RedPadisha's NOTES on scalping by Shakesfx, as of 12th feb 2009.

His thread is located at http://www.forexfactory.com/showthread.php?t=145482. If you are interested in this style, READ IT ALL!!!!! This document is really only meant as a rough collection of important posts for people that have read this thread.

All entries are those of Shakefx from his thread unless stated otherwise.

Start of notes

Cover of thread

Hello fellow traders,

I am normally a mid to long term trader, but I will be keeping a journal of some of my live scalping trades here (whilst I have a bit of free time).

If I give you my trading story as maybe this would help you to understand how I trade. Like many I entered Forex blindly and looked to wherever I could for advice and guidance.

Firstly, when I started trading, I just entered trades thinking “I am sure price will go here...” Unfortunately I was correct, this lead to the feeling of “this is easy, I’m an expert...”LOL. Of course the emotions had taken control and before I knew it I was trading with huge risk. The days came when the market decided I was just another wannabie and killed my account.

I was naive and believed in a quick route to riches.

Having lost money numerous times again, I decided to check through the forums looking for a profitable system. I thought to myself “OK, I’ll just copy what other profitable traders are doing with indicator x, y and z. Collecting pips will be like taking candy off a baby” Yet again I was disappointed. Systems that worked well in ranges chewed up accounts in trending markets and visa versa. I would stare at the charts and see that the indicators were telling me BUY/SELL and watch with distain as the trade went in the opposite direction to what the indicators showed was a great entry.

This was the point that I noticed that if I had gone with what I saw in price instead of what the indicators were saying, I would have been successful. I couldn’t go down this route though, surely I must be wrong and it’s just a fluke? Nobody can trade like that? It’s just suicide. I dismissed those thoughts of just trading price action and persisted with indicators/systems until I yet again began to lose money.

I had actually seen that if I had just traded what "I SAW" and not what the indicators said I would be surviving the markets, but still I refused to believe in myself.

This is the point I came to, I had ruined my first 2 accounts and lost tens of thousands of pounds (real money), I was so emotionally drained I just pulled out the remainder of my cash and thought "It's just not possible to make any money in Forex over the long term. I'm sure traders in the 5% are doing well, good luck to them, I'm just not cut out for it".

I turned my back on the markets for a while until I was watching CNBC one day and saw a commentator talking about commodities with a gold and oil chart thrown up. I was looking at the chart on TV and thought...I would sell right "here". Gold hit its high the next day and fell the next week without looking back. I posted this on another forum just to record my trade and gave a commentary as price was about to drop. The forum still exists (that forum is not Forex related but has the trade time/date stamped.) I still didn't want to trade again even though I would have made a fortune. Next I looked at the OIL chart, same again, just a naked chart. I watched the ticks and saw where to sell...I sold $2 from the high. May sound like complete bullocks to many of you and I wouldn't blame you if you didn't believe me, I have nothing to prove to myself.

Like a scolded child, I reopened my forex charts.....I saw the indicators...off they went. I ditched the candles/commentary/pre-news release expected figures/experts advice/S=R/Pivots/Fibs and just looked at price "now".
I thought to myself "OK. I don't have to make this work. I don't have to make money. I don't need forex. The promise of "get rich quick" had faded into distant memory. The hype of "Well, the advice from Mr X must be right because he is a chief trader for a major institution" passed me by. I frankly didn't care what anyone said about price direction.

I watched the price again and again, hour after hour, day after day. Nothing else. I began to place my trades again. The first few trades were profitable, but I had learnt not to let my ego and emotions take over. I had lost any kind of feeling and knew it was a good thing. The trades were numerous and consistently profitable, but still I always thought before entering a trade "How much could I lose here?" instead of "How much can I profit?". My main purpose was to ensure I didn't try and get revenge on the market if price went against me. Losing trades became just a number; winning trades became just a number. A losing trade resulted in thinking "I was wrong. The market wasn't ready for my entry. Move along." and was quickly forgotten about. Likewise, a winning trade jumping +300 pips with a 10 or 15 SL resulted in my thinking "I was right. The market was ready for my entry. Move along." And was quickly forgotten about.

I wouldn't try and add up my wins/loses until I had finished trading every day. If I had a great day, I would think "OK, don't change anything." If I had a losing day I would think "OK, don't change anything."

I gradually learnt that the only way to learn trading is the hard way. I have learnt my lessons from my past mistakes and now just see trading as "slightly boring". I have learnt there are no get rich quick holy grails. I have learnt that the only profitable way to trade for me is by just looking at price.

I really don’t care what is happening on the news tomorrow; I don’t let it affect my trading. I don’t care what “might” happen with interest rates. I don’t care that the market is “showing a potential retrace” according to experts. All I care about when I trade is “now”. I am absorbed into the chart and price, I see nothing else. Nothing distracts me whilst I trade. (Posting my trades here in real time was difficult but is becoming easier), the time passes quickly and then I know when to stop. When I stop I count the results for the day, but even if negative it doesn’t bother me. I know the week will be positive.

I have learnt to disassociate myself from “feeling” whilst I trade. I only trade what I see. I trade the miniscule movements second by second and watch as they unfold into large positive trades. I can’t put it into words, really. It’s just something that develops within you over time. Time and anguish spent learning the hard way brings many to this point of just watching price.

I don’t think I am great, I don’t think the market owes me... I do care that each week collects a profit from the market table.

I can’t say anymore than that really. It’s a voyage of self discovery. It hurts, but eventually yields results.
I should have stuck with my original trading style at the very beginning, but the problem was I needed to learn Money Management, Emotional control and numerous other aspects of trading.... the hard way. I look at it as a blessing in disguise to have arrived back at this point.

The route down this trading path has turned out to be a complete circle, the circle leading back to myself.

I have found the “Holy Grail” after much searching. We just “don’t see the wood for the trees”. The Holy Grail is within you.

Please read this free short book "My Secrets of Day trading Stocks/Day traders Bible"written in the early 1900's by Richard Wyckoff, a legendary Wall Street tape reader. It's how I trade, but explains it better and in much more detail than I can. (Many thanks to FXsurfer for the link :))

http://www.tradingfives.com/wyckoff/chapter1.htm

My Trades

I will be using the tick chart. The trades will be numerous, and only on days when I have time to post. Obviously there will be a slight delay from entering the trade to when the trade is posted, but I envision this to be only a few seconds. This journal will hopefully help me develop my trading style over the next few months and get me back on track with pure price in the smaller timeframes.

Due to the quickness of entries my posts will form the following format so I can post them immediately:

CLOSED TRADE SELL 11745 1+10, 2+87 (EUR/JPY closed trade at 11745)
(First lot closed at +10, all trades are entered with 2 lots, 1st always closed at +10)
(Second lot was closed at +87 in this example before reversing)

CLOSED TRADE 11745 1+10, 2+87

SELL 11743 (existing buy trade was closed at 11745, rentered sell at 11743

Stop Loss: -15, SL will be moved to BE on 2nd Lot when 1st Lot closed at +10.

I stop and reverse most trades and will close the day's trading with
the total accumulated results. If a trade immediately goes against me and I think it will approach my SL then I am out an await another entry

I use a 1min Line chart only. I look at a wider chart to assess where to enter and then zoom down to fine tune entries and exits. Chart examples on page 5.

I used to work with indicators for scalping, but was fustrated with the number of trades that went against me...

I came to realise that the smart money had already traded before the small-fry such as myself entered a trade. They knew that we trade based on indictors..lagging ones. I decided to just watch price and have come to know where to nip in and out of the trade. I just watch the price stall or accelerate/attempt to make higher highs/lower lows and decide when to jump in and out.

I use the MT4 platform to assess entry/exit analysis and I use a seperate Broker for trades. Speed is of the essence and I always have the BUY/SELL windows open set to a default of -15 SL, 2 lots, 1st lot TP at +10, 2nd Lot moved to B/E when 1st Lot closed at +10. 2nd Lot is allowed to run until I see price stalling...sometimes I may lock in extra pips as the price moves but by locking TP at B/E I can catch some large moves of 200+. With a SL of 15 (ie 30 due to 2 lots) the reward risk ratio suits me.

I also trade mid and long term, but due to the uncertainty of the market and uselessness of indicators this year I have traded more and more from a black line and nothing else...with some success.

My spread on EUR/JPY is 2 pips, so this must be taken into consideration. I do not post my trades with the spread, but obviously from each trade I am paying the brokers....I sometimes trade over 40 times a day and the comission can really add up, but it is just a necessay evil I put up with.

