

ESSAY

TRADING

ADVANCED ADDITION BY

Mirza BiLaL

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TIME FRAMES

What is Time Frame?

A time frame is a period of time where price movements take place. This could be anywhere from a few seconds or a minute, to weeks. For example, when you track price movements of an asset across minutes, it means that you're using minutes as a timeframe.

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Best Time Frame For Scalping.

1 mint, 3 mint and 5 mint is best Time Frame for Scalp Trading.

Best Time Frame For Intraday.

5 mint, 15 mint and 30 mint is best Time Frame for Intraday Trading.

Best Time Frame For Swing Trading.

45 mint, 1 hour and 4 hour is best Time Frame for Swing Trading.



ELEMENTS OF TRADING STRATEGY

What do you mean by trading strategy?

A trading strategy is a systematic methodology used for buying and selling in the securities markets. A trading strategy is based on predefined rules and criteria used when making trading decisions.

What are examples of trading strategies?

1) Trend trading
2) Range trading
3) Breakout trading
4) Reversal trading
5) Gap trading
6) Arbitrage
7) Pairs trading

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How do you learn a trading strategy?

1) Always Use a Trading Plan.
2) Treat Trading Like a Business
3) Use Technology.
4) Protect Your Trading Capita
5) Study the Markets
6) Risk Only What You Can Afford
7) Develop a Trading Methodology.
8) Always Use a Stop Loss.

TREND TRADING STRATGY

What is trend trading strategy?

Trend trading is not difficult once you know how amd it's a great way to make money when trading crypto, here are the basics every trader should know..

Trend are Created by Crowd behaviour and they exist for All instruments on All timeframes

There are two types of trend

UpTrend



In an Uptrand the Market rises and makes a sequence of Higher Highs (HHs) and Higher Lows (HLs)

DownTrend



In a Downtrend the Market falls and makes a sequence of Lowers lows (LLs) and Lower Highs (LHs)

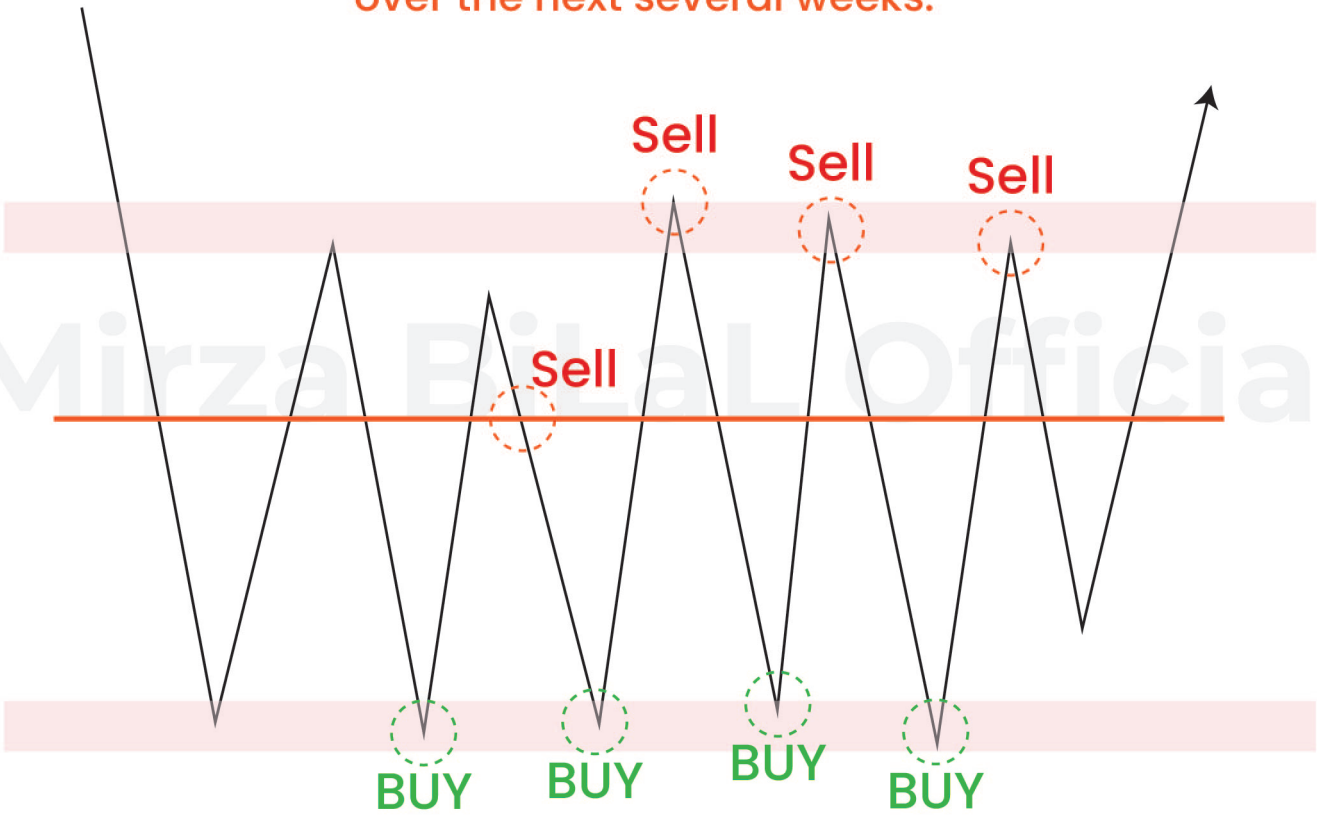
Trader make money by Identifying these trends and then riding them by moving their Stops when...

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RANGE TRADING STRATGY

What is range trading strategy?

Range trading is an active investing strategy that identifies a range at which the investor buys and sells at over a short period. For example, a stock is trading at $35 and you believe it is going to rise to $40, then trade in a range between $35 and $40 over the next several weeks.



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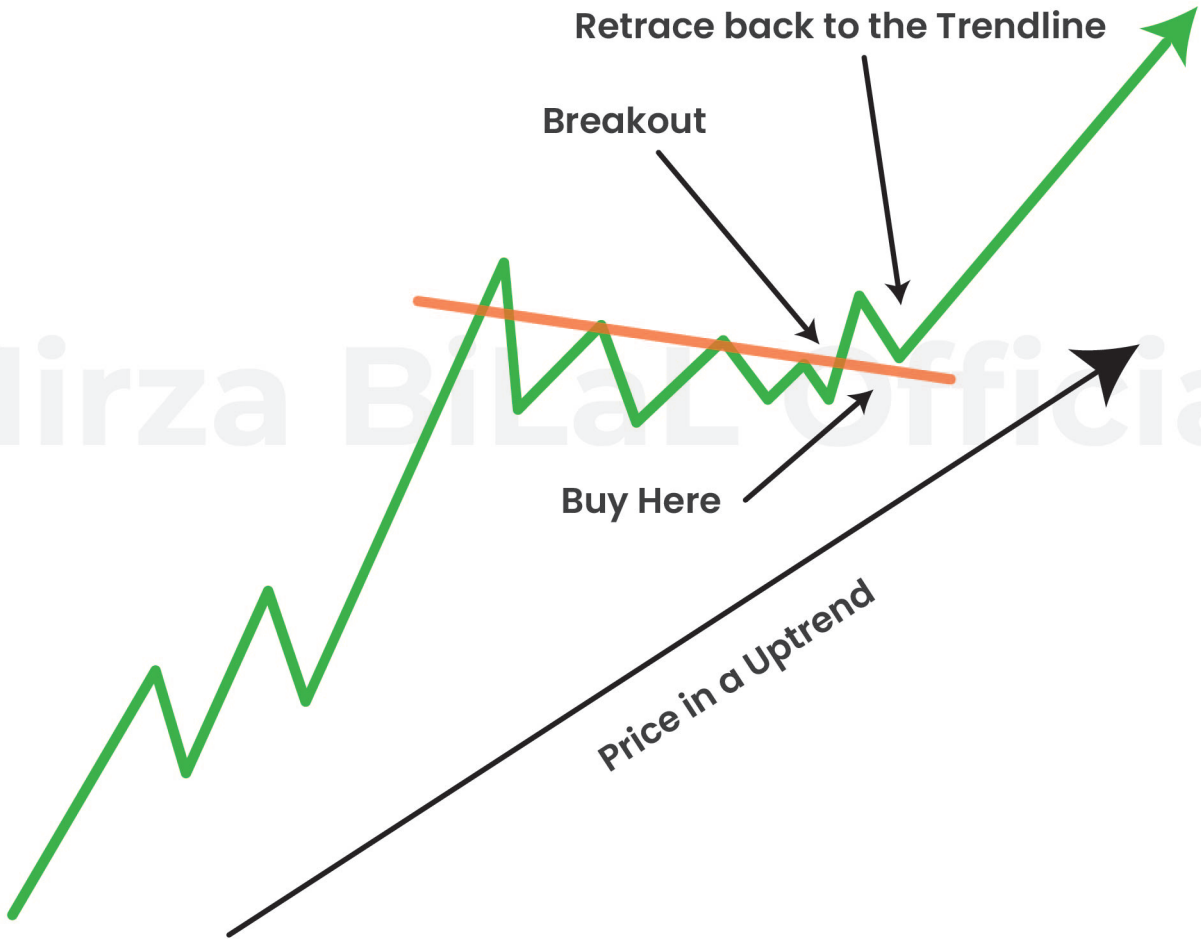
Is range trading profitable?

