Twitter Thread by Sheetal Rijhwani



Sheetal Rijhwani
@RijhwaniSheetal

If you're a swing/positional/trend follower, then this thread is for you. In this one, I will be covering how to filter stocks, how to take entry and the exit plans. ■ (1/21)

It's practically impossible to check all charts. However, you can use multiple scanners as per your setups to make things easy.
In trending market, even junk stocks give a good move. But in sideways and falling markets, you have to be very selective. (2/21)

One imp. filter for me is trading in strong fundamental stocks. Every quarter, I check results of companies and filter the list. I keep checking the charts and set an alert on the levels. Many good handles on Twitter post good results lists, you can save that as well. (3/21)

This time, I did the same on my telegram channel.
https://t.co/C3eS9PSncG

Second filter for me is Current Performing Sectors/Themes. Keep your eyes and ears open. Being a good observer helps you big time. Make good use of news in your analysis. (4/21)

For Eg: Textiles are performing well for a while now. It has strong consumer interest due to many global retailers, diversifying their outsourcing and reducing their dependence on China. Order booking from India has increased rapidly. (5/21)

Being outpaced by Bangladesh earlier and then being impacted by Covid, India's garment industry is now buzzing. Companies like Vardhman, Ambika cotton, VIP, Trident posted amazing results. When a sector/theme outperforms, even the underperforming/junk stocks perform too. (6/21)

I use these weak fundamental stocks for trading that time with less position sizing. But they give amazing results when the sector is in the flow.

Apart from this IT sector, chemical stocks, sugar theme, PSU banks (before budget) too performed really well. (7/21)

I don't rely on one sector. I believe in diversification but I definitely take the advantage of the sector that's outperforming. There are ways to trade in stocks. One that everyone knows is breakouts. (8/21)

In breakouts, there are many categories - 52 week breakouts, ATH, pattern and range breakouts. In trending markets or when the market is making new highs almost every day, sectorial Indices are giving breakouts everything works. We have witnessed that in 2020 and 2021. (9/21)

If you're new, you might think you've learnt how to make profits, but it's not that easy. You can't enter at every random or small breakout zone. Check the risk behind this.. check what will be your SL and obviously, it shouldn't be too wide. Explaining this with charts. (10/21)



30-40% away from 50 EMA:
India Cement gave one sided move. Good if you got it the moment it gave breakout, but it's wrong to pick the stock that's already extended 30-40% away from EMA, weekly breakout. Read about Extended moves ■(11/21)
https://t.co/sV0dBKH4Av



> Now let's talk about extended move. When a stock gives one sided rally in short period of time, it's extended move. In large caps, it's generally an extended move when stock is away 20-25% from 50 EMA and midcap/small cap give 30-35% move and then pause a little in trend. (6/15)
>
> — Sheetal Rijhwani (@RijhwaniSheetal) October 25, 2021

Pullback/Reversal

Being an 'only breakout' trader is fine. But being in stocks, you should know how to play reversal/pullback trades too. When market is sideways there will be many false breakouts. You can play swing that time - buying at support, booking at resistance. (12/21)

When the market falls drastically and cash scrips fall a lot, they give a good reversal move too. We get more good opportunities to trade after excessive weakness. Either stay away from the market in this scenario or try pullback trades. (13/21)

How can we trade reversal/pullback trades?

Keep stocks on watchlist which recently gave good breakout. Now falling/retesting their breakouts with less volumes, focus on them first and when it gives any reversal as per market situation I take a trade in them. (14/21)



Start with intraday... if market gives a follow up move after one day of up move, only then start carry. Keep position size less in swing initially, increase once we start getting move. (15/21)



Second.. when market/stocks fall a lot. After excessive weakness, Index and stocks are now at major supports. Next day, if we see a little reversal/bounce from that support, keep a watchlist ready on the day of falling. (16/21)



Focus on stocks closing at major support. Next day trade with lower timeframe. Start with intraday - find stocks with small stop loss - book as per your exit rule. If getting good reward - trail. If stock is closing at high - keep in your watchlist for next few days. (17/21)



Advantage of trading reversal trades is we get good RR trade. Try both and focus on whatever suits you. Or trade both as per market situation. If you're uncomfortable with reversal, at least know when not to trade breakout trades. Stay away from market for a while. (18/21)

Now you know about the entry but you should know when to exit too. If you're trading in cash, it doesn't mean you don't take the SL seriously. You should have the exit plan beforehand. When you have multiple trades open in swing & market reverses, keep MTM SL (max DD SL).(19/21)

Let's say you are in a profit of 40k. When the market reverses, keep 20% SL. When profit comes to 32k book everything. Then take new trades if the market gives opportunity. If it continues to fall then avoid indulging. This is the best way to lock profits. (20/21)

Read more about exits here:

https://t.co/nZt86GBsIa

Read more about pullback trades:

https://t.co/0jlvzkvNTi

If it helps you, please do RT the first tweet. (21/21)

> How to find out the expected targets and what should be the exit criteria when you enter a trade - \U0001f9f5
>
> Possible ways to find out the target:
>
> Check if any patterns forming - it gets quite easy to figure out the targets that way. (1/15)
>
> — Sheetal Rijhwani (@RijhwaniSheetal) October 25, 2021