The Trading Mentor

DEDICATED TO YOUR SUCCESS

Learn How To Accurately Swing Trade

When it comes to forex trading online there are several ways for beginners to learn how to trade.

This can become quite confusing to many beginner traders.

With each forex trading method involving different ways to acquire pips.

One of the most popular forms of trading, that is suitable for all levels of experiences, is to learn how to swing trade.

It is optimal for all traders that want to either trade during the day or they want to trade for longer periods a couple of days to a couple of months.

That is why we have produced the Swing Trading: The Complete Guide.

In this free guide, we will explore exactly what swing trading is and how you can maximise your profits by learning how to swing trade.

By utilising this swing trading guide, you'll see why swing traders prefer this method over others.

After reading this guide you will become learn exactly how to identify swing trading opportunities with great accuracy.

Let's check it out:

What Is Swing Trading

Swing trading is one of the most popular forms of forex trading.

Many beginners become swing traders naturally to begin with, which is a great starting point.

This is because it's widely adaptable for all areas of the markets.

You see the beauty of swing trading is:

- It transfers into other assets like the stock markets and bonds.
- It allows a bit more freedom and compared to scalping for example.

The idea behind swing trading is to find a market swing low and trade it upwards to a market swing high.

Then trade this market swing high to the market swing low.

Essentially you'll find the lowest point of a trend at the highest point of the trend and you're trying to capture reversals each time.

This is attractive to many forex traders because the chunk of a profit is in the middle section of a trend.

So if you were able to get in early enough via a swing high or a swing low then there is a significant chance that you would generate a profitable trade.

Swing trading is actually very easy to pick up.

In fact, if you're going to store anywhere we believe that you should start here.

Because not only is swing trading a proven style of trading.

But it also teaches you about the market structure which is incredibly important for the longevity of your forex trading account.

It can also teach you a lot about risk management.

As well as being able to hold off on trades until you actually have a clear and valid entry.

Due to the nature of swing trading, you tend to be looking out for these opportunities a lot less.

Therefore helps prevent against over trading which is a common problem for many beginners.

Swing trading definition:

It's a style of trading that attempts to capture reversals in the market, seeking small to medium term profits from the markets over a short period of days two a couple of weeks. Swing traders predominantly focus on technical analysis to look for opportunities.

Swing Trading vs Day Trading

There can be a thin line between a swing trading vs day trading.

This is down to the way swing traders can select when they want to be looking at market highs and market lows.

Because of the nature of swing trading for looking at swing highs and swing lows, it is more than possible for swing traders to find them during the day.

Naturally, these opportunities come a lot more frequently then you would do in a one-day time frame.

On the flip side, you would be holding the trade for a few hours instead of a few days.

This is attractive for forex traders that want to trade the markets during the day.

The key difference between a swing trader and a day trader is normally due to the method used.

For example, a swing trader may only look at the price action and the market structure of the asset.

Whereas, a day trader may use a combination of technical indicators such as a moving average or Bollinger bands to generate trading ideas.

To compare the two trading styles:

Swing trading is still a lot more relaxed and their charts are much clearer and cleaner and they tend to follow the price.

This is known as price action trading.

Whereas with day trading they will be following signals generated by the lagging technical indicators to tell them whether they should be buying or selling an asset.

Both forex trading styles can provide great returns.

Is Swing Trading Profitable?

All trading styles are profitable.

It is down to a lot more than luck.

However, swing traders find themselves at a better opportunity to make money due to the natural risk-reward that is generated by finding swing trading.

Through swing trading, it is not uncommon for most swing traders to aim for a risk to reward ratio of one to three.

One of the main reasons why swing trading is profitable is because you are trying to capture trends right from the start.

Once you have caught a reversal from a swing trading opportunity, it tends to trend in that direction so from this reversal we can capture as many pips as possible.

And because we know that there's a high chance of the market to trend from the reversal.

You instinctively are already prepared to be in a trending market.

Therefore increasing the likelihood for our trades to be substantially more profitable.

Unlike with scalping where you are only looking to try and take a few pips after the market within a few minutes of your time.

However, from a beginners point of view becoming profitable through swing trading is more than possible:

- It will take time
- It will take risk
- It will take many losses

But this is all part and parcel of the natural progression of becoming a profitable forex trader.

Swing Trading – How-To Guide:

WARNING: You must know about Forex Market Structure in order to benefit from this swing trading guide below.

Okay, now we finally get into the meat and potatoes of this guide.

It's time to level you up and get you on the swing traders path to success!

Now you understand a little bit more about what is a swing trader and how swing trading can be profitable.

It is time to learn how to swing trade.

The beauty of the style of forex trading is that it's super easy for you to find.

In addition, you can use other resources such as the Fibonacci tools to help generate wonderful swing trading opportunities.

However today we're going to expose the optimal way of identifying a swing trade.

In fact, this way of identifying a swing trade is so so good that this has been lost in translation.

