

ENTRY CONFIRMATION /CRITERIA

3M TRADING

SPENNYFX

- There are 4 main components to analyzing a market and properly executing a trade.
- **Structure** (helps use create a bias for the market, bullish or bearish)
- **Supply and Demand zones** (helps us pick areas we expect to see bullishness or bearishness from)
- **Entry Confirmation** (specific things we need to see in the supply and demand zones in order to enter a trade)
- **Trade Management** (the strategy of managing your profits/losses once you have entered a trade)
- This section will go over the third step, Entry Confirmation

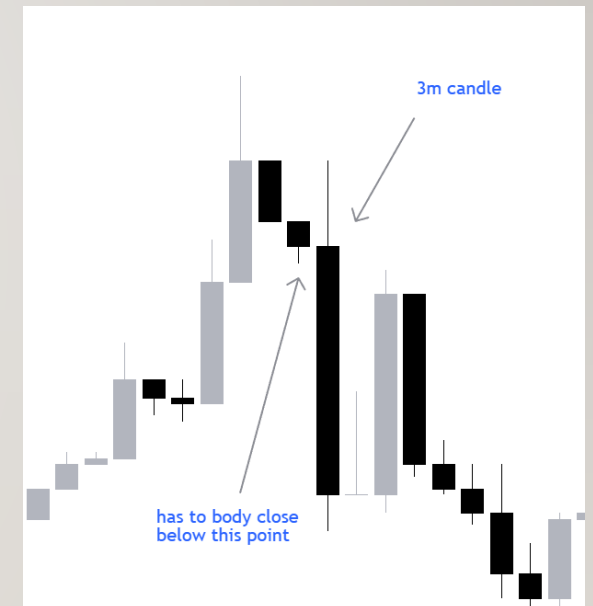


3M CANDLES

BULLISH

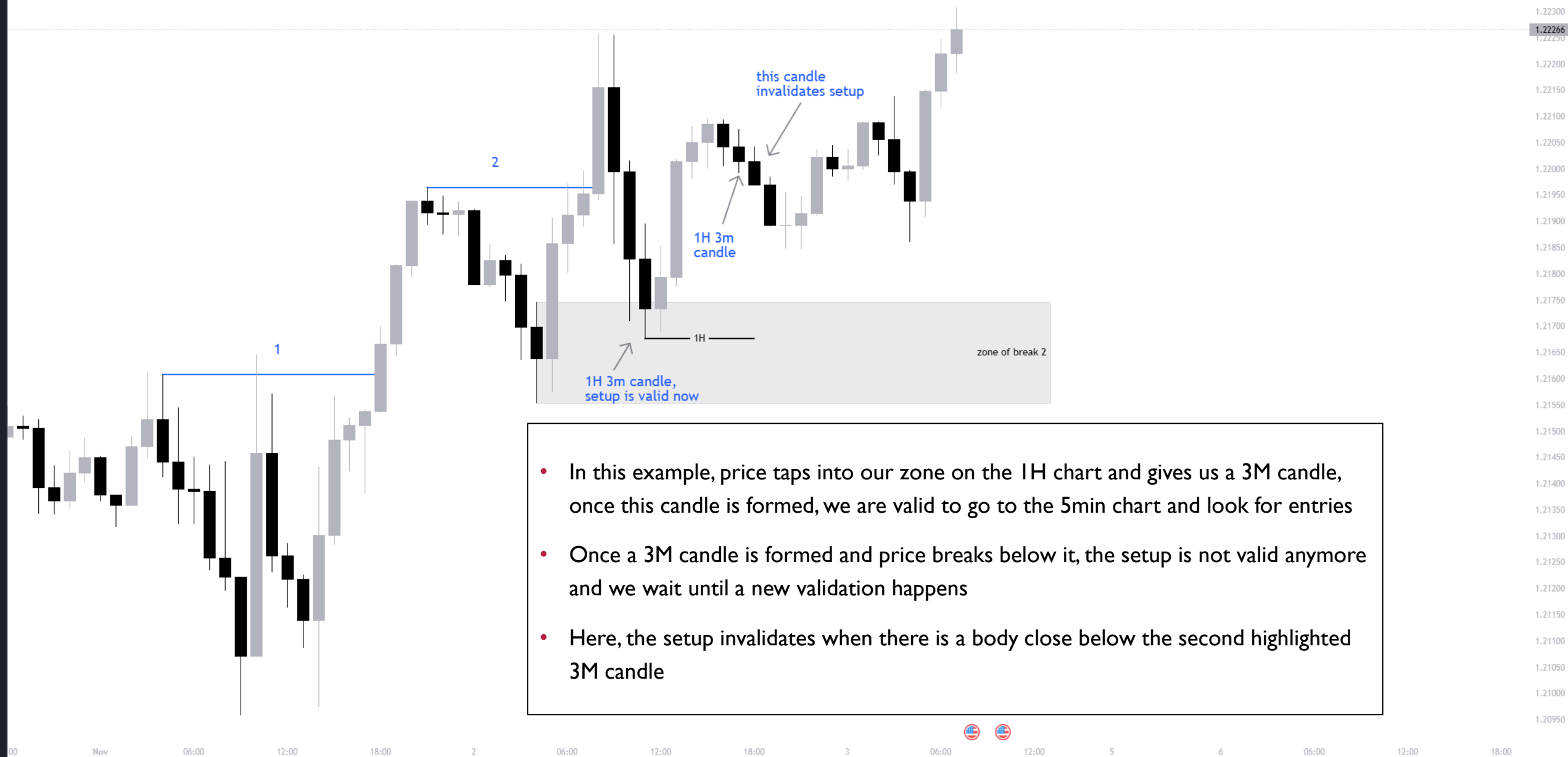
BEARISH

- 3M candles are an extremely important concept in this strategy and play a huge part in the workings of this system
- A bullish 3M candle is a candle that opens within the range of the previous candle, wicks below it, and then closes within the range or above the previous candle
