

BREAK OF STRUCTURE

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A break of structure (BOS) occurs when price breaks a previously established market structure, potentially signaling a shift in trend or market dynamics.

Bullish Break of Structure:

- Price breaks above a previous higher high in a downtrend
- Potential signal for trend reversal or start of an uptrend

Bearish Break of Structure:

- Price breaks below a previous lower low in an uptrend
- Potential signal for trend reversal or start of a downtrend

Key Characteristics

1. Often accompanied by increased volume
2. May be preceded by a change in momentum
3. Can occur on multiple timeframes

Identifying a Break of Structure

1. Identify the current market structure (series of highs and lows)
2. Look for a candle that closes beyond the established structure
3. Confirm with subsequent price action and volume



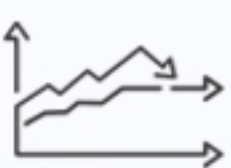
Trading Strategies

1. Enter on the retest of the broken structure
2. Use breakout strategies with confirmation
3. Scale into positions as the new trend develops

Risk Management



Place stop losses beyond the previous structure



Use trailing stops to protect profits in the new trend



Be cautious of false breakouts, especially in ranging markets

Tips

Combine with trend analysis for higher probability trades

Look for confluence with other technical indicators

Consider the overall market context when interpreting a BOS