Breakout Rules

with Breaks [LuxAlgo] 15 15 20

Rules Examples:

Introduction:

The idea of your rules is that you should have data that your rules really work. Once you have rules, backtest or trade LIVE for 20 trades to build up enough data to get the probability on your side. Then you just have to **FOLLOW** them.

Rules:

1. Mark zones on daily chart for support and resistance. At least 2 bounces for a zone to be created and only mark the most recent zones.
2. Find patterns on 1h graph:
   a. **Continuation pattern** between zones or out of a zone (flags or triangle)
   b. **Reversal pattern** from a ceiling or floor (triangles, head shoulder)
3. Indicators to confirm patterns:
   a. RSI: Divergence to confirm reversal on the 1-hour chart.
   b. MACD: Cross-over or predict a Cross-over
4. **IF all of this is correct and IF it is ONLY true, I place a trade**:
   a. Entry: A little above or below consolidation
   b. Stop Loss: Over/under last support or resistance.
   c. TP: 3:1
   d. As long as I have more than 1% profit for the next zone, I place my trade.
5. Trade Management: Move Stop Loss Using the Percentage Method
   a. If the price goes down/up to the floor/ceiling. Then I take the profit OR move the stop loss when in case the price turns away from the area. I can always go into a breakout should the price continue.

Zone example: https://www.tradingview.com/x/XfUqHwlv/
Example 1: https://www.tradingview.com/x/pZrCo5GQ/
Example 2: https://www.tradingview.com/x/FnCrQbjl/
Example 3: https://www.tradingview.com/x/y3634tVE/
Example 4: https://www.tradingview.com/x/M7xnthBY/
Example 5: https://www.tradingview.com/x/pXYbJbQ6/