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**https://www.brookstradingcourse.com/price-action-trading-terms-glossary/**

**this is al brooks thank you for watching,the brooks training course.**

**this is the first video in the course,and in this video I will talk about basic terminology.**

**if you are already familiar with the terms that I use,**

**you can go ahead and skip this video.**

**all traders often use words that can be very awkward and for definitions you can go to my website. brooks training course. com and**

**there is a glossary there.example.throughout the video course,I will be using abbreviations on different slides,and these are some of the common ones that you will see.**

**always in long,**

**always in short**

**by by low sell high scalp.**

**break out the close of a bar**

**double bottom double top**

**when you hear me talk about a moving average,I'm talking about a twenty bar exponential moving average or an ema.**

**than the high of the bar hft high frequency trading.**

**when you see me use hh,I'm talking about a higher high.low isla lower low alow that is below a prior low is a lower low.**

**when I say moving average,that's the same as the exponential moving average,except rarely I will talk about some simple moving averages when i do.**

**i'll explain it.moving average gap bar when there's a bar where there's a gap between the low or high of the bar and the moving average.**

**measured move I talk about this in every video.**

**major trend reversal mtr I talk about that in almost every.video**

**open of the day pullback PB I refer to that in almost every video.sell**

**and then when I talk about corrections especially after a climax or when I'm expecting a reversal,you'll often see me use the phrase.**

**TB tl ten bars two legs.which is a common occurrence when the market is trying to correct.**

**trading range tr and when the trading range is particularly tight,**

**i call it a tight trading range**

**ttr.every market at all times is either in a trend or in a trading range,**

**a bull trend typically begins with a bull break out,which is a big bull trend bar,a white bar.bare bars are black bars,and here the bar opens at this point at the bottom of the white box and that is the close of the white box.after the breakout.which can last many bars here at last is a couple bars. there is a pull back where a low of a bar goes below the low of the prior bar.and that usually results in a transition from the breakout phase of a trend which is very strong into a channel phase of the trend.and a channel is a weaker trend,but it's still a bull trend. we're still going up,we have highs that are above prior highs,we have higher highs,and we have higher lows.**

**that is the definition of a trend eventually a channel,typically evolves into a trading range.so i view a bull channel as a bear flag because most of the time you get a bear break out and a transition into a trading range.and once the market's in a trading range,it then is in breakout mode,which means traders are anticipating a breakout.and here we have a bull trend in a trading range. the breakout can be to the upside,in which case you are getting a resumption of the prior bull trend.or it could be to the downside and you can get a reversal of the bull trend.you'll often hear traders talk about support and resistance support is some price below the current price.where a selloff is likely to pause or reverse.so even though you don't see anything right here,that is causing the market to go up the market believes this price is too low,so when it gets down here.the market goes up here,**

**we're a little bit lower,but the same general area.there's support down here every selloff is being bought.the resistance is the opposite.it's a price above the current price and a rally to that level is likely to stall or reverse.on the chart,you don't see a line drawn across a resistance level,but you notice the price action the market goes up and it turns down.it goes up to that same general price area,turns down. it goes a little bit higher and twice tries to go higher,and it turns down.traders see this price level as resistance,and they expect that if the market gets back up there again,it'll do what it did.the prior times not always,**

**but most of the time.a breakout is simply a move beyond support or resistance,a bare breakout is a move below support. here we have a bull channel.higher lows,higher highs,and then we have a break below the line. this is a big bear trend bar,and it is a breakout.it's a move below support. there's other support down here,and the market broke through support here.here it did not,it kept holding support,holding support eventually it broke out and now it's testing the next lower support level,which is a prior low.we don't know yet if it will continue down and break low of that support or bounce at that support.when the market was at this price level earlier,**

**it rallied maybe it will do that again now that it is at that same price level.and这。the support held and a strong bear breakout LED to a bounce instead of a bear trend.every bare trend bar is a breakout,every bull trend bar is a breakout,it's a bull break out. we're reversing up.you can also say that we're breaking out,breaking out of a very steep two bar bear trend.and we're stalling here a smaller bar with a tail on top at a price level where the market stalled repeatedly earlier.so we're stalling at resistance. we don't know yet if the market will reverse down from resistance or if it will break out.in this particular case,we broke far above the resistance level and we had followed through buying,so this is a successful bull breakout.after a failed bear break up.this type of chart is a candle chart i sometimes refer to each candle as a bar instead of a candle.**

