

# Twitter Thread by JayneshKasliwal



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## How to Trade Momentum Stocks ?

### A Thread on Stock Selection Relative Strength and Moving Average Use

1/n

What is momentum trading ?

Momentum investing is a trading strategy in which Traders buy stocks at high price and sell even at higher price .  
The goal is buying opportunities in short-term uptrends and then sell when the Stock starts to lose momentum.

2/n

Skills Required:

Skilled traders understand when to enter into a position, how long to hold it for, and when to exit; they can also react to short-term, news-driven spikes or selloffs.

Risks of momentum trading include moving into a position too early, closing out too late

3/n

Identify the trend

Moving Averages Plot the Average Price of a particular Period

Example : Whenever 21 ema is sloping upwards its called Shorterm uptrend

Whenever 21 ema is sloping downwards its called downtrend

Whenever 21 ema is sideways its called consolidation

Refer image

4n



Rules :

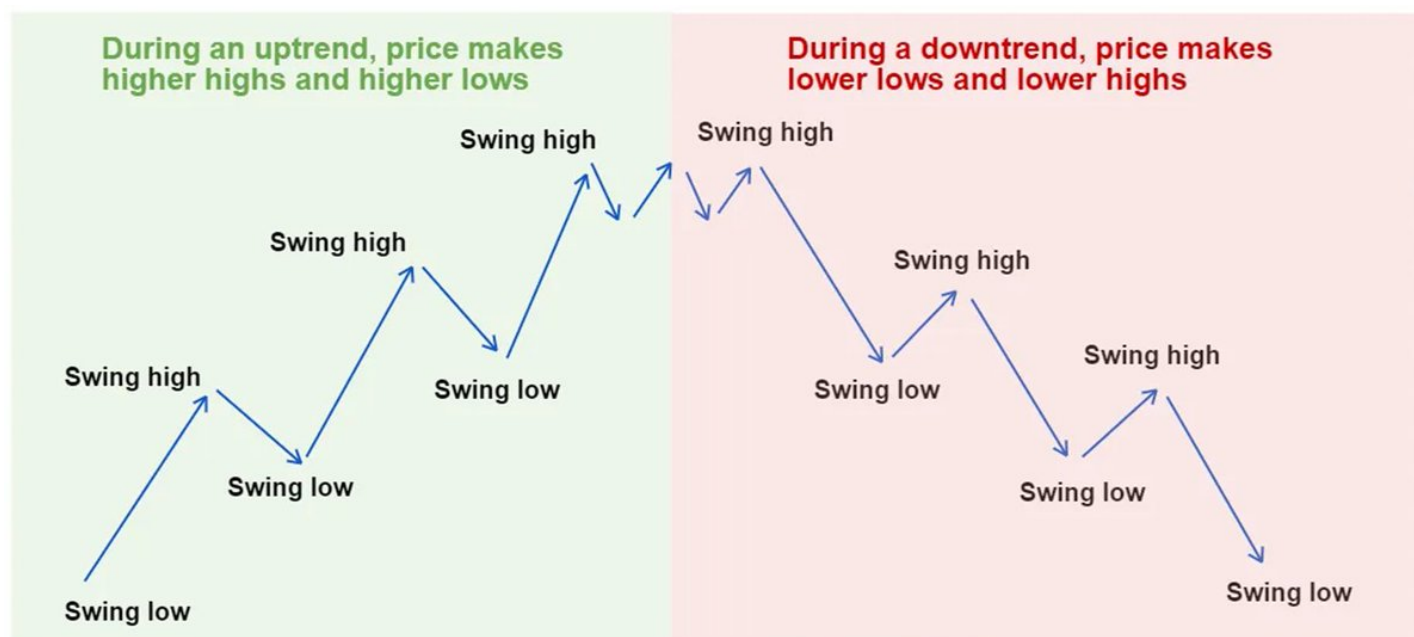
Use this simple trend following system to buy and sell stocks

Works well in trending market and trending stocks

Ideal place to sell a stock is its moved more than 15% away from 21 ema in 3 days

