360° Stock Selection Checklist

🎯 We want to find the 1% stocks that are most likely to make big gains in the right market environment.

🎯 We want to be effective and efficient. Instead of having 300 stocks on a watchlist, we want to keep the list smaller than 50 stocks.

The criteria you see in the checklists produced the biggest stock market winners of the last 100 years and more. 📈 What has worked for a long time has a high probability that it will continue to work.

Below you will find a selection of must-have criteria. There are more criteria I'm looking for and more setup types (like pullback, double bottoms...). You can find everything in the video course.

⚠ Don't confuse stock picking with a buy signal! You always need a buy signal to time your entry.

Basics

Here are some basic criteria:

✅ The price should be over $7-10, better over $20. Institutions are often not allowed to trade cheap stocks.

✅ Average daily dollar volume (price x average 50-day volume) should be above $15-20 million. For higher priced stocks (>$100), you can go down to around $10 million.

✅ Require a minimum market cap of $300 million to avoid highly speculative microcap stocks. Institutions are often not allowed to trade them
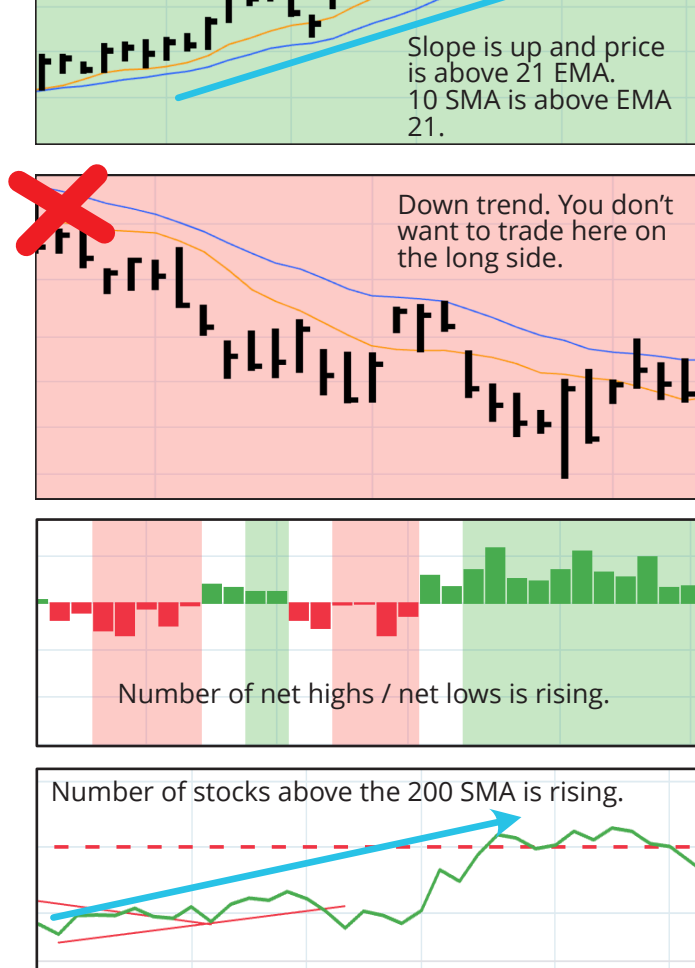
Market

⏱ You always want to trade with the probabilities on your side. Only trade when the market is in a clear, confirmed uptrend.

✅ NASDAQ Composite should be in a clear uptrend in the short term.

✅ Make sure the price is above the 21 exponential moving average (EMA) and the slope is up.

