

Skills Required to be Profitable

Many Traders Blame the market for failing They classify the market as many things such as a "Scam or hoax" just to name a new. Failure it is Everyone's Fault but theirs.

There are three questions you have to ask yourself before you trade: 1. Do I want to make a lot of money? 2. Do I want to make an average income? 3. Do I just want to get by and break even?

Trading Takes Discipline, emotional control, Adaptation just to name a few.

What Is Forex?

Forex is an acronym for foreign exchange, a market where people exchange the currency of one country for the currency of another in order to do business internationally. Typical situations in which such currency exchange is necessary include payments of import and export purchases and the sale of goods or services between countries. Forex is also called the cash market or spot interbank market.

Price interest points, commonly known as pips, are usually expressed in decimals. Depending on the pair of currencies being traded, pips are usually the last numbers of the decimal

What is A pip

A pip, short for point in percentage, is a very small measure of change in a <u>currency pair</u> in the <u>forex</u> market. It can be measured in terms of the quote or in terms of the underlying currency. A <u>pip</u> is a standardized unit and is the smallest amount by which a currency quote can change. It is usually \$0.0001 for U.S.-dollar related currency pairs, which is more commonly referred to as 1/100th of 1%, or one <u>basis point</u>. This standardized size helps to protect investors from huge losses. For example, if a pip was 10 basis points, a one-pip change would cause greater volatility in currency values





PIP Continuation

This is currently a live image of the most forex pair. A Pip would be the 4th Numbers after the decimal point which would be 3

Lot Size

- ♦ Lot represents the size of your trades in Forex. In another interpretation, Lot is the number of currency units you will trade in Forex. There are 4 main types of Lots: Standard Lot, Mini Lot, Micro Lot, and Nano Lot. Standard Lot: 1 standard lot is equivalent to the volume of 100,000 units. To Summarize this is the mount you earn per pip.
- ♦ If you Enter A trade with a 0.01 Lot size then you would earn \$1 Per 10 pips, \$10 Per 100 pips and the same way when the trade goes against you.
- The calculation would be (Your Lot Size x amount of Pips Take profit or stop loss x 10) so 0.01 x 20 x 10 = 2 so would earn or lose \$2 of price goes 20 pips in your direction or againsr you

	VE	5:24
Trade 49.00 USD	↓ ↑	±
Balance: Equity: Free margin: Margin Level (%): Margin:		70.58 46.88 297.80
Positions		
EURGBPi, sell 0.06 0.88154 → 0.87990		12.62
EURGBPi, sell 0.09 0.88165 → 0.87990		20.19
EURGBPi, sell 0.06 0.88219 → 0.87990		17.62

Risk VS Reward

- ♦ For no reason you should risk it all on one trade no matter how much knowledge you acquire you will lose trades.
- * There are multiple Factors in which you may lose a Trade: Fundamentals (Major News events such as Corona Virus, Bombing, Interest rate etc which heavily influences economic data), Not analyzing the price correctly or analyzing from just one time frame.
- ♦ You should never Try to predict the market analyze price and be patience and React.

4 1	min	•	JPY	, a ,	A,	GDP (QoQ) (Q4)		-1.7%	-1.6%
41	min	•	JPY	₩'\		GDP Capital Expenditure (Q4)	(QoQ)	-4.3%	-3.7%
41	min	•	JPY	₩'\		GDP External Demand (Q (Q4)	(OQ)		0.5%
4 1	min	•	JPY	A A.	A,	GDP Price Index (YoY)			1.3%
4 1	min	•	JPY	₩'\		GDP Private Consumption (QoQ) (Q4)	n		-2.9%
Lege	end								
(III)	Speech				X	Retrieving Data	A. A. A.	Low Volatility Expecte	ed
P	P Preliminary Release			Đ.	Report W W Moderate Volatility Expected		pected		
Revised Release						, A, A,	High Volatility Expect	ed	

CONOMY

Fed cuts rates by half a percentage point to combat coronavirus slowdown

Risk to Reward (Continued)

- ♦ Because we Cannot and should not try to predict the market we should apply risk management to our trading.
- ♦ You should not risk more than 3% of your account per trade
- ♦ Your reward should out way your risk example if your stop loss 20 pips per trade your take profit should be 40 or more. With this you can have a 60 or even 50 % win ratio and see consistent profit



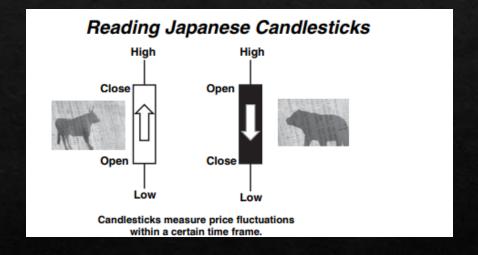
Risk to Reward (continued)

♦ The following image shows the account sizes and what the recommend lot sizes are

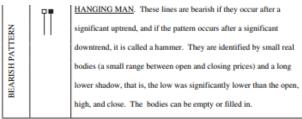
Risk Management - Lot SizeRecommendation			
Account Balance USD	Maximum Lot Size/ Each Trade		
100	0.01		
500	0.03		
1000	0.06		
1500	0.1		
2000	0.13		
2500	0.16		
3000	0.2		
3500	0.23		
4000	0.26		
4500	0.3		
5000	0.33		
5500	0.36		
6000	0.4		
6500	0.43		
7000	0.46		
7500	0.5		
8000	0.53		
9500	0.56		
9000	0.6		
9500	0.63		
10000	0.66		

Japanese Candle Sticks

 CHARTS MAY BE deaf and mute, yet they still communicate very well.
 Candlestick formations are the sign language of the market. They frequently tell the trader where U-turns or reversals are and where the market is going.



	早	HAMMER. This is a bullish line if it occurs after a significant
Z Z		downtrend. If the line occurs after a significant uptrend, it is called
E		a hanging man. A hammer is identified by a small body (a small
SHP		range between the open and closing prices) and a long lower shadow
BULLISH PATTERN		(the low is significantly lower than the open, high, and closes). The
m		body can be empty or filled in.
	1.	PIERCING LINE. This is a bullish pattern and the opposite of a
W N	•()	dark cloud cover. The first line, on the left, is a bearish line, and the
BULLISH PATTERN	'	second line is a bullish line. The second line opens lower than the
ISH I		first line's low but closes more than halfway above the first line's
170		
		real body.
ERN	I∎ni	BULLISH ENGULFING LINES. This pattern is strongly bullish if
TIV	TŲ	it occurs after a significant downtrend (it acts as a reversal pattern).
SHP		It occurs when a small bearish line is engulfed by a large bullish
BULLISH PATTERN BULLISH PATTERN		line.
Z	1 A	MORNING STAR. This is a bullish pattern signifying a potential
l Ĕ	₹,Џ	bottom. The star, at the bottom between the two lines, indicates a
HPA.	*	possible reversal; the bullish line confirms this. The star can be
TIS		empty or filled in.
D8		
3	Ιή	BULLISH DOJI STAR. A star indicates a reversal and a Doji
ΙĒ	^Y †	indicates indecision. Thus, this pattern usually indicates a reversal
BULLISH PATTERN		after an indecisive period. You should wait for a confirmation,
ISIT		as in the morning star in the previous pattern, before trading a Doji
108		star. The first line can be empty or filled in.



