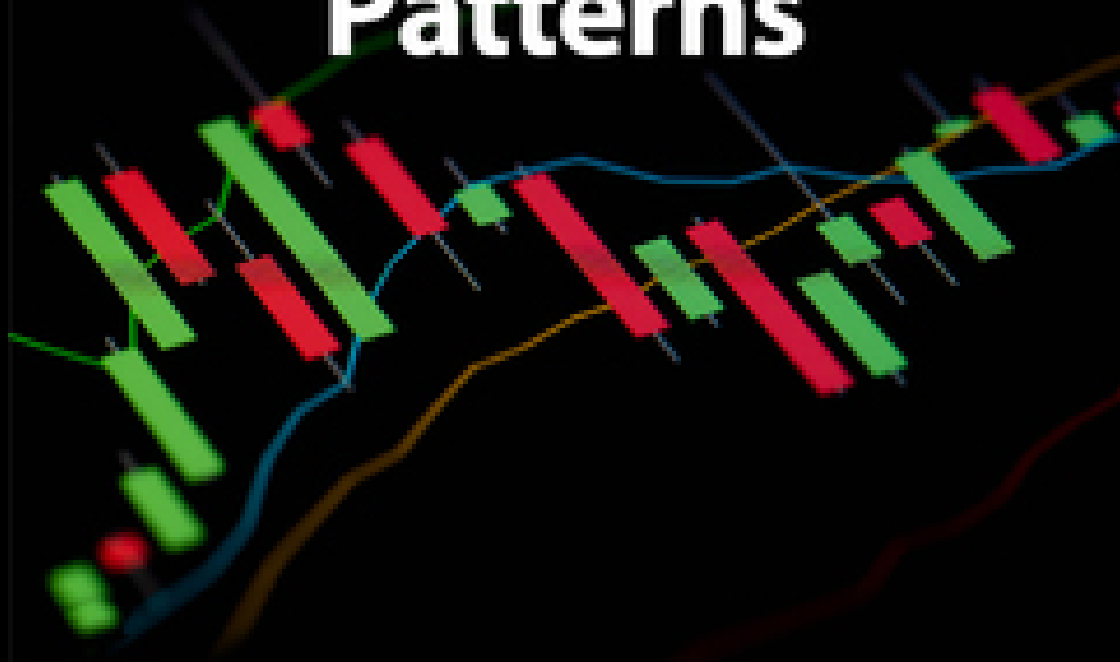


# Top 6 High Profit Swing Trading Patterns



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FOR SWING TRADING STOCKS,  
OPTIONS, FUTURES & FOREX!

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3X  options

## Top 6 High Profit Swing Trading Patterns for swing trading stocks, options, futures and forex!

### Gold Daily Chart



Hypothetical example. There is a risk of loss when trading. Past performance is not necessarily indicative of future results.

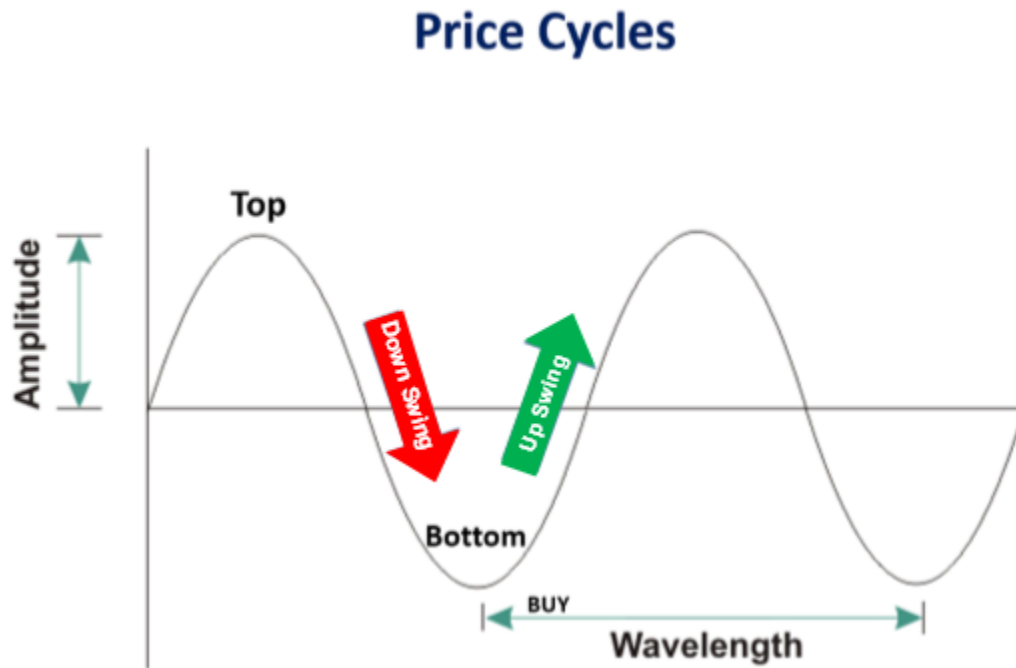
By Mark Helweg

## Swing Trading

Markets often move in cycles across all timeframes. And swing trading is a strategy designed to profit from both up cycle swings and down cycle swings. The concept is really very simple. Price cycles comprise four price actions:

- Top
- Down Swing
- Bottom
- Up Swing

You can see in the image below, a cycle top, down swing, cycle bottom, and an upswing. Trading these cycle swings is known as **Swing Trading**. Swing trading involves doing one of two types of trading. Buying up swings in markets in an attempt to profit from forecasted up cycle swings. Or, selling short down swings in markets in an attempt to profit from forecasted down cycle swings.



