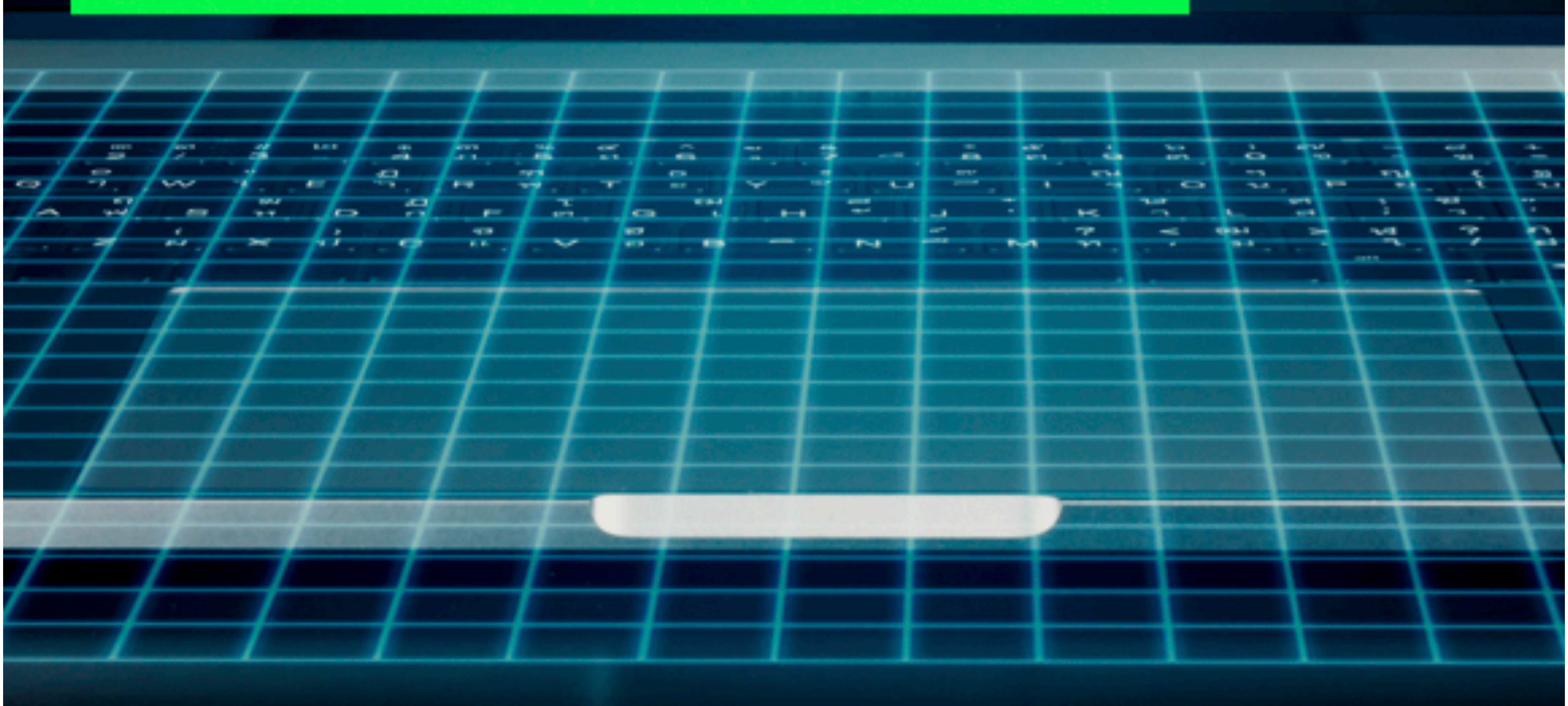
MASTER THE ART OF TECHNICAL ANALYSIS

LEARN THE SECRETS TO TURN SCALPING IN TO SWINGING TO GET THE BEST OF BOTH WORLD



FULL STEP BY STEP GUIDE ON HOW TO TRADE

<u>INTRODUCTION</u>

Mastering trading is something that took me a very long time to do, I was spending 18 hours a day for years trying to understand the behavior of the markets, who was in charge? Who was making it move? How could I predict it?

This led me to reading countless of books.

I used to read all kind of books, how to invest in real estate, how to trade the financial markets, how to become a successful person, how to get rich… Well you name it…

And I was obsessed, I loved reading, after each book I felt more clever, I had more tools in my tool box and I was now ready to apply it to everything in my life.

The problem was only that what the books told me, was never applicable to my life, because every life situation is different, we all come from different backgrounds, we all have different struggles and different pre-conditions.

I came from a very poor background with a hard working family who was so obsessed paying the bills and getting by that we lost the family love that I find today to be the most valuable thing in life. Because no matter how much money you accumulate, real friendship, real family, real love is something money never can buy, and that is what truly makes us the happiest.

I have bought everything I ever wanted, and none of that made me happy.

But what made me happy was always improving myself, challenging myself, giving myself new goals, trying new things, failing, getting back up and trying again. Providing value to others, seeing others achieve greatness and being there with them, seeing every step they take, every failure they go through and help them continue going without loss of vision or belief. Because one thing is true in this life, no matter how many times you fail, no matter how many times you try, you always… I repeat ALWAYS get one step closer to achieving greatness. Failure is the way life helps guide us to the right direction that we are supposed to follow deep down.

So whenever you feel down, or feel that life is hard, remember that life is just guiding you to the right way. Life wants you to be hurt, because that is when you THINK, when you THINK that is when you understand what to IMPROVE. When you IMPROVE you become better. Once you get BETTER and repeat the process you will become GREAT.

That is what built my character and my success today.

I wish this book will provide you with enough information about how to trade the financial markets, the right way to do it, and skip all the information that is not needed while trading.
I only provide the highest probability techniques, this is not a book to tell you what a support is, or what a candle does. This is my way of trading.

This is your handbook to use.

This is your step by step guide to taking great trades.

This is your book to find all the information that you need, without having to try everything out there to find what works or what does not work.

This is simply 7 years trading experience put together in a simple, step by step book.

MARKET STRUCTURE

So let's start with the most important, I want you to study this over and over again.

Understanding the underlying factors of market behavior and movement is crucial to your success as a trader.

Reading market structure is like learning a new language. Once you learn it, you will be able to communicate fluently.

The market will talk to you every single minute, and it is up to you to listen to it and make a decision based on the conversation.

Sound confusing? Let me explain…

If you open up a chart to a complete beginner and ask him/her to tell you what they are seeing, they will tell you that the market went up there, and fell over there.

Basically they see what the market is doing, it is moving either up or down, even when the market is moving "sideways" it is still moving up and down.

Makes sense?

YOUR job as a trader, is to understand why does the market move up, or why does it move down?

What are the rules of the market that makes it behave the way it does?

Thanks to high frequency computers dominating the markets today…. Basically algorithms run by a set program, with insane amounts of money behind them, they are the ones moving the markets. And because they are programmed to follow a set amount of rules. We are able to capitalize on that easier than ever.

Every chart software that you are using today, will come with different bells and whistles. Letting you change the color of your chart, add indicators, make it look appealing and fun. Almost like a video game…

Do you know why?

Have you ever went in to a casino? Do you see how colorful it is? Showing you a lot of different bright colors.

This will change the chemical response in your brain to feel happy and excited, basically makes you want to gamble and not stopping, because it will get addicting and it will give you a rush. Not only the money part, but the colors which your brain is reacting to subconsciously.

This is unfortunately same with trading, and the brokers and software providers want you to over trade, and get addicted. So it is highly important you become systematic and only use the charts as a reading tool.

IMPORTANCE OF TIME FRAMES

Ok so the most important thing to read market structure, is by utilizing all the time frames you have available. A rule of thumb to ALWAYS follow is that, the HIGHER TIME FRAME the better.

My favorite time frames to use at the start of my analysis is in the following order.

Monthly
Weekly
Daily
4 Hour
5/15 minutes

These are my go to time frames and we will discuss each one and how they will be used.

We are going to use each time frame one by one, to build our confluence report to finalize our trading decision.

We are looking for the course of event.

Basically like watching a movie or reading a book. Trying to figure out what is the common subject appearing over and over again? Who is the bad guy? Who is the good guy?

THE MONTHLY TIME FRAME

The monthly time frame is used to read price action most of all, to see where the momentum is.

We are looking for big candles that are indicating huge orders.

We will then move 1 time frame lower, to build up our confluences.

Monthly time frame will summon up all the importance of the month and show us, who was dominating the market for the month, was it the buyers or the sellers?

This will tell us who is really in charge of the bigger picture and it is something we should always keep in the back of our head.

THE WEEKLY TIME FRAME

The weekly time frame is great to look at structure, premium price areas and where price has strong bounces, it will give us 4 more candles so we can understand better what led to the price action on the monthly.

Did the last two weekly candles close very strong, or does it look like we are loosing momentum? (Even thought monthly close was very strong, the weekly can many times tell us if that will hold or not for the coming days)

We also use weekly to find the strongest support and resistance areas, basically the strongest areas where price could potentially reverse and change direction.

THE DAILY TIME FRAME

The daily time frame is our go to time frame

We will use this every day to hunt the trades we are looking for, and it will be our king every single day.

We are going to look for direction, momentum, premium price areas, wicks, and it will also be used to pint point our stop losses, entries, take profits and our exits.

THE 4 HOUR TIME FRAME

The 4 hour time frame is our go to time frame to put the puzzle pieces together so it will line up with the daily time frame.

Don't worry I will explain all of this later in the book, just make sure you read this and write notes down so it will stick in your head.

This is SUPER important.

4 hour will tell us exactly when it is time to enter or when it is time to exit a trade, as well as minimizing our stop loss, have a more accurate take profit but most important, to monitor the momentum of our trades.

THE 15 MINUTE TIME FRAME

This time frame will ONLY be used to monitor our trades that have been executed.

We will use it to follow our trades and make sure that the movements are moving in our direction, if we are in buys, we want the 5/15 minute to show us bullish structure and not starting to break previous low, thus indicating that the price action on the higher time frames are not holding yet and we should exit immediately.

This is something you will have to practice a lot on and it will be talked a lot of about in the chapter The Importance Of Chart Time later in this book.

TOP DOWN ANALYSIS

Combining the different time frames to build a confluence.

CONDUCTING A TOP DOWN ANALYSIS IS PROBABLY THE SINGLE MOST IMPORTANT THING 99% OF TRADERS FAIL OF DOING.

IT IS ALSO ONE OF THE BIGGEST FACTORS WHY THEY ARE NOT BEING CONSISTENT PROFITABLE BESIDES RISK MANAGEMENT AND SYSTEMATIC APPROACH TO TRADING.

TOP DOWN ANALYSIS IS WHERE WE PUT EVERY SINGLE PIECE OF INFORMATION TOGETHER TO BUILD OUR EXECUTION PLAN.

WHEN WE HAVE OUR EXECUTION PLAN, WE SIMPLY EXECUTE THE TRADE BASED ON THAT, AND ONLY THAT.

LET ME REPEAT MYSELF ONCE AGAIN, TOP DOWN ANALYSIS IS ONE OF THE BIGGEST REASONS FOR YOU TO BECOME PROFITABLE, IF YOU DO NOT FOLLOW THIS APPROACH EVERY SINGLE DAY, YOU WILL FAIL.

This is how I want you to do your top down analysis by utilizing what the markets are telling you, basically showing you how to see and use MARKET STRUCTURE to identify high probability trade set ups. It is important that you really pay attention to this chapter and really take notes and look at your own charts at the same time and try to dissect it the same way I am showing in this chapter.

It will ease up your learning process and make your learning speed increase drastically, remember you have to put everything written in this book to practice to make it work, and you need to repeat it over and over again.

MONTHLY CHART

Here we can see the monthly chart, this is how every trader would see their charts, what many do in this scenario is that they over complicate the analysis process by trying to use indicators or asking others about their opinion, basically looking elsewhere but the charts that are right in front of you. If we now try to understand where the market is heading simply by looking at it, is there something you can identify right away?

I want you to think about that question while I am showing you every different time frame, try to see if you can see something right away, if you can not it is totally fine. Just do your best. Go through each picture and see if there is something you can put together right away.

WEEKLYCHART

Here we can see the weekly chart being presented, go back to the monthly again, look at it, then switch back to this picture, and go back and forth a few times, is there anything you are starting to see yet? If not continue watching and trying to figure it out while you go through the pictures.

4 HOUR CHART

Now we are looking at the 4 hour chart, again, the structure is changing and now it is starting to get really confusing, don't you agree with me?

It does not make any sense just looking at it, it is hard to make a decision weather we are going up or down. Let's continue and go down one more time frame.

15 MINUTE CHART

And now we are looking at the 15 minute time frame, really confusing right? I know... So what is the problem with this? The problem is that we are not using any tools to dissect the charts. Meaning, we have not done a down top analysis, all we have been doing is just looking at the different time frames, it is crucial that we type down every single information that we get and that we utilise structure and zones to identify what is going on and how the price is moving. So let's do a proper top down analysis now so I can show you how it is done and explain in detail.

MONTHLY CHART

Ok let's being with what we have on the monthly.

1) Arrow number one is pointing toward the price action, we can see that we reached in to a premium price area (the zone) and we see that the previous monthly candle closed with a wick to the up side showing rejection, this monthly candle is now being bearish.

2) as you can see we have recent wicks to the left, that is why I choose to draw the zone right there, remember you want to use the most recent information you can have, not what happened 20 years ago, but what happened a few months ago instead

3) This is our second premium price area, our big target. I choose to draw the zone there because again, as you can see, when the zone is extended there are a lot of multiple wicks that is tapping that area and rejecting it, meaning there is a lot of orders there and thanks to that, we know where to draw the zone.

4) Number four should be our last take profit, like I said on number 3, this is where we aim to get the most out of our trade, but we need to use lower time frames to continue building upon this structure.

So our conclusion looking at the monthly is? We have sign of rejection and we are at a premium price area, so two confluences we could go down from here. So let's write that down and continue doing our dissection.

WEEKLY CHART

Ok let's continue with what we had from the monthly and now look at the weekly.

