

# A method for creating a watchlist

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## What I use

- eIBD
- MarketSmith
- eTables
- Leaderboard
- [www.investors.com](http://www.investors.com)
- excel

# Am I right?

- The methods I utilize came from more experienced investors. I use what other master traders do.
- If an experience trader says liquidity should be greater than \$10M per day, that's what I use.
- I have not back tested.
- I have a full-time job.
- I try to be consistent with the approach and do not change metrics or approach week to week.
- I am attempting to learn and conquer HTTMIS.
- I continually read the HTTMIS group of texts.
- My WL routine takes approximately 2 hours per week. I think if you don't have 2 hours per week to invest, you should not be trading yourself.

# Goals

- To cut the ~8000 stocks into a manageable list of stocks with tip top fundamentals
- To assemble a watch list each weekend
- To keep track of the process
- To leave an audit trail
- In doing the above, attempt to be time efficient and as automatic as possible
- If a stock makes my WL, I buy if the BP is reached.
- Can use manual orders, or enter Buy Stop/Buy limit orders with the broker
- Download eIBD each issue and save, so I can go back 3-4 years to view an issue in the audit period

# Do what you do

- Each of us is brilliant, or not
- Each follows their own path
- Each can use my system, and come up with different watch list candidates
- Do what is comfortable
- Do what allows you to sleep at night
- I have a full-time job so I need to be as mechanical as I can
- Listen to Lee Tanner's national show, which suggests having rules
- Follow your own rules, even if you have not back-tested
- Do not watch the talking heads
- Be careful of blogs/listserves. The danger is that you will be like a one-eyed dog in a meat market. Stay focused on your watch list

# Create omnibus list (10-15 min)

- In excel
- Collect only symbols. No data needed at this point.
- Sources:
- eIBD:
- Your Weekly Review

# Additional Sources

- From MS eTables and Leaderboard:
- LB
- IBD 50
- IBD 85/85
- Top IPO
- Many others are available in MS but these are the ones I use

# MS Screens - WON

Waterfall Summary	<input checked="" type="radio"/> Text <input type="radio"/> Graphic	Input	Remaining
MarketSmith Database	(Change)		7,176
EPS Rating		≥ 40	3,091
RS Rating		≥ 50	1,791
Current Price		≥ \$5	1,676
50-Day Avg Vol (1000s)		≥ 200	1,080
Pre-tax Margins		≥ 10%	645
ROE		≥ 10%	505
EPS % Chg Last Qtr		≥ 20%	222
Sales % Chg Lst Qtr		≥ 15%	131



# MS Screens – Super Stock

Waterfall Summary	<input checked="" type="radio"/> Text <input type="radio"/> Graphic	Input	Remaining
MarketSmith Database	(Change)		7,173
Current Price		≥ \$15	2,896
Comp Rating		≥ 90	433
ROE		≥ 25%	112
EPS Rating		≥ 95	37
50-Day Avg \$ Vol (1000s)		≥ 10000	31

# MS Screens – Growth 250 modified

Waterfall Summary	<input checked="" type="radio"/> Text <input type="radio"/> Graphic	Input	Remaining
MarketSmith Growth 250 (Change)			223
Current Price		≥ \$10	223
Up/Down Vol		≥ 1	178
EPS % Chg Last Qtr		≥ 20%	122
Comp Rating		≥ 90	108
Ind Group RS		A B	76
RS Line New High		Yes	6
50-Day Avg \$ Vol (1000s)		≥ 10000	5

# MS Screens – IPO w EPS

Waterfall Summary	<input checked="" type="radio"/> Text <input type="radio"/> Graphic	Input	Remaining
MarketSmith Database	(Change)		7,173
Sales % Chg Lst Qtr		≥ 35%	670
EPS % Chg Last Qtr (-/+)		≥ 50%	306
IPO Date		≥ 2012	67

