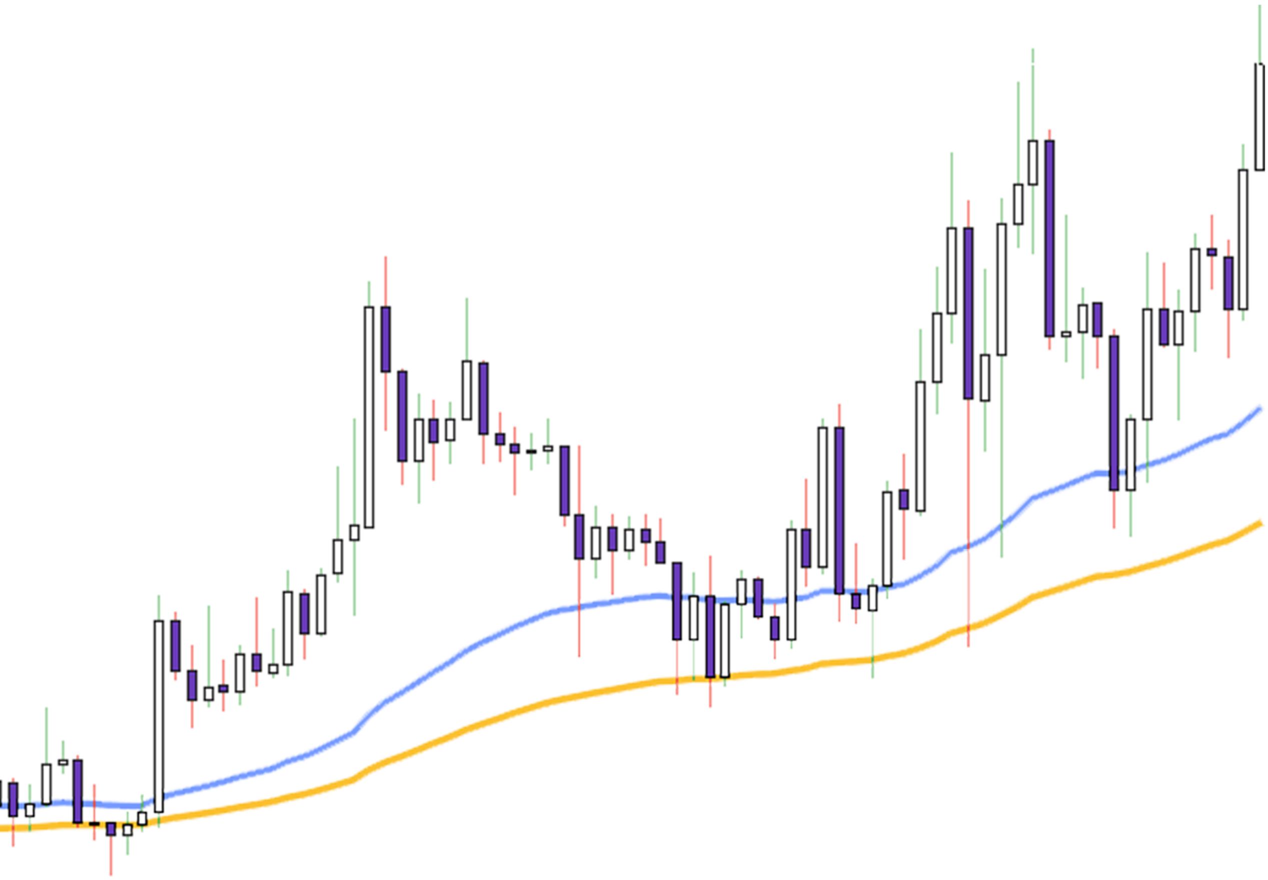
PRICE ACTION TRADING

FOR BEGINNERS

ULTIMATE GUIDE



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PROLOGUE: LETTER FROM THE AUTHOR

In this book, I'm sharing secrets to technical analysis and price action that anyone can learn and use to become a profitable trader. Whether you've spent the last few years testing trading system after trading system to no avail or you're a beginner who has never once looked at a chart before, as long as you're willing to put in the time and effort required to study the material, I promise this book will help.

How I Began To Trade

"So it's called Ethereum and it's like the next internet" - my good friend from the banking world told me this in late 2016. That's where my journey began. I was determined to make the most of this crypto opportunity. Eventually, I discovered Technical Analysis. After 6 months of obsessive study and practice it became my guiding light to navigate trading, investing and crypto. By the end of 2017 I had turned <$1,000 to 7 figures.

Thanks to my obsession with risk management, I kept most of it during the 2018 crash. More than just keeping my profits, thanks to my disciplined approach to trading, I was also still able to capitalize off of the market. I created a twitter account and started sharing every single one of my trades during a bear market, turning $30k to $50k live in 30 days. Decided to stay for the next 3 years.

Fast forward to the end of 2021. I've been trading for nearly 5 years. Been through 2 of the biggest bull runs history has ever seen and come out heavily on top each time. My trading isn't special by any means. My advantages have been luck, discipline and hard work. Everyone is capable of this.

To give back to the community that has done so much for me, I've created an ultimate trading guide that covers everything you need to know from beginner to advanced.

Do You Really Want To Make It?

You might be excited and want to read the entire book in a single sitting. You may want to rush through the material so you can begin trading as soon as possible. Fight this urge. Move slowly. Be patient. Allow your mind the space to absorb all of the information, re-read parts that you may not have understood, and make mistakes.

By picking up this book, you've taken one of the most important steps in the quest to become a profitable trader. I have shared the knowledge but it's up to you to provide the motivation. Good luck.

Best,
Koroush AK

CHAPTER 1: INTRODUCTION TO TRADING

1.1: OVERVIEW

I'm Koroush AK. My previous Youtube course helped 100,000+ students learn to coursetrade the crypto markets. Now, I've made it my mission to create the ultimate trading guide for beginners, better than any playlist you'll find on YouTube or any course you might pay $10,000+ for. Let's run through what we will cover throughout this book.

- Key principles of data analysis needed in order to use past data to make future predictions about price
- How to read candlesticks and candlestick chart patterns
- How to identify and use concepts of supply and demand, support and resistance, and critical levels in your technical analysis and trading.
- How to take advantage of moving averages and fibonacci retracement tools to assess the strength of a trend and identify precise entries and exits in your trading.

1.2 WHY SHOULD YOU LISTEN TO ME?

I'm a trader, investor, and entrepreneur. After successfully trading the crypto market for the last five years and as a result, I am now comfortably able to retire in my 20s.

I've worked with projects from inception to becoming a multi-billion dollar market cap. Not only do I have my experience to draw from, but I've also interviewed over 100 crypto multimillionaires and billionaires.

I started from scratch. I had to search far and wide for any information and none of it was practical. It was all theory. Because of this, I made so many mistakes before I managed to profitably trade the crypto market and now I'd like to share these lessons with you.

Because the space has been so good to me I have made it my mission to build the ultimate trading guide for beginners. I'm taking out all the fluff from every other free and paid trading course and including only the essentials that you really can't get anywhere else unless you know someone inside the space.

1.3 WHO IS THIS BOOK FOR?

- **Absolute Beginners:**

    - If you know absolutely nothing about trading cryptocurrencies, stocks, or anything to do with the market I'm going to give you only the essentials that will empower you to go from zero to expert.
- **Struggling Traders:**
    - If you have been trying to learn to trade for a while, picked up bits and pieces from different sources, or even completed a course that wasn't helpful, then this book is for you.
- **Advanced Traders.**
    - I've made sure to include a lot of nuances, small tips that can make huge differences in your trading. This book is for you too.

1.4 HOW TO MAKE THE MOST OF THIS BOOK

Here are a few helpful tips to ensure you're getting the most of this book as you complete the readings and assignments.

- **Be patient, be consistent, and show up every single day.**
- **Take it slow.** Remember, you don't need to rush this. If you get through this book in a week, you've probably done it wrong.
- **Study then apply.** Active learning is so different to real learning. As you go through this book not only do you need to do the readings and assignments, but you should be actively looking at the markets taking in information and trying to apply the lessons you learn in this book. In the real world, you will get instant feedback and this will solidify the lessons in your mind.
- **Prepare yourself for repeated failure.** Nothing that's worth having in life comes easy.
- **Do not give up**. Every successful trader is just an unsuccessful trader that never gave up. Keep practising and you will eventually get that.
- **Do not do this alone**. Just find one person, one person who can join you on this journey, send them this first chapter and do the whole thing together. Both of you together on your journey to financial freedom will make the learning process that much easier and enjoyable.

1.5 MOST IMPORTANT CONCEPT

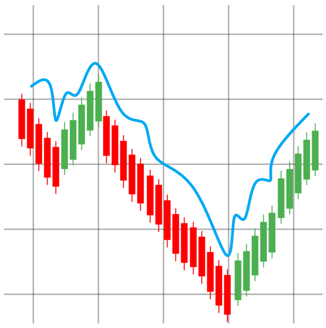
Now through my own personal experience and the experience of all the extremely successful traders that I've spoken to, I've taken four key concepts most people miss but are extremely important to successful trading. These are misconceptions. Most people don't think that they are very important or look at them the wrong way. Let's review what these four misconceptions are.

- **Risk control:**
    - I've used the word risk control and not risk management deliberately.

    - When people think about risk management they normally just think of using a stop loss or risking a smaller amount as possible. But this isn't how the most successful traders I've spoken to operate.
    - Some traders minimise risk and focus on small marginal gains. But other traders wait for the perfect moment like a sniper to risk a huge amount of capital for an extremely high probability of high reward play.
    - Both require high amounts of self-awareness and control which you will be taught in this book.
- **Being right is NOT the same as making money:**
    - Unfortunately, social media has muddied the water. Everyone is out there trying to look like an Oracle and thinks they can predict absolutely everything with that magic secret strategy.
    - In reality, the best traders can be right anywhere from 30% of the time to 70% of the time. It is impossible to be right 100% of the time, and the whole art of trading is working within that 30 to 70% to make money, not look like an Oracle for social media.
- **Trading is simple:**
    - Many gurus are out there trying to make you believe that you need some sort of special indicator or extremely niche knowledge that only they can give you in order to trade successfully.
    - In fact, it's extremely easy to form a profitable trading strategy.
    - I'm not saying trading is easy. It's actually extremely difficult to have great risk management, and consistently strong psychology in order to execute those trading strategies.
    - But if you follow lessons taught in this book, your trading will only improve.
- **Outliers are usually right:**
    - An outlier is someone who goes against the crowd and anomalies within the data. And time and time again, I found that my best trades, my best trading strategies the majority of people don't agree with.
    - I sometimes post on my Twitter a trade idea I have. If I get overwhelmingly positive support and feedback, I get a little bit concerned because making money in the market is about having an edge. And if everyone agrees with you, that probably isn't that much of an edge.
    - As you master the fundamentals and technicals required for strong trading hypotheses, have the strength to stick to your convictions and go against the masses.

CHAPTER 2: TRADING BASICS

2.1 WHAT IS TRADING



So let's start with a definition of *trading*. Whenever you think of trading, you're probably thinking of someone sitting behind a computer desk looking at a chart like the one on the right. And if you've never seen something like it before, it's probably a bit confusing. But at its core, trading is just buying and selling an asset in order to profit off of price fluctuations. It doesn't even have to be on a chart like the one on the right.

Example: Selling Several Pairs of Yeezys.

So there's a new pair of Yeezy sneakers coming out. And you know, that demand is going to be really high for these. There are only 100 of them and everyone is going to want them so you believe supply is really low. *You* spot this opportunity and manage to buy three pairs of Yeezys for $200 each, totalling $600. Then a few weeks later, you decide to sell the shoes at $300 each, for a total price of $900. So you've just made yourself $300 in profit. That is a trade.

Now, were you guaranteed to make money here? Well, you could say it was highly probable because Yeezys are very popular shoes. But what if in between the time of you buying and selling the shoes Kanye West (the founder of Yeezys) had some huge scandal, and no one wanted to buy Yeezys anymore. Now you were forced to sell your three pairs for $100 each, meaning you actually lost money. What I'm doing here is trying to plant seeds that are going to evolve into the ideas that make you profitable traders.

2.2 TRADING LIKE A CASINO

Now the best example of a company that thrives in uncertainty and is a good trader is a casino. We want to learn how to trade like a casino. If we can mimic what a casino does, we will revel within uncertainty.

An example I like to use is the poker table. People who trade without any experience and try to guess what's going to happen are equivalent to those who will turn up to a high stakes pro poker table to try and beat the professionals, but don't know the rules. People would never dream of doing that with gambling, but for some reason do the same and trading.

Now I'm going to use a simpler game in order to fully explain how to trade like a casino. This is where I want you to take notes and I want you to make sure you fully understand these concepts. We're going to use a game of Roulette.

- Look at the image on the right.
- Now, you can ignore the numbers, there are *37* different possibilities in a game of Roulette.
- And of these possibilities 18 of them are red, and 18 of them are black.
- And then we've got this one magical green zero. This changes everything and makes it so the casinos win.

When a gambler plays the game, he can either bet on red or he can bet on black.

- **Gambler: Red 18/37 Black 18/37**
  - Whichever one he picks, he has an 18 out of 37 chance of winning. That's because of that magic zero because whenever the ball lands on zero, the casino wins.
- **Casino: Red 19/37 Black 19/37**
  - This means that the casino has a 19 out of 37 chance of winning whether you pick red or black.
- **The casino always has an edge**
  - Does this mean you can never make money at the casino? Absolutely not. You can pick any random stock or cryptocurrency you want right now. Buy it and there's a chance you'll make money. But over the long term, is it profitable? The answer is no. Because the casino always has an edge.
  - It always knows that the odds are in its favour. So no matter what, after playing the game a million times, a thousand times, etc the casino will come out on top.
  - Now if you're following so far, this isn't everything. There's one more important concept that guarantees the casino wins.
- **The casino manages its bankroll**
  - It makes sure it never goes to zero. Let's look at an example.

CASINO BANKROLL EXAMPLE

- Let's say a casino has **$5000**
  - This is all the money it has.
  - You wish to place a bet of **$5**
  - The casino is going to be really happy because it's probably going to win. And if it doesn't, it just pays me $5.
  - But if I play the game **100 times** the casino is probably going to come out on top. If I play the game **1000 times** the casino is almost certainly going to come out on top.

- But now what if my bet size were to get a little bit bigger?
    - What if I were to come in and bet **$5,000** against the casino?
    - So the casino is probably going to win. But if it doesn't, I take all the casinos' money and then the casinos goes out of business, the casino can't play the game long enough to win.
    - So what does the casino do? It won’t let you take that bet. It limits its downside risk so it can't lose all of its money in one go. Instead, it makes it so that it can stay in the game long enough to win.

Now you’ve seen how the casino does it. The tricky part is putting yourself in that same position and building up that profitable trading strategy.

CHAPTER 3: TRADING CRYPTOCURRENCY

3.1 HOW DOES A TRADE WORK?

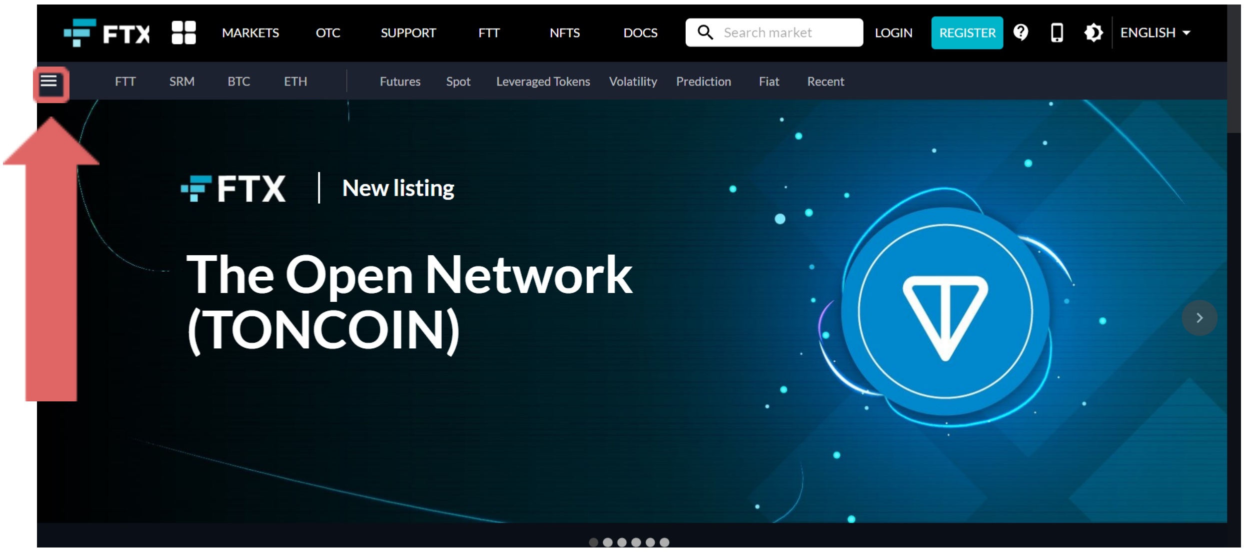
We have introduced this concept in previous chapters. Now we're going to reinforce the definitions and use a crypto-specific example.

What are key components of a trade?

