

TREND TRADING STRATEGY



Trade for
Good.



Trend strategy describes when a trader uses technical analysis to define a trend, and only enters trades in the direction of the pre-determined trend.

However, it's crucial to stay alert and adaptable as the trend can quickly change and risk can be mitigated with a trailing stop-loss order.

It's equally important to know when your system has stopped working. This usually occurs due to a fundamental market change, therefore it's important to cut your losses short and let your profits run when trend trading.



Trend trading strategy tips

- **Stay alert** for signs that the trend is ending or is about to change. Also, keep in mind that the last part of a trend can accelerate as traders with the wrong positions look to cut their losses.
- **Decide the timeframe** in which to follow the trend and try to keep this consistent.



Benefits of trend 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 trend 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.

