



VectorVest[®], Inc.

*A Tactical Swing Trading Strategy
Using The Guppy*

A Tactical Trading Strategy Using The Guppy

What We Will Cover

1. What Is Guppy Multiple Moving Average Trading System?
2. How to Add the Guppy Multiple Moving Averages to Your Graphs.
3. A Complete Tactical Trading Strategy for High Probability Entries.

A Tactical Trading Strategy Using The Guppy

The Guppy System

What is the Guppy?

The Guppy indicator was created by Daryl Guppy, an Australian financial writer and author.

It comprises Multiple Moving Average bands representing two types of investors, short-term traders and long-term investors.

He called his indicator the Guppy Multiple Moving Averages or GMMA.

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Why I Love The Guppy

- ✓ **Clearer Trends.** Decisions are based **on just one simple, visual graph pattern**, so you can focus on the best stocks that are truly in play.
- ✓ **Safer Entries.** Guppy practically forces you to wait for the best trade setups – **Traders and Investors must be in agreement.**
- ✓ **Faster, Higher Returns.** Guppy is designed to deliver **higher returns in shorter periods of time** – a few days or a few weeks.
- ✓ **Maximize Your Runners.** Guppy graphs filter out the noise so you can **let your winners run safely** with a pre-set, line-in-the sand SELL Rule based on Moving Averages.

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Who Is This Type of Swing Trading For?

- Traders still working a regular day job.
- Traders who don't want to be tied to a computer all day.
- Traders with smaller margin accounts who want to accelerate their retirement portfolios.
- Traders who prefer a slower mindset than day-trading but are seeking faster action and quicker results than buy and hold.

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A Trend Following System

Gain a directional edge in the market:

“Wall Street ‘experts’ consistently say you can't time the market. But VectorVest times the market and we do it quite well, thank you. We don't predict the market. We track and analyze it. **We are trend followers.** We decide what to do based on fact, not guesswork.”

- Dr. Bart DiLiddo, VectorVest Founder

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The Guppy System

Key Concept

“Multiple Moving Averages captures the character of the trend and the relationship between two dominant forces in the market – traders and investors.”

- Daryl Guppy, Creator of Guppy Multiple Moving Averages and Author of Trend Trading

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What is the GMMA Indicator?

Two Moving Average bands are plotted on the price graph.

- A band of six ***fast*** Moving Averages represents the price behaviour of **short-term traders**.
- A band of six ***slow*** Moving Averages represents the price behaviour of **long-term investors**.

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Key Concept

Daryl Guppy's logic behind the use of GMMA from his book titled, Trend Following:

- **Traders** always lead the change in trend. Their buying pushes up prices in anticipation of a trend change. The trend only survives if other buyers come into the market (long-term Investors). Short term (fast) moving averages are used to track the traders' reasoned activity: 3-5-8-10-12-15
- **The Investor** takes more time to recognize the change in a trend, but eventually follows the lead set by the traders. Long-term moving averages (slow) are used to track the investors' reasoned activity: 30-35-40-45-50-60

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Our Graph Setup

- **Price** – we start with price off to filter out the noise, then toggle it on to confirm price and any candlestick patterns
- The **Short-term (fast)** exponential moving averages (**EMA's**) are: 3-5-8-10-12-15
- The **Long-term (slow)** exponential moving averages (**EMA's**) are: 30-35-40-45-50-60
- **RT** – 40-day Simple Moving Average
- **Volume** and **50 MA of Volume**; breakouts on high volume give fewer false signals
- **EPS** – toggle on and off; trade only the best

What Is The Guppy System?

Graph Set-up:

Short-term Band – Traders

3-EMA

<input checked="" type="checkbox"/>	<input type="checkbox"/>	EMA Price (3)
<input checked="" type="checkbox"/>	<input type="checkbox"/>	EMA Price (5)
<input checked="" type="checkbox"/>	<input type="checkbox"/>	EMA Price (8)
<input checked="" type="checkbox"/>	<input type="checkbox"/>	EMA Price (10)
<input checked="" type="checkbox"/>	<input type="checkbox"/>	EMA Price (12)
<input checked="" type="checkbox"/>	<input type="checkbox"/>	EMA Price (15)

5-EMA

8-EMA

10-EMA

12-EMA

15-EMA

Long-Term Band - Investors

30-EMA

35-EMA

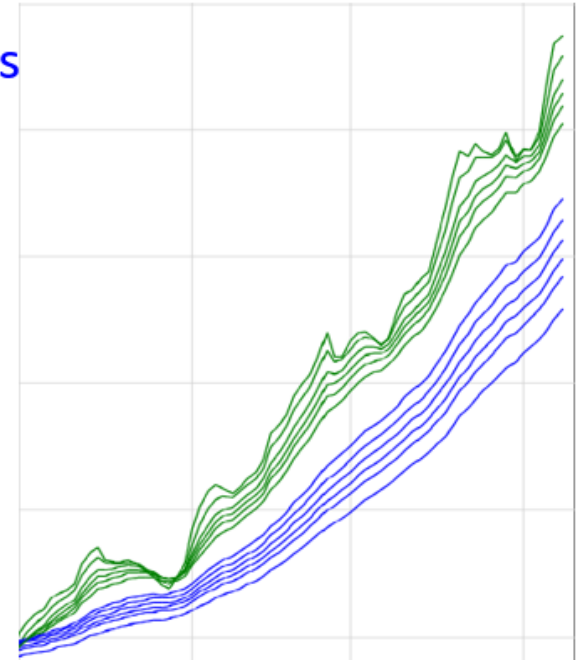
40-EMA

45-EMA

50-EMA

60-EMA

<input checked="" type="checkbox"/>	<input type="checkbox"/>	EMA Price (30)
<input checked="" type="checkbox"/>	<input type="checkbox"/>	EMA Price (35)
<input checked="" type="checkbox"/>	<input type="checkbox"/>	EMA Price (40)
<input checked="" type="checkbox"/>	<input type="checkbox"/>	EMA Price (45)
<input checked="" type="checkbox"/>	<input type="checkbox"/>	EMA Price (50)
<input checked="" type="checkbox"/>	<input type="checkbox"/>	EMA Price (60)



What is the Purpose of the GMMA?

It gives us a greater depth of information.

It is used in technical analysis to identify changing trends.

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Why Multiple Moving Averages?

Gives us precise information about price trend and the relationship between Traders and Investors.

Why the 40-Moving Average of RT?

Confirms the direction, momentum and magnitude of price moves. Avoid false signals.

Why Earnings Per Share?

Price follows earnings. VectorVest graphs allow us to see a forward-looking EPS trend.

