



OWN THE MARKET
PIVOTBOSS

SWING TRADE PRO

SWING TRADING SETUPS & ENTRY TECHNIQUES

with Frank Ochoa

COURSE AGENDA



PART I: FOUNDATIONAL SWING TRADING CONCEPTS

Four Market Phases
Understanding Value
Identifying Value Opportunities
Pivot-Based Moving Averages
Pivot Range Analysis
Volume-Weighted Average Price

PART II: SWING TRADING SETUPS AND ENTRY TECHNIQUES

The Importance of Trade Location
Pro-Style Entry Techniques
Intraday Entry Techniques
Indicator-Based Setups
Candlestick Setups
Range-Based Setups

PART III: TRADE AND RISK MANAGEMENT

Forecasting Accurate Targets
Scaling and Trailing Techniques
Defining Trade Risk
5 Rules of Risk Management
Proper Position Sizing
Defining Portfolio Risk



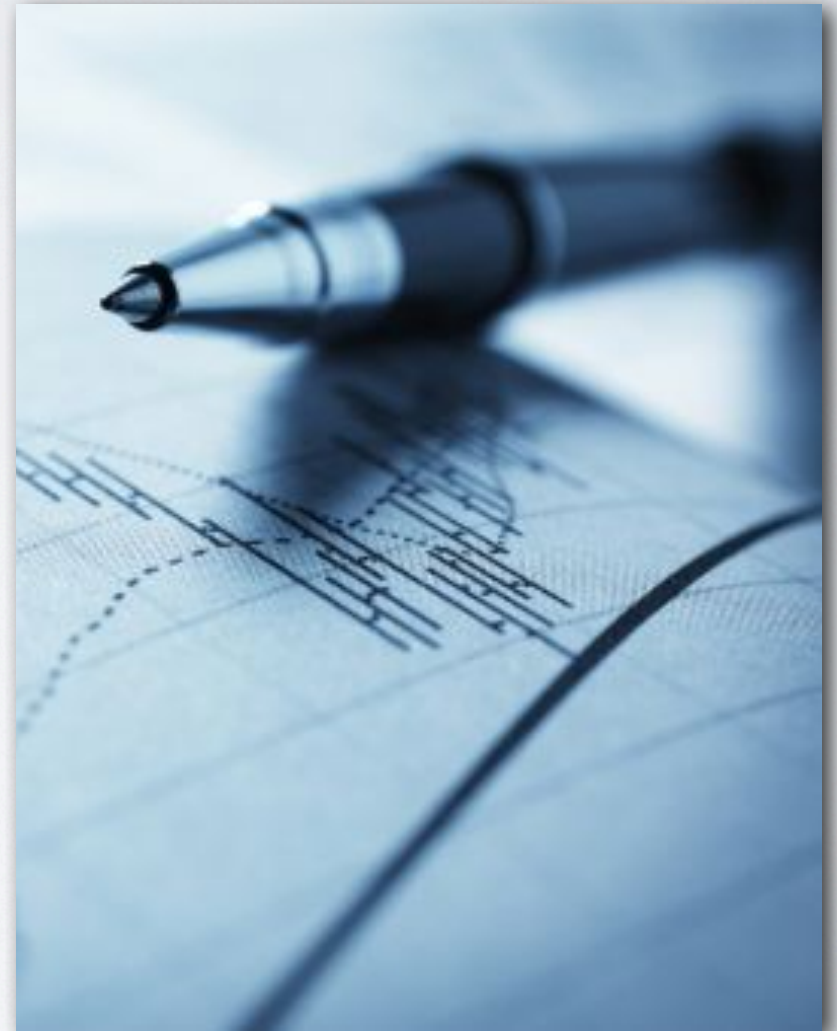
IMPORTANCE OF TRADE LOCATION

THE MARKET IS A MARKET!



While traders often call it “The Market”, many fail to realize that it is indeed **a market**. Trading is a game of inches, and every tick counts.

- We’ve become accustomed to paying “fixed” prices for our goods
- However, the Stock Market is a real market, without fixed pricing
- Just as you would negotiate price at a farmer’s market or artisan market, you should negotiate your pricing in the Stock Market, as well
- Every tick saved adds up over time, thereby increasing your profitability



IT'S AN AUCTION!



Negotiate your trade like you're bidding at an auction. Be picky, bid low and always try to get the best price possible.

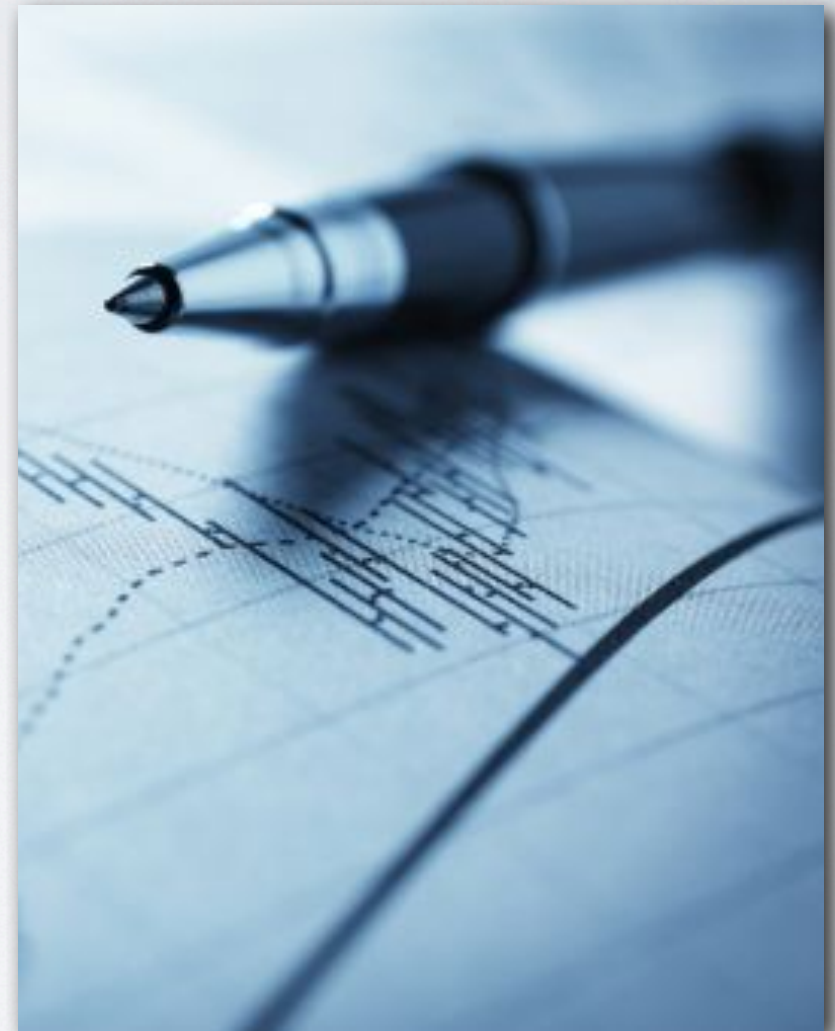
- Novice traders routinely enter a trade and watch price go immediately against them
- Instead, let price “go against you” *before* you enter the trade
- Never rush to enter a trade; sitting on your hands is an option
- Bid low, and patiently allow price to come to you
- Pro traders bid low, and aren't always filled
- But when they are filled, they're typically great entries

ALL ABOUT LOCATION!

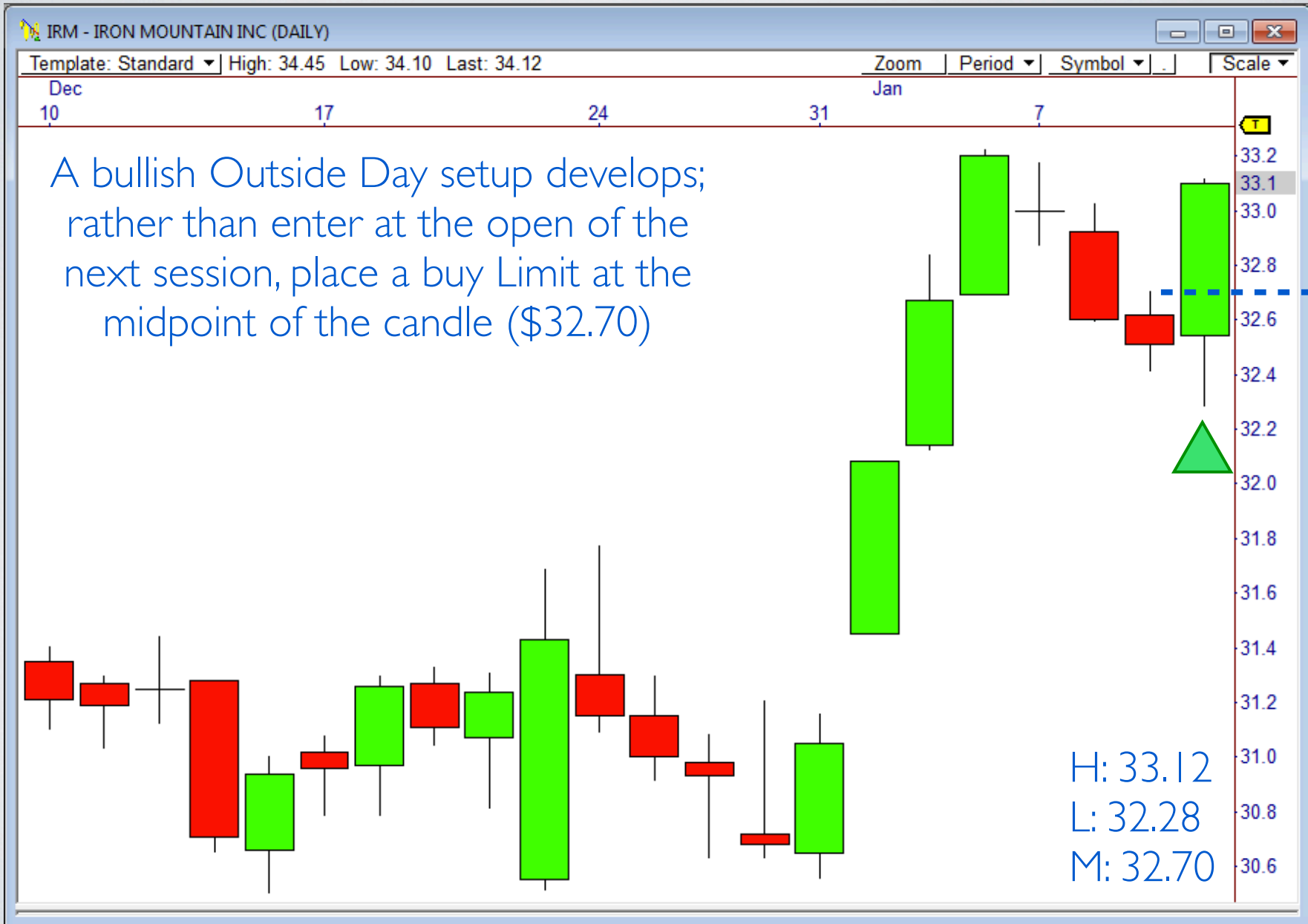


*The secret to making more money out of each trade is...
TRADE LOCATION! Make money on the “front end” of the trade.*

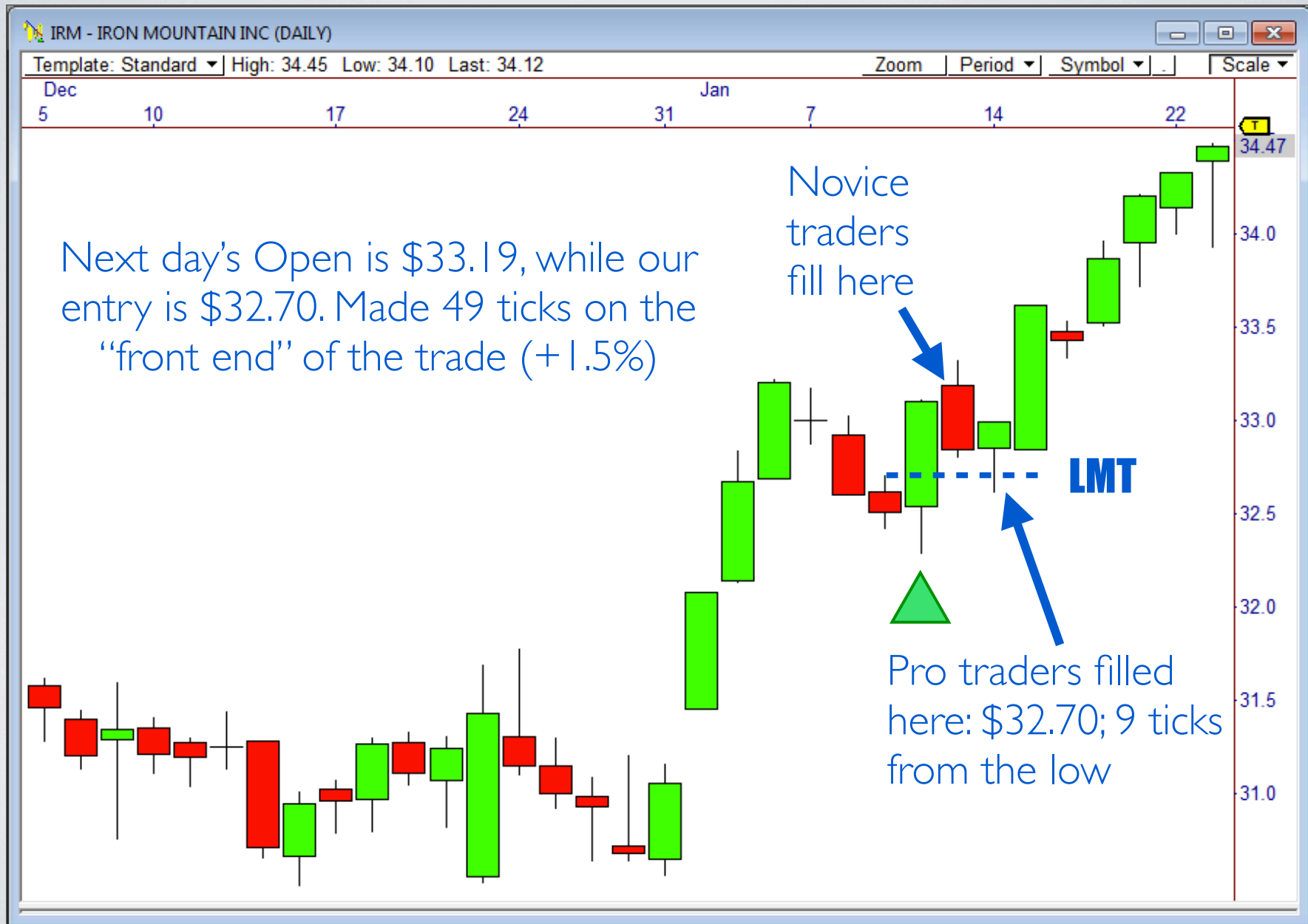
- Better entries (Trade Location) means more profit potential
- Better entries means less risk
- Less risk means smaller losses
- Negotiating your entry (with Limit Orders) eliminates slippage
- Defining your trade location requires discipline; discipline leads to profitable trading



NEGOTIATE THE ENTRY



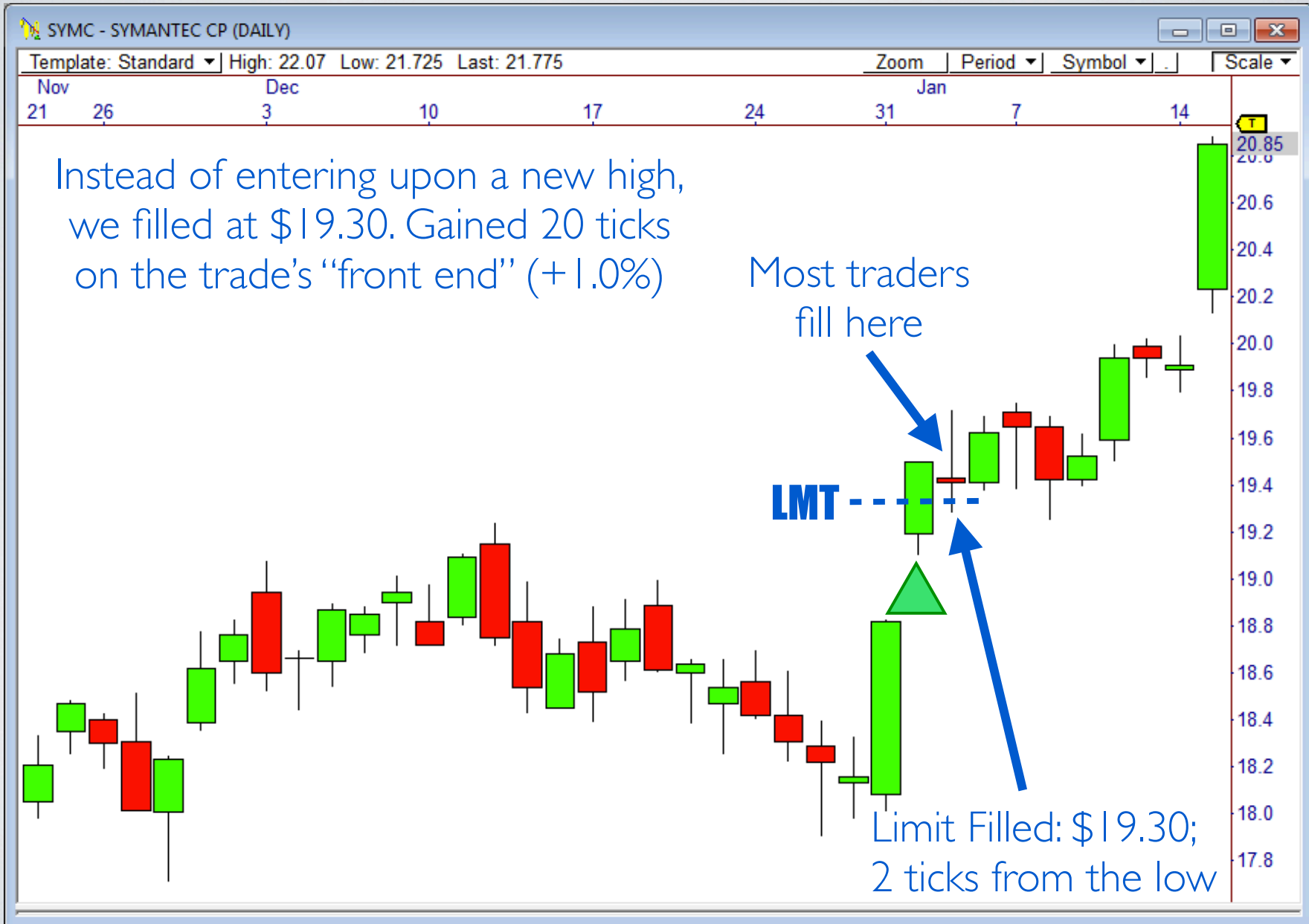
EXECUTION



NEGOTIATE THE ENTRY



EXECUTION





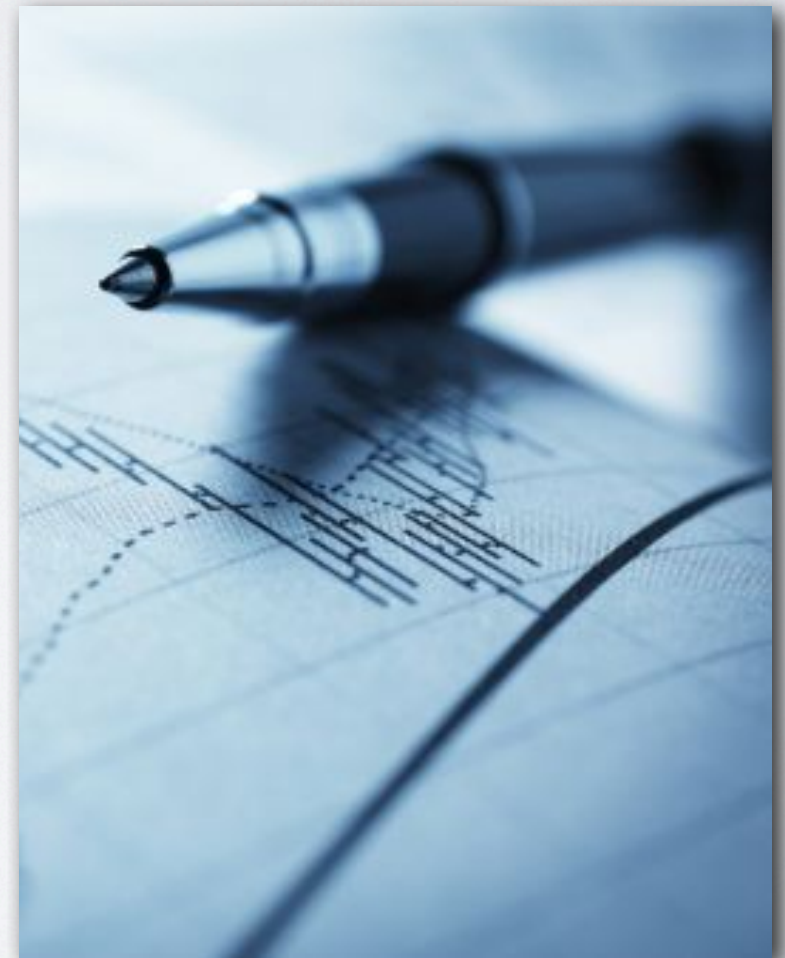
PRO-STYLE ENTRY TECHNIQUES

PRO-STYLE ENTRY TECHNIQUES



Pro-Style entry techniques provide a solid approach to consistently triggering great entries in any timeframe.

