



# Swing Trading

## - MASTERY -

How to achieve long-term profits with  
Forex, Stocks, Metals, Indices, Futures

The top-selling e-book & workbook  
with many detailed charts  
and exercises

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by Nikos Mermigas

“Learn to understand the market behavior and charts first, follow the rules, treat your trading as a business and it will soon become an easy, profitable and joyful habit”

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## Dedication

I am dedicating this eBook to my Son,  
Wife and all readers for their strength  
and will power to achieve long term  
trading success.

# About the Author

Dear Reader!

My name is Nikos Mermigas. I was born and raised in Germany.

My job as a musician and music teacher forced me to travel a lot and kept me frequently away from my home and family.

A good friend and I decided on a quest to find something that would untie our hands a bit, something that would provide us with more time to spend with our family and have extra money. So our search began! We searched for a way to be our own bosses and a way to work from home using a computer.

We searched many months and were flooded with worthless information and ideas. We couldn't find anything that we desired.

At that time I had some stocks which I was not trading on my own. From time to time I would look to see how they were performing. After a conversation with a stock broker we learned about the foreign exchange (forex) market. We had never heard about the foreign exchange market before and were now curious. Finally we found something we wanted to learn more about!

We learned that forex could indeed be a small, personal business that anybody could manage from anywhere in the world with only a computer and an internet connection. That sounded great and our hope intensified! We also heard that thousands of people are making money from their home sitting on their couch or in their home office, and some of them had quit their full time jobs or were just making an extra income from trading in the forex market. For me personally, it was love at first sight!

I realized there was tremendous potential in the forex market and I started trading forex with confidence. I opened a small account and started to buy and sell currencies without knowing the basic rules of trading and without any knowledge on this subject. In less than six months my friend and I lost almost all the money in our account. But why did we lose? Very simple! We did not trade at all. We were just gambling like 90% of traders do.

At that point I needed a one month break to put my thoughts in order. I asked myself a lot of questions. There were nights I couldn't sleep because of so many questions and thoughts flying around in my mind! What did I do wrong?

What are successful traders doing differently than me?

How can I improve? How can I succeed on a long term basis and how can I handle my emotions like greed and fear during my trading?

After a while I sat down and said to myself; every career, every job and every business needs proper training. It is no different at all in trading the forex market and why should it be?

I started reading lots of books (most of them did not help me at all to improve my trading). I also went to trading psychology and technical analysis seminars. I took all the useful information from these webinars and seminars to help me create my own trading rules and my own trading system.

It took me a while but when I really started following my system rules, with patience and discipline, things started to turn around in my favor. I believed in myself and my rules. When I doubled my account I knew I had succeeded!

A person may not need a lot of coaching to become a real trader, but without the right training I think most people are doomed to fail. Looking back, I now see that trading is not hard to learn at all.

It truly can be very easy.

We humans have the tendency to complicate things without having a real reason to do so. That, in my opinion is why 90%+ of people loose in the forex market.

The biggest advantage about the [SPARTAN TRADER FX](#) system is that you can use it successfully in each and every market, not just the forex market.

The chart reflects every human emotion and so the signals are the same. In our case it does not matter if we are talking about the forex market or any other financial market.

Today, I am a full time trader. My favorite markets are still forex, metals and indices!

I love to do my chart analysis in the morning and then execute my trades when I get the signal as per my system rules. Life as a trader gives me great pleasure. I have goals, I have reasons to think positive, and I am always confronted with new challenges and opportunities day after day and week after week.

I have met a lot of traders and 80-90% of them have not made money consistently over the long term. In fact they have lost it consistently.

I thought this was really interesting. Most of these guys were experienced traders with knowledge and passion for trading.

Their problem was not necessarily their trading system. They just couldn't follow their rules because they did not believe in what they were doing.



Some had no discipline, some had too much fear, and some were unable to pull the trigger. Their mental state was in bad condition and they looked for excuses why things did not work out.

Later on I accidentally started to teach my system to an experienced but unsuccessful trader through the internet. We took live trade together and I tried to help him gain his confidence back. With a little work from both of us, he finally made it!

It was exhilarating helping someone stand on his own two feet again. The feeling was so great it is difficult to describe. That trader asked me if I would help some of his friends with their trading.

I started coaching those traders and one thing led to another and hence forth I started with the Norfesia FX and later on the (renamed) SPARTAN TRADER FX LIVE courses.

Trading took on new meaning for me. Now, not only do I enjoy trading but also enjoy helping others overcome their obstacles and traps which are hindering them from becoming successful in their trading.

I wish you  
Health, happiness and success

Nikos Mermigas

# Intro

Hello Trader around the world!

I would like to thank you for your trust and interest in my new eBook- Swing Trading Mastery.

Most of you are probably familiar with my first work, the "Spartan Trader FX Academy eBook & Workbook" In case you haven't read the Spartan FX eBook before, I would suggest that you study it first, before you continue with this one!

The reason being is that you need to understand the basics of my trading system in combination with the trading rules and exercises. If you master these very important matters, it will be a breeze for you to continue with the extension about detailed swing trading.

Enough said. Let' start now

# What is Swing trading anyway!

Generally speaking, a swing trader does not trade against the main trend. A swing trader looks for trading setups in the direction of a major market trend, so he can hold a position/s for several days.

A swing trader uses normally higher timeframes like the 4 hourly or even the daily chart to place and manage his trade.

It often happens that a trade stays open for even weeks or months instead of days, if the swing trader split his positions into several parts. That again of course depends on the strategy or system he uses.

A trade that stays in the markets for weeks, months or even years is called position trade, trend following trade, or "buy and hold" investment!

Things are not as complicated as you might think. Swing trading is in my opinion a simple and stress free way to profit highly from financial markets.

Why stress free; because you don't have to sit in front of your screen all day or even every day. Depending on what time frame you are trading. We will go through all possible timeframe combinations in much detail in this book of course, so don't worry.

I have to make one issue very clear right from the beginning. If you focus on swing trading, you won't find trades every day or even every week.

But this is the nice thing about swing trading anyway. With a good and detailed chart analysis you will be able to make on average hundreds or even thousands of pips per trade in a good trending market.

This might sound a bit weird to you if you are used to trade intraday or scalping using low time frames like the 15, 5, or even 1 min chart.

I can tell you right now that I am not joking or promising something blue out of the sky.

Many of my students and myself of course are trading the swing trading strategy for many years now with great success. The reason being is that you are able to identify the real direction of the particular market when trading on high time frames like the daily and 4 h chart.

And that again means that you are able to trade in the right direction, something that is difficult to do when focusing on small timeframes only.

# The top down approach

It simply means; you start your chart analysis on high time frames. From there you go down step by step to identify the market behavior.

You need to check if the market you are working on is trending or ranging. This is what the markets do, in case you are new to charting. So, markets trend or they move in a range.

After identifying the market behavior (we will do this step by step in the book) you have to switch to a lower timeframe, do your chart analysis again and look for trading setups.

If a setup is complete and everything you analyzed is looking good, you will have trade.

Now you have to execute your trade, put your stop in the right place and try to maximize your trading profits, by monitoring your charts and updating your positions carefully. If you do all this correctly and follow the trading rules, you will be surprised how easy trading can be.

Having that said, you need still to practice a bit. It is not difficult, but you still need to get used to this first.

## Tips & recommendations

I recommend that you use a demo account for about 1-3 months, depending on your personality and experience level, before you go live.

Prove to yourself that you can stick to the rules, make a lot of pips with swing trading and then go for it with small lots first (micro/mini lots).

Later on you can try bigger positions. In the trading plan chapter I will explain in detail how I do that.

It is very important that you follow each and every step explained in this eBook. I have seen many traders starting well in their trading career, but ending up in a disaster, just because they changed rules or just forgot the most important chart analysis procedure.

Please be aware of that and use this eBook as a guide right at the beginning.

A quick reminder; my trading system is based on technical analysis and I use Metatrader 4 charts for my trading chart analysis. You can use of course whatever charting software you like.

The reason I use the Metatrader platform is, because they provide all indicators and features I need and the charts are clear and easy to use.

The best part is that you can download Metatrader for free on the web. Just type Metatrader 4 download in your search engine browser and you will be able to choose from a lot of download links.

## 2 ways to enter and manage a swing trade

My Swing trading strategy can actually be used in 2 ways. You can use one or both ways. That depends mainly on how much time you want to spend trading on a regular basis. You don't have to decide that right now. After practicing a bit you will be able to decide for your own.

### Swing trading style 1

(Entries & trade management on daily charts)

Step 1 -Top Down approach

Step 2 -Top Down approach & trade management

### Swing trading style 2

(Entries & trade management on 4 hourly charts)

Step 1 -Top Down approach

Step 2 -Top Down approach & trade management

## Our trading tools for successful trading

We use only 3 technical tools for our chart analysis and trading. That's all you need. Many traders believe they need a lot of indicators all over the chart to make it work, but that is not true. Too many of these on your screen will make your life difficult. You will always find an excuse not to trade, because some indicators will trigger long while others trigger short signals. You need to only to understand the market behavior in combination with some simple tools to become a successful trader on the long run.

### I use only 4 technical tools with my trading system.

1. Simple trend lines
2. EMA's (Exponential moving average) 12-36-200-633
3. Heikin-Ashi Candles with...
4. ...bar charts in the background to see the open and close price of each candle

Combining these tools with a bit of practice, patience, discipline and repetition will help you to gain confidence in yourself and the trading the system.

It is much easier to work on your goals if you have confidence in yourself and the trading system you use. You need to track your results and work on your skills, trying to improve them every month. Make sure you enjoy what you do. That is probably the most important issue anyway! If you can't enjoy your trading, something must be wrong. Find out what it is.



# Swing trading style 1

(Entries & trade management on daily charts)

## Step 1 -Top Down approach

Open your Charting software (MT4 for example) after you switched on your computer. Chooses one product you would like to trade, like Forex, Stocks, Metals or indices and open the **WEEKLY CHART**.

I give you the steps written here right now, so please try to remember them a 100%. It is very important that you get used to the top down approach, so it becomes a pleasant habit.

Later on in this eBook we will practice everything with many detailed charts. Repeat all exercises at least 3 times and build up your confidence.

There are 3 things you want to check when doing your top down approach and starting with the weekly chart!

A. The market behavior

You need to look for the main trend direction. It is easy to spot a trending or ranging market on the weekly chart.

B. The actual live price direction

You need to check what the price is doing right now. What I mean by that is, that the main trend can be up on the weekly chart, but the price could be retracing to the downside at the moment. In this case the weekly chart candle would probably point down!

C. Identify major support & resistance

Look for major support and resistance areas and draw your lines on the weekly chart. Bounces and breaks of major support and resistance areas are most important. In the trading examples later on I will explain why.

## Step 2 -Top Down approach & Trading

After you are done with all the previous 3 steps you need to go through with the second part.

Open a 2. Chart with the same pair/product you have chosen and chose the **DAILY CHART**. There are now 4 things you want to check when doing your top down analysis on the daily chart

### A. The market behavior

You need to look for the main trend direction again, like you did on the weekly chart. Make sure the daily chart points into the same direction as the weekly chart. That is mostly, but not always the case.

### B. Look for major support & resistance bounces or breaks

Look for major support and resistance areas and draw your trend lines on the daily chart. Look for clear breaks, bounces and trend changes.

### C. Wait for setups on the daily chart

Look for clear trading setups on the daily chart after identifying the trend direction.

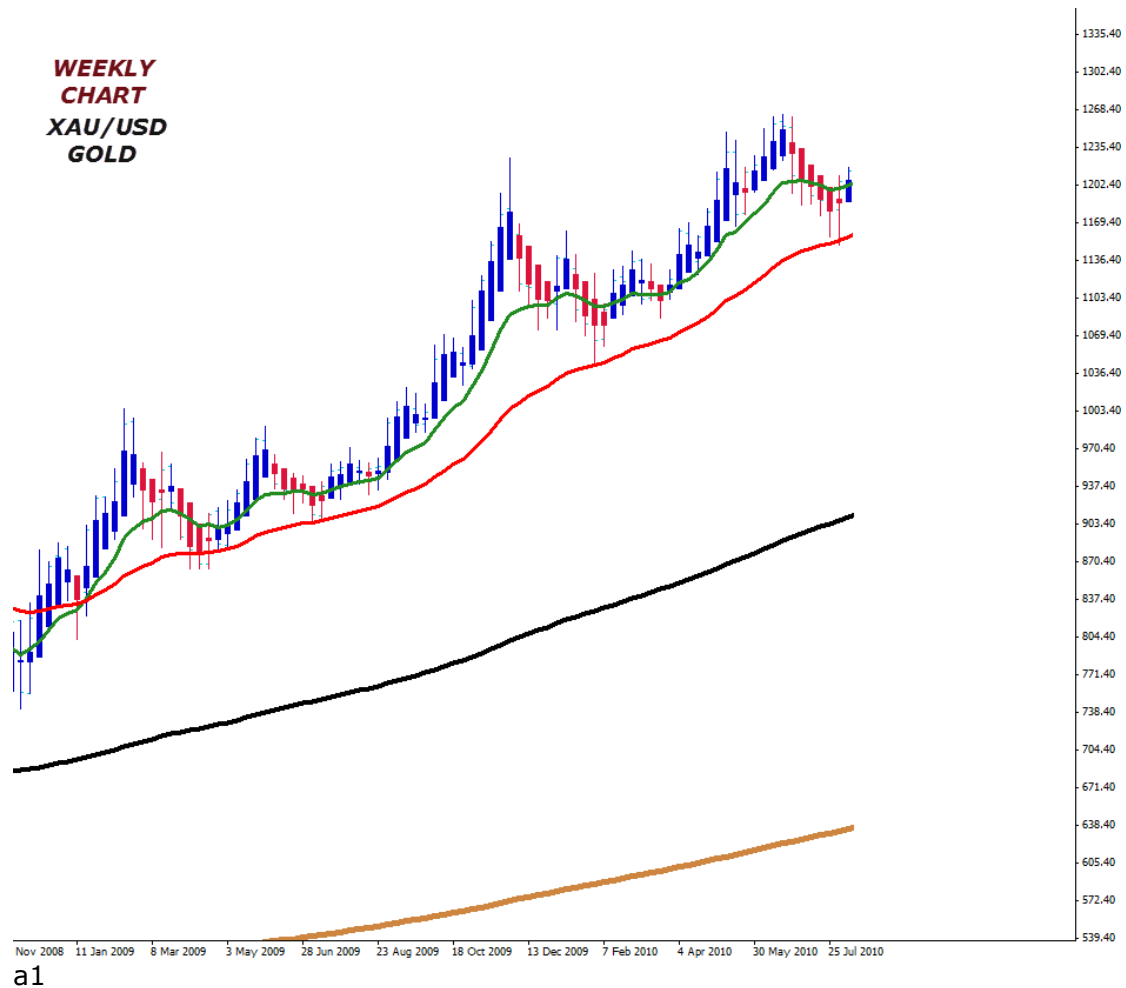
### D. Trade entry & trade management

Open 3 positions (one trade split into 3 parts), place your stop and manage your trade on the daily chart, according to the swing trading system rules (Style 1).

Let's start with our first chart example on "GOLD"

## Swing trading style 1

1. Open the weekly Gold chart!



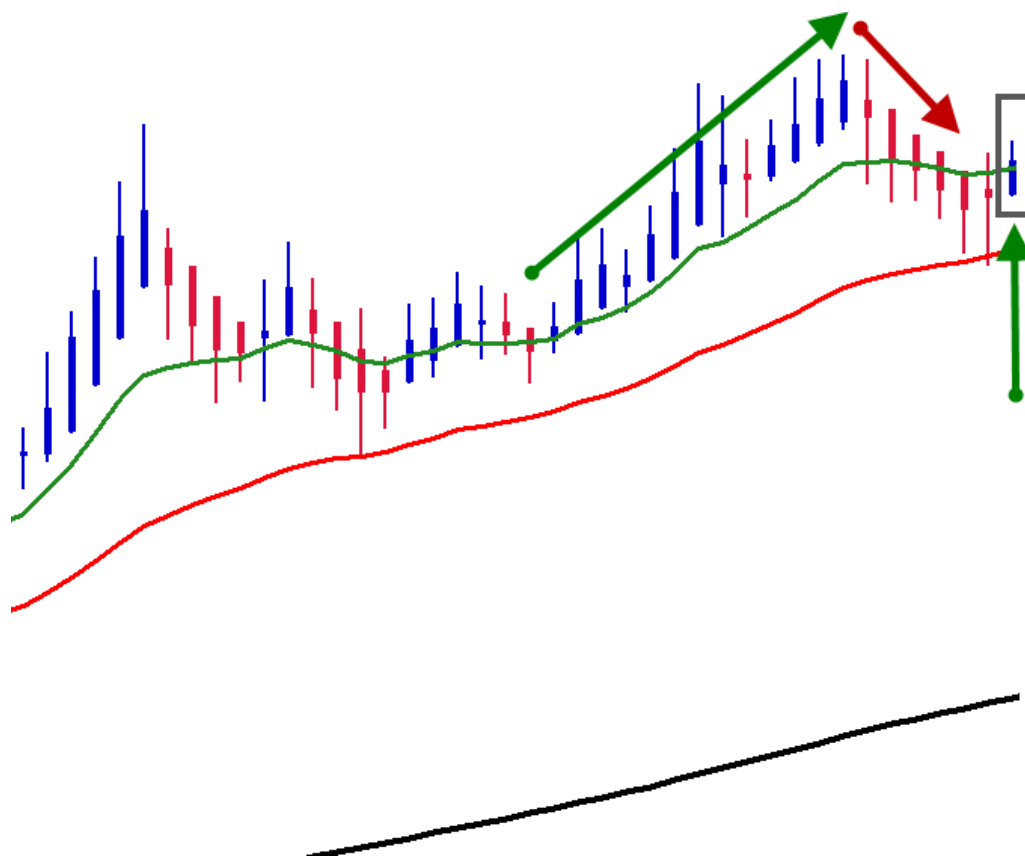
### A. The market behavior

You need to look for the main trend direction. It is easy to spot a trending or ranging market on the weekly chart.

So, what do you think? Do you see an uptrend, a downtrend, or a market range?

The trend is up of course. The price creates higher highs and higher lows all the time!

## B. The actual live price direction



a2

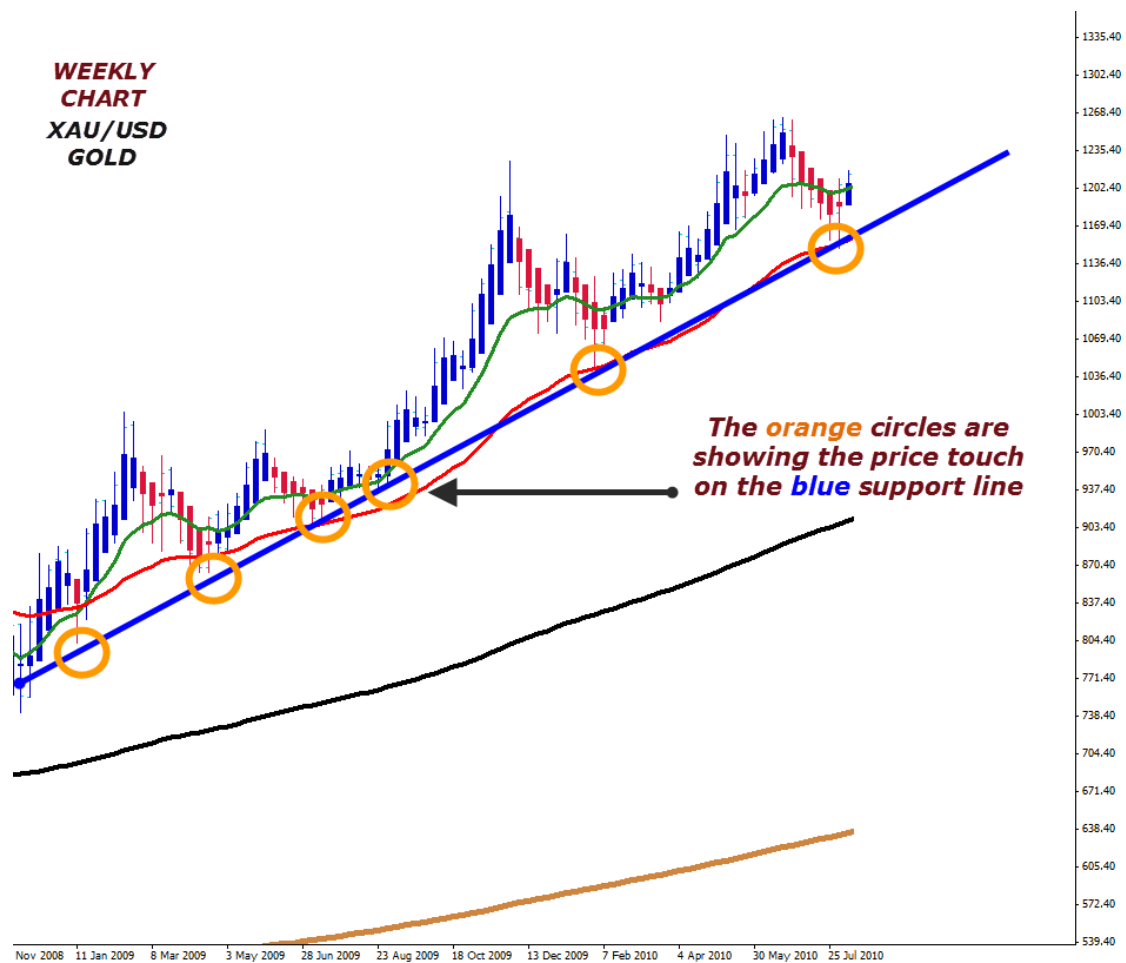
I am zooming in the chart a little bit in, so you can identify the actual live price direction. It is easy to spot.

The price moved up, retraced back down to the EMA 36 (red line) bounced up again and created a blue candle.

With a few word; the trend is up and the live price direction is up too.

There is one issue remaining now, before we can switch to the daily chart...

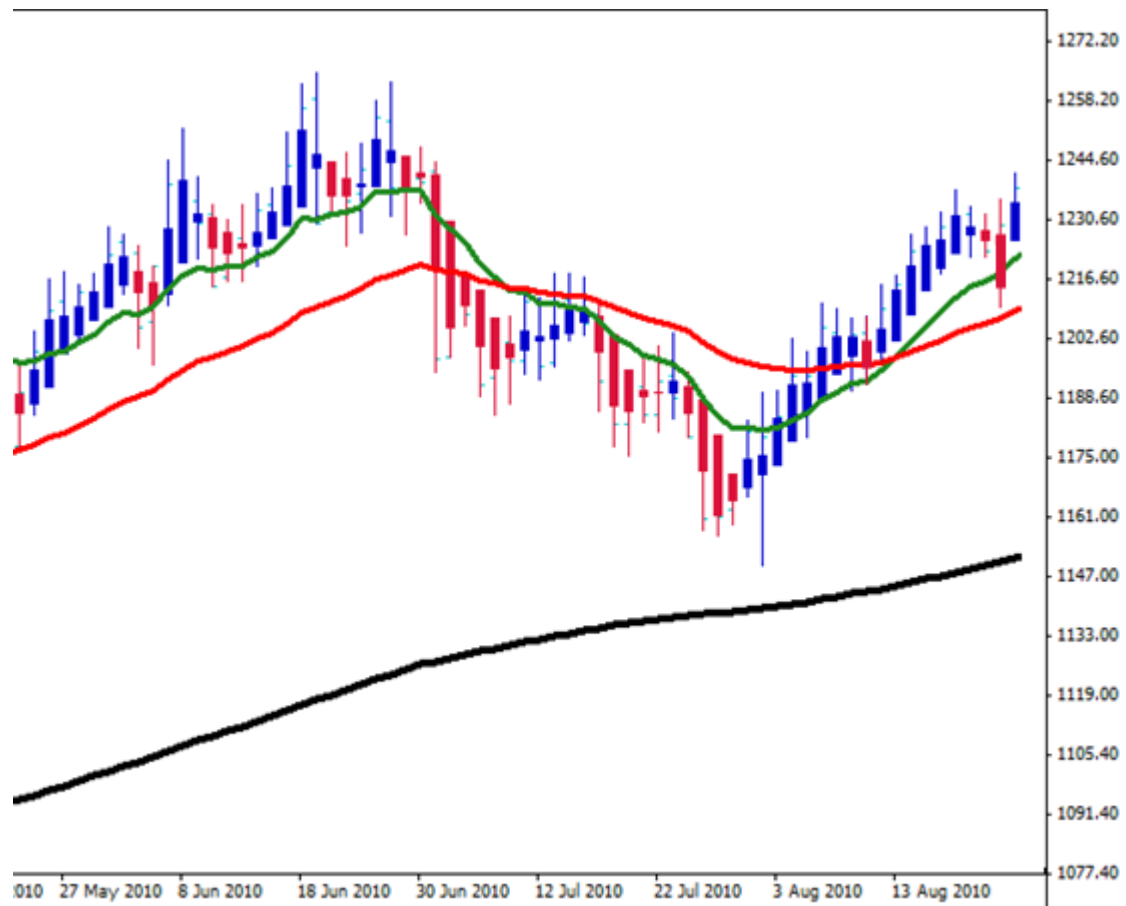
### C. Identify major support & resistance



a3

First of all, we need to draw a support line (**blue line**) under the price, close to the **EMA 36** and connect all higher lows on the chart. In a strong trend, we get a lot of touches and bounces close to our EMA 36. The more price bounces and touches we connect, the stronger the trend usually is.

Remember; we need at last **3 or more** touches on a trend line to confirm a strong trend or support/resistance area!



a4

Now that you know your main trend direction, the live price direction, support levels and trend lines, open a daily chart.

Use your checklist ([Step 2 -Top Down approach & Trading](#)) and follow through with it a 100%!

- [A. The market behavior](#)
- [B. Look for major sup./res. bounces or breaks](#)
- [C. Wait for setups on the daily chart](#)
- [D. Trade entry & trade management](#)



A5

### A-B-C

The price is moving up on the daily chart after the bounce on the **blue support line** (coming from the weekly chart).

The **black** daily down trend line (4 nice touches in **brown** circles) breaks after that weekly bounce and creates a nice long 1 2 3 setup on this daily chart, with a retracement to the **EMA 36**.

The price breaks the 2 to 3 line after the bounce on the **EMA 36** and a new blue daily long entry candle appears.

