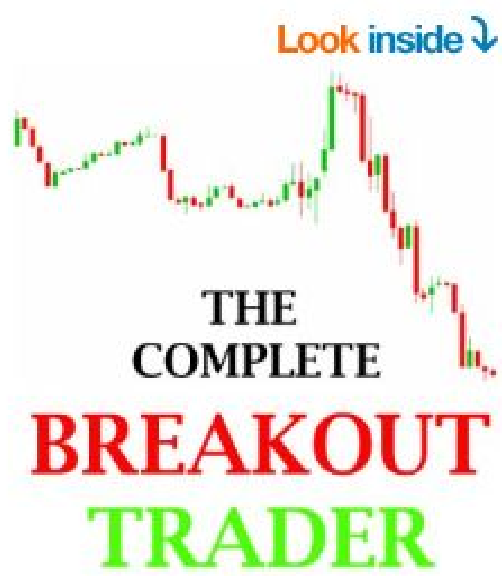

Pro Strategies

(Note: If anyone found selling the contents of this book by any means(electronically/printed format) then a legal action will be taken against that person)

The price quickly moves in your favor and make it seems like you’re printing money.

However…

Breakout trading can also be painful.

For example:

You notice the price breaking above Resistance.

The candles are big and bullish, so you go long.

But suddenly, the price does a 180-degree reversal.

And before you know it, you bought the highs and now you're bleeding in the red.

So now you're probably wondering:

"How do I filter for high probability breakout trades and know which are the ones to avoid?"

Well, that's what you'll discover in today's post.

Or if you prefer, you can watch this training below…

Breakout Trading: What is it and how does it work?

A breakout occurs when the price moves beyond a certain level.

So, breakout trading is entering trades when momentum is in your favor.

Here's what I mean:

Now…

Breakout trading guarantees you catch every trend in the market — that’s why it’s widely used by Trend Followers, CTAs, and even Market Wizards.

Whatever method you use to enter trades, the most critical thing is that if there is a major trend, your approach should assure that you get in that trend.

If I were buying, my point would be above the market. I try to identify a point at which I expect the market momentum to be strong in the direction of the trade.

However, nothing is perfect.

And breakout trading has its pros and cons to it.

I’ll explain…

Pros:

- You’ll catch every trend in the market
- Momentum is in your favor

Cons:

- It could be a false breakout
- It can be psychologically difficult to enter the trade

I know…

Getting “caught” in a false breakout sucks.

You feel like an idiot buying the highs only to watch the market do a sudden reversal.

That’s why in the next section, you’ll learn how to identify high probability breakout trades — and avoid the ones likely to fail.

Read on…

The WRONG way to trade breakout — you must avoid at all cost

I know.

It can be exciting to trade breakouts.

The price is moving fast, the candles are bullish, and momentum is in your favor.

However…

When it feels “right” to buy a breakout, it’s usually the worst thing you can do.

Why?

Because in the short-term, the buying pressure is exhausted and have no more “energy” to push the price higher.

So what happens?

The “smart money” starts to take profit.

Then, bearish traders will look to short the markets.

Slowly, the market starts to reverse…

At this point, traders who bought the highs are sitting in the red.

And when they can’t take the pain any longer, they cut their losses.

The result?

Increased selling pressure which causes the market to reverse lower.

So here’s the lesson:

Whenever the market looks very bullish — it's usually too late to enter the trade.

My favorite way to trade breakouts (with low risk and huge returns)

So…

You've learned how NOT to trade a breakout.

Now, you're probably wondering:

"So how should I trade breakouts?"

Well, my secret is this…

You want to trade breakouts — with buildup.

What's a buildup?

I'll explain…

A buildup is a tight consolidation and you'll notice the range of the candles get smaller.

Here's what I mean…

Now, a buildup is powerful for 2 reasons…

1. You increase your profit potential and lower your risk

Earlier:

You saw that if you trade breakouts without a buildup, it’s likely to fail.

But that’s not all.

Because where do you put your stop loss?

If you’re like most traders, you’ll put it below Support.

And given the distance of your stop loss, you must reduce your position size (so you can maintain your risk).

This means the market needs to move a lot just for you to earn 1R (which is your risk per trade).

An example…

If you have a stop loss of 1000 pips, the market needs to move 1000 pips in your favor so you can earn 1R.

