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LESSON #1 - THE MARKET MAKERS

THE MARKET MAKERS

The Forex market is controlled through the BROKERS, HEDGE-FUNDS & BANKS, with the HIGHEST market share percentage.

Below we can see a chart of the banks with the highest percentage of market shares in the year of 2016.

Top 10 currency traders ^[64]
% of overall volume, May 2016

Rank	Name	Market share
1	 Citi	12.9 %
2	 JP Morgan	8.8%
3	 UBS	8.8%
4	 Deutsche Bank	7.9%
5	 Bank of America Merrill Lynch	6.4%
6	 Barclays	5.7%
7	 Goldman Sachs	4.7%
8	 HSBC	4.6%
9	 XTX Markets	3.9%
10	 Morgan Stanley	3.2%

These top market share holding banks work with professional traders known as "Market Makers" AT (CITADEL) to "Generate Business" with clients and "Make markets" in assets such as currencies.

So what do we mean by "Generate business" and "Make Markets"?

A market maker generates "Business" with his clients (YOU AND I), (the retail traders) , by creating patterns on the charts that we can recognize.

The market maker uses the LIQUIDITY PROVIDERS shares to "make markets", his job is to create a trading environment that entices the retail trader to enter the market.

YOU ARE OF NO VALUE TO THE DEALER (MARKET MAKER), IF HE CANNOT GET YOU INTO THE MARKET!

Once the majority of the "retail traders" recognize the pattern that is presented on the chart, the market maker will then either show the retail traders a bit of profit (to entice them to use higher risk, leverage more & over trade), then once you (the retail trader) are in over your head in trades with risk at max, the dealer SHIFTS the market completely against you, and hits your stop loss before you know how to react.

HAS THIS HAPPENED TO YOU BEFORE? THOUGHT YOU WERE IN A PERFECT TRADE? THOUGHT NOTHING COULD GO WRONG, THE PERFECT TRADE SETUP WAS IN PROGRESS, A GREAT ENTRY. YOUR FIRST POSITION IS IN PROFIT, YOU ADD A FEW MORE POSITIONS. THEN SUDDENLY THE MARKET SWINGS IN THE OPPOSITE DIRECTION LEAVING YOU PANICKING AND BLOWING ACCOUNT AFTER ACCOUNT?

NO MORE.

WHAT YOU WILL BE TAUGHT IN THE NEXT FEW LESSONS WILL CHANGE EVERYTHING YOU'VE THOUGHT ABOUT FOREX, AND HOW THE MARKET REALLY WORKS.

OVERVIEW

We will go over market structure and patterns that the DEALERS use to entice traders into the market.

We will also be going over how to enter the market against the retail trading heard, and in line with the Forex Dealers (Market Makers).

WHAT IS THE BENEFIT OF TRADING IN LINE WITH THE DEALER?

ONCE THE DEALER MAKES HIS MOVE, THE MARKET CAN SWING HUNDREDS OF PIPS, AND IF YOUR TRADING "IN LINE WITH THE DEALER" YOU WILL HAVE A MUCH HIGHER POTENTIAL FOR PROFIT IN A VERY SHORT PERIOD OF TIME!

We will also go over trading psychology and patience, how to obtain trades with up to 1:10 or even 1:20 risk reward ratios with little to no drawdown.

Don't think this is possible? You will be very surprised with what you will learn in the next few lessons. Be prepared to enter a new paradigm.

THE DEALERS

THE DEALER HAS MANY NAMES. MARKET MAKER, LIQUIDITY PROVIDER, SMART MONEY, ECT...

The "SMART MONEY" sells to and buys from its clients and is compensated by means of price differentials for the service of GENERATING liquidity, MINIMIZING transaction costs and facilitating TRADE.

As of 2008 there were over two thousand "known" market makers in the US.

SO WHEN DO THESE "MARKET MAKERS" ACTUALLY MAKE THE MARKETS?

Market makers are mostly active during london and new york session. During asian session, market makers will be replaced with what is known as a "liquidity-sensitive automated market maker" that will move the market sideways in perpetual consolidation for about 8 to 10 hours.

This is normally done during asian session as many retail traders in the usa will be trading during this time. (1pm to 10pm~ct)

This short 10 hour consolidation phase is absolutely key for the london and new york dealers, this phase gives the dealers an added amount of liquidity that is needed to move the market when the dealers are ready to do so.

In currency exchange [edit]

Most foreign exchange trading firms are market makers and so are many banks. The market maker sells to and buys from its clients and is compensated by means of price differentials for the service of providing liquidity, reducing transaction costs and facilitating trade.

In stock exchange [edit]

Market makers that stand ready to buy and sell **stocks** listed on an exchange, such as the **New York Stock Exchange** or the **London Stock Exchange**, are called "third market makers."^[3] Most **stock exchanges** operate on a "matched bargain" or "order driven" basis. When a buyer's bid price meets a seller's offer price or vice versa, the stock exchange's matching system decides that a deal has been executed. In such a system, there may be no designated or official market makers, but market makers nevertheless exist.

New York [edit]

In the United States, the **New York Stock Exchange** (NYSE) and **American Stock Exchange** (AMEX), among others, have Designated Market Makers, formerly known as "specialists", who act as the official market maker for a given security. The market makers provide a required amount of **liquidity** to the security's market, and take the other side of trades when there are short-term buy-and-sell-side imbalances in customer orders. In return, the specialist is granted various informational and trade execution advantages.

Other U.S. exchanges, most prominently the **NASDAQ** Stock Exchange, employ several competing official market makers in a security. These market makers are required to maintain two-sided markets during exchange hours and are obligated to buy and sell at their displayed bids and offers. They typically do not receive the trading advantages a specialist does, but they do get some, such as the ability to **naked short** a stock, i.e., selling it without borrowing it. In most situations, only official market makers are permitted to engage in naked shorting. Recent changes to the rules have explicitly banned naked shorting by options market makers.^{[5][6]}

As of October 2008 there were over two thousand market makers in the USA^[7] and over a hundred in Canada.^[8]

In liquid markets like the **New York Stock Exchange**, nearly every asset has open interest, providing two benefits: price takers can buy or sell at any time, and observers can continually monitor a precise price of every asset.^[9]

A prediction market, or market explicitly designed to uncover the value of an asset, relies heavily on continual **price discovery** holding true.^[9] Prediction markets benefit from automated market makers, or algorithmic traders that maintain constant open interest, providing needed liquidity to the markets that would be difficult to provide naturally.^[9]

Examples of New York market makers are **Jane Street Capital** and **Optiver**.

London [edit]

On the **London Stock Exchange** (LSE) there are official market makers for many securities. Some of the LSE's member firms take on the obligation of always making a two-way price in each of the stocks in which they make markets. Their prices are the ones displayed on the **Stock Exchange Automated Quotation** (SEAO) system and it is they who generally deal with brokers buying or selling stock on behalf of clients.

Proponents of the official market making system claim market makers add to the **liquidity** and depth of the market by taking a **short** or **long** position for a time, thus assuming some risk in return for the chance of a small profit. On the LSE one can always buy and sell stock: each stock always has at least two market makers and they are obliged to deal.

In contrast, on smaller, order-driven markets such as the **JSE Securities Exchange** it can be difficult to determine the buying and selling prices of even a small block of stocks that lack a clear and immediate market value because there are often no buyers or sellers on the order board.

Unofficial market makers are free to operate on order driven markets or, indeed, on the LSE. They do not have the obligation to always be making a two-way price but they do not have the advantage that everyone must deal with them either.

Examples of UK Market makers since **Big Bang Day** are **Peel Hunt LLP**, **Winterflood Securities**,^[10] **Liberum Capital**, **Shore Capital**, **Fairfax IS** and **Allium Securities**.

Prior to the **Big Bang**, jobbers had exclusive rights of market making on the LSE.

Stock market
Common stock · Preferred stock · Registered share · Stock · Stock certificate · Stock exchange
Other markets
Derivatives (Credit derivative · Futures exchange · Hybrid security) Foreign exchange (Currency · Exchange rate) Commodity · Money · Real estate · Reinsurance
Over-the-counter (off-exchange)
Forwards · Options Spot market · Swaps
Trading
Participants · Regulation · Clearing house
Related areas
Banks and banking · Finance (corporate · personal · public)
V · T · E

Upon doing some simple research, we can see 2 main Market Maker sessions. The New York Session and the London Session.

During these times the market will move much faster. you will many times see that once asian consolidation is over, and london session begins, the market may move in one direction for the entire length of london session, then coming into new york session, completely reverse and go in the opposite direction of london session.

If you trade london and new york session you know this is true, many times one session is used to fake-out or give a false directional bias to retail traders (dumb money), then the session changes over and a complete reversal happens.

You see retail traders are extremely predictable, they see this 5.5 trillion dollar a day market as some type of magical get rich quick "giving tree".

They think just because they watched a few youtube videos on how to spot a "head and shoulders" pattern or "how to graph a trendline" that suddenly they are given they key to success in this market...

Trading is much more than just finding patterns..!

On the outside, trading is watching charts, spotting fake-outs, trap zones, consolidation, ect.

This is the easy part.

But it's what you cannot see which is the hardest to overcome, what is on the inside...

Emotion... Can you mentally handle drawdown? Are you confident in your trades? Are you taking trades because of impulsive emotional response, or do you let the trade come to you?

Let me introduce you to something called...

PATIENCE.

TIME IS YOUR ONLY FRIEND IN THIS MARKET

If you are still not sure if what i am telling you is the truth, you may visit one of the various market makers websites at www.citadelsecurities.com

Citadel is the leading liquidity provider for the financial markets and manages assets of nearly 150 billion dollars.



