

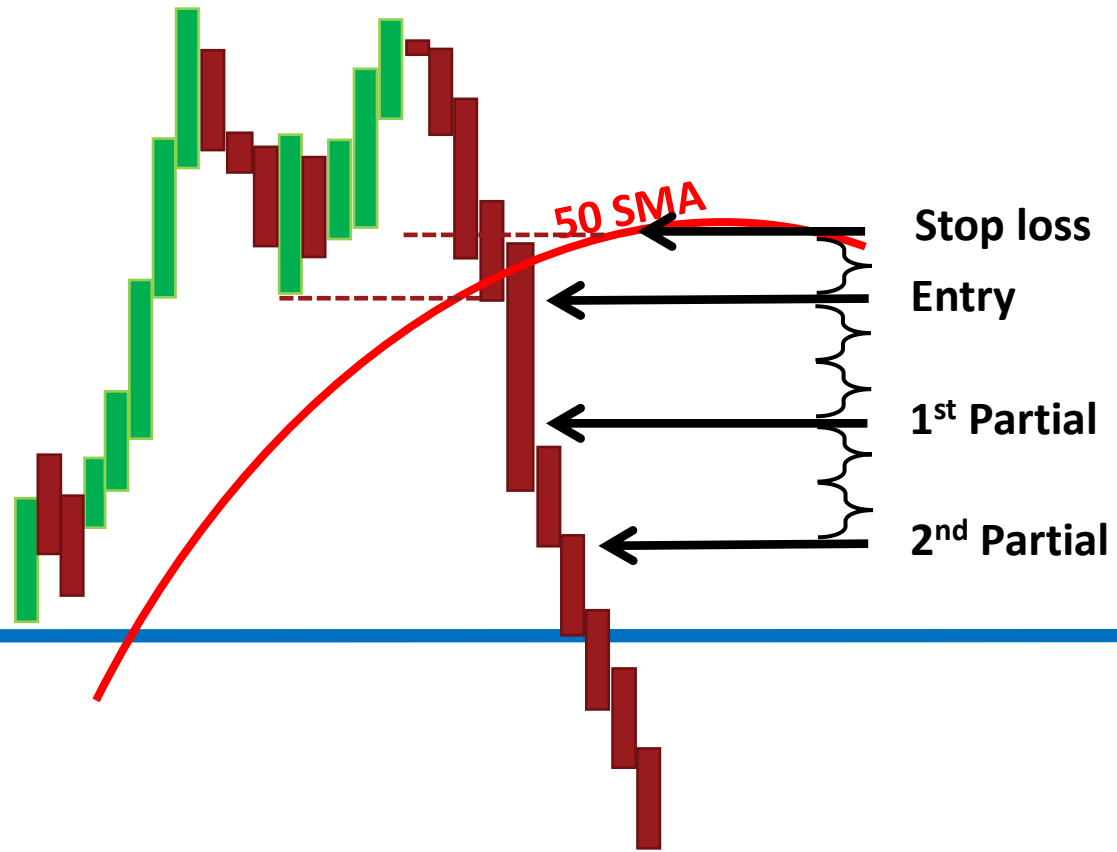
Volume



# The Mountain Pass – Conservative Entry

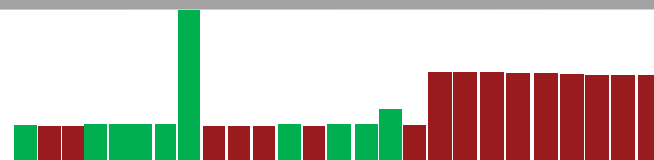


# The Mountain Pass – Conservative Entry



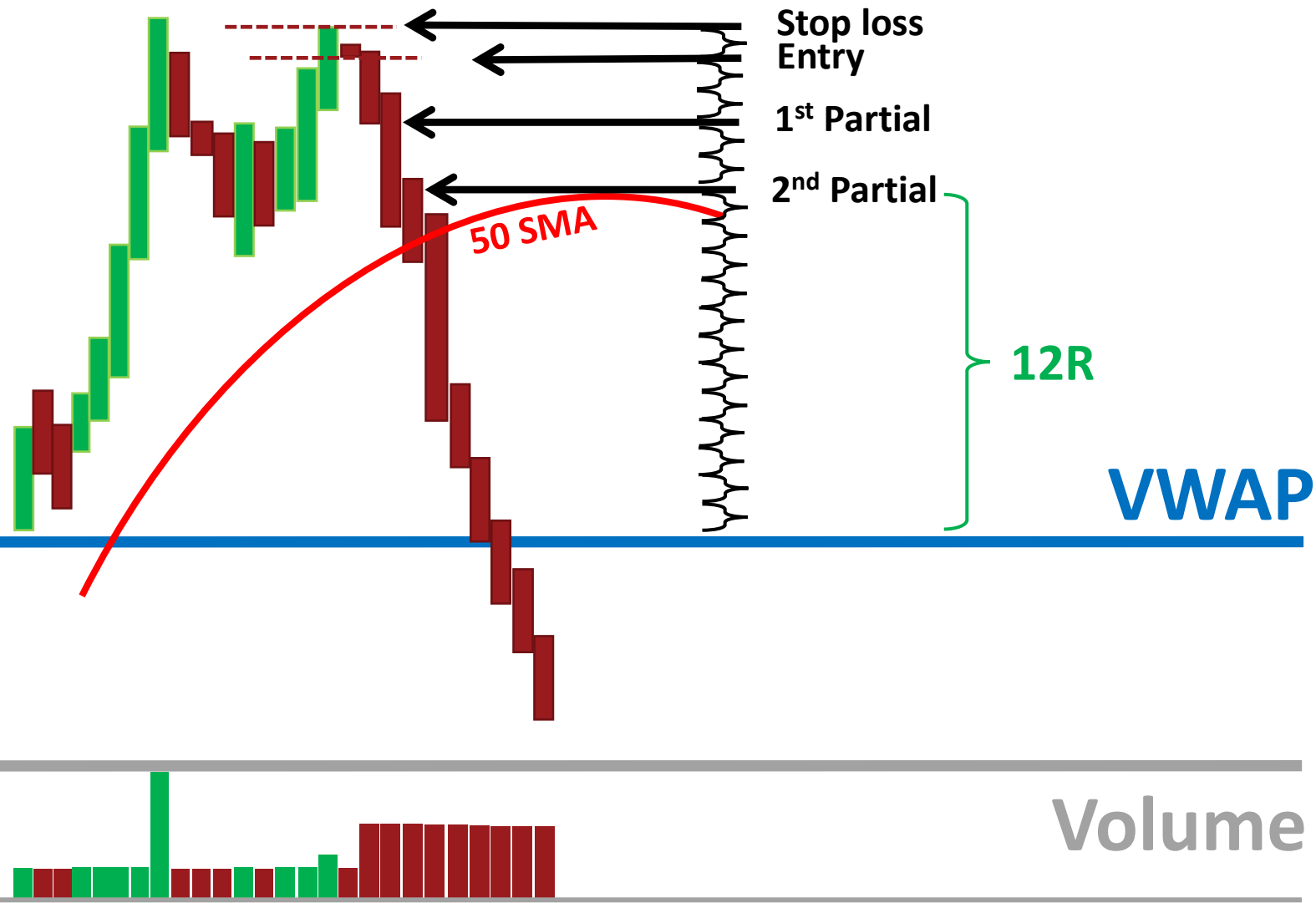
VWAP

Volume



# The Mountain Pass – Aggressive Entry

**Note:**  
This entry has a lower win percentage, but a greater R:R



Volume



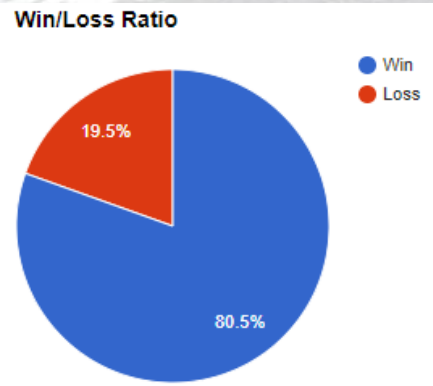
# Trade Assumptions

- **Partials are taken as follows:**
  - **1<sup>st</sup> partial- 2xRisk**
  - **2<sup>nd</sup> partial- 4xRisk (or the 50SMA, whichever happens 1<sup>st</sup>, on the Aggressive entry)**
  - **3<sup>rd</sup> + partial(s)- at major support/resistance, trend reversal or consolidation areas**
- **1<sup>st</sup> partial is 10-25% of original size and all other partials are 50% of remaining size**
- **Once a partial is taken, the trade can be exited at break-even OR when a candle closes above the 50SMA**
- **Once the trade moves beyond the VWAP, the stop loss can be adjusted for the set-up of any pattern that re-crosses the VWAP.**