**and you'll see on a lot of the bars. there's a black line on top.sometimes there's a black line on the bottom and white bars can have black lines on the bottom or on top black bars can have black lines on the bottom or on top. they can have them on top and bottom. there's a black bar.with a line on top and bottom,a white bar with a line on top or bottom.and I usually refer to those black lines as tails other people refer to them as wicks or shadows. it doesn't matter,I just like the word tail.a bar where there is either a big white box or a big black box is a.trend mar it occurs more commonly in trends.and i call it a trend bar because it's a one bar trend. so the market is trending up for this one bar open near slow.close near US high.in general,the strongest trend bars have relatively small tails. sometimes they have big tails like that,but it's still a bull trend bar,it's mostly a bull trend bar.and if.**

**the tails are more prominent relative to the size of the bodies I tend to say that's not a trend bar. it's more of a trading range bar.and I refer to training range bars as doj is.trading range bars in general have smaller bodies and more prominent tails.i view them as a one bar trading range and on some smaller time frame chart they are one bar trading ranges.a bull trend bar is a one bar bull trend and on a smaller time frame chart it's a pretty strong bull trend and a trading range bar or a do ji.is a trading range on a smaller time frame chart.I make decisions on what I'm going to do with my trading.based upon technical analysis.a lot of institutions refer fundamental analysis.technical analysis on looking at charts that show prices and the price action is how the price moves,how is the price acting,how is it going up,going down,going sideways?how much momentum,**

**how strong are the moves up and down?fundamental analysis,it's mostly used by institutions and they are looking at economic information and they mostly ignore charts but not entirely.a lot of fundamental traders will say AH the fundamental information supports higher prices.and any time the market sells off,if it pulls back to some support level like a moving average or prior low,they'll look to buy more.in their mind,they're making a decision based upon fundamental information betting that the bay reversal will fail so a lot of fundamental traitors.also look at charts.sometimes you will hear the expression an ABC pull back.for example,essay an ABC pull back in a bull trend.it's two legs sideways to down. it doesn't always have to be down. it can simply be sideways and in a bull trent,I refer to those as a high tube by setup or a high tube bull flag.**

**and it's an opportunity for traders to buy to get long.so for example,we have a little bull trend. the bull trend started here,we have a new bull leg here,we pulled back,we tried to resume up,it failed.maybe a second attempt will be successful. this is a high one buy setup did not work,and this bar is a high two.two by setup and it did work buying above its high LED to a profitable trade. some traders would also call that an ABC pull back.so you have a bull trend and then ABC.a three legged correction,two legs down,one leg up.a leg down ble gu PC leg down and then bull trend resumption and traders would buy using a stop order above the high of the bar.**

**here's another example,bull break out a pullback did not need to much of a trend.to me,this is a high one bull flag.I would revert to this as a high,too bowl flag if this breakout were bigger.I would restart the count,for example here we have a pretty big bull breakout.this correction has to do with this bar,not with this prior trend,so I'm starting the process over again new breakout,new pullback.this break out is not big enough for me to start the process over again you could call it a high one you could say this is a breakout and a pull back or you could say.well maybe the market corrected down and maybe this is still part of the correction and this is part of the correction.this is an ABC where a went above the top of the bowl break out,**

**but it's still part of the corrective process. and that's why I say.it can be sideways to down,not necessarily down. this one was a little bit down with most,mostly sideways,but this one clearly is sideways.here's another bull break out. I'm looking for pull backs,okay,this is an inside bar.but it has a bare body on a small time frame that's a small pull back on this chart. it's technically not a pull back because the low of this bar did not go below the low of that bar.but it's an inside bar. it's a pause.for me,that's a high one bull flag,and bulls will buy just above it's high looking for resumption up in general. they'll put a stop down here because sometimes.market will go sideways and then slightly lower,but the trade is still valid.**