Due to the nature of my trading I get worn out quite quickly, after 2/3 losing trades in a row I take a break or stop trading for the day. The market is always there to give me some pips when I come back rested and fresh.

Sometimes I take a break from trading for a few days at a time, this clears my head completely and I can pull some good results out of the bag when I resume trading.

Ranges and Trends:
The problem with mid/long term trades is knowing when you are going from a trend into a range or vis versa...not knowing chews up accounts, and when you realise eventually that you have entered a range your account has suffered...thats my experience anyway...the beauty of this method in this thread is that ranges and trends dont matter, the smaller timescales lead to the larger timescales...everything is dictated by what happens NOW, not in 1 day, 1 hour, 15 mins etc...Price history is irrelevant to me...PRICE NOW is all that counts, what is happening with that price second by second, minute by minute.

Hopefully you will see as I trade what I mean by this, I don't want to say I "feel" price, because that sounds stupid....I just observe the fight between bulls and bears and pick a side, I can see when the fight is evenly matched, or if one is about to rip control from the other. Sometimes I am wrong, in fact I am wrong quite a lot, but money management and win ratio keep me in the boxing ring.

I wish that newbies entering into Forex where not taken for a ride by the "Snake Oil" salesmen peddling their "Buy my system", "Buy my Expert Robot", "Buy my signals" crap. I wish they would ask themselves why the owners of these systems arent using them to make billions? Unfortunately I have been there and fell for the Snake Oil when I started trading, I understand why newbies fall into this trap. I hope they read this and learn that a moving black line (or candlesticks if you prefer, I found them a bit unreliable though) is all you need.

OK, bit of a rant there, I hope you understand where I am coming from. This is not going to turn into a "Ohhh, I think I'll start charging for this" like a famous Oz trader we all know of. I earn enough and if I can make even one person see that price without lagging indicators is all you need to suceed and do well in trading; then I'll be happy.

Anyway, I'll keep the journal going till I'm happy that I'm not interferring with my rolling trades, which was a problem for me, also, you need to see what my losing streak looks like and I am going to adjust this over the next few weeks.

Thanks for letting me rant, lets see how I get on...

Cheers

Shakesfx

End of Cover

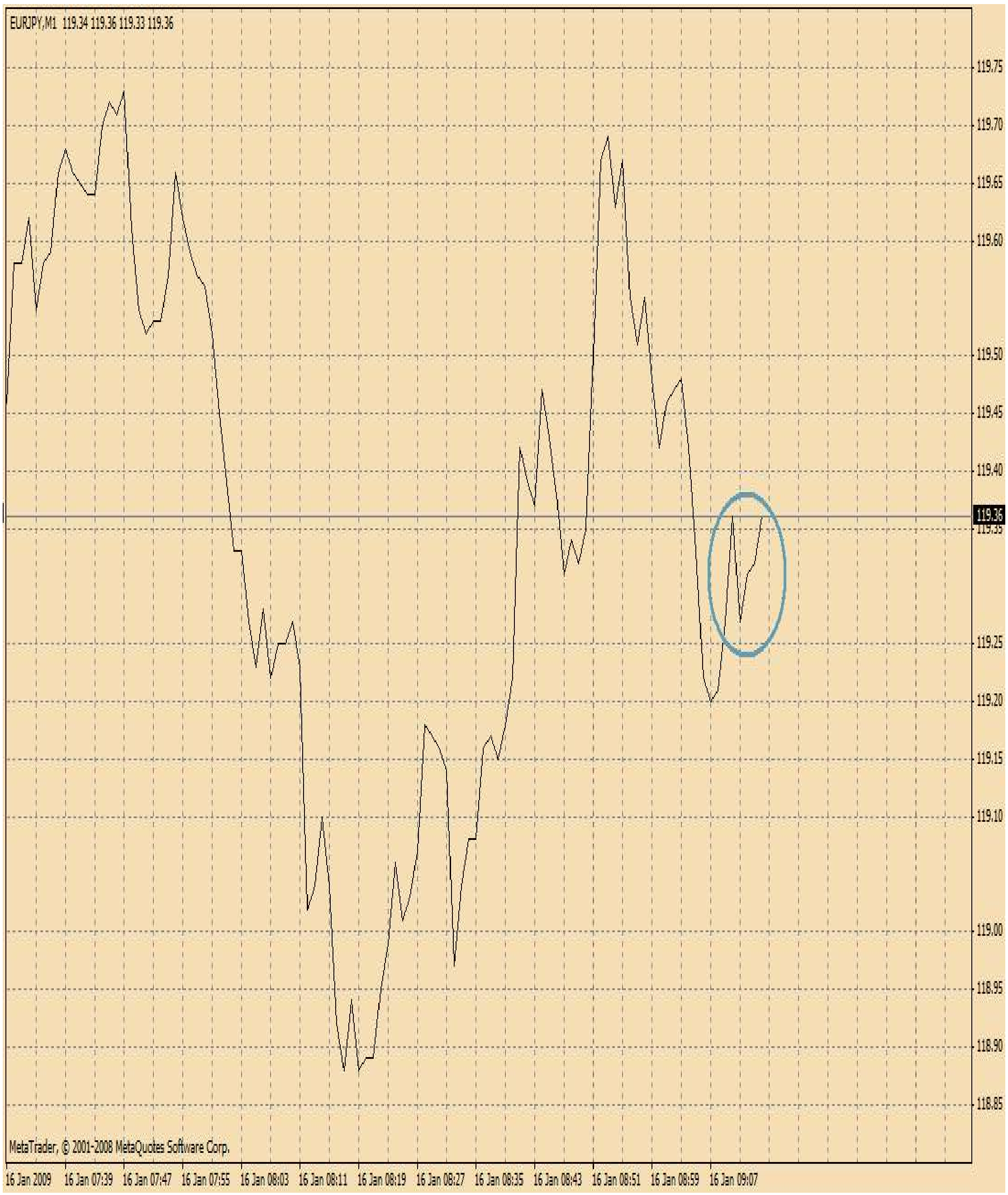
1st Chart shows a struggle amongst buyers and sellers between 11925 and 11935. I am ready to enter the trade based on the speed up or down towards each level...when the upper or lower level is approached I watch to see how quickly price is rejected. Price remained fast against the 28 level, bouncing only a few pips up and down against it...I knew that a fast move would commence as soon as price was ripped away from the bears. I entered at 11928 at the bottom of the "V". Price broke through a couple of minutes later. Once price had moved sufficently 1st lot was closed at 10 pips (just so I could take something off the table) and price was carefully watched for speed and potiental stalling/retracement.

2nd Chart shows why I exited the trade at 100 pips. Here I can see that the Bears have gathered pace and are jumping on price slowing the upwards momentum. Price bounced off the 12026 level and fell to 120.14, I am ready to exit as I know one more push will attempt to break through...I mentally place a TP 2 pips above this level at 12028 and wait...soon after price bounces from 12014 I am ready to exit...12028 is seen and trade closed.

3rd chart is a closer view and shows price undecided around this level...the speed and direction are uncertain and I know I need to close the trade. Do I know if price will fall from this level? No, only by watching second by second can I see what is happening "now". I don't believe in indicators or history, only what is about to happen. I could have held on a little longer "just to see", price did reach 120.42 before falling back, but Im happy with 100 pips for one scalp...especially on a Friday. I only trade once or twice on a Friday if I see a decent setup, Fridays are Fipping no good for pipping in my experience.

Bit of a bumbling rant there, Im not very good at explaining how I see the price, but I really hope you can see what I mean.

