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## **TRADING BLUEPRINT**

### **Foundation**

The Foundation is the basic knowledge of using a MT4 Trading Platform software, Charts, types of candles, x and y axis (time and price), layout of the Menu Header, locating and applying default Indicators and the overall management of this Platform.

Use Google for any additional MT4 Trading Platform instructions.

### **Focus**

This is the critical element of trading due to this is personal commitment before you even start. Define a daily time and weekly schedule to practice this new craft and skill as you will need a lot of time to learn. Discuss this schedule with your spouse and get her / him blessing because they will worry before you start this journey.

This element is where you experiment with trading, make a decision due to your time schedule what type of trading you will schedule, Scalping, Intraday or Swing trading as each has pros and cons. You will also need to make a decision on the Indicators, overall System and Timeframe to trade, there is a lot of decisions here to be made. If you can find a Mentor, then use him / her now. Listen and learn and plan 3 to 6 months.

**NOTE:** This part of the Blueprint does not go away and continues until you quit trading, so be prepared.

### **Patient Planning Prevents Piss Poor Performance**

So, you know MT4, have played around and settled for a Trading System, your a Scalper and have a limited time schedule, now what do I do ???

Open a Demonstration Trading Account with a Broker with the smallest balance possible, why you say ??? Because the following elements in this Trading Blueprint will make or break your trading Business. The beginning of this journey is not about making money but learning the Process. Its a journey, get ready.

Pareto Analysis is an old tool that is used to this day, so 20% of your trading will be productive and 80% will be unproductive (waiting) and your patience and emotions will be tested daily and it will become the worst feeling in your mind and stomach - because you dealing with money and you are learning a new craft and skill (brain power and patience is required).

Introduction to the basic planning is;

Equipment - yes Internet and a Computer (no telephones as they have additional risks)

Trading Platform - yes MT4 (free)

Trading System - yes MT4 default Indicators and Instruments to trade (free)

Broker account - yes (free) - try and find a Regulated Broker to save future issues.

Trader - yes (you) - commitment to your time schedule and discipline to your new business.

Trading System - yes (we will use the System and Template provided by the Mentor as we are aware of it and its trading functionality.

So far, internet and computer are the only purchases made and business costs, cheap and a home business, great news. Remember we are practicing first with our demonstration account and no real money needed yet.

Smile, you just started your own home business on the cheap BUT the hard part begins, so wipe your brow and get ready.

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Trading Plan – yes (we will use pen and paper first but eventually make an electronic version later).

Trading Style – yes (Scalping – short and sweet)

Trading Timeframe – yes (5 or 15 Minute Chart)

Time Schedule – yes (approved by the spouse and delivered to the Yourself / Mentor)

Trading Session – yes (see Time Schedule)

Trading Communications with or without Mentor – yes (Skype / Zoom / Email)

We have officially planned the trading business, collected the equipment, got internet connected, and now everything is ready for the learning phase (the hard part).

### **Listening and Learning (no laziness, arrogance or stupidity allowed)**

Now before we start, we must make it very clear, this is YOUR TRADING BUSINESS, so open those two ears and close that mouth unless its a question or you will not listen and learn this new craft and skill.

Trading on a Trading Platform with a Candle Chart and a few Indicators is simple in design, the hard part is risk and money management. Risk and money management say this three times please. Risk and money management. Risk and money management. Risk and money management. Burn this in your brain now, now, now. Are you still committed ???

### **No excuses from this paragraph forward.**

A trading chart consists of time, instrument price, a candle, a few colors and maybe some Indicators which have been designed to assist the human trader in the purpose of trading with a reduction of risk and money, those three words again. The key word in this paragraph is – reduction.

A sad note is that most children in today's society are better at trading than the average adult, why ??? Because they see it as a game of two colors and play like its a game, adults are too technical, worry some and think too much. Yes I said it, adults are the weaker of two generations. That means you must work harder and stay focused / are you still committed ??? We will see in the coming days.

Since we are adults here, this is the first risk and money management thought that needs to be defined firstly – how much money (demonstration or live (real) money) are you prepared to loose ???

This monetary number must be burned so deep into your brain as its the first decision before your finger touches the mouse button to open a trade. Its the root of risk and money management. Most people will be taught 1 to 5% of their account balance per trade and/or day. Your answer must be defined soon after you have passed the first trading examination – trading performance ratio.

### **In The Beginning (Led Zeppelin)**

So you opened a demonstration account with a Broker, lets say 100 US Dollars, loaded the Trading System and its Template, opened a EURUSD Chart on the 5 Minute timeframe and your itching to play this new colored game. Your finger is itching to tap that damn mouse button, emotions have started.