**for me,this is a bold trend and a pullback. a high one buy setup is this enough of a break out for me to restart the count and call this another high one.you can,I would say that it's not big enough and I would say this is all part of the same correction.to me,this would be a high one,a first attempt up did not get very far,and this would be a high two by setup and traders would buy above the high of that bar or above the high of this bar.any time the market forms a double bottom bull flag,it's a high two by set up.ner be tr in.traders are looking for the exact opposite. here's a bare trend,and anytime there is a pull back or a pause,traders look at it as an opportunity to go short.the high of this bar did not go above the high of this bar so it's technically,**

**not a pull back on this time frame,but it probably is a pullback on a smaller time frame.in any case,it's a pause and traders will place a stop order to go short just below below this bar,betting that if it does go below that bar,the trend will resume down.here it simply went sideways and here's a second attempt to go down.for me,this is a low one short,and then we have a double top bear flag that's a low too short,so you either sell there or you sell below this bar here.low low one bear flag,low two bear flag.same thing here as the market's going up after each bar traders place a stop order to go short just below the lower the bar.they place a stop order when the sc loses to sell right below the lo the bar they get filled here. it's still going up,**

**it's still.correcting,but it's still most likely a minor reversal and a bare flag.traders who did not sell here,they might instead place an order to sell below this far does not get filled. they then place an order to sell below this far,it does get filled.so a second entry short in a rally in a bare trend it's a low fuse short a low fuse bear flag,an ABC bear flag.ABC.there are always other ways to label things some traders instead will look at this as.but a larger low one a sideways move low one and then.this is part of that correcting process and then a low two where the second leg also subdivided. they'll look at this as sideways to a low one.and then up to a low two,so they'll view this as a larger low two bear flag or a larger double top bear flag first top.second top,**

**it doesn't matter what you call it you're looking for ways to enter the trend and when you see these bare flags.look to sell.this is a fairly tight beer channel.the first reversal is probably minor a minor reversal is going to be usually a bare leg in a trading range or a bare flag.we got a bare trend. we're trying to reverse probably a minor reversal.i call it a pull back whenever I see a reversal attempt and I think it will not get very far and the trend will resume I.i call it a pullback.that last slide I showed a minor reversal and look at this reversal bare trend and a very strong bull breakout.followed through bar,another followed through bar so at this point we're in a bull trend.here this is a major reversal,not just a bear flag. here minor reversal bear flag,here minor reversal bear flag,minor reversal bear flag.but look at the size of this breakout far above the bear channel. this is a major trend reversal,**

**which means the bear trend is.is becoming a bull friend.now look at this. we have a bull trend here and then a bear break out to a broader bull channel,but you can look at this and say,bull trend pretty strong. bear break out.if we go above that high or test,that high maybe we'll get a trend reversal into a bare trend.and that's what we have. we have a bull trend,and then a bear trend.if a bull trend goes to a bare trend,it's a major reversal. if a bull trend just goes sideways and the bull trend resumes,it's a minor reversal.even this is a minor reversal because the bull trend resumed.so minor reversal,the trend resumes and.**

**instead of reversing.sometimes you'll see a bar like this. it's low is below the low of the prior bar. it's high is above the high of the prior bar.that is an outside bar.it does not have to be.below i call it an outside bar if the high is exactly at the high of the fire bar.and the low goes below the low,the prior bar.for example,over here this bar did not go above that high. the two highs are at the same price,yet its low went below.I would still call that an outside down bar,an outside bar.and an inside bar is a bar where its high and low are within the range of the prior bar.this bar the low is above that low the high is below that high,so this black bar is an inside bar.**

**and look at the next bar,this white bull body,its inside of the black bar,its high is below that high and its low is above that low.same here,another inside bar. this bar is inside that bar,this bar is inside that bar,a small inside bar. here here's an inside bar,the high is the same as that high.but the low is above that low,so I would still refer to that as an inside bar.that's why I say for an outside bar,the height is at or above the high of the prior bar and the low is at or below. the low of,the prior bar and an inside bar.the high is at or below the high of the prior bar and the low is at or above the low of the prior bar.**

**outside bar here,outside bar here.and this is actually an outside bar as well. it slow was below the low of that bar,its high was above the high of this bar.here's the Australian dollar versus the us dollar,a five minute chart for x chart.i distinguished trades into swing trades and scalps.a scout means that I'm trying to take a quick profit,I usually exit with in five bars and sometimes just one bar.a swing trade means I'm planning to hold onto my position as long as the trend is going in my direction.let's,let's look at this chart and let's talk about buying here.if I buy above the high of this bar,I get filled right here just above that high and let's say I get out four or five bars later below the spare bar.right where this red box is,**