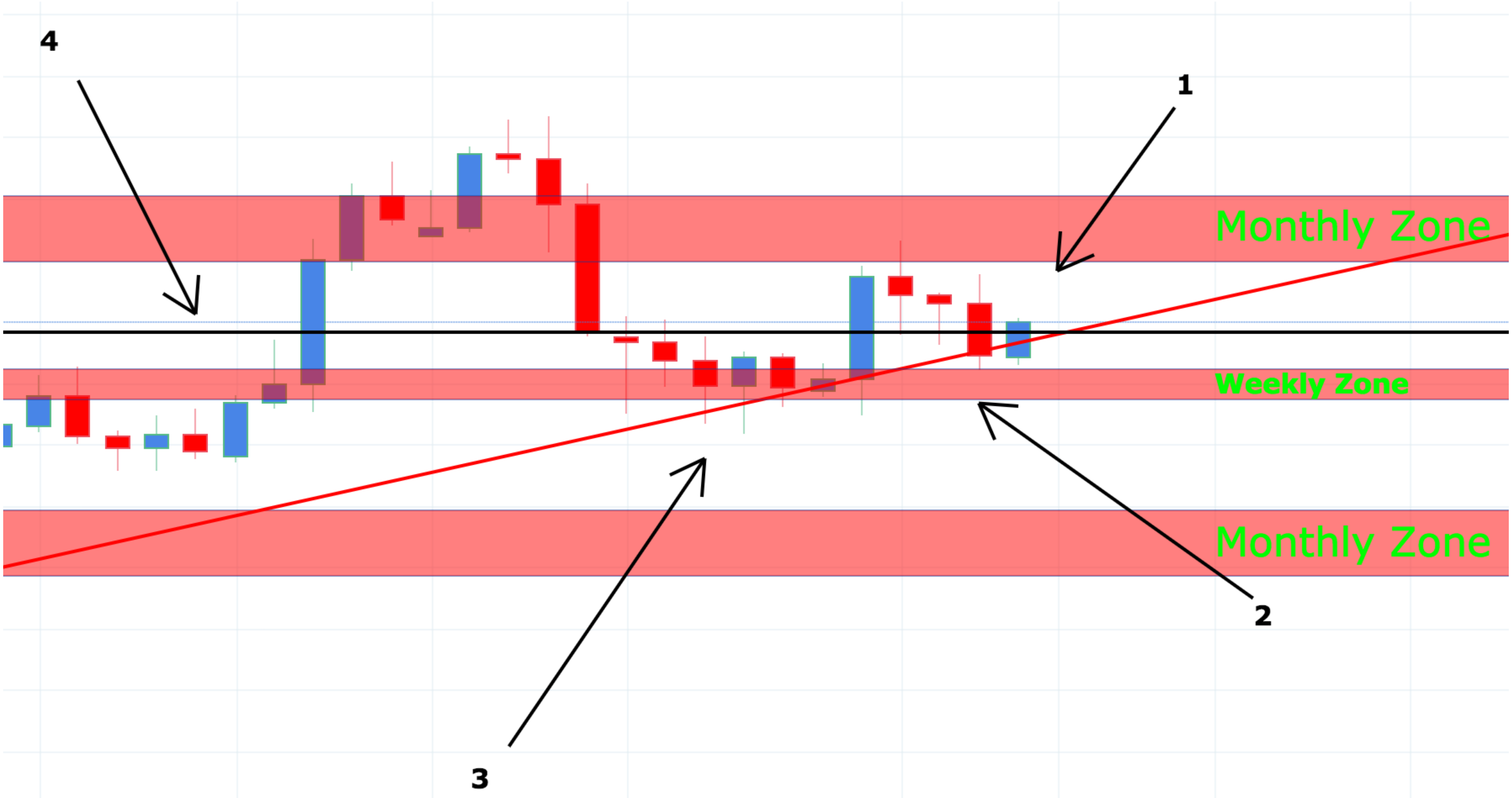
1) Here I have highlighted even more to explain how I identify my zones, as you can see I look for the most touches that we can find, but they have to first and foremost connect with the present, and as you can see, if you look to the right, where the market is most present, the zone is perfect.

2) Here we can see that we have a 2:2 confirm which is explained later in this book. We have higher highs and higher lows showing us momentum to the up side. I connected the trend line by identifying the lows as you can see on the picture. We can also see how the trend line is lining up perfect with our zone, so in this scenario we have done a perfect job.

3) Here we look at the weekly price action, we can see again that we are rejecting that upper monthly zone, but we closed blue, meaning that we closed bullish, so this could as well be a potential wick fill right? So we need to get more information which we will get from the lower time frames later on. But this is a key component to keep in mind, because it is not interfering with our bearish outlook right?

4) This is the wick that I mentioned so we need to consider it in our confluence analysis.

Conclusion for weekly: Monthly showed us bearish momentum but the previous weekly candle closed with a wick and it closed bullish, so weekly is now interfering with the monthly, we need more information from the lower time frame and more structure.



DAILY CHART

Ok let's dive in to the Daily Time Frame

1) So as we can see on number one, we got the price action on the daily showing us bullish momentum, we can also see that we rejected the weekly zone on the daily with that previous daily candle wick created.

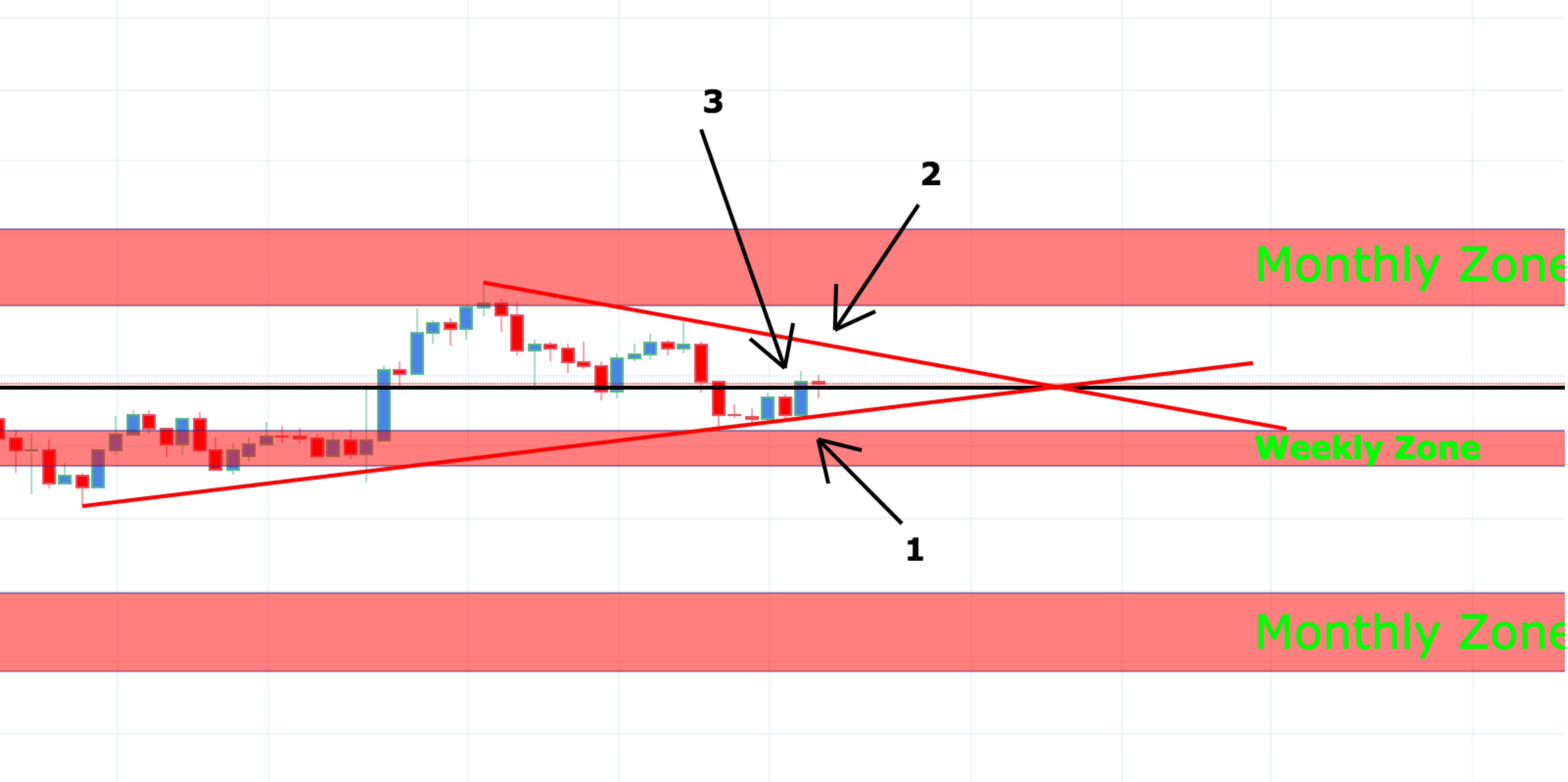
2) Here we have the weekly zone that we mapped out, and we can see how daily pushed away from it one time before, and is now doing the same again (keeping the wick in mind from the weekly while I am typing this)

3) Here you can see the rejection that we had on the weekly zone on the daily, we get a lot of more information just by going down one time frame from the weekly to daily. As you can see each price action tells us more about how strong the rejection was, and how many candles that actually accumulated in that area.

4) This black line is just the start of the V-Pattern (read about it on the pattern chapter) so if we see price close above there and respect it, we can expect a continuation movement because the structure turns bullish.

Conclusion for daily: Monthly showed us bearish momentum but the weekly candle closed with a wick and it closed bullish, daily is showing us another bullish candle so our confluence for a wick fill is now holding, and we are not interested in the information from the monthly by now. Just because the weekly and daily have showed us bullish confluence, but only monthly has been bearish.

Thanks to us analysing the structure to minor detail as you can tell, it provides us with so much information and guidance to take a trade.



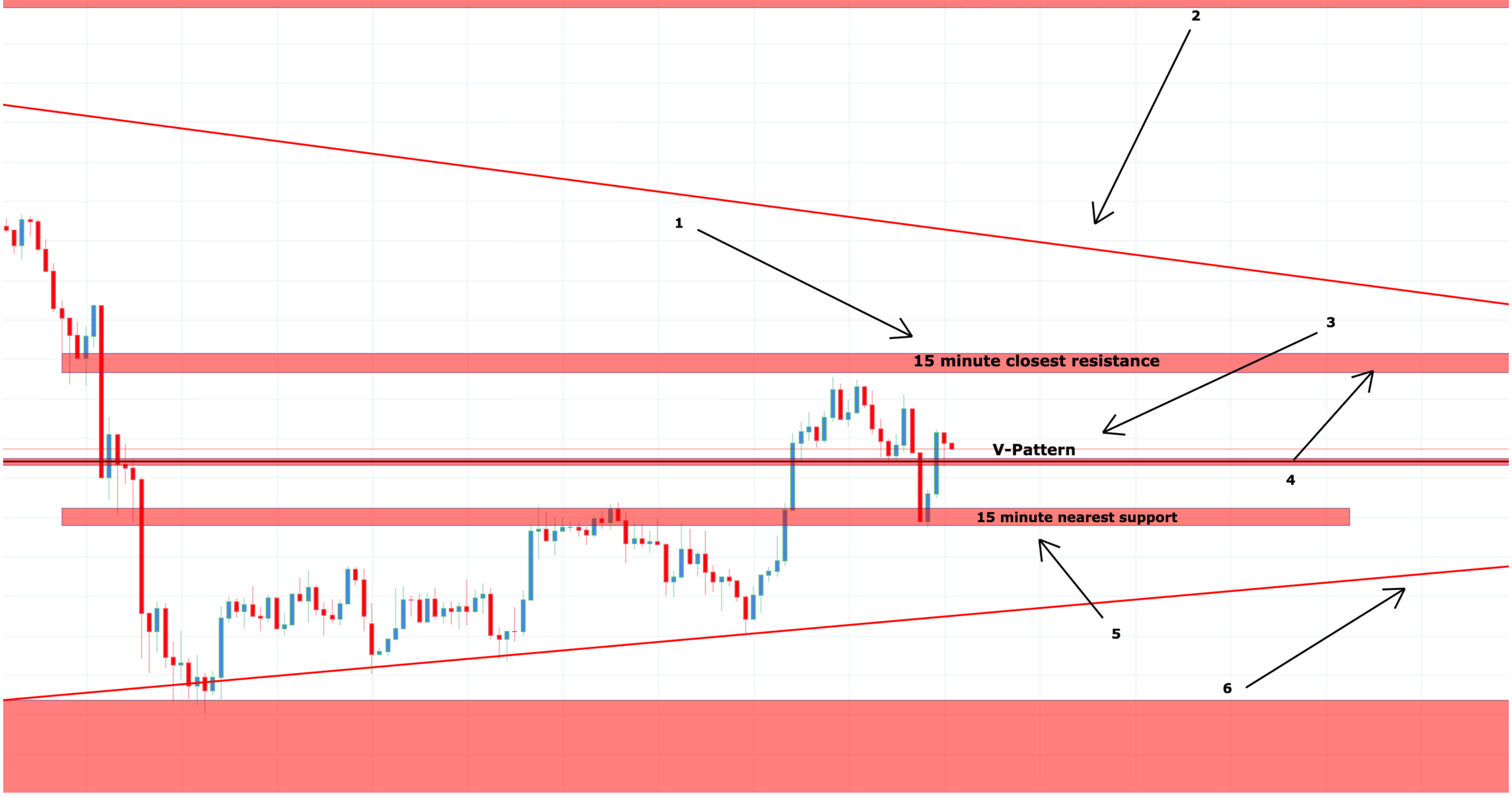
4 HOUR CHART

1) Here we can see an upward trend line indicating momentum to the up side, we do not have a 2:2 confirm, but we are seeing higher lows.

2) We also have a trend line to the downwards indicating lower highs, so when we have higher lows but lower highs, we are creating a flag pattern. How to handle a situation like this is just to wait for a break out, but this is not something we use to trade, I simply added them to make it easier for you to understand and see the structure easier.

3) This is the most important that we want to look at, as you can see we have our black line for the V-Pattern, and as we can see right now, we are creating a lot of bullish momentum. However as you can see, the momentum is not so strong because of the consolidation.

Conclusion for the 4 hour: Monthly showed us bearish momentum but the weekly candle closed with a wick and it closed bullish, daily is showing us another bullish candle so our confluence for a wick fill is now holding, the 4 hour is also showing us bullish momentum, however it is not being so strong
we will have to go one time frame lower to really pin point what to do.



15 MINUTE CHART

1) First and foremost we have the 15 minute closest resistance, we could have lowered it a little but as you can see to the left, I decided to connect the lows there instead since it is more clear. This is the resistance we want the price to break to enter our trade, if we break that resistance, we are then showing bullish momentum.

2) This is the downward trend line from the 4 hour that we plotted.

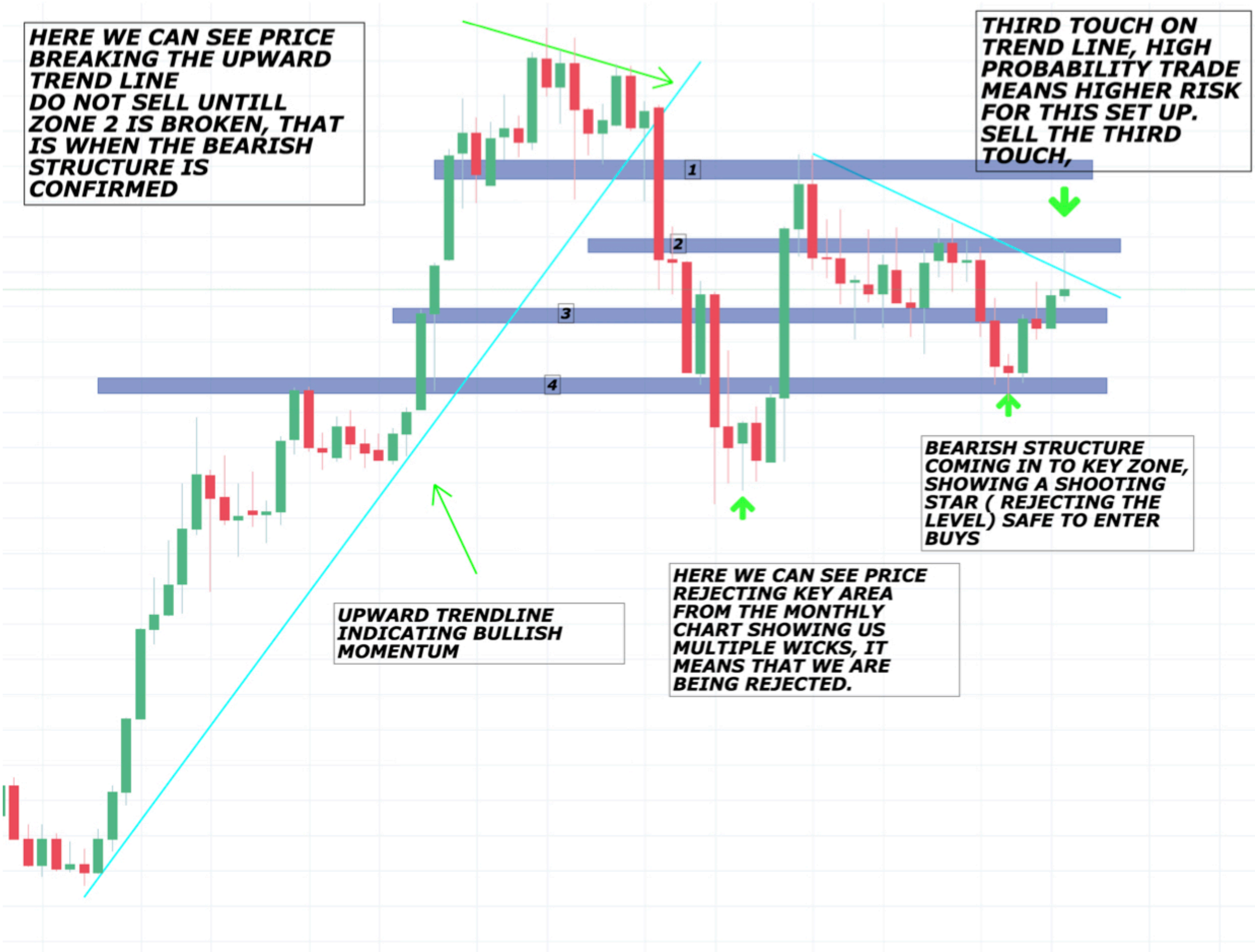
3) This is the black line that we plotted before, this is where we expect the V-pattern will occur, and as you can see, the 15 minute is now leaving wicks and showing rejection already so we will let price develop and look for consolidation at this area. The consolidation will tell us that price is now holding strong above that zone, a simple re test is never enough.