- They force you to be disciplined
- They help create more profit potential; make money on “front end”
- They reduce slippage and risk
- They provide reliable ways to trigger entries in any timeframe and any type of setup or opportunity



PRO-STYLE ENTRY TECHNIQUES



AMBUSH ENTRY

Placing a Limit Order at a level where price has yet to trade

1. High risk factor
2. Triggers upon a Reversal
3. Must have high confidence factor to use this entry
4. Best used at high confluence zones, or established supp/resis

RETEST ENTRY

Placing a Limit Order at a level where price recently traded

1. Med risk factor
2. Triggers upon a Reversal
3. Forces you to practice discipline and patience
4. Set Limit order toward the center of the prior candlestick or wick
5. PivotBoss Preferred

THRESHOLD ENTRY

Placing a Stop Market order beyond a recent high or low

1. Lower risk factor
2. Triggers upon a Breakout
3. Forces you to practice discipline and patience
4. Set SM order beyond a recent high/low, or beyond supp/resis

THE AMBUSH ENTRY

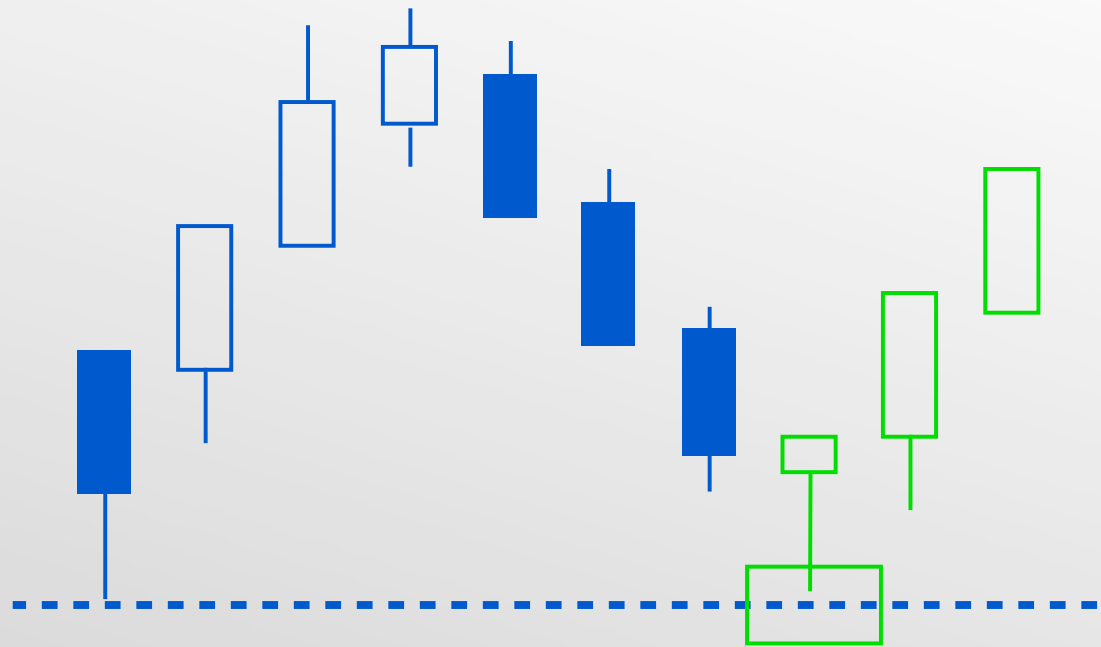


Pros deploy the Ambush Entry by placing a Limit Order at a level where price has yet to trade, in anticipation of a reversal.

AMBUSH ENTRY

Placing a Limit Order at a level where price has yet to trade

- 1. High risk factor*
- 2. Triggers upon a Reversal*
- 3. Must have high confidence factor to use this entry*
- 4. Best used at high confluence zones, or established supp/resis*



Set Ambush Limit to buy at an area of established support or confluence prior to a price test

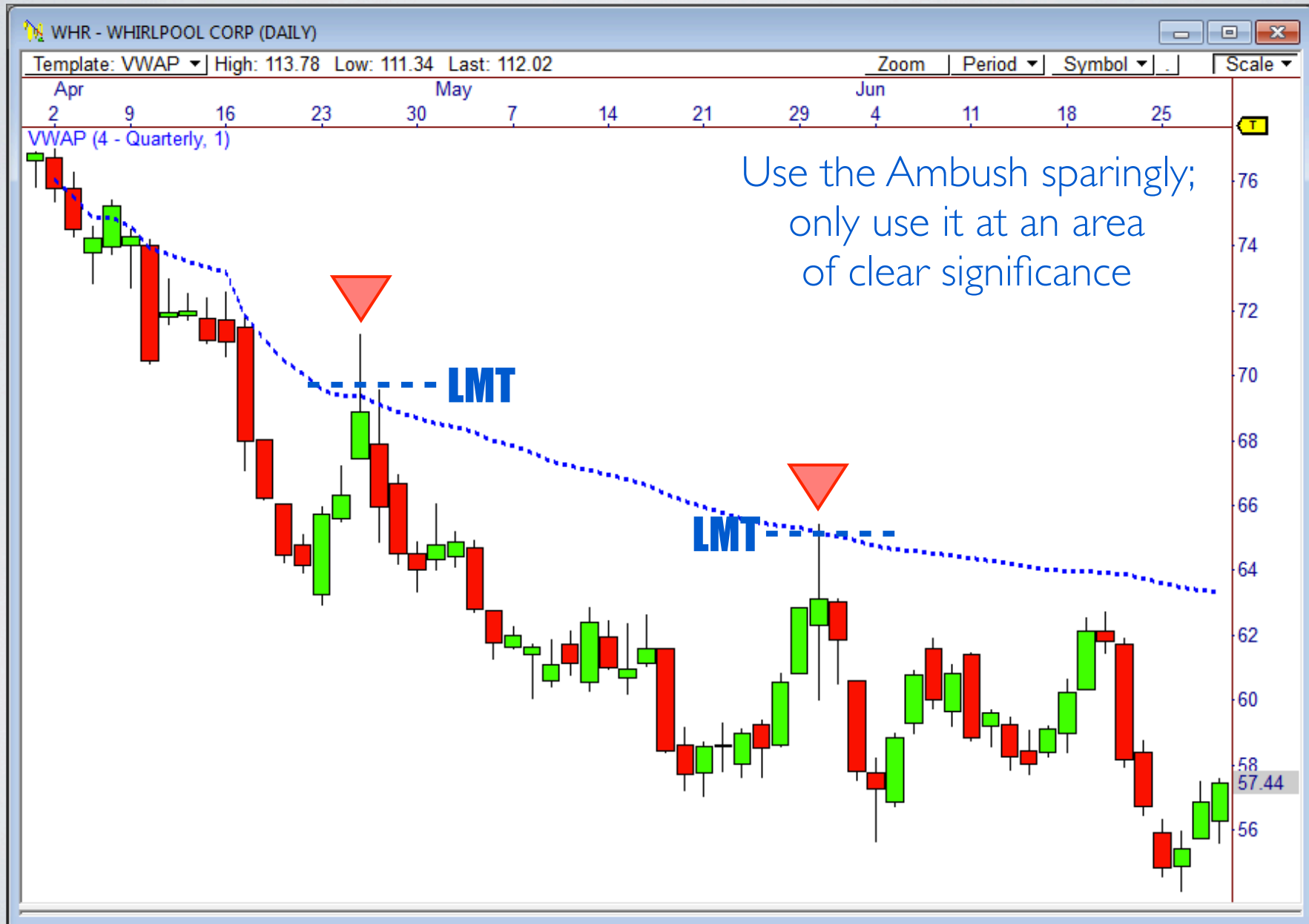
AMBUSH EXAMPLE



AMBUSH EXAMPLE



AMBUSH EXAMPLE



THE RETEST ENTRY

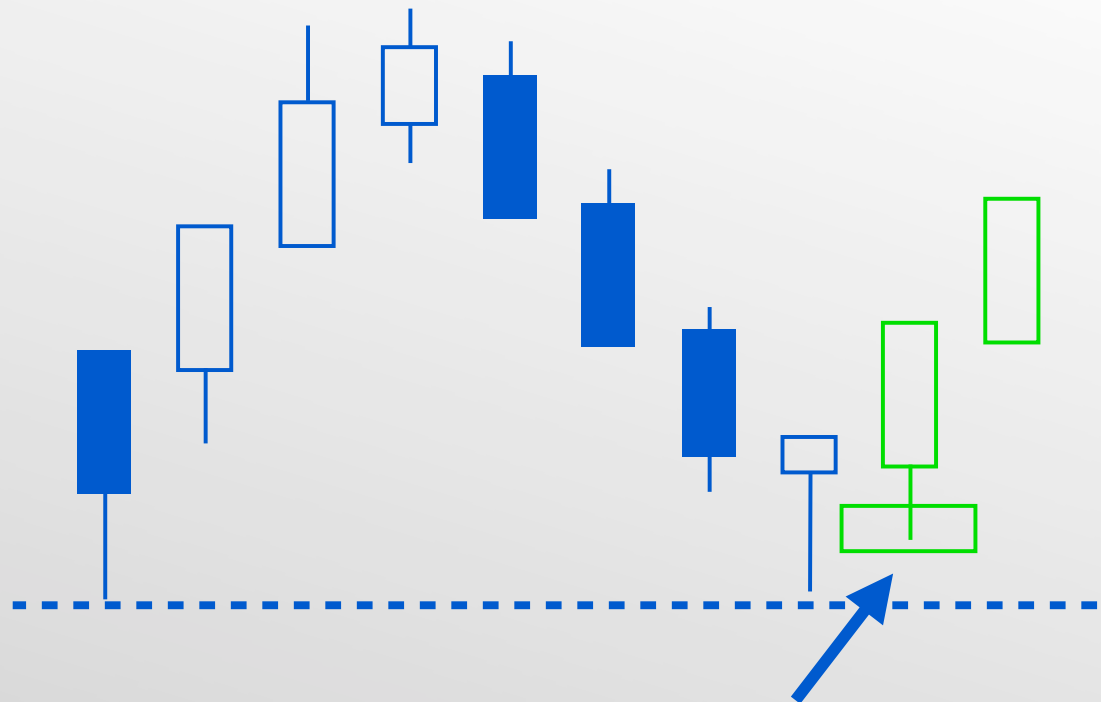


Pros deploy the Retest Entry by placing a Limit Order at a level where price has recently traded, in an effort to attain better trade location.

RETEST ENTRY

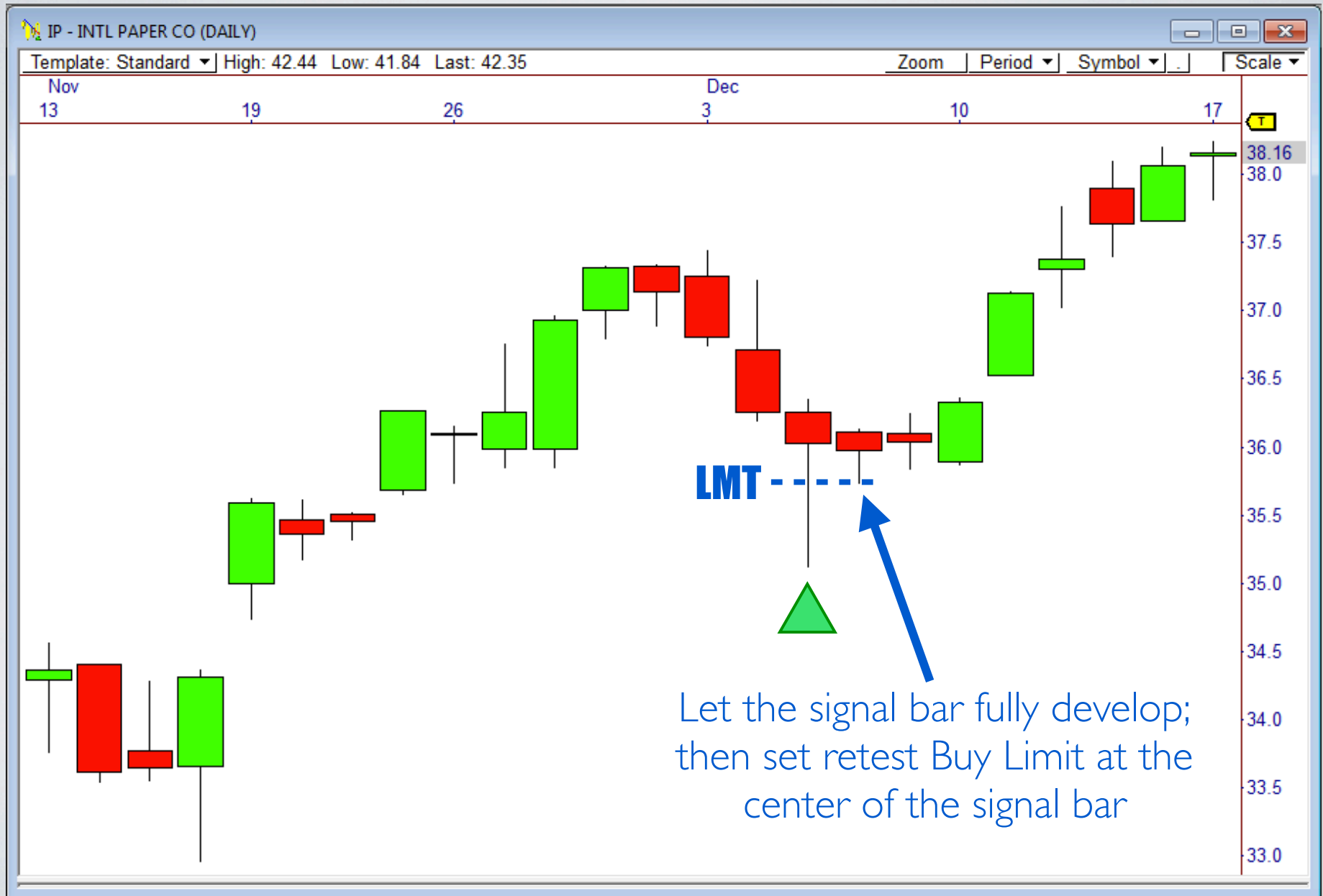
Placing a Limit Order at a level where price recently traded

- 1. Med risk factor*
- 2. Triggers upon a Reversal*
- 3. Forces you to practice discipline and patience*
- 4. Set Limit order toward the center of the prior candlestick or wick*
- 5. PivotBoss Preferred*

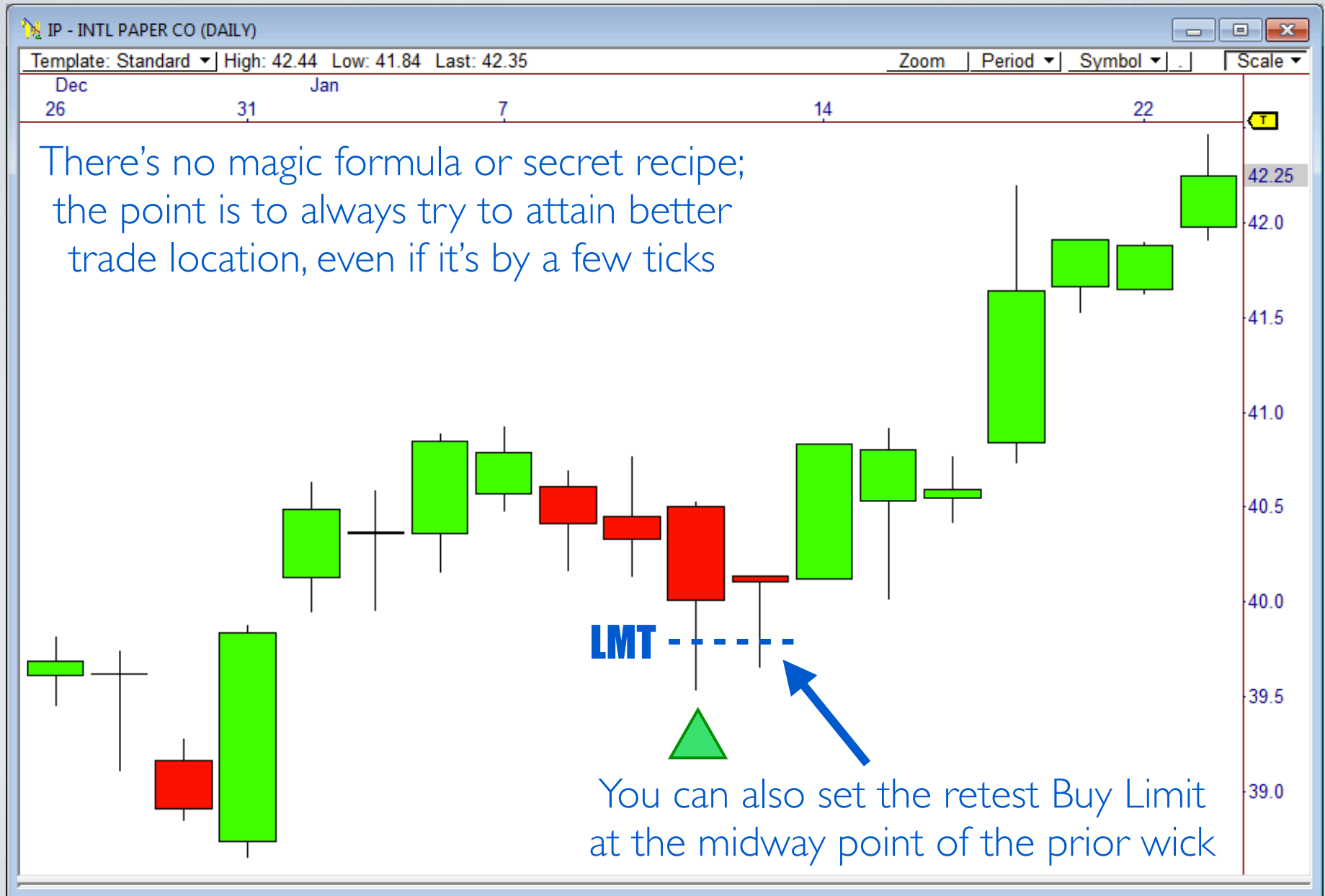


Let price test an area of established support or confluence, then place a buy Limit order toward the center of the “testing” candlestick or wick

