



## Opening Drive Fail (Short)

### Why the Opening Drive Fail Works

- This strategy will be explaining the short situation; however, one can also look for this on the long side by switching the entry criteria.
- In play stock where buyers come in strong at the open and push the stock up and through VWAP.
- Bulls are excited and thinking the stock will continue to climb. If you were a bull in this situation imagine how much profit you think you would be making.
- However sellers step in, the stock clearly won't go any higher as if it hit a ceiling, and the stock starts selling off through VWAP.
- Once it is clear that there is no buying interest at VWAP, the stock will rally down quickly as bulls are forced to cover their position.

### The Exact Rule of Entry (all rules exactly the same, just inverted for long position)

- Enter aggressively on the break of VWAP, meaning we will pay the bid.
- We can also re-add to our position if we are clearly holding below VWAP
- If we add once the candle closes, we run the risk of our stop being too wide, which would not guarantee a safe risk to reward.

### The Exact Rules of Stop Loss

- We place our stop below the high of the candle that breaks VWAP.

### The Exact Rules of Exit

- Exit the entire position at the break of the 9 EMA.





**Factors that Increase the probability of this trade working as expected (or better):**

- Consistency of the price action through VWAP
  - “Consistency” refers to price action that has clear, identifiable patterns and trends without too much erratic movement. Traders prefer consistent price action because it's easier to interpret and make trading decisions based on the visible patterns that show up.
- Strong news catalyst and RVOL is a plus

**The ideal times of day to take this Scalp:**

- Ideal periods to execute:
  - Morning 9:35-10:00 am EST

**When do we avoid this scalp entirely?:**

- We don't trade the short setup if we open extended above VWAP. We don't trade the long setup if we open below VWAP.