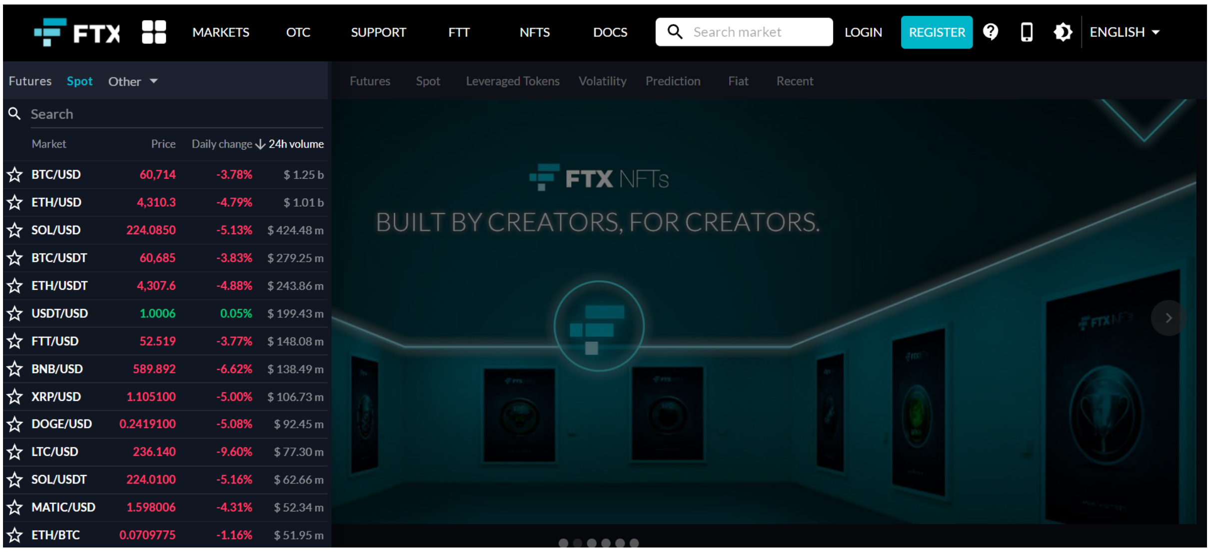
- **Buyer:** Is purchasing an asset
    - Such as Bitcoin or Ethereum
- **Seller:** Is offering an asset
    - Again such as Bitcoin or Ethereum
- **Broker:** A facilitator of buying and selling
    - Such as the FTX broker

3.2 FTX - A Crypto Broker

FTX is what I personally use. Don't worry if you aren't familiar with the platform. For now, it will be used as an example of a broker. FTX allows us to buy and trade crypto in exchange for a small fee.



To look at available cryptocurrencies to trade click the button shown above.



On the left, you can see all the cryptocurrencies available to trade.

Let’s look at BTC/USD chart.

The **Market Trades** section shows trades currently being executed

- **Red** is selling that's occurring
- **Green** is buying that's occurring.

The **Order Book** shows market participants waiting to buy or sell.

- **Green** is market participants ready to buy.
- **Red** is market participants ready to sell

FTX is the broker facilitating the buying and selling.

3.3 MARKET CAPITALIZATION

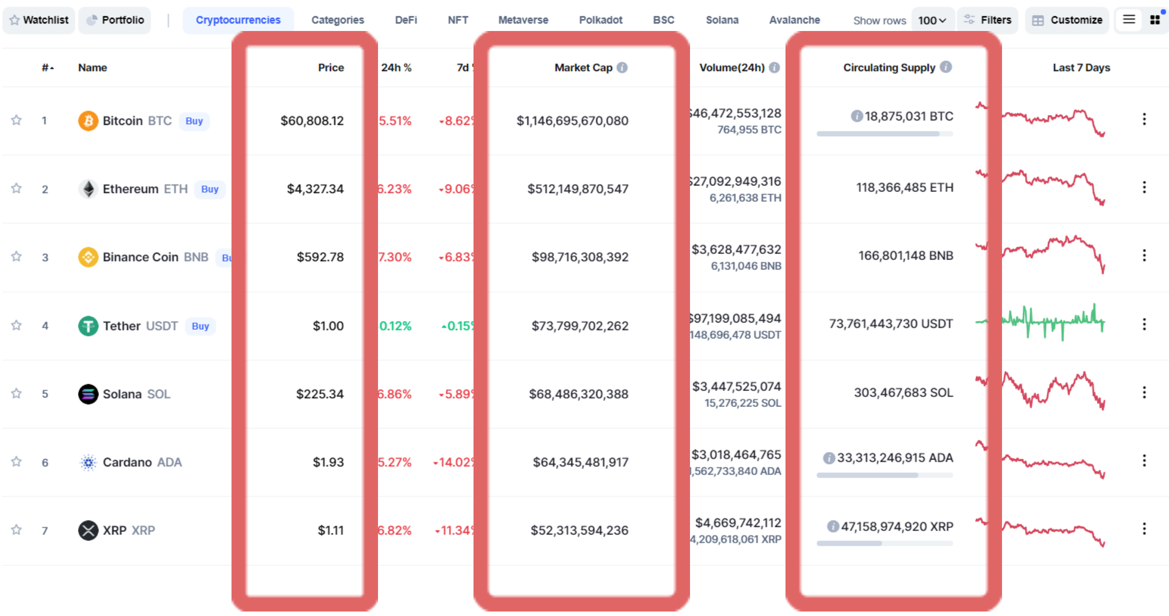
In the context of crypto, the Market Capitalization (market cap) is defined as.

- **Market Cap:** Token price multiplied by the number of tokens.

Another great free platform is **CoinMarketCap**.

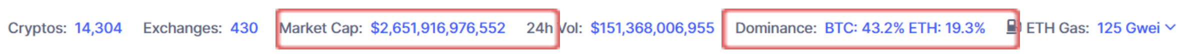
It has so much useful information for anyone exploring the crypto markets.

- The left-hand column shows all the different cryptocurrencies: Bitcoin, Ethereum, Binance Coin, Tether, Solana and Cardano are all types of tokens.
- As stated above, to get the Market Cap (middle column) you multiply together the end two columns of circulating supply and price.



At the top of the page, you can see the dominance of Bitcoin as a percentage of that market cap.

- Total Crypto Market Cap at the time of writing is about 3 trillion
- Bitcoin comprises 43.2% of that at the time of writing



Tiers of Market Cap

Now we're going to get a crash course on what these market caps mean and how assets with different market caps tend to behave.

NOTE: The further we go down this list, the riskier and more volatile the asset.

- **Bitcoin** - The King 👑
  - Bitcoin has the biggest market cap.
  - Larger assets tend to be ***less volatile*** and ***generally safer*** investments.
  - ***Less volatile:*** the price goes up and down less relative to other assets in the market
  - ***Generally safer:*** larger coins with more market cap tend to have been around longer or have some key reason for why their market cap is so high. Also compared with coins with much lower market caps they are less likely to be scams.

- **Majors** - Top 10
  - When the price of Bitcoin goes up, the whole market tends to go up with it. When Bitcoin goes down, the whole market tends to go down with it. The majors are a smaller, less powerful version of Bitcoin.
  - Sometimes if the price of a major like Ethereum goes up a lot, there can be a significant impact on the rest of the market. Not as much as Bitcoin, but still very significant.
  - Coins in this top 10 can do really well regardless of Bitcoin as they are large and mature enough to have their own mini-ecosystems.
  - When Bitcoin goes sideways that can be a great time to trade these coins

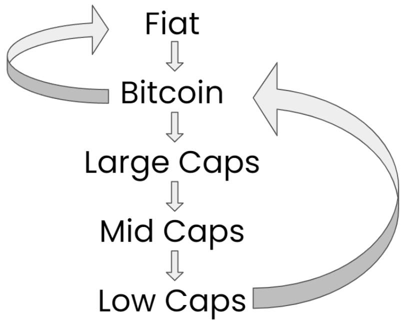
- **Large Caps** - Top 10-20
  - Much riskier than Bitcoin and the majors and much more volatile.

NOTE: Risk and volatility are not inherently bad. However, once we go past the large caps into the lower caps we run into major liquidity issues. For now, we will take liquidity to mean how difficult it is to trade with any large amount of money and build a large position size.

- **Mid Caps** - Top 50
- **Small Caps** - Top 100
- **Micro Caps** - Top 100+

3.4 MONEY FLOW CYCLE

Normally it takes new traders 6 to 12 months to really get any sort of understanding of this, but you're going to have the unique edge of understanding it off the bat.



We start with fiat

- **Fiat:** Your usual currency eg. USD, GBP, EUR.

Fiat will funnel into Bitcoin as this is the best-known cryptocurrency

Why is this? Let's take a macro view with a little story.

Imagine you can see Bitcoin going up and you see your friend bought some for $100. And now it's worth $500, you want in on that action? You think, *"Hey, what if I put $1000 and then that goes to $5,000."*

This is how the masses behave. They start funnelling their money into Bitcoin, this creates a domino effect, then the price starts pumping. Eventually, it gets to the point where your friend got in at $10,000 and the price is now $60,000. Your friend is now up 6x on his investment yet you might not wish to do the same.

So now you dive into the large caps.

Perhaps you discover Ethereum or some other large-cap, and you think, "*Hmm, well, if Bitcoin did well, this one might do well".* You do a little bit of research, it sounds exciting, and you funnel your money into that. This time it pumps even harder. Bitcoin went 6x, but this asset pumps 10x or 20x.

- **Why does it go up so much?** It has a smaller market cap, which means it takes less money for the price to go up more.

And suddenly, the $100 or $500, you invested has gone up to $5,000. Perhaps you hear of even greater returns someone has made and get FOMO (fear of missing out). You feel left out and you want to go into the market even harder. And now you've made even greater multiples than your friend who initially went into Bitcoin. So anyone who sees you do that is also going to want to dive into the market. Even those in Bitcoin are seeing how your returns pale in comparison to theirs and want to throw their money in too.

So both new money and money from Bitcoin flows into these large caps, and you get that same domino effect where the price starts exploding.

From the large caps people seek out even more risk, to make even more money.

That's where they find the mid caps and low caps.

These smaller coins go 100x or 200x, but these increases in price are very unsustainable. As the money flows into mid and low caps, this part of the cycle is a lot shorter. Coins will go 1000x but the party ends just as quickly when everything starts dumping aggressively as people either take profit or accept their losses

That money then flows back into Bitcoin.

Then the cycle completes itself.

Now, in the last five years that I've been in crypto, I have seen this happen time and time again and understanding this can give you a huge edge in the market. It doesn't always repeat the same way. But the fundamental principles are that:

- People start with the least risky assets and go to the riskiest assets.
- The riskiest assets are unsustainable.
- Money flows back into the least risky assets.

This is until that cycle ends and crypto no longer pumps.

That's when the money flows back into Fiat.

This applies to every single market whether you are trading crypto or something else. Bitcoin is currently at the top right now, but this could change in the future.

3.5 KEY CRYPTOCURRENCIES

There are hundreds of cryptocurrencies out there but we're going to hone in on the key cryptocurrencies you need to start understanding to build up that baseline of knowledge.

- **Bitcoin** - BTC
  - Bitcoin is digital gold
  - A great store of value
  - What started crypto off
- **Ethereum** - ETH
  - Enabled the creation of decentralised applications like a new type of internet and highly valued because of it.
  - The first layer one project
- **Exchange Tokens**
  - **Binance Coin** - BNB
  - **FTX Token** - FTT

    - Tokens that are made by exchanges to give you specific utilities on these exchanges like discounted fees.
- **Stable Coins**
    - **Tether** - USDT
    - **USD Coin** - USDC
    - Stablecoins are pegged to their fiat counterparts. 1 USD = 1 USDT = 1 USDC
    - There are concerns about whether or not these coins are actually backed by the dollars but I've been using them for the last five years and personally am very comfortable in them.
    - Remember to do your own research.

There are plenty of other coins out there that we haven't covered and you will slowly find the ones you're most interested in. And we will even teach you how to curate your own personalised coin watch list.

3.6 KEY TERMINOLOGY

- **Bull** - Associated with going up
    - A bullish candle is a candle that goes up or implies the price is probably going to go up.
    - A bullish trader is a trader that's betting on the price going up
    - A bullish market is a market in which the price is probably going to go up
    - A bullish sentiment is a sentiment that the price is going to go up.
- **Bear** - Associated with going down
    - Every example just given applies to bears as well
    - A bearish market is a market where the price goes down and so on.
- **Trend** - A general direction in which something is developing or changing
    - Uptrend, downtrend or consolidation (a sideways trend)
- **Volume** - The number of tokens transacted every day.
- **Volatility** - Volatility is the rate at which the price increases or decreases over a particular period
- **Liquidity** - Liquidity refers to the ease with which an asset can be converted into cash without affecting its market price
    - If you buy $10 million of Bitcoin it likely won't affect the market too much.
    - Yet if you buy $10 million of a top 40 to 50 coin that would have a larger impact on its price.

The next part of key terminology we're going to cover is native to Crypto Twitter (CT). Twitter is a useful tool that you can use to help gauge market sentiment.

- **WGMI** - We're Gonna Make It

    - A term used by bull or people who are bullish on crypto
- **NGMI** - Not Gonna Make it
    - This is said to someone who's probably not going to make it (often a bear or someone who shorts Bitcoin).
- **HFSP** - Have Fun Staying Poor
    - Not a dig at poor people. Rather an endearing term that we use to inform people that their actions may result in a situation they'll have to learn to have fun staying poor.
- **HSBAF** - Holy Sh*t Bears Are F*cked

This section was a little bit of fun because CT culture is extremely important to me, and something I think is a very useful tool to anyone's trading.

3.7 SUPPLY AND DEMAND

Supply and demand are fundamental to any market.

- **Supply:** How much there is.
    - Reduced supply leads to drastic increases in price.
- **Demand:** How much people want it.
    - Increased demand leads to increase in price.

Let’s use an example to illustrate this point:

Why are Patek Philippes skyrocketing in value while Hublots struggle to hold their own?

- Both are very reputable brands with beautiful watches.
- The only key difference is that Phillipe Patek has a highly limited supply.
- That means after they sell all their watches, if there is further demand, the only way for someone to get a hold of it is to pay someone more money for it.
- This creates a cycle of price increases.
- On the other hand, Hublot’s have a large supply.
- If I like a watch I can just go to the store and buy one for myself for the same price.

Why has Bitcoin gone up over time?

- Supply is limited to 21 million Bitcoins.
- The demand for global adoption is continuously increasing
- Countries all over the world want to own Bitcoin, more and more stores and merchants are accepting bitcoin increased demand limited supply results in an increased price.

CHAPTER 4: INTRODUCTION TO TECHNICAL ANALYSIS

4.1 WHAT IS PRICE ACTION?

Price Action: Movement of price plotted over time.

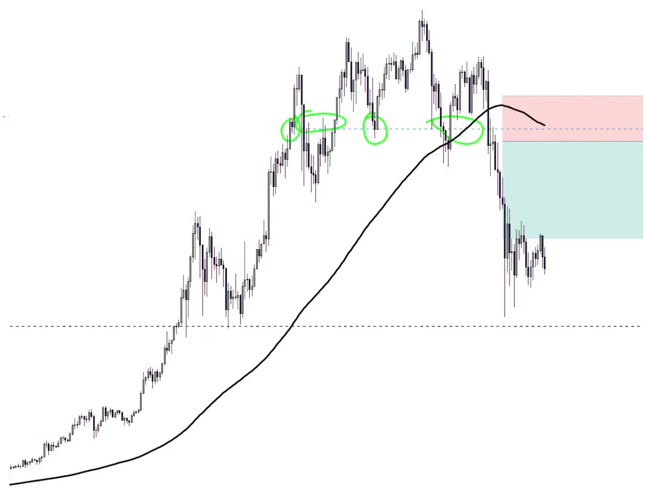
- This can take many forms from the most basic (line charts) to what most traders use with more in-depth information (candlestick charts)

Why is it important: We use past data to make predictions about an uncertain future

- It's what we use to develop an edge in the market.

How:

- Support and Resistance
- Patterns
- Trends



We will start off with an example to show how we can use price action and charts to predict trends.

- The left image has a clear uptrend before it levels out.
- We can see a key level of interest at around $51000 (circled in green).
- We can see that price has broken beneath this key level and the moving average.
- The large bearish candle indicates a weakness in demand.
- Based on this I believe the trend is going to continue go down.

This is what technical analysis shows

- We are going to short this position (as shown in the right image).

- We set our stop loss to 10% to make sure we don't lose our bankroll (think back to the casino example!
- We aim to make a 20% profit.
- As we can see, we made money on this play using technical analysis.

4.2 CHART BASICS

On the chart above, you can see a few pieces of key information:

1. **Price (right axis)**
2. **Time (bottom axis)**
3. **Ticker Symbol (top left hand corner)**
    - BTCUSD: The price of Bitcoin in USD
    - Each coin or currency has an abbreviation known as a **ticker.** For example, Bitcoin is BTC, Ethereum is ETH, etc.
4. **Time Frame (top left hand corner)**
    - D - Daily Chart
    - Every candle represents one day of time

4.3 SUPPORT AND RESISTANCE

We're going to have a whole lesson dedicated to support and resistance but now let's make sure to nail down a few basics.

Support: An area where there is demand or buying interest for an asset
Resistance: An area where there is supply or selling interest for an asset

Let's look back at our previous example

How did I know that this was a key area of interest? Using support and resistance. You'll notice that many of the instances in which price came back to this level, it bounced higher or rejected lower. This makes this a key level of interest.

