

The Pullback Playbook

Buying low. Selling high. Trading with discipline — a repeatable, pullback-only framework for stocks and crypto, without margin, hype, or blind reliance on interest.

01

Ownership

Trade as a way to hold a real stake in something, not a bet against the house.

02

Discipline

One setup. One entry rule. No chasing green candles because they feel exciting.

03

Patience

Missed trades are cheaper than bad trades. The level comes to you, or it doesn't.

Your entire method in four decisions

The goal is not to predict every move. The goal is to participate only when price comes to your area.

01

Find support

Identify an old area where buyers previously stepped in. Treat it as a zone, not a perfect line.



02

Wait for price

Let price pull back into the zone. No chasing. No buying because a candle looks exciting.



03

Define invalidation

Place the stop under the level that should hold. If it fails, the idea — not your identity — is wrong.



04

Sell into resistance

Use current and old resistance as planned take-profit areas. Hope is not a strategy.

THE STACKMODE RULE

We only trade pullbacks. A breakout is information, not an entry. The entry comes when price returns, respects the new level, and gives you a defined risk point.

What this guide will help you do

Understand why support and resistance are behavior, not magic. Learn how a former ceiling can become a floor after a break and retest. Build a plan that honors ownership, avoids interest-based leverage, respects scholarly disagreement, and leaves room for human judgment.

IMPORTANT BOUNDARY

"Buy low, sell high" does not mean buying an asset simply because its price is down. A lower price can be a discount — or evidence that the business, network, or market structure is deteriorating.

Trading moves capital toward productive work

Markets are not just colored candles. They are a way for people to exchange ownership and risk.

Stocks — a slice of a company

When you buy common stock, you generally receive an ownership interest in the company. Depending on the share class, that can include voting rights and a claim on dividends. Companies issue shares to raise capital for expansion, products, facilities, and other business purposes.¹

WHY IT MATTERS

Your capital can help a real business build, hire, serve customers, or innovate. You still face loss, dilution, volatility, and the possibility that the company fails.

Crypto — an asset with specific rights

A token is not automatically equity. Its value and holder rights depend on the project. Some tokens are designed for use in a network, some represent governance or access, and some represent a claim on an underlying asset. Read the project's documents and verify what you actually control.

WHY IT MATTERS

When a network has real users, useful infrastructure, transparent rules, and responsible stewardship, participation can support an ecosystem. Utility, ownership, custody, and legal rights are not the same thing.

A healthier relationship with money stops treating interest and loans as the only path to progress. Ownership gives people a chance to share in the upside and downside of productive activity — it does not remove risk, and it does not make every company or coin ethical.

OWN

You hold an interest

Or a clearly defined utility right inside a network or product.

FUND

Capital finds work

It can support a real company or network doing real things.

SHARE

Upside and downside travel together

You participate in both the gain and the loss of what you actually own — that shared risk is the point.

¹ U.S. Securities and Exchange Commission, Investor.gov — Stocks: What are stocks and how do they work?

Trade the asset — and the method — with integrity

“Halal” is not a shortcut to certainty. It is a discipline of screening what you own, how you finance it, and how you trade it.

For stocks, many Islamic-finance screening approaches begin with the company's core business, then review financial ratios and impermissible income. Avoid businesses whose primary activity is clearly prohibited, and verify the screening method you follow. Screening standards can differ; a qualified scholar or Shariah adviser should answer personal questions.

1 • SCREEN

Business activity

Does the company or project primarily earn from a permissible activity?

2 • SCREEN

Financial structure

Does the balance sheet rely on excessive interest-bearing debt or impermissible income under your chosen standard?

3 • SCREEN

Trading conduct

Are you avoiding riba, deception, excessive uncertainty, manipulation, and gambling-like behavior?

4 • SCREEN

Product-specific view

Crypto rulings vary. Screen the specific token, its use, custody, staking structure, and the way you trade it.

