



DAY & NIGHT FOREX

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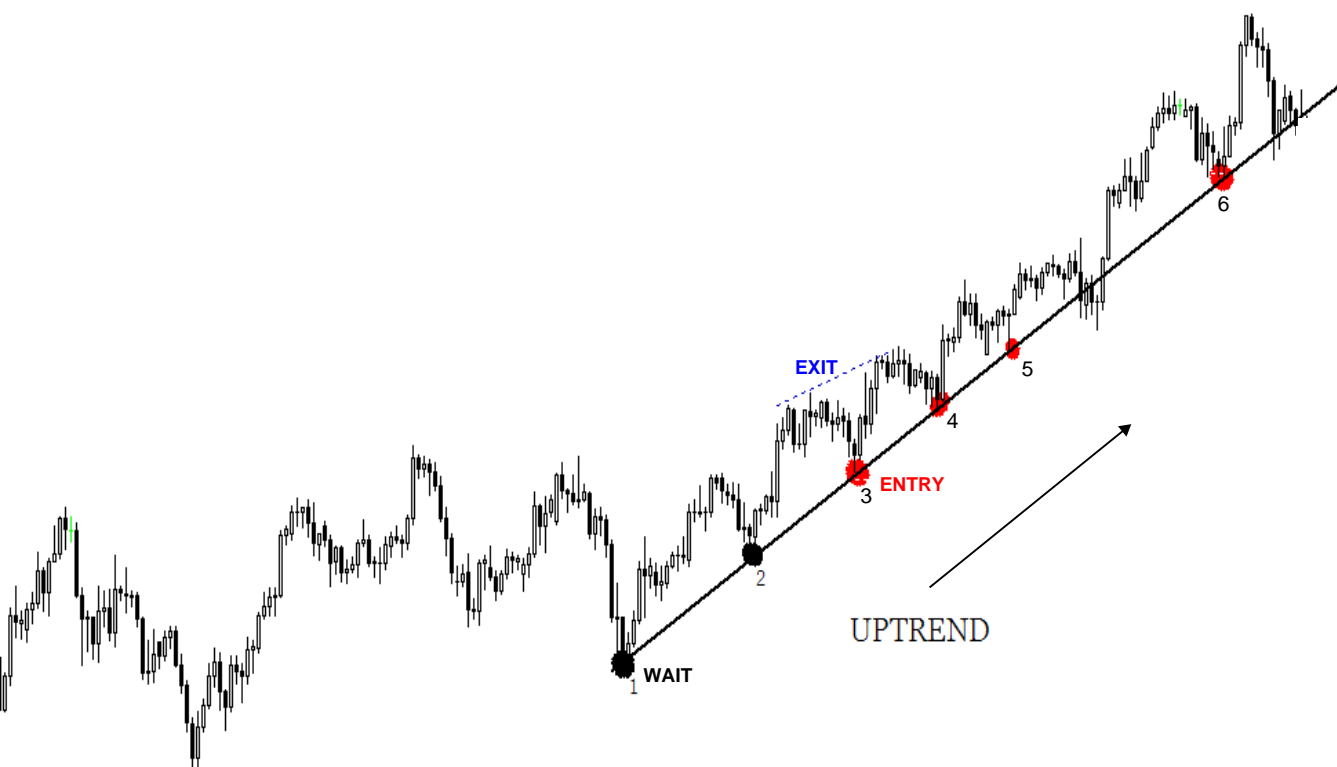
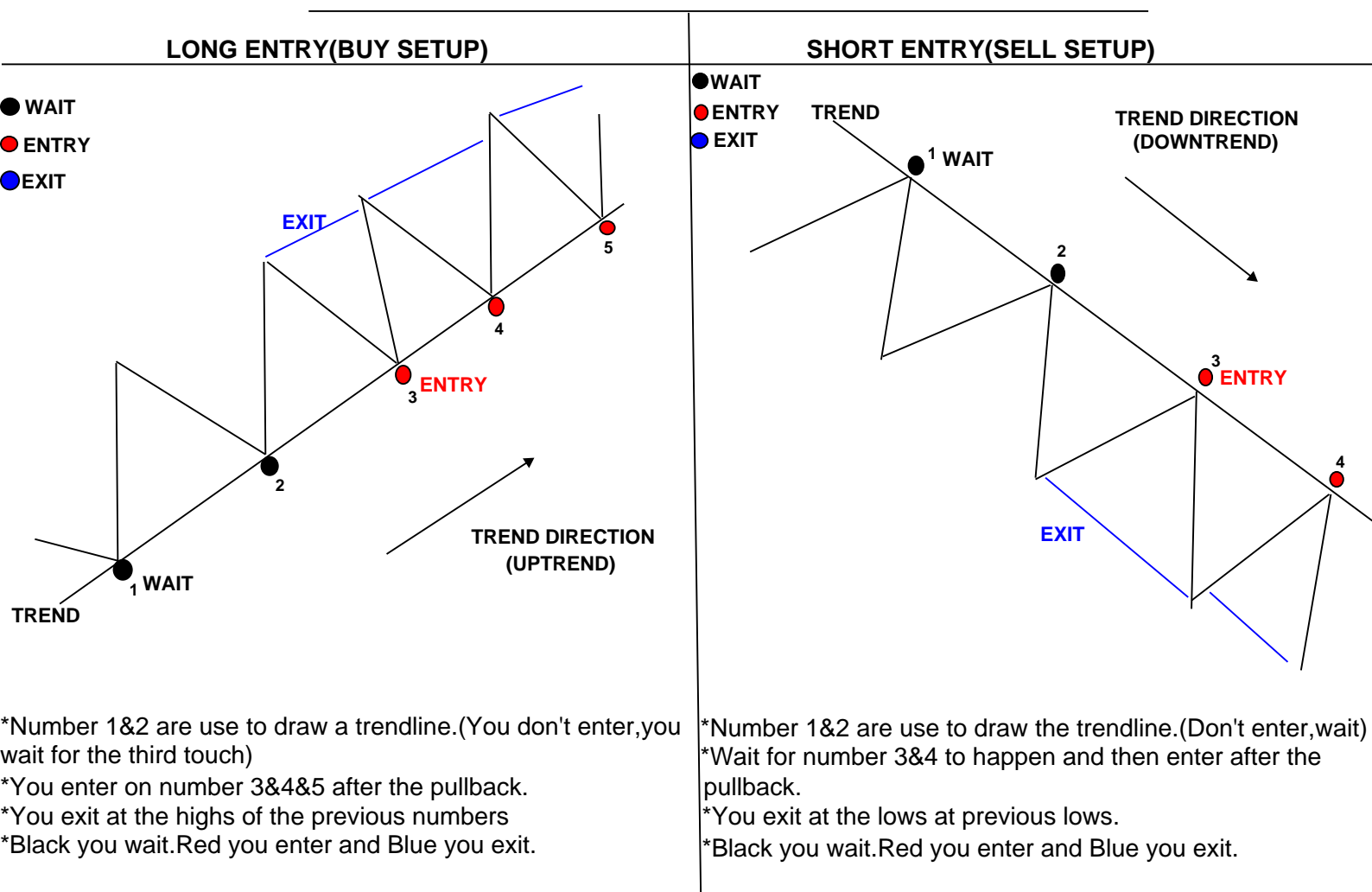
I should not be liable for any direct/indirect damages. Trading is risky and you may lose all your capital.

Only trade with money you are willing to lose.

TRENDLINE TRADING STRATEGY

TRENDLINE TRADING STRATEGY

- *It is simple to use
- *Works on any timeframe
- *Works on any pair
- *Involved no indicators
- *Allows you to enter high probability trades with higher accuracy
- *Entry based on touch of trendlines
- *The strategy is based on following the trend,so the odds is stacked on your side



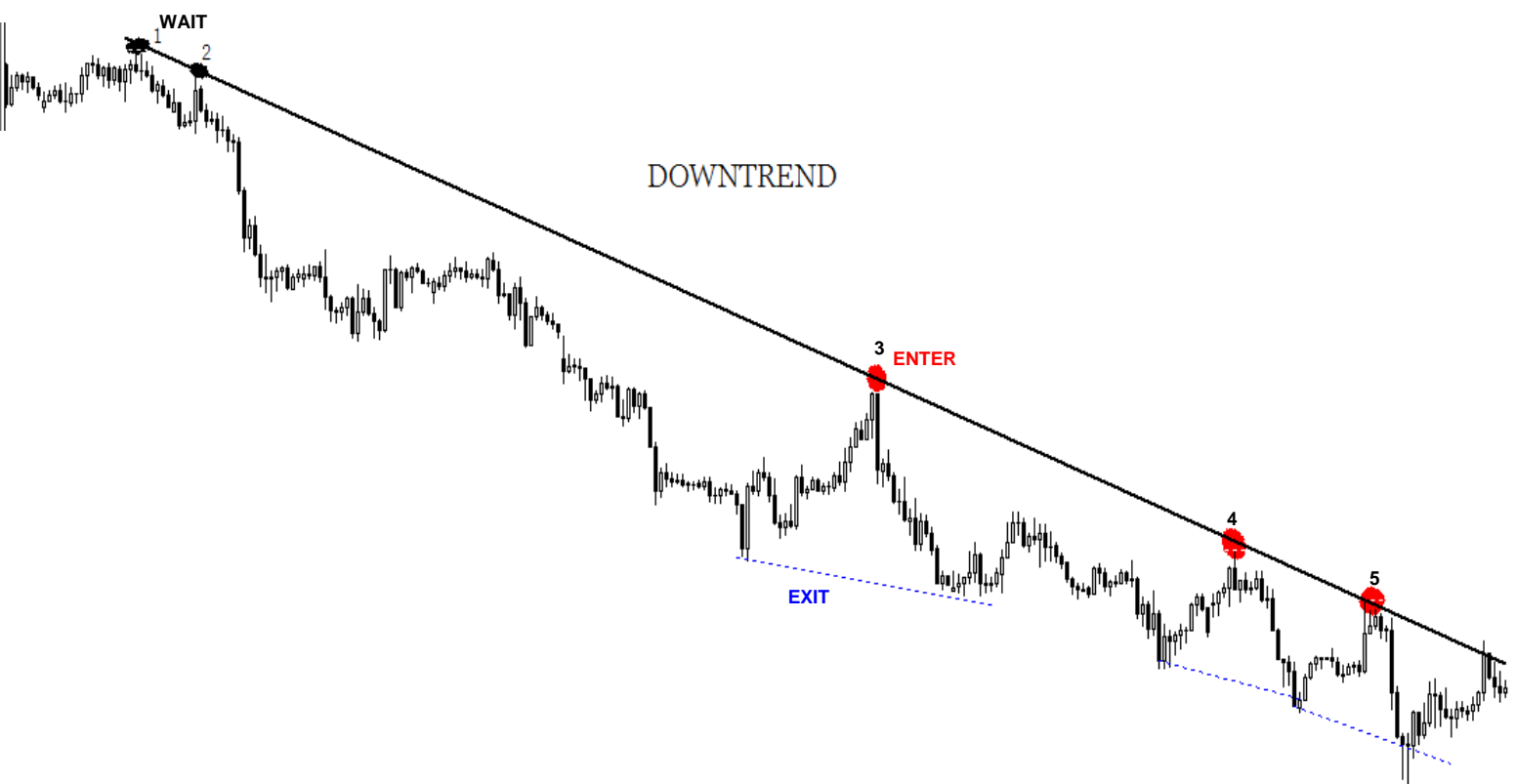
Notice how the market reacts and respond to the trendline above

*Every time price bounce up from the trendline.It's another opportunity for you to go long(Buy).

*We only wait for the third touch before considering the trendline valid.Number 1&2 just build the trendline.

*Trendline trading strategy allows you to get in at almost the beginning of a new trend.If you miss a entry,wait for a pullback before jumping in.