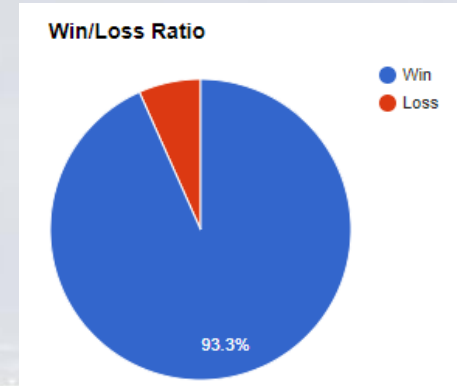
# Success Probability\*

## Double Top



Total number of trades:	89
Number of winning trades:	71 (79.8%)
Number of losing trades:	17 (19.1%)
Number of scratch trades:	1 (1.1%)
Max consecutive wins:	7 (show)

## Double Bottoms



Total number of trades:	15
Number of winning trades:	14 (93.3%)
Number of losing trades:	1 (6.7%)
Max consecutive wins:	11 (show)

*\* Note that probability of success will differ for every trader. We each will identify and action trades differently which will always change the results.*



# *Mountain Pass Examples*

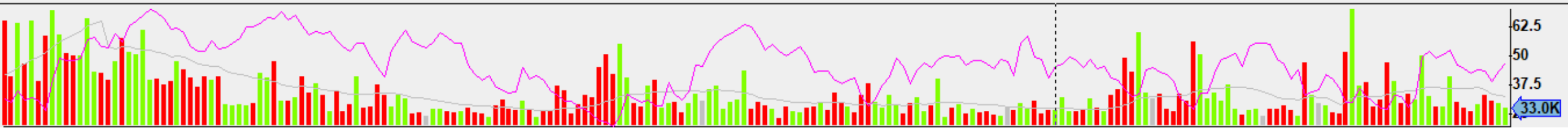
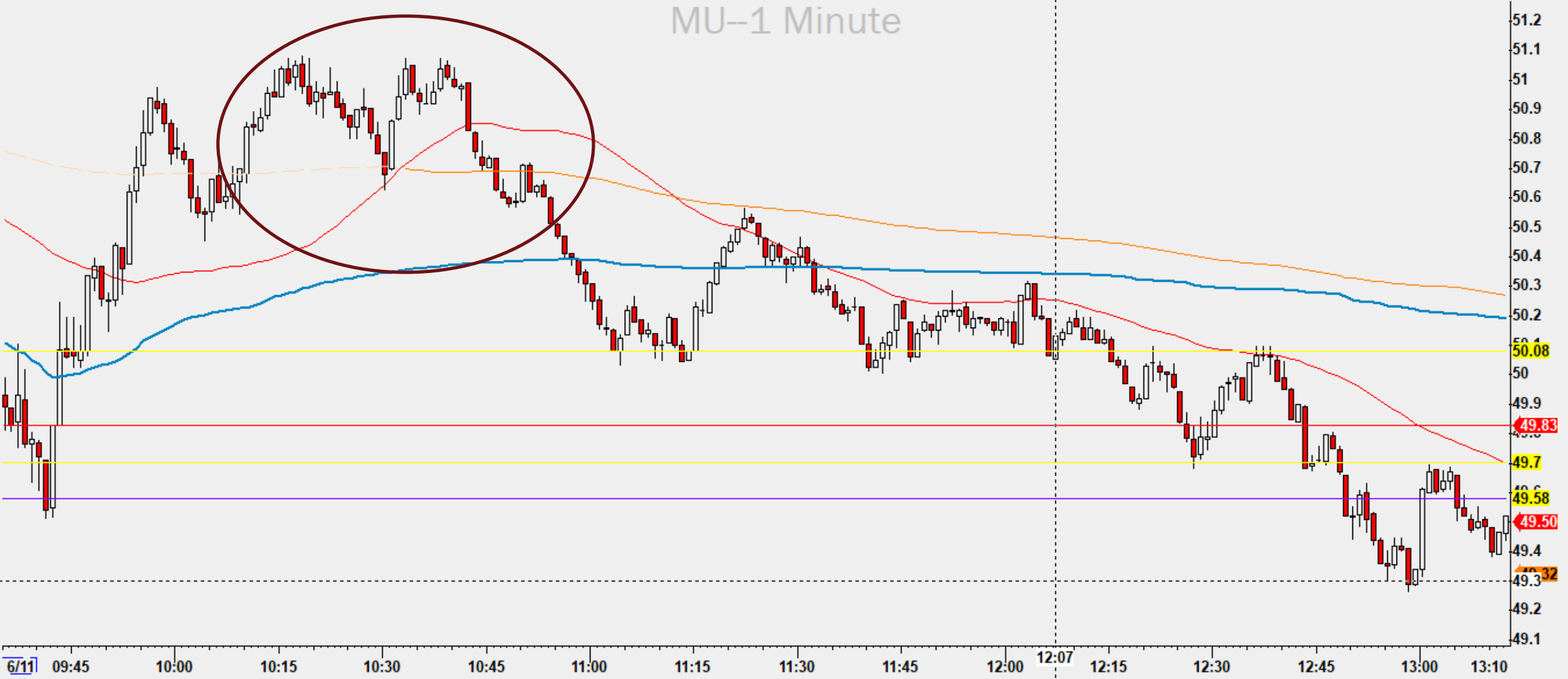
All examples are from June 11-16<sup>th</sup>, 2020

