Twitter Thread by Nikita Poojary

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1000 days ago, I started learning about Support & Resistance.

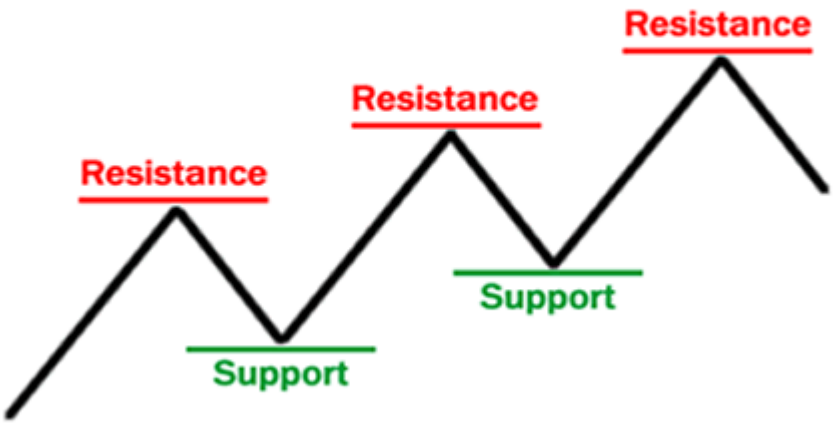
Here are 10 pointers from Support and Resistance that'll get you started in the next 3 mins: ■

Collaborated with @AdityaTodmal

1/ Understanding Support and Resistance:

• Support levels indicate where there will be a surplus of buyers.

• Resistance levels indicate where there will be a surplus of sellers.



• When the price moves up and then pulls back, the highest point reached before it pulled back is now resistance.

• When the price continues up again, the lowest point reached before it started back is now support.



2/ What is a Support:

• Support is the level at which demand is strong enough to absorb the supply.

• The price is likely to bounce back and moves up in the opposite direction.

• Support is a level where the demand from buyers is expected to be much higher than sellers.



3/ What is a Resistance:

• It is the opposite of a support level.

• It is a price point (ceiling) at which the stock price is not expected to rise any higher.

• Resistance is a price point at which there are more sellers than buyers in the market for a particular stock.



4/ Can support become a resitance and vice-versa:

• When the price passes through resistance, thereafter erstwhile resistance could potentially become support.

• Similarly, when prices pass through the support, thereafter erstwhile support could become a resistance.



5/ What happens when a Support or Resistance is tested multiple times:

• The more times S/R is tested, the weaker it becomes.

• When a support or resistance level breaks, the strength of the follow-through move depends on how strongly the broken S/R had been holding.



6/ How to trade using support-resistance logics:

• S/R logics can be used by bot breakout traders as well reversal traders.

7/ How to trade breakouts using S/R logics:

• Buy when the price breaks up through resistance with recent swing low as the SL.

• Sell when the price breaks down through support with recent swing high as the SL.



8/ How to trade reversals using S/R logics:

• Buy when the price falls towards support.

• Sell when the price rises toward resistance.



9/ Not exact numbers but always a zone:

• One thing to remember is that support and resistance levels are not exact numbers, they are always a zone.

10/ Practice is the key:

• You won't be able to define S/R in the live market unless you practice in the past charts.

• To train your eyes, you need to practice this across different time frames, and then you bare eyes could finally spot them.

If you enjoyed this thread here's another one:
https://t.co/PLr9MgRxfA

> The most valuable aspect in trading you aren't using:
>
> POSITION SIZING
>
> Sizing is the key, you'll make big money only if you own a significant size without compromising on risk.
>
> Here are 10 of them, and they are for free: \U0001f9f5
>
> Collaborated with @AdityaTodmal
>
> — Nikita Poojary (@niki_poojary) July 9, 2022

That's a wrap!

If you enjoyed this thread:

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I appreciate it!