

3 “Trigger Day” Signals And Trade Setups

Day 3 Breakout Traders Trade Setup

1. **No Major Red News scheduled in the session.**
2. This trade setup will be a HOW or LOW opportunity. It could be a HOW to LOD trade, a LOW to HOD trade. This would be a session trade.
3. In some setups this could be a larger Three Day Setup for a HOW to LOW, or LOW to HOW trade.
4. An entry can happen in ANY session.
5. The 15 minute chart is the setup.
6. **Trade is to be taken in the 3 hour timing window.**
7. Entry will be on a 5 minute chart **reversal back inside of the 20 ema after an engulfment.**
8. Stop Loss is placed above the high (selling), below the low (buying). **Maximum Stop Loss is 20 pips.** (15 currencies)
9. Profit Target 50 pips in a session trade. (100+ Can vary depending on the instrument being traded.)

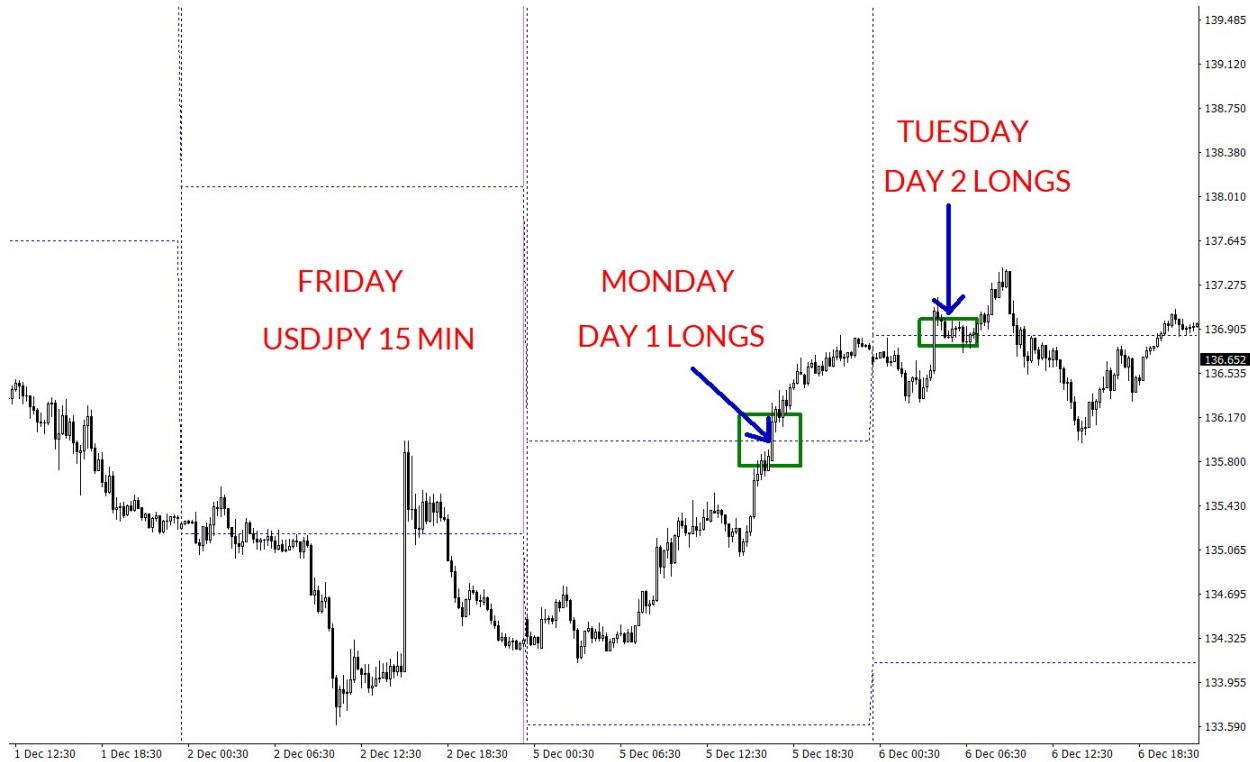
DAY 3 LONGS AND DAY 3 SHORTS

This is one of my favorite BTS to look for! This setup is about *the third day a market triggers breakout traders into the market for the third time.*

The first day a market breaks out of a daily high or daily low and keeps trading we have new breakout traders in the market. This is what I call Day 1. The second day a breakout trader is triggered into the market is Day 2.

Day 2 is our Trigger Day.

Day 1 and Day 2 breakout longs in the market.



Day 3 longs enter the market



Day 1, 2 and 3 shorts enter the market



5 minute chart Day 3 shorts enter the market

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A variation of this: Day 3 shorts



In this example the EURUSD broke out on Monday of the previous week's high. It eventually failed and reversed in the New York session, taking out the LOD and closing as a **First Red Day**. Traders would have shorted the breakout of the LOD on Monday.

The next day (Tuesday,) closed triggering breakout shorts near the end of the day.

Day 3 breaks down and triggers shorts into the market for the third time before reversing in the Europe open. This gave a great London open long trade targeting the previous day's high. (LOW / LOD to HOD.)

Another example EURJPY 5min Day 3 Longs:



USDCAD 5 min Day 3 Longs:

