

Twitter Thread by JayneshKasliwal



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Swing Trading Strategy

That can help you generate Monthly Income !

A thread ■

Using RS , MACD , 21 EMA and Price Action

All Concepts with charts Explained !

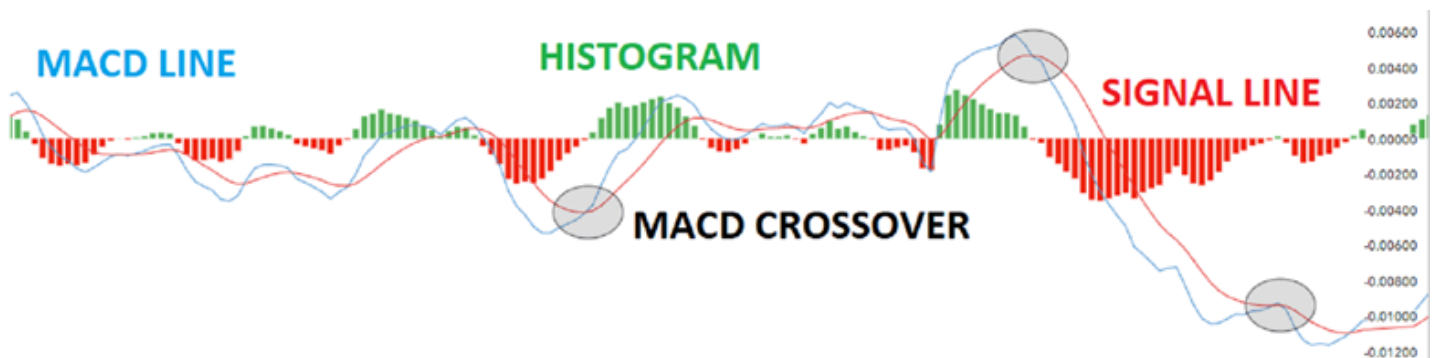
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UNDERSTANDING MACD

Moving average convergence divergence (MACD) is a trend-following momentum indicator that shows the relationship between two moving averages of stock.

It is calculated by subtracting the 26-period exponential moving average (EMA) from the 12-period EMA.

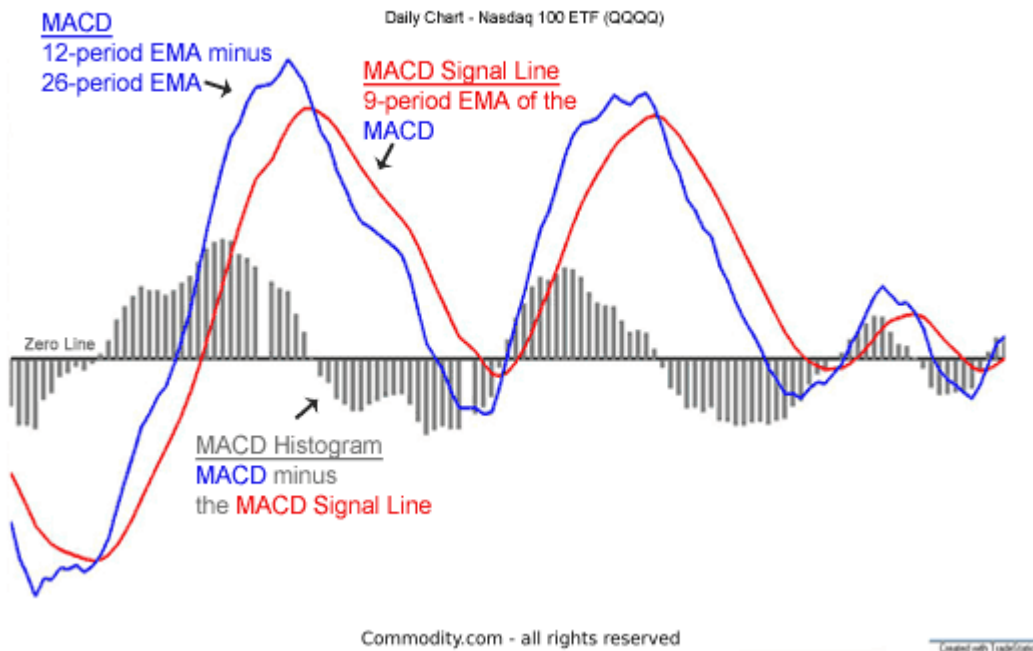
2/n



The result of that calculation is the MACD line. A nine-day EMA of the MACD called the "signal line," is then plotted on top of the MACD line, which can function as a trigger for buy and sell signals.

