



every master was once a beginner

Analysing the market like a pro

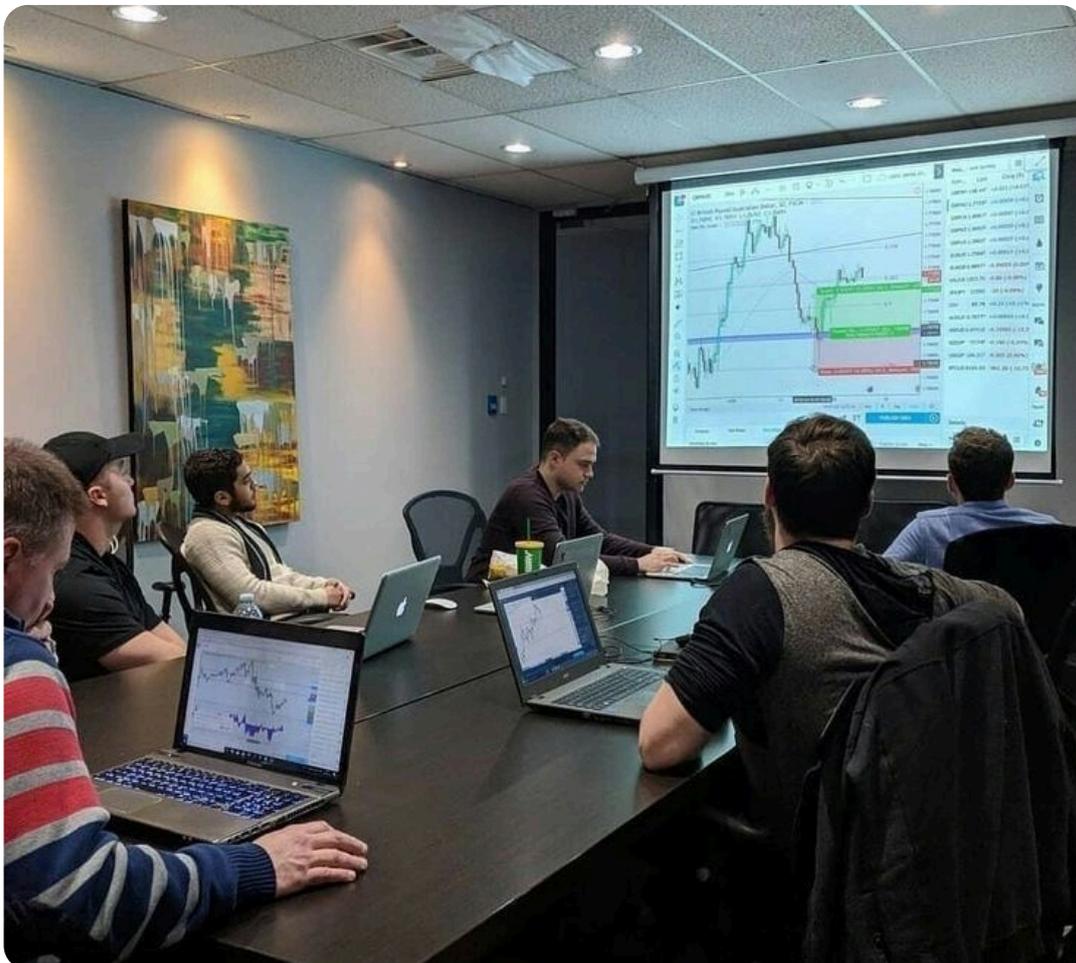
A journey to a thousand miles
starts with a single step

