

How to Find the Best Stocks to Day Trade

Finding the Best Stocks to Day Trade [Video]

There are thousands of stocks you can trade on any given day. The potential number of trade opportunities can feel overwhelming to the untrained eye. Do you pick popular stocks like Apple or Google to trade? Do you just play IPOs and shoot for a quick flip based on the hype? All of these questions have to be flushed out as a part of your [trading plan](#).

Maybe you scan the market in hopes of finding stocks that best fit your trading methodology. If you were looking for a simple list of high volume stocks that you can trade every day and make boatloads of money, you have come to the wrong place.

Learning how to find the best stocks to day trade requires work and quite a bit of research on your part. In this article, I will illustrate 7 tips and tricks you can use to find the best stocks to day trade.



Start Your Day Early

I am going to cover a number of day trading tips and tricks below that you can use in both the pre-market and during the trading day to identify the best stocks to day trade.

Regardless of which approach best fits your [day trading](#) style, the one thing required for each selection process is you must get an early start to the trading day.

Gone are the days where you can arrive at 9:15 am, log on and start placing trades. The market is getting faster and faster with the increased trading volume from hedge funds. At a minimum, you should start your prep work at 8 am.

This will provide you enough time to conduct your morning research and configure your [monitors](#) with the stocks you are actively tracking for the day.

#1 Find the Best Stocks to Day Trade with Pre-market Movers



Day Trade with Pre-market Movers

For those of you that have been trading for some period of time, you will know that the pre-market is one of the street's favorite ways to head fake you. ^[1] A stock could be up 6% in the pre-market only to open up 2% at 9:30 am. The reason for the large price swing is due to the thin volume that can carry a stock either way outside of the regular trading session.

I start my scanning at 8:00 am sharp well before the [opening](#)

[bell](#). This gives me a full hour and a half before the market opens to conduct my research. Below is what you want to look for when scanning stocks during the pre-market.

- Stocks greater than \$5 dollars. Before all you penny stock traders begin yelling, I have nothing against you, it is just I have tight stops on my trades and trading a \$1 dollar stock does not leave me much room.
- Volume needs to be somewhat heavy. If you see a stock up 20% on 200 shares, then look the other way.
- Once you see a stock that is up on decent volume and above \$5 dollars you will want to check the volume average for the last 30 days. This step is critical because you can filter out all of the stocks that normally trade thinly and are not good candidates for day trading.
- Make sure you review the broader value of the [futures market](#) for the major indices (Dow, NASDAQ and S&P). While breakouts can move independently of the market, it's always a good idea to go in the direction of the broad market.

Your trading platform should provide you with the pre-market movers; however, if the scans are not thorough enough below is a list of resources:

1. NASDAQ pre-market values
2. Stock Market Analysis – list the pre-market movers every morning
3. Stock Market Watch – provides top gainers and losers but also displays the pre-market value of the major indices.

There are other high powered scanners out there, but to be honest, all you really need is a method to see the top gainers and losers.

The constant need for more information throughout the day will likely lead to overtrading or too much confidence.

Not to mention some of these scanners can get pretty costly. My thoughts are you need to show you are able to make money with the most basic of scans before scaling up to the pricier options.

Examples of these pricier scanning options are Trade Ideas and Finviz. What these sites lack in design they more than make up for in their ability to provide you with more scans than you can ever dream of needing.

Open to More Risk?

Now that we have covered the more conservative point of view for pre-market trading, let's delve into the wilder side of trading – low float stocks.

Low float stocks are not for everyone as the price moves are significant. ^[2] These low float stocks are likely [penny stocks](#) that trade under \$5 dollars.

Please note, if you go down this path do not use more than 5% or 10% on each trade. This is more of a game where you play the pop, but you are not making a long-term investment. Odds are these stocks are priced cheaply for a reason.

Find a Clean Pattern

As we mentioned earlier, you want to avoid charts that have low volume in the morning. How do you know you are dealing with a chart with low volume – just check out the image below.



Thin Volume

Basically, if you feel like you are looking at stars in the midnight sky, the volume is too thin. When I say stars, I am not talking about candlesticks – I mean literal dashes on the charts.

The pattern you trade is solely up to you. Some of you may like ascending triangles, while others may look for red to green setups (meaning the stock starts lower but later exceeds the morning highs).