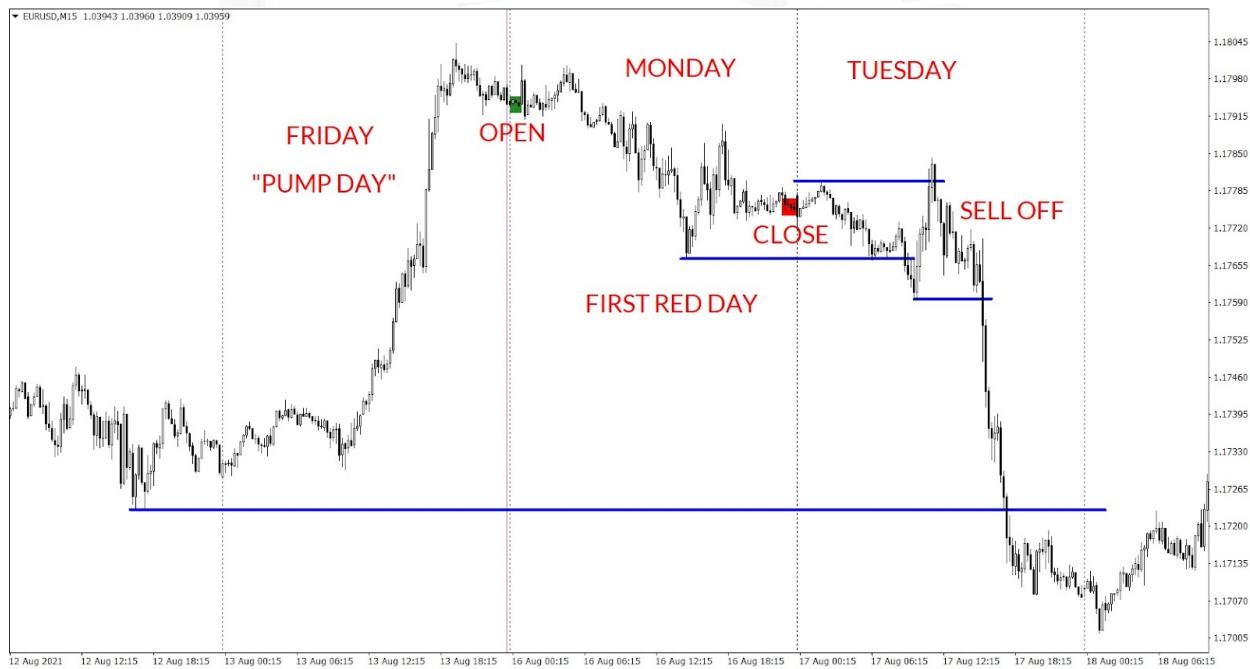


These setups don't happen every single week, but when you do find them, they are excellent opportunities. Often they may present a 5:1 opportunity. (75 pips on currency pairs.)

FIRST RED DAY FIRST GREEN DAY TRADE SETUP

The First Red Day Trade Setup is a SELL setup. This setup can be extremely lucrative when it sets up properly. Longs are trapped up high and when the market sells off it can be fast and explosive. The best FRD trades will go vertical. They can be scaled into when they are set up perfectly.

The basic First Red Day Setup



The setup normally is two days. The third day being the trade. The above example is of the EURUSD. We have a Friday that “pumps up” through the high of the week. This is our **“PUMP DAY.”**

Monday opens where Friday closed and throughout the day has a smaller daily range. The **CLOSE is BELOW the OPEN**. That is the key, we need the market to CLOSE BELOW the OPEN.

This completes our **FIRST RED DAY**.

A great FRD setup will have a well defined high and low consolidation heading into the close of the day. (as above)

The market trades within this consolidation until the London session where it breaks through the low. This forms our ***“break in structure.”***

You don't have to have this, but this confirms weakness in the market and gives us an anchor point for the “pump and dump” selloff.

This example is a **three session setup**. Asia, London and then into the open of the New York session we get our capitulation through the low of the day with an explosive trade.

This is our trade entry on the 5 minute chart.



On this particular day there was Major “Red” News on the schedule for 8:30am New York time. As you have heard me say before, I never trade in front of the news. This pullback to the breakout of the news candle was also the close of the 15 minute candle.



I have added the 20 exponential moving average to the 5 minute chart to eliminate indecision for traders on confirming their entry. Once we have our setup and it starts to come together the **close inside our 20 ema gives us our entry candle**.

In this particular example if traders entered into the trade later in the London session, I would suggest to close out all trades before the news. When I have MRN (Major Red News) on the schedule, I will close out ALL trades before the news. You don't want to have a massive spike go through your profitable trade and stop you out, or get spiked out of a trade or get stopped out by a massive wick. News is unpredictable and my whole objective is to make my trading as stress free as possible and as profitable as possible.

This trade on a normal day with no news would have given us our 50 pips of profit. However, by waiting for the news and entering when we did, it was the difference of 5-10 pips. The trade itself though, was a textbook setup.

We executed our **trade entry, stop loss and profit target**. Our profit target did not get hit (until the next morning.) I don't carry trades overnight. I would have closed the trade out after a couple of hours if my target had not yet been hit .

This trade took a bit longer than normal, but I wanted to get the point across of **the three day setup** that completes the pattern.

Three Day Setup:

1. Day 1 -Pump Day
2. Day 2 - First Red Day
3. Day 3 - Consolidation and a SELL SETUP - High of Day, or High of Session (Low Hanging Fruit - LHF)
4. Measure up 50-75 pips (currencies) (oil, gold, indexes 100-150) from the LOD for a potential strike zone level. (Three levels of rise. If the market exceeds that we redraw the HOD and strike zone area.)

First Red Day Chart Identification

1. 15 minute charts to scan through in your daily process
2. **MUST HAVE A PUMP DAY**
3. **MUST HAVE A DAY AFTER PUMP DAY THAT CLOSES BELOW THE OPEN**
4. **Mark the high and low CONSOLIDATION AREA that forms a rectangle heading into the close.**
5. Use the 5 minute charts on trade day with a 20 exponential moving average on the chart.
6. Only take trades that confirm during your 3 hour trading session. (Asia / London / New York.)
7. The **BEST TRADES** will confirm right into the 3 hour timing windows.
8. **ENTRY** is on the BEARISH close across inside of the 20 ema.
9. **STOP LOSS** will be placed above the 5 minute peak formation high. For most major currencies my stop loss is 15 pips. Oil, Gold, Indexes can be 25.
10. **My MAXIMUM STOP LOSS** usually never exceeds 20 pips on currencies, 25 on Oil, Gold, and Indexes.
11. **PROFIT TARGET** is preset to 50 PIPS. (There will be bigger and more profitable trades in excess of a 100 pips.)

