THE FMC ESSENTIAL GUIDE TO PRICE ACTION TRADING

LEARN THE EASIEST STRATEGIES THAT WILL KEEP YOU PROFITABLE FOR REST OF YOUR TRADING LIFETIME WITHOUT INDICATORS

Tshinavhe .A

________________ DESCLAIMER ________________

Trading foreign exchange on margin carries a high level of risk, and may not be suitable for all investors. Before deciding to trade foreign exchange you should carefully consider your investment objectives, level of experience, and risk appetite.

The possibility exists that you could sustain a loss of some or all of your initial investment and therefore you should not invest money that you cannot afford to lose. You should be aware of all the risks associated with foreign exchange trading, and seek advice from an independent financial advisor if you have any doubts.

Past results as represented in testimonials are not necessarily indicative of future results or success. Forex trading involves significant risk of loss and may not be suitable for all investors.

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CHAPTER 1:

Risk management in price action trading is much like risk management in any other style of trading; the same basic rules apply:

1. Know your maximum risk tolerance, i.e. the loss you are willing to take on each trade,

before you place the trade. A common rule is that traders will not put more than 2% of their funds in the market at a time.

2. Understand correlation between assets, and to what extent you would like to be diversified.

3. Know when you will exit before you enter.

4. Know your reward/risk ratio.

5. Identify what you expect to happen and why, and what price point negates that expectation.This is the price point at which you should put your stop.

**Of course, with risk management, techniques are important, but, ultimately, it is up to the trader to ensure they are psychologically prepared for all that is involved.

Even if a trader is using a fully automated system, he/she must still have confidence in the system, and must know when any losing streak experienced is just a temporary losing streak versus a more fundamental problem suggesting the system is no longer valid.

In terms of actual techniques, there are a few concepts traders can bear in mind:

1. Enter at support/resistance levels, or levels that suggest turning points in the market
2. Put your stop loss between such levels, or at points where there is no real signs of a forcethat will cause a change of direction in the market.

Basically, traders want to enter at turning points. Levels between turning points, “empty zones,” of

sorts, are where stops can be put as they are where ideas are often disproved.

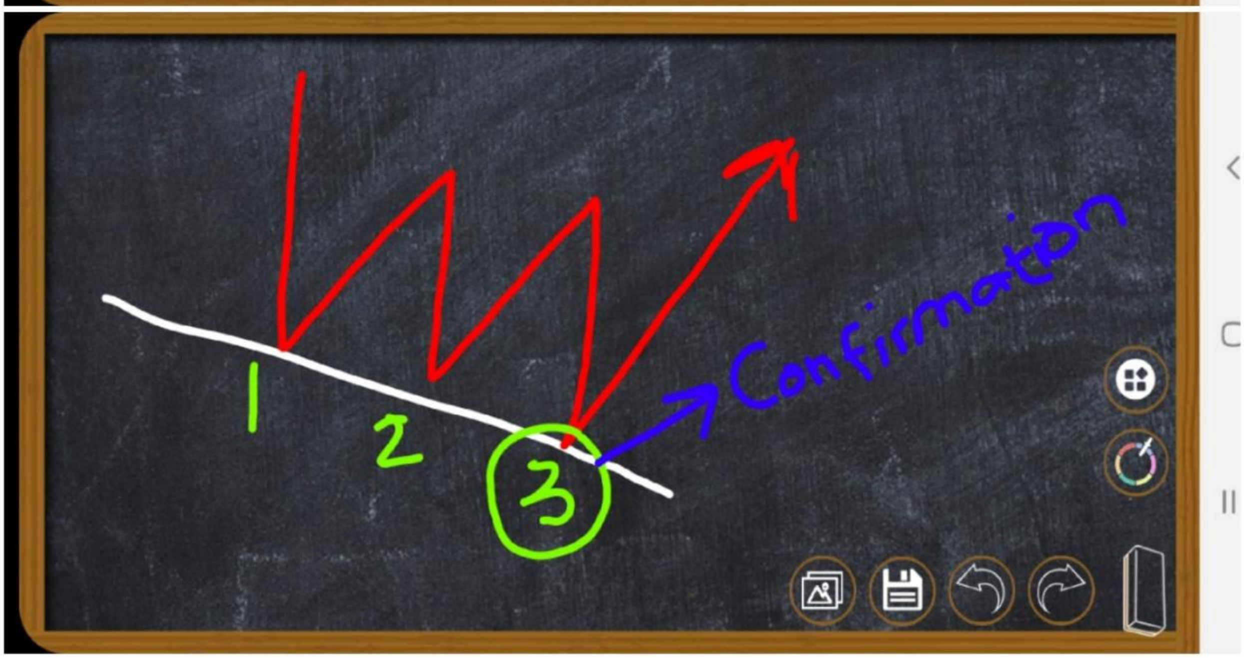
For example, if you entered a trade at a support level expecting price to rally, you could place your stop at a level sufficiently below the support level you entered at, provided it was not a support level as well.

In this case, if the stop was hit, it would suggest your initial thesis behind the trade was not valid.

CHAPTER 2:

Divergence is when the price of an asset is moving in the opposite direction of a technical indicator, such as an oscillator, or is moving contrary to other data. Divergence warns that the current price trend may be weakening, and in some cases may lead to the price changing direction.

There is positive and negative divergence. Positive divergence indicates a move higher in the price of the asset is possible. Negative divergence signals that a move lower in the asset is possible.



As indicated on the diagram above ..... we only enter our Trades on the 3rd touch when using divergences as part of Our confirmations.

Practical examples of the Bullish Divergence

THE ABOVE CHART SHOWS THE LLAST PRACTICAL EXAMPLE OF A BULLISH DIVERGENCE.

Practical examples of the Bearish Divergence

THE ABOVE CHART SHOWS THE LAST PRACTICAL EXAMPLE OF A BEARISH DIVERGENCE.

CHAPTER 3:

Sub topic : How to draw a valid Trendline.

What Is a Trendline?

Trendlines are easily recognizable lines that traders draw on charts to connect a series of prices together or show some data's best fit. The resulting line is then used to give the trader a good idea of the direction in which an investment's value might move.

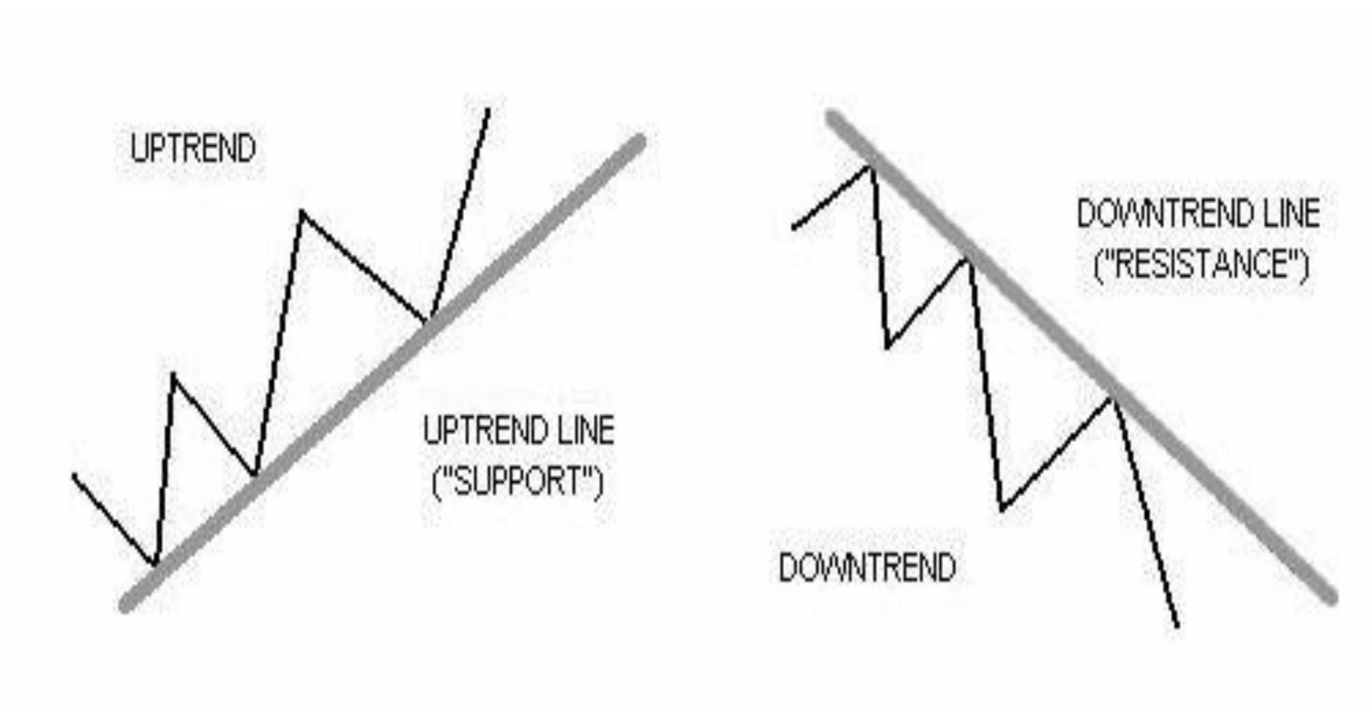
What Do Trendlines Tell You?

The trendline is among the most important tools used by technical analysts. Instead of looking at past business performance or other fundamentals, technical analysts look for trends in price action. A trendline helps technical analysts determine the current direction in market prices. Technical analysts believe the trend is your friend, and identifying this trend is the first step in the process of making a good trade.

We'll focus only on two types of trends named :

- Upward trend
- Downward trend

<u>A Theoretical example of an Uptrend and a Downtrend.</u>



<ins>Note this :</ins> We always Use the 3rd touch to Enter the Trade … Whether its a divergence or a trendline … i will show you some few examples on how to Trade the trendlines using the 3rd Touch Confirmation strategy.

Trading the trendline using the 3rd touch confirmation strategy .

Example no.1

<u>Example no.2</u>

<u>Example no.3</u>

Exampleno.4

Those were the successful trades which i personally took a while ago using the 3rd touch confirmation strategy ....

CHAPTER 4: (ORIGIN OF FMC TECHNICAL PART1 STRATEGY)

Trading the divergences combined with the trendlines

Example no.1

Example no.2

Example no.3

Exampleno.4

If you can take a look on the above examples .. i have identified the bullish and bearish divergences using the arrows and digits: just a Recap we always enter on the 3rd Touch.

For Buy Trades we use :

Bullish divergence + Upward Trendline

For Sell Trades we use :

Bearish divergence + Downward Trendline

CHAPTER 5:

How to trade the divergences combined with the Horizontal support and resistance.

A diagram showing the examples of support and resistance .

Note : The Bearish and Bullish divergences Usually forms on the Untested Support and Resistance, but sometimes they get get formed on the Verified support and Resistance.

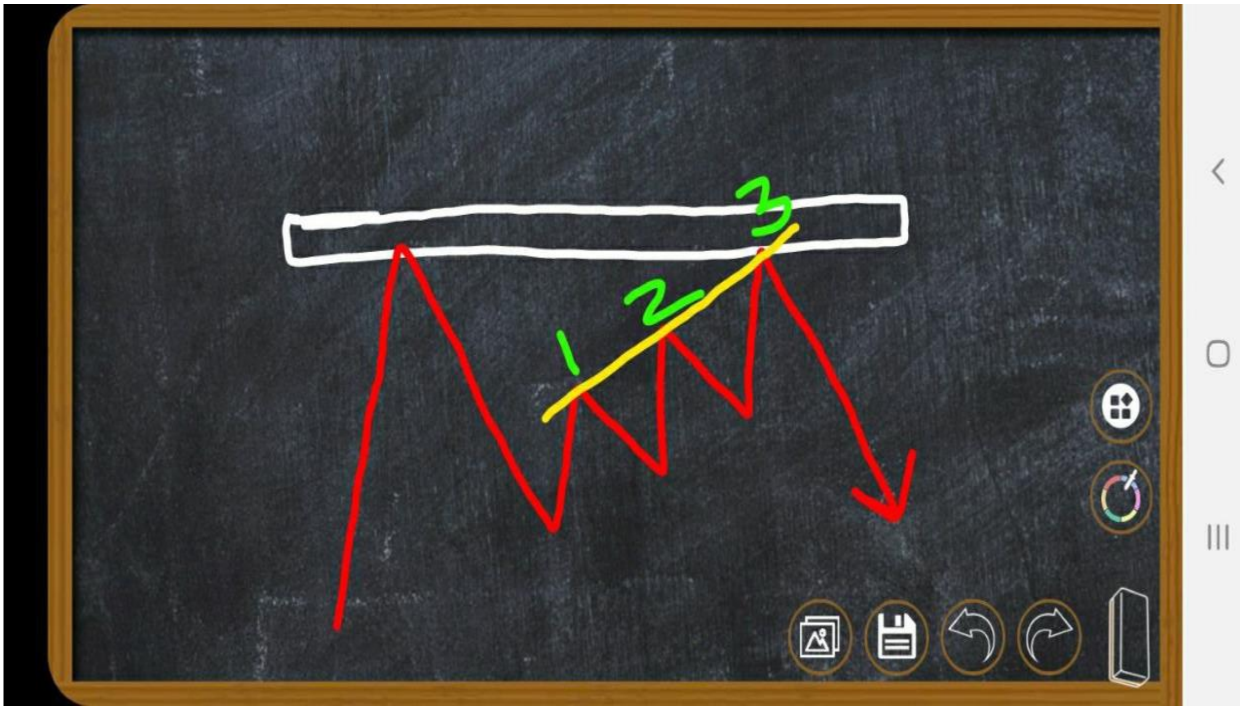
A Theoretical example of a bullish divergence + Support area.

