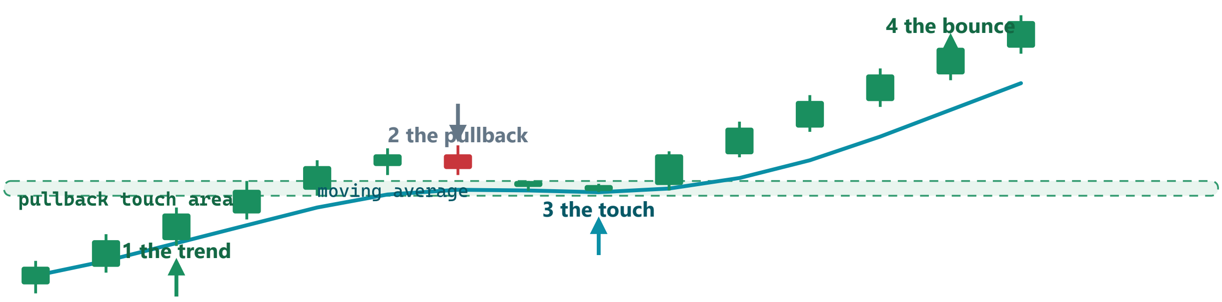
FIELD GUIDE · FOUNDATIONS

# Moving averages as dynamic support and resistance

A moving average is the average price over a set number of recent candles, redrawn each candle into a smooth line. When it rises, price often dips back toward it and finds footing there.

QUANTREEF
market microstructure




PHASE 1 · THE TREND

### Price rides above a rising line

Price makes higher highs and higher lows while the moving average climbs beneath it. Because the average smooths out recent closes, it lags a little and traces the general path of the move rather than every wiggle.

PHASE 2 · THE PULLBACK

### Price drifts back down

Buyers pause and price eases lower, moving toward the rising average from above. This is where the line gets tested: price is checking whether the average still sits below it as a floor.

PHASE 3 · THE TOUCH

### Price reaches the average

Price meets the rising line and stalls. A moving average is not a physical barrier, so a touch is simply a spot where recent average pricing sits, and where reactions are commonly observed.

PHASE 4 · THE BOUNCE

### Price lifts off the line

Price turns back up and away from the average, and the earlier direction continues. When this happens the moving average is described as having held as dynamic support on that pullback.

## Key terms

**Moving average** — The average of closing prices over a set number of candles, recalculated each candle so it forms a sliding line.

**Lookback period** — How many candles the average uses. A larger number gives a smoother, slower line; a smaller one reacts faster.

**Dynamic support** — A rising average that price tends to dip toward and lift away from, acting like a floor that moves over time.

**Pullback** — A temporary move back against the trend, often toward the average, before the prior direction may resume.

## How to read & use it

### Watch the slope

The direction of the line matters more than the exact value. A rising average is often read as dynamic support; a falling one is often read as dynamic resistance.

### A touch is a zone, not a wall

Price rarely reacts at the exact line. The average is better read as a rough area of interest, not a precise price where something must happen.

### Context beats the line alone

An average is one lens among many. Combining it with structure, higher timeframes, and volume gives a fuller picture than the line by itself.

HOW QUANTREEF USES THIS

When Quantreef highlights a moving average or a pullback toward it, that is descriptive context and education only. It is not a signal, a recommendation, or a prediction about what price will do next, and it is never advice to buy or sell.