4) We want the price to move from the V-Pattern zone to the 15 minute resistance, to show us that bullish momentum and structure we are looking for. And if it breaks the resistance we can proceed to enter buys.

5) This is the nearest support we have on the 15 minute, this means if we break that support. We will not be looking for buys what so ever, since then we will follow the monthly confluence. Start to make sense now?

6) This is the trend line to the upside that we have from the 4 hour, and we can see how price bounced from it several times.

Conclusion for the 15 minute: Monthly showed us bearish momentum but the weekly candle closed with a wick and it closed bullish, daily is showing us another bullish candle so our confluence for a wick fill is now holding, the 4 hour is also showing us bullish momentum, however it is not being so strong, but 15 minute is telling us why the 4 hour is not so strong, because it is consolidating on the V-Pattern, so we are waiting for the resistance to break on the 15 minute, once we break it we know we will be bullish.



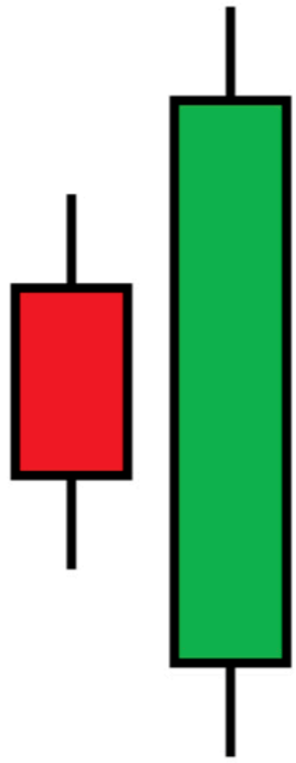
USING HIGHER TIME FRAME TO IDENTIFY PROPER STRUCTURE

HERE WE CAN FOLLOW THE STRUCTURE STEP BY STEP BY LOOKING AT THE PICTURE AND THE HIGHLIGHTED TEXT.

WE IDENTIFY THE MAJOR TREN LINE, UNDERSTAND THE RULE OF THE BREAK OUT AND WHAT TO WAIT FOR

SEE HOW PRICE CREATES A NEW STRUCTURE AND FOLLOWING IT

UNDERSTANDING PRICE ACTION 3.2



THE BULLISH ENGULFING CANDLE

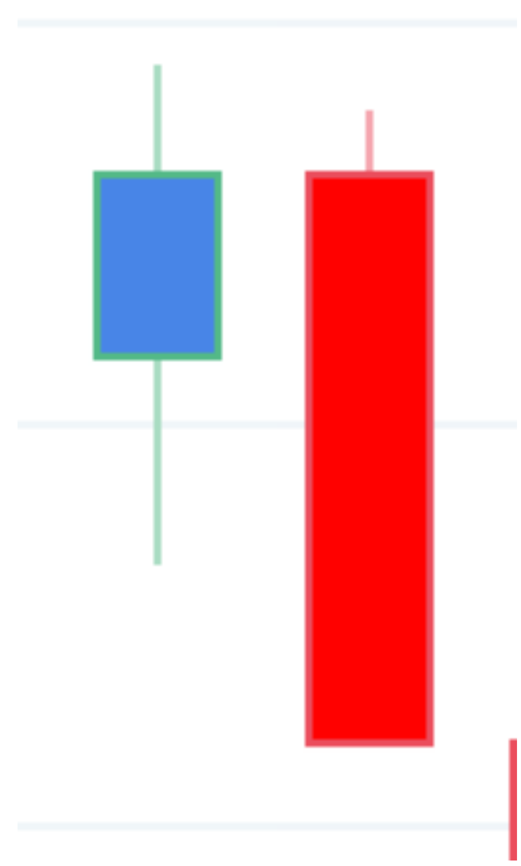
THIS PATTERN IS ONE OF THE MOST IMPORTANT PATTERNS TO RECOGNIZE WHILE TRADING.

A BULLISH ENGULFING CANDLE SIMPLY TELLS US THAT THERE ARE AN OVERFLOW OF ORDERS COMING IN, AND IT TELLS US WHO IS IN CHARGE.

THIS PATTERN SHOULD ONLY BE USED AND IDENTIFIED IN THE FOLLOWING ORDER.

MONTHLY
WEEKLY
DAILY
4 HOUR
IT SHOULD NOT BE IDENTIFIED ON TIME FRAMES LOWER THAN THE 4 HOUR BECAUSE THE PROBABILITY DROPS SIGNIFICANTLY

PRICE ACTION - BEARISH ENGULFING CANDLE



This pattern is one of the most important patterns to recognize while trading.

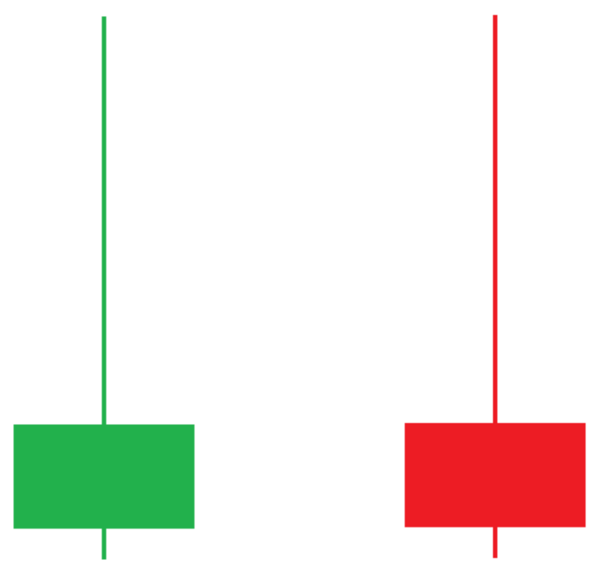
A Bearish engulfing candle SIMPLY TELLS US THAT THERE ARE AN OVERFLOW OF ORDERS COMING IN AND IT TELLS US WHO IS IN CHARGE.

THIS PATTERN SHOULD ONLY BE USED AND IDENTIFIED IN THE FOLLOWING ORDER.

MONTHLY
WEEKLY
DAILY
4 HOUR

IT SHOULD NOT BE IDENTIFIED ON TIME FRAMES LOWER THAN THE 4 HOUR BECAUSE THE PROBABILITY DROPS SIGNIFICANTLY

PRICE ACTION - SHOOTING STAR



Shooting Star Candlestick

THIS PATTERN IS VITAL TO YOUR SUCCESS WHEN IT COMES TO TRADING

IT IS INDICATING TO US THAT THE BUYERS ARE LOOSING THEIR CONTROL AND THE SELLERS TOOK OVER.

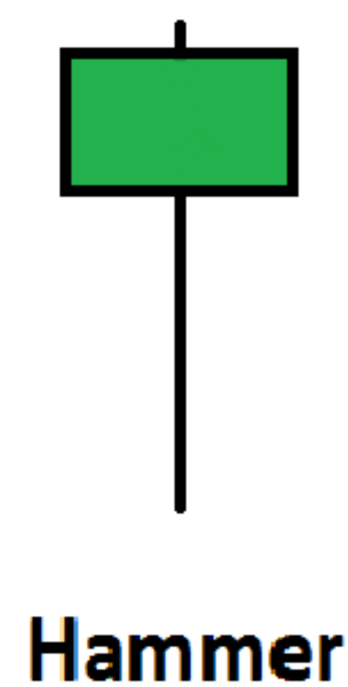
IT IS A SIGN OF HARD REJECTION AND IS AMAZING WHEN IT REACHES PREMIUM PRICE AREAS (ZONES OR S/R)

WE WILL TRADE THIS WHEN IT APPEARS ON THE FOLLOWING TIME FRAMES.

MONTHLY
WEEKLY
DAILY

IT CAN HOWEVER BE USED ON THE 4 HOUR AS WELL, BUT THE PROBABILITY WILL DROP WITH AROUND 20% SO IT IS NOT RECOMMENDED FOR HIGHER RISK TRADING.

PRICE ACTION - HAMMER CANDLE



HAMMER CANDLE

THIS IS EXACTLY THE SAME AS THE SHOOTING STAR BUT TO THE OPPOSITE SIDE.

IT SIMPLY TELLS US THAT THE SELLERS ARE LOOSING THEIR CONTROL AND THAT THE BUYERS ARE NOW TAKING CONTROL.

IT IS PERFECT WHEN WE SEE IT ON A PREMIUM PRICE AREA (ZONES OR S/R) BECAUSE IT IS SHOWING REJECTION.

WE WILL TRADE THIS WHEN IT APPEARS ON THE FOLLOWING TIME FRAMES.

MONTHLY
WEEKLY
DAILY

IT CAN HOWEVER BE USED ON THE 4 HOUR AS WELL, BUT THE PROBABILITY WILL DROP WITH AROUND 20% SO IT IS NOT RECOMMENDED FOR HIGHER RISK TRADING.

PRICE ACTION - DOJI CANDLE

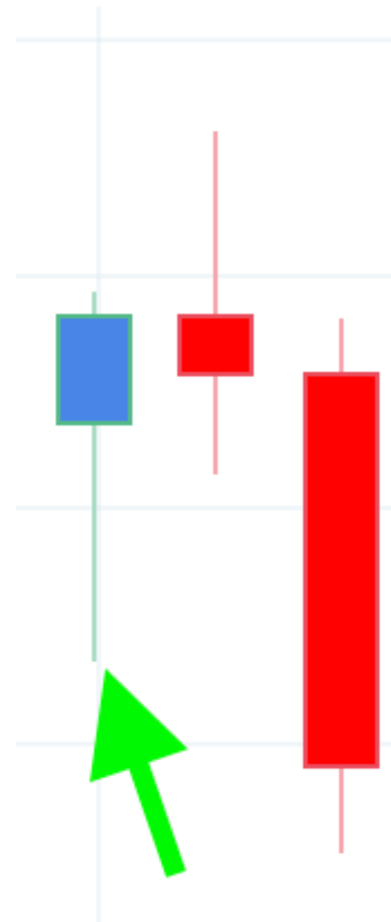
DOJI CANDLE

THIS IS A PATTERN WE DO NOT WANT TO BE TRADING BUT IT IS GIVING US SOME VITAL INFORMATION.

IT IS TELLING US THAT NEITHER THE BUYERS OR SELLERS WERE IN POWER, WE SIMPLY MET IN THE MIDDLE AND WE DID GO UP NOR DOWN, WE SIMPLY STAYED WITHIN THE SAME RANGE.

THIS IS A GREAT INDICATION FOR US TO CONSIDER BECAUSE IT IS SHOWING US THAT THE MOVEMENT HAS YET NOT HAPPENED AND WE SHOULD KEEP AN EXTRA EYE OUT FOR THE MARKETS.

PRICE ACTION - WICKS



THE WICKS THAT WE SEE ON THE CANDLE STICKS ARE BASICALLY HINTS THAT THE MARKETS ARE GIVING US.

IT IS AREAS WHERE PRICES TRIED TO REACH BUT COULD NOT.

THE SHORTER THE WICK, THE BETTER THE PROBABILITY OF IT BEING FILLED.

IF THE WICK IS TOO BIG, IT IS A SIGN OF REJECTION AND IT SHOULD NOT BE TRADED.

WE WANT TO FIND WICKS THAT ARE APPROACHING PREMIUM PRICE AREAS BUT ARE YET NOT THERE.

WICKS ARE SIMPLY DIRECTION WE CAN TAKE TO PLACE INTRADAY TRADES.

WE ARE ONLY LOOKING FOR WICKS ON THE FOLLOWING TIME FRAMES.

MONTHLY
WEEKLY
DAILY

PATTERN TRADING

THIS SECTION WILL BE ABOUT TRADING PATTERNS AND HOW I TRADE THEM.

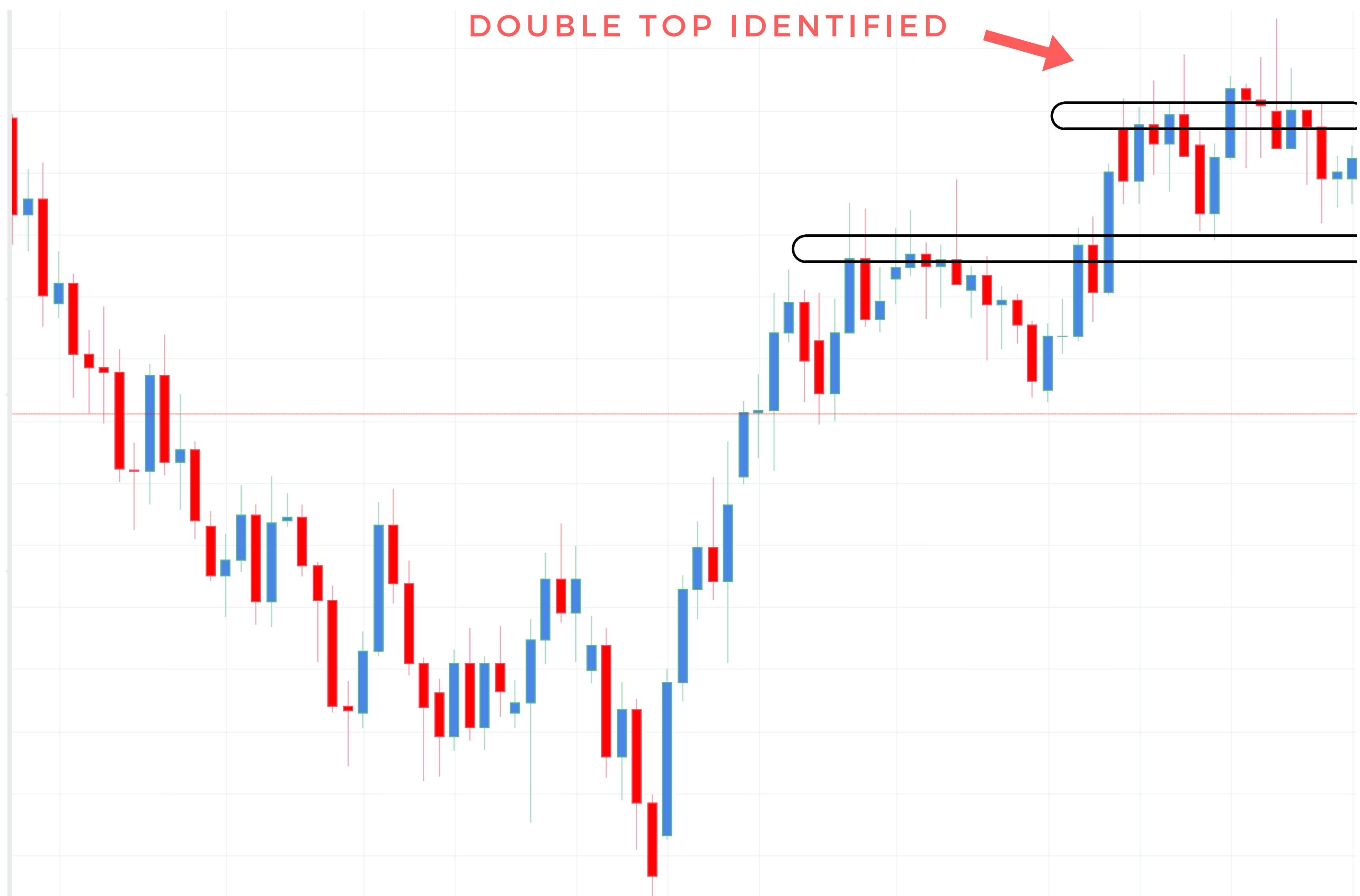
MOST BOOKS AND GUIDES ARE TEACHING YOU THE WRONG WAY OF DOING IT.