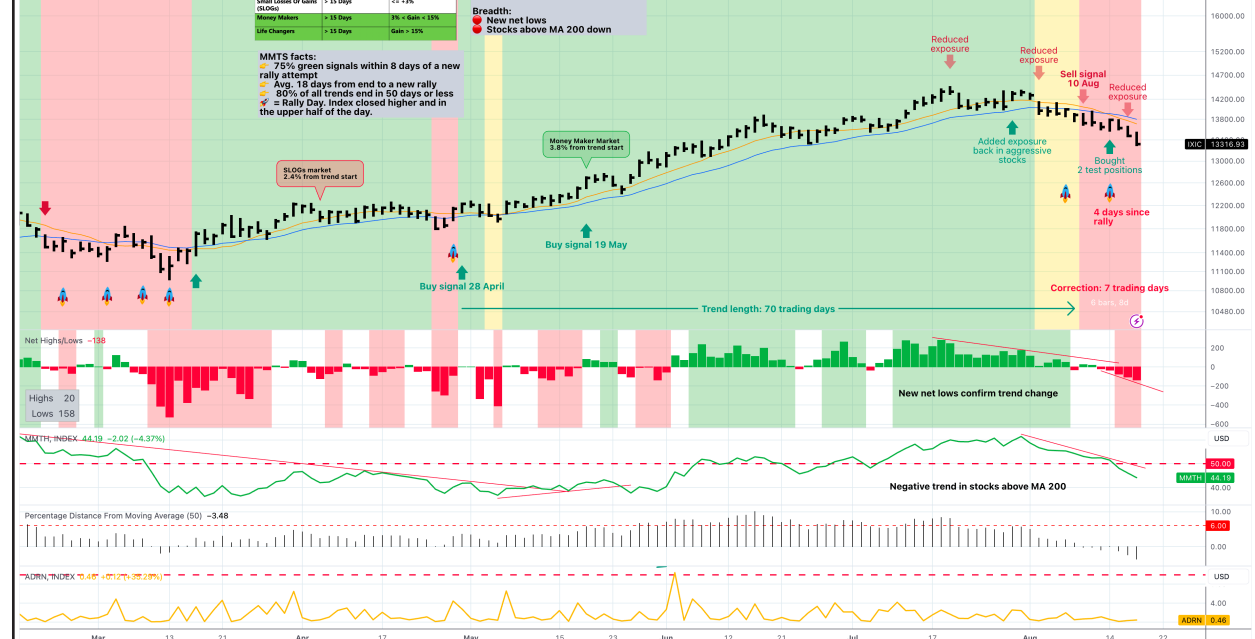✅ In addition, the 10 simple moving average (SMA) must be above the EMA 21.

ℹ My members and video course students have access to the Martz Market Trend System (MMTS) indicator which makes it very easy to determine the market trend.

✅ Require an improvement in the number of stocks above the 200 SMA and an increasing number of net highs/net lows.

✅ Confirm the uptrend of the market by looking at multiple indicators. They should confirm each other!

Slope is up, price is above 21 EMA. 10 SMA is above EMA 21.

Down trend. You don't want to trade here on the long side.

Number of net highs / net lows is rising.

Number of stocks above the 200 SMA is rising.

Example: Here you can see the market monitoring setup we are looking at in the member community and video course.
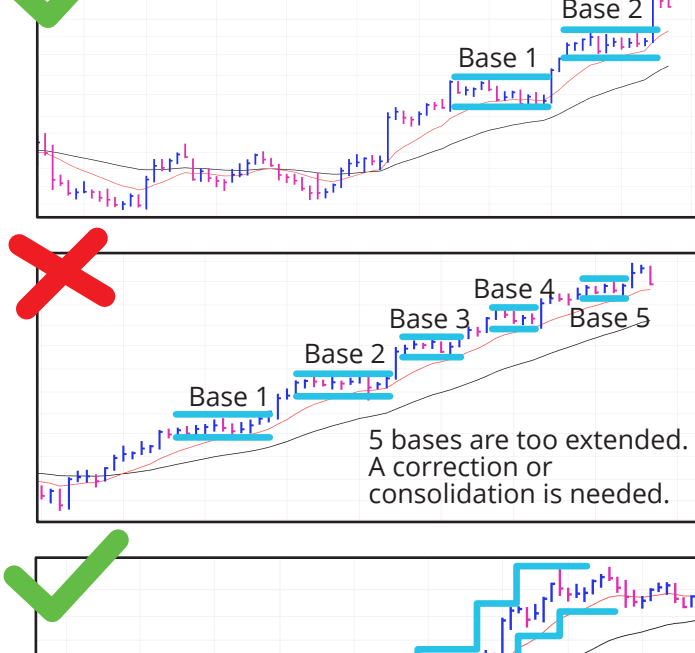