Trading in range bound markets is usually relatively difficult and less profitable. That is because most traders benefit more whenthere is more volatile in the market. Still, there are several strategies you can use to analyse and trade during these markets

BREAKOUT TRADING STRATGY

What is breakout trading strategy?

This trading strategy tactic searches for areas or levels that a stock has been unableto move above and beyond. A trader who practices this method waits for these stocks to move higher. When the price goes above the point at which the stock has been stuck for a period, the circumstance is known as a 'breakout'.



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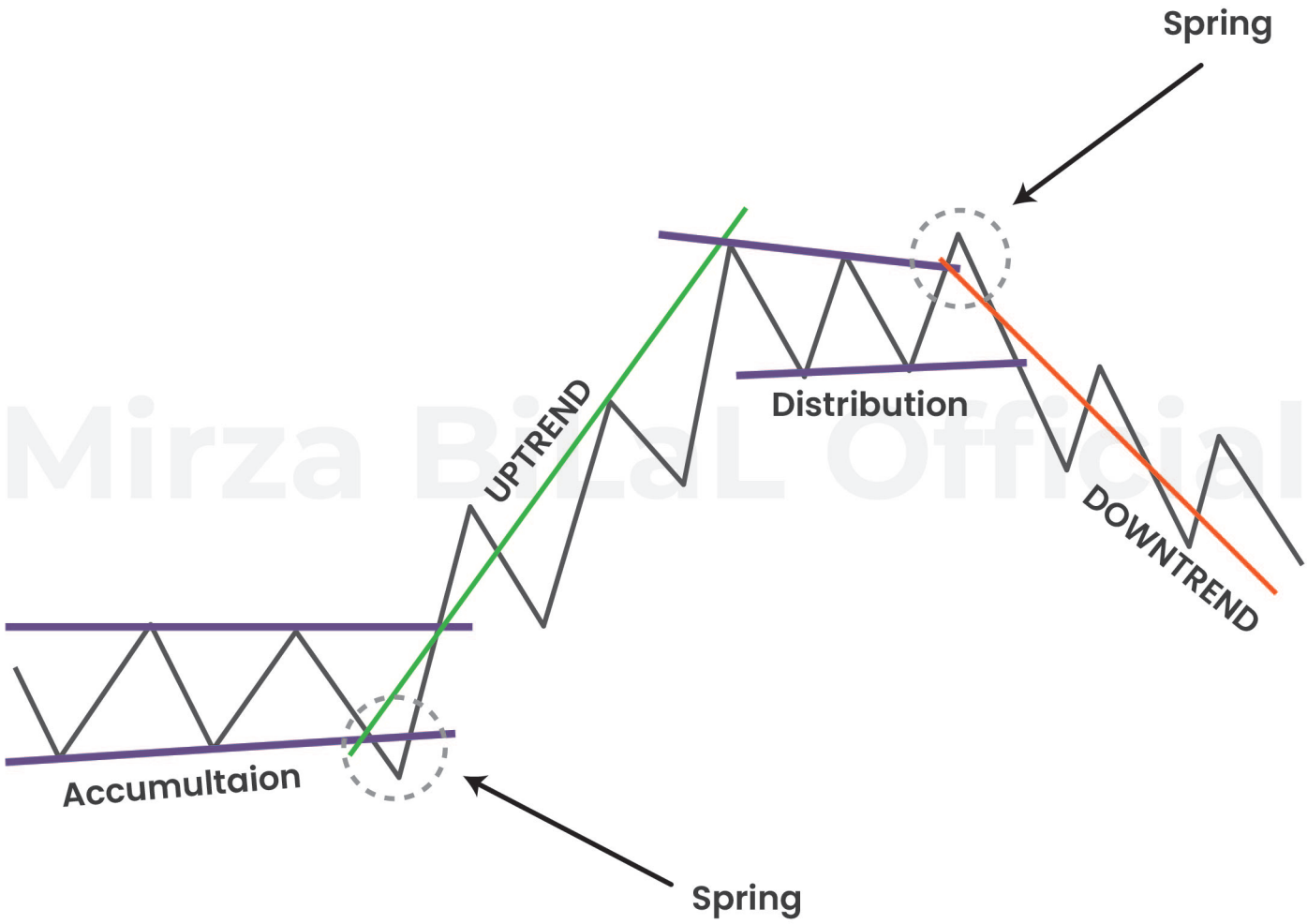
Is breakout strategy profitable?

Trading breakout is a very profitable trading strategy, but many fall victim to FAKEOUTS. Though when your risk management is in place, one losing trade should not be a problem

REVERSAL TRADING STRATGY

What is reversal trading strategy?

At its simplest, a reversal strategy aims to profit from the reversal of trends in markets. If the S&P 500 has been rallying for months, and a trader spots a signal that a sell-off is coming, then they are aiming to profit from the reversal of that bull trend.



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What is the most Reversal Pattern?

The Head & Shoulders pattern is considered one of the most powerful reversal patterns in the Crypto market. This pattern got the name because it actually reminds us of a head with two shoulders on the sides.

GAP TRADING STRATGY

What is Gap trading strategy?

Gap trading is a simple and disciplined approach to buying and shorting stocks. Essentially, one finds stocks that have a price gap from the previous close, then watches the first hour of trading to identify the trading range. Rising above that range signals a buy, while falling below it signals a short.



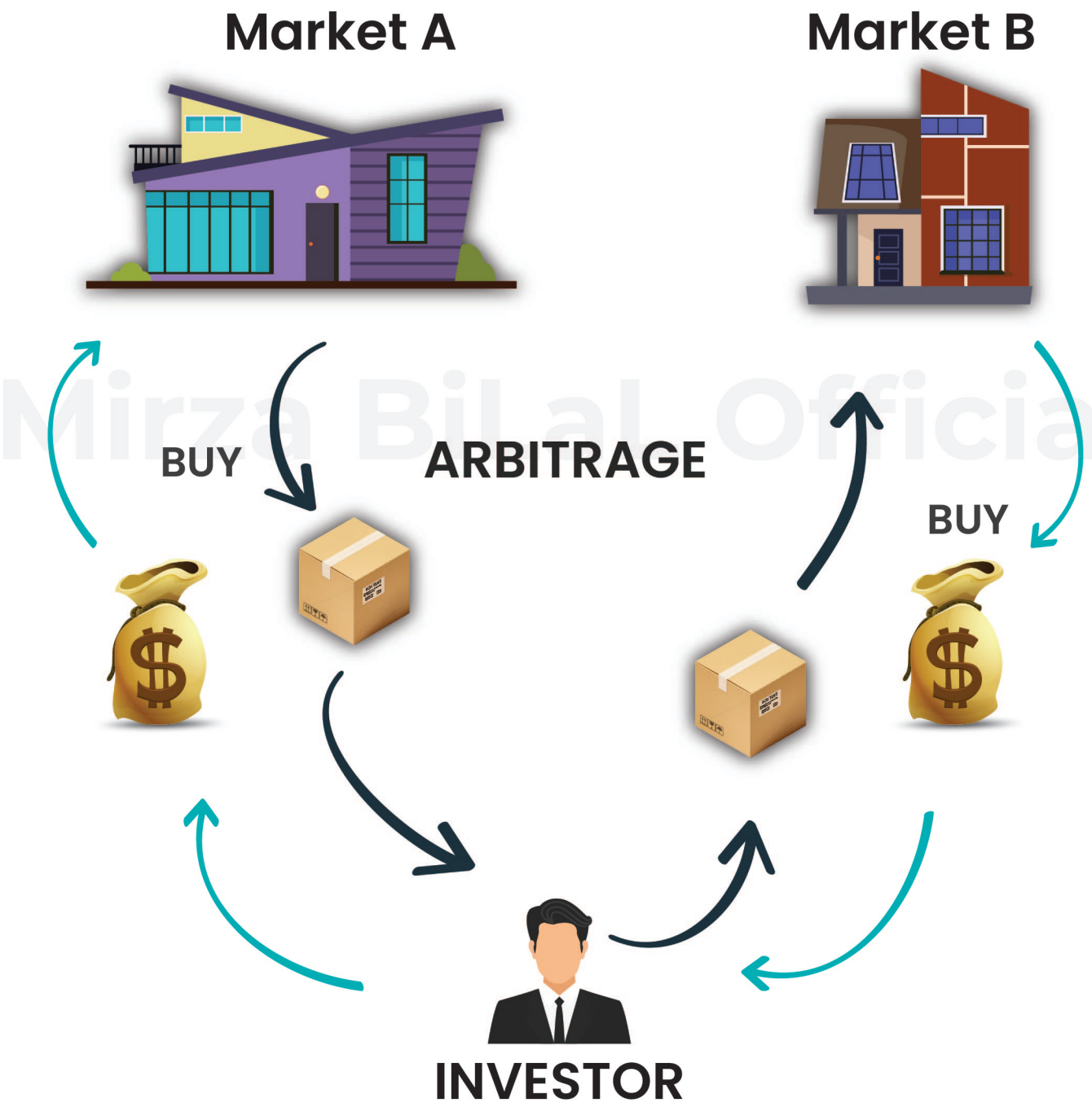
Are gaps bullish or bearish?

Up gaps are generally considered bullish. A down gap is just the opposite of an up gap; the high price after the market closes must be lower than the low price of the previous day. Down gaps are usuallyconsidered bearish. Gaps result from extraordinary buying or selling interest developing while the market is closed.