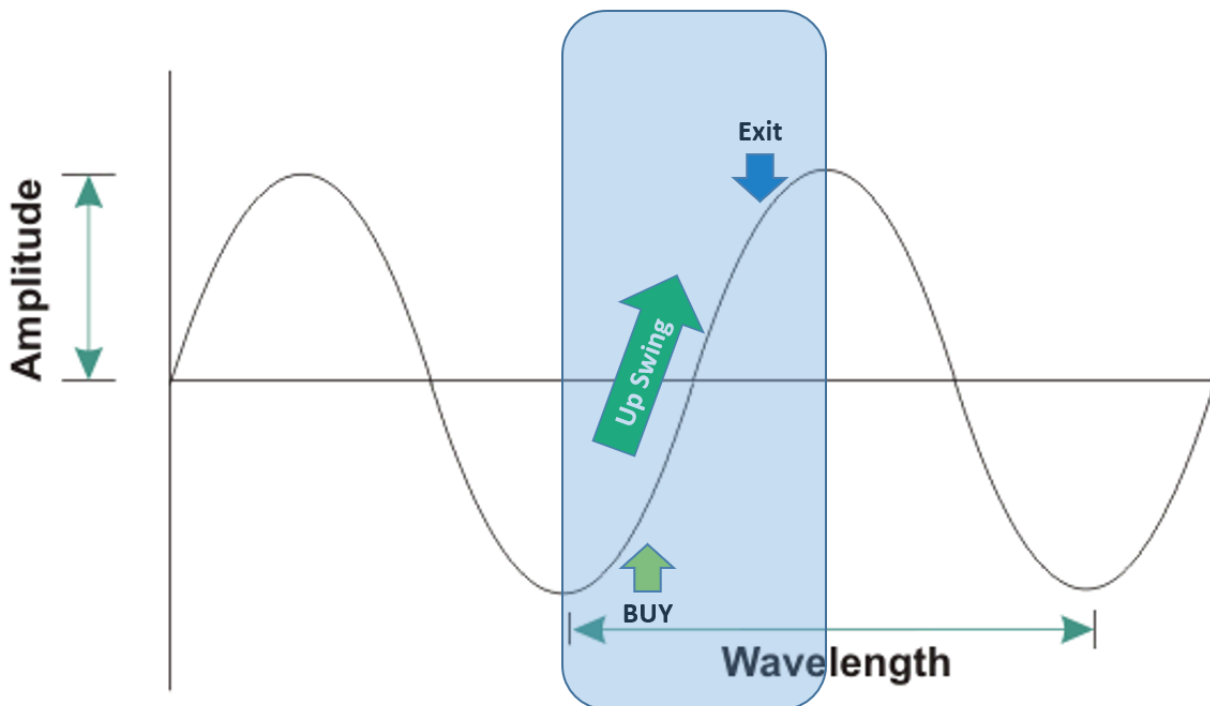
The image above shows an example of price cycles. Swing trading can be a highly profitable way to trade the markets. Swing trading is popular because of the frequency of swing trading opportunities in all markets and across all timeframes. Traders can trade intraday price swings, daily price swings, or even weekly or monthly price swings.

## Trading Cycles

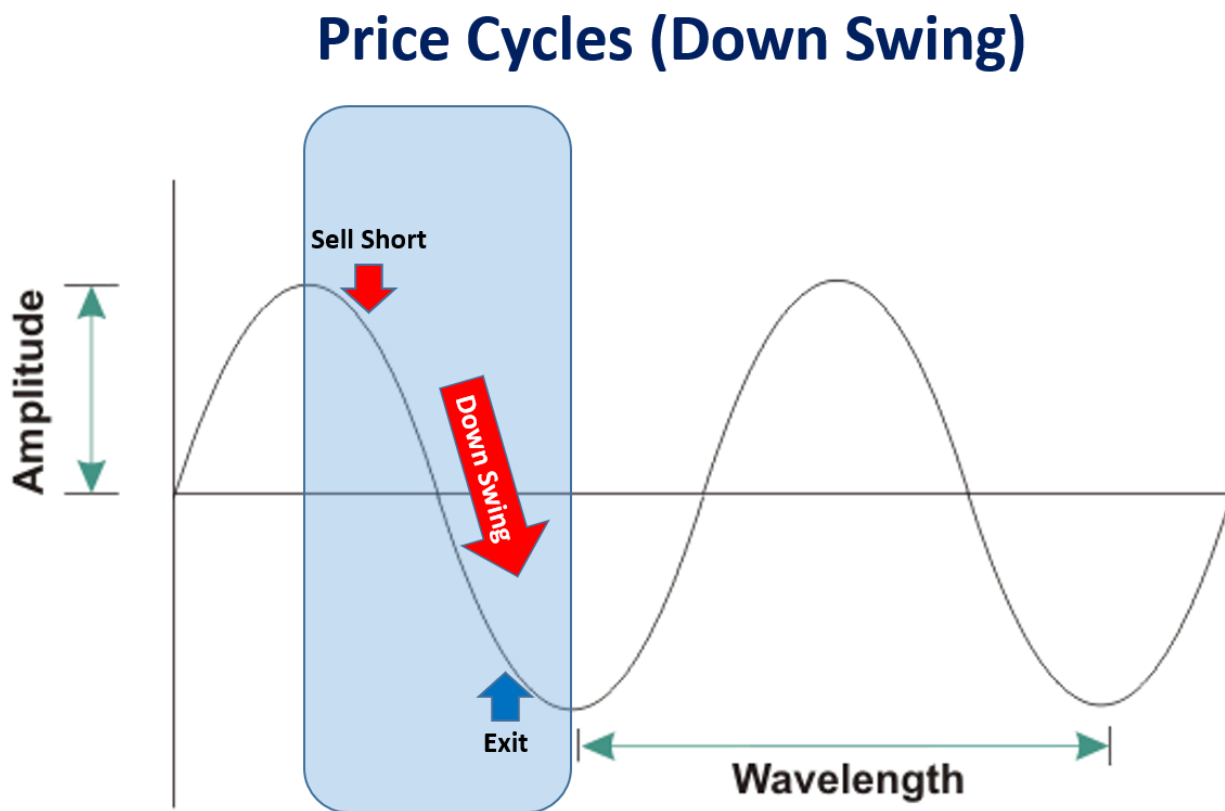
It's a documented phenomenon that prices in stocks, futures, and forex markets tend to move in cycle patterns (cycles). There can be many reasons for these cycles, including institutional trading behavior, consumer behavior, earnings reports, as well as many other factors. I believe that price cycles are a result of market participants searching for fair value for all timeframes. Understanding the cause of price cycles isn't as important, however, as recognizing when a stock is experiencing cyclical price behavior. And in my experience, the majority of these price cycles are fairly easy to recognize in any market.