RETEST EXAMPLE



RETEST EXAMPLE



THE THRESHOLD ENTRY

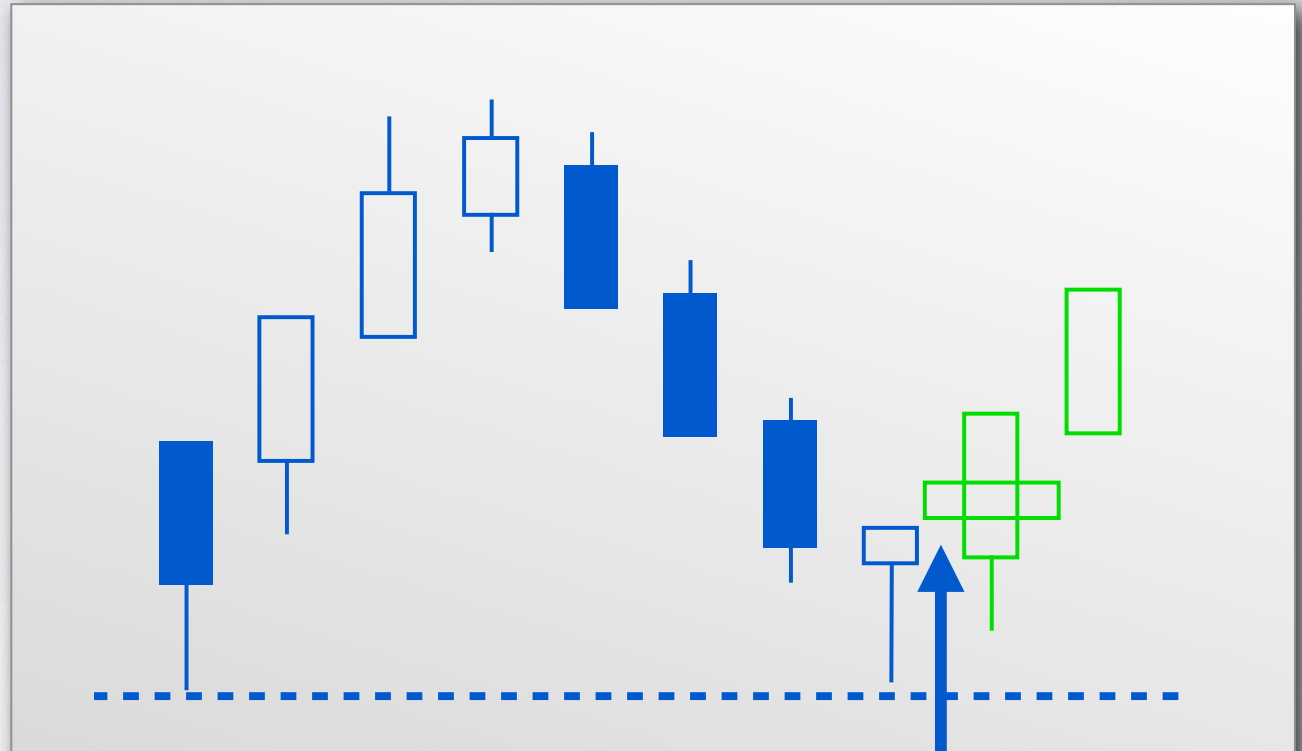


Pros deploy the Threshold Entry by placing a Stop Market Order just beyond a prior high or low, in order to capture a breakout entry.

THRESHOLD ENTRY

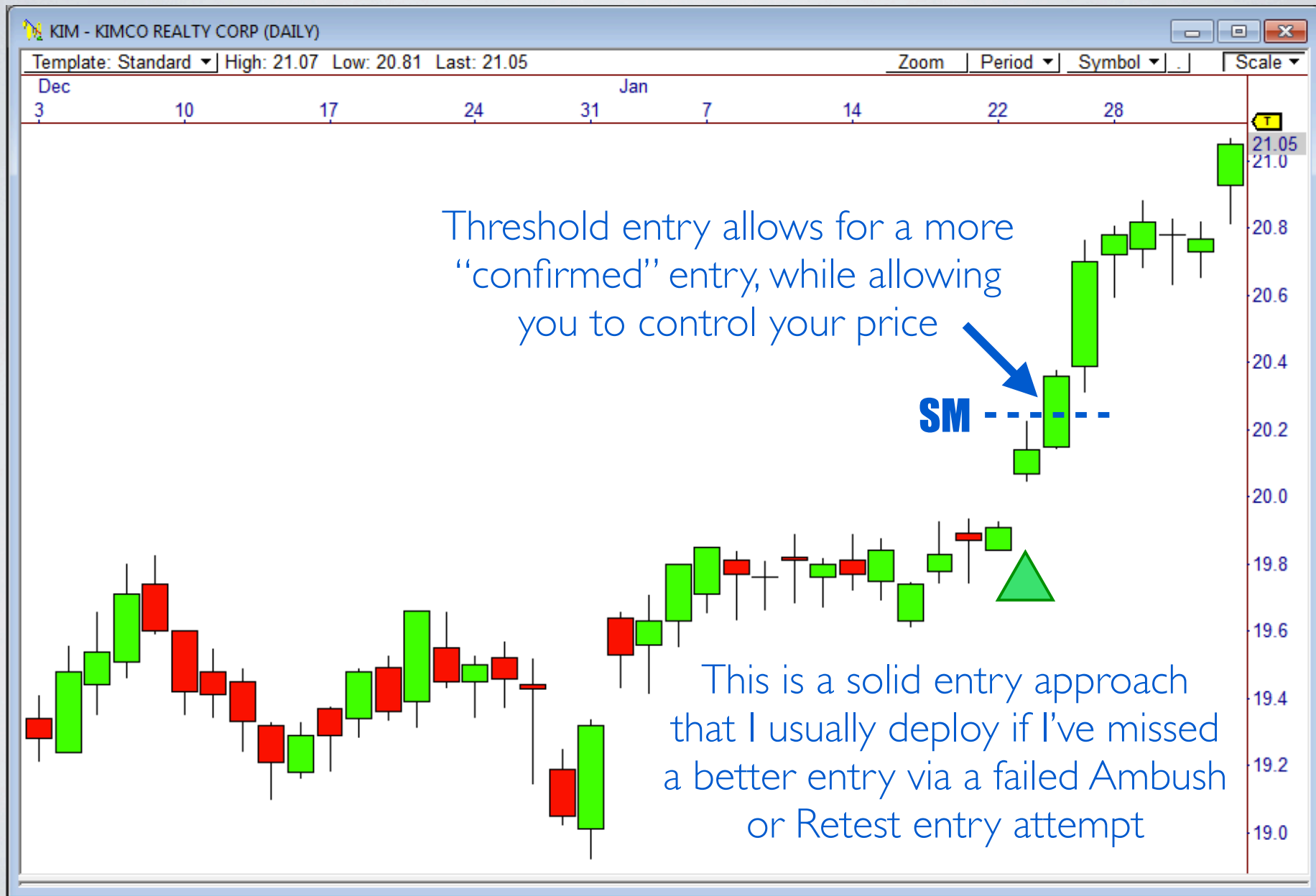
Placing a Stop Market order beyond a recent high or low

- 1. Lower risk factor*
- 2. Triggers upon a Breakout*
- 3. Forces you to practice discipline and patience*
- 4. Set SM order beyond a recent high/low, or beyond supp/resis*



Place a Stop Market buy order a few ticks past the recent high or low

THRESHOLD EXAMPLE



THRESHOLD EXAMPLE

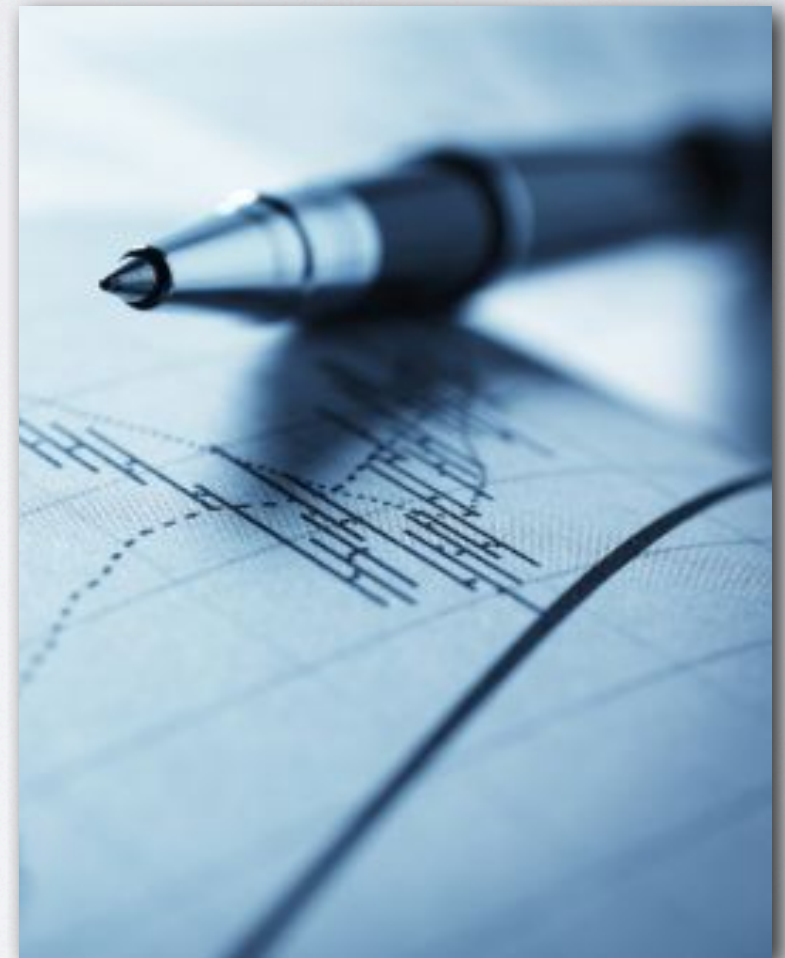


INTRADAY ENTRY TECHNIQUES



Intraday entry techniques provide a systematic approach to entering trades, regardless of which timeframe the setup originates.

- Allow for additional confirmation; provide one last “step” before entry
- Can be used when an opportunity exists, but direction remains unknown
- Provide a structured approach to entering trades; consistency
- Can also be used as intraday “setups”; setup within a setup



INTRADAY ENTRY TECHNIQUES



OPENING RANGE BREAKOUT

Placing a Stop Market Order beyond the 30-min OR high (buy) or low (sell)

1. Lower risk factor
2. Triggers upon a Breakout
3. Regarded as “safe”; confirmed entry
4. 30-min Opening Range is standard, but 15-min and 60-min also used

OPENING RANGE REVERSAL

Placing a Limit Order at the 30-min OR low (to buy) or high (to sell)

1. Med risk factor
2. Triggers upon a Reversal
3. Trickier entry, but creates more profit potential
4. 30-min Opening Range is standard, but 15-min and 60-min also used

VALUE AREA REVERSAL

Placing a Limit Order order within the Value Area for a reversal entry

1. Med risk factor
2. Triggers upon a Reversal
3. Trickier entry, but helps create more profit potential
4. Must be Higher/Lower Value relationship; triggers inside the range

OR BREAKOUT ENTRY



Pros use the OR Breakout entry to time intraday entries for higher timeframe trading opportunities.

OPENING RANGE BREAKOUT

Placing a Stop Market Order beyond the 30-min OR high (buy) or low (sell)

- 1. Lower risk factor*
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OR BREAKOUT EXAMPLE



OR BREAKOUT EXAMPLE



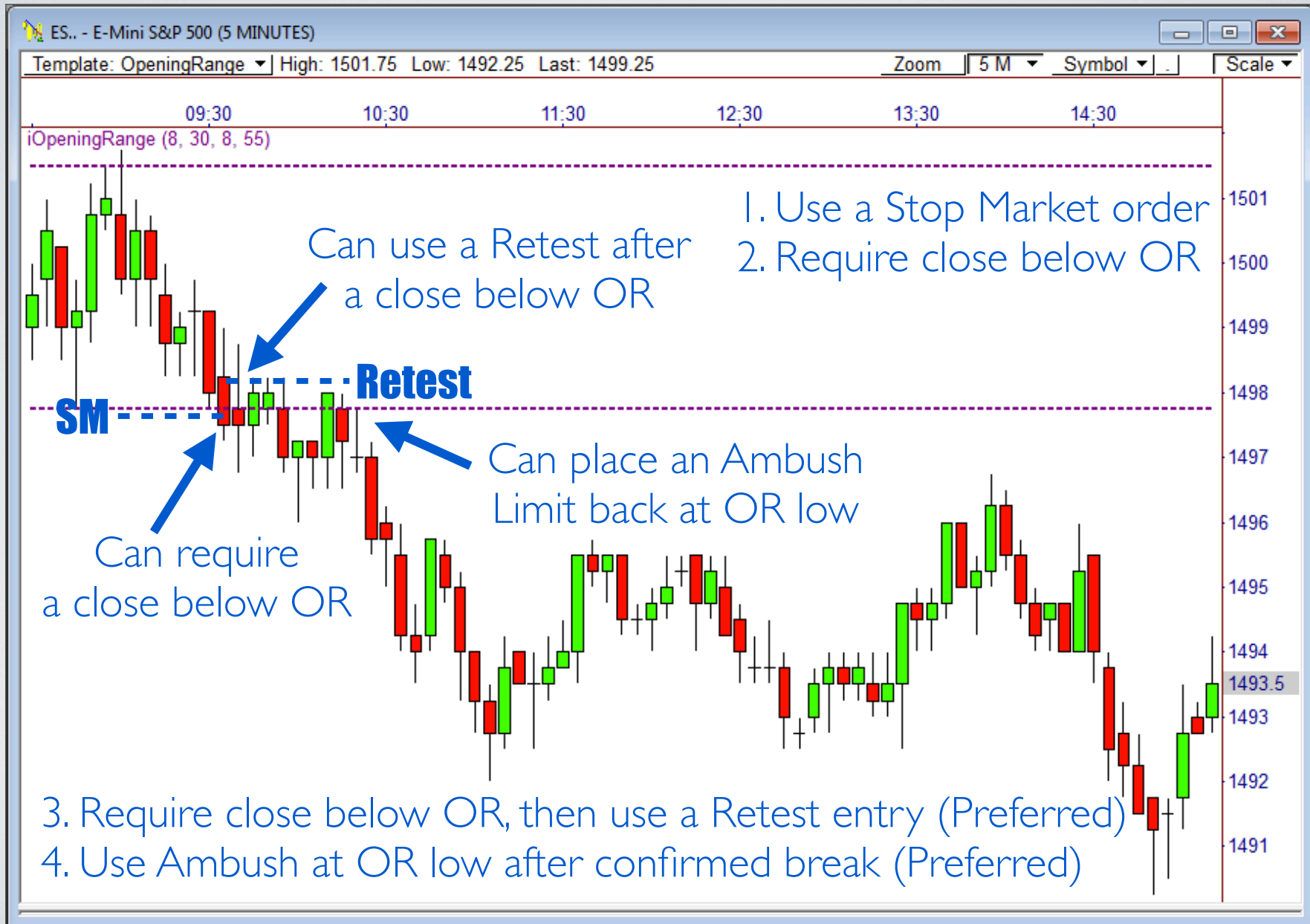
OR BREAKOUT EXAMPLE



OR BREAKOUT EXAMPLE



OR BREAKOUT ENTRIES



OR REVERSAL ENTRY

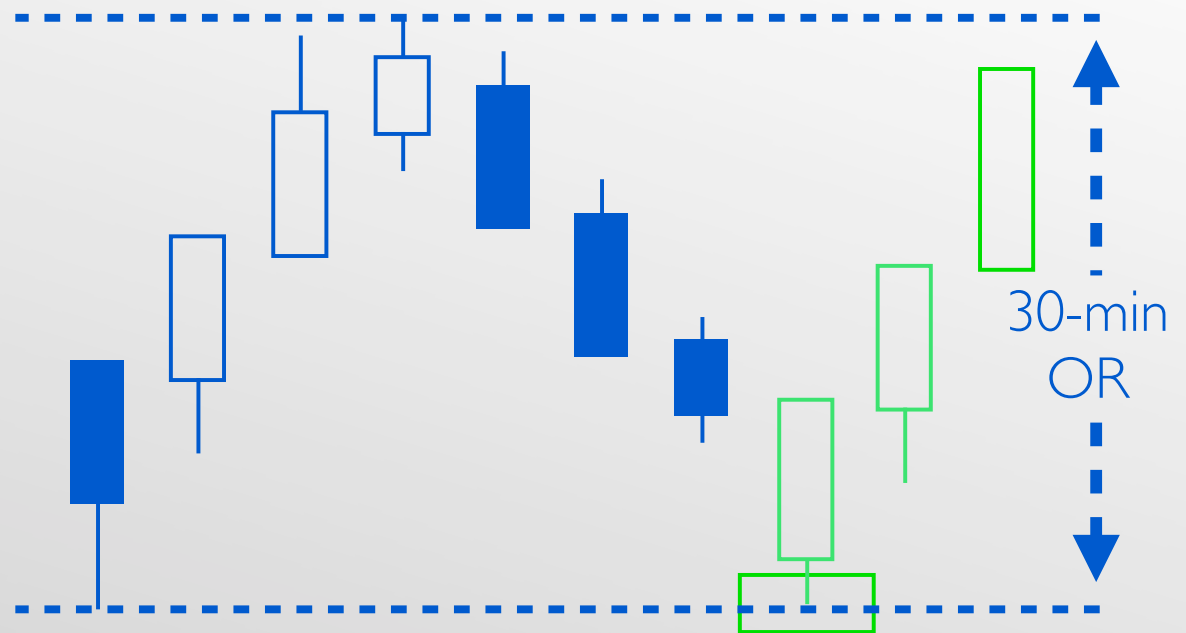


Pros use the OR Reversal entry to time intraday entries for higher timeframe trading opportunities, which offers better trade location.