Cheers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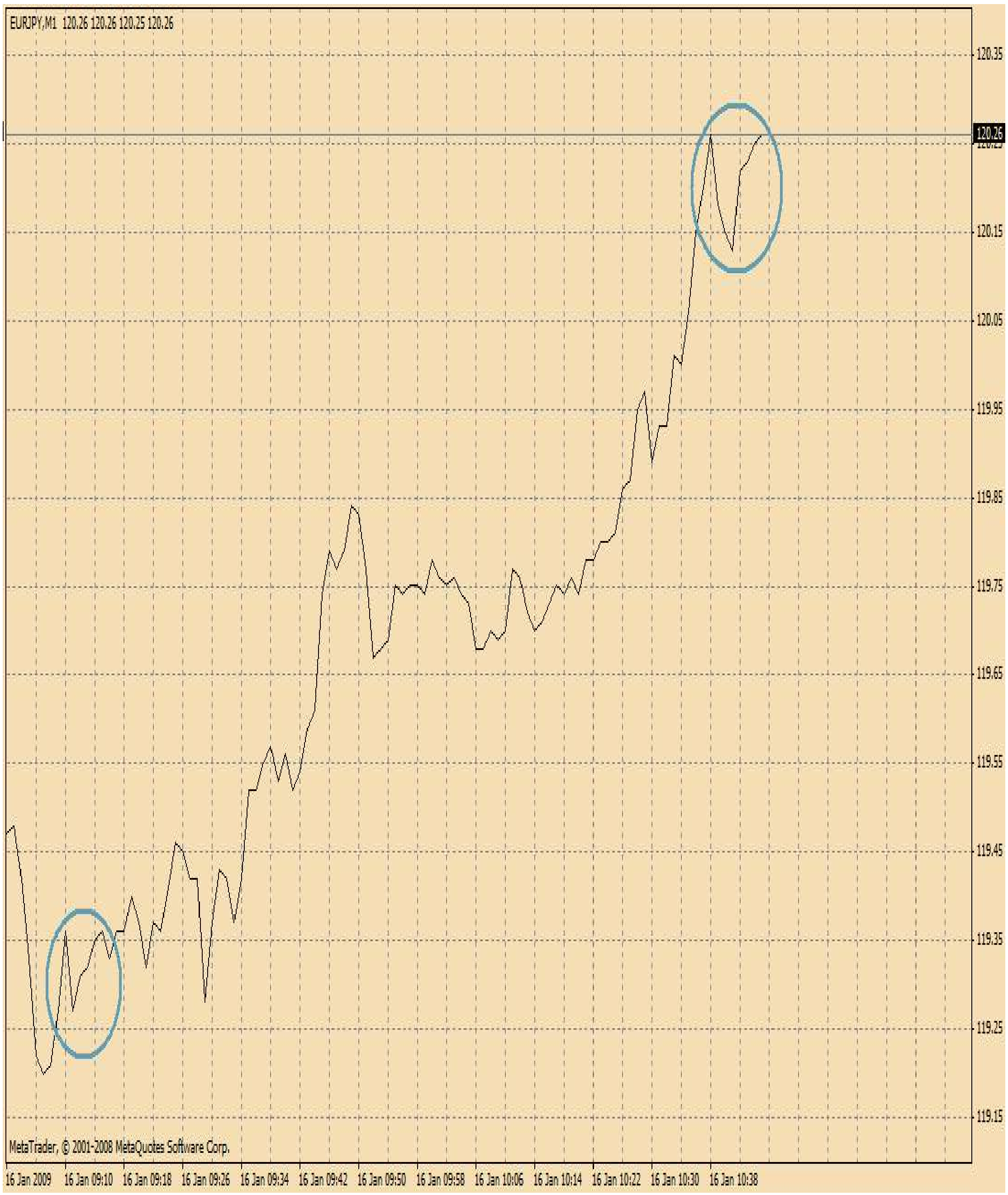

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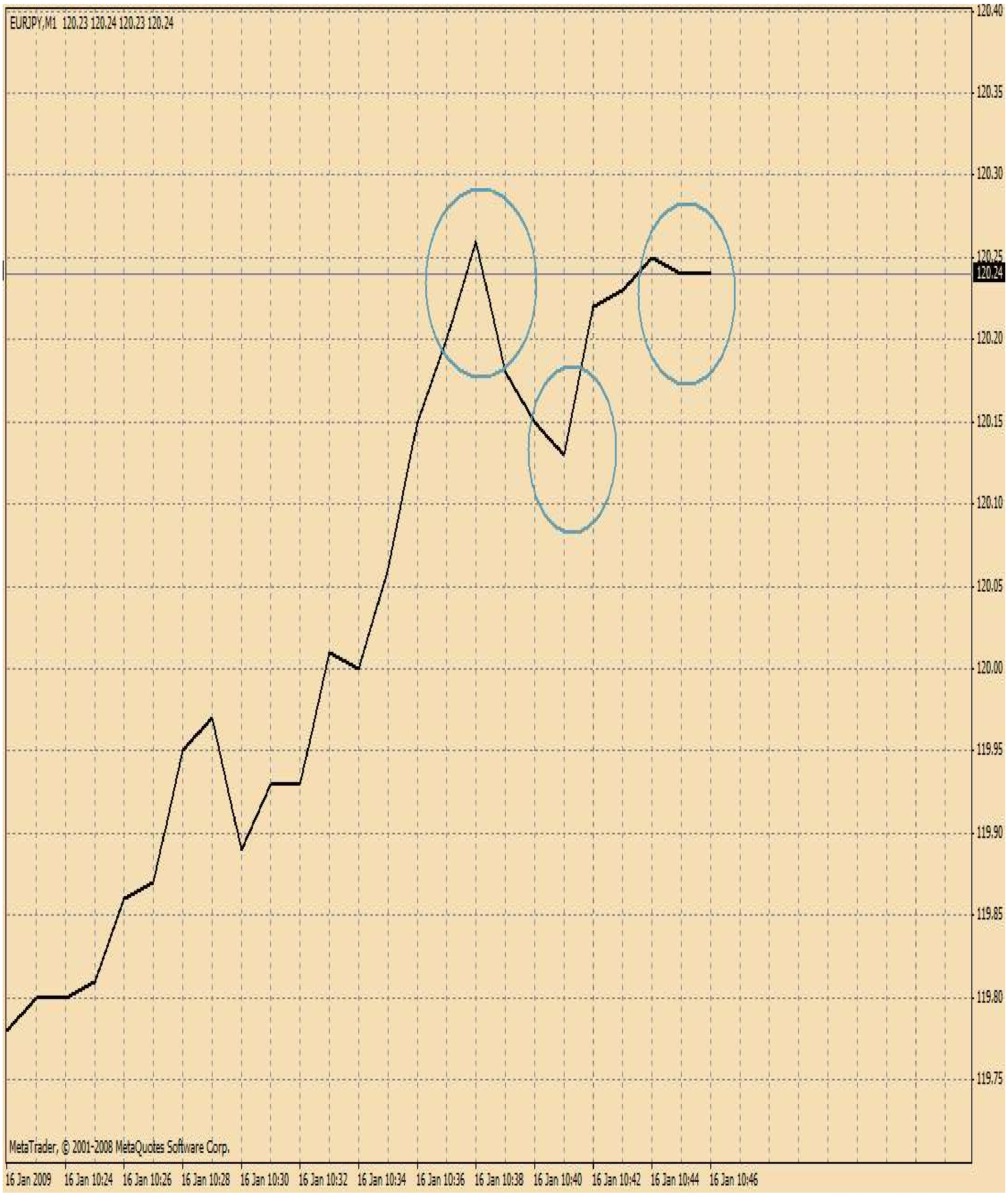
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If you plot these on your charts you will see my entries and exits, but this may not help as you need to be watching price as it happens "now" during the entry to see what I mean. Its about direction and volume/price stability during the "now", entering the trade based on this info, watching the trade until 1st Lot closed at +10 and 2nd Lot SL to B/E then sitting back and seeing how much strength is behind the move. The line chart allows me to check every now and then at a glance how the trade is going without staring at the price feed whilst I grab a coffee etc.

Let me try and explain how I trade in further detail:

In fact I am not very good at explaining how I trade like this but let me try.
I can see demand and supply, panic selling and buying etc just within the price jumps during each second or two...in the “number” (the line chart is drawn after the event (my trade) and after the trade has already commenced or exited). I must sound strange...I know that just by looking at the price number and minuet changes within it you can see what is happening. This is the reason I no longer use candles or bars, they show what has happened in either a 1 sec, 5 sec, 30sec, 1 minute, 5 min,15 min etc period and people trade from what they see to the left. I trade from what is happening “this split second”...most people wait until a candle finishes painting until entering a trade just to see the trade go in the opposite direction...the reason it has gone in the opposite direction is because “it has”. Reading price constantly allows you to already be in the push up or down. When the others jump on board I watch the price to see it’s effect...they will take it up 10-20/30/40/50-100 and then price starts to stall...sometimes they take price through all of the limit orders within that area and price accelerates nicely....but I know there will be disappointment...I see the price start to falter...I see the odd 4/5/6/7/10 pip moves down and back again within the mille-second. I know it will drop, but I don’t know how far, so re-enter SELL and watch again...back down it goes, SL’s taken out from the other traders already in the move North accelerates price even more to the downside. The traders then change their minds and jump in on the downside...price is going down...too late, they are in and price rises through their original entry and stops them out again.

