



Swing Trading Strategy for Steady Profits

WITH THIS STRATEGY YOU WILL LEARN AN
UNCOMPLICATED APPROACH THAT WILL
GENERATE FAST AND SECURE PROFITS

Trading Strategy Guides.com

Swing Trading Strategies that Work

Jesse Livermore, one of the greatest traders who ever lived once said that the big money is made in the big swings of the market. In this regard, Livermore successfully applied swing trading strategies that work and which helped him achieve amazing financial results. The simple swing trading strategy is a market strategy where the trades are held more than a single day, usually between 3 days and 3 weeks.

Our team at **Trading Strategy Guides** has already written about other swing trading strategies that work like the [Harmonic Pattern Trading Strategy- Easy Step By Step Guide](#) or the [MACD Trend Following Strategy- Simple to learn Trading Strategy](#) which is one of the most popular strategies ever posted at **Trading Strategy Guides**.

This time around, we're going to outline a simple swing trading strategy that is similar to what Jesse Livermore used to trade. Let's also remember that this simple swing trading strategy that Livermore used helped forecast the biggest stock market crash in history, the Wall Street crash of 1929, also known as the Black Tuesday.

By the way, after the 1929 stock market crash Livermore reportedly made \$100 million, which adjusted for inflation is estimated to be about \$1.39 billion today.

Quite a lot of money, wouldn't you say so?

Now...

Before diving into some of the key rules that make up a swing trading strategy that work, let's first examine what are the advantages of using a simple swing trading strategy.

The BIG THREE Indicator Can Win Three Times As Many Trades Than Your Average “Free” Indicator” You See in the Marketplace.- Guaranteed



TAP HERE TO GET YOUR SPECIAL DISCOUNT

- **What are the Advantages of a Simple Swing Trading Strategy**

The main advantage of a simple swing trading strategy is that it offers great risk to reward trading opportunities. In other words, you're going to risk a smaller amount of your account balance for a potentially much bigger profit compared to your risk.



The second benefit of using swing trading strategies that work is that it will eliminate a lot of the intraday noise. You're now going to be trading like the smart money do, which is in the big swing waves.

The last benefit of using a simple swing trading strategy is that you'll not be glued to the screen for the whole day like is the case with any daytrading strategy. A swing trading strategy will work in all markets starting from stocks, commodities, Forex currencies and much more.

Now...

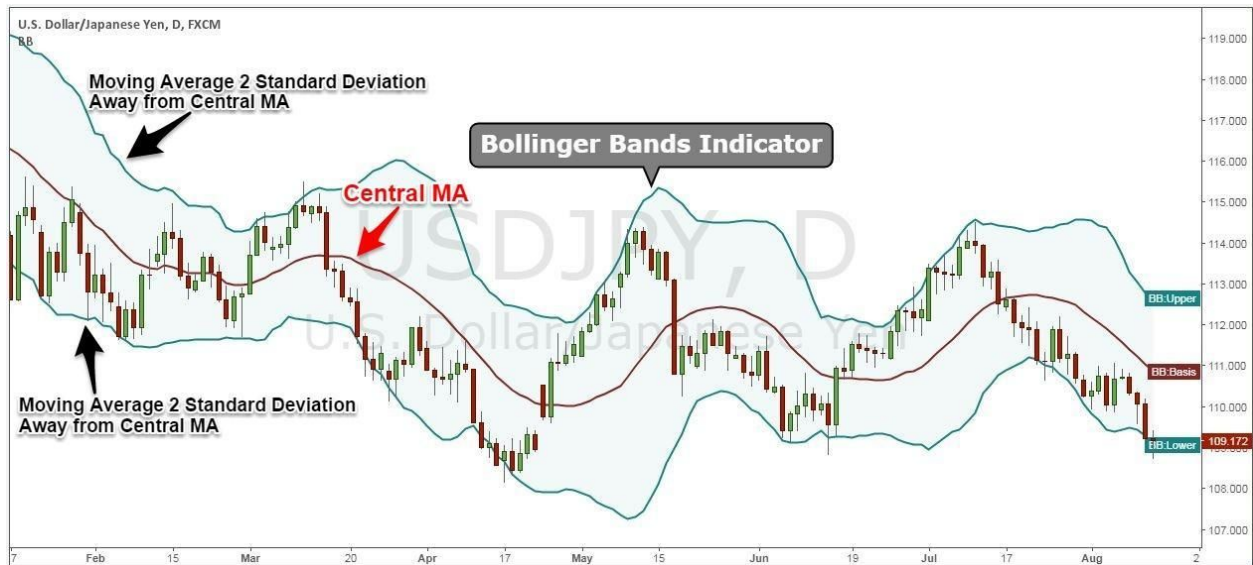
Before we get started, let's look at what indicator you need for the job for the Simple Swing Trading Strategy:

The First and ONLY indicator you need is the:

Bollinger Bands Indicator: Is a technical indicator developed by John Bollinger designed not only to spot overbought and oversold territory in the markets but it also gauges the market volatility.

This swing trading indicator is composed of 3 moving averages:

- The central moving average, which is a simple moving average.
- And then on both sides of these simple moving averages are plotted two other moving averages at a distance of 2 standard deviations away from the central moving average.



The figure above should give you a good representation of how the Bollinger Bands look like. Most trading platforms come with this indicator in their default list of indicators.

If you're interested to explore more how one can profit from this amazing indicator - Bollinger Bands – look no further than our [Bollinger Bands Bounce Trading Strategy](#)

The preferred setting for the swing trading indicator Bollinger Bands indicator are the default settings because it makes our signals more meaningful. We reached this conclusion after testing the strategy based on several inputs.

Now, let's move forward to the most important part of this article, the trading rules of the swing trading strategy that work.

Before we go any further, we always recommend writing down the trading rules on a piece of paper. This exercise will step up your learning curve and you'll become a swing trader expert in no time.

Let's get started...

Swing Trading Strategy that Work

(Trading Rules – Sell Trade)

Our simple swing trading strategy is really just comprised of two elements. The first element of any swing strategy that works is an entry filter. For our entry filter, we're going to use one of our

favorite swing trading indicators aka the Bollinger Bands. The second element is a price action based method.

Step #1: Wait for the price to touch the Upper Bollinger Band

The first element we want to see for our simple trading strategy is that we need to see price moving into overbought territory. Any swing trading strategy that work should have this element incorporated.



Note* The preferred time frame for this simple swing trading strategy is the 4h time frame, but the strategy can be used on the daily and weekly time frame as well.

Step #2: Wait for the price to Break below the Middle Bollinger Bands

After we touched the upper Bollinger Band, we want to see confirmation that we indeed are in overbought territory and the market is about to reverse. The logical filter, in this case, is to look after a break below the middle Bollinger Band.

This break below middle Bollinger Bands is a clear signal in the shift in market sentiment.



We at Trading Strategy Guides don't trade breakouts without disseminating weather or not there are real buyer/sellers – in our case, sellers – behind the breakout which brings to the next step of our simple swing trading strategy.

Step #3: The Breakout Candle needs to be a Big Bold Candle that closes near the Low Range of the Candlestick ~ Sell at the Close of the Breakout Candle

So far our favorite swing trading indicator has correctly predicted this sell-off, but we're going to use a very simple candlestick based method for our entry trigger. In this regard, we want to see a big bold bearish candle that breaks below the middle Bollinger Band.

The second element of this candlestick based method is that we need the breakout candle to close near the low range of the candlestick. This is indicative of strong sellers, which really want to drive this currency pair much lower.