*On a uptrend you will just look for buying opportunities and on a downtrend we will look for selling opportunities.Always stick to the trend.



HOW TO DRAW VALID TRENDLINES?

There are two types of trendlines

-Upward(uptrend)

-Downward(downtrend)

1)Identify obvious peaks and troughs

2)Connect a minimum of 2 peaks(highs) and you have a downward trendline

3)Connect a minimum of 2 troughs(lows) with a line and you have an upward trendline

4)Start the line from the left to the right

There are a few aspects that you need to keep in mind before drawing valid trendlines.You can't just open your charts and draw whatever lines you want to.So you must get familiar with...

*How to draw valid trendlines.

*When a trendline is still valid and when it is invalid

*The trendlines that's likely to hold and the ones that's not gonna hold

*How to use Support & Resistance to your advantage

*Be aware when the trend is starting or ending

*Use technical analysis for more confirmations and no indicators at all,just pure price.

KEY POINTS TO KEEP IN MIND

*There's different trendlines.The outer trendline and the inner trendline

-Outer trendlines are usually the main trendlines drawn from much significant peaks or troughs.

They are quite obvious in larger timeframes,the H1 and higher.

-Inner trendlines are drawn inside the outer trendlines.

They are clear on the smaller timeframes,30 minutes and lower.

HOW TO DRAW TRENDLINES?

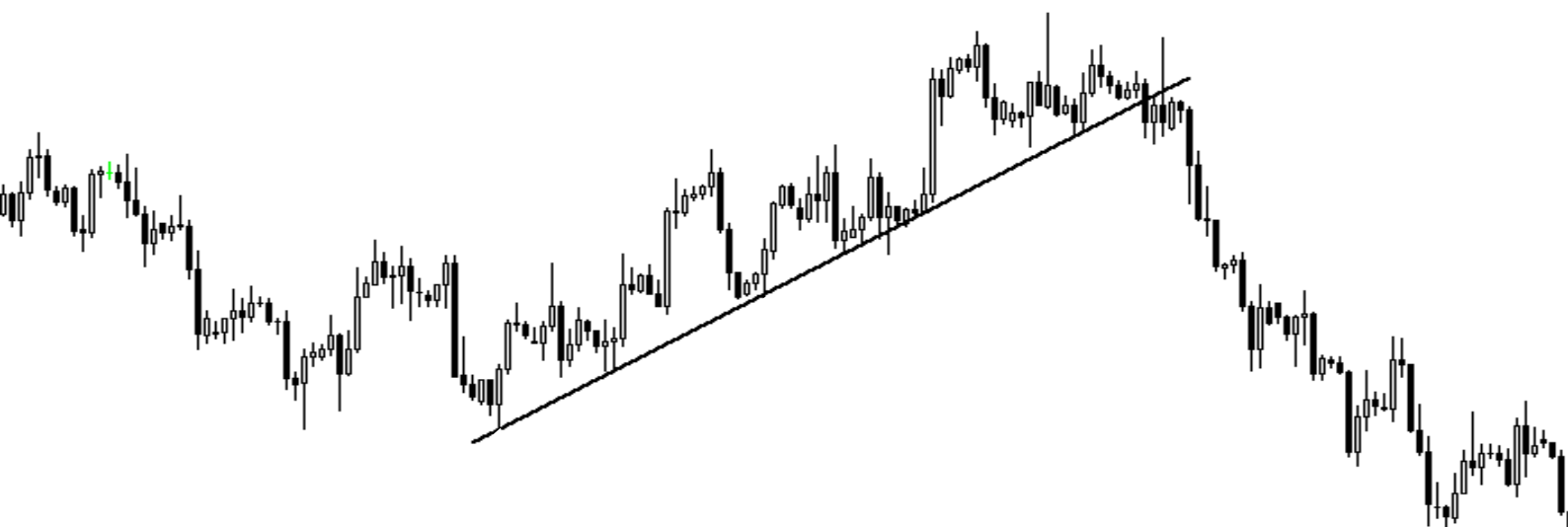
1) IDENTIFY OBVIOUS PEAKS OR TROUGHS



2) CONNECT THE TROUGHS (THIS IS A UPTREND)



3) DRAW THE TRENDLINE



Most beginners get confused when they look at the charts and see too many lows and highs.

They cannot figure out which two they should use to draw a trendline.

*For lows, the one with more higher candlesticks on its left and right will be more significant than the one with less candlesticks on its left and right.

*It works the same for highs except that it is completely the opposite.

You should be looking for more lower candlesticks.

VALID AND INVALID TRENDLINES

*A trendline is valid if it is not intersected significantly and price continues to obey it.

*A trendline becomes invalid when it is significantly intersected and this could mean that the trend has changed.

HERE ARE THE THINGS TO LOOK FOR TO TELL IF A TRENDLINE IS "INTERSECTED SIGNIFICANTLY"

***The candlestick that intersected the trendline,has it closed above or below it?**

-If a candlestick closes above a downward trendline by a significant distance,it may be a signal that the downward trendline is violated.

-For an upward trendline,its just the opposite.If the candlestick closes below it significantly,that may be a signal that the upward trendline is now violated.The price will now head down.

-If a candlestick just intersects,but fails to close above/below a downward/upward trendline,expect the trendline to be obeyed

***The candlestick body length,is it long or short?Did it close above a the downward trendline or below the the upward trendline.**

-The longer the length of the body of the candlestick that closes above/below a downward/upward trendline,the greater the possibility that the trendline has been violated.

-If you see that a shorter length of the body of the candlestick that intersected the trendline that closed above or below a trendline,this is a indication that the market lost its momentum.

-Even though it has intersected the trendline and may close above/below it,there is a great possibility that the price will continue to obey the existing trendline.

-You need confirmation of reversal candlesticks.

***The close of the H1 or H4 candlesticks.**

-The close of the H1 and H4 timeframe candlesticks are very important in determining if a trendline will break or not.

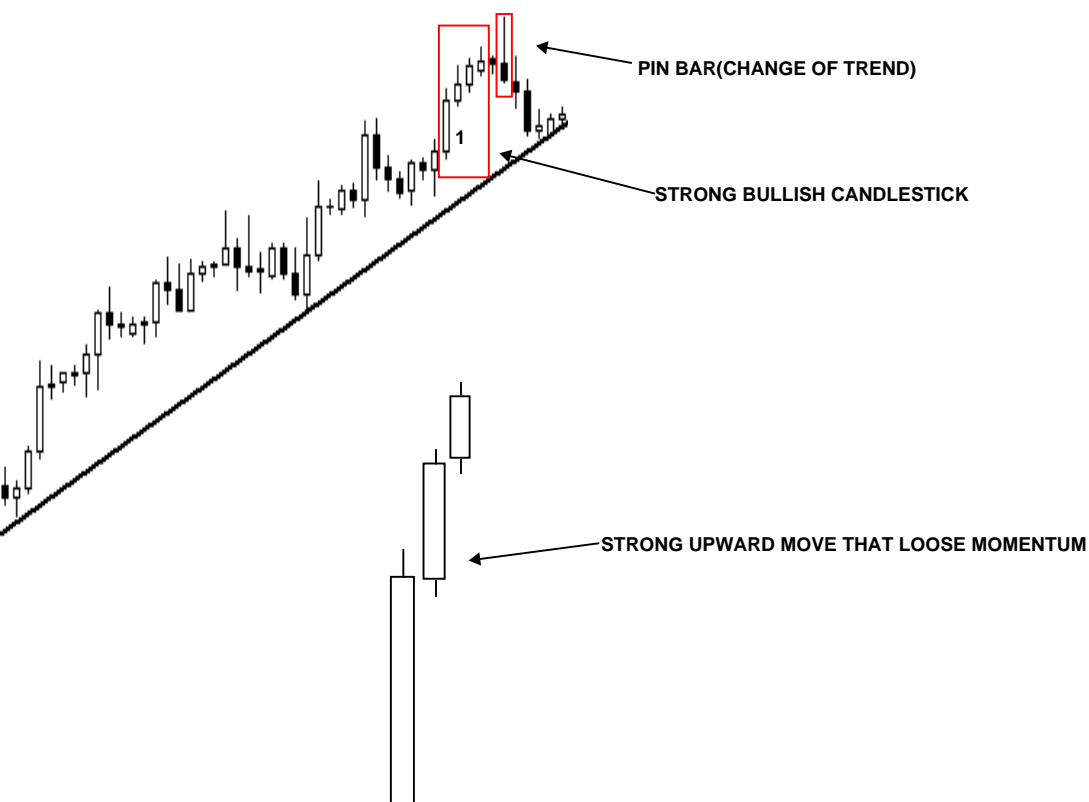
-If the H1 candlestick closed below an upward trendline,there is a great chance that the trendline is now intersected and price will continue to move down.

-For a downward trendline it is just the opposite.

-The H1 close above or below a trendline has more significance than any other timeframe closes.

-You will see a trendline intersected significantly in much smaller timeframes like the 5minutes-30minutes,you may think that the trendline is intersected and then the H1 closes.

-You need to pay attention to the lengths of the bodies of the candlesticks around trendline entry points.They will give you indication of the sentiment of the market.



*Look at the length of the bodies of the candlesticks.It was a uptrend and those candlesticks indicates a reversal.

*Another confirmation will be a break out of the trendline.

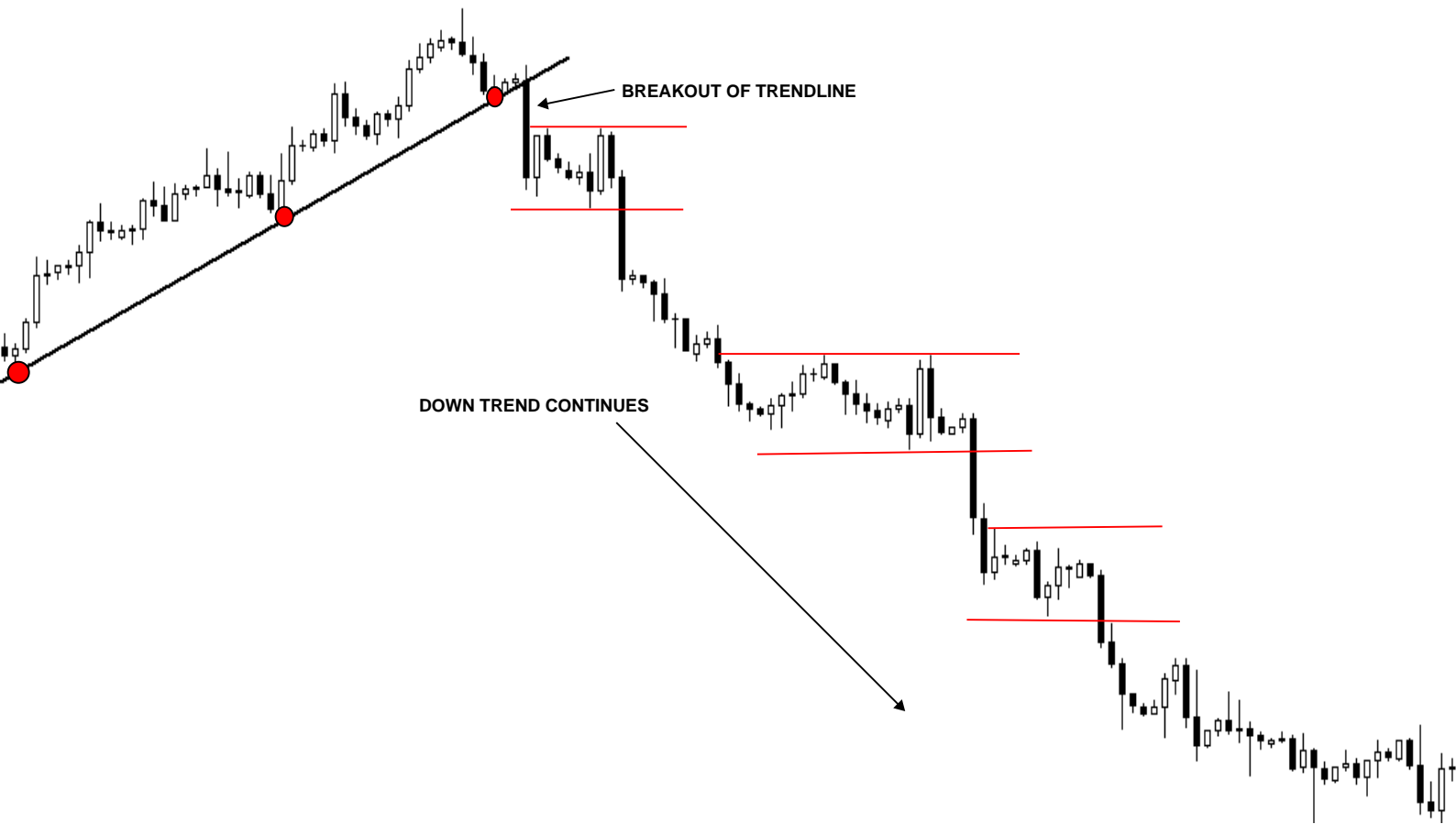
*The first bullish candlestick with a very long body indicating a very strong upward momentum.