The same for Support and Resistance....I don’t plot these lines as its just indecision by the market. Indecision and the struggle between bears and bulls are constantly occurring before these S+R are even reached. When these “lines” have been reached...I can tell the minute we are in this physiological area and entering and exiting trades quickly....that is the reason I have many trades in these areas...the market is fighting to gain control...I don’t care who wins, just as long as I’m carried along with it. Sometimes they will carry 200 pips, sometimes they will exhaust after 15 pips...watching the quickness of price change allows me to be ready to exit...

Many people are surprised to find out that price flies through Support and Resistance without looking back...”What happened there, I thought that was meant to be strong support/resistance?” they ask. What happened is “it didn’t exist”, the market had already decided before it got there. I don’t plot S+R; I see them when/if we get there. A lot can be taken from the table around these areas whilst everyone decides what to do. Many traders place Limit orders above and below these areas only to see them taken out as price drops through, then rises, then falls, then up 100, then down 100.

Try an experiment, forget looking at the candles. Open price on your chart and just look at the current pair price quote, say 120.134 on EJ. Watch how that price changes on the hour. You could even get rid of the number and have a Green flash for pipette Up and Red flash for pipette down....Watch the frequency of change around the same price level...Watch how it rises and falls (even if only 2 pips) more rapidly during the last few seconds of the last minute and first minute of the “hour”. This is where you will begin to understand the second by second “direction” of price and “volume” within the price.

Pick another area where price is static/stalled...watch very carefully (no candles/S+R/indicators...just the price quote) and look at price there and observe the minuet changes too. I don’t use the hourly candles, but I want you to get the “feel” for the price.

Once you get the “feel for direction” and can see volume, paper trade and see if you were right or wrong. You may be surprised :)

All the best

Shakesfx

---Question to Shakesfx-----

Having always used stop limit entries, as I have slowly progressed over the years from mini to full-size lots (now at $1m pos size), slippage of a few pips and/or being only partially filled has started to become an issue. I have recently been trading a slightly modified version of harold4x's key to the mint method : a great method, but it is a breakout entry, so I have been looking at ways of entering at the reject of the 3 point of the 123, rather than the break of the 2 point (which of course means an "unconfirmed" entry), if that makes sense. Then I can enter on a market order. I have also as of this morning ditched GBPUSD and GBPJPY, leaving EURUSD and EURJPY only on which to focus - you ONLY trade EJ, right ? I've been thinking of trading just one pair - EURUSD obviously has the tightest spreads, but usually EURJPY has much bigger range (although not especially so lately). It's tempting to dump cash fx altogether and just trade the EC (euro futures) : 1 or 2 pip spread most of the time on a regulated exchange.

I have also made a line-on-close chart this morning, which certainly gives a different view, including for trendlines, and stripped my charts down to a 34ema (think that came from Islander via Vantage) and an 8.3.3 sto, whch is as naked as I've ever been !

May I also check that you do not normally trail your stop after moving it to b/e at +10 ?

Thanks .

J.

---------Shakesfx reply------

Hi Fontu,

If you are consistantly taking profit off the table using gut instinct then keep going!

Gut instinct is actually your subconscious telling your consciousness what is happening. Your subconscious absorps price feed speed/frequency and rate of change quicker than your consciousness can process...this "gut feeling" keeps you on the right side of the market. By introducing indicators you eliminate this reaction because your conscious mind begins to question where you enter trades...."This "LOOKS" like a good place to enter, "This should be a good entry point because the indicators tell me" etc etc.

How many trades have people placed where they thought "It doesn't somehow seem right" but have gone in anyway....that trade goes against them and in the direction they originally thought beforehand...Happened to me many times before I ditched all indicators and went with my price feed only.

Let me put it another way:

"Flying by the seat of your pants" in an areobatic aircraft with no distractions is much more fun than flying a fully automated lump of metal holding 200 passengers....You could do both, but the rewards are instant and much more satisfatory "flying by the seat of your pants".

Its the same with trading in my opinion...indicators take out the realisim and close feel for the market, they also lag and show you where you have been...You'll crash when trying to land a plane by looking behind you...most people crash in forex by looking to the "LEFT" and determining whats ahead.

You can only master a "the seat of your pants" aircraft (naked chart/ price feed only) with training and experience. Just feeling the shift of forces through the control stick...you can "feel" the speed through the air and know at which point you will stall and crash....you can "feel" the acceleration too and know when to reduce power....Learning this takes time, but can be taught. A good pilot knows the limitations of his machine, a successful trader knows the limitations of how much is available to take from the market at any particular point.

There are good pilots and reckless pilots, same applies to traders. I used to be a reckless trader, I learnt the hard way that all I needed was to "look" outside whilst everyone else was staring at the indicators inside...the indicators said "Yep, were climbing at x speed", the reality was if they looked out of the cockpit window they would see that in actual fact the indicators were malfunctioning and the ground was approaching very quickly....

Hope this helps and you are OK at the hospital, speak soon mate

.....I normally trade just E/J as I like the movement of the pair at the moment for scalping, G/J has horrendous spread as you know, G/U is self destructing, E/U is OK but just bores me...the spread is much better though. I will only trade one pair when scalping...

...Yes, I do not normally trail my Stop after closing 1st Lot at 10 and SL moved to BE on 2nd Lot. This depends though on how well the pair is doing, if I have a 200+ move, then I'll move it to +50 and sit back and see if a S+R presents itself...

...the SL's can be a pain...I used to stop and reverse the positions all the time with a wide SL, but have been caught out once or twice due to platform issues and being unable the close the trade until phoning through....

You could use a closer SL, but I think it would be taken out quite often at this close level...I always allow the trade 15 to move a little. As you can see though, it has only been hit a few times out of 60 trades, so maybe it could be reduced...

...Absolutely, I will reverse as soon as I determine a change in price/volume in a second...sometimes stopping and reversing around "zero" profit many times as the market fights for direction....

YesI am in before the price breaksout, but will trade both ways in a trend.

Thats the reason I use 2 positions, the 1st is just trying to find the market direction at uncertain prices. I enter these points when I see price stalling and finding a base for a while,,,as you can see there are many trades just collecting +10, but the breakouts on the 2nd position are quite good. It doesn't work with pre-drawn Support and Resistance lines always, which is why I just trade naked.

After a while you get the feel for the direction and guess work is a minimum. Earlier, for example, I wasn't aware of the Vanilla Option as I don't listen to the news or read trade updates at all (affects my trading)...I sold at the point just before the spike down 100's of pips as I could see price starting to go crazy around the same price quote due to absurd amounts of volume trying to be processed...but I still wasn't sure on direction till we started to make the move with my position already in it. Just looking at the frequency of volume change within the same spread gives a hell of a clue to what "might" happen.

I'm "hot" this last week, but it wears me out mentally and am glad to stop at the end of the day. I class myself as cold when I have more than 3 losing trades in a row....so far so good.

I'll trade tomorrow and then take a break for a while, just glad that traders can see a different way of trading which is not the "norm".

----Qustion to Shakesfx -----
So basically you're waiting to see price stall in an area, then you look to get in on either the continuation or the reversal. You're entering the trade before the breakout though based more or less on what volume is telling you as price bounces around inside of the range? You enter both positions at once, close the 1st at +10 (or both at -15) and let the 2nd one ride until the next area where price stalls? I love the simplicity.

I trade naked myself, but with candlesticks and on 4hr and daily charts. However, waiting for price to reach my target...

----Shakes Reply------

Thats it in a nutshell. I moved back down to scalping so I could take $$ off the table everyday and like yourself got very bored of watching a position take days to materialise...I didn't like to see the position in the Red even though I knew it would jump into the green over the week. Sometimes I hold positions for months, and you can't optimise profit without large SL's that way...also, like you say, waiting for a trade on the 4hrs/daily chart is boring beyond belief for me to.

I love jumping out of a trade straight away if it goes against me using this system...then straight back into another. There are plenty more trades to take apart from the 40 or so I normally take throughout the day, but tiredness creeps in and I make bad judgements if I try to take them all.

Some very profitable trades have not been posted as I just couldn't type quickly enough after pulling the trigger on my platform, if I can't post the same minute Ive placed the trade then I don't post.

+1000 a week is OK if I dedicate 3/4 days at a time....BUT, after 2 or 3 weeks max, I need to stop and forget for a while, returning fresh and ready to scalp the living sh*t out of it LOL.

The volatility in the market is excellent for scalping at the mo, and it doesnt really matter what the trend is doing...its the "now" that keeps us on the right side of most trades.

Its worth a try, you might be very surprised

...Please please please use a SL . If you have a software glitch/platform problem/world event you put your account at extreme risk. Sorry I can't help you with your platform, as you know I only use MT4 for charting....isn't there a way of using a default SL? Hopefully someone on here can help you....

