Twitter Thread by Pathik



Pathik
@Pathik_Trader

Outside followed by inside bar is one of the best pattern to trade.

What does outside bar means?
- Outside bar is when current candle high > previous candle high & current candle low < previous candle high

(1/n)

What does inside bar means?

- Inside bar is when current candle high < previous candle high & current candle low > previous candle low.

(2/n)

What to interpret from outside bar?

- When we get outside bar which means neither buyer nor seller are in control.
- When we get outside bar, we should wait for the follow through/confirmation in next candle.

(3/n)

What to interpret from inside bar?
- volatility is getting compressed.
- both buyers and sellers are waiting for next trigger to create fresh position/ close their existing positions.

(4/n)

What to interpret from OB+IB pattern?

- this is one of the best formation we can get to take a trade.
- Outside bar + Inside bar = Rejection on both side + compression of volatility.

(5/n)

Once this formation happens, how to trade?

- When such formation happens all we need to do is buy above inside bar high with stop below inside bar low & sell below inside bar low with stop of inside bar high.

(6/n)

When does this formation fails?

- this formation fails if we again get OB after formation of (OB+IB).

(7/n)

Why this formation is better than inside bar alone?

- In (OB+IB) pattern we have already seen rejection on both sides before volatility compression so here chances of rejection of breakout is less compare to inside bar alone (as shakeout already happened before breakout)

(8/n)

Understand one fact, market is supreme so whenever stops get triggered close the trade instead of holding losing position in hope.

Respect the risk and market will reward you.

For examples kindly scroll my timeline u would get it.

(n/n)

Few examples links

https://t.co/1JFVNBzz0i

https://t.co/kOYK3h5sbT

https://t.co/4d06UK4qeg

Keep eye on #RIL

Weekly : IB+OB+IB

Monthly : IB

Upper level 2038

Lower level 1855

Can be one good trade

— Pathik (@Pathik_Trader) January 3, 2021