

Professional Trader – Part 2 Reference Guide

Stock Selection for Income

Requirements for a proper WatchList

Criteria	Requirement
Stock Price	$15 \leq \text{Price} \leq 80$
Average Daily Volume (ADV)	≥ 2 Million shares/day*
Daily Average True Range (ATR)	At least \$1, but $\leq 8\%$ of Price
Beta (Volatility)	$1.5 \leq \text{Beta} \leq 2.5$
Spread (during Market hours)	$\text{Spread} \leq \$0.03$

*2 Million shares a day is ideal, but 1 Million is adequate

Stock Selection for Wealth

Requirements for a proper WatchList

Criteria	Requirement
Stock Price	$\text{Price} \geq 20$
Average Daily Volume (ADV)	$\geq 750,000$ shares/day*
Spread (during Market hours)	$\text{Spread} \leq 0.1\%$ of Price
Optionable**?	Yes
Dividend Yield*** Paying Stock?	Yes

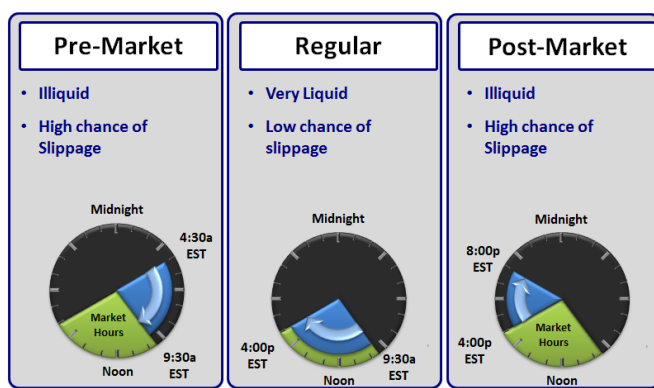
*750,000 shares a day is ideal, but 500,000 is adequate

**This is an optional requirement. Open Interest $\geq 100,000$ & Volume $\geq 1,000$ is adequate

***This is an optional requirement. +3% per Year is adequate (+1% per Year for ETFs)

Trader Time Zones

Stock Market Sessions

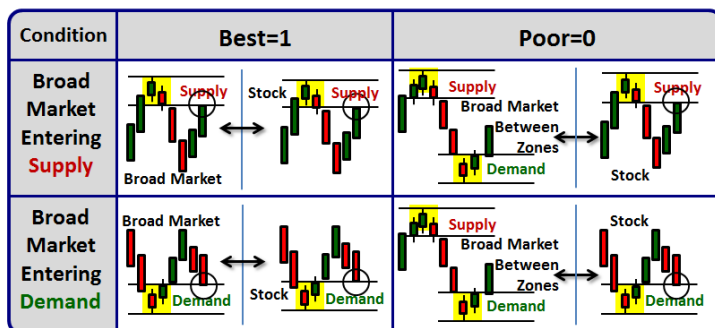


Zone	Time Of Day	Description
1	9:30-9:50am EST	Opening Rush (volatile) • Gaps (order imbalance) • Economic/political/sector news • Massive order flow
2	9:50am-Noon EST	Good Market Movement • Trends establish • Less volatile (orders filled)
3	Noon-2:15pm EST	Mid-day Doldrums (Lunchtime) • Fewer orders being placed • Less liquidity (volume) • Smaller Price Movement
4	2:15-3:40pm EST	Market Pick-up • Lunch is over, back to work!
5	3:40-4:00pm EST	Closing (volatile) • Finish order placement

Odds Enhancers

Odds Enhancer “Broad Market Correlation”

Is the Broad Market trading inside of a Zone at the same time?



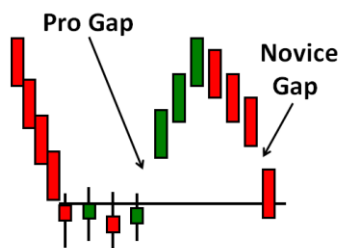
Lesson: When a Stock is entering a Supply or Demand zone while the Broad Market is entering a Supply or Demand zone at the same time, the probability for the Stock Trade to work is higher

Indices that we use to assess Odds Enhancer “Broad Market Correlation”

Index	Symbol		
	Futures	Index	ETF
S & P 500	@ES @ES=107XN*	\$SPX.X	SPY
NASDAQ	@NQ @NQ=107XN*	\$NDX.X	QQQ
Russell 2000	@TF @TF=107XN*	\$RUT	IWM
Dow Jones Industrial Average	@YM @YM=107XN*	\$INDU	DIA

*Proper TradeStation Symbol for Continuous Unadjusted Contract (more about Adjusted vs. Unadjusted in the Futures Program)

