Trend, defined so two people can disagree about it

> **TREND**
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> A trend is a directional sequence in price, and it only means something once you have stated the rule and the timeframe that produce it. The common definition is a series of higher highs and higher lows for an uptrend, the reverse for a downtrend. Different rules give different answers on the same chart, which is why most disagreements about trend are disagreements about definitions rather than about markets.

"The trend is up." Two traders look at the same chart and one of them says it. The other disagrees. Neither is lying, and usually neither is wrong.

The standard definition

An uptrend is a sequence of higher highs and higher lows. Price makes a peak, pulls back to a trough, makes a higher peak, pulls back to a higher trough. A downtrend is the mirror: lower highs and lower lows.

Learn this properly, because it is the definition other traders are using when they say the word. When someone tells you a structure broke, they mean a low went below the previous low in a sequence that had been making higher ones.

Why the rule needs stating

The definition sounds precise and hides three choices.

Which peaks and troughs count. A five-pip wiggle is technically a lower low. Almost nobody means that.On what timeframe. An hourly chart can be making lower lows inside a daily chart making higher ones. Both are true.How far back. Three swings, or thirty. The answer changes with the window.

Make those choices explicit and two people can compare answers. Leave them implicit and they will argue about the market when they are actually arguing about swing definitions.

A rule you can hold someone to

A workable version: on the four-hour chart, using swings of at least 40 pips, the last three swing lows are ascending. That is testable. Anyone can check it, and it can be wrong.

Notice what happened when the rule got specific. It also got fragile - the answer changes at 30 pips or 50. That fragility was always there. Stating the rule just made it visible.

What a trend is, mechanically

A sequence of higher lows means buyers kept stepping in earlier than the last time. Something in the flow of orders is persistently one-sided at those prices.

That is a description of what has already happened. It is evidence about participant behaviour, not a property of the price series that carries forward. Trends continue until they do not, and no definition tells you which side of that you are on.

The honest position

Trend-following as a broad approach has more supporting evidence than most things in this module, particularly over long horizons and across many markets. That evidence is about diversified systematic programmes, not about whether this pair is trending on your chart this afternoon.

Use the definition to describe what has happened and to state what would change your mind. That is what it is good for.

Check your understanding

1. Two traders disagree about whether a pair is in an uptrend. What is most often the actual disagreement?

a. One of them is reading the chart incorrectly
b. They are using different swing sizes, timeframes or lookback windows
c. One is using candles and the other bars

Answer: b. The standard definition contains three unstated choices. Disagreements about trend are usually disagreements about those choices, which is why stating them turns an argument into a comparison.

2. What does a sequence of higher lows tell you, mechanically?

a. Buyers have been stepping in earlier than they previously did
b. The price has upward momentum that will carry forward
c. A reversal is becoming less likely

Answer: a. It is a record of participant behaviour that already happened, not a property the series carries forward. Momentum in the physical sense is not something a price has.