

The  
**ULTIMATE**  
REVERSAL TRADING STRATEGY

TheWizard  

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## ABOUT US

The Wizard has been an industry leader in trading systems and education for 7 years.

With subscribers from over **100 countries** around the world, we are on a mission to empower traders to take their future into their own hands.

So whether you trade **stocks, ETF's, futures or forex**, you'll need every edge you can get to trade in this new and unpredictable global market.

And that's where this free guide comes into play. **So let's begin...**

# THE ULTIMATE REVERSAL STRATEGY

In this guide, we're going to show you the simple way to trade our highest-reward, lowest-risk reversal patterns: **double tops and double bottoms.**

Before we continue, we'd like to acknowledge that there is a lot of education out there about trading these patterns. However, in our opinion, the setups that most traders use are too risky. And the reason is simple: they get in far too late.

Instead, we're going to show you how to time your entry as early as possible. **You'll position yourself for maximum gain - while keeping any losses very small.**

Best of all, this setup works in any market and in any timeframe. So regardless of whether you're trading stocks, ETF's, futures or forex, **this method works.**



REVERSAL STRATEGY #1

# DOUBLE BOTTOMS

## A Brief Overview

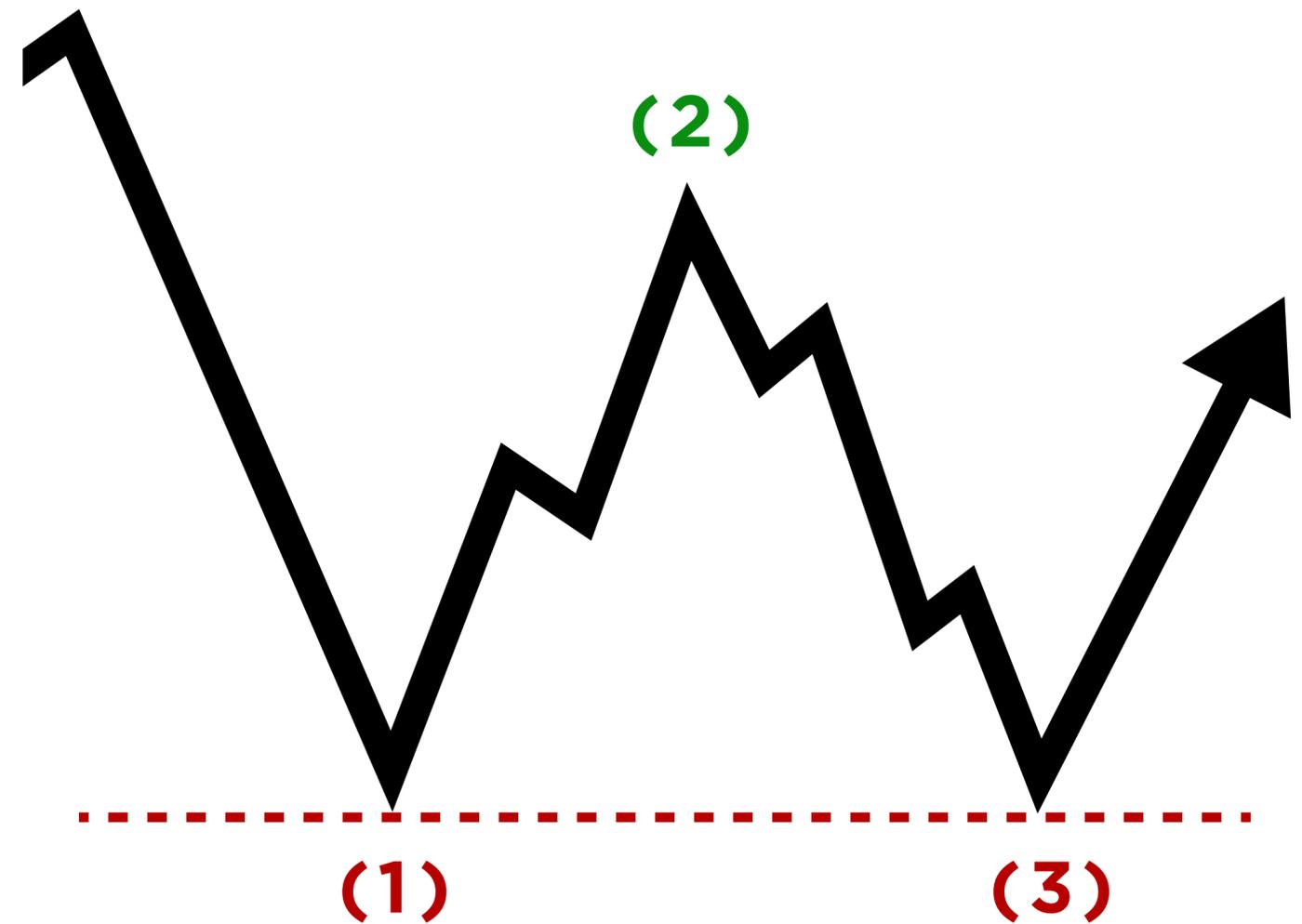
A double bottom is formed when a market makes two lows of equal price points. The pattern looks roughly like a “W”.