- MU
- BA
- F
- AAL
- LUV
- AMD

**Note that some days this pattern will be more prevalent than others. Trade it as it appears!**



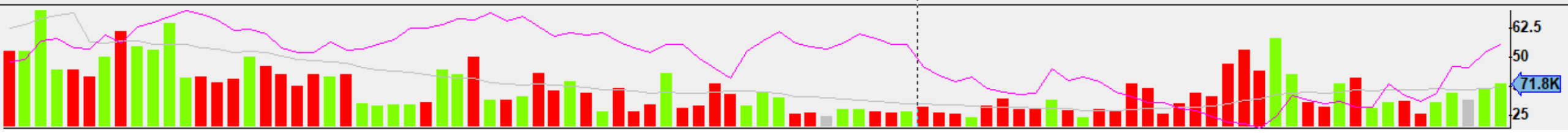
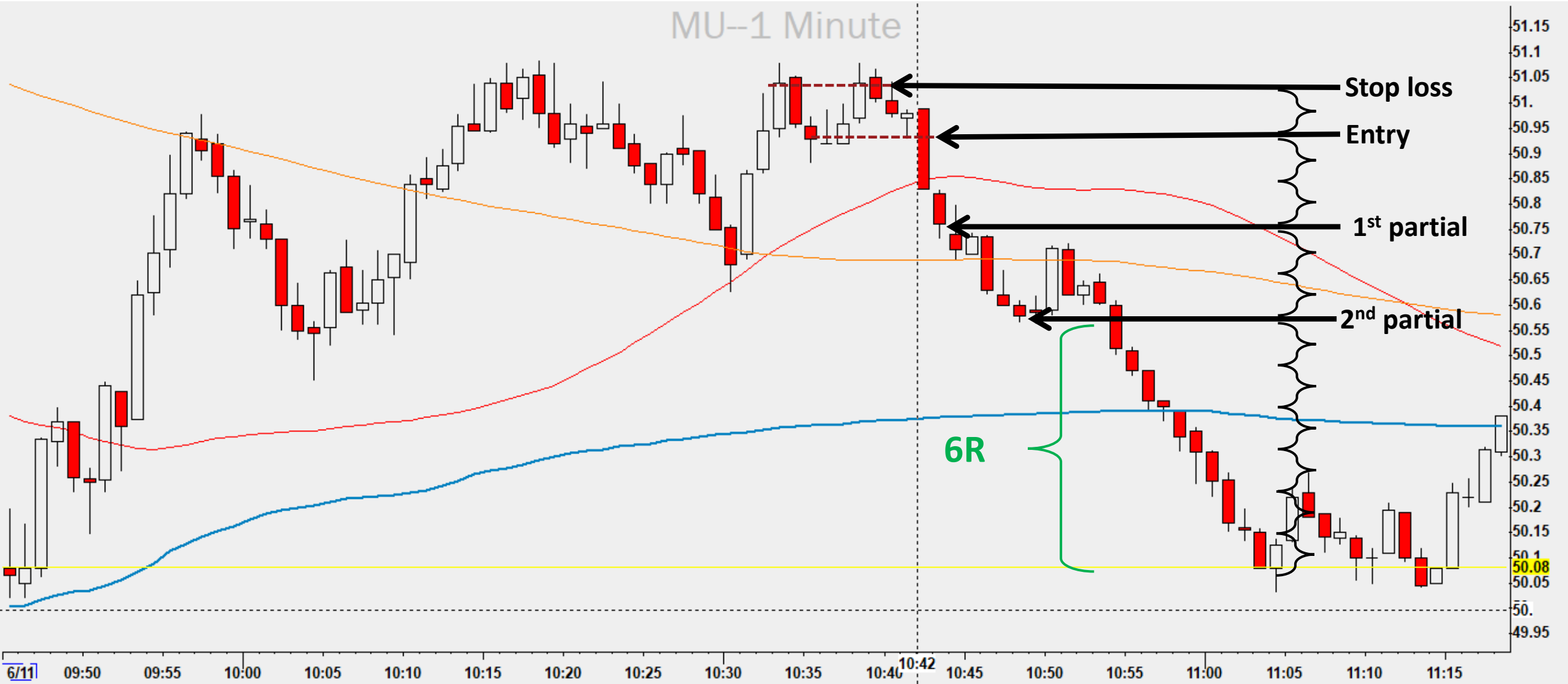
# MU-1 Minute



