

BDORTS TRADING

The Strat

Rob Smith created "The Strat," which is a price-action trading system built around reading candles and aligning multiple timeframes. The core idea is that price only does 3 things relative to the previous candle:



Inside Bar (1)
Candle stays inside the previous candle's range=consolidation/compression



Directional Bar (2)
Candle breaks either the previous high or low but not both.
2U= Breaks Upward
2D= Breaks Downward



Outside Bar (3)
Candle breaks both the high and low of the previous candle= expansion/volatility



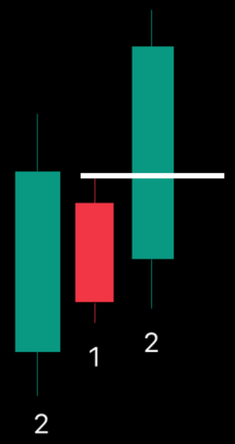
A huge part of The Strat is timeframe continuity (FTFC) — checking if multiple timeframes (monthly, weekly, daily, 4H, etc.) are all moving in the same direction. The idea is that trades have higher probability when all timeframes align bullish or bearish.

Traders then look for repeating candlestick sequences like:
2-1-2 continuation → Trend continuation after consolidation
3-1-2 reversals → Outside bar volatility followed by compression then breakout
2-2 reversals → Directional move reversing the prior move

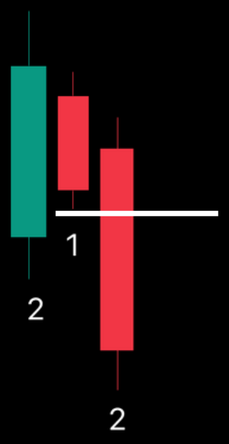
The Strat is heavily focused on:

- pure price action
- avoiding lagging indicators
- broadening formations/liquidity levels
- tight risk management
- mechanical, repeatable setups

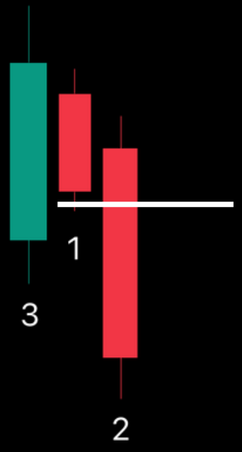
Core Strat Patterns



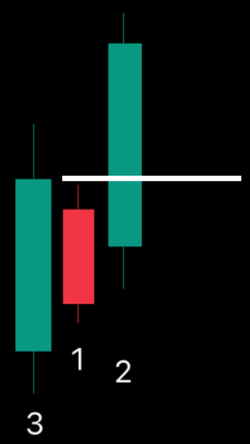
2-1-2U Bullish Continuation



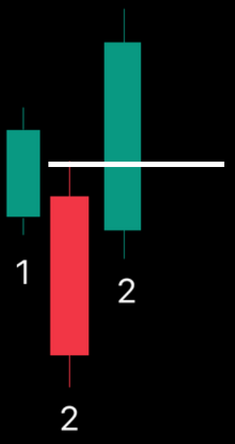
2-1-2D Bearish Continuation



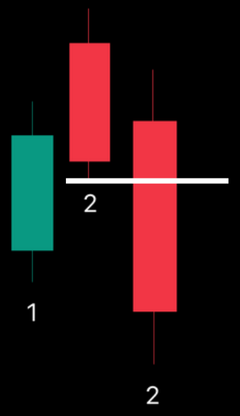
3-1-2D Bearish Reversal



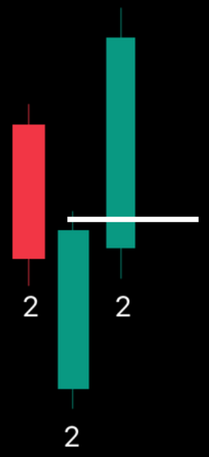
3-1-2U Bullish Reversal



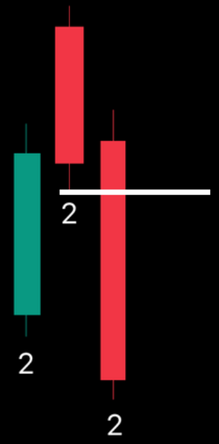
1-2-2Rev Strat Bullish



1-2-2Rev Strat Bearish



2-2 Reversal Bullish



2-2 Reversal Bearish

Broadening Formations

Broadening formations are one of the core concepts in The Strat.
Rob Smith teaches that markets naturally expand in volatility over time, creating a structure where price keeps making a higher high, then a lower low, then another higher high, then another lower low. This creates a "megaphone" shape on the chart.



