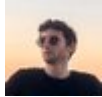


Twitter Thread by Jordan F Stock Trader



Jordan F Stock Trader

@FT_Trading



Balance Theory is LITERALLY how stocks move

It can be used in all types of trading

Here's a breakdown of what it is and how I made close to \$2,000 using it

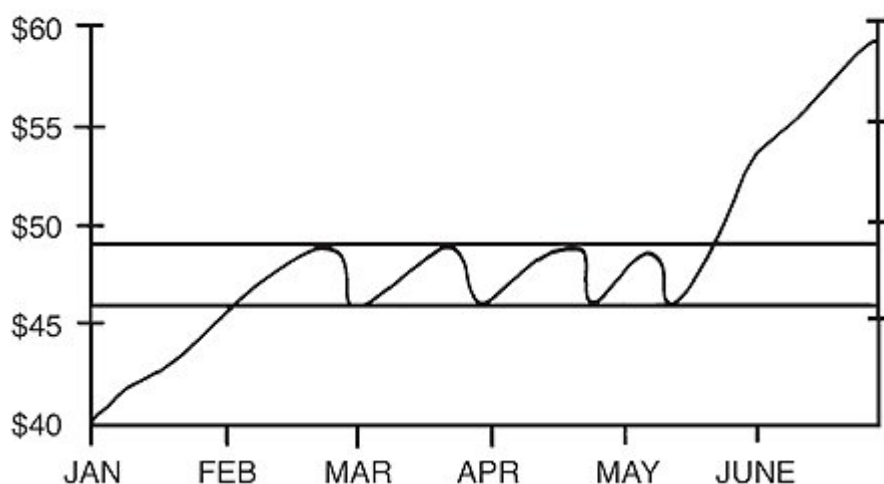
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Balance Theory is based upon the thesis that stocks are either trading in "balance" or out of "balance"

So what exactly is balance?

Balance can also be considered fair value. A price area where buyers and sellers are both comfortable trading.

ACCUMULATION AREA



You will see a balance area in zones where price is typically choppy.

You should be able to see clear support and resistance areas.

Here's an example on \$BA



So how do we use this in our trading?

There's 2 ways that a stock will react to balance.

I'll go in depth on both.

