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DETECTING HIGH-VOLUME BREAKOUTS

Identify patterns in seconds 8

SWINGING NCR

A breakdown of a recent momentum swing trade 20

A SIMPLE FOREX TREND-FOLLOWING STRATEGY

A strategy need not be complicated 26

INTERVIEW

David Cox 30

WHEN NOT TO SHORT

Review this basic principle of trend trading 40

PRODUCT REVIEW

■ *2020 Superperformance Workshop With Mark Minervini*



APRIL 2021

\$6.99



2020 Master Trader Program: Superperformance Workshop With Mark Minervini

MINERVINI PRIVATE ACCESS, LLC

Product: Master Trader Program Superperformance Workshop

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Price: \$5,000

by *Leslie N. Masonson*

Over the past 37 years, Mark Minervini learned the keys to profitable trading by studying over 10,000 best-performing stock charts and developing hard-and-fast trading rules, all of which helped to catapult him from novice to supertrader. He states that his success in trading comes from following specific trading rules using simple bar charts. His methodology includes stage analysis combined with a technical/fundamental approach.

Minervini won the US Investing Championship in 1997 with a gain of 155%. Furthermore, he achieved a remarkable average return of 220% per year from 1995 through 2000—that's a 34,000% total return. He was one of the traders featured in Jack Schwager's *Stock Market Wizards: Interviews With America's Top Stock Traders*.

Minervini himself is the author of three books about his trading principles, and his latest book is on peak performance. (For more about Minervini's background and trading approach, see my interview with him in the June 2020 issue of

this magazine as well as information about him found on his website at minervini.com.)

According to Minervini, his trading approach includes pinpointing strong stocks in uptrends, buying the cream-of-the-crop highest relative strength stocks near 52-week highs, and immediately cutting losses. He avoids weak stocks and bottom-fishing.

BACKGROUND ON WORKSHOP

Minervini has hosted his Master Trader Program for the past 10 years and it's now in its 11th year, with the 2021 workshop scheduled for November 13–14 & 20–22, 2021. Due to the coronavirus pandemic, the 2020 workshop was the first one to be held in an online virtual format. (The

This 30-hour program provided Minervini's 37-year time-tested approach to successful trading and investing in the stock market.

2021 workshop is also scheduled to be virtual.) The program workshop costs \$5,000 and is designed for both new and experienced traders looking for a consistent approach to making money buying individual stocks. The workshop offers Minervini's methodology, principles, insights, and guidance.

The 2020 workshop, held in November 2020 and which I attended virtu-

ally, was sponsored by MarketSmith, an Investor's Business Daily (IBD) product, and by Minervini Private Access, a subscription-based daily live trading service for those interested in receiving up-to-the-minute stock and market analysis daily from Mark Minervini and his team in real time. The former offers an online equity-focused platform that provides analysis capabilities using the principles of William O'Neil, founder and chairman of IBD. (See my review of MarketSmith in the October 2020 issue of this magazine.)

In past years, the event was held over a concentrated three-day period in Myrtle Beach, SC. This time, in November 2020, it was a virtual event over Zoom with attendees from 65 countries. Bob Weissman from Minervini Private Access was the event coordinator. He ensured it went off smoothly, on schedule, with no glitches that I noticed.

Prior to the webinar's start, Weissman emailed attendees a 446-page workbook as a PDF file containing all of the pertinent presentation material in two volumes (Figures 1 and 2 show the key subject areas). This encompassed over 200 pages of charts, diagrams, tables, and bullet-pointed key points, rules, and more. All those attending had to agree to keep the material confidential for their own use.

The 2020 event was held over two weekends—November 14–15 and 21–22, 2020, and on one weekday, November 23, 2020. That day was

devoted to watching Minervini trade his best candidates using his disciplined rules. On the weekend days, the program ran from 9 am to about 1 pm, and was then rebroadcast later the same day from 6 pm to 10 pm for the convenience of the worldwide audience in different zones. Attendees could also choose to rewatch the later broadcast for reinforcement. These sessions were not available to attendees for viewing after November 22, nor were they available as a recording.

Questions and answers were addressed in separate sessions on November 17 and 19, with replays on November 18 and 20, respectively. This approach permitted the live weekend morning material to be presented without interruption with a predefined completion time. Additional questions were taken during the November 23rd live trading session from 8:30 am to 4:00 pm.

