Market Maker Traps One #1

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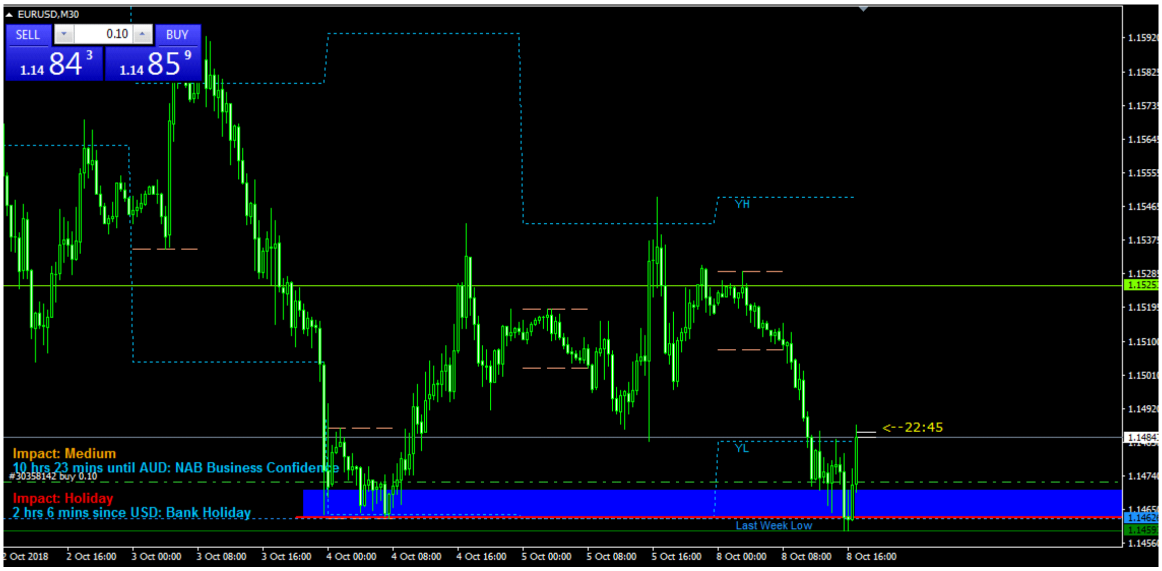


Introduction to Forex Market

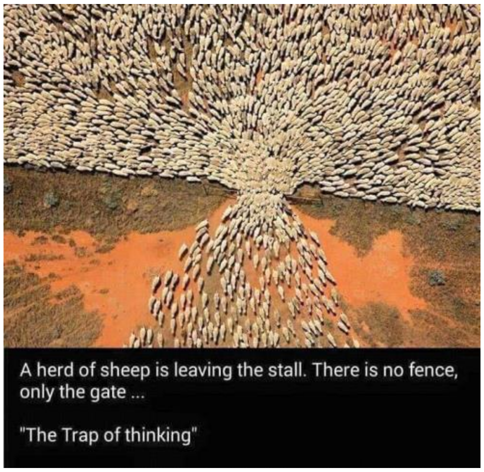
You need to understand that the market is not free; it’s manipulated like a puppet. The three major manipulators are Liquidity providers, Top currency traders (Banks & Hedge funds) and Brokers.

I will not go into details as to how they manipulate the market but you are reading these PDF because whatever you are doing is not working for you, so trust me when I say the market is manipulated.

Simply understand that market makers are in business and every business needs to make money; unfortunately retail traders are “customers” to this business. Market makers are constantly hunting your stop loss using algorithms that scans your entry point, stop loss, and take profit.

This algorithm then fluctuates according to the mass amount of orders it is receiving and where the retail traders have placed their stop losses, with the intent to hit as many stop losses as possible while at the same time avoiding to hit take profit level areas of retail traders.