Note : We always Enter a buy trade / Execute our trades on the 3rd touch.

A practical Example (1) of a bullish divergence + a Support area.

A practical example (2) of a bullish divergence + Support area.

A Theoritical example of a bearish divergence + Resistance area.



Note : we always take a Sell trades /execute at the 3rd touch.

<u>A practical example (1) of a bearish divergence + a Resistance area.</u>

Note this :: Note that live charts will not always be identical to theoretical or textbook pictures.

That's why it's important to know these patterns very well so that you can spot them no matter how they come.

<u>A practical example (2) of a bearish divergence + a Resistance area.</u>

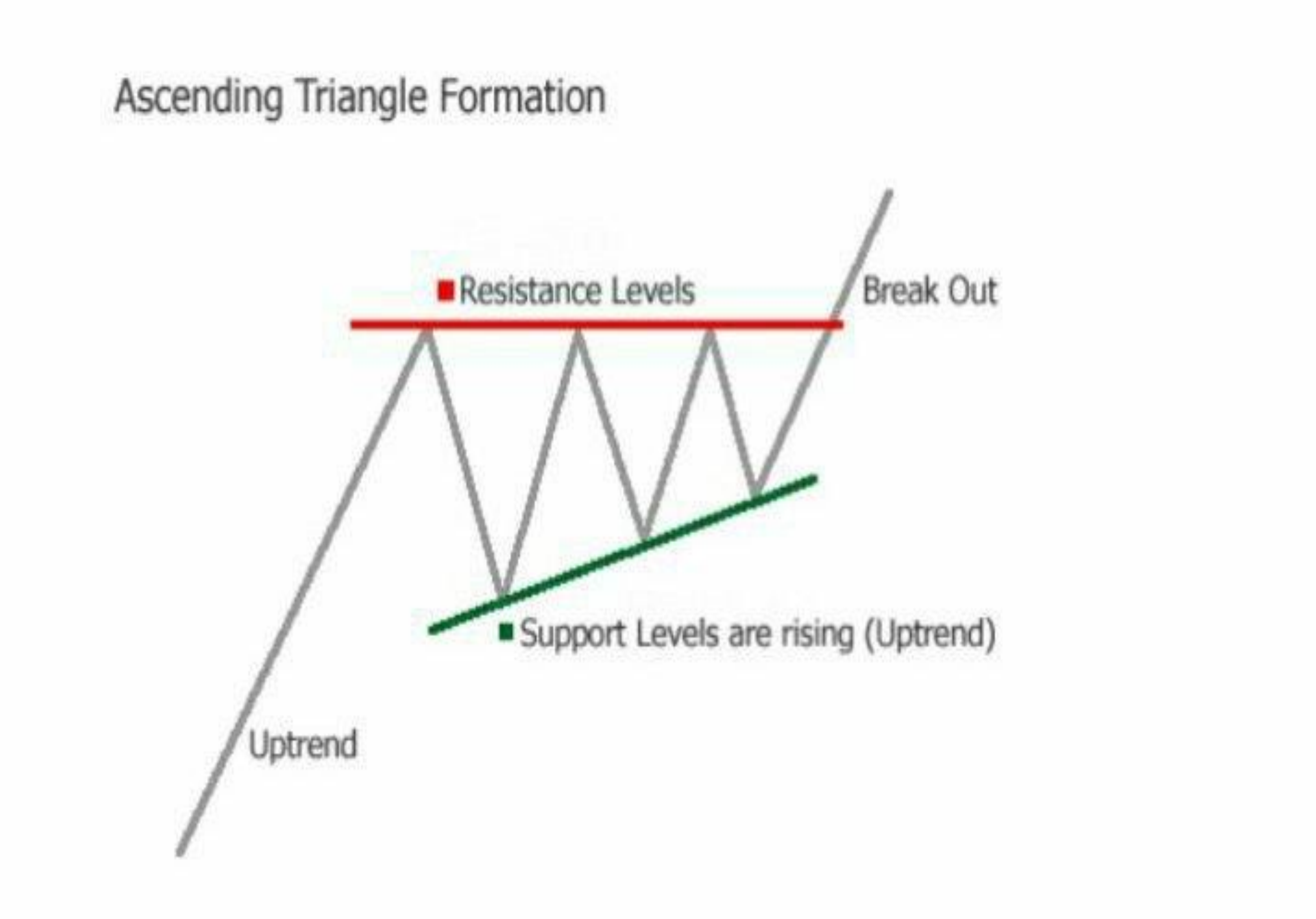
<u>Below are the trades which i took using the divergences (bullish and bearish) and the zone (Support and resistance).</u>


Australian Dollar / U.S. Dollar · 4h · FXCM
0.70389 -0.00277 (-0.39%)
USD
0.7300
0.7250
0.7200
0.7150
0.7100
0.7038
0.7000
0.6950
14
21
Oct
12
19
26
Nov
1D 5D 1M 3M 6M YTD 1Y 5Y All
13:22:32 (UTC+2)
% log


AUDUSDm, H4
0.71195 0.71273 0.71121 0.71126
9 Sep 08:00
21 Sep 08:00
1 Oct 08:00
13 Oct 08:00
23 Oct 08:00

CHAPTER 6:

A Theoritical example of an Ascending Triangle



Is Ascending Triangle Pattern Bullish Or Bearish?

It is considered a bullish continuation pattern in an existing uptrend. So when you see this forming in an uptrend, expect a breakout to the upside.

However, it can also be a strong reversal signal (bullish) when you see it form in a downtrend.

The above diagram shows Practical example of an Ascending triangle as a continuation pattern.

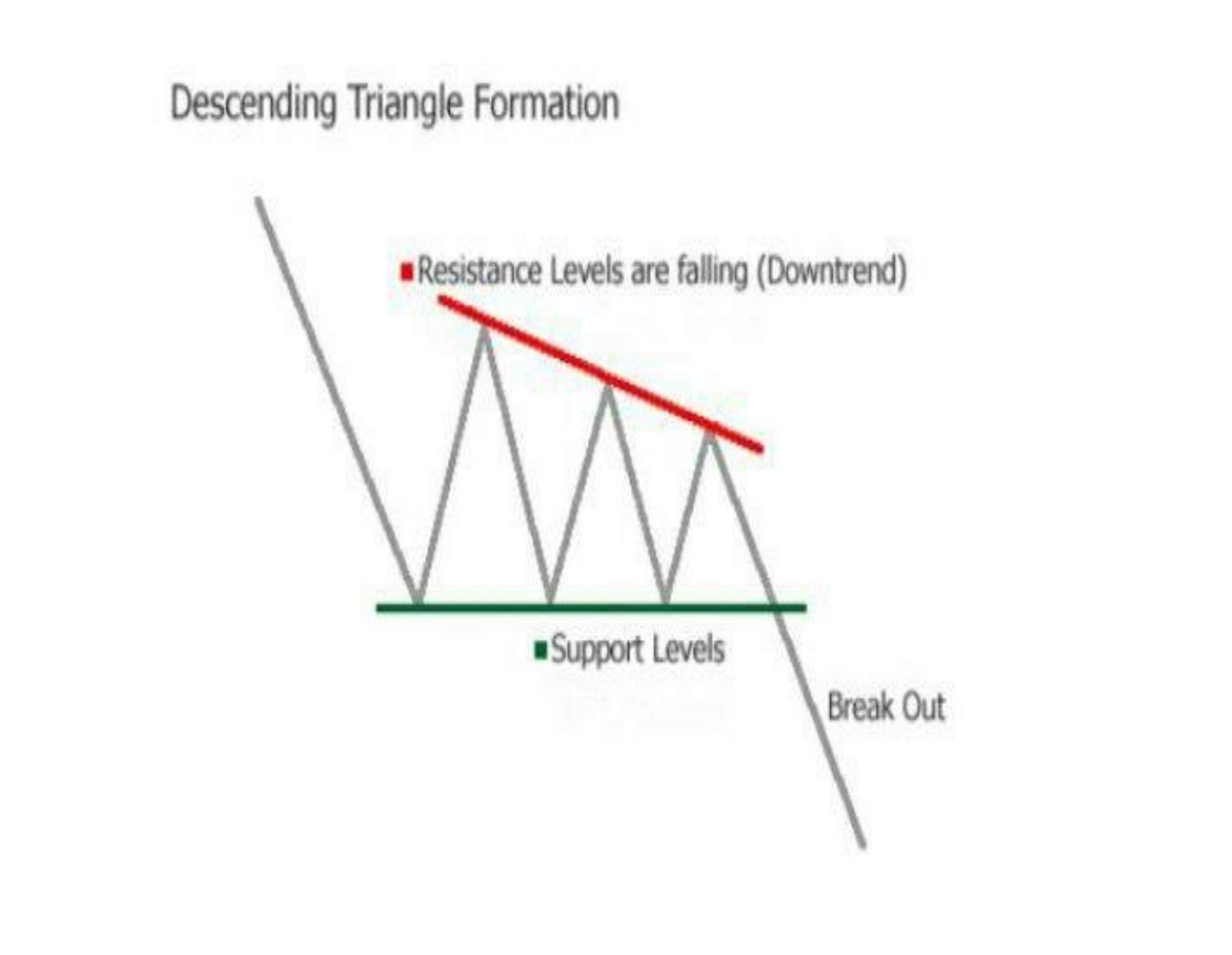
A Practical example of an Ascending triangle as a Reversal pattern.

Descending Triangle Chart Pattern

Important things to note about the descending triangle chart pattern:

The descending triangle chart pattern is characterised by a descending resistance levels and a fairly horizontal support levels converging to a point until a breakout happens to the downside as shown below:

<u>A Theoritical example of a descending triangle.</u>



Is Descending Triangle Pattern Bullish Or Bearish?

It is a bearish chart pattern that forms in a downtrend as a continuation pattern.

However, this pattern can also form as a bearish reversal pattern at the end of an uptrend.

Therefore regardless of where it forms, it’s a bearish chart pattern.

How to Trade The Descending Triangle Formation

Similar to the other 2 triangle patterns, you can either trade the initial breakout or wait to see if price reverses back to test the broken support level and then sell.

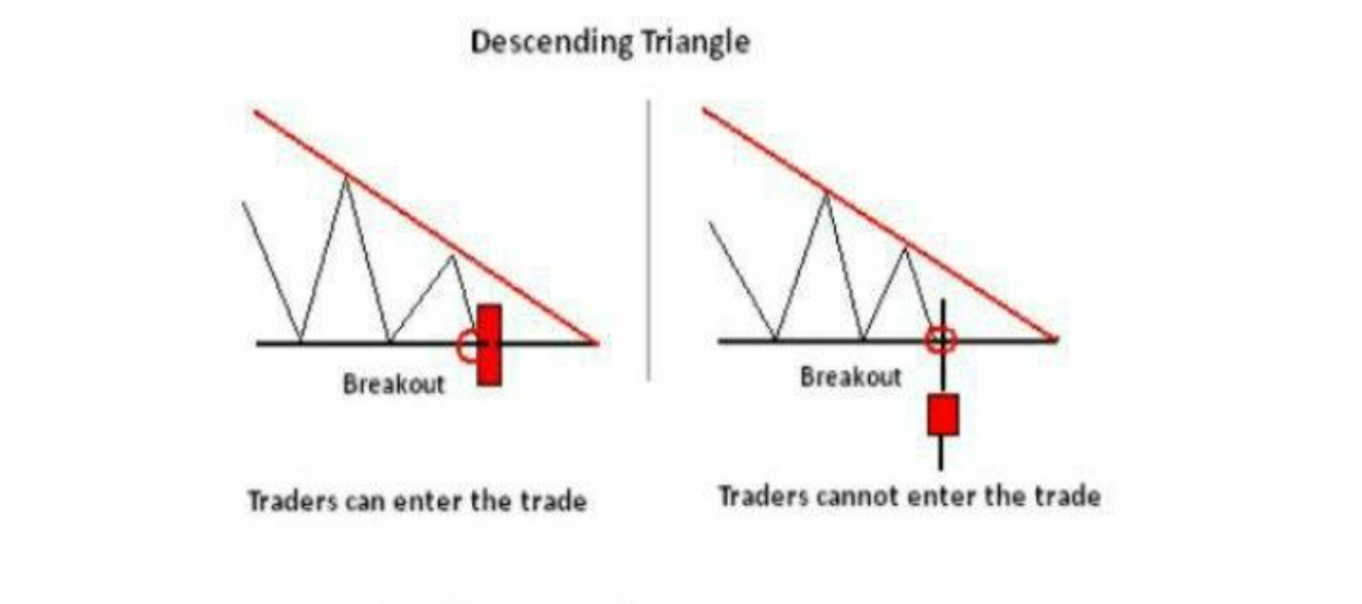
A Practical example of a Descending triangle as a continuation pattern.