Minervini uses the MarketSmith platform to prepare watchlists of purchase candidates from specific scans he created, using MarketSmith's comprehensive database and analytical capabilities. Minervini highly recommends the MarketSmith platform along with his books to have a complete package

Section 1	Specific Entry Point Analysis - SEPA®	6
Section 2	Company Categories & Catalysts	8
Section 3	Valuation and Superperformance	25
Section 4	The Primary Trend – Non Negotiable Criteria	37
Section 5	Fundamentals to Focus On	59
Section 6	A Picture is Worth a Million Dollars	100
Section 7	Timing a Low Risk Entry Point	120
Section 8	The Pivot Point	146
Section 9	Time Compression	164
Section 10	Making the "Turn"	174
Section 11	The Cup Completion "Cheat" (3-C)	177
Section 12	The Natural Reaction and Tennis Ball Action	196
Section 13	Confirmations and Violations	204
Section 14	Failure Reset	228

FIGURE 1: WORKSHOP TOPICS, PART ONE. The key subjects taught in the first half of the workshop kick off with Minervini's SEPA methodology, followed by a review of fundamentals, pivot points, time compression, and the well-known cup-with-handle pattern, which was first described by William O'Neil.

Section 15	Primary Base	245
Section 16	Power Play	270
Section 17	Squats and Reversal Recoveries	303
Section 18	How to Identify a Top and Sell Rules	317
Section 19	The Base Count	318
Section 20	PE Expansion	321
Section 21	Climax Run	325
Section 22	Sell Rules	331
Section 23	50-Day Breakeven or Better Rule	341
Section 24	Daily Routine	351
Section 25	Putting it All Together	357
Section 26	Risk Management	362
Section 27	Position Sizing	415
Section 28	Post Analysis	425

FIGURE 2: WORKSHOP TOPICS, PART TWO. The second part of the workshop builds on the first by identifying bases, power plays, squats, selling rules and climaxes, the daily routine, and an emphasis on risk management and position sizing.

for the methodology. Minervini was an early user of Daily Graphs, IBD, and MarketSmith. Moreover, Minervini contributed three "trend templates" to the platform (Figure 3). Users of MarketSmith can add to Minervini's templates or develop their own criteria. Minervini designed his criteria to help identify his "power play" trade setups and "early turners" as well as to identify stocks in confirmed uptrends that meet his "stage 2" criteria.

On the workshop's weekend days, Minervini was joined by special guest instructor David Ryan, three-time US Investing Championship winner and devotee of William O'Neil. Ryan worked under O'Neil's tutelage for many years, learning about O'Neil's C-A-N-S-L-I-M method. Ryan has 45 years of market experience, so his insights were welcomed. Also joining a few of the sessions with his insights was Mark Ritchie II, a prior graduate of this program and now part of Minervini's team. According to Ritchie, he became a successful trader by following the principles taught in the program, and Ritchie was profiled in one of Minervini's books, *Momentum Masters: A Roundtable Interview With Super Traders With*

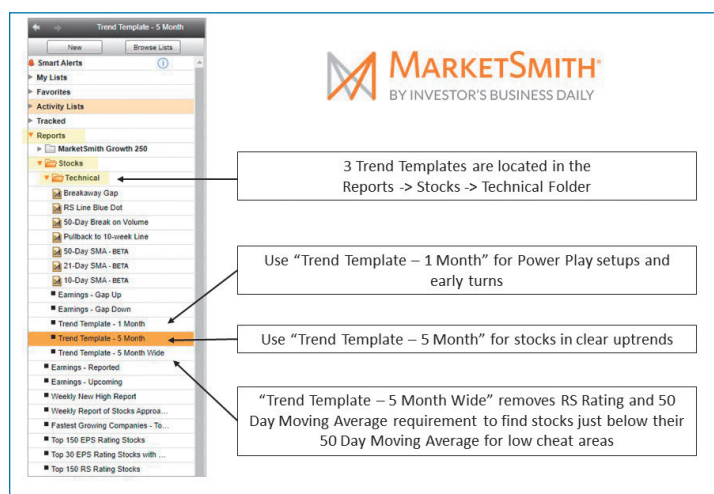


FIGURE 3: TREND TEMPLATES. Three trend templates developed by Minervini and found in the MarketSmith program can be used to help isolate the best-performing stocks meeting stringent criteria. Screens can also be customized with fundamental and technical criteria and saved as custom templates in the program.

