

MC Fractal Studies ©

Innovative Technical Analysis

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"Buy Low - Sell High" Advanced Trading Strategies for Experienced Traders and Sophisticated Investors

Buy Low – Sell High

One of the best way to make profits trading the markets is to Buy Low, and Sell High. MC Fractal Studies © can help you in understand when and where to buy and sell the market, in order to increase your chances to make a profit from trading.

The Main Rules

When we approach a "Buy Low – Sell High" way of trading, there are a few general rules that we should follow in order to keep us on the profitable side of trading:

1. Always go in the direction of the big trends.
2. Buy Low during the uptrends, Sell High during the downtrends.

The "Buy Low – Sell High" Trading Strategy

As we already should know by now, market don't move from point A to point B in a straight line. Movements (trends) are composed by Directional Waves (in the direction of the trend), and Counter-Directional Waves (retraces, in the opposite direction of the main trend).

The ideal situation we want to exploit is open our trading positions during a retrace, and take our profits after the main trend is resumed, when prices goes above/below the previous extreme historical prices of such particular trend.

Let's now give a detailed look to retraces, what they are, how to spot them.

Retraces

Retraces happen when price move in the opposite direction of the active trend.

There are various reasons of why this happen, it can be due to profit/taking, or market participants trying to "pick a top/bottom", the dynamics of the markets are so vast and unknown (it is impossible to know who buy or sell the market, and for what reason), and we don't really care anyway.

What we do care about, is how to take advantage of such situations, for our personal profit.

Below an image of a Chart (Usd/Jpy, 60Minutes):



In this basic image we can clearly see an UpTrend (market going up).

Our MC Indicator (MC Market Structure Oscillator) show us all the technical retraces within such UpTrend.

By following our rule number 1 (Always trade in the direction of the trend), we would look for buy opportunities only.

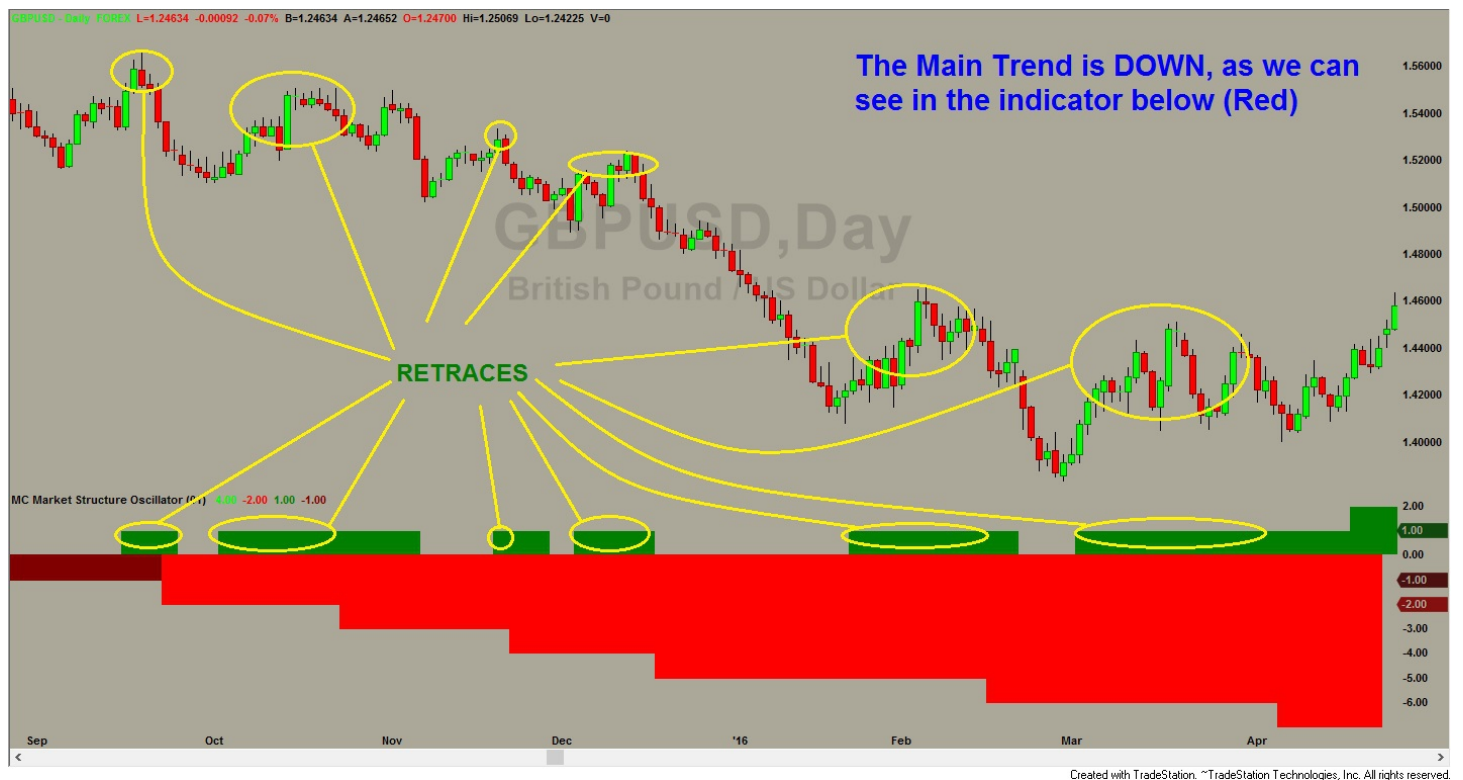
Our rule number 2 (**Buy Low during the uptrend**, Sell High during the downtrends) tell us that we need to buy "low".

