

# MDZ Price Action Indicator

Chapter 03 – Support and Resistance

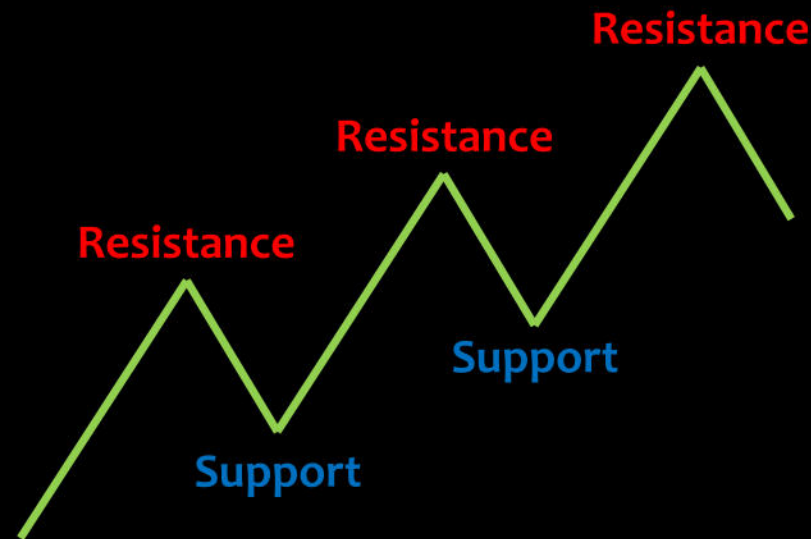
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# Introduction

# Introduction

- **Support** and **resistance** is a concept of **price movement** that has tendency to **stop** and **reverse** at certain **price level**
- This level is a **zone** where the **price touches** multiple times **without breaking** through it

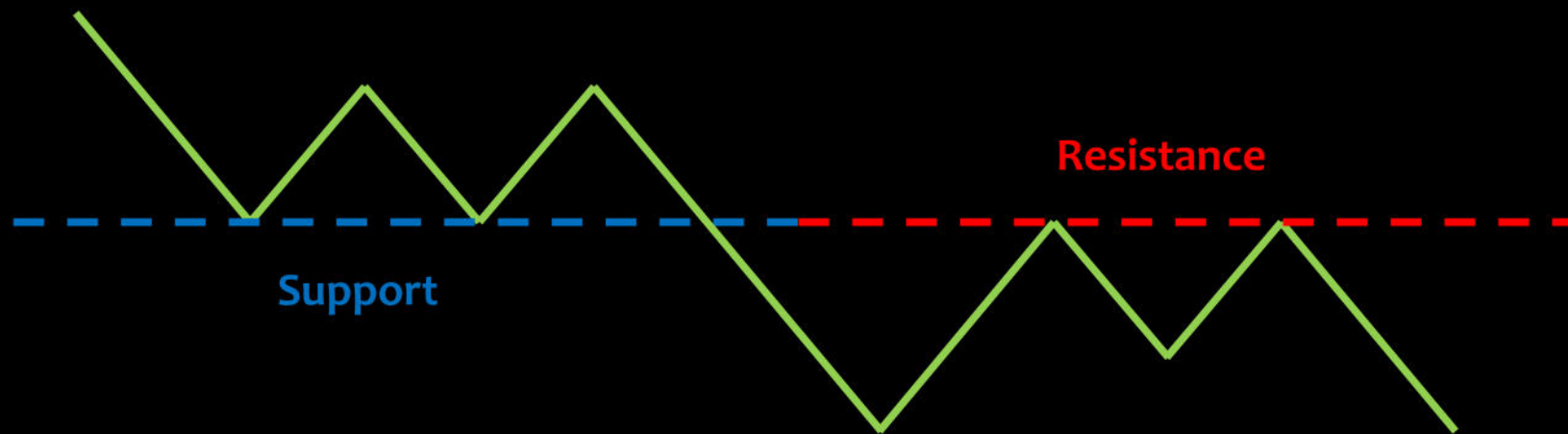


- **Support** level is always **below** current price
- **Resistance** level is always **above** current price
- Once the price has **breached** this level, it is **likely** to **move further** to meet another price level
- The previous **support** will **become resistance** (SBR)
- The previous **resistance** will **become support** (RBS)

# Support Becomes Resistance

# Support Becomes Resistance (SBR)

- **SBR** is a condition where the price **finally** able to **break out** and go beyond an identified **support level**
- The **previous support** level changes its role and **becomes** a **new** area of **resistance**

