Twitter Thread by ■ Sherri ■

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Watchlist Building Strategy and Execution. Independence & success. Nail these and we'll see y'all at the top! ■

Watchlist Building Strategy

1. **Sentiment**: What are people talking about? Social media, news. Look for clues on Unusual Whales. Use Barchart.com.
    a. Look for in sympathy plays. For example: (LI, XPEV, NIO) (LYFT, UBER) (RIOT, MARA)
2. **Technical Setup**: Looking at the chart, is it in a decision making place? Is it about to make a big move soon…up or down?
    a. Is there a big enough move either way or is there something obstructing it?
    b. If chart indicates a lot of noise it might be better to pass. You need to be able to see enough range to actually make money.
3. **Triggers**: Find your range and calculate 25% of that. Your triggers will be 25% from the close of previous day, above and below.
    a. Look on daily chart and hourly. Hourly gives a deeper feel. Create some key levels. Then move to the 15 minute to fine tune those levels. The 15 should give you conviction from what you saw on the hourly.
    b. Don't pay attention to AH. But DO pay attention to PM highs and lows
4. **Strike**: OTM as much as possible but still be reasonable.
    a. How much is a typical move on that ticker? The OTM strike should not be much more than 1 full range
    b. Example: If DIS typically ranges a $4 move, you would not pick a strike that is $6 OTM.
    c. Also keep in mind the strike price PLUS the premium is the break even.

Execution

1. **Position sizing**: What size can I take and still feel like a robot (no emotions)? Is the position size such that you will not break if you lose it all? Sizing should NOT create emotions. If it does, lower your size. Robot…no emotions.
    a. A good rule of thumb is to consider 5-7% of your account on Mon-Tues and 2-3% of your account on Thurs-Fri when playing weeklies
    b. Consider the math: a 7.5% position with a 15% stop loss. If you lost on every trade, you would lose 1.125% of your account each time. 4 losing trades = 5% of your account. With a 5% size and 15% stop loss, 3% of your account would be lost with 4 losing trades.
    c. SIZE ON MONEY THAT DOESN'T STRESS YOU.
2. **Entries**: Enter at triggers/levels, not before. Minimize your risk.
    a. If you miss your entry, let it go…do not chase. Instead wait for a pullback or retrace of your level.
    b. It is not wise to trade in between your levels. That area is typically where there is a lot of chop and noise. By trading in this area, you increase your risk a lot.
    c. If you are trying to get a sniper entry, it's okay to use the 1 minute. Just be sure you know where the 5 minute closes.
3. **Exits**: 1/3 at 20% profit, 1/3 at next leg or 10%, 1/3 runner or break even.
    a. By scaling out, you are taking risk off the table.
    b. Never let a green position turn red. Use a trailing stop loss or market stop. Do not use a limit stop.
    c. To preserve capital, 10% down should be a hard stop. You can then look for retest of S/R for reentry.
4. **Intraday Strategy**: Keep in check relative strength/weakness of the market as it can affect other stocks. SPY/QQQ/VIX. Adjust and create target levels for entry/exit using 5 min chart
5. **Psychology**: Don't LOOK for a trade. Let it come to you. If you are looking for a trade it's time to disconnect. Most volume is in the 1st 2.5 hours of market open. After that, don't stare at the screen for hours trying to create or find a trade.

If you have a rule that you continuously break, write it down…document it. Keep a clear mind. Stay disciplined. Stay humble. Share your wins and be proud of them but do not let it get you overconfident. Finally, ALWAYS give yourself time to rest and reset. The market will still be here tomorrow and the next day and…… 😊