



Here's a fact:

The market will not always be contained within Support and Resistance because it will eventually breakout.

So, this is a trading setup that lets you trade with momentum (as the price is moving in your intended direction).

The ideal time to trade this setup is when the market has formed a buildup (a tight consolidation) near the lows of Support or the highs of Resistance.

Why?

Because you can base your stop loss using the buildup formed which is usually quite small.

This allows you to put a larger position size while keeping your risk constant — which means a better R multiple on your trades.

Now go watch these 2 videos below and learn how to trade breakouts...

Here are a few practical tips when you're trading breakouts...

### **Tip #1: Trade breakouts with buildup**

A buildup creates “potential energy” that is released when the price trades beyond the breakout level.

This happens because there are traders caught on the wrong side of the move and will cut their losses (which push the price in your favor).

### **Tip #2: Lean against structure on the higher timeframe**

The highest probability breakout trades occur when it's leaning against the structure on the higher timeframe.

An example:

On the 4-hour timeframe you spot a potential accumulation stage. And this accumulation stage is forming at an area of Support on the Daily timeframe.

This increases the odds of the breakout as you have both the 4-hour and Daily timeframe traders heading in the same direction.

Note: This concept can be applied to any timeframes: Daily & Weekly. Weekly & Monthly, and etc.

**Tip #3: The longer it ranges, the harder it breaks**

The longer the market is in a range, the better it'll trend when the breakout occurs.

Why?

Because when the market is in a range, traders will long Support and short Resistance.

So, when it's in a range for a long time, many stop-loss orders will accumulate at the edges of the range.

And when the price eventually breaks out, the stop-loss triggered can fuel the momentum to create a new trend.

Moving on...