

Module 11 · Printable reference

Swing Trading Strategies

Key concepts, worked examples and risk reminders. Use alongside the full free course.

135 Swing trading horizon

Swing trading seeks moves across multiple sessions.

Example: A trade planned over five sessions may hold overnight.

Check: Can an overnight stop guarantee an exit at its exact level?

Answer: No; the next available price may gap beyond it.

Caution: Overnight gaps bypass intraday stop levels.

136 Trend pullback

A swing pullback rule combines trend and retracement conditions.

Example: Price above a rising average retraces to a defined zone.

Check: Why define the pullback depth before testing?

Answer: To avoid changing the rule to fit successful examples.

Caution: A retracement may turn into a decline.

137 Range breakout swing

A multi-session range can provide a breakout reference.

Example: A 20-day high of 120 is exceeded on a completed close.

Check: Why use the preceding 20 sessions rather than including today's high?

Answer: The reference must exist before today's breakout is evaluated.

Caution: The next session may gap against the trade.

138 Relative strength

Relative performance compares an asset with a benchmark.

Example: Stock rises 8% while benchmark rises 3%.

Check: Asset −2%, benchmark −7%: simple relative outperformance?

Answer: 5 percentage points.

Caution: Relative outperformance can coexist with absolute losses.

139 Sector context

Compare a stock with its industry to understand common exposure.

Example: A portfolio of several banks may share sector risk.

Check: Do five bank stocks necessarily create broad diversification?

Answer: No; they may share significant sector risk.

Caution: Sector membership does not explain all price moves.

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140 Trailing stops

A trailing stop changes with favorable price movement according to a rule.

Example: A long stop 5 below the highest close moves from 95 to 105 as high rises to 110.

Check: Highest reference increases from 100 to 110, distance 5: new trail?

Answer: 105.

Caution: A stop is not guaranteed execution price.

141 Swing position sizing

Size trades using intended risk and plausible gap scenarios.

Example: Risk budget 1,000 divided by stop distance 5 suggests 200 shares before caps.

Check: Budget 1,000, gap stress 10 per share: maximum units under that scenario?

Answer: 100 before other constraints.

Caution: Gap and liquidity risk can exceed the budget.

142 Earnings and corporate actions

Results and corporate actions can change price and data comparability.

Example: A split-adjusted historical series avoids a false 50% drop after a two-for-one split.

Check: Why might a two-for-one split halve the quoted price without halving economic value?

Answer: Each old share becomes two shares, absent other price changes.

Caution: Check adjustment rules and event calendars.

143 Portfolio exposure

Multiple swing trades can create correlated aggregate risk.

Example: Three positions risking 1% each may lose together.

Check: Three positions each risking 1% may lose how much if all planned stops fill?

Answer: 3% before gap, execution and other effects.

Caution: Individual risk limits do not ensure diversification.

144 Swing trade review

Evaluate outcomes across market regimes and holding periods.

Example: Record return, holding days and maximum adverse excursion.

Check: Why record both MAE and MFE?

Answer: They reveal the path of a trade beyond its final outcome.

Caution: Do not judge rules from a handful of winners.

Further reading

SEBI investor education: investor.sebi.gov.in · NSE: nseindia.com. References for background only; no endorsement or independent validation is implied.

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