HowToTrade

9 EMA TRADING STRATEGY [PDF]

Visit our website

Table of Contents

How Does The 9 EMA Indicator Work?

First off, an Exponential Moving Average (EMA) is a moving average indicator that gives more weight to recent price data, making it highly responsive to changes in the market.

The 9 EMA calculates explicitly the average of the last nine closing prices, giving you a line on your chart that tracks the recent price trend with greater sensitivity. With it, you can catch a short-term trend direction or even other minor trends during a major trend.

On a price chart, the 9 EMA is displayed as a single line that oscillates above and below the asset's price action.

Generally, the 9 EMA has a huge body of followership among many moving average traders and day traders. This is because it offers the perfect balance between the past and the present. Since it takes 9 periods into consideration, it offers just enough insight into historical data. And because it's an EMA, placing more emphasis on the most recent periods helps you react quickly to market shifts. It wouldn't be a lie to say that the 9 EMA is among the most commonly used exponential moving averages, particularly among short-term traders.

Technically, the 9 EMA can be used without any other technical indicator. When it is used in isolation, the technique is pretty simple. When the 9 EMA line crosses above or below the asset's price, a signal is made. And that is definitely a strategy!

However, there are other more sophisticated and accurate techniques to use the 9 EMA. Those mainly include adding another EMA indicator or volume and momentum indicator and looking for a crossover.

In sum, since the 9 EMA gives more weight to recent prices, it is known as a handy tool for predicting price movements. All of these make the 9 EMA an ideal tool for short-term traders who need to make quick and precise trading decisions.

5 Popular EMA Crossover Trading Strategies

Now, let us consider five popular 9 exponential moving average crossover trading strategies that can help you make informed trading decisions. As a general rule, the relative position of the 9 EMA with other moving averages will determine what following step to take. This section discusses the 9/30 EMA, 9/20 EMA, 9 EMA and VWAP crossover, 9/21/55 EMA crossover, and 9/15 EMA trading methods.

9/30 EMA Trading Strategy

Mike Burns developed the 9-30 trading strategy. It involves deploying two moving averages to catch trend continuations. The first is the 9-period Exponential Moving Average (EMA), and the second is the 30-period Weighted Moving Average (WMA).

To get your trading setup, ensure the 9 EMA crosses above the 30 WMA and that there's a noticeable wide gap between both of them. The first thing you want to spot is your retracement. And this comes when a candle crosses the 9EMA. In a bearish trend, this would be a bullish candlestick crossing the 9EMA. And in a bullish trend, it would be a bearish candlestick crossing the 9EMA.

For buy and sell signals on the 9-30 trading strategy, wait for a candlestick to close above the high of your retracement candlestick in a bullish trend. The close of that candlestick is your entry. For a bearish trend, you want a candlestick to close below the low of the retracement candlestick, where you'll then place your sell order.

9/20 EMA Trading Strategy

This trading strategy is simple. You simply wait for the crossover between the 9 and 20 moving averages. When the 9 EMA crosses the 20 EMA to the upside, you have a buy signal. But when the 9 EMA crosses the 20 EMA to the downside, you have a sell signal. Simple as that.

9 EMA and VWAP Crossover Strategy

This strategy looks for a crossover between the 9 EMA and the [Volume-Weighted Average Price (VWAP) indicator](). The VWAP indicates the average price a security trades in a day based on its volume and price. It provides traders with insight into the trend and value of an instrument. A cross between the VWAP and the 9 EMA provides further insight into price action behavior.

Trading this strategy is simple. The first thing you want to do is to mark out your previous day's (or any other timeframe) high and low on the 3-minute time frame. A breakout of any of these levels triggers your trading setup.

Once you get your breakout, your crossover should come soon enough. For a bearish trade, your 9 EMA crosses below the VWAP. And for a bullish trade, your EMA crosses above the VWAP. Ideally, that should be your entry signal.

9/21/55 EMA Crossover Strategy

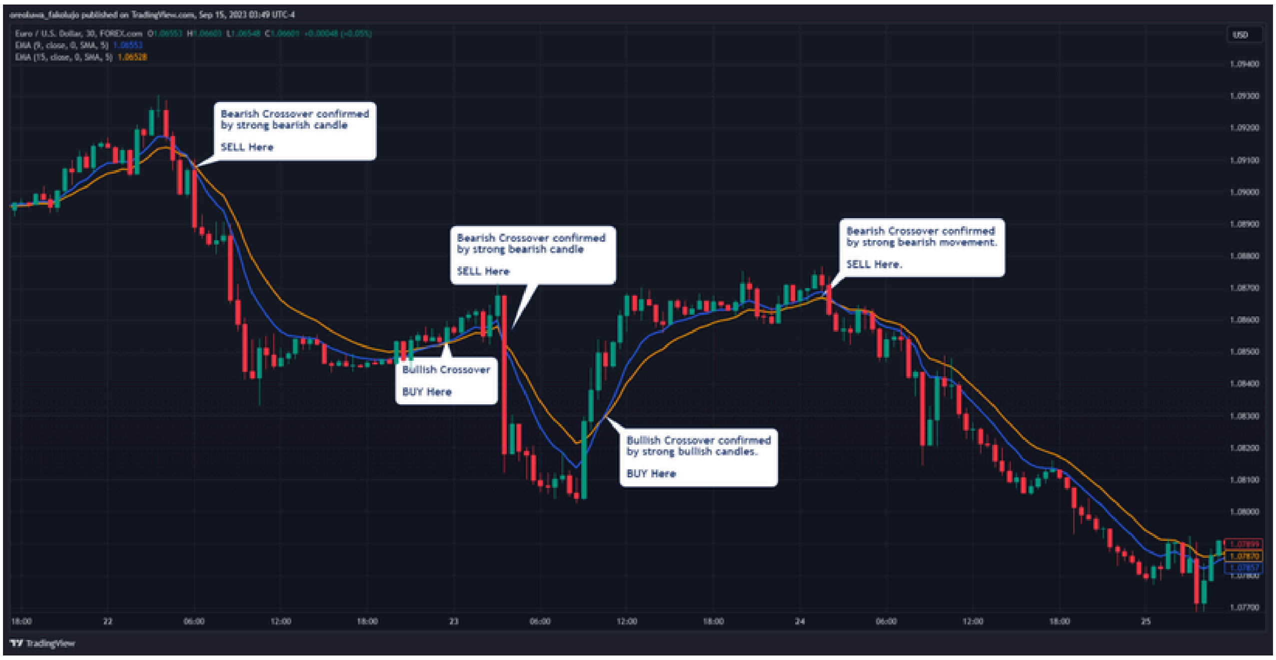
This strategy involves the 9-period, 21-period, and 55-period EMAs. It works well in a trending market. The positions of the EMAs relative to one another determine what decision to take. The market is uptrend when the 9 EMA is above the 21-period and 55-period EMAs. The market is in a downtrend when the 9-EMA is below the other two.

