

Based on various methods shared here and my observations, I submit following method for swing / positional trading of individual stocks.

Stock selection:

1. Select a few stocks (say 16 to 20), from different sectors (banking, infra, pharma, telecom, IT, FMCG etc.)
2. Watch these at least once a day, preferably after 3 pm.
3. Select stocks where ADX is greater than 20 for further analysis. This will reduce probability of stocks likely to have sideways movement (whipsaws). Also ensure that ADX is not below both +DMI and -DMI line.

GOING LONG:

Now look for following chart pattern for going long:

(At least 2 conditions to be satisfied)

1. PARSAR to be below stock price
2. +DMI to be greater than -DMI
3. Ema 3 to be greater than ema 15

STOPLOSS:

If pattern is in place (after ~ 3 pm), go long with SL as days low. From next day onwards, keep trailing SL as lower of the previous 2 days.

BOOKING PROFIT:

Conservative: When price closes below ema 3

Less Conservative: When PARSAR changes direction.

Aggressive: Wait till at least 2 conditions for going short are satisfied.

GOING SHORT:

Look for following chart pattern for going short:

(At least 2 conditions to be satisfied)

1. PARSAR to be above stock price
2. +DMI to be less than -DMI
3. Ema 15 to be greater than ema 3

STOPLOSS:

If pattern is in place (after ~ 3 pm), go short with SL as days high. From next day onwards, keep trailing SL as higher of the previous 2 days.

BOOKING PROFIT:

Conservative: When price closes above ema 3

Less Conservative: When PARSAR changes direction.

Aggressive: Wait till at least 2 conditions for going long are satisfied.

HEDGING:

As the position is likely for more than a few days, following is suggested:

1. Use options to go long / short (Buy call or buy put)
2. Alternately, protect the futures position through call / put as hedge, i.e. if one has taken long position and bought futures, one can buy put (and vice versa).

EXAMPLES:

1. RCOM : Long triggered again on 18th (first triggered in first week of April)
2. Hindalco: Long triggered today
3. DRREDDY : Short triggered today
4. Relcap: Pattern indicates long but ADX is below 20, likely to have sideways movement.