OPENING RANGE REVERSAL

Placing a Limit Order at the 30-min OR low (to buy) or high (to sell)

- 1. Med risk factor*
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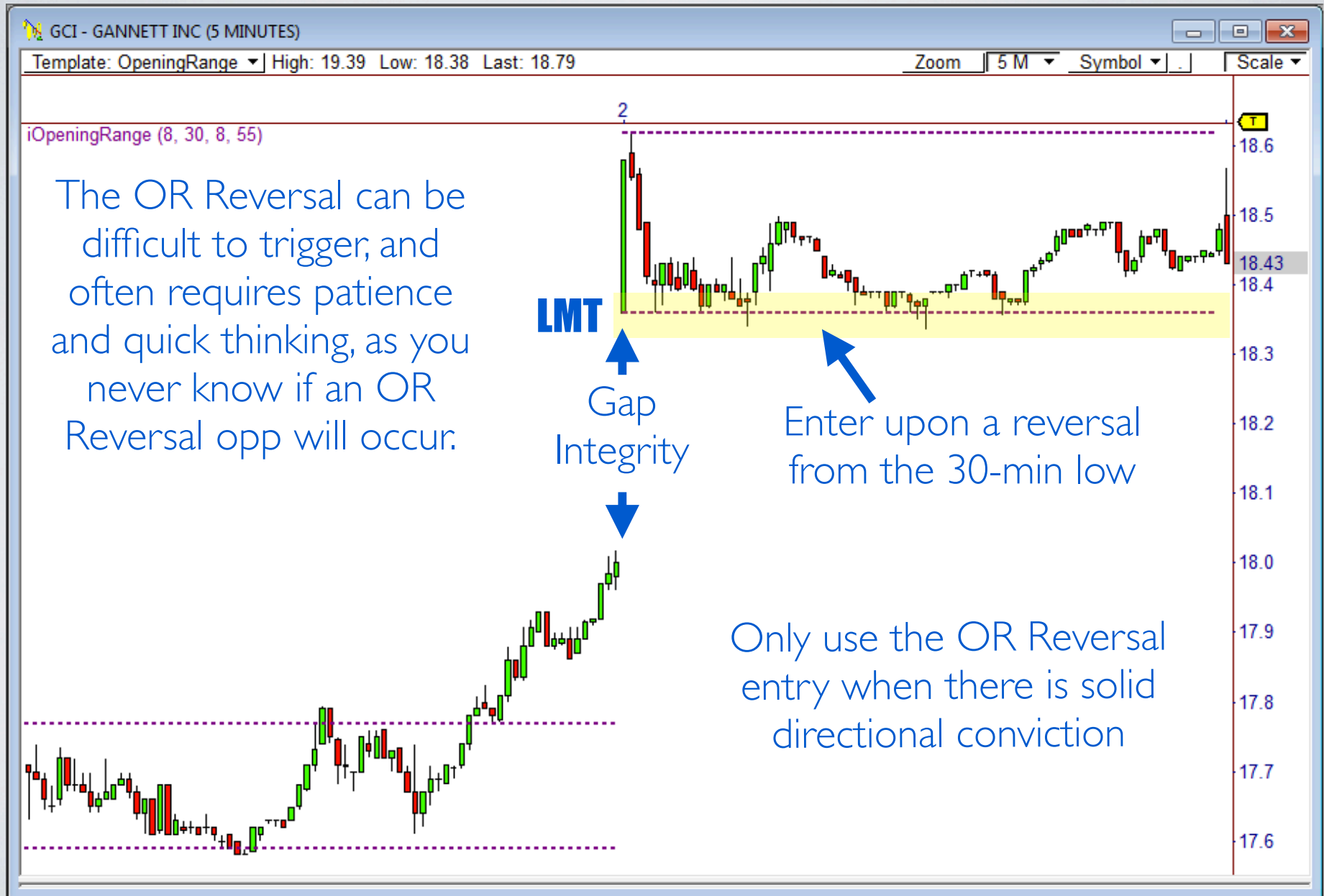


Set a Limit order to buy upon a reversal of the 30-min Opening Range low

OR REVERSAL EXAMPLE



OR REVERSAL EXAMPLE



The OR Reversal can be difficult to trigger, and often requires patience and quick thinking, as you never know if an OR Reversal opp will occur.

LMT
Gap Integrity

Enter upon a reversal from the 30-min low

Only use the OR Reversal entry when there is solid directional conviction

OR REVERSAL ENTRIES



VA REVERSAL ENTRY



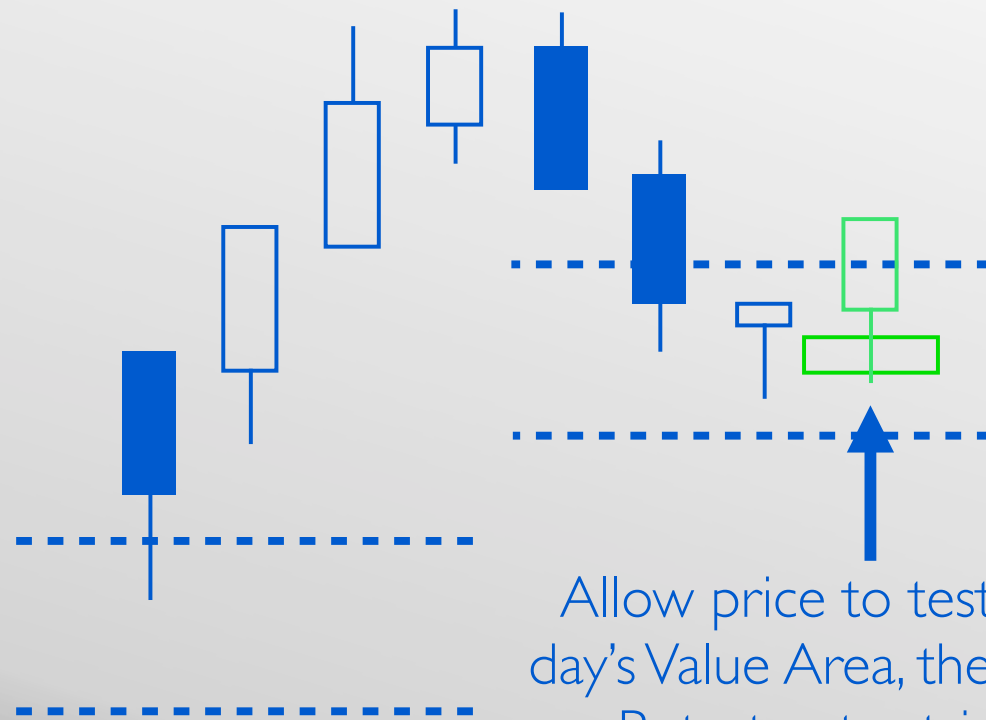
Pros use the VA Reversal entry to time intraday entries for higher timeframe trading opportunities, which offers better trade location.

VALUE AREA REVERSAL

Placing a Limit Order order within the Value Area for a reversal entry

- 1. Med risk factor*
- 2. Triggers upon a Reversal*
- 3. Trickier entry, but helps create more profit potential*
- 4. Must be Higher/Lower Value relationship; triggers inside the range*

Pivot Range must be completely higher, and prior day's close and current day's open must be above current day's Pivot Range



Allow price to test the day's Value Area, then use a Retest entry trigger

VA REVERSAL RULES

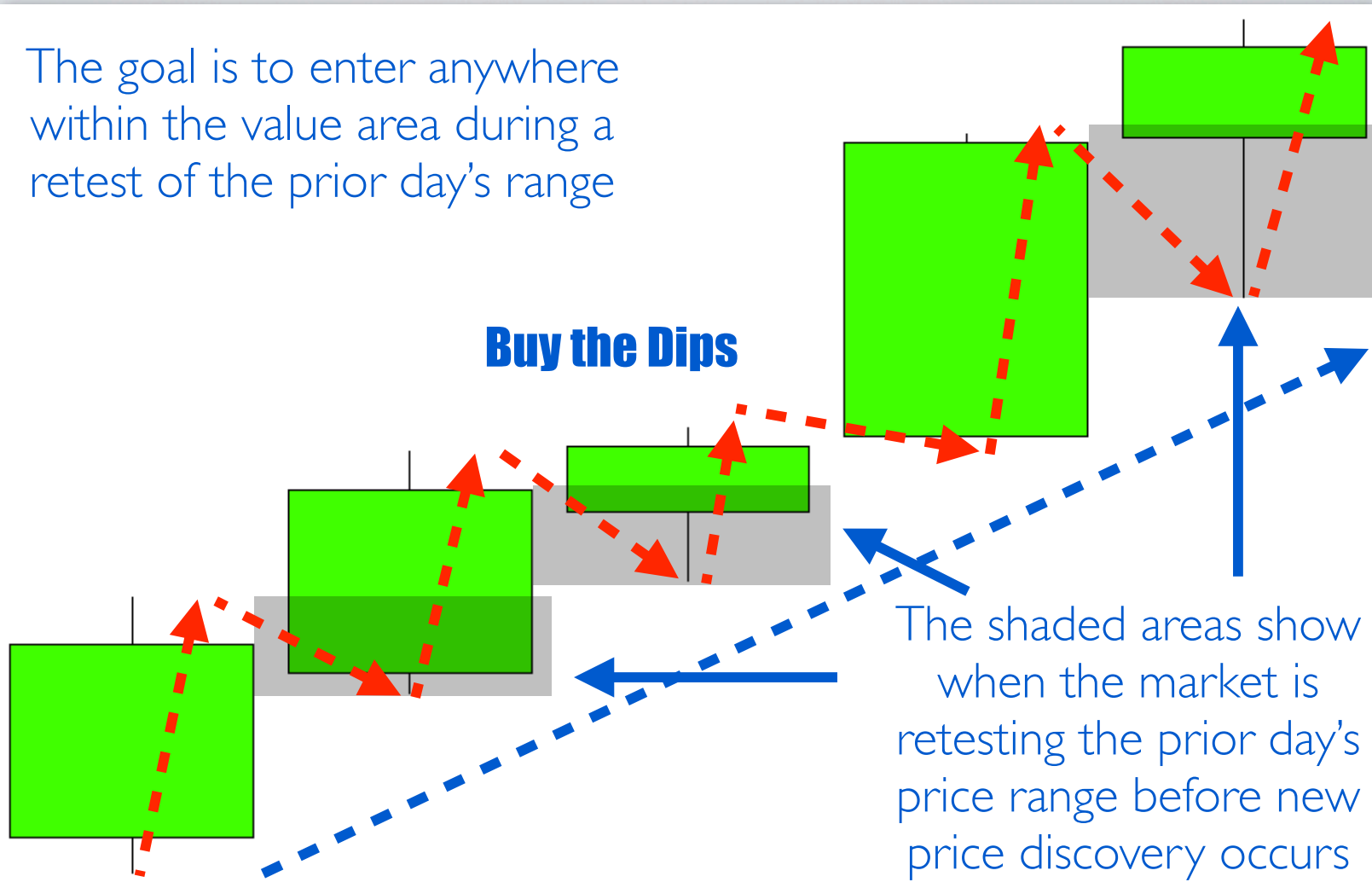


VALUE AREA REVERSAL STRUCTURE



The goal is to enter anywhere within the value area during a retest of the prior day's range

Buy the Dips

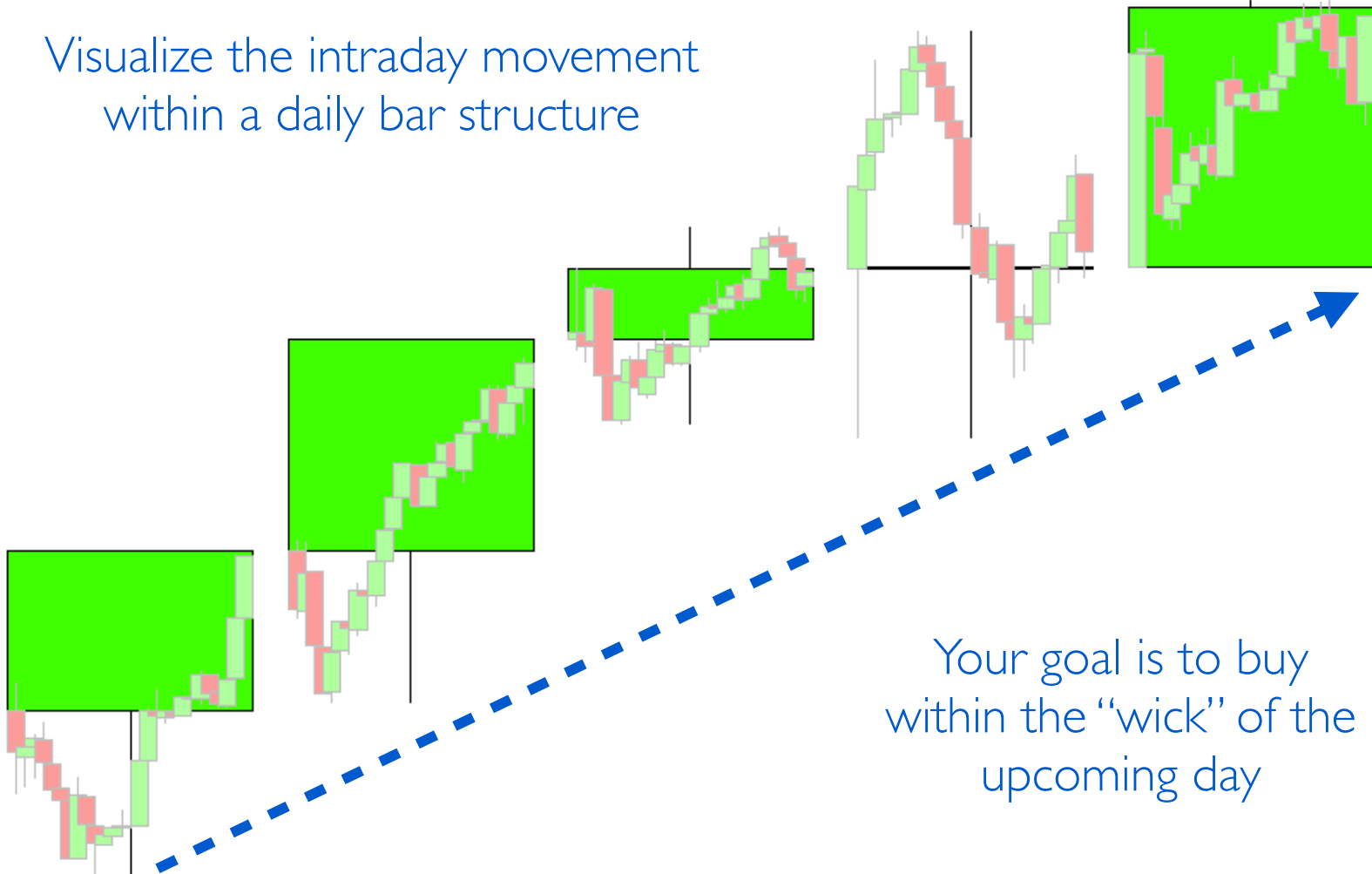


The shaded areas show when the market is retesting the prior day's price range before new price discovery occurs

VALUE AREA REVERSAL STRUCTURE



Visualize the intraday movement
within a daily bar structure



Your goal is to buy
within the "wick" of the
upcoming day

VA REVERSAL EXAMPLE



VA REVERSAL EXAMPLE



VA REVERSAL EXAMPLE



The Pivot Range visually represents value in the chart; triggering within this zone offers great trade location during a trending market



SWING TRADING SETUPS

SWING TRADING SETUPS OWN THE MARKET PIVOT BOSS

INDICATOR-BASED SETUPS

Indicator-based setups that help identify pull-back and breakout opportunities

1. PEMA Pull-Back
2. VWAP Pull-Back
3. Inside Value
4. Higher/Lower Value

CANDLESTICK SETUPS

Two-day price patterns that help identify short-term trading opportunities

1. Inside Day
2. Outside Day
3. Open Gap Play

RANGE-BASED SETUPS

Price-based setups that identify range expansion and contraction

1. N-Bar Narrow Range
2. N-Bar Wide Range



INDICATOR-BASED SETUPS

INDICATOR-BASED SETUPS



These Indicator-Based setups are designed to keep you disciplined to the trend, while remaining focused on value opportunities.

PEMA PULL-BACK

Finds value opportunities during the Markup and Markdown phases

INSIDE VALUE

Finds markets ready to break out from periods of Accumulation/Distribution

VWAP PULL-BACK

Finds value opportunities during the Markup and Markdown phases

HIGHER/LOWER VALUE

Finds value opportunities during the Markup and Markdown phases

PEMA PULL-BACK



The PEMA Pull-Back setup is used to identify value opportunities during trending markets using pivot-based moving averages.