I used to look at the Market Watch tick chart all the time after I left Candles, after a while I just went with the line chart. The Ticks can show you the minuet moves and prepare to let you know of a large move.

Its very good training to watch this for a while and you are right, you will start to see the patterns warning you of the moves about to unfold. Set yourself a task of just paper trading using the M Watch for a day or 2, don't think about actually placing the trades...just follow the movements, mentally see where you enter, as you enter write it down and so forth. This will stop you from being disracted by trying to place trades on the platform quickly (and missing a reversal pattern seconds later).

After a while you will see the same patterns over and over, you will know which ones to trade...keep a record and then try placing the trades on demo for a few weeks. After you are completely bored with it, start with a very small amount until you are bored with that to.....and so on.

After you have been profitable for a while it will become second nature, you will probably just move to a line chart....watching the price fluctuate quickly on the vertical axis and watching the line unfold smoothly (as opposed to the M Watch). The secret is that trading like this must become very boring, so boring in fact that it is just a job....but of course you work for yourself and can stop when you wish.

Your main problem eventually will be brokers (MM's) moving against you, so a natural progression away from these to ECNs will occur.

Anyway, I forgot all about the MW, good to you for pointing it out...the more tools in the toolbox to acquire skills the better!

...Another point with the M Watch I forgot to mention...place both the bid and ask ticks on it....watch the spread between the 2, if you pull up E/JPY you will see this better. The brain is much quicker to see paterns on lines than numbers changing. You will see the lines come together slightly every few seconds/minutes (changing spread), obviously this is extra volume jumping in...watch as they come together, the pattern and then the resulting jump in prices one way or the other...

OK,

I enter mostly when price is firm/static. I look at where the price/volume is trying to go within a small range...I am entering and reversing trades many times today as I need to be in the move just as it starts.

I have a +10 TP on the 1st Lot as this is normally always hit and covers the cost of spread/commission. Today the market is flat and wandering, normal for a Friday, except when money starts to be shifted around later in the day...moves on Fridays can be very unpredictable, but if in the move on the right side tidy profit can be made.

Direction/volume through the price...I mean here that if I have bought at 11351 for example and the price goes to 11361/2, I have collected 10 and am waiting to see if there is any strength. If price falls back to the original entry I do not always take the reverse until I have confirmation...the best confirmation is if price rests on the price, rises and then falls straight down towards the entry from a few pips above, if price just slowly settles towards the entry I still wait to see if it will gather momentum back again....I am ready to pull the reverse Buy/Sell trigger all the time. If the market has volume but is uncertain, you can catch large moves like this...if it is aimless such as today, many entries are wasted.

Loses can be contained by reversing the trades without letting them hit your SL's, of course there is the spread/comm to pay but like I said above, these are covered by profitable trades later in the day or every +10 taken off the table. You could just use 1 position, and days like today would be a good idea to go this route. I will use 1 position later and just stop and reverse so you can see what I mean.

If you see price begin to concentrate around a 5/10 pip range for a while, you know a large move will resume soon. It could move in any direction. These are the best areas to enter. the longer that this concentration of price continues, the larger the breakout (Normally LOL). As you can see right now, price has fallen back to my original entry point at 11337...this is telling me that the price is just ranging within a small area today and that a breakout may not be on the cards, BUT, I am still watching to see just incase.

The only way to see what I am talking about is to loss your indicators, maybe lose the candles and work off the 1 minute. Do not use support/res/pivots and just see if you can interpret (don't guess!) where price is going "now". You will see price begin to move and then you are in...simple as that really, but it does take some considerable practise and screen time...which you probably already have.

I will answer your other questions later after trading today mate.

...but basically you need to stick with the zoomed in version. Ensure the line is extended to the right of the chart so you can see both the vertical axis price scale and black line near each other. The problem with the zoomed out version is you will only trade in the direction of the trend (that you can see), all well and good until the trend changes and you hesitate to trade with the new trend. Counter productive using this method. If you just took trades with the trend, very good, but the large pips this week have been made by just trading what you see now...this catches large trend changes when everyone else is on the wrong side of the market. (ie Vanilla Option USD/JPY)

You don't just concentrate on the "line", it helps show you the fluctuations of price in the vertical axis (as we all know), BUT, it shows you very quick movements that are not caught using conventional indicators...If you struggle just use Candles, its quite OK whilst learning...but I will say however, make them hollow and blank, no colours...the colour of the candles affects your trading decisions...really. Use the 1 min candles for a few days and watch carefully, you will begin to see and trade well (which you are doing very well at the moment BTW.). With the candle movement rapidly changing every second you will match vertical price with movement...I know this sounds simplistic and "Doh! I already know that!", but trust me, its the rapid minuet movements that you need to observe.

You will begin to see what I mean after a while, I think you already do, but your brain is saying "Noooooooooooo!!" LOL....

...I don't use a broker volume data feed (ie Depth of market), but can tell within the price itself.

The price fluctuations and speed show me the volume being placed...and its affect upon price. The miniscule movements within the price (ie per second) show me where price "might" go "now". The volume data you talk about is what "you" can see happening to price this second....

I will watch price and jump in as soon as I detect a change to the upside/downside. This is not necessarily within a range...for instance, price may have gone +100...if so I will wait for the first sign of a pullback...jump in on the pullback and reverse the trade as soon as it heads back in the original direction...many times. This way I collect more profit.

Say I was in a trade from 11900 to 12000. In one trade BUY at 11900 and TP at 12000 I could collect 100 pips.

If I traded the same 100 pip move the following way:

BUY 11900, TP 11950, SELL 11950, TP 11925, BUY 11925 TP 11975, SELL 11975, TP 11950, BUY 11950 TP 12000...I would collect 200 pips.

To answer your other question, do not be eager to trade the breakout, just trade what you see happening now. If price has already broken out and I have missed the trade, then yes..I wait before entering. Sometimes I enter before the breakout, sometimes after. Deciding where to enter though is something that everybody decides based upon their own trading style...I only trade what I see, as soon as a change in price is detected (ie second per second) I am in.

------Question to Shakesfx-----

I know you are busy 'harvesting pips' but when you have a spare few minutes could you answer this please.

I am trying to get into my head exactly when I should 'looking for an entry'.

Do you pretty much only look for an entry when price has been stuck in a range for a while ('equilibrium' between the bulls and the bears) and then look to get into the breakout move as soon as possible, based on the PA.

And then you look to get out of the 2nd part of the trade when another period of 'equilibrium' is forming as you...

---------Shakes reply----------

Yes the breakout for me is just price moving away from where it was as one side (Bulls/bears) has ripped control from the other. The masses jump on the bandwagon pushing price further...if I see price begin to falter I am out straight away. Sometime I exit and the trade continues, its just the way it is. I can't tell if someone has a limit order/vanilla option for hundreds of millions sitting 50 pips above...but I can tell if they are manipulating price to get there.

Sometimes I enter a trade in the middle of a strong move, sometimes I enter before a strong move, sometimes I enter and nothing happens (in a range). A trade in a range need to be watched carefully, Stopping and reversing many times as the market decides where it is going.

Yes, the longer the period of equilibrium, the larger the breakout in my opinion.

....

You are getting there. Price cannot sustain "zero" movement for long...the approach to zero movement is the coiled spring, which you would have seen clearly on the 1 min line chart...this pattern is a clue to a large move ahead (in scalping terms about 50-100 pips). Now, as the price becomes compressed, you can enter around the middle of the price range and just keep collecting 10 pips on every swing through your entry point...most times compression will be around 20 pips...so entering in the middle gives you +10 each side...as the "spring" becomes more compressed, your trades become more frequent until there is almost zero movement. At this exact point, if you are not already in the trade it may be too late to jump in. The point is that if you see "zero" movement, if you think "price isn't moving, this is boring..." GREAT. This is what you are looking for. These setups occur many times every day and you can just keep collecting the pips. Finding the centre of the "spring" though, takes a little practice.

At this present second the price is at the centre of the drop from 11815. It lies at 11793. 10 pips north and south of this point is here to collect. Now price has just dropped out of the "spring" as I write and fallen to 11771...this is where you watch and see if you place a BUY to ride back to 11793 and maybe above...or SELL to ride down for a re-test of low 117. I reckon that we will be pulled back in the spring to 11793, but of course I could be wrong as price will have changed before you even read this.

The scaled +10 does have its advantages, but as I pointed out in the first thread the comission or spread using this Money Management approach can be quite large. The 10 pips should really be translated as +6 to account for this. I do not include my own com/spreads in the posts due to differences in the market between different trader's brokers.

