



**JTRADER**  
**SMALL CAP ROOM**

# Advanced Course

**Late Day Fade - Setup & Examples**

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## Late Day Fade

- Look for this pattern after 1pm on a grinding stock up more with 30% on the day for small caps and up above 5% for big caps.
- Look for any kind of “Topping action” where all the buyers are soaked and where on 2<sup>nd</sup> or 3<sup>rd</sup> rejection of the highs volume gets lower, bids come off the tape and sellers get more aggressive. Generally the topping action coincides with a daily/intraday resistance.
- All of this is useless if “heavy hands” don’t start unloading their positions

2 ways to trade afternoon fades:

1) On topping action look for a 2<sup>nd</sup> high with lower volume. This is called volume divergence.

Often you will see a stuff move which can be a fake breakout and right away rejection below resistance. This is a very strong entry signal and you have to be fast taking it. I prefer to use hotkeys.

The price has a fast move below 1m 72 89 and generally it will stall into vwap giving you a first target.

2) once the price after 1pm starts to shift below 72-89 ema, wait for a first rejection of the 2 ema’s. I like to see a stacked action on the ask, meaning there’s a huge amount of sellers on L2 placed on ask and a refilling of ask offers. Once the price starts rejecting the 72-89 ema I enter short with a stop above the prior relative high over the 2ema’s. I will be looking as targets for 200 ema on 5minute chart. This is where institutional will be looking for frontside vs backside.



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YOU

