

STEP BY STEP INSTRUCTION TO ANALYSE A CHART AND TRIPLE SCREEN STRATEGY :

Weekly Chart (Check on Thur/Fri)

To analyze bigger trend :

- Analysis at end of Thursday or Friday provides indication how weekly chart is going to close
- Do not analyze Weekly chart at beginning of the week (e.g Monday to Wednesday) because any beginning week's pattern may change totally by end of the week
- Check candlestick :
 - A narrow range candle after a sharp downtrend indicates selling is slowing down
 - A narrow range candle after a strong uptrend indicates buying is diminishing in powerOf course, candlestick will only useful if combined with :
 - stochastic (tell you overbought/oversold), MACD (tell you uptrend/downtrend) and
 - Volume (tell you if too many retail players have jumped on the bandwagon)

- Check resistance/support:
 - Buying near support is good, buying upon a false alarm on break of support is much better (when market is not in strong trend yet, try to buy this way. However, when market is good and hot, lots of buyers are willing to pay for higher prices, thus this may not be possible).
 - The above buying strategy is called "buy on panic and sell on excitement", wait for break below any support/band, see if price will bounce back above the support, then only start buying

Selling strategy is just the reverse of the above

- Check MACD :
 - In a downtrend, check if MACD is flattening/turning up (before any buying in smaller time frame), By the way, flattening MACD doesn't indicate uptrend, only means downtrend may pause. It may go uptrend later, it may go sideways for a while or it may even go down next week

In a uptrend, check if MACD is flattening/turning down (before any selling),
By the way, flattening MACD doesn't indicate downtrend, only means uptrend may pause

Need to combined with other indicators and volume to work effectively. **No single indicator can be used alone effectively**

- Stochastic:
 - Buying when stochastic is below 20 (especially below 10) may run the risk of BUY LOW GET LOWER. Failure swing occurs during such a low stochastic reading may cause price to tumble

sharply on any down move. When stochastic is approaching 20 from below, start pay attention if a rally is in place (if RSI is at least above 30)

The reverse goes for selling strategy.

Triple Screen Strategy For Bigger Time Frame

Analysis of bigger time frame concentrates on :

- Candlestick patterns
- Support / resistance level (this includes mid band or upper band of b. bands)
- MACD : to investigate the bigger trend
- Stochastic : good for selling if stochastic is dropping out from 80 and going down
good for selling if stochastic is still trapped below 20, the lower the better
good for buying if the stochastic is just rising from oversold area e.g 20 zone
good for buying if the stochastic continued to be overbought e.g 80 or near 80 zone
continue to hold
- RSI -- (not mandatory in this time frame)
Below 50 = normally hard to break middle b. band
Above 50 = potential breaking middle b. band and target to upper band
- Volume (not mandatory in this time frame unless for long term trade)

*No need to analyze too many indicators in this time frames, most importantly are the **bigger picture trend, support / resistance level, where is stochastic position.***

A trader get hints from bigger picture BUT he does not trade in this time frame. He will concentrate on next smaller time frame

Daily Chart (The Time Frame To Focus On)

- Check B. bands (Expansion/Narrowing in ? How about the Mid band, is it hooking up/down/flattening ?)
 - ① Expansion : prices get volatile, new uptrend or downtrend depending on the direction
 - ① Narrowing in : prices get less volatile, range-bounded ahead
 - ① Mid band flat : prices narrow ranged ahead, if not flattening, then prices should be either uptrend / downtrend
 - ① Upper And/Or Lower Band flat : prices likely (especially RSI is not very high such as above 70-75) , then ranged bounded ahead
- Check MACD for uptrend/downtrend, it is above zero ?
 - ① Indicate up /downtrend
 - ① if reading above zero more convincing (but not necessarily if after a long term sell-down)

- Check RSI (below 30, 30-50, 50-69, 70 to 85, above 85?) **
 - ① Below 30 : Very weak strength (unlikely to break mid band most of the time)
 - ① 30-50 : Weak (unlikely to break mid band most of time)
 - ① 50-69 : Normal (high chance to break mid band, but not upper band)
 - ① 70-85 : Good Strength (high chance to break upper band, especially RSI above 75)
 - ① Above 85 : Extreme Strength but may also fall drastically (should have broken upper band)
 - ① always check historical RSI of a particular stock for reference

** the RSI explanations above only work 2/3 of the time, need to look at other indicators to help in decision making.

General Rules :

Stock is in bull trend :

- when its RSI hits a high of 75 or above (sometimes we accept 71 or above)
- pulls back and stabilize above 40
- should look to buy again for next new high

