



This excerpt pulls Chapters 2 and 3 from my trading ebook and covers the two most practical parts of my system: how I build a disciplined Watch List and how I use the MACD to time entry points.

You'll get the simple, repeatable rules I use to choose candidates for trade, the checklist that keeps the list honest, and a clear, no-fluff explanation of MACD signals I watch — crossovers, histogram behavior, and how I confirm momentum across timeframes before putting on a position. These sections are tactical and example-driven so you can apply them to your own scanning and entries right away.

Module 2: Exclusive Watch List Guide

A well-curated watch list is the backbone of successful swing trading. It's not just a random collection of stocks—it's a dynamic, focused list of high-potential opportunities that align with your strategy. In this module, we'll explore how to build a watch list using a combination of practical "homework" and momentum-based analysis, prune it to keep only the best candidates, and maintain it as your go-to resource for finding trades.

Lesson 2.1: Building a Personalized Watch List

Your watch list is where every trade begins. It's a tool to help you focus on the right opportunities while filtering out distractions. Here's how to build a watch list that works for swing trading.

1. Start with Homework: Leverage the Experts While swing trading is primarily about timing the market, starting with fundamentally strong stocks adds an extra layer of protection. Here's how to use "homework" to build your initial list:

- **Watch Financial News Shows:** Tune into programs like CNBC's Mad Money with Jim Cramer or other shows featuring market gurus. Pay attention to stocks they mention multiple times. These experts often highlight fundamentally strong companies, which can serve as a solid starting point.

- **Track Recommendations:** Create a list of stocks mentioned by these gurus. If a stock is mentioned two or more times, add it to your initial watch list. This ensures you're focusing on stocks that already have some level of credibility and interest in the market

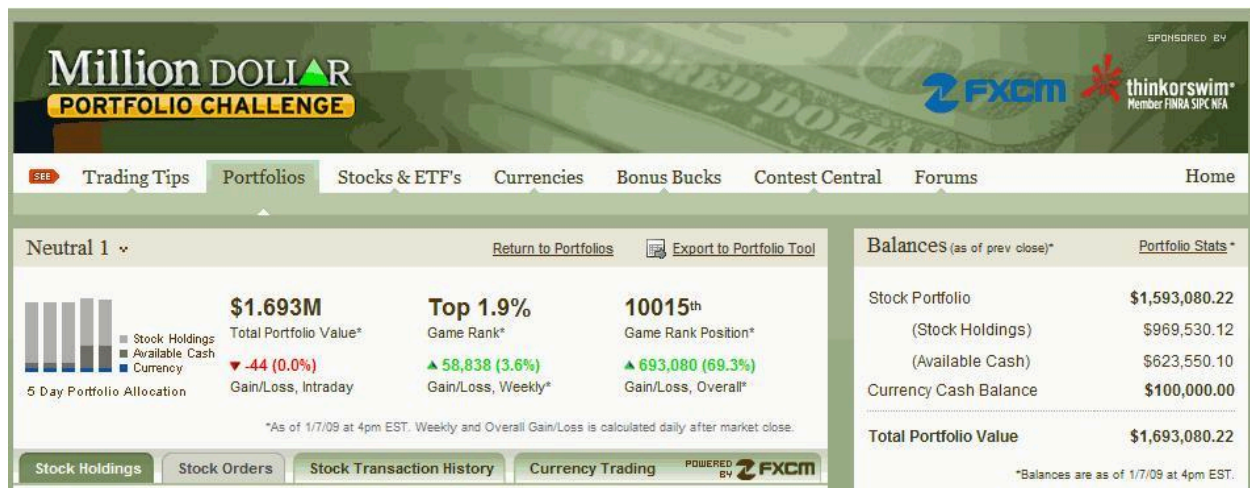
2. Prune Your List

Once you've compiled a large list of stocks, it's time to narrow it down. A bloated watch list can be overwhelming, so aim to keep only the best 30 ticker symbols. Here's how to prune effectively:

- **Liquidity:** Remove stocks with low trading volume, as they can be harder to trade.
- **Volatility:** Focus on stocks with enough price movement to create swing trading opportunities.
- **Sector Diversification:** Ensure your list isn't overly concentrated in one sector to reduce risk.

