

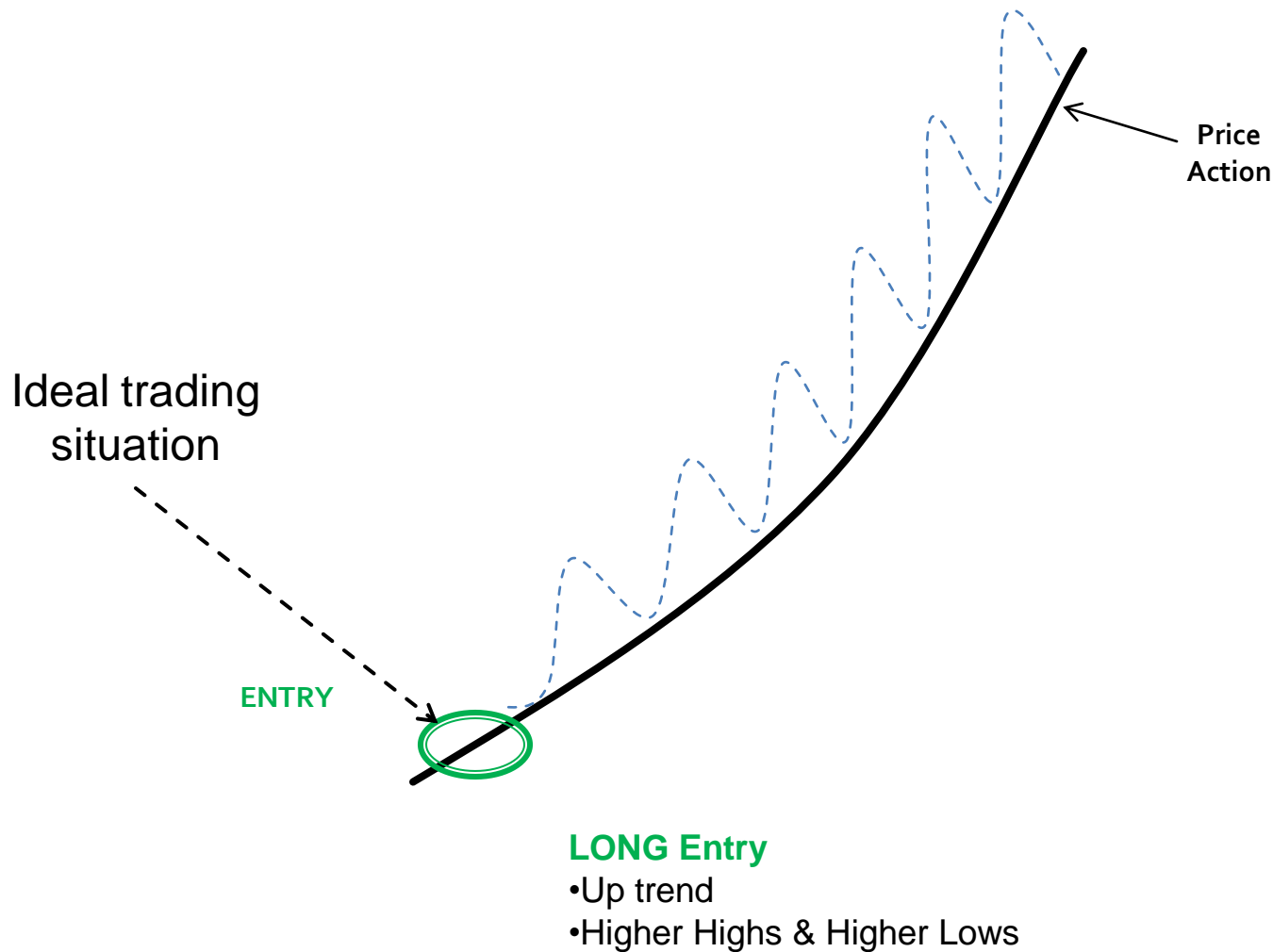
Counter Trend Trading A to Z

Trading EveryDay

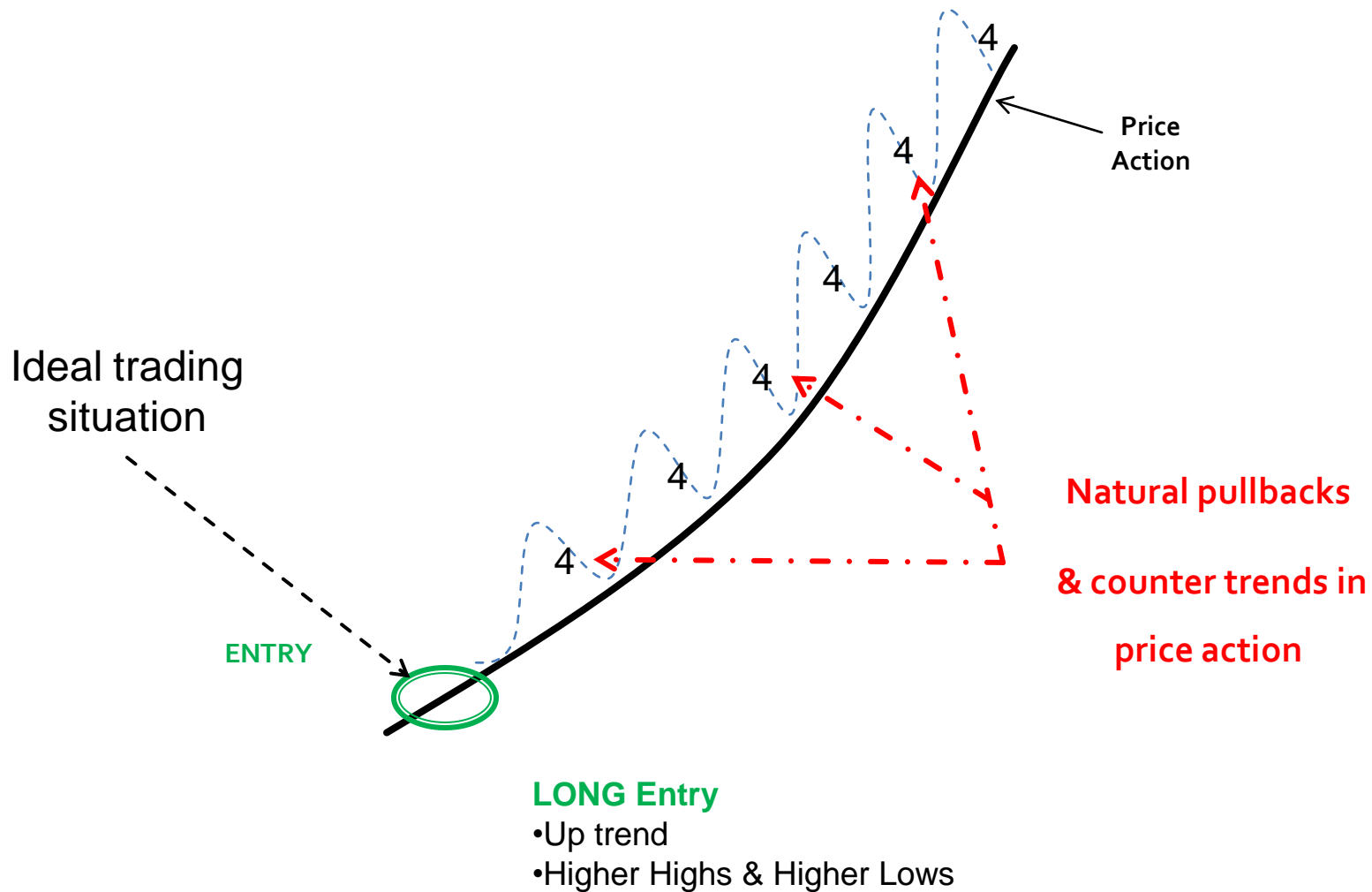
Initial Counter Trend Conditions

- Major Price Action is **trending upward** and you are focused on SHORTING
- Major Price Action is **trending downward** and you are focused on going LONG
- Major Price Action is trading in a **sideways consolidation pattern** and
 - Your focused on price action trending upward or
 - Your focused on price action trending downward
- Price Action gaps
 - **Up** and you are focused on FADING the gap
 - **Down** and you are focused on the gap FILLING
- Price Action is relatively
 - **Strong** in multiple markets and your focusing on weak price action setups for shorting
 - **Weak** in multiple markets and your focusing on strong price action setups for going long