All the circled areas above are either support or resistance. From left to right we have:

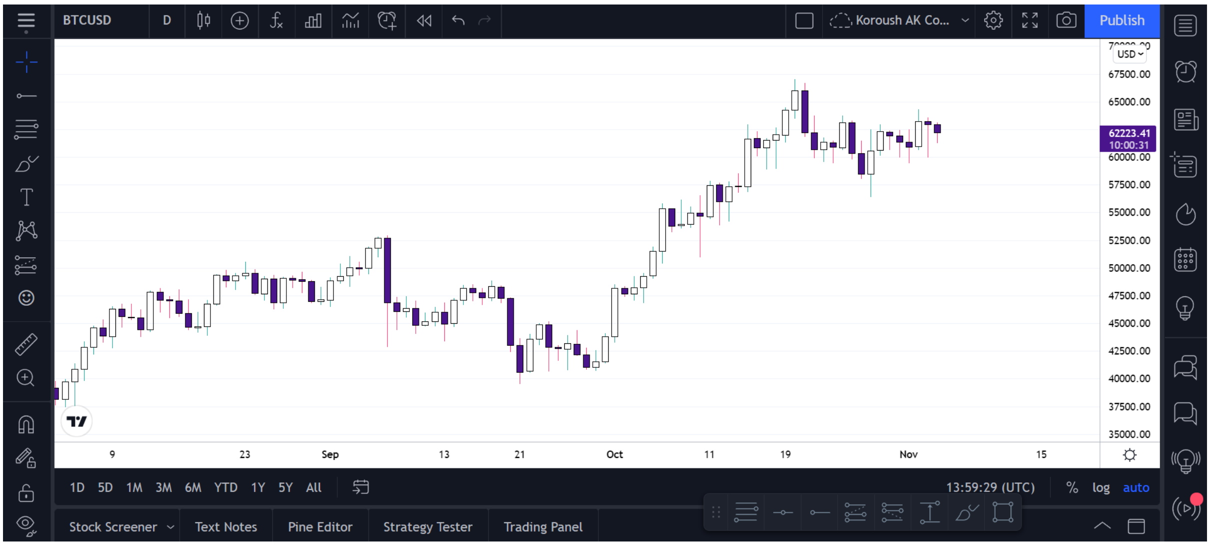
- Support
- Resistance
- Resistance
- Support
- Support
- Resistance

Support and resistance are interchangeable.

- When the price is above the level it acts as support.
- When the price is below the level it acts as resistance

Support and resistance are one of the first technical analysis tools you'll ever learn, but they embody the fundamentals of supply and demand and are more powerful than some of the most complicated strategies out there.

4.4 CANDLESTICK CHART



Now here you have a candlestick chart. The settings here are personalised to the ones I myself use and in the assignment I'll show you how to replicate these settings. Now to newer traders, these candles might be a little bit confusing, but they are immensely powerful tools that help you analyse the market. They give you a large edge over line charts and trading really is about compounding these edges.

Here's a quick tip for anyone using candlestick charts.

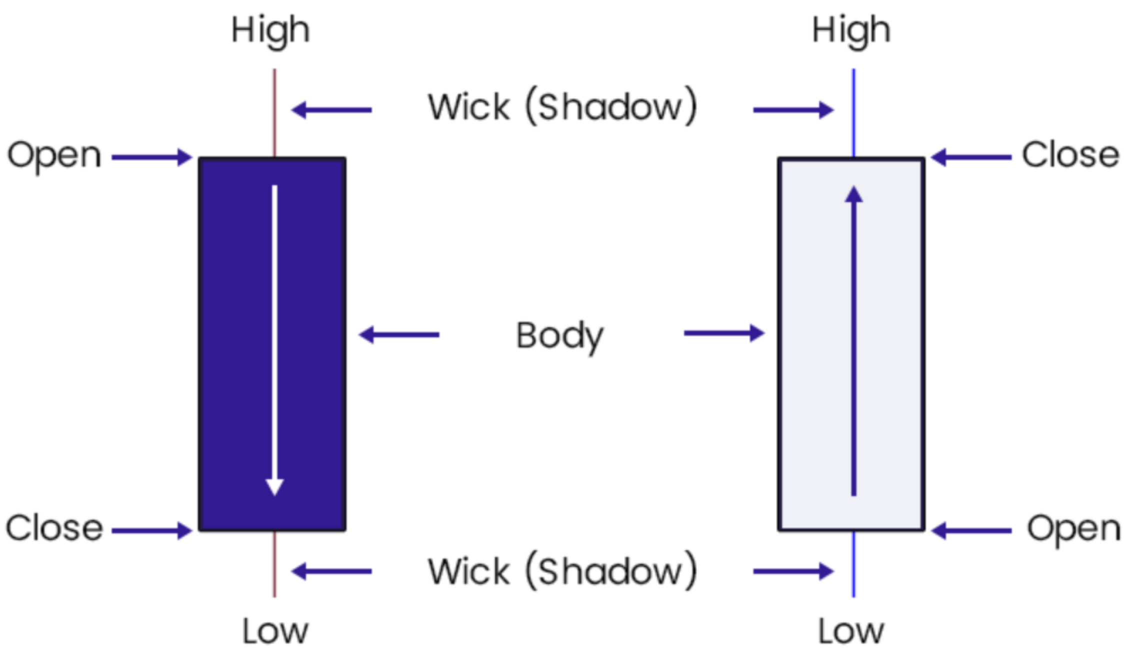
- Usually in candlestick charts
  - Green candles represent prices going up
  - Red candles represent prices going down

By making a very small change, you can give yourself a psychological edge.

- Notice how my chart has neutral colours
  - White candles represent prices going up
  - Dark Blue candles represent prices going down

This is because I don't want the positive emotions that come with green or the negative fearful emotions that come with red when I trade.

WHAT ARE CANDLESTICKS?



The image above shows all the key information from the candlesticks. Each one of these candles represents a time interval that could be 5 minutes, 10 minutes, 1 hour etc.

- **High** - Highest price during the interval
- **Low** - Lowest price during the interval
- **Open** - Price at the start of the interval
- **Close** - Price at the end of the interval
- **Body** - Connects the open and the close
- **Wick** - Connects the high/low to the body of the candle

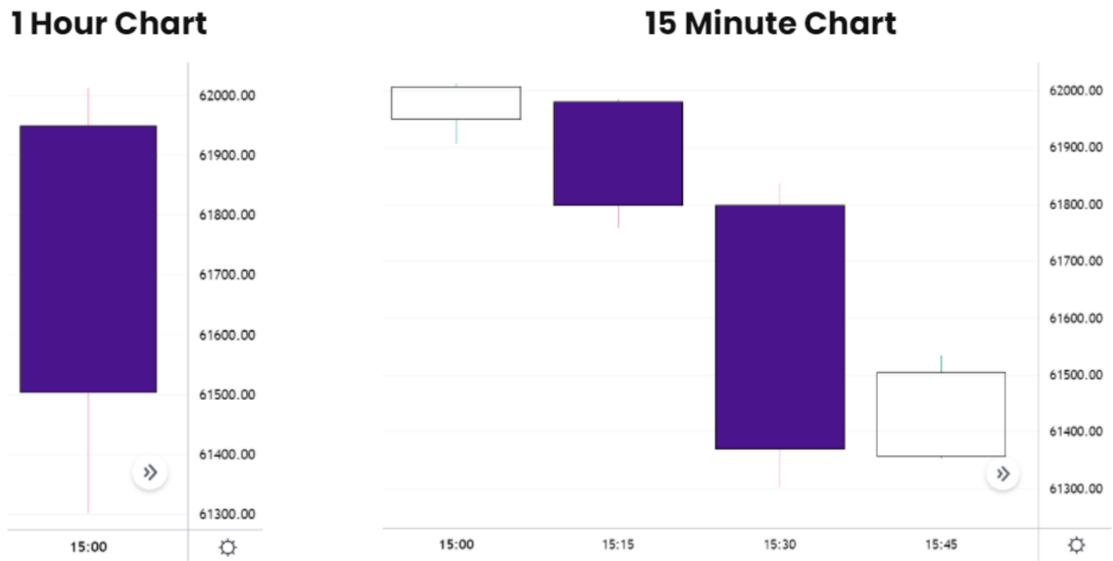
4.5 TIME FRAMES

Higher Time Frames - These are highly contextual. For example, if you are trading longer time frames, then the one hour might be considered low time frame and 1 day considered high time frame whereas if you are trading intraday, the 1 hour might be considered high time frame whilst the 5 minute is considered low time frame. Here are a few characteristics of high time frame candles:

- More data per candle due to a larger sample size
- Less volatile
- More Accurate

Lower Time Frames

- Less data per candle
- More volatile
- Less Accurate



The two charts above represent the same data. Think of the 15-minute chart as a zoomed-in version of the one hour. The open and close for the first last candle respectively on the 15-minute chart and are the same as the open and close on the one hour chart.

4.5 WHICH TIME FRAME IS FOR ME?

Now which time frame you use is going to be very much suited to your trading style, strategy, and personality. We're going to split traders out into three different categories for the purposes of this lesson. But remember that it's really more of a spectrum than individual categories.

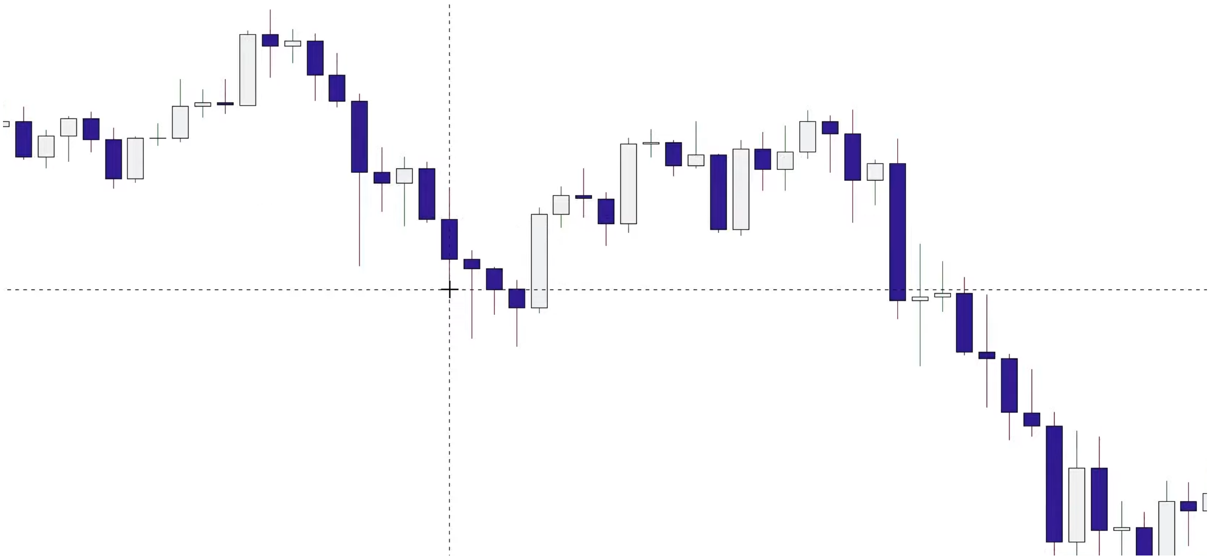
		Time Frame						
		5 minute	15 minute	1 hour	4 hour	1 day	1 week	1 month
Trader Type	IntraDay	✓	✓	✓	✓	✗	✗	✗
	Day	✗	✗	✓	✓	✓	✗	✗
	Long Term	✗	✗	✗	✗	✓	✓	✓

4.6 KEY PRINCIPLES OF DATA ANALYSIS

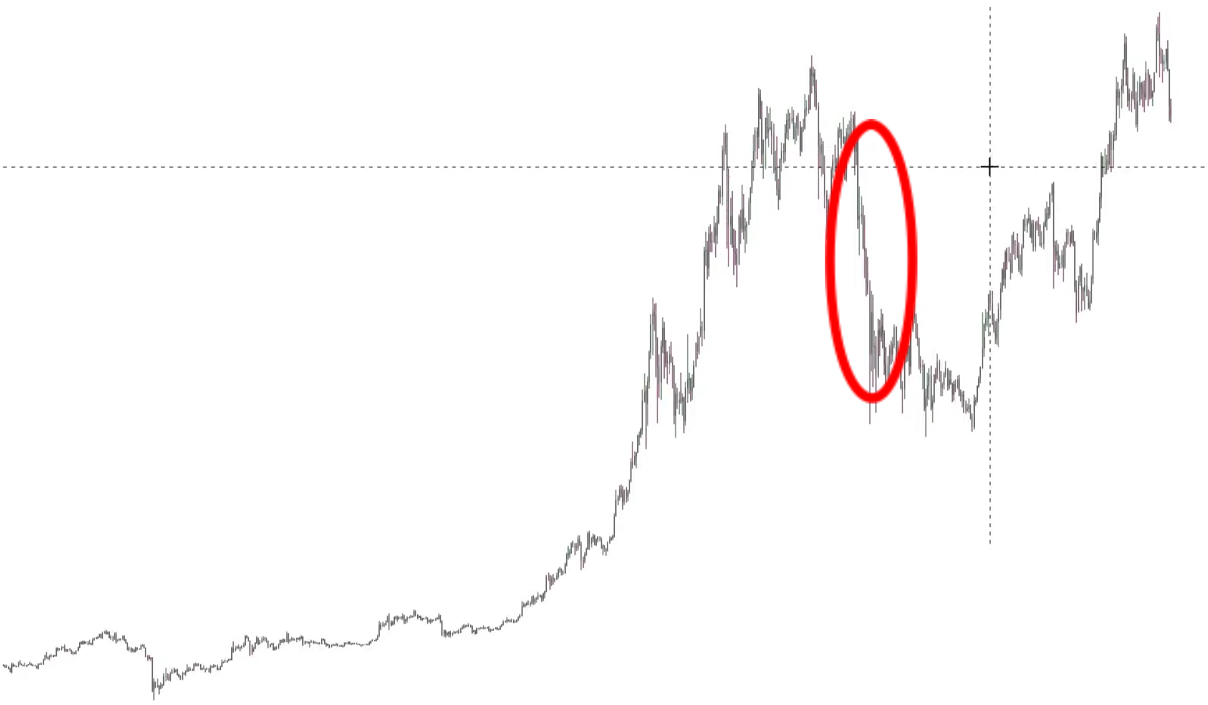
Now, this is going to be one of the most important parts of the lesson.

Understanding how to become a good analyst has the same core principles regardless of whether it's technical analysis, or fundamental analysis.

Context. Always keep the big picture in mind



If I look at the data above in isolation it looks bearish and I wouldn't want to buy it as I would bet on the price going down. But if we zoom out and look below it's just a small dip of a macro uptrend. This is why context is very important. This is where people often slip up with chart patterns, they memorise patterns, and then use them without taking into account wider context.



Sample Size: The more high-quality data the better.

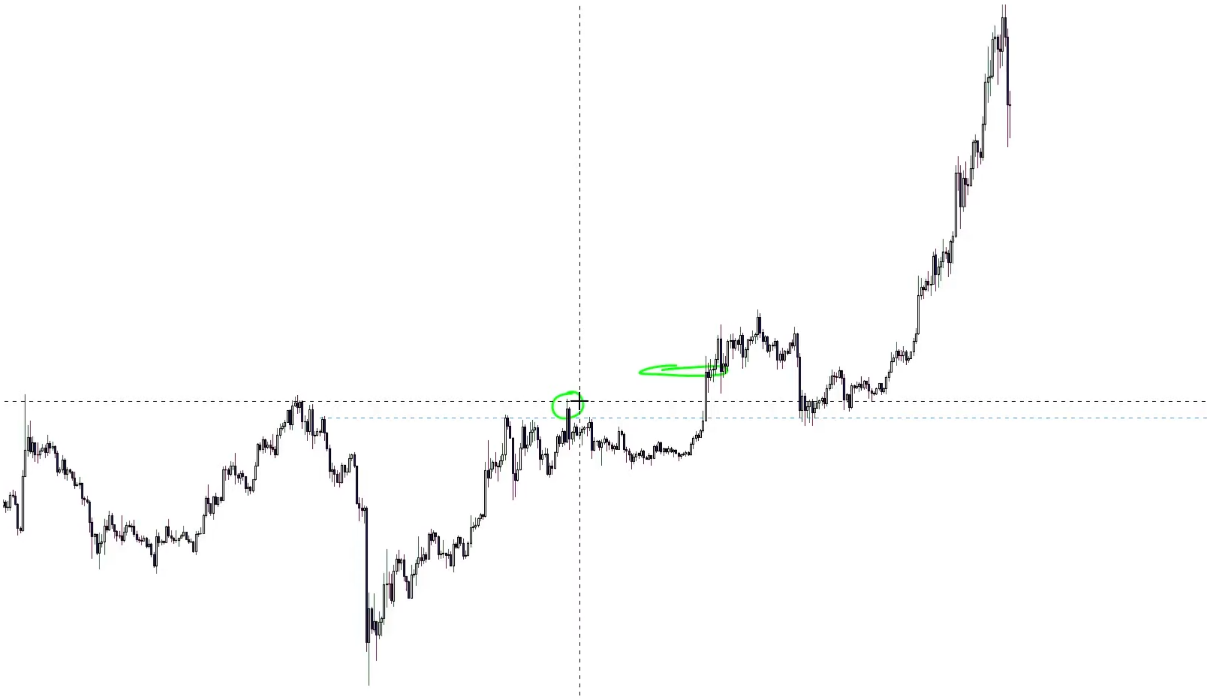
Now, we hinted at this earlier when talking about timeframe, but it can be applied absolutely anywhere. For example, if I'm trying to figure out how strong a support level is on a chart, I'm going to look at how many data points I have backing up this argument. That is an example of sample size.

Quality: All data isn't equal. Learn to identify outliers

We see from the chart above that there is a key psychological level around the $30,000 mark. We have eight data points supporting this. There is just one candle that drops below. This is an outlier. It doesn't move with the general trend of data so in this context we can ignore it.