- A bearish 3M candle is a candle that opens within the range of the previous candle, wicks above it, and then closes within the range or below the previous candle
- This is a very important concept moving forward



IH CONFIRMATION

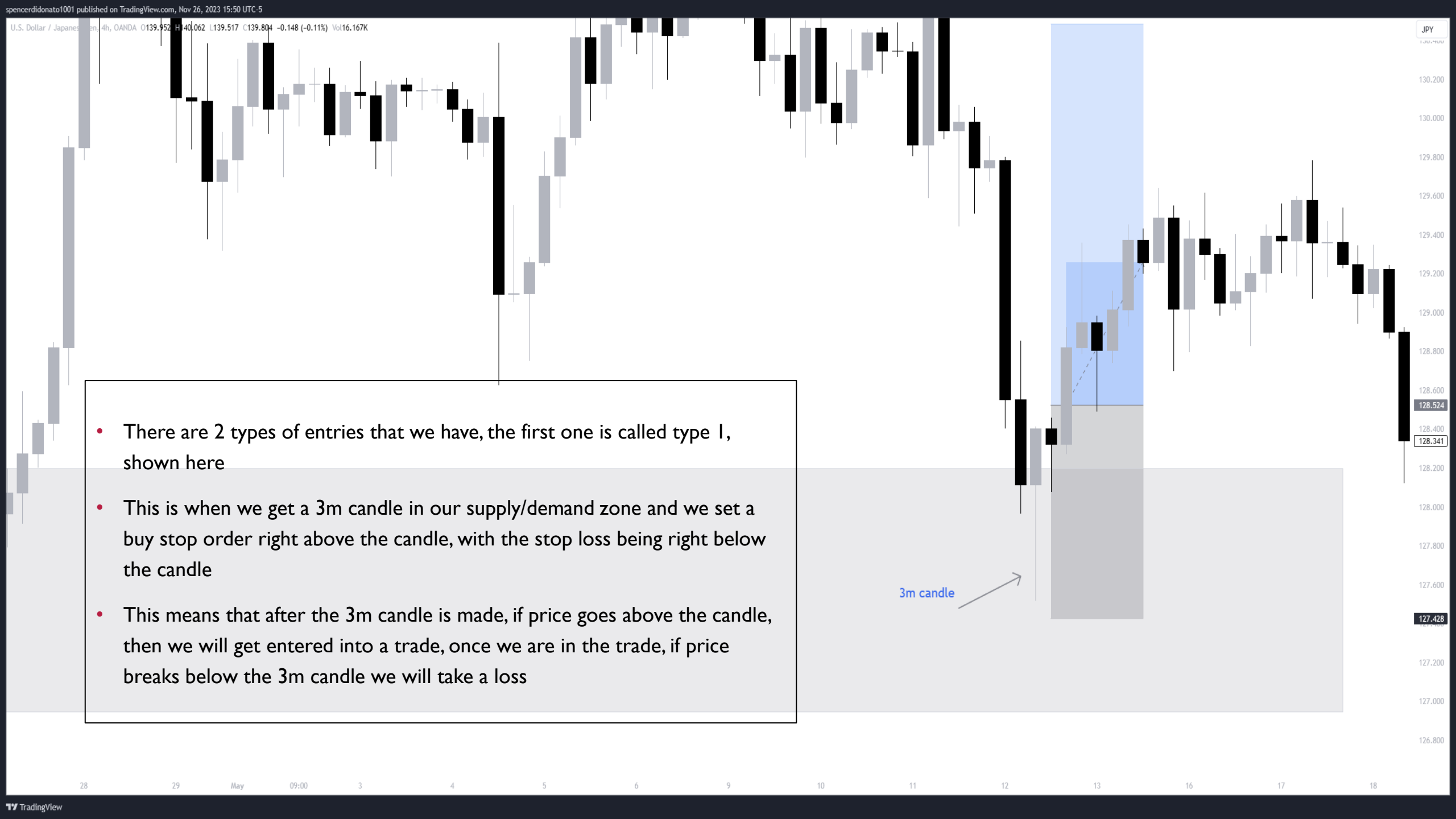
- The first thing we look at to determine if we are valid to enter a trade is what we call the IH validation/invalidation
- We use the 5min timeframe to enter trades, however we will not look at the 5min chart unless the IH chart is valid
- In order for the IH chart to be valid, it has to tap into a supply/demand zone that we have targeted, and then give us a 3M candle. Once that happens, the bottom of the 3M candle acts as the protected high/low which price should not breach
- Once the IH chart is valid, it stays valid until price breaks above/below a 3M candle
- Examples on the next slide