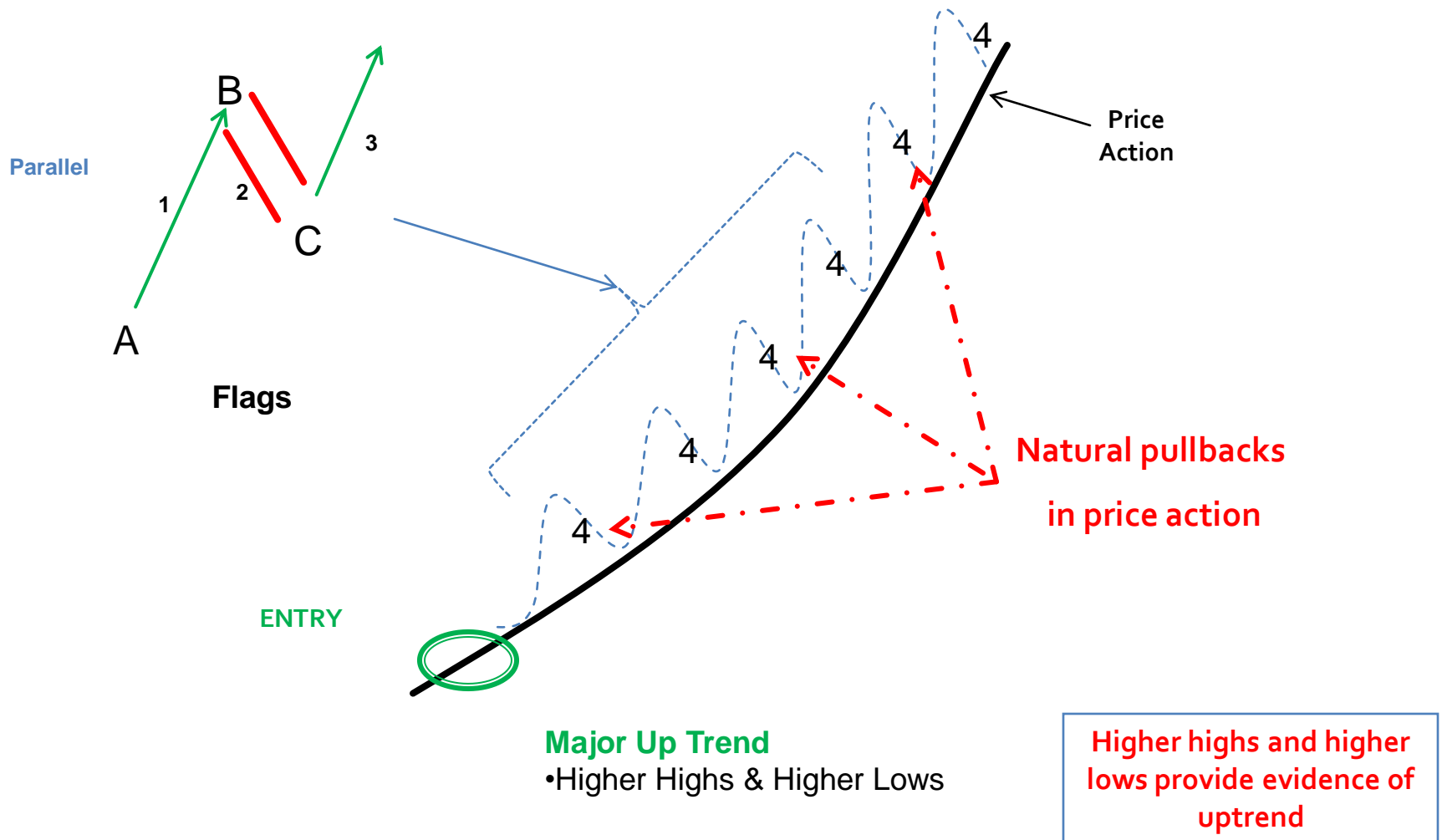
Mastery of Up Trend Execution



Mastery of Up Trend Execution



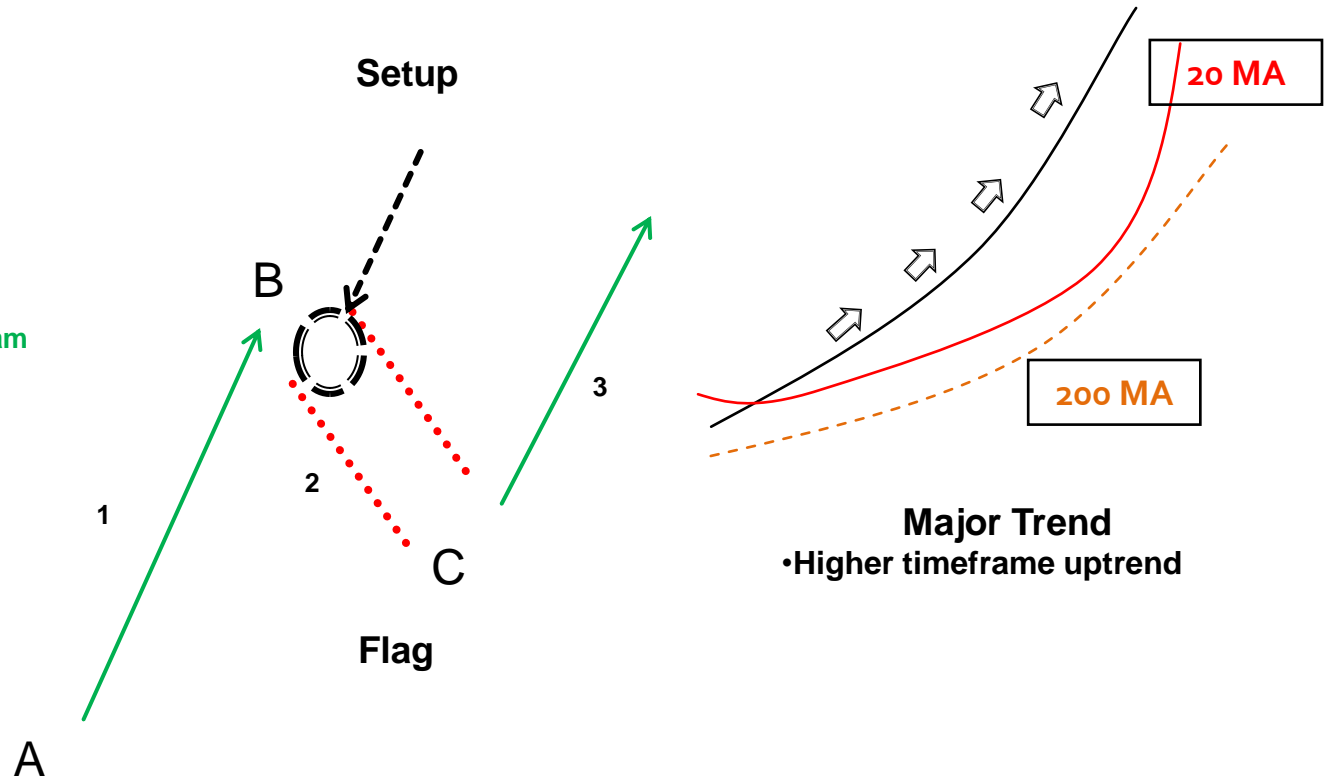
Mastery of Counter Trend Trading



Counter Trend Trading Basics

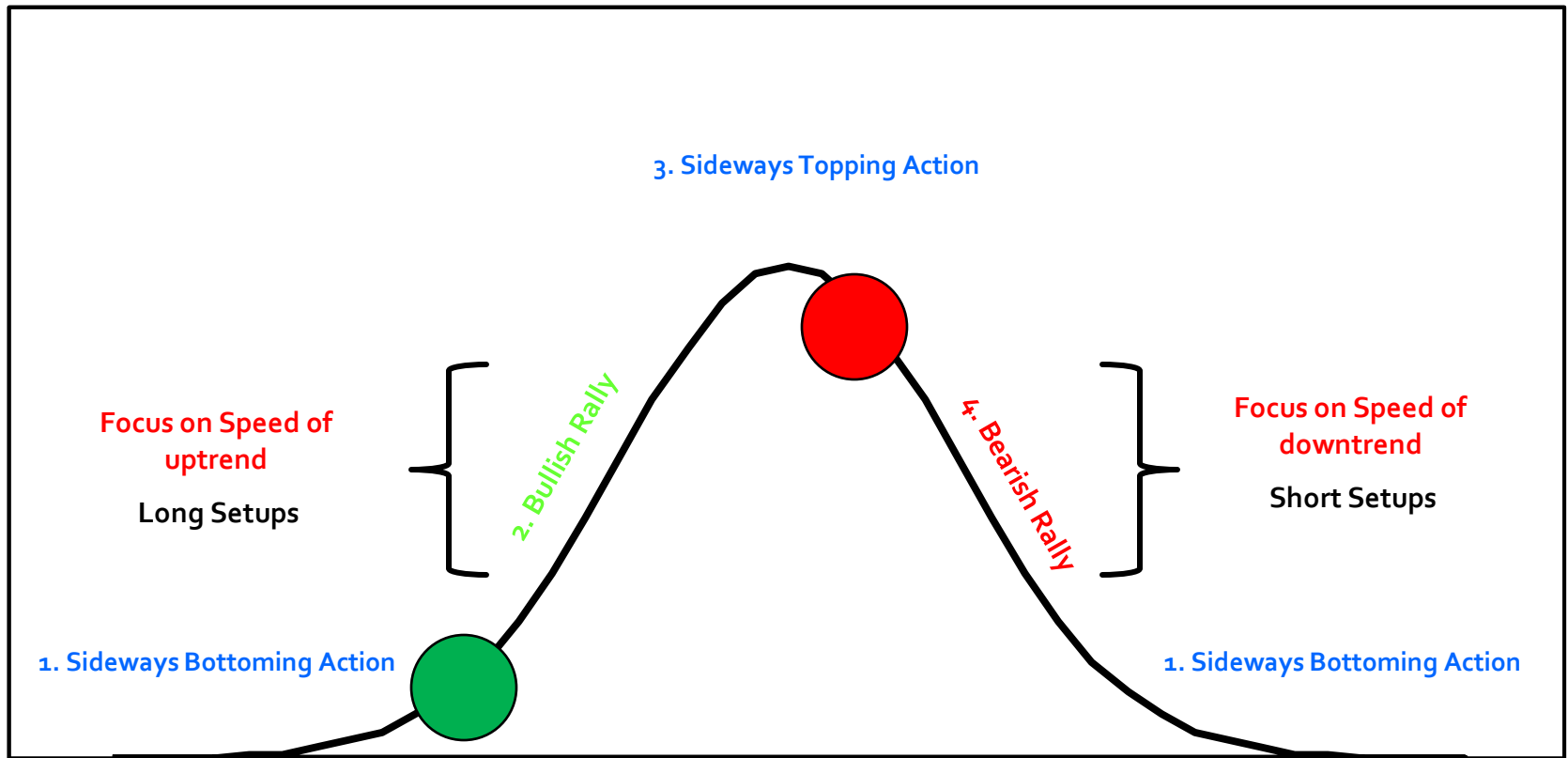
Signal

- 2B/3B Candlestick Reversals
- Crossing MA's
- RSI – Short/Sell signals
- Stochastic – Oversold signals
- MACD – Down trending histogram
- Volume decreasing
- Divergence
- No Upside Follow Thru

