
TRADING PULL BACKS
20-50 EMA & RSI
Stoploss/Exit
When 20 EMA closes below 50 EMA
OR
When price moves below 50 EMA
BUY when the price touches 20 EMA & the RSI is above 50
Buy
Buy
20 EMA
50 EMA
EMA crossover & RSI moving above 50
RSI 14
70.00
50.00
30.00
0.00

20-50 EMA + RSI Pullback Strategy 🔥

Looking for high-probability trend-following entries? This simple setup helps you catch pullbacks in a strong uptrend.

Timeframe

- Daily chart (best for beginners)

Indicators

- **20 EMA (Exponential Moving Average)**
- Optional: Volume

Entry Rules

Buy only if all these conditions are met:

1. ✅ Price is **above the 20 EMA**.
2. ✅ The 20 EMA is **sloping upward**.
3. ✅ The stock pulls back and touches or comes close to the 20 EMA.
4. ✅ A bullish candlestick forms near the EMA (such as a bullish engulfing, hammer, or strong bullish candle).
5. ✅ Buy when the price breaks above the high of that bullish candle.
6. ✅ RSI stays above 50

🛑 **Stop-Loss** :-

Exit when:
• 20 EMA closes below 50 EMA
• Price closes below 50 EMA

Place the stop-loss:

- Below the low of the bullish signal candle, or
- Below the recent swing low (choose the wider of the two if needed).

Profit Target:-

Option 1 (recommended for practice):

- Target = **2 × your risk (2R)**.

Example:

- Entry = ₹1,000
- Stop = ₹980
- Risk = ₹20
- Target = ₹1,040

Option 2:

- Trail your stop below each new higher swing low and ride the trend.

Example

Suppose a stock has been rising:

- Price rises from ₹450 to ₹520.
- It pulls back to the 20 EMA around ₹505.
- A bullish engulfing candle forms.
- Buy at **₹511** (above the bullish candle's high).
- Stop-loss at **₹500**.
- Risk = ₹11.
- Target = **₹533** (2R).

Trade Checklist

Before entering, confirm:

- ☐ Price above 20 EMA
- ☐ 20 EMA sloping upward
- ☐ Pullback to EMA
- ☐ Bullish confirmation candle
- ☐ Stop-loss defined
- ☐ Minimum 2:1 reward-to-risk

Practice Routine

Every day after the market closes:

1. Open charts of **20–50 stocks**.
2. Look for this setup only.
3. Record paper trades in a journal.

Use a table like this:

Date	Stock	Entry	Stop	Target	Result	Notes
1 Aug	ABC	₹511	₹500	₹533	Win	Strong trend, good volume

After **30–50 paper trades**, review your results:

- Win rate
- Average reward-to-risk
- Common mistakes
- Best market conditions for the setup

The goal isn't to win every trade. Even with a **40–50% win rate**, a strategy with a consistent **2:1 reward-to-risk ratio** can be profitable over a large number of trades if you follow your rules consistently.