As you can guess, the lowest prices that market offer us can be found during retraces.

In other words, we would look to Buy the market during retraces.

In the next page, a look to retraces during a Down Trend.

Below an image of a Chart (Gbp/Usd Daily):



As we can guess, the image above show a DownTrend.

Again, market don't move in a straight line, in fact it alternate Directional Waves (in the trend direction, down) with Counter-Directional Waves (against the trend direction).

Our MC Indicator show us these Waves against the trend, or we can call them, Retraces.

By remembering our rules number 1 and 2, it is clear that we would look to Sell during these retraces.

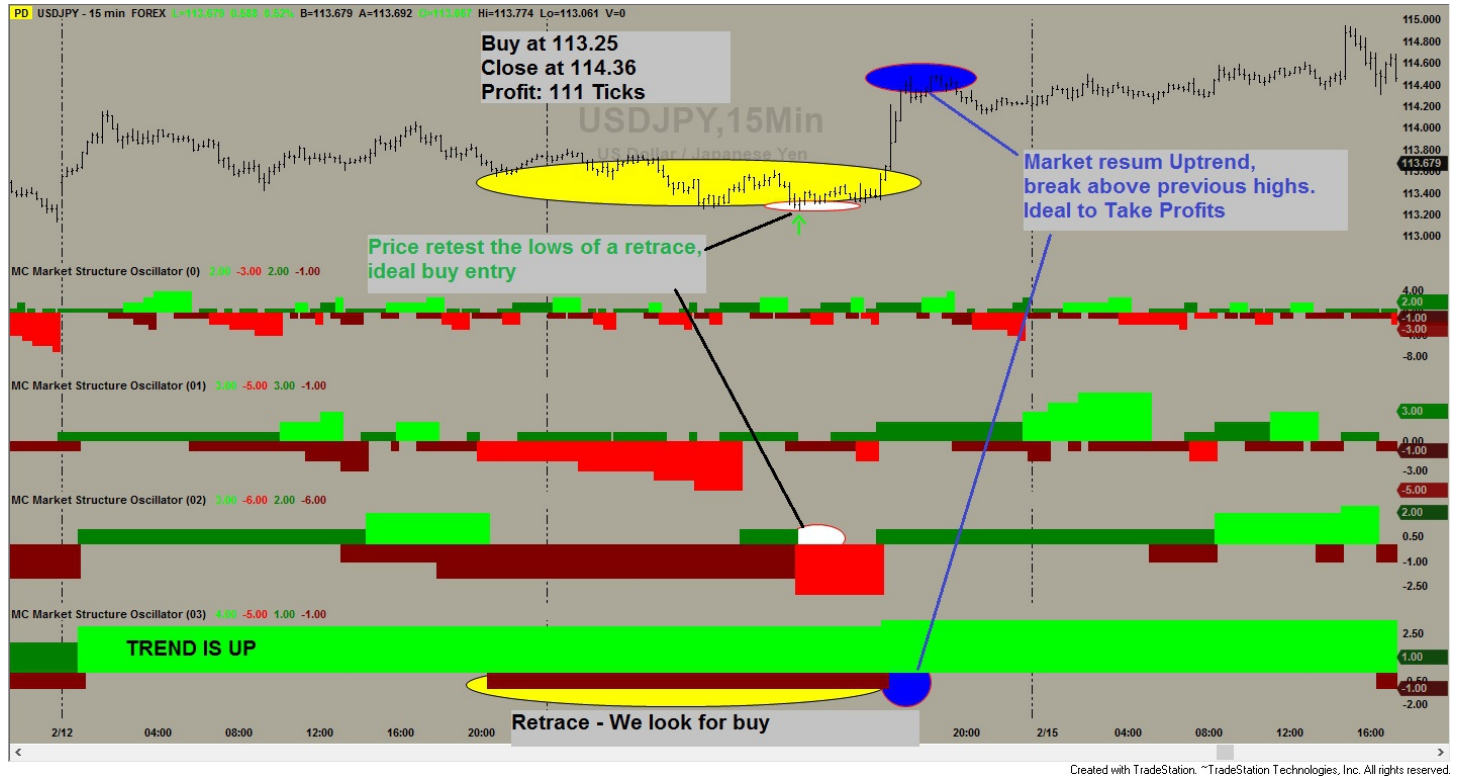
Getting Technical

This can already be enough to have a general idea of when/where to buy and when/where to sell.