Gaps

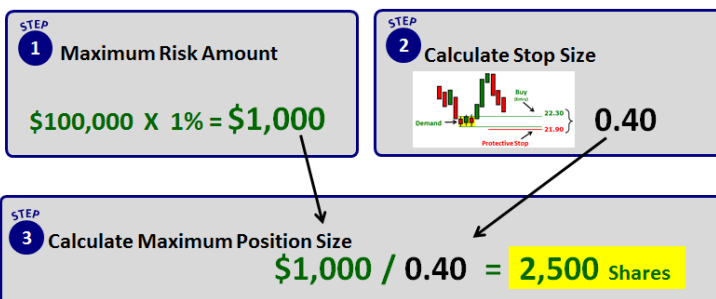


Pro Gap
A gap in the opposite direction of the trend

Novice Gap
A gap in the same direction of the trend

Position Size

Position Size



Risk Management

Income Wiggle Room for Stops



Wealth Wiggle Room for Stops



Bracket Orders

Bracket Order Application Summary

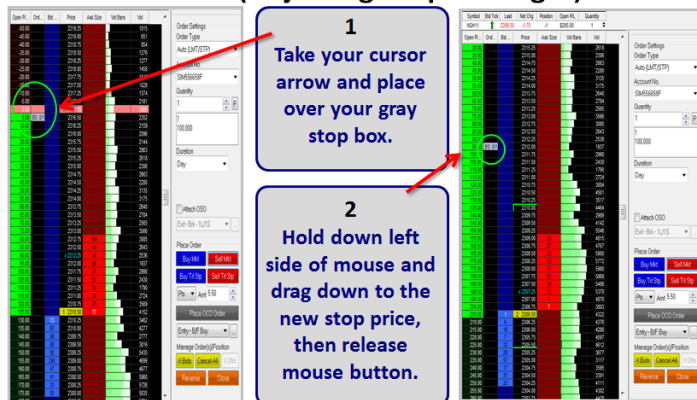
S.E.T. Summary: Buy

Profit Target	<ul style="list-style-type: none"> • Sell Limit • Above current price
Entry	<ul style="list-style-type: none"> • Buy at Market or Limit • At or below current price
Stop	<ul style="list-style-type: none"> • Sell Stop Market • Below current price

S.E.T. Summary: Sell

Stop	<ul style="list-style-type: none"> • Buy Stop Market • Above current price
Entry	<ul style="list-style-type: none"> • Short at Market or Limit • At or above current price
Profit Target	<ul style="list-style-type: none"> • Buy Limit • Below current price

Matrix (Adjusting Stop or Target)



Bracket Order: Buy

Order Cancels Order & Order Sends Order - Order

Stage OCO/OSO Name: Entry - Single Order - Long with Exit - Bracket - 1 Limit & 1 Stop Level

Review the orders below:

Symbol	Action	Qty	Order Type	Limit	Limit Price	Stop	Stop Price	Route	Duration	Account	Advanced
ADBE	Buy	10	Limit	61.00	61.00			Intelligent	GTC		
ADBE	Sell	10	Limit	65.00	65.00			Intelligent	GTC		
ADBE	Sell	10	Stop Market			60.00		Intelligent	GTC		

Attach Bracket as OSO Attach Single Order as OSO

Advanced settings for the selected 'ADBE' order

Activation Rule ☐ If Touched

All or None ☐ Price ☐ ECN Sweep ☐ Buy on /Sell on +

Trailing Stop ☐ Show Only ☐ Discretionary ☐ Non-Display

Pts / Jans Qty Price 0.05 ☐ Peg ☐ Best

Place Order(s) Place and Stage Order(s) Stage Order(s) Cancel Help

Bracket Order: Sell

Order Cancels Order & Order Sends Order - Order

Stage OCO/OSO Name: Entry - Single Order - Short with Exit - Bracket - 1 Limit & 1 Stop Level

Review the orders below:

Symbol	Action	Qty	Order Type	Limit	Limit Price	Stop	Stop Price	Route	Duration	Account	Advanced
ADBE	Sell Short	10	Limit	64.00	64.00			Intelligent	GTC		
ADBE	Buy to Cover	10	Limit	60.00	60.00			Intelligent	GTC		
ADBE	Buy to Cover	10	Stop Market			65.00		Intelligent	GTC		

Attach Bracket as OSO Attach Single Order as OSO

Advanced settings for the selected 'ADBE' order

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Place Order(s) Place and Stage Order(s) Stage Order(s) Cancel Help

Economic Reports

Importance		
High	Medium	Low
<ul style="list-style-type: none"> • Federal Open Market Committee (FOMC) Meetings • Unemployment Rate • Unemployment Claims • Non-Farm Employment Change • ADP Non-Farm Employment Change • GDP - Gross Domestic Product • Trade Balance • Retail Sales • Durable Goods Orders • Building Permits 	<ul style="list-style-type: none"> • Housing Starts • New Home Sales • Consumer Price Index - CPI • Producer Price Index - PPI • Consumer Confidence • Consumer Sentiment • Manufacturing Purchasing Manager's Index (PMI) • Non-Manufacturing Purchasing Manager's Index (PMI) • Philly Fed Manufacturing Index 	<ul style="list-style-type: none"> • Average Hourly Earnings • Capacity Utilization Rate • Industrial Production • Factory Orders • Crude Oil Inventories • Natural Gas Storage • Business Inventories • Import Prices • Empire State Manufacturing Index • NAHB Housing Market Index • Existing Home Sales • Pending Home Sales • 10-y Bond Auction • 30-y Bond Auction
<ul style="list-style-type: none"> • Construction Spending • ISM Manufacturing Prices • Total Vehicle Sales • Wholesale Inventories • Federal Budget Balance • Inflation Expectations • Consumer Credit • Personal Spending • Personal Income • Services Purchasing Managers' Index (PMI) 		

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