

ShareScope

Alpesh's guide to using the Alpesh Patel Special Edition



Section 8

My Bearish Momentum filter

Bearish Short-term Momentum Filter

Medium-high risk – 1-3 month typical holding period – target 20% return

This filter picks out stocks that have shown recent downward price momentum. These stocks are different because we are looking to “short” them either using Contracts for Difference (CFDs) or by spread betting. We are hoping to jump onto the avalanche and hop off near the bottom.

The criteria I have chosen identify stocks that have been declining in price but which are also somewhat overvalued.

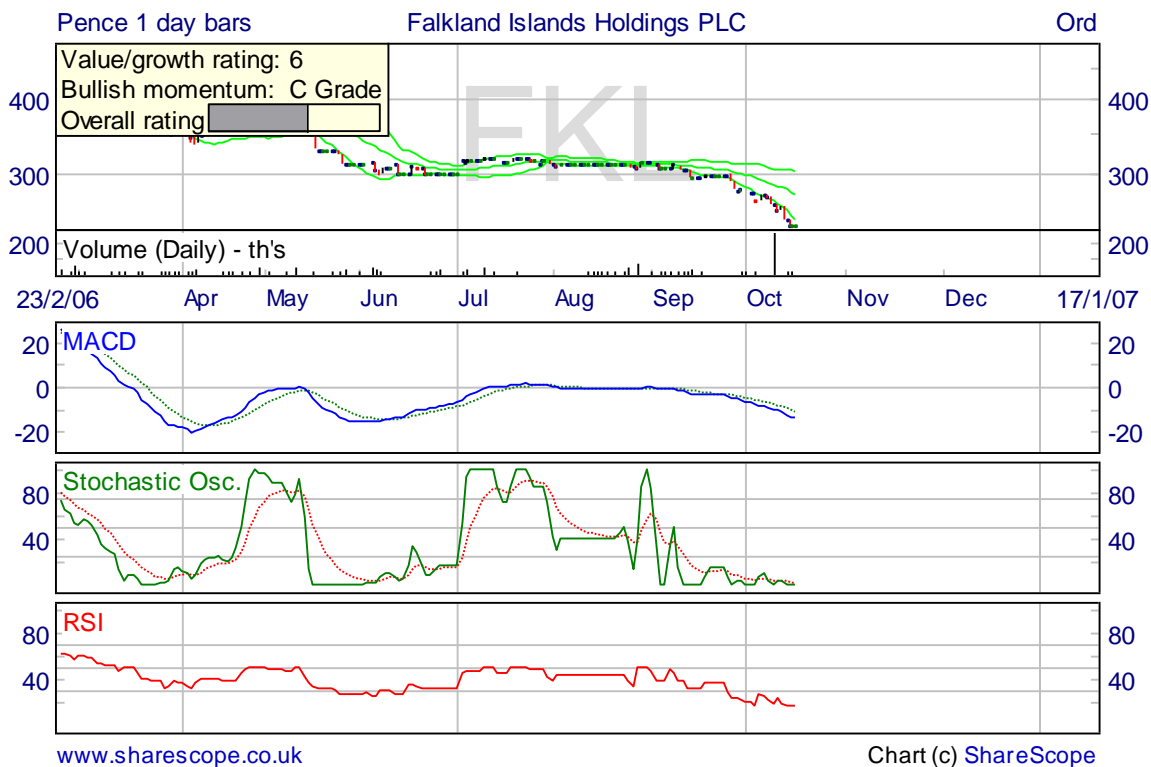
These stocks are higher risk and I always check the news looking for something negative which might explain the fall.

These moves could take several days to several months. Note, however, that these stocks may have already made their move.

See [Trade Management](#) for how I determine my entry point, stop loss, profit target and exit strategy.

Let’s look at some examples:

Good choice stock: smooth falls, momentum for falls clearly in place.



Bad choice stock: whilst the stock has fallen, I am concerned about its last day rise.

