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Market Structure EDGE

Moneyball for Trading Stocks: How to Shift from Prices to Probabilities

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As with all investments, your capital is at risk

Moneyball for Trading Stocks: *How to Shift from Prices to Probabilities*

**Tim Quast, founder and CEO of
Market Structure EDGE
Apr 4, 2024**

- **Tim Quast – founder of two market structure analytics firms**
- **Market Structure EDGE – Only quantitative Supply and Demand data for traders**
- *My market education will necessarily emphasize what I know.*



Moneyball. 2003 Michael Lewis book,
2011 Brad Pitt movie.

*Premise: How a data-driven approach
revolutionized baseball.*

Moneyball = “a statistical approach.”

Home runs don't win games. Getting
on base wins games. *Might we apply
that to trading?*



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87.39 +1.02 (+1.19%)

As of 12:26 PM EDT. Market Open.

1D 5D 3M 6M YTD **1Y** 5Y All

How would you know

Mountain ▾

↗ Advanced Chart



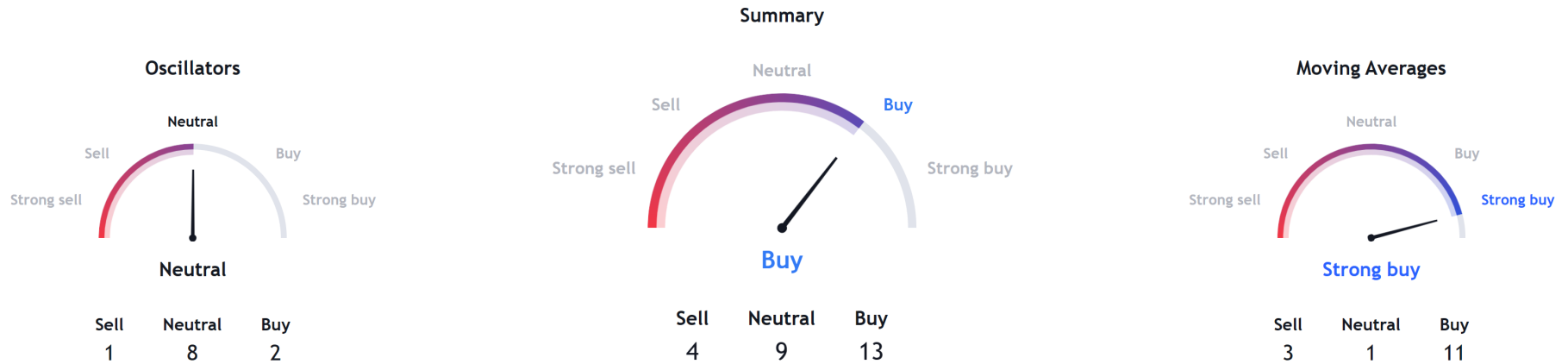
when or if this stock might rise or fall?



Previous Close	86.37	Day's Range	85.50 - 88.57	Market Cap (intraday)	20.34B	Earnings Date	May 7, 2024 - May 13, 2024
Open	86.68	52 Week Range	28.08 - 99.62	Beta (5Y Monthly)	1.86	Forward Dividend & Yield	--
Bid	80.81 x 200	Volume	794,029	PE Ratio (TTM)	113.47	Ex-Dividend Date	--
Ask	93.47 x 200	Avg. Volume	5,088,743	EPS (TTM)	0.77	1y Target Est	95.31

Chart: <https://finance.yahoo.com/quote/CELH?.tsrc=fin-srch>

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How about this?

Oscillators >

Name	Value	Action
Relative Strength Index (14)	62.16	Neutral
Stochastic %K (14, 3, 3)	60.51	Neutral
Commodity Channel Index (20)	37.62	Neutral
Average Directional Index (14)	46.73	Neutral
Awesome Oscillator	18.35	Neutral

