



Welcome to the Forex-e-Learn PDF Course

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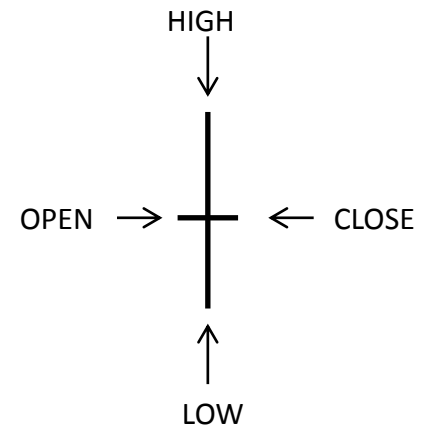
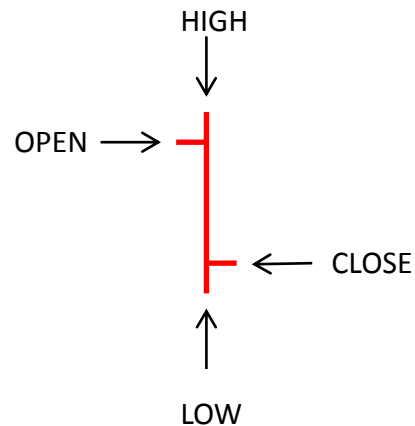
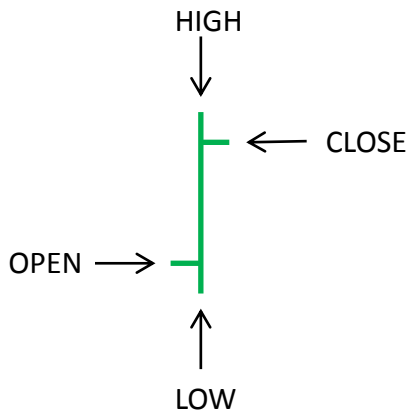
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Module 1 – Price Bars

Key Notes:

- Each Price Bar contains four components, they are the 'OPEN/HIGH/LOW/CLOSE'.
 - When the market closes **HIGHER** than it opens, the bar is **GREEN**.
 - When the market closes **LOWER** than it opens, the bar is **RED**.
 - When the market closes at exactly the same price that it opened, the bar is either colourless or a colour set by your trading platform.
-



Module 2 – The Daily Chart

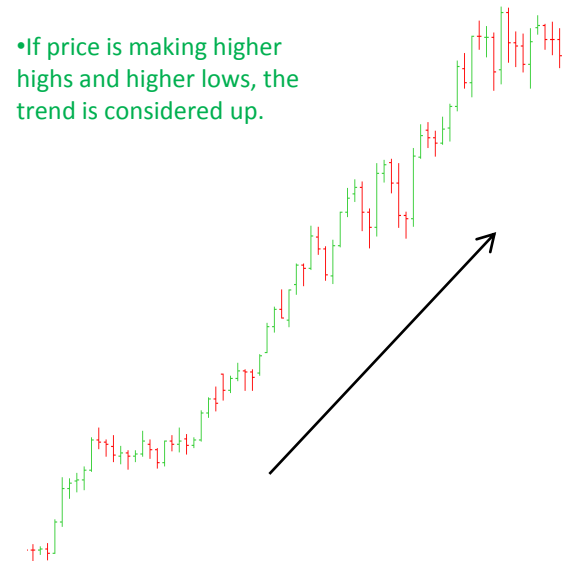
Key Notes:

- The initial thing to check is where price is at the moment, is it testing any areas of support or resistance?
- Make sure you identify which movement price is currently in (Movement A or Movement B), this is crucial to determining your long/short bias.
- Movement A is always in the direction of the major trend and is the bigger move, Movement B is the correction.
- Check to see where price closed in relation to the high/low as it shows how strong the buyers/sellers are.
- Support or resistance is only valid when price has tested the area at least 2 or 3 times.

