

How To Fade: Consecutive Daily Streaks (Using Stats/Data!)

By SmartFinanceData.com

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Tired of watching profits slip through your fingers?

We've analyzed 22 popular currency pairs to calculate the **frequency, length, and probability** of seeing consecutive bullish/bearish streaks...

The result?

A new data-driven trading setup for savvy traders:

SETUP: Exploiting the Power of Fading Streaks.

Intrigued?

Let's crack the code.

Fading Streaks involves capitalizing on consecutive bullish (**upward**) or bearish (**downward**) daily closes by entering in the opposite direction.

Imagine EUR/USD on a rampage, showing 5 straight bullish closes.

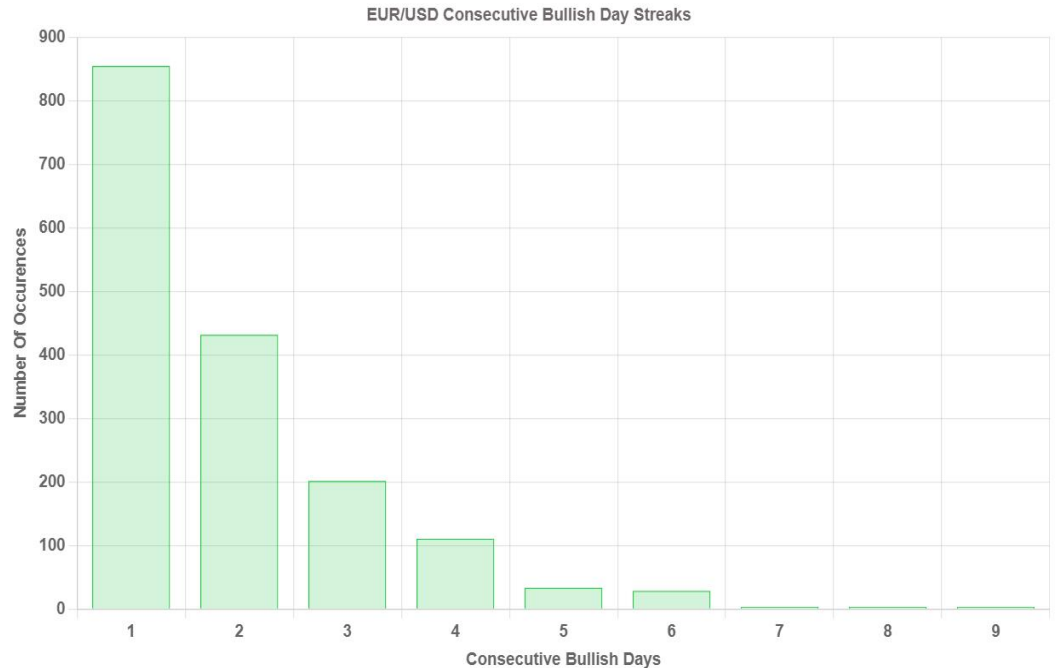
These are called Streaks, and while not a frequent occurrence, they can offer a goldmine of hidden reversal opportunities and substantial data-driven trade confirmation (check out this post for more).

Fading Streaks allows you to capitalize on these pauses and reversals by trading against streaks with a high-probability of ending.

Spot a 3-day bullish streak on EUR/USD?

The data shows 3-day bullish streaks hold an **impressive 87.94% chance** of experiencing a bearish close the very next day!

STREAK	NUMBER	% FOR	% AGAINST
1 Day	855	51.04%	48.96%
2 Day	432	25.79%	74.21%
3 Day	202	12.06%	87.94%
4 Day	111	6.63%	93.37%
5 Day	34	2.03%	97.97%
6 Day	29	1.73%	98.27%
7 Day	4	0.24%	99.76%
8 Day	4	0.24%	99.76%
9 Day	4	0.24%	99.76%



EUR/USD Dataset Range: 1999 - 2023

Total Bearish Streaks: 1675

3-Day Bearish Streaks: 202

Streak Reversal Probability: 87.94%

Streak Continuation Probability: 12.06%

Time to **SELL!**

Key Benefits Of Trading Streaks:

- 1) Minimized Risk Exposure.
- 2) Simplified Trading Routine.
- 3) Streamlined Trade Management.
- 4) Increased Confidence in Trading Decisions.
- 5) Enhanced Growth Potential for Smaller Accounts.

The beauty of Fading Streaks lies in its adaptability.

Whether you're a **fast-paced day trader** thriving on market action or prefer a more **laid-back, set-and-forget approach**, we've got you covered.

Advanced Entry - (Active Traders)

Standard Entry - (Set-And-Forget)

Ready to start identifying streaks?