Making Better Markets for a Better World

▼

OUR COMMITMENT

Making Better Markets for a Better World

Citadel Securities is an award-winning global market maker across a broad array of fixed income and equity products. Our unique set of capabilities and tools are designed to drive down the cost of transactions, helping to meet the liquidity needs of asset managers, banks, broker-dealers, hedge funds, government agencies, and public pension programs. We strive to provide the most efficient execution and the highest caliber of services, making markets more fair and accessible for all.

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LESSON #2 - THE MOST VALUABLE CURRENCY IN THE WORLD

THE MOST VALUABLE CURRENCY IN THIS WORLD IS TRUTH

“Unless you’ve worked at a proprietary firm, you have NO IDEA of what you’re going against!”

A single proprietary trading firm can have enough computers to fill your house ten times and then some. Each of these computers can easily be \$50,000 or more. These firms have zero problem hiring the best programmers in the world for \$500 per hour or more to program some of the most complicated programs that ever existed. I'm telling you that people trading at proprietary firms are at least as smart as NASA engineers and sometimes smarter. Except for a tiny number of individuals devoted to making this world a truly better place, in this world, money is a much more powerful motivator than the pursuit of scientific progress. Don't believe me? A NASA engineer earns something like \$100,000 per year. A good trader can EASILY earn \$100,000 per DAY. EASILY.

In my career, I saw a data center used for trading that was so large I couldn't see the back wall. "We haven't even used most of the computers you see here," said the guy to me. The firm had been operating for more than ten years. That gives you an idea of how just well-equipped and well-capitalized these guys are.

These guys have no problem investing millions to cut their ping from 2s to 1.99s. They have no problems paying an additional \$10,000,000 per month rent just to have an office that is half a mile closer to Wall Street just so their orders will pass through a milli-second faster. These people have no problems offering a \$500,000 signing bonus to grab the best financial engineering grads and then offering millions of dollars in bonuses every year, even if the trader doesn't perform all that well.

These people can test BILLIONS of possible technical analysis indicators and combinations on about every single product that exists a million times by the time you notice your little "A heads and shoulder pattern is forming!" These people can send a million trades by the time your finger hits the "buy" button. These people can backtest millions of strategies in real time by the time you blink your eyes. And despite all that, the vast majority of these funds do not beat the market on a risk-adjusted basis over an extended period of time."

-Anonymous

Does this change your perspective a bit?.. Believe what you want, you can choose to believe that the market is based upon the constant "fighting" of buyers and sellers, or "bulls vs bears" and believe that invisible lines on the charts will help you succeed and give you confidence...!

I once believed this to be true, until I changed my perspective. I did the research, I followed the money. The banks own the media who created the idea of mainstream Technical Analysis as we know it today.

The future lessons will help you come to your senses and clear some of the programming you were taught to believe.

What if I told you all you needed was 2 or 3 trades per week? what if I told you I had a strategy that can perform at a 90+ percent win ratio? What if I told you, you could potentially find trades with risk reward ratios of 1:10 or 1:20? What if I told you the trades you will learn to take will instantly shift into profit and drawdown would be a thing of the past? Would you believe me? It sounds crazy.. almost impossible.

These outcomes are all achievable with what you will be learning in future lessons.

THE MOST DIFFICULT TASK IN SPECULATION IS NOT PREDICTION BUT *SELF-CONTROL*. SUCCESSFUL TRADING IS DIFFICULT AND FRUSTRATING. YOU ARE THE MOST IMPORTANT ELEMENT IN THE EQUATION FOR SUCCESS.

With this being said take a moment and realize the truth in this statement. I am not going to be pressing the buy or sell button for you, I am not going to be there for you when you get greedy or fearful. These aspects are completely out of my control.

This journey begins with you, I can only show you the door. I cannot force you to walk through it. I can give you water, but I cannot make you thirsty.

Before this journey can begin you must part from your retail trading ways that you have been taught.

The job of the market maker is to create panic in the marketplace, an old saying goes "stir the waters to catch the fish" essentially this is all they are doing. relying on your emotional response to get you to lose confidence in your trades and make irrational decisions.

LESSON #3 - EMOTIONS AND TRADING

EMOTIONS AND TRADING

Your emotions will drive the decisions you make today, and your success WILL depend upon your ability to understand and interpret them. When an emotion is triggered in your brain, your nervous systems responds by creating feelings in your body (what many people refer to as a "gut feeling") and certain thoughts in your mind.

A great deal of your decisions are informed by your emotional responses because that is what emotions are designed to do: to appraise and summarize an experience and inform your actions.

When you are trading and the market suddenly spikes an emotion is triggered, *just how much do you pay attention to your visceral response and the thoughts it creates?*

Emotions, when they are not disordered, provide information about your circumstances in a simple, quick way that does not involve a lot of cognition (thinking about it).

Have you ever been in a trade and making good profits, suddenly the market spikes in the opposite direction, leaving you at break even or very little profit and you close the trade instantly because of this rapid movement, only to see it was a fakeout and price continued in your intended direction?

Your emotions WILL attempt to tell you if a situation is optimal or not aligned with your goal, and how you might approach it.

However, when you get greedy and over leverage or over risk your account, your emotions will be magnified and you will become delusional.

How many times have you over risked your account and stayed up for 2 days straight babying your trades and hoping that your account doesn't get margin called..?

What is the Market Makers job? To get you to become an emotional wreck..

Market Makers cause THESE spikes and crazy movement in the Market to create an emotional response inside you, this response created inside you will be DOUBLED if you are over risking , causing you to lose control of your actions.

Have you ever been in a trade and you know the SL is going to get hit, but you still stay in anyway?

How many times have you over risked and stopped yourself out because of a small swing against you, only to see seconds later the trade goes profitable again?

How many times have you entered a trade just because of a spike YOU THOUGHT WAS MOMENTUM? only to get stopped out mins later...

This is how the market maker gets into your MIND and controls what you do.

“There is a pattern in the markets..., not in the chaotic series of transactions, but in the MINDS of the market participants THEMSELVES”

HOW EMOTIONS MANIPULATE OUR PERCEPTION

Fear, for example, can affect low-level visual processes, sad moods can alter susceptibility to visual illusions, and goal-directed desires can change the apparent size of goal-relevant objects. In addition, the layout of the physical environment, including the apparent steepness of a hill and the distance to the ground from a balcony can both be affected by emotional states. We propose that emotions provide embodied information about the costs and benefits of anticipated action, information that can be used automatically and immediately, circumventing the need for cogitating on the possible consequences of potential actions.

Most of us assume quite reasonably that as we look at a hill, for example, the steepness of the incline in our visual image is more or less the steepness of the hill in the world. The reality, however, is that the incline is far less steep than it appears (most people perceive a 5 degree hill to be 20 degrees or more). Moreover, our perception of the steepness will change from one occasion to the next depending on our mood. For example, when we are feeling sad, we will perceive the hill to be steeper than when we are feeling happy. Such findings indicate that the perception of spatial layout is in fact influenced by non-optical factors, including emotion.

A chief function of emotion is to interrupt and reorder processing priorities.

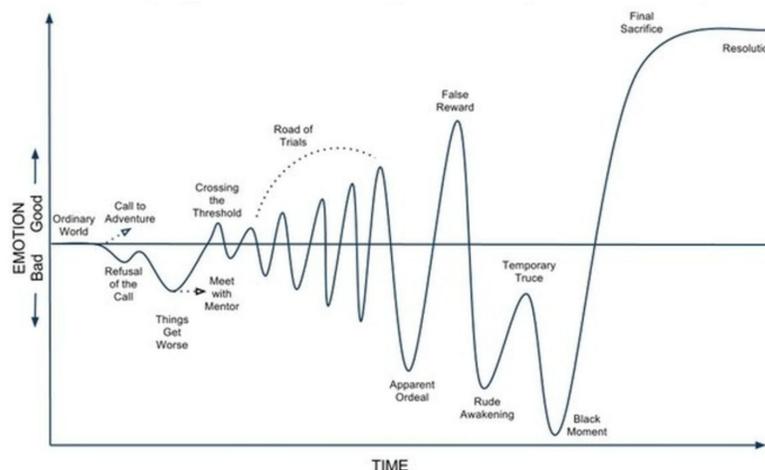
Thus, even the most avid trader is likely to close his position upon noticing that his house is on fire.. Even though the danger is not in the Market, but in his own mind.

People sometimes say that a person “can’t see the forest for the trees.” In doing so, they imply an incompatibility between perceptions of details and perceptions of wholes.

Emotion also influences whether people focus on the forest or the trees.

When investigators induce happy or sad moods (for example, by having participants spend a few minutes writing about a happy or sad event from their lives), participants in happy moods often adopt a global perceptual style, whereas those in sad moods adopt a local perceptual style

Now take this into the market place, when you are happy you look at the larger picture (market traps, trend, general direction of market). however when you are sad or in fear, you may pay closer attention to each individual candlestick on your chart and try to interpret their meanings

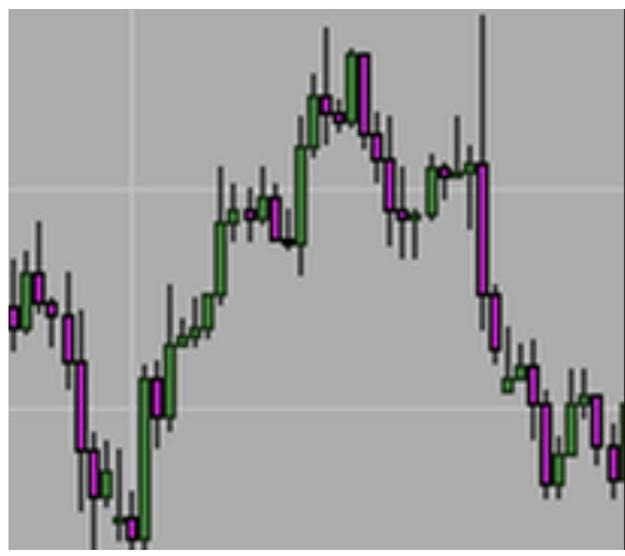


LESSON #4 - A TRAUMA BASED MARKET

The market makers main goal is to make money, he will do this by any means necessary. even if this means mimicking the emotional response structure of a catastrophic disaster. Yes, this is the game they have played on us. By entering the market we have submitted ourselves into an emotional battlefield and I can prove it.