more about forex trading

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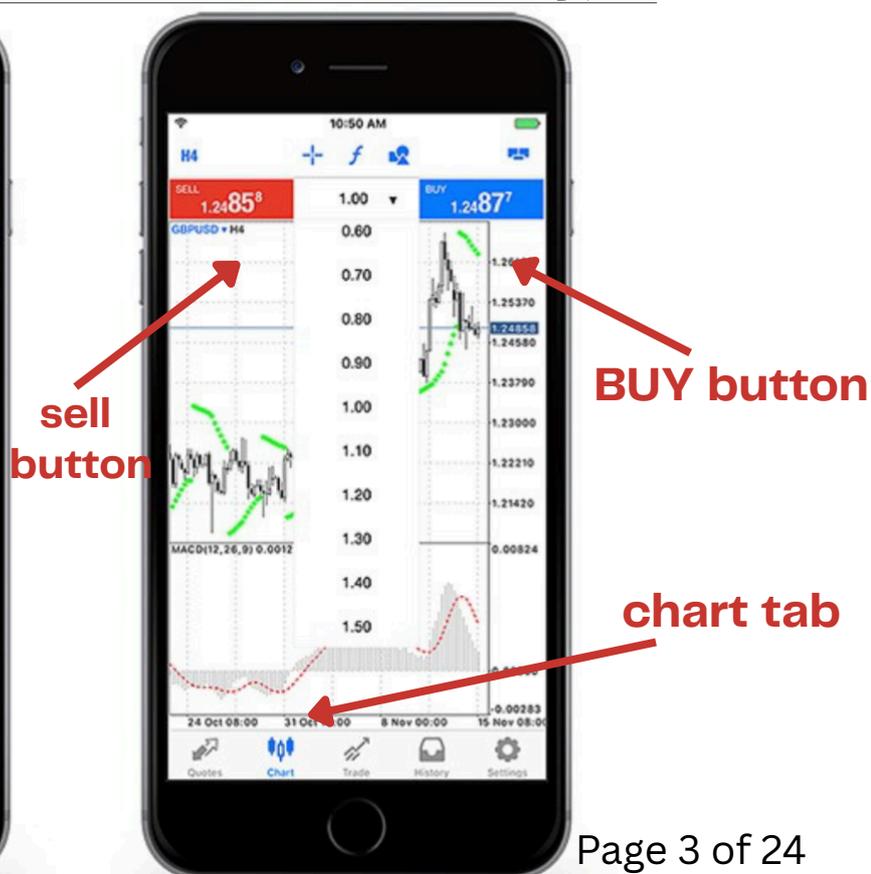
Beginner recap

Now that we got the concept of what is trading lets get into the practical part of trading, the money making part.

By now you must be having trading accounts from brokers (e.g DERIV, Weltrade, if you dont go back to the beginner pdf and create them, its now time to make money).

USE THE LOGIN DETAILS YOU GET FROM THE BROKER TO LOGINTO mt5.

1. go to the chart tab, you will see two buttons at the top (one written sell one written buy)



HOW DO WE MAKE MONEY IN TRADING

how we make money in trading is simple, we look at the chart and predict if the price will go up or down.

If you assume the price will go up, you are going to click the BUY button, and if the price indeed goes up you get into profits, you then go to the trade tab and close the trade, you made money.

