Twitter Thread by Nathansha Dilip

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(1/n) Some notes from my trading journal – A thread
With this thread I shall attempt to explain how I select my trading picks.

I have learn't this concept from @markminervini 's books. Hope it helps.

#Trade #Investment #invest #StockMarket #stocks #india

(2/n) Stock trading above 200 and 50 DMA

Buy high to gain higher. CMP above 50 Day Moving Average (DMA) and 50 DMA above 200 DMA signifies the stock to be in an uptrend. This is an uncompromisable rule. @ZerodhaVarsity @zerodhaonline
#stocks

(3/n) Volume

Volume is the key factor. The stock should show clear signs of accumulation. Generally, accumulation should happen over multiple periods of time. Attached image in the case of #BALAMINES can be used as an eg.
@ZerodhaVarsity

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(4/n) Surge

A stock should be bought either when it's in stage 2 or when it's forming a base after a surge. Surge is an upward move in a stock. The best trades are those when a huge surge happens in a very short time frame. Eg #FILATEX @ZerodhaVarsity

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(5/n) Consolidation

After a good surge, a stock generally consolidates. This means the stock is in its resting period and will trade only in a range. This phase will be coupled with volume dry up. Tight range with low volumes are the best setups. @ZerodhaVarsity #stocks



(6/n) Break out

Ideally, most buy happens at break out levels. This is when the stock moves above from the range bound consolidation period and jumps to new highs. There are various break out patterns. This will be explained by way of a separate thread. @zerodhaonline #stock

(7/n) Rule of extension

I generally avoid buying stock whose CMP is beyond 10% of 10 WMA. The closer the stock is to 10 WMA the better is the risk reward.#StockMarket @markminervini

(8/n) Stop loss

This is again an individual's choice. In trading I personally keep a strict stop loss of 5%. If it hits, I don't wait, I exit and hold no regrets. There is always going to be a better opportunity. @markminervini

(9/n) Overhead supply

Overhead supply occurs when a stock is below their highs. Investors who bought the stock at prior highs will sell-off their stocks as soon as the stock gains momentum. This increased supply will compress the stock's price. @markminervini



(10/n) Profit Booking

Again an individual's choice. I set a target prior to each trade and exit when its achieved. While there are various tools available to analyze how much a stock can go up, I decide on this part all by myself. @zerodhaonline #StockMarket

(11/n) Overall Market Trend

The most important factor. Ultimately the market has to support. Any stock is ultimately going to react only as per the market. @markminervini @ZerodhaVarsity @zerodhaonline