Smart Money Concept

(SMC) Trading

Forex Market

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Risk Disclaimer

Futures, stocks, forex and options trading involves substantial risk of loss and is not suitable for every investor. The valuation of futures, stocks and options may fluctuate, and, as a result, clients may lose more than their original investment. The impact of seasonal and geopolitical events is already factored into market prices.

The highly leveraged nature of futures trading means that small market movements will have a great impact on your trading account and this can work against you, leading to large losses or can work for you, leading to large gains.

If the market moves against you, you may sustain a total loss greater than the amount you deposited into your account. You are responsible for all the risks and financial resources you use and for the chosen trading system.

You should not engage in trading unless you fully understand the nature of the transactions you are entering into and the extent of your exposure to loss. If you do not fully understand these risks you must seek independent advice from your financial advisor.

All trading strategies are used at your own risk.

Any content from this book should not be relied upon as advice or construed as providing recommendations of any kind. It is your responsibility to confirm and decide which trades to make.

Trade only with risk capital; that is, trade with money that, if lost, will not adversely impact your lifestyle and your ability to meet your financial obligations. Past results are no indication of future performance. In no event should the content of this correspondence be construed as an express or implied promise or guarantee.

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Chapter-1 : Introduction

If you're reading this book, I'm assuming your little trendlines, retail patterns, support and resistance strategies aren't fucking cutting it. You're probably wondering if anyone in the trading world actually makes money, or if it's a straight up scam.

You're probably at your wits end, losing almost every trade. Doesn't matter which direction you choose, long or short, all you see is fucking RED! Trust me, I know the feeling, I've been there. From slamming my head against my desk, day in and day out. Thinking "am I just a straight up dumbs hit. What am I missing here!? Why is everyone else making money?"

This book was designed to give you all the reasons why you clearly suck at trading, and how to not suck so much at it. I'm going to be your coach. I'm going to be extremely tough and harsh. Trading isn't for the weak minded. After all, this is a psychological battle with yourself, not the market makers. That's why it doesn't fucking matter which strategies you choose.

I would say strategy is 20% of the game, psychology is the other 80%. I know you, I've been you. You're trigger happy. Entering trades early because you have some sort of internal dialogue preaching FOMO. Oh? Not your issue, then maybe you've experienced too much pain, and now are too chicken shit to take your shot. Either way, this book was built to fix your internal dialogue first, and give you the reasons why you've been manipulated in the markets.

Chapter-2 : Entry Types

We can categories entries based on various conditions.

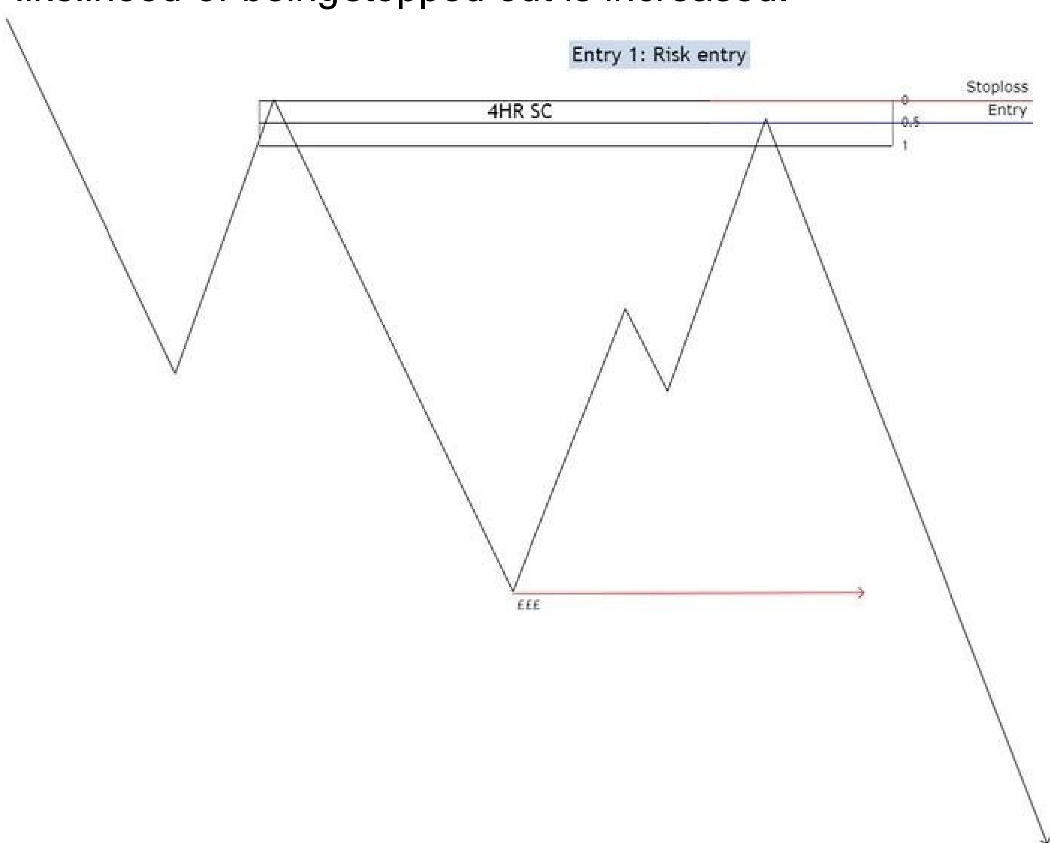
First let's look at entries based on SC refinement and existence of LTF confirmation.

Entry-1 : Risk entry

Risky entry is best when your trade is in the direction of the trend and momentum.

You've identified a SC on HTF and refined it on the LTF. So an example would be a 4H SC refined to 15m. When all the necessary multiple confluences you require to take a trade are present, you can set a limit order on refined 15m SC for entry.

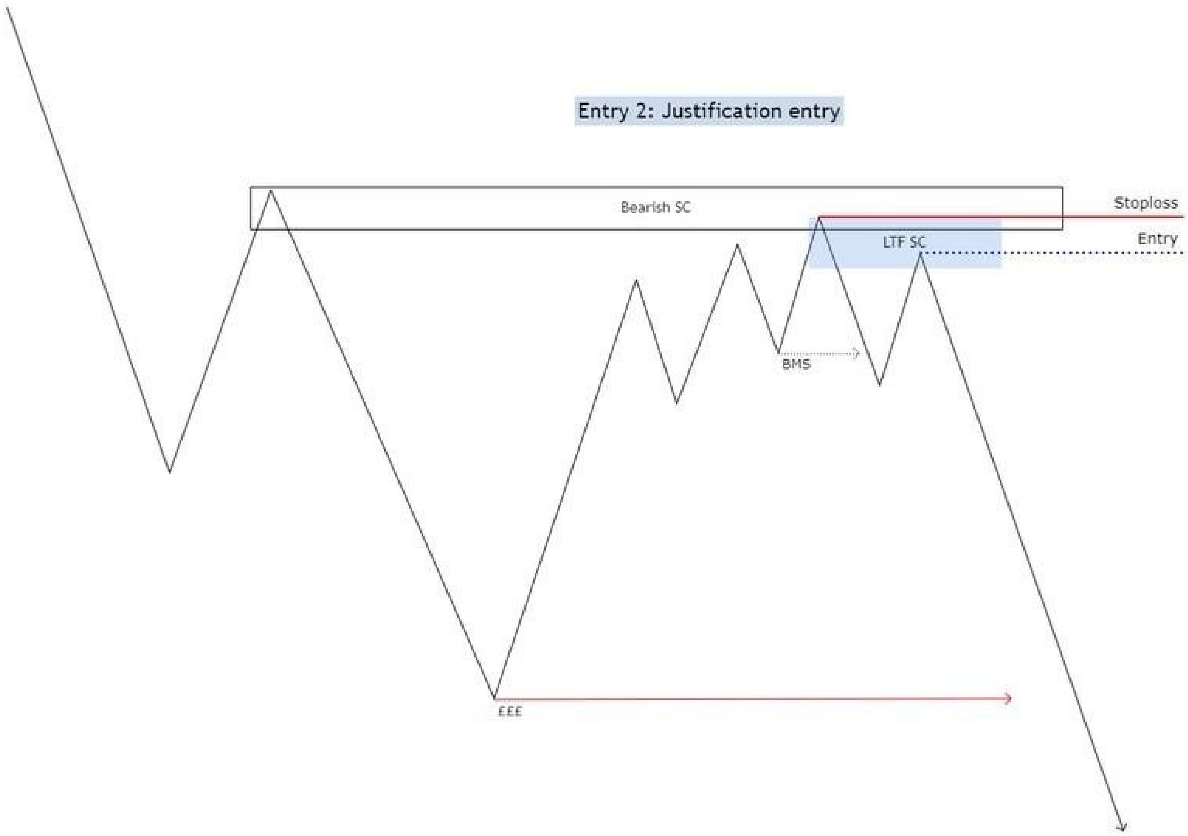
There is minimal confirmation for entry therefore the likelihood of being stopped out is increased.



Entry-2 : Justification entry

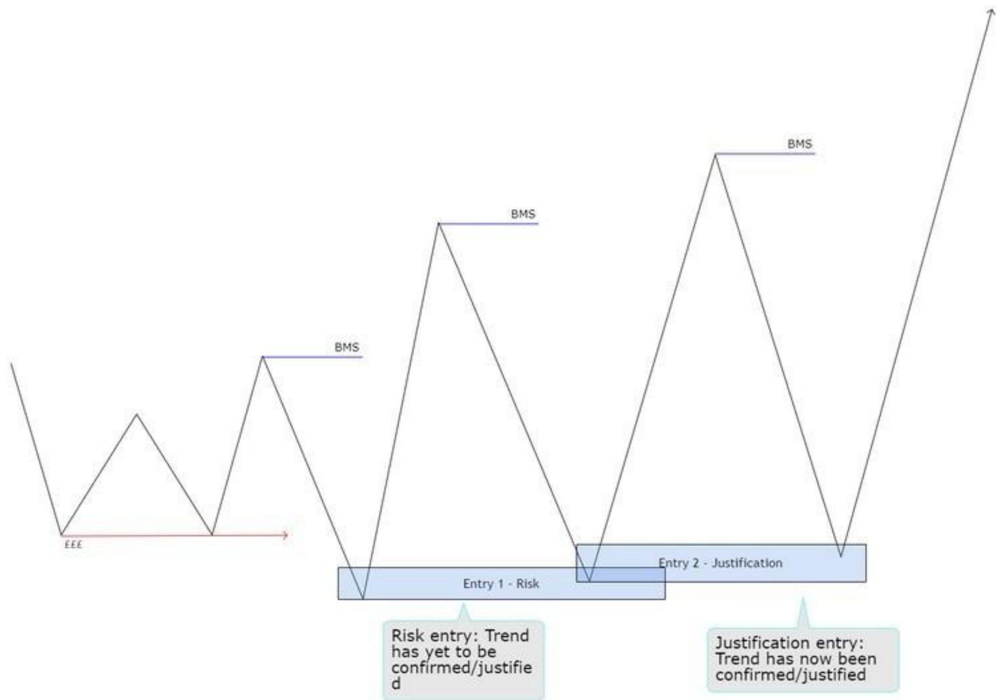
Justification entry is best when price is moving back to your SC aggressively, you're looking to take a counter trend trade or when there are multiple SCs to consider.

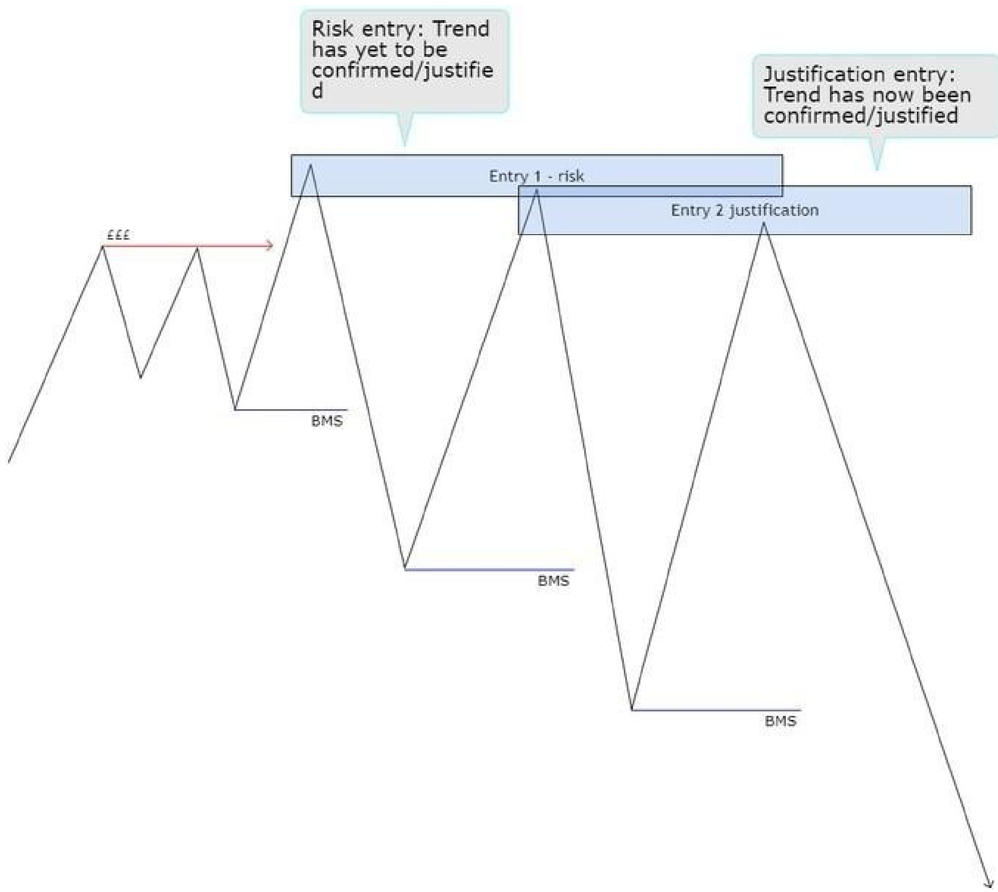
Waiting for a BMS to occur on a LTF in the direction of the trend gives you additional confirmation to take that trade more safely than simply setting a limit order. The disadvantage of this entry type is that you may miss some trades because price will come into your area of interest and then it moves away from it very fast without giving you an opportunity to Enter.



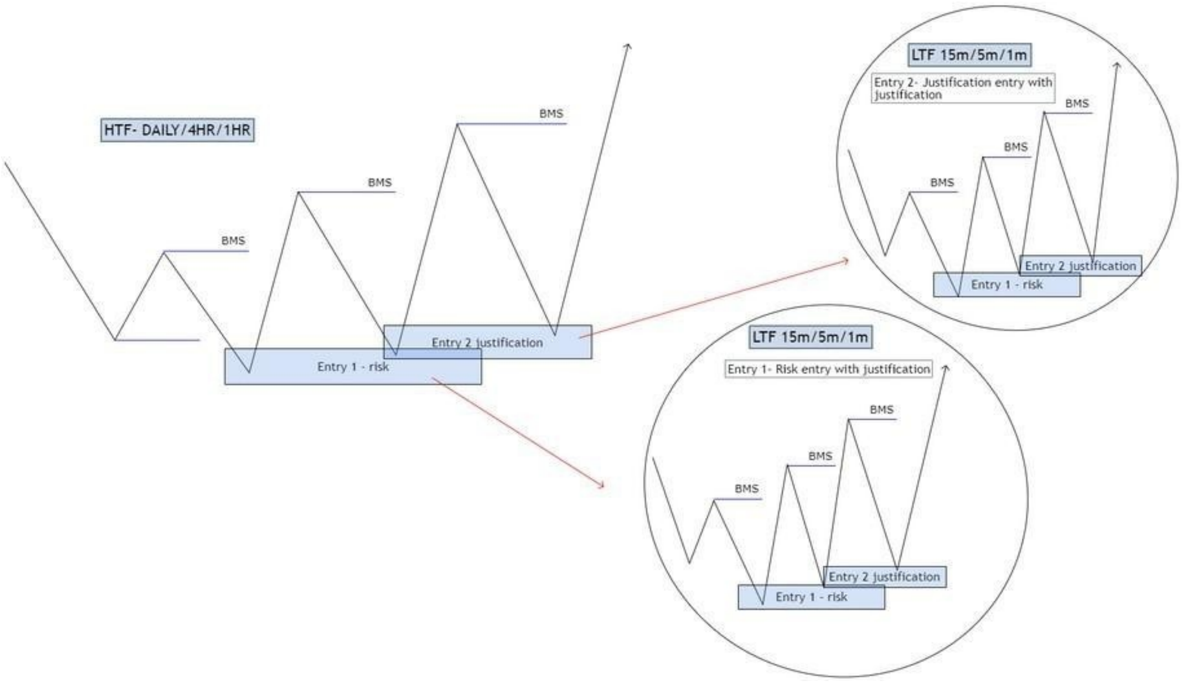
Now let's look at entries based on whether the HTF trend has been confirmed or not.
After reversal when we get the first BMS (the new trend hasn't been confirmed yet), we are looking at Entry 1 - risk entry. After additional BMS when a new trend has been confirmed, we are

looking at Entry 2 - justification entry. This is illustrated on the images below for bullish and also for bearish scenarios.


BMS
BMS
BMS
£££
Entry 1 - Risk
Entry 2 - Justification
Risk entry: Trend has yet to be confirmed/justifie d
Justification entry: Trend has now been confirmed/justified


Risk entry: Trend has yet to be confirmed/justified
Justification entry: Trend has now been confirmed/justified
Entry 1 - risk
Entry 2 justification
£££
BMS
BMS
BMS

We know that markets are fractal and what you see on higher time frames you will also see on the lower time frames. On the image below you can see that you can decide how much confirmation you need on multiple time frames to take a trade.



Even after you see BMS on HTF and also LTF has BMS inside your AOI, you could still consider entering trade here risky. What you can do is to wait for trend confirmation on LTF to give you additional confidence to take a trade. In this scenario, you would be using Entry 1 - risk entry with justification.

If using risk entry with justification is still risky for you, you can wait for trend confirmation on HTF. Once we get additional BMS on HTF and trend has been confirmed, you select your AOI. Then you zoom in into LTF and you observe price action as it is approaching your AOI.

Here you have two options. First option is riskier and you take a trade once you see BMS. Second option is to wait for confirmation of the trend on the LTF. After additional BMS, when the trend is confirmed, you can take the entry. In this scenario, you would be using Entry 2 - Justification entry with justification.

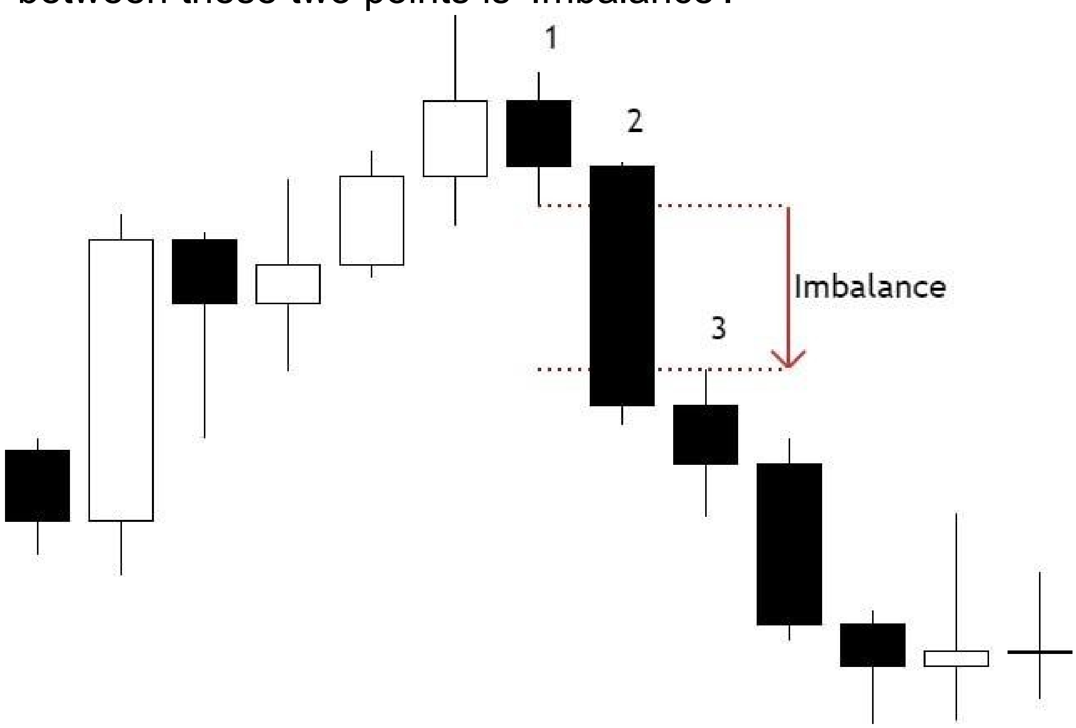
Chapter-3 : Imbalance

What is Imbalance:

Imbalance in price is when price moves too fast and it leaves inefficiencies behind. Let's use the image below to illustrate how we find the imbalance on the chart. Price was initially moving higher and then we can see five consecutive bearish candles representing strong selling.

I have marked the first three bearish candles of this move down with numbers 1,2 and 3. Candle No.2 is usually the largest and it shows that sellers were in charge with not many buyers interested to jump in and stop the price from falling lower.

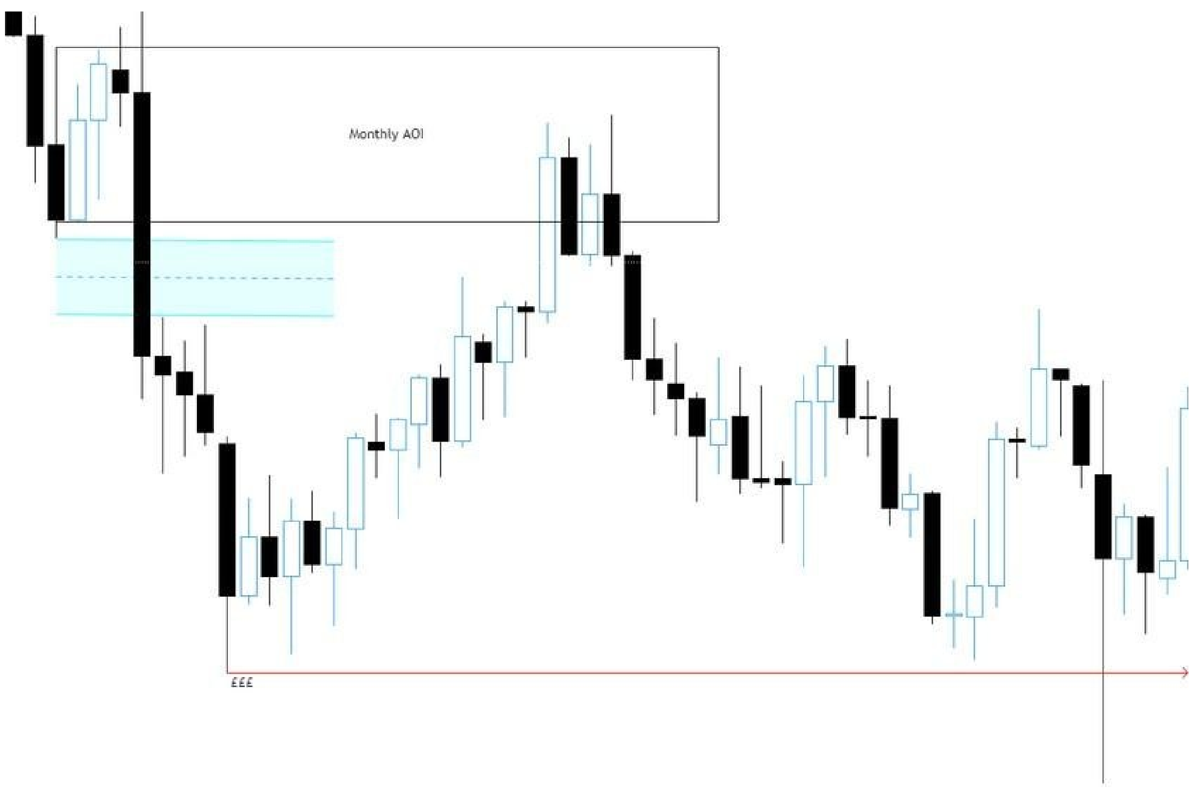
Candle No.2 must close below the candle No.3 high. Now we mark candle No.1 low and candle No.3 high. The distance between these two points is 'Imbalance'.



We generally will stick to the higher time frames when looking at imbalance in prices - 1 hour and higher. This provides the best range,whereas if you use a lower time frame imbalance, it may only be a few pips, which isn't overly helpful. One thing to note is that imbalance is more of an additional confluence and reference point of where price may revisit.

If you spot imbalance on the 1 hour, for example, and you drill down low enough you're likely to see efficient price action overall. That being said you will also see correlating inefficiency in some cases which can be a strong indication of where price is going to revisit if it correlates with a higher timeframe point of imbalance.

Monthly imbalance in line with your AOI on the monthly TF



Upon re-balancing with previous imbalance price, we reacted of that monthly AOI that raided previous monthly engineered lows

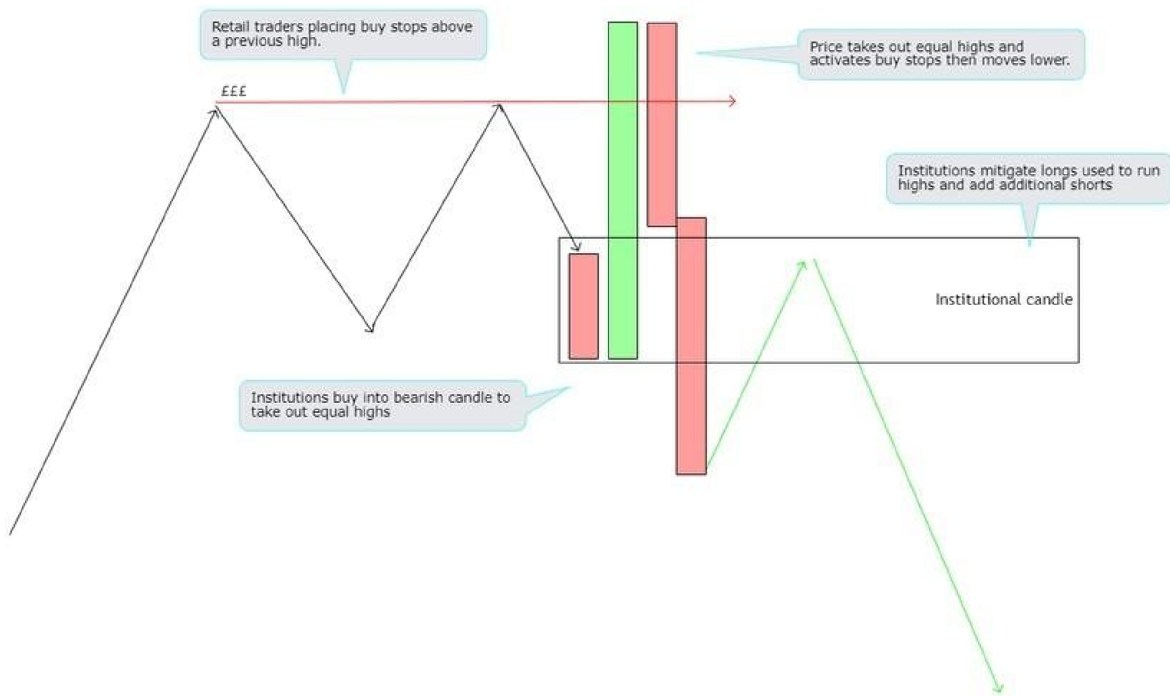
Chapter-4 : Institutional Candle

What Is an Institutional candle?

When the banks establish their price structure and or ranges within any currency pair, the future order flow is based on certain levels of the preceding trading range. Sometimes critical levels can be over-shot due to orders being too strong and or cap levels not being maintained.

When price dives deep or sells off into a substantial low breaking previous lows without reacting or bouncing after the liquidity was targeted, this one time creates thin liquidity normally resulting in a sharp counter move back to the original point of origin.

However if the market makers display interest in the new re pricing range, they may just mitigate their loss or restructure the loss and wind off those previous longs at the point where the liquidity was tapped into below the previous lows.


Retail traders placing buy stops above a previous high.
£££
Price takes out equal highs and activates buy stops then moves lower.
Institutions mitigate longs used to run highs and add additional shorts
Institutional candle
Institutions buy into bearish candle to take out equal highs

The Backbone:

The backbone of getting the perfect entry mirrors very closely to the concept of support and resistance as mentioned previously. A bullish 'Institutional candle' is created by a down move that precedes an up move that resumes the trend, makes new highs and/or breaks market structure.

This signifies a move by larger/Institutional sized market participants in which price is driven lower to not only shake out participants, but also to buy the currency at a lower price as well. This zone is then protected by the institutional players the next time the market moves back to that range, as it is their goal to sell at a higher price than they bought at that level.