PATTERNS TRADING ARE WAYS FOR US TO PREDICT MARKET STRUCTURE CHANGE IN THE MARKETS.

WHERE THE MARKET GOES FROM BULLISH TO BEARISH AND VICE VERSA.

DOUBLE TOP

PATTERN TRADING - DOUBLE TOP 3.1



HOW TO TRADE THE DOUBLE TOP PROPERLY

Here we can see a normal picture of a naked chart.

What we can see is just random up and down movements from the market
This is where the double top can come in really handy.

Double top is a pattern that we use to identify when the market is changing structure (when the market decides to go from bullish to bearish or vice versa)

It does however come with a a lot of different approaches which has made a lot of traders fail trading this pattern.

But don't worry, I am here to sort that out for you :)

So.... A question to you before you slide to the next page, how would you have traded this scenario? When would be the right time for you to enter the trade?

DOUBLE TOP

PATTERN TRADING - DOUBLE TOP 3.2

HOW TO TRADE THE DOUBLE TOP PROPERLY

1. identify a major price zone area (strong support/resistance or a strong premium price zone)

2. When price enters the zone and shows signs of rejection, it is highly important to wait for the rejection to properly form.

3. Once price has shown sign of rejection by giving a valid price action signal (look up the price action section if you are unsure)

3. This is where a lot of people make the mistake. They now have seen price reject and are looking to place the trade. It is very wrong because the market structure has not showed any sign of structure change which means the price is still in momentum.

4. Instead, find the nearest low the market has created before you saw the double top form. In this scenario it is this low.

5. WAIT UNTIL PRICE BREAKS THAT LOW. you want to see a strong break through. You can now enter the trade and place the stop loss above the zone.

2:2 CONFIRM

THE 2:2 CONFIRM IS A GREAT WAY TO PREDICT AN EXPLOSIVE MOVEMENT IN THE MARKET.

USUALLY WHEN THE MARKET REACHES PERFORMS A THIRD TOUCH, THERE IS A HEFTY INCREASE IN ORDERS THAT PARTAKE AT THE SAME MOMENT. WHEN THIS HAPPENS THE MARKET WILL INCREASE WITH POWER LEADING TO BIG MOVEMENTS.

BUT IT COMES WITH STRICT RULES TO KEEP IN MIND.

1. ***THE THIRD TOUCH SHOULD ONLY BE TRADED AS A CONFLUENCE. WHICH MEANS IF YOU EXPECT THE PRICE TO GO UP ON THE MONTHLY, YOU HUNT A THIRD TOUCH TO THE UP SIDE, NOT THE DOWN SIDE.***
2. ***STOP LOSS SHOULD BE PLACES BELOW YOUR TRIGGER CANDLE, IF THE TRIGGER CANDLE IS A BULLISH/BEARISH ENGULFING CANDLE, PLACE THE S/L ON THE 50% RETRACE LEVEL OF THAT CANDLE.***
3. ***YOU NEED TO FIND TWO HIGHS AND TWO LOWS BEFORE YOU CAN CONNECT THE TREND LINE IN A PROPER WAY.***
4. ***YOU CAN NOT SIMPLY DRAW A LINE UP WARDS BECAUSE THAT IS HIGHLY INCORRECT.***

2:2 CONFIRM

1) ***Here we have our first low point, this is actually the last thing we should look at when we identify our 2:2 confirm.***

2) ***This is the first high that was created, we do not know anything this far, we simply just identified the highest point in the market***

3) ***Here we can now see a higher low, but the problem is, we do not know if this low creates a higher high, if this is going to be a real low, it has to create a higher high than number 2.***

4) ***Now we got a higher high that number 3 created, so we can now draw our trend line from the first low (number 1) and connect it to the low at number (3).***

5) ***Now we can see that the market is hitting the trend line that we drew, this is where we want to enter, because we had 2 higher highs before this, but only one higher low right? So we have two higher highs, but only one higher low, that is because the second higher low is going to be our entry point and it has to connect with the trend line, it is also vital that it lines up with a premium price zone as you can see it does. The black line above is our first take profit, our stop loss should be at the previous low if we look to swing the trade, if we only want to scalp the trade, it should be a few pips below the zone (use lower time frame structure to identify where to have your stop loss as explained previously). If you enter based on a trigger candle, it should be just below 50% of that candle.***

V-PATTERN

THE V-PATTERN IS SIMILAR TO THE HEAD AND SHOULDER PATTERN BUT MUCH MOR ACCURATE.

IT IS USED TO IDENTIFY PREMIUM PRICE AREAS THAT ARE VERY STRONG, AND IN TURN INDICATE A TREND CHANGE IF THOSE ARE BROKEN.

THE V-PATTERN IS SIMPLY A TREND REVERSAL TRADE AND IS HIGHLY PROFITABLE I USED CORRECT.

IT SHOULD BE EASY TO IDENTIFY AND IF YOU NEED TO HUNT IT, YOU SHOULD NOT TRADE IT.

THE RULES TO TRADING THE V- PATTERN IS THE FOLLOWING.

ONLY TRADE THE V PATTERN ON THE MONTHLY, WEEKLY, DAILY, 4 HOUR TIME FRAM

YOU HAVE TO WAIT FOR A STRONG CLOSE ABOVE THE ZONE

WAIT FOR THE RE-TEST FOR A PROPER ENTRY.

IF THERE IS A ENGULFING CANDLE THAT HAS A STRONG BREAK OUT, STACK YOUR ORDERS BASED ON THAT CANDLE AND NEGLECT A RE-TEST.

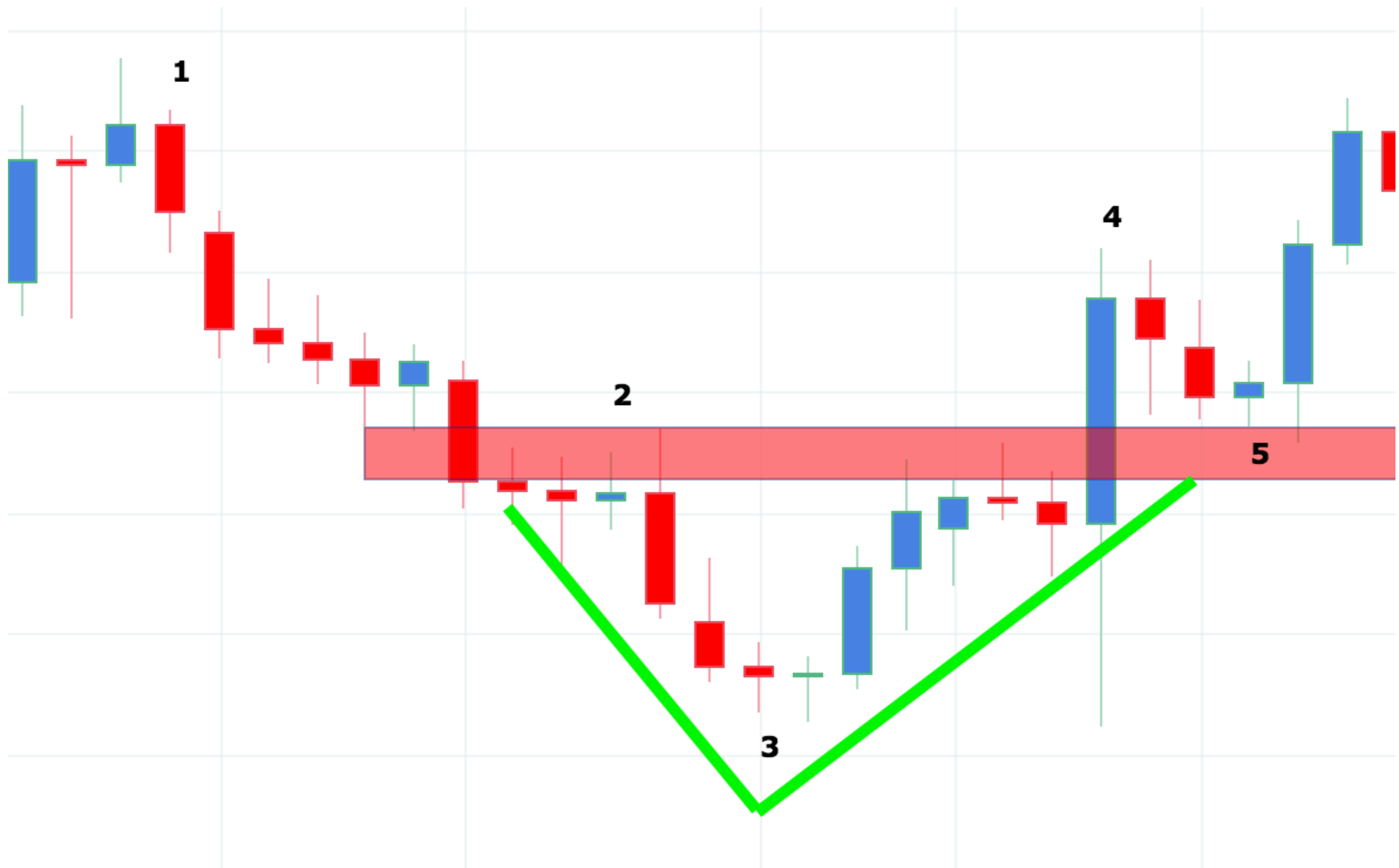
V-PATTERN

1) *Alright, so number one. We can see that the market has been trending down very hard, and as you can tell, it has done a very impulsive wave indicating that the market was trending down, by creating lower lows and lower highs.*

2) *Here on number 2 as you can see on the picture, it is showing us the previous highest high that the market had created, we can see that by the wicks and how price stalled at that area. It is also very easy for the eyes to see that the market is looking like a V. Can you see it?*

3) *Ok and number 3, here we can see how the market breaks the previous high which is number two. After the break out we had a re-test. So let's dive in to the next page so we can go further in to details by zooming in on the picture more.*

V-PATTERN



1) *Alright as you can see from number one, this is where the market was trending down wards on the higher time frames.*

2) *This is the highest point the markets created before we made a V pattern as you can see, which is the most recent high.*

3) *Here we start already seeing rejection with the wicks, but it is not telling us that the market is changing structure what so ever. In other words, we are still being bearish even though we see rejection..*

4) *Now this is what we want, we see a break out of the previous highest high and now we created an even higher high. But this could be a fake out, that is why when you trade the V-pattern you have to wait for the retrace or re-test.*

5) *Here we get the re-test and it is now safe to enter, place your stop loss just below the zone, or at 50% of your trigger candles body.*

THE IMPORTANCE OF CHART TIME

So, let's talk about something that a lot of traders forget…. The Chart Time..

So What is Chart Time?

Well it is the amount of hours you spend, executing what you have learned, over and over and over and over again.

When I first started learning how to trade technical analysis, I used to try one strategy for a few days, then I switched to another strategy, then to another strategy and this insanely stupid habit never came to an end.

I was spending years, trying out everything, and the bad part was….. I was using real money while doing it. So I lost a lot, it was something that could have easily been avoided if I could go back in time.

Learning strategies by reading books and watching videos is easy, but as most of you probably know, you only pick up about 5-10% of the things you are studying, and while going over it several times, will increase the percentages learnt by a little. It will never be enough where you can put it to practice and be successful.

Chart time is essential for you to be able to subconsciously execute each strategy without thinking about it. You want to be able to spend the time analyzing the markets, rather than thinking about how to execute the strategy.

I will break down the chart time to 3 different segments.

1. ***Reading The Charts: While this sounds easy, it is easier said then done, this is number one because I feel it is one of the most essentials parts of a good trader, similar to someone who practices any skill for thousands of hours, even though the technique they have is already better than average, they will only achieve excellence once they have practiced something that is better than average for thousands of hours. Then it will become perfect. And even when you reach perfect execution, you never want to stop practicing and improve what is already perfect. Trading is the same, you need to spend hours and hours analyzing your charts, you want to put the strategies to use, see the analysis develop candle by candle so your subconscious mind can develop a deep understanding of the markets, building a sense of gut feeling. Which is essential. With experience, you will have certain gut feelings for certain trades you are in. Because you have seen a double top develop so many times, you know how it is supposed to look like, and how it is not supposed to look like, this will in turn lead you to exit trades early without letting them hit your initial stop loss saving you even more risk from your trades, this will also lead you to be able to risk more on your trades because you are not dependent on your stop loss anymore, because you let the movement of the structure determine your stop loss, the way price is behaving, the way the different time frames are moving, leading you to a deep understanding.***

2. Emotions: A big reason why many who try trading fail in the first year, is not because their strategy is bad, or they don't understand how to trade, they do understand how to trade, and their strategy is more than profitable. What makes them loose is their lack of emotional control, they simply can not stick to their strategy or the rules they are supposed to follow, they also do not know how to rea while in a trade, they start freaking out thinking the trade is going against them, moving their stop loss further away because they believe the price will move in their direction, but what they are actually doing is evolving their emotion to take action, and not their systematic approach - in another words, their strategy they are supposed to execute on. This is due to their lack of enough chart time and practice before trading with real money. They are rushing t get the end results, but are not willing to put the practice in first. Which will lead to a lot of bad experiences and thus leave them empty feeling that trading was not for them, when in reality they jus did everything in the wrong order. Reason number 1 will lead you to be able to control your emotions, because you have practiced so much that your subconscious mind is in control and not your emotions, leading you to know exactly how each movement is supposed to look. The market does not move the same way every single day, no that is true, but it does repeat the same behavior ove and over again, why? Because it is run by algorithms. Algorithms ar programmed by following a set amount of rules, this leads the markets to be systematic, the market is now moving based on set rules and will repeat the same behavior. It is up to you to follow the market cycles and learn them by watching over and over again.

3. Over Trading- Way too many who start of their trading journey, will immediately believe that they need to take 5-10 trades a day to make money, they believe that more equals more profit, when in reality less is more. Let me explain…. You only need one excellent trade a month to make a lot of money, in fact you only need one great trade a year to make a lot of money. So why are so many trading several times a day/week? Well it is because their lack of understanding but also because of the way we are taught a job is supposed to be like, we are supposed to work 8 hours a day minimum, and if we work over time we are supposed to be paid more right? When it comes to trading, it is definitely the opposite, we are supposed to listen to the markets, we are supposed to wait until the right time, and when the right time comes, that is when we execute hard. Doing it this way will lead us to success. However, thanks to the algorithms running the markets, we are able to take 1-3 trades a day, sometimes we get less trades, sometimes we get more, it all depends on what the market is doing and how it is setting up. For example, during summer season when a lot of people are at vacation and when the markets are moving slower, their will be a lot less trade set ups to take, which means you have to be a lot more patient, but if you lack the experience and chart time, you will simply trade the same way you did during the winter, but not get the same results anymore, leading you to believe everything you have learnt or been taught is wrong, when in reality, the market is changing it's cycle and you are not following it. You are chasing the trades, you are not letting the trades come to you. You have to be a slave to the markets, you have to let the market lead you, not the opposite, the market will always take your money if you let it do it, it will destroy you without mercy. It is up to you to be systematic and hard on yourself to survive, that is the only way.

WHY MARKET CYCLES AND PATIENCE IS CRUCIAL

So let's now dive in a little bit deeper to the market cycles in the markets and how they should be processed.

There are 4 phases in a Market Cycle

Similar to our real life, we have our own life cycles as humans, we live, we learn, we evolve, we reproduce and we die.

The earth itself has a cycle, but this cycle will last for billions of years if not trillions.

