How to Trade Winning After The Open

TRADING TERMINAL.COM

Presented by: Avi Mahtani

Lenny Winnemuller

History Prior to Trading:

- Graduated Psychology (Honors) University of Amsterdam
- Worked in Anti-fraud for Major Dutch Bank
- Learned Poker while Studying
- Played Various WSOP events
- Finished 434 at 2012 Main Event

Trading History:

- Traded for a European Proprietary Trading Firm
- Senior Trader at Peak Capital Trading

Trading Edges:

- Opening Range Break

Hobbies:

- Travel, Nature Outings
- Family, Socializing, Teaching
- Cross Fit

Rabobank

University of Amsterdam

Overview

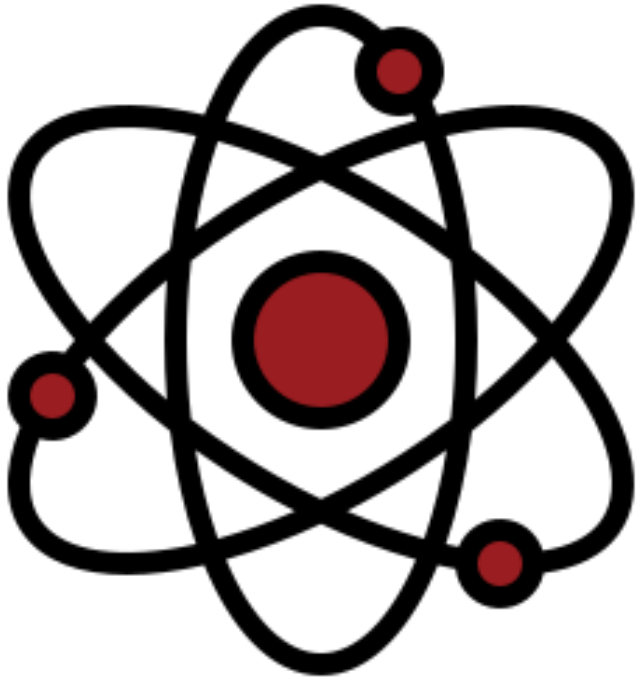
- The debate within trading, and my philosophy
- Price action reading candle for candle
- Structuring stages of development

The Debate Within Trading, and My Philosophy

- In trading, my philosophy is to make trading as specific as possible
    - Total demarcation
    - Outlining the playfield
    - Taking trading out of the abstractness
    - Allowing us to work structured
- Just to start a general discussion: we could open the door of philosophy in trading, examples are to classify different approaches, the topic responsible trading etc.
- Many major disciplines have philosophical guidelines

Is Trading an Art or a Science?

- **Trading as a Science**:
  - Science is in the structured method of learning and data gathering (the scientific method)
  - We could consider traders scientists
  - ….Is that sufficient to consider trading a science?



Is Trading an Art or a Science?

- **Trading as an Art**:
  - Trading is a highly creative activity
  - Generating (trading) ideas is an art
  - Our style of trading is an expression of ourselves

- **But…**
  - ….Considering it an art leads to confusion and uncertainty
  - ….Considering it an art makes trading a very abstract discipline
  - …. is trading not too deeply focussed on information processing for it being considered an art?

Is Trading an Art or a Science?

Science

- Commonly agreed: -- science is in the structured method of learning and data gathering (the scientific method)
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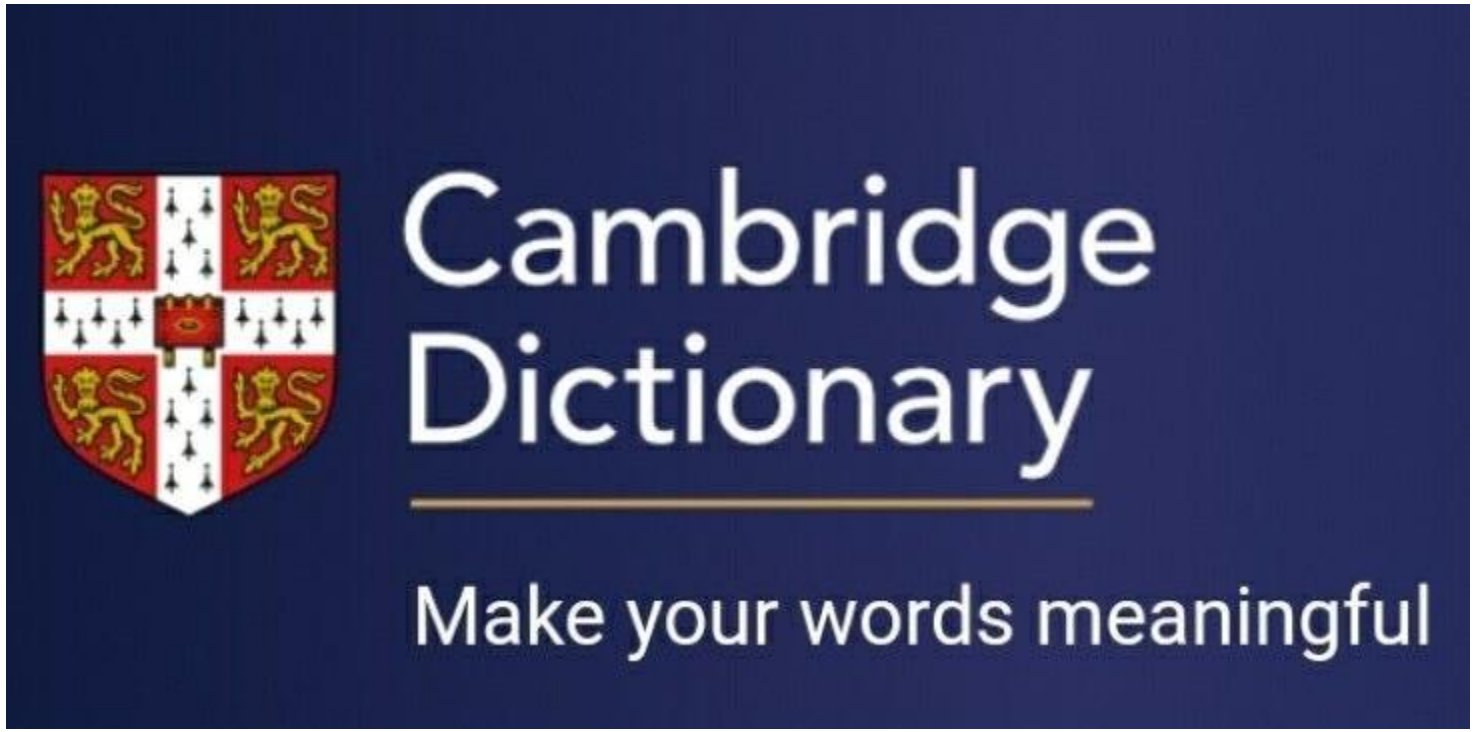
Art

- Trading is a highly creative activity
- Generating ideas is an Art
- Our analysis is an expression of ourselves

- ….Leads to confusion and uncertainty
- ….It is 100% abstract
- … is trading not (information) processing and structured focus oriented, with a key focus on effectiveness?

Is Trading an Art or a Science?

- **Definition craft:**
  - "Skill and experience, especially in relation to making objects; a job or activity that needs skill and experience, or something produced using skill and experience"



Structuring Trading

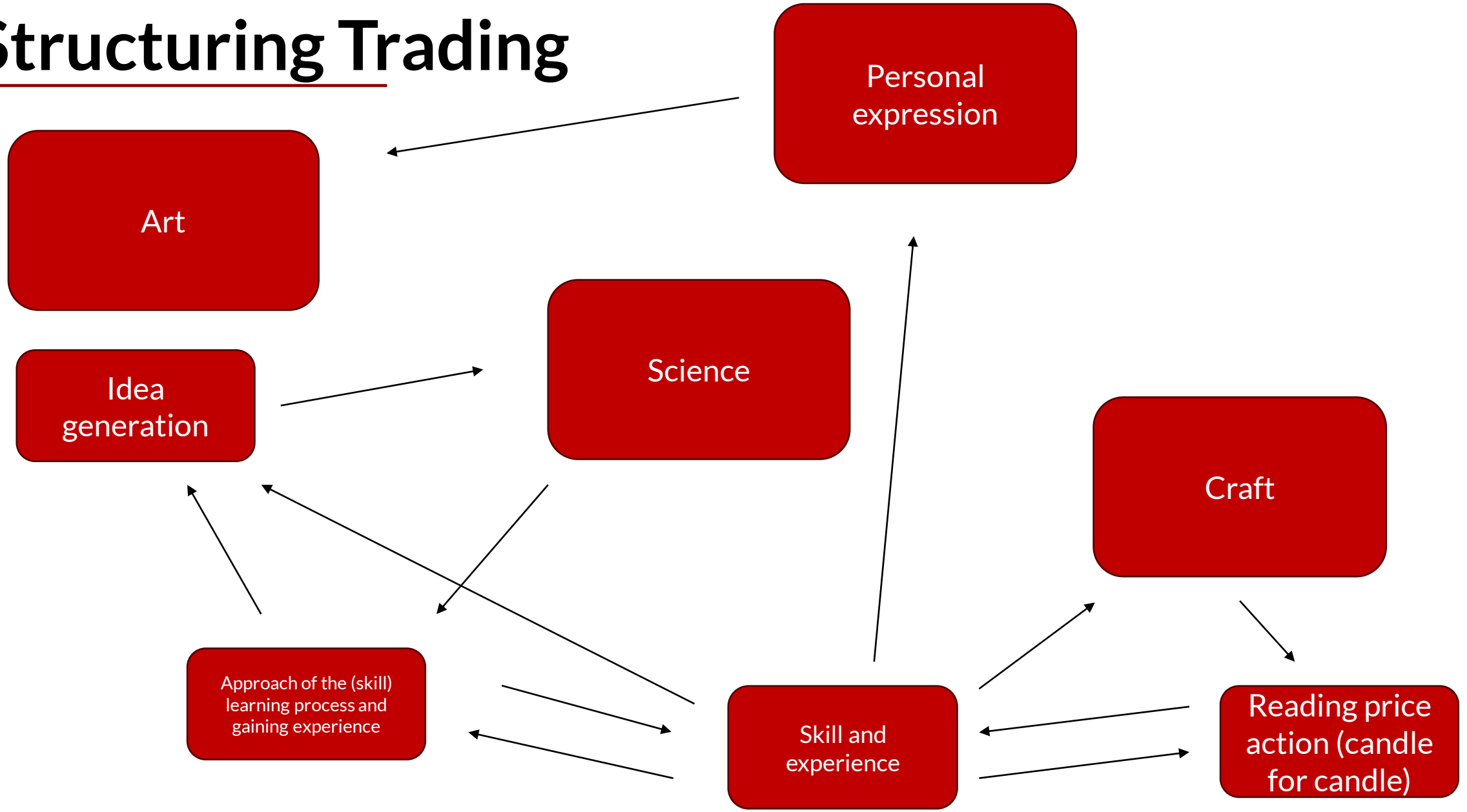
Craft

- Trading is skill and experience
- In reading price action
- Producing analysis
- Analysis with a high degree of freedom

Structuring Trading

- As always, in trading
- It is always about the context
- The discussion is not black and white