*The candlesticks that follows is formed by contrast.

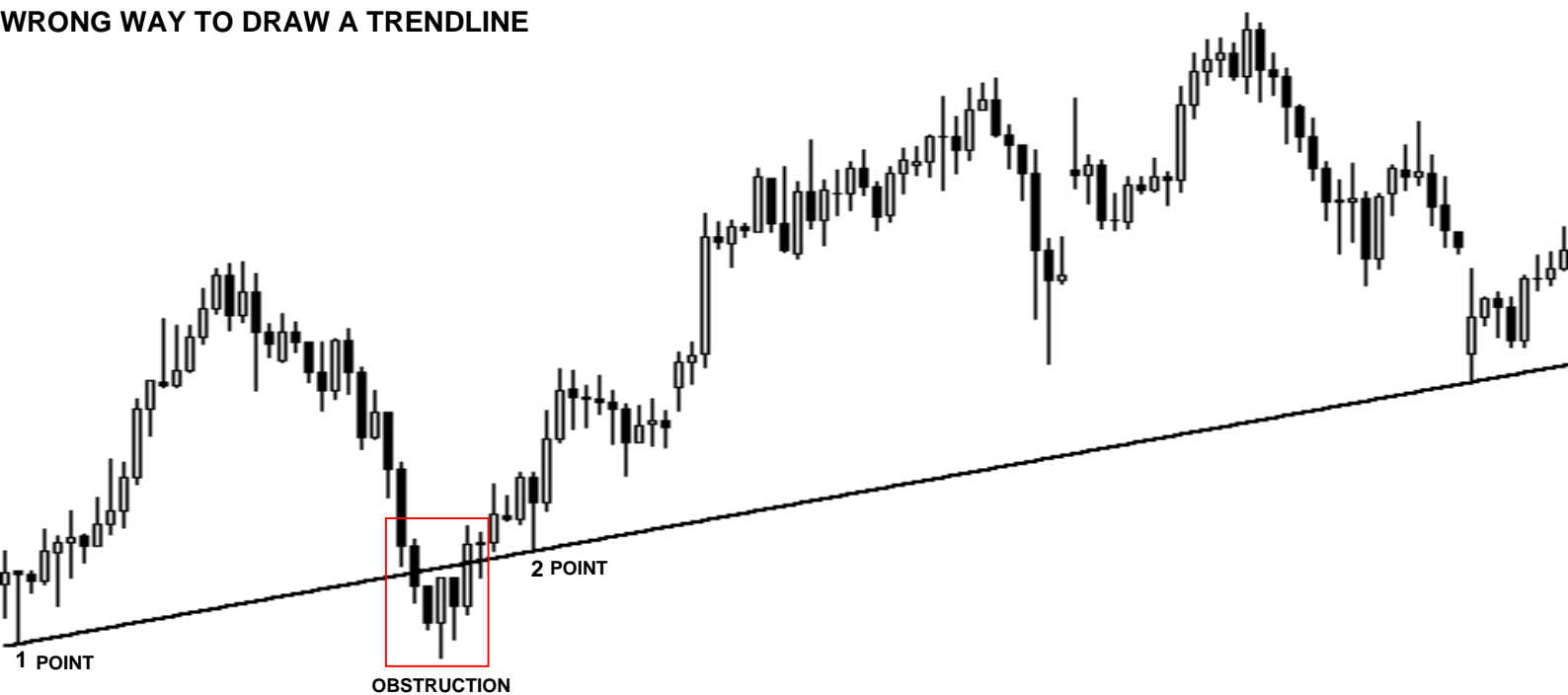
*It has very shorter bodies than the first one.We know that the market is losing its steam by looking at the candlestick patterns.

*Candlestick patterns are very important,because we don't use any indicators,pure price.

*Get familiar with your candlesticks,so you can be aware if it is a reversal or continuation.



WRONG WAY TO DRAW A TRENDLINE



Trendline trading strategy depends a lot on you drawing quality and valid trendlines.

You can't afford to mess up or make common mistakes.

There should not be any price obstruction between point 1&2.

Obstruction is the price highlighted with red.

Do not draw a trendline through an obstruction.

DRAWING THROUGH WICK AND BODY OF CANDLESTICKS

Beginners draw a line through the general direction of the trend.

They break all the rules. If the line is drawn and crosses a lot of wicks and body of candlesticks.

It does not give you any information regarding where the support & resistance level is located.

This is the wrong way to draw a trendline.

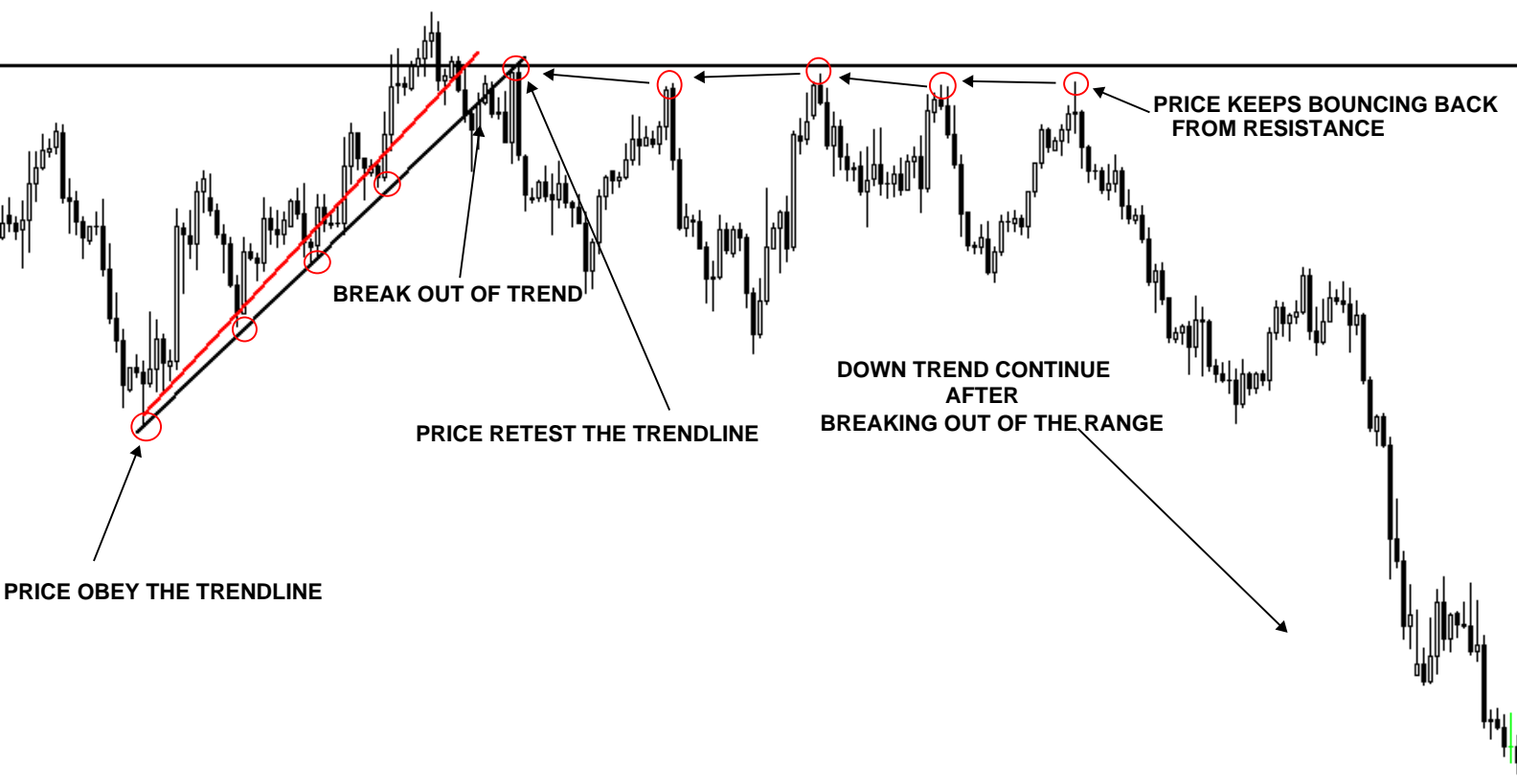


● **WRONG TRENDLINE**

● **RIGHT TRENDLINE**

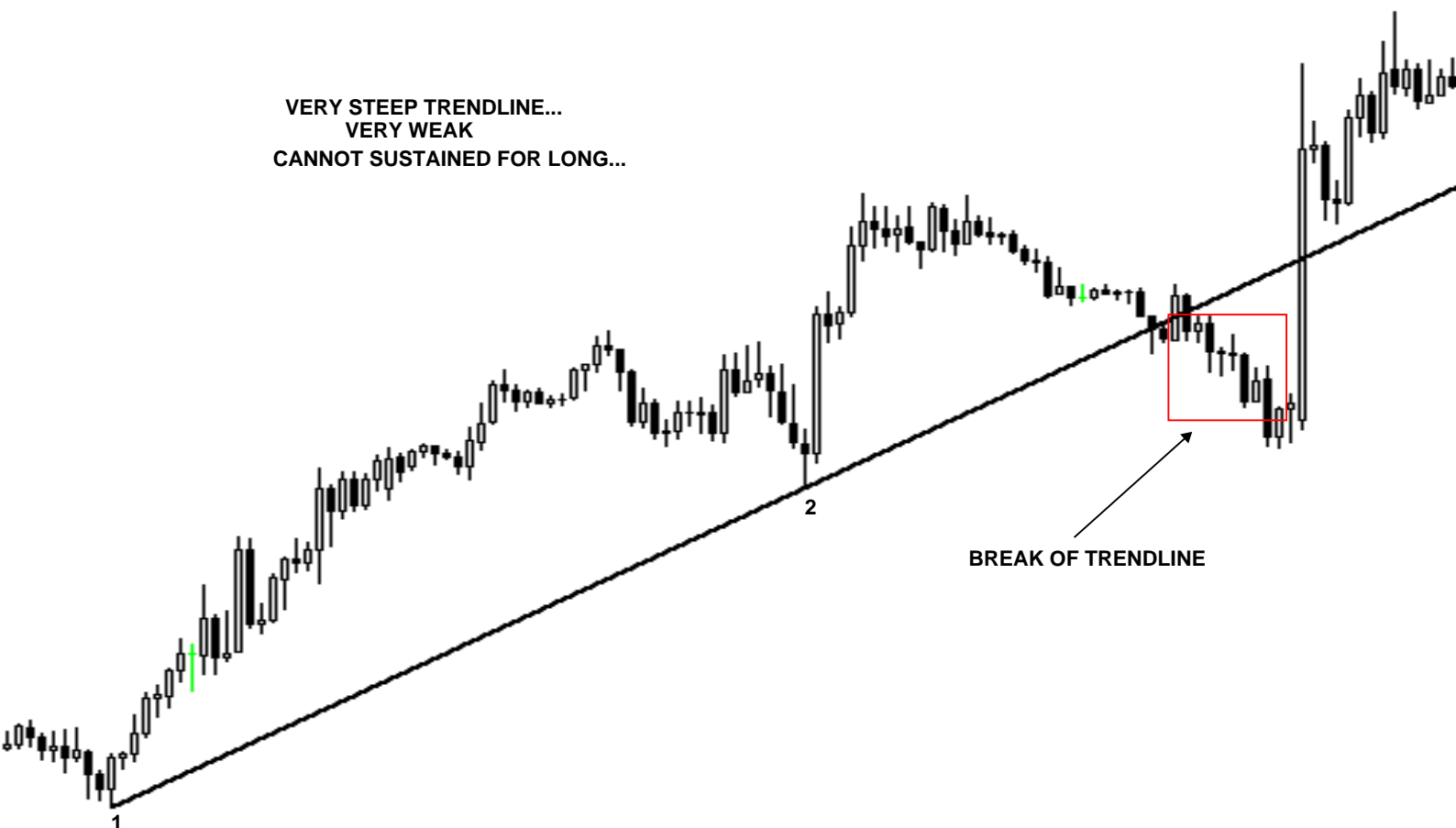
DRAWING TRENDLINES THAT ARE NOT TOUCHING THE PEAKS OR TROUGHS...

