

# DAY TRADING WITH PIVOT POINTS & PRICE ACTION

A NEW APPROACH TO DAY  
TRADING WITH PIVOT POINTS &  
PRICE ACTION

BY VIKRAM PRABHU

# **DAY TRADING**

**With**

# **PIVOT POINTS & PRICE ACTION**

**A New Approach to Day Trading with pivot points  
& Price Action**

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**PRICE RS 2500**

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## About the Author



Hi, my name is Vikram....

After spending nearly two decades working as a Sales Professional, selling everything from antibiotics to protein supplements, to life-saving drugs to medical equipment, I chose to call time on my corporate career at the age of 42 and pursue my passion for Stock Market Trading and online Entrepreneurship.

My first exposure to the stock market was in the year 2004, I quit my full-time job and started as a novice Day trader in Stock Market and lost all my savings in no time, but somehow, I realized that I had a passion for trading.

After my failure in the first attempt, I came back to my sales profession worked for many MNC's over a period of years at different levels, but deep inside me, the stock market was always my first love.

In these last 15 years, I had developed many strategies, but they were not giving me any confidence, but, when I started working on the pivot point strategy, I was totally amazed by its accuracy when I tested it in the last 5 years historical data.

After that, I solely focused only on the pivot point and price action and developed my own strategy for Day trading.

I was so confident with my Pivot Point & Price Action strategy that I decided to take up trading as a full-time profession, I knew that I got a system which has an edge and will perform well in almost all kind of markets.

I quit my job in the year 2018, I am a full-time Day trader now, I trade on a 5-minute chart of Nifty and Bank nifty for a living.

Now I am a Full-Time Trader, Trainer, Blogger, YouTuber (pivotcall).

## The objective of this eBook

I am a self-learned Trader, which means in my entire Trading career I have never attended any workshops/Seminars/Webinars to learn Day Trading.

Whatever knowledge I gained is purely by reading Trading books, reading materials through Google, watching YouTube videos and most importantly doing backtesting on my strategies on historical data/charts.

After many requests from my followers to conduct online training to train them on day Trading, I started my first Day Trading webinar in June 2019 and by now (at the time of writing this book in November 2019) I have trained almost 800 students.

The objective to write this eBook is to make my 15 Day Trading pattern and strategies available to even small retail traders who can't afford to attend my webinar, and they can gain knowledge by reading this eBook where I have discussed all my 15 patterns and strategies with historical charts.

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## Chapter 1.

### Basics of pivot points, Important Pivot Points in Day Trading.

“Welcome to my eBook “Day Trading with Pivot Points & Price Action”

Before I start with my first Chapter I would like give credit and acknowledgement to some of Successful and Renowned Traders where I learned Trading from, when I was new to Technical Analysis I also gone through thousands of YouTube videos and tons of Trading books to find one perfect System or Strategy which I can master and become profitable Trader...

My search ended the day I came to know about **Frank Ochoa**, Successful American Trader and Author of “Secret of pivot Boss” I gained a lot of knowledge after reading his book and it really helped me in finding that Trading edge and building my own strategies based on Pivot points and CPR.

My knowledge of candlestick patterns and the moving average comes from **Oliver Velez** undoubtedly one of the most successful Day Traders in Today's time, I learned candlesticks patterns and how to take trades based on candlestick patterns learned after watching Oliver Velez YouTube Videos.

**Lance Beggs**, Australian based Trader, founder of [yourtradingcoach.com](http://yourtradingcoach.com), if you really love to read charts(like me) and want to learn price action then I would say he is the best(according to me), just by even reading his blog posts one can learn a lot, he even explain candle by candle movement on charts and psychology behind price movement, I can proudly say, I developed a love for reading charts only after I learned price action from reading Lance Beggs blog posts.

Though I have not met any of them personally or taken any mentorship or coaching, just by reading their books or watching their knowledgeable YouTube videos helped me immensely to finally come with my own 15 strategies combining Pivot Points and Price Action which I am sharing in this eBook.

## Basics of Pivot Points

Being in the market for 15 years, after trying all lagging indicators if I have to name one indicator which works best on any market conditions (most of the time) are Pivot Points.

According to my experience, Price Action is supreme, next comes Pivot Points.

According to me, Pivot Points are most underrated in the Trading community but most powerful tool, I hardly see any new trader trading with pivots, instead, they are running after lagging Indicators like RSI, MACD, Stochastic, Etc.... The reason could be they look fancier tools and Pivots are just lines on the chart.

## What are Pivots?

- 1) Pivots - Nothing but support/Resistance, calculated based on the average price of high/low/close of previous day/week/month.

Pivots are simple Support Resistance lines on your chart (figure 1.1)

- 2) Pivots mark boundaries on your chart where price likely to have support/resistance which offers you a framework to trade on.

By plotting Pivot Points on your chart, it will show you boundaries, where price likely to face Support/Resistance (figure 1.1)

- 3) Pivots are stagnant on Chart, it is same on 3 minutes, 5 minutes, 15 minutes or 1-hour chart (figure 1.3)

Unlike Lagging indicators, Pivots doesn't change as you change your timeframe, once Pivots are plotted on your chart at the market opening, it's stagnant till market closes.

- 4) Pivots are purely derived by price, pivots are leading Indicators and not lagging Indicators. Unlike RSI, MACD, Stochastic, etc, Pivots are leading indicators (Figure 1.2)

Lagging Indicators- Indicators that gives delayed signals.

Leading Indicators- Indicators which gives a signal in well in advance.

- 5) Pivots are believed to be used by Big players, Professionals, Institutes, etc.

As mentioned earlier, Pivots are most powerful in trading but most underrated, also it is believed to be used by big players for their Trading.



**Figure 1.1** (PP is the central pivot, R1 R2 R3 are Resistance Lines, S1 S2 S3 are support lines which acts like boundaries on your chart where price likely to face Support/Resistance)



**Figure 1.2** (Pivots are plotted on 5 min chart of Bank nifty on 19th September, Pivots are leading indicators and stagnant till market close, look at the indicators RSI, MACD, Stochastic below the chart these are lagging so it will show only till where

price is trading at that specific time, and all 3 indicators are giving different signals which only confuses the Trader)



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**Figure 1.3** (Pivots are plotted on 15 min chart on same Bank nifty 19th September chart, Pivots are staying same on 15 min chart also, it is not changing because you changed your time frame, but look at the indicators below the chart, now it's showing different signals then what was showing in 5 min chart, So, Pivots are stagnant but Indicators are not)

## How to calculate Pivot Points

Pivot Points are nowadays available on almost all charting software so it need not be calculated manually, but if someone really wants to calculate it manually then below is the formula,

$$\text{PP (Pivot points/Central pivot)} = (\text{previous High} + \text{previous Low} + \text{previous Close}) / 3$$

$$(R1) = (2 \times \text{PP}) - \text{Low}$$

$$(S1) = (2 \times \text{PP}) - \text{High}$$

$$(R2) = \text{PP} + (\text{High} - \text{Low})$$

$$(S2) = \text{PP} - (\text{High} - \text{Low})$$

$$(R3) = \text{High} + 2(\text{PP} - \text{Low})$$

$$(S3) = \text{Low} - 2(\text{High} - \text{PP})$$

Same formula for daily/ weekly/monthly/yearly pivots.

## Important Pivot Points in Day Trading

I am often asked by new traders, which is the most powerful pivot in Day Trading because there are Daily, Weekly, Monthly and Yearly pivots....

Which is the most powerful one?

My answer is, all Pivots are powerful, but If I have to prioritize then nearest pivots are more powerful than farther pivots.... So, it's like these

Daily pivots are powerful than weekly pivots.... Weekly are powerful than monthly pivots...and monthly pivots powerful than yearly pivots....

So, in short, you need to give more weightage to nearest pivots, i.e. Daily Pivots compared to any other pivots.

## Chapter 2

### Pivots and CPR secrets in Day Trading

Now you know the basics of Pivot Points but what is that CPR in your chart?

I came to know about the CPR concept after reading the book “Secret of Pivot boss” by Frank Ochoa and “The Logical Trader” by Mark Fischer...Until then I knew only about Pivot Points, but not CPR.

After reading these both books I decided to try CPR on my historical charts and see its effectiveness, and I was totally amazed by its power.....unarguably CPR is the most important level on the chart compared to anything else...I don't look any chart if I don't see CPR on it....So you can see how much I am dependent on it.

CPR stands for **Central Pivot Range**.

**CPR is nothing but a range of 3 lines, one each above and below the central pivot, the line above central pivot called TOP CPR(TCPR) and the line underneath is BOTTOM CPR (BCPR).**

**The entire range of those 3 lines becomes CPR (Central Pivot Range)**



**Figure 2.1 Three Lines in the center is CPR (Central Pivot Range)**

“CPR unarguably the most powerful level on your chart”

Here I am giving away some of the secrets of pivot points which I observed by my experience and screen time and trading only based on pivots points CPR for the last 2 years.

In the below points, In the bracket, I have mentioned “most of the time but not always”, the reason is, you should not take it as something true 100% of the time....

Trading is a probability, not a certainty, many new traders come to Trading thinking that once they learn some strategy it should work each and every time, but it's not possible, one should have probability mindset before taking a trade.

- a) If weekly/monthly pivots near to CPR, then they are not much powerful, if weekly/monthly pivots are away from CPR then they are more powerful (most of the time but not always) (figure 2.2)



**Figure 2.2**

- b) As long as the price is above CPR, it is generally known as bullish day, and as long price trading below CPR known as a bearish day(figure 2.3)

It doesn't mean if you see price Trading above CPR means you will go and buy it, same time you will not go and sell it just because it is trading below CPR... it's just a guideline...

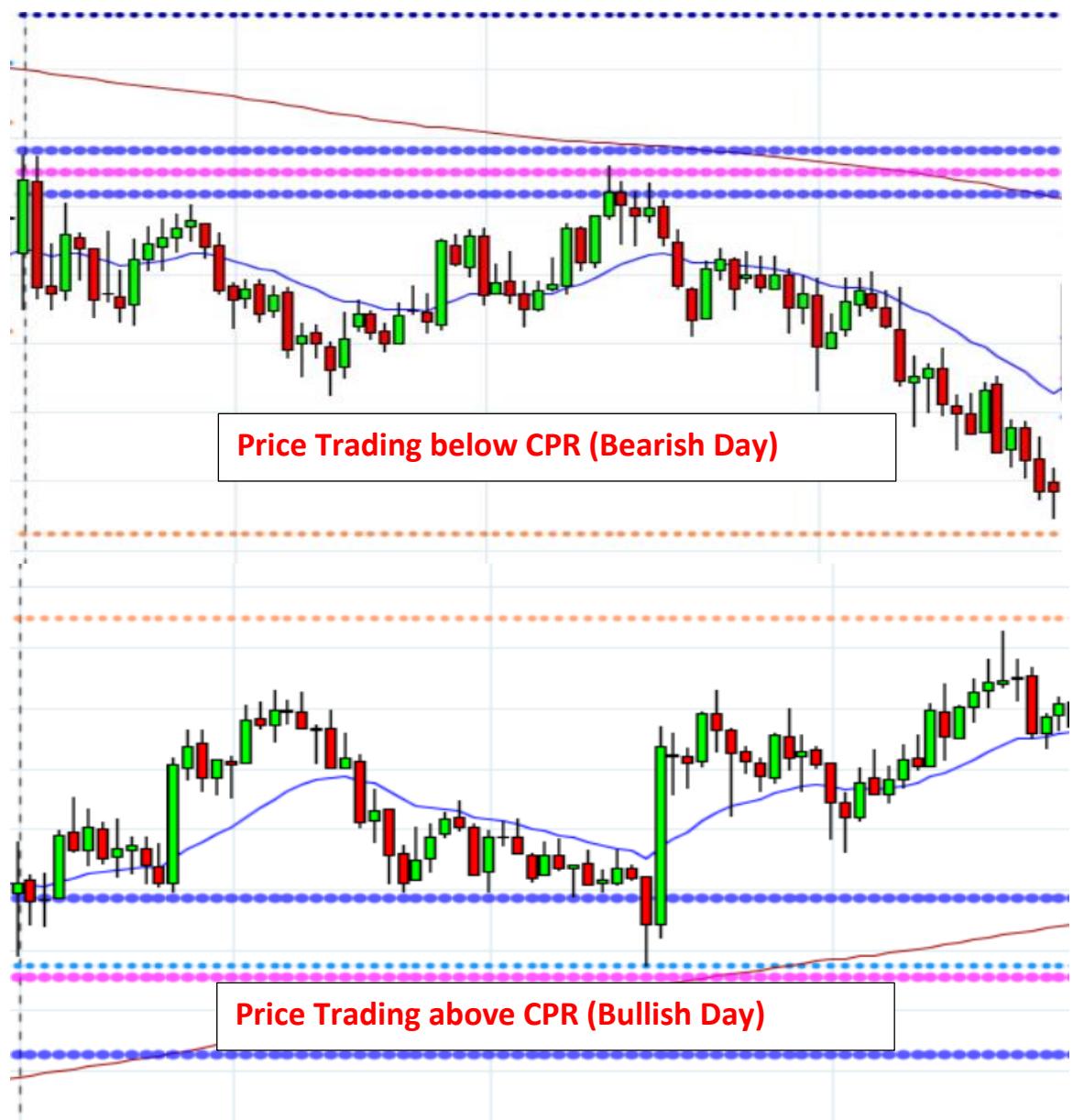


Figure 2.3

- c) Wider the CPR, more difficult for price to penetrate its CPR, so wider CPR has more powerful than narrow width CPR (most of the time but not always)(figure 2.4)

When I say powerful means, it works as a strong(powerful) Support/Resistance.



Figure 2.4

- d) If CPR is too narrow it's easy for price to penetrate and narrow CPR has a high rate of trending days (most of the time but not always)

Whenever CPR is too narrow I don't pay much importance if the price comes near its CPR it can easily pierce it and break it, narrow CPR doesn't offer much support/resistance (figure 2.5)

- e) Whenever CPR is wider, one can assume that such days could be range day (most often but not always) where price moves from one range to another throughout the day, so one can build a strategy accordingly (like short strange strategy if you are an options trader) (figure 2.5)

- f) Narrow CPR can lead to Big Trending Day and Wide CPR can lead to quite and angebound Day. (Most of the time, but not always) (figure 2.5)



**Figure 2.5**

Narrow CPR often leads to Trending days and Wider CPR often leads to Sideways Day(Most often, but not always)

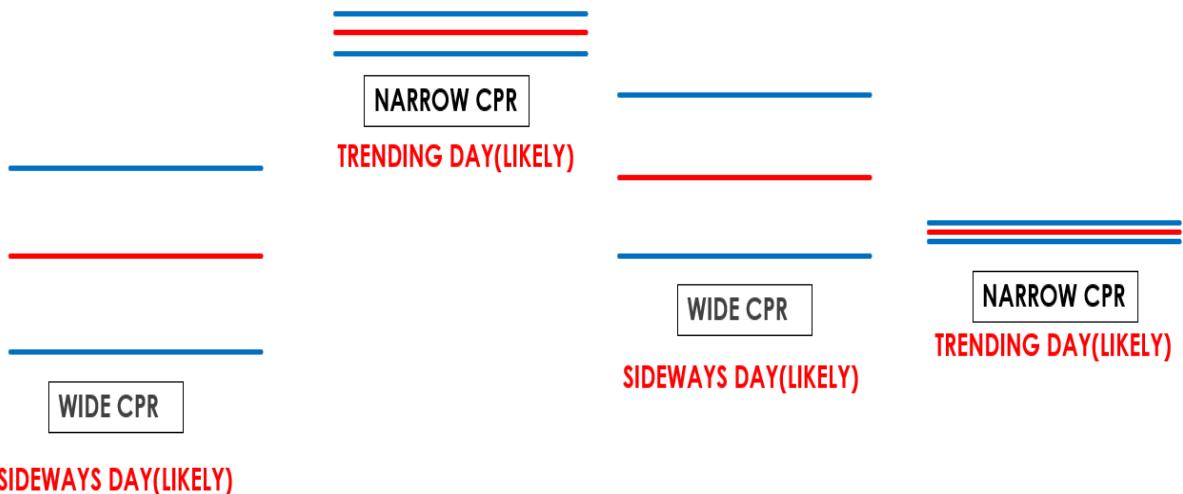


Figure 2.6

### g) Virgin CPR is one of the most powerful CPR.

#### What is Virgin CPR?

If any given Day price did not touch its CPR it will be considered as Virgin CPR for next coming Days (preferably 4-5 Trading days)

Sometime No candlesticks inside the CPR, but only one or two wicks enters inside its CPR, still you can consider as Virgin CPR and still very powerful as support/resistance.

Price respects Virgin CPR at opening compared to mid to late afternoon. That means if previous day was a virgin CPR, and today at the opening itself price approaches that level then that Virgin CPR works as a strong support resistance (figure 2.7)

If price approaches previous day Virgin CPR in the late afternoon then most of the time it won't work as strong support/Resistance and price can easily break it(Virgin CPR)

Nearest virgin CPR is more powerful than CPR is farther (most often but not always), that means if there was a virgin CPR previous day to one week back then I consider it, if there was Virgin CPR 15 days or 1 month back and if price approaches that level then I don't consider it as a strong support/resistance.



**Figure 2.7**

**h) Virgin CPR works as good support/resistance at opening session, not so powerfull support resistance at mid to late afternoon.**

In figure 2.8, there was back to back Virgin CPR on chart, both 12<sup>th</sup> and 13<sup>th</sup> had Virgin CPR, on 14<sup>th</sup> market opened between both virgin CPR, first it touched 12<sup>th</sup> virgin CPR and it acted as resistance and immadietly Nifty reversed, late afternoon it came in to 13<sup>th</sup> Virgin CPR but that Virgin CPR did not offer support, and price easily broken it....So Virgin VCPR works as strong support/resistance at opening and less powerful at late afternoon(most of the time,not always)

(see below figure 2.8)

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**Figure 2.8**

### Knowing where current day CPR can give you Edge in Trading.

Plotting just CPR on your chart can give you a great edge in your Trading, CPR is also known as “heartbeat” of the market where price likely to change its direction most of the time.

By now you know CPR is one of powerful support and resistance on your chart, So, it is not a good idea to go Long when CPR is just above the candle and not a good idea to short the candle if there is CPR is just below the candle (see figure 2.9)



Figure 2.9

**Having a CPR on your chart, compared to having just conventional pivots can make a big difference in your Trading.**

Look at the below image(figure 2.10), Trader with just conventional pivots on his chart would have taken a long trade on the first candle thinking candle closing above the central pivot and there is no resistance above that candle till R1 pivot.

But next candles faced resistance and it reversed and hit his SL.

On the next image(2.11), there is a chart with CPR, Trader who has CPR on his chart would not have taken that Long Trade on the first candle because above the first candle there is TCPR and that would have stopped him from taking long Trade.

Candle faced resistance (at TCPR) and it reversed and hit his SL.



**Figure 2.10**



**Figure 2.11**

## CPR Formula

Though Pivots are freely available in almost all charting software Indicator sections, CPR is unknown to many traders and it's not freely available in many charting software.

CPR can be plotted on the chart by 2 ways, if you have an account in Tradingview charting software you can get it from the indicator section or you can even manually plot it on the chart by using the below formula.

### Formula for CPR (central pivot range)

$$\text{Pivot} = (\text{High} + \text{Low} + \text{Close})/3$$

$$\text{BCPR} = (\text{High} + \text{Low})/2$$

$$\text{TCPR} = (\text{Pivot} - \text{BCPR}) + \text{Pivot}$$

(some times BCPR (Bottom CPR) can be above TCPR (Top CPR) and vice versa)

## Chapter 3.

### **Basics of Price action and powerful candlestick patterns in day trading.**

Price action is a method where a Trader makes a decision based on actual price action by candle by candle movement on the chart, not based on any lagging indicators like RSI/Bollinger bands/MACD/Stochastic, etc.

Trader analyzes and takes the trade based on the support and resistance and aggressiveness of buyers and sellers at important levels with the candlestick patterns.

The decision to buy or sell is taken based on price behavior at important locations on the chart.

**Price action and patterns keep repeating because it is created by human beings, and we all are creators of habits, so they say patterns repeat again and again because human emotions never change.**

### **Powerful candlesticks in Day Trading**

Candlesticks are one of the powerful tools to know the emotion of buyers and sellers in the market. I am a very big fan of candlestick chart; I don't use any other tools like heikin ashi or Renko charts or Point Figure charts or market profile etc.