A Tactical Trading Strategy Using The Guppy

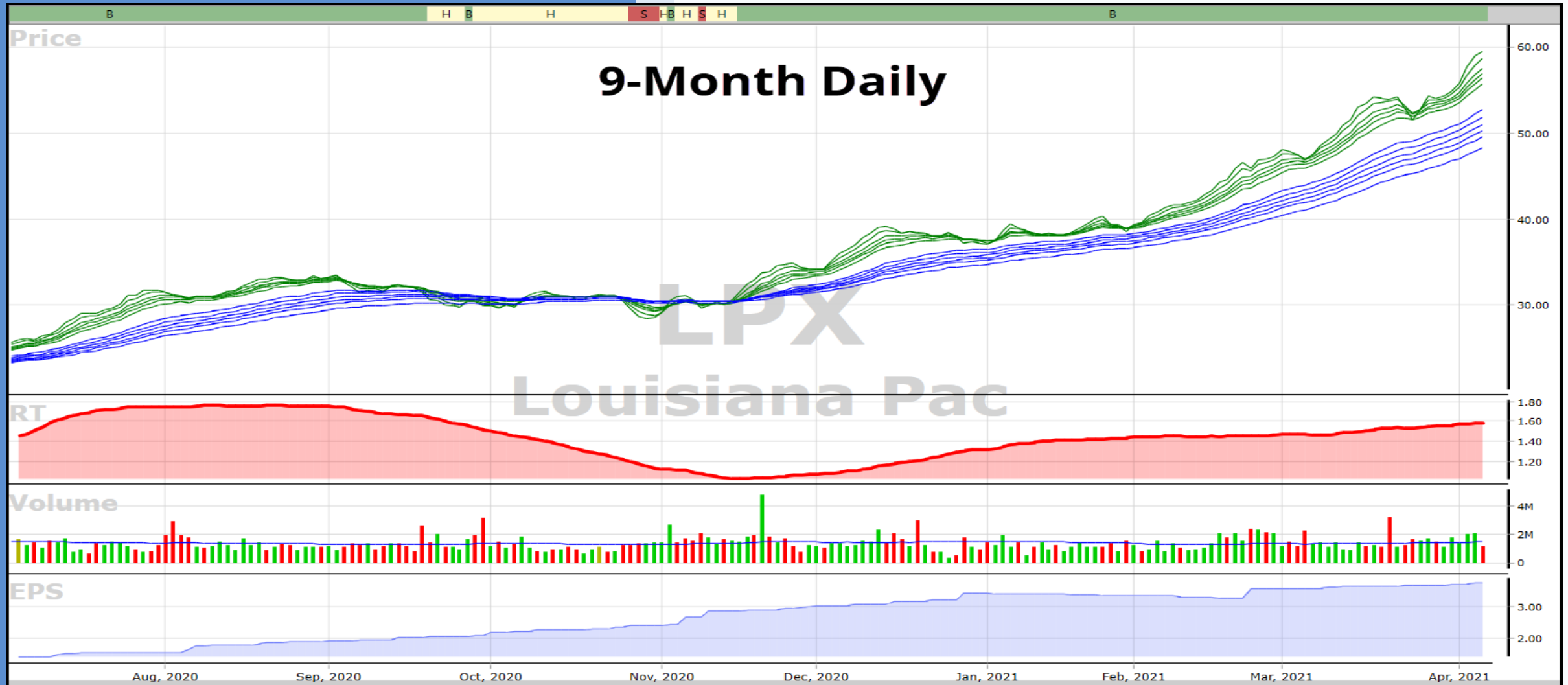
Trading Guidance

- Trade in the direction of the Traders when the fast EMAs have crossed above the slow Investors EMAs.
- When Traders bands narrow and compress, prepare for a change in trend.
- The slow Investors band confirms the overall trend direction. Watch for contractions of the Traders band moving into and above the Investors band for entries or adding shares.
- Wait for additional confirmation with rising 40-MA of RT, EPS, and Volume.



This is your setup.

The Guppy System



A Tactical Trading Strategy Using The Guppy

Buy and Sell Rules

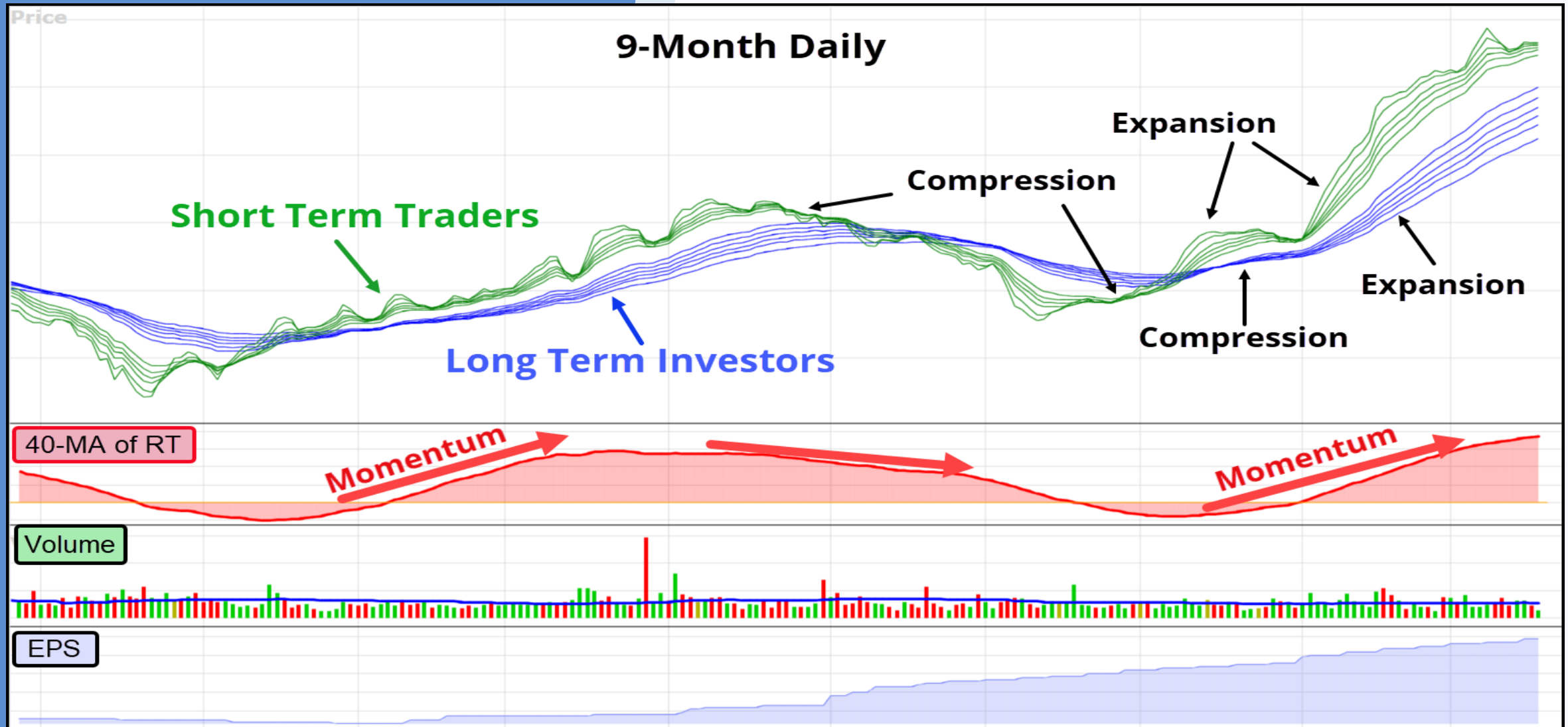
Buy Rules

1. The Trader band has crossed above the Investor band, and they have started to separate and fan out.
2. The 40-MA of RT is rising.
3. The Market is in an uptrend ie. DEW.

Sell Rules

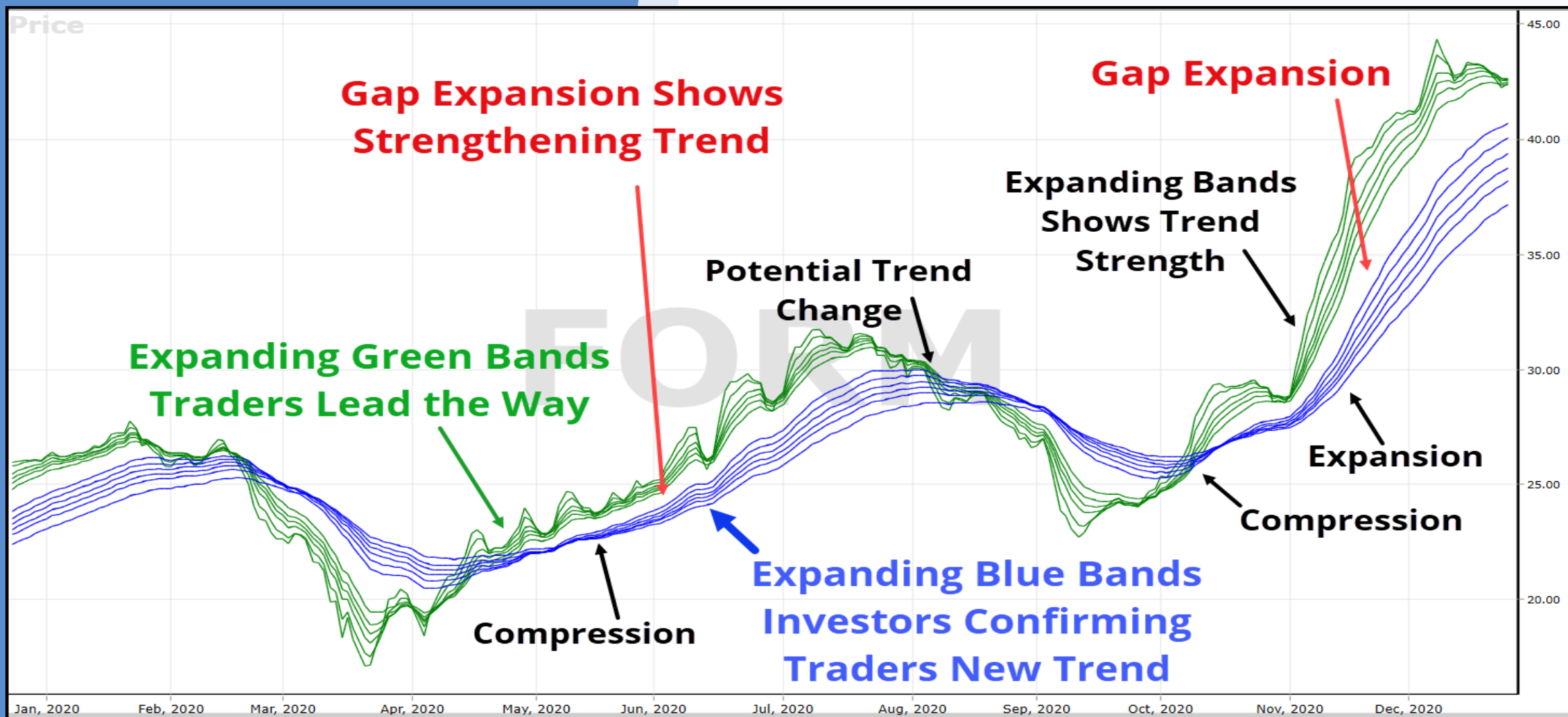
1. **Early** - Sell when the Trader EMAs have squeezed together and started to fall, and if there is no separation or “gap” between the Trader and Investor bands, especially when the 40-MA of RT is falling.
2. **Line in the Sand – Always Sell** when one or more of the Trader EMAs have crossed below the Investor EMAs.