A Practical example of a Descending triangle as a Reversal pattern.

Note: with a triangular pattern, I often prefer to wait for a candlestick to breakout and close outside of the pattern before I enter a trade. This helps to reduce false breakout signals.

But there will be times when I will just trade the breakout with a pending sell stop order just a few pips under the support level to catch the breakout when it happens but when I do that, I sit and watch the close of the 1hr candlestick to make sure that it does not close above the support line (if that happens, it may mean a false breakout).

And then there's the issues of extremely long breakout candlesticks again like this: Using the below diagram.



As mentioned previously:

• when you have such extremely long breakout candlesticks like that, better

to sit and wait to see if price will reverse and get back up to the support level that was broken (a retest) which will now be acting as a resistance

level and then sell when that level is touched.

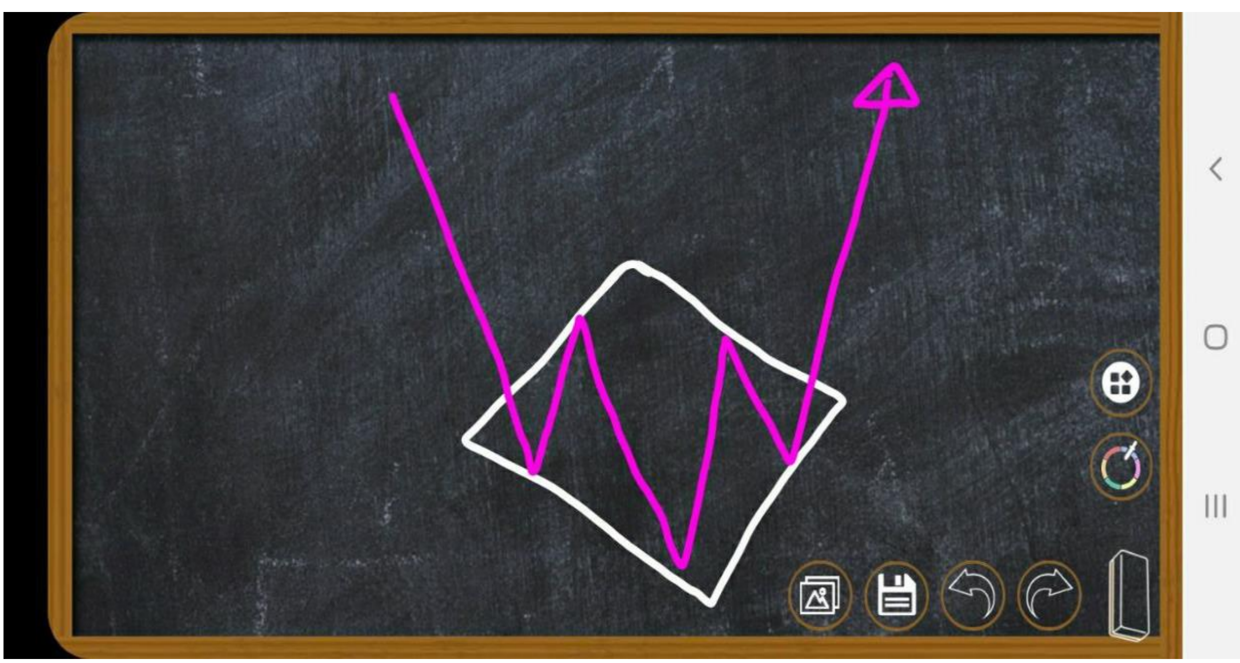
CHAPTER 7:

Topic : Bullish diamond and a bearish diamond.

Note : Is a Bullish diamond a Reversal pattern or a Continuation pattern.?.

Well , this pattern can be used as a reversal and also be used as a Continuation.

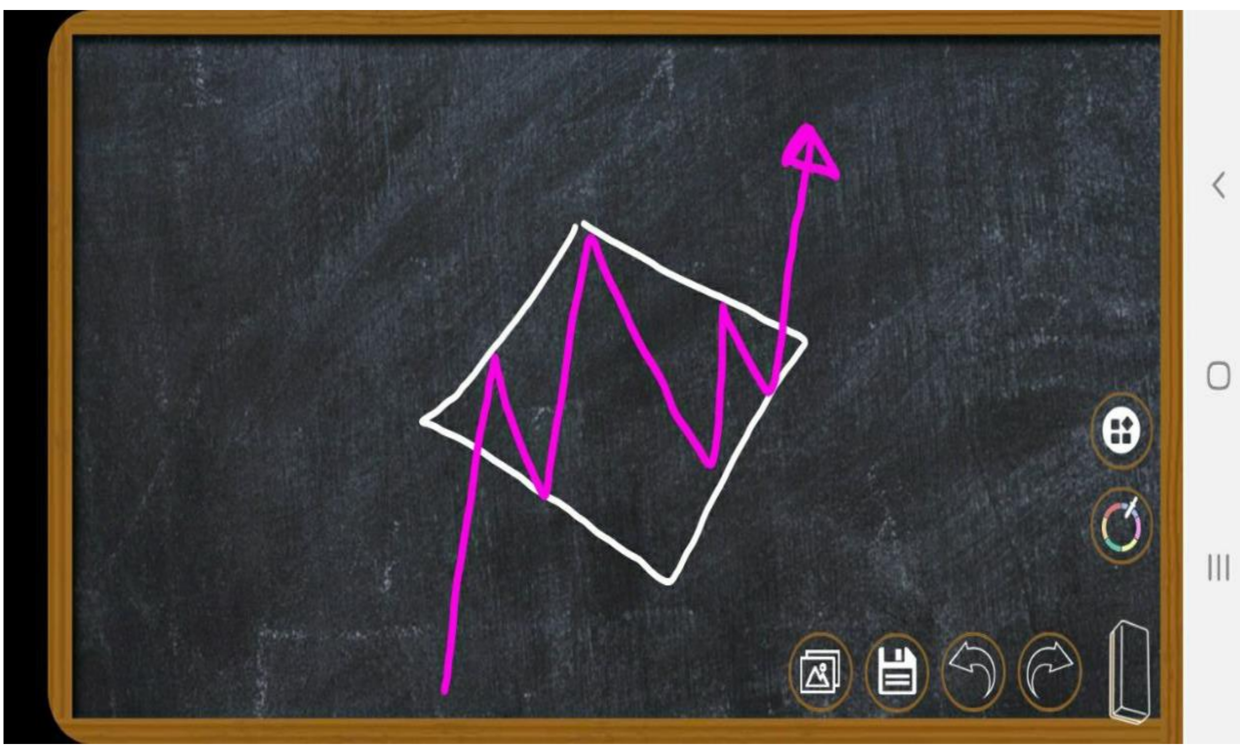
Theoritical Example of a bullish diamond acting as a Reversal pattern



A practical example of a Bullish diamond , acting as a reversal pattern.

Note : inside the Bullish diamond pattern , we usually find a possible formation of Inverse head and shoulder. (There is no 100% thing in forex or trading in general. So you'll find me using words like ""Usually"").

A Theoritical example of a bullish diamond , acting as a Continuation pattern.



A practical example of a bullish diamond, acting as a Continuation pattern.

Note: Is a Bearish diamond a Reversal pattern or a Continuation pattern.?.

Well , this pattern can be used as a reversal and also be used as a Continuation.

<u>A Theoritical example of a Bearish diamond , acting as a reversal pattern.</u>

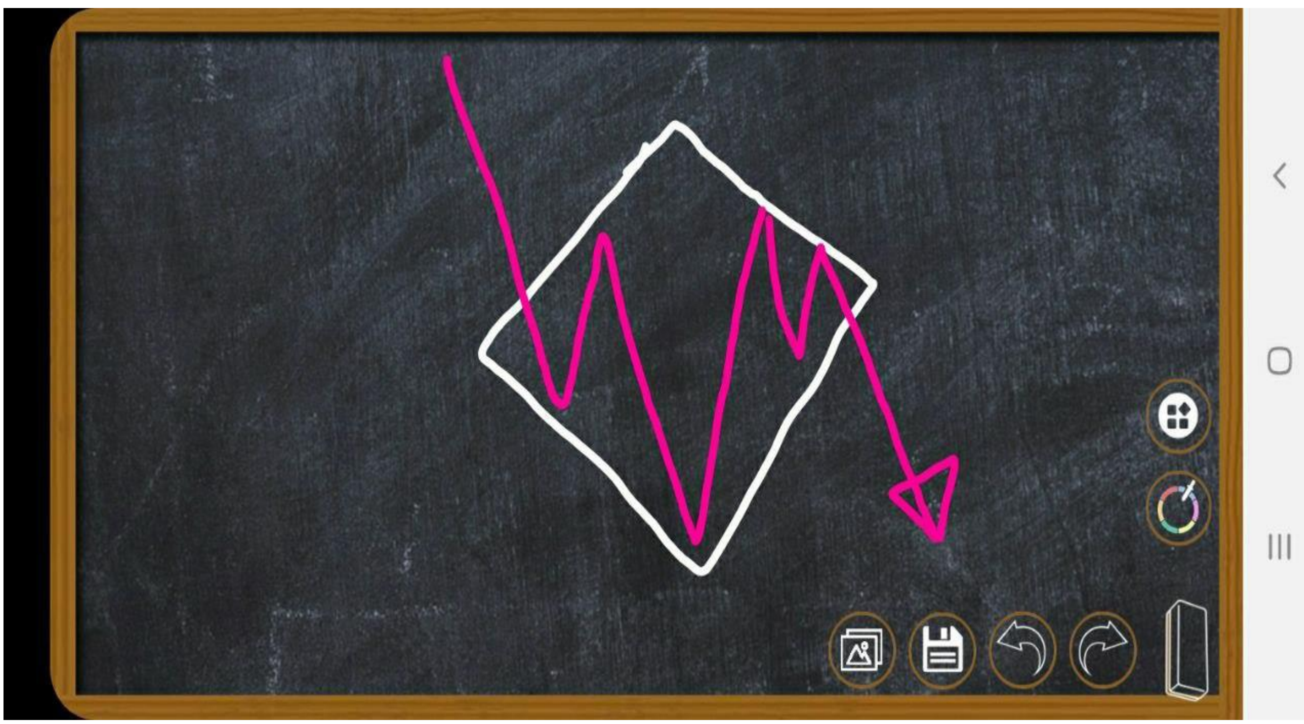
Note this :: Note that live charts will not always be identical to theoretical or textbook pictures.

That's why it's important to know these patterns very well so that you can spot them no matter how they come.

A practical example of a bearish diamond, acting as a reversal pattern.

Note : inside the Bearish diamond pattern , we usually find a possible formation of a Head and shoulder Pattern.

<u>A Theoritical example of a bearish diamond, acting as a continuation pattern.</u>



A practical example no (1) . Of a bearish diamond, acting as a continuation pattern.

A practical Example no(2) .. of a bearish diamond , acting as a continuation pattern.

CHAPTER 8:

TOPIC :: INTRODUCTION TO CANDLESTICK PATTERNS.

I will talk more about the candlestick (and candlestick charts) as this is the bread and butter for price action traders.

The candlestick

• The candlestick chart had its origins in Japan and can also be referred to as the Japanese candlestick chart.

• The colour of the candlestick chart tells you if price was up or down in a

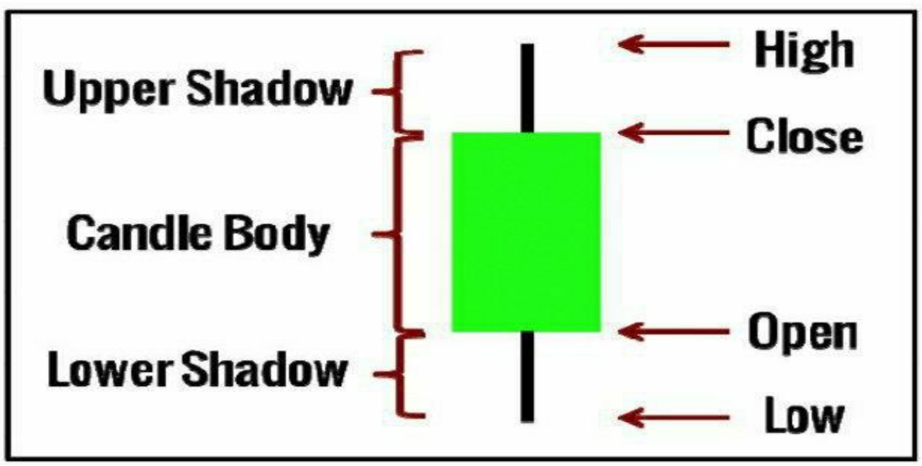
particular timeframe which means that candlesticks are either bullish or bearish candlesticks.