Technicals

🎯 Select the technically strongest stocks you can find, with high relative strength to the S&P 500 and strong institutional accumulation.
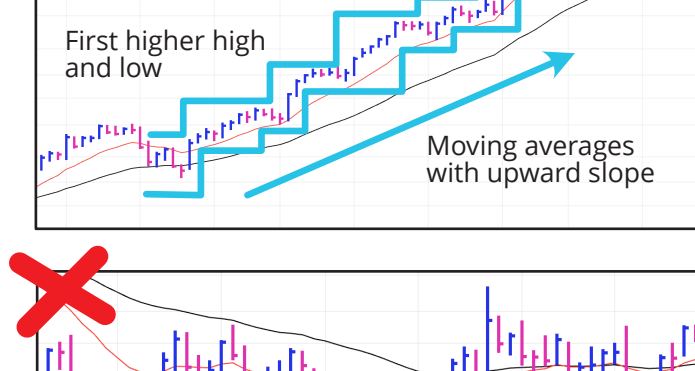
Weekly chart:

✅ Young, new uptrend with 1-2 bases or pullbacks to the weekly EMA 13.

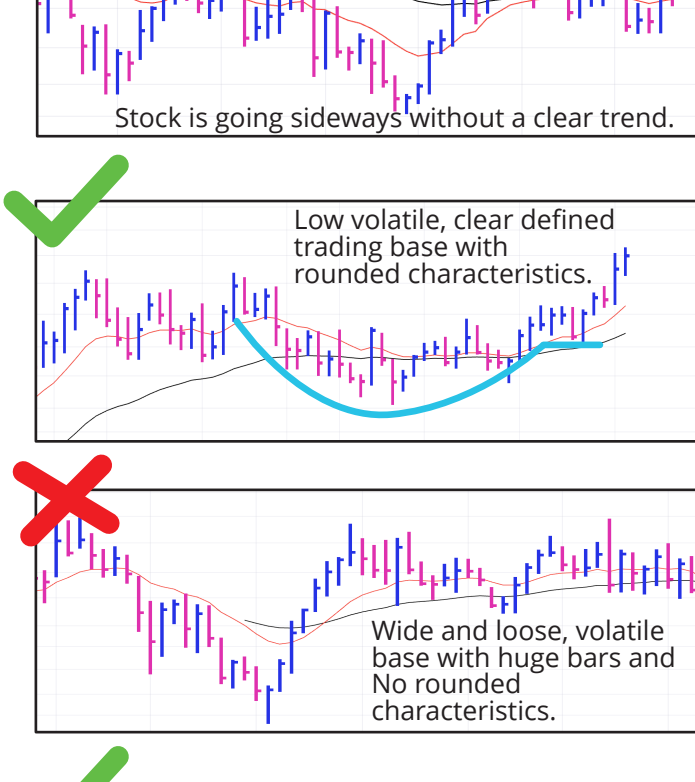✅ A deep pullback below the weekly 13 EMA or 40 EMA resets the base counting.

Base 1, Base 2

5 bases are too extended. A correction or consolidation is needed.

Weekly chart:

✅ Stock is in a clear uptrend with at least 1 higher high and low.

