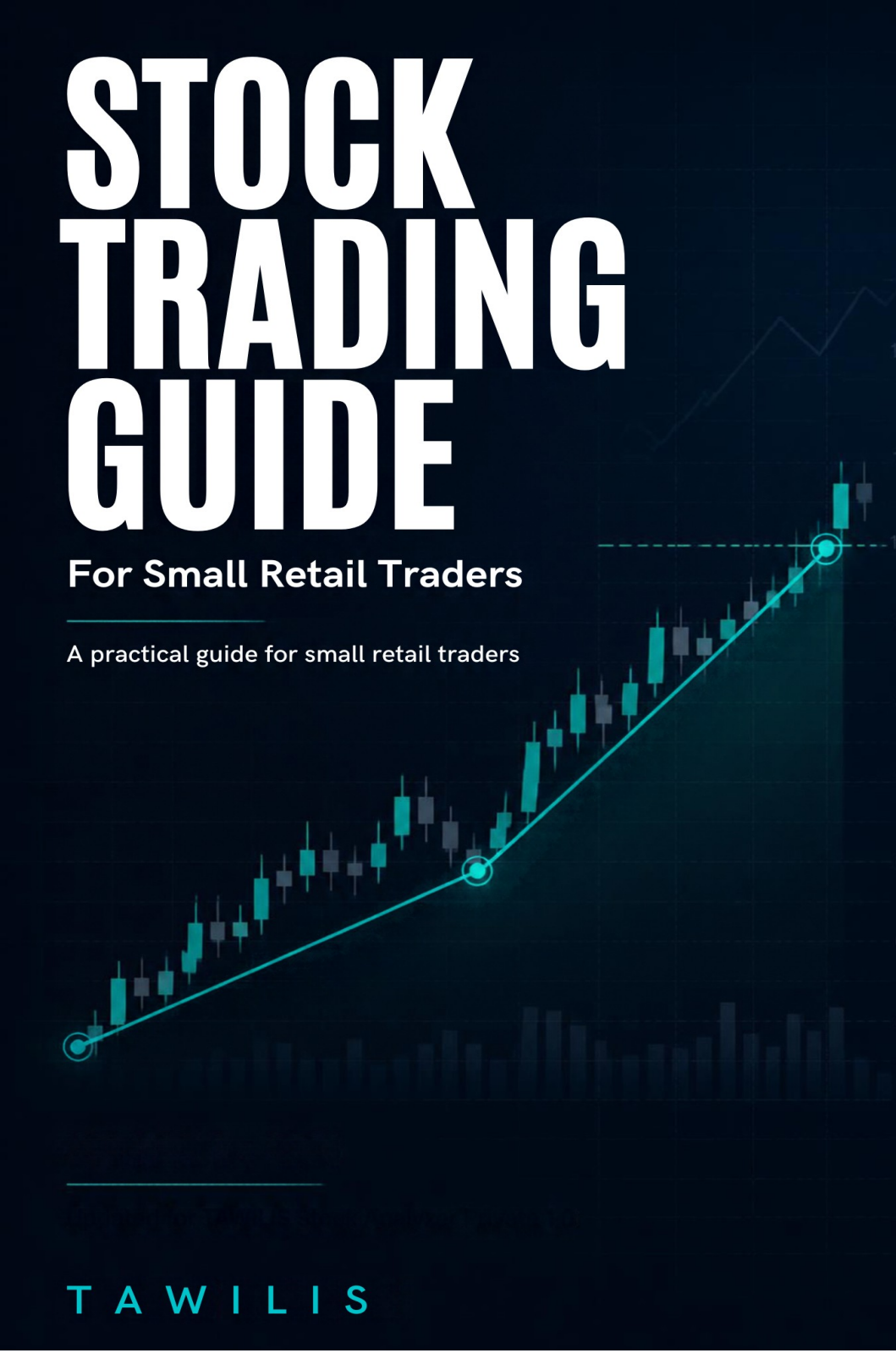
STOCK TRADING GUIDE

For Small Retail Traders

A practical guide for small retail traders



TAWILIS

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2026

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This book is for general educational and informational purposes only. It is not individualized investment, financial, legal, accounting, or tax advice. Nothing in this book is an offer, solicitation, or recommendation to buy, sell, or hold any security. Readers should make their own decisions and, when appropriate, consult a qualified professional who understands their circumstances.

Trading Risk

Stock trading involves risk. Prices can move rapidly and unpredictably, and a trader can lose some or all of the capital committed to a position. Stop orders may execute at prices different from the intended stop, particularly during gaps, fast markets, or periods of limited liquidity. Past performance, historical examples, technical indicators, backtests, and hypothetical results do not guarantee future results.

Stock Analyzer

The Stock Analyzer described in this book is an analytical and educational tool. Auto Screen and Screener results, Tawilis

Scores, BUY / WATCH / WAIT / NOT A BUY labels, Trade Status labels such as QUALIFIED, entry references, buy ranges, support and resistance levels, stop-loss references, targets, risk-sizing outputs, chart signals, and other outputs are not personalized investment recommendations and do not guarantee a profitable trade. The user remains responsible for independent research, judgment, execution, and risk control.

Examples and Market Data

Companies, prices, charts, calculations, and scenarios may be historical, simplified, hypothetical, or illustrative. Market data can be delayed, incomplete, revised, or inaccurate. Screenshots and software behavior may change as the Stock Analyzer develops.

Author Perspective

This book is written from the perspective of a small retail trader for other small retail traders. It does not claim institutional, advisory, or professional trading status. Its purpose is to share a practical process for approaching stock trades with greater structure and discipline.

About This Book

This book reflects the Stock Analyzer 1.0 release (October 2026), TAWILIS's companion software, which is sold separately. For product details, system requirements and purchasing, visit www.tawilis.com. The trading process in this book can also be followed without it. The Tawilis Score chapter lists every checklist item used in the score. Sections explain the daily cycle (Auto Screen, Watchlist, Plan a Trade and My Trades), the Today screen, Trade Status and QUALIFIED, the Market window and the US Data Releases calendar, Entry Scenarios, EMA-cross forecasts, the earnings

card, Fund Performance, Risk Sizing settings, the My Trades workflow and its built-in backtest, the Decision Log, price alerts, the Entry Assessment window (with MACD), and Options Setup. The book also explains how Stock Analyzer gets its market data from accounts you set up yourself: a free Finnhub key for company data, your own broker account (Tiger Brokers, moomoo/Futu, or Interactive Brokers) for prices and options, an optional paid end-of-day data service (EODHD or Tiingo), and official U.S. Treasury yields, which are built in. Data your sources cannot supply appears as “Not available from data provider.” Chapter 28 explains how to download and activate your copy. Appendix E brings the main scales, labels, and a data-source comparison together in one quick-reference section.

Preface: Why This Book Exists

Many stock-market books are written from the viewpoint of professional investors, academics, portfolio managers, or traders with access to resources that an ordinary retail trader does not have. This book begins somewhere else: with the person sitting at home, using a brokerage account, deciding alone whether to buy a stock with money that may have taken years to save.

That difference matters. A small retail trader does not need hundreds of complicated indicators or a constant stream of opinions. The trader needs a process: narrow the market, identify a reasonable setup, plan an entry, decide where to exit if the trade is wrong, control risk, and remain disciplined after the trade begins.

The philosophy of this book is intentionally conservative. It focuses on stock trading rather than long-term investing. It focuses primarily on established companies in the S&P 500. It avoids margin and short selling. It discourages chasing, averaging down, catching falling knives, revenge trading, and trading merely because someone else claims to have made a fortune.

The Stock Analyzer described later in the book grew from the same philosophy. It was developed specifically to help small retail traders identify which stocks deserve attention, where a reasonable entry may be, and when a trade may need to be exited. Its aim is to make the analysis clear and practical rather than obscure the decision with vague descriptions. It cannot predict the future. Instead, it helps organize a

repeatable process, narrow the field of candidates, and make the reasoning behind a trade easier to understand.

Do not rely on luck. Rely on a strategy.

Protect capital first. Profit is the objective, but risk management keeps you in the game.

There will always be another stock.

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Introduction — A Book for the Small Retail Trader

This book is written from the perspective of a small retail trader. It is for the person who does not have a trading desk, a research department, or millions of dollars to deploy. It is for someone who wants a practical framework for trading stocks without turning every decision into a guess.

The Retail Trader's Reality

Small retail traders often operate with limited time, limited capital, and an overwhelming amount of information. A phone can deliver thousands of prices, headlines, analyst opinions, social-media posts, charts, and alerts every day. More information does not automatically produce better decisions. It can produce hesitation, fear of missing out, and constant strategy switching.

For a retail trader, a large percentage loss is not an abstract statistic. The money at risk may represent years of savings after rent, mortgage payments, school fees, food, and other family expenses. That is why this book emphasizes capital protection rather than extraordinary returns.

What This Book Is Trying to Do

This book also introduces the Stock Analyzer, a tool designed to help small retail traders navigate the risks and uncertainty of the stock market through a more structured process. Some basic trading concepts discussed here also appear in other trading books. They are included because readers need them to understand and use the Analyzer properly. The guide also draws on the author’s experience as a small retail trader,

including mistakes and practical observations, so the discussion is not purely theoretical.

Our objective is to create a simple, repeatable trading process. We will narrow the universe primarily to S&P 500 stocks, look for technical conditions that deserve attention, research each company, plan an entry, define the risk, calculate position size, identify an initial target, and then decide whether to trade or pass.

The process does not guarantee a profit. It is designed to reduce impulsive decisions and make losses more manageable when they occur. A disciplined loss within a predefined plan is different from an uncontrolled loss caused by chasing, leverage, or refusal to exit.

Where the Stock Analyzer Fits

The Stock Analyzer is introduced only after the underlying ideas are explained. A trader should understand why trend, momentum, volume, support, market context, stop placement, and position sizing matter before depending on a tool that summarizes them.

The Analyzer helps you decide where to look and organize a trade plan. It narrows the companies that deserve attention, reviews momentum and other supporting signals, and provides reference levels for entry and exit planning. It cannot predict the future or remove your responsibility to research the company and control risk.

Trading Rules to Remember

> **A tool can organize information. Only the trader can provide discipline.**

PART I — BEFORE YOU TRADE

Chapter 1 — Are You Investing or Trading?

Many retail traders call themselves investors even when their behavior is much closer to trading. The distinction matters because a trade and an investment should not be managed with the same assumptions.

What Long-Term Investing Usually Means

A long-term investor may buy a company because of its business quality, competitive position, cash generation, management, valuation, and long-run prospects. The investor may be prepared to hold through substantial short-term volatility because the thesis is measured in years.

That does not mean investors ignore risk. It means their decision horizon and reasons for owning the stock are different.

What Stock Trading Means in This Book

In simple terms, stock trading resembles buying and selling goods: a trader buys at a reasonable price and later sells at a higher price. The important difference is that stock prices can change quickly, and the trader does not control the market. In this book, a trader looks for a price opportunity over a shorter horizon. The trader asks whether trend and momentum are favorable, whether volume confirms the move, where support and resistance lie, whether the broader market is supportive, and whether the potential reward justifies the planned risk.

Before entering a trade, the trader should have an approximate entry price, an exit level in case the trade is wrong, a position size, and a profit-taking plan.

The difference is therefore not simply how long a stock is held. Long-term investing is usually more focused on the underlying business, fundamentals, valuation, and the company's prospects over years. Trading is more focused on timing: the current trend and momentum, the entry price, the exit if the setup fails, and the opportunity to realize a gain over a shorter period. A long-term investor may tolerate a large temporary decline if the investment thesis remains intact. A trader normally should not use that same reasoning to excuse a trade whose original setup has failed.

Liquidity is another practical concern for many traders. A trader may need the same capital for another opportunity, so a losing position cannot always be held for years. A short holding period, by itself, does not make an activity gambling. The process matters: short-term trading can be disciplined when the trader researches the company, identifies a setup, plans the entry and exit, sizes the position, and accepts a defined risk. A decision based mainly on hope, excitement, a tip, or a guess—with no repeatable process—more closely resembles gambling.

The Dangerous Identity Change

A common mistake is buying for a short-term move, watching the stock fall, and then declaring, 'I am a long-term investor anyway.' The original trade did not become better because the label changed.

If a position was entered as a trade, manage it according to the trading plan. Do not use the language of long-term investing merely to avoid recognizing a loss.

The same person can be both a trader and an investor, but not necessarily with the same shares or the same pool of money. A trader may keep selected companies as long-term investments while using a separate amount for shorter-term trades. Position sizing matters because money intended for long-term holdings should not consume the liquidity needed for the trading strategy, and trading capital should not quietly become a long-term holding merely because a trade moved against you.

Trading Rules to Remember

A losing trade does not automatically become a long-term investment.

Know whether you are investing or trading before you buy.

Chapter 2 — Brokerage Accounts, Custody, and Cash Versus Margin

Before a trader can use any strategy, the trading account itself must be understood. The platform interface may make buying a stock look simple, but the legal and operational structure behind the account still matters.

Opening a Brokerage Account

Choose a regulated broker that is available in your jurisdiction and understand its fees, market access, order types, trading hours, funding process, withdrawal process, and investor-protection arrangements. Complete the broker's required identity, tax, and suitability information accurately. Do not choose a broker only because the application looks easy to use.

Broker Versus Custodian

A broker executes or arranges trades. A custodian holds securities or records beneficial ownership under the applicable account structure. In some arrangements the broker and custodian functions are provided within the same group; in others, securities may be held through a nominee or external custodian. The practical lesson is to understand where your shares are held, in whose name they are registered, what records prove your ownership, and what protections apply if the broker fails.

Cash Account Versus Margin Account

A cash account generally limits purchases to available cash, subject to settlement rules. A margin account can allow borrowing against securities and can make additional strategies available, but it also introduces leverage, interest expense, margin requirements, and the possibility of forced liquidation.

For the beginner-oriented framework in this book, the preference is simple: use cash and avoid margin. The objective is to make the trading process easier to control and to prevent one poor trade from becoming a leveraged loss.

Know What You Are Authorizing

Broker applications can include permissions for margin, options, securities lending, or other features. Do not enable a feature merely because it is offered. Understand what it changes, what risks it creates, and whether it is actually needed for your strategy.

Trading Rules to Remember

Know how your account holds assets. Understand the permissions you enable. For this framework, cash is preferred to margin.

Chapter 3 — You Can Make Money in Stocks — and Lose a Lot Too

The stock market can create real wealth, but active trading can also destroy capital quickly. This book does not claim that traders necessarily lose more than long-term investors. Rather, frequent decisions, short holding periods, poor entries, oversized positions, leverage, and attempts to recover losses can quickly erode a trader's capital. Small retail traders therefore need strong risk and discipline rules.

The Attraction

Stocks are attractive because a trader can participate in the growth and price movement of some of the world's largest companies with a few clicks. A good setup, properly timed, can produce meaningful gains.

But easy access can create the illusion that making money is easy. Buying a stock takes seconds. Building a process that survives many trades takes much longer.

The Arithmetic of Large Losses

A 10% loss requires an 11.1% gain to recover. A 25% loss requires a 33.3% gain. A 50% loss requires a 100% gain just to return to the starting point. This is why protecting capital is not a timid objective; it is mathematical common sense.

One oversized loss can erase the gains from many smaller winning trades. The trader who focuses only on potential profit sees only half of the trade.

Accept Small Losses Before They Become Large

No strategy wins every time. The goal is not to eliminate losing trades. The goal is to keep individual losses from becoming portfolio-changing events.

A trader can follow every rule and still lose. That trade may still be a good trade from a process perspective. What matters is whether the decision was reasonable and the risk was controlled. Position sizing limits how much one mistake can cost; a planned stop defines where the trader accepts that the setup has failed; and avoiding uncontrolled averaging down prevents a losing position from quietly becoming much larger. The backtest summary in My Trades (Chapter 35) can also help identify recurring mistakes. Sometimes the strategy was reasonable but the entry was simply too aggressive, leaving too little room for normal price movement.

Trading Rules to Remember

You can make money in stocks, but you can also lose a lot.

Survival comes before optimization.

Chapter 4 — Trading Is Not a Coin Flip

You can get lucky in the stock market. Luck can even produce a spectacular result. The problem is that luck cannot be repeated on command.

A Lucky Win Can Be Dangerous

A trader buys a stock after hearing a rumor and makes 30%. The natural conclusion may be that the method worked. But a profitable outcome does not prove that the decision process was sound.

Luck can reward bad behavior temporarily. If that behavior is repeated with larger amounts, the eventual loss can be painful.

Strategy Changes the Question

Instead of asking whether a stock feels lucky, ask whether it satisfies your rules. Does it belong to the universe you trade? Does the setup qualify? Is the broader market supportive? Is there a reasonable entry? Where is the stop? Is the position size acceptable?

A strategy cannot control the next price move. It can control the consistency of your decisions.

Process Over Prediction

Trading is a sequence: screen, research, plan, size, execute, monitor, exit, review. Each step can be improved. Prediction alone cannot.

The objective is not to be right about every stock. It is to make decisions that can be repeated without depending on a lucky guess.

Trading Rules to Remember

Do not rely on luck. Rely on a strategy.

A profitable trade does not automatically mean it was a good decision.

Chapter 5 — Protect Your Hard-Earned Money

The capital in a retail trading account may represent years of work. For many small retail traders, the purpose of trading is practical: to earn additional income, not to gamble with money needed for everyday life. That makes capital protection especially important. Treat trading capital accordingly.

What does "protect your money" actually mean? It does not mean avoiding every loss; that is impossible in trading. It means deciding in advance how much capital you can expose, keeping individual losses small enough to recover from, avoiding leverage that can magnify mistakes, refusing to add endlessly to a failing trade, and preserving enough cash to participate in the next opportunity. Capital protection is therefore a set of actions, not a slogan.

Why This Method Avoids Margin

Margin allows a trader to control more stock than the cash in the account would otherwise permit. That magnifies gains, but it also magnifies losses and introduces borrowing costs and the possibility of forced liquidation.

For the beginner-oriented method in this book, the simpler rule is cash first: trade with money actually available for trading and avoid making leverage part of the strategy.

