Market Maker Traps Two #2

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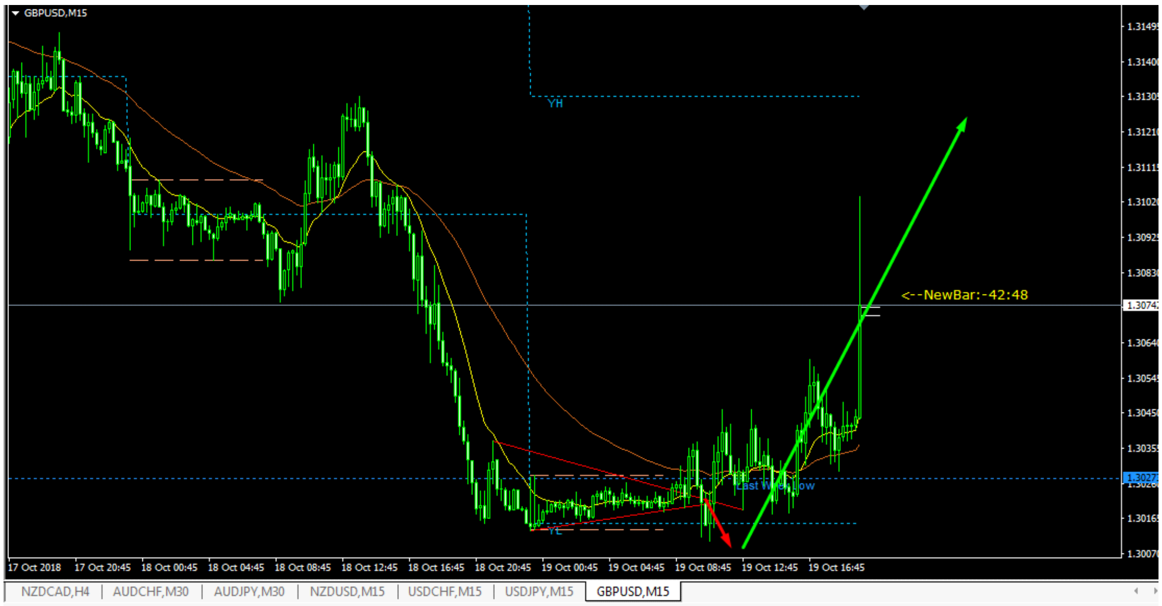


Lesson one #1: Herd mentality

Herd, **mob** and pack **mentality**, also lesser known as gang **mentality**, describes how people can be influenced by their peers to adopt certain behaviours on a largely emotional, rather than rational, basis.

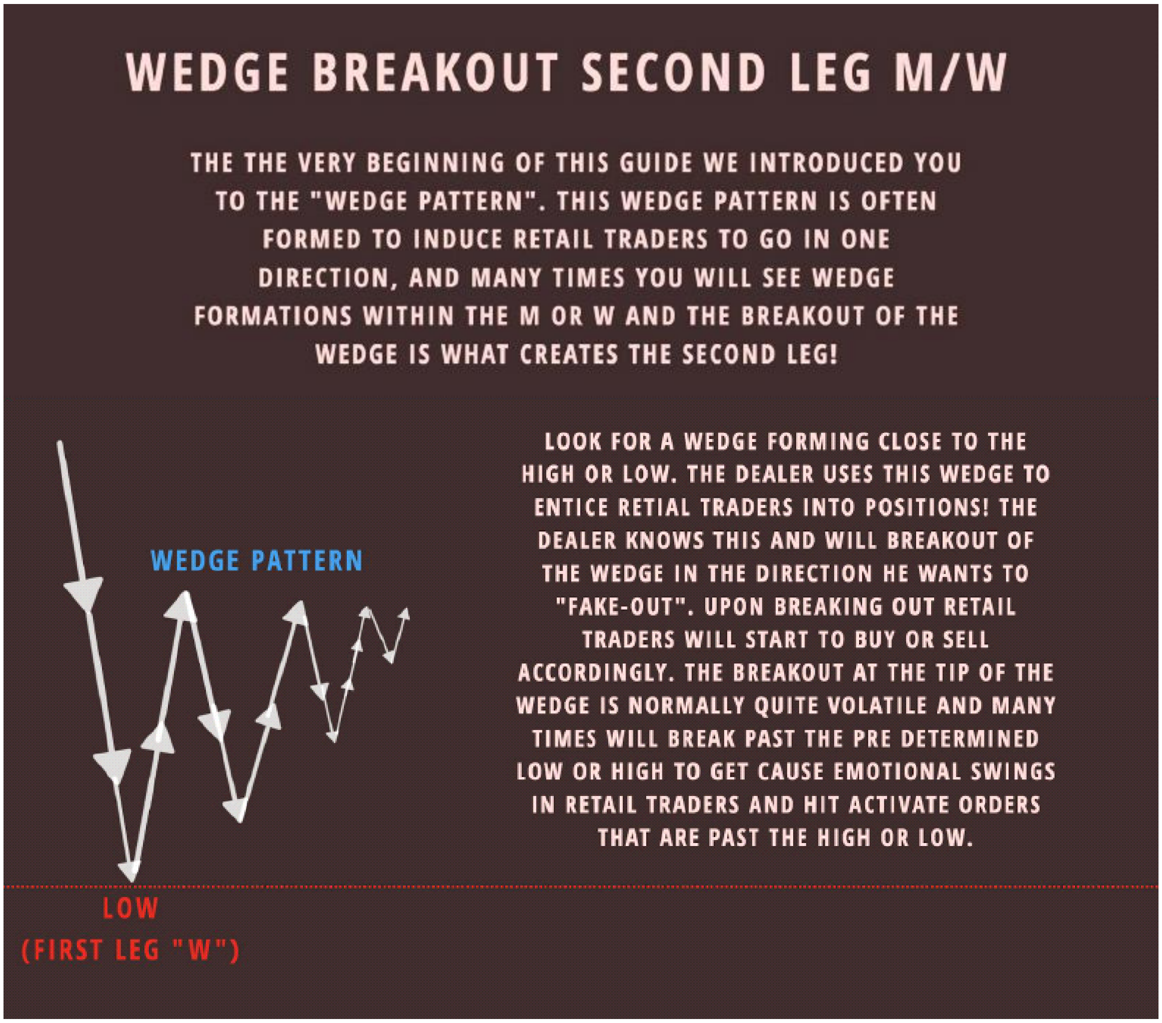
This trade relies on a very simple principle, the herd of retail traders is taught to trade the breakout of a "wedge".