Contents

Identifying And Tracking Consecutive Day Streaks.....	5
Entry/Exit & Stop Loss Guidelines	10
The Early Bird Gets The Profit	22
Simplify Your Risk Management with Weekday Data	24
Hidden Clues: Technical Power POI's	26

Identifying And Tracking Consecutive Day Streaks

Spotting streaks is as easy as **1, 2, 3!**

Just monitor consecutive bullish (upward) or bearish (downward) days on your charts - it's like counting sheep, but way more profitable.

Two days in a row?

That's a streak.

Three days or more?

Cha-ching! – the reversal odds just doubled!



It's a simple, yet powerful side setup you can use to bank additional profits alongside your core trading strategy.

IMPORTANT: Streak probabilities vary between currency pairs. Invest the time to analyze streak patterns for your chosen pairs. This brief analysis will significantly improve your ability to identify the most promising fading setups and make trading decisions based on data-driven insights.

Streak Alert: USD/JPY has closed bearish five days in a row!

Could a bullish close be on the horizon?

Let's check the data:

Dataset Range (Years): 39

Total Bearish Streaks: 2893

5-Day Bearish Streaks: 76

Streak Reversal Probability: 97.37% (Against %)

Streak Continuation Probability: 2.73% (For %)

After five or more consecutive bearish days on USD/JPY, there's a minimum 97.37% probability of a reversal or pause the following day.

This is where "**fading the streak**" comes in.

Let's see what happens...

U.S. Dollar / Japanese Yen · 1D · FXCM O 161.218 H 161.397 L 160.329 C 160.836 -0.382 (-0.24%) -0.380 (-0.24%)



Our data-driven approach pays off!

USD/JPY's five-day bearish streak ends with a bearish close, delivering a juicy 75 pip profit for those who shorted before the reversal.

By incorporating streak analysis into your trading arsenal, you're not just guessing – you're using a data-driven approach to capturing recurring market patterns. Consider how many similar streaks happen across all 22 major and minor currency pairs.

Hungry for more?

Another Example:

STREAK	NUMBER	% FOR	% AGAINST
1 Day	855	51.04%	48.96%
2 Day	432	25.79%	74.21%
3 Day	202	12.06%	87.94%
4 Day	111	6.63%	93.37%
5 Day	34	2.03%	97.97%
6 Day	29	1.73%	98.27%
7 Day	4	0.24%	99.76%
8 Day	4	0.24%	99.76%
9 Day	4	0.24%	99.76%
10 Day	0	0.00%	100.00%
11 Day	0	0.00%	100.00%

EUR/USD Data Shows 7-day bullish streaks hold a 99.76% chance of closing bearish the next day.

Sounds like a slam dunk, right?

Hold on!

It's important to consider the context:

Dataset Range (Years): 25
Total Bullish Streaks: 1675
7-Day Bullish Streaks: 4

Streak Reversal Probability: 99.76%
Streak Continuation Probability: 0.24%

EUR/USD only experienced 4 streaks of 7 bullish days in 25 Years!

Buckle up – this is a key point:

To get the most out of probabilities, always remember accuracy and reliability rely heavily on sample size – the amount of data available.

We've only seen 4 occurrences of 7-day streaks in 25 years of EUR/USD data. That's a small number, so the 99.76% probability might not be as reliable. In contrast, 3-day streaks occurred 202 times, giving us an bigger dataset and a clearer picture of the actual odds (87.94%).

"Wait, so we should ignore longer streaks completely?"

Absolutely not!

Check it out...

1-Day Bullish Streak Reversal Odds: 48.96% - (855/1675 Occurrences).
2-Day Bullish Streak Reversal Odds: 74.21% - (432/1675 Occurrences).
3-Day Bullish Streak Reversal Odds: 87.94% - (202/1675 Occurrences).
4-Day Bullish Streak Reversal Odds: 93.37% - (111/1675 Occurrences).

Notice how shorter streak probabilities climb as they extend?

While longer streaks are naturally less common, (and so give us less data to work with) analyzing shorter streaks proves a simple point: **The longer a streak continues, the higher the probability of an opposing candle reversing or pausing the streak the following day.**

Key Takeaway: Probability figures are awesome, but context always matters.

Entry/Exit & Stop Loss Guidelines

Ready to harness the power of Streak setups?

Choose an entry strategy that best fits your trading personality (e.g **Day Trader, Swing Trader**, etc) and lifestyle preferences to maximize your results.

Here are two approaches to explore:

Advanced Entry (For the Hands-On Trader):

If you're glued to the charts 24/7 and love technical analysis, this strategy is tailor-made for you.

Merge streak probabilities with technical expertise to pinpoint precise entry points using the lower timeframes (like the 1-hour and 30 minute charts). The more precise the entry, the tighter your stop-loss can be, reducing risk and increasing gains.

Your Game Plan:

- 1) Enter during the day with our **"WAVE"** system.
- 2) Set a tight stop-loss using the Ideal Range dataset.
- 3) Hold until Midnight or when your analysis signals an exit.

Daily Entry (For the Set-and-Forget Trader):

Busy bee?