Structuring Trading



Structuring Trading

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Craft

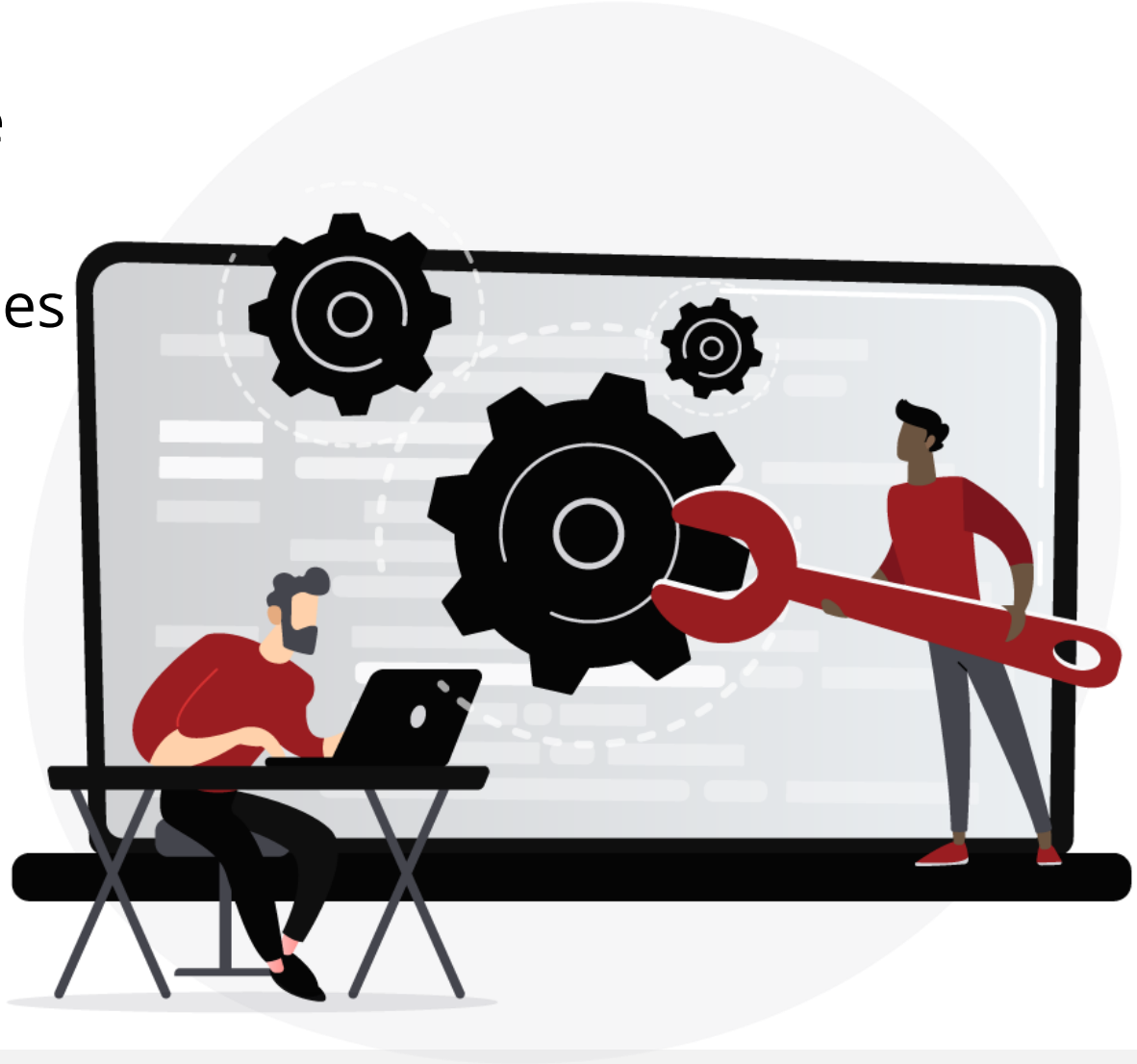
- Trading is skill and experience
- Skill and experience in reading price action
- Producing analysis
- Analysis with a high degree of freedom

Trading as a Craft

- The craft of trading is reading the price action candle for candle, bar for bar
- Producing analysis
- Decision making follows our produced analysis (in **theory**)
- The rule is simple: if you find an imbalance and you have the probabilities on your side, there is an entry
- In **practice** however, accurate decision making, is of course absolute mental top sport
- Finally: trading is a craft with a high degree of freedom

Trading as a Craft

- Price action reading
- Candle for candle, as specific as possible
- Considering the relations between candles
- Considering the context



MU - March 22nd (second day after earnings)

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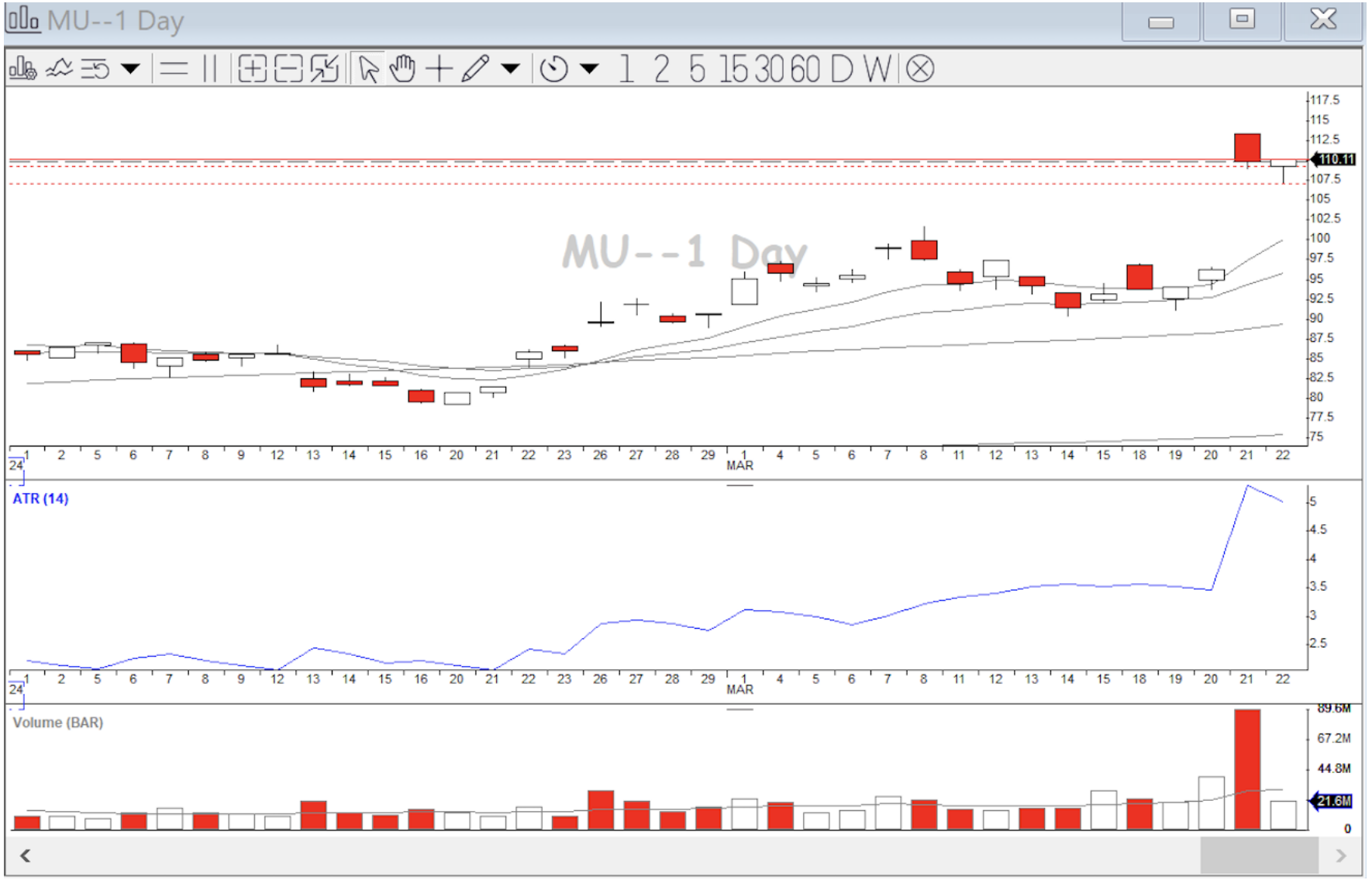

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Nike – March 22nd (earnings)

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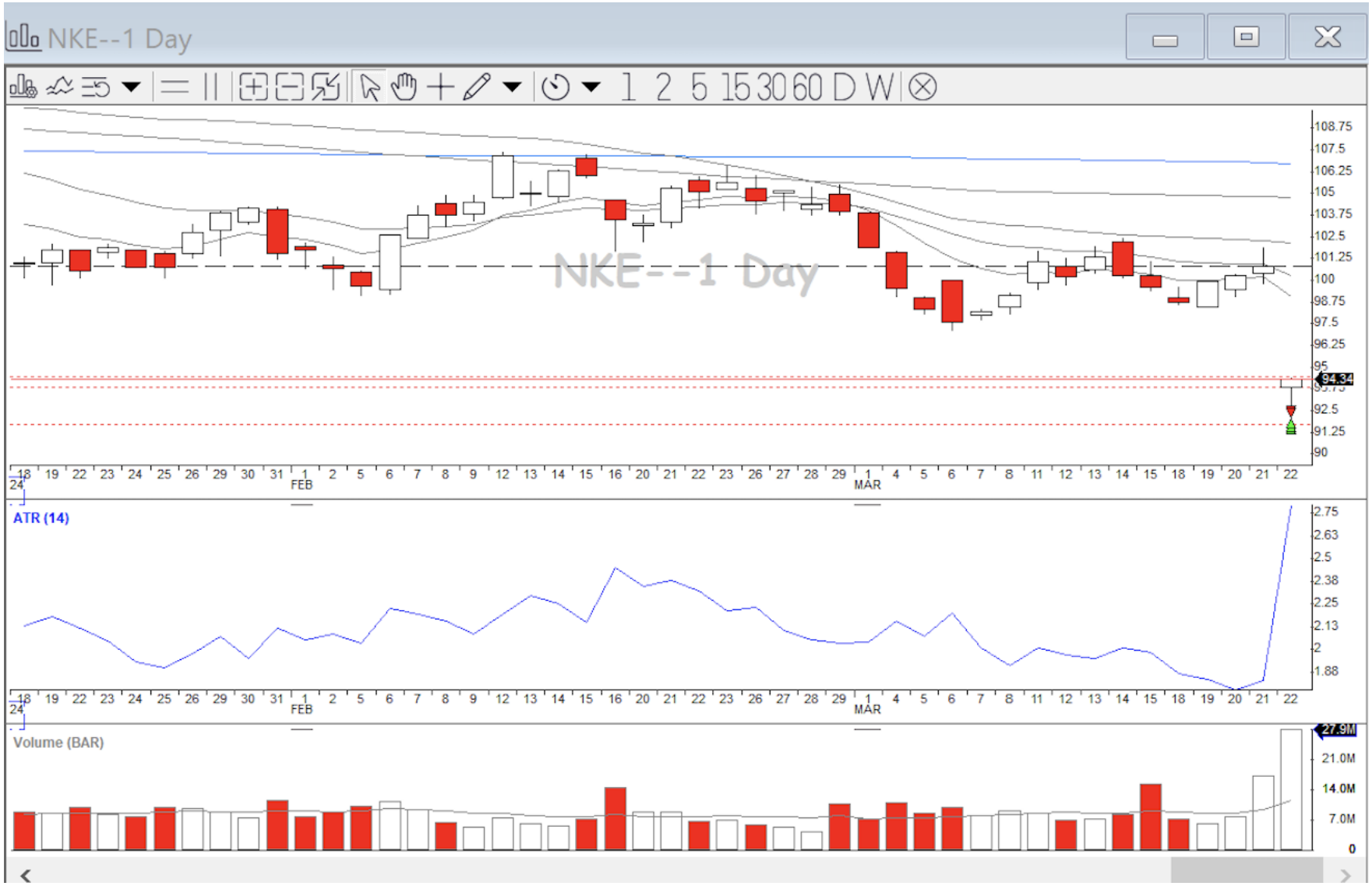
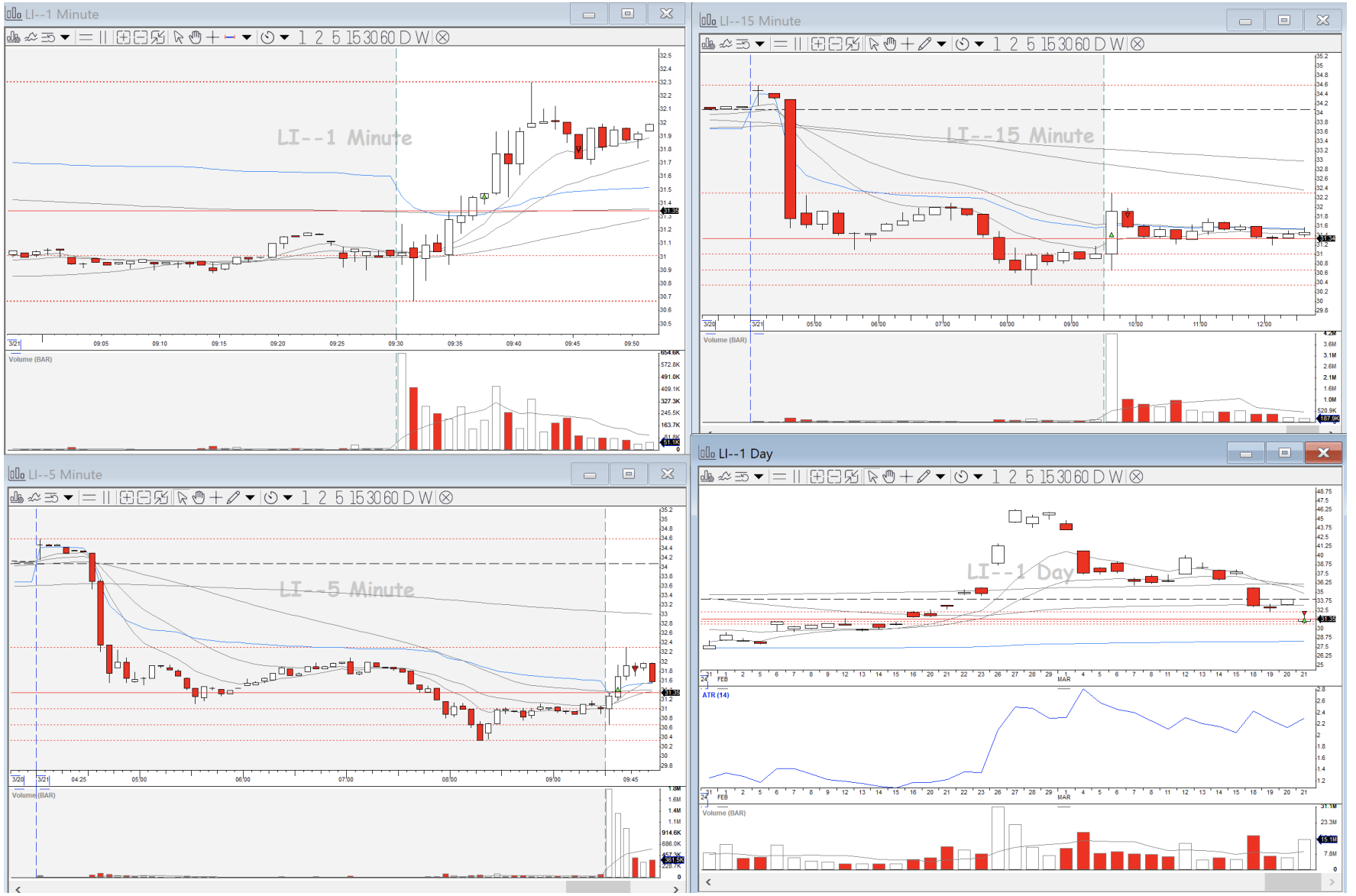


