BOOMIE BOUNCE PLAYBOOK

"The secret to being successful from a trading perspective is to have an indefatigable and an undying and unquenchable thirst for information and knowledge."

– Paul Tudor Jones

Almost my entire trading career, I focused on catching momentum stocks. My achievements, the big money often came from uptrend stocks but what most people do not know is that I can also switch to a different style when opportunity knocks on the door, and if you know me I am the guy that will not let a good opportunity pass. I know every trader is different. Not everyone can play stomach chasing momentum stocks while some do not have the patience to wait for a stock to reverse.

In this short guide to bounce plays, my goal is to strengthen your stock trading arsenal. This manual is technical intensive and focuses a lot on day execution. It is not for investors, it is made for traders. It is in my opinion that a trader should not be limited to a particular style given that the market constantly changes. As stock traders it is our job to capitalize and extract money from the market in every possible way. Hope this helps in your trading journey!

What is a Bounce play?

When a stock drops more than 8% in less than 5 days (the bigger the better)
Possible Catalysts:

1. Negative News
2. Bad Earnings
3. Panic caused by outside forces etc.

EXECUTION:

<u>BUYING</u>
After the HUGE sell off we wait for the following conditions before we enter:

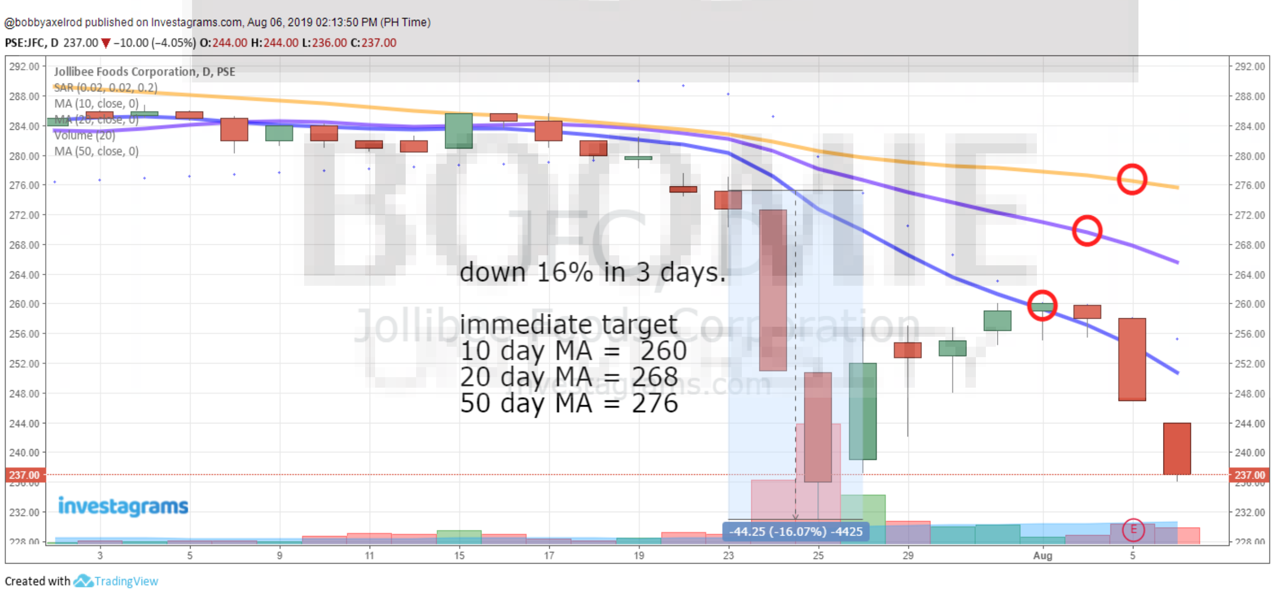
1. Use 5min intraday chart
2. Wait price to move above the 10,20 day Moving Average (BUY PARTIAL)
3. When price moves above the 50 day MA and MACD moves above 0, wait for MACD to STAY above 0 and settle down forming a Coil during the 5min chart.
4. BUY full amount when price breaks out of the Coil formation on the 5 minute chart. Position size will be based on RISK calculated to the bottom of the coil.

