

Fractal Energy Trading Crypto MasterClass

Module Fourteen Scanning for Opportunity

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Scanning for Opportunity

By Doc Severson

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Table of Contents

Introduction - Scanning for Opportunity	4
WatchLists	6
Chart Screeners	7
Summary - Scanning for Opportunity	10
Homework and Next Steps	11

Introduction - Scanning for Opportunity

This is going to be an abbreviated written component for this module, because scanning/screening opportunities is something best experienced, and not discussed. I would encourage you to use the module video for your primary reference for this material.

How Do We Find Opportunities?

How do most of us find opportunities in the crypto market to trade?

- Twitter posts
- News articles
- Financial media
- Word of Mouth

Most of these are the wrong places to hang out to find good opportunities. Yes, we hear about a coin mostly because it's taking off to the upside, but most of the potential might be gone by the time that we hear about it through a traditional source like those.

We need to go hunting on our own. So how can we do this?

How Do We Find Opportunities?

Well, we can go old school and flip through hundreds of charts. It might seem ridiculous but that was still the primary method of "screening" just ten years ago. While this can be a viable method if you have developed a good eye for charts, it does not scale well. We currently have well over 2000 cryptos to wade through, and in anyone's book that's a chore.

Use Technology?

I'm all for using technology but I'm afraid that we've been "oversold" the benefits of using "trading bots." Not only are they difficult to set up, in some cases requiring significant skill to install on your server or VPS, but they're also difficult to configure and "tune." Now, I'm sure that some among you are UX admins and eat this kind of work for breakfast, but you're in the minority of retail traders that I run into.

And the "tuning" might be the difficult part. In the last module we just saw that different market states require a different approach; you can't just whack the square peg into the round hole through force. I've experimented with a couple of Trading Bots over the last year, and in both cases I ended up with a raging monster that created a lot of "bags" and significantly depleted those test accounts. So I'm all for using technology, but it should not supplant our own brains and "reason."

What about Screeners?

I like this solution; a crypto screener can cut through the clutter in seconds to find coins in a primary uptrend that we can add to a “swing” watchlist, and then monitor for buy points. This takes me about 30 seconds a day to perform.

I am a big believer in adding automation AFTER you have created a system. Perhaps your system is to look for a specific pattern or technical signal, after which you will add the coin to a watchlist and look for the actual buy pattern. That last step might be advantageous to automate, once you have something proven.

But don't do it the opposite way, which is to turn on the kitchen sink and let the machine go nuts without your supervision.

In the video for this module, I'll show a simple process that I follow on a daily basis to look for potential candidates to place on my “swing” watchlist.

WatchLists

A “watchlist” is one of the most basic organizational functions that you can do with a charting program, or brokerage account. It allows you to group assets in different categories, such as:

- **Portfolio** - Either a current, or desired portfolio
- **Swing** - track assets that you’re looking to take as “swing trades” if they set up.
- **Bear** - track assets that you will look to take short when they set up

...or any other classification that you can think of.

TradingView, and for that matter just about any other charting program that I’ve used, has a decent “watchlist” function available. Of course, more functionality comes with premium services.

Note how you can create multiple watch lists to be able to group assets; in the figure to the right, we’re looking at the “swing” watchlist to group assets that are potential swing trades.

Make sure that you review your watchlists on a periodic basis, as they tend to act in the same manner as everything else related to “storage” in our lives....they get cluttered.

If you no longer have interest in an asset, or if the signal failed to show, remove it from that list. This “housekeeping” should take no more than a few minutes a week.

One last thing...if you have more than twenty assets on a watchlist, chances are that you’ll start to miss signals on them. Keep your watchlists scrubbed.

