



## Chapter 1 - Introduction

## Chapter 2 - Technical Analysis

>> Technical analysis catalogues market data and establishes a system for finding trade ideas, picking entries & exits, and managing risk. It encompasses nearly all your trading decisions from steps a to z.

- a. Value of Technical Analysis
- b. Understanding the Dynamics of an Auction Market
- c. How to Follow the Flow of Money

## Chapter 3 – Charting Basics

>> Charting allows us to see the actions of all traders in graphical format. Charting is the tool that takes what looks like random, chaotic data and forms it into a concise picture. We use charts to determine not only where a stock has been but also where it is going. In this chapter we learn what indicators can be used to confirm positive price action and exactly how we use them. We also learn how to read volume and how it relates to price on a chart. In the end, we will show you how to take these pieces of the chart and tie them together using multiple timeframes to build a high probability, low-risk trade.

- a. Chart Setup (Price, Volume, Moving Averages, Stochastics, Bollinger Bands)
- b. Price/Volume Relationship
- c. Intraday vs. Daily Charts

## Chapter 4 – Understanding Market Cycles

>> Stocks are either in a period of consolidation or a trending period. As traders, we want to focus on the periods where stocks are moving in a recognizable way. We enter momentum stocks in trends and stay in them as long as they are moving in the direction of the trend. In this section, we will be learning the four stages and cycles that stocks enter. By learning how to recognize these different stages, we become more profitable traders because we know which style of trading to apply at various times.

- a. Accumulation
- b. Run-up
- c. Distribution
- d. Run-down

## Chapter 5– Define Your Trading Style

>> There are three styles of short-term trading: day-trading, swing-trading, and position trading. Do you have a full-time job? What type of personality do you have? What kind of risk are you able to take at this point in your life? These are the types of questions that we will address in this chapter and help you determine which type of trading suits your personality and lifestyle as well as your risk profile.

- a. Day-trading
- b. Swing-trading
- c. Position Trading
- d. Which type of trader are you?

## Chapter 6 - Support and Resistance Trading

>> There are multiple types of support and resistance on a chart. Prices move in an auction market from high to low levels because the price is constantly looking for its fair value. There is constantly changing supply and demand in a stock due to the many variables and emotions involved in the market. Support and resistance areas are established as buyers and sellers fight for control of the stock. Understanding the dynamics and reasons why support and resistance levels are established will help you see how to position trades around these levels. In this chapter you will learn the types of support and resistance levels and exactly how to use these areas on charts to make actionable and profitable trades. We will also learn which support and resistance setups have the highest probabilities for the biggest gains.

- a. The dynamics of support and resistance
- b. Types of support/resistance (price, moving average, trend-line, bollinger band)
- c. Daily support/resistance trading for both day-traders and swing-traders
- d. Intraday support/resistance trading for day-traders
- e. Highest probability support and resistance trades (our top 3!)
- f. Box Trading

## Chapter 7 – Trends

>> A trend can be thought of as the path of least resistance in a stock. There are both uptrends and downtrends in stocks. An uptrend occurs when a stock is making higher highs and lower lows while a downtrend is when a stock makes lower highs and lower lows within a specific timeframe. The reason that trends are important is because a stock will stay in its primary trend till a force greater than or equal to it is thrust upon it. As traders the lowest risk and highest reward trades come when you trade in the direction of the primary trend. Investors, swing-traders, and day-traders all use different timeframes to monitor trends. In this chapter we will learn how to identify forming trends, how to identify the strength of a trend, and how to identify when trends are breaking using volume, price action, and indicators.

- a. Different types of trends
- b. How to identify trends (forming and breaking)
- c. Monitoring trends on different time frames

## Chapter 8 – Timing the Trade

>> Knowing how to align charts on multiple time frames is one of the biggest things that separates successful traders from unsuccessful traders. It allows us to look at trades and setups without distortion. Traders must know how to overlay multiple timeframes to find precise entries in a stocks trend to ensure high probabilities of success. The highest probability trades come during the alignment of the trend in multiple timeframes. By looking at three timeframes, we can point out the primary trend (long-term), determine the potential areas for stop losses and targets (intermediate), and pinpoint an exact entry (short-term). In this chapter we will explore how to align multiple time frames, how to determine which time frames are most important for investors, swing-traders, and day-traders, and how to determine exact buy points for a stock using the different time frames.