# MU-1 Minute



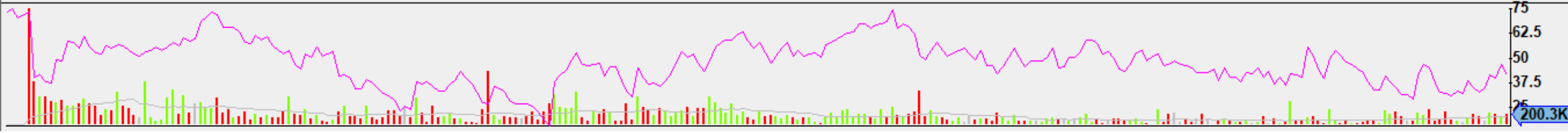
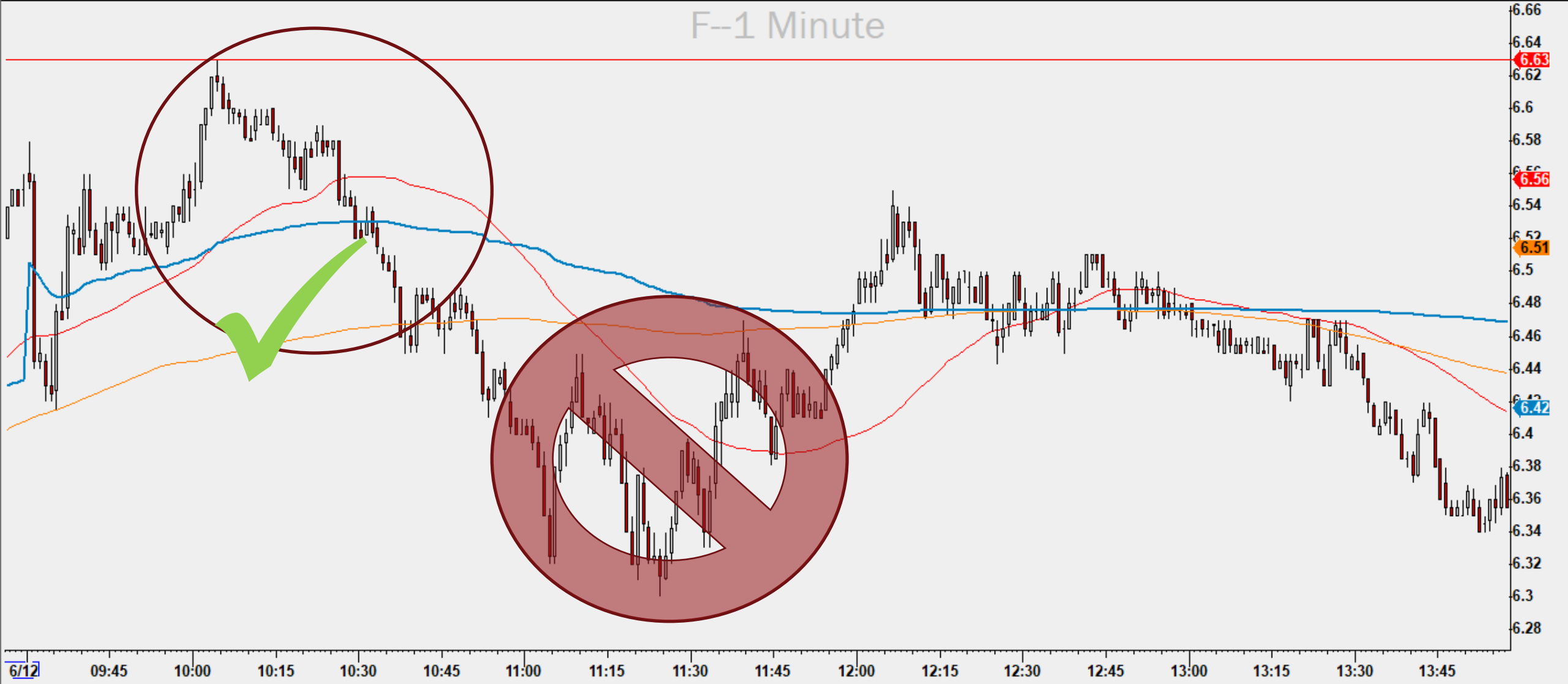
# MU--1 Minute