Minervini, Ryan, Zanger & Ritchie.

On November 23 of the workshop, which was a weekday, Irusha Peiris, CMT and premium group manager at MarketSmith, joined the discussion and highlighted some of MarketSmith's features.

WEEKEND MORNING SESSIONS

Throughout the four morning weekend sessions, I found that Minervini and Ryan commented on the presentation's slides with insightful remarks. All charts displayed were in the simple open-high-low-close format from previous time periods and demonstrated the characteristics that illustrated the points they were discussing. Minervini mentioned that he prefers bar charts to candlestick charts because of their simplicity. Minervini instructed about 75% of the time with Ryan providing his input for the remainder. Their interchange was enlightening and they worked well together.

As each subject was introduced, it was explained with appropriate charts showing the concept being described. The quality of the slides in the presentation was excellent from the standpoint of readability, ease of understanding, and logical sequencing. The use of colored bar charts and MarketSmith charts using daily price bars, moving averages, volume bars, buy and sell points, stops, and other components were very helpful in quickly identifying all the key elements to consider.

Clearly, the presentation was carefully prepared beforehand to make sure the key points were all covered in a coherent fashion. I didn't experience

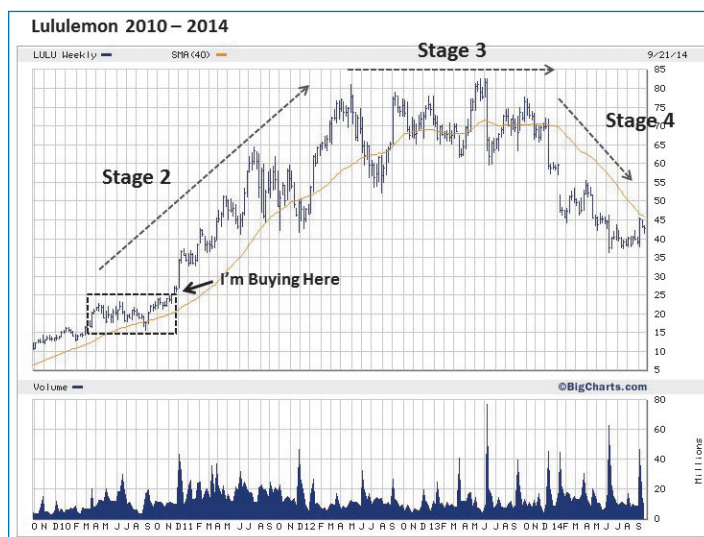


FIGURE 4: LULULEMON, 2010–2014. You can see a buy point in early December 2010 as the stock breaks out to new highs out of a multimonth base on increased volume into a stage 2 accelerating uptrend. Then LULU stalled in March 2012 (stage 3), going sideways for months before collapsed in January 2014 (stage 4).

The workshop offers Minervini's methodology, principles, insights, and guidance.

any challenges in comprehending the material and following the discussion. Since no questions were allowed during the morning sessions, the speakers were able to move at a good pace without being sidetracked.

The first weekend session on November 14 began with the introduction of the SEPA system (Specific Entry Point Analysis), which was developed by Minervini and is the basis of his trading philosophy. Its goal is obtaining big gains, minimizing risk, and maximizing compounding. The method teaches that the way to accomplish those goals is by being very selective in the stocks to purchase, employing exacting trade execution, and managing positions once they are in place. Next up was an in-depth discussion of the key characteristics of the types of companies that could be considered for purchase: market

leaders, institutional favorites, cyclicals, and turnaround situations. Thirteen charts were highlighted showing the price action of stocks in different categories. Then Minervini pinpointed the important criteria that the best and worst candidates had shown, with a focus on valuation, and with charting examples.

Considerable time was spent on the concept of the stock price maturation cycle, described as having stages 1 through 4. Minervini learned

this concept from its developer, Stan Weinstein, whom he met in 1990. How to ascertain a change in stage was clearly spelled out by providing explicit transition criteria based on the stock being above a group of moving averages and increasing higher highs in price. The importance of trading with the trend was hammered home throughout all weekend sessions.

