

The Trade Price Method

Introduction

This document is based on the thread "intraday trend trading with price action" and "intraday trend trading with price action # 2" on Forex Factory.com.

It is not designed to replace the information contained in the threads but rather to organise them into subject order and make it easier to make use of the charts and responses to questions posted as a reference guide.

Thanks to Sho for all the guidance and help over the last 4 months.

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First Principles

This thread is about price action trading.

I don't use any system for trading because systems are for a limited time. I use a method call price action trading. It works all time frames and any market conditions. I use keltner channels and stochastics. But its price action that matters for me.

Indicators are nothing until you master price action.

Trading is all about managing the risk. If you don't know the price action you won't be able to manage the risk properly.

Before placing the trade you have to know where to put the stop loss properly.

Yes I do get stopped out so many times, but with a small loss!

Price is king! Price will tell us what's going to happen next.

Trading is simple but not easy

All the indicators are rubbish without price action.

They will cost you money only.

As long as you don't master the price action it does not matter what system you use you will lose.

The sooner you believe that it's better for you, because you will shorten your learning curve.

If you don't believe me go search for the Holy Grail.

So many traders fail because they do not know the price action. Indicator say buy, they go long.

Indicators say sell, they go short.

They do not care what the price is telling. I trade what the market tells me.

Timing is everything.

I will prove you trading is simple.

After reading this you will know how look at the chart properly. You will know instantly which direction to trade.

Please be patient. Give me enough time to tell you and guide you step by step.

We will trade what we see not what we think.

No trade without price confirmation.

You will see with our price action trading Fibonacci trading, Elliot wave trading or other trading, they all work because we know the price action.

To succeed you have to be disciplined.

This is not a game. Treat it as a business.

No over-trading.

Emotion will destroy you while you trade. Price action will help you what to do.

We will trade pin bar inside bar outside bar but not all of them.

We will stay on the side lines most of the time.

We will enter with very low risk.

We will wait for the perfect setup, no setup no trade.

We read people's behaviour through to the chart.

We will know most likely what the professionals are going to do next.

We won't be right 100%, that's why we will use stop loss. If we win 50% of the time we will make money with proper money management.

I will show you how to avoid the wrong pin bar or inside bar.
Price action is not all about pin bar or inside bar. There is a lot more things to do.

We will use support, resistance.

What moves the market?

Imbalance of supply and demand moves price.

Price moves in trend .trend moves in waves. Two type of waves *impulsive waves and *corrective waves.

We will trade only impulsive waves because they are bigger and quicker.

I will show you impulsive moves and corrective moves, that is very important.

A loss in momentum is NOT a sign of trend reversal.

Entry is nothing, exit is more important than entry.

95% people think entry is important.

They are wrong!

In this thread we will talk about entry, exit and trade management with the price action.

We only trade with the momentum.

For the beginner you will only trade with the trend.

When you will have enough screen time you can trade counter trend trade.

With price action you can trade any time frame. If you go to higher than 10 minutes signal is better.

Sometimes I do swing trade. My main time frame is 15 minute.

You can trade any pair's, I do trade stocks and futures.

For the day trade the smaller the spread the better.

Round numbers are important.

I don't trade Asian session; I only trade 9:30 am to 17:00 London time. (I don't trade 13:00 to14:00)

I don't trade sideways market

I struggled for 5 and half years before I discovered price action is everything

I read so many books and bought so many systems. Yes they did work for a short period of time but none of the systems worked for long run.

Then luckily I discovered price action and learned this method.

Now I am trading profitably from last 7 years and still learning every day.

I don't like candle but you can use candle charts. I use colour bar chart. It is much easier to read.

You can use your favourite indicator with price.

Indicators are nothing without price confirmation.

It's not very easy to explain everything in one post because it took me years to learn.

Be patient and take your time to learn the method and make yourself a professional trader.

Keltner Channels and Trend Direction

I don't trade sideways markets because of too many whipsaws.

For trend I use keltner channel direction and support and resistance, break of horizontal line support and resistance with price confirmation, impulsive moves vs. corrective moves and most important screen time. That helps me to identify the trend.

Keltner will tell you which direction to trade, but you must confirm it with the price action.

I do take trades in the middle of the band, but price must have to prove it wants to go more.





The Keltner Channel is a moving average band indicator whose upper and lower bands adapt to changes in volatility by using the average true range.

That's why it's better than only moving average.

Some one said in the very first pages of this thread that it doesn't provide support and resistance. I think he does not know that it contains moving average as well.

If moving average acts as a support and resistant why would keltner channel not.

Keltner has got both MA and ATR.

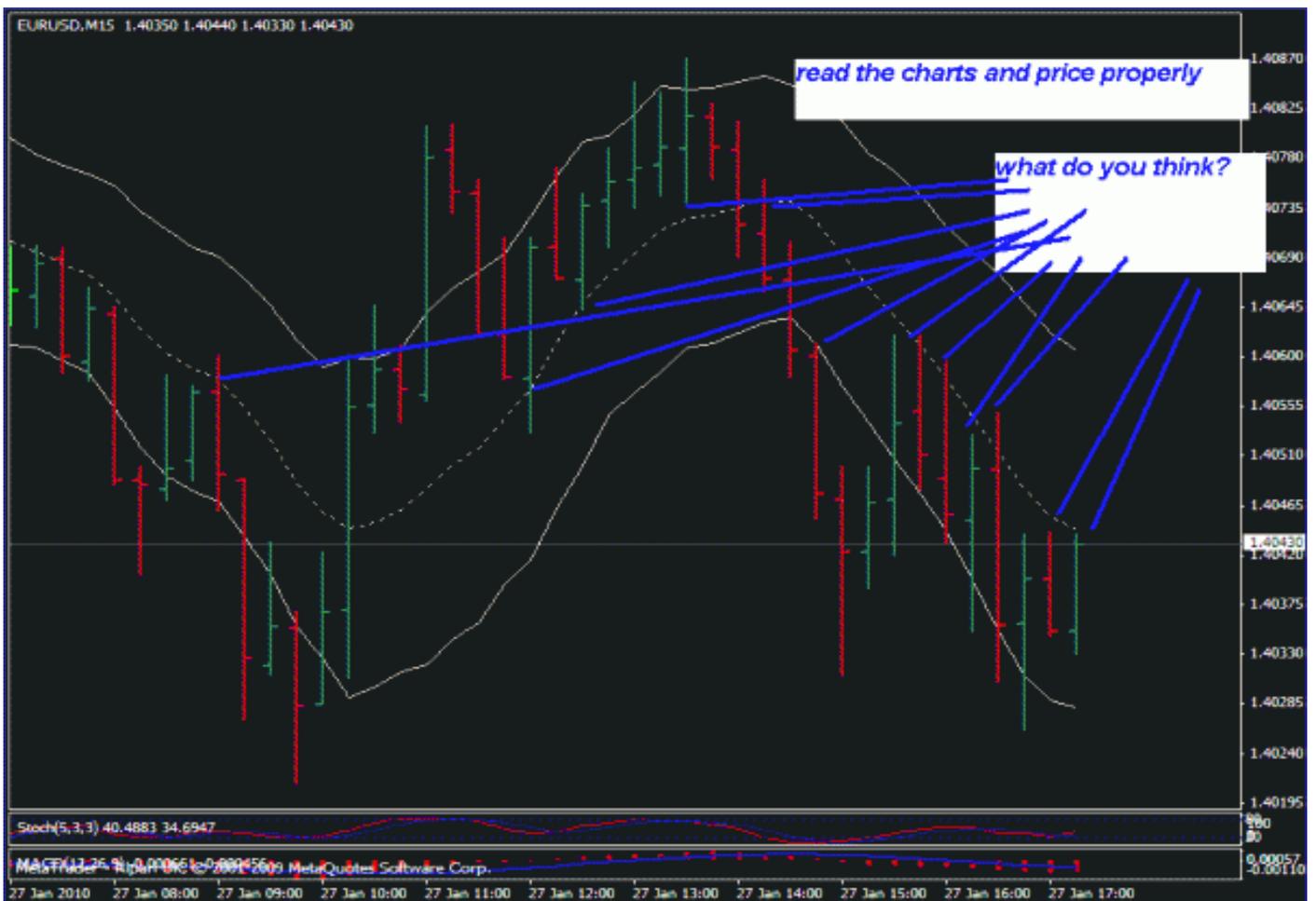
Anyway if you search the net you will find enough info about keltner channel.

Linda Raschke used the keltner channel in trading as well. She used different settings. It is a lot better than Bollinger band or any single moving average (imho). It is more smooth.



Keltner Channels helps to define a **smoother range** of price using ATR . Keltner Bands are similar to Bollinger Bands except that Keltner uses an ATR volatility method while Bollinger Bands use a standard deviation method.

It would not widen when trend in place. If you plot both indicators on the charts you will see the difference. I have added a chart with both of them on.





This is a daily chart.
I told you guy's that the keltner acts as support and resistance.





For higher time frame increase the Envelope deviation and for lower time frame decrease the deviation value.

Identifying and Defining Momentum

What I am posting on the chart this will be one of your best lessons.
This is the foundation of professional trading.

This will help you recognize impulsive moves and corrective moves.
If you can learn them all other patterns, fibs, and elliotwave everything will be easy to spot.

Always try to trade with impulsive move
I used letters read them one by one.



When you will learn impulsive moves all trading method are easy to trade.
You will be a professional trader.

This method is not like any other method because we are better than any method .we can see everything on the chart.

We are not restricted to trade only one pattern or only one bar. But we will choose the best setups.
REMEMBER IMPULSIVE moves (momentum) are the god father of all trading method.

When you see an unusual bar it's a warning sign. Trend can change or profit taking because people scared to lose the profit.
That's why most of the time trend reverses.
That's what I call momentum.

To be a profitable trader you must trade with THE momentum.
This is the SECRET of trading.



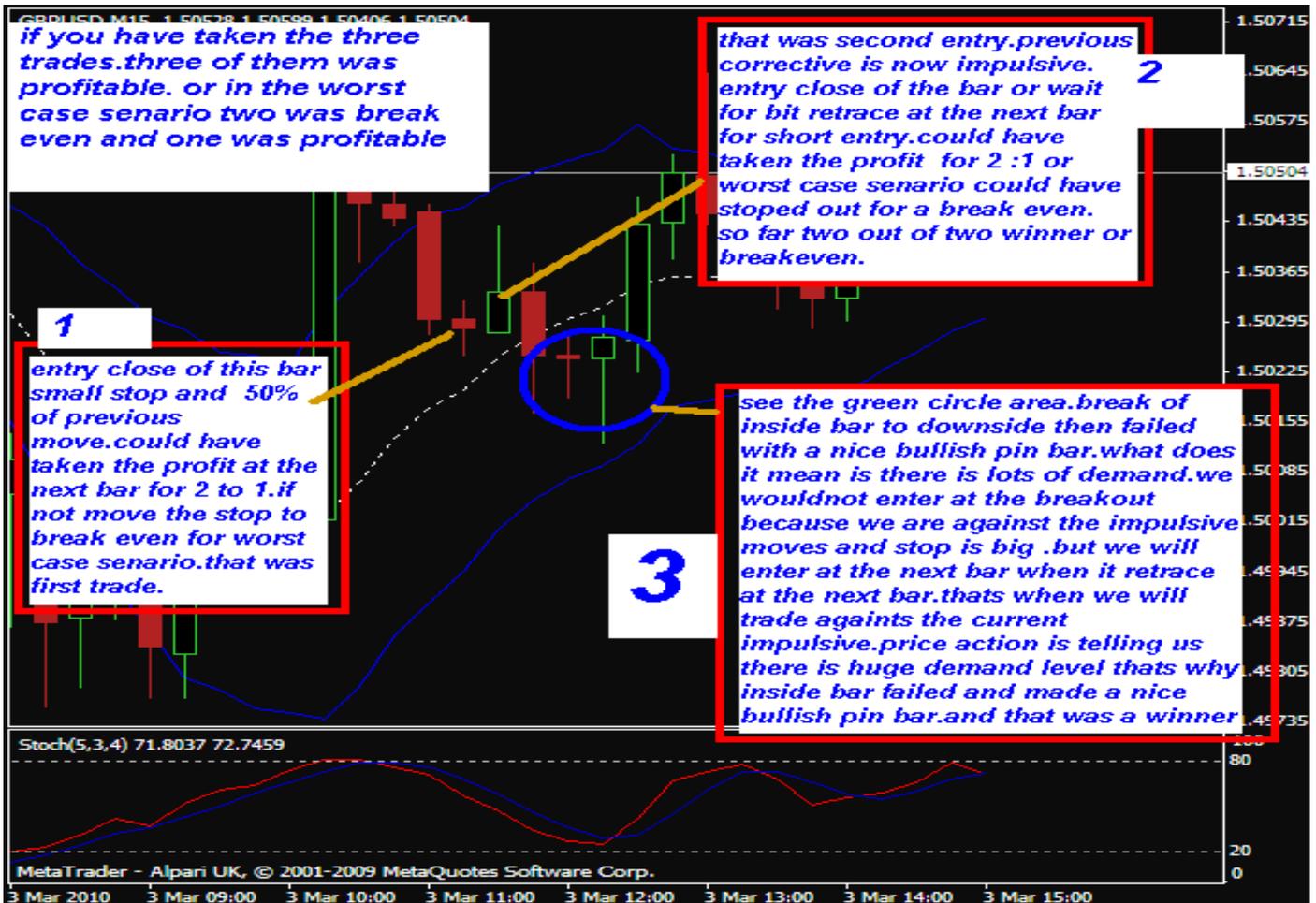
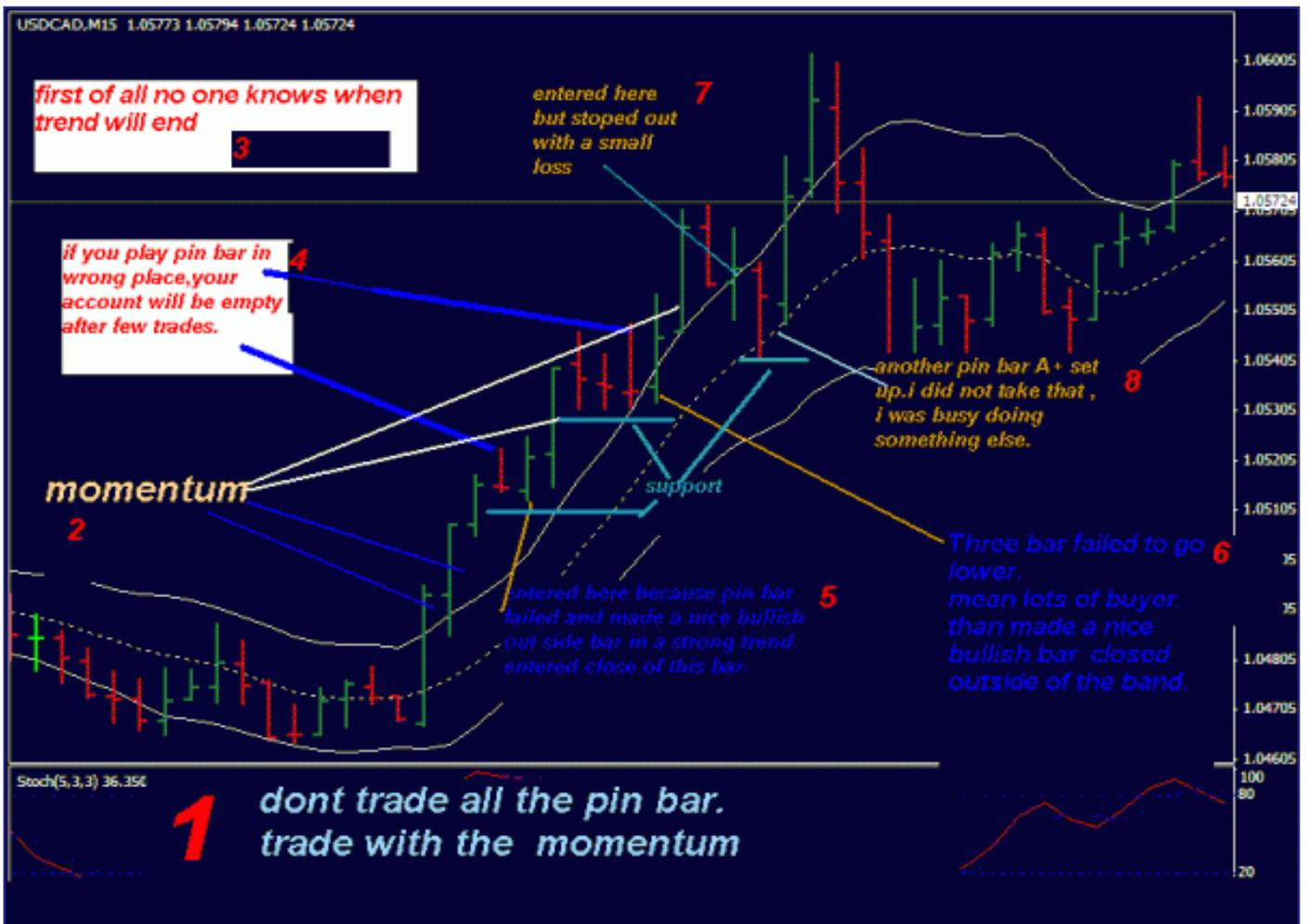
Keltner is good it will save you a lot.

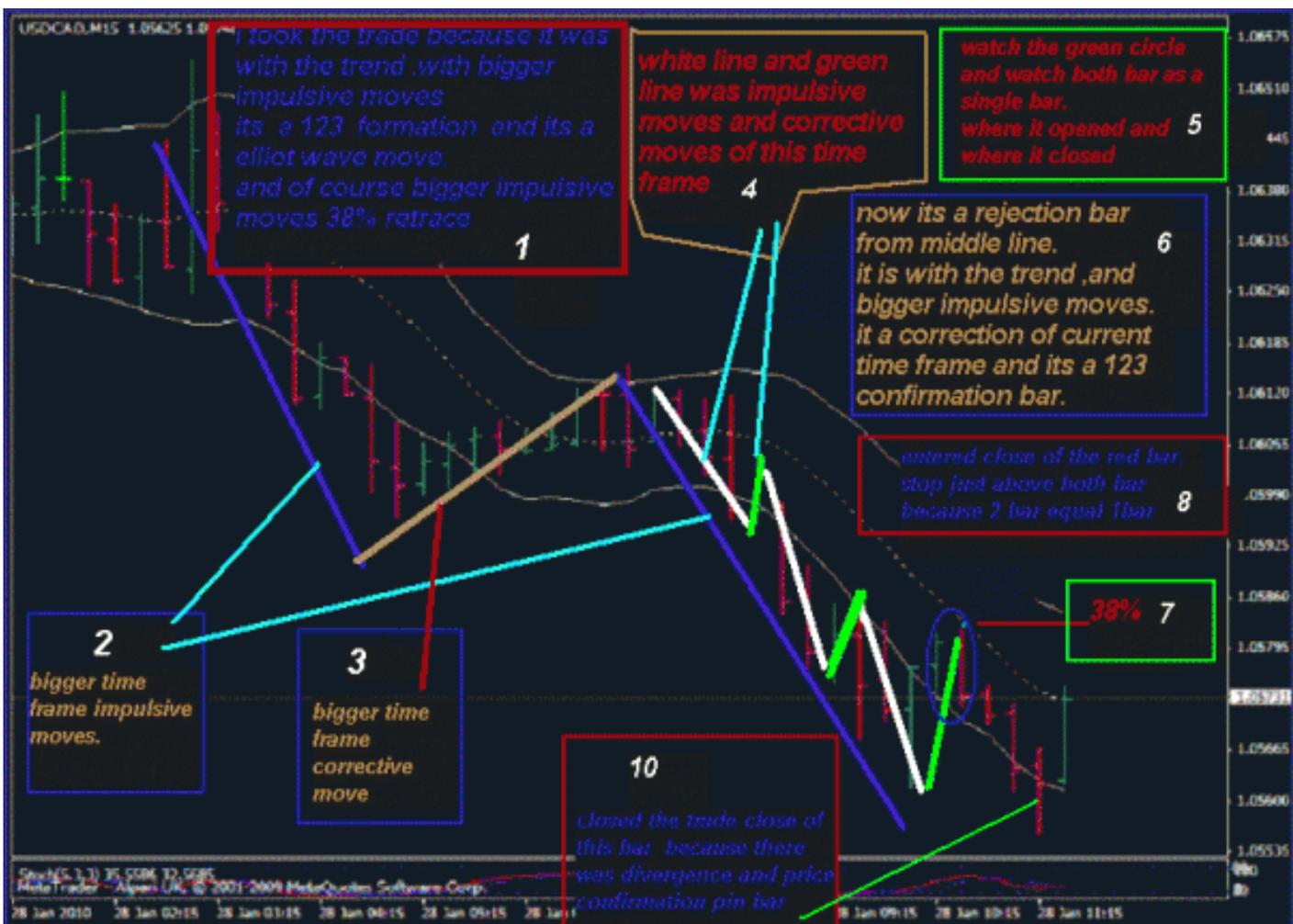
When market is flat it will guide you.
Stop loss is just above the signal bar.