Valid *Downtrend*

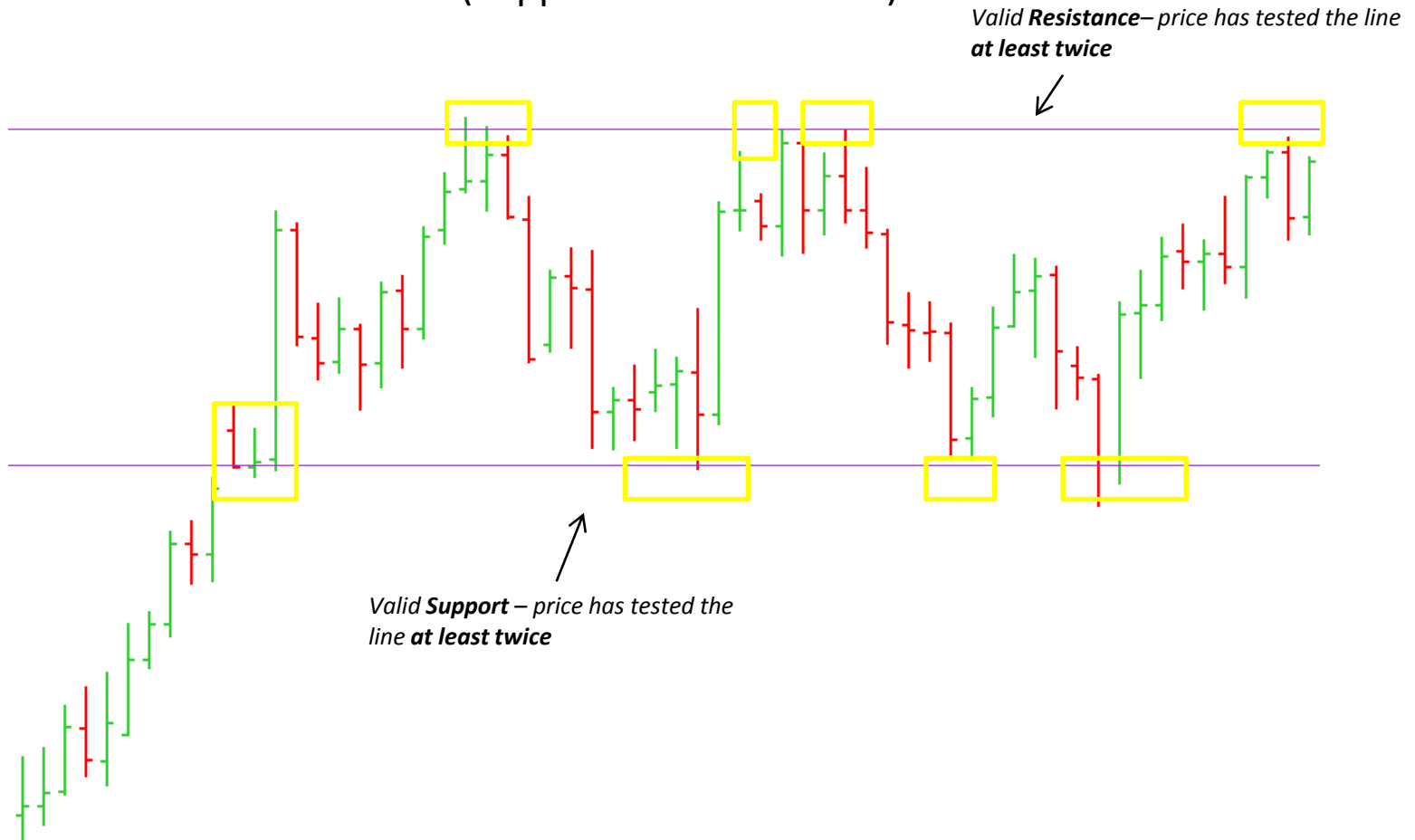


Valid *Uptrend*





Module 2 – The Daily Chart (Support and Resistance)

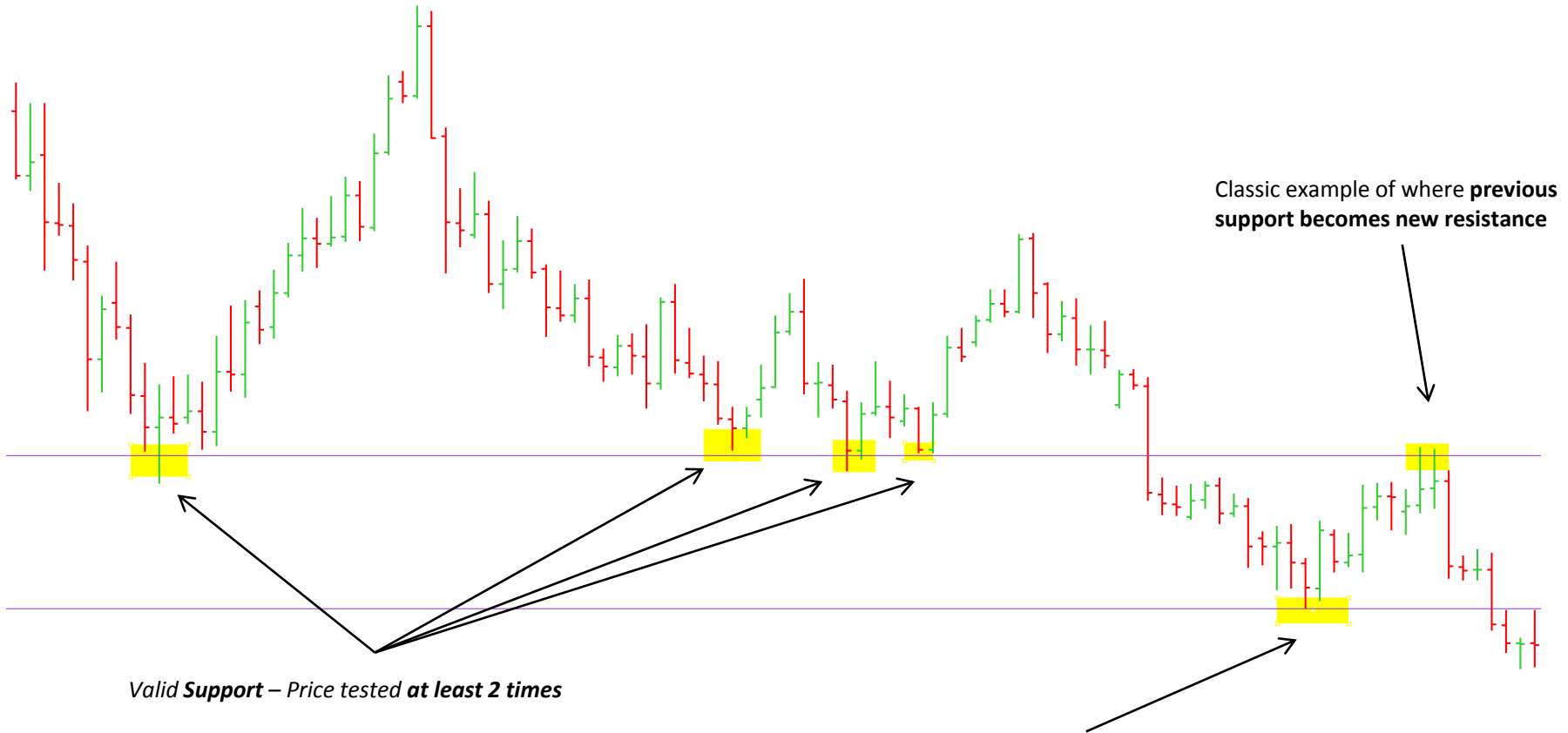


Valid Resistance – price has tested the line at least twice

Valid Support – price has tested the line at least twice



Module 2 – The Daily Chart (Support and Resistance)

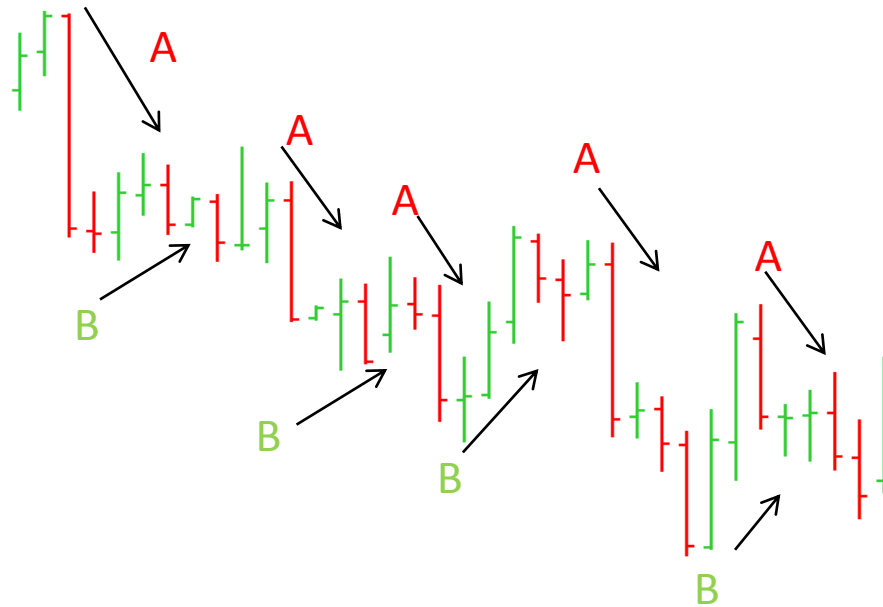


This is **NOT** a valid support area because price has only **tested it once**. We call this area a **reaction zone**. We still mark it with a horizontal line but we are aware that price is likely to go through it a lot easier (as proven two weeks later).