Workaholic?

No worries!

For a truly hands-off approach, enter at the daily open (12 AM GMT), and walk away until the next days close (12 AM Midnight), before exiting the trade. It really is that easy. No chart-watching, no intraday stress—just set it and forget it!

Your Game Plan:

- 1) Enter at the daily open (12 AM GMT).
- 2) Set a stop using the Ideal Range for peace of mind.
- 3) Hold and then close at 12 AM GMT the following day.

Up Next: Daily Entry Examples.

British Pound / U.S. Dollar - 1D - OANDA 01.27488 H1.27629 L1.27390 C1.27543 +0.00115 (+0.09%) +0.00115 (+0.09%)

1.27537 SELL 1.7 1.27554 BUY

GBP/USD Sell Trade Example: Feb 24th 2021

Large Bearish Pin Bar Indicates Bullish Exhaustion - More Confirmation For Our SELL Trade

5-Day Bullish Streak Reversal Odds: 97.16%

5-Day Bullish Streak Continuation Odds: 2.84%

STREAK ALERT: 5-Day Bullish Streak!

(Let's See If The Probabilities Hold)

TradingView

Well, well, well! ...

GBP/USD's on a hot streak, racking up 5 back-to-back bullish closes!

But how long can this winning run last?

Could a reversal be looming?

Should we jump in?

Let's dive into the data and find out...

Dataset Range (Years): 39 Years

Total Bullish Streaks: 2539

5-Day Bullish Streaks: 72

Streak Reversal Probability: 97.16%

Streak Continuation Probability: 2.84%

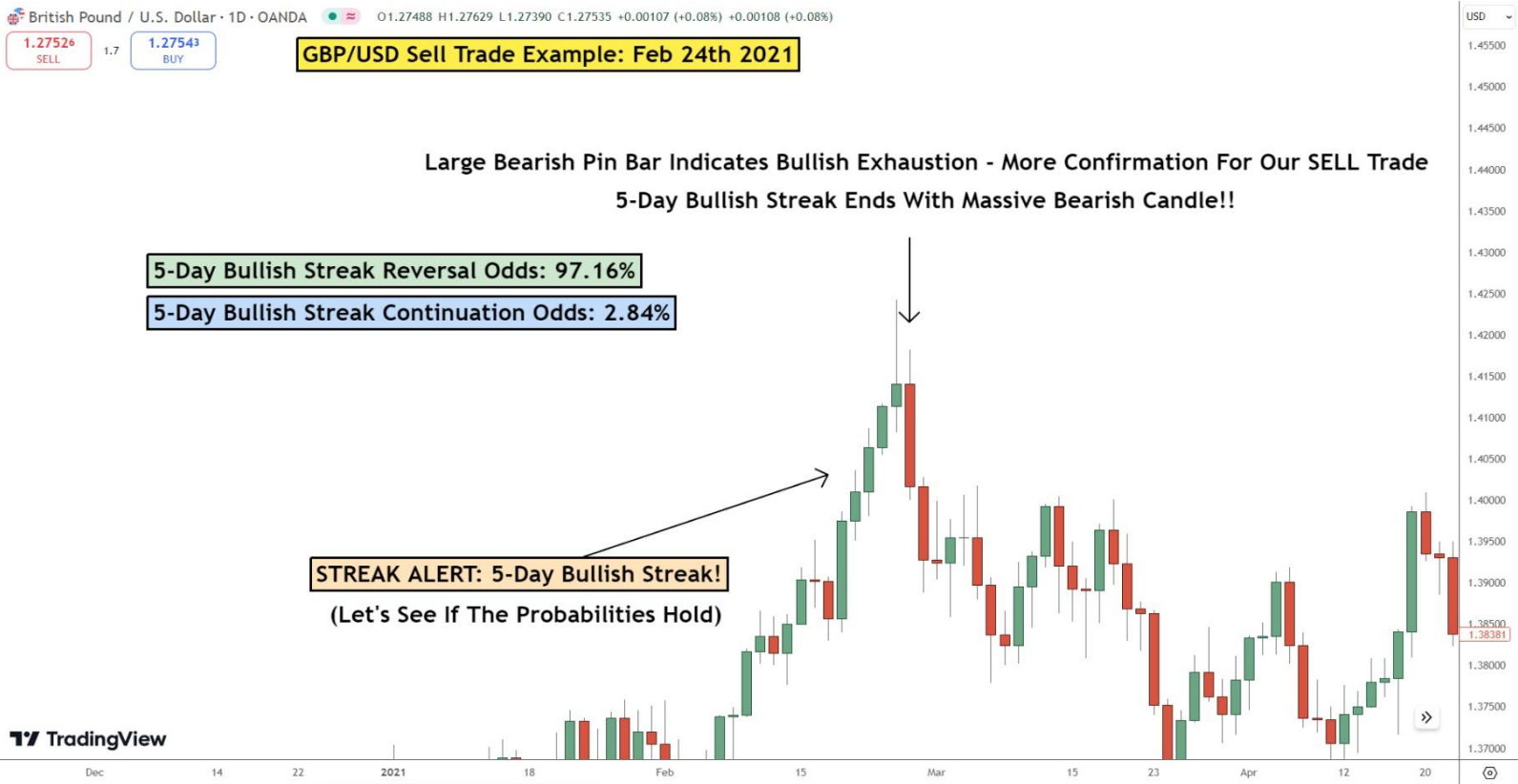
5-day bullish streaks hold a 97.16% chance of closing bearish the next day.