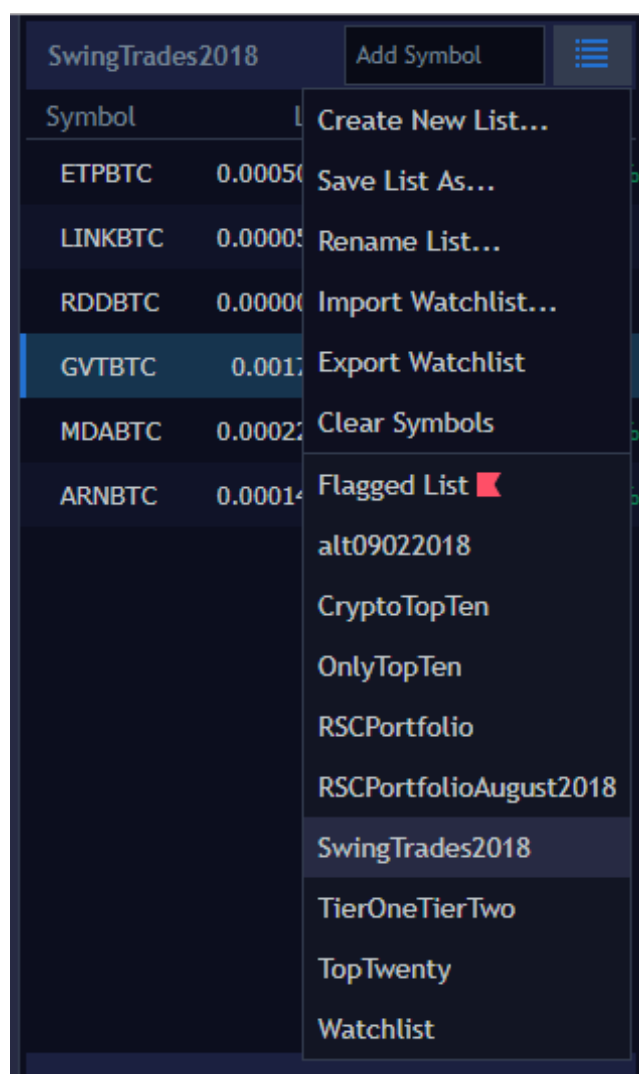


Chart Screeners

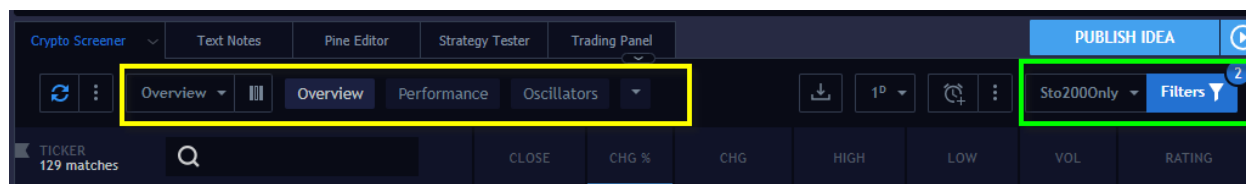
At the time of this writing, there really is no competition to TradingView in the crypto space for charting and screening. This will change, and in the near future. I have used some very powerful screeners in the Equity space that allow custom studies and code, and make it very easy for me to tell the program EXACTLY what opportunities that I'm looking for. It's quite liberating to let the machine do the grunt work, and I get to make the final say about trade entry.

With that said, the “screener” function in TradingView is quite effective and does a good job to cut down my cycles to find coins in effective uptrends, something which is quite important especially during Bear markets. In TradingView, this function is located in the very bottom left-hand corner of the platform:



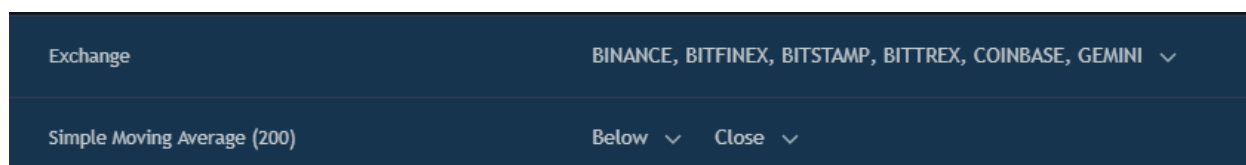
If it says “Stock Screener” or “Forex Screener,” you’ll have to select the drop-down arrow on the right to pick “Crypto.”