The image below shows us an example of a cycle upswing. Our goal as traders, is to try to buy as early after the cycle low as possible and exit as close to the cycle top as possible. Realistically, we will never enter at the exact cycle bottom or exit at the exact cycle top, but we typically should be able to capture 50% to 70% of an upswing or down swing in a market. The highlighted box in the image below shows the duration of the cycle upswing.

### Price Cycles (Up Swing)



Trading down cycles is simply the opposite of trading up cycles. When trading down cycles, our goal is to enter our sell short trade order as close to the cycle top (where the down swing begins) as possible and to exit our short trade as close to the cycle bottom as we can (where the down swing ends). See the image below that displays a down swing example. The highlighted box in the image below shows the duration of the cycle down swing.



When you view the images above of an upswing and a down swing in a market, I want you to clearly understand that every price swing has what I call a **Shelf Life**. The shelf life of a price swing is defined by how far a swing travels, or the distance between the cycle top and the cycle bottom, and defined by how long it lasts, usually stated in terms of price bars. When understanding shelf life for any cycle swing, it is important to understand how this will always correlate to the bar interval you are looking at (like 5 min, 60 min, daily, weekly price bars). As with any chart pattern, we don't want to overstay our welcome and continue trading a chart pattern after the predictive power of

the pattern has ended. Doing this would be trading against the odds instead of trading with the odds.

## Identifying Cycles

In order to define and track price cycles, we need two things. We need a price chart of a market and we need an indicator that effectively models price cycles. For this, I use a proprietary indicator from TopTradeTools.com called the TOP Cycle indicator. You can see it displayed as the blue cycle line in the subgraph of the chart below. The price chart below shows an example of an upswing in Amazon stock on a 120-minute chart.

### AMZN 120 Min Chart



Hypothetical example. There is a risk of loss when trading. Past performance is not necessarily indicative of future results.

Notice the 120-minute price bars at the top of the chart and the cycle indicator at the bottom of the chart. My preferred cycle indicator is the custom indicator (shown in the chart above) I like to use called the TOP Cycle indicator, as I stated above. Notice in this Amazon upswing example, if we traded 100 shares of AMZN, we would have the potential to make \$6,500 on a buy or long trade.

Now, as I stated before, we will never expect to capture this entire swing trading profit potential. Our goal is to capture 50% to 70% of this price swing trade potential, which still represents fairly strong profits.

Notice in the Amazon chart above that the price cycles were not as clearly defined in the first third of the chart. This was partly due to the fact that prices were not very active as they seemed to trade in a narrow range. But once they broke out and traded higher to the upside, you can see that the price cycles became much more clearly defined and easier to identify.

The next chart below shows an example of a down cycle swing, also on an Amazon 120-minute bar chart. In this example, assuming that we are trading a round lot of 100 shares, the down cycle swing represented potential profits of \$15,000. I think we can all agree that even if we only caught 50% of this down swing, this was a great trading opportunity.

### AMZN 120 Min Chart



Hypothetical example. There is a risk of loss when trading. Past performance is not necessarily indicative of future results.

One other note about trading price swings; profitable swing trades can happen even when the markets are in an overall “sideways” period. Notice in the AMZN chart above that the net move from the beginning of the chart to the end of the chart was very little. Amazon began trading around 1,900 in the beginning of the chart and ended trading around 1,880. So the longer-term net opportunity price move over the span of the chart was not significant. However, some of the price swings within this period, including our example down swing in the chart above, represented good profit opportunities.

Cycle swing patterns occur in all asset classes. You can find tradable swing patterns in stocks, options, futures, and forex markets. Price cycle swings can also be traded across

all timeframes. You can trade price cycle swings on 5-minute charts for extremely short-term trades, 60-minute and 120-minute for standard short-term trades, daily charts for intermediate timeframe trades, and you can also trade cycle swings on weekly and monthly charts for long-term trades. Swing trading price cycles can be done on any timeframe, including on tick charts, giving traders a lot of strong trading opportunities in the markets.

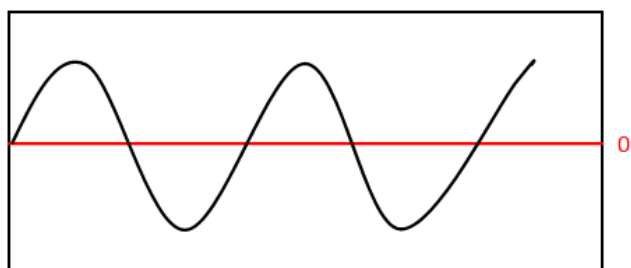
In this trading strategy report, I want to share my top 6 high profit swing trading patterns with you. I will go over all 6 swing trading patterns in detail. Then, after I review my 6 favorite swing patterns, I will discuss how to trade them.

