

# Trade review of an earnings gap down | Tradingsim Video Lessons

This is Kunal from Tradingsim. We have received a ton of requests from you all on day trading education. I wanted to experiment by creating videos which include reviews of trades that we actually took and actually help you learn to trade. My goal is to walk you thru my thought process before and during each trade. Doing this actually helps me as a trader and forces me to study the setups that I take. It is thru study in which we can all get better. As we are just piloting this idea, I would love your feedback and comments on the videos.

## The Trade Setup



Our first trade review is for ANF, which was a short trade we took on 5/26/16. Shorting stocks can be scary for some of you but if you have sound money management, it can provide very large and QUICK gains. The stock came out of with weak Q1 numbers and we saw a large earnings gap down to a big support level.

There are some key lessons that you should take from this video:

- 1) Trade volatile stocks – 90% of the volatility will occur in the first 60 -90 minutes. This is where you want to focus your efforts.
- 2) Look to take a day trade when you are seeing large support or resistance levels being taken out on the larger timeframes.
- 3) Try to wait out the first 15 minutes of the trading sessions to assess the early morning ranges and avoid the irrational movements on the open. Emotionally, you need to

keep a calmness to yourself and it becomes difficult when you see a stock whipping up and down 5 to 10% in seconds. Let the craziness subside

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