Why We Do Not Short Stocks

Short selling can profit from falling prices, but the risk structure is different from buying a stock. Consider a simplified example: if a trader shorts 100 shares at $50, the most the stock itself can fall is to $0, so the theoretical

maximum gross profit is $5,000 before costs. But if the stock rises to $100, the loss is already $5,000; at $150, it is $10,000. Because a stock can theoretically keep rising, a short position has no fixed maximum loss. Short squeezes can also produce violent upward moves.

The Stock Analyzer described in this book is built for long-position analysis and trade planning. Bearish readings are used mainly to warn against a long entry, reduce confidence in an existing setup, or identify possible exit or deterioration conditions. The Analyzer is not designed to recommend or plan short-stock positions.

This book treats bearish signals primarily as reasons to avoid, reduce, or exit a long trade rather than invitations to short.

Keep Complexity From Becoming Risk

Complexity can make a trader feel sophisticated while making the actual risk harder to understand. A simple long-only, cash-based process provides enough opportunity for the purpose of this book.

Later in the book, covered calls are discussed as an optional technique for traders who already own the underlying shares and understand options. That is different from selling an uncovered or naked call. The basic strategy in this book remains cash-based stock trading; options are not required. Stock Analyzer also includes an Options Setup tool (Chapter 32). It is an advanced, optional tool that sits outside the core framework of this book.

The objective is not to use every instrument the broker offers. It is to build a process you understand and can follow. A practical goal is a repeatable process that protects your capital. Any income depends on your capital, your results and

market conditions; profits are never guaranteed, and some months will be negative.

Trading Rules to Remember

Avoid margin in this strategy.

Do not short stocks in this beginner trading framework.

Protect hard-earned capital before seeking aggressive returns.

Chapter 6 — Position Sizing: Decide the Risk First

Choosing a stock is only one part of a trade. Choosing how much to buy may matter even more.

Risk Per Share

Suppose a stock is purchased at $50 and the planned stop is $48. The planned risk is $2 per share. If the trader is willing to lose no more than $200 on the trade, the theoretical position size is 100 shares before considering fees, slippage, gaps, and portfolio constraints.

This calculation forces the trader to begin with the amount that can be lost rather than the amount they hope to make.

Position Size Is Not the Same as Risk

A $5,000 position does not necessarily mean $5,000 is at risk. Planned risk depends on the entry, stop distance, and number of shares. However, a stop is not a guarantee of execution at the stop price, especially during gaps or fast markets.

The Stock Analyzer's Risk Sizing section makes this calculation practical. Based on the planned entry, stop, and risk limits, it estimates a reference share count and investable amount. It does not tell the trader how much to buy; it helps show whether the proposed position fits the risk budget before an order is placed.

In the Analyzer, the calculation works in two steps. First, it calculates a share count using the fund balance, risk-per-trade percentage, and distance between entry and stop. Then it checks whether the resulting position fits the cash available after the cash buffer and the remaining room in the overall

trading allocation. The tightest limit applies, and the Analyzer identifies it. Chapter 31 explains the settings.

Position sizing therefore needs a margin of safety. A trader should not use every dollar simply because a formula permits it. There are many stocks to choose from; there is no need to commit most of the account to only a few names. Keeping capital available reduces the damage if one idea fails and leaves room for better opportunities later.

Portfolio-Level Risk

Several individually small positions can become one large portfolio bet if they are highly correlated. Five technology stocks may behave like one concentrated technology position during a sector selloff.

Diversification means more than owning several ticker symbols. Several positions can still be concentrated if they belong to the same industry or respond to the same economic forces. Where practical, spread risk across companies and industries rather than treating five similar stocks as five independent bets. Keep enough cash to avoid being forced to sell because another opportunity or an unexpected expense arises.

Never Size From Desired Profit

Do not begin with 'I want to make $1,000, so how many shares must I buy?' Begin with the setup, identify a technically sensible stop, determine the risk per share, set a maximum acceptable loss, and calculate size from there.

Trading Rules to Remember

> **You cannot control whether the next trade wins.**
> **You can control how much you put at risk.**

Never increase position size merely because you feel certain.

PART II — TRADING DISCIPLINE

Chapter 7 — Don't Chase, Don't Catch, Don't Average Down

Three behaviors can turn an ordinary trading mistake into a much larger one: chasing a stock, catching a falling knife, and averaging down without a predefined reason. These behaviors are often driven by human psychology—fear of missing out, hope, greed, and the reluctance to admit a mistake. This is one reason the framework emphasizes strategy and process. The goal is not to become emotionless; it is to reduce the number of decisions that emotion is allowed to make.

Some books, videos, and trading approaches accept averaging down under defined conditions. This framework does not recommend it as a default practice for the small retail trader. Adding more shares increases exposure to the same stock at the very moment the original position is weakening. If the stock continues to fail, the trader has increased the amount exposed to the loss. With hundreds of other established stocks available, it is often more sensible to protect capital, respect the planned exit, and wait for another qualified setup than to keep committing money to one losing idea.

The danger is not only mathematical. If you entered without a defined position size and keep adding as the price falls, the dollar loss can become much larger than you originally intended. The larger the loss becomes, the harder it can be

psychologically to accept the exit. A trader can start saying, “I will just wait until it recovers,” even though waiting was never part of the original plan. At that point, a planned trade has quietly become a holding-and-hoping position.

Position sizing, a predefined stop, and the rule against automatically averaging down work together. They keep one bad trade from becoming a decision about whether you can emotionally tolerate a very large loss. Remember: you chose to be a trader. If the trade thesis fails, reassess it as a trade rather than changing your identity simply because the position is losing.

Do Not Chase

A stock may qualify when it first appears on the Screener and then rally sharply before you can enter. That does not mean you must buy it at any price.

Chasing changes the trade. Support may be farther away, the stop may need to be wider, and the risk/reward may deteriorate. Missing a trade is frustrating, but it does not reduce your capital.

Do Not Catch a Falling Knife

A stock that has fallen sharply may look cheap compared with yesterday. That is not evidence that selling is finished. A falling stock can keep falling.

Wait for stabilization and a setup consistent with your rules. The purpose of technical confirmation is not to identify the exact bottom; it is to avoid guessing where the bottom might be.

Do Not Automatically Average Down

Buying more because a losing position is cheaper can increase exposure precisely when the original trade is proving weaker. For this framework, the default is to respect the planned stop rather than repeatedly add money to a trade moving against you.

There may be strategies built around scaling into positions, but that is a different strategy and should be designed and tested in advance—not invented after a loss begins.

There Are Plenty of Stocks

No single stock is responsible for your financial future. If the price runs away, the setup deteriorates, or the risk is unattractive, pass.

The S&P 500 gives the Screener a large universe of established companies. Another candidate will eventually appear.

Trading Rules to Remember

Do not chase.

Do not catch a falling knife.

Do not automatically average down.

There will always be another stock.

Chapter 8 — Turn Down the Noise

Retail traders are surrounded by opinions. The challenge is not finding an opinion. The challenge is keeping other people's opinions from replacing your strategy.

Analyst Targets Are Not Your Trading Plan

An analyst may have a different valuation method, time horizon, mandate, or risk tolerance. A price target can be useful information, but it is not your entry, stop, target, or position size.

Do not buy simply because a stock was upgraded. Do not sell simply because it was downgraded. Return to your own process.

Social Media and Big Winning Screenshots

Someone may claim to have made 50%, 100%, or more on a stock. You may not know the entry, the size, the leverage, the losses on other trades, or whether the screenshot tells the complete story.

Even if the gain is genuine, someone else's profit does not make the stock a valid trade for you today.

Research Without Drowning in Opinions

Doing your own research means understanding the company, its major risks, recent developments, and technical setup. It does not mean consuming every available comment.

Information should answer a question. If it merely makes you anxious or excited without improving the trade plan, it may be noise.

Trading Rules to Remember

Analyst opinions are information, not trading instructions.

Someone else's profit is not your trading signal.

The more opinions you follow, the easier it becomes to lose your own strategy.

Chapter 9 — Don't Overtrade

The market being open does not create an obligation to trade.

Trading From Boredom

A trader may open the platform with no setup and start searching until something looks interesting. This reverses the process: instead of waiting for a qualified opportunity, the trader manufactures a reason to trade.

The Screener should narrow attention. If nothing qualifies, that is useful information.

After a Winning Trade

Profit can create overconfidence. A trader who made money may immediately look for another position because the day feels successful. The second trade may have nothing to do with the original strategy.

If you have achieved what you reasonably wanted from the day, it is acceptable to stop and be thankful. Overtrading often gives the market another opportunity to take back profit already earned. A successful first trade does not make the next setup better. You do not need to keep trading simply because the market remains open.

After a Losing Trade

A loss can create the urge to recover money immediately. Revenge trading often increases size, lowers standards, and shortens patience.

A loss should trigger review, not retaliation. The market does not know what you lost and does not owe it back.

Trading Rules to Remember

You do not need another trade just because the market is open.

Made money? Be grateful. Lost within plan? Accept it. No setup? Wait.

PART III — BUILD YOUR TRADING STRATEGY

Chapter 10 — Build a Strategy That Fits You

Trading is a process, but the exact strategy is personal. Traders differ in capital, temperament, schedule, patience, and tolerance for drawdowns.

Strategy Is Like Personality

Two traders can look at the same market and reasonably choose different approaches. One may prefer quicker exits; another may tolerate wider stops. One may want only the strongest trends; another may accept earlier setups.

All traders face the same market, but they need not respond to it in the same way.

Backtest Before You Personalize

The Stock Analyzer provides a basic structured strategy: it helps identify stocks to focus on, assess the setup, and plan prices for entry and exit. But the tool should be complemented by the trader's personal judgment, circumstances, and risk tolerance. Adjusting a strategy should still be based on evidence. If you believe a different stop distance, timeframe, or confirmation improves results, define the change and test it across enough historical examples to learn something meaningful.

Do not call an emotional reaction an optimization.

Once Defined, Follow the Rules

A strategy that changes every trade cannot be evaluated. Consistency creates data. Data allows review. Review allows improvement.

This does not mean stubbornly following a broken method forever. It means separating execution from research: trade the current rules; revise them later when evidence supports revision.

Trading Rules to Remember

> **Backtest changes. Do not improvise them during a trade.**
>
> **Consistency creates the evidence needed to improve a strategy.**

Chapter 11 — Why We Focus on the S&P 500

This book and the Stock Analyzer deliberately narrow the trading universe primarily to S&P 500 companies.

A Smaller, More Established Universe

The U.S. market contains thousands of listed securities. A small retail trader does not need to evaluate all of them. The S&P 500 provides a practical universe of large, established companies across many sectors.

Membership does not make a company safe. S&P 500 stocks can fall sharply, suffer business problems, or become poor trades. The index is a starting universe, not a guarantee.

Why Not Chase Every Hot Ticker?

Penny stocks, newly listed companies, and highly speculative names can produce dramatic moves. They can also have unstable liquidity, limited operating histories, or risks that are difficult for a retail trader to assess.

The purpose of this framework is not to find the most exciting ticker. It is to identify enough well-supported opportunities that there is no need to chase excitement. A broad universe of established companies supports the book's first priority: protecting capital. With hundreds of candidates, there is less reason to chase a speculative name, force an entry, or risk too much on a single idea.

Plenty of Choice

With hundreds of companies in the universe, the trader can afford to be selective. If one stock has run too far, another may

be closer to a reasonable entry. If one sector is weak, another may be stronger.

Selectivity is a form of risk management.

Trading Rules to Remember

The S&P 500 is our starting universe, not a promise of safety.

You do not need to trade outside your defined universe simply because another stock is popular.

Chapter 12 — A Good Company Is Not Always a Good Trade

One of the most useful distinctions for a trader is the difference between company quality and trade quality.

Stable Companies Can Be Poor Entries

A profitable, well-known company can still be technically extended, losing momentum, breaking support, or trading at an unattractive entry relative to the planned stop.

Buying a good company at the wrong time can still result in a losing trade. Entry price matters because a trader's objective is not simply to own a good business and wait indefinitely. A stable company may eventually recover from a decline, but recovery can take months or years. A long-term investor may be willing to wait; a trader may not. Trading capital may also need to stay free for other opportunities. Money you may need for living expenses, bills or emergencies should not be in the trading account at all: never depend on a trade exiting at a good price to meet an essential payment.

Fundamentals Still Matter

This book does not treat ticker symbols as random numbers. We prefer established companies and want to understand what the business does, major financial risks, and important recent developments.

But the trading decision also requires timing. Fundamentals can help answer what to consider; technical analysis helps answer whether the current setup is attractive.

Separate Admiration From Execution

A trader can admire a company and still decide not to buy its stock today. Emotional attachment to a brand or business should not override the trade plan.

The question is not only 'Is this a good company?' It is also 'Is this a good trade at this price under my rules?'

Trading Rules to Remember

> **A good company is not automatically a good trade.**
>
> **Company quality and entry quality are separate questions.**

Chapter 13 — Start With the Trend: EMA 9 and EMA 21

The Analyzer's central technical question is whether the stock shows evidence of strengthening price movement that may support a trade. The methodology does not rely on one indicator to predict momentum. It begins with the EMA 9/21 relationship as an important trend and momentum signal and gives meaningful weight to OBV as a measure of whether volume participation supports the move. RSI, broader-market context, support and resistance, and multiple timeframes provide additional confirmation and context.

The Stock Analyzer uses the relationship between the 9-period and 21-period exponential moving averages as an important EMA 9/21 trend signal.

What an EMA Does

A moving average smooths price data so the underlying direction is easier to see. An exponential moving average gives more weight to recent prices, making it more responsive than a simple average with the same period.

The EMA is not a prediction. It is a summary of recent price behavior.

The EMA 9/21 Cross

When EMA 9 moves above EMA 21, short-term price behavior has strengthened relative to the slightly slower trend. This is commonly interpreted as a bullish shift. The reverse cross can indicate deterioration.

The Analyzer's Screener focuses on a fresh bullish EMA 9/21 cross within a limited number of trading days. Freshness

matters because a cross that occurred long ago may describe a move that is already mature.

A Cross Is Not Enough

Moving averages can whipsaw when prices move sideways. Treat a bullish EMA 9/21 cross as the start of the analysis, not its conclusion. The Analyzer looks for confirmation from other evidence, especially OBV behavior and RSI momentum, while also considering volume, broader-market context, support and resistance, and entry location. A cross supported by improving momentum and participation is more persuasive than one standing alone, but no combination guarantees success.

This is why the Analyzer combines signals instead of treating one indicator as an automatic Buy command.

Trading Rules to Remember

Use the EMA cross as a setup signal, not a guarantee.

Freshness matters; do not chase a move simply because the cross was bullish.

Chapter 14 — Momentum: Understanding RSI and MACD

RSI helps describe the speed and persistence of recent price movement. It is useful, but easy to oversimplify.

What RSI Tells Us

The Relative Strength Index is commonly scaled from 0 to 100. Traders often describe high readings as overbought and low readings as oversold, but those labels should not be interpreted mechanically.

A strong stock can remain at elevated RSI levels while continuing to rise. A weak stock can remain depressed while continuing to fall.

Direction Matters

An RSI near the middle of its range may still provide useful information if it is rising or falling. Momentum improving from a neutral level can support a bullish setup; momentum deteriorating can warn that price strength is weakening.

The Analyzer therefore considers the RSI reading together with its direction and other signals.

Do Not Buy Because Something Is Oversold

An oversold reading does not mean the stock has reached the bottom. Buying solely because RSI is low is another form of trying to catch a falling knife.

Wait for the broader setup.

MACD: A Timing Check on Momentum

MACD (Moving Average Convergence Divergence) is the gap between a 12-period and a 26-period exponential moving average of price. A 9-period average of that gap is called the signal line. The bars between the two lines, the histogram, show whether the gap is widening or narrowing.

Because MACD is built from moving averages, on the daily chart it mostly repeats what the EMA 9/21 trend already tells you. That is why it is not part of the Tawilis Score. Its value is on shorter timeframes at the moment of entry. During a pullback, a negative histogram that is shrinking shows that selling momentum is fading; a negative histogram that keeps growing shows that selling is still gaining strength.

The Analyzer uses MACD only in this narrow way, in the Entry Assessment (Chapter 32). If the selected timeframe shows downward momentum strengthening, the assessment says Wait. MACD can hold an entry back; it cannot turn a weak setup into a buy. Like every indicator, it lags price and gives false signals, especially in choppy markets.

Trading Rules to Remember

Overbought does not automatically mean sell.

Oversold does not automatically mean buy.

Use RSI as context, not as a standalone command.

Let MACD hold back an entry, never push one.

Chapter 15 — Volume and OBV

Price tells you where the stock moved. Volume can help tell you how much participation was behind that move.

Volume as Confirmation

A price advance accompanied by healthy participation can be more convincing than a similar move on very light activity. Volume is not perfect, but it adds another dimension to the chart.

Large volume can also appear during selling. The meaning depends on what price is doing at the same time.

On-Balance Volume

On-Balance Volume, or OBV, accumulates volume based on whether the stock closes higher or lower. Traders use the direction of OBV to judge whether volume behavior broadly confirms the price trend.

If price rises while OBV weakens, the divergence deserves scrutiny. It does not guarantee a reversal, but it can reduce confidence in the move.

Why the Analyzer Uses OBV

The methodology places meaningful emphasis on EMA trend and OBV behavior because price trend supported by participation is generally more interesting than price trend alone.

Again, confirmation improves the setup; it does not make the outcome certain.

Trading Rules to Remember

Price and volume should be read together.

OBV divergence is a reason for scrutiny, not an automatic short signal.

Chapter 16 — Support, Resistance, and Where to Buy

Technical indicators can identify a promising stock, but the price paid still matters.

Support

Support is an area where buying has previously been strong enough to slow or reverse a decline. It is not a wall. Price can break through it.

The Analyzer uses nearby historical support as an important reference for entries and stop planning.

Resistance

Resistance is an area where selling has previously slowed or reversed an advance. It can provide an initial target or a place to evaluate whether a breakout is occurring.

A resistance level is also not a ceiling. Strong stocks can break through and continue higher.