- This is a major mistake that most traders make.
- Traders fail to connect the peaks or troughs that are required to draw a trendline.
- The trendline must touch 2 spikes that you should use to draw a trendline.
- If you fail to do this properly, you will have situations where the trendline is not touched and price will move away from it.
- If you do it wrong, you will miss a lot of opportunities and enter false signals.



STRONG AND WEAK TRENDLINES

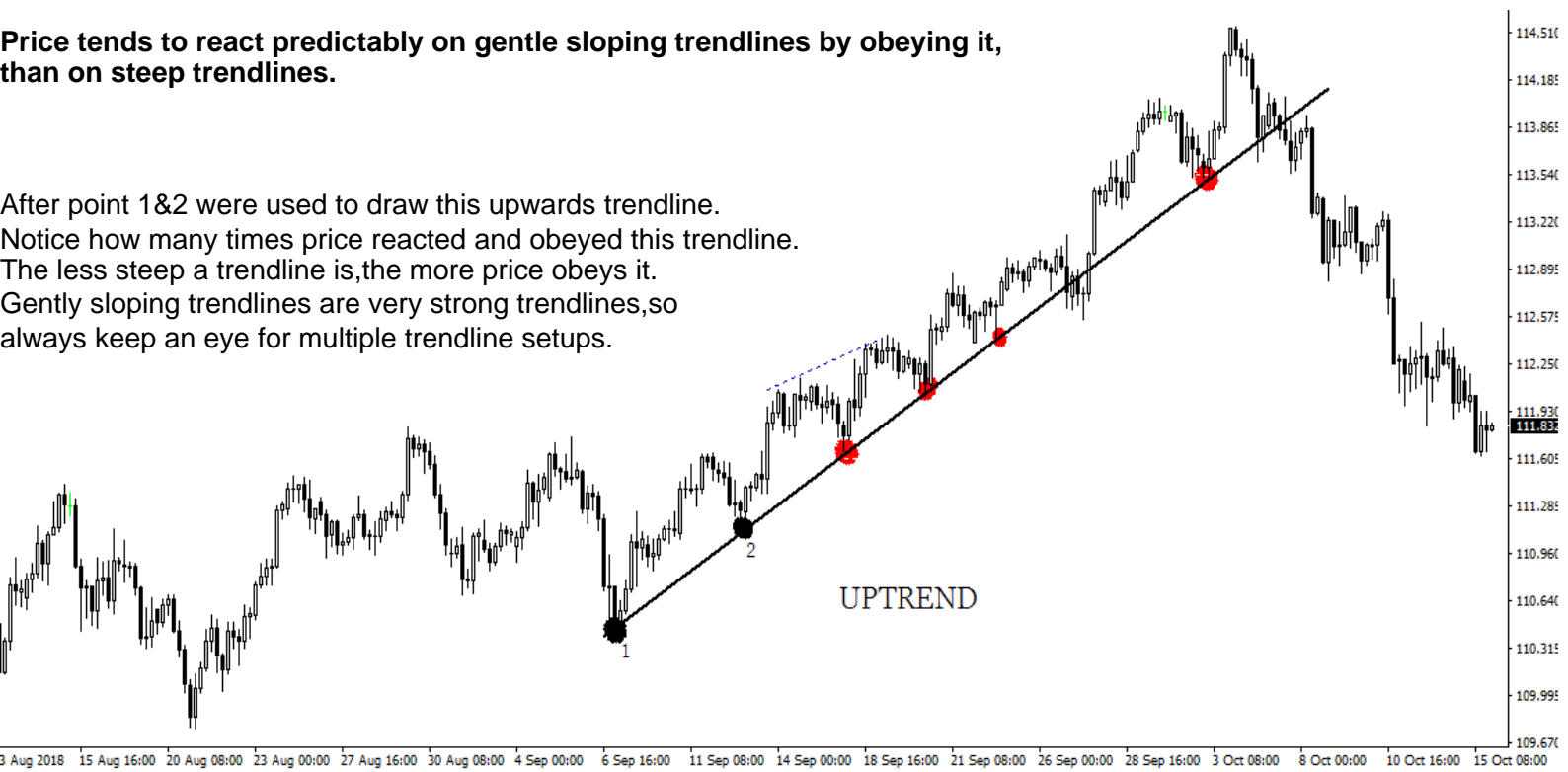
- The more price comes and touches the trendline, the stronger the trendline.
- If price is made to obey a trendline more than once, consider that a strong trendline.
- You will notice on charts that the most reliable or strong trendlines are gently sloping trendlines.
- The steeply sloping trendlines are generally very unreliable.



- Steep trendlines are most often weak or unreliable, because the market cannot be sustained at this steepness for a very long time.
- For very steep trendlines, price only obeys the trendline once or sometimes none at all.
- Notice on the chart above that price move up at a very steep angle and couldn't even obey or find support on the very steep trendline that was drawn.
- Later price found a much lower level of steepness which was sustained and then it continued to move up again.

Price tends to react predictably on gentle sloping trendlines by obeying it, than on steep trendlines.

After point 1&2 were used to draw this upwards trendline.
Notice how many times price reacted and obeyed this trendline.
The less steep a trendline is, the more price obeys it.
Gently sloping trendlines are very strong trendlines, so always keep an eye for multiple trendline setups.



IMPORTANT INFORMATION

- 1) If you are in a steep trendline trade, buy or sell setup. You should take your profit quickly.
Lock your profits or move to break even, because steepness cannot be sustained for a very long period of time.
- 2) Don't rush to get in a steep trendline trade, especially if it is on the 2nd or 3rd buy or sell setup.
There is a greater probability that the market has lost its steam and may start to reverse very quickly.

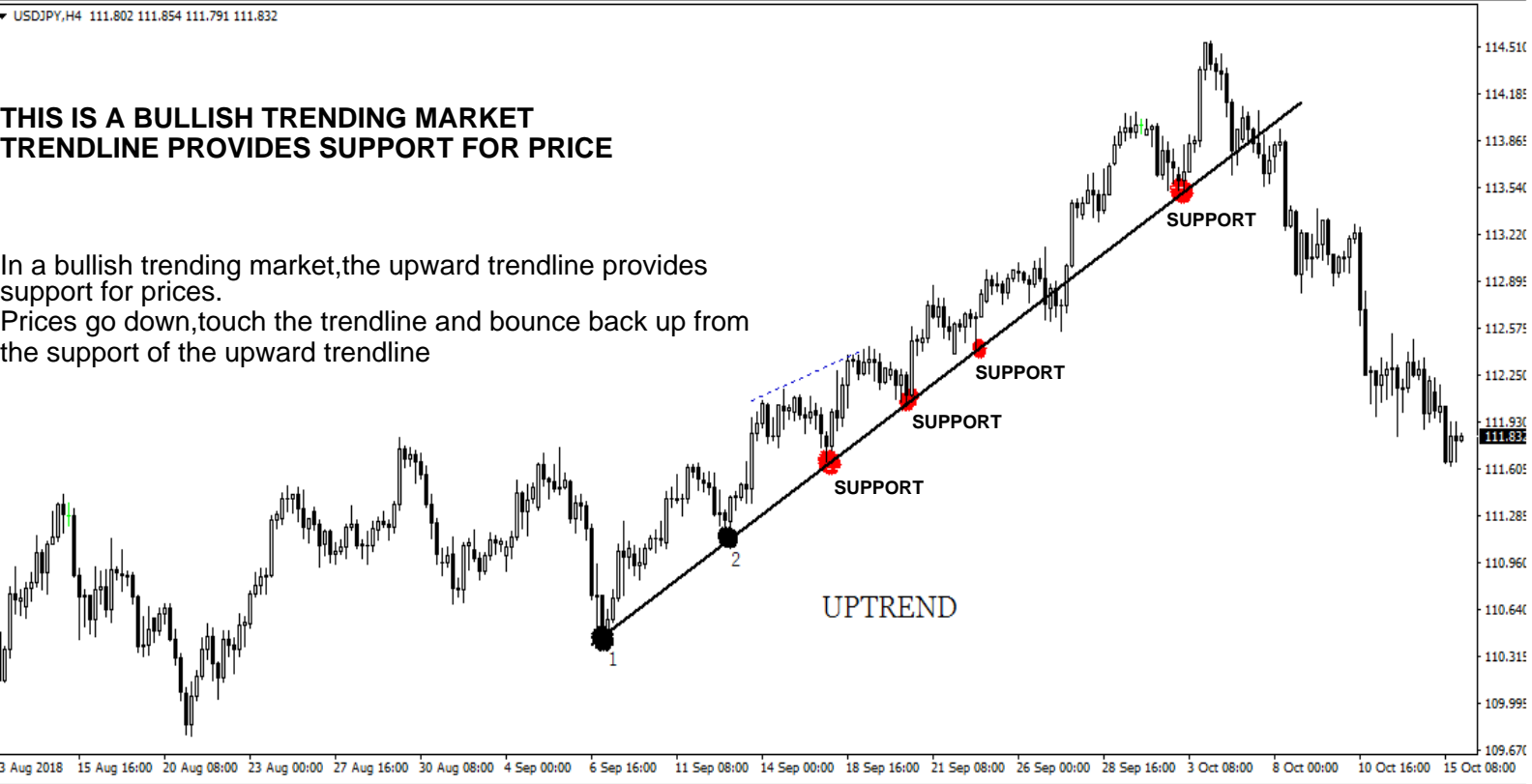
SUPPORT AND RESISTANCE

- When we draw trendlines, we are operating on support and resistance.
- Whether trendlines move up or down, when drawn on a chart it indicates where price is most likely to find diagonal support & resistance in the future.

