

# LauraT

## Journal and Trading Tips



<https://www.forexfactory.com/thread/995014-just-a-journal>

<https://www.forexfactory.com/thread/993524-roadmap-a-way-to-read-markets>

<https://www.forexfactory.com/thread/1086170-daylight-trading-strategy>

<https://www.forexfactory.com/thread/1121735-trading-without-charts>

# This is my journal.

In it I will be setting out the framework I follow in my trading. I'll be covering different topics as time goes on.

Please do not comment here as it's a space for me to write.

If you want to read about the day to day elements of my trading, please see here:

<https://www.forexfactory.com/showthread.php?t=993524>

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# Section 1 - Trader Psychology (overview)

I am an acolyte of the late Mark Douglas. Many of my beliefs around trading are unapologetically borrowed from his teachings.

I believe the success or failure of a trader is, in great part, attributed to their psychology. The obvious fact is that a strategy with an edge is required but that edge will not result in uniform returns once you involve a human in the decision making process.

I embrace the risk inherent in trading. I also embrace the fact I will have losing trades. I will have losing days, perhaps even losing weeks. Each trade is irrelevant in respect of my overall methodology and perceived edge. The distribution of wins and losses will be randomly allocated within my overall success rate. I have no expectation that my next trade will be a winner. My next trade is not influenced by the preceding trade.

For these reasons, I have no emotional attachment to any individual trade I place.

I acknowledge uncertainty, both in life and in trading. I accept that anything can happen and that I do not know what will happen. I trade based on what I see and react to what is unfolding on my charts. I do not want or need to succeed on every trade. I do not crave certainty via analysis. My analysis simply considers probabilities.

I do not succumb to what Mark Douglas terms as the four primary trading fears.

I am comfortable losing money.

I am comfortable being wrong.

I am comfortable leaving money on the table.

I am comfortable missing out on an opportunity.

I treat my trading career with the same professionalism as I applied to my previous careers. I am prepared to put in the hours of screen-time required to find opportunities. I'm prepared to put in the hours of personal development and self-improvement required to complement my trading methodology. I review my trades on a daily basis. The purpose of doing so is to analyse my entries, my exits and whether my believed edge is still apparent over a suitable sample size.

## Section 2 - Trade Management (overview)

I actively manage my trades in an attempt to withdraw the maximum benefit from them. The tools at my disposal are various. This section sets out the different techniques I apply.

Firstly, I always have a stop in the market. Trading without a stop is sub-optimal and I refuse to do so. However, as I do not know in advance where the market will have to go to prove me wrong, my stop takes the form of a disaster stop. That is, the stop is in place far enough away from price action to avoid interrupting my trade while the setup is still valid. The stop acts as a resource in case of an unforeseen emergency. My stops are almost never hit but they provide me with a level of security should I be unable to manage the trade manually.

Secondly, I trade small position size relative to my account size. I risk less than 1% per trade. As each trade has a random outcome, my sizing allows me to approach each trade with confidence that my trading account will not be significantly impacted by a loss. I consider position size relative to account size to be a key factor in trading success or failure. I have no expectation of an individual trade becoming a winner and my size management protects me from any single trade having a detrimental impact upon my trading account to any significant degree.

I have two types of entries at my disposal. A single bullet entry and a multi-bullet entry. I always decide in advance which type of entry technique I am going to apply to a trade and size my position accordingly.

A multi-bullet entry involves me splitting my trade size into 3 segments. The aim of the strategy is to achieve a blended price. This is very different to the sub-optimal technique of 'adding to losers'. I would never recommend making the decision to add to a position when you are already in a trade. This should be planned in advance.

I exit a position with a loss when the market tells me I am wrong. This is why 99.8% of my exits are manual. I never sit and wait for a stop loss to be hit. I never sit and hope that a position will turn around once I have been proven wrong.

I exit a position with a profit in one of two ways. I either take the whole position off or I take partial profits. This is usually half of my position although occasionally I will take my position off in 3 segments.

My preferred exit method is to take partial profits at a logical point on a chart. My methodology highlights these logical points in the form of previous day's high or low, ADR high or low, daily open line or Simple Moving Average line. I prefer to take partial profits as I know that a position can turn into a 'runner' that far exceeds a logical exit point. Trading this way means I have either half or one third of my position still in play to capture the large moves.

In addition to this I occasionally use a global trade manager to automatically close all open positions once a certain percentage of profit comparable to my account value is reached. This is particularly useful in times or markets of high volatility as the global trade manager can react quicker than I can to close out positions.

My methodology does allow take profit entries to be placed in advance but the stop loss cannot be defined in advance, hence the use of a disaster stop.

## Section 3 - Trade Types (overview)

I trade an overall methodology I call the roadmap. I have various trade types at my disposal. The two basic strategies are:

1. Channel Cross - When the EMA channel fully crosses to the other side of the SMA.
2. Channel Failure - When the EMA channel gets partially across the SMA but then returns to the previous side.

The four advanced strategies are:

1. ADR Failures - When the EMA channel gets partially across the ADR line but then returns to the previous side.
2. Previous Day High/Low Failures - When the EMA channel gets partially across the high/low line but then returns to the previous side.
3. ADR Counters - When an instrument has completed the Average Daily Range I consider entering to capture a reversion to centre ground.
4. Previous Day High/Low Counters - When an instrument has reached the high or low of the previous trading day I consider entering to capture a reversal.

The decisions about whether to take a trade opportunity or not are primarily based upon my analysis of the chart structure. I also make use of the CompositeRSI and SMA Dashboard.



# Section 4 - Trade Management (Example)

Step 1: Establish the percentage of theoretical risk per trade. (We will use 1% in this example).

Step 2: Establish where the emergency stop is going to be in any one trade.

(It is assumed EURUSD stop to be 50 pips and GBPUSD stop to be 100 pips for the purposes of this example).

\*Take note that your emergency stop is NOT going to be triggered in the majority of cases, if the trade is actively managed. It simply allows the trade to breathe until proven wrong by the market\*

Step 3: Calculate position size. In this example, risking 1% of a \$10,000 account would be \$100 risk.

EURUSD (standard lot = \$10/pip) would permit a 0.2 lot position trade on a 50 pips emergency stop

GBPUSD (standard lot = \$10/pip) would permit a 0.1 lot position trade on a 100 pips emergency stop

As the actual risk for each trade will be much less than the theoretical risk the emergency stop provides, it is helpful to think in terms of Profit Factor.

This is calculated simply by dividing Gross Profits by Gross Losses. If gross profit is 50,000 and gross loss is 10,000 our Profit Factor will be 5.

Using this calculation allows for completed trades to be analysed in suitable sample sizes to help determine the edge present.

# Section 5 - For Traders of 1m Indices/Oil

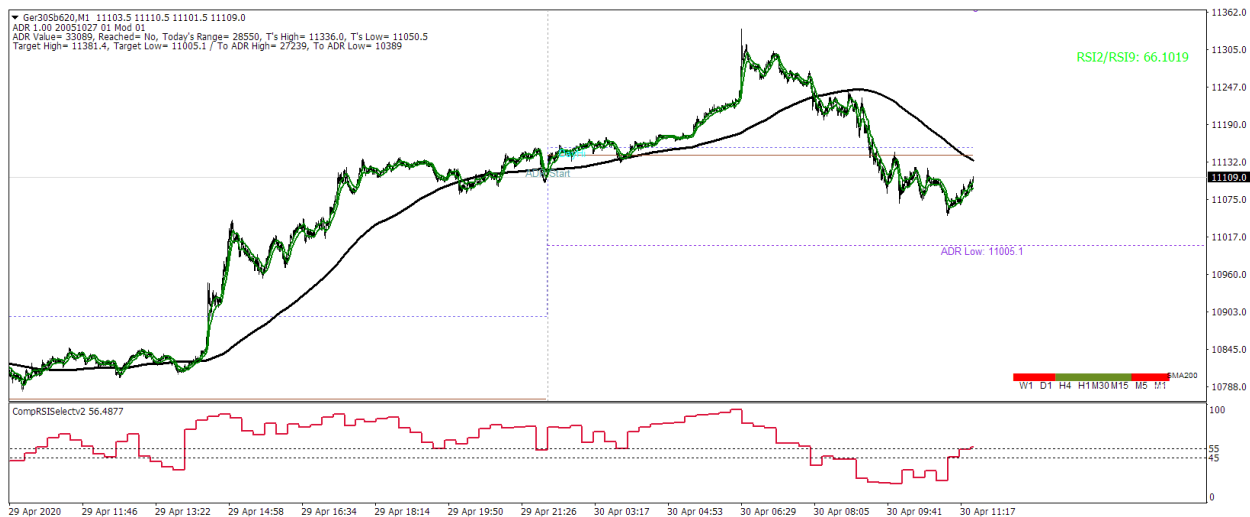
Trading these instruments on the 1m timeframe should be considered different to the higher timeframe trades. The original CompRSI bias is based upon the 4 Hourly, Daily and Weekly timeframes. Clearly this is not as relevant to a 1m Dow trader.

For that reason, the standard RSI bias should not be adhered to. There is a way of using CompRSISelectv2 instead (available in post 1 of my Roadmap thread) that might prove useful to such traders.

The indicator settings are 15/60/0/0 and lines should be added at 55 and 45. Above 55 is bullish, below 45 is bearish.

Please note this is still in the experimental stage and may change based on testing. However, I am hopeful it will act as a guide to the shorter term momentum.

I have attached a chart example below.



## Section 6 - Entries (in relation to channel)

Further to a query on my main thread - query here:

<https://www.forexfactory.com/thread/post/12918749#post12918749>

I think it's necessary to provide some clarification on my guidelines, but also on the decisions a trader must make.

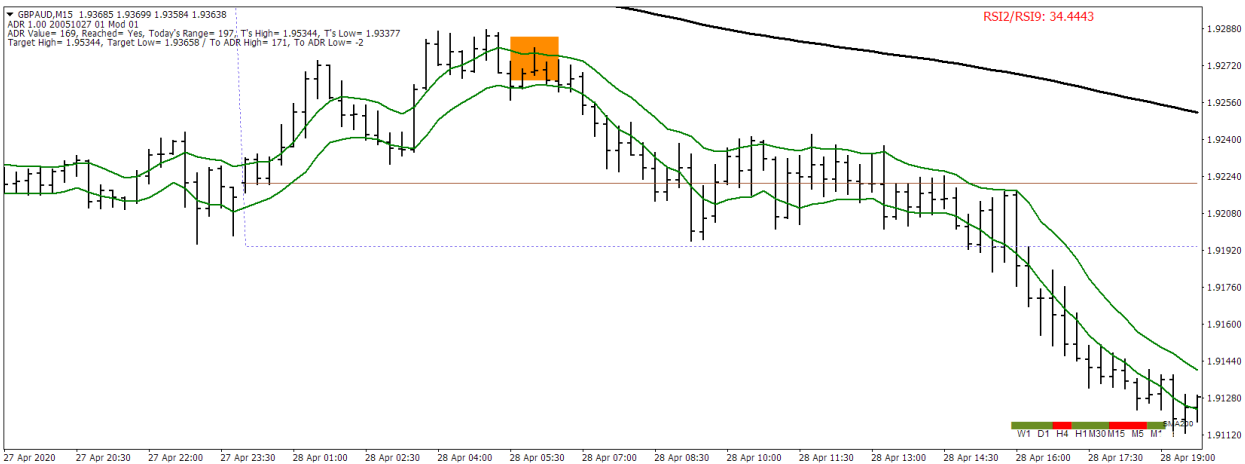
I began the thread by advising that, for long entries, the entry point should be on the lower side of the channel. Conversely, short entries should be at the upper side of the channel. This was always intended to be a temporary exercise in discipline. I later relaxed the advice, stating that entries could take place inside the channel.

With hanover's query, I have examined again the entry criteria and have concluded my advice remains as before. My preference is not to chase price up the outside of the channel and I therefore prefer to find an entry inside it.

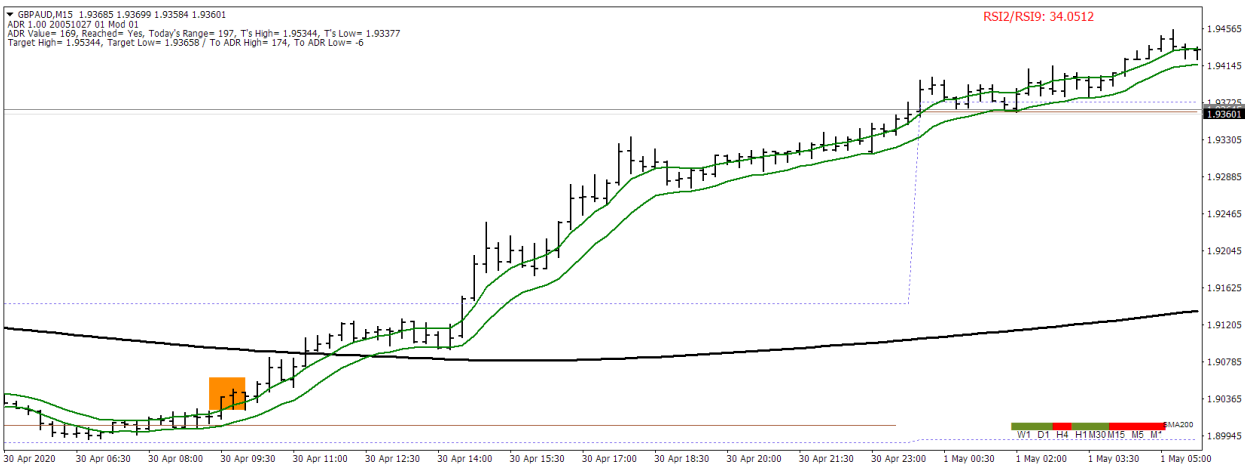
However, traders must take responsibility for their own criteria, even if following my methodology. The point hanover makes about entries outside the channel has merit. It is true that many uptrends begin with a candle closing above the channel. If a visual backtest leads to the conclusion this should be an entry trigger, by all means act on that basis. I am of course interested to hear other conclusions based on testing/experience (in my main thread please, not here).

If anyone is none the wiser about what I'm saying I will present two charts.