Move the stop loss at break even after 1st bar move and closed in my direction. For me its risk first than profit.

Normally my target is double the size of stop loss. I am always ready to close the trade any time if some unusual price activity comes.

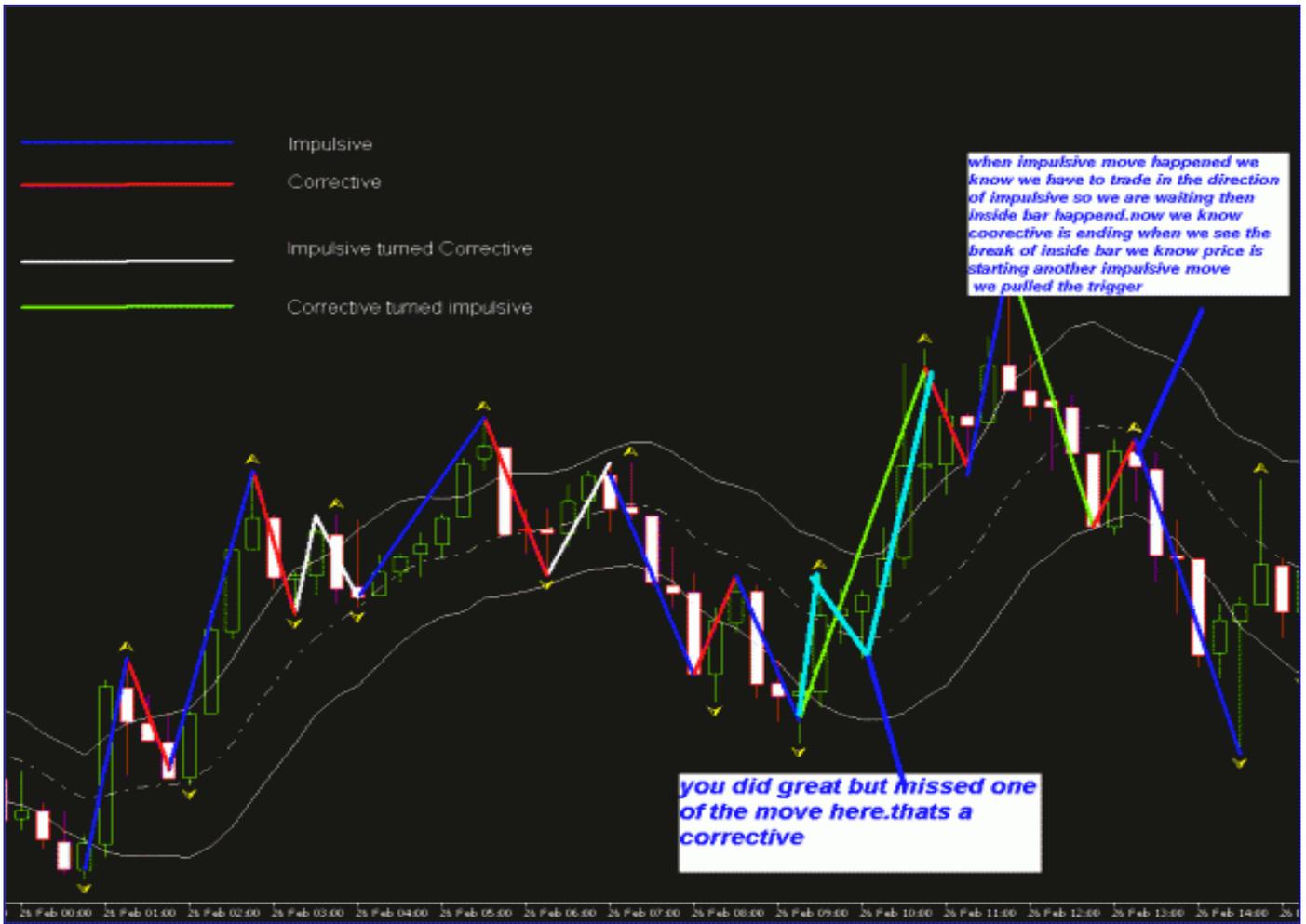
Exit is depending on situation. If trend is strong I keep half until I do get stopped out.











It does not have to break swing high or low to become an impulsive move.

Speed and momentum is the same thing.

When we combine the speed (momentum) with swing high and swing low that is impulsive move. With the overall trend normally we use swing high or low and candle formation to count impulsive moves.

When move is against the overall trend we use candle formation, speed and swing high /swing low to count impulsive move.

When move is against the trend, if it breaks swing high or swing low if there is no speed(compare with other bars)we wouldn't call it an impulsive move.

It must contain some speed (comparing with the other bars) then we will call it an impulsive move. When you compare always compare with the recent opposite move. How long it is taking. it is sound hard but it's not. Just keep practicing and watch live market. You will get the idea.

(Down speed was greater than up speed which is rhythm and momentum) that is the key. When you enter into a trade if u see speed (momentum) is on the other side just get out. You can always get back in later.





Momentum (speed) exceeds everything (at least for me.)

First of all I said trade with the momentum. Momentum can break round number or anything in the way. Momentum means train is coming 120mph (parabolic price move). You must go with the flow or stand back.

Do you think it is possible to reverse a train while it's going 120 mph. It just filled the gap with that move. If you see 4hour time frames you will see what I mean.

When momentum is not with you don't trade at supply or demand level stand back. Wait for momentum to stall or show a sign that train is stopping. (I mean look for divergence).

Institution creates those momentum moves, those are the moves that happen when big orders come to the market place and all of the big boys sing together. This is where you will see parabolic moves. When they slowly start unloading their backpack (profit taking), now momentum gets slow and divergence comes and when they see other institutions are doing the same thing they flip the side and join the other side and sometimes that profit talking becomes reversal.

Divergence shows when momentum is slowing it tells us last train stop is near the corner it does not mean jump in straight away. Wait for divergence first (if you want to go against the trend) otherwise no trade. Against the trend, look for reversal candle formation with divergence to go opposite of last impulsive move. Momentum (speed) first everything else next.

Its always easy to trade the trend so stick with the trend until you feel the market. (You are thinking how to feel?)

Its experience with the market.

Than you can dance or sing with the market. Only supply and demand level or candle is not enough to trade. If it's easy than people could make money with EA. they will give the CEO position to the ROBOT. Trust your eyes. You said it was a strong up trend. Did you trust your eyes? Learn to trust your eyes.

My entry is based on 15m TF. Higher time frame is only for support or resistance.

If it gets there be careful. It does not mean you have to go opposite. Only take the reversal when 15min showing momentum is slowing and combine with the candle formation and look for where it might get stuck.

If no room to go then stay on the side line.

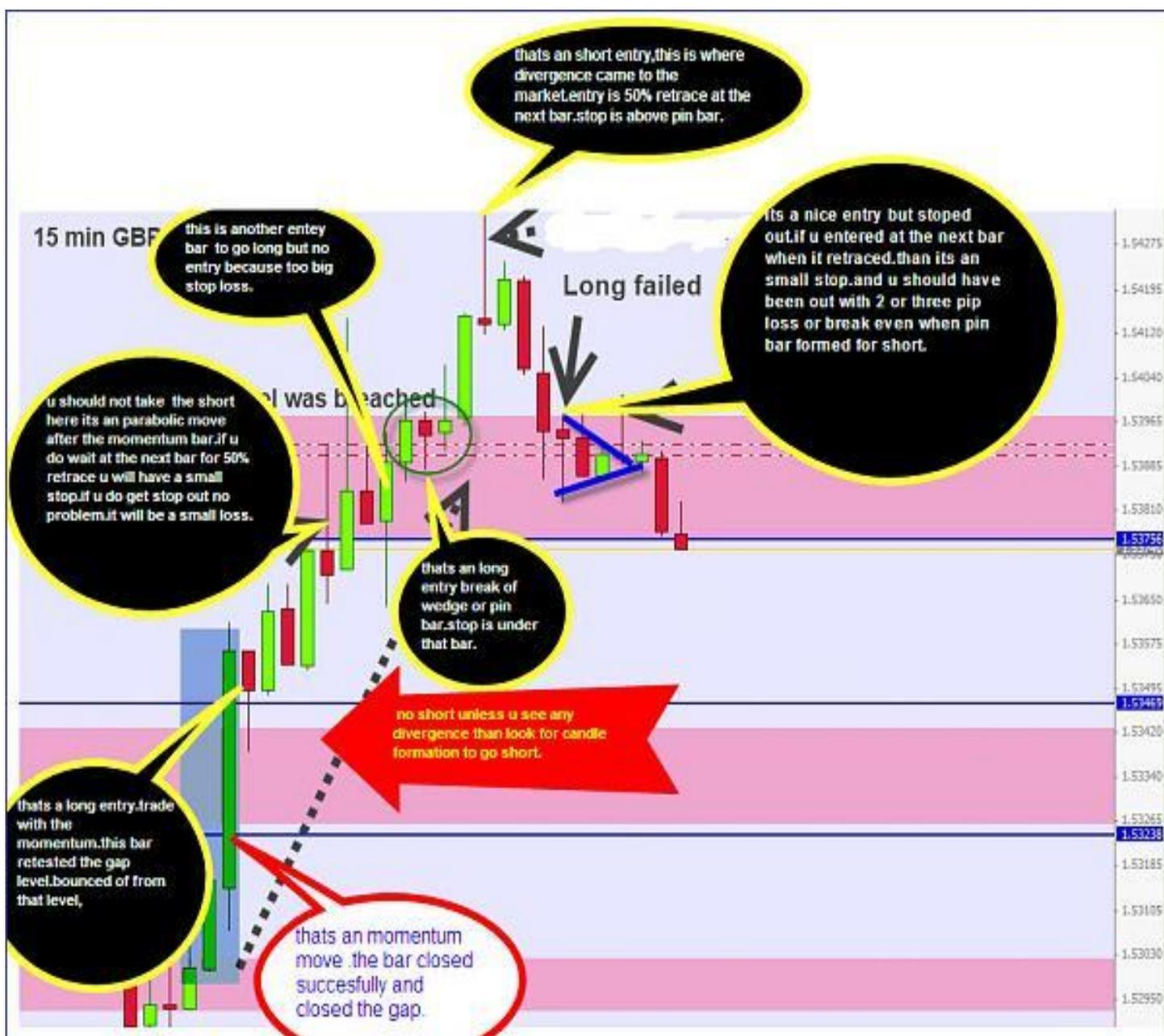
Where you took the trade it was just at the middle of the battlefield. See the 4hour for better view. Trade with the winning force (current momentum) or back off.

Momentum will tell us when price would not move any more, when trend is finished for the day.

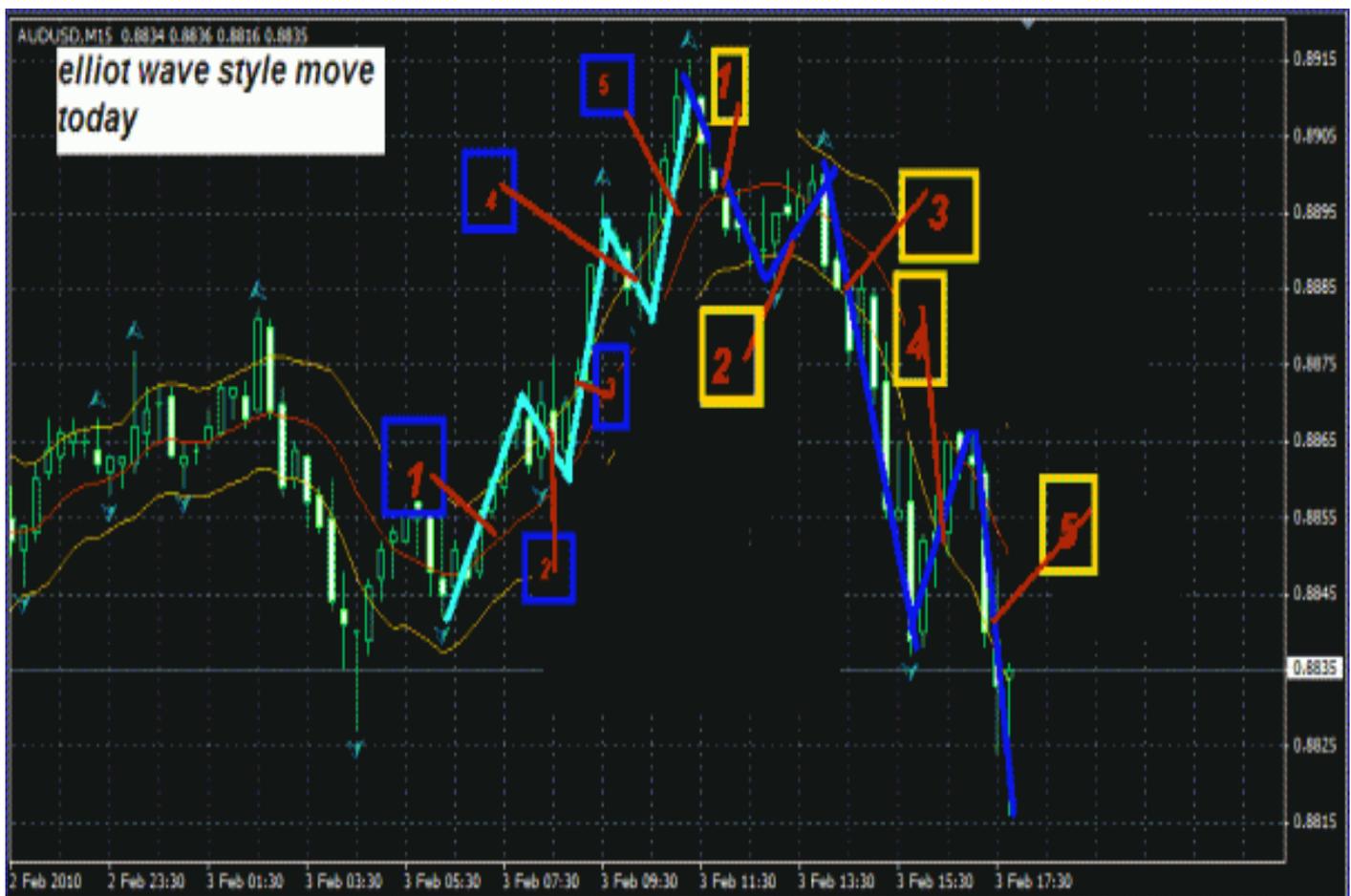
Again if momentum is in the market we will trade. This is the reason I don't use average daily moves.

Odd days are great to make money, those days are strong trending market days and lots of volume in the market.

I love odd days as most people are scared to take the position after daily ATR moves. But why does market still move after the daily ATR? Because big boys are in the market.



Fibonacci Numbers, Elliot Waves and Technical Analysis





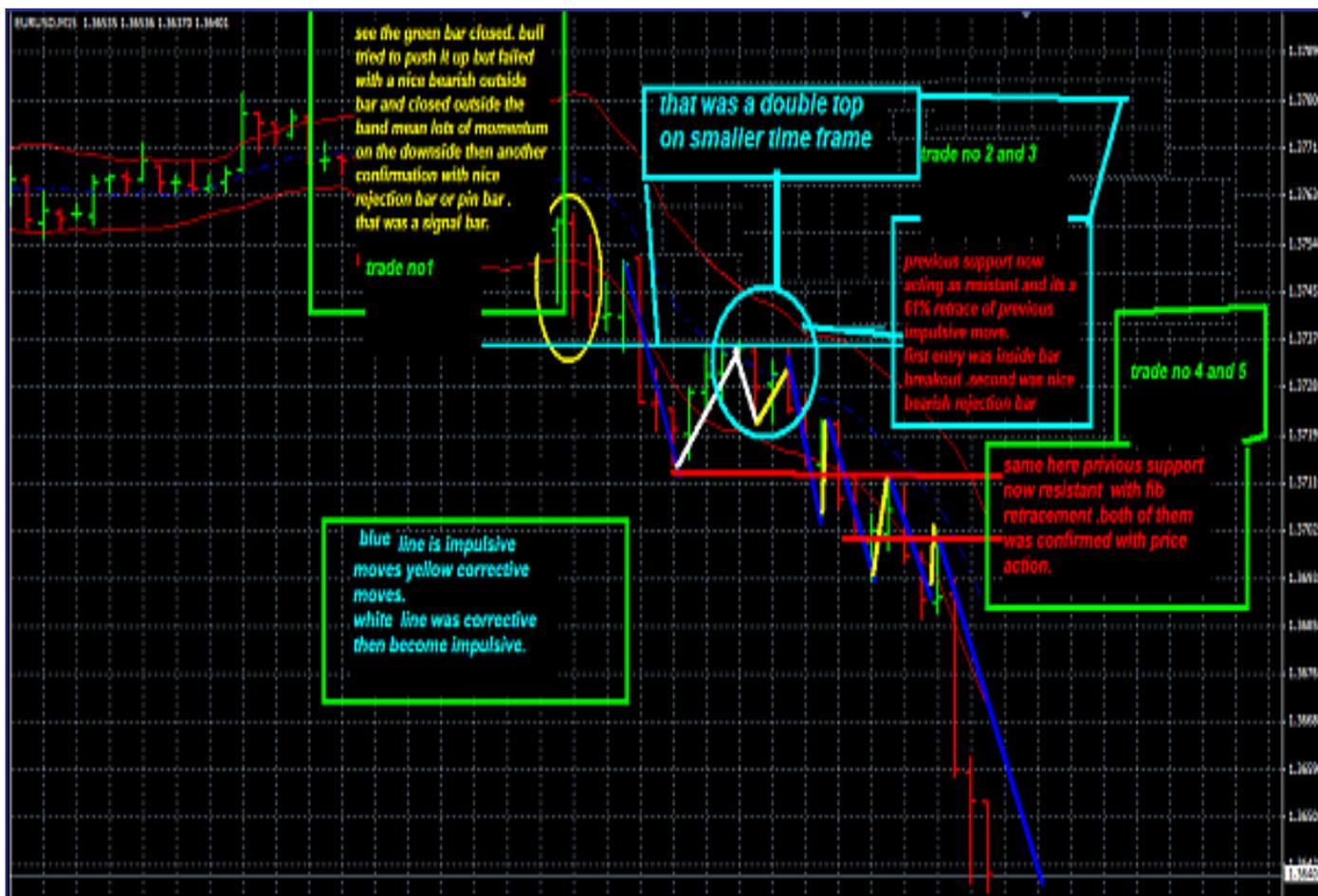
Guys it doesn't have to be perfect.
 50% or 38% or any retracement level because we don't live in a perfect world.
 Big institutions place their orders just before or after exact level.
 They know amateurs are waiting for exact level.

At the beginning use fibs or any other tool. Slowly get rid of those and train your eyes to see them all over the charts.

We have big advantage.

We trade fib, Elliot, 123, moving average or you name any method because we use impulsive moves.





That was fib harmonic level from last trading days. 1.61 level. That is a huge support level. If you see just higher time frame it will be easier for u to see. I can see and feel everything in one time frame. Forex market is very technical market. Institution makes those plans. They always define their target and risk level before they enter at the trade.

And see the price action at that level how price is reacting at that level. Three bar rejected from that level.

See the **wedge**. (circle area).it reached its target level.
Do you know how to play wedge and how to define target for that?

Of course our stochastic gave us very early signals about what to do at that level. Do you understand how and when to use stochastic. People just blame the indicators. They do not know how and when to use them. They just misuse it and blow the account.