USDJPY, H4 111.802 111.854 111.791 111.832

THIS IS A BULLISH TRENDING MARKET TRENDLINE PROVIDES SUPPORT FOR PRICE

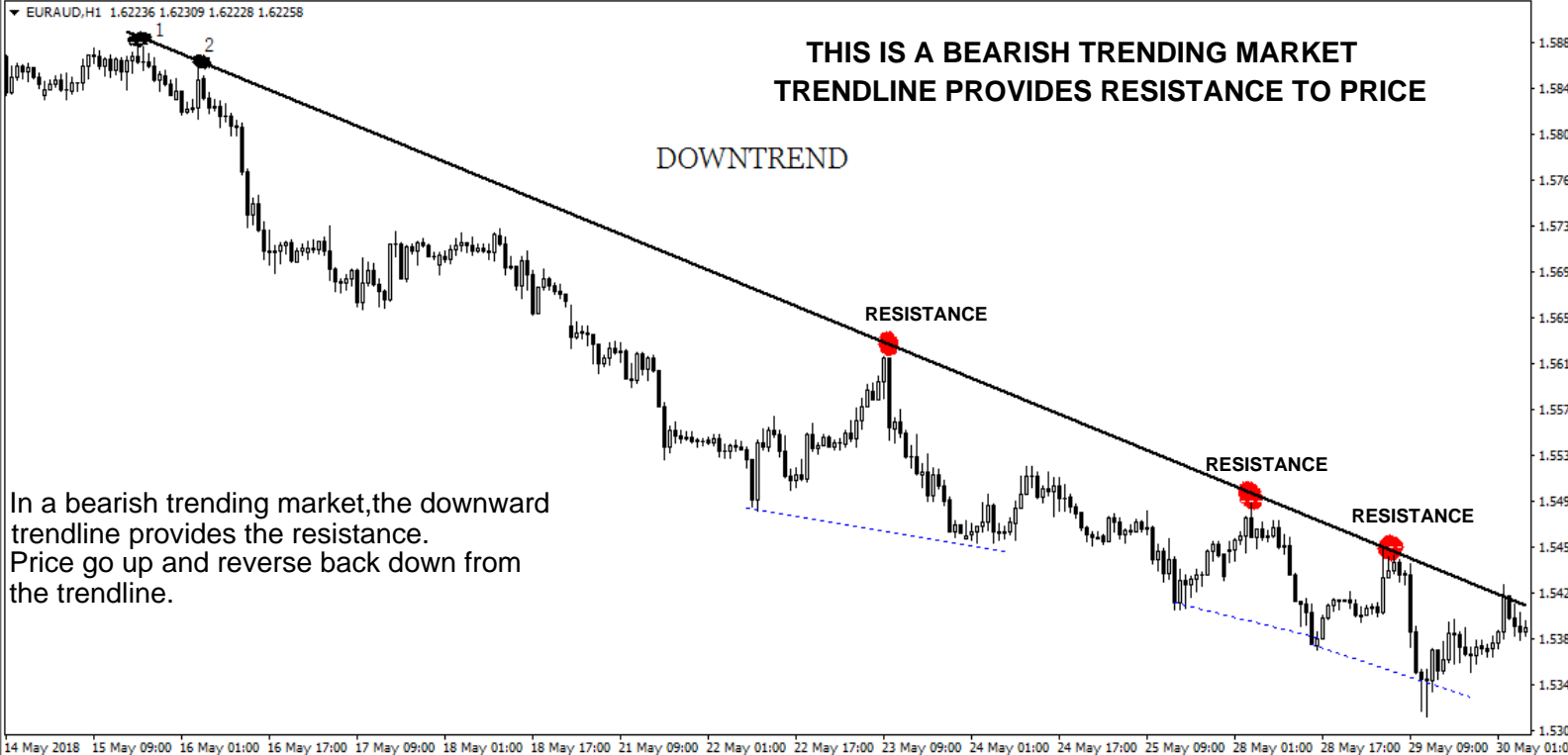
In a bullish trending market, the upward trendline provides support for prices.
Prices go down, touch the trendline and bounce back up from the support of the upward trendline



EURAUD, H1 1.62236 1.62309 1.62228 1.62258

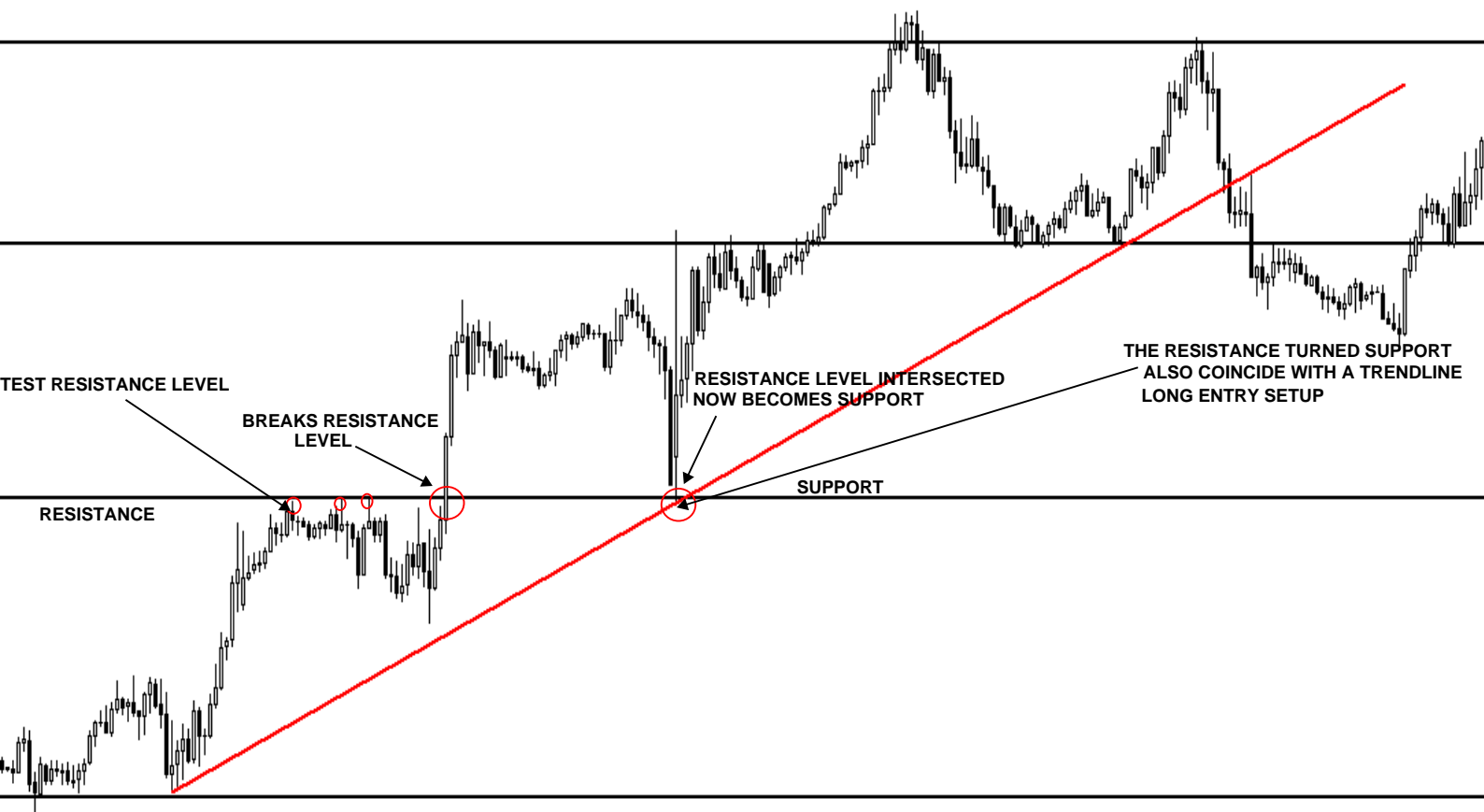
THIS IS A BEARISH TRENDING MARKET TRENDLINE PROVIDES RESISTANCE TO PRICE

In a bearish trending market, the downward trendline provides the resistance.
Price goes up and reverses back down from the trendline.



COMBINE TRENDLINE SUPPORT & RESISTANCE WITH HORIZONTAL SUPPORT & RESISTANCE

- To get into high probability trades, this is one of the most powerful techniques and it is to your advantage to spot this setups when it happen.
- When this setups occur, don't hesitate taking trades based on this setups.
- A trendline entry setup happens which also coincides with a previous resistance level intersected now turned support. Now you have two supports working for you at the same level.
- Trendline providing support
- Previous resistance level turned support, also providing support



Short trade setups is just the opposite. The previous support level broken becomes resistance level where this coincides with a downward trendline entry point.



When you enter a trade based on a trendline setup, keep this in mind, because it's good to check and see if the level you are entering has a:

- *Horizontal support level
 - *Horizontal resistance level
 - *Broken resistance level turned to support
 - *Broken support level turned to resistance
- Check if they work in your favor, because as a trader you should be aware of it.

THE TREND IS YOUR FRIEND

- If the market is moving upwards, it will continue to move in that direction until an opposite force occurs. Opposite force is: Resistance levels, downwards trendlines, news. These are just a few things that can change the direction of the trend.
- The first thing when you open a chart, you should know what the present trend is and if the trend is ending.
- You should also be aware of a new trend beginning.

What is a trend?

- Trend is simply the overall direction in which price is moving: UP, DOWN or SIDEWAYS.
- There are 3 types of trends.
 - *UPTREND
 - *DOWNTREND
 - *SIDEWAYS TREND

- UPTREND: Is where there is a consistent move higher, where the market is making Higher Highs (HH) and also Higher Lows (HL)
- DOWNTREND: Is where there is a consistent move lower, where the market is making Lower Highs (LH) and also Lower Lows (LL)
- SIDEWAYS TREND: Prices will be contained within a price range until it breaks out. Consider this as a resting period. After resting it usually continues in the direction of the overall trend.



EXAMPLE OF A UPTREND MARKET

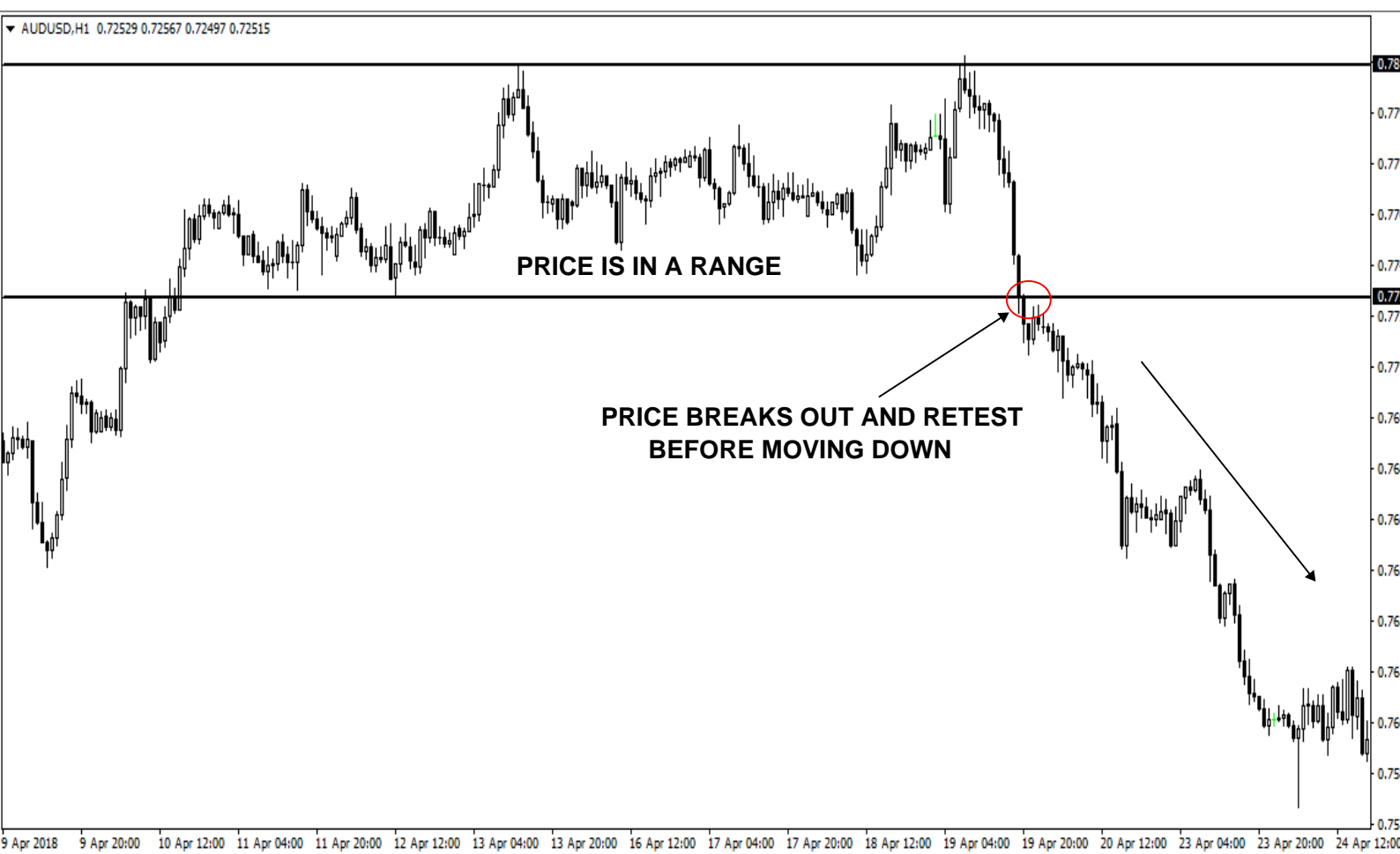
*Notice the "Increasing peaks" (Higher Highs) and the "Increasing troughs" (Higher Lows)