Module 2 – The Daily Chart (Price Movements)

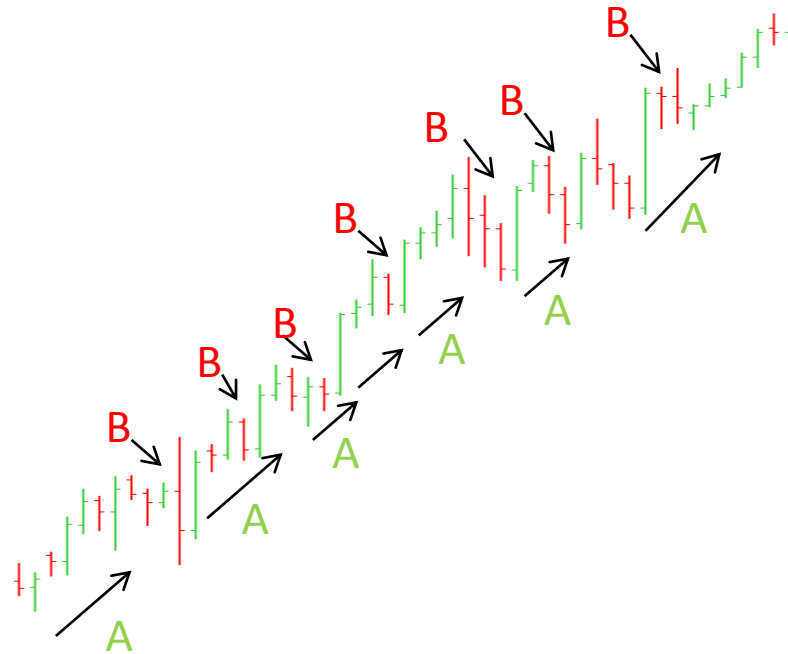
- Movement **A** is always with the dominant trend/Movement **B** is the correction (In a downtrend, when the professionals are selling, the price is moving down. They then need to take their profits and that causes Movement **B**)
 - In a downtrend, when the daily chart produces a bar that has closed **HIGHER** than it opened, this signifies that the Movement **A** is weakening and Movement **B** is about to start
 - We must be aware what Movement price is going through so that we can trade in that direction, this also applies to the 1 hour chart
-





Module 2 – The Daily Chart (Price Movements)

- The example below shows a very steep upward trend. What you will find is that when there is a very steep uptrend, Movement **B** will only last for a short time period (1-3 days)
 - It is recommended that you trade with the trend and pay close attention to the 1 Hour and 5 Minute charts to determine what movement the market is going to take in such a dominant, steep uptrend (i.e. using the example below during the London Trading Session from 8am onwards, if price breaks through the **Pivot Point** and heads towards **Support 1**, this is a sign that Movement **B** has started)
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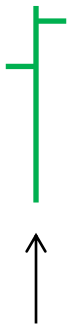




Module 2 Extras (Price Action Signals)

In the Forex market, 'Price Action Signals' refer to visual setups that occur at key levels of support and resistance which can cause the market to change direction. If we can understand the signals, they can be enormously profitable when used correctly. Below are some of the most important 'Price Action Signals' that we need to look for when trading (especially on the Daily Chart).

THE PIN BAR (Bullish Signal)



The Pin Bar shows that price opened, was pushed lower but the buyers came back into the market and pushed price up.



This is still a valid Pin Bar even though it closed lower than it opened. The tail connotes that the sellers still tried to push price lower but the buyers were able to move price higher.

THE PIN BAR REVERSAL (Bearish Signal)



The Pin Bar Reversal shows that price opened, was pushed higher by buyers, but the sellers came back into the market and pushed price lower.

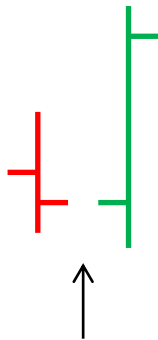


This is still a valid Pin Bar Reversal even though it closed higher than it opened. The tail connotes that the buyers still tried to push price higher but the sellers were able to move price lower.



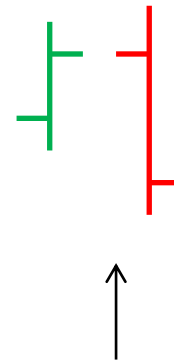
Module 2 Extras (Price Action Signals)

THE BULLISH ENGULFING BAR



The Bullish Engulfing Bar is a bar that is bigger than at least one of its previous bars. It engulfs the low and the high of the previous bar.

THE BEARISH ENGULFING BAR

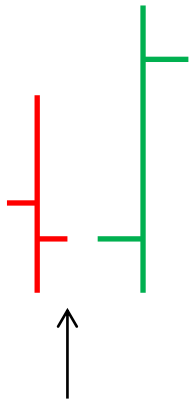


The Bearish Engulfing Bar is a bar that is bigger than at least one of its previous bars. It engulfs the low and the high of the previous bar.

Module 2 Extras (Price Action Signals)

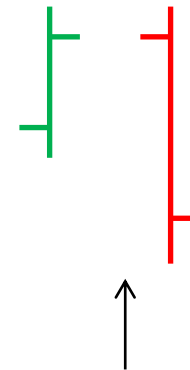
*Please Note: These price action signals are only valid at key support or resistance areas and are reversal signals. That means that the preceding trend must be different to the Price Action Signal. E.g. we must have a downward trend that is in front of a Bullish Engulfing Bar/or we must have an upward trend that occurs before a Pin Bar Reversal. In addition, price needs to **CONFIRM** that they are valid by taking out the low/high of the signal bar. For example, if we had a bullish Pin Bar but we did not take out the high – the signal is considered as weak. On the other hand, if we had a Bearish Engulfing Bar and the next bar took out the low – this is a strong signal that the sellers are gaining control of the market.*

BULLISH DUAL BAR REVERSAL



The Bullish Dual Bar Reversal is similar to a Bullish Engulfing Bar but the only difference is that it only breaks the high – not the high and low. For the signal to be valid, the most recent bar needs to reach a much higher high than it's previous bar.

BEARISH DUAL BAR REVERSAL



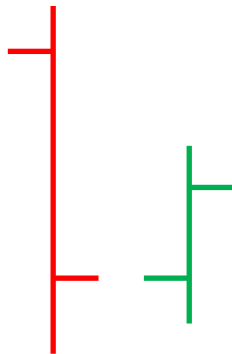
The Bearish Dual Bar Reversal is similar to a Bearish Engulfing Bar but the only difference is that it only breaks the low – not the high and low. For the signal to be valid, the most recent bar needs to reach a much lower low than it's previous bar. These work best on the DAILY CHART.