Nike – March 22nd (earnings)

LI – March 21st (earnings)



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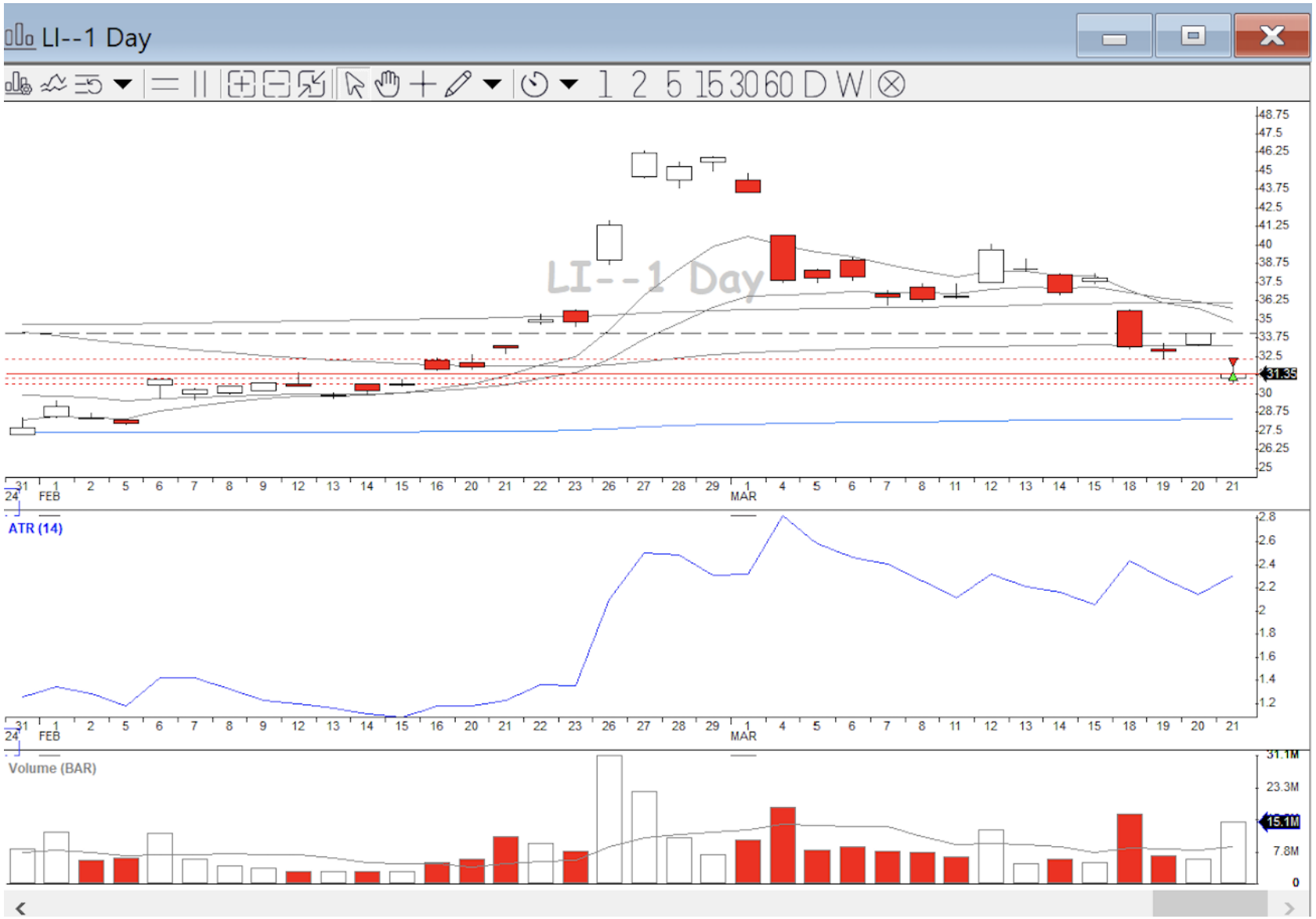
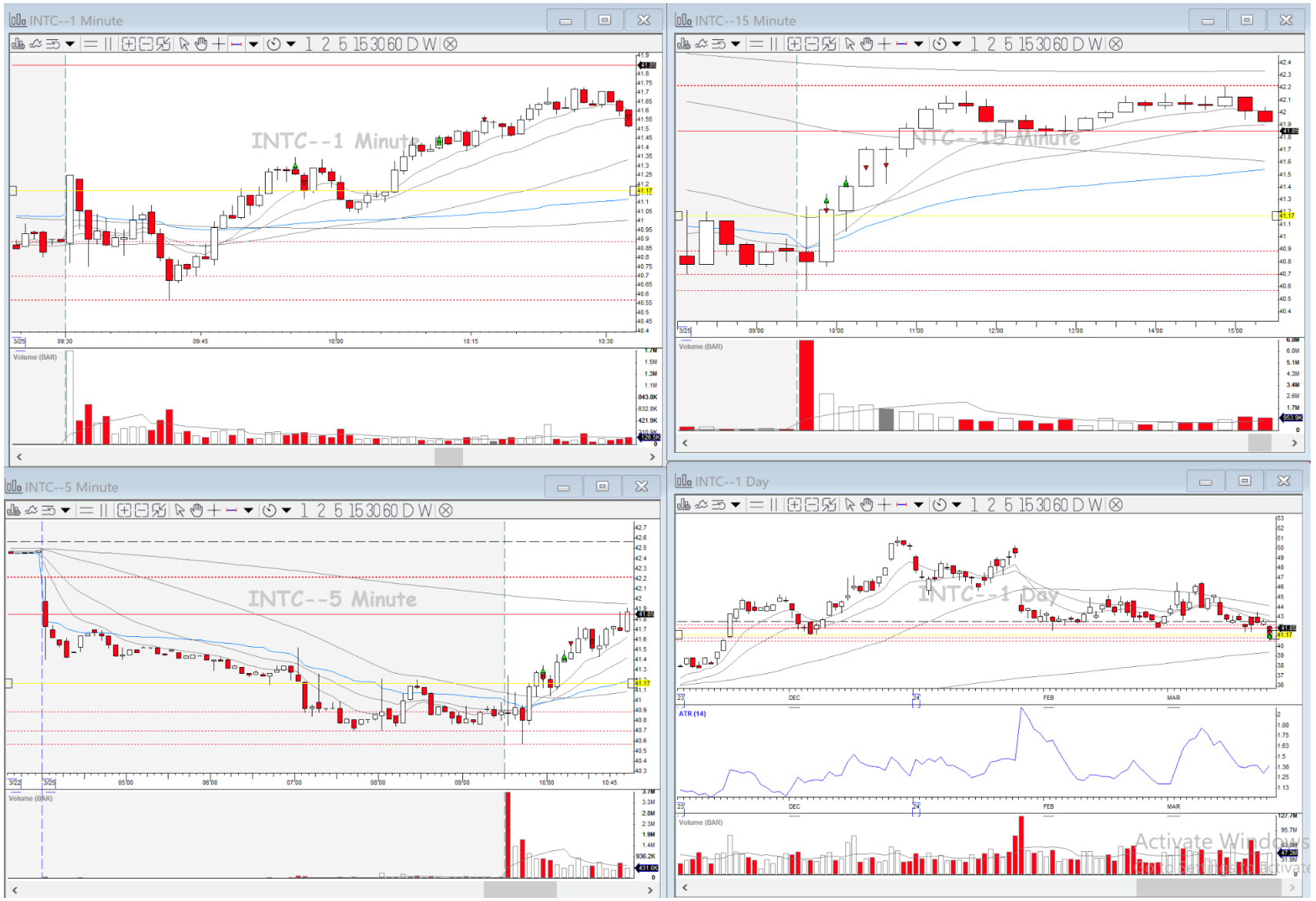


LI – March 21st (earnings)

INTC – March 25st (China catalyst)