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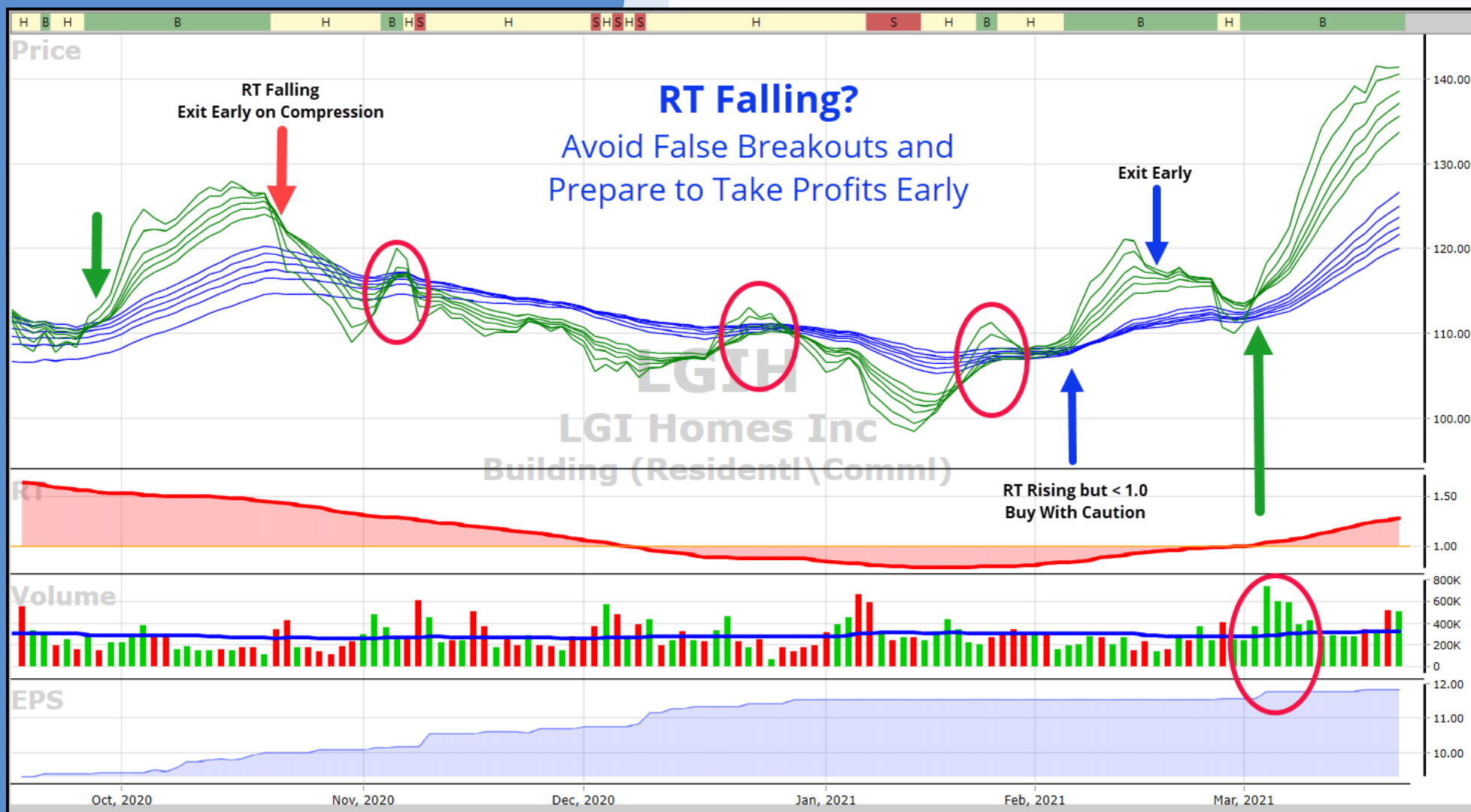


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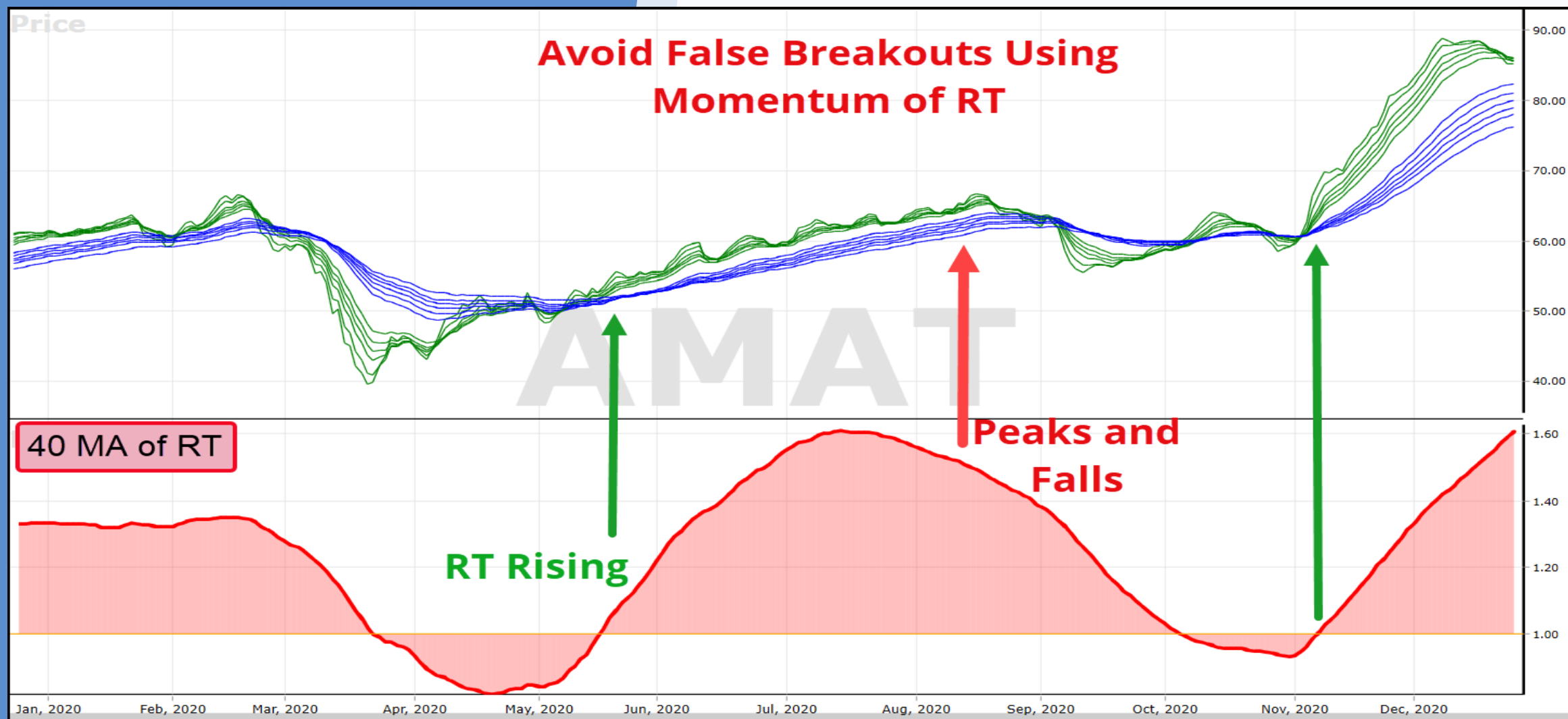


