

Tipu's

# DOW SCALPER

TRADE YOUR WAY TO FINANCIAL FREEDOM



[WELCOME](#)

[MODULE 1](#)

[MODULE 2](#)

[MODULE 3](#)

[MODULE 4](#)

[MODULE 5](#)

[MODULE 6](#)

[MODULE 7](#)

[MODULE 8](#)

[BONUS VIDEOS](#)

## **Third Stage Trading**

In the previous three modules we covered;

- 1. Price Action**
- 2. Market Cycles**
- 3. Support & Resistance**
- 4. Reading Candlestick Charts**
- 5. Important Candle Patterns**
- 6. Trend Momentum Trade (First Stage)**
- 7. Trading The Reversal (Second Stage)**

In this module you will learn how to trade the third stage which is a later stage of market movement.

### **Higher Highs & Lower Lows (Stage 3: Trading Divergences)**

With this setup we are looking for a higher high or a lower low in the market, in other words we are looking for two legs or two arms, the second exceeding the length of the first.

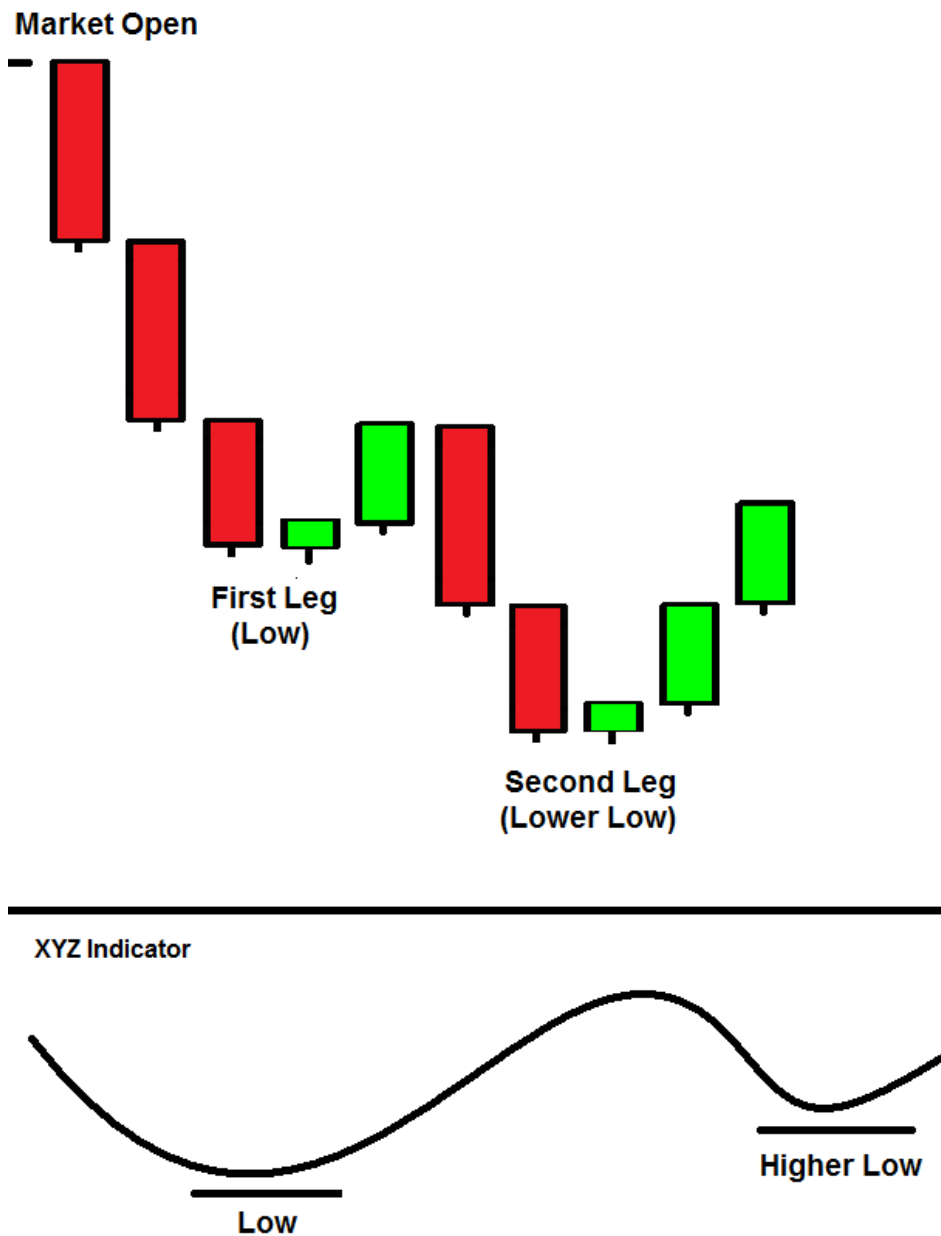
The reason I like to call this a divergence setup is simply because there are other traders who are using some kind of indicators which diverge with the market in the form as shown in the examples below.