Module 2 Extras (Price Action Signals)

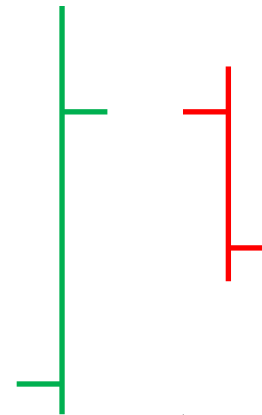
The final Price Action Signal that you will see is called an '**Inside Bar Pattern**'. This means that a price bar has been formed, but the one after is **INSIDE** the previous (i.e. it did not break the high or low). These setups are the most strongest on the **DAILY CHART**. I do not use them on the 1 Hour Chart or the 4 Hour Chart. They are almost like a coiled spring and the next bar will usually be an explosive move.

BULLISH INSIDE BAR



This is a bullish formation as price was unable to make a lower low – it was supported by buyers.

BEARISH INSIDE BAR



This is a bearish formation as price was unable to make a higher high – it was resisted by sellers.

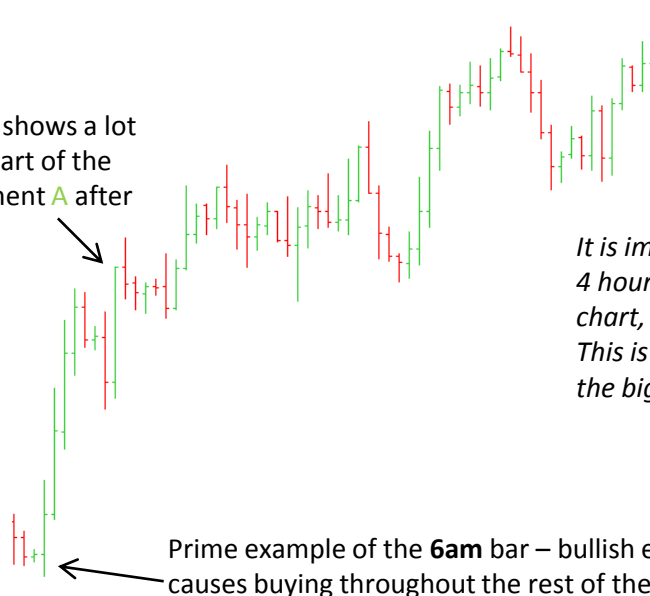


Module 3 – The Intraday Charts (4 Hour)

Key Notes:

- We utilise the 4 hour chart to give us extra conviction for entering a trade. Once we have checked the Daily, One Hour and 5 Minute – the 4 hour is checked to confirm our bias
 - The best time to look at the 4 hour chart is the **6am** bar (it takes into account some of the European Session), the **10am** bar (it takes into account the first two hours of the London Session) and the **2pm** bar (this takes into account the middle of the London Session and the starting of the US session)
 - We can also study the 4 hour chart in the form of price movements, but we don't need to study it as closely as the Daily chart as far as open,high,low and close is concerned
 - Only take price action signals if they are off of a key support or resistance level confirmed by the Daily chart
-

Next day **10am** bar that shows a lot of buying through the start of the London Session (Movement **A** after the previous pullback)



It is important not to trade just because of a signal on the 4 hour chart. Once you have seen the move on the 4 hour chart, it has usually happened on the lower time frames. This is why you see the market reversing so often after the big buyer bars/seller bars.

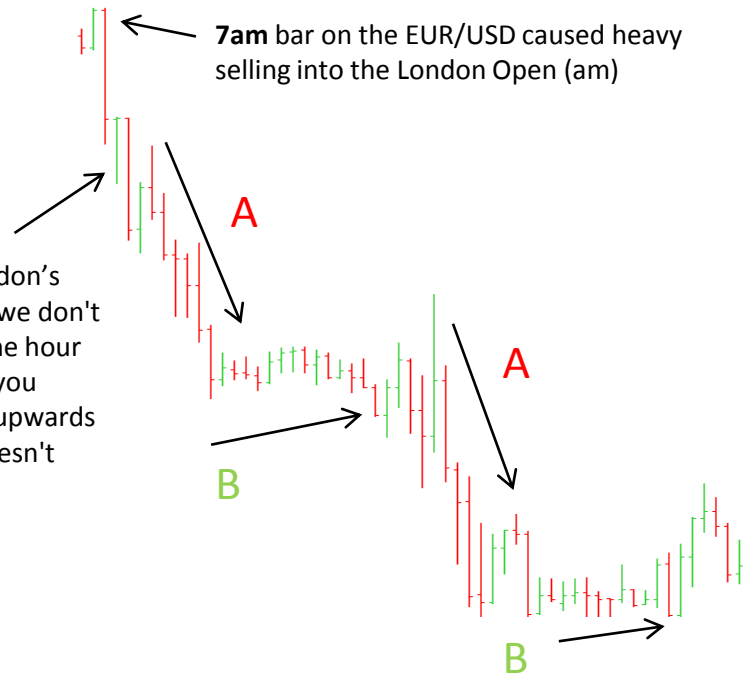
Prime example of the **6am** bar – bullish engulfing pattern that causes buying throughout the rest of the trading day



Module 3 – The Intraday Charts (1 Hour)

- The 1 hour chart is important for determining which ‘Movement’ we are in on an intraday basis
- We do not need to pay close attention to the open,high,low and close or any price action signals unless it is at a key support/resistance level from the daily
- The most important bars are the **7am**, **8am** **9am** and **10am** bars as they show us what the London Session has started to do with the currency pair (remember London is the centre of the Forex Market and they dictate the daily sentiment)
- The next bars to pay particular attention to is the **2pm** and the **3pm** bars because they show the first few hours of the US Session and the afternoon London trading

8am bar – one hour into London’s trading. Prime example why we don't look at price action on the one hour chart as this is a pin bar and you would expect price to move upwards on a higher time frame. It doesn't here and continues falling throughout the trading day.