<u>SELLING</u>

- Conservative Target Price 10 day MA. (Partial sell)
- 20 day MA realistic TP
- 50 day MA most optimistic TP

<u>CUT LOSS</u>
The Current Days LOW will ALWAYS be the CUTLOSS PRICE.

<u>EXAMPLE: JFC SELLS OFF FOLLOWING CBTL ACQUISITION</u>



EXECUTION

A. PUT CUT AT DAYS LOW: **<u>231</u>**
B. CALCULATE RISK 1% FOR SIZE **BUY 1/3** SIZE WHEN PRICE BREAKS ABOVE 10 AND 20 DAY MOVING AVERAGE
C. BUY THE OTHER **2/3 POSITION** WHEN PRICE BREAKS OUT OF COIL FORMATION AT **240** ON 5MIN CHART. **<u>CUT STILL AT 231</u>**, THE DAYS LOW.

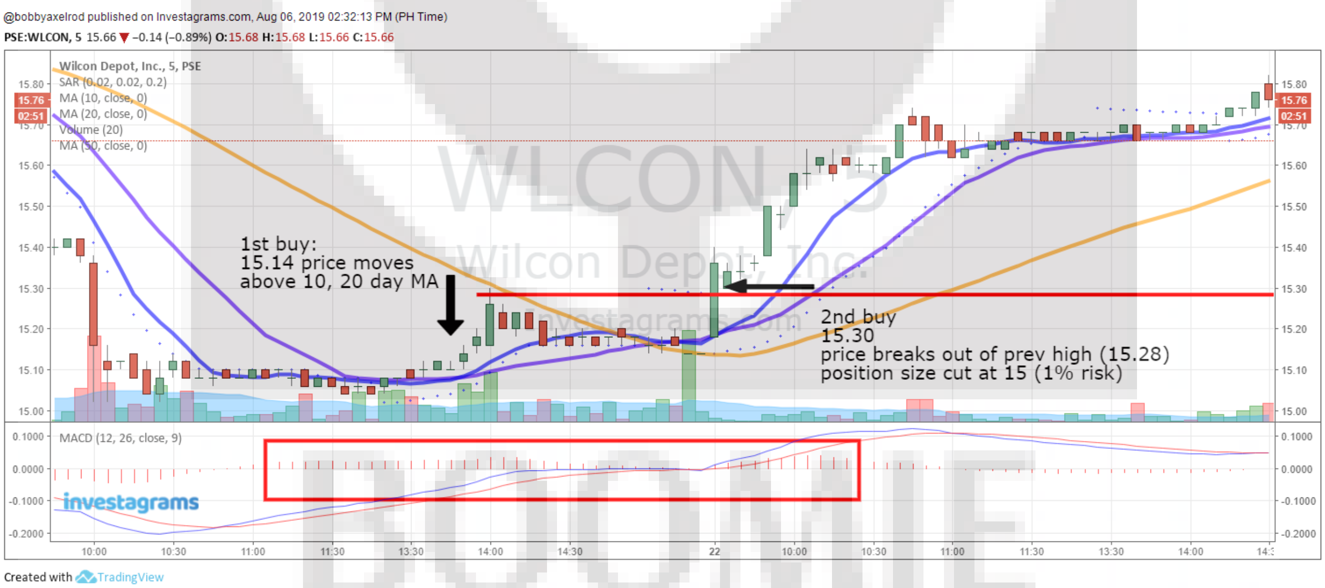
RESULT: JFC 8% GAIN IN 4 DAYS

EXAMPLE 2:

WLCON DEPOT BREAKDOWN
DOWN 10% IN 3 DAYS

CHART: WLCON 5 MINUTES

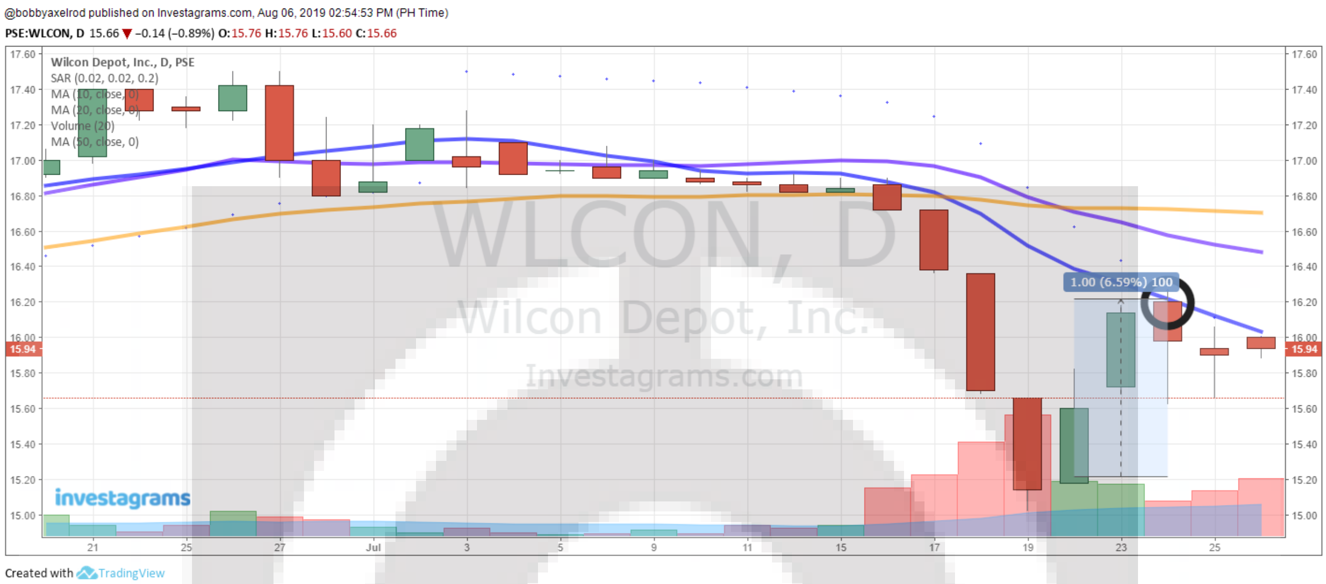
ZOOMED IN CHART ON 5 MINUTE CHART (IMAGE BELOW)



<u>WILCON</u>

A. PUT CUT AT DAYS LOW: 15
B. CALCULATE RISK 1% FOR SIZE. **BUY 1/3** SIZE WHEN PRICE BREAKS <u>ABOVE 10 AND 20 DAY MOVING AVERAGE</u>
C. BUY THE OTHER **2/3 POSITION** WHEN PRICE BREAKS OUT OF COIL FORMATION AT **15.30** ON 5 MIN CHART. **<u>CUT STILL AT 15</u>**, THE DAYS LOW.

