DreamTai.com
Stock Trading Tip

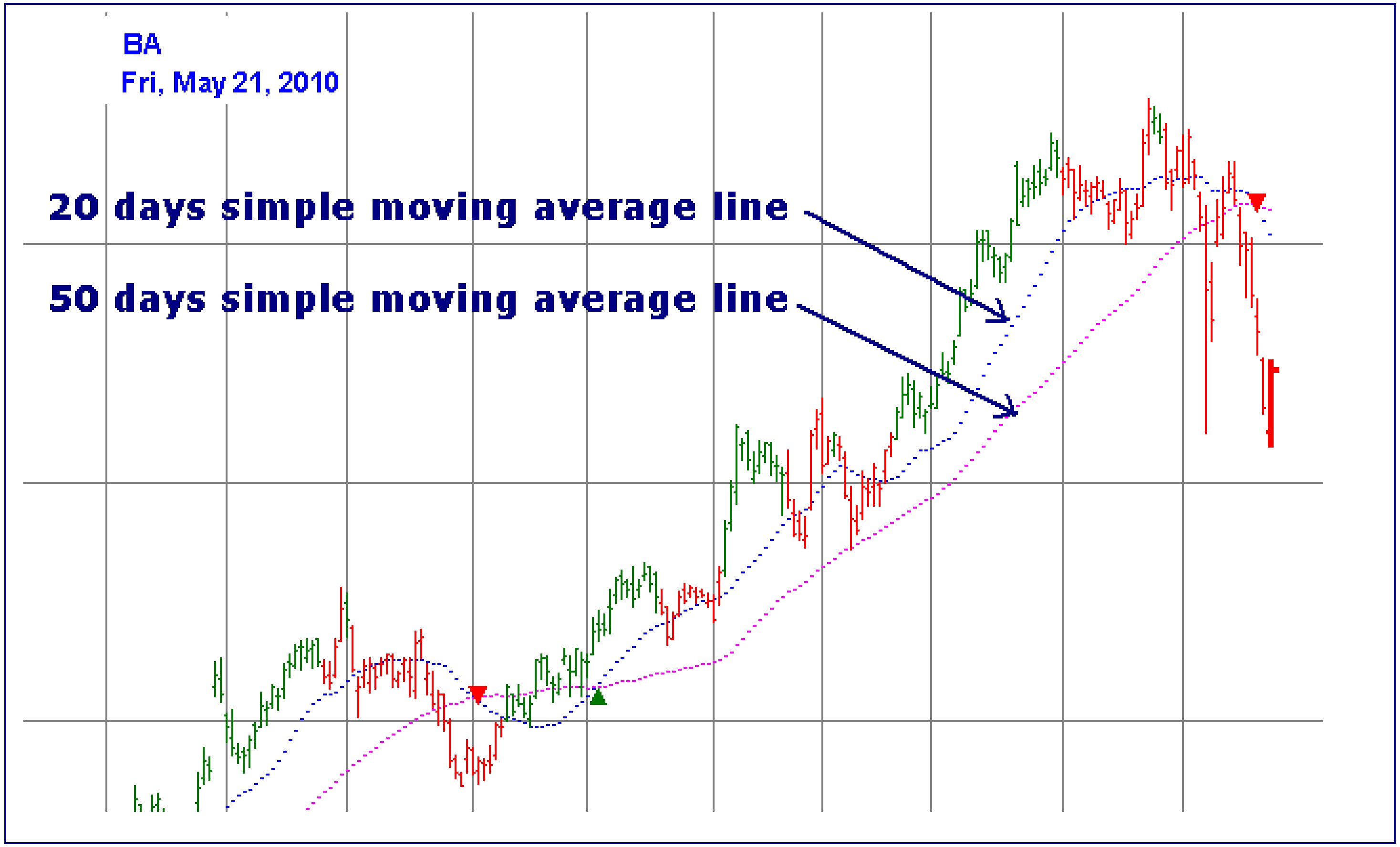
Rubber Bounce Setup

Here is a trading technique which is very easy to learn

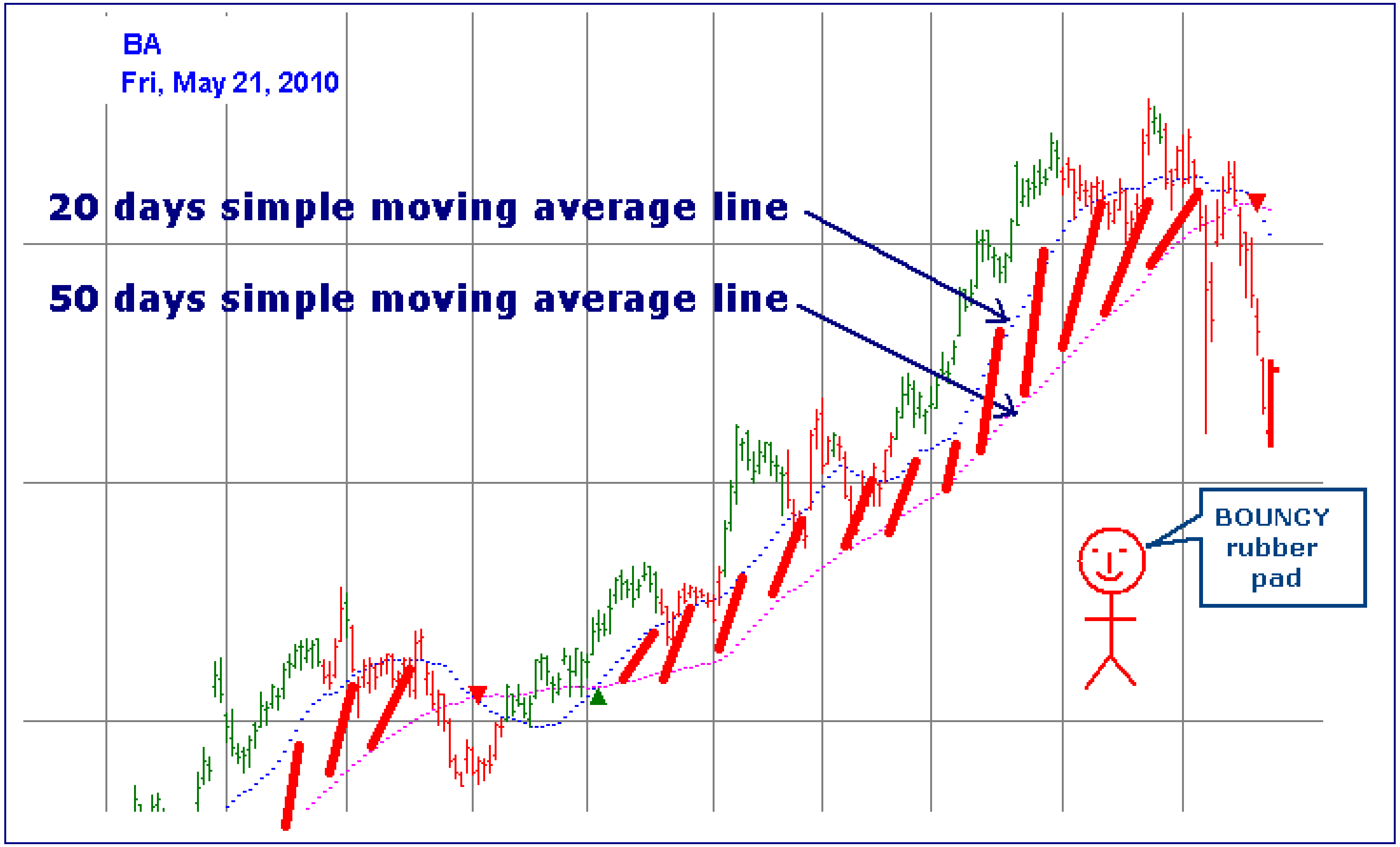
It is applicable to stocks, commodities and forex.

It is applicable for
for all time frames.
Monthly, Daily, Weekly,
hourly, 30 minutes, 15 minutes
5 minutes

You need a charting program which can draw the 50 day and 20 day simple moving Average Indicators.