ABOVE IS A CHART DEPICTING THE EMOTIONAL RESPONSE OF A DISASTER.



HERE IS GBPUSD ON A 4HR TIME FRAME

The exact same structure! this structure plays out on every timeframe and is sometimes referred to as the dealers "play book" or his "business model".

The dealer is in the business to take your money, and this is how they structure the market to do so!

This is why success in these markets are 90% dependent on emotional control and 10% strategy!

LESSON #5 - MICRO AND MACRO

MACROCOSM AND MICROCOSM



This pattern plays out in micro and macro to form on all time frames. Above is an example image of the micro within the macro.

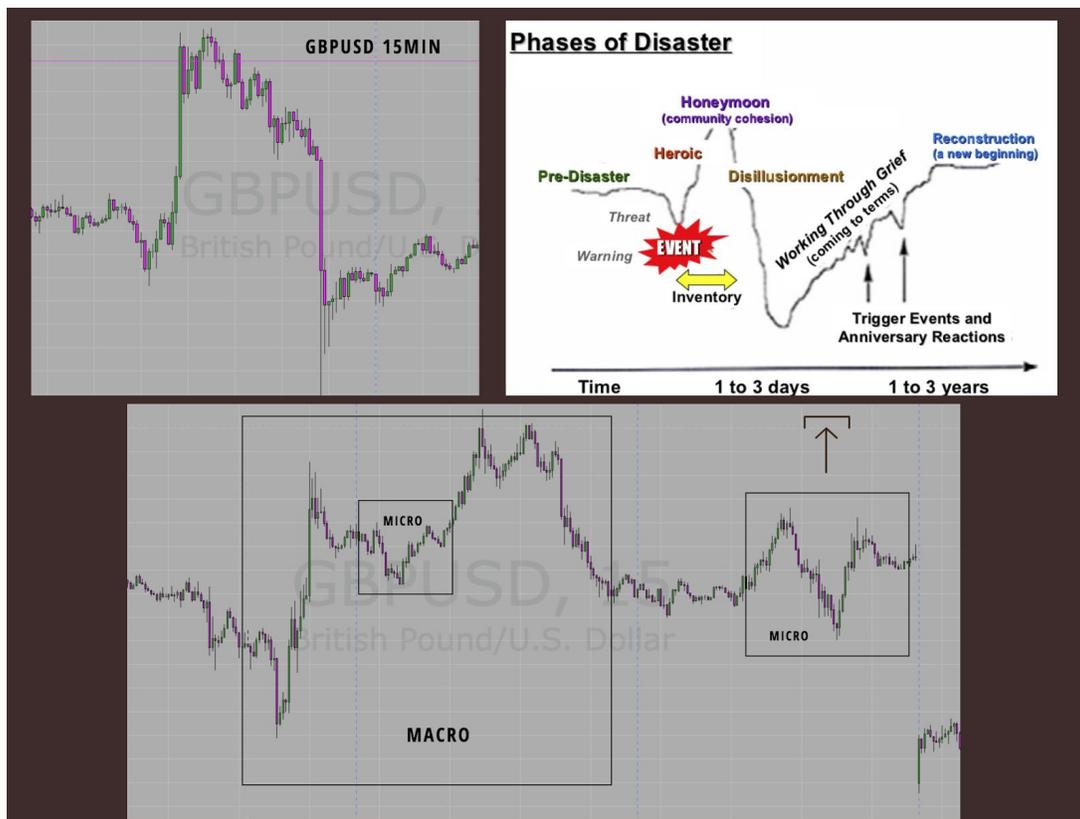
Examples of macrocosm and microcosm are found throughout nature. It is also the structure of a hologram, each part is contained within the whole and the image of the whole is reflected within the confines of each part.

ANOTHER WORD TO DESCRIBE THIS CONCEPT IS "FRACTAL"

FRACTALS are never-ending patterns... Fractals are infinitely complex patterns that are self-similar across different scales. They are created by repeating a simple process over and over in an ongoing feedback loop. Driven by recursion, fractals are images of dynamic systems – the pictures of Chaos. Geometrically, they exist in between our familiar dimensions. Fractal patterns are extremely familiar, since nature is full of fractals. For instance: trees, rivers, coastlines, mountains, clouds, seashells, hurricanes, etc. Abstract fractals – such as the Mandelbrot Set – can be generated by a computer calculating a simple equation over and over.

The dealer has to make different variations of the pattern micro/macro pattern above, in order to keep retail traders blinded to what is really happening.

BELOW ARE A FEW EXAMPLES OF THESE VARIATIONS OR "FRACTALS"





It is the same pattern , expressing itself in many different forms and variations but with the same principle.

We must realize that the people that created this system had a very great understanding of human nature and the fractal geometry that make up our thoughts, emotions and reality.

This is how the market is structured! this works on every market and every currency pair, why? Because the only thing in common with all markets, is the market participants. the emotional response to price will always be the same no matter what market or currency you are trading.

Your task will be to recognize this pattern as it is being made and not take any trades until you fully understand this structure. once you have seen different variations of this pattern, it will become much easier to recognize them as the dealer created them. We will go more into detail on exactly how and why the dealers structure the market this way in coming lessons.

LESSON #6 - MANIPULATION BASICS

To understand how the market is manipulated, let's forget everything we were ever taught as a retail trader about technical analysis.

If it were really that easy why do 95% of all traders fail? Why does the average trader using the mainstream form of technical analysis blow his account within the first 3 months of trading? Why is it that most traders using technical analysis take 10+ years to even become profitable?

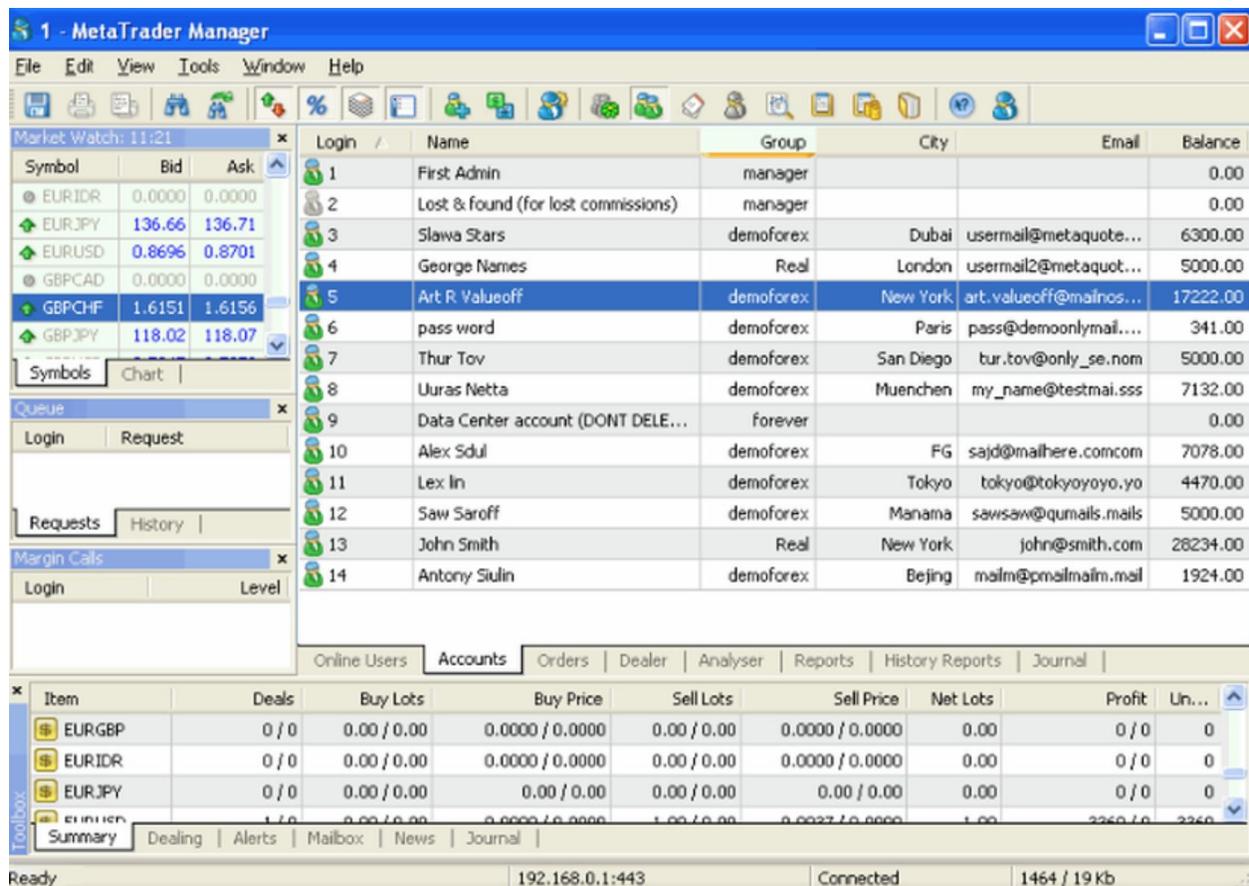
OMS ~ ORDER MANAGEMENT SYSTEM

What is the order management system?

