# The Disciplined Trader's Playbook

Core Principles for Professional Swing Trading
from Brian Shannon

# 12.30.25 Seminar Recording

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# The Guiding Philosophy: Clarity Over Complexity

Professional trading isn't about adding more indicators; it's about using the right ones with purpose. The goal is to reduce noise and focus on what matters.

*"To me, it's about trying to keep these charts as clean as possible."*

## Clutter

## Clarity



VWAP

5-day movag

20-day movag

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# The Specialist's Advantage: Know Your Craft

True expertise comes from deep focus, not broad generalization. This playbook is exclusively for swing trading, the specific area of mastery.

*"It's like I own an apple shop and someone comes in and asks me for a pear... they're different fruit. That's not what I do here."*

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**Key Takeaway:** This is a swing trading service. We do not discuss long-term investing.

# The Three Pillars of a Winning System

Mastery requires a system. This playbook is built on three interconnected pillars that guide every trading decision.

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### The Right Tools
Selecting and understanding your indicators with precision.

### A Repeatable Process
A systematic approach from watchlist to trade execution.

### A Resilient Mindset
The psychological discipline to manage risk and emotion.

# Pillar I: Anchoring Your Analysis with VWAP

The Anchored VWAP provides context by revealing who has been in control of a stock since a significant event.

## The Four Key Anchor Types

1. **High-Volume Events:**
   Major breakouts or gaps that reset psychology.

2. **Fundamental Reports:**
   Earnings, FDA announcements, Fed decisions.

3. **Price-Based Events:**
   Critical swing highs and swing lows.

4. **Time-Based Events:**
   Year-to-date, Month-to-date, Week-to-date VWAPs.

# The Logic of the 5-Day Moving Average

We use a 5-**DAY** Moving Average, *not* a 5-**PERIOD** Moving Average on intraday charts. The **period** setting is calculated, not arbitrary.

## The Calculation

Total minutes in a 5-day trading week: 1,950 minutes

$$\div \frac{1,950}{\text{Your Chart Timeframe (in minutes)}} \div = \text{MA Period}$$

Your Chart Timeframe
(in minutes)

MA Period

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**For a 30-min chart**

1,950 / 30 = 65-period MA

**For a 10-min chart**

1,950 / 10 = 195-period MA

# The Flaw in Extended Hours Data: A Case Study in AFRM

Including pre- and post-market data is "absolutely illogical" because it gives equal weight to periods of negligible volume, distorting the indicator.

**Distorted View**

**Accurate View**

Overnight volume of 9,800 shares is given the same weight as 20 bars that traded 3 million shares.

The indicator now reflects the true, volume-weighted trend.

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**Pro-Tip**: If you must analyze overnight action, use a Moving VWAP (MVWAP) to properly account for volume.

# Pillar II: Taming the Watchlist

## Rank Your Ideas

Divide your list into "A-List" (highest conviction setups) and "B-List" ideas. Focus exclusively on the A-List in the morning.

## Manage Current Risk First

Before looking for new entries, assess your open positions. Are stops in danger? Are positions behaving well?

## Let the Market Settle

Ignore most early morning alerts. The first 5 minutes often generate noise, not valid signals.

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# The Purpose of an Alert Is to Begin Analysis, Not to End It

> "An alert is simply an alert. I never look at an alert going off and think, 'Okay, I have to buy that stock.'"

## The Process in Action (MRCY Example)

🔔 1. An alert goes off at $74.60.

🔍 2. It just rallied 60 cents to get there. I'm not really interested in it yet.

🧠 3. Instead of chasing, reset the alert for a more optimal price or wait for a pullback. The alert prompted a decision to *wait*.

[Alert Triggers] → [Assess Context] → [Wait or Engage?] → [Decision]

# The Art of the Entry: Three Questions to Ask Before Every Trade

A breakout above the previous day's high is a sign of momentum, but it's only one piece of the puzzle. Context is everything. Before entering, you must answer three questions.