ARBITRAGE TRADING STRATGY

What is Arbitrage trading strategy?

Arbitrage is an investment strategy in which an investor simultaneously buys and sells an asset in different markets to take advantage of a price difference and generate a profit. While price differences are typically small and short-lived, the returns can be impressive when multiplied by a large volume

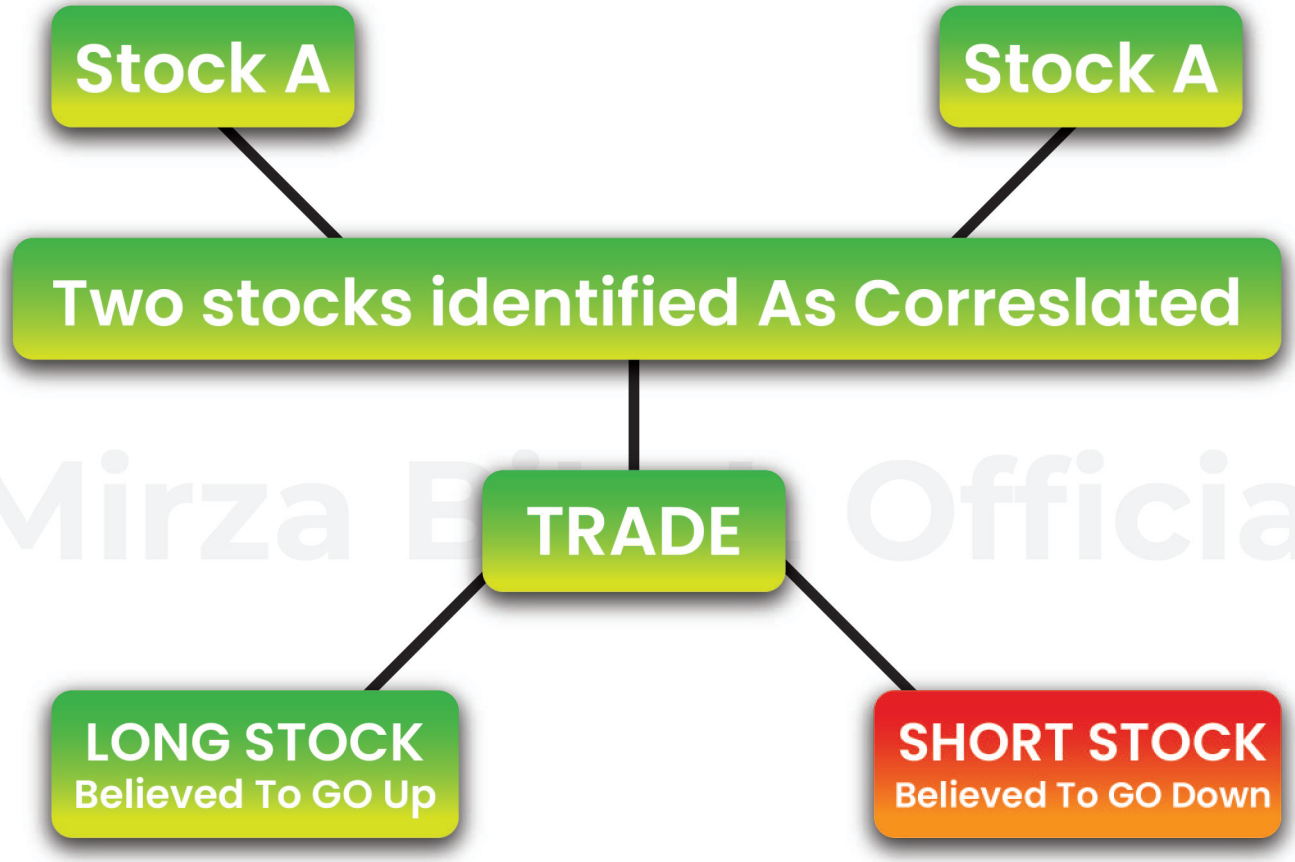


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PAIR TRADING STRATGY

What is Pairs trading strategy?

Pairs trading is a non-directional, relative value investment strategy that seeks to identify 2 companies or funds with similar characteristics whose equity securities are currently trading at a price relationship that is out of their historical trading range.



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Is pair trading good?

Pairs trading has the potential to achieve profits through simple and relatively low-risk positions. The pairs trade is market-neutral, meaning the direction of the overall market does not affect its win or loss.

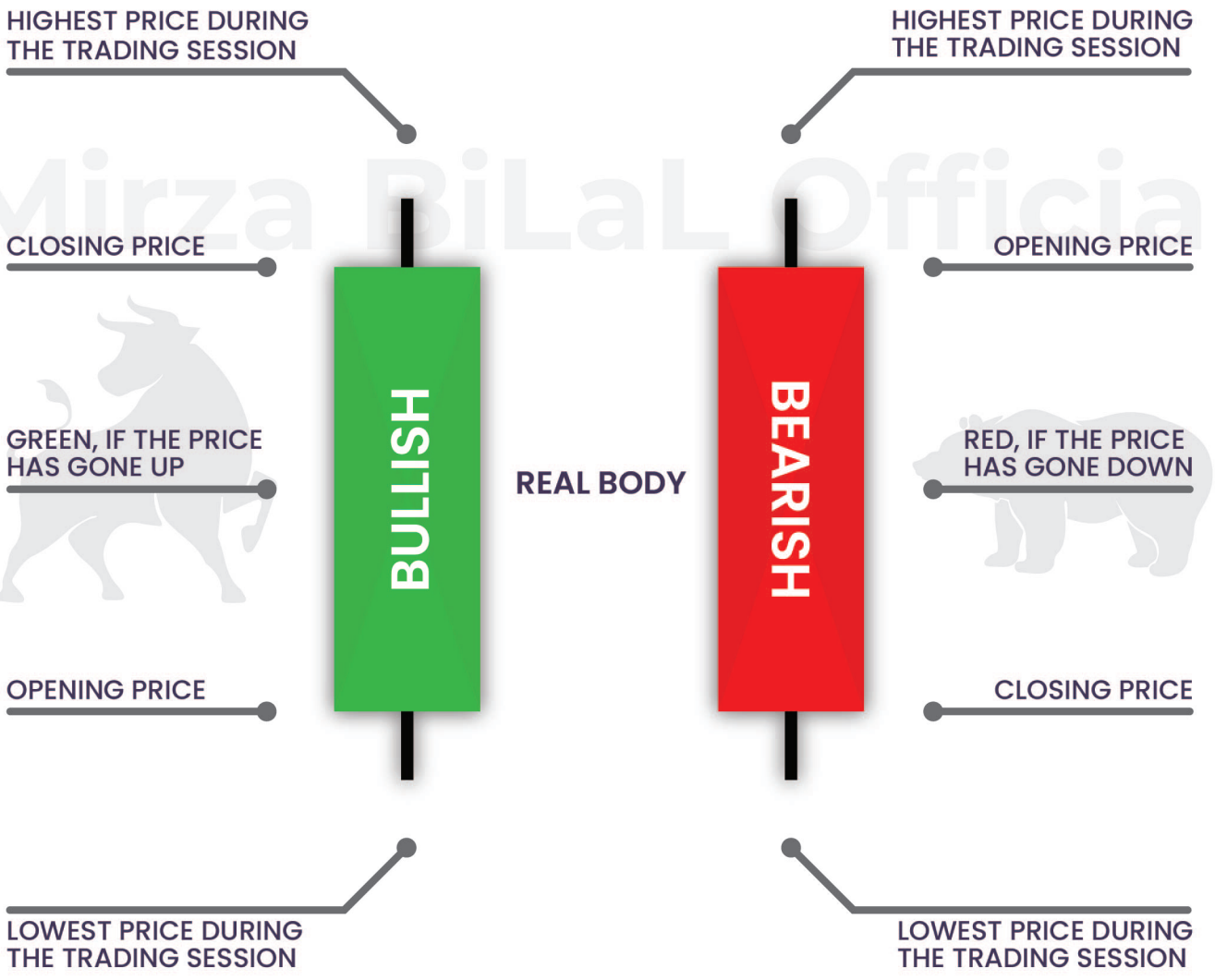


ELEMENTS OF CANDLESTICKS

What is a candlestick definition?

A candlestick is a type of price chart used in technical analysis that displays the high, low, open, and closing prices of a security for a specific period.

Green color is use for bullish market & red color is used for the bearish market.

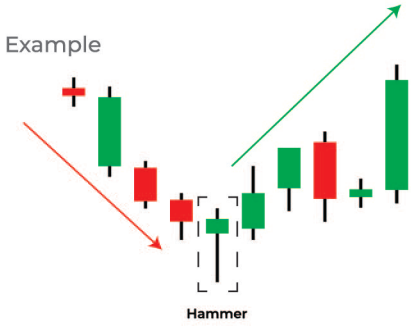


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SINGLE CANDLESTICKS PATTERNS

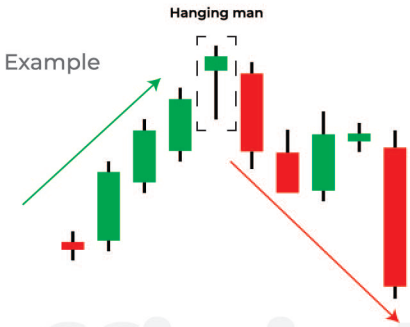


Hammer is a bullish candle. It always visible in down-trend and at the bottom of the chart. Its shows that trend will revers in up-trend.