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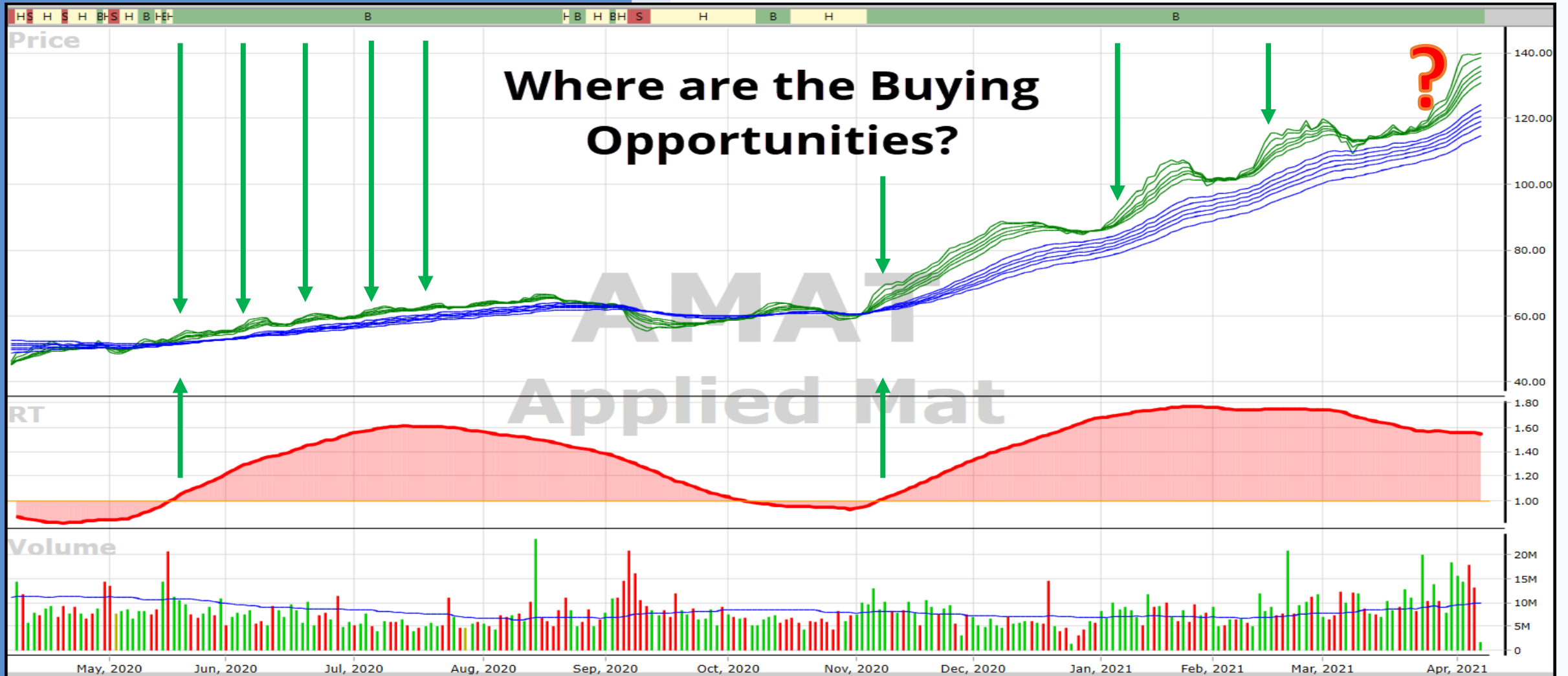


The Guppy System





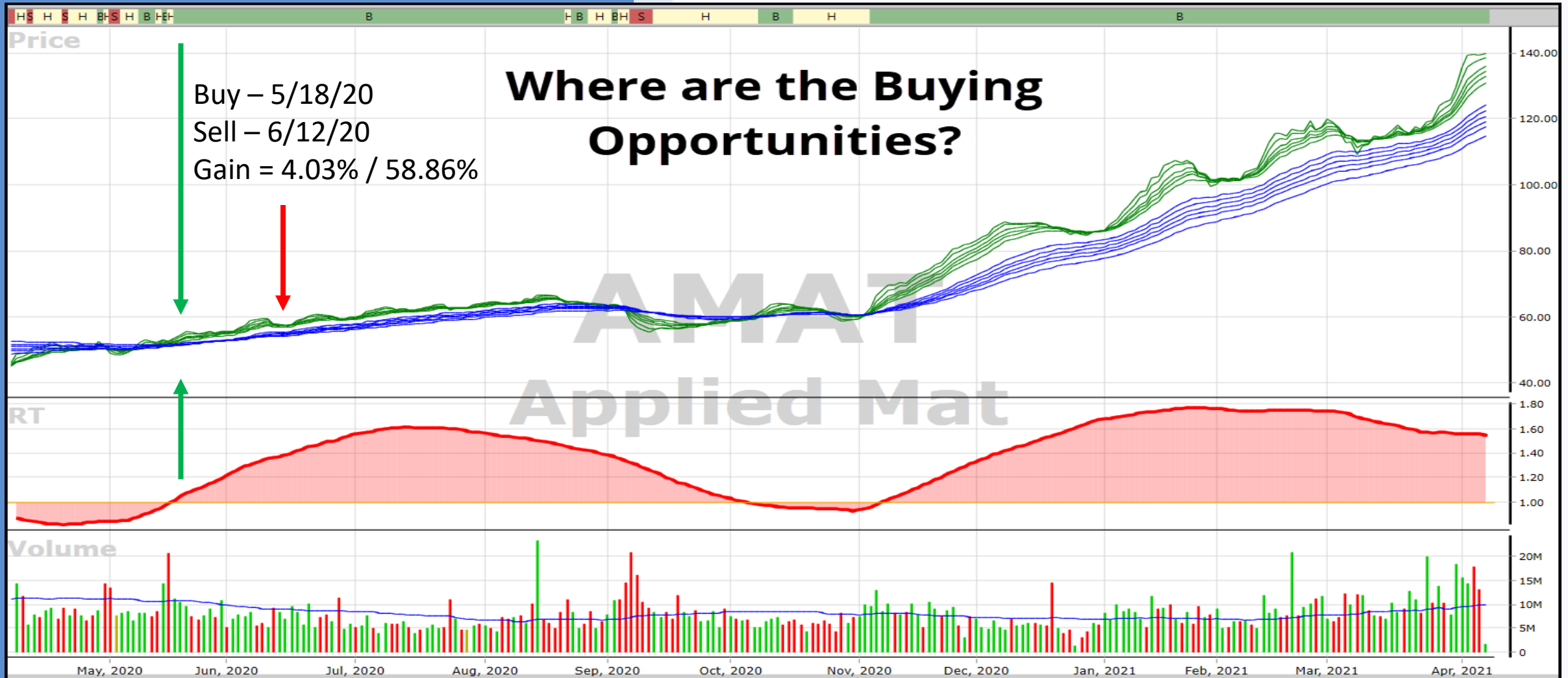
The Guppy System





Taking profits early.

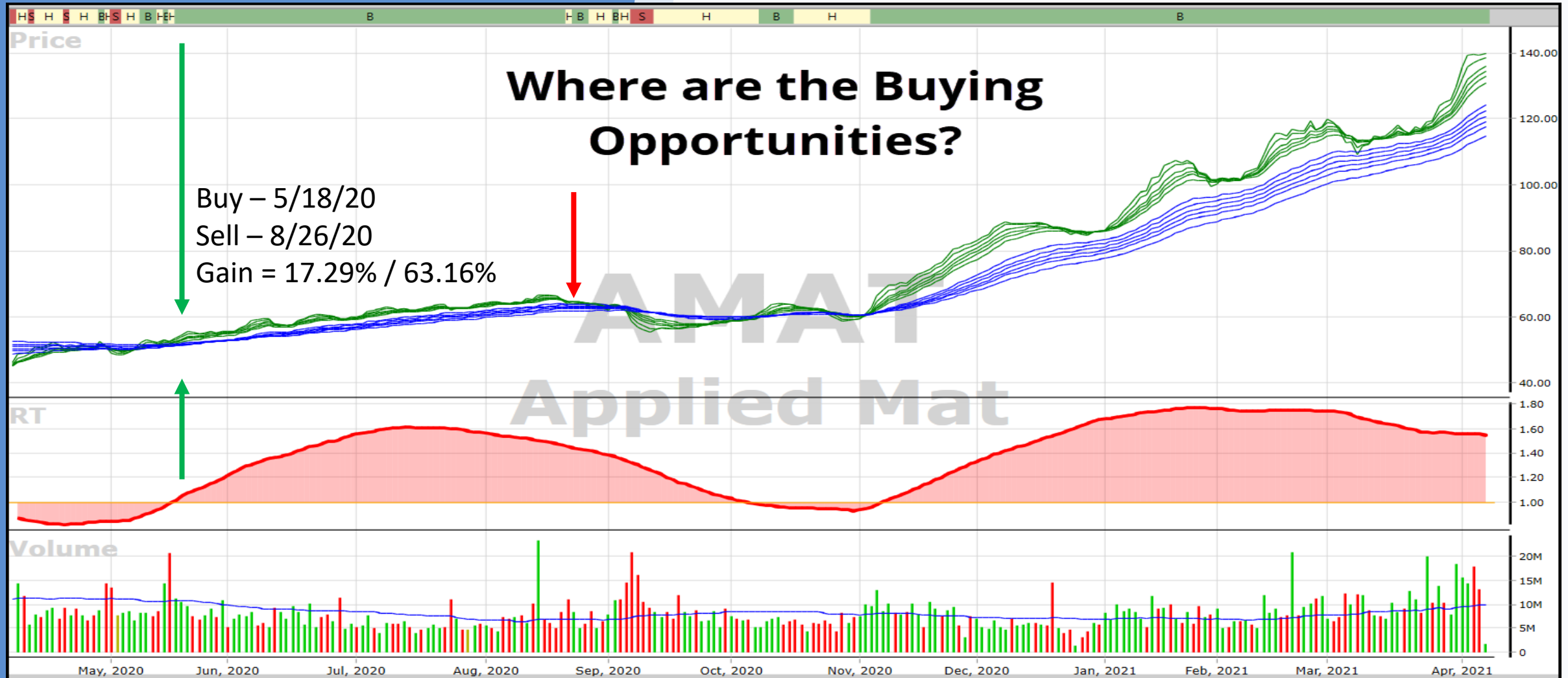
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Holding through the
dips.