Risk increases the farther you buy from 21 ema

5/n



USING RELTAIVE STRENGTH

Type

"Relative Strength"

Choose any

By bharattrader

By traderlion

By Modhelius

I use by bharattrader

In setting use 65 period

6/n

More ABout RS + EMAs

:<https://t.co/lalJIT4kkx>

## Relative Strength



Inputs

Style

Visibility

Source

close



Comparative Symbol

NSE:NIFTY



Period

65

☒ Show Zero Line

☐ Show Reference Label

☒ Toggle RS color on crossovers

RS TREND

☐ RS Trend, Range

5

RS MEAN

☐ Show Moving Average, Period

61

Defaults

Cancel

Ok

A thread of threads on 3 indicators

1. Moving Averages Ultimate Guide
2. All About ADX
3. Super Performance Using RELATIVE STRENGTH

Retweet and Share

— JayneshKasliwal (@JayneshKasliwal) January 21, 2022

Conditions of Relative Strength :

Relative Strength has a reference zero line

Line  $>0$  Stock is Outperforming

Line  $<0$  Stock is Underperforming

RS period 65 as we have around 65 trading days in 3 month

RS reference as Nifty50 as benchmark index

7/n

Stock Selection Criteria :

Stocks near 52 week High

Stocks near All time High

Stocks staying above 21 ema

Stocks where the Relative Strength Line is making new Highs

Stocks that are giving Volume Burst

Screener 1 : 4 year High Breakout Stocks <https://t.co/Hsp5t0WObj>

8/n

Buy Rules

Enter Stocks on Breakout of 52 Week High

Stock Should be in uprend and have HH HL formation for better Win rate

Volume Should be High on Breakout

Stock generally retest the breakout area hence add 50% position on breakout and 50% position on Retest

9/n

Momentum is highest in RS+ Stocks where RS is increasing and is positive from long time

Momentum stays only for 2 to 3 days and then fades away or stock pulls back to breakout area to take support

Screener 2 : 52 week breakout Stocks <https://t.co/hnXMiBmPZo>

10/n

Hence main aim as momentum trader is to catch that quick movement in 2 to 3 days and get out before pullback  
Selling as price goes up is important for momentum trading  
One shouldn't wait for price reversals otherwise you may loose all your gains  
11/n

Quick Momentum Trades for 10% gains  
12/n



Momentum trading for a bigger time period :

Keep holding stocks till it is above 21 ema  
Exit as soon as stock breaks 21 ema even if RS is positive  
Momentum fades a little when stock breaks 21 ema and now another stock should be picked  
13/n

jayneshkasliwal1 published on TradingView.com, Jan 31, 2022 17:07 UTC+5:30



TradingView

Loss Making Trades Example :

Keep Stoploss at Max 5 to 8%

Have Risk Reward Ratio of 1:2 Min

Youtube Video Of the Same Topic :

<https://t.co/GHeKtrir9I>

14/n

END



To LEARN More Join

Swing Trading MentorShip Program

■ 4 sundays of 2 hours with recording

■ Covering Pure Price Action , Relative Strength, Risk Management, Moving Average and How to find Super Stocks

■ Screener Dashboards , Usage

LINK FOR ENQUIRY:

<https://t.co/Y6WlyuU9hx>



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### COURSE FEES

**999/-**

### ANALYSIS FOR 3 MONTHS

**1,700/-**

## MORE INFO.

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Sunday Timing

2 pm to 4 pm

Google Meet

The recording  
will be provided

- VOLATILITY Contraction Patterns, Pivot points, Volume Contraction Pattern
- How to find Super Performance using RELATIVE STRENGTH
- Swing Trading Ideas and Analysis that could make 4 to 5% Per Month
- How to Select Stocks for Swing Trading
- How to understand Broader Market and Basics of Fundamental Analysis for stock selection
- Position Sizing Risk Management
- Psychology For Trading
- Use of Moving Averages and its secrets
- Basic Use Of Chartink Screener
- Live Discussions and personal Stock Queries Session

### CONTACT US:

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