

Price Action Trading Course

by Nial Fuller

Strategies and concepts to achieve
wealth from financial markets

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Work In progress

- This course is still a work in progress.
- It will be updated and changed , with content added and changed.
- New Videos will be added
- New Content Will be added
- More specific details regarding price action entries, with stops and targets will be added.
- I use feedback to gauge what people want more of. So rest assured, my goal is ensure you grasp the concepts. Send me feedback and questions. mavericktrading@bigpond.com

Videos - Tutorials

- The Videos are in the members section
- Over the next few weeks I will be releasing Videos to Paying Members to explain content in depth..
- I want you to read and then re read these course notes first, because it is a pre requisite to the Videos.

The minimum you have paid for.

- Learn 3 price action setups.
- To find entries on your daily charts easily.
- To find a price action trading setup, place an entry order, a stop loss order and target order.
- Gain Insight into my mind and a traders mind.
- To find a price action setup and know how to trade it.
- Trade without emotion.
- Ongoing Support via Videos,

Course Outline – What you will learn

- The concept of trading for profit..
- Applying risk / reward with a winning edge
- What makes a good entry ?.
- Price Action Setups - The Footprint of Money
- - 3 trading setups that make consistent profit.
- Market structure and repetitive patterns
- Mapping market trends and finding key levels.
- Following the path of least resistance
- Best Price action Entry Setups
- The mental habits of winning traders.
- Bringing it together to win.

Trading Quote

- **“Just as a scenario writer endeavors to mystify his audience, so pools and manipulators strive to confuse and influence the public into thinking a stock is moving in a certain direction when the ultimate purpose is to have it move the other way.”**
-- *Richard D. Wyckoff,*

INTRO

- Dear Trader,
- I want to begin by saying congratulations on an excellent investment in your trading future. In this course, you will learn what trading masters have done for decades, and that is “Trade Price Action”
- You are going to learn to art of chart reading and price action analysis. You will learn how to think, how to act and when to act. You will live breath and sleep trading. With one goal in mind, “to win”.
- You are not going to be promised any financial return, some of you will fail, some of you will go on to become professional traders after learning this material. My one hope is that you believe what you read here is my own personal experiences, this is the way I trade, the way I make my money in the markets. You can't expect to learn everything here, but the tools are provided.
- This course is a testament to my own success, and I am very proud to be passing on this knowledge I have acquired over the last decade. I trust you will respect the fact that no two trading styles are alike, nor are individual traders, thus not all of you will enjoy my thoughts and activities with market analysis.
- For those that harness this material and apply it to your forex market trading ... go forth and profit.
- Nial Fuller
- President
- www.learntotradethemarket.com

Trading With The Odds On Your Side

Aligning market momentum and price action is a definable edge for professional traders. There is an old saying that professional traders miss half the great moves in the market, and I whole heartedly agree.

I have come to the conclusion after 6 years in the market that although there are price action signals and trends occurring all the time, which often run opposite to one another, I can't define an edge by simply trading 1 trading from condition or trigger.

Ideally, I want to combine 2 parameters, often 3 or more, purely and simply because by using "confluence of signals" I can easily define an edge.

Over time, I have noted that an equal amount of price action signals will occur in random chart areas as well as in alignment with trends or horizontal levels.

I notice time and time again, my most profitable trades occur when I trade price action signals within very obvious trends, or from key areas in the market. Early in my career I was obsessed with getting on every great move in the market, until one day I realized, I needed to develop strict rules, even if that meant missing 5 to 10 trades per month!.

So in summary, I define my edge in the market only after I see more than 1 of my entry rules align, enabling me to increase the odds of success. Furthermore, by doing this, I tend to find the market makes larger moves, because often, I am trading from major turning points, or within natural mid term trends.

Nial Fuller

No magic here

- If you lucky enough to find some kind of Mechanical forex systems that work for several months, most of the time, these models end up falling apart in the future for enough time to wipe novice traders out. This is why mechanical retail forex systems have no place in “real world trading”. They are useless at best.
- Most educators or systems teach nothing practical, they fill pages with “garbage” to make a quick buck. They skip the very foundation of market analysis, they fail to teach methods which change with the market , as well as fail to educate traders about price dynamics and price action.
- When you seek a mentor, or a trading approach, you should not look for a system which has fixed rules. All great traders use some form of “discretion” and “gut feel”. Don’t expect to make the same profitable trade tomorrow as you did today, each day, the market is different, no 2 setups are the same.
- Trading logic remains the same, but ourselves, and the market does not. Be prepared to continue to learn each day, as well as adapt your approach to suit market conditions.
- If your truly still searching for some magical concrete systematic way to trade, your still in first gear. I need to get you to second gear, to move past being greedy and lazy minded, and lets learn some real material to help you profit in the market.
- There is no short cut to developing a trading strategy, there's no holy grail system, and there is nothing completely automated which retail traders will ever be able to put to use for an affordable price. The large players will always hold the advantage, and our only chance it to learn how to ride the price movement these large players create.
- For lack of a better phrase, we must learn to“ piggy back “ the big players and read the market..

Initiation comes through experience

- Becoming a great trader is like playing a difficult sport, such examples would be tennis , soccer or basketball. Learning the rules is easy, but as we all know, playing the game to win is difficult and requires training and experience to develop skills and intuition over time. The common element in most sports peoples success is that they start out very early in life, and the blue print of success slowly plants itself in he/she's brain over time.
- Some train hard for years to master a sport , many fail, and a small percentage will progress to some advanced level, some will even turn pro. Those that fail simply don't have what it takes, they find other dreams and aspirations and move on with their lives.
- The exact same logic applies to trading. Some make it, some don't, some private traders earn \$1000 to \$100,000 per week, some may even earn \$100 million per year from this business. Some lose money for years on end and finally give up, which is a wise choice.
- I am one of the lucky ones, I started early on, at 15 years of age, and whilst I don't make Millions of dollars per year, I do make a very good living. I make money because I can read price action and read the charts correctly. I truly believe this is a measure of experience and intuition. I was taught the basic strategies, but the way I can filter trades and understand what's happening in front of me is something I learned from the school of hard knocks, that part can't be taught.
- There is obviously some very basic strategies to help play this game we call trading. Some will play it socially, some will move on to an advanced level, some will perfect the art and turn into Professional traders.
- Remember, a solid trading judgment is the sum of years of screen time and trading experiences. Most of our subconscious learning is taught to us by trading live price action, listening to trading mentors, or reading about various trading concepts like you are about to in this course.

Key Point:

- Remember, a solid trading judgment is the sum of years of screen time and trading experiences. Most of our subconscious learning is taught to us by trading live price action, listening to trading mentors, or reading about various trading concepts like you are about to in this course.

Trading Realities

- If good trading judgment is the key to success, but good trading judgment only comes after years of market experience, how can an aspiring trader like you hope to achieve success? I get this question often? And its a fair question. ..
- I will say to you straight out, the truth is that all great traders must do the “hard yards”. Just as a toddler learns to walk, traders must learn to walk in the markets.
- One short cut is naturally to find a mentor such as myself, as well as to continue to research price action trading strategies, and experience first hand market behavior.
- Shorter time frames are the most volatile and un predictable, thus , paper trading a 5 minute chart can be a quick learning tool, even if your learning “what not to do”, experience is experience, good or bad..
- In a nutshell, the journey to trading success is inescapably one of screen time and acquired market knowledge. The aim of this course is to guide you, to help you in your interpretation of the data in front of you. You must master the art of reading charts and price action.
- Whilst I can't promise you success in trading, I sincerely believe if you master the information in this course, and continue your study and application of strategies pertaining to price action and trading from value in trends, your chances of making it to professional status will be increased 100 fold.

Lets begin



The concept of forex trading

- Directional Forex Trading is the art of using price movements in interbank Foreign Exchange or Capital markets to make profit. Traders may be involved in a trade for 1 second or 1 decade (10 years), depending on their trading method and trading plan.
- Our focus is the short term view of price facilitation from point x to point y.
- To profit from market movements, we must predict price direction correctly, execute a trade entry, then manage the position between our predetermined stop loss level and desired take profit level.
- To win in the long term, traders must develop a trading plan with a statistical edge. Price action, market trends, and support / resistance become our trading tools in creating this edge.
- Every trade setup carries a unique degree of risk verse reward . The cliché – “make your winners larger than your losses” is the most obvious road to wealth. Often, traders lose focus, and they forget what each trade can realistically offer them in terms of profit. Markets do not move in straight lines, yet traders hold on to winners way too long expecting some giant winner, and soon .. They see these profits evaporate. You must lose your greedy attitude and set your rules! My trading setups aim to deliver aprox 3 to 4 times risk, and I am happy to take that kind of profit. This means I can win 1 in ever 3 or 4 trades and still make decent profits over a sample of trades.
- When forex trading, we are effectively running a company. Trading Losses are the cost of business, wins are our revenue. Worst case scenario, on a \$10,000 size account, we have to run this company at 500 % per annum just to make a living!. Difficult you ask? YES!

A robust winning edge ..

- Traders should use entry methods which have a robust edge, even if the winning edge is small, we favor using an entry mechanism that has a tendency to repeat itself, as apposed to entering randomly.
- Depending on our risk vs. reward, the 'edge' could be as low as winning just 25% percent of all trades. The higher the risk reward, the lower the required win rate. The lower the risk reward, the higher the required win rate.
- Methods which carry a slight winning edge in the market, combined with a high risk vs. reward, will keep a trader in the game over a large series of trades.
- A robust edge is not the single ingredient in a trading plan, there are naturally , many other key factors which go hand in hand when each trade is placed, I.e. position size..
- All traders who fail in the forex market are no better than a gambler at a casino. These ever persistent "punters" trade with real money, they ride the emotions, the highs and lows, similar to that of a black jack player. They lack knowledge and certainly have no trading method. There is no plan, and no money management or staking model, and these "thrill seekers" certainly all lack the emotion to become successful.. You must do the opposite to this large crowd of losers if you want to win.
- A robust edge is a proven market event, it's repetitive price event in the market which acts as a "signal" for the trader to pay attention and create an order in the market.
- Those traders who truly believe trading is a mechanical process are fooling themselves. You must now ground yourself to the realities. You bought this course to learn "how it really is".
- You must learn to read charts, study price action, and above all, you must learn to act on price action signals without emotion.

Example of Risk vs. Reward



Understanding Risk Reward

Win Edge % per 12 trades	Risk vs. Return	Risk per trade	wins	losses	Total profit
50%	2 time risk	\$1000	6	6	\$5000
33%	2 times risk	\$1000	4	8	\$ 0.00
25 %	4 times risk	\$1000	3	9	\$3000

Nials' Top 7 trading entry tips

- Think contrarian to other market participants, and act on your signals without emotion.
- Uses a simple naked price chart (no magical indicators).
- Uses timeframes 1 hour or above
- Use Patterns that are easily identified.
- Look for patterns that repeat themselves often on the time frame we trade.
- Use price action as confirmation , don't get in before!
- Trades with the path of least resistance (short term daily chart trend pressure) when starting to learn.



Stranded on a Desert Island

- Imagine you were cast away on a desert island, and before you left home, were given the choice to select just 3 trading methods to take with you, what methods would you choose?
- This same thought process of selecting trading methods is encountered by all traders every day.
- Long term success starts with selecting just a hand full of good entry methods and mastering them ! Don't chop and change.