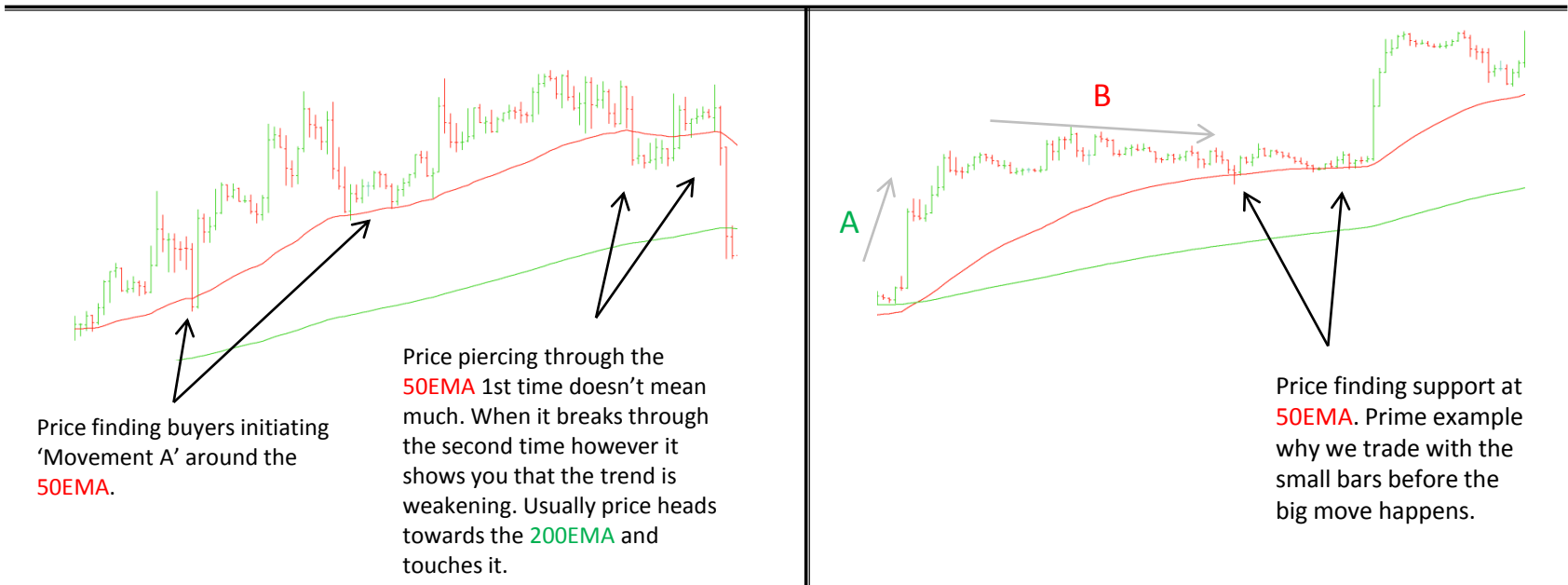
Module 4 – Using Moving Averages

Key Notes:

- We only use exponential moving averages as they add more weight to recent prices
- We use two moving averages **50EMA** and **200EMA** as these are the most closely watched by Professional Institutions
- If price is above the **50EMA** and **200EMA** the trend is considered up
- When price penetrates the **50EMA** for the second time and closes through it, it is likely to head towards the **200EMA**. It is a sign that the trend is weakening and the Professional traders are taking their profits
- If price is testing the **50EMA** or the **200EMA** on the DAILY CHART, we stay out of the market
- If the moving averages are close together and moving sideways – it suggests that you are in a ranging market and there is a lack of direction
- Look for the currency pairs that trend and respect the moving averages. i.e. if price pulls back towards the **50EMA** and then pushes away
- When the moving averages cross over to the upside or downside it suggests that we are entering a new trend, but do not enter just because this has happened. We use the moving averages as a guide to tell us when we want to be entering or exiting the market. I.e. in the daily downtrend example below, Professional Traders sell when price retraces back towards the **50EMA**



Module 4 – Using Moving Averages (1 Hour Chart Examples)



WE DO NOT TRADE WHEN THE MOVING AVERAGES ARE MOVING SIDWAYS OR IF THEY ARE CLOSE TOGETHER = NO TREND.



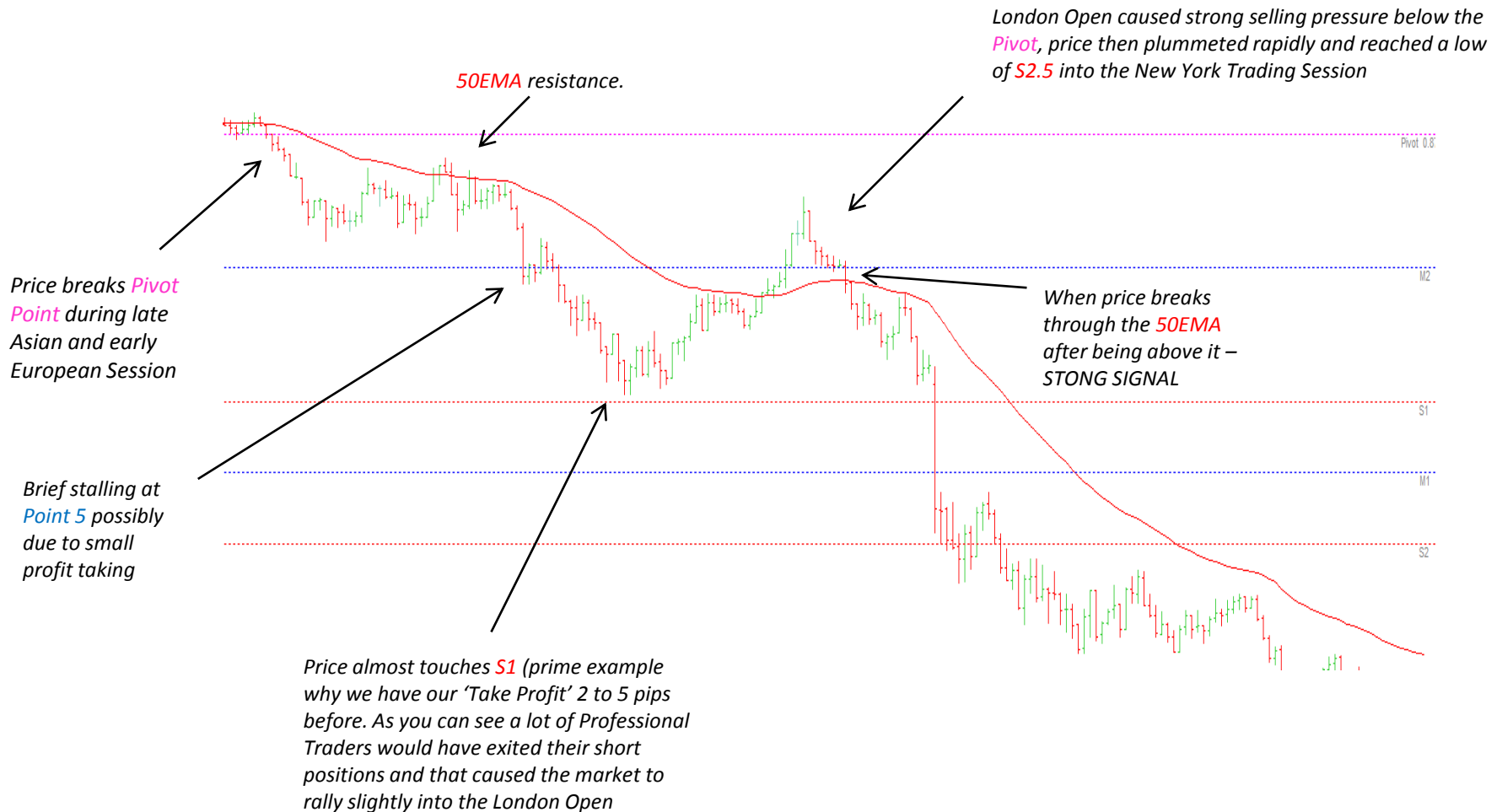
Module 5 – Pivot Points and The Five Minute Chart

