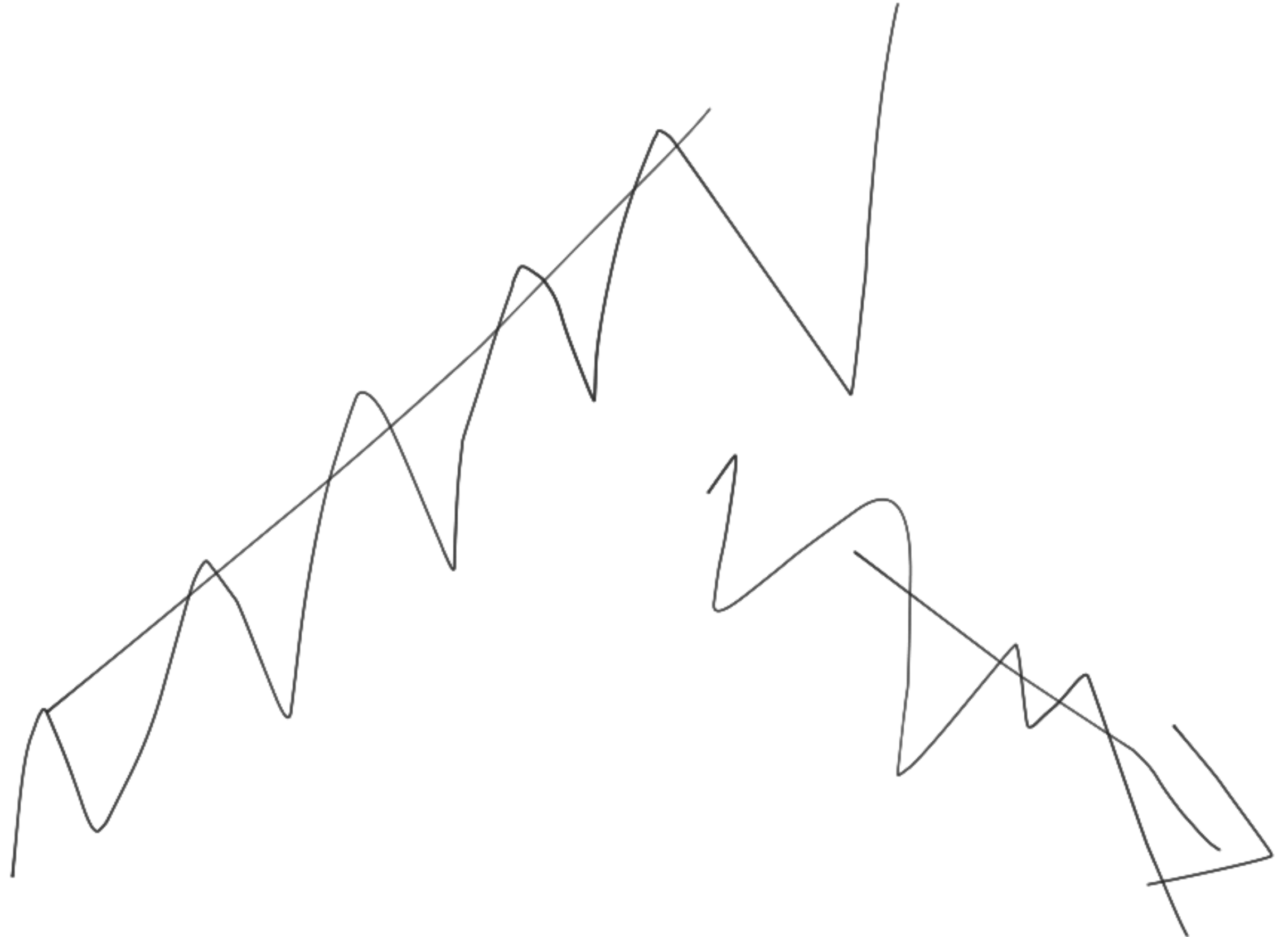




TRENDS & TRENDLINES

All cryptocurrency price movements are determined by the volume of supply and demand at any given point in time. Price tend to move in a direction and these said directions are referred to as trends.

Prices move in trends because of an imbalance in between supply and demand. When the supply of a cryptocurrency is greater than the demand of that coin, the trend will be down as there are more sellers than the buyers can handle; likewise, when demand exceeds supply the trend will be up as the buyers bid up the price leading to price rising higher to seek sellers to withstand the increased buyers.

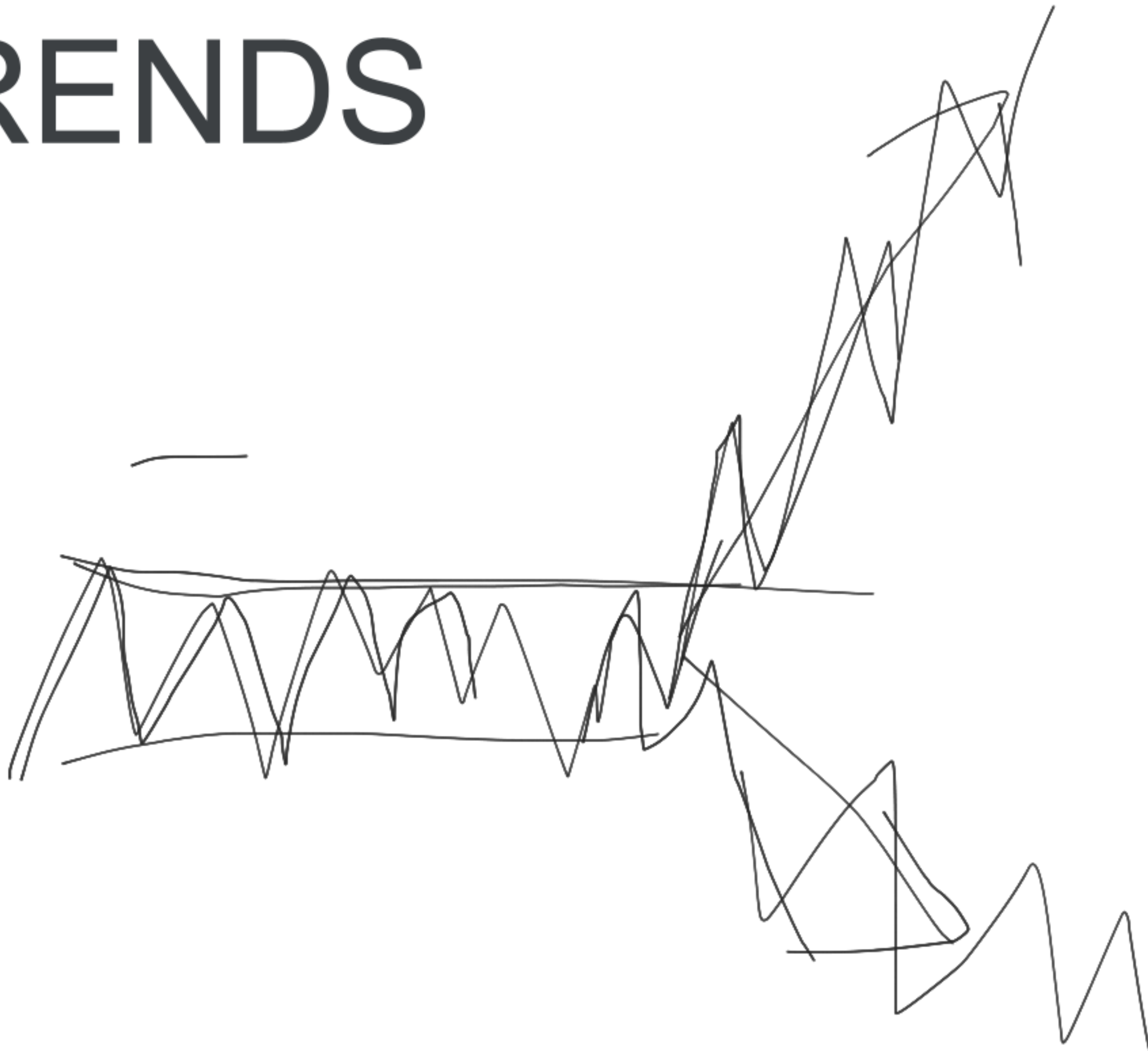




TRENDS

But when the forces of supply and demand are equal or nearly equal, the price will tend to be stagnant like, moving to and fro some particular price range as a result of the equilibrium between buyers & sellers, this phenomena is called a trading range.