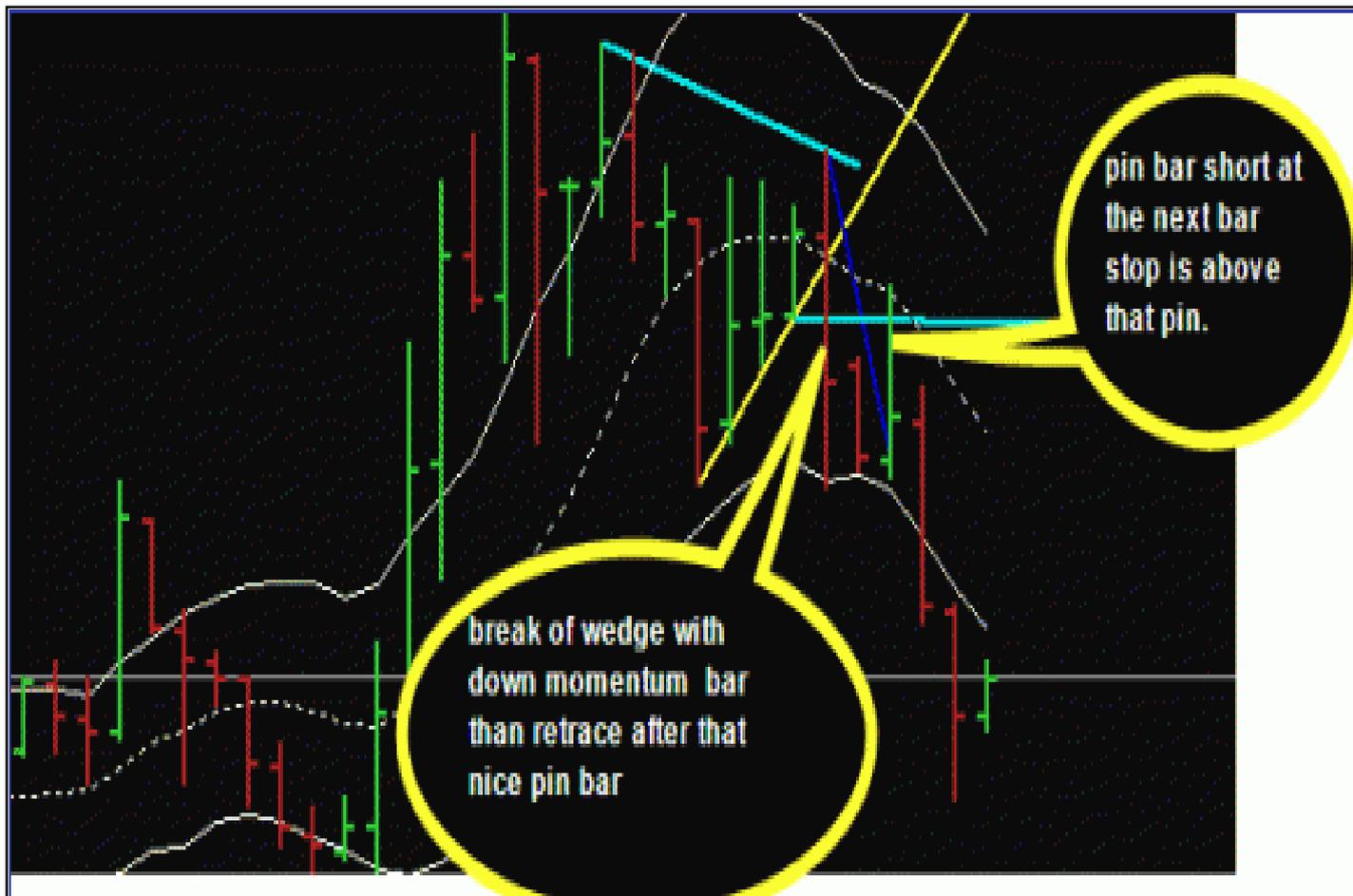
Hopefully you guys now have a better understanding of the stochastic indicator and will say it's a magic indicator. It saves us in lot advance. People say it's lagging but we know how to use it.

When it gives a divergence signal it's an advance signal. It's not happened yet. It will happen. Then how come people say that stochastic is lagging. Stochastic is a solid momentum indicator.

So we see here that the signal was for short. We got 5 signals before jumping on board.
1=fib confluence.
2=wage
3=divergence.
4=small stop.
5=price action







Timing and Timeframes

I always like to stack the more odds in my favour that's why I trade only London session and New York sessions first couple of hours. I don't trade 13:00-14:00 London time.

I trade 15 minute time frames

I watch multiple pairs, stocks and futures. That's why there is enough opportunity.

You don't have to wait for a week to get a signal.

To make a living you don't have to trade every day.

Most of the people give back profit to the market in side way market.

If you don't trade the side way market or quit market, you will see your trading result will go up easily.

Any time frame will do.

Higher is a better signal but less trades.

You have to wait long to establish the trend.

15 min is best for this method because of the small stop loss.

I use only one time frame

After 9:00 am market is fully alive. But I wait for market to settle down, and then jump.

Some people don't like to trade smaller time frame or they don't have enough time.

Day trading is more risky because you are always in front of the computer your emotion will destruct you that's where most of the day traders fail.

You can make money in any time frame.

Time frame is personal choice. Everyone is different.

Like when I trade forex I trade 15 min and sometimes daily swing trades.

When I trade stock I trade 5 min or less with level 2 data. Level 2 data is less than a second. It can change in less than a second and I have to change my mind in a second as well.

Remember-when amateur traders sells professionals go long, when amateur traders buy they take short entries. Professional needs someone else to take their opposite side.

Does it happen to you? When you go long market goes down, when you go short market goes to the other side.

If you understand that trading will be lot easier for you.

You can trade any time frame .

Below is a daily gbp/usd chart.

I have found candle sticks very hard to follow and that's why I always try to keep the chart simple and use a bar chart, but you can use candles if you think it's easy for you.



You can use any time frame, but must identify the trend with keltner.
 This is a 4 hour chart.
 Remember lots of screen time.



This one is for longer time trader.
 This is for educational purpose only. I am not recommending anything.

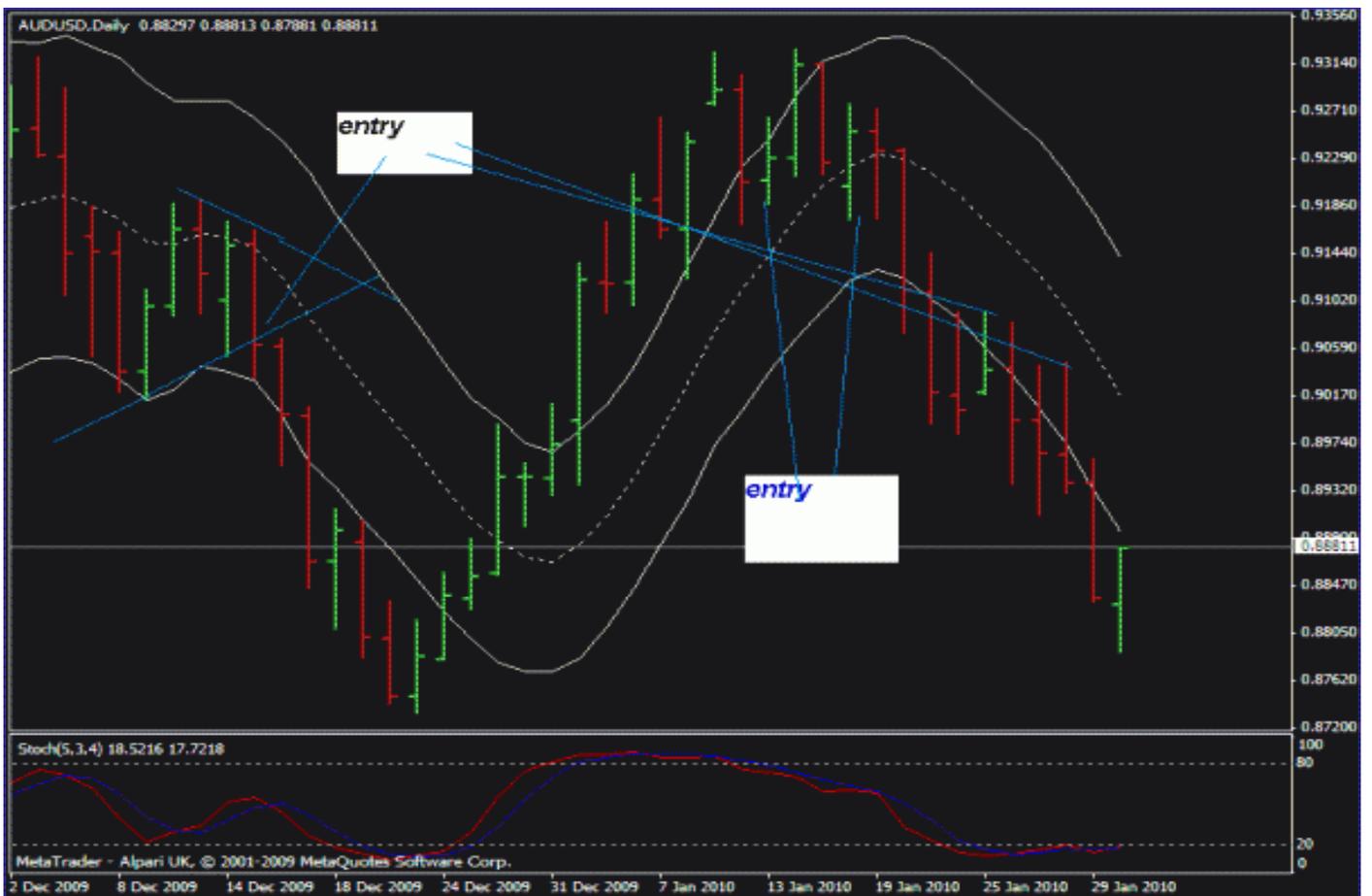
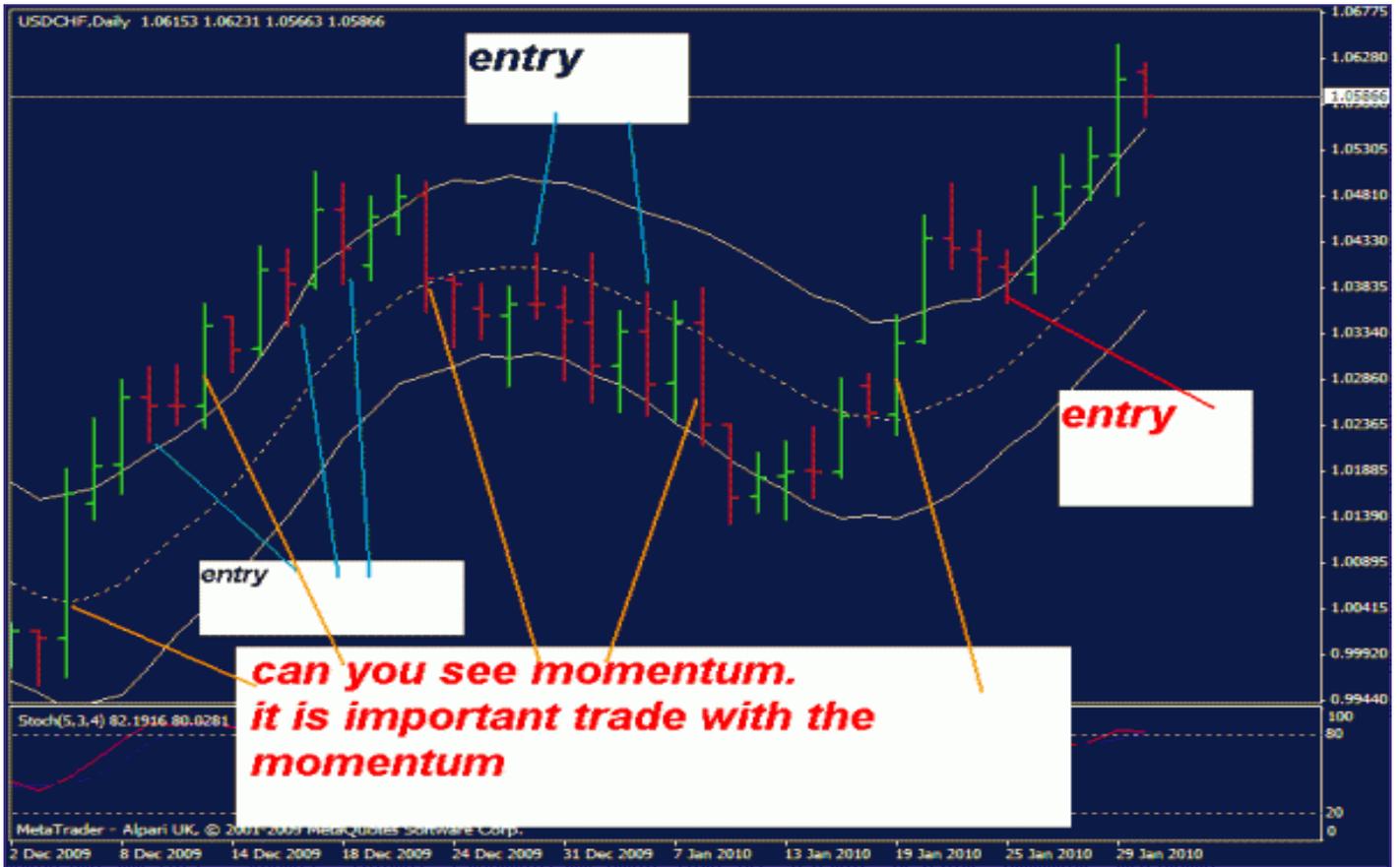


This is AUD/USD weekly chart
 looks like it wants go down M, if it fails then it's a W shape.



You can use the same setup on any time frame.
Some charts.

I am telling you again and again don't trade sideways market. It will eat all your profit.



Watch multiple pairs at the same time if you can.
It's very important to stick with the rules.
Don't change time frame while you are in a position.

Why you entered will be your exit.
If trade doesn't move after 3 bar get out with a small loss.

I use only one time frame while I trade.
Watch the current price action.
One time frame will tell you everything you need.
In my opinion every time frame has got its own value.



Don't trade slow time.
You wouldn't get any follow through.
Because the institutions doesn't play slow time. There are not enough orders to move the market.

Slow time is for brokers and stop hunter.
If you trade them you will lose.

We are retail traders we don't have enough money to move the market.
That's why we have to Ride institutions ship (trading with their orders flow).
I told you guys don't trade slow time. Most of the people lose money because they always try to be in the market all the time.

If you don't see any clear directions on the chart don't trade.
It is more important than trading.



I combine them with everything. That's why move is so strong.
In 15 min time frame one bar but in smaller time frame it's a swing high or swing low.

Only for this reason I don't need any other time frame I can see everything on one time frame.
When we see a swing high or swing low in 15 min time frame, it is one or two bar in the bigger picture.

On Chart Setups

Zoom in bit more.

If you can then use colour bar.

We don't need bird's eye view.

We are day traders; we have to see what's happening now. (I mean current momentum)

Train yourself to scan the chart in a second.

More pair means more and better setups.

You trade different market that's good.

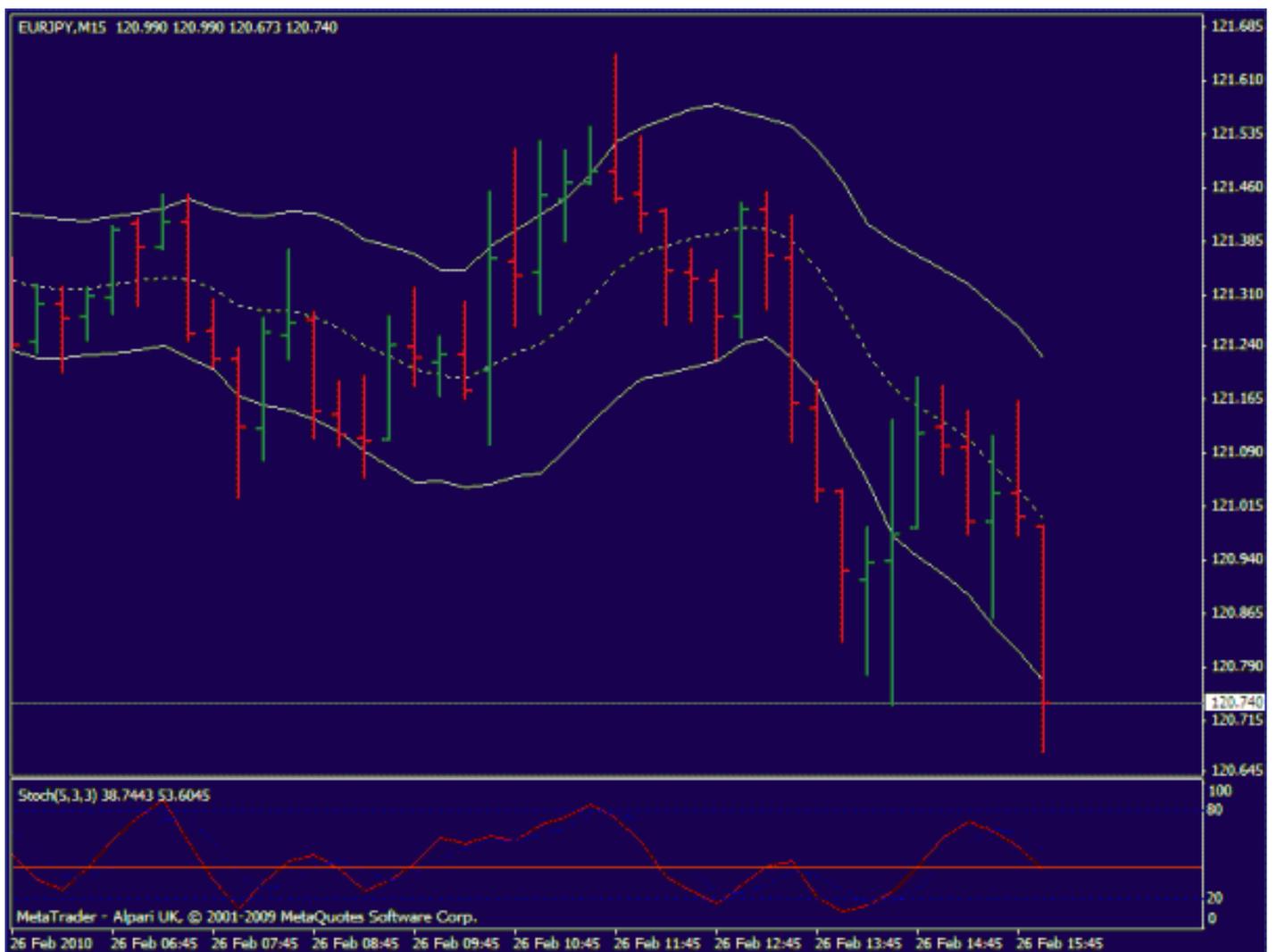
I hope u can help others as well.

I trade most of the big pairs. Always look for the smooth charts.

Yes most of the volatile pair are better for day trade.

Most of the majors with gbp they are better and fast you can make money in few seconds. If you are wrong side you will lose a lot as well.

See how it's moving.



If you want to stick with one or two pairs you can. It's hard for new people to use lots of charts at the same time. You can do that with enough practice and errors.