That is incorrect. Let us say that I have stated:

BUY 11700 TP 11710 SL 11685 (This is the current liquidity provider quote with zero spread, which means your "Market Maker" broker adds spread to this figure)

This price above has no spread, it is contained inside the spread, so you would have to trade it as follows as follows:

2 pip spread:

BUY 11699 TP 11711 SL 11684 = Actual 12 TP, 17 SL

3 pip spread:

BUY 116985 TP 117115 SL 116835 = Actual 13 TP, 18 SL

4 pip spread:

BUY 11698 TP 11712 SL 11683 = Actual 14 TP, 19 SL

With an ECN:

BUY 11700 TP 11710 SL 11685 = Actual 10 TP, 15 SL (0 Spread)
BUT pay a fixed commission charge per Million or Lot size traded.

I thought Ocelot meant: If I say BUY 11700, he buys at 11700..it would actually be that he buys at 11698 and TP at 11712, not his suggested TP at 11714. But having re-read his post and written it out in this post, yes, of course he would need a 14 pip move to achieve a 10 TP. My mistake, I need some sleep.

With a 4 pip spread you should therefore look at reducing risk exposure by either:

Reduce your SL,
Increase your 1st TP,
Decrease yout 2nd TP to 20/30
Trade with only one position and go for a TP of 30 each trade
Trade with only one position and go for a TP using LOT 2 results on a daily basis.

If I have made another mistake here somewhere...I apologise, I'll fix it tomorrow.

With a one minute line chart, I have it set so I can see over the past 2 hours. I then zoom down in stages to where my “working” chart only shows the last 20 mins.

You made a profit; you are also on the right track. It will take time for it to become natural.

You are correct about the up/down range breakout movements. It just takes practise to see if it will continue or drop back in...The main thing here is to get your entry right as to lock in profit instantly if possible.

The first lot is closed automatically at +10. At the same time the second lot Stop Loss is moved to Breakeven. many trades go into profit and then hit the B/E SL, but with the 1st lot in the bank at +10, this is OK

At the moment my last trade is as follows:

My first LOT has been closed at +10

My second lot SL has been moved to B/E

Now, I either decide to let it hit my B/E, or reverse the trade...it just depends on what I can see may happen

As for reversing trades around "0", you will see that price sits as these points for a few minutes...this enables you to exit at zero loss (apart from paying the spread/commission) or allows you to examine the buying/seeling power further...I don't know who will win until spomeone grabs the rope...so I have to be in the trade. If I am wrong I reverse quickly.

Hope this helps

Important posts from 5 Feb

Saw price going through the roof and wondered to myself....where is the large SELL order sitting...Saw price slam into 11885ish and stop...Entered sell there and waiting to see what happens now. Seems to be a good entry, +105 pips for a max 4 pip drawdown (price hit 11889 before falling).

This is one of those trades I was talking about earlier in the thread. For a 10/15 pip risk, the potential COULD be there for 300 pips.

OK, I will leave my SL at B/E, but I would advise others to take some profit at this level. The only way for me to capture large moves is to be prepared to allow price to approach my entry again...if it hits my B/E, never mind.

Thankyou everyone for your kind words regarding the knuckleheads elsewhere, much appreciated.

---

last trade went into profit, 1st lot closed +10, 2nd to B/E, then 2nd lot B/E was hit...what do we do now...price is at 11643 now.

I wait until I see price come back to 11643/44/45 and am ready on the trigger....

OK, its stalled at 11643...

Low volume, huge spread...but you can still make money even if you have to use a MM if the other desks are closed...

1st lot closed at +10 now, 2nd to B/E

Now we watch price come back to our B/E point again....

price rising again towards 11643...

price now stalls at 11640, so we hold the SELL from 11645...

price falling towards 11628...good.

---

now price has stalled at 11629/30...watch and ready to TP and reverse..

---

and there it goes....

jumps to 11648 and stalls SO...watch again for stalling....

HOLDING BUY FROM 11632....

STALLS

CLOSED TRADE RESULTS: 1+10, 2+16

NOW SELL QUICKLY AT 11647

So We Hold The Sell From 11647, Price Now Falls Towards 11632 Again...

Remember Now?

Watching For Stalling....

Where is price now? Still at 11632...this is why you can reverse around these points all day long when the market is slow, but when it's frantic, you need to be very fast on the trigger...

OK, 11632 has just given way, but that means nothing to me just now...Im waiting to see who's going to buy at this price....

So, I can now see a buyer at 11624....price moving up slowly as it is a small bunch of buy orders...we now pass towards 11647, currently at 11634...

Now the big fish has seen the other's hand...what happens now?...we let the price come towards 11640 area, we defend the entry price at 11647 by selling into the rise and hopefully stop them before 11647 hit. Large order at 11637 now will force price back through the small buyer's entry point at 11624....

Now the buyer at 11624 hits back towards 11647, but runs out of steam...

More sell orders at 11632 now, giving at bit of space protecting the 11647 level...

over to the buyers now...

price at 11627...

Now back again at 11624, this is the buyer's opportunity to hit it back, if not the sellers will break through their positions quickly...

And there we go, 11647 defended, buyers level broken, price down to 11613 where we off load...

Within each pip there is support/resistance. Many people think these levels are readily available to plot on the charts and price will behave...wrong. Price will change every second if allowed. Let me show you another...

OK Price is at 11628, where will it go and why

So, how do we check? We lower price veerrrryyyy slooowly towards the 11624/20 level and se who wants to buy...there we go, BUYER at 11619, how strong is their position?

price now at 11623

Now it stalls completely...the buyer is at 11619/20...the Seller is at 11623/24...price at this point for 2 minutes...where do I enter?

If price breaks either way from here I am in...

OK, Im in at 11623 with the buyer, he's in control, but for how long?

price at 11628

No its not a problem (11630). **The Sellers there off loaded at 11613, remember?** There is no esistance now, so my buyer should carry me through 11630...lets see

---

Now I close this trade from 11623 here at 11638 as we are stalling...

LAST TRADE CLOSED 11638 1+10, 2+15

Can you see more clearly now?

If you wanted to, you could just reverse as soon as you see stalling at the 11638 level, and play these little struggles all day and night. Its all within the price you see now, thats the beauty of it...its simple, profitable and the basic element of trading that many have forgotten about.

Right, here we are at the 11624 level again...you try, I need a rest for 10 mins...

---question to Shakesfx---

So this isn't about the speed of the line or number of time the line tapping a particular number. This is about a price breaking past another price that seems to be a focal point. Am I right?

---------shakesfx answere------

Its a mixture of both. Price touching a level, price being rejected from a level, price stalling slowly/quickly/violently, price static/pressed against a level....

Price passing through a level, returning and pausing, then falling through/bouncing quickly/slowly/static etc etc etc. all of these mixed with the speed of price change/ strength of move/ if price at 50/100 levels, "whoosing" as someone mentioned earlier, price jumps within a millisecond within price...then throw in an institution EA that just decides its having a bad day....and market volitality. All of these combined and a few more is why I enter, but you'll get the hang of it fairly quickly.

So you have seen me trade and find the 11624 and 11613 levels fairly quickly, these are my reference points as I only use my previous trades as a reference, not pivots etc.

So, we have price at 11623 right now...is 11630 resitance? who knows, but I can tell you price has been through it twice now...

So, we send price back to 11630 to check...

There we go, price now at 11630...static

Now the fight is between 11627 and 11630, we go with however breaks out first, but also ready to reverse quickly if the need arise...

Right, price broke above 11630, I enter here at 11632....

BUY 11632

It held for a while, then collapsed. Why did that happen? Did you expect that too? Did price show you that it was going to pretend that the resistance level would now be support, then drop through it?

Im only saying this because you said you "expected" 11645 to hold...expectation becomes a losing trade, please don't take it the wrong way, Im trying to help

---

Notes from the 8th of feb

----Question to Shakes ------

11962, sold at 11957 but it costed me 5 pips...why were you sure that this support was not a big one?

----Shakesfx answere------

I didnt. Everyone seems to BUY/SELL place SL's around the 50's levels, which is why I watch them carefully...if possible always allow for some shunting around at these levels if already holding a profitable trade. If your trade is only a few pips in profit when these areas are reached then be ready to exit and reverse, a favourite tactic in manipulation is to allow the bounce from "supposed" strong levels for a better off-load price...We could send price through the level for a better BUY zone. This is why I am now watching the 11930 level, I think this may be a price someone was looking for...but I have to wait and see the strength behind the buying.

I expect ping pong between 11930/40 for a while as each side weighs the other side up...