Now most traders prefer to set green candlesticks as bullish and red candlesticks as bearish. And I like it to be that way for me personally.

• Some broker's trading platforms have options where you can change the

colours of the candlesticks to any colour you want. If you are a woman, you may change a bullish candlestick to pink! And bearish candlestick to

Purple! (I have never seen a pink and purple candlestick yet).



This candlestick shown in the above diagram is an example of bullish candlestick.

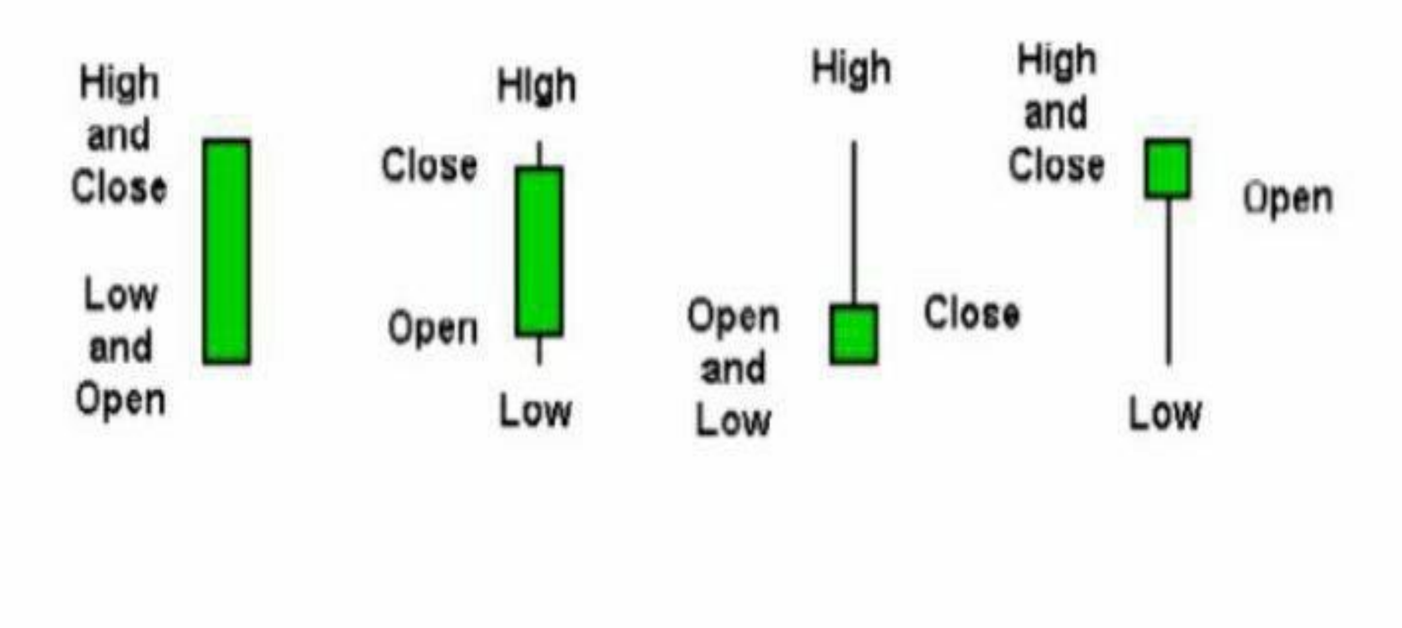
- A Bullish candlestick simply means the price opened lower and closed up

higher after a certain time period, which can be 1minute, 5minute, 1hr or 1 day etc.

- The candle body represents the distance price has moved from the opening price to the closing price. The longer the body, means price has moved a great deal upward after opening. The shorter the candle body means the exact opposite.

- The high is the highest price that was reached during that time period.

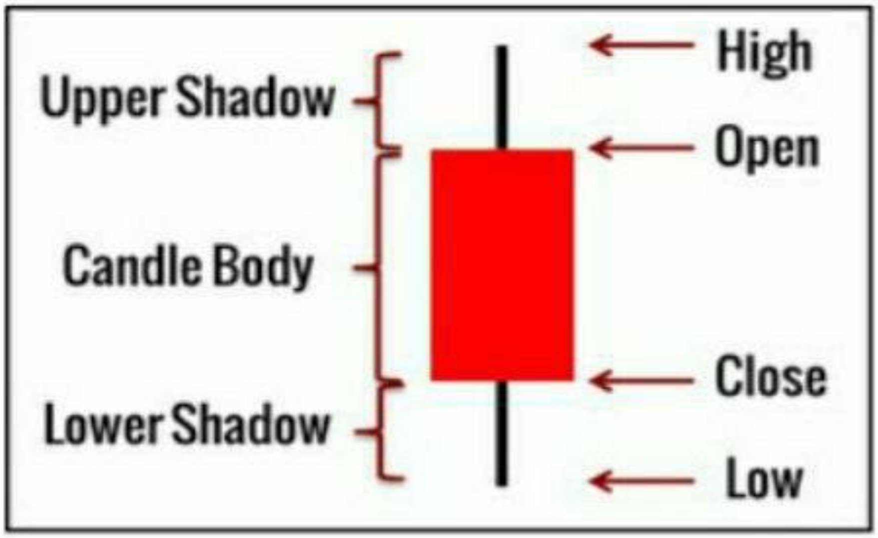
- The low is the lowest price that was reached during that time period.

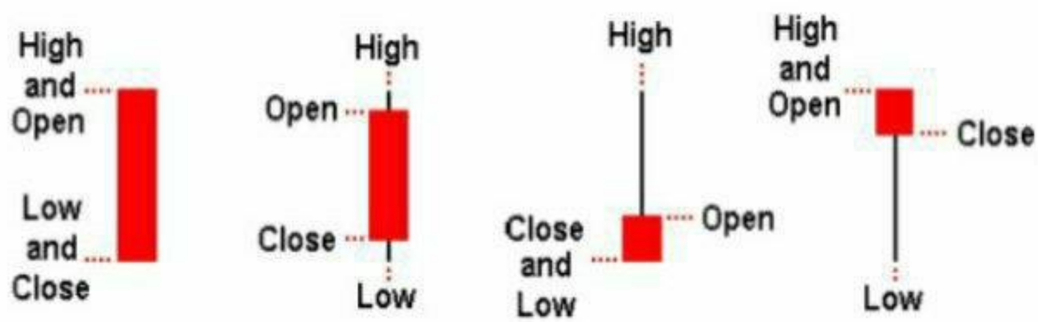


All these candlesticks shown below are bullish candlesticks which mean that their opening prices was lower than the closing prices and therefore reflect and overall uptrend in the timeframe each candlestick was formed.

Now, the candlestick shown below is an example of a bearish candlestick.

A bearish candlestick simply means that the candlestick opened up at a high price and closed lower after a certain time period.





All these candlesticks shown below are bearish candlesticks meaning that the opening price was higher than the closing price, therefore reflecting a downtrend.

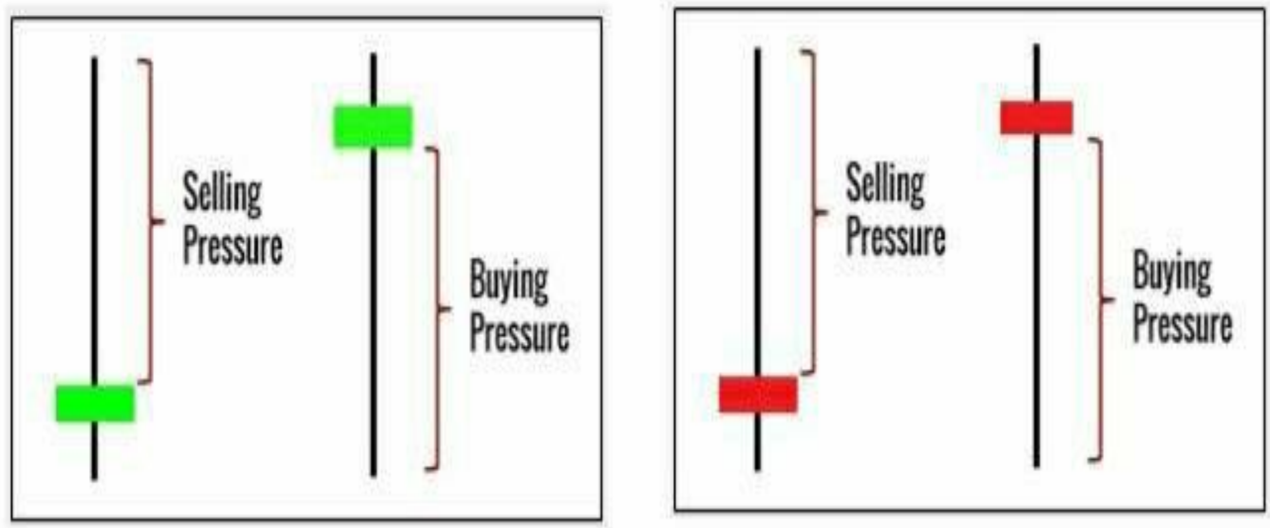
CHAPTER 9:

Topic : Buying and selling pressure

Understanding Buying and Selling Pressure on Candlesticks

Did you know that there are bullish candlesticks that are considered bearish and bearish candlesticks that are considered bullish? To really understand this concept, you need to *understand buying and selling pressure.

You see, every candlestick that is formed tells you a story about the battle between the bulls and the bears-who dominated the battle, who won at the end, who is weakening etc. All that is reflected in any candlestick you see. The length of the body of the candlestick as well as the shadow (or wick) tells you a story about the buying and selling pressure.



For example, look at the two charts above.

Look at the first green candlestick on the left chart, it's a bullish candlestick right? Yes. But you can see that it has a very short body and very long wick (tail).

It tells you the sellers (bears) were dominant. If this candlestick was to form after hitting a resistance level, it will be considered a bearish signal even though it's a bullish candlestick.

Now, you can apply the same sort of logic to all the other candlesticks above and read the story each one is telling you.

- ■ If the upper wick is very long, it simple tells you that there's a lot of selling pressure. It means price opened and got pushed higher by the buyers but then at the highest price, sellers got in and drove it back down.

- ■ If the lower wick is long, it tells you that there's a lot of buying pressure. Sellers drove the price down but buyers got in and drove the price back up.

- ■ If the lower wick is short, it tells your there's very minimal buying pressure.

- ■ If the upper wick is short, it tells you that there's very minimal selling pressure.

What about the length of the body of candlesticks ?

