

Twitter Thread by Richard Moglen ■■■■



Richard Moglen ■■■■

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5 Ways Weekly Charts can help your Trading & Investing

■■ (Thread)

Weekly charts are a powerful timeframe, and regardless of your style, they can help you gain perspective on a particular setup and identify its potential

Using higher timeframes slows the action down and allows you to calmly analyze price and volume.

This will lead to better decision making.

For investors learning to analyze weekly charts and their trends can only complement your fundamental analysis.

For traders they are the "prevailing wind" and trading with this weekly trend will increase probabilities and help you remember to focus on larger patterns

1■ Weekly Charts show the True Trend of a Stock

Weekly charts eliminate a lot of the back and forth that occurs intraday and on daily charts. What is left is often a clear picture of the trend of a stock.

■■ Trending Up

↔■ Basing

■■ Trending Down



To identify this trend you are going to want to plot a 10 week SMA and a 30 week SMA on your charts

During a strong uptrend you will be amazed at how well the 10 week line acts as a guardrail for a stock's move

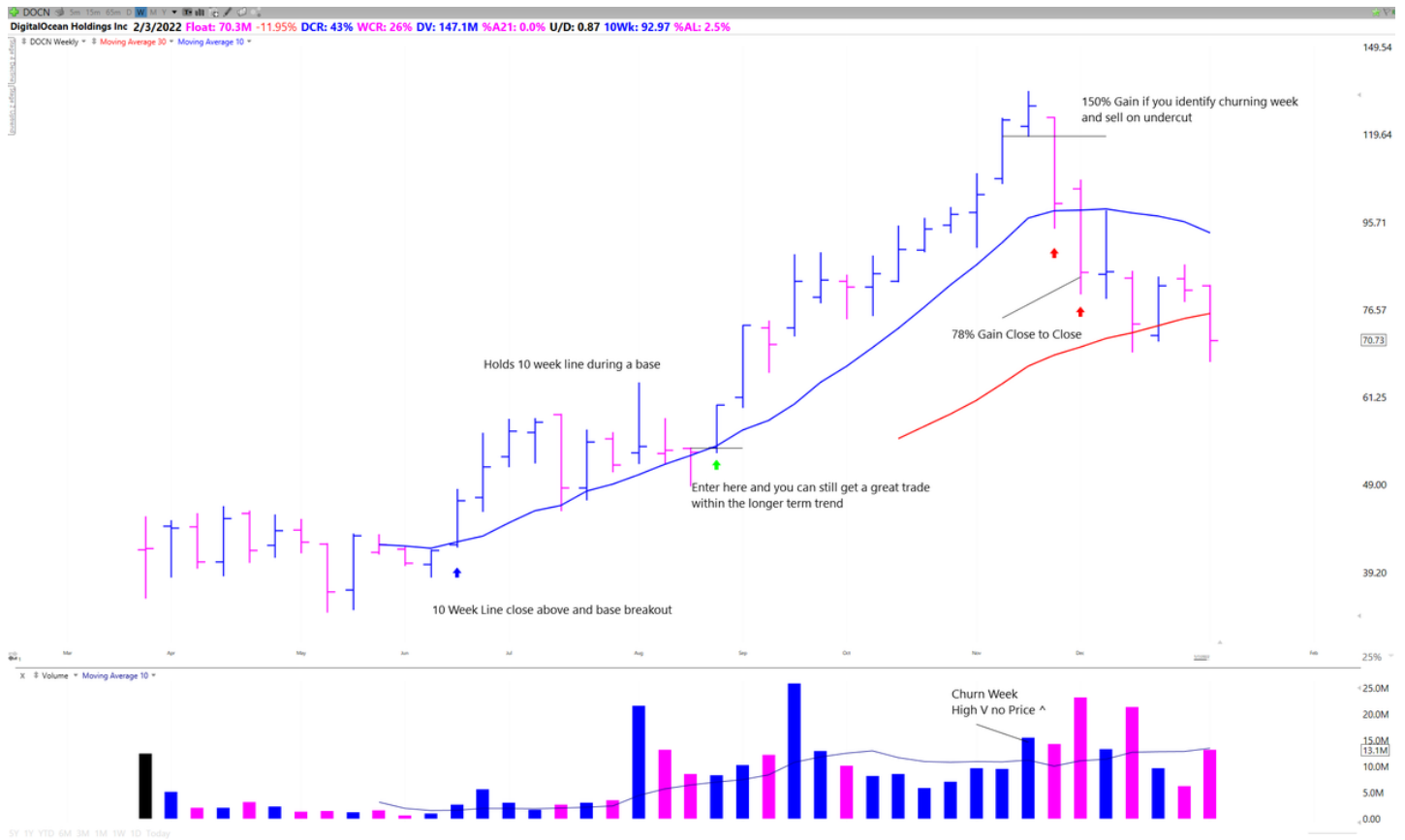
\$ZM increased 450% in 10 months, undercutting the 10 week only once



This is not simply a 2020 occurrence. Most stocks which make significant moves > 100% show respect for the 10 week line.

This is because it is often a spot where institutions build/add to positions on pullbacks.

\$DOCN advanced 150% in 6 months holding the 10 week sma



The same is true if you look back at the best performing stocks in history. The 10 week sma is consistently an area of support.

Here's is \$HD's powerful move in 1981

The red line is the 10 week SMA.

How To Find & Own America's Greatest Opportunities

By William O'Neil

We live in the greatest country in the world. How did it evolve? The U.S. system, that's how. It's your freedom of speech, religion and press.