3. Keep It Dynamic

Your watch list isn't static—it should evolve as market conditions change. Regularly update it by adding new stocks and removing those that no longer meet your criteria.



Lesson 2.2: Screening for Opportunities

Once you've built your watch list, the next step is to screen for stocks that are ready to trade. This is where momentum comes into play.

1. Focus on Momentum

Momentum is the key to swing trading success. You're not looking for stocks to hold long-term—you're looking for stocks that are already moving upward and have the potential to continue. Here's what to look for:

- **Upward Price Movement:** The stock should already be trending upward. You're not trying to predict a reversal; you're trying to ride the wave that's already forming.
- **Volume Confirmation:** Look for increasing trading volume, as this often signals strong momentum.
- **Technical Indicators:** Use tools like moving averages, RSI, and MACD to confirm the stock's momentum.

2. Return to Your Watch List After Every Trade

Each time you exit a position, go back to your watch list to find your next trade. This ensures you're always working with a curated list of high-potential stocks. Here's how to screen your list:

- **Check for Momentum:** Look up each stock on your list and focus only on those that are moving upward with strong momentum.
- **Ignore Fundamentals at This Stage:** Once a stock is on your watch list, its fundamentals are less important. Your focus is now on timing the market and capturing the wave.

3. Tools for Screening

- **Charting Platforms:** Use tools like TradingView, BigCharts.com, or your brokerage's platform to analyze price action and momentum.
- **Alerts:** Set alerts for key price levels or indicators to stay informed without constantly monitoring the markets.

Lesson 2.3: Maintaining and Updating Your Watch List

Your watch list is a living document. To keep it effective, you need to maintain and update it regularly.

1. Set a Routine

- **Daily Review:** Spend a few minutes each day reviewing your watch list. Look for stocks that are gaining momentum or showing signs of a breakout.
- **Weekly Update:** At the end of each week, take a deeper dive into your list. Remove stocks that are no longer trending and add new ones based on your homework and market research.

2. Adapt to Market Conditions

Markets are constantly changing, and your watch list should reflect that. For example:

- In a bull market, focus on stocks with strong upward momentum.
- In a bear market, look for shorting opportunities or defensive stocks.

3. Use Alerts to Stay Ahead

Most trading platforms allow you to set alerts for specific price levels, volume spikes, or technical indicators. Use these tools to stay informed about potential opportunities without constantly monitoring the markets.

4. Keep It Manageable

A watch list with too many stocks can be overwhelming. Aim to keep your list at around 30 stocks, but don't hesitate to prune it further if needed. The goal is to focus on quality over quantity

The Winning Strategy: Ride the Wave

The ultimate goal of your watch list is to help you identify stocks with momentum so you can ride the wave up. Here's how this strategy works:

- 1. Capture the Upward Movement:** Enter the trade as the stock gains momentum and begins to rise.
- 2. Exit Near the Top:** Use your swing trading strategy to exit before the stock starts to decline. Capturing 70-80% of the wave is the goal.
- 3. Repeat:** Return to your watch list, find the next stock with momentum, and repeat the process.

By focusing on momentum and using your watch list as a dynamic tool, you can consistently find high-probability trades and maximize your swing trading success.

Conclusion

Building and maintaining a watch list is both an art and a science. By doing your homework, focusing on momentum, and keeping your list dynamic, you'll always have a curated selection of high-potential stocks at your fingertips. This approach not only saves time but also increases your confidence and efficiency as a swing trader.



Module 3: Entry Timing Blueprint

Timing your entries is one of the most critical aspects of swing trading. A well-timed entry can set the stage for a profitable trade, while a poorly timed one can lead to unnecessary losses or missed opportunities. In this module, we'll explore how to use 15-minute, 30-minute, and 1-hour charts effectively, leverage key technical indicators to confirm entry points, and avoid common mistakes that can derail your trades.

Lesson 3.1: Timing Your Entries with Precision

Swing trading is all about capturing momentum, and timing your entry is the first step in riding the wave. While smaller timeframes like 1-minute or 5-minute charts are popular among day traders, they're not ideal for swing trading. Instead, we focus on 10-minute, 15-minute, and 1-hour charts to identify reliable entry points without getting caught up in the noise of short-term fluctuations.