Eventually new information will enter the market and a breakout from the trading range will occur and the market will begin to trend again either up or down depending on whether the new information is taken as positive or negative.





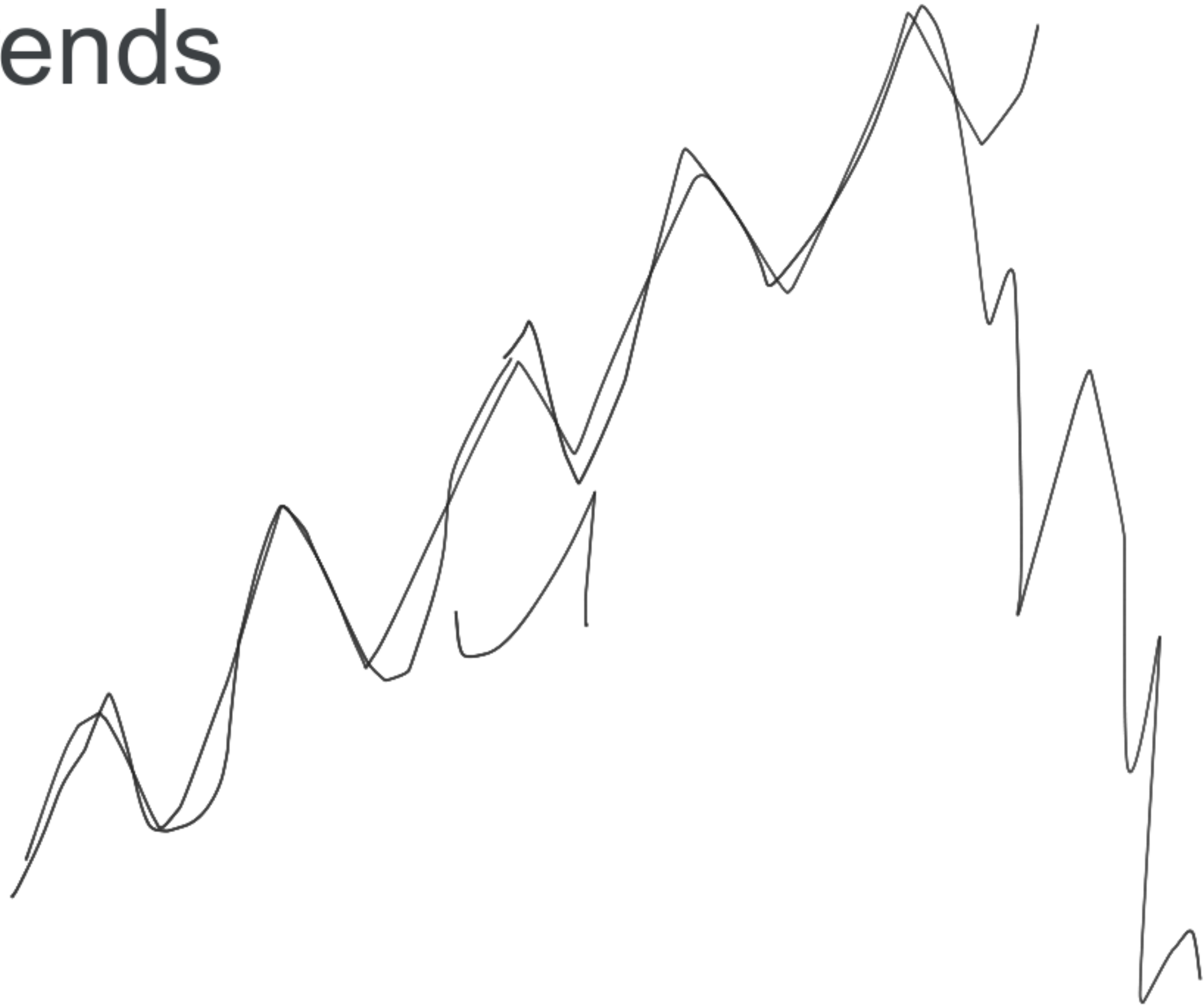
Trends

Always remember that with cryptocurrency futures, you can always profit in both an uptrend and a downtrend by either Buying Long or Selling Short.

Selling short simply means selling borrowed coins which you hope to buy back later at a lower price, you either “go short”, “be Short” or Stay “stay Short”. When you buy, it is said you are “going Long” and you “are long” or “stay long” until you sell out.

A trend to the upside is known as an Uptrend and a major trend is known as a “Bull Market”, while a trend to the downside is called a downtrend and a major downtrend is known as a “Bear Market”.

So you will want to stay bullish in an uptrend (focus on buying) and Bearish in a downtrend (focus is on selling).





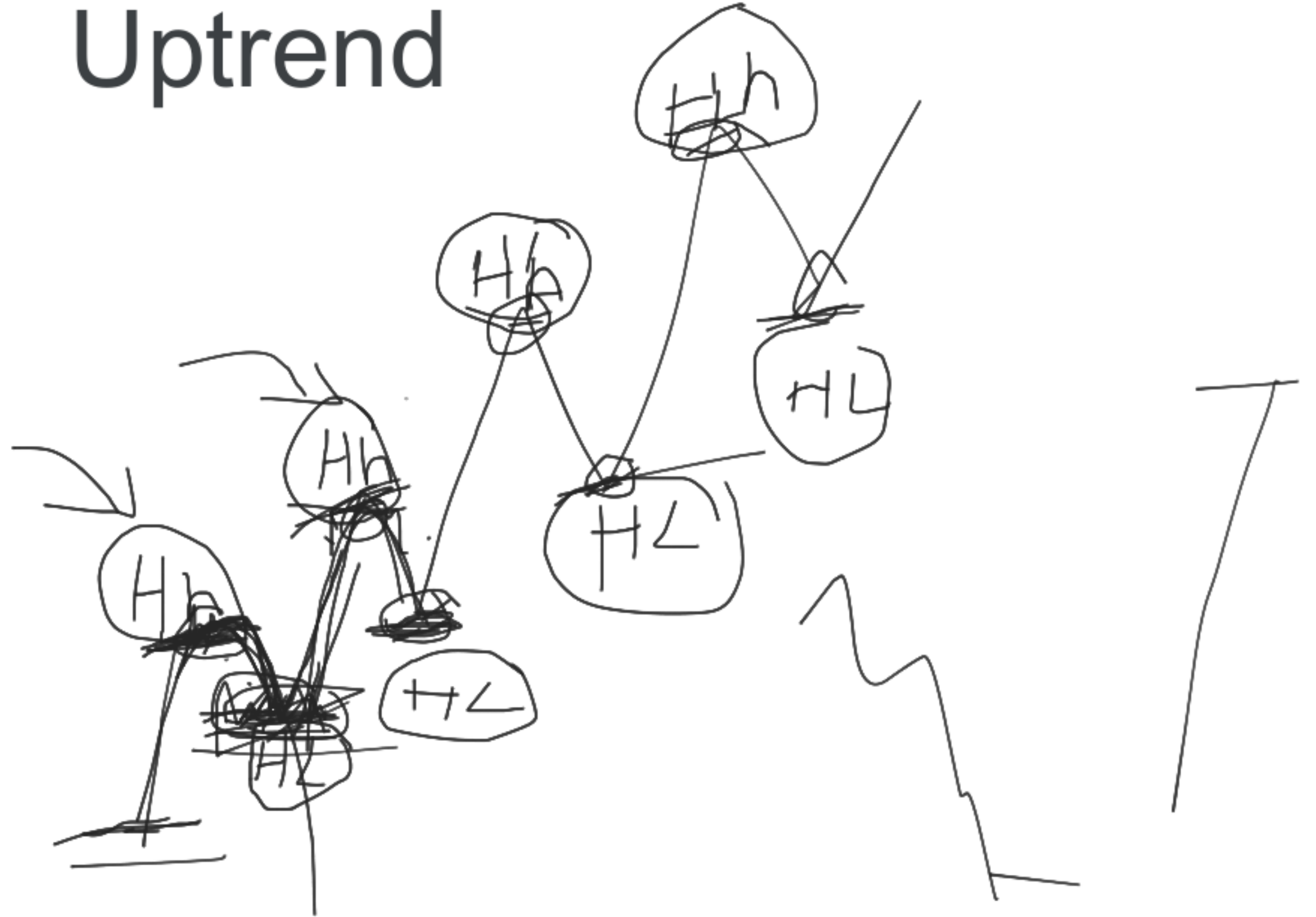
Never Win Anything Great Achieved Without Struggle