You are free to own property and keep arms. Every citizen over 18 is free to vote in elections every two and four years, and replace weak or failed leaders. You are free to work, learn, create, innovate and invent because of our way of life. We are a nation of innovators because of these freedoms.

Our GDP per person is larger than any other major country. That's why millions of people continue to come here to participate in our exceptional freedom and opportunity. Nothing can hold you back except your own attitude or level of determination.

Today, nearly 50% of Americans invest in our stock market, either in their 401(k)s, individual stocks, mutual funds or pension funds. However, whether still working or retired, most are not highly skilled investors, as this takes time, work and study.

bly missed these life-changing opportunities in the past. It's wake-up time. Keep these examples.

This is by far the best way to improve your skill in finding the top innovative newer companies. These patterns and great fundamental numbers will be repeated again and again, and be priceless models to guide you in each new market cycle. The stocks may all have new names, but the highly successful facts and patterns will be the same.

Why did these super patterns and facts occur in all of our

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Sell - climax top: 10 days up in a row, up 40% on 2nd split in last 6 months

3 weeks tight closes

Cup base

You have to buy using rules, hold using new rules, and sell based on selling rules...no opinions, emotion or ego.

Add base only corrects 10%

Add first pullback to 10-week moving average line of prices

Add

New buy point

5 weeks tight closes shows positive accumulation

Cup base

Up 20% in 1 week must hold 8 weeks and then reassess

Buy point after 3 tight weeks and volume dry up on correction

End of 8th week from buy, HD now up 47%, so can hold until closes week below 10-week moving average on big volume or has a climax top

Home Depot (HD) Weekly Chart

In 2004, Google IPO repeated the same pattern and buy point

Huge volume (demand)

Low volume on decline

Big volume

Volume

640,000

420,000

280,000

180,000

+100%

+100%

N/A

+50%

+100%

+350%

N/A

+100%

+50%

EPS % Chg

Jun 81

Sep 81

Dec 81

Mar 82

Jun 82

Sep 82

Dec 82

Mar 83

Jun 83

Date

The 30 week moving average is just as useful for investors and traders for identifying the stage of the stock

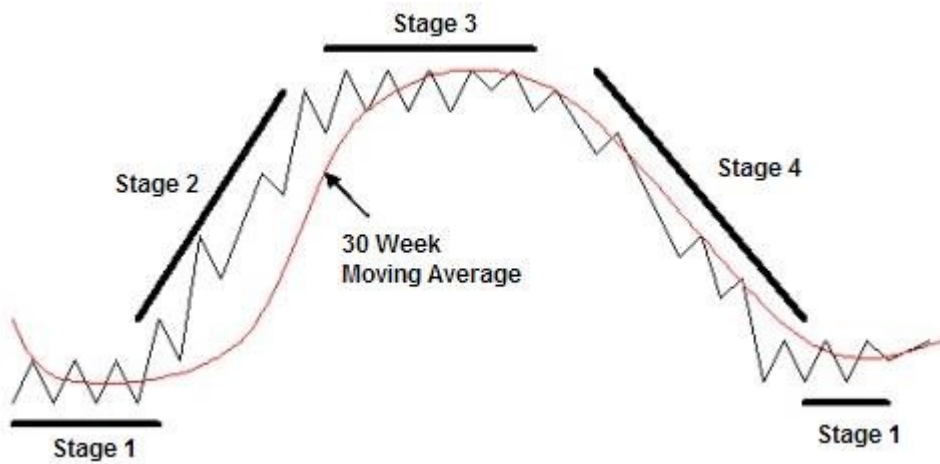
Stage 1 - Basing

Stage 2 - Advance

Stage 3 - Consolidation

Stage 4 - Distribution

The big money is made during S2 Uptrends and the big money is lost in S4 Declines

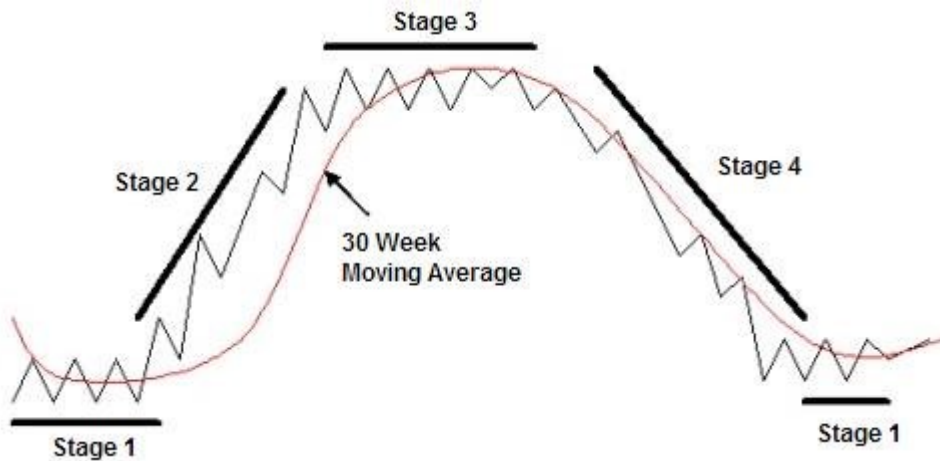


S1 - Price chops back & forth around a declining to flat 30 week MA

S2 - Starts with a big volume breakout from a base, Price starts trending above a rising 30 week MA