The Entry Zone

A good setup may become unattractive if the current price is far above nearby support. Waiting for a better entry can improve the relationship between potential reward and planned risk.

This is the practical reason behind the rule not to chase.

Trading Rules to Remember

> **A good stock can still have a bad entry price.**

Support and resistance are zones of interest, not guaranteed barriers.

Chapter 17 — Daily, 4-Hour, and Weekly Views

One chart can hide context that becomes obvious on another timeframe.

Daily

The daily chart is the core view for the swing-oriented process in this book. It provides enough history to evaluate the trend, momentum, volume, and nearby support without reacting to every intraday fluctuation.

4-Hour

The 4-hour view can help assess whether the more recent move supports or conflicts with the daily setup. It can reveal short-term deterioration or strengthening that the daily bar has not yet fully expressed. In Stock Analyzer, a 4-hour bar covers either 9:30 a.m. to 1:30 p.m. or 1:30 p.m. to 4:00 p.m. U.S. Eastern time, so each trading day has two 4-hour bars and the second always ends at the close. A bar is used for analysis only after its time window has ended.

Weekly

The weekly chart provides broader context. A daily bullish setup occurring beneath major weekly resistance may deserve more caution than the daily chart alone suggests.

Confirmation, Not Complexity

Multi-timeframe analysis should not create three different strategies. Use the additional views to confirm or challenge the main thesis.

If every timeframe must be perfect, the trader may never act. The goal is context, not paralysis.

Trading Rules to Remember

Use multiple timeframes for confirmation, not for endless searching for certainty.

The same principle applies to chart patterns. Do not rely on a double bottom, engulfing candle, cup formation, or another pattern by itself. Look for momentum and participation to support what the pattern appears to show. Adding more indicators does not necessarily improve a decision. The Analyzer deliberately uses a limited group of signals so that confirmation remains understandable rather than becoming a search for perfect agreement.

Chapter 18 — Chart Patterns Without Making Them Complicated

Patterns can help describe market behavior, but they should not become a collection of magical shapes.

Patterns Are Context

A double bottom may suggest that sellers failed twice near a similar area. A double top may suggest repeated selling near resistance. A cup-like formation may show a longer process of decline, recovery, and attempted breakout.

The useful question is what the pattern says about buyers, sellers, support, and resistance.

Candlestick Reversals

Bullish engulfing, bearish engulfing, dark cloud cover, and other candlestick patterns can highlight short-term shifts in pressure. Their significance depends on location and context.

A bullish reversal pattern near support is more meaningful than the same shape appearing randomly in the middle of a range.

Do Not Let Patterns Override Risk

A beautiful chart pattern does not justify an oversized position or the absence of a stop.

Patterns are supporting evidence within the process.

Trading Rules to Remember

Patterns support a trade thesis; they do not replace the trade plan.

Chapter 19 — Know the Broader Market

A good stock can still struggle in a bad market. Before trading an individual company, understand the environment around it.

Market Context

The S&P 500 can be used as a broad indicator of the U.S. equity environment. When the broader market is trending strongly upward, individual bullish setups may have a tailwind. When the market is weak, even good companies can face selling pressure.

Market direction should inform the trade, not dominate it. A strong individual setup can exist in a mixed market, and a weak stock can fall during a strong market.

Why the Analyzer Includes Market Trend

The Stock Analyzer incorporates broader-market trend as one factor rather than treating it as the only factor. This reflects a simple idea: context matters, but the stock must still earn the trade on its own setup.

A trader should know whether the market is broadly bullish, bearish, or uncertain before taking a position.

The Tawilis Score considers more than the S&P 500. It also checks the trend of a sector ETF corresponding to the stock's reported industry, the direction of the 10-year Treasury yield, and the shape of the yield curve. Each contributes a small part of the score and provides context rather than an independent trading signal. If your data provider cannot supply a reading, it is marked "Not available from data provider" and excluded from the score rather than estimated.

The Market Window

The Market window (the Market button under Research a stock, summarized in the Market line on the Today screen) answers one question for a one-to-four-week long trade: is the market helping or hurting? It reads Supportive, Mixed or Risk-off from the S&P 500 against its 50- and 200-day averages, its short-term trend (EMA 9 versus EMA 21), the VIX level and breadth (the share of S&P 500 stocks above their own 50-day average), and it lists the trend of every sector fund. Risk-off is a warning to consider fewer or smaller trades; it does not change the trade rules. The market and sector trends also feed two items of the Tawilis Score.

Show long-term background adds a slower, stand-alone view of the broader environment. It is not tied to a particular stock and does not change any stock's score. It brings together five readings:

- S&P 500 long-term trend — whether the index's EMA 50 is above or below its EMA 200 (the "golden cross" and "death cross" pair).
- Yield curve — the 10-year minus 3-month Treasury spread. An inverted curve has historically been an early recession warning, with a long and variable lead time and occasional false alarms.
- VIX — the market's "fear gauge." Elevated readings mean the options market is pricing in more near-term uncertainty.
- Credit-stress proxy — high-yield bonds compared with Treasury bonds. High-yield bonds falling behind can indicate growing credit stress.
- Small caps versus large caps — small companies falling behind large ones is often read as nervousness about growth or credit conditions.

Read the long-term background like a weather report, not a forecast. A cautious reading may justify smaller positions, stricter entries, or more patience. It cannot tell you when a decline will start. The S&P 500, the VIX and the bond and small-cap funds come from your broker; the Treasury yields come from the U.S. Treasury's official daily rates, which are built into the program. If your broker cannot supply a market index, the Analyzer uses an exchange-traded fund that tracks it (for example, SPY for the S&P 500) and identifies the substitution. If a reading is not available at all, it appears as "Not available from data provider," and the window states how many of the five readings its overall rating is based on.

The Market window also has a US Data Releases button. It lists the official release schedules of the Bureau of Labor Statistics (for example, the jobs and inflation reports), the Bureau of Economic Analysis and the Census Bureau for this week and next, in U.S. Eastern time and your computer's time. These releases can move the whole market, so check them before entering a trade or deciding to hold through one. Times can change; the window links to each official schedule, including the Federal Reserve calendar for FOMC meetings. If a site cannot be reached, the window shows the last schedule it saved, with its date.

Do Not Fight the Environment Without Knowing It

Trading without checking the broader market is like sailing without looking at the weather. You may still reach the destination, but you are ignoring information that can affect the journey.

Awareness does not require prediction. It requires knowing the current conditions.

Trading Rules to Remember

Know the broader market before trading the individual stock.

Market trend is context, not a substitute for stock-specific analysis.

PART IV — BUILD THE TRADE PLAN

Chapter 20 — Entry: Know Your Price Before You Buy

Entry discipline is where patience becomes visible.

Timing is one of the main differences between identifying a good company and executing a good trade. A bullish setup may point in the right direction yet still produce a poor trade if the entry comes after price has run too far, sits just below resistance, or occurs before momentum and volume confirm the move. The aim is not to buy at the exact bottom. It is to enter at a price where the setup, support, stop distance, and potential reward make sense together.

Reference Entry and Buy Range

The Analyzer can provide a reference entry anchored to nearby support and a practical buy range. These are planning aids, not commands.

A trader may adjust the entry based on personal rules, but the adjustment should preserve the logic of the trade rather than chase a moving price.

One Way to Enter: the Pullback Entry

Stock Analyzer uses one entry method, the Pullback Entry: wait for price to come back toward nearby support, where the stop can sit close and the reward to the next resistance is largest. This is the Reference Entry used by the Trade Plan.

Buying a breakout above resistance is not part of this method. If a stock breaks out without pulling back, wait for a pullback toward its new support and analyze it again, or let it go. There will always be another stock.

When the Stock Runs Away

If the stock jumps well above the planned entry before you act, do not move the entry up to meet it. Wait for price to return to the Pullback Entry zone and analyze it again, or let the stock go.

Sometimes the correct response is simply to remove the stock from immediate consideration and wait.

Limit the Emotional Decision

Planning the entry before the market becomes exciting reduces FOMO. A trader who knows the acceptable price range can recognize when the opportunity has changed.

Trading Rules to Remember

Know your acceptable entry before you click Buy.

Missing a trade costs less than chasing a bad entry.

Chapter 21 — Stop Loss: Know Where You're Wrong

A stop is not a prediction of the exact price at which a stock must reverse. It is a risk-management decision about when the original trade no longer deserves your capital.

The Analyzer and your interpretation can both be wrong. The entry may be early, or new information may emerge after the trade opens, such as earnings, company news, economic data, a market selloff, or another event that changes the setup. There is no 100% win rate in stock trading, and this methodology does not claim one. Stops and position sizing are intended to limit damage when the analysis does not work as expected, so one incorrect trade does not become a major loss.

Support-Based Stops

For this methodology, nearby support is the primary reference. A stop should generally sit where a break would meaningfully weaken the original setup rather than at an arbitrary percentage.

Placing a stop exactly on an obvious level can also expose the trade to normal noise, so context matters.

How the Analyzer Places the Recommended Stop

In the standard Trade Plan, the planned entry sits at the nearest detected support. The recommended stop is then placed 1.5 × ATR below that entry, giving the trade room below the support level for ordinary noise. When the entry is above a detected support—for example, when you plan to buy at the

current price—the stop is placed a small buffer (0.25 × ATR) below that support instead. If ATR cannot be calculated, a small fixed buffer is used.

The report also shows 1 × ATR and 2 × ATR reference levels below the entry. The 1 × ATR level is the tighter alternative; the 2 × ATR level is a wider reference. Neither replaces the recommended stop.

ATR as a Helper

Average True Range measures recent price movement and can help judge whether a proposed stop is unusually tight or wide relative to the stock's normal behavior.

ATR supports the decision; it does not replace the technical structure.

Tighter Alternative Stop

Some setups may justify a tighter alternative stop when there is a nearby deterioration level. A tighter stop reduces dollars at risk per share but increases the chance of being stopped by normal volatility.

The trade-off should be explicit.

Do Not Move the Stop Down to Avoid a Loss

Moving a stop farther away simply because price approaches it increases risk after the trade has already weakened. If new evidence genuinely changes the technical structure, review it carefully; do not confuse hope with evidence.

Trading Rules to Remember

Know where the trade is wrong before entering.

A stop is part of the trade, not an insult from the market.

Chapter 22 — Take Profit: Know What You're Looking For

Greed often enters the trade when the trader has no idea where a reasonable profit-taking area might be.

Initial Resistance Target

The Analyzer can use nearby resistance or an initial breakout objective as a reference target. This creates a concrete point for evaluating whether the expected reward justifies the risk.

The target is not a guarantee that price will reach it.

Breakout Extension

A strong stock can break through resistance and continue. The trader can plan in advance whether to take full profit at the initial target, scale out, or hold a portion under a trailing rule.

When a breakout happens after you are already in the trade, the Analyzer's next resistance level becomes the new reference, and a stop can be raised under the level that was broken. When you are not yet in the trade, a breakout is not an entry signal in this method: wait for a pullback toward the level that was broken, and use the new Pullback Entry from a fresh analysis.

What matters is deciding the framework before excitement takes over.

Do Not Turn Profit Into a Demand

The market does not know your desired profit. Refusing to sell because you 'need' another 5% is not analysis.

Be willing to take a reasonable profit when the plan calls for it.

Holding Period: Managing the Trade Between Stop and Target

This method is swing trading. Plan each trade with a horizon of about one to four weeks: the entry comes from a fresh daily EMA 9/21 cross and a pullback to support, and the first target is the nearest resistance. This is a planning horizon, not a prediction of how long the target will take, and not an exit rule. The exit comes from the stop, the target or a broken setup, or, at the review point described below, from an optional time-based exit.

After buying, place the stop-loss and the initial profit target together. Many brokers offer a bracket or one-cancels-the-other (OCO) order, in which whichever order fills first cancels the other. Use good-till-cancelled orders so they do not expire at the end of the day. A stop order limits the loss but does not guarantee the price: if the stock gaps down, the order can fill below the stop.

The trade then ends in one of four ways. The stop fills. The target fills. The setup breaks before either, for example with a decisive daily close below support or a bearish EMA 9/21 cross, and a fresh analysis supports exiting early. Or the trader chooses a time-based exit after reviewing a stalled trade. In that last case, price simply hovers between the stop and the target. Re-run the analysis about once a week. Treat about four weeks as a review point: if neither level has been reached and the stock is drifting, review the trade; a time-based exit is one option. A stalled trade ties up capital that could be used for a fresh setup, while still carrying its full downside risk.

Before buying, check whether an earnings date falls inside the planned hold, and decide in advance whether to exit before

the report. Never lower the stop to give a losing trade more room. Once price has moved well toward the target you may raise the stop, for example to your entry price, but use the same rule every time rather than deciding in the middle of the trade. Whenever you close, record the reason in My Trades so you can later see which exits served you well.

Trading Rules to Remember

Plan how profits will be handled before greed arrives.

A target is a decision point, not a promise.

Plan for about one to four weeks; exit on the stop, the target or a broken setup, with a time-based exit as an option at the review point.

Review weekly; about four weeks is a review point, and a time-based exit is one option if the trade has gone nowhere.

Chapter 23 — The Complete Trade Plan

TAWILIS Workflow - Start Here

PREREQUISITE: SET UP DATA SOURCES, FUNDS & RISK

DAILY CYCLE: AUTO SCREEN -> WATCHLIST -> PLAN A TRADE -> MY TRADES

Stock Analyzer does the screening for you. After every US market close it scans the S&P 500, keeps the strongest candidates on the Watchlist, and moves only the stocks that can be entered at today's price into Plan a Trade, each with the reasons. You make every decision and place every order yourself in your broker's app. The same sequence works by hand; the software removes the repetitive part. The order matters: the system separates candidate discovery, signal confirmation, overall scoring, entry timing, trade planning and position sizing so that one attractive label does not determine the decision.

Step 0 - Set Up Data, Funds and Risk

Connect your data sources, enter your fund balance in Fund Performance and your Risk Settings in Risk Sizing. Decide how much you are prepared to risk before an attractive stock influences your judgment. Do not raise the risk budget because a candidate receives STRONG, HIGH or BUY.

Step 1 - AUTO SCREEN (automatic)

About 15 minutes after each US market close, Auto Screen looks for fresh bullish EMA 9/21 crosses, keeps the shortlist (Cross Quality STRONG with Worth Looking HIGH or MEDIUM,

or GOOD with HIGH), runs the full Daily, 4-Hour and Weekly analysis on those stocks and on everything already on your Watchlist and in Plan a Trade, and ranks the results. Cross Quality asks whether the fresh cross was properly confirmed; Worth Looking asks whether today's price still offers enough opportunity to justify a deeper look. Neither is a BUY. Without the software, this is the step where you screen the S&P 500 yourself.

Step 2 - WATCHLIST (automatic, plus your own picks)

A shortlisted stock with a Tawilis Score above 70 and a valid setup is added to the Watchlist automatically. Each row says what it is still waiting for - usually a pullback into the Pullback Entry zone. Stocks you add yourself stay until you remove them. Automatically added stocks leave when the setup breaks, the score falls to 60 or below, or price has not come near the entry for 20 trading days.

Step 3 - PLAN A TRADE (only what can be entered now)

A stock moves into Plan a Trade only when its Trade Status is QUALIFIED: a BUY score (above 70), price inside the Pullback Entry zone, reward-to-risk of at least 2:1 from the price you would really pay, and the entry checks passed. Read Before You Trade and the reasons, then decide. QUALIFIED means the conditions are met - not that you must buy.

Step 4 - CHECK, SIZE AND ORDER

Click Refresh prices when the market is open, check Entry Assessment if you wish, and confirm the shares in the plan, which are sized from your Risk Settings. Place a limit order in

your broker's app at the plan's price or lower, and place the stop and target together if your broker offers a bracket (OCO) order.

Step 5 - RECORD

If the order fills, click I Bought It - Record in My Trades and correct the price to your actual fill. The stop and target you record stay fixed: later analysis never changes them.

Step 6 - TRACK AND REVIEW

My Trades shows a Holding Read for each open position. Update about once a week. About four weeks (Target Hold) is a review point. When you close a trade, record the reason. The Decision Log keeps every status change with what the price did afterwards, so you can review the method, not just single trades.

How the layers fit together

Tawilis Score = how good the stock and setup are overall (BUY above 70, WATCH above 60 through 70, WAIT 60 or below). Trade Status = whether there is a sensible trade at today's price. Cross Quality and Worth Looking = how Auto Screen chooses what deserves a full analysis. Market read = whether the market is helping or hurting (a warning only). Risk Sizing = how much to expose. They answer different questions and are not expected to show the same label.

A practical example

On Tuesday a stock with a Tawilis Score of 88.8 closes inside its Pullback Entry zone and gives 2.12:1 to its first target, so it is QUALIFIED and appears in Plan a Trade. On Wednesday it closes 40 cents above the zone; from the top of the zone - the most you should pay - the reward-to-risk is now 1.86:1, so it

becomes NOT QUALIFIED and returns to the Watchlist. The score did not change; the price did. This is the system working as intended: it never asks you to chase.

A trade should be understandable on one page before money is committed.

The Analyzer helps assemble that picture. Its Overview brings together the score and the Trade Decision, the trade plan levels, trend, momentum, volume, market context, fundamentals and earnings, and explains in plain language why the stock can or cannot be entered now. Plan a Trade then turns a QUALIFIED stock into a written plan. The score detail explains the reasons behind the Tawilis Score. Company news and broader-market information provide additional context that may affect the trade. These outputs organize the research; they do not replace the trader's judgment.

The Sequence

Start with a candidate from the defined universe. Confirm that the stock deserves research. Understand the company and current risks. Evaluate the technical setup and broader market. Identify the entry, stop, target, and position size. Then decide whether the trade is worth taking.

After entry, monitor the conditions that justified the trade rather than every tick.

Trade or Pass

Passing is an active decision. If the risk/reward is poor, the price is too extended, the market is deteriorating, or the setup is unclear, do nothing.

A disciplined trader does not need to convert every analysis into a position.