The way that we like to use and identify swing trades have been identified in previous books from Larry Williams and Street Smarts.

In fact, even before that even the legendary trader Jesse Livermore also used this method of identifying swing trades.

So there is a historical track record of this way to find them.

So let's look at a chart and see what a swing low to a swing high is:

As you can see from the swing low to swing high in the EUR/USD the market has gone upwards.

This is exactly what we want to see happen after we identify a swing low.

It is this move which is what makes swing trading so profitable.

As you can see if you were to enter the trade at the swing low when originally identified and traded it all the way to the swing high you would have made some serious pips.

Let's look at the chart from a swing high to a swing low perspective:

As you can see from the swing high once it was identified and confirmed the market moved down and created a trend downwards again.

Collecting pips along the way.

Now you see how powerful these traits can be and why they are so popular.

So now you know what they look like in a trend and a reversal it’s time to learn how to identify them.

Through lessons passed on from Larry Williams, street smarts, and Jesse Livermore we are able to acquire this knowledge and apply it in today’s markets.

Let’s first look at a swing high.

Normally you’re told a swing high is when you have the highest high within a period of time.

All this is true to some extent there are other observations that have to take place for us to validate it is, in fact, a swing high.

These additional observations we must have in place is that the Candlestick bar before the swing high has to have a lower high

The following candlestick has to have a lower high than the middle bar as you can see in the example below:

With this formation, We can gauge that is a swing high and that there is a high probability that the market may reverse which will alert you into a swing trading opportunity.

Note: the lower down the time frame you are viewing the more swing highs you'll see however this also means that the higher chance that the swing highs are invalid. Most swing traders look at higher time frames like 1 hour to 4 hours.

By simply marking this swing high we will now have an opportunity on trading this reversal.

Trading a swing low is the exact same as a swing high or the opposite.

Swing lows are found towards the bottom of a downwards trend.

Again the swing low has a previous Candlestick that has a higher low and a candlestick after the swing low also produces a higher low.

This is what creates a swing low and this is what will alert you into an opportunity to take a reversal and that the market may trade higher an start to fall a bullish trend.

Let’s look at a swing low now:

As you can see in the example above the swing low is evident and the opportunity to trade this swing allowed us to enter the market to go higher.

Now you know how to identify a swing trading opportunity it is time to understand how to trade them actually.

Today we're going to cover how to trade them as a price action view.

We are not going to include any methods that will provide confluence in a trade such as tactical indicators, support and resistance levels, supply and demand zones.

These are all forms of analysis that you can compile with the swing highs and swing lows to make them extra powerful and to validate them more clearly but that is out of scope for today.

To trade a swing high we have to spot this opportunity that appears after a market rally higher.

Once we see signs of exhaustion through candlestick patterns analysis which is where new highs are being created but they are being pushed down almost immediately.

We can start to look for a potential swing high that can occur in the immediate future.

HOW TO IDENTIFY A SWING HIGH:

You need to be on the lookout for when the market is trading higher than the previous market structure high.

When it's trading above this, wait for the 3 bar pattern to form

You can confirm how accurate it may be if the 2 outside bars can fit within the high and low of the middle candlestick.

In addition, the smaller the body of the middle candlestick generally yields greater accuracy too.

Once we've identified a swing high you can mark the third candlestick which is the candlestick after the swing high.

After marking this candlestick you can put a line under the candlesticks low then if the market trades lower down this line it is a confirmation bias that the market will go lower.

You want to wait for the candlestick to close below this line.

Note: when it comes to trading with the price the most important price is the close price this gives us an indicator of where the market settled at that trading session This is why we use close prices.

If the trade closes below the line then we set up our execution.

You can do this in any way you want but we will teach you our execution method on how to enter trades which will not only lower your risk but also protect you from any sudden spikes.

For this you want to set your stop loss at the swing high which will be the highest points over the past three candlestick's then you want to set your entry at the lowest point previously.

Your take profit can be the next market structure on the way down.

This will give you a clear idea of where the market may trend to after the reversal.

As you can see in this example after identifying the reversal and applying our execution plan, and trading it to the next market structure this allowed us this move generated 26 pips

Next, let's go over a Swing Low trade.

HOW TO IDENTIFY A SWING LOW:

You need to be on the lookout for when the market is trading lower than the previous market structure low.

When it's trading below this, wait for the 3 bar pattern to form

You can confirm how accurate it may be if the 2 outside bars can fit within the high and low of the middle candlestick.

In addition, the smaller the body of the middle candlestick generally yields greater accuracy too.

Once you've identified a swing low you can mark the third candlestick which is the candlestick after the swing low.

After identifying this candlestick you can put a line above the candlesticks high then if the market trades higher above this line, it is a confirmation bias that the market will go higher.

You want to wait for the candlestick to close above this line.

If the trade closes above the line then we set up our trade.

Use the execution method explained earlier.

