



How to Trade Parabolic Reversals

PRESENTED BY:

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Outline

1. Introduction

1. Why Trade Reversals
2. Why is it Difficult to Catch a Reversal and Some Common Mistakes
3. What is a Parabolic Reversal

2. Time Frames.

3. Reversal Candles.

4. Climactic Volume

5. Types of Parabolic Reversals

6. Where to Find Stocks for Parabolic Reversals

7. Q&A

1.Introduction

1. Why Trade Reversals?

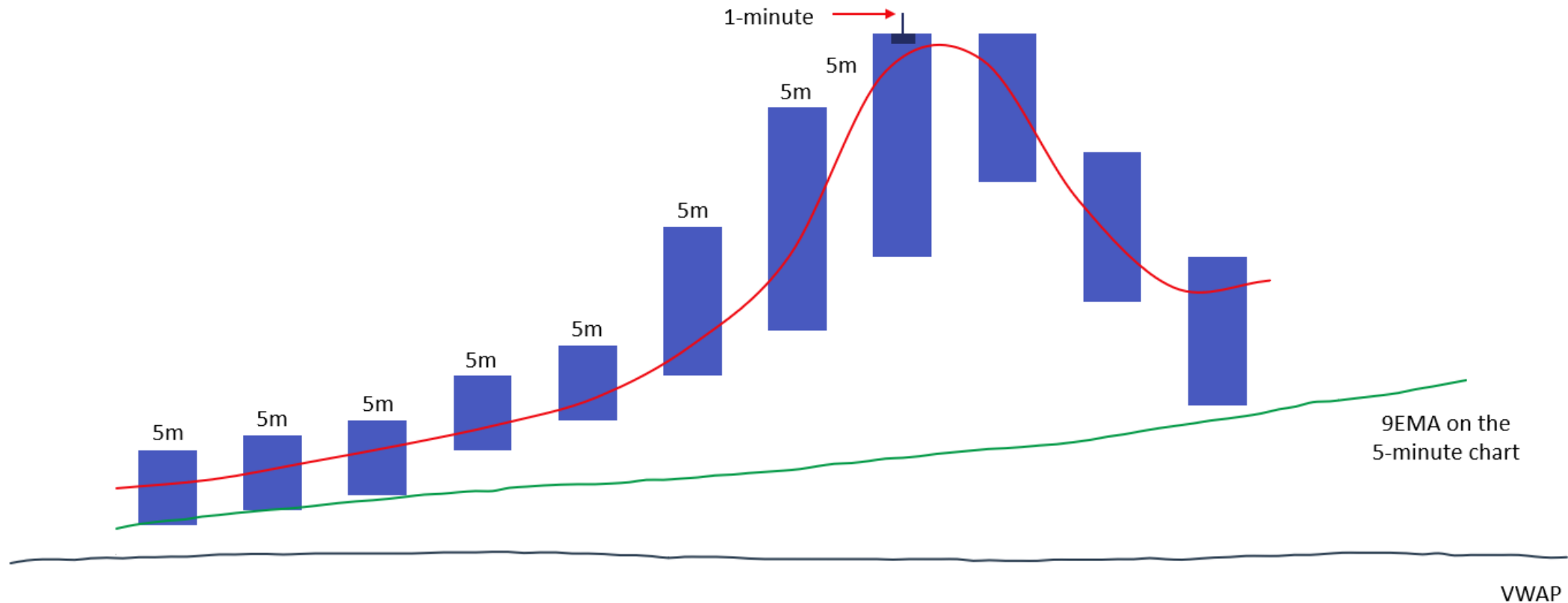
- Knowing that there'll be a reversal you're less likely to fall into FOMO chasing a stock
- Good R:R
- It's the best strategy for contrarians

2. Why is it Difficult to catch a reversal?

- Every new low could seem to be a reversal
- Sometimes stocks never reverse intraday
- Difficult to catch a reversal against clearly trending stocks
- FOMO

1.Introduction

2. Why is it called a Parabolic Reversal



1.Introduction

Why do Parabolic Reversals Work?

- Market moves in waves.
- Buyers and sellers identify key levels to take the biggest partials at which causes the stock to make bigger pullbacks of those levels.

Note:

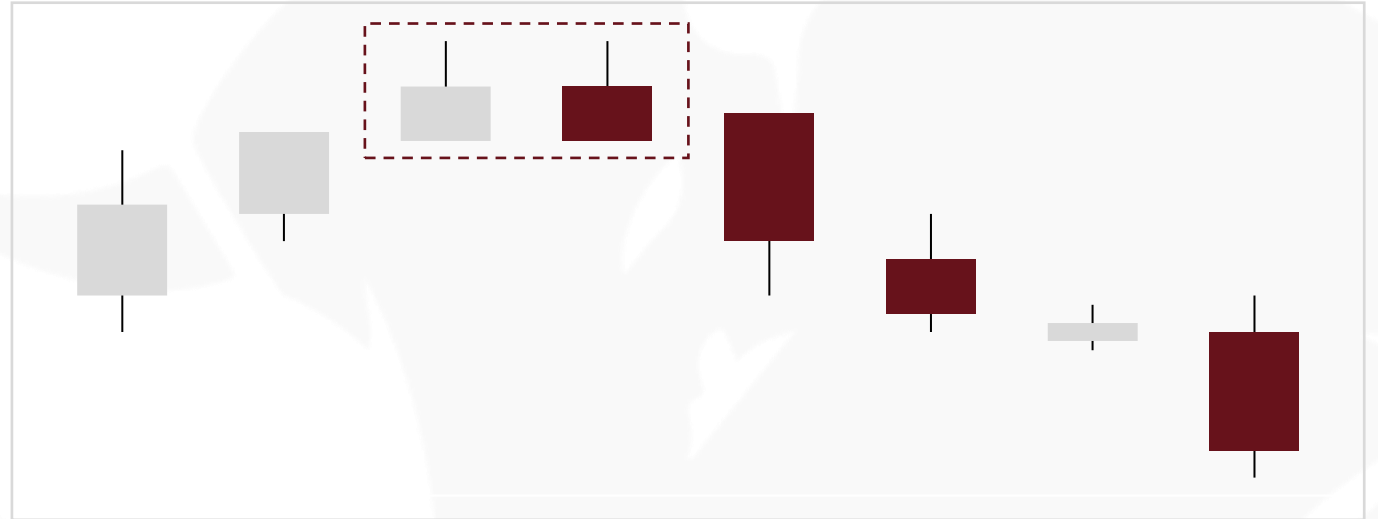
- When trading a parabolic reversal, ask yourself "What would I do here if I was long"