# BA--1 Minute



# F--1 Minute



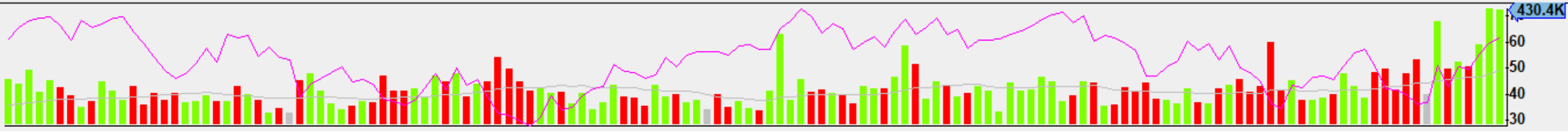
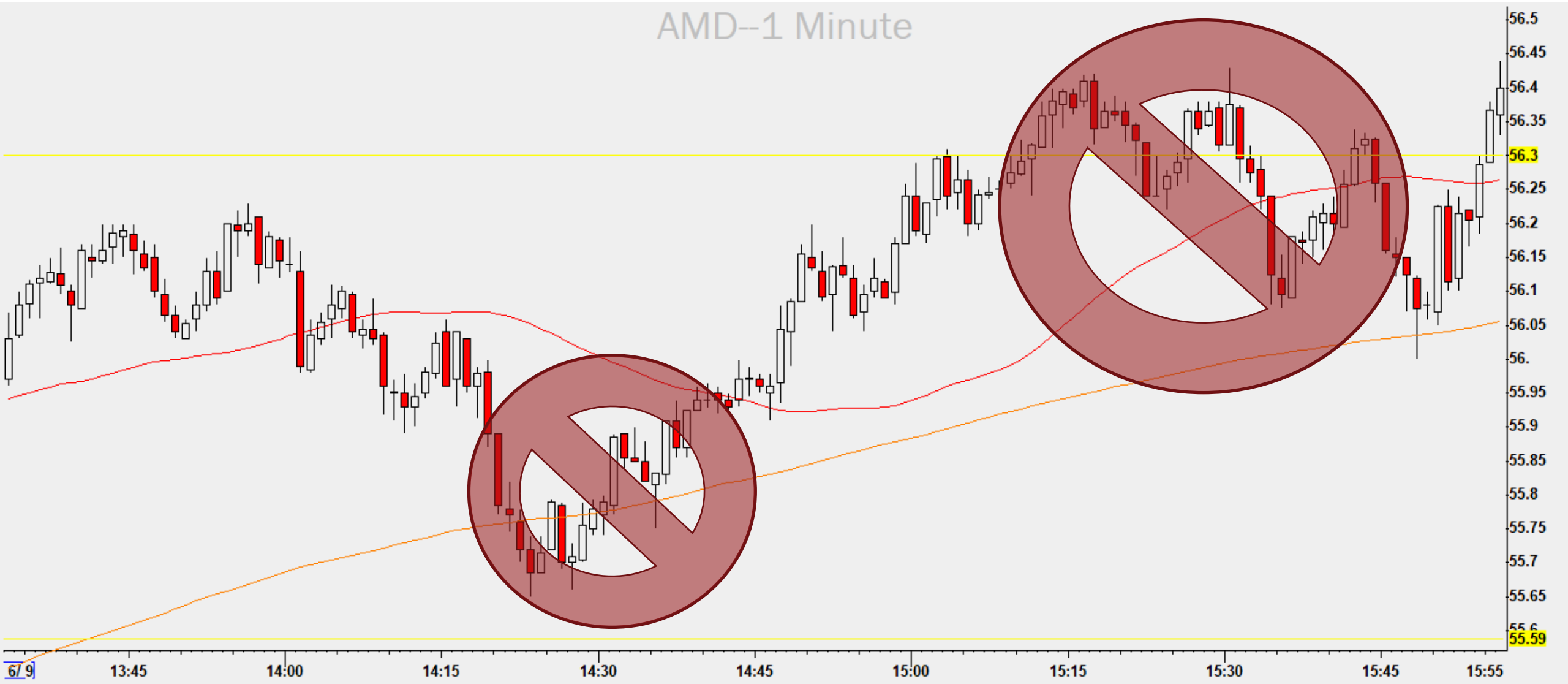
# AAL-1 Minute



# LUV-1 Minute



# AMD--1 Minute



# *Mountain Pass Live Sim*

Possible examples from yesterday, June 14<sup>th</sup>, 2021:

- **BABA**
- NFLX
- PINS
- PYPL
- ZM
- MU
- **QCOM**
- BA (fail, but oh my!)



