Parabolic Reversal

Parabolic Reversal: A parabolic reversal is a reversal on a pullback. Buyers/sellers get exhausted and will start taking profits which causes the stock to pullback.

Time: Any time.

Conditions:

- Clear uptrend/downtrend on all time frames.
- Stock extended 2-3% above/below the 9EMA on the 5-minute chart.
- Reversal candle/pattern on 1-minute and 2-minute.
- New 1-minute and 2-minute low/high.

Entry Signal: New 1- or 2-minute low on uptrend or high on downtrend.

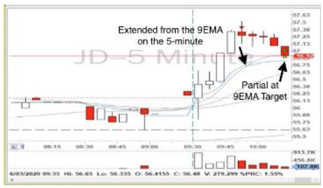
Stop Loss: Half of the wick or right above the body, high/low of the previous candle, HOD/LOD.

Confirmation:

- Climactic Volume
- Reversing at daily level or strong moving average on one of the time frames.
- False Breakout
- Confirmation candle on 5-minute chart.

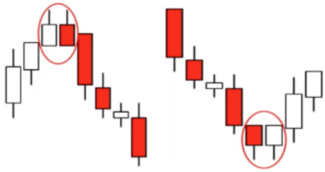
Rules:

- Stock must not have 200 SMA between entry point and profit target on ANY time frame.
- Do not enter for a parabolic reversal after an engulfing candle.



Parabolic Reversal Candles

Tweezer Top/Bottom: Two candlesticks. First candle is bullish, second candle is bearish. Or First bearish, second bullish.



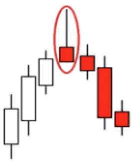
Evening Star: Consists of three candles.

1. Large white candlestick
2. Small-bodied candle at top of trend
3. Red candle

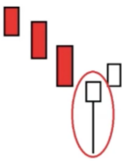
Morning Star: Consists of three candles.

1. Large red candle
2. Small-bodied candle
3. White candle

Shooting Star: Consists of small body candle and a long upper wick.



Hammer: Consists of small body candle and a long lower wick.



Spinning Top/Bottom: Consists of small bodied candles centered between long upper and lower wicks.