

Trading with 3 Line Break Charts

The simplest way to trade using 3 line break charts, is to wait until the market has made a 3 lines in the same direction. Then wait until a reversal line has formed and enter in the direction of the reversal. This is the start of a new potential trend and we can get in nice and early.

An alternative approach is to watch for reversal lines and then enter after the market has made at least 3 consecutive lines following a reversal.

It is easy to combine 3 line break charts with other technical indicators. For example a moving average can be used to define the trend. Then a 3 line break can be used to enter in the direction of the trend.

Counter trend traders can combine 3 line break charts with momentum indicators to identify good reversal opportunities. For example the stochastic oscillator can be used to identify overbought and oversold areas.

Another common way to use 3 line break charts is to combine them with Japanese candle patterns. Reversal candles and patterns such as dojis, bullish engulfing patterns and twee bottoms. The 3 line break charts can be used to identify the dominant trend and then the candlesticks are used to time trade entries.