As you can see in this swing low example after finding the reversal, this move generated 18 pips

Note: using risk management, swing traders will move their stop loss to lock in profits and move take profit levels to the next market structure. This way they can stay in a trade for most of the trend and squeeze every last pip out of the trade.

By following this method of trading the highs and lows you instantly have a greater chance of success just through this guide alone.

You can incorporate this trading style with any trading strategy.

This is one of the key reasons why swing traders appear to make trading look so easy.

Now you have learned this particular way of swing trading you will be able to use this as a filter and a swing validator whether or not a reversal may happen In the near future.

This is something you certainly should learn and understand.

This is one of the most basic ways of swing trading, without any form of technical indicators or other price action setups like Support & Resistance or Supply & Demand Zones.

But it's also one of the most miss-taught ways of swing trading.

With this swing trading method in your toolbox, you will be able to more accurately find trend reversals and take advantage of the market structure in front of you.

Tips for Swing Trading

Here are a few tips to get you started for Swing Trading for budding swing traders:

Only trade what's in front of you.

What this means is don't try and predict the next candlestick of a swing trade when it presents itself that's when the opportunity happens.

Never tried to force a trade if the market presents itself with the three-bar pattern and then the market continues in the original trend don't try to force that reversal it just won't happen.

Learn how to incorporate risk management.

You can do this by simply reading our lessons on risk management but also use the market structure as zones in the markets few to protect yourself and take pips away from the market.

Let your profitable trades continue.

What we mean by this is due to the nature of reversal trades and trend swing trading it is possible for you to ride the entire trend from swing low to swing high.

Now, this won't occur all the time but the big wins will come.

That is why it is important for you to use a trailing stop loss or move your stop loss accordingly to not only locking profit but to stay in the trade for much longer.

At the end of the day, you have no idea how long he can be in that trade for only the market which should be able to take you out and hopefully by taking you out it is at the end of the trend.

Remember in forex, the trend is your friend until the bend at the end.

After you have practised swing trading for a long time, placing 1,000s of trades, then it might be a good idea to learn about forex pairs that correlate.

Because if you find a swing trade opportunity in one currency pair then the correlation that it has with another forex pair means there's a high chance for that pet also trend higher.

What this allows you to do is increase your exposure to the trade without increasing your total risk.

Taking Action For Swing Trading

By now you should have gone through this article at least once and taken in quite a lot of new information in.

This guide has helped many of our students find great opportunities in the markets and become swing traders.

The only thing we cannot teach swing traders is experience.

This is where it's down to you.

You can open up a demo trading account through a forex broker completely free and then you can use both of these resources to learn how to swing trade and get some more experience wrapped up.

The more you practise swing trading the more you learn.

The more likely you'll be joining the ranks of profitable swing traders.

The more likely you are to go into a live trading account and then more likely you are to have the experience to be able to become a profitable forex trader using swing trading.

Wrapping it up

So there we have it an in-depth guide to swing trading.

Trust us if you go through this guide and learn swing trading in this format you'll be astonished by the results.

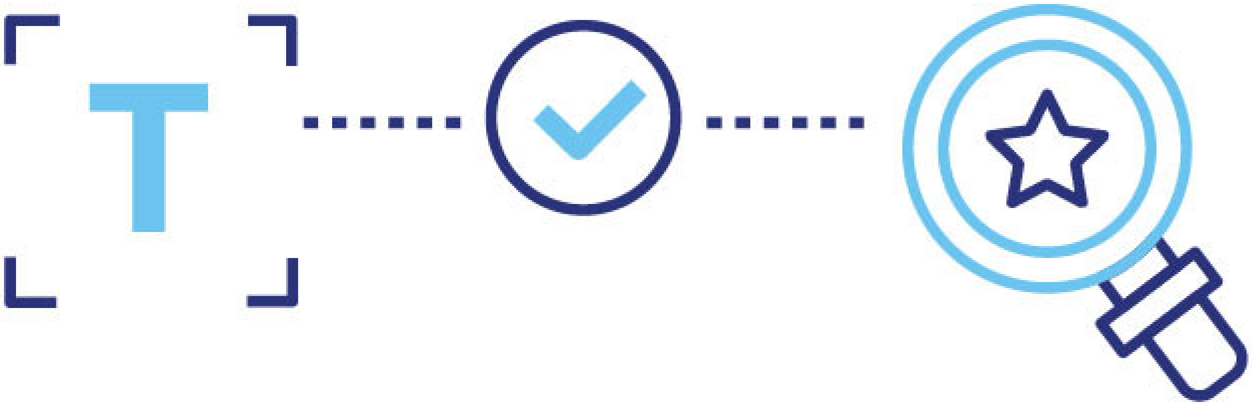
Not only can use swing trading for finding these reversals in the market.

But you can use these swing trading methods taught today to go along with other forms of trading such as:

- price action trading
- trend trading
- and enhance your technical analysis

Just by reading this swing trading guide and learning how to do the swing trades in this specific format will you have an advantage in the markets.

And join the many swing traders that are profitable.



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