

# The Trading Routine

## Part 2 : Market Structure and patterns

**Market cycles** (or market types) describe **how price moves over time**.

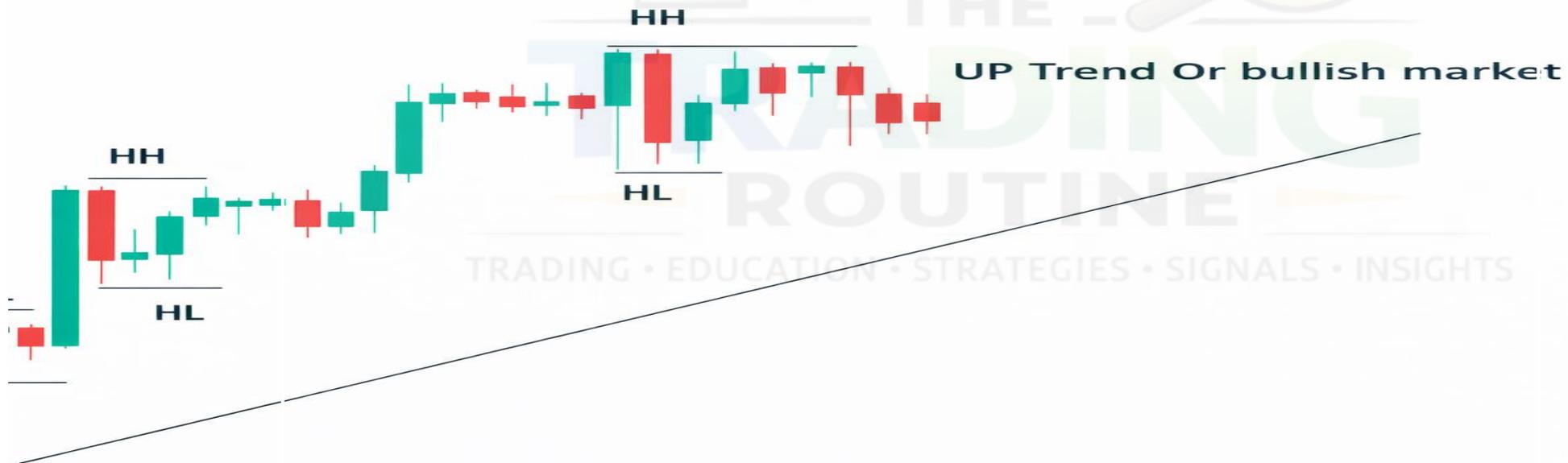
Every market continuously shifts between these phases.

