

# The Reed Kellogg System Step by Step: A Comprehensive Guide

The Reed Kellogg System is a popular trading system developed by Reed Kellogg. It is based on the principles of trend following and price action. The system uses a combination of indicators and chart patterns to identify trading opportunities.

This guide will provide a step-by-step overview of the Reed Kellogg System. We will cover the principles of the system, the indicators and chart patterns used, and the trading strategies involved.

The Reed Kellogg System is based on the following principles:



## A Sentence Diagramming Primer: The Reed & Kellogg System Step-By-Step by Shari Hearn

★★★★☆ 4.8 out of 5

Language : English  
File size : 1281 KB  
Text-to-Speech : Enabled  
Screen Reader : Supported  
Enhanced typesetting : Enabled  
Word Wise : Enabled  
Print length : 120 pages



- **Trend following:** The system follows the trend of the market. It identifies uptrends and downtrends and trades in the direction of the trend.

- **Price action:** The system uses price action to identify trading opportunities. It looks for specific candlestick patterns and price movements that indicate potential reversals or continuations of the trend.
- **Risk management:** The system emphasizes the importance of risk management. It uses stop-loss orders to limit losses and position sizing to manage risk.

The Reed Kellogg System uses a combination of indicators and chart patterns to identify trading opportunities. The most common indicators used are:

- **Moving averages:** Moving averages are used to smooth out price data and identify the trend of the market.
- **Relative strength index (RSI):** The RSI is a momentum indicator that measures the strength of the trend.
- **Stochastic oscillator:** The stochastic oscillator is a momentum indicator that measures the overbought and oversold conditions of the market.

The most common chart patterns used are:

- **Double tops and bottoms:** Double tops and bottoms are reversal patterns that indicate a potential change in the trend.
- **Head and shoulders:** Head and shoulders is a reversal pattern that indicates a potential trend reversal.

- **Triangles:** Triangles are consolidation patterns that indicate a potential breakout in either direction.

The Reed Kellogg System uses a variety of trading strategies. The most common strategies are:

- **Trend following:** This strategy involves following the trend of the market and trading in the direction of the trend.
- **Reversal trading:** This strategy involves identifying potential reversals in the trend and trading against the trend.
- **Range trading:** This strategy involves trading within a defined range of prices.

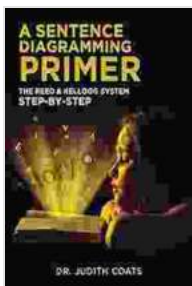
The specific trading strategy used will depend on the market conditions and the trader's preferences.

The Reed Kellogg System has several benefits, including:

- **Simplicity:** The system is relatively simple to learn and use. It does not require complex technical analysis or advanced trading knowledge.
- **Flexibility:** The system can be used to trade a variety of markets, including stocks, futures, and forex.
- **Profitability:** The system has the potential to be profitable, especially during trending markets.

The Reed Kellogg System is a popular trading system that can be used to trade a variety of markets. The system is based on the principles of trend following, price action, and risk management. It uses a combination of

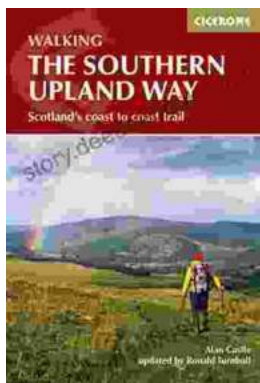
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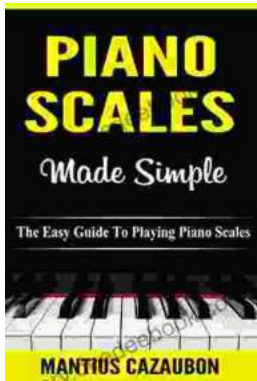
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