BA
Fri, May 21, 2010
20 days simple moving average line
50 days simple moving average line

The area between
20 days simple moving average
and 50 days simple moving average
is like a
BOUNCY rubber pad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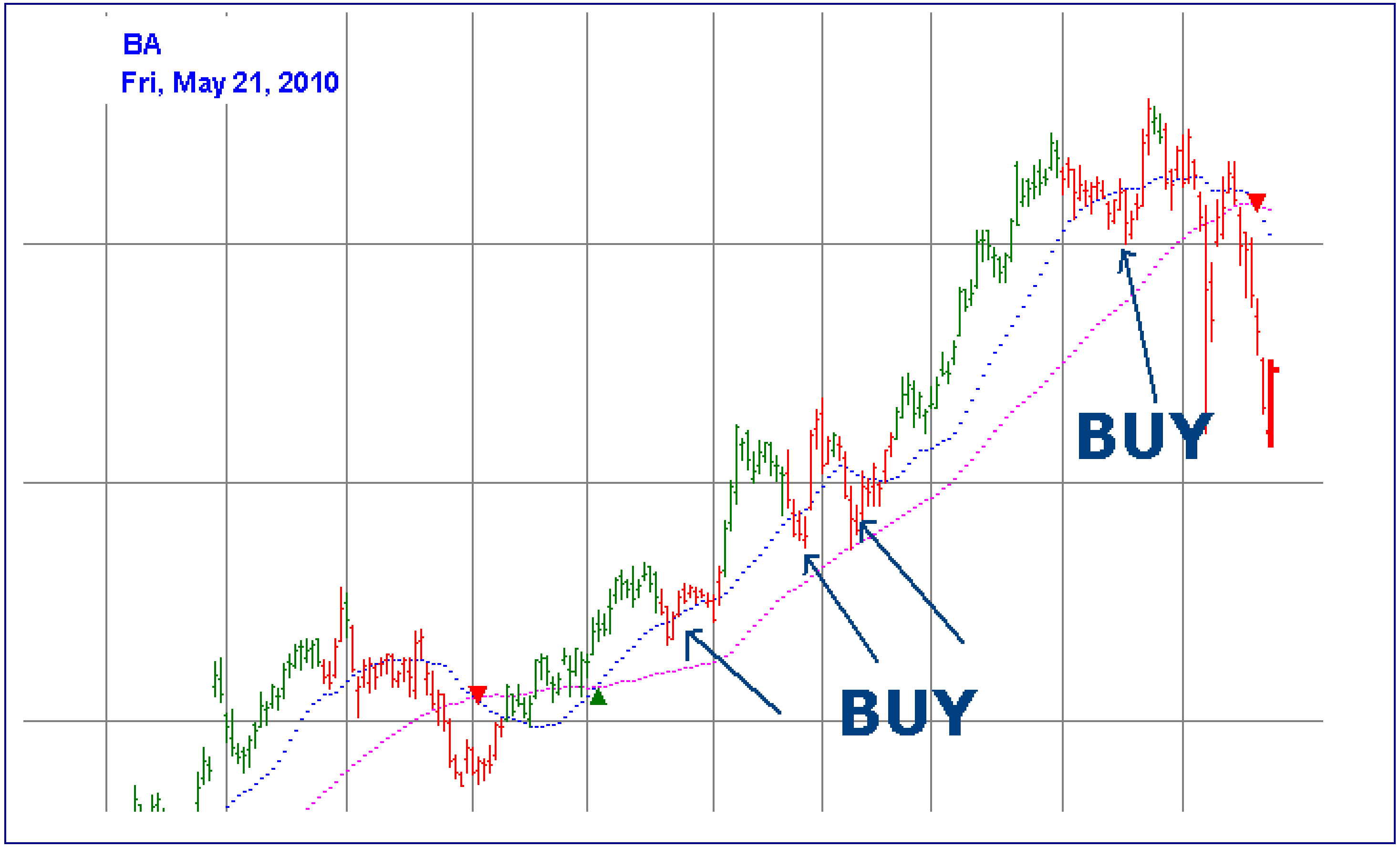
Fri, May 21, 2010
20 days simple moving average line
50 days simple moving average line
BOUNCY rubber pad

When price touches the
Bouncy Rubber Pad
it bounces back

If a stock is in an uptrend, the best place to buy is when it touches the BOUNCY Rubber Pad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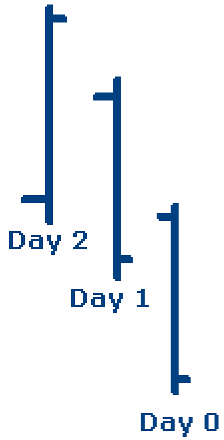
Fri, May 21, 2010
BUY
BUY