Main market types

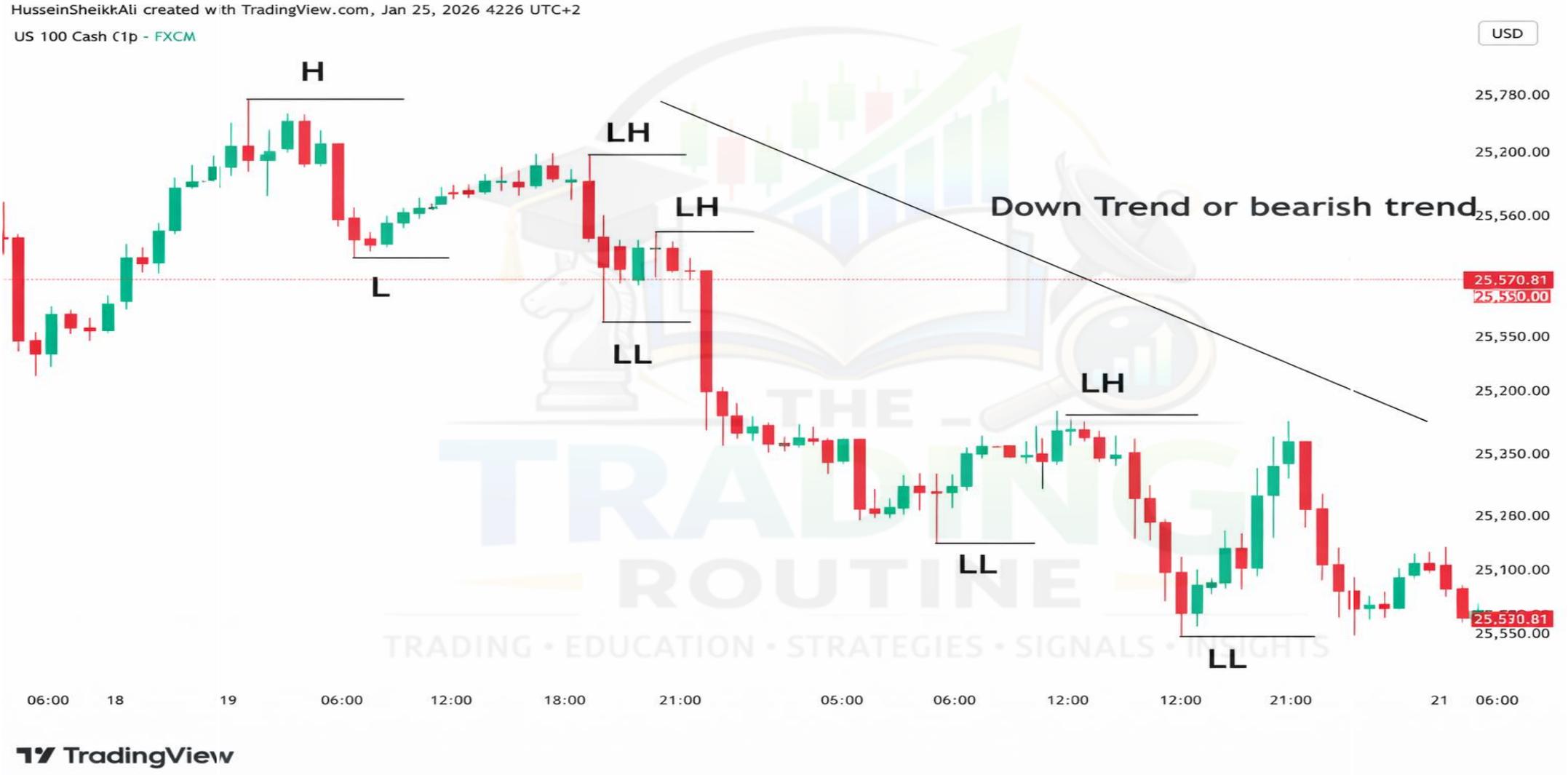
- **Trending Market**

**Price moves clearly in one direction.**

**Uptrend :** Higher highs and higher lows , Best for buy trades.

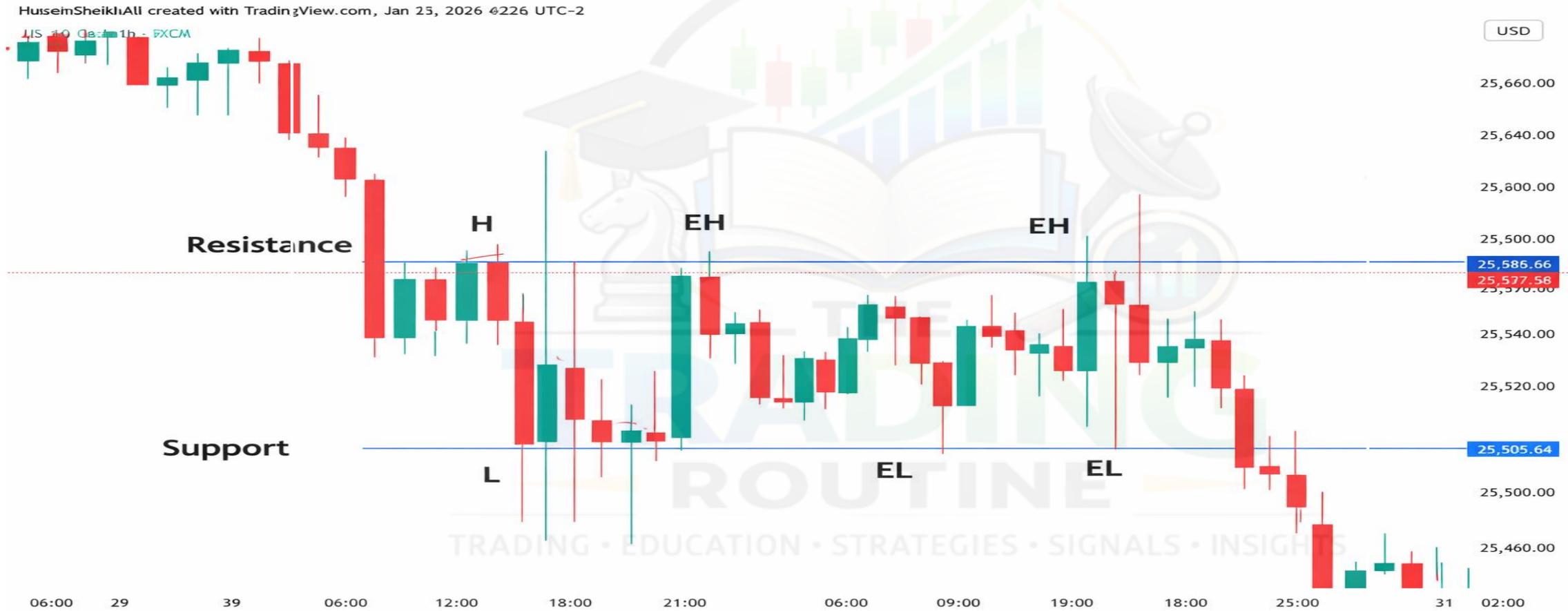


- **Downtrend** : Lower highs and lower lows , Best for sell trades.