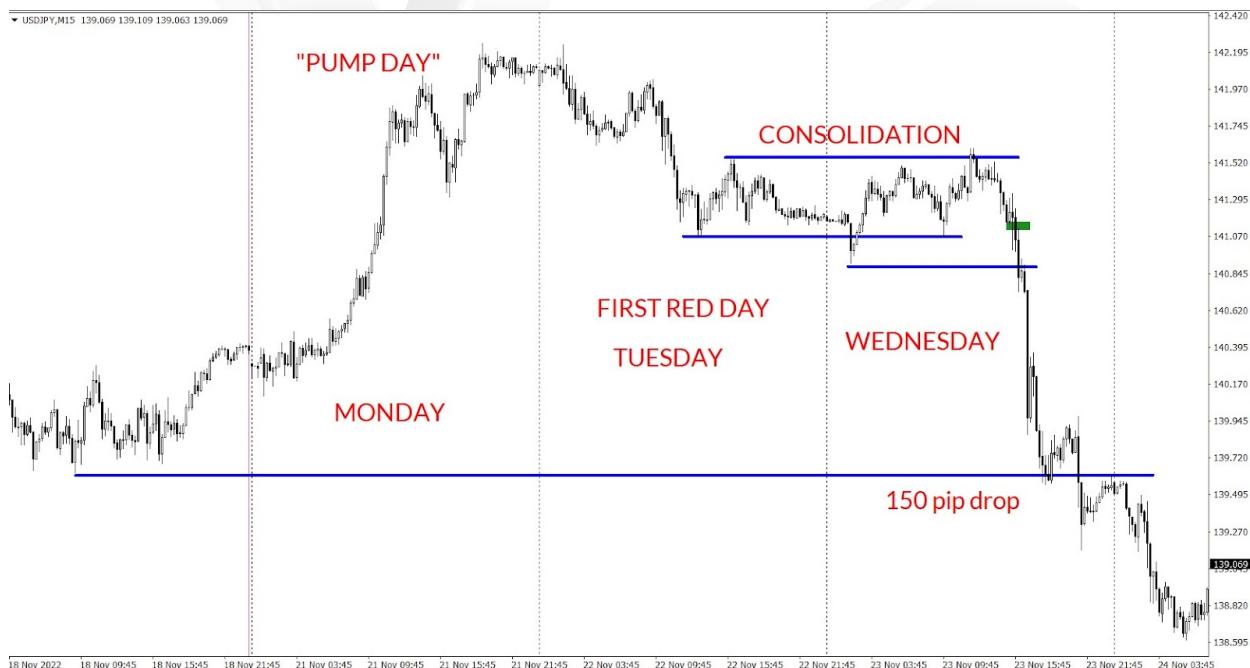
Master Taking 50 pips Out of The Market

In the beginning I would suggest mastering the process and execution of the FRD trade setups and locking in the 50 pips. Over time as you gain your confidence and consistency with all of your trades, you will begin to identify which trades you can hold onto for more profit, scale some profits out and potentially leave a trailing position in the market to capture any further profits that are growing on the trade.

IMPORTANT TO UNDERSTAND

The thesis is that these trades should break down or explode fast in the direction of our trend. There shouldn't be any hanging around or pop up into our position. The **BEST TRADES** move strongly almost right away.

Other Examples



FIRST GREEN DAY SETUP

The First GREEN Day Trade Setup is a BUY setup. This setup can be extremely lucrative when it sets up properly. Shorts are trapped down low and when the market starts moving up, it can be fast and explosive. The best FGD trades will go vertical. They can be scaled into when they are set up perfectly.

The basic First Green Day Setup



The setup **normally is two days, BUT SOMETIMES it can take three.** The above example demonstrates this. The above example is of the GBPUSD. We have a Monday that is a small, narrow range day. Tuesday then pushes up through the high of Monday before “dumping,” later in the New York session. This is our “**DUMP DAY.**”

Wednesday opens where Tuesday closed and throughout the day has a smaller daily range. The **CLOSE is ABOVE the OPEN**. That is the key, we need the market to **CLOSE ABOVE the OPEN**.

This completes our **FIRST GREEN DAY**.

A great FGD setup will have a well defined high and low consolidation heading into the close of the day. (as above)

The market has traded above the consolidation from Wednesday, and then **engulfs the low bear candles**.

You don't have to have this, but this confirms strength in the market, and gives us a **low of the day entry for a LONG TRADE**.

This example is a **three session setup**. New York (high), Asia (inside,) then a **buy inside of our 20 ema** in the London open, for an explosive long trade.

This is our trade entry on the 5 minute chart.



I have added the 20 exponential moving average to the 5 minute chart to eliminate indecision for traders on confirming their entry. Once we have our setup and it starts to come together the **close inside our 20 ema gives us our entry candle**.

This trade exploded vertically and had a 15 pip stop loss. A measured move of the rectangular high and low put our profit target at 100 pips. That target was hit and we were taken out of the market.

We executed our **trade entry, stop loss and profit target**. Our profit target was hit.

This is a great example of the **three day setup** that completes the pattern.

Three Day Setup:

5. Day 1 -Dump Day
6. Day 2 - First Green Day
7. Day 3 - Consolidation and a BUY SETUP - Low of Day, or Low of Session (Low Hanging Fruit - LHF)
8. Measure down 50-75 pips (currencies) (oil, gold, indexes 100-150) from the HOD for a potential strike zone level. (Three levels of drop. If the market exceeds that we redraw the LOD and strike zone area.)

First Green Day Chart Identification

12. 15 minute charts to scan through in your daily process
13. **MUST HAVE A DUMP DAY**
14. **MUST HAVE A DAY AFTER DUMP DAY THAT CLOSES ABOVE THE OPEN**
15. **Mark the high and low CONSOLIDATION AREA that forms a rectangle heading into the close.**
16. **Use the 5 minute charts on trade day with a 20 exponential moving average on the chart.**
17. Only take trades that confirm during your 3 hour trading session. (Asia / London / New York.)
18. The **BEST TRADES** will confirm right into the 3 hour timing windows.
19. **ENTRY** is on the **BULLISH** close across inside of the 20 ema.
20. **Our stop loss** will be placed below the 5 minute peak formation low. For most major currencies my stop loss is 15 pips. Oil, Gold, Indexes can be 25.
21. **My MAXIMUM STOP LOSS** usually never exceeds 20 pips on currencies, 25 on Oil, Gold, and Indexes.

22. PROFIT TARGET is preset to 50 PIPS. (There will be bigger and more profitable trades in excess of a 100 pips. (measured moves.)

Master Taking 50 pips Out of The Market

In the beginning I would suggest mastering the process and execution of the FRD trade setups and locking in the 50 pips. Over time as you gain your confidence and consistency with all of your trades, you will begin to identify which trades you can hold onto for more profit, scale some profits out and potentially leave a trailing position in the market to capture any further profits that are growing on the trade.

IMPORTANT TO UNDERSTAND

The thesis is that these trades should move up or explode fast in the direction of our trend. There shouldn't be any hanging around or pop up into our position. The **BEST TRADES** move strongly almost right away.

The Inside Day

An **inside day** is a two-day price pattern that occurs when a second day has a range that is completely inside the first day's price range.

The Inside Day can sometimes be a **signal of a potential large move** about to happen.

Inside day's can offer us two potential best trade setups.

1. Reversal trade

- Often one side of the inside day will trigger breakout traders into the market and then reverse (*false break*.) Trapping these breakout traders, then reversing back to the opposite side of the inside day, where stop loss orders and breakout orders can be ~~key~~ sitting at the extreme.

