




Stock Markets Guides

# The Best Trading Strategies



Some of the best trading strategies are often the most straightforward.



While many traders try to overcomplicate their strategies and systems, the best strategies are usually those with clear rules that can be repeated repeatedly.

This post lists some of the best trading strategies you can use and how to use them in your trading.

## **What is a Trading Strategy?**

To be a successful trader, you will need a trading strategy.

The best trading strategy will have clear rules around how you find your trades, enter them, and manage those trades.

There are thousands of different trading strategies.

Some of these include;

- Trend trading
- Breakout trading
- Indicator trading
- Reversal trading
- Momentum trading
- Price action trading
- [Candlestick pattern trading](#)

This post goes through some of the most popular and straightforward trading strategies you can use.



## List of the Best Trading Strategies

### Trend Trading

One of the most common trading strategies is trend trading.

When trend trading, you attempt to find the apparent trend that is currently in play and trade in that direction.

Trend trading can often be one of the [highest probability strategies](#) because trends can continue for long periods in your favor.

The other good thing about trend trading is that you can use it in almost all markets and time frames.

In the example below, we have a clear trend higher. As price makes rotations lower into 'value' areas, we could be looking to buy and then ride the next swing in the trend higher.



## Range Trading

Range trading is a strategy based on trading the range that the price is currently trading within.

While you can find a range in multiple ways, the most common method is using [support and resistance levels](#).

In the example chart below, we have a clear range in play.

As this chart shows, the price has clear support and resistance levels.

Each time these levels of the range are touched the price reverses. See how when the price moves into the range's resistance, it then

reverses back lower. On the other hand, when the price moves into the support level of the range, the price changes back higher.

These are the times we could be making long and short trades looking for the range to continue.

One thing to note is that eventually, all ranges break. This is when you can switch from using a range trading strategy to a breakout trading strategy.




## Breakout Trading

The opposite of range trading is breakout trading.

Similar to range trading, while you can use many breakout trading strategies, the most common are breakouts of support and resistance levels.

In the range trading chart example above, you can see how the price moves between the support and resistance levels.



Range traders know that these levels have to break eventually, and when a significant support or resistance level is broken, it can lead to explosive breakout moves.

You can use breakout trading on any time frame, and it is often a common strategy that scalpers will use to make scalping trades.

## **Reversal Trading**

One strategy that can offer remarkably high reward trades is reversal trading.

When reversal trading, you are looking for the price to reverse the current direction. For example, if the price had been powerfully moving lower, you would be looking for when the price makes a reversal and moves back higher.

One of the most common strategies for reversal trading is price action and candlestick patterns.

We are looking to take a bearish reversal trade in the example chart below.

In this example, we see that a bearish engulfing bar has formed. This shows us that the bears or sellers are taking control, and a new reversal lower could soon be on the cards.



## Lastly

While all of these strategies discussed can be used independently, you can also combine them with other indicators and price action.

For example, you could combine trend or reversal trading with popular indicators such as the moving average or MACD.

You could also use other indicators to confirm potential trades, such as the [RSI indicator](#).



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