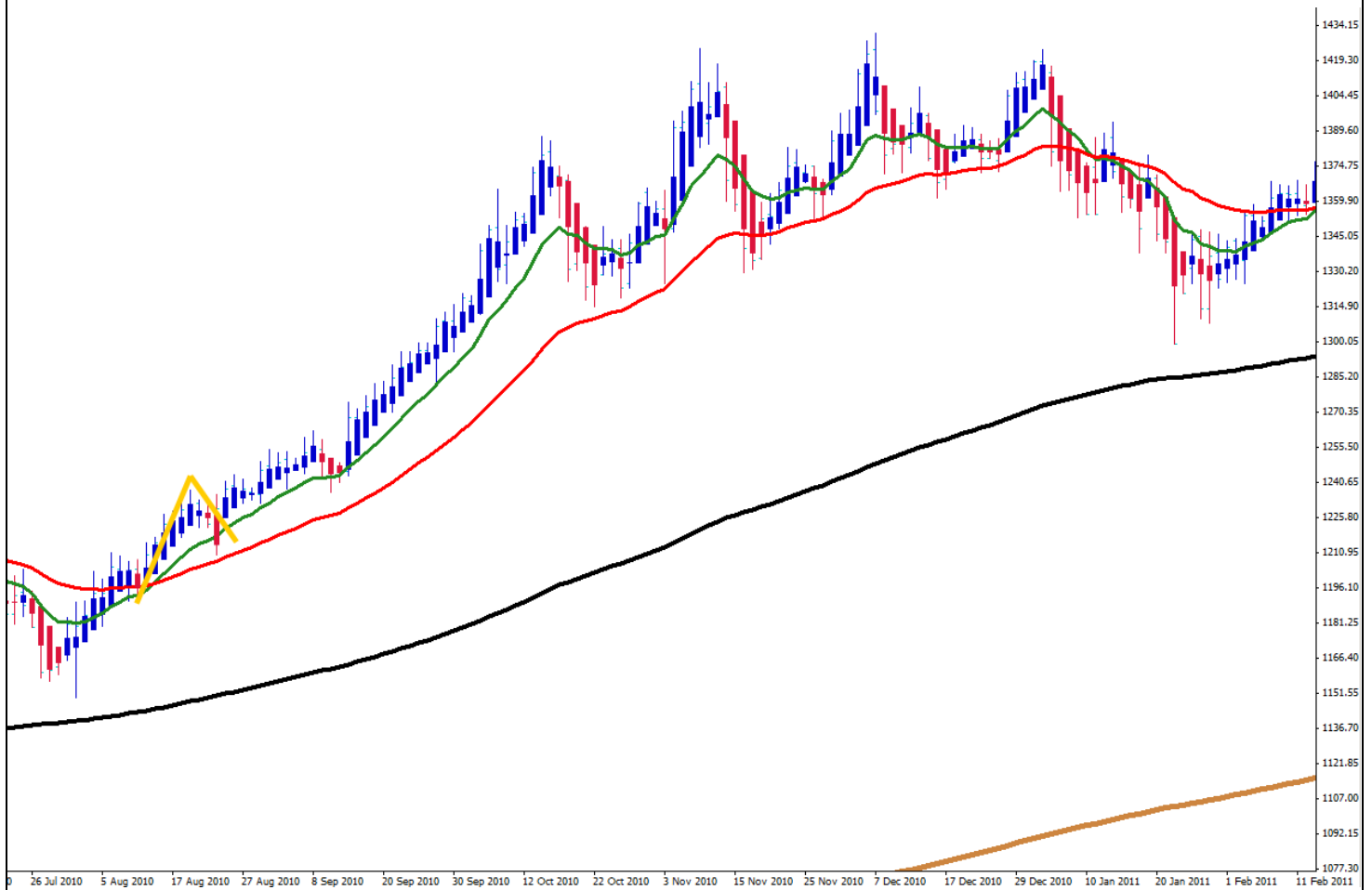


-D-

We enter the long trade with the close of the **blue** daily candle, put our stop under support and point 3 and manage our trade on the daily chart.

I will use the following charts to explain the trade management into detail.

Look at the chart below. That is how the chart looked weeks after your entry (**gold** 123 down left) on the daily chart!



1. Let's do the setup again...Look at the chart from down left to right. The **EMA 12** (green line) crossed the **EMA 36** (redline) to the upside.
2. The price created a long 123 setup with a retracement back to the **EMA 36**.
3. A **blue** candle appears after the bounce on the **EMA 36** and closes by end of the day over the 2-3 line. **The Entry Signal!!!**
4. You see the price moving up close and over the EMA 36, which is your guide.
5. Connect at least 3 touches to define your strong Daily trend line.
6. Draw resistance level trend lines too, like the topping formations on the upper chart. These were the first signs of a trend reversal on the daily chart!
7. Look for a reversal short setup after the **EMA 36** break.

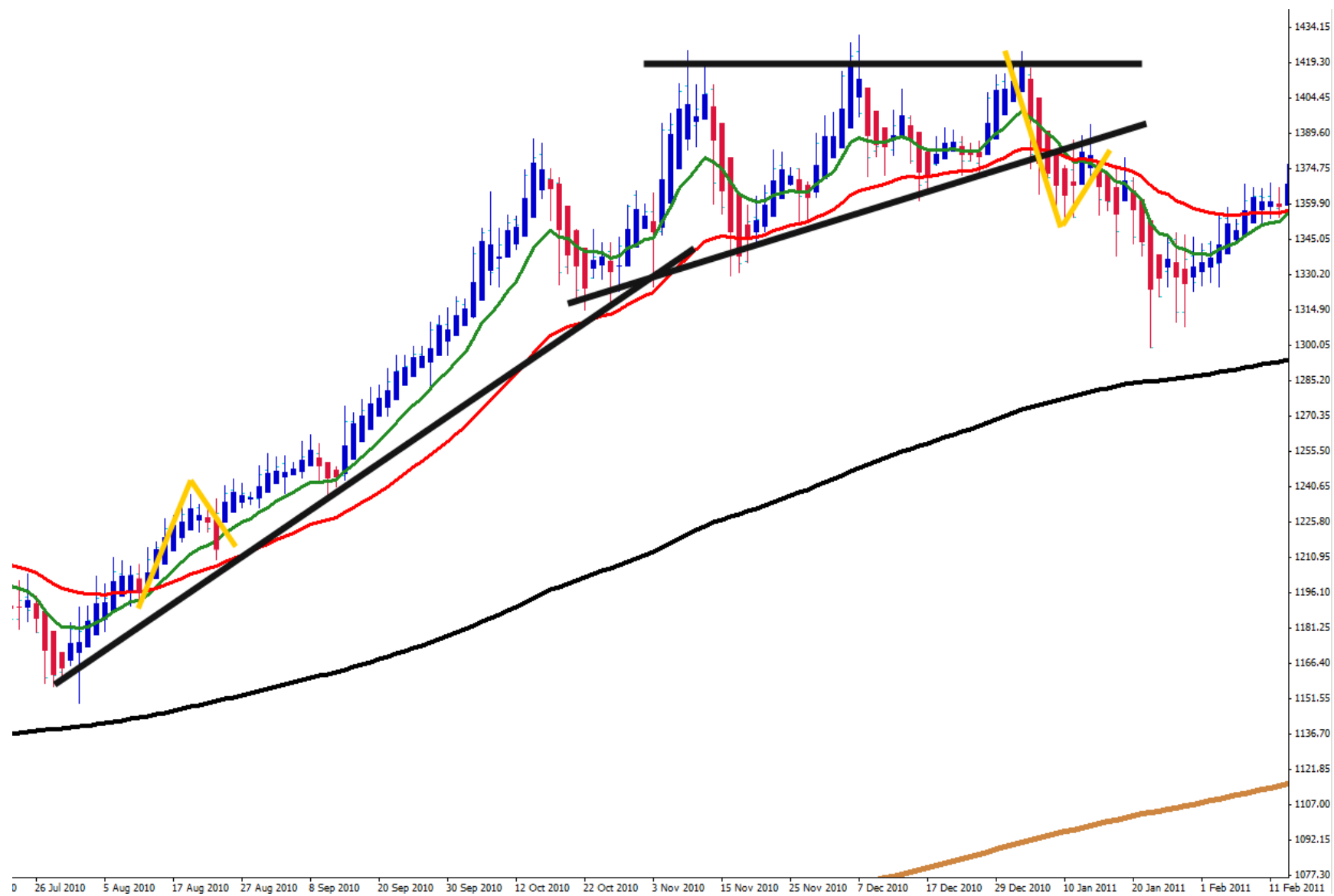
Use at the following chart and practice the 7 steps above a few times, just to get the hang of it.

Don't continue to read the book until you haven't understood and practiced the setups and rules to this point.

Better go back and read the swing trading style 1 chapter again.

If you are good with the basics, just continue.

Use this page to make your notes...



## Trade entry and trade management

The following chart will show you all moves you need to check and follow in much detail. This is an easy example. Make sure you study it well

1. You enter the long trade after your EMA12/36 crossover, followed by a 123 setup and a 2-3 line break candle. The candle needs to change the color from red to blue for long and blue to red for short setups of course.
2. Make sure the candle that breaks the 2-3 line is a "good" candle! That means, it has not only to break the 2-3 line, but the candle has to close way over its open price. I will explain that later on with some nice chart examples.
3. Now look at point 3 on your 123 setup. This is your lowest point. You have to put your stop under point 3 and under your trend line. You have to measure the distance (in pips) between your stop and the entry price now. Use this amount of pips to calculate your profit targets.

We split our swing trade into 3 parts. That means we open 3 lots with the same stop level but different target levels in order to maximize our profits.

*The Gold (XAU/USD) Chart for example: Stop 300 basis points\**

**1. Target 1:1 =300**\_basis points

**2. Target 2:1 =600** basis points

**3. Target Bonus Lot...**

We leave the third Lot running if the trend is strong and try to make as many basis points as possible here.

How do we identify a strong trend? Look at the following chart again. This is an uptrend! As long as you see higher highs, higher lows, bounces on the trend line (**brown circles**), bounces the **EMA 36** and new 123 setups (**golden**) you know that the trend is strong.

Trail your stop under point 3 of your 123 setup every time a new confirmed 123 setup appears on your chart. Make sure you see a price bounce on the trend line or/and **EMA 36**)

Now look for reversal signs. Topping and bottom formations, or heavy support/resistance areas coming from higher time frames are very important. You can take your profits for the remaining lot in these areas, or you wait until you get stopped out! This depends on the how the chart looks at that moment in time.

\*Basis points: Since we are referring to a Gold Chart in this example, whereas if we were looking at an FX chart then the terminology would be pips.



Use this page to make your notes...



## Basic trading and money management Rules!

I repeat with a different example!

You have a setup and a trading signal is triggered, so...

Split your positions into 3 parts (lots) with the stop at the same price.

Example: If the stop is 70 pips aim for...

70 pips 1. Lot

140 pips 2. Lot

Leave the 3. Lot open and trail your stop under your trend line and EMA 36 until you see reversal signs or you get stopped out.

The 3 Lot is your bonus lot. The purpose for this lot is to maximize profits in a major trend.

Remember; these are the basic rules, but there are ways to manage your trades in much more detail. In the exercise chapter you will have the opportunity to practice these details a lot.

**Don't** ever risk more than 1-2% of your money. Calculate your risk. After executing a trade, make sure you immediately put your stop under point 3 on your chart. You use the same stop for all 3 parts. In case the market turns against you and the position gets stopped out, you will lose 1-2% only on all 3 parts (one position).

## How to calculate your risk on you trading platform

To make it really simple: Let's say you trade with a \$10.000 account.

2% of \$10.000 is \$200

If you have a trading setup on EUR/USD with a stop of 70 pips for example, do the following calculation.

3 mini lots (your 1 trading positions split into 3 parts) are worth about \$3 per pip.

$\$3 \times 70 \text{ pips} = \$210$

\$210 = about 2% risk

Try to stick to these rules and you will protect your invested money the best way possible!

Remember; you are not gambling, but **trading** financial markets.

You want to survive and grow your account steady for many years. If you do a mistake, you will pay for it. That is how the markets work. A mistake or a simple loss won't hurt you or your trading account as long as you stick to the rules. The reason many traders lose their money is, because they risk too much and forget about the rules. A big loss is not easy to recover. Sometimes you will get lucky, but it is all a matter of time before your backside gets kicked and you can start all over again...if you have the strength! The truth is that we all did that at least once or twice and learned to listen the hard way. As long as you learn from your mistakes and don't' do the same again, its ok!

## The Lot Size

A Lot is a standard unit size of a transaction. Normally one standard lot is equal to 100,000 units of the base currency, 10,000 units if it's a mini, or 1,000 units if it's a micro lot. Some brokers offer the ability to trade in any unit size, down to as little as 1 unit.

### **Standard Account Lot**

The pip value is \$10 for EUR/USD.

### **Mini Account Lot**

The pip value is \$1 for EUR/USD.

### **Micro Account Lot**

The pip value is \$0.10 for EUR/USD.

# Swing trading style 2

## (Entries & trade management on 4H charts)

On Swing trading style 1 with looked for entries and trade management on the daily chart!

The Swing trading style 2 is not that different. The only change we do here is that we switch to the 4 H chart after we have done the same top down approach as we did on the Swing trading style 1!

### Step 1 -Top Down approach

Open your Charting software (MT4 for example) after you switched on your computer. Chooses one product you would like to trade, like Forex, Stocks, Metals or indices and open the **WEEKLY CHART**.

As you can see, nothing changed here. Do the same top down approach as before on the Swing trading Style 1 example!

Try to be very detailed and always remember the importance of weekly support and resistance lines and areas. Missing out on the weekly chart analysis would be a major mistake, even knowing that you try to find setups on the 4 H chart!

There are 3 things you want to check when doing your top down approach and starting with the weekly chart!

A. The market behavior

You need to look for the main trend direction. It is easy to spot a trending or ranging market on the weekly chart.

B. The actual live price direction

You need to check what the price is doing right now. What I mean by that is, that the main trend can be up on the weekly chart, but the price could be retracing to the downside at the moment. In this case the weekly chart candle would probably point down!

C. Identify major support & resistance

Look for major support and resistance areas and draw your lines on the weekly chart. Bounces and breaks of major support and resistance areas are most important.

After you are done with all the previous 3 steps you need to go through with the second part of your analysis and approach. Continue on the next page.

Open a 2. Chart with the same pair/product you have chosen and chose the **DAILY CHART**. There are now 5 things you want to check when doing your top down analysis on the daily chart...

E. The market behavior

You need to look for the main trend direction again, like you did on the weekly chart. Make sure the daily chart points into the same direction as the weekly chart. That is mostly, but not always the case.

F. Look for major support & resistance bounces or breaks

Look for major support and resistance areas and draw your trend lines on the daily chart. Look for clear breaks, bounces and trend changes.

G. Wait for a 123 setups on the daily chart

Look for clear 123 trading setup on the daily chart after identifying the trend direction.

H. Switch to your 4 H chart and look for an entry

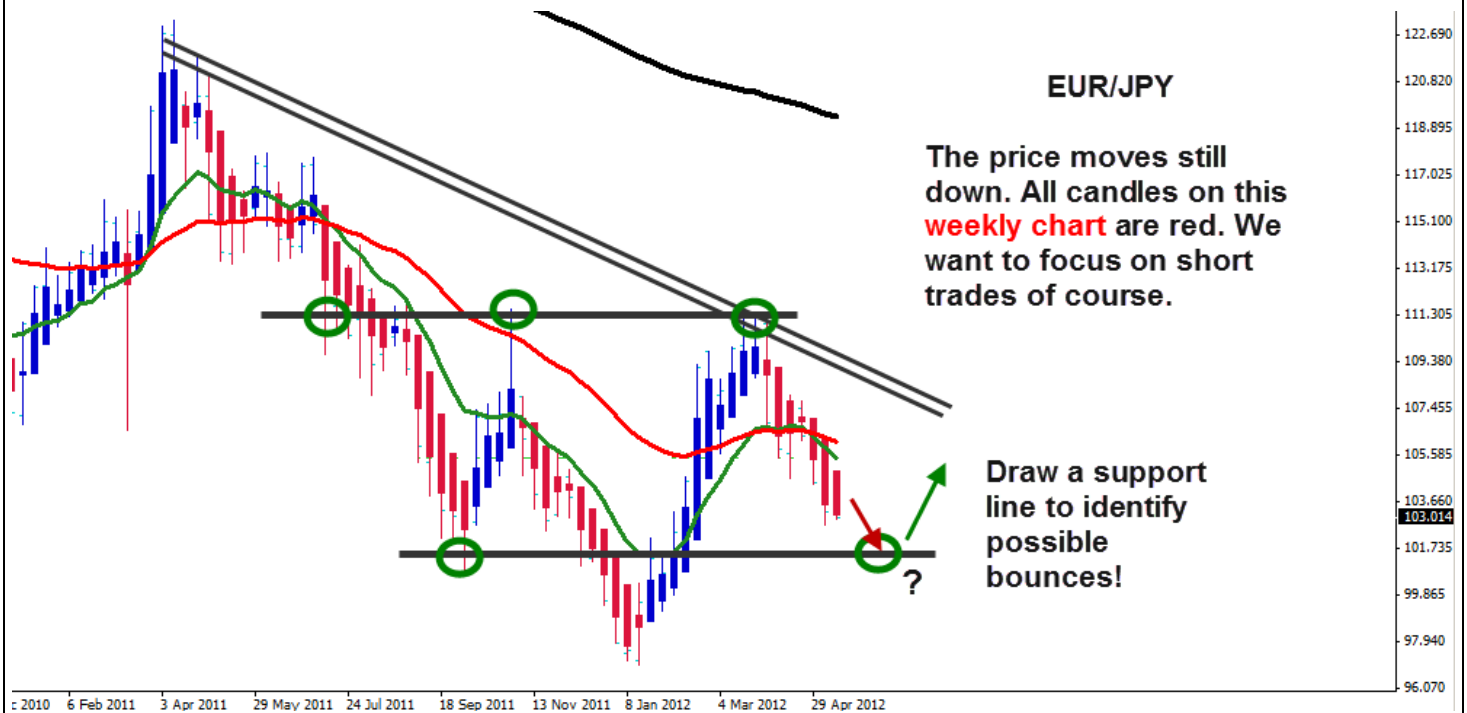
Look for a 123 setup on the 4 H chart after a confirmed 123 setup on your daily chart. This is the conservative way to do it.

I. Trade entry & trade management

When you get the entry signal, open 3 positions (one trade split into 3 parts), place your stop and manage your trade on the 4 H chart, according to the swing trading system rules (Style 2).

To make it easy for you again, I will explain the whole approach and management on the following charts!

Eur/jpy Weekly chart



Make some notes here:

## Eur/jpy Daily chart





Make your notes here:

## EUR/JPY 4 H CHART

Wait for a nice retracement back to your EMA 36 and let the price bounce in this area. Then wait for a clear 2-3 line break and a “good” entry candle.

A “good” entry candle breaks the 2-3 line, closes much lower than it opened (for short trades) and it changes its color to red of course.

Wait now for the close of the 4 H candle and place your trade.

Split the position into 3 parts and use the same stop for all 3 positions!

Put your stop like always over point 3 and your trend line (close to EMA 36 if possible) on your 123 setup.

Now measure and calculate your stops and target. The rules are the same...

Example: If the stop is 80 pips aim for

80 pips 1. Lot

160 pips 2. Lot...

...and leave the 3. Lot open and running. Trail your stop under your trend line and EMA 36 until you see reversal signs or you get stopped out.



Go over the previous trade example on EUR/JPY again

1. Your 123 setup has appeared on the 4 h chart
2. Wait for a nice retracement back to your EMA 36 and let the price bounce in this area. Than wait for a clear 2-3 line break and a "good" entry candle.
3. A "good" entry candle breaks the 2-3 line, closes much lower than it opened (for short trades and the opposite for long trades) and it changes its color to red of course.
4. Wait now for the close of the 4 H candle and place your trade.
5. Split the position into 3 parts and use the same stop for all 3 positions!
6. Put your stop like always over point 3 and your trend line (close to EMA 36 if possible) on your 123 setup.
7. Now measure and calculate your stops and target. The rules are the same...

Example: If the stop is 80 pips aim for

80 pips 1. Lot

160 pips 2. Lot...

...and leave the 3 Lot open and running. Trail your stop under your trend line and EMA 36 until you see reversal signs or you get stopped out.

This was the basic swing trade entry and management explanation. It is now time to practice on some charts.

Sometimes setups are easy to spot, if you have done your top down approach correctly. But there are some occasions where you will have trouble to decide whether a setup looks good or not. You won't be sure if you should trade or rather stay out for the time being.

Now, to boost your confidence and knowledge in this matter, I will show you many chart exercises that will help you to practice your skills in the following chapter. You will be able to distinguish between great, good, fair and bad trading setups. You will learn to compare aggressive and conservative trades, when to stay out of trades and when to take action.

You will learn how to trail your stop, how to maximize your profits and how to manage your trade in case it moves against your expectations.

Before you start with the exercises, make sure you print out all the charts and use a pencil to draw your trend lines and write your comments.

Practice on each and every chart more than just once and make sure you really understood everything on a particular example before your switch to the next one. Take your time and repeat!

If you are tired, take a break and come back later with a clear mind to continue practicing

Have fun!

We start with the “swing trading style one” and that means 2 charts to practice. I mean a weekly chart for the top down approach followed by a daily chart to look for a trade.

1. Example: EUR/USD

- A. The Spartanfx MT4 template showing a EUR/USD weekly chart.
- B. The Spartanfx MT4 template showing a EUR/USD weekly chart with the important trend lines.
- C. The Spartanfx MT4 template showing a EUR/USD daily chart.
- D. The Spartanfx MT4 template showing a EUR/USD daily chart with all support and resistance trend lines, the setup, the trade entry, the stop, and the targets.

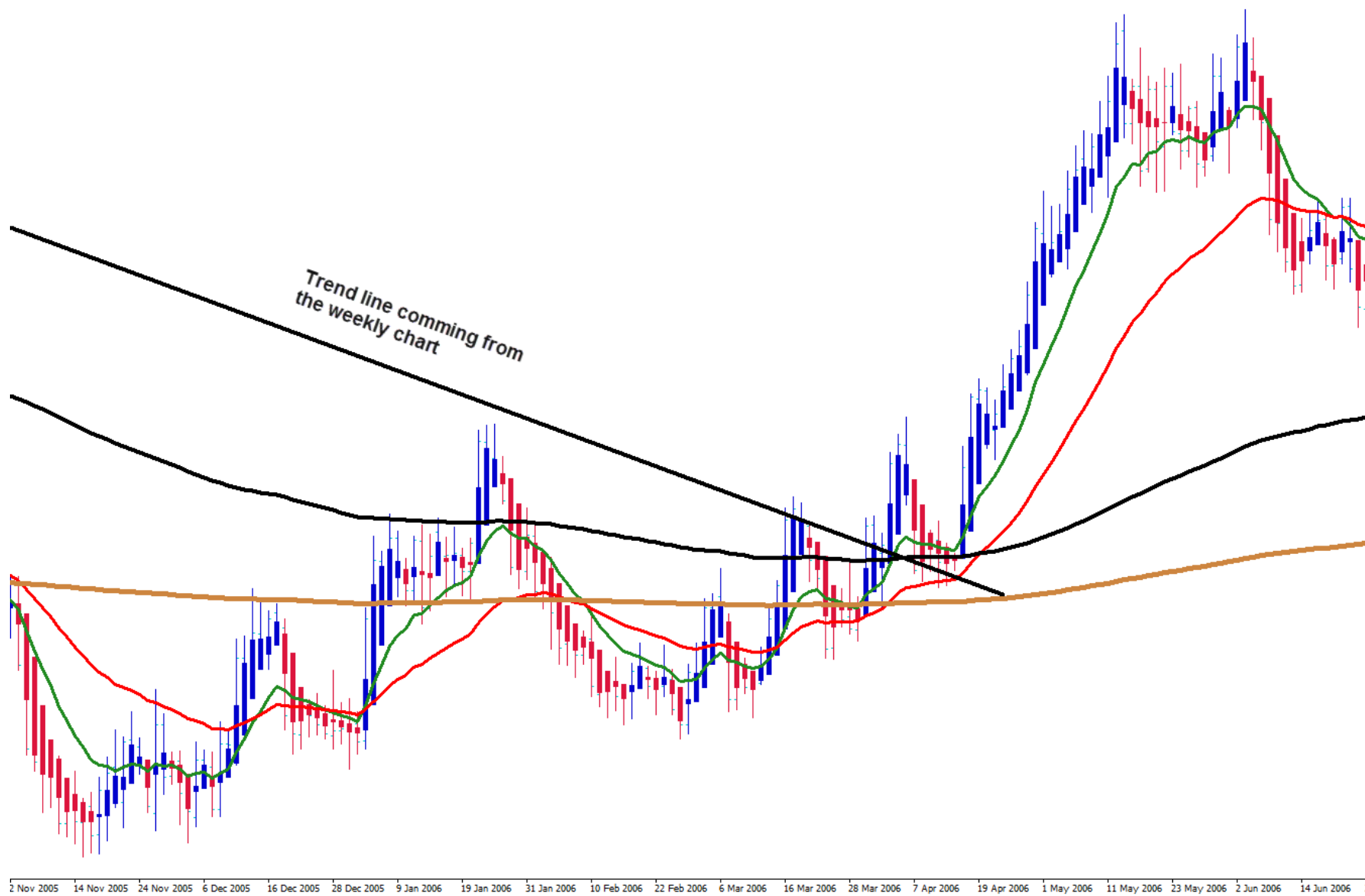
I want you to study these 4 charts and use them as an example. The next exercises will be without any trend lines or setups. I want you to draw all the support or resistance lines, setups, stops, trailing stops and targets yourself!

You will find the solution for every exercise if you switch to the next page. Please don't cheat on yourself by watching at the solutions first. Draw **your** lines first and try to figure out all the details yourself. Only after you have tried and think you are satisfied with your work, go and compare your results with mine. You can move to the next exercise if your results match my analysis by (85-95%). If not, go back and study the basics again.



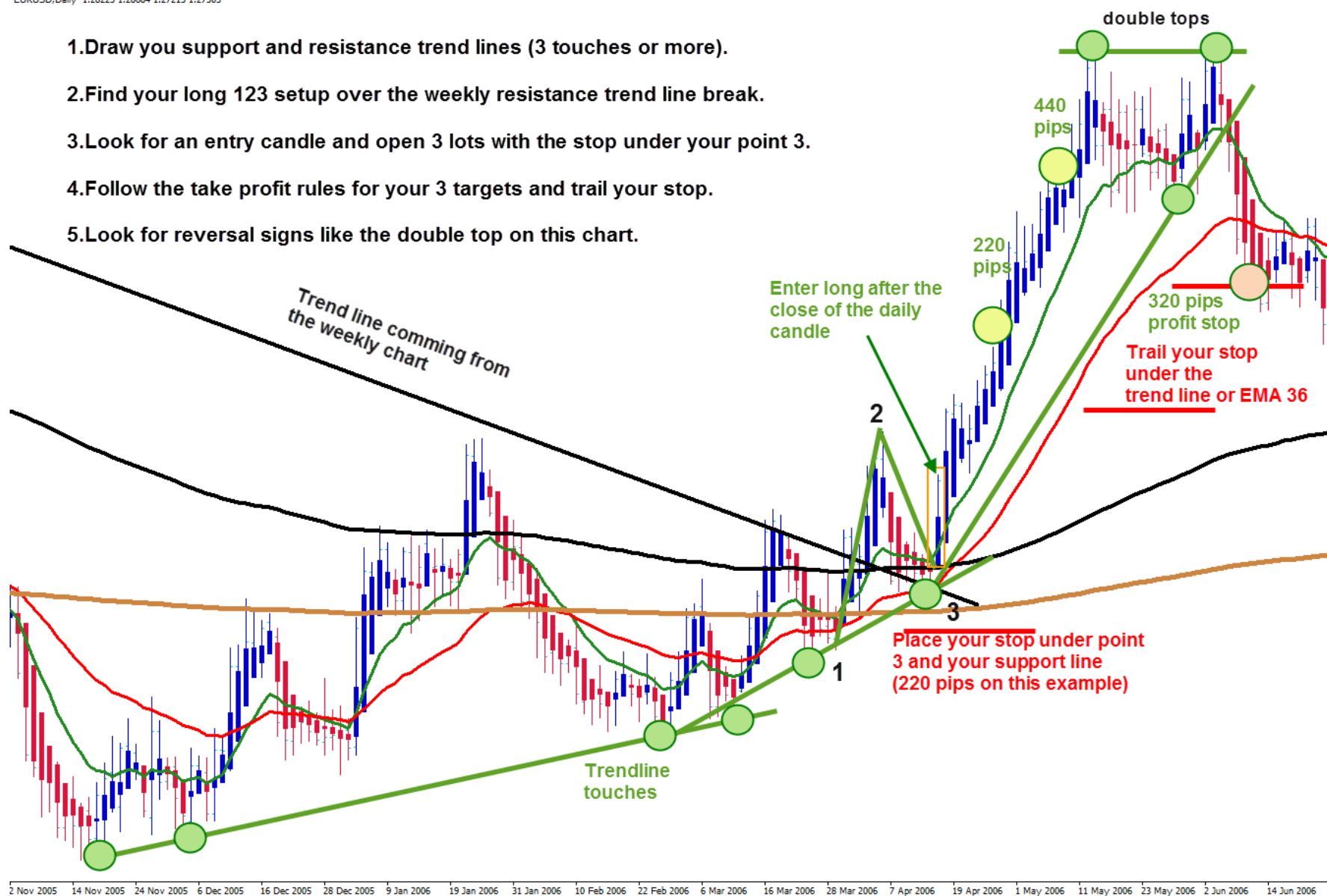


EURUSD, Daily 1.28223 1.28684 1.27213 1.27305





1. Draw your support and resistance trend lines (3 touches or more).
2. Find your long 123 setup over the weekly resistance trend line break.
3. Look for an entry candle and open 3 lots with the stop under your point 3.
4. Follow the take profit rules for your 3 targets and trail your stop.
5. Look for reversal signs like the double top on this chart.



