

Technical Analysis Guide

-Basic Version, by StudentofSoc

There is a hidden order within the market, hidden in chaos. Student of Socrates (SoS) reveals the ANGLE of the order by using cyclically derived channels mapped from every major high and low.

-What first appeared as a random walk of price can now be mapped out right in front of our eyes.

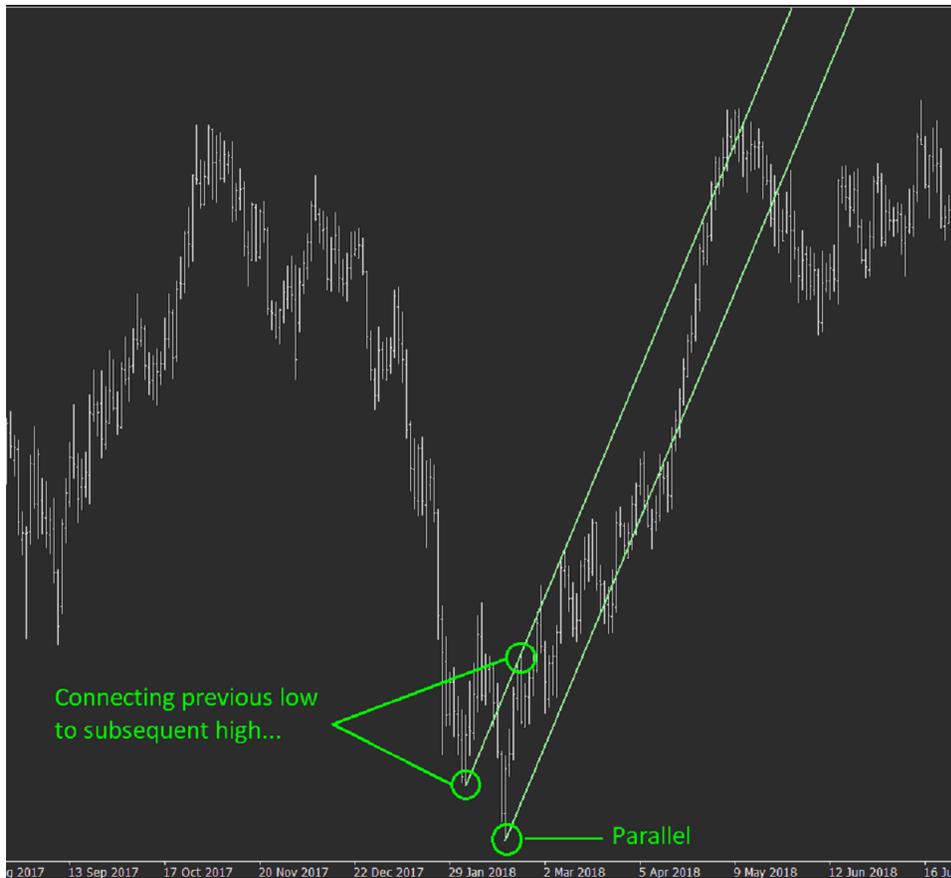
SoS will provide a market overview that is designed to capture the angle of the market as well as potential Price Exhaustions, Breakouts and Trap Moves.

The objective is to eliminate as much human interpretation as possible by automatically plotting everything on the chart for you. However, it takes experience and alignment skills to identify what signals to act on. That is what this manual is made for, so let's start with understanding the cyclical derived channel which is the soul core of SoS.

Channels (Market Angle)

Channels are constructed out of the cyclical derived Break Line, which you get from connecting the PREVIOUS LOW to SUBSEQUENT HIGH and vice versa: connecting PREVIOUS HIGH to SUBSEQUENT LOW.

A Parallel is then drawn from the LOW/HIGH forming a Channel.