EXAMPLE OF A DOWNTREND MARKET

Notice the "Decreasing peaks (Lower Highs) and
"Decreasing troughs" (Lower Lows)

SIDeways OR FLAT TRENDING MARKETS



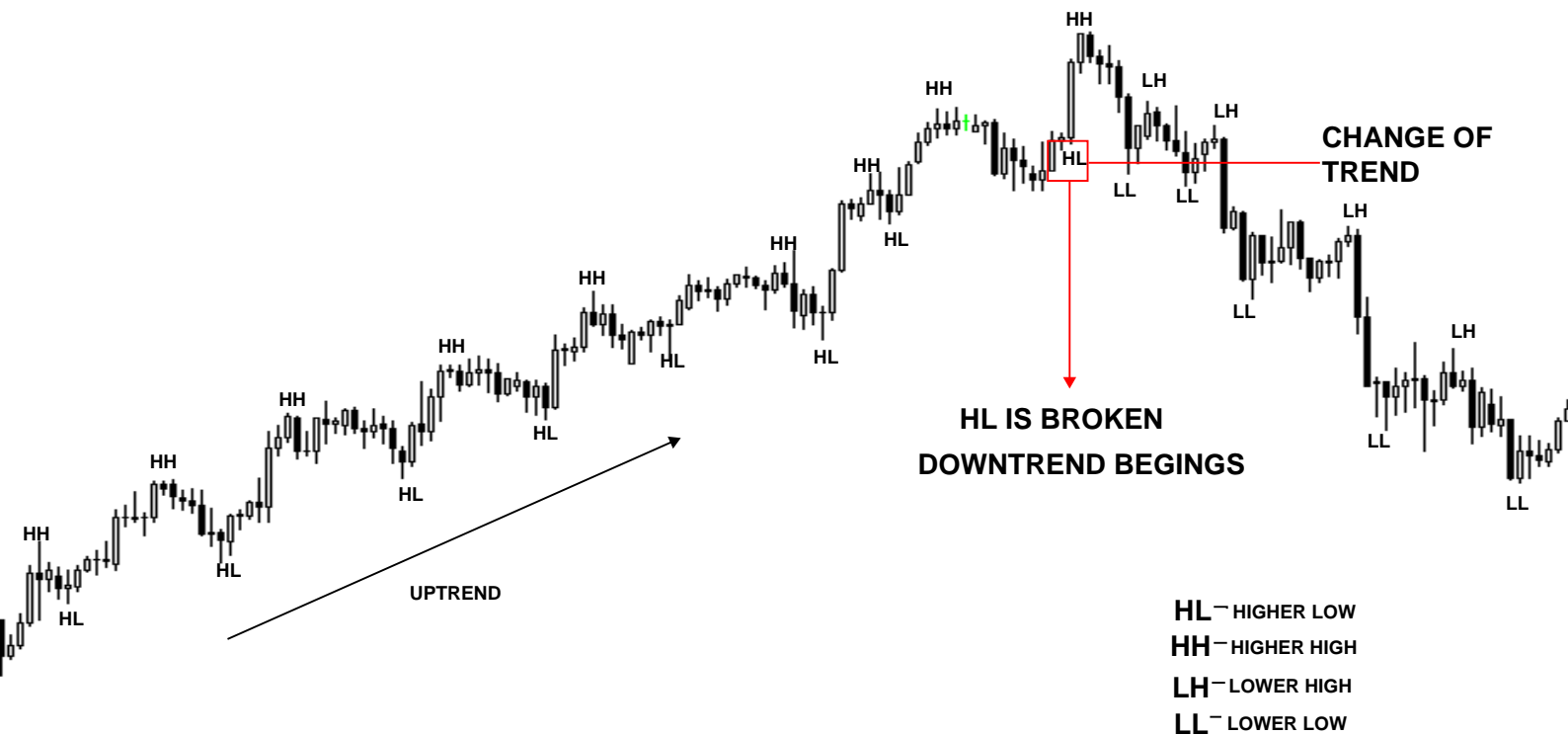
HOW TO SPOT WHEN A UPTREND CHANGE TO A DOWNTREND?

*Uptrend changes to a downtrend when the pattern of Higher Highs and Higher Lows is broken with a formation of a new Low that is Lower than the previous Low. This is the beginning signal of a possible trend change.

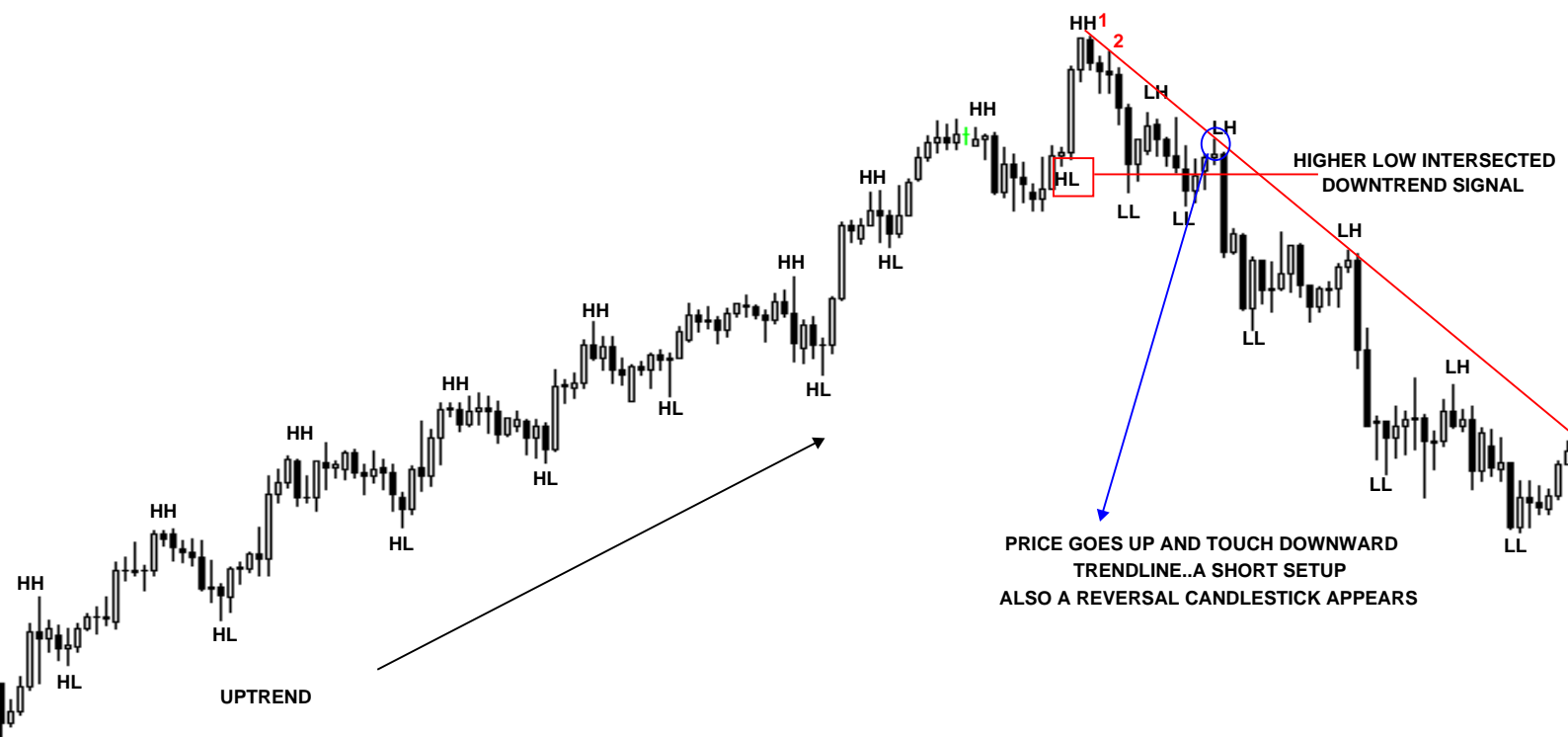
HOW TO SPOT A DOWNTREND CHANGE TO A UPTREND?

*Downtrend changes to an uptrend when the pattern of Lower Highs and Lower Lows is broken with a formation of a new High that is Higher than the previous High. This is a signal that the trend may be changing to an uptrend.

- When a HL is broken, it gives the signal of a possible downtrend
- When a LH is broken, it gives the signal of a possible upward move



This concept must be fully understood, because it gives you the ability to just glance at the charts and know if you are in an uptrend or downtrend. It also gives you the ability to spot if a new trend has started.



First a HL is intersected, giving us a possible downtrend signal.

*Second, price goes up and touch the downward trendline.

Knowing already that the downward trend signal has been giving and the trendline setup is happening.