In the past 40 years, GBP/USD only experienced 72 streaks of 5 consecutive bullish days, making them exceptionally rare – and potentially very profitable! Shorting at the open (12 AM GMT) could initiate a sell trade with solid profit potential.

Your Action Plan:

- 1) Short at 12 am GMT.
- 2) Set a Stop-Loss (Ideal Range).
- 3) Hold Then Exit The Next Days Close.

Let's see how this unfolds...



Ding, ding, ding! ...

We have a winner!

GBP/USD's 5-day bearish streak snapped with a decisive close in the red, just as our **97.16%** streak probability predicted! See how uncovering statistical insights can lead to profitable setups and strategies – it's all about exploiting inefficiencies in the market.

NEXT UP: Lower Timeframe Entry



USD/CHF is currently riding a 8-day bullish streak - but could a reversal be imminent based on our historical data?

Dataset Range (Years): 43
Total Bullish Streaks: 2686
8-Day Bullish Streaks: 7

Streak Reversal Probability: 99.74%
Streak Continuation Probability: 0.26%

8-day bullish streaks hold a massive 99.74% chance of closing bearish the next day.

Ka-ching!

(Looks like a winner!)

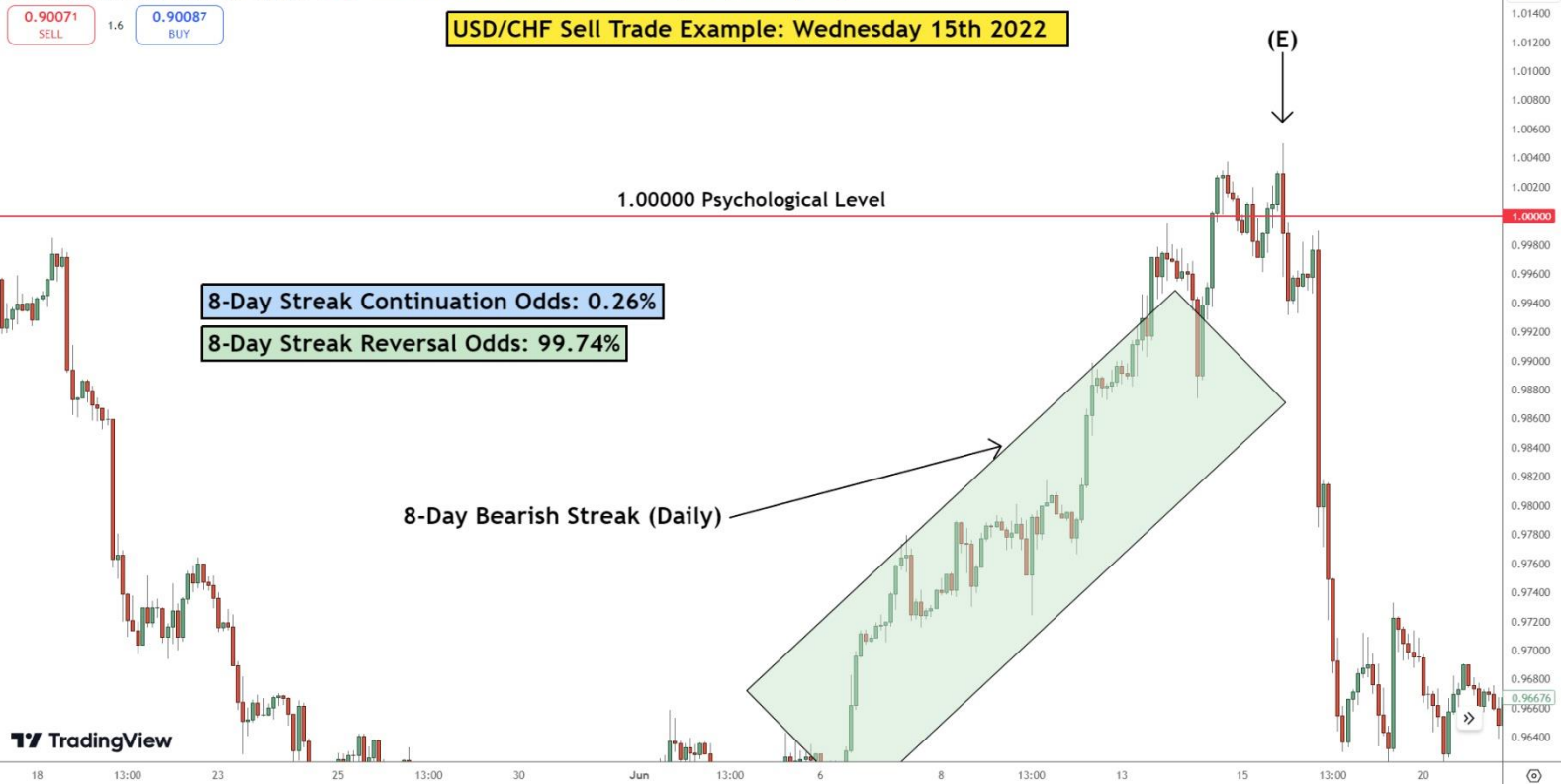
Now, let's zoom in to the 1-hour timeframe and use our **WAVE** system to pinpoint and refine the ideal long entry:

- 1) Watch:** Look for potential reversals during major trading sessions (UK/EU/NY).
- 2) Anticipate:** Identify nearby technical levels that could serve as reversal points.
- 3) Verify:** Major economic announcements often initiate reversal.
- 4) Enter:** Wait for a significant candle before entering.

Ready to see **WAVE** in action?

U.S. Dollar / Swiss Franc · 2h · OANDA 00.90133 H0.90134 L0.90052 C0.90079 -0.00055 (-0.06%) -0.00069 (-0.08%)

USD/CHF Sell Trade Example: Wednesday 15th 2022



EXAMPLE 1: USD/CHF 8-Day Bullish Streak

USD/CHF's 8-day bullish streak initially charges higher, but bulls hit a wall during the USA trading session (**Watch**). The 1.00000 round number and nearby supply zone offer formidable resistance over the next few hours (**Anticipate**).

Then, negative USD news strikes, sparking the reversal (**Verify**)!

Prices plummet, leaving a massive bearish engulfing candlestick in their wake – our chance to sell and profit from the reversal (**Entry**).

Step-By-Step Breakdown:

Watch: USD/CHF's initial rise quickly reversed course.

Anticipate: 1.00000 level was flagged as a key resistance area.

Verify: USD news acted as a catalyst, triggering the days reversal.
Enter: Bearish engulfing pattern signaled the entry point for selling.

You can also use streaks to time bigger reversals:



EXAMPLE 2: AUD/USD 6-Day Bullish Streak

AUD/USD has closed bullish for six consecutive days, forming a substantial uptrend that has pushed price up to the 0.69000 psychological level.

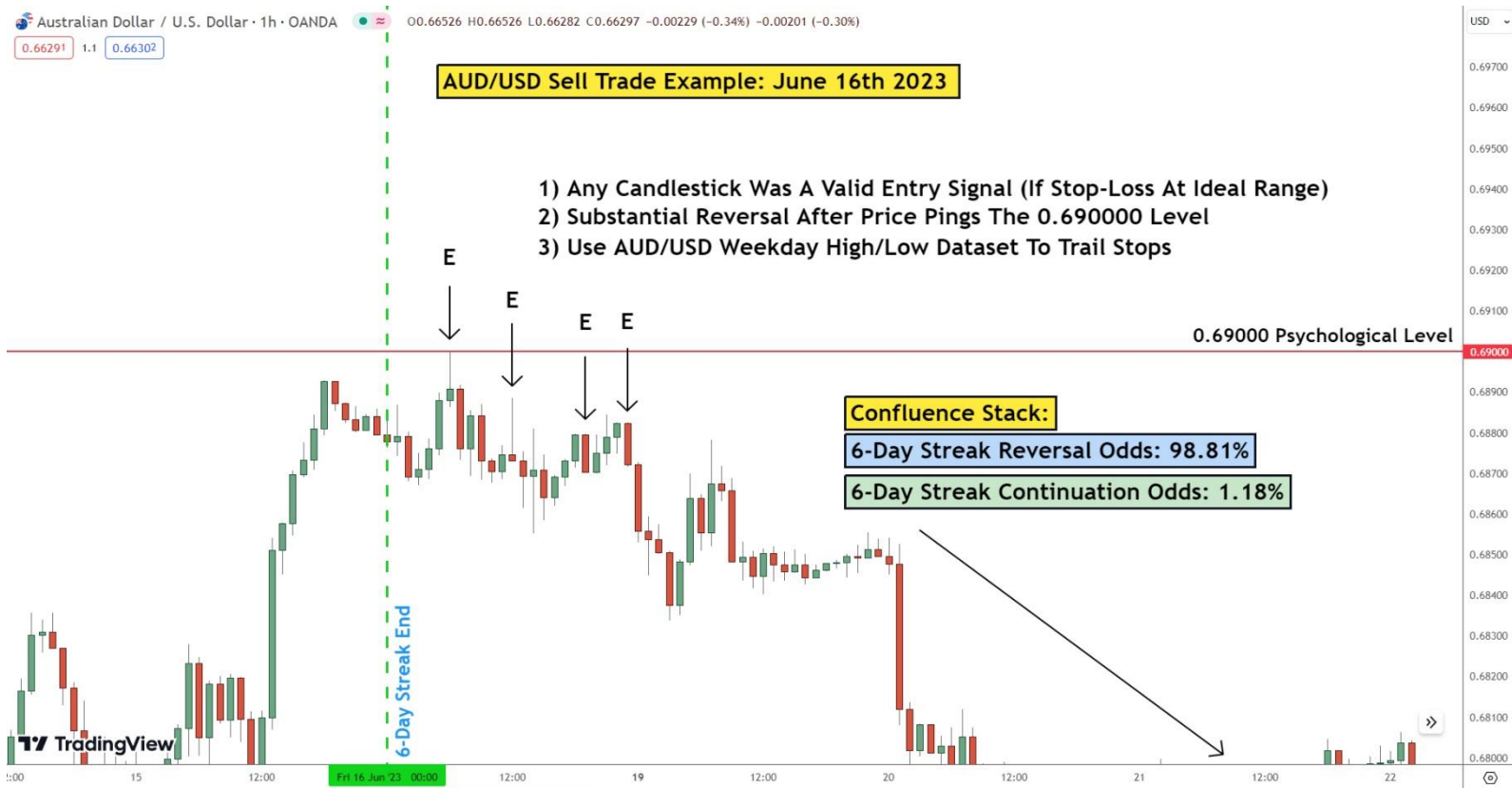
Could a reversal setup be in the works?

