

- Weakness on the pullback – the expectation is for a breakout pullback and continuation.

Just a reminder – S/R levels are not a single price level, but an area. Looking left to prior price action, the 1.5395 level is actually an area within the range 1.5393 – 1.5402.

Step 5 – Visualise Future Price Action

My expectation then is for strength to continue through to above 1.5402. Any failure to breach the level will invalidate the premise and require reassessment.

Step 6 – Identify Areas of Trade Opportunity

Weakness through the breakout area will provide a BOF setup, allowing us to trade a failure of the resistance level short.

Strength through the breakout area with a weaker pullback will provide a BPB opportunity trading the first pullback after the breakout.

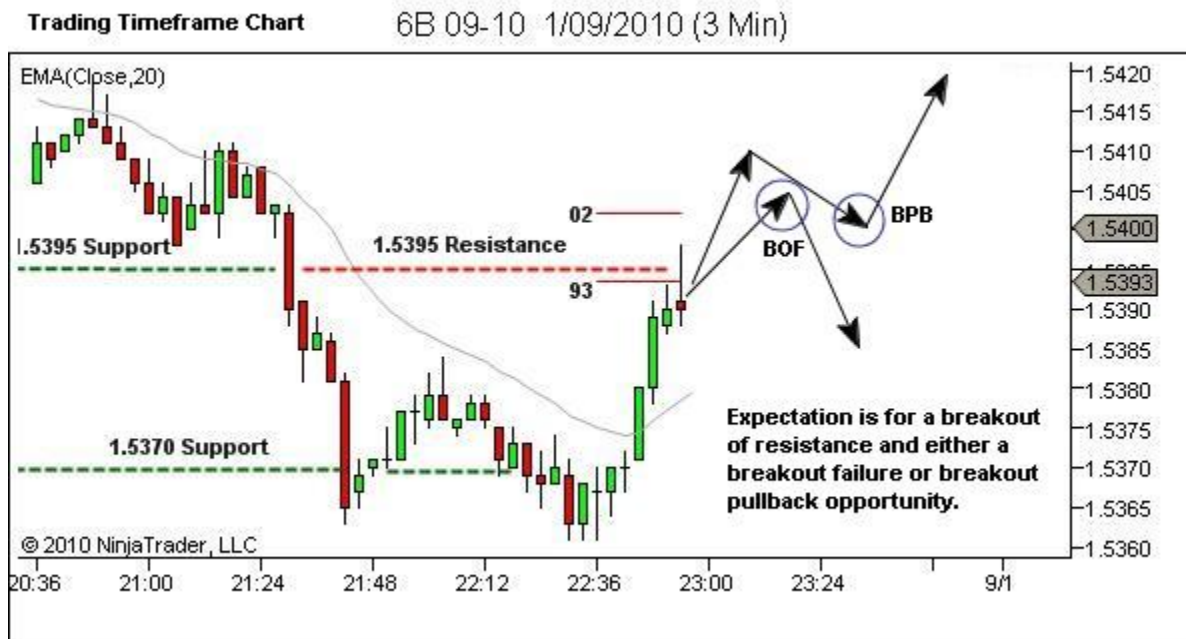


Figure 5.72 – Example 7 – Expectations for Future Trend Direction