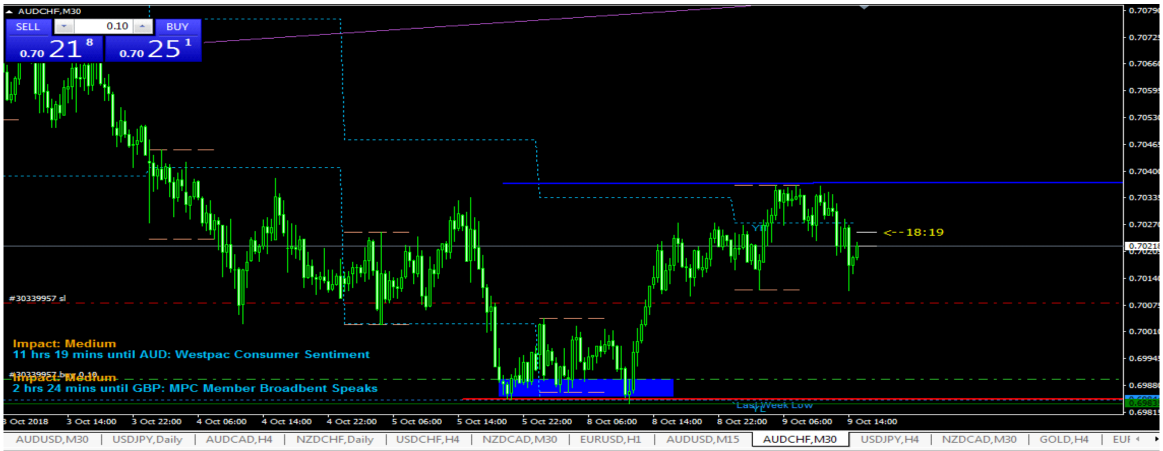
Lesson one #1: HERD MENTALITY



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.

After all human being are animals, we feel safe in numbers and the people who control the market know these. The people putting this into effect want a certain outcome, outcome based framework. Ultimately, this is not about the market, but about mind control and how to control the actions of a herd based society.

The herd is being taught to trade in a particular way; to trade Breakouts, trade support /resistance, follow the trend; these are the main ways the herd is taught to trade. This is completely designed this way, there is an underlying structural framework used to take out anyone and everyone that uses this method of trading. If the masses are already losing, why would you consume the information that the masses use and expect NOT to lose?

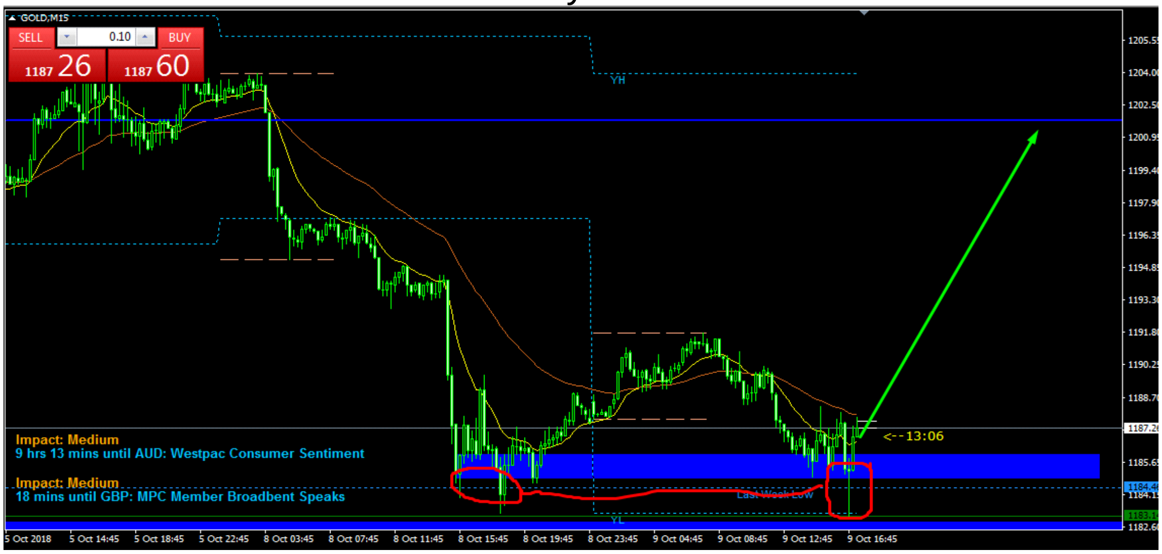


Lesson two #2 Accumulation/Trap (First Leg)

The dealer uses “Trap Zones” to trap a certain amount of liquidity in a specific price range then swings the market in one direction leaving the liquidity in that zone trapped. A trap occurs in the first leg and is spotted by accumulation of many candles in the area.

