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When I very first started trading I very quickly fell in love with indicators.

This was very easy to do.

As soon as I had found, learned how to use and started trading with the latest indicator, I was soon moving onto the hunt for the next indicator that would help me in my never ending quest of confusion which you will fully understand in just one moment.

A huge reason traders get stuck with indicators, expert advisors, robot systems etc, for so long before breaking away is because of the mindset that they instill and I was stuck in!

They breed a mindset of not only getting rich quick, but of the continual search for the 'Holy Grail' or that silver bullet to fix all problems and be the answer to everything all at once.
There are literally right at this very moment millions of traders in forums, trawling websites looking for the magic system or indicator.

It can often take a lot of losing and searching before a trader will start to see that the Holy Grail is a live, but it is not what they first thought.

The Holy Grail is not an indicator that you turn on and it makes you a million dollars over night.

It is learning how to trade so that you can become successful long-term and make money with an edge over the market that will not one day just stop because the market conditions changed.

The very appealing factor to indicators, expert advisors, black box systems and the like is that traders are looking to something else other than themselves to make the trade call and decision.

YOU NEED TO GET THIS...
What I mean by this is traders will often look to take the psychological burden or weight off their shoulders.

Instead of taking responsibility for the decisions they make and learning how to lose properly (which is a major part of trading), often traders will learn how to hide behind other things or follow others or use indicators so they can internally blame them if things don't go their way.

When the trade wins they can tell themselves internally “great job, you picked a great winner", but if the trade loses, they have the indicator to look at and palm the blame off to for pointing them in the wrong direction.

Or they can say, hey it was XXX trade idea anyway, not mine.

This is 100% normal and WE ALL DO IT until we understand it because losing sucks.
The problem I was facing when I very first started trading and that a lot of traders face with indicators is that more often than not indicators are not used to ‘indicate’ any situation.

*They add confusion upon confusion and the more confused a trader gets, the more they think they need indicators!*

What often starts as a hunt to learn as much as possible, will end in the first indicator being used.

From here the trader will often make a winning trade followed by a loser or two.

The question will be asked as I also asked myself “If one indicator helped me pick the correct direction, then another one must be even better, and another after that, and another, and another etc, etc,” *until the chart is a bomb site.*
A major cause for traders failing to become successful is they are unable to make great decisions time and time again.

Simple examples of this are:

**#1:** Trader A puts on a trade and does not follow their plan to take profit when they should and price turns around and stops them out for a loss instead of banking a solid profit.

**#2:** Trader B does not execute their stop loss when they should and their loss blows out way larger than it should have been allowed.

**#3:** Trader C finds a trade that fits exactly what they normally look for, but the trader does not take the trade because they are fearful from the previous 4 losses in a row they have had and watch this new trade turn into a large winner that would have put them back into profit.

There are 3 x examples of simple decision making errors that traders are making every single day over and over again costing them profits!
**THE GOD OF PRICE ACTION**

I am often asked if price action is either ‘old fashioned’, if the price action method is “out of date” or if it will continue to work in the coming years.

Now, obviously I cannot predict the future. For all I know the markets could collapse making all methods useless.

So, before I go making silly statements or predictions, let me give you a little background information so that you understand the history of price action and then you can learn exactly how to start making price action trade setups.

Let me introduce you to the "God of the Candlestick" or the "God of Price Action" as we know it today!

Candlestick charts or 'price action' as we know it have been around since the 1800’s since the Japanese man Honma Munehisa who used these charts to make a fortune on the rice markets.
Price action has been around for hundreds of years and whilst computers are now in the markets more than they have ever been, price action trading is the most common form of trading among professional traders.

**Price Action trading involves analyzing just the raw price action data on a clean chart with no indicators whatsoever.**

What so many traders fail to realize is that the indicators they are using in their trading are built from using old price data to give them a lagging indicator.

Price action traders are taking the live price, as it is continually being printed onto their chart, and making trades.

---

**The Big Question ... What exactly is Price Action and How do We Use it to Make Trades?**
What is Price Action?

**PUT SIMPLY:**

"Price Action trading is the skill of being able to read the raw price and make trades on any chart, in any market, in any time frame, and without the use of any indicators at all."

Price Action is everything that price is doing on any trading instrument, being represented on a chart for a trader to see.

In very basic terms, Price Action illustrates in a way that a trader can see exactly on a chart what a certain pair did for a particular time frame.

**TWEET:** "*In very basic terms, Price Action illustrates in a way that a trader can see on a chart what a certain pair did for a particular time frame.*"

For example; the individual candle sticks or bars will show how high the pair went, how low the pair went, and also, the open and closing prices.
Another way to think about it is; Price Action is everything traders are doing and how they are doing it, shown in a chart form.

This basic explanation of Price Action is not subjective. What I see on my chart is exactly what another trader will see on their chart, providing they are using the same charting equipment.

Below is a chart showing a really clear example of a price action chart that you want to be using in your trading.

Notice how the only thing on this chart is a strategically placed support level and NOTHING else?

There is not a heap of indicators and moving averages crossing over and who knows what going everywhere.

The price is the most important factor and for that we need a clean chart, so that we can analyze the price action story!
EXAMPLE OF CLEAN PRICE ACTION CHART

Clean Clear Price Action Chart
EXAMPLE OF CONFUSED INDICATOR FILLED CHART
What is a Price Action Trading System?

Price Action trading is a method that is commonly used by professional traders.

Most professional traders use a very logical system that is not complicated, whereas most amateur Forex traders are hung up looking for the “Holy Grail” system and indicators that will bring them all their riches overnight.

Price Action is a system that is very logical and has clear rules in place.

Instead of using indicators that cannot adapt to different types of markets, price action involves the trader making trades based on key signals forming in the market they have clear rules around.