This was the standard swing trade entry and management explanation. It is now time to practice on some charts. Sometimes setups are easy to spot, if you have done your top down approach correctly.

But there are some occasions where you will have trouble to decide whether a setup looks good or not. You won't be sure if you should trade or rather stay out for the time being.

Now, to boost your confidence and knowledge in this matter, I will give you many chart exercises that will help you to practice your skills in the following chapter.

You will be able to distinguish between great, good, fair and bad trading setups. You will learn to compare aggressive and conservative trades, when to stay out of trades and when to take action.

You will learn how to trail your stop, how to maximize your profits and how to manage your trade in case it moves against your expectations.

Before you start with the exercises, make sure you print out all the charts and use a pencil to draw your trend lines and write your comments.

Practice on each and every chart more than just once and make sure you really understood everything on a particular example before your switch to the next one. Take your time and repeat!

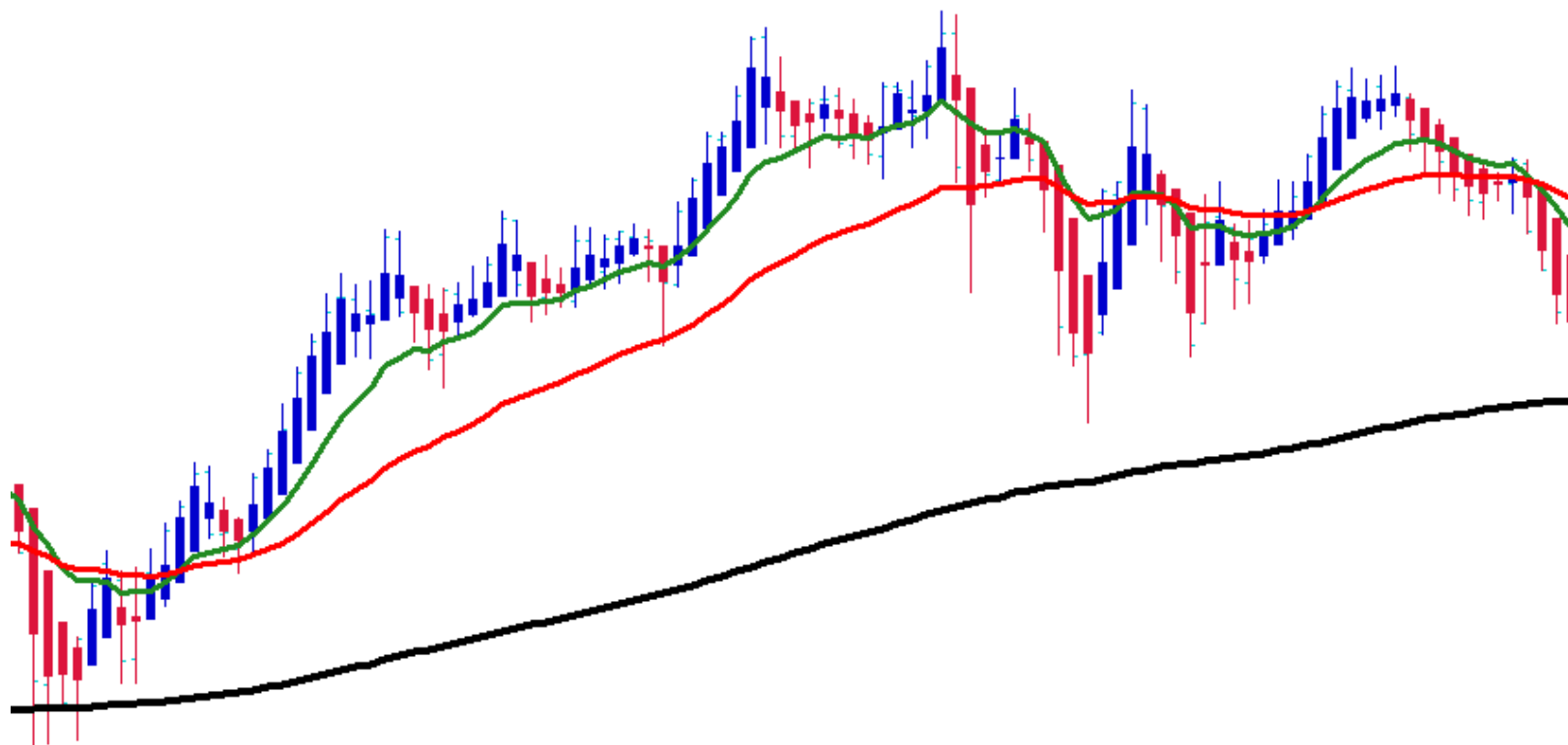
If you are tired, take a break and come back later with a clear mind to continue practicing

## Practice on the charts!

Start with the weekly charts and afterwards find setups at the daily charts. Try to manage the trades with stops, trailing stops and targets!

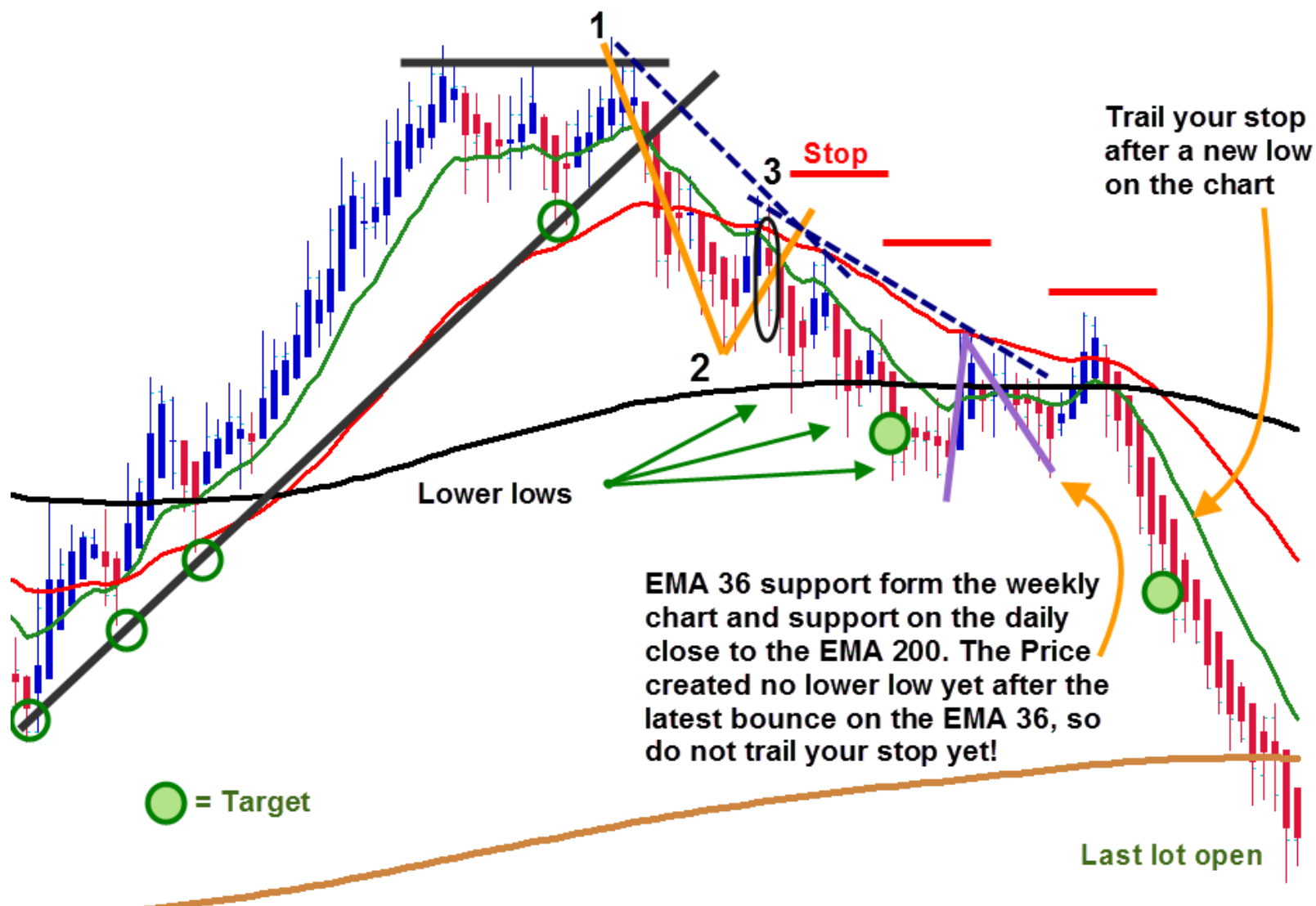
Have fun!

Weekly



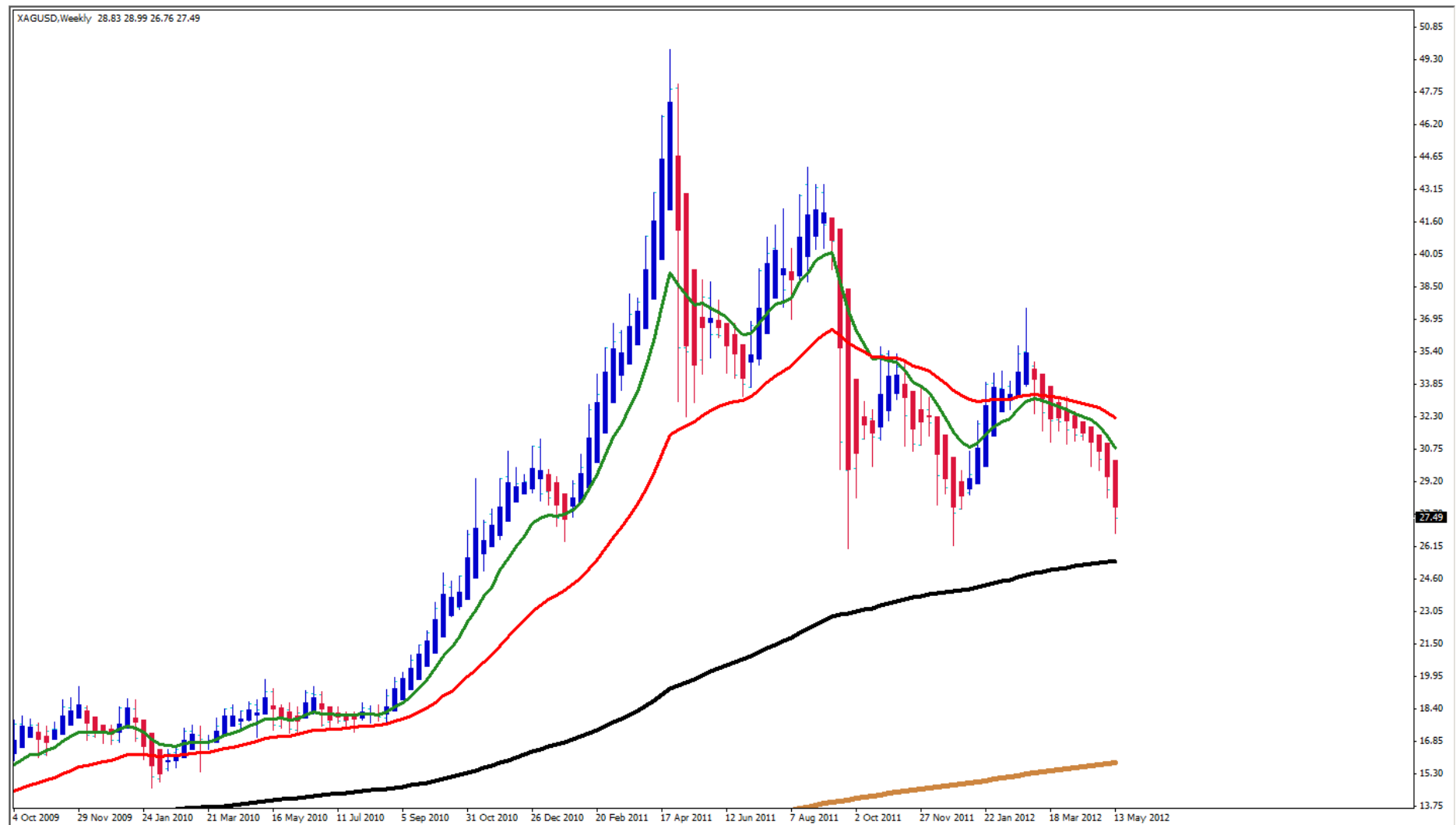




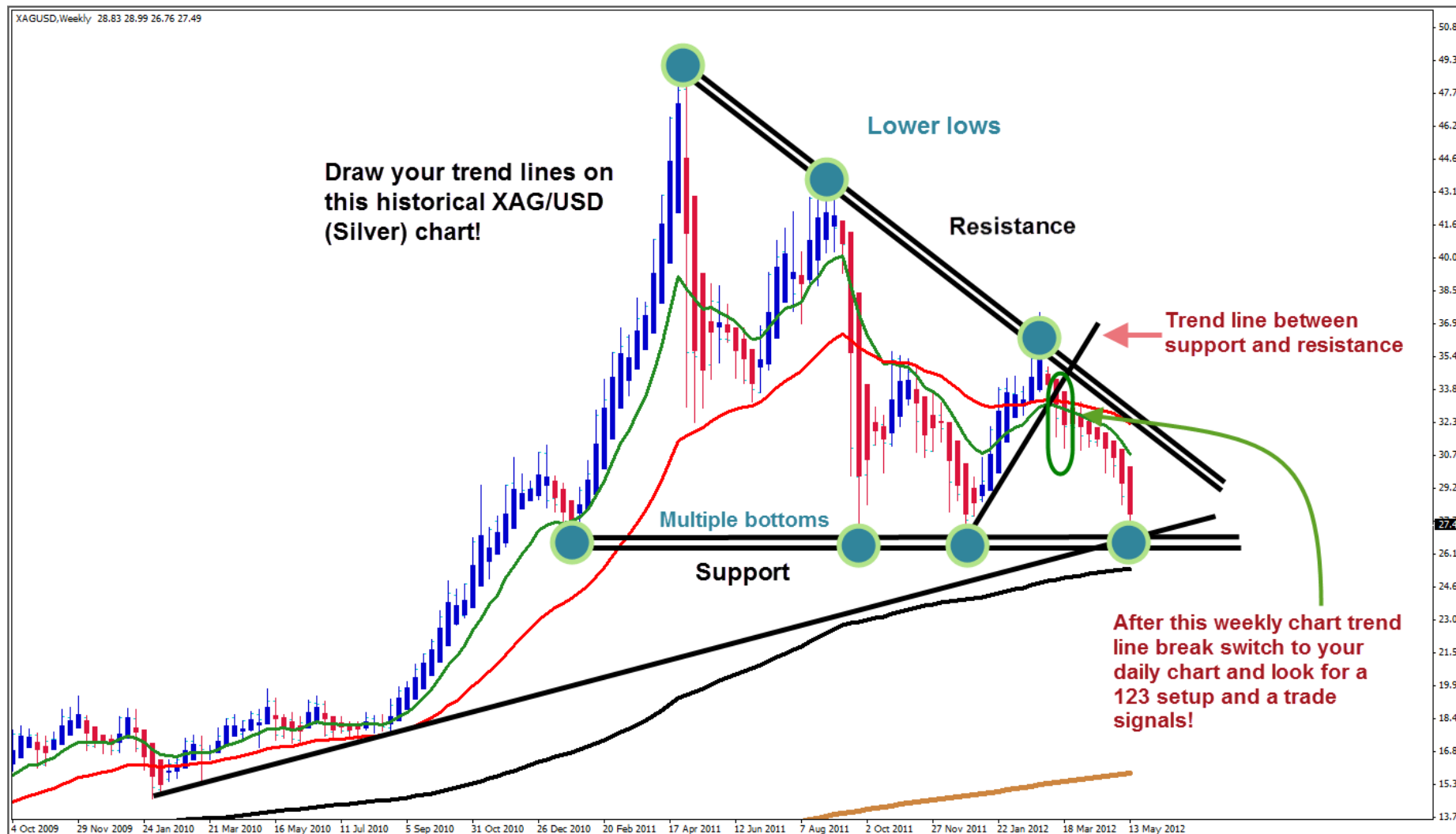


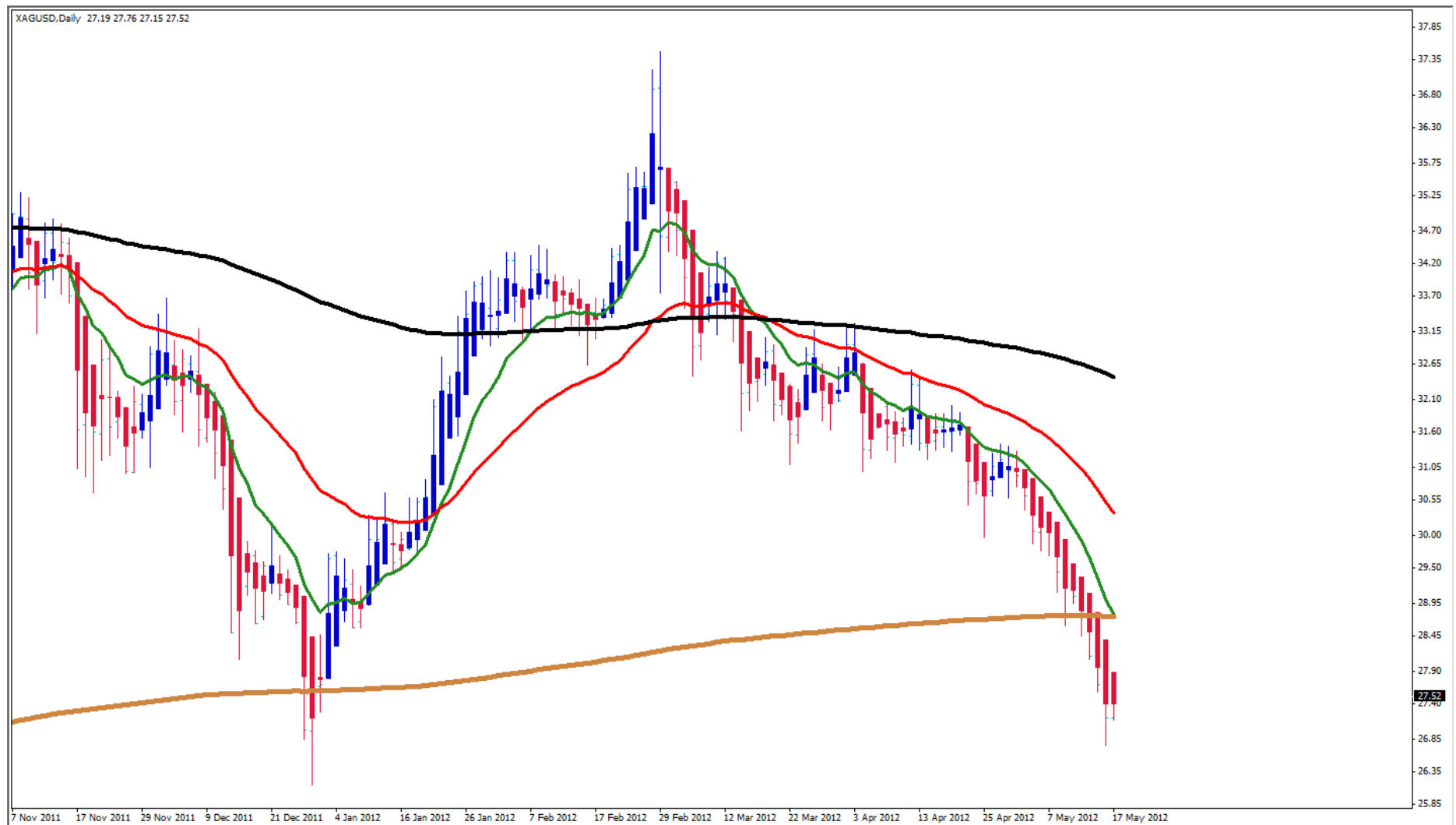
The previous example on the Aud/Usd was not that easy to start with, but you should be able to understand the importance of lower lows, lower highs and trades close to support areas now. Let us continue with the next example on Silver now.