High Float

Next up, after you find a stock in pre-market with decent volume, you will want to find the stocks with high float. Why high float?

These are the stocks that can really fly in the morning.

Now on average, I find between 2 and 5 stocks that have both

the volume and the necessary float requirements.

The key for you is only trading one or two of these [setups per day](#).

You will likely see a list of stocks like the one below:

| %Chg | Last | Symb | Company | Volume | %Chg | Last | Symb | Company | Volume |
|--------|-------|------|--------------------|--------|---------|-------|------|--------------------|---------|
| 58.47% | 3.74 | SMIT | Schmitt Industries | 251990 | -42.28% | 9.50 | MRSN | Mersana Therapeuti | 15900 |
| 35.16% | 18.45 | DM | Dominion Energy Mi | 445370 | -9.80% | 23.84 | OII | Oceaneering Intern | 500 |
| 24.14% | 3.60 | TIK | Tel-instrument Ele | 1000 | -9.21% | 3.35 | MDGS | Medigus Ltd. | 489290 |
| 21.08% | 8.33 | RKDA | Arcadia Bioscience | 581700 | -9.19% | 7.31 | TCS | Container Store (T | 615 |
| 20.54% | 14.20 | ACIU | AC Immune SA | 211350 | -9.13% | 7.27 | ONDK | On Deck Capital In | 1650 |
| 19.26% | 33.00 | TCP | TC Pipelines LP re | 38610 | -7.41% | 15.00 | BPFH | Boston Private Fin | 63 |
| 17.20% | 2.93 | MTSL | Mer Telemanagement | 361480 | -7.35% | 35.16 | EBAY | ebay Inc. | 2580000 |
| 15.93% | 13.10 | DWCH | Datawatch Corporat | 14330 | -7.29% | 35.60 | UFPI | Universal Forest P | 504 |
| 15.50% | 5.67 | YGYI | Youngevity Interna | 4400 | -7.27% | 4.08 | LC | Lendingclub Corpor | 54690 |
| 9.04% | 9.05 | TTS | Tile Shop Hldgs In | 28150 | -6.77% | 19.00 | HESM | Hess Midstream Par | 307 |
| 8.86% | 12.90 | NDLS | Noodles & Company | 4170 | -6.77% | 31.79 | TRCO | Tribune Media Comp | 9200 |
| 8.72% | 2.12 | AVEO | Aveo Pharmaceutica | 67480 | -6.56% | 2.85 | STAF | Staffing 360 Solut | 3670 |
| 8.70% | 11.00 | EEQ | Enbridge Energy Ma | 9200 | -6.44% | 20.35 | BRZU | Direxion Daily Bra | 60620 |
| 8.64% | 31.78 | ISMD | Inspire Small/mid | 300 | -6.43% | 19.95 | EOLS | Evolus Inc. | 301820 |
| 8.22% | 11.45 | EEP | Enbridge Energy L. | 40890 | -6.25% | 57.00 | RPM | Rpm International | 2110 |

Movers

As you can see there are a few stocks on both the long and short side that are likely good candidates for an [opening range breakout](#) or breakdown trades.

Now that we have covered pre-market at length, let's shift our focus back to other ways to identify great day trading opportunities.

#2 Only Trade Stocks with High Volume

Fans of the TradingSim [blog](#) know my thoughts around the amount of capital required to make it in this game. So, assuming you have hundreds of thousands of dollars at your disposal you will need a stock with enough volume to allow you to quickly

enter and exit the trade with ease. My personal minimum is 40,000 shares per 5-minute bar.

If you have a brokerage account your respective firm should have a most active list. This is a good start but will only contain the top 20 or so stocks. You will need a scan that is a little broader and provides you with trading opportunities that are not being tracked by every investor. You will want to also find stocks that are rising on high volume relative to themselves.

For example, if a stock normally trades 2 million shares a day but has 5 million shares traded before 10 this is something of note. You may be saying to yourself, well these will show up in the most popular in my trading platform, but this is not always the case because again your brokerage platform may only return a maximum number of stocks (i.e. top 10, 20).

