The Professor’s Position
Trading Methodology

Rifle Trades

Hank Swiencinski
August 22, 2013
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Outline

• Best times to trade – when the odds are in your favor
• Technical Indicators
• Rifle Trading Strategy
• Using the Dean’s List to identify stocks
• Examples
The Four Best Times to Trade

#1: When the market is changing direction

#2: Small change in the A-D oscillator. Small change = BIG MOVE (>100 Dow points).

#3: When the market is trending (Rifle Trades)

#4: When it’s not – Scalp Trades
Trends vs. Non Trends

Aggressive, larger positions, adding to position
DMI, MACD, P-Volume

Cautious – scalp trades
Smaller positions
RSI Wilder

Not Trending - Correcting

- Look for a change in direction
Stock Movement is Similar to Driving a Car

To get from point A to point B, a car needs three things:

– The car needs to be pointed in the right direction
– The car needs to be moving
– To continue moving, it needs gas
Three Technical Indicators

- **Direction:** The Directional Movement Indicator (DMI)
  - Math formula developed by Wells Wilder, used to determine direction of a stock
- **Momentum:** Moving Average Convergence Divergence (MACD)
- **Gas:** Positive Volume Indicator
Rules

Rule #1: Buy when all three indicators turn positive

Rule #2: Sell when all three indicators turn negative. To protect profits, Sell when 2 of the 3 indicators are negative

Do the opposite for shorts
Using the MACD

• Most traders do not understand how to use the indicator

• **Positive momentum:** when the MACD indicator is **above the zero line**

• The standard MACD is 12-25-9. I use 10-20-1. Using the “1” eliminates the signal line.

• Also look for divergences. They are very useful in Position Trading
MACD Remains Positive
Setting up the Indicators from AIQ or the Internet

• Use live data from AIQ Alerts screen or freestockcharts.com

• Basic trading screen should have:
  - a 60 min chart set for one month’s data
  - DMI set for 14 periods
  - MACD set for 10-20. Set signal line to 1.
  - P-volume or Positive Volume Indicator with the moving average set for 21 periods.
Basic Strategy for Trading Trending Markets
(Buying cake and Eating it too)

• Identify stocks that could be entering a trend mode
• Initial Buy (Basic Position) is always established on a DMI turn, after a Reversing Pattern
• Basic Position (The Cake) is always managed on a Daily Chart
• Subsequent trades (Eatin’ Cake) are triggered and managed as Rifle Trades on the 60 min chart
Rifle Trades
(Eatin’ Cake)

• Once stock is in Uptrend on Daily Chart with positive PT Indicators, look for opportunities to RT on pullbacks

• Wait for 2 period RSI Wilder to become oversold (<30)

• Then use PT indicators on 60 min chart (The Rifle) to trigger the trade

• Manage the Rifle Trade on the 60s
Rifle Trades
60 min chart

Buy
Sell
Buy
Buy
Sell
Bu
Sizing and Managing Rifle Trades

- Rifle Trades are sized at \( \frac{1}{2} \) the Basic Position
- Example: If Basic Position of 1000 shares of RCL was bought on Daily Chart
- Rifle Trade is 500 shares. Managed on 60s.
- If Basic Position was not established on DMI turn, first Rifle Trade is used to establish Basic Position.
- This Rifle Trade would be managed on Daily’s, not 60s.
Buy Basic Position (1,000 shares)
Daily Chart

Let's look at this...
Buy 500 shares
Buy 60 min Rifle Trade
Dean’s List 050913

REMX Market Vectors Rare Earth/Str Metal 5 46.88
QLD PROSHARES - Ultra QQQ 4 68.51
UWM ULTRA RUSSELL2000 PROSHARES 4 59.85
PGJ PowerShares Golden Dragon Halter US 3 20.58
ITB iShares Dow Jones US Home Construct 3 25.57
SSO PROSHARES - Ultra S&P 500 3 79.34
EUFN iShares European Financials 3 21.60
DIG PROSHARE ULTRA OIL & Gas 3 56.93
PBE PowerShares Biotechnology & Genome 3 29.03
PMR PowerShares Dynamic Retail 2 30.02
PBS PowerShares Media 2 20.97
IYT iShares D.J. Transportation 2 113.98
TBT PROSHARES ULTRASHORT BARC 20 2 63.58
MRO USX Marathon Group 2 34.35
CAF Morgan Stanley China A Share Fu 2 23.80
QQQ NASDAQ 100 TR 2 73.05
YCS ProShares UltraShort Yen 2 68.00
DDM PROSHARES - Ultra Dow 30 2 94.68
Buy Basic Position
Opportunity to Rifle Trade

