

# My Chart Shots.

Below are the example of a screen shot that I use to trade.

Again I dont use Indicators for this trading method.

D TF



H1 TF



I believe in keeping it simple. Especially when you are starting off and you should be paying attention to the candlestick charts and money management more than figuring out how indicators work

## **What you Need To Know**

### **1. Wave Patterns in a real chart.**

- No need to be an Elliot Wave expert. Just watch and learn on how prices move in a real chart. Especially Higher Highs HH and Lower Lows LL. ( helps with TP and SL )

### **2. Candle Stick Patterns**

- First 6 basic patterns will do.

### **3. Support and Resistance.**

- I am not big on these, but basic knowledge is always an advantage.

### **4. Currency Correlation.**

- Read up on what this is. It helps when making a buy or sell call in general. Again no need to get your PHd on the subject matter. Just read up on what kind of an animal this is. I dont trade a single pair but I have my favorites.

### **5. Market Bias.**

- Get a general idea what this is.

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2. This method has changed a little over the years, where I no longer use correlation of currency pairs as a entry rule. Correlation has been discarded, only price action is used.

3. Entry is focused on Day TF and Weekly now. Smaller TF is just used to pick entry signals.

# Trading Methods / Parameters.

## Trading Tools / Parameters.

### 1. Time Frame ( TF )

- Day TF for market bias
- Hour 1 TF for entry, SL and TP

### 2. Indicators

- None
- Candlesticks only
- **Warning. Adding Indicators to this without knowing what you are doing will cause you to lose pips / money.**

### 3. Trading Hours.

- All market hours. Monday to Friday. The only thing that matters is valid bias and entry.
- Preferably UK open ( 3pm GMT + 8 ) to US close ( 5 am GMT + 8 ).

### 4. Stop Loss ( SL )

- None / Imaginary **\*Warning, not recommended for newbies**
- Practical SL. Previous wave peak. Or previous D TF wave peak if entry is on today's HH or LL.

### 5. Holding Period

- Rarely more than a few hours. Max one day. Greed occasionally makes me hold longer.

### Take Profit ( TP )

- 40 to a 100 ++ pips per entry. Ability to read waves really helps.

### 6. Entry Per Day.

- Maximum of 2 entries. Ideal is one entry per day as only one valid entry is available per day if you look at it technically.

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4. I only trade one or two times a week.

5. USE A FREAKING SL!!!! Was made to eat the humble pie once, and it cost me alot of money. Not recommended not to muse SL!!!!

## **Entry Triggers on D TF**

**1. If yesterday was a buy, then today is a buy.**

**2. If yesterday was a sell then today is a sell.**

**3. Watch for the 6 basic candle patterns**

- watch for the 6 basic candle patterns that indicate a reversal on D TF. When that occurs, wait for a reversal confirmation candle to complete before taking the trade.

Example : when there is a hammer or tweezer pattern on your D TF Chart, wait for a confirmation candle in D TF to strengthen your analysis.

**4. Entry is based on H1**

- easiest way to trade when direction is known is to enter when price crosses the opening of D TF candle. Hold for about 40 pips.

- Look for HH for a sell and LL for a buy on H1 TF. Again candle stick patterns or even support and resistance areas can be used as a guide for entry in the H1 chart.

The beauty of trading with market bias is, even if you made a mistake or entered too early on the H1 chart and it is going against you by 40 or 50 pips, you can still confidently hold the trade as you know where it will end up.

Its as simple as that. Keep it simple.

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# Charts of three pairs and Correlation

The Following are the D TF Charts of three USD pairs.

## GU



## EU



AU



They are not complete candles as the trading day has not ended. I look at these in the morning +- 9 am GMT + 8 so that I can see what is going to happen today.

I did not take screen shots of yesterdays candle first thing today morning. It was a classic scenario of different bias on different pairs. I should have because it showed a good example of issues with correlation and the reading of bias.

AU had completed the pullback D TF candle as highlighted by the yellow arrow today morning. So AU should most probably be a buy.

But then GU had a bear candle. EU had a bear candle. Bear in mind, you are looking at the chart without today's candles being there. So ignore the last candle and continue reading.

The validity of a reversal is only confirmed when there is a confirmation candle. So until the confirmation candle for AU that is currently taking place or the pull back candle on EU at the moment was formed, the scenario was still set for a sell. Can u see what I mean?? Picture it by getting rid of the last candles on the charts.

The first rule is if yesterday was a sell then today is a sell. If your correlation is not spot on and you are not sure then you dont take a trade.

I avoided AU altogether.

Skipped GU because of the cluttered candle patterns on previous days around that price range. There are more than one candle that had long wicks in GU at that price level.

