



*Note: There's no video for this trading setup because it's similar to the False Break setup you saw earlier.*

This is a trading setup that goes against the direction of the trend.

The best counter-trend setup occurs when the market breaks a key level on the chart (suckering everyone to think the breakout is real), and then gets rejected strongly.

This would trap many traders who traded the breakout and when the price reverses its direction, it can trigger a cluster of stop-loss fueling pressure in the opposite direction (of the breakout).

But, don't expect to hold this trade for long, hoping you'll catch the turn of the trend and to ride it for all it's worth.

Because more often than not, the market will continue trending and if you're not quick, you'll see your winners turn into losers.

So what you want to do is... take a quick swing out of the market, and that's it.

And these are practical tips when trading counter-trend...

**Tip #1: Trade clean move into a level**

This is the same concept when you're trading Support and Resistance. You want to have a clean move coming into the level you're trading.

**Tip #2: Take profit at the nearest structure**

Clearly, you're trading against the trend. So, don't expect to capture a huge move out of it because the trend is most likely to continue.

Instead, look to take one swing out of the market and nothing more.

**Tip #3: Get out when the momentum shifts against you**

Now, momentum can quickly shift back to the direction of the trend.

So, quickly cut your losses when your position turns against you.

Don't hope for the market to reach your target because sometimes you may not even get one swing out of your trade. Be flexible and adapt accordingly.

**Tip #4: Trade the most obvious levels**

These are obvious swing levels on your chart (like 52-weeks highs/lows, multi-year highs/lows, and etc.) where the whole world pays attention to it.

This is important because traders (especially trend followers) trade breakouts to capture trends in the market, and if it doesn't follow through, they are trapped and you can profit from their position.

Next...