S3 - Price chops around a flattening 30 week ma

S4 - Price starts trending below a declining 30 week MA

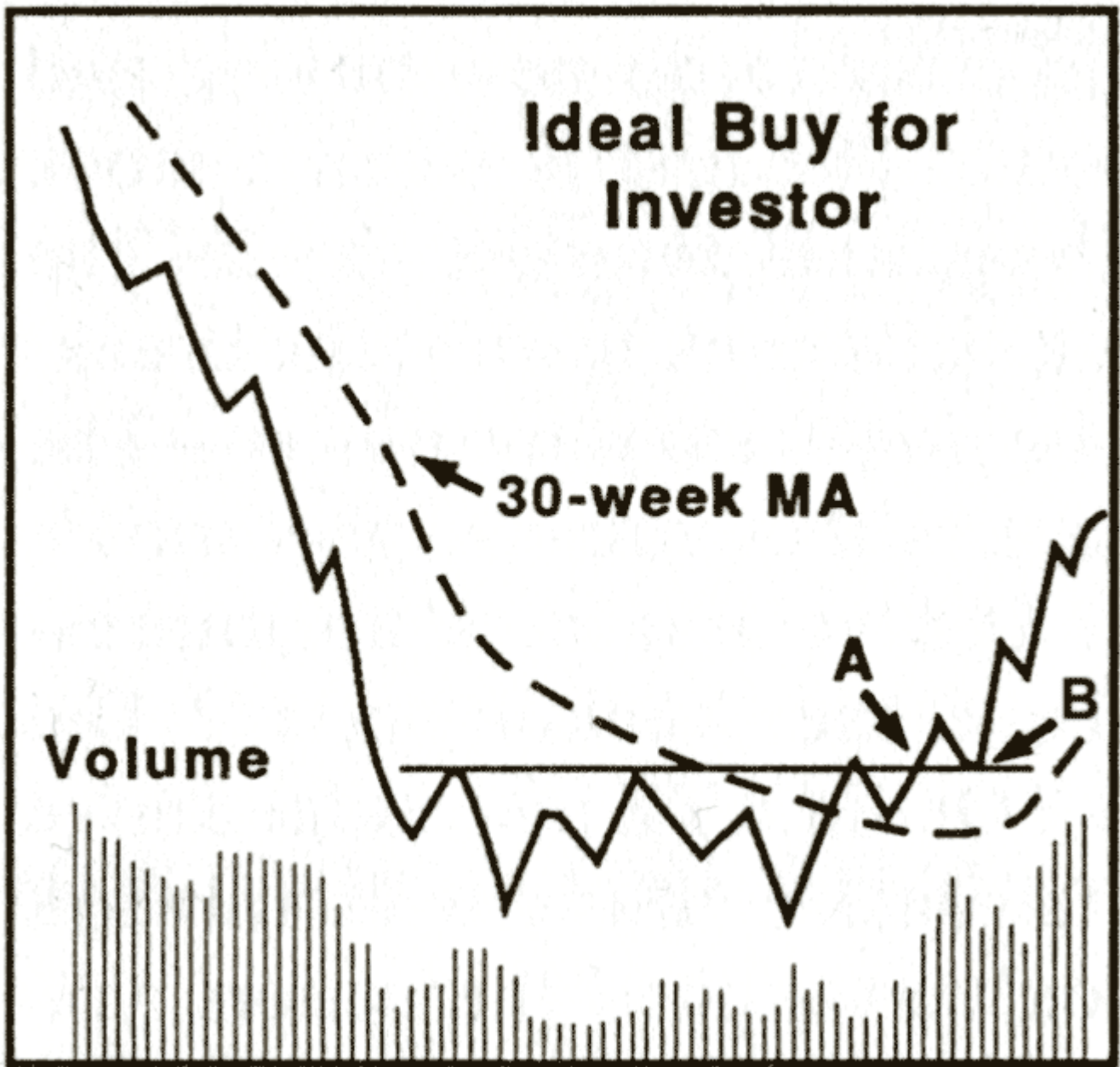


Stage Analysis, developed by Stan Weinstein, shows the long term trend of any stock.

Both investors and traders should focus on stocks beginning or in Stage 2 Uptrends.

My Interview with Stan:

■ <https://t.co/G5jsyL5BMo>



2■ Weekly Charts reveal the footprints of Institutions.

