

# How Professionals Draw Forex Support and Resistance

**Forex Support and Resistance** levels is the most important concept in trading you will ever learn and master as a professional or full time trader. That is why drawing those levels perfectly and neatly with minimal error is very crucial for successful trading. Your ability of drawing those levels professionally is the difference between a successful and unsuccessful trader. That is why it is very important that you grasp the whole concept of drawing those levels perfectly otherwise you will not be able to trade successfully. Winning and losing traders both draw those levels but the thing that separates winners from losers is the right selection and drawing of **S/R levels** for trading the Forex Market.

Before i discuss the article i would like to go through some myths of drawing S/R levels

## Myths of How to Draw Forex Support and Resistance Levels:

There are many myths people considers when drawing S/R levels but i would list most common ones.

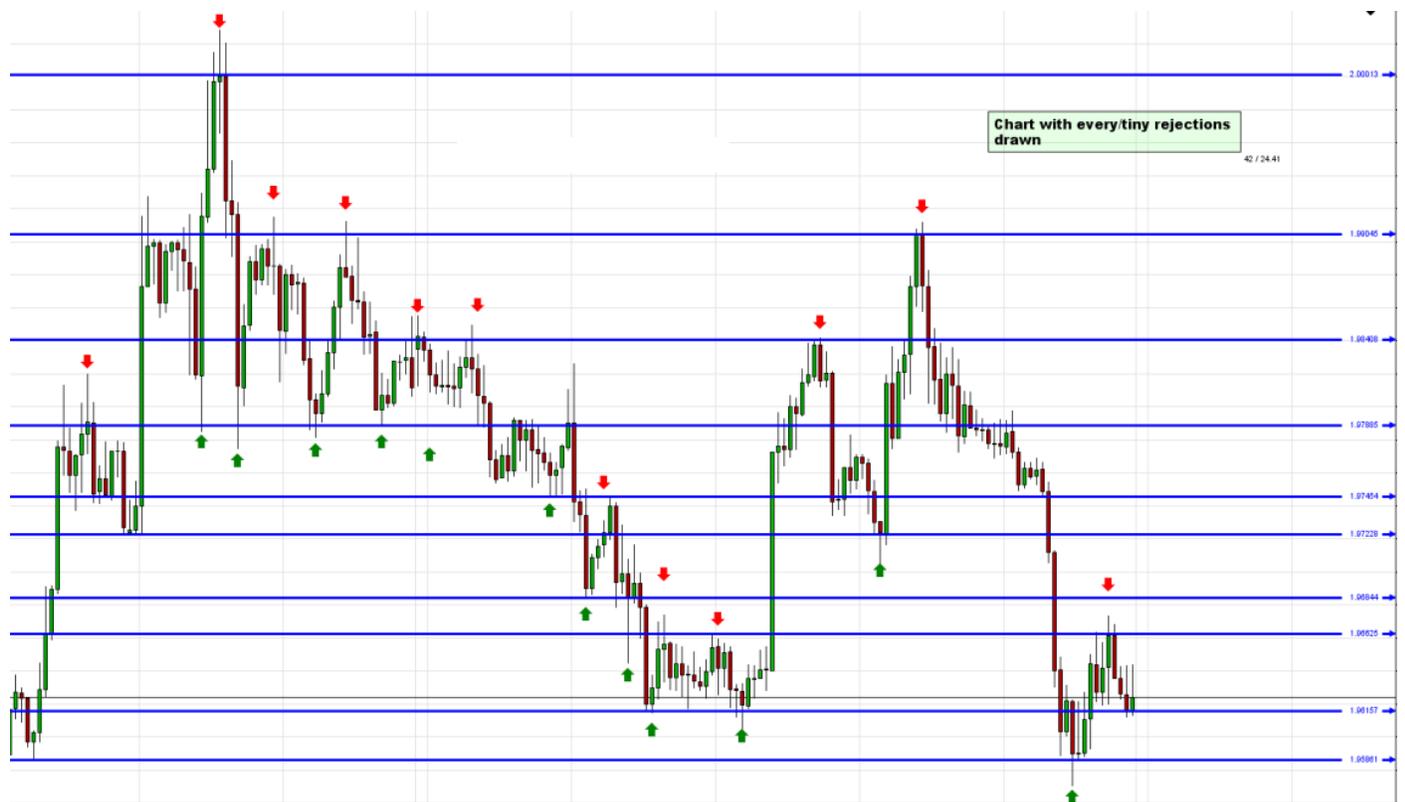
- 1. Digging their head to find right placement:** The most common myth regarding drawing those levels is people dig their head for finding the right placement of S/R levels. They spent too much time on that practice. Remember **support and resistance levels are zones** not just lines so spending time on their right placement is useless it is impossible to draw a Perfect line in the sand. Also S/R lines tends to move some pips as market moves because the very recent touch of those lines would not be exactly the same as the previous one! People moves the market not machines. That is why looking for right placement and spending too much time on perfecting your line is useless
- 2. S/R lines can only be drawn on Shadows/wicks:** Another myth is that you should only consider shadows of candles and not real bodies when drawing those levels. If a real body is breaking a level just by some pips (known as false break) it is not a valid level any