Here is the exact Setup:

Conditions:

1. The 20 day moving average line is above the 50 day moving average line.

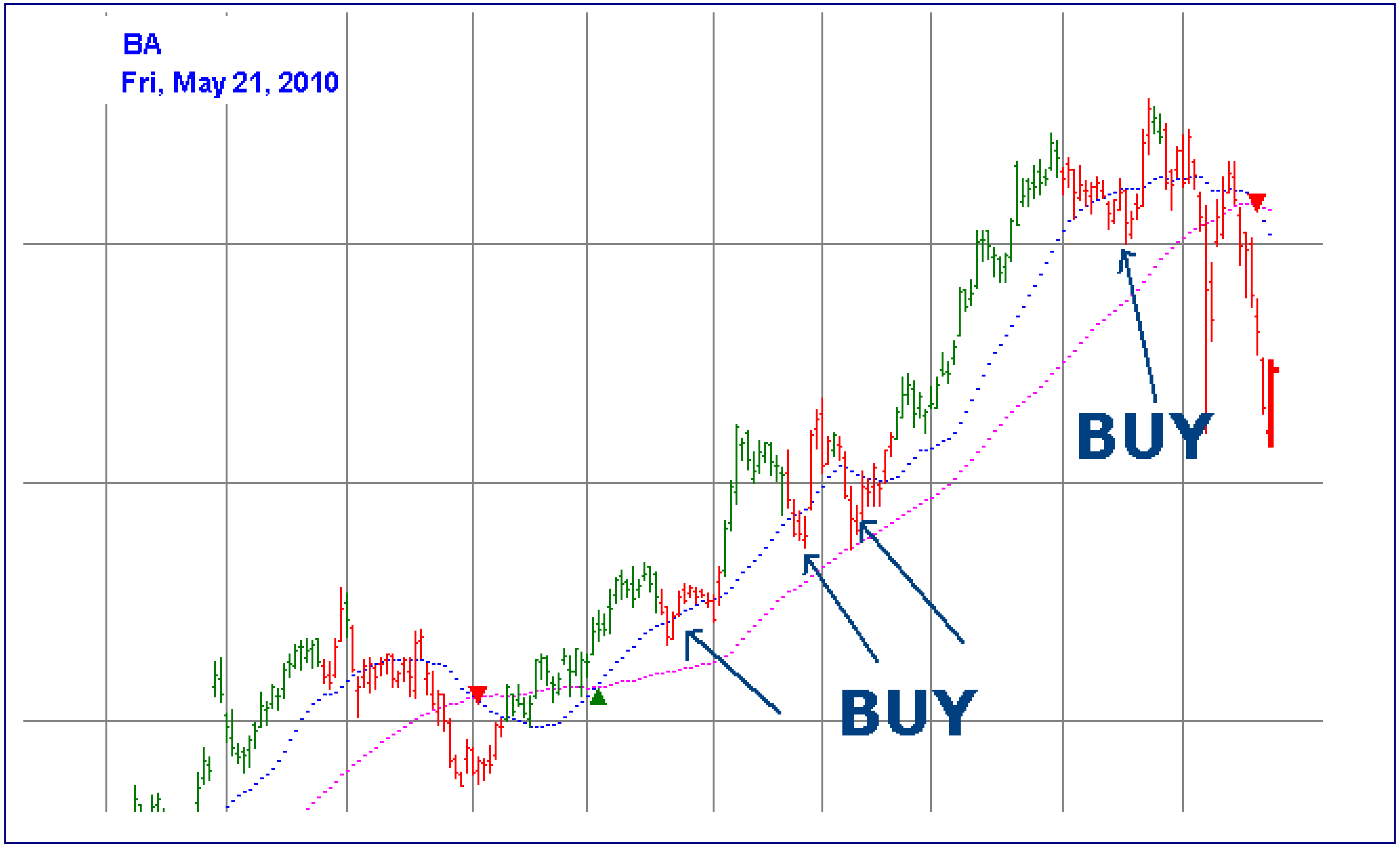
2. The price bars make atleast three consecutive lows



The Low of Day 0 is less than
the Low of Day 1 which is
less than
the low of Day 2

