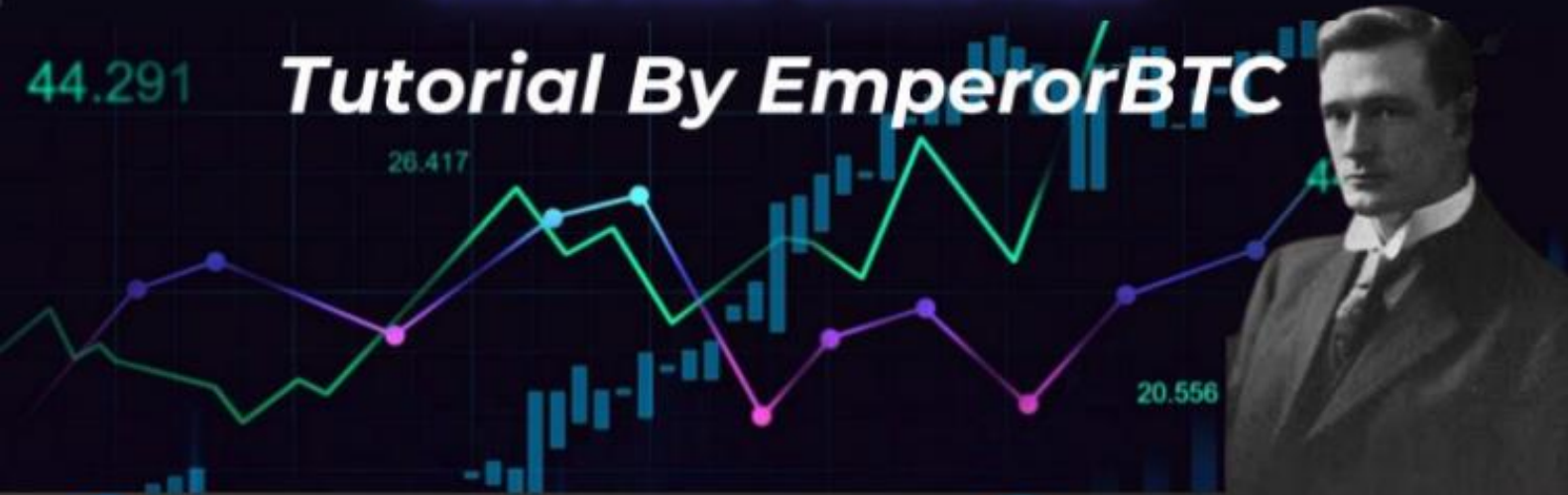


# CHOOSING DIRECTION

*Tutorial By EmperorBTC*



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# Choosing Direction

By **EmperorBTC**

***Dear Family,***

All New as well as Experienced Traders have troubles in judging the following.

- Which trades they should take? Long or short.
- How should you form a Bias.
- Which time frame should be the key for entering a trade.

This PDF aims to solve those doubts.

As my effort to make trading a seamless experience, this pdf will help you in making your trading easier.

**Next week**, we will have a ***Trading Competition*** for everyone in the community. No conditions. No bullshit. Join, Trade and *Top 10-20 Winners* will be given a prize pool of 1 BTC.

***Anyone can participate.***

Sign up here: [TradingBitcoin](#)

*This process will enable me and my team to keep the tutorials coming and keeping them free, as they should be, forever.*

You've often heard the phrase, **"Zoom out and you'll get a clearer picture"**. That holds true. The daily and weekly charts will often give you a very clear idea of where price is going. To be a successful trader, knowing that is not enough. You must figure out when and how it is going to happen to get an actionable trade idea.