# MS Lee Very Tight

Waterfall Summary	<input checked="" type="radio"/> Text <input type="radio"/> Graphic	Input	Remaining
MarketSmith Database (Change)			7,173
EPS Rating		≥ 95	250
RS Rating		≥ 70	143
Ind Group RS		A B C D	141
SMR Rating		A B	113
A/D Rating		A B C D	109
EPS % Chg Last Qtr		≥ 25%	89
EPS % Growth 3 Yr		≥ 25%	54
Sales % Chg Lst Qtr		≥ 25%	33
Current Price		≥ \$10	31
50-Day Avg Vol (1000s)		≥ 200	24
AT Margin		≥ 10%	20
Pre-tax Margins		≥ 18%	16
ROE		≥ 17%	12

# MS Lee – Accelerating

Waterfall Summary	<input checked="" type="radio"/> Text <input type="radio"/> Graphic	Input	Remaining
MarketSmith Database	(Change)		7,173
EPS Rating		≥ 80	995
EPS % Chg Last Qtr		≥ 15%	719
EPS Accel 3 Qtrs		Yes	173
Sales Accel 3 Qtrs		Yes	93
Current Price		≥ \$12	85
50-Day Avg Vol (1000s)		≥ 200	47
Comp Rating		≥ 80	38
Pre-tax Margins		≥ 8%	31
ROE		≥ 8%	29

# MS Lee – High ROE+PTM

Waterfall Summary	<input checked="" type="radio"/> Text <input type="radio"/> Graphic	Input	Remaining
MarketSmith Database	(Change)		7,173
EPS Rating		≥ 40	3,090
RS Rating		≥ 50	1,790
Current Price		≥ \$5	1,677
50-Day Avg Vol (1000s)		≥ 200	1,080
Pre-tax Margins		≥ 10%	645
ROE		≥ 10%	506
EPS % Chg Last Qtr		≥ 20%	223
Sales % Chg Lst Qtr		≥ 15%	133

# Sources - MS Screens (5 min)

- From MS screens:
- Modified:
- William O'Neil (standard MS)
- Created, with thanks to those on whose shoulders I stand:
- Super Stock
- Growth 250
- IPO with EPS
- Lee Accelerating
- Lee Very Tight
- Lee ROE PTM

# What to do with omnibus? - 2 min

- The list is my population for watch list creation
- It has duplicates/triplicates
- I can get a feel for the total numbers, but keeping track weekly of how many stocks are on the list. Generally between 600-700
- Copy the symbols into a new MS List, labeled 2014 8 8 Omnibus (this naming format allows easy searching)
- MS eliminates duplicates, generally ~300 left



# Omnibus history

	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W	X
1																				
2	7-Feb	14-Feb	21-Feb	28-Feb	7-Mar	14-Mar	21-Mar	28-Mar	25-Apr	23-May	6-Jun	13-Jun	20-Jun	27-Jun	11-Jul	18-Jul	25-Jul	1-Aug	Aug 1 IPO	
3																				
4																				
5	543	488	598	637	624	599	590	519	526	544	585	565	559	564	583	685	784	771	103	
6	259	270	270	280	275	264	271	258	283	271	292	281	276	272	279	364	360	366	99	
7	58	47	11	46	39	48	49	41	41	29	32	43	30	50	18	44	35	11	11	
8																11	11			
9																				
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# MS Power form

- MS allows us to create columns in whatever order we want
- My Power xls will not work unless the identical MS fields are selected
- I have additional fields in the Power.xls that massages MS data
- Unless the MS columns are in the same order and identical to mine, the Power xls will not work

# Then what? (2 min)

- Select my Power form columns in MS
- Export list to excel.
- Copy columns into the power form xls.
- See how many stocks pass my criteria

# What excel will look like

P230    fx =IF(AND(OR(AND(J230>30,G230>=25),AND(J230>20,G230>=50),AND(J230>10,G230=100)),(AND(F230>=20,I230>=20,E230>=15,K230>=10000))),"Y"," ")