However, it's time to dive in this Fractal Studies "Rabbit Hole" and see how deep it can be.

In the next page we will see a retrace in bigger details, and we will also try to spot the best points for buy (as low as possible) and sell (as high as possible).

Usd/Jpy 15Minutes Chart:



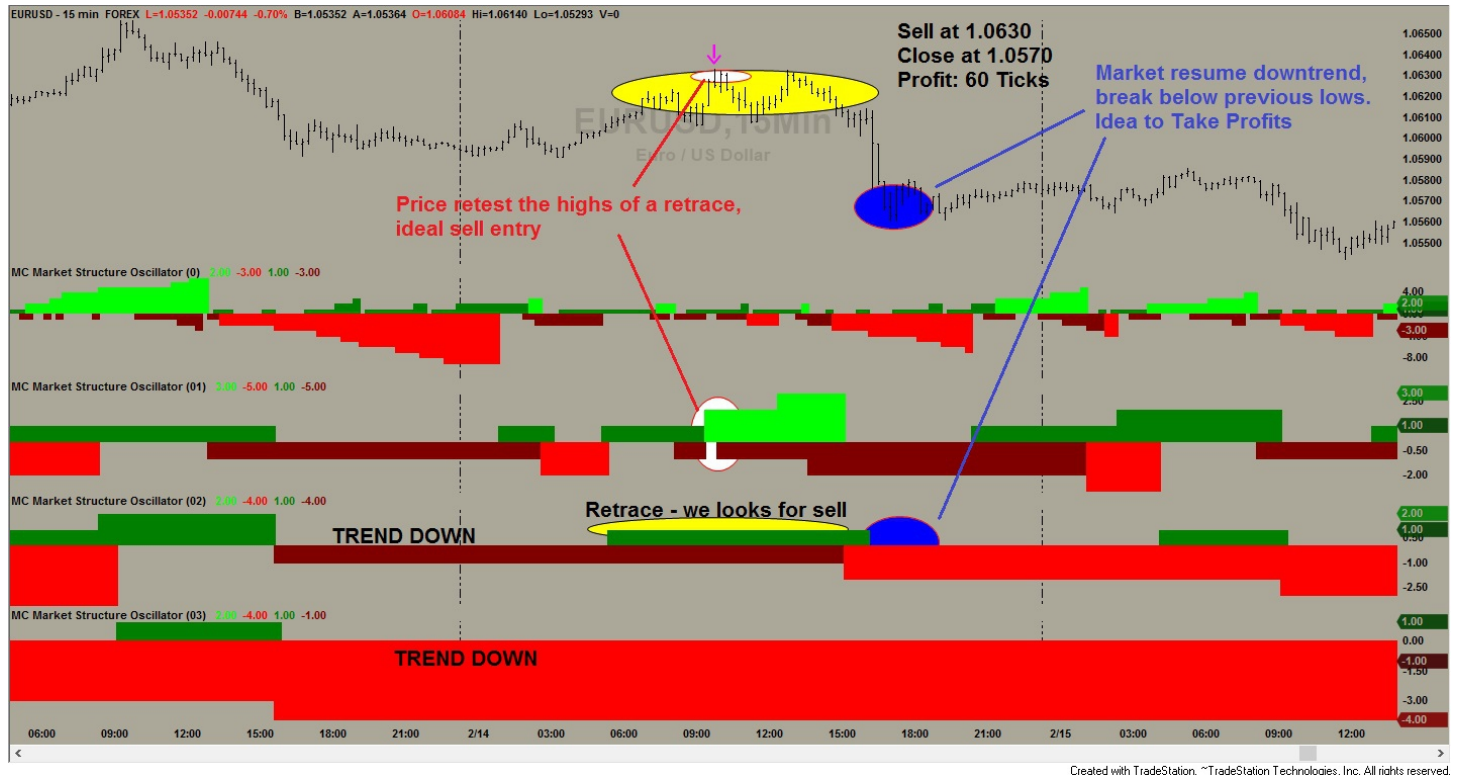
The image above can look scary, but let's explain it step by step:

1. We give a look to the bottom indicator, as we can see, it is showing us an Up Trend.
2. As per rules, we would look to buy in the retrace (yellow circle).
3. We can see that while the bigger trend is Up, the smaller trends are mostly down during the retrace.
4. During the retrace, the downtrend of the second MC Indicator is going well, until it finish.
5. At this point we would expect market to move higher, but instead it go down to retest the lows of the retrace (presumably stopping out early buyers).
6. At this point, we would open our Buy Position, just at the very bottom of the retrace.
7. Market then will resume the bigger UpTrend, going all way up above the previous extreme highs (blue circle).
8. That would be a nice place to take our profits.

This is what "Buy Low – Sell High" literally is.

On the next page we will see an example of a "Sell High" during a DownTrend.

