



Double Top Reversal

GBP/USD – 26th March 2009



GBP/USD - Short trade closed (+63 pips, ave.)

Open Short: GBP/USD @ 1.4525
 Stop level: 1.4575
 Target level: 1.4410
 Closed: 1.4440 (1/2: +41 pips, 1/2: +85)
 Half position closed at 1.4484

A double top formed at 1.4640, near the 1.4623 sell level, with the trough at 1.4525. The trough was close to another sell level which was at 1.4510. One issue with such a setup is that the preceding trend was not the normal uptrend. The stochastics were falling but the ADX was fairly flat with signs of a move up. With a potential profit target of 115 pips (difference between the double top 1.4625 and trough 1.4525), this was a comfortable trade to take. Half profits were easily achieved and the final close took place as the price hit the 200MA.