- Inc		
BEARISH PATTERN	ф	DARK CLOUD COVER. This is a bearish pattern that is more significant if the second line's body is below the center of the previous line's body (as illustrated).
BEARISH PATTERN	þ	BEARISH ENGULFING LINES. This line is strong and bearish if it occurs after a significant uptrend—it acts as a reversal pattern. It occurs when a small bullish line is engulfed by a large bearish line.
BEARISH PATTERN BEARISH PATTERN BEARISH PATTERN BEARISH PATTERN	() ■	EVENING STAR. This is a bearish pattern signifying a potential top. The star indicates a possible reversal, and the bearish line confirms it. The star can be empty or filled in or it can be a Doji star.
BEARISH PATTERN	Ů,	DOJI STAR. A star indicates a reversal and a Doji indicates indecision. Thus, this pattern usually indicates a reversal after an indecisive period. You should wait for a confirmation, such as an evening star illustration, before trading a Doji star.
BEARISH PATTERN	Ů.	SHOOTING STAR. This pattern suggests a minor reversal when it appears after a rally. The star's body must appear near the low price, and the line should have a long upper shadow.
BEARISH PATTERN BEARISH PATTERN	†	LONG-LEGGED DOII. This line often signifies a turning point. It occurs when the open and close are the same, and the range between the high and the low is relatively large.

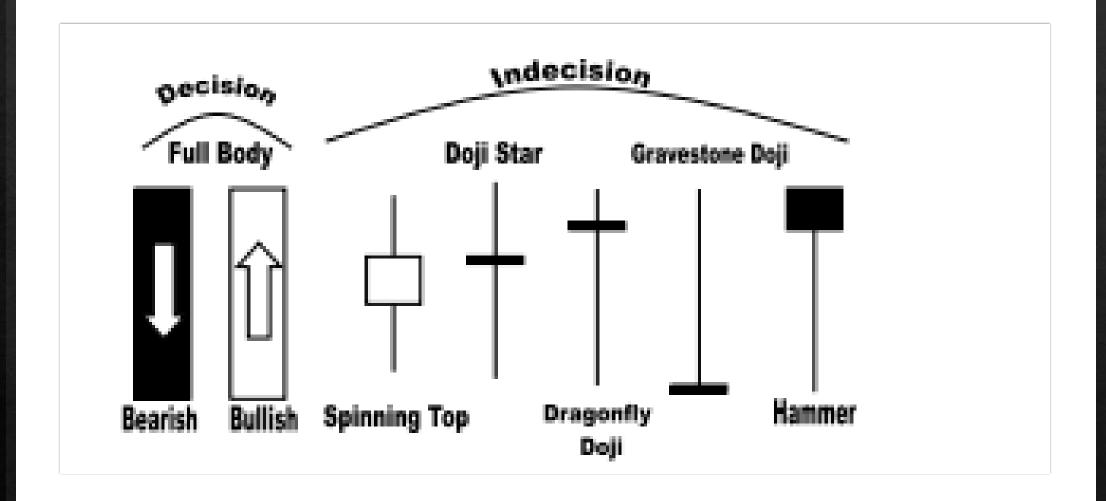
BEARISH PATTERN	†	LONG-LEGGED DOJI. This line often signifies a turning point. It occurs when the open and close are the same, and the range between the high and the low is relatively large.
BEARISH PATTERN	†	DRAGONFLY DOJI. This line also signifies a turning point. This pattern occurs when the open and the close are the same and the low is significantly lower than the open, high, and closing prices.

FIGURE 4-4 Continued

BEARISH PATTERN		GRAVESTONE DOIL. This line signifies another turning point. It occurs when the open, close, and low are the same, and the high is significantly higher than the open, low, and closing prices.
HEARISH PATTERN	¢°	STAR. Stars indicate reversals. A star is a line with a small real body that occurs after a line with a much larger real body, where the real bodies do not overlap, although the shadows may.
NEUTRAL PATTERN NEUTRAL PATTERN NEUTRAL EATTERN BEARISH PATTERN BEARISH PATTERN	0.0	SPINNING TOPS. These are neutral lines. They occur when the distance between the high and the low, and the distance between the open and the close, are relatively small.
NEUTRAL PATTERN	†	DOIL. This line implies indecision because the security opened and closed at the same price. These lines can appear in several different patterns.
NEUTRAL PATTERN	++	DOUBLE DOJI. This implies a forceful move will follow a breakout from the current indecision.
NEUT RAL PATTERN	() •	HARAMI ("pregrant" in English). This pattern indicates a decrease in momentum. It occurs when a line with a small body falls within the area of a larger body. In this example, a bullish line with a long body is followed by a weak bearish line and implies a decrease in the bullish momentum.

Candle Stick Formation

The market can only move in three directions: up, down, or sideways. When it moves, the candlesticks provide a visual sign that monitors the strength or weakness of the market in a certain direction. However, there are two basic types of candlesticks: 1. Decision candlesticks 2. Indecision candlesticks Decision candlesticks are full-bodied bullish or bearish candles with relatively small wicks on either side. They communicate to the trader that either the bulls or the bears are in control. The indecision candlestick formation is exactly the opposite, with small bodies and, in some cases, no bodies at alljust a line where the open and the close were at the same price with large wicks on either side or on both sides (see Figure 4-5). As the market moves, it creates visual waves, and the candlesticks form different patterns. Movements are caused by investors entering and exiting the market. When there are more buyers than sellers, the market begins to rally; when there are more sellers than buyers, the market begins to dip, or decline; and when there are equal numbers of buyers and sellers, the market goes sideways. These patterns communicate the strength or weakness of the continued move. The terms rally and some dipping retracement are used for a market increase, and the terms dip and some rally retracement are used in a dip or fall in market prices. As the market moves, it waves, and the candlesticks form bullish and bearish reversal patterns. These patterns are the sign language of the market and the buy and sell signals for the traders. The patterns communicate when it is time to get in and when it is time to get out.

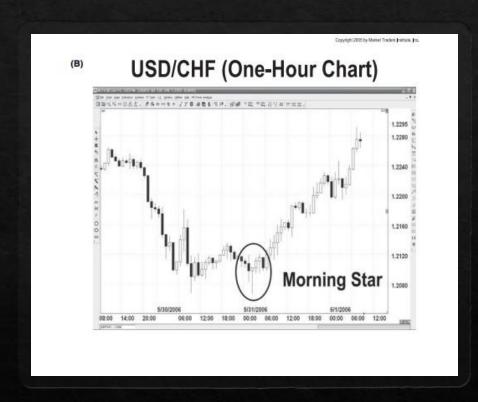


Candle Stick Formation Continued

♦ BULLISH CANDLESTICK FORMATIONS OR BUY SIGNALS Even though there are many candlestick formations and patterns, there are three major bullish and three major bearish patterns that offer great buy and sell signals. The three major bullish candlestick patterns are • A morning star • A bullish engulfing pattern • A tweezer bottom These formations will appear in an uptrend as well as in a downtrend, but they are of great value and offer great financial return if spotted and traded in an uptrend. These patterns can become invaluable whenever they appear at the end of a downtrend in a smaller time frame, which many times is nothing more than the end of a retracement in a larger time frame. It is imperative to note that as the market moves sideways in a 20- to 40-pip trading range, the market may form all kinds of bullish and bearish candlestick patterns, which should be ignored. It is imperative not to trade these candlestick formations in small consolidated or sideways movement. The charts being used in this book have black and white candles—the black candles are bearish and the white are bullish.