If you have your own business you will go through cycles. You will have the good times, where everything is just going up and money is flying in and you think this is going to last forever. Then you have the peak where you think that you are on top of the universe and this is it. You have made it and you reached the full potential of life. But then it starts going downwards and you are trying to understand what is going wrong and you are trying to recover, but then the fall hits and it feels like you are getting stabbed multiple times and you can't move or do anything about it. BUT it was your responsibility to not let this happen by understanding the cycles of a business, when everything is going good, you are supposed to diversify and minimize your risk, you are supposed to re produce.

Same goes with trading we have the 4 following cycles

ACCUMULATION PHASE

This is the phase where big companies and investors, usually with inside information starts investing hard, because the valuation of an asset or currency is extremely low and it is being sold of discount prices, basically before the hype begins, this is where smart people get richer, and stupid people get poorer. In another words, patience leads to success, eagerness leads to failure. The media is telling everyone to sell their shares, that the companies are going to fall even harder and you should not invest in them, but then you have people like Warren Buffet who never listens to the media, instead he follows the statistics and numbers, he reads what each company is doing and what caused the fall. Then he looks what they are doing to solve it and if he believes it is the right idea, (similar to thinking that he is the CEO of each company he invests in and trying to figure out the solution for a problem). If he believes the solution will be right, he invests in it no matter what anyone else says or think, because he simply does not care, he makes his own judgement based on facts, not on hype. So the accumulation phase is basically people selling out of panic, and investors buying out of cleverness, so for every person who is selling, there is someone smiling on the other side buying it. So because of this the market is now going from a negative phase, to a pretty neutral phase.

MARK-UP PHASE

This is where the market has basically been consolidating for a while, it has been stable without any major moves, but it starts to move higher, trying new grounds, breaking previous highs. This is where the technical traders shines, they usually miss phase number one because they do not care about fundamentals as much, they want to read the charts and price action, reading volume tapes. One critical sign of this phase is when the markets is starting to trend, making higher highs and higher lows. Now the media is saying that the worst is over, and there will be a big movement. This is when a lot of investors starts getting on the train to the sky, but in reality they are just being scared of being left out, this is when strict money management and risk analysis is crucial. When the mark up phase is starting to come to and end, you will notice a big increase in demand and volume increases drastically, a lot of investors want to get in and they are simply buying their shares or currencies way overpriced, people stop being logical now and only think with greed and they want to buy the high basically. At this point, the early investors start taking profit, selling their shares to the greedy investors who thinks the market is going to fly to the moon. Now the market will start slowing down and move down again, similar to doing a re-test on a resistance turned support. This is now when the smart technical trades jumps in a buy their piece of cake, this is where the technical traders shines and makes the most of their profits. Everything that goes up must come down and vice versa.

DISTRIBUTION PHASE

This is the third phase of the market cycle, this is usually when the markets start consolidating again after a big rise or a big fall. This period can last a few days to a few months. Similar to what GBPJPY does a lot during the year, it likes to distribute for months before making major moves, But XAUUSD for example has a very short distribution period. When this phase comes to an end, the market will often reverse, this is where you can find patterns like the V-Pattern, The Third Touch And a double top or double bottom. The distribution phase can be very hard for fundamental traders, but easier for technical traders, and because of fear and lack of experience, and often times greed as well a lot of investors make the mistakes of buying and selling over and over again, thinking they can benefit from the up and down movements of the markets, but in reality the market is just setting up for a continuation. The best thing to do in this phase is wait for a catalyst, a major news event or a world wide incident that occurs.

MARK-DOWN PHASE

This is the last phase and this is where long term investors feel stressed and go through what I call an emotional roller coaster, they know in their gut feeling what they have invested in is correct, but the market and charts are showing the opposite. Their investment has fallen down below their initial investment and they are now holding on to their positions even though it continues to fall down. This is where the market can fall down as much as 50% and then the smart investors come in again and start buying at discount, because now the investors is down 50% of their initial investments and they are selling their positions out of fear. This does not affect technical traders most of the time if they are trading a systematic approach.

SO HOW CAN WE IDENTIFY MARKET CYCLES?

Well it is different depending on what time frame you are looking at, if you look at a monthly time frame, it could take years for the market to go through each cycle, but if you look at the 5 minute chart it could do it 2-3 times a day.

That is why it is crucial as a technical trader to always make a top down analysis and only put most weight on the highest time frame looked at, because that is where the real truth is laying.

So when is the best time to buy as a fundamental trader? It is during the accumulation phase, because the values have dropped drastically and everyone is having panic and not being interested what so ever in buying anything. These investors usually go against the norms of what should be done, but in the end will be rewarded tremendously, Warren Buffet is again, a perfect example of this. However, as technical traders, the best phase is during cycle 2 and 3. Because we can capitalize on the consolidation periods but also when the markets starts trending, we want to skip the accumulation cycle because we will not be able to use technical analysis to read the charts because there will not be obvious patterns that are occurring. And price action will often be indecision and only ranging.

FUNDAMENTAL ANALYSIS

So let's talk about fundamental analysis which a lot of people for some reason find really, really boring. But yet it is one of the most important factors of success for a trader in the long run.

Fundamental analysis is used to determine the fundamentals of an asset, basically going over the key components of what makes a certain asset move, what makes a stock or currency strong? What makes a stock or a currency weak?

Fundamental analysis is our way to forecast the future of price movements of assets and currencies. It also helps us determine what market cycle we are in by looking at the importance of the fundamental news. I will talk about the most important ones that I keep an eye on.

INTEREST RATES

Interest rate is probably the most important when it comes to determine the strength of a currency and the valuation.

And who is in charge of controlling the interest rates?

Well….. It is a countries central bank. They are in charge of the interest rates.

So let's talk about what will cause a change in interest rates.

First and foremost is the Inflation, Inflation is affected by economic growth, that is why one dollar 100 years ago could have gotten you 5 packets of milk, but today one dollar might give you 10 minutes in a parking lot.

Too much inflation can harm a countries economy and that is why the central bank play a crucial role in controlling it.

So what are important news to keep a watch that causes fluctuation in our inflation? Well it is the CPI and PCE.

So if a central bank want to control the inflation of a country, they will have to increase the interest rates, this will in turn lead to a lower overall growth of a country and in turn lead to a slower inflation.

High interest rates will lead to consumers and businesses to borrow less money and instead choose to save more, this in turn leads to less overall spending and the economy will slow down.

For example, if the interest rate is low, you will take out loans because you will get it for a low interest rate. Meaning you will take more risk and try to develop your business more and more, leading to you buying more services from others, this in turn leads to an economic cycle. If I buy your service, you make money, then you will spend the money you have made, buying something from another business and so on.

This is healthy for the markets, but sometimes it can become to good leading to something I call "boredom" in the markets.

So If the interest rates go up- We borrow less and in turn spend less - this will lead to a slower inflation and slow economic growth.

If the interest rates are low - we will borrow more money, spend more money, and risk more leading to an increase in economic growth- this will increase the inflation.

This is what affects a currency. The interest rate will dictate the flow of global capital that goes in to a country, but also out of a country. Meaning a country will buy more services from other countries, but also sell more services to other countries.

This is what investors look for when it comes to the fundamental aspect of a currency. They are looking for an investment to buy and hold for months to years.

So the higher a countries interest rate is, the more likely the currency will increase in strength. If a country has low interest rates, it is more likely to weaken over the long term. Keep that in mind, it will not affect short market cycles. It takes time for the market to set up for that. Because as we said in the market cycle chapter. It has to go through the 4 stages.

MONETARY POLICY

Alright so we covered the crucial role of the central banks, the interest rates, and the inflation.

But without the monetary policy, the Central Banks would not be able to maintain the price stability and the economic growth of a country.

Central banks use the monetary policy to control a lot of things but I will only mention the most important ones and these are the ones you should focus on.

- **Lending to commercial banks**
- **The money supply**
- **The rise in inflation**
- **The amount of balance that commercial banks must have on hand in cash - Reserve requirements.**

So although this will affect a currencies strength and how it will compare to other currencies. This data can sometimes take a few months to kick in, that is why we always put most emphasis on our technical analysis and price action.

So what is more important, technical analysis or fundamental analysis?

Well…. This is hard to answer because it depends what kind of a trader you are.

I am both a short time trader, meaning I like to trade every day, but I also like to make long term investments buying shares and investing in companies.

So I use the fundamental analysis to base my long term bias on weather or not to continue holding my positions or if I should exit earlier based on what is going on.

I also use fundamental analysis to keep an eye out on news that are going to be released 1-2 hours ahead of my trading, because I want to make sure that I am not entering positions 1 hour before and 1 hour after news events.

High impact news are going to impact the present market the most, and low impact news will take more time to take affects in the markets, usually days to weeks.

So I make sure whenever there are high impacts news, I will stay out from the markets 1 hour before and 1 hour after they are released.

If I have open positions, I will close them weather they are in profit or in a loss.

That is why it is crucial that you time your trading perfectly.

So to answer the question, I believe technical analysis is the most effective way of trading for short term traders, because as you have understood by now, the market is run by high frequency computers, running by programmed algorithms that make up for the movements we see on our charts.

Price action is the most valuable in our trading because it tells us human behavior, and that is exactly what fundamentals traders try to predict, how are humans going to react to this? Will more people buy or sell? Are people having a bullish bias or bearish bias?

To me, this is all summoned up by looking at price action, but it is crucial that you do your home work and read about fundamental analysis because it will increase your confidence when you are trading live in the markets building your confluences when you go through all the different time frames.

SYSTEMATIC APPROACH TO TRADING

Alright so this is one of the most important chapters in this book if you really are looking to get success in your trading.

What do I mean by a systematic approach? Well, imagine that you go to the military, you go through the education and you will learn that are several rules that you always have to follow.
And your commander will always try to emphasize to you that when you get out on duty, and approach real life fire, you will get so much adrenaline that you will forget 90% of the rules you are supposed to follow. So it is up to you to really focus and understand the importance of the rules, because even if the adrenaline will cloud your judgement, if you do not follow your rules, your probability of survival will drop dramatically, the more rules you forget, the less chance of survival you will have.

But however, if you do act according to the rules, your probability of survival will be much higher and you will be able to last through several wars without ending up dead.

And if you ever loose focus just once, you can loose it all. Same to being in a war, no matter how many wars you have survived, each fight can be your last if you are not alert.

Same goes to trading, you now have all the rules you are supposed to follow, it is now up to you to follow them.

If you mix up strategies, if you try different things, and you do not trade with a systematic approach, your probability of winning trades will drop dramatically.

Trading is not about finding a strategy that works 100% of the time or 90% of the time.

It is about finding a strategy that have an edge. You will loose trades, I loose plenty of trades, but because I rinse and repeat the same trading approach over and over again, follow the same rules, at the end of the month I always end up profitable no matter if I had 3 loosing days in a row.

But there are traders out there who risk 2% on a double top set up, and it becomes a loss. So now they are mad and get emotional.

Next trade they take, they risk 7% but trade a V-Pattern, the V-Pattern fails and now the person has lost 9% in 2 trades.

The trader is now feeling very insecure and things that the strategy is not working, but in reality the person only took two trades, and used different risk to make up for their first loss. So not only did they affect their emotional success but also the amount of money they need to make to cover up their terrible losses.

They now proceed to take a third trade, here they see a premium price area on the 4 hour zone, the daily candle closed as a bearish engulfing, and the trader is now placing a buy order, the total risk for the trade was 2%.
It ends up being a winner and the trader has now made 4% profit.
Because it was a 1:2 Risk To Reward trade.
The trader lost 9% but made back 4% so he is only down 5% now, so overall he is still negative on his trades.

Even with a 70% success rate, because the trader is mixing up the risk per trade, trying out different things, even if the trader ends up winning the account will still be negative, because there is not a systematic approach to the trading.

Then you have the systematic trader.

He risks 2% per trades, he trades the double top and it fails, he lost 2% but it does not bother him because he has over 1 year chart time and he knows that there are 100's of double tops that will work. This is just the 20% probability of loosing a double top trade that happened.

He now waits one day and let's the market set up. He sees a v-pattern, he risks 2% and looses that trade as well. He is now down 4% of his account but he is not stressed, because he knows the probability of the strategy is 70% and there will be more wins than losses if he just repeats the same process over and over again.

The third trade, is being executed with the same risk as the two previous trades, 2% and the trader uses a minimum of 1:2 risk to reward. This trade ends up being a winner, and the traders gets a 4% profit. Now the trader is break even. So after 2 losses but only 1 win, the trader ends up being break even. This is because the systematic trader knows his strategy has a 70% win rate and is not worried at all, the trader simply repeats the same process over and over again.

THE CONCLUSION

- *Stick to one strategy*
- *Do the same thing over and over again*
- *If your trading is not boring, you are doing something completely wrong.*
- *Do NOT try new strategies with your live account*
- *Remember that loosing is normal and it is a part of trading it should not affect you what so ever*
- *NEVER take trades based on someone else, you will never learn to trust your analysis other wise. And this in turn will lead all your chart time to be wasted for nothing. Do not depend on signals providers or anyone else telling you what to do, you will never ever become profitable this way.*

RISK MANAGEMENT

Okay so let's talk about the obvious that almost all traders simply do not care about, all they see is the end, the big boats, the big houses, the fast cars they will drive, the bottles they are popping at the club and so on.

When a lot of people sees this as ultimate success to trading, this will never happen without first using strict money management, and even when you get money, if you spend it on popping bottles, driving fast cars, and buying big houses, remember about the market cycles of business and life. What goes up must come down, it is up to you to diversify, but that is another topic, for another book.

Risk management is ultimately the single most important factor that will lead you to end up profitable even with a 50% winning chance, that basically means that you could gamble every single day on the markets and still end up profitable if your risk management is on point.

Not really like that but you get my point, it is so important that it can turn the worst trader in to a profitable trader just by having strict money management.

So if you find yourself trading without risk management, what you are doing in reality is that you are simply trading by emotions and you are gambling, similar to what we talked about in the beginning about casinos and the different colors they use to make your brain subconsciously want to gamble and "play" more. The only way for you to protect yourself and your capital from the markets is by never risking more than you should.

By knowing exactly the probability behind the strategy you are trading, always scaling out your trades, and always following a systematic approach to your trading.

There are countless of people who have stepped in to a casino, just to get insanely rich from going all in. And you know what? There are people who actually end up filthy rich. They walk out the same day, with millions of dollars in their pockets, without realizing that the probability of this happening was 0.01%.

This is the same approach new traders do when they trade without proper risk management, they just want that big jackpots so they can retire forever, they don't want to put in the hard work and years that it take to build a huge account and live of it for the rest of their lives. They simply want to turn 500 dollars in to 50 million dollars in 1 month.

It is possible, but the probability is, well as you probably know by now, 0.01%. So if you want to try it, go ahead. Just expect to fail a lot of times.

Trading is a numbers game, you need to find an edge, once you have that edge, you have to win more than you loose.

Which means if you are risking 10 dollars per trade, you want to a least double it when you win.

You want to use a strategy that has a least a 50% chance of winning. Because if you only use that strategy over and over again, with a risk reward ratio 1:2. You will end up profitable.

And as you improve as a trader and learn more and more with chart time, your risk reward will go upwards to 1:3 sometimes 1:5 and your probability of winning will be 70%.

Because your skill as a trader is better now with time, so will your profits be. You are basically being paid for your skill, and not your luck. That is where you want to be as a trader.

Remember, even if you have played soccer for 5 years, that does not mean you will beat Christiano Ronaldo. In fact you will probably have to play for at least 15 years before getting close to his level. And when you do reach that level, you have to work even harder to keep. Same with trading.

For me, when I started, it was not the end of the world loosing 10% of my account, because it was not a lot of money, if I made a mistake today loosing 10% I would be in a huge set back and it would take me years to get back on track. Not worth it at all.

You should never risk more than 2% per trade.