Let's check the stats...

Dataset Range (Years): 30
6-Day Bullish Streaks: 25
Total Bullish Streaks: 2093

Streak Reversal Probability: 98.81%
Streak Continuation Probability: 1.18%

6-day bullish streaks hold a massive 98.81% chance of closing bearish on day 7.



June 16th opens with a push higher after a 6-day bullish streak, but quickly reverses course before the US trading session begins (**Watch**). Bulls get stonewalled at the 0.69000 level, a confluence of psychological resistance and an old supply zone (**Anticipate**).

Then, **BOOM!**

Positive USD news triggers chaos, sending AUD/USD tumbling (**Verify**).

Multiple bearish engulfing patterns (**E**) appear before price reverses – our cue to enter and capture the day's price movement (**Enter**)!

Watch: The early pullback was identified as a potential fakeout.

Anticipate: The 0.69000 level was flagged as a key resistance area.

Verify: The USD news acted as a catalyst, triggering the initial reversal.

Enter: Bearish engulfing candle signalling the entry point for shorting.

See how the WAVE system helps break down each stage of the short entry, allowing you to see market turning points as they unfold?



Stop-Loss Guidelines:

Stop positions for the Advanced Entry uses the Daily High/Low Range dataset.

(You can find it here)

Example: AUD/USD's Bearish Ideal Range sits between 300-400 pips.

Dataset Range (Years): 30

Total Bearish Days: 3845

Bearish Days With Open - High Above 300 Pips: 650

Bearish Days With Open - High Under 300 Pips: 3195

Probability Of Any Bearish Day Exceeding 30 Pips: 6.94%

Probability Of Any Bearish Day Close Below 30 Pips: 90.04%

AUD/USD only experienced 650 bearish days (6.94%) where the distance between the **Open** and the **High** exceeded 50 pips.

Setting a 50-pip stop loss can be a strategic move here, as the data shows most bearish days (90.04%) close with a high less than 30 pips from the Open.

Talk about peace of mind!

Australian Dollar / U.S. Dollar · 1h · FXCM 00.67400 H0.67422 L0.67382 C0.67410 +0.00010 (+0.01%) +0.00168 (+0.25%)

AUD/USD Sell Trade Example: July 12th 2023

Stop-Loss Goes 3 - 6 Pips Above AUD/USD Bearish Ideal Range: 30 Pips

Your Risk Is Difference Between The Entry Price And AUD/USD's Ideal Range (30 pips)



Pro Tip: Refine Your Entries, Minimize Your Risk.

Targeting reversals using the 1-hour chart gets you in near the low/high, significantly reducing the stop-loss distance. Remember: **Your risk is the difference between the entry price and the Ideal Range (30 pips for AUD/USD).**

The closer you enter to the Ideal Range, the smaller your risk becomes.

How to Use the Daily Ideal Range Dataset:

- 1) Access the Data: [Open the Ideal Range Dataset.](#)
- 2) Find Your Pair: Locate the data for your specific currency pair (e.g., EUR/USD).
- 3) Ideal Range: Check the ideal range (in Pips) for your stop-loss.

Long/Short Trades >>> Place your stop at the number (pips) in the ideal range.