If you buy a book on candlestick patterns you will see there are hundreds of candlesticks with names like bearish harami, bullish harami, dragonfly doji, gravestone doji, etc etc....Many new traders make the mistake of just remembering this bullish and bearish candlestick and just taking trades based on candlestick patterns....So, I keep telling it to my webinar students, **it's not just candlesticks are important, it is the location which is more important in Trading.**

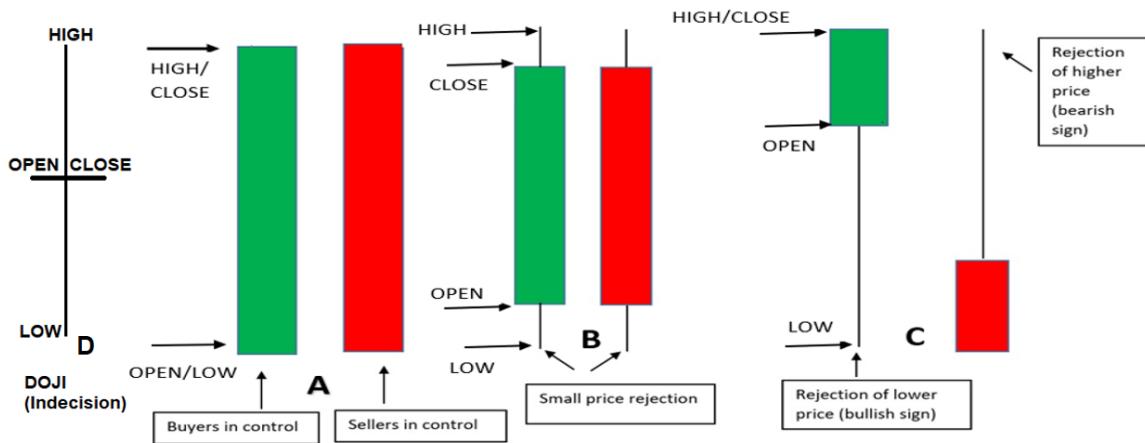
(What all those important locations? We are going to see that in chapter 4)

Candlesticks patterns at right location is more important, if you see big Bullish GREEN candle or big Bearish RED candle at some random location on chart then most of the time it is a trap, so avoid taking trades just based on size of candlesticks, one should know important locations on the chart, then watch for candlestick patterns and take the trade.

Location always first, candles next!!

Even though I am a big fan of candlesticks there are only 3 candlesticks out of hundreds of candlesticks I pay importance to, and I take trades if those candlesticks happen at some important locations.

### 3 Important candlestick patterns in Day Trading



As I always says Candlesticks alone not a criteria to take long or short calls, it is location most important in trading, cabdlesticks at right location most important in trading.

- A) Known as maribozu candle, most powerfull Bullish/Bearish candle(most commonly happens near breakout)
- B) Kind of maribozu candle but will have small wicks on either side but still powerful Bullish/Bearish candle(most commonly happens near breakout)
- C) Pin bar candles, bullish pin bar most commonly seen near some support, bearish pin bar commonly seen near some resistance.
- D) Doji candle, indecision candle, whenever doji happens near some important support/resiatnce means still its not clear whether buyers strong or sellers strong, after Doji if bullish candle means Bulls are strong and Bearish candle after Doji emans bears are strong, so after Doji next candle is important if its bullish or bearish.

## **Chapter 4.**

### **How to prepare your chart before the market opening.**

One thing which really separates professional Traders from a Novice Trader is preparing the chart before market opens.

If you are one among those Trader who just opens Trading laptop right at the market open and starts thinking whether should I go long today or should I go short? Or just switch to the business channel and go with what is your favorite analyst is saying on the business channel?

If yes, then you are not Trading, you are Gambling!!

Prepare your own charts, start preparing your charts at least 30-45 minutes before market opens, and once the market opens you should be ready with your chart with important locations are already marked.

#### **Preparing yourself(before market opens):**

**1)Watch US Market close previous night 2) Watch Asian markets 3) Watch SGX Nifty (up/down? by how many points?) 4) Keep a watch on any local news/press conf. during market hours. (Ref.moneycontrol.com)**

When we are Trading in the Indian market why should we watch the US market?

US market is like big brother for all Global markets, most of the global market takes a cue from the US market close and opens accordingly.

If previous night US stock market down with - 500 points due to some bad news, then you are most likely to see entire Asian markets trading in deep RED.

That will give you a hint on how our market likely to open.

SGX Nifty is traded on Singapore stock market, I have seen most of the time Nifty takes a cue from SGX Nifty and opens accordingly(most of the time,not always)

That's why you see all those business channel anchors keep referring to SGX Nifty before our market opens.

Though it will only give you an idea of how our market likely to open whether gap up/gap down or flat, but it will also help you in planning your opening trades accordingly.

You can get all these Global indices and SGX Nifty data by downloading the moneycontrol.com app on your mobile.

**Apart from these data I also advise all traders to keep track of any upcoming events for that particular day.**

I always advise my Webinar students to take a trading Holiday if there is going to be any Events day. Because, on events day, price moves purely on News, no Pivots points, No CPR, no-Price action, No Indicator works.

Some of the events days could be,

**Election result, Exit poll result, FM Press conference, RBI Policy, Quarterly result (for stocks) etc.**

## **Preparing your Chart.**

**5 Min. Time Frame chart is more ideal for Day Trading (According to me 5 Min Time frame is more ideal for Day Trading)**

All my charts which you see in this eBook are 5 min spot chart of Nifty/Bank Nifty (if it is higher Time frame chart then I would have mentioned in the chart)

**1)Mark previous day high/low (PDH/PDL), mark previous day turning points on the chart (Refer 5 min TF) (figure 4.1)**

PDH/PDL most important for a Price Action Trader.

PDH/PDL becomes much more powerful in case price opens above/below the previous day range.

The turning point is nothing but where price reversed from sideways to bullish/bearish, or breakout one, or support/resistance which was broken (This level also works as strong support/resistance for next day)

**2)Mark if any remarkable supply/demand zone from previous few sessions  
(Refer 30 min TF) (figure 4.1)**

Demand/Supply zones are nothing but extreme zones where sell-off started (supply zone) Demand Zone is an extreme zone where buyers pushed prices up.

**3)Mark important previous swing highs/lows and GAPS on daily TF. (Refer Daily TF) (figure 4.3 & 4.4)**

**4) Also mark current Day High and current Day low, because at these levels most of the retail Traders have their SL.**

**5)If you trade only Index (like me) then better have both Nifty & Bank Nifty in one screen (split screen) because both these index moves in tandem (most of the time, not always). (figure 4.7)**

Most of the time either nifty follows Bank Nifty or Bank Nifty follows Nifty (Vice versa)

I have seen hundreds of Trading Books and thousands of YouTube trading videos but no one talks about co-relation between Nifty and Bank nifty in Day Trading.

I have observed Nifty and Bank Nifty moves in tandem (most of the time), suppose Nifty making breakout pattern but Bank Nifty at some strong resistance than most often Nifty Breakout fails (it's difficult to say Nifty follows Bank Nifty or Bank Nifty follow Nifty, so its vice versa)

**If you are trading in foreign indices then you need to see which instruments moves in tandem in your market.**

I highly recommend all Index traders to watch both Nifty and Bank Nifty chart simultaneously for your Trades (either through a split-screen or dual monitor)

### **Important levels on your chart for Day Trading**

Previous Day High (PDH)

Previous Day Low (PDL)

Previous Day turning point

Swing high/Swing low

Previous supply zone (Selling zone)

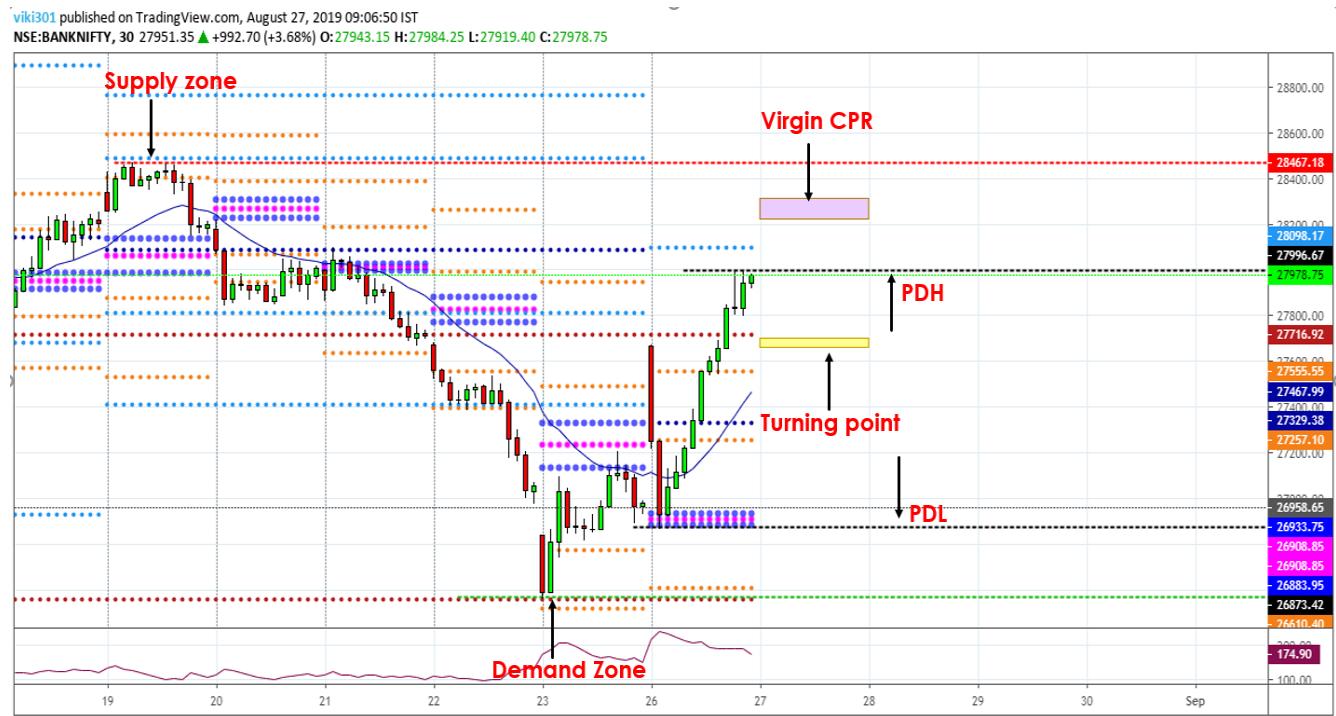
Previous demand zone (Buying zone)

CPR

Virgin CPR

Pivot points-daily/weekly/monthly

## CHART WITH IMPORTANT ZONES MARKED (30 min)

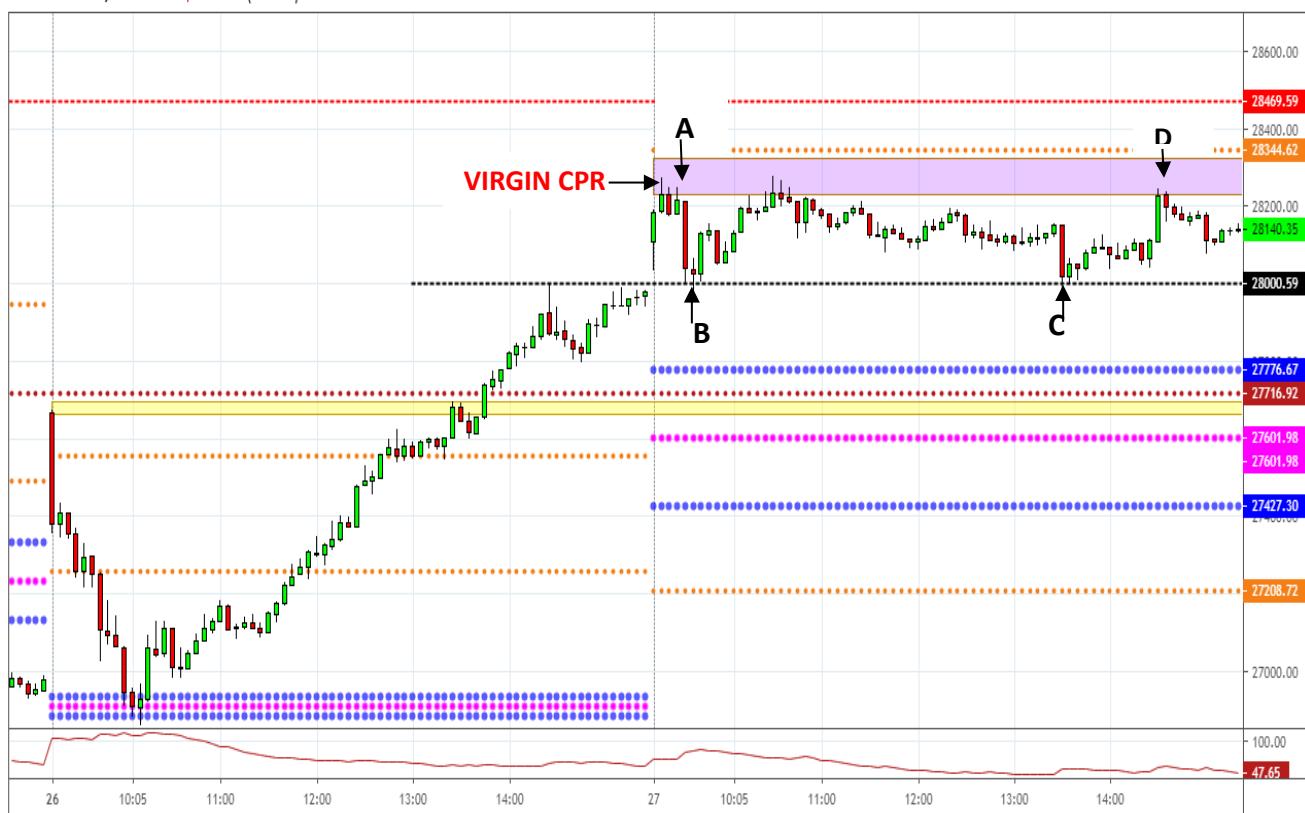


**Figure 4.1**

Chart what you are seeing above(figure 4.1) is of August 27<sup>th</sup> chart, this chart was prepared before market opened, that is why you see candlesticks only till 26<sup>th</sup> August.

I marked important levels on my chart before market opened(figure 4.1), and in the next chart(figure 4.2) , I will show you 27<sup>th</sup> Chart after the market closed, and you yourself will see how important these levels are and how price reacts to those levels.

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**Figure 4.2**

The purple box marked is Virgin CPR of 20<sup>th</sup> August,

- A) As you can see price opened gap up on 27<sup>th</sup> morning and faced resistance right at Virgin CPR.
- B) Price reversed and took support right at PDH (Previous Day High).
- C) Price again tried to go up but took support again at PDH.
- D) Price bounced back to Virgin CPR and reversed again.

This chart is an example of how marking important levels on your chart can help you in taking high probability trades and knowing important support resistances well in advance.

**That is the power of Price Action!!**

## CHART MARKED WITH SWING HIGH/SWING LOW



Figure 4.3 , Swing Highs are the one which has spikes at the extreme end of the charts, checked only on higher time frame like daily time frame(same for swing lows)

## CHART MARKED WITH SUPPLY/DEMAND ZONES

Supply demand zones slightly different than Swing high/swing low, it's checked on smaller time frame, preferably 30 min/1 hour time frame if it happened many days back(5 min TF if it was recent one, like happened just previous day etc) (Figure 4.3A)



Figure 4.3 A



**Figure 4.4 Gaps, swing High/Swing lows marked**

In Figure 4.4 (above) that Gap what you see in the image is the result of Exit poll in the month of May, the market opened Gap up after Exit Poll result and made a big GAP of around 500 points

In Technical analysis they say markets don't like Gaps, that means if there is a GAP on the chart then eventually those Gaps gets filled (most of the time, but sometime Gaps can remain forever)

So, next time there is a gap up and you see a Gap on your chart, then remember that most of the time Gaps get filled, so chances of price reversing and filling those Gap is higher (sooner or later)

Borderline of Gaps works as one of the strongest supports and Resistance on the chart, always look for gaps border, and whenever price comes close to that border, I have seen(most of the time) price bouncing at least once or twice before Gaps getting filled.

(we will see in the next image whether that Gap was filled or No?)(figure 4.5)



**Figure 4.5**

Yes, eventually that May month Gap was filled after 2 months, in the month of July.



**Figure 4.6**

### Gap borders are one of strong support/resistance.

Eventhough most of the time Gap can get filled, but Gap borders works as strong support/resistance most of the time(in this chart marked in Black dotted line in Figure 4.6)

On 9<sup>th</sup> Bank Nifty opened gap up above PDH, so 9<sup>th</sup> Open and 8<sup>th</sup> High is gap borders, On 9<sup>th</sup> Bank Nfty made a big trending day and gap remained un filled on that day.

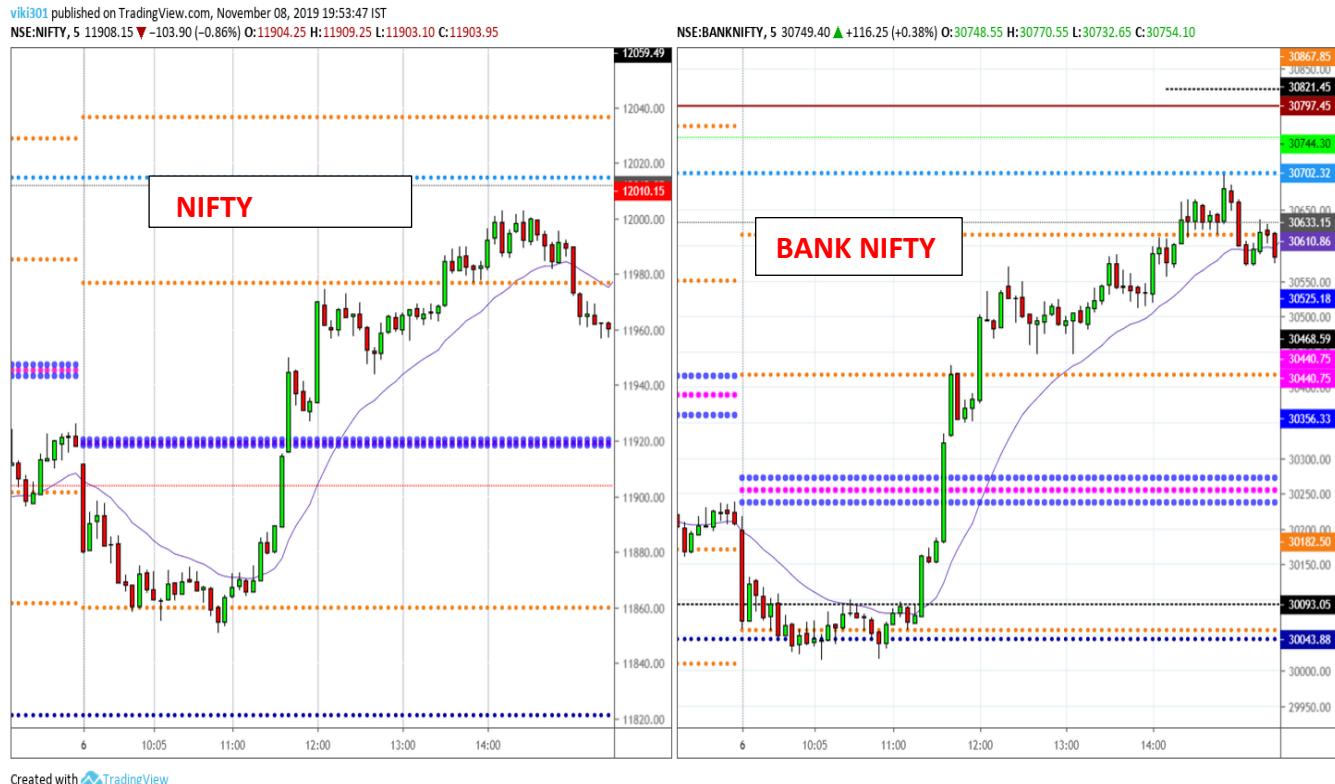
On 15<sup>th</sup>, see what happened it came exactly at gap border(upper border) it worked as a support and there was a bounce, see what happened on 17<sup>th</sup>, first candle on 17<sup>th</sup> had a gap down and see where exactly it took support? right at lower border of Gap.

Thst is the beauty of price action see how accurate sometimes this levels can be...

That is how gap borders are one of powerful support/resistances on the chart.

Though many times gap can get filled but most of the time I have seen gap borders acting as strong support/resistance.

## Nifty & Bank Nifty moves in tandem (most of the time)



**Figure 4.7**

Look at both the chart(figure 4.7), for a moment it is difficult to identify whether both are the same instrument or different instrument?