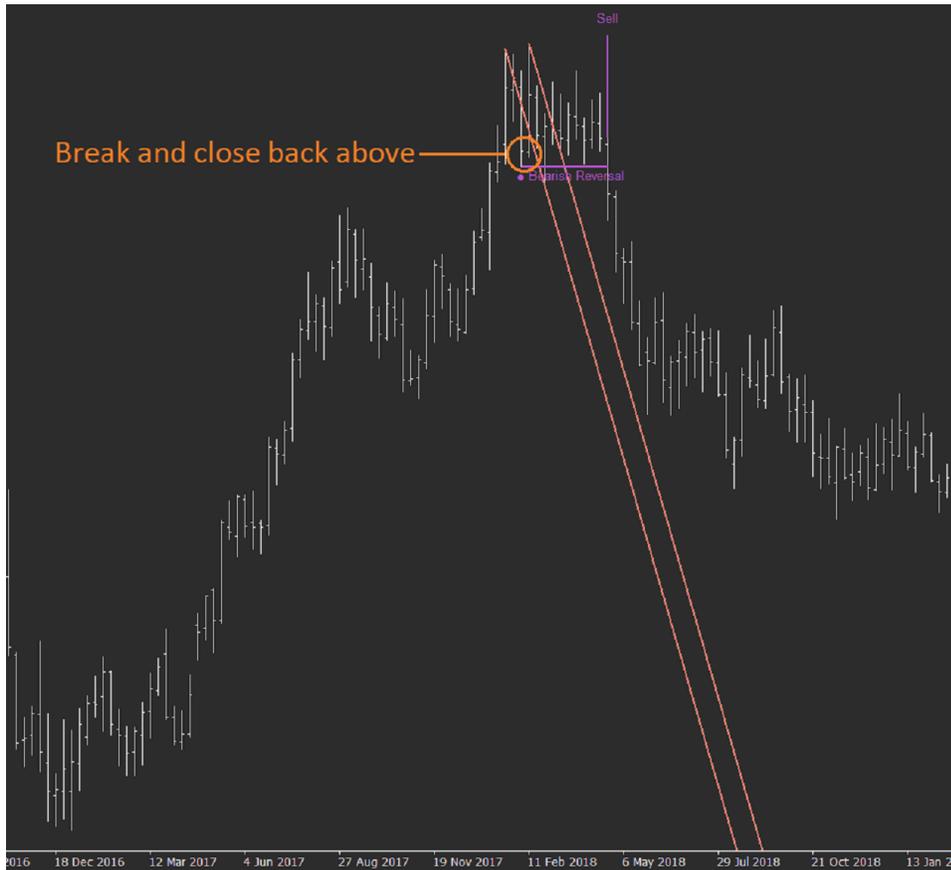
The angle of the channel gives you a road-map into the future as to what type of move you can expect. The steeper the ANGLE the greater the tendency for a market to rally/decline rapidly.

- So, pay attention to the ANGLE, It's the ANGLE that is important!

-Furthermore, the channel provides superb areas of support & resistance.

Bullish & Bearish Reversals

The reversals highlight important H/Ls in the market, a penetration of such level on a closing basis often signals a change in trend (at least on a short-term basis). Reversals are formed when price immediately rejects the break of a channel.



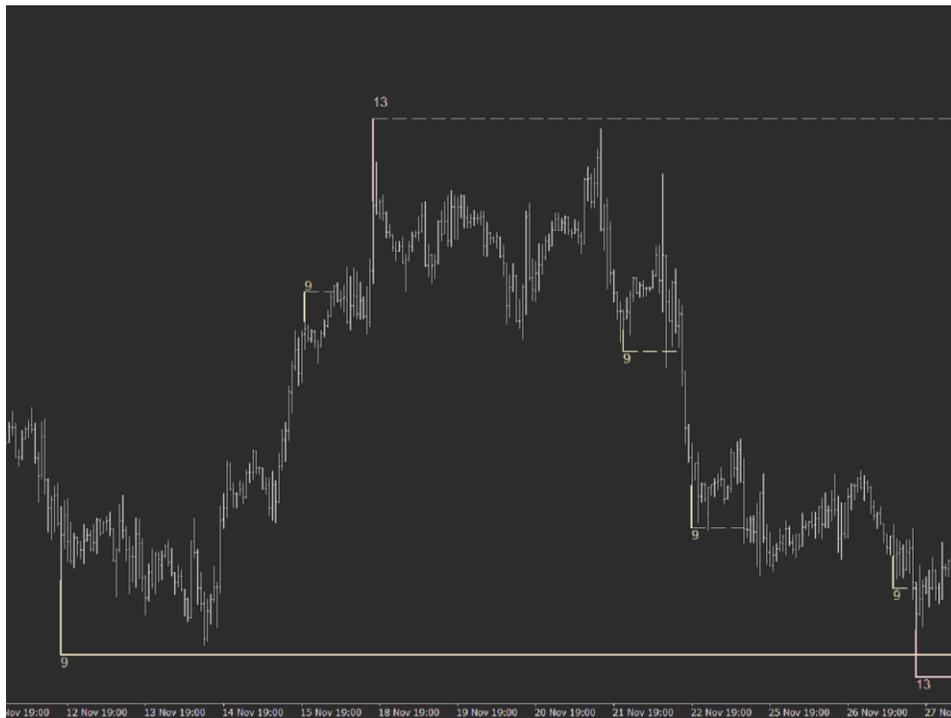
Exhaustion Pattern 9 & 13 (TD Combo)

These patterns are the result of the innovative work of Thomas Demark - a well-known Market Technician.

