Price Surge System

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The stocks listed in the candidate section below are forming with P3 or P3½ patterns on their 30- and 60-minute charts. Set up the chart template as demonstrated in the PSS book and create a list, so you can follow price movement as it moves through the PSS alerts and confirmations on both the 30- and 60-minute charts.

Be sure to set price targets and stops prior to entry.

Candidates will be sent on Monday and Wednesday evenings.

Check earnings date so there are no surprises in the middle of your trades.
New weekly option contracts are listed on Thursday mornings, or front month contracts are available on stocks that do not yet offer weekly options.

Keep in mind symbols are listed on the first signs of weakness; much depends on what happens within the overall market. If you wait for confirmations, it will keep you out of trades that catch their second wind and continue their previous trend with another burst of strength.

In order to catch moves in a timely manner, you will probably want to review the charts and annotate them the night you receive the newsletter. Waiting until the market opens and trying to catch up is too hard. Create a chart list, annotate the charts, and plan your entries and exits. Then, when the market opens the next morning, you just pull up your list in "10 per page" view and scan through them visually. Don't get left behind because you haven't planned ahead.

Note: When the market is tradeable, but slightly more volatile, or trading in a narrow range, you can use a combination of 30-minute and 60-minute charts for entry. When the market trend is stronger, you can use 60-minute and 120-minute charts for your trade entry, so that the trade can be held a little longer.

P3 Additions:

AAPL, AMZN, CPB, CAJ, CCL, CELG, DLR, DPS, ENS, EQR, ESS, GIL, GOOGL, GRUB, HSY, HD, LMT, LOGM, NOV, NUAN, ROK, UDR, WSO, WYNN, XLNX

Symbol	Company	Exchange	Sector	Industry
AAPL	Apple, Inc.	Nasdaq	Technology	Computer Hardware
AMZN	Amazon.com	Nasdaq	Cyclicals	Broadline Retailers
CPB	Campbell Soup Co.	NYSE	Cons Staples	Food Products
CAJ	Canon, Inc.	NYSE	Technology	Office Equipment
CCL	Carnival Corp.	NYSE	Cyclicals	Recreational Svcs
CELG	Celgene Corp.	Nasdaq	Health Care	Biotechnology
DLR	Digital Realty Trust, Inc.	NYSE	Financial	Industrial & Office REITs
DPS	Dr Pepper Snapple	NYSE	Cons Staples	Soft Drinks
ENS	EnerSys Inc.	NYSE	Technology	Electrical Components
EQR	Equity Residntl Prop Trst	NYSE	Financial	Residential REITs
ESS	Essex Property Trust	NYSE	Financial	Residential REITs
GIL	Gildan Activewear	NYSE	Cyclicals	Clothing & Accessories
GOOGL	Alphabet Inc.	Nasdaq	Technology	Internet
GRUB	GrubHub Inc.	NYSE	Cyclicals	Restaurants & Bars
HSY	Hershey Foods Corp.	NYSE	Cons Staples	Food Products
HD	Home Depot, Inc.	NYSE	Cyclicals	Home Imp. Retailers
LMT	Lockheed Martin	NYSE	Industrial	Defense
LOGM	LogMeIn Inc.	Nasdaq	Technology	Computer Services
NOV	Novo Nordisk A S	NYSE	Health Care	Pharmaceuticals
NUAN	Nuance Communications	Nasdaq	Technology	Software
ROK	Rockwell Automation	NYSE	Industrial	Industrial Machinery
UDR	United Dominion Realty	NYSE	Financial	Residential REITs
WSO	Watsco, Inc.	NYSE	Industrial	Building Materials
WYNN	Wynn Resorts Ltd.	Nasdaq	Cyclicals	Gambling

