Macro Downtrend, Micro Downtrend, Intraday Range: Long Trend Reversal

By disciplined_daytrader · January 20, 2023

TL;DR

This blog post discusses the complexities of trading during a long trend reversal, emphasizing the importance of entering near the trendbreak zone and managing risk by considering the low of the day. It highlights the challenges traders face and the potential for targeting new highs after a breakdown.

1d:2m (Long Trend Reversal)

-Notice how the trend reversal is very choppy and difficult. As we know we must risk the low of day when taking this trade so entering as close to the trendbreak zone is the most important aspect of all trend reversal trades. Once we break down into that area then that is where we should look for longs. In general this is going to be a very difficult trade no matter what but if I can get in and risk LOD with target of a New high then it wouldve worked.

FAQ

What is a long trend reversal?

A long trend reversal refers to a significant change in the direction of a market trend, typically from bearish to bullish, indicating a potential opportunity for traders to enter long positions.

Why is entering near the trendbreak zone important?

Entering near the trendbreak zone is crucial because it allows traders to minimize risk by setting stop-loss orders close to the low of the day, enhancing the chances of a successful trade.

What does LOD stand for?

LOD stands for 'low of day,' which is the lowest price point reached by an asset during a trading day, often used as a reference for risk management.

What are the challenges of trading during a trend reversal?

Trading during a trend reversal can be challenging due to the choppy and unpredictable price movements, making it difficult to identify clear entry and exit points.

What is the target after a breakdown in a long trend reversal?

After a breakdown, traders often aim for a target of a new high, which represents a potential profit opportunity if the market reverses successfully.