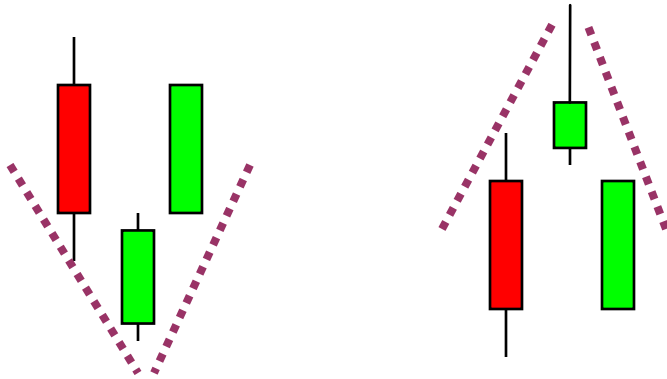


Trading against the major trend

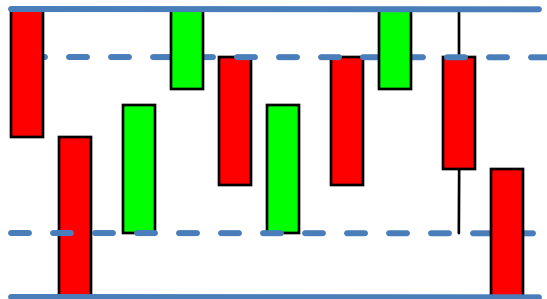
Speed of up trend and down trend



Support and Resistance

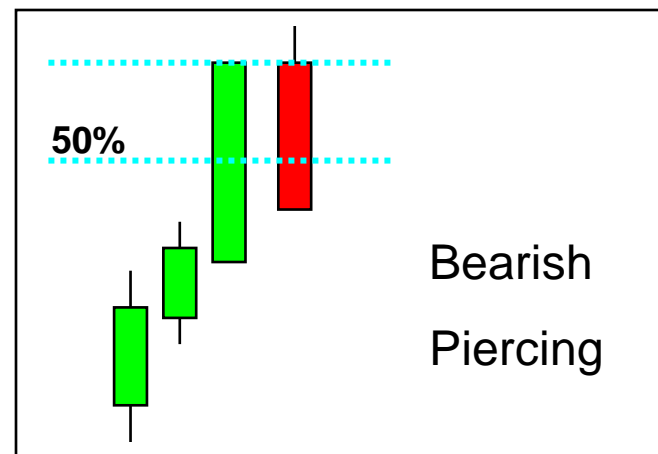
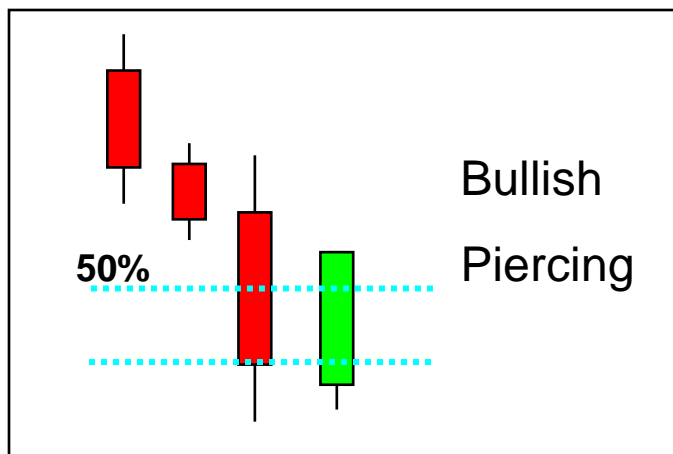
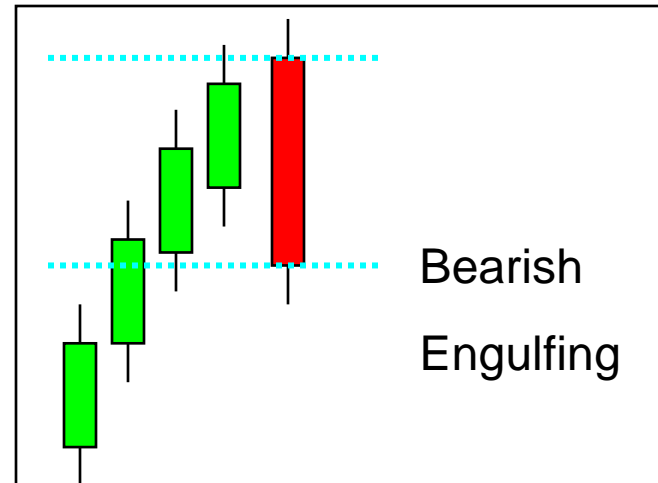
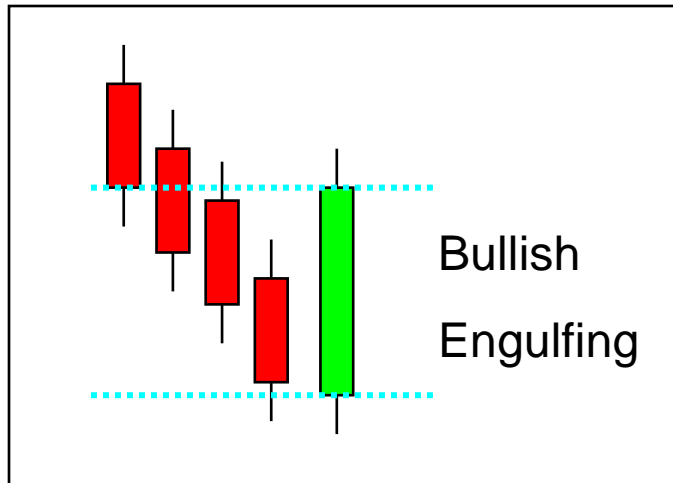