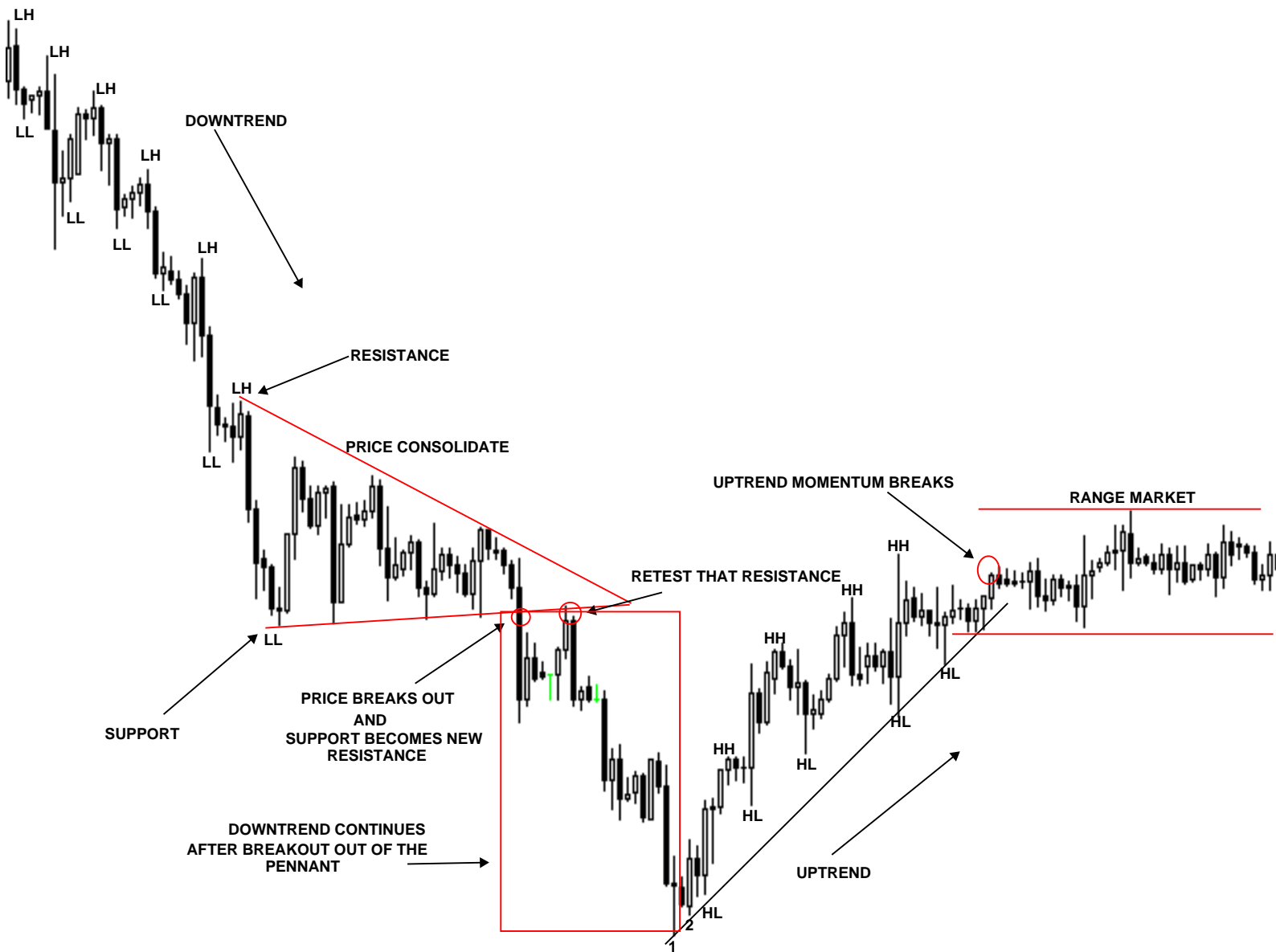
You should be confident entering a short signal.

Trendline trading strategy is not just about drawing trendlines. The above information is important because.....

*You want to be able to get in a trade at the very beginning of a trend when the signal is given that a trend change may be happening.

*If you have been locking profits or trailing stop your trades under the higher lows or lower highs, it signals time to get out or the market actually takes you out.

*Notice how trends change when combine with trendline trading strategy allows a trader to get in at almost the beginning of a new trend.



SHORT, MEDIUM AND LONG TERM TRENDS AND TRENDLINES

We can break down trends into 3 types

*The short term trends

Short term trends are found in trends from 1min up to 30mins.

*The medium term trends

Medium term trends can be found in H1 up to H4 timeframes.

*The long term trends

Long term trends can be found in H4 up to Monthly timeframes

Based on the above, we can classify trendlines into 3 types as well

*Short term trendlines(1min up to 30mins)

*Medium term trendlines(H1 up to H4)

*Long term trendlines(H4 up to Monthly)

Long term trendlines have more significance over medium term trendlines which have more significance over short term trendlines...

-What this means is very simple. For example, a short trend is down, but the medium trend is up.

So as the short term downward trend approaches the level or zone of the medium trend provided by the upward trendline, 2 things usually happen.

1) The short trend continues to move down in a violation or total disregard to the medium term trend and trendline, which should have acted as support... meaning the medium term trendline intersected and now becomes invalid. In this case it may be the start of a new upward medium term trend.

2) The short term trend bounces up from the medium term trendline and obeys it.

You go short in a 15min trendline entry and the market is going down nicely and soon as you come to an opposing medium term trendline... The medium term trendline has more significance than the short term trendline, therefore the market has a very high probability of obeying the medium term trendline, even though right now the market is going down on the 15min timeframe.



IF YOU COME ACROSS THIS SITUATION...BE PREPARED AND KNOW WHAT TO DO NEXT...

*If you are in profit based on a trade taken on a short term trendline and a situation like the above is playing out, you may...

-Decide to take some partial profits and let the remaining lots run at break even.

-Move your stop loss tighter to lock your profits in case the market moves against you. If it moves against you, it won't affect you, because you profit from the previous close positions.

It is important to understand this and have a big picture of the long term and medium term trend and trendlines when you are entering trades in short term trendlines. You don't want to be wondering why the market has turned against you at a particular level.

Trades taken based on long term trendlines and medium term trendlines have a higher probability of success which means big profits when the market moves in your favour...

*Trading in much smaller timeframes using setups happening in the smaller timeframes sometimes can be very stressful

You will spend a lot more time watching every price movement and you will not have a bigger picture of what is happening in the larger timeframes when trends form, they override the little trends that may be happening in the smaller timeframes.

*I don't say that trading smaller timeframes can't be profitable. It can be. When setups on the H1 or H4 take time to occur, you can switch to 1min and the 5min to see if there is any trendline setups and take trades. Collect between 10-20 pips.

If you want to trade in smaller timeframes then it is good to use 15min or even 5min as your "larger timeframe" to draw trendlines in the 5min or 1 min timeframe.

*You should focus on currency pairs that have lower spreads like EUR/USD and GBP/USD. I prefer big timeframes like the H1 and H4. I keep my trades running for days or even weeks if there is a good move I can keep riding.

*The best way is to switch to smaller timeframes to trade setups that happen in bigger timeframes. It allows you to make few trades, but high probability trades that have potential to bring massive profits. These trades are based on trendlines drawn from larger timeframes.

THE BEST WAY TO ANALYSE CHARTS...

It is multi-timeframe analysis..Starting at the Monthly charts down to the hourly.

- *Start off with the monthly chart and see if you can find obvious peaks and troughs to draw trendlines there.
- If you can draw a trendline,draw it and if there is no peaks or troughs to draw trendlines,switch to the next timeframe.
- The weekly chart.
- *So the process is repeated,from the weekly down to the hourly chart.
- *For clarity,you can use a different color for each trendline you analyze on different timeframes.

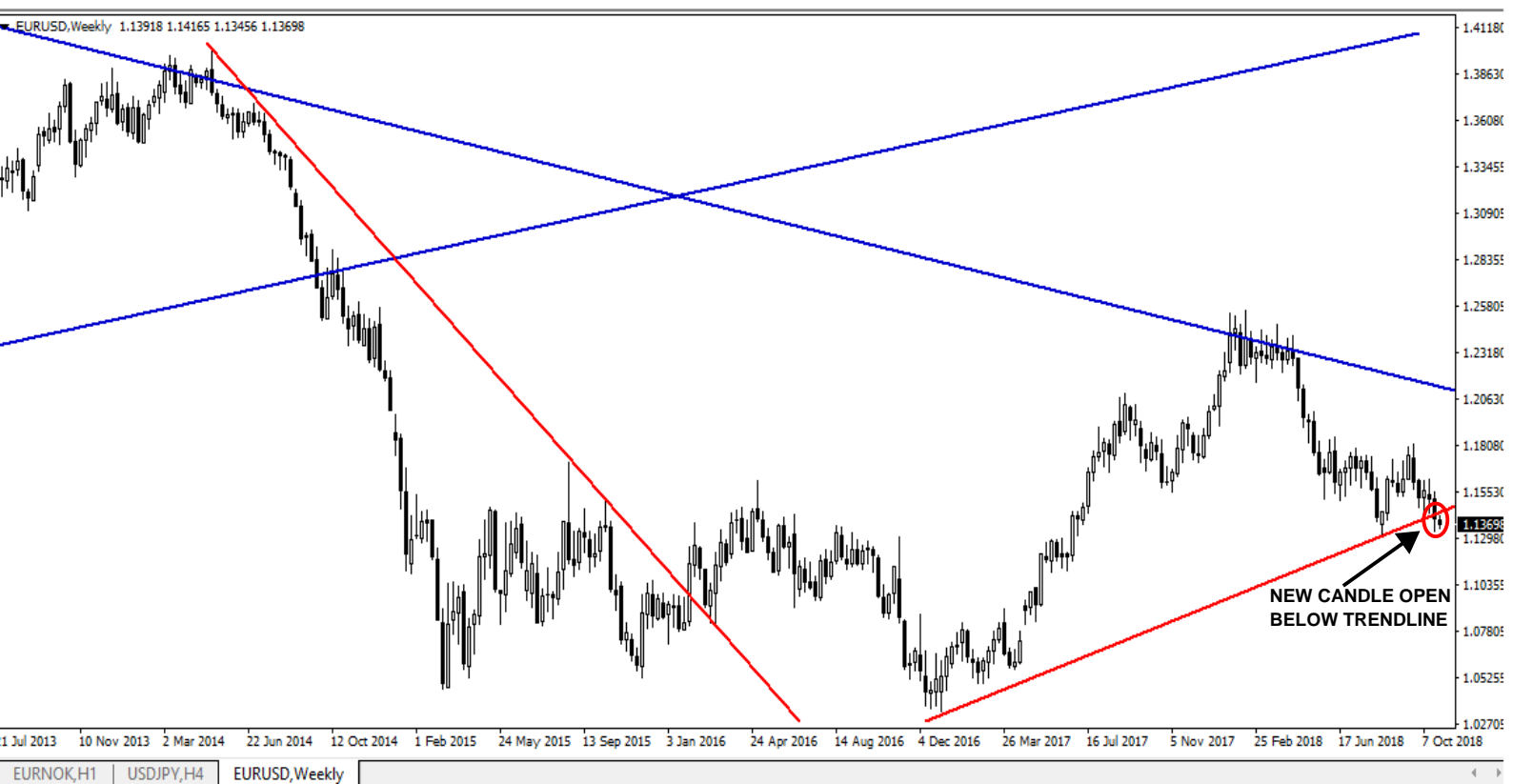
EUR/USD

Begin with the monthly timeframe.I see i can draw 2 trendlines.One up and one down.Lets use the color blue for this trendline.



One thing that immediately gets my attention.I notice price move down on the Monthly.
Now i'm moving on to the weekly chart.I draw more trendlines using red.
I can see clearly that price is now approaching the red trendline and is about to break it.
I know that maybe in the coming few days price will move down and i will be waiting on the H1 or smaller timeframes for entries.

I only analyze the monthly and weekly,already know what to look for on the smaller timeframes.You can analyze from the monthly up to until the 15minutes timeframes.So you can get more confirmations.



NOW YOU CAN SEE WHAT I'M THINKING AND LOOKING FOR WHEN I DO MY CHART ANALYSIS..

- *Start from the monthly down to the H1 timeframes drawing trendlines
- *Pay attention where and how far or how near the price is in regards to those trendlines you draw
- *The closer a price nearing a trendline,there is a possible trade setup happening
- *If you in a profitable trade, know where the opposing trendlines are so you can manage your trades more effectively by moving your stop loss tighter to lock profits or may take some profits instead being caught by surprise.
- *If in a trade or thinking of jumping in, it also pays to know where significant horizontal support and resistance levels are on the charts. These levels also provide turning points for market reversals, don't ignore them
- *Remember that bigger timeframes cover up many good trading opportunities that happen in the lower timeframes. Having a good understanding of what is happening in the bigger timeframes and then getting into the smaller timeframes for trade entries and trade management is part of the strategy to winning consistently.

YOU DO NOT NEED TO DRAW TRENDLINES EVERYDAY ON THE SAME CHARTS.

IF A TRENDLINE GETS INTERSECTED AND INVALID, THAT IS THE ONLY TRENDLINE YOU REMOVE.

LEAVE THE REST, BECAUSE LONG TERM AND MEDIUM TERM TRENDLINES WILL STAY IN YOUR CHART UNTIL THEY GET BROKEN..

THE RULES

Trade entry timeframes

I often use the H1 and H4 timeframes for entries. I switch back and forth between the timeframes looking for high probability reversal candlestick patterns as confirmation to enter a trade.