**1.** **Where has it come from?**
(How much energy has been expended to reach this point?)

**2.** **Where does it have the potential to go?**
(Where is the next likely source of supply/resistance?)

**3.** **Is the risk worth the reward?**
(Based on the answers to 1 & 2, does this trade make sense right now?)

# Case Study: Why You Don't Chase the Extended Move (CDZI)



5.80

🔔 Alert Triggers

Resistance

approx. +9%

5.35

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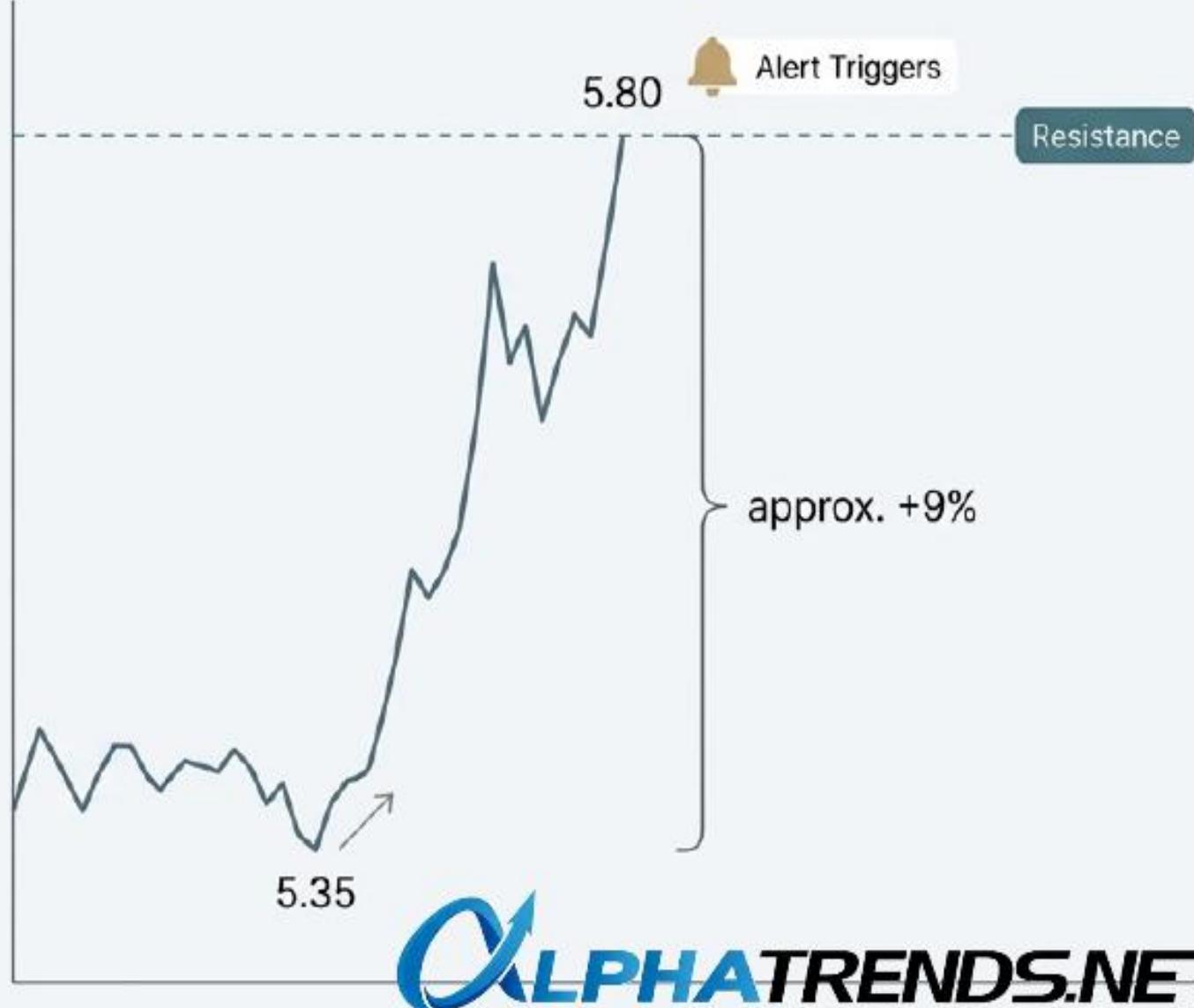
## Applying the Framework