When a retail trader places a trade through his or her broker, the broker then transfers all the orders into an order management system and sends that information to the bank where a "Market Maker" can use the information and put it through an algorithm that will make specific patterns in the market according to where retail traders have their orders.

So, your order is going through an algorithm that scans your entry point, stop loss, and take profit. this algorithm then fluctuates according to the mass amount of orders it is receiving and where the retail traders have placed their stop losses, with the intent to hit as many stop losses as possible while at the same time avoiding to hit take profit level areas of retail traders.

You see we are the retail herd, we are very susceptible to persuasion in any way or form and will do what the majority of others are doing just because we feel more confident in our trades when someone else can back us up.



ABOVE WE CAN SEE WHAT IS THE MT4 MANAGER STATION OR OTHERWISE KNOWN AS THE "DEALERS DESK" USED TO MANIPULATE SPREAD, MARKET PRICE, OPEN AND PENDING ORDERS, ECT.

OUR MAIN GOAL IS TO GO COMPLETELY AGAINST THE RETAIL TRADER HERD.

WHAT YOU LEARNED AS A RETAIL TRADER, IS WHAT IS KEEPING YOU FROM GOING ANYWHERE. FOLLOW THE PATH LESS FOLLOWED AND YOU WILL SEE SUCCESS!

MANIPULATION OF SPREAD

The difference between ask and bid is called spread. It represents the brokerage service costs and replaces transactions fees. Spread is traditionally denoted in pips ~ a percentage in points, meaning fourth decimal place in currency quotation.

Almost all retail traders are using what is called a variable spread. Variable spreads are set by brokerage firms / hedge funds to fluctuate in correlation with market conditions. Generally variable spread is low during times of market inactivity (1-2 pips), but during volatile market times such as news events. The market maker can actually widen the spread to as much as 40 to 50 pips or more!

BUT!! Not only is spread used as service cost, it is also used to pick up the orders "break out traders" place on the other side of trendlines and in certain zones of high liquidity! See the example below.



STOP HUNTS

A "STOP HUNT" IS WHEN THE MARKET SPIKES IN ONE DIRECTION OR THE OTHER HITTING THE STOP LOSSES OF EITHER SELLERS OR BUYERS, WHILE AT THE SAME TIME INDUCING TRADERS TO ENTER THE MARKET.

STOP HUNTS CAN OCCUR AT ANY TIME, BUT ARE MOST LIKELY TO OCCUR DURING VOLATILE NEWS EVENTS.

BELOW ARE A FEW EXAMPLES OF "STOP HUNTS" AND "WHIPSAWS"



WHAT IS A "WHIPSAW"?

A WHIPSAW IS A TERM USED WHEN MARKET MAKERS MAKE THE PRICE OF A CURRENCY PAIR SPIKE IN ONE DIRECTION, BUT IS FOLLOWED QUICKLY BY A MOVEMENT IN THE OPPOSITE DIRECTION.

PATTERN MANIPULATION

Pattern Price Manipulation: "A known pattern forms on the chart, once the market maker completes the pattern and Induce the masses to enter the market, they will be shown profit for a short time (20 to 30 pips) tricking the weak amateurs to risk more money and take more trades. The market then goes completely against them the opposite way hitting stop losses and blowing accounts.

TRAP ZONES

The dealer uses "Trap Zones" to trap a certain amount of liquidity in a specific price range then swings the market in one direction leaving the liquidity in that zone trapped.

HOW TO DRAW AND CONFIRM A TRAP ZONE & A TRAP MOVE

**TRAP MOVES OCCUR ON EVERY PAIR
& EVERY TIMEFRAME**

HERE IS AN EXAMPLE ON THE 1 MIN CHART PAIR: USDCHF



TRADER BEWARE! THIS TRADE IS ONLY VALID IF PRICE ENTERS OUR ZONE A CERTAIN WAY.. NOT ALL MOVES ARE TRAP MOVES, WE MUST BE ABLE TO IDENTIFY OUR CONFIRMING ENTRY TO VALIDATE THE TRADE.

WHAT IS OUR CONFIRMING ENTRY?

...ONCE PRICE ENTERS OUR ZONE, WE WAIT THE NEXT 3 CANDLES TO SHOW THE GENERAL DIRECTION OF THE PRICE .

HOW TO DETERMINE IF A TRAP MOVE HAS BEEN VALIDATED?

- 1. LOOK FOR A LARGE "WICK CANDLESTICK" INSIDE OUR TRAP ZONE (SEE EXAMPLES BELOW)**
- 2. LOOK FOR A SET OF "RAILROAD TRACKS" THAT CLOSE OUTSIDE THE ZONE AND RAPIDLY REJECT**
- 3. "STAR" FORMATION, RAPIDLY FORMING AND REJECTING IN AND OUT OF OUR ZONE.**
- 4. A MARKET GAP INTO A ZONE (RARE, BUT HAPPENS)**

BELOW ARE SOME EXAMPLES OF A CONFIRMING ENTRY





"STAR" FORMATION CONFIRMATION



LESSON #7 - HIGH IMPACT NEWS EVENT MANIPULATION

HIGH IMPACT NEWS EVENTS PLAY A MASSIVE PART IN MARKET MANIPULATION. MANIPULATING A MULTI TRILLION DOLLAR MARKET WITHOUT GETTING CAUGHT ISN'T EASY, BUT WHAT IF THE MANIPULATION COULD BE HIDDEN IN PLAIN SIGHT?

DEALERS USE THESE HIGH IMPACT EVENTS TO HIDE THEIR MOVES. DEALERS NEED TO TRAP AS MANY TRADERS AS POSSIBLE AND AS FAST AS POSSIBLE, A NEWS EVENT IS A PERFECT DISTRACTION USED TO SPIKE THE MARKET IN THEIR FAVOR. THINK ABOUT IT, EVEN SPREAD IS WIDENED ON MOST BROKERAGES DURING NEWS EVENTS... JUST ANOTHER ADVANTAGE FOR THE DEALER TO TRAP MORE RETAIL TRADERS!





IN THE EXAMPLE ABOVE WE CAN SEE MULTIPLE "TOOLS" BEING USED ON OUR GRAPH.

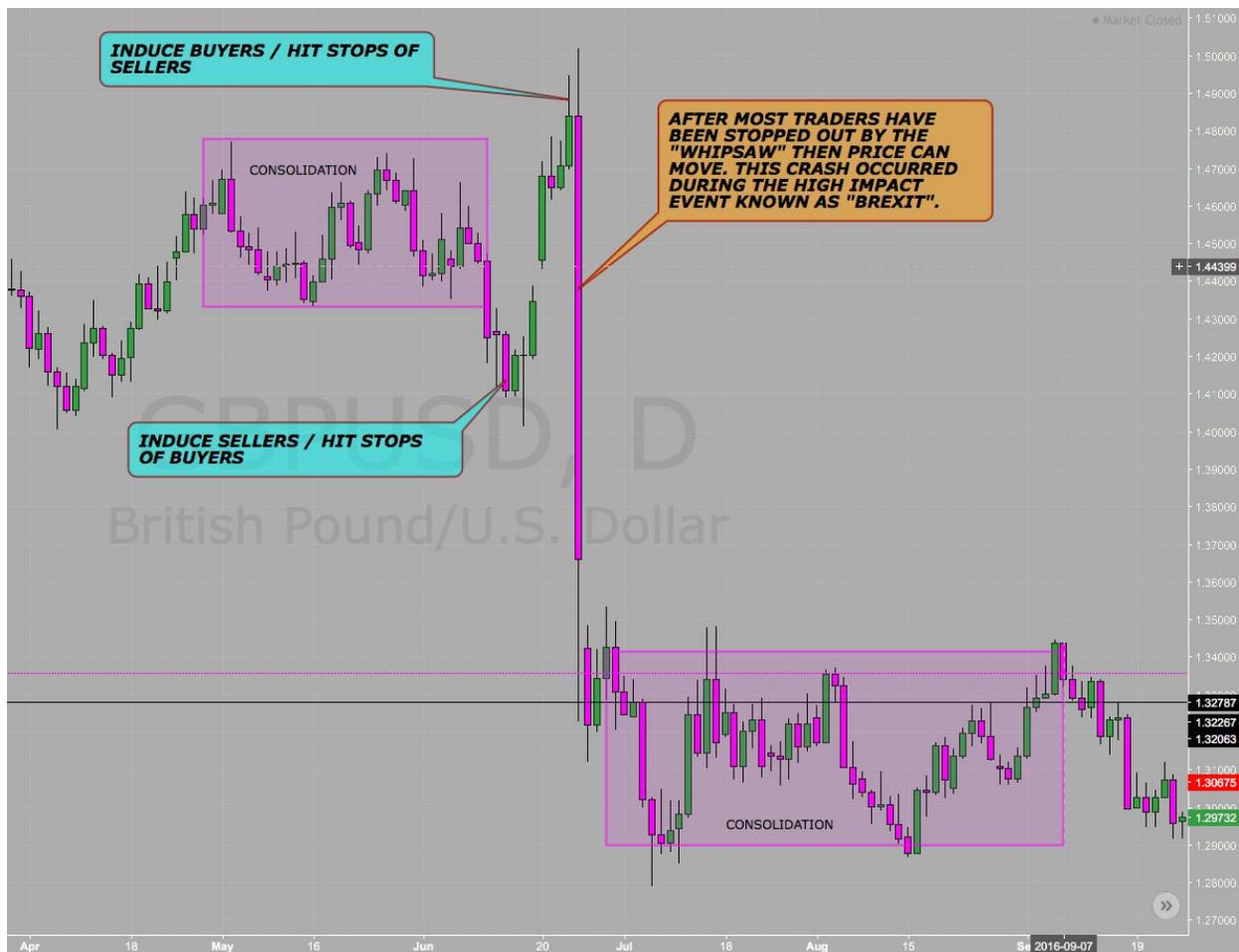
USING A COMBO OF TREND LINES, LEVELS OF SUPPORT AND RESISTANCE AND ZONES, WE CAN SEE EXACTLY WHERE PRICE HAS THE HIGHEST PROBABILITY TO TRAP AND DROP!