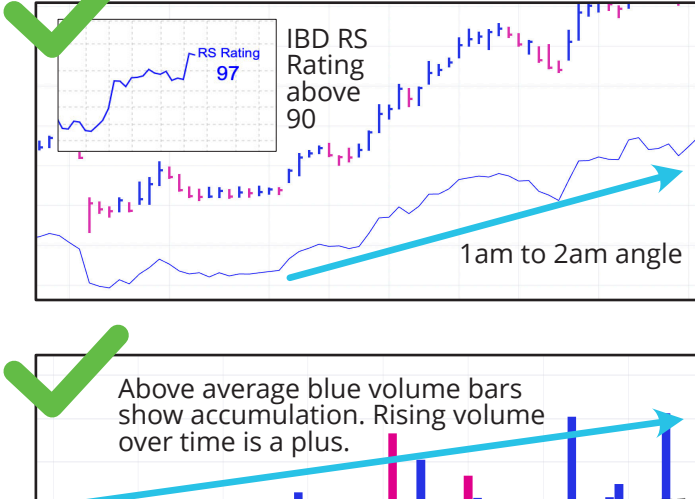✅ Positive moving average alignment: EMA 13 is above EMA 40 and the slope is up.

First higher high and low

Moving averages with upward slope

Stock is going sideways without a clear trend.

Weekly chart:

✅ Low volatile trading base with at least 5 weeks or longer.

✅ Ideal: Rounded characteristics, low number of red bars (down weeks), max. 20-30% deep.

Low volatile, clear defined trading base with rounded characteristics

Wide and loose, volatile base with huge bars and no rounded characteristics.

✅ Relative strength line at 1 o'clock or 2 o'clock angle.

✅ Investor Business Daily Relative Strength Rating above 90.

IBD RS Rating above 90

1am to 2am angle

✅ Accumulation visible in the weekly volume bars.

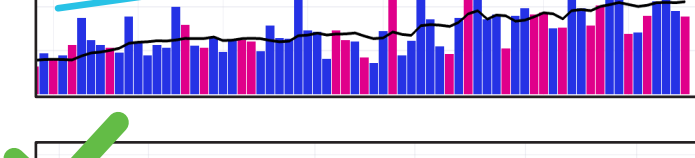Above average blue volume bars show accumulation. Rising volume over time is a plus.

Daily chart:

✅ Tight consolidation below a clear defined pivot point.

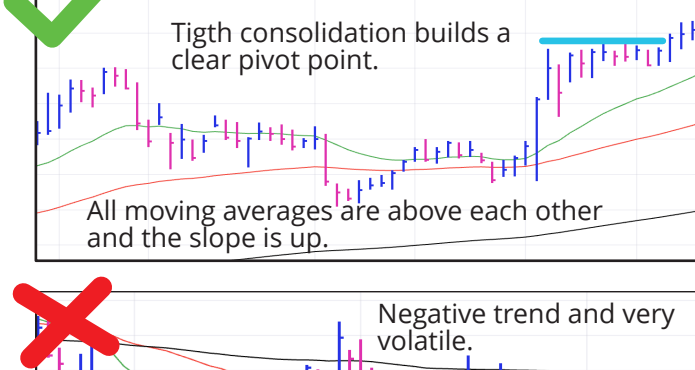✅ Positive moving average alignment: EMA 21 > EMA 65 > EMA 200. Big plus: slope is up.

Tight consolidation builds a clear pivot point.

All moving averages are above each other and the slope is up.

Negative trend and very volatile

Additional Investor Business Daily criteria:
✅ Accumulation / Distribution Rating A, B or C.
✅ Up / Down Volume Ratio at least 1.1.
✅ Rising number of funds in the last 3 quarters.

Fundamentals

⏱ Find companies with a growing business and an increasing demand for their product or service that will increase their sales and profits in the future.

✅ Strong quarterly sales growth year over year.

✅ Acceleration in sales growth quarter over quarter is a big plus.

✅ Require last quarter revenue growth of at least 20% year over year for a regular stock and 30% or more for a company with no earnings per share (EPS).

Sales($Mil)	% Chg
91.0	+21%
98.1	+11%
106.1	+11%
122.8	+28%
122.9	+26%
145.5	+49%
187.4	+78%
216.3	+31%

Sales($Mil)	% Chg
98.7	+23%
97.7	+18%
108.0	+20%
102.5	+21%
108.9	+25%
119.3	+22%
117.5	+16%
122.8	+20%

76% sales growth in last quarter. Acceleration in sales growth year over year.