Yes, Nifty and Bank Nifty most of the time move in tandem, look like twins, so it is not a good idea to short Nifty if Bank nifty is in bullish mode or vice versa.

I am a trader who believes in taking only high probability trades, even if it's just 1 trade per day, I ignore low probability trades.

For me, high probability is when both Nifty and Bank Nifty are showing a bullish pattern or both showing a bearish pattern(or one showing bullishness and another not showing bullish pattern but doesn't have any resistance above it)

Sometime it may happen Nifty showing bullish pattern but Bank Nifty facing resistance at CPR, I avoid such trades.

Sometime Nifty showing bullishness, but Bank nifty is flat but it doesn't have any resistance above it, in such cases I take the trade in Nifty because Bank Nifty doesn't have any resistance above it (it can be vice versa also)

## Chapter 5.

### My 15 Day Trading patterns & Strategies

Now we are coming to the main part of this eBook.

#### 15 Day Trading pattern and Strategies.

As a practice, before I reveal all my 15 patterns and strategies I make a point to show below points to all traders (especially new traders because when someone is new to stock market he comes with the hope of “Holy Grail Strategy” which gives him profit in each and every trade he takes)

But is there any strategy that can give 100% success rate?? NO.... So, you need to keep that in mind.... Trading is a probability Game, Not Certainty.... Have a probability mindset before starting your Trading Journey.

#### Points to Remember....

- These 15-day trading patterns are not holy grails patterns, just it is high probability patterns (no guarantee that every time it works, so SL is a must)
- In Trading, there are only high probability and low probability setups, so it's best to avoid low probability setups and trade only high probability setups with a strict SL.
- In Trading, there is nothing like 100% sure shot patterns or 100% sure shot set up, any patterns can fail on any given day.
- Trading itself is a probability game, not a certainty. Trading is not an exact science, so SL (Stop Loss) is a must in each and every trade you take.
- It is highly recommended to start with paper-trading for a few days until you get consistency in trading with these 15 day trading patterns.

## My 15 Day Trading patterns

(in brackets I have given which part of the time this pattern mostly happens, it doesn't mean that if some pattern I shown in Mid to later afternoon means it can't happen at the opening, its just frequency of pattern happening at that time)

All patterns on 5 minute time frame only.

**OD (OPEN DRIVE) – (OPENING)**

**ODR (OD REJECTION)- (OPENING)**

**PPT (PIVOT PRESSURE TRADE) – (OPENING)**

**EVENING STAR – (OPENING)**

**MORNING STAR – (OPENING)**

**VIRGIN CPR RVRSL – (OPENING)**

**RCR (RED CANDLE RETRACEMENT) – (OPENING TO MID AFTERNOON)**

**GCR (GREEN CANDLE RETRACEMENT)- (OPENING TO MID AFTERNOON)**

**GAP UP REJECTION – (OPENING TO MID AFTERNOON)**

**CPR BO (CENTRAL PIVOT RANGE BREAKOUT) – (MID TO LATE AFTERNOON)**

**GAP DOWN REJECTION – (MID TO LATE AFTERNOON)**

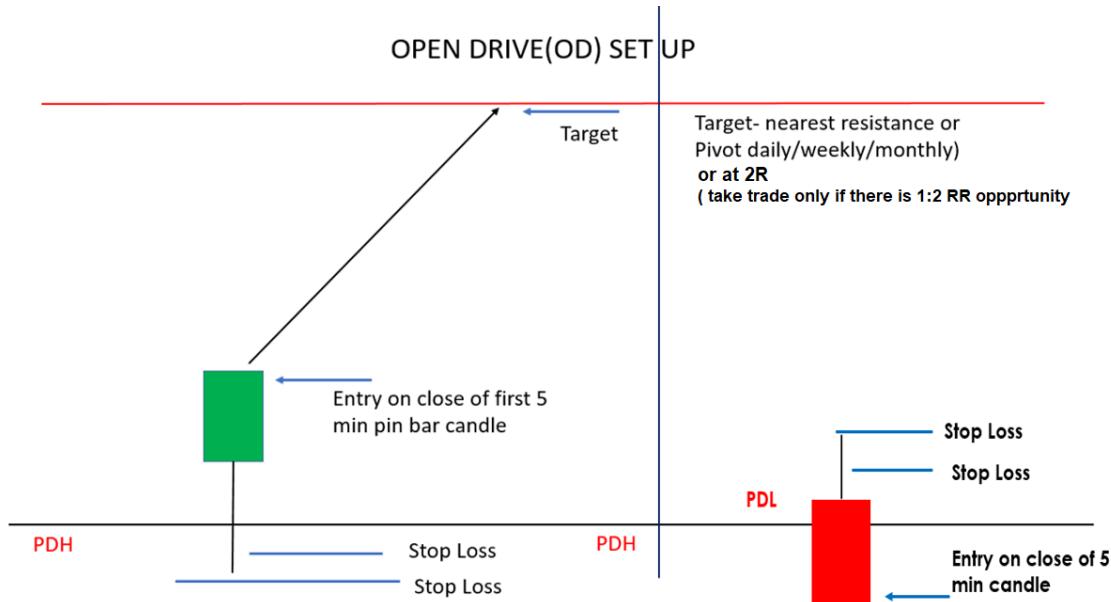
**M RVRSL – (MID TO LATE AFTERNOON)**

**W RVRSL – (MID TO LATE AFTERNOON)**

**RCBO (RED CANDLE BREAK OUT) – (MID TO LATE AFTERNOON)**

**GCBO (GREEN CANDLE BREAK OUT)- (MID TO LATE AFTERNOON)**

## OD (OPEN DRIVE) PATTERN



**Figure 5.1**

**OD (Open Drive pattern)** - OD is common terminology used in the market profile concept, I use the same name for my pattern, but the strategy is different here.

In Market profile, if the market opens gap up or gap down then it is generally known as OD (open drive) but in my OD Pattern, I consider it as OD Pattern only if the first candle is bullish and first candle close above PDH or first candle bearish and first candle close below PDL.

Opening (first 5 min candle of the day) candle should be either gap up/gap down candle, or first candle can open within previous day range but eventually first candle close above PDH or close below PDL (Preferably pin bar/bullish/bearish candle)

The candle should have some support/resistance above/below it, like PDH/PDL/Pivot, etc

Ensure that there is no resistance/support just overhead/below entry candle-like daily/weekly/monthly pivot or any big support/resistance (candle should have room to move)

Target should be next pivot/support/resistance or 2R(preferably) or more ....SL below PDH/ above PDL or below/above entry candle/or pivots

**Just a note:**

All my charts that you are going to see from here are either Nifty or Bank Nifty chart and the time frame is 5 Minutes.

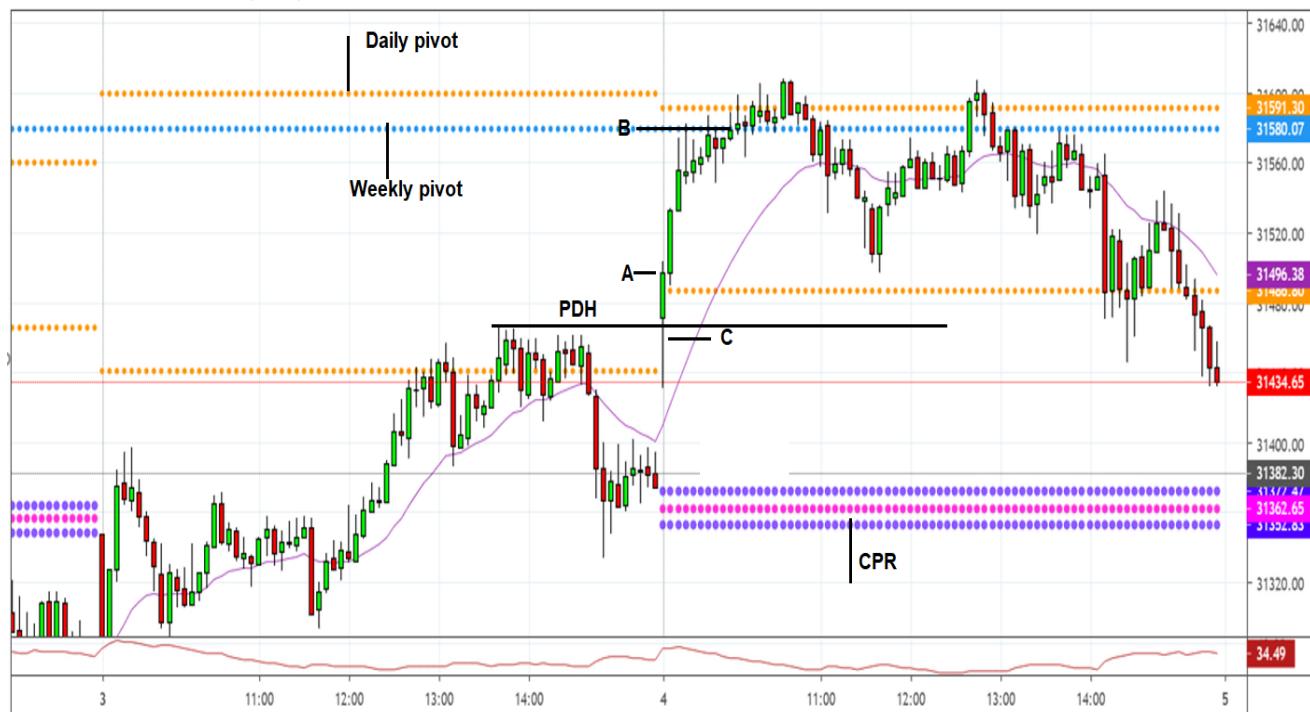
Brown dotted line is daily pivots.

Blue/Sky blue dotted line weekly pivots.

Pink/Red dotted line monthly pivots

3 Lines with blue on top and below and pink in the center is CPR

vik301 published on TradingView.com, July 04, 2019 19:42:53 IST  
NSE:BANKNIFTY, 5 31471.85 ▲+89.55 (+0.29%) O:31443.40 H:31458.00 L:31432.35 C:31434.65



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**Figure 5.2**

- A) In figure 5.2, First 5 min candle closed above PDH, made a bullish pattern, closed above PDH and daily pivot, go long on candle close,
- B) Target is Next resistance, i.e Daily/weekly pivot or 2R.

### C) SL below PDH and below R1 pivot

Keeping SL is an art, and it's equally important as entry/exit in a trade.

Many people believe in keeping SL below entry candle, though it's not a wrong method but if the entry candle is too big then SL also becomes too big. So always keep SL at a place where it should have some support or resistance before coming and taking your SL(in this trade(figure 5.2) there was PDH and R1 pivot resistance above the SL)

If you take a trade and it reverses and hits your SL, that's fine because you are wrong and it saved you from big loss...but if you are right with your analysis but the price comes and takes your SL and then moves in your direction it is very frustrating.

So, SL should be always below support line (if you are long), or above resistance (if you are short)

In this above chart, keeping SL below entry candle would have been too big SL, so keeping it below PDH would have given you better SL, because there are R1 pivot and PDH which price has to break to take your SL.

Another thing, before taking your trades, look at the risk-reward if you see your reward is bigger and risk is small then only take that trade.

In simple language, if you take a long trade, your SL is 20 points and you see there is no resistance for the next 40-50 points that mean price has room to move until 40-50 points, so that is a good risk-reward trade.

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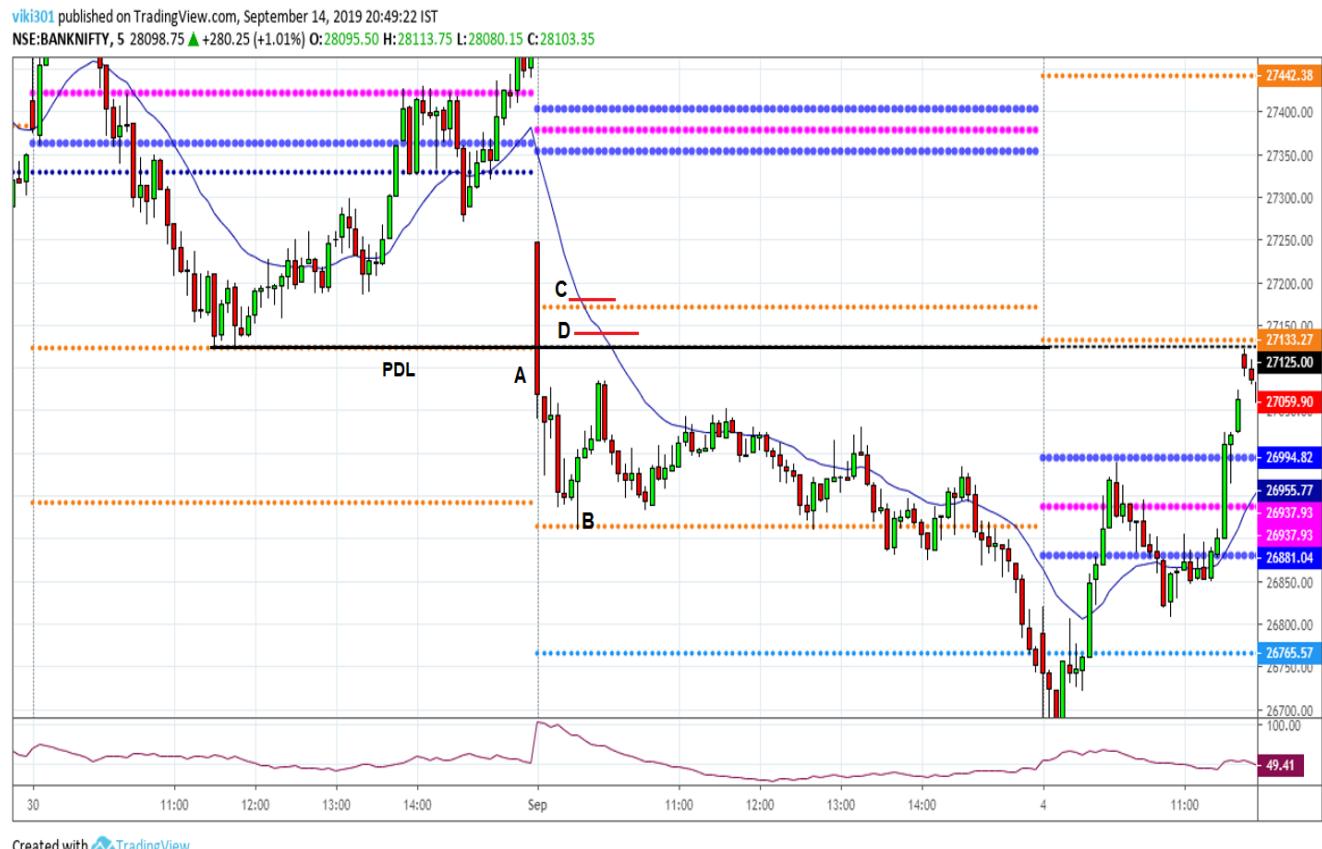
**Figure 5.3**

- A) In figure 5.3, In the above chart, first 5 min candle is a bullish Green candle, closed above PDH and above daily pivot plus monthly pivot (pink dotted line), a good candidate for OD (Open Drive) trade, go long on first candle close.
- B) Target is Next resistance, i.e Daily R2 pivot or 2R.
- C) SL below PDH + below R1 pivot

Another good trade with good SL, above your SL there is Daily pivot+PDH+Monthly pivot, keeping SL below the confluence of support is a good place to keep SL.

In the first 2 charts which you have seen, after booking profit at the next resistance market reversed, but not necessarily it reverses every time from next pivot, sometimes it can break resistance and make a strong uptrend and close at day's high.

So, you have to take that call, whether you want to book your profit at the next resistance, or trail your SL and try to capture a big move if it's a trend day.



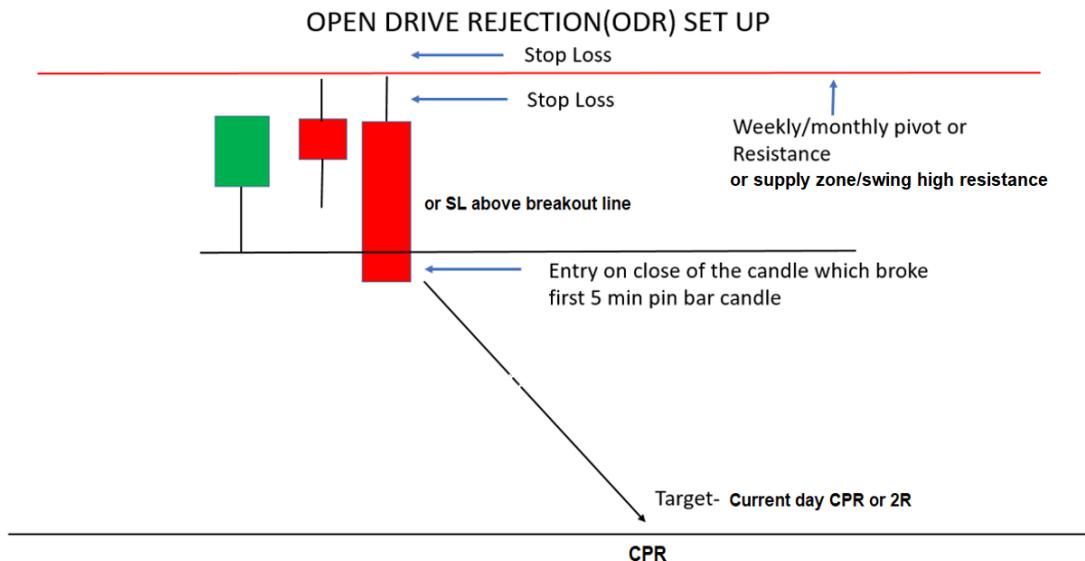
**Figure 5.4**

OD pattern can happen below PDL also, like in the above chart (5.4), as I said earlier, not always price hits pivot support/resistance and then reverses, like in this chart price took support initially at S1 pivot then later part of the day broke that pivot support and ended at day's low, and if you took profit at S1 pivot then you missed a big opportunity to make big profit by late afternoon on that big day.

So, that's why I emphasize on maintaining risk Reward in each trade, because its really difficult to say how big that day could be.

- A) In figure 5.4, First 5 min candle is bearish Red candle, closed below PDL...short on candle close
- B) Target is Next support, i.e Daily S2 pivot OR 2R.
- C) SL above PDL would have given good Risk-Reward trade.
- D) Keeping SL above S1 pivot would have given better SL but not very good risk-reward trade because SL is too big.

## ODR (OPEN DRIVE REJECTION) PATTERN



**Figure 5.5**

ODR (Open Drive Rejection) is the opposite of the Open drive pattern. In Open Drive we take a trade if the candle is a gap up and it has some support below the first candle-like PDH or some pivots(ODR applicable only on above PDH)

In ODR also it will start with a gap up bullish first candle but the candle will face resistance just above its close.

ODR is high probability and works well most of the time if there was ODR on gap up compared to gap down.

Such patterns most of the time reverse from its resistance, and once the first candle low is broken you can expect a High movement on the downside.

Psychology behind these patterns is most of the retail traders go long once they see gap up bullish candle, they feel it is bullish pattern and market is going to go up, and they jump in to first bullish candle and take long entry, and their SL are below first candle, most retail traders have tendency to keep SL below entry candle, so once first candle low is broken, all their SL(Sell order) gets triggered leads to big move on downside.



**Figure 5.6**

- A) In figure 5.6, Bullish pin bar gap up candle but no support below it, it has a resistance above its close, there is daily and weekly pivot resistance, don't go long, just wait and see whether it's low gets broken.
- B) SL below the first candle, all retail traders who saw that gap up candle got excited and went long thinking the market is going to go up, their SL below that entry candle.
- C) 5<sup>th</sup> candle reversed and closed below the first candle triggering all SL below the first candle, all sell orders triggered which lead to big down move.
- D) SL above cluster of daily & weekly pivots.
- E) Book profit at CPR for better risk-reward trade or 2R.
- F) If you missed shorting at 5<sup>th</sup> candle then sometimes you get the second opportunity to short, support becomes resistance, support was first candle low

when price retested that level you get another shorting opportunity because that level will act as resistance now.



**Figure 5.7**

- A) In figure 5.7, Bullish gap up candle with PDH support below it, it has weekly and daily pivot resistance above its close, it's an OD pattern as well.
- B) All long traders have SL below first candle low, all retail traders who saw that gap up candle got excited and went long thinking market is going to go up, their SL below that entry candle.
- C) 16<sup>th</sup> candle finally and closed below the first candle triggering all SL(sell orders) below the first candle, all sell orders triggered which lead to big down move.
- D) SL above the R1 pivot.