NO INTEREST • NO BORROWED CONVICTION

This playbook assumes cash or fully funded spot positions. No margin interest. No interest-based loans. No trading money needed for rent, food, or obligations. If a broker or platform structure is unclear, pause and investigate.

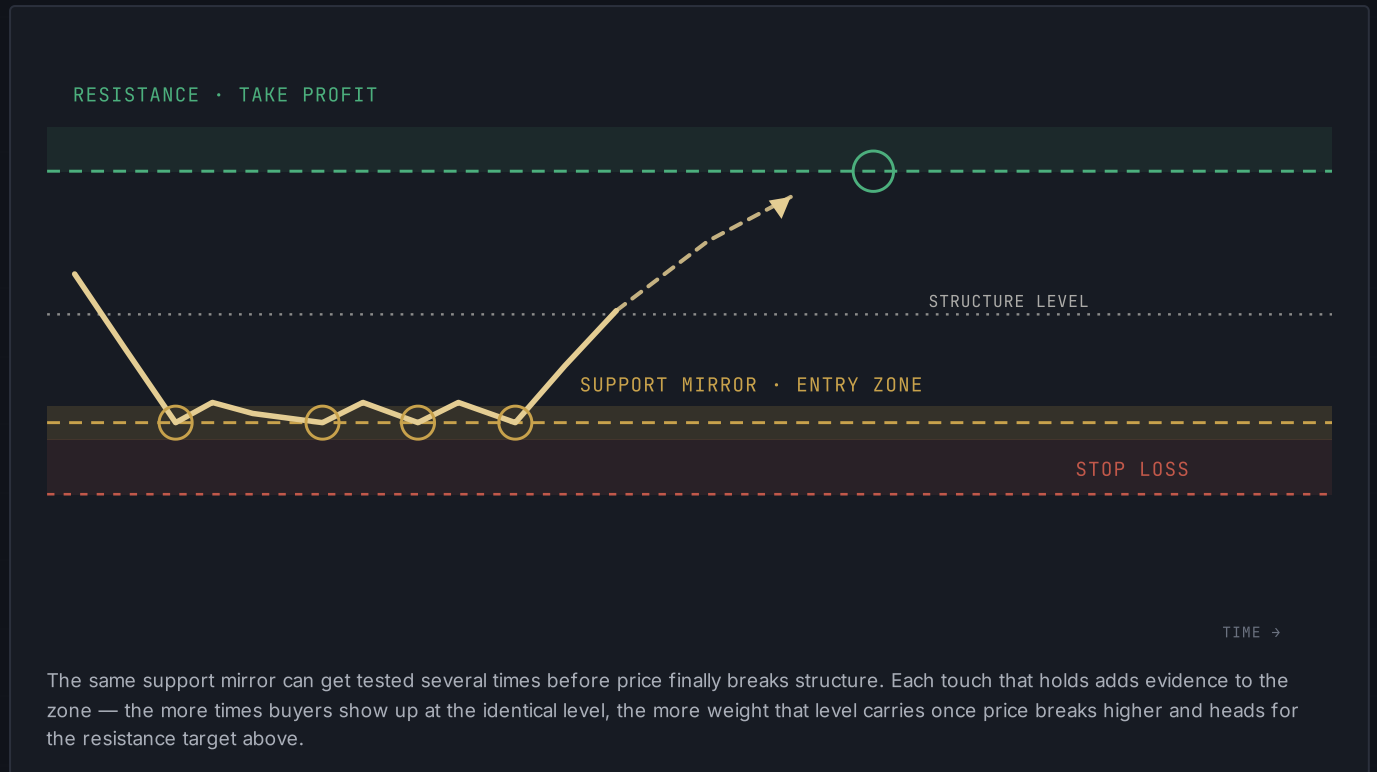
Crypto is an area of scholarly disagreement

Some scholars view certain crypto-assets as permissible digital property or exchange media when used lawfully; others object because of speculation, uncertainty, volatility, or lack of backing. This guide does not issue a fatwa. Follow a qualified scholar you trust and apply that view consistently.

