

How to Trade with Support and Resistance?

Trading without plan will be very DANGEROUS and can wipe out the capital from your accounts.

Many times you might see that there was some stocks which was going up, all of a sudden will come down drastically down. If you are trading in futures your positions get squared off due to margin shortage. It will happen in the reverse manner also. The stock which was coming down, all of sudden will start going up all of a sudden. You might get stuck at these places and get your capital wiped off.

If you study technical analysis, then you will understand why does this happen. This happens due to support and resistance.

Support is an area where demand is more than supply and hence will take the stock up.

Resistance is an area where supply is more than demand and hence will take the stock down.

These are all very important levels and are the place where you can create positions to make good profits. These are place where market may change direction or continue in the same direction. The risk:reward ratio here will be very good and you can initiate positions and make profits here.

Previous days low, Weekly low, Fibonacci retracement levels etc will be good support points.

Previous days high, Weekly high, Fibonacci retracement levels etc will be good resistance points.

When a resistance is broken, the resistance will become support and similarly viceversa.

Best strategy will be to go LONG at support levels and go SHORT at resistance levels. Ensure you keep stop loss while trading. Only looking at support and resistance will not help you. You will have to study the overall market, chart pattern of the stock and strictly trade with stop loss. If you need expert advice in stock trading or managing portfolio, email me at nsebestocktradingcalls@gmail.com

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