Keep it Simple:

Complex doesn't mean better. People always assume that the most complex strategy is going to be the best successful trading is born out of consistency. **Simplicity makes consistency easy**. Good trading is always born out of consistency. Let's take a look at an example:



In this example, I only used one line to figure out when the price
and when I want to enter the market. Now, if I were trading this in real-time, I would have also been keeping up to date with all of the news events going on. I would have been watching the macro market seeing how different assets were behaving, I would have been listening to podcasts with top players in the industry. Then put all of this information together in order to inform my decision all while ensuring I stick to good risk management and keep a clear mind so I can make unbiased decisions. This is simplicity. However...

In addition to the one line, you could have added a whole bunch of indicators like the RSI, MACD, moving averages, etc. You could have made the following points about each indicator:

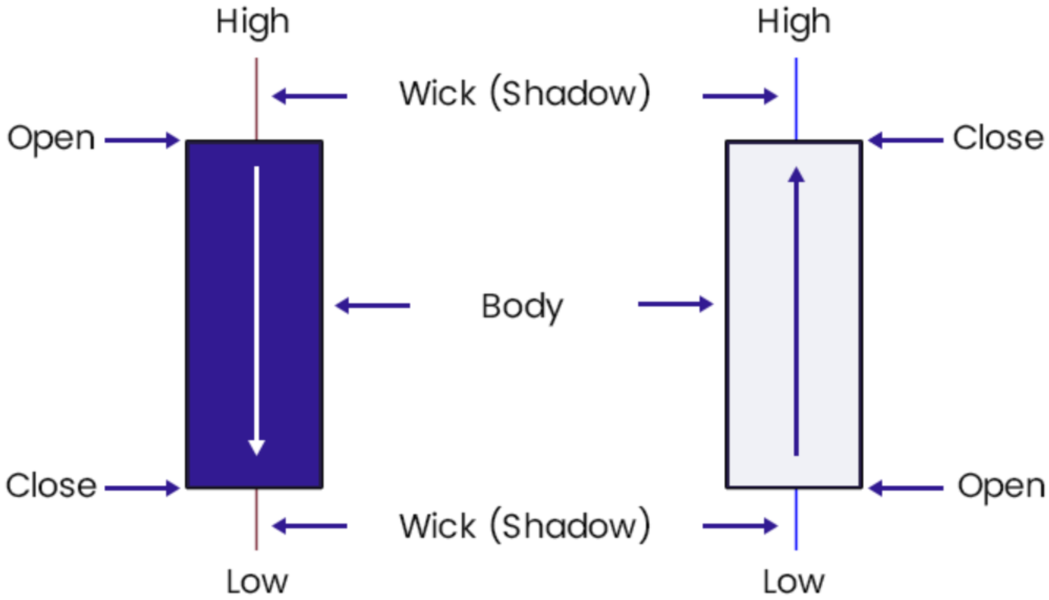
- The moving averages after a period of sideways consolidation are fanning out right now
- The RSI is in overbought territory which could signify extreme demand
- The MACD has been going sideways for a little while and now it's starting to pick up.
- So we've got an uptick on the MACD, we've got the RSI up over there, the structure is extremely bullish as well. You can see that we've got a low here a high there a higher low over here prices going up again, perfect breakout.

Or you could have just used one line. I'm not saying one's better than the other. But don't overestimate complexity. And don't underestimate simplicity.

CHAPTER 5: MASTERING CHART PATTERNS

5.1 CANDLESTICKS: KEY FACTORS

Here's a reminder of what a candlestick chart looks like.



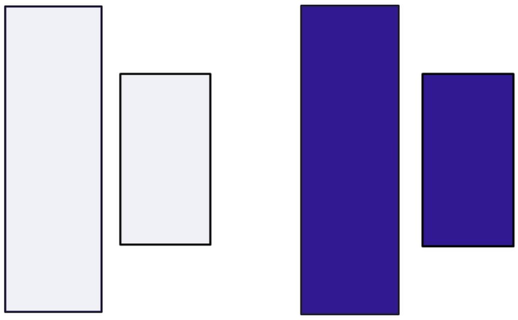
Two Key Factors

- Relative size of the body
- Relative size of the wick

Now relative is the key word and you'll understand why in just a second.

CANDLESTICKS: RELATIVE SIZE OF THE BODY

In the example below we will be moving from left to right for the image below



- **Big Bullish:** White means going up, opens at the bottom, closes at the top.
- **Small Bullish:** Relatively smaller than the candle to the left, therefore less bullish.
- **Big Bearish:** Blue means going down, the same size as our big bullish candle.
- **Small Bearish:** Relatively smaller than the candle to the left, therefore less bearish.

Remember: Whether a candle is small or big depends on the size of the candles around it.

5.2 VISUALIZATION TECHNIQUE: BULL AND BEAR ARMY

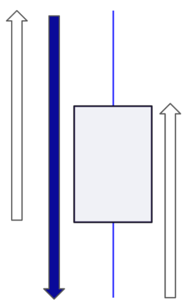
Now I'm going to plant the seeds for the visualisation technique which will allow you to master every single candlestick chart pattern there is.

View candlestick bodies as armies.

- **Bulls** are marching **up**
- **Bears** are marching **down**
- If they march a lot they're a strong army with a lot of stamina.
- If they march a little bit they're less strong, but a successful march nonetheless.

CANDLESTICKS: RELATIVE SIZE OF THE WICKS

Wicks like fallen soldiers on the battlefield. These are soldiers that have attempted to march into enemy territory but have failed.



From the image on the right you can see an army of bulls have gone up and back down and pushed up again gaining a victory.

- This signifies a high degree of volatility,
- It also makes the candle a little bit more neutral because even though the bulls have moved up, the bears managed to push to the lowest point.

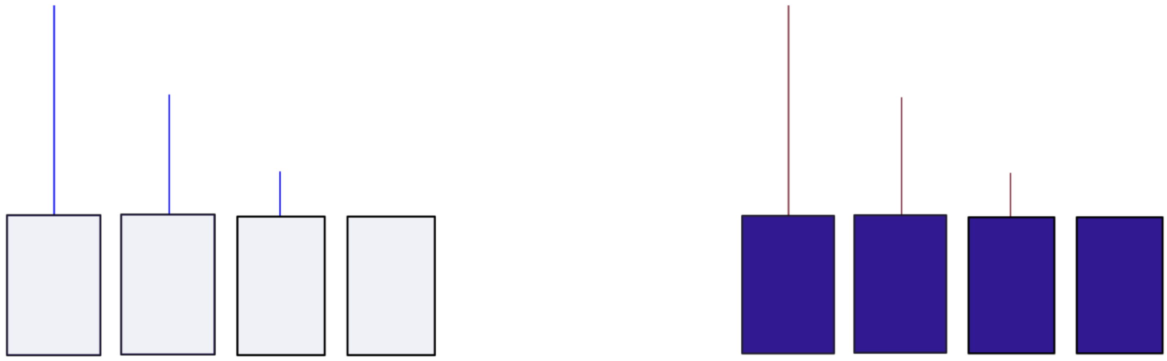
Important

- If the wicks are larger relative to the size of the body, then we attach more significance to the wick.
- If the body is larger relative to the size of the wicks, then we attach more significance to the body.

WICKS ABOVE

Wicks above are:

- Fallen bull soldiers or bearish wicks



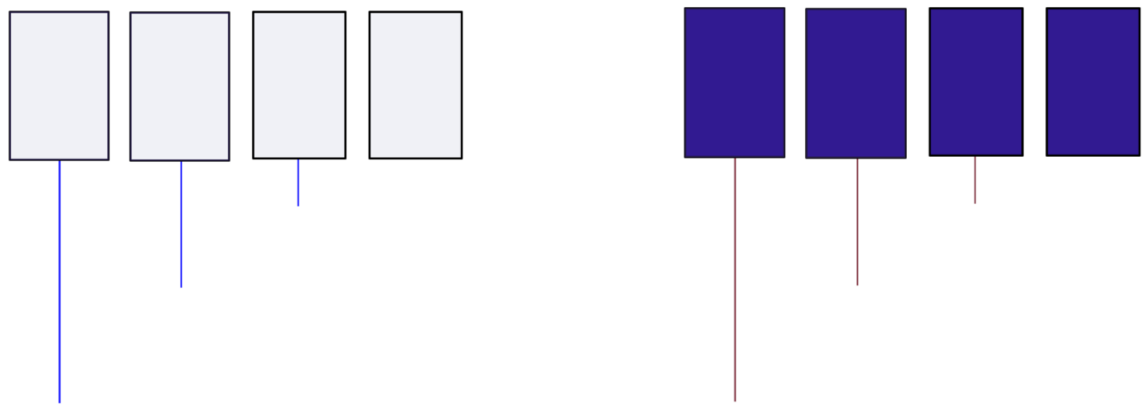
Moving left to right through the candles shown above.

1. The bullish army tried to get into enemy territory but then the bears fought back and pushed the price down. All of the wick represents fallen soldiers for the bull army. Bulls gained some space but lost a lot of soldiers to do so.
2. They managed to gain space but lost fewer soldiers.
3. They gained space and barely lost any soldiers, it looks really strong.
4. They gained pace and lost no soldiers. **This is the strongest bullish candle.**
5. **This is the strongest bearish candle**. With a bearish wick, representing all the fallen bulls
6. Fewer bulls have fallen but still a strong bearish candle
7. Even fewer bulls have fallen
8. No fallen bulls.

WICKS BELOW

Wicks below are:

- Fallen bear soldiers
- Bullish wicks



This is the reverse of our previous example.

Bulls

- From left to right we have most to least bullish.

Bears

- From left to right we have least to most bearish

SUMMARY OF WICKS

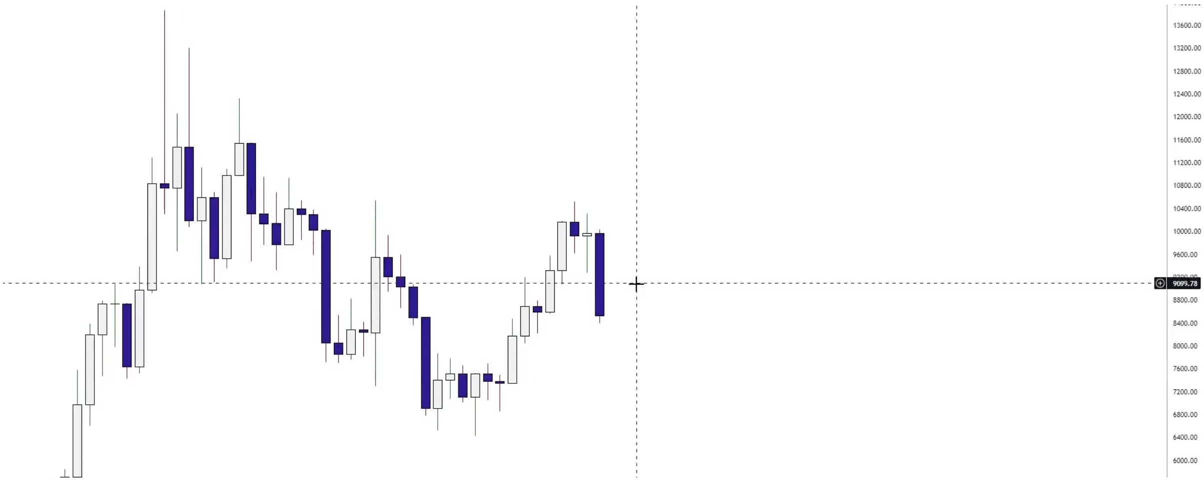
- **Large wick:** Represents fallen bears or bulls
  - Very uncertain
  - Lots of movement
- **Small wick:** Less of a battle going on
  - Little uncertain
  - Less movement

5.3 BULL AND BEAR METER

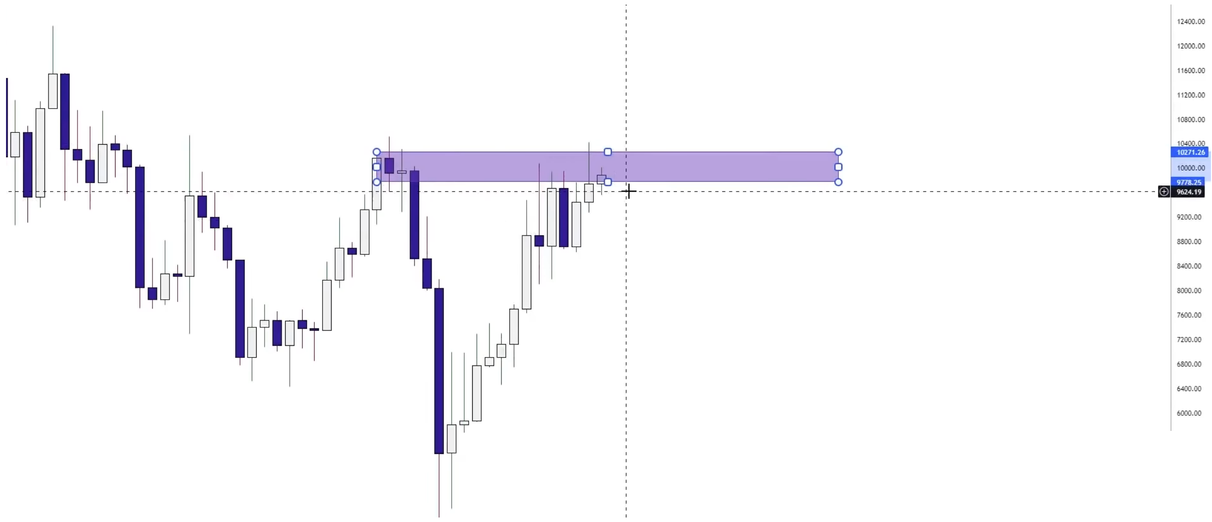
5.4 CHARTS EXAMPLE

Here I will tell the story of the chart just using candlestick charts

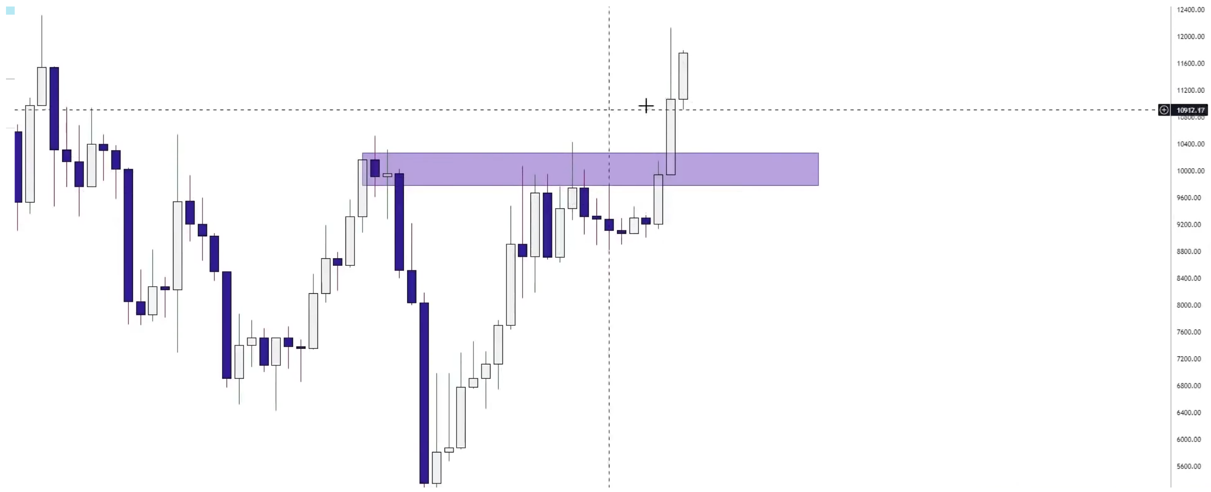
- Price is going up aggressively and doing really well.
- Then several giant wicks represent fallen bulls soldiers.
- The relative size of the wicks as well are very large representing a huge win for the bears
- Here is when the tides of the battle change and bears start to take over and win.
- This continues to happen with feeble attempts from the bulls to push through up until we see the last candle in the image below



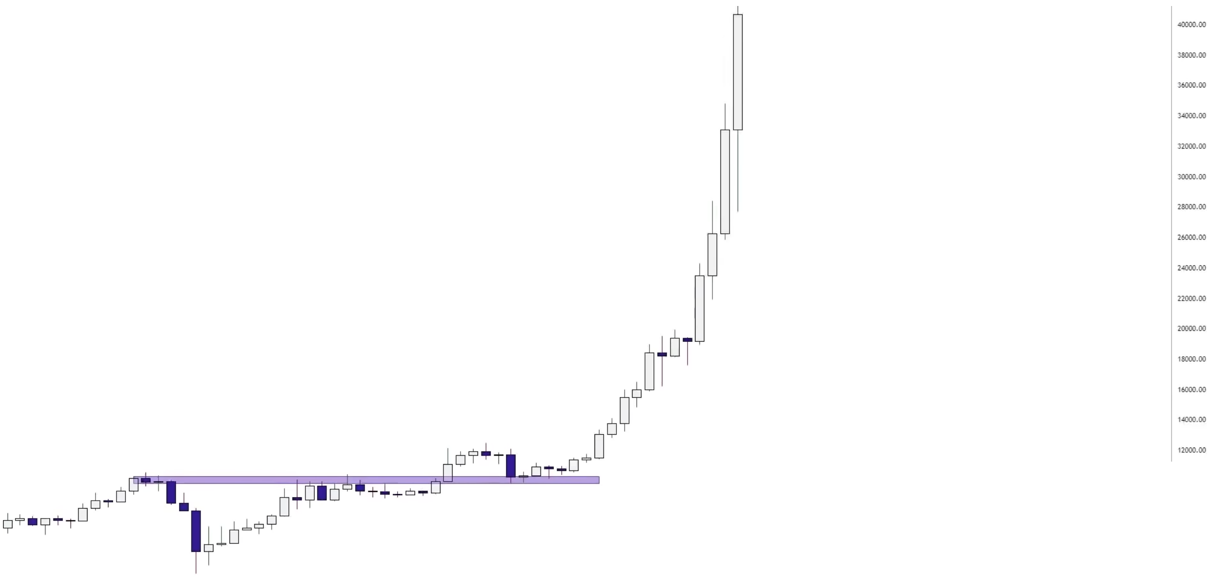
- Tides of the battle are starting to change now
- We have almost overcome the bearish move down, and will then be free to move up with less resistance.