**Q1: Where has it come from?**
It just rallied from 5.35 to 5.80... about 9%.

**Q2: Where can it go?**
We're basically right there [at resistance].

**Q3: Is the risk worth the reward?**
Right now, no.

### The Playbook Move

Instead of buying the breakout, the disciplined move is to wait for a pullback. "What would actually get me more interested in this stock is if it pulls back. I might set an alert at 5.67."
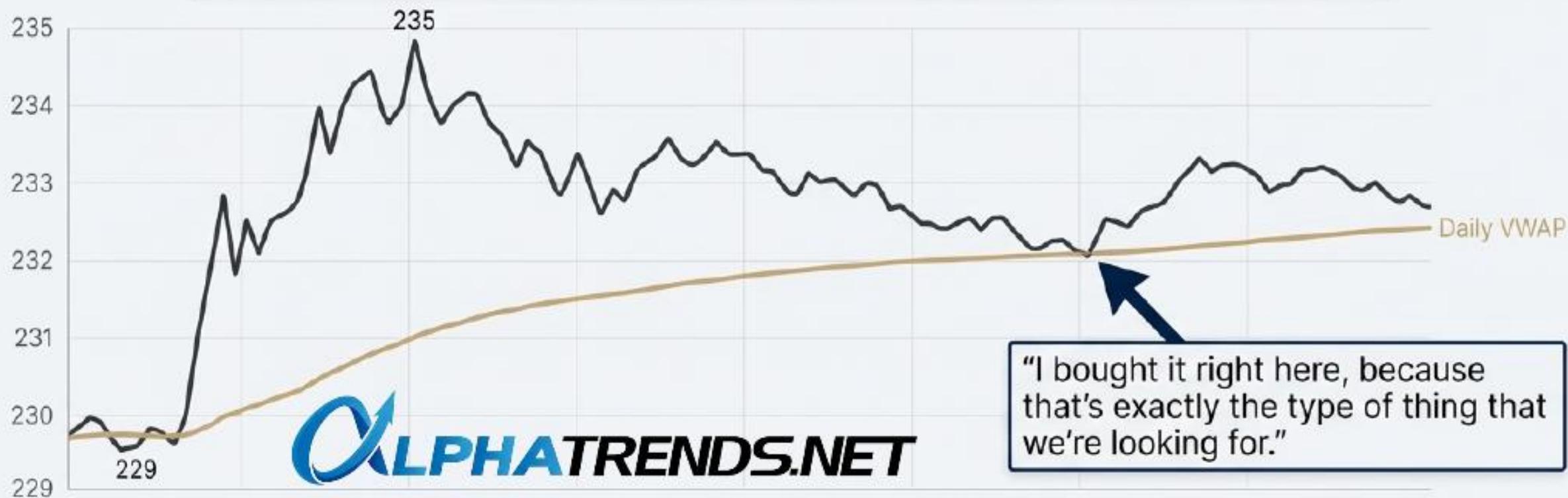
# Pillar III: A Resilient Mindset

A winning system is useless without the psychological discipline to follow it.
This means detaching from the outcome of any single trade.

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## On Missed Trades

*"If I miss a trade, I miss a trade. You're just going to miss some trades, and that's trading. You've got to be okay with that."*

## On Automation

*"I've never done a buy stop in my life. I'm not going to allow the machine to get me to 20 into 20 different stocks."*

## On Control

*The professional trader maintains final control over every entry and exit, refusing to be driven by FOMO or automated triggers.*

# Your System, Your Rules

This playbook is a proven, professional framework. However, the ultimate goal is to build a system that works for *you*

*"If you find value in something that I'm not using, it doesn't mean it's not valuable. It's something you should continue to use."*
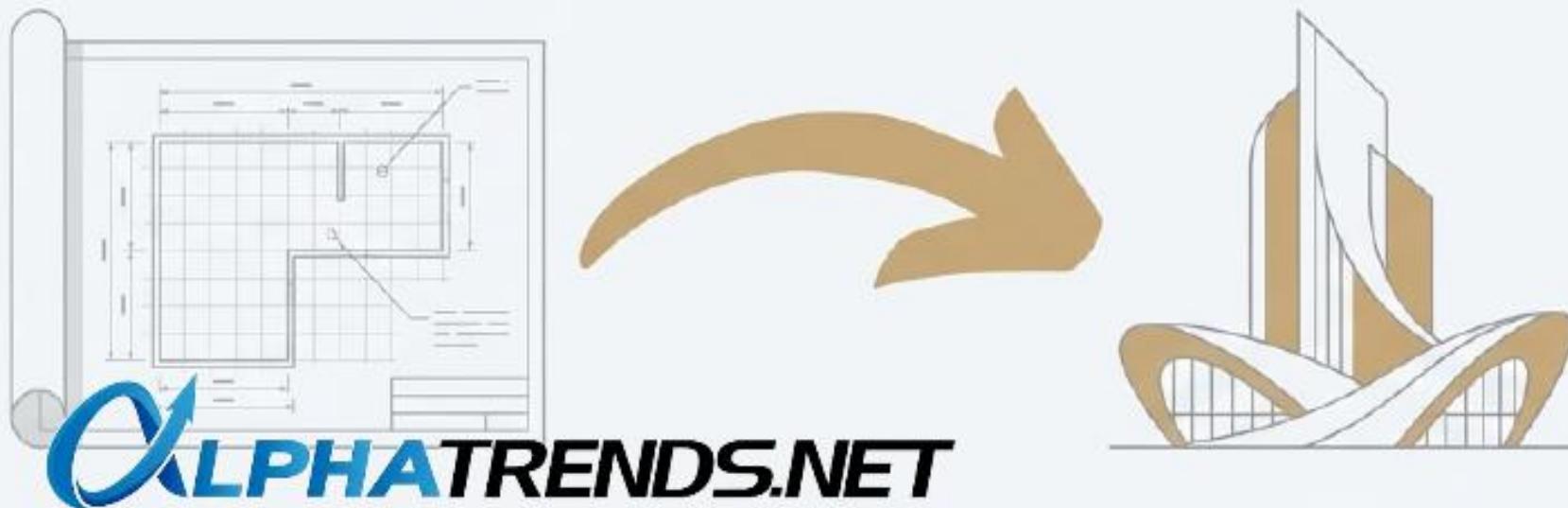