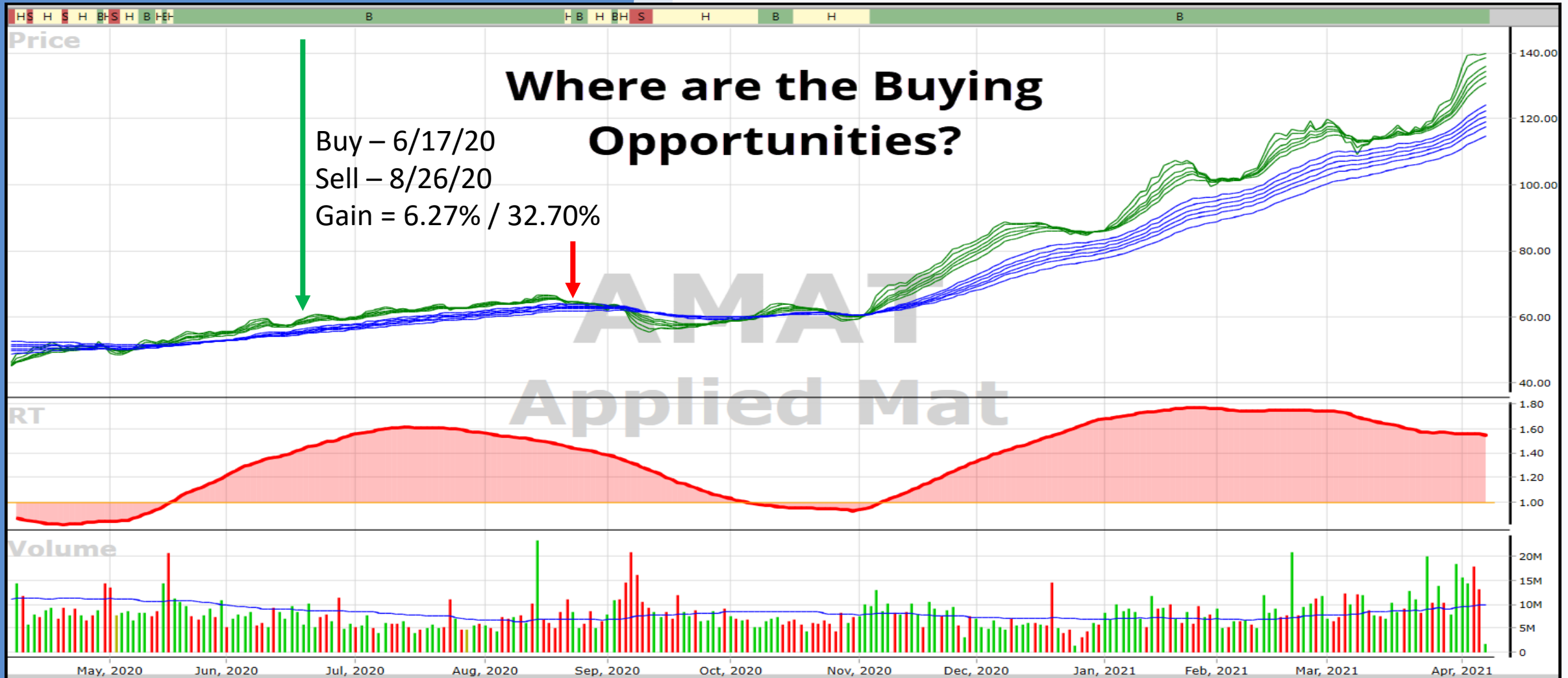
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What if you missed the first Buying opportunity?

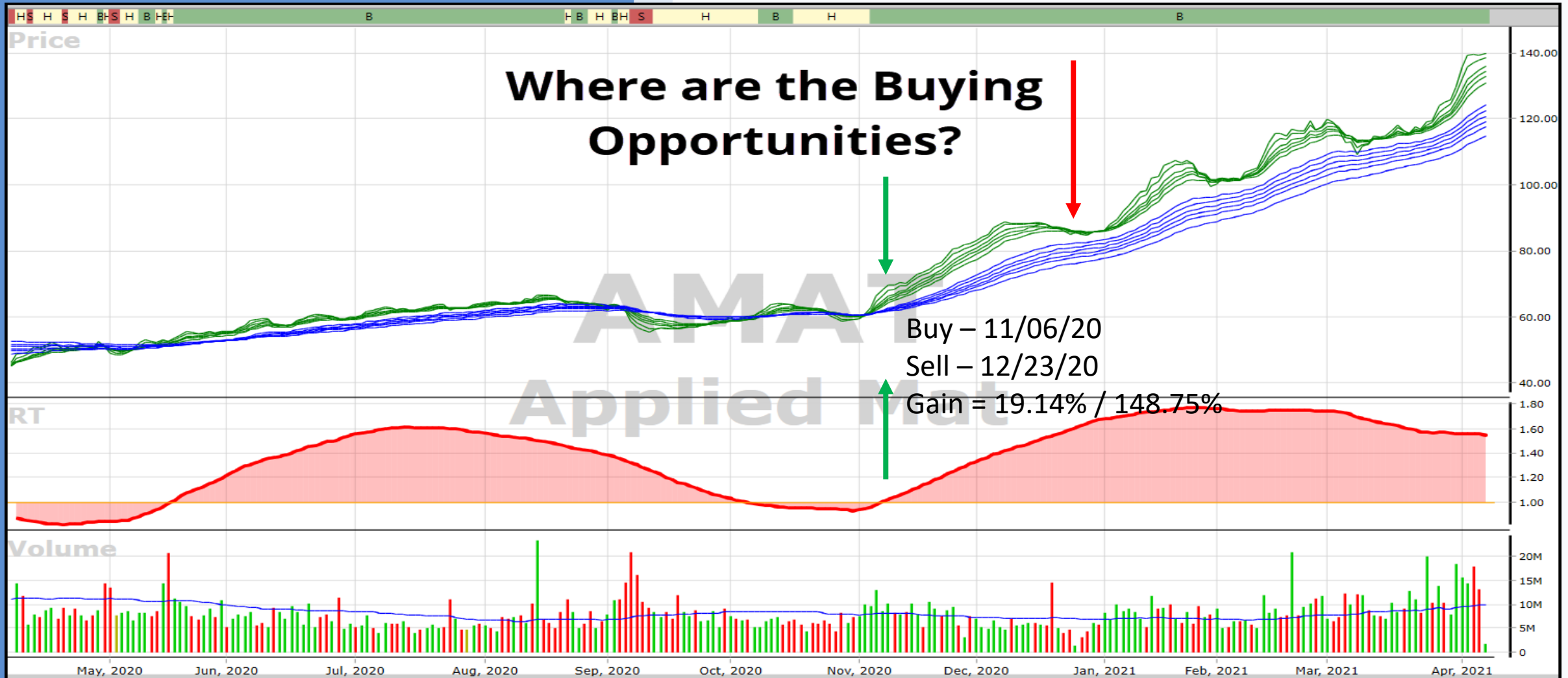
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Taking profits early.