This section is general education, not religious or legal advice. Screening lists can change as financial statements, business activities, and scholarly standards change.

Support and resistance are memory made visible

Every level is a record of prior decisions — where people bought, sold, waited, or were trapped.



Support — where demand may appear

An area below current price where buyers previously showed enough strength to slow or reverse a decline. It is a zone. Give it room for volatility and imperfect fills.

PRIOR REACTION LOWS
 REPEATED TESTS
 STRONG REJECTION
 HIGHER LOWS FORMING ABOVE THE ZONE

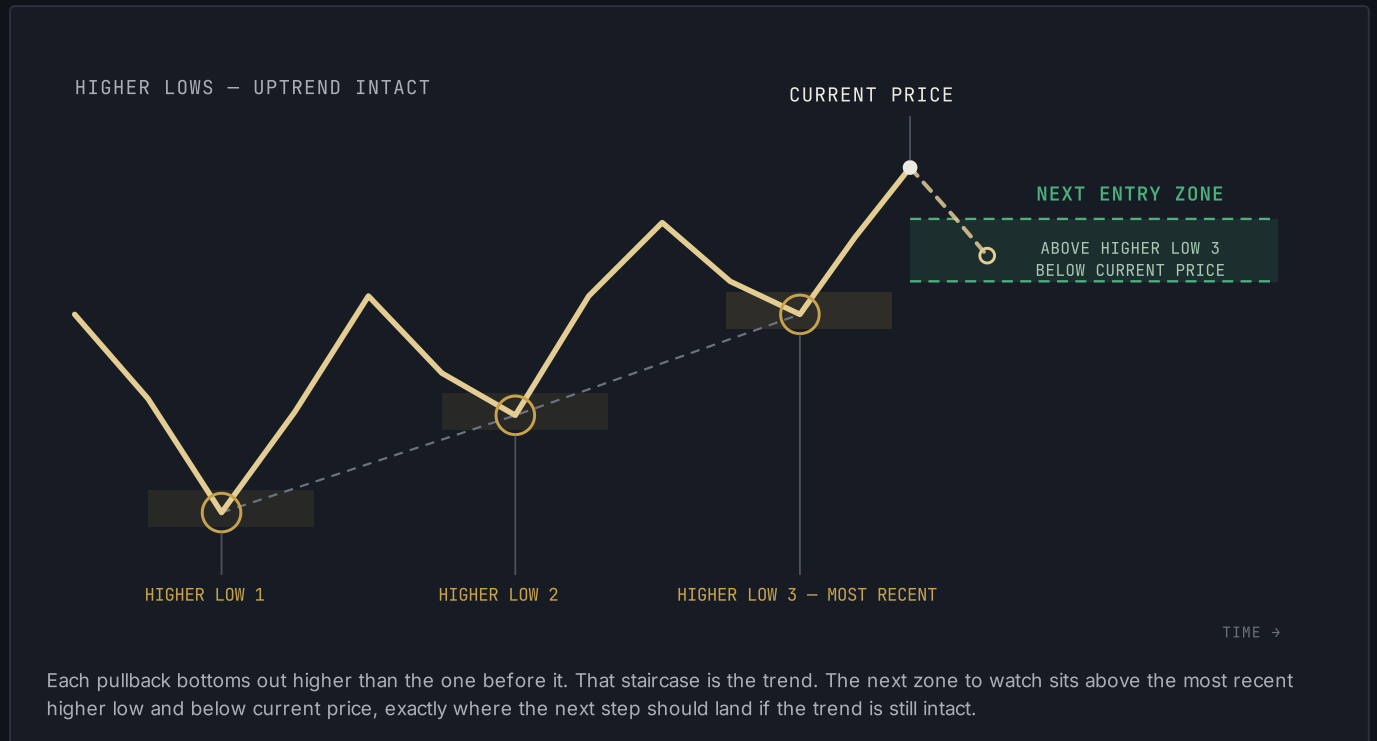
Resistance — where supply may appear

An area above current price where sellers previously appeared. It is a planning area for caution and potential profit-taking — not a guarantee that price will stop.

