

How to trade double tops and double bottoms? What's up Traders, and welcome back to the channel.

In today's video, I want to show you the rules for one of the simplest patterns that keeps forming in the market on a regular basis.

So stay tuned.

As I said in the intro part of the video in today's video, we will cover the double bottoms and double tops rules, a double bottom.

And double top is basically one of the simplest patterns, that keep forming in the market, on a regular basis, whether you're trading stock market, Forex Market, or any other type of New Market, you will eventually.

see double bottoms form at the bottom of the barrel strength and a double tops forming at a top of the bullish Trends.

They give us a good glue, so that we know and they gave us a good structure, making our lives easier to put those stop-losses even correct place.

So let's go to the charts and let me show you your rules and a few examples.

All right, so here we are on the charts and in front of me, I have a nice double bottom example that this is it.

Let me show you, okay? This is the double This is our first swing, a first swing low.

We have a nice for Tradesmen and then the sellers are trying to put your price down, but they found they find a resistance from bars, which eventually bring the price, okay? And for you to understand,.

okay, you see, maybe this is a double bottom, but what are the exact rules to? You know, not the rules for engagement but rules to identify the double bottom because not every double bottom is a.

double bottom.

Okay, so to help you with this first, what I got to say is that a double bottom can only form after a bearish move? Okay.

You cannot have a double bottom at a top of the Bush move it at top of the bullish, what do you usually have any kind of pattern happens? Is a double top, which is a reversal.

pattern for the, you know, after a bullish move to.

So the price can go down a lower lower lower into Bears, move it a bottom of the bearish move.

You usually have a double bottom.

Okay, I hope that that is clear.

Now, let's go to your rules so to make it easier for you.

The first thing you got to do is indented by the first swing, okay? And then you pick Addy, you pick a first bottom and Mark to Lyons.

I'm going to bring my okay.

So the first line is here, which shows the lowest close of a candle, okay, which is right here, you see that there is no closing, none of those two candles.

Close below this line here.

And what you, what you got to do next is pink, a rider line.

Where is the lowest low of the bottom of the first swing? Not the lowest low of the candle that has the lowest close because that, you know, that doesn't need to be that way.

You could have another candle here, which could close lower than this.

And then you would need to adjust this year to that candle.

But here we have an almost identical candles here we did.

And then tickle closes.

So we have a simple one line, it's pretty easy bottom.

So you got to use the next line.

Next horizontal line to bracket it up and have this.

So they have this love is closing, this is our lowest low, okay? Then we have a small retracements here and then the price actions charge to retest her basically.

Yeah.

Basically, we test our first bottom, okay.

Swing low and we've comes here.

I'm going to zoom this in a little bit, okay, for you guys to better seat, it comes down here and test is with this candle right there.

Okay? So the rules for a double bottom is it means to test the lowest clothes but you're not close be on the lower slow.

Okay.

And we got this in this entire second part of the bottom.

It did test our lowest clothes and it didn't a star Louis slow but did not close below our lowest slope.

OK.

Google can see that we only close below our first close, but we didn't close below the low so that that means that we have a strong by her support here.

Okay? And basically that's it.

Those are the rules.

OK, Google, meet, I can type this here.

This is our lowest closed, here's our lowest close.

Close slope, let me just dragging.

This is our lowest low here.

This is lowest low, and this is the lowest close and we did not on a second test.

We did not, we did not close below the lowest lowest tested it But we did not close below the lowest slope, we are repeat on a second test.

We need to test the Lotus close but not close beyond the lowest slow.

Okay, so, even if this camera would not hit this lowest low, it would be valid pattern.

But if this can only mainly chance, close below the lowest slow, we have a new low, which is a lower level lower close, and we would still be in a bearish trend.

But here, as you can see, we did not.

We found bar support here and bars eventually pushed the price up.

Okay, I hope this is clear for you.

Now, I W, I want to go and find the same example for a double top.

Okay, let's just see this with me.

It should be somewhere here.

Okay, I'm very good, very good.

So we have a buyer's pushing the price up.

Okay, and what do we have to do? Now, we need to identify the first test.

The first swing High here it is.

Okay, so we are again putting our horizontal line up house, closes here and high, as high as this line here.