-----Question to Shakes---
how'd you spot that close and reverse order at 119.02? I am using my market watch which shows the bid and ask of all orders placed including volumes? I was short at basis of 119.58 and closed at 119.14 and am sidelined till I see something of a reversal of the bull trend? price is currently bid 11911 and ask 11914.

--------Shakes Answere------

....I spotted it by seeing price hit a wall, this showed me that the buyer had only taken profit at 11995, 60 and 30 and was looking to re-enter at 11900, either to off load further up again at 11918 or to hold..
.

Spoke to soon, they off loaded at 11918

Last trade closed at 11902 1+10, 2+0

....(very good article!)

This aticle may be of interest...

Techniques of Tape Reading - Accumulation and Distribution

There are actually two types of accumulation/distribution scenarios. We have labeled them passive and aggressive. Let's go over the basic principles first:

Accumulation of a stock is when the volume ratio is leaning more to the sell side, but the price does not decrease. This shows a support level. Distribution is simply the opposite. The volume ratio is more to the buy side, but the price does not increase. This shows resistance. In TA terms, you see this on a chart where price bars/candlesticks derive the t/s data and turn it into a visual of bodies and tails. In TR terms, we are watching action with the rate of change in volume and price as it moves in a desired direction. Those of us that are true tape readers are then able to remember not only where these areas are, but we are also able to remember the difference in action as the stock makes a test or retest into these areas.

For example, the first test of a resistance shows slow buying into it, whereas the next test shows a bit stronger buying into it. Things of this nature take us more into the action of the stock as it's happening and a bit harder to see on a visual representation in TA terms. This is why I like the complementary styles of TA and TR. Both teach the principles that help to define more confidence in your system and fills gaps in each other's systems. Since we have basic principles of accumulation and distribution, we can figure out how the minority and majority act.

Knowing that the majority usually is on the wrong side, it's important to understand what the minority is doing in each of these scenarios in order to participate with them, in a manner that we are ready to unload any position to the majority as we see them participating more. Much like when we exit position into price/volume spikes.

First, let's go over what the majority believe about accumulation and distribution. Unfortunately, this belief is far from truth as it acts as a theory for why the market works the way it does, but a theory that is far from reality. Many try to apply the idea that: The market likes to drive prices down to "accumulate shares" at lower prices.

This can be the famous "they" or the specific "MM", neither of which holds any special meaning to a professional trader. We know the market works in a manner that hurts the majority because the majority tends to be simplistic and lazy. Thus when things go against their thought, there is blame to be placed. Our sense of accumulation does not have to do with the "whys" or theories, it is simply based on the fact that "this is what I see and it's happening regardless of why". Let's talk about accumulation.

Two types:
1. Aggressive (normally when we see a slow uptrend that is unassuming as some group or company or firm is trying to establish a position not alerting the public to it until they have the full position filled).

2. Passive (normally seen when a stock makes a sharp move after such events like capitulation where the smart money begins to support the price but not with the same intentions that we see in aggressive accumulation).

You can say one is for the rebound while the other is for establishing larger positions.

In aggressive accumulation, you often see one or possibly a few major players on the issue. They can be as apparent as their own MPID (Market Participant Identification) or they mask the intention using an ECN such as INCA or BTRD. This type of accumulation is marked by slow steady advances (sometimes some nasty pullbacks are apparent depending on liquidity issues), but for the most part, most selling is absorbed aggressively by these participants. Slow and steady therefore does not draw attention to the public as the public is mostly going for stocks that are moving up and down in a volatile fashion to trade.

This unassuming nature and lack of attention to the stock being accumulated, allows for larger positions to be established without much risk of having to pay higher average prices in acquiring the full lot. Quite often, to mask the appearance of accumulation, the MPID will go on the ask selling shares to cap the upside move at certain intervals if he feels maybe it's getting out of hand. Of course he runs the risk of it continuing higher while he tries to sell, but this is the game we play.

The main theme continues to be: How can I get my full lot filled while not drawing attention to it.

This is their entry strategy.

What's the exit strategy? We talked about this already. When the public finally figures it out and begins to hit the stock with major buying. This is the area that the minority who has been accumulating shares during the time period the public wasn't aware, begins to distribute all they want.

This whole scenario shows the MPID wants to establish a position but doesn't want to tip its hand. He slowly buys the stock absorbing the majority of the sell volume creating support levels. He may have a few tricks along the way to try and spook us, but this is not a conspiracy, it's his job to get the best price for his full position. Finally when the public begins to see a stock climb, it gets hit with buy volume, creating price and volume spikes. This is the area the MPID wants to begin unloading some or all of the position.

Passive accumulation is the opposite scenario of activity. In this case, we have aspects like a fast selling event. This shows that the majority is already participating and most scanners and filters have picked it up. This draws immediate attention to the stock from wider audiences. So there is no way to establish a strong position as the time period for many of these rebounds doesn't allow a lot of liquidity to get a large position. Most of these moves are displayed with a fast drop, then quick bounce.

Now, this is passive for that very reason. The MPID is not necessarily looking to establish a huge position. He is simply playing the overreaction of the crowd. This is the example of the minority taking the opposite side of the majority (sell side in aggregate) and going long once that selling gets exhausted. You and I are able to participate with this passive accumulation when we see the scanner pick it up. As we also look for that pivot where selling seems to be exhausted, we establish our risk and then go long. On aggressive accumulation we are looking at something that is not as clear and is often harder to see (which again is what it's supposed to be or else the public ruins the accumulation)

Passive accumulation is easy to see. Panic selling brings us to it. Aggressive accumulation is not as easy and we often have to watch the stock a bit to assess which MPIDs are doing what before making a decision. But the characteristics are there:

Passive: Fast drop and looking for area where it gets exhausted and look for long...using that last low as support level.

Aggressive: Slow uptrend, strong absorbtion of selling by MPID that is major player and many times volume increases more on average from the previous day's trading as they continue to increase their position and more and more are catching on to the trade.

Okay, let's move onto distribution. Again, the basic principle is that large buy volume with no increase in price marks distribution and a resistance level. However, again we have two types: Passive and Aggressive.

Aggressive distribution is often marked by strong absorption of the buy volume on the sell side. The firm or MPID is taking a short side position for whatever intention. Either from a technical standpoint or because this is an area where it best fits his intentions for his position or whatever. Maybe there is less competition for him to sell at this level versus a level higher as he sees it. We'll never know at that point in time what the true intention is. For whatever reason, he is doing the opposite of our accumulation scenario. He doesn't let the price drop. In this case, he doesn't allow for price to rise.

His risk is that there might be an overwhelming demand that he has to cover. His reward is that he is able to establish a position on the short side in a manner that doesn't bring in the public that will drive the price lower, forcing him to sell lower and ruin his cost basis. As the stock falls, the slide is normally slower with previous resistance becoming lower and lower, establishing that downtrend that eventually the public picks up on.

What happens next is that traders see the setup on the short side and sell the stock. Those that are long eventually get to a panic phase (capitulation) where those that are short from higher levels are more than happy to buy, covering partial or all of this short position. And at this point, we have possible passive accumulation again. See how the cycles begin to work together?

Passive distribution: Stock brings in the strong majority buy volume and those in from lower levels (minority) are now beginning to sell shares to the majority. At this point: institutional support is no longer there because their accumulation and established position from lower levels is gone. Now it's time to distribute to the public. If no institutional support is there anymore (MPID support gone), then the stock has a greater probability to fall. At the time of this spike, this is where buying becomes exhausted and distribution hits the stock and this marks our resistance level. This is again is where the majority is participating and no large unassuming positions can usually be taken by MPIDs and therefore is passive. They are distributing enough shares to alleviate accumulated shares from lower levels. And they are not establishing a large short position, rather alleviating positions they currently have from the long side.

So how can we use this?

In aggressive accumulation we are able to identify the beginning areas of stronger moves and add bigger positions as the stock moves in our direction, waiting till the public figures it out and unload our position to them. In passive accumulation, we are able to play for the rebound much like in our capitulation alerts.

In aggressive distribution, we are able to go short and look for trend continuations allowing those areas of faster selling to let us partial out. In passive distribution, aggressive shorts can look for a scalp short and long side traders can look for pullback entry.

I often find that shorting price spikes is a bit more risky due to the fact that if distribution is light and resistance is broken, we now have short covering and long side buyers hitting the trend continuation signals often leading to some strong slippage. Over the years, I have seen some real ugly ones, jumping .50 to 1 before traders could get out. Times have changed a bit, but the principle is the same and a reason that most of these "euphoria" alerts are for faster profits on the short side.