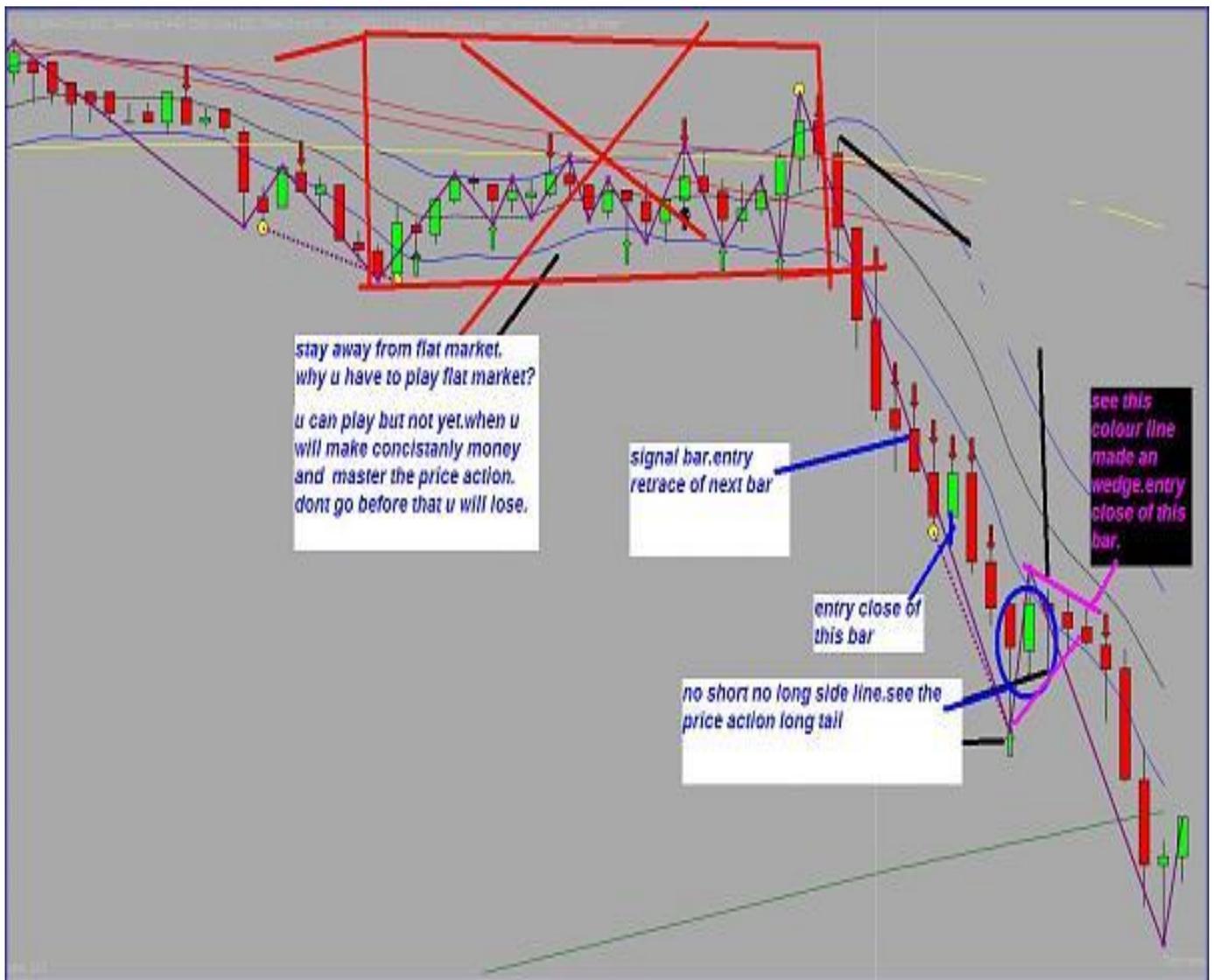
More charts mean you will get better setups and you can be a picky.

You don't have to force yourself to trade bad setups. But at the beginning stick with one or two, see and understand those pairs behaviours. Slowly increase more pairs to your arsenal.

Keltner is only guide for new people. I trade naked charts. You can do that with enough experience. I don't draw any line or anything on the charts while trading. You will do the same as well soon with momentum and small stops trades.

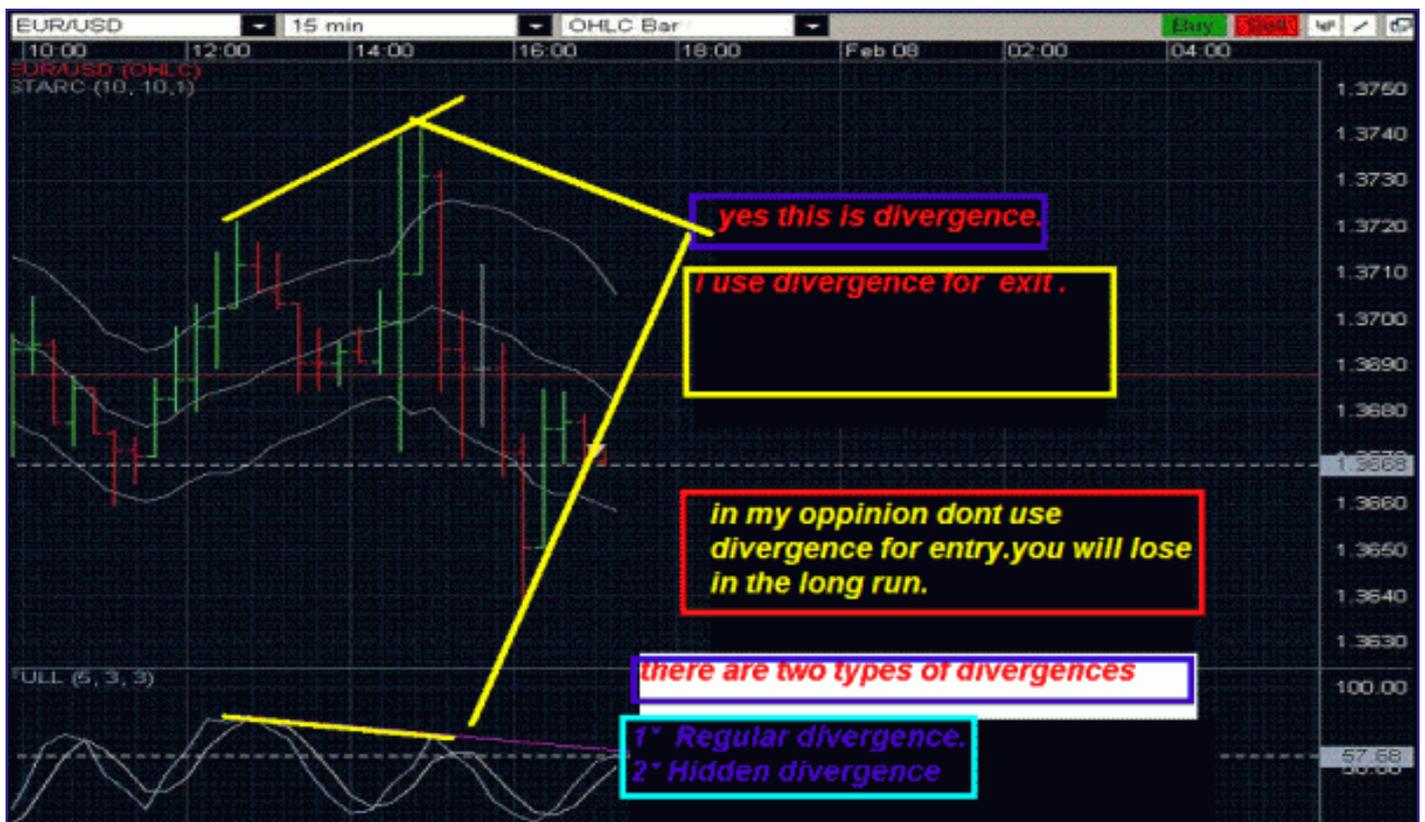
When we look at the charts we don't need too much back data.

If you want keep daily or 4hour chart as a reference. Only for support and resistant nothing else. I can see another nice couple of entry was on the charts.



The Proper Use Of Indicators

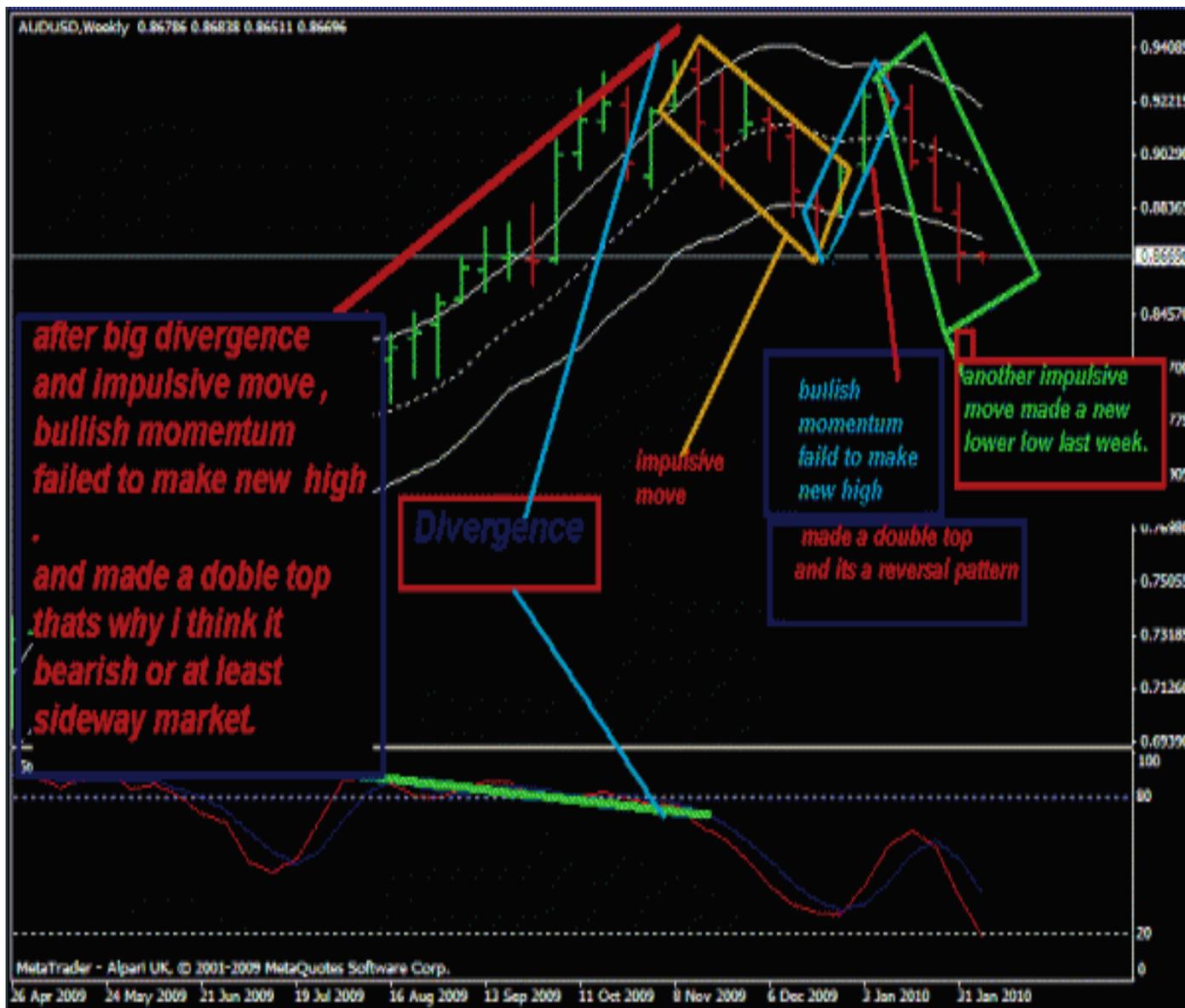
Stochastic is only for divergence/convergence
Can you see why I use stochastic?
You can use any indicator with price action



Use indicators only for exits; Divergence/convergence.
Be prepared to exit when you see any con/diver. If price reverses get out.

Try to let your profit run as long as you can
don't look at them before entering the trade. Otherwise you will miss all the good trades.

Divergence mean momentum is slowing. It is best for taking profits.



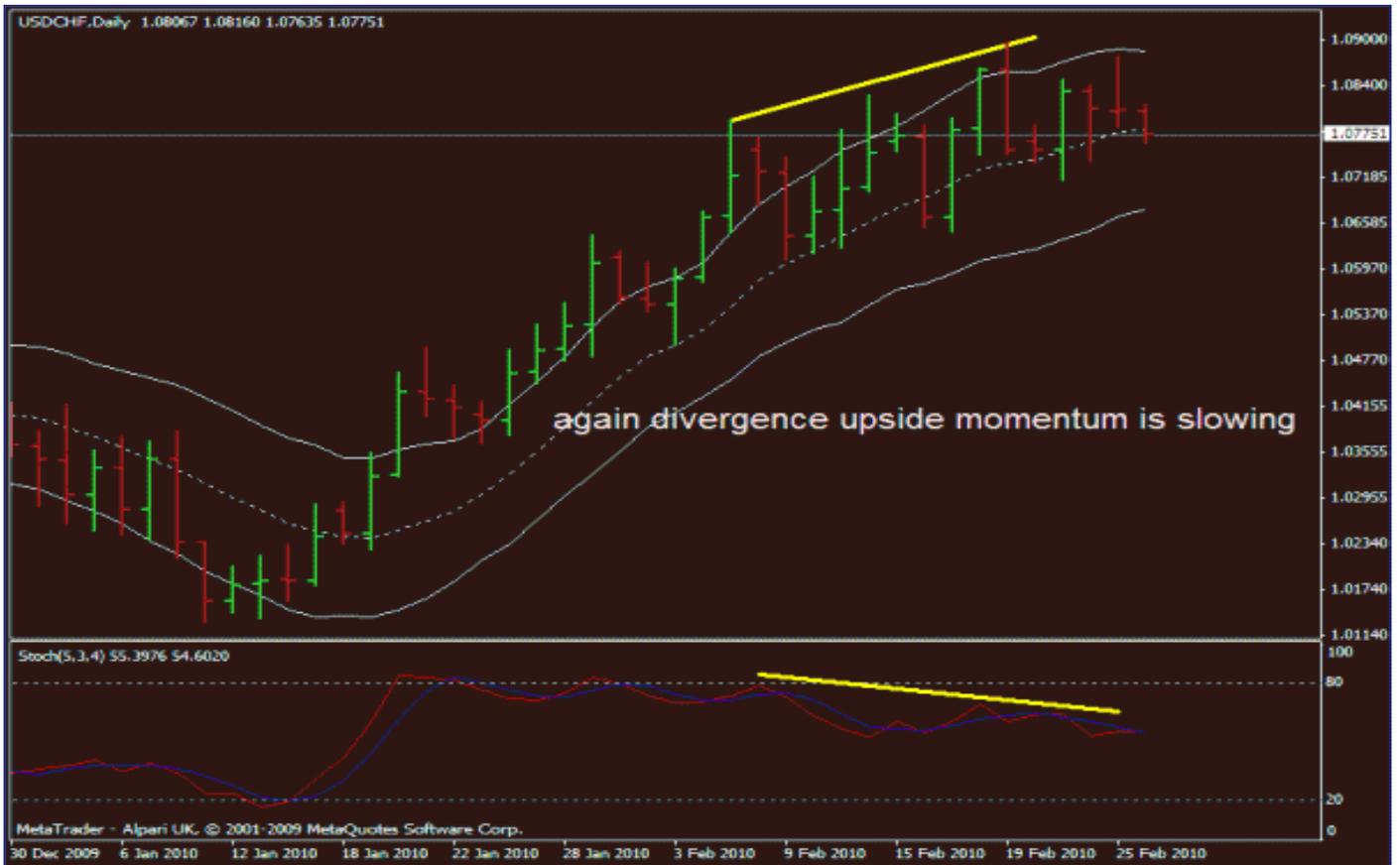
All the big moves happen when stochastic or any indicator is overbought or oversold.
That's why I don't look at them before entering. Indicators are lagging.

You can use any indicator but see the momentum and impulsive move with your eyes.

Price and momentum will tell you most likely what's going to happen next.

Normally I don't use stochastic for entry but when I see double bottom or double top then I confirm the top or bottom with stochastic.

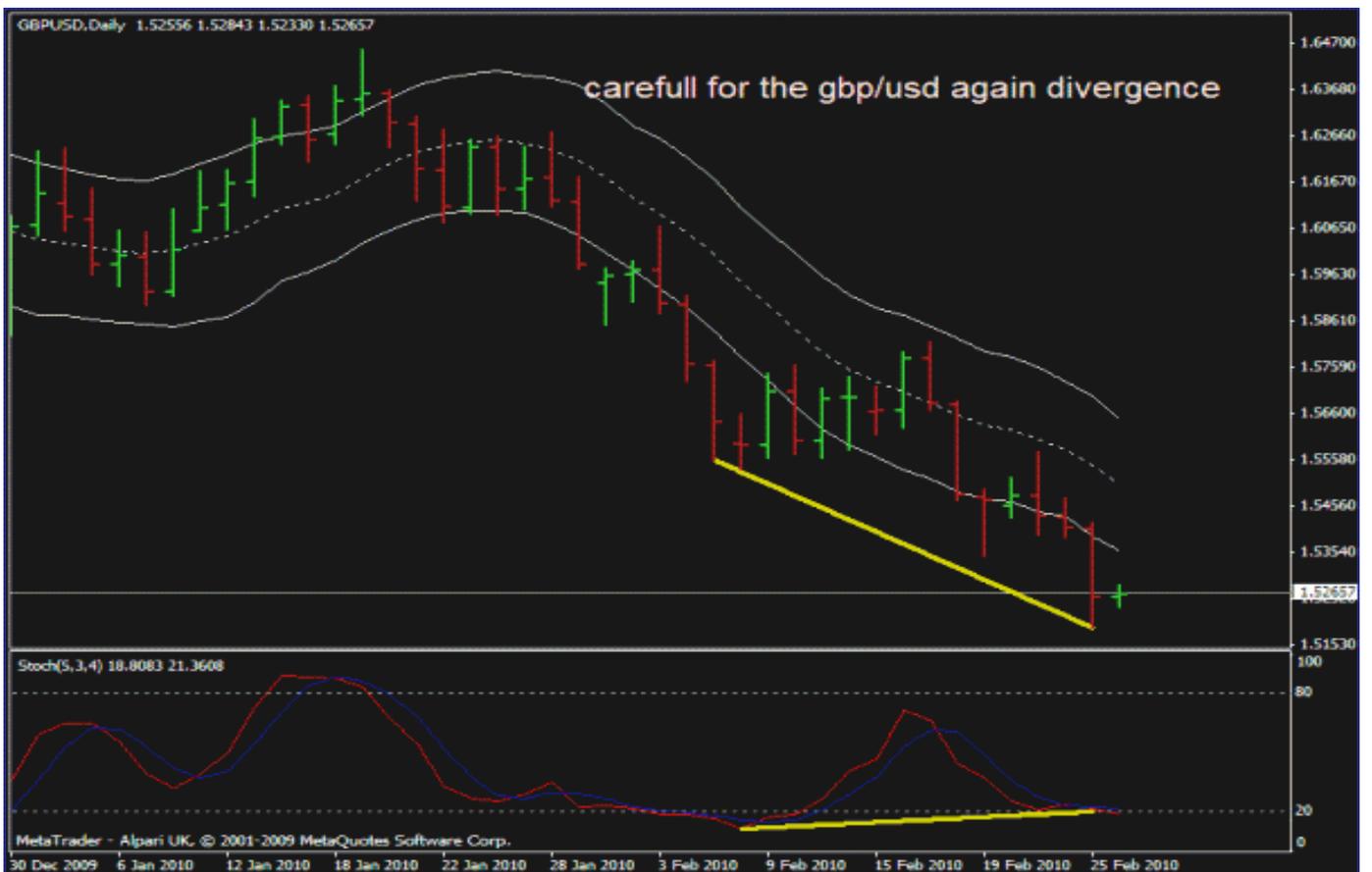
Stochastic is not for everything. There is a reason for any indicator you have to know which one and where to use it. IMHO it's only for div/con. Not any other reason.