The Guppy System



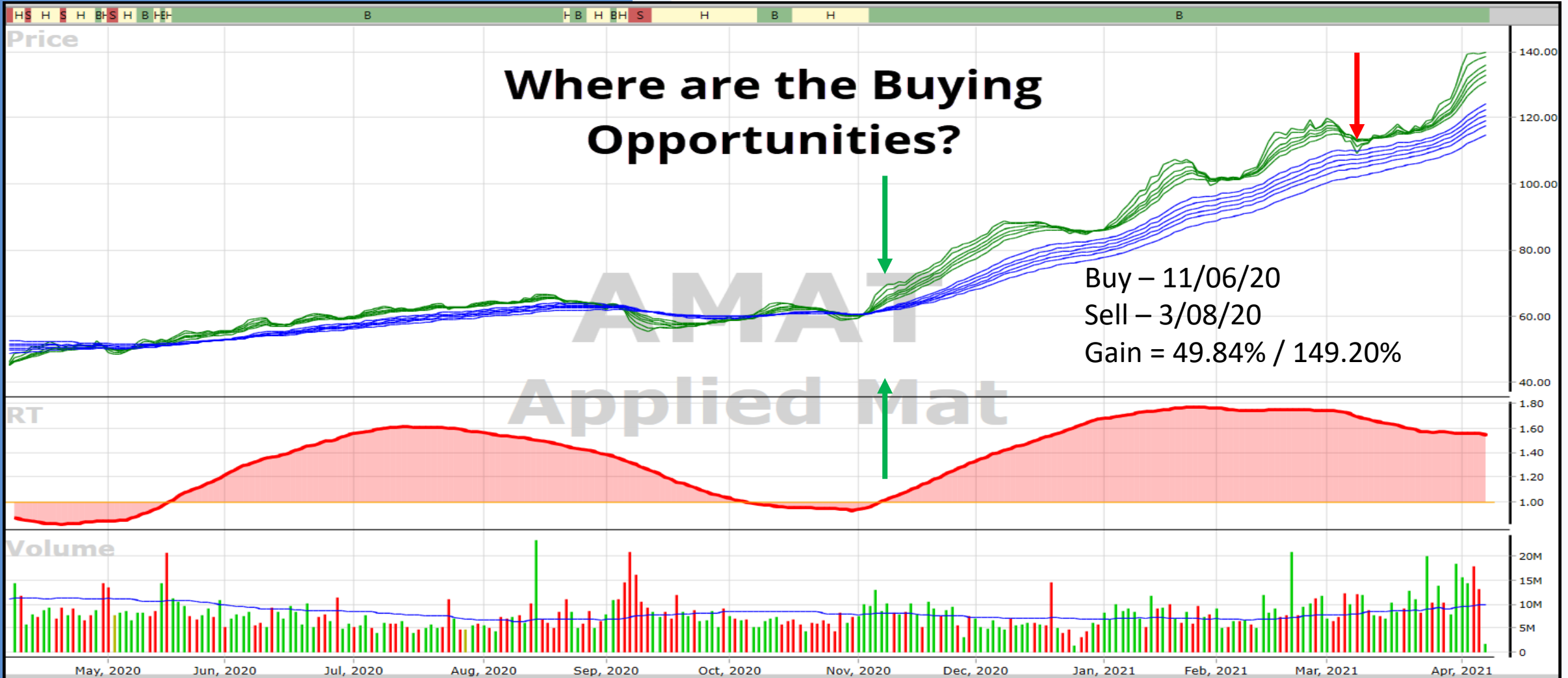


Take profits early to
remove your risk, then
let your profits run.

The Guppy System

Where are the Buying Opportunities?

Buy – 11/06/20
Sell – 3/08/20
Gain = 49.84% / 149.20%





Missed the first one, Buy on the dip. Sell early.

The Guppy System

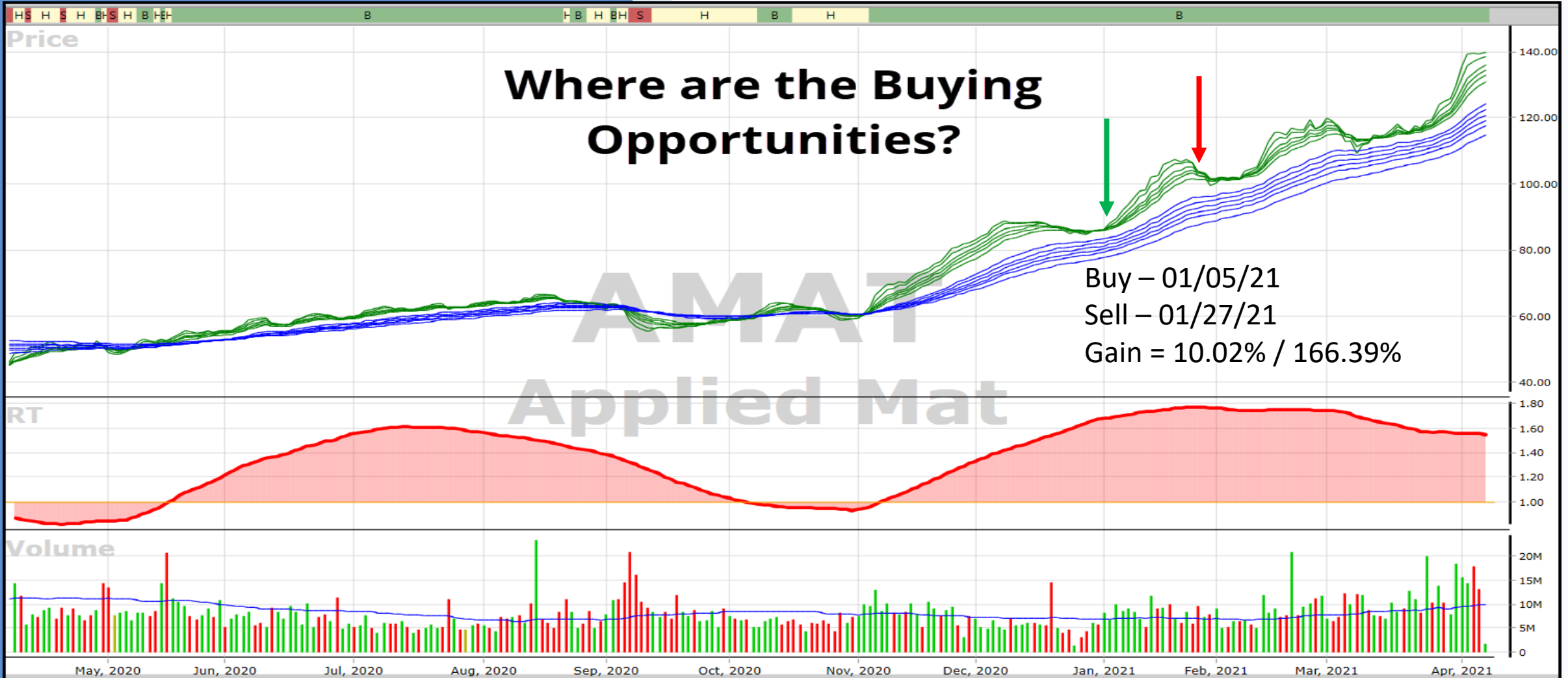
Where are the Buying Opportunities?

