

Trading Checklist

What is the setup?

If you can't identify a setup—flat top breakout, flag, etc—then you should not be taking the trade.

What do I expect out of the trade?

Is it a scalp, daytrade, or swingtrade?

Will I be holding overnight?

Did you check for earnings or upcoming news announcements? What is the market doing? Did the stock close well?

Is there time frame alignment?

Just because you can't see the daily resistance right overhead because you are only looking at a 5 min chart doesn't mean it isn't there. Remember to align on multiple timeframes.

Where do I set my stop?

Where's your line in the sand if the trade goes against you? Remember, this should be a level of support (resistance if you are shorting) that, if crossed, means the setup is no longer valid.

What is my first price target?

Where will you sell if the trades goes your way? If you plan on scaling out, where will you sell the rest of your shares?

What size do I buy?

This is a function of where your stop is: a closer stop allows you to take a larger position size.

What is the reward/risk?

If less than 2:1 you shouldn't take the trade.