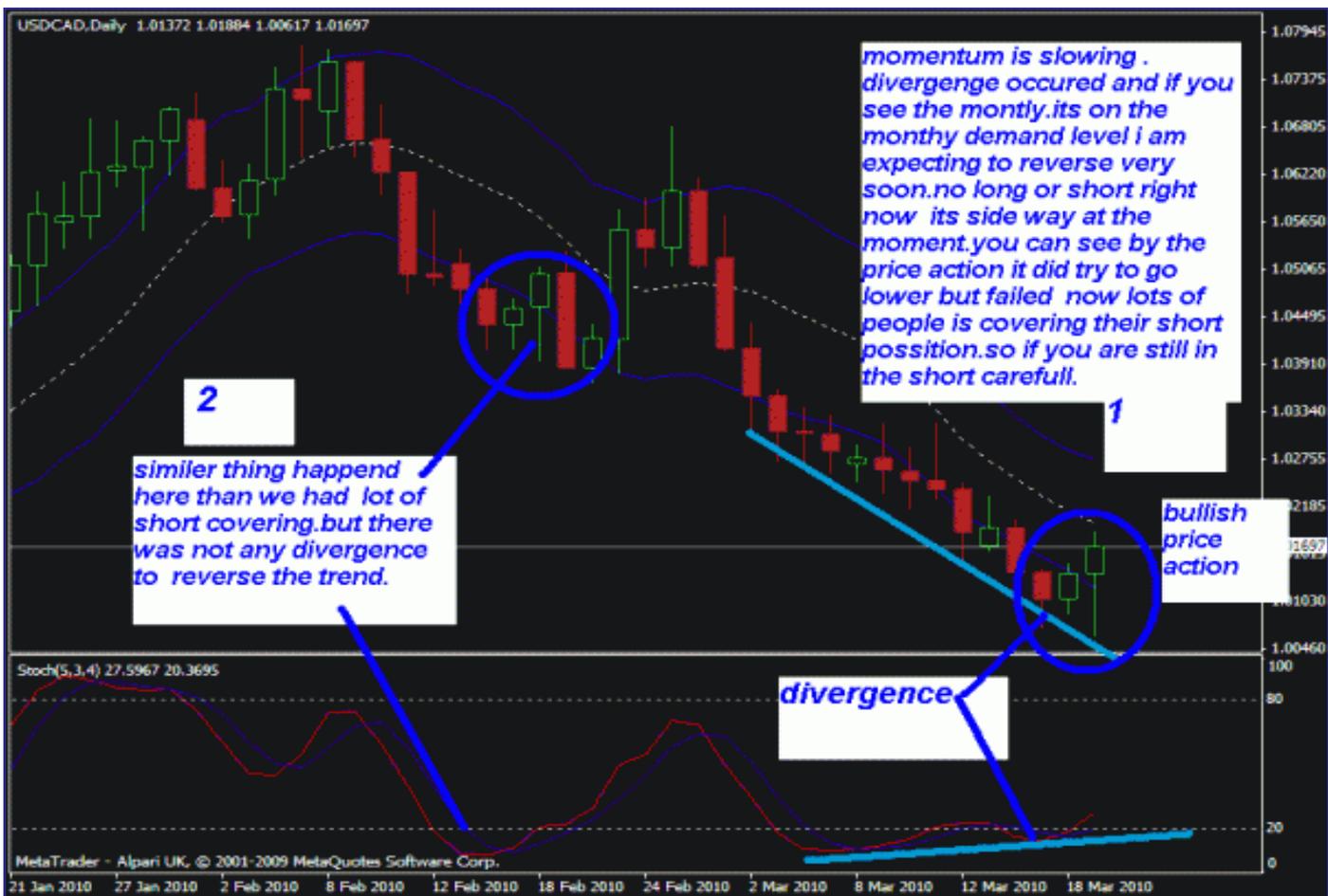
Divergence is still valid until the down move comes.

After the divergence it may go up or down. Divergence represents momentum is slowing, not trend reversing.

Most people misuse the stochastic or any momentum indicators. They always blame method or indicator but they -don't understand how to use them.



See the gbp/usd chart for the divergence.
 Use your oscillator properly it will save you a lot.



Entry Signals

I do trade pin bar, inside bar. Not all of them.

I take position when price stall at or near any of line with a small loss. I don't wait for pin or outside bar. You can trade like me with enough experience.

Most of the people will be rich if only pin bar and inside bar works. You have to know when to use it and when you must not to use them.

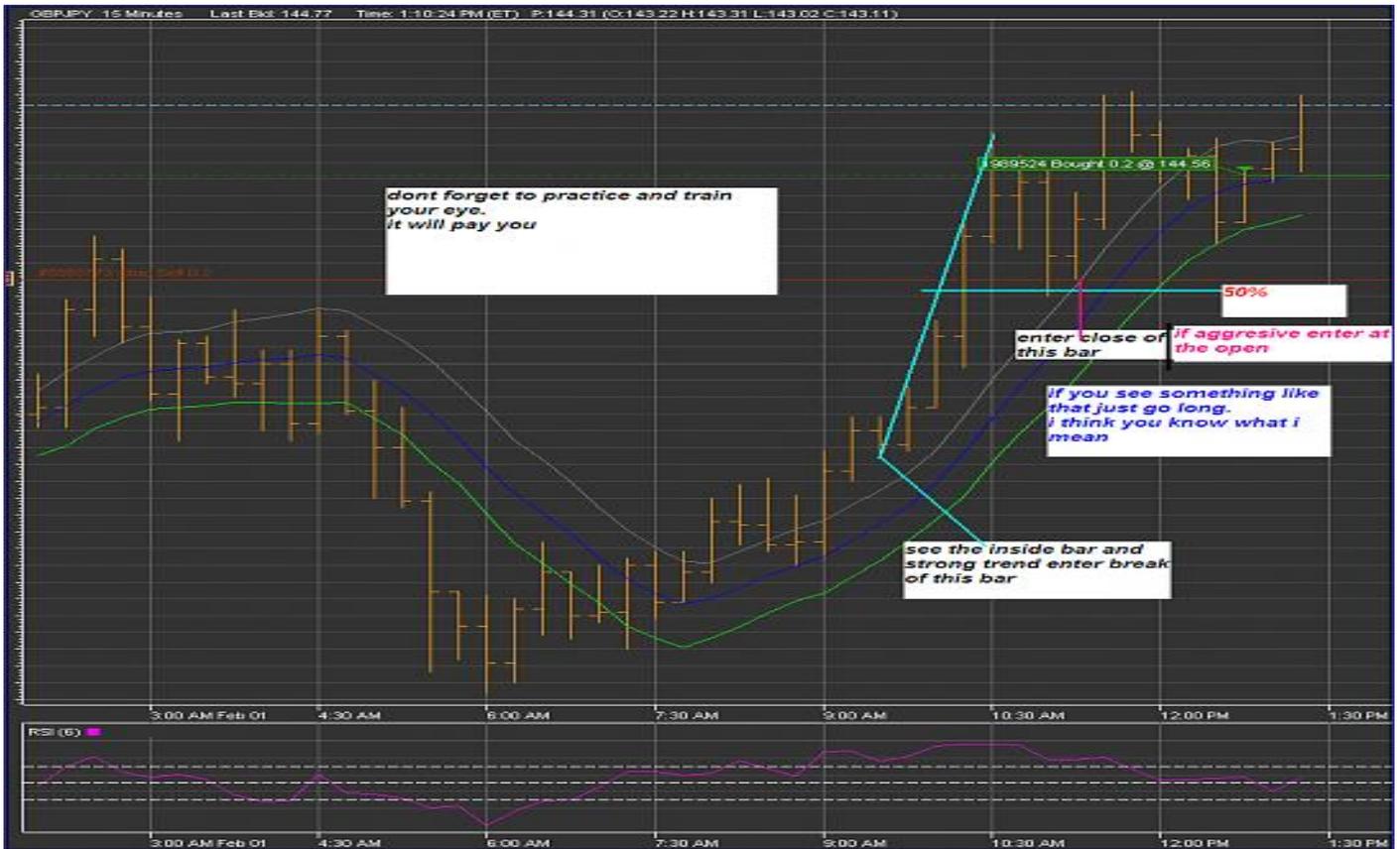
Trading is not that easy. It takes time.



Don't chase the market. Wait for a good setup.

If you enter at the right time you will have smaller stop loss and bigger profit. You can move the stop to break even after one bar profit.

I don't like to chase the market that's why I enter just before the trend resume.



This one is for all of you who want to learn price action. Most of you wouldn't realise at the moment what's in the chart. But you will realise when u will be a profitable trader. This chart tells you lots of thing about price action.

Try to understand and use them in your trading. You will be glad. I used numbers, read them one by one.

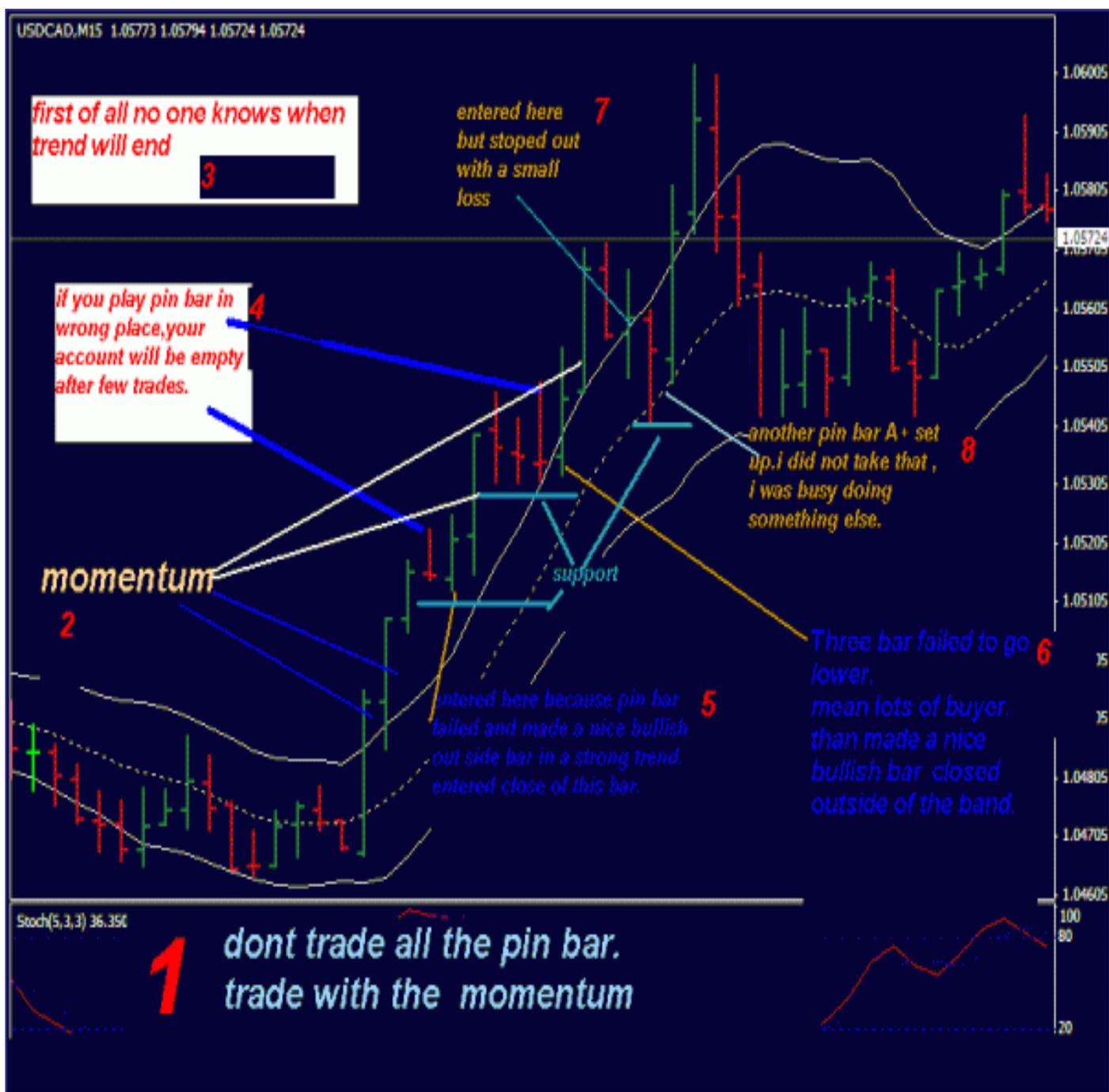


Always wait for the retrace and confirm with price.
Don't chase the market like losers do.

If you want to professional always wait for the nice setup.
You will be glad if you wait.
If you miss the trade don't worry.
There will be another trade in the corner.

About 98% of the times I enter close of the bar while everyone is still thinking opposite side of me.
I don't enter at the break out because most of the time price will sky rocket.
If u enter at the breakout some time you wouldn't get filled or lose a few pips.

Remember pro's play the opposite side. That's why price moves so fast at the breakout and takes all the stops out.





See the chart first and then see the big number 2, the bearish bar where I pointed.

Our entry was great (green bar).we did get stopped out (red bar). Now I want to see is it real bull or it was just stop hunt. Close of this bar now I know it was stop hunt big boys are coming. For this kind of setup you would not get retracement most of the time.

Too many orders in the market that moves the market very quickly.

That stop hunt was good information for us to know the direction and where order flow is. Now we know big institutions are joining with us.

Do you think they don't know where all the stops are?

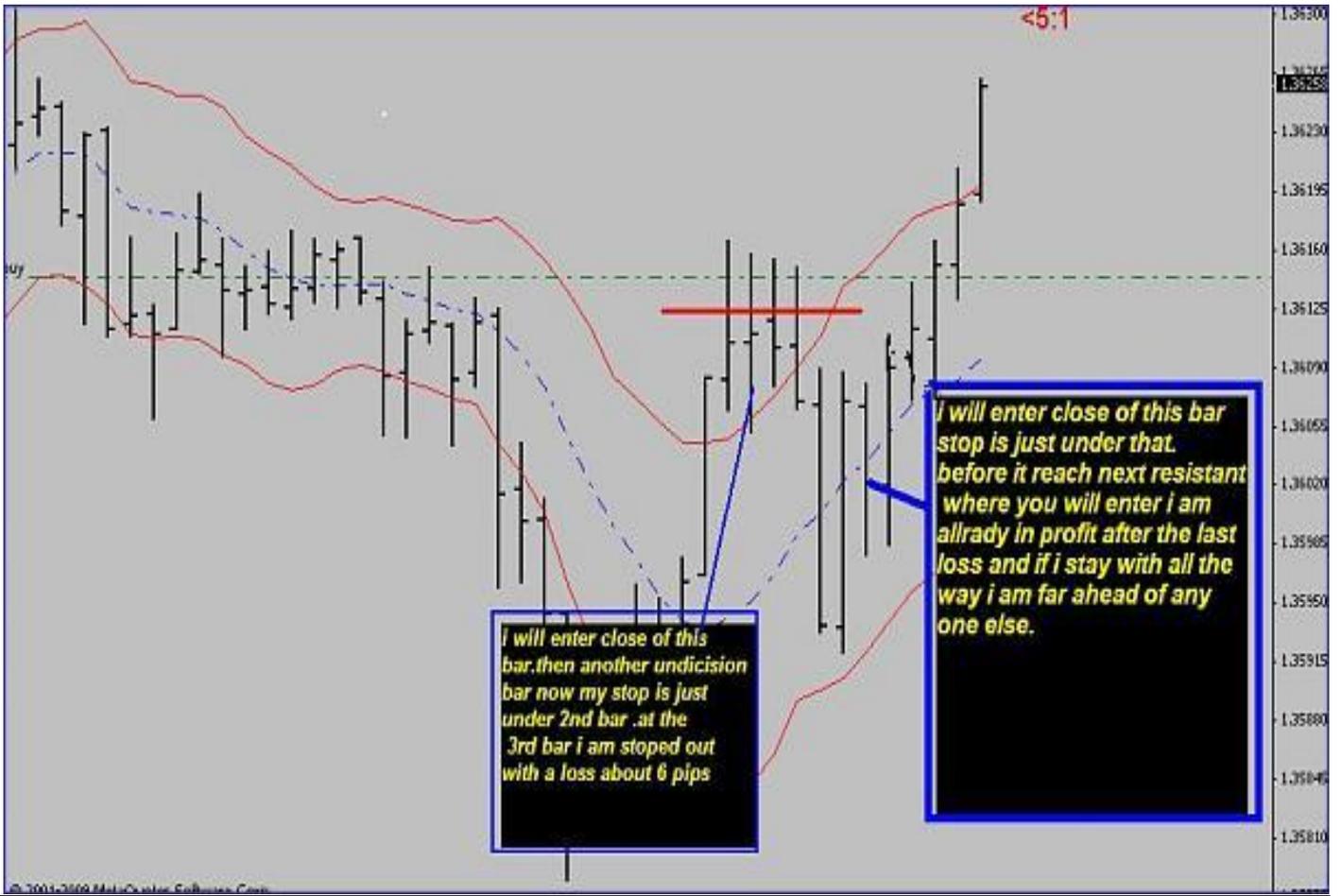
They bid and pushed the price up to take down all the stops and fill their short orders.

They knew where all the stops were. They need someone to take the opposite side.

They got filled all their orders and you know what now all the amateur traders are afraid to take the short.

The entire amateur side is long and all the pro's on the downside. Now they are after the downside stop. When all the amateurs see price is moving down they are closing their long position and panic started and market moved more quickly because more people are in the trap.

We did have lots of clues, impulsive move, fib, stop hunt, resistance and price action.







IMHO it is always better to enter earlier than late. Loss will be small and profit will be bigger. Most of people are doing the other way they enter late that's why their profit is small, loss is big.

Scalpers mean **thief's** for me so no late entries.

We are thief's we have to get in, get it, and get out.

Only three quick steps. No mistakes (but sometimes we will get caught with small stop)

Because of late entry your perfect strategy could become a losing strategy.



Understanding And Recognising Supply And Demand Levels

I mostly use supply and demand levels (obvious levels) to entry my position. Understanding supply and demand levels will help you to get better entries and exit.

If you see the chart you will get the idea. A picture is worth thousand words. That's why I attached a AUD/USD 4 hour chart.

I use stochastics to see any divergence coming in the market (nothing else) on the supply or demand levels.

Understanding those levels u can safely enter with small stops .it will make more odds in your favour.

The market is made up of imbalance of supply and demand.

You must have to have patience to wait for price to come to those levels and retest them.

Wait for market to make a nice entry bar or entry point for you.

There are some times you can take break out trades at those levels as well.

The higher the time frame the more stable those levels.

There is some times price will hit those levels like a train going 120 mph.

You have to stand back. With enough practice and errors you will feel what the market is telling you. Momentum is with you or against you.

You have to see which levels you are on where are you are going?

Are you standing on the train line in front of the oncoming train going 120 mph or do you want to ride the train safely?

If you want to ride the train, know how to ride it safely. Know where the train stop is that you can get on board safely.

There is some time you must not ride the train.(if it's wrong train) or you have to know if it is the last stop. (reversal)

Know the supply and demand levels and trade at those levels.

These two are the foundation of a profitable trader.

Use pin bars or any other candle stick pattern to get your entry and use other indicators if you want just for confirmation. If you want to use any but know the ins and out of that indicator, but remember price is king. Less is better.

On the chart below see the supply levels and demand levels.

Once supply level or demand levels get broken they act as an opposite force.

What I mean is when supply levels get broken it becomes a demand level and vice versa.

I know a guy who always talks about supply and demand. I know he is a very good trader, but guess what, people find his subject is very boring.

I respect this guy. He is a genuine trader. I can give you a guarantee.

People likes it when someone talks about a trading system or a indicator or a trading robot but this is not real trading.

Real trading is supply and demand

A few days ago I posted a post talking ABOUT A GUY. That was **Sam Seiden** that I was talking about.

If you understand him you will understand me as well.



When price gaps down or up it normally acts as support or resistance. Because there were some orders in the market that made on the chart gap up or down. When it will go to that level some more orders will come to that level as traders think that again some people will buy or sell (depending on the previous move) at that level and some of them will take bit of profit at that level.

Institutions will test the market with small orders at that level. Is it going to hold or break? If it breaks they add more orders to blast through that level, same with the stocks or any financial instrument..if u see the order book at that time u will know what institutions are up to.

Now if its breaks it will act as opposite force.

Why? The reason is it did break last time is lots of orders. Trader will think this time again people will bid or offer at that level (depend on previous move was it impulsive or corrective) Its human nature. If something works people does that again and again. When people enjoy something they always love to do that again and again. Especially when trading its better than sex. It's a lot easier to stop having sex than trading. After sex you will take a break but with trading it's so hard to take a break when you are losing or making money unless you are disciplined.

Professionals are clever they know what peoples are up to. They knows human behaviour. They know normal retail traders won't be able to control the greed. Amateur will join at that level and expect to make money. That's why they always test the market before putting the actual size in the market. Take the stops to fill their order.

Institutional strategy is averaging strategy. Price does not need go to exact supply and demand level to make profit. They make profit a lot before their target level and get out before the other people gets in. That's why price makes trend line and price retraces to fib level and bounced off. What that means is institution is already taking some profit and now they are joining the other side of the previous move or they are reducing their loads. They always unload some of the orders at the significant demand or supply levels. There is always some buyers or sellers (depending on the previous move) waiting with some orders to get filled at that level. And sometimes when they take profits the trend reverses as other forces join with them to reverse the trend.