Entering inside the channel:



Entering outside the channel:



# Section 7 - Trendlines

I previously introduced the use of simple trendlines into the roadmap thread here:

<https://www.forexfactory.com/thread/post/12934379#post12934379>

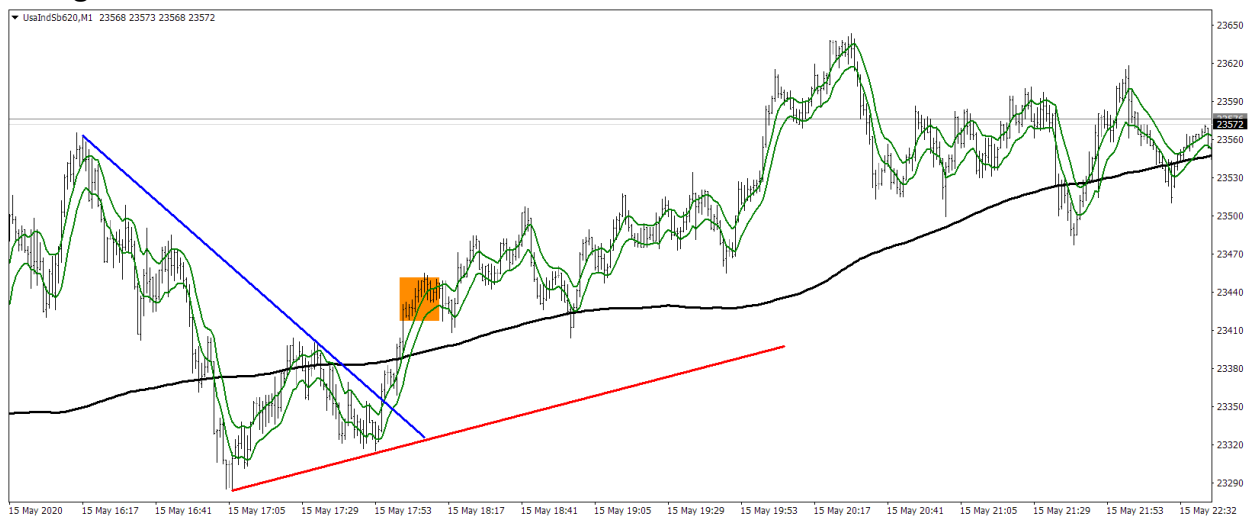
I also discussed retracement lines here:

<https://www.forexfactory.com/thread/post/12942967#post12942967>

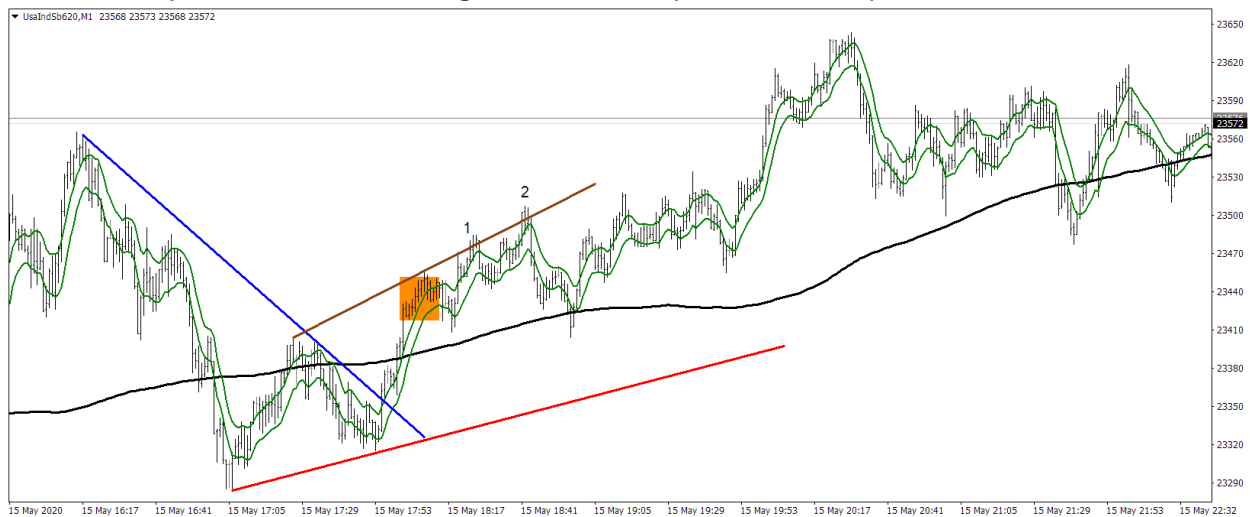
Although there will be an element of repetition, I want to set out further examples here in order that they are easily accessible. As stated in the other thread, I am not adhering to the traditional 'rules' of trendlines. They are simply straightforward lines to help identify momentum and structure. The use of trendlines will assist both entries and exits.

In the first chart below, let's say I arrived at my screen around the time price was in the orange box. The channel was above SMA, should I enter?

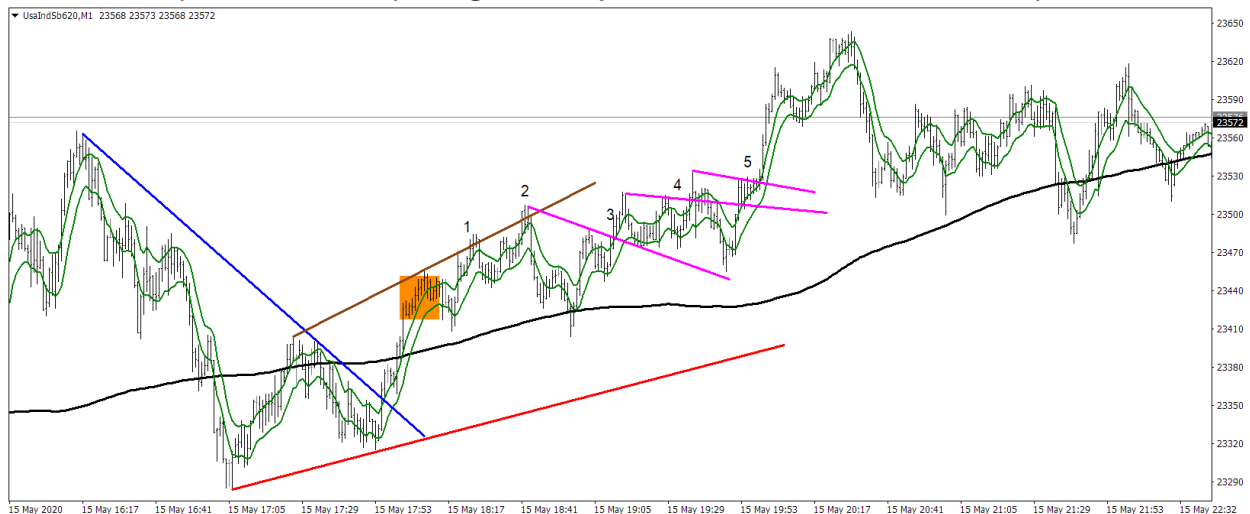
By drawing two simple lines, I have my answer. The red trendline tells me a higher low was formed and the blue trendline tells me the bearish momentum has likely been extinguished.



So i'm now in a long trade and I want to take a little profit off the table so I can let the rest run. How can trendlines help me do that? As demonstrated below, by adding the brown trendline to join the two recent highs, I now have potential take profit zones at 1 or 2.



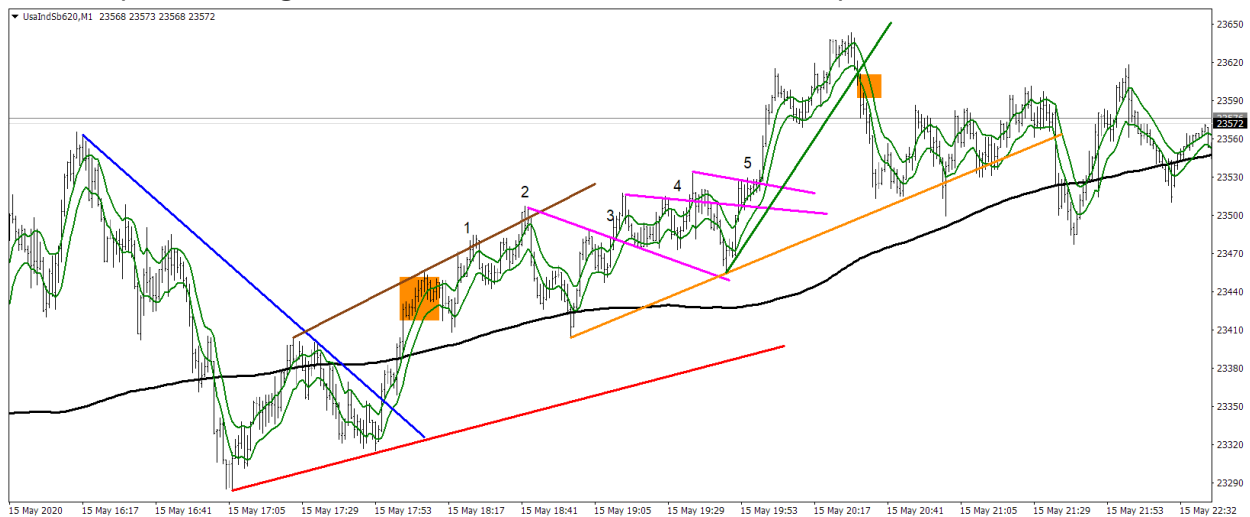
OK, so I have a little profit in my pocket. Now I want to let the rest run a while but I'd also like to add if possible, when price goes in my favour. How can trendlines help me do that?



By drawing the magenta retracement lines above, I can identify potential addition zones at 3,4 or 5.

Now let's say price has gone up past point 5 and I'm feeling very happy. But when should I think about getting out? Again, trendlines can help.

I originally might draw the orange trendline as per below, joining up the recent lows. However, that clearly gives far too much of my profits away waiting for it to be broken. I then draw a speedline in green. This will alert me to a reduction in price acceleration.



When the speedline is broken, I exit (around the 2nd orange square). It turns out to be a good decision as price drops and then trundles along sideways.

Let's do a rough calculation of profit. The initial part of the trade returned around 40 points when I took profit at point 1. The remaining part of that trade returned around 160 points when I exited after my speedline was broken. Let's be conservative and say I only added to my position when the retracement line at 5 was broken. That's another 60 points.

So, spread across 3 positions, I have a total profit of 260 points. And all by simply using trendlines to inform my decisions on entries and exits.

## Section 8 - Look Left

I've been trying to release information in a gradual way and, with talk on the main thread about 'look left', I think it's time to introduce another element of analysis. This is in addition to trendlines, which should in themselves encourage you to 'look left'.

Begin by choosing your desired timeframe. Zoom out as far as your platform allows. Then manually add horizontal lines at the untested high and low as follows:



Now zoom in once and do the same thing again. The untested high and low from your current viewpoint:





Zoom in once more and do the same again:



Now zoom back out fully:



Now draw unbroken trendlines:



Now you have your marked up chart, you can zoom in as required and analyse as normal.

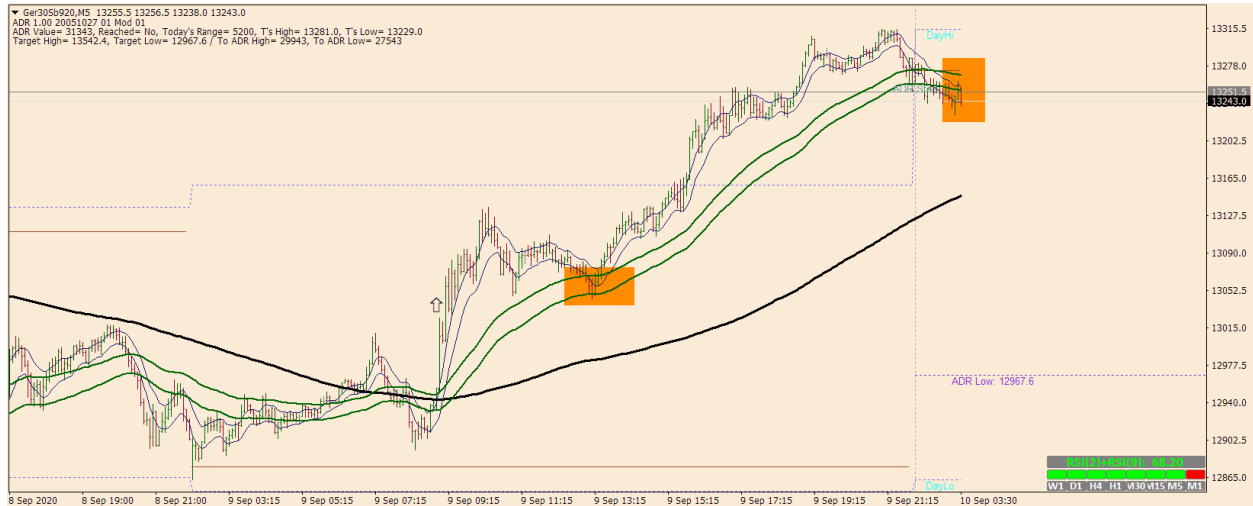
This is only scratching the surface of being aware of support and resistance but it's a good starting point for getting into the habit of being aware of what has happened historically on a chart.

Please keep any comments or queries for the main thread at:

<https://www.forexfactory.com/thread/993524-roadmap-a-way-to-read-markets>

# Section 9 - Double Channel

I was demonstrating this to a trader earlier and I decided it would be a good topic for a journal entry. It is primarily a trade management tool but it can be used as an entry tool.

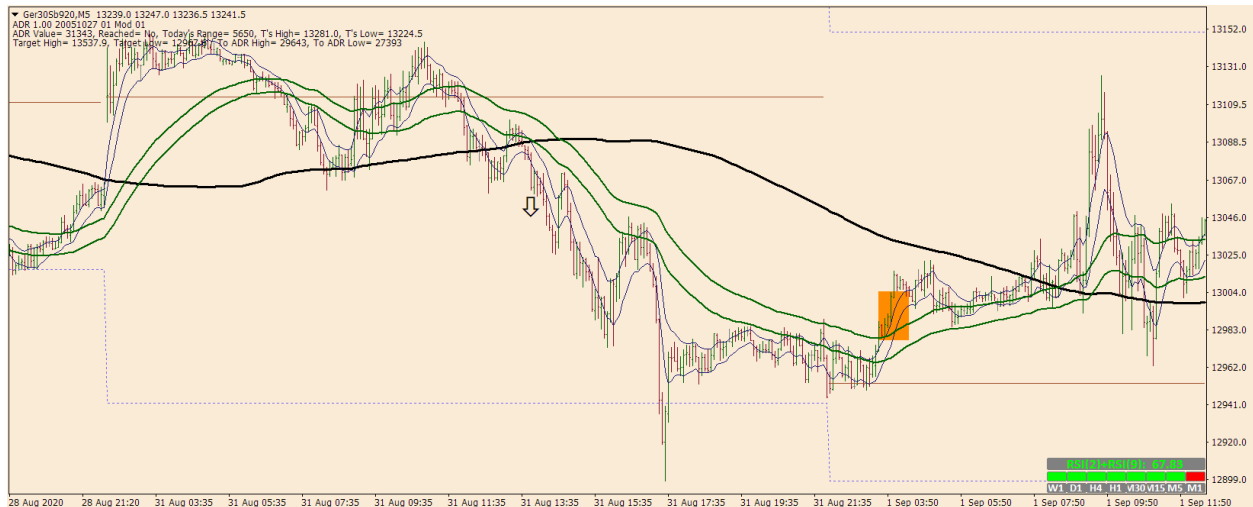


In the Dax chart above, let's imagine you got long at the black arrow. The trade progresses and you build profit, hurrah! But how do you know when the party is over and you should exit? Waiting for the 8EMA channel to cross SMA200 is obviously going to give back too much profit. There is another way. You'll notice I have added a second channel to the chart. This time 55EMA high and low (gotta love Fibonacci).