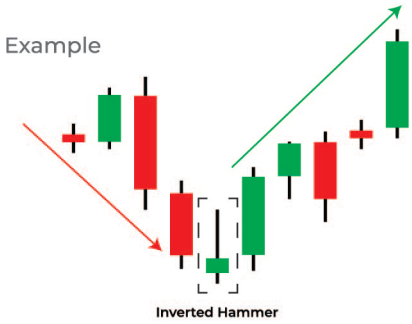
Hanging man is a bearish candle. It always visible in up-trend and upside of charts. Its shows that trend will revers in down-trend.



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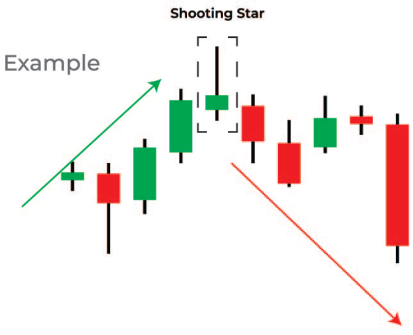


Inverted Hammer is a bullish candle. It always visible in down-trend and at the bottom of the chart. Its shows that trend will revers in up-trend.





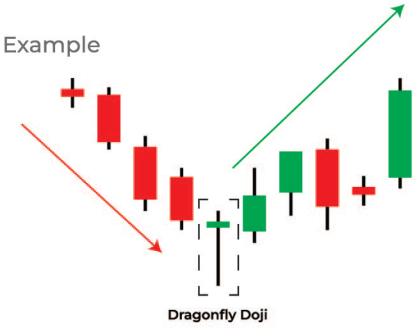
Shooting Star is a bearish candle. It always visible in up-trend and upside of charts. Its shows that trend will revers in down-trend.



SINGLE CANDLESTICKS PATTERNS

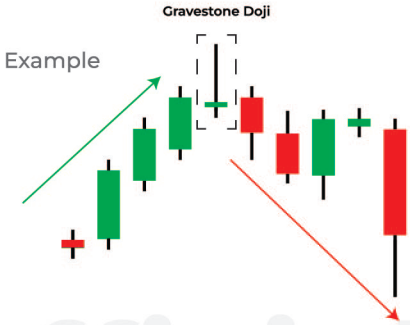


Dragonfly Doji is a bullish candle. It always visible in down-trend and at the bottom of the chart. Its shows that trend will revers in up-trend.





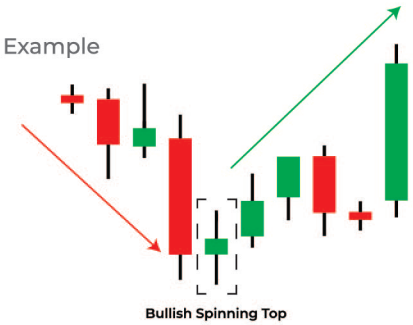
Gravestone Doji is a bearish candle. It always visible in up-trend and upside of charts. Its shows that trend will revers in down-trend.



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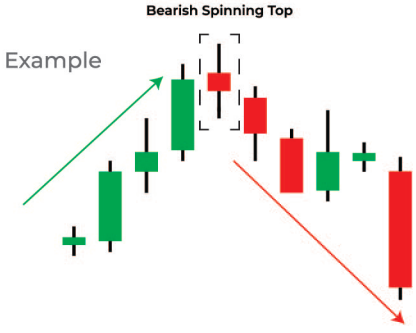


Bullish Spinning Top is a bullish candle. It always visible in down-trend and at the bottom of the chart. Its shows that trend will revers in up-trend.





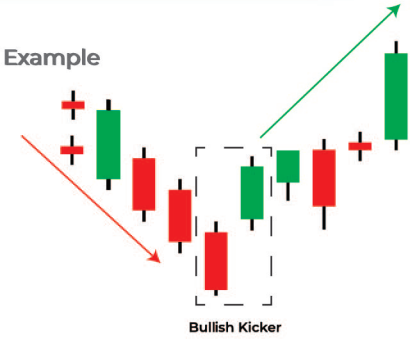
Bearish Spinning Top is a bearish candle. It always visible in up-trend and upside of charts. Its shows that trend will revers in down-trend.



DOUBLE CANDLESTICKS PATTERNS

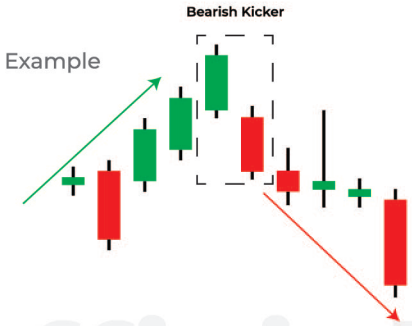


Bullish Kicker is a bullish candlestick Pattern. It always visible in down-trend and at the bottom of the chart. Its shows that trend will revers in up-trend.





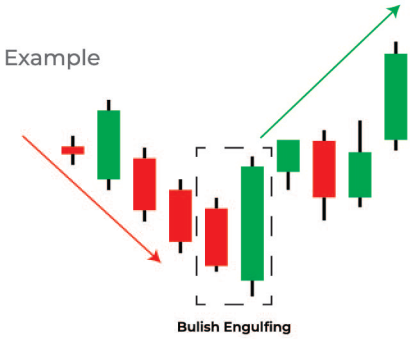
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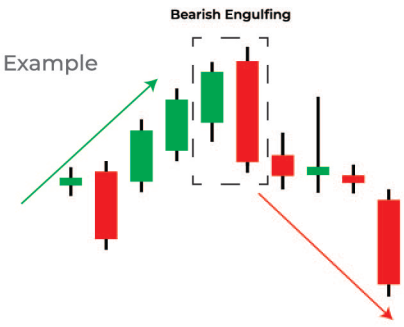


Bullish Engulfing is a bullish candlestick Pattern. It always visible in down-trend and at the bottom of the chart. Its shows that trend will revers in up-trend.





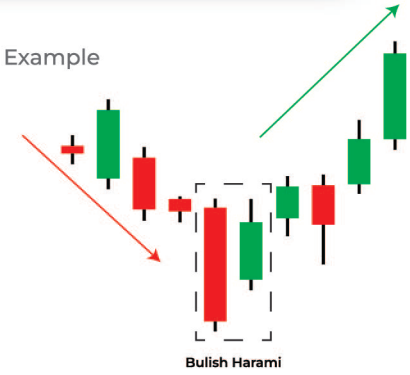
Bearish Engulfing is a bearish candlestick Pattern. It always visible in down-trend and at the bottom of the chart. Its shows that trend will revers in up-trend.



DOUBLE CANDLESTICKS PATTERNS

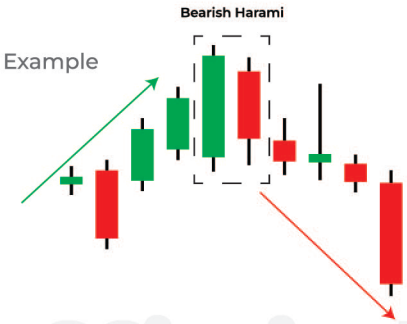


Bullish Harami is a bullish candlestick Pattern. It always visible in down-trend and at the bottom of the chart. Its shows that trend will revers in up-trend.





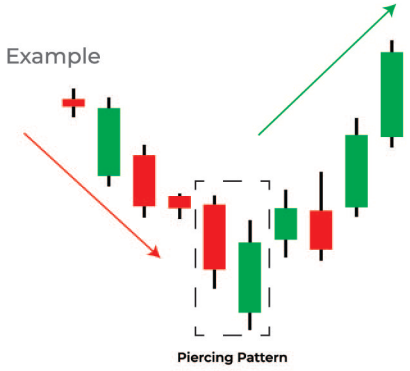
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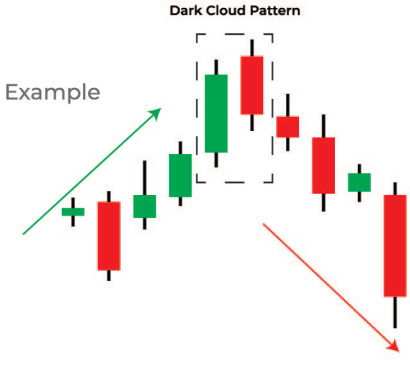


Piercing Pattern is a bullish candlestick Pattern. It always visible in down-trend and at the bottom of the chart. Its shows that trend will revers in up-trend.

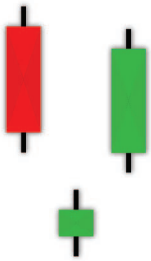




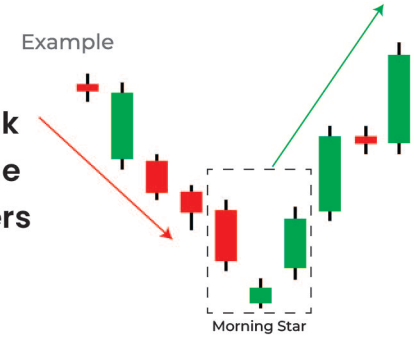
Dark Cloud Pattern is a bearish candlestick Pattern. It always visible in down-trend and at the bottom of the chart. Its shows that trend will revers in up-trend.