If your trading platform does not provide you with a robust screener for high volume stocks below are some great resources:

1. Unusual Volume provided by [Yahoo Finance](#). ^[3]
2. [Bar Chart](#) provides a list of over 200 symbols ^[4]
3. [The Street](#) provides not only the high volume stocks but also has a scan for stocks trading under \$5 for all you penny stock lovers out there ^[5]

#3 Develop your Own Watchlist

You will need to develop your own list from stocks you follow on a daily basis. Again, due to a large number of stocks on the exchanges, it's best to focus on specific sectors. Below is a list of popular ones:

- Banking
- Precious Metals

- Semiconductor
- Automotive
- Pharmaceuticals
- Retail
- Internet

Once you have one or two sectors you would like to follow, begin to track the movement of the top issues. Give yourself a few months of consistently watching the stocks and the sectors in terms of their price movements.

As a follower of the Richard Wyckoff method, you know that each sector and stocks will have an 'operator' that is in control of the market action. This operator is the investor with the most money in your stock; therefore, they have a controlling interest. To give you a tangible example, during the summer of '08 I began to track the gold market heavily.

Every day like clockwork stocks Royal Gold (RGLD) and Golden Star Resources (GSS) would have sharp reversals at 10 AM. My system of buying or selling short on breakouts of the morning's trading range would fail consistently with these precious metal stocks.

While experience taught me to avoid this particular sector for 6 months, you could use the watch and learn approach to understand how a particular market moves in order to gain an edge over other traders.

The one challenge with building a list is limiting the number of stocks you watch within 1 or 2 sectors. Since you are manually tracking these stocks and building a sense of touch for how they trade. At most you should only track 10 stocks per sector, so this gives you a maximum of 20 stocks you can follow at any one point.

#4 Look back over your trade history



Look Back Over Your Trade History

Instead of looking to someone else for advice on what the best stocks to day trade are, how about looking at your own trade performance. I guarantee there is at least one stock you trade on a regular basis for one reason or another.

Funny thing is you will not be able to explain why you keep gravitating to that particular security. Call it your soul mate or just your stock of choice. Your comfort level with the stock will make you feel like you “own” its movements.

You can move in and out of the stock with ease and generally make a profitable trade on each attempt.

For me, I couldn't get enough of Baidu Incorporated (BIDU).

For all of you fans of the show Scandal, she was my Olivia.

I would track BIDU every day even if she wasn't moving much.

For some reason, I was able to predict her movements and never found myself fighting the trade.

So, look back over your trade history, is there one stock that keeps popping up on your list of trades?