## How to Spot Double Bottoms

Once a market makes its first low **(1)** and intermediate high **(2)** and trades back down to the price level of **(3)**, you should be on the lookout for a double bottom.

## 3 Steps to Trading Double Bottoms

Come along as we show you the three steps to trading double bottoms.



## Step 1: Enter the Trade

To make this simple, we're going to break down your entry into 3 steps:

### Step 1: Confirm the Pattern

Wait for price to penetrate the previous low. Only then will we consider taking this trade. This is our entry bar.

### Step 2: Enter Your Buy Order

Your entry price is *1 tick above the high* of the entry bar. Set a buy stop order at this price.

### Step 3: Setup Your Exit order

The best way to reduce your risk is to know exactly where you'll get out before you enter your trade. Set your exit order one tick below the entry bar low.

*\* Make sure you set your exit order with your broker so that it only becomes active if this trade gets filled.*





## Step 3: Take Your Profits

Double bottoms typically trade to one of three levels. (We've listed each one in order of probability.)

### (1) Halfway to the middle peak

Double bottoms usually trade to at least 50% of the middle peak.

### (2) The middle peak

### (3) Double the pattern height

Measure the distance from the second low to the middle peak, and double it.

You can choose to take profits at any of these levels, depending on how aggressive or conservative you want to be.

Combining double bottom profit targets with our trailing stop technique gives you a simple - but incredibly powerful - reversal strategy.