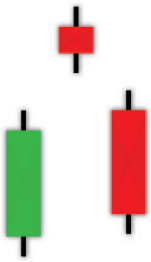


TRIPLE CANDLESTICKS PATTERNS

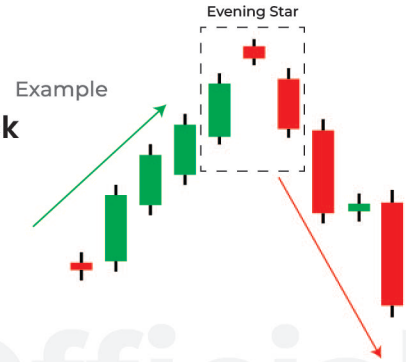


Morning Star is a bullish candlestick pattern. It always visible in down-trend and at the bottom of the chart. Its shows that trend will revers in up-trend.





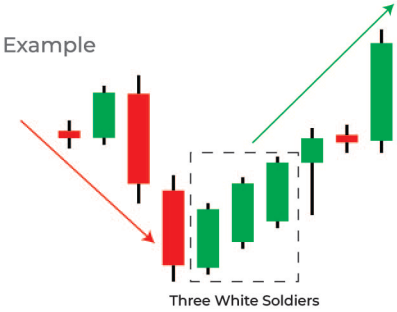
Evening Star is a bearish candlestick pattern. It always visible in up-trend and upside of charts. Its shows that trend will revers in down-trend.



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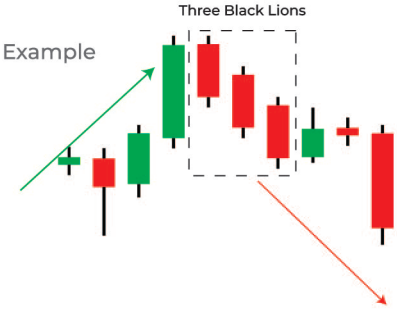


Three White Soldiers is a bullish candlestick pattern. It always visible in down-trend and at the bottom of the chart. Its shows that trend wil revers in up-trend.





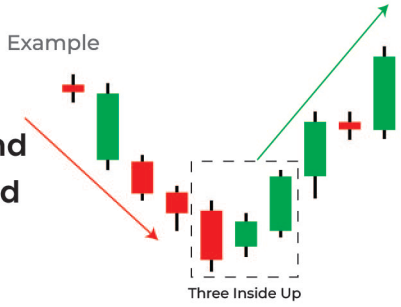
Three Black Lions is a bearish candlestick pattern. It always visible in up-trend and upside of charts Its shows that trend will revers in down-trend.



TRIPLE CANDLESTICKS PATTERNS

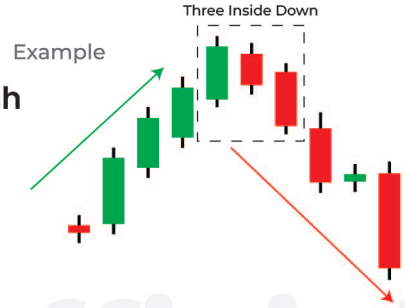


Three Inside up is a bullish candlestick pattern. It always visible in down-trend and at the bottom of the chart. Its shows that trend will revers in up-trend.





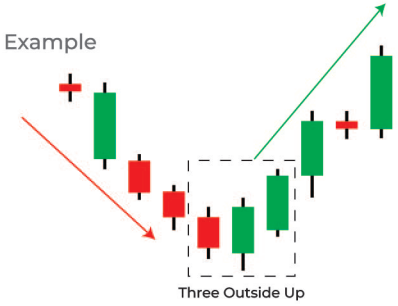
Three Inside Down is a bearish candlestick pattern. It always visible in up-trend and upside of charts. Its shows that trend will revers in down-trend.



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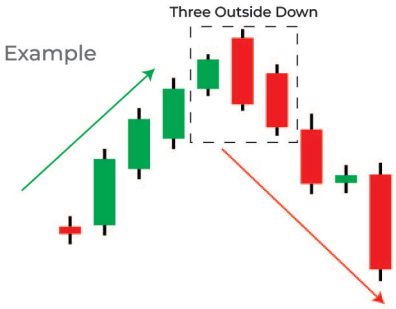


Three Outside Up is a bullish candlestick pattern. It always visible in down-trend and at the bottom of the chart. Its shows that trend will revers in up-trend.

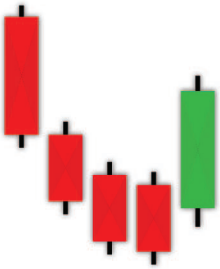




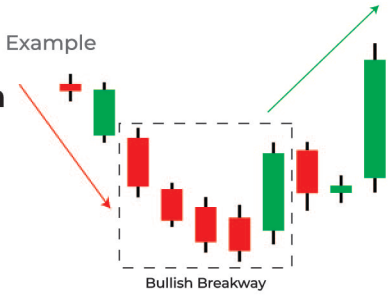
Three Outside Down is a bearish candlestick pattern. It always visible in up-trend and upside of charts. Its shows that trend will revers in down-trend.



FIVE CANDLESTICKS PATTERNS

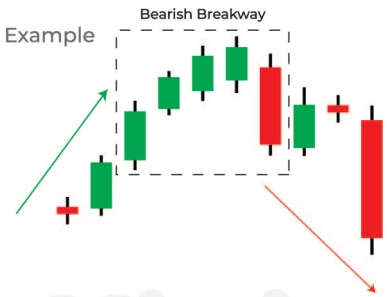


Bullish Breakway is a bullish candlestick pattern. It always visible in down-trend and at the bottom of the chart. Its shows that trend will revers in up-trend.

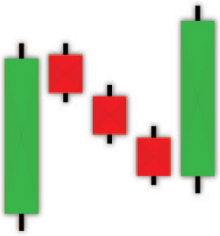




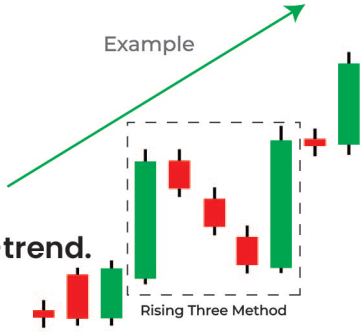
Bearish Breakway is a bearish candlestick pattern. It always visible in up-trend and upside of charts. Its shows that trend will revers in down-trend.

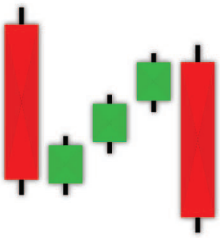


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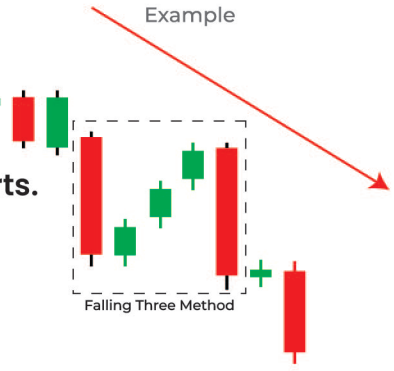


Rising Three Method is a continuous candlestick pattern. It always visible in the up-trend and at the center of the chart. Its shows that trend will continuous in up-trend.





Falling Three Method is a continuous candlestick pattern. It always visible in down trend and at the center of charts. Its shows that trend will continuous in down-trend.





ELEMENTS OF CHART PATTERNS

What is the meaning of chart pattern?

A chart pattern or price pattern is a pattern within a chart when prices are graphed In stock and commodity markets trading, chart pattern studies play a large role during technical analysis. When data is plotted there is usually a pattern which naturally occurs and repeats over a period.

How do chart patterns work?

Chart patterns work by representing the market's supply and demand. This causes the trend to move in a certain way on a trading chart, forming a pattern. However, chart pattern movements are not guaranteed, and should be used alongside other methods of market analysis.

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How do you read a chart pattern?

In general, the longer the price pattern takes to develop, and the larger the price movement within the pattern, the more significant the move once the price breaks above or below the area of continuation. If the price continues on its trend, the price pattern is known as a continuation pattern.

How many types of chart patterns are there?

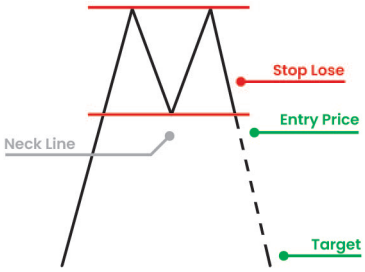
There are three main types of chart patterns which are used by technical analysis

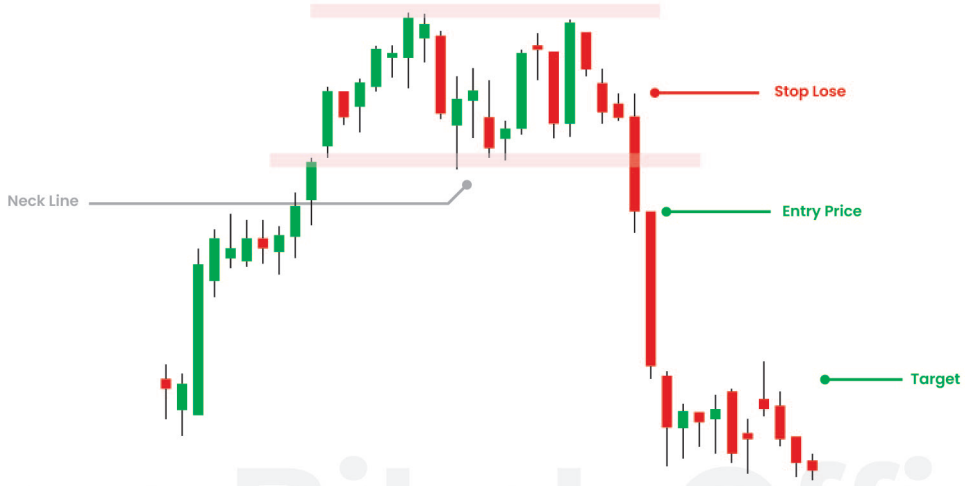
1) Reversal Chat Patterns.
2) Continuation Chart Patterns
3) Billateral Chart Pattern.