2.Reversal Candles

1. Tweezers

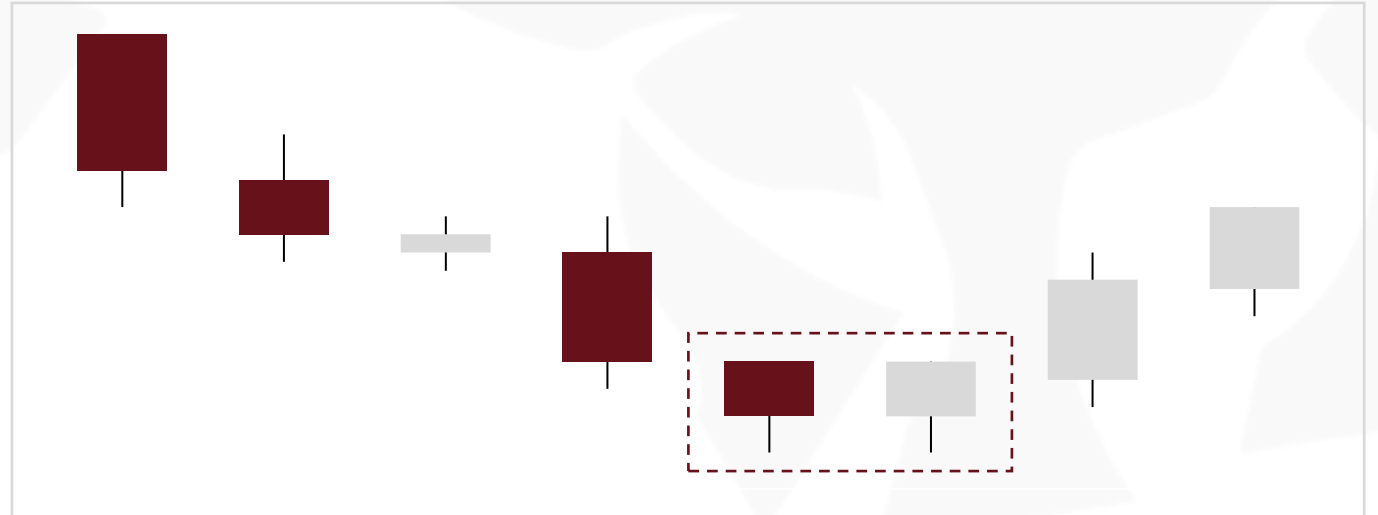
Tweezer Top:

It consists of two candlesticks, one bullish candle, second bearish candle



Tweezer Bottom:

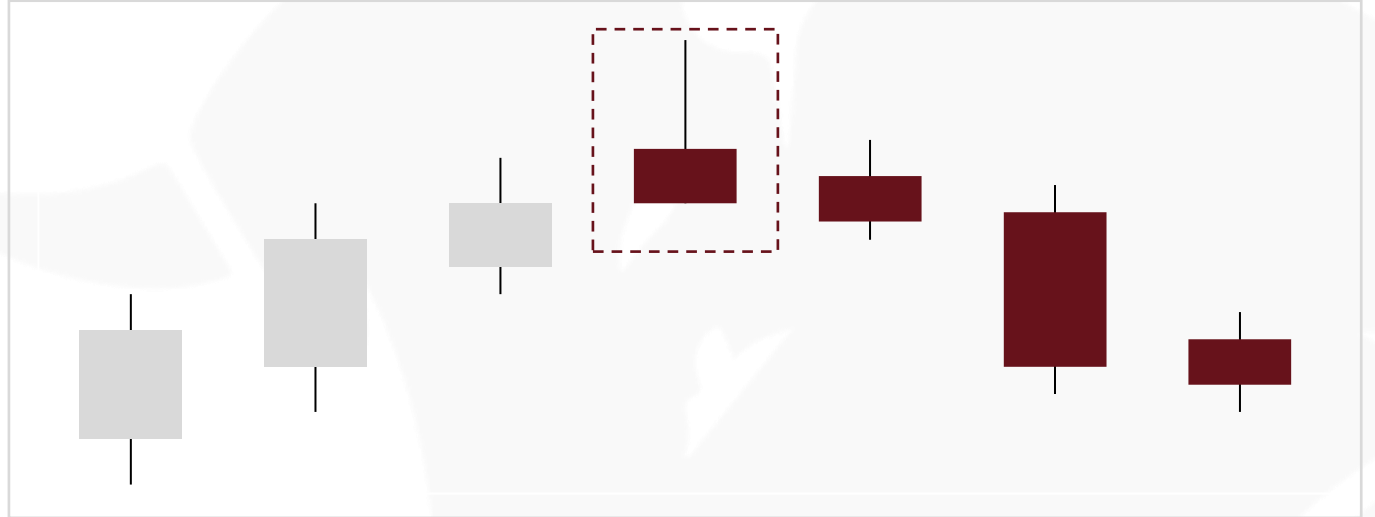
It consists of two candlesticks, one bearish candle, second bullish candle.



2.Reversal Candles

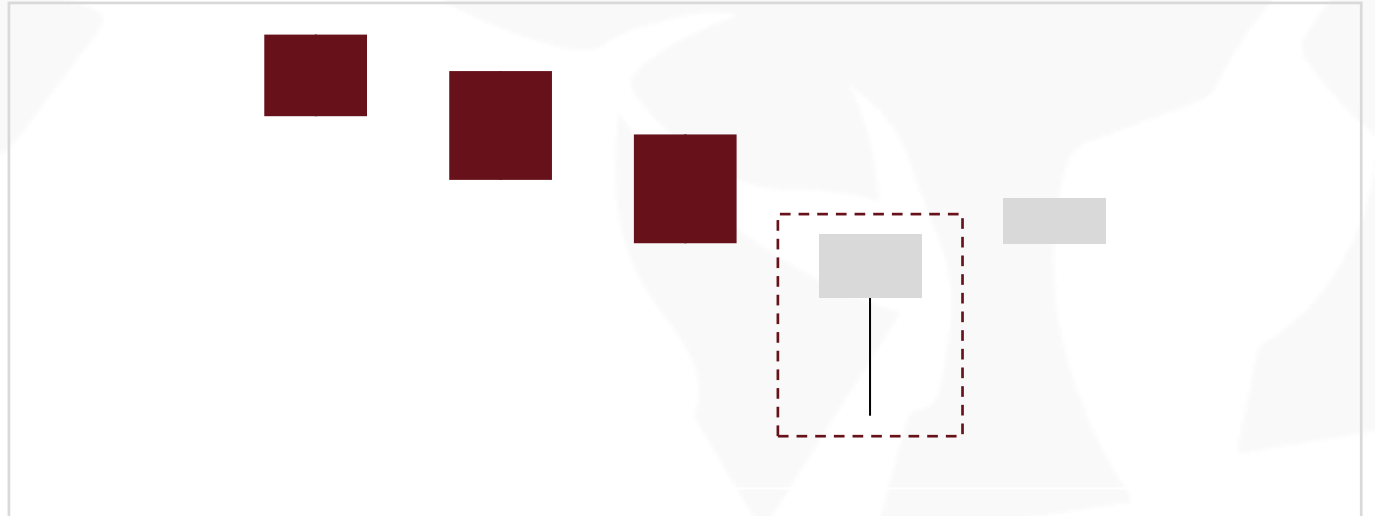
Shooting Star:

Consists of small body candle and a long upper shadow



Hammer:

Consists of small body candle and a long lower shadow

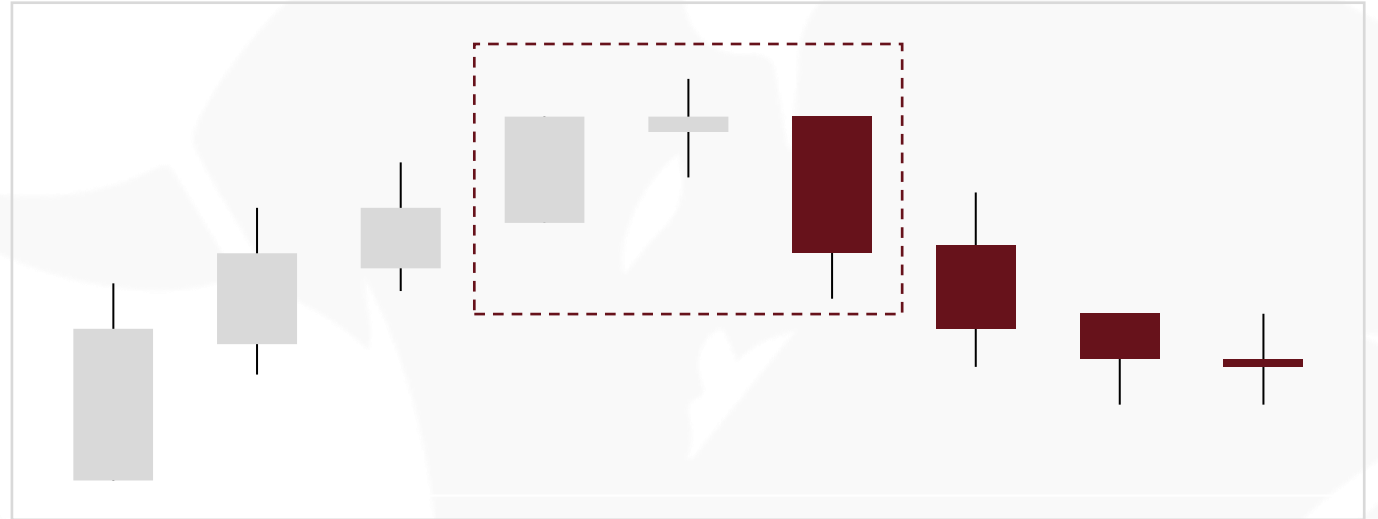


2. Reversal Candles

Evening Star:

An evening star pattern consists of three candles:

1. Large white candlestick
2. Small-bodied candle
3. Red candle

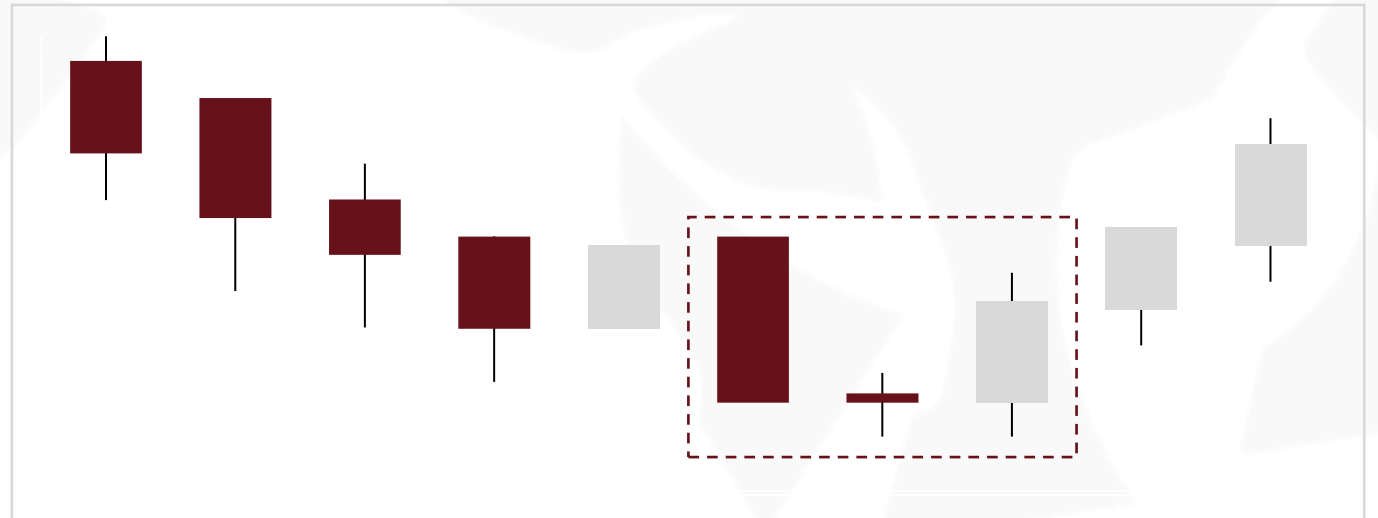


Morning Star:

pattern

A morning star consists of three candles:

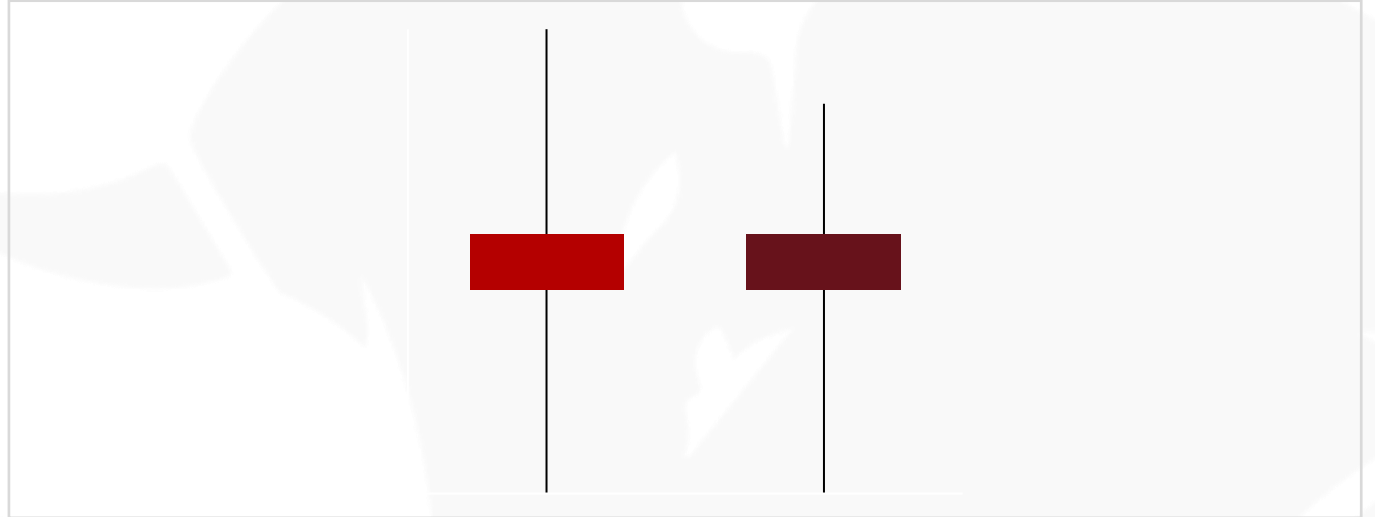
1. Large red candlestick.
2. Small-bodied candle
3. White candle



2. Reversal Candles

Spinning Tops/Bottoms:

Consists of small-bodied candle centered between long upper and lower wicks



3. Climactic Volume

1. **Climactic Volume:** Climactic volume appears at the end of a bullish or bearish move that is visualized by at least 2x size of the average volume last 10 volume bars.

-Climactic volume indicates a possible pullback/reversal.



4. Types of Parabolic Reversals

1. **Classic Parabolic Reversal**
2. **ATR stretched Parabolic Reversal**
3. **Gap fill and trend Parabolic Reversal**
4. **Parabolic Reversals within Yesterday's Range**

4.1 Classic Parabolic Reversal

Rules:

5-Minute Chart

- 01 Clear uptrend/downtrend
- 02 Stock to be extended of the 9EMA
- 03 At least 3-consecutive 5-minute candles

BONUS: Confirmation candle

1-Minute Chart

- 01 Clear uptrend/downtrend
- 02 Reversal Candle/Pattern
- 03 Preferably extended from the 9EMA on the 1-minute chart
- 04 New 1-Minute low

Confirmations:

1. Climactic volume
2. Daily level or strong moving average on one of the time frames
3. False Breakout (This is a must if you're looking for higher win rate)
4. If the stock has made a move >Daily ATR it's more likely to work offering a move even below the 9EMA on the 5-minute chart

Note: The stock must not have 200 SMA between the entry point and the profit target on any time frame!