The "wedge" formation paints itself out on all different timeframes and currency pairs.

The breakout of the wedge must stop hunt to a pre-created low or high (low / high of the day, week or month).

The intention of the wedge breakout is to induce as many retail traders as possible in the opposite direction. This will generate the liquidity needed to fill the orders of the institutional traders that play with billion dollar contracts.

Lesson two #2: Wedge breakout reversal



Lesson three #3: Entry/Exit

Our entry is right after the stop hunt, the low or high. I normally place 2 to 3 entries during the stop hunt (depending on the volatility), about 3 to 6 pips apart. This way I can have 3 different targets. My first TP (target) is 30 pips, Take Profit 2 (TP2), is 50 pips from our entry at the high or low. Target 3 (TP3) can be either left open or aim for 100+ pips.

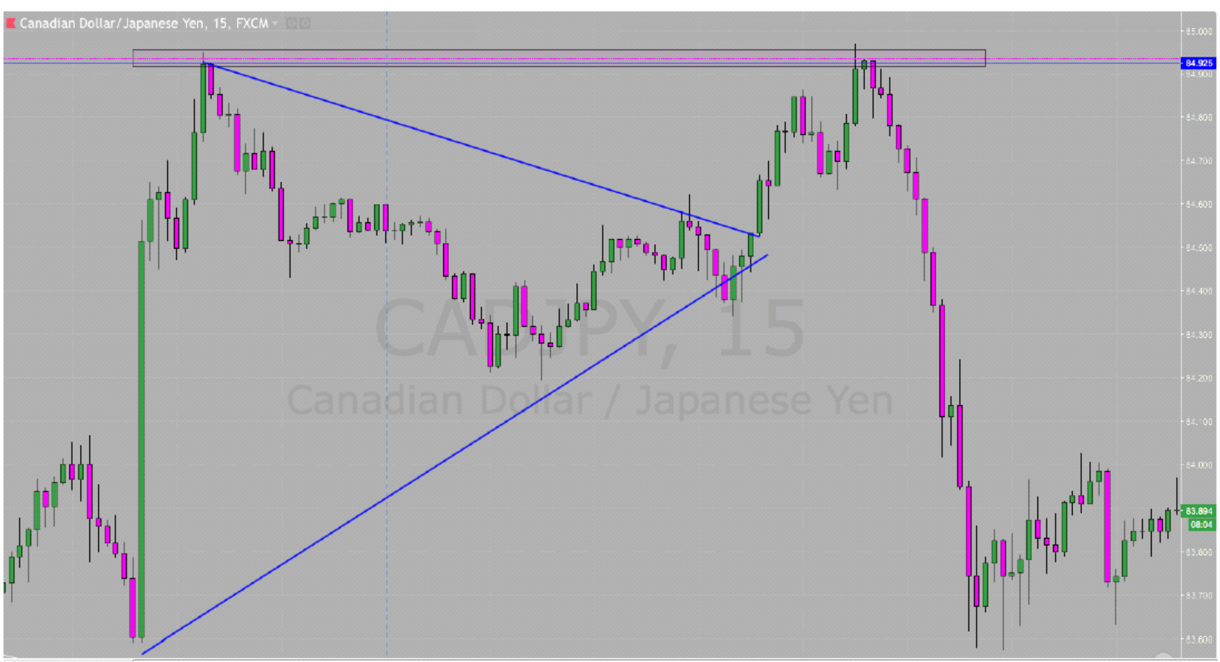
The stop loss should be calculated according to your account size. Your stop loss should never exceed more than 25 pips. Once you can easily recognize a stop hunt in action, you will be able to take trades with 5 or even 10 pip SL's.