REVERSAL CHART PATTERNS

Double Top Pattern

A double top is an extremely bearish technical reversal pattern that forms after an asset reaches a high price two consecutive times with a moderate decline between the two highs. It is confirmed once the asset's price falls below a support level equal to the low between the two prior highs.

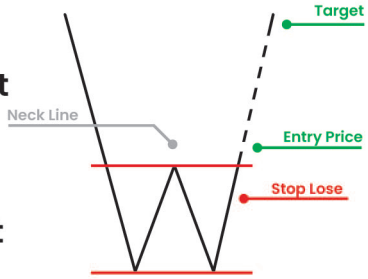


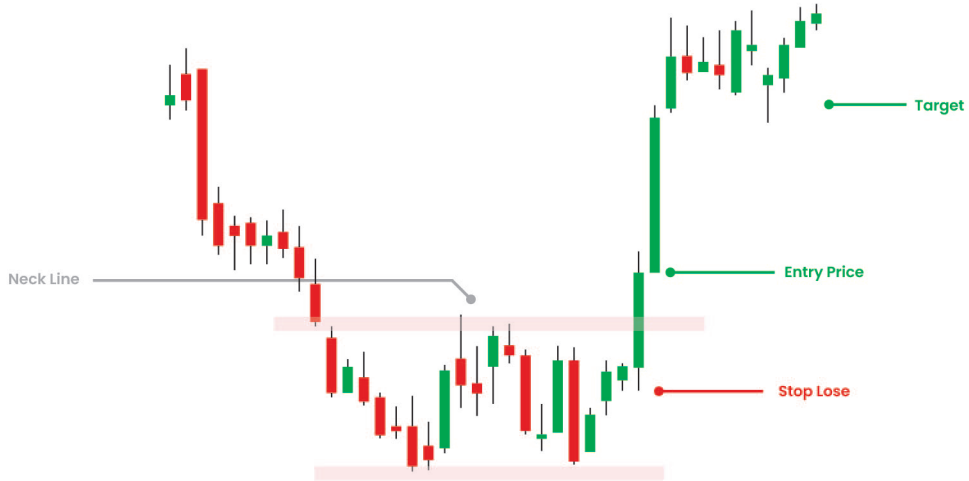


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Double Bottom Pattern

A double bottom is an extremely bullish technical reversal pattern that forms after an asset reaches a lower price two consecutive times with a moderate decline between the two lows. It is confirmed once the asset's price move up from a support level equal to the high between the two prior lows.

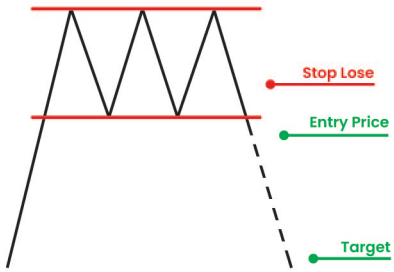




REVERSAL CHART PATTERNS

Triple Top Pattern

The triple top is a type of chart pattern used in technical analysis to predict the reversal in the movement of an asset's price. Consisting of three peaks, a triple top signals that the asset may no longer be rallying, and that lower prices may be on the way.

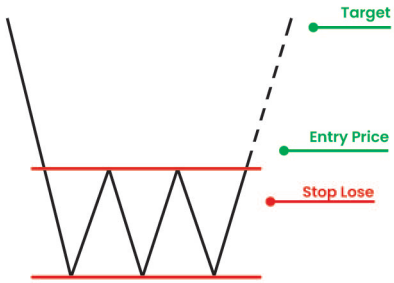




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Triple Bottom Pattern

A triple bottom is a visual pattern that shows the buyers (bulls) taking control of the price action from the sellers (bears). A triple bottom is generally seen as three roughly equal lows bouncing off support followed by the price action breaching resistance.

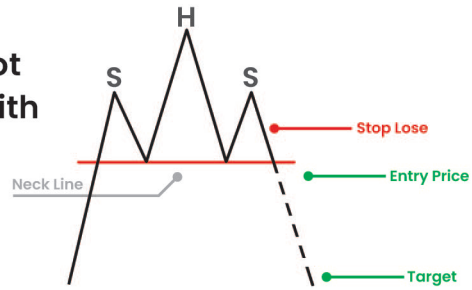




REVERSAL CHART PATTERNS

Head & Shoulder

The head and shoulders chart pattern is a popular and easy-to-spot pattern in technical analysis that shows a baseline with three peaks, the middle peak being the highest. The head and shoulders chart depicts a bullish-to-bearish trend reversal and signals that an upward trend is nearing its end.

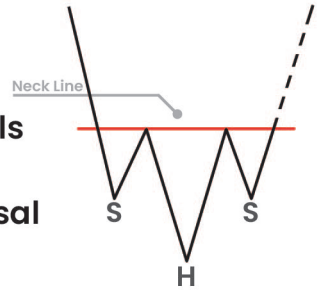




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Inverse Head & Shoulder

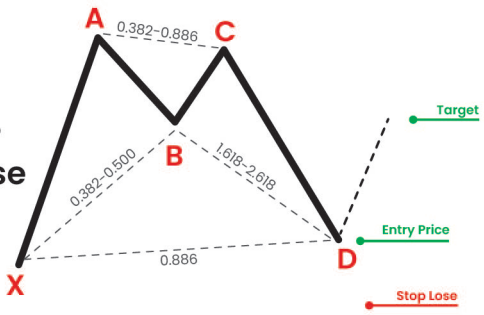
The inverse head and shoulders chart is thought to predict a bearish-to-bullish trend reversal and signals that a downward trend is nearing its end. Investors consider it to be among the most reliable trend reversal patterns.





Bullish Bat Pattern

In a bullish Bat pattern, the X-A leg is formed by a sharp price rise. In A-B, the price then reverses and retraces 38.2% to 50% of the X-A leg. The B-C leg sees the price reverse again and retrace 38.2% to 88.6% of the A-B leg.

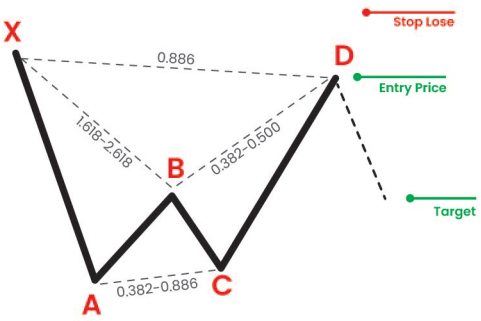


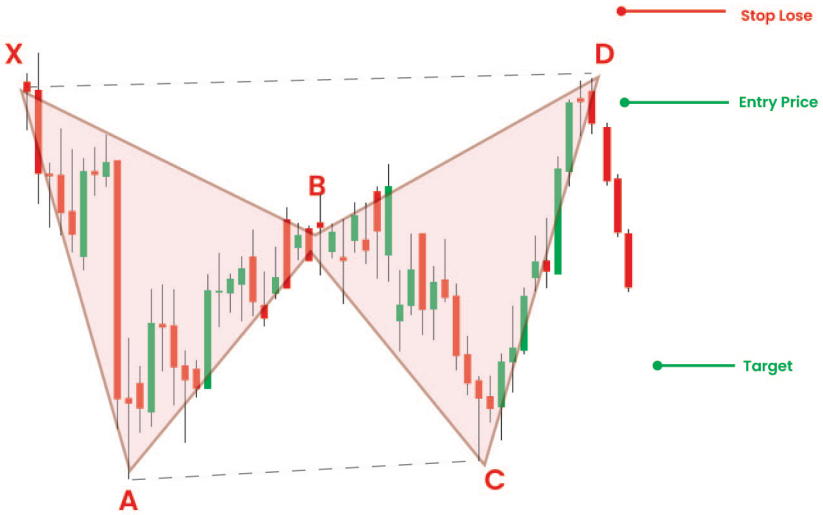


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Bearish Bat Pattern

In a bearish Bat pattern, the initial XA leg will be bearish. The following leg will be the AB leg and will retrace the XA leg upwards by the Fibonacci ratio of 38% or 50%. This again marks the B point of the bearish Bat pattern.

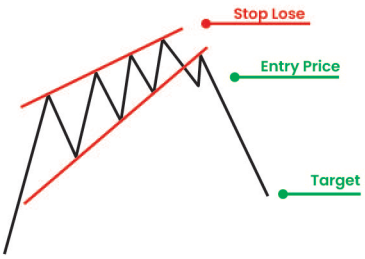




REVERSAL CHART PATTERNS

Rising Wedge

A rising wedge is often considered a bearish chart pattern that points to a reversal after a bull trend. A rising wedge is believed to signal an imminent breakout to the downside. Like other wedges, the pattern begins wide towards the bottom and contracts as the price moves higher and the trading range narrows.