If you assume the price will go down, you are going to click SELL. if the price indeed goes down, you get into profits, you will go to the trade tab to view your trades and you can decide to close them or wait a little bit longer to get more profits.

~~~SIDENOTE~~~

BUY means the price will go up .

SELL means the price will go down

# When can you decide to buy and sell

you have now placed your first buy or sell trade and closed it. But you entered the trade with blind eyes, with nothing giving you guidance or signalling you that indeed you will get into profit.

That's not how professional traders do it, we are not gambling, we dont just close our eyes and click either buy or sell

we use the concept called **Price action**. In price action we analyse the previous actions of the price to help us predict its future movement.

## Price action has the following building blocks

(before you enter any trade you are going to consider all these building blocks, bcz they tell us a story)

1. Market structure
2. support and resistance
3. Candle sticks
4. Chart patterns
5. Price behaviour at key levels

~~SIDENOTE~~

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# Market Structure

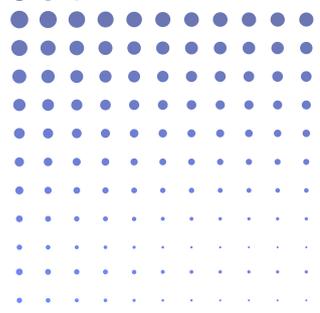
The price moves in trends.

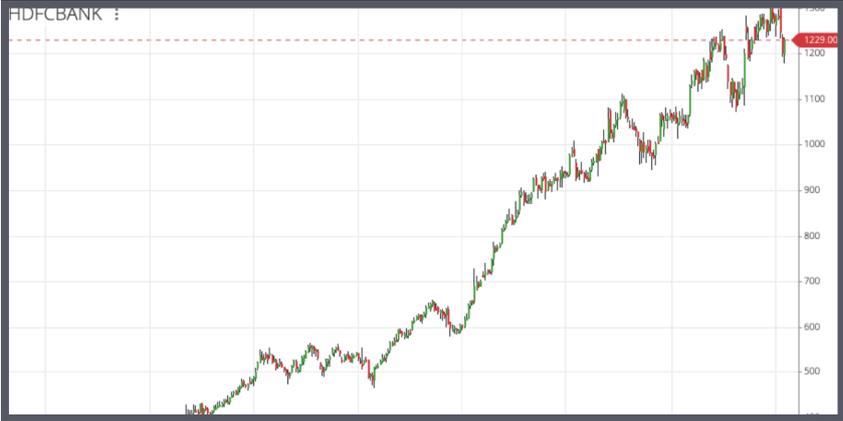
## what is a trend

A trend in trading is the general direction that the price of the asset is moving over time.

## 3 types of trends in trading

- 1.uptrend
- 2.Downtrend
- 3.sideways



| Trend        | illustration                                                                         |
|--------------|--------------------------------------------------------------------------------------|
| 1. uptrend   |    |
| 2. downtrend |  |
| 3. sideways  |  |

# what is support and resistance

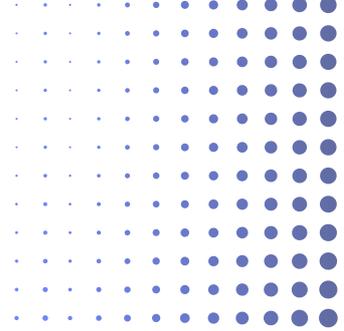
## support

support can be explained as the price floor, is it the price level where a financial asset bounces back up, its like a floor that holds the price from dropping further

## real life example:

Imagine bouncing a tennis ball on the ground, the ground is like the support, the ground stops the ball from falling further down and always bounces back up when it hits it.





# what is support and resistance

## Resistance

Resistance is the opposite of support, the price level where a financial asset stops rising and often falls back down, its like a ceiling that prevents the price from going higher.

## Real life example:

Think of a balloon rising until it hits the ceiling. that ceiling is like resistance, it stops the balloon from going further up, the dotted line you see below is an example of the resistance line



# WHAT ARE CANDLE STICKS

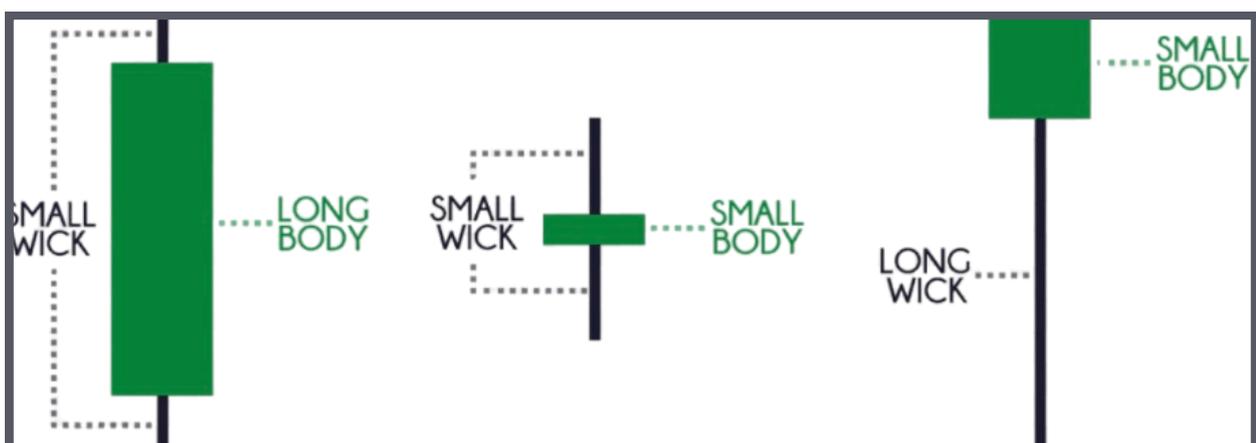
A candle stick is the simple way to look at what the price did during a certain time.

The default colors for the candles are red and green

A green candle means the price went UP

A red candle means the price went DOWN

A candle stick has two parts i.e the body and the wick