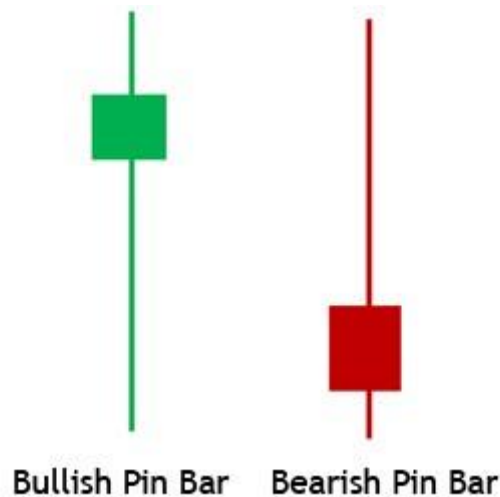
I always advocate day trading and eliminating the anxiety of holding positions overnight. The most successful trades here are executed within the influence of a directional bias. I use the daily chart for this purpose.

The simple formula is to spot a trade on the daily TF (Time Frame) and then drop down to the execution TF (let's take the hourly for example). Let's say you get an idea for a long on the daily chart, instead of taking the trade you go to 1 Hour chart and wait for a long entry trigger. You take the trade with your stop as per the hourly chart and the final target as per the daily.

If you did not understand this, read my tutorial on risk management and position sizing here first: [Position Sizing](#)

## Pinbars:

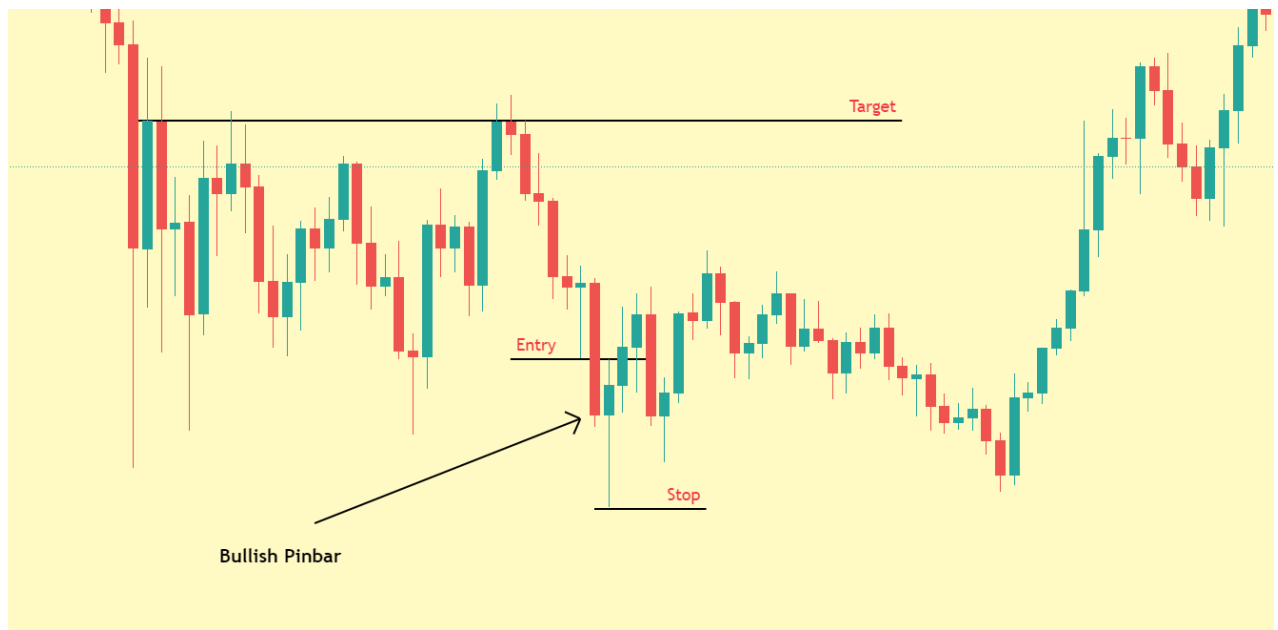
Every trader initially learns price action patterns and that's all they trade. The easiest thing you're taught is to long/short whenever you see pinbars as it's a reversal pattern. Let's first look at a brief on what is a pinbar to eliminate the misinformation.