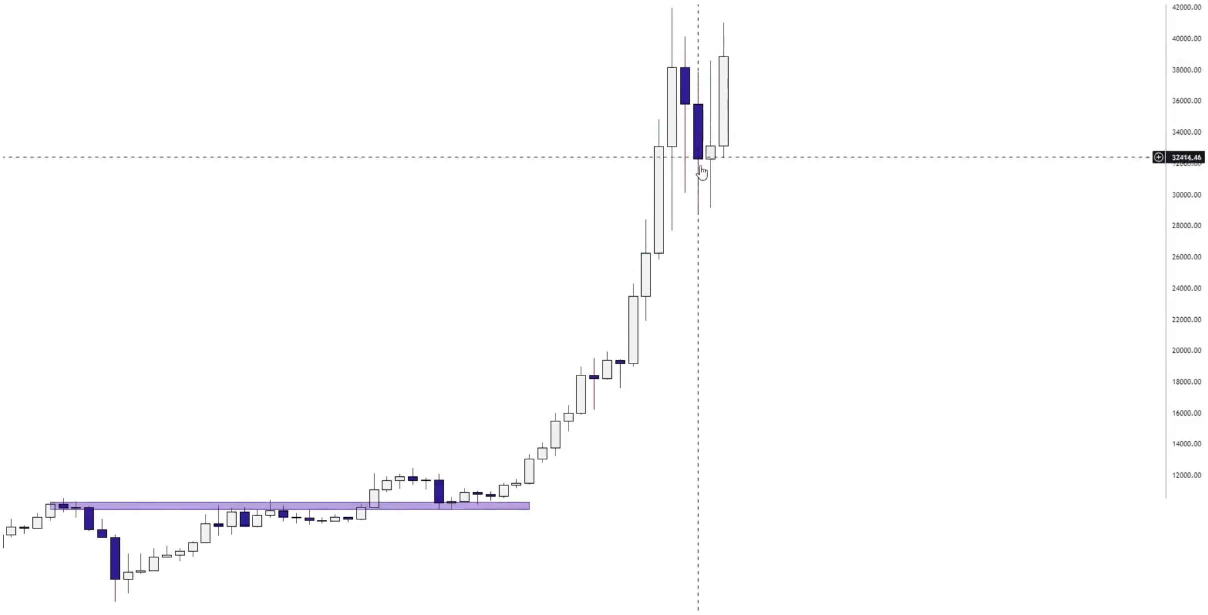
- The area shown is the one bulls are really struggling to get above
- Then in one swoop they manage to get above



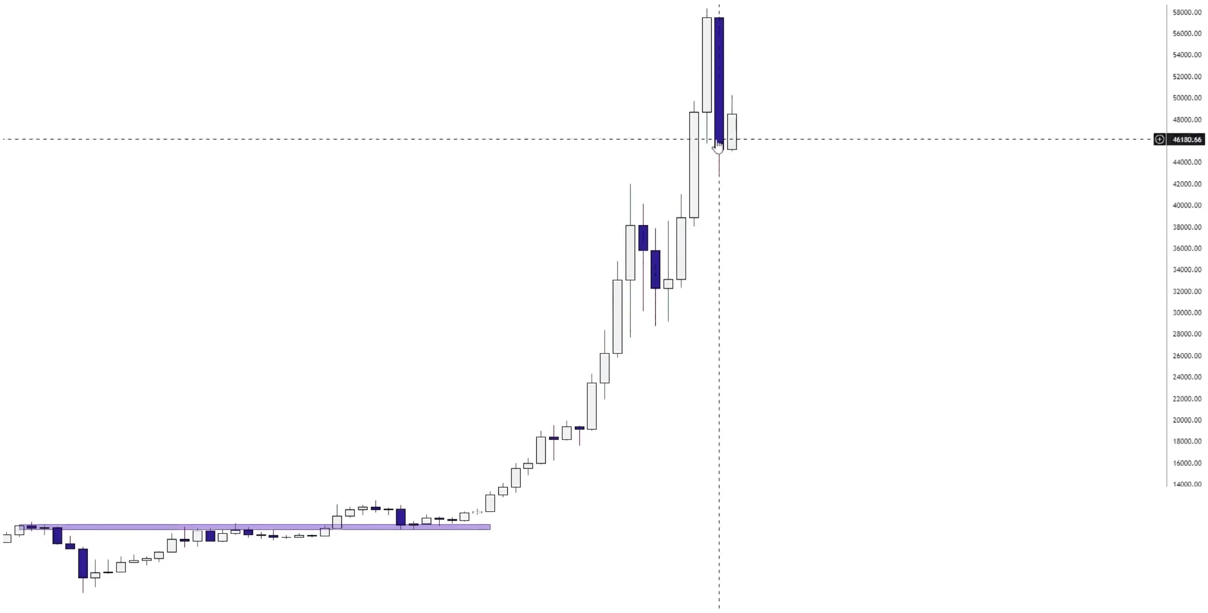
- This is a huge win for the bulls



- The price continues to go up after this as shown to the right.



- Then we hit some resistance from the bears, which should make us cautious, but not bearish just yet.
- You'll notice that right after, we have a very bullish candle that overtakes all of the bearish candles.



- The next bearish candle due to its large relative size now has me changing my opinion. I'm now bearish.
- I think it's either going to go sideways or down and then that is exactly what happens as shown below. The way I analysed this was by using key principles of data analysis.

KEY PRINCIPLES OF DATA ANALYSIS

- **Context:** Always keep the big picture in mind
- **Sample Size:** The more high-quality data the better
- **Quality:** All data isn't equal. Learn to identify outliers
- **Keep it Simple:** Complex doesn't always mean better

5.5 CANDLES OUT OF CONTEXT

Large Bullish

In isolation, this is a very bullish candle

- Relatively large body
- Relatively small wick above
- This shows the bull army making a good move into enemy territory, and the bears could barely push them back.

Let's put it through those filters we recapped above

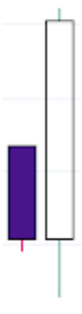
- **Context:** Relatively very large bullish
    - Larger than all those surrounding it
- **Sample Size:** One large candle but multiple small candles before
- **Quality:** Doesn't look like an anomaly
- **Keep it Simple:** Bullish

Hammer

In isolation

- Tiny Bearish Body
- Disproportionally large lower wick
- Lower wick means fallen bear soldiers
- This is a bullish candle

- **Context:** Disproportionately large wick relative to body size. It also a large wick relative to local data. More specifically:
    - This one wick is bigger than almost every other candle behind it. So we know that this candle is bullish.
- **Sample Size:** One but significant
- **Quality:** Good
- **Keep it Simple:** Bullish but need more data
    - If we watch the next few candles we get more data the next candle pushes up, and the one after is a rejection. They don't change our bias too much.
    - However, the candle after is a large bullish candle. With 2 pieces of data now would be the time to change your bets.
    - If I was feeling risky I would have bought at the bottom but more likely I would have waited for that second piece of data to change my mind.



Bearish Engulfing

In isolation
- Bear army made push into bull territory
- Bull army completely blew them out of the water
- The bullish candle is twice the size of the bearish.

- **Context:** Relatively large bullish in near context but less significant overall
    - If we look at the data before we can see a very strong downtrend and no other bullish data.
- **Sample Size:** One significant candle but nothing before
    - If there was another large bullish candle after perhaps we would shift our bias to bullish but that does not happen
- **Quality:** Doesn’t look like an anomaly
    - And if the market sentiment was good (perhaps a big announcement coming up) you could take a high risk play
- **Keep it Simple:** Neutral - Slightly Bullish
    - If used with other pieces of data it could have made a great trade but not alone

Remember: Just because a candle or pattern is bullish it is not guaranteed that the price moves in any direction.

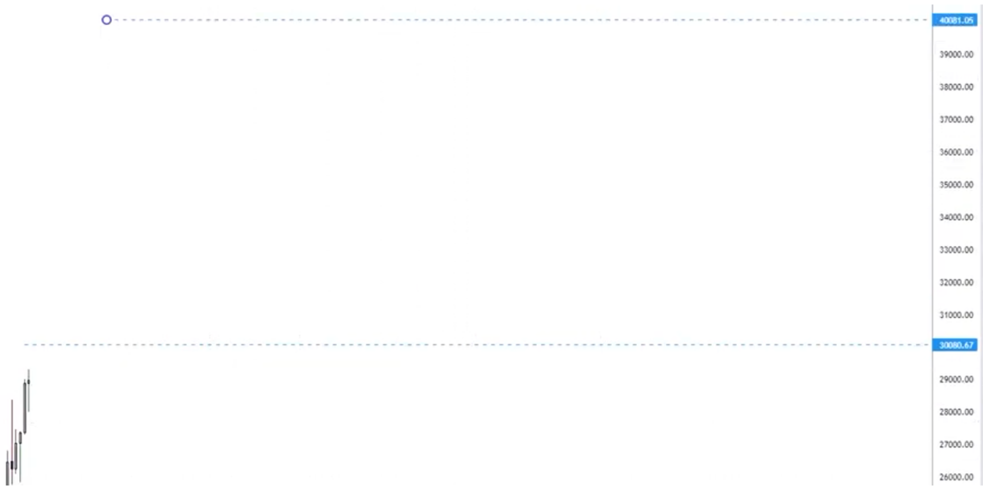
CONCLUSIONS

- Don't waste time memorizing patterns
- Make sure you understand the army metaphor for candles instead
- Complete today’s assignment for more examples as you need to practise this to gain an understanding of candlestick patterns.

CHAPTER 6: MASTERING SUPPORT AND RESISTANCE

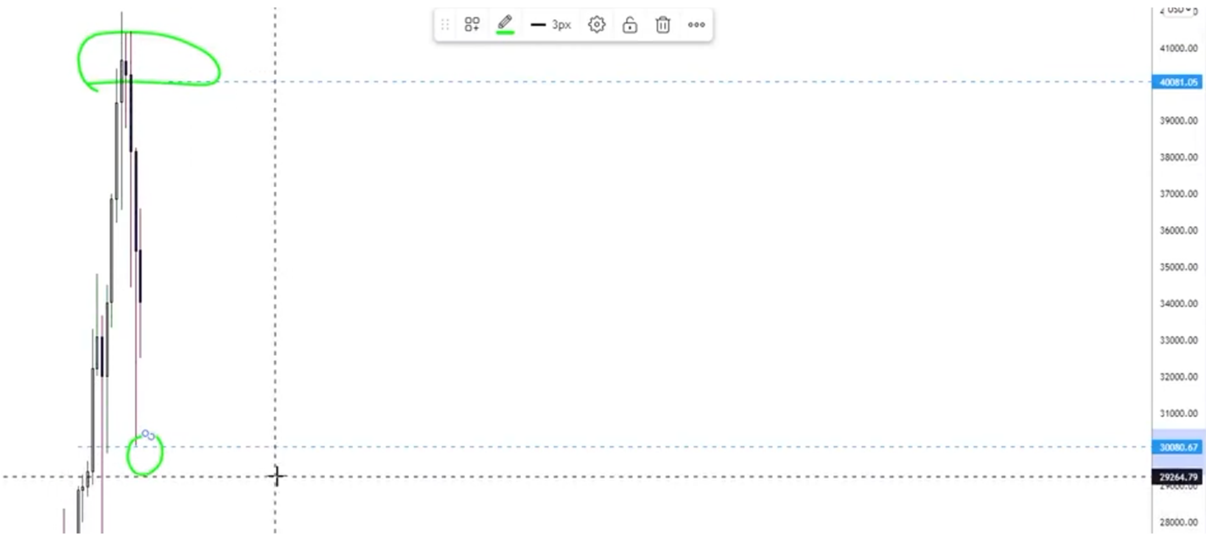
Let’s start with an example:

Starting with a blank chart on the BTC daily we can predict that $30,000 and $40,000 are going to be significant (you’ll learn why later).



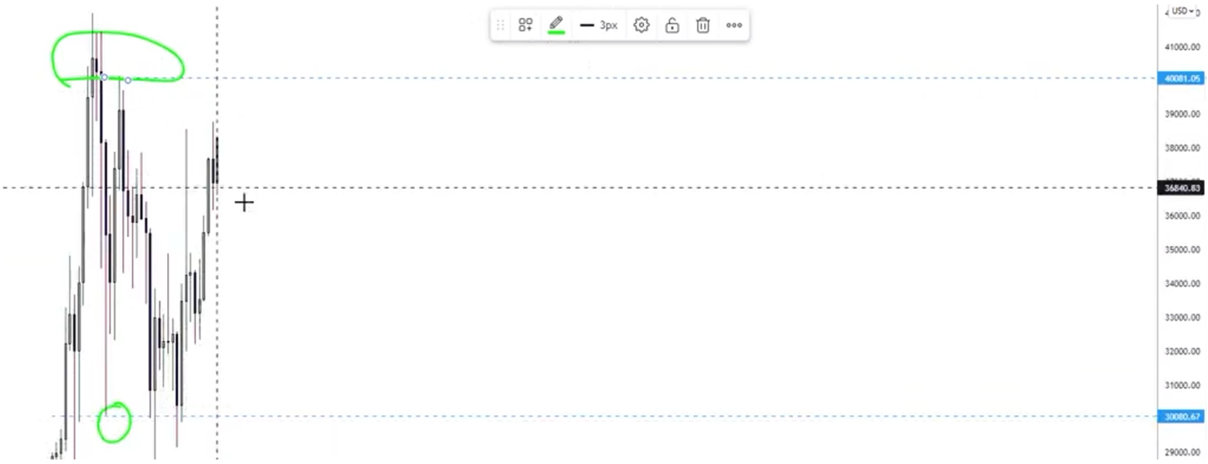
After waiting for a bit more information, you can see how price action develops with the image below.

- There is an initial test at the $30,000 which it bounces right off of.
- Then it hits the $40,000 and bounces back down
- And hits the $30,000
- Going forward each time we hit the $30,000 level we’re going to buy and when we reach the $40,000 level we will sell

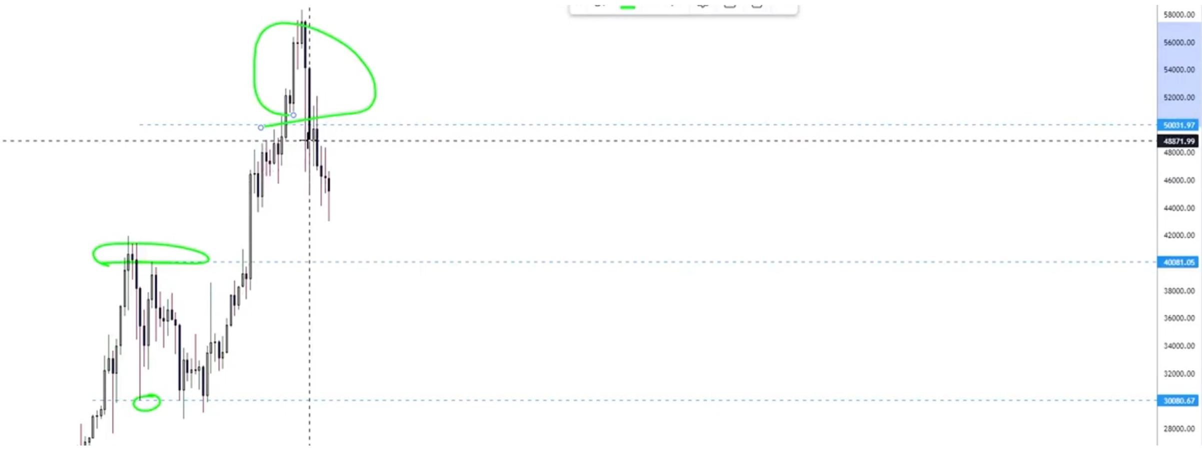


Using this strategy

- We have one opportunity to sell at $40,000
- And two more opportunities to buy at $30,000



- Price has now broken and gone past the $40,000 level
- The next place of attention is the $50,000
- The price breaks through that level and quickly comes back down
- We can see below that there is a trap (we will learn more about these later in the lesson)



- After this the $60,000 is the next level of importance
- If we skip forward you can see the price continually reacting with each of these levels
- If you used these levels for the entirety of the bull market you would have made money.

6.1 SUPPORT AND RESISTANCE

- **Support:** An area where there is demand or buying interest for an asset
  - When price hits that level, people want to buy. Therefore the price goes up.
- **Resistance:** An area where there is supply or selling interest for an asset
  - This is where people are looking to offload that bags. So when price hits this level, it tends to get pushed back down.
- **What are they:** Key areas on the chart where we expect buyers or sellers to step in.