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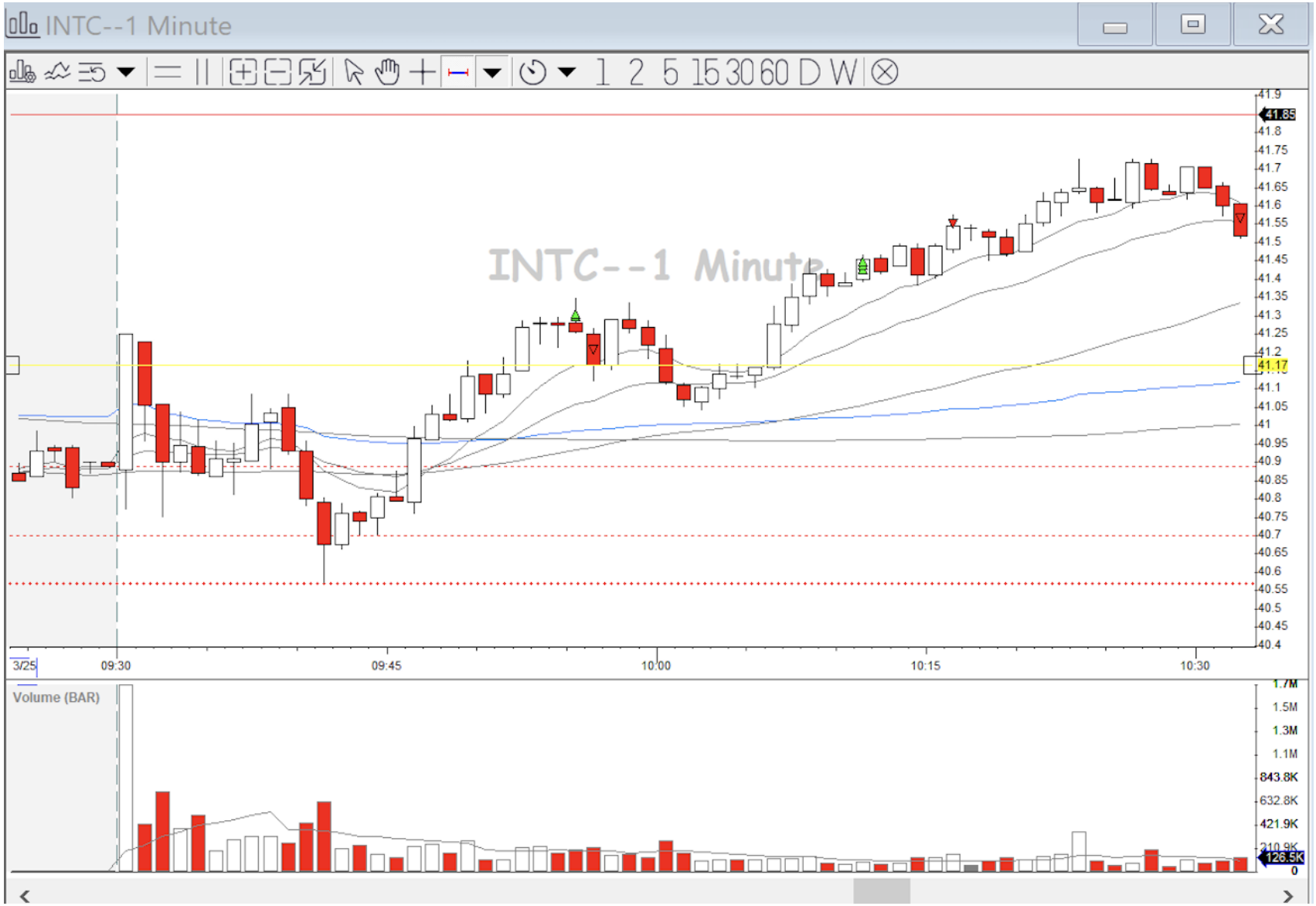


Trading as a Craft

- Total demarcation
- Outlining the playfield
- It’s not definitive!
- As traders, we are always in evolving

Winning After the Open

- **Finding stocks in play**
  - Gap
  - Volume
  - Catalyst (a pro)
  - PM price action

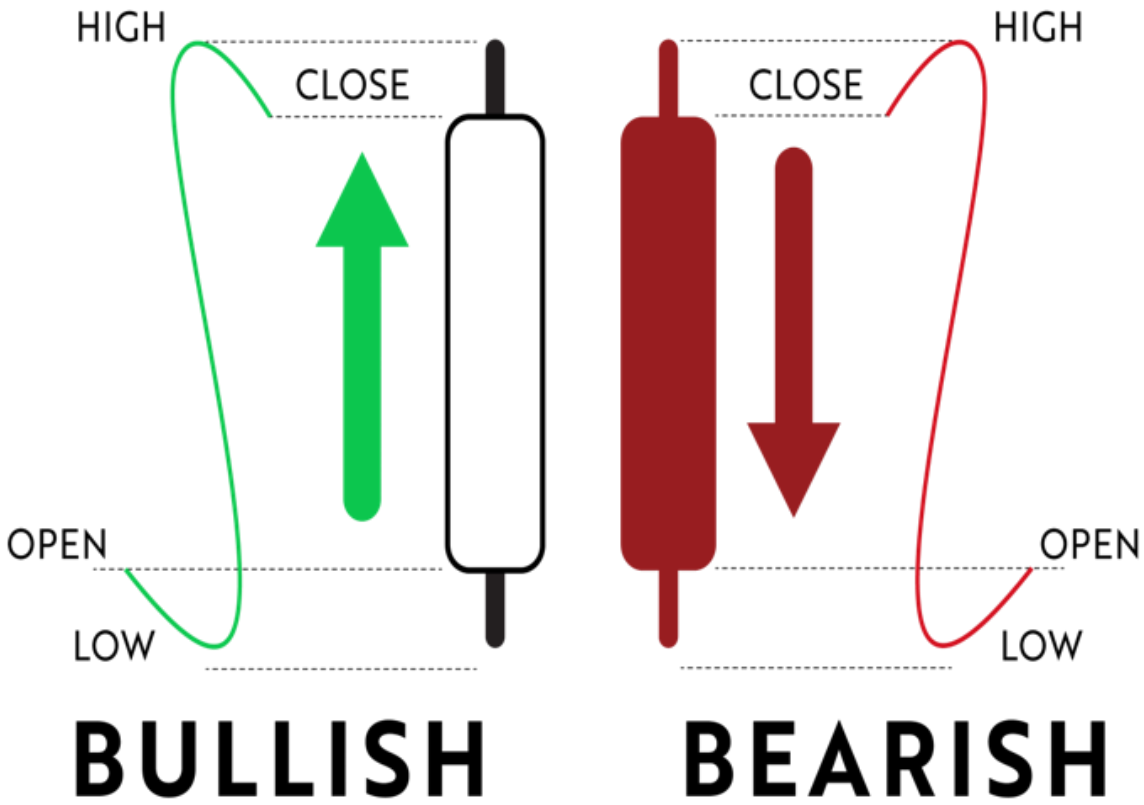
Gappers (Pre-Market Movers): 9:00:00 - 9:04:59 3/26/2024

Symbol	Price ($)	Vol Today	Chg Close	Chg Close	Flt (Shr)	Avg True Rng ($)	Shrt Flt (%)	Sector
VKTX	80.70	2.25M	11.51	16.6	97.87M	7.46	12.55	Manufacturing
SOUN	6.30	3.78M	0.44	7.5	267.70M	1.20	18.41	
NOVA	5.72	471,941	0.33	6.1	106.32M	0.62	33.34	Utilities
TSLA	178.31	3.72M	5.68	3.3	2.77B	7.37	3.46	Manufacturing
PINS	36.06	214,457	1.09	3.1	587.23M	1.02	4.14	Professional, Scientific, and Technical Services
MU	119.71	664,892	2.58	2.2	1.10B	5.21	2.01	Manufacturing
IREN	5.70	137,693	0.12	2.2	73.51M	0.53	4.49	Information
NEM	34.64	156,880	0.72	2.1	1.15B	1.02	1.70	Mining, Quarrying, and Oil and Gas Extraction
ALAB	86.70	245,408	1.70	2.0	97.98M	14.26		Manufacturing
CSX	35.90	288,956	-0.94	-2.6	1.97B	0.58	1.11	Transportation and Warehousing
GDS	8.15	125,009	-0.22	-2.6	170.27M	0.71	6.32	Professional, Scientific, and Technical Services
SBLK	23.68	147,920	-0.70	-2.9	71.91M	0.68	4.90	Transportation and Warehousing
CGC	5.97	425,152	-0.23	-3.7	73.87M	0.72	6.23	Manufacturing

- **Reading the PM price action**
  - Globally
  - In details
  - Subtle clues
  - Late PM price action
  - PM ranges

Winning After the Open

- **Candle for candle reading (1 candle)**
  - Open, close, high low
  - Size candle (compared with ATR, compared with size previous candles)
- **Subtle clues in candle for candle reading (2-4 candles)**
  - Pullbacks straight away getting bought up/sold off
  - Failed breakouts
  - Double, trips, quadruple, tops/ bounce



Winning After the Open

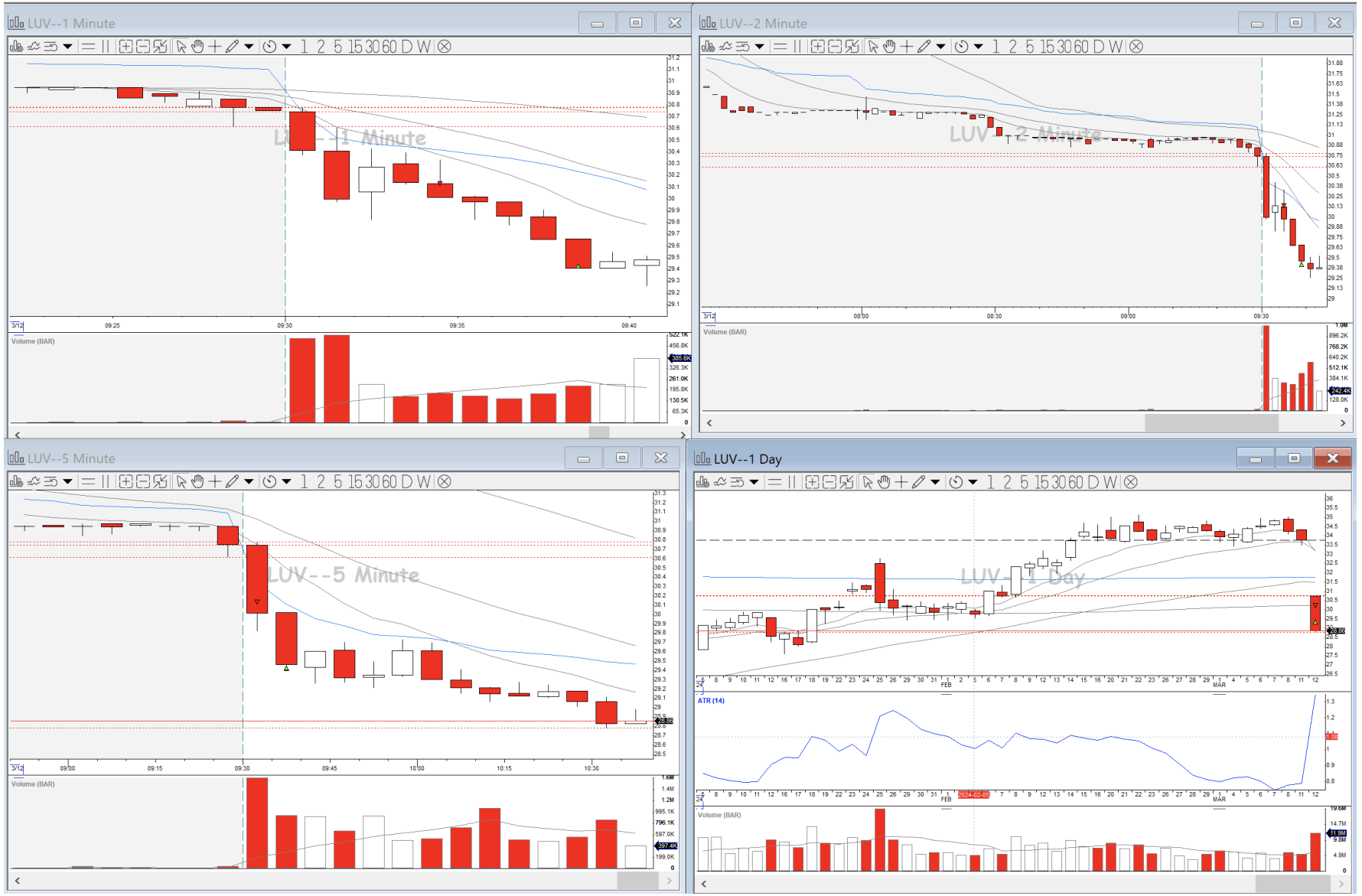
- **Inter relations candle for candle reading in (3+ candles)**
  - Open range
  - Trendlines
  - Ranges
  - Wedges, channels, triangles
  - Overlap in candles or choppy price action
  - Volume price analysis