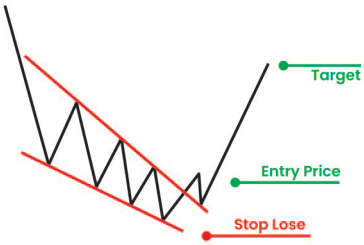




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Falling Wedge

The falling wedge pattern occurs when the asset's price is moving in an overall bullish trend before the price action corrects lower. Within this pull back, two converging trend lines are drawn. The consolidation part ends when the price action bursts through the upper trend line, or wedge's resistance.

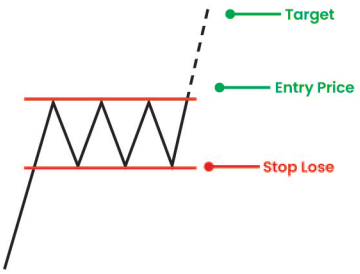




CONTINUATION CHART PATTERNS

Bullish Flag

A bull flag pattern is a bullish trend of a stock that resembles a flag on a flag pole. The stock history shows a sharp rise which is the flag pole followed by an up and down trading pattern. Learning to recognize a bull flag pattern can help investors identify further upward trends for a stock.

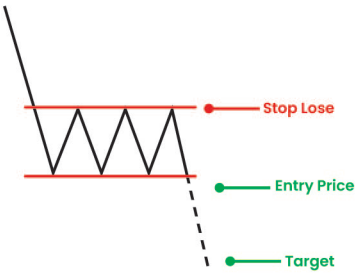




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Bearish Flag

The bearish flag is a candlestick chart pattern that signals the extension of the downtrend once the temporary pause is finished. As a continuation pattern, the bear flag helps sellers to push the price action further lower.

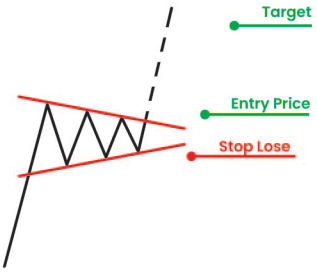


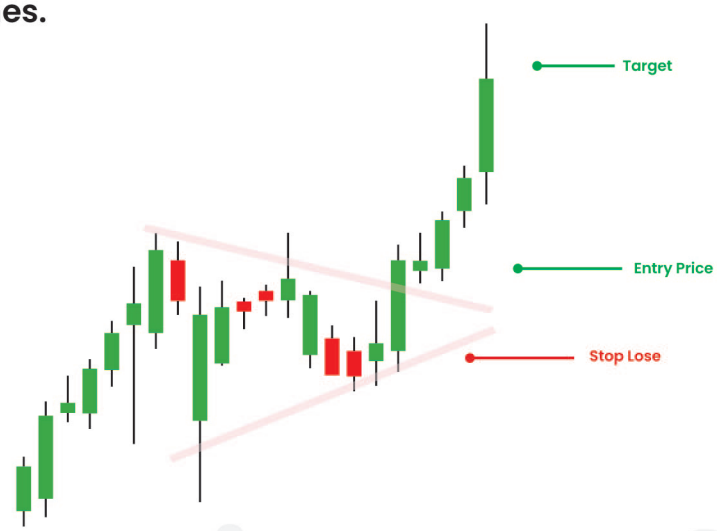


CONTINUATION CHART PATTERNS

Bullish Pennant

A bullish pennant is a technical trading pattern that indicates the impending continuation of a strong upward price move. They're formed when a market makes an extensive move higher, then pauses and consolidates between converging support and resistance lines.

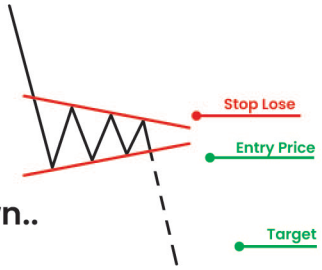




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Bearish Pennant

A bearish pennant is a technical trading pattern that indicates the impending continuation of a downward price move. They're essentially the opposite to bullish pennants: instead of consolidating after a move up, the market pauses on a significant move down..

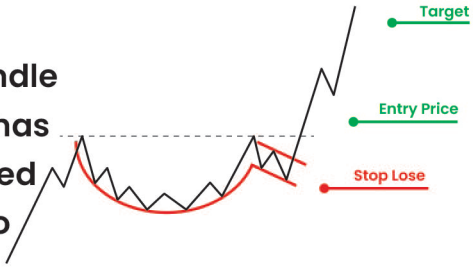




CONTINUATION CHART PATTERNS

Cup & Handle

A cup and handle is a technical chart pattern that resembles a cup and handle where the cup is in the shape of a "u" and the handle has a slight downward drift. A cup and handle is considered a bullish signal extending an uptrend, and it is used to spot opportunities to go long.

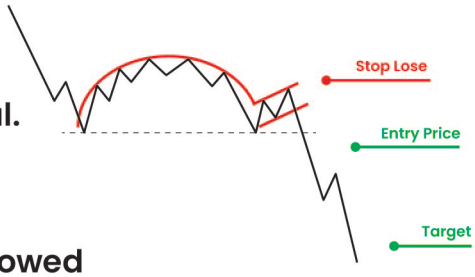




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Inverse Cup & Handle

An inverse cup and handle' is a chart pattern that indicates bearish continuation, triggering a sell signal. Think of it as an upside-down cup and handle. If you look at the regular cup and handle pattern, there is a distinct 'u' shape and downward handle, which is followed by a bullish continuation.