A bullish pinbar candle has long lower wick with a small to no upper wick and a smaller body. A bearish pinbar is just the inverse of this.

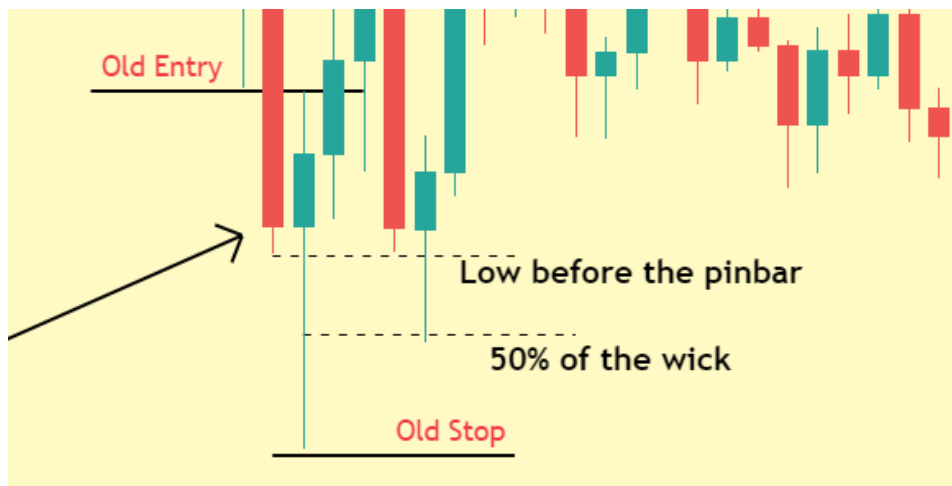
Why do these candles indicate a potential reversal? Long lower wick indicates buyers stepped up and the demand was high at the lows. Short upper wick is necessary to show price hasn't been rejected at higher levels and vice versa.