more. In the real time trading **market tends to breaks key levels** (more than two qualified touches) by some pips and move in the direction of Forex support and Resistance line. .



In the image above you can clearly that i have drawn the level on body of the candle see the market break that level with body of candle and reverses. It is still a valid and even more powerful level ( I like to trade **false break** ) and you can continue to watch this level for trading signals as those levels are zones not just lines. Remember break by some pips or body of candle did not effect strength of the level. You can also trade from the false break once this happens. So always considers S/R levels a zone

**3. Not every S/R line is a Valid Level:** You should not draw line every level you see on your chart! Not every level can be called an **Forex Support and Resistance** lines. If you do that then your chart will be full of lines and it will become impossible for you to trade. Drawing lines everywhere in your chart will complex your trading so only consider valid levels when drawing S/R levels



Take a look at above chart **Trading is miserable here!** This is how amateur draw S/R levels. Drawing those levels on every Swing/retrace/tiny rejection will only complex you're trading and increase burden on you. If you do that you will end up like above chart and frustrating yourself that is why I said not every rejection is a valid **Support and Resistance** level it is our duty to find the right one for trading!



Now that is what called trading on a clean chart! It is same chart as above but only carries **proper level drawn** on chart! Now your trading becomes more appealing, less stressful and making more sense. You know what to do and you can quickly decide where to trade! We already taken one winning trade and if I was trading on that chart I shall only consider that level and wait for market to reach and give me opportunity to trade.

## How Professionals Draw Forex Support and Resistance Levels?

There are three golden rules to draw support and resistance lines professionally

**1. Identify a proper rejection:** Before drawing S/R levels identify proper rejection in your chart. What is meant by word “Proper” in rejection? Remember not all rejections can be qualified to mark as valid S/R levels. There are certain rejections more powerful than others. Finding proper Rejection and trading from them by drawing your levels would

make you a profitable trader. Trading from a more value able area where buyers or sellers are more likely to participate and placed their orders will put odds in your favour. I will break it down in an example. But first i would like to show certain characteristics of a proper rejection

### **There are 2 characteristics of a Proper/Valid Rejection**

1. **It will spend more time in that direction.** Longer the market keeps trading in a direction the stronger the rejection would be. If market is spending more time in one direction it is a strong level and can be mark as proper rejection
2. **It will cover more distance in that direction!** More distance market covered in one direction the stronger the rejection will be

Distance is the key if a rejection is covering more distance in less time it can also be marked as a valid or even stronger rejection. Longer the rejection stronger the Support and Resistance line would be and lesser the distance of a rejection the weakest the level would be. They rule of thumb is **only mark longer rejections in your chart and ignore the small ones!**