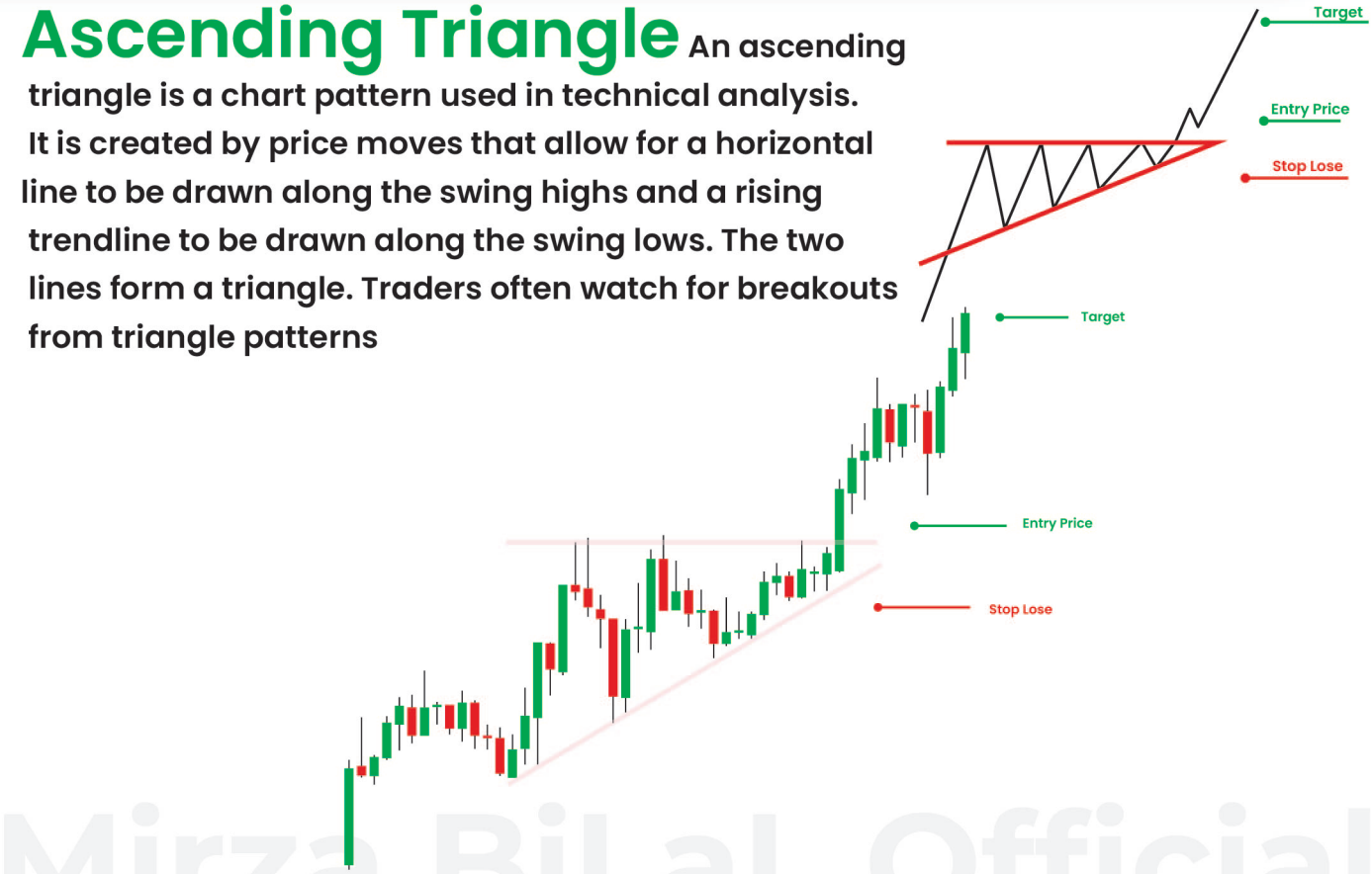




BILLATERAL CHART PATTERNS

Ascending Triangle

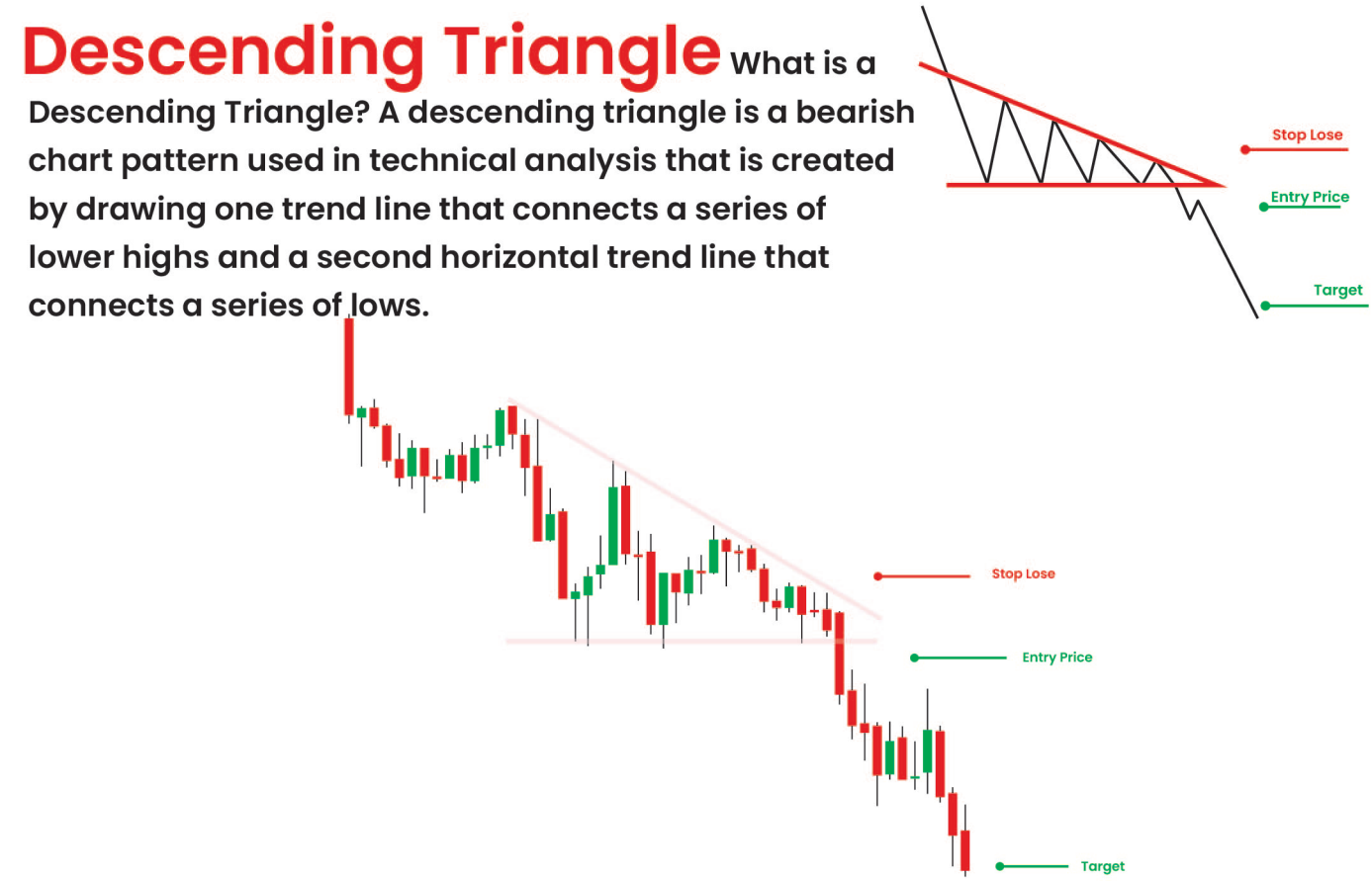
An ascending triangle is a chart pattern used in technical analysis. It is created by price moves that allow for a horizontal line to be drawn along the swing highs and a rising trendline to be drawn along the swing lows. The two lines form a triangle. Traders often watch for breakouts from triangle patterns



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Descending Triangle

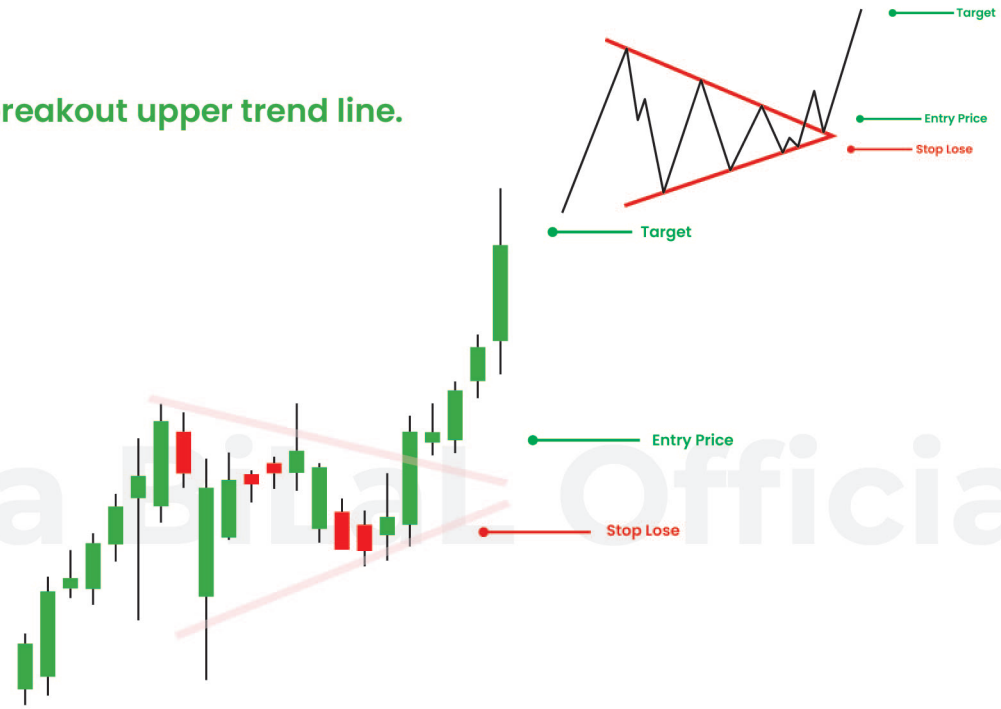
What is a Descending Triangle? A descending triangle is a bearish chart pattern used in technical analysis that is created by drawing one trend line that connects a series of lower highs and a second horizontal trend line that connects a series of lows.



Symmetrical Triangle Pattern

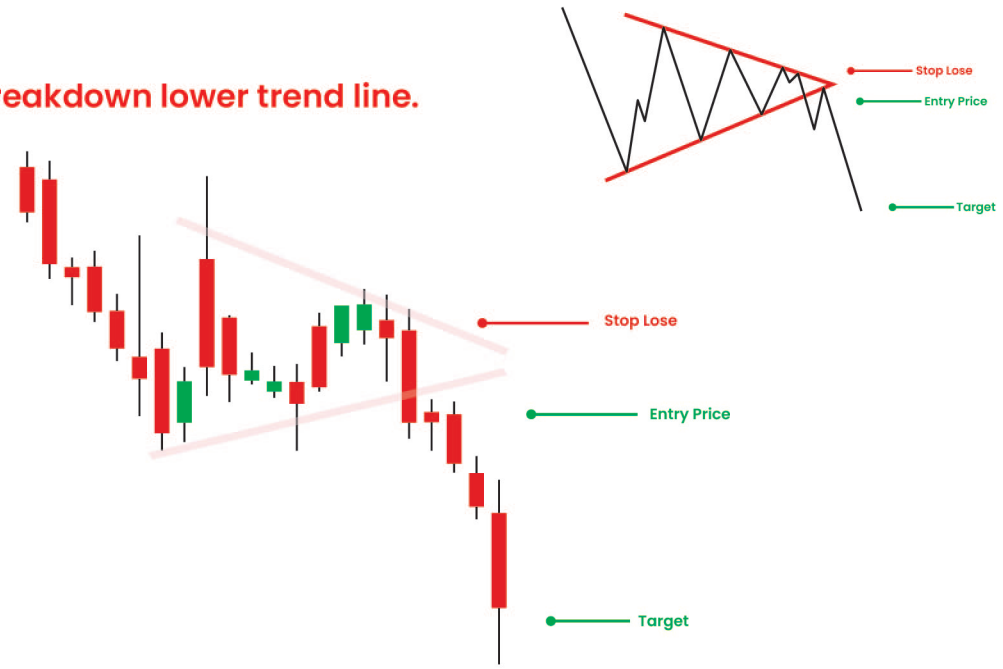
A symmetrical triangle chart pattern represents a period of consolidation before the price is forced to breakout or breakdown. A breakdown from the lower trendline marks the start of a new bearish trend, while a breakout from the upper trendline indicates the start of a new bullish trend. The pattern is also known as a wedge chart pattern.

If the triangle breakout upper trend line.



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If the triangle breakdown lower trend line.





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