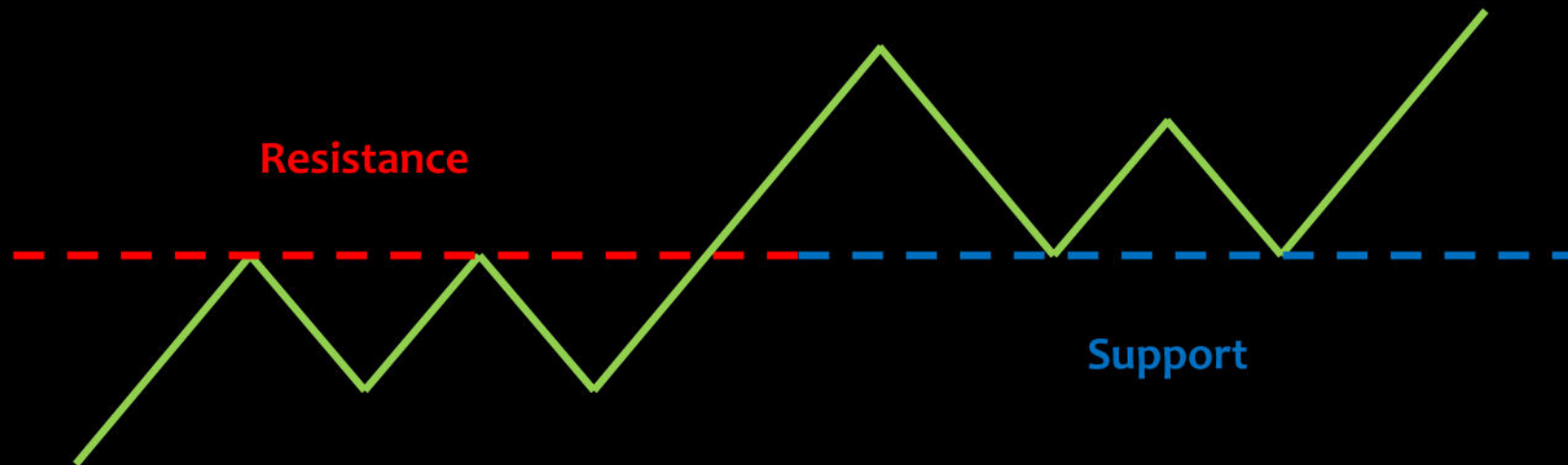


# Resistance Becomes Support



# Resistance Becomes Support (RBS)

- RBS is a condition where the price **finally** able to **break out** and go beyond an identified **resistance level**
- The **previous resistance** level changes its role and **becomes** a **new** area of **support**



# Support and Resistance in MDZ Indicator

- Key Level
- Trendline
- Range (Daily and Weekly)
- Fibonacci Retracement (Daily, Weekly, Monthly)
- High Low (Weekly, Monthly)
- Fibonacci End of Trend (Weekly and Monthly)

# Key Level

- Big Round Number (BRN)
- Key Level 1
- Key Level 2
- Key Level 3
- Key Level 4
- Key Level 5



# Trendline

- Major
- Minor
- Normal



# Range

- Daily
  - Daily Range High (DRH)
  - Daily Range Low (DRL)
- Weekly
  - Weekly Range High (WRH)
  - Weekly Range Low (WRL)