EU looked clean. So I stuck to the communist doctrine and went for a sell.

Now this is where experience helps a little. I took 60 pips, my daily target and not hold for more because the correlation was out of whack with AU, which was showing that it might turn around and be an upper. Looked at GU and it was a mess that didnt inspire confidence. What is there to say that prices wont get rejected at one of those areas and it ends up like an AU candle like the previous day?

EU hit my 60 pips, went down a tad bit more then reversed and now it looks like a reversal.

So this is an example where you use correlation to avoid misreading charts. Its an additional layer of safety. It is what I use to judge if my chart reading for the day is solid or not. If correlation is out of whack and I cant see where prices of a pair are going to go, then I avoid trading.

Correlation has one drawback that you have to keep in mind. Prices dont move just because of USD movement. It also can move because of AD, Euro or Pound. Think about that part.

## EU Trade.

Another example of Pure price action trading.

EU D TF.



Please note the candle that is being pointed by the arrow. Its a classic reversal candle.

Keep in mind, there is no confirmation candle to validate the candle being pointed.

But if we had checked other USD pairs for correlations, we would have seen that USD pairs were going to fall for the day.

This is as early as you are ever going to get on a trade.

EU H1 TF



Entry on H1 was based on candlestick patterns also. Note the third candle from the current candle. It looked like prices upwards had stalled. I entered there without a confirmation candle being formed.

This screen shot was taken on the second hour after trade was entered.

See what happens for jumping the gun?

Well prices did go up a little bit further but since I am trading with bias on my side , it was a very good trade.



## EU H1 TF



Please note that had we placed a SL, we would have most probably placed it at the previous wave peak, which was the peak of the day before. And you would have been taken out before prices started going your way.

This is another reason why I don't put SLs on when I am trading. I have to remind you that I am online watching every 15 or 30 minutes once just to keep an eye on things. A trader should not leave a position without safety levels if they are not going to be watching the markets. Better still don't trade if you are going to be away.

This applies especially when you take risks that are a much higher than 3 or 5 % per trade.

## Price Action Trading Example

Another good example of a reversal pattern and entry.  
AU D TF.



Note the candle on the previous day.

No confirmation candle formed yet. But I took it because the two other USD pairs that I trade gave me a correlation confirmation. Even looked at NZD USD and it was showing a buy.

## AU H1 TF



I entered this trade at 4 am GMT + 8. I knew I was not going to get up in time and AU tends to move more in the Asian session.

This again goes to show that although market times are important consideration, what matters most is the trade entry. The setup. The pattern.

This trade went on to about 250 over pips.

Keep it simple guys.

## UCHF D TF Price Action

Another classic Candlestick pattern trading.

### UCHF D TF



That is what I would consider a tweezer pattern( refer to babypips school for the correct name, I am not big on terminologies ).

Its a bit off as the wicks are not of equal length but hey the world is not perfect and bob will always be your uncle.

Pay attention to the candlesticks before this happened. Please pay close attention to how many times there were pullbacks on D TF and there being long wicks as tails. Imagine what would have happened if you had bought on the next day thinking it was an upper?

This is again where correlation helps. If say for an example, GU, AU and EU was up, then it would be logical to assume that UCHF should be a down.

Be careful not to set that on stone. Movements can also be caused by CHF, GBP, Aussie and Euro, and you can see that happening when things are no longer in sync.

This entry was also supported by the red line showing previous rejection are.

## UCHF H1 TF



Just to give you an idea how the H1 candles looked like on that trade. easy 100++ pips for the day.

I didnt take this trade because I was not watching UCHF since I was having so much fun with EU GU and AU that week.

So there we go.

Dont read too much into what I meant by correlation etc etc if you are trying this out, especially in the early stages.

## Correlation out of whack

This was my NFP day trade. I took 30 pips on UCHF in the morning but stayed away from the market because I like to trade the markets after NFP.

I trade NFP but I dont put in speculative trades with a SL and hope for the best. I wait for NFP news event to be over and then hit a contra trade against NFP move, provided the move was against market bias. I split 10% on both GJ and EJ and took 50 pips each in about an hour.

If you cannot picture what I said about contra to bias movement, then I would suggest you let it go for the time being. I will come back to it on a later stage.

Now for todays market.

### EU D TF



### EU H1 TF



Now for those of you who had read post 12 of mine, you would remember that I was talking about correlation being out of whack today.

That coupled with NFP news made me stay out of the market for most of the day.

Anyway I could not resist an entry after prices had fallen so much, especially since yesterdays candle stick was a pullback on D TF. That and AU was a buy signal. Only problem now was GU was still showing a sell. There was no pullback candles or reversal pattern on GU for it to be a confirmation.