3/n

MACD



Traders may buy the security when the MACD crosses above its signal line and sell—or short—the security when the MACD crosses below the signal line.

4/n



UNDERSTANDING RELATIVE STRENGTH

1. Relative strength is a strategy used in momentum investing and in identifying value stocks.
2. It focuses on investing in stocks or other investments that have performed well relative to the market as a whole or to a relevant benchmark.

5/N

For example, a relative strength investor might select technology companies that have outperformed the Nifty50, or stocks that are outperforming the Nifty 500

HOW TO APPLY IN TRADINGVIEW?

Type

“Relative Strength”

Choose any

I USE By bharattrader

By traderlion

By Modhelius

relative				
☆ Favorites	Relative Volume RVOL Alerts	oh92	2326	
👤 My scripts	★ Relative Strength	modhelius	1975	
📊 Built-ins	Relative Strength of Volume Indicators by DGT	dgtrd	1903	
📖 Community Scripts	Relative Volume at Time	TradingView	1620	
	Relative Strength Index Direction by Nico Muselle	Nico.Muselle	1123	
	☆ Relative Volume	veryfid	998	{ } 📄
	Relative Strength Index Вик	vik123	788	
	★ Relative Strength of a stock	bharatTrader	765	
	Relative Estimated Price REP by KIVANÇ fr3762	KivancOzbilgic	700	
	Relative Currency Strength	john_everist	687	
	Relative Momentum Index	everget	658	
	Relative Momentum Index-coinigy	coinsspor	650	
	Relative Volume (RVOL) - Beasley Savage	BeasleySavage	641	
	Relative Strength(RSMK) + Perks - Markos Katsanos	midtownsk8rg...	595	
	Relative Strength Volatility Variable Bands [DW]	DonovanWall	534	
for	Strategy Tester	Trading Panel	— 📄	

WHY RS?

Helps to filter out stocks in good momentum and that are giving better returns than nifty

These stocks tend to outperform the market for a long term

These are potentially superstocks

65 period signifies 3 months of trading

In 3 months we have around 65 trading days

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TradingView

UNDERSTANDING 21 EMA

1. The 21 ema will help us to identify the trend of stock
 2. A stock above 21 ema will never be shorted and a stock below 21 ema will never be bought
- A trending stock will always be above 21 ema and will generally pullback to 21 ema to give multiple entries

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TradingView

Combining all the tools

Buy Signal Rules

Stock above 21 ema

Macd buy crossover

Rs line increasing and in positive

Volume up on updays and down on downdays

Target 10 to 15% or can be trailed using 21 ema

Stop loss max 7% in any case or nearest swing whichever is less

LONG:

9/n



Sell Signal Rules

Stock Below 21 ema

Macd Sell crossover

Rs line decreasing

If Rs line is in negative that's too good

Price near resistance or bearish patterns like double tops etc

Target 10 to 15% or can be trailed using 21 ema

SHORT SIGNAL: IGL

10/n



Stop loss max 7% in any case or nearest swing whichever is less

Ideal stop loss 5%

Position size 5 to 8%

11/n

How you can get out at tops

During distribution stock generally goes sideways

RS keeps on decreasing and soon MACD gives sell signal

Always wait for close below 21 ema before exiting a stock

During sideways zone at top of trend institutions will generally book profits

12/n

#LAURUSLABS AND #HINDCOPPER

using the same strategy we are exiting at potential tops

13/n



#POLYCABS EXAMPLE

Whipsaws

1. As we are using lagging indicators we may get multiple buy sell signals in short span of time
Even if we get Multiple SI hit
2. The sl during sideways will be generally small as we are keeping 21 ema as stop loss

14/n



3. SI % should be in 4 to 5 % range
4. You may enter late and exit late if you follow exactly the signals as indicators are lagging
5. Its better to be a small part of the larger trend and getout

15/n

When not to take trade

Even if you get a buy signal sometimes its good to avoid trades to avoid big draw down

One such instance is when the price has deviated more than 10% from the 21 ema when the signal is given

#MINDAIND

16/n



High Reward trades

1 stock will compensate for all your minor losses

This is a trend following system hence if you catch even 1 stock out of 10 that could give 30 40% in short time this could take your returns to multifold

As we are having a max loss limit of 7%

17/n



Please Note :

This is a momentum based trend following strategy .

The returns may vary depending upon the trend of overall market .

All Strategy have Drawdown period.

Please Backtest and try it on your own with small amount to Check the Success ratio .

18/n END

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