Uptrend

The key to success in trend analysis is to determine when the pattern or trend will change so that you can shift your position direction in time from bearish to bullish and vice-versa.

Uptrend

This occurs simply as prices make series of higher highs or peaks and higher lows on a given coin and this can last for a minimum of several weeks to a maximum of years.





Downtrend

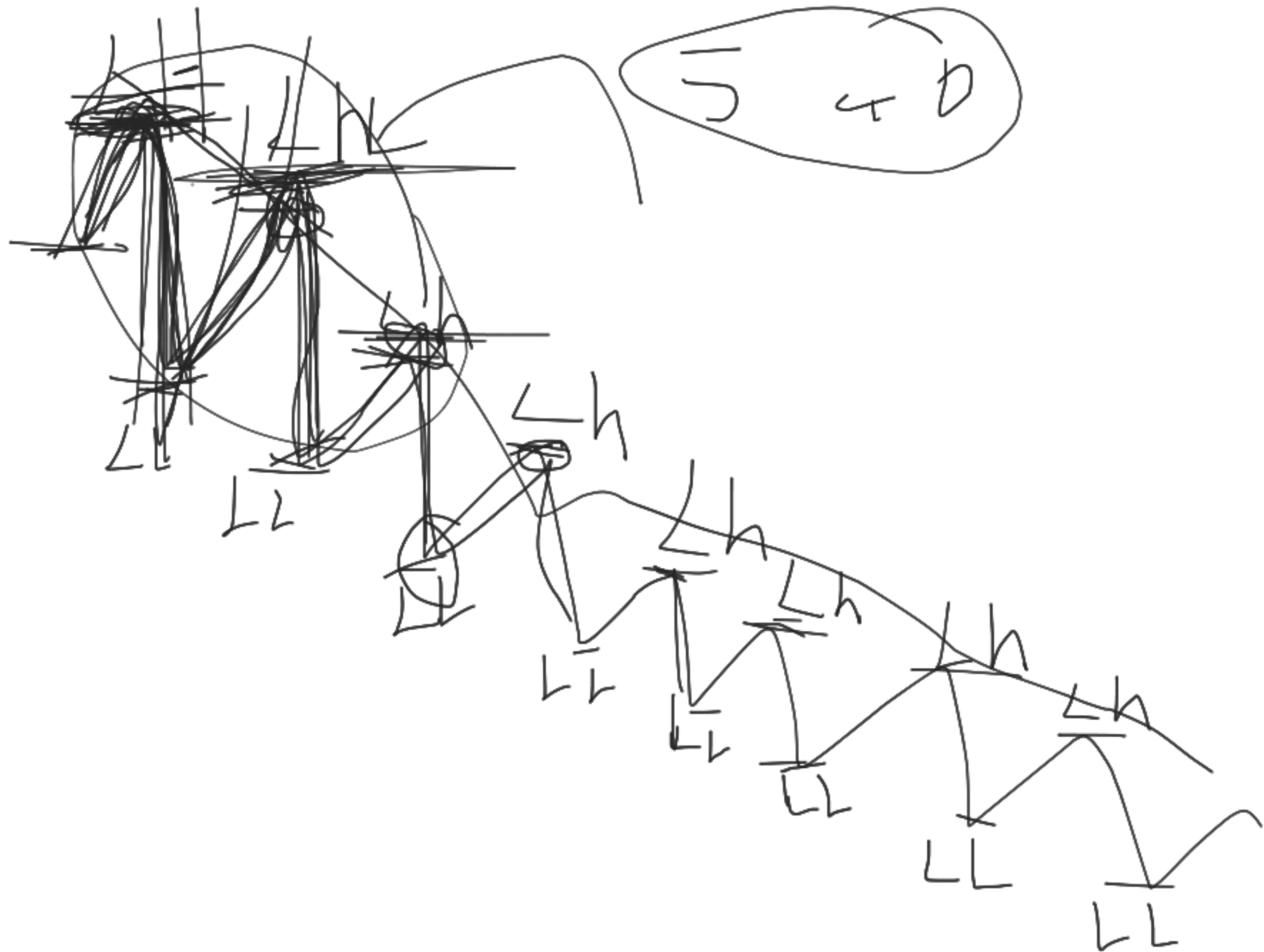
Downtrend

This occurs when prices make series of lower peaks and lower bottoms on a given cryptocurrency and this can last for several weeks to years.

Trends which last for months are called Primary or “Major Trends”

Trends which last few weeks are called Secondary or “Intermediate Trends”

Trends which are very short and brief that occur day-to-day basis are known as “Minor Trends”