IMPORTANT: Fading Streaks is NOT About predicting major reversals. We're aiming to capture a single day closing counter to the streak – not predict a broader trend change. Even if a bear day follows a bullish streak, it doesn't mean the trend has reversed - *streaks often pause due to profit taking or temporary exhaustion.*

The Early Bird Gets The Profit

No matter your trading style, being prepared for the first trading session of the day can significantly boost your profitability... **Why?**

The answer lies in three key factors:

- 1) Liquidity.
- 2) Volatility.
- 3) Risk Appetite.

As a new trading day gets underway, market sentiment can shift dramatically compared to the prior days close. Overnight news events, economic data releases, or simply a change in risk appetite can all influence market sentiment, making a morning reversal more likely.

By being present during the morning session, you're better positioned to identify and capitalize on these reversals.

Your Early Bird Checklist:

- 1) Research your pair to identify its major trading sessions.
- 2) Look for signs and signals that suggest a potential reversal.
- 3) Use our Weekday High/Low data to optimal placement for your stop orders.

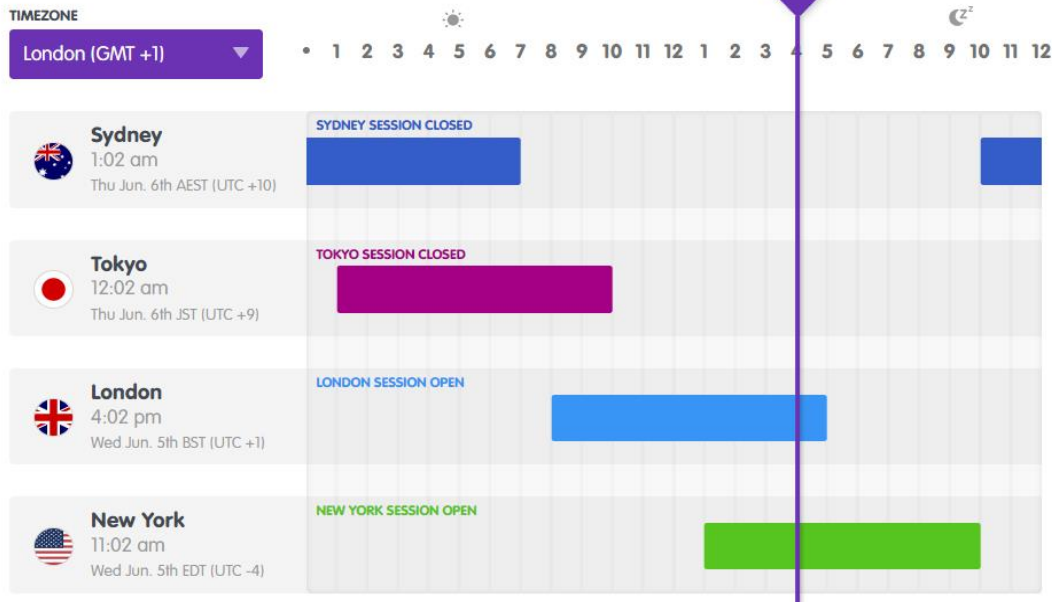
Not sure when each major trading session begins?

Use Babypips Market Time Zone Converter!

Forex Market Time Zone Converter

Learn more about [Forex Market Hours](#).

24 Hour Time



Simply plug in your current location, and the time zone tool instantly displays the corresponding time for the 12:00 am GMT window.

Remember, the early bird doesn't just get the worm - they also get the pips!

Simplify Your Risk Management with Weekday Data

Tired of staring at charts, crunching numbers, and still not feeling confident about your stop-loss placement?

We hear you.