- **Ranging Market**

Price moves sideways between support and resistance.  
No clear direction.  
Best for buy at support and sell at resistance.



# What are patterns ?

**Patterns in trading** are **repeating price formations** on charts.

Traders use patterns to **anticipate future price movement** based on market behavior.

What are chart patterns

Chart patterns are shapes formed by price movement.

They reflect **market psychology** and the balance between buyers and sellers.

Patterns are mainly divided into:

- **Continuation patterns**
- **Reversal patterns**

## Continuation patterns :

These patterns suggest that **the current trend will continue** after a short pause.

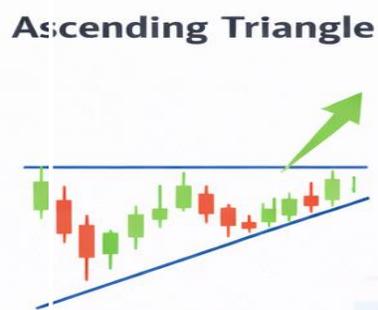
Common continuation patterns

- **Flag**  
**A small consolidation after a strong move.**  
**Price usually continues in the same direction.**
- **Pennant**  
**Similar to a flag but more triangular.**  
**Represents temporary indecision before continuation.**

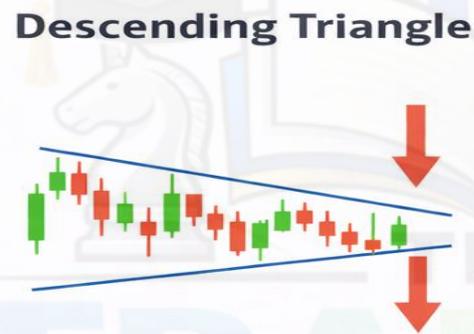
- **Rectangle**  
Price moves between support and resistance.  
Breakout usually continues the trend.
- **Ascending Triangle**  
Flat resistance with rising lows.  
Usually bullish.
- **Descending Triangle**  
Flat support with falling highs.  
Usually bearish.



Price moves between support and resistance.  
Breakout usually continues the trend.



Flat resistance with rising lows.  
Usually bullish.



Flat support with falling highs.  
Usually bearish.



A small consolidation after a strong move.  
Price usually continues in the same direction.