Minor support area

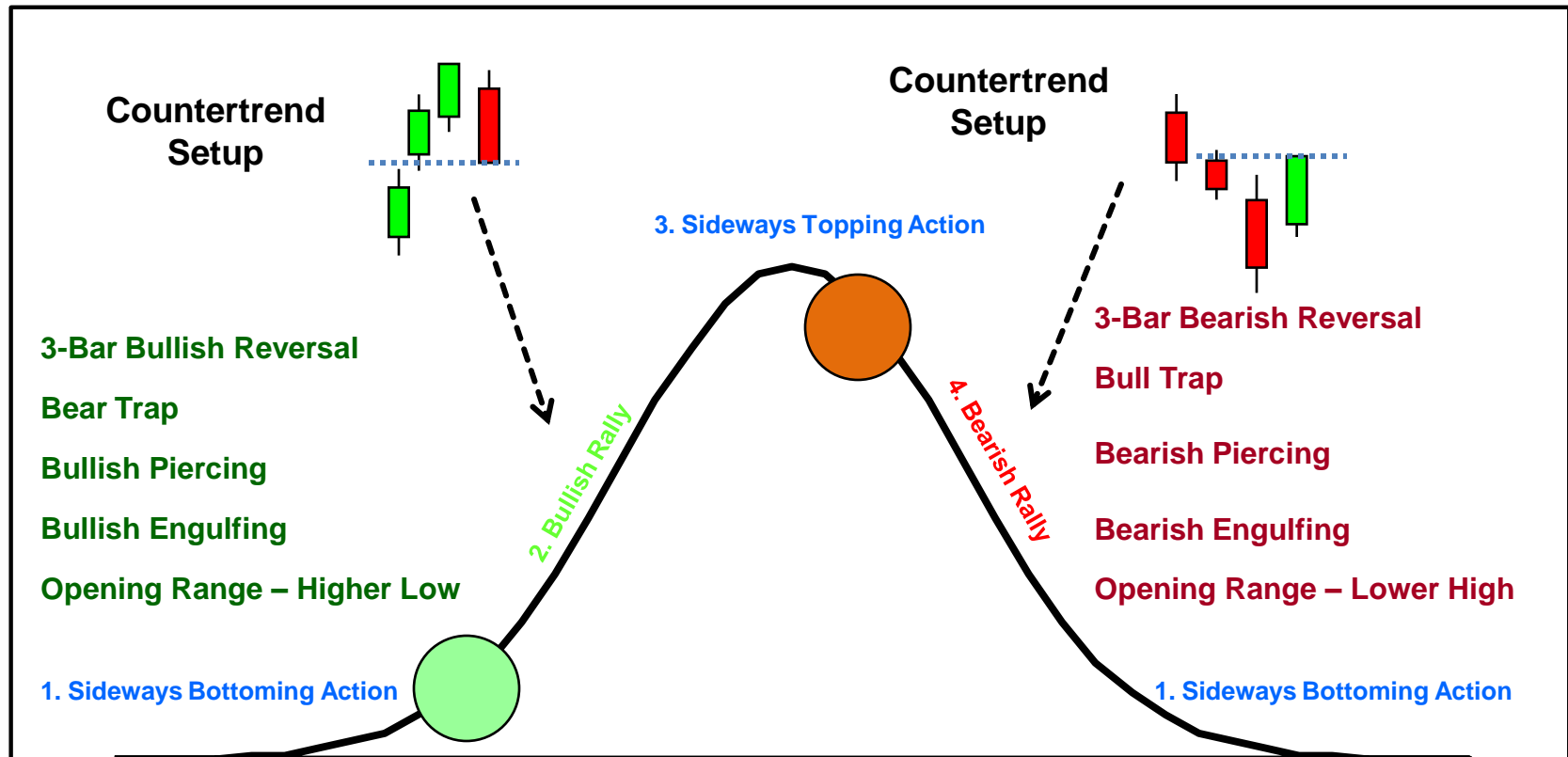


Major support areas

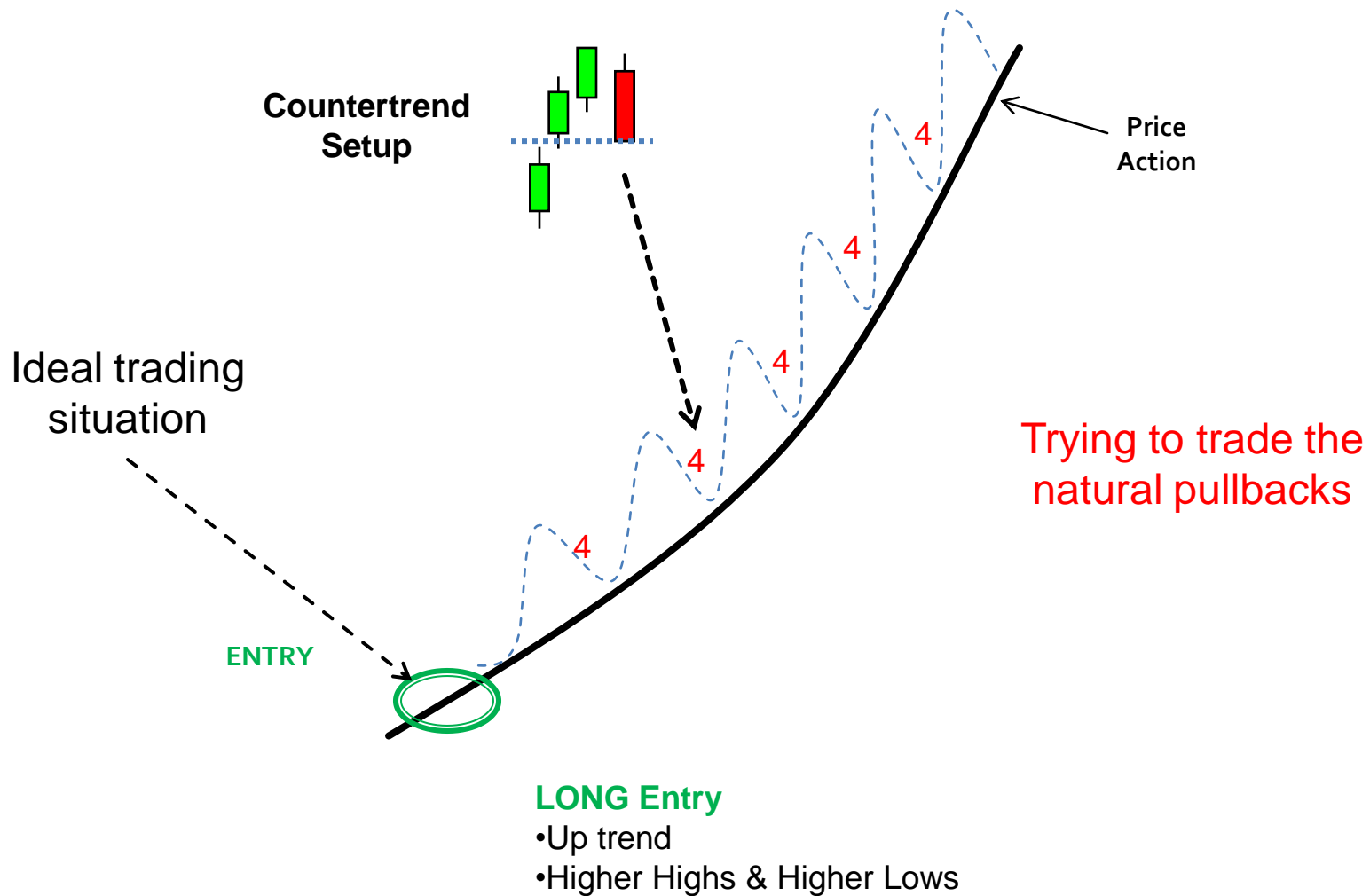
High Odds and 2 Bar Reversal/Candlestick Chart Patterns



Ignoring Market Cycle and High Odds Strategies



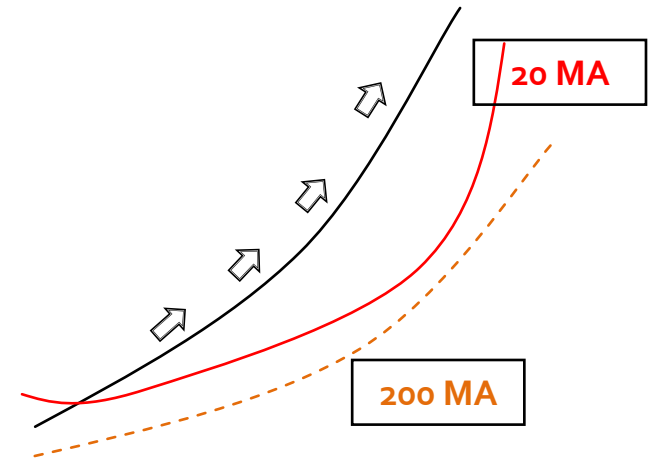
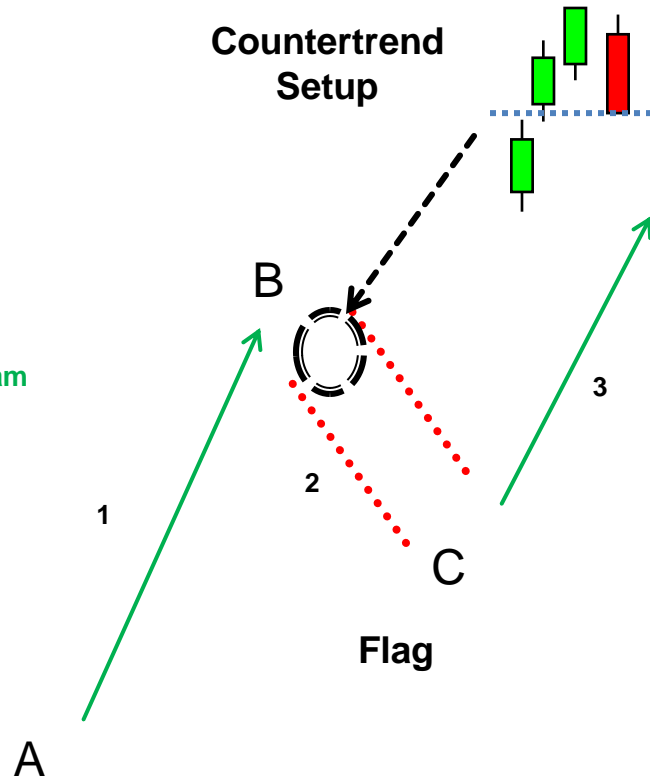
Ignoring Up Trend Characteristics



Counter Trend Trading Basics

Reverse Entry Signals & Trading Doubt

- 2B/3B Candlestick Reversals
- Crossing MA's
- RSI – Short/Sell signals
- Stochastic – Oversold signals
- MACD – Down trending histogram
- Volume decreasing
- Divergence
- No Upside Follow Thru



Major Trend

- Higher timeframe uptrend

Trading against the major trend

Basic Market Timing

- Most traders are NOT aware they are counter trend trading price action until they are actually in the trade and managing it.
- Often, the speed of the uptrend can assist traders with determining the profit opportunity and “odds” of success for counter trend trading
- Aggressive up trends often have aggressive retracements
- Setups, Signals, and Strategies have to be very focused and fast for entry to maximize potential profit
- Remember counter trends are short in duration
- Very dependent on the timeframe for performance

Basic Market Timing (cont.)

- Often traders loose trying to accurately trade the countertrend paradigm
- Buying New Lows:
 - “Bottom-fishing” to pick the market bottoms and focus on exactly getting in at the low of the price action **downtrend**.
 - **Traditional trading suggest waiting** for confirmation that support has held and prices are moving in an **uptrend** with higher highs and higher lows
- Selling New Highs:
 - Traders trying to pick the market tops and focus on exactly getting out or shorting at the high of the price action **uptrend**.
 - **Traditional trading suggest waiting** for confirmation that overhead resistance has held and prices are moving in a **downtrend** with lower highs and lower lows

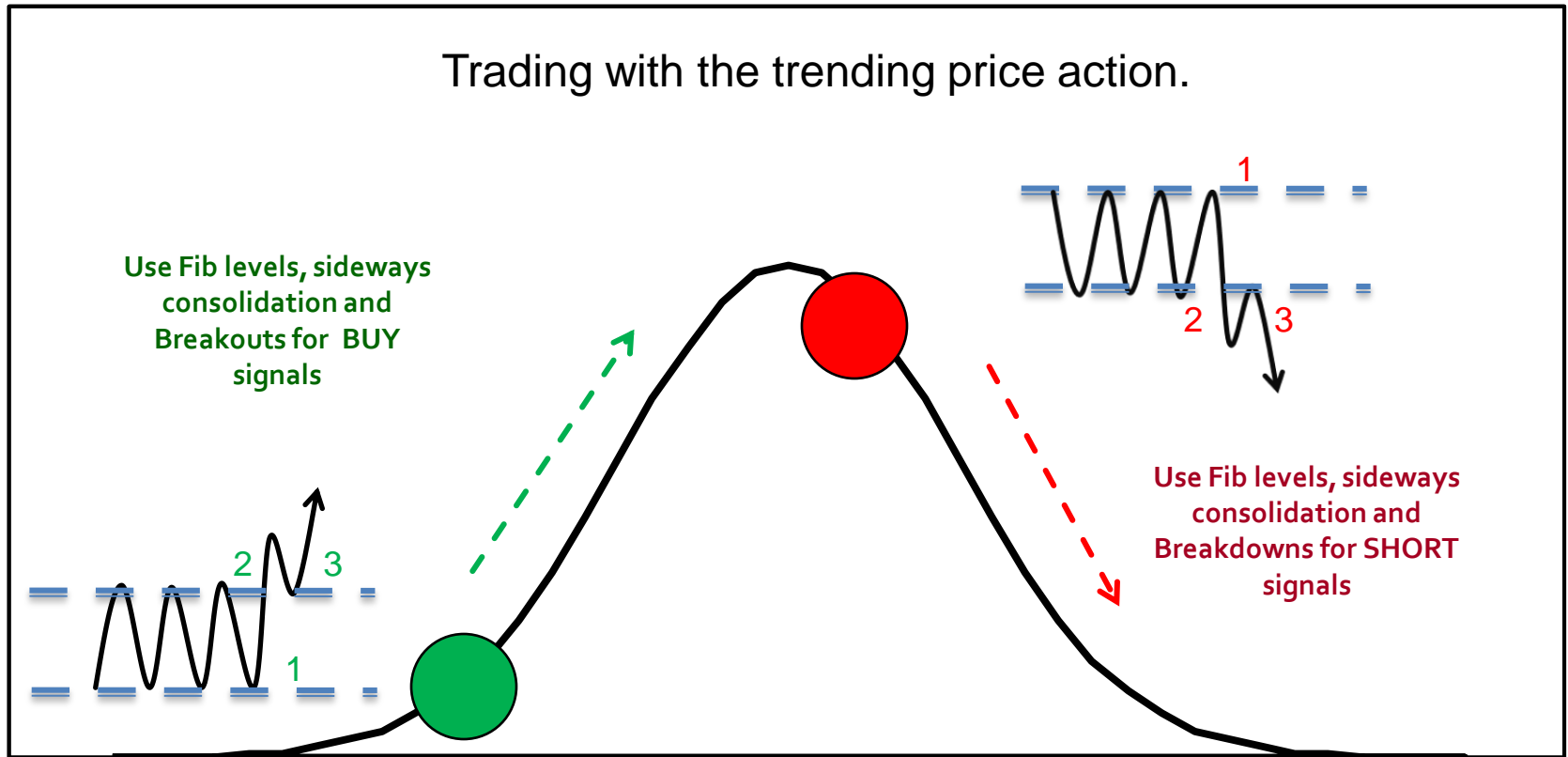
Market Timing (cont.)