*How to trade pinbars and use them for a directional bias?*

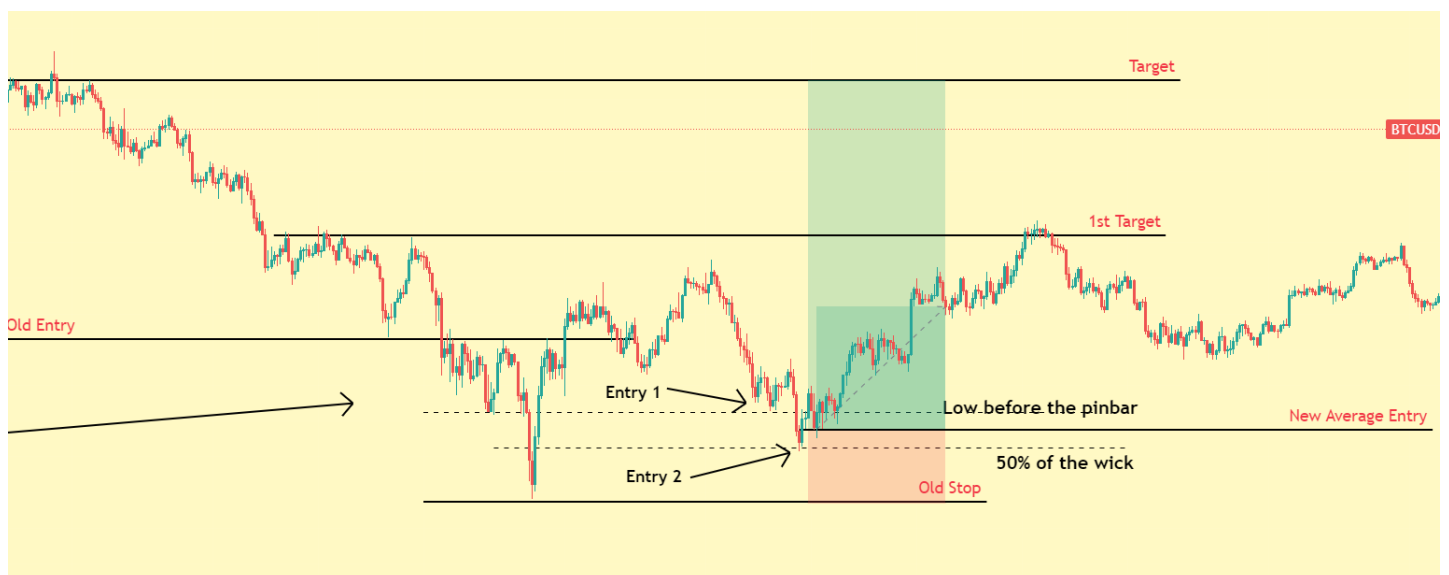


*\*BTC May bottom\**

Conventional TA tells you to enter long as soon as the candle following the pinbar crosses the high. To place your stop below the low and target the important level above. Okay, good trade, but how do we get a better entry? How to get a tighter stop?



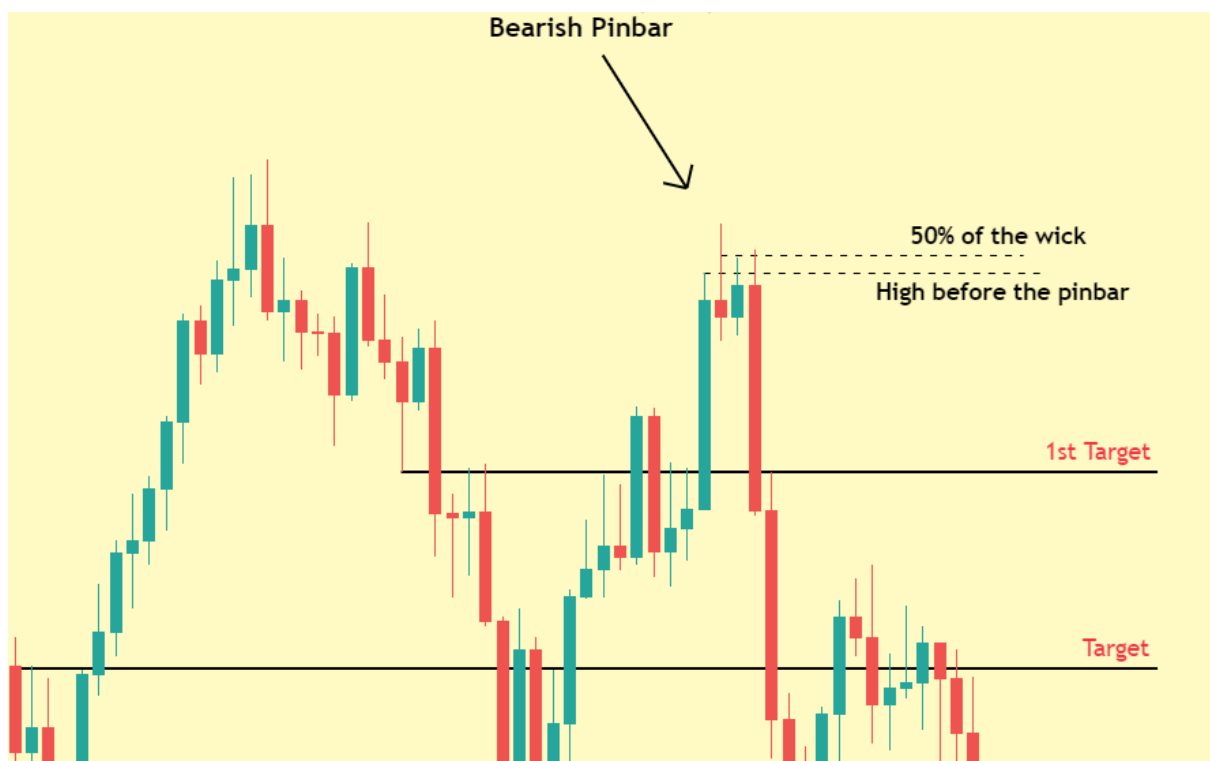
Two areas that price often rebounds to before making a sizeable rally is the low before the pinbar and 50% of the wick of the pinbar, we can drop down to the hourly chart and enter at these areas to get a better average entry while having the same targets.



