

MARKET PERSPECTIVE

Example of GbpUSD

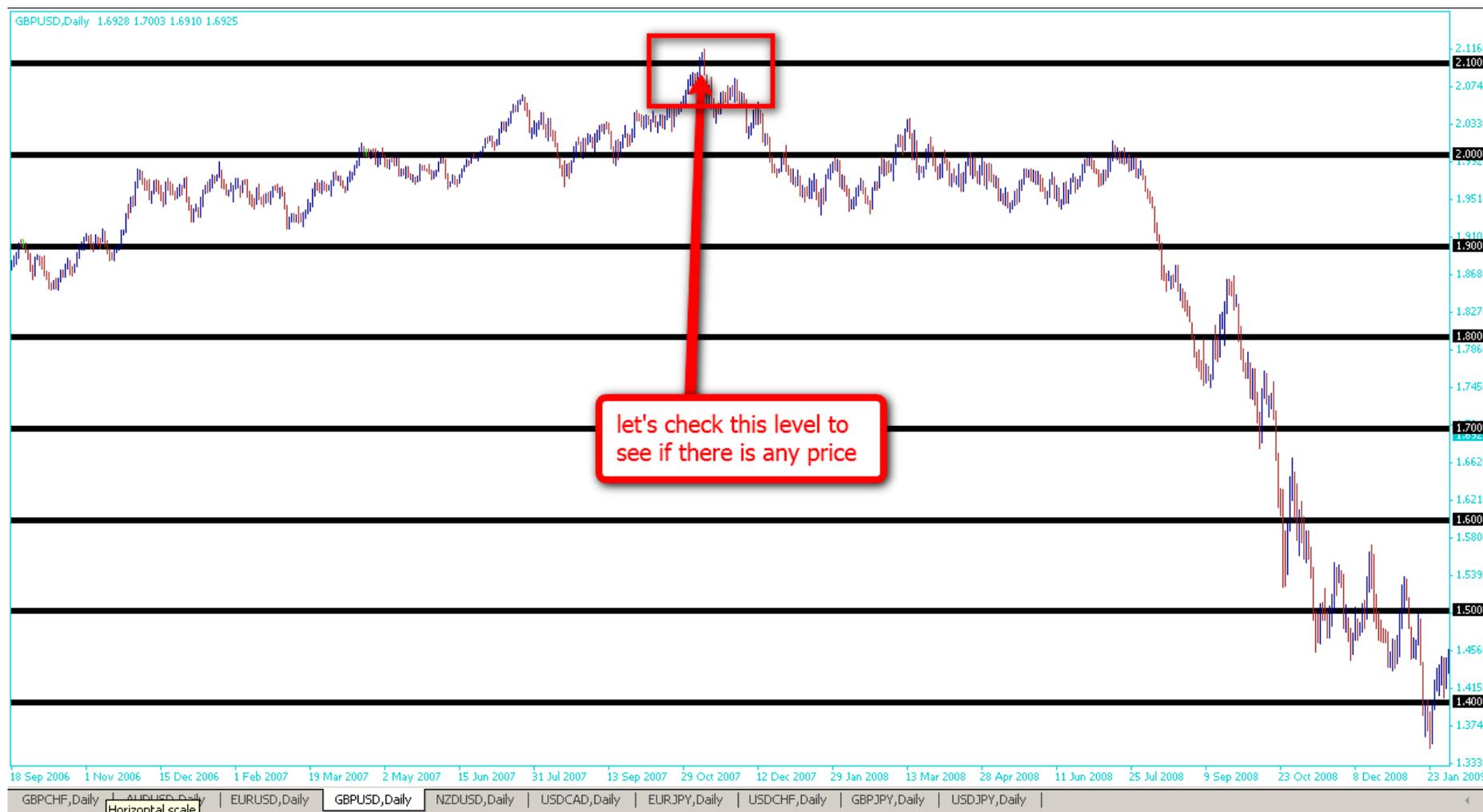
By

Nomask

First chart is to illustrate the way i like to keep them. When price approaches one of the main price levels 1.9000-2.0000 that also acted as support/resistance level in the past i zoom in and start watching the pair.



In this particular example ,i'll take 2.1000 level to start analysing;



On the next chart we have:

1. Divergence on Macd
2. Price action on the level of 2.1000 with Bearish outside bar..



When we get in this trade we have no idea whether this is a retracement or a new move south. For such a new move south I like a swing move with retracement. I believe that real moves most likely make retracements. There is a classical example about it. To jump higher you need to bounce before.

Moving your stop loss breakeven as the trade progresses allows you to prevent false moves-like pullbacks of prior move-.

On the next chart you'll see price made retracement to nearly 61.8 fibonacci retracement level.. This level is a key level. If 61.8 level gets violated and price makes **some closes above** that level this move becomes a "not favourite" move anymore.. Whipsaws are okay as long as they try to close below this level (this is all for the case of short trades. vice versa for longs)



**WHY 61.8 IS A KEY LEVEL..**Imagine yourself trying to jump up. When I see you bouncing more than you need I would start thinking something pulling you down or you're sinking. Both cases you're in trouble and may not be able to go higher.

Back to the example...

Since we get the fibonacci levels now we can shoot our expansions to project our targets..For a second let's assume we didn't get any retracement and made a pinbar or another price action at 2.0000 level..I'd reverse my position if it was the case..



When your trade goes in your favor move your stop to break even. This is more about feeling comfortable with your trade and letting it run. On the next chart we had new retracement. So we need to update our targets through new move.



Next chart is new targets



I get my final target at 1.9000 level As i put new expansions. We keep trailing our stops behind good looking minor s/r levels. Instead of moving further down price made triple bottom. When such things happen we should do something to protect our profit. In this case trailing stop is a reasonable thing to do. We got stopped out with about 1000 pips profit.

What could have been a problem between us and that 1000 pips profit is only "ourselves" ... Two things would have caught us..

1. Fear

2. Greed

Breakeven is used for #1

Trailing stop for #2

There are rules and money management stuff everywhere because we are human being and emotion is part of us.

Move onto the next chart



now we have a even larger move down..Why i don't consider up trend yet..Because  
 1.No clear swing move up (if it retraces more than 61.8 i call it "waste move"..because its most likely a sign of weak trend.I don't want to risk my money for something weak)  
 2.No price action on any solid s/r level

that could have been traded  
 (fib level,round number,pinbar)

and you should have moved to b.e after breaking this level

even if you didn't move to break even thats trying to tell us something with triple bottom and pinbar at that bottom level..Telling you to protect your pips or quit

The next chart is a market ,consolidating and going nowhere.We do not want to be in somewhere like this unless something comes up obvious.



On the next chart we get two price action at 2.0000 level but first one is not good looking bar..It's more like a neutral bar. So pass it.



Next price action is inside bar at 2.0000 level and 38.2 fib. Level..I don't trade inside bars but when there are two consecutive inside bars following an opposite bar for such case then they become very powerful.If you get in this trade, on the next chart we can now shoot new expansions due to large move down.This is a runner trade.You don't get this kind of move all the time..This is when pro's make real money.We just start every new trade with the expectation of a trade like that...



So we had only three signals in 10 months..first one is %3 gain,second break even or some small profit,third one is almost %9 gain.

Boring eh?..

Bu this is where patience comes to play.Patience is the ability of standing boredom

Good Luck All

Nomask