Mental Habits of winners

- The number one winning attribute of all traders is patience. Be patient and wait for your desired price setup, don't ever enter just to be in a trade. Great traders often speak of being “neutral” or not in a position, as the most profitable trade setup there is.
- Once a perfect setup is identified, a winning trader will act on it with discipline. He is not swayed by economic news, the media or any other influence. He trades the current market conditions and obeys the chart and price action.
- Trade the setup you see, believe what the market is telling you, trust your gut.
- Never panic or become anxious in the face of missed trading opportunities. Remember the market will be open again tomorrow, and never fall into the trap of getting on every move. Avoid being superman, you are only human! Humans are not perfect, nor is the market.
- If the setup just doesn't feel right, and current price action signal is against the most obvious mid term trend, stay away. Try to be a trend follower not a hero who picks every top and bottom. Of course, there will be exceptions, but when starting, try to be a trend follower.
- If you miss a setup, don't chase prices, most trends always retrace to some extent, and provide a second opportunity to enter. Unless your super confident, I would avoid late entries, and wait for a second price signal.

Price Action—The footprint of money

- Price action is the single most important thing traders need concern themselves with on a day to day basis. It is the all encompassing key to all aspects of profitable trading.
- Price action takes into account every aspect of what is happening in the market and around the world at any precise moment.
- Price action will show you with an extremely high degree of clarity, where the price is headed, where the key levels are, and provides price bar patterns and signals to trade from.
- A naked , raw candlestick chart like the one shown to the right, should be the most used tool in every traders toolbox
- Stop using magical indicators, you are fooling only yourself!



By the end of this course, you need to be able to identify all the things on this chart and then you will have a complete trading strategy



Trading Truth

- **There are no strict rules for entering after a price action setup occurs. The key is to know the price signals themselves and then learn with the market going forward.**

The basics -Trends and Mean reversion

- Exploring basic Trends
- Understand Mean Reversion
- Universal Market Laws

Time Frames and Trends

- **TIMEFRAMES:**

- **Ideal timeframes and chart interval range between 1 hour , 1 day to 1 week.**
- Larger time frames, tend to provide more reliable price signals. This means that a trend formation on weekly or daily chart has more weight than that of a 1 hour or 4 hour. A trading pattern on an hourly chart will have more reliability than a 5 minute chart etc etc.
- Trading from a 1 hour chart is more reliable than a 30 minute chart , and a Daily chart is more reliable than a 4 hour chart in terms of perceiving a trend bias as well as identifying repeatable trading patterns. **Again, the higher the time frame, typically the more weight each signal or pattern has.**

- **TRENDS :**

- **Market direction is called a trend or market bias.**
- A 100 period moving average on a daily chart has more bearing on the trend than that of a 21 period moving averaged on a daily chart.
- The most obvious trend is seen on a daily chart, if its heading in one direction, from left to right, either up or down, it's a trend. Trends may be small or large in size, its depends on your time horizon and time frame.
- Short term counter trend pressure (movements against the broader trend) tend to be aborted and result in subsequent failures. Over 70% of counter trend movements fail, so it's important we try to stick with the broader trend where possible.
- Dominant market trends are like comparing a cruise liner to a runabout speed boat, dominant trends are slow, cumbersome and take a long time to gain momentum. They are the most important influence on price behavior on all time frames being traded.
- **Short term trends that are in line with the long term trends tend to result in continuation and increase profit potential as well as increase risk reward scenarios.**

Laws of the market

- Over recent history, markets have become a very large pool of quantitative bets on price movements. What this means is that large players “Hedge Funds” take positions with a very informed bias, based on complex quantitative models, computer driven investment and trading models as well as fundamental analysis. This ebb and flow creates market movement, market rotation and price action.
- There is no distinguishing factor that drives a market movement, it is a group of catalysts which create turning points, volatility and trends.
- Prices move around a central point, that is called the “MEAN” or moving average. Trending or rotative price behavior will always be either moving back towards the mean or away from the mean. As traders, when a definite trend is identified, we trade in line with the direction of the slope of the mean. Advanced traders will also trade from extremes (areas distant from the mean), in attempt to capture profit as price rotates back toward the mean. However, they will mostly employ this method once a price signal is printed. Trading from extremes is more profitable when there is no major trend pressure, IE: sideways to neutral market periods.
- Trading with a trend , and trading from extremes are 2 different strategies and will be discussed later in this course in detail. The most reliable events in markets arise from the mean (average price), static support and resistance (simple horizontal levels), dynamic moving support (trending moving averages, swing points /pivot areas) and of course, price action signals.
- Counter trend trades have less chance of success, unless the price action signal is from a major level, we avoid fighting momentum.
- Every trading pattern or event in the market will always fall back on the above variables. Does price hold support? Does it make a false break out? Does price break out? Is this price action signal bullish or bearish?. Is the trade in line with the trend, or is it moving back to the mean, and is against the trend etc etc?. These are questions we must learn how to answer, as well as trade upon.

Mean Reversion Introduction

- Mean reversion is the heart of all market movement. Prices are either traveling away from the mean, or snapping back toward the mean. We have low trending volatility and high trending volatility. High trending volatility will see a market move substantially in one direction before a retracement occurs. Low trending volatility will see a minor fluctuation around the mean. (trading range or minor slope).
- It is a well known fact that all trends, will retrace at some future point, even if it takes days, weeks or years, the mean (moving average) will be tested. If we apply this logic to short timeframes, we can make money.
- **In summary, prices are always moving back to a central point from an outer extreme and prices are always moving away from central point to an outer extreme. This is the basic understanding of all quantitative models in finance. (see image)**
- **Some points you need to know:**
- The mean acts as a dynamic trend line (value points).
- If price is moving towards or away from the mean, it can be expected to move by as much as the average true range for that period. This means we expect the market to move a certain statistical distance before stalling or continuing.
- Broader term price trends move in line with the longer term moving average direction. This is why counter trends fail and must be ignored. We must try to avoid trading counter trend reactions. **Put simpler, we sell strength in falling markets, and buy weakness in rising markets.**

Mean reversion illustration

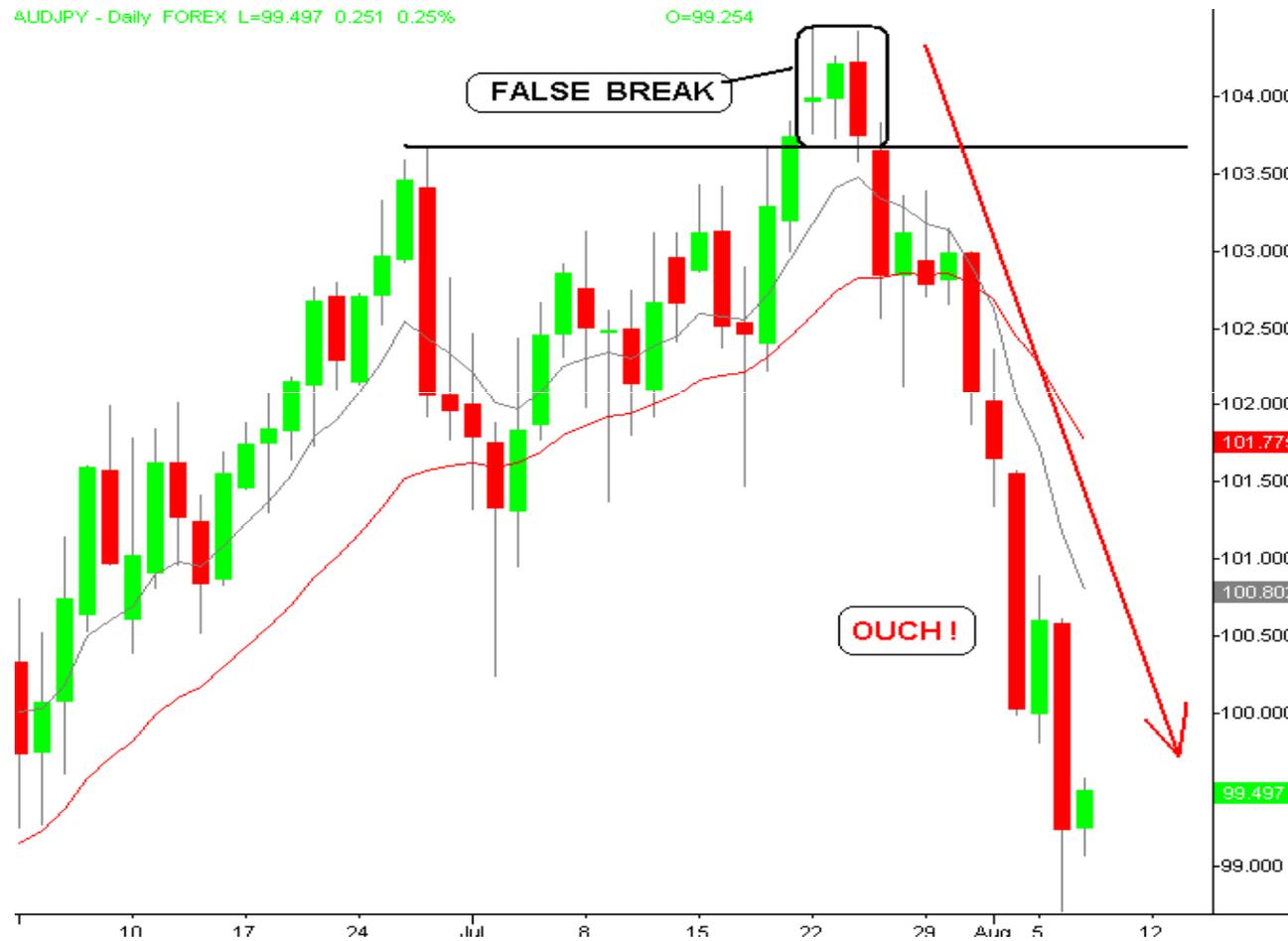


Markets have to move up to move down, and have to move down to move up

- Price rotation, trading ranges, and trends, all carry the one simple law.
- – I.e.: Prices have to move up to move down, and down to move up.
- Knowing this, we can now understand why prices rotate the way they do. As well as why so many break outs are “faded” or used as opportunity to take a trade in the opposite direction.
- How often do you see a textbook break out pattern fail? How often do you see a forex pair make a new recent high or low and then snap back in the opposite direction?
- This is the forex market . . . The trading game is designed to trap you, to trick you, and to test your nerve. If trading was easy, we would all be rich, this is why the simple textbook strategies don't work, and the simple minded traders who can't adapt to new ideas fail over and over.



Forex markets tend to be contrarian, thus why false breaks create opportunity over and over. As I said, markets have to do this to move!



Think outside the square..



Chart workstation setup

- In our trading we should focus on no more than just 4 charts. The 1 hourly, the 4 hourly, the daily and the weekly time frame.
- For trend analysis. We are concerned with the hourly chart and the daily chart only.
- The setup for the hour trend chart is a plain vanilla candle chart, Placed on this chart is a 150 and 365 Exponential moving average.
- The setup for the daily trend chart is a plain vanilla candle chart, placed on this chart is the 8 and 21 day Exponential moving averages.
- The weekly chart is not used for our short term trend analysis, but obviously does display long term trends etc. Ideally, I use it to plot key levels and find price action such as pin bars and inside bars. We apply an 8 and 21 week EMA to this chart.
- The 240 minute chart is used for price action analysis and entry triggers, this is a “helper” chart and will only have raw price data and no indicators or moving averages. It is used to spot key levels and price action also.



My Chart workstation setup



The 150 and 365 EMA's

- There are some things we need to know about how we use these long term hourly exponential moving averages.
- The 150 and 365 EMA levels work as dynamic value, markets often respect the levels during all market periods, either during consolidation or trends , you will often see the levels being respected.
- Price action signals often occur at the levels or around the levels.
- They help identify trends, when price is spending more time one side of the 150 ema, we know the market has a bias.
- The slope of the 150 EMA signals momentum and trend behavior. The more aggressive it slopes, the more convinced we are that it will contain prices.
- We don't just trade the cross of the 150 and 365 ema, we use the levels and slope of the averages. Often trades are entered days before they cross, they just add confirmation and we can then feel comfortable using subsequent retracements to the moving averages to enter positions at low risk entry levels.
- Any trend techniques work as a guide and should ideally be combined with other analysis methods such as price action and horizontal swing points. (more on them later).
- Soon, after screen time, you will see how these moving averages influence prices.