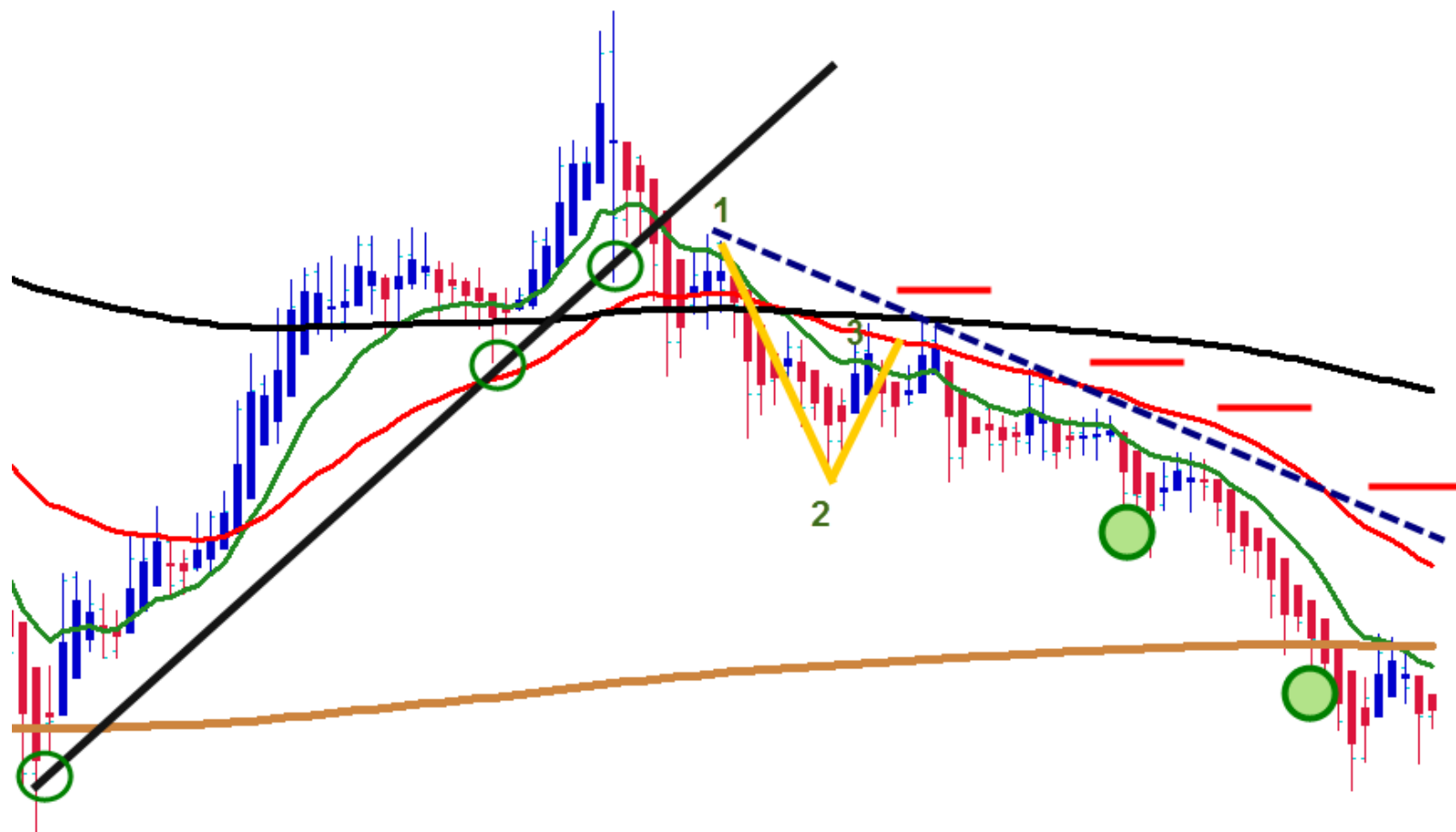


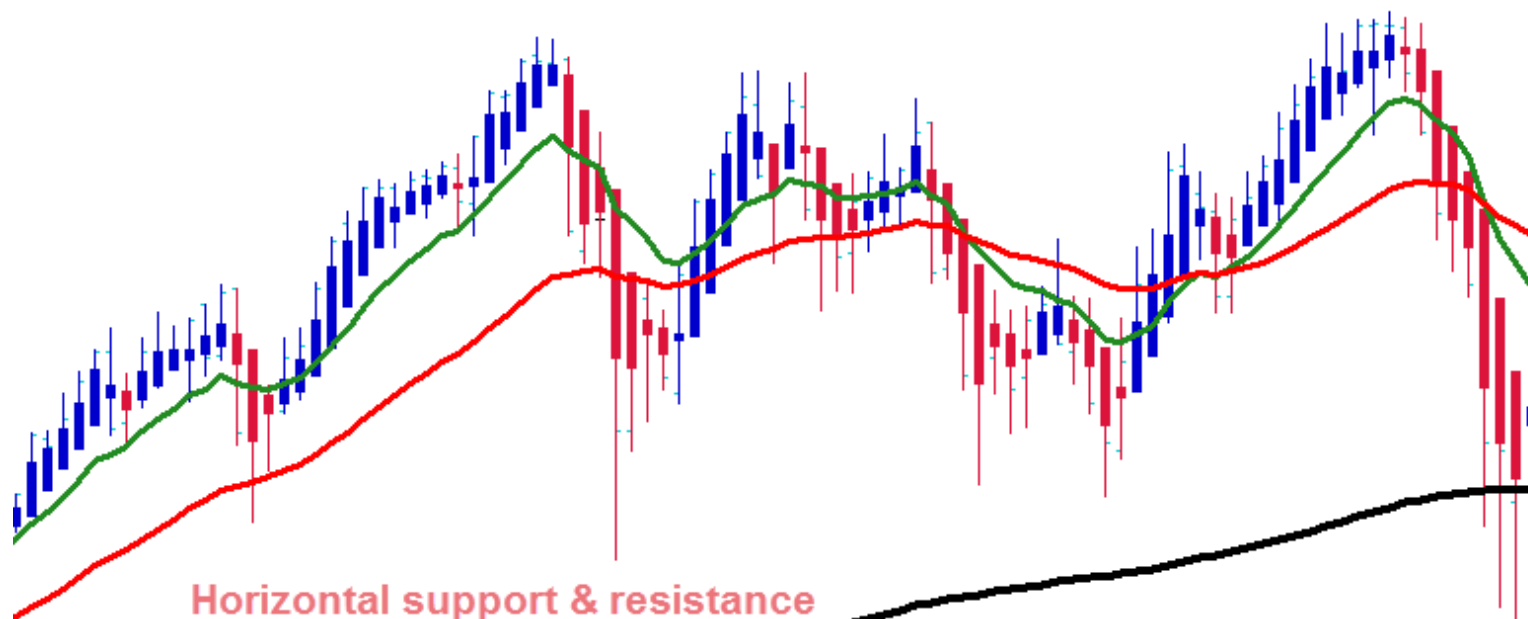
Weekly





daily

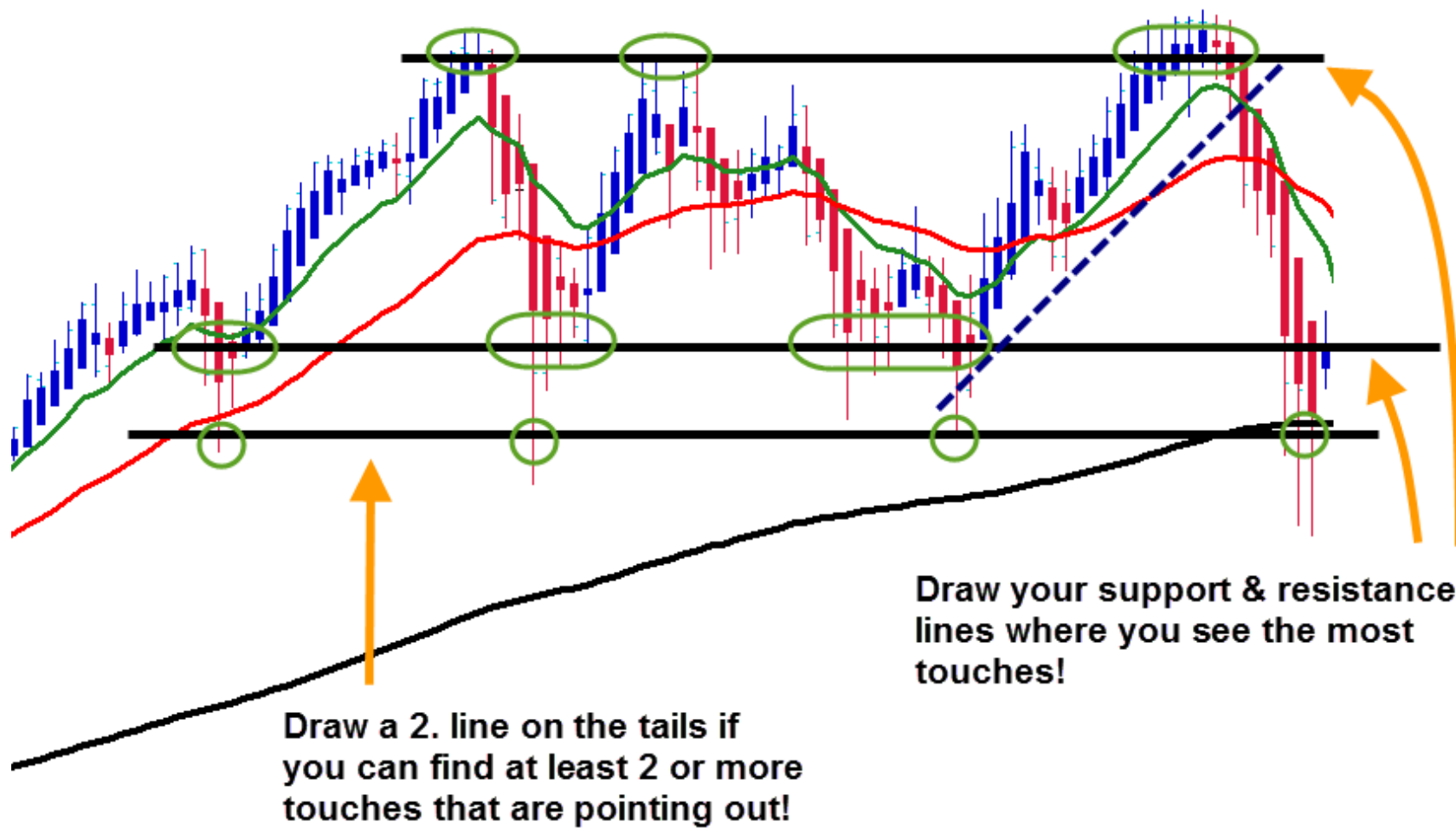


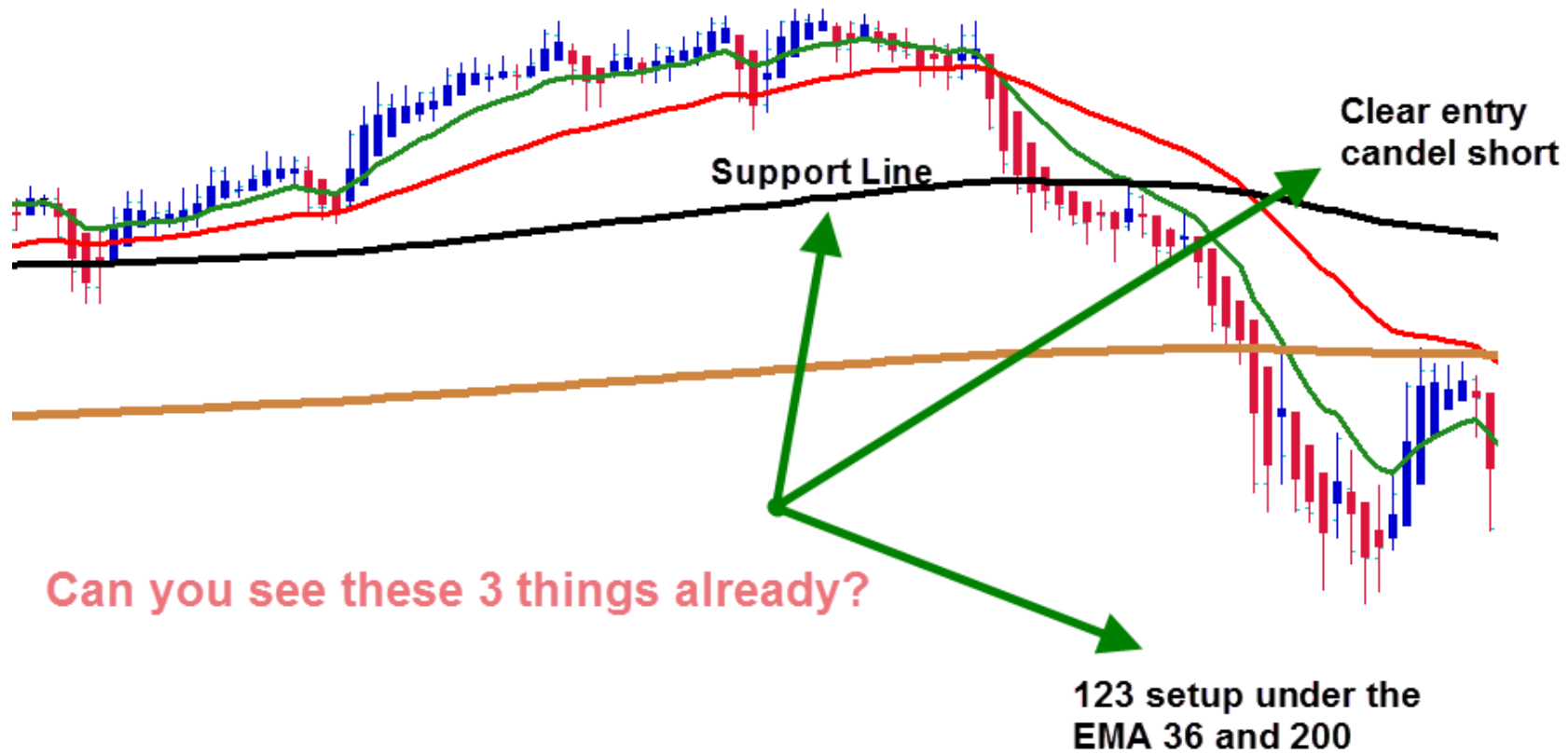


Horizontal support & resistance  
line exercise

Draw your support & resistance  
lines where you see the most  
touches!

Draw a 2. line on the tails if  
you can find at least 2 or more  
touches that are pointing out!

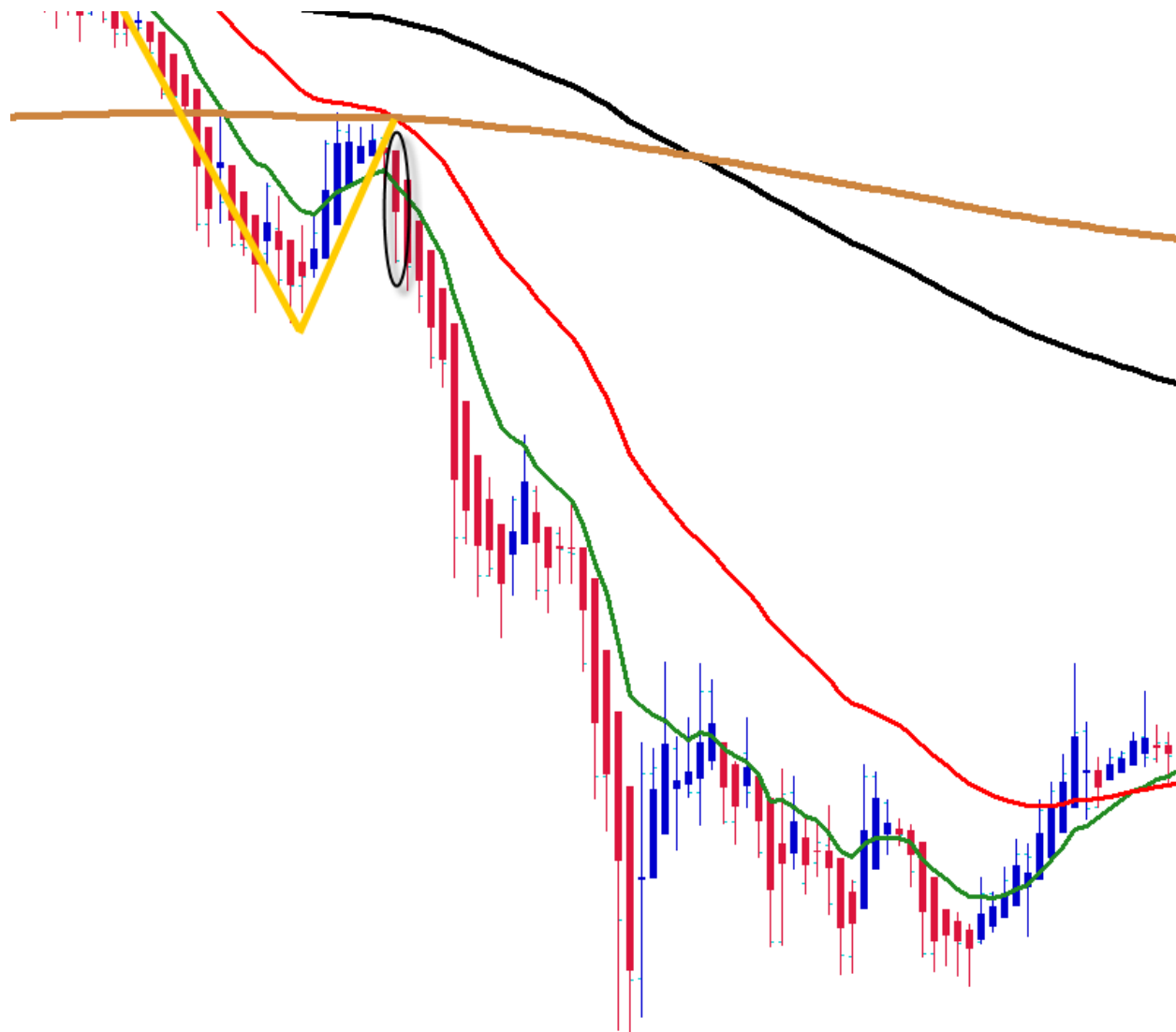






123 setup under the  
EMA 36 and 200





You have the entry now.

Please manage the trade and  
draw your trend lines!

Where would you have taken  
out your profits and how  
would you have trailed your  
stop?

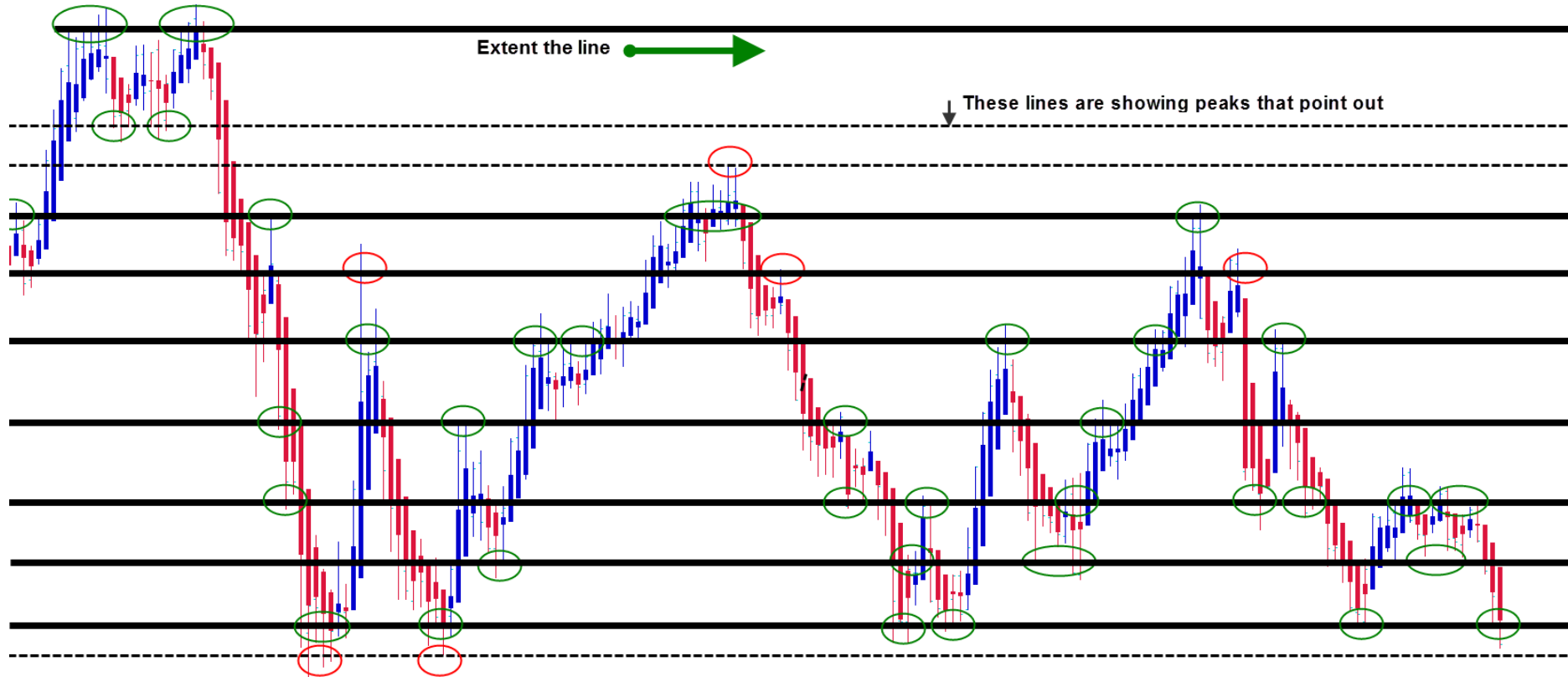
Take your time!



## Practice Horizontal support and resistance Lines

This Weekly EUR/USD chart is showing Heikin-Ashi candles only.  
Practice HORIZONTAL support and resistance lines here.

Make sure you connect the most  
touches and **not** only the tops or bottoms

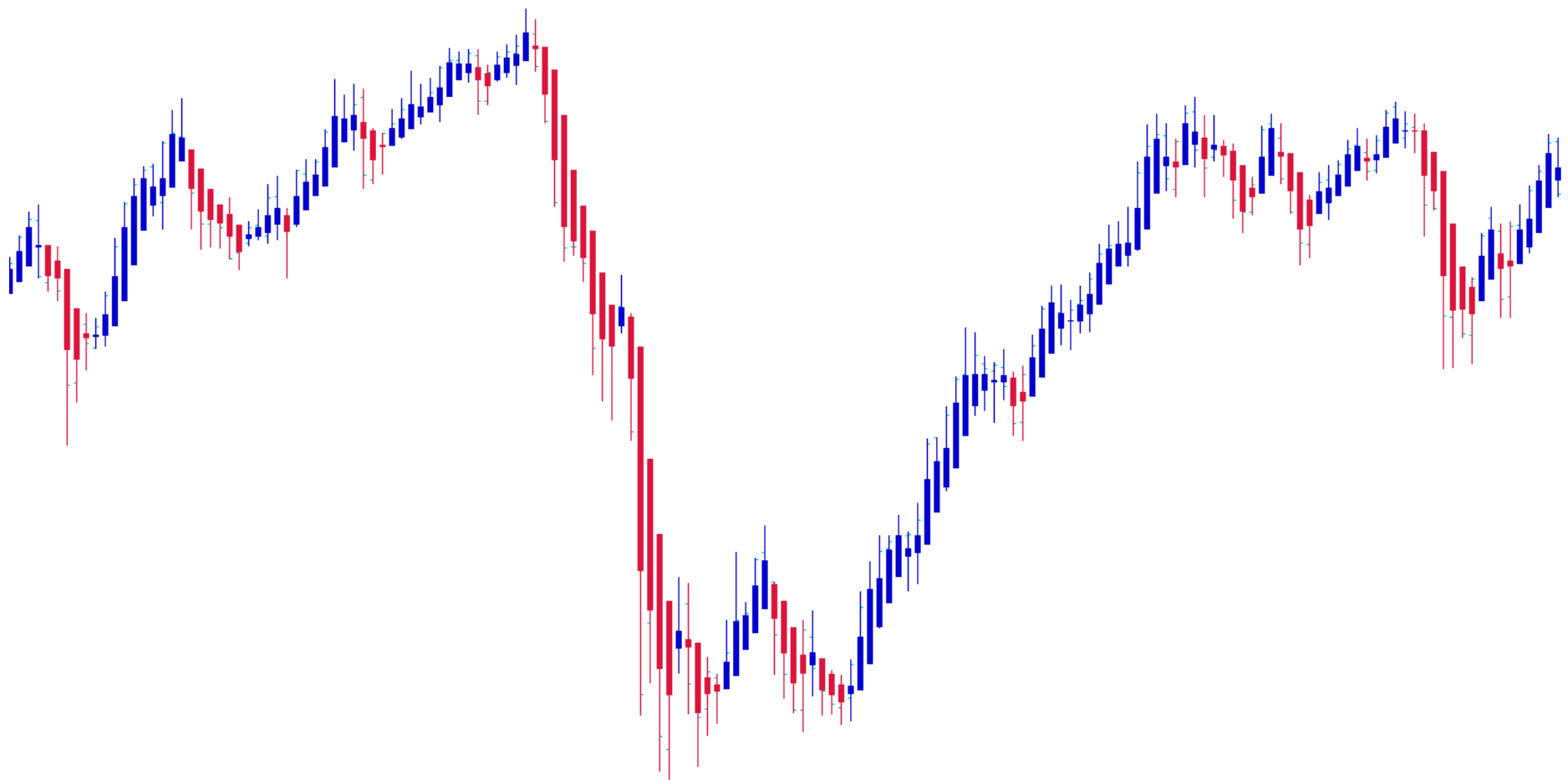


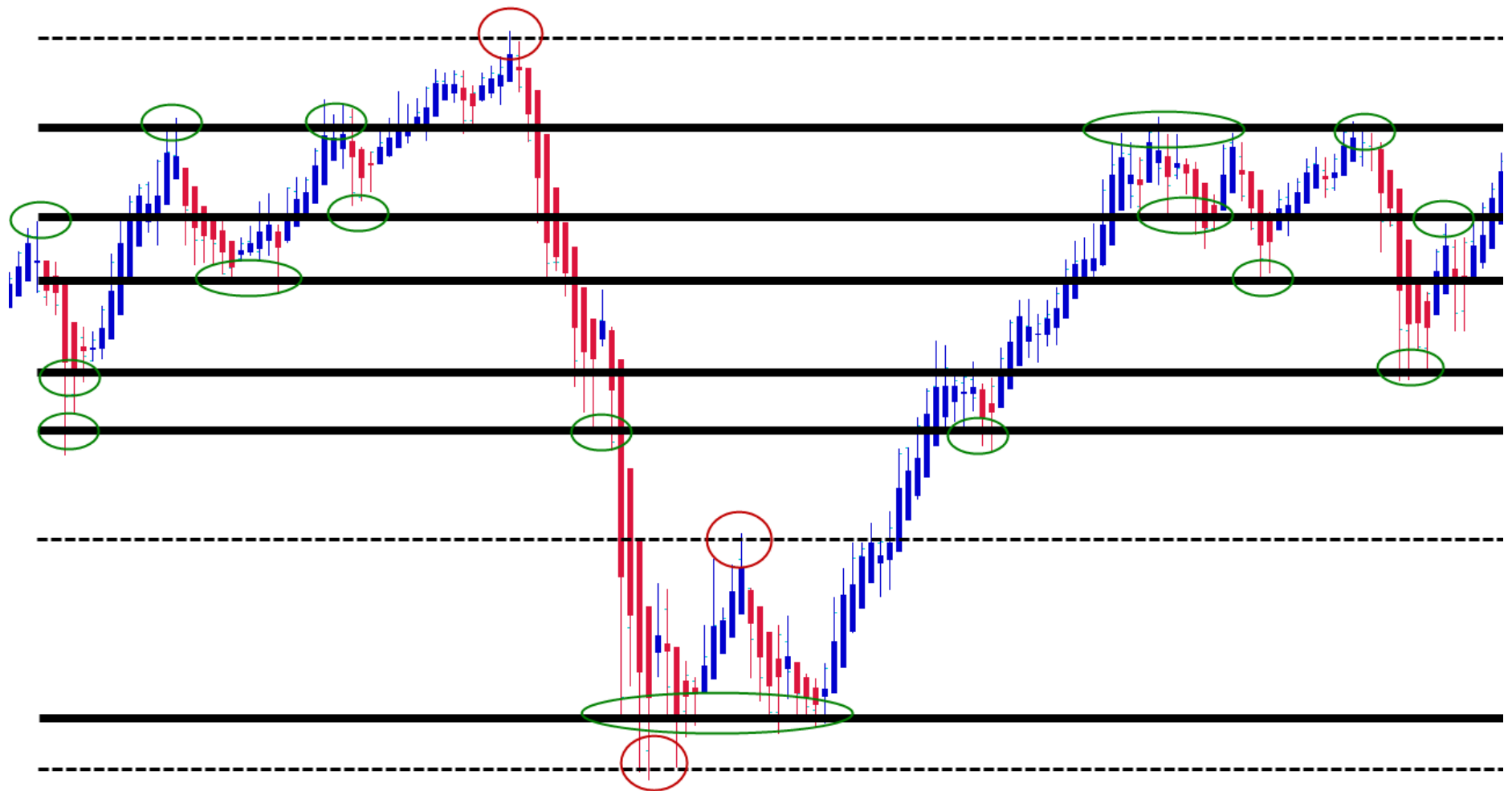
I draw all important horizontal support and resistance lines on the previous chart to demonstrate how it is done. Remember that this was a weekly chart and after you have done this on one pair correctly, you probably won't have to do this again for weeks to come. Just don't delete the lines on your charting software, so you can always come back and check.

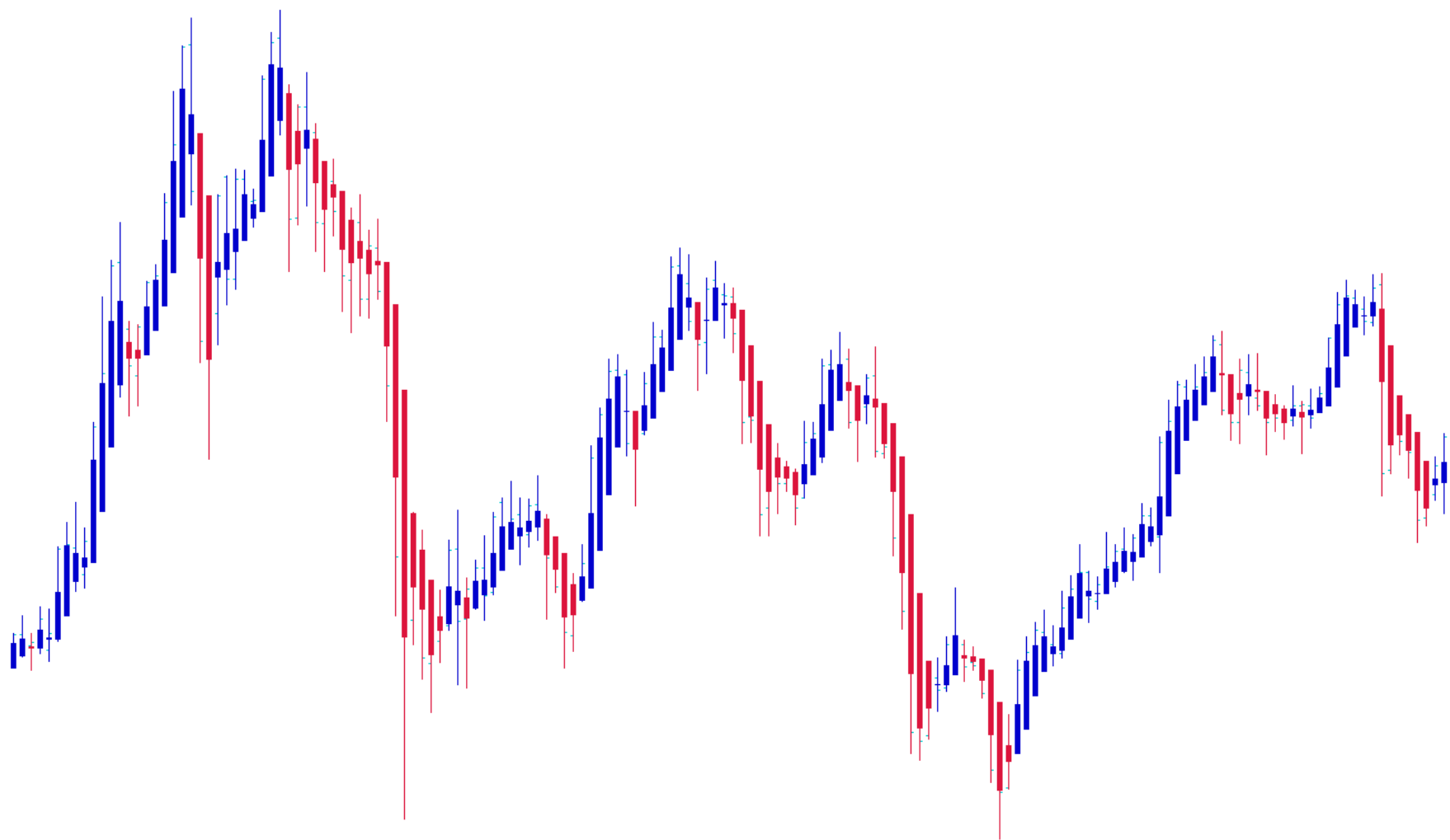
Please practice yourself on the following 5 weekly and daily chart examples.

The first chart of each exercise will be pure without any lines, so you can draw them yourself. The second chart will show you the solutions. Make sure you don't look at the solutions before drawing your own lines first.