There are also breakout traders who like to enter the market just as it breaks through the previous leg or arm of the move, ofcourse we know this and so do the professionals. And for that reason these breakouts fail more often, due to professionals fading into the move or taking a contrary position against the amateurs.

Because the probability of a breakout failing is much higher, we are looking to trade contrary to the market once we see this break of the first leg or the arm. We wait for a confirmation by looking for a weak reversal candle to form and then jump into the market.

Remember, we are not using any type of indicator to show us these divergence because as previously mentioned, indicators are lagging and by the time you see the signal on the indicator you have already missed out on a large part of the move.

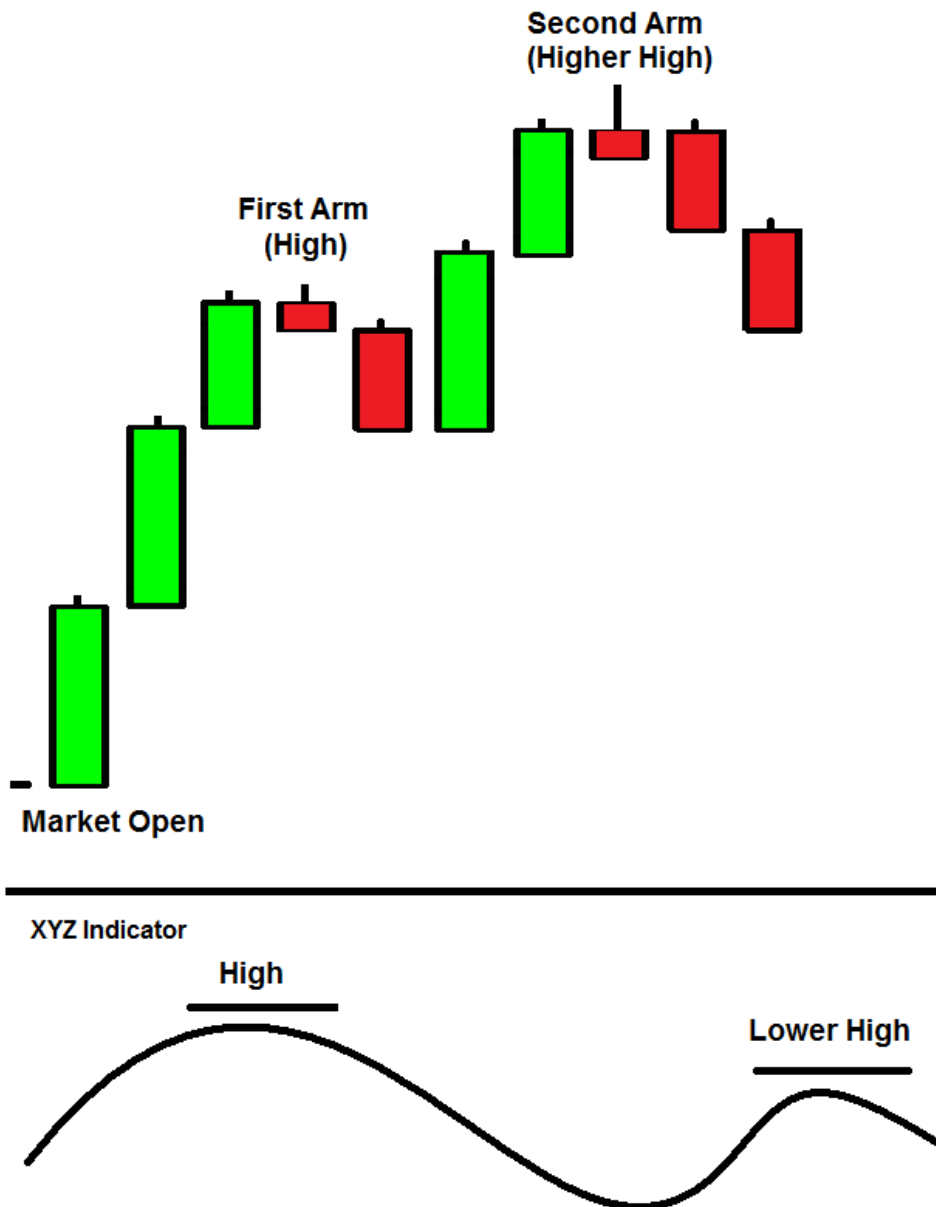
## LOWER LOW



The profit target area for the divergence trade setup is the test of the previous leg in the example above, you can also use 50% fib ratio as your profit target area depending on the size of the second move.

Here's another diagram for a higher high pattern along with how the indicator would show divergence with price action.

## HIGHER HIGH



### **Video 5: Identifying Weakness In the Market, Turning A Losing Trade In To A Winner & Trading Divergences.**

This video shows how to spot a retracement or a reversal in trend. Watch the video carefully, these are very important concepts to understand for your trading.

Press the play button to start the player

[Advance To Module 6](#)

Contact Support: support [at] dowscalper.com



**DOW SCALPER**  
TRADE YOUR WAY TO FINANCIAL FREEDOM