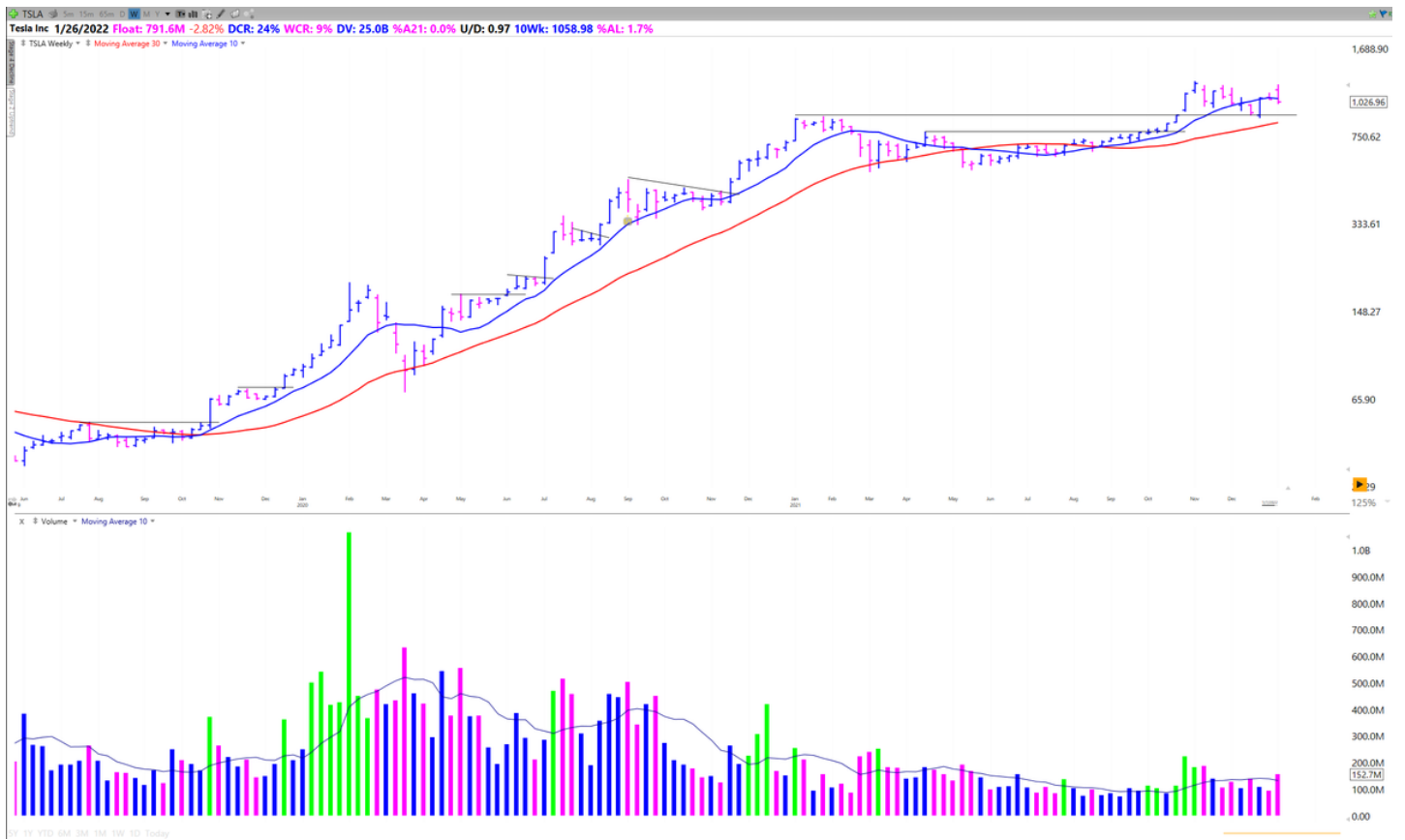
Institutions can't hide when they begin and continue accumulating positions.

Look for.

- Huge Volume Spikes
- Tight Weekly Closes
- Increasing average weekly volume

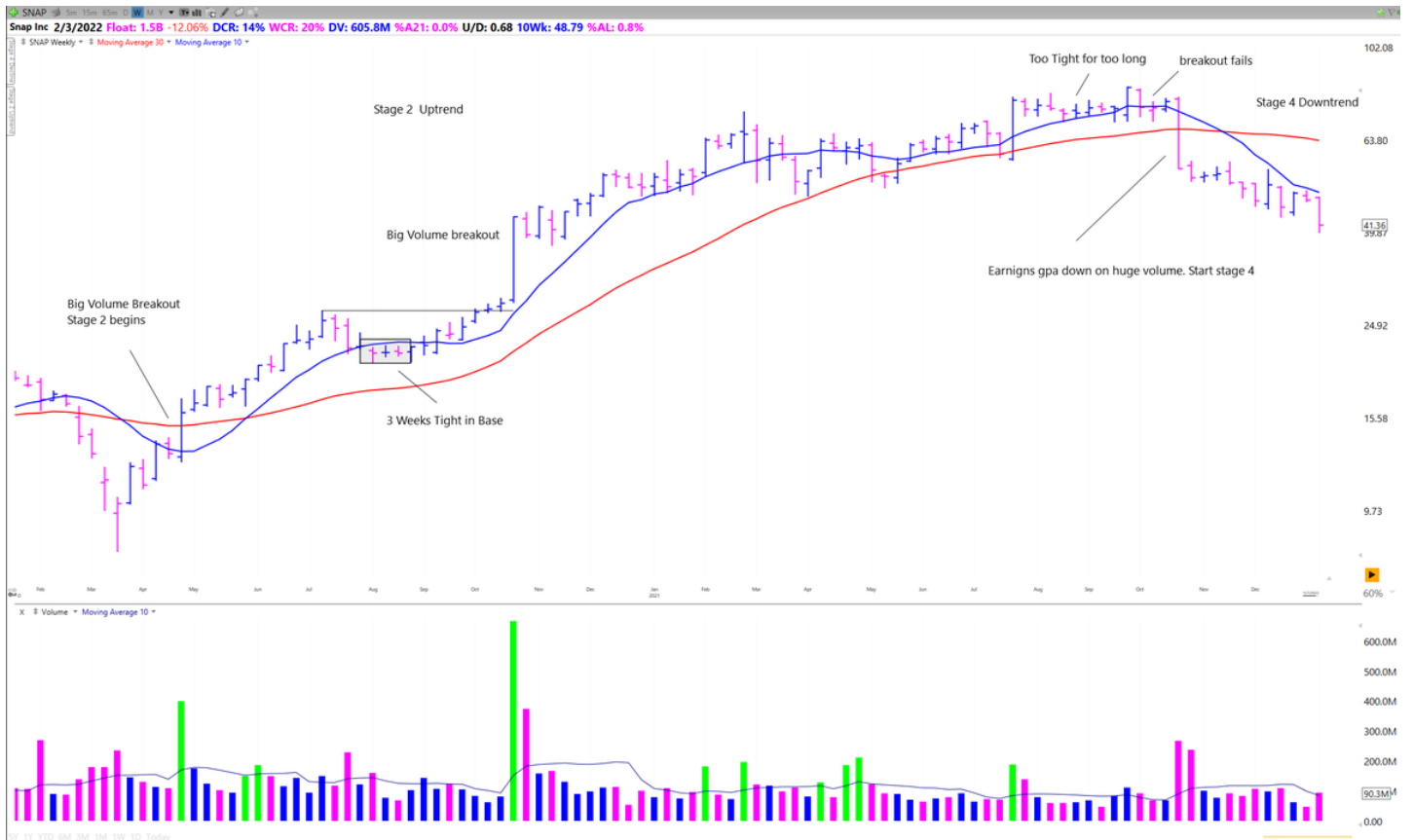
Look at the chart of \$TSLA since 2019. Notice how breakouts from bases are accompanied by volume well above the 10 week average, & within bases volume dries up.