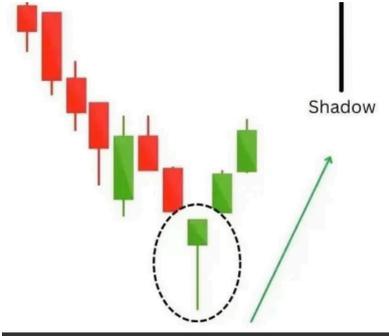
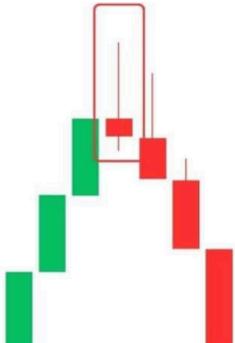


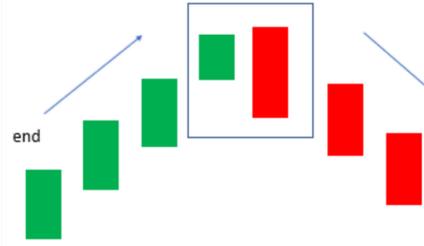
# candle sticks

## language/communication

The different candle sticks are not formed for decoration, they are giving us a message. Lets explore different candle sticks found in the markets and what they are trying to communicate to us

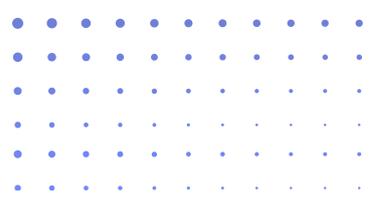
### DIFFERENT TYPES OF CANDLE STICKS

| Candle stick name | illustration                                                                        | Message its telling us                                            |
|-------------------|-------------------------------------------------------------------------------------|-------------------------------------------------------------------|
| 1. Hammer         |  | price is likely to reverse back up, it happens after a downtrend  |
| 2. Shooting star  |  | price is likely to reverse back down, it happens after an uptrend |

| Candle stick name     | illustration                                                                        | Message its telling us                                                                                                                                         |
|-----------------------|-------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 3. Bullish engulfing  |    | <p>small red candle followed by large green candle that fully covers it. Happens after a downtrend and signals a possible upward movement</p>                  |
| 4. bearings engulfing |  | <p>small green candle followed by a large red candle covering it, it happens after an uptrend and signals a possible downward movement</p>                     |
| 5. Doji               |  | <p>Has a very small body or no body at all, just two wicks. Market is undecided , just wait and not enter any trade, this is not a hammer or shooting star</p> |



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# Chart patterns mainly used in price action

- Reversal patterns**– these tell us that it is the end of the current trend and it is the beginning of a new trend
- Continuation patterns**– these patterns tell us that the existing trend is just taking a breather(resting a bit) it will continue in the direction it was going.

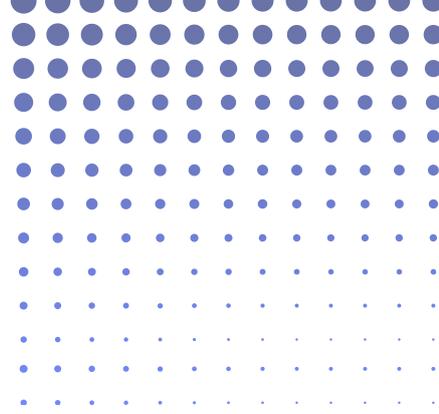
| reversal pattern | Illustration | Message it carries/signals                                               |
|------------------|--------------|--------------------------------------------------------------------------|
| 1. Double bottom |              | Possible buy entry at the second bottom, confirmed entry at the neckline |
| or               |              |                                                                          |
| double top       |              | possible sell entry at the second top, confirmed entry at the neckline   |