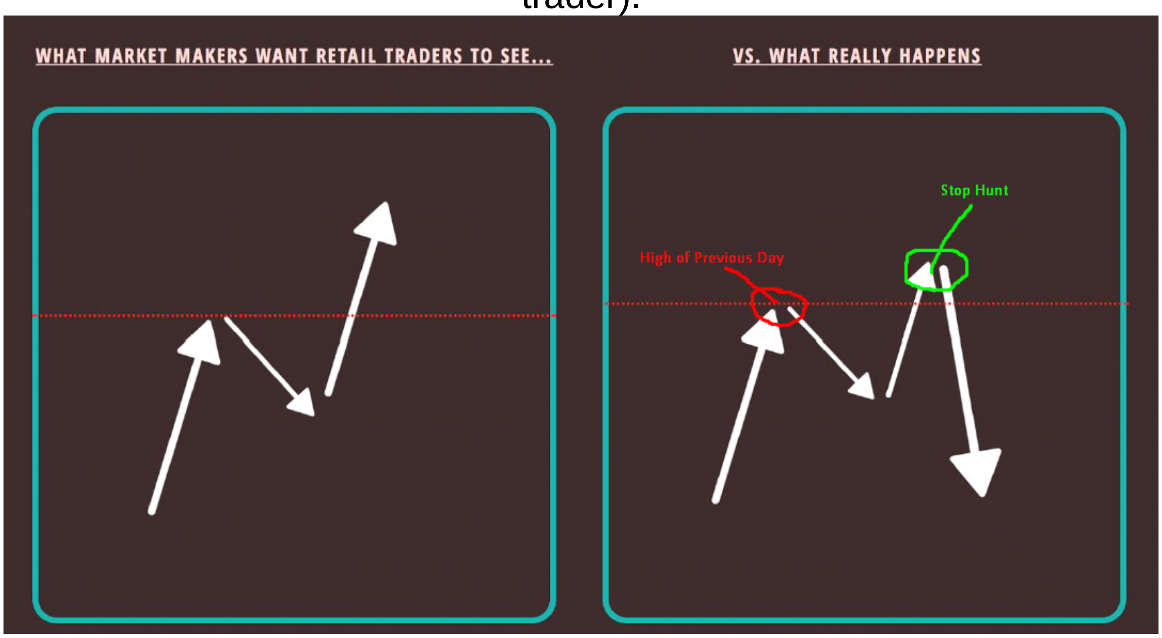
You can see the accumulation of candles on the high of the previous day, there were many sellers on that area and eventually there will be many stop losses and buy stops behind that zone. The dealers are focused on that level because many retail traders will lose money there.

As soon as price enters that trap zone it will move out quickly because the dealer does not want you to catch that move.

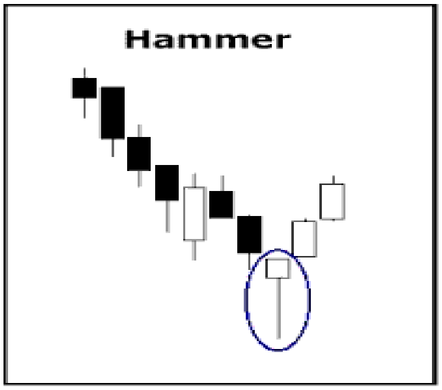


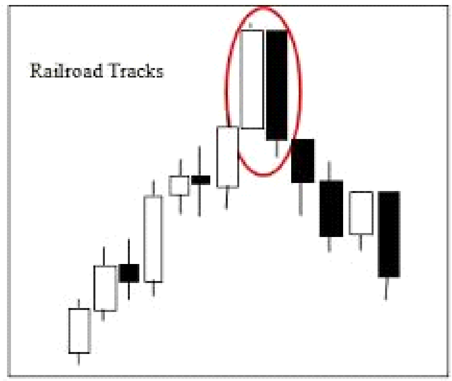
Lesson two #3: STOP HUNT (Second Leg)

A “Stop Hunt” is a sharp move to the high or low. This can be the high or low of the previous day, high or low of the previous 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).