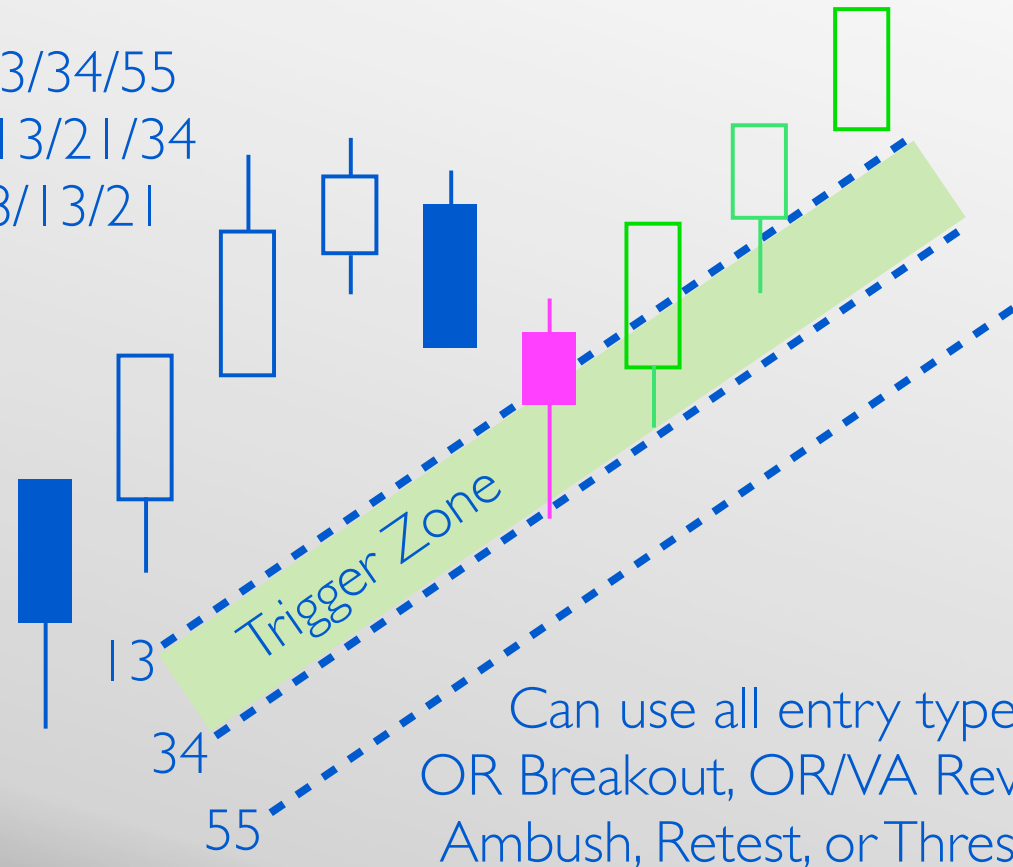
PEMA PULL-BACK

Finds value opportunities during the Markup and Markdown phases

1. Value opportunity setup
2. Trend-confirmed setup
3. Only trade when moving averages are “stacked and sloped”
4. Trade during Markup and Markdown phases

Buy and Sell pull-backs only within established Markup or Markdown phases

L: 13/34/55
M: 13/21/34
H: 8/13/21



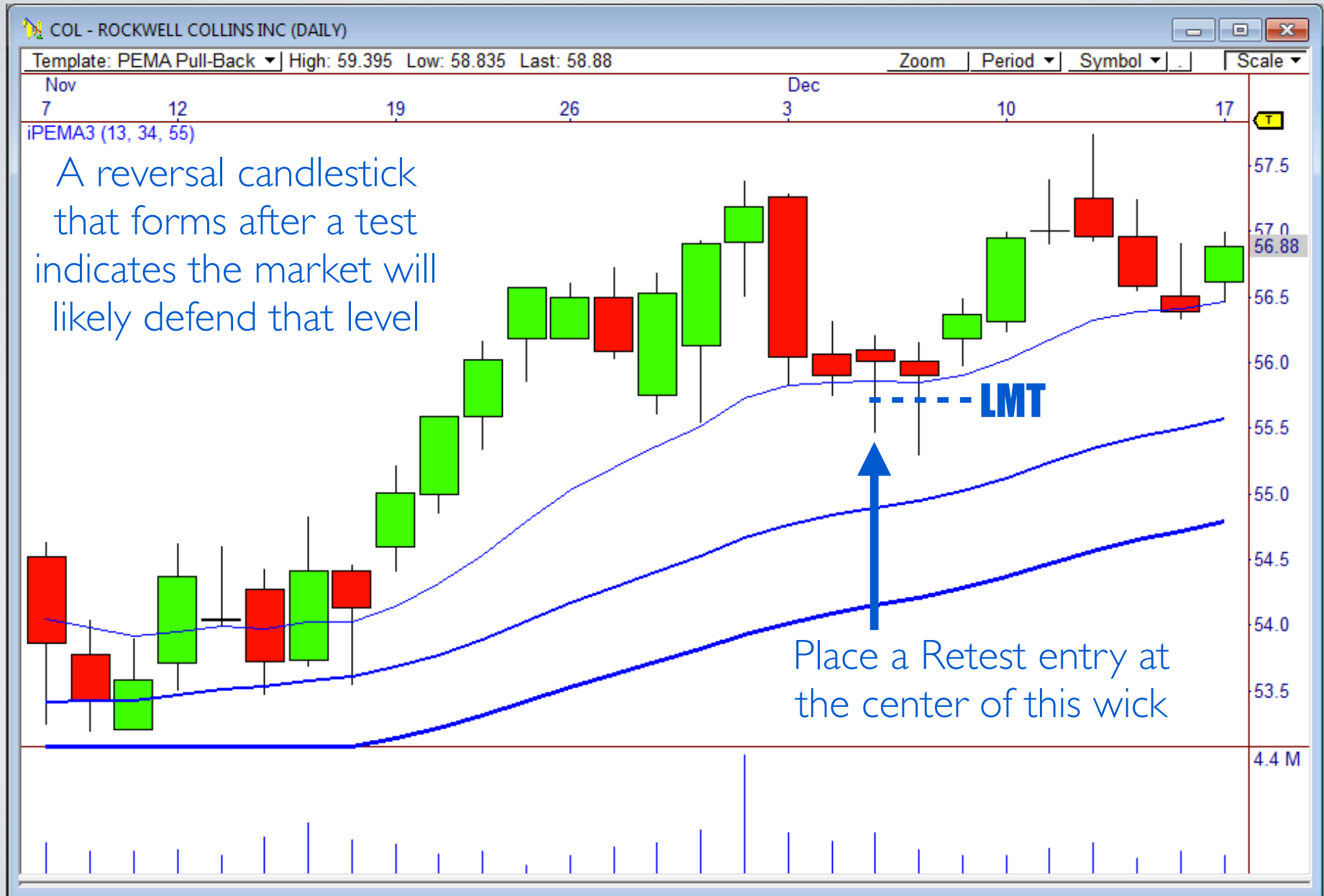
Can use all entry types:
OR Breakout, OR/VA Reversal,
Ambush, Retest, or Threshold

PEMA PB EXAMPLE

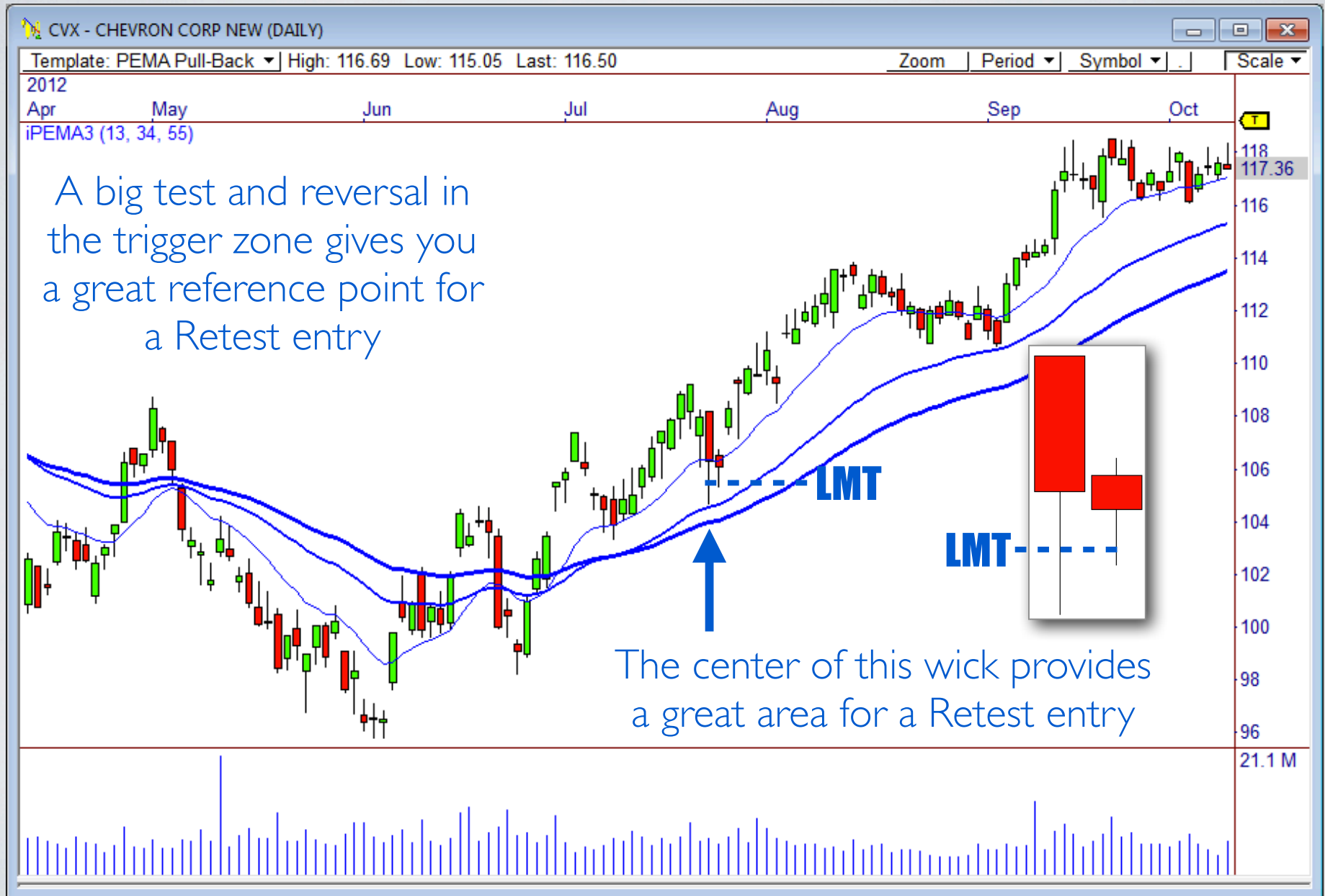


The “safest” way to get great trade location is to allow price to test your trigger zone before placing an entry; a successful test is the “all clear” to negotiate your entry

PEMA PB EXAMPLE



PEMA PB EXAMPLE



PEMA PB EXAMPLE



VWAP PULL-BACK



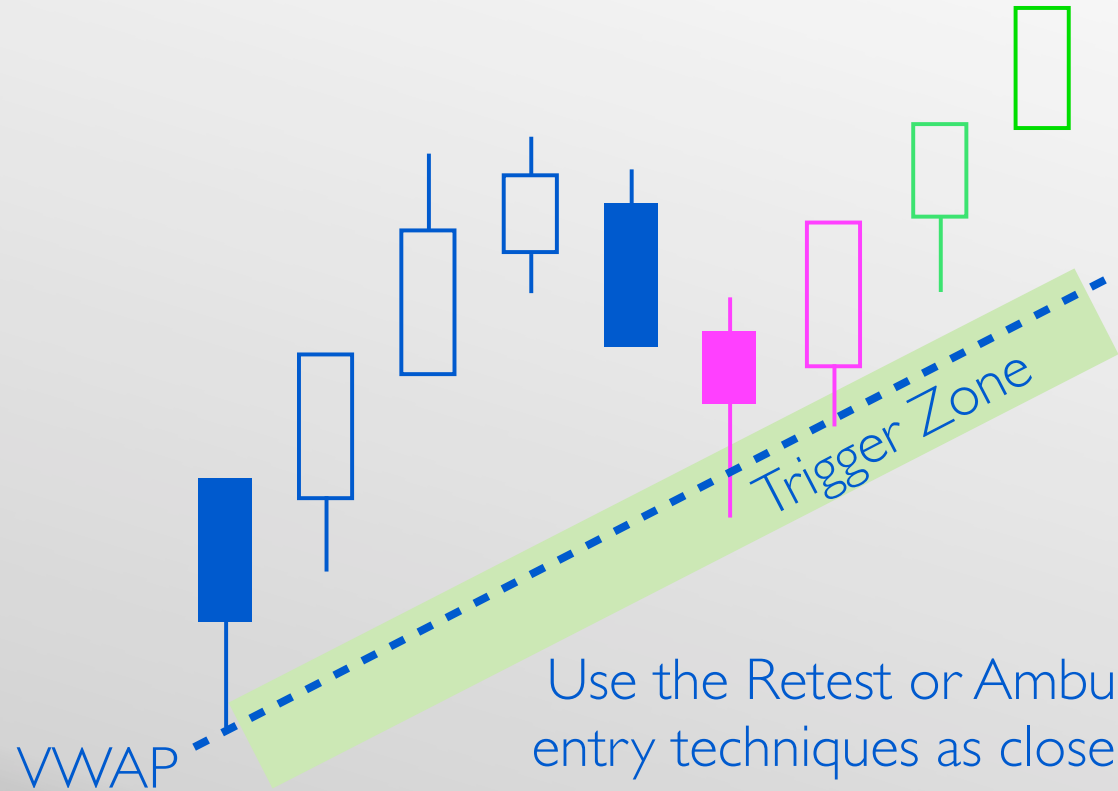
The VWAP Pull-Back setup is used to identify value opportunities during trending markets using Volume-Weighted Average Price.

VWAP PULL-BACK

Finds value opportunities during the Markup and Markdown phases

- 1. Value opportunity setup*
- 2. Trend-confirmed setup*
- 3. Only trade when VWAP is moving higher/lower*
- 4. Trade during Markup and Markdown phases*

Buy and Sell pull-backs only within established Markup or Markdown phases



Use the Retest or Ambush entry techniques as close to VWAP as possible (or lower)