Instead if you want to make profits, try to scale out your profits, because you will get several runners over the year that will run for a very long distance, meaning that you will be in bull run on EURUSD going up 2k pips, and you risked 2% of the trade, but because you kept one order running, that order now netted you 10% of your account in profit, but the risk of that trade was at break even, meaning if it was a loss, you would have gotten your 2% back ending in break even, but your risk reward was dramatically increased. And if you use a systematic approach to your trading guess what will happen?

You will risk less and earn more, just by affecting the areas you can affect, simply having control of what you can control, and trying to always perfect your trading.

So as a rule of thumb, you do not want to risk more than 2%.

If you want to have an account where you risk a lot and want to try your luck, open a separate account and only deposit money you can afford to loose. Meaning if you blow your high risk account, you can still pay rent and eat food that month.

TRADING MADE SIMPLE

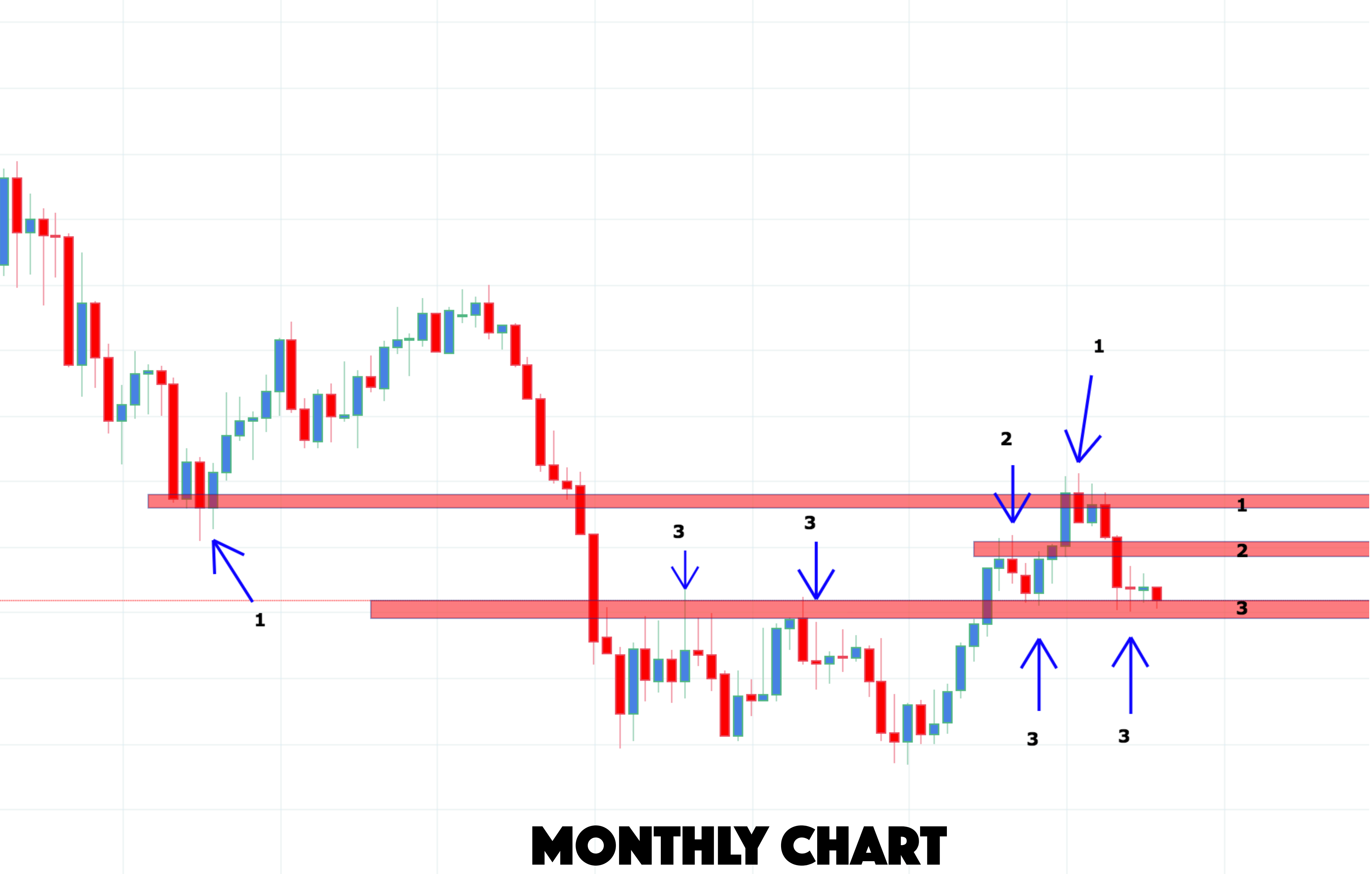
MAKING THE LEARNING EASY AND STRAIGHT FORWARD

AS YOU PROBABLY HAVE NOTICED, TRADING CAN BE DONE IN A MILLION DIFFERENT WAYS THERE IS NOT A SINGLE GUIDE OUT THERE THAT SIMPLIFIES THE ART OF TRADING

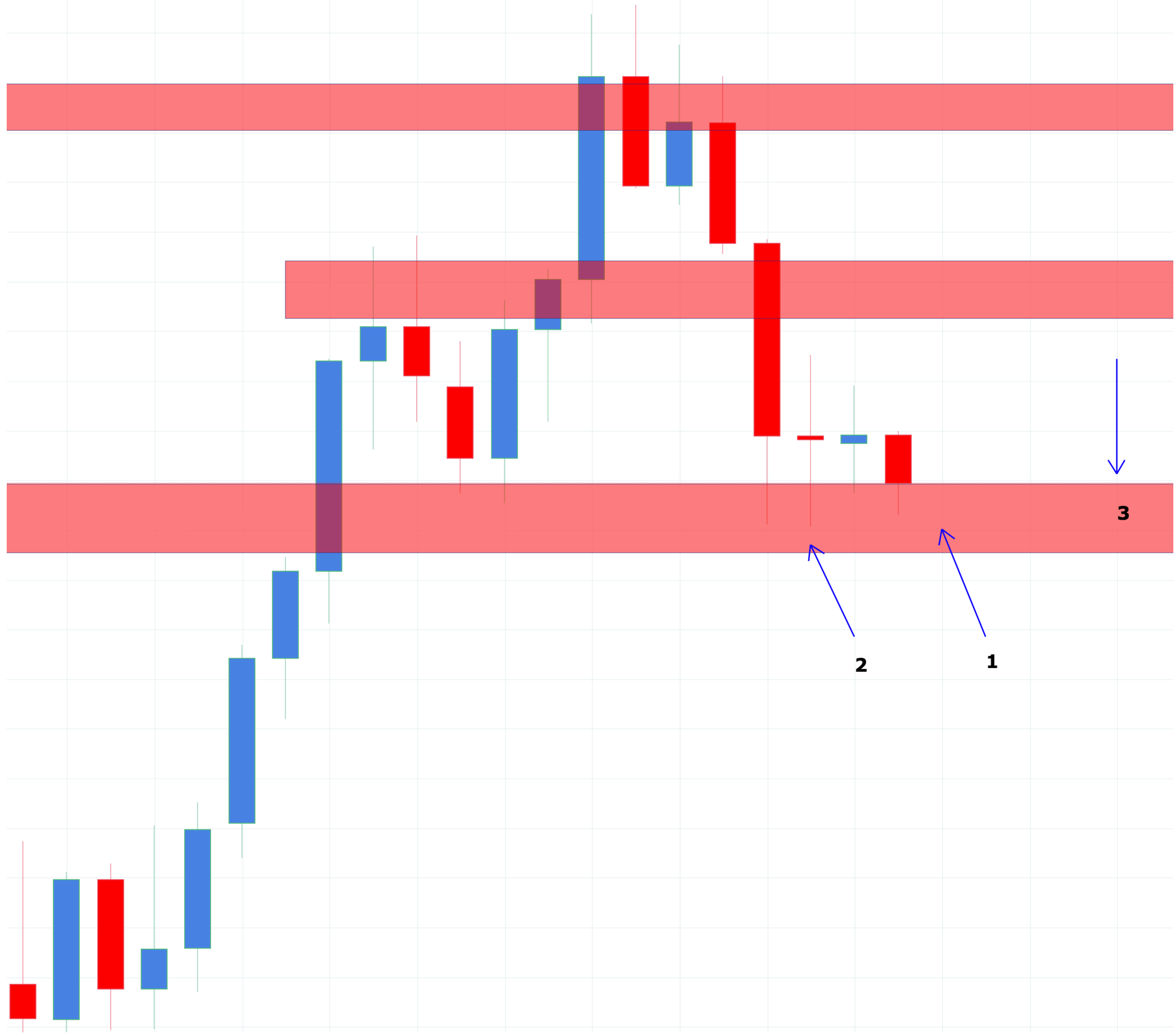
IT TOOK ME 2 YEARS TO WRITE THIS STEP BY STEP GUIDE IN ORDER TO IMPLEMENT THE HIGHEST PROBABILITY STRATEGIES IN AN EASY AND STRAIGHTFORWARD MATTER.

THIS BOOK WAS WRITTEN IN THE MOST SIMPLE WAY TO MAKE SURE ANY READER WILL BE ABLE TO LEARN AND IMPLEMENT THE STRATEGIES SHOWED

OK ok….. I know, you are bored, so am I, so let's put together everything we have learnt now. From now on, the next several pages will only be about trading and how you should implement everything, we will go through top down analysis, market structure and put together everything to find great trades!



MONTHLY CHART



MONTHLY CHART

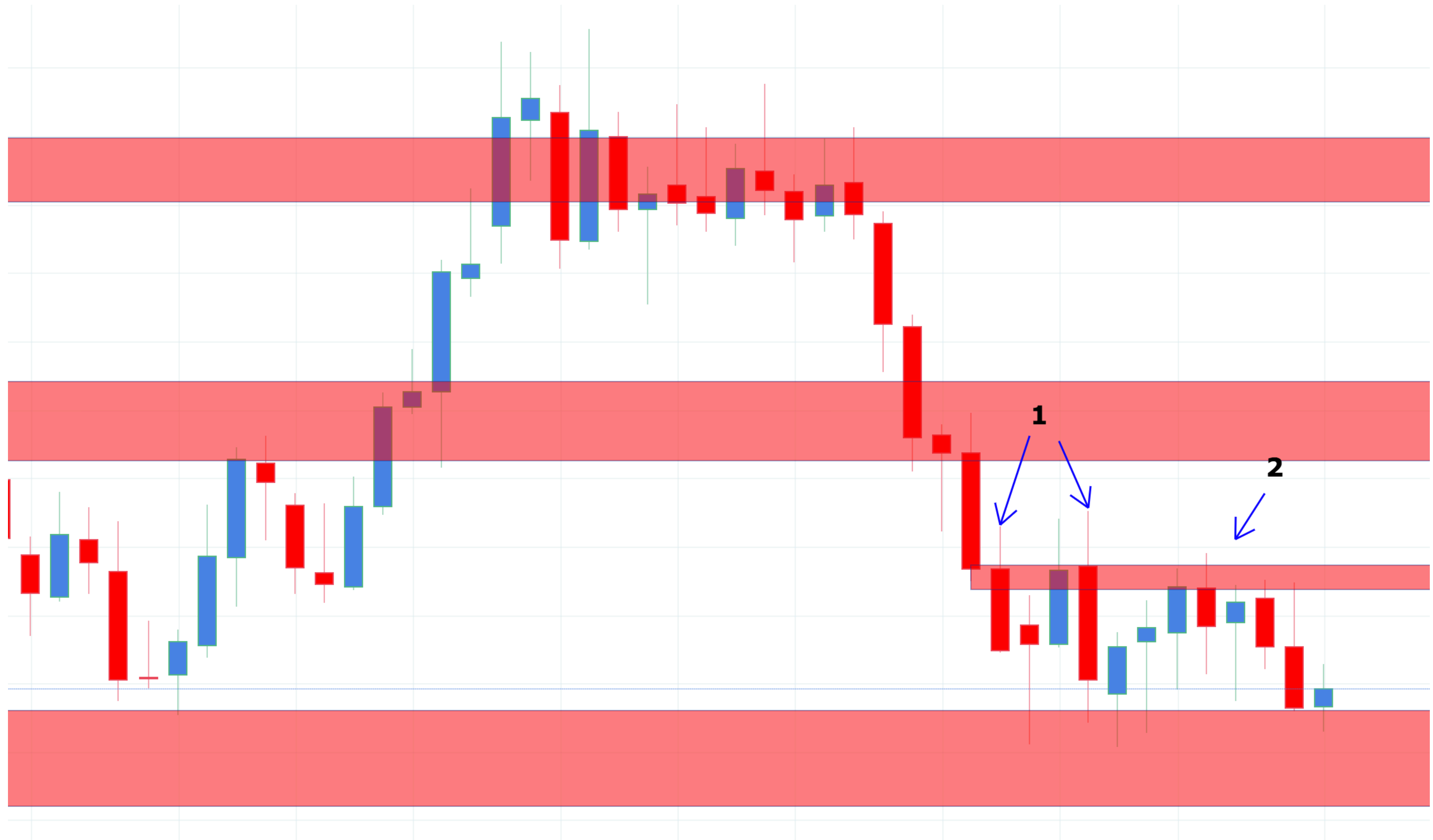
1) ***So here we now have a zoomed in pictured. We have identified our zones, now it is time to identify our price action. Here we can see that we have a bearish monthly candle and it has started to wick right in our zone.***

2) We also need to know what the previous monthly candles did, so as we can see on the picture, they are also rejecting this zone, by looking at the wicks, but so far the present monthly candle is still bearish.

3) It is super important that we know go lower and try to identify the exact location where price is retracing and see if we have price action that can help us understand further

WEEKLY CHART

1) ***We are now looking at the weekly chart and we can see that the previous weekly candle actually closed bearish with a big wick to the up side (hard rejection)***
2) ***But the recent weekly candle (The most present one) is showing indecision because we have wicks under and above the candle. However it is telling us that the buyers are in control so far.***
3) ***We can see that the other weekly candles have been rejecting the zones and we have a lot of wicks appearing. But we have not made a move yet, we are still going deeper in to the zone by looking at how price is moving right now.***



WEEKLY CHART

1) *Now we are zooming in a bit more on the weekly to identify more information, as you can see now, we have identified even more wicks. This in turn led us to find another great zone, this will act as our take profit if we need it to.*
2) *Here we can see that recent price action is reacting to this zone and that is why we are falling down for now. But we need more information this is not clear enough still to base a trading decision.*

DAILY CHART

Ok so we needed more information, so we kept the zones from the monthly and weekly charts, all we need to know now is, are we going up or down, and where do we enter our trades? When is the market going to turn bullish and where will it turn bearish? Where do we enter our buys or our sells?

We need to dive deeper to see it more clear.