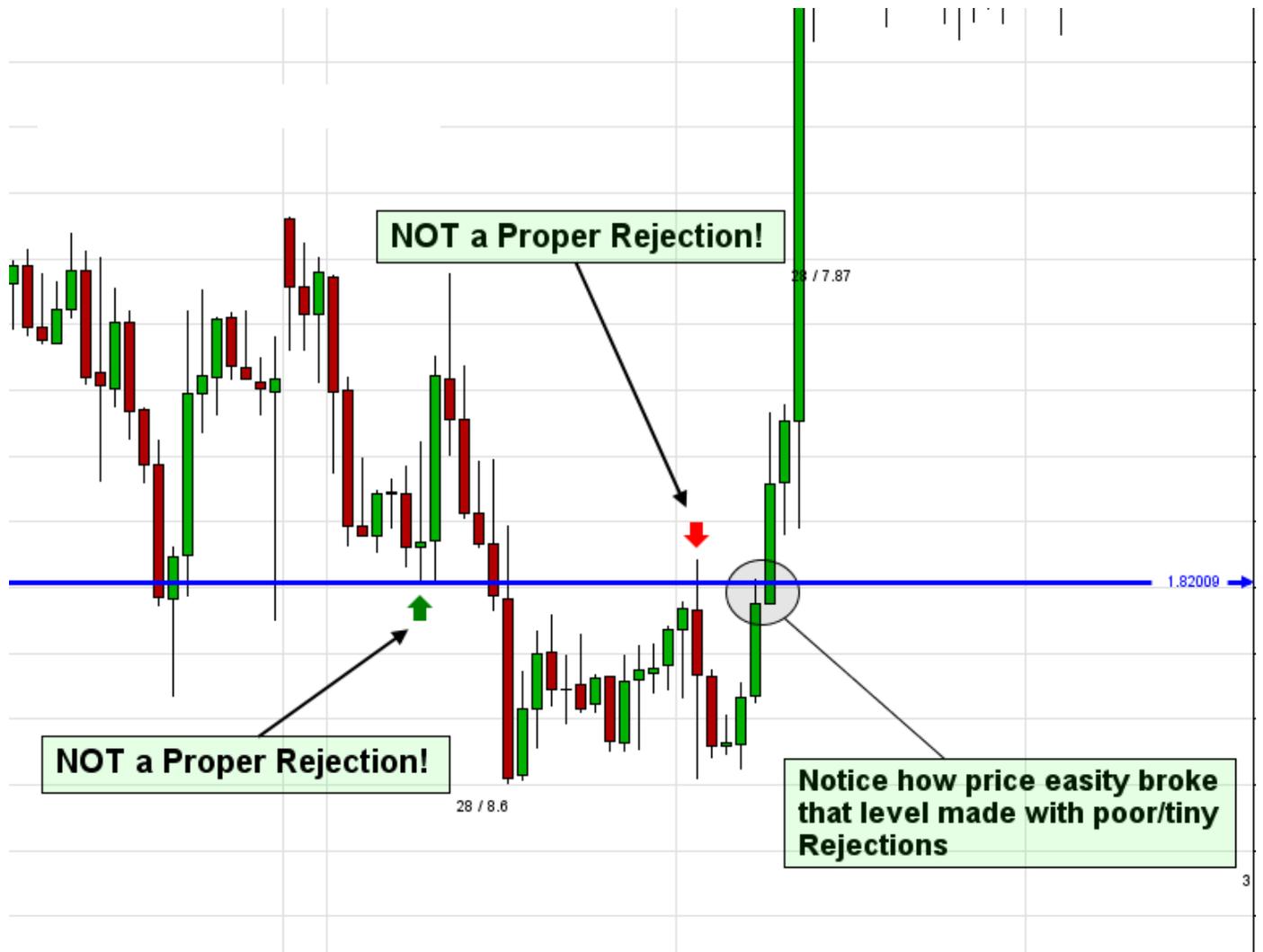


You can see above example of some **Proper Rejections**. The one common thing in all of these rejections is the distance they cover in that particular direction. You can also see one rejection (marked with blue down arrow) It did not spent more time in that direction! But still it is valid as it travels the same amount of distance in just 2 candles that other rejections have not done in even 10 candles so it is even more powerful level to watch on.

As mentioned above ” **not all levels can be market as a valid Forex Support and Resistance Lines** “ it is important that only rejections with considerable candle volume, time and more important distance can be marked as a valid rejection and not all rejections can be proper rejection you can not mark every tiny rejection as S/R level you see on your chart!