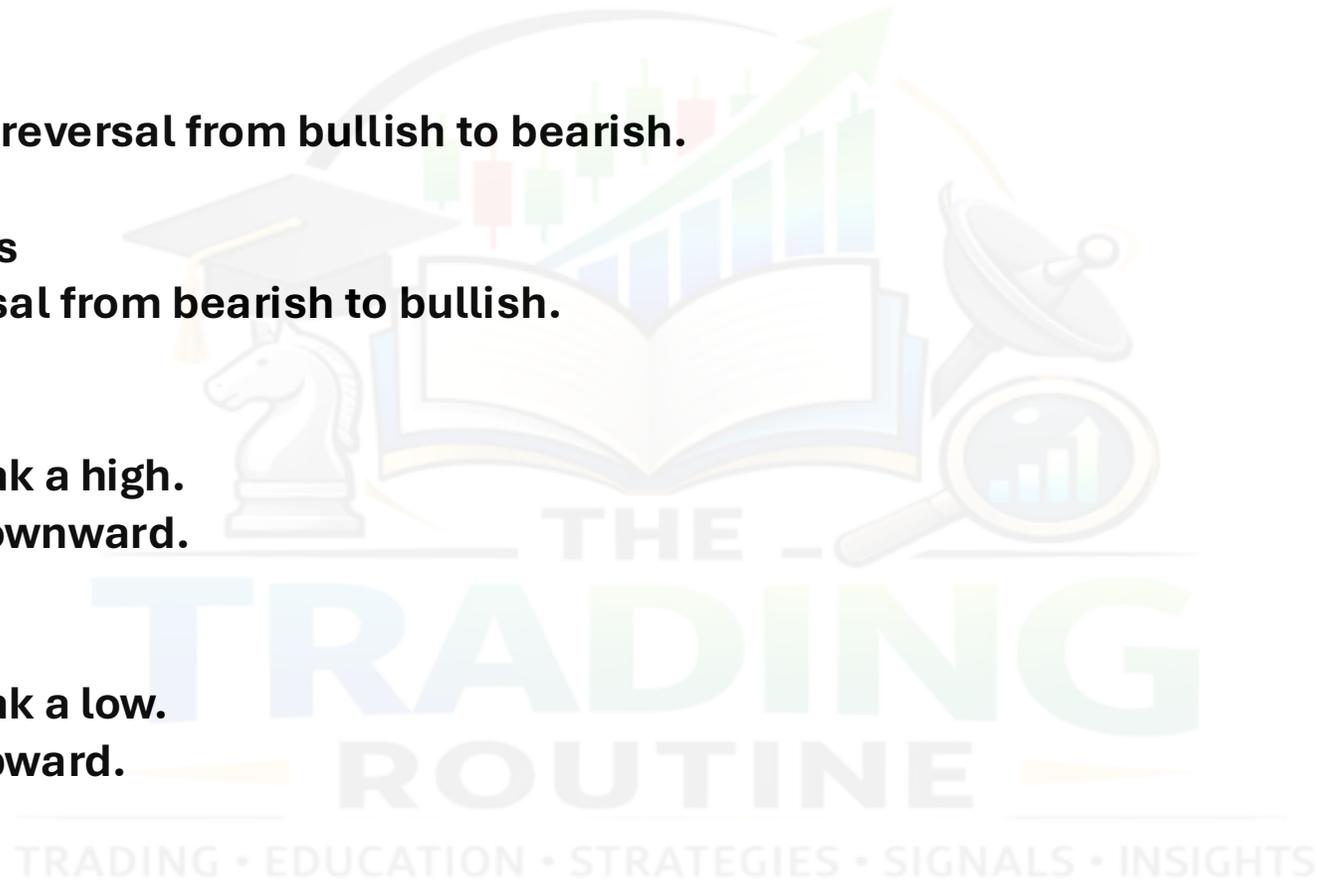
Similar to a flag but more triangular.  
Represents temporary indecision before continuation.

## Reversal patterns :

These patterns suggest that **the current trend may change direction.**

Common reversal patterns :

- **Head and Shoulders**  
Indicates a potential trend reversal from bullish to bearish.
- **Inverse Head and Shoulders**  
Indicates a potential reversal from bearish to bullish.
- **Double Top**  
Two failed attempts to break a high.  
Signals a possible move downward.
- **Double Bottom**  
Two failed attempts to break a low.  
Signals a possible move upward.
- **Rounding Top and Bottom**  
Slow change in market direction over time.



# Reversal Patterns

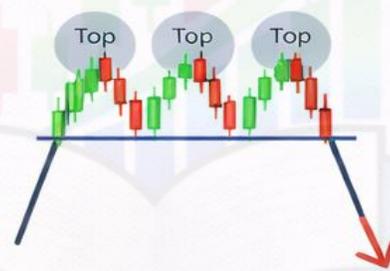
Head and Shoulders



Double Top



Triple Top



Inverse Head and Shoulders



Double Bottom



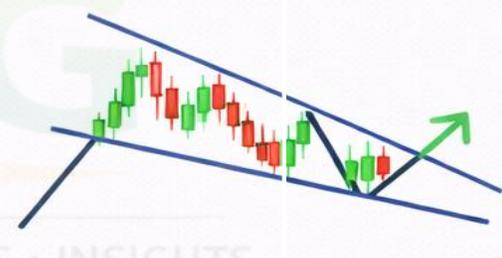
Triple Bottom



Rising Wedge



Falling Wedge



## What is Support

**Support** is a price level where **buying pressure is strong** enough to stop the price from falling further.

- Price often **bounces up** from support
- Buyers consider this area a **good value**
- Acts like a **floor** under price