We want to highlight this down move by highlighting that specific candle with a certain color that identifies Institutions are in the market. We will then place a horizontal ray and note on the line: the timeframe the candle formed, if it is Bullish/bearish candle, then illustrate the open of the candle and the middle; the middle of the candle we will caption MTH (stand for 'mean threshold'). By putting these horizontal lines allows us to constantly monitor these Institutional candles constantly.

These Institutional candles can be drawn on any timeframe, for stronger confluences it is best to go from the highest timeframe down. This will build up a stronger confluence in that section. The higher the timeframe the Institutional candle is formed, the bigger reaction we may witness.

Furthermore, if the price reacts to an Institutional candle, but then comes back to that same area a numerous number of times, this illustrates that the Institutional candle is losing strength. This is due to the powers that be who are "protecting" these levels those interests or the capital needed to prevent price from dropping below the Institutional candle. Similar to when support flips resistance, the bullish Institutional candle will then act as resistance when price breaks below it.

Live Example:

Chapter-5 : Liquidity

Where is liquidity found in the market?

Retail traders place sell stops under lows and buy stops above highs, this is where our focus should be, however we should be monitoring this area, not trading off it. We await to see a reaction.

The reaction we wait for is those equal highs/lows to be taken out; this is because retail traders see equal highs/equal lows as support and resistance, hence why they put pending orders at this area, or take a trade early at support and resistance due to retail traders seeing a previous reaction off that area and then selling from there.

This then builds liquidity in the market for banks to use to move prices lower. The longer a "support or resistance" has been holding for, the more liquidity will be valid in that area, which leads to an impulsive move created by banks.

Liquidity pool:

Liquidity pool is an establishment level in the market where stops and orders would be resting, leaving these areas exposed for smart money to hunt these areas taking stop losses and triggering new buy/sell orders that may be present in that area.

Buy stops and sell stops are sources of liquidity above and below short term and long term highs and lows. Liquidity can also be engineered, meaning the banks AI create an equal short term high/low, for them to generate liquidity, then take out that liquidity to use to send price in the opposite direction.

Buy and sell side liquidity:

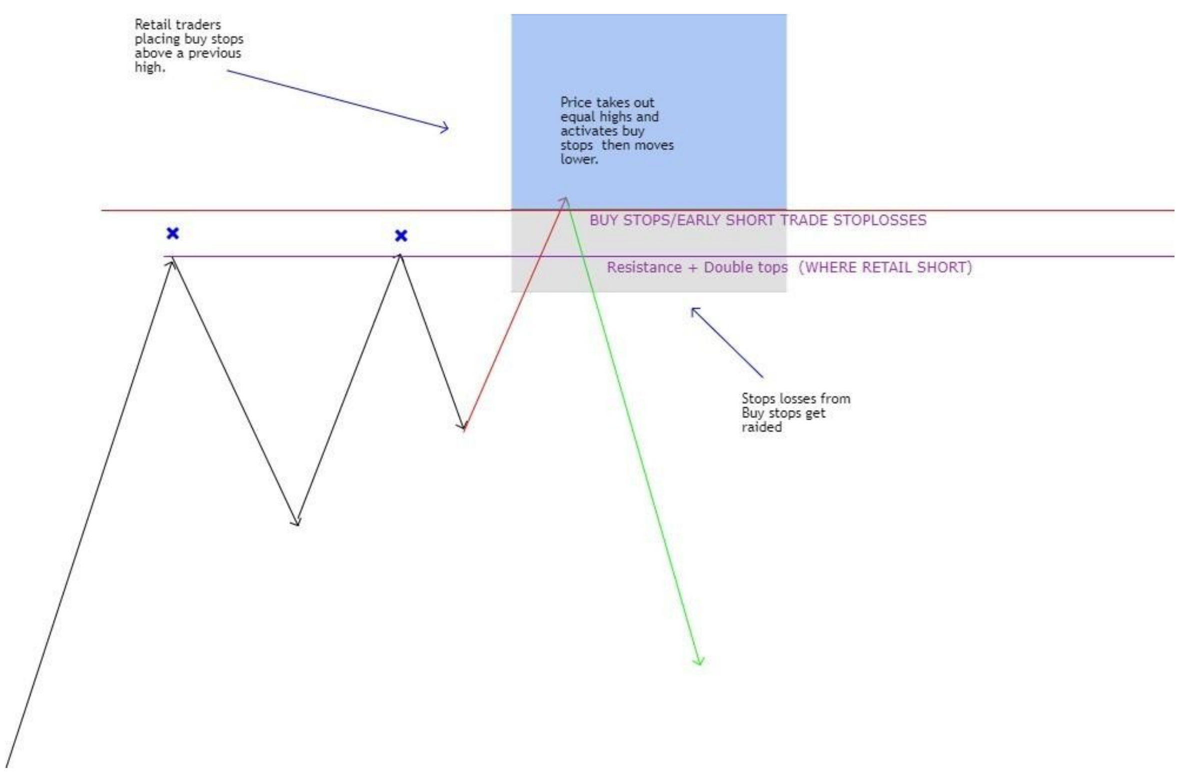
Buy and sell side liquidity are areas of price in which buy stops or sell stops are mostly residing. When we understand the higher time frame, we can see where ‘smart money’ is possibly going to go long and short due to areas of price creating “support and resistance”. Price will use these areas to seek liquidity in order to reverse or continue within its expansion move.

When price is making a double top at a resistance, retail traders see this as a sign to short, which in most cases, however, a majority of the retail traders

Enter the market too early. Price takes out the Equal Highs triggering the stoplosses on early sellers and most importantly triggers the buy stops to pick up liquidity, then moves in the intended direction. Similar applies in the oppositescenario with double bottoms.

Now think about it, how many times have you been trapped or took a loss from asetup similar to these scenarios? It happens to retail traders over and over againbecause they do not understand the reasoning behind the setups. Most retail traders are taught to buy a double bottom and to sell a double top. Now that you understand these patterns and how market makers use them, you will be able tosee these manipulated moves occur and then enter the market after the manipulation is complete and you have confirmations to enter the market.

An example is illustrated below:

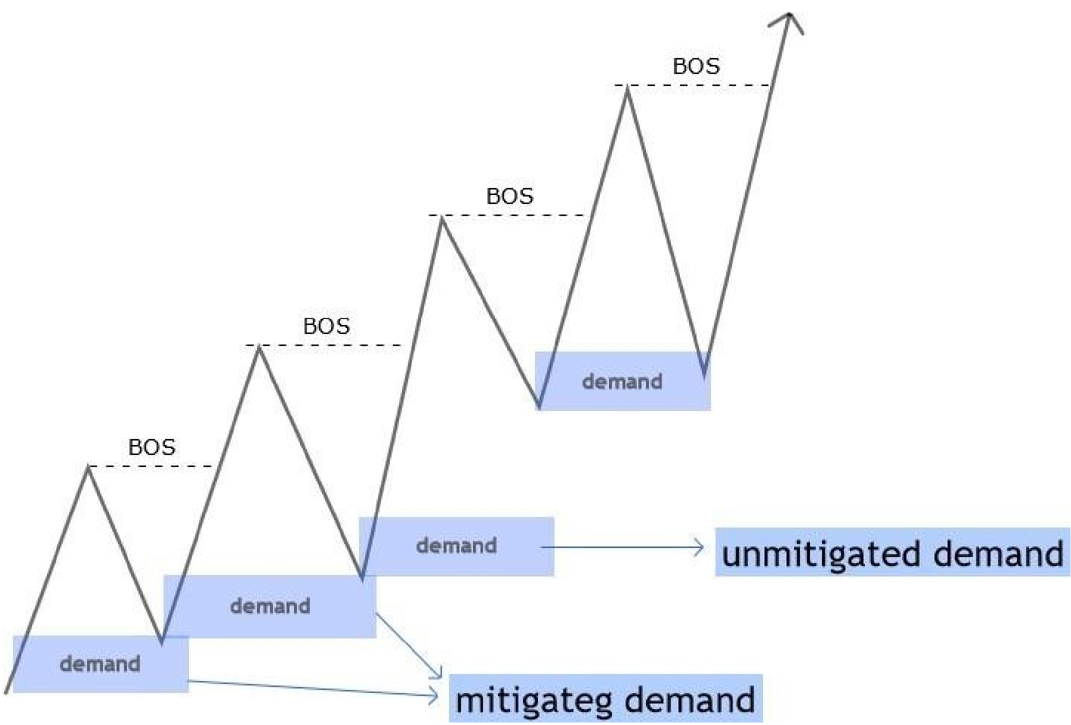


Examples of Liquidity Pools:

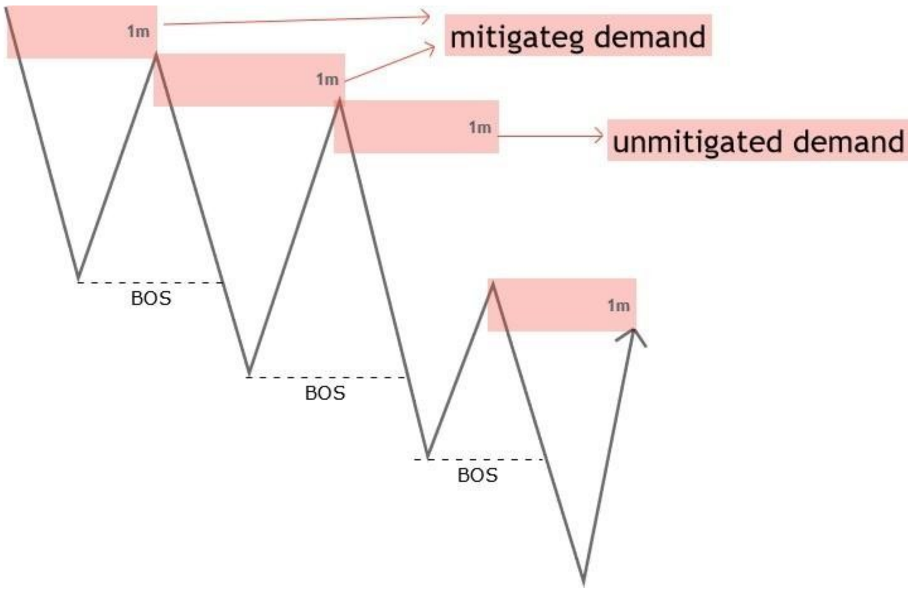
- Swing high/low
- Equal highs/lows (EQH, EQL)
- Session (Asian, London, NY) high/low
- Daily/Weekly/Monthly high/low

Chapter-6 : Mitigation Inefficiency

Supply and Demand Explained:



Supply/demand is a zone, where price rapidly pushes away from (lots of orders placed), creating inefficiency (IFC) , and breaks structure (BOS) / changes character (CHoCH).



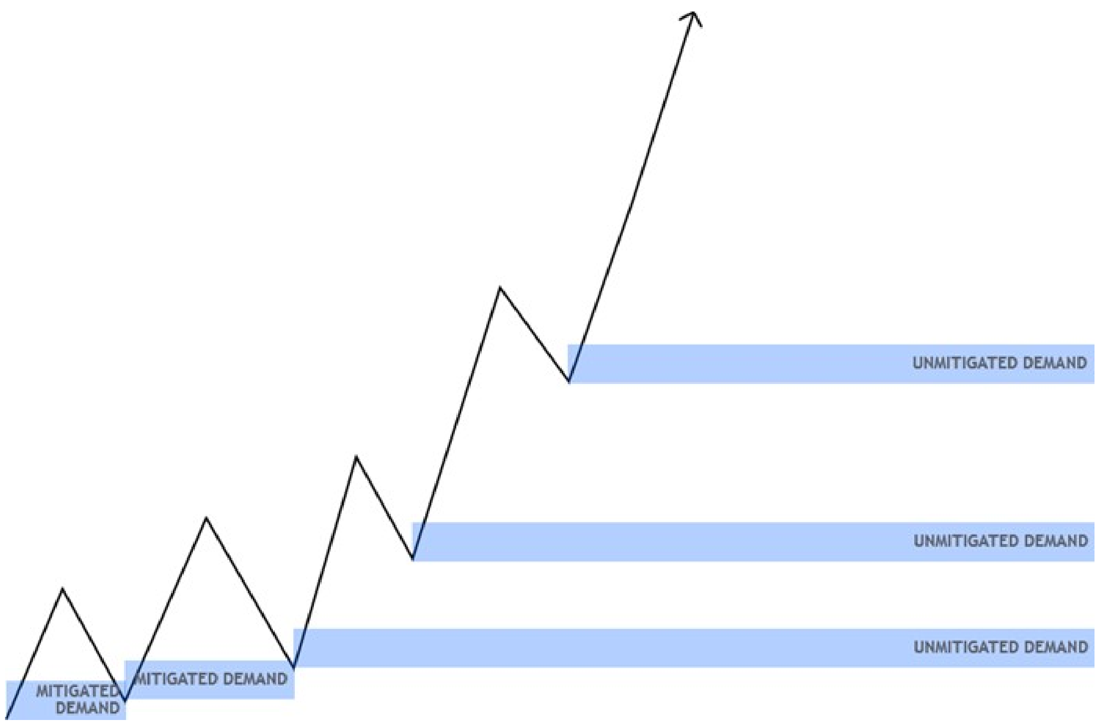
-Did it create IFC?

-Did it break structure, or change character? (Did it break S/D?)

-Did it create liquidity before the zone?

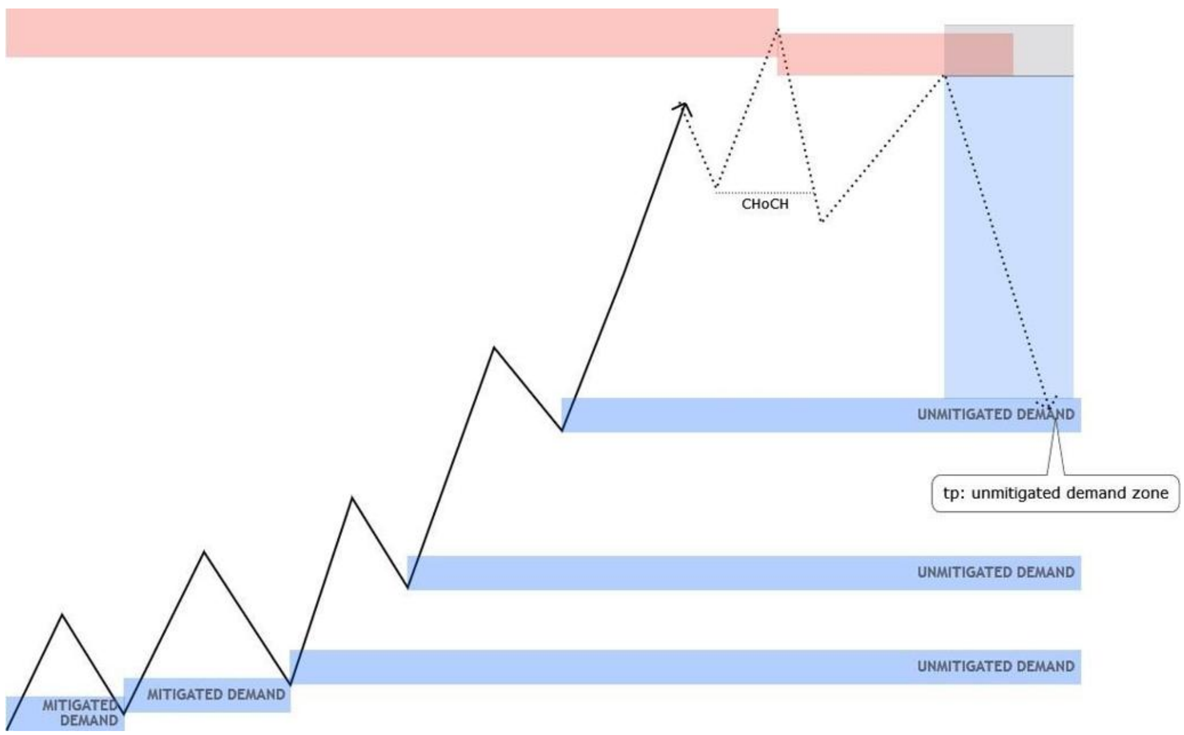
What's mitigated /unmitigated? :

When price taps into a d/s zone, that has not been tapped yet, it becomes mitigated from unmitigated

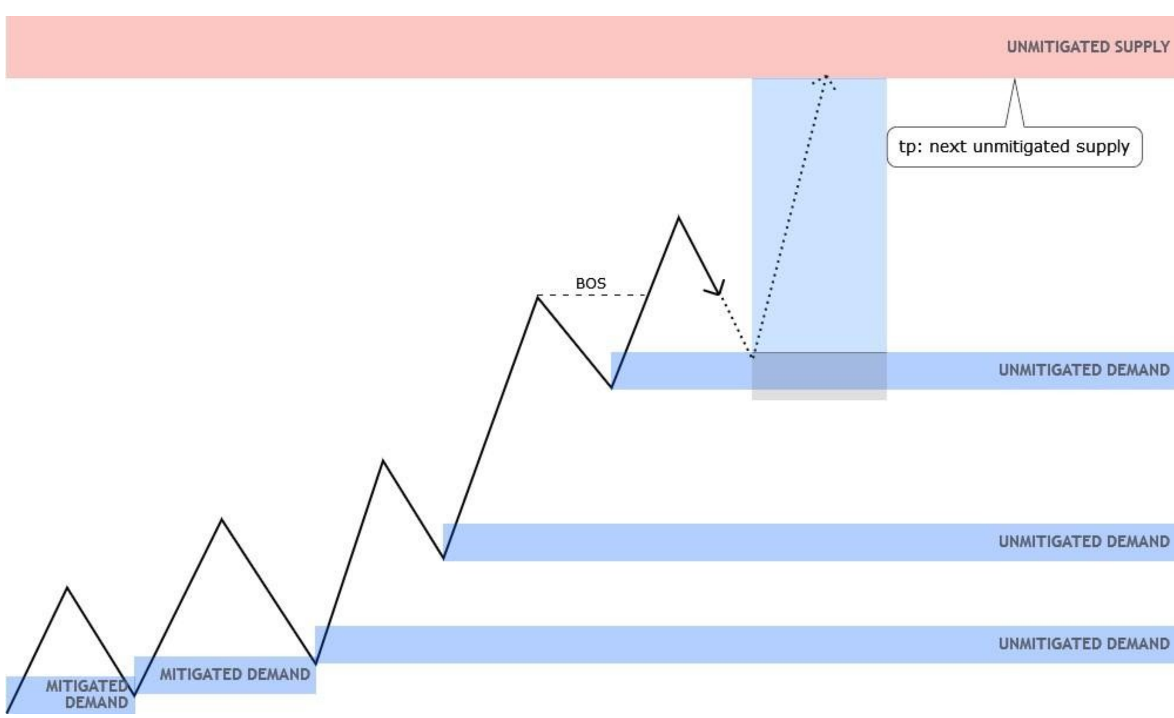


These unmitigated zones could be our TP points after CHoCH, or entry points on continuation.

CHoCH Example:

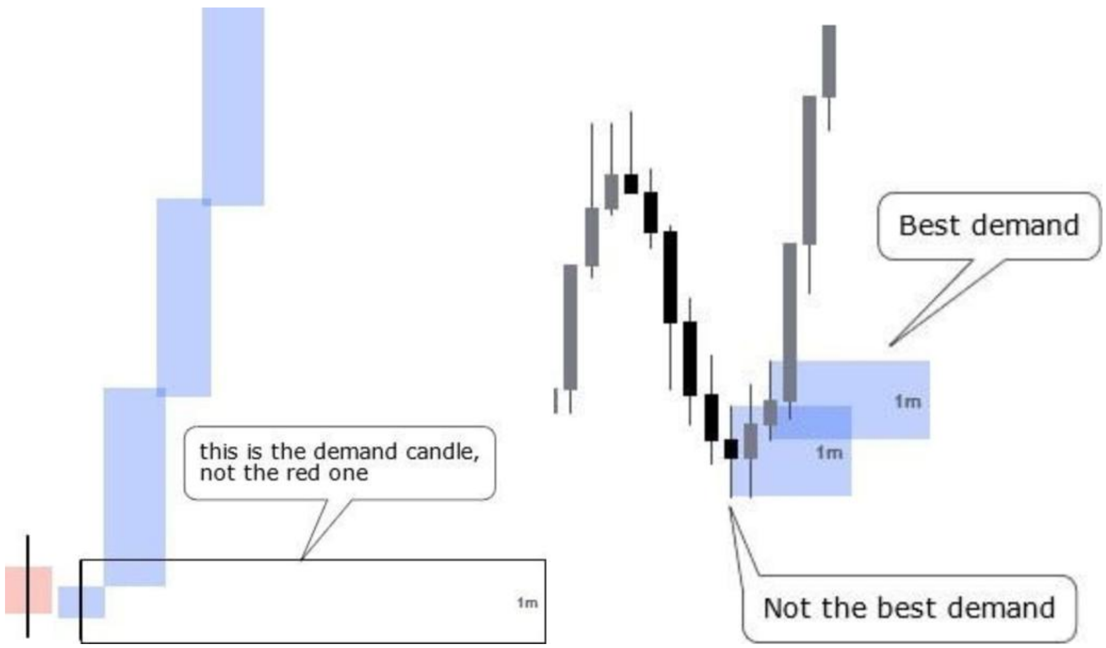


Continuation Example:

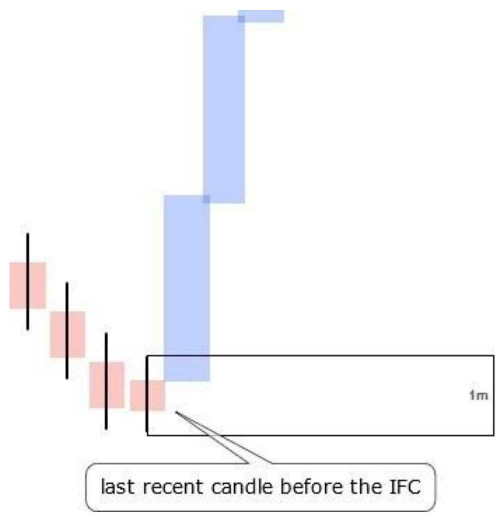


In order to find the best s/d zone:

- Find areas where IFC has been created
- Find the last recent candle before the IFC
- It doesn't have to be in the opposite direction! (For example: if the IFC was created on the long side, you can choose an upside move candle, it doesn't have to be a downside move candle.)

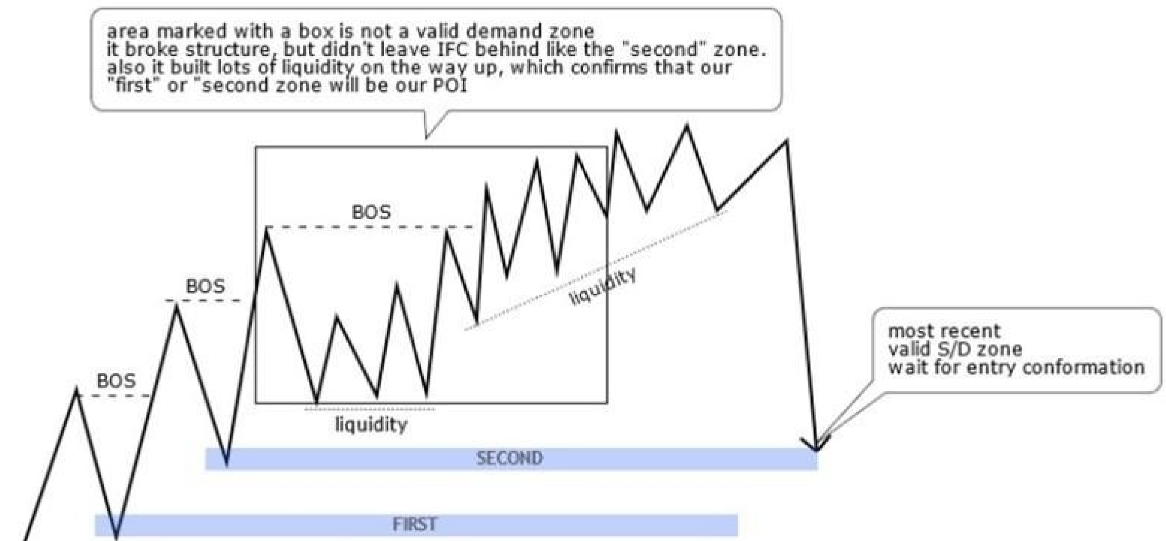


Always choose the last candle that created the IFC! This will be your valid S/D zone (don't forget that it has to break structure / opposite S/D zone)

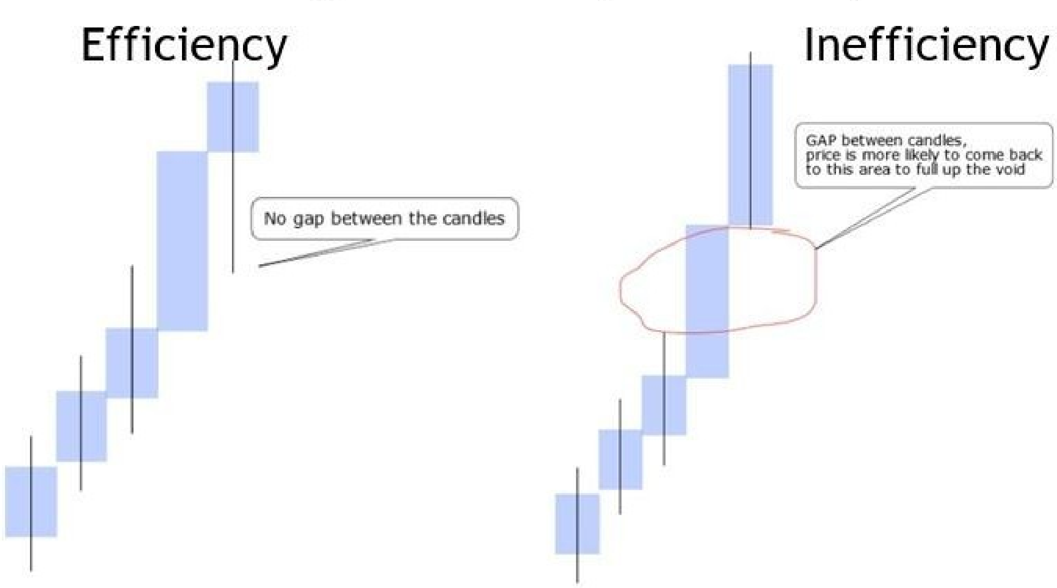

1m
last recent candle before the IFC

As I mentioned above, Supply/demand zones are the most valuable for me, if theprice rapidly pushes away, creates IFC, and changes character (CHoCH). (Example below)

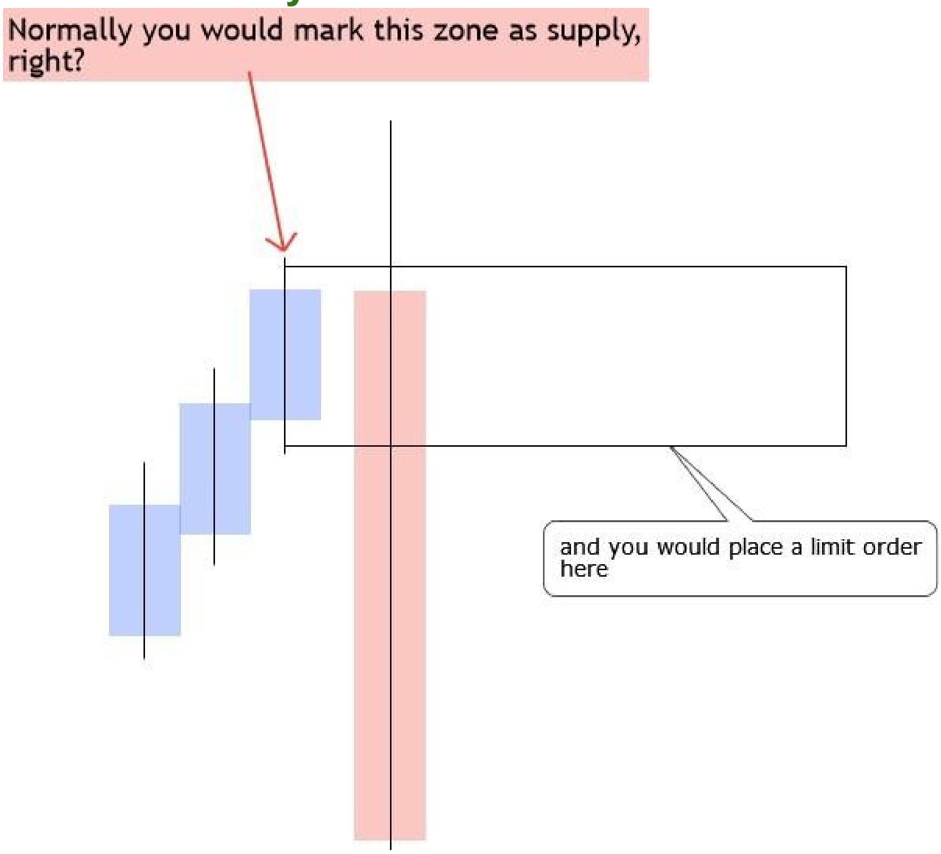
Always use the most RECENT S/D that gives us the 3 factors.