This is how we deal with hourly charts with the same levels and get a better trade. The first target is based on the hourly and the final on the daily. A previous **1.6 R:R** is now a **4.8 R:R** trade.

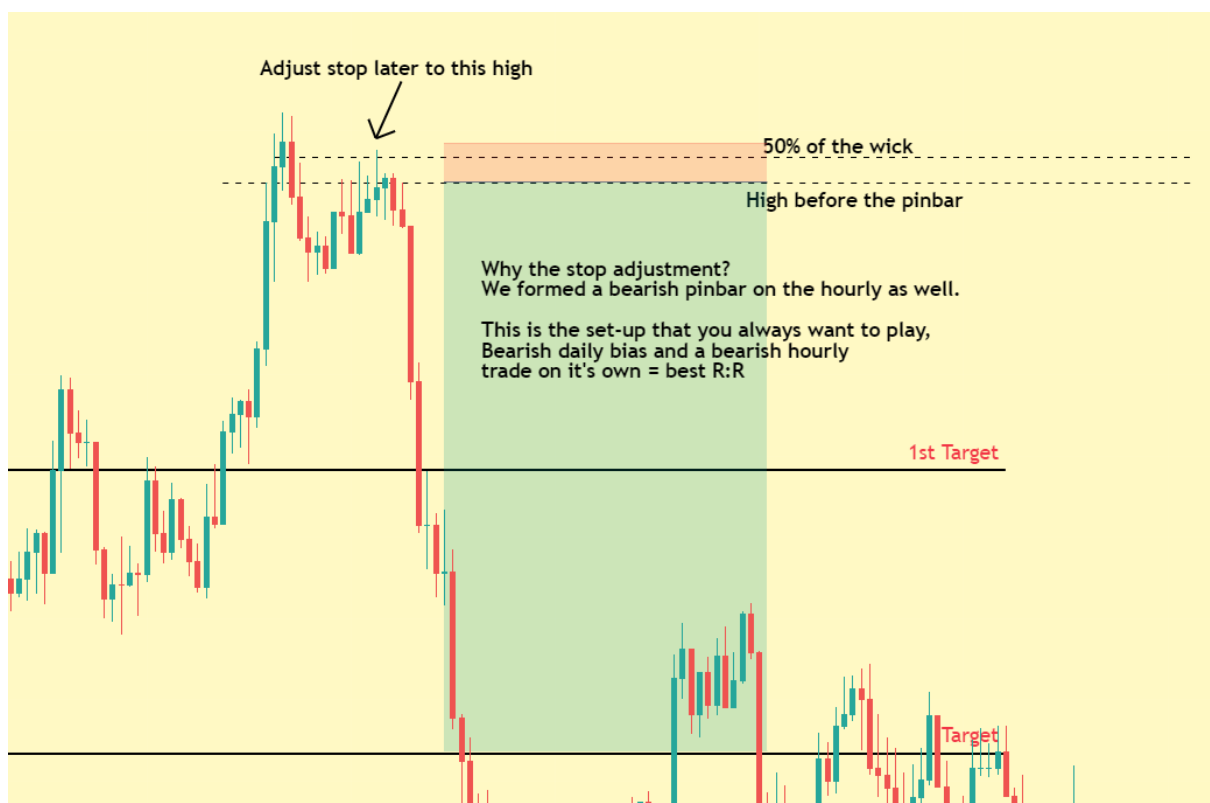
Hence, use the daily pinbars for a bias and execute on the hourly.

***A bearish example:***



*\*CADJPY 6H chart 20 Oct '20\**

Almost just the inverse of the previous set-up. Target important daily levels.

