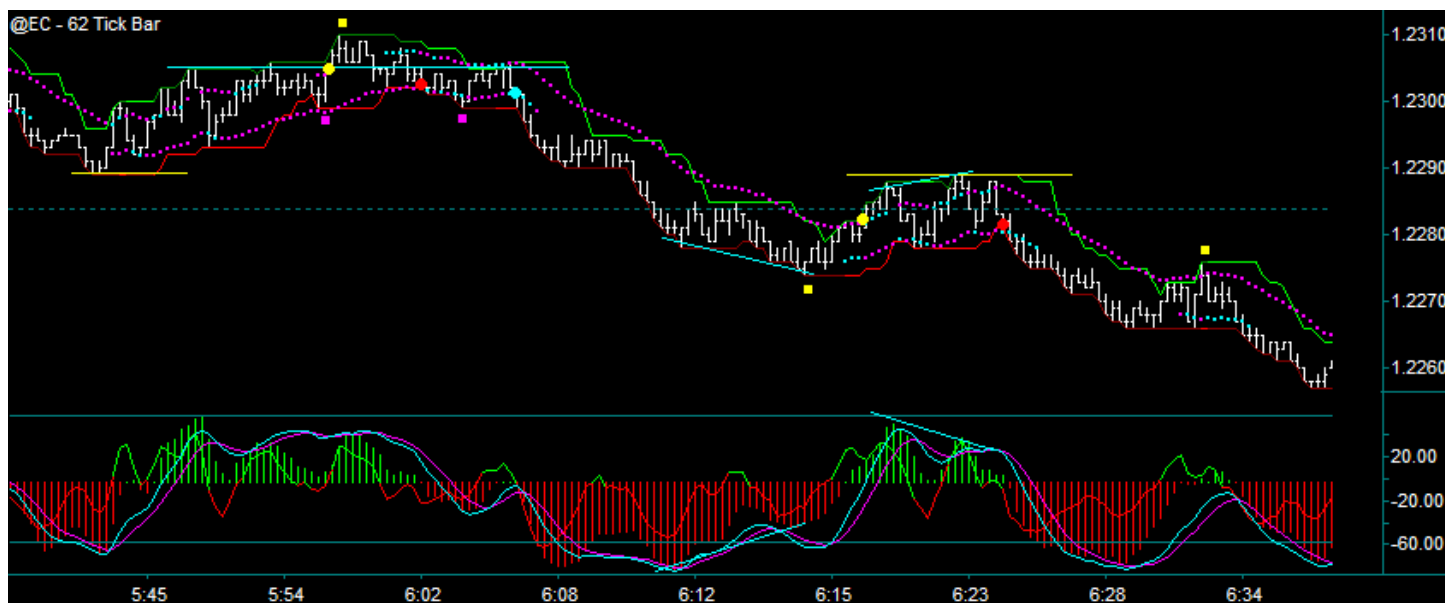




## Tactical Trading Training

### Trade Journal – Start Point Reject-Initial Reverse



This trade journal video is going to discuss a trade setup type that I am doing at the red dots, I call this a start point reject-initial reverse – note that you can see 2 different start point types that will be discussed:

- (1) Red dot1 is a reject of the yellow square double top, which is a swing reverse start point.
- (2) Red dot2 is a reject of the shift line, which is a resumption start point.

This is a trade setup that I like a lot for a variety of reasons:

- (1) I especially like the end point-start point coming after what would be a failed initial reverse counter to my trade – I can anticipate that I would be taking a trade with mixed method. In this case look at the yellow dots and red dots as 2 pairs, where a yellow dot buy rejects the start point AND then the red dot comes off of the reject and resumes the last swing.
- (2) Any time I have traded a reject I know where the area of my initial risk should be.
- (3) Most of these reject-initial reverses that I do have slope or diagonal breakout potential from the swing into the reject AND many of those also started with a pmd, giving additional breakout potential.

Yellow Square – Blue Line: (1) the yellow square is a double top (2) the blue line is actually a left side price that was brought to this area – the price did not start from where it is drawn, but you can see how it retained its relevance in the area AND on the right side goes from being a center line to a shift to resistance.

Yellow Dot1: The trade can't be done as a pivot trade OR actually a pmd failure at the blue line – that may be a setup BUT it is directly into the double top, and thus has no continuation.

Red Dot1: (1) double top reject (2) blue line pause-reject initial reverse – you can see how this synchs with the dot shift (3) left side diagonal breakout potential to the yellow line (4) which is more than partial width.

Blue Dot: This is always going to be a trading issue for you as you read a setup based on the right side and indicator only – seeing that it is before the rollback –vs- seeing the entire setup available to you. Additionally, while you are only looking at the momentum indicator – are you also looking at the dc dots after the initial reverse and how they have remained horizontal rows of double dots? The area is consolidating and with this the mex rollback is going to lag.

(1) left side price shift-reject to resistance (2) 2 purple square triple channel break with the reject (3) left side breakout potential to the yellow line – yeah, it would be great if mex had rolled back too BUT when I compare the setup available here to an indicator only that I can anticipate will rollback on the next bar with a break of the 2 purple squares – I am not going to have an issue doing this trade if I hadn't done the red dot.

Yellow Dot2: PMD swing reverse-initial reverse through the floor number and with left side diagonal breakout potential. No, it's directly into the yellow line as shift line resistance AND thus the diagonal breakout potential does not exist as continuation, and the trade can't be done - additionally, there is no exit to the red dot or blue dot sell, holding the trailer first for a reject of resistance.

Red Dot2: This is a textbook start point reject-initial reverse that I like very much – in this case the start point is the shift line and a resumption startpoint, made even more selective by hitting as a pmd high.

Sell the red dot as a (1) shift line pmd high reject (2) floor number break (3) resuming left side direction (4) with diagonal breakout potential (5) that needs a break of the yellow square to partial BUT there is additional breakout potential here from the pmd low --- the trade was done as an addon to red dot1.

Yellow Squares: You can see that there was an indicator reverse-mode change – can you also see that it is being done as a retest of the left yellow square low as a possible shift to resistance?

There is definitely no buy to be done on this counter initial reverse thinking you have breakout potential to the floor number. I also have not exited the shorts AND be sure that you are remembering: (1) a chart mode change-swing reverse is not a trade signal (2) a chart mode change-swing reverse is also not a trade exit by itself – a trade can be price held for a reject of support or resistance in the area, and this is what was done in this case.

So I know that it may be difficult to trade an initial reverse – hesitating because you want something more to happen, but again I will suggest that this is a right side only mentality AND with this you are missing some very good setups because they have a number of additional setup components, including continuation – which is why, the start point reject-initial reverse WITH continuation is one of my favorite trade setups.

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