When countertrend trading know:

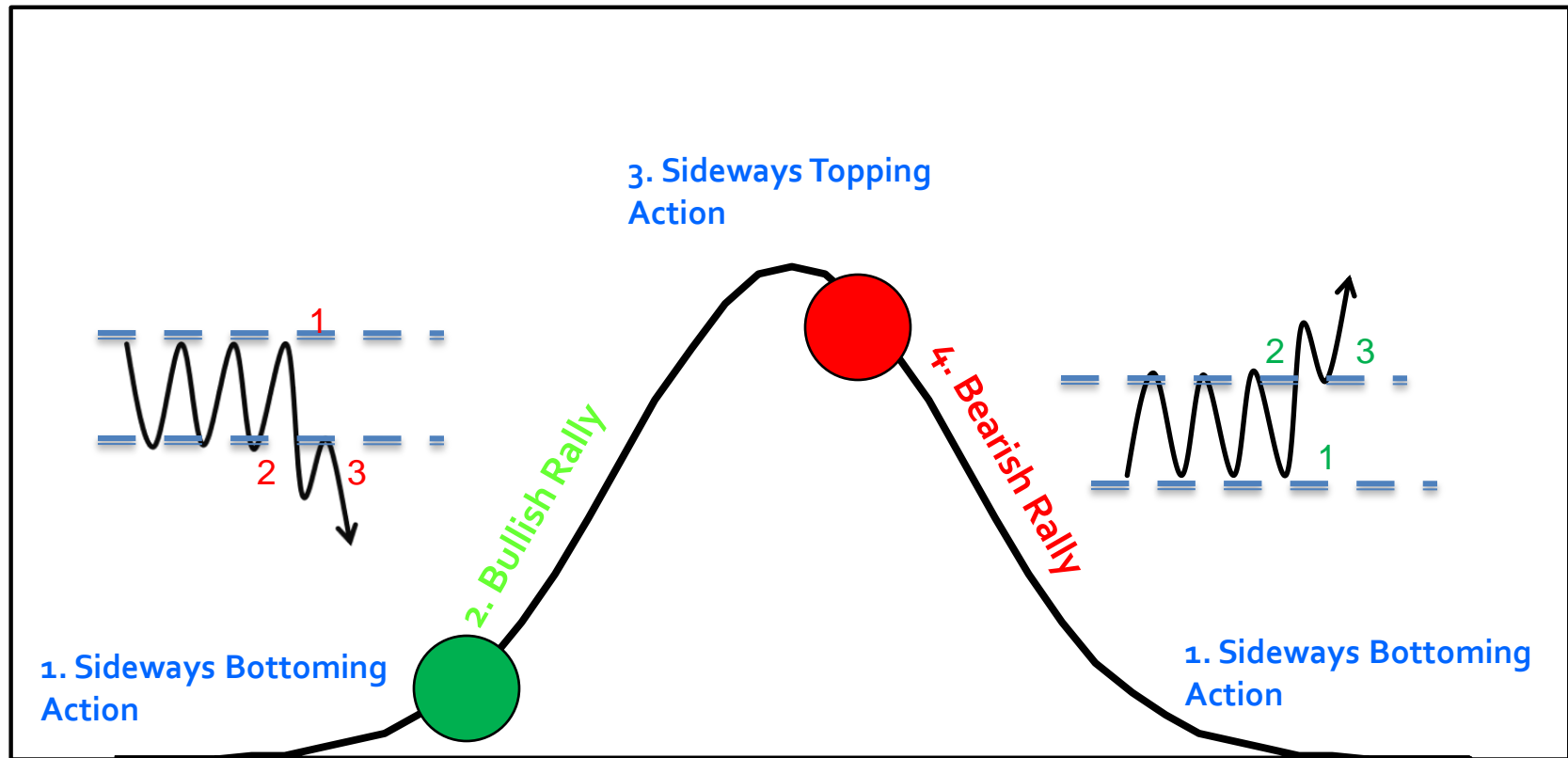
- **Support and resistance** levels where traders identify entry and exit opportunities when trading.
- **Fibonacci percentage "retracement" levels** where savvy traders use them to improve their entry and exit points.
- **How traders often try buying into support**
 - If the major price action trend is in a downtrend, more than likely, it will continue
- **How traders often try buying a breakout**
 - Buying breakouts in an uptrend is often chasing the move; similar to buying new highs or shorting new lows
- **How traders often try shorting into resistance**
 - If the major price action trend is in a up trend, more than likely, it will continue
- **How traders often try shorting a breakdown**

Market Cycle

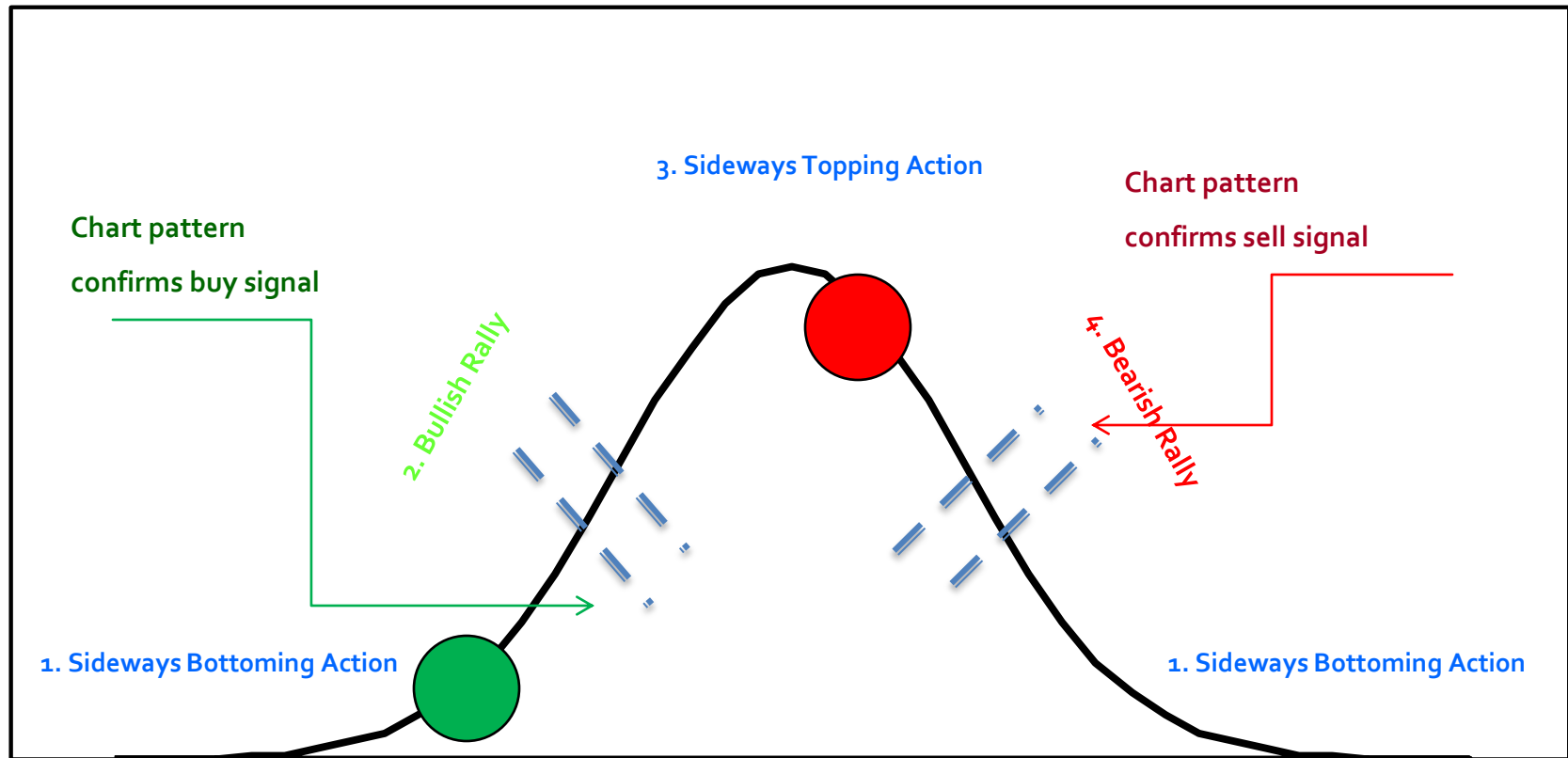
Trading with the trending price action.