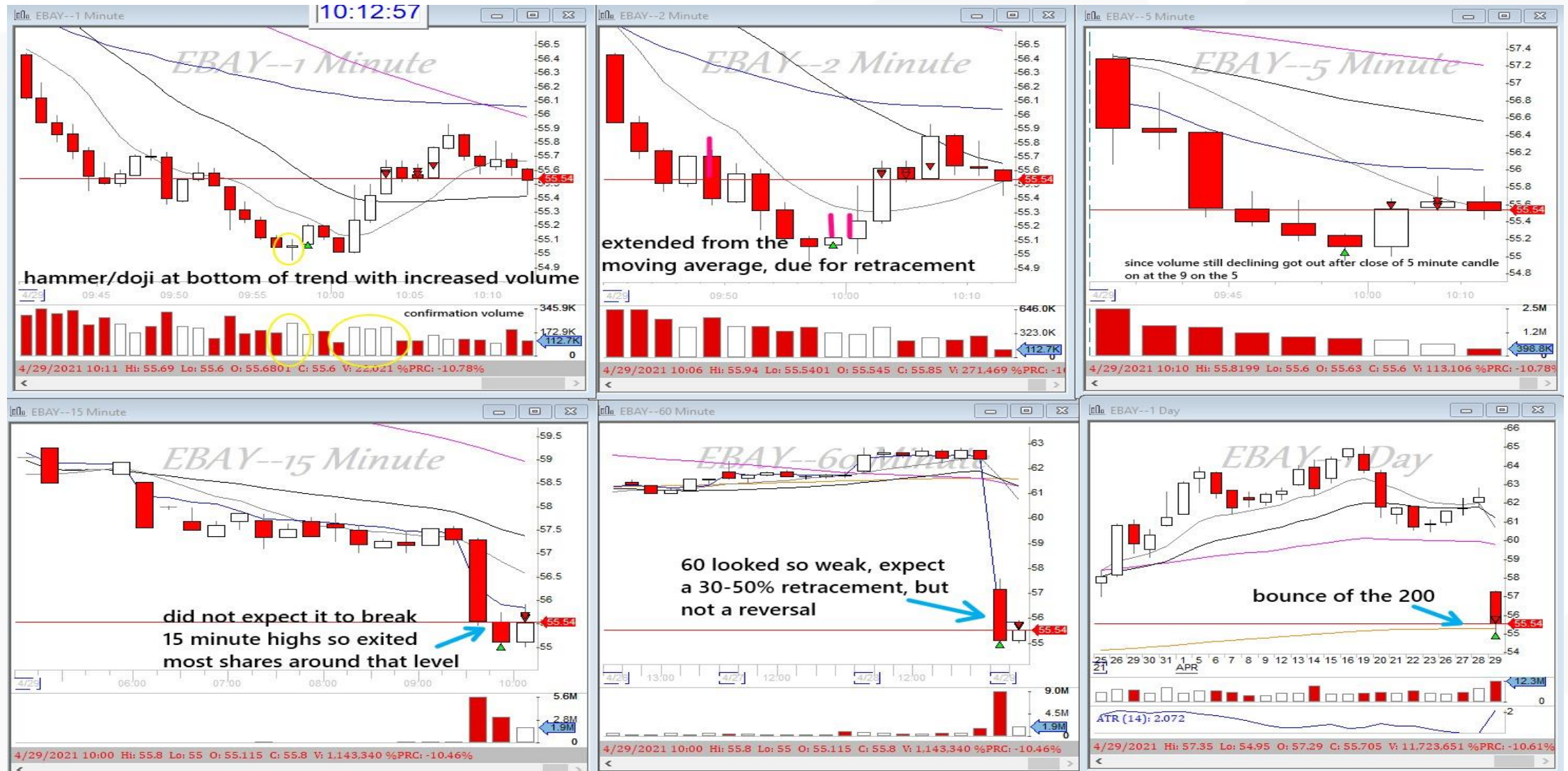
Entry: New 1-minute low/high

Stop loss: - Half of the wick, high/low of the previous or 1- or 2-min candles body or HOD/LOD

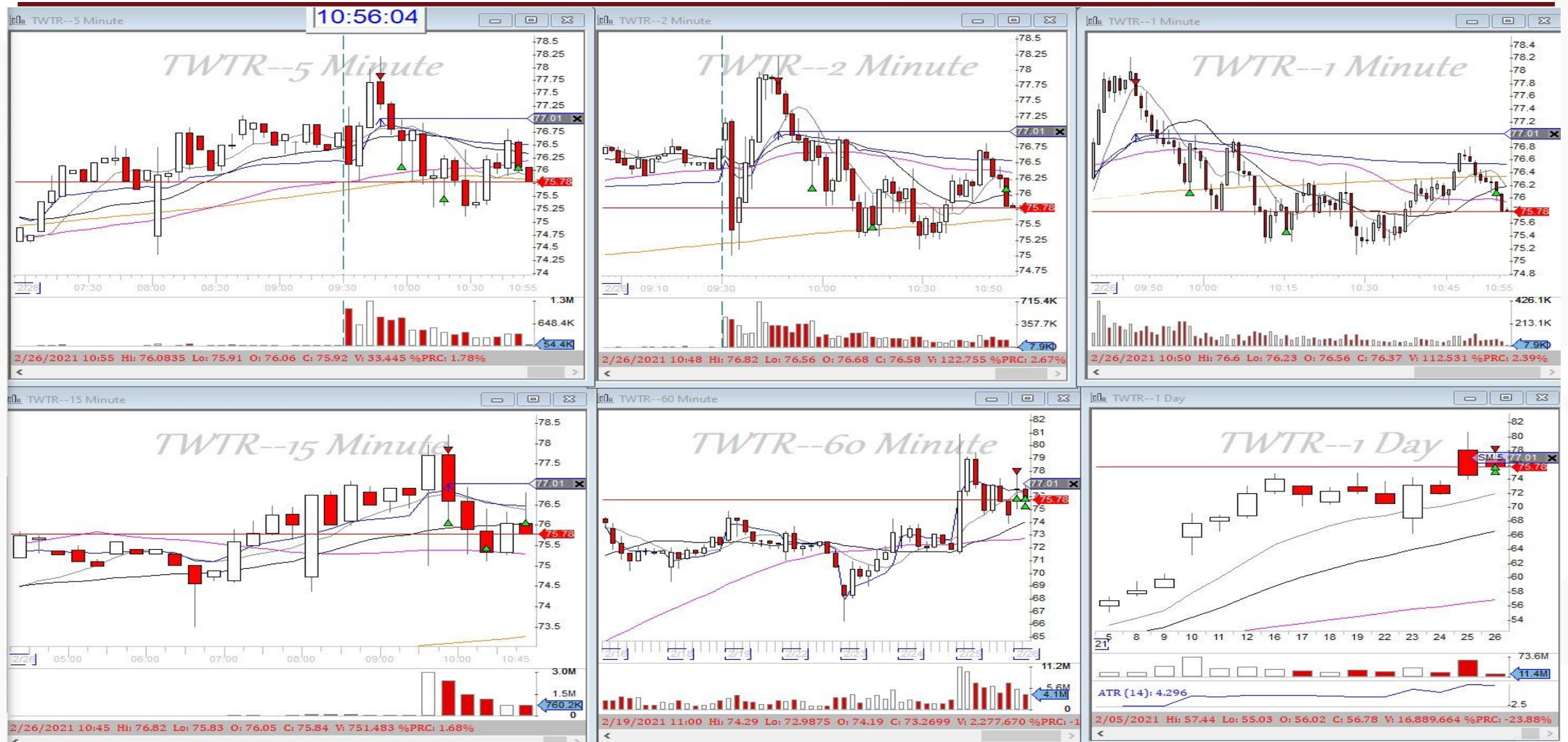
4.1 Classic Parabolic Reversal



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4.1 Classic Parabolic Reversal