RESULT: WLCON 6.4% GAIN IN 2 DAYS TOWARDS THE 10 DAY MOVING AVERAGE



EXAMPLE 3:
PHEN SELL OFF FROM NEWS
DOWN 15% IN 4 DAYS.
MORE THAN 20% FROM THE HIGH

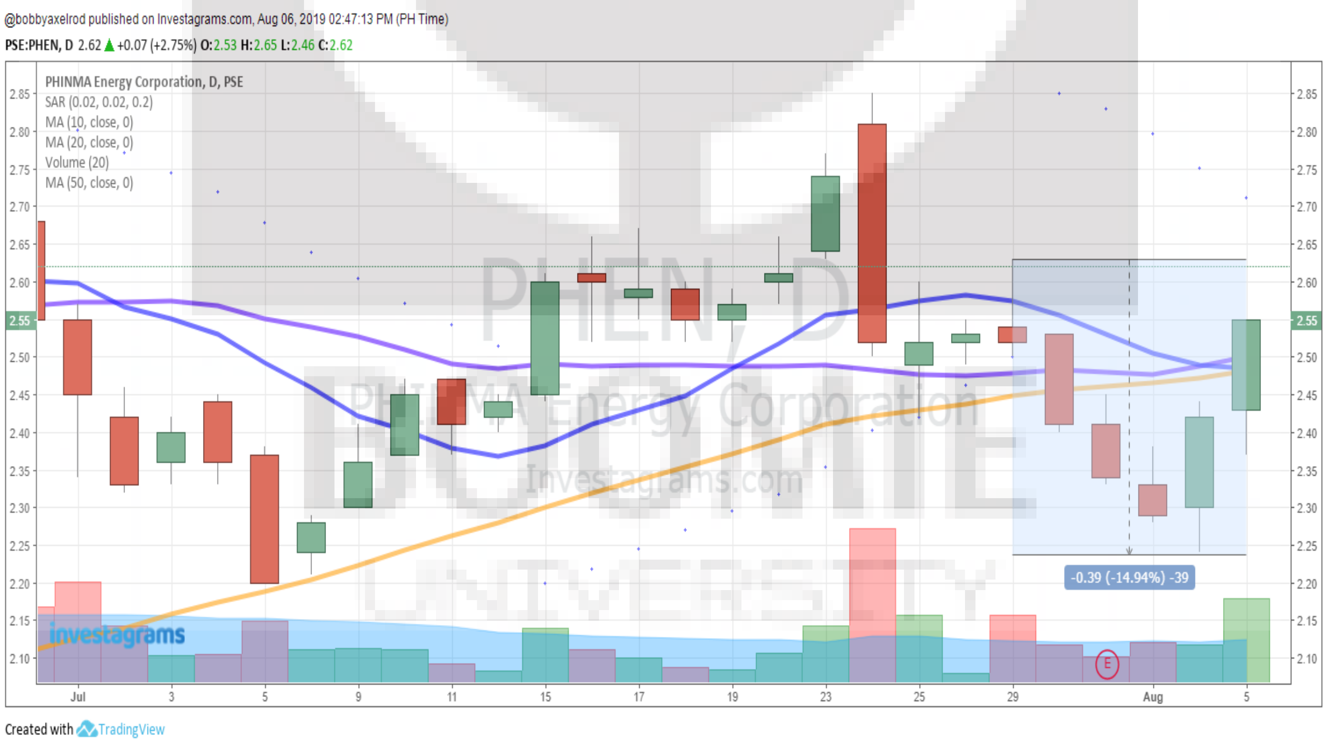
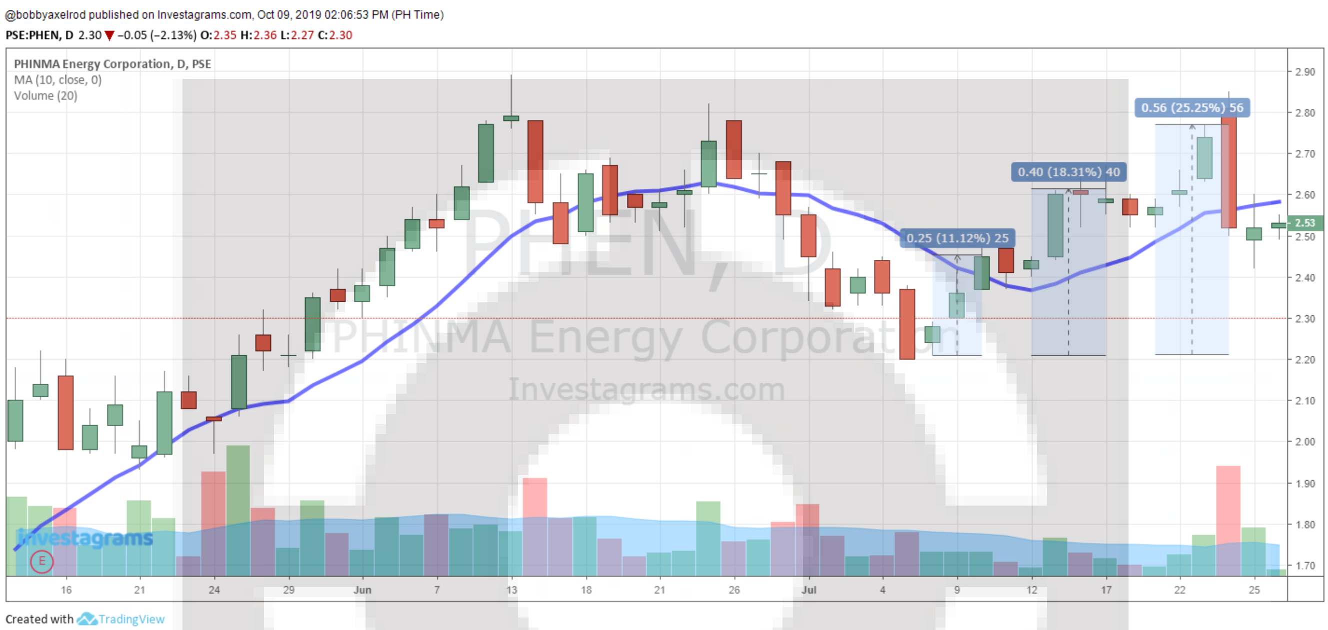