Look at significant volume weeks and determine based on context and CR if a stock is being accumulated or distributed



\$SNAP is a great example of tight closes within a base suggesting institutions drew a line in the sand and were accumulating shares.

Also look for this after a breakout to see if institutions are still building positions



\$FUTU is an example of weekly volume increasing during a move. As it does this the stock becomes more liquid and larger institutions can get involved.



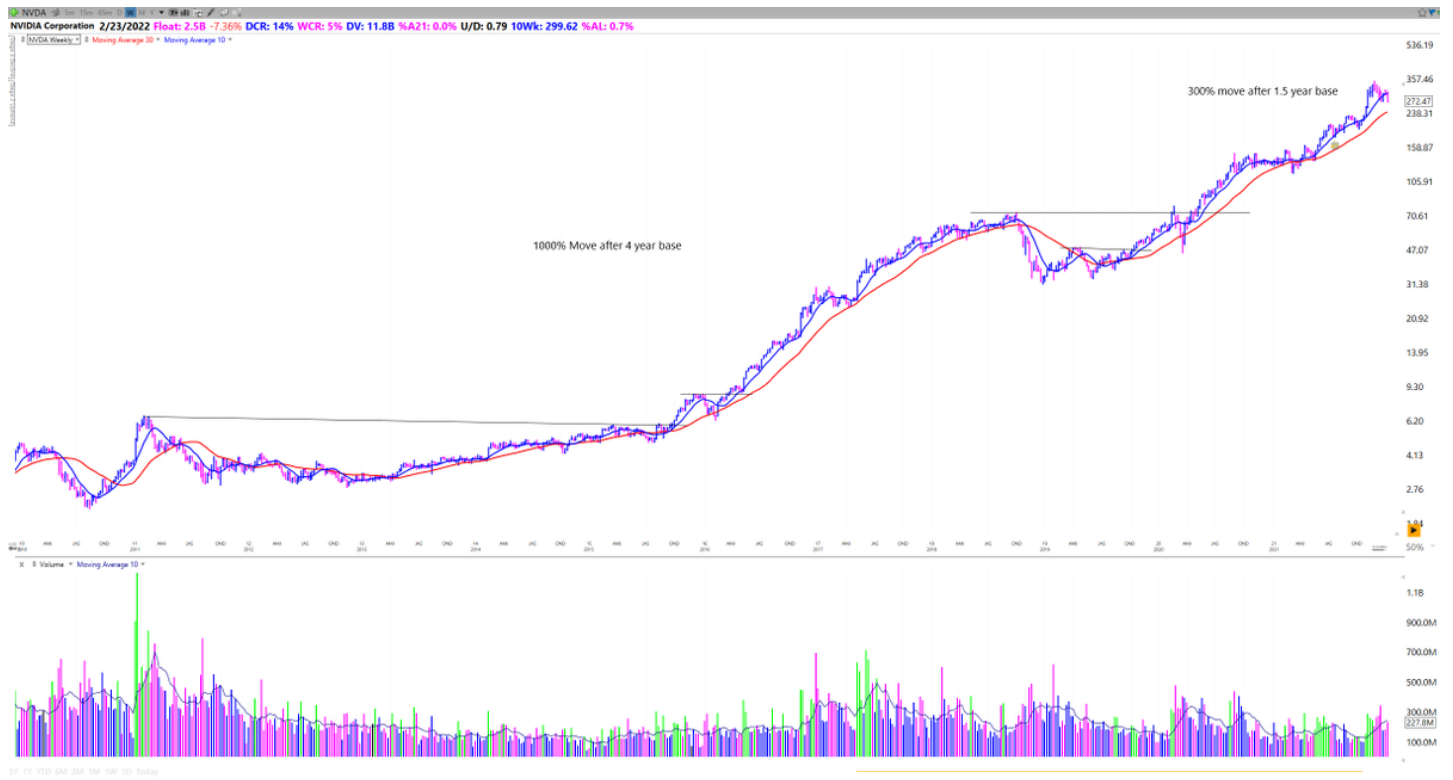
3 ■ Focusing on Weekly charts reminds us that the biggest moves come from larger patterns.

100% + moves begin with a long basing period and a strong breakout.

Focus on ■

- Recent IPOs after their first big base
- Mature names after they have consolidated

\$NVDA has had multiple moves out of long basing patterns. This allows shares to fully transfer from short term players to longer term institutions



Recent IPOs often start long term moves out of their first primary base.