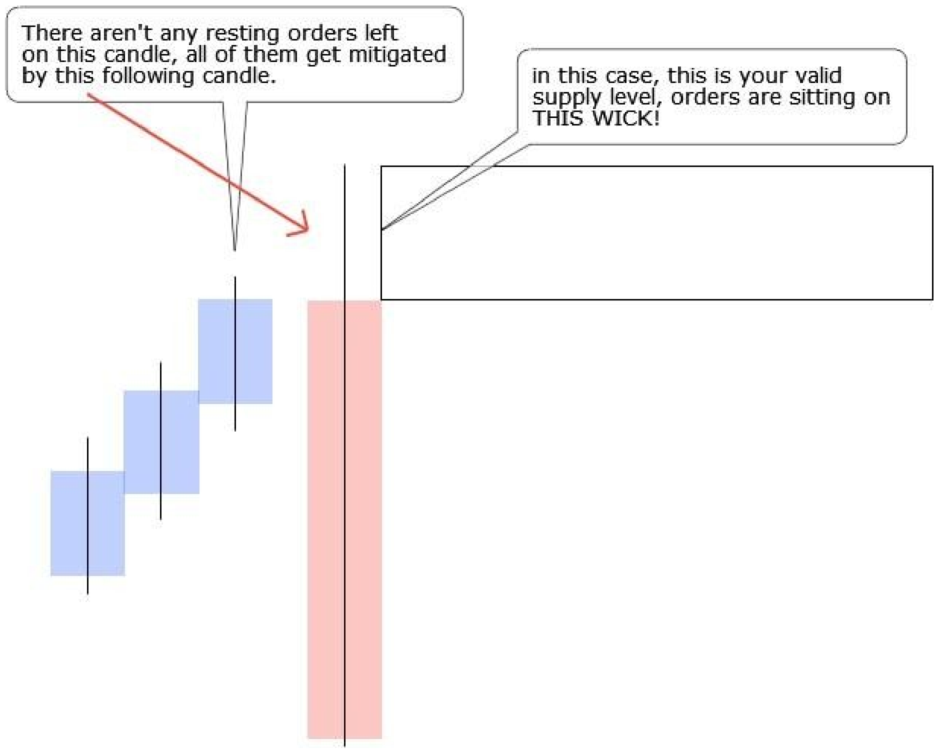
Quick IFC Explanation:

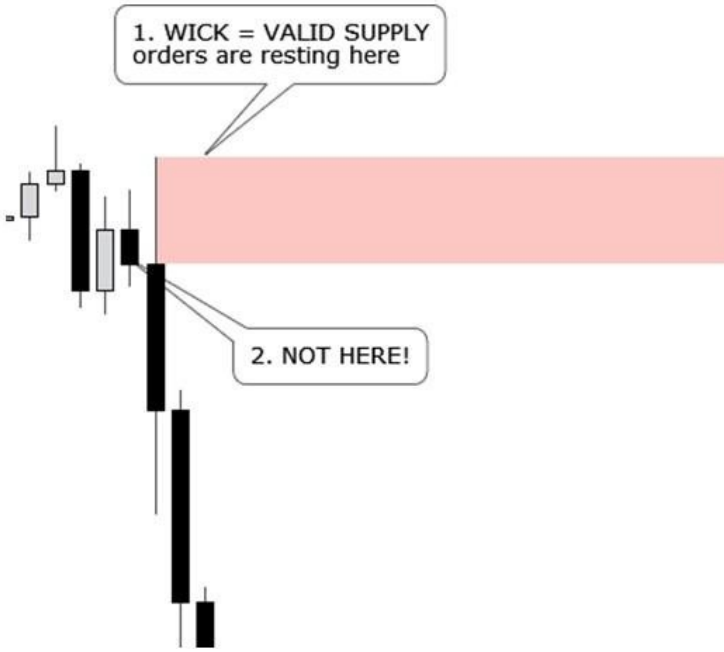


When should you use wicks as the zones? :



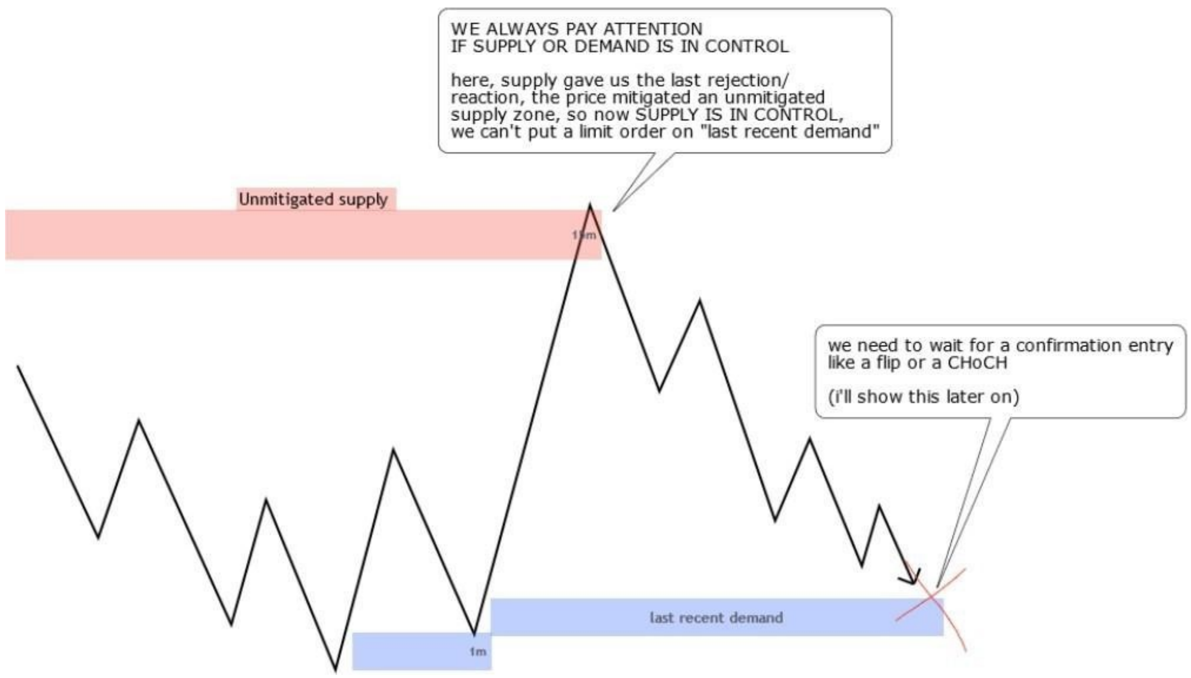
In these scenarios most of the orders would be stopped out. You should considerthe wick before the IFC!


There aren't any resting orders left on this candle, all of them get mitigated by this following candle.
in this case, this is your valid supply level, orders are sitting on THIS WICK!


1. WICK = VALID SUPPLY
orders are resting here
2. NOT HERE!

Chapter-7 : Risk Entry/Confirm?

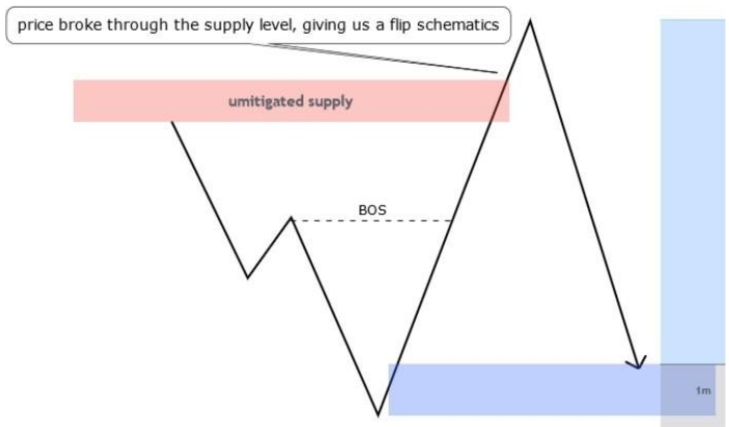
What If the price comes from an unmitigated zone? :

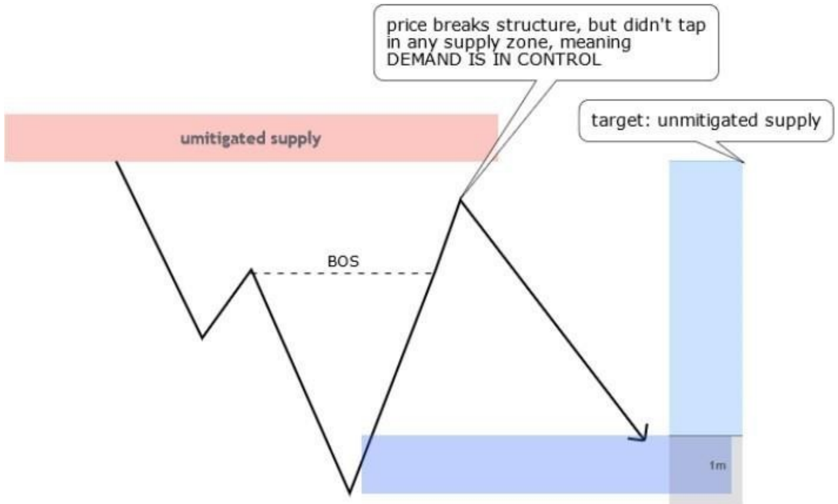


ALWAYS (!!) check if the price comes from an unmitigated zone, or not.

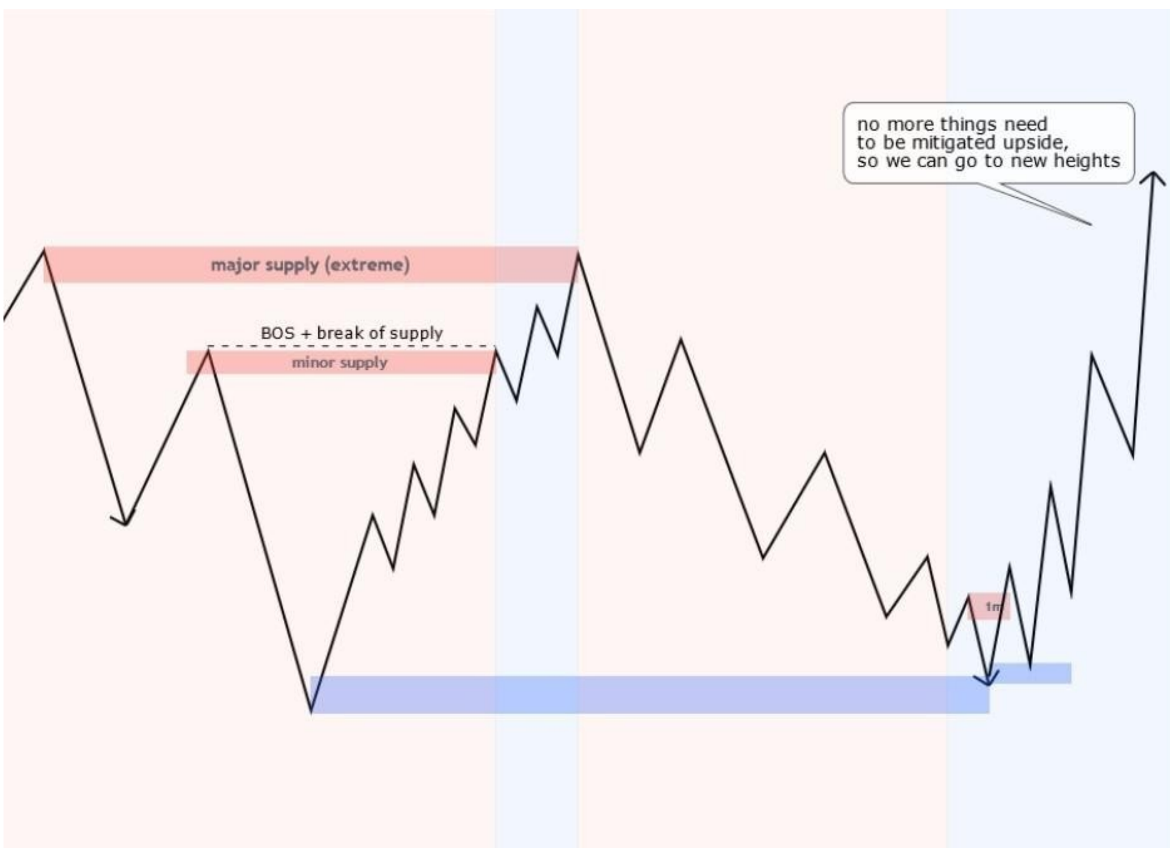
You want to trade the controlling side of the market. If you're waiting for a demand trade to go long, but the price comes from an unmitigated supply zone, SUPPLY IS IN CONTROL, YOUCAN'T TRADE DEMAND WITHOUT A CONFIRMATION.

2 scenarios you can use a risk entry:


price broke through the supply level, giving us a flip schematics
umitigated supply
BOS
1m



Understanding what is in control:



Light red zone: supply is in

control light blue zone: demand

is in control

- We broke through the minor supply, forcing demand to be in control.
- After, the price was rejected on the major supply, causing the supply to bein control again.
- We expect price to come back to the extreme of the demand that createdan impulsive orderflow (and left IFC behind) which caused the minor supply to be broken. (We do not place a limit order here! price is coming from an unmitigated supply, SO SUPPLY IS IN CONTROL).
- finally we wait for a flip, that makes demand in control again

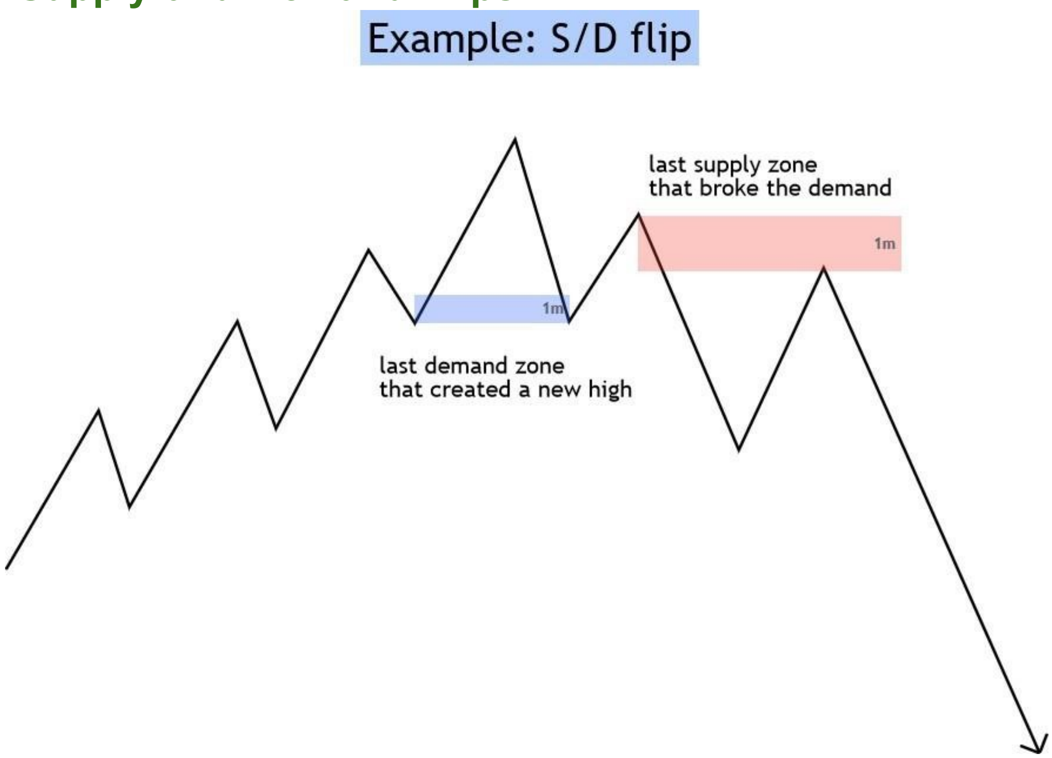
Who’s in control live examples?

This is how you can trade between zones, using the "who's in control method


2
supply tap, it's in control again
1. supply is in control here
3. reaction on supply, supply is in control again
this demand breaks through supply, demand is FULLY in control
demand holds the price, meaning demand is in control

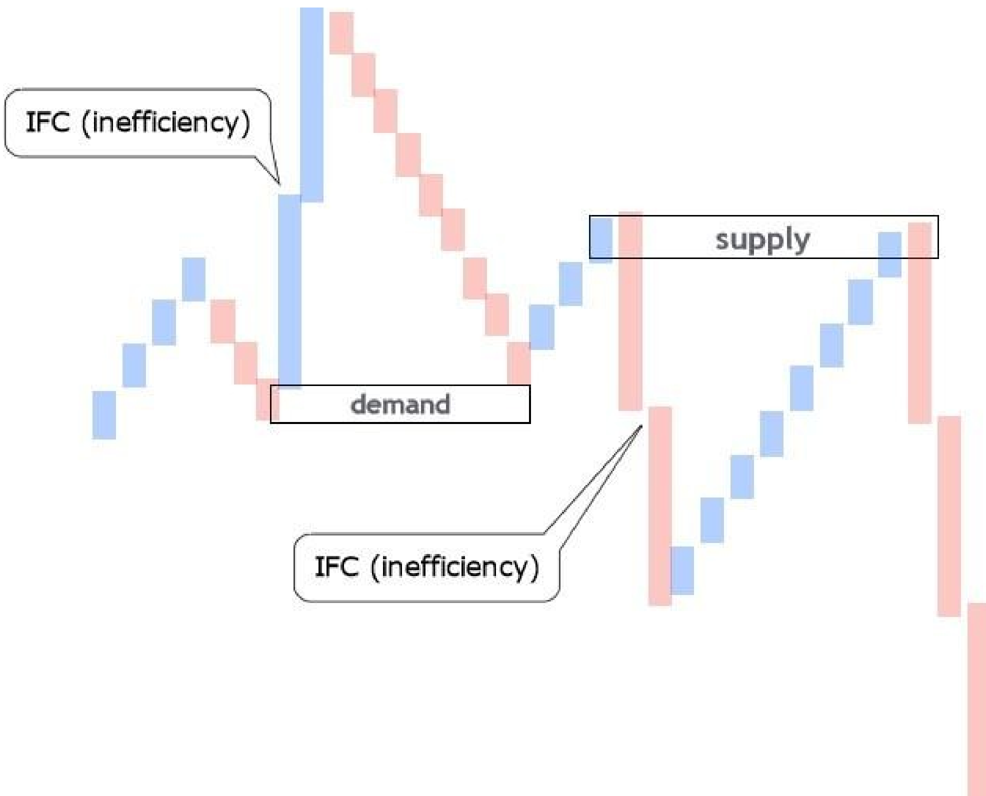
Chapter-8 : Flipping the Zones

Supply and Demand Flips:



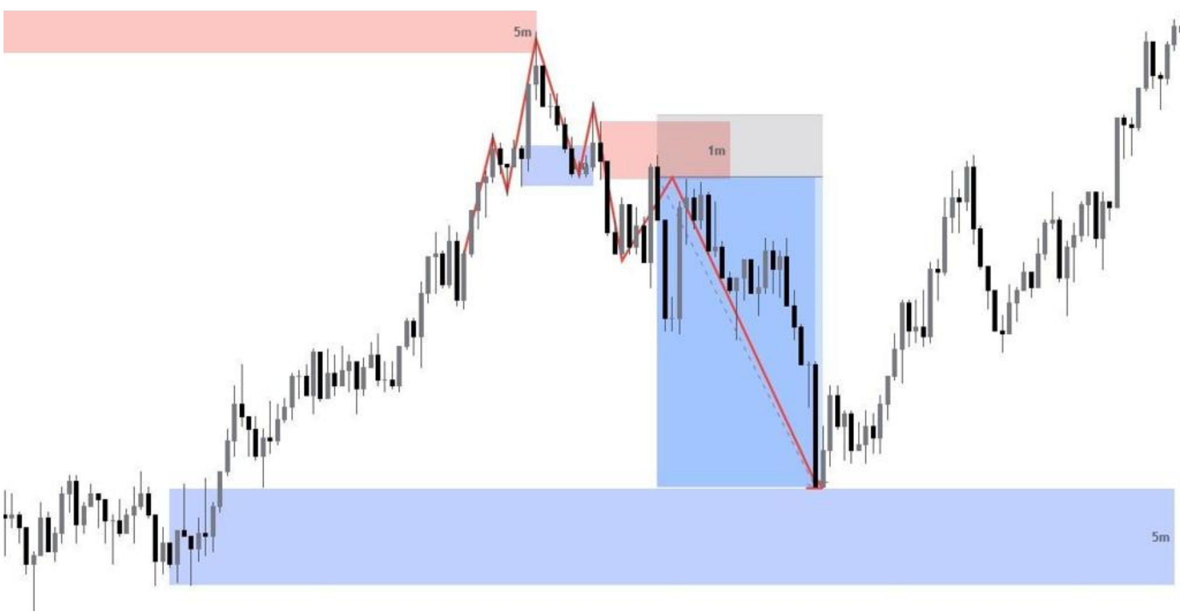
- we call this pattern an "s/d flip"
- price created a new high
- It tested the "last demand zone" (marked on picture), and pushed away from it, but couldn't create a new Higher High (HH).
- Instead of creating a HH, it broke through the "last demand zone" with an impulsive move, leaving a supply zone behind (marked on picture as "last supply zone").
- Price retested the supply level, where we put our limit order and opened our position.

Let’s see the candle breakdown of this move:



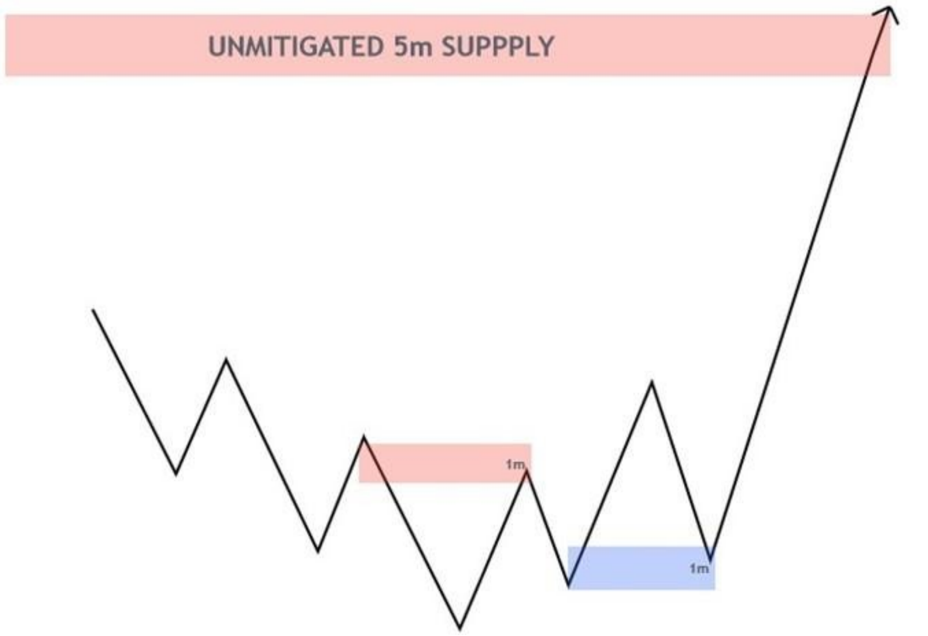
- This pattern is most effective, when the price aggressively pushes away from demand and supply zones, and rapidly breaks through the "last demand zone", leaving inefficiency behind.
- If demand was strong, it should have reacted strongly, breaking the freshly created supply level. Instead the demand couldn't give enough rejection to push the price to new highs, so it turned out weak, which caused it to break. This means, that the new supply zone is back in control, so we're trading the supply side of the market

Live chart examples:



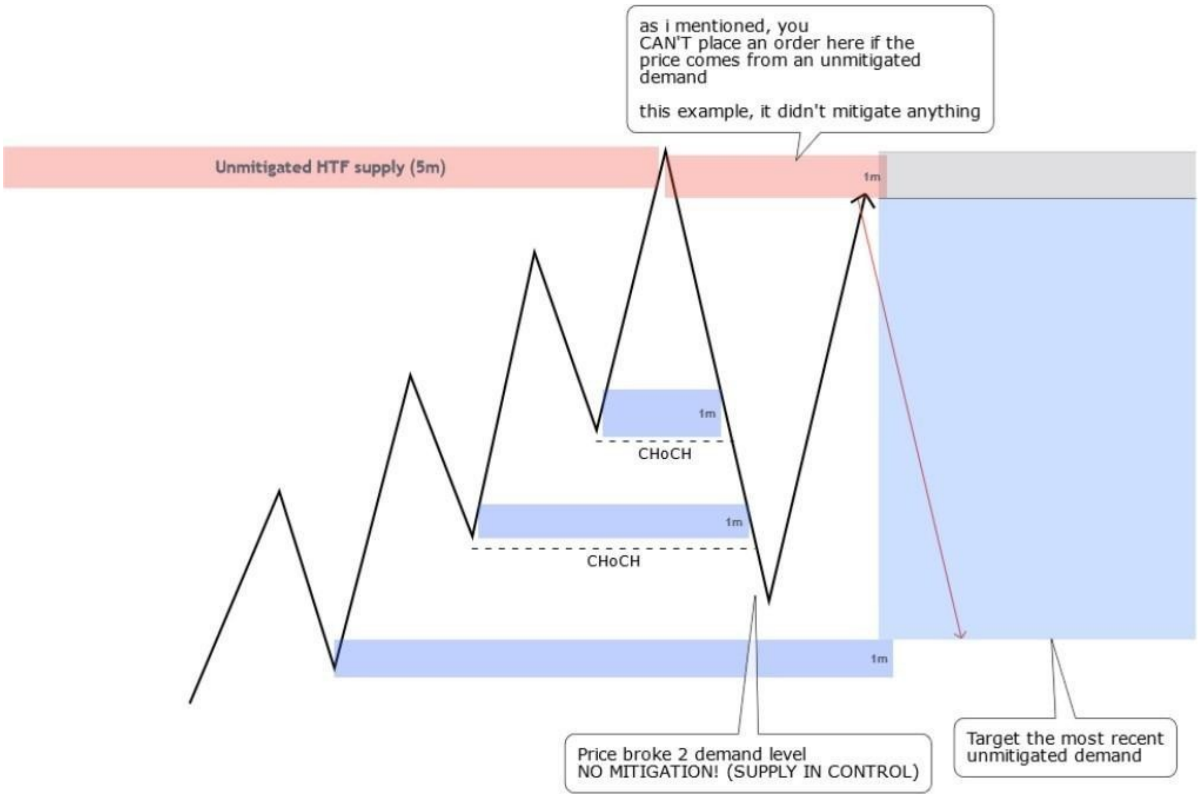
I marked the move of the price with red, so you could see it's the exact same one that I drew on the previous page

Long example:



CHoCH Entry:

CHoCH - Change of Character Meaning the change in the trend.