It is perfect example of Proper Rejections. You can see in the above chart i have draw three proper rejections markets by Down Red arrows and also notice how i drawn that level in such a manner to include more and more (tiny) rejections because i know **More rejections more stronger level!** The length of rejection is very important because it suggests how strong is particular side of the market! Like Sellers in this case if we have larger rejection then we know sellers are very strong at this level that is why **they were able to keep trading and hold the market down!** And if it is smaller rejection then we can see they are not strong at this level and unable to hold market down.



Take a look at above chart why proper rejection is important to mark your level. Those rejections are not Proper ones! A level made with tiny rejections is very easy to break because it is made by weak market participants and you can see once our resistance level created buyers take advantage of weak sellers and break it in first attempt. Proper rejections are very easy to spot **just ignore the tiny and small rejections like above chart and mark only larger rejections in your chart.**

**2. More Rejections more stronger level:** Once you identified a proper rejection then look for more rejections and draw your level in such a manner to include more and



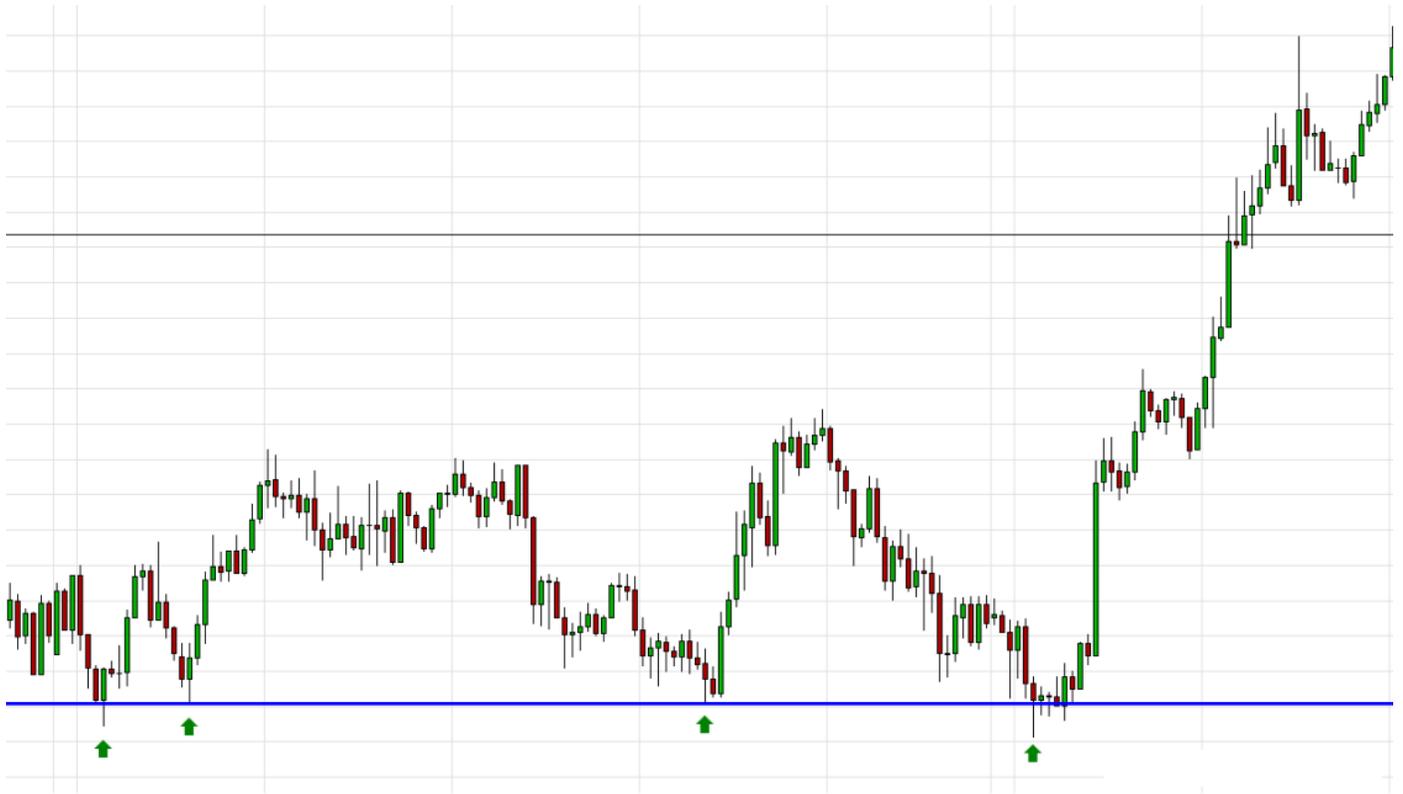