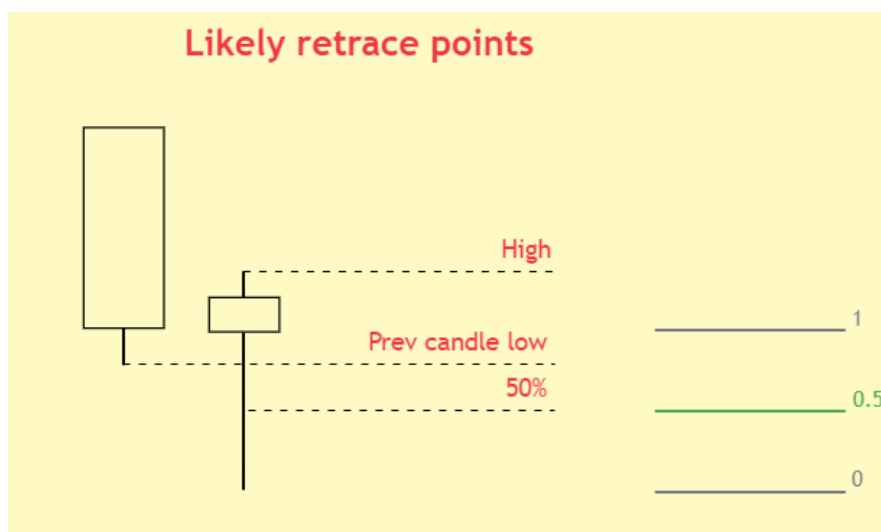


*Context is important.*

Pinbars at key swing points or levels are always a key.

This sounds almost like crazy CT Price action traders who claim to make 40R a trade. That is insane but these set-ups don't occur often but if you look for them and are able to execute properly, 7-8R trades are possible. These won't be your bread-and-butter set-ups, but they will be your once a quarter masterpiece.

*Summarising for you:*



Use these levels to form a bias and execute on LTF.

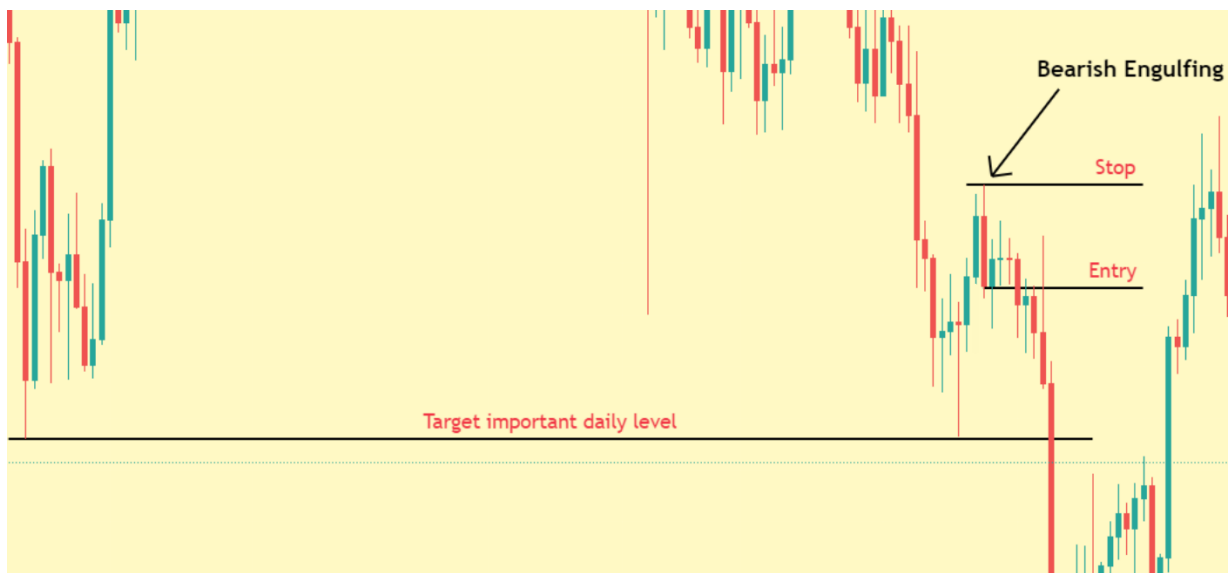


## Engulfing Candles



Criteria for bullish engulfing: Must take out the wick low of the previous candle and then close above the wick high. Inverse for bearish engulfing.