Buy – 01/05/21

Sell – 01/27/21

Gain = 10.02% / 166.39%

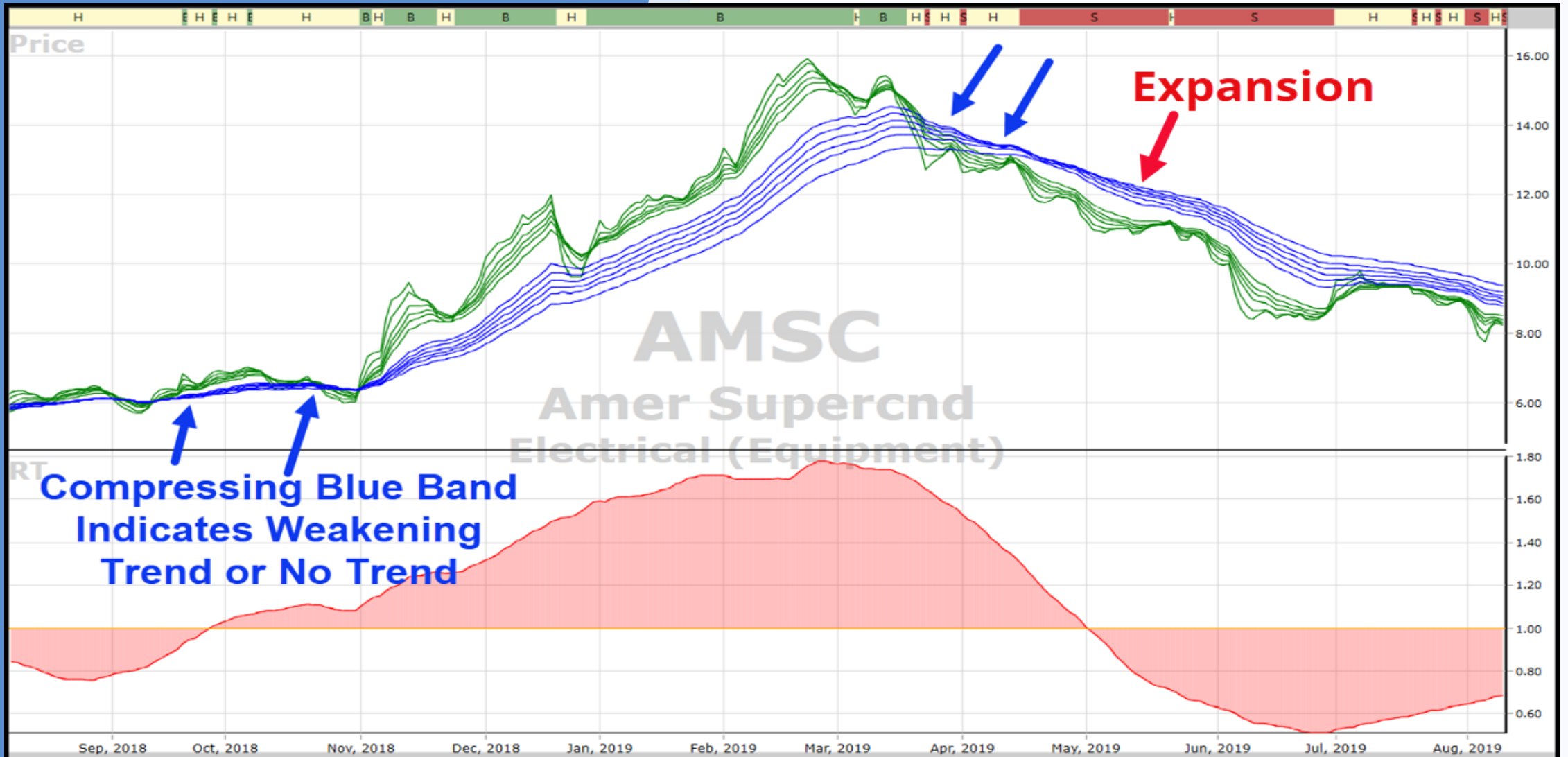
AMAT
Applied Mat





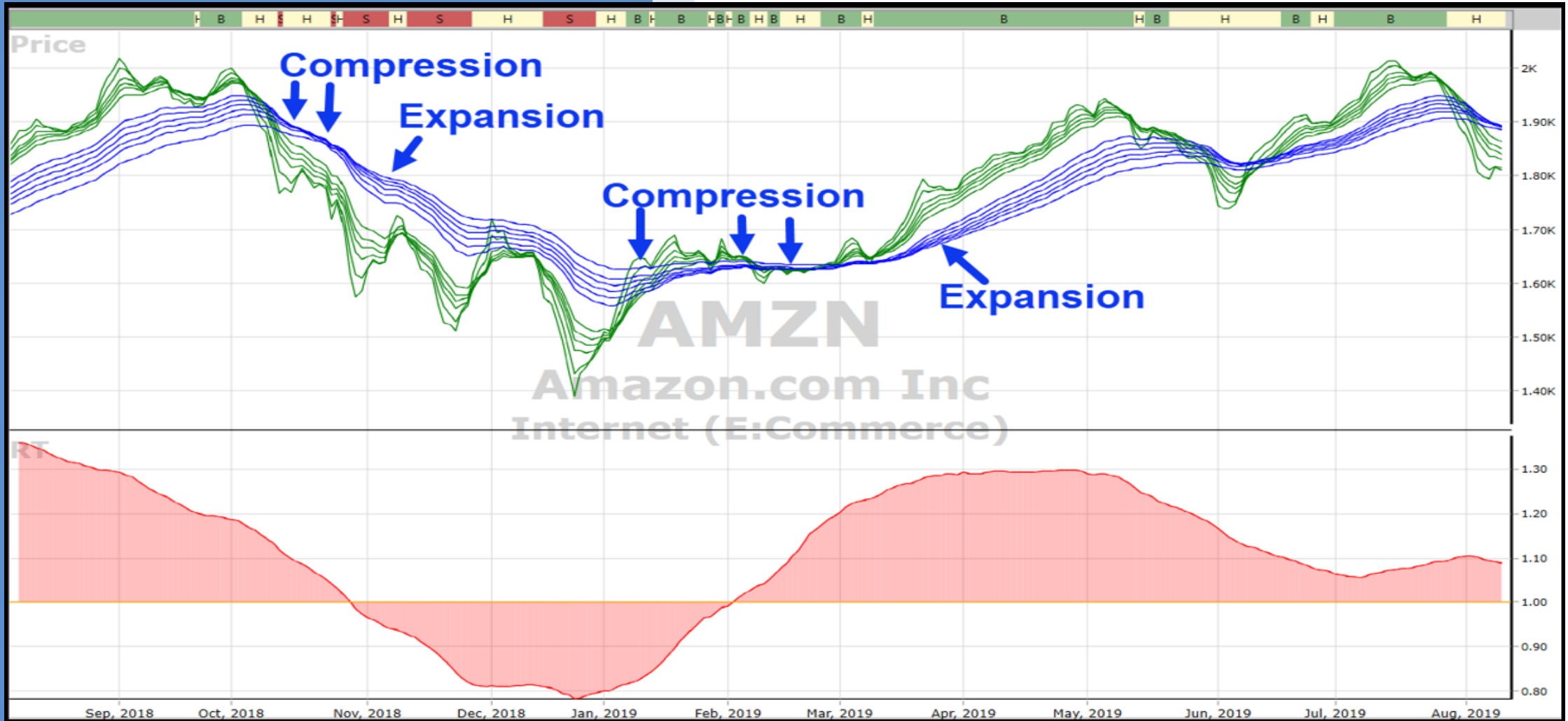
To Short, look for the opposite setup.

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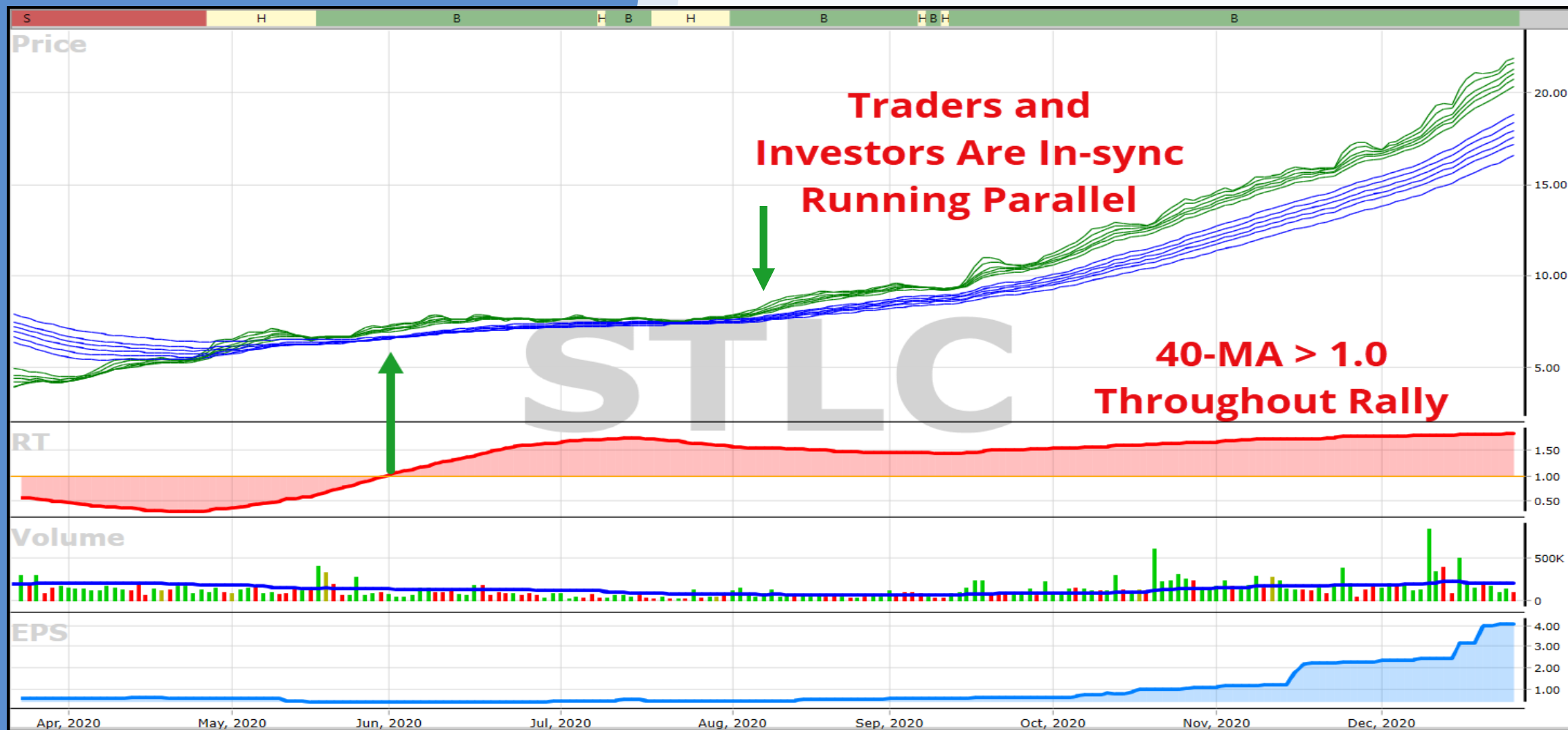
VectorVest's Buy rating can be your trigger, or wait for confirmation of MA of RT to start rising.