EURUSD inside day



XAUUSD inside day



USDCAD inside day

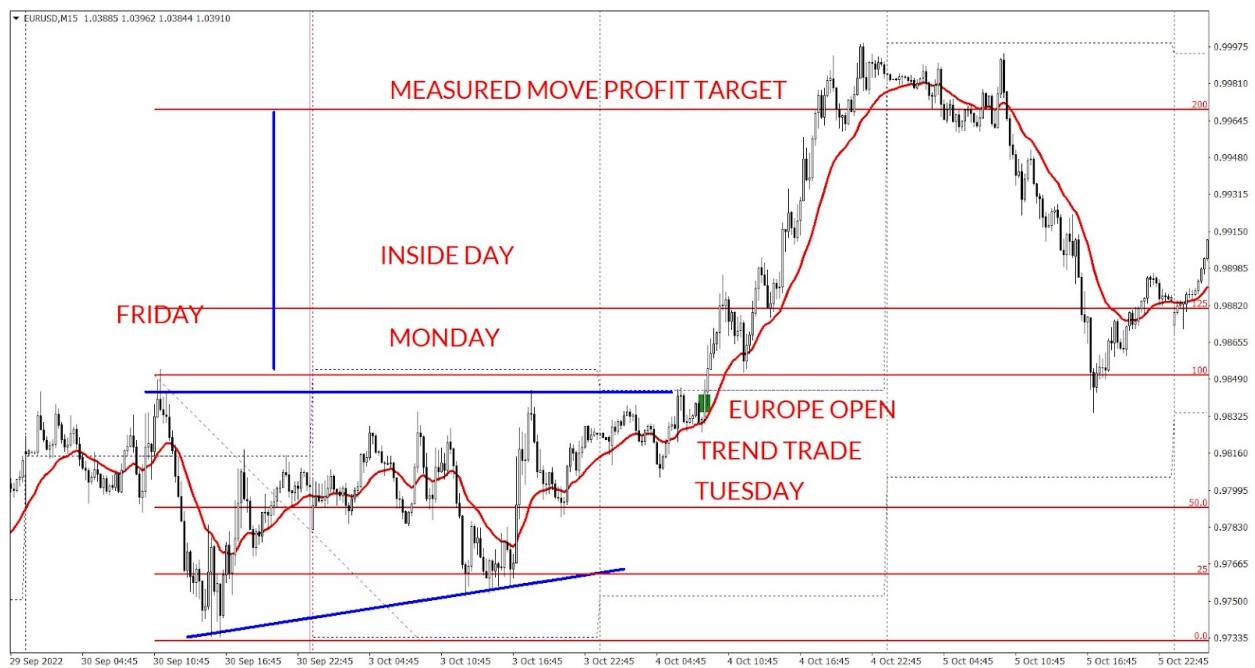


2. Trend trade

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- Continuation trade in a strong trend
- The market will coil sideways and in most cases is a continuation signal in an already strongly trending market.
- Occasionally we will see a three day reversal setup that will culminate in an inside day that explodes in a trend reversal the opposite direction the following day.

EURUSD inside day



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USDJPY inside day



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3. Double Inside Day (Rare and can be an indication of a potentially explosive move.)

XAUUSD double inside day



EURUSD inside day



Major News on the schedule CPI on Tuesday, FOMC the next day. I would avoid trading this market in the US session where the Major Red News is scheduled. I am demonstrating how the market will consolidate “inside” and trap traders in a narrow range before a potentially explosive news event.

For the purposes of this playbook I would suggest avoiding this type of market when MAJOR RED NEWS is scheduled. If a trade is taken AFTER the news, I will use the *First Bounce Trade Setup* entry. Stick to the main Best Trade Setups on days with NO MAJOR RED NEWS on the schedule for the session you are trading.

2. Second Day Trade - News Catalyst

- This is an opportunity that exists the day following FOMC or another MAJOR Explosive News Catalyst normally from the New York session.
- This can occur on other news releases but the FOMC is the most consistent opportunity.
- I consider this a “Day 2” trade in a 3 day cycle.

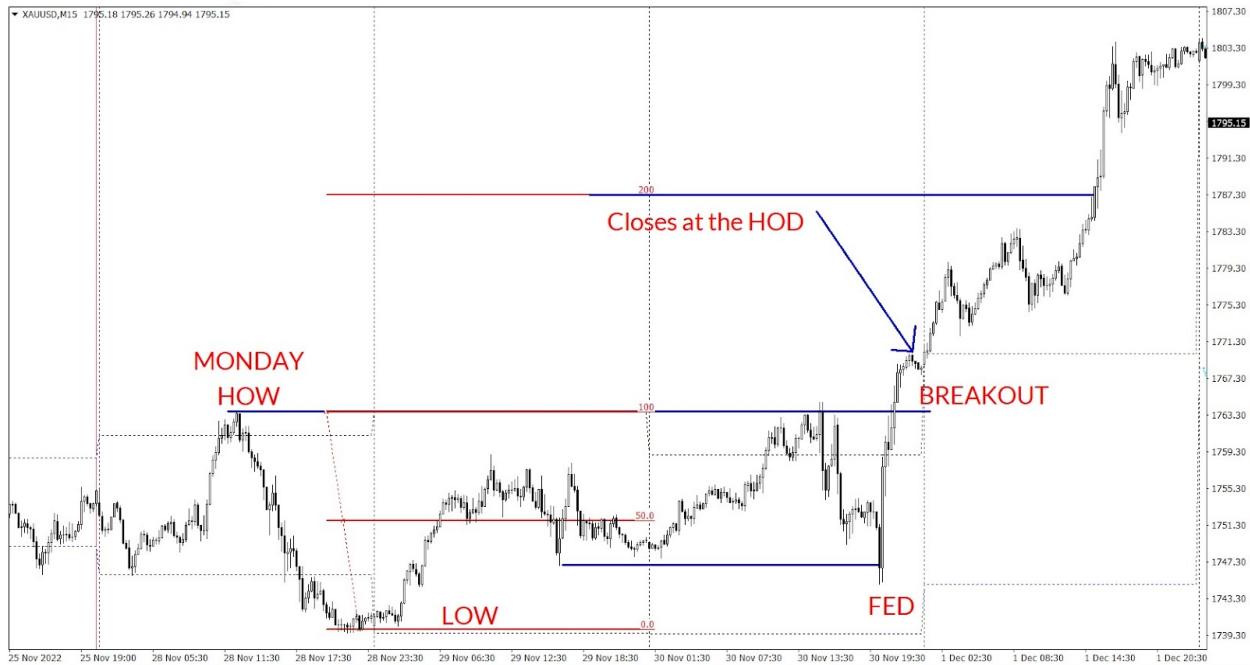
1. Continuation Trend Trade Asian Session

- SETUP DAY = Breakout of Weekly High or Low
- The market will have either had a “range expansion” breakout of a weekly high and low “rectangle.”
- This setup usually follows a very explosive unidirectional day that closes into the extreme.

Thesis: This trade was an explosive breakout that closed into the high of the day as a breakout. The momentum should carry through the next day with strength right away.

Example

15 minute SETUP DAY is a BREAKOUT



5 minute entry: High strong momentum trade that should move strongly and fast.



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If it doesn't move strong and fast almost immediately upon entering the trade, I will consider closing it immediately.



Important: This trade should move immediatley. If it doesn't I'll close it.

2. **SETUP DAY** - Failed Breakout of a weekly / daily high or low.
Must have a PEAK FORMATION

- Continuation in line with the Peak Formation - have put in a peak formation reversal on the news release and gone into consolidation into the close of the New York session. (5:00 pm New York time.)
- Setup Day is using my 15 minute charts
- Entry is on 5 minute chart with 20 ema close back inside in line with the direction of our trade.
- Max stop loss 15(-20) pips currencies, 20(-25) pips gold

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Example

15 minute Setup Day is a Peak Formation REVERSAL SETUP



The market has a peak formation that culminates in a reversal and pullback inside of the previous day's high. (**False Break.**)

It then goes into a 25 pip box consolidation into the close.