In context at the chart looking at the $30k and $40k levels
- $30k is a support as it hits that level and comes back up
- $40k is a resistance as it usually hits that level and comes back down

6.2 WHAT CAN HAPPEN AT THESE LEVELS?

The level can:
- **Hold:** Buyers keep price above support. Sellers keep price below resistance.
  - The diagram below shows all the times a level has held

- **Break:** Buyers fail to keep price above support. Sellers fail to keep price below resistance.
  - The diagram shows the areas where a level has broken.

- **Trap:** Buyers fail to keep price above support temporarily. Sellers fail to keep price below resistance temporarily.
  - The diagram shows the areas where the price has temporarily broken a level just to revert back down

BULL AND BEAR ARMY - WALLS

If we think back to what we know so far:

- **Candles** - Soldiers
- **Wicks** - Fallen Soldiers

We will add one more piece to this metaphor:

- **Support and Resistance** - Walls
    - Support is walls of soldiers for the bull army
    - Resistance is walls of soldiers for the bear army

This makes it easy intuitively to see what is happening on the chart.

SUPPORT AND RESISTANCE - FLIPS

Support and resistance are interchangeable.

Let's use the example below to see this.

- At the $40k level we can see initially it was a resistance yet after the level is broken it turns to a support.

A further example:

- The $60k level is initially a support but turns into a resistance once the level is broken.

SUPPORT AND RESISTANCE - AREAS

Support and resistance are not exact lines. It's actually an area.

It doesn't matter the exact level you use, you just need to know that in this general area, this sort of price action is going to happen. When you treat them as areas, it captures a lot more of the movement and you're prepared for a lot more to happen.

Examples of these areas are expressed below.

SUPPORT AND RESISTANCE - DON'T USE IN ISOLATION

Never use this in isolation to buy and sell, you can't just buy because it's a support or just sell because it's resistance. Other factors to take into account include

- Macro Trend

- Risk Management
- Fundamental Analysis
- Market Sentiment

Support and resistance can be a huge part of your trading system. But they do need to be a part of a system.

SUPPORT AND RESISTANCE - KEY PSYCHOLOGICAL LEVELS

Another point that's actually extremely important is to pay attention to key psychological levels.

At the start of the lesson, every level we placed was a big round number. There are a few different types of levels that will be considered key psychological levels:

- The first one is nice round numbers as people often like to set themselves targets which feel good. Like $30k, $40k, $50k or $60k.
    - Some of these will be more significant than others. $50k is halfway through to $100k. So it's going to be a big milestone. And $100 is going to be so significant as many people will have set a target to sell it at 100k.

If we take a look at Ethereum we can see that the big round numbers are $2k, $3k and $4k. The price data is constantly interacting with these numbers.

Another important psychological level includes milestones. Milestones are previous all-time highs which on Bitcoin would be the $68k level. It’s going to be extremely significant. Why? Because this was the highest point the price got to. So breaking that, again, is a new all-time highs, therefore it's very significant.

Also, on the BTC chart, psychologically $30,000 is going to be really important because it's the most recent support that was held before the price changed its trend. It's held so many times so people get emotionally attached to that level. Not only that, but remember every time this level holds, it means more and more people bought at this level. So if it does end up breaking, it's going to be a huge victory for the bear army.

6.3 STRENGTH ANALYSIS PROCESS

How do we identify the strength of a level? This is a multistep process, step one:

- **Sample size:**
    - How many data points do we have?
    - The more data points we have the more established a level becomes

In the example below you can see the $30k level has multiple instances of the price interacting with this level. But the number alone is not enough. If you look at the three levels in quick succession. Two of these are bullish, one of these actually makes the argument weaker and this will be addressed in the next point of the analysis process.

- **Quality of data points:**
    - Do they show strength?

Going back to the example, remember that strong or weak are always relative.

- Initially, when the level is tested it has a huge bounce back up.

- The second retest however is much smaller, this shows that the bulls have gotten a bit weaker and can't push up as high.
- However, after the third test, we had a huge bounce off it. So this makes the argument stronger.

Zooming back out to the macro picture we can see the other two points also have a huge bounce. So we can conclude that this level is still extremely strong.

Next is an example of a level with many data points that is very weak. The 60k

- Not a clean test for the first attempt at the level
- Next, there was a trap

- Third, the price just barely got up to the $60k level
- When used as a support in the next section there is yet another trap

This level is not very high quality, there is lots of choppiness. It’s still partially significant but nowhere near as strong as the previously mentioned $30k level

It is also not as strong as the $40k level shown below

Next note on the quality of data points

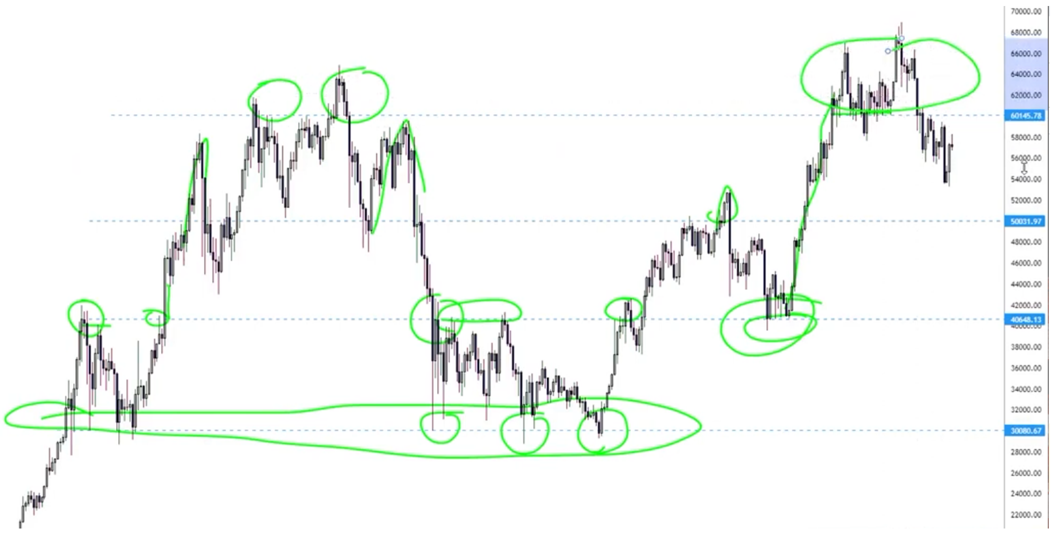
- Are they recent?
    - The more recent price data is the more accurate representation of the current market it gives you

In practice, this means I'm going to give more value to events that happen more recently. That’s it for the quality of data points, next we move onto something even advanced traders sometimes forget to look at.

- **Context:** Is the macro trend Bullish or Bearish

- If the trend is bullish, then the bulls are going to be stronger than the bears.
  - Resistance is more likely to break
  - Support is more likely to hold
- If the trend is bearish, then the bears are going to be stronger than the bulls.
  - Resistance is more likely to hold
  - Support is more likely to break

If we look at the bitcoin chart again because we are in a bullish trend we can see the support is more likely to hold ($30 and $40k) and the resistance is more likely to break ($40 and 50k)



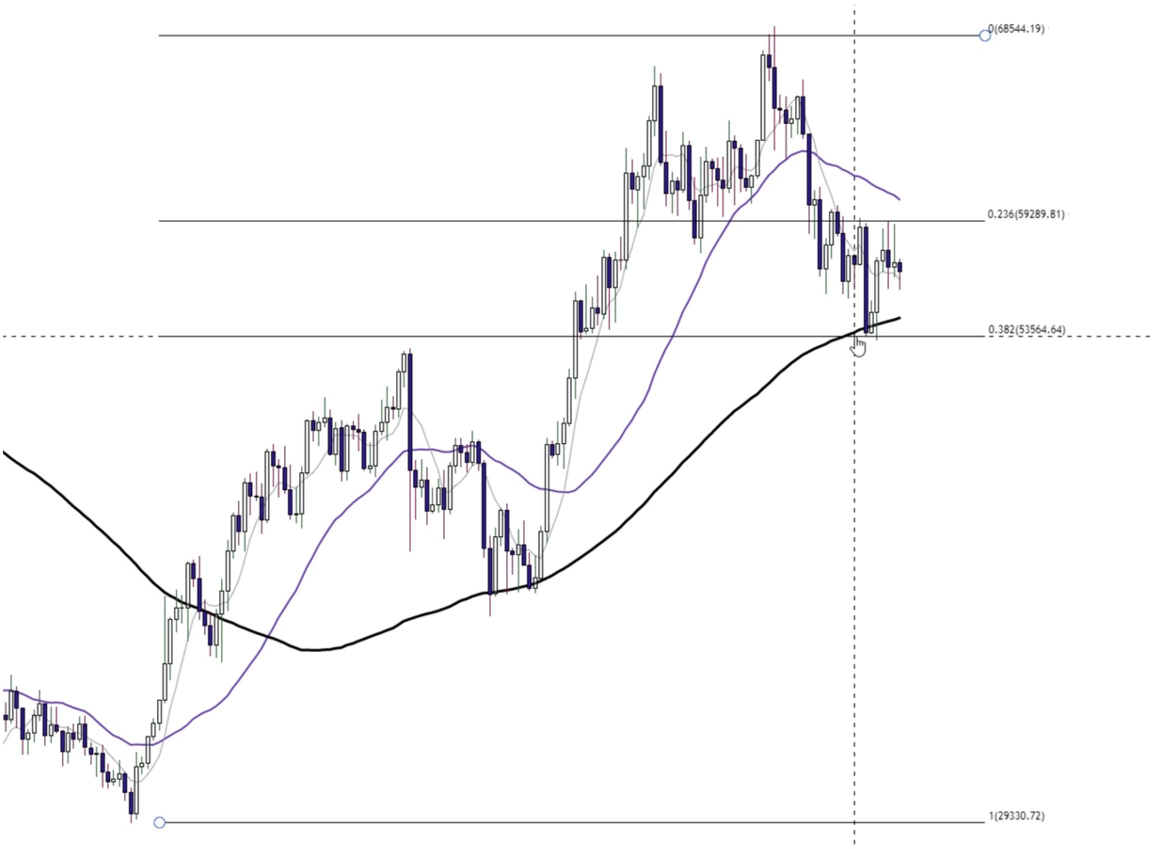
Going further into context you should take into account

- Trend Analysis
  - Fibonacci
  - Market Structure Analysis
  - Moving average
  - All of these will be covered in the next lesson
- Fundamental Analysis
  - To get an idea of what the asset is, and whether it's bullish or not.
- Market Sentiment
  - How to get your finger on the pulse of the market.

CHAPTER 7: TREND ANALYSIS

I'm going to make trading with Fibonacci and moving averages so easy. By the end of this chapter you will learn the strategies that I've seen turn people into millionaires trading a trending market like crypto.

Let’s start with an example:



Looking at BTC chart above:

- We have Fibonacci’s and moving averages on the same chart.
- The price crosses the 100 moving average and the 0.382 level
- If you had bought at the 0.382 level and sold at the 0.236 level, you would have made an 11% profit.
- In this lesson, this is what you are going to learn to do.

7.1 WHAT IS A TREND?

First. What is a trend?

- The overall direction a market is moving in

There are three types

- **Up** - Also known as an **uptrend**

- Notice the trend doesn't go up linearly but goes up then down with an overall upward direction
- This consists of **Higher Highs**, and **Higher Lows**
- **Higher Highs:** The price goes **up** till a point, then **starts going down** again. This forms a **high** point **higher than the last**.
- **Higher Lows:** The price goes **down** till a point starts **going up again**. This forms a **low** point **higher than the last**.

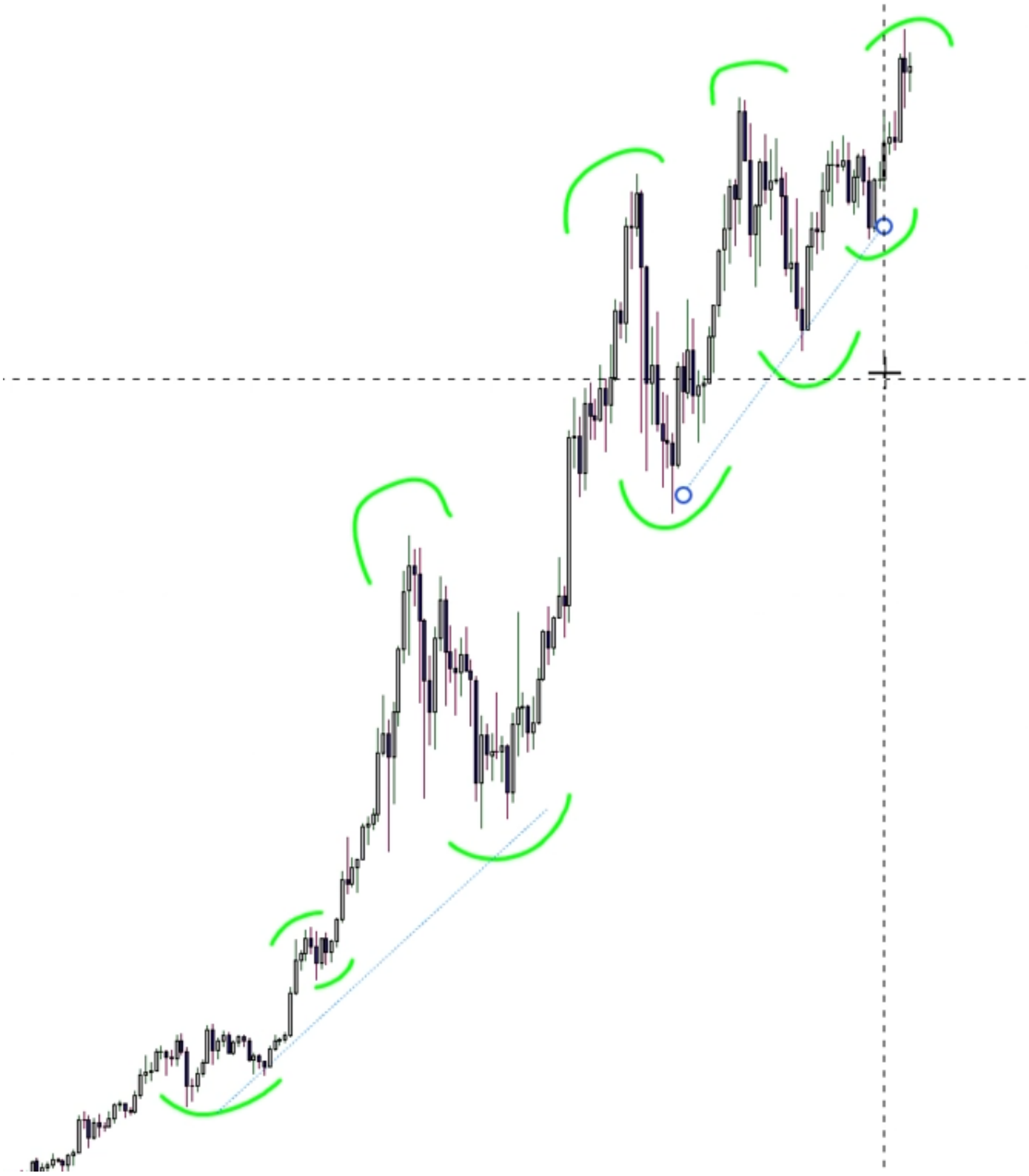
- **Down** - Also known as a **downtrend**
  - This consists of **Lower Highs**, and **Lower Lows**
  - **Lower Highs:** The price goes **up** till a point, then **starts going down** again. This forms a **high** point **lower than the last**.
  - **Lower Lows:** The price goes **down** till a point starts **going up again**. This forms a **low** point **lower than the last**.
  -

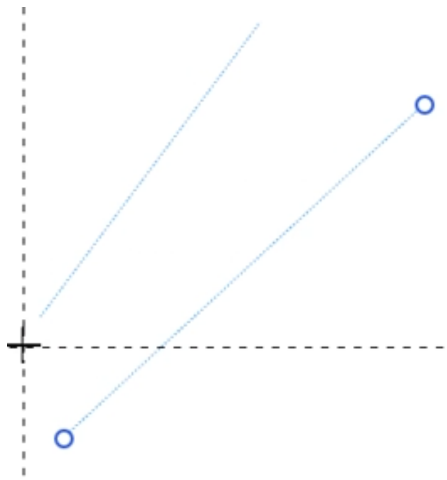
- **Sideways**
  - When there is no clear direction we have a sideways trend.

BACK TO OUR ORIGINAL EXAMPLE

Believe it or not when you have a look at the market structure alone you can have an inkling that a top is coming. Let's look at how:

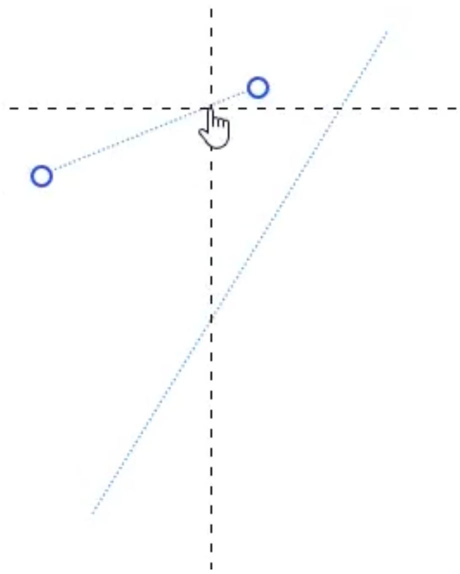
- We have labelled the higher highs and the lower highs below and taken a look at the distance between the lows.