IMPORTANT! ~ THE CHART ABOVE SHOWS A CLEAR DOWNTREND. NEVER TRADE AGAINST THE MAJOR TREND

TRADING AGAINST THE TREND IS NOT RECOMMENDED.

THE TREND IS YOUR FRIEND

LOOKING AT THE ANALYSIS ABOVE, WE CAN SEE CLEAR TRAP AND DROP ZONES IN WHICH THE MARKET HAS THE HIGHEST PROBABLE CHANCE OF CONTINUING THE DOWNTREND.



Above is one of the largest market crashes in GBP history, Brexit. The news said Brexit was an impossibility. Yet you can see the perfect whipsaw pattern playing out days before Brexit actually happened!

LESSON #8 - MARKET STRUCTURE

DAILY MARKET STRUCTURE



CONSOLIDATION. WHIPSAW. CONTINUATION.

The graph above is a normal cycle of the market based on a 15 min candle chart. Daily market cycle consists of consolidation, whipsaw, then a continuation of the main trend.

CONSOLIDATION

THE DAILY CONSOLIDATION PHASE STARTS AT SESSION CHANGEOVER (4PM~CT) AND CAN LAST ANYWHERE FROM 4 TO 8 HOURS.

DURING THIS PHASE, THE MARKET WILL CREATE A 25 TO 35 PIP CHANNEL AND MOVE SIDeways IN THAT CHANNEL UNTIL LONDON SESSION.

THIS CONSOLIDATION PHASE HELPS CREATE A FEELING OF SUSPENSE IN THE MINDS OF RETAIL TRADERS AND ALSO HELPS SHORTEN THE TIMEFRAME IN WHICH THE MARKET CAN MOVE.

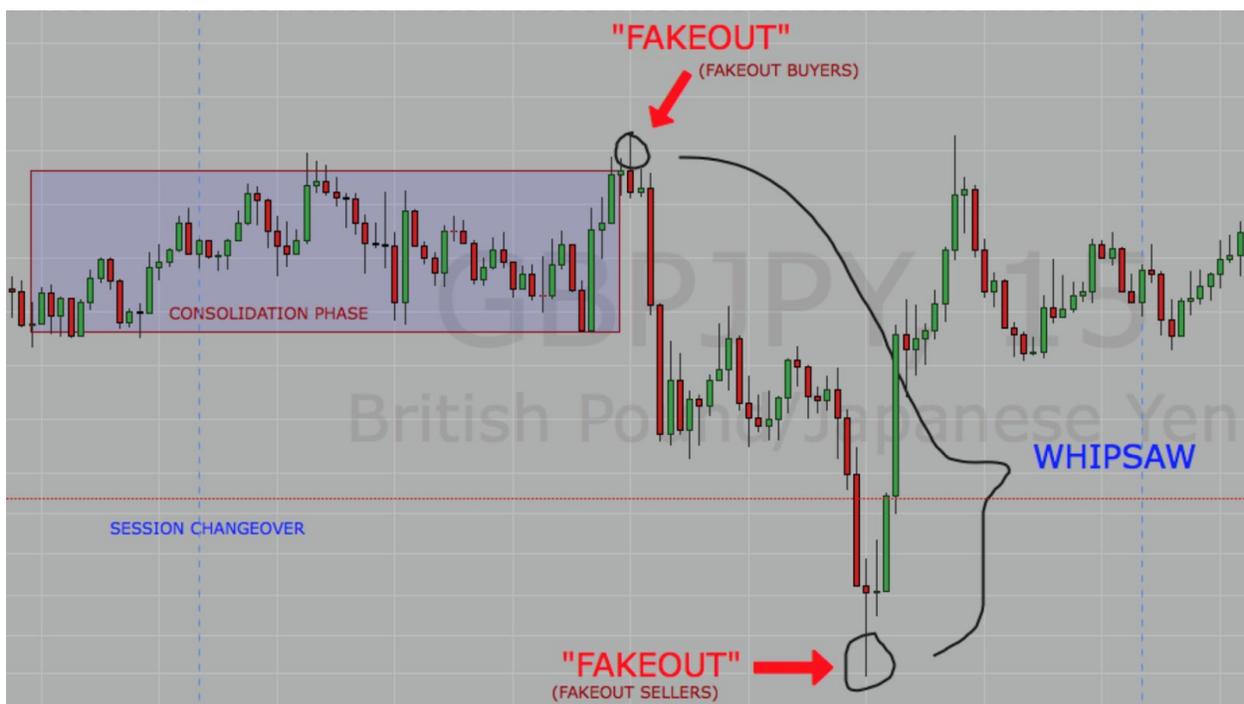


You will see variations of this structure on every graph of every currency pair! This is the fundamental framework on which the market is designed.

The consolidation phase is setup to keep traders jammed up in the same price range with very little movement for extended periods of time thus creating a state of fear and panic in the retail traders mind forcing the weak out of their positions.

WHIPSAW

A fake-out or whipsaw will almost always be formed after consolidation. this is to make traders believe that the market is going in a certain direction then pull the market in the opposite direction of the fake-out!



We can see moments after consolidation, the market creates a new high of the day and breaks out of consolidation. most retail and technical traders would buy as soon as they see a breakout of consolidation, but it turns out it was only a fake-out to induce buyers into the market.

You can see the market moved substantially in the opposite direction after the fakeout occurred. this is to move the price away from the fakeout zone and and to hit buyers stop losses before the retail traders can react.

This race to hit stop losses also creates a new low of the day, inducing sellers to enter the market, price then swings up to hit stop-losses of sellers. this motion of creating both a high and a low and inducing both buyers and sellers is called a whipsaw!

Now you might be thinking.. how do i trade the whipsaw?

Combine the knowledge of the confirming entry with the fakeout after consolidation, then ride the whipsaw. these trades can be hard to catch because they happen fast, but are very rewarding if mastered correctly.

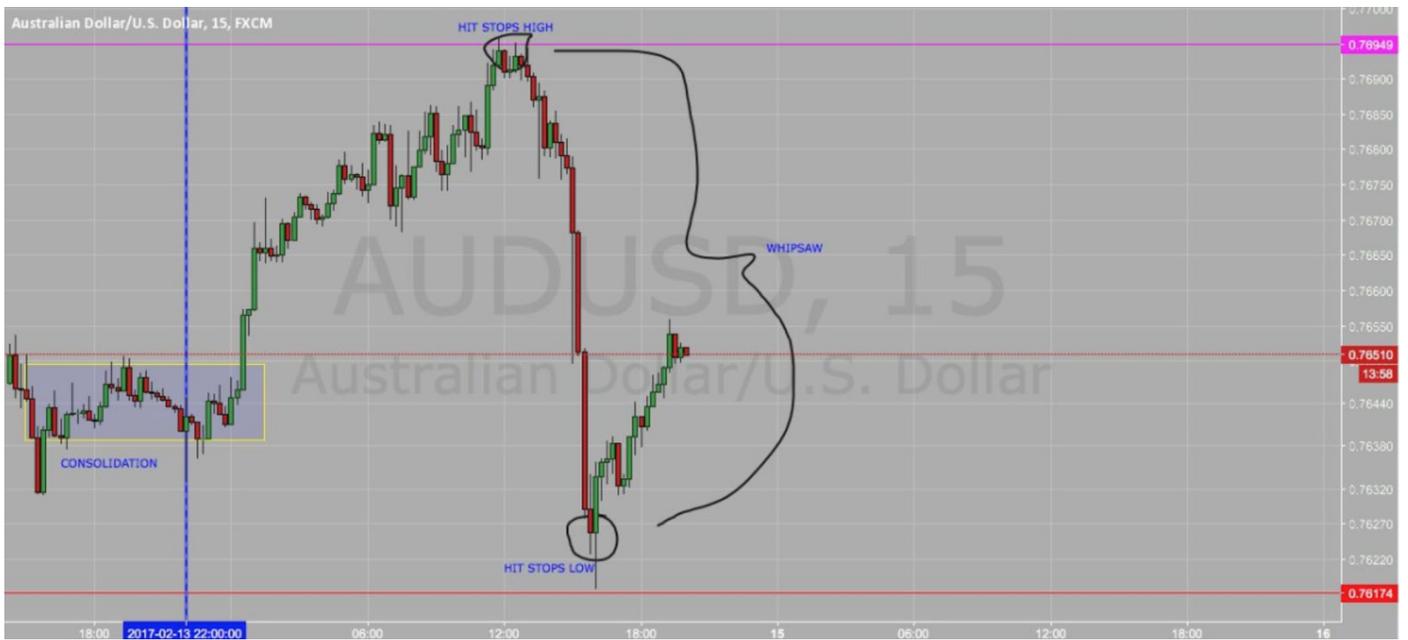
CONSOLIDATION AND WHIPSAW VARIATIONS

Consolidation occurs at the very beginning of every session and at the very end of every session creating a zone of consolidation during every session changeover.