Winning After the Open

- **Connecting the candles that form a relation together**
  - Confirmed bull/bear candles (candle closing at 50%+ of candle in the direction of break)
  - New highs/lows after confirmed candle closes
  - 3bar plays
  - Retests and confirmation

- **Context**
  - Levels
    - PM ranges
    - PM levels
  - Tightness/ width of the various ranges
  - Extendedness
  - The second, third, fourth and fifth dimensions: volume, catalyst, market and sector influences

LUV - March 12th (Boeing deliveries catalyst)



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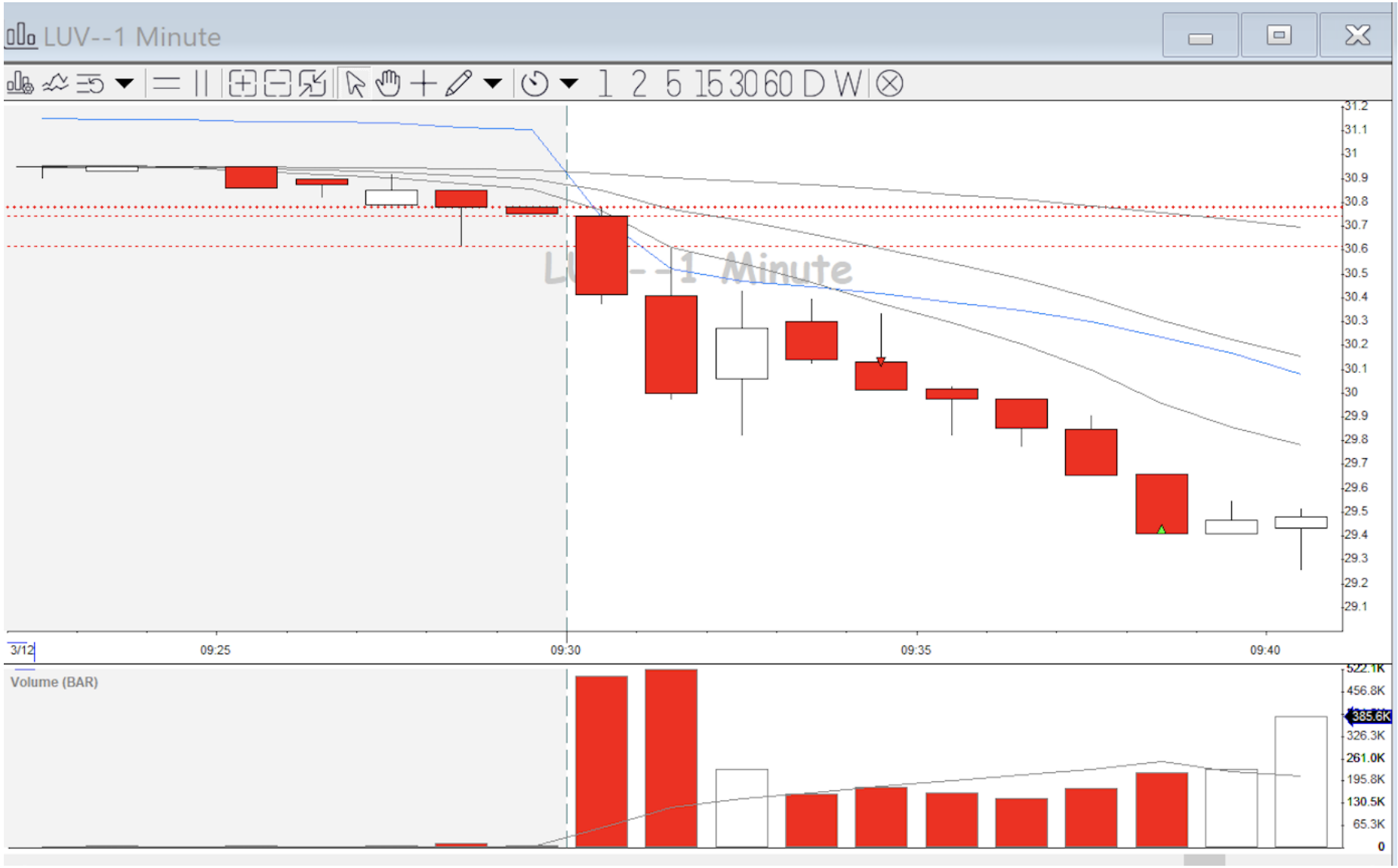
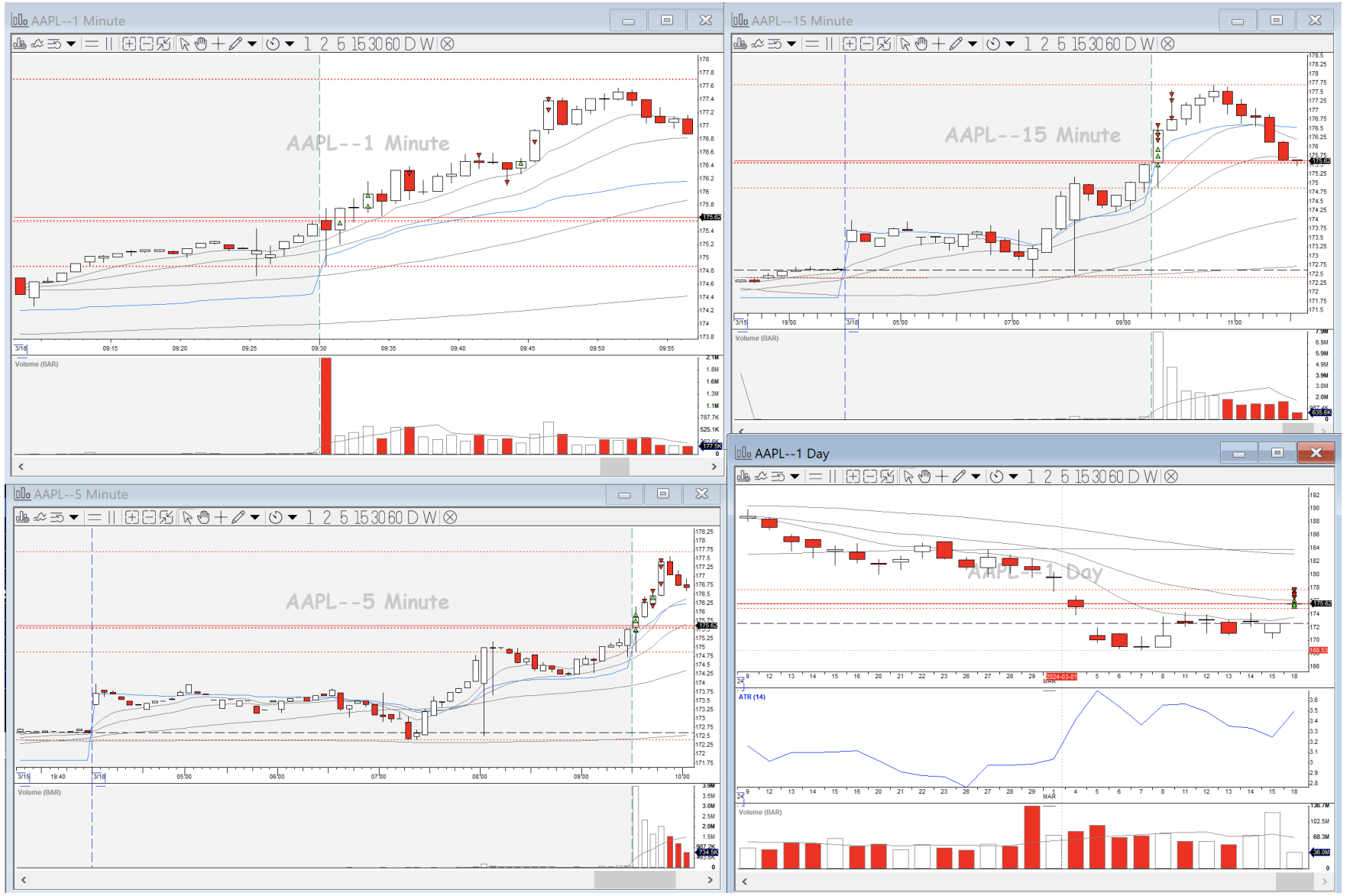


AAPL - March 18th (AI/Google catalyst)



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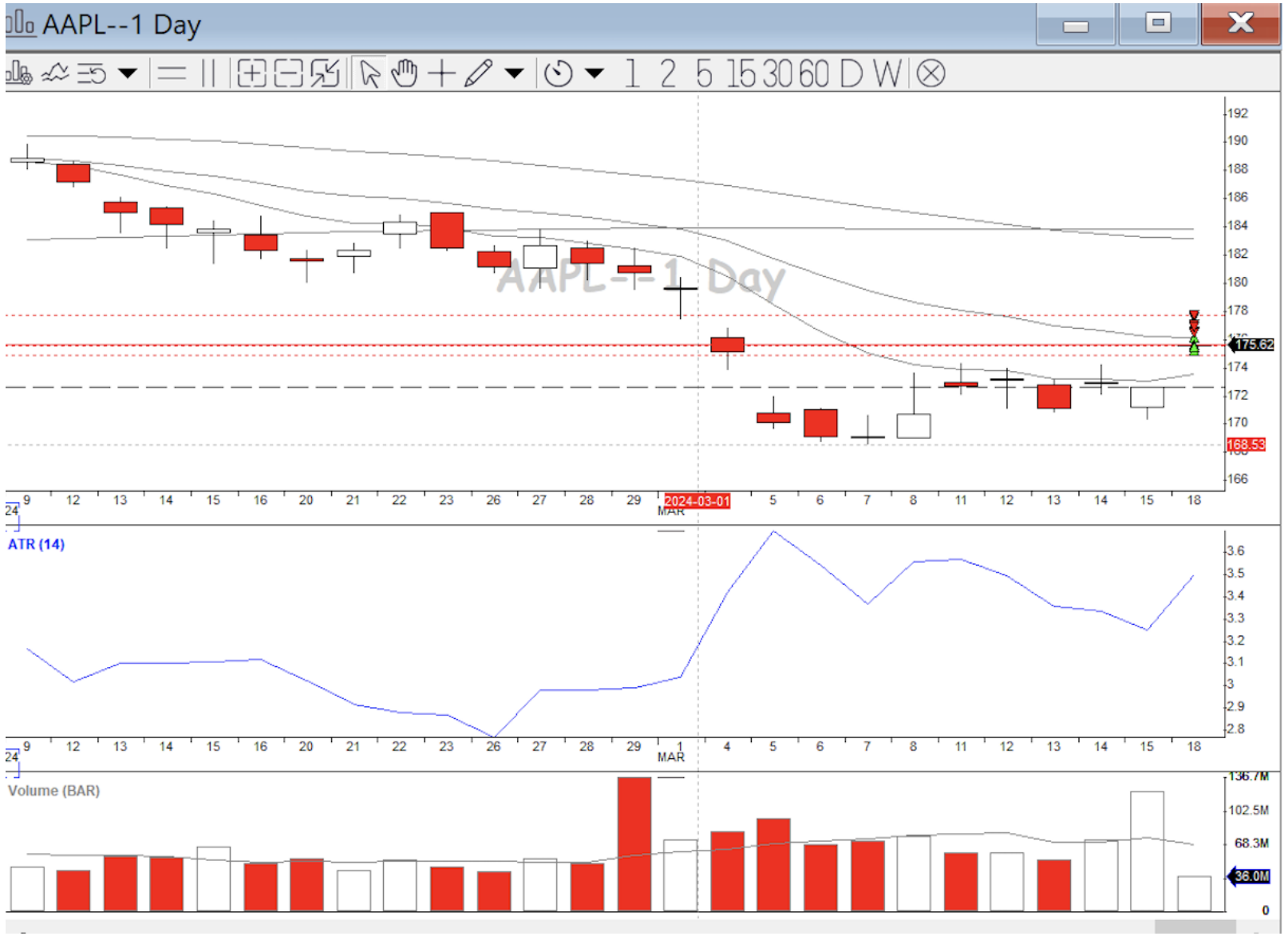