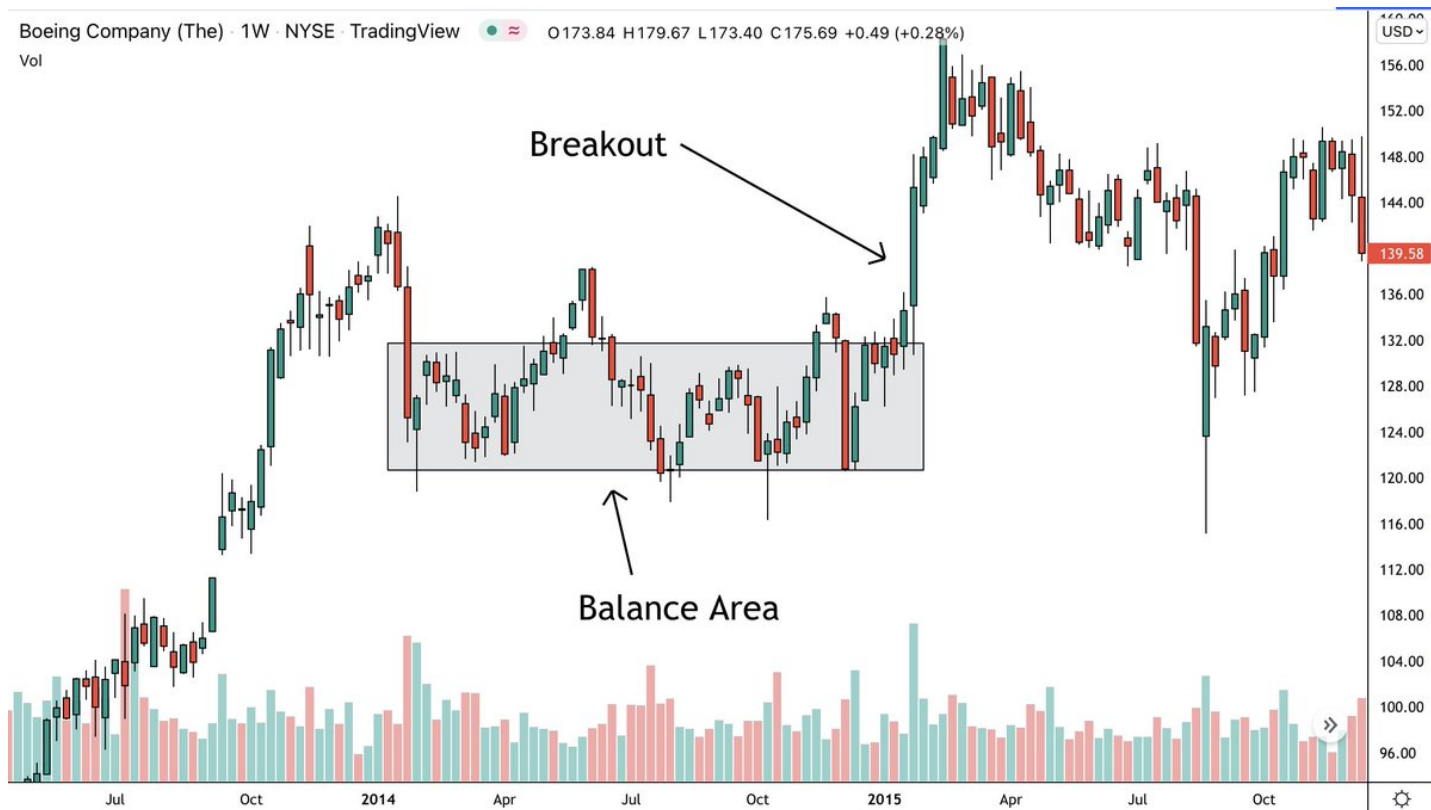
The first one is a breakout■

A breakout of balance is fairly simple.

Price is in fair value. Over time, one side (either the buyers or sellers) has to give up and the stock breaks out of balance.

It's no different than any other breakout.

Here's the example on \$BA



You can see price had a strong breakout of balance.

You can trade this by getting long as the breakout happens or waiting for the pull back into balance

Simple right?