A	B	C	D	E	F	G	H	I	J	K	M	N	O	P	R	S	T	U	V	X	Y	Z	AF	AG		
														11	1	0										
id	Group	Rar	Comosite	SMR	Debt	Sales Last Qtrr	Current Qtrr EPS	Last Quarter EPS	Prior Quarter EPS	Current Year EPS	ROE Plus PTM	Liquidity	3 Qtr Accel EPS	ROE	PTM	SNC criteria?	Put on Watchlist	Base Stage	Length	Depth	Type	Notes	EPS Due Date	Buy Point	Order	Symbol
7	99	A			119.2	38	28	26	18	33	73	126,084	0	27.7	45.3	Y	N	5				5th stage			8	CLR
7	99	A			38.3	22	30	56	23	38	41.6	455,489	0	15.7	25.9	Y	N	3	6	10	Flat	E		115.39	10	EOG
6	99	B			87.3	37	46	106	13	51	20.1	53,429	0	14.5	5.6	Y	N					E			14	GBX
6	99	A			124.5	39	25	91	211	64	30.1	199,391	0	16.6	13.5	Y	N					E			15	TRN
13	99	A			0	22	30	82	28	28	32.6	26,103	1	15.8	16.8	Y	N					E			21	ZBRA
12	99	A			0	47	70	100	58	51	41.1	54,360	0	21.4	19.7	Y	N					E			27	BITA
12	99	A			1.5	61	60	121	183	84	63.9	3,195,946	0	16.2	47.7	Y	N					E			28	FB
16	97	A			5.7	22	28	52	58	39	40.1	89,708	0	21.2	18.9	Y	N					E			29	CAVM
16	99	A			0	19	33	54	129	53	32.8	18,682	0	14.1	18.7	Y	N					E			30	MPWR
22	99	A			221.4	90	124	67	31	92	70.1	109,749	1	34.3	35.8	Y	N					E			34	SLXP
17	99	A			26.2	31	57	70	167	24	32.4	51,350	0	23	9.4	Y	N					E			36	THRM

# My criteria in columns

- Group rank A
- Sales last qtr E
- Current qtr F
- Eps last qtr G
- EPS 2 qtrs ago H
- Current year EPS I
- ROE PTM total J
- Liquidity K

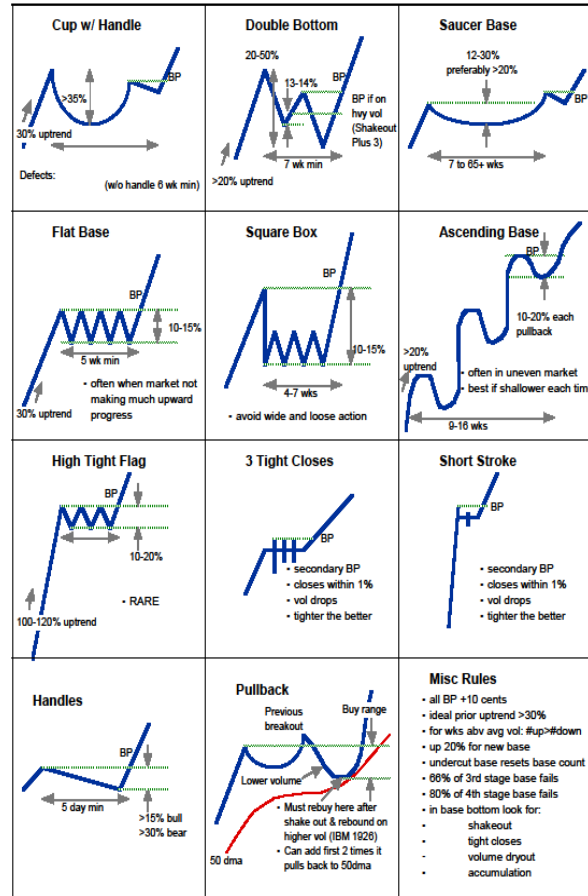
# My criteria

- Current quarter EPS >20%
- Annual quarter EPS>20%
- Sales growth recent quarter >15%
- Liquidity of \$10M per day (price x 50 day avg volume)
- Industry Group rank < 40 (old rule, I now have no minimum)
- Different combinations of Return on Equity + Pre-Tax Margin depending on EPS (the lower the ROE+PTM the higher the EPS requirement)

# Then (5 minutes)

- Export symbols to new MS list 2014 8 1 Six Pack
- I use two monitors, the one on the right for MS, the one on the left for excel with Power 2014 8 1 open.
- I tab through the weekly charts on those that made my criteria, to see which have buyable bases.
- I have column X for my notes. E is the default, for “extended”. That to me means it is not a buyable base
- I flag those with buyable bases