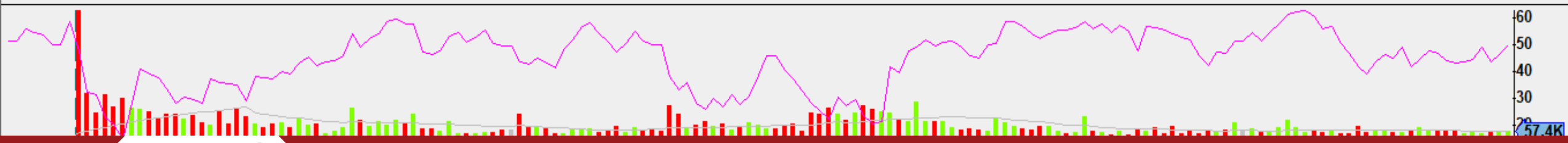
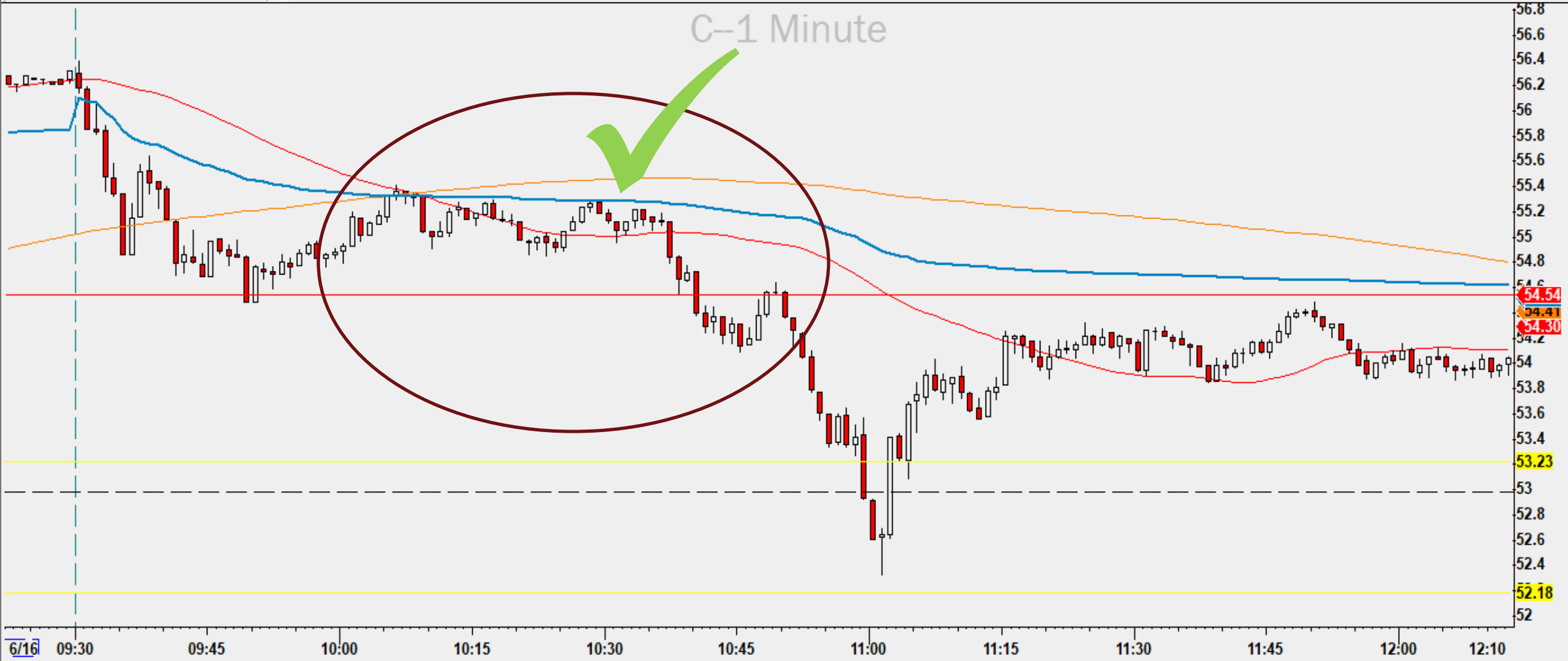
## *IMPORTANT TO REMEMBER*