Stock in Up Trend

Opportunity to Rifle Trade
Dean’s List 01/03/2012

- DIG Proshares Ultra Oil & Gas 3 46.27
- EWD iShares MSCI Sweden 3 26.11
- SSO PROSHARES - Ultra S&P 500 3 47.82
- DDM PROSHARES - Ultra Dow 30 3 61.64
- QLD PROSHARES - Ultra QQQ 3 84.43
  - XLF Select Sector SPDR-Financial 3 13.34
  - CORN Teucrium Corn ETF 2 42.62
  - PBS PowerShares Media 2 13.50
  - RWR SPDR Dow Jones REIT 2 64.97
  - EWC iShares MSCI Canada 2 27.40
  - PRF PowerShares FTSE RAFI US 1000 2 55.36
  - PXE PowerShares Energy Exploration & Pr 2 23.34
  - XLI Select Sector SPDR-Industrial 2 34.49
  - EWQ iShares MSCI France 2 20.16
  - PWV PowerShares Dynamic Large Cap Value 2 19.48
  - EWZ iShares MSCI Brazil 2 59.70
  - XLV Select Sector SPDR-Health Care 2 35.14
Dean’s List 040912

QLD PROSHARES - Ultra QQQ2117.74
DUG Ultra Short Oil & Gas ProShares224.36
PWB PowerShares Dynamic Large Cap Growt118.64
EWV ProShare UltraShort Japan132.25
PEJ PowerShares Leisure & Entertainment121.65
IYW iShares D.J. Technology177.04
QQQ NASDAQ 100 TR167.21
EPI Wisdom Tree India Earnings118.95
SSO PROSHARES - Ultra S&P 500156.23
XLK Select Sector SPDR-Technology129.96
EWY iShares MSCI South Korea159.24
KXI iShares Global Staples Sector Fund170.03
XLY Select Sector SPDR-Consumer Discret144.54
PWC PowerShares Dynamic Market Portfolio146.18
REMX MV Rare Earth/Strategic Metals ETF116.74
XLV Select Sector SPDR-Health Care137.04
PSI PowerShares Semiconductors115.42
IYT iShares D.J. Transportation192.52
PIN PowerShares India118.44
RXI iShares Global Consumer Discret Fnd157.61
XLF Select Sector SPDR-Financial115.30
RWR SPDR Dow Jones REIT169.29
DDM PROSHARES - Ultra Dow 30167.66
PZI PowerShares Zacks Micro Cap Portfolio111.21
XLP Select Sector SPDR-Consumer Staples033.74
SPY SPDR TR0138.22
PJP PowerShares Pharmaceuticals030.92
PWO PowerShares Dynamic OTC Portfolio050.45
TMF Direxion 30yr Treasury Bull 3x sh061.81
PMR PowerShares Dynamic Retail025.50
EWA iShares MSCI Australia022.93
VNQ Vanguard REIT VIPERs062.24

The List had been positive and long since 2 January 2013
Dean’s List 041012
(The Day the Horse Died)

DUG Ultra Short Oil & Gas ProShares525.34
FXP Ultra Short China327.34
EEV Ultra Short Emerging Markets ProShares327.84
EWV ProShare Ultra Short Japan332.93
SSG Ultra Short Semiconductors336.38
DXD ULTRASHORT DOW30 PROSHARES213.78
RWM Short Russel 200 Pro Shares227.49
SDS ULTRASHORT S&P 500 PROSHARES116.16
DRR Morgan Stanley Inverse 2x Euro144.34
SKF Ultra Short Financials144.37
SH PROSHARES - Short S&P 500136.99
UUP PS DB US Dollar022.16
TMF Direxion 30yr Treasury Bull 3x sh063.85
QID ULTRASHORT QQQ ProShares031.54
PWB PowerShares Dynamic Large Cap Growt018.27
XLV Select Sector SPDR-Health Care036.62
# Dean’s List 081613

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Look for Rifle Trades in middle of List

RT on 8/15
RT on 8/16
Oversold
Summary

• Use the Dean’s List to find strong stocks or ETFs to trade.
• Establish a Basic Position on the Daily Charts using the PT indictors.
• After the stock moves into an Uptrend, look for periods when it becomes oversold to perform Rifle Trades on 60 min bars.
• Exit the trades when 2 or 3 indicators turn against the trade.
• That’s it! Keep it simple.
For More Information

- Call or email Barbara Greer at AIQ Sales:
  - Phone: 800-332-2999
  - Email: sales@oneminutestock.com
- AIQ’s OneMinuteStock.com Cum Laude Service: [http://oneminutestock.com](http://oneminutestock.com)
- Dates for future seminars and webinars.
- The Professor’s Book: One Minute Guide to Stock Management
  - Available at [OneMinuteStock.com](http://oneminutestock.com)
Thank You

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