



Momentum Continuation

Momentum Continuation | INTERMEDIATE | Timeframes: 5M, 15M (context: 1H)

STATUS: TESTING

2484 backtested trades | win rate 31.7% | profit factor 0.83 | worst drawdown 56.1% | avg RR 1:2

Past results do not guarantee future results. Educational use only.

What it is

In a strong trend, price often pauses in a small, tight range (a flag) before continuing. This strategy buys the break of the top of that pause (or sells the break of its bottom) in the direction of the trend, with the stop on the other side of the pause.

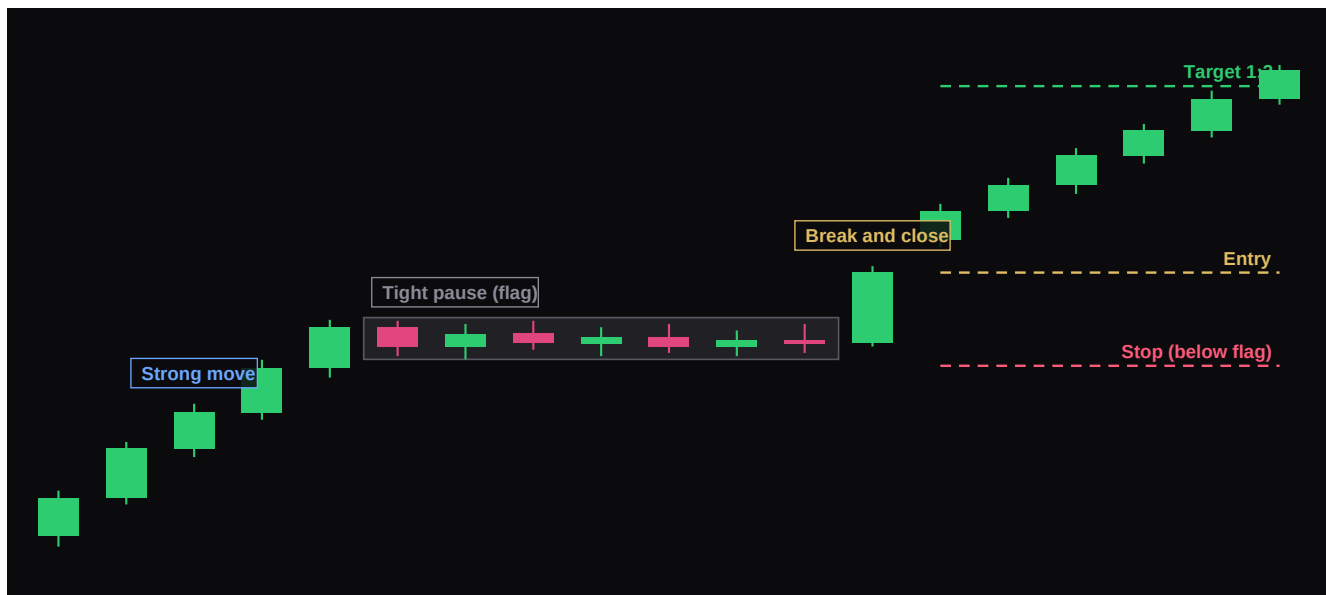
In simple words

When a market is moving hard it sometimes catches its breath in a tight box. If it breaks out of the box in the same direction, the move may continue. The stop goes on the other side of the box.

Why it may work

Strong moves are often driven by participants who keep adding to positions, and a short pause with narrowing candles can end with another push. The risk is that the pause is actually the end of the move, which is why the stop is close and the reward needs to be larger than the risk.

Example chart



A strong rise pauses in a tight flag, then breaks out upward. Buy the break with the stop under the flag. (Illustrative diagram drawn by Bahari Academy. It is not real market data and not a prediction.)

Best market conditions

- A strong, directional move with large candles
- A short, tight pause with overlapping small candles
- Volatility is healthy but not exhausted
- The higher-timeframe direction agrees

When NOT to trade it

- The move is already extended after many legs
- The pause is wide and sloppy
- Major news is close
- Ranging markets with no real momentum

Timeframes

Entry: 5M, 15M. Context: 1H. Momentum shows on the 5M and 15M charts; check the 1H direction first.

Step-by-step setup

1. Find a strong move of several large candles
2. Wait for a tight pause of 3 to 8 small candles
3. Mark the top and bottom of the pause
4. Enter on the close beyond the pause in the trend direction
5. Place the stop on the other side of the pause
6. Target 2R or the measured size of the first leg

Entry rules

- A strong directional move is in place
- A tight pause forms
- A candle closes beyond the pause in the direction of the move

Stop loss

On the opposite side of the pause (below the flag low for a buy), with a small buffer.

Take profit

A fixed 2R, or the length of the first leg projected from the breakout; trail under higher lows if the move accelerates.

Risk / reward

At least 1:2. The pause is tight, so the stop is usually small relative to the target.

Confirmation

- The breakout candle is large with a strong close
- The pause had shrinking candles
- The higher timeframe is trending the same way

Invalidation

- Price closes back inside or below the pause
- The breakout candle immediately reverses

Common mistakes

- Chasing the third or fourth continuation
- Entering before the close beyond the pause
- Using a stop inside the pause noise
- Trading it in a ranging market

How this strategy performed in our own backtests

Backtested on 2484 trades but not verified: 6 of 9 checks not met (win rate above 50%; profit factor at least).

Tested on 2026-10-03 with engine bahari-bt-1.0.0. A fresh break of structure in the direction of the trend, stop 1.5 ATR, 1:2 target.

Markets: BTCUSDT, ETHUSDT, SOLUSDT. Timeframes: 15m, 30m, 5m. Conditions with enough trades: 0 profitable of 9.

To be VERIFIED a strategy needs at least 300 trades, a win rate above 50%, a profit factor of 1.2+ and drawdown under 25%, across several markets and timeframes and both halves of the history.

- [pass] Sample size of at least 300 trades: 2484 trades
- [not met] Win rate above 50%: 31.7%
- [not met] Profit factor at least 1.2: 0.83
- [not met] Average result per trade above 0.05R after costs: -0.125R
- [not met] Worst max drawdown at most 25%: 56.1%
- [pass] Average planned reward:risk at least 1:1: 1:2
- [pass] Tested in at least 4 market/timeframe conditions (2+ markets, 2+ timeframes): 9 conditions, 3 markets, 3 timeframes
- [not met] Profitable in at least 67% of the conditions: 0 of 9
- [not met] Profitable in BOTH halves of the history (profit factor at least 1 in each): first 0.81, second 0.85

Quiz

1. Momentum continuation looks for:

- A) A pause inside a strong trend followed by a break in the trend direction
- B) A reversal at the top
- C) A quiet market
- D) A news gap only

Answer: A. It trades the resumption of a strong move after a short pause.

2. The stop goes:

- A) On the other side of the pause
- B) Far away
- C) At the entry
- D) No stop

Answer: A. If price returns through the pause, the continuation idea failed.

3. Which situation is a reason to skip?

- A) A tight pause after a strong move
- B) A move already extended through many legs
- C) A clean breakout candle
- D) A trend agreeing with the higher timeframe

Answer: B. Late entries in extended moves have worse risk.

Practical challenge

Look for a strong move, a tight pause and a breakout in a challenge. Open Challenges on bahari-academy.netlify.app to practise with the future candles hidden.

Important

Trading involves risk, and you can lose money, including all of the capital you risk. This lesson is for education only and is not financial advice. Nothing here guarantees profit, and backtested results do not guarantee future results.