Let's move on to the second way to trade balance (my favorite)■

2. Reversals

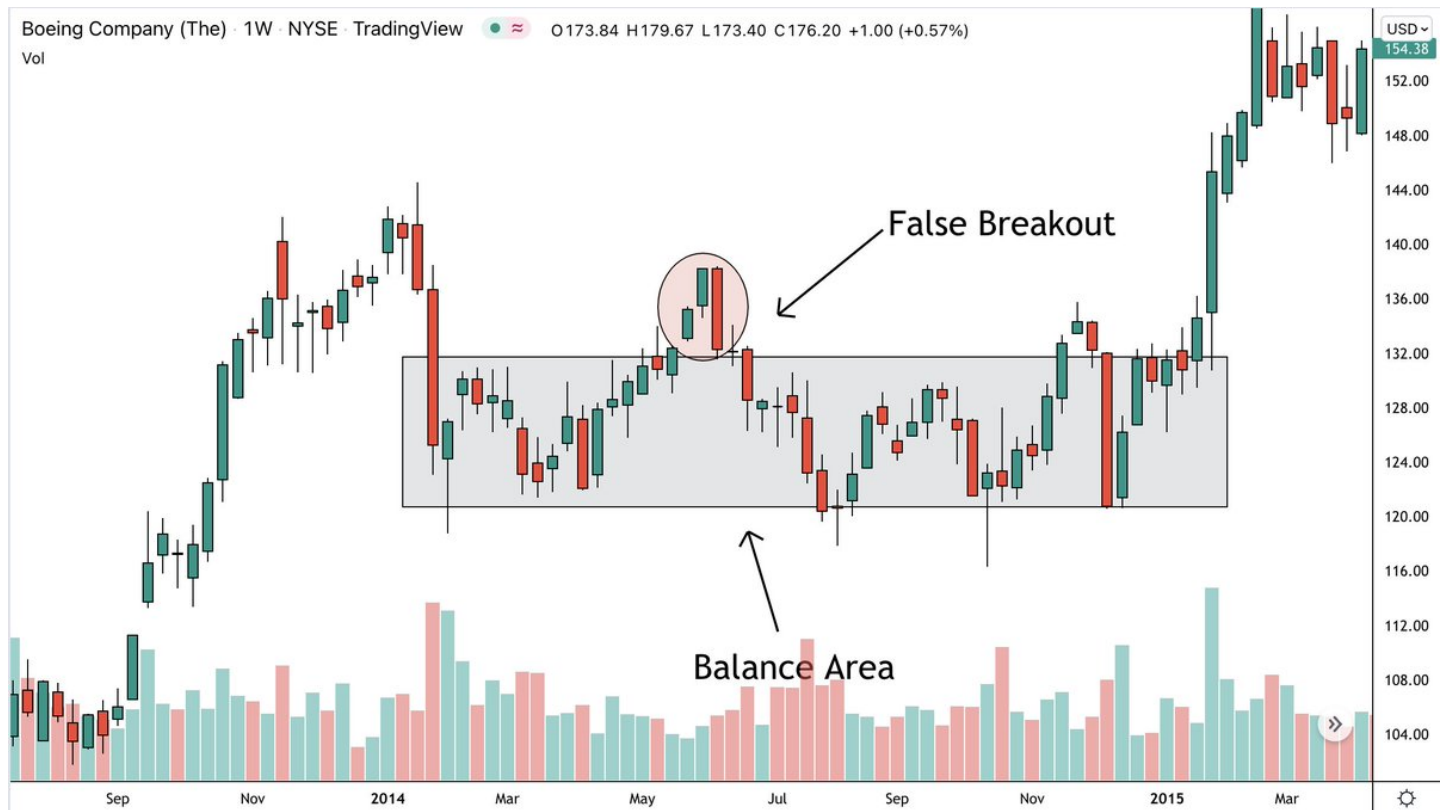
There is a key concept to understand about balance and here it is:

When price FAILS to breakout of balance and ACCEPTS back into balance, there is a HIGH probability that price will rotate to the other side of balance.

Woah, that's a lot. Let's break it down■

So looking at \$BA we can see price failed to breakout of balance

Price came out of balance, but immediately came back in and failed to hold the top of the balance zone