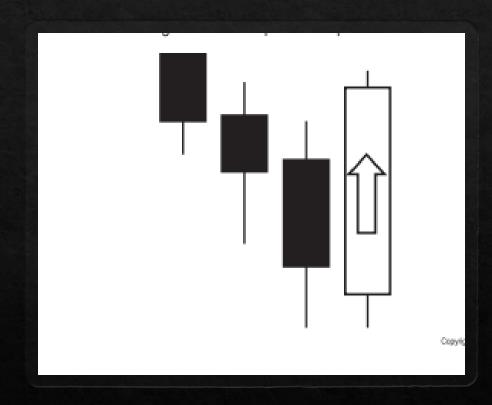
* THE MORNING STAR (BUY SIGNAL) Image below clearly shows the formation of the morning star. What is important to note is that in the formation of morning stars, they start out with a bearish decision candle, followed by one, two, three, or even four indecision candles before the decision bullish candle appears. In the a morning star appears at the bottom of the chart, signifying the end of the recent dip. A morning star forms when you have a large bearish decision candle followed by one or more indecision candles, which are followed by a bullish decision candle that closes beyond the 60 percent mark, or beyond the top half of the beginning bearish decision candle. e. It indicates the market is U-turning. If the last bullish candle closes below the halfway point of the first bearish candle of the formation, it is a sign of continued bearish sentiment.

- ♦ This Image shows the morning star bullish pattern on a live chart,
- * The bears are losing control and investors are no longer selling when you spot a morning star. More buyers have come into the market, which creates an equal number of buyers and sellers. In the end, more buyers step in and take control of the market. Bears are placed in hibernation, and bulls come out of their corrals in herds. The final bullish candle of the formation sends ripples of greed throughout the trading community and a major rally takes place, especially when accompanied by significant trading volume



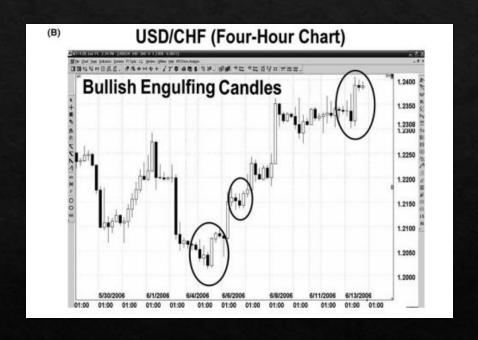
Bullish Engulfing

* THE BULLISH ENGULFING PATTERN (BUY SIGNAL) A bullish engulfing candlestick formation often signifies the end of a down move, or a reversal. It can also be the turning point or the end of the retracement in an uptrend (see Image). An ideal bullish engulfing candle is formed when the candle opens lower than the close of the previous bearish decision candle, engulfing the previous two or three bearish candles. This is a strong sign of a U-turn. The bulls are clearly taking control, as seen in image.



Bullish Engulfing

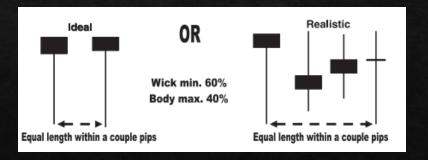
The wind has been taken out of the bears' sails, and the bulls have arisen with increased stamina. Traders with short positions make a quick dash to cover their exposure, and their rush to exit their positions adds power to the creation of the pattern. The volume on the uptake component shows that the majority of traders have changed camp from bearish to bullish within the duration of one period



Tweezer bottom

* Tweezer bottoms form when bears lose control. Buyers step in and create an environment of equal buyers and equal sellers, which forms two or more indecision candles. The Images shows the formations. When the market has been falling and a clear decision has been made by the bulls to take over, tweezer bottoms are formed. The market continues to move down, and bearish candles are formed. All of a sudden, an indecision candle appears, which means more bulls have started buying. We now have equal buyers and sellers. A tweezer bottom formation starts with a bearish decision candle, followed by perhaps one, two, three, even four indecision candles.



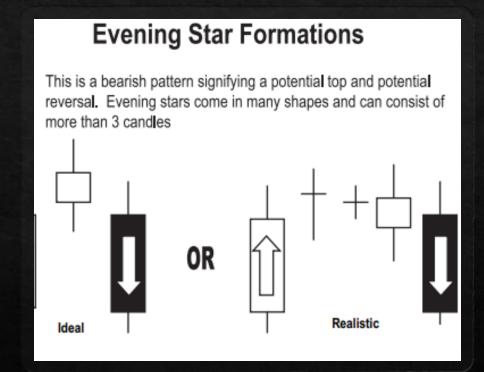


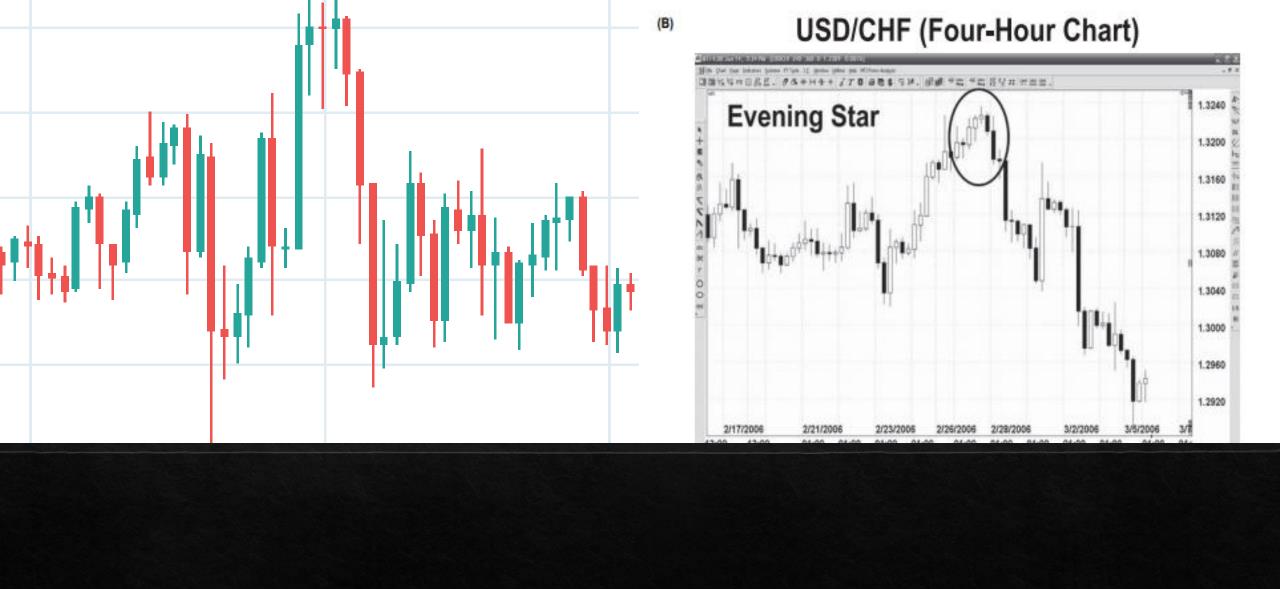
Bearish or Sell Signal

♦ The three major bearish candlestick patterns are • An evening star • A bearish engulfing pattern • A tweezer top These formations will appear in a downtrend as well as in an uptrend, but they are of great value and offer great financial return if spotted and traded in a downtrend. These patterns can become invaluable whenever they appear at the end of an uptrend in a smaller time frame, which many times is nothing more than the end of a retracement in a larger time frame. Once again, it is imperative to note that as the market moves sideways in a 20- to 40-pip trading range, the market may form all kinds of bullish and bearish candlestick patterns, which should be ignored. It is imperative that you remember not to trade these candlesticks formations in small consolidated or sideways movement.