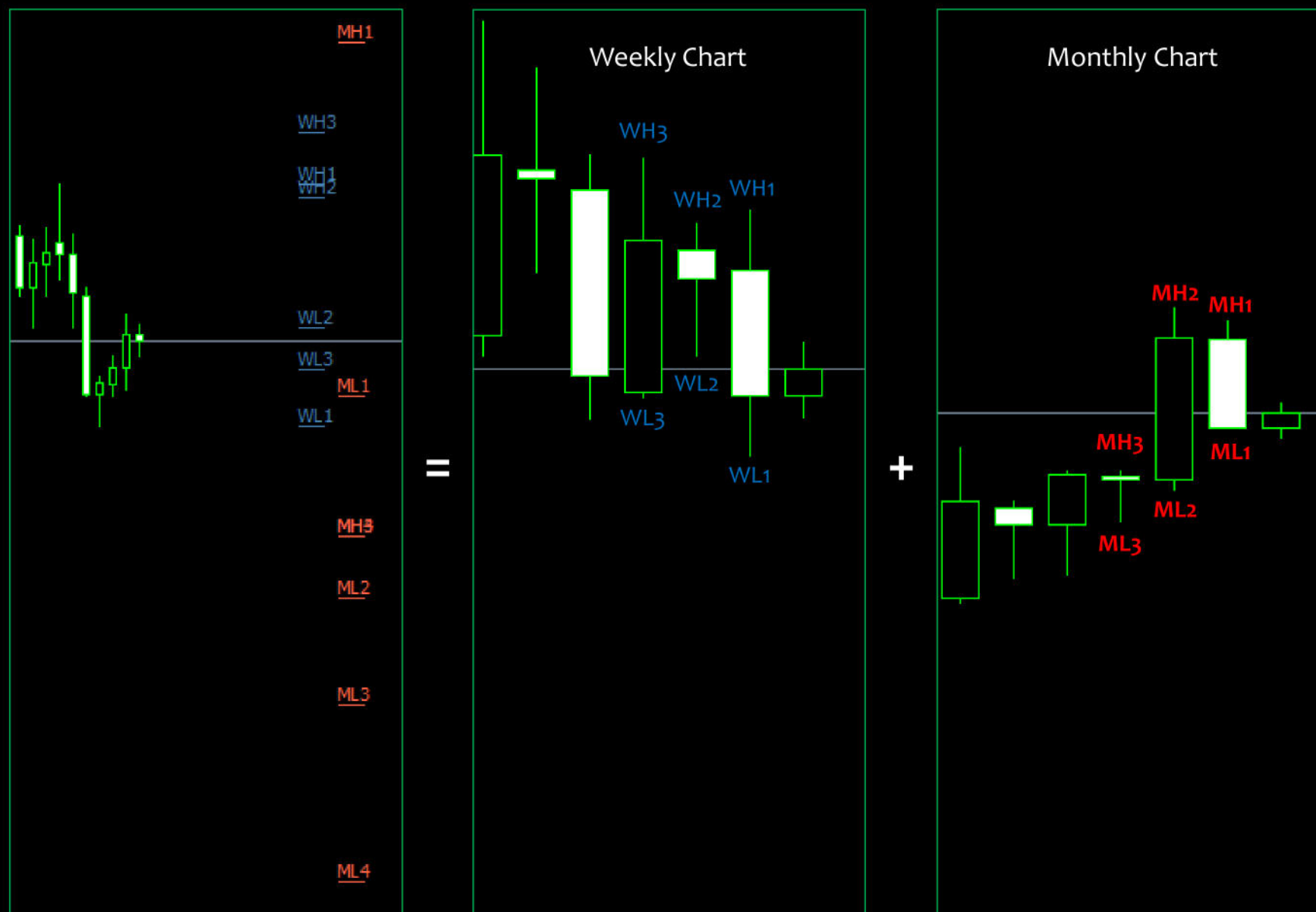
# Fibonacci Retracement

- Daily (d)
- Weekly (w)
- Monthly (m)



# High Low

- Weekly
  - Weekly High (WH)
  - Weekly Low (WL)
- Monthly
  - Monthly High (MH)
  - Monthly Low (ML)