If it's not clear don't worry. I will explain later.

eu 15 m with small stop. lovely trade



lots of bear orders today in the market

GU 4 hour chart



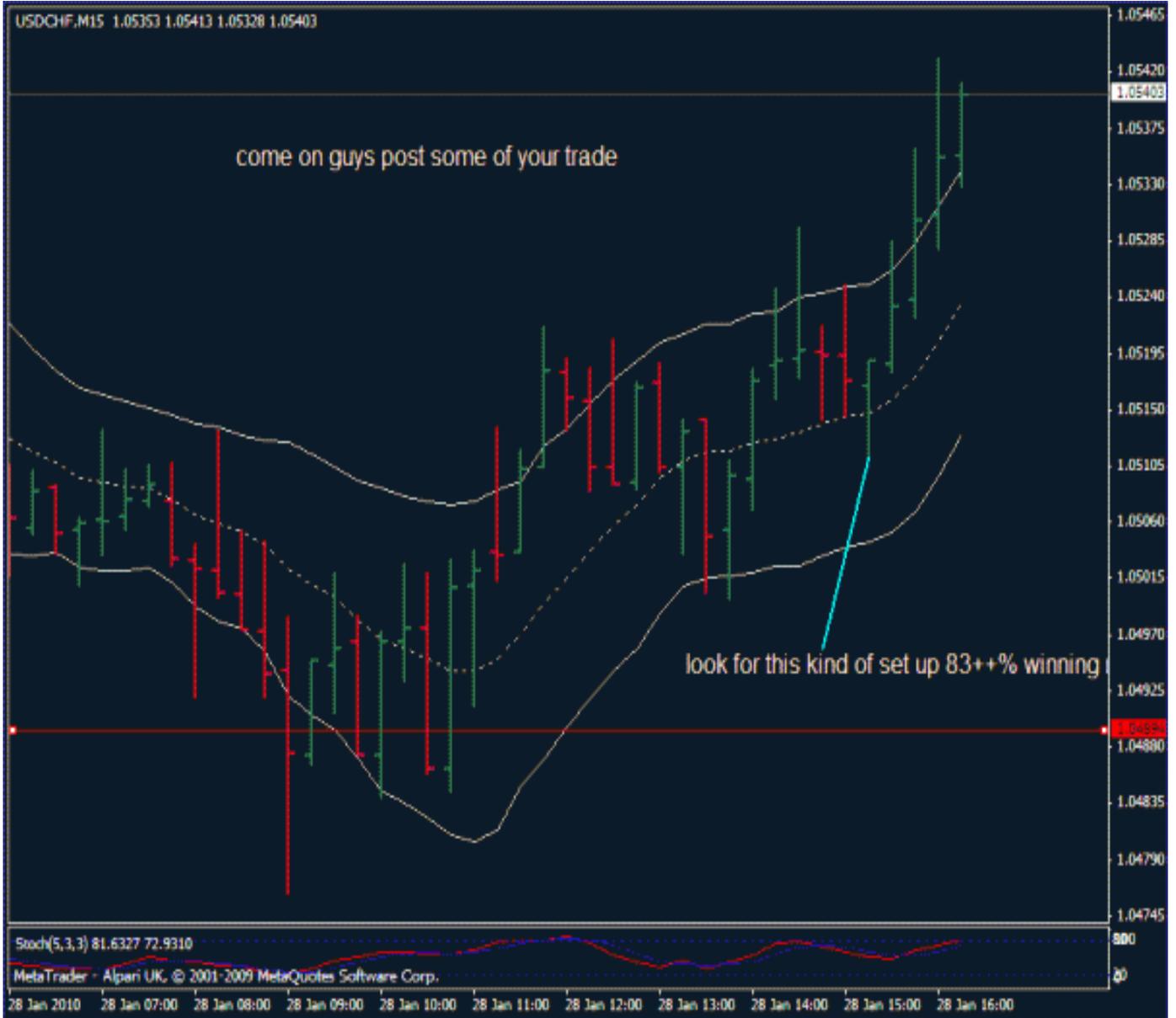
The A++ Setup

One of my best set ups.

If you trade one of them in a week you will make enough for the week.

Be patient.

Don't hurry to make money.



If you master this setup you will make enough money for living.

Don't trade against the trend.

Avoid slow time because too many whipsaw.

You need only one set up to make money that's why we pick the best one.

Stop loss is just above the signal bar.

Exit is same or twice as stop loss or you can take half off at next s/r level and trail the other half.

You are getting this all for free, it does not mean it's useless.

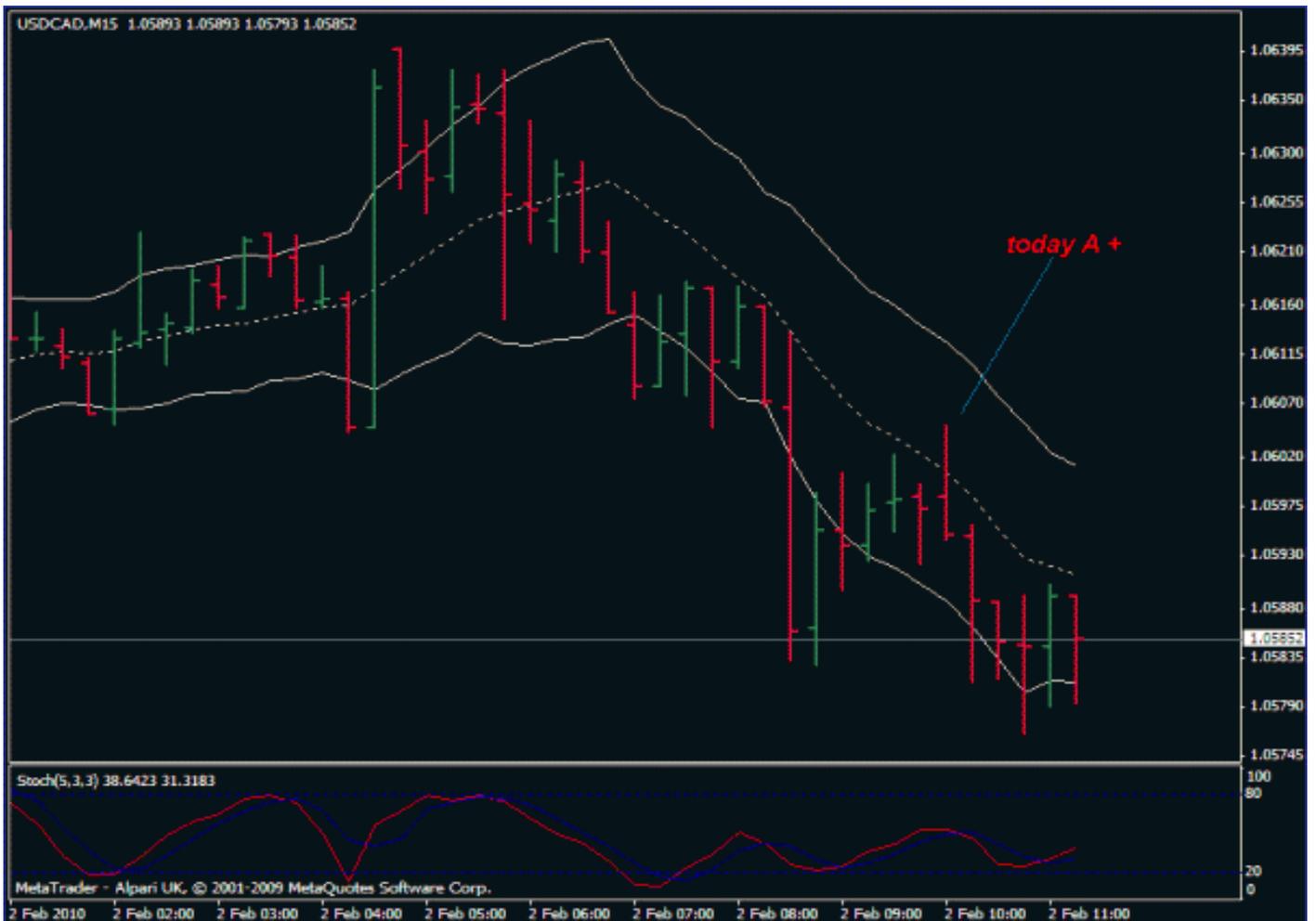
If you learn this setup properly you will be in one the 5% traders that make money.

I mean it.

This is my promise



See the A+ setup today





In the beginning just stay with the keltner. It's not a hard rule when you master the method, everything is easy. Keltner is just quick direction.

Always follow the price.

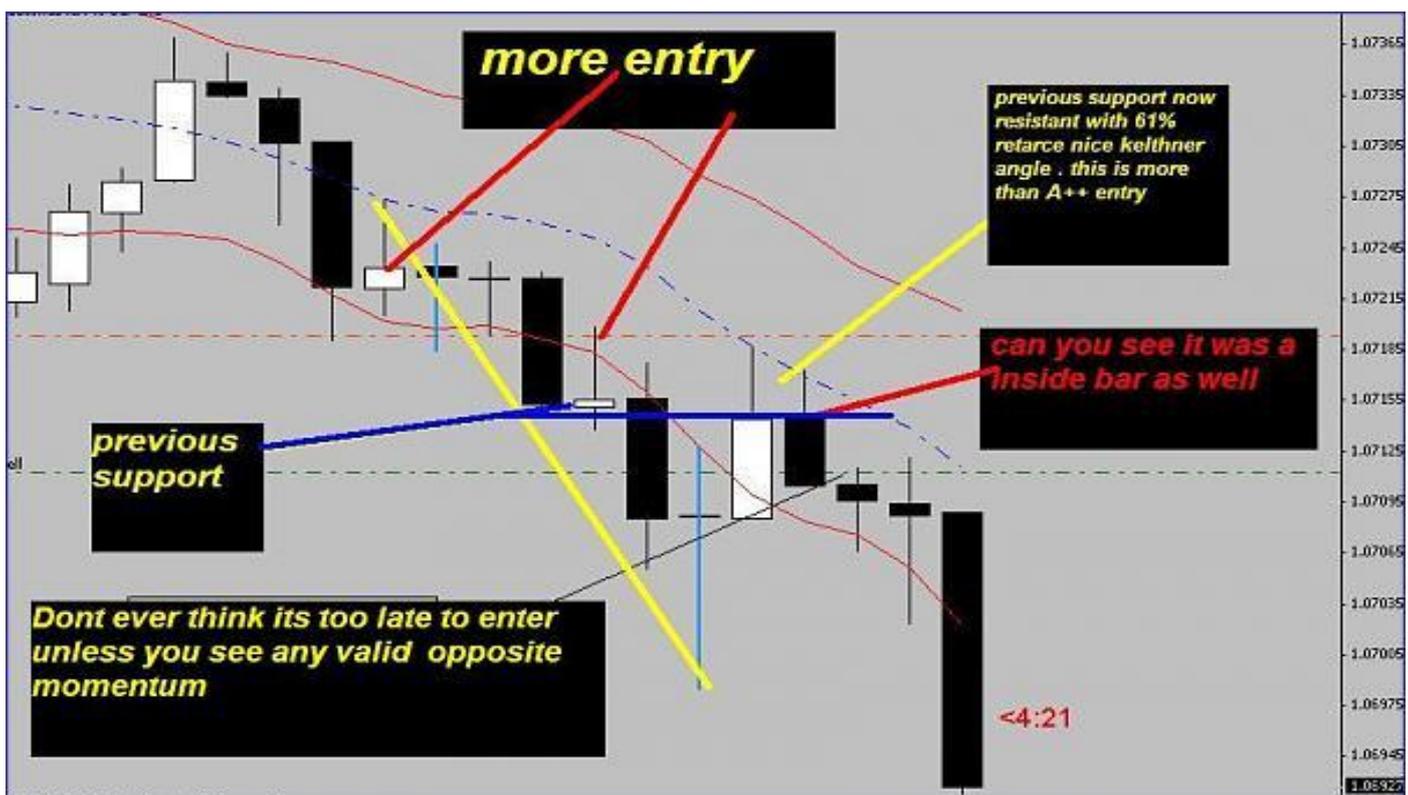
When you will learn the price action properly you can trade easily any setup.

Check out the chart you will learn more.

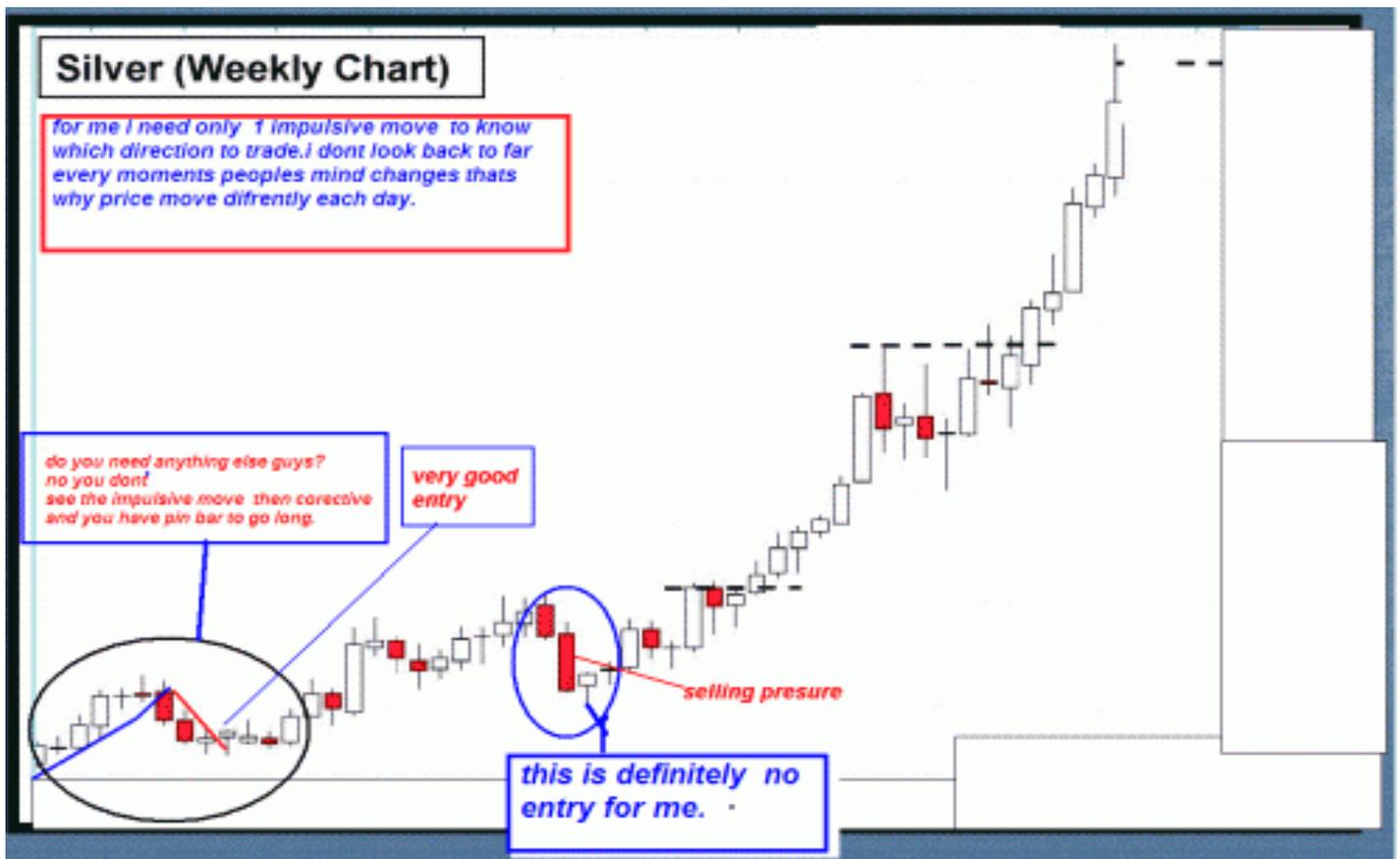
Remember I have taken years to learn the method.

You can trade which one you feel safe and meet you risk reward ratio. Check the chart

I used numbers on the chart. Read one after another you will understand better.



There are lots of entries but I just showed 1 entry and 1 no entry.
 Rest is easy.
 See the circle area now and read the chart.



If it's an inside bar entry will be at the breakout.

If any other bar entry will be at the close of signal bar if signal bar is big wait for a retrace or don't enter.





Exit Signals

There are lots of traders who trade divergence and make money.
In my opinion divergence is not for entry.

Divergence mean momentum is slowing. It is best for taking profits.
Divergence is good but not for entry.

I would not bore you if you Google about the divergence you will find enough information.



With every bar our decision can change, we are traders we are not investors.
Like I say I am bullish, close of this bar I will say bearish depend on the price action.
But most of the people don't like to change their mind. That's where success comes.

Learn to change your mind in a second.

Trade Management

For longer time trader here is a tip, if signal bar is big wait for 38% or 50% retrace (manage the risk first) when entry bar open.

After first trade if you made 20 pips I made 40.

2nd trade is a loss about 10 pips.

Same with 3rd trade another 10 pip loss. Altogether 20 pip loss and 20 pip profit.

Even though I was right less than 40% my profit is same as you 20 pip and you were right 100% your profit is 20 pips as well.

Trade no 4. if both of us take the same trade my profit will be lot more than you with small stop loss.

Because I will enter lot earlier than you and see how big your stop loss will be.

Now after 4 trades I was wrong 50% of the time still made more than you.

You were right 100% of the time because you took only two trades still you made less than me.

That's why trade management and money management is Holy Grail.

In trading you will lose.

In my first post I told you I do get stopped out so many times still make more money than other people love to get stopped out. It's not about how many times you do get stopped out; it's about how much you make and how much you risk.

That's why timing is everything. Professional doesn't care about how many times they get stopped out.

They always trust the method and follow.

With less than 30% winning rate you can make enough.

BUT my entry is lot before the breakout .I am an aggressive player. I do get stopped out so many times. If the bar is large I wait for a 50% retrace at the next bar. If its small I enter at the close. I don't like entering at the breakout because when we're day trading if break out occurs price moves very fast and sometimes you will get filled miles away and stop is bigger if you put the stop in the safe zone (I mean just above pin bar).

With a 50% retrace entry my stop is half the size of breakout traders so I can be wrong 2 times and will lose same as breakout traders.

If they just lose once, their loss will same as me and profit wise my entry is early so my profit will be bigger than breakout traders.

Can you remember I told you pin bar is nothing? If you only take pin bar you going to lose the money in this business.

There is so many people will tell you trade only pin bar you will make enough money.

But guys I told you don't trade pin bar only combine with price action or what the chart is telling you at the moment.

Most people or gurus will tell you chart doesn't talk but I am telling you chart talks.

In this chart you will see why I told you that.

I am going to talk about losing trade not the winning one .most people will talk about winning one.

For me, its risk first.

Now first trade was good you entered correctly but where was you? When price went all the way to down at the next bar. You should have move the stop to at least break even. Your risk could have been zero.

The second made a little good.

3rd trade did you see the inside bar after the breakout lots of people went long. Their stop is under the inside bar.

When people went long they are supporting the price to go higher.
If it was an uptrend it could have been blast through.
It could not move far because of the downtrend.
At least I would not take that trade after the inside bar breakout without any clear direction.

See the 4th trade price is still struggling to go lower. It means strong support so if you entered what do you expect? Sure another loss.