Evening Star

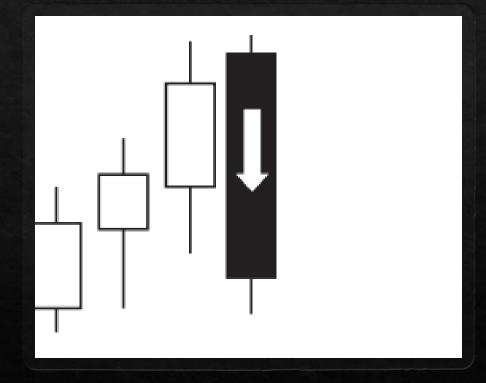
The image shows what an evening star looks like. What is important to note is that it starts out with a bullish decision candle, followed by perhaps one, two, three, even four indecision candles before the decision bearish candle appears. An evening star appears at the top of the chart, signifying the end of the recent rally. An evening star forms when you have a large bullish decision candle, followed by one or more indecision candles, which are followed by a bearish decision candle that closes beyond the 60 percent mark, or beyond the bottom half of the beginning bullish decision candle. It signifies the market is U-turning. If the last bearish candle closes above the halfway point of the first bullish candle of the formation, it is a sign of continued bullish sentiment





Bearish Engulfing Candle

♦ A bearish engulfing pattern is a technical chart pattern that signals lower prices to come. The pattern consists of an up (white or green) candlestick followed by a large down (black or red) candlestick that eclipses or "engulfs" the smaller up candle. The pattern can be important because it shows sellers have overtaken the buyers and are pushing the price more aggressively down (down candle) than the buyers were able to push it up (up candle).





Points to make note of

- ♦ A <u>bearish</u> engulfing pattern can occur anywhere, but it is more significant if it occurs after a price advance. This could be an uptrend or a pullback to the upside with a larger downtrend.
- ♦ Ideally, both candles are of substantial size relative to the price bars around them. Two very small bars may create an engulfing pattern, but it is far less significant than if both candles are large.
- The real body—the difference between the open and <u>close price</u>—of the candlesticks is what matters. The real body of the down candle must engulf the up candle.

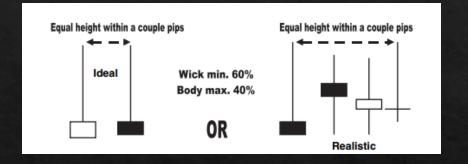




Bearish Engulfing

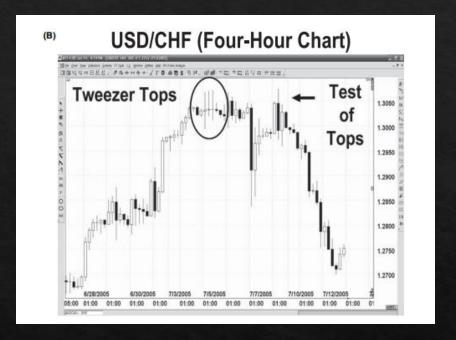
TWEEZER TOP FORMATION (SELL SIGNAL)

- Tweezer tops form when bulls lose control. Sellers step in and balance out the numbers of buyers, which forms two or more indecision candles.
- The market has been rallying, but a clear decision has been made by the bears to take over, observed via the formation of tweezer tops. As the market was moving up, bullish candles were forming. Then all of a sudden, an indecision candle appears, which means more bears have stepped in selling. There are now equal buyers and sellers. A tweezer top formation starts out with a bullish decision candle, followed by perhaps one, two, three, or even four indecision candles



Tweezer Top

Bulls have made prices higher via their rally, however, bears, or more sellers, have entered the market. Indecision candles have formed next to each other and, in this case, three in a row, as seen in Figure 4-11B. With such resistance, the market collapses. With increased bearish participation, bears enter the market charging, and the result will be a dip. Shortly after the dip, the bulls try one last time to see if they can attract any more buying interest. The failed test by the bulls sends out the alarms, "Buyers are not strong enough to hold prices up—everyone sell!" The bulls are exhausted, and the bears take control. It is important to note that the failed attempt of the bulls to create higher prices formed the tweezer tops, although they do not need to be side by side.



What is support and resistance

- ♦ One of the most important things you will need to apply to your trading is support and resistances.
- * There different types of support of resistance that can be found throughout the enter market Major support and minor Support.
- ♦ Support is areas in the market in which price fails to break to the downside. While resistance is areas in which the market fail to break to the update.
- Once support is broken then past support may or may not become resistance.
 While resistance is broken then this may act as support

Support

In the Image to the right notice where price pushed down but fail to break that are. Price then pushed up and pushed back down to the area to "Retest" in which it failed to break. This would indicate this area is currently been supported bank the banks or other major financial institutions which are now allowing price to fall beyond that area.

This type of activity will be seen through the market on various time frames. The bigger the time frame the more Valid the support.

Support can only be identified by the second touch of the area like in the image Displayed. This would be minor Support.

Major support is when price fails to break on more than 2 occasions.



Resistance

♦ Vise Vesa to Support Resistance is a Area in which price fails to break to the upside.

Once Broken it may become support.

