

Folks, welcome to the *Rude Awakening*.

Today is Wednesday, February the 10th, 2021, and we are on day four of our process of learning how to build asymmetric trades.

We started with day one talking about the problem, how we just don't have an edge or an advantage when we just go out and try to buy something.

We talked about, on day two, the solution to that problem. And that's the idea of building asymmetric trades, building trades that have three times the upside versus the downside.

We talked on day three, yesterday, about how to automate that process by using bracket orders to automate that whole order, entry, exit approach.

And now, day four, we're going to talk about how to choose those trades. So let's jump right into it.

So filters and screens. Let's talk about these for just a moment. As you know, and we've talked about this in previous videos, there's over 14,000 underlines the trade on the U.S exchanges day in and day out. And of those 14,000, whatever your premise is, whether that is you're looking for something to short, you're looking for something that is going to be in an embarrass trade and go down, you're looking for something to buy, you're looking for something that is bullish, you're looking for something that's in a stagnant trend.

Whatever it is that you're looking for, you're probably going to only find maybe 500 of the 14,000 underlines that are trading out there that meet that particular criteria. And then of those several hundred that you find, there's maybe only 20, or 40, or maybe even as much as 50, at the most, that are really prime candidates for whatever you're looking for.

And so that's really the challenge as a trader, is finding that needle in the haystack. Every single day in the marketplace, whatever your premise is, whatever it is that you happen to be looking for, there's probably a stock that meets that criteria, the question is, were you able to find it? And that's the challenge. And so we do use what we call filters or screens. Filters or screens are just simply ways to scan through these 14,000 underlying issues that are trading out there on a daily basis, and weed it down to exactly what it is that we are looking for.

Now, I use tools to do this. It's nice now with automation, and computers, and technology, that a lot of the heavy lifting gets done for us. But in our premise, with our trading, we'd look at, number one, is it a bullish or bearish market? Because we can trade to the downside just as easily as we can trade to be upset. But I think all of us understand right now that we are in a bullish market, the market is moving higher.

So that's exactly what we're going to go look for. We're going to look for bullish trends. Now, there's several tools that I use. I'm not endorsing any of these. I'll share these with you. Each one of these is going to cost you somewhere between \$50 and \$350 per month. I guess that's a little bit of a ringing endorsement for following me here. I pay that money out of my own pocket and you can absolutely benefit from my research on these, but if you want to go do that yourself, you can obviously do this.

And there's a couple of tools that I'll share with you that I do use. One is Market Chameleon right here. It has some great scanning tools that you can go out and look for different options in the marketplace for what you're looking for. Barchart is another one bar chart has a lot of great scans that you can rent every single day on the marketplace.

Scanz is a little bit more expensive, that's S-C-A-N-Z, but they have the ability to pretty much filter and sort any type of parameter that you could even possibly conceive of in your mind. And then the other one that I do use as well is called Interactive Trader. And I'll just jump in there right now and kind of show you how Interactive Trader works and what it does. They all work the same.

They all do the same thing. They just graphically look a little different in terms of how they do it, but we could go out and run some scans, and we could look at what type of scans. And then we could go look for some specific scans that have some specific attributes to them. We could go look for ideas. Maybe there's some cashflow events or earnings that are coming up that we could go look at.

We could go look at trading based just simply on strategies. Do you want to do cover calls only? Well, there's 12 stocks. Out of the four, probably, thousand opportunities in the marketplace today to write a covered call on there's 12. That would be optimal for doing that. But we're going to go look at outlook right now. And we're going to go look at a bullish out net. There's obviously three outlooks

that you can have on the marketplace, up down or sideways, right? Bullish, bearish, or stagnant. We're going to go look at bullish outlook.

And basically you can see there's all different kinds of scans that we could run here to go find a trade that is going to be bullish in nature. We could find stocks that are based on sharp patterns here. Ascending triangles, bullish ascending triangles, rising channels. That's one of my favorites right there. We could look at the top performers. The 30-day by percentile. 90-day by percentile. Over one year by percentile. We could look at forecasting ability.

We can look at golden crosses. That's always a big one. One stock, one stock in the entire stock market right now, today, is showing a golden cross. We can look at stochastics. This is one of my favorite ones as well. Bullish stochastic alerts. You could look at the ones that have MACD confirmations that would this down even more, from 16 down to four. Can you imagine going through 14,000 different underlying assets and filtering and searching that down just down to four different opportunities.

Let's go take a look at that. And let's look at one of these. Maybe let's look at AVLR and see what that shows us. AVLR, I'll put that in. AVLR, and let's go take a look at the chart on it. You can see that it is in a nicely bullish trend right here. And so this is how we would go through and we would filter and sort all of these different things.

So this is day four, choosing our trades using filtering and scanning tools!

Tomorrow we're going to get into probability of profit and win-loss ratios, and how we can really make sure that we understand how to analyze a trade so that we do have an edge. We do have an advantage. Then we'll get into synthetic covered calls, how to manage the portfolio, how we can trade in both bullish and bearish natures using leverage. And then we'll go through a one-month real-world results experience so you can see how this trading system actually works.

Have a great day, guys, we'll talk to you tomorrow.