150 and 365 hourly ema



8 and 21 day ema

- When the 8 day EMA is crossed above or below the 21 DAY ema, we can assume that a strong short term trend is present. Usually, this means short term counter trend moves will fail whilst they remain crossed. They are not perfect, but the direction they are crossed initially can be a very accurate guide until a cross in the opposite direction.
- Amazingly, price can close past the 8 and 21 day moving averages for several days, but the moving averages won't cross. The trend will often then continue. I like them as a quick guide, because they are accurate and not instantly reactive, they take some time to give a signal. An ideal trend filter.
- After a cross of the 2 lines, when the market retraces back and may even move well above the 2 lines, often a quick snap back in prices occurs. What this means is that as a guide, markets use these levels to find value and repel away from them. (see chart to the right)
- Naturally, they work best when there is strong momentum.
- We use them as a regressive tool, to identify an area of opportunity. We often use them in combination with price action.
- They are not a pure trading strategy, they are a tool to combine with price action. I am not in the business of trading the crosses of moving averages, on its own, this is unprofitable.

8 and 21 daily ema



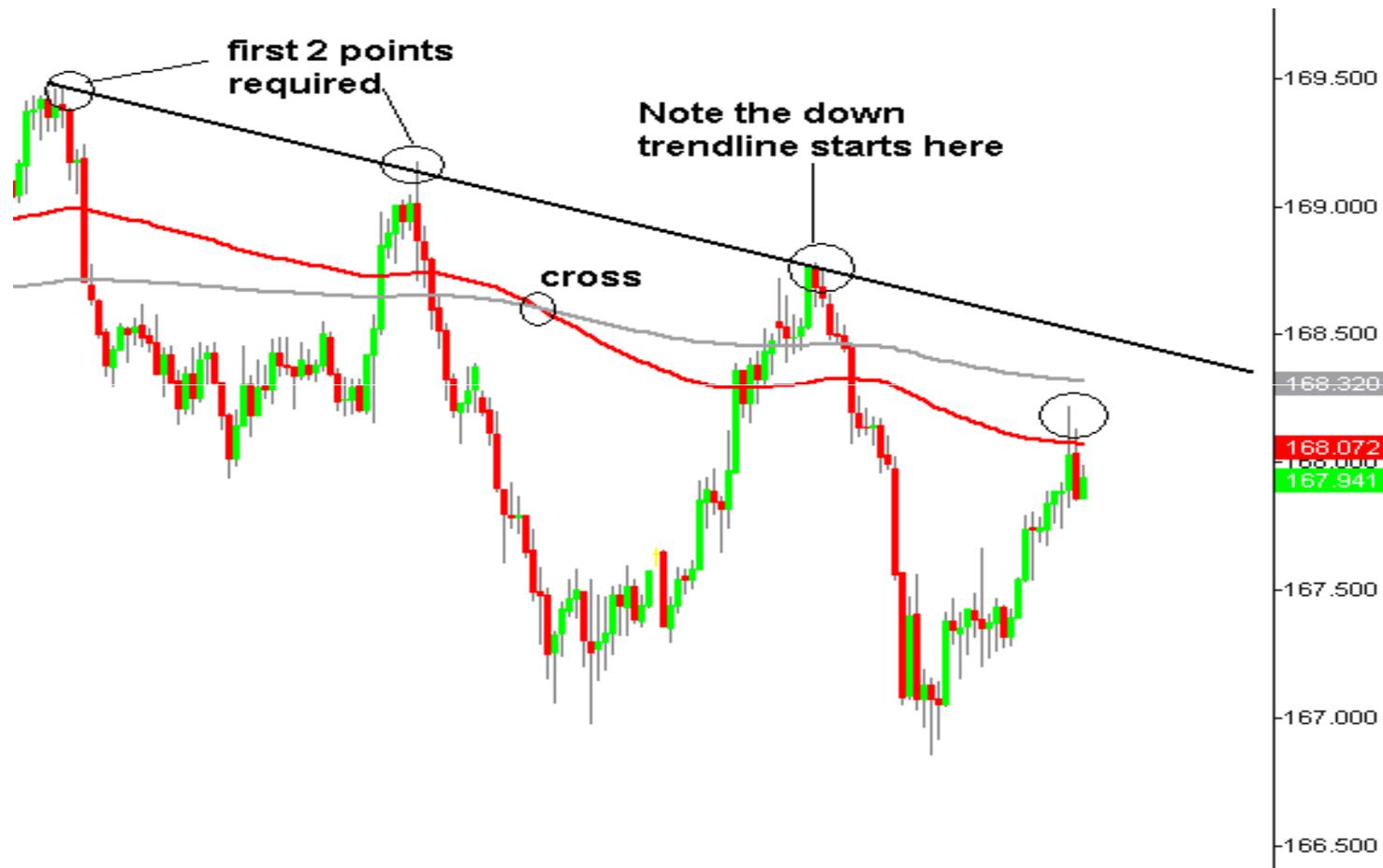
Imperfect trends and rotation

- The hourly trend can often be volatile, and will not always be perfect, some pairs will trend in one direction for days, but prices will have a tendency to over-shoot the mean before retracing, see example to the right..
- The important aspect is the slope of the 150 EMA, as it begins to pick up momentum, the market will start to respect it more perfectly, as can be seen on this charts most recent test of the 150 EMA, in this example, prices did overshoot the mean by 30 pips, but then quickly reversed.
- On a daily chart, often, when the market closes at or past the mean, it will reverse. This closing relationship allows many traders to enter at the close of the daily bar. This is why so often market trend, but still rotate in the process.
- The bottom right is a daily chart of the same period as the hourly chart (top right). Notice when prices close above the 8 day EMA, the market sold off. This is called rotation. Prices are headed back to test the mean, and then potentially away from it again. Everything revolves around the central point., IE: We are either moving away from value it or back towards it.
- **When a volatile, swinging trend is present, the moving average slope is more relevant than the level of the moving average.**



How to draw a trend line –

Wait for first 2 points, and connect a line through them, very basic !



Watch for trend lines

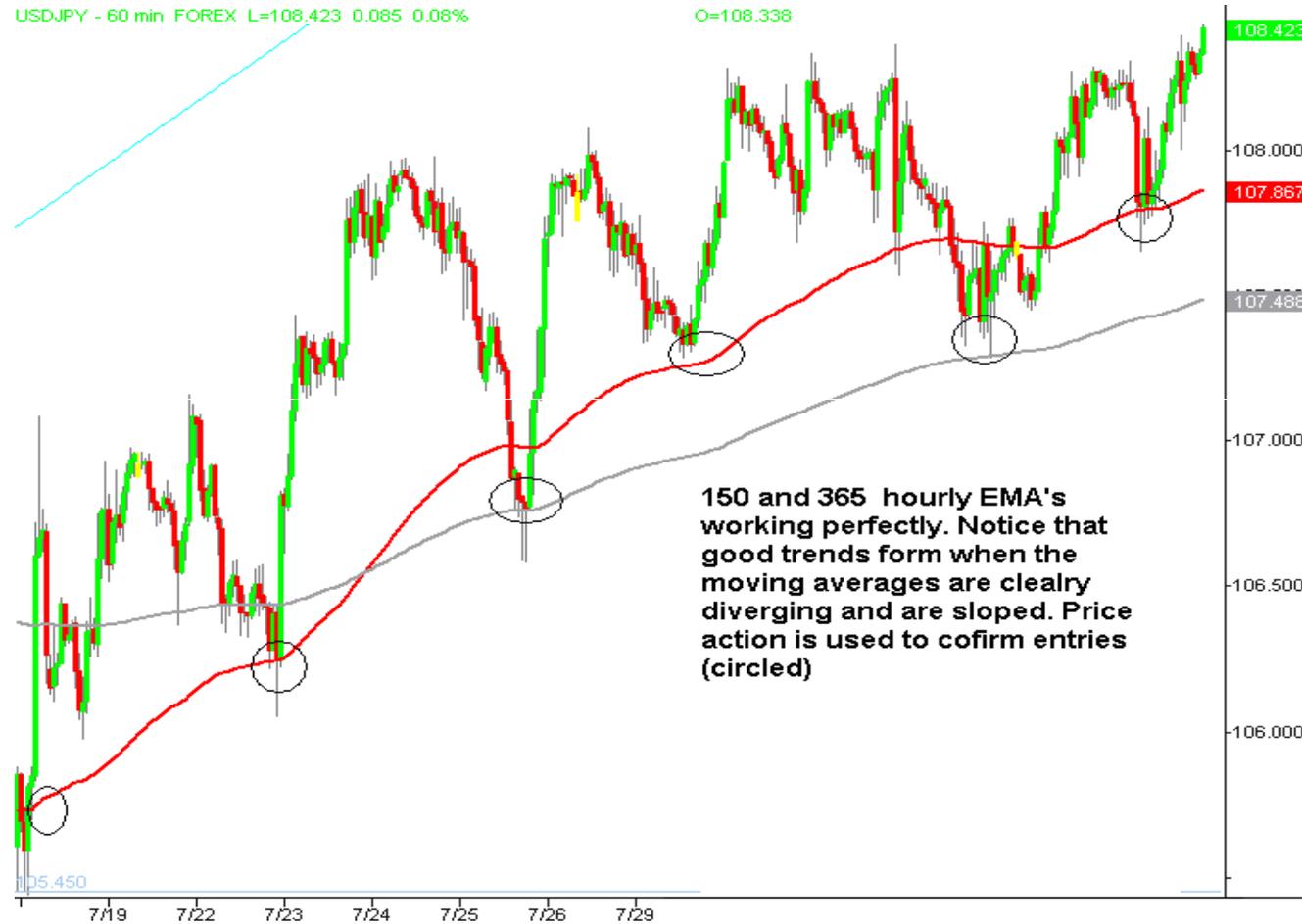


Perfect Trends provide clues

- When a market is perfectly trending, the price action often provides clues, because it will respect the moving average level and repel back in the opposite direction. Once a trader begins to recognize these clues on the hourly charts, and even the daily charts, he can make an entry from a low risk point.
- Traders will either enter blindly at the moving average level, or wait for confirmation via a price action signal e.g., pin bar, inside bar, trend line break etc.
- You will notice over time, that when a market is trending, it always provides clues, and always provides opportunities to “enter” on a retest of the averages.
- The trading community fails to use moving averages correctly, because they concentrate on the cross over, rather than the slope and the levels. Trends provide clues, watch for them.