CHART: PHEN 5 MINUTES

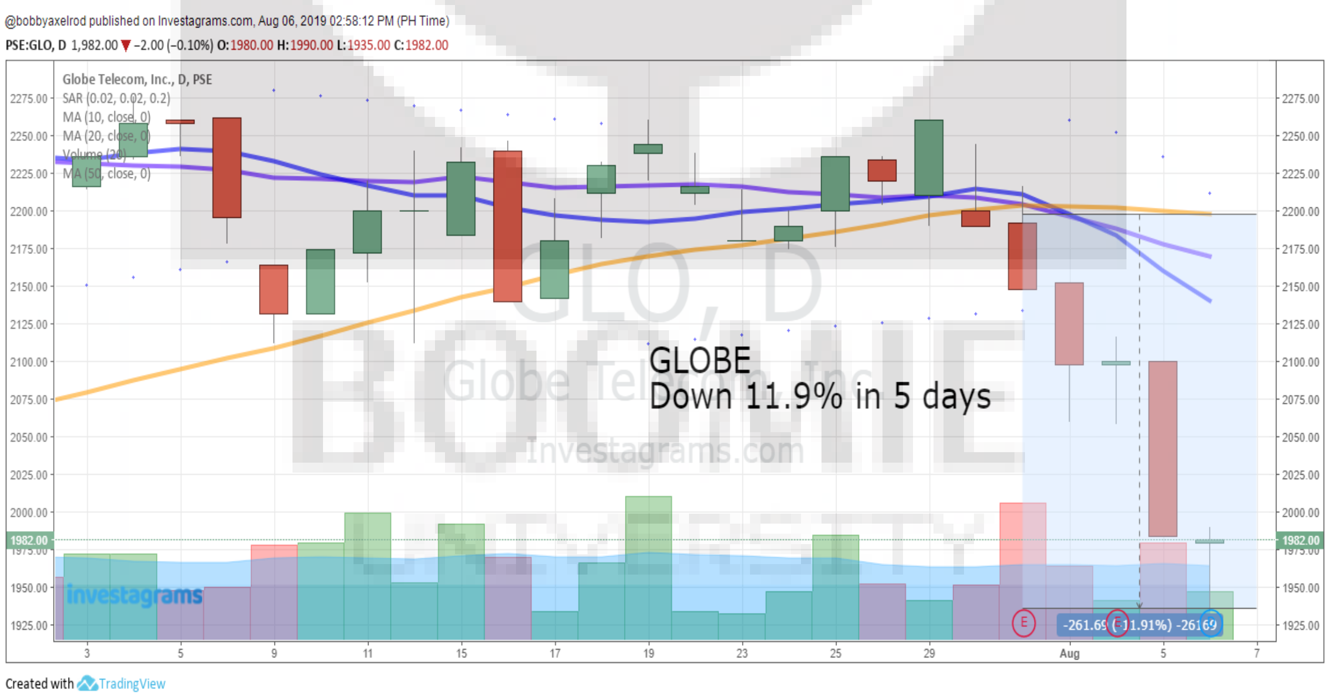
EXECUTION FOR PHEN:

A. PUT CUT AT DAYS LOW: **2.25**
B. CALCULATE RISK 1% FOR SIZE **BUY 1/3** SIZE WHEN PRICE BREAKS ABOVE 10 AND 20 DAY MOVING AVERAGE
C. BUY THE OTHER **2/3** POSITION WHEN PRICE BREAKS OUT OF COIL FORMATION AT **2.30 - 2.34** ON 5MIN CHART. CUT STILL AT 2.25, THE DAYS LOW.

RESULT: +11% ON 1ST TARGET, 18% AND 25% AT THE PEAK OF THE BOUNCE



EXAMPLE: GLOBE TELECOM, WHEN THE BOUNCE FAILS.



EARLY EXECUTION: GLOBE

WHY THE BOUNCE FAILED:

- MACD IS NOT ABOVE 0
- PRICE IS ONLY DOWN 6%
- FROM THIS PRICE 2,060 THE PRICE WENT DOWN TO 1,950 (5% MORE)

Chart Source: Investagrams.com

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