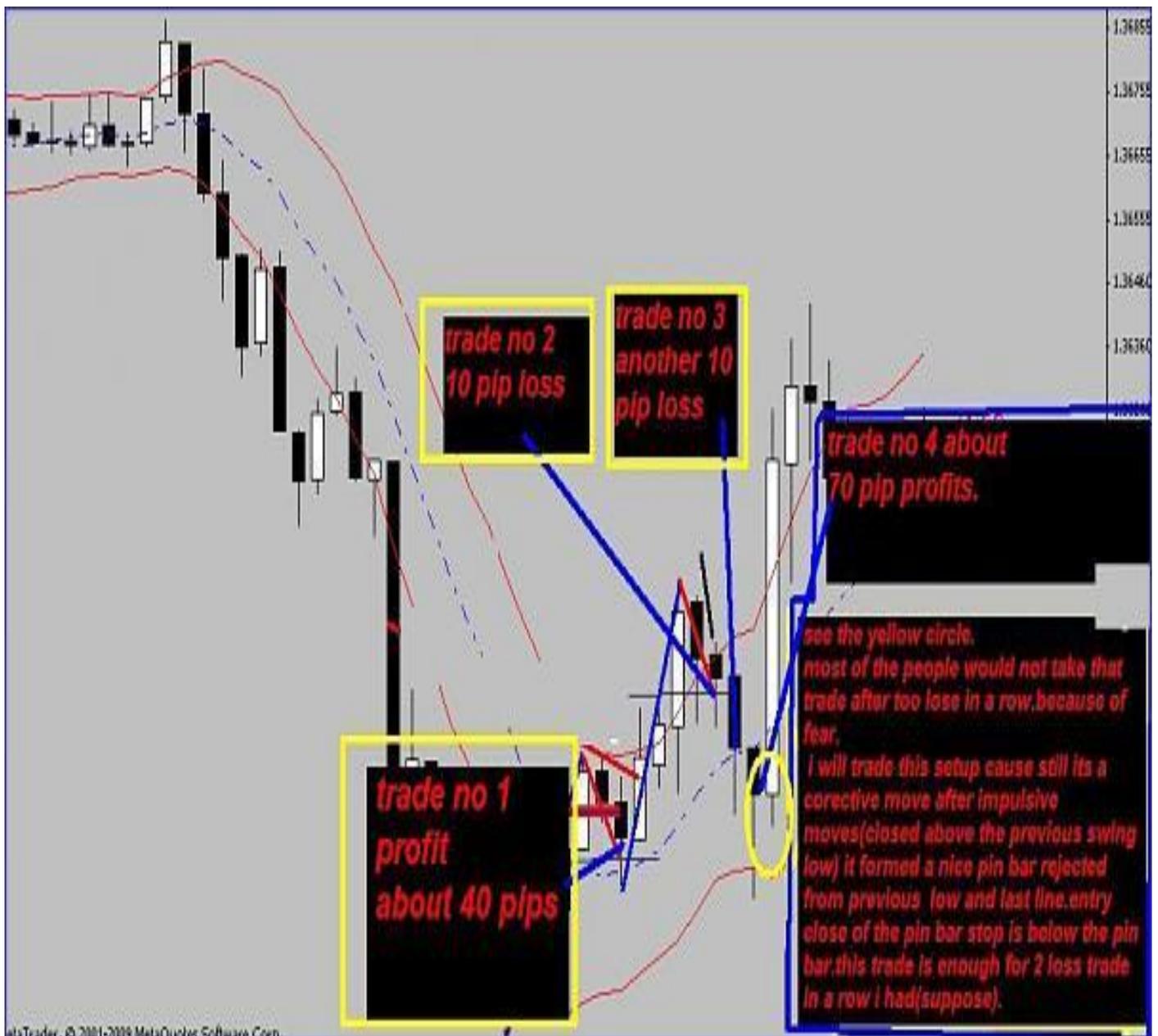
See the chart now .train your eyes to see them.

Indicators wouldn't tell you that. Only your eyes can see them and chart will tell you.

After the 4th entry see another inside bar breakout.

For the risk, if you think your stop is too big wait for 50% retrace at the next bar or don't enter.

Do you understand how important trade management is?





See the chart below.

All the bearish bar has got long tail.

It means downside momentum is running out.

There was not any retrace on the upside as well and it failed to close below the previous low.

and see the momentum it was upside.

That's why I will count this move is a corrective move.

The entire bar was rejection bars.

It was big money to take stops out .when they got there order filed. They did a big push up and took all the up side stops. That's why the move was big. There were so many traders on the trap.

and we knew that there was upside momentum.

Because we know price action. (see all the bearish bar).

Most people get scared after 2 losses in a row. They would not take the 3rd trade. Even if there method tells them to enter they would not. Why? Because of the emotion.

As a trader you have to master everything.

You have to follow your method and you need a solid method.

Stick with the rules. It will pay you.

There was not any valid reason for me not to take that trade.

I will take all the trades because there was not valid downside momentum or any bearish price action.

Pros play with the momentum. Even though it took the 2 stop out still the last trade will pay you more than you lose.

For the stop I always use high or low of the signal bar. It does not matter swing high, low or not.



Even if we played the pin bar and moved the stop to breakeven at the next bar .then it dropped heavily. We did not lose anything and we saved our ass. That's how you have to manage the trade. It's not same as money management.

This is trade management. It is more important than money management.

Can you see how important to move the stop to break even.
We are not losing anything. In the long run that's how you have to survive in this game. As a trader our first target is protect our capital.
It is same as protecting your country.

If we know how, not to lose the money then money will come to us.
Getting stopped out at breakeven -I know it's a frustration at the beginning but once you will get used to you will love it.

I used some of your post to tell you what is trade management and money management. Don't mix them up.

Don't enter a trade if stop loss is too big, like on an PB with very large wick. Better to wait if it retraces some more, maybe to 50% of the wick to give you a better entry with smaller SL.
As soon as the trade is same as stop loss (not any fix amount of pips) in profit trail SL to B/E.

Low risk entry with tight stop (10-12pips) may be bit more

Move stop to breakeven ASAP.

stay with trade until first signs of weakness (IB,PB or large bar against me) or exit 1/2 position at 2x stop risked and let the other 1/2 ride.

1. Enter with price action and on impulsive move.
2. Go to breakeven once the next bar after entry goes in the intended direction.
3. If there is stalling of prices, get out after 3 bars with small loss.
4. Have confidence in the setup and let trade run. If stopped out, that's what the small stop loss is for. But if turns into a runner, very often able to recoup the earlier small losses.
5. Exit when bars show price going in opposite direction.

All the above is trade management.

As regards having a specific pip target for the day, in my opinion never limit your winners.
Always limit your loses.

-Follow what pro's do, not the other way around.

As a retail trader **we have to use a stop loss**. No one is watching over our shoulder and thats why it's easy to get emotional when trading.

But if it's an institution and you trade for them then you are bound to close the position when predefined losses occur because there's always someone above your level who is watching your trades.

That's why some people will say stop orders are for losers. That's not true. That is only valid for institutions not for retail traders.

Yes you can make money without stop orders but you need deep pockets and it's not for retail.

Don't let anyone tell you to trade without the stops because as a retail trader you won't be able to succeed in this business.

Institutions mostly use mental stops. Their orders are big and they do not get executed at the same level as a retail trader.

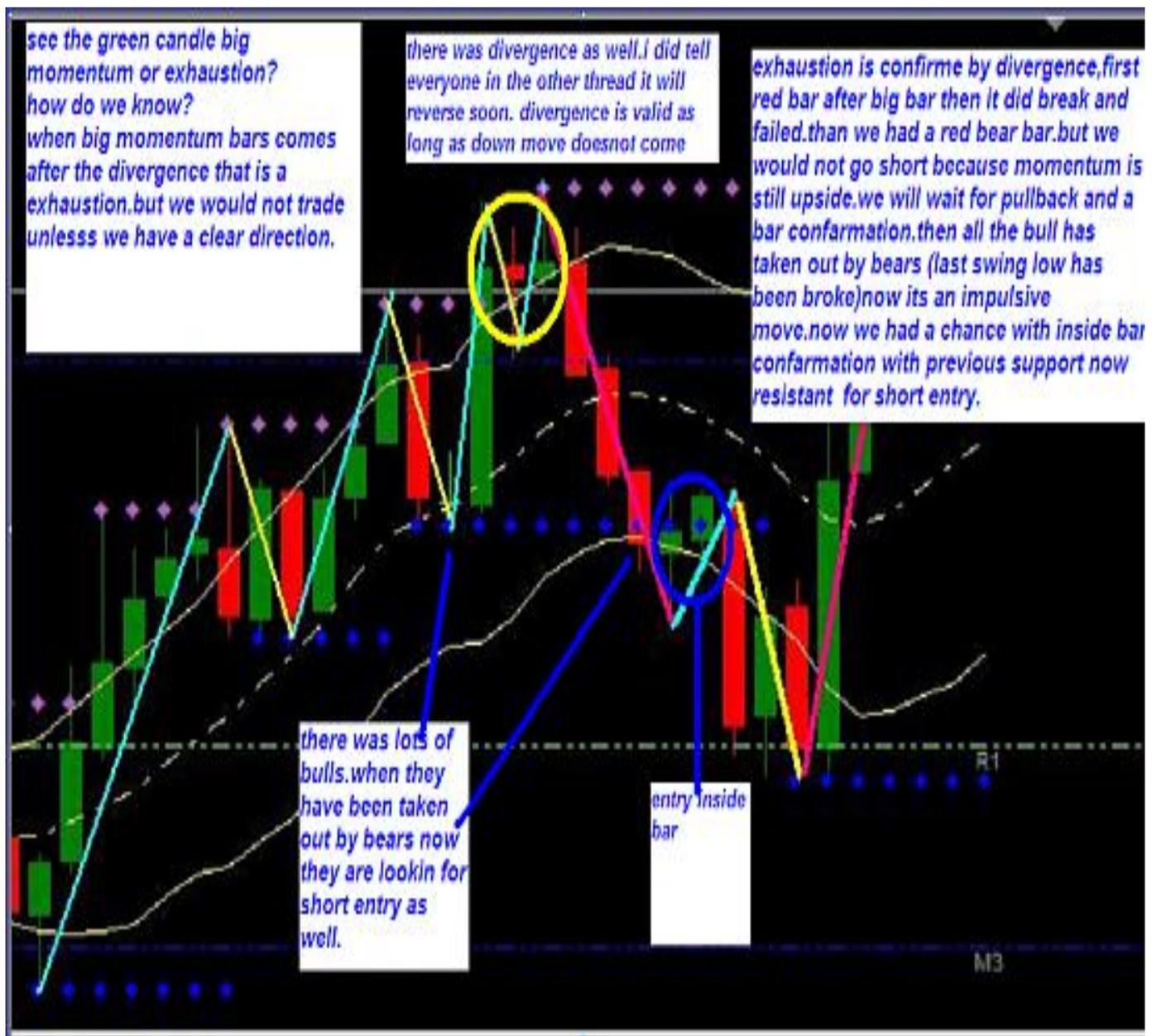
To survive in this game never ever forget to use stops. If you don't use stops, one day you will blow your account and that day will come.

We don't trade fibs or any other technical indicators. We watch price reaction at those levels and we trade price.

We want to see what is happening at those levels. If price tells us to jump in, why hesitate. Jump in but you must define your stop level.

When you day trade you need extra concentration. Manage the trade actively. Use your common sense and train yourself. Most important be patient.

Wait for the price to tell you when to get in and out. You must pull the trigger when time comes.



its an aggressive play. i am sharing few trick dont try unless u are fully confident

see the circle if u entered at the green bar ur stop should have been above the big red bar. green bar was 50% retrace of big red bar. and according to trade management, you should have been move your stop to breakeven when next red candle closed. now ur in a free trade. see the next big bull candle u have been stoped out with BE if u have managed the trade properly and followed the rules. otherwise it was a big pain for u. and i can tell u that was institutional move. do u know why? i will explain in the next picture.

we have momentum see the big red candle previous support now resistant

red candle did take out so many bulls.



why that was institutional move?

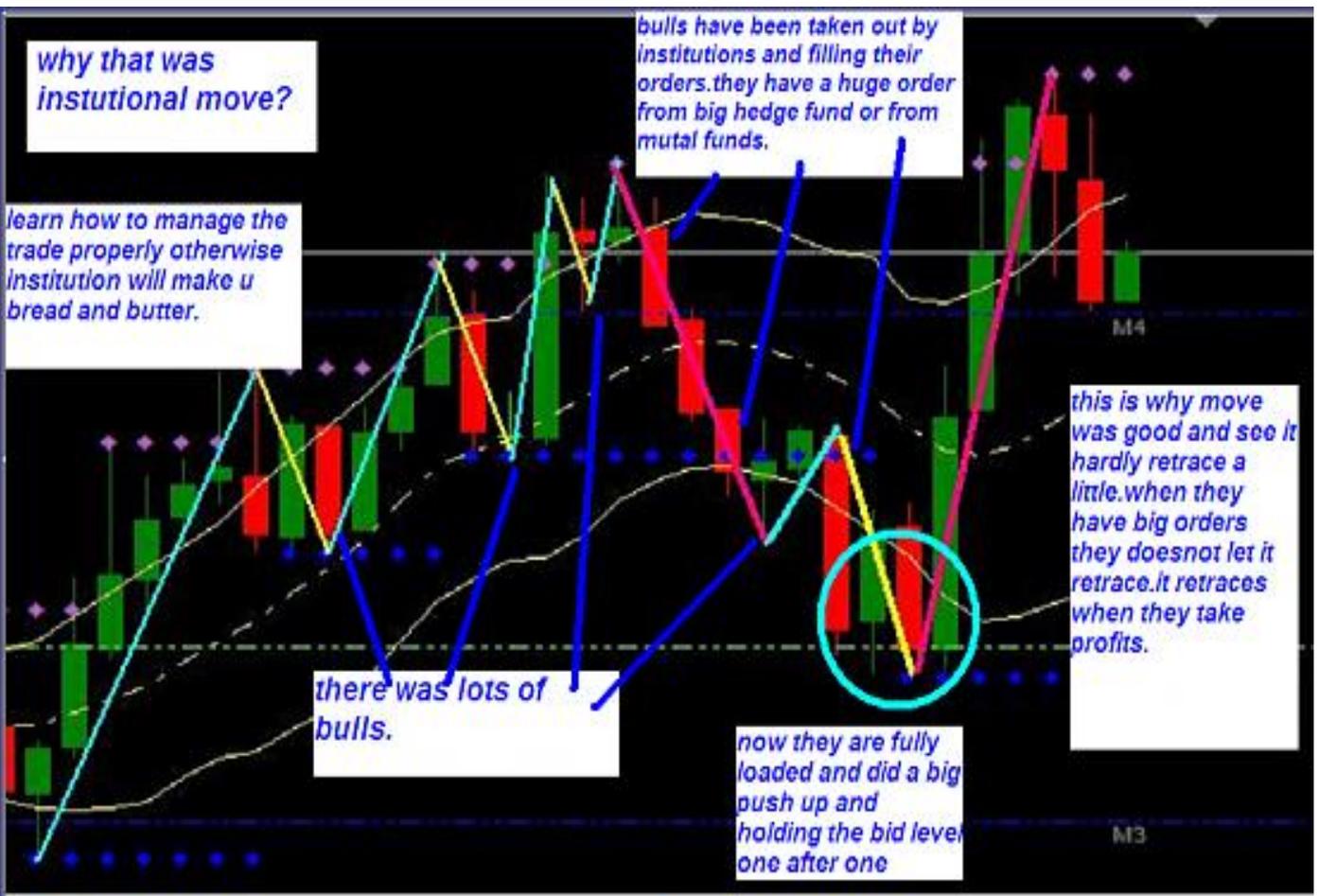
learn how to manage the trade properly otherwise institution will make u bread and butter.

bulls have been taken out by institutions and filling their orders. they have a huge order from big hedge fund or from mutal funds.

this is why move was good and see it hardly retrace a little. when they have big orders they doesnot let it retrace. it retraces when they take profits.

there was lots of bulls.

now they are fully loaded and did a big push up and holding the bid level one after one





Money Management

If trend is strong I trail the stop to 50% of last bar.
Always try to minimise the risk, because we are day trading

Normally profit target is twice of the stop loss.
Some time I do scalp out.
Some times a 1:1 ratio or next support or resistance.
It actually depends on the situation.
This is the only thing that is very hard to master.

It's a feeling or you can say Art.
But at the beginning stick with 1 for 2.
When you will master the method you will know when to exit. Price action will tell you.
Always manage the risk first then profit.

Don't use any fixed amounts of pips as each entry bar will be bit different.
Minimum profit target is 2:1 or more than that but if you can stick with 3:1 at the beginning than you can make money with 40%.

If you don't use bigger a profit target then you won't be able to cover your losses.
At the beginning don't scale out of your position, otherwise your profit will be smaller.

When you will get enough experience and you winning percentage is above 70% then you can scale out position.
When you will have enough hit rate you can use 1:1 risk reward ratio.

If signal bar is too big wait for a 50% retracement otherwise don't take the trade.
See with my risk reward ratio you can easily get 3:1 if you enter at the correct time.
If signal bar is large there is more chance you wouldn't get the big profit.

When I have enough profit I always move the stop to breakeven. Even if I do get stopped out it doesn't affect me.
I never turn a winner into loser.

Remember the golden rule.
Don't let a winner to be a loser.

Always move the stop to breakeven when you will have profit same as stop loss.
If you do get stopped out doesn't matter. We have nothing to lose.
All trades won't be 100% right that's why we have small stop loss.

Even though we trade all day we will lose very small amount of pips because we move the stop to breakeven as soon as possible.

Today while I was trading stocks, 17 times I got stopped out in two hours and still made lots of money today.
Learn to love small loses it will help to become a better trader.

Normally target is double the size of stop loss or more than that.
Maximum stop loss is about 15 (it's not a hard rule)

Don't risk more than 2-5% of working capital on any one trade.

Always use the signal bar and add the spread to that. Use extra pips as well as brokers change their stop to take you down.

Remember you have to change your trading plan day by day until you're fully confident. Change your bad habits and train yourself to trade like a robot.

What does that mean?

It means everyday keep doing what works for you and do less of what does not.

Review your trades every night. While you are trading mark where you entered and where you exited and why. That will be your very first step to become a successful trader.

If you are a beginner set stop to 3:1. It means that you can have more wrong trades and still make money and if you still don't make money there is no need to worry.

After that if you think your profit target will not reach 3:1 than reduce it to 2.5:1 and still if you think your trade does not reach your profit target than reduce it to 2:1.

It doesn't mean you can't get out of the market if momentum changes. Always manage the trade actively.

When you find a Risk: Reward ratio that suits you, stick with that.

If you are experienced you can go for low Risk: Reward ratio. But you need higher hit rate and you have to be very fast.

Every person is different and their risk tolerance is as well. Some people do not have the guts to hold a position too long yet some love to hold onto trades.

Now I will tell you how I manage the trade in FX day trading. I manage different time frames differently. I call it an Art.

What I have found is in FX day trading is that most of the pairs will give you 2:1 then it will give you a pullback. That's why my basic profit target is 2:1 but if I see it was first or second impulsive move of the the current intraday trend than I will hold it as long as momentum stays strong.

If its 5th or more than that than will close most of the trades for 1:1 .and I manage a quick in and out. Don't wait for a bigger Risk: Reward.

On a choppy day if I trade I manage to get quick in and out. You can't expect bigger moves in the choppy market. Choppy days mean supply and demand (sellers and buyer) levels are equally respected by the market .

Those days are tough to trade. If you can spot them than stop trading as soon as you realise it's a flat day or if you trade, do that very carefully.

Mental Preparation

Each day is different in the market. In every trade you have to manage it differently. It depends on the situation.

Make a trading plan and adjust them with your personality from time to time.

There is only one hard rule in trading and that is to protect your capital. Do what ever you need to do that.

Fight with the market to protect that. The profit will come if you can save your capital .

Let the market slap you but don't let it take a gun shot on your chest.

Let the market to do whatever it wants to do, just save yourself. We don't know the outcome of each trade. We will trade as long as the setup meets our trading criteria (whatever method you follow). You have to take all the trades your method gives you.

If u take one and don't take the other one you will see the one you did not take was the best one so trust your method and follow it.

Don't change the method if you know that is good.

Change yourself and your thinking rather than adjust the method. You can only change the method if method tells you to do that. (hah hah its confusing).

If you are a beginner than only play conservative setups. Wait for the right set ups and always play with the trend as long as you don't understand market properly.

If you take the aggressive entries than still try to take the good setups only.

It could be the best system (method) in the world but if you don't know how to use it you will fail. Who is there to blame? It's always you.

It always depends on how you react with the market movement.

If you follow different strategy use different accounts. It will help you to easily see your trading results and you will understand which strategy is better.

When you trade always trade a single strategy in a trading session. Don't mix all the strategies. This is where disaster will come.

Don't take revenge trades. You will blow your account and of couse when you are making money always stay on guard.

Overconfidence is no good for trading.

Don't trade slow time, for day trading we need volatility.

If you use indicators understand what they are telling you.

Even in the best and obvious setups why do most people fail? Because it's their thinking. In an obvious uptrend or downtrend (parabolic move) don't try to go opposite direction. It's always armatures who always see reversal in a strong trend. He/she always try to take the reversal trade and forget to take the trade in the direction of big order flow where all the money is.

After every trade clear your head. If you feel you have to get the money you just lost that's a big warning signal. Stop trading right that moment. Shut the platform and do something else.

Emotions have no place in successful trading.

Its always you who is standing in front of your success. There is no way we know what the next setup will do. We would love to but it's not possible.

Trading is a probability game. If you feel lazy or sleepy then don't trade. You don't need to trade every day. Trade only when you feel comfortable with your mind and bodies condition.