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You see money, a Lambo, wife's new dress..... hold on young man / woman, your not going anywhere yet, what did I say earlier, 3 to 6 months of practice. Damn, you just bursted my dream. Yes I did. Why ???

Because only YOU can listen and learn this new craft / skill and guess what you have a lot of trading hours to perform and then you must take a performance examination and if the score is less than 85% overall, you have to do it all over again or quit. Still committed ???

Its YOUR trading business. Not mine, not the Mentors, not your wife's, not your brothers, not even the grocery store down the road knows what in store here, only YOU.

### **Trading Journal**

Sitting next to the fancy mouse is a Trading Journal, yes a piece of paper and pencil and it will control YOU. It will contain a few questions and YOU must answer before, during and after your trade. Damn, I thought we were trading to make money – No sir, wrong we are listening and learning about the Process.

YOU will open up your time schedule, see what time you are to trade, show up at the computer desk at that initial time, turn on the computer and open up MT4 Trading Platform and if its a Monday do the following tasks;

- Clean the computer system – check for viruses, remove any excess memory, clean the C Drive
- Go into MT Platform drive, find the 2 Logs and delete all files EXCEPT for the last 2 days
- Re-boot the entire computer and turn back on MT4 Platform

**NOTE:** A pound of prevention is worth more than an ounce of cure.

Clear you mind of the world issues, your personal money issues, the wife, the dog or cat, the weather and begin to FOCUS now. Only YOU are listening and learning here, no one else.

### **Practicing**

Open that EURUSD 5M Chart, apply that System Template, take your hand away from that mouse, leave the pencil of the Trading Journal, lean back in the chair and breathe. Breathe again.

What does the Chart say ???

All Instruments (that is the correct terms for currency pairs, metals, oil, etc.) within the MT4 Trading Platform Navigator window (remember the Foundation) and what you will pull over onto the templated Chart daily. Each Instrument is a stand alone individual with personality, spread and risk and its own market cycle. This is the hard part.

**NOTE:** No two Instruments are the same, there maybe a few close but each is different price (three, four or five price values) and broker spreads. So be aware brain. YOU must respect all Instruments.

Why the EURUSD ??? Mainly due to the fact its the number one currency traded around the world but it has good and bad days. Its a great pair to learn from as it moves up and down (cycles) quickly. So we spend the first few minutes each trading day / hour(s) watching and listening to the Market.

Patient planning prevents piss poor performance....

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### **The Market**

The Market is an electronic auction house where buyers and sellers meet and express their individual beliefs about each Instrument. Some buy and some sell but there is an enemy within the Market and its called the Market Maker(s). They are the whales / big boys and girls at Wall Street, London, Amsterdam etc., who need your small retail traders money. Risk and money management comes to my mind now.

The Market Makers cannot move the market with all of their money as this would crush the Market and then there would be no Market tomorrow. So they drop small and medium deposits within the Market and the retail trader (YOU) must work with them and follow their droppings of money. Its called Market Volume.

**NOTE:** They (Market Makers) tease YOU, take money from YOU and over 90% of retail traders loose 90% of their account balance within 90 days, so be aware. Risk and money management.

The first 90 days with a real live money account is the high risk time for every retail trader, if you make money after 90 days from your original account balance, consider yourself in the top 5% club. If you ever read Forex Factory Forums, you will see that no one ever talks about the 3 90's, I wonder if they know....

### **Retail Trading**

Its a hard game to adults, they worry, they make excuses, not committed and really are; lazy, arrogant and stupid (bad habits are harder to break) because now they must listen and learn a new craft / skill that has no Standards, correct methodology, and/or Specification to follow and blame.

Okay, that EURUSD Chart candles are moving about and your emotions are kicking in again. What trading session are we trading in ??? European, American or the Asian as this will make the Instrument Volume a major difference. Where is the money flowing from ??? The Market Makers flow the money.

The most money in Forex is in the European session especially when London comes on and trades because they represent the majority of currencies around the world and the money flows the best. The USA Session is next and the Asian is limited money flow. So, with this fact, Volume is great during the European session and reduces into the Asian Session. What does your Time Schedule say ??? Don't forget about world clock time zones, oh damn.

Remember we only have a 100 USD Account balance, no Lambo's, wife's dress or dinner yet....

### **Scalping (your trading business)**

This is the hardest but quickest way to trade. The hardest due to the duty of the trader to be on his / her game plan, quick with the calibrated mouse finger and watching for risks to his / her account balance. Risk and money management.... Quickest to make or loose money and the best way to listen and learn trading.

We are on the 5 minute Chart, see two colored candles moving around and now we must learn the market cycle (up and down). Our Trading System consists of a few Indicators which help us decide the market cycle and when we should enter a trade and exit a trade.

