



TradeBook Strategies

CHEATSHEET

Break of High of Day Strategy

5-Minute Opening Range Breakout

Break of High of Day

NAME OF THE STRATEGY: HIGH-OF-DAY (HOD) BREAK

For trading software, I use DAS Trader Pro. DAS has three key advantages: Simplicity, Customization, and Low Latency. I have used multiple trading platforms and DAS is by far the most simple. It has all the most popular features required by serious day traders, and all without any unnecessary functionality. It is also extremely customizable and literally allows you to size and position every window in any monitor location. And, most importantly, DAS offers extremely low-latency quotes and orders due to their direct market access. For hardware, I utilize an Orbital Trader X1000 desktop and three 24" monitors placed horizontally and side by side.

Description of the Strategy: Exactly as it sounds, the HOD Break Strategy seeks to take advantage of volume driven price movement into a price range above the intraday high (the high set since the start of regular trading hours, 9:30 AM ET). The HOD for a stock is a contentious level which is closely monitored by many traders. Therefore, price action at the HOD is often volatile and can be both an area of rapid continuation or reversal. However, with proper trade execution and risk management, it can yield reliably positive results. *This strategy should not be used in the first 10 minutes of the trading day, but it is valid for the rest of the day.*

Stock Selection Process: I prefer to trade expensive stocks, generally above \$100 in price. The reason for this is that I find the Level 2 for these stocks to be simpler and easier to interpret. Expensive stocks tend to have larger asks on the Level 2, mostly at half-dollar levels, and especially at dollar levels. These large asks also often provide areas of resistance and are good places to incrementally sell off (partial) the position. Less expensive stocks tend to have large asks all over the price range and it requires a lot more concentration to determine how far the price can run.

Risk Management: I use the "R" method for risk management, wherein I risk the same amount of money on every single trade. Thus, any trade that stops out completely results in the loss of the same amount of money, what is referred to as 1R. Likewise, a trade that makes twice the amount of money I risked is known as a 2R trade. However, my risk management strategy is a bit unique in that I do not stay in a trade for either some predetermined R profit or a 1R loss. The HOD Break Strategy relies on volume and momentum and, if it works, it should work quickly. So, when it does not work quickly, I am often exiting the trade with a small loss (e.g., 0.2R) or perhaps even a small gain. The 1R losses result when the trade violently rejects the HOD and I am stopped out in three 1-minute candles or less. This happens on about 10% of the HOD Break trades. I call my 1R stop the "fail-safe stop".



TECHNOLOGY



STRATEGY

Entry Management: The entry methodology for this strategy has three options and all of them are valid under the appropriate conditions: Enter below HOD, Enter at HOD, Enter above HOD. Entering below the HOD is appropriate early in the morning (i.e., 10-15 minutes after the Open or when surging volume and a strong upward price movement is occurring). Nevertheless, even with surging volume, it is best to enter no further than \$0.10 below the HOD. Entering at the HOD is reserved for one special condition: when the HOD is at an exact dollar level (e.g., \$220.00). In this case, there is often a large ask at the dollar level. The goal is to get an entry as part of that ask as it begins to get “bought up”. Confirmation of buying can be observed on the Level 2. In most other cases, it is wise to take an entry just above the HOD. A good method is to let the bid break the HOD and then take an entry. This shows that there is a buyer willing to pay more than anyone else has paid all day.



Fig 1: Trade Ideas Gappers list

Trade Management: As mentioned above, this strategy should work “quickly” and you should be willing to exit trades at or near break-even. This is time-of-day dependent. Generally speaking, an HOD Break trade that is not working out 10 minutes after the Open should be exited within 1 minute. In the afternoon it is possible to wait as long as 5 minutes, but longer than that is not recommended. I use an aggressive 50% partialing methodology because so many HOD Break trades pop and then come back to break-even. With these expensive stocks, my first 50% partial is near 1R, or near a \$1 move in price. I then 50% off at each additional near \$1 move. However, more volatile stocks can be held for \$2 moves (or more) between partials.

The biggest psychological advantage I have is strategy focus. 95% of my trades are HOD Breaks. One of the benefits of trading almost entirely one strategy is forced patience. A common problem among new traders is overtrading. The market is constantly moving, appearing to offer opportunity, and inexperienced traders are often drawn into trades that have no probabilistic advantage. Rigorous strategy focus (whatever your strategy is) mitigates this danger. You need to focus on what you do best and patiently wait for the very best opportunities.



5-Minute Opening Range Breakout

NAME OF THE STRATEGY: 5 MINUTE OPENING RANGE BREAK OUT



STRATEGY

Description of the Strategy: The 5-Minute Opening Range Breakout Strategy starts 5 minutes after the market Open. The first 5-minute candle creates the range which is defined by the high and the low of the candle. Once the range is defined, you should be looking for a break of the range toward the top or bottom in order to enter a position in the direction of the breakout.

Keep in mind that the breakout can occur a few minutes after the range has been defined. It will not always happen immediately. The price action might pull back in the 1-minute candles before the breakout takes place.