More perfect trends on hourly charts



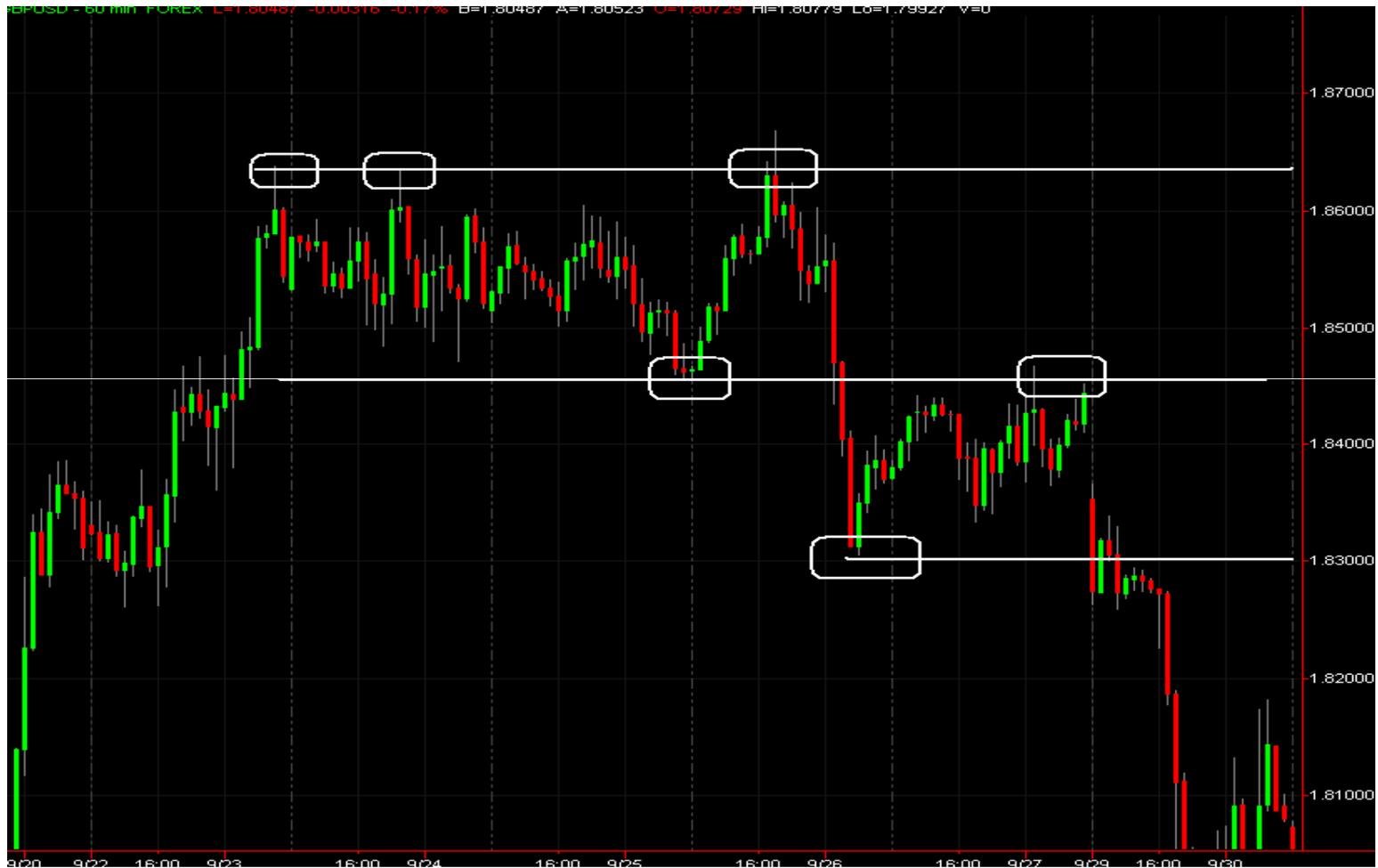
Diverging moving averages signal strong momentum



Trend support and resistance (basic stuff)

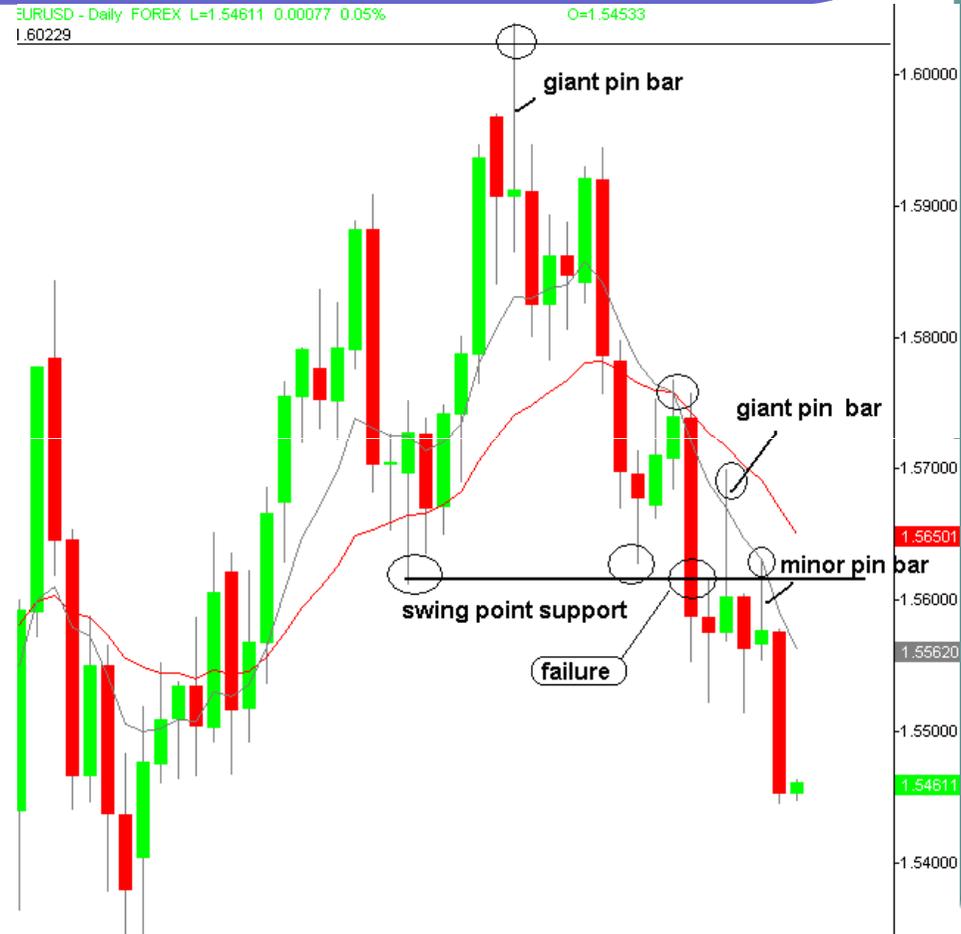


Support and resistance intraday



Swing support points and trends

- The market makes highs and lows and forms swing points. These are short term reference levels and don't need to be confirmed. E.g., if the market moves down and bounces at point x, that will leave a support swing point. If the market then moves back down and fails point x, point x will become a resistance swing point
- Notice that support on this EURUSD chart does not have to be confirmed, it can simply be a swing point or reference level, when a market is moving it leaves swing highs and lows, they clearly become key levels over time. See to the right.
- This example shows the trend collapsing off the highs from a large pin bar signal, then prices fall slowly, with the 8 and 21 day EMA eventually crossing lower, the market finally fails the swing support and dies. There are also multiple price action entries we could have made, and I will discuss these later on.



Map the market with swing points



Trend Summary.

- We will never know when a new trend starts or finishes, we wait for its origination and then trade within it.
- The first and second retracement are always important after a new trend.
- On an hourly chart, the best short term value areas are the 150 EMA and 365EMA. When the slope of the 150 EMA is in clearly in one direction and not flat, the trend has a good chance of being respected and this level will often be resistance.
- Diverging moving averages signal a trend as well as momentum bias. Key moving averages often align with retracement levels and horizontal support or resistance. **When combined, they are powerful, We call this confluence of dynamic resistance.**
- Trend setups are prone to “whipsaws”, meaning not all will result in profit. Some setups will simply die quickly as the market moves straight through the moving averages. You will never know when and where this happens, it just does!
- If following a trend, we can avoid being caught on bad trades by looking around the charts and confirming direction with other influences. Back up your views with Swing points, Trend line breaks, support or resistance breaks, price action signals, etc etc.
- The market makes highs and lows , forming swing points. These are short term reference levels and don't need to be confirmed. E.g., if the market moves down and bounces at point x, that will leave a support swing point. If the market then moves back down and fails point x, point x will become a resistance swing point
- Overall, the trend is your friend. When combined with price action, and being counter intuitive, the greatest position traders of all time, use counter trend moves to enter the market in the direction of the broader swing.
- Retracements E.g.: 55% and 61.5% retracement are often good to trade short term trend swings.
- We do however note that retracement trading is another art form in itself, that's not something I want to Include in this course in detail.

Trading Strategies – Bringing it together



Perfect Trends patterns respect the mean (respect moving averages)



- The above examples show perfect trends, these are the trends we want to be identifying. Perfect trends are when prices respect the moving averages over and over, they mean perfect trades, which mean money in our pocket.
- The single most obvious clue is the diverging moving averages, a nice obvious slope, and subdued price action **which does not close above the 150 EMA by more than a few ticks.**
- Confirmation is also the fact we continue to step lower , making lower highs and lower lows. (the opposite would be true for an up trend.)

Price action within trends.

- **This is important:**
- When we combine a price action signal with a value point area (moving average), our odds are increased.
- Price action won't always occur at the exact level, prices may overshoot the moving average or form under it. What is more important is the recent trend and slope of the 150 EMA. Naturally, odds are increased when we see a massive price action signal in the direction of the trend.
- Example. If prices form a major "pin bar reversal" from a value area, or during a trending move, this is an automatic clue to future direction. (read that again)
- **The highest probability for all trades on the hourly and 240 minute charts is when traders use a price action signal to enter in the direction of current momentum.**
- Weather trading price action or simply joining a trend, I like to be in a trade as close as possible to the moving averages, or even above. Then I know my entry was at or above current "value", and I am playing in the direction of current momentum.

3BPUSD - 60 min FOREX L=1.96919 -0.00594 -0.30%

O=1.97416



Why we choose counter trend movements to enter positions

- Counter trend movements create opportunity for trade entry in the direction of the current market bias or trend.
- We can see that the best trend setups form when there is obvious stepping price action.
- Textbook lower highs and lower lows are present in this example of a down trend.
- **In this example, notice the previous swing highs become important, and provide an area to place a stop loss or at least define the trends risk**