VWAP PB EXAMPLE



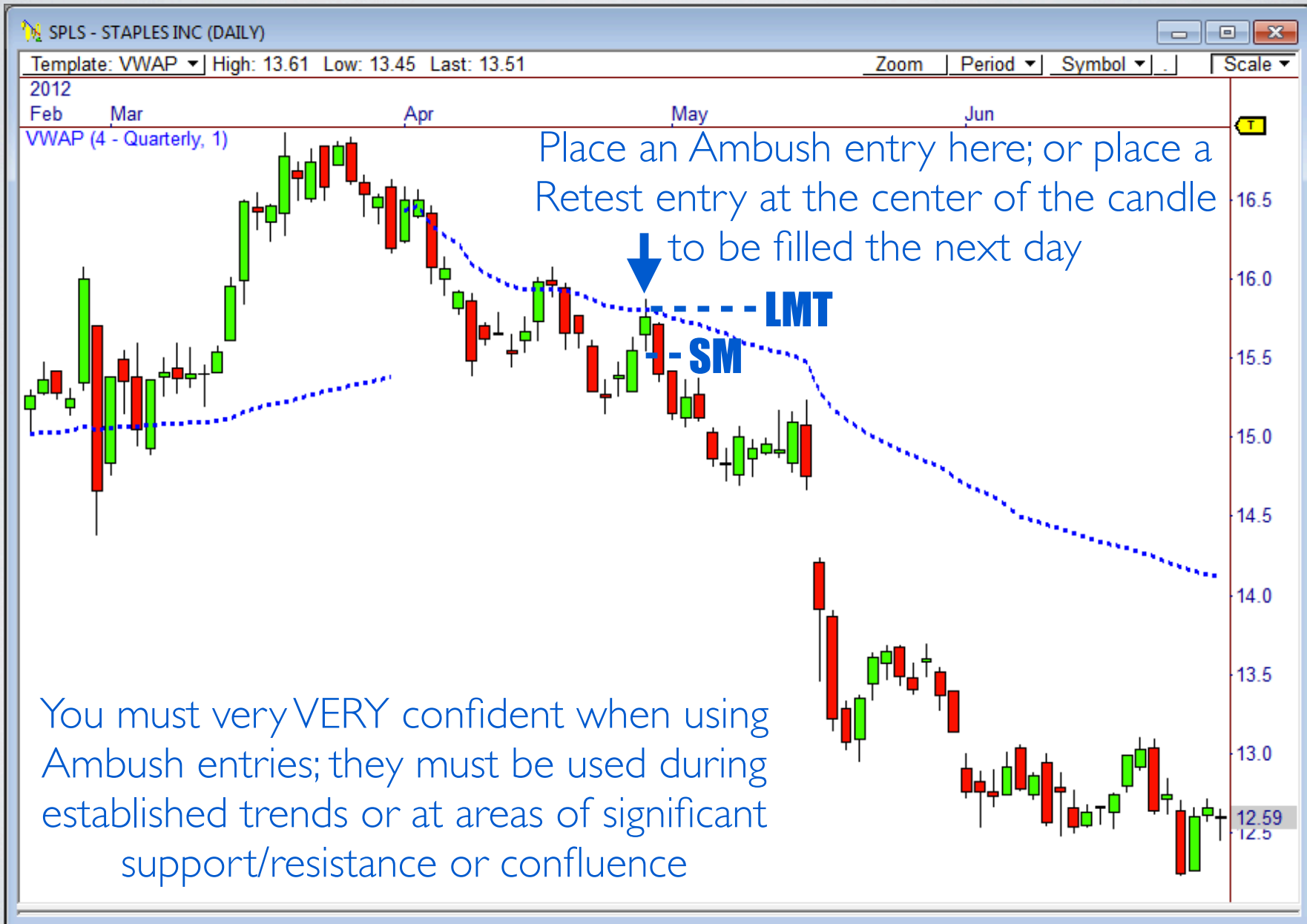
VWAP PB EXAMPLE



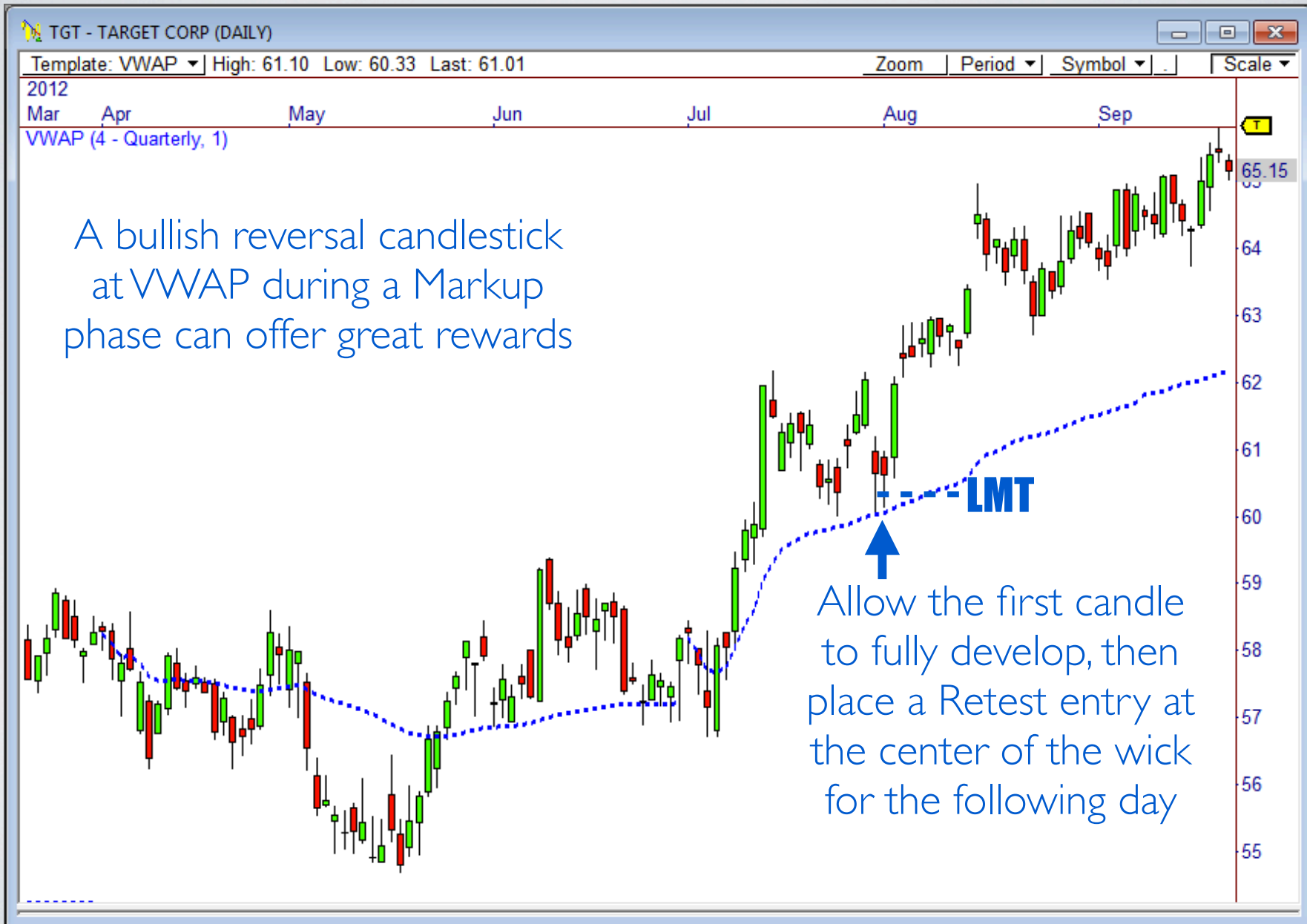
VWAP PB EXAMPLE



VWAP PB EXAMPLE



VWAP PB EXAMPLE



INSIDE VALUE



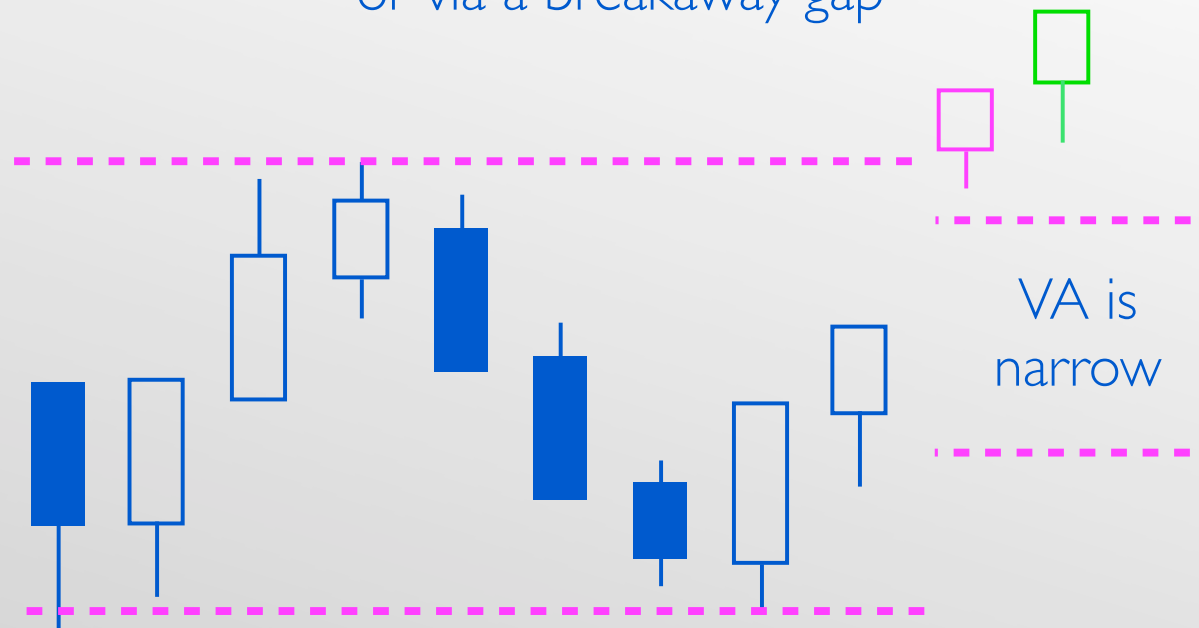
The Inside Value setup is the most explosive value area relationship, as it identifies markets ready to break out from periods of Accum/Dist.

INSIDE VALUE

Identifies potential breakouts from periods of Accumulation/Distribution

- 1. Momentum setup*
- 2. Develops due to Range Contraction*
- 3. Only trade when price has broken out of a phase of Accumulation/Distribution*

Inside Value must occur as a result of Accum or Distribution; and breakout should occur swiftly or via a breakaway gap

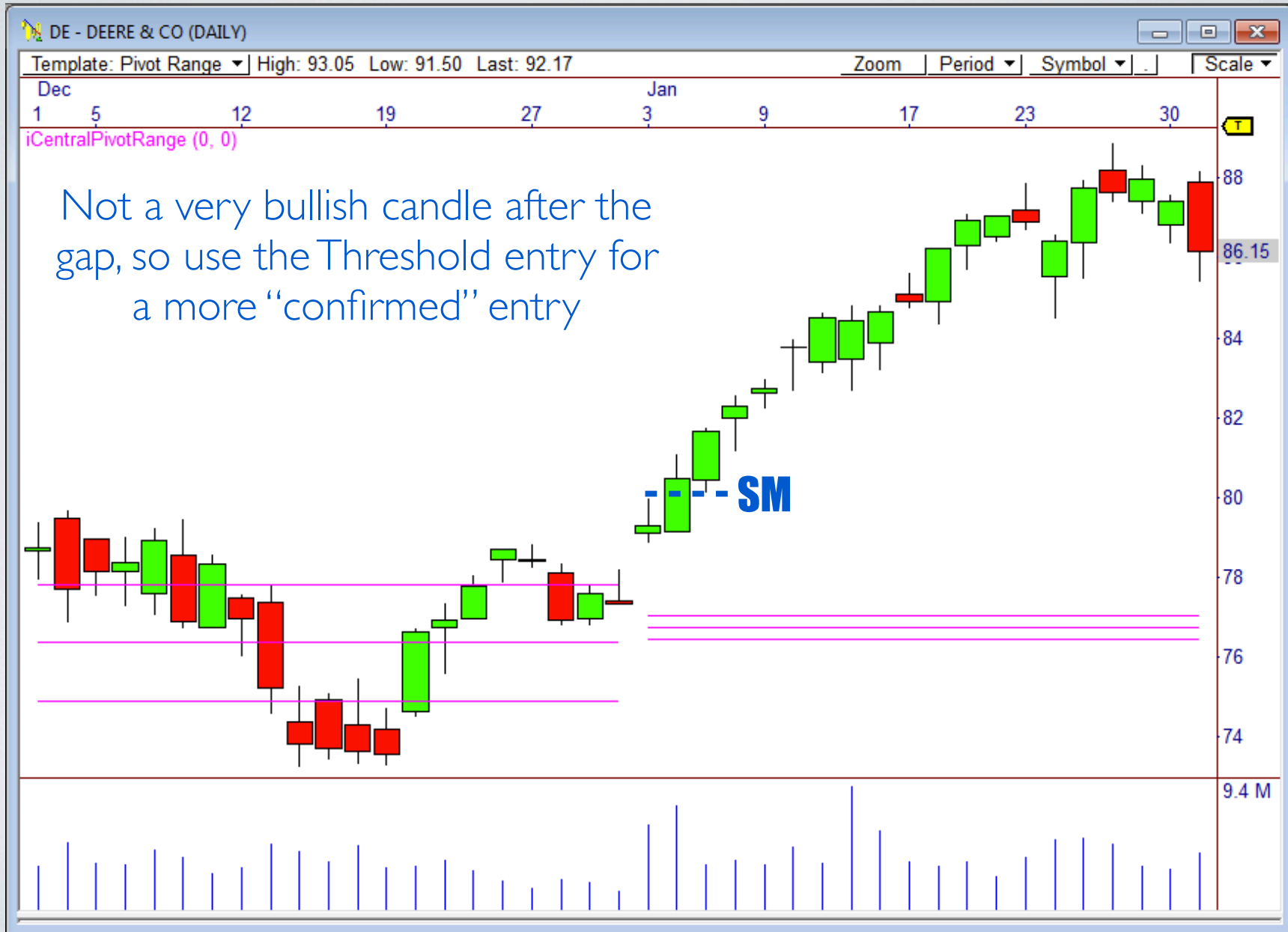


Can use all entry types:
OR Breakout, OR/VA Reversal,
Ambush, Retest, or Threshold

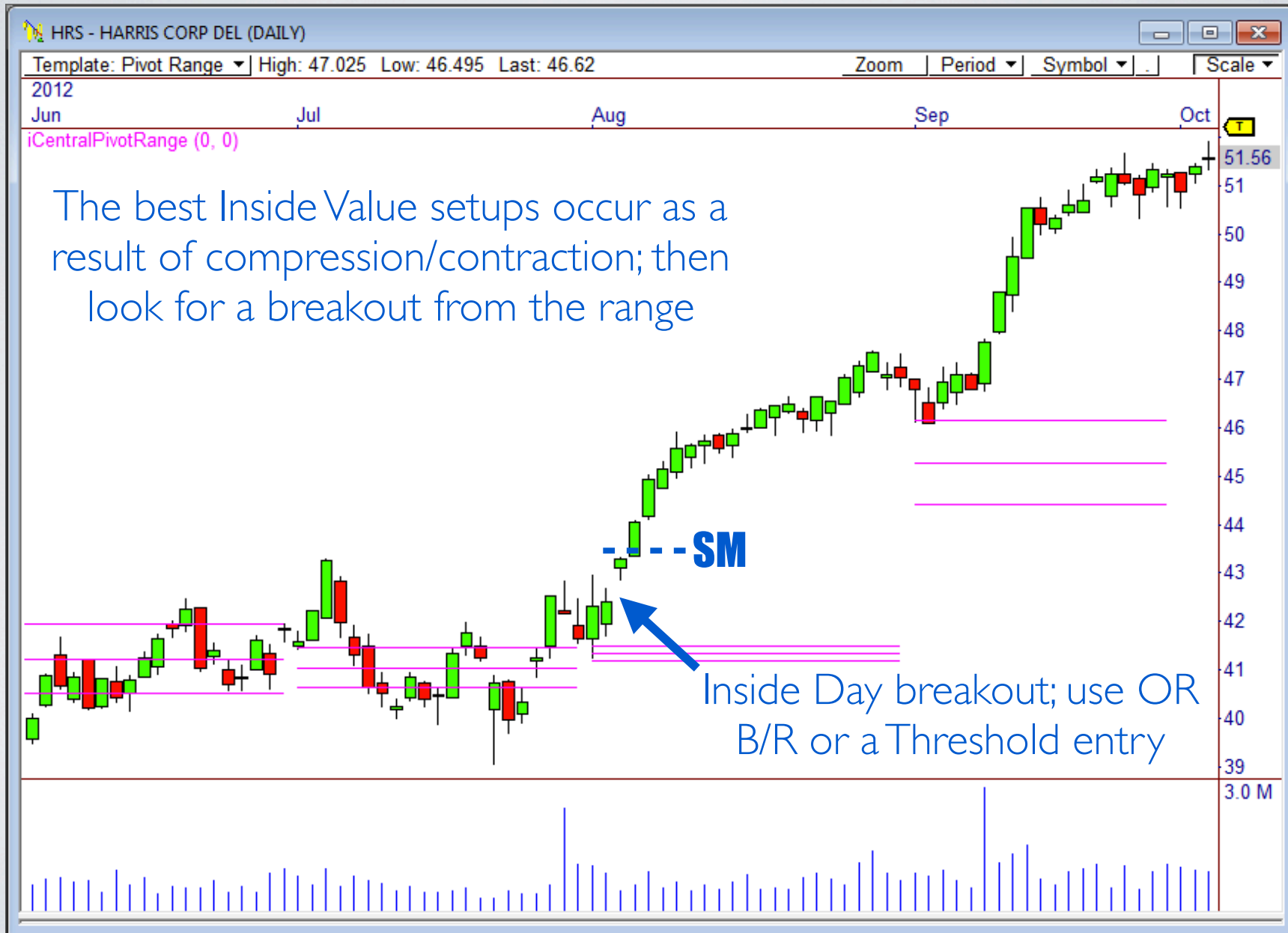
INSIDE VALUE EXAMPLE



INSIDE VALUE EXAMPLE



INSIDE VALUE EXAMPLE



HIGHER/LOWER VALUE



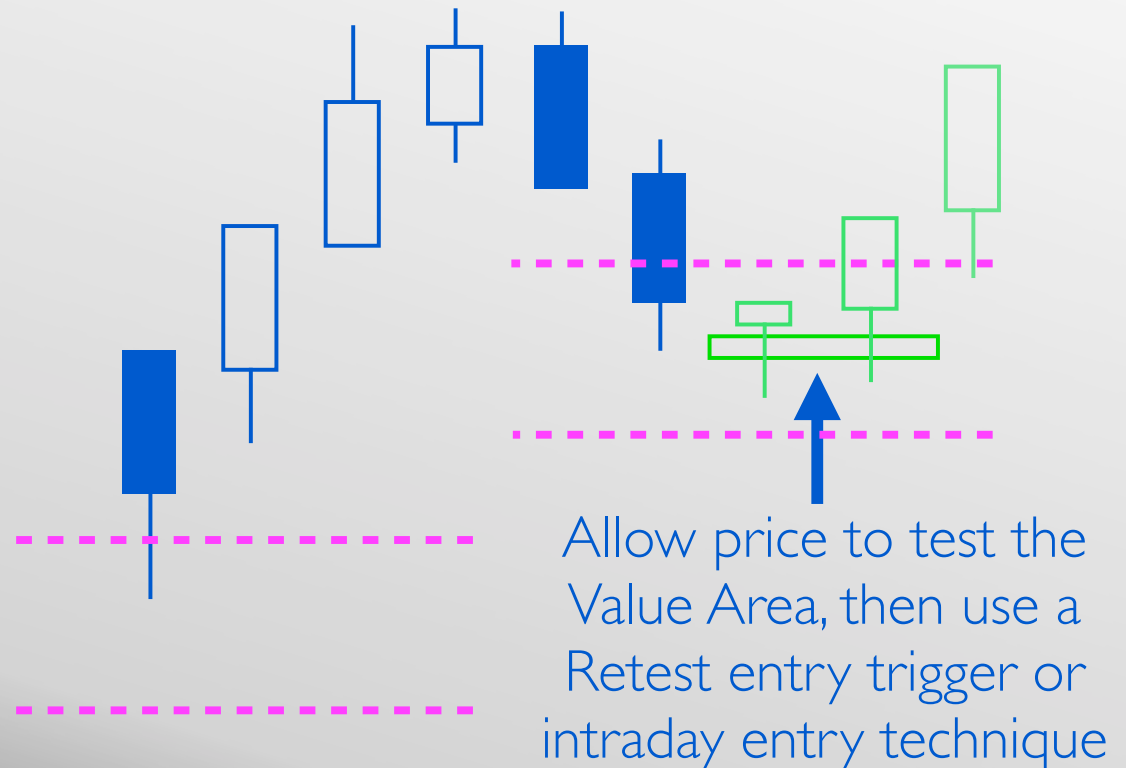
The Higher and Lower Value setups help identify value opportunities during the Markup and Markdown phases.

HIGHER/LOWER VALUE

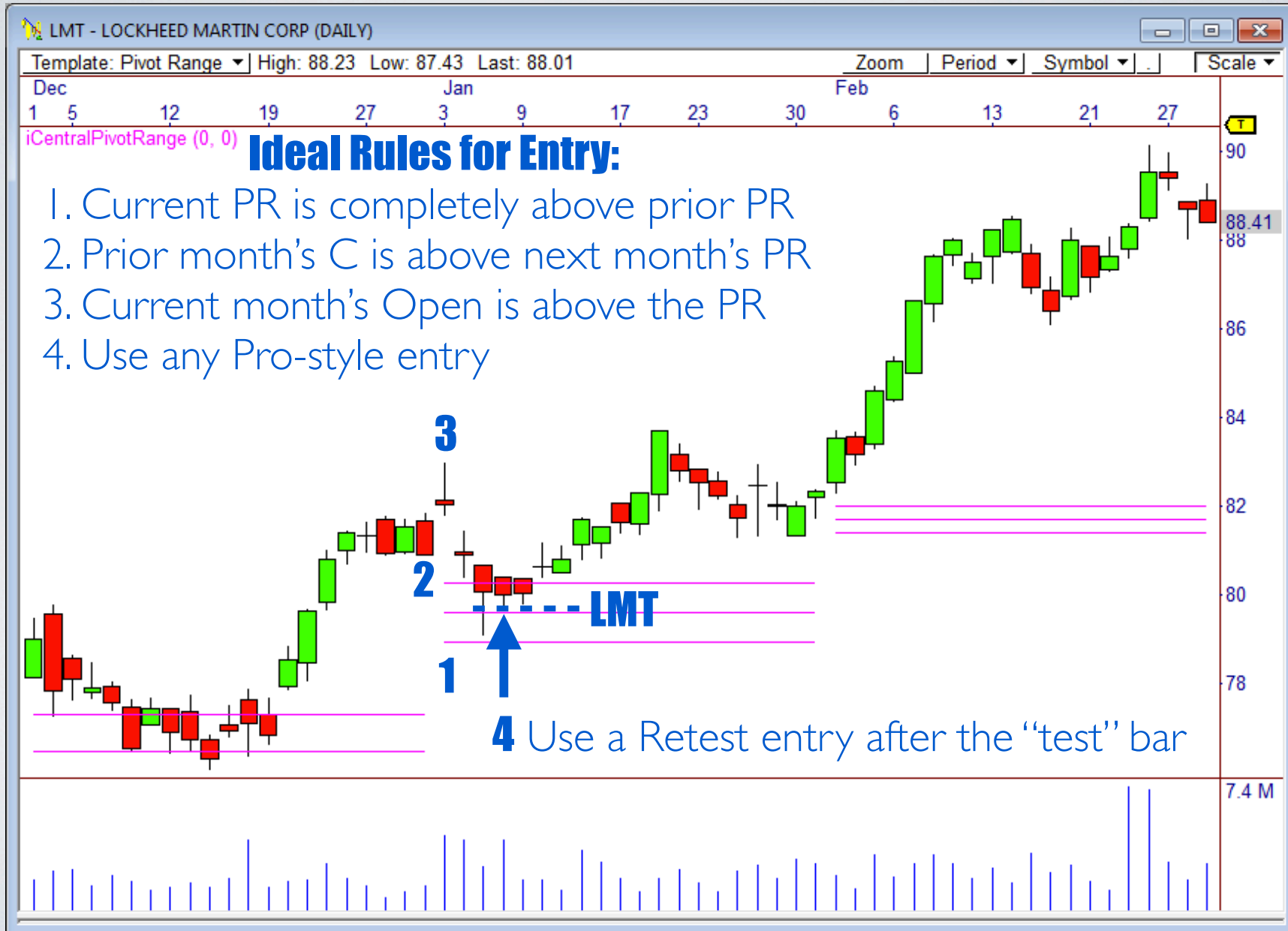
Finds value opportunities during the Markup and Markdown phases

- 1. Value opportunity setup*
- 2. Trend confirmed setup*
- 3. Current PR must be completely higher or lower than prior month's*
- 4. Trade during Markup and Markdown phases*

Pivot Range must be completely higher, and prior month's close and current month's open must be above current month's Pivot Range



HIGHER VALUE EXAMPLE



HIGHER VALUE ENTRIES



LOWER VALUE EXAMPLE





CANDLESTICK SETUPS

CANDLESTICK SETUPS



Candlestick Setups are simple and effective at helping you identify potential opportunities, but must be used at the appropriate times.

INSIDE DAY

Signals a potential breakout opportunity

- 1. Breakout setup*
- 2. 2-bar pattern; develops when current price range is inside prior day's price range*
- 3. Breakouts from this pattern can signal big momentum moves of 3 to 5 days*

OUTSIDE DAY

Signals a potential reversal opportunity

- 1. Reversal setup*
- 2. 2-bar pattern; develops when current price range engulfs prior day's price range*
- 3. Pattern signals a major reversal opportunity, especially when coupled with a big price range and increased volume*

GAP PLAY

Signals a potential breakout opportunity

- 1. Breakout setup*
- 2. Develops best when gaps occur outside prior price range/compression*
- 3. Pattern signals a major breakout opportunity, especially when coupled with increased volume and when price maintains gap integrity*

INSIDE DAY SETUP



The Inside Day setup develops when the current day's price range falls within the price range of the prior day, which can lead to big breakouts.