If you use tradingview.com, you can right click on the graph to see a list of settings, scroll down to the "time scale" tab and click on "session breaks."

This helps spot exactly when the session changeover / consolidation period is taking place.





WEEKLY MARKET STRUCTURE



IN THE WEEKLY CYCLE WE SEE A CLEAR EXAMPLE OF AN UPTREND, HIGHER HIGHS AND HIGHER LOWS. WE CAN ALSO SEE THAT THESE "HIGHER HIGHS" AND "HIGHER LOWS" ARE CREATED BY THE "WHIPSAW" ACTION THAT HAPPENS ON OUR DAILY CYCLE. THIS WHIPSAW ACTION IS WHAT GIVES THE MARKET IT'S continuous up and down RYTHM.

SUNDAY-FRIDAY

THE BEGINNING OF THE WEEK AND THE END OF THE WEEK ARE "FAKEOUT DAYS."

SUNDAY IS A FAKEOUT DAY BECAUSE THERE ARE MILLIONS OF RETAIL TRADERS AT THE EDGE OF THEIR DESKS WITH TWITCHING FINGERS ON THEIR KEYBOARDS JUST WAITING FOR THE MARKET TO OPEN!

BELIEVE IT OR NOT, THE DAYS THAT THE MARKET IS NOT OPEN IS SIMILAR TO THE "CONSOLIDATION PHASE" THAT HAPPENS. TRADERS ARE HELD IN SUSPENSE FROM FRIDAY TO SUNDAY... AND AS SOON AS THE MARKET OPENS THE SUSPENSE IS FREED AND THE RETAIL TRADERS FEEL THE NEED TO TRADE.

ONE THING YOU WILL NEED TO LEARN TO BECOME A MASTER AT TRADING IS THAT IT TAKES TIME AND PATIENCE. THE ENTIRE MARKET IS DESIGNED TO TAKE MONEY FROM THE IMPATIENT RETAIL TRADERS WITH THE "GET RICH QUICK" MENTALITY.

BELIEVE IT OR NOT.. FRIDAY IS ALSO A "FAKEOUT" OR "TRAP" DAY. THIS IS BECAUSE THE MARKET CLOSES ON FRIDAY AND DOESN'T OPEN UNTIL SUNDAY. TRADERS THAT LEAVE THEIR POSITIONS OPEN OVER THE WEEKEND, ARE AT RISK TO HAVE THEIR STOPLOSSES JUMPED AND THEIR ACCOUNTS BLOWN.

WAIT WHAT? MY STOPLOSS CAN BE JUMPED?

YES. THE MARKET CAN LITERALLY OPEN ON THE OTHER SIDE OF YOUR STOPLOSS AND DRAIN YOUR ACCOUNT WHILE YOU SIT BACK THINKING YOUR STOPLOSS WILL SAVE YOU IF ANYTHING HAPPENS OVER THE WEEKEND.

IT IS BEST NOT TO LEAVE POSITIONS OPEN OVER THE WEEKEND BECAUSE OF THIS.

WEDNESDAY~THURSDAY

THE "MIDDLE" OF THE WEEK IS THE MOST VOLATILE TIME IN THE MARKET. check your forex news calendar and see for yourself. Wednesday and thursday are always the days with the most "high impact" events.

this is all setup like this for a reason.

Wednesday and thursday are usually correction days, where the market corrects against or with the trend depending on which direction the market was going at the start of the week.

FOREX TIME CYCLES ~ WHEN TO TRADE

THERE IS A TIME TO TRADE, AND A TIME TO REST. IF YOU DONT KNOW WHEN THE MARKET MAKES ITS MOVES.. YOU COULD BE WAITING FOR HOURS BEFORE YOU REALLY SEE THE TYPE OF VOLATILITY IN THE MARKET THAT YOU WERE WAITING FOR. YOU SEE THE MARKET MAKERS USE TIME TO THEIR ADVANTAGE AND WILL KEEP PRICE IN A SPECIFIC ZONE FOR EXTENDED PERIODS OF TIME BEFORE MOVING TO A DIFFERENT ZONE TO CONTINUE THE CONSOLIDATION CYCLE.



THE CONSOLIDATION CYCLE WILL BEGIN 5 HOURS BEFORE SESSION CHANGEOVER AND LASTS NORMALLY 10 HOURS OR MORE. DURING THIS CONSOLIDATION PHASE PRICE WILL MOVE SIDWAYS IN A GIVEN RANGE, THIS RANGE IS NORMALLY 20 TO 35 PIPS. THIS HAPPENS ON EVERY PAIR IN FOREX! THIS IS WHEN THE AUTOMATED MARKET MAKER ALGORITHM TAKES OVER TO "GENERATE LIQUIDITY".



ONCE YOU CAN SPOT THESE TIME CYCLES , KNOWING WHEN TO EXECUTE YOUR TRADES BECOMES MUCH EASIER.

FOREX IS DESIGNED THIS WAY BECAUSE IT MIMICS THE STOCK MARKETS BEHAVIOR WHICH IS SETUP TO FUNCTION AROUND THE BEHAVIOR OF RETAIL TRADERS TARGETED IN THE UNITED STATES. YOU SEE THE MARKET IS DESIGNED TO MOVE THE MOST WHEN THE "DUMB MONEY" IS SLEEPING, AND MOVE THE LEAST WHEN "DUMB MONEY" IS ACTIVELY TRADING. ALTHOUGH THERE ARE TRADERS BASED ALL AROUND THE WORLD, THE SYSTEM WILL ALWAYS MIMIC THE DESIGN OF THE STOCK MARKET BECAUSE THEY BOTH WORK OFF THE SAME CONCEPTS.

LESSON #8 - REVERSAL FORMATIONS

Remember a few lessons ago when I promised to teach you how to catch trades with up to 1:10 or even 1:20 risk reward ratio with little to no drawdown? This is that lesson.

Just in case you doubted what I said about making 1:20 risk reward ratio trades, I saved my MyFXBook Stats from my first week of trying out this strategy. Here are my results.

Symbol	Action	Pips	Net Profit	Duration	Gain	Time Profitable	Drawdown	Risk Reward	Entry Accuracy	Exit Accuracy	Profit Missed		
GBPUSD	Buy	14.6	4.38	1h 31m	1.52%	90.3%	13.6	1:19.0	95.0%	57.1%	-12.00		
USDCHF	Sell	27.8	2.76	1h 53m	0.97%	95.7%	17.4	1:21.9	95.6%	85.2%	-5.10		
USDCHF	Sell	27.1	2.69	1h 53m	0.95%	95.6%	17.4	1:21.9	95.6%	83.1%	-5.80		
USDCHF	Sell	27.7	2.75	1h 53m	0.98%	95.6%	17.4	1:21.9	95.6%	84.9%	-5.20		
NZDJPY	Buy	-17.1	-7.51	1h 13m	-2.61%	19.0%	21.1	1:0.2	18.0%	0.9%	-20.90		
GBPCHF	Sell	75.2	7.45	6h 54m	2.66%	100.0%	27.6	1:0.0	100.0%	75.0%	-25.10		
GBPNZD	Sell	90.4	6.18	8h 29m	2.26%	80.2%	53.9	1:7.3	87.9%	67.2%	-53.90		
USDCAD	Sell	-15.0	-1.09	3m	-0.40%	-	-	-	-	-	-		
USDCAD	Sell	-20.0	-1.45	6h 41m	-0.53%	99.1%	78.5	1:2.9	74.5%	0.0%	-78.50		
AUDCHF	Buy	21.2	6.30	8h 20m	2.34%	96.0%	17.9	1:9.4	90.4%	71.6%	-9.70		
AUDCHF	Buy	20.8	2.06	8h 19m	0.77%	96.0%	17.9	1:9.4	90.4%	70.5%	-10.10		
AUDCHF	Buy	20.9	2.07	8h 19m	0.78%	96.0%	17.9	1:9.4	90.4%	70.8%	-10.00		
AUDCHF	Buy	21.0	2.08	8h 19m	0.79%	96.0%	17.9	1:9.4	90.4%	71.1%	-9.90		
AUDCHF	Buy	21.3	2.11	8h 19m	0.81%	96.0%	17.9	1:9.4	90.4%	71.9%	-9.60		
AUDCHF	Buy	21.1	2.09	8h 19m	0.81%	96.0%	17.9	1:9.4	90.4%	71.3%	-9.80		
GBPCHF	Sell	58.0	5.75	5h 28m	2.27%	97.6%	27.6	1:13.8	93.2%	93.8%	-4.10		
XAUUSD	Sell	-70.0	-3.50	3m	-1.36%	-	-	-	-	-	-		
GBPAUD	Sell	78.4	5.77	5h 23m	2.30%	99.7%	32.7	1:0.0	100.0%	70.6%	-32.70		
GBPCHF	Sell	50.3	4.99	3h 35m	2.03%	100.0%	12.8	1:0.0	100.0%	86.1%	-8.10		
GBPCHF	Sell	50.3	4.99	3h 35m	2.07%	100.0%	12.8	1:0.0	100.0%	86.1%	-8.10		

THE TRADES YOU SEE ABOVE ARE ALL SECOND LEG "M" OR "W" REVERSAL FORMATIONS. LOOK AT THE TIME SPENT PROFITABLE, AN AVERAGE OF OVER 85% OF THE TIME I WAS IN PROFIT ON ANY TRADE I TOOK!

CHECK OUT THE RISK VS REWARD ON SOME OF THE TRADES ARE OVER 1:21!! IF I DIDN'T HAVE THESE STATS TO PROVE IT IM SURE YOU WOULD OTHERWISE THINK I WAS LYING. I SURE WOULD BE SKEPTICAL TOO, BUT THE UNDERSTANDING OF THE REASONING BEHIND WHAT IS HAPPENING IS WHAT MAKES IT ALL OF THESE TRADES POSSIBLE!