REVERSAL STRATEGY #2

# DOUBLE TOPS

## A Brief Overview

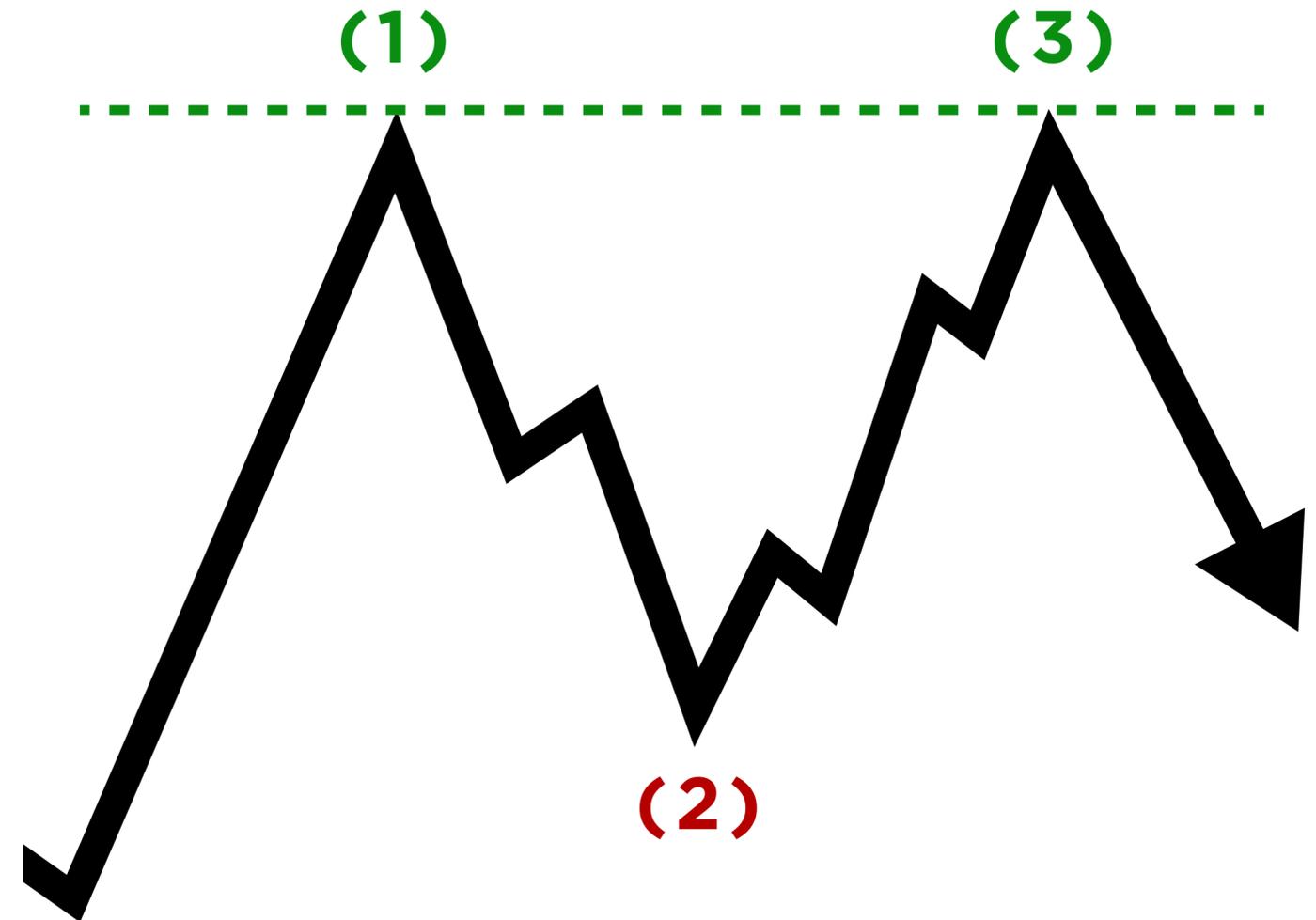
A double top is formed when a market makes two high of equal price points. The pattern looks roughly like a “M”.

## How to Spot Double Tops

Once a market makes its first high **(1)** and intermediate low **(2)** and trades back down to the price level of **(3)**, you should be on the lookout for a double top.

## 3 Steps to Trading Double Tops

Come along as we show you the three steps to trading double tops.



## Step 1: Enter the Trade

To make this simple, we're going to break down your entry into 3 steps:

### Step 1: Confirm the Pattern

Wait for price to penetrate the previous high. Only then will we consider taking this trade. This is our entry bar.

### Step 2: Enter Your Buy Order

Your entry price is *1 tick below the low* of the entry bar. Set a sell stop order at this price.

### Step 3: Setup Your Exit order

The best way to reduce your risk is to know exactly where you'll get out before you enter your trade. Set your exit order one tick above the entry bar high.

*\* Make sure you set your exit order with your broker so that it only becomes active if this trade gets filled.*