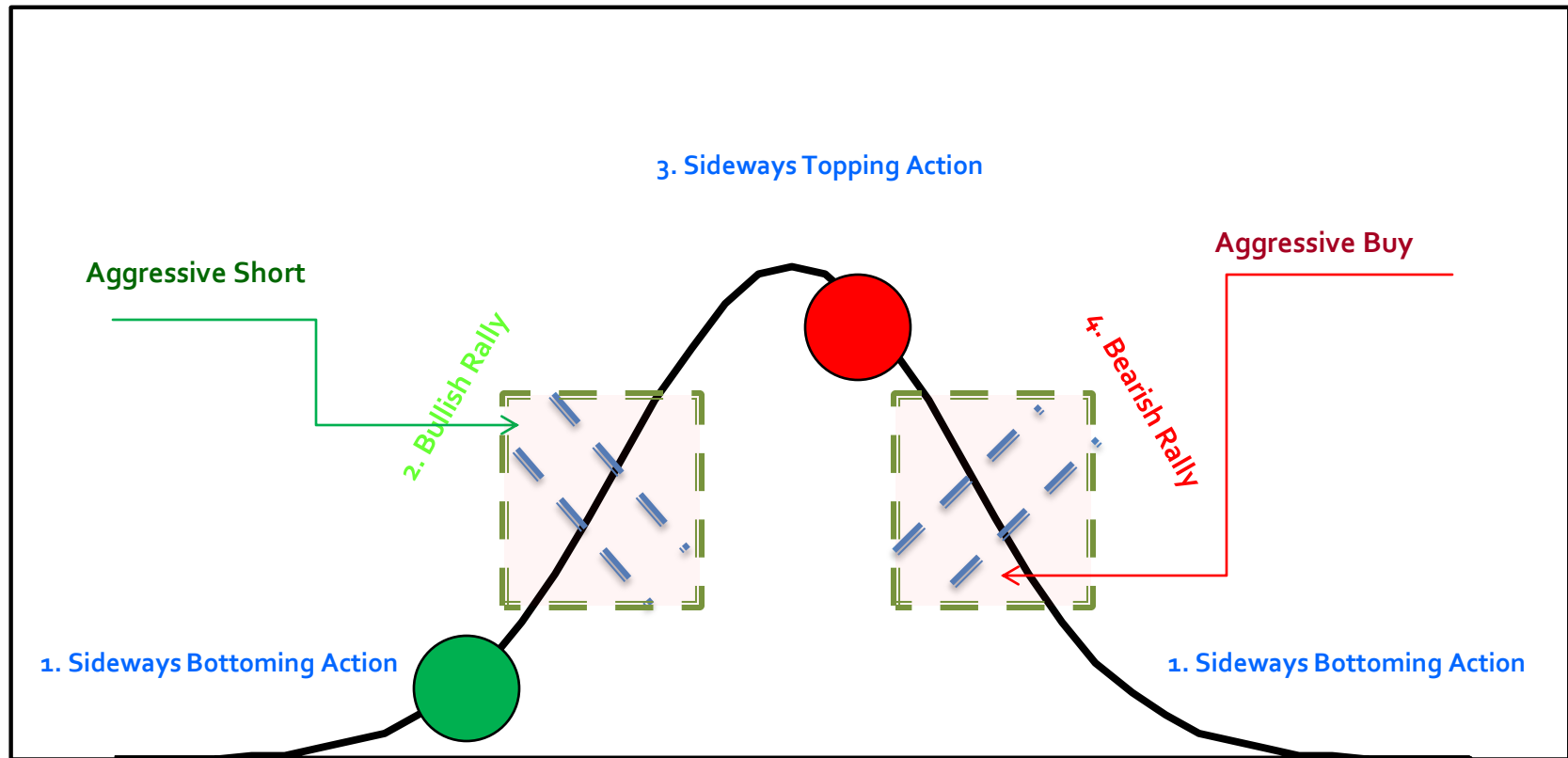
Example – Counter Trend Trading



Traditional Trade Execution



Small Profit Potential



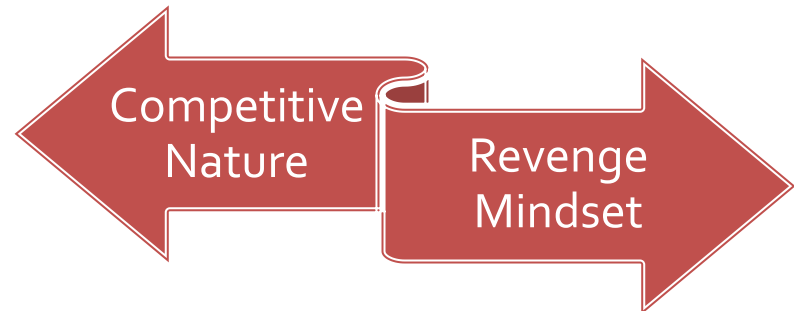
Why Counter Trend Trade?



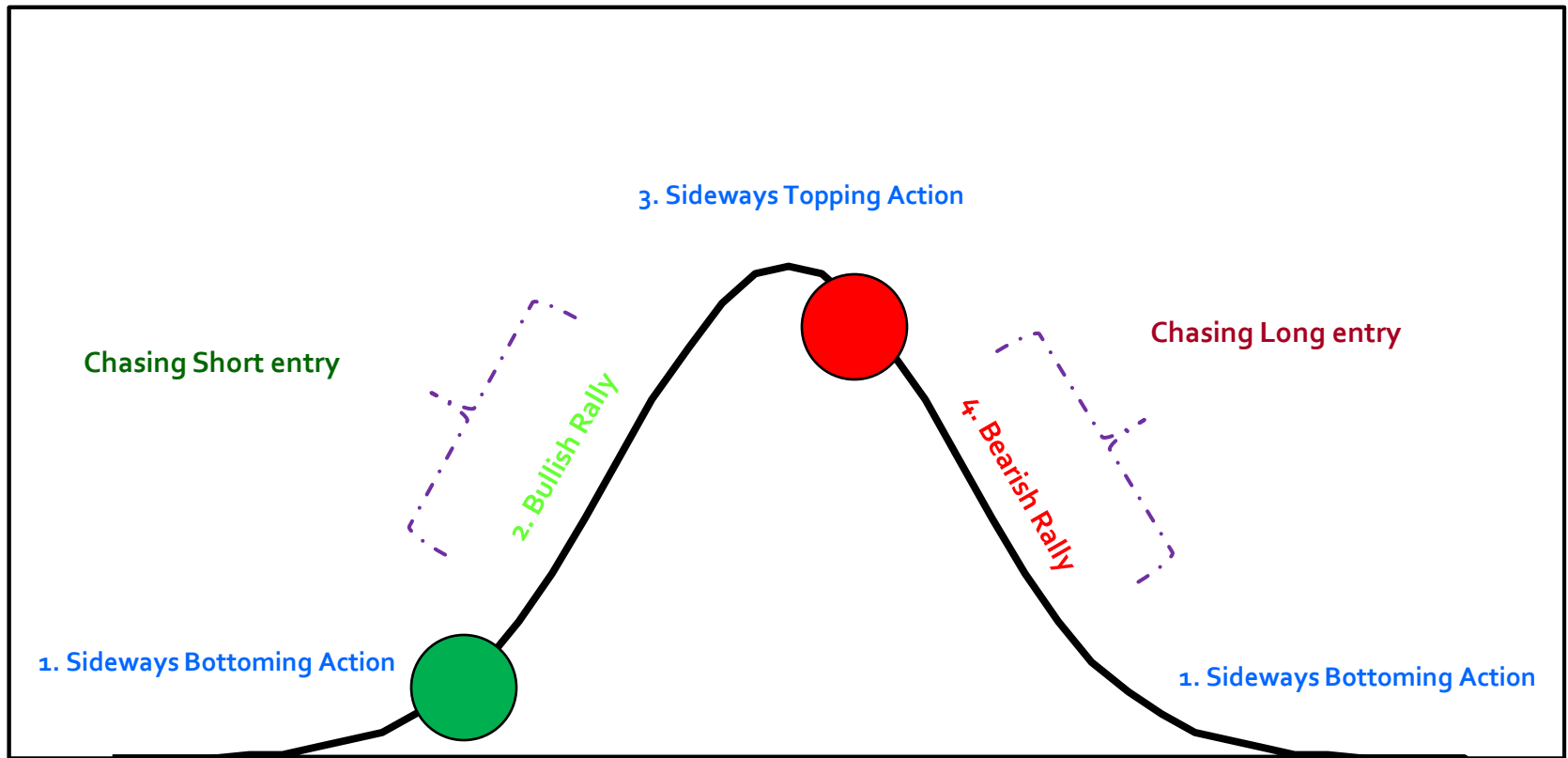
- Lack of patience and discipline
- Tunnel vision in reference to market conditions
 - Inter-market Analysis
- Improper money management or risk management
- Over-trading
 - Too many markets at one time – not enough trades setups
 - Excessive trades – trying to recoup losses
- Pursuit of Perfection and High expectations of “Winnings” and “Profits”
 - Catching “The falling Knife”
 - Trying to Pick “Tops” and/or “Bottoms”
- Not having a “trust-worthy” trading plan for trading trends
- NO accountability for actions

Counter Trend Trading (cont.)

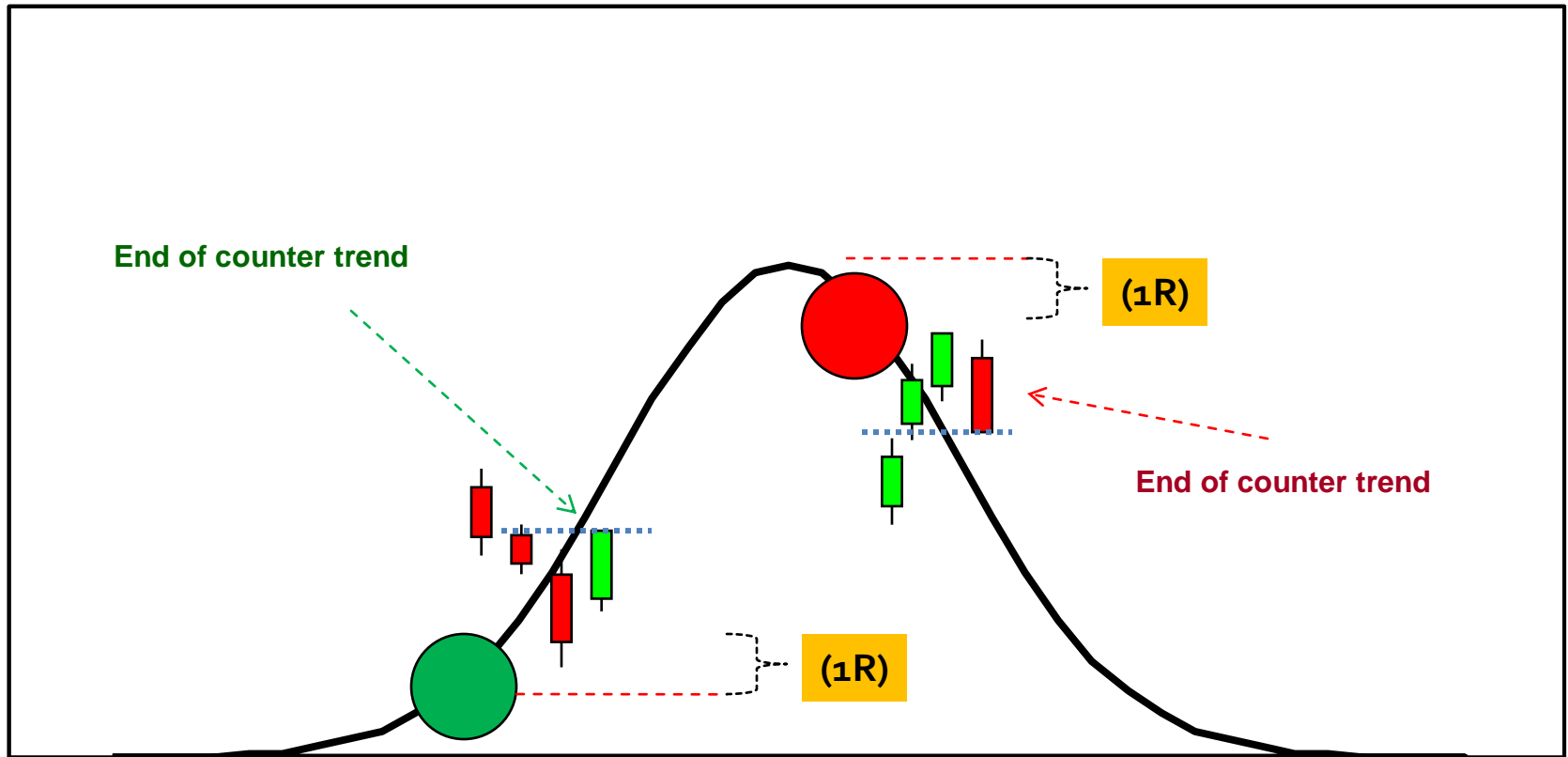
- Like fast-paced, risk-filled environment
- Looking for “Instant Gratification”
- Trading from a mindset of “greed” or “desperation”
- **Overconfidence**
 - Have a very demanding ego that unfortunately distorts one’s rational thinking
 - Emotions empower your actions
 - Remaining in position to avoid admitting wrong
- Relying on “Sense of Timing” or “Trading Intuition”