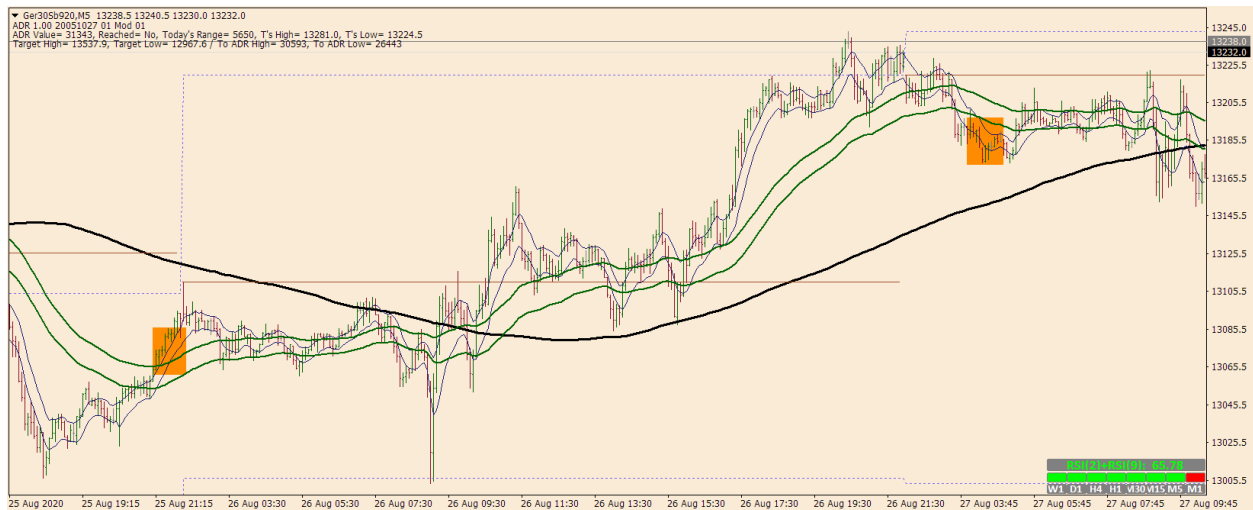
Notice how, in the first shaded area, the 'normal' channel dips inside the 55EMA channel but rises above it again. This tells us the trend is still healthy and we can continue with our trade. Price continues to go in our favour for an uneventful and profitable ride up.

Now we come to the second shaded area. If the normal channel breaks fully below the 55EMA channel, we'll know it's time to take our profit off the table. If it bounces as per the first shaded area, we'll know the trend still has integrity.

Hopefully you can see the benefit this addition will provide you with when wondering where to take profit.



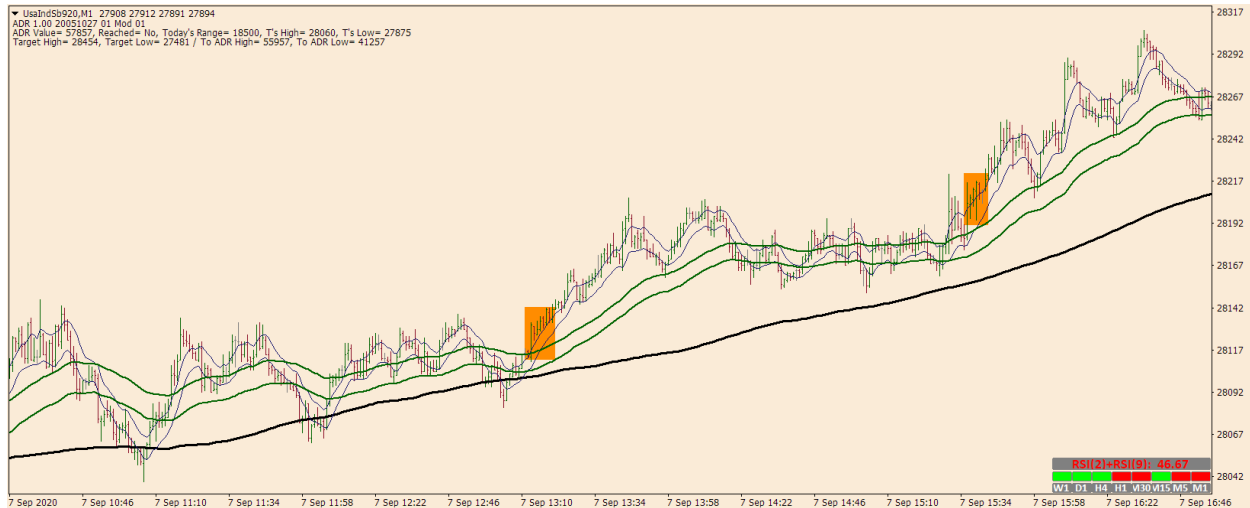
Another Dax example above. This time, let's imagine we got short at the black arrow. Notice how, in the shaded area, we are able to exit the trade far sooner than if we wait for the 8EMA channel to cross SMA200. Of course, all you smart traders would have done what I hoped and took your profits at the previous day's low (dotted blue line) but you get the idea



I also mentioned this can be used as an entry tool and the chart above gives an example. The first shaded area is the entry point and the second shaded area is the exit point. It gets us in before the 8EMA channel crosses 200SMA and it gets us out before it crosses back again.

One of the downsides of Roadmap (yes, I confess it's not perfect) is that a trend can be well underway before we get a cross of 200SMA, especially if price has travelled far away from the SMA. This double channel approach mitigates that.

Of course, taking a long when the normal channel is still below the SMA is an aggressive approach and I'd argue that new traders take the more conservative approach and wait for the major cross. However, this double channel offers experienced traders another option should they wish.



It can also be used to find entry points within existing trends, for those times when you miss the start of a move. As demonstrated in the chart above with the two shaded areas.

As I say, this won't be for everyone, and that's fine. It's simply another tool for your trading toolbox, especially useful for those occasions when you are lucky enough to catch a runner and need to know where to take profit. Or, if used as an entry tool, when and where to get in.

Please post any comments or queries on the main thread at:

<https://www.forexfactory.com/thread/993524-roadmap-a-way-to-read-markets>

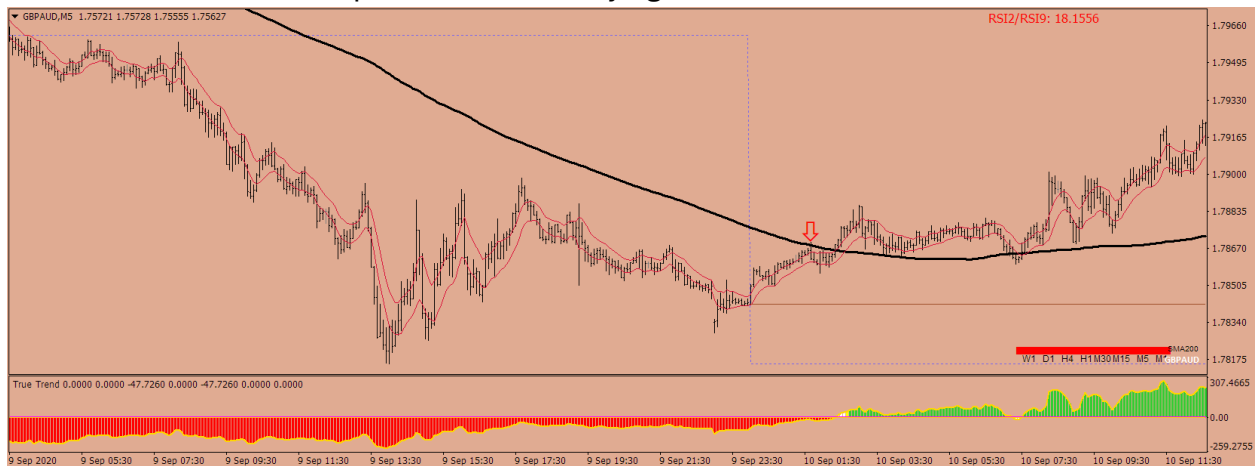
# Section 10 - Don't Fight Momentum

I think if I had to choose one common element that roadmap traders struggle with initially, it would be the tendency to fight against momentum.

I've given some examples over on my main thread:

<https://www.forexfactory.com/thread/993524-roadmap-a-way-to-read-markets> but it's an important enough topic to have its own focus here.

Let's first look at an example of what an entry against momentum looks like.



Selling where the red arrow is would be fighting momentum. Why? Let's zoom in on the same chart and see.



I've now added various lines to the chart. Let's first deal with the magenta trendlines. The descending trendline was broken, telling us that the downtrend was, for the time being, over. The ascending trendline was telling us that a significant higher low had been formed.

Now look at the green lines. They are marking the highs and lows of the recent price action. What do they tell us? That the market is forming a series of Higher Highs and Higher Lows. In other words, it's an uptrend. We do not want to sell into an uptrend (or, put another way, sell into bullish momentum). No no no.

Some of you might read this and think "ah, all well and good, but I like to anticipate that price will change direction". Well, please don't I've been trading this method for a long time and my worst trades are often when I anticipate rather than wait for confirmation.

Another example:

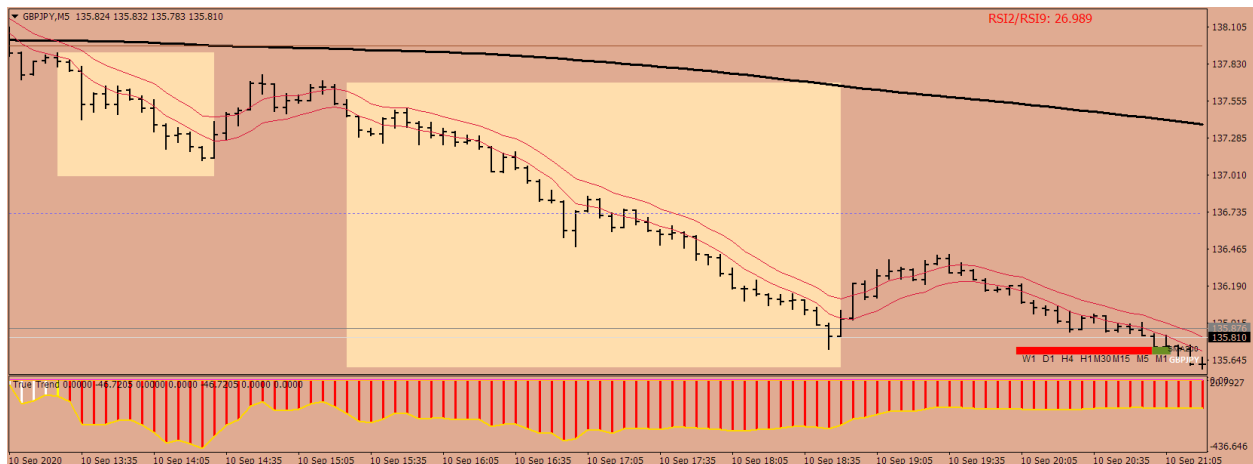


Some people might want to sell at the down arrow, in anticipation of a channel failure or price rejecting the SMA200. You can anticipate those things in your head but don't pull the trigger on a trade, is my advice. Much better to wait for confirmation. In the above example we again have a descending trendline broken and an ascending trendline intact, showing us that the market is printing higher lows. The momentum is bullish.

So, there are two tools you can use to your advantage here. One is trendlines/speedlines/retracement lines, the other is market structure (is the market forming higher or lower highs/lows).

But there is a third way you can avoid fighting momentum. It involves potentially getting a slightly worse price but I think it's worth it for the sake of the confirmation received, especially for those quite new to the methodology.

Look at the chart below:



What do you notice about the two shaded areas?

Bars are closing BELOW the channel and not above it. That right there is confirmation that the momentum is bearish and we can go ahead and enter.

And the bars between the two shaded areas?

They are printing mainly ABOVE the channel. Momentum is bullish.

By waiting for the momentum to turn bearish again, we can enter with a higher degree of certainty that we're choosing the right direction, as momentum is on our side. Furthermore,



we now know that, in our short trade, a bar printing ABOVE the channel is a sign all is not well and we should probably bail out.

In summary then:

1. Use trendlines.
2. Use market structure.
3. Don't anticipate.
4. Wait for confirmation.
5. Pay attention to where the bars/candles are closing in relation to the channel.

I hope this makes sense and I especially hope it helps overcome what seems to be a common difficulty for people new to the strategy. But please do feel free to ask questions over on the main thread at:

<https://www.forexfactory.com/thread/993524-roadmap-a-way-to-read-markets>

# Section 11 - Trading Exercises

I thought it might be useful to mention a couple of trading exercises to help with the natural progression traders following this thread will hope to have.

Firstly, a few words on the purpose and importance of trading exercises.

Mark Douglas (yes, him again!) said that the purpose of a trading exercise was to begin trading without fear. He also mentioned the importance of being able to execute consistently and that a trading exercise could assist with that. I agree with him of course but I also think there is a third benefit - pushing the reset button. When a trader is caught in the trap of taking poor trades, it can be much more difficult than it seems to break the pattern. Applying rigid rules in the form of one of the trading exercises I set out below can help to kill that destructive cycle.

You can also easily devise your own exercise. They are especially useful when trying out a new strategy. The key elements to define in advance are trading rules and duration of exercise (be it time based or formulated around number of trades taken or a certain profit/loss limit etc etc).

Here are my roadmap themed exercises:

## Exercise 1 - 20 Channel Crosses

The rules of this exercise are quite simple. You must take every fresh channel cross you see until you have taken 20 trades. As a reminder, that is each instance of the 8EMA channel fully crossing above or below SMA200. Below is a chart with a couple of highlighted examples of crosses.



