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How can I scan for oversold in the slow stochastics and curving up?

1

I'm looking for a scan that can show stocks that are oversold in the slow stochastics (STO) and curving up to exit oversold conditions. Thanks if anyone can help!

stochastics   scan   oversold   crossover

edited **Sep 13 at 09:37**	asked **Sep 09 at 13:31**
chipa	jamiemc101
1.7k ● 2● 34	**15** ● 4

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3

All depends on what you are looking for. Here's some ideas using the coding in the advanced scan interface.

Basically you are looking for Slow Stoch %K to be less than 20 yesterday and above 20 today.

[type = stock]

and [country = us]

and [daily sma(20,daily volume) > 40000]

and [1 day ago Slow Stoch %K (14,3) < 20.0]

and [Slow Stoch %K (14,3) > 20.0]

- Now to avoid false signals and ensure it really has been below 20 say for 5 days you could modify it as follows;

and [1 day ago Max(5, Slow Stoch %K (14,3)) < 20.0]

- Or you could use %D which is a smoothed 3 day average of %D, again requiring it to be below 20 for at least 5 days. Or change it to a longer smoothing average say 5 periods, whatever works.

and [1 day ago Max(5, Slow Stoch %D (14,3)) < 20.0]

- Lots of ways to do it, just start playing around. For evaluating the scan I would setup a chart style similar to the following, just so it makes it easy to see if you are getting what you think you asked for.

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You could also require a crossover of %K crossing above %D, but the problem with too many criteria that have to happen on the same day your scan will be very restrictive. See Coke above where %K crosses %D several days before %K crossed above 20.

Cheers Gord

link   edited **Sep 09 at 15:09**   answered **Sep 09 at 15:01**
                                                                            Gord
                                                                            4.2k ● 2● 9

Thanks for your input Gord! It really helps....

jamiemc101 (Sep 09 at 15:15)

Awesome! Thanks to you guys, I just wrote my first scan ... AND IT WORKED!!

[type = stock] and [country = us] and [daily sma(30,daily volume) > 500000] and [country is US] and [Slow Stoch %K (14,3) < 20.0] and [Slow Stoch %D (14,3) < 20.0] and [Close > 2.00] and [Close < 99.9] and [RSI (14) > 30.0]

jamiemc101 (Sep 10 at 11:51)

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2 Great answer Gord. And I love the chart settings. Jamiemc101, if you're not around everyday to run scans (like me) you can loosen up the criteria a little bit so you will get hits that did not did not occur today but still have potential. Limit the search as Gord suggests or to a predefined group or favorites list so you don't get more hits than you have time to look at. Then, [min(10,Slow Stoch %K (14,3)) < 20] and [max(5,Slow Stoch %K (14,3)) < 50]. Play with the min/max and Slow Stoch parameters a little to see what works best for the stocks you like. I find Full Stoch 7 and 28 K% are pretty good. Remember using non-default parameters can keep you from getting whipsawed - the pros are waiting for you at the default value signals.

Another thing to consider when using stochastics - there can be good (even great) lower risk opportunities BEFORE %K ever gets below 20. For instance, if the uptrend is strong (and that will happen again someday), readings for %K after it has dipped below 50 and turned up can be great trades. The scan is slightly different [min(3,Slow Stoch %K (14,3)) < 50] and [Slow Stoch %K (14,3)> 50]. You can test trend strength by adding in long term MA rising (e.g. [sma(200, close) > 20 days ago sma(200,close)] and the intermediate term MA above it [sma(50, close) > sma(200,close)] and rising [[sma(50, close) > 10 days ago sma(50,close)]. Hope that helps!

link   answered **Sep 09 at 18:42**
                                                                            markd
                                                                            1.9k ● 1● 6

Wow. What another great piece of advise! I didn't realize that the help would come so freely and quick. These are my favorite plays, as well. These work best when stocks are range bound. Thanks again ...