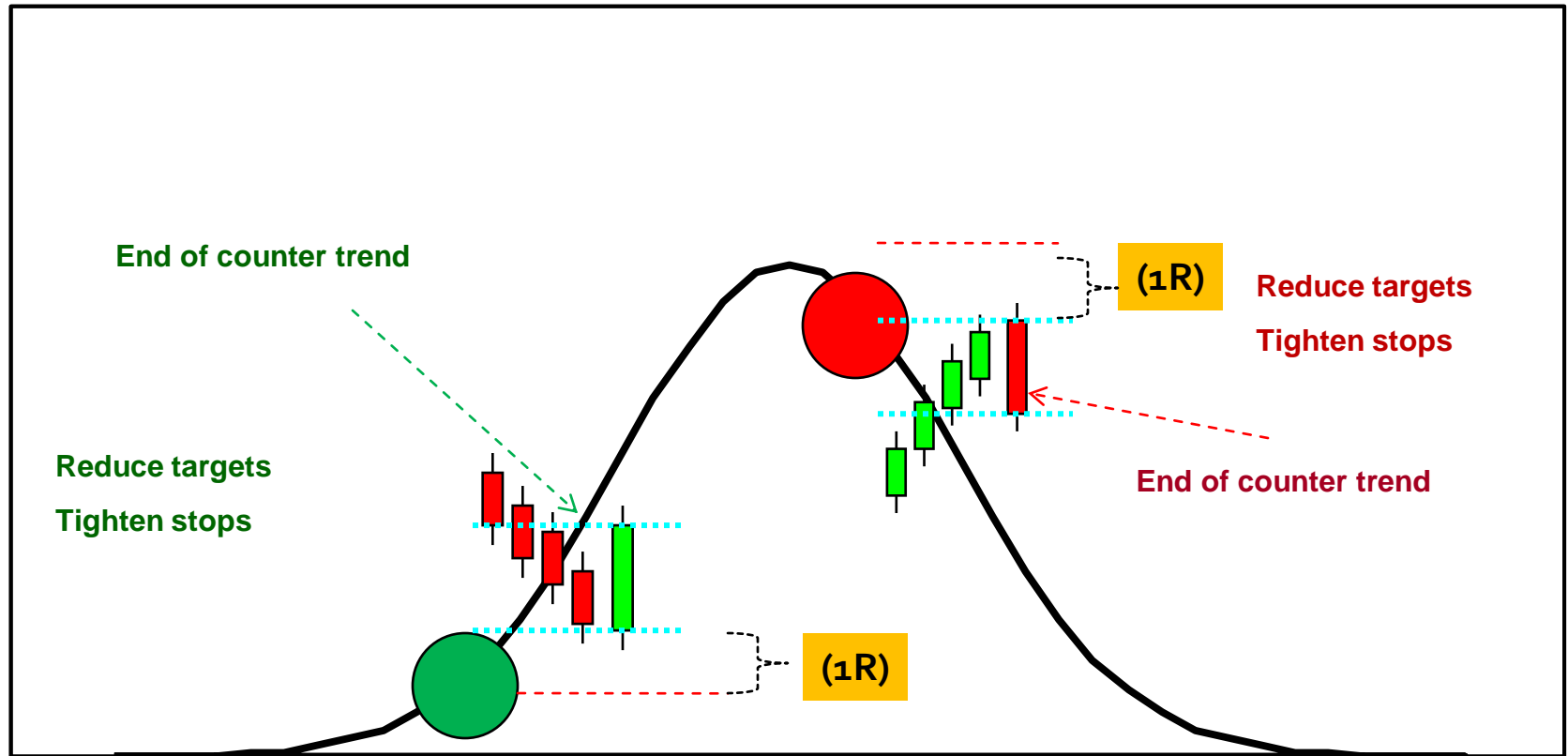
Chasing Positions with Market Cycle



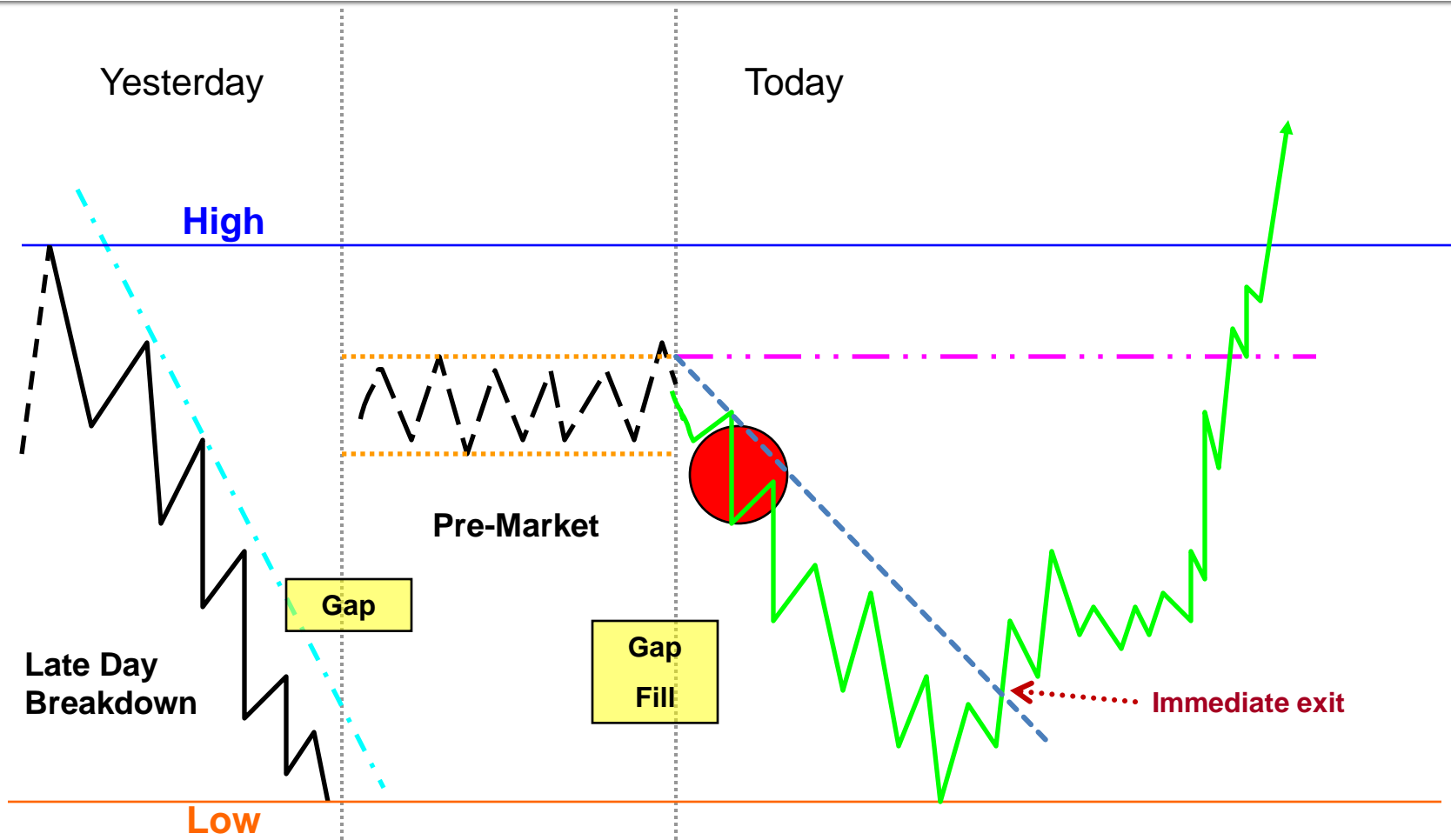
Counter Trend Exits - Market Cycle + reversal patterns



