Misc Price Action Thoughts

By traderjim · September 14, 2022

TL;DR

This blog post discusses a specific price action trading strategy involving entry and exit points based on price gaps and bar closes. It suggests entering a trade when the price gaps up and retraces to the previous bar's close before moving up again, and selling when the open or close of the current bar is lower than the prior bar's close.

Enter on a bar when price gaps up, moves down the the prior bar's close, then pops back up to the ope. Sell when open or close of bar is lower then prior bar close.

FAQ

What is the main trading strategy discussed?

The strategy involves entering a trade when the price gaps up, retraces to the prior bar's close, and then moves back up.

When should I sell according to this strategy?

You should sell when the open or close of the current bar is lower than the close of the prior bar.

What does it mean to 'gap up' in trading?

Gapping up refers to a situation where the price of an asset opens at a higher level than its previous closing price.

Why is the prior bar's close important?

The prior bar's close serves as a reference point for determining potential entry and exit points in this trading strategy.

Can this strategy be applied to all markets?

While the strategy can be applied to various markets, its effectiveness may vary depending on market conditions and asset volatility.