PRIOR REACTION HIGHS
 REPEATED FAILURES
 LONG UPPER WICKS
 DISTRIBUTION OR STALLING

Higher lows tell you where the next zone is

In an uptrend, you do not chase price. You wait for it to come back down to the next step of the staircase it already built.



What makes a clean V

A strong bottom reverses with real participation, not a slow drift. Look for a sharp, decisive turn rather than a rounded, hesitant one, and confirm each new low actually sits above the last one before you count it as part of the staircase.

Finding the next zone

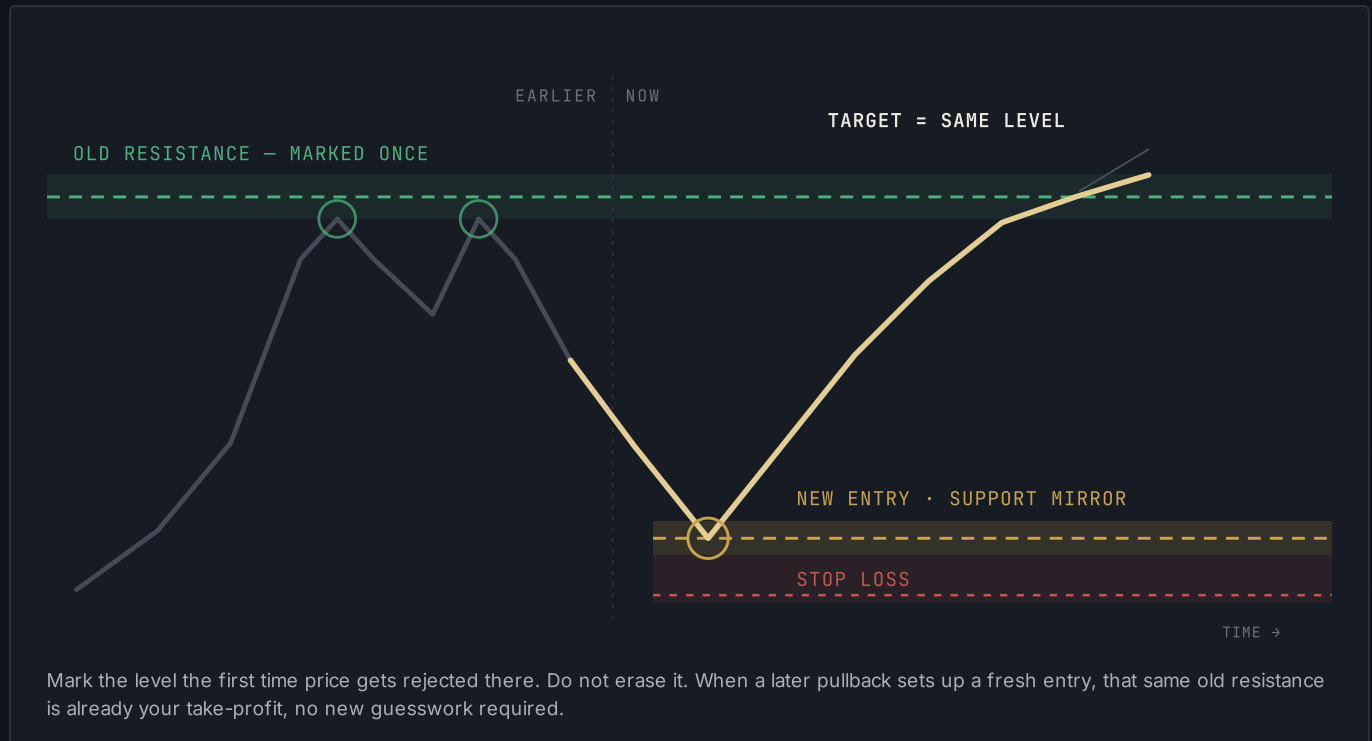
Mark the most recent confirmed higher low. The next entry area sits somewhere between that level and current price, not below it. If price ever closes back under the most recent higher low, the staircase is broken and the trend thesis needs review.