**right below the low of that bar.to me,that's a scalp i did not allow any pull backs I get out with in,you know,one,two,three,four,five bars.and did not matter to me that the trend continued if I buy here and get out a few bars later and did not allow pull backs. that's a scalp.on the other hand,what happens if i exit up here or up here.if I'm exiting up here at the end of the session to me. that's a swing trait,so I buy here,i don't worry about the pullback here or here.**

**or here,or here,or here,none of these look like major reversals im willing to continue to hold,despite all of the pull backs.then I looked to exit at the end of the session.if you're holding through pull backs and for a lot of bars,that is a swing trade.that last chart was a five minute chart,and here is a daily chart.there are other terms to use when talking about scalping and swing trading on higher time frame charts daily,a weekly charts.so for example,let's say a bull trader bought here.and he get out here. he's a scalper.**

**you might call them a fast money trader or simply a trader.and if he got out here and this was a monthly chart,people would call him an investor if it was a weekly chart. they might call him an investor.to me,I would call him a swing trader even on this chart,but in general if you are taking quick profits on a daily chart.traders will call you a trader or a fast money trader or a scalp.but usually they use the term trader,and if a person is holding for a long time,twenty thirty forty bars.you start to get into the realm of being an investor,especially if it's a weekly or monthly chart.some swing traders will hold far beyond a typical swing which might be ten twenty or thirty bars they May hold indefinitely so.sometimes for years or months,and that would be an investor.**

**people would use the term investor instead of swing trader for that kind of a person.if you look at a chart,you see the market going up and down,up and down,up and down,and the smallest move up or down.on a chart is a tick.so if it goes up one move,it's called a tick. if it goes up three or four,it's called three or four ticks. if you're looking at a forex chart,people tend to use the term pip instead of a tick,but it's the same thing.and nowadays,pips are also subdivided into tense or even hundreds,but I just refer to pips and i don't worry about the tiny small divisions.**

**a point is a group of ticks or pips,so for example,one point on the e mini chart is four ticks.a corresponding move on the spider spy ETF chart is tent ix.you'll sometimes hear traders talk about the lot size I traded five lots,which means he traded five contracts or five shares or five units.or five something.in a handle is a big round number,so if the spider is trading at two hundred and two point fifty,you would say it has a two hundred and two handle on it.when I talk about moving averages,I'm usually talking about a twenty bar exponential moving average,whether it's a five minute chart or a month chart. it doesn't matter if you hear me say moving average.and i don't qualify it. I'm talking about a twenty bar exponential moving average.some people refer to it as an ema exponential,**

**moving average. i simply call it a moving average.this moving average is a twenty bar exponential moving average.computers you cannot get around the reality that they control all major markets,most trading nowadays is automated.that means the orders are placed by computers and software programs.which are called algorithms are making decisions about when to buy,when to sell,when to add on to positions,when to slightly reduce positions.here's an example of a flowchart of an algorithm.you'll sometimes see me talk about an institution bank of America calpers the pension fund for state employees in california.but only investments those are all institutions,goldman sachs.an institution could be a bank,it could be a hedgefund a high frequency trading firm pension fund like halper s.**

**mutual funds like fidelity.any large entity is an institution,and that includes large individual traders,so for example the smallest position size in the e mini is one contract.if a trader is trading a hundred contracts or two hundred contracts or more,I would consider them to be as significant as an institution.even if they're trading for their own account.you'll often hear me talk about setups and it's a chart pattern. it's something on the chart,and it makes me believe that there will be a profitable trade.sometimes the setup is one bar,sometimes it's three or four bars,sometimes it's twenty or thirty bars.so for example,we have a bull trend and it's pulling back for a few bars and as it's pulling back traitors are placing by stops one tick above the high of the prior bar did not get filled.a new bar closes they place a by stop one tick or one pip above the high vat bar and.**