The Strat is built on the idea that markets constantly rotate between consolidation and expansion, and that price is always seeking liquidity at prior highs and lows. Broadening formations help traders understand this behavior by showing where price is likely to reverse, where key targets exist, and where liquidity is sitting on the chart. When price takes out a broadening formation low, traders often expect it to move back toward the opposite side of the structure, as the market tends to swing between these expanding extremes while hunting liquidity on both sides.

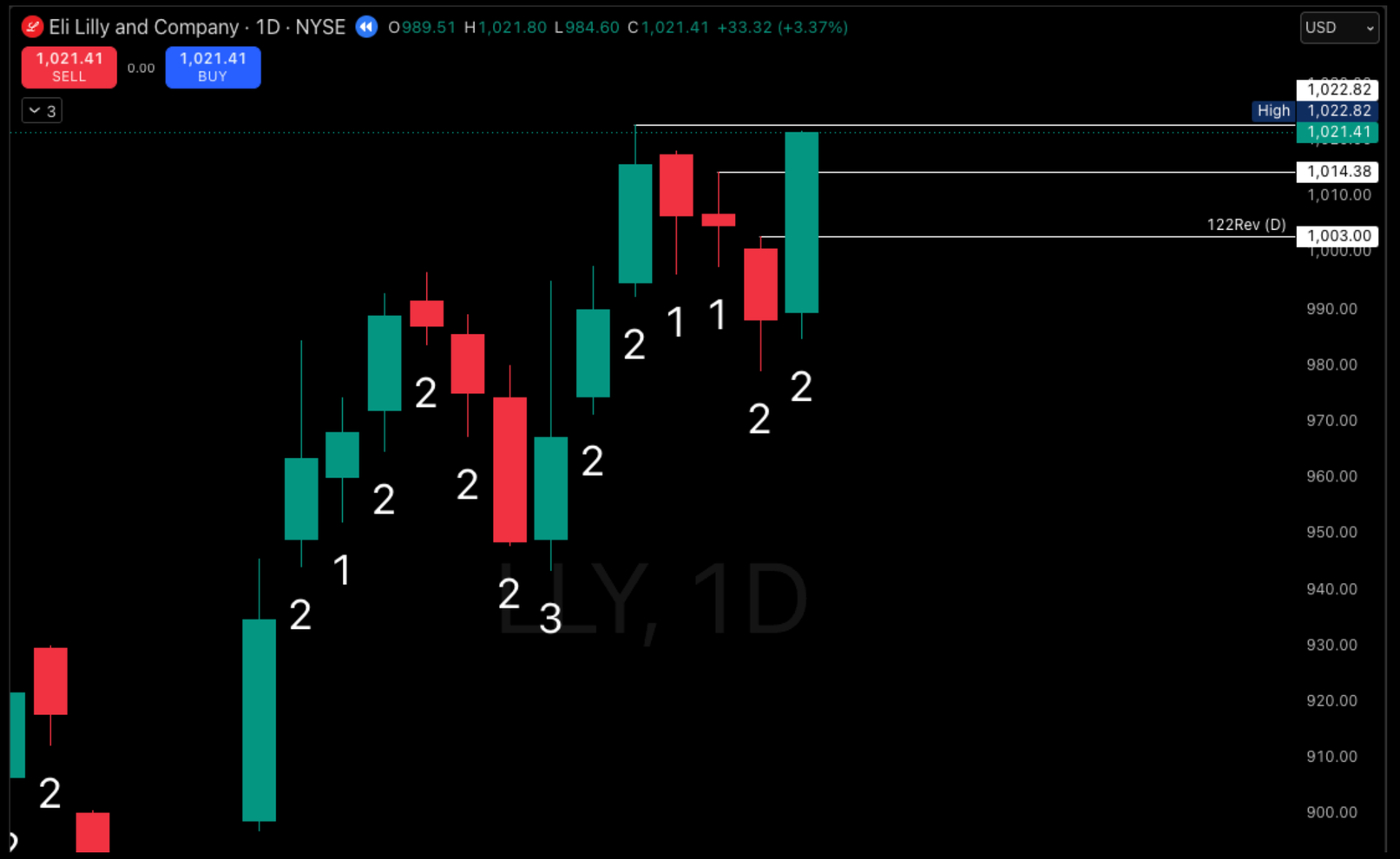
Real World Examples

$ARM 2-1-2U Weekly
05/20/2026



Real World Examples

$LLY 1-2-2Rev Daily
05/19/2026



Real World Examples