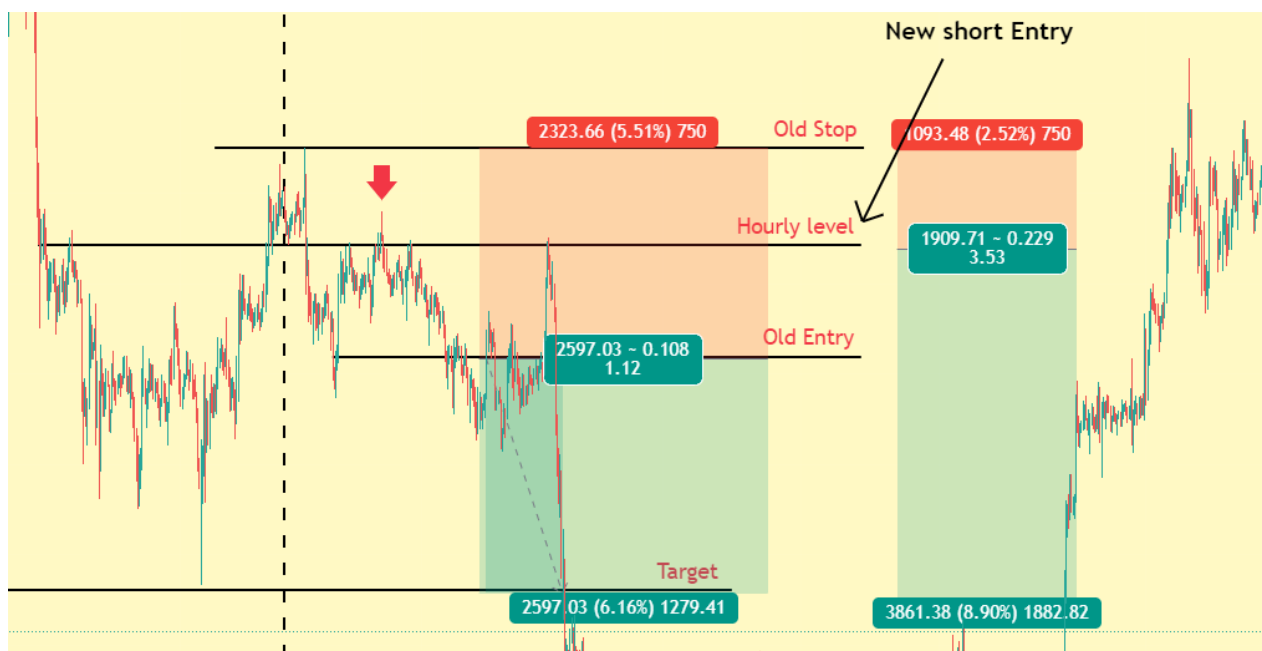
***Let's look at an example:***



***\*13<sup>th</sup> Jan 2022 BTC chart\****

The above trade could also have worked out well, but could we get a better entry?

For this, we use our knowledge on [how to draw levels](#).



Zoomed in, on the hourly we see a level flip from support to resistance and a small SFP forming there, that's our short trigger within the bearish engulfing candle. Engulfing bars work, but they almost always retrace a little first. By zooming in, we convert a **1.12 R:R** trade to a **3.5 R:R** trade.

In these kinds of set-ups you don't want to wait for much confirmation from these levels. You've already formed a bias on the daily and that's your confirmation for where the market will go. You pick the right level as a trigger and just place limits.