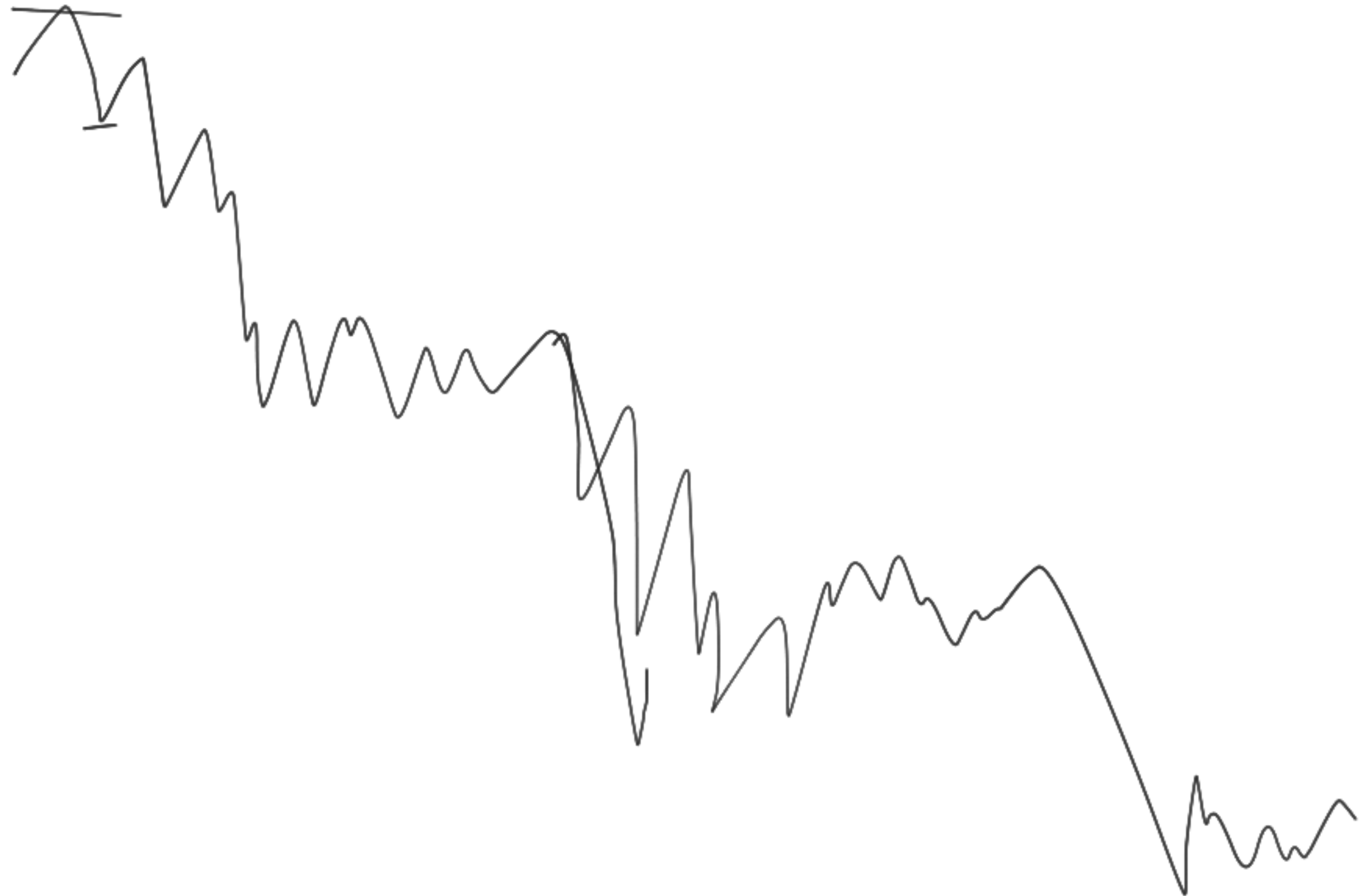




Primary or Major Trends

Primary or Major Trends

These broad movement usually last for more than a year or might even run for several years, resulting in general appreciation or depreciation in the value of the coin to more than 30%. The simple characteristics to know when a primary trend is up is that each successive rally reaches a new high level than the one before it and each secondary reaction stops at a higher level than the previous reaction, there by printing what is known as Higher highs and Higher lows. Conversely the characteristics of primary downtrends begins when each intermediate decline carries price to a successively lower level or Lower low and each intervening rally fails to exceed the top of the previous rally there by forming a lower High.





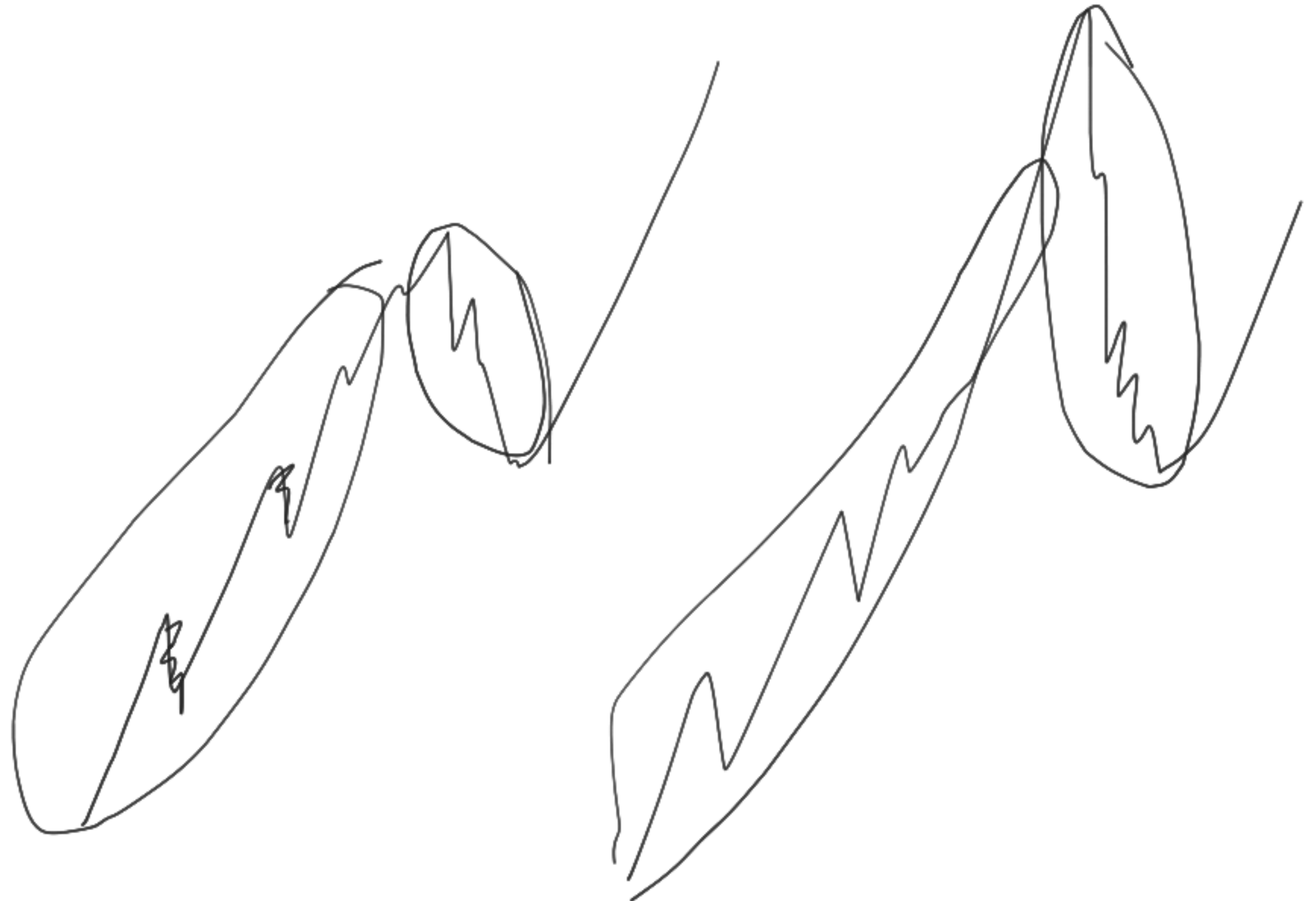
Minor Trends

Secondary or Intermediate Trend

These are the reactions or pullbacks occurring in a bull market and rallies or pull-ups occurring in a bear market. Normally they tend to last from a few weeks to a few Months. They also tend to retrace about two-third $2/3$ of any previous profits or loss made by the preceding swing in the primary trend.

Minor Trends

The secondary or intermediate trends are said to be made up of smaller trends that occur on a day-to-day basis market fluctuations also known as minor trends. they usually last about six days or even unto three weeks.