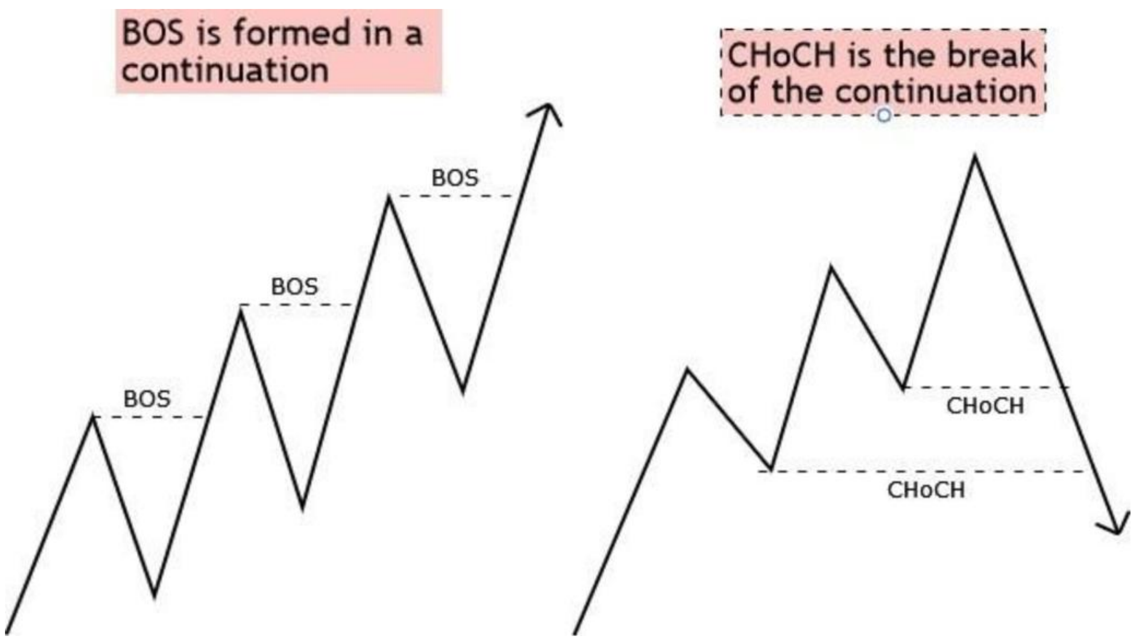


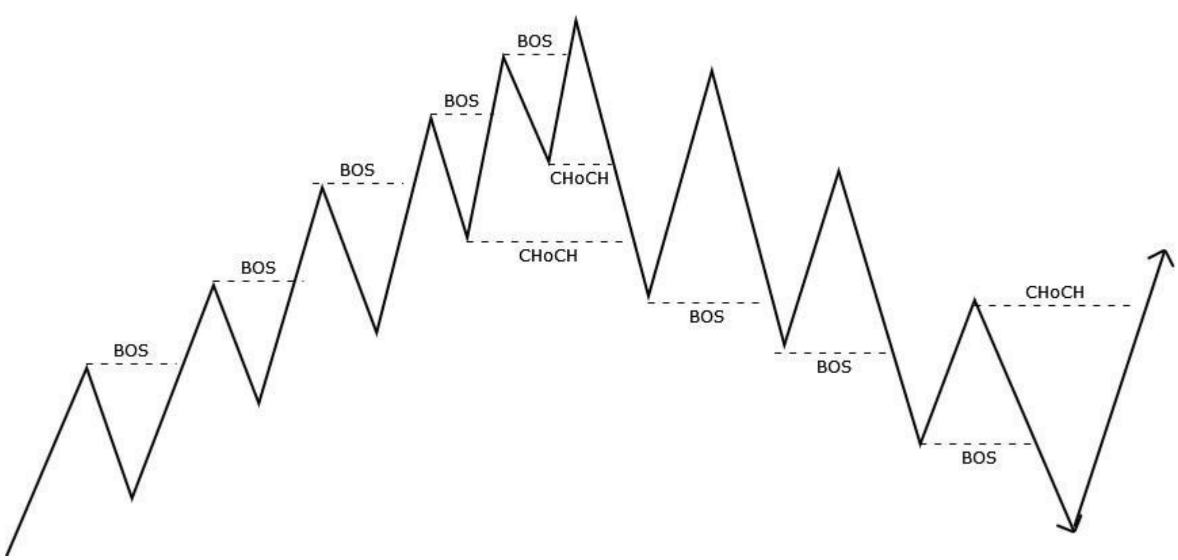
CHoCH trades are the most effective:

- When they break through 2 or more s/d zones.
- CHoCH forms after a HTF mitigation (example above)
- Price impulsively breaks through the zones, with few large candles.

Live chart example:

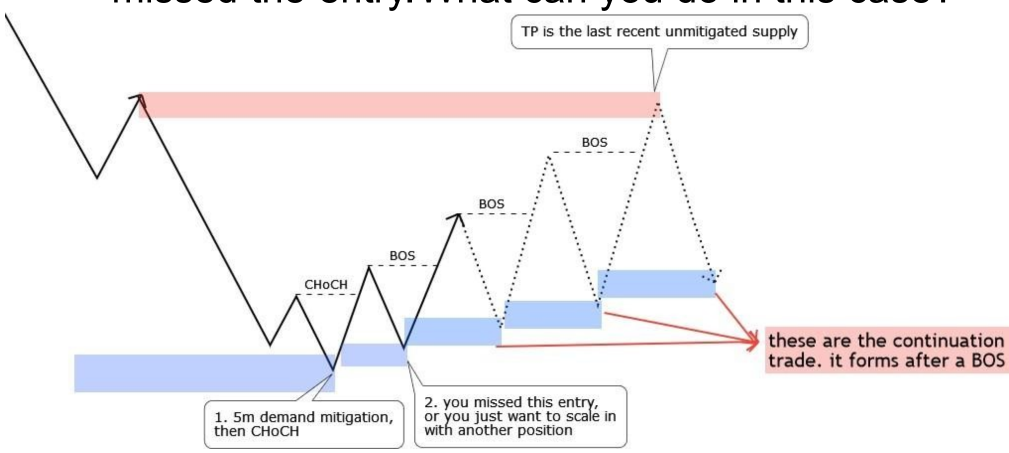
What’s the difference between BOS and CHoCH? :



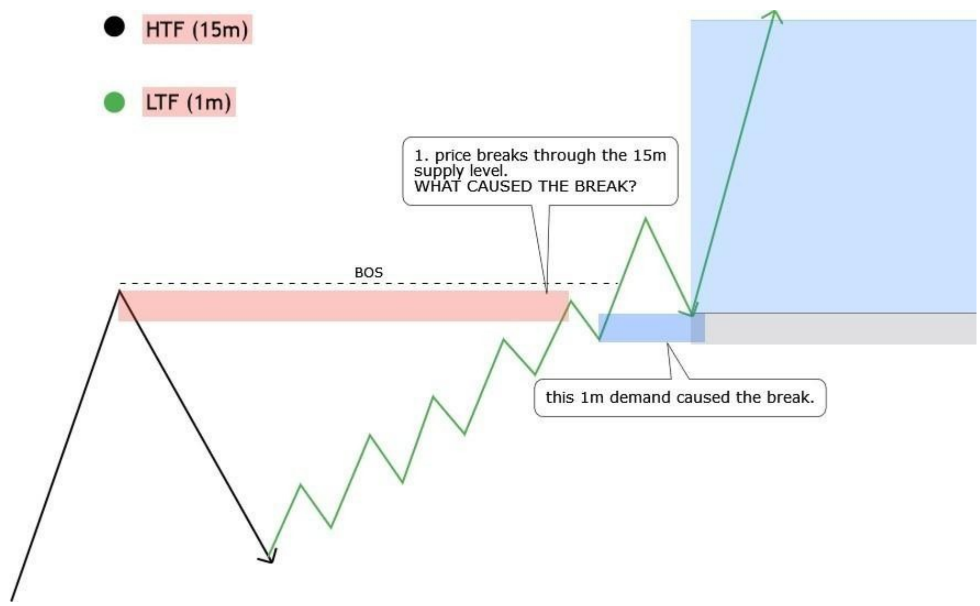


Continuation Entry:

- Taking a continuation trade is an easy way to scale in, if you missed the flip/choch, or PA (price action) didn't give you an opportunity to enter.
- Let's say, the price mitigated a 5m demand zone, then made a choch and forced demand to be in control.
- The TP would be the next unmitigated supply, but you missed the entry. What can you do in this case?

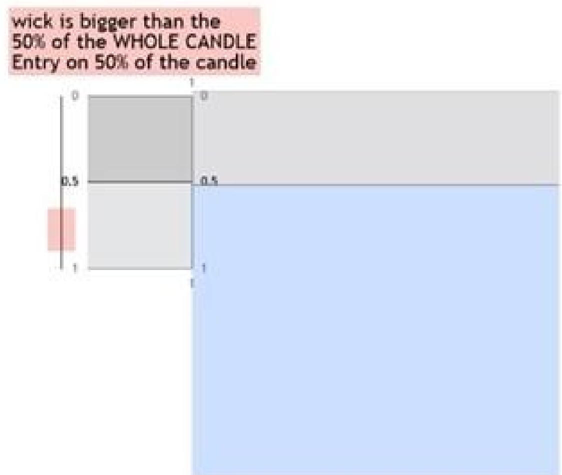


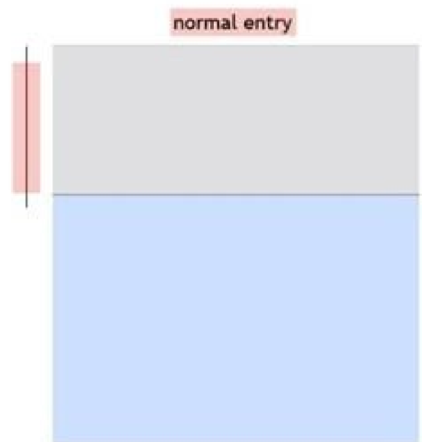
- Another scenario for the continuation entry, if the price goes to a HTF zone, and breaks it.
- In this case price continues its direction, and you can enter based on this.

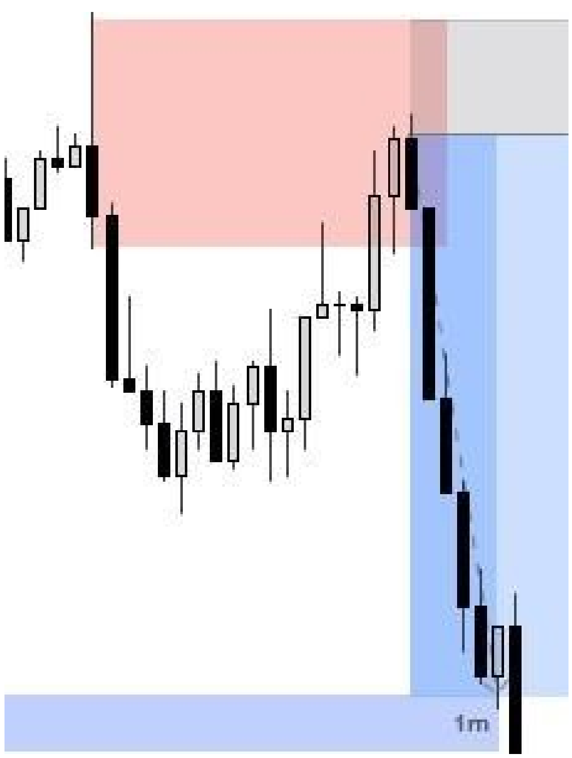

HTF (15m)
LTF (1m)
1. price breaks through the 15m supply level.
WHAT CAUSED THE BREAK?
BOS
this 1m demand caused the break.

Equilibrium Entry:

I use 50% entry if the WICK of the candle is bigger than the 50% of the WHOLE candle.

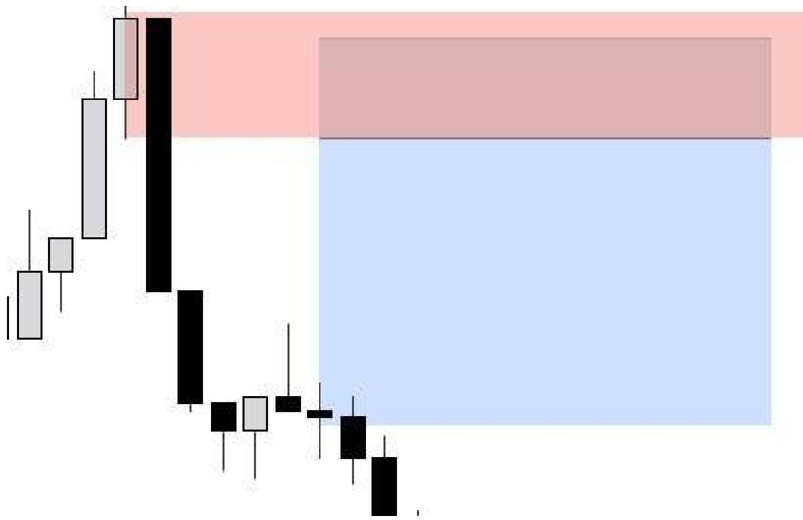






Look at the candle. The wick is 66% of the whole candle. In this case I use 50% of the candle for the limit.

I use 50% entry in one more scenario, if the maximum 2 pip SL can't fit.



As you can see, the candle is more than 2 pips, so the SL can't cover the whole zone.

In this case I also use equilibrium entry, to make sure the whole zone is covered, and my SL isn’t bigger than 2 pips.

<u>Chapter-9 : Trading Plan</u>

First Step: Finding H4 supply and demand zones

- We don't take trades on the H4 timeframe, we just simply decide if supply or demand is in control.
- These H4 zones are only used to determine the direction of the market, and your HTF targets.
- We don't have to wait for these POIs!!

Defining the overall trend using the H4

As you can see, the H4 chart is perfect, to identify the overall direction

If we react to a H4 demand zone for example, and change character on the 15mor 5m, we can look for buy up to the H4 supply zone

Let’s see an example:

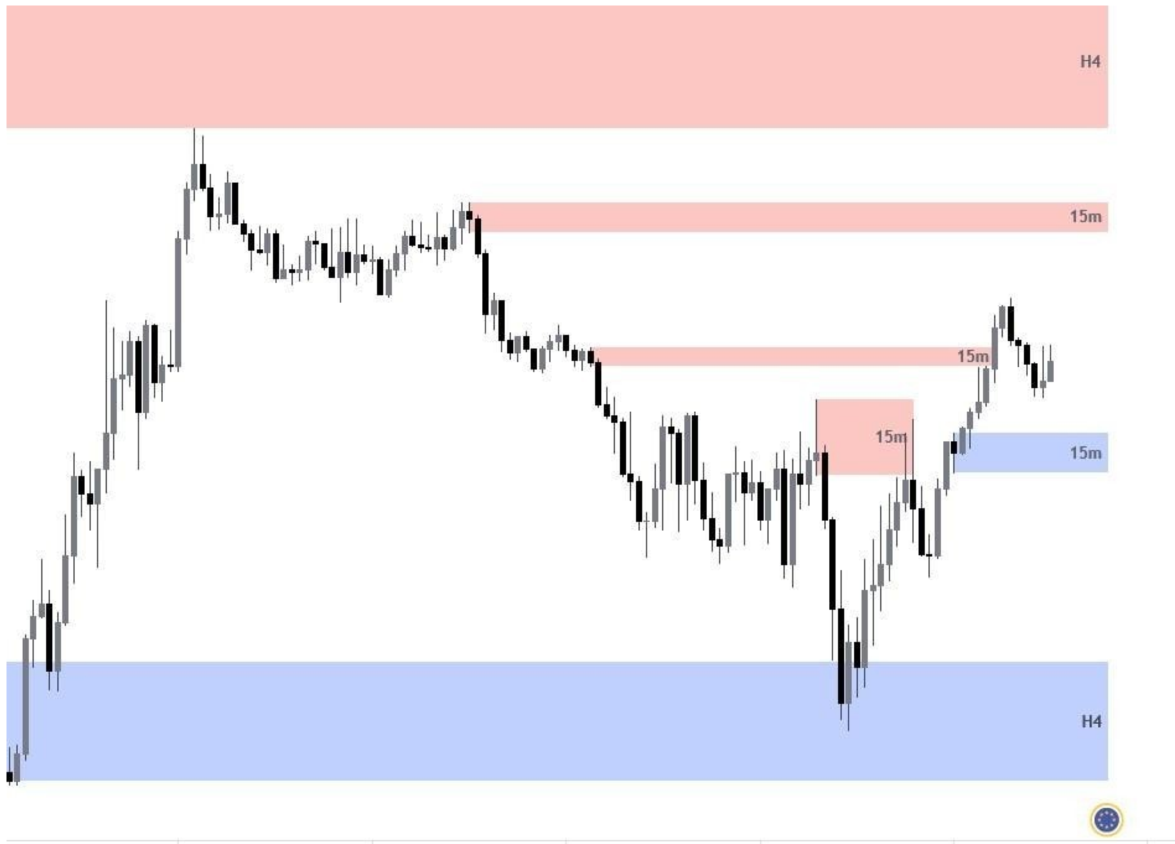

15m chart
CHoCH
Changed character after the tap
we can look for buys up to this supply zone
using the 1m timeframe
tap into H4 demand

After we reach the H4 supply, we wait for the same confirmation, and look forthe same opportunities.

This will help you identify the **Main** and **Counter** trend.

Second Step: Finding unmitigated supply and demand on 15m

As you can see, in this example supply is in control, but we expect a Flip orCHoCH after we tapped in H4 demand.

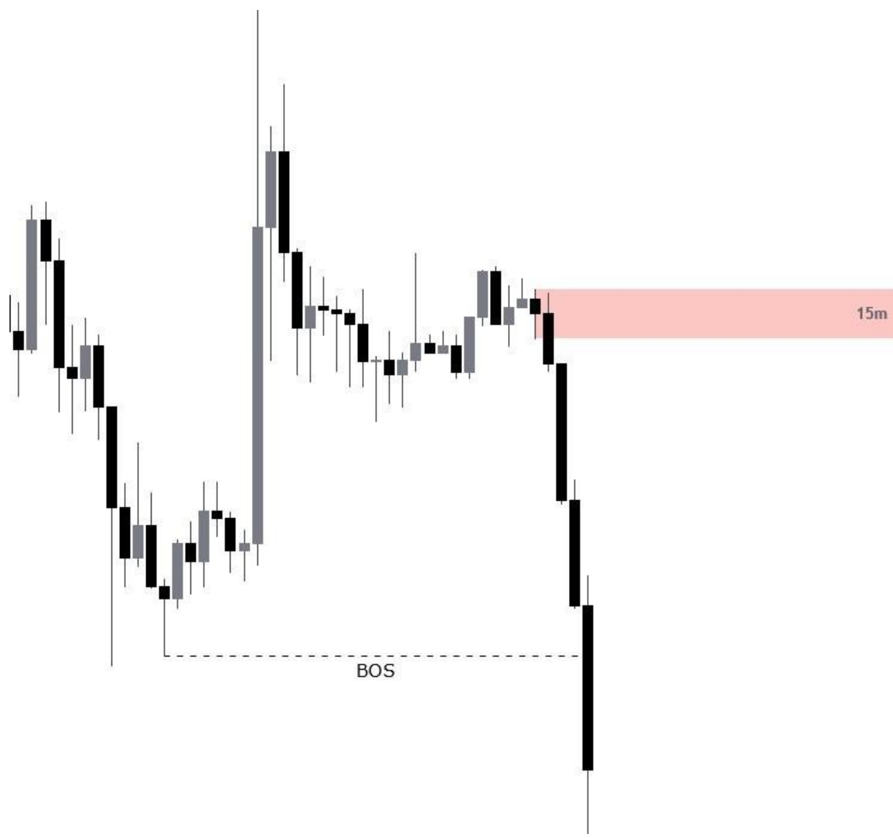


Price broke through our last supply level, demand is in control now, so we can

Look for long entries on the 1m, targeting the recent unmitigated supply or the

H4 supply.

Third Step: Refine the 15m unmitigated supply and demand zone on the 5m



This is how the 15m supply looks the whole zone is 3 pips

This is how the 5m refined supply looks: we refined it down to 1.3 pips.

If it's possible, refine it even to 1m. Refinement depends on how clean the zone is. If the 1m gives you two unmitigated zones inside the 5m zone, just keep the 5m.
If it gives you two zones, but only one has been mitigated, you can use the one that has not been mitigated yet

Personally, I do the 3 steps listed above 30 minutes before the session starts.

Once I'm done with the first three steps, I can switch to 1m and wait for the session to start. Here comes my favorite part, the entries, and execution.

On the 1m chart, I also mark the most valuable zones between the 5m zones also.

This way I'll know the potential rejection or entry points.


most recent 5m supply
between the two 5m zones
you can find valuable 1m zones too
5m
1m
1m
1m
1m
5m
most recent 5m demand

Fourth Step: Entry Types

When it comes to executing a trade, I enter based on 3 entry types (+ 1 additional confirmation)

- S/D, D/S Flips
- CHoCH
- Continuation
- Additional Confirmation : Liquidity

Chapter-10 : Liquidity 2.0

What is Liquidity?

- If Smart Money (Banks) want to buy a currency pair they will need sellers in the market, the existing facility to place these positions In the market is called LIQUIDITY

- The Liquidity defined by stop losses, where the stop losses exist is where the liquidity also exists,

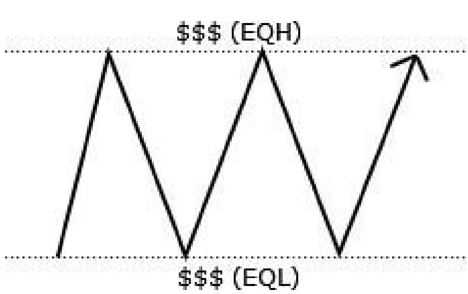
- Smart money needs to activate the stop losses of existing order in the market so that they can place their positions in the market

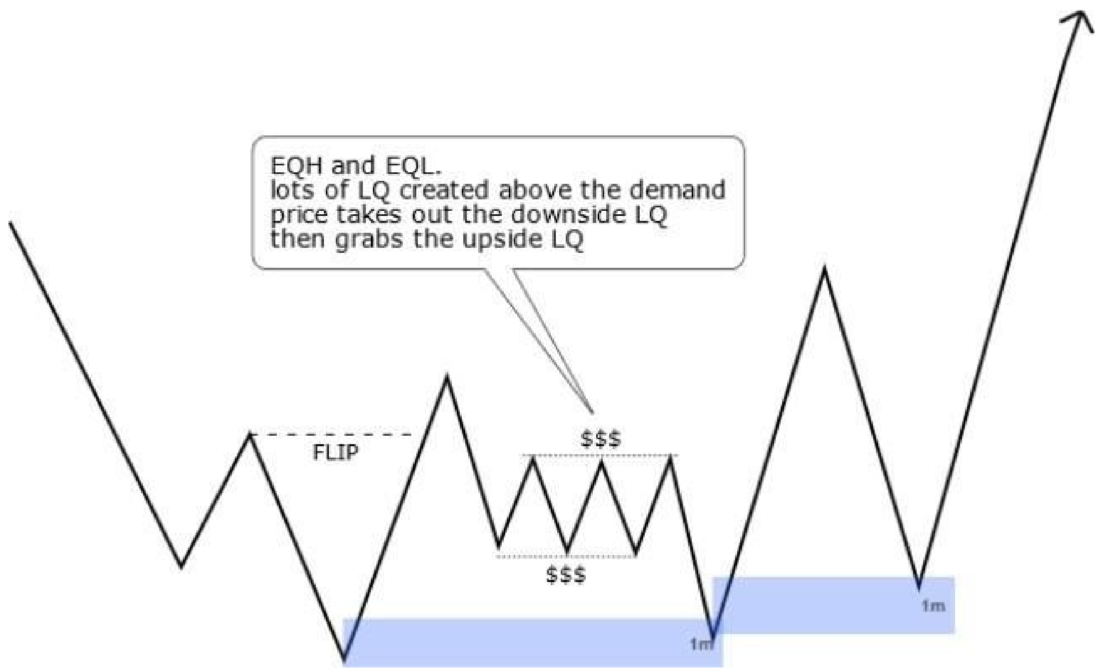
- I mark liquidity with three dollar signs **($$$)** on the charts.

- I mostly pay attention to liquidity in the form of double/triple bottoms/tops

- Equal highs, equal lows

- These are further confirmations when they're formed above or below a zone.

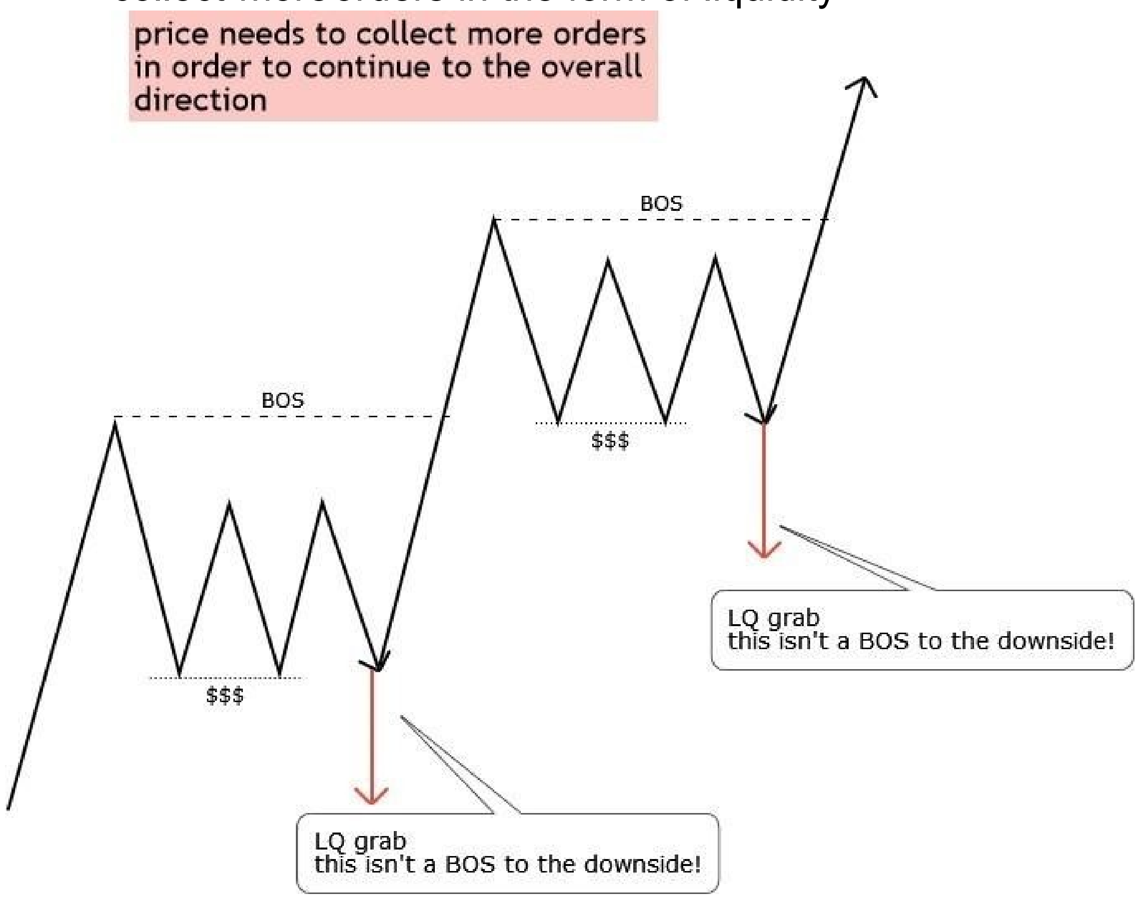


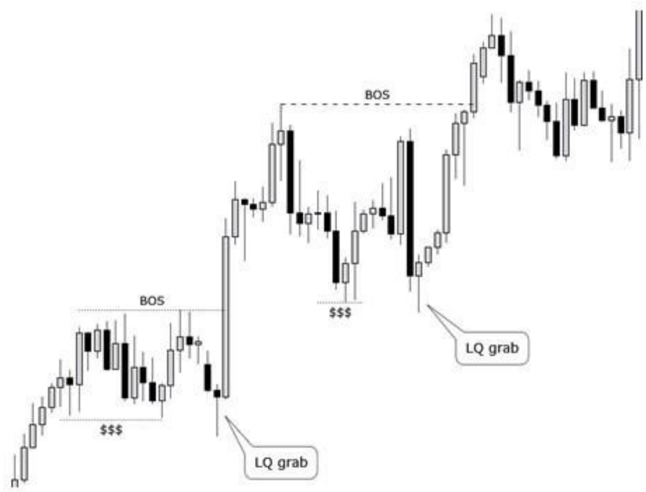

EQH and EQL.
lots of LQ created above the demand
price takes out the downside LQ
then grabs the upside LQ
FLIP
$$$
$$$
1m
1m

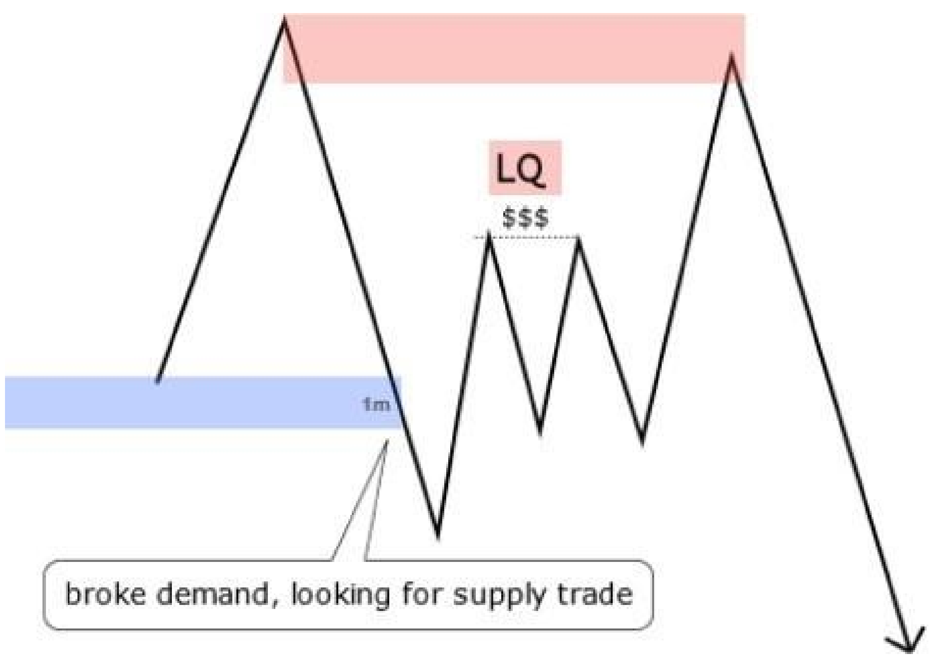

Has a great chance to price grabbing up
LQ sitting below the supply zone
$$$
1m
$$$
5M DEMAND ZONE (LQ BUILT UP ABOVE)

