

SWING TRADING STRATEGY



Trade for
Good.



Swing trading aims to 'buy' a security when they suspect that the market will rise. Otherwise, they can 'sell' an asset when they suspect that the price will fall. Swing traders take advantage of the market's oscillations as the price swings back and forth, from an overbought to oversold state. Swing trading is purely a technical approach to analysing markets.

Successful swing trading relies on the interpretation of the length and duration of each swing, as these define important support and resistance levels.



Swing trading strategy tips

- During strong trends, it's possible to use retracement swings to enter in the direction of the trend. These points are also referred to as 'pullbacks' or 'dips' in an existing trend.
- When a new momentum high is made, traders will look to the highest probability trade, which is usually to buy the first pullback. However, when a new momentum low is made, traders tend to look to sell the first rally.



Benefits of swing trading

- **It's viable as a hobby.** Swing trading can be more suitable for people with limited time in comparison to other trading strategies. However, it does require some research to understand how oscillation patterns work.
- **Many trade opportunities.** Swing trading involves trading 'both sides' of the market, so traders can go long and short across a number of securities.



Drawbacks of swing trading

- **Overnight risk.** Some trades will be held overnight, incurring additional risks, but this can be mitigated by placing a stop-loss order on your positions.
- **It requires ample research.** A lot of research is required to understand how to analyse markets, as technical analysis is comprised of a wide variety of technical indicators and patterns.