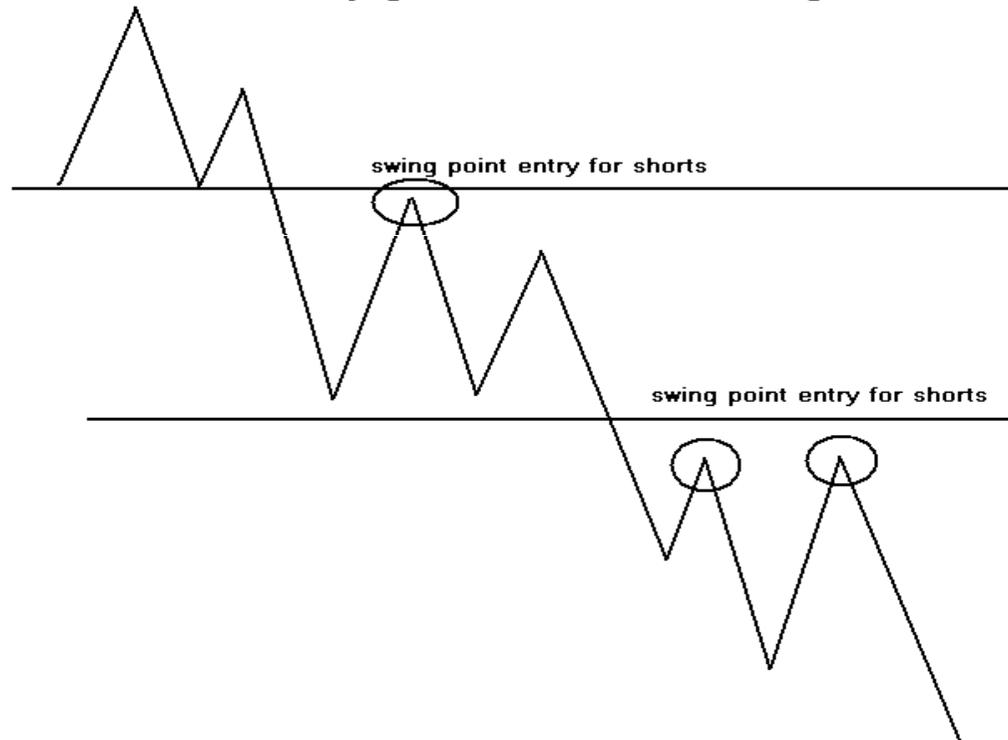


Support and Resistance rules

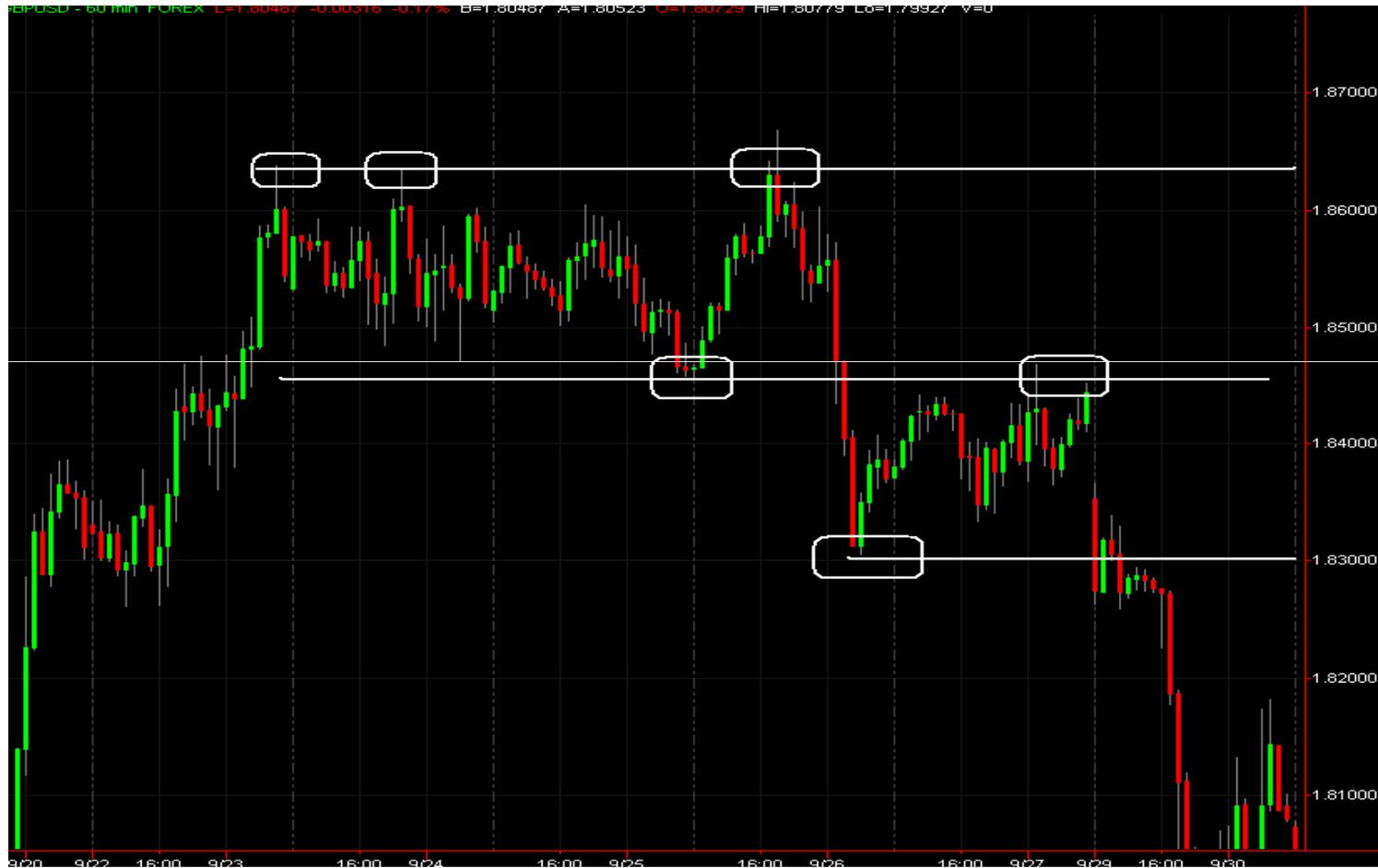
- **I rarely use support and resistance to enter a trade unless I have price action confirmation at or near the level. If there is a strong trend and I am selling a retracement, I may use support and resistance for a low risk entry.**
- Once broken, swing points act as containment (support or resistance) in the direction of the trend. That means basically that where there was old supply, there will be new demand, and where there was old demand, there will be new supply. This is an ever-changing trait of markets, and basically drives all trends.
- Static support and resistance on longer term price horizon is more relevant to trade from. So when doing study, look at time frames above 240 minute chart for intraday traders, with daily and weekly being ideal for end of day traders)
- Support and Resistance rotate over and over, meaning, old support becomes new resistance, and old resistance becomes new support. The smaller the time frame the less accurate and more often it changes.
- We don't always trade from support and resistance, we may use the level to place a stop loss. E.g., if we enter a trend trade to the long side (bought) at a moving average, we might place our stop under support. (the opposite is also true).
- Support and resistance work best in trending markets and can be seen working on both short and long term time horizon..
- There are often 'false breaks' of Support and resistance, which we can use to trade. (more on this later)
- Price action usually gets us into most trades , so don't be too concerned about becoming an expert at identifying swing points and support and resistance. You just need to be aware of the levels and patterns that form near them. Learn to plot them on the chart, always.
- **It is not hard to realize by simply glancing at a chart, that horizontal levels in the market guide everything.**

The horizontal line

This is the most simple trading method of all, using Horizontal swing points. If we combine price action, we almost have the holy grail of trend following methods



Support and resistance



Horizontal levels and false breaks



Draw your long term key levels, don't be afraid



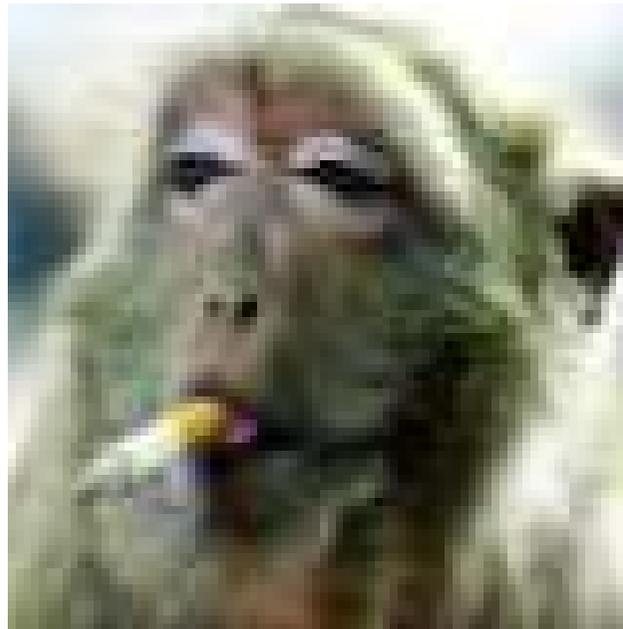
False breaks near support and resistance are common, they lead to reversals.



Price action patterns and bringing it all together

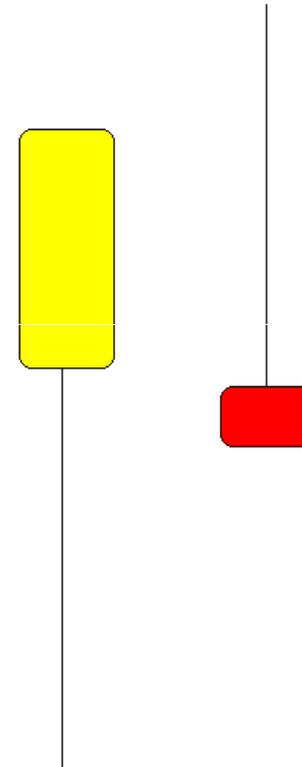
Pin bars, Inside bars, the fakey setup,
false breaks, trending entries,
retracement entries and more

Daily Bar Signals, for monkeys



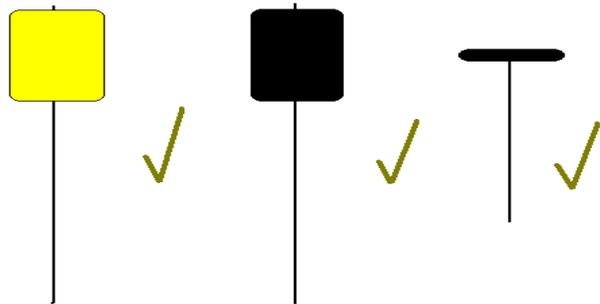
What is a pin bar reversal

- Pin Bar Entry - A pin bar is a 1 bar formation. The pin bar is a price bar which has rejected higher or lower prices. Price will open and move in one direction, and then "reverse" during the session to close at or past the open.
- The candle is easy to spot because it has a "tail" or deep wick. Not all candles with tails are pin bars. Only a bar with a tail, often much larger than its body can be called a pin bar. Usually the market closes past the open, or at the open.
- It is a common reversal signal which typically needs to occur near a support or resistance area (horizontal level or dynamic moving average). Some traders use them in conjunction with Fibonacci retracements as well as trends or simple pivot/swing levels.
- In a nutshell, Pin bars are the ultimate strategy for picking up major swings in prices. In my experience, the Forex market is most responsive to this entry signal, due to the number of trade in Forex, the pattern becomes self fulfilling.
- Often, the best pin bars occur after a few days of movement in the opposite direction to the recent momentum.
- **I noted early on in my career that Pin bars that form in the direction of the trend, but are not after retracement, can be dangerous. What I am saying is, avoid pin bars that just are not obvious, and avoid ones that form right near the recent highs or lows of the current move.**
- See examples to right