Review After Exit

Record what happened. Did you follow the plan? Was the entry chased? Was the stop sensible? Did fear or greed interfere? Was the setup itself weak, or was the loss simply normal variance?

Review improves the process only when the trader is honest about execution.

Trading Rules to Remember

> **Candidate → research → setup → entry → stop → target → size → execute → monitor → exit → review.**

PART V — FROM MANUAL ANALYSIS TO STOCK ANALYZER

Chapter 24 — The Problem With Doing Everything Manually

A retail trader can perform every step in this book manually. The difficulty is repeating the process consistently across hundreds of stocks.

Too Many Candidates

Looking through hundreds of charts one by one is slow. It also encourages inconsistency: a trader may apply strict standards to the first ten stocks and looser standards after an hour of searching.

Too Many Inputs

Trend, RSI, OBV, volume, support, resistance, market trend, multiple timeframes, stop distance, target, and position sizing can be calculated manually. The problem is not possibility; it is attention.

Automation can reduce repetitive work so the trader spends more time on judgment and research.

Why the Analyzer Exists

The Stock Analyzer was designed to consolidate this workflow. It does not remove the need to think. It reduces the mechanical burden of finding and organizing candidates.

The objective is to focus on fewer stocks, present clearer information, and follow a repeatable sequence.

Trading Rules to Remember

> **Automate repetition, not responsibility.**

Chapter 25 — Let the Screener Do the Searching

The Screener is the front door of the Stock Analyzer workflow. In Stock Analyzer 1.0 you do not have to run it yourself: Auto Screen runs it after every US market close, and Today's screener report keeps the latest results.

Start With the Defined Universe

The Screener focuses on S&P 500 stocks rather than asking the trader to search the entire market for whatever happens to be moving.

This supports the book's philosophy of concentrating on established companies and avoiding random hot-stock hunting.

Fresh EMA 9/21 Cross

The Screener looks for a fresh bullish EMA 9/21 cross within the defined recent trading-day window. This is a candidate-generation rule, not a final Buy decision.

Why use the EMA 9/21 cross? It gives the Screener a consistent, testable way to identify a possible change in short-term price direction without manually inspecting hundreds of charts. However, the cross should not be assigned a universal success rate. Its continuation rate depends on the stock universe, market regime, definition of success, holding period, entry rule, stop, and confirmation conditions. The relevant rate for this methodology should come from a documented backtest of the Analyzer's own rules. Until that test is complete and reproducible, this book will not claim that a particular percentage of EMA 9/21 crosses continue into a

bullish move. The cross generates candidates; OBV, RSI, volume, market context, price location, and risk planning determine whether a candidate deserves a trade.

The purpose is to identify stocks whose short-term trends may be changing

Focus Your Research

Once the Screener produces candidates, the trader can research those companies rather than continuing to browse social media, analyst lists, and thousands of tickers.

The Screener is not saying, 'Buy all of these.' It is saying, 'These are worth a closer look under this strategy.'

Trading Rules to Remember

> **The Screener tells you where to focus your research.**
>
> **Do not keep searching for excitement after your strategy has already produced candidates.**

Chapter 26 — Understanding the Tawilis Score

Not every signal deserves the same importance. The Tawilis Score is designed to summarize multiple conditions without pretending that all checklist items are equal.

The score is built from a checklist of thirteen items. Each item is marked OK, NOT OK, or N/A (not enough data), and each carries a weight. The trend and market items carry most of the weight because this is a swing-trading method; fundamentals carry a smaller share because, for a trade, they act mainly as a safety check. The score is the total weight of the items that passed, divided by the total weight of all items that could be judged, multiplied by 100. The exact point weights are part of the Analyzer and are not published here, but every item is listed so the reader knows exactly what the score is looking at.

The Thirteen Checklist Items

Trend. (1) The daily trend is bullish: EMA 9 is above EMA 21. (2) The long-term trend is also bullish: EMA 50 is above EMA 200 (a bonus alignment item). (3) The EMA 9/21 has crossed bullish, or is likely to soon: a recent bullish cross passes, and so does an established bullish alignment with no bearish cross projected in the near term. A bullish alignment with a bearish cross projected soon fails; a bearish alignment passes only if a bullish cross is projected soon.

Momentum and volume. (4) RSI is not overbought (below 70). (5) OBV confirms the price move rather than diverging from it.

Market. (6) The broader market (S&P 500 for U.S. stocks) is in an EMA 9/21 uptrend. (7) The matching sector ETF is in an

uptrend. (8) The 10-year Treasury yield is not rising. (9) The yield curve is not inverted.

Risk/reward. (10) Risk/reward at the planned entry is at least 2:1, measured from the Reference Entry to the Initial Profit Zone against the recommended stop.

Fundamentals. (11) Quick ratio is at least 1.0×. (12) Gearing (debt/equity) is below 100%. (13) Profit margin is positive and no more than three percentage points below its own average of the last three years.

Items that cannot be judged are marked N/A and left out of both the points earned and the points possible, so a missing item is not counted as a failure. That does not make the score equally reliable: a score built on fewer items rests on less evidence and may leave out a risk. Check which items are missing before relying on a high score. Chart Signals, the Multi-Timeframe Read, earnings information and the long-term market background are shown alongside the score but are not part of it.

When some items are missing because your data sources do not supply that kind of data, the Analyzer says so directly under the score, for example: "Tawilis Score based on 10 of 13 checklist items. 3 items are not available from your data provider and are excluded from the calculation." A “Data used” line shows which source supplied each kind of data. This matters because the same stock can score differently for users with different data accounts. Without a working Finnhub key, for instance, the fundamentals items usually cannot be judged, so the stock is scored on the trend, market and risk/reward items only. Read the coverage line before comparing a score with someone else's.

Note that the Screener's Cross Quality and Worth Looking do not use fundamentals, but the Tawilis Score (also shown in Today's screener report) does. A stock can pass the Screener cleanly and still score poorly because of a weak balance sheet or shrinking margins.

What the Score Does

The score combines the checklist results into a 0-to-100 scale. It helps the trader compare how well a stock fits the methodology at the time of analysis.

The weights reflect judgments built into the methodology; they are not derived from a backtest. The My Trades backtest (Chapter 35) lets you examine which items have mattered in your own closed trades.

BUY, WATCH, and WAIT

In the current Stock Analyzer 1.0 methodology, a score above 70 is categorized as BUY, a score above 60 through 70 as WATCH, and a score of 60 or below as WAIT / NOT A BUY. These labels describe fit with the model; they are not guarantees of future performance.

A WATCH stock is one to monitor, not to buy. If its price reaches the planned buy zone, run the analysis again: buy only if the score has risen above 70 (BUY). Conversely, a BUY can become unattractive if price runs too far or conditions deteriorate.

Score and Trade Status Answer Different Questions

The Tawilis Score rates the stock and setup. The Trade Status answers a different question: is there a sensible trade at

today's price? On the score, 60.0 is WAIT; 60.1 and 70.0 are WATCH; 70.1 is BUY. The Trade Status is one of the following:

QUALIFIED: BUY score, price inside the Pullback Entry zone, reward-to-risk to the first target (R1) of at least 2:1 from the realistic entry, support intact and the entry checks passed. Only QUALIFIED stocks enter Plan a Trade. Conditions met - your decision.

WAIT - PULLBACK: the setup is good but price is above the Pullback Entry zone. The Watchlist row shows the zone to wait for.

WAIT - CONFIRMATION: something still needs confirming - for example a WATCH score (it must rise above 70) or a momentum or volume check.

BREAKOUT DEVELOPING / BREAKOUT CONFIRMED - REVIEW MANUALLY: price is pushing through resistance. A breakout is never QUALIFIED automatically; its levels are shown for information so you can review it yourself. Buying a breakout is not part of this book's method.

NOT QUALIFIED: a rule fails at today's price - most often reward-to-risk below 2:1 from the realistic entry. Waiting for a better price does not fix a target that is too close, so the stock stays on the Watchlist and is re-checked.

The realistic entry is the price you would actually pay: the current price when it is inside the Pullback Entry zone, otherwise the top of the zone. Reward-to-risk is never rounded up; when it is close to 2:1 and every other check passes, the Watchlist names the limit price that would give a real 2:1. RSI, MACD and OBV are confirmation checks: they can delay an entry but never turn a weak setup into a trade.

Score Is Not a Substitute for Judgment

A high score does not excuse chasing. Nor does it remove the need for company research, position sizing, or a stop.

The score is a summary of the process, not permission to abandon the process.

Trading Rules to Remember

A high score is not a guarantee.

Never chase merely because the label says BUY.

Chapter 27 — The Stock Analyzer Workflow

Stock Analyzer 1.0 runs the first part of the process for you and leaves the decisions to you. Use it in the same order every day so that you do not jump directly to the most exciting number.

Step 0: Set Up Once

Connect your data sources, log your fund balance in Fund Performance and set your Risk Settings in Risk Sizing before you look at any stock (Chapter 28).

Step 1: Read the Today Screen

Today shows when the latest Auto Screen results are from, the market read, and three panels that follow the daily cycle: Watchlist (worth monitoring), Plan a Trade (can be entered now) and My Trades (open positions). Auto Screen runs by itself about 15 minutes after each US market close while the program is open, and catches up when you start it. Do not assume every result will become a trade.

Step 2: Research the Candidates

Understand each company and its important current risks. Research a stock runs the full analysis on any ticker: read the Overview for the score, the Trade Decision, the trade plan levels and the reasons, then use the Multi-Timeframe Read and Chart Signals for confirmation or conflict.

Step 3: Let the Watchlist Wait for the Price

Most good setups are not at a good price. The Watchlist keeps them, says what each is waiting for and lists the price alerts to

set in your broker's app. Do not move the entry up to meet the price.

Step 4: Plan a Trade

Only QUALIFIED stocks appear in Plan a Trade. Read Before You Trade, click Refresh prices after the US open, check Entry Assessment if you wish, and confirm the order price, shares, holding plan, covered-call decision and the pre-trade checklist.

Step 5: Decide and Execute

Buy, wait, or pass based on your own rules and risk tolerance. If you buy, place a limit order in your broker's app at the plan's price or lower, with the stop and target together if your broker offers a bracket (OCO) order. The Analyzer provides structure; the trader makes the decision and places the order.

Step 6: Record and Monitor

Click I Bought It - Record in My Trades and correct the price to your actual fill. Update open positions about once a week and read the Holding Read. Do not react to every intraday move merely because the application is open.

Step 7: Exit and Review

When the stop, target, or another defined exit condition is reached, act according to the trade plan and record the reason. Review whether the analysis was reasonable and, separately, whether you followed the plan. The Decision Log and the Backtest Summary help you review the method over many decisions, not single trades.

Trading Rules to Remember

Set up → Auto Screen → Watchlist → Plan a Trade → check, size and order → record → monitor → exit → review.

PART VI — STOCK ANALYZER USER GUIDE

Part VI is for readers who have bought Stock Analyzer separately. Readers without the software can apply the same process manually using Parts I to V.

Chapter 28 — Stock Analyzer Manual: Getting Started

This chapter explains the operating workflow used by TAWILIS Stock Analyzer 1.0. Interface details may evolve in later software versions, so the application itself remains the controlling reference for exact screen behavior.

Stock Analyzer 1.0 runs on Windows. The download is a ZIP file containing Stock Analyzer.exe, the End User License Agreement, the User Manual and a README for the api_key folder. It does not include any keys or personal records. To install it the first time: extract the ZIP into a private folder you can write to, such as a folder in Documents (avoid Program Files and shared folders); create a folder named api_key in that same folder and save your key files in it, as explained under Market Data later in this chapter; then double-click Stock Analyzer.exe.

The program creates its own folders beside Stock Analyzer.exe as you use it: portfolio (your trades, fund ledger, risk settings, trade plans and Decision Log), watchlist, reports, login and license. Keep the whole folder private, back it up regularly (the login folder holds your sign-in, so keep backups private too), and never share or send anyone the api_key folder. When you

install a newer version, replace only Stock Analyzer.exe and keep the other folders where they are.

Getting Your Copy and Activating It

Stock Analyzer is an optional companion product, sold separately; it is not included with this ebook. Visit www.tawilis.com for product details, system requirements and purchasing information, and email tawilis.official@gmail.com for support. Buy a license at tawilis.com (or from a seller TAWILIS has authorized); your license key is in your purchase receipt email. You can request a refund for any reason within 30 days of purchase.

The first time you start the program, read and accept the End User License Agreement, then paste your license key and select Activate. Activation needs an internet connection once and covers one computer. After that Stock Analyzer works offline; when you are online it checks the license with the TAWILIS License Service about once a week, and if that check cannot be completed the program keeps working. If you have not bought a license yet, you can choose Continue free trial instead: every feature works free for 30 days on that computer, starting from the first launch. After the trial, a license key is needed; activating a key at any time ends the trial and keeps all your data.

Activation is tied to the computer. If you reinstall Windows or replace your computer, activation with the same key may be refused. If that happens, email tawilis.official@gmail.com with your purchase receipt; TAWILIS can review the request and arrange a replacement activation or license file. The User Manual supplied with the program covers installation and activation in more detail.

Your Desktop Sign-in

Stock Analyzer asks for your own username and password each time it starts. Create them at the first launch (a password of at least 8 characters) and verify a recovery email address with the code sent to it; codes for a forgotten username or password are sent there. During the free trial the recovery email step is skipped and asked for after you activate, so keep your username and password somewhere safe until then. Account security, at the top right of the Today screen, lets you change the recovery email and password and link Google Authenticator. Your trades and settings are not stored in the sign-in.

Open the Application

Launch Stock Analyzer 1.0. Allow the application to finish loading its data before interpreting any displayed prices or signals.

Confirm the ticker and analysis date shown in the interface. If data appears stale, refresh according to the application's available controls before making a decision.

Understand the Main Areas

The main window opens on Today. The top line says when the latest Auto Screen results are from and when new results are next possible, and the Market line gives the market read. Three panels follow the daily cycle: Watchlist (worth monitoring), Plan a Trade (can be entered now) and My Trades (open positions), each with a button to open it. Below them, Research a stock lets you analyze any ticker: type it or a company name, select Run Analysis, and open Overview, EMA Cross Chart, Multi-Timeframe Read, Chart Signals, News or Market. The Data: button beside the ticker box shows your

data source and opens Data Sources. Other tools opens Fund Performance, Risk Sizing, Today's screener report, the Decision Log and Options Setup. The Activity Log at the bottom shows progress and any errors. Moving the mouse over a chart shows a crosshair with the date and values under the cursor. The interface may change as it is refined.

Use the windows as one workflow rather than unrelated screens.

Start With Today When Looking for a New Trade

If you do not already have a ticker under review, begin with the Today screen and the Watchlist that Auto Screen has built. This preserves the methodology: let the strategy narrow the S&P 500 universe before you spend time on detailed research.

Set Your Risk Inputs Before Looking for Trades

Before relying on position-sizing outputs, enter or confirm the portfolio and cash information in Fund Performance and Risk Sizing. Establish the amount you are willing to risk on one trade and the amount of cash you want to keep undeployed. These inputs should be set from your capital-protection rules, not adjusted upward because a particular stock looks attractive.

Check the Data Before Interpreting the Signal

Confirm the current price, analysis date, and ticker. If one panel appears to use a different price or an older date, do not reconcile the numbers mentally and continue. Refresh the

data or treat the analysis as incomplete until the inconsistency is resolved.

Distinguish Current Price from Last Completed Daily Close. Current Price may be a live or intraday quote. During the U.S. regular trading session, today's daily candle is still forming and should not be treated as a completed daily bar. The Analyzer therefore separates the current quote from completed daily history so Daily EMA, RSI, OBV, ATR, and related daily calculations are based on completed daily candles.

How Long Is an Analysis Good For?

Different parts of an analysis become outdated at different speeds. RSI and OBV can change within a couple of trading days. The EMA trend is more durable once established, but a fresh cross can reverse within days, so reassess it on each new completed bar. Entry, stop, and target levels are based on about 180 trading days of history, so they do not expire on a fixed schedule; however, they become less reliable as price moves farther from the analysis date. Fundamentals usually remain current until the next quarterly report.

A practical rule: do not act on an analysis that is more than a few trading days old. Run it again. While the program is open, Watchlist prices refresh every 15 minutes during the US session and the Watchlist analysis refreshes after each completed session; Refresh All Watchlist Analysis does a full refresh on demand.

Market Data

Stock Analyzer does not supply market data. It uses data accounts that you set up and control, an approach often called "bring your own key": a free Finnhub API key for

company data, financial ratios, annual revenue and net income, earnings, news and analyst ratings; your brokerage account's API access for price history, quotes, the S&P 500, the VIX and options; optionally, a paid end-of-day data service (EODHD or Tiingo) for daily and weekly history of the full S&P 500; and U.S. Treasury yields, which are built in from the Treasury's official published daily rates and need no account. Each account is subject to its provider's terms, fees, and limits.

Setting up takes two steps. First, create a folder named api_key beside the program and save your keys in it with these exact file names: finnhub_api_key.txt for your Finnhub key, eodhd_api_key.txt for an EODHD token, tiingo_api_key.txt for a Tiingo token, and, for Tiger, tiger_openapi_config.properties exactly as downloaded from Tiger's developer site. Second, open Data Sources, which opens automatically the first time you start the program: add the sources you want, select Test connection, and save. Stock Analyzer reads the key files itself, so you do not type the keys into the program, and the keys never go to TAWILIS. The api_key folder holds your credentials; never share it or send it to anyone. If the program folder is inside OneDrive or another synced folder, the keys are copied to that cloud account too.

Test connection shows, for every type of data, which of your sources supplies it and whether it is available, not offered by that source, or not available on your account right now. Anything your sources cannot supply is shown throughout the program as "Not available from data provider" and is left out of the score rather than estimated. Each type of data comes from the first source that can supply it: Finnhub first, then your broker, then your data service, then the built-in Treasury rates;

company data that one source leaves empty is filled from the next. You can change the order in Data Sources.

Finnhub: a free API key from finnhub.io, saved as finnhub_api_key.txt in the api_key folder. Supplies company profile, financial ratios, annual revenue and net income, earnings dates and history, company news and analyst ratings for U.S. stocks. The free plan limits requests per minute; Stock Analyzer paces itself automatically.