There is a “High Bull,” “Major Resistance” line on top of the consolidation.

Thesis: Looking for an Asian session HOS Short. **Peak formation False Break, LONGS are trapped.** Sell off for a move down to the low of the week. (Peak formation high through HOD that failed.) Day 2 trade back to LOW.) Now on the **backside** of the move.

5 minute entry



Another Example: USDJPY

Weekly high FALSE BREAK Reversal on FED into close.

15 minute SETUP DAY:



5 minute entry:



Reversal Trade - Traded to a high or low of the week into consolidation at the end of the New York session and gone into consolidation.

Reversal in the Asian session. Typically traders will get trapped up high or down low after “*three levels of rise or fall*,” at the end of the session in a 25 pip box sideways.

15 minute SETUP DAY



5 minute entry



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The Parabolic Trend Trade Setup “Day 0”

The Parabolic Trend Trade Setup is a Three Day Setup.

This is essentially a **Three Day Rectangle**.

Note* Traders who counter trend this market, will get blown up.
DNC = DO NOT COUNTERTREND.

We can get trend trades but ***the biggest and BEST PARABOLIC Trend Trades typically will come after a Three Day Rectangular consolidation builds up.***

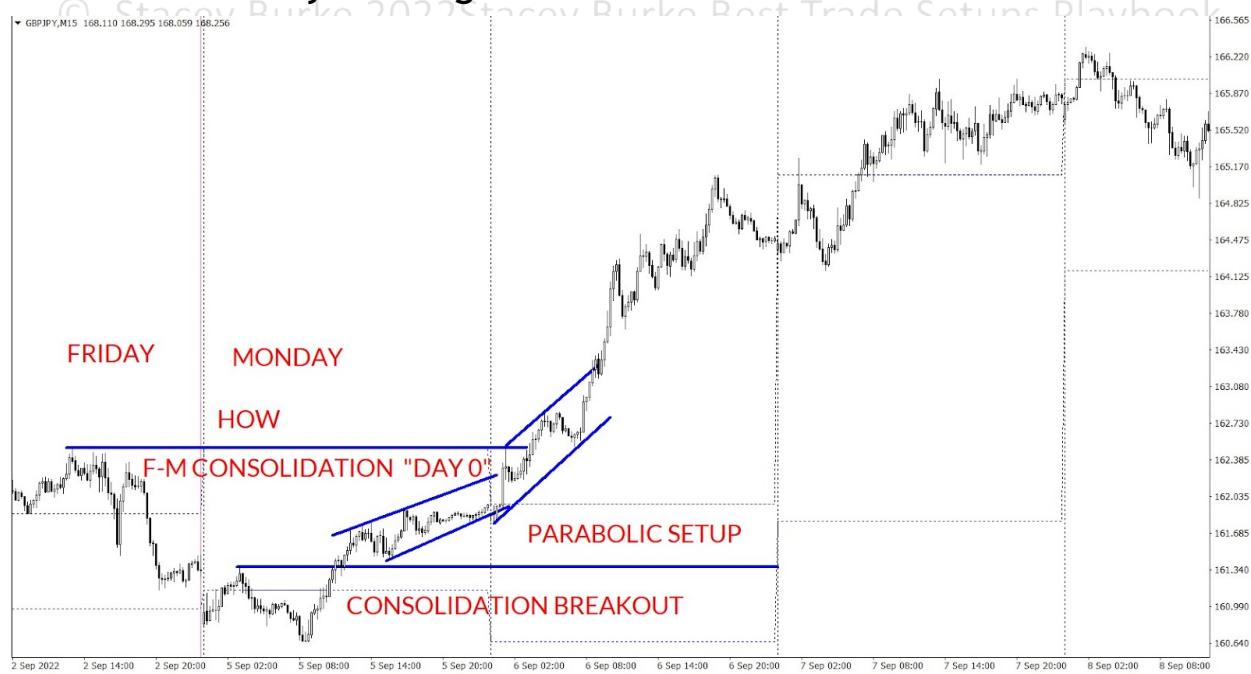
They won't all be the same size, but if we have a three day setup, these are the trades that I watch and wait for. One of these every few weeks can have a significant impact on your overall results.

A setup that has a **Three Day Rectangle** can potentially ***have a massive parabolic move.***

XAUUSD three day rectangle



GBPJPY three day rectangle



GBPUSD three day rectangle



USDJPY three day rectangle



Parabolic Session Trade Setups

Note* Can be a parabolic setup for a session trade that builds up over three sessions or more. They can be trend trades or reversal trades.

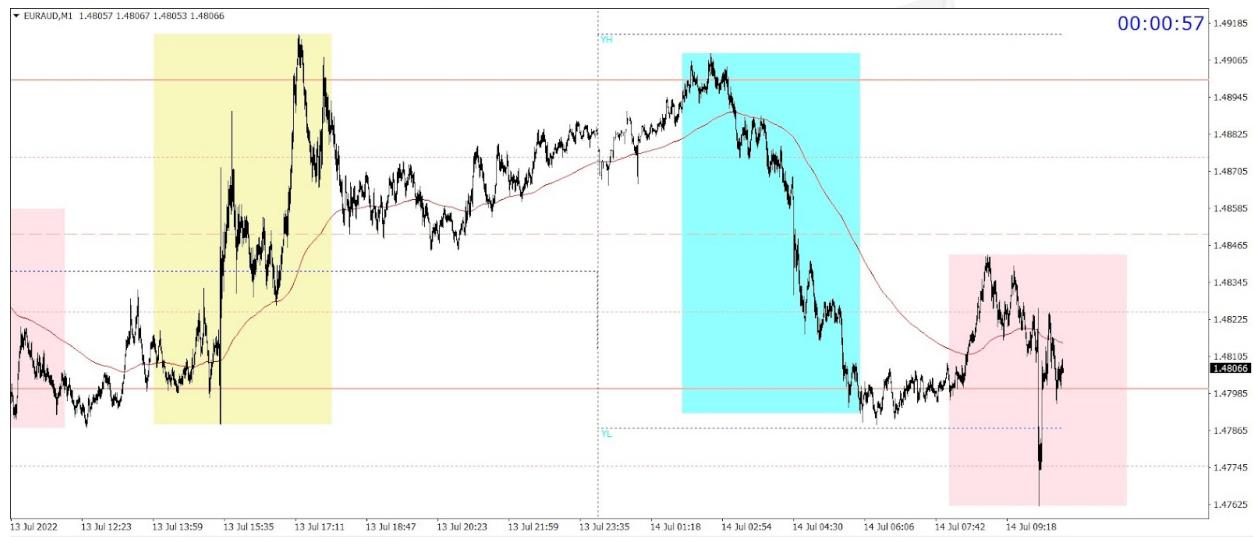
- **NO MAJOR NEWS RELEASES SCHEDULED (use First Bounce)**
- Setups are using is using the 15 minute charts
- Entry: is on a 5 minute chart with 20 ema close back inside in line with the direction of our trend trade during the timing window.
- Max stop loss: 15(-20) pips currencies, 20(-25) pips gold, oil indexes
- Profit Targets: Will vary for each setup
- Minimum is 50 pips. Others can be 75, 100 or 100+ depending on instrument and setup.
- Profit targets can be measured move 100% expansions of the high low rectangle range.