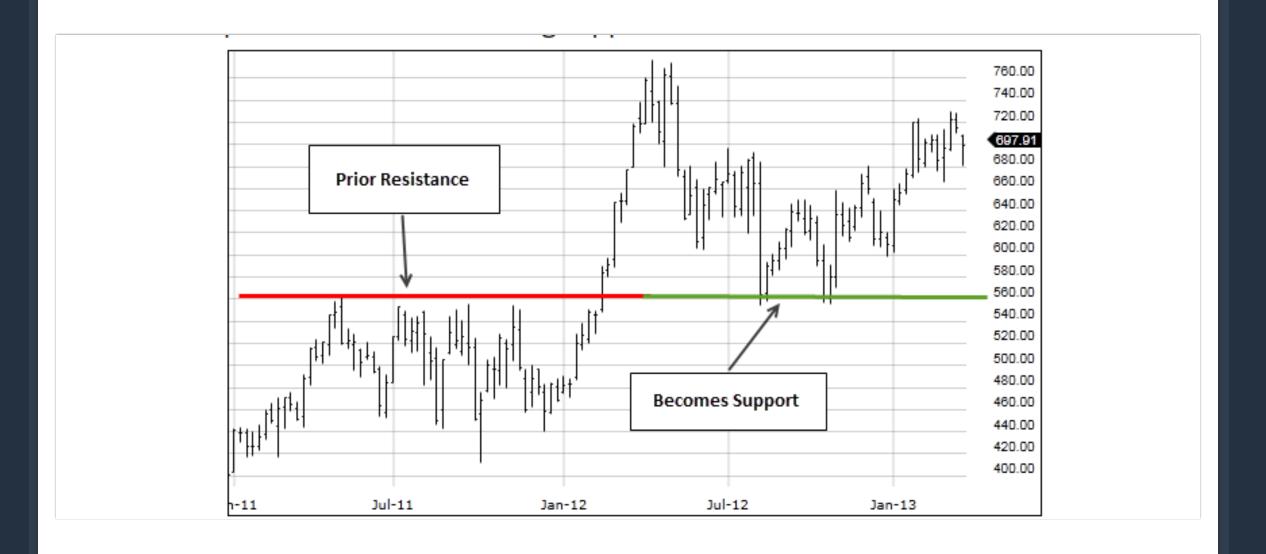


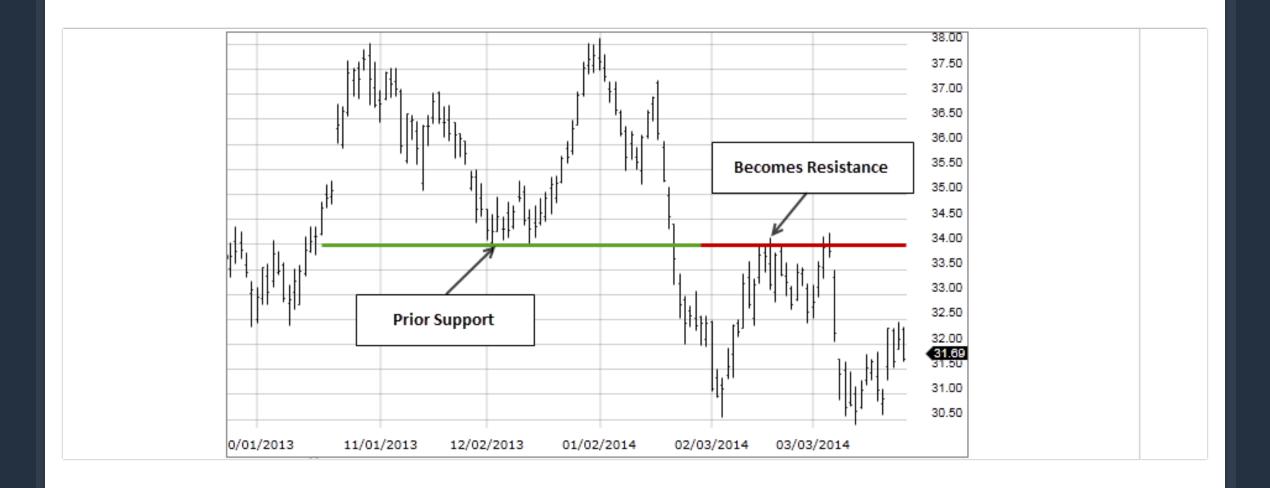


Examples of S Becoming R and R becoming S

♦ In the images below you can see where previous resistance has become support and support has become resistance.

Support and resistance levels are said to be demand and supply areas with support beeing that demand area (Buying Area whilst Resistance being the supply selling points). As the price moves past a level of support or resistance, it is thought that supply and demand has shifted, causing the breached level to reverse its role.





Breakout & Retest

Important point to note when looking at the breaking of support and resistance levels in forex is what I call the "Retest" which confirms that the roles have reverse like in the previous images.

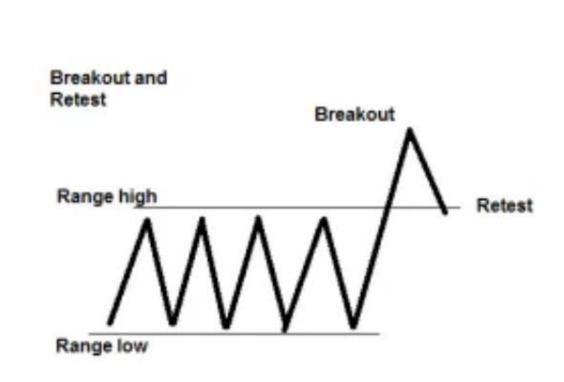
Once a level is broken whether support or resistance a retest would need to occur to confirm if that area is now respected as resistance or support. Which means price would push away from the zone then returns to that zone.

When price returns to a zone this is referred to as a pull back so after a break of support or resistance patience much be demonstrationed by waiting for the pull back to confirm the move in which a entry can then be made.

See Images Below

This image shows price breaking the roof of the resistance then returning to test previous resistance.

If price bounces off the area that would then indicate that resistance is has now become support and vise versa for support to resistace.



Breakout and Retest continued



- ♦ The image shows price breaking a support level but then returning that level to "Retest that area". As see Price respected the area as now support and went into a massive down move.
- ♦ If a break out happens for better results wait for the retest to be completed.
- ♦ No Retest? No Entry! Simple

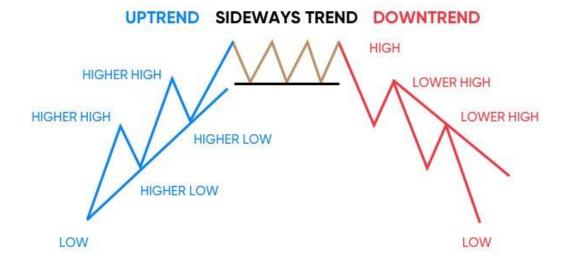
Retest confirmation candles

There are few candle formations that you should look for to confirm a retest.

The bullish and bearish engulfing, Morning and evening star as well as indecision candles such as the tweezer top and bottom are commonly seen formations after a break and retest which can be used as confirmations to enter a trade.

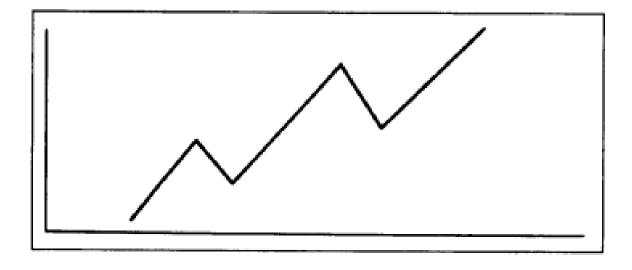
Market Movement

The forex market is a influx of buyers and sellers in the event where there are more buyers than sellers the price will go up, if there are more sellers than buyers then price will go down. Each of these moves would be classified as a trend. When there are the same amount of buyers and sellers then market will go sideways this is called a ranging market, consolation or side ways trend.



Uptrend

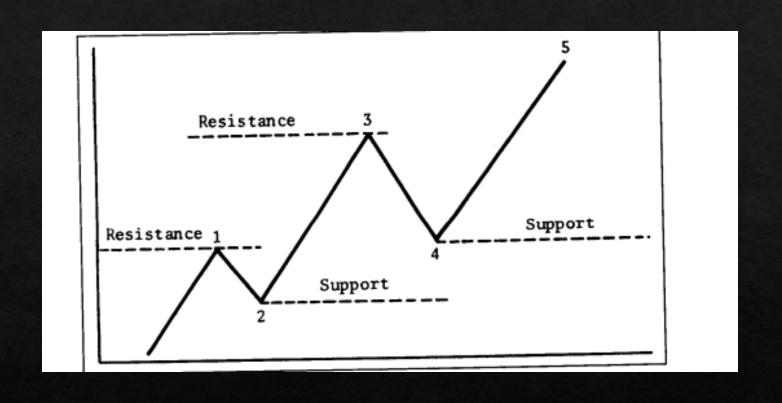
♦ Throughout the course of the day buyers and sellers fight for control of the market. If the buyers and winning then price will go up if the sellers and winning then price will go down. However price will not move in a straight line price moves in what we call a zigzag or wave pattern. These moves are call Peaks and troughs.



Uptrend Continuation

- Troughs are the rallies from low points to the high points (peaks)
- ♦ Buyers push up the market but then start to close out positions to pull profit at the peaks and sell which causes other sellers to jump in and push the market down. Once they are satisified the buyers then buy into the market to push price even further to create a newer peak (high point).

