Entry Triggers

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Outline

Disclaimer

General Remarks

Limit Orders & Market Orders - What Are They?

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Market Order Entries (Market Structure, Candle Close, Momentum, Acceptance)

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Disclaimer

Neither this presentation, nor anything on my Twitter, Telegram, or any other medium/mode of communication, including private correspondence, constitute financial advice.

I am not a financial advisor and hold no formal qualifications in this area.

Trade entirely at your own risk.

This is for entertainment purposes only.

General Remarks

List of entry triggers is <u>not</u> exhaustive but should set you on the right path

Not a one-size-fits-all approach

Very common for market participants trading a similar style to have the same levels marked out
→ entry triggers can make the difference between a profitable trader and a losing trader

Charting is <u>not</u> trading

Extremely underappreciated topic that, I humbly submit, warrants your focus

No point in learning how to chart and no benefit in calling the market if you can’t make any money by acting on your own analysis

Limit Orders - What Are They?

- Definition: *an order to buy/sell an instrument at a specific price (or better)*
- Limit Sell = sell at/above market
- Limit Buy = buy at/below market
- Pros
  - Cost of trading
  - Limit fill cannot be worse than the limit price
- Cons
  - Fill is not guaranteed
    - Market can keep moving away from the limit order
    - Even if market arrives at the limit order price level, limit order may not be filled (entirely) if inadequate buyers/sellers at that level → partial fills
- This is why stop loss orders <u>**must always be market orders**</u>

Market Orders - What Are They?

- Definition: *an order to buy/sell an instrument at the best possible price that is available <u>immediately</u>*
- In other words, a market order is for those wanting instant execution on their trade
- Pros
  - Guarantees full size execution/fill*
  - Instant
  - Allows for entry even if price hasn't pulled back to anticipated levels/existing limit orders
- Cons
  - Cost of trading
  - Slippage (especially in illiquid markets/markets with a wide spread)
- This is why stop loss orders <u>**must always be market orders**</u>

Limit Order Entry 1 - BPC

- Definition: *limit buy at a structure immediately after break upwards/limit sell at a structure immediately after a break downwards*
    - **B**reak **P**ullback **C**ontinuation (Horizontal S/R lesson)
- Premise: get filled on the immediate or short-term pullback after a structure has been broken before continuation in the direction of the break
- This is essentially the break-and-retest strategy where the retest happens immediately or very soon after the break
- Pros
    - Catch a breakout/breakdown before the impulsive follow through
- Cons
    - Lower probability than rounded retest (risk of a false break)*
    - Often requires paying a lot of attention to lower time frames
    - (No fill/price moves away on momentum)

Limit Order Entry 2 - Rounded Retest

- Definition: *limit buy at a structure after break upwards with time and space/limit sell at a structure after a break downwards with time and space*
- Premise: break-and-retest strategy except there is time and space between the break and the retest i.e. rounded retest
- Pros
  - Higher probability than BPC entry*
  - Does not require a low time frame focus and easier to focus on high time frame levels
  - Less time spent chart babysitting and more time to plan the trade
- Cons
  - Trades can take a while to set up
  - Tunnel vision/easier to lose sight of context
  - Easier to ‘forget’ about the level

Limit Order Entry 3 - Conditionals

- Definition: *limit buys below old lows in bullish conditions/limit sells above old highs in bearish conditions*
- Premise:
  - Buying dips in bullish conditions = buying where inexperienced traders have their sell stops (below old lows)
  - Selling rallies in bearish conditions = selling where inexperienced traders have their buy stops (above old highs)
- Pros
  - Minimal drawdown/low heat trades if correct
- Cons
  - Stop placement not always clear
  - Slippage risk if real breakdown instead of stop run
  - Runs above/below can be much deeper than anticipated
  - Not always intuitive to choose which highs/lows will be run if stops have built up e.g. diagonal trend

Market Order Entry 1 - Market Structure

- Definition: *market buy at support if low time frames are breaking upwards/market sell at resistance if low time frames are breaking downwards*
- Premise:
  - If support is doing its job, price will make higher highs (and higher lows) → evidence of that is 'confirmation' to buy
  - If resistance is doing its job, price will make lower lows (and lower highs) → evidence of that is 'confirmation' to sell
- Pros
  - More likely to avoid trades where the structure gets completely engulfed/smashed
  - Confirmation* (at the very least there is more evidence that the structure is doing its job)
- Cons
  - Likely to miss trades where the market immediately explodes from a level
  - Poor/inactionable R:R if very strong reaction at the structure
  - Market structure at a level won't always be clear/may take a while to play out
  - Takes a certain mastery and discipline to trade intraday market structure at high time frame levels

Market Order Entry 2 - Candle Close

- Definition: *market buy after bullish candle close at support/market sell after bearish candle close at resistance*
- Premise: how and where price closes having hit the S/R structure dictates whether there's enough evidence to take a trade
- Different possibilities:
  - Close outside the S/R structure
  - Close within the S/R structure
  - Bullish/bearish candlestick pattern at S/R structure
  - Et cetera
- Pros
  - More likely to avoid trades where the structure gets completely engulfed/smashed
  - Easy to backtest and journal
- Cons
  - Poor/inactionable R:R if very strong reaction at the structure

Market Order Entry 3 - Momentum

- Definition: *market buy after key resistance smashed/market sell after key support smashed on a closing basis*
- Premise: markets don't always break and retrace neatly
  - As long as 1) good reason to think price will move higher/lower; 2) clear invalidation; 3) clear target; 4) actionable R:R → trade can be taken in 'no man's land' at market
- Pros
  - Catch impulsive moves that leave retrace/pullback traders waiting
- Cons
  - Poor/inactionable R:R if break is too impulsive
  - Move may be done by the time entry is triggered/candle closes
  - Can form a bad habit (in beginners) of chasing the market wherever there is a big candlestick
- I recommend studying the markets you trade to see if there is (ever) a need to momentum trade breakouts

Market Order Entry 4 - Acceptance

- Definition: *market buy on consecutive candle closes above resistance/market sell on consecutive candle closes below support*
- Premise:
  - If the market is willing to accept price above resistance = buyers in control = likely to trade higher
  - If the market is willing to accept price below support = sellers in control = likely to trade lower
- This entry trigger works especially well with reclaimed S/R levels
- Pros
  - Doesn’t require precision entries
  - Doesn’t require much time babysitting the charts
- Cons
  - Setups can take longer to play out
  - Those with loose trigger fingers are likely to puke setups early
  - Setups require more patience

Conclusion

- These are just tools, it's on you to adapt them
  - To the markets you trade
  - To specific setups and strategies you trade
  - To your trading style
- Study the markets you trade
- Different setups will very likely perform better with certain entry triggers
- Systematise
- Actionable analysis makes the difference between a trader and a chartist

Thank you!

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Leaving a like and a comment really helps!