Good trading all,

What I'm going to write is strictly what I believe in trading. They are not necessarily right or wrong. It just works for me. I trade the mid/long-term trend using daily charts (credits to Jacko and newbietrader101).
I want to share with you simple trading tactics using Support and Resistance. Please note that this is not a trading system, it's just a method that can be used by anyone and embedded in any system.

The objective of the tactics is
1) to ride on trend
2) maximize potential gain by scalping
3) maintain a healthy level of risk exposure (yup don't reduce the risk, maintain it).

I will begin with a brief introduction of support and resistance (SR).

There are many kinds of SR levels.
1) pivot levels
2) trendlines
3) horizontal lines
4) Fibonacci's levels
5) psychological levels – round numbers like 1.3400, 1.3500, 1.3600.
6) many-many more ….

In this method, we will only use one of them. **Psychological levels**. I use Fibonacci levels as well sometimes but it's beyond the scope in this discussion.

Why psychological levels?
Forex is decentralized. It means the data that you see varies between platforms. Hence, any lines drawn will vary. Some people draw the trendline using close/low price of the candlestick. Some use SMA,EMA with median/low/high/close price. You get the idea. However, traders are human and they share one thing in common, they are psychological. Jesse Livermore and a number of traders in Market Wizards are also using these psychological levels.

Let's say we are trading EUR/USD (bull market) with 50 pips stop-loss.
This is the method
1) enter a buy position (position A) at significant support level (e.g 1.3300 … SL = 1.3250)
2) trail the stop. SL will always be at 50 pips away from the price. SL never moves down.
3) If the SL level >= buy price for position A (profit protected)
    a. enter another buy position
    b. SL equal to the position A's SL
    c. TP equal to the nearest round number resistance. If you buy at 1.3323, TP is 1.3400.

    d. Call this Position B
4) Trail the stop loss for both positions.
5) If the position B's TP is met and price keeps going up, enter another position (repeat step 2 and 3).

That's it. Your risk will never be greater than 50 pips. But the upside potential is good. We make good money when market is really trending and we make some profits when the market is moving sideways (up 100 pips, down, up 100 pips again, down again).

Where did I get the idea?
When I was reading a light economic book (Freakonomics if I remember correctly) there's a story about why people are willing to pay, let's say 5 dollar for Coke at a hotel but only 1 dollar for Coke bought at small shops. Why do they care about where they buy the Coke when they are already willing to pay 5 dollar in the first place?

Same here, if you are willing to risk 50 pips at any given time, why not maintain that exposure to maximize your profit potentials?

Hope this helps. Feedbacks are welcomed.