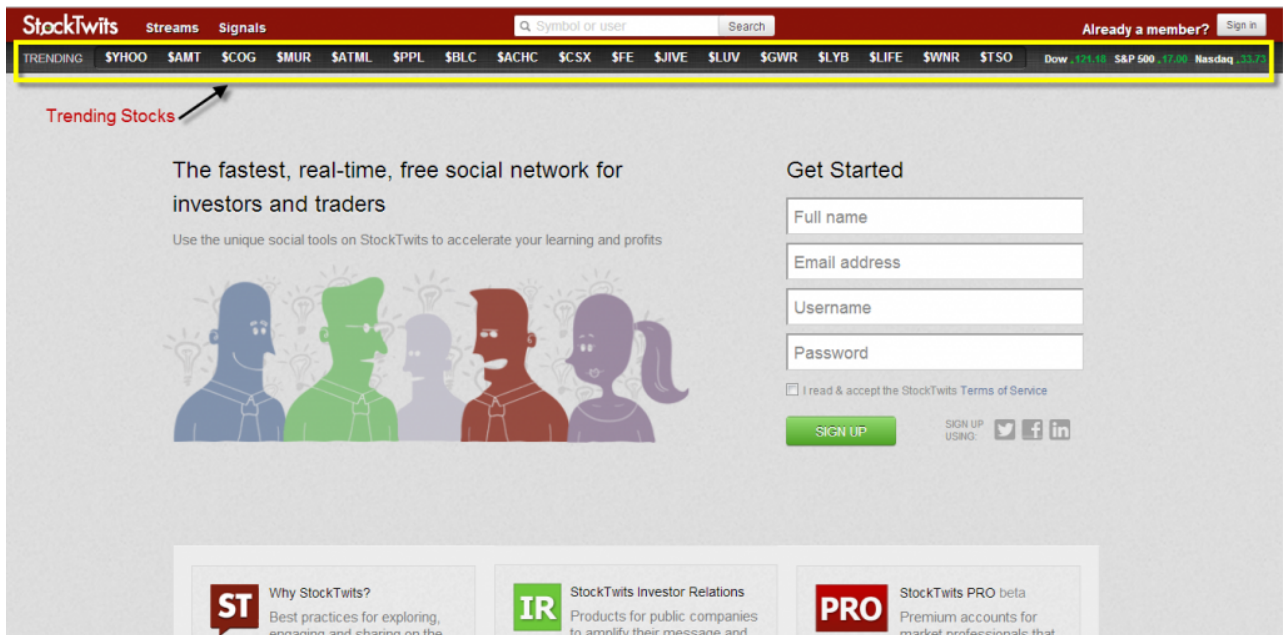
#5 Social Media

This is a more recent technique for scanning the market and I haven't tried it personally (I guess I'm too old), but I will give it a shot to illustrate exactly how you can go about searching the social world to find stocks to day trade. The reason I avoid searching social media sites or read news events is that I do not want anything positively or negatively impacted my view on a stock. I base my trade decisions solely on the price and volume action of the stock. Now that I have my disclaimer out of the way, let me try boosting your comfort level and talk about how I would scan the social arena.

StockTwits

StockTwits streams the hopes and random thoughts of investors for each security. They even have a market sentiment factor which displays at the top of each wall for the respective stock. In terms of which stocks to best day trade, if you visit the homepage you will see a list of stocks across the top which are trending.

These are stocks that members are actively discussing. You will quickly notice that these are the stocks in the news, but there are times where members are discussing a move in a stock during the middle of the day before a news publication is able to produce an article.



The best method for using StockTwits without a doubt goes back to the list of pre-market movers. You can, of course, look at the news event which is pushing the stock higher or read the latest press release from the company, but StockTwits allows you to get a real pulse of the market.

You can actually use StockTwits as a method to validate exactly how much interest there is in the stock.

If you see a stock up 10% but with only two tweets, it's likely not in play.

However, if you can find the stock that is up on heavy volume and the board for the respective security on StockTwits is very active, you likely have a stock in play.

Remember, it's not about the level of bullishness or bearishness on the board – all you care about is if people are talking about the stock you have an eye on.

Stockcharts

Similar to StockTwits but with a twist, is the popular list charts being viewed on Stockcharts.com. Two things I like about Stockcharts are the site provides a time stamp of when

the data was last pulled. This sounds simple, but this is critical when minutes can mean the difference between winning and losing. The other cool feature is Stockcharts displays which stocks are consistently popular over time with their user base.

The screenshot shows the StockCharts.com website. At the top, there's a navigation bar with links for HOME, FREE CHARTS, CHARTSCHOOL, BLOGS, MARKET MESSAGE, SUPPORT, and MEMBERS. Below this is a search bar for creating a chart. The main content area is divided into several sections:

- Welcome to StockCharts.com!**: A message encouraging users to sign up for a 10-day free trial.
- Today in the Market:** A section with a line chart of the Dow Jones Industrial Average and a table of market indices.

| Index | Value | Change | % Change |
|--------------|----------|---------|----------|
| DJIA | 15354.79 | +121.57 | +0.80% |
| NASDAQ | 3498.97 | +33.73 | +0.97% |
| NYSE | 9576.44 | +87.13 | +0.92% |
| S&P 500 | 1666.12 | +15.65 | +0.95% |
| S&P 100 | 746.75 | +5.95 | +0.80% |
| NDX 100 | 3028.96 | +29.62 | +0.99% |
| Russell 2000 | 996.30 | +10.96 | +1.11% |
- Currently Popular with StockCharts Users:** A list of popular stock symbols including aapl, bac, cat, cerp, dia, dust, dxj, ewj, fb, fxa, fxb, fxe, fxf, fxg, fxy, gdx, gdj, ge, gld, goog, intc, itb, iwm, lnkd, luv, nly, nm.v, ntwk, qcom, skto, slv, syrg, tit, tsla, tur, uso, uup, xle, xlf, xly.
- Consistently Popular:** A list of consistently popular stock symbols including \$compq, \$gold, \$indu, \$ndx, \$nya, qq, \$rut, \$spx, spy, \$tick, \$trin, \$stx, \$usd, \$vix, \$wtic, \$xeu.