# Use cheat sheet to examine bases





# Tab through each weekly chart again

- To more closely examine the buyable base
- [www.investors.com](http://www.investors.com) for articles
- [www.investors.com](http://www.investors.com) new enhanced quote page is chock full of good info, all on one screen (<http://research.investors.com/quotes/nyse-vipshop-holdings-ltd-ads-vips.htm?fromsearch=1>)
- Go to earnings site for earnings history, notes
- Make notes in column X for audit

# Why notes for audit?

- For post analysis and look back to see why a stock was, or was not, on my watch list
- In particular, note the specific reasons I did not include a particular stock
- It eliminates emotion if I have a reason

# Copy into Comparative Worksheet

- Enter symbol in column E in cel E2
- Enter buy point (pivot) at E13
- B1, B2 and B3 will be calculated
- Relevant metrics are in red and green
- Examine
- Enter buy point/alert in brokerage

# Top portion of Comparative

Power Watchlist		Report Date: 8/9/2014									
	EOG										
ROE Plus PT Margin	42	*	*	*	*	*	*	*	*	*	*
Liquidity Rating	A	*	*	*	*	*	*	*	*	*	*
Leaderboard											
Sector Leader											
Box											
Combo									2	1	
Base Stage									1	1	
RS+ EPS	185	*	*	*	*	*	*	*	*	*	*
Earnings Date	08-05-2014	*	*	*	*	*	*	*	*	*	*
ROEPTM	42	*	*	*	*	*	*	*	*	*	*
Buy Point	115.39	58.09	18.05	107.23	28.90				29.55	402.35	
Buy +2%	118.27	56.50	18.50	109.91	29.62				30.29	412.41	
Buy +5	121.16	60.99	18.95	112.59	30.35				31.03	422.47	
Stop	107.31	54.02	16.79	99.72	26.88				27.48	374.19	
Stop	110.00	52.55	17.21	102.22	27.55				28.17	383.54	
Stop	112.68	56.72	17.63	104.71	28.22				28.86	392.89	
<b>Fundamental Rating</b>	S										
<b>Quarterly Earnings</b>											
EPS AVG Last 3 Quarters	37	*	*	*	*	*	*	*	*	*	*
QTRTRY EPS% Est. Cur.	30	*	*	*	*	*	*	*	*	*	*
QTRTRY EPS% Recent 1	56	*	*	*	*	*	*	*	*	*	*
QTRTRY EPS% Recent 2	23	*	*	*	*	*	*	*	*	*	*
QTRTRY EPS% Recent 3	33	*	*	*	*	*	*	*	*	*	*
QTRTRY EPS% Recent 4	81	*	*	*	*	*	*	*	*	*	*
Acc. Earnings	2	0	0	0	0	0	0	0	0	0	
<b>Annual Earnings</b>											
EPS AVG Last 3 Years	44	*	*	*	*	*	*	*	*	*	*
EPS YRLY Est. 1	#NAME?	14	*	*	*	*	*	*	*	*	*
EPS Current Year	38	*	*	*	*	*	*	*	*	*	*
EPS Recent Year 1	45	*	*	*	*	*	*	*	*	*	*
EPS Recent Year 2	49	*	*	*	*	*	*	*	*	*	*
<b>Quarterly Sales</b>											
Sales Accel 3 Qtrrs	No	*	*	*	*	*	*	*	*	*	*
Sales Accel 2 Qtrrs	No	*	*	*	*	*	*	*	*	*	*
Sales Last Qtrr	22	*	*	*	*	*	*	*	*	*	*
Sales Avg Last 2 Qtrrs	23	*	*	*	*	*	*	*	*	*	*
Sales Avg Last 3 Qtrrs	#NAME?	22	*	*	*	*	*	*	*	*	*
Sales Avg Last 4 Qtrrs	#NAME?	25	*	*	*	*	*	*	*	*	*
Sales Avg Last 5 Qtrrs	#NAME?	24	*	*	*	*	*	*	*	*	*
<b>Annual Sales</b>											
Sales Last Year	24	*	*	*	*	*	*	*	*	*	*
<b>ROE</b>											
ROE Recent Year 1	16	*	*	*	*	*	*	*	*	*	*
ROE 5 Year Avg	10	*	*	*	*	*	*	*	*	*	*
<b>Margins</b>											
AT Margin Accelerating	No	*	*	*	*	*	*	*	*	*	*
AT Margin Recent Qtrr 1	19	*	*	*	*	*	*	*	*	*	*
AT Margin Recent Qtrr 2	17	*	*	*	*	*	*	*	*	*	*
AT Margin Recent Qtrr 3	17	*	*	*	*	*	*	*	*	*	*