# Fibonacci End of Trend

- Weekly
  - w161
  - w261
  - w423
- Monthly
  - m161
  - m261
  - m423

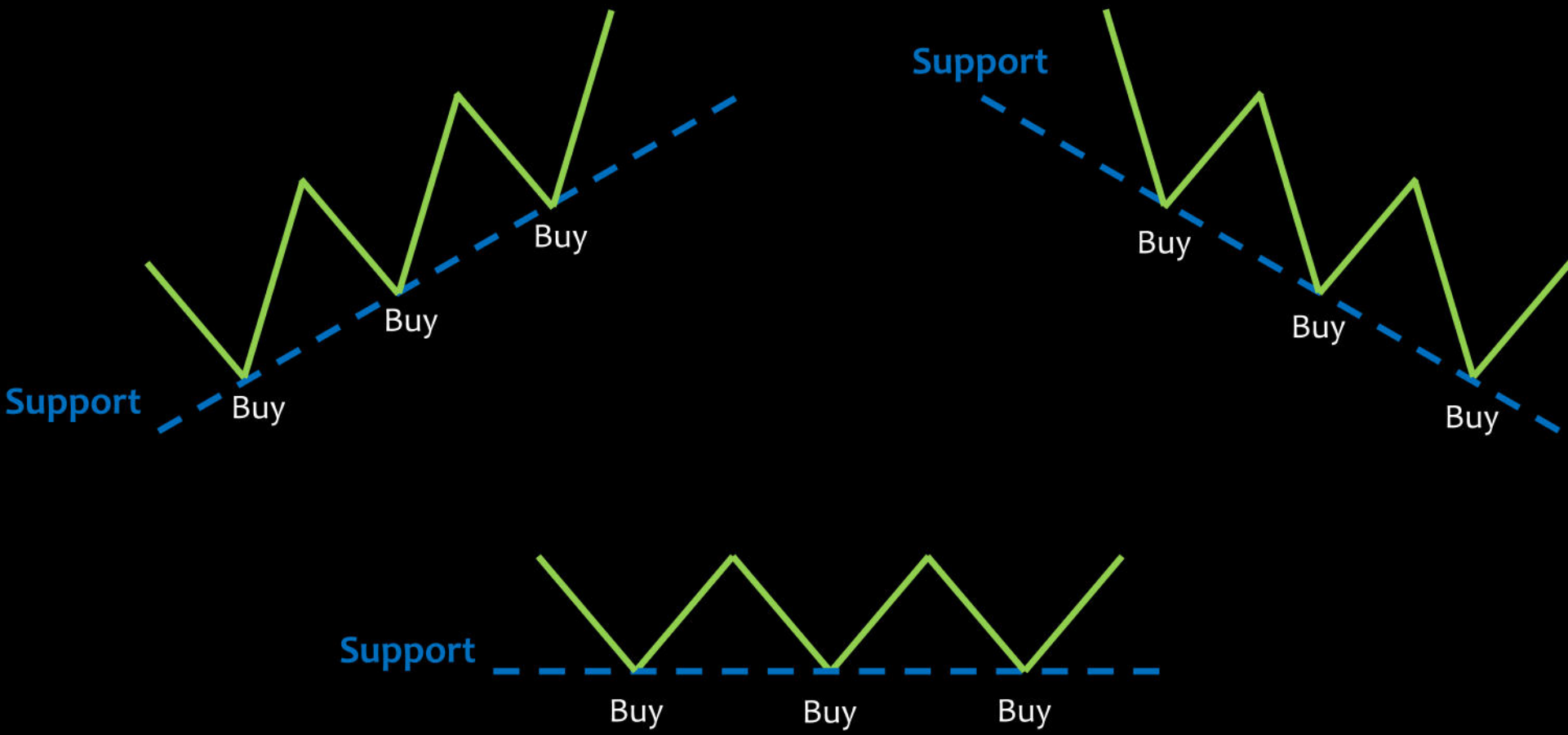


# Trading Strategies

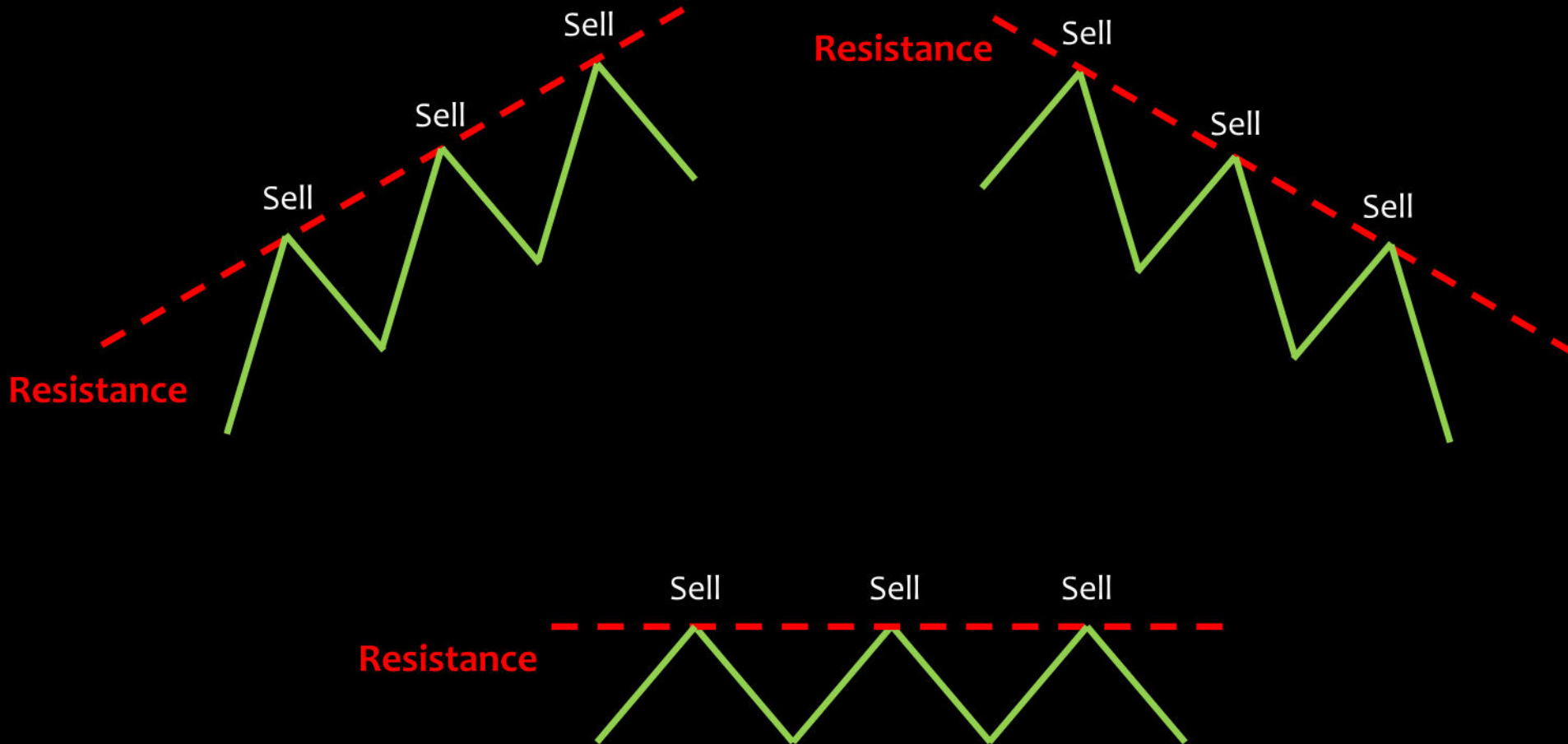
# Overview

- **Support** level = Look for **buy**
- **Resistance** level = Look for **sell**
- Buy on resistance? Not recommended
- Sell on support? Not recommended
- Methods that can be used:
  - Bounce strategy
  - Breakout strategy