Bull Market

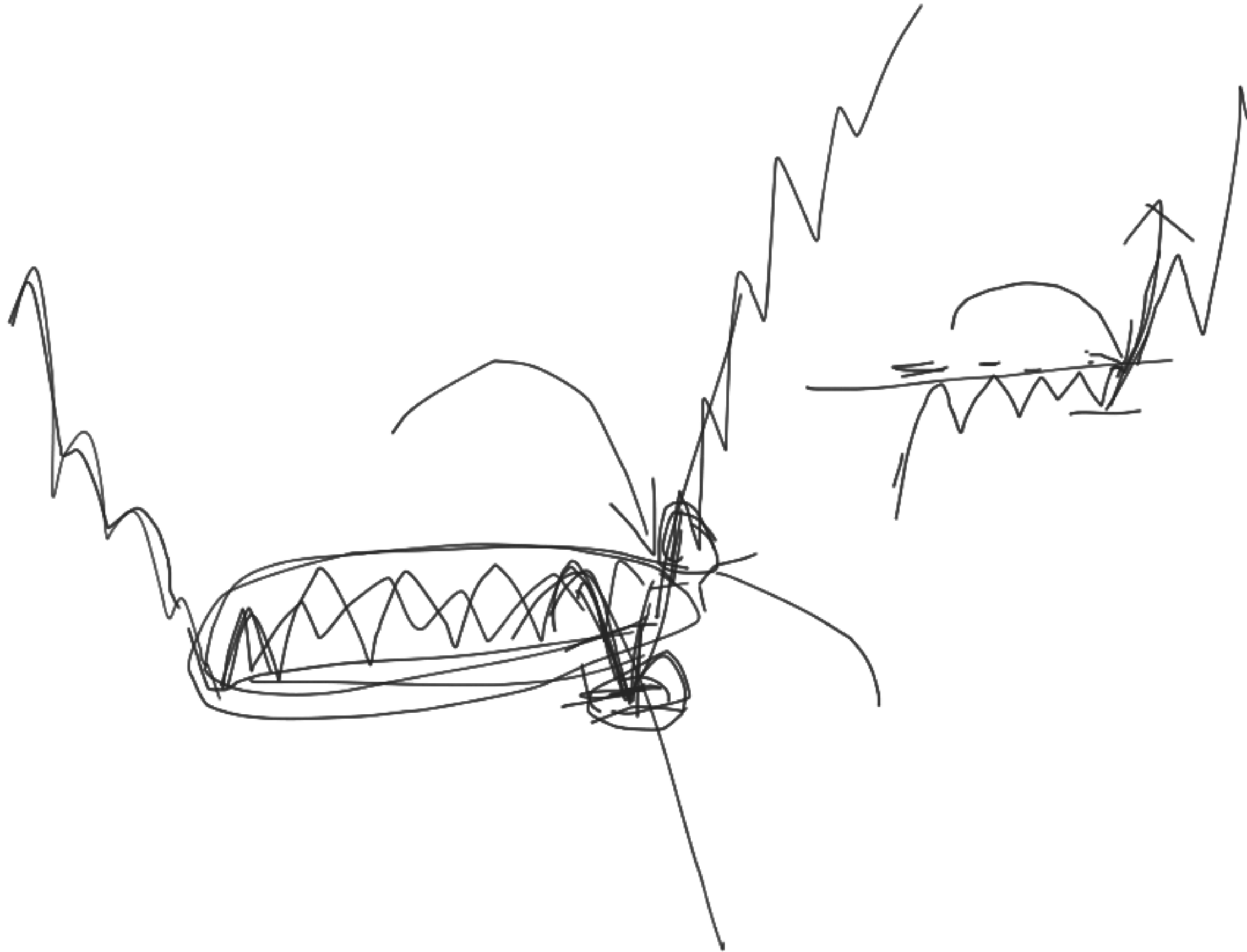
Bull Market

The primary Bull trend usually consist of three phases.

1. First phase is known as “Accumulation” and this occurs when the market conditions are still poor and the general public is discouraged with the cryptocurrency market, prices tend to trade in trading ranges for a Months.

2. The second phase is known as the “Advancing Stage” at this stage prices are now fairly steadily advancing up as they tend to be increase in demand and activities as the general public starts picking back interest after the market conditions gradually starts to improve.

3. The third phase is characterized by the cryptocurrency market rising to spectacular price gains followed by massive publicity filled with good news, this leads to a sudden growth in the public interest and involvement in crypto





Never Win Anything Great, Achieved Without Loss

Bear Market

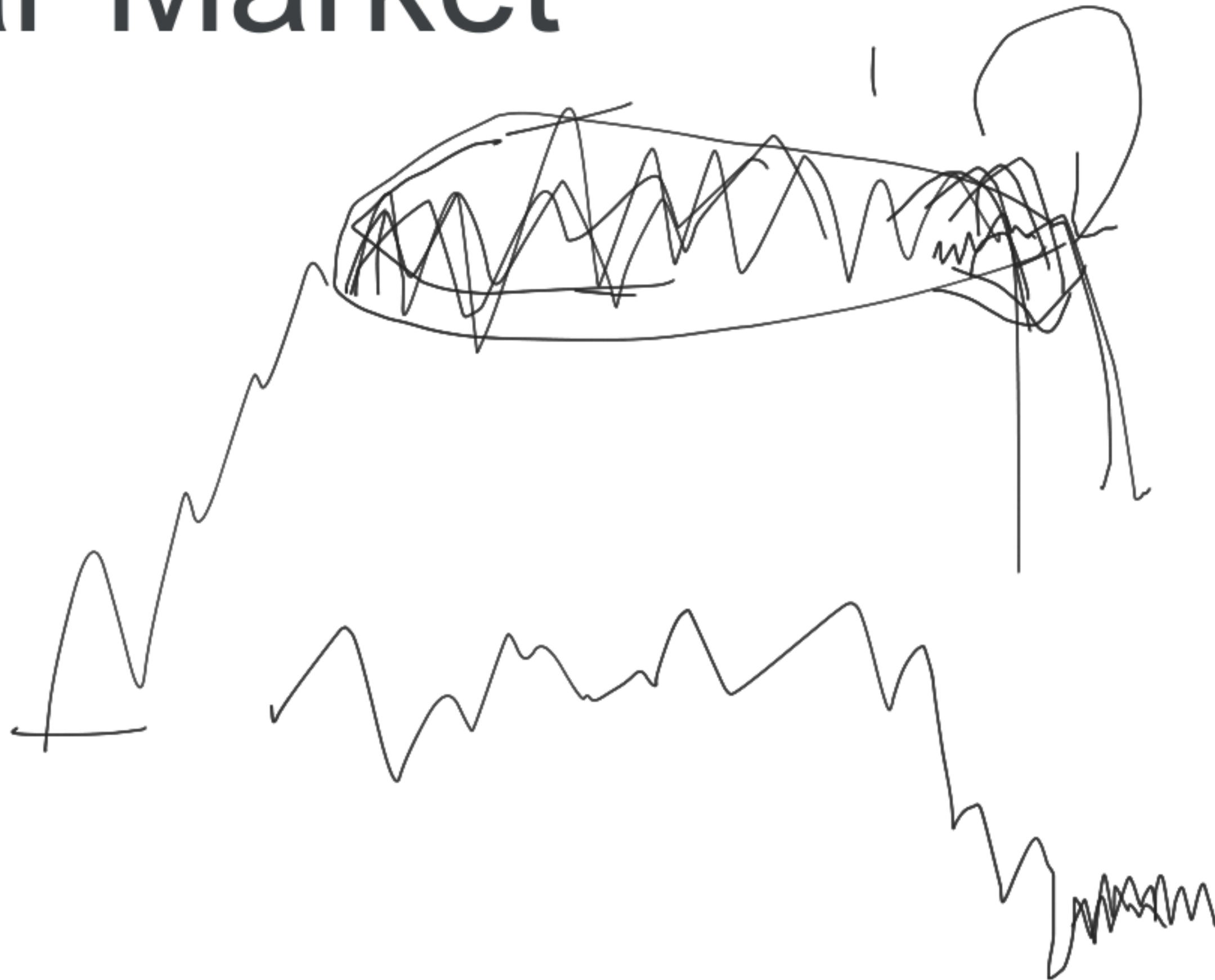
Bear Market

The primary Bear trend consist of three phases.

1.The first phase is known as “Distribution Phase” this is when the farsighted crypto investors sell their coins to the less uninformed public (this is also known as tops).

2.The second phase in a bear market is known as “The panic Phase” here buying tend to decrease and dry up while selling becomes more urgent, this leads to prices forcing a downward trend as the prices accelerate on a mounting volume due to panic selling by the general public.

3.The third phase is called “Secondary recovery Phase” the prices here enters a fairy long period of sideways movement. The public news begins to deteriorate and prices resume their decline but less rapidly than before. Finally the bear market is said to end when everything that has to do with crypto and bad news has possibly been discounted.