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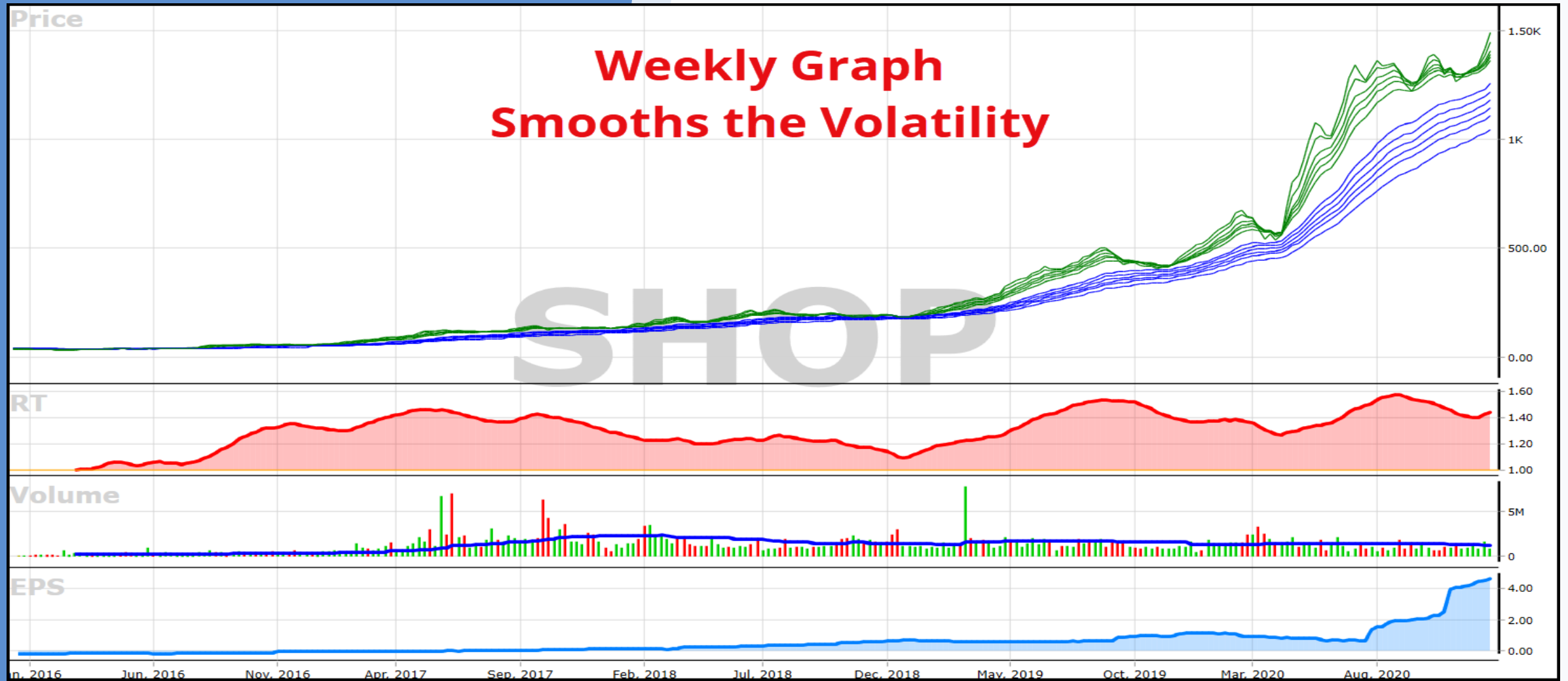
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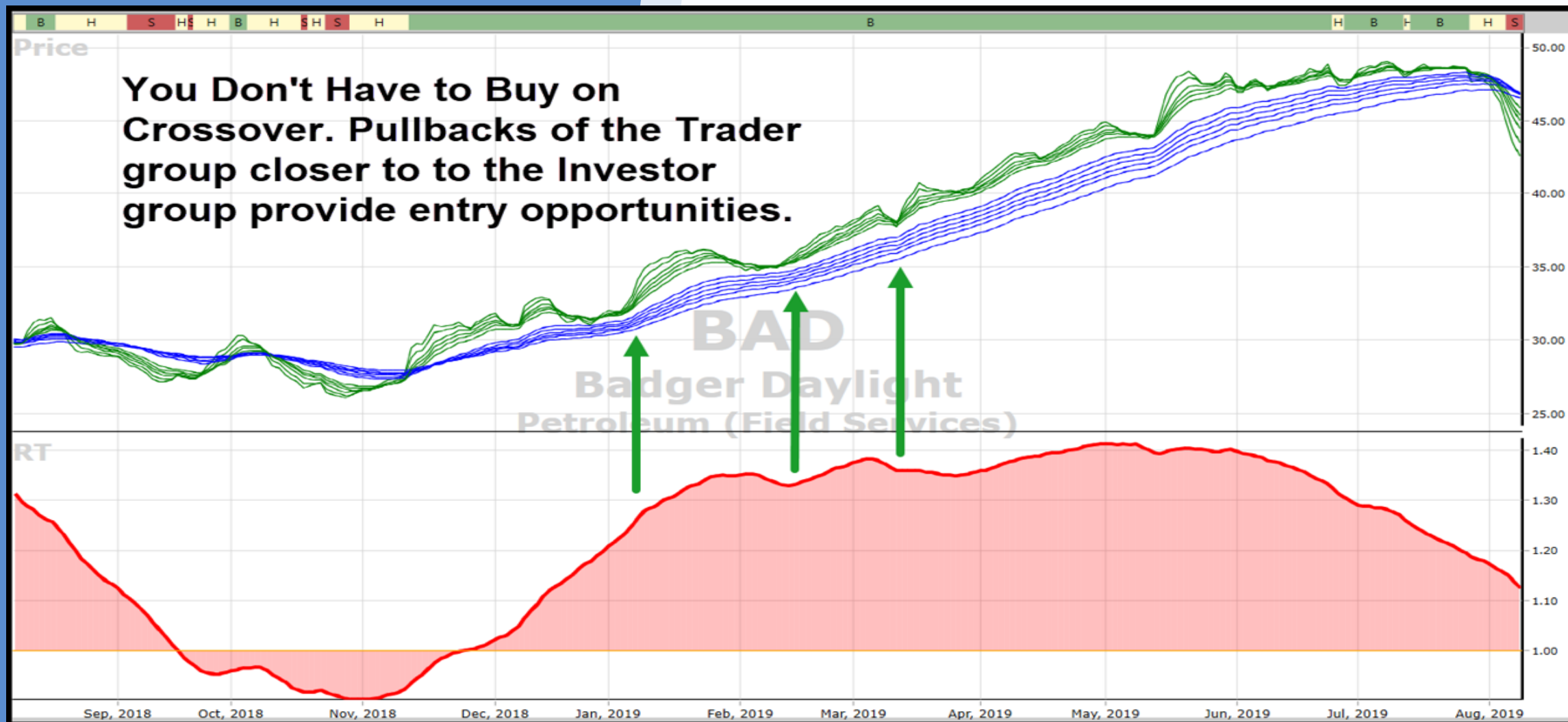
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**Weekly Graph
Smooths the Volatility**





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The Setup

The hardest and most time-consuming part of swing trading is to find the right stocks with the correct setup early in the trend change.

Three Ways VectorVest makes it easier:

1. Stock Viewer – Allows you to rank, sort and analyze the best candidates quickly and easily.
2. WatchList Viewer – Prebuilt premium Watchlists for top stocks in top groups.
3. UniSearch – A powerful search engine to pinpoint potential candidates with the right setup.

Let's focus on UniSearch.

The Setup

GUPPY Tactical Swing

↓↑ CI * GRT DESC, Symbol ASC

Top 100

Return: Stocks

QuickTest Top 10

Graph All

QuickFolio All

11/10/20

Stream

TRADE NOW

OptionsPro

Parameters

	Date/Time	Parameter	Operator	Value
	Time of Search	Stock Price - (Split Adjusted)	EMA	EMA(5) has crossed above EMA(8) in the past 5 days (both averages moving up)
	Time of Search	Stock Price - (Split Adjusted)	EMA	EMA(8) has crossed above EMA(13) in the past 5 days (both averages moving up)
	Time of Search	Stock Sector	<>	ETFs, Market
	Time of Search	Stock RT - (Relative Timing)	>	3 days ago Stock RT
	Time of Search	Stock Price - (Actual)	>	1
	Time of Search	Stock AvgVol - (50 day moving Average Volume)	>	100000
	Time of Search	Stock Price - (Split Adjusted)	MA	MA(1) is currently above MA(50) and has been for the past 3 days
	Time of Search	Stock 40 Day MA(RT)	>	5 days ago Stock 40 Day MA(RT)
»				

*Requires RealTime Subscription or ProTrader Premium Add-In for the technical studies

**Adjust Stock AvgVol level to suit the market in which you trade

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Questions? Need Help?

Questions? Need help? Contact Us.

1-888-658-7638

International

Australia: 1800 303 782

10pm - 2pm AEST Mon - Sat

Belgium: 0800 261 88

Germany: 0800 184 4965

Netherlands: 0800 184 4965

1pm - 5am Mon - Fri; 3pm - 11pm CET Sat

International

Hong Kong: 800 962 139

7pm - 11am HKT Mon - Sat

Singapore: 800-130-1519

7pm - 11am SGT Mon - Sat

United Kingdom: 0800 014 8974

12pm - 4am Mon - Fri; 2pm - 10pm GMT Sat

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