Remember, the cycle swing pattern is the **opportunity**, not the trading strategy. Think in terms of the difference between the fish finder and the fishing pole. The fish finder, like the cycle swing trading patterns, defines the opportunity. Once you identify the opportunity, you'll need a trading strategy (like the fishing pole) to capitalize on it or profit from it.

### Top 6 Swing Trading Patterns

Now for the good stuff. I think most traders understand the basics behind swing trading price cycles. However, the question that traders often ask me is, which cycle swings should I trade? Are some cycle swings better trading opportunities than other cycle swings? That answer in my experience is an overwhelming YES! Certain cycle swings represent much better profit opportunities.

As you put the time in to study market cycles, you will learn that cycles can offer powerful clues about the dominant force in a market - between the buyers and the sellers. When buyers and sellers are **equally matched** in a market, price swings will tend to cross the "0" line as they develop in a symmetrical way like in the image below.



Buyers and sellers are equally matched— cycle highs and lows are equal distant from the "0" line.



However, as one side of the market becomes stronger, i.e. buyers are stronger than sellers or sellers are stronger than buyers, the cycle pattern will change to reflect this. **Learning to recognize and read these imbalances between buyers and the sellers as reflected by the cycle indicator can tell us which force is dominant in a given market, which can give us a huge edge.** Our goal as traders is to join the dominant side; to buy when buyers are stronger or sell short when sellers are stronger. Once you know how to recognize these special cycle swing patterns in the markets, you will potentially put the odds in your favor.

Special note about selling short: of the 6 patterns I'm going to show you, 3 of them require "selling short" to take advantage of down cycle swing with falling prices. For those of you not familiar with the concept of selling short, it's basically just the opposite of buying a market and profiting when prices go higher. When you sell short, you enter a market by placing a sell short order first, then after prices hopefully fall, you then buy the market to exit your short position. To calculate your profit, you take your short entry price level and subtract your buy exit order price level. In this scenario, if prices continue to rise after you enter a sell short order, you would lose money; you are betting on the price to go down. Make sure you do some research and fully understand this concept before jumping into a short trade. Also, don't forget that you can also buy Put Options to profit from falling prices.



### Bullish Zero Touch (1 of 6)

The first cycle swing pattern I want to introduce you to is what I call the **Bullish Zero Touch** swing. Take a look at the 120-minute price chart of Apple below.

## Bullish Zero Touch Up Swing



Hypothetical example. There is a risk of loss when trading. Past performance is not necessarily indicative of future results.

The **Bullish Zero Touch** is defined as follows:

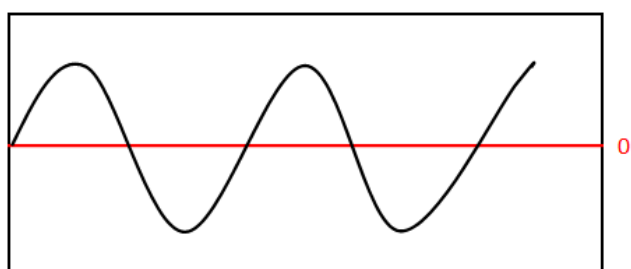
1. Strong Positive Cycle Top
2. Following Cycle Low at Zero Axis

Condition 1: We first need evidence of strong buying, and this comes in the form of a strong up cycle into a positive cycle top on the cycle indicator plot. See the AAPL price chart above.

Condition 2: Then we observe a weak selling response which results in the following cycle low coming in at the red zero line in the cycle indicator plot. See the AAPL price chart above.

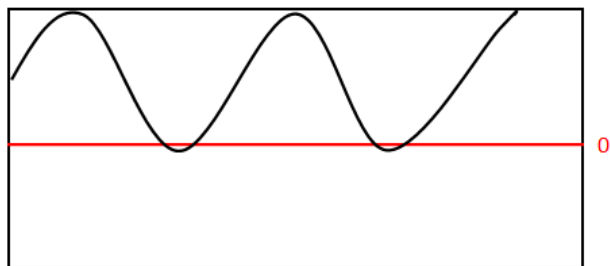
Strategy: After the Bullish Zero Touch pattern has been confirmed, buy the following upswing in the shaded blue box on the Apple chart above.

Remember, when the buyers and the sellers are equally matched, the cycle low should develop in negative territory (below the zero axis) and the cycles should be symmetrical around the zero axis.



Buyers and sellers are equally matched— cycle highs and lows are equal distant from the “0” line.

But when **buyers are strong and sellers are weaker**, we get a strong positive cycle top and then we get a cycle low that comes in right around the zero line (red line).