Liquidity grab - BOS? :

- LQ grabs usually happen with ONE impulsive movement, and leave a large wick behind
- in order to continue the pro trend movement, price needs to collect more orders in the form of liquidity



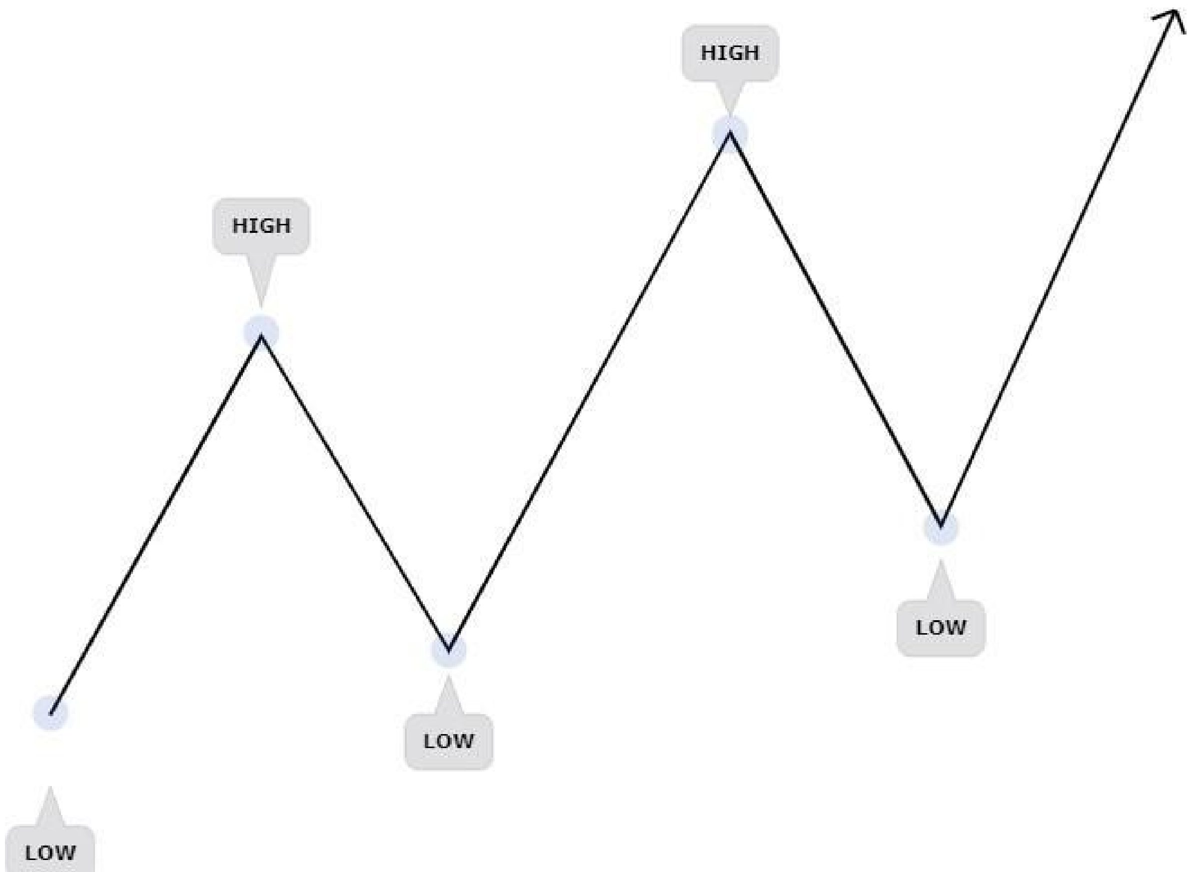

BOS
BOS
$$$
$$$
LQ grab
LQ grab


LQ
$$$
1m
broke demand, looking for supply trade

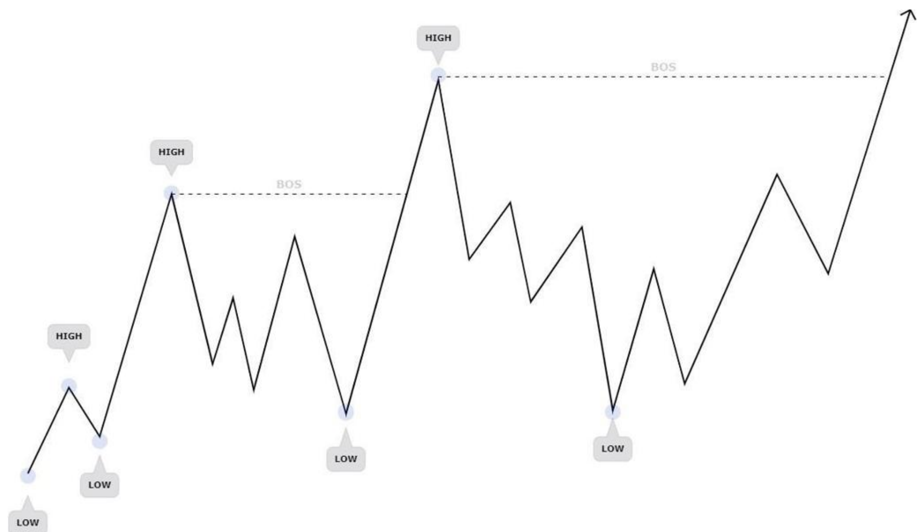
Chapter-11 : Market Structure

How to map structure:

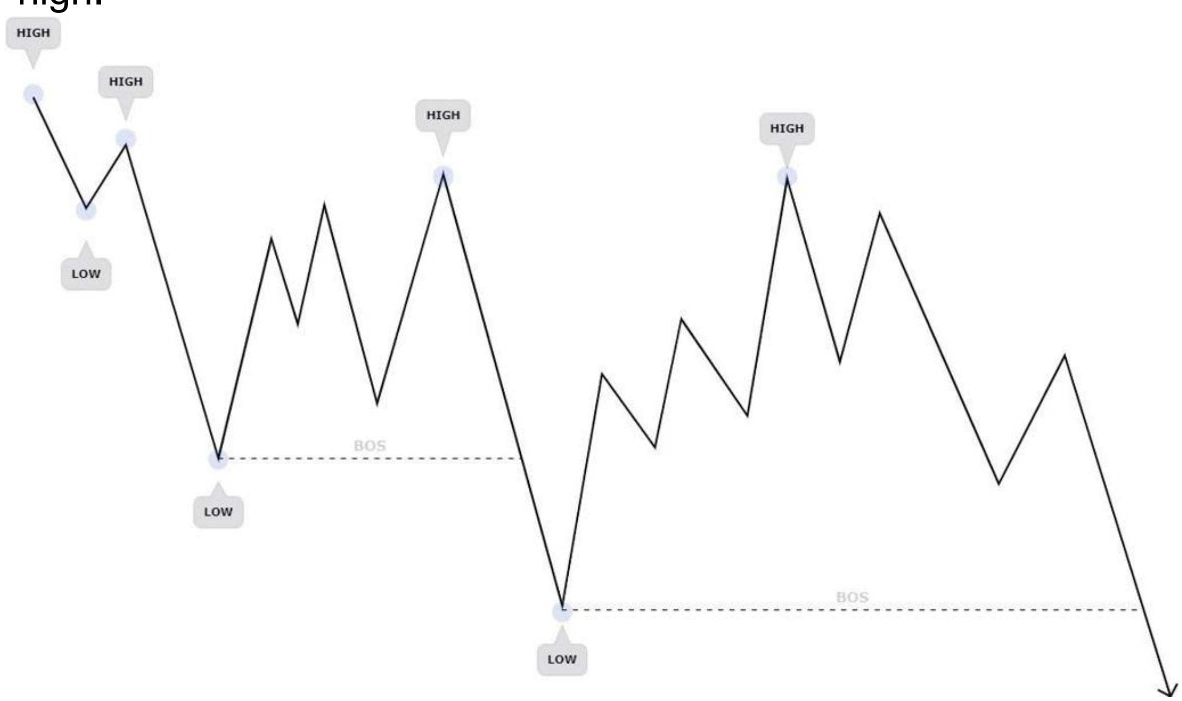
When trading the market's structure is key. This helps you know what trend youare in and will help you identify which direction to trade in. I personally like to map out swing structures. So I don't get confused. I stick to 2 time frames for structure mapping, the H4 and the 15M.



Here's a simple diagram of how to map it. When we get a break of a high we track back to the furthest point before the break. Then when we get a decent sized pull back in comparison to the break we can then mark out the high. Thenyou just repeat these steps every time you get a break.



Now let's look at a more realistic diagram. As we all know the markets don't move in a simple 123 pattern. There will be times where the pullback will be more complex. However the same rules apply. Once you have the BOS track back to the furthest point before the break that will be your low. Then when youget a decent pull back compared to the break then you can mark out the high.



It's the same for a bearish situation. Instead when you see a low go you trackback to the furthest high before the break. Then when you get a decent pull back compared to the break down you can mark the low.

The final thing I use market structure for is knowing what to do depending on what stage of the leg we are in. In theory when we break a high/low we should expect a pull back so I will look for a trade back into the BOS, this is counted asa counter trend move.

When we are pulling back in theory we should start to look for possible areas where we could continue the pro trend move. I will hold pro trend moves for longer than counter trend moves as they are more likely to go further.

Here's an example of a real how to map structure in the live markets. We shouldnow be expecting a pull back so trades back into the break would make sense.

How to mark out supply and demand:

Now that we know how to determine what direction we need to trade in we next need to know where to trade from. For me I will mark out areas of demand or supply and then wait for prices to trade into them. To quickly explain what supply and demand is I've done a diagram below.

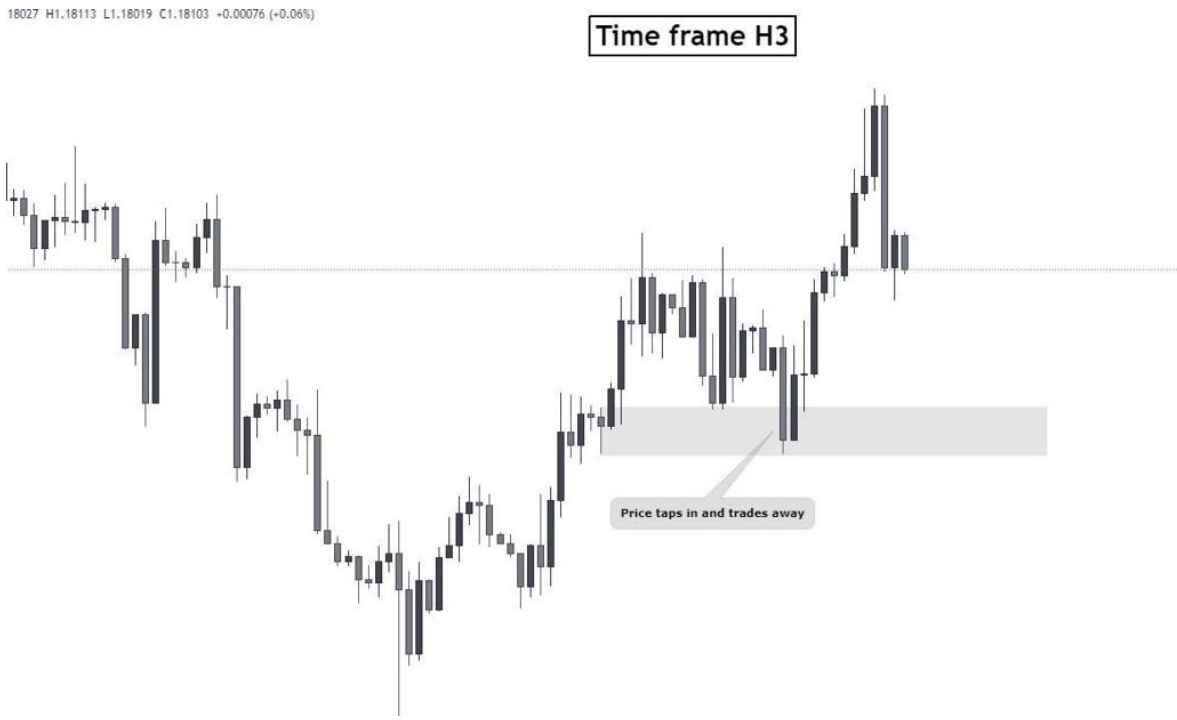
Demand is the last bearish candle before a break of sub structure. Supply is the last bullish move before a break of sub structure.

Personally for me when picking the areas of supply and demand I like the candle to be engulfed. What I mean by this is the next candle to the right has to close above the wick of a bullish candle and below the wick of a bearish candle.

When looking for these areas I will start on the H4 for my HTF demand mark them out even if they aren't engulfed. Then what I will do is cycle through the timeframes till I find an engulfed one that I'm happy with. This could mean me looking on anything from the H8 to the H2 or 30M.


Time frame H4
Not engulfed


Time frame H3
Engulfed



Above I've shown how that on the H4 the demand was not engulfed so I went on the H3 and it was. Then from there it came and traded off to take out the highs. This will be important when we come to my entry method.

I will repeat these steps on the 15M. The higher the time frame the more you can expect from the trade. For example when price comes into a H4 I personally will hold some volume as it could make a new high/low whereas a 15m may only
Cause a retracement. This of course is a conditional thing and there will be times when a 15m will make a new high due to other factors.

Identifying liquidity:

The markets need liquidity to move, personally i think of it like fuel for a car. Without the fuel it won’t run but if you only have fuel then you'll get nowhere. What I mean by this is you shouldn’t be entering trades just because there's liquidity above or below market you need to keep in mind other factors. That being said liquidity is everywhere but the most common type is equal highs and equal lows. The theory behind this is when retail sees a double top they will lookto sell when price reaches that level again as it's seen as a strong level.

If loads of traders are seeing this then they will all place limits with their SL just above the highs. This is then what creates liquidity and price will seek out their SL to liquidate it in order to fuel its move.

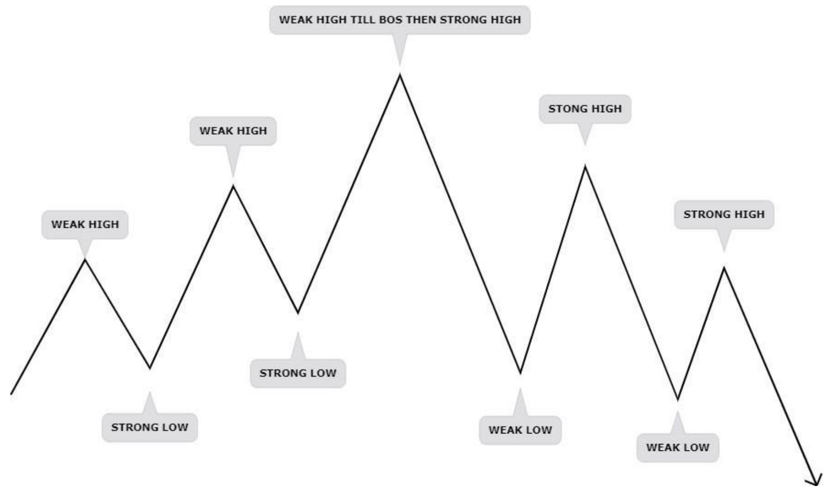
Here we can see price goes and hunts out the stop loss and fuels its move to the upside. If we were in a trade we could see this as a good place to target to take partials.

The second type of liquidity I use is liquidity trend lines. To spot this I like to draw out really obvious trend lines that retail would see. We all know that retail traders like to trade off of the third touch of a trend line with their SL under/above it like this.

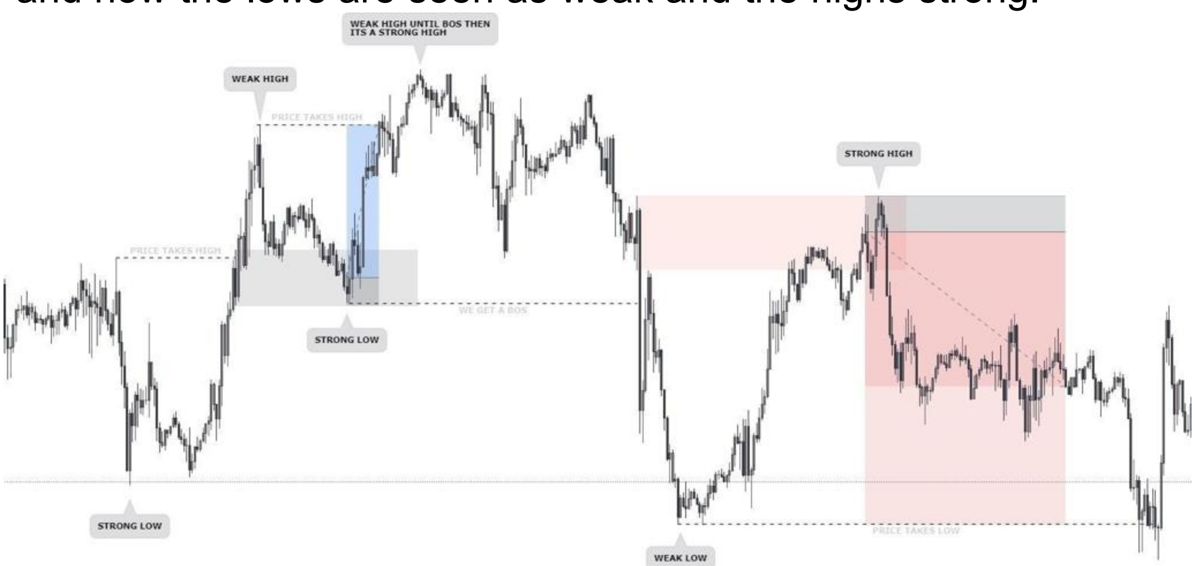
But then price comes and steams through the trend line collecting the liquidity.

Yet again if you were in a trade then you could target tap 1 as a good place to TP or at least remove some volume.

The final type of liquidity I use is structural liquidity, this is better known as weak highs/lows. This concept follows the concept of expectation order flow. Below is a diagram of how it works.



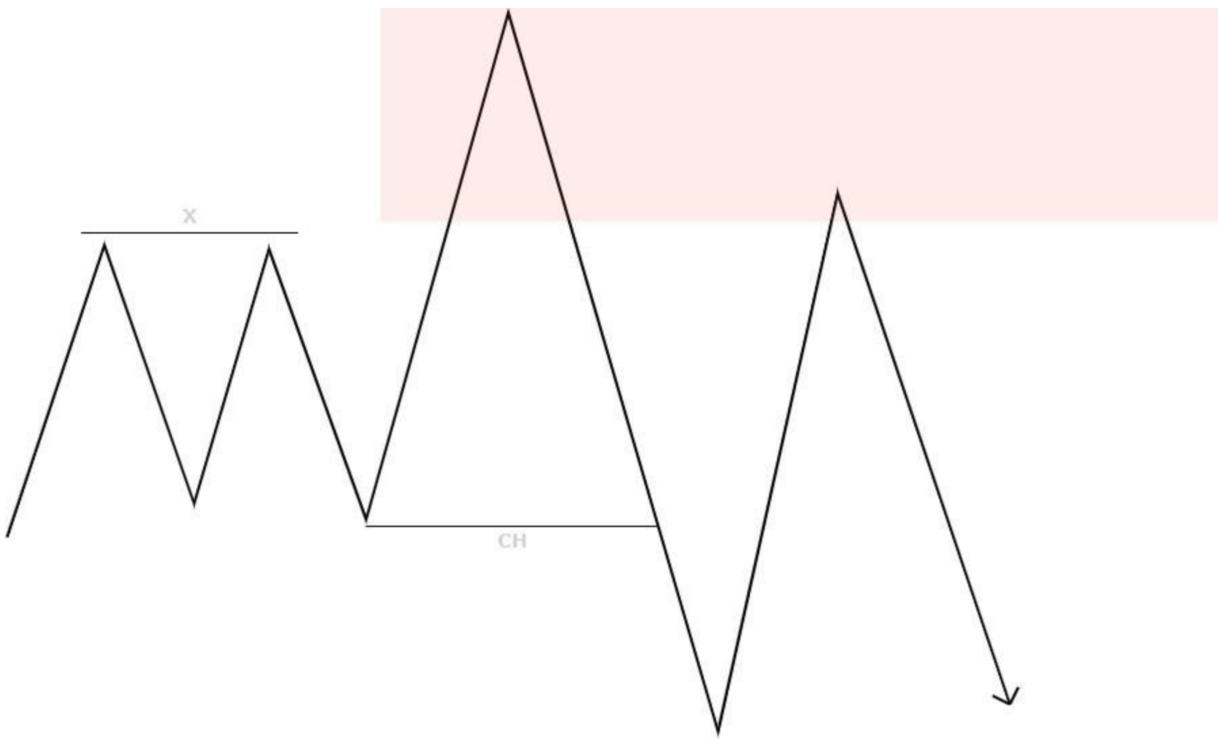
If we are in an uptrend then every time we have a pullback we should expect price, when it decides to start continuing the trend, to take out the high where it started the pull back from. That high is then seen as weak as it didn't create a BOS so should be taken out. As soon as we get a BOS we start trending down and now the lows are seen as weak and the highs strong.



Here we have an example of how you could use this in the real market. This is using 50% of the supply/demand just so the SL isn't too big but there will probably be LTF confirmation in these zones. Either way as you can see here when you start to get the continuation you can target the high/low of the pullback.

Entry methods:

Before we get into what the entry methods are, I just want to say I will only use these entry methods in HTF supply or demand. For me doing it inside these areas is seen as high probability due to the sponsorship of the HTF. Anything outside of these zones is a gamble. I personally use anywhere from the 15M to the 1M to enter trades in these HTF zones.

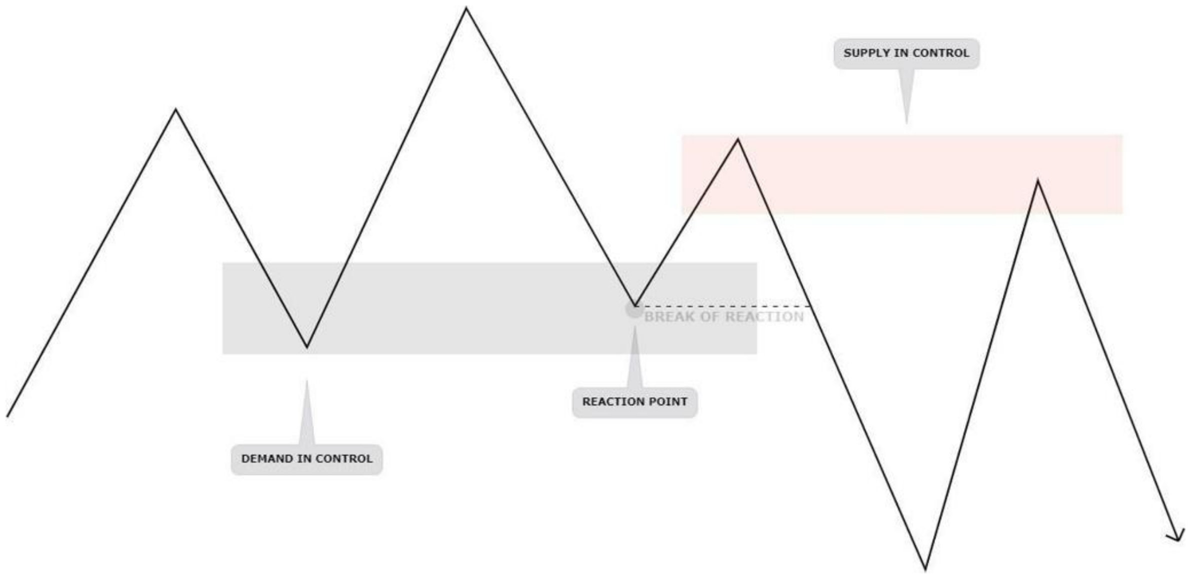


With that being said the first entry method I use is CHoCH. This stands for Change of Character.

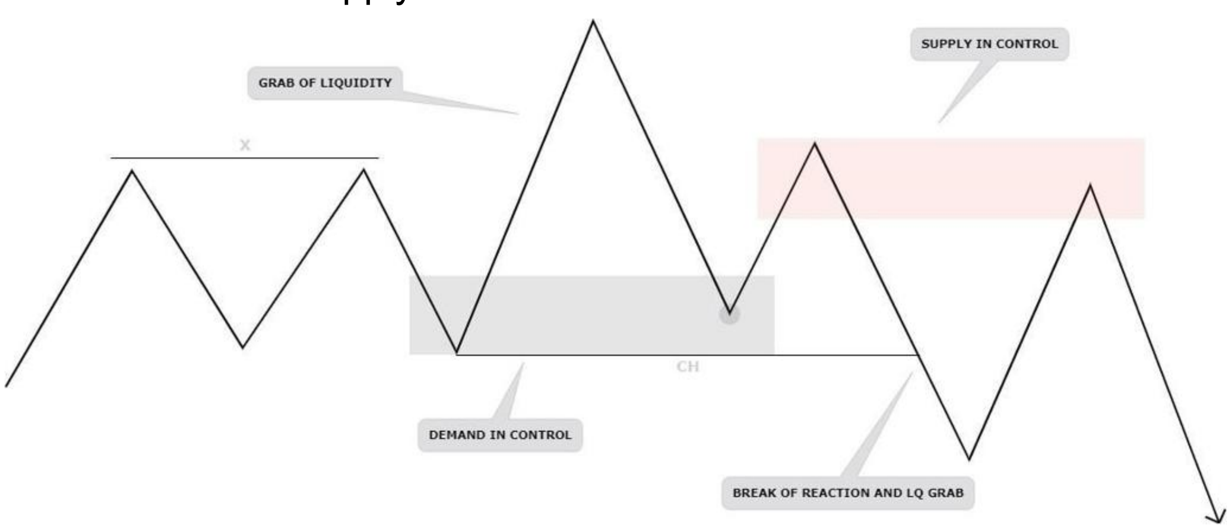
All a CHoCH shows is that price has grabbed liquidity and then broken sub structure. From there it should leave an area of supply/demand which when traded back into should produce a continuation in the direction of the CHoCH. To enter off a CHoCH you put your entry at the start of the supply/demand and the sl at the furthest point of the supply/demand.

When setting entry or sl don't forget to add spread to them. Don't worry if you don't know how to yet as we will cover this later.

The second entry I use is a supply/demand flip. The way I like to see this is it's almost a tug of war. Team demand vs team supply. At the start both are in control but someone has to win.