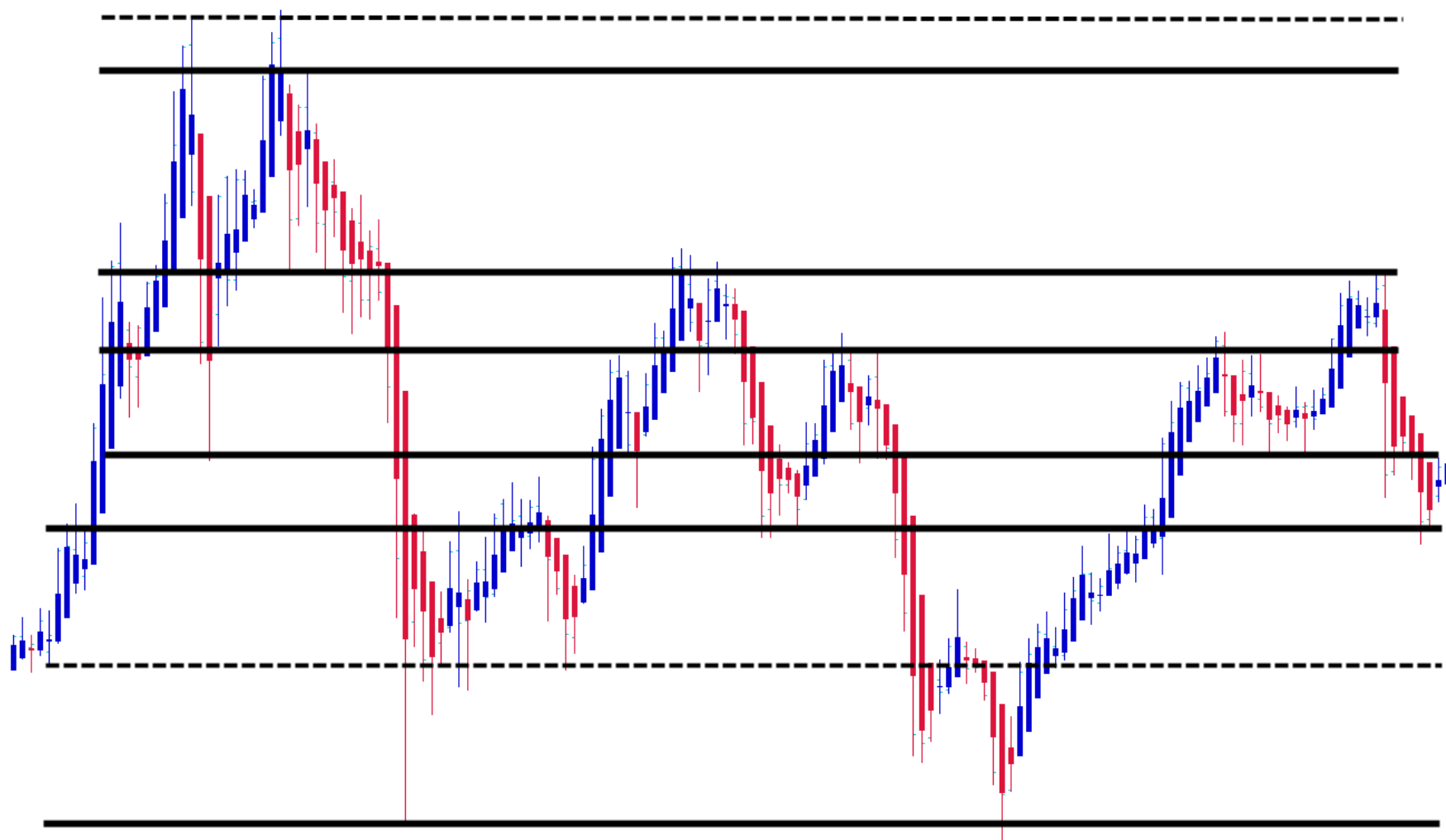
Have fun!

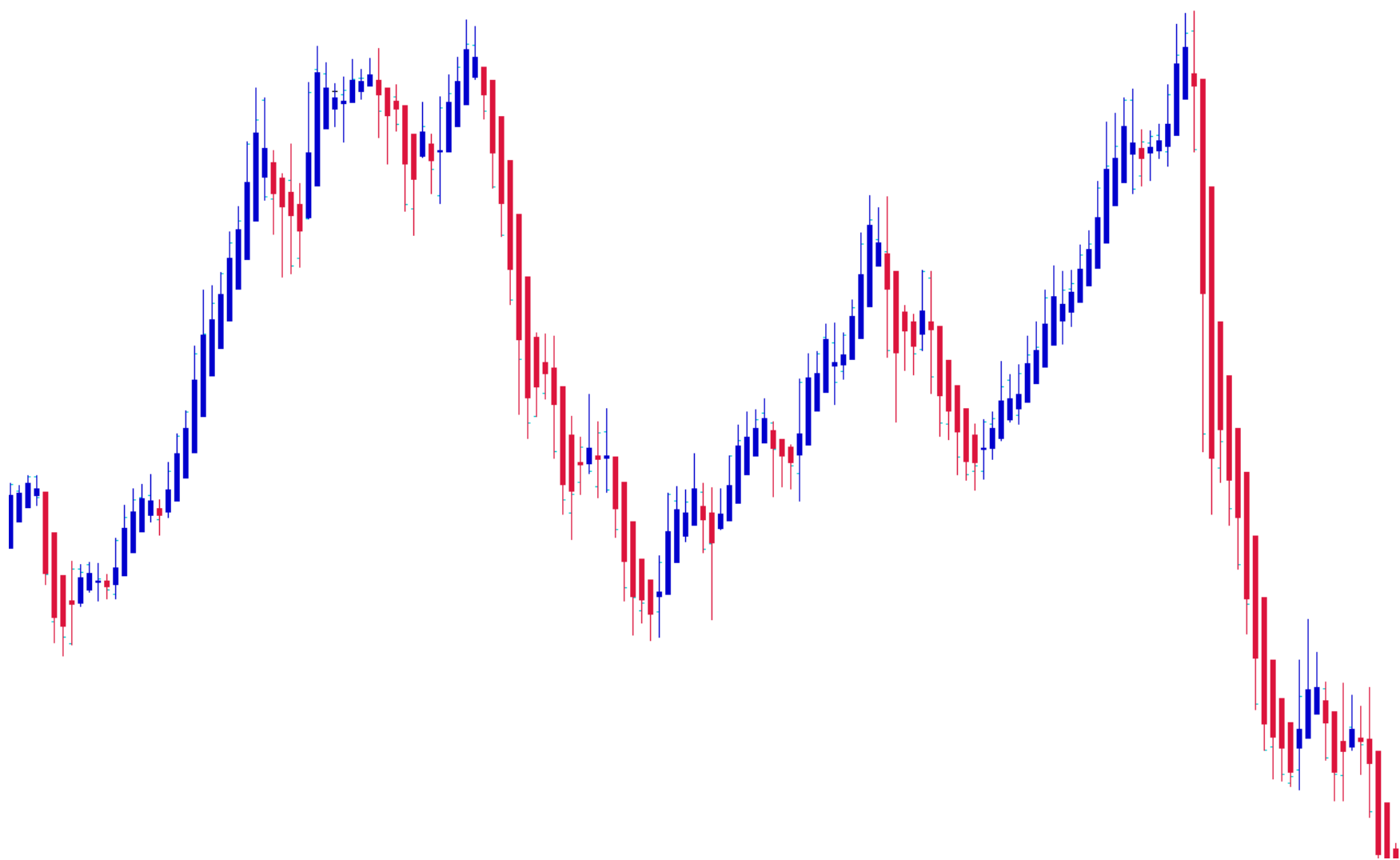


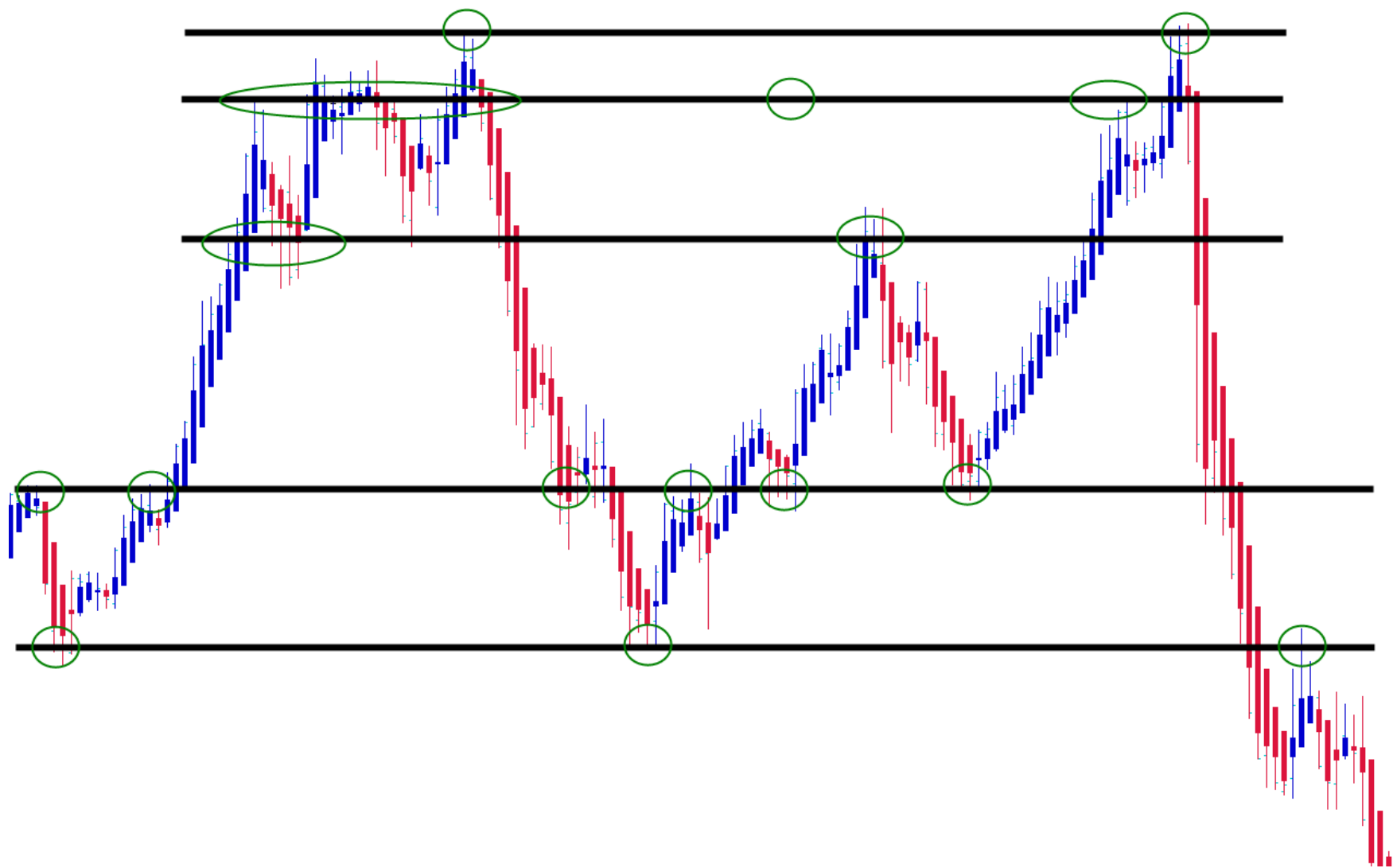


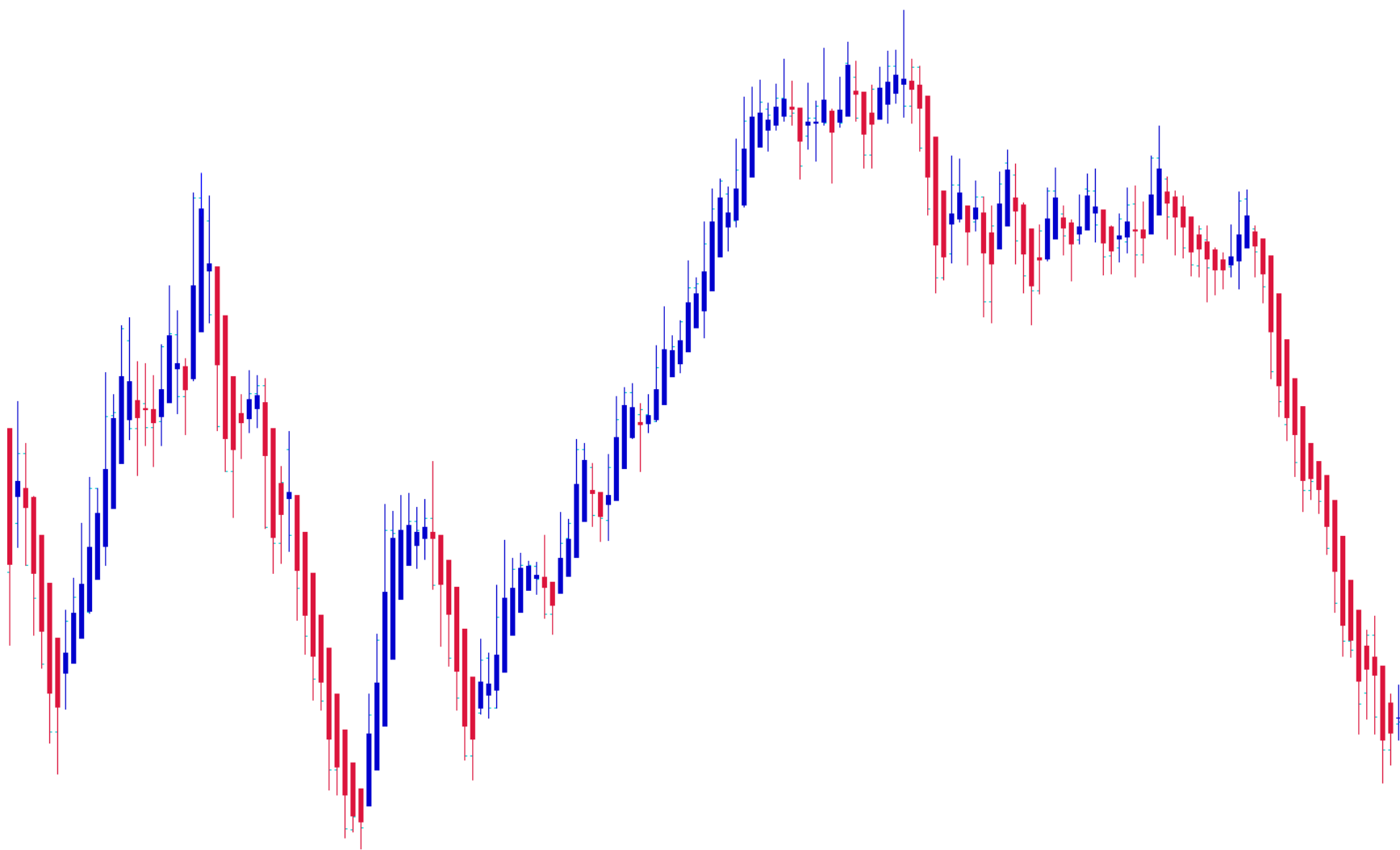


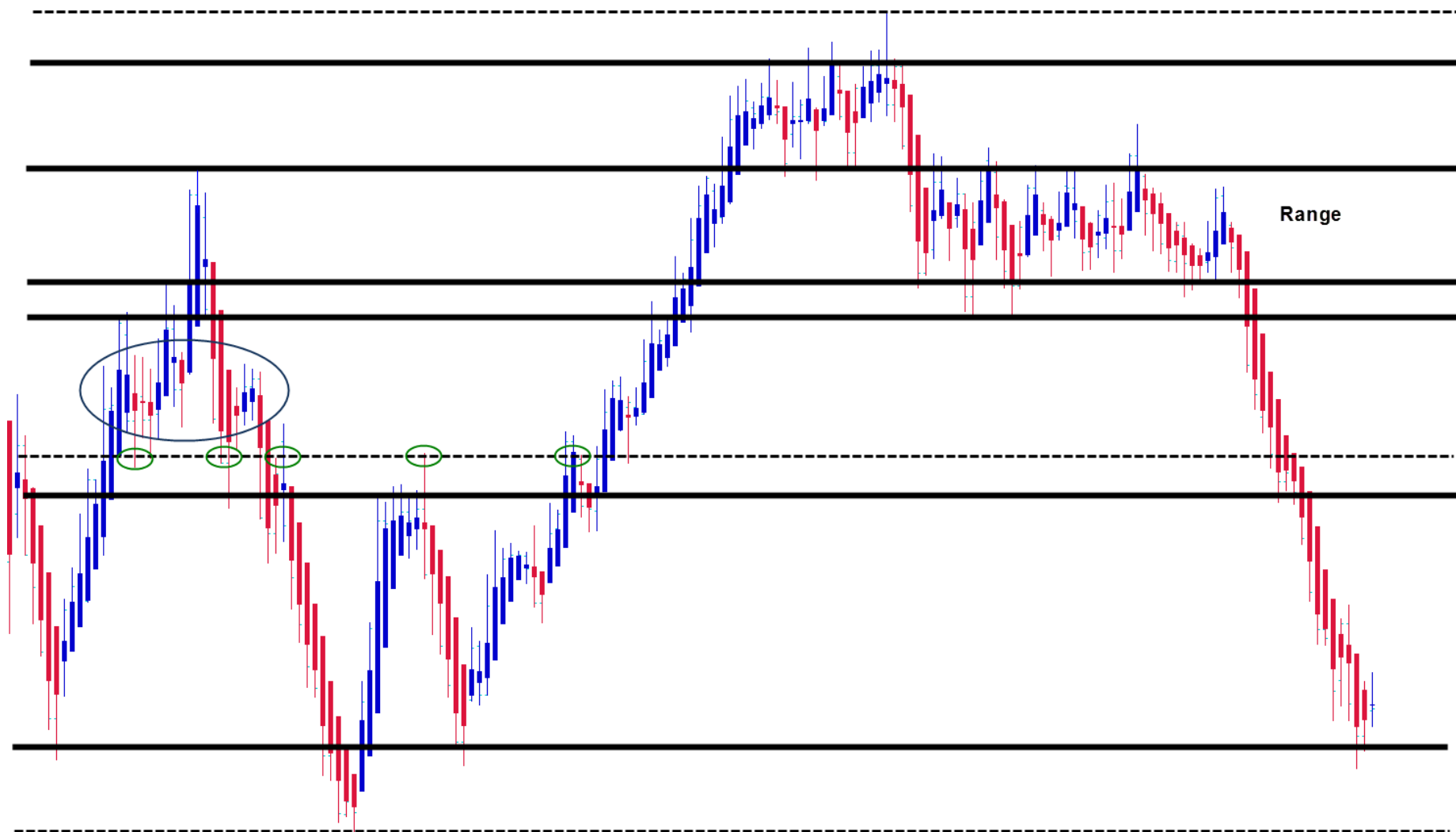


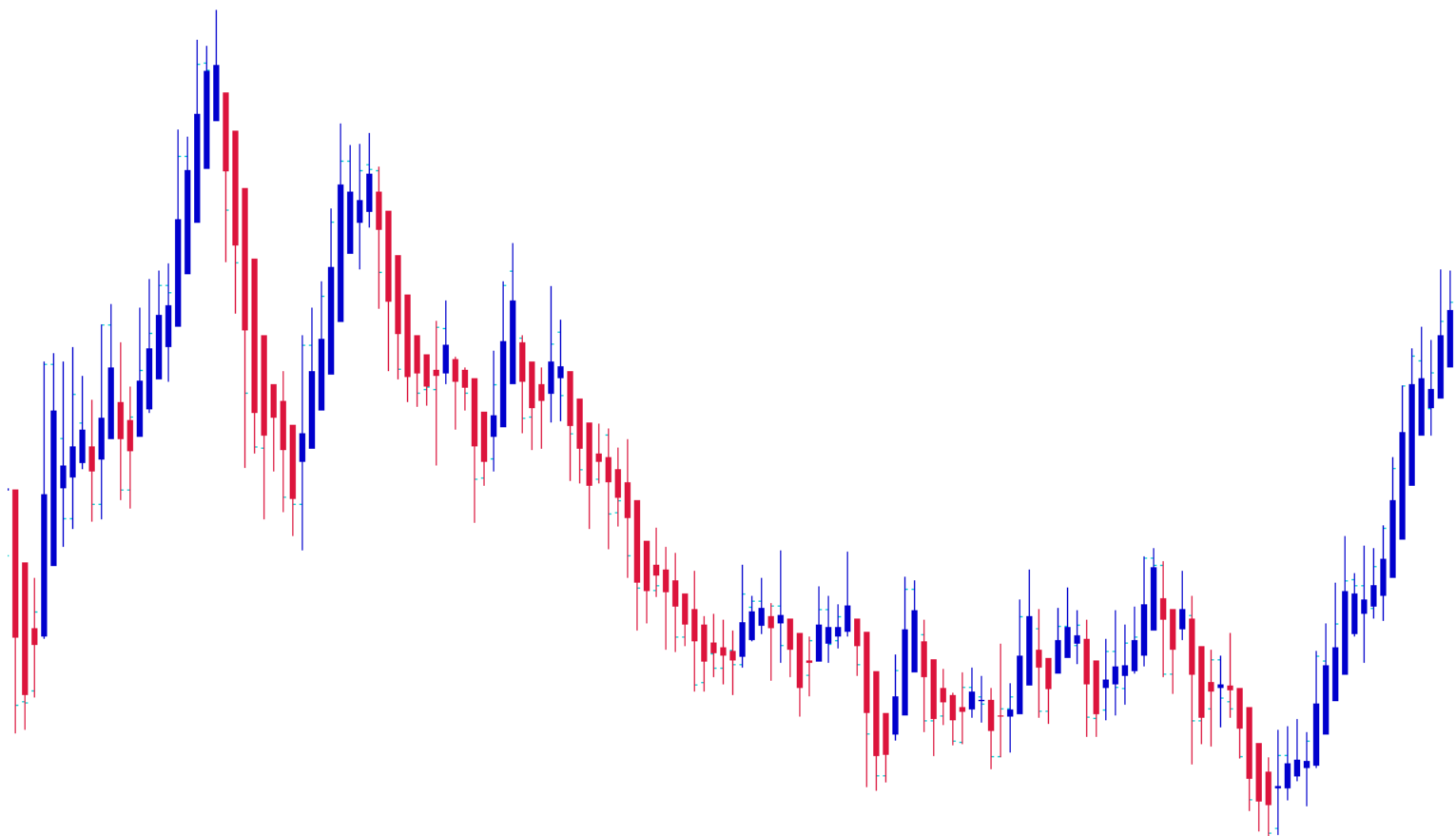














Ok. Let's move a step further now. Imagine you have done your top-down approach and you look at the daily or 4 h chart to find trade setups. Now that you have practiced the horizontal trend lines, combine all your knowledge and try to draw support & resistance levels, trend lines, targets, entry and exit points, stops, trailing stops and possible reversal scenarios!

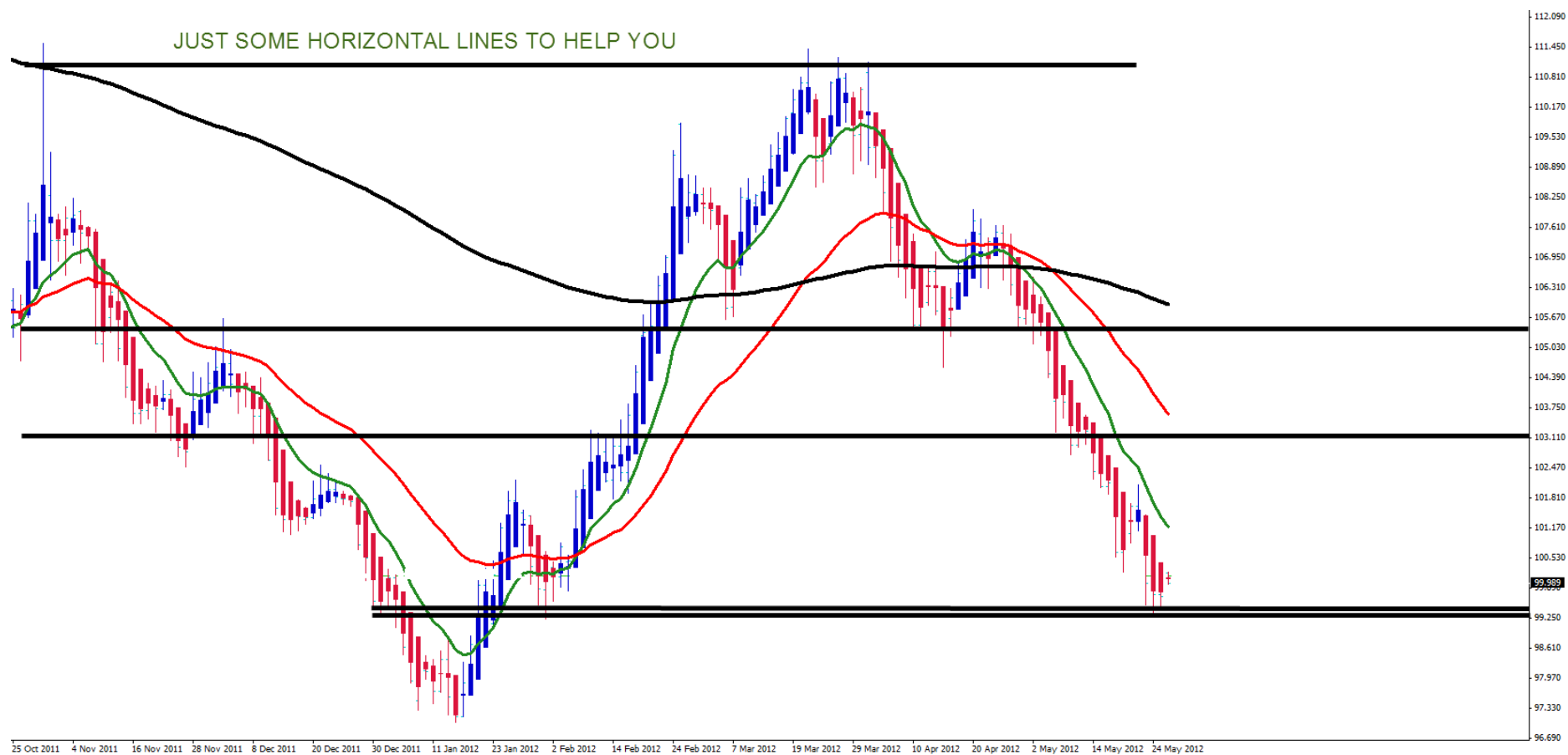
Try to do your own market outlook. You should not try to predict anything, but take what you see on the chart and use it for your analysis.

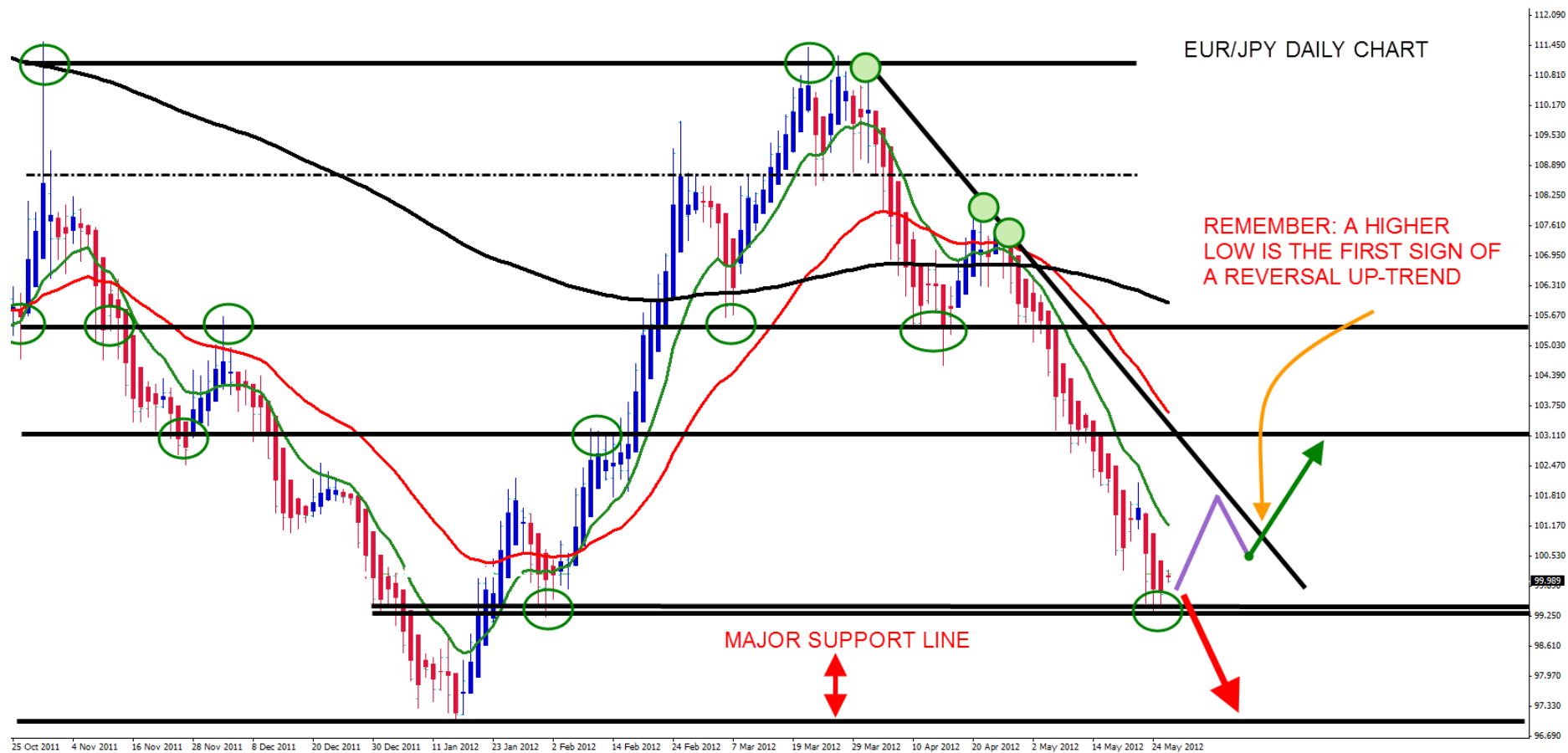
I will give you an example on the EUR/USD daily chart to help you. Practice again alone on the following charts, before you switch to the solutions.