Key Notes:

- Pivot Points are used by Professional Forex Traders all around the World
- Pivot Points tell us where the market is likely to find **Support** or **Resistance**
- We only want to be trading from the **Pivot Point** to minimize our risk
- We do not want to enter a position if price is more than 15 pips away from the **Pivot Point**
- If price is above the **Pivot Point**, we want to be **buying**
- If price is below the **Pivot Point**, we want to be **selling**
- The most critical time to enter or exit a trade using Pivot Points is during the first hour of the London Session (8am – 9am GMT). London is the centre of all Foreign Exchange and they will give us the direction of the session by showing us if price is going to break through or move away from the **Pivot Point**
- Unless the daily chart is in a steep up/downtrend and there is room until the next daily **support/resistance** line – we don't really want to be trading from **R1** or **S1**
- When price breaks through the **Pivot Point** to the upside or downside, it is likely to move against you for some time before continuing in your direction. This happens because the Market Makers and Institutions would test the level to confirm that the move is strong enough to propel price
- Pivot Points are CRITICAL in determining our daily bias. If we are in a **downtrend** for example, and by 9am London have broken the **Pivot Point** to the **upside**, it is likely that throughout the day price will continue up and we will start a 'Movement B' (correction phase)
- Pivot Points give you the earlier indication as to what price is going to do next. Ideally as traders in the Forex markets **we only want to be taking between 20-25 pips to start with**. This is because the average ranges and price movements between Pivot, Point 5 and **S1/R1** show that price is likely to **fall/rise** at least 20 pips before reversing. Professional Traders understand this and take their profits off of the table when their target has been hit. Amateur Traders on the other hand either exit the market too early or stay in it for too long and then the market turns against them
- We have our TAKE PROFIT 2 to 5 pips in front of either **R1** or **S1** to cater for the spread we pay to enter the trade
- The **50EMA** is used on the 5min chart for us to determine if price has the ability to push itself away from it. If price is close to it = TIME TO TRADE, if price is far away from it (20pips+) = WAIT UNTIL IT RETRACES BACK TOWARDS IT.



Module 5 – Pivot Points and The Five Minute Chart (Pivot Point Examples Using 5min Chart)



Module 5 – Pivot Points and The Five Minute Chart (Pivot Point Examples Using 5min Chart)



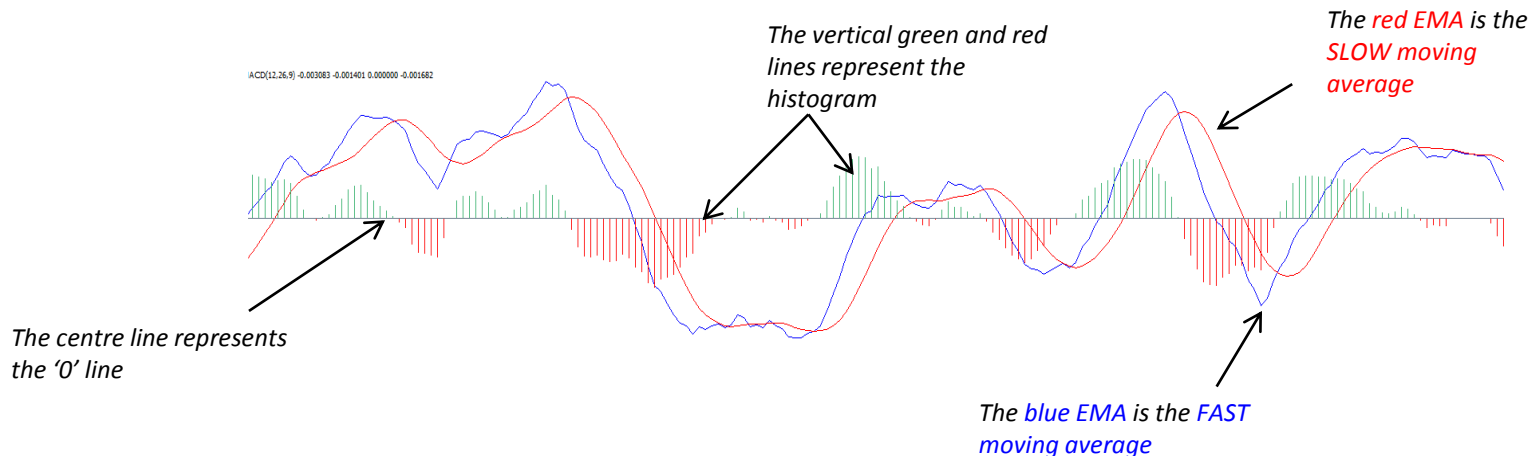
Price breaks through the 50EMA, Pivot Point and the Market Makers sell it against the Pivot to confirm the momentum of the move. This occurs during the beginning of the London Session 8am (GMT)



Module 6 – Using the MACD

Key Notes:

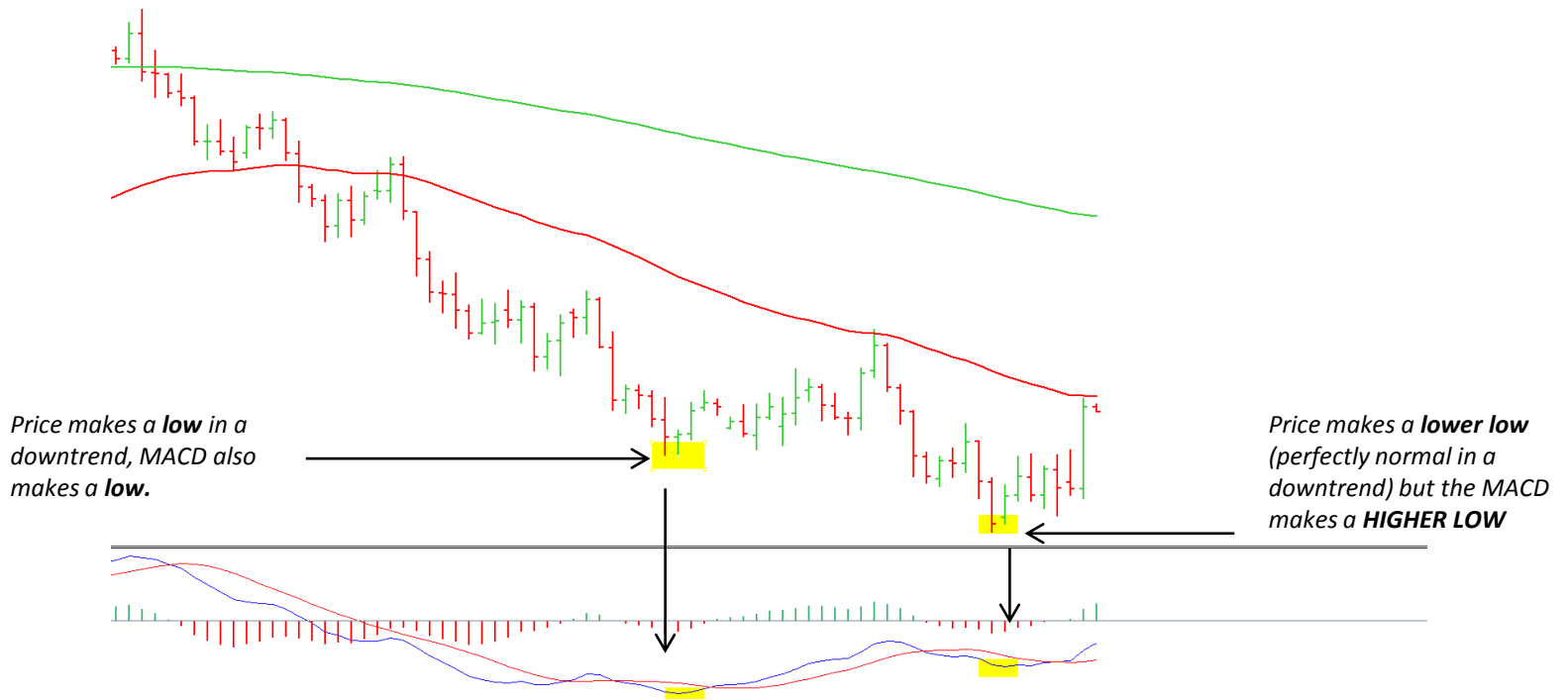
- MACD stands for Moving Average Convergence Divergence, it is an indicator that we use to study the momentum of the market
- The MACD is made up of two moving averages (**fast EMA** and a **slow EMA** of the closing price) and a histogram bar
- The histogram bar measures the distance of the two moving averages
- When the **faster moving average** shoots away from the **slow moving average** very quickly, it is a suggestion that the market is overbought/oversold and that price will start to retrace
- When the **faster moving average** crosses the **slow moving average**, it is an indication that the market is reversing
- Due to the fact that the MACD is a lagging indicator, we do not trade just because the two moving averages have crossed
- We mainly use the MACD to study divergence
- Divergence is where the MACD moving averages do not follow what price is doing. E.g. if price is trending lower and makes a lower low, you would expect the MACD to also make a lower low with the moving averages. However, sometimes the MACD will make a higher low – this is called **BULLISH DIVERGENCE** and it suggests that the trend is becoming weak
- BEARISH DIVERGENCE** occurs when price is trending up and making higher highs but the MACD starts to make lower highs
- When price is in an uptrend and the MACD is making higher highs and higher lows, this suggests that momentum is still intact
- The MACD also has a '0' line that represents a neutral bias toward the market. When the MACD crosses back through the '0' line, it is an indication that the momentum of the trend is strengthening
- Divergence is more powerful on the Daily Chart than the other time frames we study in this strategy





Module 6 – Using the MACD

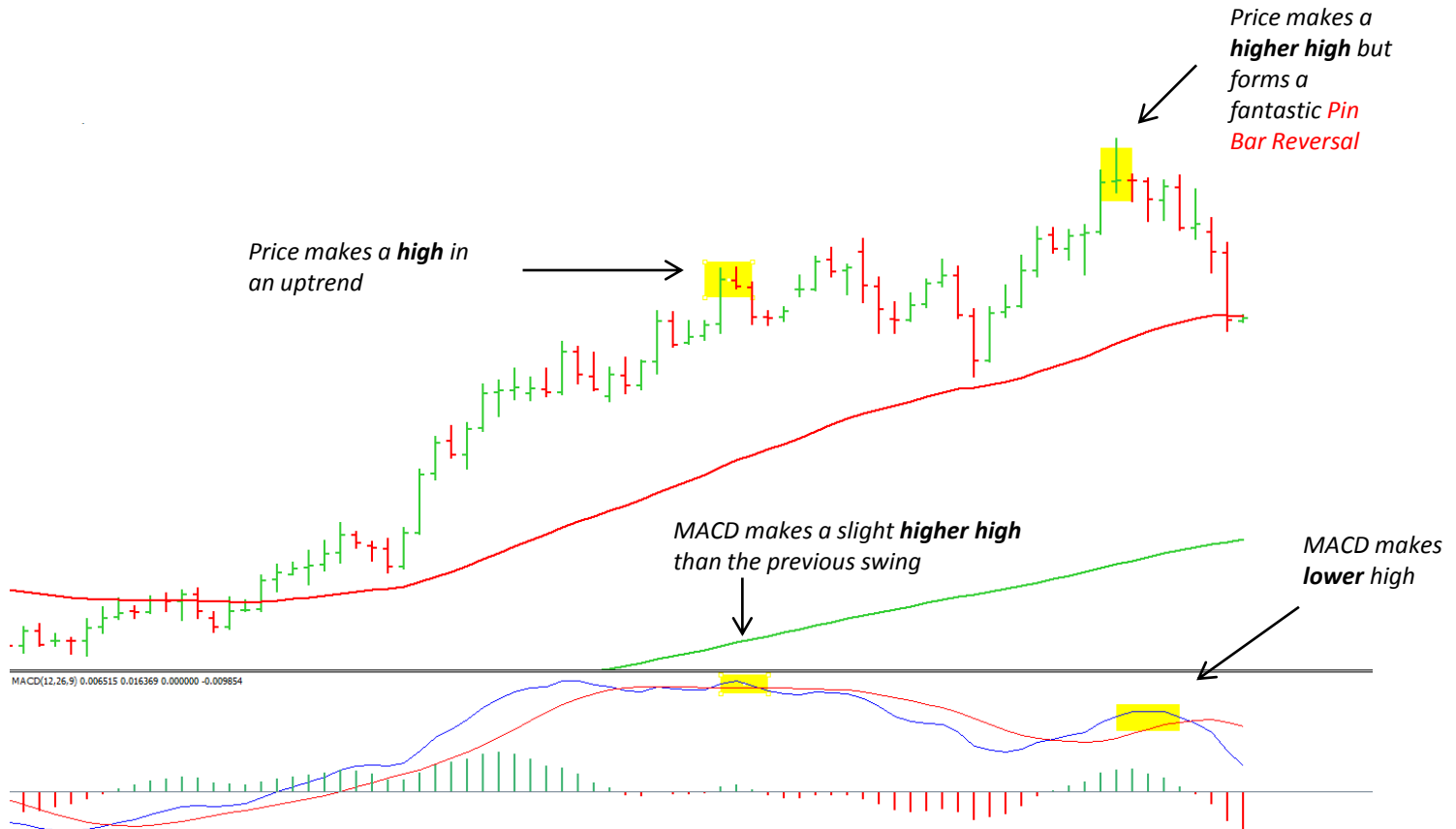
(Bullish Divergence)