USDCAD three session parabolic trend trade



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EURAUD Asia session parabolic reversal trade



USDCHF Day 2 three session New York parabolic reversal trade



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The Parabolic Short Squeeze Setup

The Parabolic Short Squeeze is a Three Day Setup.

This is essentially a **Three Day “Dump and Pump.”**

Note* Traders who counter trend this market, will get blown up.
DNC = DO NOT COUNTERTREND.

We can get short squeezes but some of *the biggest and BEST PARABOLIC SHORT SQUEEZES typically will come after Day 3 shorts are triggered into the market.*

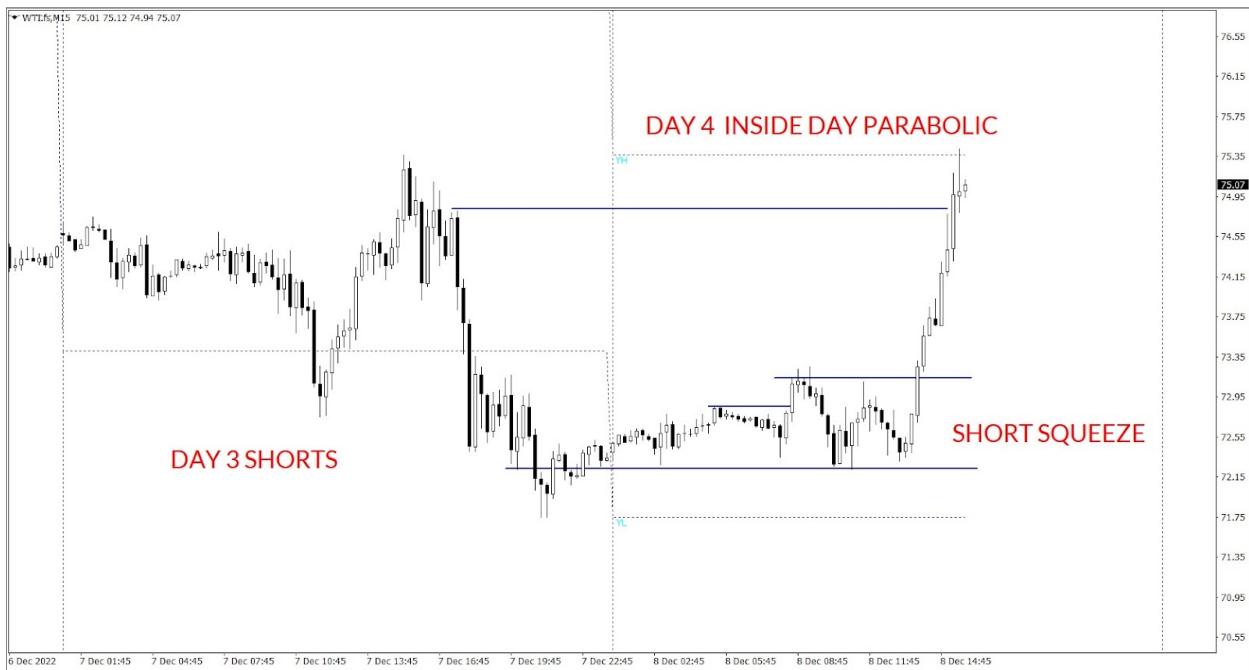
Low of week and low of the month.

They won't all be the same size, but if we have a three day setup, these are the trades that I watch and wait for. One of these every few weeks can have a significant impact on your overall results.

A setup that has Day 3 shorts in the market can potentially be a massive parabolic move.

Day 3 shorts in the market. This short squeeze reversed at the HOD, and became a Day 2. The Day 3 shorts became a reset. An even bigger Parabolic Short Squeeze came three days later.

WTI parabolic short squeeze



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Three day setup short squeeze on XAUUSD



Three day short squeeze on USDCAD



NASDAQ parabolic short squeeze



Parabolic Short Squeeze Setup:

1. **Day 3 breakout traders** shorts triggered into the market. This day should / could close as a **false break reversal day**.
 2. Creeping trend that trades back into the peak formation **LOW** on the **same or next day**.
 3. Consolidation that should engulf and give an entry in the timing window. (London, New York)
 4. **An entry can be taken by a close back inside, or sideways price action inside of the 20 ema in the timing window.**
 5. Currencies a **maximum stop loss** of 20 pips (or smaller.) Gold, oil, indexes can be 25.
 6. **Profit Target** can vary from 50 pips to 250 pips or more depending on the instrument and the setup.
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7. **NOTE: If there is Major Red News scheduled for the session that is potentially giving the entry signal, I will look to trade the *First Bounce Entry*.**

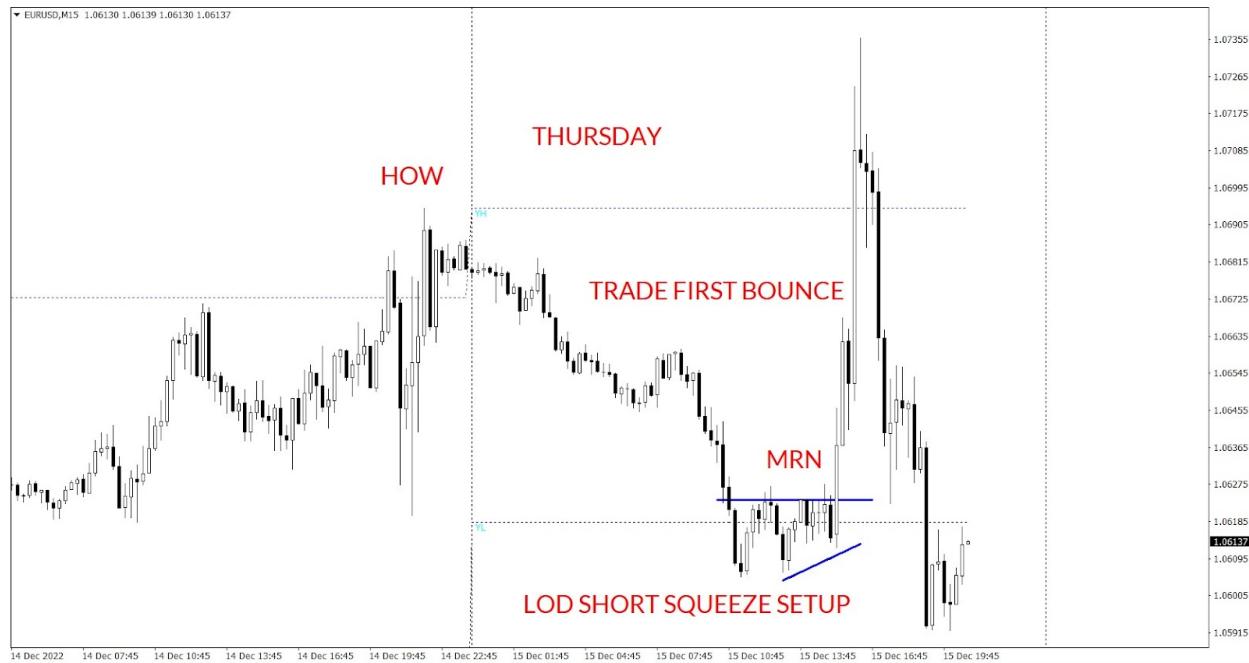
USDCHF



5 minute entry



EURUSD Session Short Squeeze



First Bounce Entry AFTER MRN release:



Low Hanging Fruit (LHF) “Trend Continuation”

Low Hanging Fruit

“A *thing or person that can be won, obtained, or persuaded with little effort.*”

The “Low Hanging Fruit” (LHF) trade, is a trend continuation trade. This setup will coincide with a market that has already broken down from the HOD or broken out from the LOD in the previous session.

The LHF is the pullback continuation in the direction of the existing move. Often this will be the last leg of the move as it is further away from where the original move started, but it is a continuation of the existing move.

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This is a “bread and butter,” type of trade. It may not have a lot of juice to go very far, typically 25-50 pips, but it usually is a high probability, “easy,” “low stress,” continuation trade for that session.

My goal is to look for easy, high probability trade setups. If the market is going to give me some “low hanging fruit,” I am going to take it!

Some days this may be the easiest, cleanest and simplest trade setup in my session. I can take that trade and be done in one hour with “no stress,” and get paid.

There is ***NO Major Red News*** scheduled on the calendar and the market should just trade with no unexpected volatility.

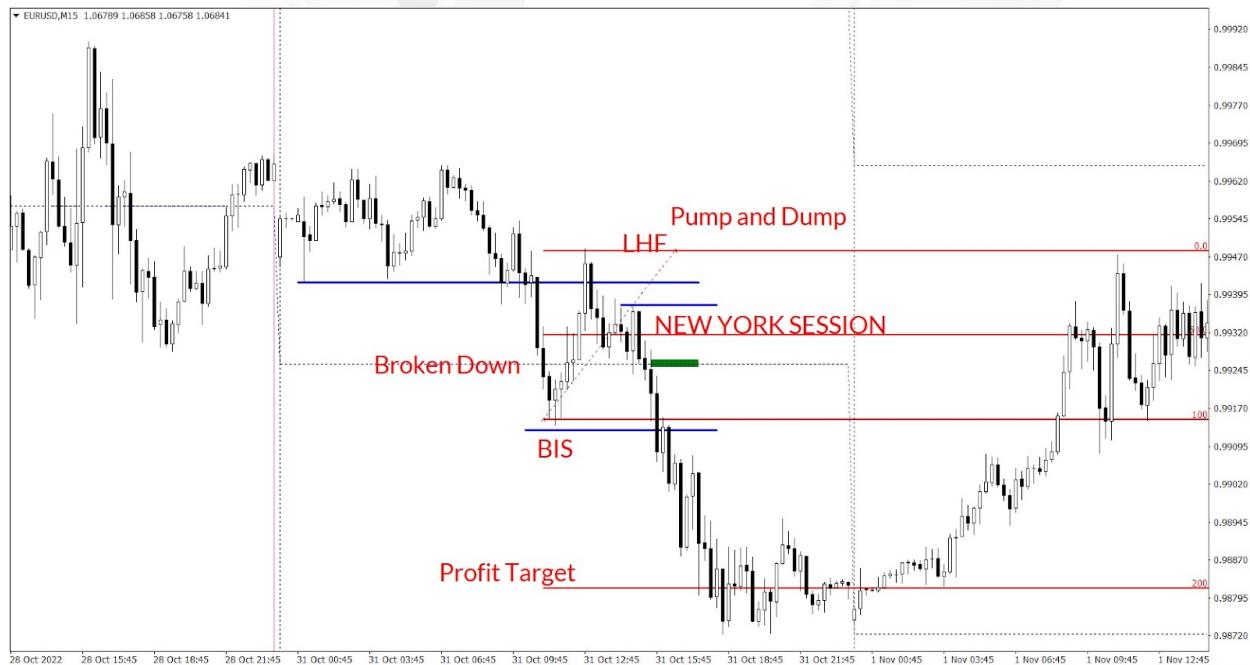


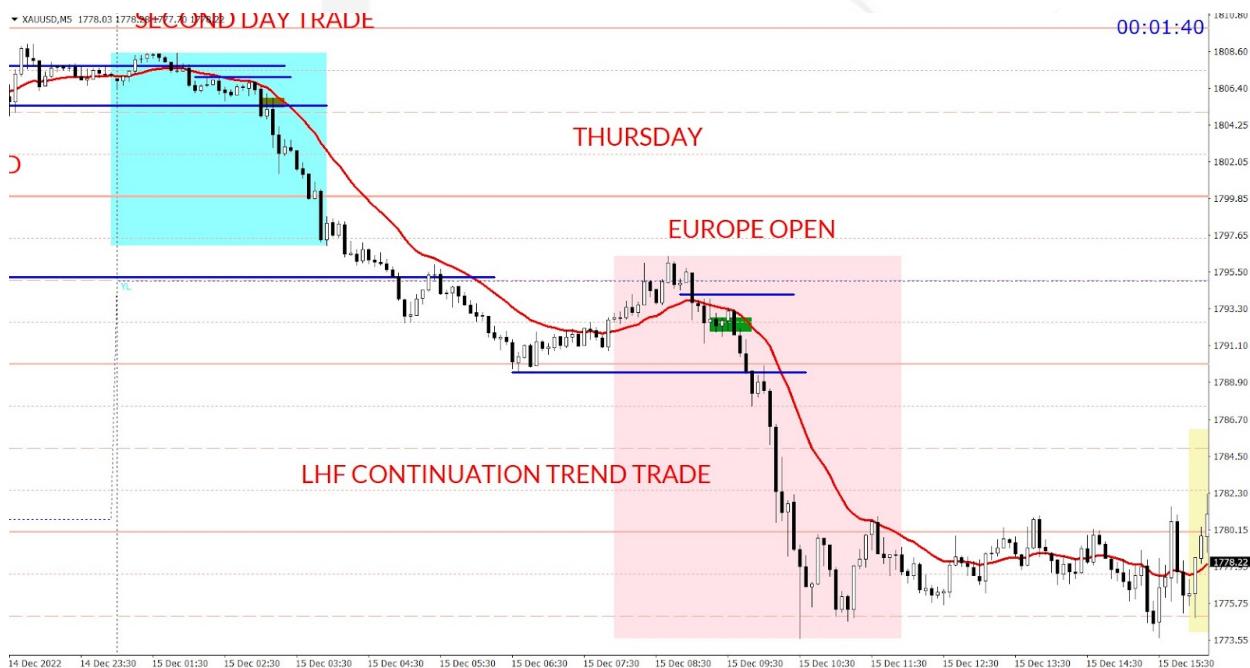
Low Hanging Fruit Trade Setup

Note: No Major Red News on the calendar in that session. If there is MRN the trade MUST be taken AFTER the news.

