Deep Dive into StockCharts

An In-Depth Look at StockCharts.com Features

with Chip Anderson
President, StockCharts.com

Today's Topic:

Using Momentum and Relative Strength to Find the Best Stocks for You!

Pre-Show FAQs:

- **Yes, we are recording this.**

    It will be up on our YouTube channel "soon."

- **Yes, please ask me questions any time.**

    Use the "Slido" chat box next to the video player.
    >> Please say "Hi!" to Rachel right now! <<

- **However, I have to stay on topic**

    I love going off on tangents. Help me stay on topic!

- **Yes, there's a downloadable version of these slides here:**
    http://d.stockcharts.com/tv/deepdive191214.pdf

The Technical Investing Process

The Goal:

Take the 100,000+ ticker symbols in our database and find the 5 to 10 that you might actually pull the trigger on.

"Scanning is about the right edge of the chart.   It's about finding the technical setups that you think increase your odds of investing success."

Technical Setups:

Setup: A collection of technical signals that have to occur before you are willing to buy a stock.

Technical Signal:
   "Something crossing something else."

Simple Setup Example -
"I only buy stocks priced between $10 and $100 dollars who have an RSI(14) value that has just climbed above 30."

Technical Setups:

Personal - What works for one person may not work for someone else. Factors include trading goals, risk tolerance, charting experience, monitoring time, etc.

Developed via lots of Trial and Error - Start simple and gradually improve the results.

Never Perfect - No black boxes. Market conditions change. Results must be reviewed.

What Are We Looking For?

Sidenote: The RSI Indicator

* **R.S.I. - "The Relative Strength Index"**

Very misleading name. "Relative" to itself and its own previous movements. For that reason, most people just call it "the R.S.I."

A bounded oscillator that moves between 0 and 100

Readings above 70 are considered overbought
Readings below 30 are considered oversold

Takes a single parameter - number of periods to use in the calculation. The default is 14.

What Are We Looking For?

What Are We Looking For?

Up 100% in 5 months!

Up 70% in 2 months!

To be clear: This example is deliberately simplistic!

What Are We Looking For?

The Bigger Question:

- **"What stocks have this same setup?"**

i.e. RSI just moving from below 30 to above 30 after being below 30 for "awhile".

In other words:
  RSI is greater than 30 today
  RSI was less than 30 for the previous 3 days

In _other_ other words:
```
Today's RSI(14) > 30
and Yesterday's Max(3, RSI(14)) < 30
```

Time for a Demo!

Questions so far?

Finding a Useful Technical Setup
(that's unique to YOU!)

* Find a stock you wish you had bought and pull up its *daily* chart.

* Look for crossover signals that happened just after the "perfect" time to buy.

* Now, scan for other stocks that have those same signals *120 / 60 / 30 days in the past!*

* Examine the results in CandleGlance view. What happened after the signals occurred?

Know Your Indicators!

- **Momentum**
  MACD (or PPO/PMO)

- **Trend**
  ADX w/+DI and -DI

- **Volume**
  CMF (or OBV)

- **Clear Signals**
  Parabolic SAR / EMAs

Create a ChartStyle

- Your **"Scan Explorer"** ChartStyle

- Contains indicators that give concrete crossover signals

- Make it your Default ChartStyle before running your scans

Chip's "Scan Explorer" -

http://scharts.co/199M8f2

What Are We Looking For?

Up 84% since June!

Converting That Setup into a Scan:

Global
Filters

```
[type is stock]
and [country = us]
and [EMA(20,volume) > 40000]
and [Parabolic SAR(0.02,0.2) < low]
and [MACD Hist(12,26,9) > 0.0]
and [Plus DI(14) > Minus DI(14)]
and [CMF(20) < 0]
and [EMA(50) x EMA(200)]
```

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Technical
Conditions

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"The Trigger"

"x" means "crosses above"

Time for another Demo!

Getting More Help

- **ChartSchool** - info on technical analysis topics

- **The "Help" link** - access to our Support area

  - Lots of instructional articles

  - Access to our Support Team via the support page

- **StockChartsTV!** - lots of replays on YouTube

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THANKS FOR WATCHING!

Replay on YouTube "soon!"
https://youtube.com/stockchartscom