THIS IS THE LAST FOREX STRATEGY YOU WILL EVER NEED.

M / W FORMATIONS OR "DOUBLE TOPS/BOTTOMS" ARE COMMON REVERSAL SIGNS.

NOW BEFORE GOING OFF TO THE CHARTS AND START TRADING EVERY M / W YOU SEE, LETS GO OVER SOME CHARACTERISTICS OF THESE PATTERNS, AND WHY THEY HAPPEN.

CAN YOU SEE THE "M" ?

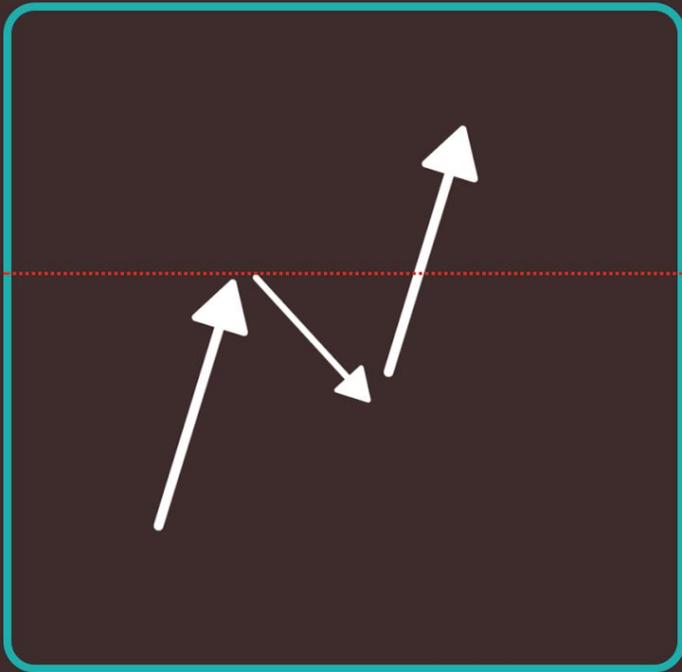


ABOVE YOU CAN SEE THE FORMATION OF THE "M" , THIS IS WHAT YOU WILL BE LOOKING FOR WHEN TRADING. THIS PATTERN IS THE RETAIL TRADER "TRAP" THAT THE MARKET MAKERS SET, HERE IS HOW IT WORKS



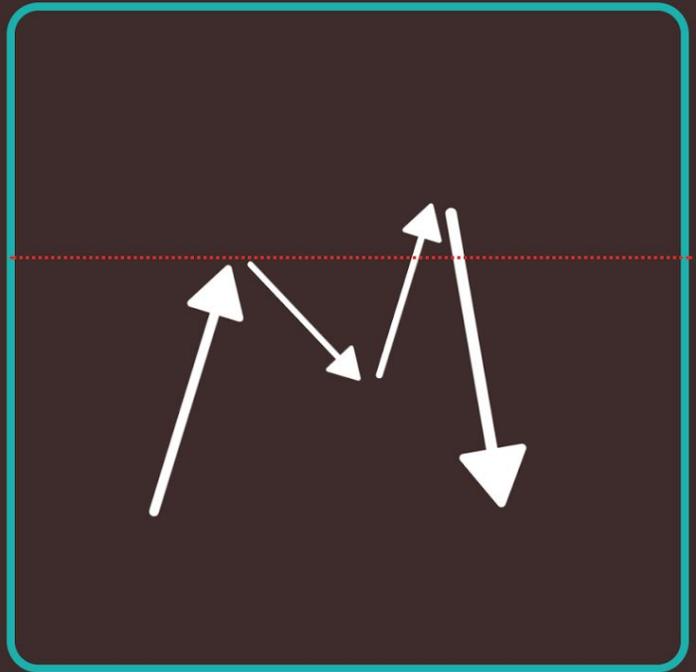
MARKET MAKERS NEED TO MAKE TRADERS BELIEVE THAT THE TREND WILL CONTINUE, SO THEY WILL OFTEN SPIKE TO OR PAST THE HIGH VERY FAST WITH ONE LARGE CANDLE.

WHAT MARKET MAKERS WANT RETAIL TRADERS TO SEE...



THE DEALER (MARKET MAKER) WILL BREAK PAST THE PREVIOUSLY ESTABLISHED HIGH OR FIRST LEG OF THE "M" FORMATION MAKING IT LOOK LIKE PRICE WILL CONTINUE THE UPTREND.

VS. WHAT REALLY HAPPENS



THE DEALER CLOSES ABOVE THE HIGH THEN INSTANTLY DROPS BACK BELOW THE HIGH TRAPPING THE BUYERS AT THE SECOND LEG OF THE "M". ONCE SUFFICIENT VOLUME HAS BEEN TRAPPED MARKET MAKERS WILL THEN REVERSE THE TREND. #NOTE~ IF THE DEALER HAS NOT ACCUMULATED SUFFICIENT VOLUME, HE WILL CONTINUE TO WORK THE THE HIGH/LOW





NOW THAT WE HAVE SEEN THEIR MAIN PATTERN, WE HAVE TO INTERPRET THE VARIATIONS OF THE PATTERN BECAUSE THE DEALER IS NEVER GOING TO GIVE THE EXACT SAME PATTERN EVERY TIME.

BELOW ARE A FEW VARIATIONS OF THE M AND W PATTERNS THAT OCCUR

M FORMATION AT HIGH OF DAY LONDON SESSION



W FORMATION AT LOW OF DAY LONDON SESSION



SMALLER M INSIDE LARGER M AT HIGH OF DAY , M&M TRADE



**SMALLER M INSIDE LARGER M AT HIGH OF PREVIOUS DAY ,
M&M TRADE**



EURUSD M AND W VARIATIONS.



USDCHF , M AND W OFF THE HIGH AND LOW OF DAY.



M AND W FORMATIONS CAN BE TRADED ON ANY TIMEFRAME, HERE ARE SOME EXAMPLES OF THE M'S AND W'S ON HIGHER TIMEFRAMES



*****THESE ARE ONLY RANDOM EXAMPLES DEPICTED, NOT EVERY PATTERN WILL BE THE SAME. EACH PATTERN IS A FRACTAL OF THE SAME VARIATION. DO YOUR HOMEWORK AND LEARN TO SEE THESE DIFFERENT VARIATIONS.***



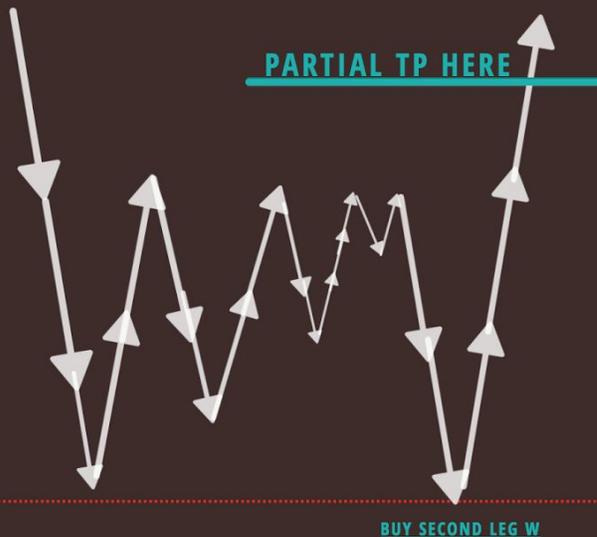
THESE M AND W FORMATIONS ARE FOUND THROUGHOUT ALL TIMEFRAMES, *THE TIME FRAME DOES NOT CHANGE THE PATTERN*, BECAUSE THE PATTERN IS BASED OFF THE FEAR AND GREED INSTINCTS OF ALL HUMANS. YOU COULD EVEN SAY THAT THE PATTERN IS NOT DUE TO THE CHAOTIC SERIES OF TRANSACTIONS, BUT DUE TO HOW ALL HUMANS REACT TO FEAR AND GREED.

WE NOW HAVE A GREATER UNDERSTANDING OF WHY THE DEALER FORMS THESE M AND W PATTERNS. BELOW I HAVE LISTED SOME CHARACTERISTICS OF WHAT TO LOOK FOR WHEN TRADING THE SECOND LEG M OR W.



ENTRY/EXIT

THE MOST IMPORTANT ASPECT WHEN TRADING M AND W FORMATIONS IS YOUR ENTRY. YOU CAN AND WILL START TO GET TRADES WITH 0 DRAWDOWN IF YOU KEEP PRACTICING PATIENCE. LET THE PRICE COME TO YOU, THERE IS NO ABSOLUTELY NEED TO GET EMOTIONAL WHEN YOU ARE TRADING M AND W FORMATIONS!!!! UNLESS YOU ARE OVER LEVERAGING YOUR ACCOUNT, YOU SHOULD NEVER FEEL LIKE YOUR EMOTIONS WILL GET THE BEST OF YOU WHEN TRADING. THESE M AND W SETUPS ARE DESIGNED TO BE EXECUTED WITH PRECISION AND ACCURACY TO HELP ACHIEVE THE BEST POSSIBLE RISK REWARD RATIO. YOUR GOAL IS TO ENTER SELLS AS CLOSE TO THE HIGH AS POSSIBLE AND ENTER BUYS AT THE LOWEST POINT POSSIBLE SO YOU CAN HAVE A VERY SMALL STOP LOSS AND MORE POTENTIAL FOR REWARD!