Eur/Usd 15Minutes Chart:



Again, step by step:

1. Trend is Down on the third indicator (that is the one is offering us a retrace).
2. The fact that the bigger trend (bottom indicator) is down too is just a plus for us.
3. Retrace phase begin, trend on the smaller indicators is up but not particularly strong or powerful.
4. After a retrace (within the bigger retrace), price retest the previous highs of the retrace.
5. That is a good place for us to open our Sell Position, as we know that the bigger trend is Down and it will eventually resume soon.
6. Market then resume the downtrend, moving below the previous extreme lows (blue circle).
7. That is a nice place to take our profits.

Again, we have "Sold High – Bought Low".

While this trading style can be adopted in our Intraday trading (as shown in the examples above), there is no reason why it could not be adopted in Swing-Trading or Long-Term trading too.

In the next page an example of medium-long term trading using a daily chart.

Usd/Cad Daily Chart:



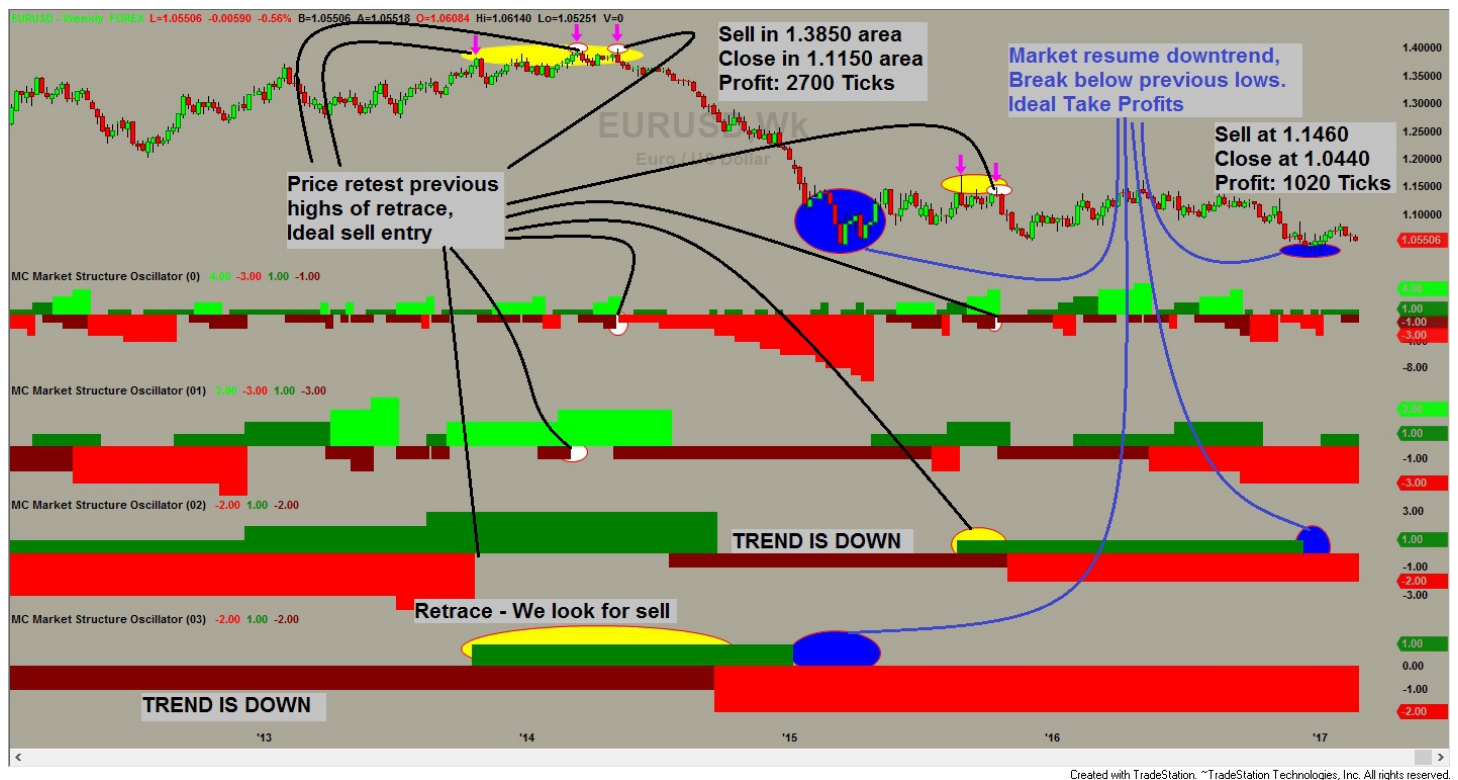
1. Trend is Up.
2. Market offer us a retrace, on the third MC Indicator.
3. Downtrends on the smaller (above) MC Indicators aren't strong at all.
4. Price retest the lows of our retrace, perfect buy.
5. 2 Months later we can collect our profits as price breaks above the extreme highs of the major trend.