Once you do open up the screener, you'll be greeted with a fairly bewildering set of choices that will take some time and effort to fully grasp. We're going to focus on two areas here:



I will call the area outlined in the yellow box the screener “categories,” and the area outlined in green are the “filters.” The default categories of “Overview,” “Performance,” and “Oscillators” are good to start with, although you can go deeper and define your own. These Categories define the columns that you'll see on the screener results. I will most often just use the “Overview” category to find results, as it allows me to quickly find coins that have a good percentage gain for the day, showing me “what's moving?”

The Filters provide further filtering of the results of the Categories.



Per the module video, I only want to look at coins that are listed on the major exchanges that I have accounts with, and I only want to look at coins that are above the 200 day simple moving average, implying an uptrend. Once we get into a primary Bull Market again, I'll have to tighten up my filters to reduce the number of results. Keep in mind that “less is better” in terms of filters and results.

Once I get some results, I can further refine the results by only specifying those with a specific base currency, such as BTC:

TICKER 12 matches	Q btc	CLOSE	CHG %	CHG	HIGH	LOW	VOL	RATING	EXCHANGE 6 Items
BYC BYTECENT / BITCOIN		0.00007349	308.28%	0.00005549	0.00008663	0.00001601	3.837M	^ Buy	BITTREX
MDA MOEDA LOYALTY POINTS / BITCOIN		0.00025527	21.05%	0.00004439	0.00025788	0.00019700	7.926M	^ Buy	BINANCE
DLT AGRELLO / BITCOIN		0.00001755	20.54%	0.00000299	0.00002040	0.00001255	102.125M	^ Buy	BINANCE
ZRX OX / BITCOIN		0.00013126	13.99%	0.00001611	0.00014550	0.00010439	32.729M	^ Buy	BINANCE
ZRX OX / BITCOIN		0.00012992	13.21%	0.00001516	0.00014392	0.00010452	1.194M	^ Buy	BITFINEX

The green outline shows the search box where I can specify the base currency, such as BTC, USD, ETH, USDT, etc.

Once I get some results to come up, I can double-click the “CHG %” column to sort from high-low or low-high, and then clicking on the actual ticker to the left will bring up the asset on the chart, although it will be squished up on the top. You can click the down-arrow on the screener to collapse the screener and maximize the chart.

Also right-clicking on the asset ticker will allow you the option of adding it to a watchlist.

Using the TradingView Screener is a simple, relatively powerful process which reduces the amount of sorting that I have to do. It’s not a perfect tool and it has some glaring deficiencies, such as not being able to screen against all of their supported indicators, nor to notify you when a new candidate comes up on a defined screen.

Again, I believe that in the near future, the “big boys” of financial charting will make their way into this space with all of the bells and whistles that come with true scanning capabilities. Competition makes everyone better.

Summary - Scanning for Opportunity

As I write this, we're in a strange time for Crypto with opportunities far and few between, so this is actually a great time to learn about automation tools to help reduce the effort to find assets moving in the manner that you define, while there are few of them achieving this.

Learn to be disciplined with your watchlists, and really get to know the assets that you're either currently holding, or ones that you're considering. You don't want an "oops there it was" excuse.

Active traders will also want to explore using Screeners to find assets setting up before everyone else notices; there is some power to being in before everyone else, then using the strength of the "FOMO" crowd to help propel your coin to a target profit.

Keep your ears to the ground and stay on top of new players in the space and technical developments; the tools will continue to get better, which will only help your efficiency.

Homework and Next Steps

Please complete the following tasks before moving to the next module:

- ☐ Watch the associated video for this module.
- ☐ Create some watch lists on your charting platform and learn how to populate them with assets.
- ☐ Learn how to use the screener for your charting platform.