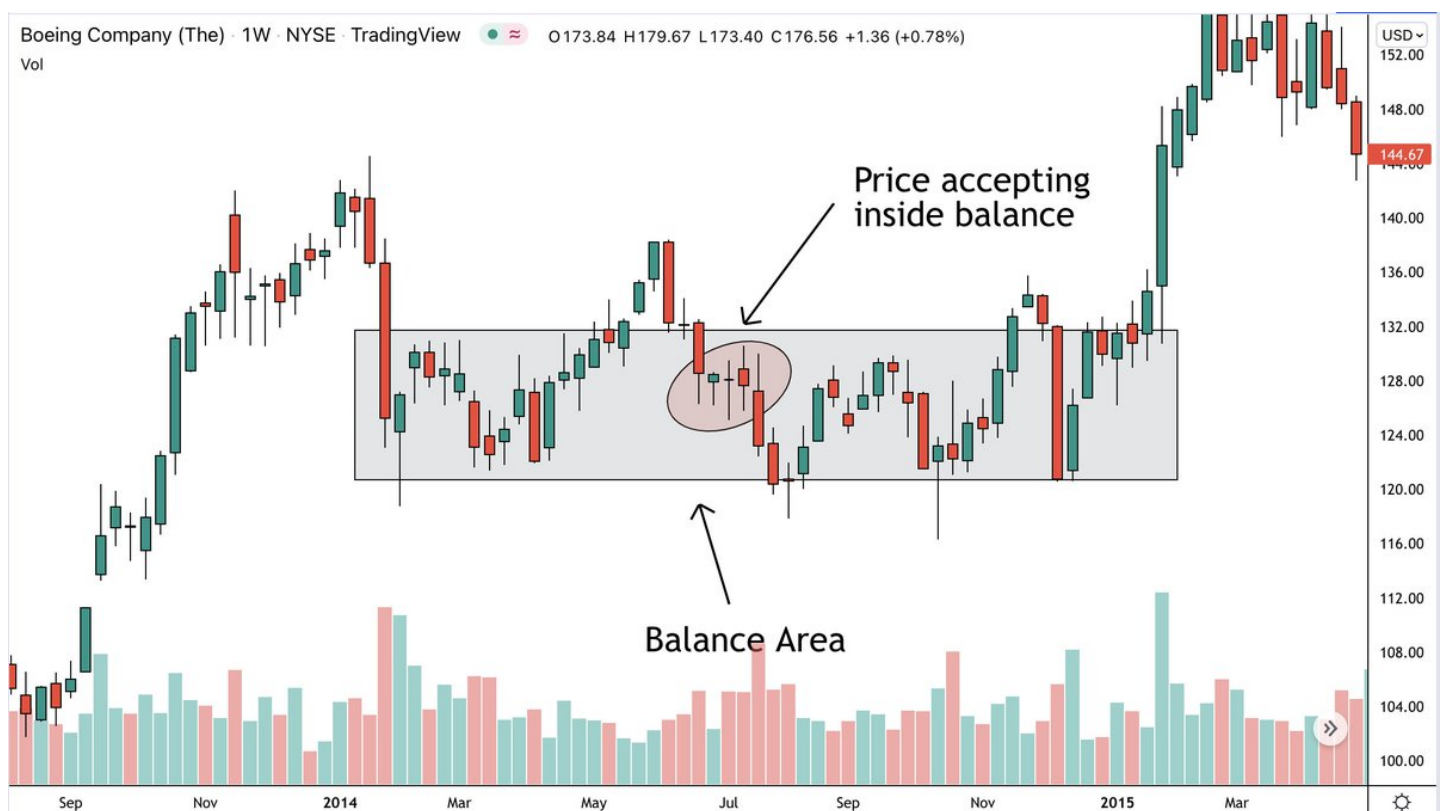


Now let's talk about acceptance.

Price acceptance simply means price spends time and volume in a certain area.