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Use these principles as a foundation. Test them, validate them, and integrate what works into your own unique trading plan.

# The Disciplined Trader's Playbook: A Synthesis

## Philosophy

Start with a foundation of **Simplicity** (clean charts) and **Specialization** (know your niche).

## Tools

Master your core instruments. Understand the logic of the **Anchored VWAP** and the **5-Day Moving Average** (and why to exclude extended hours).

## Process

**Prioritize** your watchlist, use **Alerts** to start analysis, and ask the **Three Key Questions** before every entry. Don't chase—wait for the pullback.

## Mindset

Cultivate professional discipline. **Accept missed trades** and maintain manual **Control** over your decisions.

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*It's a matter of prioritizing what you see in terms of the opportunities.*

# The Trader's Guide to a True 5-Day Moving Average

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## THE PROBLEM: The Flaw in Daily Chart Averages

DAY 1 | DAY 2 | DAY 3 | DAY 4 | DAY 5 (Incomplete)
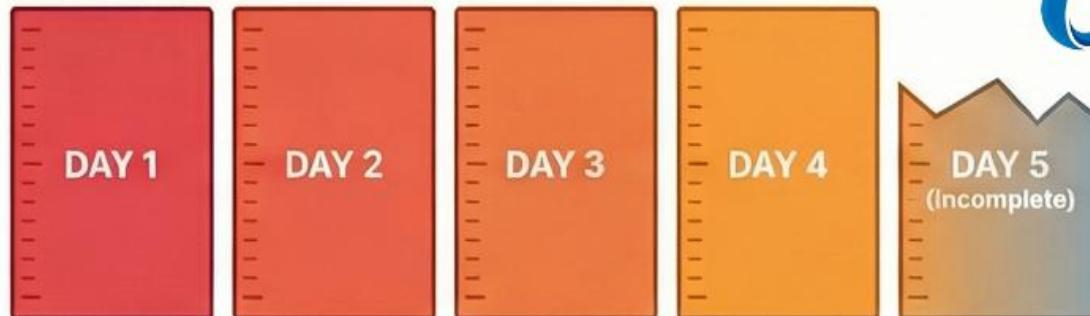
**Daily Charts Give a False Average Mid-Day**

It averages 4 full days plus the current, incomplete day's trading activity.

HOLIDAY (Half-Day) | PARTIAL DAY | PARTIAL DAY | PARTIAL DAY | PARTIAL DAY
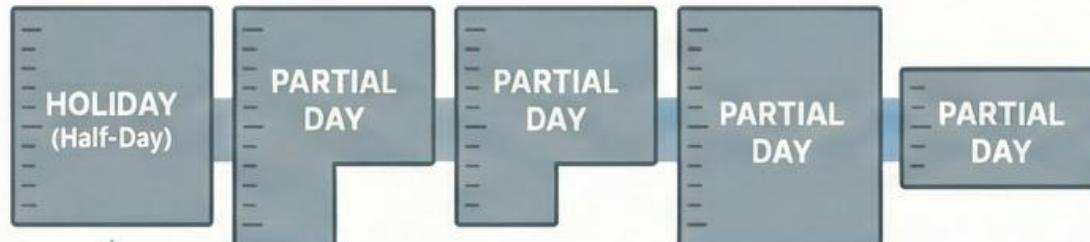
**Holiday Schedules Further Skew the Data**

A mix of full days, half-days, and partial days creates an unreliable average.

## THE SOLUTION: Calculate Using Trading Minutes

**1950 MINUTES**

A True 5-Day Period

**One full trading day** equals **390 minutes** of market activity.

$$\frac{1950 \text{ Minutes}}{\text{Intraday Chart Timeframe}} = \text{Moving Average Period}$$

Example: 10-min Chart ÷ 1950 Minutes = **195 PERIOD**

**Avoid Uneven Timeframes like Hourly Charts**

Use periods that divide evenly into the day, like a 85-minute chart (6 periods/day).