Minervini then provided a trend template with eight key criteria to identify the "stage 2 uptrend," which he considers crucial to buying a stock at the right price. These criteria include a stock surpassing a group of four common moving averages that are above each other, being a percentage above its 52-week low, and being within a certain percentage of its 52-week high and high relative strength ranking. The chart in Figure 4 of Lululemon demonstrates a stock coming out of a base, hitting a new high and then accelerating higher, then entering stage 3, and finally, collapsing in stage 4. This template is one of the three included in MarketSmith that were developed by Minervini. Figure 3 shows how to locate the template in MarketSmith.

The next subject area focused on fundamentals, including earnings estimate revisions, the critical importance of earnings acceleration to future stock performance, breakout earnings, earnings report evaluation criteria, and earnings surprises. The importance of increasing profit margins was illustrated on charts showing price performance compared to profit margin growth. In summary, Minervini clearly explained the importance of having the earnings per share, revenue, and profit margins growing at double digit rates. The last few subjects covered at day's end were stocks emerging early from bear markets, stocks hitting new high ground, and what stock action to look at during a correction to identify early winners once the correction is over.

The second weekend session kicked off with a discussion of Minervini's signature *volatility contraction pattern* or VCP, as he coined it. This refers to a stock's price tightness on the right side of the chart just before an explosive move higher. This pattern occurs over 95% of the time, so traders need to pay attention to look for it. The VCP occurred in virtually all the greatest stock performers; that is why Minervini uses it as a bedrock principle. Supply and demand were reviewed with numerous charting examples, pinpointing the VCP and the exact buy points.

Next up was identifying pivot points (buy points) and how to time the entry, followed by how to buy at higher and higher pivot points within a base. Minervini's signature "cheat and low cheat" and key buy points were shown on multiple charts. Natural versus unnatural price reactions and bounces were explained and illustrated. The importance of holding a stock through a normal shakeout was explored so that large gains are not missed. The four key points about bullish confirmation

signals and breakout criteria were depicted in multiple charts.

Bearish signal criteria were then explored with examples to show traders how to become aware of these negative market signals. The commonalities of the bearish action on all the charts were made crystal clear.

The November 21st morning session covered multiple topics including how to identify a primary base after an IPO (initial public offering), the power play (which is an explosive move on big volume due to news of some kind), squats (a breakout attempt), and reversal recoveries. Minervini mentioned that he has 20,000 pages of model books of the best-performing stocks and IPOs,

The last weekend day's session covered the critical topic of risk vs. reward in depth and turned out to be the icing on the cake of all the formal presentations.

and has ingrained the key patterns in his head (since they are similar) so that he instantly recognizes them on current charts.

Ritchie participated in this session as a speaker. He provided his own insights on how he trades the market following Minervini's principles.

A list of seven specific sell rules were provided so that traders can identify stocks topping. This is critical to not overstay your welcome as the market can change direction with violent moves down when the good times end. This encompasses counting the number of bases in the stage 2 run-up, climax price action, reversals, churning, and volume considerations, among others.

General rules for selling or reducing a swing trade were provided with separate rules on selling into strength or weakness. Moreover, this was followed by a discussion of 17 sell alert criteria to be cognizant of. Then Minervini's daily routine was discussed, focusing on evening preparation screening and handling the upcoming pre-market. The end-of-the-day segment was titled "Putting it All Together," which brought home the key points of the day.

The last weekend day's session on November 22, 2020, covered the critical topic of risk vs. reward in depth and turned out to be the icing on the cake of all the formal presentations. I felt as though this in-depth session conducted by Minervini alone was worth the price of admission. Many traders fail to understand or manage their risk controls, leading to poor results.

Here, Minervini covered the subject of buy and sell rules, the climax run, the daily routine, controlling your trade, monthly trade tracking, win/loss ratios, stop management, tracking your trading results, building position size and guidelines, using a trading report card, trading and contingency planning, 14 key trading rules, and finally, eight keys to superperformance.

TRADING DAY

As mentioned, the only weekday of the workshop was dedicated to live trading examples. For this session, which was on Monday, November 23, 2020, from 8:30 am to 4 pm, Minervini projected an eSignal screen with multiple watchlists, buy alerts, key market averages, and some ETFs. The first trade made was in a TD Ameritrade account that displayed with a \$1 million balance. He used an additional screen (which wasn't displayed) for execution via a TradeStation account.