- E) Book profit at CPR or 2R.
- F) If you missed to short at 16<sup>th</sup> candle then next opportunity at a retest of previous support, but on this day price did not hit that level and reversed before hitting that level.

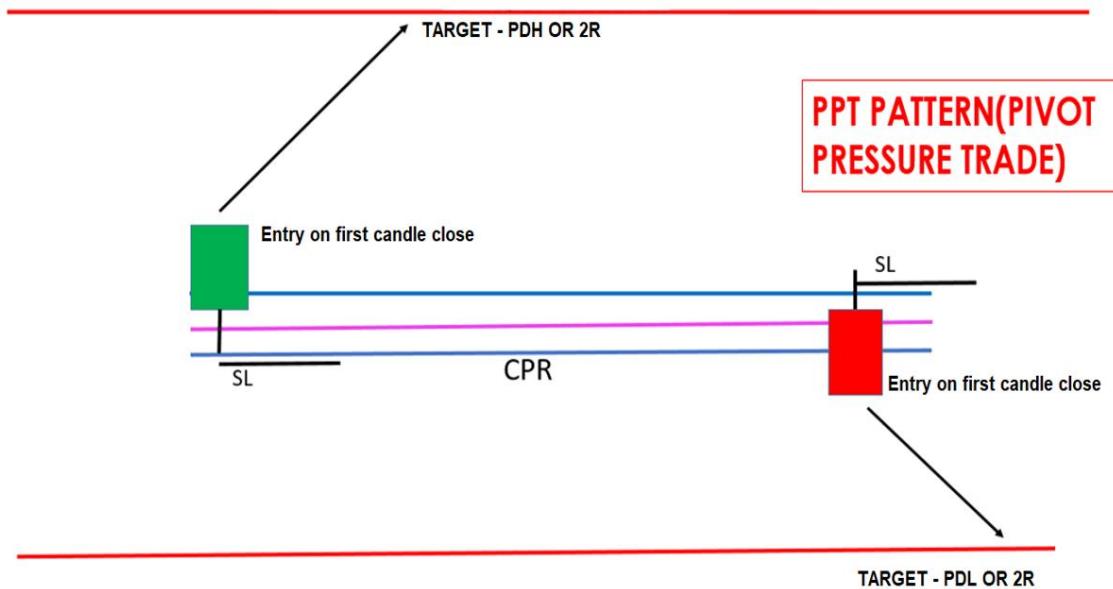


**Figure 5.8**

- A) In figure 5.8, Bullish gap up pin bar candle with PDH & weekly pivot below it, that Red horizontal line overhead is supply zone resistance from the higher time frame.
- B) All long traders have SL below first candle low, they did not notice there was a supply zone above it, all retail traders who saw that gap up candle got excited and went long thinking market is going to go up, their SL below that entry candle.

- C) Candles faced resistance at swing high and reversed, 7<sup>th</sup> candle closed below first candle low triggering all SL leads to big sell off....
- D) SL above that weekly pivots.
- E) Book profit at the CPR Or 2R.
- F) If you missed shorting at 7<sup>th</sup> candle then next opportunity at the retest of previous support, another opportunity to short at that level(support became resistance now)

## PPT PATTERN (PIVOT PRESSURE TRADE)



**Figure 5.9**

If the previous 2 patterns(OD and ODR) were purely based on PDH/PDL, then this pattern(PPT) based on CPR.

In this pattern, figure 5.9, if the first candle of the day is bullish and engulfs one side of CPR and closing above it then it is PPT pattern, the same holds true if the first candle is a bearish candle and engulfs one side of CPR and closed another side of CPR.

The first candle has to be a bullish or bearish plus if Nifty makes PPT pattern but Bank nifty facing some resistance or vice versa then better not to take the trade or wait and watch.

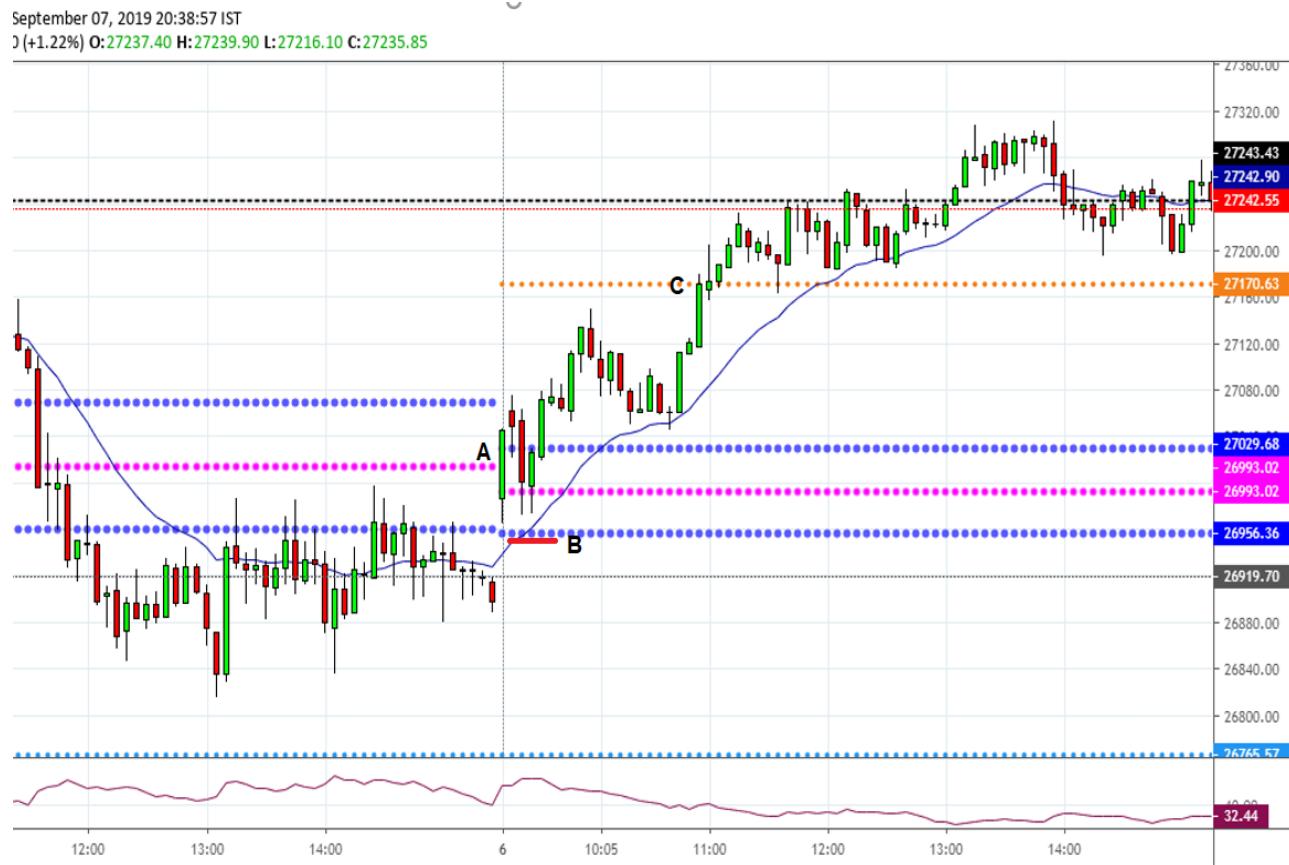
If both Nifty and Bank nifty shows bullish PPT pattern or at least say, Bank Nifty PPT pattern and Nifty not PPT but trading above CPR so you can take that trade.

In this PPT Pattern, most of the time I have seen price touching PDH/PDL, so better to take profit at PDH/PDL for good risk reward trade or at 2R.



**Figure 5.10**

- A) In figure 5.10, The first candle is bullish candle engulfed one side of CPR and close above CPR, go long on candle close.
- B) Book profit at PDH, even though there is a weekly pivot just above the candle better to ignore it. (as mentioned in the first chapter, if weekly and monthly pivots near to CPR then they are not much powerful)
- C) SL below candle or another side of CPR.



**Figure 5.11**

- A) Figure 5.11, The first candle is bullish candle engulfed one side of CPR and close above CPR, go long on candle close.
- B) SL below the another side of CPR.
- C) Book profit on PDH or 2R.

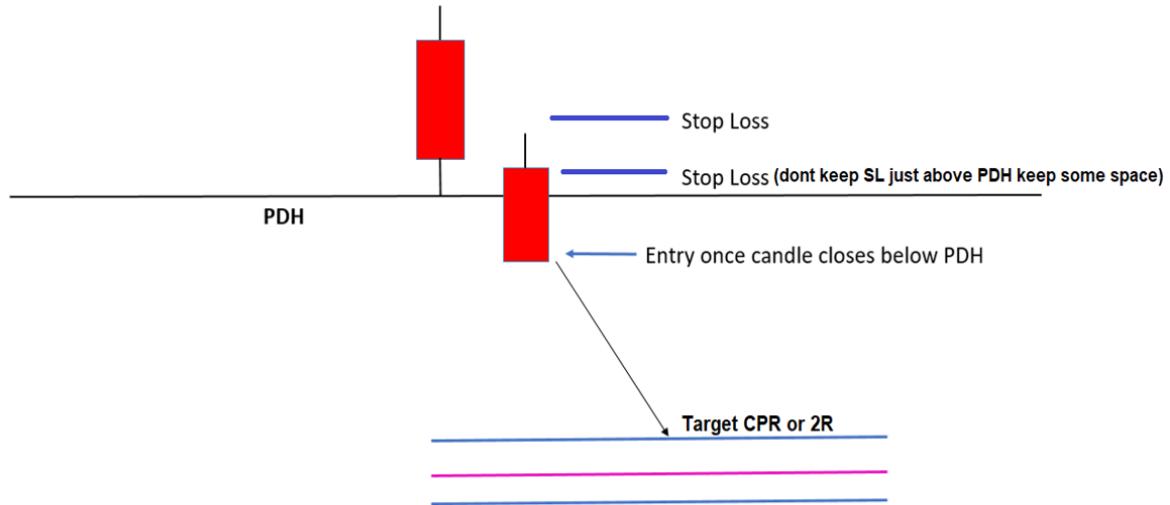


**Figure 5.12**

- A) In figure 5.12, The first candle is bullish candle engulfed one side of CPR and close above CPR, go long on candle close.
- B) SL was too big here, CPR was wide so SL is also big when SL was big your reward also should big.
- C)** Book profit at PDH Resistance or 2R.

## EVENING STAR PATTERN

### EVENING STAR SET UP



**Figure 5.13**

In the Evening start set up, the first candle opens the gap up but makes a bearish candle(or first candle is doji and next candle makes bearish), unlike OD Pattern where the first candle makes a bullish candle.

Go short once the candle closed below PDH support.

The candle which closes below PDH is the entry candle.

Book profit at current Day CPR or 2R..



Figure 5.14

- A) In figure 5.14, Gap up candle but a bearish candle, the first candle could not close below PDH, so wait, don't short.
- B) Third candle finally closed below PDH, that is the candle to short.
- C) SL above that Red horizontal line (supply zone from higher time frame)
- D) Book profit at CPR or 2R.

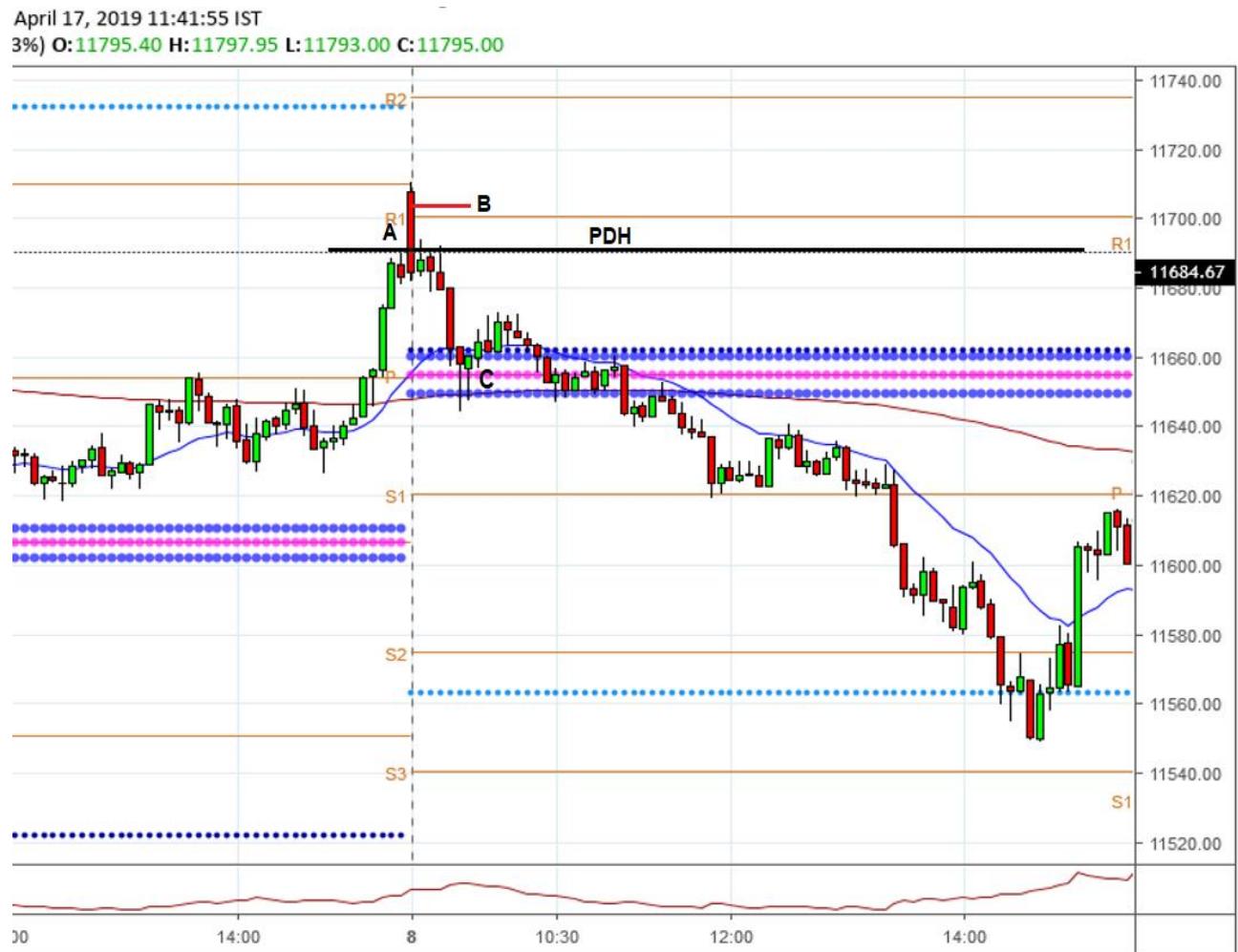


Figure 5.15

- A) In figure 5.15, first candle is Gap up candle and bearish candle, the first candle itself closed below PDH, so enter short on first candle close.
- B) SL above R1 pivot.
- C) Book profit at CPR or 2R.



Figure 5.16

- A) In figure 5.16, Started with Gap up candle and bearish candle, but could not close below PDH, first 5 candles took support at PDH....till 5<sup>th</sup> candle all were taking support above PDH... wait patiently... once 6<sup>th</sup> candle cracked below PDH, short there.
- B) SL above R1 pivot and above entry candle.
- C) Book profit at CPR or 2R, SL above weekly pivot(blue dotted line)
- D) If you missed to short 6<sup>th</sup> candle then the next short opportunity when price retested earlier support.

## MORNING STAR PATTERN

### MORNING STAR SET UP

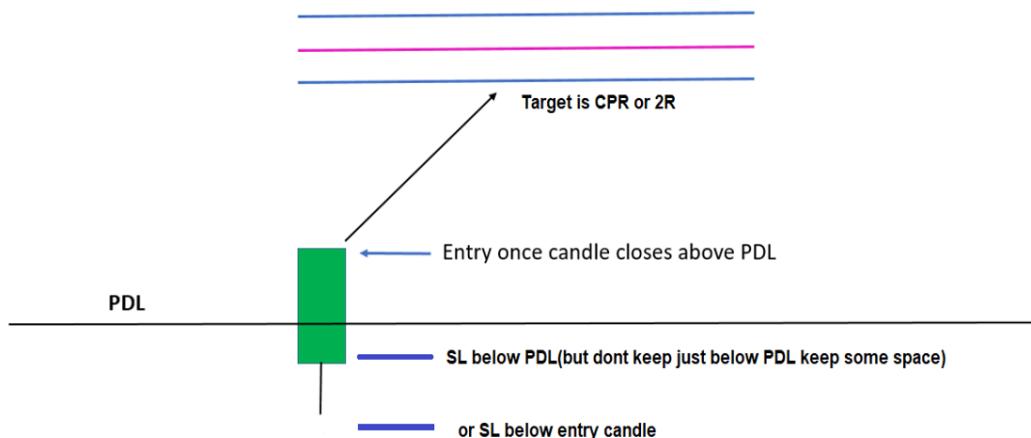


Figure 5.17

It's opposite of evening star, in the Evening star, if there is a gap up opening and candle is bearish(or first doji the bearish candle) then look for the Evening star pattern.

In Morning star, Gap down opening but the first candle is bullish(or first candle is doji then bullish candle) then it is Morning star pattern.

Even though Morning star somewhat similar to Evening star pattern but I like Evening star more than Morning star pattern, and Evening star happens more frequently and market falls faster then going up.

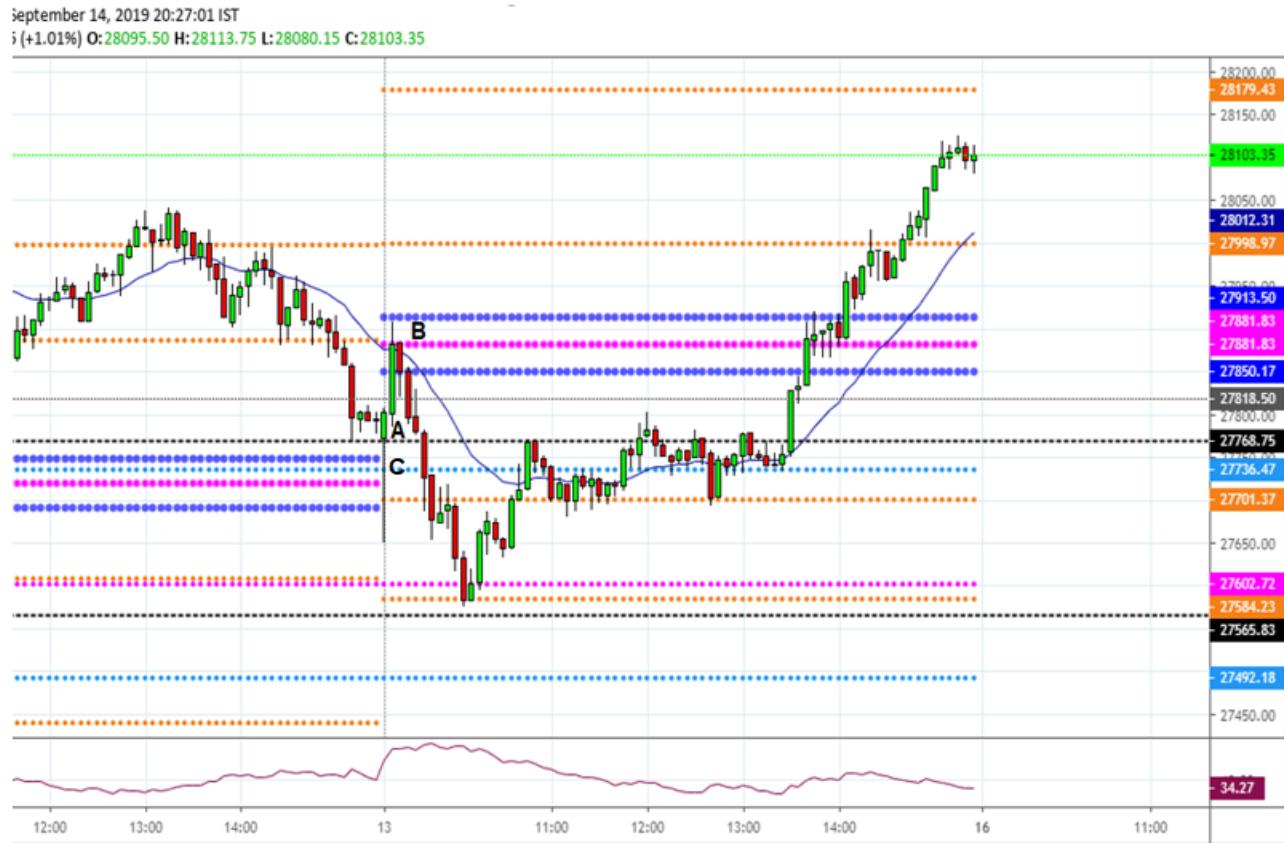


Figure 5.18

- In figure 5.18, The first candle was a gap down candle but turned bullish and closed above PDL, Go long at the first candle close
- Take profit immediately in the next candle at CPR or 2R.
- SL below the PDL.