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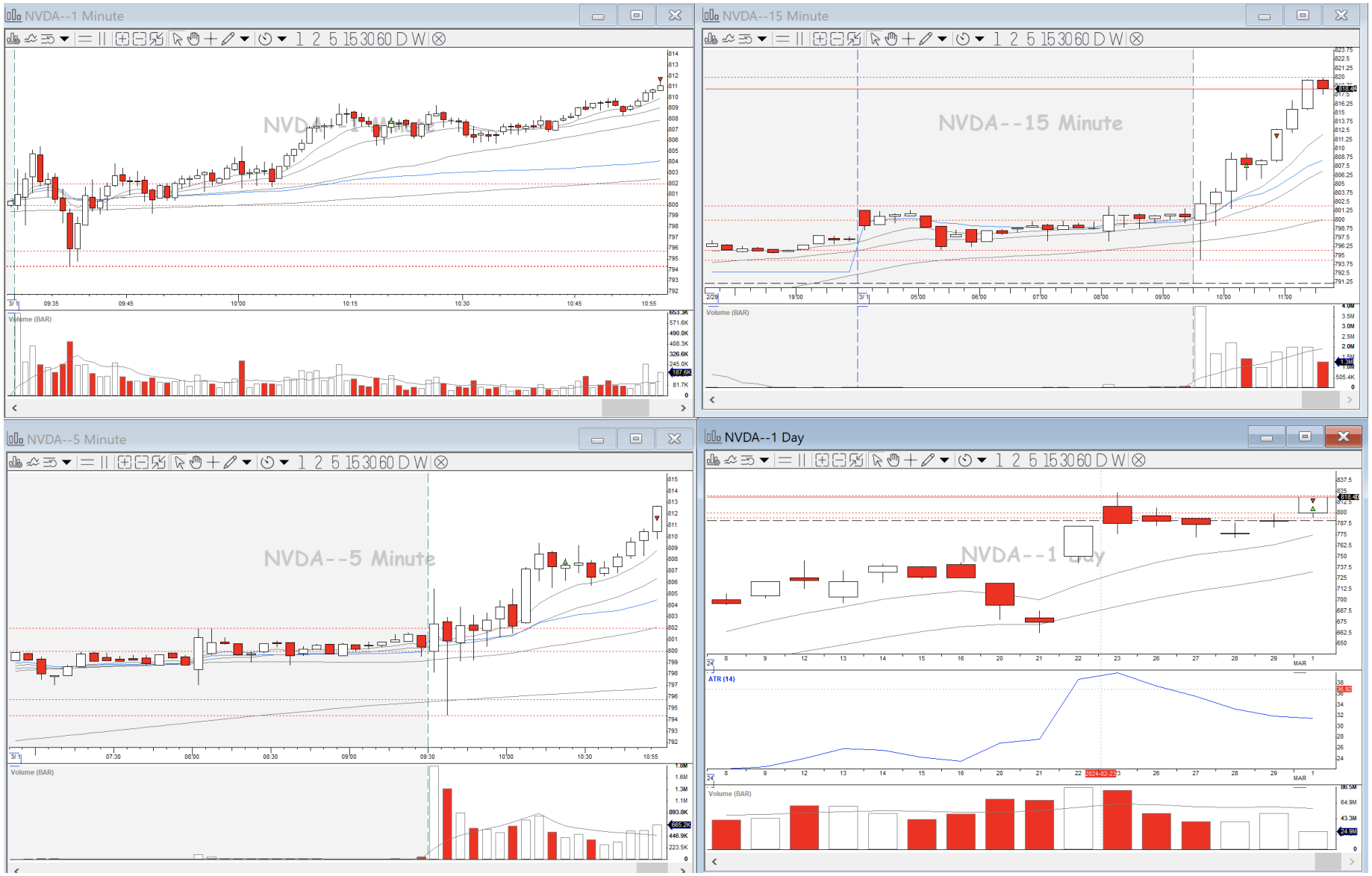
NVDA – March 1 (All year in play)



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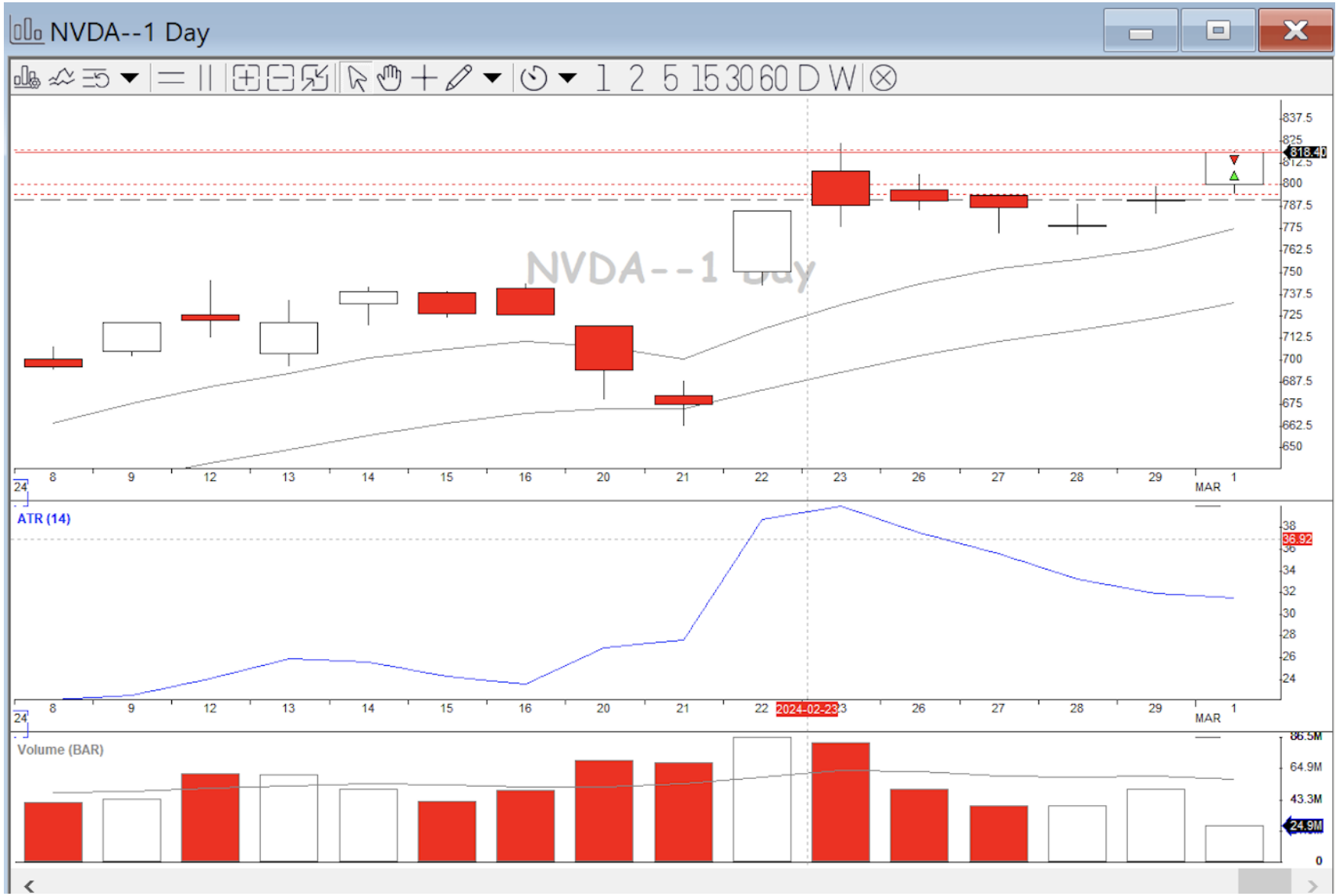

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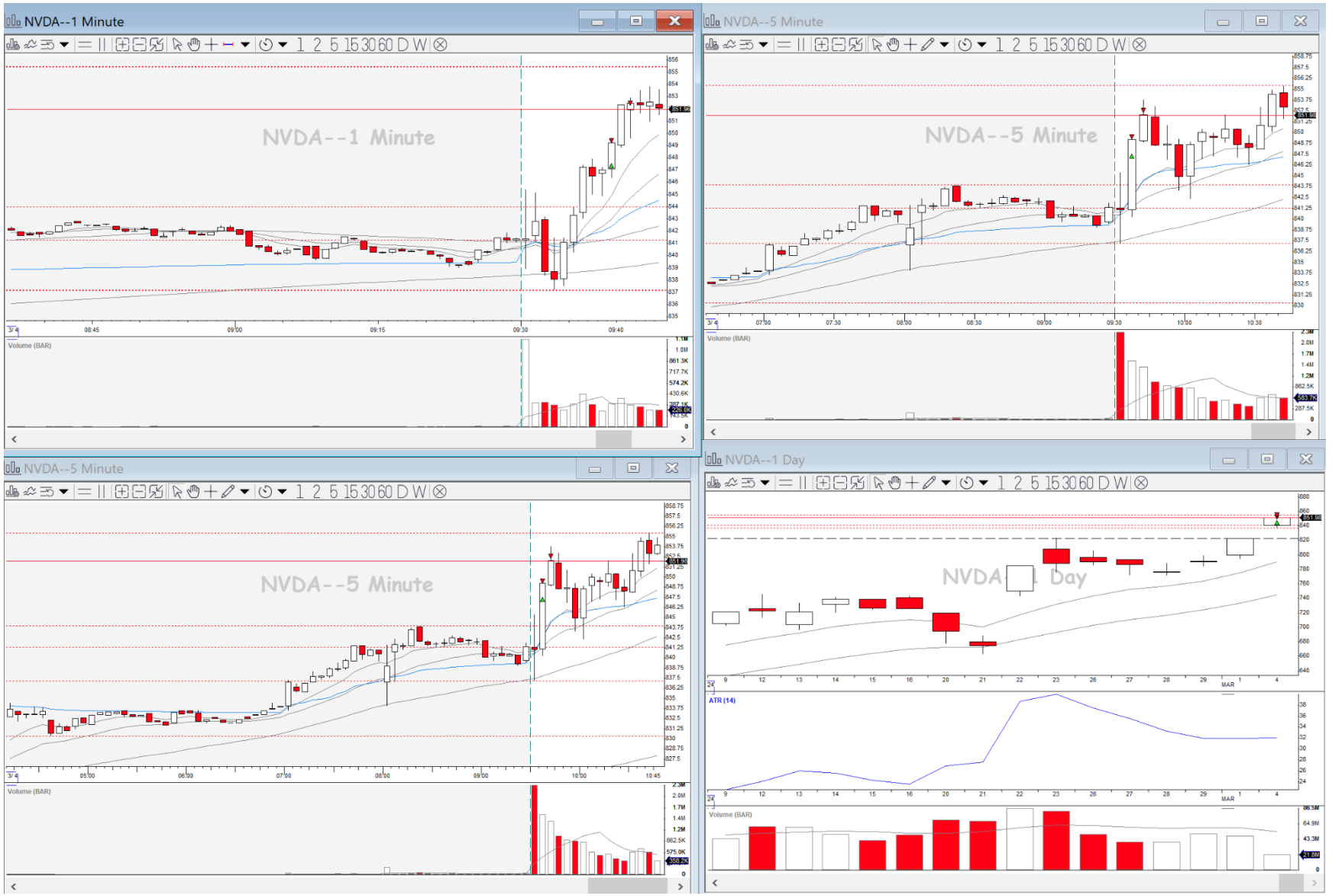