| reversal pattern                                                          | Illustration                                                                         | Message it carries/signals                                                                                                                                                  |
|---------------------------------------------------------------------------|--------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>2. Head and shoulders</p> <p>or</p> <p>Inverted head and shoulders</p> |   | <p>Possible sell entry at the right shoulder, confirmed sell entry at the neckline</p> <p>possible buy entry at the right shoulder, confirmed buy entry at the neckline</p> |
| <p>3. tripple bottom and tripple top</p>                                  |  | <p>similar to double, but even more reliable. with the tripple bottom we buy at the 3<sup>rd</sup> leg, wth tripple top, we sell at the 3<sup>rd</sup> top</p>              |

| continuation pattern                                                | Illustration                                                                         | Message it carries/signals                                                                                                                 |
|---------------------------------------------------------------------|--------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------|
| <p>1. Rising flag</p> <p>and</p> <p>falling flag</p>                |   | <p>signals a continuation of the price dropping further down</p> <p>signals a continuation of the price going further up</p>               |
| <p>2. ascending triangle</p> <p>and</p> <p>decsending triangles</p> |  | <p>ascending triangle signals a continuation of price going up</p> <p>decsending triangle signals continuation of the price going down</p> |



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# summary

**when you start to analyse the next move of the price you are going to follow the following steps**

1. identify the overall market structure , which trend do you identify? uptrend?downtrend? or is the markets moving in side ways/. ( using the 4hours time frame)
2. Identify the support or resistance from the chart. (use the 4 hours time frame and 1 hour time frame)
3. try to look if you can identify any chart pattern (e.g falling flag) (on 1 hour time frame)
4. use the candle sticks we learned to verify that you can indeed sell/buy (on 15 minutes time frame).



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# Lets analyse together

when you start to analyse the next move of the price you are going to follow the following steps

1. identify the overall market structure , which trend do you identify? uptrend?downtrend? or is the markets moving in side ways/. (on the 4 hours chart)
2. try to look if you can identify any chart pattern (e.g falling flag) (both on H4 and H1)
4. use the candle sticks we learned to verify that you can indeed sell/buy (on the 15 minutes chart)
5. One last hint the market is more likely to reverse on the level it once reversed. lookout also for support and resistance not only chart patterns