Tiger Brokers: needs the tiger_openapi_config.properties file from Tiger's developer site, saved in the api_key folder. Supplies price history, quotes, the S&P 500 index, the VIX and options. Real-time quotes need a Tiger API quote subscription; otherwise quotes are 15 minutes delayed.

moomoo / Futu: needs moomoo OpenD running on your PC. Supplies price history, quotes, company data and options with open interest.

Interactive Brokers: needs TWS or IB Gateway running with API access enabled, and a live market-data subscription on the account for price history. Supplies price history, quotes, company name and industry, indices, the VIX, and options expiries and strikes. You never enter your IBKR login or password in Stock Analyzer; you log in to TWS or IB Gateway yourself.

EODHD or Tiingo (optional, paid): an end-of-day data service of your choice, with the token saved as eodhd_api_key.txt or tiingo_api_key.txt. Supplies daily and weekly history for the full S&P 500 without a broker's stock allowance, and hourly bars on the plans that include them. EODHD quotes are typically 15-20 minutes delayed. For a Tiingo free plan, set Plan to free in Data Sources so the program knows its allowance. The subscription and its terms are yours.

U.S. Treasury: the daily 10-year and 3-month yields published by the U.S. Department of the Treasury. Built in; no account or key needed.

Your Data Allowance

Tiger and moomoo limit how many different stocks an account can download price history for in a rolling window: Tiger per 30 days (20, 200, 500, 1,000 or 2,000 depending on account level), moomoo per 7 days (100, 300, 1,000 or 2,000). A full S&P 500 scan needs about 520; Tiingo's free plan allows about 500 different stocks a month. Interactive Brokers does not use this kind of rolling allowance of different stocks, but its own request-pacing rules, market-data subscriptions and limits on available history still apply, and its first full download is slow. In every case, what your account is entitled to receive is set by your broker, not by Stock Analyzer.

The allowance applies to the whole program: Auto Screen, Run Analysis, the Watchlist, and My Trades. Checking a stock already counted during the current window does not use up more of the allowance, so a later Auto Screen refreshes those stocks without adding them to the count. (This is about the allowance only; any account or market-data fees your broker charges still apply.) When you save a data source, the program shows your allowance. When the allowance cannot cover the whole index, Auto Screen scans what fits and the Today screen says how many stocks were covered, for example "Scan covered 180 of 503 S&P 500 stocks - your data provider's allowance". With a paid data service set up, it fills in the stocks your broker cannot supply.

First-Time User Workflow

1. Install and accept.

Extract the ZIP into a private folder, double-click Stock Analyzer.exe, read the End User License Agreement and select I Accept - Continue.

2. Activate or start the trial.

Paste the license key from your purchase receipt email and select Activate, or select Continue free trial. Read the Getting Started screen.

3. Create your desktop sign-in.

Choose a username and a password of at least 8 characters, and verify a recovery email address (during the free trial, after you activate).

4. Set up your data sources.

Save your key files in the api_key folder. Data Sources opens by itself when no source is set up: add your sources, click Test connection and save. Note the allowance message if your broker has one.

5. Enter your fund balance.

Open Fund Performance and log the fund balance that you intend to use for the Analyzer. Position sizing depends on it; without a logged balance, Risk Sizing will not size a trade rather than guess.

6. Enter your risk settings.

Set the percentage you are prepared to risk on one trade together with your cash on hand, cash buffer and speculative sleeve cap in Risk Sizing. Set these limits before looking at individual stocks so that enthusiasm for one candidate does not change the risk rules.

7. Let Auto Screen run.

Auto Screen runs by itself after the next US market close while the program is open, or click Run Auto Screen now. It narrows the S&P 500 to a shortlist, fills the Watchlist and moves QUALIFIED stocks into Plan a Trade. A result is a research candidate, not an instruction to buy.

8. Research the candidates.

Open the Watchlist and run each candidate you want to review in Research a stock. Read the Overview, Chart Signals and the Multi-Timeframe Read, and understand the reasons behind the setup rather than relying only on a BUY, WATCH, or WAIT / NOT A BUY label or on the Tawilis Score. Add your own picks with Add to Watchlist; adding a stock is not the same as deciding to buy it.

9. Wait for the price.

Set the price alerts the Watchlist lists in your broker's app. When an alert fires, open Stock Analyzer and click Refresh prices; the stock moves into Plan a Trade only if it still qualifies.

10. Plan the trade.

In Plan a Trade, read Before You Trade, check Entry Assessment if you wish, and confirm the order price, shares, holding plan, covered-call decision and the pre-trade checklist (Chapter 32).

11. Record an actual purchase in My Trades.

If you buy the shares, click I Bought It - Record in My Trades and correct the price to your actual fill, rather than treating the plan price as the price you actually paid.

12. Consider a covered call only if it fits the trade plan.

If you own enough shares and understand options, you may consider selling a covered call and recording it in My Trades. The premium can reduce the effective net cost of the share position, but it is not free money and does not remove the downside risk of owning the stock. Consider an expiration consistent with the expected holding period and a strike near a price at which you would already be willing to sell, often near the planned target. You can generally buy back the call before expiration. If you close the share position while the call is open, consider closing the short call at the same time to avoid leaving it uncovered. A covered call can also limit profit if the stock rises substantially above the strike.

Remember the sequence: Set up → Auto Screen → Watchlist → Research → Plan a Trade → Record → Monitor → Review. The Analyzer supports the process; the trader remains responsible for the decision.

Trading Rules to Remember

> **Verify the current ticker, date, and price before acting on any analysis.**

Chapter 29 — Stock Analyzer Manual: Auto Screen and the Screener

The Screener is intended to reduce the S&P 500 universe to a manageable list of stocks that deserve further attention. In Stock Analyzer 1.0 it runs inside Auto Screen.

How Auto Screen Runs

Auto Screen uses completed daily bars only, so it gives new results once per US trading day, about 15 minutes after the close (holidays and early closes follow the exchange calendar). While Stock Analyzer is open it checks every minute for a newly completed session and runs by itself; if the computer was off, it catches up when you start the program. Running it again before the next close gives the same result. Each run has four steps, shown in the Activity Log: screen the S&P 500 for fresh bullish EMA 9/21 crosses (within the last five trading days) and score each one with the Tawilis Score; run the full Daily, 4-Hour and Weekly analysis on the shortlisted stocks and on every stock already on the Watchlist or in Plan a Trade; decide each stock's Trade Status and rank them; then read the market, update the Watchlist and Plan a Trade, and record every change in the Decision Log. Today's screener report opens the latest workbook: Shortlist, Tawilis Score and Score Note come first, followed by Cross Date, Cross Price, Freshness, Validity, Cross Quality, Worth Looking and the price structure. Review the list rather than immediately buying the top row.

Read the Candidate Information

Read the Screener as a set of separate decision layers, not as one combined recommendation. Cross Freshness shows the number of trading days since the bullish EMA 9/21 cross. Cross Validity asks whether the bullish relationship remains intact: EMA 9 must still be above EMA 21. Cross Quality asks how well the fresh cross is confirmed, using RSI, OBV, last-day relative volume, and elevated-volume persistence over the latest three completed sessions. Cross age, EMA 50/200 posture, fundamentals, and price structure do not determine Cross Quality. Worth Looking? is assessed after Cross Quality and asks whether the stock remains an attractive opportunity at today's price. Cross Quality is recalculated from the latest sessions every time the Screener runs, so it is a snapshot, not a permanent grade. A STRONG reading depends on recent conditions, such as above-average volume over the last three sessions and a rising RSI between 50 and 65, so it can change from one run to the next, for example when volume returns to normal or RSI moves outside that range. The program does not measure how long STRONG readings last, so this book does not state a typical duration. The cross also leaves the Screener once it is more than five trading days old. Treat STRONG as a reason to analyze the stock promptly, not as a condition you can assume will last.

Worth Looking? is based on current opportunity rather than the historical quality of the cross. It considers upside room to a meaningful detected resistance, structural risk/reward, and whether price is above EMA50. The current scale is HIGH, MEDIUM, WATCH, or LOW. A stock can therefore have STRONG Cross Quality but only WATCH or LOW Worth Looking if price has already moved close to resistance or the remaining reward is poor. The reverse can also occur: an

attractive price structure may produce HIGH Worth Looking while Cross Quality remains MIXED because volume, OBV, or RSI confirmation is not strong.

How the Screener Classifications Are Calculated

Cross Quality internal confirmation scale: RSI contributes up to 2 points; OBV up to 2; last-day relative volume up to 1; and 3-day relative-volume persistence up to 2. STRONG = 6 or more, GOOD = 4-5, MIXED = 2-3, WEAK = below 2. Weak/overbought RSI or falling OBV can reduce the score.

Worth Looking internal opportunity scale: upside room to reference resistance contributes up to 3 points (10% or more receives the maximum); structural R:R contributes up to 2 points (2.0:1 or better receives the maximum); price above EMA50 contributes 1 point. HIGH = 5-6, MEDIUM = 3-4, WATCH = 1-2, LOW = 0. Upside room can use a farther resistance (the first detected level at least 10% away, or the farthest one detected), while structural risk/reward, like the Trade Plan's Initial Profit Zone, uses the nearest resistance. That is why a HIGH Worth Looking can sit alongside a nearby first target with only modest risk/reward.

Examples: STRONG Cross Quality + HIGH Worth Looking means the bullish cross has strong confirmation and the current price structure still offers an attractive opportunity. STRONG + WATCH means the original signal is well confirmed but the remaining upside/risk geometry is less attractive. MIXED + HIGH means price structure may be attractive even though volume/OBV/RSI confirmation is not yet strong. None of these combinations is itself a BUY signal; the full Analyzer recommendation comes later from the Tawilis Score.

Worked Examples: How to Read the Screener, Score, Chart and Trade Plan Together

The easiest way to avoid confusion is to remember that the system answers several different questions. Cross Quality asks whether the bullish EMA 9/21 cross was well confirmed. Worth Looking asks whether the current price still offers an attractive technical opportunity. The Tawilis Score produces the formal BUY / WATCH / WAIT tier. The chart and Multi-Timeframe Read provide confirmation, timing and price-location context. The Trade Plan then defines the planned entry, stop, target and risk. These layers complement one another; they are not expected to show the same label.

Scenario 1 - STRONG Cross Quality + HIGH Worth Looking + BUY

The fresh bullish EMA 9/21 cross has strong RSI/OBV/relative-volume confirmation, the current price still has attractive upside and risk/reward, and the full Tawilis Score is above 70. This is the cleanest alignment of the three layers. Even here, BUY does not mean buy at any price: check the Trade Plan and Entry Status before acting.

Scenario 2 - STRONG + HIGH, but Tawilis Score = 58 (WAIT / NOT A BUY)

The Screener has found a well-confirmed bullish cross and attractive current chart geometry, but the broader weighted checklist is weak enough that the full Analyzer score is 60 or below. The correct reading is not that the system contradicts itself. The Screener says the candidate deserves attention; the

full Analyzer says the total evidence does not currently meet the BUY or WATCH threshold.

Scenario 3 - STRONG Cross Quality + WATCH Worth Looking

The bullish cross can be well confirmed while current price has moved closer to resistance or the current structural reward/risk is less attractive. Cross Quality and Worth Looking answer different questions, so STRONG and WATCH can coexist. Both fields are reassessed by the full Watchlist refresh.

Scenario 4 - MIXED Cross Quality + HIGH Worth Looking

Current support/resistance and risk/reward may be attractive, but RSI, OBV or recent relative volume does not strongly confirm the fresh cross. This can be worth deeper analysis, but the user should recognize that the signal confirmation is weaker than the price opportunity.

Scenario 5 - GOOD Cross Quality + MEDIUM Worth Looking + BUY score of 80

The Screener readings do not have to be at their maximum for the full Analyzer to produce BUY. Cross Quality and Worth Looking answer narrower questions. A strong broader weighted checklist can still produce a score above 70.

Scenario 6 - Tawilis Score = 82 BUY, but price is above the planned entry

The overall setup qualifies as BUY, but the Trade Plan shows that current price is above the preferred entry or already extended toward resistance. BUY describes the overall setup

quality; it is not an instruction to chase. The user waits for a pullback into the Pullback Entry zone, or lets the stock go, rather than ignoring the Trade Plan.

Scenario 7 - Tawilis Score = 82 BUY, Daily bullish and 4H mixed

The recommendation remains BUY because the Tawilis Score alone determines the tier. Treat the mixed 4-Hour reading as a short-term timing and confirmation caveat. Read it alongside the chart and Trade Plan; it does not recalculate the score.

Scenario 8 - Tawilis Score = 70 WATCH, and price pulls into the planned buy zone

WATCH means the overall score is above 60 through 70: a candidate to monitor, not to buy. A better price does not change the score by itself. Keep the stock on the Watchlist and run the analysis again; if the score rises above 70 it becomes BUY, and you can then check Entry Assessment and Risk Sizing. If the score stays at 70 or below, Entry Assessment will show Wait, and the disciplined choice is to wait or let the stock go.

Scenario 9 - Tawilis Score = 58 WAIT / NOT A BUY, but the chart looks attractive

A visually attractive chart does not override the scoring tier. The chart can explain timing, trend, and price structure, but the full weighted checklist remains below the system's WATCH threshold. The trader should inspect which checklist items are lowering the score rather than treating the chart as a substitute for the Analyzer.

Scenario 10 - BUY score, but nearby resistance limits immediate upside

A stock can have a strong overall score while the current price sits near resistance. The score and chart are complementary: the score says the setup is strong overall, while resistance says the immediate entry may offer limited room. The Trade Plan's answer is to wait: buy only on a pullback into the Pullback Entry zone.

Scenario 11 - WATCH score with improving chart confirmation

A WATCH candidate may show improving OBV, stronger relative volume, or better Daily/4H alignment after the original analysis. Those improvements are useful context and may eventually improve checklist inputs when the stock is re-analyzed. Until the Tawilis Score itself changes, however, the formal tier remains WATCH.

Scenario 12 - Cross Quality was STRONG, but several days later momentum fades

Auto Screen and the regular Watchlist refresh reassess the latest eligible bullish EMA cross and its Cross Quality, alongside Worth Looking and the Tawilis Score, after each completed session; Refresh All Watchlist Analysis does the same on demand. The Watchlist is a list of current candidates, so these assessments are not frozen to the original saved setup. Actual positions in My Trades remain a separate record and are not changed.

Scenario 13 - New bearish EMA 9/21 cross after a saved bullish setup

The old bullish setup is no longer intact. A bearish cross is not recorded as a new bullish EMA Cross Date or assigned bullish Cross Quality. If the stock later produces another bullish EMA 9/21 cross, that is a new setup with a new Cross Date and new Cross Quality.

Scenario 14 - HIGH Worth Looking does not mean BUY

HIGH means the current opportunity scores strongly on upside room, structural risk/reward and EMA 50 alignment. It does not include the entire Analyzer checklist. Always run the full analysis before interpreting HIGH as an overall trade classification.

Scenario 15 - STRONG Cross Quality does not mean HIGH Worth Looking

STRONG only means the fresh bullish cross has strong confirmation from RSI, OBV and relative-volume behavior. Price may already be extended or close to resistance, producing MEDIUM, WATCH or LOW Worth Looking.

Scenario 16 - Fundamentals look strong but Cross Quality is WEAK

Cross Quality and Worth Looking do not use fundamentals. The Screener's Tawilis Score uses the full Analyzer checklist, including any available fundamentals. Strong fundamentals do not upgrade Cross Quality, because Cross Quality is intentionally restricted to confirmation of the EMA 9/21 signal.

Scenario 17 - Fundamentals look weak but Worth Looking is HIGH

Worth Looking is a technical opportunity measure from the current price. It can be HIGH even when the company's fundamentals are weak. That is precisely why the candidate should still go through the full Analyzer, where the fundamentals items are scored, and through the user's own research.

Scenario 18 - Score unavailable

If the Tawilis Score cannot be calculated because required data is unavailable, the Analyzer shows the label "WATCH – TAWILIS SCORE UNAVAILABLE." Despite the word WATCH, this is not a WATCH rating: no score exists. Treat the analysis as incomplete, review the missing data, and refresh before relying on the recommendation layer.

Quick rule of thumb: use the Screener to decide what deserves deeper analysis; use the Tawilis Score to understand the overall Analyzer tier; use the chart to understand timing and confirmation; and use the Trade Plan to decide whether the current price offers an acceptable entry and risk. No single label should be read as 'buy immediately.'

Check Fundamentals in the Full Analysis

The Screener focuses on the technical setup. Company quality is checked in the full analysis, through the quick ratio, gearing and profit-margin items of the Tawilis Score. These do not determine the Cross Quality or Worth Looking classifications.

Move From Screening to Research. Choose a manageable number of candidates and research them. Understand the

business, recent earnings or major events, and material risks. Then run the detailed Analyzer view.

A Practical Screener Procedure

Auto Screen applies these steps for you; use them to read Today's screener report or to screen by hand. 1. Screen the S&P 500 universe. 2. Candidates have a fresh bullish EMA 9/21 cross within the last five trading days; confirm Cross Validity. 3. Take the shortlist (Shortlist = YES): Cross Quality STRONG with Worth Looking HIGH or MEDIUM, and Cross Quality GOOD with Worth Looking HIGH. 4. Rank the shortlist by Tawilis Score, highest first (Shortlist = YES does not itself require any score); above 70 is the BUY tier and goes onto the Watchlist, above 60 through 70 is WATCH (monitor only). 5. Read Cross Why, Worth Why and Score Note. 6. Review current-price structure, including support/resistance, upside room, R:R, and EMA50 context. 7. Open only a manageable number of candidates for detailed analysis and research. Rows outside the shortlist still show their Tawilis Score and are listed after it; they do not meet the book's screening rule, however high the score.

When Your Data Provider Limits the Screener

If your data allowance cannot cover the whole S&P 500, Auto Screen scans what fits: stocks already counted in the current window first, then the largest companies by market value where the broker reports it. The Today screen says how many stocks were covered, the top of the screener report repeats it, and a "Not Screened" sheet lists the stocks left out. Those stocks were not rejected by the method - they simply were not checked, and they may include candidates you would otherwise see.

