04. Advanced Trading Setups and Backtesting

Advanced Technical Analysis: Strategies for the Savvy Trader
Learn to define, test and review technical strategies systematically.

1. Strategy Framework

- Market condition, setup, trigger and invalidation.
- Entry rules and exit conditions.
- Distinguishing discretionary judgement from testable rules.

2. Common Advanced Setups

- Trend continuation after a pullback.
- Range breakout with retest.
- Failed breakout and reversal setup.

3. Backtesting Basics

- Define rules before testing.
- Use historical data and a representative sample.
- Account for fees, slippage and realistic execution.

4. Evaluating Results

- Win rate, average win and average loss.
- Expectancy, drawdown and risk-adjusted performance.
- Avoiding overfitting and survivorship bias.

Educational material only. Technical analysis does not predict market movements with certainty. Trading and investing involve risk, including loss of capital. This material is not investment advice or a recommendation to buy or sell any security.