# real life analysis

Lets analyse the following charts together and see if we were to take trades using what we learned, would we make money or not.

1.looking at this 4HOURS timeframe, the trend of he price is recently uptrend.



2. im noticing the head and shoulders partten has recently formed, on 1 hour time frame, can you spot it?



the following picture display the head and shoulders pattern for you meaning the price will reverse back down, but we must get confirmation first



3. switch to 15 minutes timeframe and draw the neckline(blue line on the chart) , you can even do this on 1 hour time frame

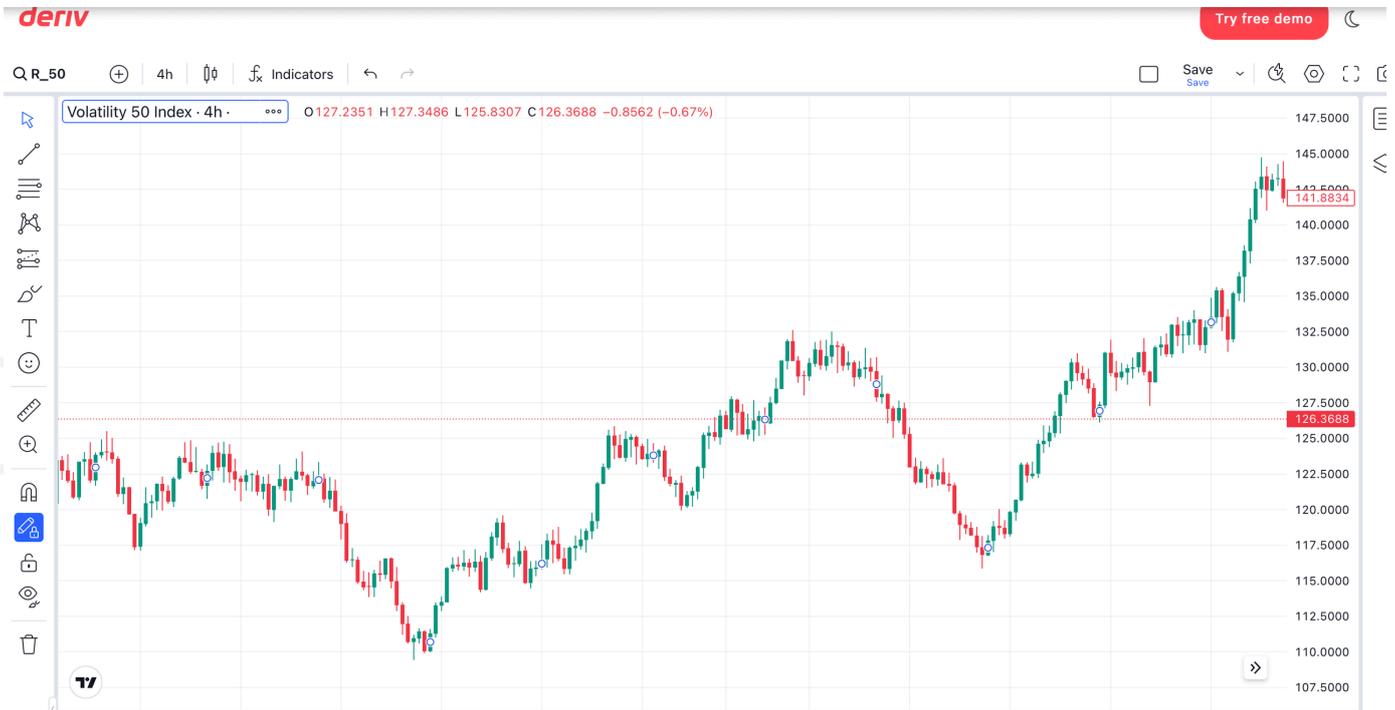


still on 15 minutes time frame, just after the neckline start looking for confirmation candle sticks, on this particular chart the bearish engulfing gave us a confirmation to sell, the price indeed went down and we would have made lots of profit as it continued to go down for a long time



# 2nd example

1. i notice an uptrend in 4H



2. Switch to 1H to see if there are any patterns formed recently, but i see none



3. switch to 15 min, i realised the market is is approaching a level that we can now call the resistance (bcz previously when the ,price touched that point it reversed.



4. the price indeed reached our resistance level and gave us two confirmation candles (shooting stars labelled on the below chart) that the price will go down we can sell



That overall explain how professional traders analyse the market. you can also use tools like “indicators” and “trading robots” to help assist in perfecting your entry points



or you are an individual who is interested in making money through trading but you dont have the time to trade you can always opt for copy trading or follow signals of expert traders. look that up, or you can always come to my inbox for assistance



illustration of how copy trading works, with copytrading you link your trading account directly to the account of an expert trader and whatever sell/buy trade the expert trader takes on his/her account, it automatically copies to yours, its more like hands free trading, but they charge a fee for that

The price can still act however it wants regardless of us using all the building block of price action to predict what it will do next. the price action will give you 80% entry accuracy and the other 20% its the losses you will encounter while trading. That is why you need to know about risk management. which is not much of a trouble you can always hit my inbox to get assistance with that

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# Contact us

Even though we might have tried to explain everything in simple terms, you might still have some question you would like to ask further and our team would be glad to be at your service.

GET INTOUCH WITH OUR TEAM

WHATSAPP: (+27) 78 491 0441

TELEGRAM USERNAME: Synthetics\_Royalty

**Best Wishes for Future  
Success**