What the Screener Does Not Mean

The fresh cross rule belongs to the Screener. It is a candidate-generation rule, not a requirement that every stock already in My Trades must continue to show a fresh cross. Once a trade is open, manage the actual position using the trade plan, current technical condition, stop logic, and deterioration signals rather than rerunning the entry filter as though the position were still a new candidate.

Trading Rules to Remember

> **A Screener result is a research candidate, not an automatic order.**

Chapter 30 — Stock Analyzer Manual: Reading an Analysis

The detailed analysis brings the methodology into one place.

Overview

The Overview combines everything needed to judge the setup, each item shown once and in this order: the price and company description; the pre-trade checklist verdict and Tawilis Score; the Trade Decision (overall rating, Trade Status, preferred setup, trend and momentum, price location); the trade plan levels (current price, Pullback Entry zone, nearest support, stop, initial target and reward-to-risk from the realistic entry); why the stock can or cannot be entered now; trend and momentum; price structure; trade logic; main concern; confirmation needed; invalidation; what to watch; the alternative breakout plan (information only); the qualification gates; market, industry and rates; fundamentals; earnings; and the top news headlines, with the full list in the News tab. The Position control at the top switches the reading between Not Owned and Already Own Shares.

The saved analysis report also includes an Entry Scenarios table. Only the first row, Base, is an entry: it is the Pullback Entry at the nearest support, the same Reference Entry used in the Trade Plan. The other four rows are hypothetical sensitivity calculations, each with its own stop and risk/reward to the same Initial Profit Zone: Near-term dip (the same support, shown only when it is within 5% of the current price); Current-price scenario (what the numbers would look like at today's price); Conservative (1 × ATR below Base); and Higher entry (1 × ATR above Base). These rows do not qualify an entry and are

not alternative ways to buy; they show how quickly risk/reward deteriorates away from the pullback zone. In one real analysis of a stock trading at $188.21 with support near $167, Base showed about 2.1:1 while the Current-price scenario showed about 0.15:1—the same stock and the same target, but a very different trade. If no support is detected, there is no Pullback Entry and the table shows no scenarios.

One Place for Each Item

Each piece of information appears once, so the score, levels and reasons can be read from top to bottom without the same number showing up in several places. The Overview answers whether the setup is good. Planning the actual order, share count, holding period and covered-call decision happens separately, in Plan a Trade (Chapter 32).

Rating and Trade Status

The Trade Decision shows two answers side by side. The overall rating comes from the Tawilis Score; the Trade Status says whether today's price is a sensible entry (Chapter 26). A BUY rating with Price Location EXTENDED and a Trade Status of WAIT - PULLBACK is a good stock at the wrong price. Decision support only - you make the decision and place any order yourself.

Tawilis Score

Read the Tawilis Score together with the underlying checklist and reasons. The score is the Analyzer's overall weighted assessment and is separate from Screener Cross Quality and Worth Looking. The recommendation tier is driven by the Tawilis Score alone: BUY when the score is above 70; WATCH when it is above 60 through 70; WAIT / NOT A BUY when it is 60 or below. These labels describe how well the setup fits the

Analyzer's methodology at that time; they are not probabilities of profit.

Chart Signals and Multi-Timeframe Read

Use Chart Signals to review relevant patterns and support/resistance context. Use Daily, 4-Hour, and Weekly reads to identify whether the setup is broadly aligned or conflicted.

Chart Signals looks for a limited set of reasonably objective structures: double bottoms and tops, head-and-shoulders and inverse head-and-shoulders, ascending and descending triangles, a conservative cup-and-handle, bull and bear flags, breakouts, breakdowns, failed breakouts, RSI divergence, and recent candlestick patterns. A major pattern is labelled FORMING until its neckline, resistance or support condition is actually met, and CONFIRMED only after that. Each signal shows the level that would confirm it and the level that would invalidate it, so you can see what would change the read. Pattern detection can produce false positives, and Chart Signals is kept separate from the Tawilis Score.

EMA-Cross Forecasts

The Overview includes two forecasts: one for the EMA 9/21 pair and one for the EMA 50/200 pair (the golden cross and death cross). Each asks a simple question: if both averages kept moving in a straight line at their recent pace, where and when would they meet? The answer is labelled with its direction—for example, a projected bearish cross in a stock that is currently bullish—and may carry a DETERIORATION RISK caution.

These are napkin-math extrapolations, not predictions. Real averages curve as new prices arrive, and the longer the

horizon, the less the projection means. The swing forecast does feed checklist item 3: a currently bullish stock with a bearish cross projected soon does not pass that item. The long-term forecast is context only. The projected price is where two averages would meet, not a price target for the stock.

Earnings, Analyst Ratings and News

The analysis shows the next expected earnings date, how often the company beat the consensus earnings estimate over recent quarters, and how the stock moved in the week after past reports. These describe the past, not the next report. Their practical use is timing: an earnings release inside your planned holding period can gap the stock through your stop, so decide in advance whether to hold through it, trade smaller, or wait.

The News tab lists recent company headlines, and the analysis shows analyst ratings and the recent trend of buy, hold and sell recommendations, as research context when your data sources supply them. Neither is part of the score. Depending on your data sources, earnings, news or analyst ratings may show "Not available from data provider"; that is a gap in the data feed, not a signal about the stock.

Recommended Reading Order

First, verify the current price and date. Second, read the Overview from the top: the verdict and score, then the reasons and the entry and exit levels. Third, inspect the Tawilis Score and the individual drivers behind it. Fourth, check the trend, market and fundamentals sections. Fifth, review Daily, 4-Hour, and Weekly views for confirmation or conflict. Sixth, inspect chart patterns and support/resistance as supporting

evidence. Only after those steps should you move to Plan a Trade for the order price, stop, target and position size.

How to Interpret BUY, WATCH, and WAIT

Under the current Stock Analyzer 1.0 methodology, the Tawilis Score alone sets the recommendation tier: above 70 = BUY; above 60 through 70 = WATCH; and 60 or below = WAIT / NOT A BUY. The score combines weighted checklist evidence; N/A items are excluded from the earned and possible weight used for that calculation. Daily and 4-Hour readings are confirmation/context only and do not independently upgrade or downgrade the tier; Weekly provides broader context. Entry Status is separate again: it tells you whether current price is at, above, or below the planned reference entry. Therefore a BUY is not an instruction to chase, and a WATCH is not a reason to buy, even at a better price: re-analyze it and buy only once the score is above 70.

What to Do When Signals Conflict

Do not force every timeframe and indicator to agree perfectly. Instead, identify the conflict and decide whether it changes the risk. For example, a bullish daily setup with weak 4-hour momentum may justify waiting for improvement, while major weekly resistance may reduce the attractiveness of an otherwise strong daily signal. OBV divergence, projected trend deterioration, or a bearish reversal pattern should be treated as reasons for additional scrutiny rather than automatic short signals.

Trading Rules to Remember

> **Read the reasons behind the score, not only the score itself.**

Chapter 31 — Stock Analyzer Manual: Building the Trade Plan

The Analyzer's trade-plan outputs are intended to make risk visible before execution.

The Analyzer calculates one authoritative primary Trade Plan using the original entry, support, stop, initial profit zone and risk/reward methodology. Current analysis views and supported reports should use that plan consistently. Watchlist candidates use the latest refreshed trade plan; My Trades keeps the entry, stop and target recorded for an actual position. Check the analysis date before comparing the two.

Entry and Buy Range

Keep Current Price and Reference Entry separate. Current Price tells you where the stock is trading now. Reference Entry is the planned entry anchored to the nearest detected support. If no support is detected, there is no Reference Entry and no Pullback Entry zone: the stock is not a candidate to buy until a fresh analysis finds support. Around it the Analyzer draws the Reference Entry Zone (shown in the Watchlist as Pullback Entry). The zone starts at support and extends upward by the larger of 0.25 × ATR or 0.5% of the entry price. Entry Status then tells you whether current price is inside that zone (AT REFERENCE ENTRY), above it—where waiting for a better price may be appropriate—or below it, where the setup should be reassessed. Do not chase by simply moving the planned entry upward.

Plan a Trade adds one more number: the limit order price, the highest price that still keeps 2:1 reward-to-risk to the first target, never above the top of the zone. Reward-to-risk is measured from that realistic entry - the price you would actually pay - not from support.

Stop

Review the recommended stop and the tighter 1 × ATR alternative. In the standard plan the recommended stop sits 1.5 × ATR below the support-based entry, as described in Chapter 21. Understand what technical deterioration each level represents. The tighter stop reduces risk per share but can be triggered more easily by ordinary volatility.

Target

Review the nearest qualifying historical resistance as the Initial Profit Zone and any note about possible breakout extension. The initial target is a planning reference, not a forecast. If no qualifying historical resistance is detected, the target may show N/A. N/A does not mean there is no upside; it means the Analyzer does not have a historical resistance level it can reasonably use as the initial objective, and it does not invent a substitute target merely to fill the field.

Risk Sizing

Risk Sizing uses four settings, which you enter once and review when your circumstances change:

Risk per trade (%): the share of your fund balance you are prepared to lose if the stop is hit. The examples in this book use 1% as an illustration. The right setting depends on your circumstances, your total open risk across positions, how closely those positions move together, and the chance of a

gap through a stop. The speculative sleeve limits how much capital is invested, not the combined loss if several stops are hit.

Cash on hand ($): the cash actually available in your account today.

Cash buffer (%): the part of your cash you want to keep undeployed. Deployable cash is cash on hand minus this buffer.

Speculative sleeve cap (%): the maximum share of your fund balance you allow in open positions at one time. Open positions logged in My Trades with a position size count against it.

The fund balance itself comes from your latest entry in Fund Performance. Risk Sizing can prefill the entry and stop from the latest analysis. It calculates the shares that fit your risk per trade, then caps the amount by deployable cash and the room left in your sleeve, and reports which limit applied. Plan a Trade (Chapter 32) shows the same calculation for each planned stock at your order price. Each plan is sized on its own against your full fund and risk settings, so several plans are not quantities to buy all at once: open positions reduce deployable cash and sleeve room, but their risk is not deducted from a shared portfolio risk budget, so keep track of your total open risk yourself.

Example: fund balance $40,000, risk per trade 2%, entry $50, stop $47. The risk budget is $800, so the risk formula allows 266 shares ($13,300). If the sleeve cap is 25% ($10,000) and no other positions are open, the sleeve becomes the limit: 200 shares ($10,000), with $600 at risk if the stop fills as planned. The Current Exposure panel shows how much of the sleeve is

already used and lists open positions without a recorded size, which would otherwise understate your exposure.

The calculator also has an Option instrument. It sizes a long option position by the premium paid, since the whole premium is the amount at risk. Buying options is outside the core framework of this book; see Options Setup in Chapter 32.

Do not increase the size simply because the stock looks exciting.

Step-by-Step Trade-Plan Procedure

1. Compare the current price with the reference entry and buy range. 2. Identify the nearest meaningful support supporting the trade. 3. Review the recommended support-based stop and the tighter alternative stop, if shown. 4. Check ATR as a volatility reference rather than allowing ATR alone to determine the stop. 5. Review the nearest resistance or initial breakout target. 6. Compare potential reward with planned risk. 7. Use Risk Sizing to calculate the reference share count and investable amount. 8. Decide whether to execute, wait, or pass.

If Price Reaches the Buy Zone

When price reaches the planned buy zone, click Refresh prices or run the analysis again before doing anything else. If the stock is QUALIFIED it moves into Plan a Trade, where it can be checked with Entry Assessment and sized from your Risk Settings. A WATCH stock is not bought: it stays on the Watchlist until a fresh analysis gives a score above 70. Do not rely on an old screenshot or saved score.

If Price Runs Above the Buy Zone

Do not move the entry higher to meet the price. Stock Analyzer has one entry method, the Pullback Entry: wait for price to return to the zone and analyze it again, or let the stock go. A higher entry would increase risk per share, reduce the potential reward and break the plan.

Trading Rules to Remember

> **Entry, stop, target, and size should be understood before the order is placed.**

Chapter 32 — Stock Analyzer Manual: Watchlist, Plan a Trade, My Trades, Covered Calls, and Reports

A good trading tool should help maintain consistency after the initial analysis.

Watchlist

Use the Watchlist for candidates that deserve attention but are not yet at an acceptable entry or do not satisfy all conditions. Rows marked auto were added by Auto Screen; rows you add (Add to Watchlist after Run Analysis) are yours and are only removed by you. Auto rows leave when the setup breaks (a bearish cross or broken support), the Pullback Entry no longer exists, the score falls to 60 or below, the analysis fails five runs in a row, or price has not come near the entry for 20 trading days. A WATCH score stays: it is monitored until the score rises above 70. Removed list shows what left and why. Actual trades in My Trades keep the levels you recorded when you entered.

Using the Watchlist

Read the Watchlist after each Auto Screen, and use Refresh All Watchlist Analysis to review the current opportunity on demand. Compare the refreshed price with Pullback Entry and read the refreshed score, Waiting For and supporting evidence. Share counts and dollar amounts are calculated in Plan a Trade and Risk Sizing, not in the Watchlist.

Watchlist Rules and Your Routine

Show criteria above the Watchlist displays the fixed rules Auto Screen uses. A stock comes IN from the screener shortlist (Cross Quality STRONG with Worth Looking HIGH or MEDIUM, or GOOD with HIGH) with a Tawilis Score above 70 and a valid setup; it STAYS while the score is above 60; it goes OUT on a bearish EMA 9/21 cross, broken support, a score of 60 or lower, or 20 trading days without coming near the entry. The rules are fixed so that the Watchlist does not fill up with stocks that merely looked exciting that day. My note lets you add your own note under them.

Beside it, a four-step routine checklist (Show routine) lists the steps you commit to following each session. Use the tick boxes to track them and Reset checks to clear them. Edit routine changes the wording. A Tawilis Score above 70 and a price inside the Pullback Entry zone are marked with a ● in their cells, making the strongest and best-priced candidates easier to spot.

Watchlist refresh

When prices and assessments refresh

While the program is open, Watchlist prices are refreshed every 15 minutes during the US session (and for 15 minutes after the close), and the Watchlist analysis is refreshed after each completed session. A failed refresh is retried after 15 minutes. The program must be running and the computer awake.

Refresh All Watchlist Analysis does a full refresh on demand. For each stock it obtains a fresh quote and recalculates EMA Cross Date, Cross Quality, Worth Looking, Tawilis Score, the suggested entry, stop loss and initial profit target, Pullback

Entry and the Trade Status from the latest completed daily bars. Data your sources cannot supply is treated exactly as in a full analysis: those checklist items are N/A and left out of the score. Stocks are processed individually; the batch is not a simultaneous market snapshot.

Daily EMA, RSI, OBV, volume and other daily technical inputs use the available completed daily bars. Current Price can be newer than the last completed daily close. A full refresh therefore combines the fresh quote with completed-bar evidence; it does not turn those indicators into live intraday indicators. Refreshing may legitimately leave a date, score or label unchanged.

Reading the Watchlist columns

The Watchlist columns are Ticker, Current Price (with its distance from the Pullback Entry zone underneath), Plan a Trade?, Waiting For, Pullback Entry, Stop Loss, Initial Profit, R:R (realistic), Tawilis Score, EMA Cross Date and Sector. Waiting For says exactly what the stock needs, for example “Pullback to $83.72-$84.27” or “R:R 1.49:1 (needs 2.0)”. Plan a Trade? shows whether the stock is in Plan a Trade or already bought. Pullback Entry is the Reference Entry Zone from the Trade Plan. Cross Quality, Worth Looking and Score Guidance are hidden by default; use Columns to show or hide fields, and click a heading to sort.

EMA Cross Date, Cross Quality, Worth Looking and Tawilis Score are current Watchlist assessments after a successful full refresh. They are not permanently saved assessments of the day a candidate was added. The cross date is the trading day whose close confirmed the cross, with the date of the daily data underneath (for example, Daily as of 2026-09-30). If the latest cross is bearish, the cell shows Death cross and its

date in red. A projected cross is never shown here, and rerunning the analysis does not invent a new cross.

Current Price uses two lines: the price, followed by its distance from Pullback Entry. Above the upper boundary, the distance is red and calculated from that upper boundary. Below the lower boundary, it is amber and calculated from that lower boundary. Within the zone, including either boundary, Within entry zone is green. Invalid or missing zone data produces Entry distance unavailable in gray.

For example, a price of $188.21 above a $167.12 to $169.09 zone displays +11.3% above entry zone. The calculation uses $169.09, the nearest boundary, rather than the midpoint. Green means the price is inside the reference zone; it does not certify the entire trade setup.

To limit table width, the distance appears beneath Current Price instead of in another column, so rows are taller and fewer may fit on screen. Long explanations may be shortened in the cell.

Timestamps and partial failures

The summary above the Watchlist reports the refresh time and success/failure counts. Click it for per-stock details, including quote time, fetch time, analysis time, daily-bar date and errors. Separate visible timestamp and error columns were removed to keep the main table compact. Per-stock details are still necessary because a single Refresh All operation can succeed for one stock and fail for another.

Refresh failed - previous result means the previous assessment has been retained after an analysis failure. A successful quote fetch alone does not make the retained score fresh. If a quote fails, analysis for that ticker is skipped;

other tickers can continue. Check the details before comparing candidates after a partial failure.

Watchlist levels and Open Positions

Refresh All recalculates the suggested entry, stop loss, initial profit target and reference zone for every Watchlist stock from the latest data. The Watchlist is a list of candidates you have not bought, so its levels should reflect the current chart rather than the day you added the stock.

My Trades is different. When you enter a trade, the stop loss and target you record are the assumptions you entered with, and they stay fixed: neither Refresh All nor Update changes them. Compare the current analysis with them, but change a stop deliberately, under your own rules, not because a new analysis produced a different number.

Price Alerts

Price alerts to set... lists, for each stock waiting for a pullback, the price at which to set an alert in your broker's app (the top of its Pullback Entry zone), marking new and changed levels since you last looked. When an alert fires, open Stock Analyzer and click Refresh prices; the stock moves into Plan a Trade only if it still qualifies. You can wait for the price without watching the screen.