When in a uptrend you should aim to buy the lows (support)



Uptrend Continuation

- This process of peaks and troughs cause the market to form what we call Higher highs and higher lows.
 With the Peak been the higher high and troughs been the rally from the higher low.
- ♦ In a uptrend you should aim to buy the lows and not the highers

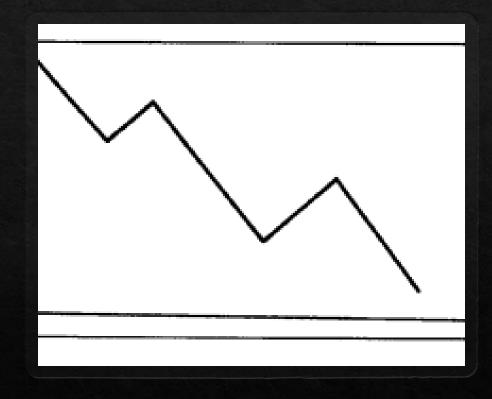


Down Trend

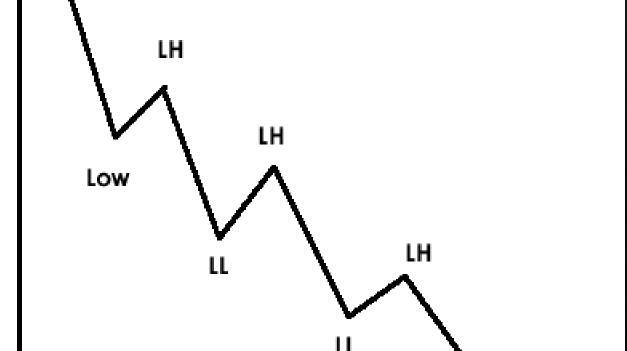
A down trend works similar to a uptrend however sellers are in control of the market.

In a down trend price now has Peaks and Descending troughs.

This process is creates Lower highs and lower lows which each high point that is formed should be lower that the previous high point see image below



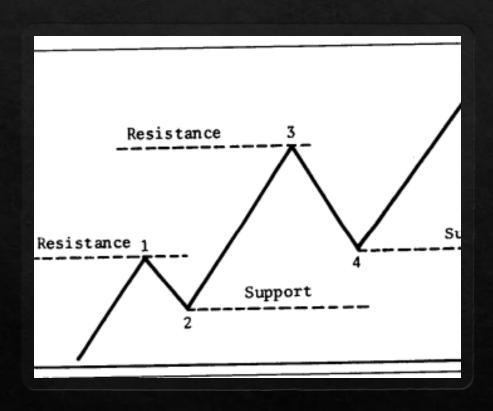




Down trend

♦ In the image you can see where each peak is lower than the previous these should be the selling points

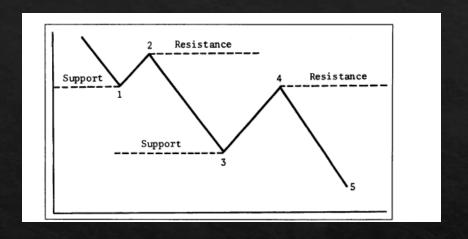
Trend Reversal



- ♦ Seeing where we understand how a trend works now lets look at Trend reversals and how support and resistance help determine when the market it making a Turn.
- ♦ In the Image to the right and as previously discussed you can see where the peaks are resistance points while the troughs are support in a Uptrend.

Trend Reversal Continuation

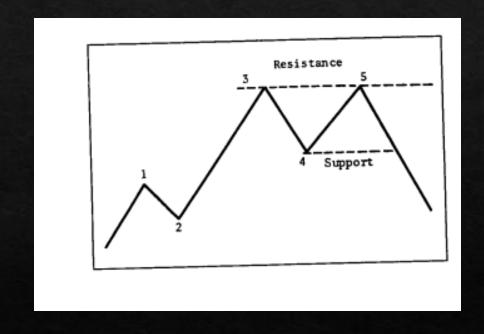
♦ In the image you can see a downtrend with the peaks been a resistance points where price pushes down.



Trend Reversal Continuation

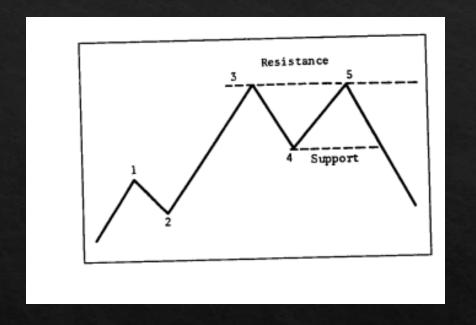
♦ As discussed before in previous slides once resistance is broken it may before support and vise verse for support breaking and becoming resistance.

♦ The first sign of a Trend reversal can be identified by price failing to create a new peak (Higher point than before or in a downtrend lower point that before). The second sign would be price breaking the previous higher low (support).



Trend Reversal (Uptrend) Continued

♦ In the image you can see where price failed to create a Newer peak Price then forms resistance at point 3 to 5 as seen. Price then pushes down to break point 4 (Higher low). Price is then expected to retest that previous higher low if respected as resistance then this would form a lower high in a now down trend. This type of formation is called a Double top.



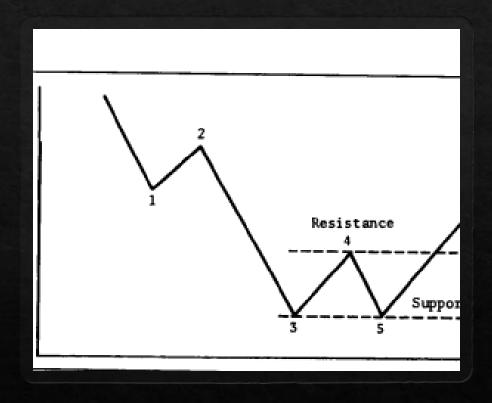
Double top

♦ In the image you can see where price failed to create a higher point pushed down broken the previous higher low but then returned to retest that area. Area was respected as resistance so would then form what we call the lower high in a now down trend.



Double Bottom

♦ The same principles apply for a double bottom however where price fails to create a higher high in the downtrend price fails to create a lower low.



Consolidating market

A Consolidate is when the same amount of buyers and sellers fighting to gain control this results in the market going side ways (range) until there a breakout in which price will then start to trend up on down.



Point to note in a trend

♦ In an uptrend, resistance levels that have been broken by significant margin become support levels.

Point to note

--- Xesistano

♦ In a downtrend, violated support levels become support and resistance levels. Notice how previous support once has become resistance at point 4.

Support

Point to note

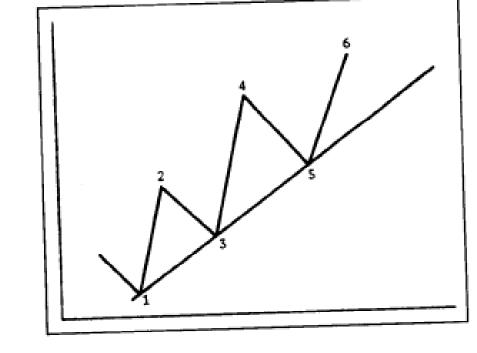
♦ Major or minor support and resistance levels are key areas in which your entry should be made.

