

Day Trading Support and Resistance Levels | Tradingsim Video Lessons



Hi Guys, I've put a quick video together on a great trade from earlier in the week. The trade illustrates how you can use key support and resistance levels on the larger timeframe charts (daily, weekly) to get some clues on intraday trading direction. As day traders, we need to be like detectives and get all the facts in front of us so we can make logical, fact based decisions. I am reviewing a trade on FSLR which gapped down due to a ratings downgrade by a Wallstreet analyst. FSLR started the day down a mere 3.5%, or so; however, it quickly made a move through longer term support levels and showed no fight at all. What started out as a 3.5% loss quickly turned into a 10% loss.

When you look at this trade example, you will notice that once you enter this trade, there were little, to no reasons to get out of the short. As I mentioned, when larger support and resistance levels get broken with ease, you need to understand the message that is being sent to you. In this case, there was underlying weakness in FSLR which took it down all day long.

But, remember, hindsight is always 20/20 and we don't have a crystal ball. It is easy to look at this video and say "hey,

I could have rode this short down the entire day and made a boatload of cash". However, there were certain points where a base started forming and divergences in the RSI started appearing and it was prudent to take some profits. You will find with experience that most trades do not make it this easy for you. This just happened to be an extremely weak stock the entire day. Expect a fight on most days.

Our trade example below uses our [Tradingsim Market Replay tool](#). It is a market DVR which allows you to replay over 2 years of historical market trading activity as if you were trading it live. Check it out if you are looking to learn how to day trade.