1. Why Timeframes Matter

- **Shorter Timeframes (1m-5m):** These are best suited for day trading, as they show rapid price movements. However, they can be too volatile for swing trading, leading to false signals and overtrading.
- **10m-15m Charts:** These provide a balance between detail and stability, allowing you to spot trends and patterns without being overwhelmed by constant fluctuations.
- **1-Hour Charts:** These are excellent for confirming broader trends and ensuring your entry aligns with the overall market direction.

By focusing on these timeframes, you can avoid the pitfalls of overtrading and make more informed decisions.

2. Avoid Trading During the First Hour

The first hour or two after the market opens is often the most volatile. Prices can swing wildly as traders react to overnight news, earnings reports, and pre-market activity. This period, often referred to as the “amateur hour,” is not ideal for swing trading. Instead:

- **Wait for the Market to Settle:** Allow the initial volatility to subside before analyzing charts and making decisions.
- **Focus on Midday Trends:** The middle of the trading day tends to be more stable, providing clearer signals for swing traders.

3. The Goal of Entry Timing

Your goal as a swing trader is to enter a position when the stock has enough momentum to overcome your trailing stop within the first couple of days. This ensures that your trade moves into profit territory quickly, allowing you to ride the wave with confidence.

Lesson 3.2: Key Technical Indicators for Entry Points

Technical indicators are the tools that help you identify when to enter a trade. While there are countless indicators available, swing traders should focus on a few key ones that provide clear buy and sell signals. Using multiple indicators together can increase the accuracy of your entries.

1. Moving Averages

Moving averages are one of the simplest and most effective tools for identifying trends and entry points. They smooth out price data to show the overall direction of the market.

- **Simple Moving Average (SMA):** The average price over a specific period (e.g., 10-day, 50-day). Use shorter SMAs (e.g., 10-day) for short-term trends and longer SMAs (e.g., 50-day) for broader trends.
- **Exponential Moving Average (EMA):** Places more weight on recent prices, making it more responsive to current market conditions. The 9-day and 21-day EMAs are popular for swing trading.

How to Use Moving Averages:

- Look for a **crossover**: When a shorter moving average crosses above a longer one, it's a bullish signal. When it crosses below, it's bearish.

- Use moving averages as **support and resistance levels**: Prices often bounce off these levels, providing potential entry points.

2. MACD (Moving Average Convergence Divergence)

The MACD is a momentum indicator that shows the relationship between two moving averages. It's one of the most reliable tools for swing traders.

- **How It Works**: The MACD consists of a MACD line, a signal line, and a histogram. When the MACD line crosses above the signal line, it's a buy signal. When it crosses below, it's a sell signal.
- **Why It's Useful**: The MACD helps you identify changes in momentum, making it easier to time your entries.

3. RSI (Relative Strength Index)

The RSI measures the speed and magnitude of price movements, helping you identify overbought and oversold conditions.

- **How It Works**: The RSI ranges from 0 to 100. A reading above 70 indicates overbought conditions (potential reversal), while a reading below 30 indicates oversold conditions (potential buying opportunity).
- **Why It's Useful**: The RSI can confirm whether a stock has enough momentum to justify an entry.

4. Slow Stochastics

Slow stochastics are another momentum indicator that compares a stock's closing price to its price range over a specific period.

- **How It Works**: Like the RSI, stochastics range from 0 to 100. A reading above 80 indicates overbought conditions, while a reading below 20 indicates oversold conditions.
- **Why It's Useful**: Stochastics are particularly effective when used alongside the MACD and RSI to confirm buy and sell signals.

5. Combining Indicators for Clear Signals

Using multiple indicators together can increase the accuracy of your entries. For example:

- If the MACD and RSI both give a buy signal, it's a strong confirmation to enter the trade.
- Add slow stochastics as a third layer of confirmation to further reduce the risk of false signals.