Entry Assessment: Checking the Entry Before You Buy

Entry Assessment is the last check before you place an order. Select a stock in the Watchlist and click Entry Assessment. The window has two tabs. Read evidence explains what the latest completed bars show; View chart draws Price + Volume, OBV, MACD or Chart Signals for the selected timeframe: 1-

hour, 2-hour, 4-hour or Daily. The status line names the data sources used and the start time of the latest bar.

Only completed bars are used. Bars follow the trading session: 2-hour bars start at 9:30, 11:30 and 1:30, with a final half-hour bar from 3:30 to 4:00 p.m.; 4-hour bars run from 9:30 a.m. to 1:30 p.m. and from 1:30 to 4:00 p.m. U.S. Eastern time. A bar that is still forming is left out.

The assessment gives one of three results. Unable to assess means the Tawilis Score, the quote or the daily reference zone is missing, or the saved analysis is older than the latest daily data; run the analysis again. Wait means at least one condition below is not met, and the reason is stated. Entry conditions favorable means every condition is met at the time of the check.

The conditions are checked in this order: the Tawilis Score is above 70 (BUY); the current price is inside the daily reference zone (above it, you wait for a better price; below it, you reassess support); and the selected timeframe has not closed below its support. The latest bars are then read in one of two ways. If price is still falling, the decline must be slowing and volume over the last three bars must be at least 15% lower than over the three before, a quieter pullback. If price is rising, OBV must not be falling and volume must not have dropped by more than 15%. In both cases MACD must not show downward momentum strengthening. An unchanged price gives Wait.

These are fixed software rules, not probabilities, and they have not been validated as a forecast. Entry conditions favorable describes the current evidence; it does not guarantee the trade will work. Size the position with Risk Sizing, place the stop from the Trade Plan, and record the actual trade in My Trades.

Plan a Trade: Writing the Plan Before You Buy

Plan a Trade is the step between the Watchlist and My Trades. It lists only the stocks you can enter now (QUALIFIED), up to ten, best ranked first - fewer when fewer deserve it. Open it from the Plan a Trade panel on the Today screen. Plan Trade in the Watchlist works only for a stock that qualifies; otherwise it explains what the stock is still waiting for. Each plan opens with Before You Trade: how old the quote is (click Refresh prices after the US open), the limit order price - the highest price that still keeps 2:1, never above the top of the zone - the market read and the sector trend. Then come the Trade Decision, the trade plan levels, why the stock can be entered now, the main concern, what would invalidate it and the qualification gates.

Each plan has six sections. Strategy states the rules the plan follows: S&P 500 stocks with a fresh EMA 9/21 cross, the Screener shortlist, a Tawilis Score above 70, Pullback Entry only, stop and target, the holding plan, risk sizing, and no margin or shorting. Setup repeats the latest Watchlist analysis, including the next earnings date, with a button to open Entry Assessment. Order and Size starts the order price at the plan's limit price; change it to your intended limit price and the shares, cost, risk at stop and risk/reward recalculate using your Risk Sizing settings. Holding Plan records Target Hold (28 days suggested) and the exit rules. Covered Call Decision records whether you will sell a covered call at entry, with the strike, expiry and premium if you will; it warns you when the planned shares are fewer than the 100 needed for one contract. The Pre-trade Checklist lists eight checks, with the current answer shown where the software knows it.

A plan is Draft until every check is ticked, then Ready, and Bought once the trade is logged. Save Plan stores it; Reset from Watchlist reloads the latest levels; Remove Plan deletes it. Refresh prices re-checks every plan against fresh quotes, and everything that depends on price (location, reward-to-risk, status) is recalculated. A plan that stops qualifying leaves the list and the stock stays on the Watchlist; plans you have edited, saved or ticked are kept and only marked with their new status. When you buy, click I Bought It - Record in My Trades: My Trades opens with the order price, shares, stop, target, Target Hold, note and covered call already filled in. Correct the price to your actual fill, then log the trade. Each plan is sized on its own against your full fund and risk settings, so several plans are not quantities to buy all at once: open positions reduce deployable cash and sleeve room, but their risk is not deducted from a shared portfolio risk budget, so keep track of your total open risk yourself.

My Trades

When a position is opened, record it accurately so portfolio deployment and risk can be monitored. The trade record should reflect the actual entry and planned stop rather than an outdated reference.

Using My Trades

When you actually buy shares, replace reference values with the real execution information where appropriate. Record the actual entry price, number of shares, planned stop, target, and other fields in My Trades. My Trades is for managing the position you own; it should not keep pretending that the original reference entry is the price you paid.

Review open positions for changes in trend, momentum, OBV, support, resistance, and broader market conditions. Pay

particular attention to deterioration that could make the original trade thesis weaker before the formal stop is reached. However, avoid changing the plan because of one ordinary fluctuation.

The My Trades Workflow

Log a trade. Enter the ticker and click Fetch Current Data to capture the current checklist, then record the entry price and date, stop-loss, initial profit target, position size and an optional note. The checklist at entry is saved with the trade so you can later compare what the Analyzer said with what happened.

Target Hold. A review horizon in calendar days; 28 (about four weeks) is suggested, matching the one-to-four-week holding plan. It is a reminder to reassess, not an automatic exit. The Holding column in Open Positions shows the days held against it (for example, Day 9 of 28), adds review point reached once Target Hold is reached, and adds weekly update due when the position has not been updated for a week. Neither closes the trade.

Update. Update Selected, or Update All Open Positions, re-runs the checklist and adds a dated snapshot without closing the trade. The Holding Read then summarizes each open position from its latest Update (for example ON TRACK, NEAR TARGET or REVIEW), and Review Warnings flag OBV selling or a bearish EMA cross. Neither closes the trade.

Close. Close Trade (Exit) records the exit price, date and note. You can fetch a fresh checklist at that moment so the backtest can compare the score at entry with the score at exit.

Edit or delete. Edit Trade corrects typed fields such as a mistaken price or date. It does not rewrite the checklist snapshots captured at the time.

Covered Calls in My Trades

My Trades includes covered-call recording and management. Use it only when you already own enough shares to cover the call. Record the strike, expiration and premium, either when you log the trade or later with Sell/Edit Covered Call. Resolve Covered Call records a call you bought back or that expired while you still hold the shares. When you close the shares while a call is still open, the Close dialog asks whether the call was assigned, bought back or expired, so both sides are settled together. A covered call can reduce the effective net cost of the share position by the premium retained, but it also limits upside above the strike while the call remains open and may result in assignment.

As a planning rule, consider an expiration that is reasonably consistent with the expected holding period of the stock and a strike price at or near the price at which you would be willing to sell the shares, often close to the trade target. The call can be bought back before expiration. If you decide to exit the shares while the short call is still open, normally close the short call at the same time; otherwise, selling the shares first can leave you with an uncovered short call, which has a very different and potentially much larger risk.

Monitoring Procedure for an Open Trade

1. Confirm that My Trades reflects the actual position, and that the stop-loss and initial profit orders are in place with your broker. 2. About once a week, use Update to re-run the checklist; the Holding column reminds you when an update is due. 3. Review the current price relative to stop and target. 4. Check whether the setup has broken: a decisive daily close below support or a bearish EMA 9/21 cross. Check whether the Daily and 4-Hour trend or momentum has materially

deteriorated; use Weekly for broader context. 5. Review meaningful company or market developments, including an upcoming earnings date. 6. If price has hovered between stop and target until Target Hold (about four weeks), treat it as a review point; a time-based exit is one option. 7. If the original setup remains intact, avoid unnecessary changes, and never lower the stop. 8. If an exit condition is met, follow the plan and record the exit and its reason.

Consistency Across the App

The Analyzer uses the same underlying stop and trade-plan methodology across its current analysis outputs. The Watchlist always shows the latest plan; My Trades keeps the levels recorded at entry. A difference between an open position's levels and a new analysis is therefore expected. Check their dates and purpose before changing a recorded trade.

Options Setup (Advanced, Optional)

Options Setup is a separate window for experienced options traders. It checks whether a stock meets a simple pattern: a bullish daily trend, no more than two NOT OK checklist items, and a down day of at least 1%. If it does, the tool lists actual call strikes ranging from slightly in the money to about 5% out of the money for the one or two expirations 1–7 days away. It also shows open interest and a liquidity flag (at least 50 contracts).

It stops at listed strikes and expiries. It does not show a live option price or estimate a payoff, because short-dated option prices move too fast for such a number to still be right when you read it. Buying short-dated calls can lose the entire premium within days. This tool is not part of the book's core

method and should be used only by traders who understand that risk and size it with the Option setting in Risk Sizing.

Fund Performance

Fund Performance keeps a ledger of your actual account balance over time. Each entry records the date, the balance, and any deposit or withdrawal. The Analyzer backs those cash flows out to show a presumed gain or loss, so adding new money is not mistaken for trading profit. A chart compares your cumulative result with SPY, an S&P 500 fund, from the first ledger entry. Your latest balance here is also the fund balance Risk Sizing uses, so keep it current.

Reports

Run Analysis saves a report of the analysis, including the Entry Scenarios table. Build Excel creates a workbook for the ticker (Dashboard, News and Price Data sheets) and Open Excel opens it. My Trades can export open positions, closed trades and the Backtest Summary to a separate workbook with Export & Open Full Report. Treat every report as a snapshot of the analysis at a particular time.

The Decision Log (a CSV file you can open in Excel, from Other tools) records every Trade Status change made by Auto Screen, Refresh prices and Run Analysis - date, score, status, price, levels and reason - and later fills in what the price did after 1, 3, 5, 10 and 20 trading days and whether the stop or target was hit first. Use it to review the method over many decisions, not single trades.

Trading Rules to Remember

> **A saved trade plan should match the actual position you are managing.**

PART VII — MANAGING AND IMPROVING THE TRADE

Chapter 33 — Covered Calls: Income With a Trade-Off

A covered call combines a long stock position with a short call option on the same stock. It can generate option premium while the shares are held, but the premium is not free money. In exchange for receiving it, the trader accepts obligations and gives up some upside if the stock rises above the strike price.

What a Covered Call Is

For U.S. equity options, one standard call contract typically represents 100 shares. If a trader owns 100 shares and sells one call against them, the shares cover the call. If the option is assigned, the trader may have to sell the shares at the strike price.

How the Premium Affects the Position

The premium received can reduce the effective net cost of the share position if the premium is retained. This can provide a small cushion against a decline, but it does not eliminate stock risk. If the shares fall substantially, the option premium may offset only a fraction of the loss.

Simple Example

Suppose a trader buys 100 shares at $100 per share and sells one covered call for a $2-per-share premium, or $200 in total. If the premium is retained, the position has an effective net

cost of about $98 per share before fees and taxes. The actual stock purchase price remains $100; the $98 figure is a way of understanding the economics after premium received. If the stock falls sharply, however, the $2 premium provides only a limited cushion.

If the trader's initial stock target is around $110, a $110 call strike may align the option with the original plan to consider taking profit near that level. But if the stock unexpectedly rises to $125 while the call remains open, the covered call can limit participation in the move above $110 through assignment or because buying back the call may have become expensive.

Choosing the Strike Price

A practical starting point is to consider a strike at or near the price at which you would already be willing to take profit. In this framework that may be close to the planned target or resistance area. A lower strike may provide more premium but can cap the trade earlier; a higher strike preserves more upside but may provide less premium.

Choosing the Expiration

Consider an expiration that is broadly consistent with the expected holding period of the stock. A call expiring long after you expect to exit can complicate the trade, while a very short expiration may require more frequent management. The expiration should support the stock plan rather than become a separate bet.

You Can Close the Call Before Expiration

Selling a covered call does not require holding the option until expiration. The short call can generally be bought back before

expiry. Its price may have fallen, producing a gain on the option, or risen, making it more expensive to close.

If You Exit the Shares, Manage the Call Too

This is one of the most important operational rules. If you sell the shares while the short call remains open, the call is no longer covered. You may then be left with an uncovered short call. Therefore, when closing the underlying share position before the option expires, consider closing the short call at the same time so the two sides of the covered position remain coordinated.

The Main Trade-Off: Premium Versus Upside

A covered call may improve the economics of a flat or moderately rising position, but it can limit profit during a strong rally. If the stock moves well above the strike, the option can become expensive to buy back and assignment may cause the shares to be sold at the strike even though the market price is higher.

A common psychological trap appears when the stock rises and the short call shows an unrealized loss. Looking only at the option can make the position feel worse even though the shares may have gained substantially. Evaluate the stock and option together. The covered call was sold in exchange for premium and limited upside; an increase in the call's value is part of that trade-off, not automatically evidence that the strategy failed.

Do not let discomfort with the short-call loss cause you to forget the original stock plan. If the shares reach an exit condition and you sell them while the short call remains open, the call can become uncovered. Normally manage or close the

short call at the same time as the shares unless you deliberately intend and are permitted to carry a different options position.

Covered Calls Are Optional

The core stock-trading process in this book does not require covered calls. Use them only if you understand options, assignment, expiration, and the effect on the underlying trade. A trader who is still learning entry, stop, target, and position sizing can reasonably ignore covered calls until the basic stock process is consistent.

Recording a Covered Call

Stock Analyzer does not suggest a strike or model a premium. Check the actual bid and ask with your broker before selling a call. Once you sell one, record the real strike, expiry and premium in My Trades so the position and the call are tracked together.

Trading Rules to Remember

Own sufficient shares before selling a covered call. Consider a strike near a price where you would willingly sell. Match expiration reasonably to the expected holding period. If you exit the shares early, manage the short call at the same time. Remember that premium can reduce effective cost, but the call can also cap profit.

Chapter 34 — Overnight and Extended-Hours Behavior

Prices can move after the regular session closes. These moves are interesting, but they require caution.

Different Trading Environment

Extended-hours and overnight sessions can have lower liquidity, wider spreads, and fewer participants than the main session. A price print may therefore be less representative of what a larger order could actually receive.

News released outside regular hours can also create abrupt moves.

An Observation Is Not Yet a Rule

A trader may notice that a particular stock often revisits a post-market closing price during the first hour of overnight trading. That observation can be useful as a research hypothesis.

It should not become a trading rule merely because it happened several times.

A Case Study Framework

Suppose you observe that, more often than not, an overnight price reaches or exceeds the preceding post-market close within the first hour. Define exactly which session, timestamp, and price constitute the post-market close; define what counts as a hit; and collect enough observations.

Then measure frequency, time to hit, maximum adverse movement before the hit, spread, and whether the pattern

changes with market direction or news. Only then can you judge whether the behavior is useful.

Stock Analyzer Boundary

Overnight behavior is not a feature of Stock Analyzer. This chapter is included only as an educational lesson in observation, hypothesis testing and backtesting.

Trading Rules to Remember

A repeated observation is a hypothesis until it is tested.

Overnight prices can behave differently from regular-session prices.

Chapter 35 — Backtest What You Think You Know

Backtesting is how a trading idea begins to move from story to evidence.

Define the Rule Precisely

'This usually works' cannot be tested. 'A fresh EMA 9/21 bullish cross within five trading days, under specified conditions' can be tested because the rule is defined.

Precision prevents the trader from changing the definition after seeing the result.

Use Enough Examples

A handful of successful trades can be coincidence. Test across different market environments, sectors, and periods where possible.

Look beyond win rate. Measure average gain, average loss, drawdown, frequency, holding time, and sensitivity to transaction assumptions.

Avoid Overfitting

A rule can be adjusted until it describes historical data beautifully but fails on new data. Simpler rules often have an advantage because they are easier to understand and less likely to depend on accidental historical details.

Separate Research From Execution

Backtesting is where you experiment. Live trading is where you execute the current version of the strategy. Mixing the two encourages emotional rule changes.

Your Own Trades as a Backtest

A historical backtest tests rules against past data. My Trades provides a second kind of evidence: your own closed trades, each with the checklist captured at entry. The Backtest Summary uses only closed trades and shows:

- Win rate and average return. A trade counts as a win if the exit price, plus any covered-call premium kept, is above the entry price.
- Results grouped by how many checklist items were NOT OK at entry (0, 1–2, or 3 or more).
- Results for each checklist item when it was OK versus NOT OK, sorted by the biggest difference, which shows which items have actually mattered for you.
- Whether the Tawilis Score improved, held steady or fell between entry and exit.
- Trades with a planned risk/reward of 2:1 or better versus worse, and whether each trade exited at the target, at the stop, or somewhere in between.
- Trades closed within their Target Hold versus those held longer.
- What covered calls actually contributed: premium collected, buyback costs, net option result and assignment rate.

With fewer than 20 closed trades, the summary displays a small-sample warning. Take that warning seriously. A pattern in a handful of trades is a hypothesis to monitor, not a reason to change the rules. The record becomes more useful with every honestly logged trade, including losses.

Trading Rules to Remember

Observe → hypothesize → define → backtest → evaluate → adopt or reject → review later.

Chapter 36 — Your Trading Rules

This chapter condenses the philosophy of the book into a set of rules that can sit beside the trading screen.

Capital

Protect hard-earned money. Avoid margin under this strategy. Do not short stocks. Control position size. Keep enough cash that you are not forced into decisions.

Selection

Focus primarily on the S&P 500 universe. Let the Screener narrow the list. Research the candidates. Prefer stable, established companies, but remember that a good company can still be a bad trade.

Execution

Do not chase. Do not catch falling knives. Do not automatically average down. Know the entry, stop, target, and size before entering.

Psychology

Do not rely on luck. Do not trade someone else's success story. Treat analyst opinions as information rather than instructions. Do not become greedy after a gain or paralyzed by fear when a valid setup appears.

Activity

Do not overtrade. If you have achieved a reasonable objective, it is acceptable to stop and be thankful. If there is no qualifying setup, do nothing.

Process

Know the broader market. Follow the strategy. Backtest changes before adopting them. Review every trade. Accept that some well-planned trades will lose.

Trading Rules to Remember

Do not rely on luck. Rely on a strategy.

Someone else's profit is not your trading signal.

