

Futures Edge

STRATEGY



**SCALPING IN AN UPTREND
USING COUNTER
TRENDLINE BREAKS**

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STEP 1

Find and mark the lowest point at the beginning of a bullish trend. The lowest point must have two candlesticks to the left and two candlesticks to the right which are higher than the center wick low. This lowest point is called a “swing low”.





STEP 2

Once the swing low has been identified, which signifies the start of a new uptrend, click the trend line tool on the charting platform of your choosing. You may need to reach out to your platform provider for more information on the location of this drawing tool.





STEP 3

Begin plotting a trendline at the swing low. This can be at either the swing low price or the candle open. Once the first point has been placed, draw the trendline across the bottom of the candles to help identify a trend angle. The more times the candle bodies or the candle wicks touch the trendline, the more powerful the trendline.





STEP 4

Once the market price reaches a high price point and shows signs of a decline in price with a sequence of at least 3 bearish candlesticks, use the trendline tool to plot a new downtrend trendline from the high point. The new trendline will be plotted above the candlestick sequence. This is called an uptrend counter-trendline.

Note: The 3 bearish candlesticks do not need to be in a row.





STEP 5

Wait for the market to break and close above the counter trend line while staying above the uptrend line. When or if the market can close above the counter trend line, this will be a sign the short term pull back is done, and a market rally may begin. This will be the ideal time to enter into the market long.





STEP 6

Place the protective stop loss below both the low price before the counter-trendline break and below the uptrend trendline. This will be the risk of the trade. If the market price reaches this price level while the position is open, there will be a loss.





STEP 7

Using a measuring tool, measure from the current market price at the time of the market entry to the stop loss. The tick value will be the amount above the current market price to place your take profit.





STEP 8

Once the market price hits either the stop loss or take profit, the trade is considered complete. It is now time to close the long trade. The sequence is considered complete.

