

Rising Devil

Rising Devil: Heavily gapped down stock pops up heavily at the open due to traders covering their short positions. When the bids start coming in, you go short.

Time: 9:30

Conditions:

- Stock gapped down heavily in pre-market.
- Stock downward trend right up to the open. Opens well below VWAP.
- Stock has a catalyst, particularly a bad one.
- Stock had been trending up or sideways on the daily before the gap down.

Entry Signal:

- Stock pulls up at the open toward VWAP.
- Ideal short entry is at or around the VWAP.
- Enter in the first or second minute.

Confirmation: Large asks stacked at and just above VWAP.

Stop Loss: Loss/Break of VWAP.

Target: Daily levels, moving averages.

Rules:

- Since the stock is gapped down heavily, they are often on Short-Sale Restriction (SSR), so it might be best to place a limit order to short where you expect the stock to pop to (ideally around VWAP).

