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*There is a substantial risk of loss associated with trading Derivatives . Losses can and will occur. My methods will not ensure profits*

Thursday, September 27, 2012

## Price Flips

Do you know which price pattern repeats over and over again in Markets.?

I had written an earlier post on this ( [Read](#)). I am afraid most of the readers have not understood it properly. Price Flips are the basic pattern of all auction markets. It is the very basic structure of the price action. This is the concept on which almost all the profitable trading systems or methods are built. Any trading method ignoring this behavior of the market is likely to fail.

Everybody is aware of support and resistance in markets. A price area which was previously support or resistance has a good chance of continuing to provide support or resistance again in the future. Once this levels are broken this levels become Price Flip zones. In other words a resistance turns into probable support and a support become a probable resistance. It is like once you climb the stair the roof becomes the floor

Price Flip zones are an important concept in trading. It is very important to initiate your trades at these levels. It helps us to place our stops at logical levels and enter trades with very favorable RR ratio. Consider Price Flips as zones and not exact levels. Price Flip zones work in all Markets irrespective of the time frame you trade.

Pay attention to Price Flips zones while negotiating price action. This may provide great help in extracting Money from the Markets

Posted by [SMART Trader](#) at 10:23 PM



### 4 comments:



[Kavi](#) September 28, 2012 at 7:08 PM

Hi ST

Since i was introduced to your blog and going through the method, i have been trying to focus only on two areas, PDL and PDH. My query is what is your opinion if we take these two as always a S/R and not wait for the market reaction. For example, if prices are trading between these two and comes to PDH we take PDH as likely resistance and sell immediately at PDH without waiting for the market reaction, keeping a SL of 10 points. This way if it really takes resistance we ensure a successful BOF trade. If you feel this has any merit, i would backtest it and produce results.

Thanks.

Reply



[SMART Trader](#) September 28, 2012 at 8:04 PM

Kavi

I dont think such no brainer mechanical methods will give satisfactory results. Anyway back test it. Let us find out.

ST

Reply



[Kavi](#) September 28, 2012 at 8:17 PM

Sure, will be done this weekend.

Reply



[Unknown](#) June 4, 2014 at 6:03 PM

Hi ST . i have doubt

im confused when to trail using flips and when to trail using swing lows when price trending up.

Reply

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