On the right side, there are sections for 'Start to Chart!', 'Search The Site', and 'Links'.

TradingSim

I would be re-missed if I did not mention TradingSim. We are weeks away from deploying a new version of the market movers component for our trading simulator. Market movers provide a list of the top 20 losers and gainers for every session in the market. For me when I would do my historical scans, I would have a tough time identifying which stocks were [trending](#) on a given day. Market movers will allow you to pick a day 6 months in the past and you can actually see what the hot stocks were for the day. Just as you would research and track the hot stocks for each morning, market movers automatically provide this function for you on historical days, so you can just focus on practicing day trading.

#6 Monitor the Earnings Calendar

Monitor the Earnings Calendar



www.tradingsim.com

Monitor the Earnings Calendar

One event that is sure to bring about increased volatility is the reporting of earnings. You will want to keep track of who is up on deck for the week, that way you can start to monitor how the stock is trading going into the earnings announcement.

I AM NOT advocating you place a trade before the earnings are reported, because this is another form of gambling. You will, however, want to know who are the likely movers, so you can add them to your watch list. This will reduce the amount of research required prior to the market open. Below is a list of sites that publish earnings calendars:

- [Yahoo Finance](#)
- [Morningstar](#)
- [Earnings Whisper](#)

#7 Focus on One or Two Stocks

Focusing on one or two securities is all about keeping it simple. In all of the above examples, you would need to scan, watch and react quickly on a daily basis to a number of issues. If this is something that you feel is too much and

you want to become a master of something simple, then look to trade the same one or two issues every day may be the answer.

When selecting a stock to trade you have two approaches: (1) select the most popular stock or (2) pick your favorite stock based on your past trading performance. #2 will largely depend on your own trading preferences, so I will cover a few top stocks for day trading:

- AAPL (Apple) – high volume and great [price action](#). The popularity of the company has transferred over to the stock's popularity in the trading community
- S&P 500 Spiders – While this is not a stock but an ETF that follows the S&P index, the volume is huge and provides the means for you to trade the index without trading futures
- QQQ – formerly known as the QQQQ has been a fan favorite of active traders for over a decade
- GOOG (Google) – need I say more?
- TSLA (Tesla Motors, Inc.) – if you like volatility the stock moves as fast as its cars
- NFLX (Netflix) – the CEO is willing to make bold decisions, this has translated into significant price swings in the stock
- FB (Facebook) – there are few stocks that have polarized traders as much as Facebook

I think it's safe to say I am a little biased towards the NASDAQ when it comes to day trading. The NASDAQ's ability in the late 90's to facilitate order flow has in my mind forever stamped them as the preferred index for active traders.

Below are the benefits of trading one or two stocks:

- Learn the trading pattern
- Identify the technical indicators best suited for the security
- Less Stress
- Less work to do before and after the market close

In Summary

There are multiple ways to select the best stocks for you to day trade. Remember trading is a journey, so don't try to figure it all out in one day. Just make sure your scan provides you the means to trade high volume stocks with a sound system that consistently makes you money.

If you do decide to create custom scans you will want to focus on the following key areas:

- high volume plays
- gappers
- pre-market movers
- red to green and green to red
- consecutive number of red or green candles
- biggest gainers and losers

Results for these 6 scans will provide you more than enough as a new trader.

I hope you found this article to be helpful in your quest to find the best stocks to day trade. If you would like to see how we can help you further, come over to [Tradingsim.com](https://tradingsim.com) and give our market movers a shot. I'm sure you will find our top stock mover tips useful. Good Luck Trading.

– Al

Photo Sources

Stock Ticker – francisco.j.gonzalez

External References

1. Cramer, Jim. (2019). [Don't Mess Around with Pre-Market Trading During Earnings Season](#). CNBC
2. [Low Float Stocks](#). lowfloat.com
3. [Most Active Stocks](#). yahoo.com

4. [All US Exchanges Volume Leaders](http://barchart.com). barchart.com
5. [Most Actives](http://thestreet.com). thestreet.com