I took the trade with a small SL at the bottom wick of the previous day on the H1 chart.. This trade was taken at 5% risk because I could not see for sure where the price was suppose to go.

Without a correlation on all three pairs, I am thinking, I am judging, I am therefore hoping and wishing, which makes it gambling on a position.

So to balance out the need for a few pips on a Friday and not risking too much, I reduce my risk size and put in a SL.

8.30 pm GMT +8 NFP comes in and pushes the market up, and I was a happy chappy thinking that the news was going in the direction of market bias. I was happy also because since I am in profit now, I can move my SL to BE for a 0% risk trade and add another 10 % to NFP news trading on GJ and EJ.

So back to EUs trade, it shot up by 90 pips at the hour end. This is where taking what is on the table is important. 90 pips in the first candle. Daily TP target is 60 pips. Holding out for more more often then not causes you pips and money.

That is why you should have a table detailing out your targets both in lot size and amount of money targeted.

Hit a target? Get out. Wait for next trade with increased lots. Compound your earnings. Not hope for more pips. Greed always causes you to loose out in the end. Always.

So candle closed on the second hour and I had 70 + pips so I took it.

This is another reason why I close my trades on a daily basis.

What happened next was something I did not expect. The market shot down and now the D TF candles look like they are a continuation of a sell.

This is what I mean when correlation is out of whack. Only take trades when it all looks good. Preemptive trade triggering causes losses. Patience is very important. Wait for the candle to close. If you are new, dont be preemptive, especially with real money and wait for a confirmation candle.

My 70 pips on EU today was sheer luck.

## EU D TF as of Market End



Thought it would go up now didnt we?

So I hope you can see what I mean by watch correlation for confirmation.

I hope we will get some chances next week to observe some days where correlation is all in sync and movements are cohesive.

I wont take a trade on a Monday, and definitely not on a Monday that is going to start with things being as messy as they are now.

👤 Originally Posted by **Jay D** 🗨️

Im going to be trading the 1 hour timeframes.

When you say the 6 basic candles, which ones are they? (not sure they were on your post)

Cheers

Talon D, thank you for your kind remarks..... I will share more charts as we go.

I like to post current charts of trades as I am trading.

I dont like to post charts showing historical movements confirming a method. The self confidence in the trading method that we are sharing needs to be there. And I believe it is represented by the buy and sell order lines on the charts that we are posting.



Jay D,

6 basic candle patterns that I mentioned are Doji, Hammer, Inverted Hammer, tweezers and shooting stars.

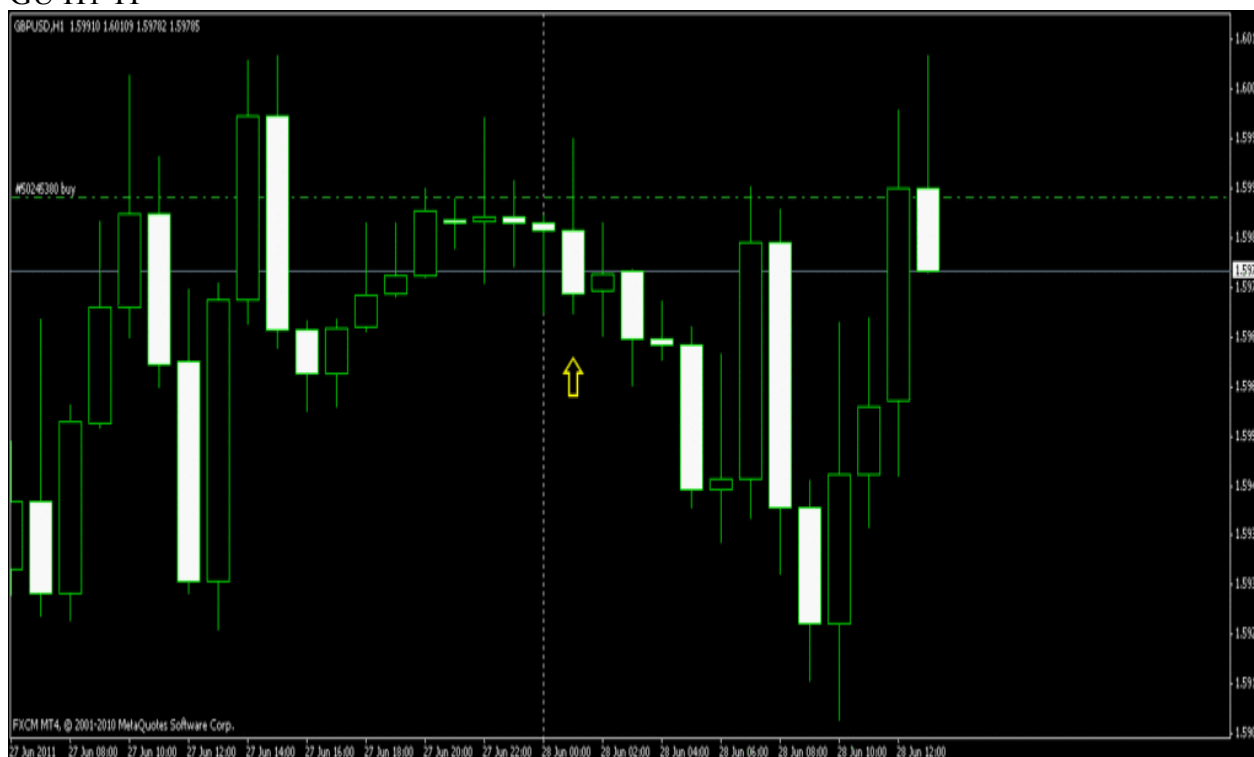
Please refer to baby pips candle stick pattern thread in babypips school.