1.*The longer the body of the candle indicates very strong buying or selling pressure*

2*A short body of a candlestick indicates a little price movement and therefore less buying or selling pressure

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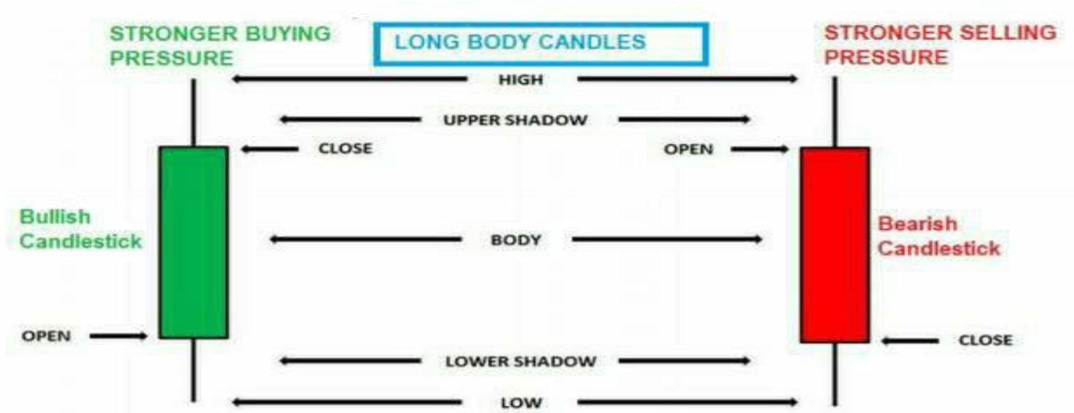
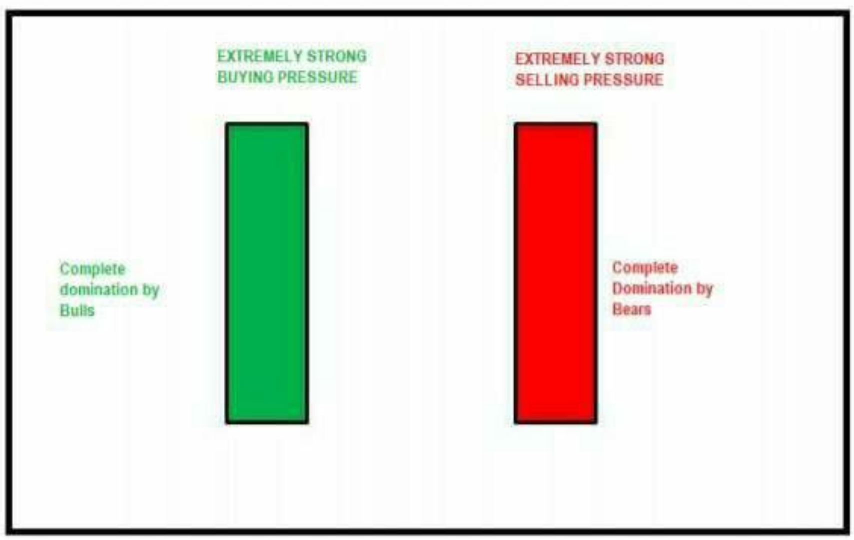
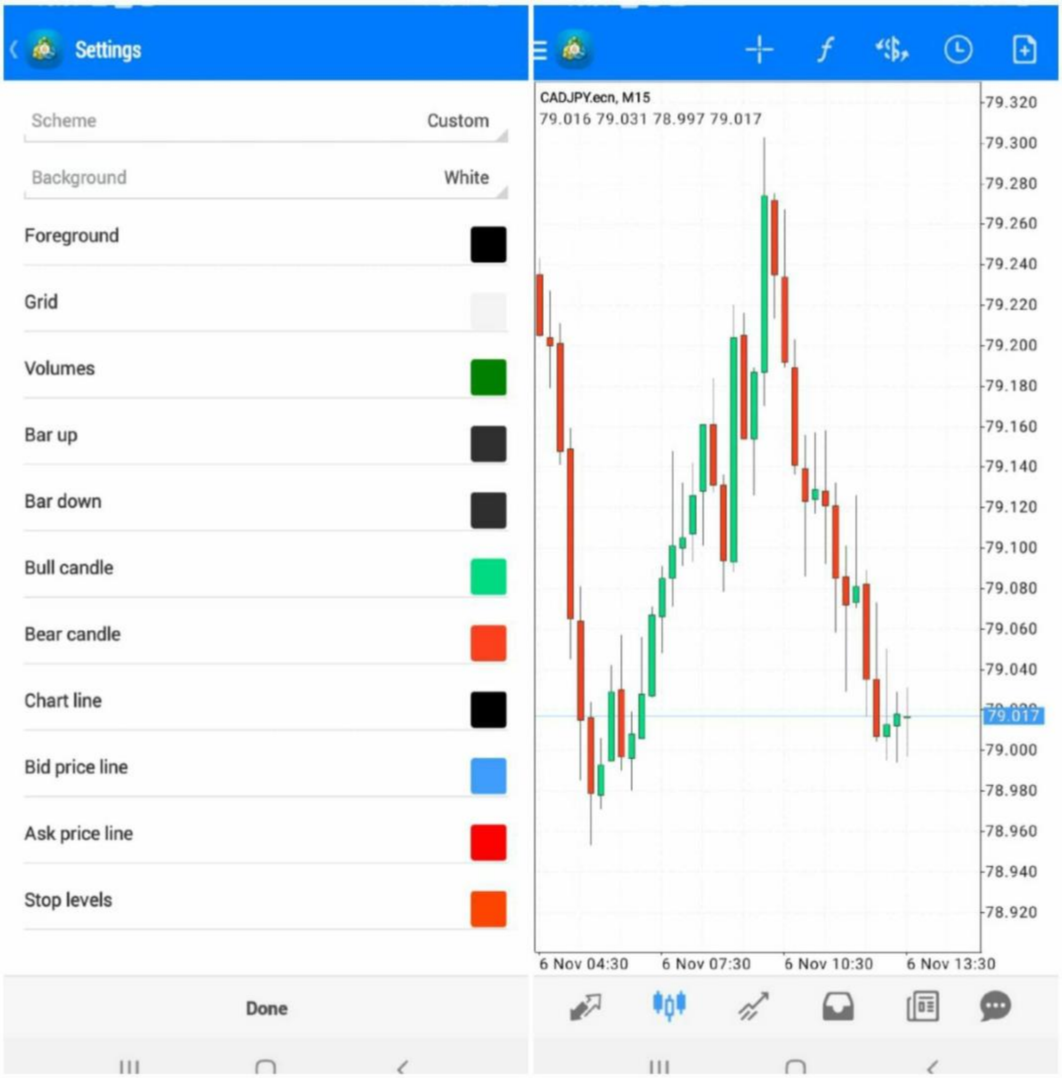


Sometimes the candles will have no upper or lower shadows but with very long bodies. These are interpreted the same way as standard candlesticks but are an even stronger indication of bullish or negative market sentiment.



In the case of bullish candle, prices never decline below the open. In the

case of bearish candle, price never trade above the open. See above.

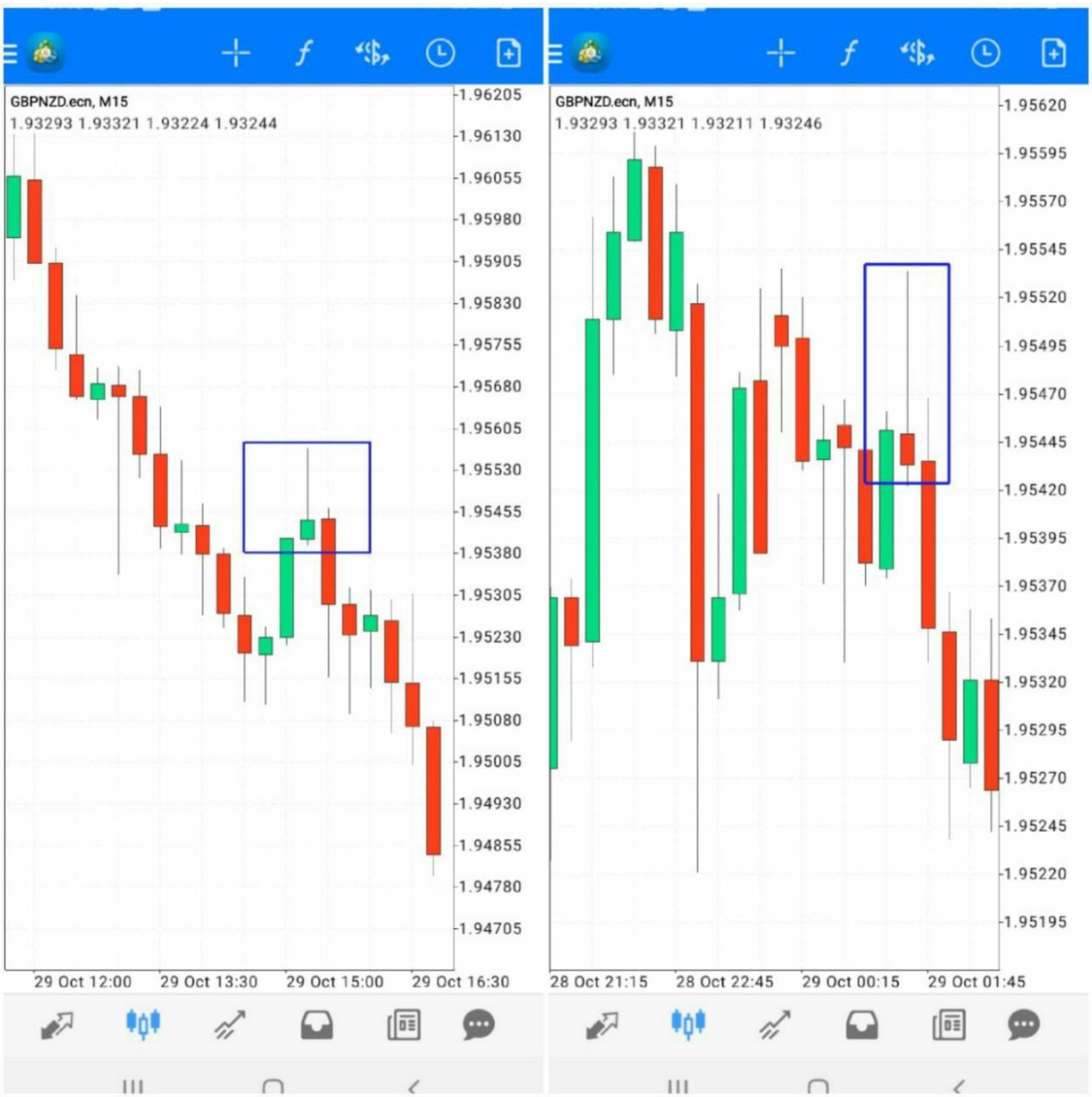


Let's set our new chart settings. Your chart is supposed to be like this.(above).

By doing this , we want to identify the wick of a candle easily as much as the body (when we identify the buying and selling pressure in the market)

IDENTIFYING THE BUYING AND SELLING PRESSURE ON THE LIVE MARKET*

A practical example no(1) .. Showing a selling pressure



Note : If the upper wick is very long, it simple tells you that there's a lot of selling pressure.

Example no (2) of a selling pressure in the market **(above)**

Lesson/advice

- Don't ever find yourself buying the market against the selling pressure ❌
- Don't ever find yourself selling the market against the buying pressure. ❌

A practical example no (1) of a Buying pressure .

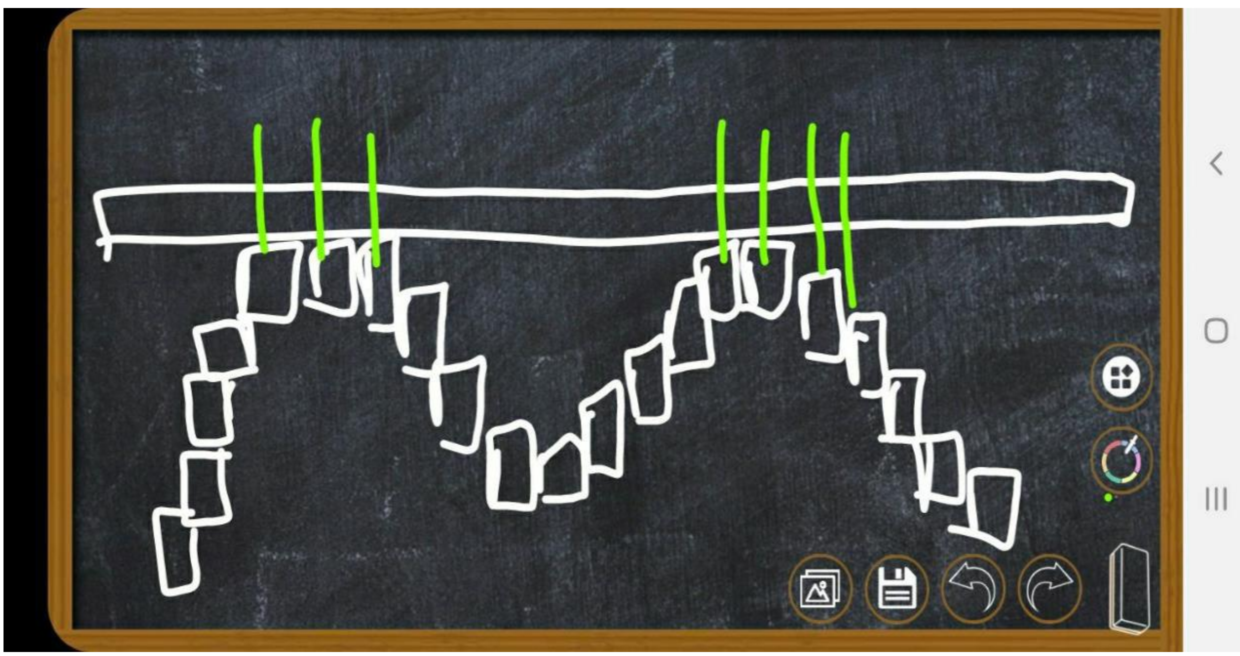
Note : If the lower wick is very long, it simple tells you that there's a lot of buying pressure.

Buying and Selling pressure on Nasdaq.

CHAPTER 10:

Topic: CANDLESTICK PRESSURE + SUPPORT AND RESISTANCE.

A Theoritical example of a Selling pressure around the Resistance zone/area.



Those green lines are acting as a wick of a candle .... you'll see the picture which i am trying to paint when we go into the practical examples.