Figure 5.19

- A) In figure 5.19, The first candle was a gap down candle but turned bullish and closed above PDL, Go long at the candle close
- B) Take profit immediately once candles face resistance at CPR or 2R.
- C) SL below entry candle.

## VIRGIN CPR REVERSAL STRATEGY

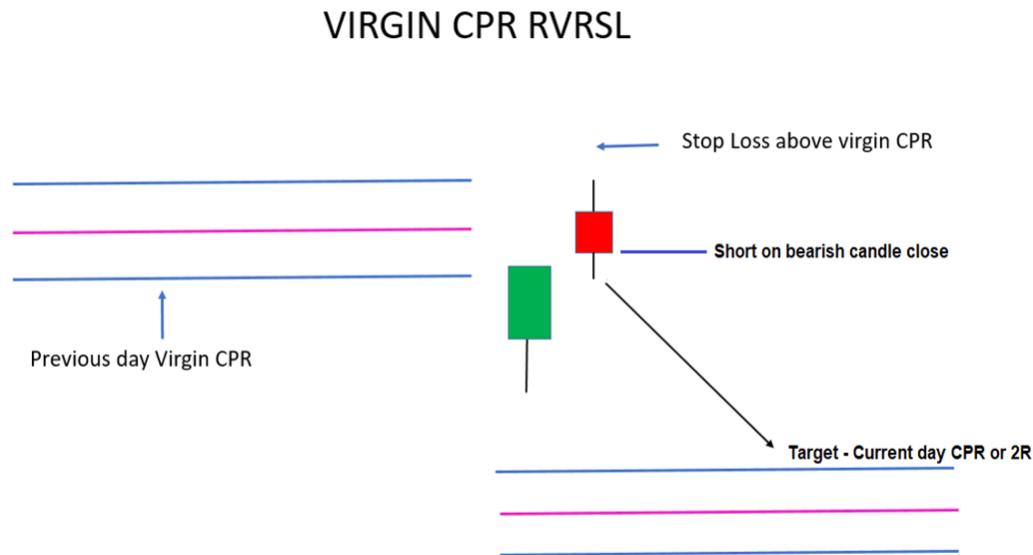


Figure 5.20

By now you know what is Virgin CPR, it was explained in the third chapter in the power of CPR section (If the previous day price did not enter inside its CPR then it becomes Virgin CPR)

Virgin CPR most effective at opening session compared to late afternoon.

If there was Virgin CPR in the last 5-6 days such Virgin CPR more powerful than Virgin CPR which was there around a 2 weeks or a month back.

As Virgin CPR gets older and older its power also diminishes.

Just don't just take trade at virgin CPR, wait for confirmation like bullish pattern or bearish pattern inside virgin CPR.



Figure 5.21

- A) In figure 5.21, Mark Virgin CPR on your chart based on the previous session, wait for the price to come to that level, once you see price is taking support near Virgin CPR to go short, First candle only made bearish candle at Virgin CPR, short that first candle.
- B) Keep SL above that entry candle.
- C) Book profit at current day CPR or 2R.



Figure 5.22

- A) In figure 5.22, First Candle opened right at Virgin CPR but could not close above Virgin CPR.
- B) 6<sup>th</sup> candle cracked below Virgin CPR level, short there.
- C) SL above entry candle and above R1 pivot
- D) Book profit at CPR or 2R.

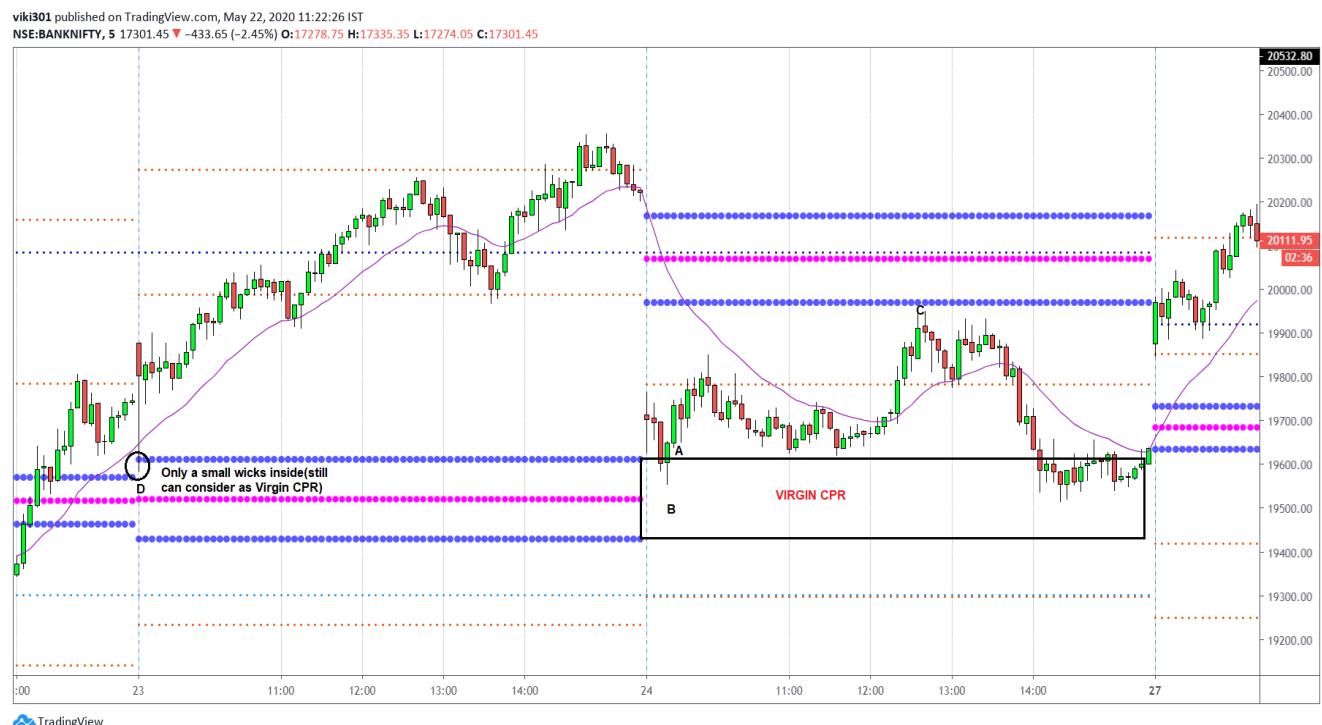


Figure 5.23

As mentioned earlier even if there is only one or two wicks inside CPR, but no full candle, still it can be considered as Virgin CPR(as you can see on 23<sup>rd</sup> only first candle wick was inside the CPR so still it can be Virgin CPR)

- A) In figure 5.23, on 24<sup>th</sup> fourth candle came at Virgin CPR level and reversed and made bullish pin bar candle, go long on that candle.
- B) SL below central pivot of Virgin CPR.
- C) Book profit at current day CPR or at 2R.
- D) Previous day first candle wick touched CPR but not full candle inside CPR, so still can be Virgin CPR

## RED CANDLE RETRACEMENT (RCR) PATTERN

### RED CANDLE RETARCEMENT(RCR)

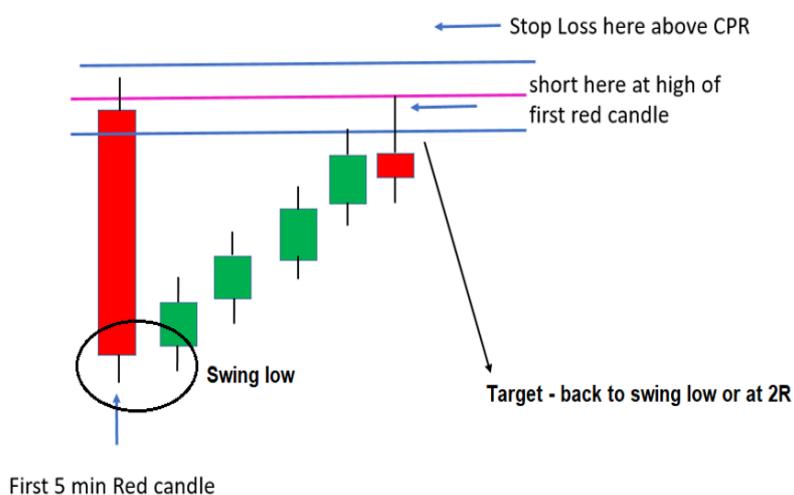


Figure 5.24

This pattern based on the Size of the first candle of the Day(first 5 min candle)

If Day's first candle is a big Red candle(or average size also will do) then watch it closely, if price bounces back to the high of that Red candle(or near to it) and makes bearish patterns then sell it.

Even if previous day had a big Red candle and next day price reaches that level and makes bearish pattern then also it can be shorted(applicable on previous day first RED candle also)

This pattern works well at the opening to mid-afternoon compared to late afternoon, and high probability if First Red candle high inside wide CPR.

The reason is these kinds of big Red candle has aggressive sellers in that candle, sometimes they will be successful in pulling the market down which leads to big bearish trending day.

But sometime there will not be any follow up from first candle and market starts bouncing from the first candle low, in that case you should watch high of that candle closely, if you see candles are showing bearishness at the high of the candle then you can short it.

If high of the Red candle and there is wide CPR at the same level then it is a high probability pattern.

The psychology here is, sellers in that big Bearish candle have their SL at high of that Red candle and they will not easily allow their SL to get hit, so they aggressively sell again if the price comes near their SL (Red candle high) and selling pressure takes the market down again from high of Red candle.

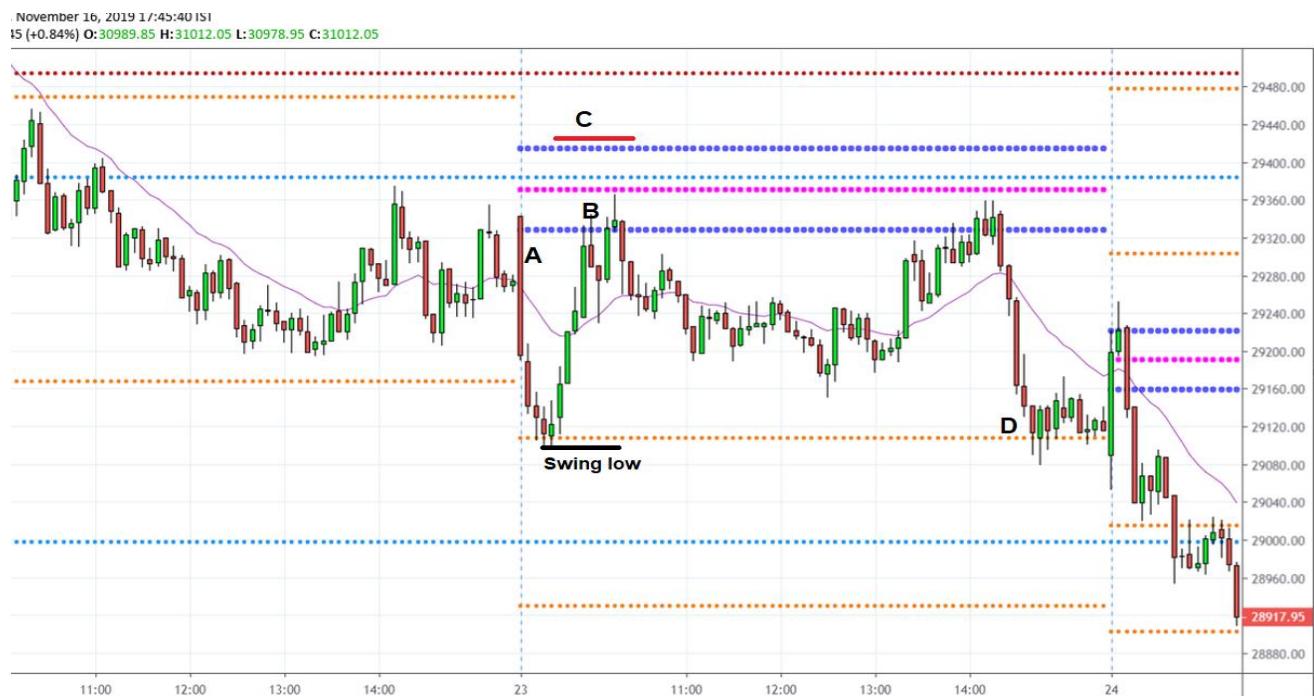


Figure 5.25

- A) In figure 5.25, Opening candle is a big Red candle (aggressive sellers)
- B) Short when price touches high of that candle and when you see bearish candle, high probability if CPR also at the same level as high of Red candle.

C) SL above CPR

D) Book profit when price re-test previous swing low or at 2R.

These patterns are not breakout kind of trades, these are high probability trades but any time can reverse its direction, so I prefer to book my profit before even touching previous swing low, if reward is already more than 2R, if someone looking for big reward then they can wait and see if it touches the previous swing low and can take profit there.

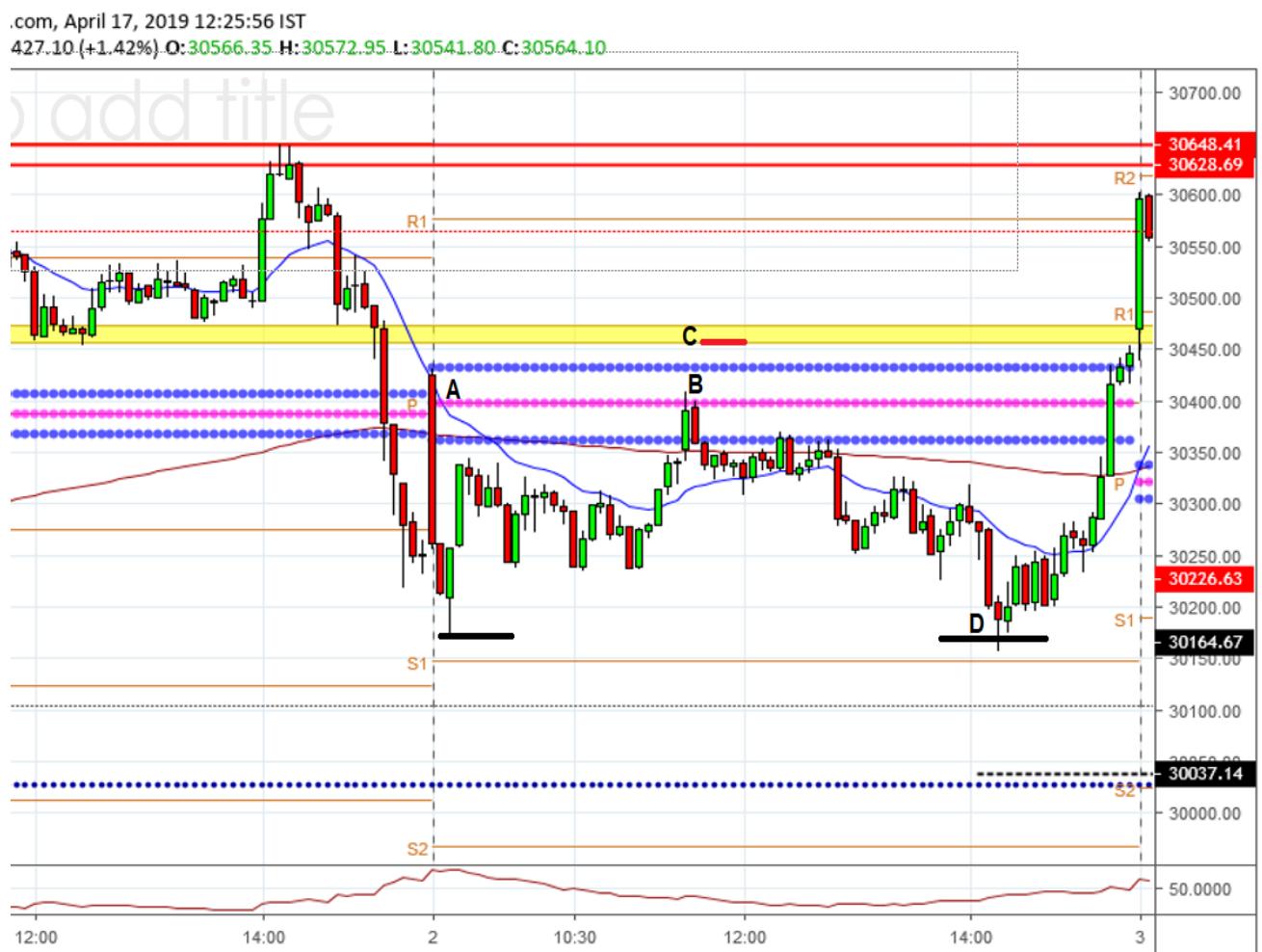


Figure 5.26

- A) In figure, 5.26, The opening candle is a big Red candle (aggressive sellers)
- B) Short when price touches near high of that candle and when you see a bearish candle, high probability if CPR also at the same level as high of Red candle.

- C) SL above CPR
- D) Book profit when price re-test previous swing low or at 2R.

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Figure 5.27

- A) In figure 5.27, Opening candle is a big Red candle (aggressive sellers)
- B) Short when price touches high of that candle and when you see bearish candle, high probability if CPR also at same level as high of Red candle.
- C) SL above CPR
- D) Book profit when price re test previous swing low or at 2R.

## GREEN CANDLE RETRACEMENT (GCR) PATTERN

### GREEN CANDLE RETARCEMENT(GCR)

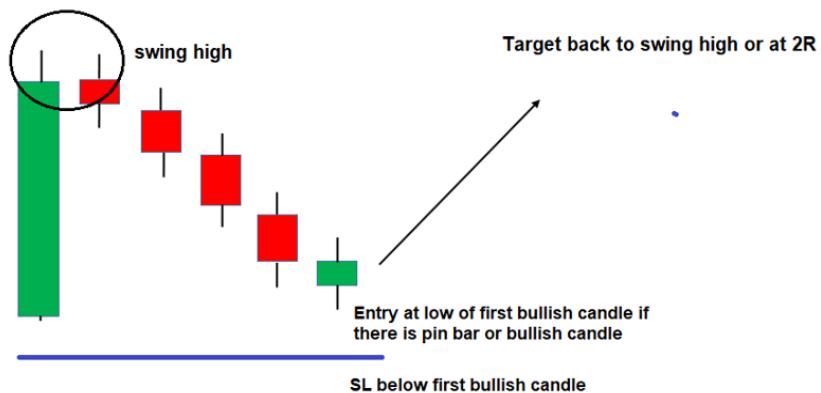


Figure 5.28

GCR Pattern is exact opposite of RCR Pattern.

This pattern based on the Size of the first candle of the Day.

If Day's first candle is big Green candle(or average size/or bulish pin bar also will do) then watch closely if the price retraces to low (or near to low) of that Green candle. This pattern works well at the opening to mid-afternoon compared to late afternoon.

Even if previous day had a big GREEN candle and next day price reaches that level and makes bullish pattern then also one can go long (applicable on previous day first GREEN candle also)

The reason is these kinds of big Green candle candles have aggressive buyers in that candle, sometimes they will be successful in taking the market up which leads to big bullish trending day.

But sometime there will not be any follow up and the market starts retracing back to first candle low, you should watch low of that candle closely, if you see candles are showing bullishness at low or below first Green candle then you can go long there.

The psychology here is, Buyers in that big Bullish candle have their SL at low of that Green candle and they will not easily allow their SL to get hit, so they aggressive buy again if the price comes near their SL (Green candle low) and buying pressure takes the market up again.

In GCR, not neceserily it has to happen near CPR(unlike RCR pattern)



Figure 5.29

- A) In figure 5.29, Big Greencandle at the opening, no follow up after that candle, look at its low for entry.
- B) Candle tested the first candle low and made a bullish pin bar, enter long on that candle.

C) SL below PDH (that black dotted line)

D) Book profit at the swing high or at 2R.



Figure 5.30

- A) In figure 5.30, Big Green candle at the opening, no follow up after that candle, look at its low for entry.
- B) Candle tested near first candle low and made a bullish pin bar, enter long on that candle.
- C) SL below the central pivot
- D) Book profit at the swing high or at 2R.