You should place your Take Profit and Stop Loss values immediately after the trade is opened. For the purposes of the exercise, I suggest using 1:1 RRR. So, if your stop is 30 pips/points your take profit should be the same. You should, in advance, define the hours during which you will take signals. Don't expect much success if you are trading outwith London or New York sessions, for example.

The purpose of the exercise is not necessarily to measure profitability, although it's certainly a factor. The main purpose is to instill the discipline required to be a consistent trader. That is, taking each setup regardless of how you feel about your mood, the weather, your horoscope or anything else. If it meets your rules - take the trade.

It also stops you interfering with the trade once it's in place, as your TP and SL will be set. This will feel like torture at first. You will be convinced that your long is going to dive and want to close manually. Don't do it. The rules forbid it.

Once you complete your 20 trades, you evaluate the following:

1. Your consistency of execution - did you take the first 20 setups you saw?
2. Your consistency of trade management - did you interfere in any before TP or SL was reached?
3. Your win rate.

#### 4. Your Profit Factor (total wins value divided by total losses value).

If you were less than perfect in areas 1 or 2, you should repeat the exercise until you reach perfection. Even if you achieve perfection, I'd suggest it's worth repeating the exercise if you felt uncomfortable emotions during it. The aim is to see a setup and take the trade. To reach that point, you must remove emotional distress from the equation. Your aim is to trade without fear.

The one exception to this is if your uncomfortable emotions were only in relation to not being able to close your trades manually. As long as you did not interfere, it's fine to feel helpless and frustrated about this aspect. In fact, you could even then repeat the exercise while allowing yourself manual intervention and compare the results.

If your win rate/profit factor is poor, consider why. What do losing trades have in common besides the outcome? Did all trades meet the rules? Is the system junk? (honestly, it's okay if you reach that conclusion, you have to trade what you are comfortable with). Was the preset TP/SL the issue? And probably other questions I haven't listed here. The point is, analyse your results carefully. Those 20 trades are gold dust if used effectively to plan the next steps.

#### Exercise 2 - 20 Channel Breaks

This exercise uses just the 8EMA channel and nothing else. Although, if you want to add other elements of the roadmap to keep you on the right side of trends, that's absolutely fine (as long as you define it in advance - don't go adding new rules halfway through).

The aim of the exercise is to again take 20 trades, but this time you are in control of when to close (to a point). Your entry signal is when two bars/candles close ABOVE or BELOW the channel. You have the freedom to take profit on your trade at any point you wish. However, you must close your trade, whether in profit or loss, if a bar/candle closes on the wrong side of the channel. The chart below hopefully explains:



The up arrow signifies a long signal, down arrow a short signal and the X is the forced exit signal. Remember, the forced exit is only necessary if you haven't already taken profit manually.

The purposes of this exercise are similar to the first one. Consistent execution. Rules about forced exit. Pressing the reset button on a bad trading run. But this exercise also provides the benefit of testing your decision making about when to close a trade. It also gives you practice of watching bar by bar price action, which is invaluable. It might even give you some ideas about a trading strategy of your own

I hope these exercises prove useful to someone. My students have found the first one to be beneficial and some have done it more than once. The second one hasn't been released to them yet so you're getting access hot off the press! These exercises can be repeated ad infinitum if you wish, there is no limit to how many times you should do them. But you'll know when it's time to move on from them and you'll ideally be doing so with confidence and an inner calm.

If there are any comments or questions, please direct them to me in my main thread at: <https://www.forexfactory.com/thread/993524-roadmap-a-way-to-read-markets>

# Section 12 - Mastering Trading (Step One)

I hope you'll forgive me the rather grand title of this section. The reason I chose it is because of something Dr David Paul said, a few years ago, that stuck in my head.

To paraphrase Dr Paul, and to rank them in what I consider to be the order of importance:

1. Master your psychology.
2. Master your money management.
3. Master your methodology.

Let's take a look at what I consider to be the most vital.

## Master Your Psychology

There's a reason why I am such a fangirl of Mark Douglas. He taught me to master my psychology. In turn, that helped me to master a methodology, which in turn led to being a consistently profitable trader.

If you think your strategy is the most important element of trading, please understand it is not. Here's an example of why not. I'm fairly confident I could train 10 traders my methodology in full, and even let them copy my entries, and perhaps half of them would fail to make a profit.

So, they understand my methodology fully. They even get to copy my entries. Trade management is down to them. They fail. Why? "Poor trade management" some will say. Indirectly, that's true. But, fundamentally, they fail because of their psychology. Think about it, what leads you to manage a trade poorly? It's what's going on between your ears.

Let's look at some common psychological issues that manifest themselves as bad trade management:

I can't let my winners run (or cut my losses).

This is very common. Rather unhelpfully, the advice given is 'let your winners run and cut your losers' which really doesn't help anyone understand how to do so. We need to look at psychology for the answer. How does someone feel when they are in a trade that is in profit? For the people who struggle to let winners run, it's usually fear/anxiety/pessimism. In other words, negative emotions. Is it any wonder they snatch a quick and small profit to extinguish those negative emotions? Conversely, losing traders seem to get suddenly optimistic about a trade that is losing "it'll turn around - support level is close" etc etc.

To change this, we must change what we think and feel - in other words, our psychology. The key is to train ourselves to feel positive emotions when our trade is winning and negative emotions when it's losing. We will therefore be more patient with our winners and more impatient with our losers. That's not to say we sit back and happily let our winning trade go wrong. We must still have a line in the sand. An exit point and exit reason.

But it's only by having our emotions regulated in the above way that we can manage our trades better. We are hardwired to equate negative emotions with something we should put an end to, such as when we put our hand on a hot surface and burn ourselves. We quickly pull away from the thing that's burning us. Trading is no different. We are still at the mercy of our hardwired instincts around sensations.

So how do we train ourselves to regulate these emotions properly? Unfortunately there is no shortcut I'm aware of. We simply must practice it repeatedly until it becomes a natural response.

As a compromise, I often suggest that my students learn to take partial profit when that itch to snatch a profit starts to rise. Once they have satisfied the urge, they tend to find it much easier to let the rest of the position run a little longer than they ordinarily would.

I measure success by profit.

Seems fairly reasonable, right? Well no. The bad news is, if you're focused on the money you will make less of it. I teach my students to measure success by how perfectly they executed their plan. Regardless of whether their day was profitable or not, they can consider it a success if they executed each trade perfectly. The outcome of an individual trade, and even of a series of trades, is unimportant in the grand scheme of things. I recognise the fact that some reading this part will wonder what I'm smoking but let me explain.

I could toss a coin and enter a trade on the outcome of the coin toss. That trade could go on to make me 200 pips profit. Does this make me a great trader? Or, put another way, I could exit a trade according to my plan and go on to end up losing 30 pips. That doesn't make me a bad trader, the trade just didn't work out. The random distribution of winners and losers among a large series of trades will sometimes mean I lose 5 trades in a row. Does that make my methodology useless? Not if my statistical edge still exists.

Profit is of course important. It's why we are in this game - to make money. But thinking about the money should be secondary to thinking about HOW you are going to make the money. There are actually traders who, when they hide their profit and loss and just focus on flawless execution, improve their results by stratospheric amounts. It's no surprise really. They have removed from their awareness something that they have tied up so much of their self-worth to and replaced it with a measure of discipline and focus.

I like picking tops and bottoms (or, I like being right).

We've all met these traders, I'm sure. They once bought at the bottom of a market or sold at the top and they dine out on the story for years to come. They think trend trading is for chumps or 'too easy'. These types of traders get their thrill from being right. From being the smartest guy (or girl) in the room.

Now, that's not to say reversal traders are all like that. I know some very successful traders who focus entirely on reversals or, more specifically, trading price extremes. But what I'm saying is, if a market is falling and you are buying, you'd better have a solid reason for doing



so and you better have a tried and tested methodology with a statistical edge. Otherwise you are just gambling that price will turn around.

Being right is not all that important in trading. I can be wrong 80% of the time during a trading day and still come out with a profit. And what drives this desire to be right? Far too many complex psychological issues that I don't have time to get into today. For the sake of brevity though, let's call it ego. The markets are a slaughterhouse for big egos. Many people who are very accomplished in their chosen field, be it medicine, business or whatever, turn their attention to trading and lose a fortune. They probably approach the markets with a sense of self-confidence that isn't justified. They might even become a top or bottom picker

I do unexplainable things that lose me money.

This covers a whole host of psychological issues and getting to the root cause(s) can be difficult. Let's work with some examples:

1. Trader A has a tendency to revenge trade when he loses. He increases his size to an excessive amount, swears and bangs his desk. He tells anyone who will listen that the market is rigged or is out to get him. What's causing him to revenge trade? It can be many things but I'd suggest it's likely to be one of two things. Either he's emotionally attached to being right and has his self-worth wrapped up in his trading results or he's lacking the persistence to follow a plan.

If Trader A has his ego in play, his self-worth will be linked to his trading outcomes. So, a loss or series of losses will damage his ego. Being proved wrong by the market will sting him and he will want to seek revenge on that market for the damage it did him psychologically.

If, on the other hand, he's lacking the persistence to follow a plan, he will be adversely impacted by a few losses or a particularly painful loss. This could be due to a lack of emotional resilience, a lack of confidence in his trading methodology or a limited attention span.

2. Trader B always seems to make a healthy profit in the morning and give it all back in the afternoon. Although, on the surface, this can appear a simple case of afternoon trading conditions not being ideal and thus the trader should avoid them, it's often more complex.

We each have a picture of ourselves in our minds. Our self-image in other words. This includes things we consider fundamentally true about ourselves. It might be "I can't sing" or "I can't draw" or "I'm a good friend" etc etc. It blows our minds when something happens that challenges those self-beliefs. My guess is that Trader B doesn't have the "I'm a profitable trader" belief. In order to allow her self-beliefs to remain unchallenged, she unconsciously finds ways to sabotage her success.

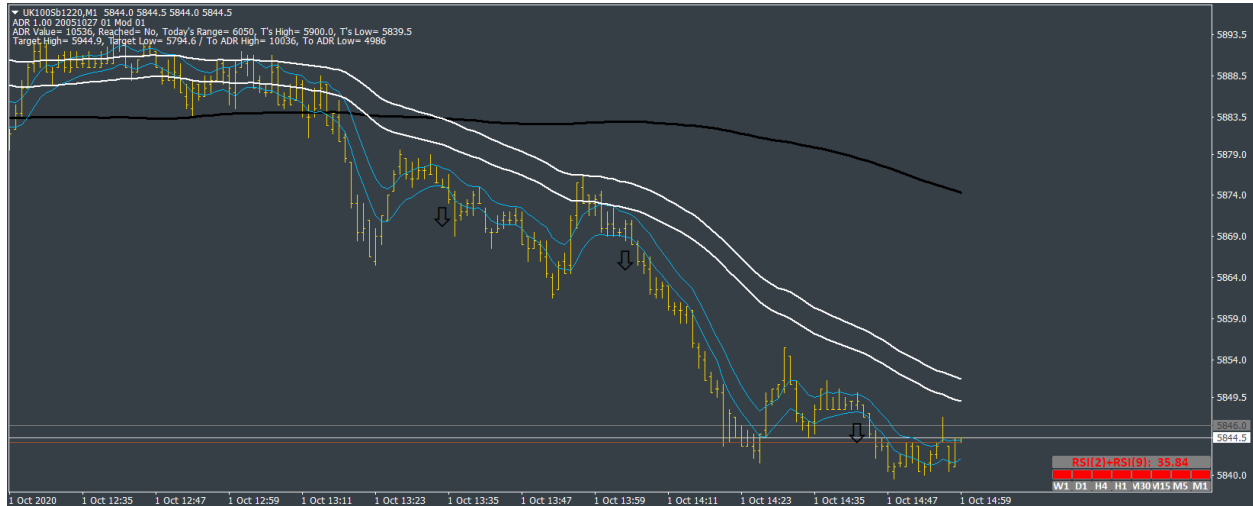
It sounds crazy but fear of success is real. Another reason for it could be related to self-worth. As well as having a self-image, we also have a complex set of beliefs around what we deserve from life. Trader B could believe that she doesn't deserve success and so finds a way, outwith her consciousness, to give back the winnings.

I could go on and on with examples of trading behaviours and what the psychological bedrocks might be but hopefully you get the idea by now, and this post is already long enough.

In summary, who you are (and who you believe you are) dictates what you do. If you're not a consistently profitable trader and you want to be, you first need to look at your own mind. After that, feel free to begin to address elements like money management and trading methodology.

# Section 13 - Continuation Trades

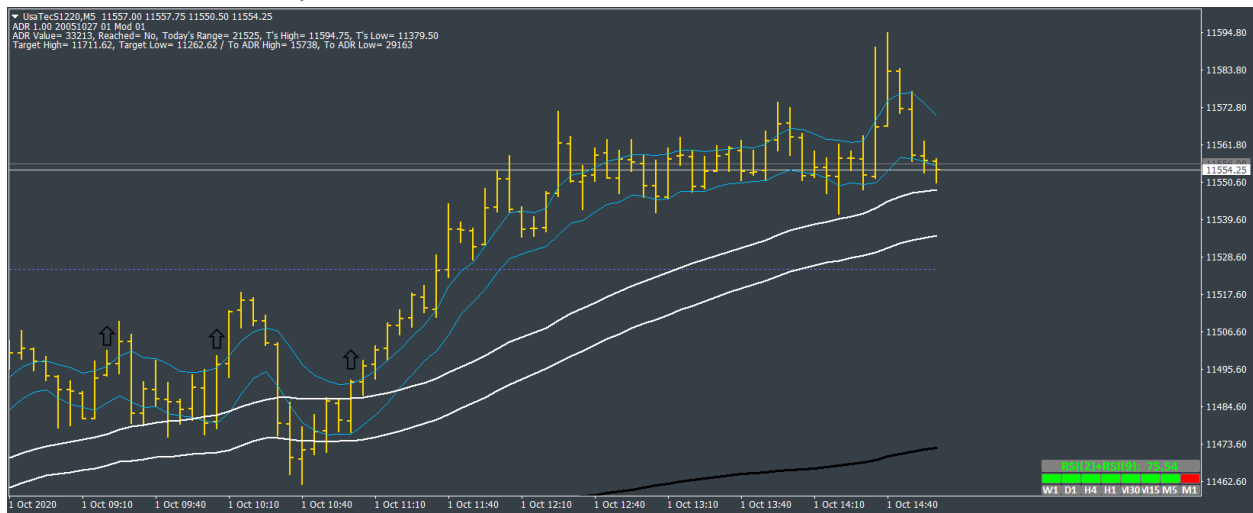
I want to talk about my favourite type of entry. All the normal roadmap 'rules' apply but the specific element of this type of entry is that we are looking to get into an existing trend.