Now…

If you have a tighter stop loss, you can increase your position size (while maintaining your risk).

This means the market needs to only move a little for you to earn 1R.

An example:

If you have a stop loss of 100 pips, the market needs to move 100 pips in your favor so you can earn 1R.

Can you see how powerful this?

If you want to learn more, go watch this training video below…

2. You improve your winning rate

Imagine:

The price is at Resistance.

You know this is an area where the price could reverse lower.

But it didn't.

Instead what you get is a buildup at Resistance.

So, what does it tell you?

Perhaps there's no selling pressure.

Or, there's strong buying pressure supporting the higher prices.

Whatever the case is, this is a sign of strength.

Here's an example:

But don't forget…

When the price breaks above Resistance, traders who are short will cut their losses.

Plus, momentum traders will hop on board and buy the breakout.

All these factors increase the buying pressure — and the market is likely to breakout higher.

Does it make sense?

Great!

Then let’s move on…

Breakout Trading: When do you buy breakouts?

So…

The buildup is a core concept whenever I trade breakouts.

However, there are variations of it.

For example:

When you see higher lows into Resistance, is this a sign of strength or weakness?

Take some time to think about it…

…

…

…

Now, similar to the buildup concept I shared earlier.

When you see higher lows into Resistance, it tells you:

1. There's no selling pressure
2. There's strong buying pressure supporting the higher prices
3. Buy stop orders are clustered above Resistance

Clearly, this is a sign of strength.

Here's how it looks like:

Now you might be familiar with this chart pattern, and it's called an Ascending Triangle.

So if you spot such a pattern, it means the market could breakout higher.

If you want to learn how to trade this chart pattern, go check out The Ascending Triangle Trading Strategy Guide.

Next…

Breakout Trading: When do you short breakdowns?

This is the inverse of what you've learned earlier.

Whenever you see lower highs into Support, it tells you:

1. There's no buying pressure
2. There's strong selling pressure pushing the price lower
3. Sell stop orders are clustered below Support

Clearly, this is a sign of weakness.

Here's how it looks like:

Now you might be familiar with this chart pattern, and it's called a Descending Triangle.

So if you spot such a pattern, it means the market could breakdown lower.

Now…

You've learned when to buy breakouts and short breakdowns.

Moving on, you'll learn how to identify explosive breakout trades about to occur.

Are you excited?

Then read on…

How to identify explosive breakout trades about to occur

Here’s the thing:

The market is always changing.

It moves from a range to trend (and vice versa).

And the longer a market stays in a range, the harder it breaks.

Here’s an example:

But why?

Because the longer the market is in a range, more orders are placed in the market.

Let me explain…

Bullish traders will put buy stop orders above Resistance (hoping to catch breakouts).

Bearish traders would short the market and have their stop loss (also a buy stop order) above Resistance.

As time passes…

You'll get an overwhelming amount of buy stop orders above Resistance.

So, when the market breaks out, it'll trigger these clusters of buy stop orders which fuel strong buying pressure.

So…

If you want to identify explosive breakout trades above to occur, pay close attention when the market is in a range for a long time.

Because the longer it range, the harder it breaks.

Breakout Trading Strategy: The Trend Trading Breakout

Here's the deal:

In a strong trend, the price tends to stay above the 20-period Moving Average.

So if you're waiting for a pullback, then you'll be disappointed as the market continues making new highs — without you.

Here's what I mean:

Now…

There's a time for trading pullbacks, but not when the market is in a strong trend.

Instead, you want to trade breakouts.

That's why I call this breakout trading strategy… The Trend Trading Breakout.

Here's how it works:

1. The market is in a strong uptrend (respecting the 20MA)
2. Buy breakouts above the swing high
3. Set your stop loss 1 ATR below the swing low
4. Exit the trade if the price closes below 20MA

An example…

Winning trade on (EUR/USD):

Winning trade on (NI255):

Losing trade on (XAG/USD):

So here's the takeaway…

In a strong trend, you want to buy breakouts (or short breakdowns) because the market is unlikely to offer a pullback.

Conclusion

So here's what you've learned today:

- Don't buy breakouts after a strong bullish momentum because that's when the market is about to reverse
- You want to buy breakouts with a buildup
- Higher lows into Resistance is a sign of strength
- Lower highs into Support is a sign of weakness
- The longer the market is in a range, the stronger the breakout
- A Trend Trading Breakout strategy that works