So I'm going to bring my text to ya, highest close Is here and the highest high is there.

Wait, this is my mistake hi-hi-hi, his clothes.

She this high is closed and high as high as this one.

So and then the bar is Van.

Der found a resistance from sellers for sellers, who are trying to push the price down and then they found her

a support from bars.

We're pro buyers, we're trying to push your price up one more time, but the resistance from sellers at the same point on the first swing was even higher which ended up putting my sellers ended up.

Pushing the price down even further.

So that's why they have a test here.

This is a candle that confirms the buy a double top and this is the candle that just tries to where the bar is just try to push the price even higher by the by they did.

not succeed in to it.

So they found a resistance from Sellers and they Conroy sellers continue to push the price down and doubt and yeah and basically that's it guys.

So another thing that you need to, you need to watch when you're finding these double bottoms and double tops.

It's basically that you have a clear White Space in between the first test in the second test.

Okay.

I'll so when you're first starting out and maybe you want to have a valid rules, for example, what do you find a valid retracement? Okay, because that doesn't make your life much more easier is.

I'm somehow experienced Traders, because I've seen a lot of these double bottoms and double tops.

I can say that this is a valid double-top.

However, some of you might need a, some kind of a rule to identify the replacement that you need from a first test.

That will be made Bill overload over clothes candle which we did not get here none of those candles close below below the first account before it.

So some of you might might not find this double-talk valuable but I do this is strictly discretion.

All you do what they think is best for you rules are basically rules are the same, okay? Those are the rules for the double top, you know, it's not a rules are definitive, you need to.

You need to break it up.

The highest high and high is closed, and you need to get a test of at least have a high is closed.

And he the need you should not.

Price action should not close above the highest.

I'm okay.

If we, if we were to have this candle close above the highest high, we would be in a bolt ran because we got a

new high and otherwise you know that didn't happen.

So we are good.

It is a valid double-top.

Yeah I don't know.

I can I find another example for example.

Yeah look look at this.

Look at this.

Okay, so let's say the VR training.

This live we have on we have a bear trap.

Let's say this is a bear Trend and we have a nice first test of some kind of a level here.

So let's break it up this year.

OK, Google Louis always closed, and this is why do it slow? So, what do we need to do? Now, we are waiting for Price action.

The price action actually rallied up, find some how some kind of a support here valid bank apoe.

But now the sellers are trying to push a price down and violating for a first test over to close.

Okay, what do we get? Boom.

First test overload as closes.

Okay, we also tested a lowest low and we did not close by.

Call David slope.

So let me ask you is this a valid double bottom at this point right now considering that their price action has been printing candles lie.

Okay, so we do not know what's going to happen down the road.

Is this a valid double-bottom? Yes, it is.

Because as you can see her rules, we did not close below.

Do you load as low? Here, we just tested it, which is absolutely fine.

And we can close within the brackets, but we cannot close beyond the lowest bracket and then I will bottom and Beyond the highest bracket on me, a double top.

So, let's see what the price action going to do afterwards.

Boom, it might cost us out if we have some kind of a stop loss, very tight, but I don't know how tight you want to have your stop-loss, okay? But I'm saying it's still valid double.

bottom.

Sure it might not be a winning trade but it's a valid, double bottom.

And eventually, as you can see, the did rally up, okay? And it might win.

If you have a big enough stop-loss year, that's why there's another lesson here on importance of back-testing, because this might be a double bond.

That one eventually, I don't know, but that's the thing here.

This candle is this here? We had a valid Apple Bottom, even though we don't have a vix and even though it failed, this was a valid BB.

And we that being said, guys, thank you very much for watching this, until the end of this video.

Those are the rules for the double bottom double tops.

I hope it makes it a little bit clearer for you.

Nothing else.

Those are definitive rules.

If somebody says you're different, I don't think they know the rules for double bottom and double top.

And this is some kind of educational video.

I also do a forest Market analyzes each and every day so that you can see how I engaging into my trades.

If you like this, kind of videos consider subscribing if your new year and make sure to hit that like button as soon as that Bell button.

So the YouTube algorithm notifies you every time it post just kind of a video.

I thank you very much for saying that till the end of this video and speak to you soon.

Bye-bye.