The "Stop Hunt" can be recognized when price Spikes or RailRoad sharply to the high or low in one large candle.





Stop-hunts occur at the highs and lows, as retail traders we are taught from the beginning to place our stop losses at the highs or lows. This means at the highs and lows there will be more liquidity and the market will tend to be more volatile in these areas.

Lesson Four #4:Entry/Exit

The most important aspect when trading m and w formations is your entry. You can and will start to get trades with zero drawdown if you keep practicing patience. Let the price come to you, there is no absolutely need to get emotional when you are trading m and w formations!!!!

Unless you are over leveraging your account, you should never feel like your emotions will get the best of you when trading. These m and w setups are designed to be executed with precision and accuracy to help achieve the best possible risk reward ratio. Your goal is to enter sells as close to the high as possible and enter buys at the lowest point possible so you can have a very small stop loss and more potential for reward!

Conclusion

This trade is only valid if price enters our trap zone in a certain way, please keep in mind that not all moves are market maker trap moves, we must be able to identify our confirming entry to validate the trade.

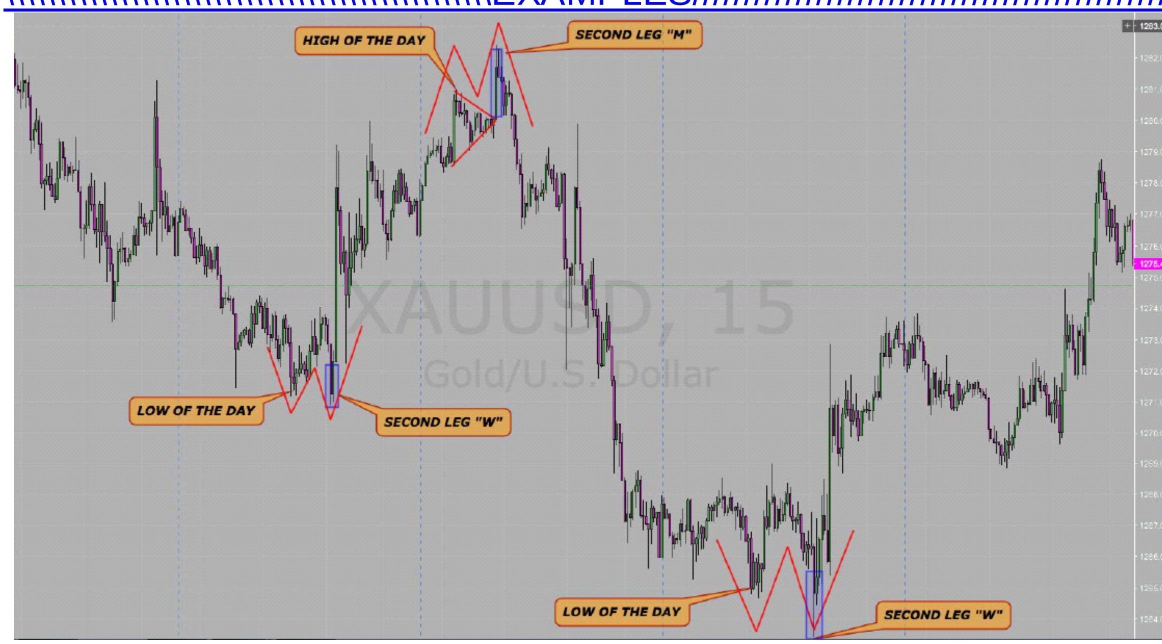
What is our confirming entry?

Once price enters our zone, we wait the next 3 candles to show the general direction of the price. How to determine if a trap move has been validated?