After commenting on each section of the screen and its data origins, he waited for the market open to assess the opening activity and to identify any buying opportunities, which would be stocks on his lists that are coming out of bases and are big movers. As the day progressed, Minervini made a number of purchases that worked out well and one or two that he closed out with small losses. Overall, he had a positive day. He was clearly robotic in his trade management and execution, that is, he followed his entry and exit rules exactly. No emotion was evident, even with a 25% gain on GRAY from an early morning entry on that day. True to his described methodology, he seemed to wait for the right time and then acted. He stated that if no trades meet his criteria he does not trade, and he mentioned that happens some days. He does not force trades for the sake of trading.

David Ryan, Mark Ritchie II, and Irusha Peiris all participated to some extent in the day's event with Minervini leading the commentary. He answered additional attendee questions during slow periods in the market and stressed the importance of following the rules and not forcing a trade. He also commented that trading is all about skill and timing and that a trader should become a specialist in learning how to use MarketSmith in combination with the principles taught during the two weekend sessions. He stressed that it's not necessary to use indicators such as stochastics or MACD or even candlesticks. He stated that using bar charts and keeping it simple does the job.

Peiris gave a short tutorial on weekly charts, and Ryan described the CANSLIM approach with some chart examples, then pinpointed a few features of MarketSmith that he found most useful, such as being on

the lookout for the “blue dot” feature on a chart during a bear market to pinpoint a potential bottom, and looking for stocks with new highs on the relative strength line.

Minervini spent time reviewing his parameters for a number of his stock screens. He showed one screen with his specific criteria for earnings per share, sales and profit margin acceleration, relative strength rating, minimum current price, percent off price high, and average volume of a certain time period.

Ryan spent time spelling out how he goes about selecting a stock, the criteria he uses, and what he has learned about trading discipline. He urged attendees to not give up

I found that the Master Trader Program Superperformance Workshop provided the methodology necessary to be profitable.

on stock trading just because they had a few losing trades. Instead, he suggested keeping those stocks on a watchlist to see if they become buyable candidates if they meet the rules. He mentioned that every trader should keep a logbook of trades and concentrate on what they did wrong so that corrective action can be taken. Otherwise, the same mistakes will be made over and over again. According to Minervini and Ryan, emotions must be taken out of the equation or the process won't work.

QUESTION & ANSWER SESSIONS

Each of the weekend morning sessions produced hundreds of questions from attendees, with many that could not be answered because

of the volume. They were addressed in separate sessions between the two weekends. Weissman selected and read the questions and Minervini and/or Ryan responded. The questions were restricted to the subjects previously discussed in each morning session, since many other questions would likely be answered by the end of the last day.

Many of the questions from attendees posited hypothetical situations that wouldn't be under consideration as a possible trade in Minervini's method since they did not meet the criteria that were set. Ryan bluntly underscored this principle when he said: “Never buy a stock in a stage 4 downtrend.”

ASSESSMENT OF WORKSHOP

In total, this 30-hour program provided Minervini's 37-year time-tested approach to successful trading and investing in the stock market. Even though roughly half of his trades lose money, the other half are winners, which more than makes up for the losses. He shows how he tilts the odds to at least 2:1 upside with appropriate risk management techniques. His key to success is securing relatively large profits on the winners while keeping the losers small.

The entire Minervini methodology is provided in this program with nothing held back. Anyone new to trading, as well as experienced traders who are not performing to the level they wish, could benefit from this workshop. He emphasizes that there is no “holy grail” to impart. Minervini recommends that those traders following his approach should not try to change his rules or weave in contradicting strategies from outside sources, as this will not only dilute the method but may even result in unfavorable results.

Although the \$5,000 price of this program is substantial, most traders

will lose much more than that over a trading lifetime or even on just one trade, and that can be weighed against the value provided, which in my view is substantial. Interestingly, a number of attendees have repeated the workshop six or seven times over the years, even though they are already very good traders, according to Minervini. It suggests they find value in the workshop and use it to reinforce their skills. Minervini reminds us of the importance of skill reinforcement and that learning the nuances can have good payoffs.

I have attended many expensive trading programs over the last 30 years, and I found that most do not provide the value or content expected. And certainly, they typically did not provide a complete program with all the nuts and bolts needed to master the markets. I found the Master Trader Program Superperformance Workshop to be an exception, as it provided the entire methodology necessary to potentially be profitable. It does this by laying out all the essential steps, rules, buy and sell criteria, selection screening variables, and rationale that any novice or experienced trader can implement and work to replicate—as long as

The entire Minervini methodology is provided in this program with nothing held back.

they keep their emotions out of the equation.

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