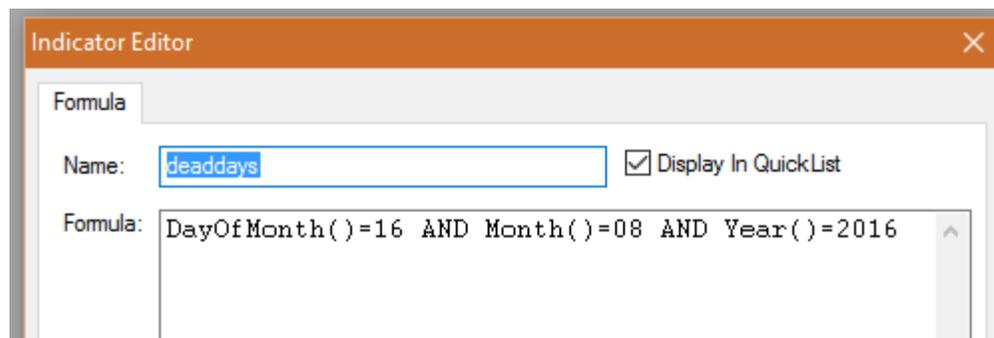# CREATING MORE STOCK POOLS
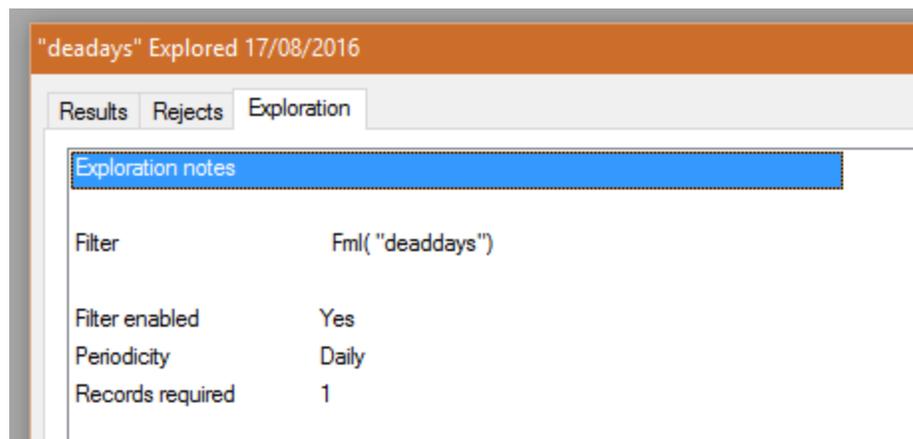
By Daryl Guppy

Here's a variation on the stock pool exploration we featured several weeks ago. This is a momentum continuation search. It ranks the stocks based on the % move between Yesterday's close and Today's high. This is a type of Gann continuation exploration and it yields some useful results.
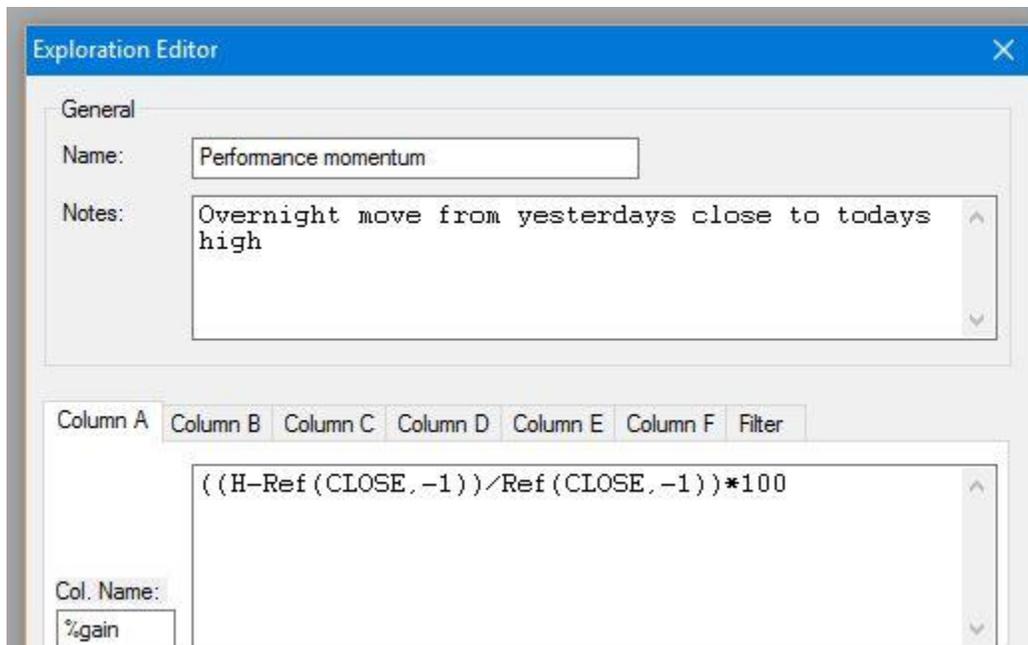
We apply these principles to selecting a new suitable speculative stock for the 6 to 21 portfolio. We start by doing a Metastock scan to exclude all the stocks that have not traded today. We call this a DEADDAYS indicator.