- If we look at the size of these distances side by side we can see that the lower distance from the first three higher lows is much longer than the second. Taken from the more recent higher lows.
- The difference is that as the trend starts to top out the amount that the lows move between each other decreases, the next higher low moves less distance from the previous one

The same thing happened when we look at the higher highs.



Now let's incorporate some of the skills we've learned in our previous lessons into this and add in some key levels at the bottom of each of our higher lows, and highs and see if they are going to hold. And if we look slightly into the future we can see the price breaking through the first level and bouncing perfectly off our second.

Even one candle further we can see the structure begin to crumble after it's broken through two of our key levels.

Then we can see a lower high appearing with a very bearish looking structure. And surprisingly the price came down exactly to the $30,000 level. Which is a level we were looking at in our last lesson on support and resistance.

So now we're going to spot the reversal of this mini downtrend:

- If we look at our lower highs and lower lows we can approximate them to the $60k and $50k levels
- There is also a low appearing around the $30k level with resistance at $40k
- Then there is a big push up and the $40k resistance now flips to a support
- This is the big break that now shows the trend beginning to reverse

And unsurprisingly the trend shifts and the price keeps going up.

ASSESSING THE STRENGTH OF A TREND

7.2 MOVING AVERAGES

What are they?

- A Moving Average (MA) smooths out price action by filtering out market noise and highlighting the direction of the trend

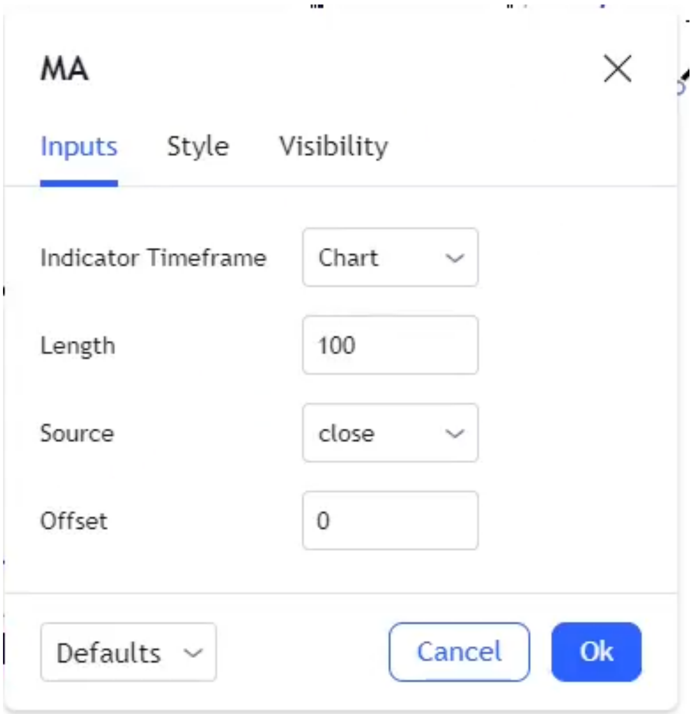
Rather than going into the mathematical process behind this, I will be focusing on the practical uses of moving averages.

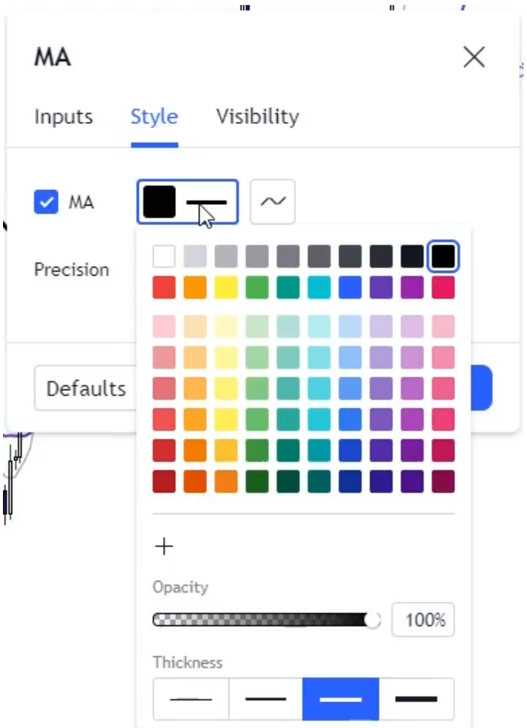
Now which moving averages you use doesn't actually matter and you can choose what suits you best. What I personally use is:

- The 100 Moving Average (100 MA)
- The 30 Moving Average (30 MA)
- The 7 Moving Average (7 MA)

The 100 Moving Average (100 MA)

My settings are:

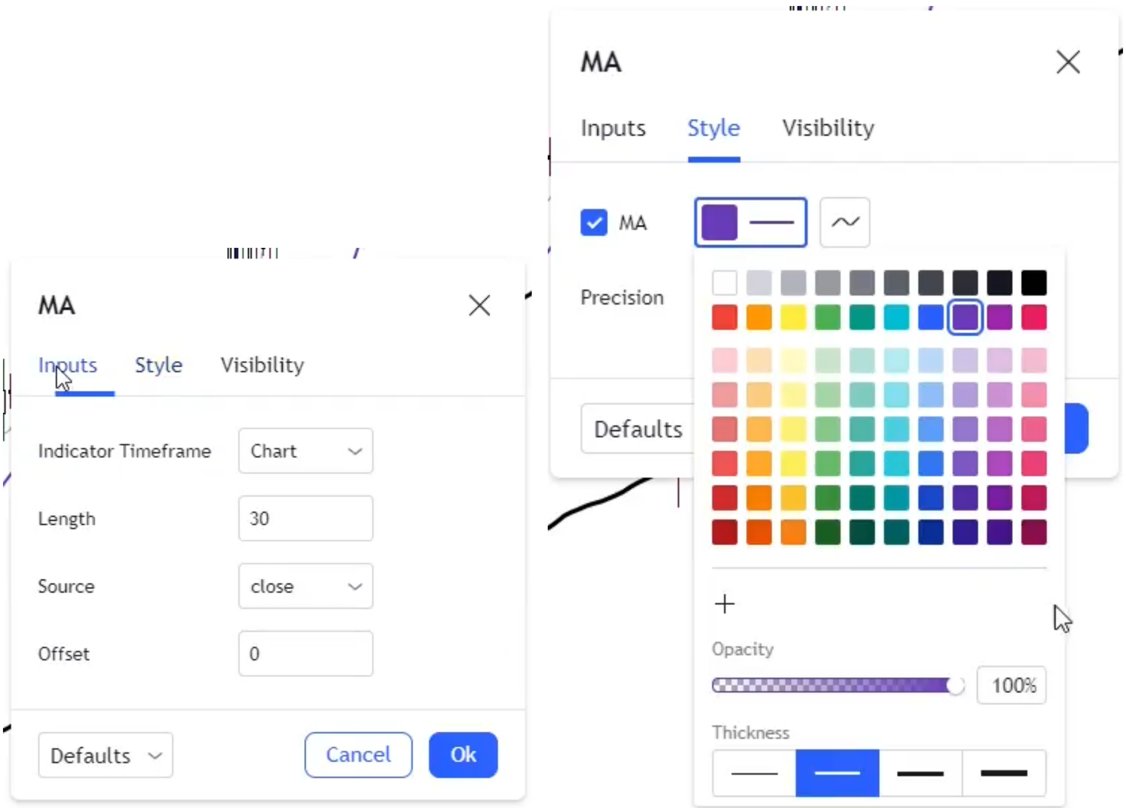




- I like to make this I like to make this one the most prominent and the biggest because it is the most significant it is the highest timeframe moving average.
- This high timeframe moving average changes very slowly, it's less volatile and it takes longer to react to the market
- It can often act as a support or resistance as shown in the areas highlighted in the image below.

The 30 Moving Average (30 MA)

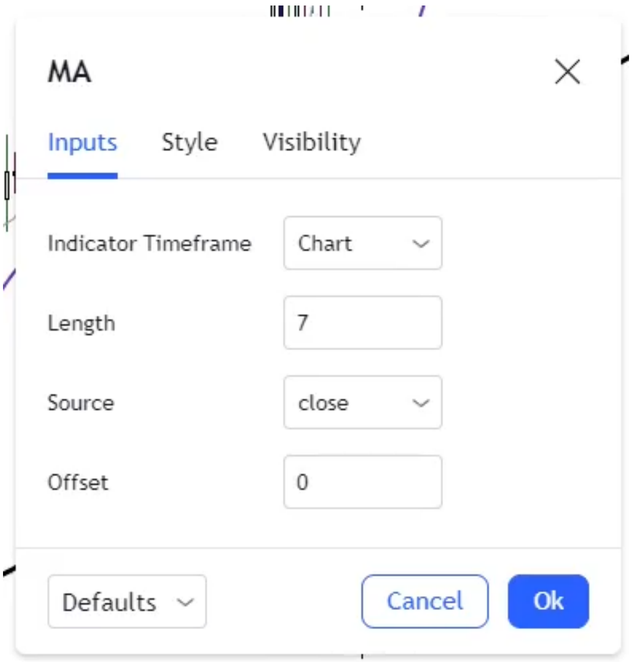
Here are my settings:

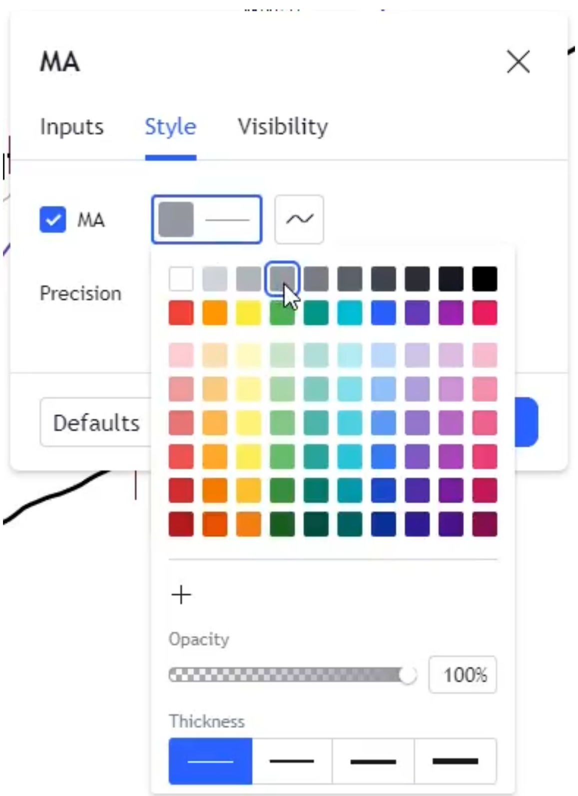


- Medium time frame moving average.
- Thickness is one less than the previous moving average.
- Although it moves quicker than the 100 MA it is still significant as when it crosses with the 100 MA it gives your first sign to be cautious and that the trend might be shifting.

The 7 Moving Average (7 MA)

Here are my settings:



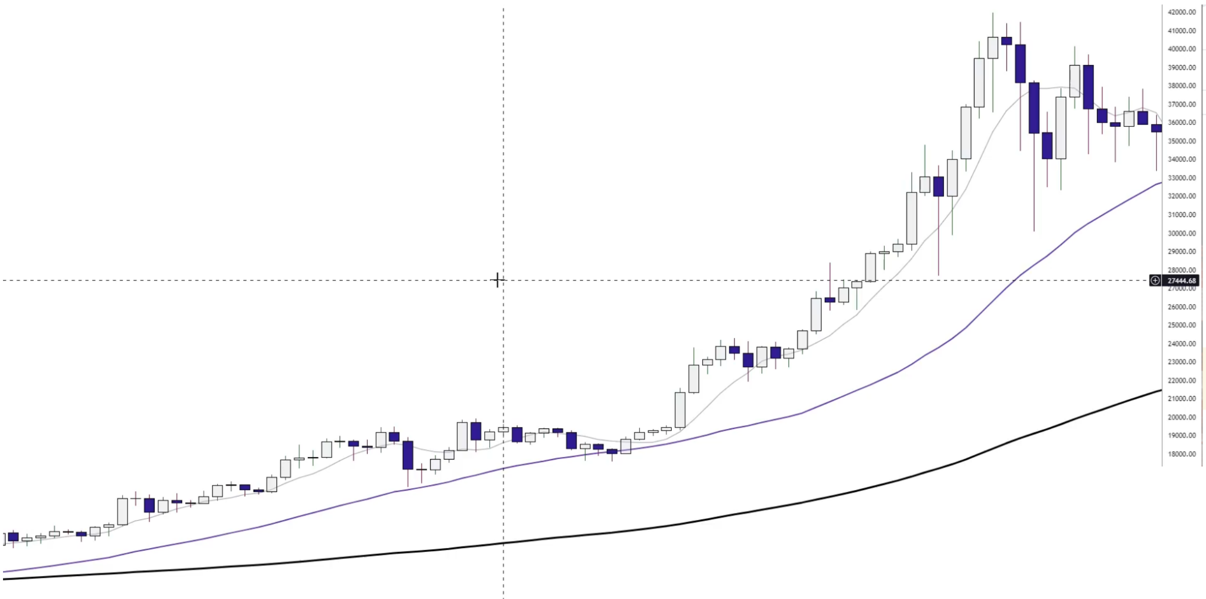


- Can be used as a trigger for certain trading strategies.
- Can be useful to see when the trend weakens.

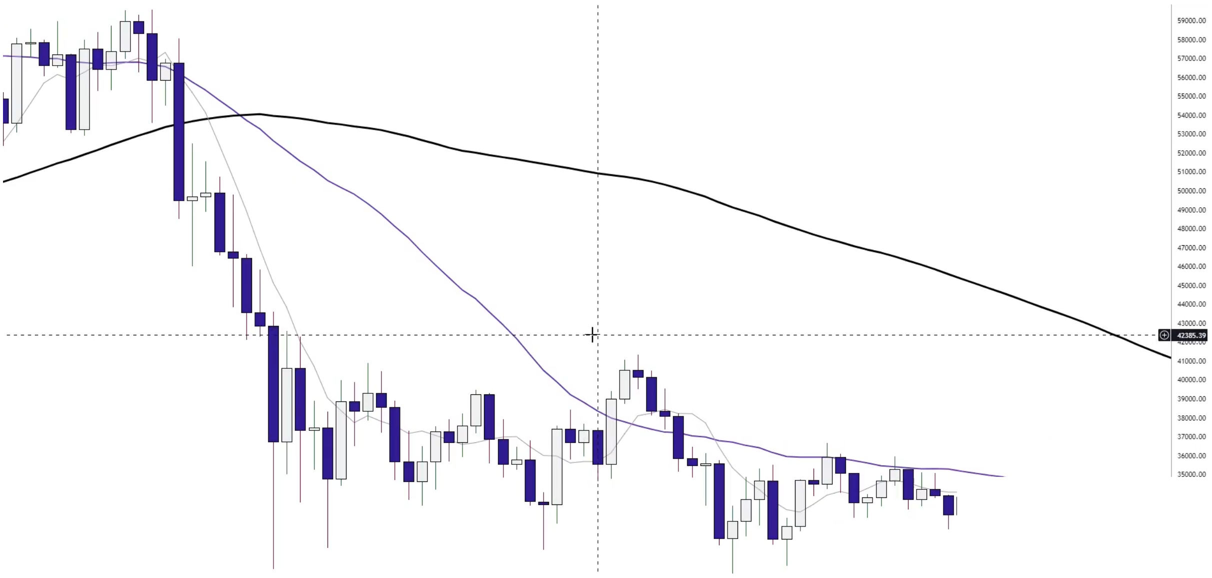
Moving Averages - Criss Crossing

When moving averages are constantly crisscrossing it means we are in a sideways trend.

Moving Averages - Fanning Out

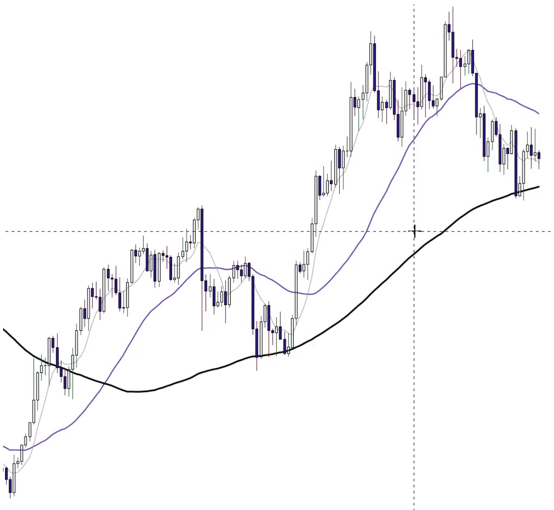


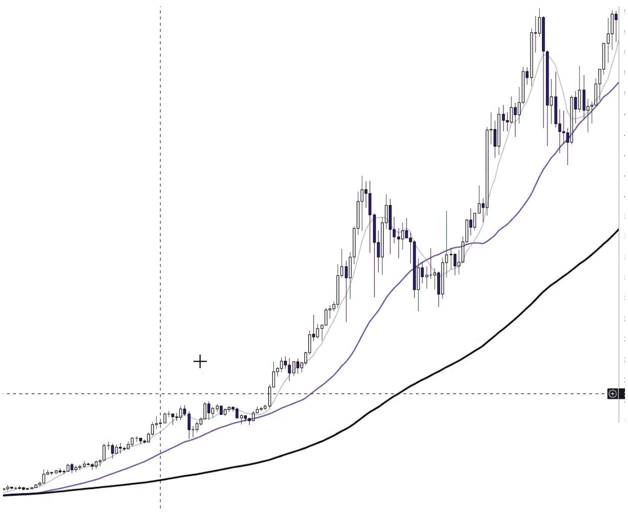
The bigger the distance between the moving averages the stronger the trend is. If they found out upwards, you're in a strong uptrend.