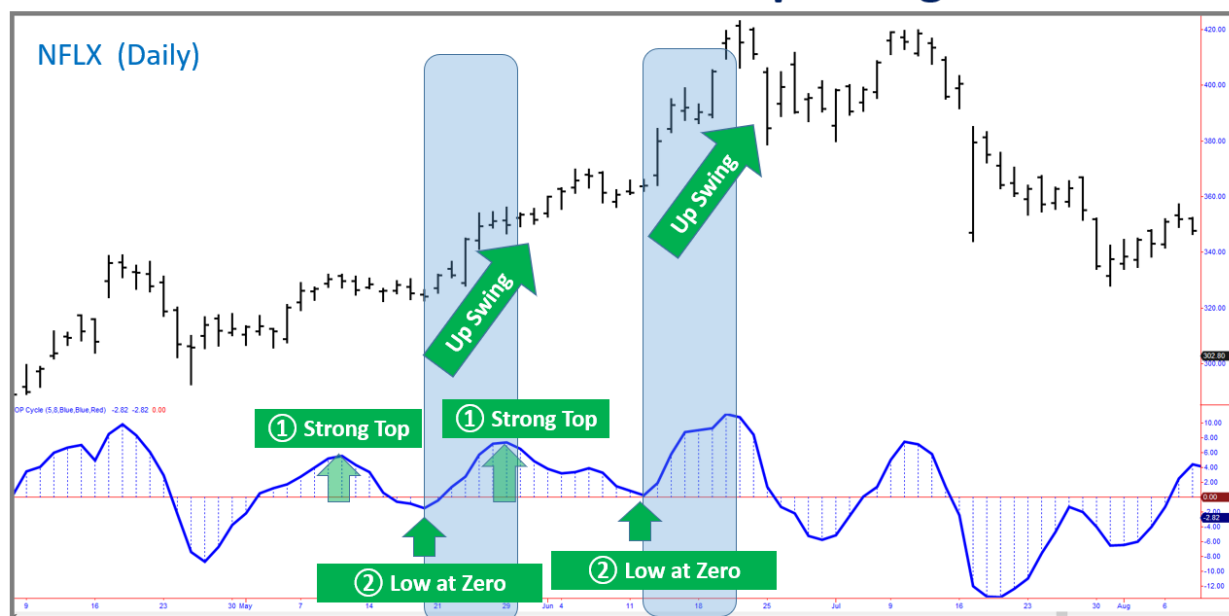


Buyers are stronger than sellers— cycle lows are still above or near the “0” line.

Again, the Bullish Zero Touch swing pattern indicates that the buyers are stronger than the sellers, and our goal is to trade and profit from the following cycle up swing after the cycle low is in place at the zero line. In my experience, the upswing after the Bullish Zero Touch pattern is often a powerful up move that can be very profitable to trade.

Below you can see two Bullish Zero Touch patterns unfold in a daily chart of Netflix. Notice that before each Bullish Zero Touch, the price pattern showed strong cycle tops (strong buyers) preceding the cycle lows that came in right around the red zero axis (weak selling response). This indicated that buyers were strong, and the sellers' response was unable to send the cycle indicator low into negative territory below the zero line, meaning there was potential for a powerful follow-on upswing.

## Bullish Zero Touch Up Swing



Hypothetical example. There is a risk of loss when trading. Past performance is not necessarily indicative of future results.



## Bearish Zero Touch (2 of 6)

The next price swing pattern I want to introduce you to is what I call the **Bearish Zero Touch** swing. This is basically the opposite of the Bullish Zero Touch. Take a look at the daily price chart of Amazon below.

### Bearish Zero Touch Down Swing



Hypothetical example. There is a risk of loss when trading. Past performance is not necessarily indicative of future results.

The **Bearish Zero Touch** is defined as follows:

1. Strong Negative Cycle Low
2. Following Cycle High at Zero Axis

Condition 1: We first need evidence of strong selling, and this comes in the form of a strong down cycle into a negative low on the cycle indicator plot. See the AMZN price chart above.

Condition 2: Then we observe a weak buying response which results in the following cycle top coming in at the red zero line in the cycle indicator plot. See the AMZN price chart above.

Strategy: After the Bearish Zero Touch pattern has been confirmed, sell short the following down swing in the shaded blue box on the AMZN chart above.

In the GLD daily chart below, you can see an excellent example of a Bearish Zero Touch pattern. Notice how the first requirement, having a strong negative cycle low is met when GLD experiences strong selling. Then, as a weak buying response comes into the market, the following cycle top develops right around the zero axis. Now, the cycle high is not exactly positioned at the red zero axis, but it's close enough for us to sell short the following down cycle for a nice potential profit.

### Bearish Zero Touch Down Swing



Hypothetical example. There is a risk of loss when trading. Past performance is not necessarily indicative of future results.

Always remember the concept of shelf life. In the chart above, the blue box highlight shades the down cycle swing segment that we are aiming to profit from. Once the down swing has run its course and the following cycle low is in place, our opportunity has expired, which means that we don't want to continuing selling short or we would be trading against the cycle.



## Bullish Elevated Cycle Low (3 of 6)

The next swing pattern I want to introduce you to is what I call the **Bullish Elevated Cycle Low** swing pattern. Take a look at the 120-minute price chart of Soybeans below.

### Bullish Elevated Cycle Low Up Swing



Hypothetical example. There is a risk of loss when trading. Past performance is not necessarily indicative of future results.

The **Bullish Elevated Cycle Low** is defined as follows:

1. Strong Positive Cycle Top
2. Cycle Low above Zero Axis

Condition 1: We first need evidence of strong buying, and this comes in the form of a strong up cycle into a positive top on the cycle indicator plot. See the Soybeans price chart above.