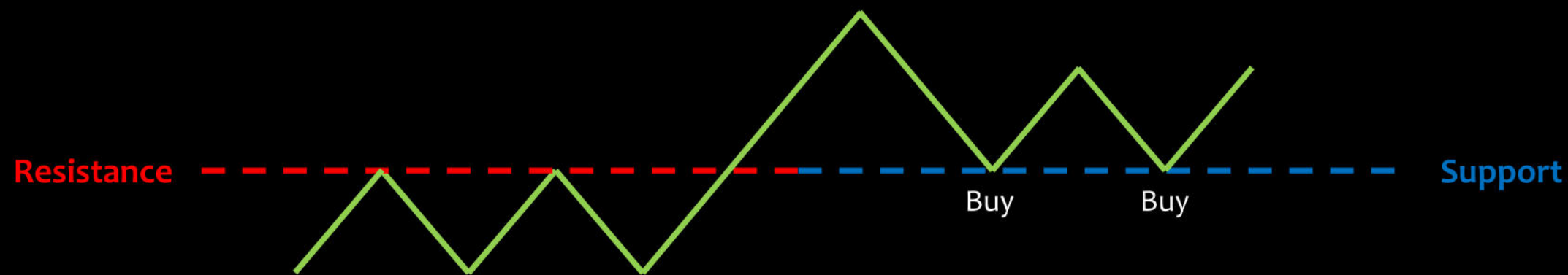
# Bounce Strategy



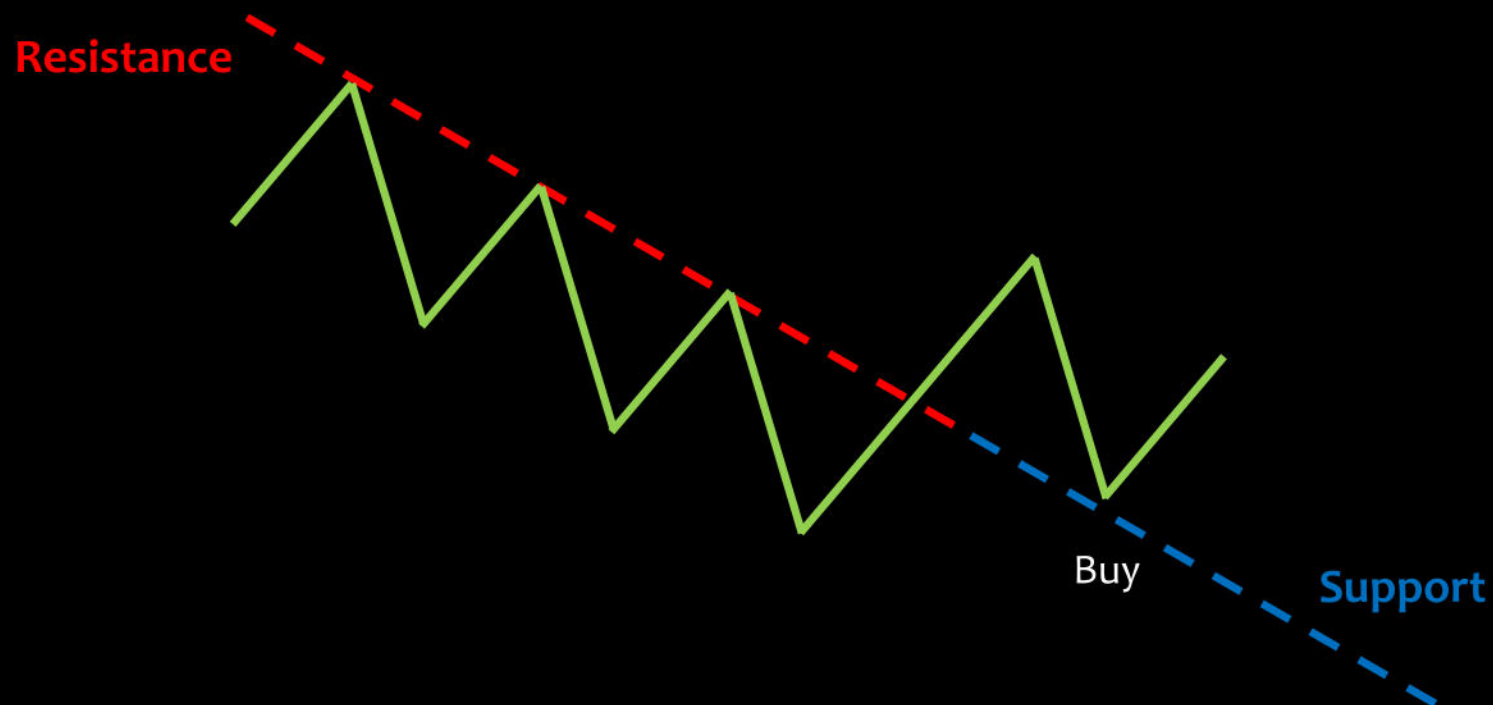
# Bounce Strategy



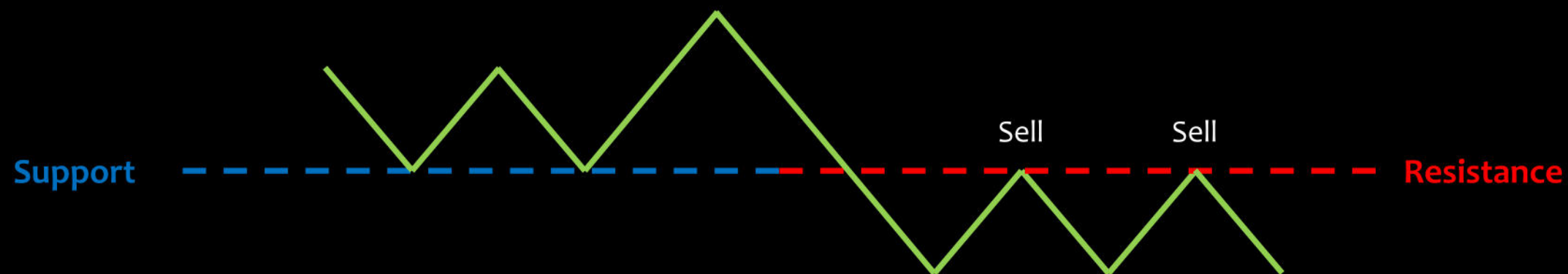
# Breakout Strategy



# Breakout Strategy

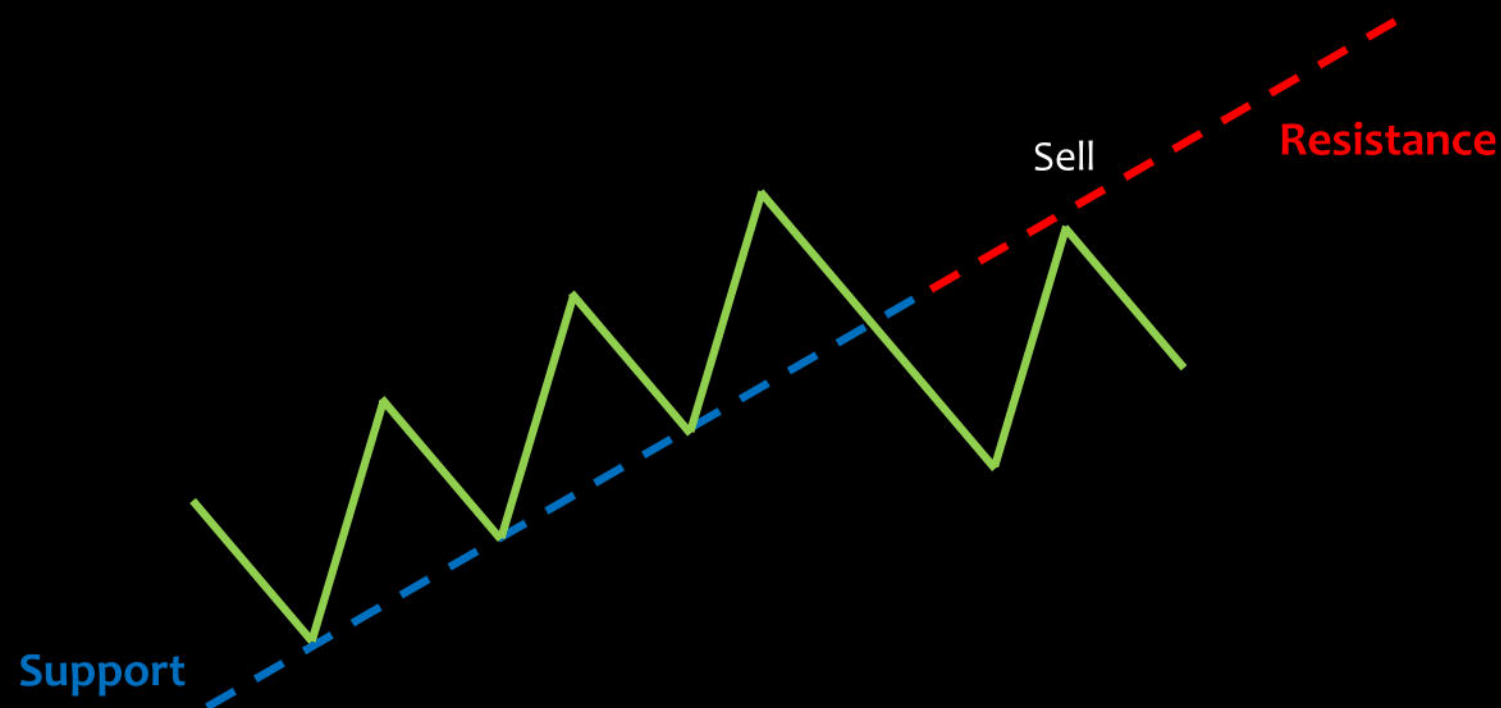


# Breakout Strategy





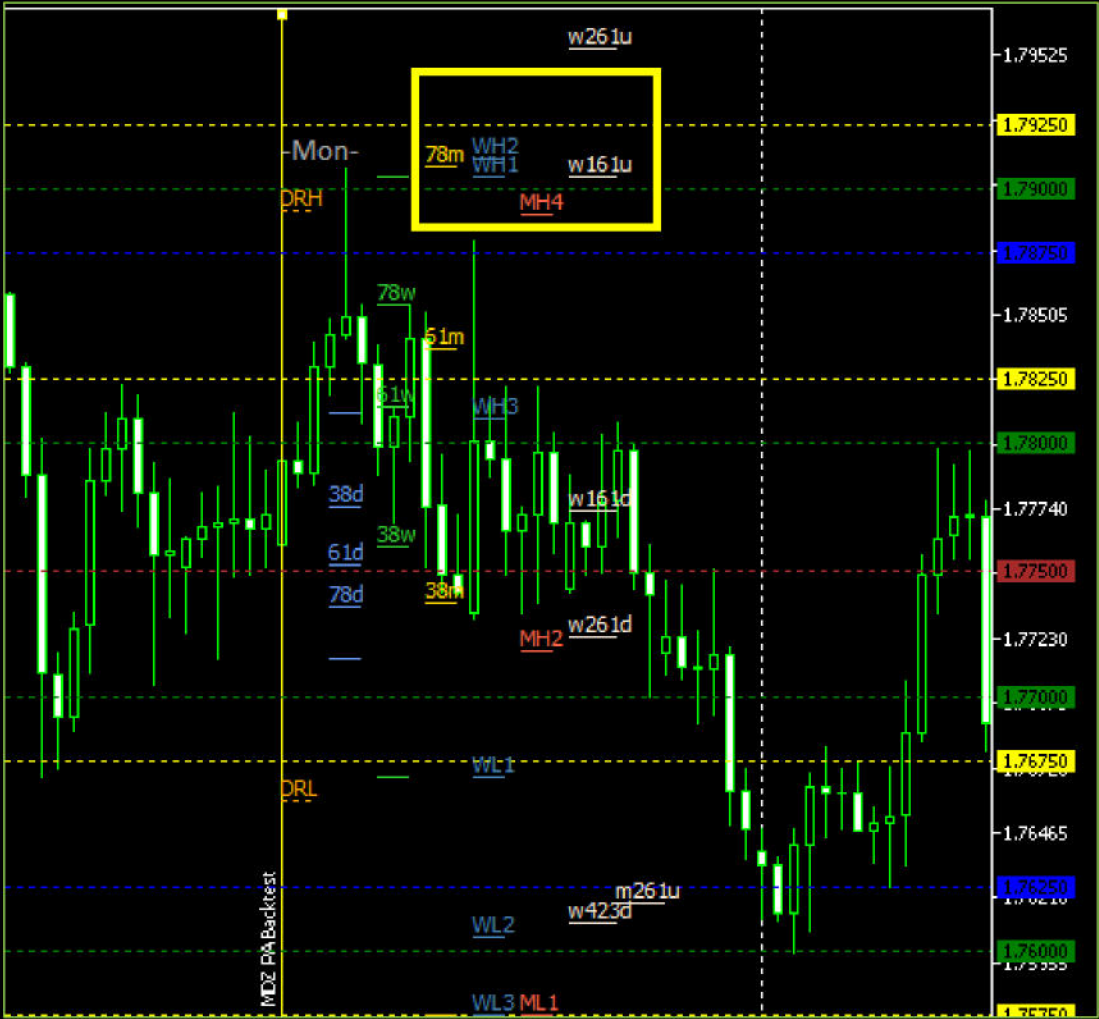
# Breakout Strategy



# Tips

## Tips #1

- Support or resistance levels are considered good when they meet at similar area
- For example:
  - Key Level + High Low + Fibonacci



## Tips #2

- Support or resistance level is considered broken when the price is closed outside of that level in H4 timeframe and above
- Majority of the candlestick body should be at the outside of that level
- When the level is breached, the price will try to find the next support or resistance

## Tips #3

- When the **price** is able to **break support or resistance** level, **don't enter** the market immediately
- **Wait** for the price to **retest** at the support or resistance level

## Tips #4

- **Candlestick Pattern** can be used as a guideline
- **Daily** is recommended to be used on **Monday** and **Tuesday**
- **Weekly** is recommended to be used on **Wednesday** and **Thursday**
- **Monthly** can be used in any day

\*Don't forget, buy on resistance? Sell on support?

<b>GBPAUD</b>	
<b>1.76479</b>	
<hr/>	
Spread	86
Point Value	USD 0.78
<hr/>	
Range	
<hr/>	
Daily	1315   77%
Weekly	3281   71%
<hr/>	
Candlestick Pattern	
<hr/>	
Daily	BUY
Weekly	BUY
Monthly	BUY

## Tips #5

- Price will try to reach range
- Range can be used as a **Take Profit** level
- Range can also be used to enter the market
  - When range is reached, let the price go beyond 40-50pips from the range (sometimes the price reverse immediately)
  - Set your limit order at nearest Key Level and Take Profit at 40pips or nearest support and resistance