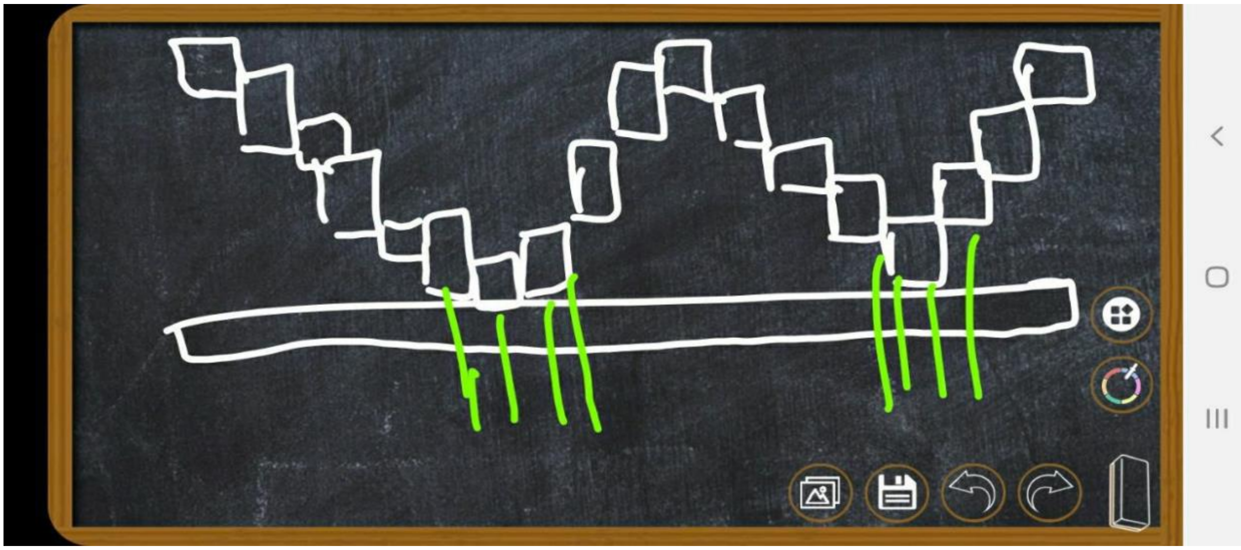
A practical example no(1) of a selling pressure around a resistance Area.

Practical Example no (2) ... of a Selling pressure around a Resistance area.

Practical Example no (3) .. of a Selling pressure around a Resistance area.

Note : if the upper wick is very long, it simple tells you that there's a lot of selling pressure. It means price opened and got pushed higher by the buyers but then at the highest price, sellers got in and drove it back down.

A Theoritical example of a Buying pressure around a Support area.



A practical Example no (1) of a buying pressure around a Support area.

A practical example no (2) ..of a buying pressure around a support area .

Example no (3) ... Showing a Buying pressure around a support area.

Note : if the lower wick is long, it tells you that there's a lot of buying pressure. Sellers drove the price down but buyers got in and drove the price back up.

.. How to trade the buying pressure around the support area.

when the market is approching the support area .. wait and see how the market reacts.

Make use of the false breakout , wait for the candle to break the support area ..and then wait for the candlestick to close above with a rejection ... see the example below::

<u>ENTRY POINT - Indicated by a blue line.</u>

<u>STOP LOSS - Indicated by a red line.</u>

When trading a buying pressure .. we always set our stop loss below the rejection / wick of a candle.

How to trade the selling pressure around the support area.

■ when the market is approching the resistance area .. wait and see how the market reacts.

Make use of the false breakout , wait for the candle to break the resistance area ..and then wait for the candlestick to close below with a rejection ... see the example below::

<u>ENTRY POINT - Indicated by a blue line</u>

<u>STOP LOSS - Indicated by a red lcand</u>

-When trading a selling pressure .. we always set our stop loss above the rejection / wick of a candle.

CHAPTER 11:

Topic : Candlestick pressure + Divergences

Subtopic : Buying pressure + a Bullish divergence

A Theoritical example of a bullish divergence + a buying pressure

Note : Remember we always enter/execute our trades on the 3rd touch ...

A practical example no.1 : of a buying pressure + a bullish divergence.

A practical example no.2 : of a buying pressure + a bullish divergence

<u>A practical example no.3 : of a buying pressure + a bullish divergence</u>

<u>A practical example no.4 : of a buying pressure + a bullish divergence</u>

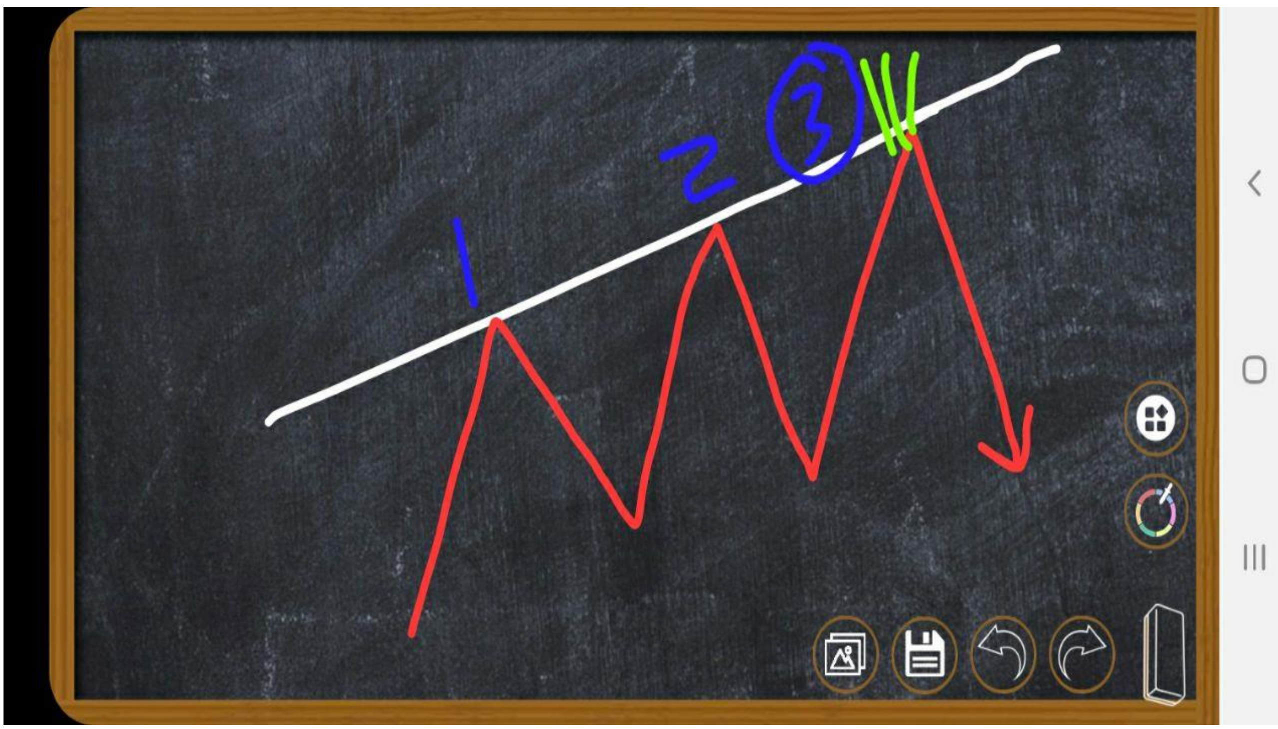
Note : if the lower wick is long, it tells you that there's a lot of buying pressure. Sellers drove the price down but buyers got in and drove the price back up.

How to trade the buying pressure + a bullish divergence

■ on the 3rd touch of a divergence: wait for the price to reject outside the divergence trendline , and before you execute your trades ,you wait for the same candle to close inside that divergence trendline.

Subtopic : Selling pressure + a Bearish divergence

A Theoritical example of a bearish divergence + a selling pressure.



Note : Remember we always enter/execute our trades on the 3rd touch ...

A practical example no.1 : of a selling pressure + a bearish divergence.

A practical example no.2 : of a selling pressure + a bearish divergence.

<u>A practical example no.3 : of a selling pressure + a bearish divergence</u>

A practical example no.4 : of a selling pressure + a bearish divergence

Note : if the upper wick is very long, it simple tells you that there's a lot of selling pressure. It means price opened and got pushed higher by the buyers but then at the highest price, sellers got in and drove it back down.

How to trade the selling pressure + a bearish divergence

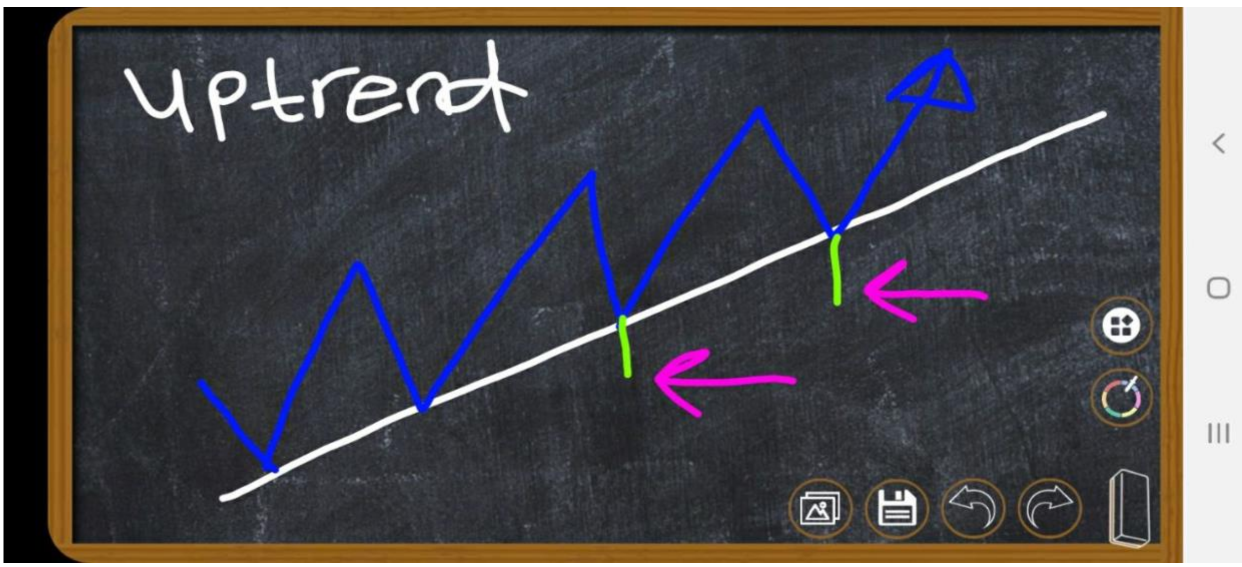
■ on the 3rd touch of a divergence: wait for the price to reject outside the divergence trendline , and before you execute your trades ,you wait for the same candle to close inside that divergence trendline.

CHAPTER 12:

Topic : How to trade the Candlestick Pressure on the Trendlines (Upward / Downward Trendline).

1. Subtopic : Upward trendline + Buying pressure.

Theoritical example of an Upward trendline + a Buying pressure.



A little recap ... when trading the upward trendline, We always execute our trades on the Third touch (3rd touch) ...

<u>Practical example of an Upward trendline + a Buying pressure.</u>

How to trade the Upward trendline + a Buying pressure.

■ Connect the 1st and the 2nd point (in order to draw the upward trendline).

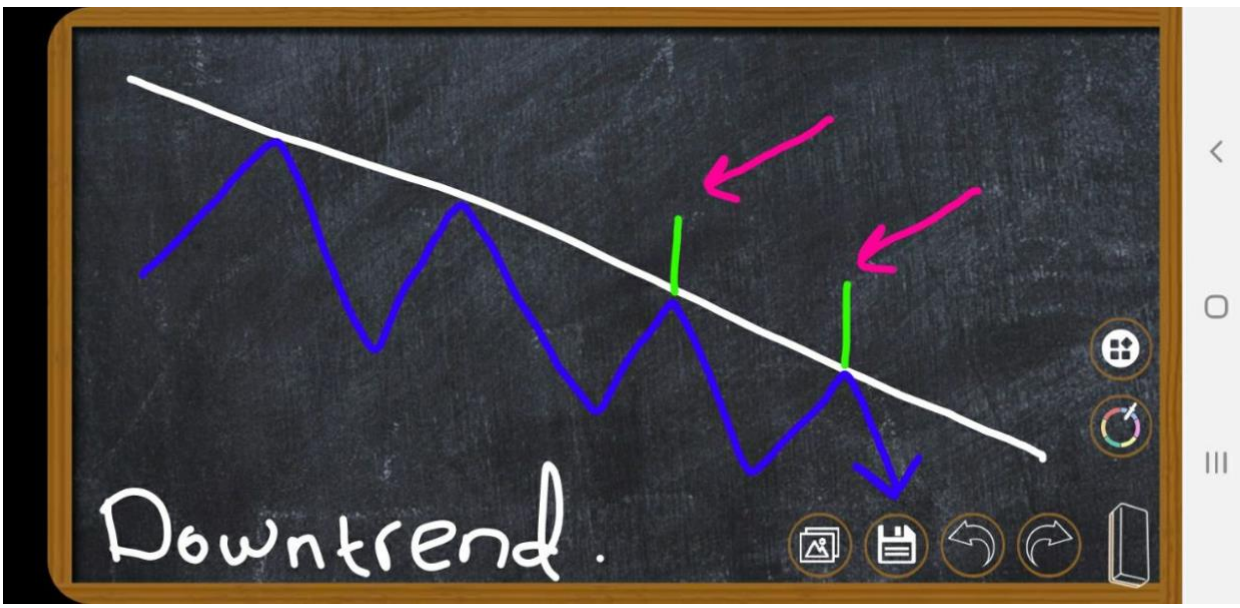
Executing a trade : on the 3rd touch of a trendline ---- Wait for the price to reject outside the trendline

● Before executing the "BUY trade" Make sure that the price have closed above the trendline.