INSIDE DAY

Signals a potential breakout opportunity

- 1. Breakout setup*
- 2. 2-bar pattern; develops when current price range is inside prior day's price range*
- 3. Breakouts from this pattern can signal big momentum moves of 3 to 5 days*

The Inside Day candlestick pattern works best if the setup forms during a Markup or Markdown phase; not within congestion



Set a Stop Market order to buy just above the one or two day high

INSIDE DAY W/PEMA PB

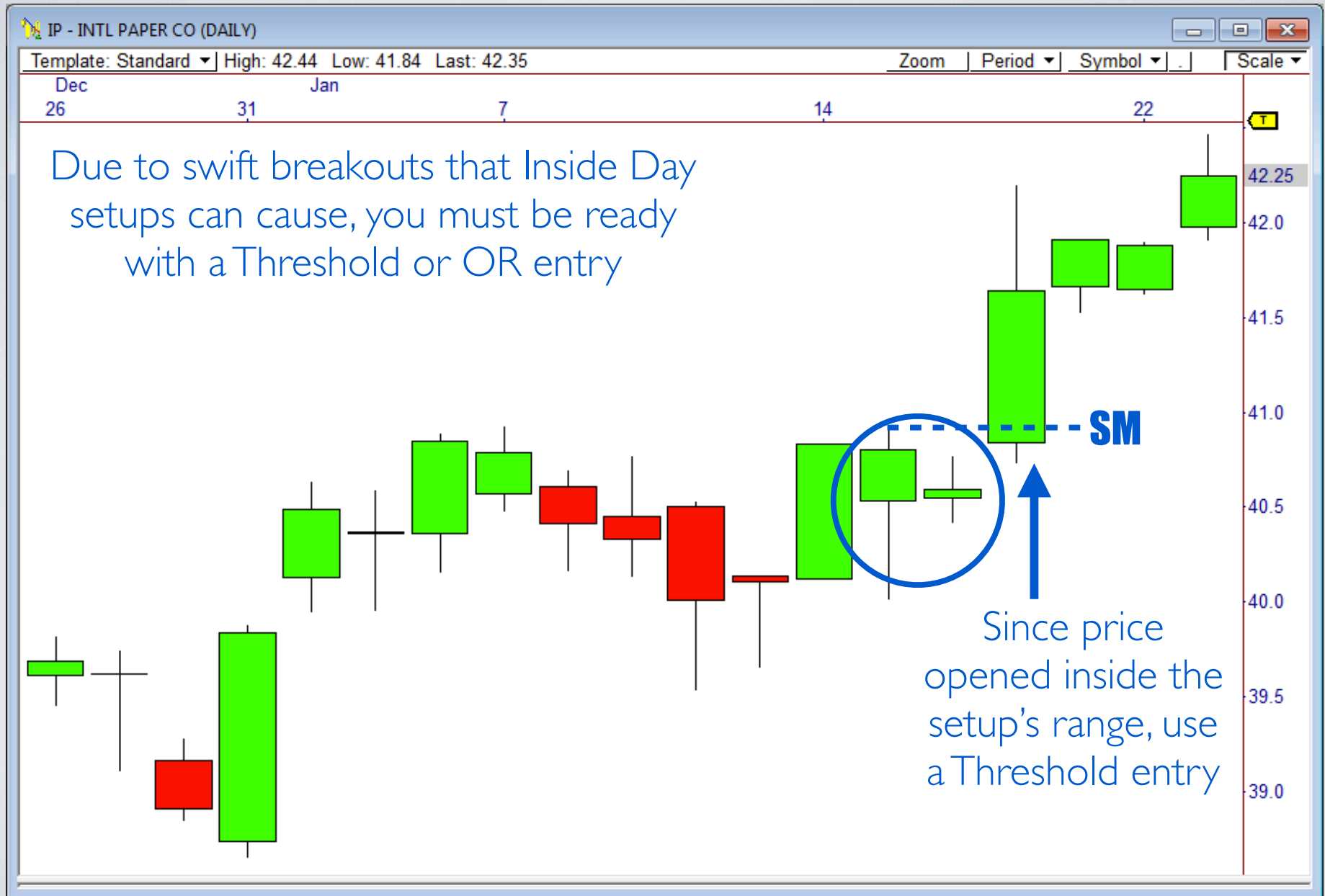


Candlestick setups should be paired with another established technical pattern or setup; this Inside Day developed at the Trigger Zone of the PEMAs

INSIDE DAY OR ENTRY



INSIDE DAY EXAMPLE



INSIDE DAY EXAMPLE



OUTSIDE DAY SETUP



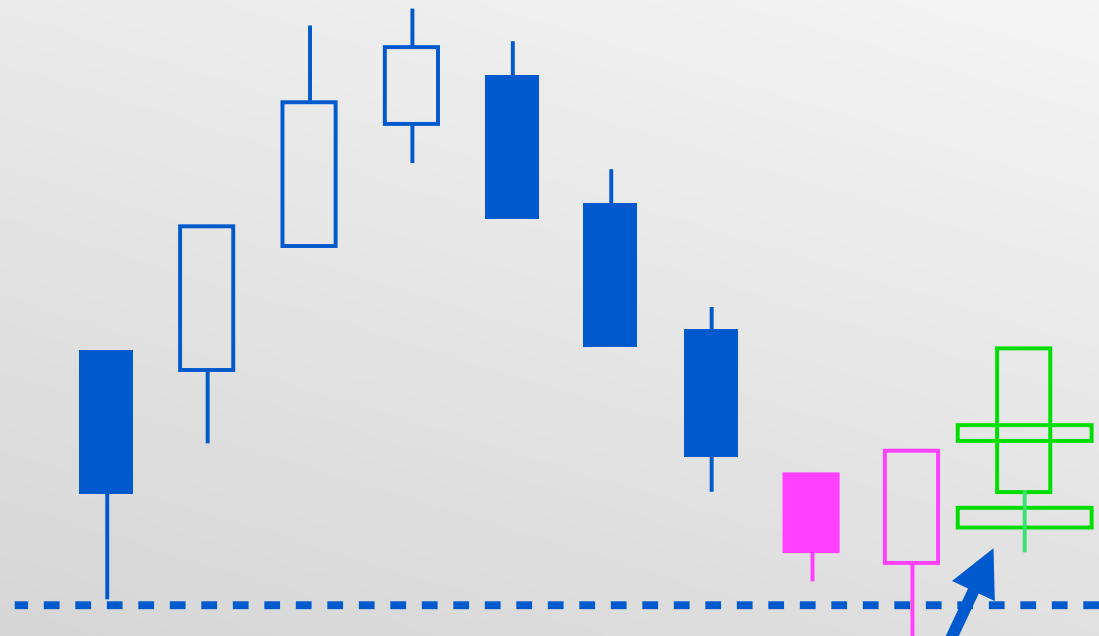
The Outside Day setup develops when the current day's price range engulfs the prior day's price range, which signals an impending reversal.

OUTSIDE DAY

Signals a potential reversal opportunity

1. Reversal setup
2. 2-bar pattern; develops when current price range engulfs prior day's price range
3. Pattern signals a major reversal opportunity, especially when coupled with a big price range and increased volume

The Outside Day candlestick must have a lower low than the prior day and must close above the prior day high



Use the Threshold or Retest entry techniques

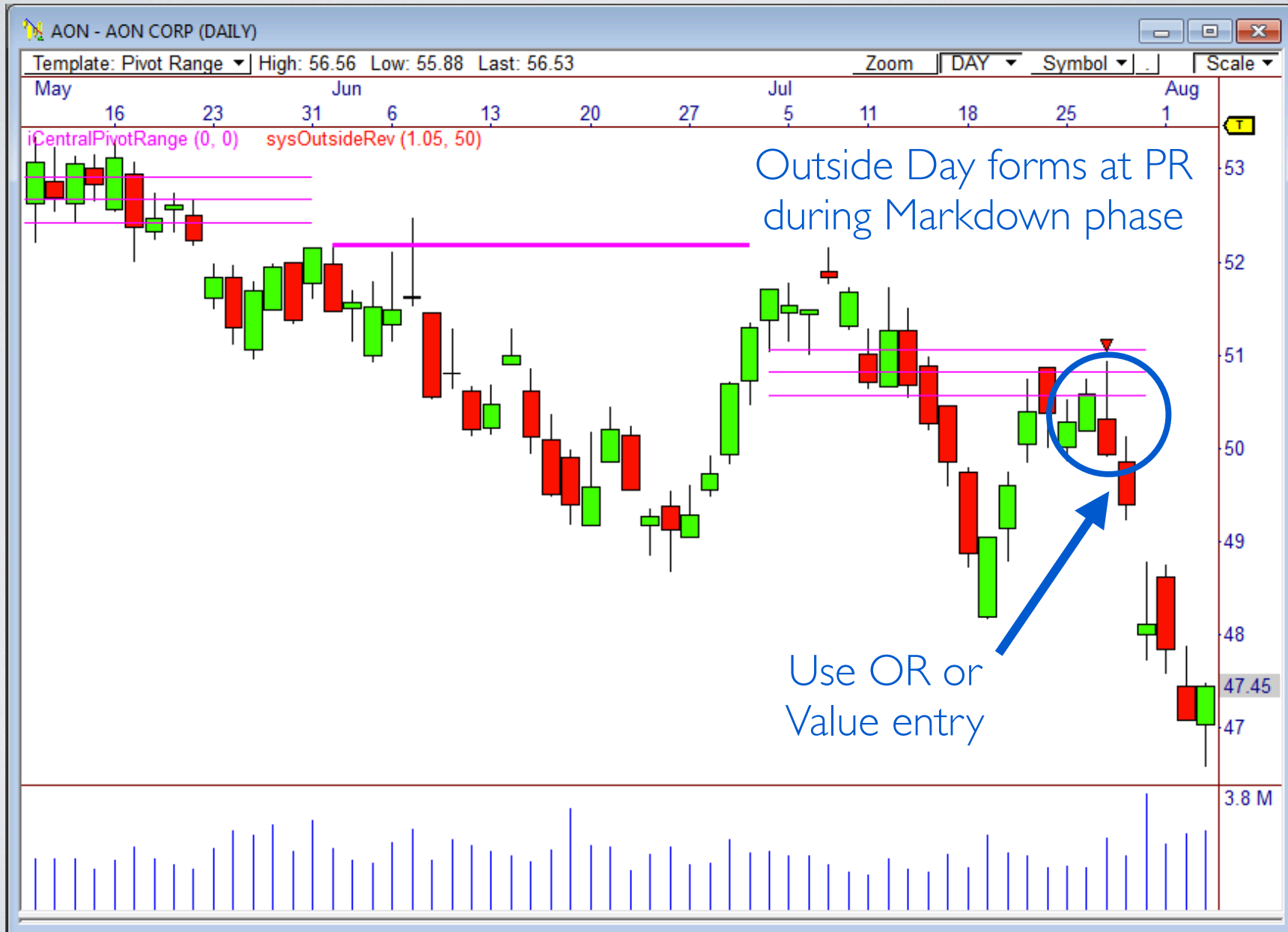
OUTSIDE DAY EXAMPLE



OUTSIDE DAY EXAMPLE



OUTSIDE DAY EXAMPLE



THE GAP PLAY



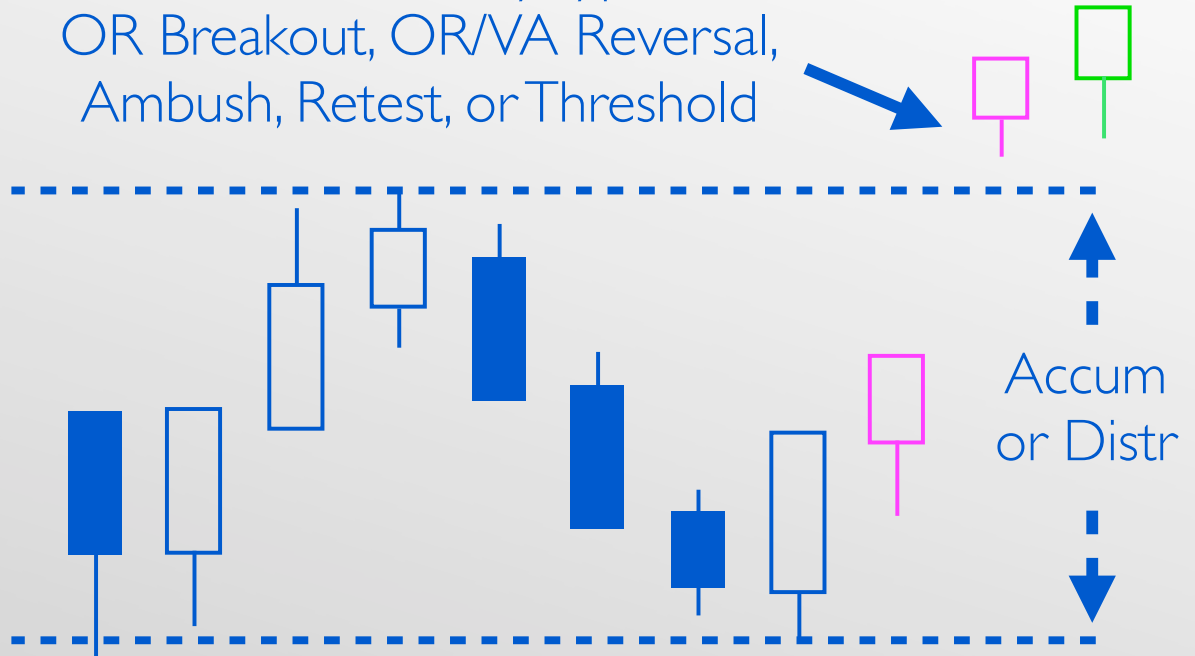
The Gap Play looks to profit from momentum opportunities that occur when price gaps out of a phase of Accumulation or Distribution.

GAP PLAY

Signals a potential breakout opportunity

- 1. Breakout setup*
- 2. Develops best when gaps occur outside prior price range/compression*
- 3. Pattern signals a major breakout opportunity, especially when coupled with increased volume and when price maintains gap integrity*

Can use all entry types:
OR Breakout, OR/VA Reversal,
Ambush, Retest, or Threshold



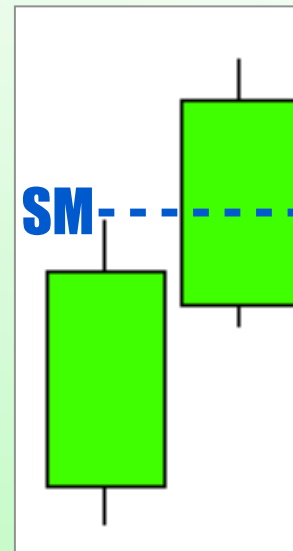
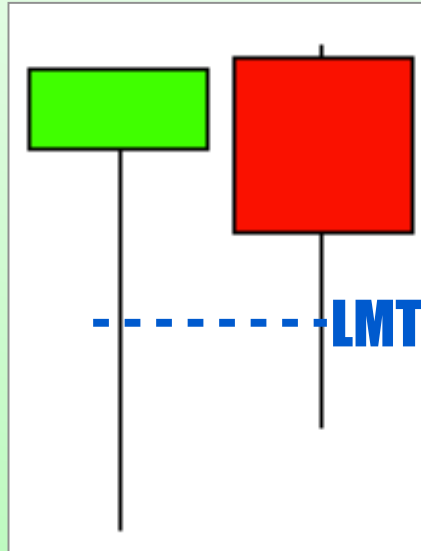
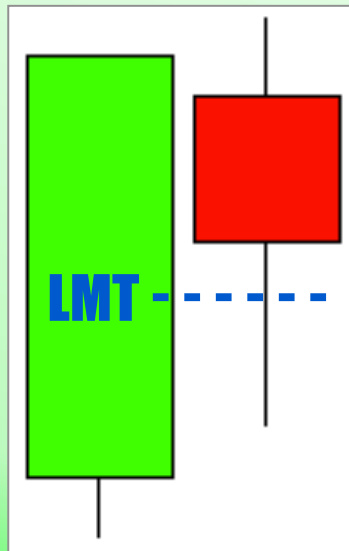
Gap should occur out of a phase of compression,
and must maintain gap integrity

GAP PLAY EXAMPLE

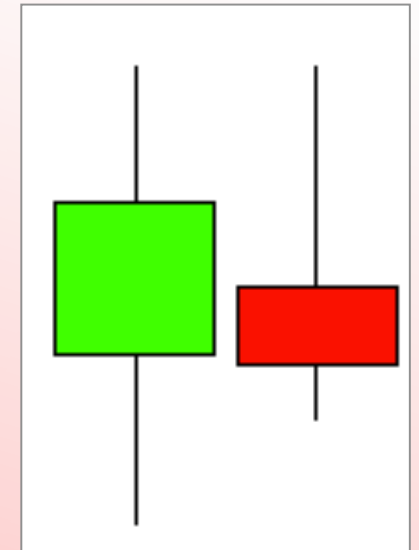
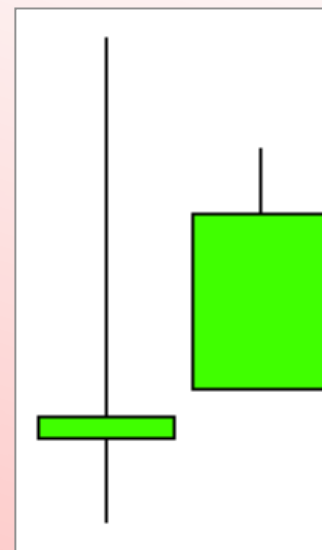
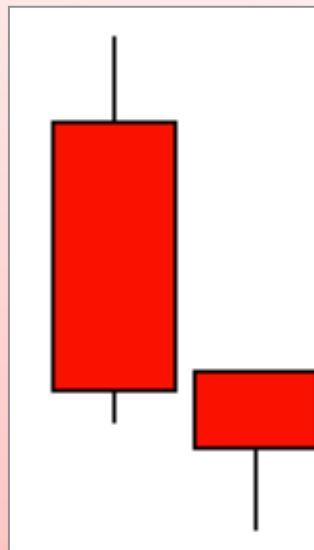


