

Counter-trend Trading Strategy

This CT-Trend trading strategy is based on what has been taught on Market Structure and retracements. It is easy to use, and will work most of the time.

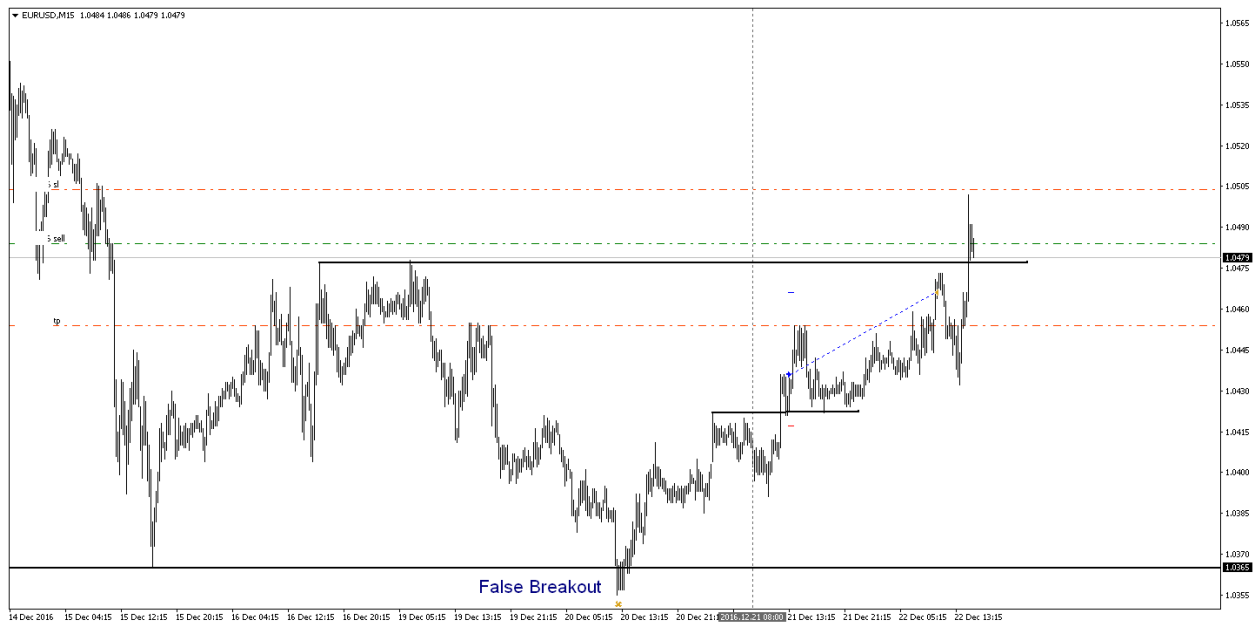
The idea is, that whenever a significant Swing Low or Swing High is broken, price will run a bit more and then turn for a correctional pullback. That's where we want to get in.

These retracements may be short lived and shallow, or may be deeper, depending on the type of market dynamic.



This example shows the USDCAD pair, taking out a slightly important swing low, running lower for a couple dozen pips and turning back to retrace inside the last leg.

I would usually buy after a swing low has formed and I see a bullish candle, with a tight stop below, or sell after a swing high has formed with a tight stop above.



Above is another example, this time a better move that I caught a week ago or so. Price pierced an important hourly swing high, stalled by creating a swing high, and that was my cue. I held for 30 pips, expecting an even deeper pullback inside the last rally.

Stop hunts

Sometimes, when a Swing gets broken, it's only part of the trend and it is just liquidity being attacked before price resumes in its course. Such an example can be found on the USDCAD pair, again, a few weeks back.

