

Twitter Thread by Zafar Shaikh

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Lot Of People Requested For An Example Of Trend & Pullback System For Directional Trading System Which I Mentioned in Below Tweet. Hence a #Thread.

Simple #System I Follow In Trading:

1. Strong #Trend On Higher Timeframe
2. #PullBack On Current TimeFrame Against Trend
3. #Contraction Of #Volatility During Pullback
4. #Resumption Of Trend On Lower Time Frame

Gives 60-70% Win Rate & 2:1 Reward Risk #Simple Things #Work

— Zafar Shaikh (@InvesysCapital) August 20, 2018

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I Use Various Combinations Of Time Frame for Trading / Investing. Generally, Time Frame Selected Decides Holding Period Of Trade. For Investment, Quarterly, Monthly & Weekly Time Frames Are Used, Where Holding Period is Few Months To Years.

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Most People Are Generally Interested in Short Term Trading. Hence, Illustrating One System Which I Use For Short Term Stock Futures Trading. Holding Period For These Trades is 2-5 Days. This Example is of Gail Futures Where Taken Long Position Today. Here We Go:-

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Stock Futures Swing Trading System

Time Frames Used :-

Weekly - Stock Selection

Daily - Pullback

Intraday (75Min) - Volatility & Entry Signal

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GAIL #WEEKLY-

#StockSelection - GAIL Is Trading Near All Time High. Strong Up Trend. No Brainer. We Can Use RSI To Check Strength.

RSI Above 60 is Generally Strong Trend.



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GAIL #DAILY-

#PullBack For Last Three Days. Pullbacks In Trend Generally Find Support Near 10SMA. PullBack should be for 3-5 Days. Less Than 3 Days Gives Failed Breakout. More than 5 days generally indicate Lack of Momentum. However, There is No Fixed Rule



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GAIL #INTRADAY (75 Min) -

#Volatility Contraction - For 2 Days, Price Coiling in Tight Range. Volatility has dropped. Use Any Volatility Indicator. My Favourite is Bollinger BandWidth. Volatility Has Cycle of Expansion & Contraction. Low Volatility Set-Up Give Strong Moves.



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GAIL #INTRADAY (75Min)-

#Entry - Look For Entry Signal like Trix, MACD, SMA, Price Action As Per Your Choice. I Use Moving Averages + Price Action. Entry Was triggered in Gail Futures at 381.8 Towards Close & Position Carried. StopLoss Today's Low. Target Previous Week High +



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This High Lights Core Concept Of Strategy. Anyone Interested can take Concept & design strategy around. There are More Subtleties Involved in Decision Making. Those can Neither be Discussed Here Nor Would Be Fair on Our Workshop Participants Who Pay to Acquire Such Knowledge.

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This Is Only Entry Part Of Trading. After That, There is Whole Trade Management Process. Leaving That For Another Day. Request To NOT Ask About Specific Indicators, Parameters & Their Values. Intention Is To Give Concept & Not Ready Made Strategy. Thanks.