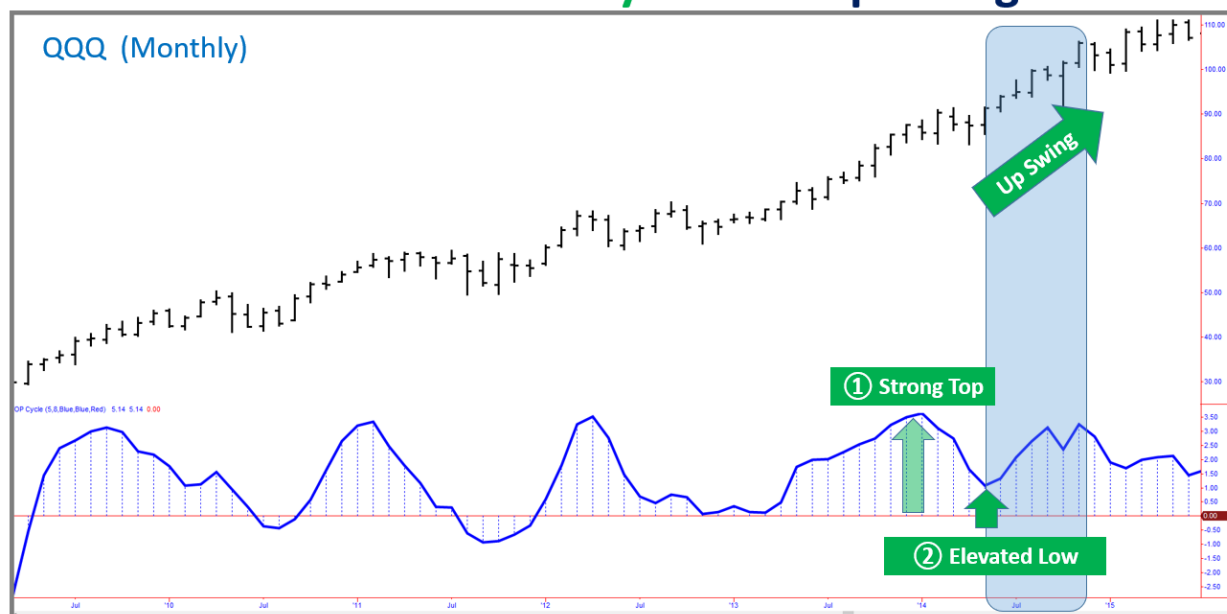
Condition 2: Then we observe a very weak selling response which results in the following cycle low coming in above the red zero line in the cycle indicator plot. See the Soybeans price chart above.

Strategy: After the Bullish Elevated Cycle Low pattern has been confirmed, buy the following upswing in the shaded blue box on the Soybeans chart above.

The Bullish Elevated Cycle Low swing pattern, compared to the Bullish Zero Touch swing pattern, has an even weaker selling response after the strong positive cycle top. We should expect a follow-on strong buying upswing that we can trade by buying contracts (or shares) of the market.

The Bullish Elevated Cycle Low swing pattern appeared in a monthly chart of QQQ, the NASDAQ ETF (below). In my experience, when this bullish swing pattern appears in a monthly chart, it tends to be more reliable than shorter term charts and it can often be much more profitable because monthly swing trades represent large price moves.

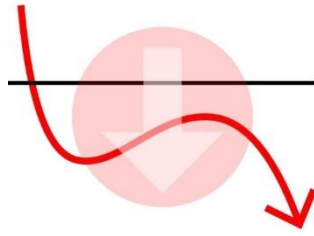
## Bullish Elevated Cycle Low Up Swing



Hypothetical example. There is a risk of loss when trading. Past performance is not necessarily indicative of future results.

Notice in the chart above, the cycle top after the tradable upswing unfolds. The cycle top is choppy and not well defined. Market cycles will not always be smooth and well defined. However, they still can be tradable. The important thing in this case is that the market made a strong upswing after the Bullish Elevated Cycle Low.





### Bearish Submerged Cycle Top (4 of 6)

The next swing pattern to recognize is what I call the **Bearish Submerged Cycle Top** swing pattern. Take a look at the 60-minute price chart of Crude Oil below.

### Bearish Submerged Cycle Top Down Swing



Hypothetical example. There is a risk of loss when trading. Past performance is not necessarily indicative of future results.

The **Bearish Submerged Cycle Top** is defined as follows:

1. Strong Negative Cycle Low
2. Cycle High below Zero Axis

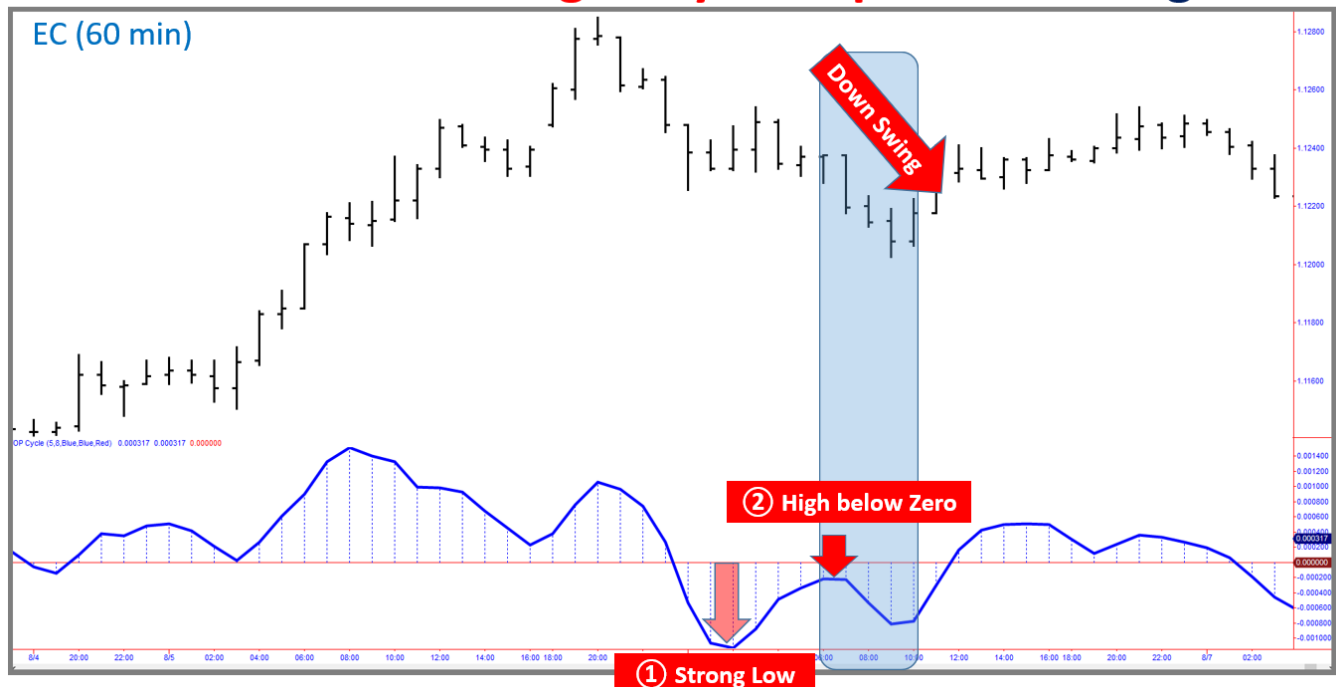
Condition 1: We first need evidence of strong selling, and this comes in the form of a strong down cycle into a negative low on the cycle indicator plot. See the Crude Oil price chart above.