Chart 2

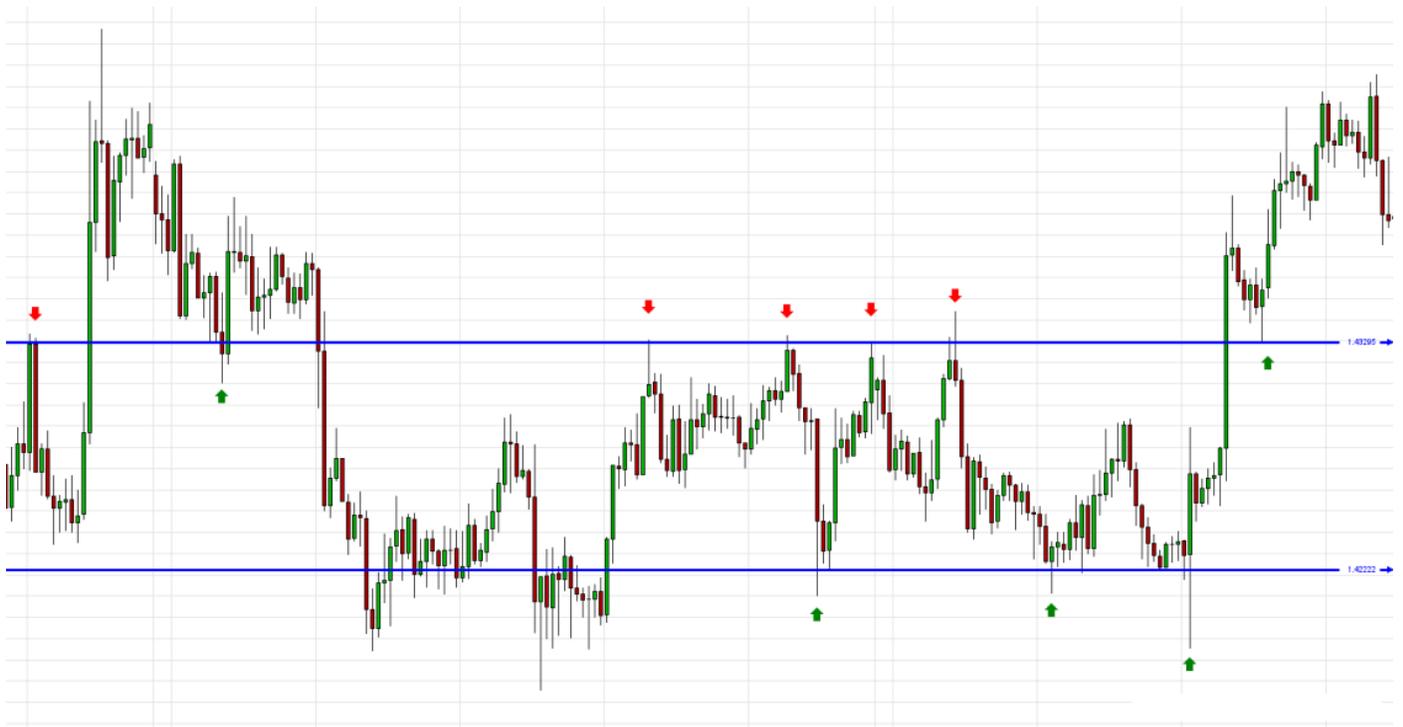


Chart 3

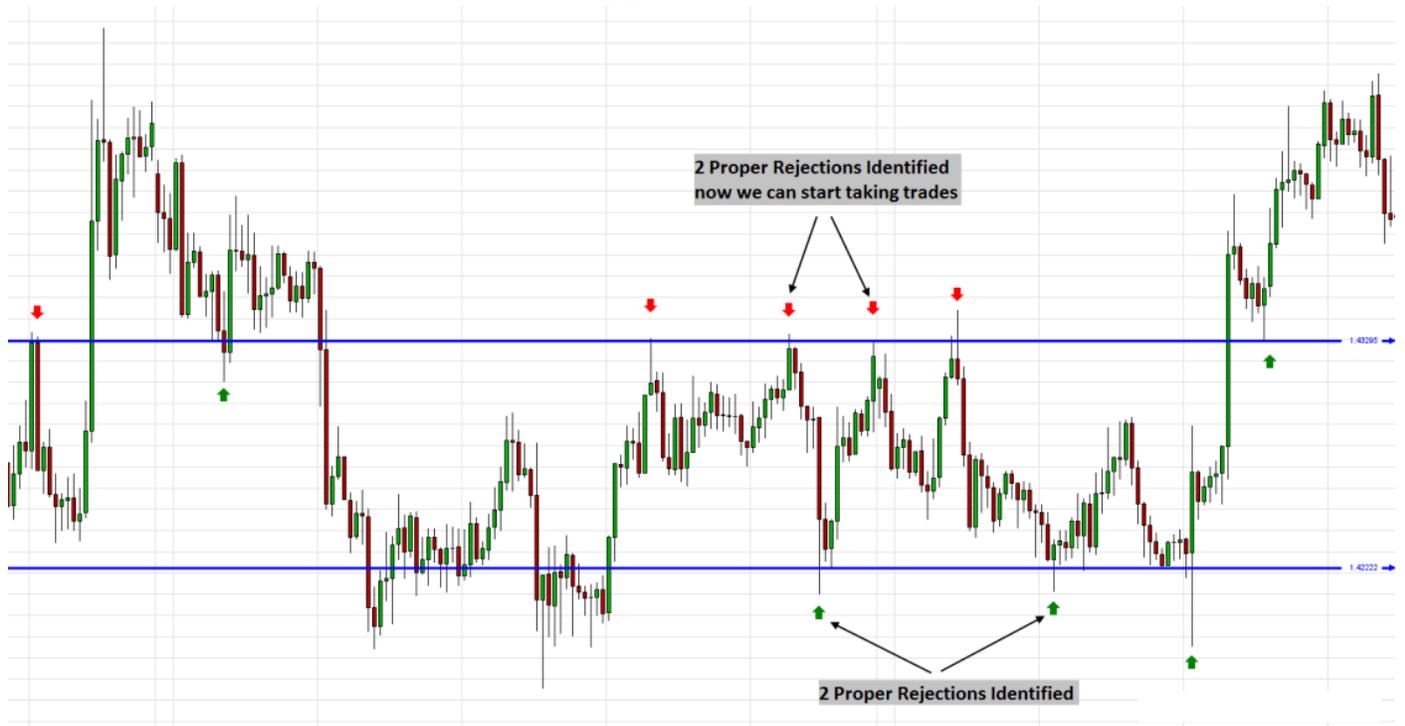


Chart 4

This type of level (which has many rejections **chart 3**) called a key level. It is very important because it has been having a great history and more and more people are going to see it. It will boost probabilities in your favor if you identified those levels and start trading from them. **Once you identified two Proper Rejections in your level you can take a trade on third touch!** No matter how many rejections you have in your level (according to rule number 2). You should have at least **2 Proper Rejections** in your level before you start taking trades **Chart 4**.