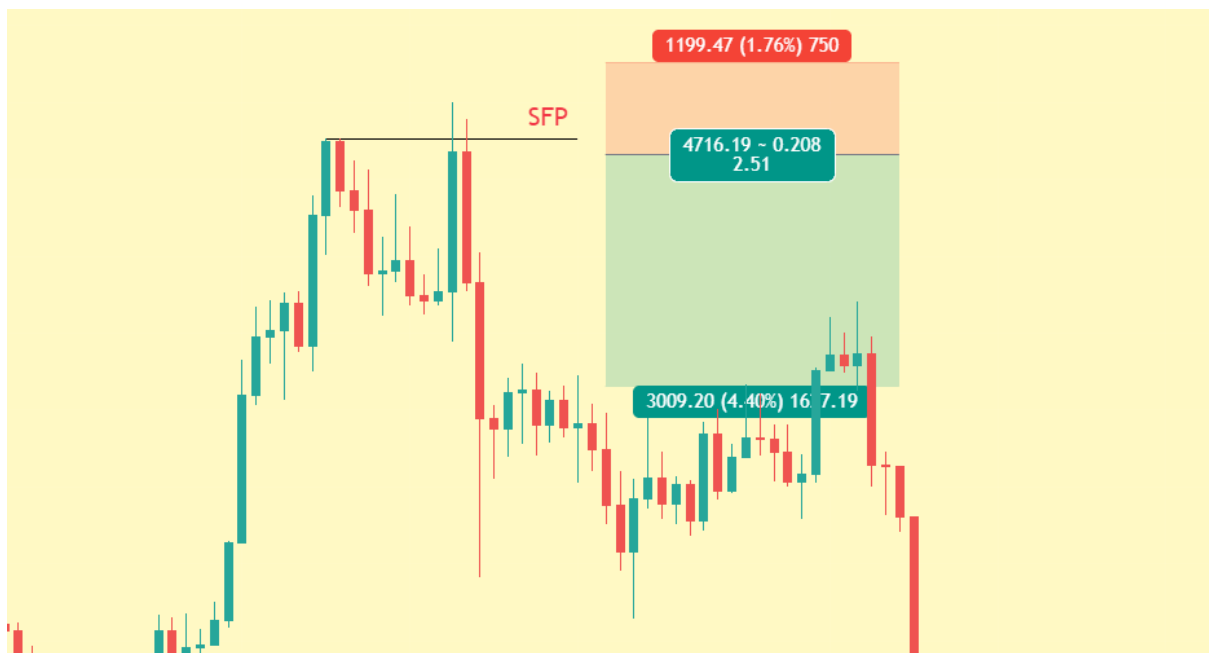
## Swing Failure Pattern

It's recommended to go over the SFP tutorial before heading further.

Link: [Swing Failure Pattern](#)

The SFP if traded correctly is a strategy that already provides a very high hit rate. How to optimize it further? The key is to not "let your winners run". That is a bullshit mentality, get out with your profits at the first sign of trouble. So, keep conservative targets but get better entries.

### Example:



*\*BTC All Time High\**

The problem with these SFPs where we don't have pre-defined levels is that you need a higher stop just in case price decides to wick through your high. The target shown is also final target so actual R would be 2 or less.



Zoomed into the chart, once you have a daily confirmed SFP, you zoom in and see hourly SFPs. You also don't have to go through the added anxiety of letting it run to higher targets holding the position for multiple days. Get out at the FTA, look for another actionable trigger and get in again on the retest of the broken support.

**Roadmap:**

Day 1 or H4 bias

- 1) Pinbar
- 2) Bullish/Bearish  
Engulfing
- 3) SFP

Execution  $\Rightarrow$  H1 or 15m

Take trades as per Levels PDF  
or other strat.

I hope this helps you decide how to choose a time to frame for trading and find your bias.

Thank you for your time and attention.

Yours forever,

**EmperorBTC**