DAILY CHART

1) *So, the daily candle, our favorite time frame for scalping, we have made our top down analysis looking at the monthly and weekly, we can see that we have bearish price action on the higher time frames, but we are reacting to a monthly support right? So we need to see how is the market moving? Right now we can see that the Daily is indicating bearish momentum because we are reacting to a resistance…. Hmm interesting right? But it is not enough yet, more information!!!*
2) *Previous daily candle was very bullish though, it really acted to the monthly zone and shot up, but it did not take out the weekly resistance yet so it is not showing us bullish structure, just bullish momentum. We need to consider however the 50% level of that candle (black line on the chart) because it is telling us that there is a lot of buyers there, it will act as a support on the lower time frame, but also our stop loss if we are going to buy.*

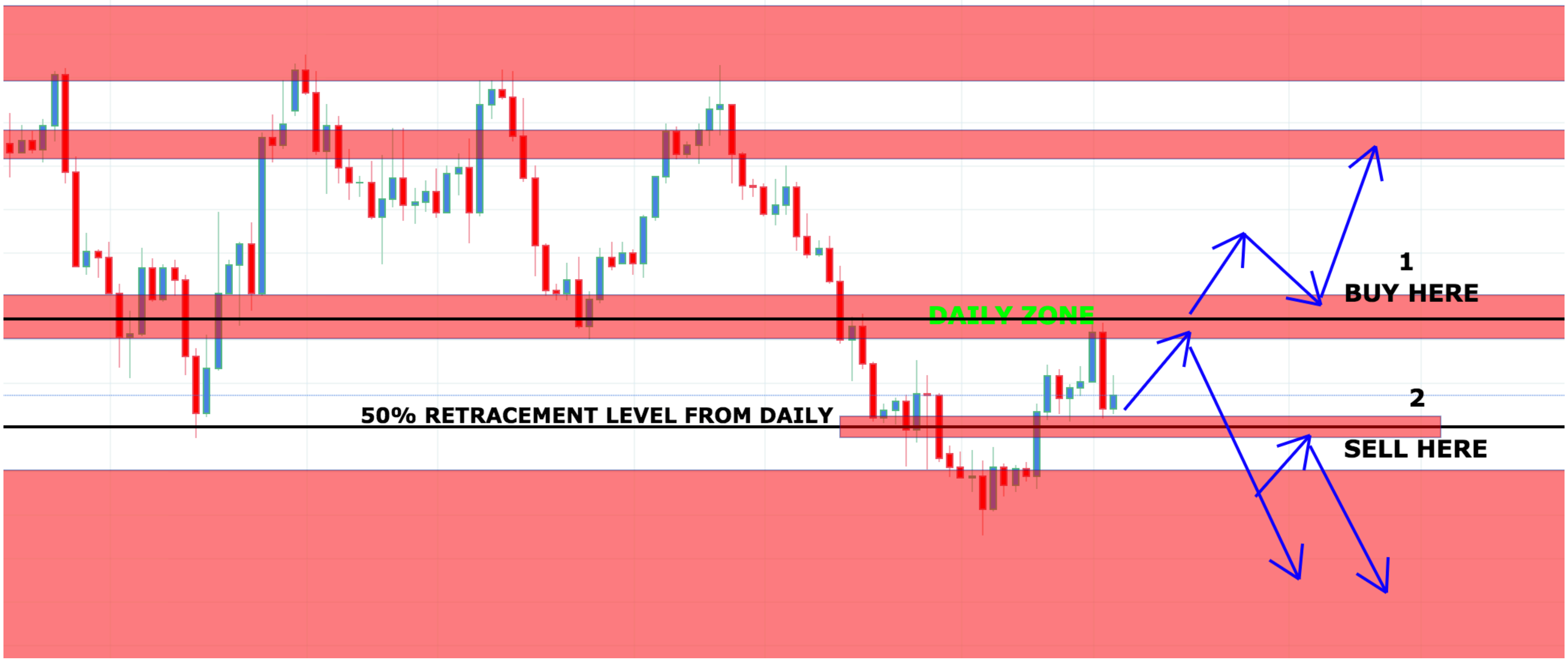
4 HOUR CHART

Ok so far, monthly has been bearish, the weekly has been bearish, but the problem is, we are at a strong support zone. And because we are in the support zone, we want to be fast at identifying and change in the market behavior. Is it going to be bullish or bearish?

So we dive down to the 4 hour chart, and as you can see, every time we go down one time frame, the market structure changes, giving us more and more information, but if we ignored the higher time frames, we would not understand the structure presented on the 4 hour that we can clearly see now.

4 HOUR CHART

1) ***Ok, first of all, what are we seeing here on the 4 hour? We are seeing a beginning of the V-Pattern correct? We broke out of the previous high to the left, and we created a higher high, are we changing structure now? Is the monthly and weekly support confluence holding? Seems about right, we have identified our pattern.***
2) ***See how I highlighted the V for you? Can you see it with your eyes now? Do you see that it is right at our 50% retracement level? Perfect line up!***



4 HOUR CHART

1) *So as you can see, for this structure to hold and be a profitable trade, we need to break that daily resistance that the daily candle was rejecting. Because as you saw, the daily candle was very bearish right? So if we are looking to buy it we need to see that the market is giving us the right movement, and that movement is only valid if we break that resistance, makes sense? Good.*
2) *However, as we said the daily was still reacting to that resistance correct? So if we do break the 50% retracement level of that previous bullish daily candle, we are essentially taking out all the buyers in that area and there will be no power left. And because we take out that level, the market is now what? Bearish! Good! Stop losses should always be placed above or below the zone, or always at the 50% retracement of your entry candle for example a bullish or bearish engulfing candle depending on the zones it takes out!*

DAILY CHART

1) ***Ok so, made our roadmap now to enter this trade. We found the rules we needed the market to follow, so we are now waiting patiently for the zones to break. However we need to know where to take profit now right? So we have to go back to the daily chart to identify areas of resistance or support. As you can see, number one is our first support.***
2) ***This is our nearest resistance as you can see by the multiple touches to the left and the recent daily wick.***
3) ***This is our second resistance, so now we have identified our zones. Let's move back to 4 hour so we can place our targets now.***

4 HOUR CHART

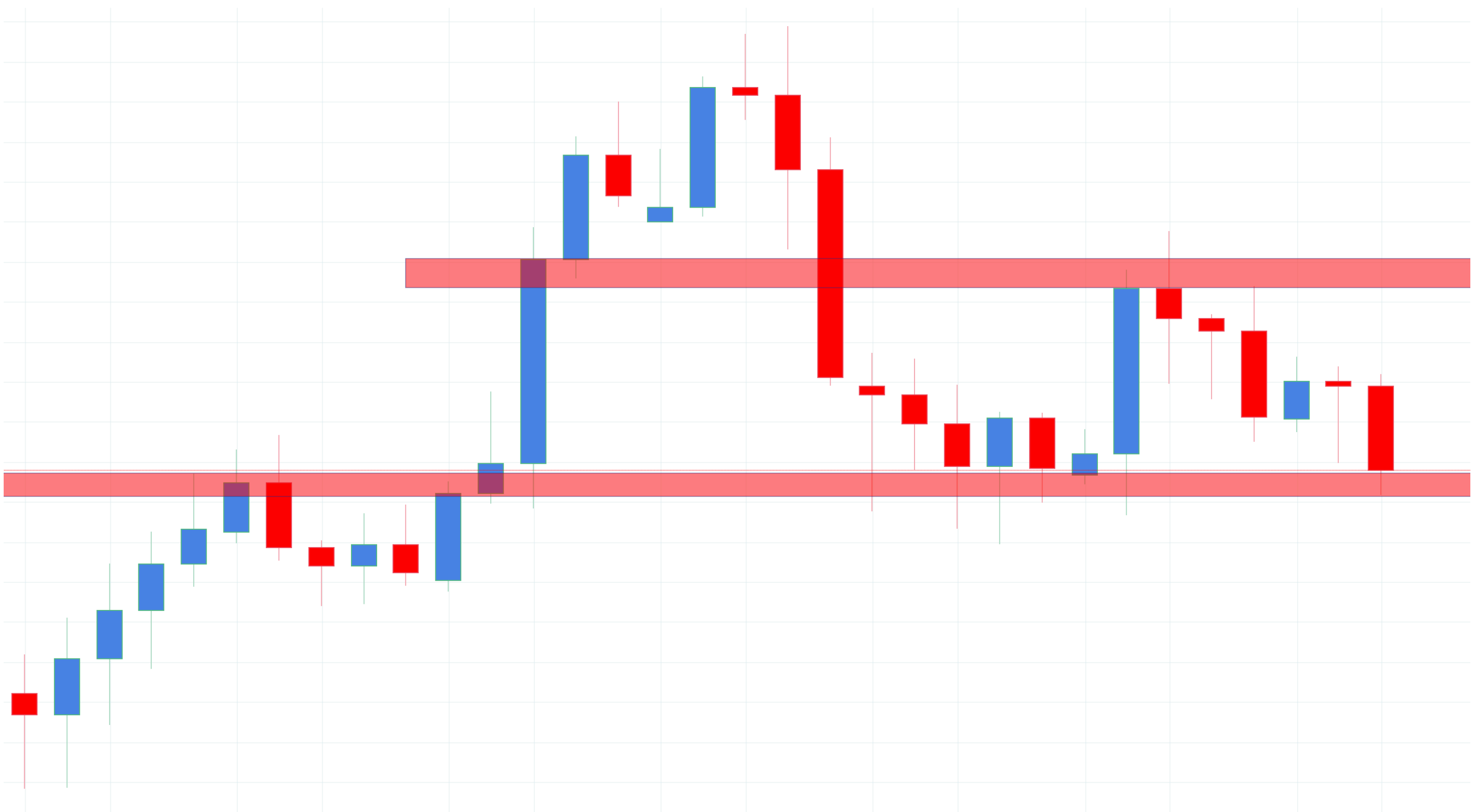
Ok now we have the 4 hour chart, and as you can see, we have now written out our take profits. So now we are just waiting for the price to break either the zone to the up side, or the zone to the down side to enter our trade.

So… As you can tell, every time I want to place a trade, I make sure I have a full top down analysis, meaning I want to create a story, I want to know what the market is telling me, then I use my rules (strategies) to map out the storyline and find the guidance I need to enter my trade.
Because we do this in such a detail for every single trade, there will not be any stupid trades, emotional trades, over trades, nothing of that. We eliminate it all because we are trading with a systematic approach, we spend more time doing our analysis than actually trading and that is the key. But this is just one of the scenarios and of course we do not have to look at the monthly or weekly candle every single day, because as you all know. The monthly candle takes…. Well a month to close haha and the weekly takes a week. But we want to find as many trades as possible right? So now let's perform intra day analysis.

DAILY CHART

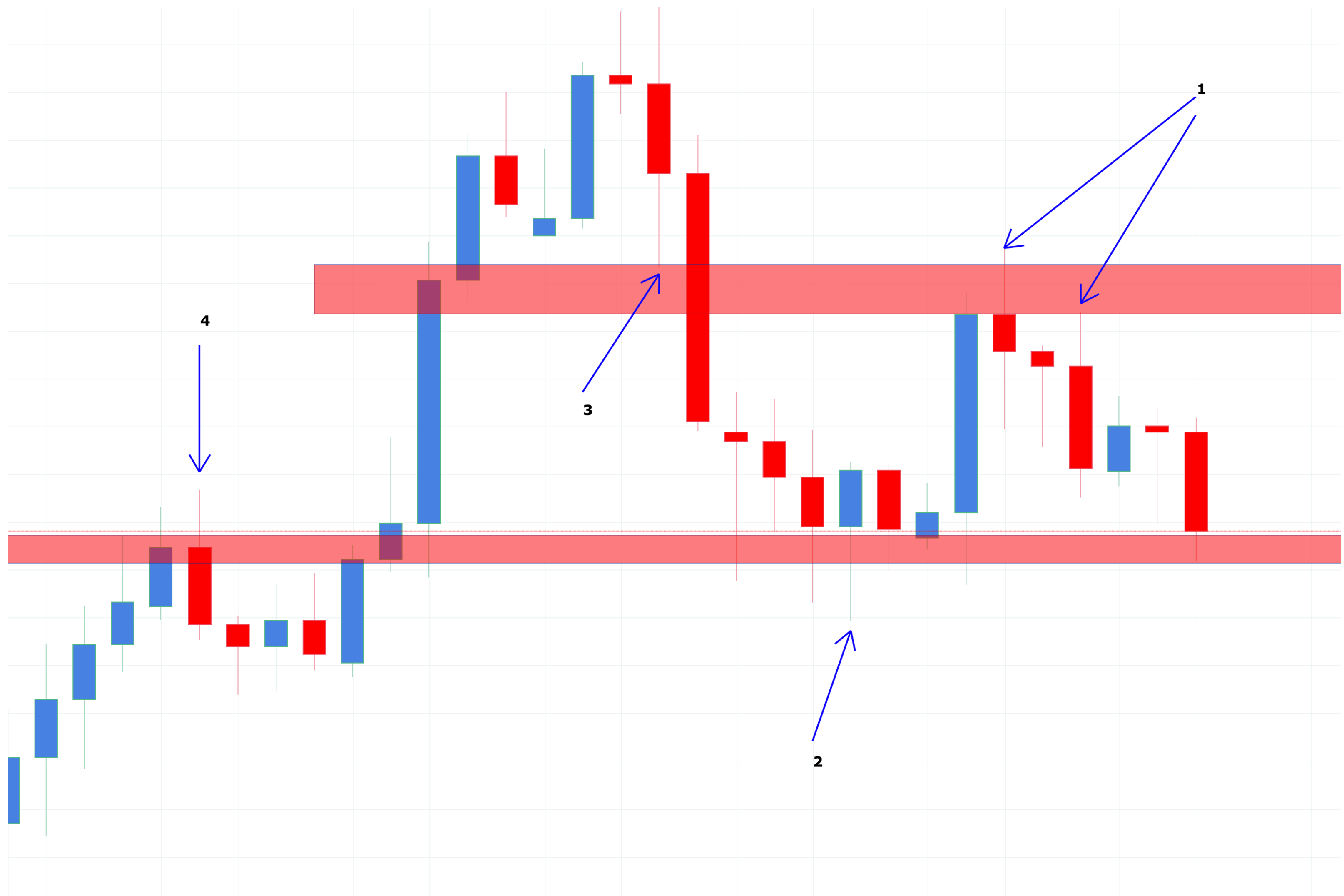
Ok, let's being with opening the daily chart so we can start trading. Here we can see a perfectly normal chart, so our first thing to do is what? Map out our range of trading, meaning the zones. So let's do that!

DAILY CHART



Ok now we have our zones mapped out! Much better, but the problem is, the zones are really far away from each other, and we can't base a trading decision simply by looking at the zones right? No we need to continue building our story. But first I will explain in the next page why these are the zones.

DAILY CHART



1) *So number one, why is this our resistance zone? Well to put it simply just look at the wicks that the arrows are pointing at, and also that price moved away from that area after rejecting it.*
2) *This is our support because as you can tell, price bounced up from this area, telling us that there are buyers located here and we should be aware.*
3) *Another wick that goes together with number one so again, it increases the strength of our resistance because it was respect before as support.*
4) *Here you can see that the present goes together with the past, perfect support zone that we found! However it is telling us something very important… The move down away from that resistance in the past was not strong at all, so we need to keep that in mind, meaning this zone might not hold as good as it did on number 2. So we need to be extra cautious when it comes to price action.*

DAILY CHART

So we have the zones and everything is looking really good on our charts. But we need to focus on the most important and that is the price action, because that is what we are basing our trading decision of, right? So I removed all the zones just so we could focus on the price action. And what to do we see? Well overall the whole structure is bearish. And this Daily candle closed bearish with a small wick to the downside. And we know why because it was reacting to the zone right? And as we all know by now, the market will either go up or down right? And our job is to know if we are going to buy or sell this, so what do we need to do now?