THE HIGHER-LOW RULE

As long as each pullback holds above the last one, the trend has not asked permission to end. The moment a pullback breaks below the prior higher low, treat the staircase as broken until proven otherwise.

Old resistance is where your next target already is

You do not have to guess where to take profit. A level the market has already respected once is still sitting on the chart, waiting to be used again.



Why the old level still matters

Price has memory. Traders who bought or sold heavily at a level tend to react the same way the next time price returns to it, even much later on the chart. A level that rejected price once is a real, tested piece of evidence, not a random line.

How to use it

Before you ever plan an entry, look left across the whole chart and mark every level that produced a clean rejection or a stall. Keep those marks permanently. When a pullback setup forms later, check whether an old mark already sits above it, that mark is your first take-profit target.

THE LOOK-LEFT RULE

If you would not have marked this level before you saw today's price, you are not reading the chart, you are reacting to it. Mark first. Trade second.

Our pullback entry: break, retest, respond

A strong move earns your attention. A controlled return earns your risk.

01

Map

Mark old resistance, current support, and the next resistance.



02

Break

Let price close above the old ceiling with believable participation.



03

Retest

Wait for price to pull back to the level. Do not invent a retest after the fact.



04

Respond

Enter only after rejection, reclaim, or a higher low gives you defined risk.

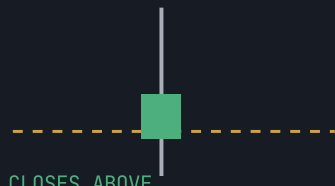
A CLEAN ENTRY QUESTION

“If I am wrong, exactly which level proves the setup failed?” If you cannot answer in one sentence, you do not have a trade.

Three types of confirmation

REJECTION

WICK INTO ZONE



Price wicks into support, then closes back above the zone.

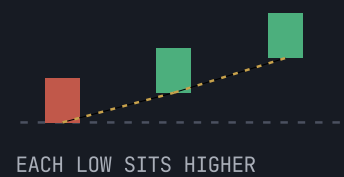
RECLAIM

LOSES LEVEL



Price briefly loses the level, then recovers it with a decisive close.

HIGHER LOW



Buyers defend the retest and create a clear higher low before continuation.

No setup, no position

Missed trades are cheaper than bad trades. If price never pulls back, let it go. A system built on patience is allowed to miss.

The stop belongs under the idea — not under your feelings

A stop-loss is not a prediction of disaster. It is the price you pay to keep a small mistake from becoming a large one.

Where the stop goes

Place the stop below the support zone, or below the old resistance that should now act as support. Leave enough room for ordinary volatility. A stop directly on the level can be triggered by noise.

Stop logic

If price closes and holds below the level that justified the trade, the pullback thesis is invalid. Exit according to your plan.

How much to risk

Choose a fixed fraction of account equity before the trade. A conservative educational example is 0.25 to 1 percent risk per trade; your own limit should reflect your experience, goals, and ability to absorb loss.

$$\text{POSITION SIZE} = \frac{\text{CASH RISK}}{(\text{ENTRY} - \text{STOP})}$$

Then account for fees, slippage, and minimum order sizes.

Think in R, not in hope

1R

Your planned loss if stopped.

2R

A target twice your risk.

OR

A trade you pass on.

THE ANTI-LOAN RULE

Never increase size because you are "sure." Never borrow to force a trade. Never use leverage to make a small edge look exciting. If the setup only works with a loan, it does not work for this playbook.

Resistance is where the plan pays you

A profitable trade becomes real only when you reduce risk and realize the result.

Use current and old resistance areas as take-profit points. Mark them before entry. If price reaches the first resistance, consider taking partial profit or moving the stop only if that action is part of your tested plan. Do not wait for a perfect top.

TARGET 1 · NEARBY RESISTANCE

The first realistic exit

The first area where sellers previously overwhelmed buyers. Often the most realistic place to reduce risk.