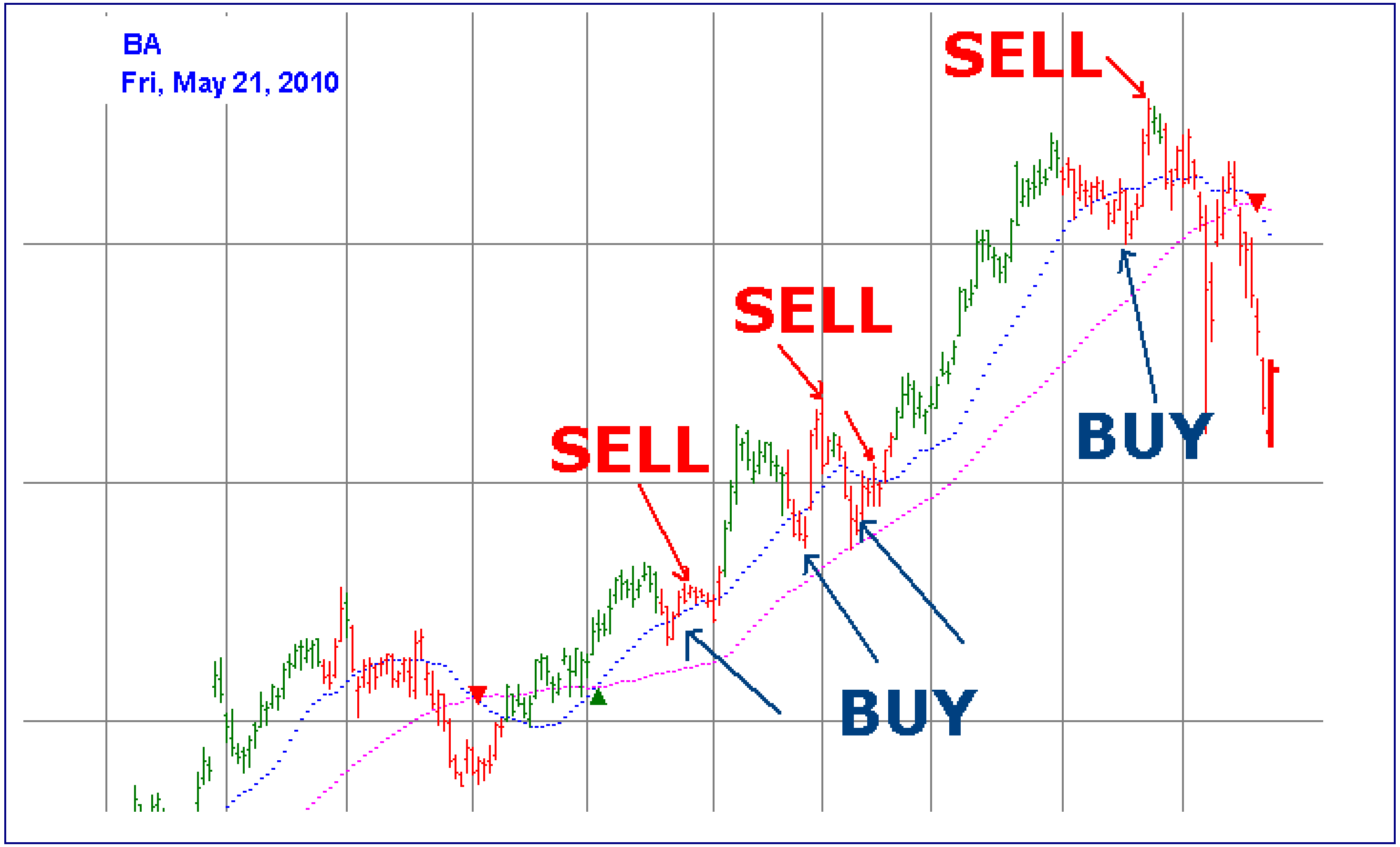
3. The last Price bar touches or enters or is inside the BOUNCY rubber pad

Place a BUY order ABOVE the high of Day 0



BA
Fri, May 21, 2010
BUY
BUY

After your BUY order is filled, EXIT the trade and take profits after 3 days.


BA
Fri, May 21, 2010
SELL
SELL
SELL
BUY
BUY

If you like, you can set a Trailing Stop Sell order to improve your profits.

For Short Selling in a downtrend,
apply the same concepts in reverse.

This concludes this lesson.

For more information, visit
http://www.dreamtai.com