Read "The Lifecycle Trade" for more info

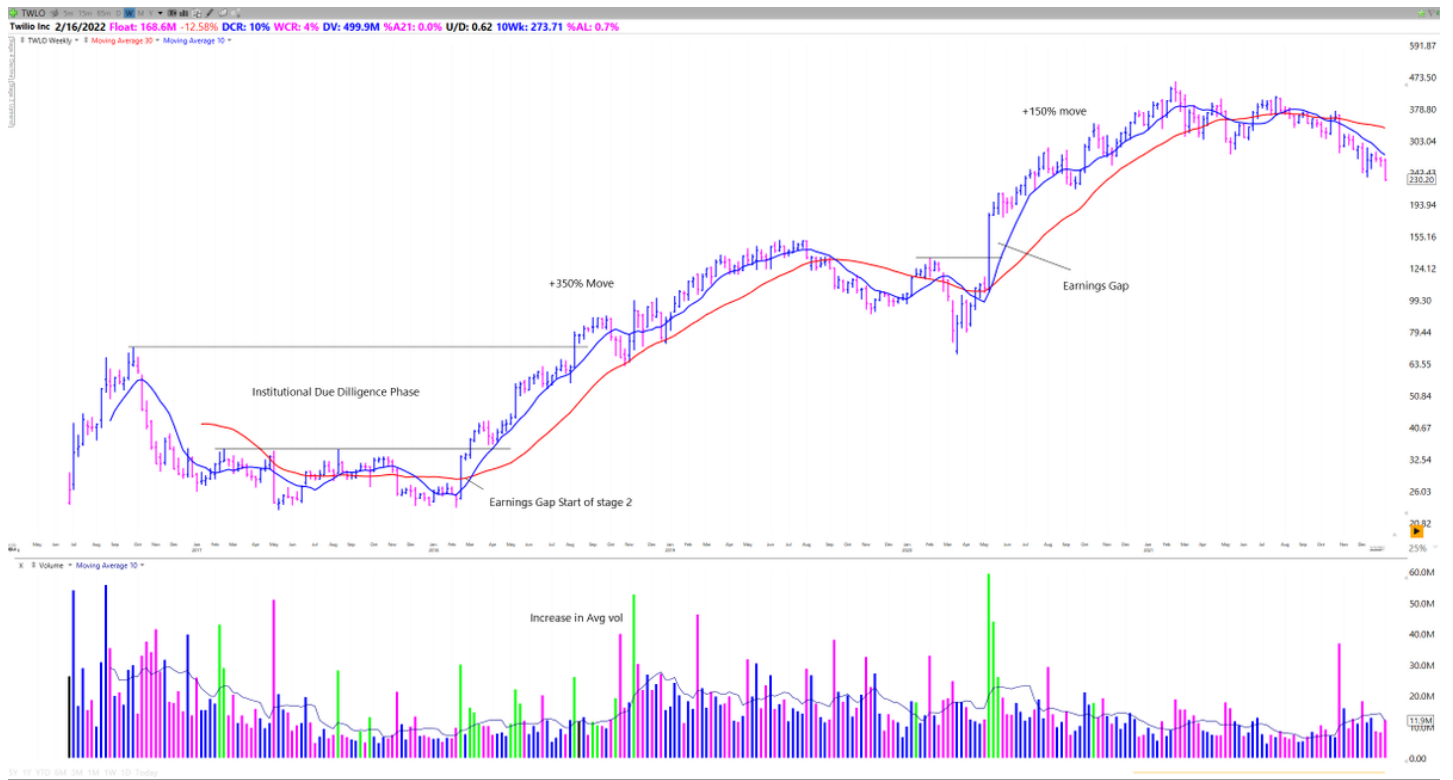
■ <https://t.co/PuofeP4Mkc>

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4 Weekly Charts Remove the Noise. Limit Decisions

As mentioned previously, weekly charts remove intraday and daily chop. The stock can move a lot throughout the week but it is the institutions who control where it closes.

The weekly action and trend supersedes the intraday and daily movements of a stock.

Always make sure you are stacking probabilities and trading with the weekly trend.