Of course if a trend is going well and it's showing us to be powerful and strong, we can as well decide to not take our profits on the break of the previous extreme highs/lows, but instead we can decide to let our position run as long as we want.

This does really depend on the strenght and the overall multifractal structure of the market we are trading, if a trend is not strong and lack in momentum, or if for various reasons it just doesn't looks powerful enough, taking profits on the break of previous extremes can be the best idea.

In the next page, even more Long-Term trading examples!

Eur/Usd Weekly Chart:



In this image, 2 sets of trades examples.

1. Trend is Down, as shown by our MC Indicators.
2. Retrace begin, at the end of 2013.
3. Uptrend within such retrace is not powerful, a lot of choppy and 3 retest of the highs of such retrace, each of one being rejected.
4. We would like to accumulate our positions on the test/break of such highs of course.
5. One year later, the market is down more than 3000 Ticks (thanks Draghi).
6. We would like to take our profits after market break the previous extreme lows (we would let it run a week or two more as the momentum is extreme).

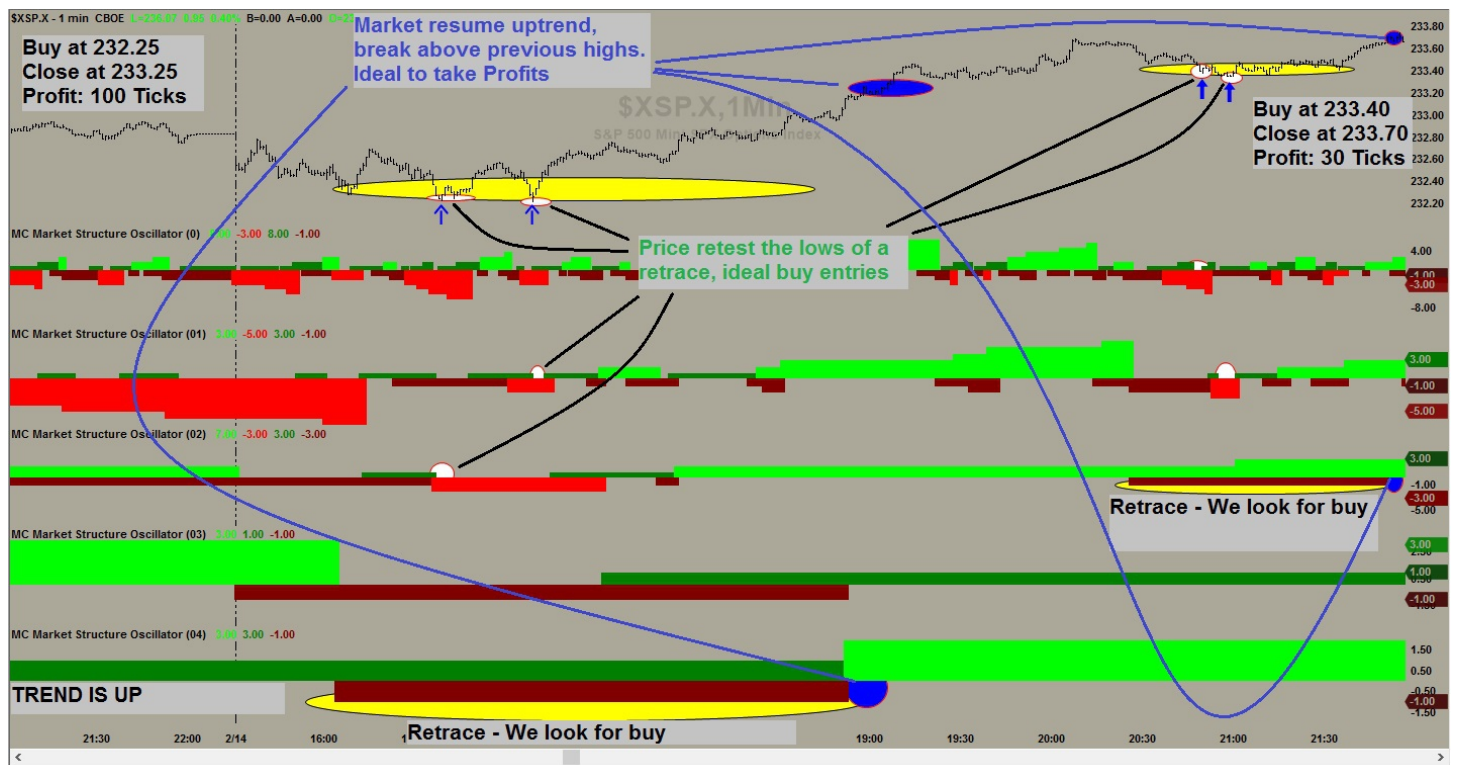
Then a new trade:

1. After our initial trades are finished, market offer us another interesting retrace on the third MC Indicator.
2. We sell on the retest of highs as shown in the first MC Indicator.
3. We could also have sold already at the very beginning of the retrace, as such high was a previous high of a previous retrace on the second MC Indicator (?? ok nevermind).
4. After more than a year, finally market get below the previous extreme lows, take profit area for us.

