

LOCglobal Technical Analysis Tutorial

TRADING THE PARABOLIC CURVE



A parabolic curve can be formed when a coin has become the subject of exuberant and overconfident bull-run. When it comes to chart analysis, we define a parabolic advance as an uptrend during which the angle of ascent increases as the move matures.

In general, if a rally has more than one power uptrend support level, it has moved into the category of a parabolic curve. It is therefore rising at an unsustainable rate and we must watch closely for our exit point if we are holding

There are three things to look out for when identifying a parabolic curve:

1. A long-term up-trending support.
2. A power uptrend. This requires two points to touch the support line in order to confirm the power uptrend.
3. A second power uptrend. Again, this requires two points touching to confirm the new power uptrend.

Once we have identified these features we must only watch out for a breach of the parabolic support curve. Once this is breached, we can sell or short the coin with confidence that the uptrend cannot be sustained any longer.

Once a parabolic curve is broken it is no longer profitable to hold the coin in the short term. If you are a fan of the project, sell your positions and look for a better chance to re-enter.