You can go deeper by reading candle stick chart books.....but I believe the basic six patterns are enough to get us started in a very profitable way.

## 📄 Near Disaster Trade and Bias saving the day.

This is an example of disastrous entry on H1 TF

GU H1 TF



Trade was entered at the Yellow arrow. The reason the trade was entered was I was already holding an AU in profit and AU started shooting higher during the Asian session.

So I broke two of my basic rules. ( Happens often 🤖 )

First Rule. One trade at a time. ( this was cause of greed )

Second Rule. Dont Think. Dont assume. ( this was cause of lack of discipline )

So I ASSUMED its a Asian Session mover today and because I was blinded by greed, I THOUGHT that USD pairs will move higher together.

So I was blinded to all the candlesticks prior to my entry point that was clearly showing that prices have stalled.

So I took the trade and it went against me.

Holding 80 pips minus on 10% risk, with AU that was at 40 plus pips but now at BE is not a feeling that I would recommend.

But the thing that helped me to hold is bias. Market Bias and Correlation showed that it was going to be an upper. So sit tight and hold. U can atleast expect a break even trade.

This is the D TF chart for reading bias.



This below is the AU Chart on DTF that confirmed Correlation. Sorry I didnt take a shot of the EU DTF chart showing the same. Or I might have it somewhere but not sure where it is. Either way,



Anyway this went to about 40 ++ pips and the AU recovered to 70 ++ pips and I was happy to TP on both at the same time.

The ideal candle to have entered a buy on that chart on H1 TF should have been the 6th, 7th or the 10th candle from the candle marked with the yellow arrow. Either way, it was a hard ride as GU tends to do.

So what was the loss on this trade?. Well firstly I was a quarter of a hairs breath away from telling myself that this trade was a goner when it hit - 80 + pips and it was touching yesterdays LL. AU was also dropping and it had crossed my BE point. I nearly convinced myself that if I hold any longer I am going to loose more on both GU and AU.

Somehow I just convinced myself to hold on for another H1 candle.

Secondly the GU trade was a great loss because it went against me by 80 pips and gave me about 40. Imagine if I had waited for a better price and entered lower. I would have had atleast 60 or 70 pips on this trade minus the worried sick moments.

I hope this makes good reading.

## EU D TF



## EU H1 TF



Happy Pipping

p/s TP level marked with Red line on D TF hit at 5pm GMT +8.

Done for the day.

Woke up late so missed the early morning entry.

AU DTF



## AU H1 TF



Watch the candle marked with the Yellow arrow.

See how simple candle stick patterns is used with bias from reading higher TF to trade price action profitably.

I wont hold for long as I have entered late. I might take 25 or 30 pips on this one or move it to BE as soon as possible and leave it to luck.

### ***Final piece for Price Action Trading.***

The last part about trading.

1. Use indicators if you must, but use it to support your chart reading. Not the other way round. Do no read the indicators for an entry.
2. KISS principle. Keep it simple. Trading does not to be overly complex. People who are rocket scientist or Mathematical whizz are called smart or intelligent because they have a systematic way of making the subject matter simple in their thinking process. The same should apply to trading.
3. When in doubt, have no doubt. **DO NOT TRADE** or **TAKE A TRADE**. Again keep it simple.

I hope this helps for those who are looking for an absolutely silly system to trade and be nearly 100% profitable. This system does not give false entries. Loss is only incurred because we miss read bias.