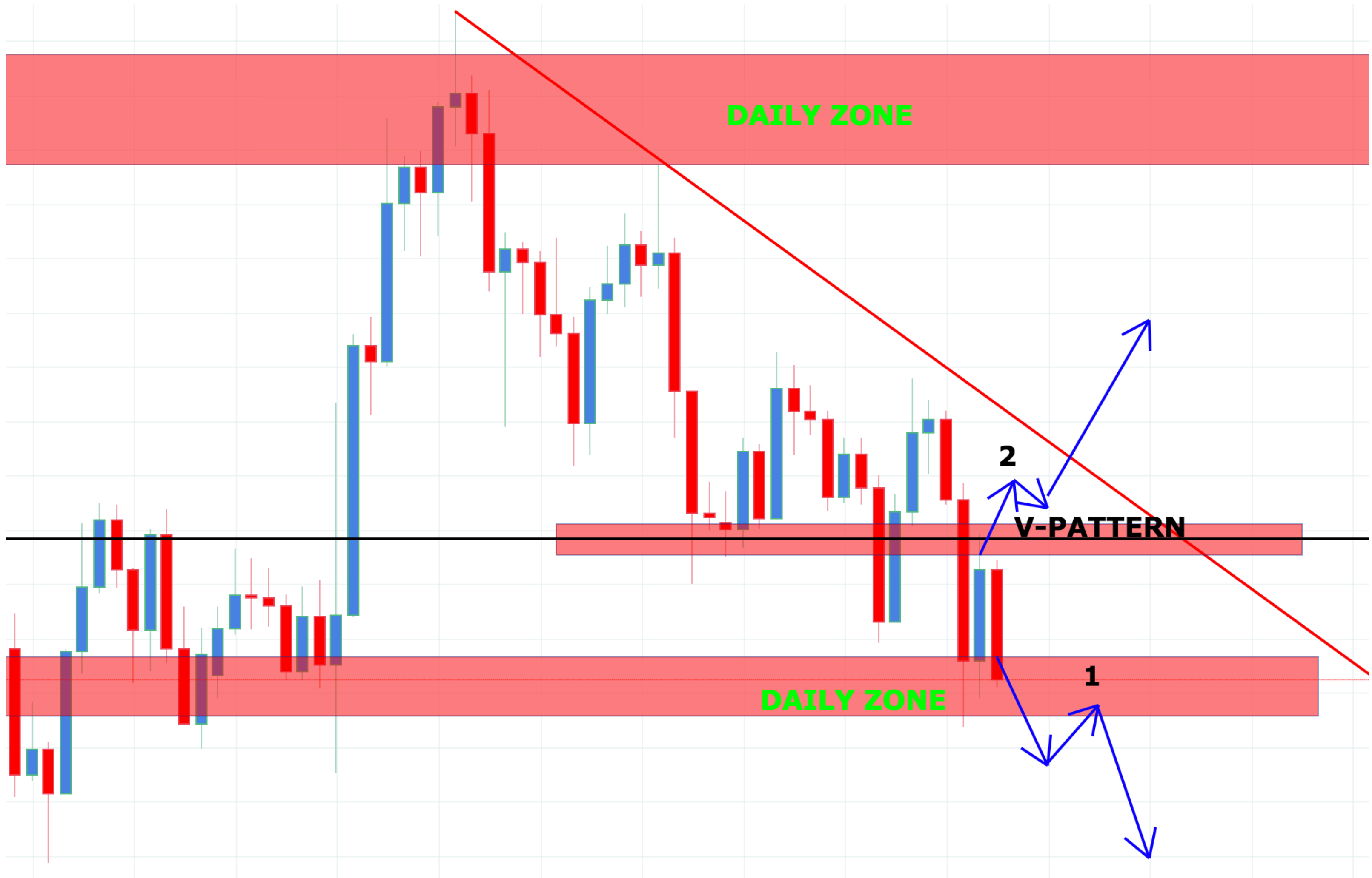
We need to go to the 4 hour and map out our guidelines for the trade.

So our conclusion so far is: Daily closed bearish with a wick that wicked at support. However it closed very bearish and it is showing that the sellers are still in power. Based on daily we are looking for sells but we need more information on how to enter so we will proceed one time frame lower

4 HOUR CHART

OK… So this is what we are seeing on the 4 hour right now, basically the market is trending down really hard as you can tell, we are creating lower highs and lower lows. But we are reacting to the daily zone as we can see. So how do we proceed to trade this? Well first of all, we need to identify where the market will turn bullish right? And where it will continue bearish. So let's do that!

4 HOUR CHART



1) *So we know the daily candle was bearish right? But we did wick at that support, so if we want to trade the daily bearish momentum we need to see it break this zone right? So we have now mapped out what we are looking for. Remember if we break zone we wait for a re-test or a retracement. Once we get the retracement we start stacking our orders.*
2) *So the whole structure is bearish right, but we need to identify when it turns bullish, because we are mastering the market structure right, or else what is the point of doing all of this. We identified the nearest resistance and we can not see it can be a potential V pattern if the market bounces from this support instead of breaking it. However we do not trade support bounces or resistance taps, remember we need the markets to tell us where it wants to go by letting it move for us. We need it to break them, not reject them. Remember. When price rejects a zone it will consolidate not continue. So we can not master our scalp to swing technique to get the most out of the trade with the lowest risk possible.*

Ok so by now you are starting to get the hang of it right? We wait for clear indications by using market structure to base our trades. We look for the momentum (price action), then we look how the market is structured - identify premium price areas (the zones) - map out our scenarios that we want the market to move in, and we then proceed to wait until the trade comes to us. We are not chasing it. That is the difference, we are mapping out how the market will move in the future by following the correct rules of market structure.

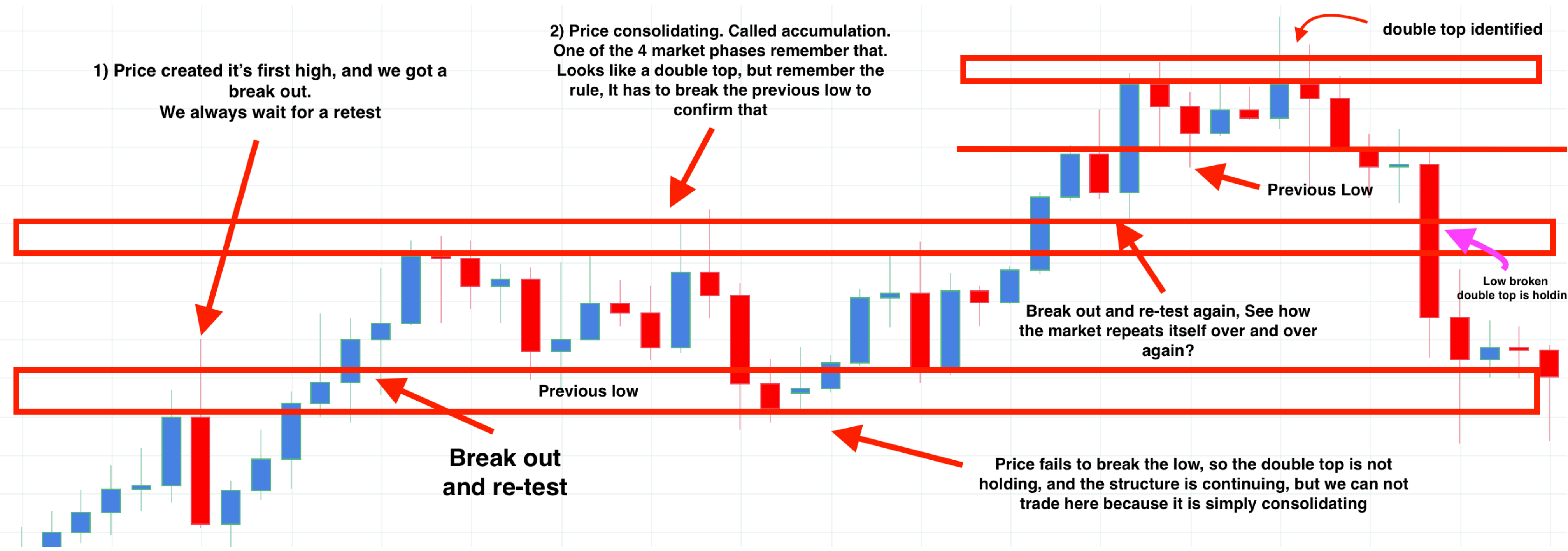
This is very complicated and it will take a lot of chart time for you to really get the hang of it. So remember to practice practice practice.

Now we will continue with more examples but they will be more advanced, it will give you a more in depth understanding of the markets and how it changes and why and where it changes.

MARKET STRUCTURE IN-DEPTH

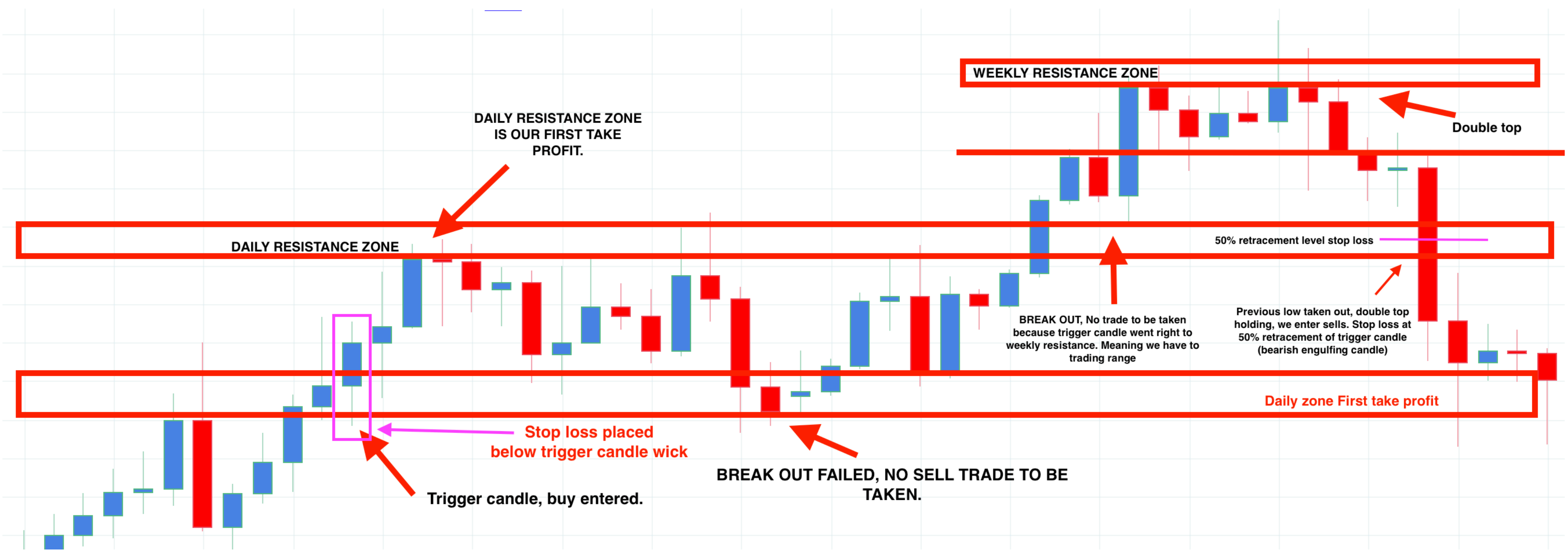
Ok so here we have a clean chart of the 4 hour, let's get dive really deep in to the structure and let me explain in detail what the market is telling us by looking at this.

MARKET STRUCTURE IN-DEPTH



Ok, here you can see that we identified structure and used premium price areas, wicks and candle sticks to identify what was going on in the markets. We also identified the pattern double top and we made sure that it followed the rules for that strategy. As you can tell, everything has to follow the rules or we simply don't trade it. So head over to the next page now so I can show you how we enter, put our stop loss, and our take profits.

MARKET STRUCTURE IN-DEPTH



Here you can see how we put together everything we have learnt. We identified our structure, we waited for the right rules to appear, in this scenario for our first trade was a break out and a re-test right? We placed our stop loss below the trigger candle wick, because it holds together with the resistance zone now turned support. Because if market breaks it, the market is not being bullish it will remain bearish and it is always better to take the loss.

Next we see price consolidate, and the break out to the downside failed. Meaning we got no sell trade to take because the structure was still in consolidation.

After that we see that price breaks the previous high again, and we get a re-test. Problem here is we tapped right in to a weekly zone with the trigger candle, meaning we can't enter the trade because it went the whole range. See now why we utilize all time frames to be able to enter our trades? If we used 15 minute in this scenario we would not have missed it. Then we got a double top identified, but the rule was what? It has to take out the previous low right? So it did, and we proceeded to enter our sells after that bearish engulfing candle because there was still range to go down to the zone, our stop loss should always be at the 50% retracement level of our trigger candle, this scenario the bearish engulfing candle.

Imagine now that you put everything together in your trading. You do your top down analysis, you know what you are looking for, then you separate the markets in to different scenarios that hold for a bullish run or a bearish run. Your job is simply to identify areas where the market will be bullish and where it will be bearish. And the only way for us to be able to do that, is to always be one step ahead of the markets, by identifying the structure in to small tiny details as you have seen in this book. And you HAVE to combine all time frames. Not only one, because that is the only way you will build a clear picture on what is going on and what are you going to look for on that day. If the monthly-weekly-daily is telling you that the market is bullish. But the 4 hour is breaking previous lows, will the higher time frame hold? OF course not because the 4 hour is not showing you the proper structure you want to see for a bullish run. You want the 4 hour to break the previous high instead, then it will be bullish and you can proceed to take buys. And because monthly-weekly-daily said buy, you don't scalp it you swing it. Because it is based on the highest time frame. But if you take a sell based on the 4 hour, of course you only scalp it, starting to get the hang of it now?

Trading is not meant to be hard, yet humans have a tendency to always over complicate the most simple things in life. Because it is in our nature to do so. So it is up to you to be aware of your thoughts and how you conduct yourself every day when you are trading. Do not let it disturb or cloud your judgement. Like I said, be systematic in your trading and you will become consistent and successful, and always for god sake make a top down analysis for every single trade you want to take. Don't just scalp buys and sell left and right on 15 minute or 4 hour support and resistance. That is not how you become a professional trader……

THANK YOU!

Thank you for taking the time to read this book that took me forever to make! But I am happy I did it, because now hopefully it will clear up a lot of questions regarding trading for many traders out there. There are 1000's ways to trade the markets, but only a handful of those ways are profitable. So always remember, whatever strategy you learn, always backtest it first and foremost to see if it is profitable before you start practicing it. Or else you will just waste your time and energy.

Remember the more mistakes you do while learning to trade, the less probable it will be that you last around for the long run. And what did I say in the beginning? Chart time is the single most important factor that will make you a successful trader. Not your strategy, not your account size, not your fast brain. It is simply your experience and chart time. Get to know the pairs you are trading. Start of with one pair. Become profitable with that one pair, then move to another one. Don't trade 5 pairs at the same time to try and get more trades. Because like I said, you only need 1 good trade to make money, not 2 decent ones and 1 poor one. Because that poor one will ruin your progress tremendously because you will build the wrong pattern in your brain to become successful. If you create a bad habit, it will not go away. Trading is like any business, you need to build good habits and remove all the negative that you do.

Until next time! Trade systematic, become a living robot and practice, practice, practice.

PRINTABLE TRADING PLAN

MAKING YOUR TRADING PLAN 5.1

TRADING PLAN

DATE:

TRADING PLAN CRITERIAS

MORNING ROUTINE

AFTERNOON ROUTINE

HEALTHY EATING

EVENING ROUTINE

EXERCISE

CLOSER TO YOUR GOAL

WATER

TRADING JOURNAL

LEARN FROM YOUR LOSSES
AND IMPROVE YOUR WINNERS

HOW TO MAKE A TRADING PLAN

Ok, last but not least. Let's talk about how to build a trading plan. I will first talk about myself.

I always start of by waking up early in the morning to exercise and drink 3 glasses of water. It get's my body going and it wakes up my brain to be able to process the informations the markets has to give me.

I then proceed to meditate some days, not always, depending how my energy is, if I feel tired, I will take 200 deep breaths to provide my brain with more oxygen so I get more clear headed.

My trading plan is the following:

Trade from London Open Until New York Close.

Meaning I trade like I would work a 9/5 job. But I don't trade during all that time, what I do is I conduct my top down analysis and then I wait for the market to set up for my outlook. If it does not follow what I have mapped out, I simply do not take a trade. Let me repeat that, if it does not look the way I predicted the market to move, I will not trade it. That is my trading plan. Very simple.

Some people want to complicate their trading plan by saying only trade 2 hours a day, or only scalp the daily candle, or only eat salad the whole day. Thinking that will make them a better trader. That is not the case. Your trading plan is simply a systematic routine you should follow that is according to your strategy,.

If you are a 1 minute scalper, a top down analysis might not be for you. (You will never become profitable but yeah)

So just make the plan easy and systematic to follow. Your trading plan should not be so much about strategy but more about your routine and what you are supposed to follow. If you trade the way your not supposed to do, your not following your rules and it might help you to write down the rules you are supposed to follow in your trading plan. Some are already disciplined enough and are not in need of doing that. So just put your trading plan and rules that's it.