Price is accepting to trade in that area

Take a look at \$BA

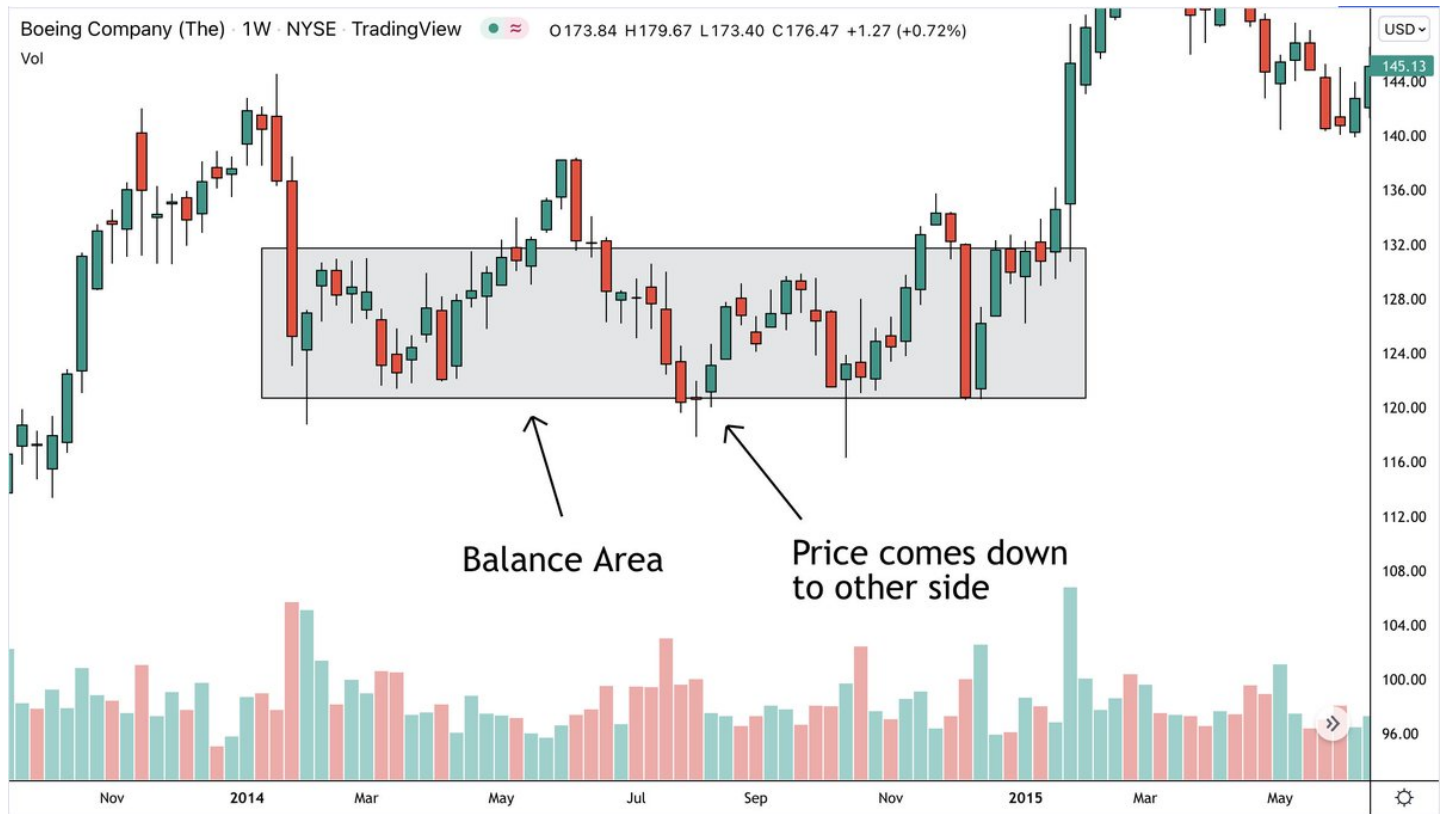


Now that price has

1. Failed to breakout
2. Accepted back into balance

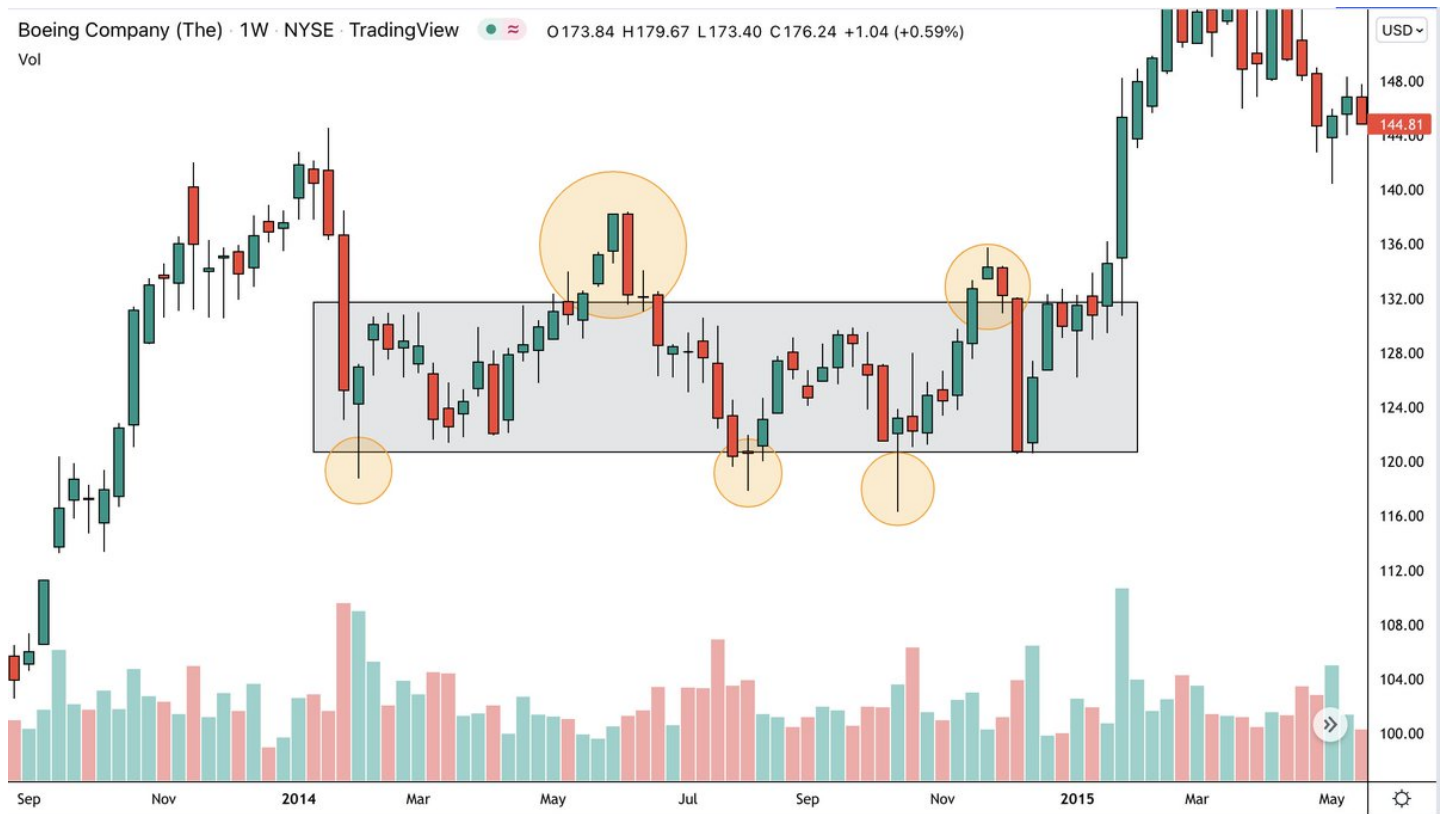
It means there is a high chance price will rotate to the other side of balance...

and that's exactly what happened!



You can see that price actually did this multiple times on \$BA

There were 5 opportunities you can see from just this one chart■



So...

How did I trade this on \$ADBE?

Here's a balance zone on \$ADBE that was from a while back.