4.2 ATR stretched Parabolic Reversal

Rules:

- 1) Stock must have made a move at the ATR or more
- 2) Final push through the ATR with at least 2 consecutive 5-minute candles (Fake Breakout)
- 3) Climactic volume at the HOD/LOD
- 4) New 1-minute High/Low

Targets:

- 50% at the 9EMA on the 5-minute chart
- 90% off at VWAP

4.2 ATR stretched Parabolic Reversal



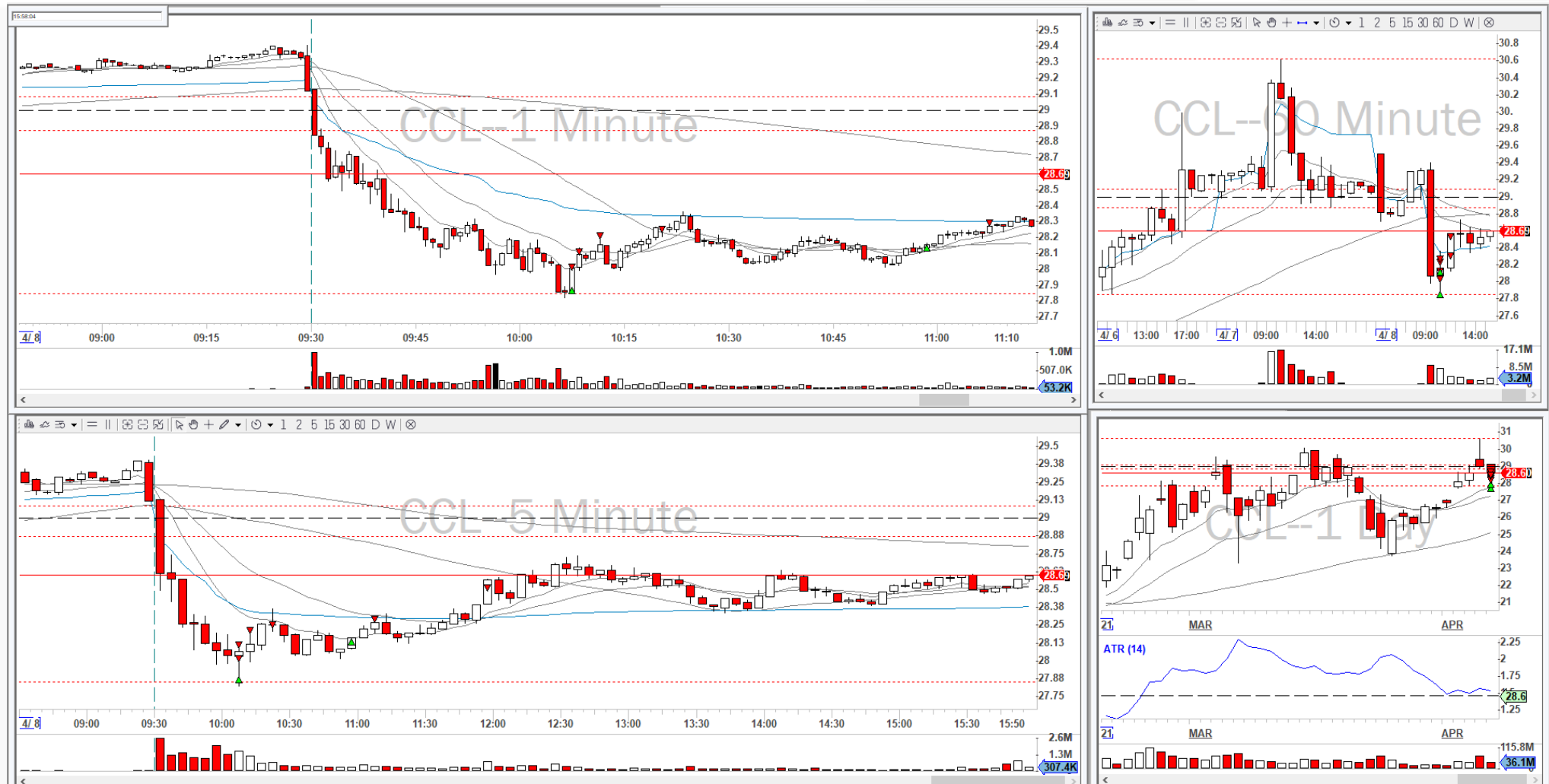
4.2 ATR stretched Parabolic Reversal



4.2 ATR stretched Parabolic Reversal



4.2 ATR stretched Parabolic Reversal



4.3 Gap Fill and Trend PR

Rules:

- 1) Intraday trend against the direction of the gap
- 2) 100% Gap fill and more
- 3) At least 2-consecutive 5-minute candles
- 4) Reversal candle around the: 1) PCL, 2) Yesterday's High/Low. 3) Yesterday's Open price

Bonus:

- ATR move was hit
- Climactic volume

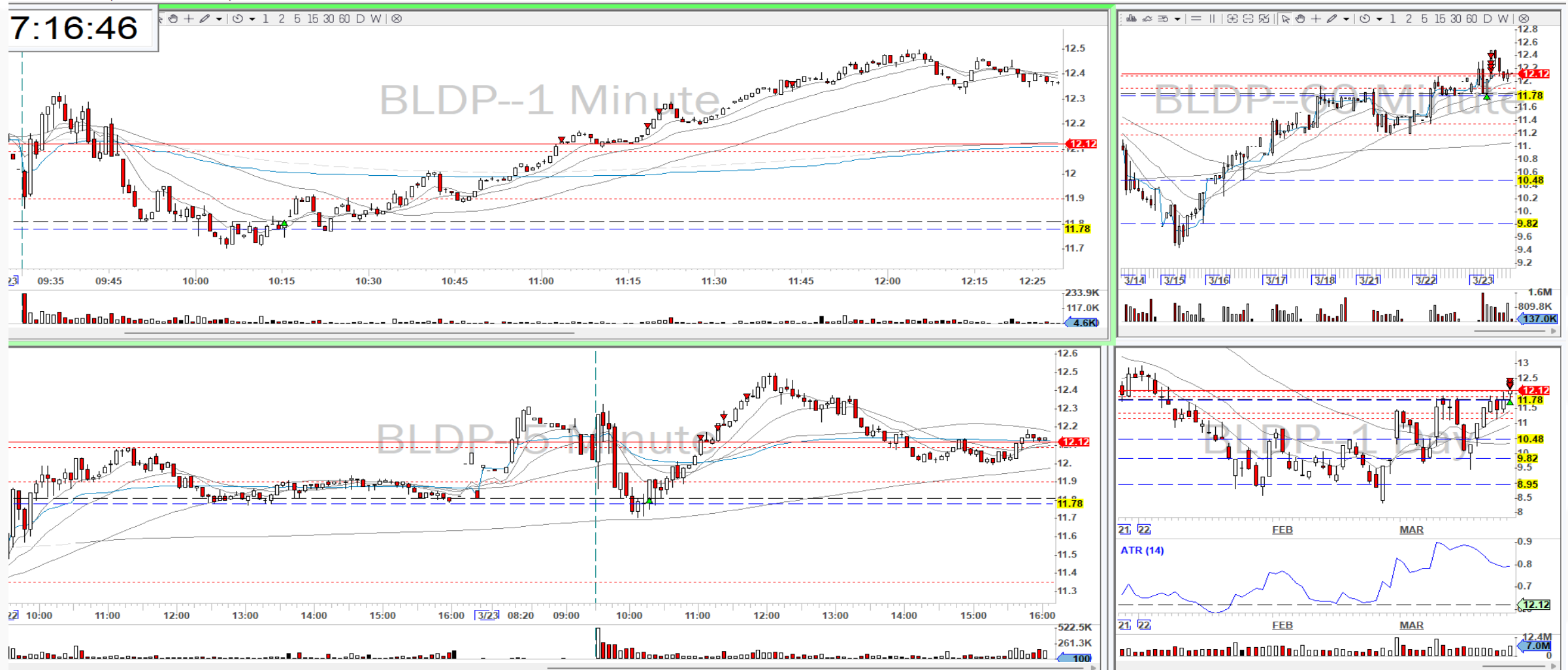
Targets:

- 50% at the 9EMA on the 5-minute chart if the ATR was hit, otherwise it's 70%
- 90% off at VWAP

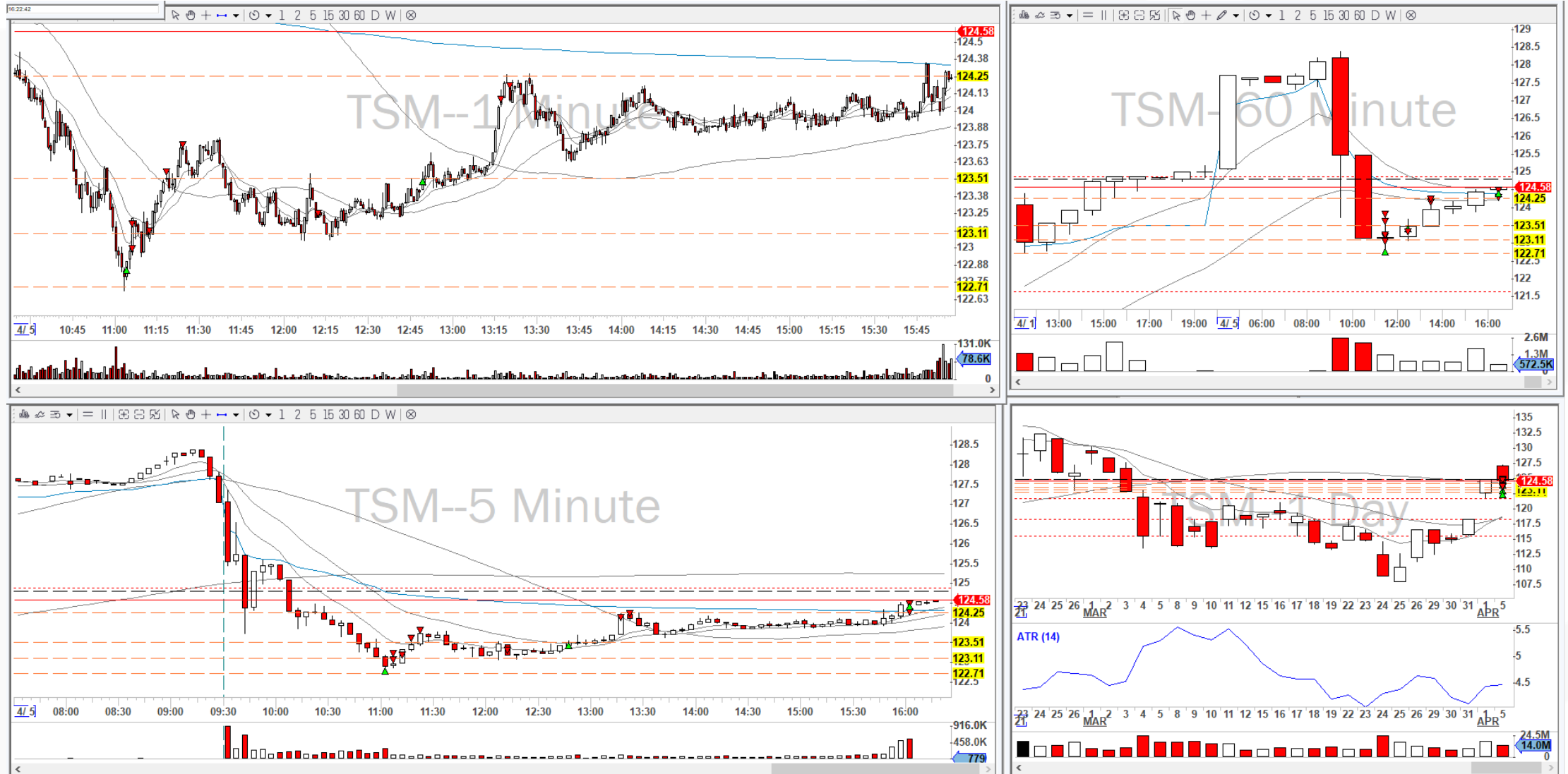
4.3 Gap Fill and Trend PR



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4.3 Gap Fill and Trend PR



4.4 Parabolic Reversals within Yesterday's Range

Rules:

- 1) Open today within yesterday's range
- 2) Intraday trend into Yesterday's High/Low
- 3) At least 3 consecutive 5-minute candles
- 4) Reversal candle around Yesterday's High/Low