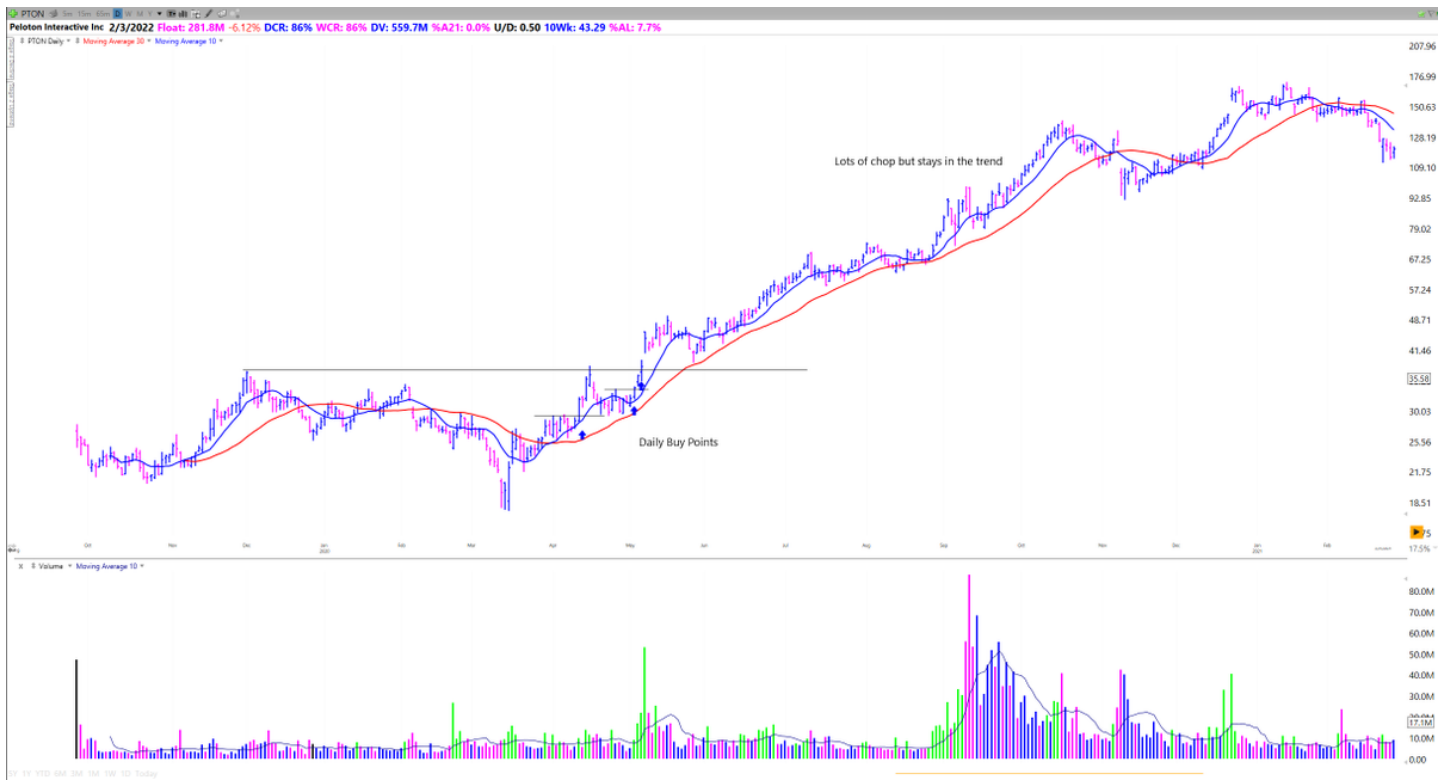
For investors, Weekly Charts are a great way to use technical analysis and time trades since there are a lot less signals to work with.

Position and even swing traders should also consider buying on a daily chart but then switching over to a weekly once the trend is established

This is especially helpful after a significant correction when trends can last a lot longer than we think and daily noise can scare us out.

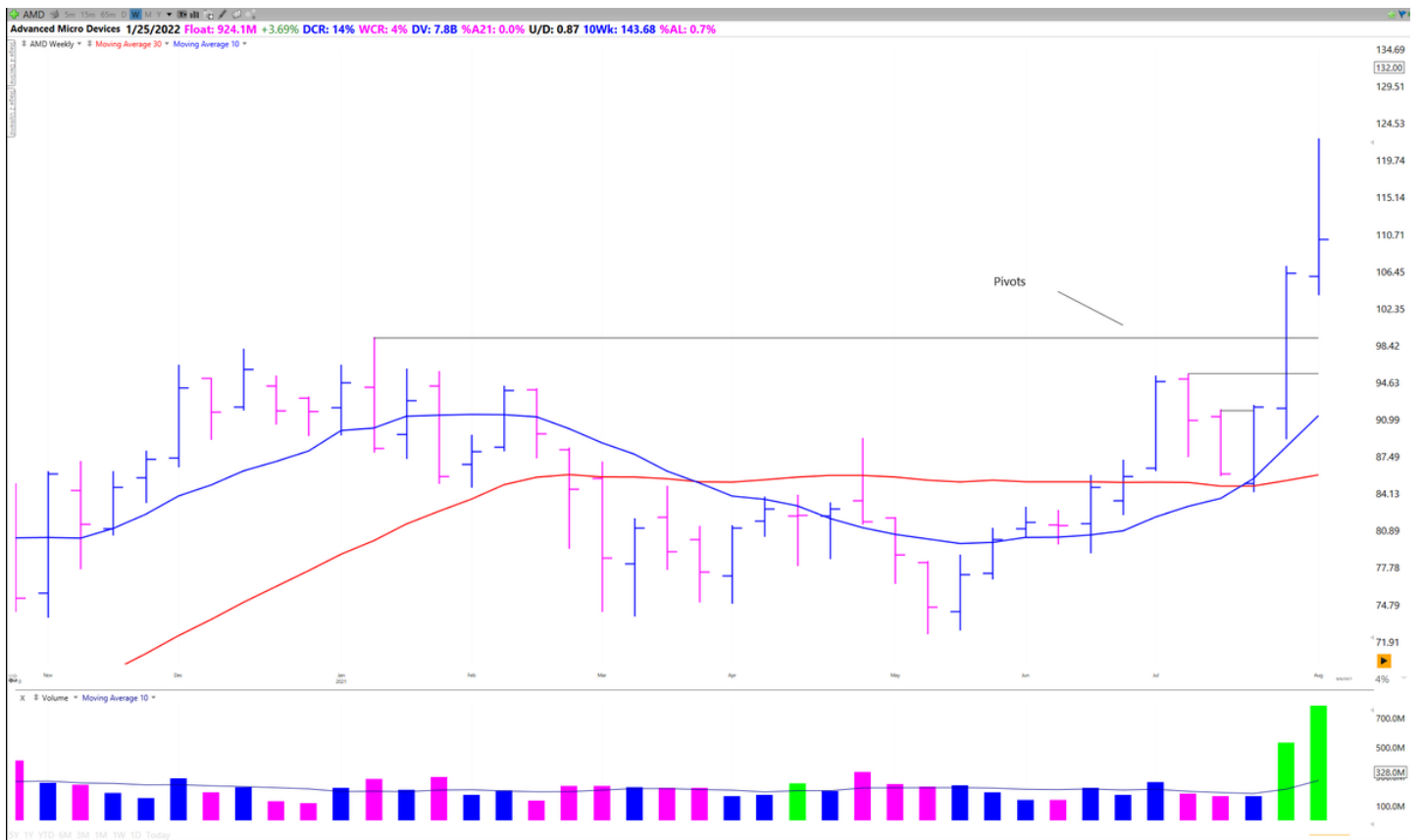
Here's an example with \$PTON buying on the daily and then managing the position on a weekly.