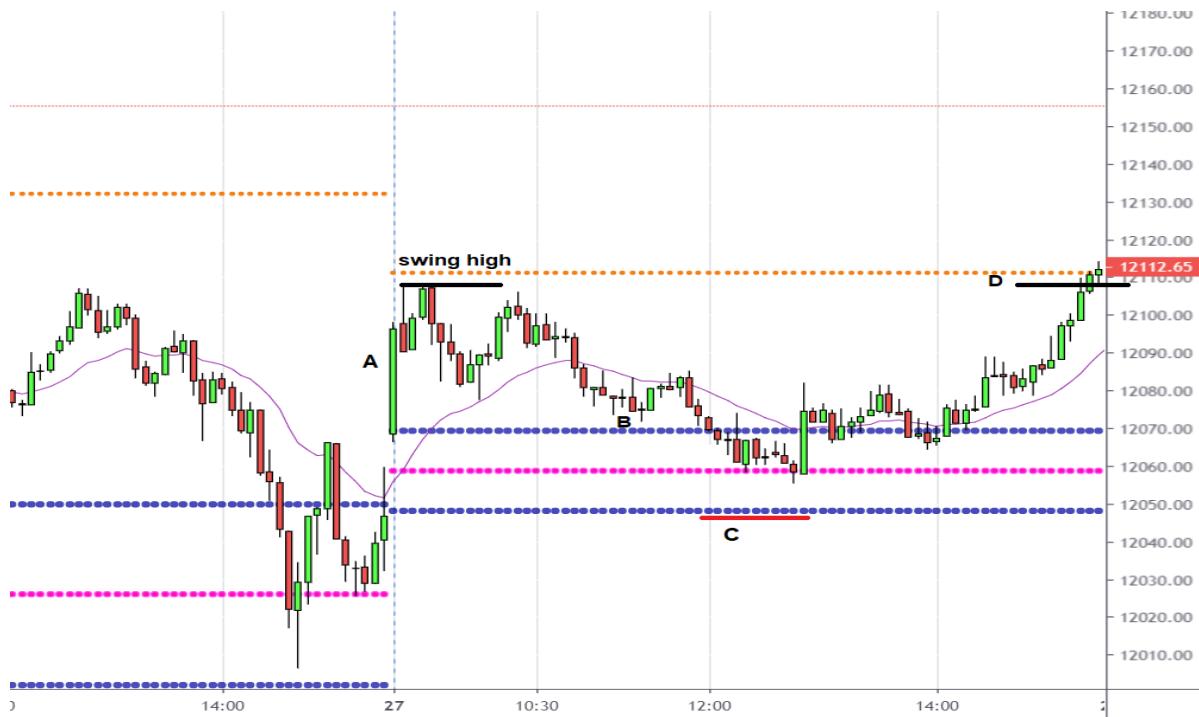


Figure 5.31

- A) In Figure 5.31, a Big Green candle at the opening, no much follow up after that candle, reversed from R1 pivot, look at first candle low for entry.
- B) Candle tested the first candle low and made a base near the central pivot, enter long near CPR or central pivot.
- C) SL below CPR.
- D) Book profit at the swing high or at 2R.

## GAP UP REJECTION PATTERN

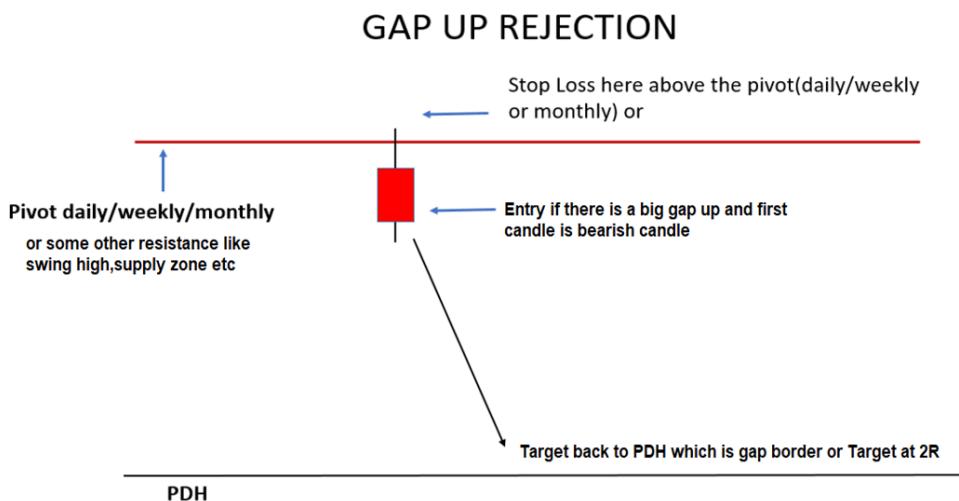


Figure 5.32

Gap up and Gap down kind of patterns are one of my favorite patterns but it happens very rarely, because gap up, gap down doesn't happen every second day, most of the time market opens flat or within previous day range.

GAP –from previous day high and next day open in Gap up pattern.

GAP –from the previous day low and next day open in Gap down pattern.

But still, when I see Gap up or gap down, I get excited.

In Gap up pattern, first look at how big is the Gap? And what's the candlestick pattern? Bullish or Bearish?

If you remember in the fourth chapter we discussed GAPS? Market usually doesn't like GAPS, and Gaps eventually gets filled (most of the time)

This pattern is the same one, it is a gap-filling strategy.

If first candle big gap up and bearish, then short that candle, only if the candle has some pivot or resistance above its high.

Keep SL above that resistance and wait for the gap to get filled, Gap is previous day High where you can book your profit on your short trade.



Figure 5.33

- A) In figure 5.33, Big Gap up opening and candle is bearish with R2 pivot resistance above it, short that first candle.
- B) SL above that first candle and above R2 pivot.
- C) Book your profit once Gap filled at PDH or at 2R.

(Green dotted line is the daily pivot, earlier I used to plot Green dotted line as a daily pivot, now I changed daily pivot color to brown)

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 187.15 ▲ +96.80 (+0.83%) O: 11795.40 H: 11797.95 L: 11793.00 C: 11795.00



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Figure 5.34

- A) In figure 5.34 , Gap up opening and candle is bearish with R2 pivot resistance above it, short that first candle.
- B) SL above that candle, above R2 pivot.
- C) Book your profit once Gap filled at PDH or at 2R.

## GAP DOWN REJECTION PATTERN

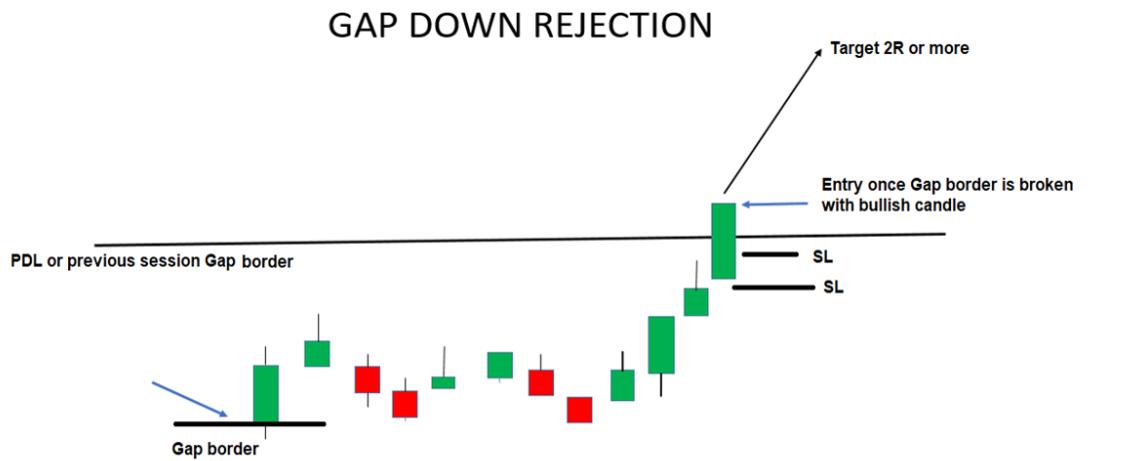


Figure 5.35

We already discussed Gap Up rejection, now let's discuss Gap Down Rejection Pattern.

If in Gap Up Rejection I take short trade and book profit once Gap is filled(works well at late afternoon most of the time)

In Gap Down Rejection, I wait for Gap to be filled, and once it's filled, I take the trade if there is a breakout candle above that Gap and I have seen it gives massive moves most of the time after Gap gets filled(if there is big breakout candle).

For Price Action Trader PDH/PDL are one of most important levels, where most of the action happens.

As per my experience, PDH/PDL more important and works as strong support resistance if price opened outside its range (mean gap up or gap down) compared price opened within the previous day range and then comes near PDH/PDL.

When price approached PDH from a gap up opening or PDL from the gap down opening most of the time it acts as strong support resistance, once it's(PDH/PDL) broken then you can expect a one-sided parabolic move.



Figure 5.36

- A) In figure 5.36, Gap down opening in Bank Nifty on 25<sup>th</sup>, Gap of 24<sup>th</sup> to 25<sup>th</sup> did not get filled on 25<sup>th</sup>, Bank Nifty remained rangebound (Yes, not necessary that Gaps need to be filled on the same day itself)
- B) On 26<sup>th</sup> , Bank Nifty opened and the first thing was, it went uni directional till the gap and that Gap was filled, and then reversed.
- C) After 3 hours, Bank Nifty retested that level where Gap was filled earlier and tried to make a breakout but could not succeed and started making a base around that level.
- D) Finally, breakout happened, go long on that Breakout GREEN Maribozu candle.

E) SL below entry candle.

F) Take profit at Previous day CPR or at 2R.

Just look at the chart and price action, look at the candle size after breakouts and look at candle sizes before breakouts, that tell the story, once Gap is filled moves can be massive and its more powerful if it happens in the late afternoon because all short sellers need to square off their position(they have to place buy orders) in hurry because market is going to be closed.

If you see these kinds of moves then its more of the short-covering rally, which means all short sellers in a panic to cover their short position leading to that rally.



Figure 5.37

- A) In figure 5.38, Gap down opening in Nifty on 13<sup>th</sup>, Gap did not fill on 13<sup>th</sup>, Nifty almost went till Gap, but reversed from S1 pivot, still small gap remained to be filled which was filled on next day on 14<sup>th</sup>, so Gap was finally filled.
- B) Long entry on Breakout candle which broken the Gap and closed above that gap.
- C) SL below that entry candle
- D) Take profit at previous day virgin CPR or at 2R.

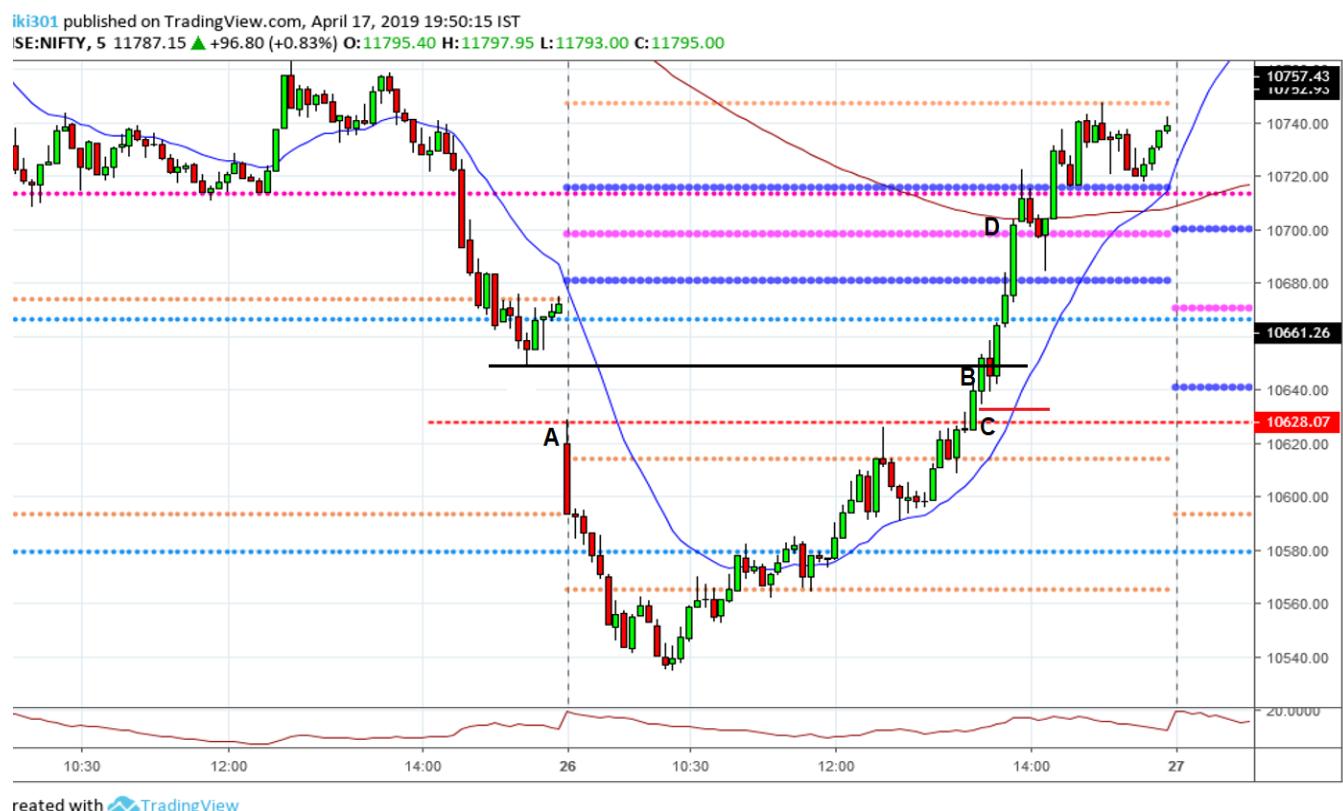


Figure 5.38

- A) In figure 5.38, Gap down opening in Nifty on 26<sup>th</sup>, Nifty initially went down and then reversed.
- B) Gap was filled and breakout happened, enter that breakout candle.
- C) SL below entry candle.
- D) Book profit at CPR or 2R.

## CPR BREAKOUT PATTERN

### CPR BREAKOUT

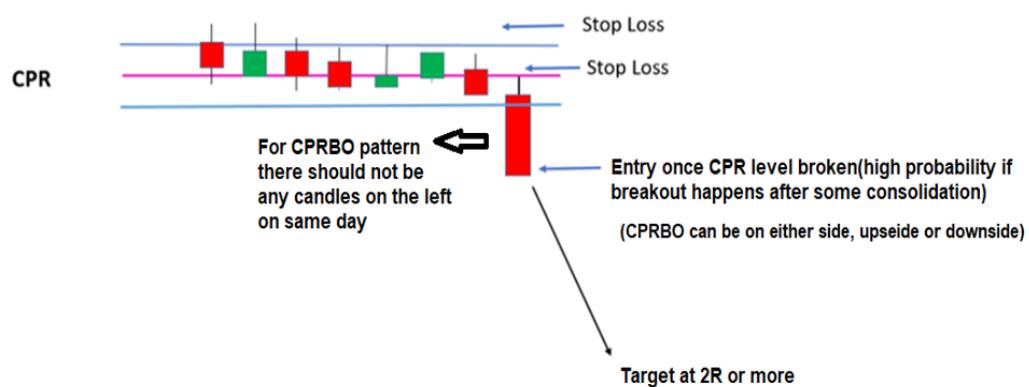


Figure 5.39

This is a breakout pattern; breakout pattern tends to give good Risk-Reward trade if breakout is really strong.

Whenever candle comes near CPR, I keep a close watch on price action inside CPR. Sometimes price bounces again from the CPR or sometimes breakout happens from CPR.

I prefer breakout (either side) after a small consolidation(Preferably) inside the CPR(as you can see from above figure 5.4)

If CPR breakout happens when CPR is average size to slightly wider, they are most often powerful.

Breakout from narrow CPR or very wide CPR is not that powerful.

CPR Breakout (either side) in late afternoon most often very powerful.

If Nifty and Bank Nifty have CPRBO pattern at the same time very high probability.

CPRBO pattern applicable only if same day there were no candles on its left.



Figure 5.40

- A) In figure 5.40, Price falling from the top and then making a base at CPR, CPR is of average size, wait for the breakout.
- B) Breakout happened with a big bearish candle, short that candle.
- C) SL above the central pivot, in this trade SL is big so Reward also should be Big.
- D) Take profit at the weekly pivot or 2R.

You may think that there is a daily S1 pivot just below breakout candle(B) from CPR, is it a good trade because price could have bounced from that daily pivot.

If I am taking a breakout trade especially in the afternoon and if I see some pivot like daily/weekly or monthly, still I don't stop from taking that trade, because breakouts are very strong and it can break everything except CPR (most of the time)

If I am taking breakout trade and just above/below breakout there is CPR (wide CPR) then only I avoid taking that trade.

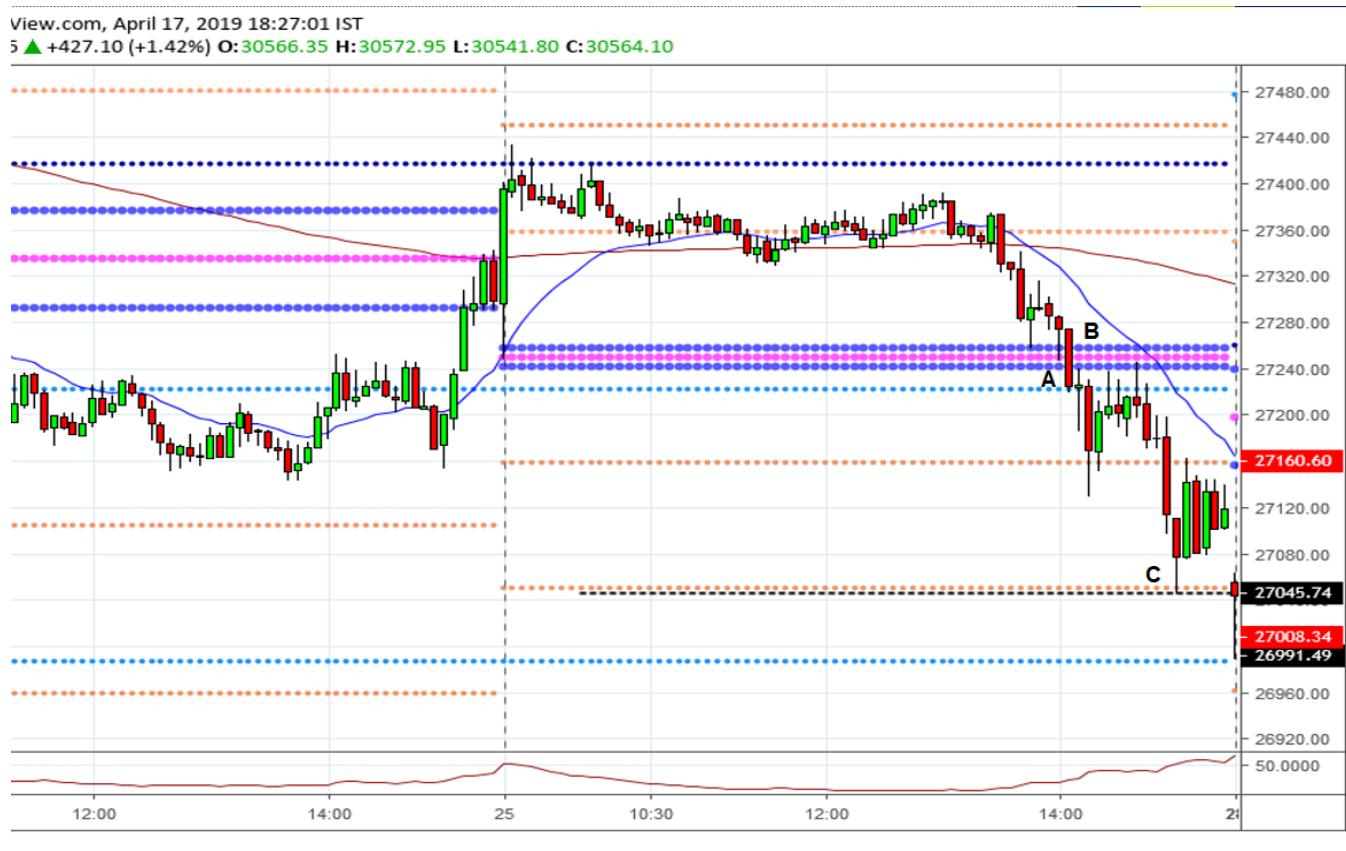


Figure 5.41

- A) In figure 5.41, Price coming from top and there is a breakout from CPR, but not much consolidation before the breakout, but still I take this trade because I know I have a good place to keep my SL, which is another side of CPR, So I take this trade even though there was no much consolidation before breakout.
- B) After shorting that breakout candle keep SL above CPR, SL is at good place and it is not big, so it is a good risk-reward trade.
- C) Take profit at S2 daily pivot or 2R.