Enjoy!



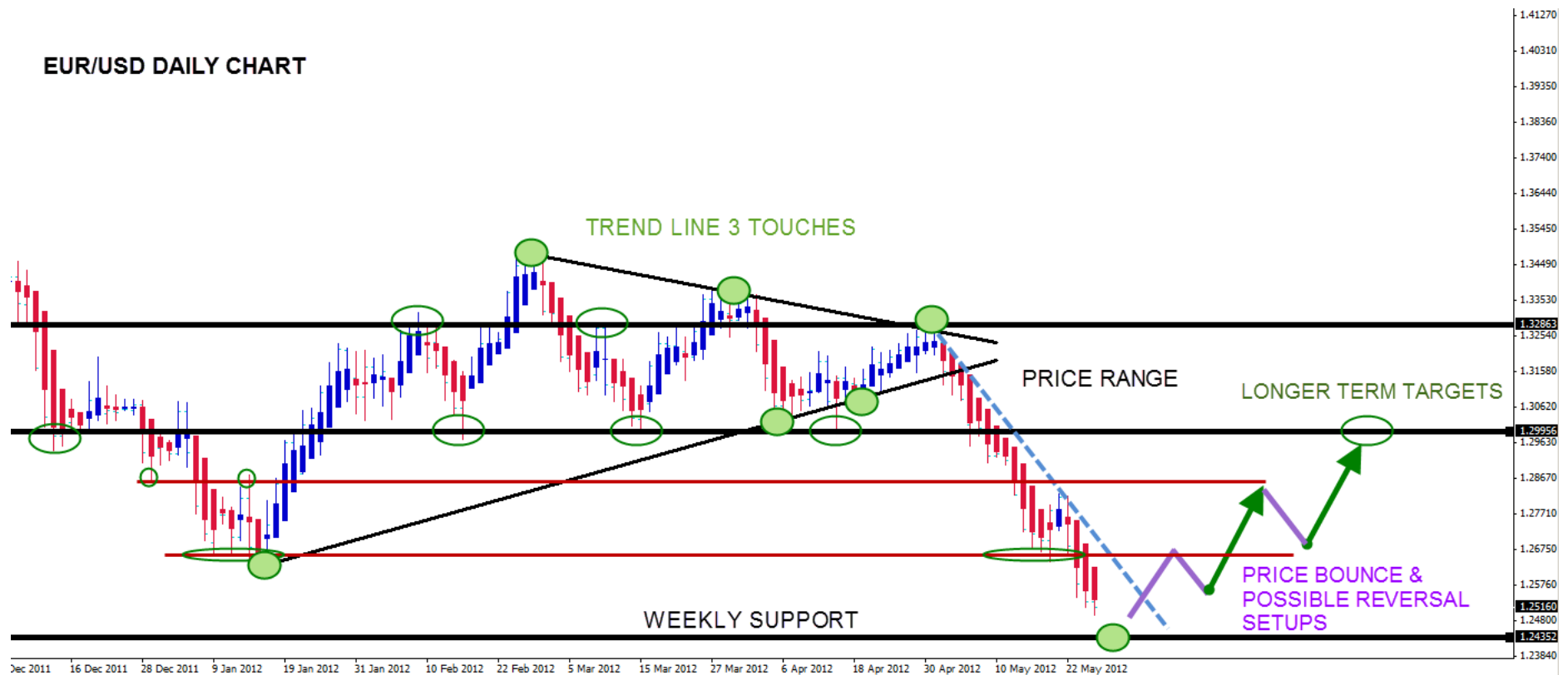
## Full Chart Analysis



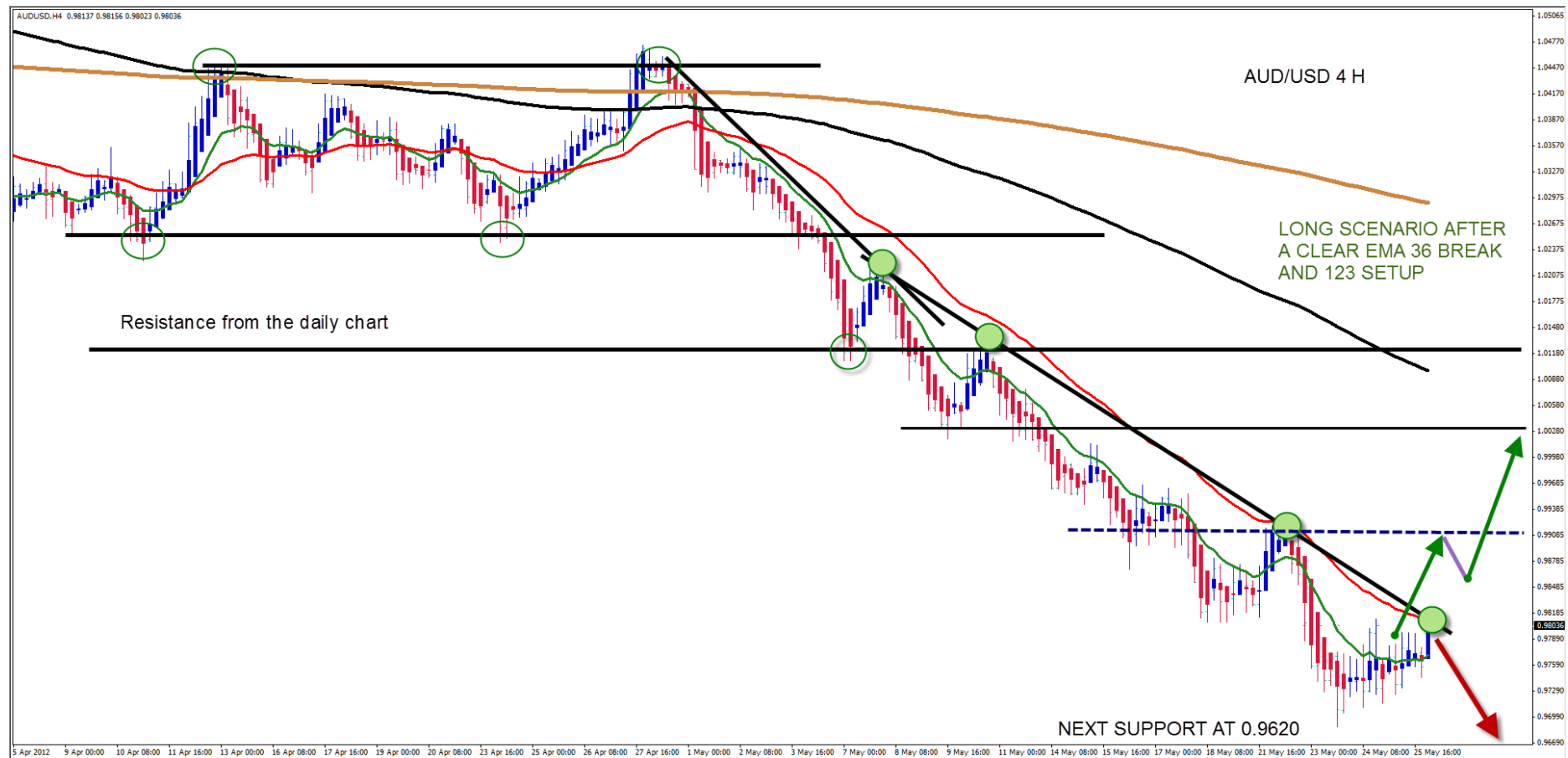


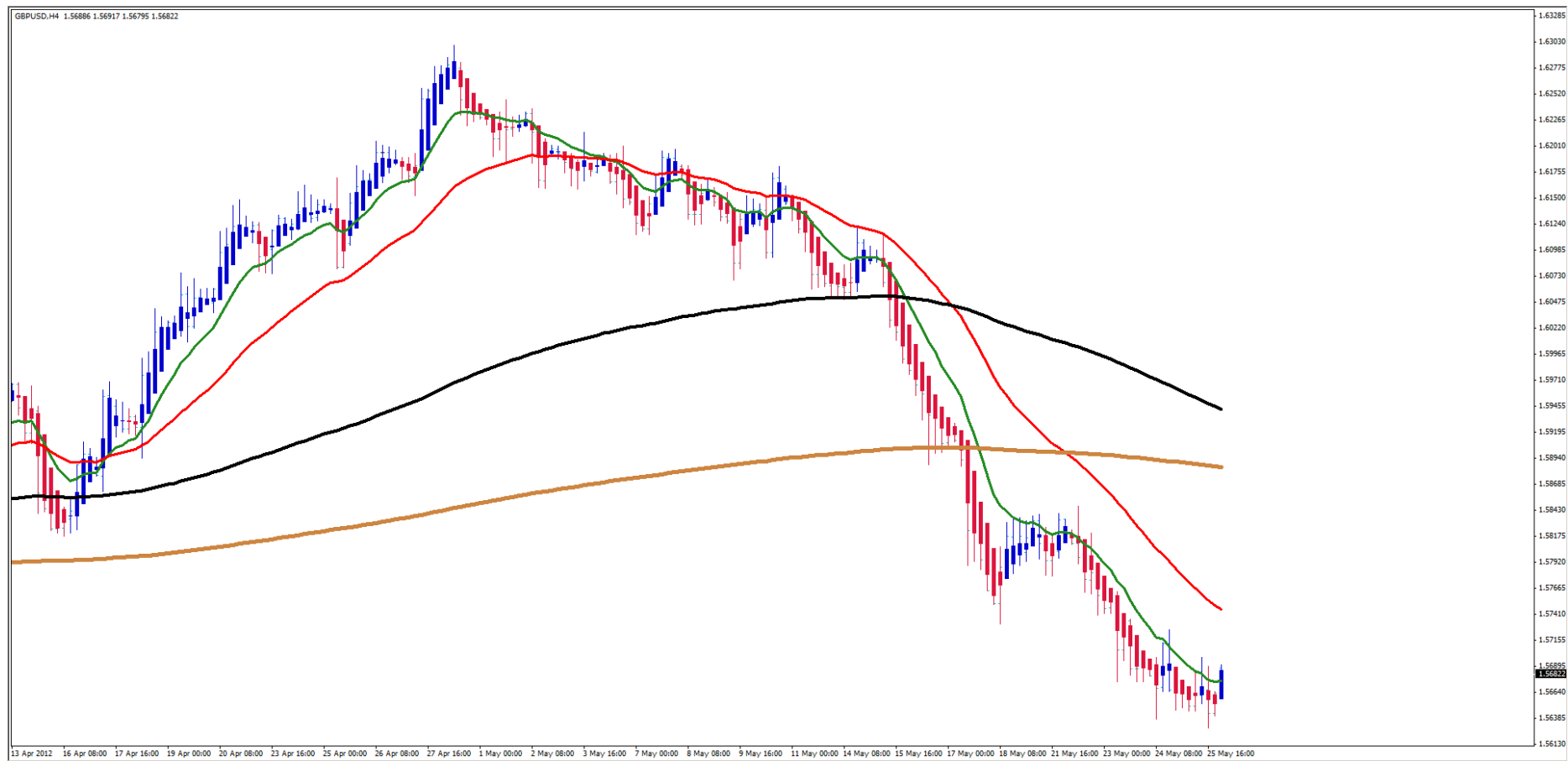


# EUR/USD DAILY CHART

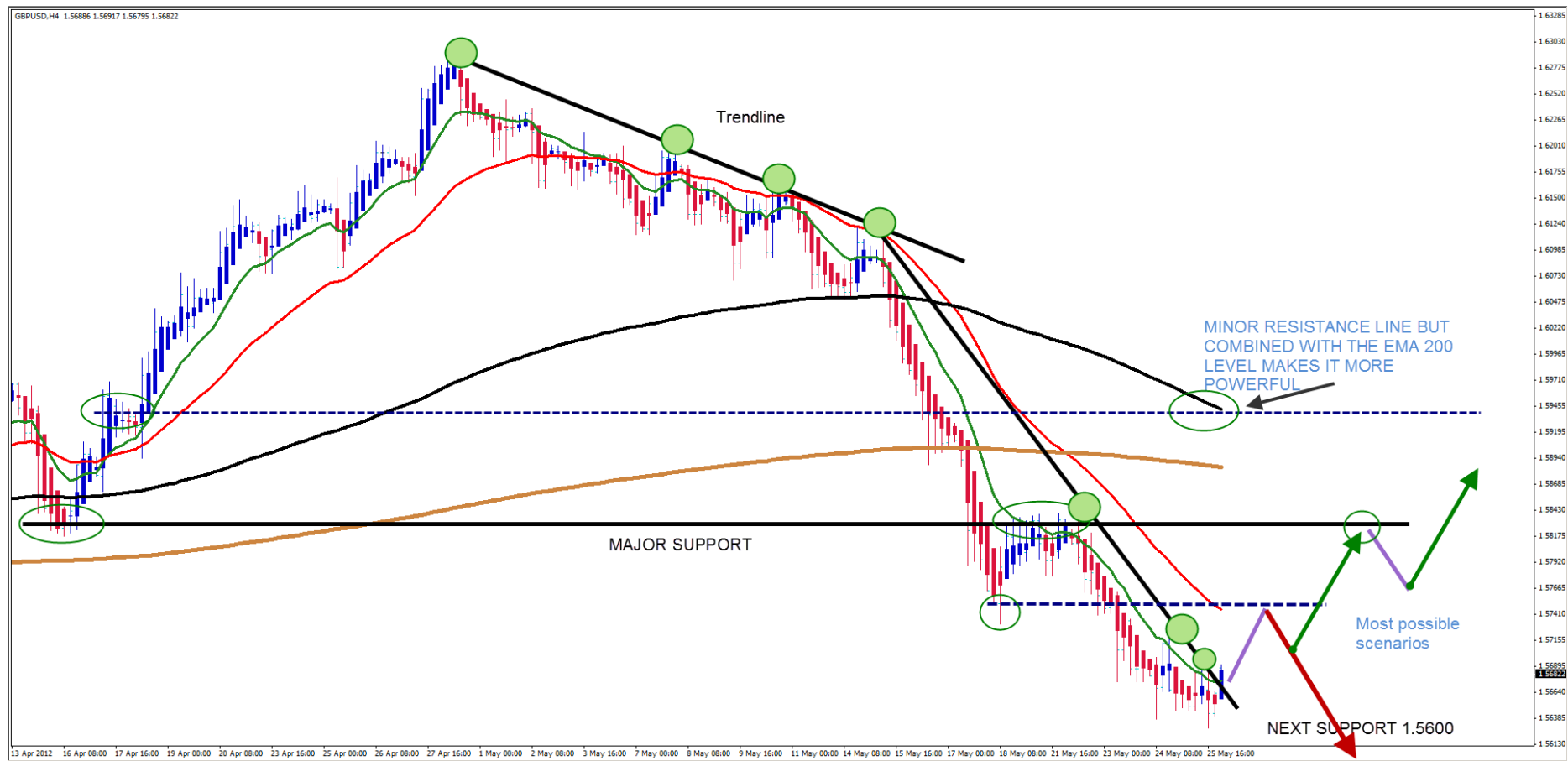












## How to Trade and Manage Trades in a Ranging Market

Please study the following charts very carefully. They will help you to identify and manage positions in ranging markets!

Look for a Range!  
Chart 1

4 H chart



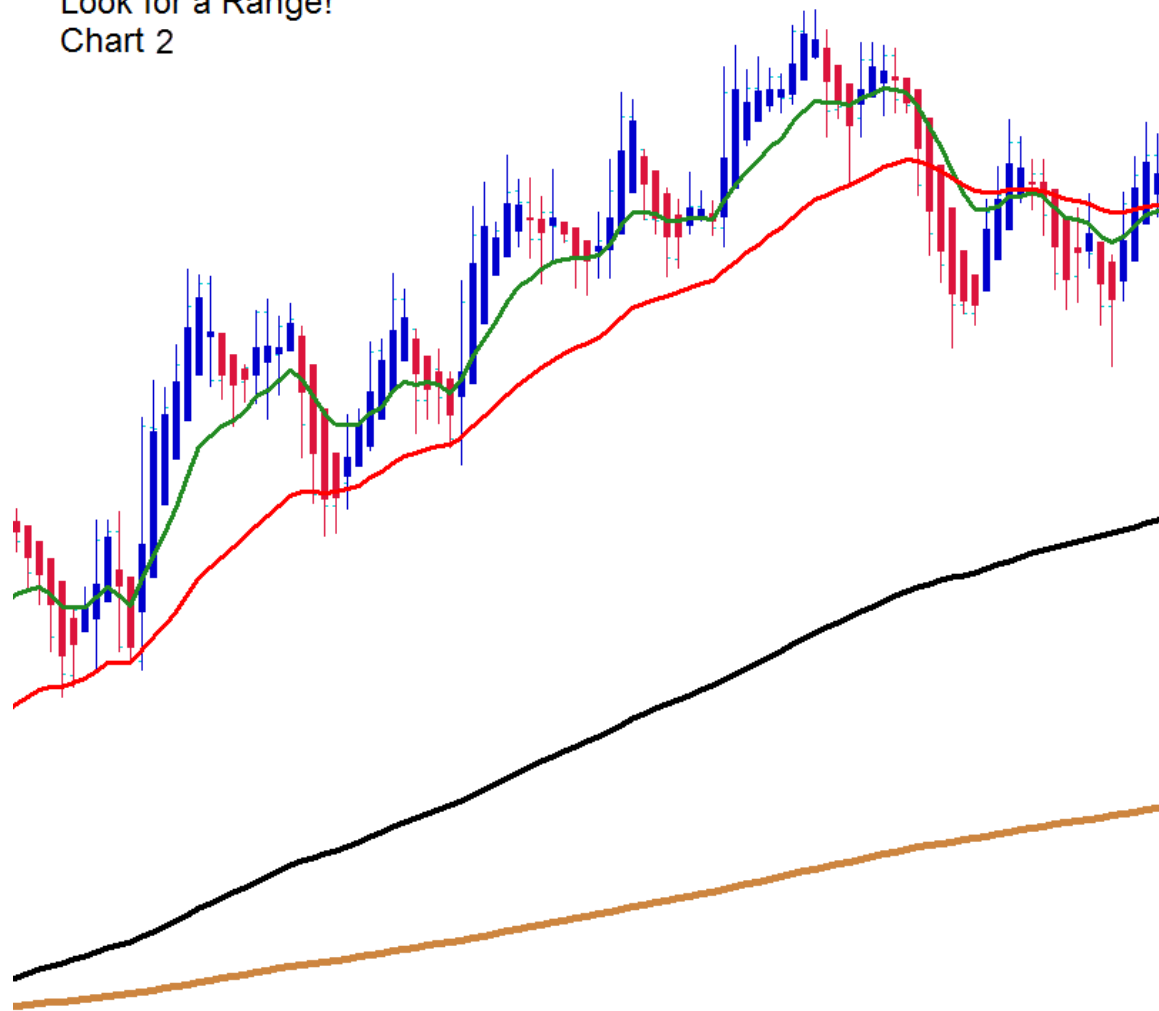
Don't think of any higher timeframes right now, or your top down approach. Just try to find trades and manage them in a range on the following charts.