On the above chart you'll see that I've marked potential entry points with arrows. Do you see what they all have in common?

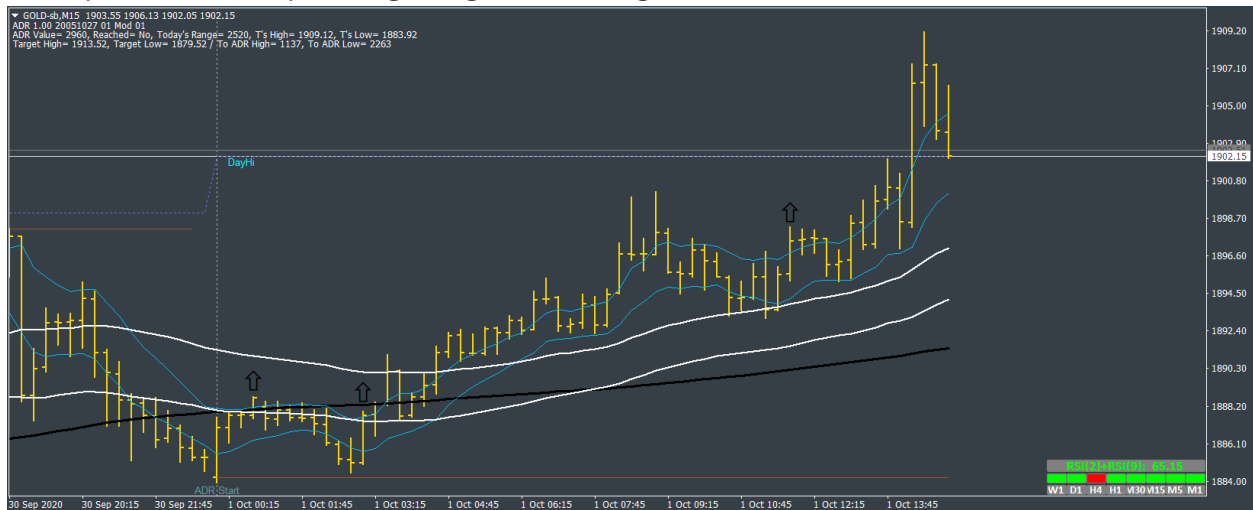
They are all entries where a bar has closed below the channel after a bar, or bars, having closed above the channel. This is how we approach a downtrend.

Now let's look at an uptrend.



Exactly the same but in reverse. We wait for a bar to close above the channel after a bar, or bars, have closed below it.

A couple more examples of getting into existing trends.





With these types of entries, don't be surprised if your entry initially goes into drawdown. As we are buying or selling outside the channel, we are paying a slight 'premium' in price. We accept this for the very reason we are trying to get into the position. Because we believe a trend is in motion and we want to join it. By waiting until we have momentum on our side, we are giving the retracement every opportunity to be finished.

If there are any questions or comments, please direct them to my main thread at:

<https://www.forexfactory.com/thread/993524-roadmap-a-way-to-read-markets>

# Section 14 - Defeating The Ego

Following a previous entry on trading psychology, I was asked to write on how we 'train' our unconscious. To have any chance of achieving this, we're going to have to first take a journey into the subconscious mind. Buckle up!

Between birth and around age 7, our brain waves move slower. It is during this period that the subconscious is primarily formed.

It's helpful to think of the subconscious as a constantly running video recorder. It sees, hears (and smells) everything that goes on around us. By adulthood, the average human will have over 50,000 thoughts per day. We are conscious of around 5% of those thoughts. The rest goes straight to our unconscious. This is why the traditional picture used in psychology texts to demonstrate the subconscious is that of an iceberg. 95% of it is submerged and out of sight, much like how our minds are largely outwith our awareness.

Imagine this constantly running video recorder also has a filing system. It splits the incoming thoughts into 3 categories. Memories, emotions and dangers. In other words, thoughts/events to be remembered, feelings to be remembered and things to protect ourselves against. Again, keep in mind, 95% of this processing is done while we are blissfully unaware of even having had the thought in the first place.

We also have to briefly delve into the physiology of the brain. During our development as a species the brain has evolved and grown. A helpful model to demonstrate this is that of the Triune Brain. In very simple terms, our brains first consisted of what we can call the reptilian mind (basal ganglia). This part of the brain is responsible for instinctive behaviours. Then we developed a limbic system, responsible for motivations and emotions. Finally, we developed the newest part of the human brain, the neocortex. This is responsible for more complex functions such as language, perceptions, planning and abstraction.

So, we have the 'old brain' and the 'new brain' doing their things. This will often lead to inner conflict between what we instinctively WANT to do and what we rationally THINK we should

do. In trading terms, this is why you experience those "I knew I shouldn't have bought there but I couldn't resist the urge" moments.

Now let's look at habits and start with a bold statement:

Repeated mistakes are not mistakes. They are habits.

In other words, the things we do over and over again are habitual. The good news is, habits can be changed! Rarely an easy task, but certainly achievable.

Further good news, returning to the brain functions for a second, is neuroplasticity. Put simply, what we do, how we think, how we feel... this can all be changed. In technical terms, it's the ability of neural networks to change due to growth and re-organisation. It's like the old physical fitness adage of "use it or lose it" - by using certain neural pathways more than others we can strengthen those connections much like we can strengthen our muscles by lifting weights.

Let's now look at how we can move forward and accomplish the desired changes. But first, a warning. BEWARE THE EGO. The Ego has a rather fixed sense of who we are and it fiercely resists change. It will use every trick in the book to stop us from changing. Regardless, we can beat it. Let's explore how.

The first thing a trader can do to facilitate positive change is the most fundamental. They have to acknowledge the need for change. This sounds simple but it's not. Think of it this way. We are driven by two forces. The comfort of remaining the same and the pain of remaining the same. Only when the pain of remaining the same exceeds the comfort of doing so will we begin to have the motivation to change. So, the first step is to gain an awareness of all the pain the status quo is causing you. In doing so, you will build enough motivation to progress you through that first step of change.

The second step is to establish a new routine. To enact change, repetition is key. Establish what you want and then map out what you have to do to get there. Returning to habits for a second, it's thought that it takes on average 66 days to form a new habit. Are you

committed enough to change to stick with a new routine for over two months? When I started 'training' a group of traders from FF 5 months ago they had only fundamental knowledge of my strategy and only my word that it would be profitable. 5 months on, there are now profitable traders. Why? Because they formed new habits and because they created a routine to establish change. I'm sure some of them thought of quitting during those first two months but those who are now profitable stuck with it.

Time for another bold statement:

Effective trading involves personality modification.

All of the technical training in the world will not overcome a poor mentality. You simply have to change the focus. Less time on the technical, more time on the mental.

Here are some further ideas for enacting positive change:

Meditation. Whether it be guided relaxation or positive mantras, meditation can lead you in the right direction.

Neuro-Linguistic-Programming (NLP). Although controversial, there is some truth in the fact that our thought processes and language impact our behaviours.

Kaizen (continuous improvement mindset). This is actually a Japanese business concept but at its core is the philosophy of great overall change being driven by lots of individual, incremental changes. By committing to changing or improving one thing per day, we can achieve eventual profound change without being overwhelmed by the magnitude of the task.

Trading Plans. Writing and refining a trading plan will feed your unconscious mind. By modelling the desired outcomes and behaviours in the form of a written plan, we start to shape our perception of what 'better' looks like. You've probably heard it said over and over again that every trader should have a trading plan. Now you can add training the



unconscious mind to the list of benefits. I will likely do a separate post on trading plans in the future as I think there is a general fear around doing one and most trading plans don't meet what I'd consider to be the requirements for positive personal development.

Mindfulness. Self-awareness is key in trading. Learn to become more aware of having thoughts than of the thoughts themselves. Apply it to your trading. Be aware of how you feel when you click the mouse to open a trade, how you feel while the trade is progressing and how you feel when you click the mouse to close the trade.

Seek consistency. To win consistently you must first lose consistently. Only by repeating the same things over and over will you learn what works and what doesn't. FF is full of traders who jump from one strategy to another. In doing so, they remove the ability to gain any sort of consistency of approach. Seek consistency not only in your behaviours but in your mindset. Consistent execution can only happen within the framework of consistent mindset.

Keep a trading journal. If you take one piece of advice from this whole post, please make it this one. Learn to write down what gets you into a trade, how you feel during the trade and what gets you out of a trade. The information contained within that journal will, in the fullness of time, prove invaluable in understanding you and how you operate.

Finally, don't forget. Trading IS psychology! Imagine what an advantage you can have if you understand the human mind. Self development is important in all walks of life but especially so in trading. Look after your mind, feed it quality fuel, exercise it regularly. It will pay you back tenfold.

I hope you found this subject informative and useful.

If there are any questions or comments, please direct them to my main thread at:

<https://www.forexfactory.com/thread/993524-roadmap-a-way-to-read-markets>

# Section 15 - Trade The Plan

When I ask traders if they have a trading plan I tend to get two answers. Either they don't, or they do but, upon examination, they have one that isn't fit for purpose. The reasons it isn't fit for purpose will hopefully become clear as this post progresses.

I think there is a general reticence around writing a trading plan. It either feels too difficult or quite pointless. Based upon the majority of plans I see, I can completely understand why those conclusions are reached. What is invariably written is a one-time document that will be printed out to gather dust on a shelf or stored away on a computer to be rarely, if ever, looked at again.

What I hope to set out here is a different way to approach a trading plan. A way that ensures the trader ends up with a living, breathing document that gives up to the moment useful information. A trading plan should never be a 'once and done' affair. It should evolve as the trader evolves and it should document and reflect the journey the trader has taken to date (and where they want to head in the future).

The trading plan outline I'm going to set out has 7 sections. Some sections will be more interactive than others but all 7 will be fluid. They will change as the trader develops. Bear in mind this is purely my opinion around what an effective trading plan should look like. Traders might have their own ideas about what should be included and how it should be structured. The key thing is to end up with a plan that serves the required purposes.

OK - let's dive straight in.

## Part 1. Pledge & Principles

This section deals with the fundamental commitment a trader makes to their trading and to their plan. It will likely include a pledge to always seek to trade in accordance with their plan, to keep their plan updated, to carry out a weekly review of their trades and results.

It will also likely include a pledge to stick to the 'golden rules' as defined by the trader. That might be that they will commit to taking the setups when they present themselves, without fear or hesitation. That they will take a loss when the market proves them wrong, again without fear or hesitation.

The list here will likely end up quite long. The trader should seek to capture all those fundamental do's and do not's that will form the backbone of how and why they trade.

## Part 2. Traded Setups

Next we come to the section that most people think a trading plan should include. The problem is, they end up writing a plan that only contains this section.

In this part, the trader should capture, in great detail, what will get them into a trade, what will get them out of a trade, what their risk management profile is, what their money management strategy is, what hours/days they will trade, what timeframes they will trade etc etc.

## Part 3. Weekly Profit Factor (and Win Rate)

Trading is a results orientated pursuit, of course.

A straightforward way to keep track of progress is to capture each trade taken and the outcome, in order that end of the week analysis can be done. Profit Factor is simply the total monetary winnings divided by the total monetary losses. So, if a trader has winnings of £6000 and losses of £2000 their Profit Factor is 3.0.

It's also helpful to capture the weekly win rate and the total trades taken for future analysis. Having the dedication to record and update this information on a weekly basis will provide invaluable statistics and a clear indication of progress or lack of.

This section hopefully demonstrates what I mean by turning your trading plan into a living document rather than something you write once and forget about.

#### Part 4. Trading Journal

The most important section of any trading plan, in my opinion.

This is where the trader records details of every trade taken. What got them into the trade, how they felt during the trade and what got them out. The amount of profit or loss (which will, at the end of the week, feed into the Weekly Profit Factor section of the trading plan).

How a trader feels during a trade might seem like a strange thing to record at first. But remember what I've written on trading psychology in the past. Emotions drive behaviours. If we can isolate the emotions that lead us to make poor decisions, we can work on changing and improving.

#### Part 5. Mentoring Notes/Tasks

If a trader is fortunate enough to have access to a mentor, this is where the outcomes of the sessions should be recorded. It should include a general overview of the discussions and specific goals or tasks as a result of those discussions. The tasks will then be carried forward to Section 6 (Development Pending).

If a trader doesn't have access to a mentor, consider finding one would be my advice. Even if you can't find an experienced consistently profitable trader to fulfill the role, try to find someone whose opinion you respect. Even if they can't provide a full mentoring service, they can at least keep you accountable.

If no other options are available, even a spouse/partner/friend can act as a surrogate.

## Part 6. Personal Development (Pending)

This is the section that all other sections feed into and should be one of the most interactive sections of your plan. Anything that is yet to be tackled, or is work in progress, goes in here. This part will only be as useful as the trader chooses to make it. Paying lip service to it will render it useless.

## Part 7. Personal Development (Completed)

This is the section a trader will transfer their development tasks to when completed. Together with Section 3, it will serve as a record of a trader's journey.

So, there we have it, my suggestion for what a trading plan should look like. I'm sure you all have your own opinions about what should or shouldn't be included but I've hopefully set out a version that includes the elements required to make the trading plan a tool that will have continued relevance and usefulness.

I understand many will read this post and decide it's all too much effort. And that's fine. But, for those who want to invest in their futures and aim to become consistently profitable traders, I highly encourage this approach or one like it.

As ever, if you have any comments or questions, please direct them over to my main thread at:

<https://www.forexfactory.com/thread/993524-roadmap-a-way-to-read-markets>

# Section 16 - Advanced/Aggressive Entries

As it's now around 7 months since I first introduced Roadmap, I think it's time to share something that will improve your edge.

Right at the beginning, and ever since, I've maintained that SMA200 should provide your bias and you should therefore only be looking for longs above SMA200 and shorts below it.

However, there is a more advanced/aggressive way to enter, which I think you're now ready to learn.

I can't stress enough though, this is not something I recommend for those new to Roadmap. Get the basics right first, then think about these types of entries. Even experienced traders might decide they are too aggressive and stick with the original plan. That's fine. This is all about giving you an additional option to use, if you wish.

You might have noticed during your chart analysis that trends sometimes begin BEFORE price reaches the 'correct' side of SMA200. Well, now you can take advantage of that. This isn't me saying you can take any old entry at any time. You must still have a solid reason for getting into the trade. But, if you feel you're at the stage where a little freedom will help you, you can have it.