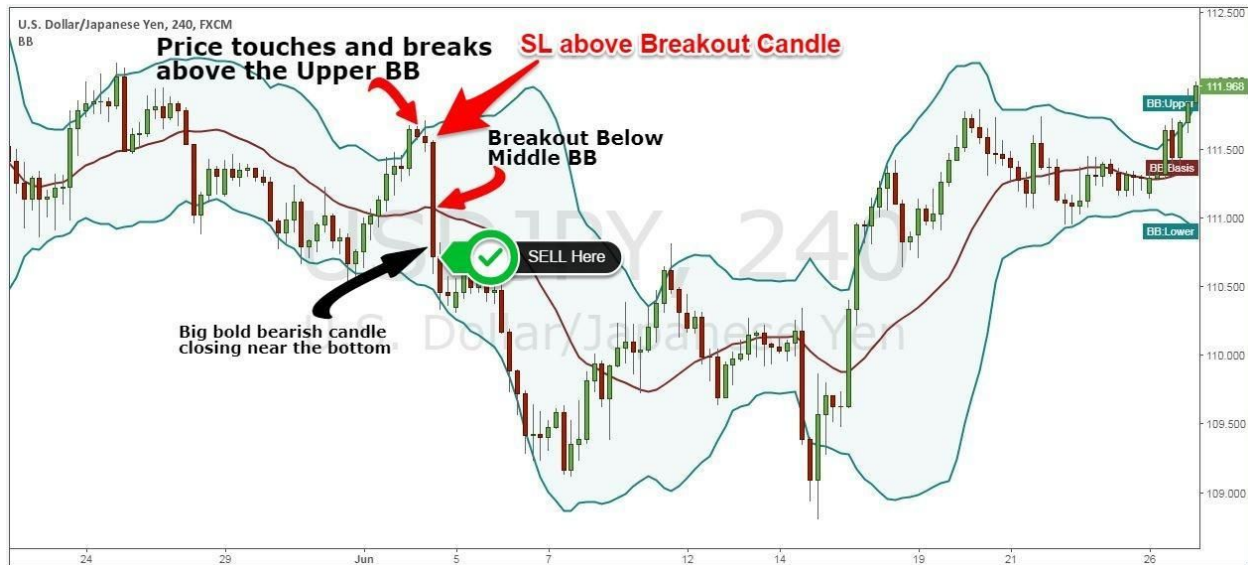
Every swing strategy that work needs to have quite simple entry filters.

Now, we still need to define where to place our protective stop loss and where to take profits, which brings us to the next step of our simple swing trading strategy.

Step #4: Place your Protective Stop Loss above the Breakout Candle

The breakout candle has a lot of significance because we've used it in our candlestick based entry method. We assumed that this candle shows the presence of real sellers in the market. If the high of this candle were to be broken, it's clear enough that this is simply a fake breakout as there are no real sellers.

It's nothing complicated about it, right?



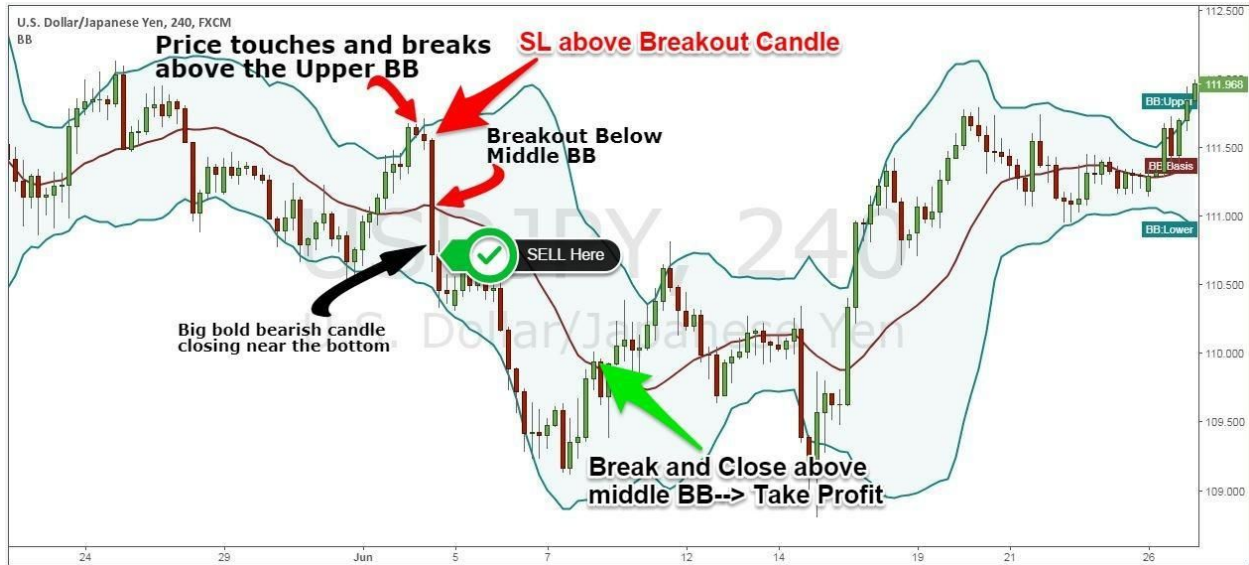
If you want to learn more about this breakout technique and how to manage breakout trades, please read our [Breakout Trading Strategy Used by Professional Traders](#) article for more insights.