SoS applies a modified version of TD Combo to the charts. This version will skip the sequence-phase and instead show you the completed setups of both 9 and 13 as well as the risk level associated with them as they appear.

SoS paints the risk level on either count 8 or 9, applying the rules of TD Risk Level.

- 9 = Price Reversal or Correction.
- 13 = Trend Change or Trend Exhaustion.
- Extended Line = TD Risk Level on a CLOSING basis.



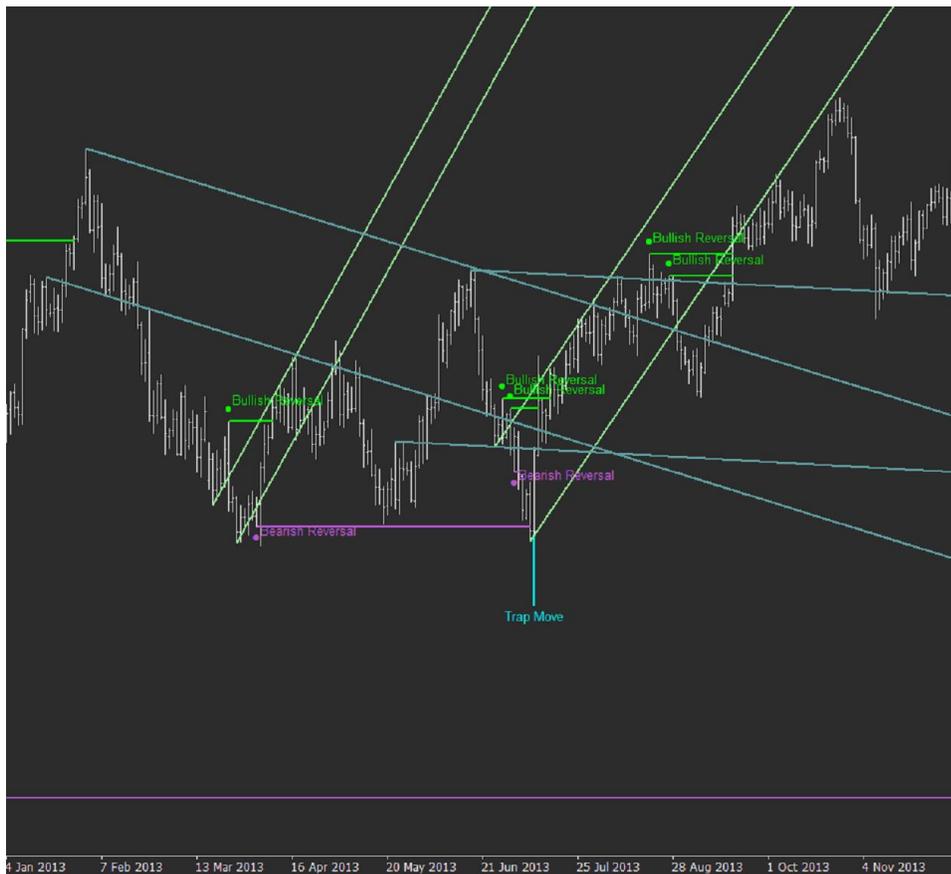
The Trap Move

Trap Moves are formed when price breaks a reversal but then immediately closes back above/below the breakout-bar. This pattern has one of the absolute highest win rates in trading. It presents a low-risk-high-reward opportunity..

I learned this move from Oliver Velez - Professional Trader.