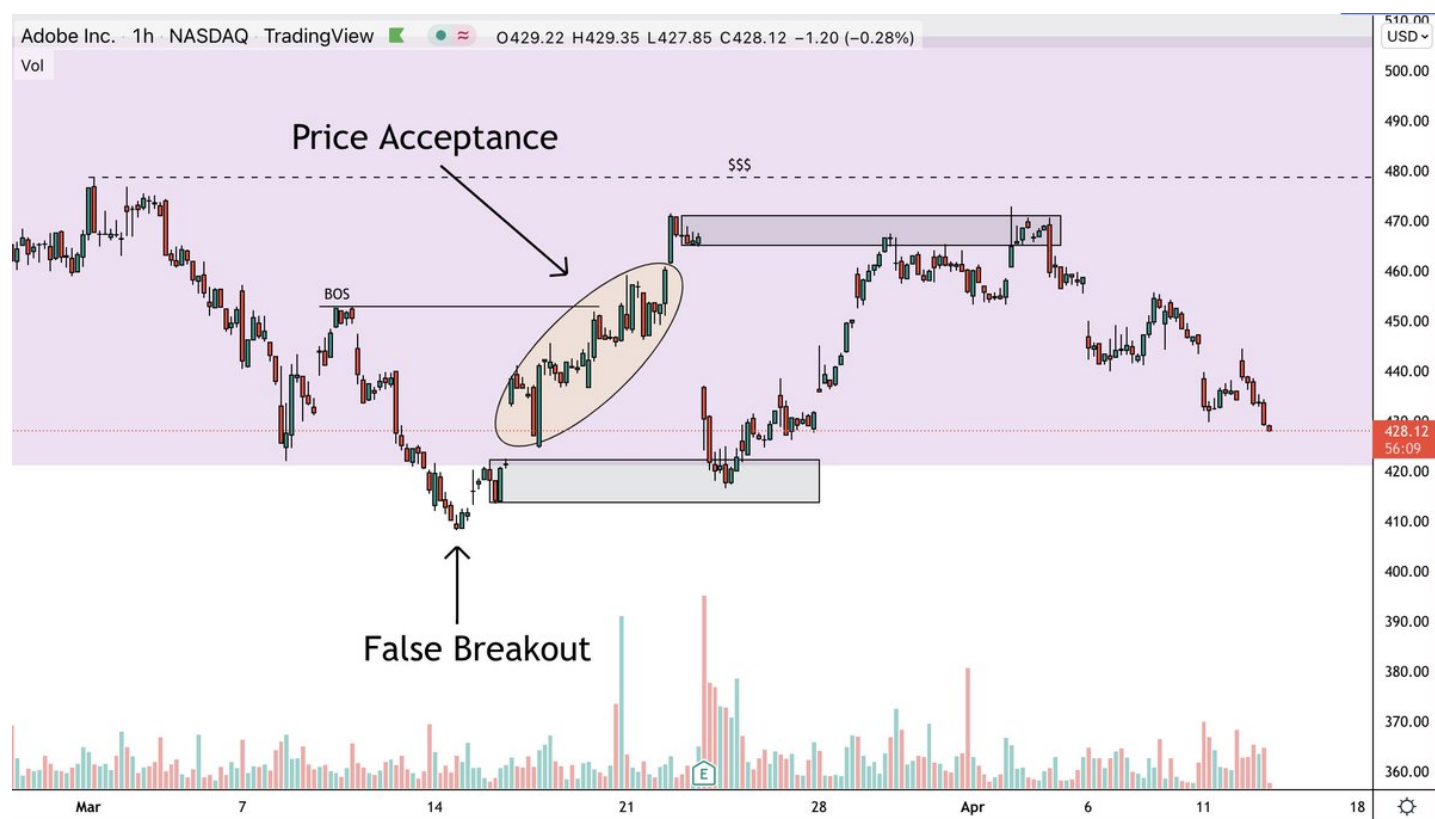
I have it drawn in purple



Zoom into a few weeks ago, we can see price failed to breakdown of this balance zone.

We also can see price accepting back into balance.

I knew there was an opportunity at this point



I simply waited for a pull-back into a demand zone (which also coincided with the bottom of balance - a natural support area)

I got calls at demand and sold them as price rotated back to supply towards the other side of balance



I ended up making close to 90% on my calls and just under \$2,000 profit.

Overall a very solid trade!

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I hope you learned something from this thread

If you did, all I ask is that you like + retweet the original tweet to this thread♥■

Let's help hundreds of other traders who could add this knowledge to their trading toolbox■

Follow for more educational threads!