

Breakout Mode

Breakout Mode (BOM): Bulls and Bears are Equal

BOM means trading range

Traders are waiting for a BO

About 50% chance of successful bull BO

About 50% chance of successful bear BO

50% chance 1st BO up or down will fail

After 2 – 3 bull bars closing on their highs and above TR, traders will expect successful BO and about MM up



Minimum requirement for BOM is one reversal up and one reversal down

BOM on Open: Many New Highs and Lows



Sell failed bull BO of BO Mode (18 bar BO often also BOM)
Only 7 bars in opening range so may not be complete yet
Increased chance of failed BO

Then, failed bear BO of bigger BO mode,
but still only 10 bars in opening range and might need more bars
BO has lower probability of trend until TR has 10 or more bars

3rd failed break
below yesterday's low
so Wedge Bottom
Buy reversal up
Getting close to bar 18
so possible L of day

Buy BO above opening range and buy PB from BO
Range has 21 bars so 90% chance
that L will remain L of day

Bar 18

BOM of 1st 18 Bars: Often Goes Sideways

Buy BO to new H of the day after bar 18
90% chance the L will remain the L of the day
and day will be either bull trend day or TR day
Often just goes sideways or weak channel



Between Bars 15 -25, traders will buy reversal up from near low
If near H, they will sell reversal down

BO Mode: 1st BO Failed, as It Does 50% of Time

TR was also a Triangle

Any TR is BO Mode Pattern

50% chance of successful bull or bear BO

50% chance 1st BO will fail



TR after reversal up from big gap down

TR was also Triangle

Trend Resumption up after failed BO below Triangle

BOM: Common on the Open, Here, after Gap Down

When contracting,
it is Triangle

Bull BO



Bear BO



Failed Bull BO



Failed Bear BO

50% chance of
bull or bear BO



5 or More Reversals: Trading Range (TR) Open so BOM

When contracting,
it is Triangle

Bull BO



Bear BO



Failed Bull BO



Failed Bear BO

50% chance of
bull or bear BO



BOM: Common on the Open, Here, after Gap Up

Bull BO



Bear BO



Failed Bull BO



Failed Bear BO

50% chance of
bull or bear BO



5 or More Reversals: Trading Range (TR) Open so BOM

Bull BO



Bear BO



Failed Bull BO



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