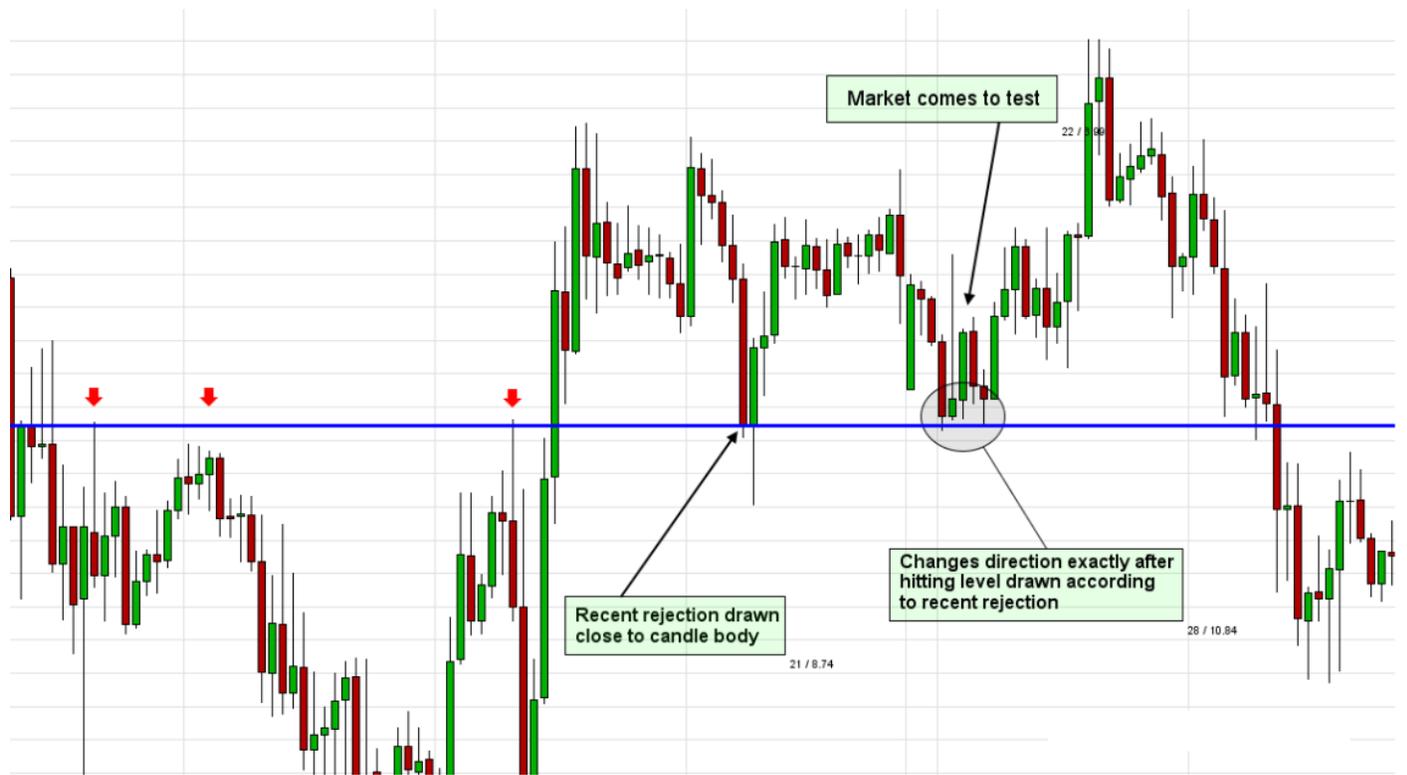
3. **Very Recent Rejections are important:** When drawing levels you should consider very recent rejections those rejections are very important because market tends to react those rejections more often in a **Forex Support and Resistance** levels. By recent rejection i mean very last rejection in your level once your level is complete and after that you waits for price to react your level to take a trade!. I will explain it by an example.



You can see in the above both charts that most recent rejection is actually last rejection on your chart when an Forex Support and Resistance line completes. When you draw S/R levels always try to put your level **as close as possible** to recent rejection because more often market reacts close to recent rejection only and then turns back up so you can get

behind or miss a fantastic opportunity to trade just because your level is not close to recent rejection and you was waiting for market to move some pips further to get enter. If you did not consider recent rejection you are going to miss a lot of good trades. Also S/R lines tend to migrate some pips so keep adjusting your levels according to movement of market.





In the all three above images you can see level drawn according to most recent rejection to make sure

we did not miss the trade because more often market did not penetrate enough to a level and reverses immediately after reacting to most recent rejection in a level. For this purpose always try to draw **Support and Resistance** lines very close to recent rejection to avoid missing any trade setup.

## **Conclusion:**

Considering VAST IMPORTANCE of **Forex Support and Resistance Levels** a trader should be able to draw those levels like a professional by adopting three golden rules and they will see how probabilities of their trades dramatically increases.

### ***Practice Makes a Man Perfect***

Keep Practicing Art of Drawing S/R levels until you master that approach because all of your trades are going to depend heavily on your ability to draw those levels!