

Stress Free Momentum Stock

Score Card:

http://stressfreetrading.com/stress_free_momentum_stock_score.htm

1)

MARKET DIRECTION:

This is the general trend of the stock market. I gave this such high figure because I NEVER wanted a 5 star stock when the market was heading down. The very best way I have of determining the stock market trend is to look at the weekly charts and support/ resistance levels. 1-2-3's on weekly charts are very good for determining the trend as well.

Market Direction	UP	+ 3
	DOWN	- 1

2)

FLOAT:

no doubt about it small float stocks are the ones that can double/treble in a short time span. Most of my very best trades are small floated stocks.

FLOAT	<10Million	+2
	<20 Million	+1

3)

% INSIDERS:

If the insiders aren't holding a large % of their own stocks it doesn't bode well. Some of my very best trades have had enormous % insider holdings:

% INSIDERS	> 75%	+2
	>50%	+1
	<25%	-1

4)

% Institutions:

A stock that is "waterlogged" with too much institutional ownership can't go too far without a fund having to dump it. Avoid them.

% INSTITUTIONAL OWNERSHIP	<15%	+2
	<50%	+1
	>70%	-1

5)

% Shares Short:

Momentum stocks either go up on funds buying because of superior earnings growth and/or we can get a "short squeeze" where short traders are forced to buy a stock back to cover their positions at much higher prices. Not vitally important but it does have a weighting on how the stock might behave:

% Shares Short	>25%	+1
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6)

REVENUE GROWTH:

In the 1997 -2000 bull market it was all about Revenue Growth. Stocks with large % Revenue growth attract institutional buyers:

Revenue Growth	>100%	+2
	>50%	+1

7)

EARNINGS GROWTH:

As measured from last QTRLY EARNINGS TO previous QTRLY earnings.
Stock with high QTRLY earnings growth attract institutional buyers.

Earnings Growth	>100%	+2
	>50%	+1

******NOTE:******

IF R.G and E.G are BOTH >100% then add another +1 to the score.

8)

INFANT INDUSTRY:

This is the only one that is open to a little bit of "subjectivity". an infant industry is anew industry OR the company has a product that is sold in a new industry. Any thing Technology or Internet will fit this criteria right now. If the industry is an old one and there is nothing NEW about it..it does not fit the "infant industry" test:

INFANT INDUSTRY		+1
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How to apply these numbers to the stocks:

Maximum a stock can ever get is +16

The lowest number a stock could ever get is -3

so once I have run my Momentum Stock Scan (<http://www.stressfreetrading.com>) I then quickly run through this table to see how many points the stock gets. Then apply it a star rating to see if it's worth taking the trade on.

STAR SYSTEM

NUMBER of POINTS	STARS
14+	5 STAR *****
10 to 13	4 STAR ****
7 to 9	3 STAR ***
5 to 6	2 STAR **
3 to 4	1 STAR *
Less than 2	No STARS

KEY:

5 STAR STOCK	Perfect. You will not find a better candidate. An excellent this stock could EASILY go much higher and very quickly.
4 STAR STOCK	Excellent stock. Whilst lacking 5 star quality this could be an excellent trade with a very good chance this price will go higher.
3 STAR STOCK	Not a bad stock to trade. but there are some fundamental points that "might" hold this stock back or lead to a collapse. Trade with caution IF you MUST at all.
2 STAR STOCK	Nothing to write home about. Whilst technically this stock look great there are some major fundamentals that could cause this stock to holdback or collapse. These kind of stocks are very often "pump and dump" stocks. Seriously consider if you want to trade this stock.
1 STAR STOCK	SERIOUSLY FLAWED: There are so many holes in this stocks Fundamentals I seriously doubt you should be considering a trade on this stock .Unless you know something that we don't..keep away. A price collapse could easily happen on this stock.
NO STAR STOCK	Quite simply KEEP AWAY from it. This stock has nothing going for it. Unless it's a "takeover" story then it is probably a "hype" "pump and dump stock". I'd watch this stock if you a SHORT seller.

Where to gather all this information:

www.yahoo.com

FINANCE

Enter your stock symbol:

Go to: KEY STATISTICS

Here you will pick up everything you need to fill out your momentum stock Score Card.

For industry go to: PROFILE.

See my examples of how I fill out this form:

Remember:

There is no such thing as a "sure thing" in the stock market. I've seen plenty of 5 star stocks fall. You must trade these stocks correctly.i.e cut your losses on them if you are wrong.

If you want to know how to find and trade these stocks please do take a look at

Momentum Stock Trading System:

<http://www.stressfreetrading.com>

[http://stressfreetrading.com/stress free momentum stock score.htm](http://stressfreetrading.com/stress_free_momentum_stock_score.htm)