Lesson 3.3: Avoiding Common Entry Mistakes

Even with the best tools and strategies, it's easy to make mistakes when timing your entries. Here are some common pitfalls to avoid:

1. Chasing Trades

One of the biggest mistakes swing traders make is chasing trades—entering a position after the stock has already made a significant move. This often leads to buying at the top of the wave, just before a reversal. How to Avoid It:

- Stick to your strategy and wait for clear signals from your indicators.
- Avoid making impulsive decisions based on fear of missing out (FOMO).

2. Entering Too Early

Entering a trade before the trend is fully established can lead to unnecessary losses. For example, buying during the first hour of trading, when prices are still volatile, often results in false signals.

How to Avoid It:

- Wait for the market to settle after the opening bell.
- Use multiple timeframes (e.g., 15-minute and 1-hour charts) to confirm the trend.

3. Ignoring Volume

Volume is a critical factor in confirming the strength of a trend. Low volume often indicates weak momentum, which can lead to failed breakouts.

How to Avoid It:

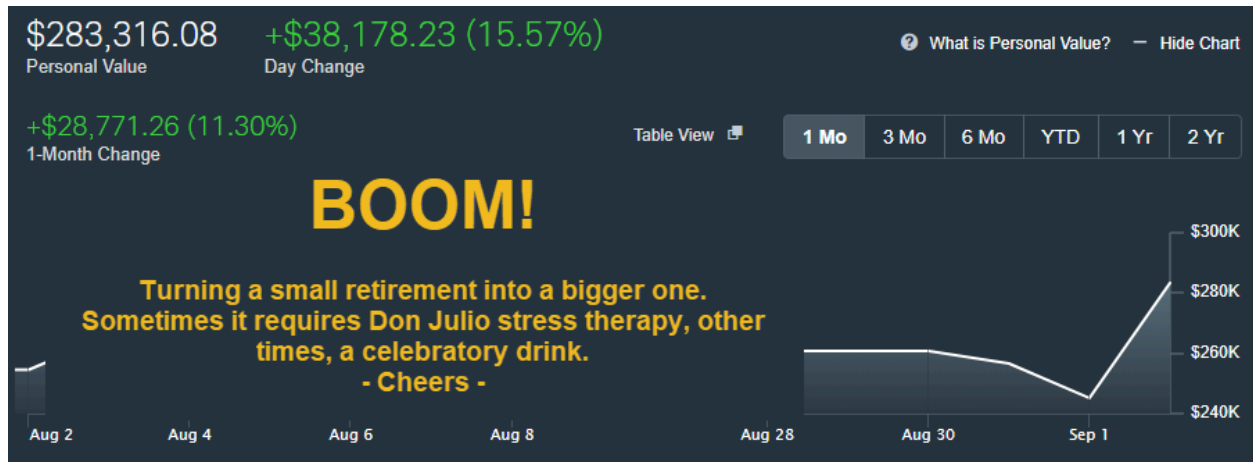
- Look for increasing volume alongside price movement to confirm the trend.
- Avoid trading stocks with low liquidity, as they can be harder to enter and exit.

4. Overcomplicating Your Analysis

Using too many indicators or overanalyzing the charts can lead to analysis paralysis, where you're unable to make a decision.

How to Avoid It:

- Focus on 2-3 key indicators (e.g., MACD, RSI, and moving averages) that you understand well.
- Keep your strategy simple and consistent.



Conclusion

Timing your entries with precision is a skill that takes practice, but with the right tools and strategies, it becomes much easier. By focusing on 15-minute, 30-minute, and 1-hour charts, using multiple technical indicators for confirmation, and avoiding common mistakes, you can consistently enter trades with confidence. Remember, the goal is to capture the wave up, overcome your trailing stop within the first few days, and ride the momentum to profit.

If you want the full system — including how I manage exits, position sizing, and the portfolio-protection techniques that let me sleep at night — grab the complete ebook at WatchingCharts.com. The full guide includes annotated charts, downloadable Watch List examples, and step-by-step rules for entries, exits, and risk management so you can trade with a clear process.

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PROVING MY WORTH
BY INCREASING YOURS



With a Network administration background, this former Insurance Claims Adjuster has a knack for investigations mixed with a touch of dark and self-deprecating humor. Chris shares insights on social media strategies, insurance claims, investing and others. He blends technical know-how with real-world experience. Learn more about him & his projects at [About page](#).



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