

Tonight's topic, what is trend line trading method?

Trend Line

The definition of Market Trend can be expressed as the tendency of the prices in moving towards a particular direction, increase or decrease, at a given period

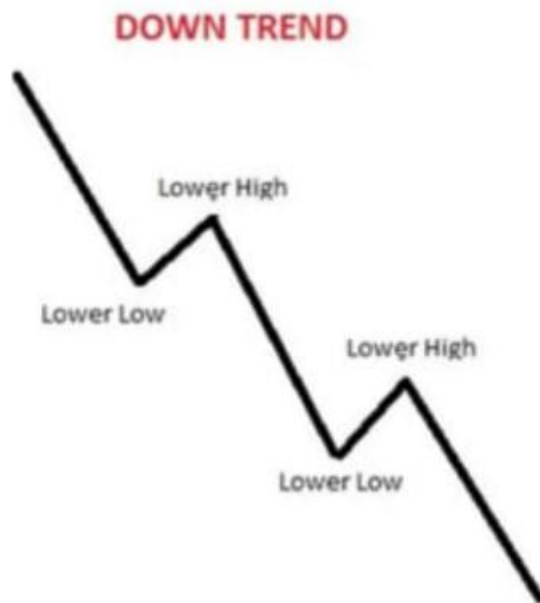
It is very important for a trader to identify the market trends so that he can capture the price movements in future and can act accordingly. He has to rely on technical analysis to find out the right market trend.

Generally, this trend with regard to the price movements is divided into two categories. One is 'Up Trend' and the other is 'Down Trend'

Traders identify the Up Trend by 'Higher Highs' and 'Higher Lows'



Equally, the down trend is identified by 'Lower Highs' and 'Lower Lows'. Down Trend is the mirror image of Up Trend.



Keep in mind that only 30% to 40% of the time people can come across a clear trend. Remaining 70% to 60% time is known as the Trading Market or Sideways Market. It is wise not to trade in this trading phases because it is a sure way to meet with loss. This clearly shows the importance of keeping oneself with the trading trends.

Display 2: Chart showing Sideways Move



Display 3: Chart showing a nice up trending move



Display 4: Chart showing a nice down trending move



Display 5: Chart showing a trading range or sideways move



With regard to time frame, this market trend can be categorized into three different types such as Short Term Trend, Medium Term Trend and Long Term Trend.

Short term trend may exist from less than one day minimum to five days maximum. Medium term trend may remain from few weeks to few months. Lastly, Long Term Trend may be from several weeks to several months.