Condition 2: Then we observe a weak buying response which results in the following cycle top coming in below the red zero line in the cycle indicator plot. See the Crude Oil price chart above.

Strategy: After the Bearish Submerged Cycle Top pattern has been confirmed, sell short the following down swing in the shaded blue box on the CL chart above.

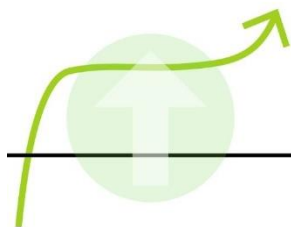
Take a look at the Euro Currency futures chart below. You can see a very nice Bearish Submerged Cycle Top swing pattern form. Because this pattern unfolded on a 60-minute chart, the magnitude of this price move was nominal. This could be a good chart pattern for a day trader who targets short-term price moves.

## Bearish Submerged Cycle Top Down Swing



Hypothetical example. There is a risk of loss when trading. Past performance is not necessarily indicative of future results.

As you begin to study your price cycles, you will discover that the cycle indicator in the chart above gives us a tremendous amount of information. The Bearish Submerged Cycle Top pattern is the opposite of the Bullish Elevated Cycle Low. In my experience, I have seen the bullish version of this pattern more frequently than the bearish version. However, both the bullish and bearish versions of this pattern are equally as promising when they appear.



## Bullish Broken Cycle (5 of 6)

The next swing pattern I want to introduce you to is what I call the **Bullish Broken Cycle** swing pattern, or the “Runaway Momentum Cycle Pattern.” Take a look at the daily price chart of Chipotle Mexican Grill below.

### Bullish Broken Cycle Up Swing



Hypothetical example. There is a risk of loss when trading. Past performance is not necessarily indicative of future results.

The **Bullish Broken Cycle** is defined as follows:

1. Strong Positive Cycle Top
2. Prices Do Not Experience a Down Cycle After Cycle Top

Condition 1: We first need evidence of strong buying, and this comes in the form of a strong up cycle into a positive top on the cycle indicator plot. See the CMG daily price chart above.

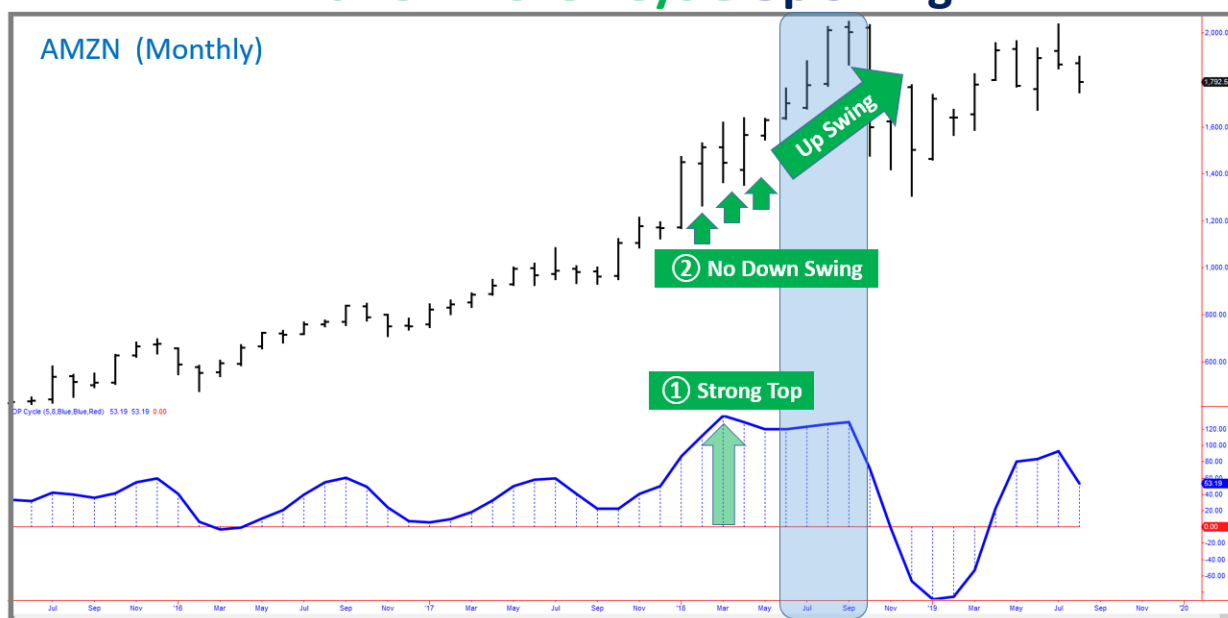
Condition 2: Then we observe almost an absence of selling after the cycle top in condition 1. During the down cycle, instead of prices selling off, prices actually rise, breaking company with the down cycle.