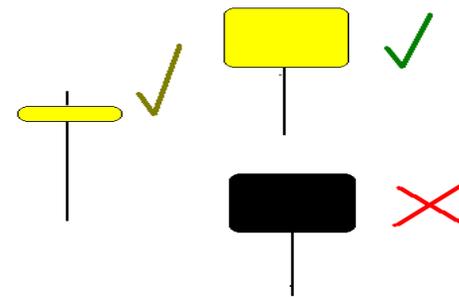


Pin Bar reference sheet

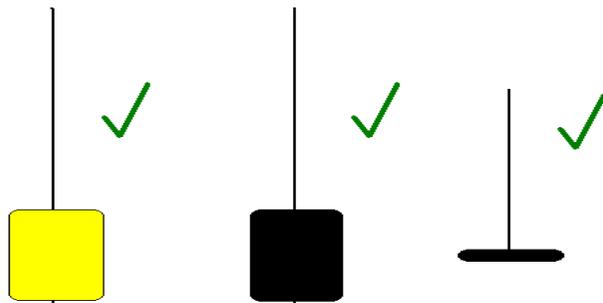
Bullish Pins, long tails



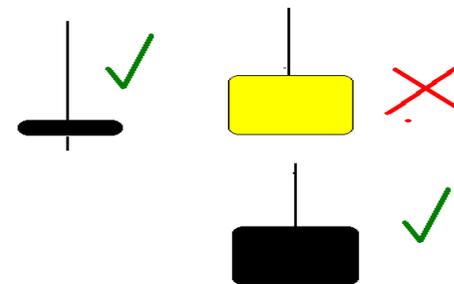
Bullish pin, short tail



Bearish Pins - long tails



Bearish Pins - short tail



Correct places for Pins



Pin bar entry discussion

- **There is 3 ways to enter directly from pin bar:**
- It is not always necessary, but it is always better to see that the nose of the candle has penetrated or hit some form of resistance (MA, Pivot Points or Fibonacci.)
- Many times the close of the nose will not drop to the level of the open until minutes or seconds before the close of the bar.
- **Method #1: Aggressive**
- Sometimes, right after the nose bar closes, the next bar will open and immediately take off in your favor, but sometimes without you! This aggressive method makes sure that doesn't happen, but not without a little bit more risk. To ensure that the trade doesn't leave without you, place , you may use an at market entry. This way you are filled and happily making pips when then bar decides to drop like a rock without retracing at all. Place your stop just above the top of the tail. For an even more aggressive trade, place your stop above or below 60% of the range of the bar. I find that large 1 hour and even minor 240 minute Intraday pin bar signals tend to be fast and occur straight off the bat. I will never be able to teach you exactly where to get in, but if the trend is strong, market entries can be a good choice on intraday time frames.
- **Method #2: Aggressive**
- Sometimes, right after the nose bar closes, the next bar will open and immediately take off in your favor, but sometimes without you! This aggressive method uses market momentum as confirmation, but not without a little bit more risk. To ensure that the trade doesn't leave without you, in particular on intraday time frames, use an "on stop " entry. So if going short, I sell on stop below the low of the signal "pin bar", and visa versa for longs. Again, probably more suited to intraday day signals, and possible good for daily pins which don't have a massive range.
- **Method #3: Conservative**
- Many times , on the daily chart, particularly if the pin bar is large in range, I see a market retrace a little before reversing and plummeting or rallying, it might be 12 hours, or even 1 to 2 weeks, but often, there is a retracement before the signal comes off in the desired direction.. I discuss the retracement entry for pin bars in many of my videos for daily pin bars or larger 240 minute pin bars. The more conservative way to enter the pin bar setup, basically waits for the market to retrace to some extent. I will take the range of the signal pin bar, and find the 38% to 55% retrace range, and look for an entry in that vicinity. Some other ways to enter on a retracement would be to look for a logical nearby level , maybe the nearby resistance or support etc. Using a retracement to enter will facilitate a smaller stop and lessen your total risk, but increase the reward to risk ratio.. The drawback of the conservative method, is that you will sometimes miss out on that trade.

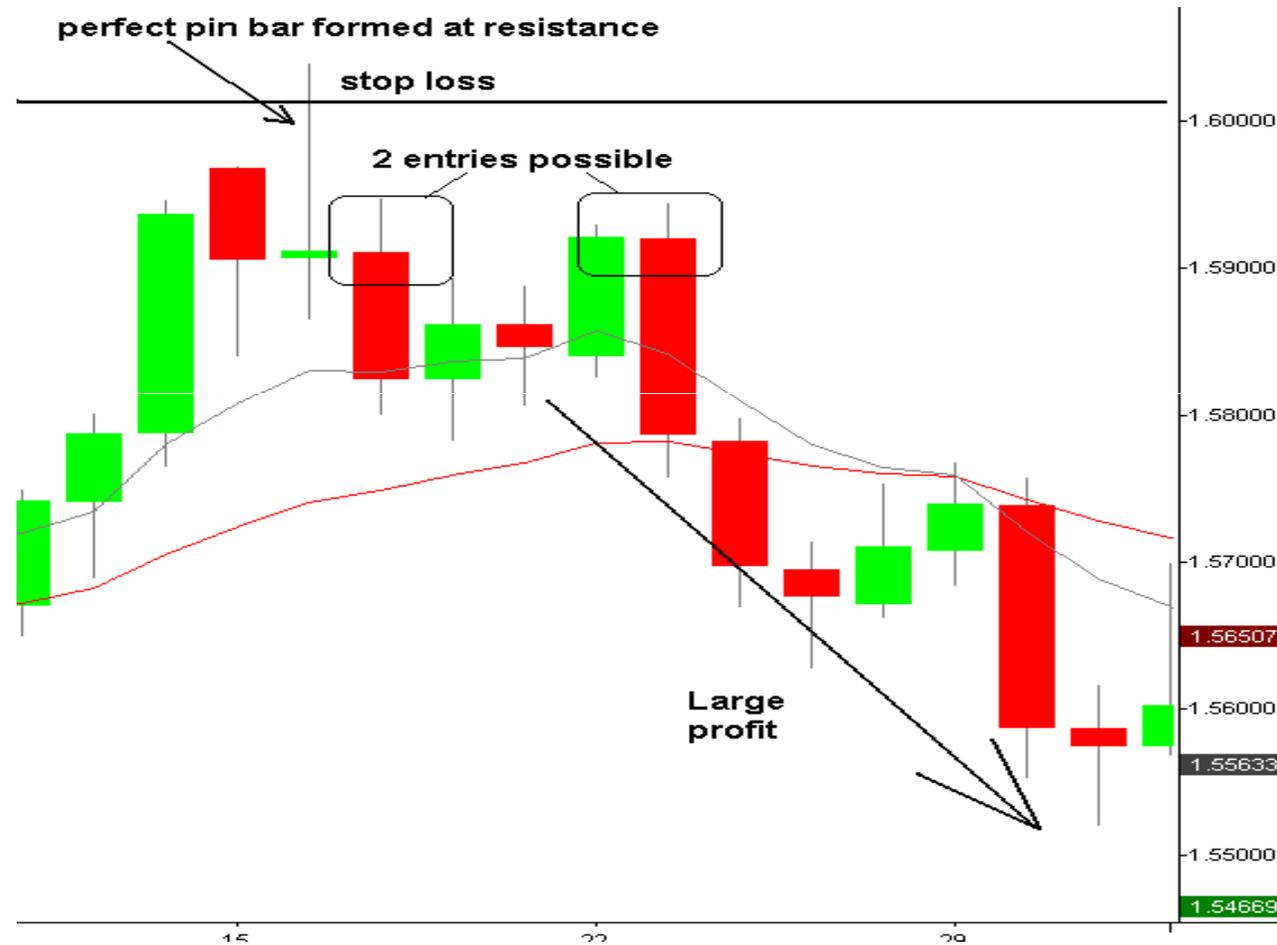
Pin Bar - very Important notes

- Intraday pins at market or use on stop orders to get in
- Daily pin bars, enter on retracement if range is large. If pin range is smaller, market entry.
- Often use daily and intraday pin bar signals together.

Entry and Stops

- The Intraday pin strategies discussed later will be at market entries, or we wait for a move below or above the nose, depending on the direction of your trade. As long as the pin bar is not very huge in range, when there's a strong trend under way, I don't wait, I just jump in.. (more later)
- Daily charts, entry will be depending on the size of the latest pin, if it's a large ranged pin, you might wait for the next day to retrace as we just discussed. I truly am 50/50 on which is the best method, but for new traders, I suggest you consider learning to trade the 38%-55% retracement method, and try to trade with trends or from obvious support and resistance. In time, you will progress. **There are no strict rules for pin bars and price action. The key is to know the price signals themselves, everybody trades them differently and you will decide which is best over time.**
- I find it impossible to make a system and tell somebody there is a set way to trade a pin bar. First off, get experience at finding the good ones, and then learn from your mistakes as well as your fortunes.
- Stop loss is important here, most of the time, it needs to be below the low or high of the signal pin bar. If your trading intraday and you get a confirmation signal, you might be able to get your stop tighter. Some will have it above the high or low of the pin bar itself, some use the 60% level of the pin bar, and some will use the 75% level. As I keep saying. It depends on the candle size, and realistically, depends on your risk reward potential. If it's a huge pin, and you need a 100 pip stop, that's a large stop, so you could make the stop smaller using a variety of self taught methods. **Remember, using a retracement before entering the pin will naturally tighten the stop loss.** An inside bar formation anywhere after pin bar formations will also help with risk management, because you could use the inside bar highs and lows for stop loss placement .. That's more advanced, but something that you will see every now and then on the higher time frames like 240 minute and daily.
- As time goes on you will learn that pin bars set up momentum plays, and **you can manage intraday trades based on the daily signal itself** .. Learning that comes in time.
- Obvious support and resistance, trend lines and the 8 or 21 day EMA are all good levels to trade pins when starting out..
- When you enter, look for a profit objective at least 2 times your risk, ideally more!. Pin bars can lead into major moves, so don't be afraid to hold a trade if the signal is strong and price action agrees. I look to target a recent key levels to take my profit. I recently made 6 times risk on a EURUSD daily pin bar, so guys, this can be done!
- If your trading against a trend, you dam better make sure that pin bar is obvious and large, and try to have it align with some logical level in the market. Confluence helps!, if in doubt, don't!
- Be patient and wait for the perfect pins. An example of a perfect pin bar trades follows.