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Figure 5.42

- A) In figure 5.42, After consolidating inside CPR for almost 4-5 hours finally breakout on the upside.
- B) Take profit at weekly plus daily pivot OR 2R.
- C) SL below entry candle, but SL was big so go with half position, whenever SL is big then go with half position, say you normally trade around 4 lots in Nifty, if SL is big then reduce your lot size and trade as per position sizing.

## M REVERSAL PATTERN

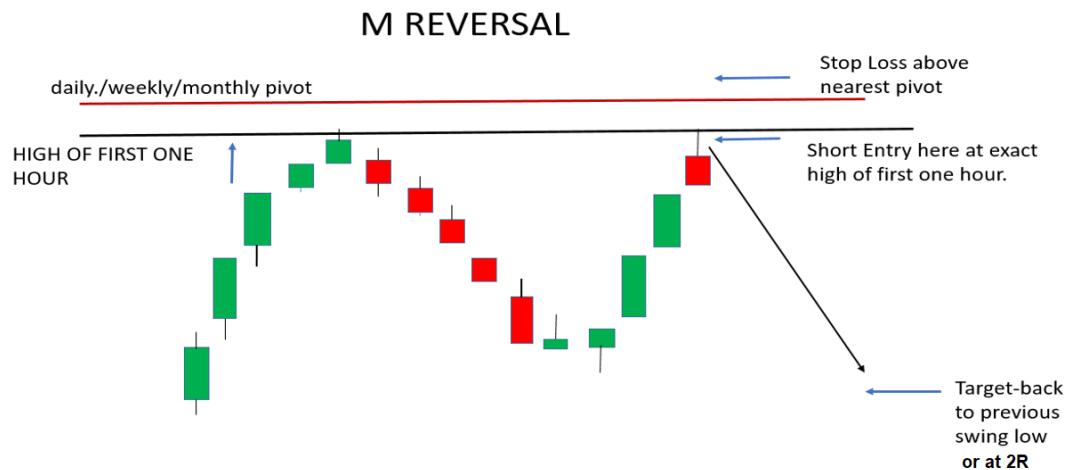


Figure 5.43

M Pattern - Market opens and goes in uni direction(upwards) giving an impression like it's a trend day and suddenly market reverses, goes down to almost low of the day and then bounces back and re-test high of the day, you can short there at or near high of the day.

The psychology behind these patterns is Buyers who entered at the high of the day thinking it is going to be a trend day, once market reversed they are trapped and if they don't have their SL then they are in big pain(loss).

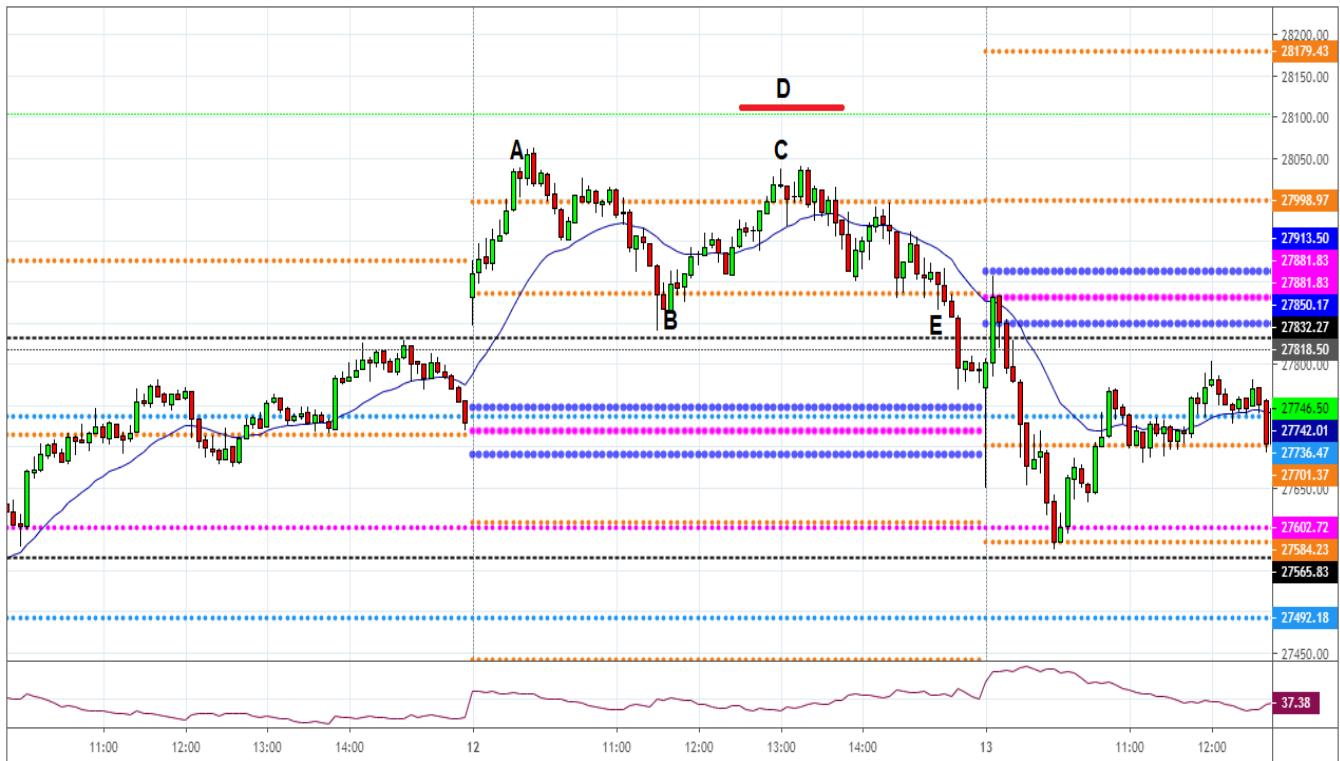
When they were buyers at the high of the day their emotion was Greed to make big money but when price going against their direction now they are fearful.

If suppose prices bounce back to the high of the day, all those trapped traders got the opportunity to square off their position at breakeven, where they square off their position (sell their position) leads to another sell-off.

Same time, traders who remember those levels from where market crashed, they also take a new short position, all these lead to another selloff.

And it is also supply zone concept on lower time frame, high of the day from where market crashed is supply zone and likely to act as resistance.

viki301 published on TradingView.com, September 14, 2019 20:26:24 IST  
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Figure 5.44

- A) In figure 5.44, Price opened and going in the upward direction, suddenly price reversed, all long traders trapped.
- B) Price touched almost low of the day and bounced again.
- C) Once price touched high of the day, Sell there at the place where market reversed from.....all trapped traders got the opportunity to square off their position leads to another round off selloff.
- D) SL above high of the day
- E) Book profit at previous swing low or at 2R.

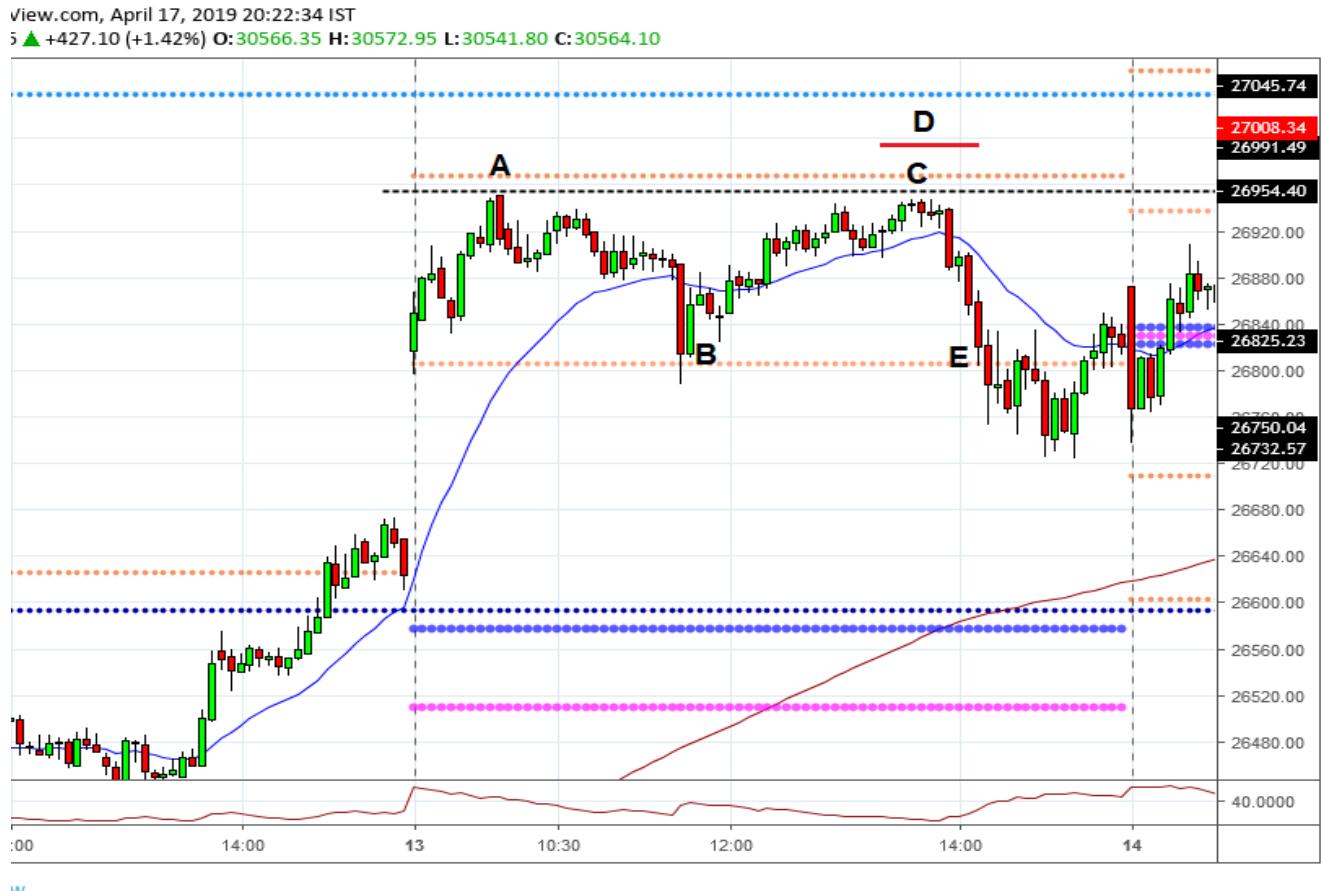


Figure 5.45

- A) In figure 5.45, Price opened above pivot and going in an upward direction, suddenly price reversed near R2 pivot, all long traders trapped.
- B) Price touched almost low of the day and bounced again.
- C) Once price touched high of the day, you can take a Short position there at the place where market reversed from.....all trapped traders got the opportunity to square off their position leads to another round off selloff.
- D) SL above high of the day
- E) Book profit at previous swing low or 2R.

viki301 published on TradingView.com, February 09, 2019 20:11:31 IST  
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Figure 5.46

- A) In figure 5.46, Price opened and going in the upward direction, suddenly price reversed, all long traders trapped.
- B) Price touched almost low of the day and bounced again.
- C) Once price touched high of the day Sell there at the place where market reversed from.....all trapped traders got the opportunity to square off their position leads to another round off selloff.
- D) SL above high of the day
- E) Book profit at previous swing low OR 2R.

## W REVERSAL PATTERN

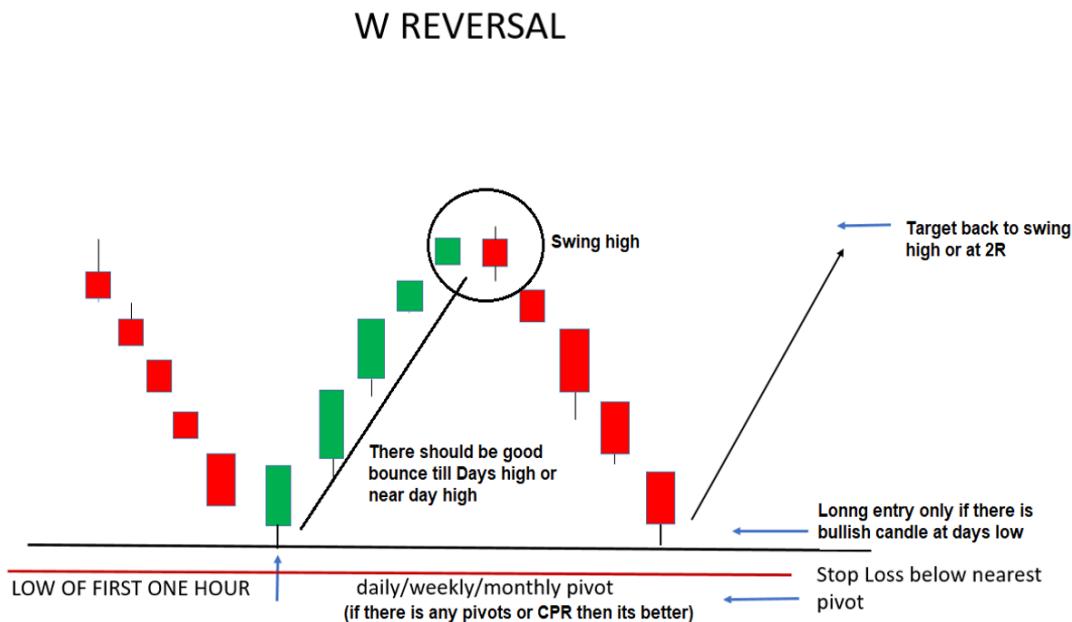


Figure 5.47

**W Pattern – W Pattern** is opposite of M pattern, Market opens and goes in one direction(downwards) giving an impression like trend day and suddenly market reverses, goes up to almost high of the day and then retraces back and re-test low of the day, you can take a long position near or at re test of the low.

The psychology behind these patterns is, Sellers who shorted at low of the day thinking it is going to go down and its going to be a trend day, once market bounced they are trapped and if they don't have their SL then they are in big pain.

When they were sellers at low of the day their emotion was they were Greedy to make big money but when price going against their direction they are now fearful.

If prices again come back to low of the day, all those trapped traders got the opportunity to square off their position at breakeven, where they square off (buy) their position leads to another bounce.

Same time, traders who remember those levels from where market bounced they also take a new long position at those levels, all these lead to another bounce.

And it is also demand zone concept on lower time frame, low of the day from where market bounced is demand zone and likely to act as support.



Figure 5.48

- A) In figure 5.48, Price opened and going in the downward direction, suddenly price reversed, all short sellers trapped.
- B) Price touched almost near the high of the day and crashed again.
- C) Once price touched low of the day, Buy there at the place where market bounced from.....all trapped traders got the opportunity to square off their position leads to another round of bounce.
- D) SL below low of the day
- E) Book profit at the 2R or previous swing high, but in this day the market closed before price touching the profit Target.

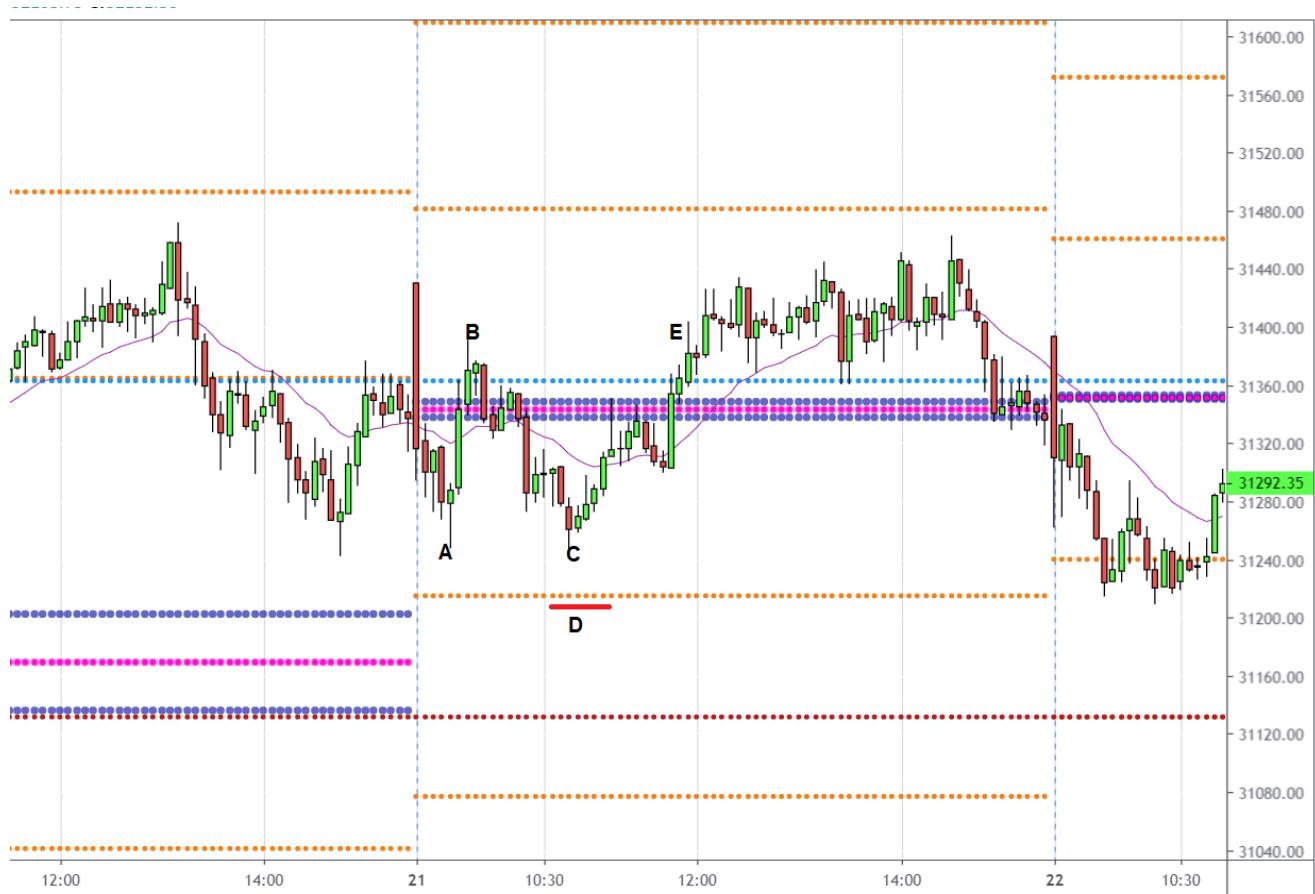


Figure 5.49

- A) In figure 5.49, Price opened and going in a downward direction, suddenly price reversed, all short sellers trapped.
- B) Price touched almost near the high of the day and crashed again.
- C) Once price touched low of the day, Buy there at the place where market bounced from.....all trapped traders got the opportunity to square off their position leads to another round of bounce.
- D) SL below S1 pivot.
- E) Book profit at the previous swing high or 2R.



Figure 5.50

- A) In figure 5.50, Price opened and going in a downward direction, suddenly price reversed, all short sellers trapped.
- B) Price even crossed above the high of the day and crashed again.
- C) Once price came near low of the day, Go long there at the place where market bounced from.....all trapped traders got the opportunity to square off their position(buy) leads to another round of bounce.
- D) SL below days low.
- E) Book profit at the previous swing high or 2R.

## RED CANDLE BREAKOUT

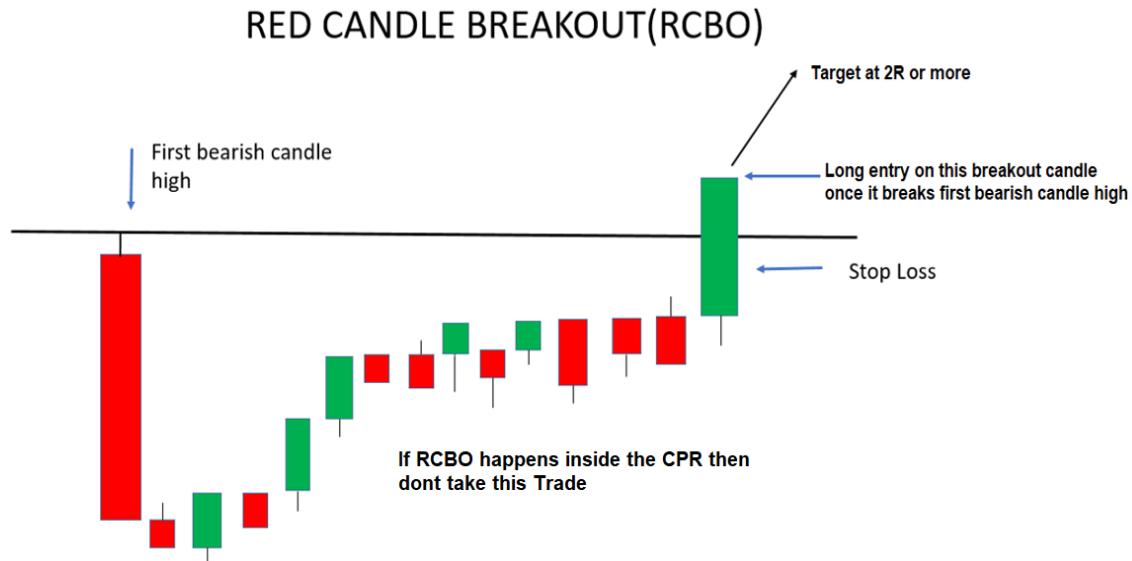


Figure 5.51

If someone asks me to name one pattern which is my favorite out of 15 patterns, then I will name RCBO as my most favorite among all 15 patterns.