TAKE PROFIT LEVELS GOING AGAINST THE TREND WILL BE AT THE 30 AND 50 PIP RANGE, NORMALLY THE 50 AND 200 EMA. THEN GOING WITH THE TREND, IT WILL BE YOUR JOB TO MANAGE YOUR POSITION AND YOUR STOPLOSS. YOU WILL NEED TO ADJUST YOUR STOPLOSS INTO PROFIT AS THE TREND CONTINUES

STOP LOSS SHOULD BE SET 10 TO 20 PIPS BELOW THE LOW!

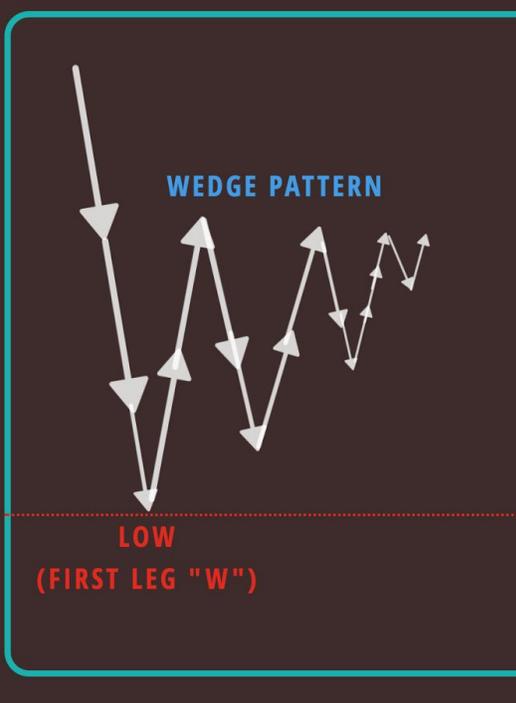


FOREXIA *SIGNATURE TRADE*

WEDGE BREAKOUT SECOND LEG M/W

THE THE VERY BEGINNING OF THIS GUIDE WE INTRODUCED YOU TO THE "WEDGE PATTERN". THIS WEDGE PATTERN IS OFTEN FORMED TO INDUCE RETAIL TRADERS TO GO IN ONE DIRECTION, AND MANY TIMES YOU WILL SEE WEDGE FORMATIONS WITHIN THE M OR W AND THE BREAKOUT OF THE WEDGE IS WHAT CREATES THE SECOND LEG!

STEP 1



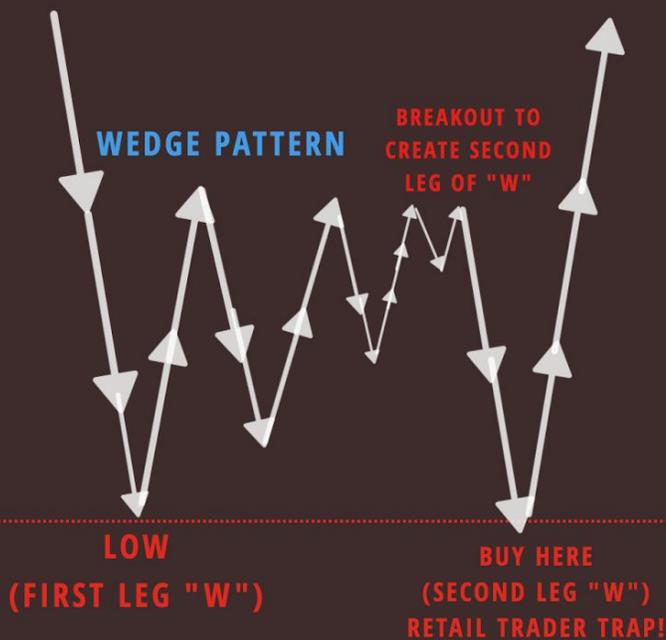
WEDGE PATTERN

LOW
(FIRST LEG "W")

LOOK FOR A WEDGE FORMING CLOSE TO THE HIGH OR LOW. THE DEALER USES THIS WEDGE TO ENTICE RETIAL TRADERS INTO POSITIONS! THE DEALER KNOWS THIS AND WILL BREAKOUT OF THE WEDGE IN THE DIRECTION HE WANTS TO "FAKE-OUT". UPON BREAKING OUT RETAIL TRADERS WILL START TO BUY OR SELL ACCORDINGLY. THE BREAKOUT AT THE TIP OF THE WEDGE IS NORMALLY QUITE VOLATILE AND MANY TIMES WILL BREAK PAST THE PRE DETERMINED LOW OR HIGH TO GET CAUSE EMOTIONAL SWINGS IN RETAIL TRADERS AND HIT ACTIVATE ORDERS THAT ARE PAST THE HIGH OR LOW.

STEP 2

WEDGE BREAKOUT FORMS THE SECOND LEG!



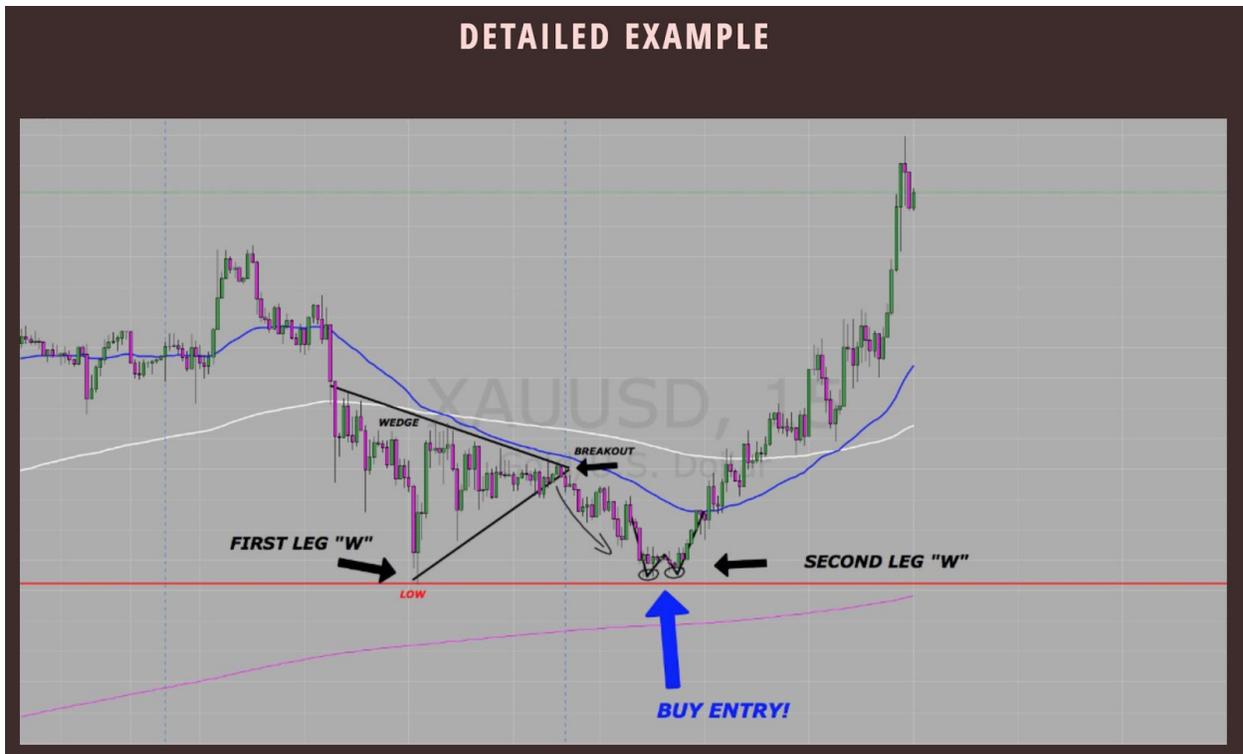
THE SECOND LEG BREAKOUT TO
THE HIGH OR LOW IS YOUR
SIGNAL!

THIS IS WHEN THE DEALER TRAPS
ALL THE RETAIL TRADERS THAT
ARE TRADING WEDGE BREAKOUTS
AND REVERSES THE MARKET ON
THEM!

LIVE EXAMPLE OF WEDGE BREAKOUT TO FORM SECOND LEG OF "W"



DETAILED EXAMPLE



YOUR GOAL FROM NOW ON WILL BE TO LIMIT YOUR TRADES TO ONLY SECOND "LEG" M AND W FORMATIONS, THROW EVERYTHING ELSE AWAY THAT YOU HAVE LEARNED IN YOUR RETAIL REALITY AS IT HAS DONE YOU NO GOOD, AND THIS IS WHY YOU ARE NOW HERE, READING THIS.. YOU WANT TO FIND SOMETHING THAT *WORKS!* NOW THIS IS OBVIOUSLY NOT A PERFECT STRATEGY, AND BY NO MEANS AM I SAYING IT IS.. BUT IT IS A STRATEGY THAT CAN BE PERFECTED.

M/W REVERSAL FORMATION CONFIRMATIONS

*** DID THE SECOND LEG OF THE M/W SPIKE PAST THE FIRST LEG?**

*** DID M OR W FORM AT HIGH OR LOW?**

*** DID M OR W SECOND LEG FORM OUT OF A WEDGE?**

*** WAS SECOND LEG REJECTED AT HIGH/LOW?**

***DID THE SECOND LEG M OR W FOR A CONFIRMING ENTRY CANDLESTICK PATTERN?**

FOR MORE EDUCATION CHECK OUT

[HTTP://FOREXIAPRO.COM/EDUCATION](http://forexiapro.com/education)

[HTTP://FOREXVIDEOS.ONLINE](http://forexvideos.online)

LIVE EXAMPLES OF M/W VARIATIONS







EXAMPLES OF M AND W FORMATIONS