Modify your Stop loss below the rejection.

1. Subtopic : Downward trendline + Selling pressure.

Theoritical example of an Downward trendline + a Selling pressure.



A little recap ... when trading the downward trendline, We always execute our trades on the Third touch (3rd touch).

Practical example of a Downtrend trendline + a Selling pressure.

How to trade the Downward trendline + a Selling pressure.

■ Connect the 1st and the 2nd point (in order to draw the downward trendline).

Executing a trade : on the 3rd touch of a trendline ---- Wait for the price to reject outside the trendline

● Before executing the "Sell trades" Make sure that the price have closed below the trendline.

Modify your Stop loss above the rejection.

CHAPTER 13:

Topic : Entry and Exit Points .

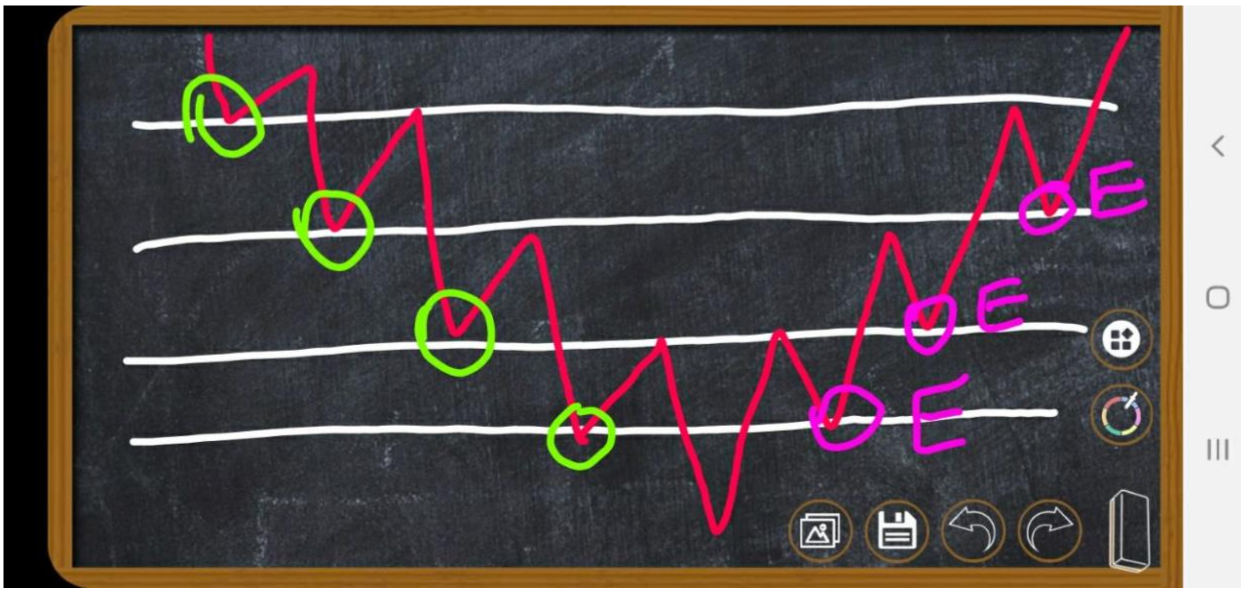
Definition of an Entry point.

entry point is the level or price at which a trader enters into a trade (buy/sell). Deciding on a forex entry point can be complex for traders because of the abundance of variable inputs that move the forex market.

Entry Point.

- We always take our trades on the area of retest using the horizontal Support & Resistance .

A Theoritical example of an Entry points on an uptrend (Buy)...indicated by a letter ""E"



Note : When the market is on an uptrend , we always take our trades on the Higher low (HL) ... as indicated by the pink letter "E" ...

Make sure that you have drawn your support area inline with your Opposite movement (Lower low (LL)) ... as indicated by the green circles.

Practical example no.1 of an Entry point on an uptrend (Buy) .

Buy trades should be executed on the Higher low (HL) support .. as indicated by the two purple arrows.

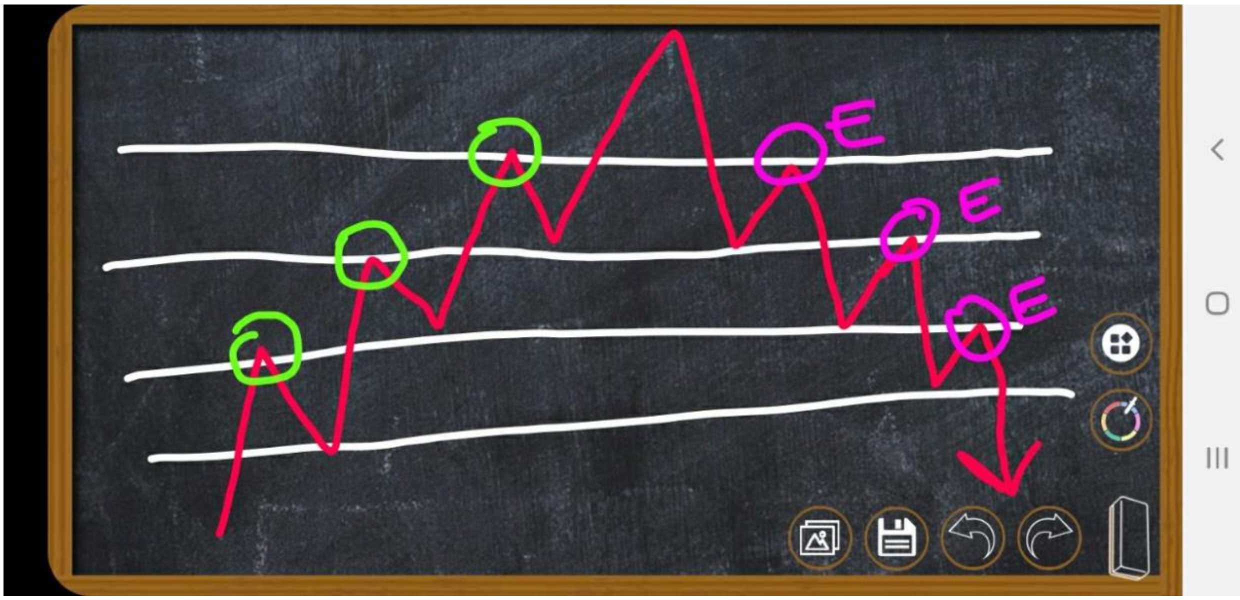
Practical example no.2 of an Entry point on an uptrend (Buy) .

Buy trades should be executed on the Higher low (HL) support .. as indicated by the Two purple arrow.

<u>Practical example no.3 of an Entry point on an uptrend (Buy) .</u>

we execute our buy trades on the HL support .. As indicated by the pirple arrows.

A Theoritical example of an Entry points on a downtrend (Sell)...indicated by a letter ""E""



Note : When the market is on a downtrend, we always take our trades on the Lower High (LH) ... as indicated by the pink letter "E" ...

Make sure that you have drawn your support area inline with your Opposite movement (Higher High (HH)) ... as indicated by the green circles.

Practical example no.1 of an Entry point on a downtrend (Sell) .

Sell trades should be executed on the Lower High low (LH) Resistance .. as indicated by the two purple arrows.

Practical example no.2 of an Entry point on a downtrend (Sell) .

Sell trades should be executed on the Lower High low (LH) Resistance .. as indicated by the purple arrows.

Practical example no.3 of an Entry point on a downtrend (Sell) .

Sell trades should be executed on the Lower High low (LH) Resistance .. as indicated by the two purple arrows.

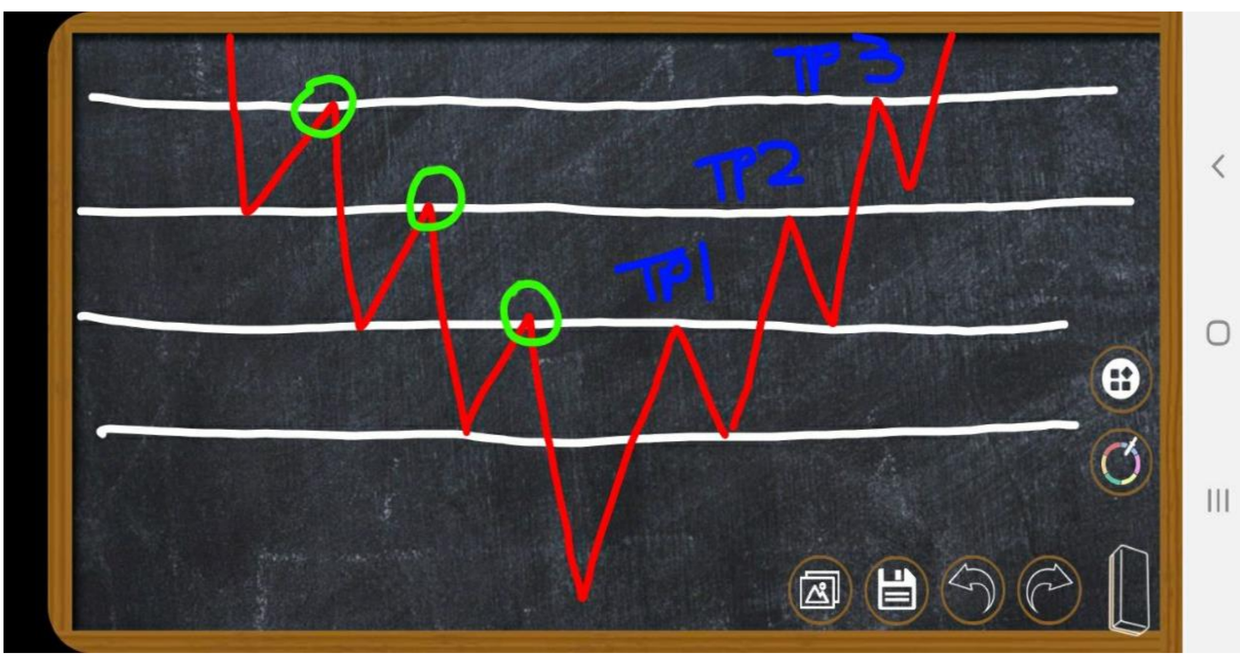
Definition of an exit point

An exit point is the price at which an investor or trader closes a position.

Exit Points (Take profit area)

- we always take our Take our Take profit on the area of Pull back using the horizontal support and Resistance .

A Theoritical example of an exit points (Take profit) .. on an uptrend .As indicated by letters "" Tp """

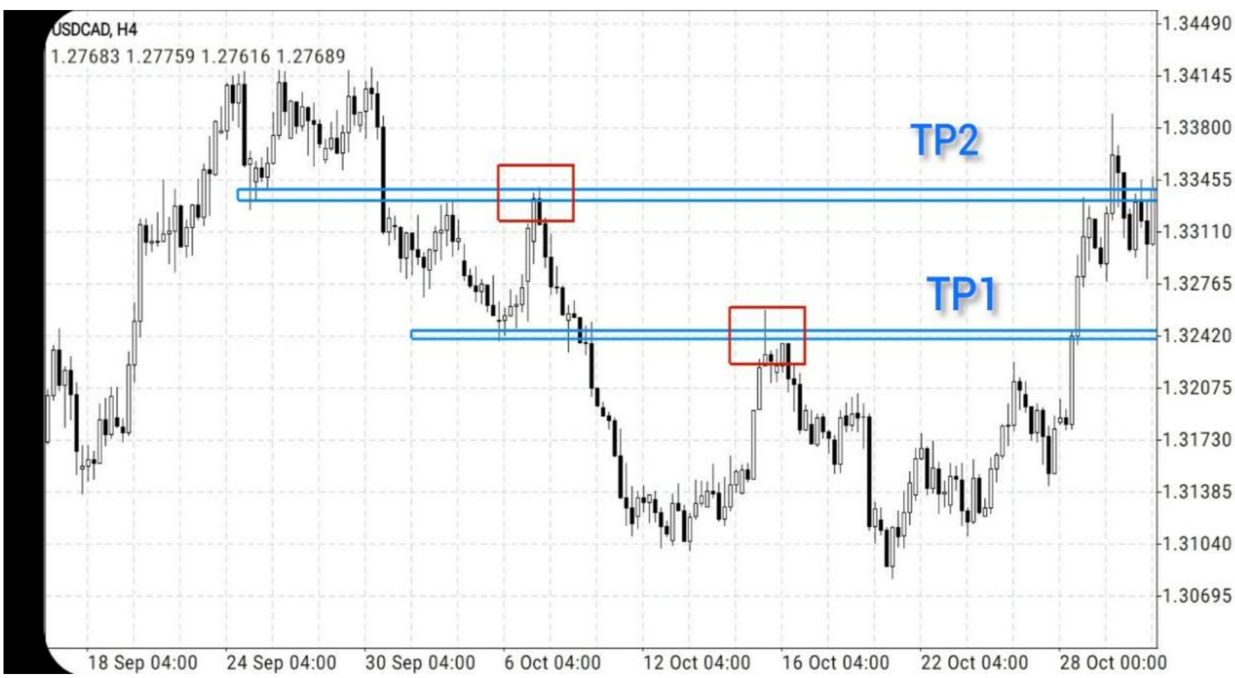


Note : When the market is on an uptrend , we always take our Take profit (TP) on the Higher High (HH) ... as indicated by the Blue letters "TP" ...

