

Shorting Stocks with Precision and Accuracy

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Welcome!

I'm John Rowland, CMT

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- ▶ 35+ years of trading experience



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Conditions

- Broader Bear Market
- Market Cycles – Sector Rotation
- Market Averages, 50- & 200-day Moving Average
- Economic News Cycle, “Buy the Rumor, Sell the News!”
- Time – Patience

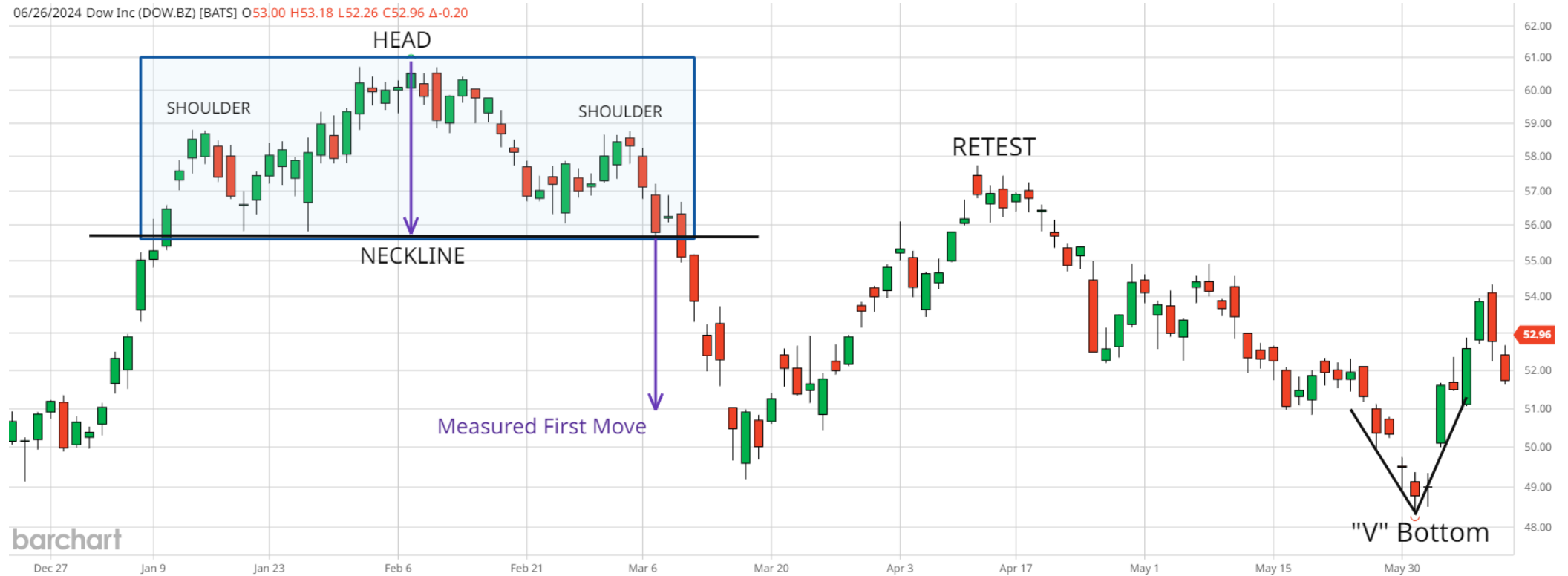
Chart Patterns

- Head & Shoulders
- Distribution
- Parabolic- Climactic Tops – Twins/Pinchers
- Old Support – New Resistance
- Volume

Risks

- ▶ Bulls Take the Stairs– Bears Take the Elevator
- ▶ Bear Rallies are Swift, Vicious and Lengthy
- ▶ Percentage from Peak
- ▶ Time

Head & Shoulders



Short Sale Set-Ups and Sequences



Climatic Top - Pinchers/Twins



Exit Plan

Bulls and Bears make Money, Pigs get slaughtered.

- Pre-Set Trade Targets
- Multiple of ATRs
- Put – Call Ratio
- Short Volume Ratio
- “V” bottoms – High Volume
- Trailing – Stop

Barchart Resources

- ▶ Barchart Screeners
 - Death Cross
 - New Highs & Lows
 - All Top Stocks (Sell Signal)
 - New Recommendation (Sell Signals)
 - TTM Short Squeeze

Takeaways

While individual stocks or markets may enter a bear market independently, it's the broader market's downtrend (bear) that significantly boosts profit potential and the likelihood of success. This underscores the importance of market conditions in making shorting decisions.

Former market leaders make excellent candidates for shorting because of their extended price movements and market exuberance.

Patterns like Head & Shoulders, Climax, and Distribution are the beginning signals of trend change. You need patience to wait for both confirmation and breakdown set-ups.

Don't be a PIG! Set realistic and reasonable profit targets.

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