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We must learn a few things to help us become a trading process master based on our Trading System;

- Red colored candles mean – to sell as these candles go downwards.
- Green colored candles mean – to buy as these candles go upwards.
- We have big or small rectangled boxes which are our Resistance and Support Zones (market cycle zones) – think of a ping pong ball bouncing between these boxes.
- We have a few Arrows which define the highs and lows of the market cycle.
- We have a Gann Hi and Lo Moving Average colored line that is the real secret to this trading system.
- We have a Relevant Strength Index (RSI) indicator in the bottom window which is two lines capturing the instrument price in a linear method (continuous line). The thin line follow price and the thick line s directional bias (up or down of the market cycle).
- We have a Synergy Continuation histogram indicator below the RSI and it supports the directional bias within the market cycle.
- And to the right side of the Chart, we have a few information indicators that define the Instrument name, timeframe, trades open and their status (good or bad) along with a Pip Counter that defines the overall trade(s) status.

Wow, that's a lot of information on one chart.

**NOTE:** Now the Mentor should assist you in how to understand the Trading System, how it works and what you need to watch and be patient with when it comes to your first week of trading.

Scalping is just a financial trading term to say – trade in a short time with small financial gains or losses. That is why we use the 5 minute Chart to enable us to enter and exit a trade and learn the trading process.

To trend or counter-trend is the trading question every day. Both are correct and capable by a trader. If we see a Support box in green on the bottom of the chart we know the market will go upwards and if we see a red Resistance box on the top, we know the market will go downwards on the average.

The Market can do what ever it wants based on the money flow and/or daily news, so be aware. Risk and money management. There are no guarantees and/or warranties here people.

Our first task is to wait for a box to start to appear / paint onto the chart. This allows the trader to patiently plan his / her trading process. The next event should be an Arrow being painted on the Chart and then we wait for the Histogram colored bar and the RSI Lines to follow with the same colors as the candle.

What the trader wants to see is all Indicators showing the same color – green for buying (market is going upwards) and the opposite for selling (red). Waiting is over 80% of your trading time... Your Trading Journal will ask questions about what your chart is saying to YOU. Now we pick up the pencil and start to patiently plan our trade.

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### **To Trade or Not To Trade**

Your Trading Journal acts like a trading questionnaire and checklist from the business point of view. Use it every trade as this will become your partner in this business. Do not forget because this tool it will help you listen and learn the trading process.

Complete the trading journal as the market delivers via the chart candles and the painted indicators. The journal will help you open and close a trade daily and then it becomes your feedback communications loop with your spouse, remember her / him as they are your human partner(s).

Always expect the Market to reverse / change after you open a trade and try and take your money... You will loose money daily, you will get emotional, you will be sad some days, and yes its a single person business. The odds are against YOU. Enough negativity, lets go forward.

The first trade and/or the first hour of trading should be a learning curve, no different than the first time you kissed a girl / boy, kicked a football, fell from a bicycle, smile and laugh it off now..... the secret to trading is to accept LOSSES.

Every business has losses and/or expenses.... I treat them like business expenses and its easier on my brain, remember him / her – the brain. The trader should know his / her maximum trade loss and daily loss before he / she trades.... Risk and money management.

**NOTE:** Remember, we only have a 100 USD account balance and do NOT assume you can or should or will make over 10% on the first trade or day... BUT expect to loose more than 1% of your balance quickly due to the learning process.

After you have made a few demonstration trades, completed the Trading Journal and have some real trading evidence which is what I call performance, you will be ready to learn about lot sizing, risk taking and overall the trading process.

Due to the account balance, we cannot trade a lot size more than 0.01 per every 100 USD balance size. This helps the trader manage risk and his / her account balance. We also need to trade slowly and with 1 to 3 closed candles as our learning curve exit the trade goal.

Lot Size – 0.01

Goal – 1 to 3 closed candles only (we scalp the Market to win)

No home runs, no touchdowns, no 123 your out, no excuses as this is where your good or bad habit starts right now. We need to walk (feel the Market) slowly, listen and learn how the Market cycles and engage with the Market as this is YOUR trading business now.

We need commitment, discipline and learning to take over our brain and habits. YOU need at least 20 demonstration trades to gain some performance data within the Trading Journal and please do not forget we need at least 3 to 6 months of learning before your trading process is programmed in that brain of yours.

Trading is not a quick rich scheme. Risk and money management.

Written by: C Pflieger

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### **Summary**

You and only YOU can learn this craft / skill, it cannot be taught to you without YOU listening and learning the basics, using the Trading Platform and System and practicing through errors, so enjoy making mistakes, smiling again and let the Trading Journal become your new business friend.

Best Loser Wins.... Tom Hougaard (Professional Trader)