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

Skilles 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

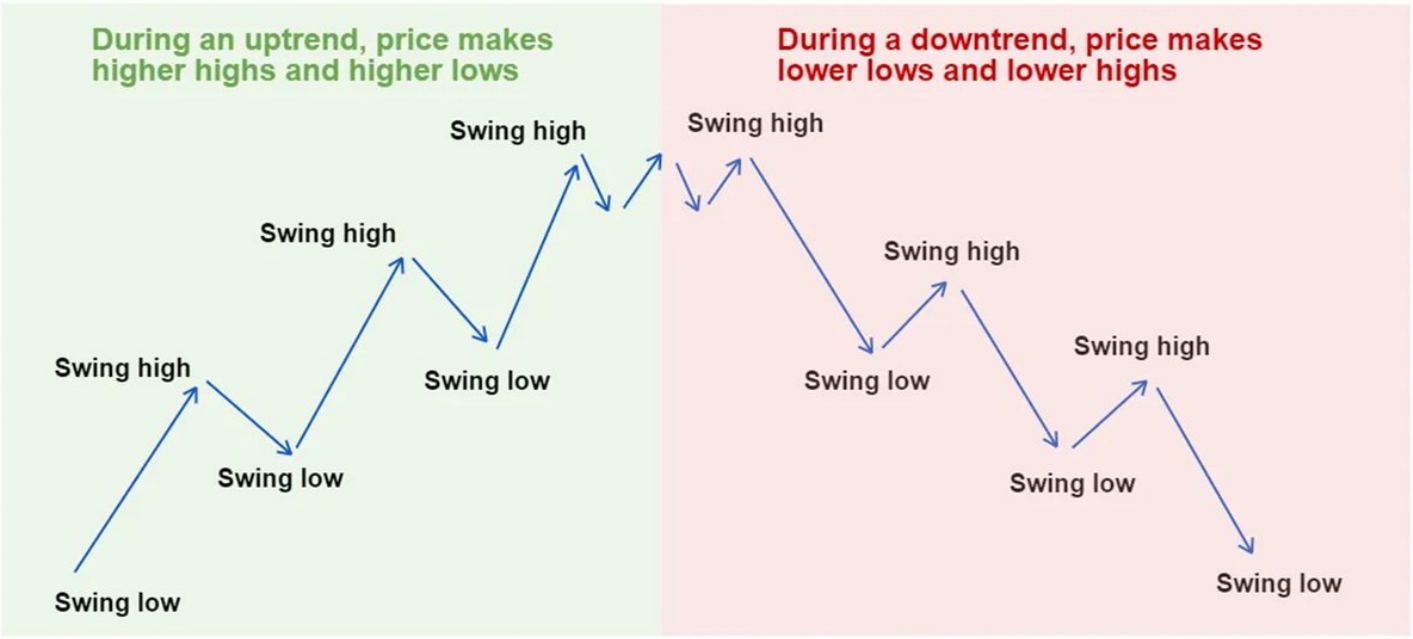
Identify the trend
Moving Averages Plot the Averge Price of a particular Period
Example : Whenever 21 ema is sloping upwards its called Shoterm uptrend
Whenever 21 ema is sloping downwards its called dowtrend
Whenever 21 ema is sideways its called consolidation
Refer image
4n



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

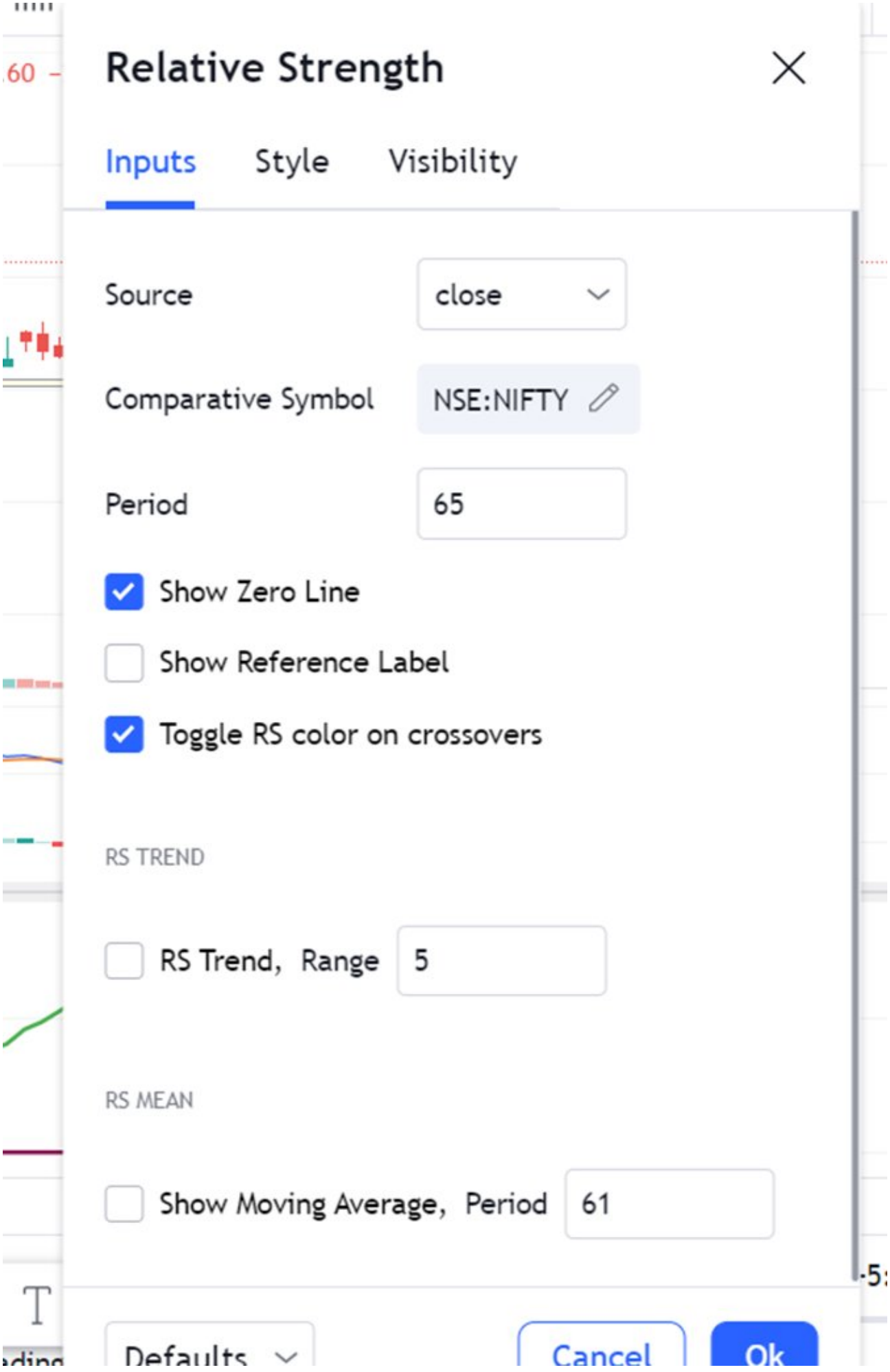
5/n



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/IaIJIT4kkx


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

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— 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



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



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■ Screener Dashboards , Usage

LINK FOR ENQUIRY:

https://t.co/Y6WIyuU9hx

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