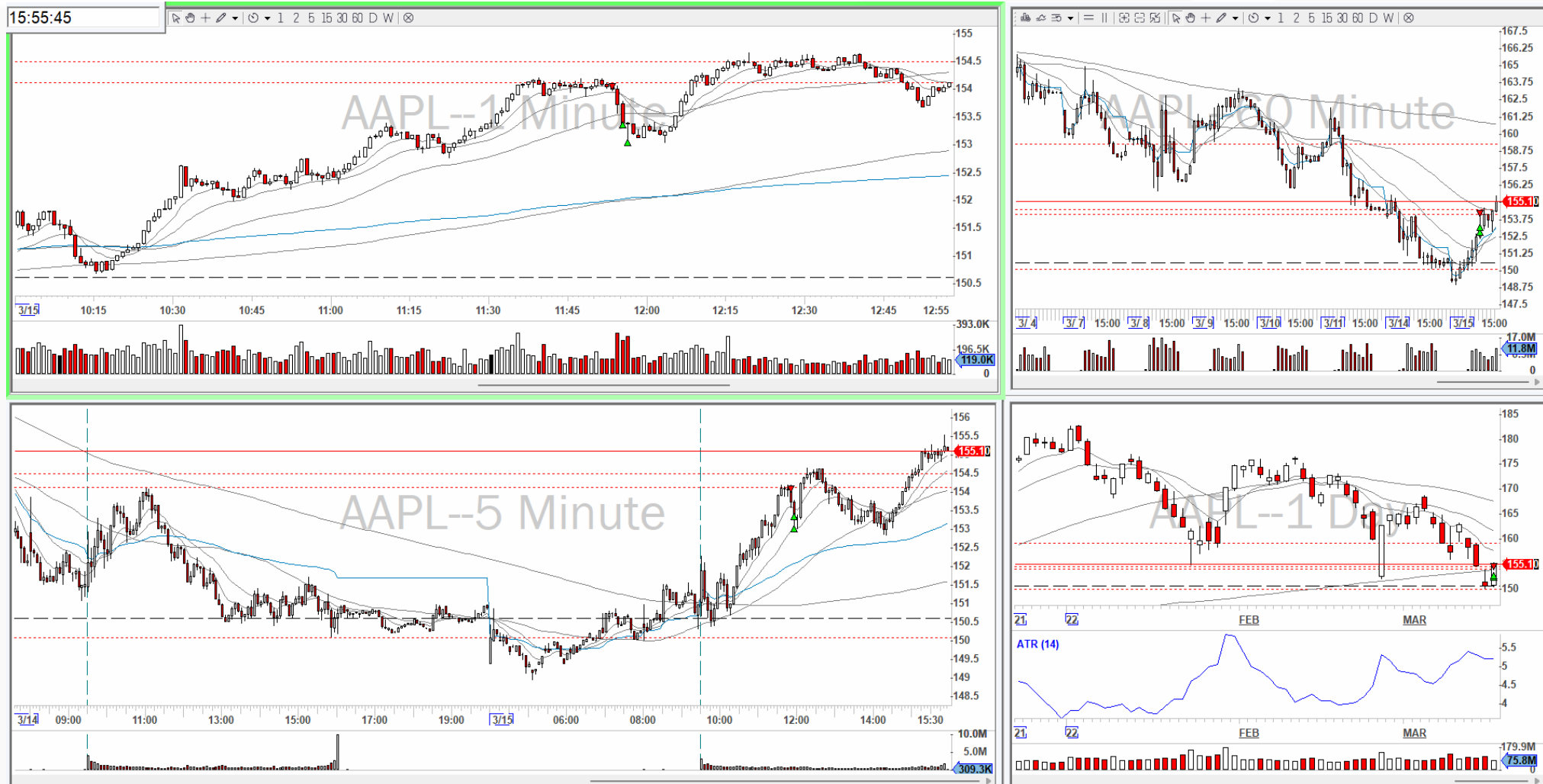
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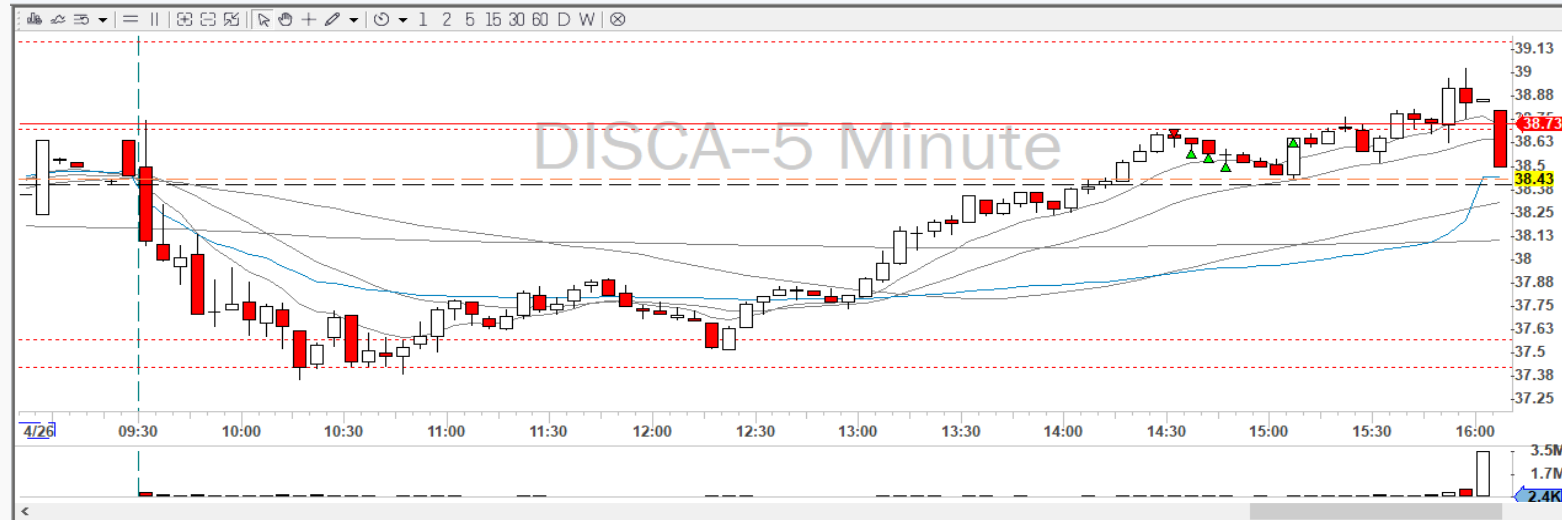
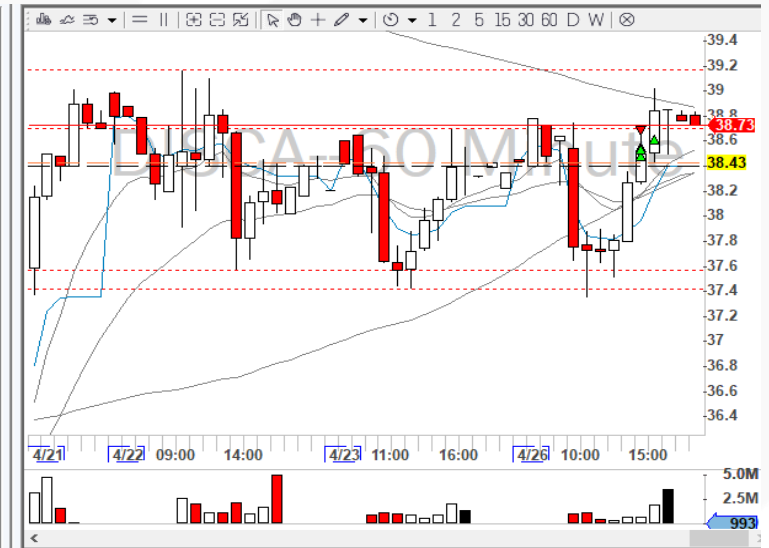
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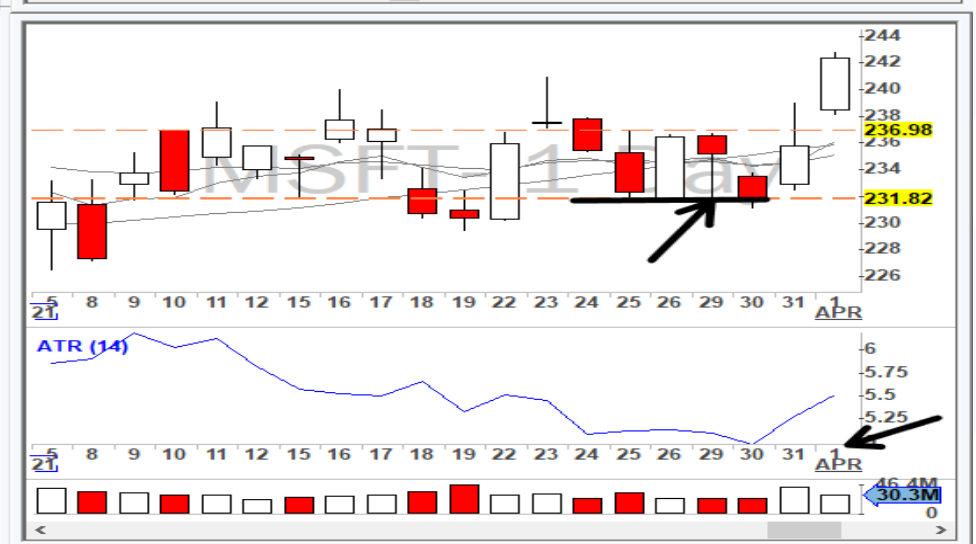