As we can see, the dynamics that are present in our intraday charts, are the very same dynamics present in the daily and weekly (even monthly) charts.

This thanks to the Fractal Geometry of charts.

S&P 500 Mini SPX Options Index – 1 Minute Chart:



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1. We got an Uptrend on the Bigger MC Indicator (The one at the bottom).
2. Market enter in retrace mode of such trend.
3. Price retest lows, 2 times.
4. We can buy at that retests.
5. A few hours later market is again above the previous extreme highs of the "big" trend.
6. We can take our profits.

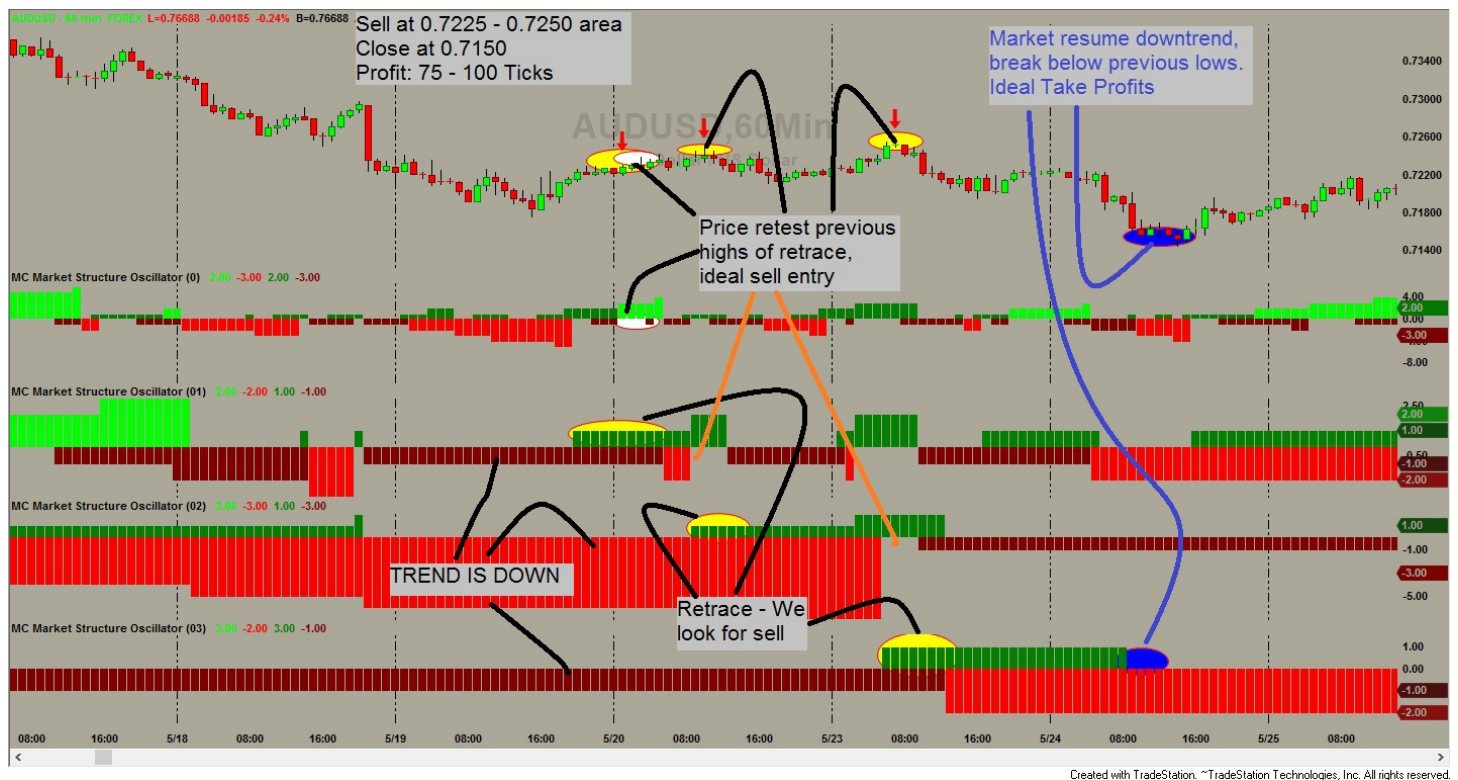
Then, another small trade opportunity:

1. Retrace on the third MC Indicator.
2. Market retest the lows 2 times, again 2 "buy low" opportunities.
3. Within an hour we can take our small profits as price break the previous extreme highs of the trend.

In the next page, a down trend that is losing momentum, and selling his retraces don't work out as expected.

Or: Why it is always a good idea to trade in the direction of the bigger trends.