1. Already broken down or broken out in a previous session.
“Trending”
2. This trade setup in the session is a **“Pump and Dump,”** for selling. Or a **“Dump and Pump,”** for buying.
3. 15 minute chart for setup.
4. 5 minute chart for entry with a close back inside of the 20 ema.
5. Stop loss maximum of 20 pips (or less currencies.)
6. Profit target (25-)50 (100) pips (will vary for different instruments.)
7. I will expect a 15-30 minute **“Pump”** 25-50 pips into the trend before entry for SELLING. I will expect a 15-30 minute **“Dump”** 25-50 pips into the trend before entry for SELLING. Occasionally it may be 30-45 minutes.

8. If the market is moving down, measure 25-50 pips ABOVE the LOD. If the market is trending up measure 25-50 pips BELOW the HOD. This is the potential “**STRIKE ZONE**,” levels for where the trade may reverse on the “pullback,” or “stop hunt,” into the trend before giving us our entry.
9. This is the Peak Formation into the trend before resuming the move.







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First Bounce Entry

News Catalyst Momentum Trade Setup

Note:

MUST have a 15 minute setup heading into the news. The trade setup MUST be in place to be taken as a normal trade. If there is no 15 minute setup (ie. FRD, Parabolic Trend trade, Short Squeeze etc.)

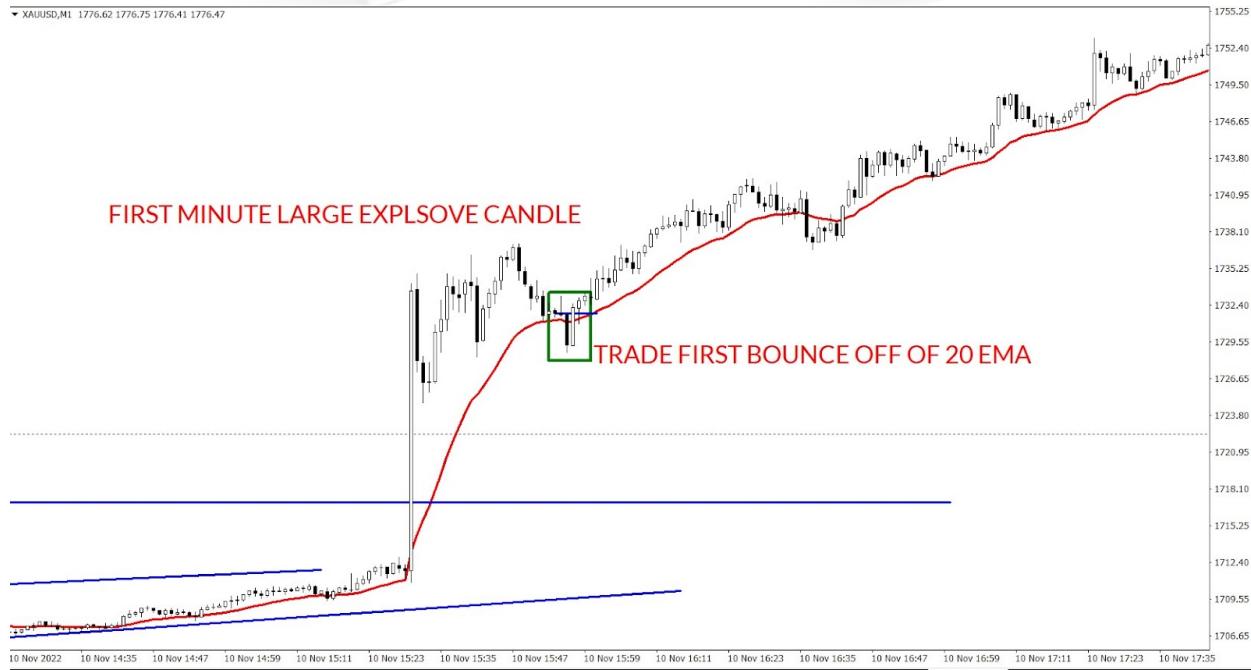
I will NOT TAKE THIS TRADE if there is NO TRADE SETUP on the 15 minute chart.

1. **MUST have a 15 minute trade setup. (Three Days, Three Sessions etc.)**
2. **Major Red News on the calendar prevents this trade from being taken normally. (CPI, NFP, NF ADP, GDP)**
3. Typically takes 15-30 minutes for the **First Bounce**
4. The news must have an explosive effect in the direction of the original 15 minute trade setup.
5. **The ENTRY MUST be BELOW the HIGH if going LONG, or ABOVE the LOW if going SHORT.**
6. Entry is taken on the bounce into the 20 ema on the 1 minute chart.
7. Stop Loss is placed at the most recent swing low (buying) / high (selling). Maximum STOP LOSS is 20(-25) pips. (15)
8. **This is a MOMENTUM trade acting on the news catalyst. It should continue to move strongly almost immediately. If it auctions against me, or does NOT follow through almost right away, I will NOT WAIT TO GET STOPPED OUT, I WILL CUT THE TRADE IMMEDIATELY.**

9. Profit Target - 50 pips (Minimum). (Depending on instrument and 15 minute setup 100+)

XAUUSD First Bounce AFTER CPI







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An exception to this is a Three Day Parabolic Trend Trade Setup. The first minute allowed us an entry into this Three Day Trade Setup.

This is an early entry. This is not a very common opportunity on High Impact News.



Putting It All Together

“Every battle is won or lost before it’s ever fought”
– Sun Tzu

Watch The Video In The Accompanying Course File

Failed Breakouts - Ask yourself who is in the market? Any breakout traders? Where are their stops? (Other Time Frame Traders)

What scalable trade setup am I taking?

It's not about being right or wrong Preparing / Planning / Executing

What is the Day Count? (Breakout traders or Three Day Setup?)

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Entry

Risk Management

Preset Profit Target - I don't change my mind
Exiting a trade that isn't behaving as it should

Staying Emotionally Oriented

Focusing on Flawless execution of BTS

Understanding who is trapped? Who is underwater? (Longs or Shorts?)

How to identify your “strike zones.” (Three levels of rise or fall)

Understanding False Breaks - Where are the stops? \$\$\$\$\$ (HOD / LOD)