## Step 2: Trail Your Stop

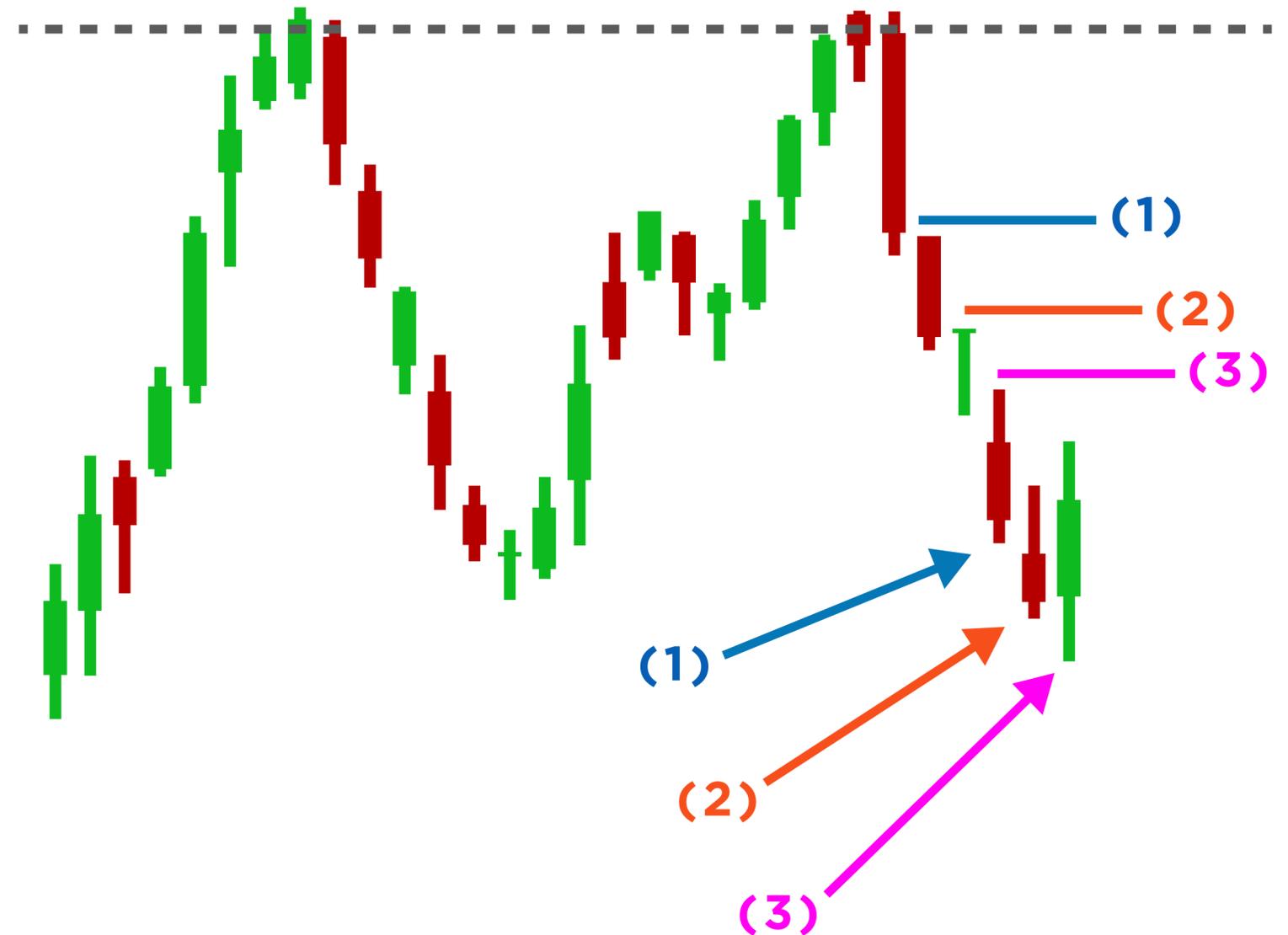
Just as with the double bottom, we now want to make sure we protect our profits as the trade moves in our direction.

Remember that we already have a protective stop in place in order to minimize any losses. Now we're just going to use this stop and "trail" it as price moves down.

**Our technique is simple: We're going to use a 2-bar trailing stop.**

2. Set your stop 1-tick above the high of the bar 2 bars away from the current price bar.
3. As price moves down, move your stop down accordingly.

Set your stop two bars *before* the current price bar.



## Step 3: Take Your Profits

Double tops typically trade to one of three levels. (We've listed each one in order of probability.)

### (1) Halfway to the middle trough

Double tops usually trade to at least 50% of the middle trough.

### (2) The middle trough

### (3) Double the pattern height

Measure the distance from the second high to the middle trough, and double it.

You can choose to take profits at any of these levels, depending on how aggressive or conservative you want to be.

Combining double top profit targets with our trailing stop technique gives you a simple - but incredibly powerful - reversal strategy.



We've just scratched the surface of how to trade double tops and double bottoms.

To learn more about how you can revolutionize your trading, come see us at **[www.TheWizard.com](http://www.TheWizard.com)**

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