### Example:

**If price keeps falling to the same level and bouncing up, that level is support.**

## What is Resistance

**Resistance** is a price level where **selling pressure is strong** enough to stop the price from rising further.

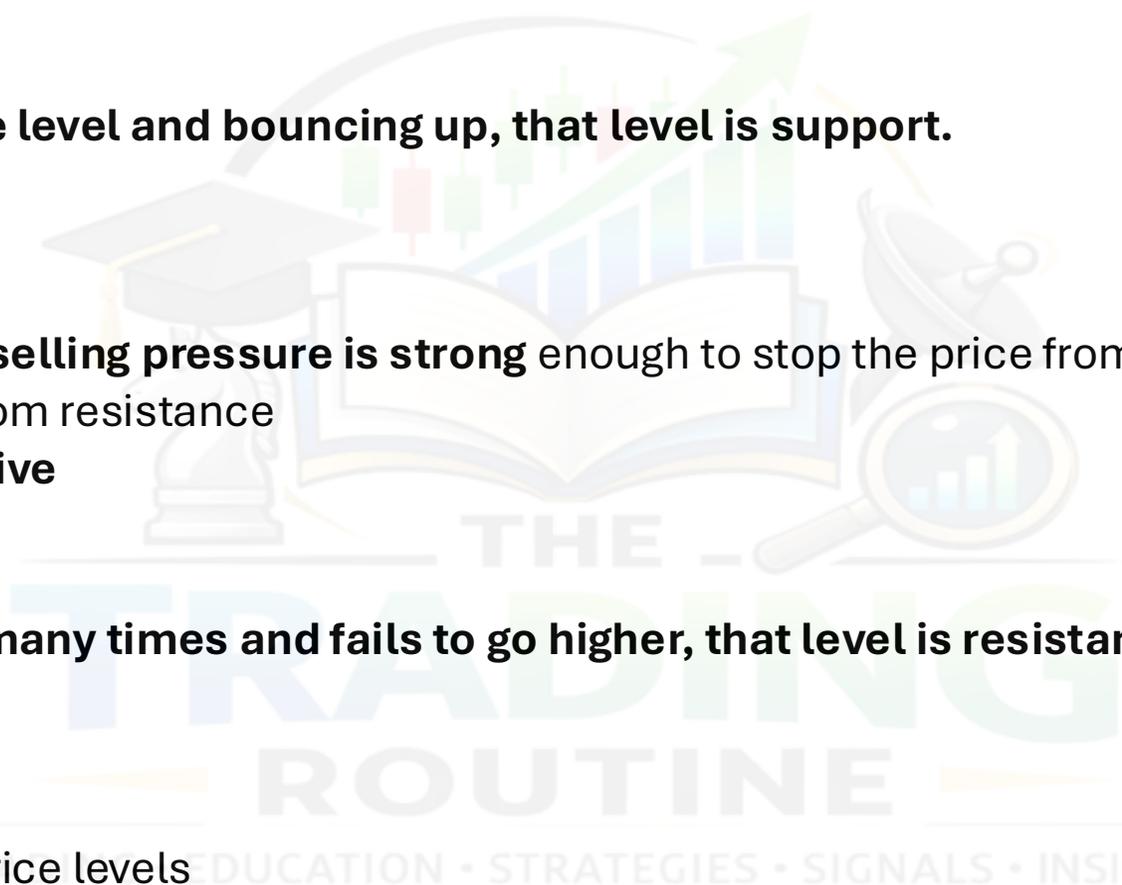
- Price often **pulls back down** from resistance
- Sellers see this area as **expensive**
- Acts like a **ceiling** above price

### Example:

**If price reaches the same level many times and fails to go higher, that level is resistance.**

## Why support and resistance work

- Traders remember important price levels
- Institutions place large orders at these zones
- Supply and demand are strongest there



## Support ↔ Resistance flip

- When **support breaks**, it often becomes **resistance**
- When **resistance breaks**, it often becomes **support**

## How traders use them

- Buy near **support**
- Sell near **resistance**
- Place **stop loss** beyond the level
- Look for **breakouts** or **rejections**

## In one sentence

Support is where price tends to stop falling, and resistance is where price tends to stop rising.

## Resistance

HusseinSheikhAli created with TradingView.com, Jan 25, 2026 19:46 UTC+2

Gold Spot / U.S. Dollar · 5 · FORI X.com



# Support

HusseinSheikhAli · created with TradingView.com, Jan 25, 2026 19:48 UTC+2



TradingView

TRADING · EDUCATION · STRATEGIES · SIGNALS · INSIGHTS

# Support ↔ Resistance flip

- When **resistance breaks**, it often becomes **support**

HusseinSheikhAli created with TradingView.ccm, Jan 25, 2026 19:52 UTC+2

Gold Spot / U.S. Dollar · 5 · FOREX.com



# Support ↔ Resistance flip

- When **support breaks**, it often becomes **resistance**



# Fake Breakout

A **fake breakout** (also called a **false breakout** or **false break**) happens when **price breaks a key level** (support, resistance, or pattern) **but fails to continue** and quickly **returns back inside the range**.

What is a fake breakout

Price looks like it is breaking out, but the move **does not hold**.

- Break above resistance → then price falls back down
- Break below support → then price moves back up

This traps traders who entered the breakout too early.



# Trend Lines :

**Trend lines** are **diagonal lines drawn on a chart** to show the **direction of the market** and where price may **react or reverse**.

What is a trend line

A trend line connects **at least two important swing points** (highs or lows) and extends into the future to act as **dynamic support or resistance**.