**I am showing you 'ideal' set-ups. Of course, in the real world there are innumerable variations and ways you can combine the basic tenants of the Mountain Pass with other strategies**

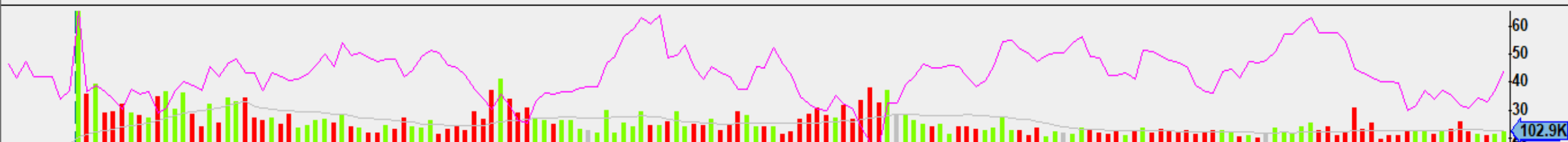
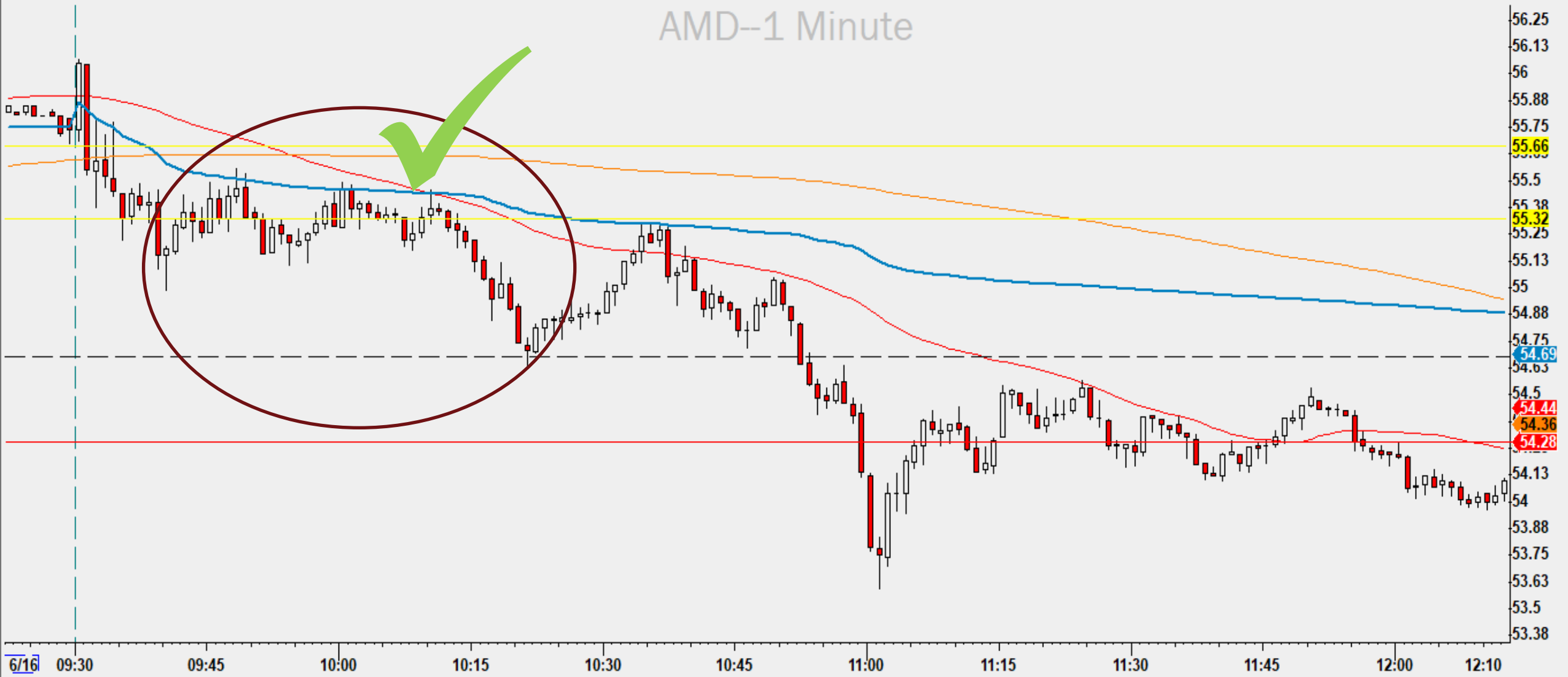
**Next are 3 examples of how you can do that...**



C-1 Minute



# AMD--1 Minute



BA-1 Minute