Before the trade always watch at least few minutes the market action. What I mean is that if you start trading at 9:00am try to watch the market for 10 to 15 minutes and try to get a feel first of how the market is moving today, what is the markets plan, is it a sideways market or trending market and make your plan according to the market movement. Then if any setups come along, take the trade.

Most of the time the best decision is to stay on the sideline.

Don't over trade and don't make trading complicated. The more you complicate the trading, the less you follow your method. Don't force yourself to trade only for enjoying.

In the forum not many people talk about momentum. Most of the people always talk about indicators, systems or money management. I know its all good talk but they all forget about the most important thing and that's Momentum.

If you can spot the momentum your entry and exit will be much better. It will save you from disaster and will give you a bigger profit. You will know when to stay out of the market.

Trade Price's Fables

In ancient times, a king had a boulder placed on a roadway. Then he hid himself and watched to see if anyone would remove the huge rock. Some of the king's wealthiest merchants and courtiers came by and simply walked around it. Many loudly blamed the king for not keeping the roads clear, but none did anything about getting the big stone out of the way.

Then a peasant came along carrying a load of vegetables. On approaching the boulder, the peasant laid down his burden and tried to move the stone to the side of the road. After much pushing and straining, he finally succeeded. As the peasant picked up his load of vegetables, he noticed a purse lying in the road where the boulder had been.

The purse contained many gold coins and a note from the king indicating that the gold was for the person who removed the boulder from the roadway. The peasant learned what many others never understand.

Every obstacle presents an opportunity to improve one's condition



The king = the market

The boulder = all the struggles to become a trader.

Kings wealthiest merchants and courtiers = educated, intelligent people, or those who do not gain success and blame the market or broker or indicators. They never want to do any practice. They do not want to do any hard work. They want easy money. They do not bother to remove the boulder to know the markets intention.

The peasant = successful traders who does hard work. Whatever comes in his way he removes. He does all the hard work to become successful in trading. He struggles and finally he gets success in this business.

When he removes the boulder then the market (king) indicates that it was a test for him. He makes money from the market.

He understand the markets intention. He learned what other people never understand.

Be a peasant (successful trader). Do all the hard work to become a successful trader. Whatever comes in the way, remove it. Always know that it's a task set by the market (king)

A boy found a cocoon of a butterfly. One day a small opening appeared. He sat and watched the butterfly for several hours as it struggled to force its body through that little hole. Then it seemed to stop making any progress. It appeared as if it had gotten as far as it could, and it could go no further.

So the boy decided to help the butterfly. He took a pair of scissors and snipped off the remaining bit of the cocoon.

The butterfly then emerged easily. But it had a swollen body and small, shrivelled wings.

The boy continued to watch the butterfly because he expected that, at any moment, the wings would enlarge and expand to be able to support the body, which would contract in time.

Neither happened! In fact, the butterfly spent the rest of its life crawling around with a swollen body and shrivelled wings. It never was able to fly.



The butterfly = most of the newbie people in the forum.

The boy = people in the forum or internet who do not know how to trade successfully and they try to help others .

They make those newbie's (butterfly) trading life worse even though their intention is to truly help those guys.

They (the boy) help you to pick up some bad habits and those habits stays with most of the people all the way and they do not succeed in this business.

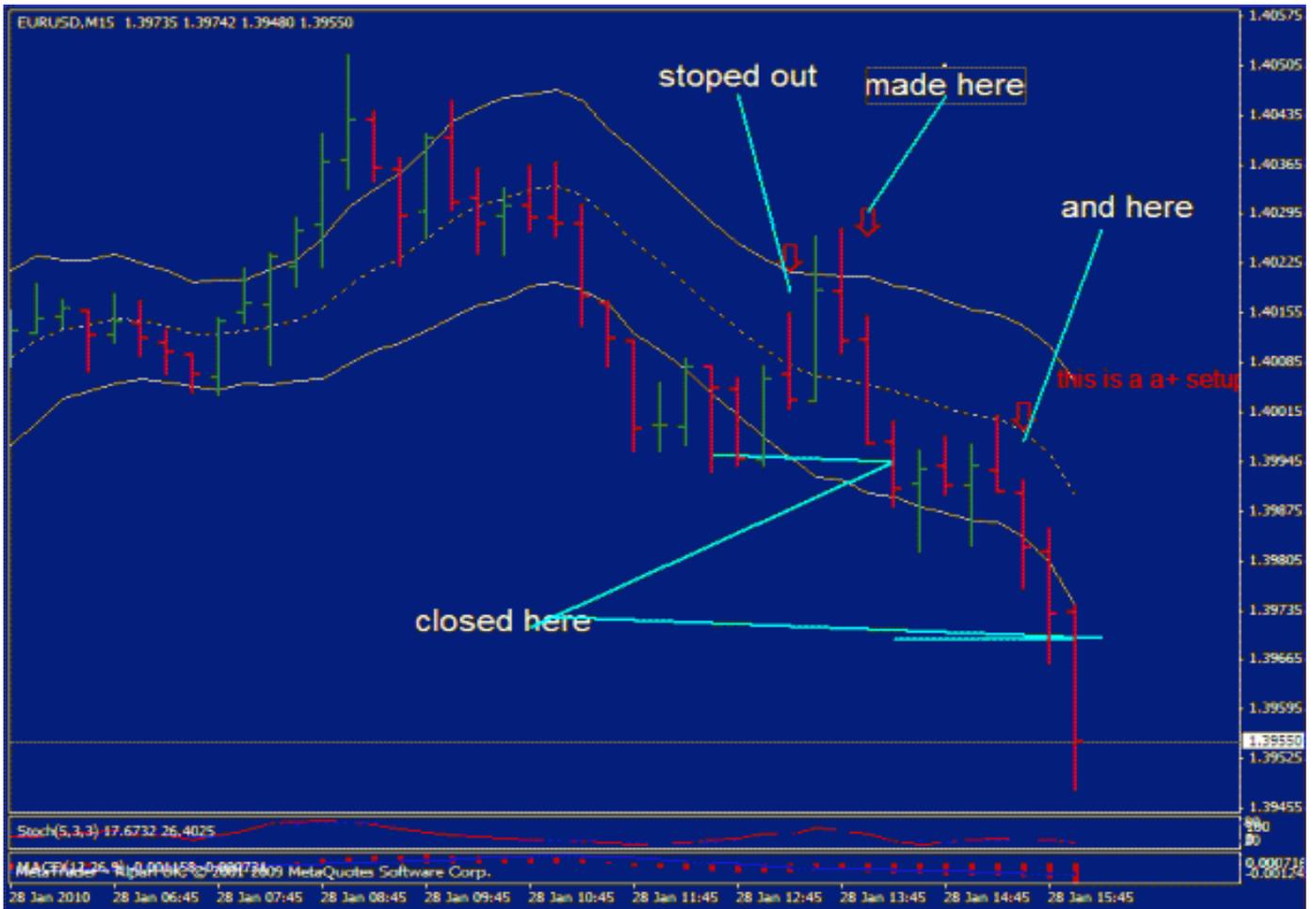
|
Like the butterfly, those people are helpless as they do not have any control. The newbie (butterfly) does not know what to do.

Poor butterfly !!!!

Trade Examples





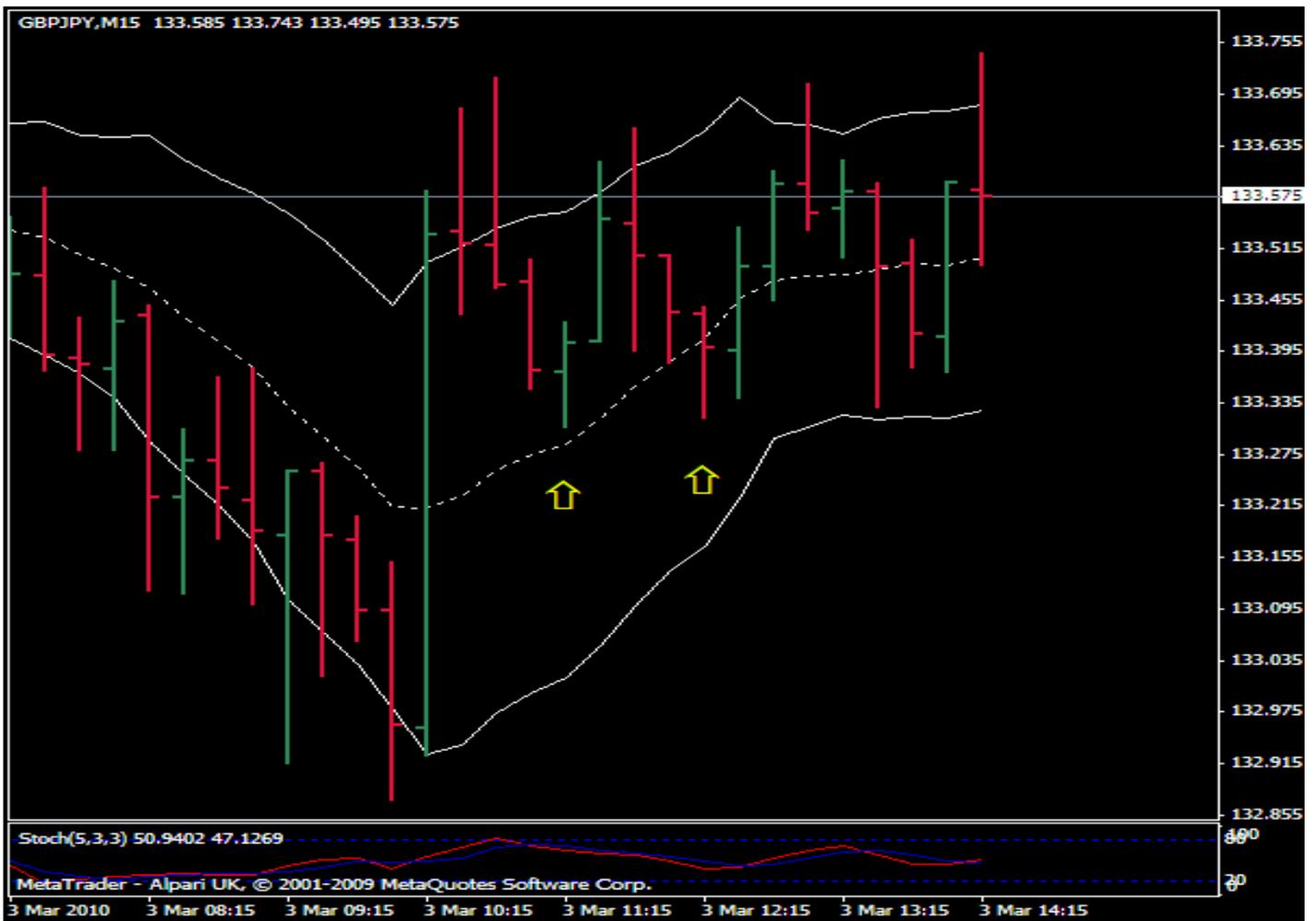
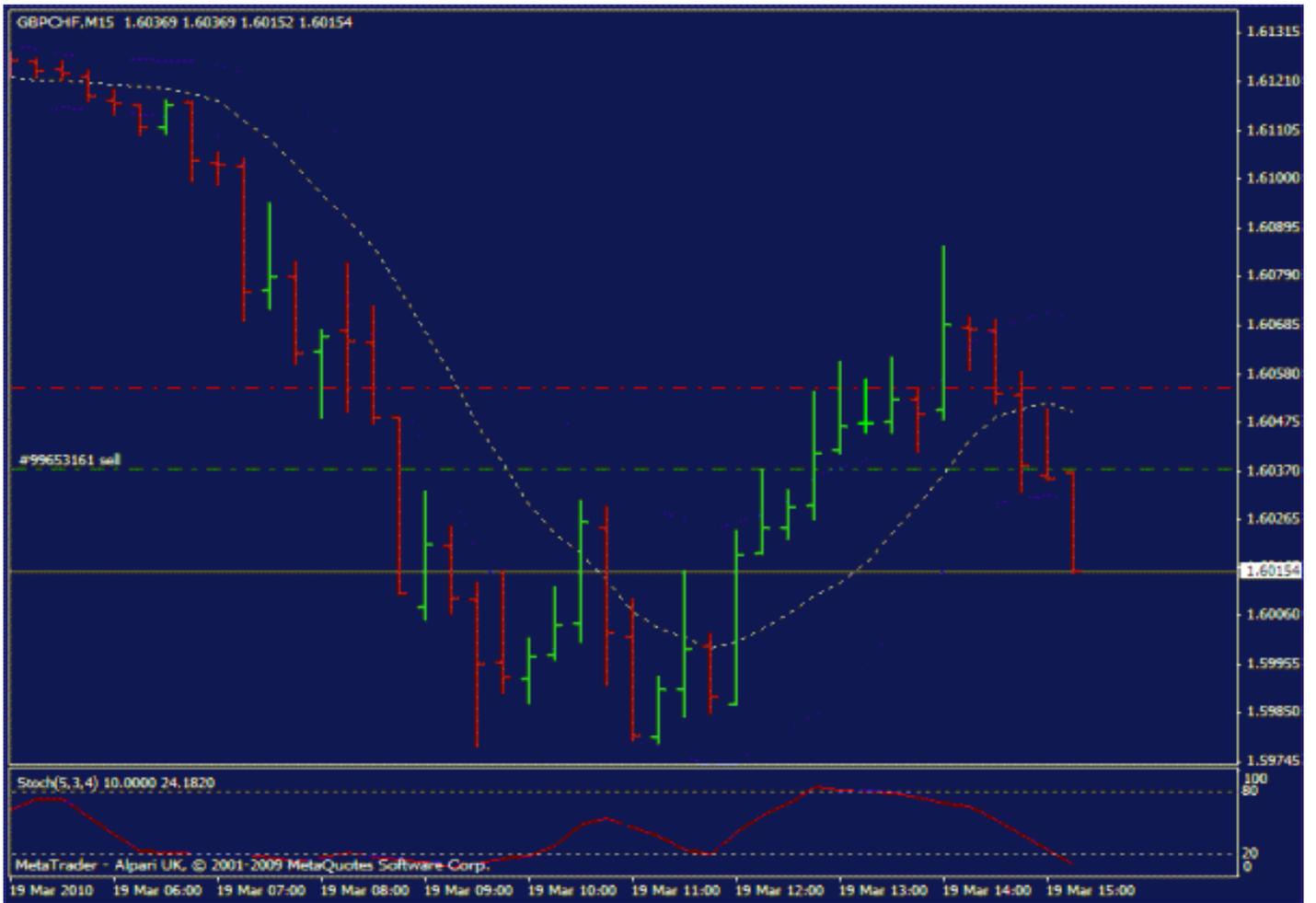












The Rules

***** MY MASTER RULE IS TO FOLLOW MY RULES*****

***** TO MAKE MONEY I NEED MOMENTUM SO I WOULD NOT TRADE WHEN MARKET IS FLAT*****

-Before entry-

- 1.** I should know what the maximum amount of pips is that I could lose in a trade.
- 2.** Before the trade I have to decide whether I am looking for a 2:1 or 3:1 risk to reward ratio. Whatever I chose I must remember that.
- 3.** First thing to look for is - Is market trending or sideways?
- 4.** I need clear and tidy chart to trade.
- 5.** I don't chase the market.
- 6.** I look for nice and clear impulsive moves.
- 7.** I wait for a retrace to fib level 50% or 61% because institutions follow them for entry and if it is above the previous resistant or below the previous support its better. Now it's a good setup. and if it rejected from keltner channel lines it's even better and now it's an A+ setup. I can trade with keltner when it's in nice angle with small stop loss.
- 8.** Now I look for clear evidence of price being rejected from that level in a corrective move.
- 9.** I play outside and inside bars in the direction of trend not against the trend.
- 10.** If they move quickly don't chase the market.
- 11.** When I enter I don't look at the stochastics. If I do I will miss lots of good trades because most of the big moves happen when stochastic is overbought or oversold. Stochastics are not for entry. Only for divergence.
- 12.** No set up - No trade.
- 13.** As soon as I realise that the market is flat I will stop trading and I will close my trading platform.

-Entry-

- 14.** If risk permits me to enter then I will enter otherwise I will pass the trade.
- 15.** When I see a big signal bar I will wait for the retrace at the next bar.
- 16.** If it is an inside bar I will enter at the breakout if risk permits me otherwise I will pass the trade. If it is an outside bar I will wait for a retrace and enter at the next bar.
- 17.** If it's a pin bar or looks like a pin bar then I will enter at the close of the signal bar if risk permits me or I will wait for the retrace. If it keeps moving there is nothing to worry about, another trade is around the corner.
- 18.** If signal bar meets all the above criteria I will enter and put the stop just above or below the signal bar.

-Trade Management And Exit-

- 19.** When I enter, if trade doesn't move in my direction after 3rd bar I will close the trade because there is more chance that it will go against me. There is no reason to hold that trade. Unless I see another signal bar in the direction of I am trading.
- 20.** If I do get stopped out I will wait for another nice entry bar.
- 21.** In the same area, if I do get stopped out twice, then unless it's an A+ set up I will pass the 3rd trade. After 3 times in a row I will pass that trade it does not matter how good the setup is. Wait for another impulsive move and another setup.
- 22.** When I enter the trade, if it moves in my direction I will move the stop to break even as soon as it is same as the stop loss. Now I am in the free trade. If I do get stopped out nothing to lose.
- 23.** If the trade goes in the direction I wanted I will close my position accordingly my risk reward ratio.
- 24.** If I follow 2:1 I will stick with that does not matter what I do. If I follow 3:1 I will follow and stick with that ratio.
- 25.** I will close the position when it reaches my target. I would not worry about rest of the move. I am following my rules.
- 26.** If I see any divergence before my target is hit I will close the position as soon as I see any reversal bars.
- 27.** Be patient. As always, small losses and quick losses are the best losses.
- 28.** Never, ever under any condition, add to a losing trade, or "average" into a position.
- 29.** I will be very careful when any unusual big bar occurs.

-Extra Rules-

Do more of what is working for you, and less of what's not each day.

When sharp losses in equity are experienced, take time off. Close all trades and stop trading

Think like a guerrilla warrior. We wish to fight on the side of the market that is winning, not wasting our time and capital. Our duty is to earn profits by fighting alongside the winning forces. If neither side is winning (flat market) then we don't need to fight at all.

Focus on how you play the game and not on the scoreboard. Trade with discipline and follow your game plan.

After a winning streak, be extra disciplined! Many will make money in the market, but discipline is required to KEEP it.

Stay on your guard at all times!

I HAVE TO REMEMBER

No trading rules will deliver a profit 100 percent of the time.

Closing Thoughts

I want to make you mature in this game, it's not for faint hearted people.
I told you I will advance slowly and I told you I will explain everything slowly.

This is scalpers training (mental training). Have you forgotten success rate is 1% (near zero) so it's not for everyone.
Do you think it's easy to become one of them?

I could tell you where to buy and where to sell. I can give you an easy money making pill. It would not work in the battle field. You have to fight with the brightest people in the world especially when scalping. You are playing with fire. You can't play with fire without proper training

You will get burned.

If I teach you like the average guy ,than what is the difference between success and failure. I can tell you buy a pin bar or inside bar will give success. It's not that easy.

I have been to the boiler room, .I know what I am doing. It's tough love, that will make you better. It took me ages under big arms.

To become a pro you have to think like a pro. You have to train like a pro not like average guys out there. You have to know the market pulse. What the big boys do, how they think. (I think you understand why I say most people here in the Forex Factory are still babies in the market).

While you are on the forum or internet use small positions. If you can, use multiple monitors. It's cheap nowadays. Post your trades in the active thread.

I know you guys are bored with my words so no more for now.

I've finished my class now.

Resources

-Websites-

Intraday Trend Trading With Price Action

www.forexfactory.com/showthread.php?t=217281

Intraday Price Action Trend Trading

<http://www.forexfactory.com/showthread.php?t=222822>

Babypips Beginners Guide To Forex Trading

www.babypips.com

Sam Seidens Supply And Demand Webinars

www.fxstreet.com/search/contributors/authors/author.aspx?id=5766b88a-1a31-4102-8221-e9bf77216d2f

Thomas Bulkowski's Visual Candle Index

www.thepatternsite.com/CandleVisual.html

-Books-

Millionaire Traders, How Everyday Traders Are Beating Wall Street At Their Own Game

Kathy Lien and Boris Schlossberg

Trading In The Zone

Mark Douglas

Reminiscences of a Stock Operator

Jesse Livermore