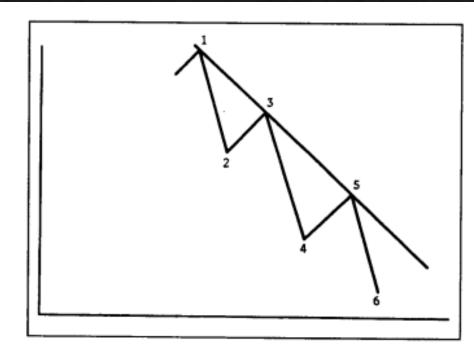
Aim for the start of moves and not in the middle of a trend

♦ Use the natural market of the movement to get profit out of the market

Trend Line

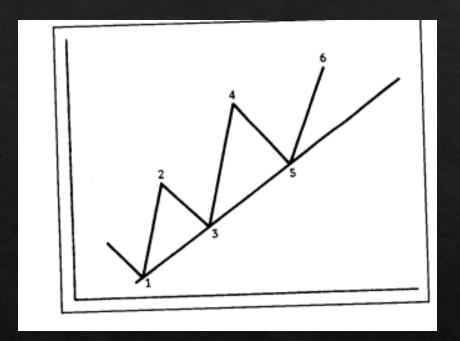
The Trendline is one of the simplest Trading tools and possibly one of the most valuable.
A trend line is drawn to connect each successive lows in a uptrend and each successive highs in a down trend.





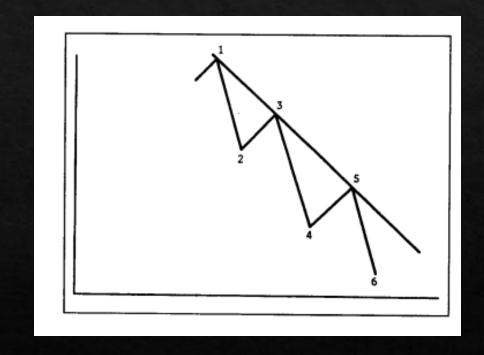
Up trend line

* Trends also act as support and resistance levels. A upper trend line acts as support to support the trend. To draw A trendline there must be a clear trend happening there must be 3 points A B and C With a been the start of the move and 3 been the first higher high. Notice the third point on the image once that point has been created a straight line is then drawned through point one and 3. Then notice at point 5 how price touch and then bounced off that trendline to form another higher high in the uptrend.



Down Trend line

♦ A down trend line acts as resistance and the same principles apply as a uptrend line. The third point has to be formed a straight is then drawn through one and three. Look how the trendline then acts as resistance at point 5 to form another lower high.

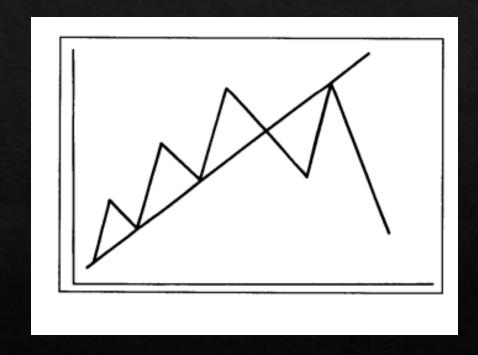


Trend Line Note

- ♦ Each trendline should be used as a guide as used as a guide as to where the trend may end or reverse.
- ♦ Trend lines can also be used as guides for entries and possibly adding positions.
- ♦ It was mentioned before that once support is broken is becomes resistance and vise verse for resistance becoming support. The same principles should be applied when using trends lines
- The more touches the trend line has the more sinificance the reversal once broken
- Breaking of a Trend Line should be looked at as a shift of momentum

Identifying Trend Reversals Using TrendLines

♦ A trendline should be used as price objectives in the image we can see where price decisively broken the up trend line (support). Seeing where support is broken we would now wait for price to retest that area of support as seen in the image below if price is now respected as resistance we should have a trend reversal on hand and that retest would then be the first lower high in the now down trend. Real life examples of trend reversals can be seen on the next slide



Trend Reversal Uptrend

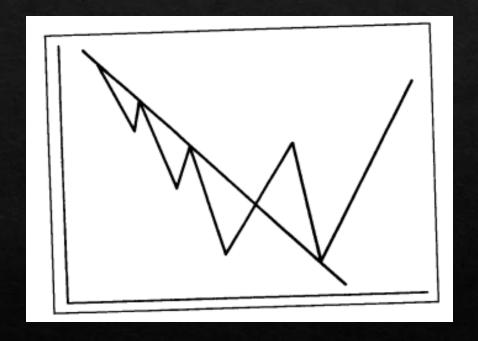
♦ In the image you can see where price broke and retested the trend line then started a down trend at the third lower high in the down trend.

♦ PS This is most effective when price is at a extreme high after more than 2 touches to the trend line



Trend Revesal Down Trend

♦ In this image we can see price hit a low (Broke Trend line resistance pull back to the area trend line resistance now became support)



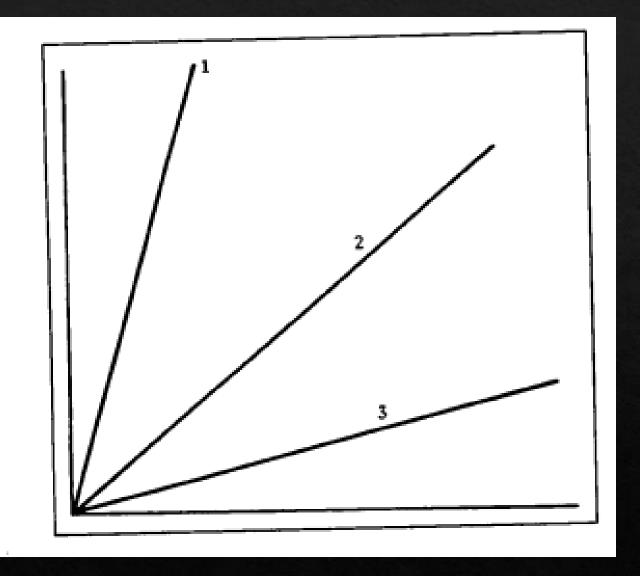






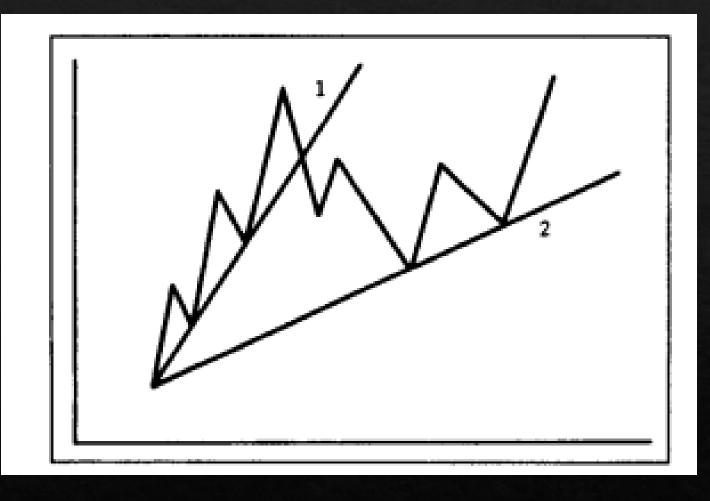
Steepness of a Trendline

♦ The steepness of a trend line is importance a proper trend is drawn at a 45 degree angle and is less subjected to break as the as price is advancing or declining at a perfect balance (see line 2). Line 1 suggests the trend is moving at a unsustainable rate is subjected to break. Line 3 suggests that the uptrend is too weak.