P3½ Pattern:
AET, AAL, BMS,
EAT, COF, CIT, DRI,
ENB, FLS, GIS, HLS,
HOG, M, RNR, UPS,
URI, VIAB

Symbol	Company	Exchange	Sector	Industry
AET	Aetna, Inc.	NYSE	Health Care	Health Care Providers
AAL	American Airlines	Nasdaq	Industrial	Airlines
BMS	Bemis Co.	NYSE	Materials	Containers & Packaging
EAT	Brinker Intl, Inc.	NYSE	Cyclicals	Restaurants & Bars
COF	Capital One Fncl Corp.	NYSE	Financial	Consumer Finance
CIT	CIT Group Inc.	NYSE	Financial	Specialty Finance
DRI	Darden Restaurants	NYSE	Cyclicals	Restaurants & Bars
ENB	Enbridge, Inc.	NYSE	Energy	Pipelines
FLS	Flowserve Corp.	NYSE	Industrial	Industrial Machinery
GIS	General Mills Inc.	NYSE	Cons Staples	Food Products
HLS	Healthsouth Corp.	NYSE	Health Care	Health Care Providers
HOG	Harley Davidson Inc.	NYSE	Cyclicals	Automobiles
M	Macy's Inc.	NYSE	Cyclicals	Broadline Retailers
RNR	Renaissance Hldgs	NYSE	Financial	Reinsurance
UPS	United Parcel Services	NYSE	Industrial	Delivery Services
URI	United Rentals, Inc.	NYSE	Industrial	Business Support Svcs
VIAB	Viacom Inc.	Nasdaq	Cyclicals	Entertainment

Commentary:
AEM was on the June 26th Newsletter.

The 30-minute chart showed the Wm%R fell below -20 at the end of the day on June 25th. The PPO crossed down at the open on June 26th. The -DI crossed up near the end of the day on the 26th.

We then moved to the one-hour chart.

The one-hour chart showed the Wm%R crossed below -20 around 2PM on June 26th. The -DI crossed up, and the PPO lines crossed down at the open on June 27th.

We chose the Jul 17 46 strike Put for its OI and volume. We opened a position around 10AM for $1.15 cents per share.

Price struggled on the 27th and the 28th, but the PPO lines did not cross back up. On June 29th price settled down on the S2. We closed our position near the end of the day for $1.99 per share or a 73% profit.

Chatroom https://chatroll.com/option-trading Traders visit during trading hours.

Candidate selection and Managing the List

I have had a few subscribers ask how the list is compiled and what it means when a stock candidate is either added or removed from the list. During the week, 100s of charts are sorted through and watched each day. They are grouped based on what it is taking place; some are in the early stages of forming P3 squeezes, and others are forming P3½ patterns. Remember that often one pattern leads to the next.

So, as a P3 is playing out, I have it on my radar as a possible P3½. This said, because a symbol gets dropped from the list doesn't mean that you should exit a trade on that symbol. Or, if it should appear on the P3 list, when you are in a P3½ trade on that symbol, it doesn't mean you should close your short trade. Close your trade when it gives exit signals.

The stock prices move in their own timeframe. One stock might begin to have its pattern unfold the day after it is listed, and another stock may take a week to get started. Therefore, each Monday and Wednesday, the symbols that are listed are new additions. It is up to you to add and delete symbols from your watchlist as the stocks begin to move through the stages of the pattern.

Some time ago, on one of my other strategies, a trader shared how he managed his list by using 3 x 5 index cards. With each newsletter, he wrote the symbol on a card, and, when he looked at the chart and made notes, he made up his own code as to what was happening. You could have a number system that relates to the stages for the P3 and P3½ patterns and perhaps to the market as a whole.

Perhaps, some of the newsletter symbols are not of interest to you. Maybe they are too expensive, you don't like the sector, or you don't think the potential move will make a worthwhile trade. Then don't create a card for those.

As the stock begins to put in alert signals, you could then list the option expiration, strike, and premium information that you are considering. If you take a trade, then you list that information, as well as your profit target, stop, and your exit plan.

When the trade is complete, you record that information. This card can then be grouped in a monthly file and saved to be reviewed at a later date to analyze your trades.

On a daily basis, you have a stack of cards with new and forming pattern information. You can shuffle these cards so that the ones that are closest to confirmations are at the top. Those that have re-squeezed or seemed to have fallen apart slip to the bottom of the stack.

On the trades that get away from you or you decide not to take, you can draw a line through the information and flip the card over and use the other side. This is just one system that seems to work for some traders.

Other traders will add symbols they are interested in to a chart watchlist, and then run through those as they start to give alerts and follow them as they confirm and give entry signals. On Stockcharts.com, you can view them 10 at a time. Symbols that you are not going to trade get deleted from the list.

The actual processing of the symbols is an individual choice. Traders have different stock preferences, different size accounts, and varying risk tolerances. Some favor short trades; others long. Some love having the choice of both.

It is up to you as the trader to work with the stock candidate information; make the information your own in the way you decide to process it. The initial selection, hours of work, and chart reading has been done for you. The newsletters give you the refined candidates that, at the time they are listed, appear as if they could soon start giving alerts.