At your disposal you have various tools within Roadmap. If you decide to no longer take your bias from SMA200, make good use of the other tools to guide you. Use trendlines, be aware of price in relation to channel etc etc. And, of course, I'm not suggesting you remove SMA200 from your chart. It's still on mine and likely always will be. You can still use the 8EMA channel to provide you with channel failures or channel crosses. But you now have the option of entering earlier.

With these more aggressive entries comes theoretically extra risk that you will try to enter a trend too early. You must embrace that if you want to trade this way (you must embrace risk if you want to trade - full stop). The rewards, when comparing your potential new entry points with your old entry points, can be significant.

<https://www.forexfactory.com/thread/993524-roadmap-a-way-to-read-markets>



# Section 17 - Trading Reversals

It's been a while!

In addition to Roadmap, I've discovered a framework that is useful for identifying potential reversal points. I'm happy to share this with you today.

The idea came about when I noticed that, rather than the standard 61.8 Fib retracement, the 70 level offered a high probability turning point. However, I wasn't a fan of drawing lots of Fib retracements on my charts.

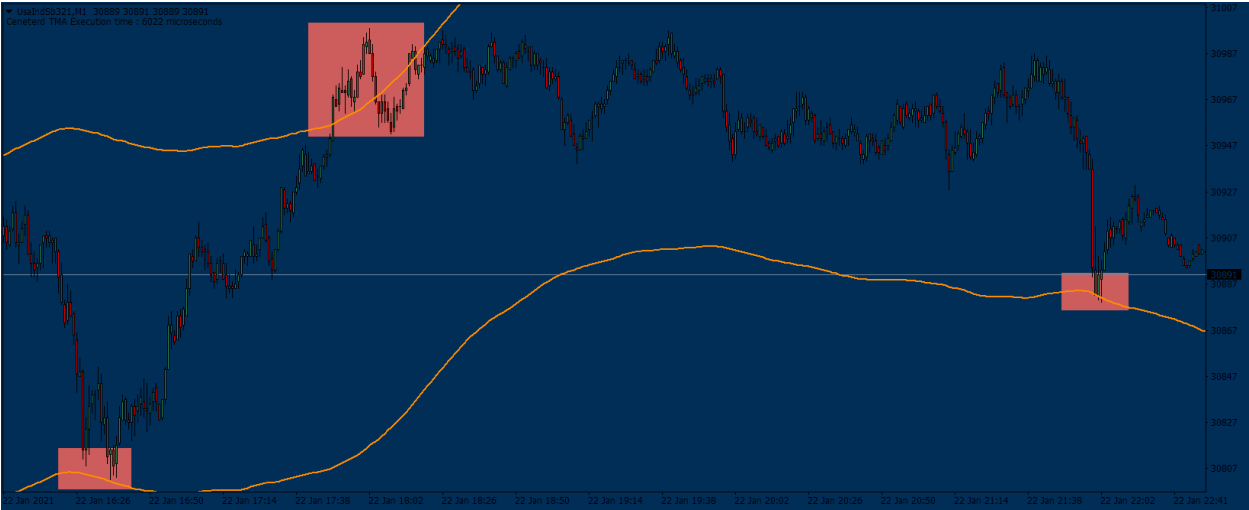
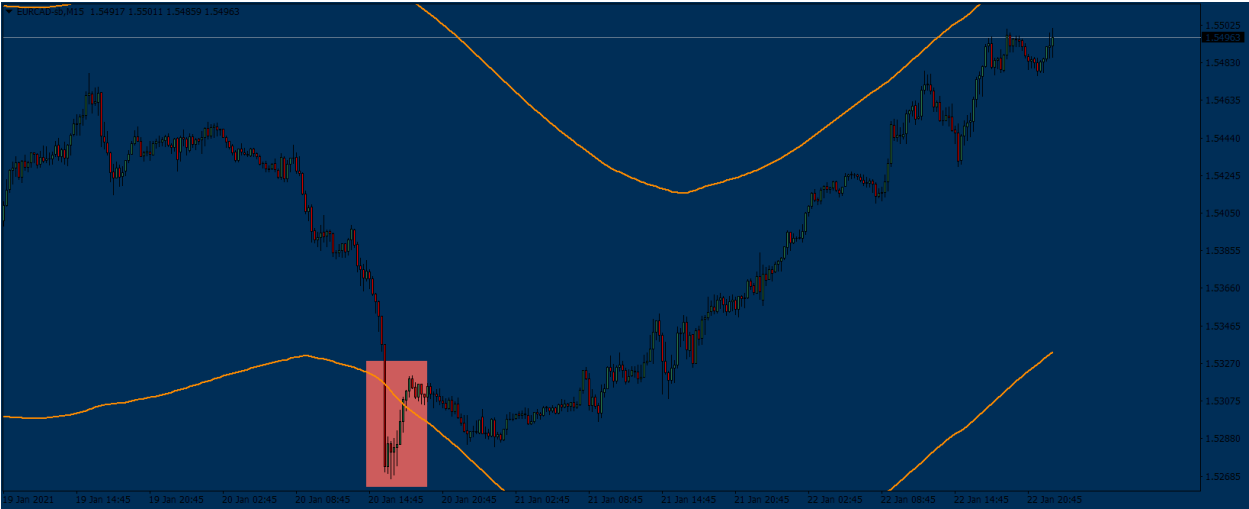
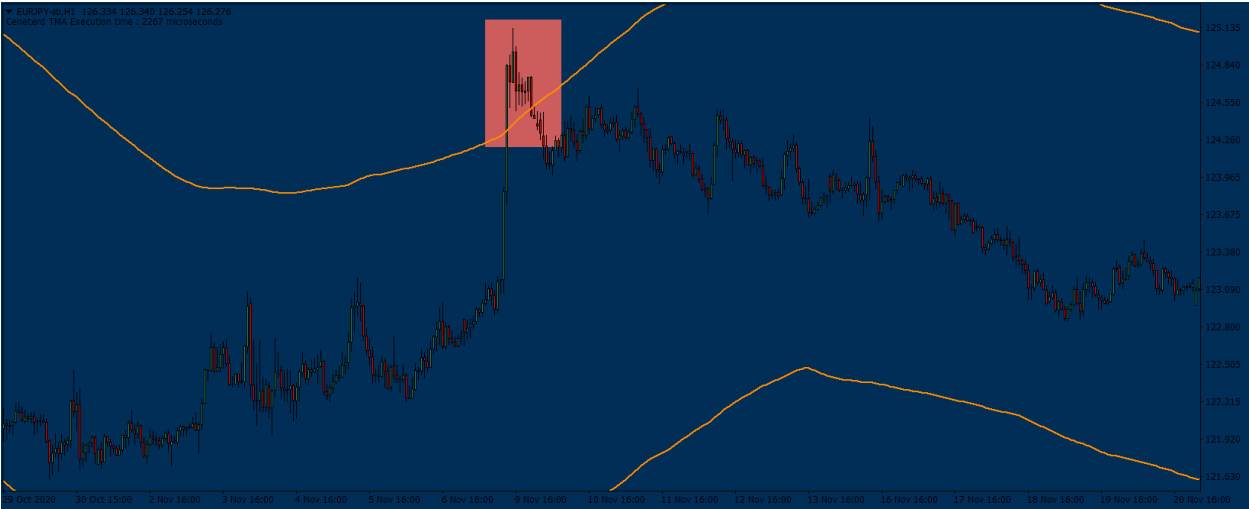
I was aware of the existence of Fibo Bands and wondered if applying that logic to them would yield promising results. It turns out that, with the right settings, a very good degree of accuracy can be obtained.

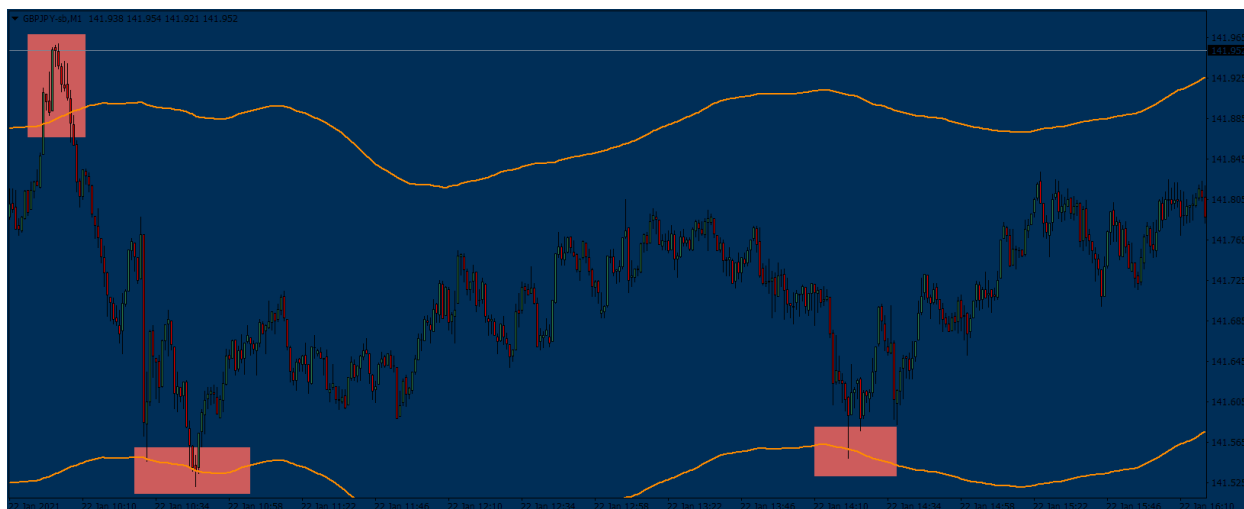
The basic principle is simple. When price approaches the 0.7 level, the chance of a reversal (or at least a significant reaction) occurs. The best part is that the framework can be applied to any instrument on any timeframe. It can either be used as a take profit area for your trades or, if you are an aggressive trader, as an entry point.

Below I've attached the indicator, together with the relevant settings and some charts demonstrating the band in action.

I hope you find this useful and profitable.







Custom Indicator - ma\_channels\_fiboMOD2

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About
Common
Inputs
Colors
Visualization

Variable	Value
123 BarsCount	1440
123 MAPeriod	100
123 MAMethod	0
123 MAPrice	0
123 fontsize	1
1/2 fib1	0.7
1/2 fib2	0.0
1/2 fib3	0.0
1/2 fib4	0.0

Load
Save

OK
Cancel
Reset

Download File Here:

<https://www.forexfactory.com/attachment/file/3843648?d=1611493050>

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# Section 18 - Find Your Trading Personality

One thing I say over and over to traders who have yet to reach consistent profitability is that there is no perfect strategy. What works for one person might be disastrous for another. There are various reasons why this is the case, but let's focus on a single area for now. Trader personality.

If a trader is attempting to trade a strategy that contrasts with their personality, it will rarely end in success.

A good way to begin to establish what might work for you is to start with a blank sheet of paper and write down the individual elements which will make up your ideal trading strategy. Not the overall strategy itself, but the nature of the strategy. For example:

Checking charts twice per day, no more than 3 indicators, no moving averages or oscillators, in and out of positions within 2 days, easy to establish a bias, give trades wiggle room etc etc.

The more detail you can add to the nature of your dream strategy, the better. After that, it's simply a case of designing the strategy from scratch in accordance with your preferences.

You can also take one of the multitude of trader personality quizzes out there. Some are better than others, of course. But try to take a selection of them as each one will assist you in getting closer to understanding what motivates and interests you. Some for you to consider are Tharp Trader Test, MarketPsych Trader Personality Test, Daily FX DNA Quiz or Brett Steenbarger's Three Dimensions Trader Personality Quiz.

Most new traders come at this backwards. They search for a strategy before taking time to understand who they are and how they want to trade. But it's never too late to take a new path.

One element of being a consistently profitable trader is managing emotions. This can actually be assisted by matching up your personality with your trading style. If there is no friction between the two, the emotional pains you feel will be greatly reduced.

Any questions or comments can be posted on my main thread at:

<https://www.forexfactory.com/thread/993524-roadmap-a-way-to-read-markets>

# Section 19 - Seeing The Light

It's been an interesting experience, releasing a further strategy on Forex Factory ( <https://www.forexfactory.com/thread/1086170-daylight-trading-strategy> ).

I had perhaps forgotten what the early stages of a thread were like. But anyway, here we are. I wanted to take a little time to highlight what I hoped would already be apparent, but maybe it isn't.

Let's start with the following 3 charts. Which, if any, should you have been looking to trade?





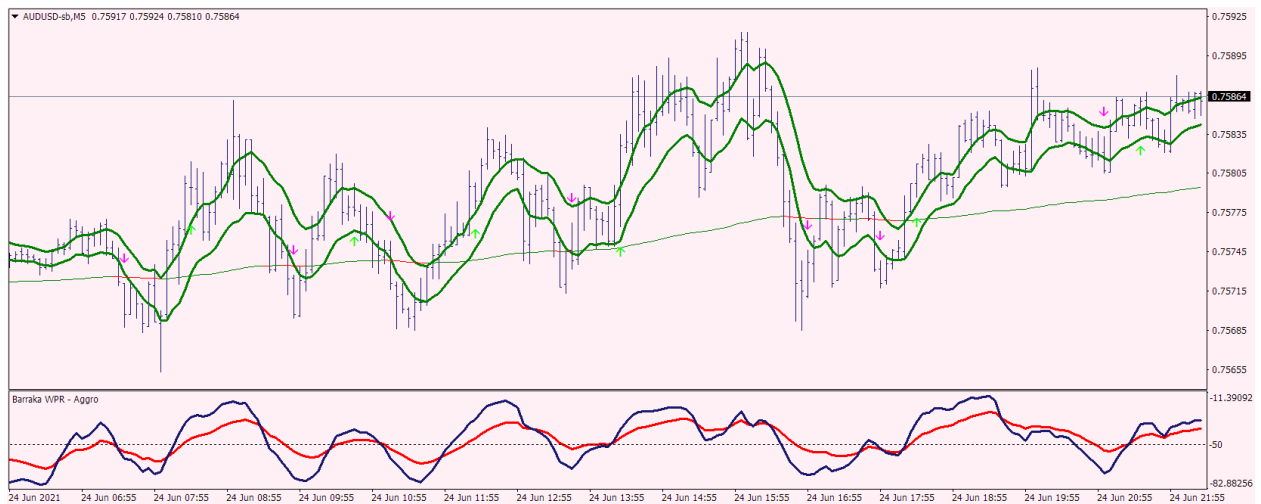
If your answer was example 1 and possibly example 3, you are correct. Example 2 is a definite candidate for avoidance.

So what's the point of that little exercise? Well, it's hopefully to point out in pictorial form what I'm about to say in words.