Look for a Range!  
Chart 1

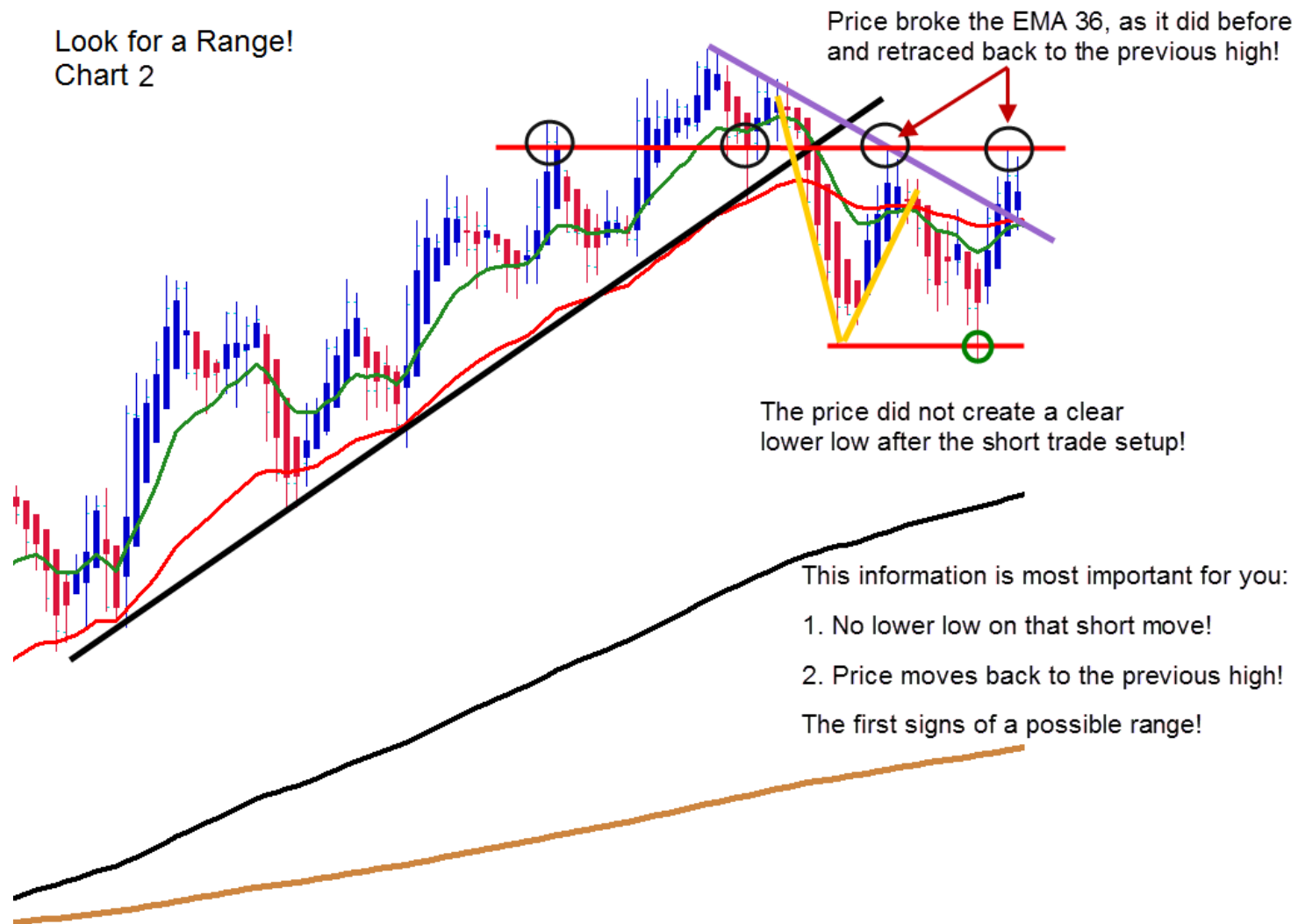
4 H chart



Look for a Range!  
Chart 2



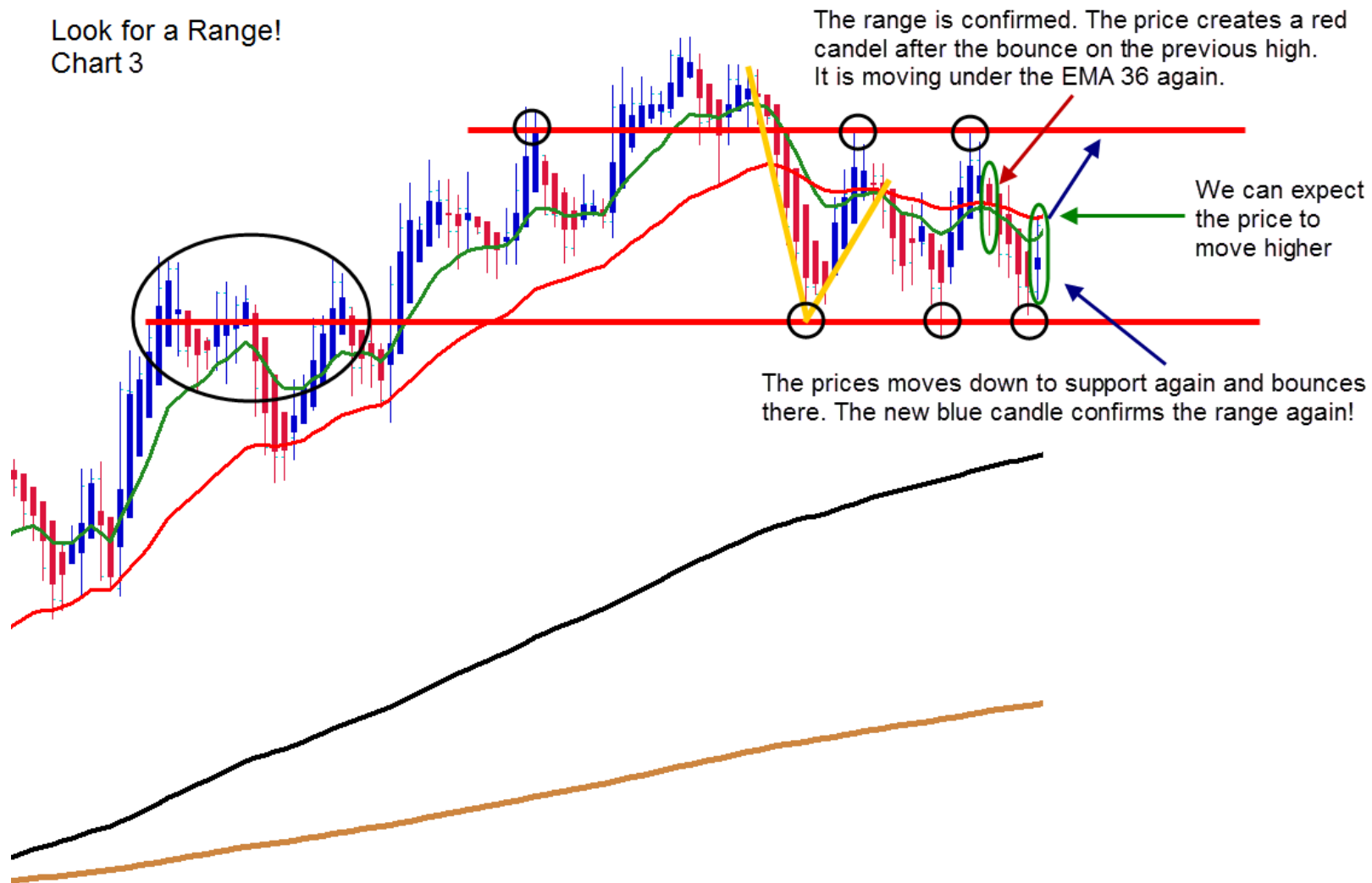
Look for a Range!  
Chart 2



Look for a Range!  
Chart 3

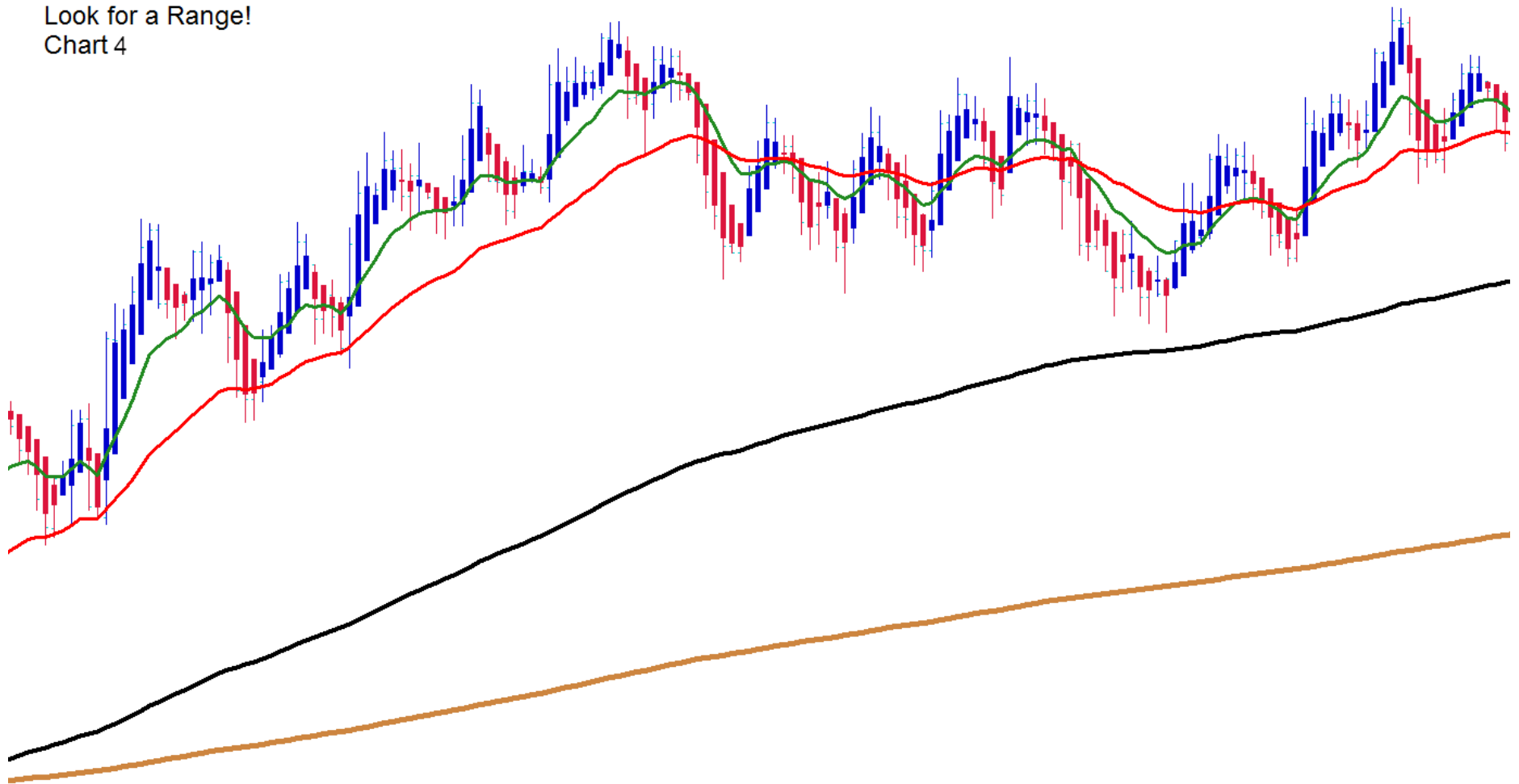


Look for a Range!  
Chart 3

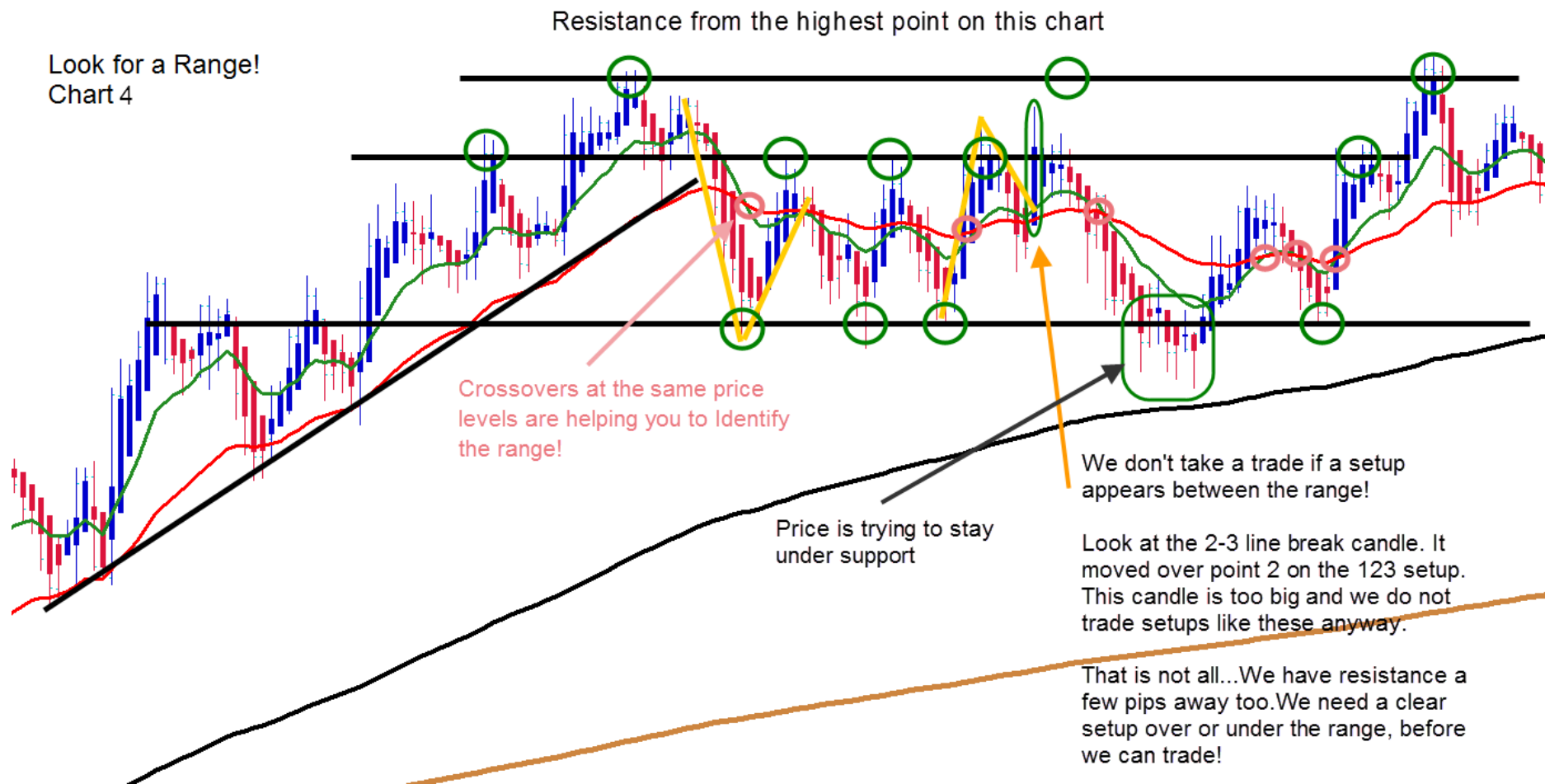




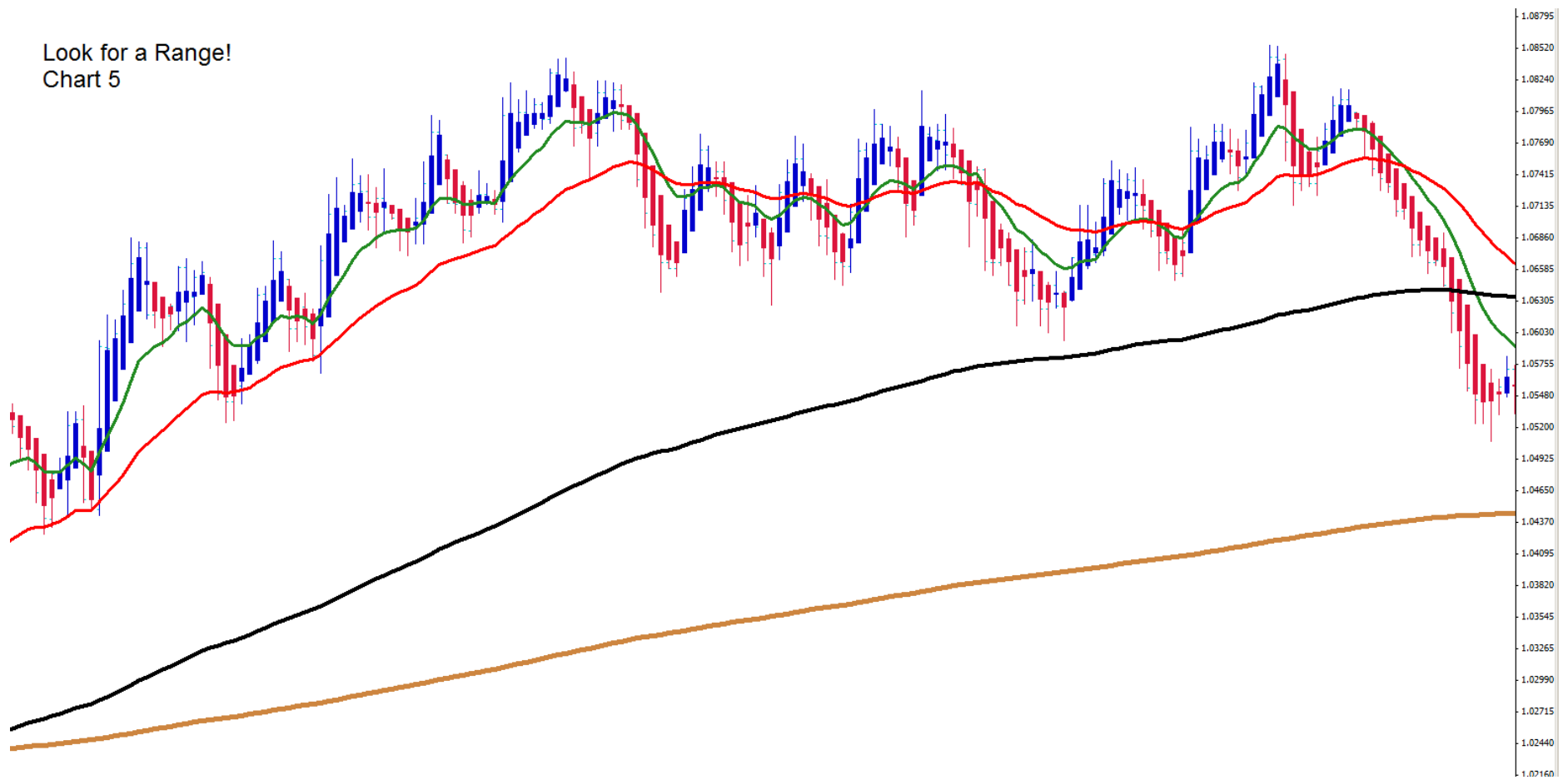
Look for a Range!  
Chart 4



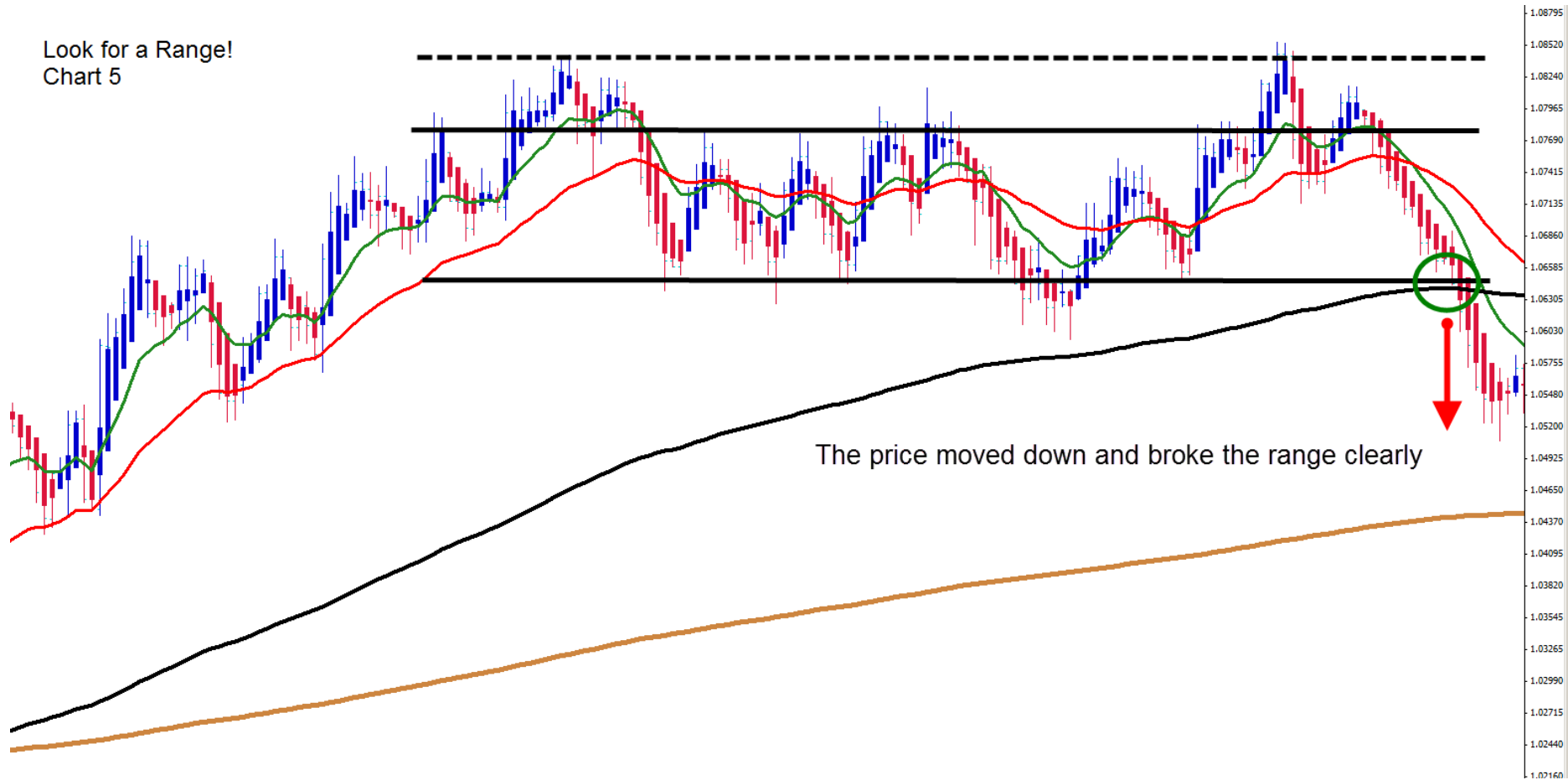
Look for a Range!  
Chart 4



Look for a Range!  
Chart 5



Look for a Range!  
Chart 5



## A good 123 setup

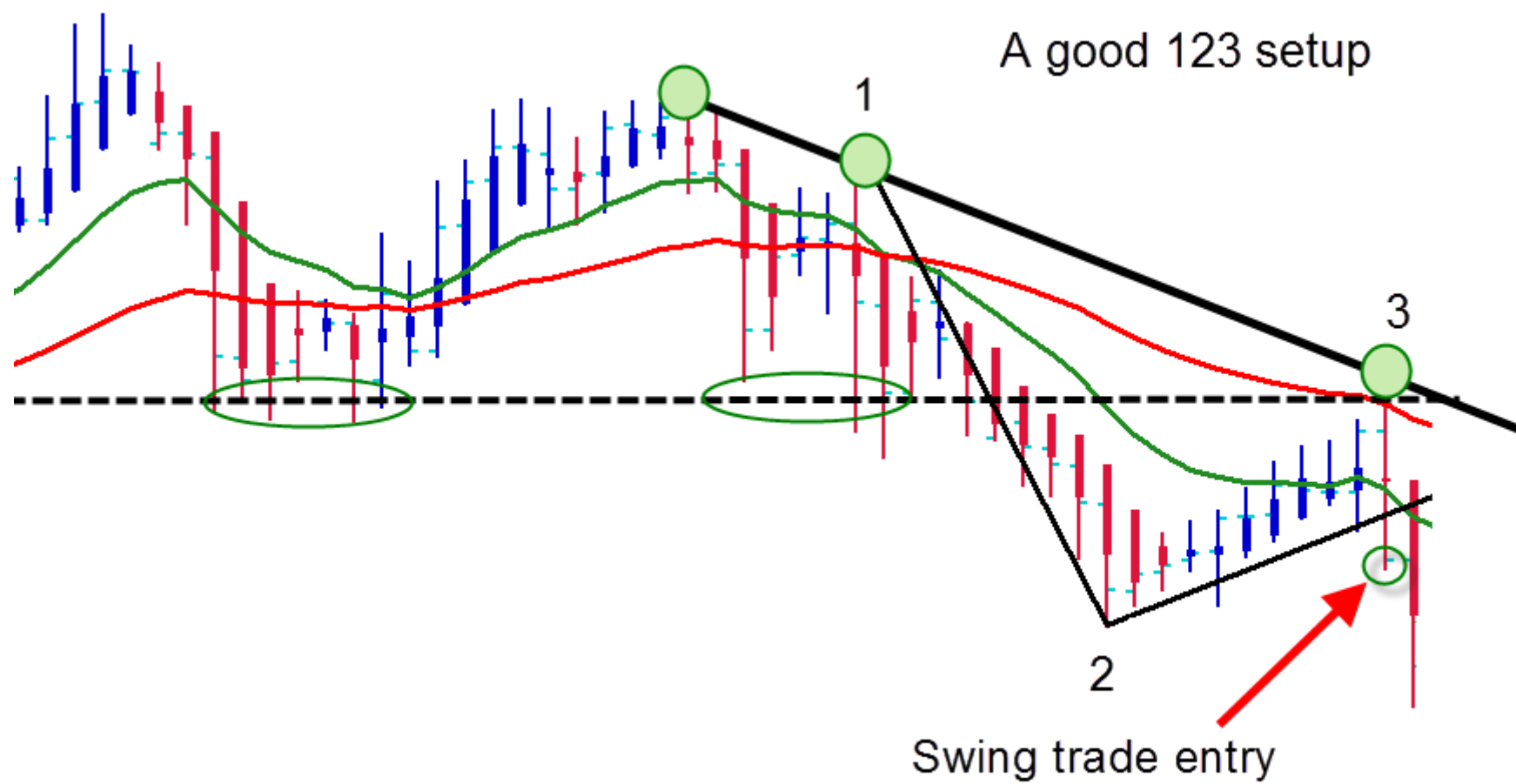
Not every 123 setup is worth trading. The following explanation and charts will help you separate the good and bad 123 setups!

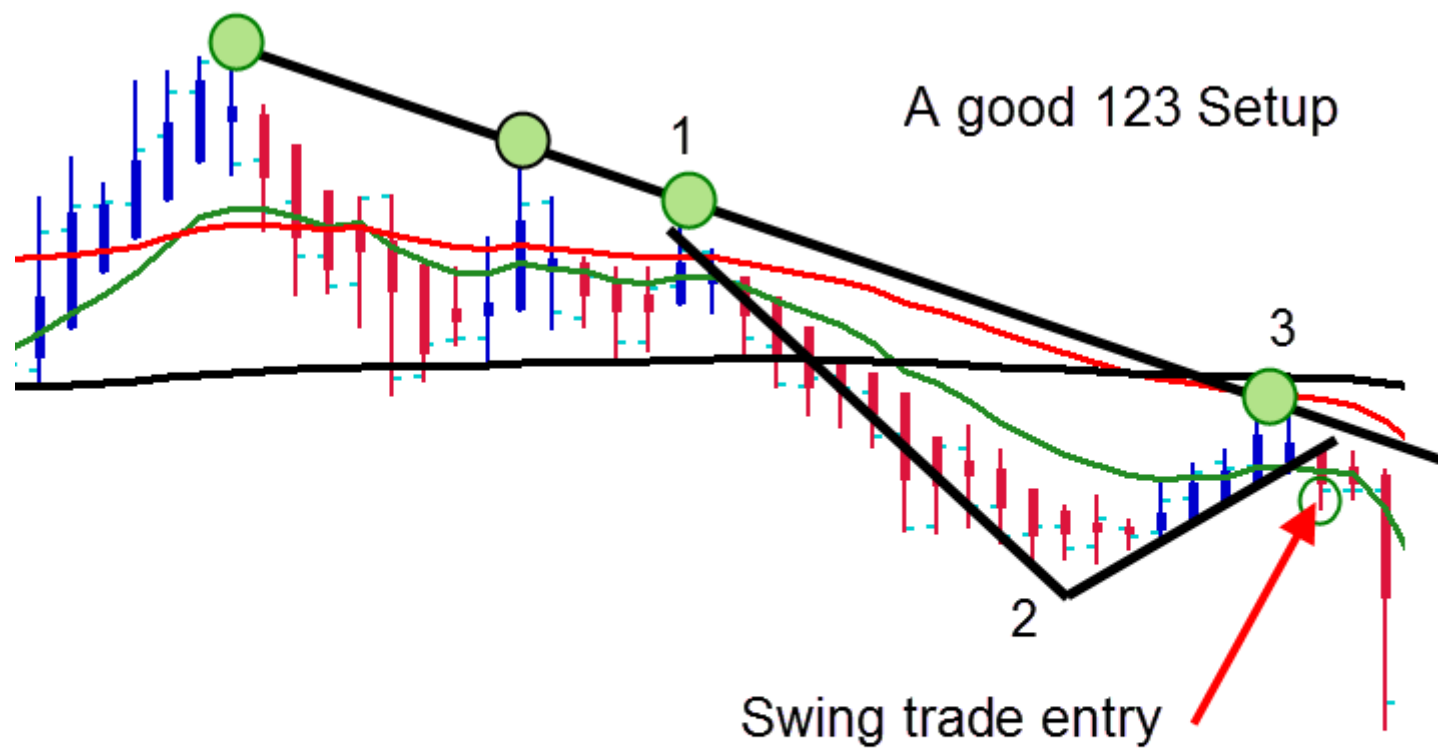
What we need is a...

1. Trend line break
2. EMA 12 crossing EMA 36
3. A 123 setup with nice looking candles. We need to see red candles moving lower with no, or small tails on the top of each candle. The blue candles should retrace (between 50 -70%) smoothly back to the EMA 36 or your trend line close to the EMA 36/200/633.
4. Find resistance, so you can connect higher levels and draw your first resistance line.
5. Draw the 123 setup lines carefully and look for a 2-3 line break candle. The candle should open high and close low under the 2-3 line and the color must be red.

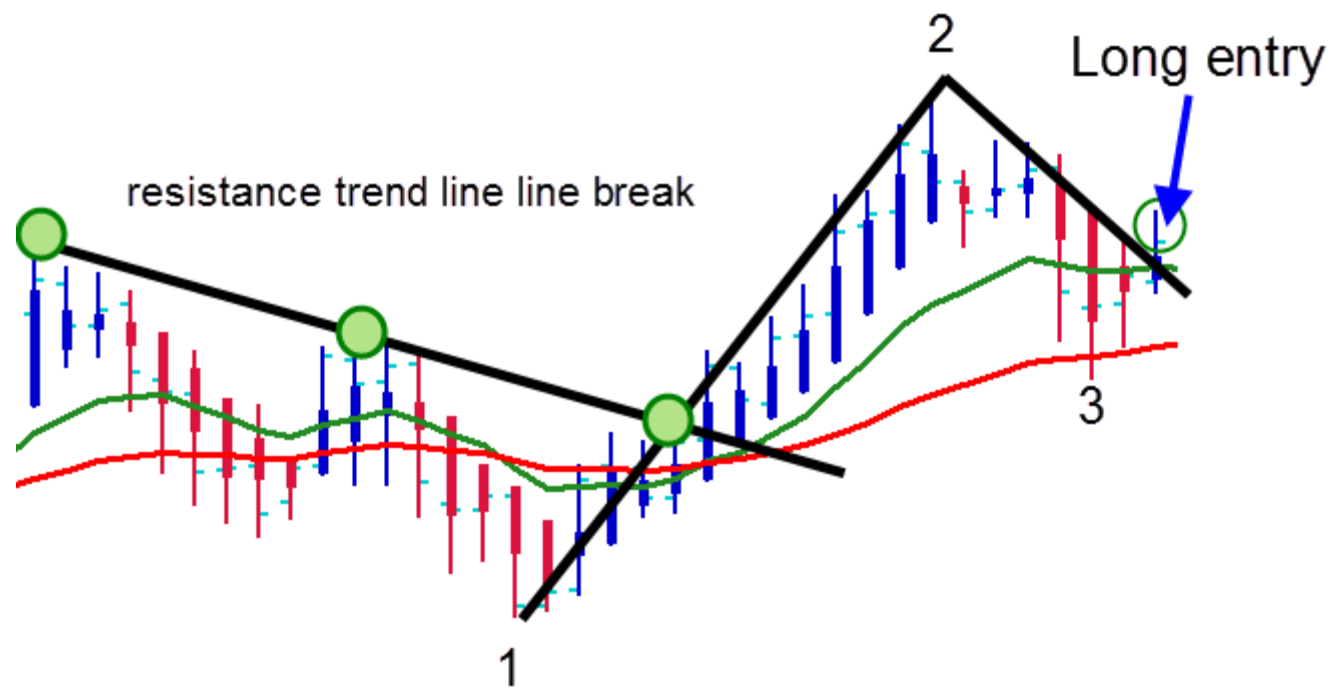
#### Trading entry policy

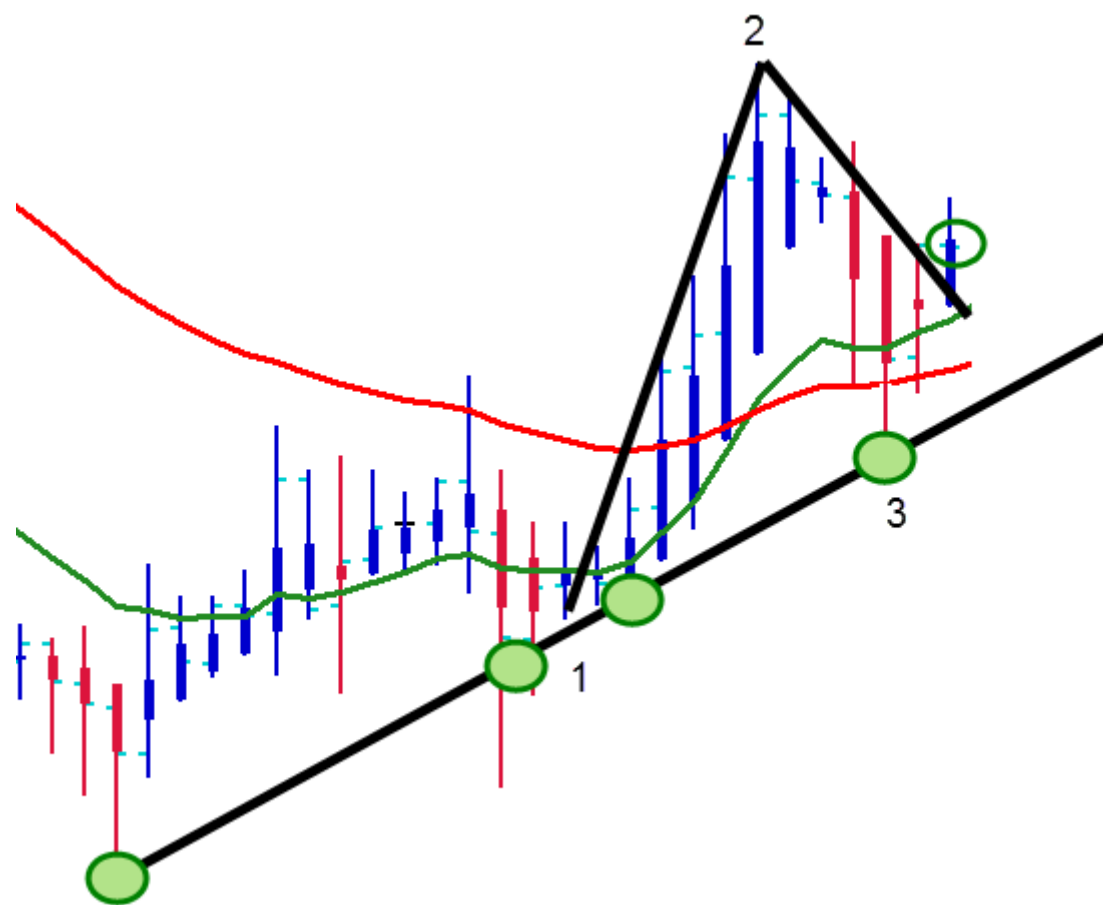
- A. You place your trade immediately after the close of the 2-3 line break candle if you are focusing on higher time frames (Swing Trading) like the 1h/4h or daily charts.
- B. In case you trade intraday or scalping positions (1min or 5 min charts), make sure you wait for the 2. candle to move 1 pip lower than the 2-3 line break candle and place your trade. You don't have to wait for the 2 candle to close. Just enter the trade during the move. Look at the following chart.

