

Day Trading an Opening Range Breakdown | Tradingsim Video Lessons



The Opening range Breakdown (ORB)

One of my favorite day trading setups is an **opening range breakdown** on a morning gap. What I look for in the ORB is a strong gap down with larger than normal volume. I want to see the stock taking out key support areas and ideally like to see it breaking to multi-month lows with little in the way of downside support. It is also important that you exercise patience in the morning and stalk the trade. The initial move down on the open is typically supported and a small relief rally ensues. You want to be careful not to get caught up in any short squeeze. Let the dust settle in the first 15 minutes or so and let the trade come to you. Ideally, you will get the squeeze higher and then watch that bounce quickly fizzle out and head back down to the lows of the day. Stocks gapping down into strong support areas are bound to test those levels

multiples times before cracking through these levels. You may need to give it some time to setup and you may even need to take a couple small losses if the short doesn't go in your favor in a hurry. This is where your discipline will come into the picture. You are not going to get every trade right. Even though the trade might eventually work out, your timing might not be ideal. Word to the wise, take quick losses in the morning and don't be afraid to put the trade back on if it tries to go in your direction again.

Click on our youtube video below to see how we traded an opening range breakdown on SYF. If you liked our video, [subscribe to our YouTube channel](#) to see more trade reviews!

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