Adjusting a Trend Line

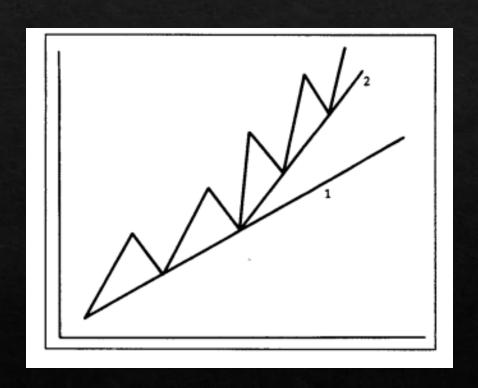
Some times Trendlines have to be adjusted to slower or accelerating trend. In the image you can see where line 1 proved too step in which price broke and adjusted itself to the more sustainable trend (see line 2). Line 1 in most cases are referred to as a Counter trend line. Real chart example can be seen below





Adjusting Trend line

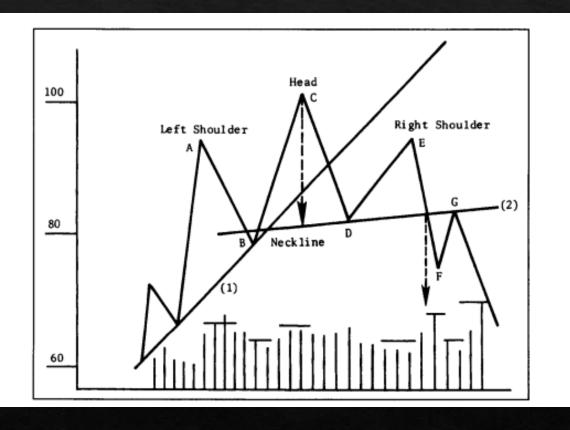
♦ In this example you can see where price line 1 proved too slow a nother steeper trend line should then be drawn to monitor the rising trend





Head and Shoulder Pattern (Reversal Pattern)

* This pattern occurs usually at extreme highs when price is ready to reverse. Price forms a Peak (A) Price then forms the Final peak at C. From Point C then pushes and breaks the Trend line or The last higher low (Point D) which then indicates a break of the uptrend momentum. Price then pushes up but fails to create a higher peak and instead finds resistance at a previous resistance area (Point A). Price then declines from point E to break support at point B and D but returns to area to retest in which it finds resistance at that broken support level.



Head and Shoulder Pattern Continue

♦ In previous Slides we discussed price is trending once it creates higher lows and higher highs with the lows been support levels and peaks been resistance levels. We also discussed that once the higher lows in a uptrend are broken this is then a sign that a reversal is about to happen. In the head and should pattern we can see where previous uptrend support acted as support once more but then that support failed to hold and has become resistance as seen in point g in previous image. The move is only confirmed at point g

Head and Shoulder Pattern



Price Objectives

- ♦ In this slide we will discuss sl and take profit areas
- ♦ When entering a trade from a head and shoulder pattern a Entry must only be considered at the break and retest of the neck line. Once neckline has proven to be resistance you would then measure from Point C (head) to point D (neckline) If measurement is 100 pips then price target should be 100 from the neckline. See Image below for live example
- ♦ SI should be above the neckline by atleast 20 pips





Price Objective Double Bottom

- ♦ In this slide we will discuss sl and take profit areas
- As discussed before a double bottom is formed after a down trend has lost strength and is looking to reverse and form a uptrend.
- Price goes into consolidation then breakout out of consolidation then starts a uptrend.
- ♦ See Image below

Price Objective Double Bottom

- ♦ In the image you can see where a double bottom was formed after a downtrend.
- ♦ A Entry should be made once price breaks neck line (Resistance), closes above the neckline then completes a retest, rejections and engulfing candle

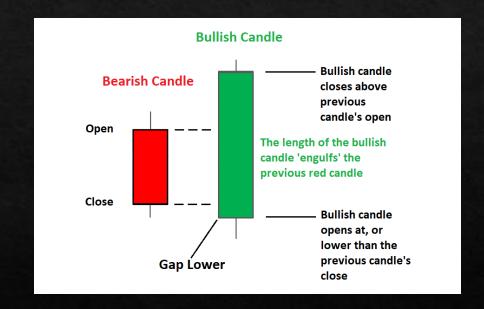


♦ View Image Below

Price Objective Double Bottom

♦ In the image you can see a Bullish Engulfing where the green candles body is larger than the previous Candle

♦ See Slide 19 or slide 12 through 19 on other bullish candle signs that can be looked for after a break and retest of resistance



Price Objective Double bottom

- Once there is bullish
 confirmation a Entry can be
 made SI should then be placed
 below the neckline or Below
 the Double bottom
- ♦ Take profit Areas can be identified by looking to the left at where price formed previous lower lows



Price Objective Double Bottom

 In the image you can a live trade that was taken with both targets were hit



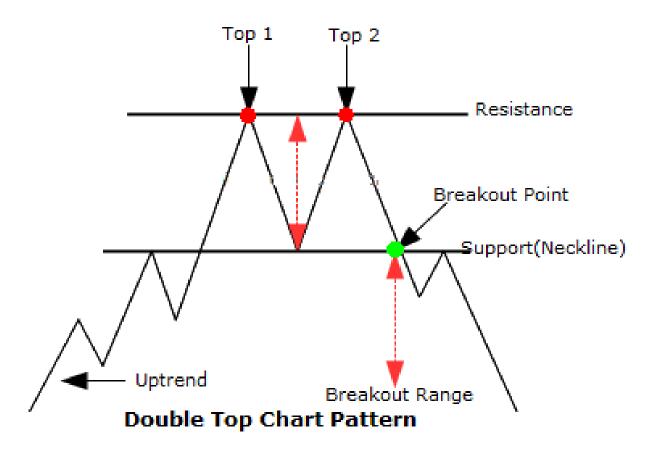
Price Objective Double Top

- The same Principles apply for a double top
- ♦ A Entry should be made once price breaks neck line (support), closes below the neckline then completes a retest, rejections and engulfing candle
- ♦ In a Double top the previous higher lows should be target areas
- See Image Below

Price Objective Double Top

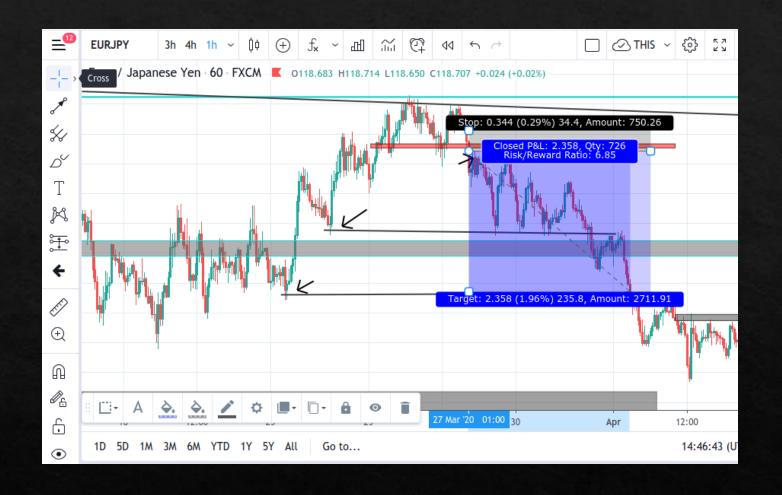
Entry should be made once retest of support (nickline) is successful

First and second take profit should be at the previous higher lows



Price Target Double Top

- In the image you can see a live trade that was taken at the break and retest of the neckline
- ♦ The previous lows of the uptrend were use as take profit one and 2 both targets were achieved



Points to note

- ♦ Trend Lines shoulds should be used as Guides for Entries and Adding positions
- ♦ Break and Retest Can be used for Entries
- ♦ Check candle stick chart Look for bearish candle formantions at resistance levels look for bullish candle formations at support levels.