Stock Selection Process: Stocks that have high volume and have gapped up or down are great candidates for the 5-minute Opening Range Breakout Strategy. You can also look at stocks with a strong catalyst. It is important to get a continuation after the breakout takes place. Stocks in Play can create great opportunities for breakouts.

Symbol	Price (\$)	Vol Today	Chg Close	Chg Close	Pt (Sh)	Avg True	Strt Pt (%)	Sector
MRLN	21.87	128,767	7.63	53.6	11.0M	0.73	2.44	Finance and Insurance
CLNE	14.01	3,98M	2.87	25.8	144M	0.88	8.21	Utilities
GME	171.22	493,654	16.53	10.7	55.4M	18.17	19.30	Retail Trade
CLOV	9.70	8,58M	0.88	10.0	26.3M	0.75		Other Services (except Public Administration)
HOG	43.95	307,997	3.57	8.8	152M	1.43	10.36	Manufacturing
JKS	39.27	142,239	1.39	3.7	36.2M	3.18		Manufacturing
RLX	9.40	101,363	0.30	3.3	108M	0.74		Manufacturing
AZN	51.77	273,305	1.03	2.0	2.62B	0.76		Manufacturing
FUBO	18.47	117,591	-0.39	-2.1	107M	1.98	17.18	Information
WKHS	12.95	121,606	-0.28	-2.1	117M	1.02	21.8	Manufacturing
NVDA	622.30	223,663	-14.20	-2.2	594M	19.79	1.04	Professional, Scientific, and Technical Services
SKLZ	14.76	129,605	-0.35	-2.3	215M	1.34	16.31	Other Services (except Public Administration)
TSLA	722.24	650,034	-17.54	-2.4	772M	31.84	6.00	Manufacturing
NNDM	7.09	197,187	-0.23	-3.1	247M	0.59		Manufacturing
COIN	330.85	489,053	-11.15	-3.3	97.6M	28.45		Information
BNGO	5.47	330,633	-0.19	-3.4	279M	0.56	10.26	Manufacturing
MVIS	10.65	130,139	-0.38	-3.4	159M	1.96	18.05	Manufacturing
RIDE	9.44	535,582	-0.58	-5.8	111M	0.89		
GEVO	5.94	271,395	-0.39	-6.2	193M	0.79	12.40	Manufacturing
OCGN	5.42	623,259	-0.36	-6.2	183M	0.73	14.83	Manufacturing
PTON	108.70	250,867	-7.51	-6.5	253M	5.86	7.90	Retail Trade
RIOT	40.93	777,029	-3.71	-8.3	65.5M	6.30	12.80	Finance and Insurance
CAN	12.47	389,090	-1.14	-8.4	79.5M	2.63		Manufacturing
MARA	35.50	1,05M	-3.43	-8.8	90.9M	6.19	11.16	Finance and Insurance
TIRX	14.65	107,673	-1.55	-9.6	3.90M	11.18	0.99	Finance and Insurance
MLHR	38.57	119,791	-5.73	-12.9	58.6M	1.26	1.75	Manufacturing

Fig 2: Trade Ideas Gappers list

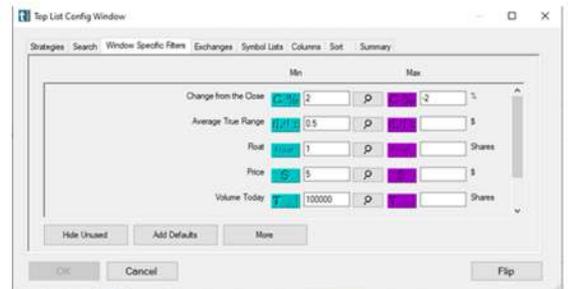


Fig 3: Trade Ideas Config Window

Indicator(s): The main indicator for this strategy is VWAP. VWAP is critical to the Opening Range Breakout Strategy as it allows you to determine if the stock is extended and thus not a good fit for an Opening Range Breakout. You can also use VWAP to access a pullback that is providing a better entry opportunity for an anticipated breakout of the range.

Entry Signal: After the range is created, the signal for entry is the break of the range. Enter the trade in the direction of the break (top or short). If you get a pullback, you can also enter the trade on a pullback to a technical level like VWAP.

Stop Loss: The stop loss will be the loss or break of VWAP. The Opening Range Breakout Strategy will have a tight stop as you should not be too extended from VWAP when you enter the trade. If you enter at VWAP on a pullback, then the stop loss will either be the next technical level or slightly below or above VWAP.

Target: The target is the next technical level. This can be moving averages, previous day close, or the high and low from either of the last 2 trading days. You can also use any daily support or resistance level from the daily chart that you have marked.



Fig 4: 5-Minute Opening Range Breakout

- Rules:**
- Do not enter into a position in the same direction as a long wick. It doesn't usually go well.
 - Enter on the pullback ONLY if the stock pulls back to clear support or resistance levels.
 - Place stop losses at technical levels.
 - Don't stop yourself early when a winning trade starts to reverse. Make sure you take enough good partials.

