



# TRADEBOOK

## A Handbook for Day Trading Strategies

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## *Introduction*

Hello Bear Bull Traders,

This TradeBook is a collection of trading strategies that the moderators within our community trade throughout the day. It is designed to assist you in understanding the setups that our moderators discuss in the chatroom. The information contained within each of these strategies can also be used as a starting point in your own journey to create a personalized strategy. It is highly recommended that you begin testing any strategy in your simulator before attempting to trade with real money.

Sincerely,

Bear Bull Traders Team

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## Extreme Reversal [\(Return to Top\)](#)

Extreme Reversal is a trend reversal pattern characterized by an indecision candle followed by a cross of the 50 SMA.

**Time:** 12 noon - 3:30pm ET

### Indicators:

- Reversal pattern on bigger time frames
- 9/20 crosses the 50 SMA on the 1-min chart
- New 5-min high/low
- New 15-min high/low
- Pullback to the 50 SMA on the 1-min chart

### Confirmations:

- Candle confirming the direction of the move

### Entry Signal:

- New 1-min high/low after the pullback to the 50 SMA on the 1-min chart and after the candle confirmation

**Stop Loss:** High/low of the previous wave, 50 SMA on the 1-min chart

**Target:** Minimum of 3R, VWAP

### Rules:

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



## Parabolic Reversal [\(Return to Top\)](#)

The Parabolic Reversal takes advantage of a stock that is extended from the 9 EMA on the 5-min chart as it is breaking out of the accumulation phase. It is designed to take advantage of the pullback toward the 9 EMA when buyers begin chasing the stock for greed.

**Time:** Any time during the trading day

### Indicators:

- Stock extended from the 9 EMA on the 5-min chart
- New 1-min or 2-min low/high

### Confirmations:

- Reversal candles on smaller time frames

### Entry Signal:

- New 1-min high/low

**Stop Loss:** Break of the high/low of the previous candle

**Target:** 9 EMA on the 5-min chart

### Rules:

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



## ABCD Pattern [\(Return to Top\)](#)

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



## **Lightning Bolt** [\(Return to Top\)](#)

*The Lightning Bolt is a trend continuation pattern where the price breaks through VWAP, retraces itself, and then continues in the original direction.*

**Time:** 9:40am - 3pm ET (works best from 9:40am - 11am ET)

### **Indicators:**

- Stock should be mid to large float and have an event catalyst for the day
- Works best when a stock has higher than average volume (i.e., RVOL > 100%)
- The pullback (through VWAP) is less than 1/2 of the trend move to get to VWAP
- Trend volume should be strong (i.e., above the average of the day)
- Supported by the overall market direction (at the moment)
- Markets are neither highly choppy nor strongly directional (unless you catch the trend early!)

### **Confirmations:**

- Can be played off the 1-, 2-, or 5-min charts
- Pulls through VWAP, reverses direction for a pullback, and then continues in the original direction
- Volume decreases during the pullback and increases as it moves back through VWAP
- Best if pattern is visible on next higher time frame charts
- No major moving averages or daily levels in the way of the pattern as it continues

### **Entry Signal:**

- Candle that breaks through VWAP for the continuation CLOSES beyond VWAP and the next candle continues in the same direction
- Enter on the 2<sup>nd</sup> candle beyond VWAP on the continuation

**Stop Loss:** Either just beyond VWAP or at the pullback reversal point

**Target:** At the initial reversal point beyond VWAP, further partials can be taken at key technical levels

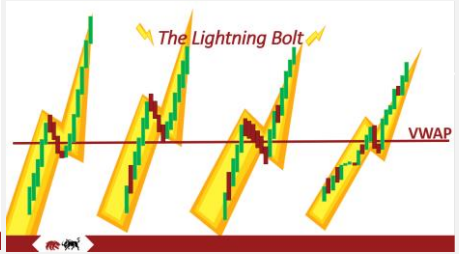
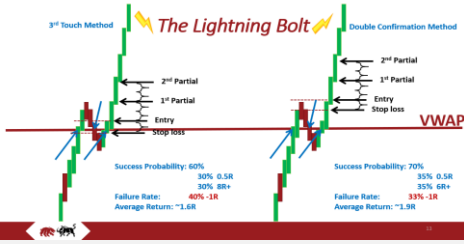
### **Rules:**

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

3<sup>rd</sup> Touch Method

# The Lightning Bolt ⚡

Double Confirmation Method





## Mountain Pass [\(Return to Top\)](#)

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 2<sup>nd</sup> new high/low of the day
- Pulls in and then crosses the 50 SMA
- The graphic below sets out specific pattern identifiers

### Entry Signal:

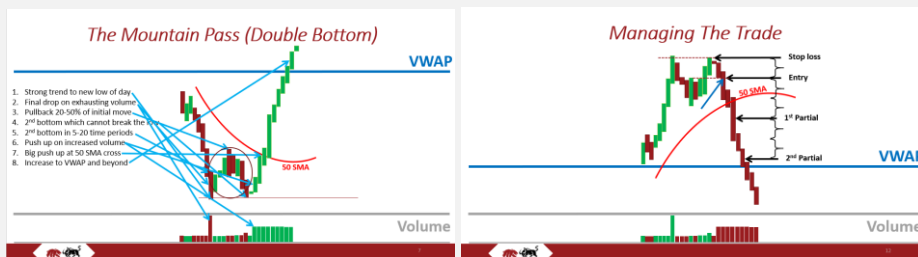
- Price has completed a 2<sup>nd</sup> candle in the reversal direction after the 2<sup>nd</sup> top
- This should be located near or at the start of the pullback price action area

**Stop Loss:** The break of the high/low of the day or, alternatively, the 2<sup>nd</sup> top (if it is much lower than the high/low of the day)

**Target:** 1<sup>st</sup> 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



## **Break of High/Low of Day \$ Level** [\(Return to Top\)](#)

*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

