



# Small Account CHALLENGE

## The Micro Pullback – Episode 1

### Micro Pullbacks are Momentum Trades

The Micro Pullback is a specific entry setup that falls within the general strategy of momentum trading. I am a momentum trader, which means I buy stocks that have already started moving up. In other words, I often buy high and sell higher. However, when a stock is moving up quickly, it's very important to manage the risk of that trade by getting entries after some type of pullback. That's where the Micro Pullback comes in.

With a small account, I'm focusing on 1 trade a day. After all, one trade a day is the small account way. However, it means I need to have a high degree of certainty in the momentum of the stock I'm trading. The Micro Pullback setup is one I generally only apply to stocks that are moving quickly and look very strong, therefore, it is inherent that I feel pretty good about the setup, otherwise I wouldn't even be considering the Micro Pullback.

### General Criteria for Micro Pullbacks

#### General Criteria for a Micro Pullback Setup

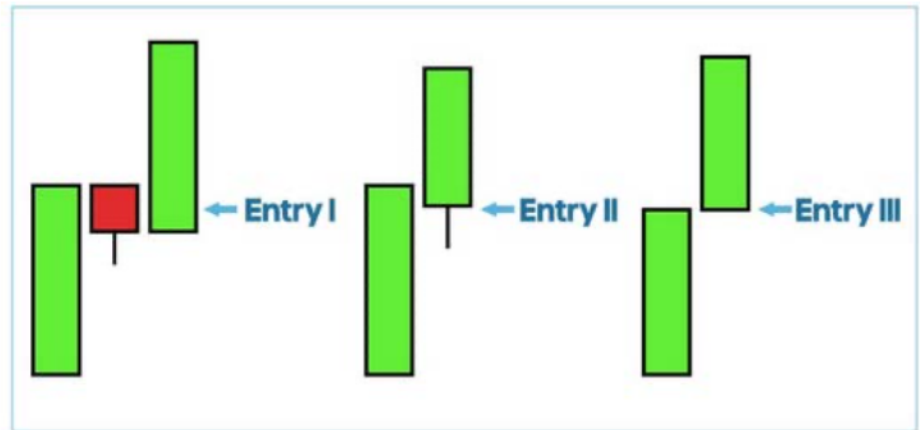
1. The stock is moving up quickly either on news or on Scanners
2. The stock has one of the stronger daily charts as per [Chapter 8](#) of the Warrior Pro Small Cap Course with no nearby resistance
3. Ideally entries are near half or whole dollars with 50 cent first target of next half or whole dollar
4. Preferably the float will be under 20 million shares
5. Preferably the price is under \$25 but sometimes higher priced stocks like GME, AMC, or NEGG are moving fast enough to be worth watching

### Micro Pullbacks Dos and Don'ts

Generally I would say the Micro Pullback is a more aggressive strategy because when I take that entry I haven't waited even for a proper 1-min setup, let alone a proper 5-min setup. However, when a stock is very strong, there often isn't an opportunity to wait for a 5-min setup. We frequently see stocks make such huge moves that by the time the 5-min starts to pullback, they just fade. This means finding opportunities to entry a strong stock on 1-min and even Micro Pullbacks is required in order to profit from the volatility.

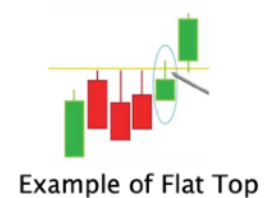
The most important thing for me to remember with Micro Pullbacks is that my stop is at the low of the pullback. I don't want to hold if it turns into a 1-min or 5-min pullback unless I already have a profit cushion and can afford to average down during the pullback.

## Entry Setups on 1-min or 5-min charts



On a 1-min or 5-min time frame, the candle of pullback is often just a tiny red candle, or sometimes the candle just puts in a lower candle wick before the stock begins to surge higher, such as in Entry I or Entry II. In Entry III, it basically just opened and kept moving higher. This would be the highest risk entry, although may be acceptable in rare situations where high risk meant high reward.

## Entry Setups on sub 1-min charts



On a sub 1-min chart, such as a 10-second chart, a Micro Pullback will often take the form of a bull flag or a flat top breakout. This helps reinforce why it's a strong setup worth taking. The pattern becomes obvious. However, unlike a bull flag, I wouldn't necessarily buy the first 10-second candle to make a new high. I'd wait generally for volume to come in and a break through the highs. At that point, my stop is the low of the Micro Pullback.

## Description of AHPI

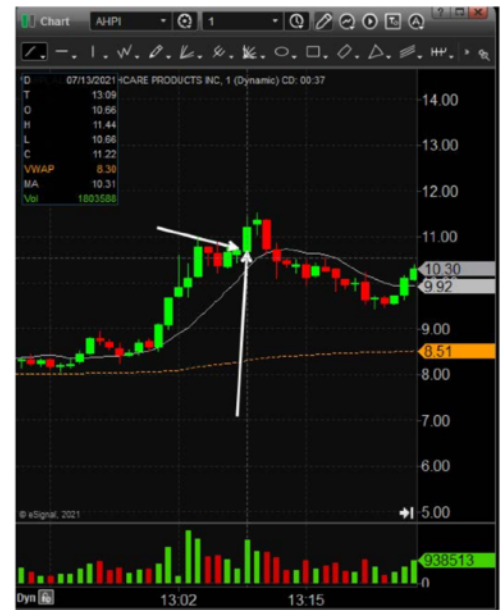
### Case Study of a Micro Pullback

In this example, AHPI experienced a strong break of VWAP setup at approximately 12:30pm ET. Between 12:30–12:50pm there was a period of consolidation around \$8–9.00 and above the VWAP (priced at \$8.18 at the time). At 12:50pm a new breakout over \$9.00 and towards the high-of-day of \$9.94 occurred. Had you missed the initial break of \$9 (which may have been likely considering it was in a choppy period of consolidation), the next best entry was a Micro Pullback following the fresh breakout at 1:09pm at approximately \$10.75. This gave way to squeeze to the new high of \$11.54. The 5-min chart was extended (see right), making an entry riskier, but the 1-min and 10-second showed a clear Micro Pullback pattern with a max loss of approximately \$10.21, although a psychological stop at \$10.50 is likely what I would have used.

### Charts of AHPI



5-min Chart of AHPI



1-min Chart of AHPI



10-second Chart of AHPI

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