- In an uptrend → trend line acts as **support**
- In a downtrend → trend line acts as **resistance**

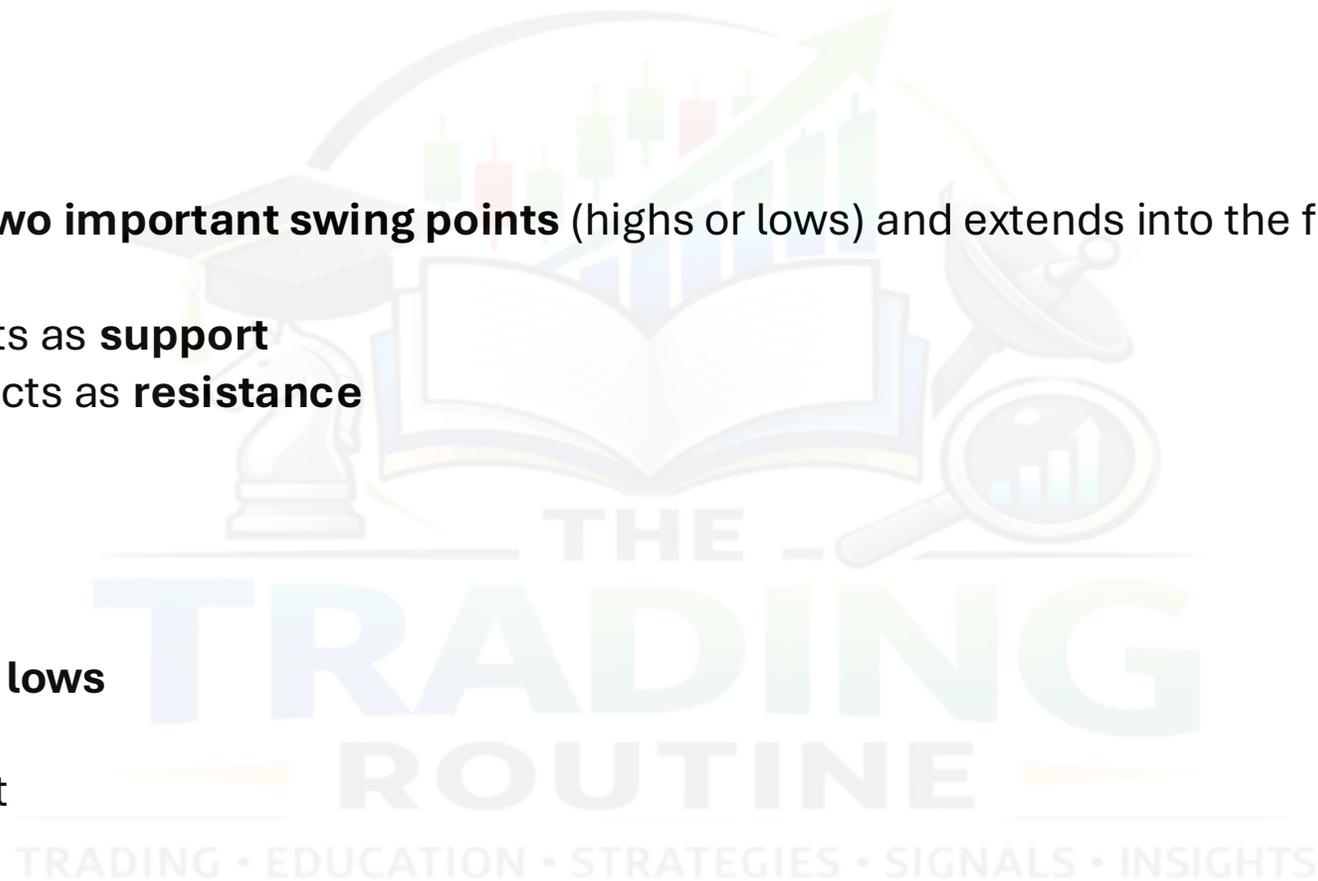
Types of trend lines

Uptrend line (bullish)

- Drawn by connecting **higher lows**
- Slopes upward
- Price tends to bounce from it

Downtrend line (bearish)

- Drawn by connecting **lower highs**
- Slopes downward
- Price tends to reject from it



# - Bullish trend or Up trend :

HusseinSheikhAli created with TradingView.com, Jan 26, 2026 00:51 UTC+2



# - Bearish trend or Down trend :

HusseinSheikhAli created with TradingView.com, Jan 26, 2026 00:54 UTC+2



## - Candle Patterns :



**Candlestick patterns are specific candle formations that show market psychology and help traders predict possible next price movement.**

They are mainly divided into:

- **Reversal candlestick patterns**
- **Continuation candlestick patterns**

## - Time Frames :

What is a Time Frame in trading

A **time frame** is the **period of time that each candle or bar on a chart represents.**

It defines **how much market information is shown in one candle.**

Deep explanation (concept)

Time frame controls **perspective.**

- A **higher time frame** shows the **big picture** of the market
- A **lower time frame** shows **short-term details and noise**

The market is the **same market** on all time frames

Only the **lens changes**

Example

- One Daily candle = 24 hours of price movement
- One 1H candle = 1 hour of price movement
- One 5M candle = 5 minutes of price movement

## Why time frames matter ?

Time frames determine

- Your **trading style**
- Your **entry accuracy**
- Your **risk and stop size**
- How often you trade

Wrong time frame = wrong decisions

## Main time frame categories

High Time Frames (HTF)

Weekly  
Daily  
4H

Used for

- Trend direction
- Market structure
- Key support and resistance
- Institutional bias

Low Time Frames (LTF)

15M  
5M  
1M

Used for

- Precise entries
- Stop loss placement
- Timing trades



Top-down approach (professional method)

Professionals read the market **from high to low**

- High time frame → trend and bias
- Mid time frame → structure and zones
- Low time frame → execution

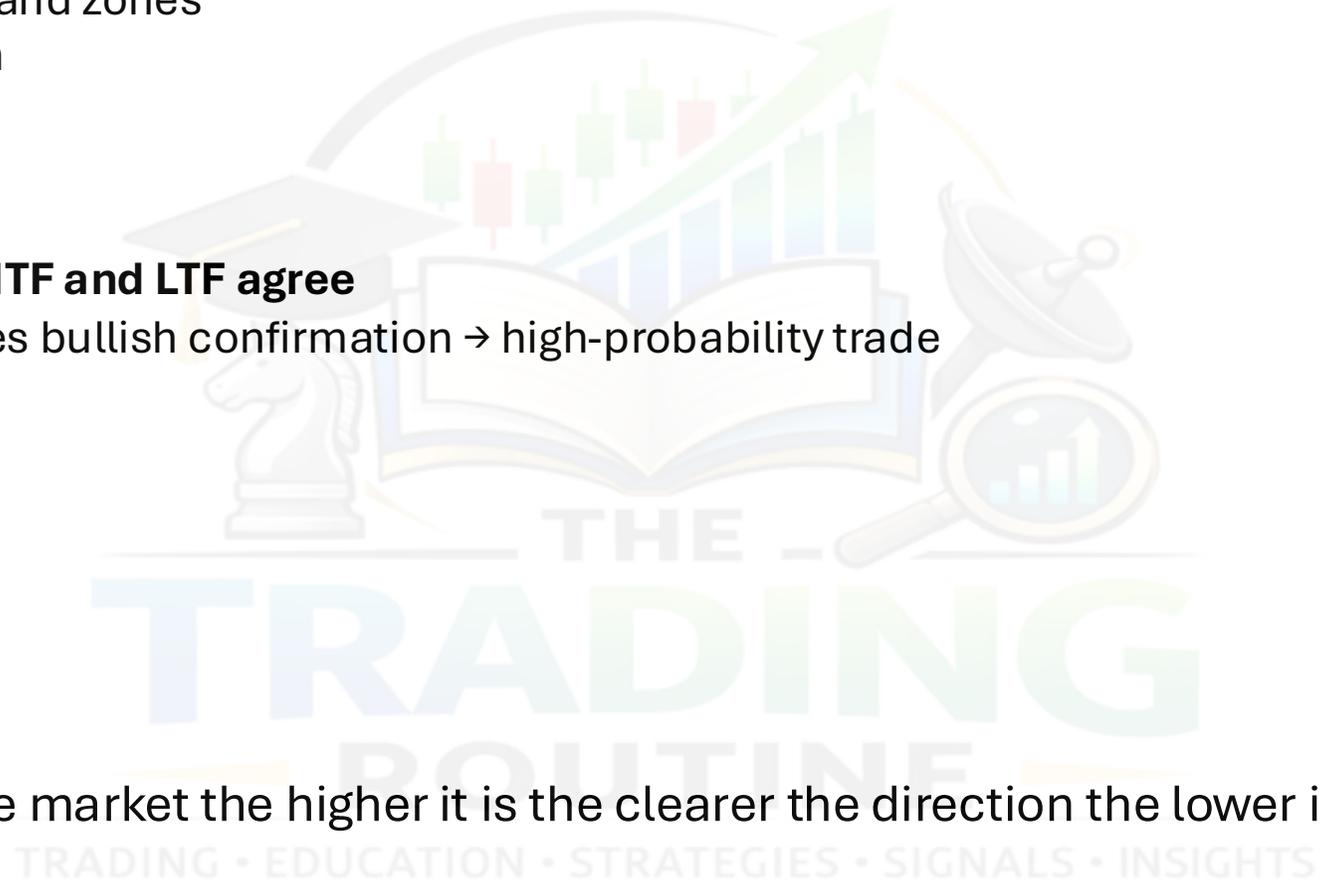
Never do the opposite

Time frame alignment

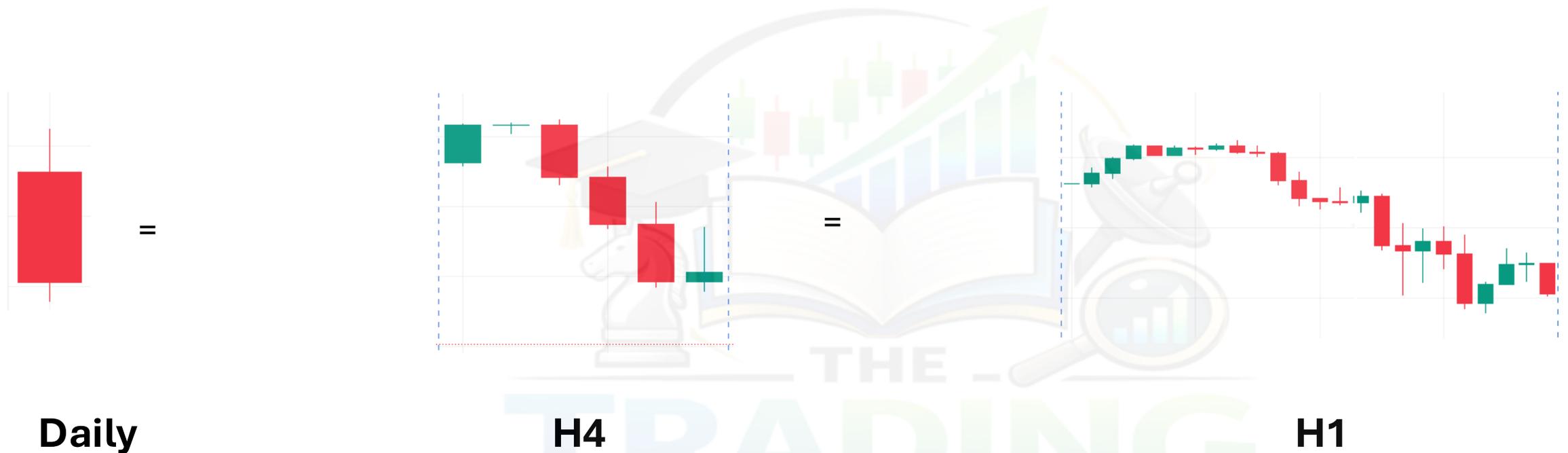
- Best trades happen when **HTF and LTF agree**
- If HTF is bullish and LTF gives bullish confirmation → high-probability trade
- If they conflict → high risk

**In one sentence :**

Time frame is the lens of the market the higher it is the clearer the direction the lower it is the more detail you see.