# Bottom portion of Comparative

<b>Cash Flow</b>										
Cash Flow vs EPS Rct Q	195	*	*	*	*	*	*	*	*	*
Cash Flow vs EPS Rct Year	226	*	*	*	*	*	*	*	*	*
<b>TECHNICAL RATING</b>										
<b>Supply/Demand/Other</b>										
A/D Rating	#NAME? C	*	*	*	*	*	*	*	*	*
Up / Down Volume	1.4	*	*	*	*	*	*	*	*	*
RS Rating 3 Month	59	*	*	*	*	*	*	*	*	*
RS Rating 6 Month	88	*	*	*	*	*	*	*	*	*
RS Line New High Ground	No	*	*	*	*	*	*	*	*	*
Avg Volume (000)	#NAME? 2,743	*	*	*	*	*	*	*	*	*
Stock Price	#NAME? 109.44	*	*	*	*	*	*	*	*	*
Percent off of 52 week high	-7.95	*	*	*	*	*	*	*	*	*
IPO Date	10-03-1989	*	*	*	*	*	*	*	*	*
Management Ownership	1	*	*	*	*	*	*	*	*	*
<b>Institutional Sponsorship</b>										
% Increase in Fund Own	#NAME? 2	*	*	*	*	*	*	*	*	*
Number of Funds	#NAME? 2003	*	*	*	*	*	*	*	*	*
Sponsorship Rating	C	*	*	*	*	*	*	*	*	*
<b>Industry Group</b>										
Industry Group	0180...US Exp(Ind...)	*	*	*	*	*	*	*	*	*
Industry Group Rank	7	*	*	*	*	*	*	*	*	*
Industry Group Grade	A+	*	*	*	*	*	*	*	*	*
Sector	ENERGY	*	*	*	*	*	*	*	*	*
<b>O'Neill Ratings</b>										
Composite	99	*	*	*	*	*	*	*	*	*
EPS	93	*	*	*	*	*	*	*	*	*
RS	92	*	*	*	*	*	*	*	*	*
SMR	A	*	*	*	*	*	*	*	*	*
<b>Other</b>										
Shrt Int as % of Float	1	*	*	*	*	*	*	*	*	*
Avg Vol / Float	0.5	*	*	*	*	*	*	*	*	*
IBD Article	..	*	*	*	*	*	*	*	*	*
Liquidity	2745	*	*	*	*	*	*	*	*	*
Short Volume	1182716	*	*	*	*	*	*	*	*	*

# IPO Power excel

- My usual liquidity minimum is \$10M per day
- I was concerned about missing an IPO whose liquidity did not meet that minimum but still be buyable if in an IPO base
- I created a second power excel, eliminating the liquidity requirement, but leaving the rest of the criteria in place

# Learn from the best

- Continue to follow your routine,
- Keep reading IBD materials,
- Keep listening to experienced investors like Lee Tanner, Mike Scott, and others on the IBD radio show
- Check out files posted at leading IBD meetup sites, such as Petaluma, Thousand Oaks, Marin and San Francisco
- If questions, email me at [subrostud@outlook.com](mailto:subrostud@outlook.com) and I'll try to get to each one

# Goal

- 25% gain/7% loss or
- 20% gain/5% loss or
- 15% gain/4-5% loss
- Hold for 40 trading days, even if goal is reached
- If 5 positions, and each turns over 4 x year, then 40% to 60% quite doable



## What I use

- eIBD (\$269/yr)
- MarketSmith (\$999/yr)
- eTables (\$139/yr)
- Leaderboard (\$699/yr)
- [www.investors.com](http://www.investors.com) (no cost)
- Excel (most people have)
- Total: \$2106