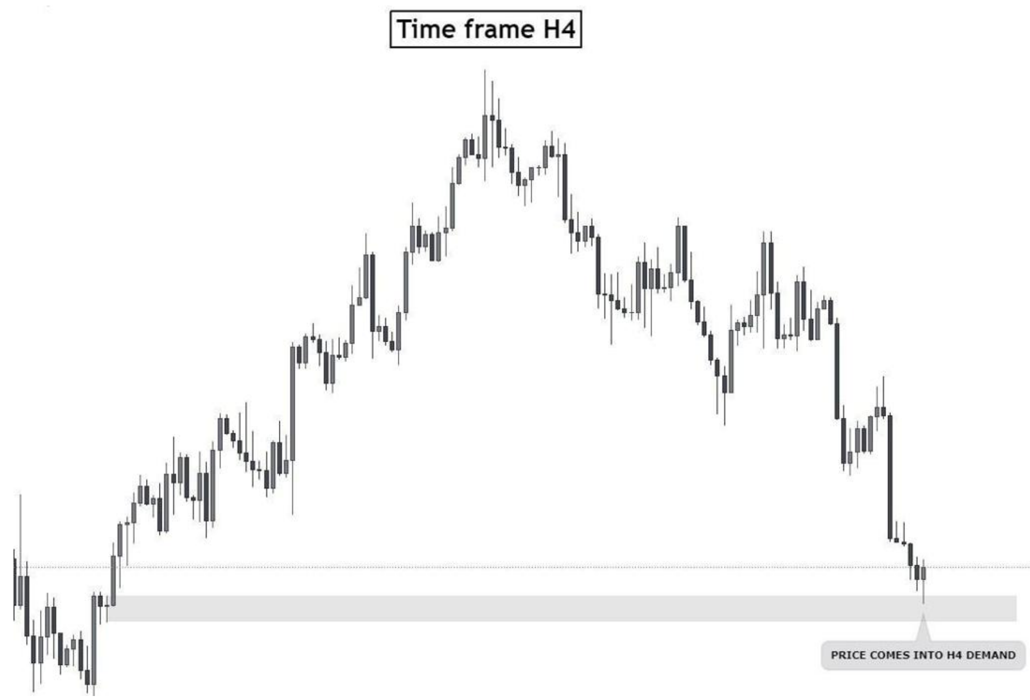


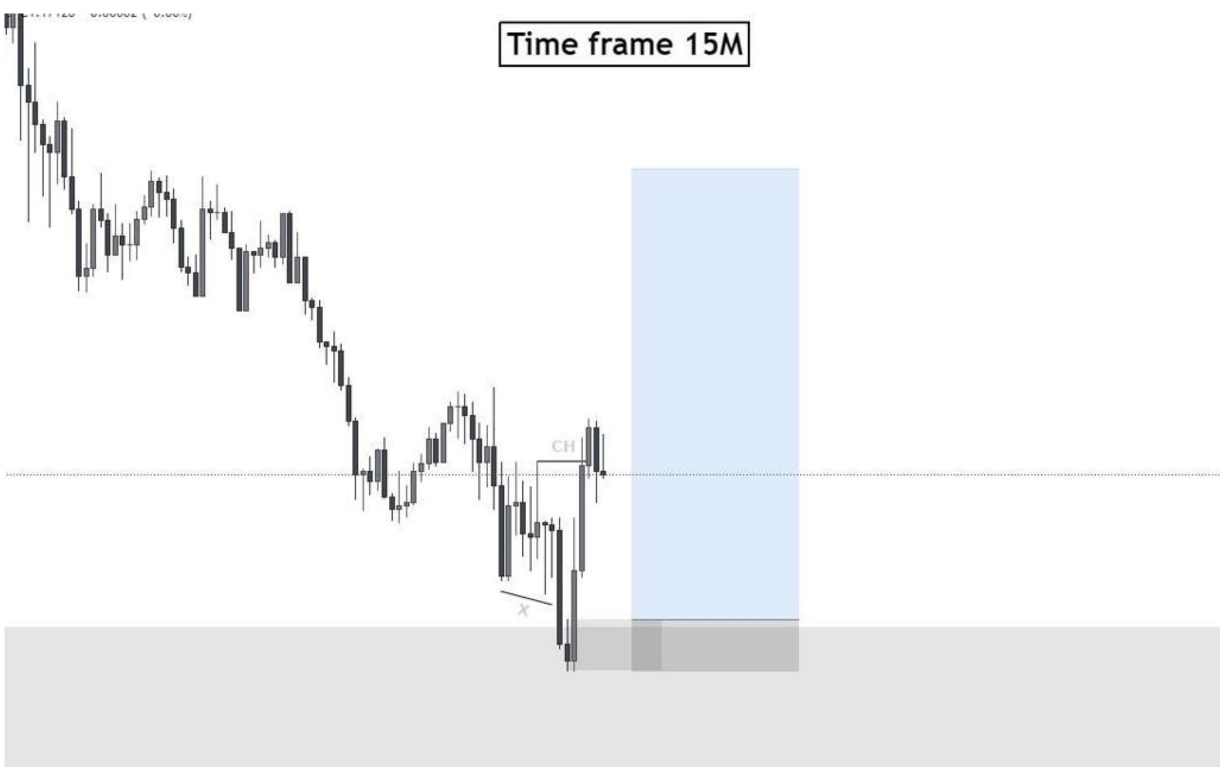
Here we can see demand is in control making new highs. On the retest of the demand block we get a push up and a reaction. That reaction then fails to make a new high, this is the tug of war part. Then when price takes out the reaction point supply has won and is in control. Now from here we place our entry on the start of the supply and SL just above it. This shows the orders have flipped and there is true supply in the market.



Now on their own they can lead to some very nice setups but when you combine them they can be very powerful.

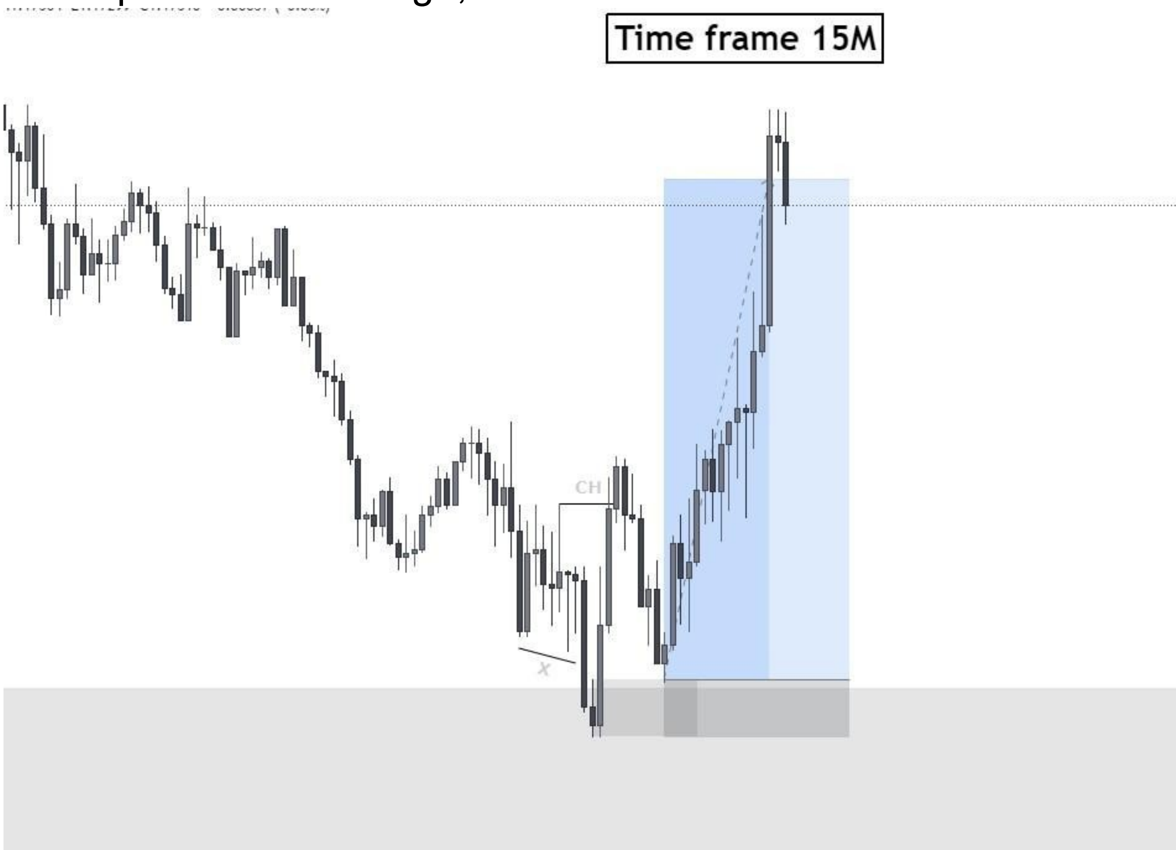
For me this would be the ideal entry within a HTF zone. Let's now have a look at some real market examples





Here we are on the H4 and have identified our HTF area of demand. From herewe will look at the LTF for a possible entry.

On the 15M price grabs some liquidity as it goes into the H4 demand and then from there rejects it and breaks the move that made the liquidity grab. From there we can set a limit to buy on the 15m demand with the SL just under it. For this trade I targeted the top of the Asia range, we will learn about that later.

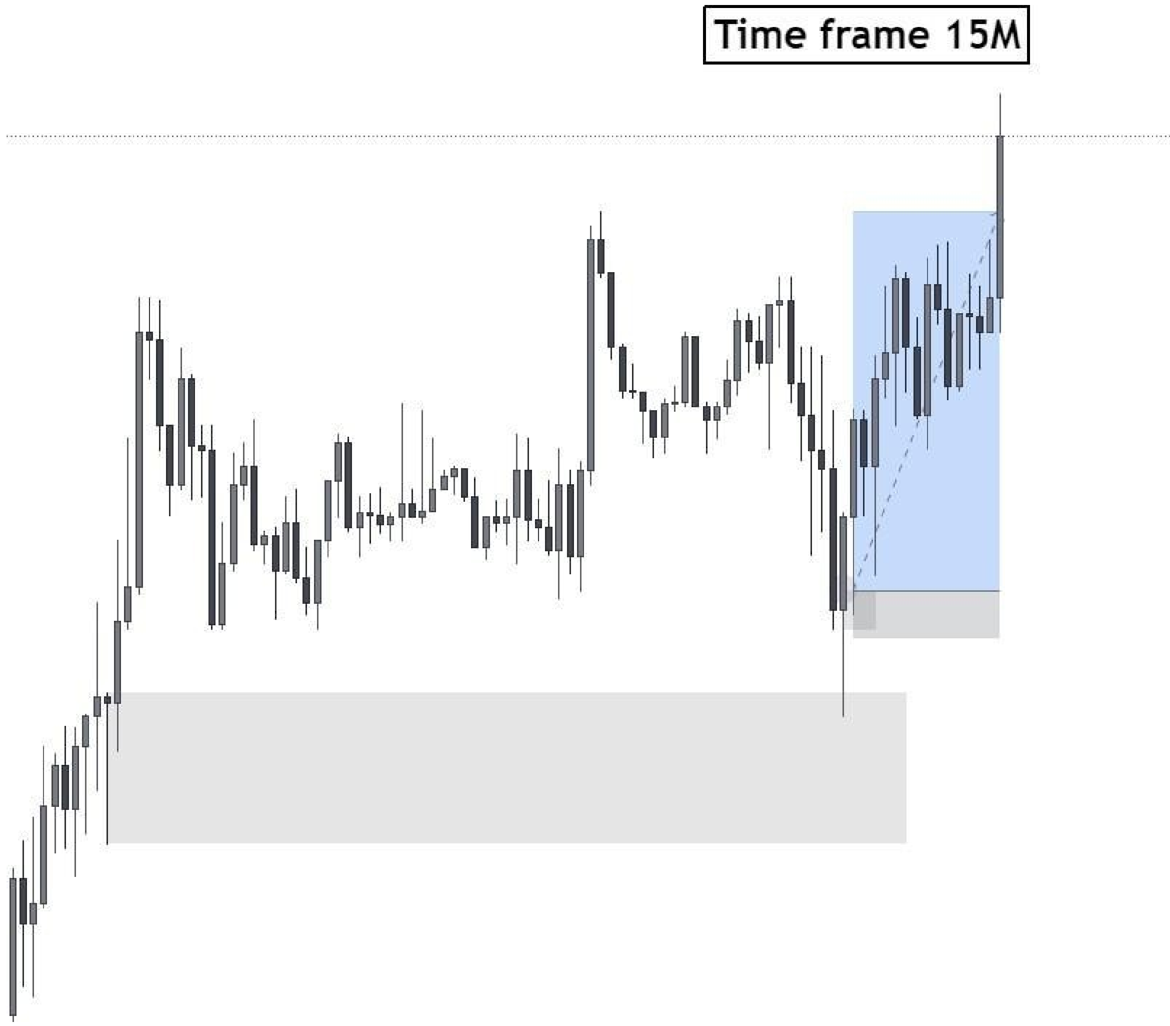


Just like that price makes its way to TP for 8.7R.

Now let's look at a supply/demand flip. Here we are on the 15m time frame and have come into an area of demand. From there we can go onto the LTF and monitor how it reacts.

Time frame 15M

On the 1m we get a nice rejection from it and come up to an area of 2m supply. Here we get a reaction and the "tug of war" starts. From there price takes out the reaction and confirms upside. We can now set the entry at the new demand.



Price then tags us in and goes to TP for 8.2R.

Remember when both a CHoCH and supply/demand flip happen atthe same time it's almost like a god setup.

Entry confirmations:

Now that we know how to enter we need to build confirmations as an entry method on its own is fine but when you build a narrative on why you are taking that exact entry method it brings meaning and strengthens the trade even more. Some times as well the confirmations can stop you from taking a loss by keeping out of bad quality setups.

VSR:

VSR stands for V-shaped recovery. The theory behind the name is when we go into an area of demand we want to enter and exit in the shape of a V. For a supply it would be an upside down V. The reason we want to see this is because it shows the "banks" pushing price in and out. This means on the retest we should be on the same side as these "banks".

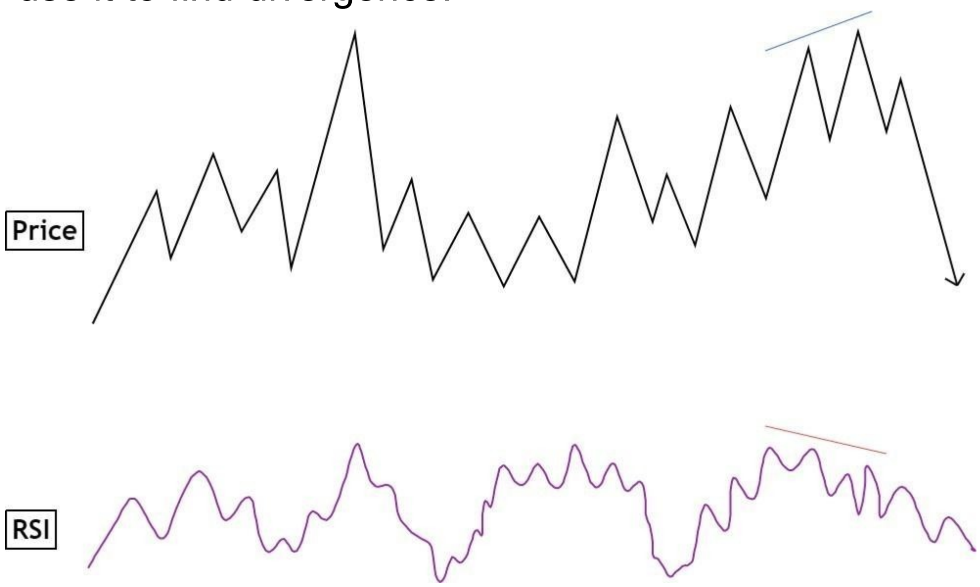
Here's some examples:

Bullish VSR:

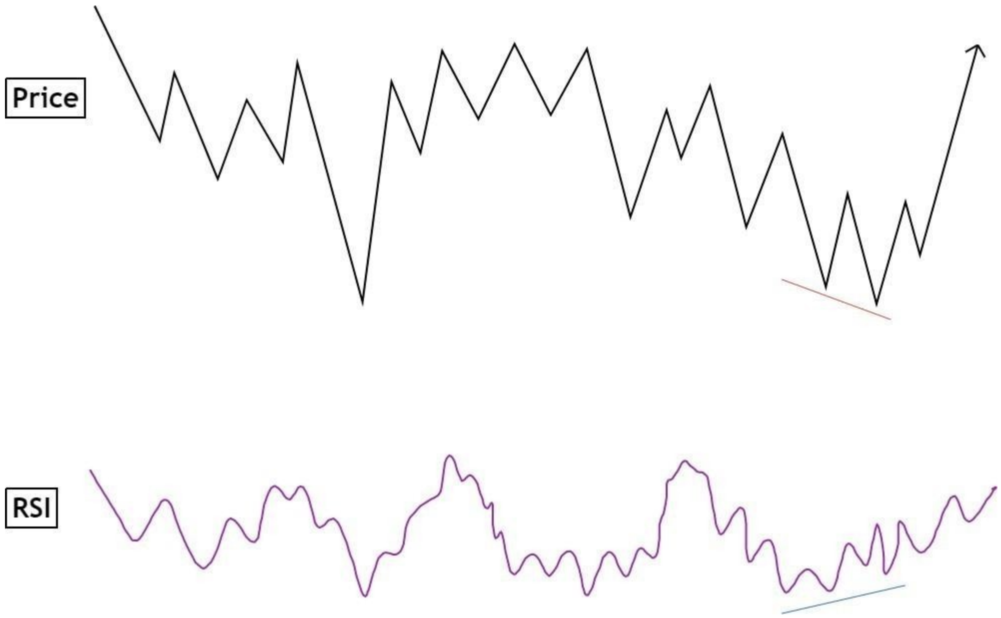
Bearish VSR:

RSI divergence:

When you hear RSI you will often think about how retail trades it. Buy in the low 30% and sell in the upper 70% but most of the time that doesn't work. That's not how I use it. I use it to find divergence.



To put it simply divergence is when price is going in one direction but the RSI is going in the opposite. In this diagram the price is trending up but the RSI is trending down. This means that we could see downside soon.


Price
RSI

For a bullish scenario the RSI would have to be moving up and price moving down. This would then signify we could see upside soon

Now let's have a look at real life example:

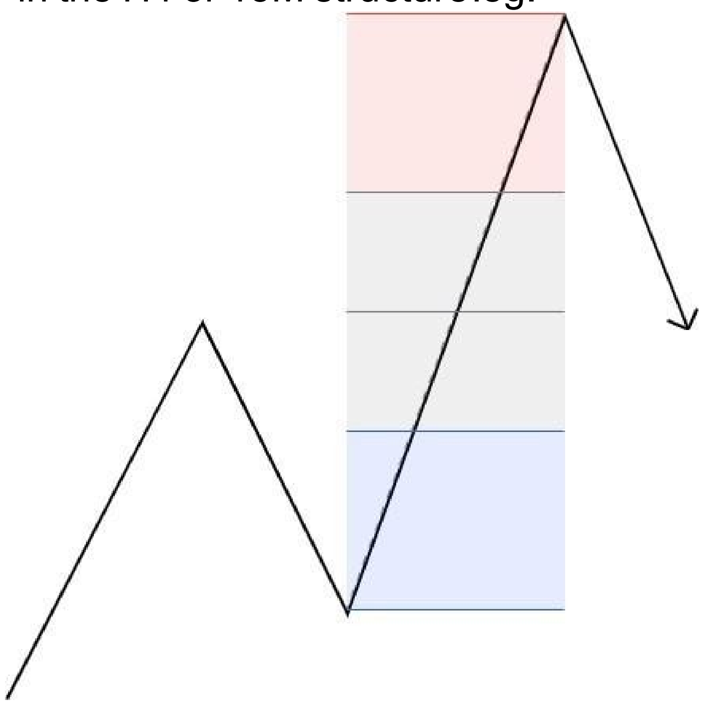
Above we can see we are trading up into a HTF area of supply. We can see the price is clearly going up but the RSI is moving down. Then we get a CHoCH and a supply/demand flip. We can now set the order with the SL above the supply created on the flip.


X
CH
45

Price trades into the supply and then moves off to a weak low to the left and hits TP for 9.6R.

Premium and discount:

The next thing I like to use as a confluence is the fib tool. Now yet again I don't use it like retail does but instead to see where we are in the H4 or 15M structure leg.



For example say we are trending up on the H4 and we start to get a pull back, I will add the fib from market structure high to low and see where we are in the leg. The red section means that the price is in deep premium and that it is good to sell, conversely the blue means we are in deep discount and it's good to look for a buy.

You don't want to be buying in the red and selling in the blue as price could easily come and take you out of liquidity as the big move. For me it's okay to be buying and selling in the grey area but the closer you get to each end the more risky it is to do the opposite of the colours meaning. Let's have a look at a real life example:

Here we are trending up and have just started to pull back on the H4. Price pulls into a HTF area of demand which also lines up with the blue discount zone of the fib. Here we can now look for a LTF setup.

Here we have a CHoCH and then a supply/demand flip. There is also a VSR and aRSI divergence. Based on this and the blue discount zone we can take a long.

Targeting the weak high price goes to TP for 25R.

Trade examples:

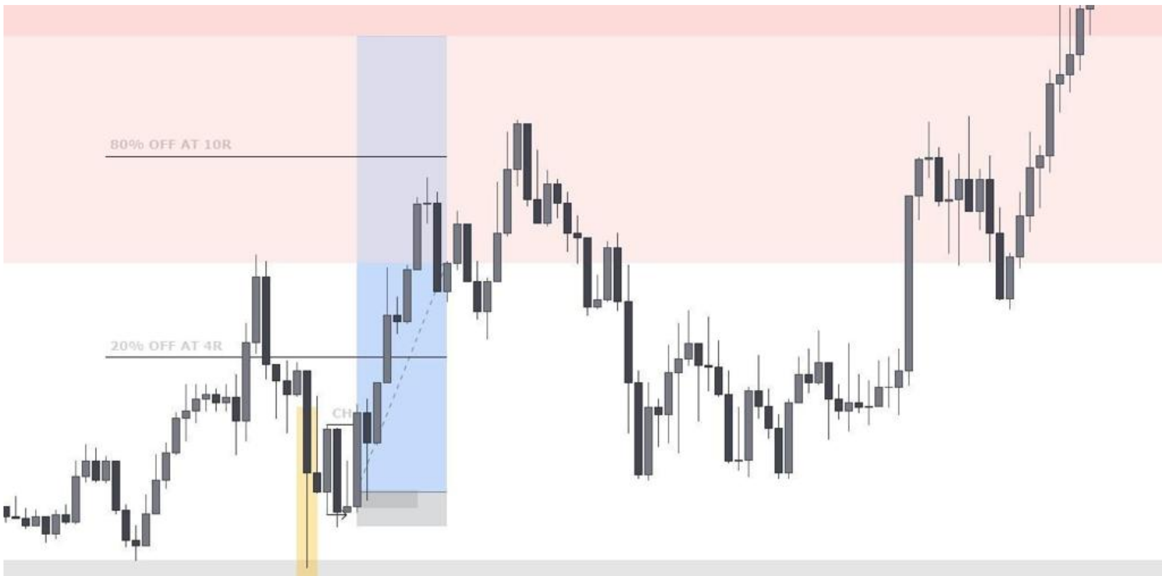
Now that we know each component on how to trade, we need to know how I putthem together, here's some examples of how I frame up trade ideas.

Example-1 :

Here price is in a down trend but has just made a BOS so we can expect a pullback. There's a H4 demand that it comes into so we could look for a tradeoff that.

The 15m price has made a CHoCH over the asian session and is now moving up. Imark out some areas of demand and wait to see how price reacts to them

One gets a nice VSR so now I'm looking for an entry method. This comes as a CHoCH and I set my order at the demand that made the CHoCH with SL just under it. Because it is a counter trend I will take off 80% at 10R.



Then price tags me in and goes to TP. Here you can see how taking that 10R partial would have helped mentally as you have secured profits before the pullback.

Example-2 :

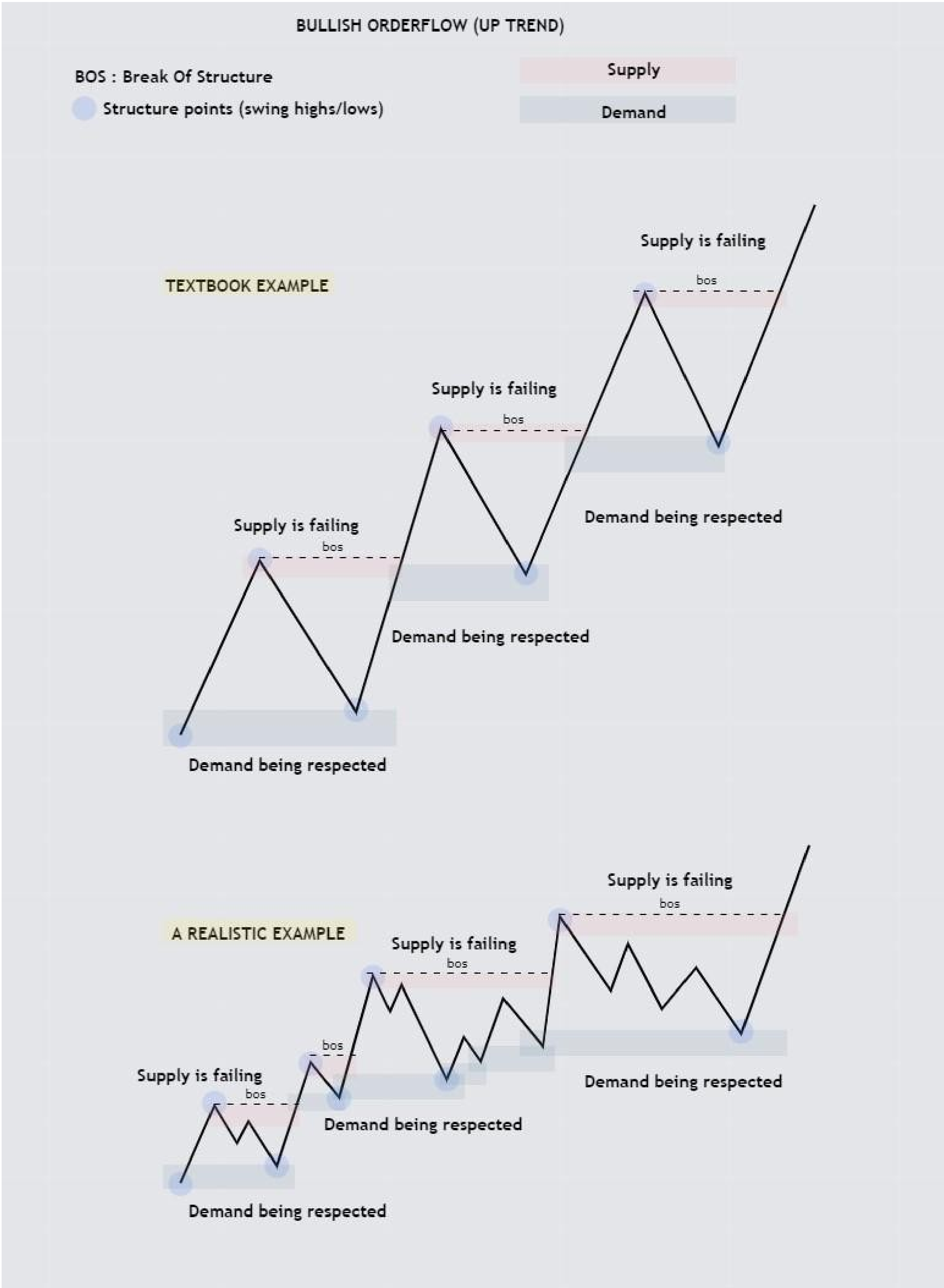
Here price has just made a flip on the H4. I would like to trade from that flip. Irefine the supply down to H1 and then wait for the price to reach it.

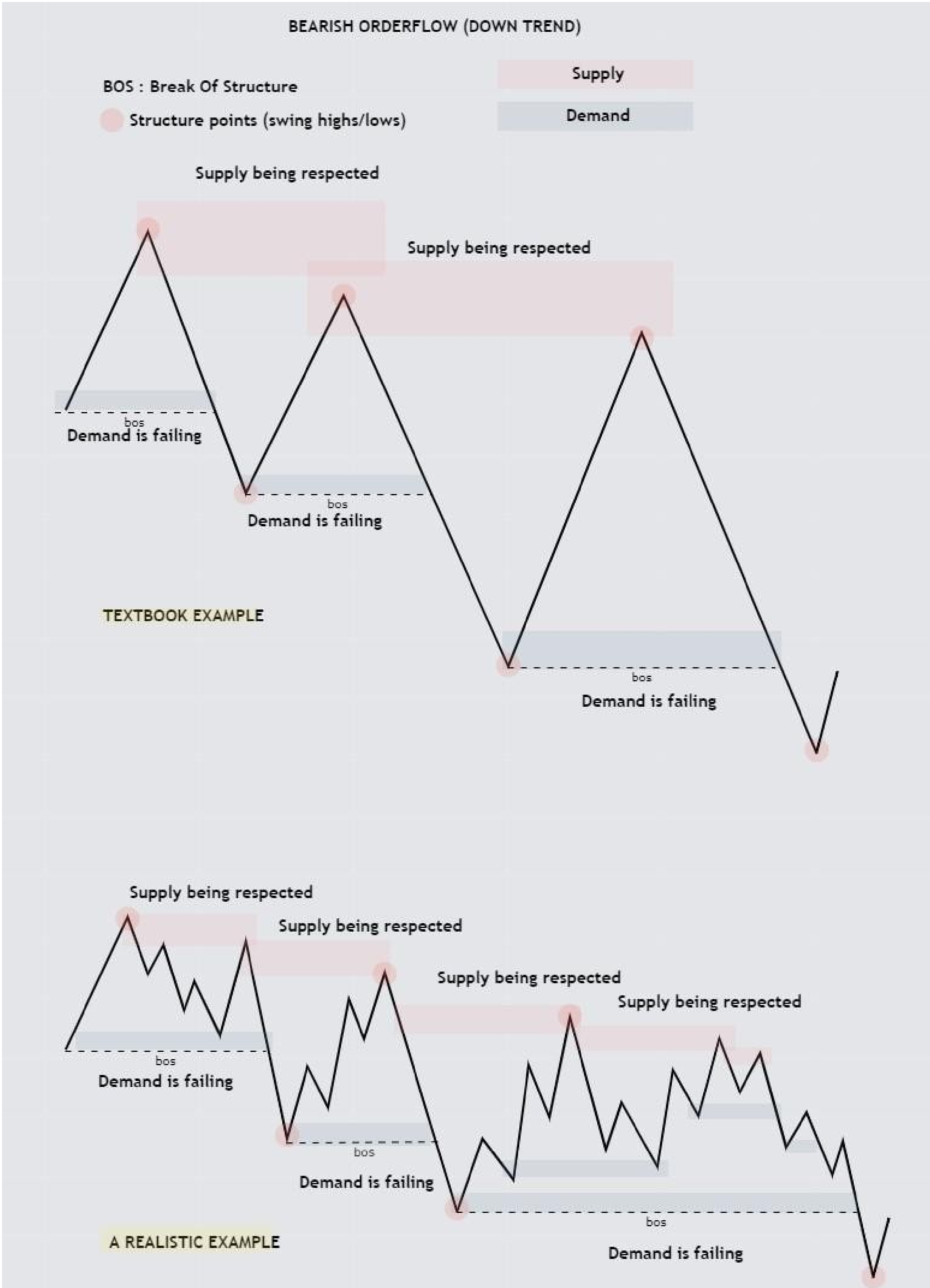
Price then reaches it and prints a liquidity trend line below on the 15M.