This is a Breakout pattern which tends to give big profits and happens very frequently. This pattern is nothing but SL hunting pattern.

If a Day opens with Big Red candle(or average size also will do) then 3 things can happen, either it can lead to a big bearish Trend day, second is RCR Pattern or third is, this pattern, RCBO Pattern.

The psychology behind this pattern is when the market opens with big Red candle most retail traders assumption is it's a bearish day and it's going to go down, and they start shorting on every level, keeping SL above that Red candle.

Big players know these places where retailers have their SL, and if they can hunt that SL then that can lead to big short-covering rally helps them to make a big profit.

These patterns most common in the mid to late afternoon, but can happen at the opening as well, once market reverses and breaks the first candle high all SL(buy order) gets triggered and all short sellers in a panic to cover their shorts leads to that big rally.

So one can take a long position if First Read candle high gets broken.

Point to be noted that if RCBO happens at CPR then batter not to take the breakout trade because most of the time its fails.

This pattern applicable even if previous day had big RED candle and its high gets broken next day(applicable on previous day first candle also)



Figure 5.52

- A) In figure 5.52, The day opens with big Red candle.
- B) Above Red candle is the place where retailers have SL, Looking at that Big Red candle most of the retailers are short in the market with SL above that first Read candle.
- C) Finally, in late afternoon big players are successful in hunting all retailer's SL and big short-covering rally after that, Go long on that breakout candle.
- D) SL below entry candle.

E) Book profit at 2R or next pivot or ride your winner with trailing your SL.

These patterns generally lead to big massive move because of the short-covering rally and breakout traders enter that rally to take advantage of that move leads to big rally on one side.

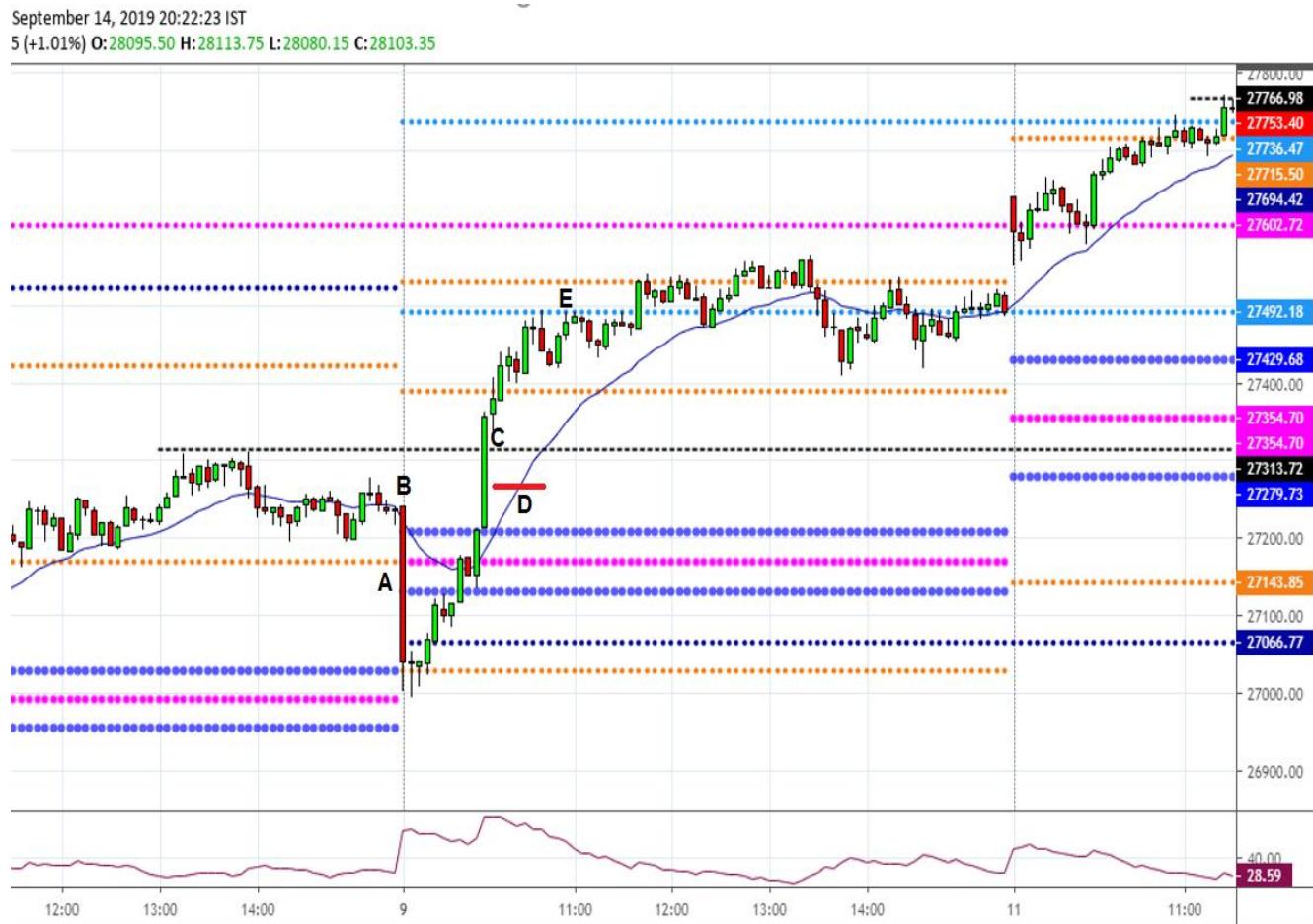
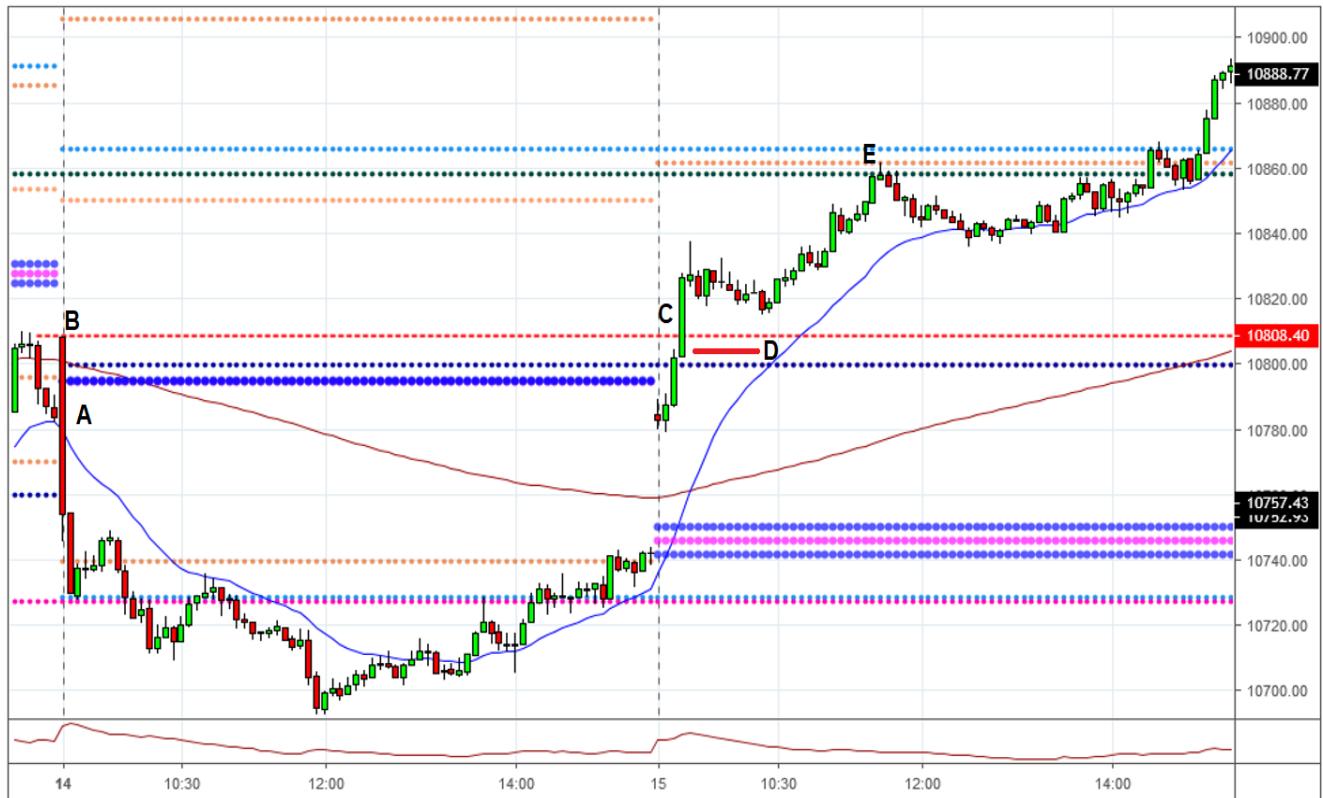


Figure 5.53

- In figure 5.53, The day opens with a big red candle.
- Place where retailers have kept there SL, Looking at that big red candle most of the retailers are short in the market with SL above that first red candle.
- Here, big players successful in hunting all retailer's SL within first one hour only, short-covering rally after that, Go long on that breakout candle.
- Keeping SL below entry candle would have been too big, so keep SL below PDH.

E) Book profit at 2R or more or ride your winner with trailing your SL.

viki301 published on TradingView.com, April 17, 2019 18:44:42 IST  
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Figure 5.54

- A) In figure 5.54, This pattern is applicable even there was a red candle on the previous day which was not broken, in these chart previous day had a big Red candle at the opening.
- B) Place where retailers have kept their SL, looking at that Big Red candle most of the retailers are short in the market with SL above that first Red candle.
- C) Here, big players successful in hunting all retailer's SL within first one hour only, short-covering rally after that, Go long on that breakout candle.
- D) Keep SL below PDH.
- E) Book profit at 2R or more or ride your winner with trailing your SL.

## GREEN CANDLE BREAKOUT

### GREEN CANDLE BREAKOUT(GCBO)

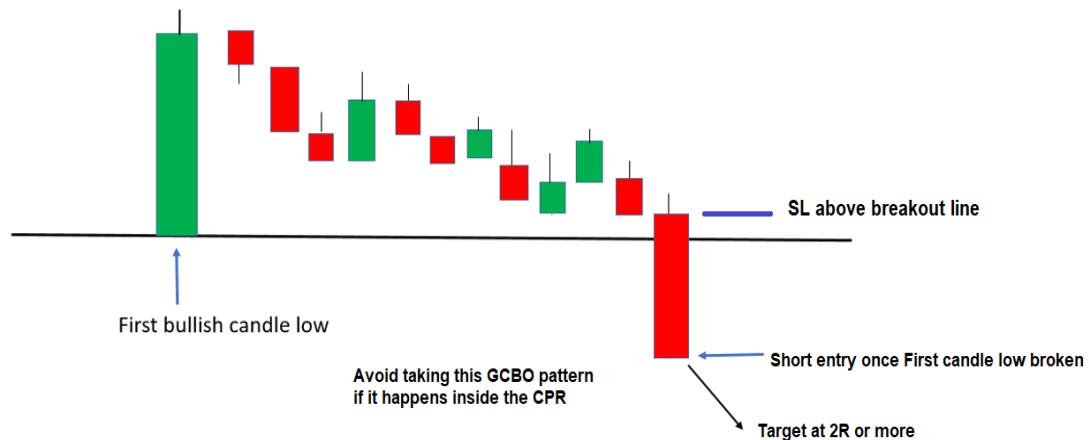


Figure 5.55

Just opposite of RCBO Pattern is GCBO Pattern.

This is a Breakout pattern which tends to give big profits and happens very frequently.

This pattern is nothing but SL hunting pattern.

If Day opens with Big Green candle(or average size/or bullish pin bar also will do) then 3 things can happen, either it can lead to a big Trend day, second, GCR Pattern or third is this pattern, GCBO Pattern.

The psychology behind this pattern is when the market opens with big Green candle most of the retail trader's assumption is it's a bullish day and it's going to go up, and they start taking long trades on every level, keeping SL below that Green candle.

Big players know these places where retailers have their SL, and if they can hunt their SL then they know it can lead to a big sell-off since all long trader's SL gets triggered.

This pattern applicable even if previous day had big GREEN candle and its low gets broken next day(applicable on previous day first candle also)

These patterns most common in the late afternoon, but can happen at the opening as well, once market reverses and breaks the first candle low, all SL(sell orders) gets triggered and all long traders in panic to square off (sell) their long position.

So, one can take a short position if first bullish Green candle low gets broken.

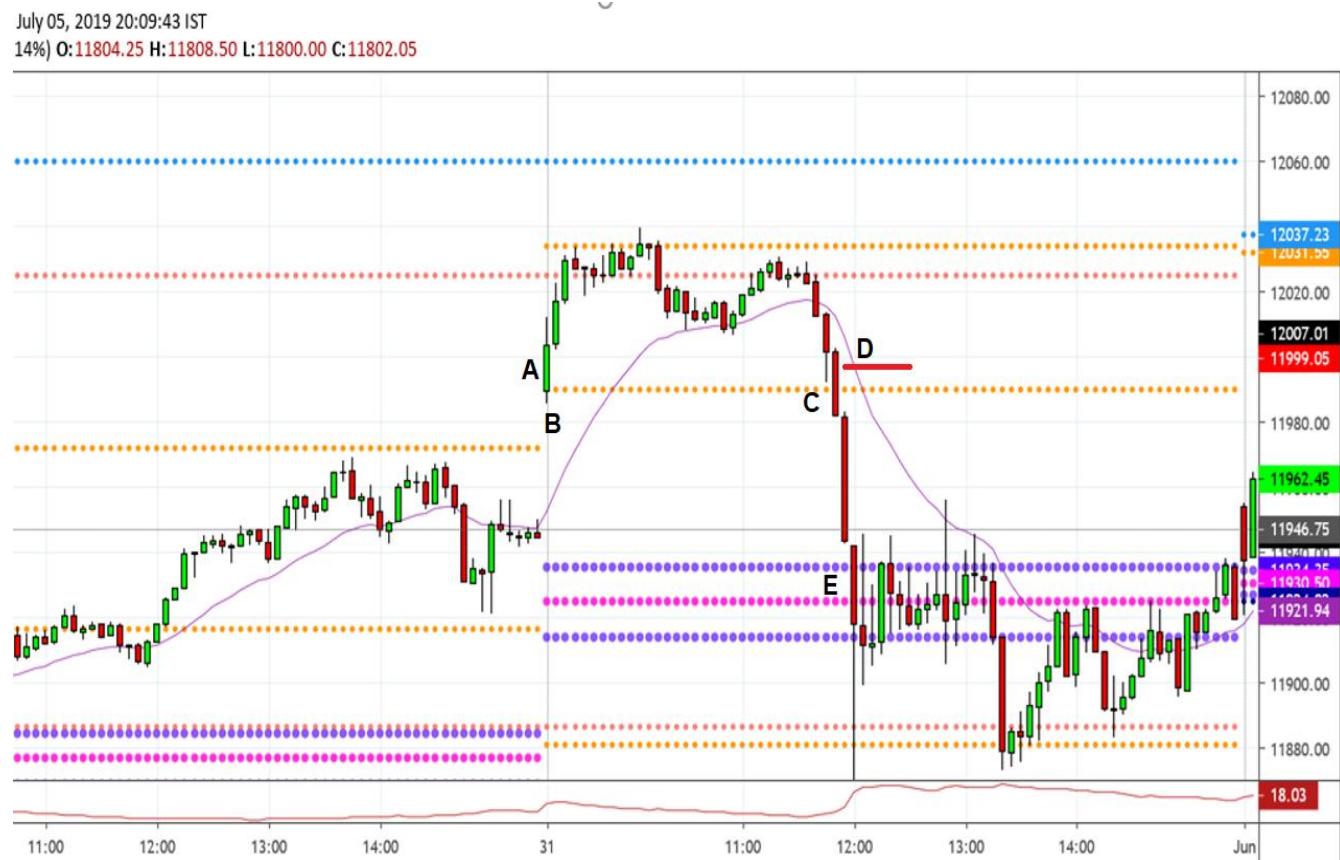


Figure 5.56

- A) In figure 5.56, Nifty opens gap up with a bullish candle, after some upmove its facing resistance at R2 pivot.
- B) Traders are long with SL below the first candle.

C) Sudden sell-off from the top, all SL (sell order) below the first candle is triggered, short that breakout candle.

D) SL above R1 pivot.

E) Book profit at CPR or 2R.



Figure 5.57

A) In figure 5.57, Nifty opens with a bullish candle facing resistance at CPR.

B) Traders are long looking at Green bullish candle with SL below the first candle.

C) Sudden reversal, all SL (sell order) below the first candle is triggered, short that breakout candle once the candle is closed.

- D) SL above that weekly pivot.
- E) Book profit at S2 pivot or 2R.



Figure 5.58

- A) In figure 5.58, Bank Nifty opens the gap down with a bullish candle, and immediate reversal after a small move.
- B) Traders are long with SL below the first candle.
- C) 4<sup>th</sup> candle closed below the first candle triggering all SL (sell orders) resulting in big Sell off, short that candle once it is closed.
- D) SL above S1 pivot.
- E) Book profit at S2 pivot or 2R.

Look at the similarity in both this chart(figure 5.58) and previous chart (figure 5.57) how similar pattern looks like, the only difference here is price reversed before hitting CPR and in the previous chart, price reversed after hitting CPR.

That's what I said in the beginning in the chapter 3, **Price action and patterns keep repeating because it is created by human beings, and we all are creators of habits, so they say patterns repeat again and again because human emotions never change.**

**Finally, always watch both Nifty and Bank Nifty chart before taking the trade, because sometime one of them show breakout and another one inside the CPR resistance then eventhough one was having breakout , still it can fail because another one was inside the CPR resistance.**

**Remember, both of them moves in tandem most of the time.**

Watch this chart below(figure 5.60) Nifty had RCBO pattern(based on previous day red candle) but Bank nifty was facing resistance at wide CPR(marked in Black circle)

Eventually Bank Nifty reversed from CPR and Nifty RCBO pattern also failed.

So, it was not a good trade to go long in Nifty until CPR resistance was broken in Bank Nifty.



Figure 5.59

## Conclusion

My eBook ends with these 15 Day Trading Patterns and Strategies, but in my Webinar, I discuss beyond these pattern and strategies, like I discuss How to use moving averages, using Options in Day Trading, Risk Management, Position Sizing, Trading Psychology etc.

Many students ask me whether these 15 patterns and strategies work in Stocks? Commodities? Forex?

My answer is, as of now, I trade only Index in the Indian market, like Nifty and Bank Nifty only, so I have backtested charts on only these 2 instruments(Nifty & Bank Nifty)

So my suggestion is, If you are a Trader who trades only in stocks or commodities then please go through the historical charts and do some backtesting and see whether these patterns work in Stocks or Commodities.

But please ensure that whatever instruments you try, it has to have good liquidity, not on small caps or penny stocks.

## **My advice to new Traders....**

Trading, just like any other profession, it can't be mastered by attending just one seminar/webinar/workshop or just by reading a book.

Like any other profession, you learn it by doing it, only it can be mastered with some experience and practice.

Trading has a high failure rate, the reason for this failure rate is lack of chart reading skills, lack of discipline, not following risk management rules, not able to control emotion during live trading (biggest reason).

So strategy is not only thing in trading, one has to master other things like Risk management and Trading psychology also to become a good trader.

Trading is only for those who have passion, discipline, patience and ready to work hard to master this Art.

All the Best.

## Wrap up

Thanks for reading my first eBook.

I really enjoyed writing this eBook and I hope you have enjoyed reading it too; and of course, I hope you have learned many new concepts after reading this eBook.

Your feedback is highly appreciated.

Email me [pivotcall@gmail.com](mailto:pivotcall@gmail.com)

## Resources

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