20% in last quarter. Consistent sales growth year over year.

If company is profitable:

✅ Strong quarterly earnings per share (EPS) growth year over year. The higher the better.

✅ Acceleration in EPS growth quarter of quarter is a big plus.

✅ Require at least 50% EPS growth in the last quarter year over year.

Quarter	EPS($)	%Chg
Sep-21	0.21	+11%
Dec-21	0.31	+41%
Mar-22	0.33	+27%
Jun-22	0.41	+32%
Sep-22	0.49	+133%
Dec-22	0.45	+45%
Mar-23	0.63	+91%
Jun-23	0.82	+100%

Quarter	EPS($)	%Chg
Sep-21	0.37	+23%
Dec-21	0.28	N/A
Mar-22	0.24	N/A
Jun-22	0.37	+138%
Sep-22	0.52	+41%
Dec-22	0.27	N/A
Mar-23	0.22	+102%
Jun-23	0.46	+303%

120% EPS growth in last quarter. Acceleration in EPS growth year over year.

560% EPS growth last quarter is a huge number! That's what you want to see.

✅ Require at least positive yearly EPS estimates for this and next year.

✅ For this year you want to see an EPS estimate of at least 20%. At least 0% next year.

✅ If the company is profitable for a longer time, yearly big EPS growth is a big plus. Require at least a growth rate of 20-25% for the last 3-5 years.

Year	EPS	Price($)	
(Dec)	($)	High	Low
2016	0.74	365	45
2017	1.89	123	29
2018	4.40	56	18
2019	0.33	37	21
2020	0.03	31	17
2021	0.84	86	14
2022	0.54	45	22
2023	2.87	53	18
2024	3.80	196	34

Year	EPS	Price($)	
(Dec)	($)	High	Low
2016	0.79	365	45
2017	1.29	123	29
2018	2.10	56	18
2019	2.80	37	21
2020	3.54	31	17
2021	4.31	86	14
2022	5.21	45	22
2023	6.80	53	18
2024	7.28	196	100%

Huge EPS growth in the last years and strong estimates for the current and next year. That's perfect!

>999% EPS estimates for this year and 120% for next year is a huge number coming from negative growth.

✅ Some additional Investor Business Daily criteria:
✅ EPS Rating of 90 or higher.
✅ Composite Rating of 90 or higher.
✅ Cash flow larger than last year EPS.
✅ Return On Equity higher than 15%. The higher the better!
✅ Rising Pre-Tax Margins quarter over quarter.
✅ High share of ownership from management.
✅ Low number of shares in float. 50 million or lower is preferred.
✅ Low or no debt is preferred.

Story

⏱ Find companies with great growth potential. It's not enough to see strong recent growth. You want to make sure the company has the potential to grow faster in the future.

Story analysis requires a lot of experience, but make sure the company is in a sector or industry that is growing fast. The company should have (new) attractive products or services that attract money and have a growth mentality.

Some check points:

⬜ Has the company innovative or even disruptive products or services?
⬜ Big plus: Is the founder still leading the company and has it an entrepreneurial mindset?
⬜ Is the company continously gaining market share or expand their markets through expansion, acquisitions or entering new markets?
⬜ Is the company part of a fast growing sector?

Examples for growing sector's 👍

Software & AI
Semiconductor
Electric vehicles
Internet
Fintech
Space
Consumer products
...

Sectors you maybe want to avoid 👎

Banking
Insurance
Consumer staples
Industrial
Airlines
Car manufacturer
Conglomerates
...

Some examples:

NVIDIA. NVDA became the leader in Artifical Intelligence and Machine Learning with their semiconductors and software.

IONQ IONQ become quantum computing semiconductors that can be used by cloud computing providers.

e.l.f. e.l.f. created a strong cosmetics brand for the young Generation X and benefited from a high direct-2-consumer share.

CELSIUS created a strong energy drink brand and benefited from a distribution agreement with Pepsi.

Do you want to become a growth stock trader?

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MARKET UPDATE