

Bullish Rally Base Rally Pattern; A Continuation Strategy - SMC

The **Rally Base Rally (RBR)** trading strategy is a popular technical analysis method for predicting future asset movements in various markets. Derived from **Smart Money Concepts (SMC)**, it is based on the principles of **supply** and **demand**.

What is Rally Base Rally?

The **Rally Base Rally (RBR)** is a powerful **bullish** continuation concept within the supply and demand trading strategy. It highlights the consolidation of price movements between rally phases.

Components and Stages of the RBR Pattern:

1. **Rally Phase:** Indicates strong market **demand** as prices move upward.
2. **Base Phase:** Occurs when prices **consolidate** within a specific **range**, and the market stagnates.
3. **Second Rally:** After breaking the consolidation zone, prices resume their **bullish**



Bullish Rally Base Rally Pattern in Smart Money Concepts (SMC)

How to Identify a Rally Base Rally?

The **Bullish RBR Pattern** consists of three main parts:

Initial Rally

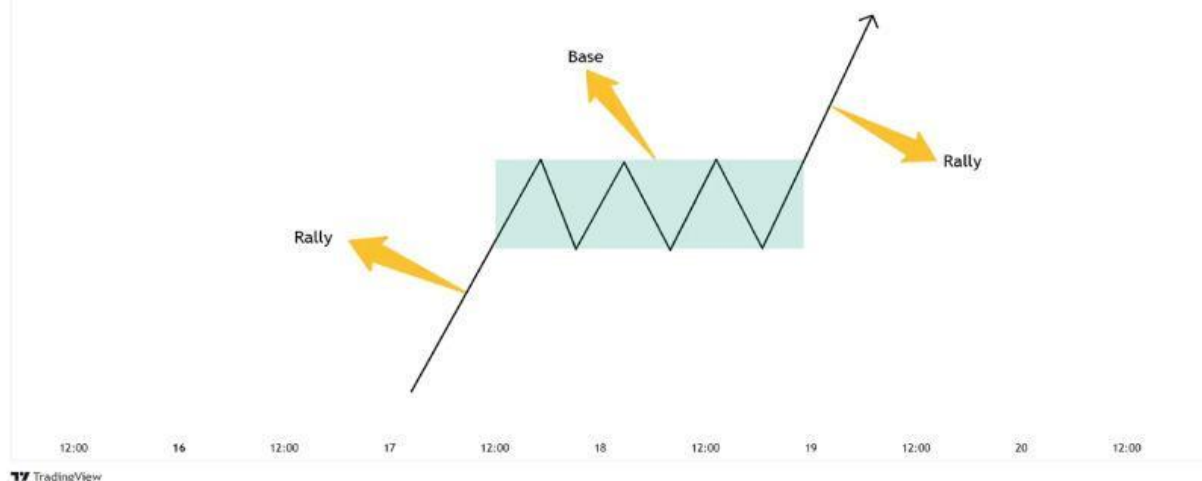
Sharp upward movement signifying strong market **demand**.

Base

Consolidation phase where prices stabilize within a **range**, preparing for the next move.

Second Rally

Continuation of the upward move after breaking out of the base.



Visual Representation of the Bullish Rally Base Rally Formation

Role of Candle Body-to-Wick Ratio in the RBR Pattern

To confirm the initial rally, traders should examine two or more consecutive bullish candles with a **body-to-wick ratio of 70:30**:

- ⚡ The candle body should cover at least **70%** of the total candle.
- ⚡ The wick should not exceed **30%** of the total candle.

The base consists of one or more candles representing a temporary pause in the bullish movement. The **body-to-wick ratio for base candles should be 25:75 or lower**:

- ⚡ The candle body should cover no more than **25%** of the total candle.
- ⚡ The wick should form at least **75%** of the candle.

How to Trade the RBR Pattern?

To trade the **Rally Base Rally** pattern, follow these steps:

1. Wait for the **initial rally** and **base** to form.
2. Once these stages are identified, **wait for the base to break**.
3. A confirmed breakout occurs when a candle closes above the base's price range.
4. If the price retraces to the base area after the breakout, initiate a buy trade.

5. If the price does not immediately retrace to the base, wait for it to return and execute the buy trade at that point.



Bullish Rally Base Rally Pattern on the EUR/USD Chart

Risk Management

To protect your capital and minimize potential losses when trading the RBR pattern, use **Stop Loss (SL)** and **Take Profit (TP)** tools:

- ⚡ **Stop Loss:** Place it below the base's low.
- ⚡ **Take Profit:** Set it based on a **1:2 risk-to-reward ratio** or the next resistance area.

Additional Confirmations for Trade Execution

Using additional confirmations increases the chances of success:

- ⚡ **Bullish Candlestick Pattern Confirmation:** Patterns like a hammer, morning star, or bullish engulfing enhance the likelihood of a successful trade.
- ⚡ **Volume Confirmation:** A strong breakout from the base accompanied by high volume signals a high-probability trade.

Conclusion

The **Rally Base Rally** strategy, rooted in **ICT supply and demand principles**, helps traders identify and capitalize on bullish trends.

Traders can effectively anticipate continued **bullish** momentum by accurately identifying the pattern's stages and incorporating additional confirmations. The RBR setup is applicable across all financial markets and timeframes.

Sources:

Our Website Link :

<https://tradingfinder.com/education/forex/smc-rally-base-rally/>

All Education :

<https://tradingfinder.com/education/forex/>

TradingFinder Support Team (Telgram):

<https://t.me/TFLABS>



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