The perfect storm – a pin bar at a major resistance level



Pin bars are the best signal I've used in forex over 5 years of trading



The Pin bar reversal with trend



Pin bar from swing retracement



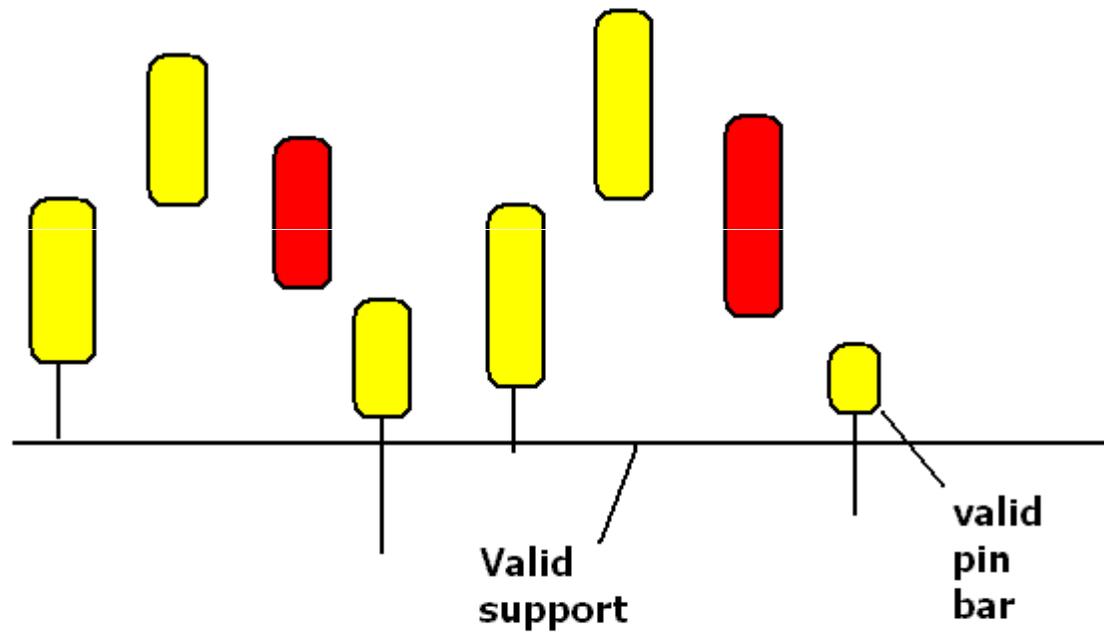
Weekly pin bars show turning points



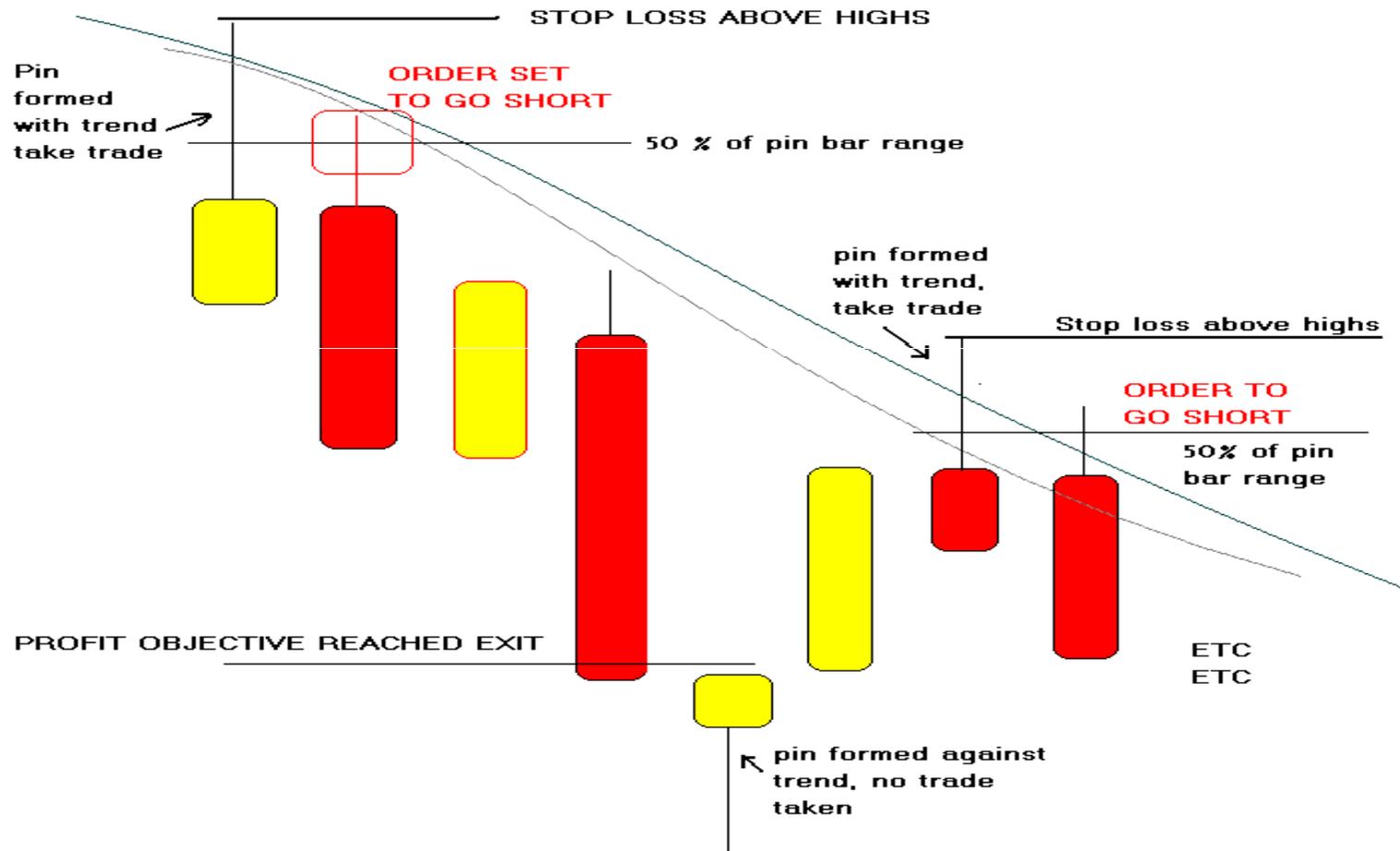
Pin bar reversal with trend



Pin bars at horizontal levels



Example of pin bar entry with stop and target in trend



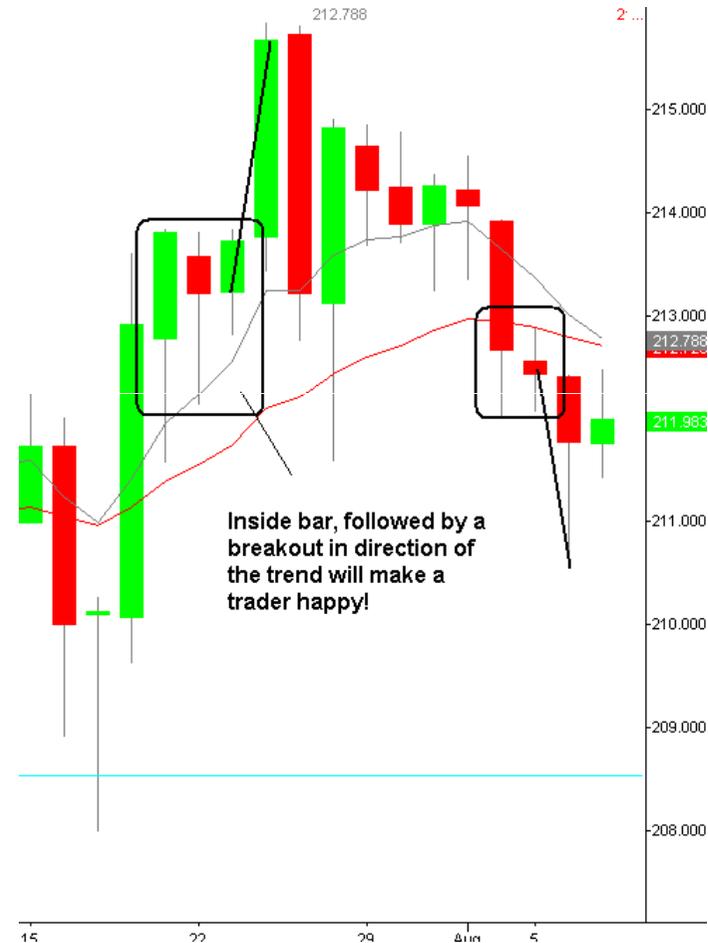
Inside Bars and Hikkake Patterns

Inside bars

FAKEY- False break

What is an inside bar

- Inside Bar Entry - An inside bar is a bar or series of bars which is/are completely within the range of the preceding bar, or , i.e. it has a higher low and lower high than the bar immediately before it (some traders use a more lenient definition of inside bars to include equal bars). On a smaller time frame it will look like a triangle.
- An inside bar indicates a time of indecision or consolidation. Inside bars often occur at tops and bottoms, in continuation flags, and at key decision points like major support/resistance levels and consolidation breakouts.
- They often provide a low-risk place to enter a trade or a logical exit point.
- The most logical time to use an inside bar is when a strong trend is in progress. If we play the break out, our stop loss can be defined by placing it below the half way point of the outside bar or mother candle.
- They are very good when trading a trend on the 240 minute charts, and can be good to identify market turning points when trading against the trend.
- Inside bars often stall a market movement, so they are good reversal patterns both with trend and against them
- See Chart example

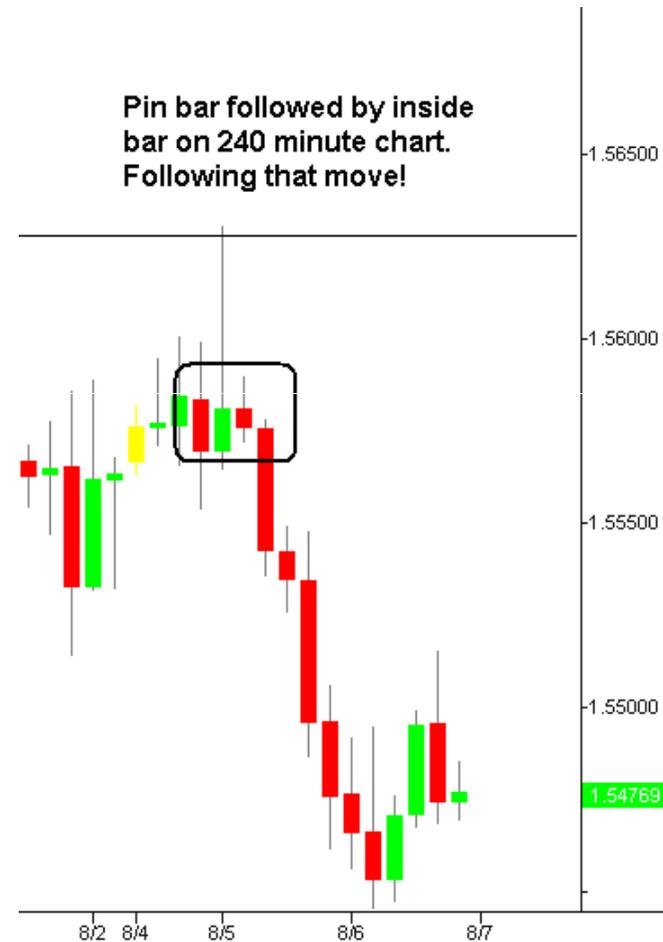


Inside bar on daily chart



Inside bars observations

- When first starting out in trading, I only used intraday inside bars when they favored the broader trend.
- I noted that inside bars that formed after pin bars were AMAZING! (see right)
- As time went on, I soon realized the merit of using them at key levels too. I still do notice however, that most of the time, the broader overall direction will make very high probability trade setups from inside bars, or multiple inside bar setups.
- I occasionally noted that a short term counter trend move will often stall after an inside bar, but we wait for the market to break back in the direction of the trend before entering.
- I also noted that inside bars near key levels worked as clues to reversal in the opposite direction. The occurrence was rare though.

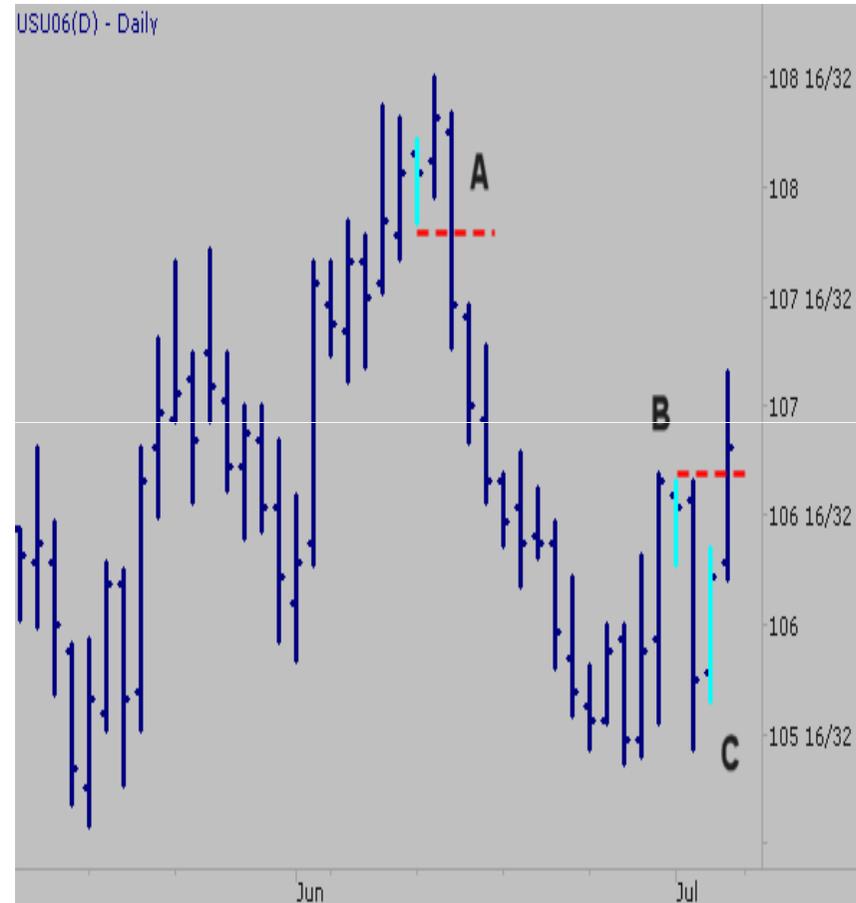


Combos (pin with inside bar)



The Fakey or Hikake Pattern

- “By monitoring shifts in short-term patterns and indicators, we may be able to hop aboard early phases of regime change.”
-- Brett N. Steenbarger, Ph.D.
- **“Just as a scenario writer endeavors to mystify his audience, so pools and manipulators strive to confuse and influence the public into thinking a stock is moving in a certain direction when the ultimate purpose is to have it move the other way.”**
-- Richard D. Wyckoff,
- **The Hikake (Fakey), False break pattern.**
- This pattern is where we have a false break of a key level or a false break of an inside bar.
- Instead of the market going with the initial break of the inside bar pattern, the market "fakes out" and reverses back on itself over the next few days.
- This initiates a solid burst of momentum which can last 1 or more days.
- False moves create trends in the opposite direction, Setups are “unconfirmed” when they fail to trigger an entry within 3 periods of the inside bar setup.
- They work best on a closing basis, that is, they are hard to trade live unless using intraday version of this signal.



