Trend Continuation Rules

By disciplined_daytrader · September 6, 2022

TL;DR

This blog post outlines essential rules for trend continuation in trading, emphasizing the importance of following micro trend directions and using a 2-minute chart. Key strategies include waiting for sideways consolidation and avoiding trades after specific trend breaks.

1. Always Follow the Micro Trend Direction

2. Use the 2 Minute Chart

3. Wait for sideways consoldiation and retest of 7

4. Do not take Continuation after the 20 is broken

5. Do not take Continuation after the 5 minute Trend is broken

FAQ

What is the importance of following the micro trend direction?

Following the micro trend direction helps traders align their strategies with the current market momentum, increasing the likelihood of successful trades.

Why should I use a 2-minute chart?

A 2-minute chart provides a clearer view of short-term price movements, allowing traders to make more informed decisions based on immediate market trends.

What does sideways consolidation mean?

Sideways consolidation refers to a period where the price moves within a narrow range, indicating indecision in the market before a potential breakout.

What happens if the 20 is broken?

If the 20-period moving average is broken, it signals a potential reversal or weakening of the trend, suggesting that continuation trades should be avoided.

Why avoid continuation after the 5-minute trend is broken?

Breaking the 5-minute trend indicates a shift in market dynamics, which can lead to increased risk for continuation trades, making it prudent to refrain from entering new positions.