To enter a long trade using this strategy, first, you look out for a cross of the 9 EMA above the 21 EMA while both are above the 55 EMA. After that, place a buy entry when a candlestick crosses above the most recent swing high.

Conversely, to get into a sell signal, wait for the 9 EMA to cross below the 21 EMA, with both lying below the 55 EMA. After that, place a sell trade entry when a candlestick closes below the last swing low.

9/15 EMA Strategy

The 9-period and 15-period EMAs crossover strategy involves the crossover between these two moving averages. For example, when the 9 EMA crosses above the 15 EMA, this implies a bullish trend.



Place a buy trade when you find a candlestick pattern that supports your bias, such as a bullish engulfing candlestick. Otherwise, when the 9 EMA crosses below the 15 EMA, place a sell trade entry after confirming a bearish engulfing candlestick pattern.

> Since the 9 EMA gives more weight given to recent prices, it is known as an extremely useful tool for predicting short-term price movements. This makes the 9 EMA an ideal tool for short-term traders who need to make quick and precise trading decisions

How to Trade Using the 9 EMA Trading Strategy

Now that we have covered some different 9 Exponential Moving Average crossover trading strategies let us consider an example of how to trade with the 9 EMA. In this example, the idea is to get on fresh trends in the 1-minute timeframe, and the trading rules are simple.

1. Trade Setup

Of course, the first thing to do is to launch your beloved 9 EMA on the 1-minute chart. After that, you want to spot notable areas of support and resistance or trend reversals. This is because these are areas where fresh trends originate.

For the sake of this example, we're using the low and high of the previous day as our support and resistance levels. If the price breaks any of these levels, it could be the beginning of a new trend. However, you can choose any tool of your liking that predicts the start of a new trend.

2. Trade Entry

This is where your 9 EMA gets to work. After the breakout, you need the price to retrace to hit your 9 EMA line. The first engulfing candlestick back out in the direction of your trend is your trade entry.

Continuing with our example, our high timeframe bias is bullish. So, our entry will be on the first FVG that forms in the bullish direction. And don't forget, it must fall within the 10 AM to the 11 AM interval.

In the example above, for instance, the price touches the 9 EMA line and forms [a bearish engulfing candlestick pattern](). That is your signal to sell.

3. Stop Loss

Your stop loss should be above the engulfing candlestick for a sell trade and below the engulfing candlestick for a buy trade.

4. Take Profit

You can place your take-profit order as soon as the market prints a Doji candlestick following a significant price movement. You may also use exit signals generated by other technical indicators and trading tools like Fibonacci retracement levels.

Learn to Trade the 9 EMA Trading Strategy with HowToTrade

The 9 Exponential Moving Average is a powerful tool in the kit of traders who prey on short-term market trends. It offers quick insight into price trends and potential entry and exit points.

By exploring various crossover strategies with the 9 EMA and honing your trading skills, you can harness its potential to make informed and profitable trading decisions. Yet, if you need further assistance in learning the 9 EMA strategy, along with other trading strategies, we are here to assist you. Join our trading academy to start trading the 9 EMA quickly.

Frequently Asked Questions about the 9EMA Strategy

Find answers to some of the most frequently asked questions on the 9 EMA trading strategy:

How do you use the 9 EMA trading strategy?

You use the 9 Exponential Moving Average in a crossover with other EMAs, technical indicators, or price action. Fundamentally, when the 9 EMA crosses below the price action, it suggests an upward trend. Conversely, when the EMA crosses above the price action, it indicates a downward trend.

Is the 9 EMA strategy good for day trading?

Absolutely. The 9 Exponential Moving Average strategy is particularly well-suited for day trading due to its responsiveness to short-term price movements. Day traders thrive on quick decision-making, and the 9 EMA can provide valuable entry and exit signals within the same trading day. However, it is essential to remember that no trading strategy is foolproof, and day trading has inherent risks. To succeed as a day trader, you must understand and apply risk management strategies, emotional discipline, and market analysis. Additionally, you must also focus on major news events that might impact the markets.

What Is the best strategy for EMAs?

The "best" EMA trading strategy ultimately depends on your trading style, risk tolerance, and market conditions. The 9 EMA strategy, with its rapid responsiveness, is a strong choice for short-term traders. However, you should choose the strategy that aligns with your goals and preferences.

To find the best trading strategy for you, consider conducting thorough backtesting of your chosen strategy, gaining experience in different market conditions, and continually adapting your approach based on your results.