- a. 3 important time frames
- b. How to read and align multiple time frames
- c. Overlaying charts to create precise entries

## Chapter 9 – Analyzing Stock Market Indices

>> The first step in our stock scanning routine is always a general market analysis. Three out of four stocks will follow the general market trend. Thus if you can go long stocks during market upswings and be in cash or short stocks during market downswings, you have won 75% of the battle. Being a great trader involves timing exact entries for stocks that are at key inflection points. Coupling this with market timing techniques will add exponential returns to your trades. In this chapter we will discuss the major market indices and their major components, along with how to analyze and trade the market as a whole.

- a. Analyzing the general market
  - S&P- our main market indicator
  - Dow Jones Industrial
  - Nasdaq - tech stocks
  - Russell - smallcaps stocks
- b. Analyzing markets to see the current trend
- c. Support and Resistance Zones in the Market
- d. Recognizing Overbought/Oversold Areas in the Market
- e. The Causes of Market Gaps and How to Trade Them

## Chapter 10 – Market Breadth

>> Gauging the breadth of the market is how you determine the overall strength and direction of the market. Breadth measures the broad market participation by all stocks and helps you determine if market moves are significant. Traders can deduct the market breadth by reading and understanding the internals of the market, basically what is going on behind the scenes. This is an important skill, as it helps you navigate around your trades with precise timing. There are five main indicators that you can look at to help you determine the breadth. These are taught and discussed extensively in this chapter.

- a. Advances vs. declines
- b. Reading Indices
- c. 4% breakouts vs. 4% breakdowns
- d. New highs vs. New lows
- e. Breadth Thrust

## Chapter 11 – ETF Trading and Sector Analysis

>> A main part of our trading method is trend trading. If a sector is hot we will ride it. Traders are different than investors in that diversification for traders is bad. We want to be heavily concentrated in the parts of the market where the money is flowing. We can use ETF's to track sectors easily. An ETF is a security that tracks an index, a commodity, or a basket of assets, but trades like a stock on an exchange. ETF's trade just like stocks and can be watched to see which sectors are moving. In this chapter, you will learn the most popular traded ETF's that represent each major indices and how to use the ETF's to place trades based on market sentiment and movement.

- a. Advantages of Trading ETF's
- b. Our Favorite ETF's to Trade
- c. Analyzing Sector Strength Using ETF's
- d. Trading the Sector as a Whole Using ETF's

## Chapter 12 - Risk Management

>> Risk management is a big part of being a successful trader. Great risk managers understand the importance of only taking trades that have great risk to reward ratios. Great risk managers also understand the importance of sizing their positions correctly according to the type of trade they are taking and what is going on in their surroundings. In order to maximize your profits and manage your downside risk you must fully understand numerous factors about the market. You must be able to analyze the market in such a way that you can determine when it is in your best interest to hold overnight, or to go home all cash. When it is in your best interest to take large positions or to scale back and only take partial positions. When it is in your best interest to swing-trade or just day-trade. All these factors are what separate good traders from great traders. This chapter will teach you how to determine when you should exercise these things.

- a. Determining Risk to Reward Ratios and Position Sizes
- b. Tips on Managing Winning Positions to Maximize Profits
- c. Managing Portfolio Risk
- d. Types of Stop Losses and Exit Strategies
- e. Managing Your Portfolio Risk in Conjunction with Market Cycles
- f. Handling gaps with Proper Risk Management

## **\*BULLSMETHOD\***

>> A setup is a specific pattern or set of rules that must be fulfilled so that an entry in a stock can be made. There are hundreds of variables that you must consider in trading. The beauty of being “setup focused” is that we are taking something very broad, like trading, and narrowing it down into a specific task. It is nearly impossible to become an expert at the market because it encompasses everything. However, you can make a living trading by having complete mastery over your setup. By conditioning yourself to recognize the patterns and setups quickly, you are reducing the noise around you and allowing yourself a higher chance of profiting in the trade. In the below chapters, we will focus on learning the two major types of trading: breakout plays and pullback plays. Under these two topics are multiple-high probability setups that you should master.