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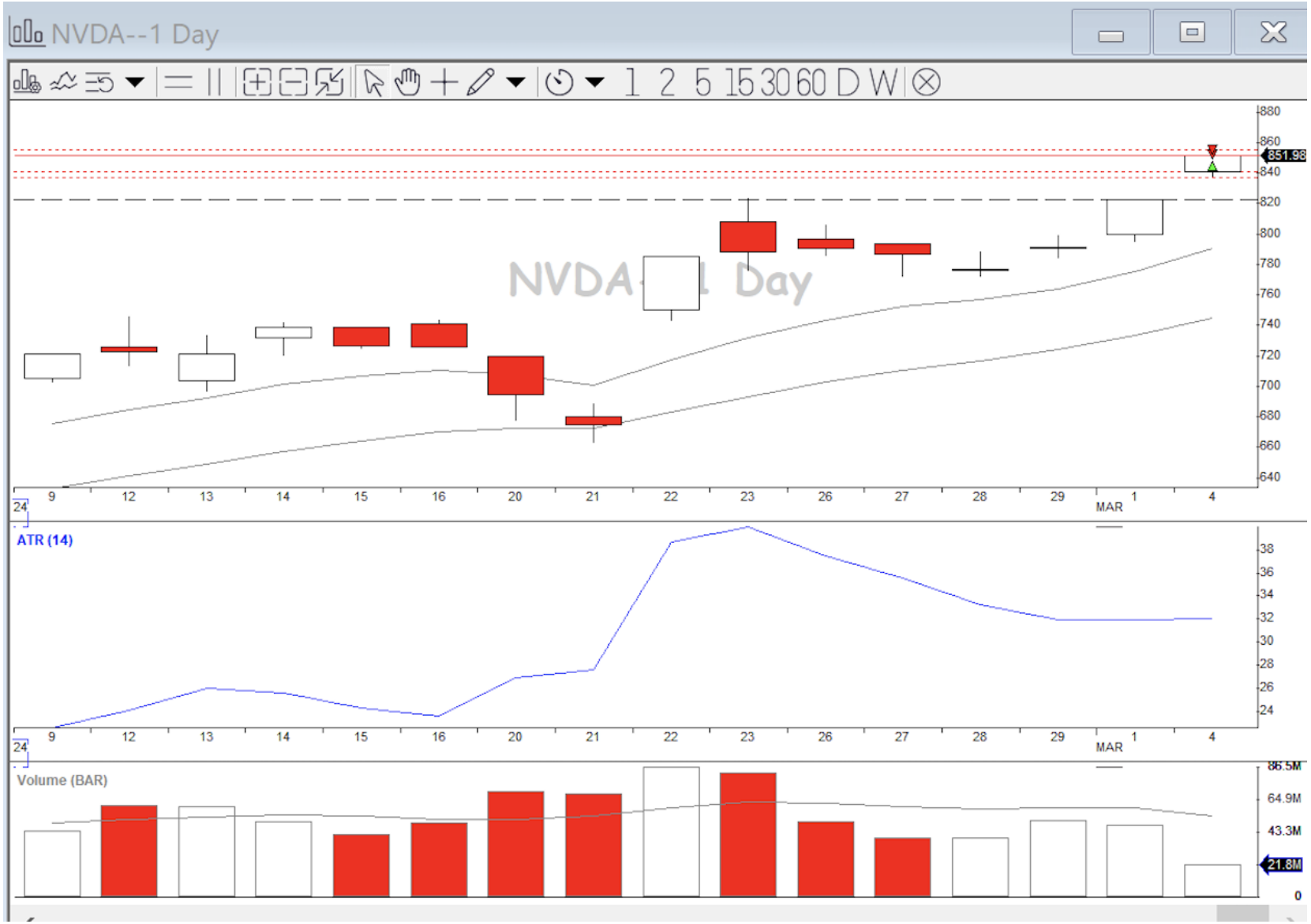

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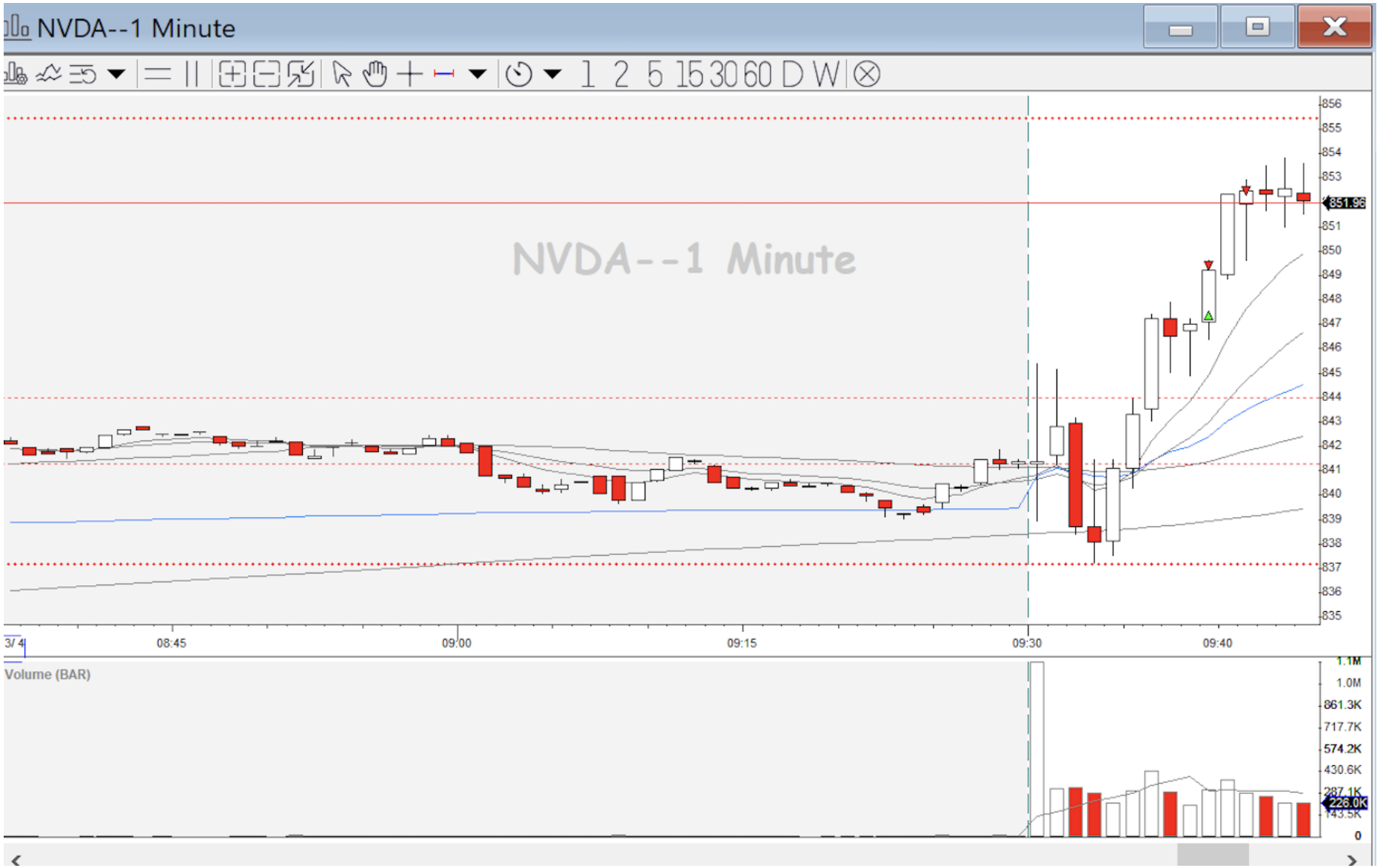


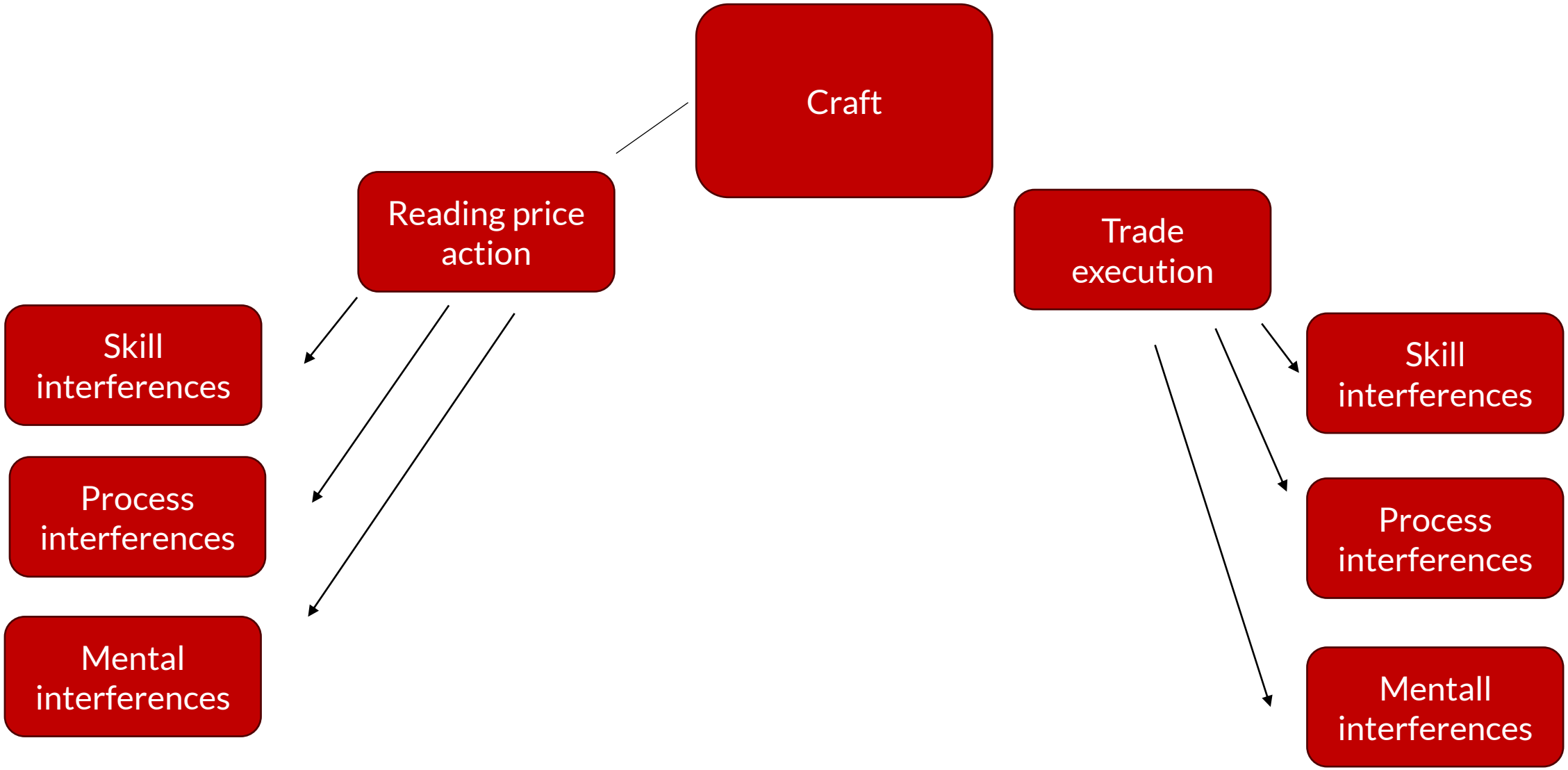
General principles

- Every situation is different, two the same situations do not exist
- There is an endless amount of depth in the price action
- The key to win trading after the open is awareness, recognizing, reading and connecting all the relevant variables
- Even though price action could be messy and giving contradictory signals, it is clean enough
- Information processing under time pressure and psychological pressure is mental top sport
- Trading is a lifelong skill to master