Never Wins Anything Great Achieved Without Struggle

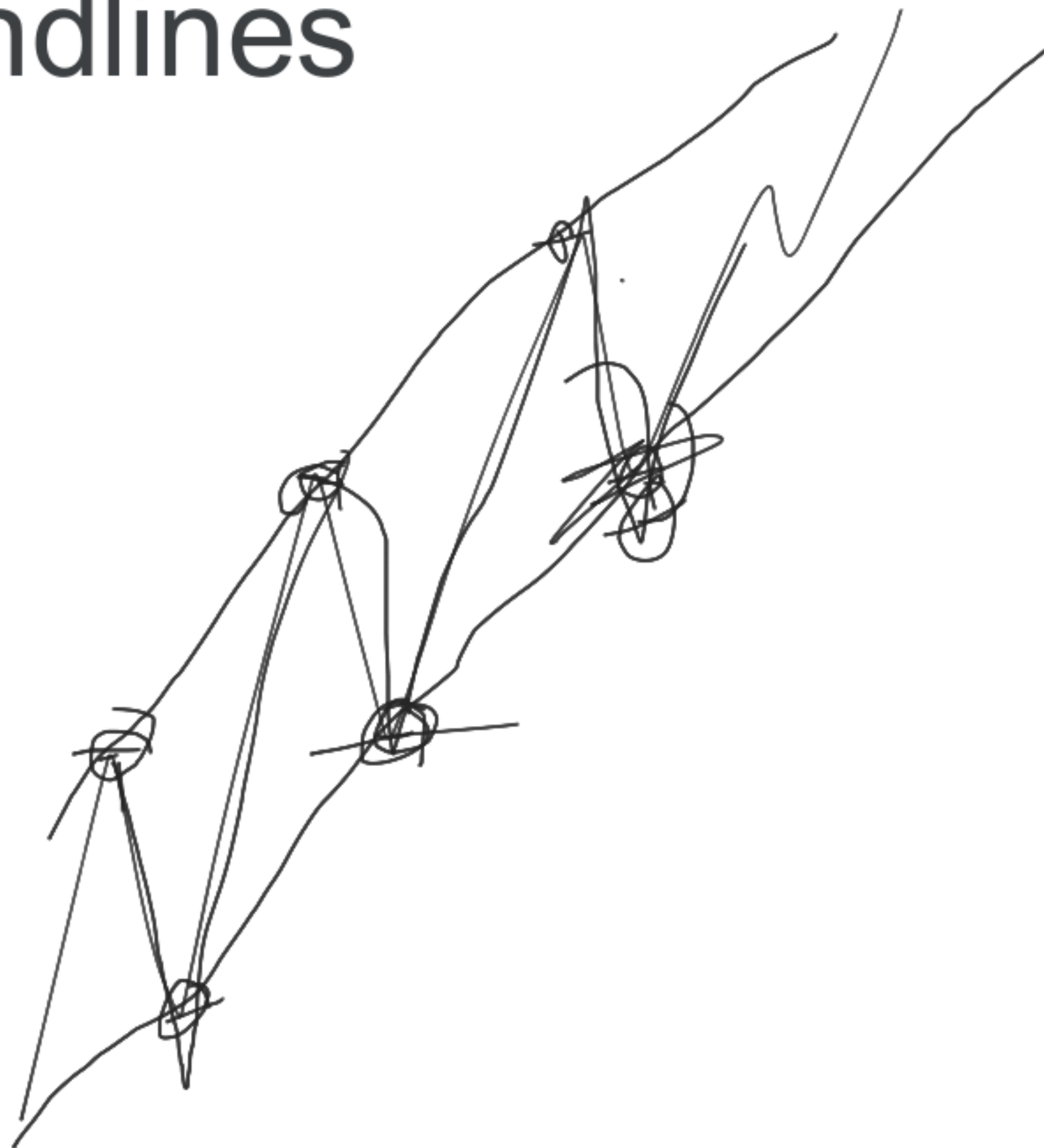
Trendlines

Trendlines will help you better determine what trend is in force. If we are to pick a ruler or a line on your chart tools and use it to connect any two lows on a given cryptocurrency price chart, the line you just draw connecting the two lows is what is known as a trendline.

If a market is moving up, you draw a line connecting each successively higher bottoms as long as the market remains on or above this line, the uptrend is in force and conversely, in a downtrend, you will draw a line connecting each successive lower top. As long as prices remain below the line, the downturn is still in force.

We have trendlines and we also have significant or important particular trendlines among all the trendlines.

Knowing the difference is very important as a significant trendline will be touched at least 3 times or more before it breaks. These are the lines that should be your major signal that sets off your sirens then they get violated because the break of a significant trendline signals a change in trend's direction. A break below an advancing trendline is bearish and a negative signal to exit a Buy position trade while a break above a declining trendline signals is bullish.





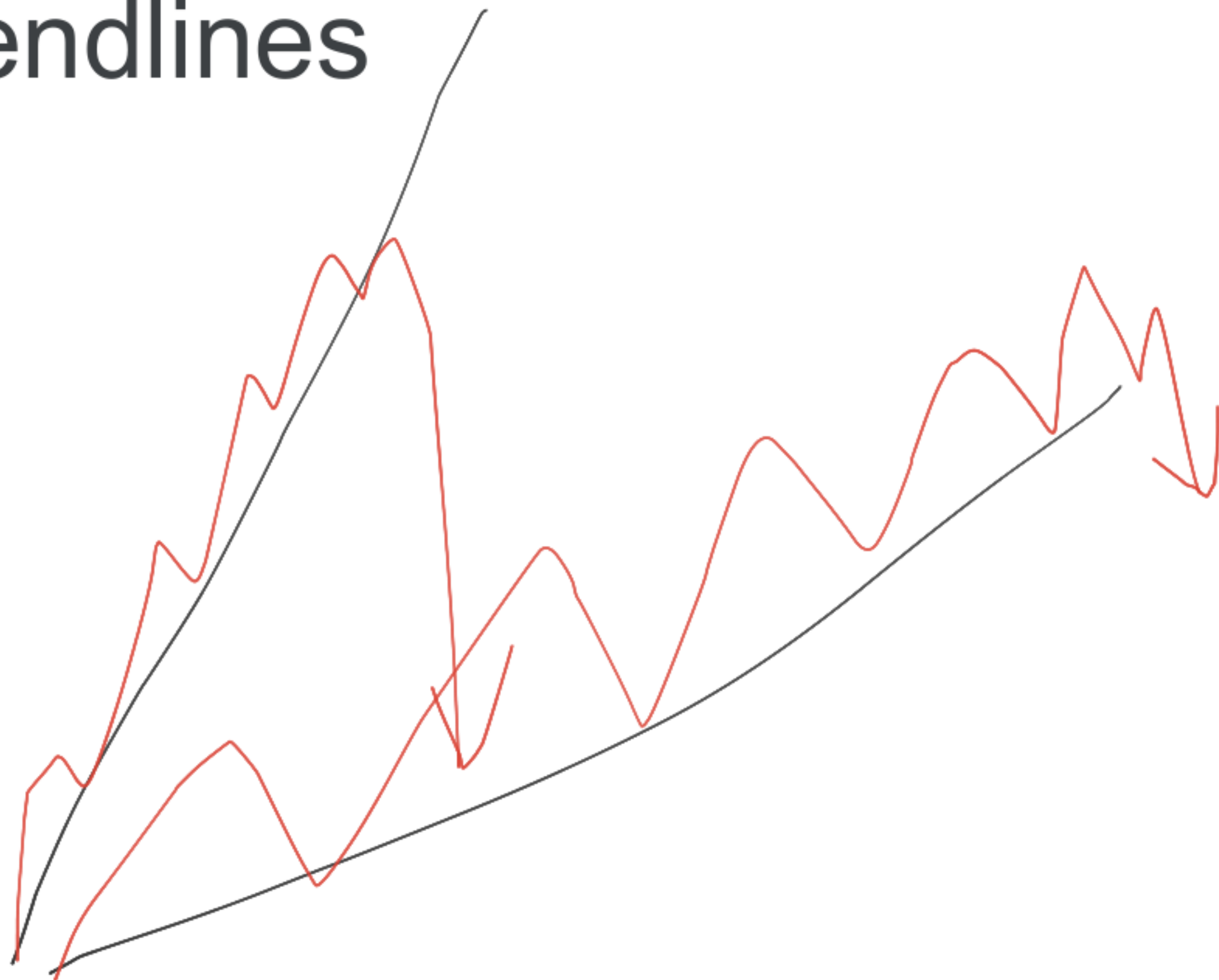
Never Miss Anything Great Without Bitcoin

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Trendlines

it's is important to remember that in an uptrend when using a trendline, that the greater the slope of a given trendline is , the less meaningful the break will be. meaning that if you end up with a steep advancing trendline, a break below it may merely mean that a coin is now going to up at a slower rate of advance as its prior rate of advance was not suitably enough to sustain it

Likewise in a downtrend the steeper the angle of decent of a decline trendline is, the less likely bullish it will turn out to be when it overcomes the declining trendline. All it may mean is that the coins is now probably going to decline at a slower rate of descent.