### **Chapter 13 – Breakout Trading**

>> A breakout is when price moves outside an area of resistance. Whether you trade on a weekly, daily, or intraday timeframe, the concepts and strategies are the exact same. There are many traits that must accompany a breakout for it to be a true breakout. In this chapter you will learn what types of breakouts to look for as well as how to know if a breakout is working or if it is a failed breakout.

- a. Traits of a Breakout
- b. Flat Top Breakouts
- c. Base Breakouts
- d. Flag Breakouts
- e. Intraday Breakouts
- f. PR/Earnings Breakouts

### **Chapter 14 – Trading Pullbacks**

>> Pullbacks are the result of a stock falling back after it has reached a high. Often times pullbacks are buying opportunities if the stock is in a strong uptrend. It is important to analyze the traits of the pullback to see if it is just a pause in the up-trend or an actual reversal in the stock. The ideal time to buy these dips is when the stock pulls back to areas of support. These areas of support include moving average support and price support. In this chapter, we will teach you how to spot and play our five go to pullback plays

- a. PB to moving averages
- b. PB to price support
- c. Breakout/Pullback play
- d. 20dma bounce
- e. Oversold PB

## Chapter 15 - Classic Setups

>> In this chapter we will discuss the classic chart patterns that every trader should know. These patterns are heavily traded because they are easy to spot and are high probability setups. These patterns are universal and show up on all time frames on charts. This chapter provides in detail descriptions of the key components of these setups and tons of examples for you to review.

- a. Double Bottoms
- b. W Bottoms
- c. Symmetrical Triangles
- d. Head and Shoulders

## Chapter 16 - Our Go to Setups

>> This chapter is our secret sauce. These are the plays that we have personally named and mastered. We trade these setups over and over again because we have found they have the highest probability of success. If you master the breakout/ pullback plays and these eight go to setups, you can make a living trading stocks for the rest of your life. This chapter provides in detail descriptions of the key components of these setups and tons of examples for you to review.

- a. PR Breakouts
- b. Earnings Breakouts
- c. Red to Green Moves
- d. Rubber-band Snapback Plays
- e. Bottom Bounces
- f. Squeeze Zone Plays
- g. One Dollar Roll
- h. Bear Flags
- i. Oversold Support Bounce

## Chapter 17 - Newstrading

>> Some of the most powerful moves in individual stocks come after the release of news, such as earnings reports or PR's. There are fundamental trades and there are technical trades, however, news trades trump both of these. In order to get a 40 or 50% move in a stock, you need a game changer or catalyst to cause the run-up. Some of the most profitable traders are great news traders. The faster you can receive, read, and interpret the news, the better off you will be. This chapter will review our favorite news sources and how you should trade news events.

- a. Our Favorite News Sources
- b. How to Read and Interpret PR's
- c. PR Breakout Setup
- d. How to Read Earnings Reports
- e. Earnings Breakouts Setup

## Chapter 18 – Trading and Handling Stock Gaps

>>The closing price of a stock is not always the same as the opening price of the stock from one day to the next. Often times a stock's price will be much higher or lower the next day due to an imbalance to the buy or sell side. The stock gaps in price and leaves a blank spot on the chart where no trading occurred. In this chapter we will help you determine what type of gap has occurred and how you should trade the particular gap. Many times you will be in a stock that gaps up or down when the market first opens. Perhaps the stock gapped below your stop price, what should you do? What if your stock gaps up at the open, should you sell immediately or will the stock run more? These are the types of questions that will be addressed in this chapter. Knowing how to handle gaps can help make you a more profitable and successful trader.

- a. Handling Gaps in Current Positions
- b. Trading Fundamental Gaps (news gaps, earnings gaps)
- c. Trading Technical Gaps (regular gaps, breakaway gaps, exhaustion gaps)
- d. Trading Gap Fills in Stocks

## Chapter 19 – Everything Else

>> In this chapter, we will go over the different trading tools that we specifically use from day to day in our trading. This includes how we setup our trading desk, brokers we recommend, the sources that we use to find information, and the screeners we use to make our watch-lists. We will show you what we do on Sundays and in the mornings to get prepared for the week. Also, any tips that we have from our experiences will be included in this chapter. This will tie everything together that you have learned in this course and will help you begin the process of learning to trade.

- a. Scanning 101
- b. Brokers
- c. News Sources/ Blogs
- d. Using Our Platforms
- e. Morning Routine
- f. Sunday Routine
- g. Twitter
- h. Tips