This formula must be updated with the most recent day's data before each exploration. We then run a DEADDAYS exploration across all the stocks in the database. The exploration uses a filter result and produces a list that includes only those stocks that have traded today.
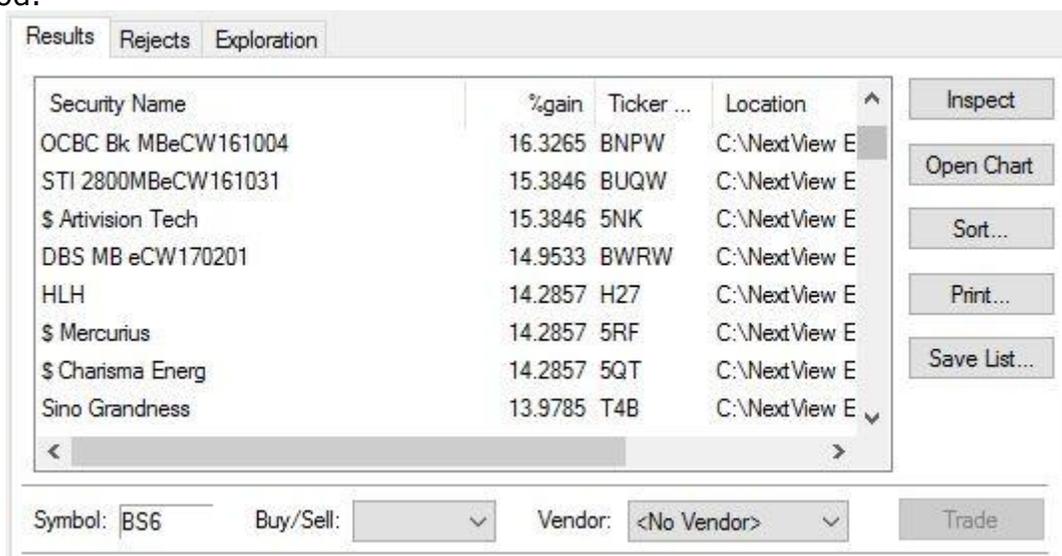

Then we run another exploration using the results of the DEADDAYS exploration. We call this PERFORMANCE DAILY. This calculates the % gain from low to high for the day.

Our interest is in the ranking of this % performance report. Click the %GAIN column to sort the list from high to low. What's a reasonable middle of the pack daily move?

The Metastock screen doesn't make this easy to see. If you wish you can save the list as an excel file and do some more sorting to see where the bulk of the price movers cluster. To do this is complicated. Right click on the report results, then select SAVE TO FILE. This is a TXT file, which can then be imported into an excel spreadsheet. Most times we cannot be bothered to do this so we use a lazy method.

We look at the stocks between 15% and 20%. Then those between 10% and 15% and finally those between 5% and 10%.

We then highlight each group of stocks and then OPEN CHART. Each of these charts is inspected for trend continuation or breakout conditions. Those that meet these conditions are then assessed again against volume – can we easily buy and sell the quantity we want to trade – and for any price leverage. These analysis methods have been discussed at length in previous newsletters. The final stock is the one we trade.