I also go to the smallest timeframe possible like the 5min up to 30min to enter a trade based on a trendline drawn from the H1 up to the monthly.

Why smaller timeframe entries?

- *It allows me to get an early head start and if market move in prediction, I will be in more profit than if I took a trade based on the H1 of higher timeframe.
- *Minimize risk. Getting in on trades in smaller timeframes also allows me to have smaller stop loss sizes.
- *If my stop loss is small, then I can increase my lot size while I still maintain the same level of % risk per trade. This is all about position sizing and risk management. For example, if I trade from the H1 timeframe, my stop loss can be 30pips (\$300 risk for 1 standard lot) and I can trade only 1 lot. If I go to the 5min timeframe and get in early, my stop loss can be 15pips. So that will allow me to trade 2 lots and still keep my risk at \$300. When the trades move my way, I will make more profits. This is the best example using leverage to your greatest advantage.

WHERE TO PLACE STOP LOSS, SO YOU DON'T GET STOPPED OUT FREQUENTLY?

Getting stopped out can be very frustrating as if the market knew where you place your stop loss. And guess what happens next? Yes the market moves in the direction you predicted after you've been stopped out.

The best place is to place your stop loss behind valid support and resistance levels.

Your stop loss should be placed in such a way that it gives the market room to breathe.

Don't place your stop loss too tight/close. You risk getting stopped out frequently.

RISK:REWARD RATIO

I don't focus too much on risk:reward ratio, because with the system you always find R:R above 1:3.

R:R 1:3 simply means a trade will give you 3 times the reward of what you risking.

If you risk \$10 that means your profit target will be \$30

If the system says buy then buy. If it say sell then sell..

Don't ask, don't reason, don't question it. Don't analyse too much. Just do it. Just follow the rules, you've got to have confidence in the system, because if you have doubts then why do you still use the strategy?

Don't ever forget or ignore multi-timeframe analysis..

This is both for drawing trendlines as well as identifying reversal candlestick patterns and even identifying support & resistance levels.

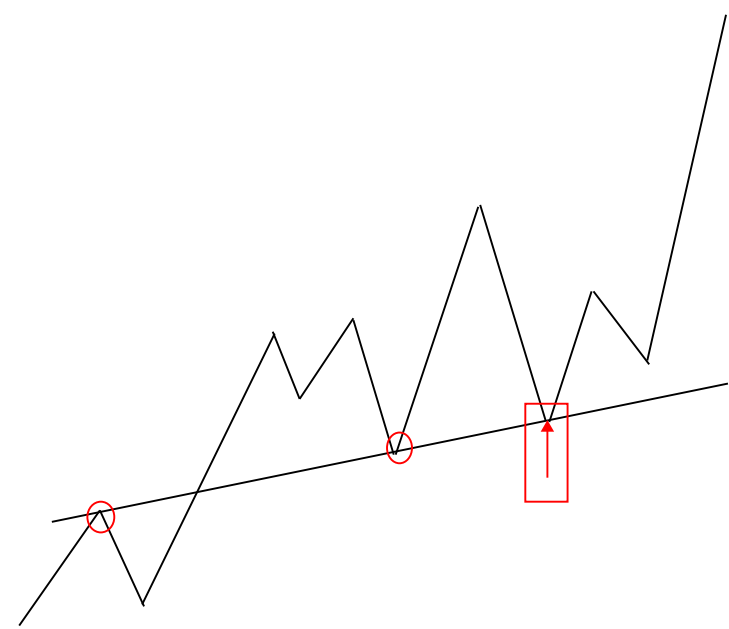
If you can't see a reversal candlestick on the H4, you may spot one on the H1

The same with drawing trendlines, you will look on the H1 and think there is no setups, but on the other timeframes you may find it.

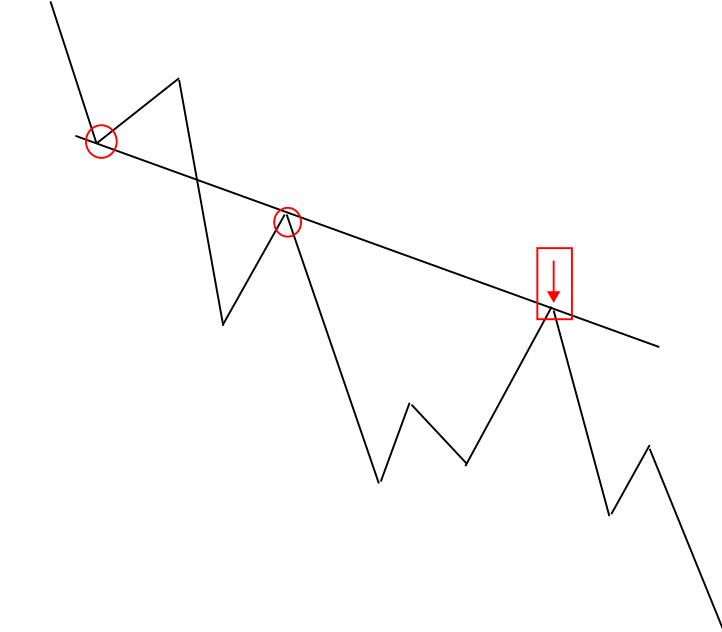
TRENDLINE ENTRY VARIATIONS

This is not the "text book" example trade entries. You will not always find picture perfect setups. Sometimes the trendlines will be completely intersected and become invalid. The market completely moves away from intersected trendline for some time, but comes back later and obeys the trendline that was intersected. They do not occur regularly, but they certainly do involve trendlines and it does pay to know them. Be able to spot them, because when it occurs it will be impossible to draw a normal trendline.

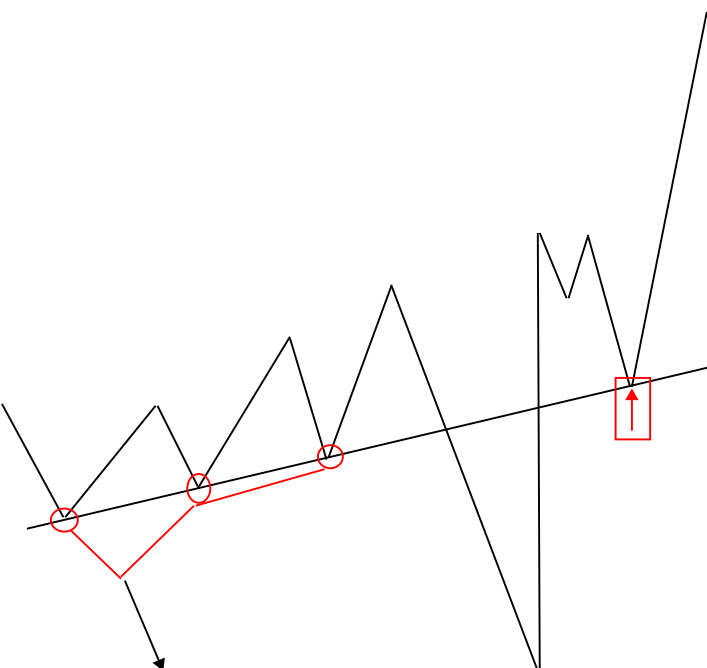
VARIATION#1: LONG SETUP



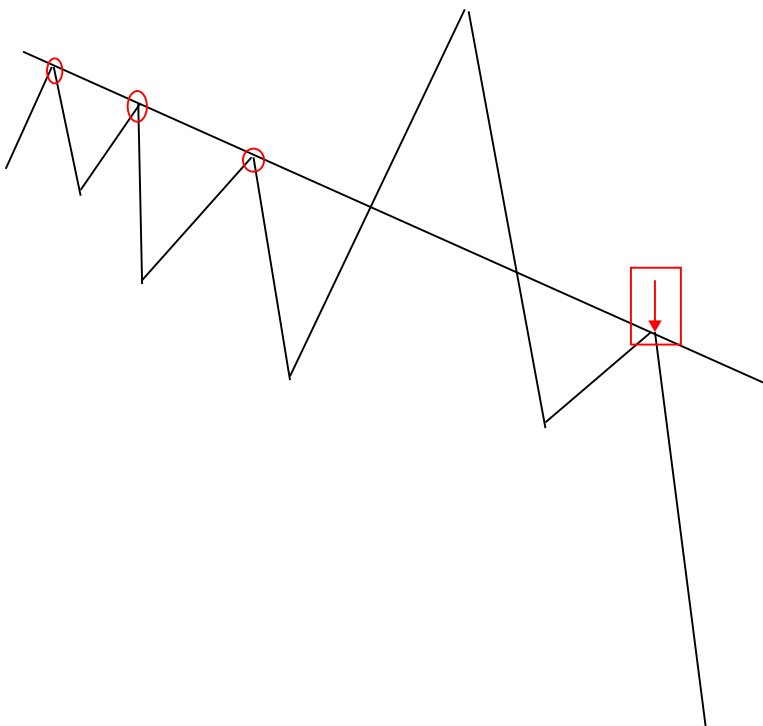
VARIATION#2: SHORT SETUP



VARIATION#3: LONG SETUP



VARIATION#4: SHORT SETUP



THE PREVIOUS RESISTANCE LEVELS STILL HAVING INFLUENCE EVEN AFTER THE TRENDLINE HAS BEEN INTERSECTED

THE SUPPORT LEVELS, THE MORE THE BETTER & ALSO THE MORE SIGNIFICANT THEY ARE, THE BETTER

Note that variation 1&2 are opposites. So are 3&4. It is impossible to draw a normal trendline, but with these variations you could've got in a trade. Keep this in the back of your mind when you analysing, because they are important.

SUMMARY

- Trade this strategy on a demo first. Try it for 3-6 months and see what kind of results you are achieving.
 - Multi-timeframe analysis: Analyze your chart from the Monthly timeframe down to the H1 and know where the opposing trendlines are. This gives you a good picture view as well as the small one.
 - Have a good understanding of trends and when a new trend starts and stay in a trade as long as the trend lasts, you can use a trailing stop to make big money.
 - When you are in a trade, pay close attention to opposing trendlines, and horizontal support and resistance levels as well.
 - Long and medium term trendlines have more significance than short term trendlines.
 - Do not set take profit targets, use trailing stop to lock more profit as the trade goes your way.
 - Add on. Take multiple trades on a trendy move by adding on.
 - Apply the 7 powerful reversal candlesticks as further confirmation for entry.
 - Pay attention to the close of the H1 and the H4 candles to see if they close above or below the trendline.
 - For entry confirmation, check if any of the 7 reversal candlesticks forms before placing your order.
- It is very important to have the odds on your side before getting in a trade and there is no better indicator than price itself. The 7 reversal candlesticks.
- Focus on taking trades based on the H1 and H4 timeframes. They are much more reliable than taking trades in much smaller timeframes. Remember they also cover up good trades in smaller timeframes. Rather be flexible towards all these timeframes.
 - Consistency is the key to breakthrough in forex trading: Use proper risk management, follow the trading strategy and follow your trading plan. You can't afford to mess up.
 - The trendline trading strategy is not really about getting 5-10 pips profits per trade. Unless you scalp. We are getting in on trades that last for hours, days or even weeks.
 - We target big profits and big profits don't happen in 5 mins, they happen over many hours and days with big trendy moves. The trendline trading strategy is all about capturing those big moves in stay long in trades.
 - Go over your charts and draw trendlines using past price data and see how price has responded to the trendlines. This allows you to test your skill in drawing trendlines.
 - Open up your charts and see what kind of reversal candlesticks you can spot and where the market has turn

7 POWERFUL REVERSAL CANDLESTICK PATTERNS

BULLISH		BEARISH
	THE DOJIS	
	THE ENGULFING PATTERNS	
	PIERCING LINE AND DARK CLOUD	
	THE HARAMIS	
	HAMMER AND SHOOTING STAR	
	SPINNING TOPS	
	RAILWAY TRACK PATTERNS	