Module 6 – Using the MACD

(Bearish Divergence)





Module 7 – Using Volume on the 5min Chart

Key Notes:

- Volume is only used on the 5min Chart
- There is no centralised dealing exchange for Currency Trading so the 'True Volume of Transactions' is not displayed
- The Volume that we use is the 'Tick Volume' that measures the number of ticks in the bar (i.e. the amount of times price moves within that 5min bar)
- We do not enter trades just because Volume is increasing – we must have several other factors in our favour
- There are two types of Volume that we analyse: **TRADE INITIATION** and **PROFIT TAKING** Volume
- Trade Initiation Volume is where we see Volume beginning to increase around the Pivot Line, then price pulls away from it
- When price reaches either the MID POINT/R1/S1 and we start to see another increase in Volume – this is Profit Taking Volume. We should be out of the trade here with the Professionals
- Our main use for Volume is to determine where the Big Traders are entering and exiting

(8am GMT)
London Breaks the
Pivot Line during
their opening hour
of trade

Volume starting
to increase =
Trade Initiation



Price Tags Mid Point
(20 Pips Profit
Achieved), then the
Profit Taking
Volume begins



Module 8 (The Conclusion) – PIVOT TRADING STRATEGY

Key Notes for Trading this Strategy:

- The Best Currency Pairs to Trade through Pivot Trading are: **EUR/USD.....GBP/USD.....AUD/USD.....EUR/GBP....USD/CHF**
- The most critical time to trade these pairs is during the **London** Session. **London** is the **centre** of all Foreign Exchange and therefore **London** decides on the direction of the Currency Pair.
- The **London** Session begins at **8:00am (GMT / UK Time)** We must study the price action one hour before London gets going. This is where Frankfurt and the rest of Europe initiate trading 7:00am (GMT/UK Time)
- We must pay very close attention to the first 15-30 minutes of **London** 's trading as they will usually move the Currency Pair to test the **PIVOT LINE** (i.e. start to buy a little to test the level, then sell a lot throughout the trading day or vice versa)
- If **London** break through the Pivot Line during the opening of their session and the currency begins to move downwards or upwards, it is likely that that trend will continue throughout the rest of the trading day
- We either buy or sell depending on the price action of the previous day. I.e. if we close higher than we open and it suggests that we are going to continue heading up, then we will be buying the currency the next day. The Daily Chart is what tells us to go long or short
- We should only enter the trade at the **PIVOT LINE** for the best possible precision and least possible risk
- We should not trade if price is testing the **50EMA** or the **200EMA** on the Daily Chart
- We should only enter the trade if we know what *Movement* the market is in on the 1 Hour Chart
- We should only initially target **20 PIPS**. Professional traders are in, collect their money, then they are out. They do not hold and watch the market turn on them. **20 PIPS** is the average 'bounce' off of a **PIVOT LINE** test
- Once you become successful trading this strategy for **20PIPS**, and you start to learn how the market moves, then you can up your take profit levels to **MID POINTS** or **R1s** and **S1s**. These are usually between 30 – 60 Pips away from Entry. These should only be targeted if you are trading with the overall DAILY TREND (which you should be to start with)
- Stop Loss Levels are placed below good levels of SUPPORT/RESISTANCE. DO NOT JUST PLACE YOUR STOP LOSSES BELOW OR ABOVE **R1/S1**
- Stop levels should be placed in areas where the market is quiet – not noisy. Place them 5 pips away the low/high of the level for extra security.
- It is a fatal misconception that stop levels should be included in RISK/REWARD in my opinion. Stop levels are there to protect your account equity, that is all. If they are placed in a safe place, the likely hood of them being hit is very small. If you compare this to the stop loss placement of amateurs who are targeting 50 pips, they want to work with a 25 pip stop loss (2 to 1 risk reward)...that's asking to get stopped out – do not do this.



Module 8 – Examples

Pivot Line breaks during the start of the **London** Session, starts to move down. Due to the strong downtrend of the Daily and test of **50EMA** on 1 hour – the trend continues throughout the session. Even though we had a buyer day previously off of a support area, we still pushed lower. This is a prime example of why we trade with **London** – they broke the **Pivot**, indicating that the currency is ready to be sold again.





Module 8 – Examples

This is a great trade example. Initially we start with the Daily – failed to close below the **50EMA** indicating that there is buying pressure. In addition, **Pin Bar Price action Signal** on Daily. 1 Hour 7am Bar was a beautiful test of the **50EMA**, as soon as the Pro Traders started in **London** – they started **buying** the **AUD/USD**. In addition to the **50EMA** on the 1 Hour, price was holding as support above the **PIVOT LINE**. As you can see, the market ran for in excess of **40 Pips** and the Professionals took their profits around **R1**.





Dear Trader,

Thank you for viewing the Forex-e-Learn PDF Course.

We hope that you have learned a lot and now it is time for you to apply your knowledge. Please be aware that becoming a profitable Currency Trader does not happen overnight. No matter how good the strategy is, it is up to you to apply the discipline and psychology also.

Loosing trades will occur – it is the cost of doing this business. However, the number of profitable trades, if executed correctly, will heavily outweigh them. We at Forex-e-Learn are here for you every step of the way throughout your trading career.

Please do not hesitate to get in contact with us at any time if you have any queries.

Best Wishes and Happy Trading,

A handwritten signature in black ink, appearing to read "Liam Chand", is written over a horizontal line.

Mr. Liam Chand
Director
lc@forex-e-learn.com