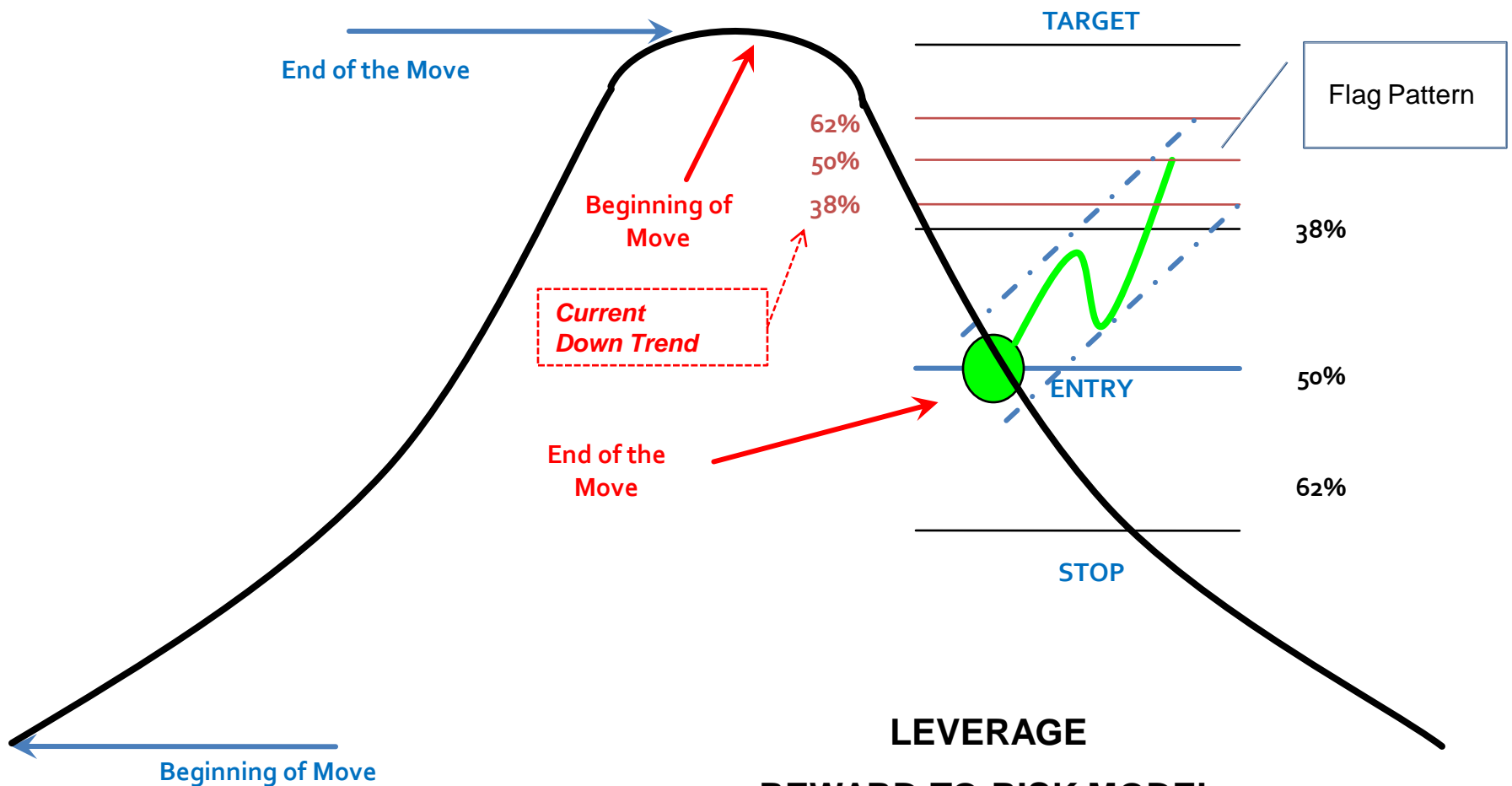
Money mangement



Gap Fade - Intraday Trading

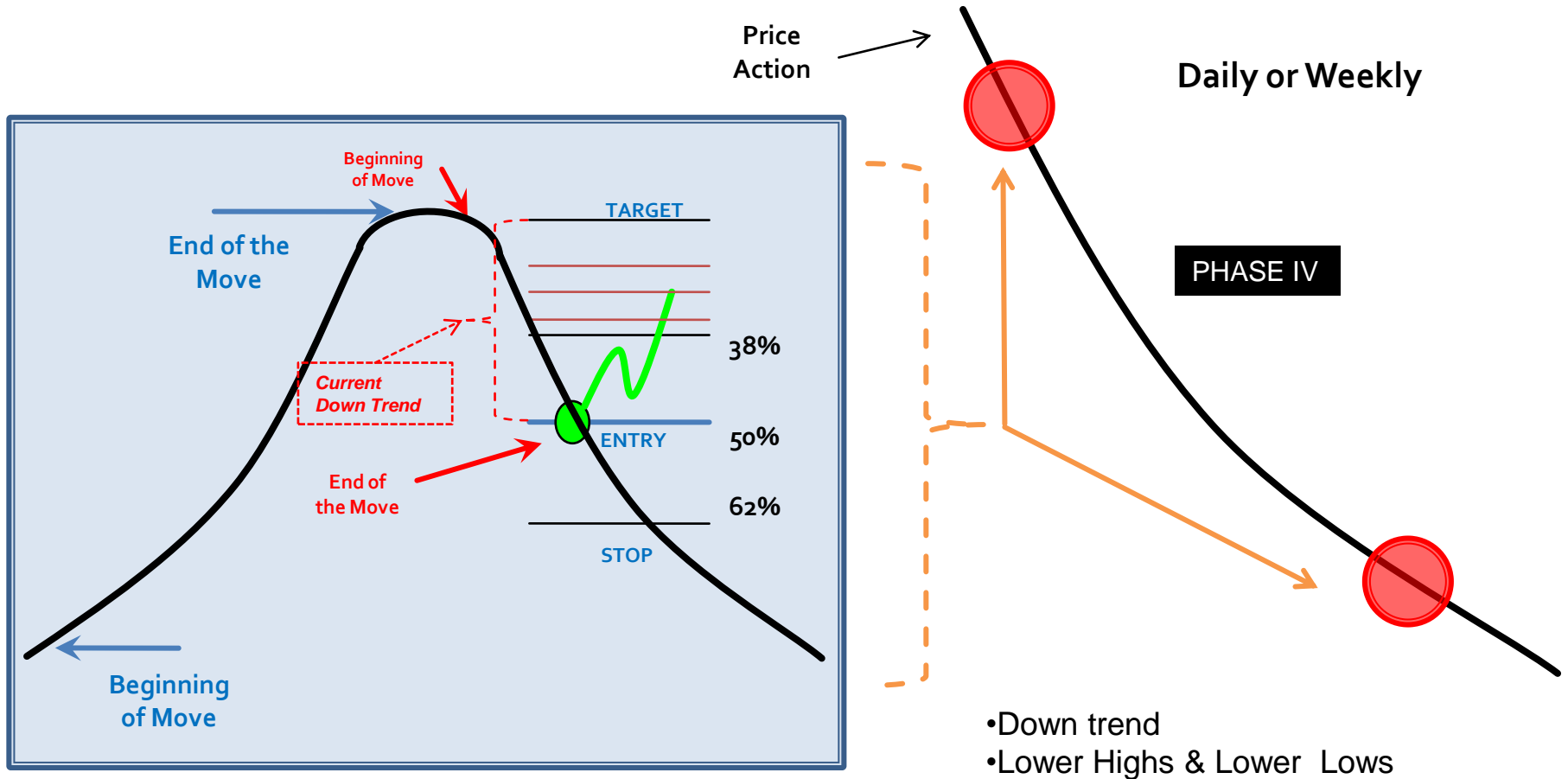


Fibonacci Retracements + Trading Execution

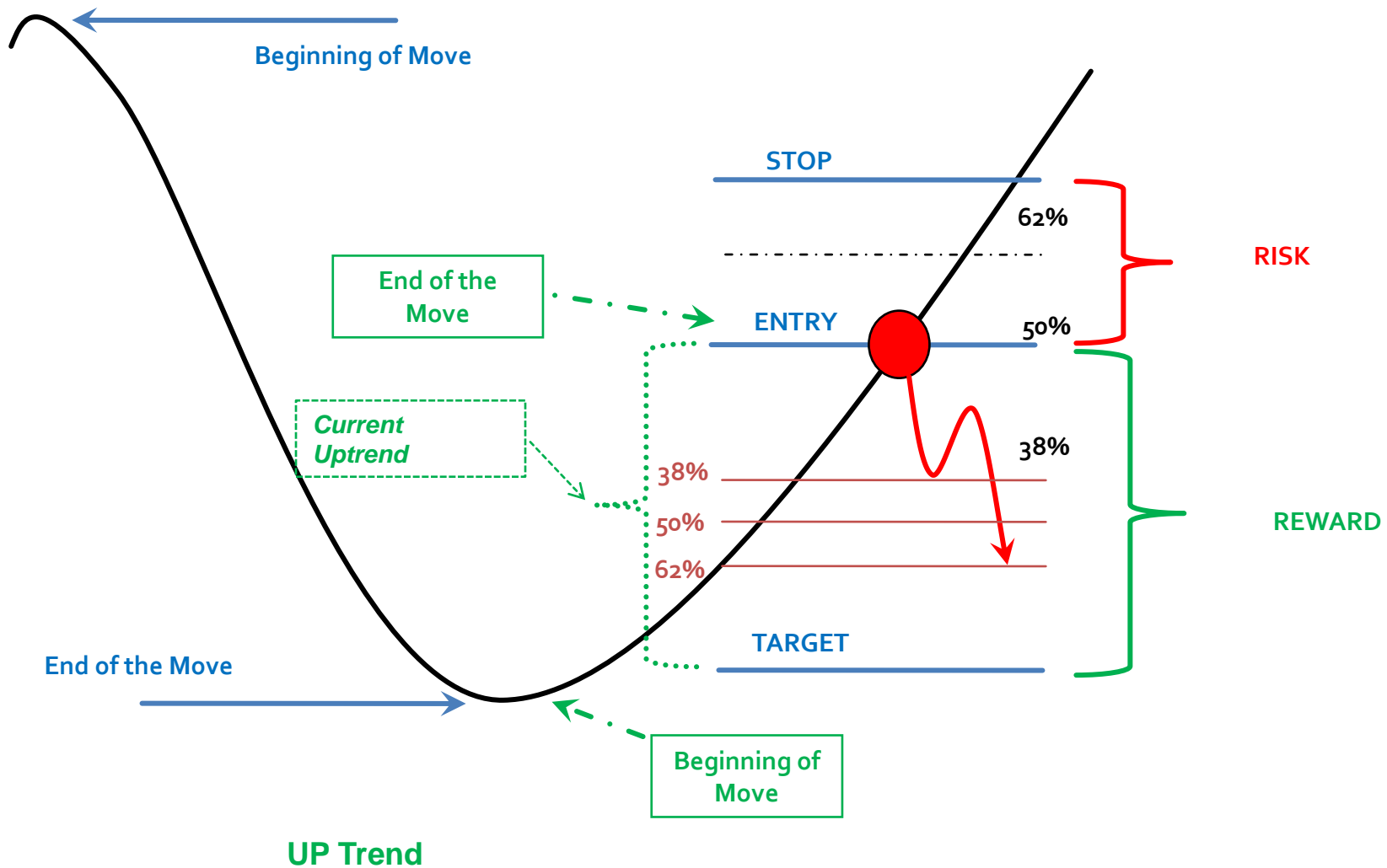


LEVERAGE
REWARD-TO-RISK MODEL
~ 2:1

Low Odds Trading & Setups



Fibonacci Retracements + Trading Execution



Low Odds Trading & Setups