Moving Averages >

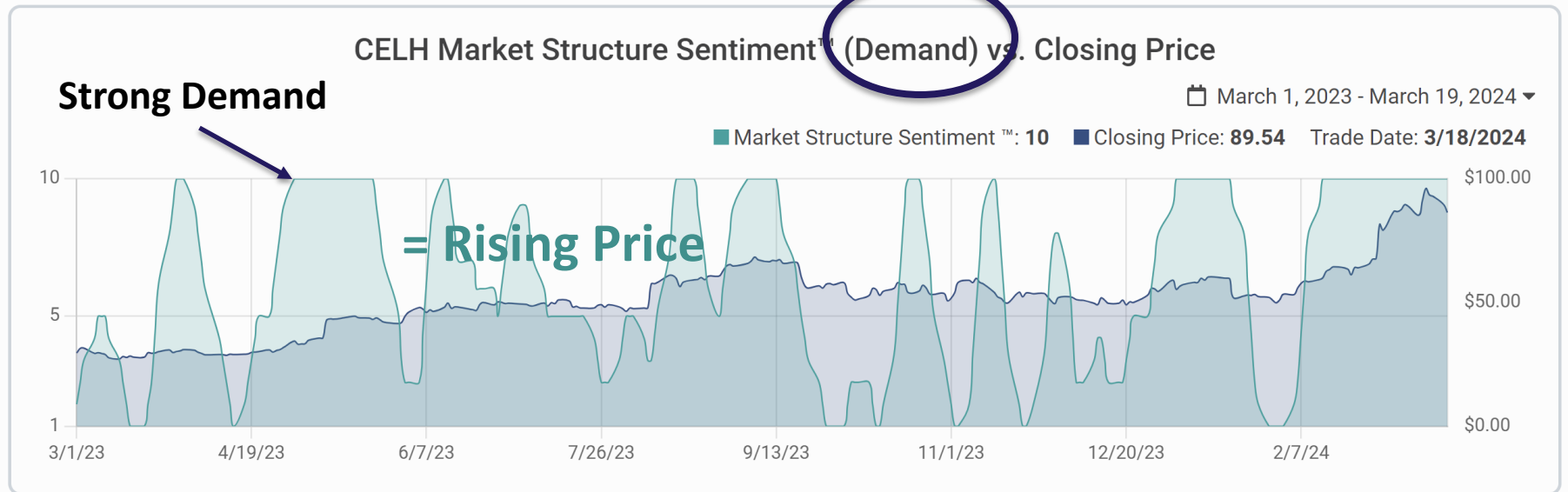
Name	Value	Action
Exponential Moving Average (10)	88.02	Sell
Simple Moving Average (10)	90.06	Sell
Exponential Moving Average (20)	82.85	Buy
Simple Moving Average (20)	82.58	Buy
Exponential Moving Average (30)	78.15	Buy

Image:

<https://www.tradingview.com/symbols/NASDAQ-CELH/technicals/>

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Now, here we can see WHY:



Short Volume is Reg SHO Rule 201 data on the pct of trading volume from borrowed stock. Demand is a market-structure algorithm metering buying and selling by investors and traders on a 10-point scale.

Image: Marketstructureedge.com – CELH 1YR chart

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Summary for CELH
3/20/2024

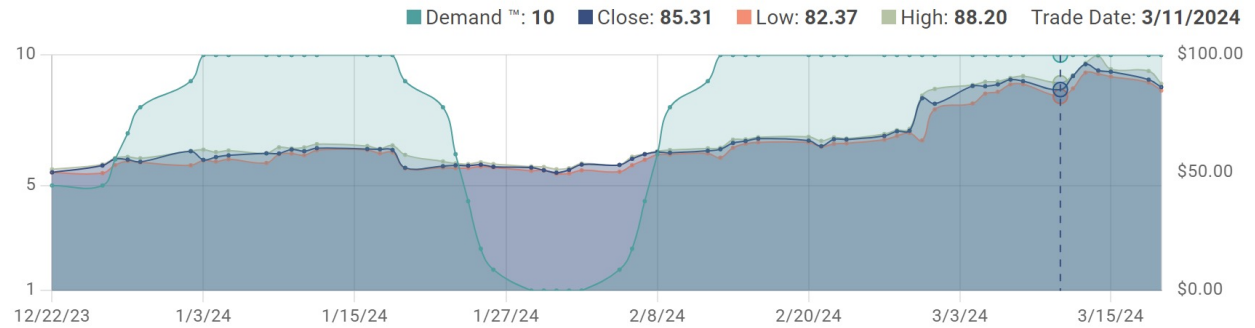
Probability: 95%

Entry: \$84.24 - \$87.79

Last close: \$86.37

Exit (1-5 days): \$85.93 - \$89.55

CELH Market Structure Sentiment™ (Demand) vs. Closing Price



CELH Short Volume % (Supply)



And this is *moneyball*
for stocks:
probability, entry,
exit, timeframe.