When the weekly trend changes PAY ATTENTION.

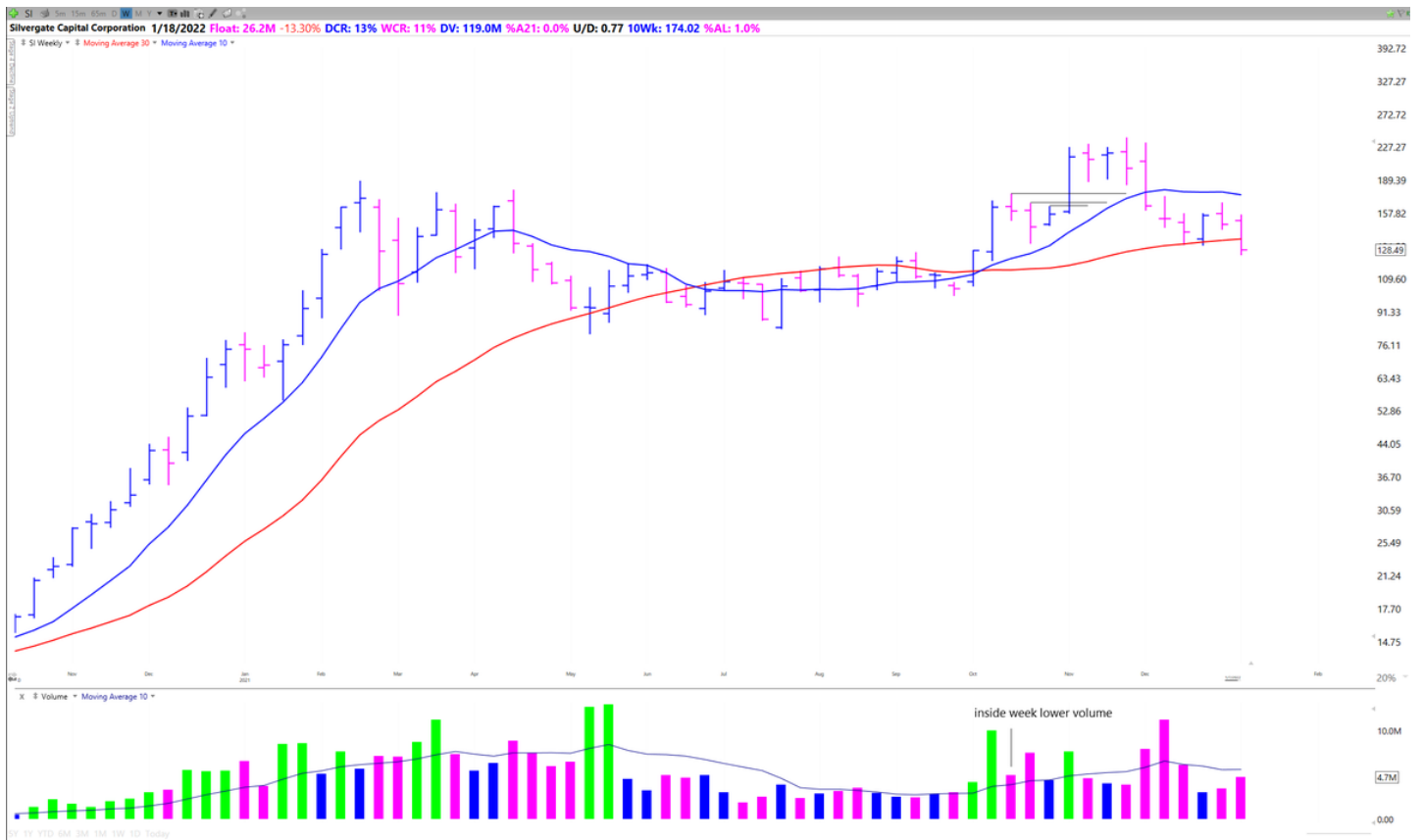


5 Identify Key Levels and Pivots

Weekly chart highs and closes are excellent pivots to use on a daily chart for shorter term traders.



Inside weeks especially provide clear pivots for swing traders. These are volatility contractions on a lower timeframe.



Trading off weekly levels is a great way to improve the probability of a trade working since the weekly players are involved as well not just the daily and intraday traders.

I hope you all found this thread helpful!

If you did please like and retweet the first tweet (linked below) ■■

Also tag anyone else who you think would find it interesting. Take care!

<https://t.co/6G431kBDQ>

5 Ways Weekly Charts can help your Trading & Investing

\U0001f4c8\U0001f4c9 (Thread)

— Richard Moglen \U0001f4fd\ufe0f\U0001f981\U0001f6a2 (@RichardMoglen) January 9, 2022

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<https://t.co/TvGS94qkPP>