Make sure that you have drawn your support area inline with your Opposite movement (Lower High (HH)) ... as indicated by the green circles.

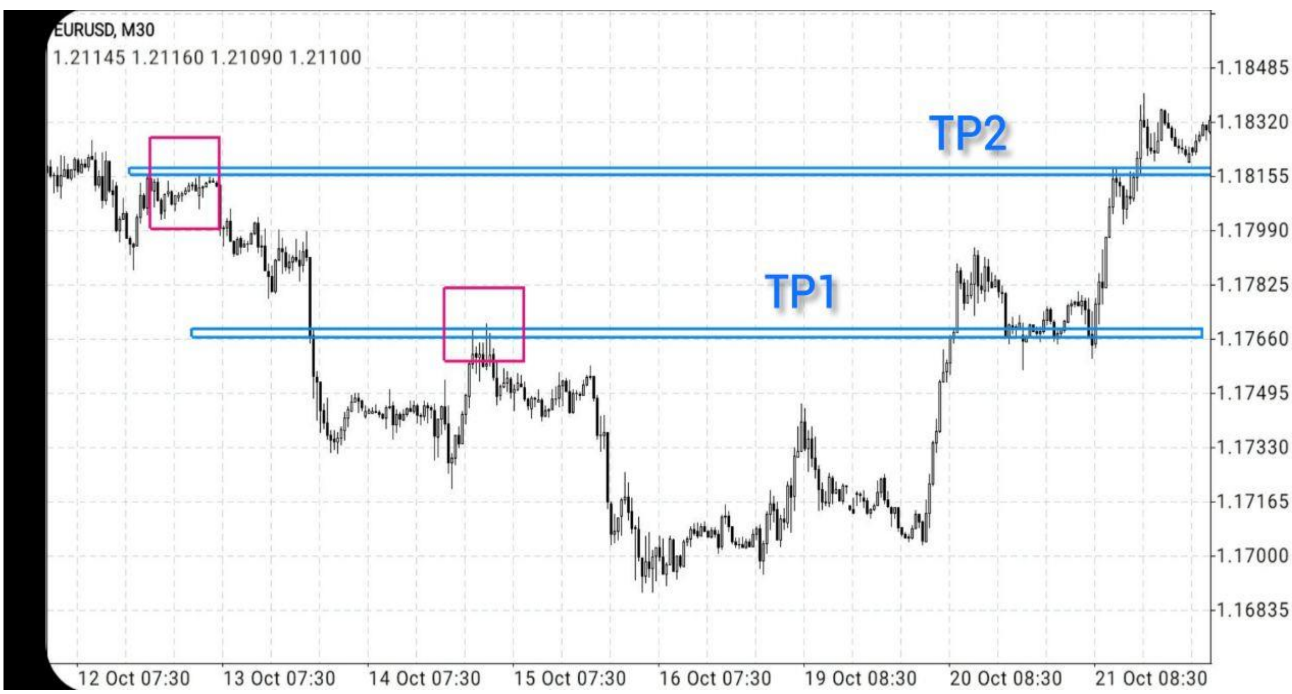
Practical example no.1 of an Exit point on an uptrend (Buy) .

Take profits should be taken on the new highs (First resistance).. As indicated by the ""blue resistance""" which is in line with the Lower High (LH) ... As indicated by the ""red Boxes"".



Practical example no.2 of an Exit point on an uptrend (Buy) .

Take profits should be taken on the new highs (First resistance).. As indicated by the ""blue resistance""" which is in line with the Lower High (LH) ... As indicated by the ""red Boxes"".



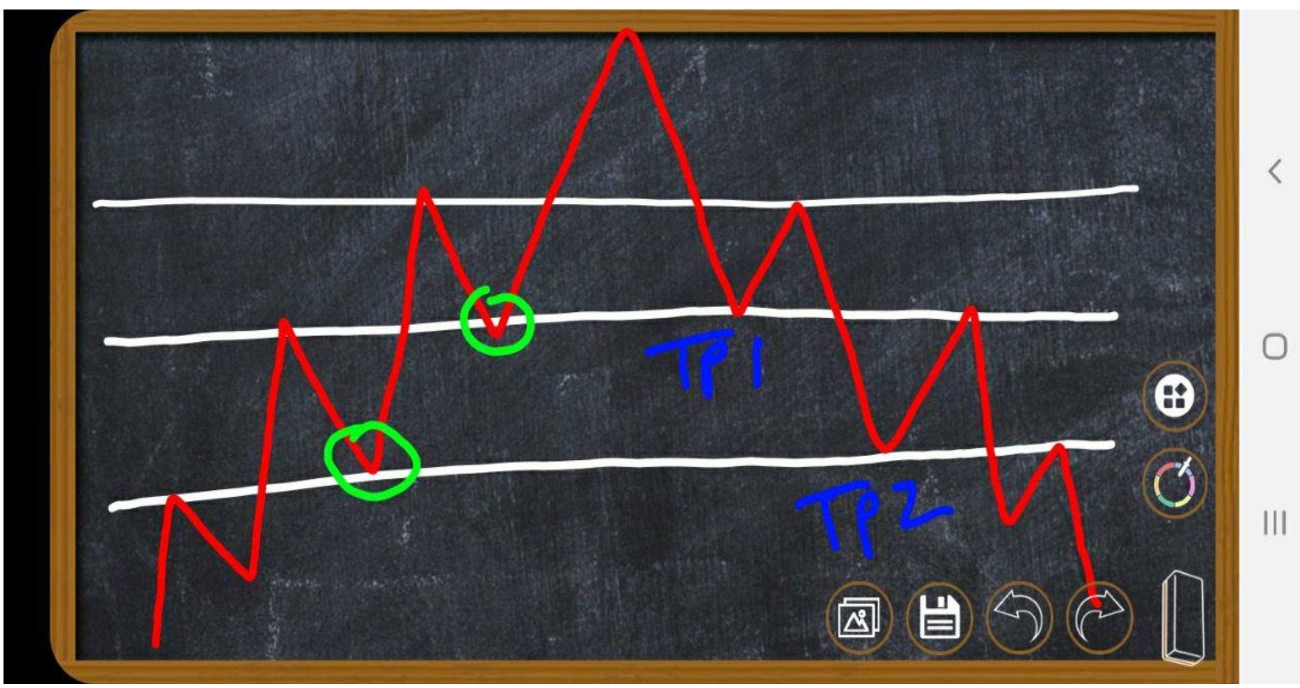
Practical example no.3 of an Exit point on an uptrend (Buy) .

Take profits should be taken on the new highs (First resistance).. As indicated by the ""blue resistance""" which is in line with the Lower High (LH) ... As indicated by the ""red Circles"".

Note this :: Note that live charts will not always be identical to theoretical or textbook pictures.

That’s why it’s important to know these setups very well so that you can spot them no matter how they come.

<u>A Theoritical example of an exit points (Take profit) .. on an downtrend .As indicated by letters "" Tp """</u>



Note : When the market is on a downtrend , we always take our Take profit (TP) on the Lower Low (LL) ... as indicated by the Blue letters "TP" ...

Make sure that you have drawn your support area inline with your Opposite movement (Higher low (HL)) ... as indicated by the green circles.

Practical example no.1 of an Exit point on a downtrend (Sell) .

Take profits should be taken on the new lows (First support).. As indicated by the ""blue support"'" which is in line with the Higher low (HL) ... As indicated by the ""red circles"".

Practical example no.2 of an Exit point on a downtrend (Sell) .

Take profits should be taken on the new lows (First support).. As indicated by the ""blue support"'" which is in line with the Higher low (HL) ... As indicated by the ""red boxes"".

Practical example no.3 of an Exit point on a downtrend (Sell) .

Take profits should be taken on the new lows (First support).. As indicated by the ""blue support"'" which is in line with the Higher low (HL) ... As indicated by the ""red boxes"".

CHAPTER 14:

Sessions.

We have 4 trading sessions, the Tokyo, London, New York and Sydney. Sydney session is not usually counted because it overlaps the Asian session and most pairs are consolidating that time except for AUD and NZD. The importance of knowing sessions is that you can know which pairs to trade in order to have an advantage on movement.

Here are the major currencies per session.

Tokyo>JPY

Sydney>AUD, NZD

London>GBP,EUR

New York>USD,CAD

Even if you check the news releases, a news release for every currency is always in it's session. If you can know this, you can use this to spot a market makers setup prior to news release.

BONUS INFORMATION.

Common behaviour of USD & CAD Pairs.

USD and CAD are traded the same because they are in the same session known as the New York session.

The correlation between the two (USD and CAD) occurs most of the time where the impact is more or less the same. A USD event can affect the CAD with a pip difference which is not that wide.

Subtopic : Their Common behaviour before the event

USD and CAD respects technical most of the time. What will be our main focus when it comes to trading USD and CAD events will be the area of SUPPORT and RESISTANCE. During events, there are no pairs that respect the level of support and resistance more than USD and CAD. The first thing to do when analysing is to spot the closest area of support and resistance which has a higher chance of being tested before the event takes place.

Note this : When you analyze USD and CAD Pairs. Make sure that you always apply the Support and Resistance (Entry points and Exit points) . In other words you should have a strong knowledge of support and resistance.

Don't change Lotsizes mid trade.

Stick to your trading plan and same lotsizes throughout the week and modify them during weekends according to your account balance. You are great traders. Very great. Your analysis and strategy is great but the problem is your execution and mentality.

If you switch lotsizes mid trade you won't be able to measure your consistency because you'll profit from many trades and wipe your entire account with a single losing trade simply because you tripled the lotsize on that particular trade. Stop deviating from the initial plan because you are winning consecutively. Wait till the week is over then modify. Don't let profits get to your head.

Remember that the more trades you win, the more your confidence grows. It becomes faster when you win consecutively. Your emotions will rattle and you'll forget that there might be a point where you take a loss, then you increase your lotsize and deviate from proper risk management, then when that one loss comes it takes your entire account (initial deposit and profits) and you will think that trading is not for you.

One of the main advantages of sticking to the same lotsize is so that you can be able to track your consistency. If you profit 300 pips and lose 50 pips, the 250 positive pip difference will reflect on your account. But if you switch lotsizes, you will find that the 50 pip loss has erased the entire 300 pip gain because you used a very big lotsize on the losing trade as compared to the profiting ones.

Stick to the same lotsize and when the trading week is over, and your mind and emotions are settled, check your balance and modify the lotsize part for the upcoming week. A trading plan is a logical key in your strategy that helps you maintain discipline. If you don't have a Trading plan or stick to one, your daily desires and problems will affect the next trade you execute and trust me, emotional or pressured trading never ended well. The market doesn't care about your financial situation or what's currently going on in your life, don't carry those things into your trades because you'll want to make money quick to settle your problems, which leads to over-leveraging your account, risking money you can't afford to lose, and you'll end up losing it all. Again, Keep your problems out of the market. We all want to make money from trading, but what's separates us at the end of the day irregardless of facing the same profits and losses, is how we handle our mentality and our money.

Trading carries risk, there's a potential that you will lose your invested capital, it's not a solution to short term problems. People are patient enough to go to school for 5+ years to get a qualification, work for 5+ years earning minimum wage, but the moment they get into trading, want to become millionaires within months. The reason why 80% traders always lose their money is mostly based on lack of discipline and patience. Your mindset towards this industry will dictate how long you will last. If you are in for short term needs then expect your stay in the market to be short-lived.

Consistency is the theme

God bless you.

The end. Thank you