Falling Angel

Falling Angel: Heavily gapped up stock sells off heavily at the open due to traders selling their positions right at the open. When the price falls to an area of support, you go long. Essentially, the opposite of a rising devil.

Time: 9:30

Conditions:

- Stock gapped up heavily in pre-market.
- Stock trending up or sideways right into the open.
- Stock has a catalyst, particularly a good one.

Entry Signal:

- Stock sells off at the open.
- Ideal entry would be the low of the opening candle if it falls to a significant level, otherwise, when it starts breaking up from the low set by the opening candle.

Confirmation:

- Stock falls to significant level of support and holds.
    - Watch for large bids at significant levels. This could mean the stock could pop off that level.

Rules:

- Watch the SPY to ensure that the stock is not just selling off at the open with the SPY. If the spy is dumping hard at the open, it may not be a good time to go long for a falling angel.