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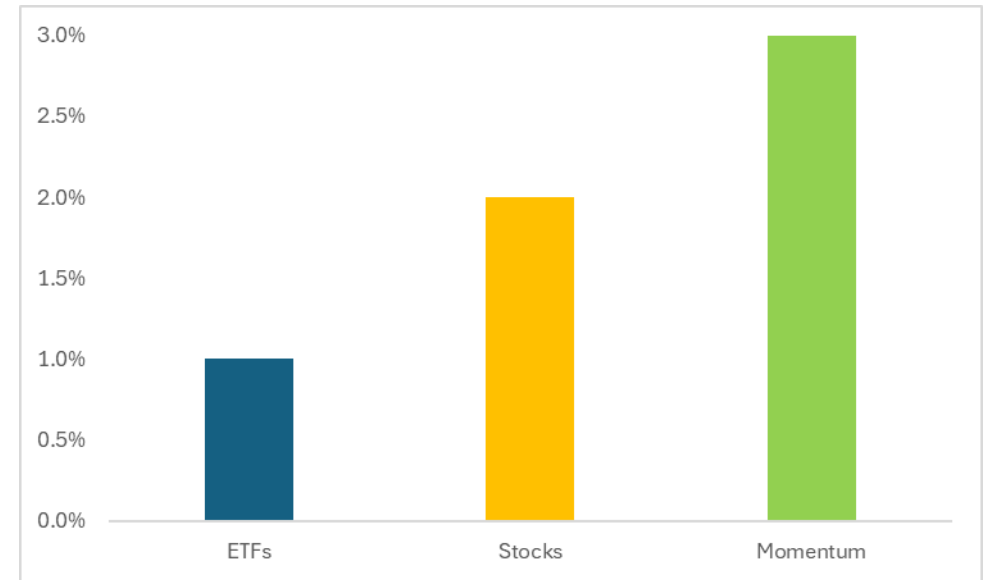
Data: Daily Trading Ideas from Market Structure EDGE currently available free at Interactive Brokers. THIS APPLICATION IS A FINANCIAL DATA AND ANALYSIS TOOL AND IS INTENDED FOR INFORMATIONAL PURPOSES ONLY. PAST PERFORMANCE IS NO GUARANTEE OF FUTURE OUTCOMES.

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First: *If you're going to trade, know how the market works.*

1,2,3...

1. Market trackers like ETFs average less than 1% daily VOLATILITY.
2. Underlying stocks average about 2% VOLATILITY.
3. Momentum stocks have 3% (or more!) VOLATILITY.



Data: ModernIR.com models, marketstructureedge.com.
VOLATILITY: Average intraday high/low spread.

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Why is That True?

- ETFs depend on an “arbitrage mechanism” for prices. Trade in a narrow range versus a basket of more volatile stocks.
- Index funds don’t want “tracking errors” of more than 2%, so the market RARELY moves 2+%.
- The SEC in effect cedes “the spread” to the market-makers that keep the continuous auction working.



Photo [7570800](#) | [Auction](#) © [Mark Huls](#) | [Dreamstime.com](#)

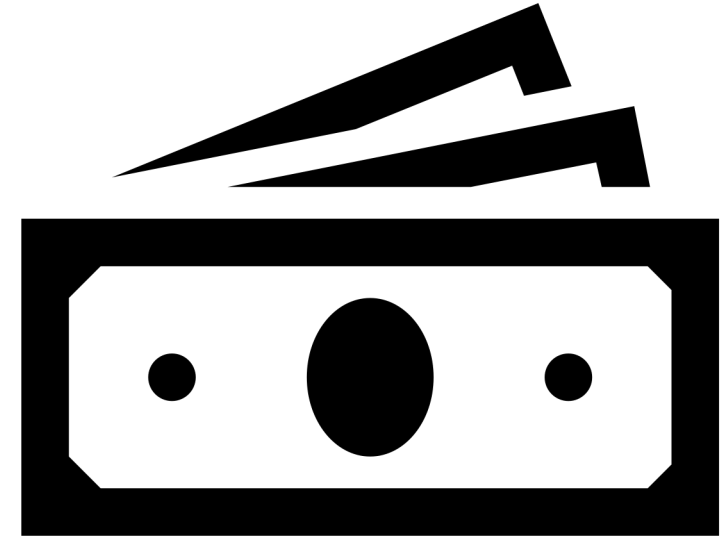
We can't beat Citadel et al. They have better data, faster machines, and regulatory support.
But we can take the part of volatility they'll cede to us.

Investment horizons:

- Warren Buffett: Decades
- Blackrock: Months
- Quants: Days to weeks
- Market-makers: a day or less, often milliseconds

Market Structure EDGE for Traders:

- 1-5 days
- 1% in Low Volatility stocks, 2% in Momentum stocks



Take what the market gives. Don't try to do the impossible. Do the highly probable instead.

Citadel represents a type of market participant: high-frequency proprietary traders.

**Now, let me show you how to use EDGE
Daily Trading Ideas at Interactive Brokers...**



Why EDGE

Product Tour

Resources

Pricing

Partners

Partners

Log In

Sign Up

BENZINGA

GLOBAL FINTECH AWARDS

WINNER

2021

Winner: Market Structure EDGE

Best Day Trading Software

Take Gains, Not Chances

The only trading decision-support platform built on stock market behavior and rules. Sign up for a free 30-day trial, no credit card needed.



Free Trial



Request a Demo

30D Free Trial through your IB Account, live education most Thursdays, 230p ET