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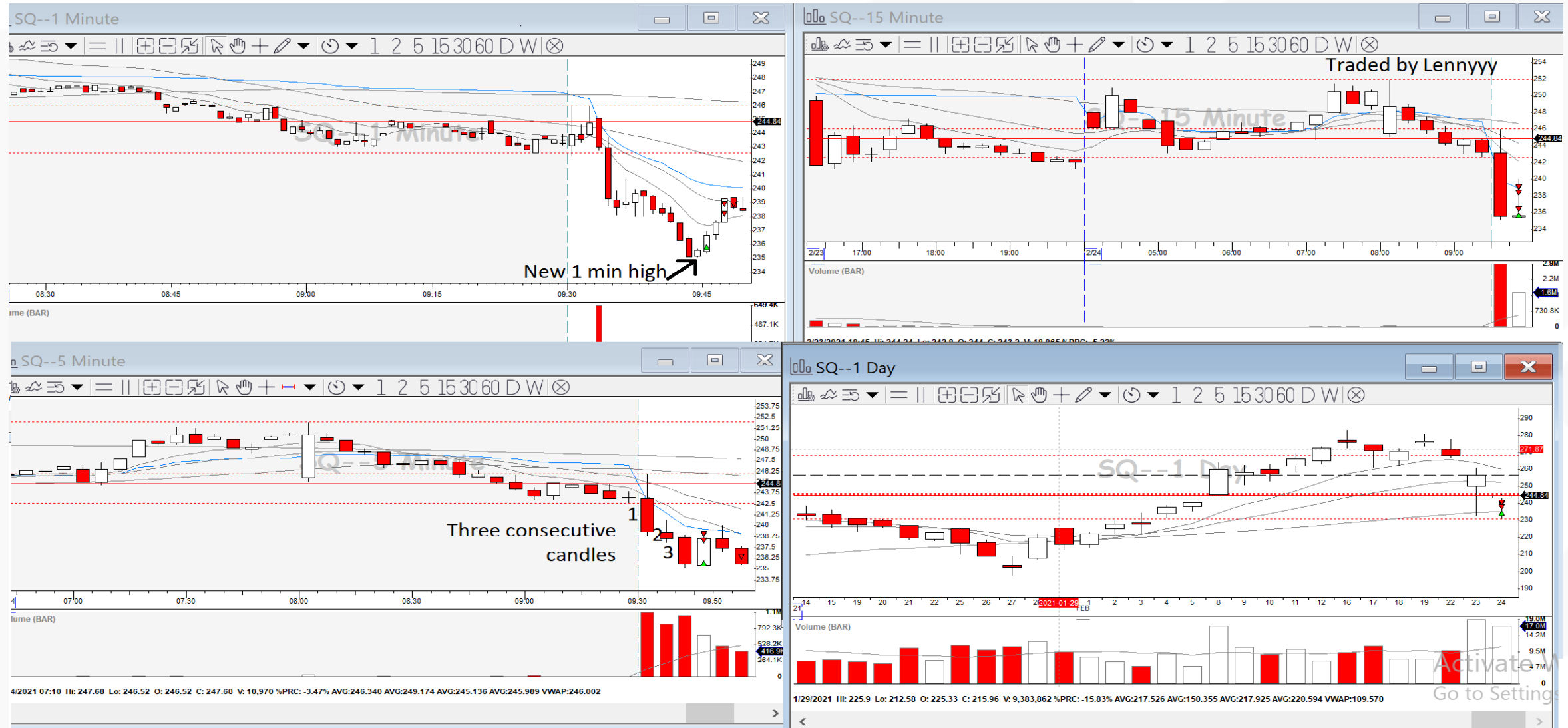
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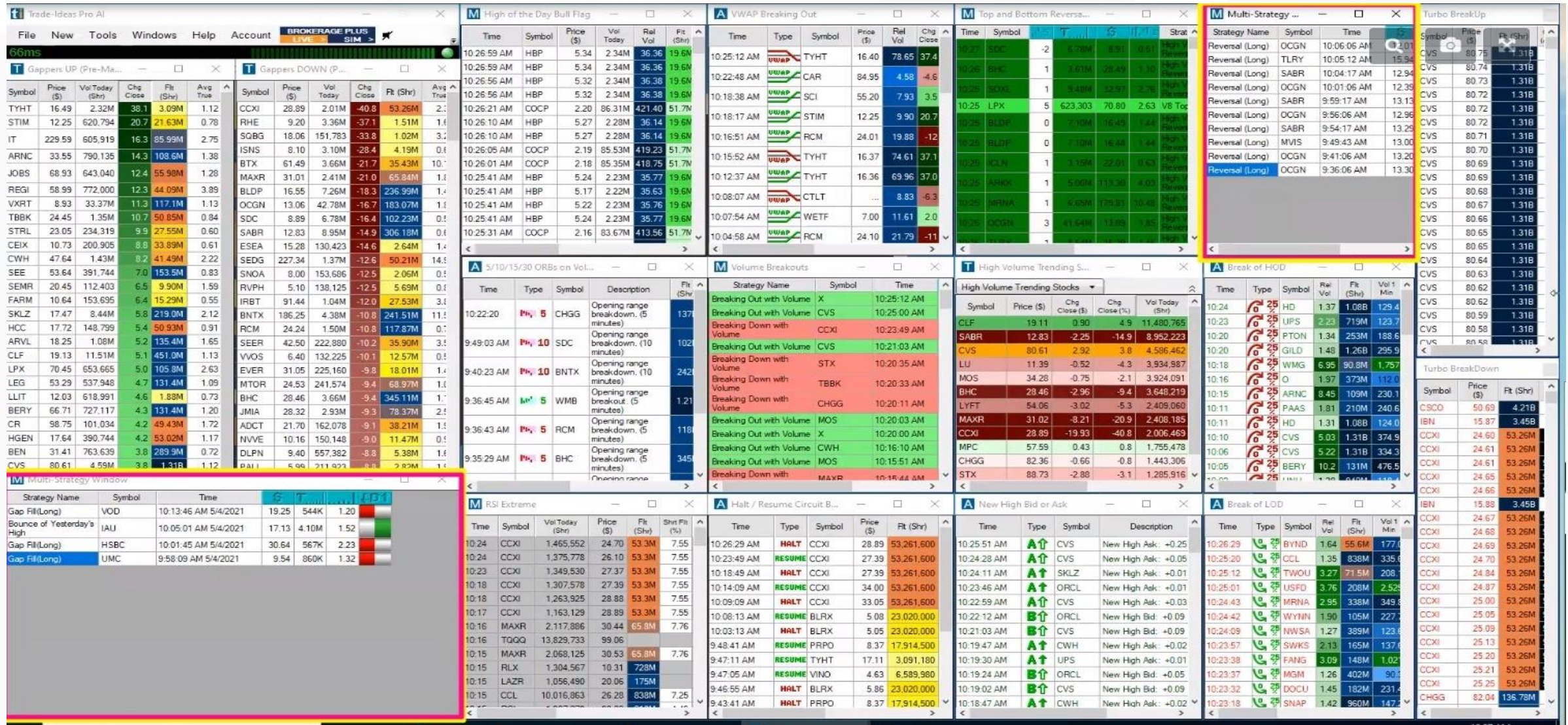
4.4 Parabolic Reversals within Yesterday's Range



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7. Where to Find Stocks for Parabolic Reversals





QUESTIONS

ANSWERS