Aud/Usd 60Minutes Chart:



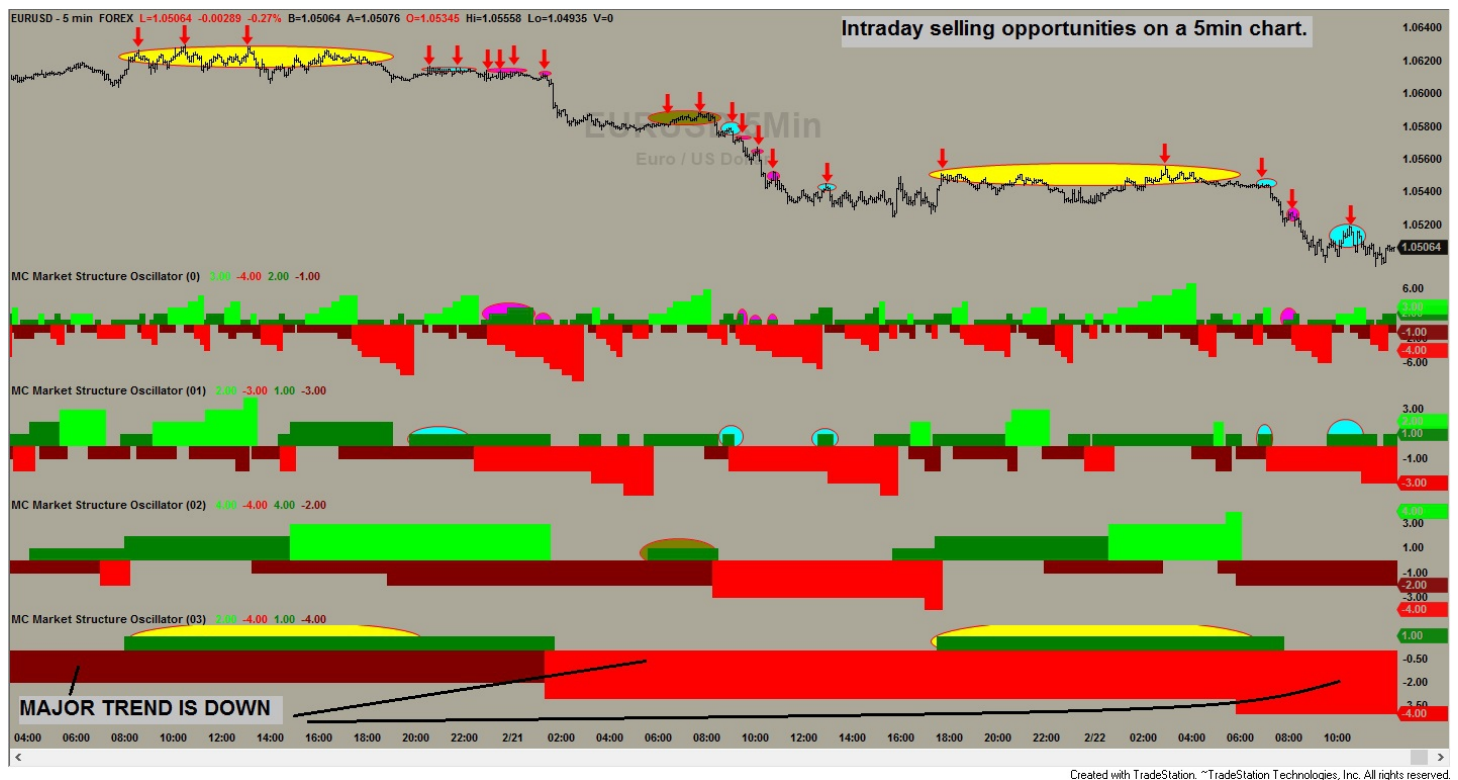
In the image above:

1. The trend in the bottom MC Indicator is Down.
2. The trend in the third indicator (the second from bottom) is also Down, but it is quite old..
3. The trend in the second indicator is also down, and very new.
4. We look for sell the retrace of the second MC Indicator.
5. As per strategy, we sell at the retest of the previous highs within such retrace.
6. The market downtrend (as stated on point 2 of this small list) is however quite old and tired.. losing momentum!
7. Market isn't able to get back to the extreme lows.
8. A new retrace on the third MC Indicator start, another sell opportunity for us.
9. Market fail again to get back to the extreme lows.
10. The old and tired downtrend of the third MC Indicator finish.
11. This means a new retrace on the fresh downtrend of the bigger MC Indicator (the one at the bottom)
12. This is another sell opportunity!
13. The day after, market is below the extreme lows of the big trend, take profits opportunity for us.

As we can see, regardless of our imprudence in selling a retrace(s) of an old trend lacking momentum, we was still able to make a profit thanks to the fact that the bigger trend was still fresh and new.

In the next page, multiple intraday trading opportunities in a common trading day.