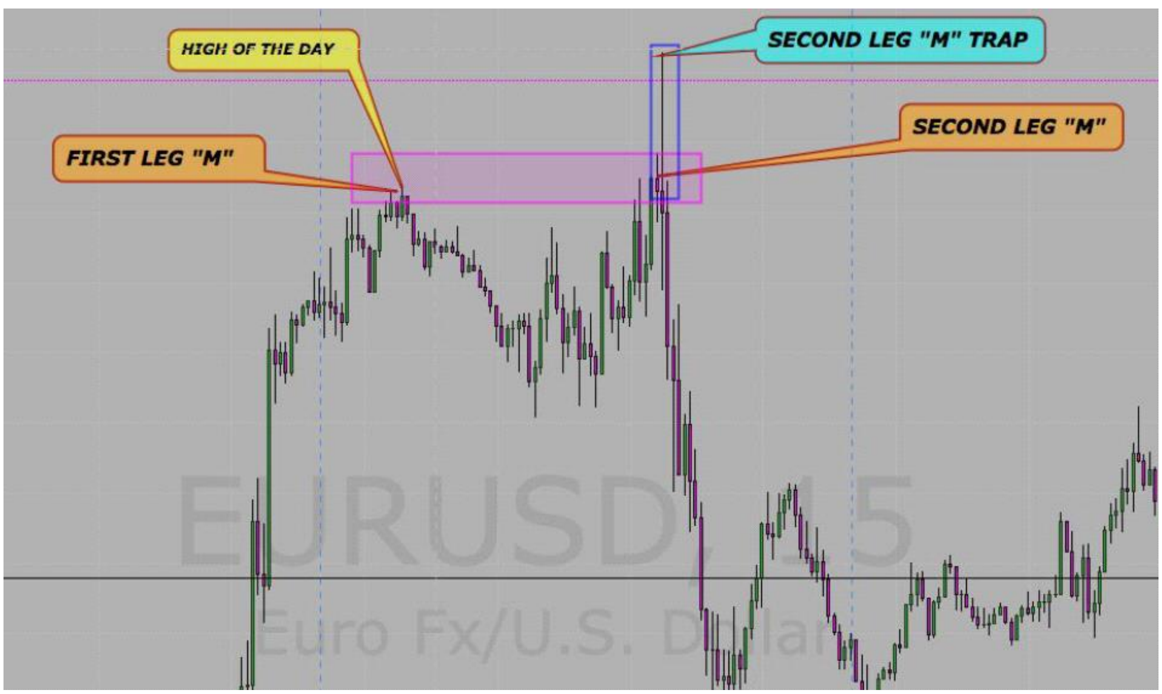
1. Look for a large "wick candlestick" inside our trap zone (see examples below)
2. Look for a set of "railroad tracks" that close outside the zone and rapidly reject
3. Only enter if the above candlestick pattern extend beyond the first leg a little

Your goal from now on will be to limit your trades to only second "leg" m and w formations, throw everything else away that you have learned in your retail reality as it has done you no good, and this is why you are now here, reading this. You want to find something that *works!* Now this is obviously not a perfect strategy, and by no means am i saying it is. But it is a strategy that can be perfected.

\\\EXAMPLES///




LOW OF THE DAY
SECOND LEG "W"


HIGH OF THE DAY
SECOND LEG "M" TRAP
FIRST LEG "M"
SECOND LEG "M"
EURUSD,15
Euro Fx/U.S. Dollar


XAUUSD, 15
Gold/U.S. Dollar
WEDGE
BREAKOUT
FIRST LEG "W"
SECOND LEG "W"
LOW
BUY ENTRY!


FIRST LEG "W"
SECOND LEG "W"
LOW


HIGH OF DAY
"M"
Euro Fx/


1500+ PIPS!
EURAUD,
Euro Fx/Australian Do


HIGH OF DAY
CONSOLIDATION
"W"
"W"
DOUBLE W TRADE
LOW OF DAY
EURUSD, 15


U.S. Dollar
CONSOLIDATION
CONSOLIDATIO
TRAP
LOW OF DAY
"W"

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