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5 Ways Traders Can Recognize When A Choppy Market Is About To Break

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On the following page you will find an article that is a summary of the [Crowd Forecast News Episode #545 panel discussion](#).
The article is an attempt to distill the most important points from the episode down to a single, brief article.



Recorded: 08/17/2026 at 4PM ET
Duration (video & podcast): 59 minutes

Highlights:
- CPI setup shaping this week's market direction
- S&P resistance levels near record highs
- Sunny Bands outlook for bullish continuation
- RSI divergences warning of fading momentum
- Crude breakout risk and energy opportunities
- Bow tie signals for changing market trends
- Semiconductor weakness versus biotech strength
- Gold and silver rebound potential
- Copper breakout setup with major upside potential
- Trading psychology tools for emotional discipline

Lineup for this Episode:
- Michael Filighera of LogicalSignals.com
- Erik Gebhard of Altavest.com
- The Option Professor of OptionProfessor.com

Click here to watch the full episode.

[AD] **eBook: NVDA Options (Strategy Guide for Options Traders)**

The article below is a summary of the recent CFN panel discussion. The quotes are statements directly from the panelists on the show; click the link above to watch the full episode!

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[AD] 🔥 **PDF: QQQ Options Playbook**

Title: 5 Ways Traders Can Recognize When A Choppy Market Is About To Break

Choppy markets can be frustrating because neither bulls nor bears maintain control for long. Breakouts fail, trends reverse, and otherwise promising setups lose momentum. But prolonged indecision often creates the conditions for a larger directional move. Traders who recognize the transition early can avoid forcing trades during the noise and be better prepared when momentum finally returns.

1. Watch For Price Compression Around Key Levels

When price repeatedly moves above and below the same support, resistance, or moving-average zone, the market is signaling indecision. Instead of guessing which direction will eventually win, identify the boundaries of the congestion and wait for price to demonstrate commitment.

The longer price remains compressed, the more important a decisive move outside that range can become. Confirmation matters: a close beyond the boundary with expanding range or volume is generally more meaningful than a brief intraday poke.

“we're in congestion here. We're at the DMA. We're indecisive, so it doesn't know where it wants to go yet. And it could break up or down.”

2. Monitor Whether Volatility Is Starting To Expand

Volatility often changes character before price establishes a new trend. Traders can watch the VIX, implied volatility, and daily trading ranges for signs that the market is becoming less orderly.

A volatility index stretched unusually far from its recent average can also warn that a short-term reversal is possible. Rather than viewing volatility in isolation, compare it with price action and determine whether fear is accelerating or beginning to exhaust itself.

“when the VIX gets stretched 10% or more away from the 10-day simple moving average”

3. Pay Attention To Options Positioning

Options markets can provide clues about whether a breakout could accelerate. In a negative-gamma environment, dealer hedging may reinforce directional movement rather than dampen it. That means a modest break through support or resistance can potentially become a much larger move.

Traders do not need to become options-market specialists, but understanding whether positioning is likely to suppress or amplify volatility can provide valuable context.

“if the market starts to sell off, it could accelerate rather dramatically.”

4. Respect Repeated Failures At Resistance

Choppy markets often produce convincing-looking rallies that immediately fade. When price repeatedly approaches overhead supply but cannot break through, that resistance deserves increasing attention.

The same principle works in reverse with support. Multiple failed attempts can reveal where buyers or sellers remain committed. If that level finally breaks decisively, traders should be prepared for price to travel faster than it did inside the range.

“the longer we stay below this overhead supply, the harder the market's going to have, harder times going to have getting through it.”

5. Wait For The Market To Prove The Trend

One of the best defenses against chop is simply refusing to anticipate. A pullback is not automatically a buying opportunity, and a rally is not automatically a breakout.

Require evidence that the previous trend is resuming before committing capital. This approach may mean missing the first portion of a move, but it can also eliminate many trades that never develop.

“I'm buying the dip, so to speak, but only if the dip begins to rally back up.”

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