## - Time Frame Combinations :



### The Importance of Multiple Time Frame Analysis

Using multiple time frames allows traders to see the big picture while executing precise entries. Higher time frames define the trend and key levels, while lower time frames provide accurate entries and risk control. When time frames align, trade probability increases and false signals are reduced.

# What are indicators ?

**Indicators** are **technical tools** applied to a price chart that help traders **analyze the market, confirm signals, and make better decisions.**

What are indicators

Indicators are **mathematical calculations** based on:

- price
- volume
- or volatility

They are displayed **on the chart or below it** to provide extra information that price alone may not clearly show.

Why traders use indicators

Indicators help traders:

- Identify the **trend direction**
- Measure **momentum**
- Find **overbought and oversold** conditions
- Confirm **entries and exits**
- Reduce emotional decisions

THE  
**TRADING**  
ROUTINE

EDUCATION • STRATEGIES • SIGNALS • INSIGHTS

## Main types of indicators :

### - Trend indicators

Help identify market direction.

Examples:

- Moving Average **MA**
- Exponential Moving Average **EMA**
- **MACD**



### **MACD :**

- MACD crossover signal



### **Simple Moving Average MA :**

- Above = buy
- Below = sell



## Momentum indicators :

Show the strength of price movement.

Examples:

- RSI
- Stochastic
- Momentum Oscillator

## RSI signal :

- Above 70 = overbought maybe sell
- Below 30 = oversold maybe buy

HusseinSheikhAli created with TradingView.com, Jan 26, 2026 01:38 UTC+2

Dow Jones Industrial Average Index - 4h - FOREX.com



- **Notes :**