TARGET 2 · MAJOR RESISTANCE

The higher-timeframe ceiling

A prior swing high or supply zone. Price may stall, reject, or break through — plan for all three.

A simple exit script

01

Entry

Buy after the retest responds.



02

Protect

Reduce risk near Target 1.



03

Exit

Sell into resistance — do not pray for a top.

A good exit can feel early. That is normal. The goal is not to capture every cent; it is to repeatedly exchange a defined risk for a defined opportunity.

Use tools to see more. Use judgment to decide less often.

Charts, scanners, and AI can organize information. They cannot carry your responsibility.

What tools are good at

Screening a watchlist, plotting old levels, calculating position size, logging trades, and reminding you of your rules. Automation is useful when it reduces clerical errors. Tool output is a prompt, not a command — a model can be confidently wrong, stale, or blind to a project's real risks.

What humans must own

Whether the asset is permissible for you, whether you understand the business or network, whether the market is liquid enough, and whether the loss would harm your household. Patience, honesty, humility, and restraint are not optional indicators.

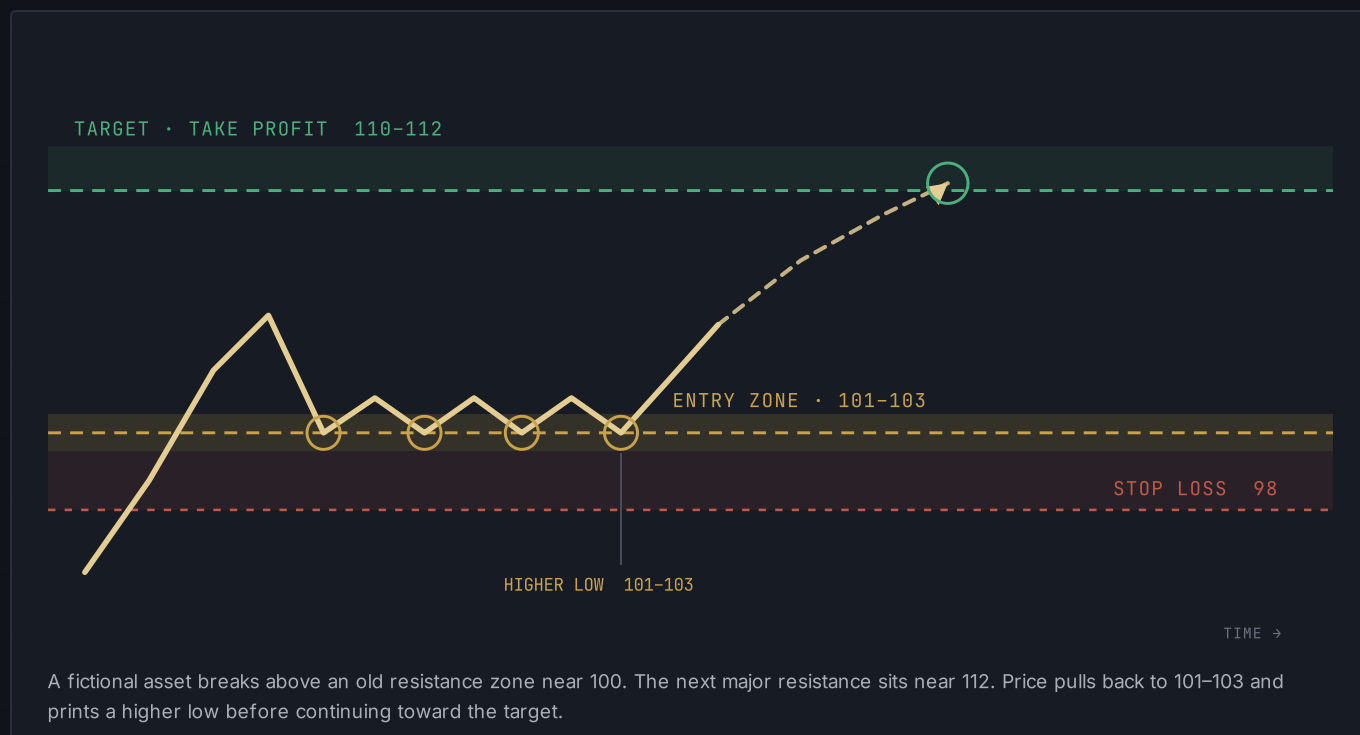
THE FIVE-HUMAN-CHECK PAUSE

- 1 **Do I understand what I own?**
Equity, utility, governance, or a claim?
- 2 **Is the method fully funded?**
No interest-based borrowing or impulse leverage.
- 3 **Is the level real?**
Visible on more than one view, not invented to justify entry.
- 4 **Is risk defined?**
Entry, stop, size, and target written before action.
- 5 **Am I calm enough to pass?**
If not, the correct trade may be no trade.

Spread wealth through ownership, not promises. Invite people to learn, own carefully, and share the upside and downside of productive activity. Do not sell certainty, signal groups, or “guaranteed” returns.

A fictional pullback, from map to exit

This is a teaching example only. It is not a live signal or a recommendation.



ENTRY 103
 STOP 98
 RISK/UNIT 5
 TARGET 1 110-112

Planned cash risk: 50 USD → position size = $50 \div 5 = 10$ units. A move from 103 to 113 is 10 USD per unit, or 2R before fees and slippage.

What “buy low” means here

It means buying a pullback into a previously defended area with a defined invalidation point — not buying the lowest possible price. The best entry is the one where the risk is clear, not the one that looks cheapest in hindsight.

Possible outcomes

CONTINUATION

Price holds support and reaches resistance. Take profit into strength.