At 1m we start to get RSI divergence and then a CHoCH and flip.
For me this is a quality setup I'll take any day.

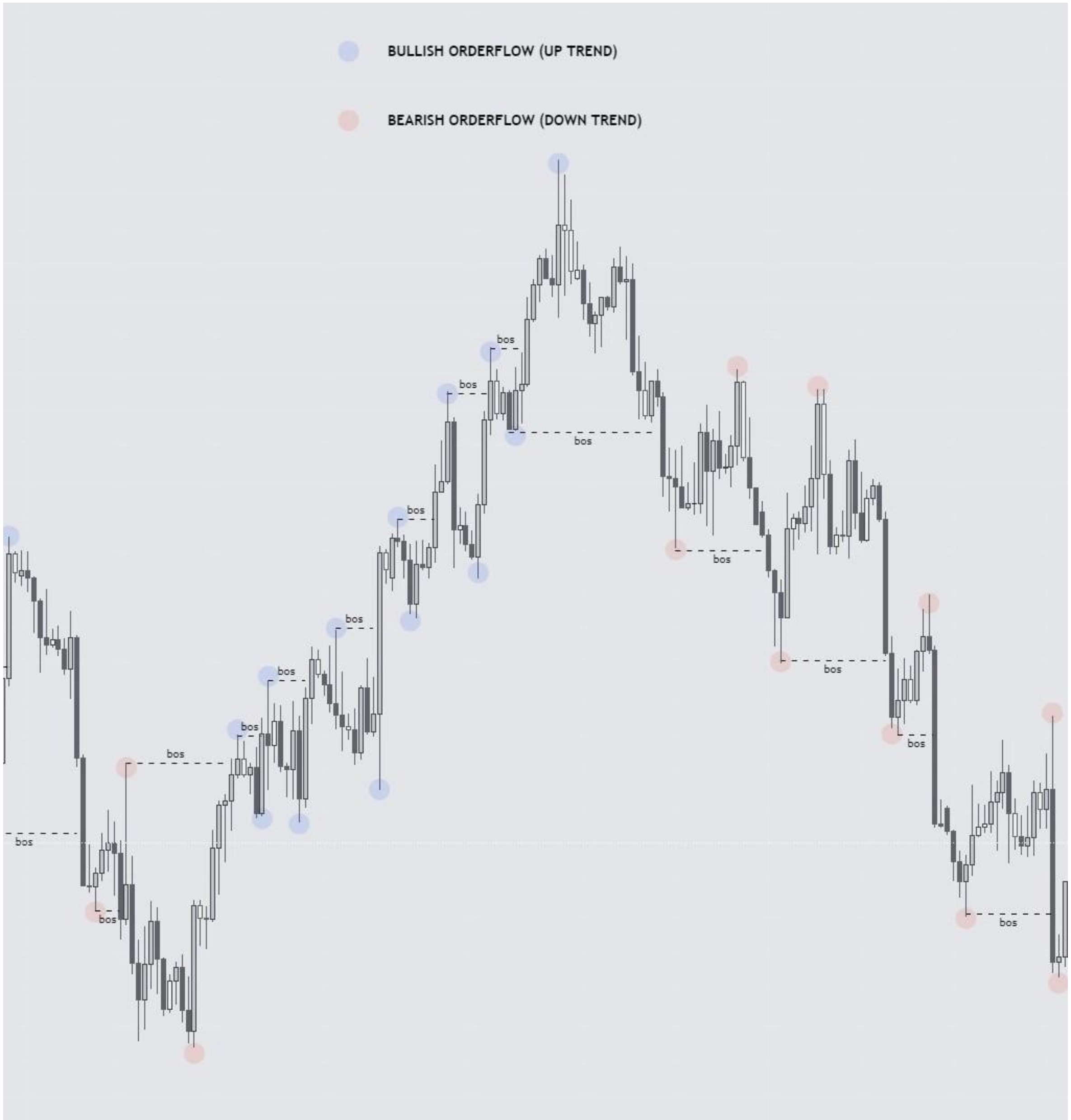
Because we are pro-trend, it's valid to target the H4 lows. I will also only take off50% at 10R and let the rest run to the weak H4 low.

Chapter-12 : Market Structure 2.0


BULLISH ORDERFLOW (UP TREND)
BOS : Break Of Structure
Structure points (swing highs/lows)
Supply
Demand
TEXTBOOK EXAMPLE
Supply is failing
bos
Supply is failing
bos
Supply is failing
bos
Demand being respected
Demand being respected
Demand being respected
A REALISTIC EXAMPLE
Supply is failing
bos
Supply is failing
bos
bos
Supply is failing
bos
Demand being respected
Demand being respected
Demand being respected


BEARISH ORDERFLOW (DOWN TREND)
BOS : Break Of Structure
Structure points (swing highs/lows)
Supply
Demand
Supply being respected
Supply being respected
bos
Demand is failing
bos
Demand is failing
TEXTBOOK EXAMPLE
bos
Demand is failing
Supply being respected
Supply being respected
Supply being respected
Supply being respected
bos
Demand is failing
bos
Demand is failing
A REALISTIC EXAMPLE
bos
Demand is failing

4H Macro Time Frame:



Structure breaks are only confirmed by candle body not wicks. Wicks are only considered structure breaks on the 1M or seconds.

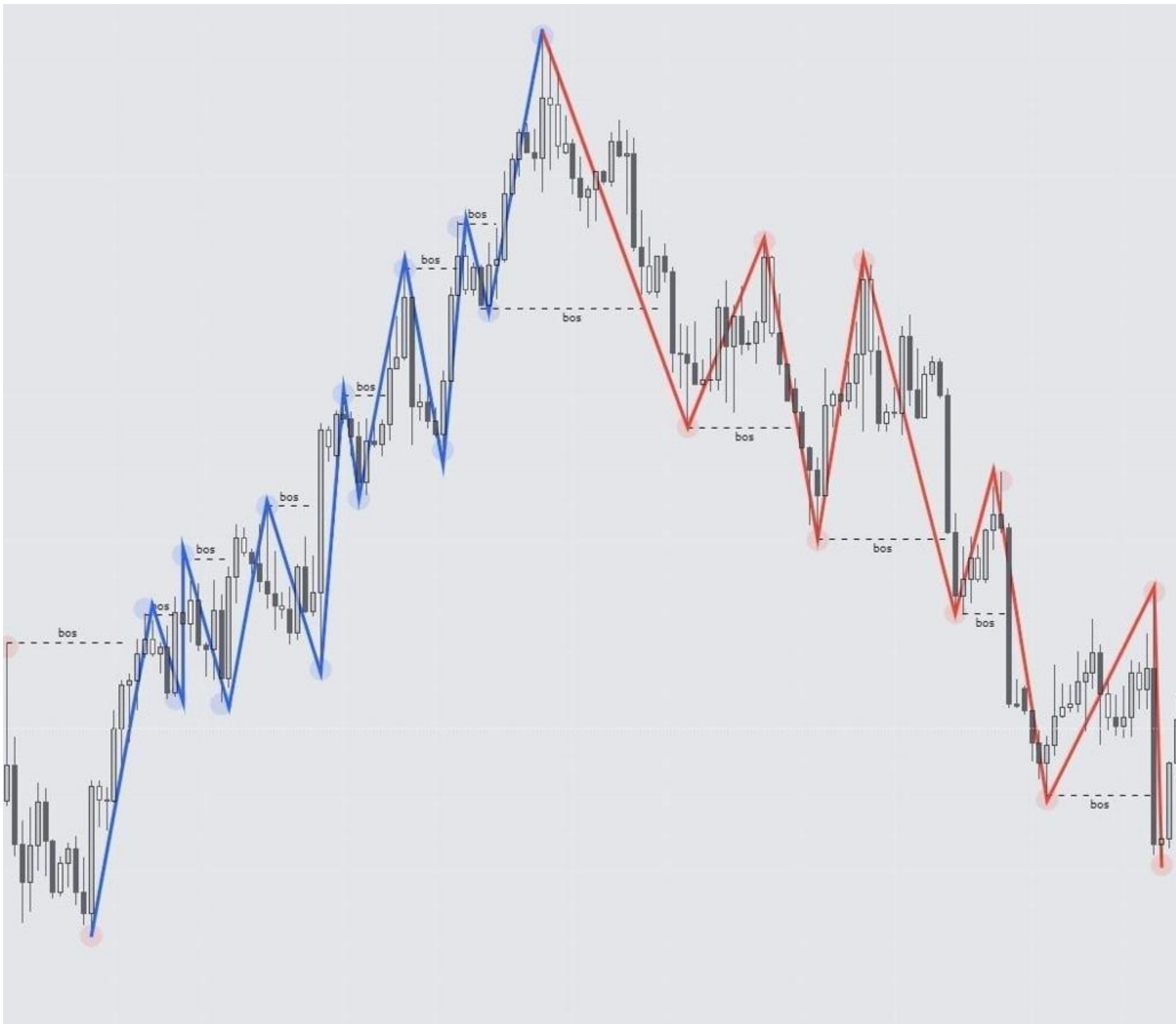
If you pay close attention in the below example when we are bearish the highest point before the BOS and lowest point is pulled.

When we are bullish the lowest point before the BOS and highest point is pulled. Any other wicks or sort structure in between those two points would be classified as substructure (sometimes called internal structure).

For a trend to be confirmed 2 highs or 2 lows must be created. The first break of structure makes us unconfirmed and both buys and sells are still on the table. Once a trend is confirmed Expectation Orderflow is followed till trendends. (We'll touch more on this)

Multi Time-Frame Analysis

4H (Macro Time Frame) :



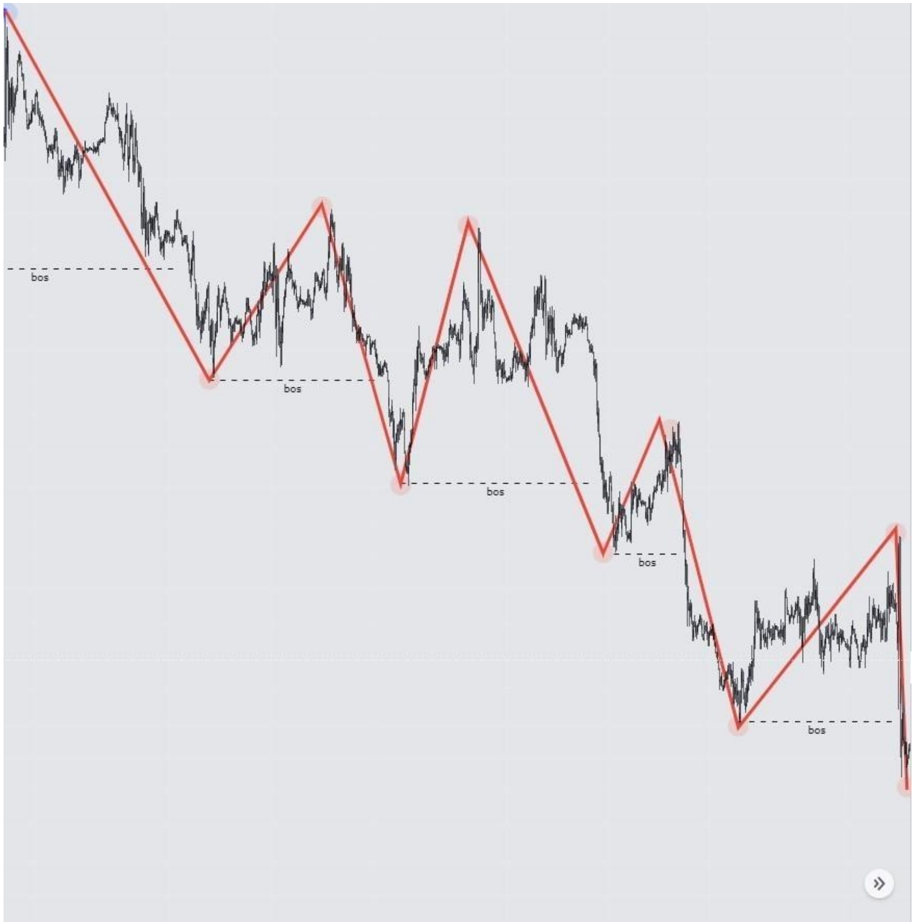
15m (Micro Time-Frame) :

Notice how we are always pro 4H trend phase or counter 4H trend. There are more pips to catch the pro 4H trend and you have a higher chance of landing long trades in a Bullish market.

Pro trend trades in this case would be targeting the weak highs. Counter trend trades would be targeting the nearest

demand at 50% of the 4H leg. Once price is in discount, shorts become lower probability. More will be explained further into the book about weak-strong, high-low and premium-discount pricing.

15m Micro Time-Frame:



Notice how we are always pro 4H trend phase or counter 4H trend. There are more pips to catch the 4H trend and you have a higher chance of landing shorttrades in a **Bearish** market.

Pro trend trades in this case would be targeting the weak lows. Counter trend trades would be targeting the nearest **supply** at 50% of the 4H leg. Once price isin premium, longs become lower probability. This will be explained in further detail once we reach the section about weak-strong, high-low, Premium-discount pricing.

Understanding Time-Frames and pairing them together (Macro-Micro)

To give ourselves a chance to succeed in the markets we must use every edge at our disposal. One way to get an edge is the selection of timeframes and pairing them properly. As a BFI (Bank/Financial Institution) we must have rules we follow. Our analysis will be done on the Daily/4H/15M. 4H is our Macro analysis. 15M is our Micro analysis.

The majority of our directional bias and intraday trading ideas will come from the 4H/15M time frame. Daily is used to see where the current pricing on the 4H (Premium vs Discount) is and when the current 4H trend is likely to end. The majority of times we can find our Micro POI's on 15M, however 15M structure can be loosely used meaning that 10M-30M will be cycled through if no clean POI is found on 15M.

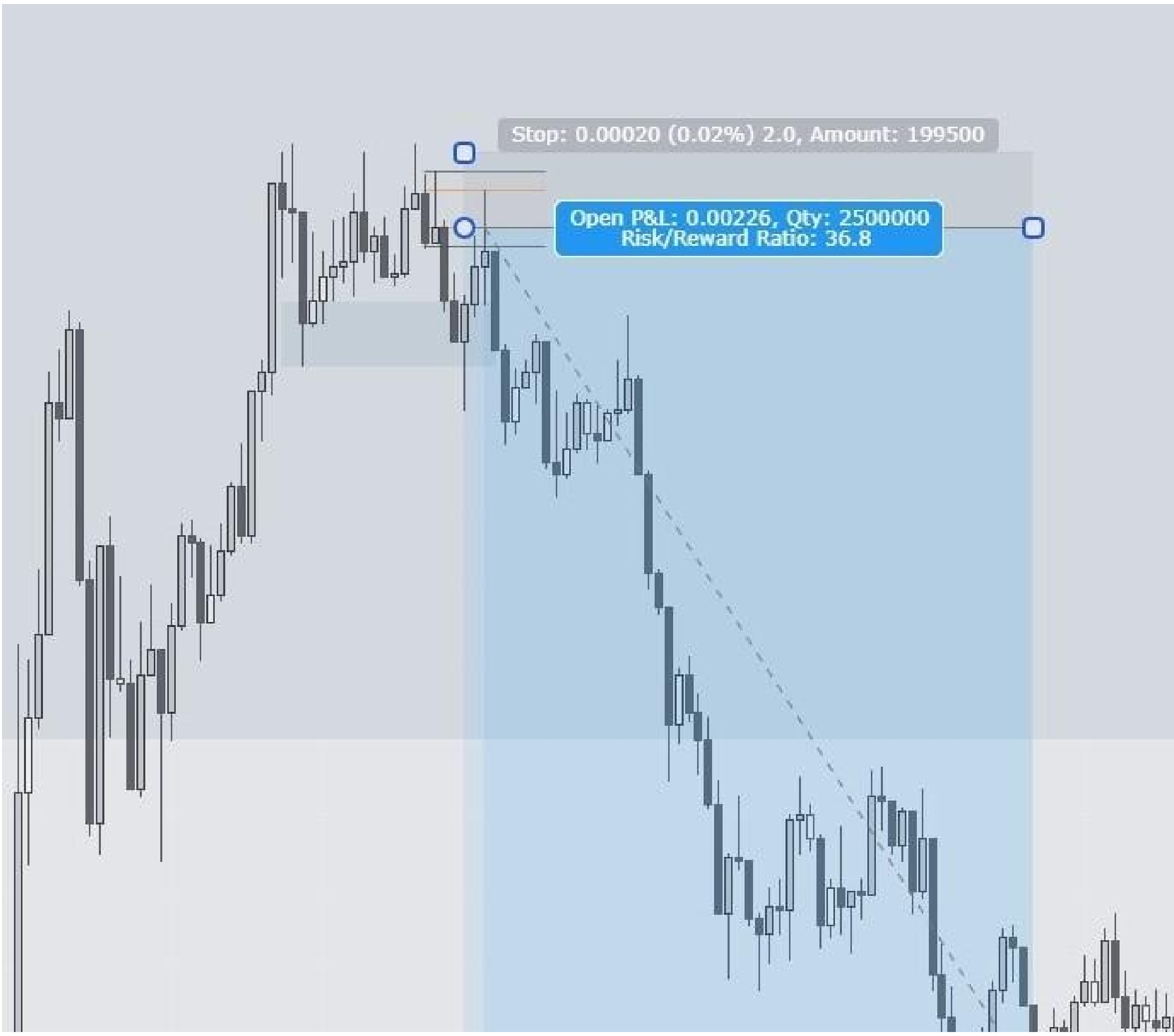
To be a truly successful trader you need to start creating habits. One of these habits is only using 2 timeframes for analysis. You must rewire your brain and create an S.O.P. (Standard Operating Procedure). The military doesn't just go to war; they have an SOP and a plan. I'm here to give you the tools you need to have both, but you must be disciplined and stick to the plan. You will see me touch on SOPs as we go through this book.

Macro (4H) **Micro (15M)**

Execution Time-Frame

The Execution time frame taught will be the 1M. This time will not be used for anything other than execution. Our directional bias will come from the Macro/Micro analysis. You will be taught all pieces of the puzzle and how to putit together. The SOP must be followed. You will be taught a couple ways to execute, but as BFI traders we do not deviate from the plan. If our specific setups don't happen we don't enter. Simple as that. Plan your trade. Trade your plan. Even failing will be planned and mitigated through management. **DO NOT SIT ON THE 1M CHART THE WHOLE TIME?**

Although it's very hard to see in the above photos, the following trade is a 36.8RR trade, targeting the weak 4H lows from the extreme Supply in Premium pricing. This is just an example of what this system can do. Both intraday and swing trading styles can be done with this trading style.



Expectation Order flow

Expectation Order flow teaches us that a confirmed trend shall continue until it doesn't. Meaning, in a bullish trend we continue buying until the buys don't work. In a bearish trend we continue selling until the sell no longer works.

Market structure is valid until it is broken by CANDLE BODY CLOSE, in which case you would have a trend change and a new unconfirmed trend begins. Once the trend begins and is confirmed (2 highs or 2 lows are created) we use expectation order flow and keep trading in that trend direction.

4H and 15M works the exact same as Daily and 4H together.
Daily order flow trumps 4H order flow and takes precedence.
4H order flow trumps 15M orderflow and takes precedence.

The majority of our analysis is done on 4H and 15M, Daily is mainly used to see how well priced our 4H position is (Premium VS Discount).

In our next section we're going to explain Premium vs Discount pricing to ensure we are paying the proper price for our order. Pricing will also let us know how probable a setup is to play out from a certain POI (point of interest).

We want to ensure we are not buying too high in the leg or selling too low in the leg as the probability of that trade panning out gets much slimmer. Although expectation orderflow teaches us to follow trends till it doesn't work, we have higher probability setups and lower probability setups.

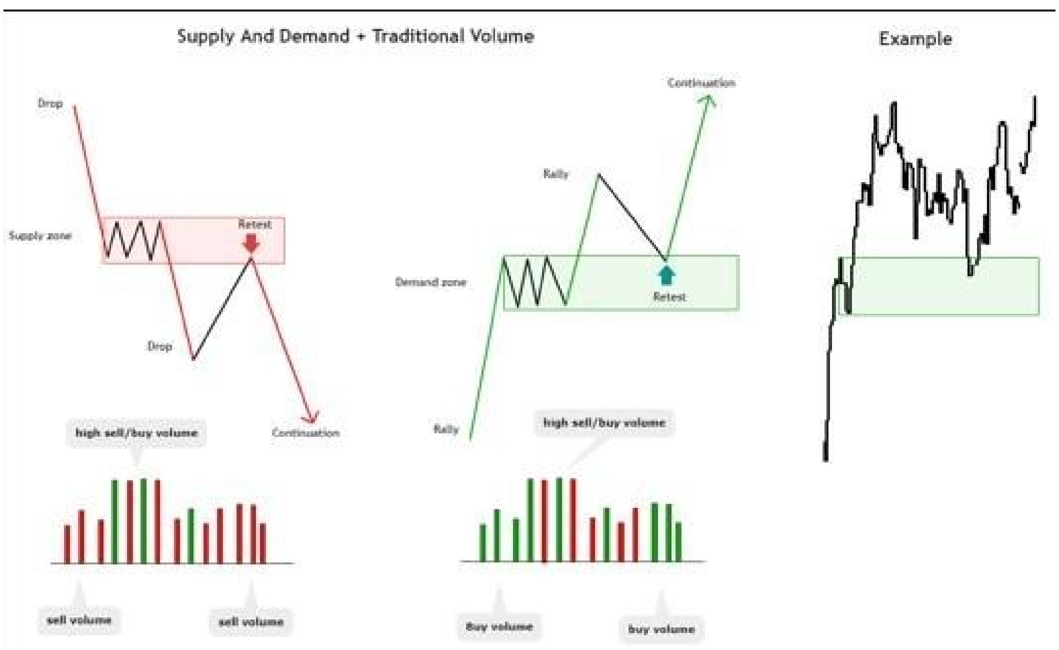
Chapter-13 : Volume Profile

HOW TO PROPERLY USE VOLUME PROFILE TO TRADE? :

TRADITIONAL VOLUME:

Historically, and this is especially true in traditional equity markets, volume is often the most important indicator out there. Some people argue that volume is not overly reliable in forex markets.

There is a significant debate on whether volume should be considered as important in forex markets as it is in equity markets due to the drastic differences in the amount of volume from one broker to another. Others believe that it is already (we can see volume from many of the exchanges). For the stock market and futures and almost any traded instrument, volume tells you what people are doing. And what they are not doing.



TRADITIONAL VOLUME WITH CANDLESTICK PRINCIPLES:

Volume is an extremely important component of any candlestick. A candlestick tells us what happened to move prices in that period, but volume tells us how hard people fought for that movement and how much conviction was in that move. Here are some principles about candlesticks to keep in mind.

- The length of any wick, either the top or the bottom, is ALWAYS the first point of focus because it instantly reveals strength, weakness, indecision, and (more importantly) market sentiment.
- If no wick, then that signals strong market sentiment in the direction of the closing price.
- A narrow-body indicates weak sentiment. A wide-body represents strong sentiment.
- A candle of the same type will have a completely different meaning depending on where it appears in a price trend.
- Volume often validates price – Any candlestick that closes at or near an important high or low should be watched very closely for how much volume was involved. For example: A strong candle close with strong volume is a validate candle.

These are the key points about traditional volume. And after using traditional volume for months, I can confirm for my own perspective that it's not really reliable in forex markets.

That's why we are going to talk about another type of volume that is in my view most useful.

How to trade and use volume profile:

Volume Profile is an advanced order flow study which displays volume distribution at price over time. Displayed on a chart as a horizontal histogram, Volume Profile can help reveal significant price levels including support & resistance and strong zones.

Volume Profile is essentially volume data displayed on the chart horizontally in the same chart panel as price data. The ability to see volume at corresponding price levels provides further insight to how a market reached its current price and, more importantly, where it might move next.

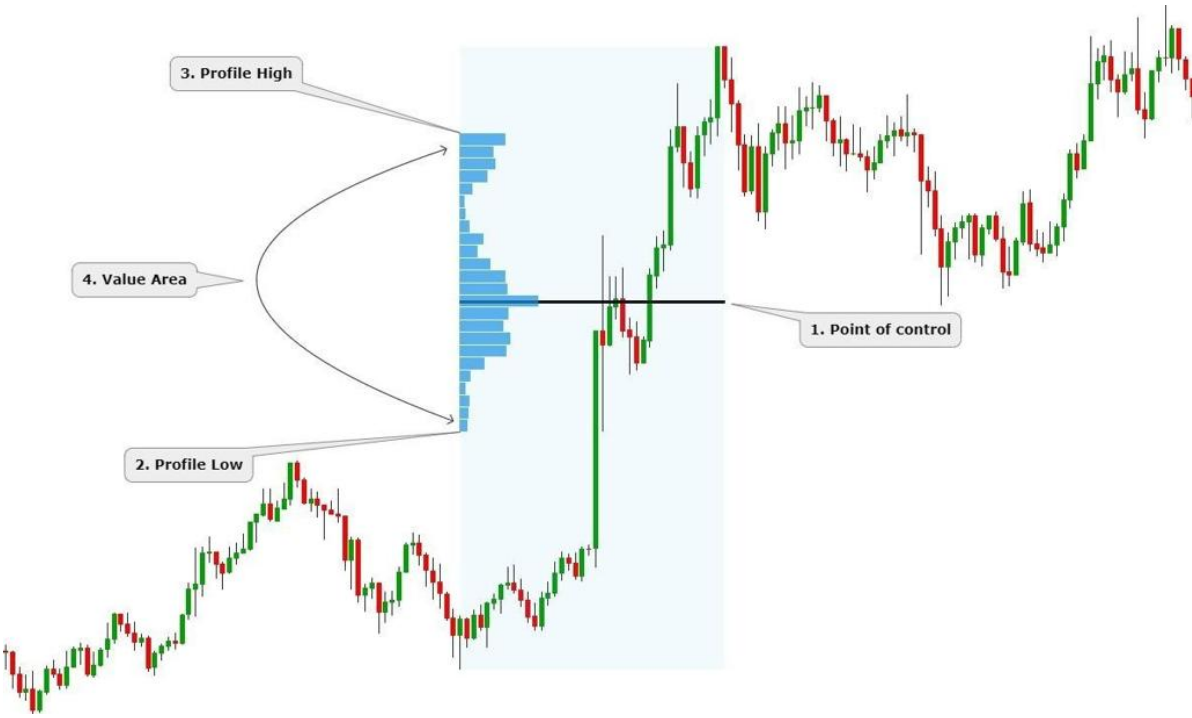
As you already know how to drop and use the supply and demand edge, the thing can be much easier and you can see on this chart below, we use the 4 Hours chart to draw an accurate zone and we go to the 1 Hour chart to look for trade. You can see this is a pretty strong trend and price tests the zone and get quickly rejected as it should be for a strong zone.

Now let's dive deep into our volume profile and explain it in more detail. In a nutshell, Volume Profile shows how much volume was traded there.

Since it’s volume (buying & selling) and not time that moves markets, Volume Profile is considered more of a “true” technical analysis study by many traders.

Volume Profile Breakdown:

Below are common levels of significance within a Volume Profile



- Point of Control (POC) – The price level with the highest traded volume within the profile, represented with a black horizontal line.
- Profile Low – The lowest traded price within the specified time period.
- Profile High – The highest traded price within the specified time period.
- Value Area – The range within the profile where the most volume traded. The value area high and low are also considered significant levels within a Volume Profile. Those 2 high and low indicate strong support & resistance of price.