GAP PLAY BULL ENTRY SCENARIOS

**BEST ENTRY
SCENARIOS**



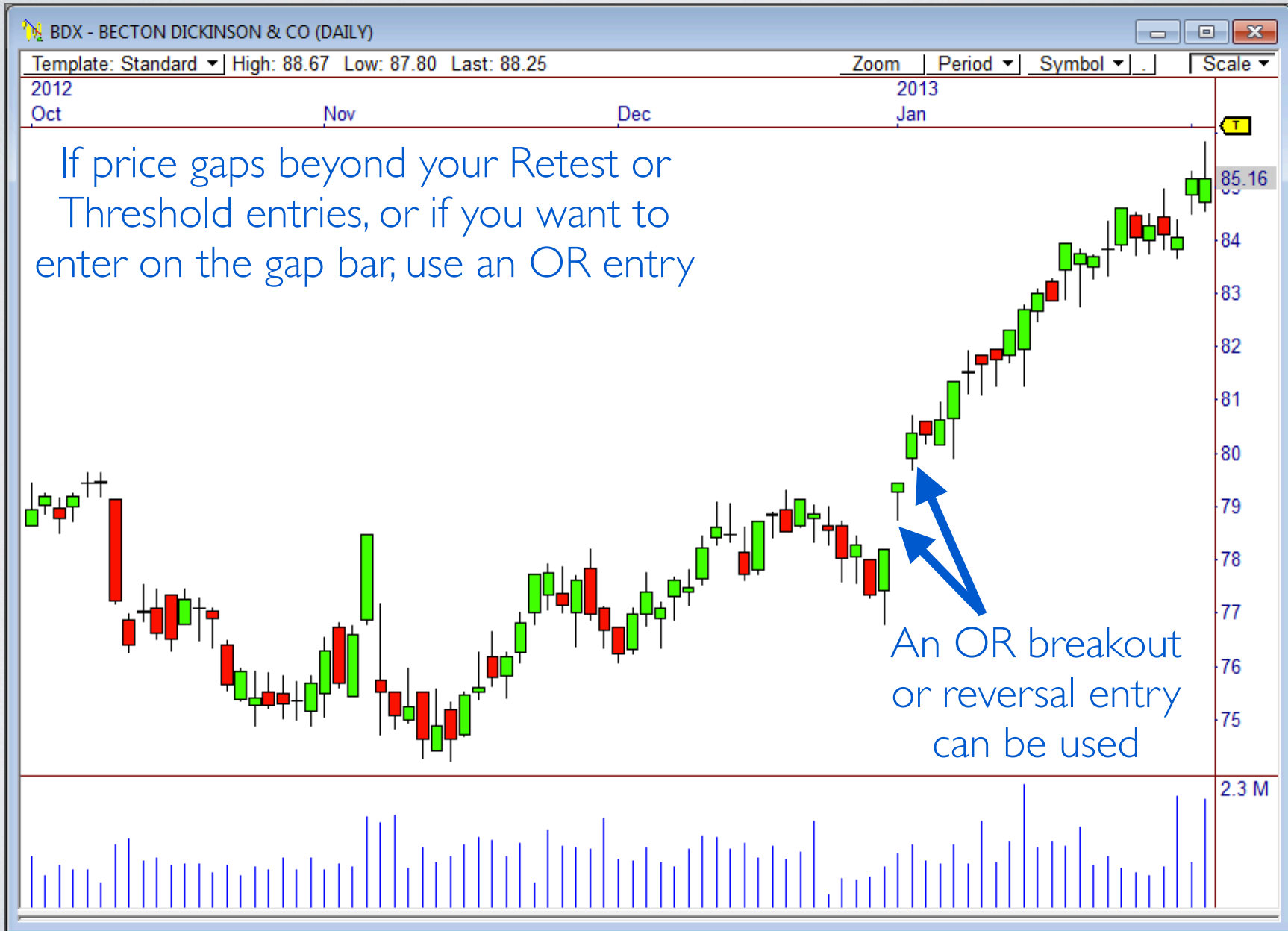
**WORST ENTRY
SCENARIOS**



GAP PLAY EXAMPLE



GAP PLAY EXAMPLE



GAP PLAY EXAMPLE



GAP PLAY EXAMPLE





RANGE-BASED SETUPS

RANGE-BASED SETUPS



Range-Based setups provide a price-based method for determining when to expect range expansion or contraction in the days ahead.

RANGE CONTRACTION EXPECTED

1. *3-Bar Wide Range*
3BWR (10)
3BWR (20)
2. *5-Bar Wide Range*
5BWR (10)
5BWR (20)

RANGE EXPANSION EXPECTED

1. *3-Bar Narrow Range*
3BNR (10)
3BNR (20)
2. *5-Bar Narrow Range*
5BNR (10)
5BNR (20)

N-BAR WIDE RANGE



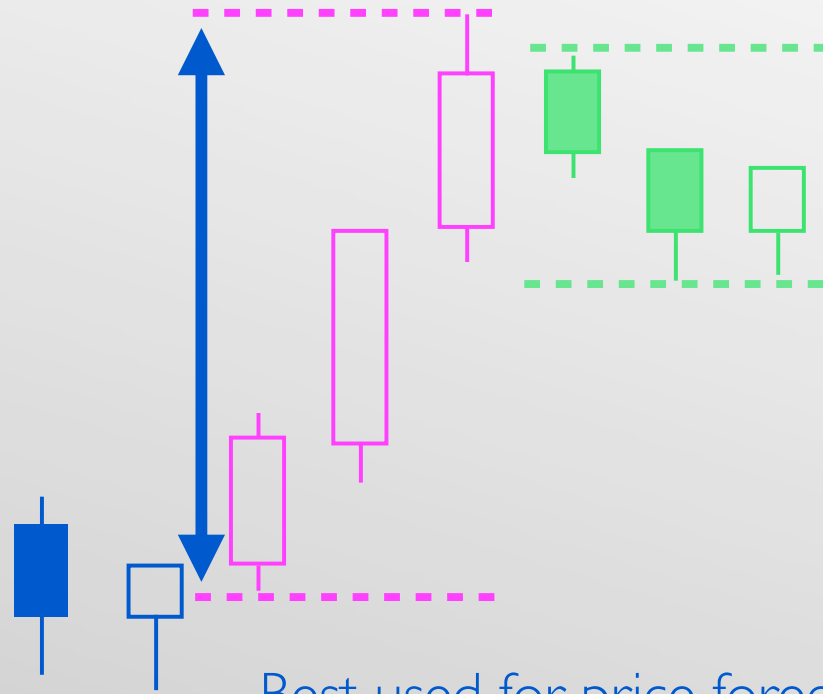
The N-BWR pattern develops when the current n-day range is the widest of the last x-periods, which tends to lead to range contraction.

N-BWR

Signals potential range contraction ahead

1. Predicts contraction
2. Traditionally a 3- or 5-bar pattern
3. The pattern develops when the current n-bar range is the widest of the last 10 or 20 periods
4. Can forecast a huge reduction in price range

The N-Bar Wide Range setup helps identify periods when the upcoming price range may yield a drastically smaller range than average



Best used for price forecasting

N-BAR WIDE RANGE



The N-Bar Wide Range price pattern develops when the current n-day range is the widest of the last 10 or 20 periods, which generally leads to a phase of range contraction.

- Toby Crabel price pattern
- Unusually wide range leads to price contraction
- Up to 40% decrease in price range during the test period
- Success rate of up to 78%

3DR 1: **45.00**
3DR 2: **45.00**
3DR 3: **30.75**
3DR 4: **35.00**
3DR 5: **42.25**
3DR 6: **32.50**
3DR 7: **29.75**
3DR 8: **39.50**
3DR 9: **38.00**
3DR 10: **50.75**

This 3BWRI0 helped forecast range contraction of 50% over the next 3 days in the E-Mini S&P 500 (a drop of 25.25 points).



3-BWR



5-BWR



N-BAR NARROW RANGE



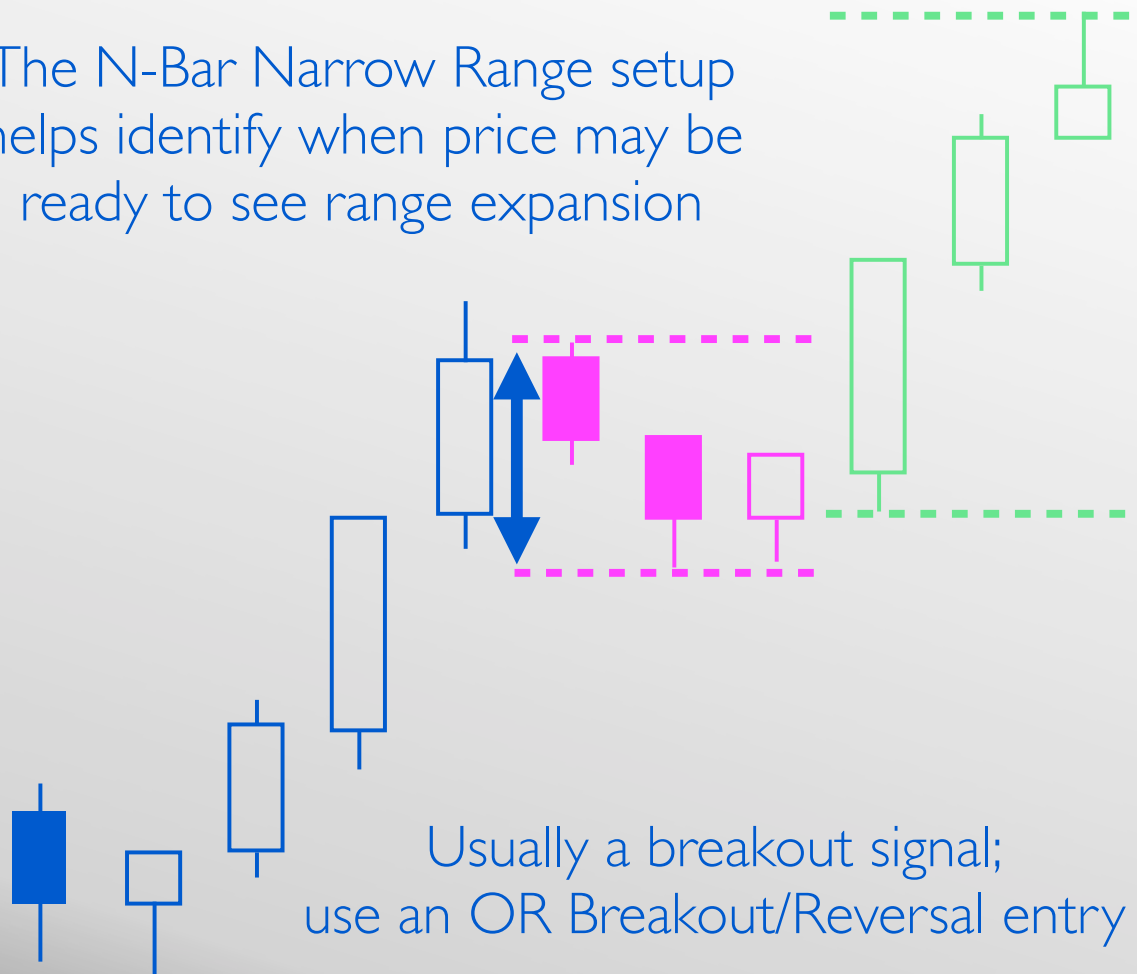
The N-BNR pattern develops when the current n-day range is the most narrow of the last x-periods, which can lead to range expansion.

N-BNR

Signals potential range expansion ahead

1. Predicts breakouts
2. Traditionally a 3- or 5-bar pattern
3. The pattern develops when the current n-bar range is the most narrow of the last 10 or 20 periods
4. Can forecast huge price swings compared to average

The N-Bar Narrow Range setup helps identify when price may be ready to see range expansion



N-BAR NARROW RANGE

The N-Bar Narrow Range price pattern is identified when the current n-day range is the smallest of the last 10 or 20 days.

- Toby Crabel price pattern
- Unusually narrow range leads to price expansion
- Up to 74% increase in price range during test period
- Success rate up to 92%

3DR 1: **37.75**

3DR 2: **30.25**

3DR 3: **46.50**

3DR 4: **50.00**

3DR 5: **43.50**

3DR 6: **39.25**

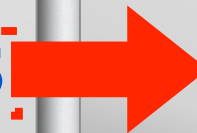
3DR 7: **39.25**

3DR 8: **32.50**

3DR 9: **35.75**

3DR 10: **28.25**

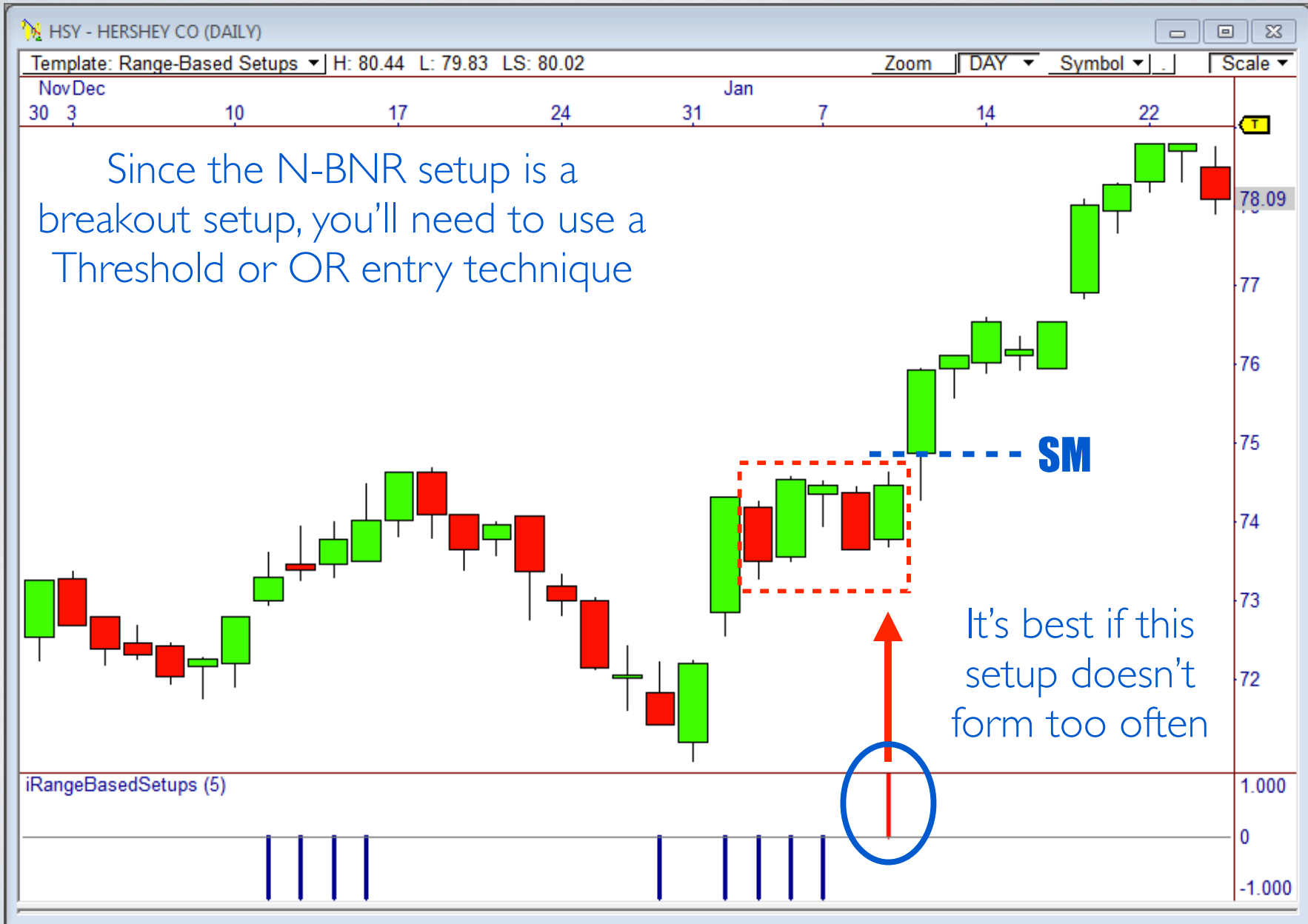
This 3BNR10 helped forecast range expansion of 115% over the next 3 days in the E-Mini S&P 500 (move of 60.75 points).



3-BNR



5-BNR



5-BNR



RANGE-BASED STATISTICS



E-Mini S&P 500 (5/10/11 - 7/10/12)

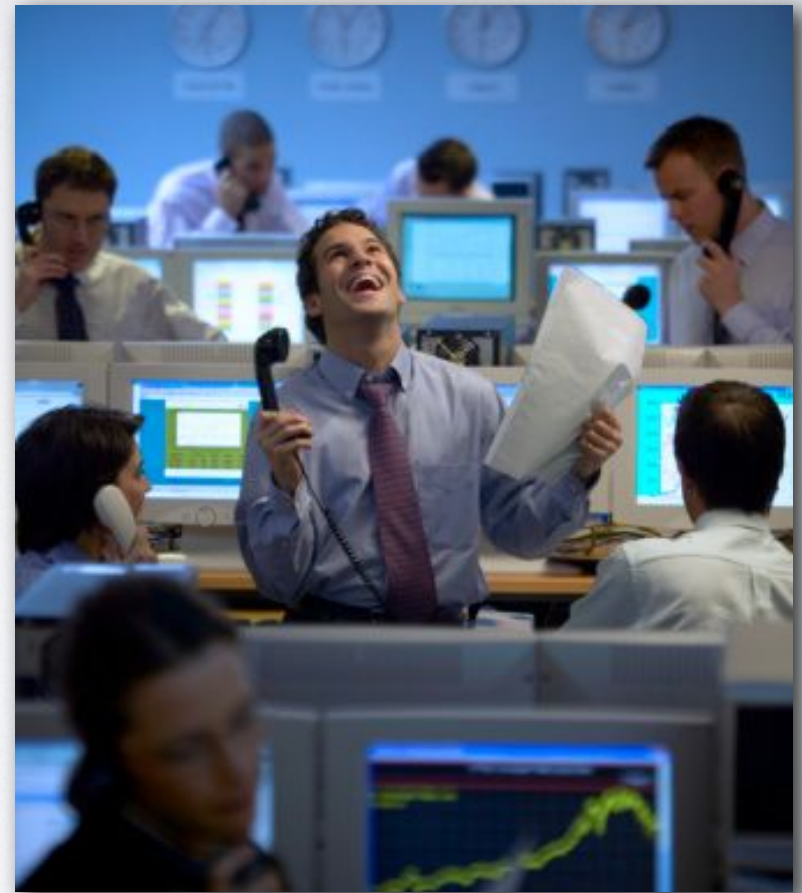
3DR	Total Days	# Triggers	% Triggers	Avg. 3DR	Avg. NR/WR	% Change	# Hits	% Hits	% Change
3BNR(10)	289	36	12.5%	40.73	26.85	34.1%	33	91.7%	73.7%
3BNR(20)	279	19	6.8%	35.83	22.82	36.3%	17	89.5%	73.3%
3BWR(10)	289	41	14.2%	42.48	57.86	36.2%	30	73.2%	35.5%
3BWR(20)	279	18	6.5%	47.75	69.19	44.9%	14	77.8%	40.5%
5DR	Total Days	# Triggers	% Triggers	Avg. 5DR	Avg. NR/WR	% Change	# Hits	% Hits	% Change
5BNR(10)	287	38	13.2%	55.72	41.73	25.1%	27	71.1%	53.1%
5BNR(20)	277	17	6.1%	52.09	36.16	30.6%	15	88.2%	59.7%
5BWR(10)	287	53	18.5%	61.21	77.08	25.9%	40	75.5%	37.3%
5BWR(20)	277	31	11.2%	64.03	82.94	29.5%	20	64.5%	39.0%

FINAL THOUGHTS



Discipline, patience, and technique are the most important aspects of triggering successful entries.

- It's all about Trade Location; remain disciplined in requiring a great entry
- Know the types of Pro-Style entries, and when to deploy them
- The setup doesn't make the money; knowing when to use it does
- Practice leads to confidence; confidence is gained through experience





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with Frank Ochoa