- In this example, price taps into our zone on the 1H chart and gives us a 3M candle, once this candle is formed, we are valid to go to the 5min chart and look for entries
- Once a 3M candle is formed and price breaks below it, the setup is not valid anymore and we wait until a new validation happens
- Here, the setup invalidates when there is a body close below the second highlighted 3M candle

- Once the IH chart validates a setup that we have mapped out, we do not just instantly enter a trade on the 5 min, we wait for a 5 min entry confirmation to occur
- The first confirmation we need is for price to be in the correct model, models were explained in the structure section
- If we are bullish on a chart, price needs to either be in an accumulation or reaccumulation model for us to enter a trade. That means that the most recent break could have been a bearish one, but we will still take a buy as long as we are in a reaccumulation model
- If we are bearish on a chart, price needs to either be in a distribution or redistribution model for us to enter a trade. That means the most recent break could have been a bullish one, but we will still look to take sells as long as we are in a redistribution model
- The second confirmation we need is to get a 5 min 3M candle in the supply or demand zone

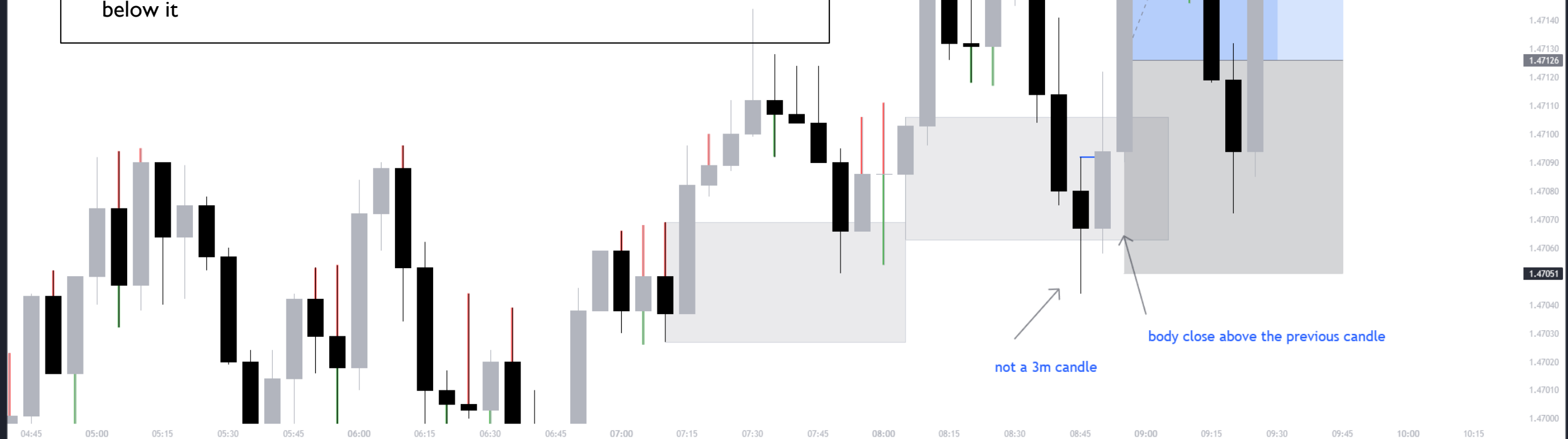




- There are 2 types of entries that we have, the first one is called type I, shown here
- This is when we get a 3m candle in our supply/demand zone and we set a buy stop order right above the candle, with the stop loss being right below the candle
- This means that after the 3m candle is made, if price goes above the candle, then we will get entered into a trade, once we are in the trade, if price breaks below the 3m candle we will take a loss

3m candle

- The second entry is a type 2 entry, this is when you have a supply/demand zone that you are waiting for price to tap into, but you do not get a 3m candle
- In this case, you wait for a candle to give a body close above the previous candle and then place your buy stop on that candle
- Here, the black candle comes deep into the zone, but is not a 3m. The grey candle's body closes above the black candle so in this case we are good to place a buy stop right above the grey candle with the stop loss being right below it



- **Note: The timeframes we look at are our preference and this strategy could be replicated on any timeframe**
- Those are the basics of our entry criteria and how we get the green light to enter a trade. This topic does go more in depth, but we are happy to help anyone in the private group with any further questions.