Development Diagnosis

- Coming from somebody that graduated in Psychology….
- ….and just to start an open discussion..
- Of course, when you have the skill, the psychological puzzle is a constant puzzle
- But psychological issues only become more relevant/significant when skill increases

Development Diagnosis



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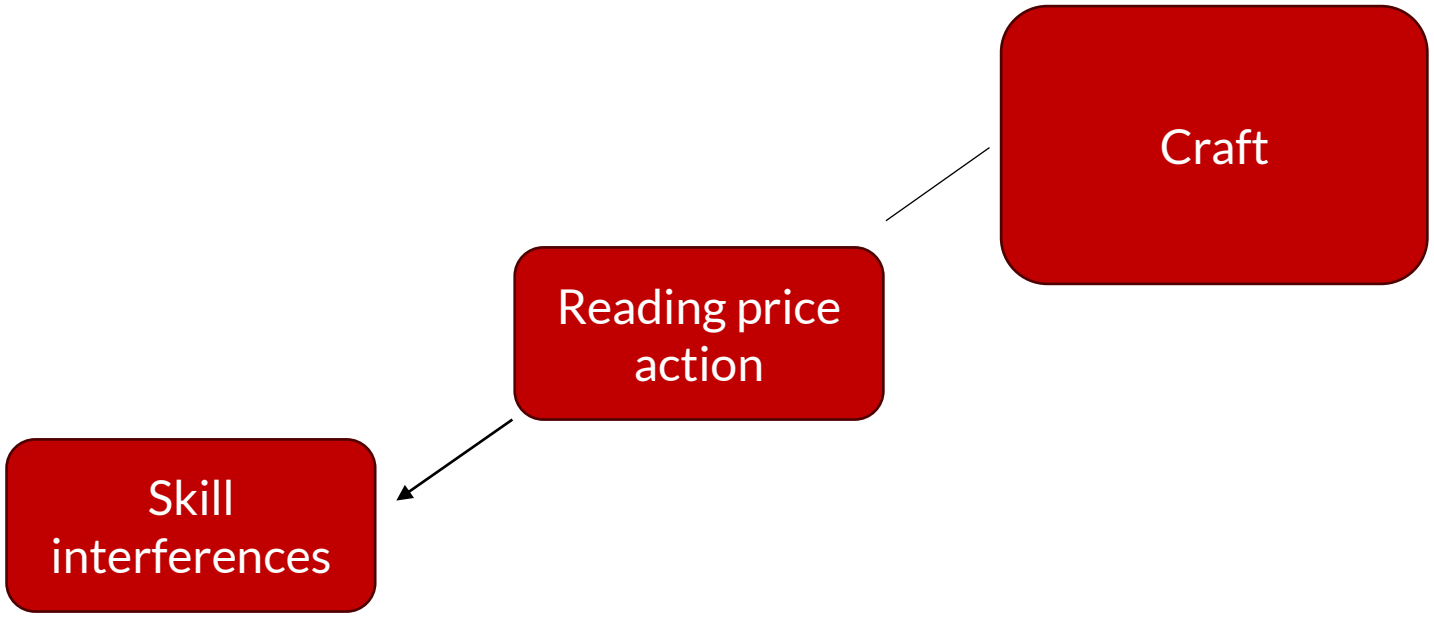
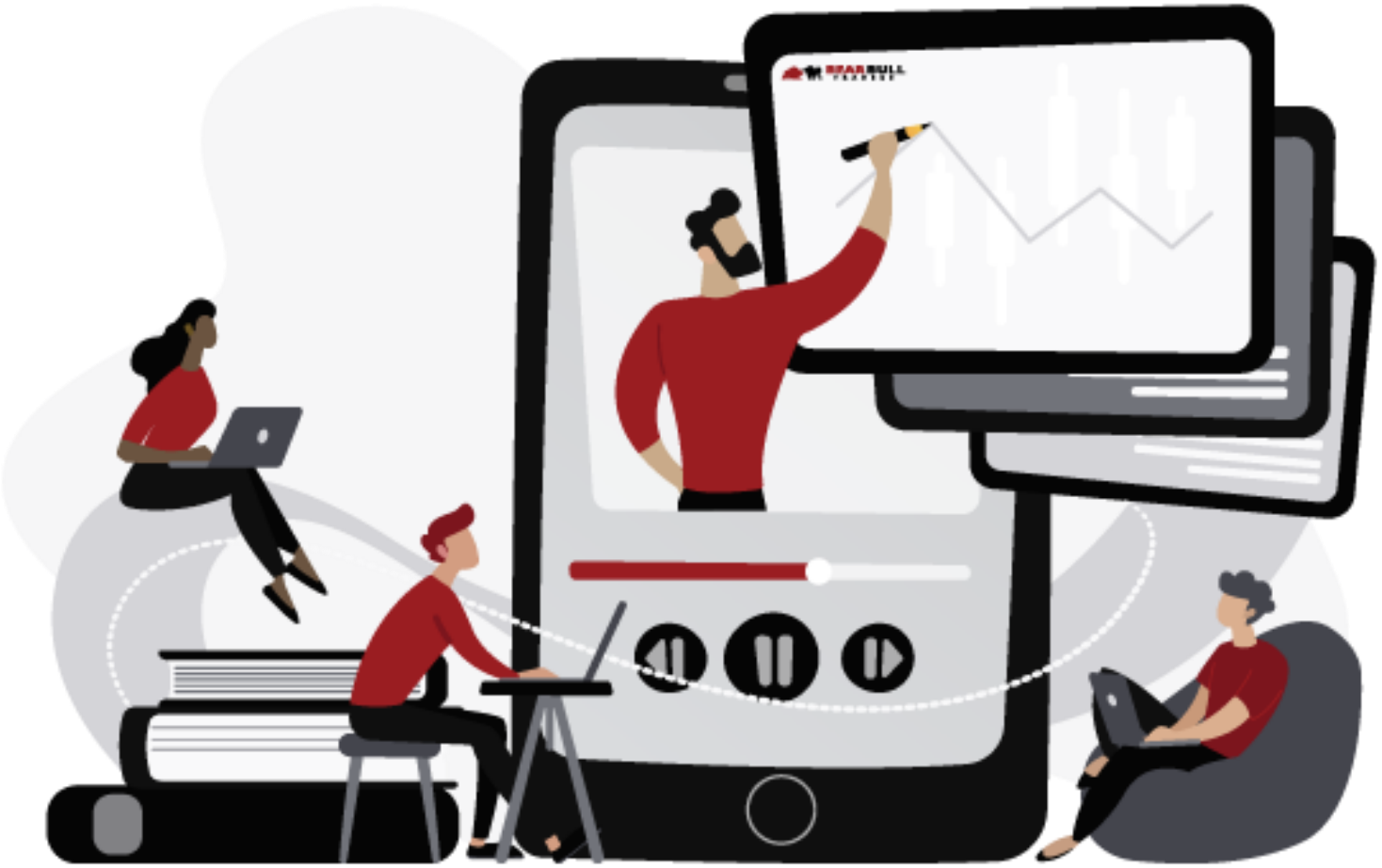


- Focus on recognizing more variables within price action
- Focus on creating more Tradebooks
- When skill improves, the psychology becomes more important

Assignment

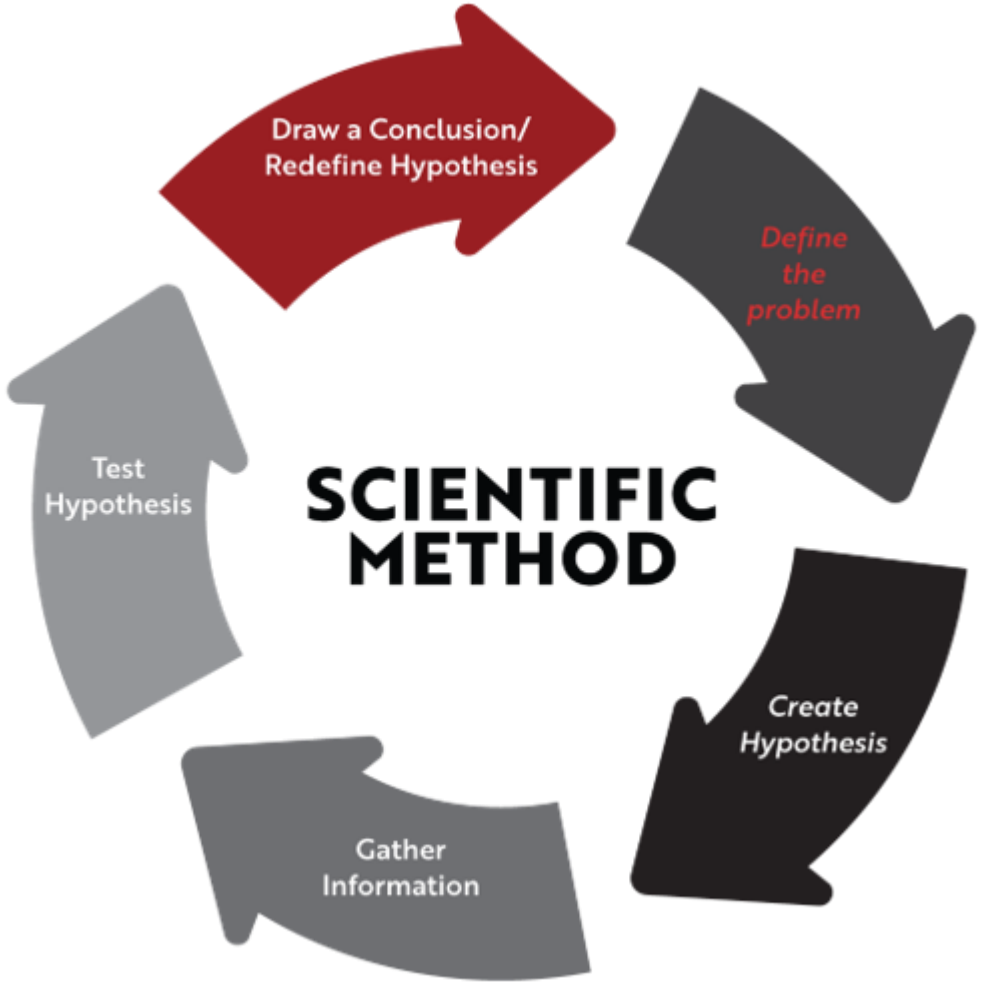
- For each mistake, analyze, and critically, pinpoint the interference



Starting the journey of acquiring the skill

- Trading starts with scientific method of skill learning
  - Define the Problem
  - Create Hypothesis
  - Experiment (Gather Information)
  - Complete rule based, hypothesize testing
  - Analyze data and make conclusions (Communicate)

- After executed and improved many Tradebooks (sets of rules), you start to see imbalances in the price, and become more discretionary (after 4-5+ years)



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