Stock is in bear trend :

- when its RSI hits a high of less than 75 (sometimes we accept 71 or below)
- pulls back and but failed to stabilize above 40
- should NOT look to buy
- if it is derivative(such as futures), should look for sell-short opportunity)

Stock is in range :

- when its RSI fluctuates between 35 to 65
- Stay aside and wait for more signal unless the range is wide enough to perform range trading

- Check volume (high / low)
 - ① Volume is just like fuel in a car, without it, any stock movement is meaningless
 - ① Significant movement must be accompanied by volume, else not convincing
- Check Stochastic(if trending, it will be overbought and more bought)
 - ① For range trading : overbought/oversold reading are important
 - ① For trending : forget above this indicator
 - ① Can use Stochastic to investigate temporary bottoming/topping of stock
 - ① Stochastic may be overbought and get more overbought, then price may turn trending up (normally it goes above 80, hooks down, but performs a failure swing, then hooks up again – this will cause price to spike up in good momentum)
 - ① Stochastic may be oversold and get more oversold, then price may turn trending down (normally it is below 20, try to climb up, then hook down again due to failure swing, price will drop like a bomb from here onwards)
- Check candlesticks :
 - NRB after sharp downtrend indicates selling has paused
 - NRB after strong uptrend indicates buying has paused (beware if the volume is extreme)

LRB seen after a period of base formation indicates strong uptrend ahead (volume must be good)

LRB seen after a period of consolidation at peak indicates sharp downtrend ahead (if volume is head)

- Check support/resistance (if they can hold the price, beware of false alarm)

A support is said to be broken ONLY upon :

- break down below support level with PLUNGE in prices
- buyers try to buy and attempt to push it back but only with mild price rebound
- but failure to push back will result in failure swing
- potential BIG PLUNGE in prices ahead

The reverse goes with resistance.

- Check if any Fibonacci retracement at 38%, 50%, 62%, 100%, more than 100% (for support/resistance as well as new high possibility)
Price fall below 62% or more - very unlikely to hit new high even if with rebound
Fibonacci must be tested with stress test to validate the effectiveness as support
- Check if today is down day for market vs the movement of stock interested :
 - ① For Buying Purposes :
it is better if today is a negative day (either a down day/major markets down or negative news on the stock interested), but stock is NOT affected by negative events
- Check Reward Vs Risk Ratio:
 - ① minimum Reward to Risk Ratio : 2 to 1
- Check overall market volume (extreme / reasonable?)
 - ① When volume in the overall market suddenly turns excessive, it is better to postpone buying

Triple Screen Strategy For The Time Frame To Focus On

Basically you need to analyze ALL indicators such as stochastics, MACD & RSI. In addition, you need to look at support / resistance level, b. band patterns, volume and candlestick patterns in this time frame before making a trade decision.

60 Min Chart (Time Frame For Better Timing Of Entry & Exit)

① Stochastic :

For Buying Low :

- Wait for stochastic to drop to oversold area again
- ? price must not hit new low when stochastic is in oversold area again
- make sure RSI reading is at least 30 or 50 (better)
- else wait for other opportunity (sometimes may miss good opportunity, but better than taking unwanted risks)
- A different technique is you buy when support gets broken but later price able to bounce back later (buy panic)

For Buying high :

- Sometimes stock is in a rocketing mode, price may refuse to go lower when that stock is hot
- price will break through upper band with good volume
- stochastic gets overbought and continues to be overbought
- wait and watch stock prices carefully
- if it refuses to go low, then do some test buying **even stochastic is in overbought area *****
- upper band of b. band will normally be expanding in this case
- ? wait for volume to shrink, see if prices can hold above support. If yes, then buy when volume shrink but prices refuse to drop sharply
- ?
*** normally stochastic refuses to drop below 80, even if it does, it may not drop to 60 and then will resume upward move again. Stochastic will never go below 20 if this is a strong mover.

Selling is just the reverse.

Triple Screen Strategy For Actual Time For Entry / Exit Screen

*You need to analyze **stochastic for divergence (stochastic drops to oversold zone, price should not hit new low for buying), volume, RSI (sometimes not mandatory but most of the time it helps), support / resistance level, volume and candlestick patterns in this time frame.***

*Note : If you are not using weekly, daily and 60 min charts, then adjust accordingly. This triple screen strategy should be applicable to ALL kinds of time frames, such as 60min, 5min and 1 min charts. **This version of triple screen strategy will be enhanced and distributed to you each time I update it. I need some time to test out different variety of market conditions.***