*Can you make money with price action and if so what are the huge keys you need to know?*
How Can You Use Price Action to Consistently Profit?

Price Action traders are using the information gained from the price action chart to make their trading decisions.

Traders have their key signals that they are looking for to present in the market for them to make a trade, so they can then pounce and make money.

A few examples of what a price action trader could be looking for in their charts are:

- Has price formed a false break?
- Is there a trend?
- Is there a range?
- Is price at or near a major support or resistance level?
- Has price formed a key reversal trigger signal indicating that the market is going to make a move?

Using the price data, the price action trader can plot the **key supply and demand levels on their charts.**

They can also identify when price is about to either break out or reverse, and they can use this information to take profitable trades.
Price Action traders are constantly assessing price for any “Trigger Signals” they could use to take a trade or manage open trades.

Price action traders use key candlestick patterns at key areas on their charts to enter into trades.

**One example of a price action trigger signal is the Pin Bar.**

The Pin Bar is a reversal signal that can be found on any chart and on any time frame.

A Pin Bar is a powerful price action signal when entered from the correct areas on the chart, and it is made up of 1 candle.

Pin Bar’s can be used to pick both long and short trades (buy or sell) and will often be the signal to change the current trend or momentum.

The Pin Bar is just one price action pattern of many that the price action trader can use.

Other price action setups can include engulfing bars, 2 bar reversals, inside bars, continuations, breakouts, and false break patterns.
Pin Bar Reversal

**A PIN BAR MUST HAVE:**

- An open and close within previous bar
- A candle wick a minimum of 3 times the length of the candle body
- A long nose protruding from all other bars (*must stick out/away from all other candles*)

**TIP:** The Pin Bar Reversal is one of the most misunderstood and incorrectly traded setups in the entire Forex market.

Read a lesson on the 3 huge mistakes traders make and how to trade the pin bar correctly below;
Not all Pin Bar’s are created equal. Price Action traders use more than just the last candle to decide whether to take a trade or not.

The whole price chart is information that the trader will take in when deciding to make a trade or not. The very best Pin Bar’s will be traded when they are with the obvious trend and at key support or resistance levels in the market.
EXAMPLE PIN BAR AT RESISTANCE
Price Action is more than just looking at the last candle or the trigger signal to make a trade.

That is what pattern traders do, but successful price action traders use the whole chart to make trading decisions.

*Price is always telling us something,* and learning how to use that information is critical in learning how to read and trade the whole price action story.

**TIP:** The trigger signals are important, but they are just **CONFIRMING** the high probability price action story you have found and lined up.

Triggers like the pin bar are not used on their own, as on their own they are useless.
When trading with the trend, traders are looking to take trades in the direction of the current trend.

Whilst a very simple strategy, it is quite often overlooked by many traders.

You most likely have heard of sayings, such as “The trend is your friend until it bends”, and this is very true.

*The best trades will be found when trading with the trend.*

The very best way to start increasing your chances of placing winning trades, and also, having those trades be bigger winners when they do win is to always trade with the trend.

It is simply amazing how often this super simple, yet super powerful strategy gets overlooked.

The best trends to be trading with are the most obvious ones because the more obvious they are to you, the more obvious they are to everybody, and it also means that they are strong and clear cut.
A price action traders’ job isn’t just to make entries, but read the whole chart including the trend, trend changes, and other market types.

You can learn more about how to identify and trade with price action trends including how to spot and use the 1,2,3 trend reversal strategy in the trading lesson How to Trade With the Price Action Trend for Profits.

CLICK HERE TO READ LESSON!
Even more important than the trend direction is the key support and resistance levels.

The reason support and resistance is so important is because that's what the rest of the market is also looking at, and these levels are working and acting as major areas of supply and demand.

**Forex is the best market in the world for support and resistance.**

A huge reason for this is mainly because of the size of the market with the turnover regularly exceeding 5 trillion dollars each day. That is why Forex is so popular as a market to trade, and also, why the major support and resistance levels get so well respected time and time again.

 Whilst major support and resistance levels will not always hold, they will very often act as key levels to make highly profitable trades from.

The same supply and demand equation we see in normal life work in Forex trading.

If there are lots of people buying and no one selling, price goes higher and if everyone is selling and no one buying, price falls. If we have a tussle and it is even, then we can find fair value and price will not move much.
**NOTE:** The "Price Action Story" is KING and is crucial to making high probability, repeatable trade setups.

**Step #1** is mastering major support and resistance levels. You can find an in-depth lesson on these levels and how to find use below;

[CLICK HERE TO READ LESSON!](#)

**EXAMPLE CHART: PRICE BOUNCING SUPPORT & RESISTANCE**

![Chart showing support and resistance levels with red arrows pointing to them.](chart.png)
As just discussed with supply and demand, all the big order flow and supply/demand that is going to give price the big push is sitting at the major levels.

**That is why pairing a support or resistance level with a strong trend can be a super powerful combination.**

To make a successful high probability trade setup you need to plot these support and resistance levels beforehand.

When price moved into these levels, it is about waiting for price to make a trigger signal, and then pouncing quickly.

Below is an example of how a trader can use these support and resistance levels to make a trade.

The chart shows a Pin Bar trigger signal that has formed at a key support level. Price then rejects the support level and moves higher.
EXAMPLE OBVIOUS SUPPORT & RESISTANCE

PIN BAR AT SUPPORT PRICE FLIP LEVEL
WHAT NEXT?

This guide is a really great starting point to introduce you to price action trading. This guide gives you a glimpse as to why so many others use price action as their trading method of choice.

This is an introduction guide and your work is only just beginning.

All the success to you in your trading!

Safe trading,

[Signature]

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