However when an advancing trendline on uptrend is more horizontal or closer to horizontal, the breakdown of that trendline is said to be more bearish, conversely a break of a decline horizontal or closer to horizontal trendline on a downtrend is said to be more bullish



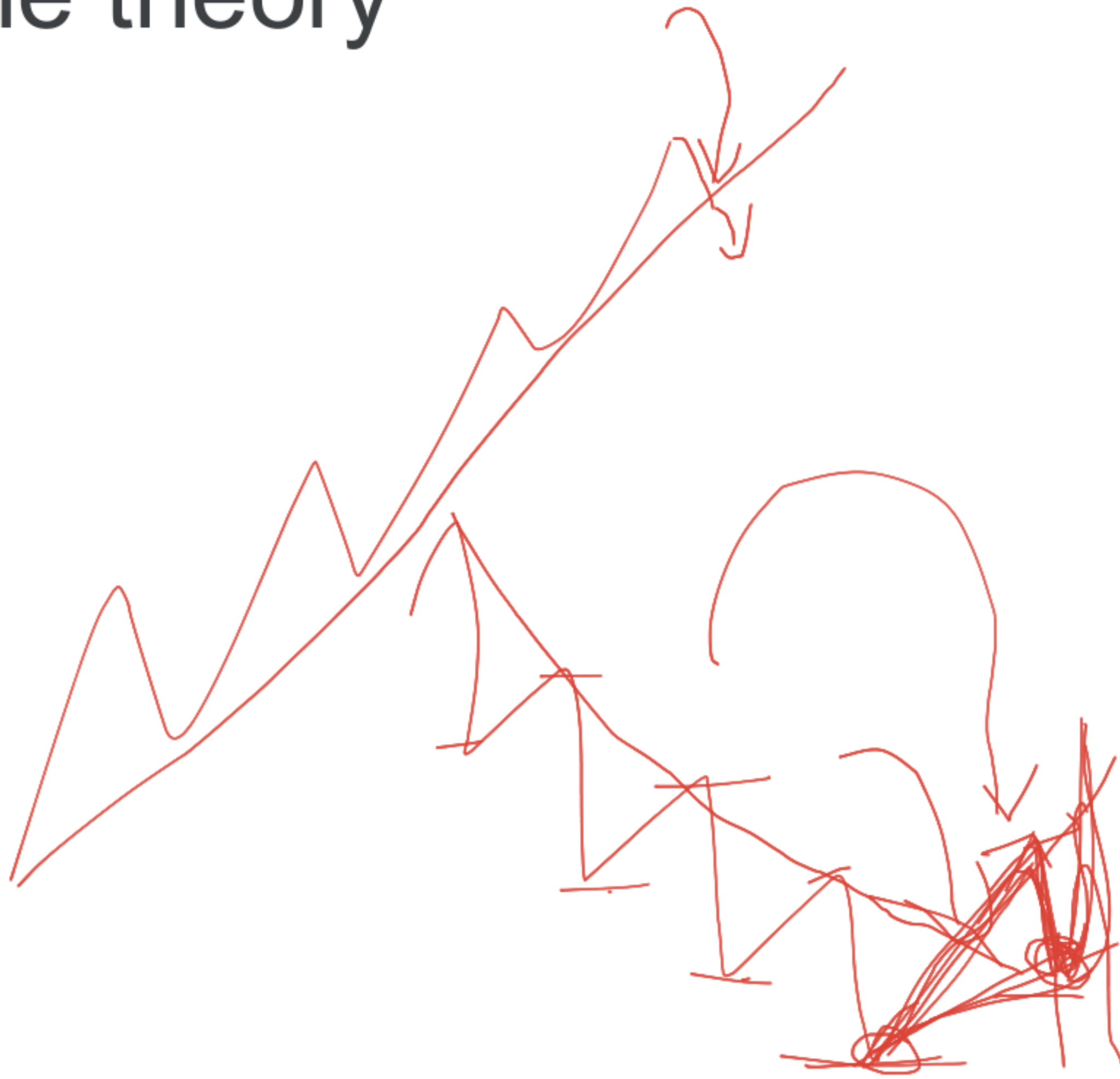
Never Win Anything Great Without Losing

Trendline theory

Trendline theories states that ones a trendline is penetrated, the trend which was previously in force will likely be reversed. i.e if an uptrend trendline is penetrated, it is a signal to sell and if a downtrend trendline is penetrated its a signal to buy.

But then what about a situation when a downtrend trendline has just been decisively broken and should you now believe that a new uptrend has started?

A trendline must meet a minimum of two touches to be trusted. You must wait before taking a buy decision, should not draw a trendline yet until prices move higher for about a week and then reacts and dip downwards and later starts moving higher again. this will give you a second higher bottom to which you can now connect to the first bottom to form an uptrend line you can trust.





Never Win Anything Great, Achieve It With Us!

Trendlines

if the prices after moving higher reacts and dip downwards and form a third higher bottom on the trendline, the trendline then becomes more Valid. we then say that the trendline has been successfully tested and held. and the longer this trendlines hold the stronger the trendline but after the fifth touch its likely to become weaker and easily susceptible to breaking.

In summary, here are factors to consider when weighing the validity of a trendline

The number of lows or bottom it has connected or the number of highs or tops is has connected or formed near the trendline

The overall duration of the trendline
the steepness of the angle created by the trendline





Never Win Anything Great Without Losing

But what if the market advances and then dips to form a third bottom or low but this time it formed way above our trendline, Now where can we say is the real trend?

Well we may have to wait until the fourth low or bottom is formed before we know for sure but until then , it would be a good idea to draw in two trendlines as in form of A and B

FAN LINES

Fan lines come in the form of a multiple trendlines. here this is formed when a market reacts and dips sharply, creating a steep downtrend trendline but often times this trendline will get broken by a sharp rally that at which point will require a new trendline to be drawn. at a later date, this second downtrend trendline is also broken by a rally and another third trendline will need to be drawn. Such lines are known as "Fan Lines"

The Fan lines can help you know when the trend has change as the Fan line rules implies that when the third drawn line get broken, it means the trend has changed. This rule can be applied in reverse to uptrend meaning that Fan lines occur in both uptrends and downtrends.