Eur/Usd 5Minutes Chart:



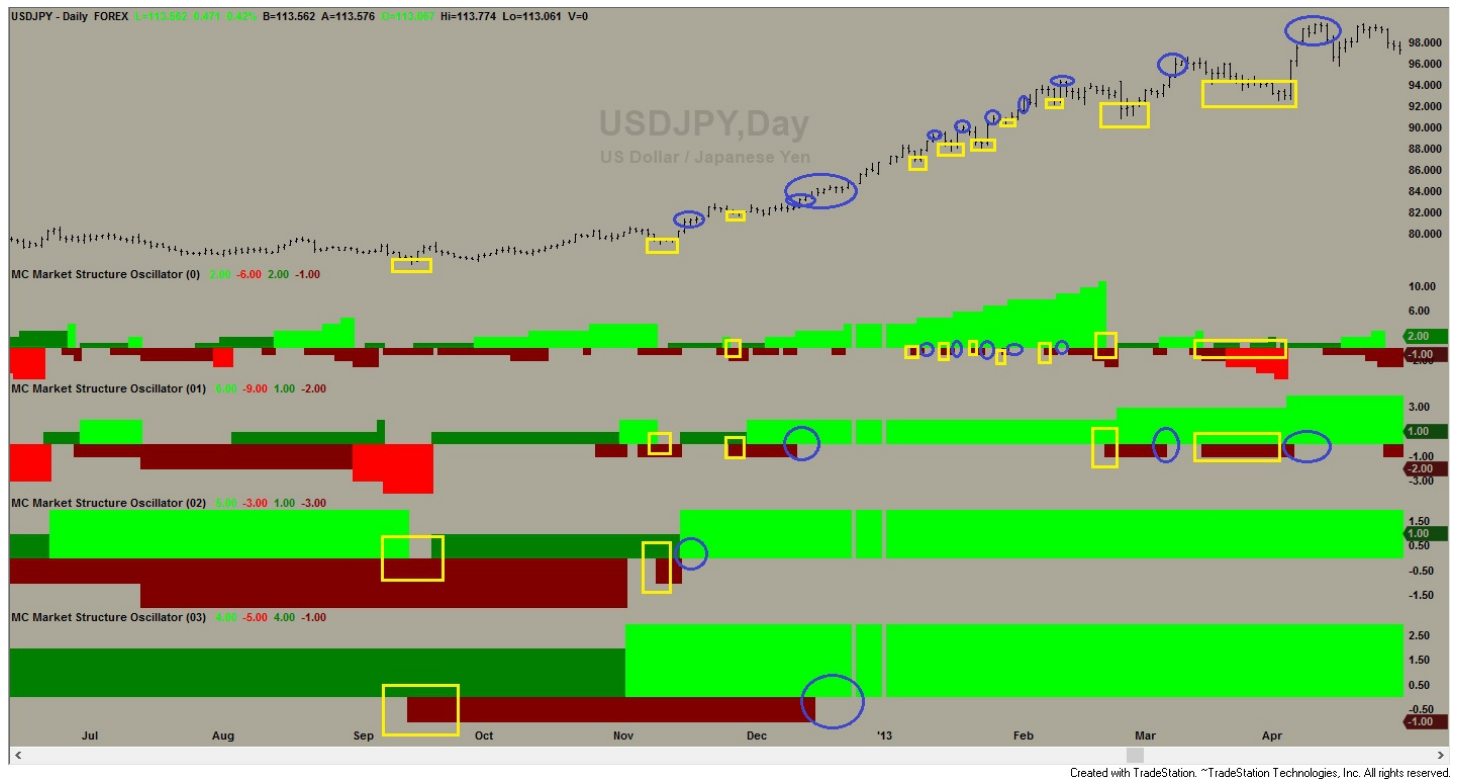
In this image we can see different retraces of different "Multi-Fractal" Trends:

1. Yellow circles show selling opportunities of retraces of the Bigger MC Indicator (bottom one).
2. Olive-Green circles show selling opportunities of the third MC Indicator.
3. Light-Blue circles show selling opportunities of the second MC Indicator.
4. Violet circles show selling opportunities of the first MC Indicator.

We can see multiple trading opportunities on a normal trading day, as long as we go with the big trend (Rule number 1) we are on the good side of trading.

In the next and last page, a look at the Daily Chart of Usd/Jpy, what a nice trend!

Usd/Jpy Daily Chart:



Again, multiple buy opportunities on 2012-2013 for the Usd/Jpy Daily Chart.

I would like to thank you for your attention and your interest in MC Fractal Studies ©.

The Trading Strategy described in this paper has been actively (everyday) used from the author for more than 5 years with good success.

Nevertheless, you remain responsible for your trading activity and its results.

You are invited to also read the other MC Fractal Studies Papers in the **Education** section of our website at <https://mcfractalstudies.com/education/>

Have a good trading!

Disclaimer

- Success in trading is not guaranteed
- It is advisable to not keep too many bars in your chart, as this may impact the performance of your Trading Platform (depending on what CPU you have, how much RAM memory, which Trading Platform you use, etc.). We suggest to keep not more than 5000 bars in your charts.
- The developer of this indicator has made good efforts to produce a quality product, however the developer is not liable should importing and inserting this indicator impact the performance or utility of the customer's Trading Platform.

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