Power Earnings Gap (PEG)

Power Earnings Gap (PEG) is a trading strategy that focuses on stocks that experience a significant price increase due to strong reaction to earnings reports. Developed by ***Trader Stewie***, this strategy aims to capitalize on the momentum generated by positive earnings surprises.

@traderstewie

WHAT IS A POWER EARNINGS GAP?

- A stock **gaps up** after reporting strong earnings.
- Closes the gap up day with a strong candle, ideally near its daily highs (**high DCR**).
- There is **high trading volume**, indicating strong institutional interest and accumulation.

On your right is the example of **Tilaknagar Industries ($TI)**.

- It reported earnings on 4th Nov. evening.
- Stock gaps up next day on 5th Nov.
- Closes near to the High made with DCR of 73%
- Reported Highest Volume in the Decade (HVD).

Thus, you can say that the stock made a PEG on 5th Nov.

HOW TO TRADE PEG, THE STEWIE WAY?

1. identification of PEG

"The basic premise behind this "PEG" strategy is that stocks that make ***strong powerful earnings*** and ***gap up*** on ***strong candles*** tend to keep running for multiple days if not multiple weeks/months after these big earnings gaps... so now (my) job is to create a watchlist of these awesome, bad ass stocks and pinpoint entries in these stocks using (my) technical analysis skills."

2. wait for the setup

While some traders attempt buying on the day of PEG itself, **Stewie waits for a consolidation pattern (like flags or wedges)** to form in the days after the gap. This allows him to enter trades at more favorable risk-reward levels rather than chasing the initial spike.

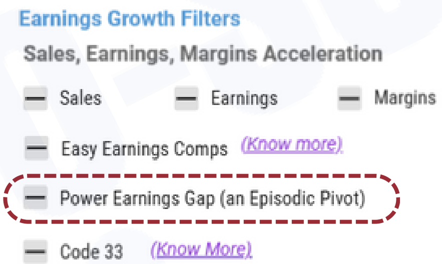
3. take action

After PEG, watch for technical patterns such as **bull flags, bullish pennants, mini wedges, coiling patterns, inside day candlestick patterns etc.** that can provide better entry points. These patterns often develop in the days following the PEG.

4. an example

After making PEG, $TI made an IV-Pause-Move setup, retraced back to 10EMA, made a Bull Flag and also had an Inside day, thereby giving us a low-risk entry later on.

Pro-Setups Dashboard *makes your job easier by giving you a one-click solution to identify PEG.*



Plus, you can use filters such as Bull Flags, IV-Pause Move, Inside Bars, Mini Coil etc. to directly find PEG stocks for low-risk entries.

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on Trader Stewie website:
www.artoftrading.net

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