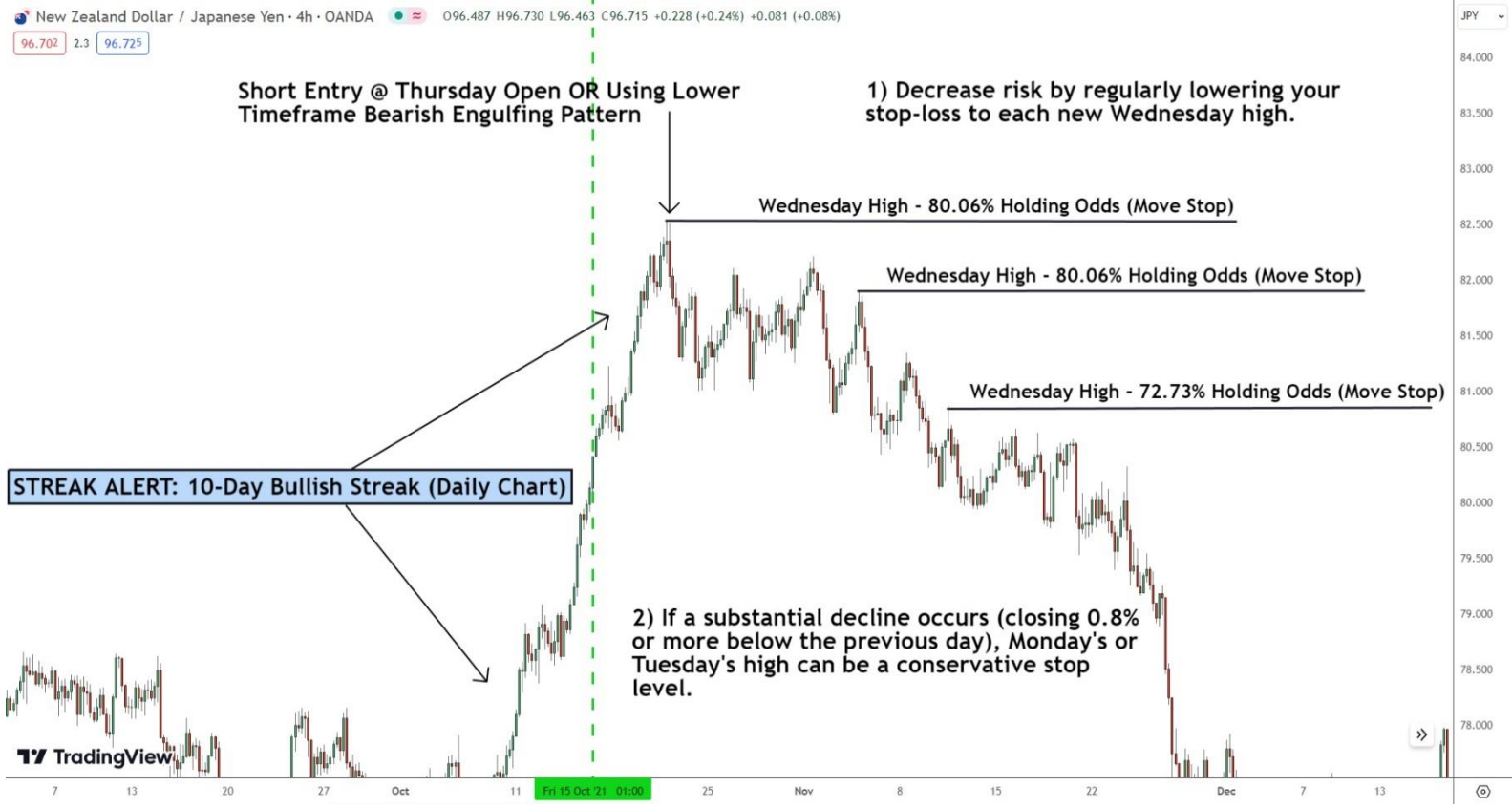
Here's the solution:

Wednesdays and Thursdays boast an average **50% - 85%** chance of their highs or lows holding until the weekend, making them powerful reference points for setting stop-loss orders. By aligning your stops with these levels, you can:

- 1) Minimize Risk.
- 2) Maximize Profit Potential.
- 3) Trade with Confidence.

No complex calculations – just clear, actionable insights.

Example: NZD/JPY 10-Day Bullish Streak.



Highest High/Low Break Probability By Average Closing %

NZD/JPY Bearish Days:

Monday: (30% - 60%)

Tuesday: (30% - 60%)

Wednesday: (60% - 85%)

Thursday: (60% - 85%)

Friday: (High/Low Can't Be Broken)

Use this to your advantage!

If NZD/JPY's streak concludes on a Thursday or Friday, mitigate risk by setting your stop-loss at the previous day's high (for short trades) or low (for long

trades). Wednesday and Thursday's highs/lows usually hold until the weekend, offering data-backed protection for your trades.

Bearish Streak >>>> Place Stop 3 - 6 Pips **ABOVE** Previous Day's **HIGH**.

Bullish Streak >>>> Place Stop 3 - 6 Pips **BELOW** Previous Day's **LOW**.

IMPORTANT: Don't Discount Mondays and Tuesdays! If you see a powerful bullish or bearish close on either day (above +0.5% or +0.8%), the resulting high or low can also serve as a reliable point for your stop-loss.

Hidden Clues: Technical Power POI's

Want laser-focused entries?

The secret's in the overlap!

Look for multiple technical factors converging around a similar price point during the "**Anticipate**" phase of our "**WAVE**" system.

Carefully scan your charts for:

- 1) Is price approaching a key level that has historically been a turning point?
- 2) Are there any Fibonacci levels that align with potential reversal zones?
- 3) Are any reversal patterns (like engulfing bars, pin bars) forming?
- 4) Are any indicators flashing overbought or oversold signals?

The more technical factors that align with our data, the stronger the reversal signal becomes.

(Learn more strategies and insights on my new site, SmartFinanceData.com. It reveals a treasure trove of detailed statistics and probabilities for 22 popular currency pairs – I thought you might find it incredibly useful!)