# Entry Triggers

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# What Is a Trading Plan?

- Basic premise:
    - What do I want to see that would confer an edge/form a setup?
    - Where do I want to get in?
        - <u>How do I want to get in?</u>
    - Where am I wrong?
    - Where do I want to get out?
    - How much am I going to bet?
- Trading should be treated as a job and taken seriously
- Having a plan can address a lot of issues that are perceived to be ‘psychological’

# What Is an Entry Trigger?

- Definition: Specific set of conditions under which a trade idea materialises into a position
- Colloquially: When you put on risk and change from observer → participant
- A good entry trigger is:
  - Clearly identifiable
  - Consistent and replicable
  - Easy to track and journal
  - Closely related to your trade idea and where you want to do business
  - Not emotionally-driven
- The entry triggers presented here are broadly based on technical setups

# Entry Trigger 1: Outright Price

- Definition: Buying/selling using limit orders at a predetermined price or area
- This is as simple as it sounds
- Upon determining the price at which your setup is triggered, you leave orders in the market to trade at that price
- Pros:
    - Limit orders allow you to control your fill prices
    - Limit orders are cheaper → can really affect your PnL over time
    - Enforces discipline - no price = no trade
    - Removes last second emotional discretion e.g. pulling orders because price looks ‘scary’
    - Straightforward, simply doing business at your levels
- Cons:
    - Partial fills/no fills even if idea is broadly correct
    - Removes option to get an even better price if market pushes deeper into structure
    - Doesn’t immediately cater well for deviation/failed breakout setups
    - Invalidation not always clear
    - Removes discretion in assessing the market’s reaction to your level (can be a pro!)
- Recommended context: First test best test at really clear levels (especially rounded retests)

# Entry Trigger 2: Wick Price

- Definition: Buying/selling using limit and/or market orders below support/above resistance
- Premise: Markets often wick and rarely stick to technical structure to the very tick
    - Therefore, selling at a relative premium/buying at a relative discount can offer a better entry price
- "If you think the market will reverse and go up from $1, and you have a chance to buy at $0.99, why not buy there?"
- Pros:
    - Better entry prices if you're right
    - Can offer a clearer and tighter invalidation (and therefore larger sizing)
    - Less likely to squeeze your entry or wick further if you're right (less psychological pressure & easier management)
    - Reflects the fact that markets aren't tick-perfect and that they wick
    - May be easier to get out if you're wrong
- Cons:
    - The very fact of a better price might mean your original idea is wrong
    - Taken to an extreme, can create a trade idea completely different to your original one
    - Risks missing out on simple setups completely by jostling for a marginally better entry
    - Need to assess if it's worth it versus simply trading at the level
- Recommended context: First test best test at really clear levels, especially if outsized moves/liquidation-driven into do-or-die levels

# Entry Trigger 3: Deviation

- Definition: Buying/selling using limit orders and/or market orders once price has moved past, and then fallen back within, the boundaries of a support/resistance structure
- Similar to Wick Price entries, this trigger acknowledges that price action can be messy and often exceeds the boundaries of the areas where we want to do business
- Pros:
    - Presents a very clear invalidation for any trade ideas
    - Generally higher probability that the structure will work (excess = trapped participants)
    - Easier to compound the position once the deviation is set
- Cons:
    - Sometimes support supports and resistance resists, no deviation = no setup
    - Requires more discretion regarding order types
        - Market sell close/move back within? Limit sell the deviated level?
    - Can greatly reduce R:R/make the trade unavailable if market moves too much from structure
- Recommended context: Rangebound market + levels that have been traded before

# Entry Trigger 4: Break in Structure

- Definition: Buying/selling using limit orders and/or market orders once price has shown sufficient evidence of low time frame weakness at resistance/strength at support
- Concedes that the structure may not be attractive enough to trade outrightly, but that view can be swayed with further evidence
  - Higher highs and higher lows at support = higher likelihood it's going to work
  - Lower lows and lower highs at resistance = higher likelihood it's going to work
- Pros
  - Prevents taking trades where the market blitzes through the area you were planning to trade
  - Increased confluence from price action aligning with what you'd want to see
- Cons
  - Difficult to do in practice
    - Especially low signal:noise ratio if staring at LTF at HTF structure
  - Can turn into momentum chasing game
  - Entry prices can become quite detached from original idea
  - Precludes you from taking trades where the reaction is swift and immediate
- Recommended context: When unsure about the quality of the structure + no directional bias

# Entry Trigger 5: Candle Close

- Definition: Buying/selling using market orders once price has closed in the appropriate direction at a support/resistance structure on a given time frame
    - Buying a close above resistance
    - Buying a close above support
    - Selling a close below resistance
    - Selling a close below support
- The base case is that the candle close should take place on the same time frame as the technical structure i.e. D1 close at D1 support/resistance, H4 close at H4 support/resistance etc.
- Pros
    - Generally easy to identify
    - Easy to back test and systematise (including automated execution)
    - Avoids a lot of low time frame noise when high time frame swing trading
- Cons
    - Closes can sometimes be ambiguous
    - On a sufficiently high time frame, candle close signals can be very late/trigger once move is done
    - By the time the candle closes the R:R may be greatly reduced
- Recommended context: Reducing noise in high time frame swing trading

# Entry Trigger 6: Low Time Frame Fractal

- Definition: Buying/selling using market and/or limit orders once price has formed a lower time frame buy/sell setup within a higher time frame area
- This is the classic top down approach and a small variation of the Break in Structure entry trigger
- Basic outline:
  - Identify higher time frame area to do business
  - Wait for price to reach said area
  - Go down to a lower time frame (M5-H1/execution time frame)
  - Wait for lower time frame setup to form within higher time frame structure
  - Execute
- Pros
  - Balancing low time frame entries in higher time frame areas can give tighter invalidations
  - Can increase R:R and narrow down entries when dealing with wider areas
  - Unlike Break in Structure, you still do business at/closer to where you originally planned
- Cons
  - Difficult to do in practice
  - Same issue as some other techniques: good setups will sometimes play out quickly at your level without spending enough time at a level to give you an entry
- Recommended context: Finding more precise entries in a wider high time frame area

# Nuances in Entry Triggers

- These categories are not mutually exclusive
- Different conditions, contexts, and setups will likely require slightly different entry triggers → not a one-size-fits-all
- Beginners should lean towards simpler techniques first and then refine as necessary from observation & study of their trading journals
- Don’t use entry triggers as a precursor for cowardice → there’s always a price to pay for confirmation
  - If true confirmation existed, with no downsides, no one would ever lose money!
- Sliding scale:
  - Less confirmation = better entry
  - More confirmation = worse entry
- Some trades will require you to mix and match
  - E.g. Outright sell, invalidated, turns into a deviation → new trade from the same structure
- This is the very core of trading - how you execute!
  - Take it seriously, study it, give it time