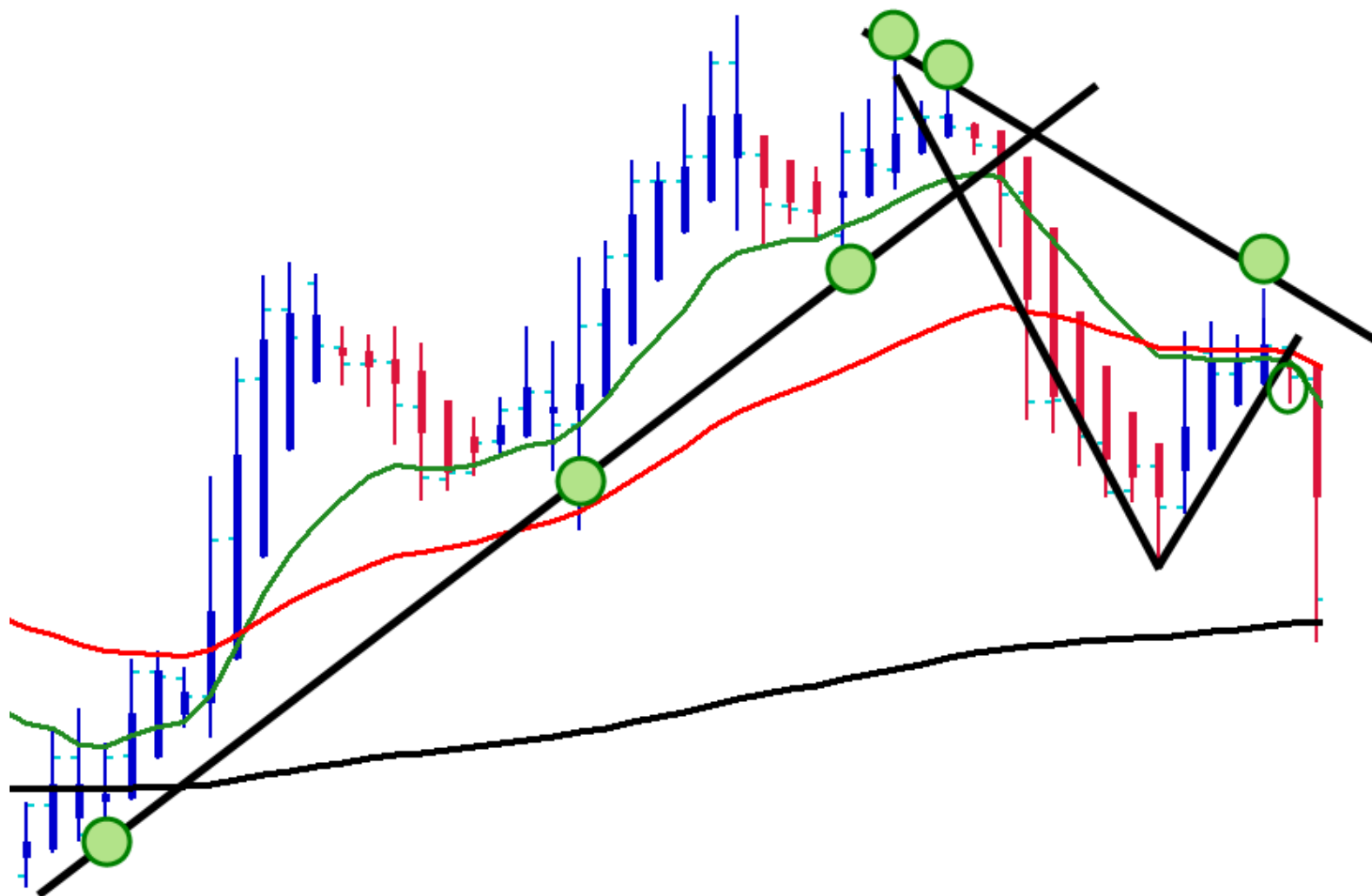










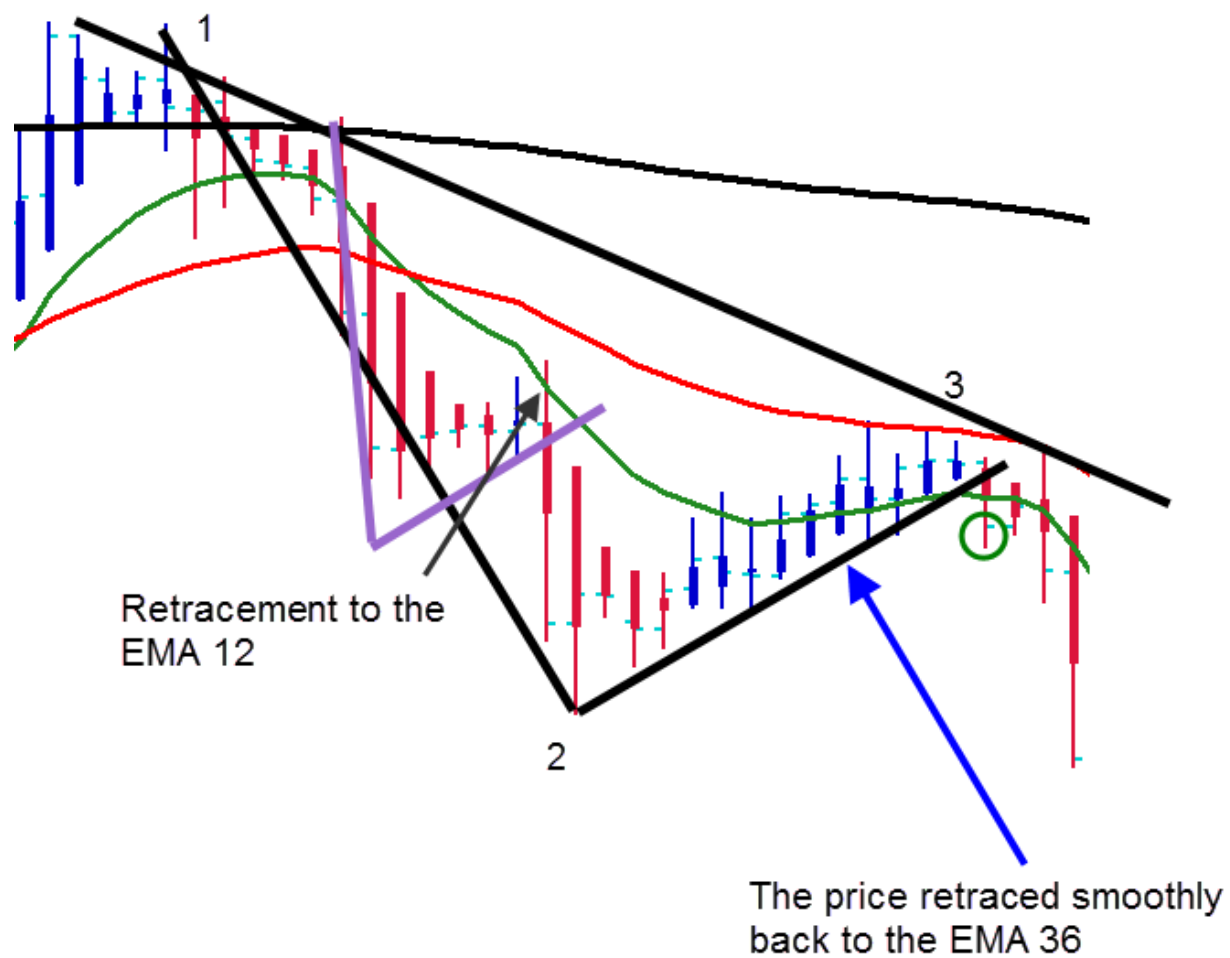


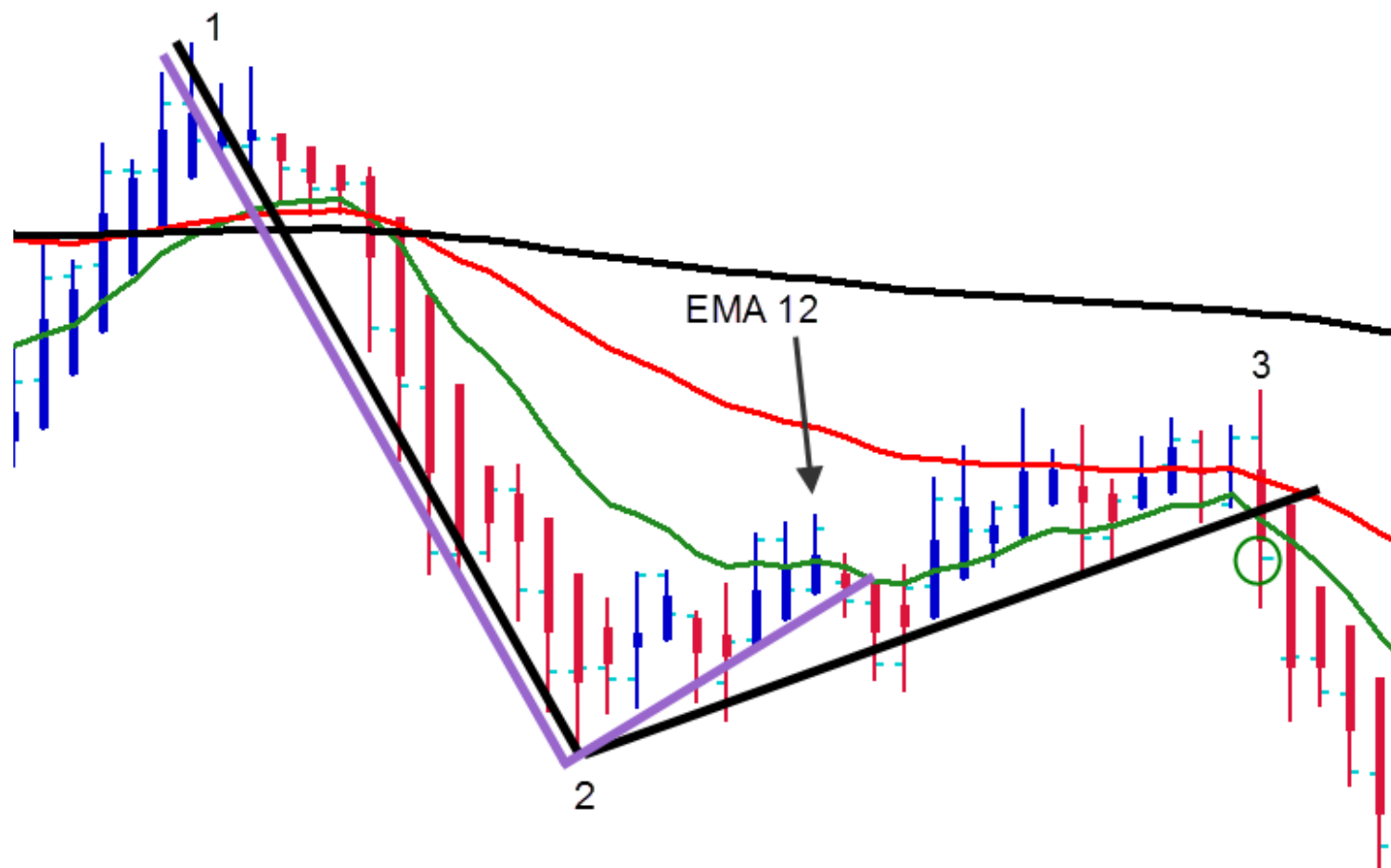
## Good, but not perfect setups

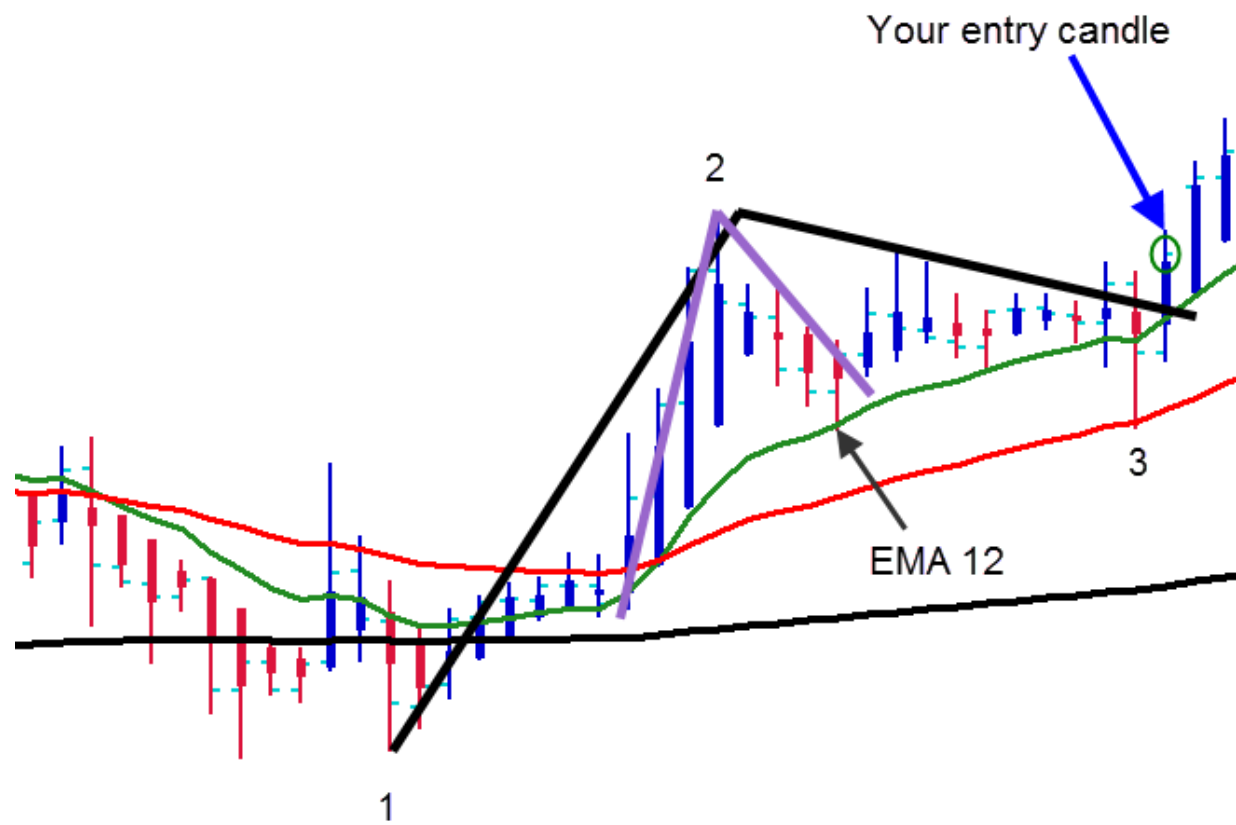
There are some setups, which are not what we call “text book” setups, but they are still nice to trade. You just need to identify them. That is why we are going to practice it right away.

The difference here is that instead of seeing a clear retracement back to the EMA 36/200 or 633, the price stops at the EMA 12 first. It could rest of a while, move a little bit lower and then retrace back to the EMA 36. If the move is smooth and you spot this on your chart, combine it as always with your top-down approach, take the trade and follow the rules.

Here are some examples...







## Setups to avoid

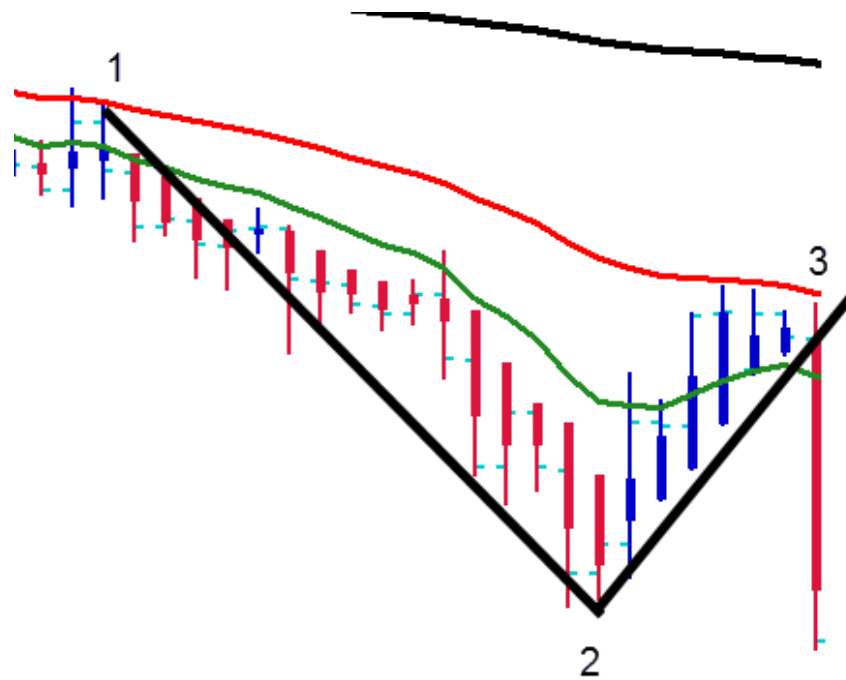
There are some setups you should avoid. Not only because they look “bad” on the chart, but the chances to make profits with these setups are much smaller than the setups you studied before.

High volatility is mostly the reason for these setups.

It is not forbidden to trade here, but please notice; these setups are a bit aggressive to trade.

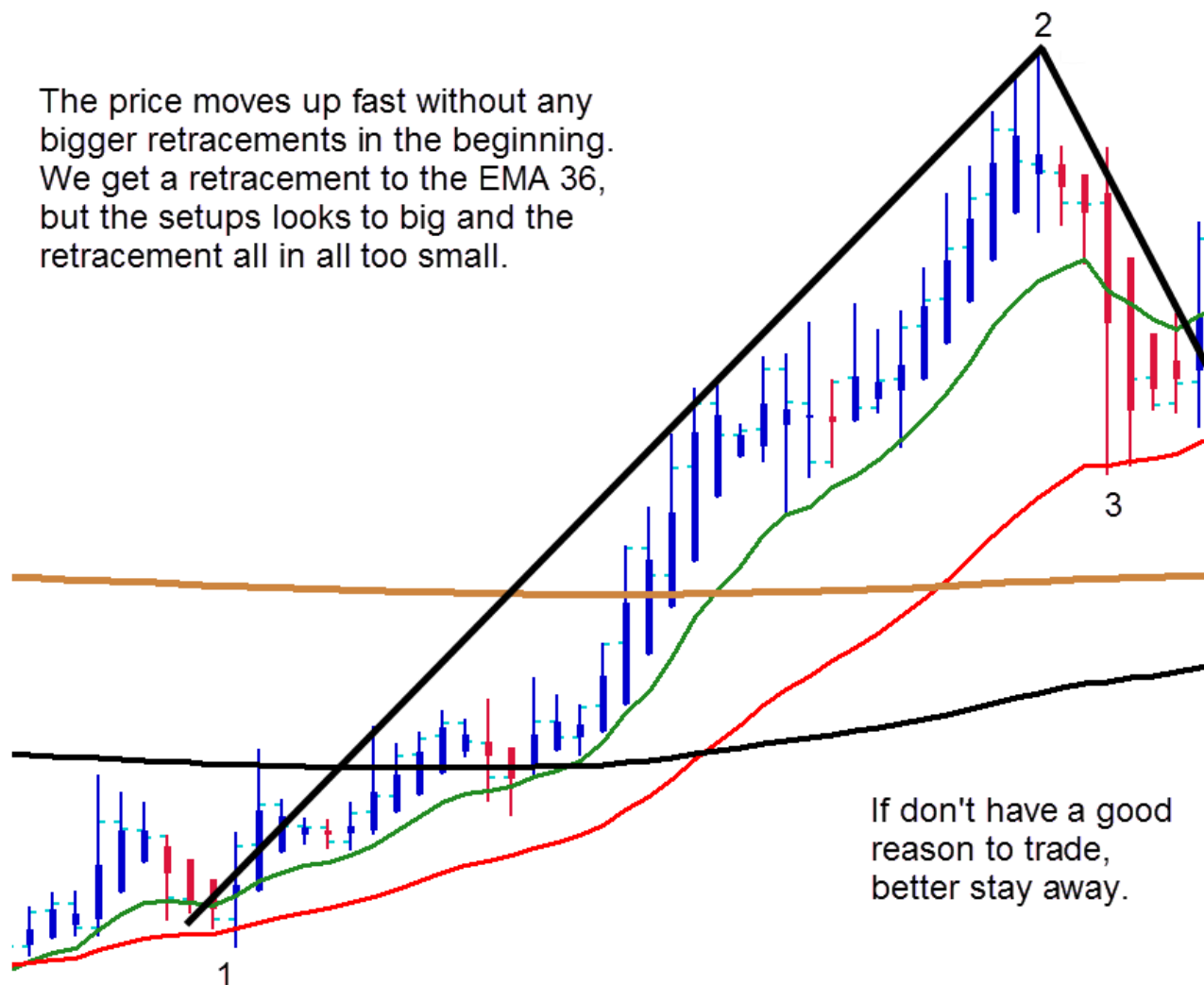
Let's start...



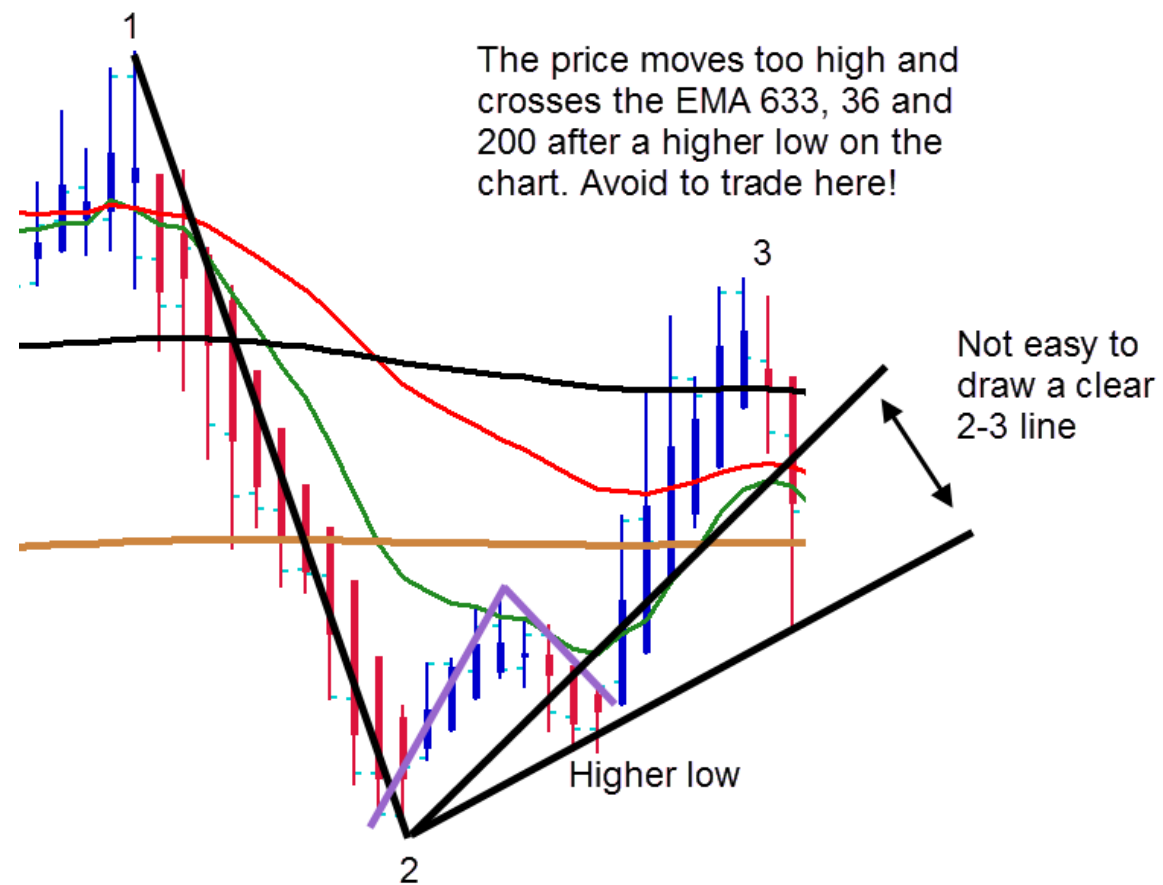


Look at this candle. You want to avoid trading a candle like this, because it is too far away from you 2-3 line break. The stop and your targets would be too big. The chances of taking out the first 2 lots are getting smaller

The price moves up fast without any bigger retracements in the beginning. We get a retracement to the EMA 36, but the setups looks to big and the retracement all in all too small.



If don't have a good reason to trade, better stay away.



## Organize the charts on your screen

In order you make your trading easier, make sure that your charts are organized well. That is easy to do. I choose 8 pairs on each screen, so I am able to compare all at once and look for the best setups. You also see the difference in volatility by having 8 pairs on the screen on the daily, weekly or 4 H chart. You can switch the timeframes easily on one pair, without losing sight of another and you can see your trend lines, bounces and breaks for all pairs at once.

Take a look at the following chart and do the same with your trading software...



## Trade & Money management rules

We don't need to discuss the trade and money management issue a lot. This is really simple and you should stick to these rules a 100%!

1. Always trade good setups after you have down your detailed top down approach.
2. Don't be afraid of placing a trade if the trade looks promising, because nothing bad can happen on your trading account on long term if you...
3. Never expose your account to more than 2%.
4. Make sure you split your trade into 3 parts and place your stop immediately after you entered a trade.
5. Take incremental profits according to the rules and always...
6. Let the last lot run as long as possible to ensure maximum profits.
7. Create a trading plan to learn from your mistakes and empower your good trading habits.
8. Always have nice and achievable trading goals.
9. Spend every 2 months at least 20% of your earned money with family and friends to enjoy your achievements.
10. Spend 10 % of you winning to charity

I know that the information in this eBooks will help you!

If you are following the trading system step by step and stick to the rules, you will have fun with your trading for years to come.

I wish you all the best and great trading success. Please practice on a demo account first, make sure you gain a lot of profits and then start with a live account.

Trading is not only a job, but a way of life.

I am sure that if you put your whole heart into it, you will succeed...no doubt about that!

I wish you all the best!

Nikos Mermigas

**[www.spartantraderfx.com](http://www.spartantraderfx.com)**