Lesson four #4: "Interpreting stop hunt"

A "Stop Hunt" is a sharp move to the high or low. This can be the high or low of the day, previous day, high or low of the week / month or year. The larger the timeframe the larger the stop hunt. Most of the examples we go over will be 15 min timeframe and USD related pairs. Not because these patterns only happen on this timeframe and these pairs, but because it is easier to understand in my opinion (and also because I am an intra-day trader).

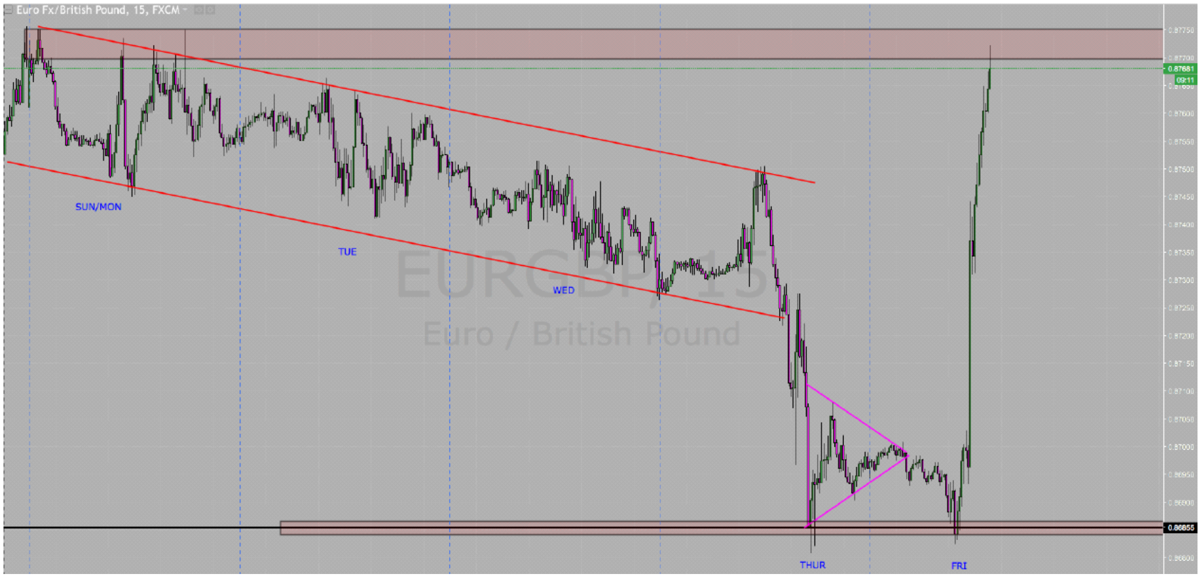

EURUSD,M15
4 Oct 2018
4 Oct 06:30
4 Oct 10:30
4 Oct 14:30
4 Oct 18:30
4 Oct 22:30
5 Oct 02:30
5 Oct 06:30
5 Oct 10:30
5 Oct 14:30
5 Oct 18:30
5 Oct 22:30
8 Oct 02:30
8 Oct 06:30
8 Oct 10:30
8 Oct 14:30
8 Oct 18:30
NZDCAD,H4
AUDCHF,M30
AUDJPY,M30
NZDUSD,M15
USDCHF,M15
USDJPY,M15
EURUSD,M15

////////////////\\\\\\\\\\\\\\\\\\\\\\Examples///////////////////////////\\\\\\\\\\\\\\\\


Canadian Dollar/Japanese Yen, 15, FXCM
CADJPY, 15
Canadian Dollar / Japanese Yen
84.925
83.894

DETAILED EXAMPLE

LIVE EXAMPLE OF WEDGE BREAKOUT TO FORM SECOND LEG OF "W"


Euro Fx/British Pound, 15, FXCM
SUN/MON
TUE
WED
EURGBP, 15
Euro / British Pound
THUR
FRI

////////////////////\\\\\\\\\\\\\\\Good/////\\\\\\\Luck//////////////\\\\\\\\\\\\\\\\\