Daylight is no different to any other strategy in terms of user discretion being required. I hope I've never given the impression that anything I suggest can be blindly traded. It cannot. If, as in example 2 above, there is no direction, Daylight will perform abysmally.

In the charts, you'll notice I added a colour-coded Smoothed 100 moving average. It's green when pointing up, red when pointing down. This is merely a helper if you cannot tell visually whether a market is trending or ranging. Daylight needs trends to flourish. I make no secret of that. Your job, as a trader, is to find the markets which are displaying suitable conditions. The strategy won't do that work for you.

Let's look at AUDUSD from earlier this week:



Should you be trading that market based upon what you're seeing unfolding? The answer is hopefully a firm 'NO'. You might get caught out once trying a long but it quickly becomes obvious the market is going nowhere.

Same market, a day earlier:



Looks very different, right? This looks like something we can trade profitably to the upside.

The point of these examples is that you need to train your eyes to spot favourable or unfavourable market conditions. Nothing is certain, of course. You can find the perfect conditions and the trade can fail. But what we aim to do is to stack probabilities in our favour. We look for conditions where we have established that, more often than not, a certain outcome will follow.

Please direct any comments or queries to the main thread:

<https://www.forexfactory.com/thread/1086170-daylight-trading-strategy>



# Section 20 - Mentoring and Funded Accounts

Today, another of my students achieved funded trader status. I'm obviously very proud of the trader for achieving this and it also allowed me a moment to reflect upon the 15 months that have passed since joining Forex Factory.

Back in April 2020, I jumped onboard the FF train after having been a lurker for many years. I had reached a stage in my trading career where I wanted something more. Making a living from something you love doing is wonderful, of course, but occasionally (especially after many years of doing it) it starts to feel like a repetitive grind.

I wasn't too sure exactly what I wanted. I had a vague idea of presenting one of my trading strategies (Roadmap) and maybe starting a trading group where I could work on helping a small group of individuals to achieve what they desired. And so, I started my first thread and created a Slack group. The response was certainly more than I ever imagined and I quickly realised I had to limit the numbers of this trading group to ensure I was able to devote enough time to each person and, frankly, to avoid working myself into an early grave!

One thing about myself that I haven't shared on FF, until now, is that my health is not the best. Some days I'm fine and I can trade marathon sessions. It's not uncommon for me to be at my trading desk for 12+ hours. Other days, my health lets me down and I have to rest more. With that in mind, I really wasn't sure whether I was being unrealistic in my aims of developing other traders but I persevered.

I have to say, although it's sometimes hard work, the process of helping others to progress has been thoroughly rewarding. I had to make a difficult decision recently and cease supporting the larger numbers we had on Slack. Some members were more active than others so I decided to take the most active people and create a new home in Discord, with all the advantages that platform offers. What was also gratifying about the active members was that most of them were the 'originals', who had been with me since the beginning. Being able to watch them grow and progress is an absolute pleasure.

Anyway, fast forward to today and I now proudly see these individuals all making progress in their own way. Some are trading funded accounts, some their own money. Some are close to where they want to be, others still on the journey. Most are profitable and I had a trader who just reached the milestone of 10 profitable weeks in a row. Some trade Roadmap, some trade Daylight and others trade their own devised strategies. But what all of them have in common is perseverance and loyalty. For those reasons, I'll continue to give everything I can to assist them in getting exactly where they want to.

Which leads me onto funded accounts. I originally was against the concept, seeing it as another way for organisations to fleece under-capitalised traders who had a dream. Of course, prop firms do profit from failed challenges. However, I've come to see that my view was short-sighted and was coloured by my own fortunate position of having sufficient trading capital. For those who don't, I now recognise this is perhaps the only way they will, in relatively short time, be able to trade the size of account that can deliver meaningful consistent income.

Now for the disclaimer, as I know some on FF can be cynical when someone tries to help others, wondering what the ulterior motive is and whether it involves making money from other traders. This post is a genuine reflection upon my time in FF and also a celebration of, and a dedication to, the individuals I work with on a daily basis.

Everything I have provided has been free of charge. I am not seeking new students and I am not setting myself up as a service to help traders achieve funded status.

Let's see what the next 15 months has planned for me

# Section 21 - Resources for Traders (Guest Post)

Something a little different now. I was asked if I could provide details of some resources for traders and I scribbled a note to aim to sit down and collate what I find useful. Then I had a bright idea - delegate!

I deliberately chose someone I mentor to provide the list below. He takes his performance and his psychology very seriously so I knew readers would be in safe hands with his recommendations.

Here they are:

## Books

- All the 'Market Wizards' by Jack Schwager
- Trading in the Zone by Mark Douglas
- Reminiscences of a Stock Operator by Edwin Lefevre
- Market Mind Games by Denise Schull
- Thinking in Bets by Annie Duke
- The Daily Trading Coach by Brett Steenbarger
- Trading for a Living by Alex Elder
- Thinking Fast and Slow by Daniel Kahnman

## Podcasts

- The chat with traders podcast

There are so many traders, trading psychologists, money managers and more on this podcast that its too long to list the individual episodes, I would say I've listened to over 100 hours of this podcast.

## Youtube

- Patrick Boyle on Finance

Much more of a fundamental grasp of markets how they operate from a former hedge fund manager and lecturer in Kings College London. Covers derivative markets, corporate finance, applied portfolio management, options etc. Admittedly not necessary for day trading but good to have.

- Trader Dante

Former Prop trader from London now full time day trader. This guy has a few videos on his YouTube that are essential watching. He is to the point and does not hold back. Tells you what to work on and what to cut out.

- Rande Howell

Trading psychologist who focuses on building a winning mindset and helping the trader with calming the emotions involved with trading.

## UKspreadbetting

- These guys have a pretty big channel that casts a wide net on all aspects of trading but they have a few interviews with some top guys that are worth watching namely:

- David Paul

- Corvin Codirla

Tom Hougaard

- Love this guy's trading psychology videos and has live trading stream every week.

## Courses

I have taken a few courses, most of which are paid for online, but I have found for free in forums/telegrams/torrents, but I have never really learnt an awful lot. They all contain the same stuff just wrapped up differently. Trading contains uncertainty, taking on risk is what produces our returns, therefore there is no holy grail. Screen time is all I can recommend for improving. I literally mean being at your charts and observing the market day in and day out.

## Trading Simulator

This is probably my most valuable asset. I can test ideas, replay what happened, observe hundreds of trading days within hours. Observe, come up with theories, test those theories. Practicing this will improve you faster than anything in my opinion.

## Mentor

Finally, I've been lucky to have found a mentor. Although they are like finding a needle in a haystack (because these days everyone is selling something), it is no harm to reach out to people on forums and see if they have any interest in talking to you. I would not have found mine without pressing the send button.

So, there we have it. Plenty within there to get your teeth into! Many thanks to the individual who pulled all this together for me. I hope you find some golden nuggets among the suggestions.

## Section 22 - Trading Without Charts

I recently carried out an experiment where I traded without any charts. Instead, I used standardised numbers for each market. As the experiment went very well, I thought I'd share details here.

I've long been aware that I'm more of a numbers person than a visual person. At one point in the distant past, I used to trade daily timeframes armed with only an Excel spreadsheet. Although I've done fine with charts over the years, I've always been conscious of them containing a multitude of potential reasons why I shouldn't enter a trade. So, by removing all the visual decision making we unconsciously do when looking at a chart, I wondered if I could still trade successfully.

The sample size is still quite small but, so far, I've actually been outperforming my average profitability since making the switch.

I started with a tool I bought <https://www.mql5.com/en/market/product/27610> but keep reading for a free option if you prefer.

Let's begin with how the dashboard I've been using looks.

Stochastic	M5	M15	M30	H1	Avg
BTCUSD	51.92	63.58	79.10	87.27	70.47
NAS100	40.44	70.43	92.12	94.23	74.30
SPX500	48.37	89.89	94.96	91.56	81.19
US30	63.19	86.65	90.72	87.44	82.00
USOIL	66.67	62.16	30.26	23.65	45.68
XAUUSD....	36.00	85.12	92.58	61.96	68.91

You will see that I have a stochastic reading for each market over multiple timeframes. I have the cells colour-coded so that any number above 60 is coloured green and numbers below 40 are coloured red.

The developer was also kind enough to action my request for an Average column. This is simply the total of all timeframes divided by the number of timeframes. Having this option makes my analysis a lot easier, as I can trade using the Average instead of interpreting individual timeframes.

Trading it is simple. I'm entering buys when I see a reading between 60 and 75 or a sell when I see readings between 40 and 25. I prefer not to enter above 75 or below 25 as I worry the move has already happened by that time, but it could be that I am being too cautious. It's early days and I still have more experimenting to do.

Taking profit is an individual thing so I don't want to set out any rules. Only you will know how much profit is enough, whether you want to scale in and/or out of positions etc. In terms of the numbers though, you should exit if you get a reading on the other side of your threshold. So, if you are long, a reading under 40 would tell you it's time to abandon the position (and perhaps even go short if you wish).

After things had been going well for me, I wanted to recommend the way of trading to those in my Discord group but didn't want to make them feel as if they had to spend money on the stochastic dashboard. So, I had a think about what else I could use to get an average of multiple timeframe readings. Then I remembered the Trend Band someone had kindly coded for me on my Roadmap thread. By altering the code to take into account more relevant timeframes, I was able to get a standardised reading.

Unfortunately my coding 'skills' don't extend to being able to remove unnecessary visuals from the tool, so you'll have to put up with them being there. But the only information you need is the composite RSI figure. You can ignore the colour coded boxes.

The way of trading is pretty much the same as the stochastic dashboard. Decide on your thresholds and take entries accordingly. Indicator attached at bottom.

If you want to try this way of trading, the usual caveats apply. Please practice on demo first and then only risk small amounts until you are comfortable and confident in the approach.

I will edit this post with a link to a discussion thread if anyone has any questions or wishes to chat about trading this way.

Discussion thread: <https://www.forexfactory.com/thread/...without-charts>

Edit - someone has kindly altered the code for me, so that only the relevant RSI reading is displayed.

There are also now options to choose the 3 timeframes you want to average out. Feel free to experiment with those.

I'd also suggest starting with Up value of 60 and Down value of 40.

Download file here:

<https://www.forexfactory.com/attachment/file/4090195?d=1637844427>

 [RoadMap TrendBand Test5.mq4](#)



## Section 23 - Roadmap Variation

I was tutoring someone recently on scalping and I wanted to do so with a chart that was as clean and simple as possible. Complexity isn't always our friend when it comes to trading decisions.

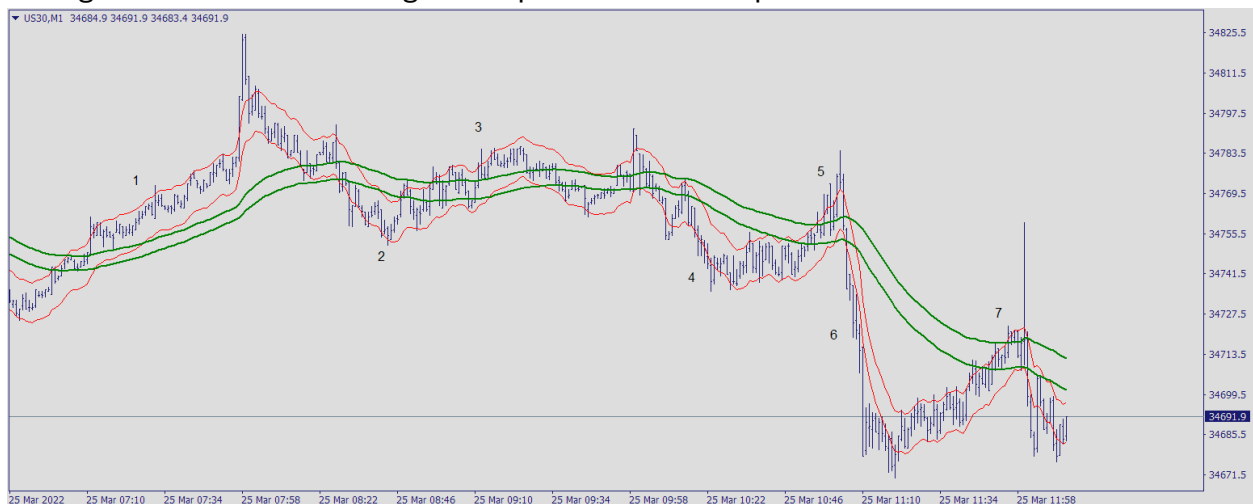
I think it might be useful to share the chart setup here. Roadmap users will find it quite recognisable but there are two key amendments.

The 200 SMA is replaced by a channel (35 Smoothed High/Low) and the Roadmap channel is replaced by an Envelope (5 smoothed, 0.02% deviation). Nothing else is added to the chart.

Replacing the SMA with a 200 SMA channel (or 100 Smoothed) was an option but, as we were focused on scalping, I wanted something more immediate.

This setup is reactive enough to price behaviour while also avoiding being overly sensitive to market noise.

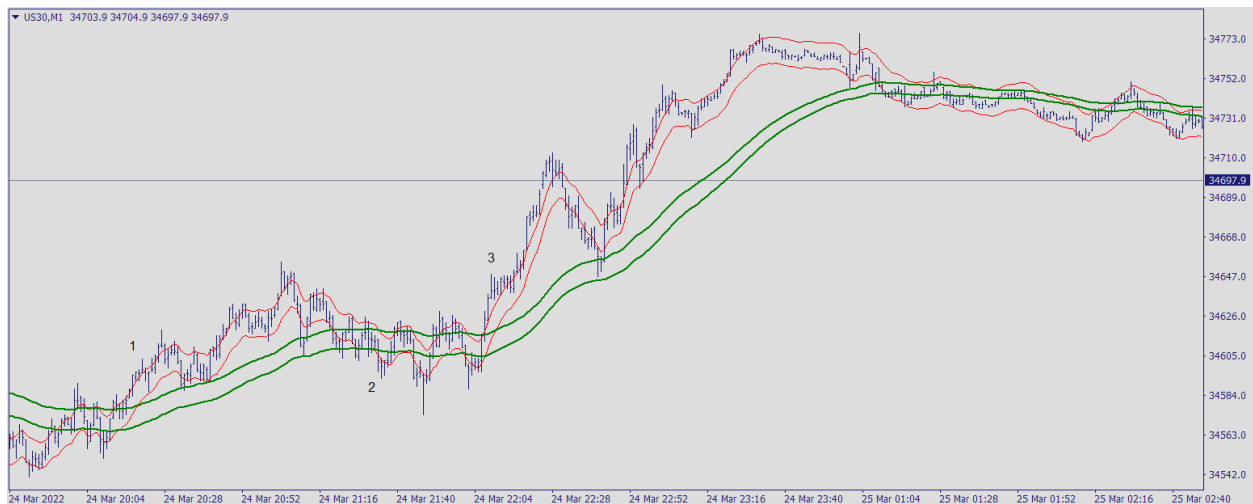
Enough talk. Let's work through a couple of chart examples:



At point 1, we have a long breakout. Envelope travels fully above channel. The move exhausts itself in the form of a spike in our favour. Remember, such spikes are always profit taking opportunities (or partial profits) as they will frequently retrace or reverse. Probably around 40 points profit in the move.