$CRCL 2-1-2U Monthly Swing Trade

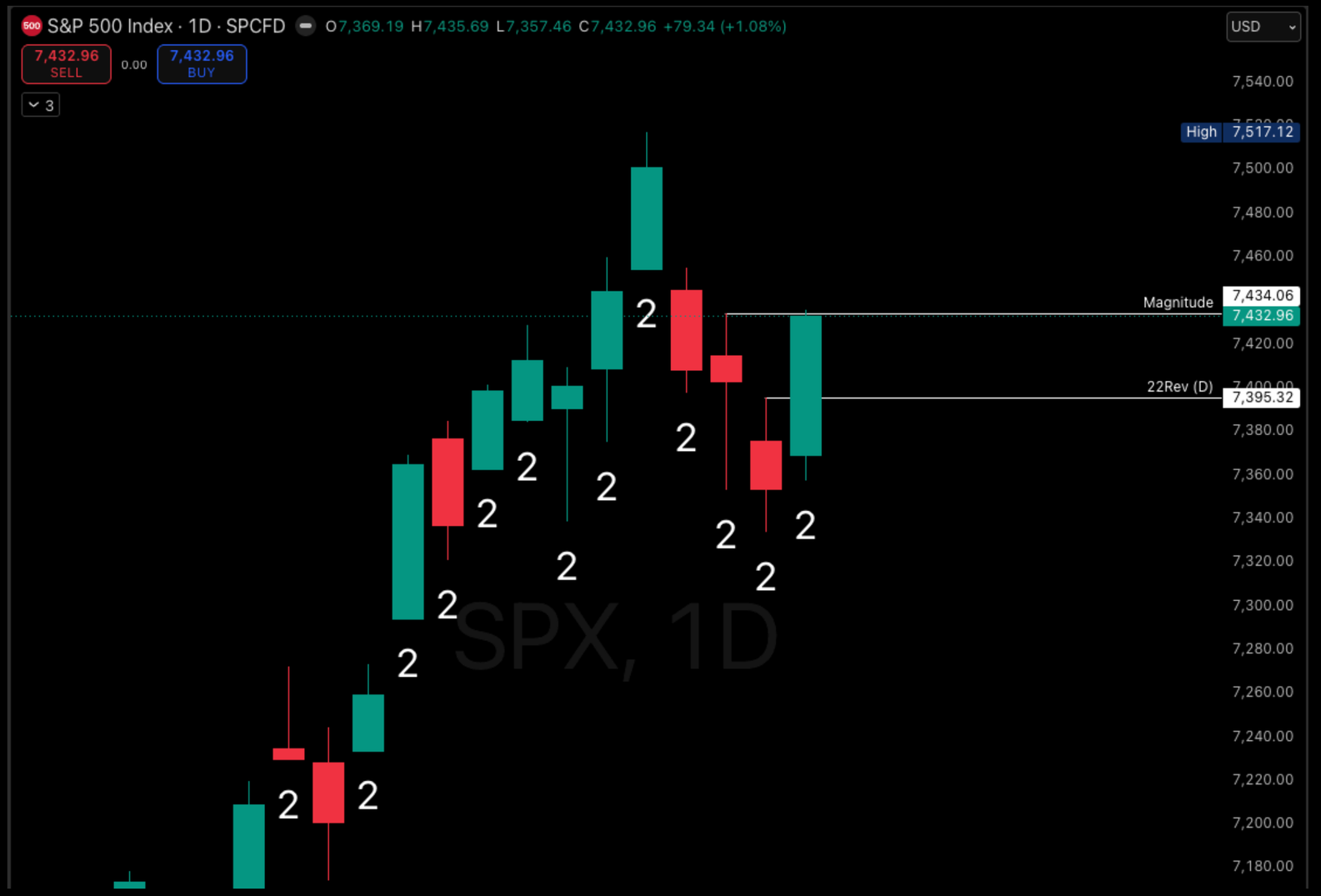
05/04/2026



Real World Examples

$SPX 22Rev Daily

05/20/2026



Real World Examples
$ARM Failed 2D Weekly
6/15/2026



What I Look For Before Taking a Trade

- Timeframe continuity (alignment across the monthly, weekly, and daily timeframes)
- Clean Strat pattern (2-1-2, 3-1-2, 1-3-2, 1-2-2Rev, 3-2-2Rev, 22Rev, F2D etc.)
- Relative strength/weakness vs the market
- Favorable risk-to-reward (typically 2:1 or better)
- High liquidity and sufficient volume
- Elevated RVOL

The pattern itself is only one piece of the puzzle. I don't take every 2-1-2 or 3-1-2 I see. Context, timeframe continuity, relative strength/weakness, and location on the chart all influence whether I take a trade.