Now it's much clearer in your mind as you know the important thing to look for, let's see another example for more detail:

Gold 1H chart

We can see how price reacted to the 3 most strongest level:

1. Point of control (acting as strong level of buy or sell volume)

2. Profile low (acting as strong support or resistance)

3. Profile high (acting as strong support or resistance)

NOW LET’S SAY YOU WANT TO ADD MORE CONFLUENCE INTO YOURANALYSIS:

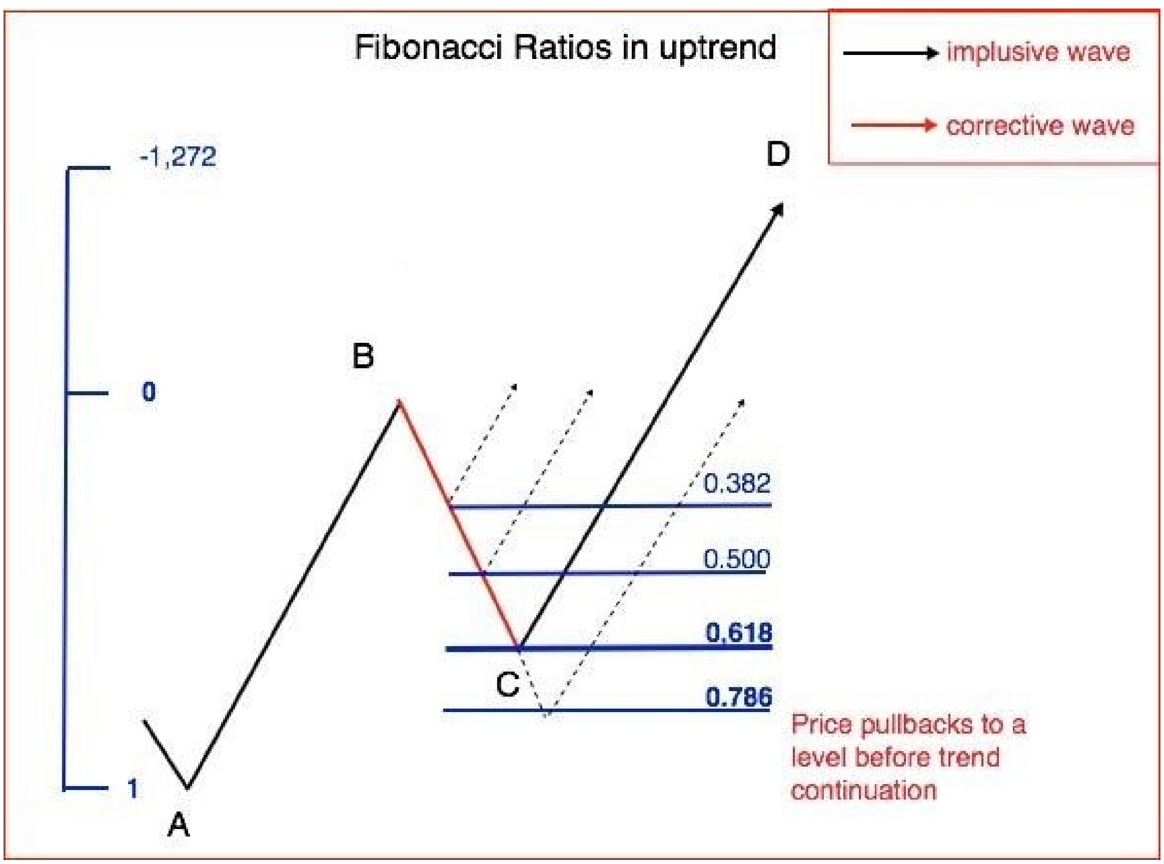
We can add more confluence into our analysis and we like to use a Fibonacci retracement. If you add fib, you can see the confluence price react once it reaches the 50 - 61.8 this is the golden zone where we like to open trade with more accuracy.

Once familiar with Volume Profile, traders can leverage this powerful tool to help detect support and resistance levels, price reversals and more. As each individual trader’s approach to markets is different, Volume Profile can be applied in various methodologies to assist with technical analysis.

Chapter-14 : Fibonacci

Fibonacci in uptrend:

Let's imagine that we have a bullish AB impulsive movement and suddenly the price decides to slow down and make a pullback and enters in a small corrective phase before continuing with the uptrend. At that time, thanks to Fibonacci retracements, we can possibly know when the price will decide to reverse and continue its upward trajectory. In other words, we will be interested in looking for a point C through retracements of Fibonacci. This point C will be important for us to surf in the next bullish wave D.



USDCAD example:

USDCAD was in an uptrend, so we were only interested in looking for entry points to buy. The image below shows the impulsive AB structure starting tomake a pullback. We use Fibonacci levels to find potential entries to buy the trend and ride the next upside momentum.

USDCAD image-2 :

The following picture shows that we have used Fibonacci from the point A representative number of the start of the impulse indicated by the number 1 forFibonacci, to point B representing the number 0 for Fibonacci. With this, the instrument has automatically drawn Fibonacci levels where there could have future rebounds.

We usually pay attention to the number of 0.618 gold. This is why in the image below we decided to draw a pink support. There is a lot, but a lot of chances thata reversal movement takes place in the 0618 level of any Fibonacci retracement.

In this way, the pink zone was for us the area where we had to keep an eye onthe price.

USDCAD image-3 :

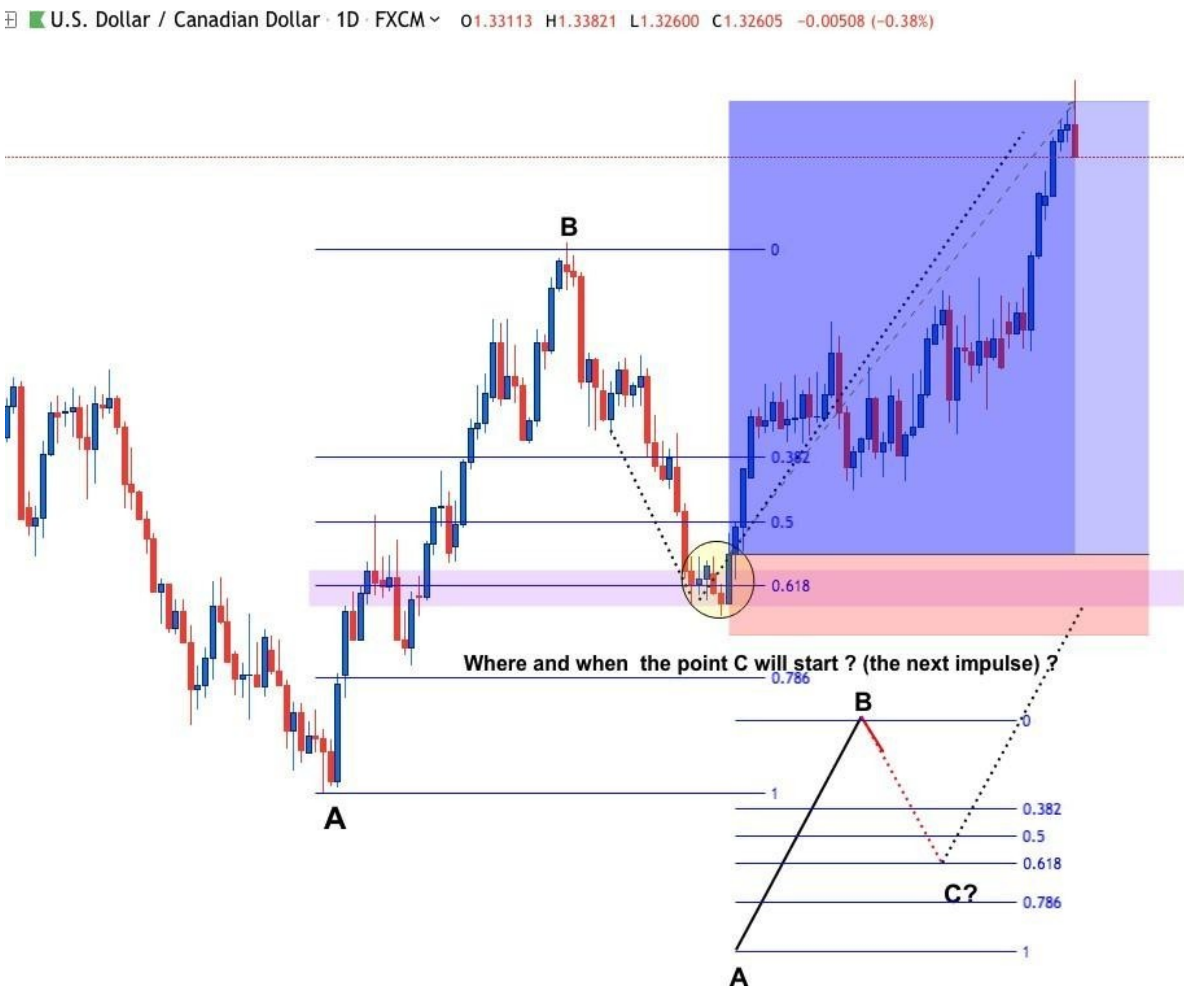
Once the price approaches our support corresponding to the number 0618, weexpect a Japanese candle to confirm a buy scenario.

We put our stop loss under the imaginary support and our take profit at theFibonacci projection -0272


B
0
0.382
0.5
0.618
Where and when the point C will start ? (the next impulse) ?
0.786
1
A
B
0
0.382
0.5
0.618
C?
0.786
1
A

USDCAD image-4 :

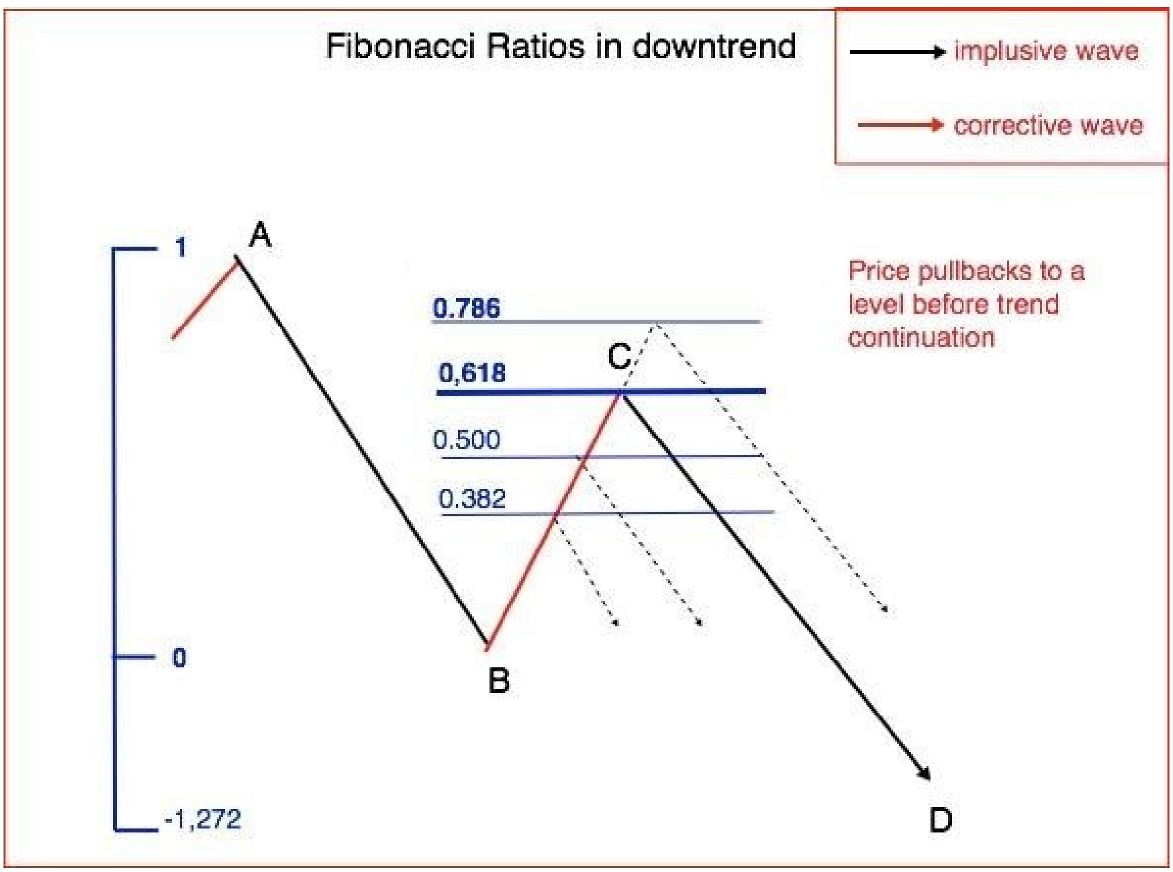
Thanks to Fibonacci retracements, we could detect a potential supportentry level to buy in an uptrend and the result was a successful trade.



Now that you understand how a Fibonacci retracement is used, we will see howit would have been used in the case of a downtrend.

Fibonacci Downtrend:

Let’s imagine that we have an impulsive wave to the downside AB and suddenly the price decided to breathe, making a pullback and entering in a correction phase before continuing with the main trend to the downside. At that time, thanks to Fibonacci retracements, we can possibly know when the price will potentially decide to reverse and continue its downward trajectory. In other words, we will be interested in looking for a point C through retracements From Fibonacci. This reversal will be important for us to surf the next wave D.



Example CADJPY time frame 4 hours:

CADJPY was in a downtrend, so we were only interested in seeking entry points for selling opportunities. The image below shows the impulsive AB wave that was in the process of correcting. We use Fibonacci to find resistance levels for sell and ride the next downward momentum.

CADJPY example of continuation:

The following picture shows that we have used Fibonacci from the start of the impulsive point A representing the number 1 for Fibonacci to point B representing the number 0 to Fibonacci. With this, the instrument automatically projected Fibonacci levels where they could potentially reverse.

Earlier we mentioned the golden number of 0.618. Therefore, in the following image, we decided to draw a rose resistance zone. There are still a lot, but a lotof chances that a reversal takes place at the 0.618 Fibonacci level.

In this way, the pink zone was for us the area where we had to keep an eye oncethe price arrived to that level.

CADJPY example-3 :

Once the price approaches our strength in the golden ratio, we expect Japanese candles to confirm a sell scenario.

We put our stop loss above the imaginary resistance and our take profit at the Fibonacci extension -0272

CADJPY example-4 :

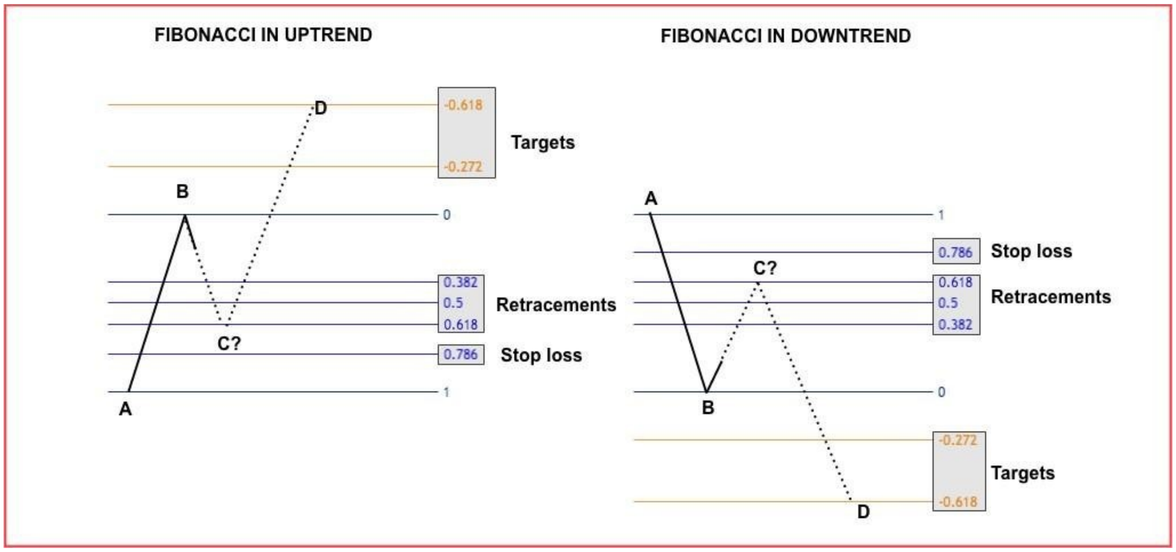
The examples we have seen show that the golden ratio of 0.618 can be a great help to find imaginary levels of strong probability.

We want to be transparent and it's important to know that not all the time the reverse point occurs at that level

We mainly focus on different levels:

- Retracement level to 0.382: pullback in a strong and rapid trend.
- Retracement level to 0.50: Average pullback
- Retracement level 0618: golden number(where mainly all the reverse happens)
- Level 0786 usually this level is where we place the stop-loss level or a little further back when you have an entry

on the 0618 level. However, sometimes prices can reach that level and reverse.



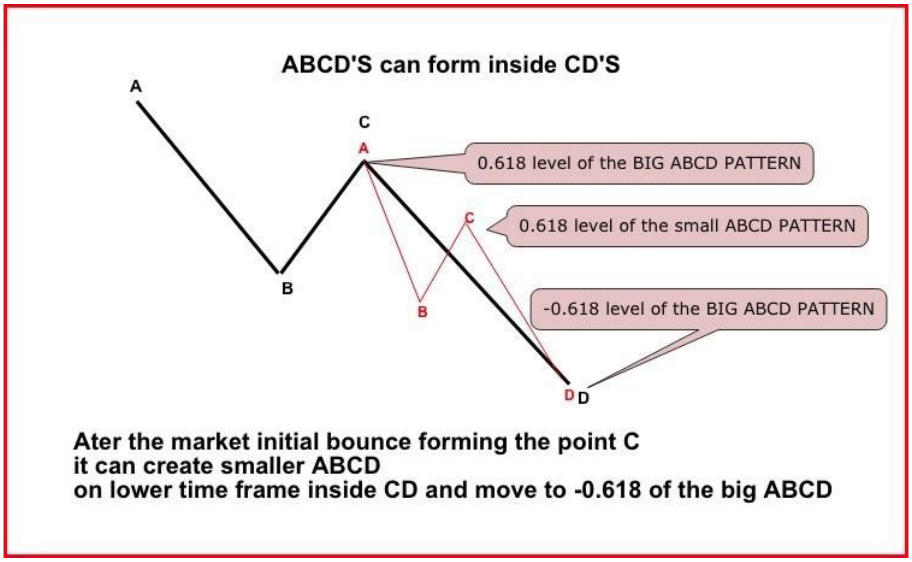
Example of a trade in a 0.382 retracement in a strong uptrend:

Example of a trade to the 0.618 level in a downtrend:

FIBONACCI IN DIFFERENT TIME FRAMES TO WORK PROPERLY:

As we have already explained, higher time frames have much more impact on what happens in the lower time frames. When applying Fibonacci, it is advisable to start in the weekly time frame (in the same direction as the impulse of the main trend). This will have long-term clearer ideas about where the major levels are and where the price can go in long term

Then we approach the analysis to lower time frames, we will find more fibonacci opportunities, H4 and H1 are the best for the execution of trades in a Fibonacci retracement.


ABCD'S can form inside CD'S
A
C
A
0.618 level of the BIG ABCD PATTERN
C
0.618 level of the small ABCD PATTERN
B
B
-0.618 level of the BIG ABCD PATTERN
D D
Ater the market initial bounce forming the point C
it can create smaller ABCD
on lower time frame inside CD and move to -0.618 of the big ABCD

Example:

The following chart is USOIL in a week's time, as you can see, the price hasreversed in the 0.618 levels forming the famous point C.

The following chart is USOIL but now in daily time frame. As we can see, we have placed a second Fibonacci retracement in the first Fibonacci in wave C.

The second Fibonacci shows that the price has also reversed around the 0618level of the big wave down CD of the weekly time frame.


CFDs on Crude Oil (WTI) · 1D · FXCM
O60.39 H60.72 L59.91 C60.31 −0.08 (−0.13%)
Market Closed
USOIL IN DAILY TIME FRAME
A
B
C
1
0.786
0.618
0.5
0.382
0
-0.272
-0.618
See how the price respect perfectly the zone
Se how the price respect perfectly the zone in the new fibonacci
2 Fibonacci in daily time frame

Chapter-15 : Trading Checklist

1. Markup H4-Daily demand-supply zones are price reaching, and reacting to the zone? We do not care about this time frame unless price is reacting from one of the zones.
2. Markup all 15m unmitigated supply-demand zones.
3. Use the 5m to refine the same unmitigated zone
4. If possible and not confusing, refine it down to the smallest time frame possible. (m4, m3, m2, m1)
5. If your refinement gives you more than one obvious unmitigated zone, go back up to the time frame which provides one clear zone.
6. Use clear wicks or full body candles (order block).
7. Pay attention to price on m1 and look at price when it reaches or is reaching from one of your unmitigated zones.
    - Entry Types
    - DS-SD Flips
    - Continuation
    - CHoCH
8. Target next unmitigated supply or demand zone obvious double top, bottoms, trend line liquidity.

Chapter-16 : Follow The Rules

Ever have that situation where you immediately enter a trade and it goes completely the opposite direction almost instantly? Or how about where it starts going in your favor then quickly reverses? Well, I know I have, more times than not. There's a specific reason as to why this is constantly happening to you.

You are entering a trade on a crowded level. What does this mean? That means you're not the only one positioning yourself at this particular price level. It's not some sort of magic that you saw a level of support or resistance that millions of other traders didn't see as well. You have to understand that us as retail traders are the liquidity.

Let me define "us" as retail traders. Retail includes, Large hedge funds, smaller banks, and the typical "at home from my laptop" trader like you and I. Now who is the smart money? Big Banks, and Big Institutions. Big banks are the central banks, they decide where price is going.

Now when I say "Market Makers" I want you to understand that in this day in age, it is heavily algorithmically driven. The algo's are the new Market Makers. This means they have to follow a set of rules, which is to our benefit.

Now this book is heavily centered around the forex markets. I'm mainly a forex trader, but I do trade stocks and options as well. Stocks and options are mainly controlled by supply and demand. Forex, based on my research, isn't. Price is predetermined. Now that may be a tough pill to swallow, but I can show you several examples of price reacting and trading "to the pip" at certain levels.

The lies you've been told have been created by the mega banks, and market makers. Market makers can create whatever pattern or trend line they want to. They can hold a stock or currency in consolidations, they can move prices and snatch up your stop loss.

The goal is to identify when a huge price movement is occurring to participate and anticipate the likely movement. There will be times where the banks aren’t involved, and there will be times when they are clearly involved. From this pointon, when I say “they” that means smart money.

Another lie you've been fed is these traders on Instagram or YouTube. The lie isn't about how much they make, it's more so on how easy they make it seem. When you see a trader posting a $100k month or more, you have to understand that it takes time to get to that level.

If you are just beginning your journey, or you've been trading for a while with no consistency, then the first step is to get consistent. Means every day you trade (if your aim is day trading) is to end the week green. I don't care if it's $1. End the week green, learn how to be green. Then move up, try to aim for $5 at the end of the week.

When your account size is large enough to take on more risky setups that have lavish returns, then and only then are you allowed to take on more risk. We need to build your account up.

Now, if you are extremely new, I highly suggest starting with a demo account, or possibly fund an account with money you really don't care to lose, and trade a
.01 lot size for 6 months. Once we get enough data we can adjust our risk factors, and modify our take profits for consistency.

Trading is a game of psychology, and risk management.

You have to understand that every single trade you take has a plan. So essentially there are two plans. First, you need to identify your setup. There are various setups that I will draw out for you in this book. Pick one you're comfortable with and stick with it for 6 months.

DO NOT deviate from this trading plan. Trading is a game of probabilities. Let me say that again **TRADING IS A GAME OF PROBABILITIES.** This means something is more likely to happen over another. So if you deviate from a specific trading plan, you are increasing the variables set, and adding a new element which can have detrimental effects to your trades.

Your trading should be systematic, with very little subjectiveness to it. For example, if you are a support and resistance trader then subjectiveness could be support zones.

Some people would say 3 taps at a certain price level is support, some could say 5 taps is support. That is subjective trading. That is not how we trade. We can actually use these ideologies against the retail trader, to better get inside the minds of the market makers.

Now that we understand that we need a trading plan, and must abide by it as if it was the law. If you break the law, you will be in a great deal of pain. Next, you need a trade plan for the trade itself.

This means for every trade you are taking you need to know your risk, you need to understand where you will take profits, and you need to know how to manage the trade all together. I will go over examples of a trade plan in subsequent chapters.

Again, don’t feed into this “get rich scheme.” Trading isn’t a get rich scheme, and you **CAN NOT** compare yourself to others' success. Stay in your lane, focus on your trades, and only your trades.

When someone has a $200k account, they can take on a lot more risk. They can aim for the fences, and have a $20k trade from $1k risk. If they risk 1% of their account, they have 200 chances before blowing their entire account. They have 20 chances before breaking even. So consider these factors, and try to end the week green until your account can handle risk.

Have you ever seen the movie SAW? It’s a horrific movie if you haven’t. But, there is a certain lesson to be learned from watching it. The movie is about a serial killer, who wants to help people break free from themselves. He sets up traps where he tortures his victims, but allows them a chance to escape as long as they follow the “rules.” Now typically the character is so caught up in emotions, and trauma that they can’t see past the basic rules he set forth for them to escape.

Now, this is obviously an extreme comparison, but there was one scene in that movie where a father was trying to save his son. His flaw was patience. The serial killer had told him, if he was just patient, he would undoubtedly see his son again. Engorged with anger, and hostility (for obvious reasons) it clouded his thinking.

The serial killer had his son on a prerecorded video, while the father was watching. The serial killer would utter the same thing over and over again. “Follow my rules and you will see him.” The father just couldn’t understand this, and ended up murdering the serial killer. Once this happened, the father also was killed by a trap the serial killer left behind in case he was murdered by the father.

The scene ends with the son appearing from a box that was triggered to unlock at a certain time. So literally, if he was just patient enough, he would have found his son in the same room he was standing in.

When I saw this, I had a stroke of genius hit me. Trading isn't just strategy, although a strategy can give you a slight advantage to the markets, it's not what trading is. Trading is about how well you can follow directions. Studying a sound strategy gives you the directions and rules to follow, but it's how disciplined you are to follow them. So follow your fucking rules!

Chapter-17 : Risk Management

This is a cliché I'm sure you've heard. "Risk management is everything." But I haven't seen too many people really dive into this subject. This is actually one of the strongest statements when it comes to trading. This game isn't about how much money you make, it's about how much money you keep. Let that sink in for a bit. We as traders naturally think about swimming in a pool of money, and how much MORE we can make. That's the excitement that drew you here in the first place I'm sure.

The truth is, the guys that actually make money in this game assess risk constantly. The question you should be asking yourself isn't "how much money can I make off this trade." Instead it should be "How risky is this trade setup?" My goal is to get you to see the market "ass-backwards" meaning, the opposing side of what everyone else is doing.

I believe Mark Twain said it best, "Whenever you find yourself on the side of the majority, it is time to pause and reflect." Important questions you should be asking yourself are "Where can I go in the market where I have the least amount of risk", "Where is this trade invalid?", "How much am I willing to risk to find out if this trade is worth my investment."

These among other questions are going to be something YOU MUST ask yourself constantly. Now, everyone has a different level of risk appetite. A great rule of thumb is to only risk what you are comfortable losing.

Industry standard is 1% to 1.5% of your overall account balance. So if you have a

$5000 account, then risking $50 per trade is probably a great start. But, if you want to increase your risk per trade to 2-3% and can handle blowing a $5k account, then that is entirely up to you.

A tool I highly recommend using is found on https:/ www.myfxbook.com/en/forex-calculators/position-size this allows youto calculate risk seamlessly, and understand how big of a lot size you should be using. Now we all want to make the big bucks, and have huge winning trades, but we must be logical.

There will be times you will collect a small win, a decent win, and a lifechanging win. The life changing wins aren't going to happen every day.

Not only do you have to assess your risk, you must assess your take profit levels. Where is the market most likely to gravitate to before pulling back?

Using average cost discounting we know buying dips in prices over a long period of time is more profitable than buying a constant rallying market. Obviously because we are getting a discount on price, now let's take that a step further. Average cost discounting principles for the average investor means buying the market on the dips while keeping existing positions. Where we flip that is knowing when to sell our positions, and buy them back cheaper on those declines.

Understanding this will help you grow your account to unbelievable measures.

Now you know how to properly look at risk, we must now go over trade management. Just because you entered a trade doesn't mean you're free and clear to kick back, take the edge off with a beer, and binge watch your favorite Netflix series.

Although there's ways to make this completely stress free and give you the freedom you came here for in the first place, we still have to be mindful of the positions we entered. In a blink of an eye a trade can go against you, and if you aren't setting up alerts to either your email, or text messages, you're being a dumbass.

The market is changing every single second, down the microseconds. If a position we entered starts going into profit, we should know the "new" levels where it can invalidate the trade, and move our stop loss accordingly.

Just remember that it's ALWAYS better to end up break even, than to lose a trade. It doesn't fucking matter if price comes down to take your stop, and fly in your desired direction. That happens, and you need to understand that it was never part of your trading plan in the first place. It wasn't YOUR trade. Let it go, there will be other trades I promise you.

There is no right or wrong in trading. A bad trade can turn good, a good trade can turn bad. You can have everything on your side and the market will do what it wants to do, that's completely out of your control. The only thing in your control is risk! You are legitimately paying to find out if that trade is going to be in your favor.

You DON'T know what will happen next. You have your trade plan, your set up,

And your probabilities based on data you've collected to make a highly educate

Guess of what is likely to happen.

Again anything can happen, and you must learn to be comfortable with this if you want to succeed as a trader.

Chapter-18 : Conclusion

This concludes volume one. In volume two, I go more in depth on price action, volume metrics, and order flow. This book was built for a "re-visit" to the basics of smart money concepts, and should be re-read several times. The concepts at some point become almost second nature.

It has been my sole obsession learning the ins and outs of the markets. You can spend every waking hour studying charts, for years to come, and still not understand the markets entirely. It doesn't matter how smart you are.

A complete moron who can click a mouse button can make a fortune. It all comes down to how well you manage your capital, and your emotions. I can show you a dozen strategies, but it will always be up to your discipline. Trading can be freedom, or a self-created jail. There’s more to life than charts. Don’t let life pass you by.