

# Day 8: Trends


- Hello, future traders! 🌟 Today, we'll explore one of the most important concepts in trading: **Trends**. Learning to identify and follow trends is essential for trading success, as they reveal the market's direction. Let's break it down step by step!
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## What Is a Trend?

A trend is the general direction in which the price of an asset moves over a period of time.

- **Uptrend (Bullish Market):** The price moves higher over time, creating a series of **higher highs (HH)** and **higher lows (HL)**. 🚀
- **HH:** New High is higher than the previous high
- **HL:** New low is higher than the previous low  
Example: Imagine climbing a staircase – each step represents a new higher point.



- **Downtrend (Bearish Market):** The price moves lower over time, forming **lower highs (LH)** and **lower lows (LL)**. 
- **LH:** New high is lower than the previous one
- **LL:** New low is lower than the previous one



- **Sideways Trend (Consolidation):** The price moves in a horizontal direction, bouncing between support and resistance levels.
- It has no real direction.



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## Why Are Trends Important?

1. **Follow the Flow:** Trends show where the market is headed, helping you align your trades with the bigger picture.
2. **Higher Probability Trades:** Trading with the trend increases your chances of success.
3. **Higher Timeframes hold higher power:** If 1 Hour TF ( timeframe) says we are going up. but on 1 minute TF we are going down, we should look for trade aligned with higher TF trend.

🔴 **Golden Rule:** Don't fight the trend! Remember: "The trend is your friend."

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## How to Identify Trends

To spot trends, follow these steps:

### 1. Look at the Highs and Lows:

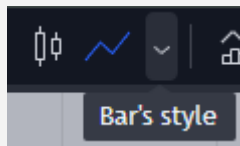
- Uptrend: Higher highs (HH) and higher lows (HL).
- Downtrend: Lower highs (LH) and lower lows (LL).

### 2. Use a Higher Timeframe:

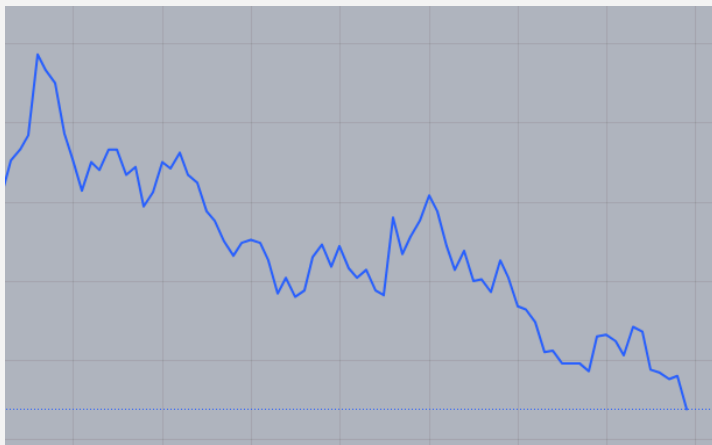
Analyze trends on larger timeframes (e.g., 4H, 1D) to see the bigger picture.

### 3. Use line chart:

- Change candle chart to line chart as its shown in video to see, were price is going



—click on Bars style and choose Line:



### Trend Strength: Weak or Strong? 💪

Some trends are stronger than others. Here's how to tell:

- **Strong Trend:** Clear HH and HL (for uptrend) or LH and LL (for downtrend).

- **Weak Trend:** Price struggles to form new highs or lows, often leading to a consolidation. (not clear trend)
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## Trend Reversals vs. Continuations

- **Reversal:** The trend changes direction (e.g., from an uptrend to a downtrend).  
Example: A **Market Structure Shift (MSS)** occurs when a higher low breaks to form a lower low. ( This will be explained later in the course )
  - **Continuation:** The trend keeps moving in the same direction.  
Example: After a retracement, the price resumes its uptrend or downtrend.
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## Common Mistakes When Trading Trends

1. **Overcomplicating It:** Be focused on max 2 time frames when it comes to finding the next move.
  2. **Ignoring the Higher Timeframe:** Always start with the bigger picture before zooming in.
  3. **Chasing Trades:** Wait for clear confirmations before entering. (conformations will be explained later in the course)
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## Practical Example


Let's say you're analyzing the GBP/USD pair:

1. On the **4H chart**, you notice the price is forming HH and HL (uptrend).
  2. You zoom into the **15m chart** to find retracement.
  3. Once price confirms a reversal back into the trend, you enter a long trade.
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## Homework

1. On **TradingView**, analyze the trend on EUR/USD and GBP/USD.
  - Identify whether the market is in an uptrend, downtrend, or sideways trend.
2. Is this an uptrend or a downtrend?



3. Guess where the price will go in the next 30 minutes on EUR/USD and GBP/USD based on the current trend! ( Use Long and Short positions on TradingView to guess the direction) 

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**Motivational Quote for the Day** 

"Trade in the direction of the trend, not against it. Let the market guide you." –  
Anonymous

That's it for Day 8, traders! Keep practicing and remember: trends are the foundation  
of every great trading strategy. 