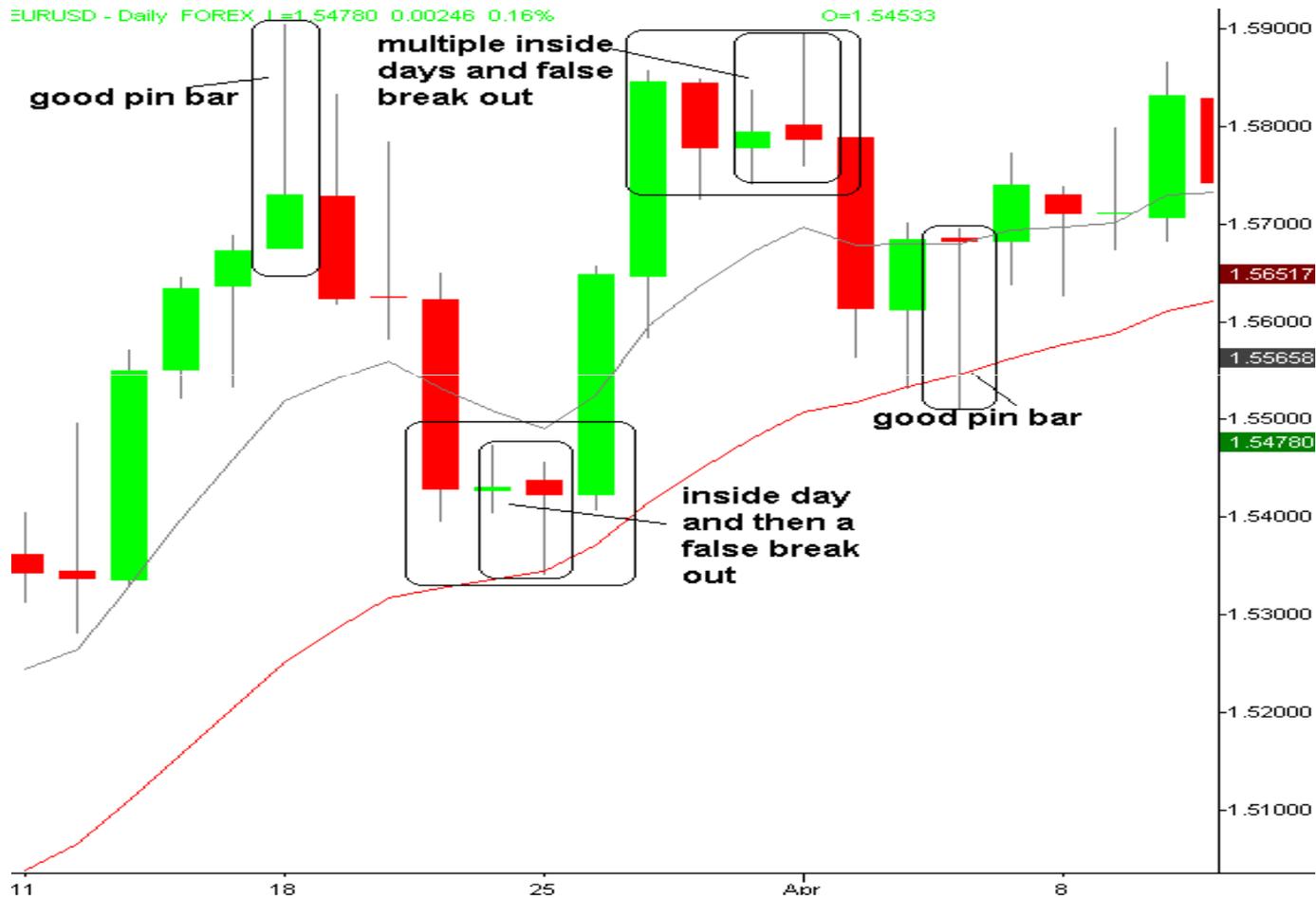
Fakey in action



Best Fakey ever



Pins and Fakey combined, notice how many false breaks result in the formation of pin bars?



Event areas and inside bars

- My version of an inside bar event area, is basically an area of price which started a major event or break out etc.
- I won't go too far into the dynamics of this concept. To make it very simple, markets often find support or resistance at areas where recent price events have occurred. They become reference points..
- This will be the only time I mention this, but you can do your own study. How often can you spot a price event area of reaction which acts as support or resistance zone. Here is an example to the right.



60 and 240 minute Entries

Using price action to jump on board trends

Trading Pin bars reversal in 1 hour chart perfect trends

GBPUSD - 60 min FOREX L=1.96919 -0.00594 -0.30%

O=1.97416



Trading 2 bar reversals in trends

- I only use a 2 bar reversal when trading a trend, and only when it's clearly coming from a counter trend move. So that means, I am using a price action model to enter into a trend.
- This pattern is rare, but will work very similar to a pin bar, a quick move up, and quick bar down.
- Effectively, they produce similar results as pin bars, but let's make this clear.. They are best when the second bar breaks the first bar's low or high (depending on the direction you are trading), I often wait for the break, and I need them to be perfect.
- See examples to the right.



The 240 minute pins, good with trends and support and resistance



240 minute inside bars, good with trend only



Trend trading pins and inside bar pins



1 hourly Fakey with trend



Intraday Fakey in direction of trend only



Remember this slide at the start? does it make more sense now?



Building your entry plan and risk reward

Choose a few setups with solid potential, make money, stick to the plan. Always be patient

Section to come

- Trading plan Section to come, I am completing as we speak.

Summary

- You have now just spent a few hours reading through this price action trading course, you have seen the various concepts I put forward, I have disclosed my trading mindset, all my wisdom and knowledge, You know all my tools, all my price action entry methods etc etc.
- You should understand the basics of price dynamics, trends, the way we find trends, the way we trade price patterns within trends etc etc.
- Regardless of what methods you liked, I want you to pick a few and master them. A novice could start with trend following approaches and use price action signals to enter intraday or from daily charts.
- Now that you have this information, what are you going to do with it? If you want to keep studying it, go ahead, if you want to trade with it, you need to put a trading plan together and do it.
- Your trading plan will revolve around how much you risk per trade, your desired risk reward per trade and of course maintaining the discipline to enter the setups you choose!. Daily charts are a good place to start.
- Naturally some of you will still be confused about some topics, so re read the course and watch videos and look at your own charts, everything will come together if you follow just a few setups that you instantly take a liking too. Personally, I love trends, and I use all my time to find setups in trends with my fakey, pin bar and inside bar entries.. I master these only.
- There are well over 10 strategies you have been shown in this material, some will make you wealthy if you master them, some will make you poor if you follow just that single method alone. Honestly, you need to find a few, not just 1, but not all of them, use the ones that are mixing well with your personality and fit into your time restrictions.
- Now its time to make your plan, the next few pages describe the basics of my own trading plan.

Closing tips

I use New York Close candles. www.fxlite.com or www.tradestation.com provide these charts.

- Each day when I wake up , I scan through the following currency pairs I identify any obvious price action signals such as an inside bar, a pin bar, or a Fakey setup.
- If I spot inside bar formations with the trend, I look for continuations, but if its against the mid term trend , I note a potential Fakey is in the making, remember, the Fakey setup is unconfirmed at this point, so that's a pending trigger I note. After a daily pin bar I typically will wait for a 38-55% retrace of the pin bar to enter. If the market is trending, certainly I try to take daily pin bars instantly if the trend was already strong and moving fast.
- I will have already had key support and resistance marked on my charts, but I will then amend these lines on the charts if things have changed overnight. A move in the markets will obviously change my key short term swing support and resistance, so I note those levels clearly.
- I take note of the current short term trend on the 8 and 21 day EMA chart as well as the 1 hour 150 and 365 EMA.
- I bring it all together and decide what setups I like. I decide if the market is at a trend line, following moving averages, or nearing obvious short term or long term horizontal support and resistance etc. Do the any signals occur near the relevant areas or did they form with the broader trend?
- If the market was previously going sideways, was there any obvious intraday trend move that broke a key support or resistance level overnight? If there was, I need to note that level on my chart.
- Most Fakey setups work best with trending markets, or right next to support or resistance, or key retracement points, so the trigger is only taken if I can clearly decipher this.
- Daily Inside bars are taken if they clearly form with an existing strong trend, when I take an inside bar break out, ideally I want the inside bar to have been the tightest bar than the last 4 or even 7 days. (nr4 and nr 7 days). The less nearby resistance or support , the more potential the inside bar pattern has to move in our favor, if there is a nearby level, you might want to wait for support or resistance to break before entering inside bar.
- Daily inside bars are noted regardless because they can become a Fakey setup
- If there is a strong trend on the daily chart, , with a clear stepping price action in once direction, I will be actively looking to enter a trade in the direction of that trend, using a counter trend move to enter at the 8 21 or 50 day EMA "value" areas. This applies to the hourly trend charts as well.
- Daily pin bar with an inside bar after it is powerful and trigger is usually taken every time if the trend agrees, or if the signal occurs at or near a very obvious significant key horizontal level.

Tips for intraday trading

- I will trade 240 minute pin bars when market is clearly trending on one side of a trend line or with the direction of a sloping 150 EMA
- I will trade the 240 minute pin bar , 240 minute Fakey or 240 minute inside bar in direction of obvious current trend.
- When trading the 150 hour and 365 hour EMA trends, ideally we enter from hourly signals or in combination with 240 minute charts.
- On the 240 minute and 1 hour chart, I will look for a **false break** of a key support or resistance swing level (recent highs and lows) these areas often have signals around them.
- I will trade 240 minute pin bars and inside bars when market is clearly trending on one side of a trend line or with the direction of a sloping 150 hour EMA. (we obviously combine charts to make judgment).
- Large 1 hour pin bars or 1 hour Fakey from inside bar clusters which form in line with a strong trending move are obvious signals! New highs or lows in a trend are a good clue to strong trends.
- You may wish to use a 1 hour or 240 minute inside bar or pin bar to help decide weather to take signals from the daily chart. Remember, the charts we use work best when they are all aligned. Great pin bar setups on the daily chart are often confirmed via intraday signals too, either the same day or next day.

My Final thoughts

- Regardless of stop loss order placement and target profit order placement, if you learn to master just several price action strategies, and have these basic conditions present on the charts, you are well on your way.
- Your edge is price action, learn to read charts and keep a look out for key levels, pin bars, inside bars and false breaks (Fakey).
- Over time you will develop into a good trader by applying your own money management, stop levels and target levels. I can't give you those levels, because the market is always changing. I have given you the signals that work for me, now you must learn to look for them and manage your trades how you feel comfortable.
- I will say it again, there is no system or correct method to enter and exit. The only systematic part of my trading is the price action entry trigger itself, once I see the entry conditions, I look for logical stop placement and target placement, and if I apply a risk reward of 2.5 to 1 or greater, my account profits tend to take care of themselves
- Remember, markets can only move by xyz percent per week, so if your stop is wide, your profit target will also be wider, and your looking at a time horizon of a days to weeks.
- Remain patient and don't stuff around with a trade setup once it is on.
- The course content is a work in progress and you will get 10 times the value of what you have paid for.
- It takes time to put this content together and I am learning how to explain things, so please be patient.
- Good Luck and safe trading
- Any questions? Email me:
- mavericktrading@bigpond.com
- Nial Fuller