Point 2 is a short breakout. With Roadmap trades, I usually say a fresh cross is a good opportunity as it attracts new momentum and participants. However, with this chart setup, it will rarely be the most optimal entry point. As you can see, price retraces back up to point 3. This is our ideal entry area. Why? Because we are proven wrong very inexpensively. If the envelope were to go fully above the channel, we would take a small loss.

The pattern repeats itself with breakouts at points 4 and 6 and optimal entry opportunities at 5 and 7.



The second chart shows 3 potential long entry points. Which is best or worst?

2 is best. 3 is next best. 1 is worst. Why?

2 is best for reasons described already. 3 is better than 1 as the trend is already established and this is a good continuation setup. 1 has the most overall profit potential but also the highest risk.

As always, if there are comments or questions, please feel free to write over on the Roadmap thread:

<https://www.forexfactory.com/thread/993524-roadmap-a-way-to-read-markets>

# Section 24 - Beyond Support & Resistance

I was asked a very reasonable question here:

<https://www.forexfactory.com/thread/post/14057325#post14057325>

Although I hate appearing mysterious or to be holding things back, this opens a can of worms due to a decision I made about posting here. In section 8 of this journal I set out a VERY basic strategy for being aware of certain levels within a market.

There's what I've shared here on FF and there's what I've shared in private elsewhere. For various reasons, I prefer it that way. The subject gets quite involved and discussion can get rather emotive, especially when my views challenge what people consider truisms about markets. To be frank, I don't have the time or inclination to expound upon, defend or argue my perspective on a lot of the topic. I have admiration for those who spend hours setting out their theories and debating them with others but it's simply not how I enjoy directing my focus.

So, with all that said, let's scratch the surface a tiny bit deeper. It's still a rather basic overview but it will hopefully give some food for thought.

Let's begin by considering what markets are. There are a thousand answers people can give when asked to describe a financial market but, in my view, there is one fundamental core description that 'explains' everything that follows.

Markets are liquidity seeking appliances. For a market to function, there has to be a continuous flow of orders. This is achieved by visiting certain levels, often repeatedly.

So what is support/resistance or supply/demand? In my opinion they are deliberately created price points that exist for both immediate and future reasons.

Once you start looking at markets from a liquidity perspective, a lot changes. It opens up new ways of interpreting price action (and renders some beliefs redundant).

Suppose there is a market in bananas. A banana, let's say, sells for \$1 currently. A look at your banana chart tells you that the recent high price was \$1.10 and the low was \$0.90. What happened at those two levels? And what are the after-effects? Well, think in terms of liquidity. They were turning points but why? Partly for the obvious reason that buyers or sellers became more aggressive in their order flow but what have they created? Points of structure.

Now, back to your banana chart. Price is now \$1.04. Where is the closest pool of liquidity? At \$1.10 or around that level. Why? Because, when a point of structure is created, it contains and then attracts orders. Firstly, there are the trapped traders. Those unlucky people who decided to buy at \$1.10, only to see the market immediately reverse on them. Some people take a loss and move on but there are a significant proportion of traders who refuse to do so. They tell themselves that they will only get out when price comes back to their entry level.

They bought at \$1.10 so they put a resting sell order to close their position at the same level. That is liquidity. Now we come to the chart analysts. They see the high of \$1.10 and decide it's a mighty fine place to put their stop after they sold. So that would be a buy order (to close a sell). This is also liquidity. Then there are the breakout traders. They look at the chart and decide that if the market makes a new high they should be buying. So they place pending buy orders at just above the high. This is also liquidity.

I won't labour the point by keeping going on about bananas but hopefully you can see what I'm trying to say. Whatever or whoever controls the banana market knows there will be liquidity around \$1.10. And, as markets are liquidity seeking in nature, it's a fair assumption to expect price to return to that level to grab the liquidity. Often before immediately reversing again to go in search of downside liquidity. And so the pattern repeats, over and over.

I've spoken about the relevance of market structure before but this is exactly why market structure has limitations and can actually mislead traders. People see a marginal new high and assume the market is bullish. But it might be the opposite. Once the liquidity at that high is cleared out, the market might have no interest in going higher as it knows liquidity is limited up there.

I may say more on this topic in future but, for now, I think that's enough of an overview. Hopefully it illuminates rather than confuses!

As ever, please post any queries or comments in my main thread here:

<https://www.forexfactory.com/thread/993524-roadmap-a-way-to-read-markets>

# Section 25 - Liquidity Clearouts & Roadmap

In the last section I set out what was hopefully a pretty simple overview of why liquidity matters. In this section I want to show a very basic element of liquidity that will serve you well in trading, and at the same time it will hopefully shed some light on why Roadmap trades suddenly turn around on you.

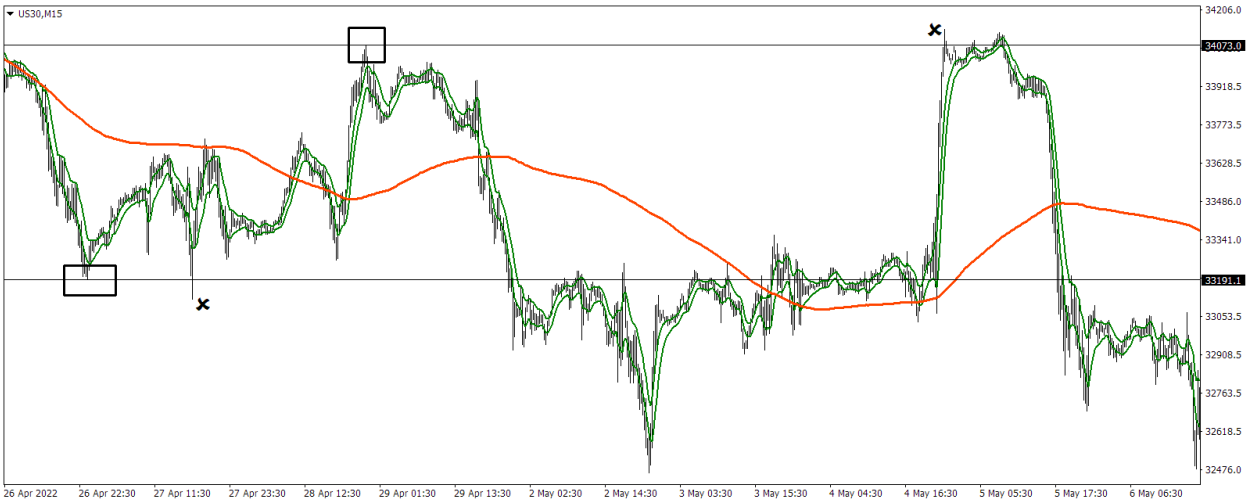
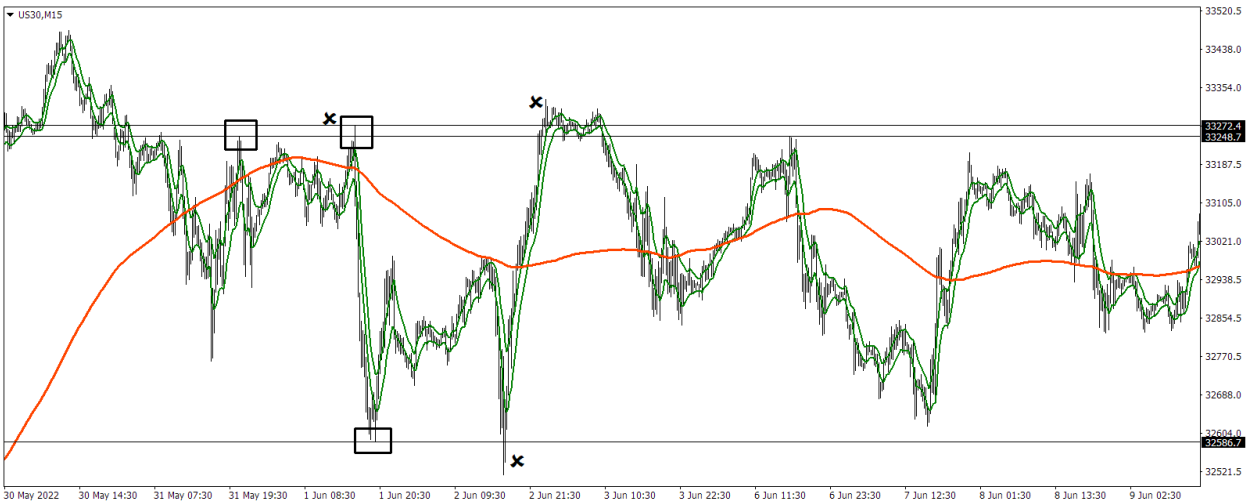
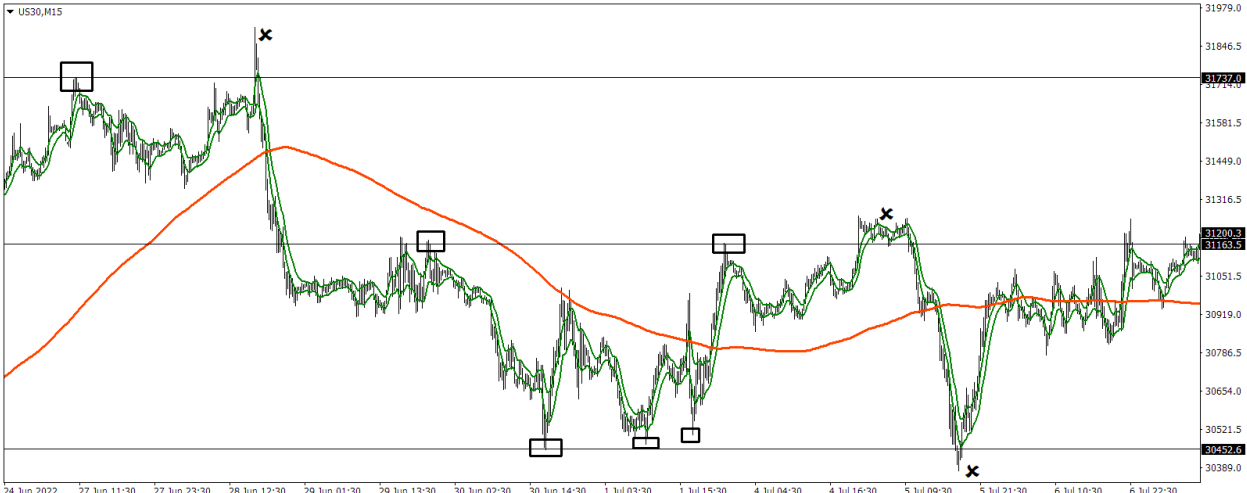
The truth is, Roadmap is just one of the many approaches I trade. It's also not a black and white strategy. If you become too rigid in your thinking, Roadmap will fail you. It was always meant to be a starting point rather than a complete picture. It's no surprise that those who are profiting most from it have taken pieces from it, added some of their own, and designed a strategy that suits their personalities and schedules.

I've also become conscious recently that I've probably done a disservice to Roadmap followers by not expanding on what has already been shared. Roadmap has depth beneath what might appear a quite straightforward surface - it has nuances that only years of trading it will reveal. But it also works better when the person using it has a rounded view of financial markets. That's where I perhaps need to do more and share more.

So, let's begin with one strand of liquidity. Where it is, and when it no longer is. I explained in the last post how liquidity is created (by you and I) - now let's look at some examples of where it's created and how it's later removed (and why this is very relevant to Roadmap traders).

In the charts below, you will see boxes and Xs - the boxes are the formation of liquidity and the Xs are the clearouts of that liquidity. I have removed a lot of the Roadmap tools but left

the channel and SMA, so things are easier to see.





You should almost immediately begin to see why Roadmap itself is not enough. Without taking into account where the liquidity is (and when it's cleared) you are flying in the dark somewhat.

So what can we take from the creation and subsequent clearout of a liquidity pool? Two things. Targets and reversals.

Let's say you are long on the third chart, from the channel cross on 3rd May. The first question to ask yourself is "where is the liquidity the market seeks?" - this gives you a potential target. The market obliges and runs up to your target the next day. You now have around 900 points floating profit - congratulations!

This is where you ask yourself the next question: "will this be a clearout of liquidity to fuel a reversal or will it be an absorption of liquidity to fuel a continuation?" - mostly, we simply will not know. So you take a big chunk of your profit off the table or you adjust your stop to lock in most of it.

Keep in mind, Roadmap is blissfully unaware of all this. It's still saying you should be long. But this is the type of area where I absolutely love being a seller. Let's take a step back for a second and remind ourselves of what most of the liquidity will be up there. Buy or sell orders??

If you said buy orders you're correct. Two types - stop orders from the bears (buy orders to close a sell order) and pending orders from the breakout traders. Sure, there will be some sell orders there too but those will be significantly outnumbered. So, the market seeks liquidity and the liquidity up there is mostly in the form of buy orders. Those two pieces of knowledge give us a huge advantage over people who are trading momentum or some flashing arrow buy/sell strategy or whatever.

Why would the market seek out a pool of buy orders? That's the next question to ask yourself.

One reason is that someone has a very large sell order to execute. Large orders are not like our retail orders, they aren't placed in one or two parts. They can't be. Why? Because there wouldn't be the counterparty volume to absorb them without significantly impacting price. So I'm working for XYZ Bank and I have a huge sell order sitting on my book - what do I do? I try to encourage price to seek out a bundle of buy orders to soak it up. Which incidentally takes us onto a slight tangent but it's worth mentioning. Big money will often 'buy to sell' - that is, they might allocate a proportion of their funds to taking the opposite side of the one they intend to finally take. But we'll get into all that in more detail another time.

Can you see why I love to sell in those areas? All I'm doing is trying to ride the coat tails of the big money. If I'm wrong, my risk is limited by whatever I decide my tolerance is. If I'm right, the sky is the limit and I can go around showing everyone that I sold the top

More to say in future, but I hope this has given you a few things to think about.

As ever, please post any comments or queries over on my Roadmap thread:

<https://www.forexfactory.com/thread/993524-roadmap-a-way-to-read-markets>