### Trading Consolidation Zones and Key Levels

#### Introduction to the Strategy

Deon discusses his unique approach to trading in the Forex market, specifically focusing on consolidation zones. He claims to be the only trader utilizing this method to trade these zones in the manner he does. Unlike traditional indicator-heavy strategies, Deon's approach emphasizes simplicity and visual clarity, relying solely on price action and breakout trading.

- \*\*Core Principles:\*\*

- Avoids the use of indicators like RSI or trendlines.

- Trades based on consolidation zones and key levels.

- Uses price action to predict market movements.

- Incorporates concepts from SMC and ICT as secondary confirmations.

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#### Understanding Key Levels

Key levels are critical areas in trading where price consistently reacts. These are identified as significant support or resistance zones.

- \*\*Characteristics of Key Levels:\*\*

- Price touches or reacts at the same level multiple times.

- Serve as areas of potential breakouts or reversals.

- Clear on higher timeframes like 4-hour charts.

- \*\*How to Identify Key Levels:\*\*

1. Open a chart and look for even price levels where multiple reactions occur.

2. Use a rectangle tool to mark support (green) and resistance (red) areas.

3. Focus on candle bodies rather than wicks for accuracy.

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#### Example: XAU/USD (Gold)

Gold was trading within a range of $1,920 to $1,940. Deon marked these levels as key zones for trading opportunities.

- \*\*Resistance Level:\*\* $1,940

- \*\*Support Level:\*\* $1,920

These levels were tested multiple times, acting as areas where price either reversed or broke through to continue its trend.

- \*\*Trading Breakouts:\*\*

- A breakout above $1,940 with a retest might signal continuation to the upside.

- A breakdown below $1,920 could indicate a bearish trend.

Deon emphasizes not just relying on key levels but understanding the reactions around them.

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#### Incorporating Price Action

Deon's strategy heavily relies on analyzing price action to guide trades.

1. \*\*Mark the 4-hour Highs and Lows:\*\*

- Focus on candle bodies rather than wicks to avoid false signals.

2. \*\*Breakouts and Retests:\*\*

- Look for price to break a key level, retest, and then continue in the same direction.

3. \*\*Example:\*\*

- A high was broken and retested, leading to an 80-pip bullish move. Deon set a buy stop at the pullback and allowed the trade to run.

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#### Managing Trades with Mental Stop Losses

While Deon uses mental stop losses, he strongly advises traders to employ traditional stop-loss orders until they are confident in their strategy.

- \*\*Mental Stop-Loss Strategy:\*\*

- Monitors price action to determine when to exit a trade.

- Closes trades if price action indicates a shift against the position.

- \*\*Advice for New Traders:\*\*

- Use stop-loss orders to protect capital.

- Scale into confidence before adopting mental stops.

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#### Benefits of Simplicity

Deon advocates for keeping trading simple:

- Avoid cluttering charts with indicators and unnecessary tools.

- Focus on visually identifying key levels and price reactions.

- Rely on understanding price action over predictive tools like RSI.

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#### Final Thoughts

Key levels and consolidation zones are foundational to Deon’s trading approach. By identifying these zones and watching for price reactions, traders can:

- Enter trades with greater confidence.

- Avoid unnecessary drawdowns.

- Simplify their trading processes while maximizing returns.

Deon encourages traders to learn and adapt strategies that resonate with them, emphasizing the importance of keeping trading straightforward and disciplined.

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#### Additional Resources

For deeper insights into Deon’s strategy, visit his previous sessions or follow him on social media platforms.