Strategy: After the Bullish Broken Cycle swing pattern has been confirmed, buy the following upswing in the shaded blue box on the CMG chart above.

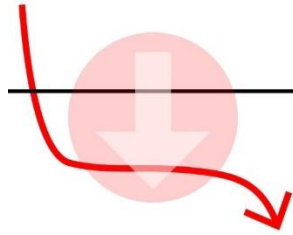
Bullish Broken Cycles represent a very strong buying imbalance in a market where buyers are seriously overwhelming sellers. This rare setup is a great opportunity to buy shares or contracts. Momentum buy strategies often work well with this chart pattern because, as I stated previously, this represents a runaway upside momentum situation.

When the Bullish Broken Cycle swing pattern appears on a monthly chart, it often forecasts a big price move. This occurred in Amazon in 2018. When I saw this pattern unfold, I called this out to our members at TopTradeTools.com. To my knowledge, everyone who traded this pattern did really well.

## Bullish Broken Cycle Up Swing



Hypothetical example. There is a risk of loss when trading. Past performance is not necessarily indicative of future results.



### Bearish Broken Cycle (6 of 6)

And finally, take a look at this pattern that I call the **Bearish Broken Cycle** swing pattern, or the “Runaway Momentum Cycle Pattern.” This time the pattern is to the downside. Take a look at the daily LC chart below.

### Bearish Broken Cycle Up Swing



Hypothetical example. There is a risk of loss when trading. Past performance is not necessarily indicative of future results.

The **Bearish Broken Cycle** is defined as follows:

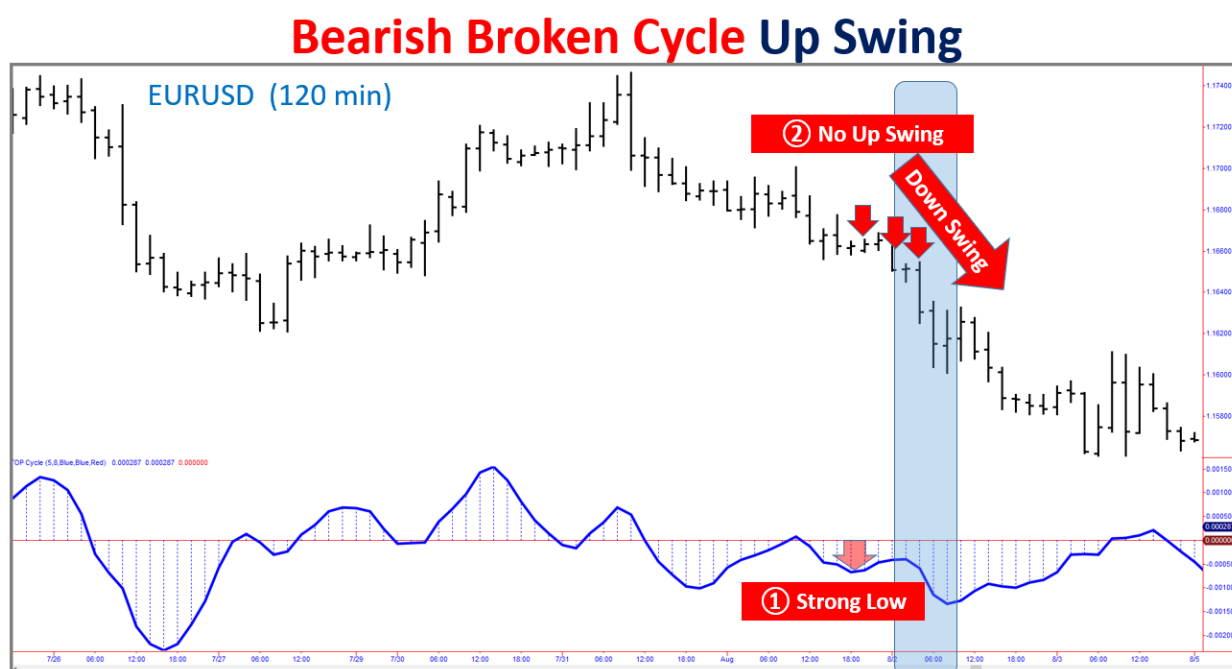
1. Strong Negative Cycle Low
2. Prices Do Not Experience an Up Cycle After Cycle Low

Condition 1: We first need evidence of strong selling, and this comes in the form of a strong down cycle into a negative low on the cycle indicator plot. See the LC daily price chart above.

Condition 2: Then we observe almost an absence of buying after the cycle low in condition 1. During the up cycle, instead of prices experiencing a rally, they actually fall, breaking company with the up cycle.

Strategy: After the Bearish Broken Cycle swing pattern has been confirmed, sell short the following down swing in the shaded blue box on the LC chart above.

In the chart below, the EURUSD on a 120-min chart experiences a Bearish Broken Cycle. The selling into the condition 1 first low was not as strong as I would prefer, but the Bearish Broken Cycle ended up being a successful down swing pattern.



Hypothetical example. There is a risk of loss when trading. Past performance is not necessarily indicative of future results.

Similar to the Bullish Broken Cycle swing pattern, the Bearish Broken Cycle swing pattern is one you want to watch, because this represents a runaway momentum situation. Taking momentum sell short signals when this great downside swing setup occurs can lead to nice profits!

## Conclusion

Not all price swings are the same. In my experience, some cycle price swings are much better than others. The goal is to put the odds in our favor by buying when buyers are in control and selling when sellers are dominant. The six cycle swing patterns I have presented in this report are the ones I like to track and trade because they represent better swings to trade in my opinion. Take the time to begin studying your charts and learn these special swing patterns! It will be well worth it!

## Risk Disclaimers

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