A losing trade does not automatically become an investment.

There are plenty of stocks. You do not have to trade this one.

Control the risk. Follow the process.

Chapter 37 — A Complete Example From Screener to Exit

This hypothetical example shows the sequence rather than recommending a real security.

Screen

Assume Auto Screen finds ABC, an established S&P 500 company, after a fresh EMA 9/21 bullish cross and adds it to the Watchlist. The trader does not buy immediately.

Research

The trader reviews the company's business, recent earnings, debt profile, major news, and upcoming events. Nothing discovered automatically guarantees success, but no obvious issue invalidates the candidate.

Analyze

The Analyzer shows improving momentum, supportive OBV, a broadly favorable market environment and acceptable multi-timeframe confirmation. The Tawilis Score is 74 (BUY) with all 13 items judged. Nearest support is $48.00 and ATR is $1.60, so the Reference Entry is $48.00 and the Reference Entry Zone runs from $48.00 to $48.40 (support plus 0.25 × ATR). The recommended stop is $45.60 (1.5 × ATR below the entry) and the nearest resistance, the Initial Profit Zone, is $55.00. Risk/reward is $7.00 ÷ $2.40, about 2.9:1. ABC is trading at $50.30, above the zone, so its Trade Status is WAIT - PULLBACK and it waits on the Watchlist.

Size

The fund balance is $20,000 and the risk setting is 1%, a $200 risk budget. Planned risk is $2.40 per share ($48.00 − $45.60), so $200 ÷ $2.40 = 83 shares (rounded down), about $3,984. This is a preliminary size at the Reference Entry; it is recalculated at the actual order price before buying. Deployable cash is $15,000 and the speculative sleeve has $5,000 left, so neither cap reduces the size.

Execute or Wait

Two days later ABC pulls back to $48.20, inside the zone. From $48.20 the reward-to-risk is $6.80 ÷ $2.60, about 2.6:1, so ABC becomes QUALIFIED and moves into Plan a Trade. The trader clicks Refresh prices: support is still $48.00, the stop is still $45.60, the score is still BUY and Entry Assessment rates the pullback evidence favorable. Before placing the order, the trader recalculates the size at the intended $48.20 entry: risk is now $2.60 per share, so the $200 budget allows 76 shares ($3,663.20), with $197.60 of planned risk before fees and slippage. The trader does this in Plan a Trade: the order price is changed to $48.20, the shares recalculate to 76, the holding plan (28 days) and the decision not to sell a covered call (76 shares is below the 100 needed for one contract) are recorded, and every pre-trade check is ticked. After the order fills, I Bought It opens My Trades with these values, and the trader corrects the fill price if it differs. Had ABC gapped to $54 instead, the trader would not chase it.

Exit and Review

Three outcomes are possible. If ABC rises to about $55.00, the trader follows the predetermined profit plan. If it fails, the stop at $45.60 defines the intended exit and the planned loss, but a

stop does not guarantee the exit price: if ABC gaps down and the position exits at $45.10, the loss is $235.60 (76 × $3.10) before costs, more than planned, which the trader accepts and reviews. And if ABC had never returned to the zone, or a fresh analysis had dropped it to WATCH or found no support, there would be no trade at all; letting a stock go is a valid result. If ABC had instead drifted between the stop and the target for about four weeks, the trader would review it at that point, with a time-based exit as one option, rather than hold it indefinitely.

Trading Rules to Remember

> **The example illustrates the process; it is not a prediction.**

Chapter 38 — Discipline: The Part No Analyzer Can Do for You

The Stock Analyzer can calculate. It cannot stop you from clicking Buy when your rules say Wait.

Stick to the Strategy

A strategy is useful only when it survives contact with emotion. Changing the rules every time a stock moves against you means you do not really have rules.

Strategies can and should evolve through evidence and backtesting. But changing a stop in the middle of a trade simply because you dislike taking a loss is not research.

Greed

Greed often appears after a stock has already moved in your favor. A planned target is reached, but the trader wants a little more. The target moves higher, then higher again, until the gain disappears.

Taking profit does not mean every winning trade must be sold at the first target. Nor does it forbid taking profit before the target. If circumstances change, momentum weakens, risk increases, or the trader decides that protecting an available gain is appropriate, taking a smaller profit can be reasonable. The important point is to avoid changing the plan repeatedly out of greed or fear. Know why you are exiting, then review the decision afterward.

Fear

Fear creates the opposite problem. A valid setup appears, risk is acceptable, and the position size is sensible, but the trader cannot act. Or the trader exits a normal pullback even though the original plan remains intact.

Risk management is what allows courage without recklessness. When the maximum planned loss is acceptable, fear should not be allowed to rewrite the strategy.

A Good Loss

A losing trade can still be professionally executed from a process standpoint. If the setup qualified, the size was controlled, the stop was respected, and the loss stayed within plan, the trader did the job.

The result of one trade matters less than whether the process can be repeated across many trades.

Trading Rules to Remember

> **Control the risk. Follow the process. Let the outcome take care of itself.**
>
> **Do not move rules simply because you dislike the current result.**

Conclusion — Protect Your Capital. Follow Your Process.

The market will always contain uncertainty. That is not a flaw in the system; it is the reason risk management exists.

What You Can Control

You cannot control whether the next stock rises after you buy it. You cannot control the next headline, earnings surprise, interest-rate move, geopolitical event, or market gap.

You can control the universe you trade, the conditions you require, the price you are willing to pay, the amount you put at risk, the point at which you accept that the trade is wrong, and whether you follow the rules you chose.

What the Analyzer Can Do

The Stock Analyzer can screen the S&P 500 universe, organize technical evidence, provide reference trade levels, support multi-timeframe review, and calculate risk sizing. It can help make the process faster and more consistent.

It cannot supply patience, humility, or discipline. Those remain the trader's responsibility.

The Retail Trader's Advantage

A small retail trader does not have to trade every day or deploy billions of dollars. The trader can wait. The trader can pass. The trader can hold cash. The trader can choose only a few opportunities.

Use that flexibility. Do not confuse activity with progress.

Final Thought

The objective is not to win every trade. It is to protect capital while repeatedly choosing situations where the potential reward justifies the controlled risk.

Trade with a process, not a coin flip. Follow the process, and treat each individual outcome as one result in a much longer series.

Trading Rules to Remember

> **Protect your capital. Follow your process. There will always be another opportunity.**

Appendix A — Pre-Trade Checklist

- Is this a stock within my defined trading universe?
- Did it come from my strategy/Screener rather than from FOMO or a tip?
- Do I understand what the company does and the major current risks?
- What is the broader S&P 500 market trend?
- Is the EMA 9/21 setup favorable and sufficiently fresh?
- Does RSI support rather than contradict the setup?
- Is OBV/volume confirming the move or diverging?
- What do Daily, 4-Hour, and Weekly views say?
- Did Entry Assessment classify the current pullback evidence as favorable? Without the software: is support intact on the latest completed close, is the pullback slowing on lighter volume, and has downward momentum stopped strengthening? Is a major US data release due before my order?
- Where is nearby support?
- Where is nearby resistance?
- What is my acceptable entry/buy range?
- What is my stop and what would make the trade wrong?
- What is my initial target?
- What is my risk per share?
- What position size keeps the loss within my limit?
- Am I chasing?
- Am I buying because someone else made money?
- Am I changing my rules because of fear or greed?
- If this trade disappears, am I willing to let it go?

Appendix B — Post-Trade Review

- What was the original setup?
- Did I enter inside my planned range?
- Did I respect the planned position size?
- Did I follow the stop?
- Did I follow the profit-taking plan?
- Did I chase, average down, revenge trade, or overtrade?
- Did outside opinions influence the decision?
- Was the broader market different from what I expected?
- Was the loss/win caused by normal market uncertainty or a process mistake?
- What, if anything, should be researched and backtested before changing the strategy?

Appendix C — Terms Used in This Book

EMA: Exponential Moving Average; a moving average that gives greater weight to recent prices.

RSI: Relative Strength Index; a momentum oscillator commonly scaled from 0 to 100.

OBV: On-Balance Volume; a cumulative volume measure based on up and down closes.

Support: A price area where buying has previously slowed or reversed a decline.

Resistance: A price area where selling has previously slowed or reversed an advance.

ATR: Average True Range; a measure of recent price range/volatility.

Position size: The amount of stock or number of shares allocated to a trade.

Risk per share: The approximate difference between entry and planned stop for a long trade.

Drawdown: A decline from a previous peak in an account, strategy, or security.

Backtest: Testing defined trading rules on historical data.

Slippage: The difference between an expected execution price and the actual execution price.

Gap: A price move between trading periods where little or no trading occurs at intervening prices.

Cross Quality: the Screener's rating (STRONG, GOOD, MIXED, WEAK) of how well RSI, OBV and relative volume confirm a fresh bullish EMA 9/21 cross.

Worth Looking: the Screener's rating (HIGH, MEDIUM, WATCH, LOW) of the opportunity from today's price, based on room to resistance, structural risk/reward and EMA 50.

Tawilis Score: the Analyzer's 0–100 score from the thirteen-item checklist; it alone sets BUY, WATCH or WAIT / NOT A BUY.

Reference Entry / Pullback Entry: the planned entry at nearest support, and the zone around it.

Entry Status: whether current price is at, above or below the Reference Entry Zone.

Initial Profit Zone: the nearest qualifying resistance above current price, used as the first target.

R:R (risk/reward): potential reward to the target divided by risk to the stop.

Trade Status: whether there is a sensible trade at today's price: QUALIFIED, WAIT - PULLBACK, WAIT - CONFIRMATION, BREAKOUT (review manually) or NOT QUALIFIED. Only QUALIFIED stocks enter Plan a Trade.

Auto Screen: the automatic run about 15 minutes after each US market close that screens the S&P 500, updates the Watchlist and Plan a Trade, and records the changes in the Decision Log.

Realistic entry: the price you would actually pay - the current price inside the Pullback Entry zone, otherwise the top of the zone. Reward-to-risk for QUALIFIED is measured from it.

Decision Log: the CSV record of every Trade Status change, with what the price did afterwards.

Score Guidance: an optional Watchlist column (hidden by default) that restates the Tawilis Score as an entry instruction (60 or below: entry not recommended; above 60 through 70: watch and wait; above 70: check entry price and chart evidence).

Entry Assessment: the Watchlist window that checks a BUY-rated stock's 1H/2H/4H/Daily evidence just before entry and returns Wait, Entry conditions favorable or Unable to assess.

MACD: the 12- and 26-period EMA gap, its 9-period signal line and the histogram between them; used only in Entry Assessment.

4-hour bar: 9:30 a.m. to 1:30 p.m. or 1:30 to 4:00 p.m. U.S. Eastern time; two per trading day.

Golden cross / death cross: EMA 50 crossing above / below EMA 200.

Covered call: a call option sold against shares already owned.

Strike / premium / assignment: the option's exercise price; the cash received for selling it; the obligation to sell the shares at the strike.

Quick ratio / gearing: short-term liquidity (current assets less inventory, over current liabilities); total debt as a percentage of equity.

Data provider / BYOK: the data accounts you connect yourself ("bring your own key"): your Finnhub key, your broker's API access and, optionally, an EODHD or Tiingo data service. Together with the built-in U.S. Treasury yields, they are the source of all market data in the program.

Not available from data provider: shown when your data provider does not supply a type of data; the item is left out of the score rather than estimated.

Data allowance: the number of different stocks a broker lets your account download history for in a rolling window (Tiger and moomoo; Tiingo's free plan has a monthly limit).

api_key folder: the folder beside the program where you save your key files (finnhub_api_key.txt, eodhd_api_key.txt, tiingo_api_key.txt and, for Tiger, tiger_openapi_config.properties). Keep it private.

Appendix D — Retail Trader Workbook

Use these pages to convert the ideas in the book into written rules. The purpose is not to predict the market. It is to make your decisions explicit before money is at risk.

My Trading Identity

Am I trading or investing in this account?

What holding period am I generally comfortable with?

What kinds of stocks will I refuse to trade?

What behaviors have caused me to lose discipline in the past?

What will I do when I miss a trade?

Notes:

My Capital-Protection Rules

What is the maximum amount I am prepared to lose on one trade?

What is my maximum capital allocation to one position?

How much cash do I want to keep undeployed?

Will I use margin? Under this book's framework, the default answer is no.

Will I short stocks? Under this book's framework, the default answer is no.

Notes:

My Entry Rules

What conditions must be present before I consider buying?

How will I use the EMA 9/21 setup?

What role will RSI and OBV play?

How close should price be to a sensible support-based entry?

What will make me reject a stock even if the Screener identifies it?

Notes:

My Exit Rules

How will I determine my primary stop?

When would I use a tighter alternative stop?

What is my approach to the first resistance/target?

Will I scale out or exit the full position?

What will I never do simply to avoid realizing a loss?

Notes:

My Discipline Rules

What will I do after a profitable trade or profitable day?

What will I do after a losing trade?

How will I prevent revenge trading?

How will I respond when social media is excited about a stock I do not own?

What sentence will remind me not to chase?

Notes:

My Research Rules

What company information must I understand before trading?

What sources will I use for factual research?

How will I treat analyst recommendations?

How will I treat other people's profit screenshots?

What information is useful, and what is merely noise?

Notes:

My Market-Context Rules

How will I classify the broader S&P 500 trend?

What will make me more cautious in a weak market?

Will a strong market ever override a poor stock-specific setup?

What will I do when the stock and broader market disagree?

Notes:

My Backtesting Plan

What exact rule am I testing?

What counts as a qualifying setup?

How many historical observations will I collect?

What results will I record besides win rate?

What evidence would justify changing the rule?

Notes:

My Stock Analyzer Routine

Step 1: When will I review the Today screen after Auto Screen?

Step 2: How many candidates will I research at one time?

Step 3: What must I review in the Overview?

Step 4: How will I use Daily, 4-Hour, and Weekly confirmation?

Step 5: What must be defined before I place an order?

Notes:

My One-Page Trading Constitution

Write ten rules you will follow even when you are excited, afraid, or frustrated.

Rule 1:

Rule 2:

Rule 3:

Rule 4:

Rule 5:

Rule 6:

Rule 7:

Rule 8:

Rule 9:

Rule 10:

Notes:

Appendix E — Stock Analyzer Quick Reference

A compact summary of the scales and labels explained in this book. The software remains the controlling reference if a later version changes them.

Daily Cycle

Auto Screen (about 15 minutes after each US close) → Watchlist → Plan a Trade (QUALIFIED only) → My Trades. Click Refresh prices after the US open before placing an order.

Recommendation Tier (Tawilis Score)

Above 70 = BUY. Above 60 through 70 = WATCH. 60 or below = WAIT / NOT A BUY. N/A checklist items are excluded. The tier describes setup quality, not entry timing. Only a BUY score leads to an entry; WATCH means monitor and re-analyze.

Trade Status

QUALIFIED = BUY score, price inside the Pullback Entry zone, R:R at least 2:1 to R1 from the realistic entry, support intact, entry checks passed; only these enter Plan a Trade. WAIT - PULLBACK = good setup, price above the zone. WAIT - CONFIRMATION = something still needs confirming. BREAKOUT - REVIEW MANUALLY = information only, never QUALIFIED. NOT QUALIFIED = a rule fails at today's price.

Cross Quality (Screener)

RSI up to 2 points, OBV up to 2, last-day relative volume up to 1, three-day relative volume up to 2. STRONG = 6 or more; GOOD = 4–5; MIXED = 2–3; WEAK = below 2.

Worth Looking (Screener)

Room to resistance up to 3 points (10% or more earns 3), structural R:R up to 2 (2.0:1 or better earns 2), price above EMA 50 earns 1. HIGH = 5–6; MEDIUM = 3–4; WATCH = 1–2; LOW = 0.

Trade Plan

Reference Entry = nearest support. Entry zone = support up to the larger of 0.25 × ATR or 0.5% above it. Recommended stop = 1.5 × ATR below a support-based entry (0.25 × ATR below support when entering above it). Initial Profit Zone = nearest resistance above current price.

Watchlist Rules

IN: screener shortlist (STRONG + HIGH/MEDIUM, or GOOD + HIGH), Tawilis Score above 70 and a valid setup. STAYS while the score is above 60. OUT: bearish EMA 9/21 cross, broken support, score 60 or lower, or 20 trading days without coming near the entry. Stocks you add yourself are never removed automatically.

Entry Assessment (checked in order)

Score above 70; price inside the daily reference zone; selected timeframe above its support; then either a slowing decline with volume down at least 15% (last 3 bars vs prior 3), or a rise with OBV not falling and volume down no more than 15%; MACD not strengthening downward. Completed bars only.

Risk Sizing

Shares = fund balance × risk % ÷ (entry − stop), then capped by deployable cash (cash on hand less the cash buffer) and the remaining speculative sleeve. Plan a Trade applies the same

calculation at your order price, sizing each plan independently against the same funds; plans are not quantities to buy all at once. Open positions reduce deployable cash and sleeve room, but their risk is not deducted from a shared risk budget.

Holding Plan

Plan for about 1–4 weeks (a planning horizon, not an exit rule). Place the stop and initial profit together (bracket/OCO, good-till-cancelled). Review weekly. Exit on the stop, the target or a setup break; about four weeks is a review point, with a time-based exit as one option. Never lower the stop.

What Each Data Source Supplies

Finnhub: company profile, ratios, annual revenue and net income, earnings, news, analyst ratings. Checked first. Free key.

Tiger Brokers: prices, quote, S&P 500, VIX, options. Allowance 20-2,000 stocks per 30 days.

moomoo / Futu: prices, quote, company data, options with open interest. Allowance 100-2,000 stocks per 7 days.

Interactive Brokers: prices, quote, company name, indices, VIX, options (no open interest). Needs TWS or IB Gateway running. No stock allowance limit.

EODHD or Tiingo (optional, paid): daily and weekly history for the full S&P 500, hourly on some plans. Tried after your broker. Tiingo free plan: about 500 stocks a month.

U.S. Treasury: 10-year and 3-month yields. Built in; no account needed.

Offerings, fees and limits change; the Data Sources window's Test connection shows what your own accounts supply today.