Videos on Trap Move,

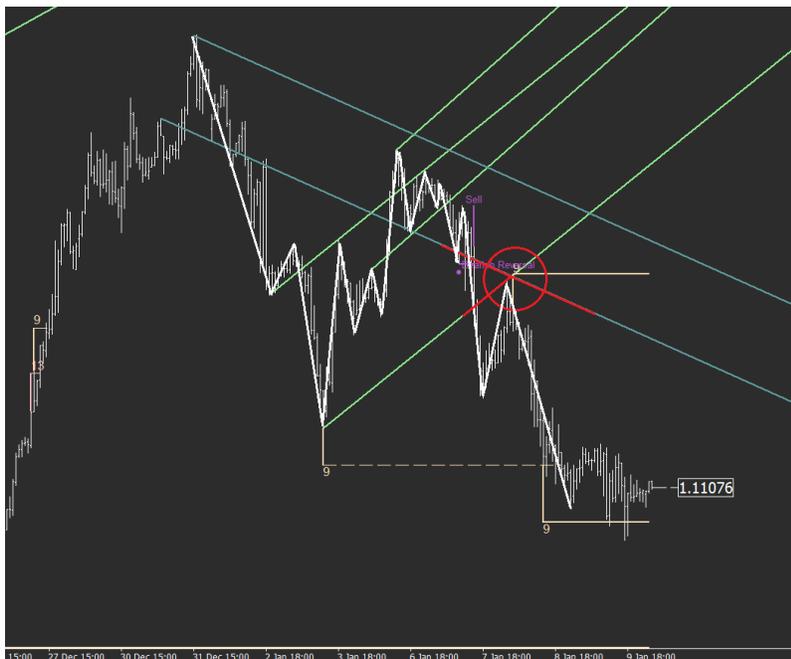
- Short Version: <https://youtu.be/j0oeCk7OyR4>
- Full Version: <https://youtu.be/HTuR1pKSmfk>



How to Trade with SoS (Alignment)

Now we get to the fun part, but first a quick recap.

- The channel gives us the angle of the market.
- They also provide superb areas of support and resistance.
- Reversals tells us when the market can take off in that angle/direction.
- Exhaustion Pattern 9 & 13 shows us where we can expect potential price reversals/corrections.
- The Trap Move signals a potential collapse.

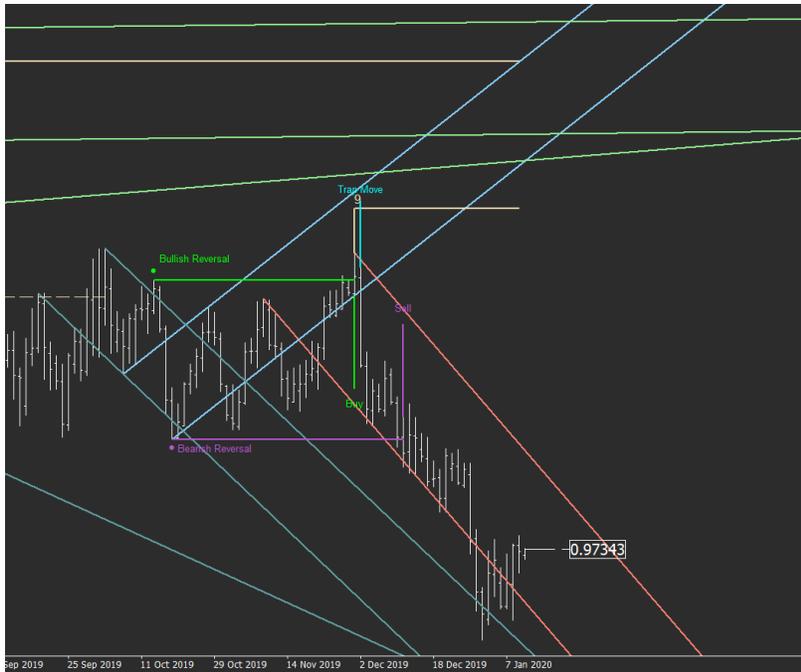


Here we have a sharp decline in price, forming a bearish V Shape to the downside, closing below all channels and the breakline in CadetBlue.

A rally back up to test resistance/breakline was due, when this happened an exhaustion pattern formed indicating a bounce off resistance.

Here is a perfect opportunity to go short, using the risk level provided by SoS.





This is probably one of the strongest signals there is. Where a bullish reversal is followed by a 9 exhaustion pattern, warning not to go long, then followed by a Trap Move that strongly breaks below the channel in blue.

The only stronger signal would be if 9 and 13 appeared on the same bar.

The newly formed bearish channel then provided great guidance to where price were heading moving forward, in addition we elected a bearish reversal.

This is what SoS is all about - Alignment.



- I hope this gave you a basic understanding of SoS, a more advanced guide will be made in the future.

- Live Trades with commentary will be posted in the Student of Socrates (SoS) thread @ ForexFactory.

// StudentofSoc

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