The next part of our simple swing trading strategy is the exit strategy which is based on our favorite swing trading indicator.

Step #5: Take Profit once we break and close back above the middle Bollinger Bands

In this particular case we're looking at a short trading example. So, if the price breaks back above the middle Bollinger Bands it's time to get worried and take our profits as it can signal a reversal.

The reason why we get profit here is quite here to understand as we want to book the profits at the early sign the market is ready to roll over.



Note** The above was an example of a SELL trade... Use the same rules – but in reverse – for a BUY trade. In the figure below, you can see an actual BUY trade example, using our simple swing trading strategy.



You can notice that this trade is still running as we have yet to break and close below the middle Bollinger Bands. This just proves that the higher the time frame the more powerful our simple swing trading strategy is.

- Summary

Some complex strategies can be too overwhelming and confusing, so using a simple swing trading strategy; it can be all it takes to succeed in this business. Albert Einstein the greatest scientist of all time once said that "everything should be made as simple as possible, but not simpler."

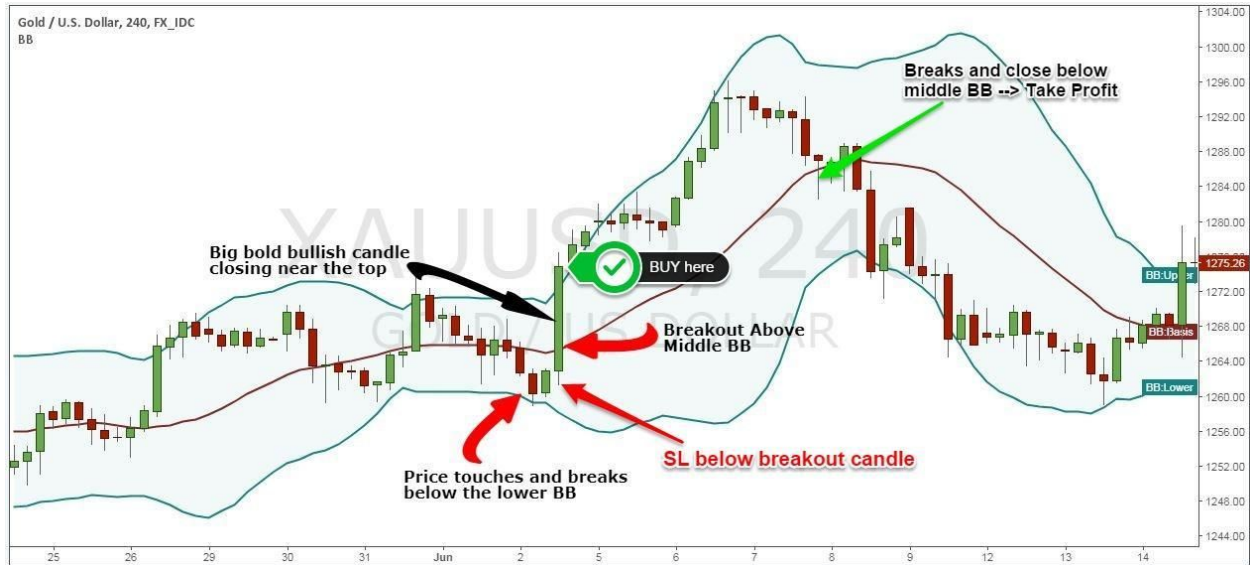
A swing trading strategy that work should be comprised of a swing trading indicator that can help us analyze the trend structure, and secondly a price entry method that looks at the price action which is the ultimate trading indicator.

We understand that there are different trading styles and if swing trading is not your thing you can try our [Simple Scalping Strategy: The Best Scalping System](#) which attracted a lot of interest from our community.

Thank you for reading!

As a Bonus for you we always like to include examples of our strategy to help you perfect this trading system.

Example 1: Gold 4 Hour Buy Trade Example



Example 2: GBP/USD 4 Hour Sell Trade Example



Example 3: AUD/USD Daily Sell Trade Example

