Twitter Thread by Shravan Venkataraman ■■■



Shravan Venkataraman ■■■
@theBuoyantMan



Breakout-retest-breakout

this pattern is among the high probability setups one can trade.

60-70% of breakouts fail.

If the breakout sustains the reversal pressure and manages to break above the breakout candle high,

there will be travel.

You can then take the trade in either of the two places.

1) When price is pulling back to the point of breakout - take trade at the breakout point.

If it closes inside the pre-breakout zone, get out.

2) When price pulls back, then breaks out of breakout candle high.

(1) is lower probability than (2) but higher probability than just taking the trade when price breaks out first.

It also comes with lower risk.

(2) is the highest probability trade (probably with relatively higher risk).

That said

If the breakout is from a multi-week or multi-month compression zone

do not expect pullbacks to happen immediately.

If they do happen, more often than not, it's a breakout failure.