The Bounce and Retest System

Support and resistance trading rules, long and short, in the order you check them.

A LEVEL WORTH TRADING

Levels	The support and resistance levels KT Auto Support Resistance Levels Indicator draws on the chart.
Filter	Reversal Chance 60 percent or more, and at least 2 touches. A fresh level with no touches is not traded.
Timing	Closed candles only. A level is judged as it stood when the signal candle closed.

BOUNCE

Long	At support: the candle's low reaches the top of the zone or goes into it, the candle closes above the zone, and the candle before also closed above it.
Short	At resistance: the candle's high reaches the bottom of the zone or goes into it, the candle closes below the zone, and the candle before also closed below it.
Entry	At the open of the next candle.

BREAK AND RETEST

Break	A candle closes through the zone by at least a tenth of the 14 period ATR, after a candle that closed on the other side.
Long	Resistance broken upward. Within 10 candles a candle's low comes back to the top of the zone and it closes above the zone and above its open.
Short	Support broken downward. Within 10 candles a candle's high comes back to the bottom of the zone and it closes below the zone and below its open.
Cancel	A close back through the far side of the zone before the retest cancels the setup.

STOP LOSS, TARGET AND RISK

Stop loss	Beyond the far edge of the zone and beyond the signal candle's wick, whichever is further, plus 0.3 times the 14 period ATR.
Target	The next opposing level, ignoring levels closer than half an ATR.
Skip	Any trade whose target is less than 2 times the stop loss distance away.
Break even	At 1 times the risk in profit, move the stop loss to break even plus a few points.
Conflicts	Two levels signal at once: take the higher Reversal Chance, then more touches. A buy and a sell on the same candle: no trade.
Risk	1 percent of the account per trade, sized from the stop loss distance.

> **Where to start**
> Start with JP225 on the 30 minute chart, with the higher timeframe trend filter on.