FAN LINES





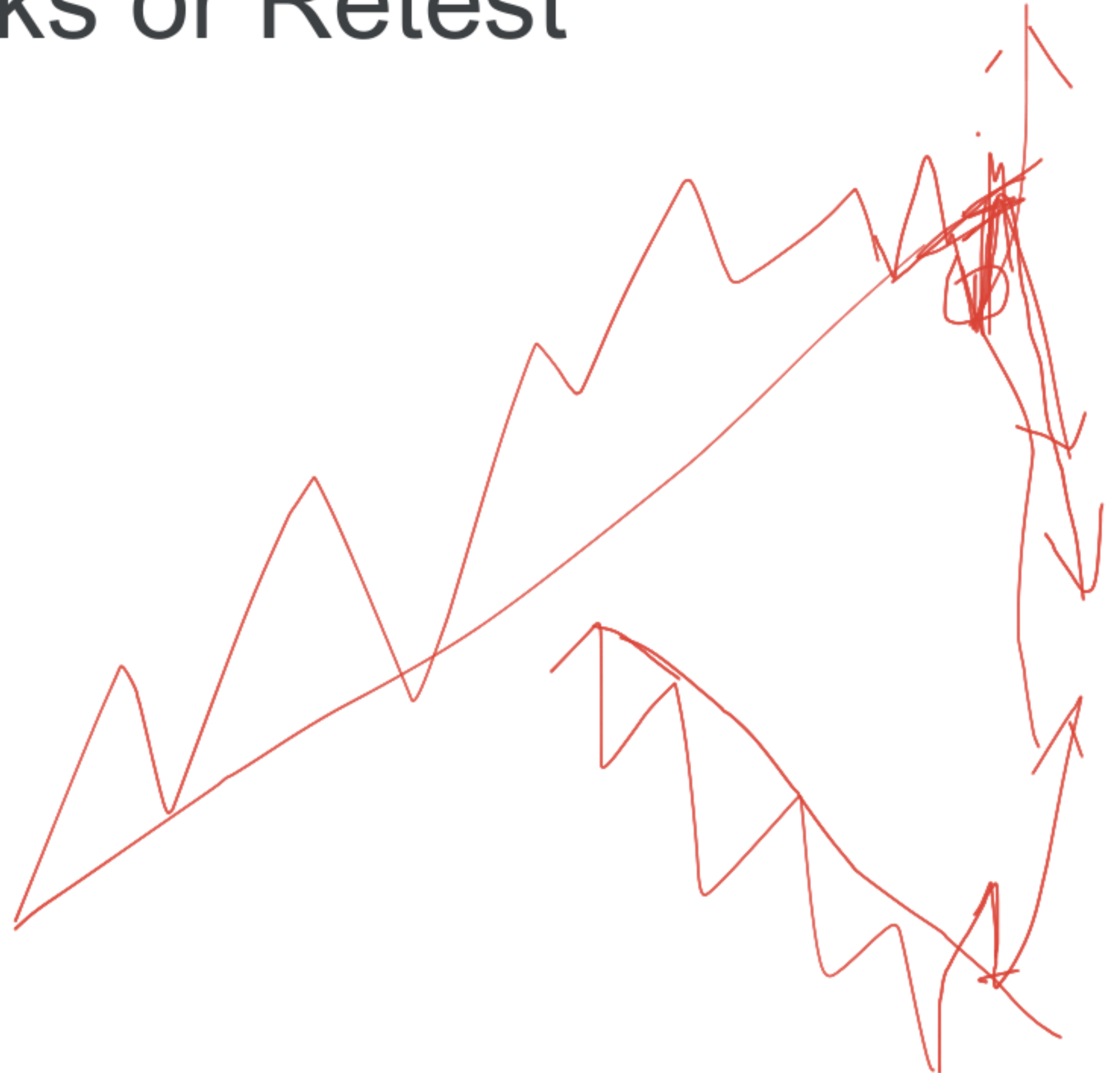
Never Win, Anything Great Achieved Without Struggle

Pull Backs or Retest

Retest also called “ Pullbacks or throwbacks” is a phenomena that often occur after the breaking of a trendline. Interestingly, for an uptrend advancing trendline, prices once the advancing trendline is broken, the decline is likely to continue lower for a few days then it will rally back again to the broken trendline that was broken before finally the prices will continue its decline and move even lower. conversely the reverse will be the case when a downtrend decline trendline is broken.

This can be a perfect way to take profit or exit any trade. I normally recommend selling half of your coin position on an advancing trendline break and the other half on the retest of the breakdown.

One problem with pullbacks and retest is that sometimes they never materialize and you wind up selling short at much lower levels or you end up missing the move entirely.





How to know Valid Trendline Penetration

But how do you differentiate a valid trendline penetration from a stop loss hunt(false penetration)?

Normally, a penetration of an advancing trendline is clear signal to sell or exit a buy position, and a penetration of a declining downtrend trendline is also a clear signal to Buy but often times it is not always simple as we see in practical charts that sometimes prices do return after one or two candles only to continue the move in the previous direction before the penetration, this is known as false penetration or stop loss hunt often caused by institutional traders and market makers to filter out weak hands before the move continues.

Here are few questions to ask yourself when you see a trendline break occur to easily help you validate if you can trust penetration of the trendline by price.

When the penetration occurred was the body of the candle that penetrated the trendline small or big? if it turns out that the penetration candle is small in form of a doji, spinning top, hammer or inverted. if so, it remains suspect and we must look at more factors for further clarification.

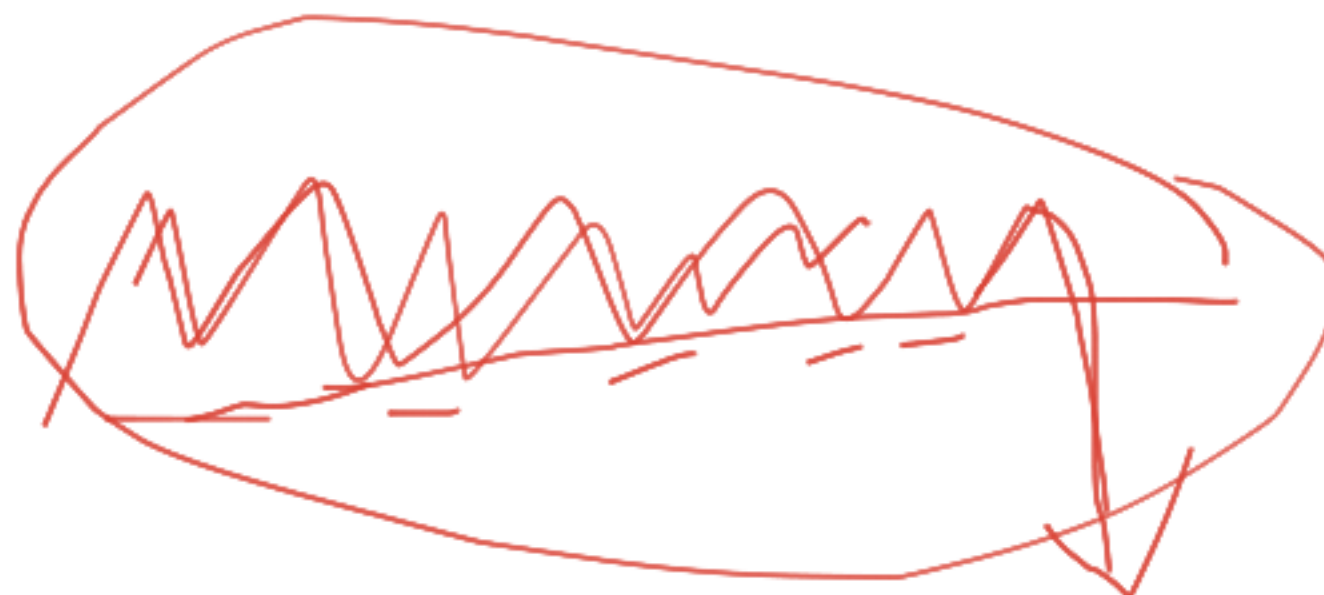
Did the price close below the trendline(the candle that broke the trendline did it close below the trend line) or did it break the trendline only for the price to pullback and close above the trendline leaving you with just the wick or tail that penetrated the line? for a valid advancing trendline penetration, the candlestick that penetrated the trendline must close below the trendline and conversely, the same is the case with declining trendline penetration candlestick.



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Was the break of the trendline accompanied by any reversal pattern? if so this will give more validity to the change of trend direction.

Did the penetration occur after several days of trading range or sideways price movement? if so this likely a test of the trendline than a true break of it so I recommend waiting for further movement of price up or down to conclude.



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