**in this case,the trader did get filled. this is the bar when they enter their trade,so it's the entry bar and.this is the bar that signaled the entry when they saw this bar. they thought,ha,if it goes about the high of this bar,I want to get long.this is the signal bar and traders get in on the entry bar. the signal bar is the reason to take the trade,it's the signal to.look to enter.so here's a single bar.were with the trend were trading in the direction of the trend.buying above this far is buying with trend.countertrend means doing the opposite.for example.**

**we have a bull trend and if I'm selling below that bar right here,it's a counter trend trade.from trading in the direction opposite to the trend.context you'll often hear me talk about context,is it a buy setup or a sell set up? I'm always interested in the context and context means.all the bars to the left.i've had to see this bar. I want to know what took place before it do. I want to buy here,maybe it's better to sell here. I want to know what the bars to the left look like.and those bars to the left provide the context so,for example,if there's a strong bear trend,do I really want to be buying here?no,it's AB reversal bar. it's a buy signal,but it's a buy signal that I would not take if anything I'm looking to sell.**

**when there's a very tight air channel like this,i don't care if there's a good full reversal bar and a good follow through bar. it's more likely the reversal will fail.and this bull reversal will end up as a bear flag.this is a low one cell signal bar traders will sell just below its low expecting the reversal to fail become a bear flag and for the bear trend to resume.i often talk about always in.that is the direction of the current trade.for example,here I would say the market's always in long,so if I had to be in the market,this instant would I rather be long or short?if I had to be always in the market at this point,I would be long because odds are the market's going higher.in a bear trend.the Mark is always in short.at this moment,**

**do I want to be long or short if I had to be in the market,this instant?if I had to be always in the market and it's right at this instant,I want to be short.the market's always in short here and somewhere in here. it became always in long traders thought it was better to belong.easier to make money being long than short.i pay attention to context.the context here is that we're in a bare trend. we're getting lower highs and lower lows. we're starting to get a lot of two sided trading.tails below bars,some bull bars,smaller bars,sideways bars,it's still always in short,but it looks like it's evolving into a training range.which means that it May soon reverse into always in long.**

**three big bear bar sab are channel with about eight or ten bars.but tail on the bottom of the bar.that's weakening a weakening trend.another big bear breakout,but a big tail below and the close of this bar,the bottom of that black box is above the breakout point.there are problems with this bare trend.another breakout,a close just around the breakout point instead of far below.goals are buying prior lows and they're making money and that usually means that a bare channel is in the process of evolving into a.a trading range and once it's in a trading range,traders will start to look for trend reversals.so we have a fairly tight beer channel and we have a bold trend bar breaking over the high of the channel.breaking above the top of the channel trend lines are rarely perfect. you can see I'm using this high and then this series of highs.the market looks like it's turning down every time it hits an imaginary line at that point.**

**I would extend the the line from here all the way here i could draw it from this high across that high or i could simply use a small trend line from here to here.in any case,we're getting a bold break out of a bare channel.and that means traders will start looking for possible trend reversals.so we have a low here. we reversed up,we have a lower,low,we reverse d up,and here the bears are trying to resume back down,but this is forming a higher low.this setup,this by setup here,is called a higher low major trend reversal,higher low with the potential of reversing into a major trend.it's also a head and shoulder spot on this would be the left shoulder. this is the head,**

**and this would be the right shoulder.it's a reversal setup,not a high probability buy at this point,but once you start to get three or four bars with.big bull bodies closing on their highs,the bars getting bigger at some point.the market becomes always then long for everybody,which means that traders can buy for any reason expecting that the market will be higher.as more bars become visible.another breakout we have a small breakout here now,we have three bowl bars and traders might buy.this far as it moves above that high the neckline of the head and shoulders bottom,they May simply buy the clothes,arguing that it's the third.bowl of clothes very little overlap between the bars and the bodies are getting bigger and it's following a higher,**

**low major trend reversal.over here,the tails are starting to become prominent. the bodies are getting small.each do ji is a one bar trading range,and here it's forming a pullback,a pullback means that when I refer to an attempt at a reversal as a pullback.instead of a trading range.that means I believe the trend will resume instead of reverse.each one of these bars is a one bar trading range,a do ji bar and together they form a slightly bigger trading range.somewhere in here,traders concluded that the market became always in long. it was always in short all the way down here.this is al brooks and thank you for watching this video in the brooks trading course. this video was on terminology.**