These principles of accumulation and distribution that I described show you how the minority think and how the majority thinks. You must be able to see the difference in why we act the way we do in order to progress using these principles that illustrates the minority acts against the crowd and can profit greatly from this understanding.

Christopher Schumacher is the CEO of GST Capital Group and a private trading mentor for RealityTrader

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I don't know which side is going to win during the fight, I only know within the last few seconds as I see Bulls/bears taking control...then I must be quick on the trigger. Stick with it

Right, we need to watch this 11985 level...plenty of sellers here, but buyers putting up a good fight, if the buyers take control, this will explode me thinks...

(The price was near 120.00 price action ha many sellers, and ShakesFx said this):

The buyer is slowly accumulating ready to catch everyone on the wrong side...He will allow price to fall slowly, the masses will place SELL orders, then he will slam price through 12020/30/40 allowing everyone to switch to LONG before he slams it South again. There may a few surprises today...I'd stick my neck out and say: watch price fall to 11965 and bounce

---

You were worried about taking a side? I understand this completely and it is absolutely normal. I reverse many times as sometimes even the market doesnt know where it wants to go...it's during these "tight range/confused/choppy" conditions that the large orders are being placed and tactics are being used to cover tracks made...

The large SELL was feed in from the top, I was confused at the start of trading as I thought the SELL was for a better entry at the 11900/65 level to smash through 120 area. I'm not complaining, they just made me work harder for my money today...

-----Question ro ShakesFx------

So Shakes,
After this long run down, things are consolidating in the 117.75 to 117.45 area. Does that mean the big buyers are taking a breather. Seems pretty flat compared to earlier.

----- Shakesfx Answere---

No, it means price will fall again as soon as people start buying into it. I,m not trading it myself for now as i'm whacked.

I'm just watching this at the moment as now would be a good opportunity for someone to play with this price here (11885) in low volume...

I'm watching this price action and trying to get a feel for where we will go...

I'm sure there's a (large) Seller slowly off loading...but of course I could be wrong.

Note from the 12th of feb

Now 1st lot closed at +10, 2nd to 11564 locking in +10 due to price now at 11594

10 in bank, second 10 locked in, now we see where the trade goes from here..

If this is going to be one of those choppy days which others hate, we should be pleased. You can just reverse back and forwards around certain points just taking +10 off the table every few minutes. If on the right side of a break out, you are carried along for the ride...

There's that BUYER I talked about earlier who was visible within the price action...Don't watch the news, so don't know what happened and don't really care, don't even know if it is the reason price spiked....

Price 11595, expect sellers here, but I'll hold my BUY 11554

Watching the coiled spring appearing? 90 looks like the mid point..

Can anyone see what I meant when I said watch the coiled spring with mid point at 90? Price sat at around 90 for 7/8 minutes...it then rose a few pips and has now dropped 70 ish pips.

When price dropped towards my entry from the 90 area, I knew that the accumulation of buyers had disappiated....the price sitting at 90 for 7/8 mins and falling through was my signal...but i choose to hold my original entry to see if buyers jumped in before it was reached. Once my entry was hit, I waited to see for a moment if we would rebound, which we did slightly, once I saw that not only was my B/E SL hit, but my orignal entry at 11564 was approached again after a small bounce, I decided to sell at 11564

Exactly...now same again...watch for price to:

A. Drop out of the coil a few pips and explode in the opposite direction

B. Drop out of the coil and accelerate to the downside

C. Rise out of the coil and then explode to the downside

D. Rise out of the coil and accelerate to the upside

I enter a trade using my last trade as a reference, if the trade is wrong, I am out and reverse to catch the moves. I learnt to trade this way because I know how devious the "big boys" can be...the only way to beat them is to join them if you know what I mean. Indicators are useless to me, they only show where we "might go according to history"...by being involved with PURE price action all the time you ride on their coat-tails and collect profit along the way.

To be honest, trying to call the top and bottom of the market is very difficult and can result in becoming attached to your trades. Your mind starts to think "We must go here now.." which as you know with this system will empty your pockets. I need to be constantly in the trades and then I can see where we may go.

To answer your question though, screen time is something that helps enormously.

The coils are where there is indecision and congestion in price. The highs and lows get closer and closer together as each side fights for control. I pick these areas just by looking and do not plot a line on the chart...a line on the chart tells your brain "this is a fixed point and price WILL move around it.." This is not helpful, but by looking and just mentally picking a mid point, you get the feel for what price may do.

So, we have lower highs and higher lows, gradually coming together to a central point...if we see price then become static at the mid area for a minute or two (today it was for upto 12 minutes at some points) then beware...price cannot remain static for long...the longer it remains static, the larger the breakout from these areas...

Learning which way to trade inside the coil is hard, I get it wrong many many times and reverse quickly. When price has gone static at these points you need your order and closing trade windows open, your finger on the finger and a fast reaction. This all come together with time.

Sometimes I pick the mid point, sometimes the edge, I move my psoiton around by reversing to get on one side or the other sometimes, sometimes I wait in the middle just grabbing +10 every minute or two. I must say, I don't see the "coil" as everyone else does, I see it second by second in the price feed and not as a diagram to the left.

No one knows where "buyer x" and "seller y" have their exact orders. The brokers etc have a general idea, many traders have a general idea, but no one know exactly. The areas of resistance/support are where many orders are placed.

You can detect small fluctuations in price that tell all is not as seems, this shows me that large orders are being scaled in or out...these are most evident in the hours leading up to a news release. Large orders have already been scaled in before the news creates a "spike", many stand aside during the news, but the big boys already know the direction they are going to force the market.

As for explaining what I see....I dont think it can be exlained, its just knowing and recognising a certain "behaviours" in price which alert you to this fact. I was correct when stating large fall, I was correct in stating larger Buyer, I was correct this time, sometimes I am not.

I must add that it is something that cannot be taught, everyone see's it in their own way and definitions vary. It does take considerable screen time in the tick level to become aware, but even then takes a multitude of trades to master. BTW, I am no master, I get it wrong many times, but my profitable and B/E trades outnumber my negative trades, so Im getting there.

I know the above must sound like I am holding something back, but I honestly think this is only something you can learn to observe with screen time. Eventually you will come to know where to place your orders and will have a "real" feel for price.

Absolutely spot on. The problem for many is "It's in a up/down trend, I should be looking to buy/sell....." This induces hesitation when you can see price is slowing, stalling and about to reverse...As you hesitate the market decides for you and it's off into the horizon leaving you in the dust....

But changing the way you think, the first steps are being taken to be more profitable. The easiest way to crack one of these is to watch the price, wait for a strong up/down move, but don't jump in with the masses....be skeptical and look for where you could catch the top/bottom. This unfolds by price showing you stalling, slowing, resistance, whatever you want to call it. Let price show you if you are right before entering. Collecting just 4/5/6 pips here and there will give you more confidence and the rest will come with time.

Changing the way you think is very important and successful trading is not possible without it.

Thanks for raising the point. and don't worry about your English, It's fine

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OK, 7 times around one number. This is because I pick an entry point based on what I can see in price. What you can see is that I Bought/Sold at that number becuase I could see price stopped briefly as soon as it was touched. This told me after a few minutes of my enrty that there would be a fight around this level. I love fights between bears/bulls and I just ride them each way collecting +10 every time. My last trades are always my reference points, every time the trade came back to B/E on 2nd lot after hitting the 1st lot TP +10, I just re-entered and worked the trade again. 7 times isn't normal, but resulted in me collecting a lot of pips that day. Normally I would be reversing around an entry point 3/4 times before price decides where it wants to go, but sometimes my entry is just carried along into large profit straight away. You basically profit from everyone else's indecision/fight/conjestion/resistance/support/whatever traders wish to call it LOL.

I just picked the number based on what I saw and played the market.

...it hit resistance, but is this an excuse for a Buyer to wait for a retracement to achieve another BUY entry point? I don't think there would be many buyers at the resistance level, so we need to see where they think it's a good place to enter more positions...

If my B/E SL is hit, then it's lower than 11732 and I shall stand aside and watch.

The second lot can be managed in different ways to suit your style. I personally normally leave it open with SL at B/E if I see there could be a large move, but these days I just move the SL up to lock in some pips when in profit by 70 pips etc.

You could TP on 2nd Lot at 20/30/40 pips if you wished, but then you are out of the market and looking for another entry point...

It's all personal prefernce really, how about using a Trailing stop, say when at +50/60, move to +10, and then follow in increments of 10 thereafter?

......continued at http://www.forexfactory.com/showthread.php?t=145482