CHOP

Price stalls. Reduce exposure only per plan; do not force a story.

FAILURE

Price breaks support. Take the small loss and protect capital.

Print this before you place a trade

A checklist protects you from the version of yourself that appears under pressure.

BEFORE ENTRY

- ☐ I can explain what the stock or token actually represents.
- ☐ I have screened the asset and method according to the standard I follow.
- ☐ This is a fully funded position; no interest-based loan or margin is involved.
- ☐ I marked old support, old resistance, and the next take-profit area.
- ☐ Price broke a level and returned to retest it; I am not chasing.
- ☐ I know the confirmation I need: rejection, reclaim, or higher low.
- ☐ My entry, stop, position size, and target are written down.
- ☐ The stop sits under the support that should hold, with room for volatility.
- ☐ The loss is small enough that I can accept it without revenge trading.

AFTER ENTRY

- ☐ I will not widen the stop because I feel uncomfortable.
- ☐ I will sell at planned resistance rather than wait for a perfect top.
- ☐ I will record what happened, including whether I followed the plan.
- ☐ I will review results over a series of trades, not one outcome.

Your wealth-building loop

LEARN → SCREEN → MAP → WAIT

→ RISK SMALL → TAKE PROFIT → REVIEW → SHARE

The point is not to turn every person into a speculator.

The point is to help people become informed owners with discipline.

Build your watchlist. Wait for your level.

StackMode is for people who want a calmer relationship with markets — and a more responsible relationship with money.

THE STACKMODE PROMISE

No hype. No borrowed conviction. No chasing green candles. Just a clear process for learning, screening, waiting, and owning your decisions.

START TODAY

Create a watchlist of assets you understand. Mark support and resistance. Then wait for the pullback.

[STACKMODE.NET](https://stackmode.net)

SOURCES

[1] U.S. Securities and Exchange Commission, Investor.gov: Stocks — FAQs.

[2] Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), standards and guidance.

[3] Islamic Finance Guru, "Cryptocurrency — Haram or Halal? Definitive Guide," updated 2025.

This guide is educational only. It is not investment, legal, tax, or religious advice. Trading and investing can result in partial or total loss. Crypto-assets can be especially volatile, illiquid, or subject to changing rules. Consult a qualified financial professional and, for Shariah questions, a qualified scholar or Shariah adviser.