If they found out downwards you are in a strong downtrend.

Moving Averages - Strength of a Trend

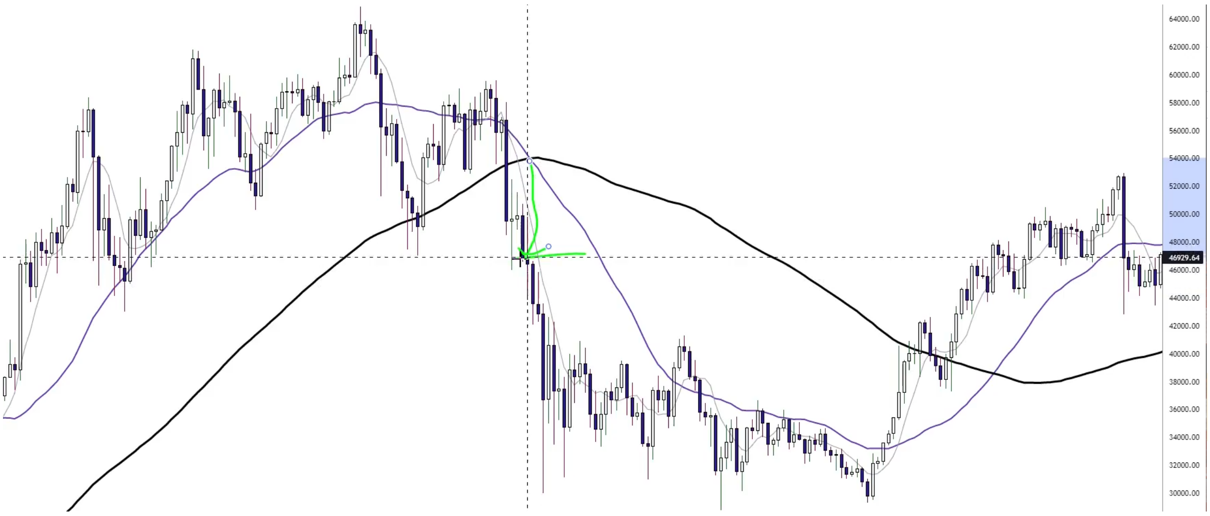




- The image on the left is in a general uptrend but the moving averages are crisscrossing.
- This makes the trend less strong than the image on the right where the averages are fanning out.

When Moving Averages Cross

- When the low (7 MA) and medium (30 MA) time frame averages cross this is our first sign a trend is weakening
- This usually happens a few times before the trend reverses
- This should not be your strongest signal



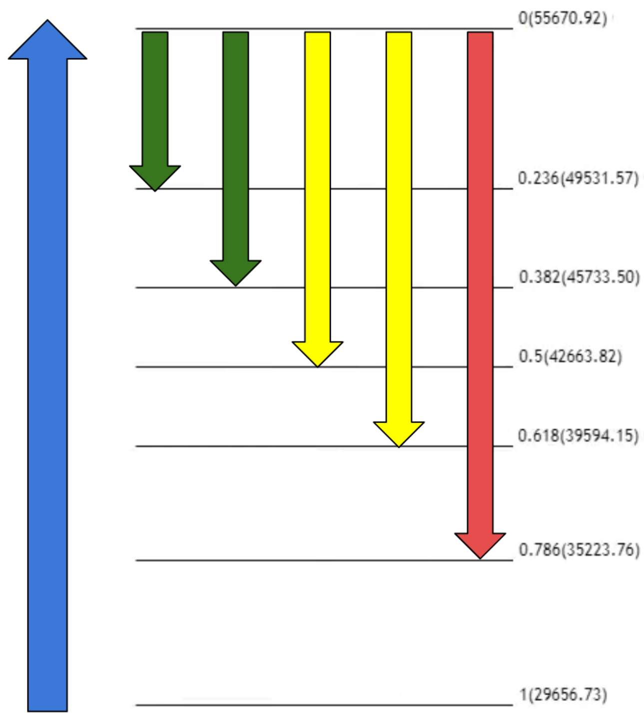
- The stronger signal is when your medium (30 MA) and high (100 MA) cross
- Note on the chare above if you had shorted at the point where the mong averages crossed you could have ridden the whole trend down

7.3 FIBONACCI

Fibonacci is one of my favourite tools and I have built entire trading systems around it.

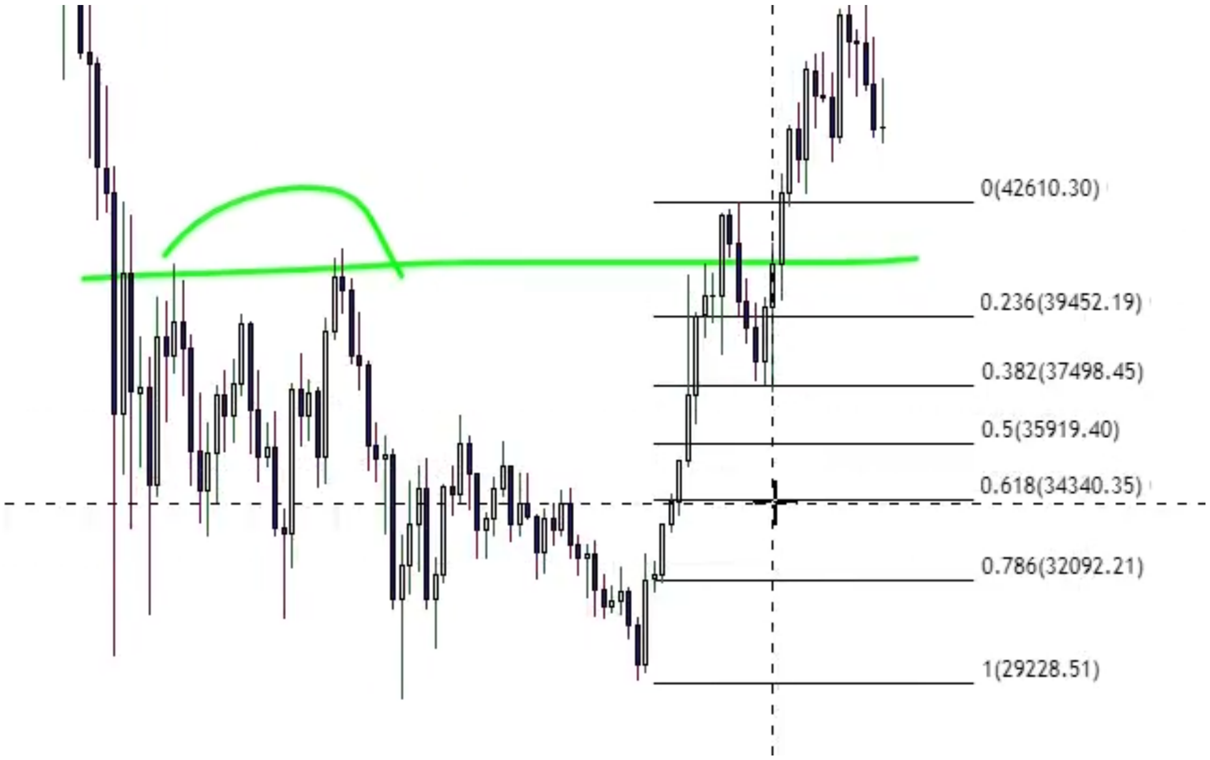
In the image above the price is trying to get above the key structural level labelled, we can assess the strength of the move by using our Fibonacci tool from the bottom to the top of the move.
When you want to calculate the strength of a move up, we want to see the lowest point it reaches before it starts moving up again. Below is a table showing the strength of the trend depending on which level it hits.

Level	Strength
0.236	Very strong
0.382	Very strong
0.5	Normal
0.618	Normal
0.786	Weakest



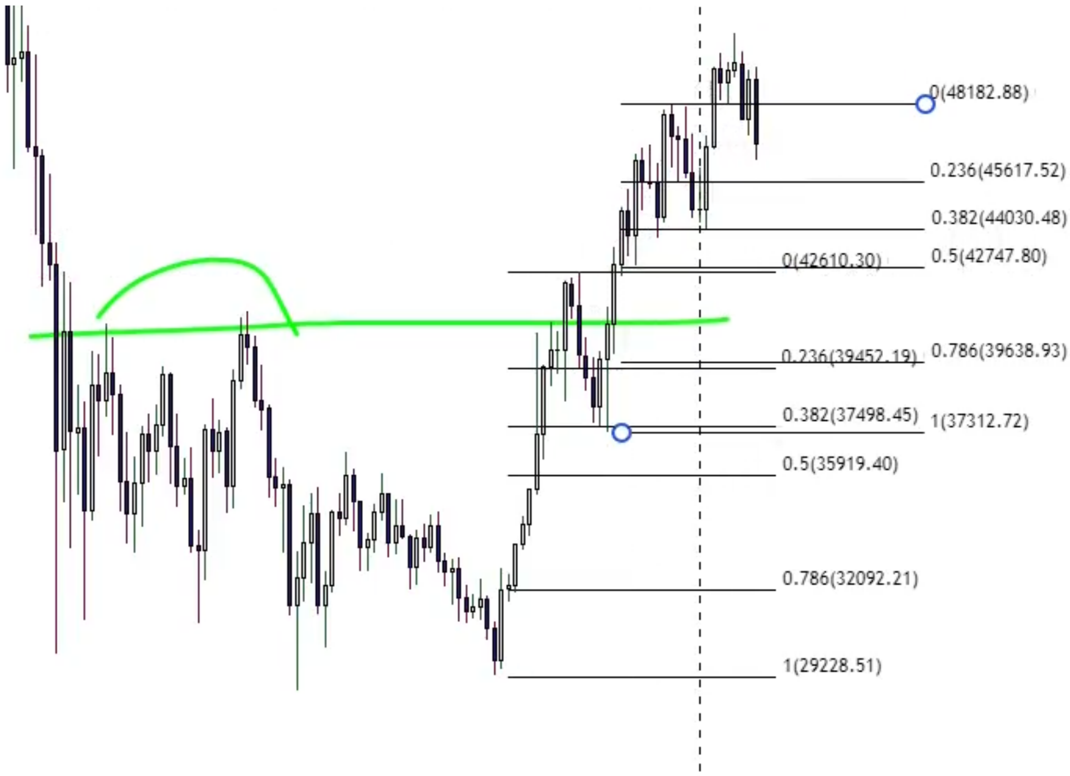
Going back to our example lets continue to use Fibonacci's tyo predict the strength of a trend

- This hits the 0.382 so the strength of the uptrend is strong



- The price does indeed go up so let's take another Fibonacci of this new uptrend

- Our price hits the 0.382 again and is holding



- The price perfectly bounces off the 0.382 level, this is the strong uptrend we like to see.

- Looking a bit further forward we can see the trend bounce off the 0.382 then come down to the 0.5 level and bounce there.
- This is our first sign that the trend is beginning to weaken.

Using Fibonacci's in a Downtrend

We use the exact same principles when taking a downtrend. Just in reverse, we take our start from the highest point and the end from our lowest.

Fibonacci - Common Mistakes

Often people worry about where they take their Fibonaccis from, but the truth is it doesn't matter as long as you're consistent.

- You can use wicks or bodies as your anchor
- You can use it for smaller trends or larger
- There is no exact level to draw them from they are just general areas similar to support and resistance.

7.4 MARKET SENTIMENT

Finally, it's important to keep an eye on market sentiment as what is in the news can affect how likely the market is to flip. To do this keep your eyes on:

- Crypto Twitter
- News Sites (e.g. CoinDesk or The Block)
- Newsletter

CHAPTER 8: PUTTING IT ALL TOGETHER

8.1 TIME ANALYSIS

Why do we use multiple timeframes?

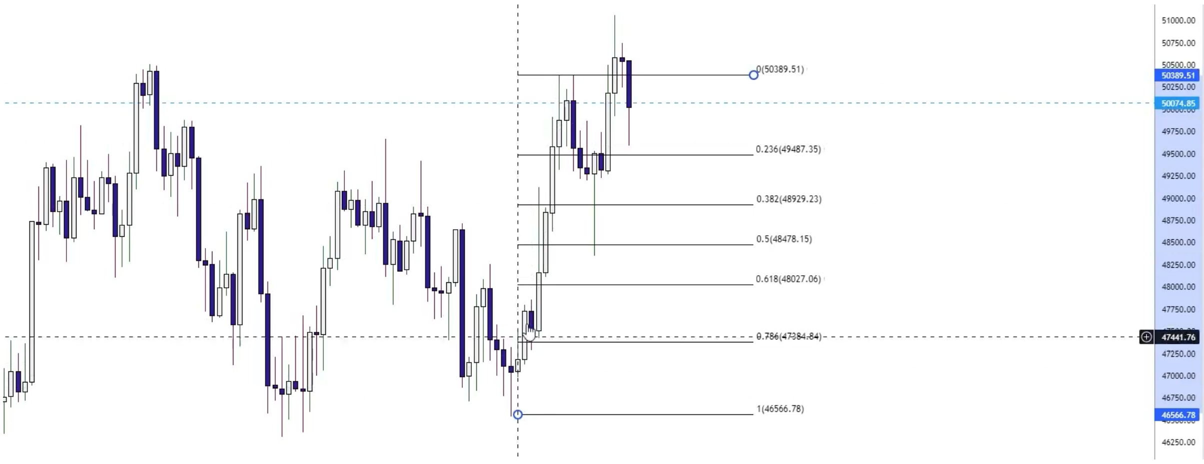
We need two time frames, a larger and a smaller. The ones you pick will depend on your trader type. The exact ones you choose are not important, but there are some examples of what you could use below:

- **Intraday:** 15m, 1hr
  - If you wish to be in or out of a trade within a day.
- **Day:** 4hr, 1D
  - If your trades will take 1-3 days.
- **Swing:** 1D, 1W
  - A longer-term trader with each trade taking at least a week.

For the purposes of this tutorial we will be using the day trader time frames of the 4hr and 1D. But why do we need them? I'll explain in our first example below.

The image above shows the BTC 1 day chart and the key information it gives me is:

- They $50k level labelled is very important both as a key psychological and structural level.
- I am interested to see if the $50k level breaks and continues to go up after.
- I need a solid way of determining the $50k level is going to break.
- It's hard to see if it will on the 1D chart but let's see what happens when we zoom into the 4h chart.



- After taking the Fibonacci of the most recent trend you can see the move comes down to the 0.5 level.
- This means the strength of the trend is weak

- Speeding time forward slightly we can see the next move dip down to the 0.5, and then the 0.618 level.
- Indicating the strength of the trend is also weak.

- If we speed a little further forward we can take one further Fibonacci.
- This one only comes down to the 0.382 indicating a strong trend for this move
- But out of the moves analysed two out of three were indicating a weak trend.
- I don’t like this very much, especially given that price is going sideways right after breaking the $50k key psychological level.

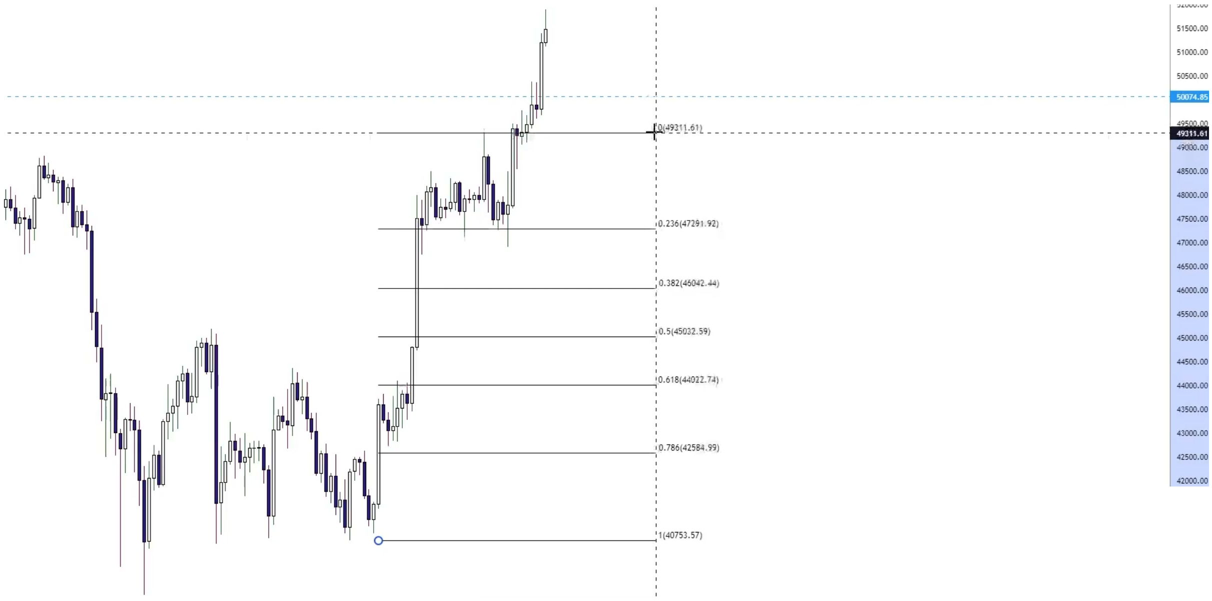
- If the level was properly broken I would expect the price to continue to go up.

- And sure enough, given a little more time the price broke back down below the $50k level.
- If we zoom back out to the 1d we can see we predicted the trap above the $50k level by looking at the lower time frame.
- None of these we would have been able to see on the higher time frame.

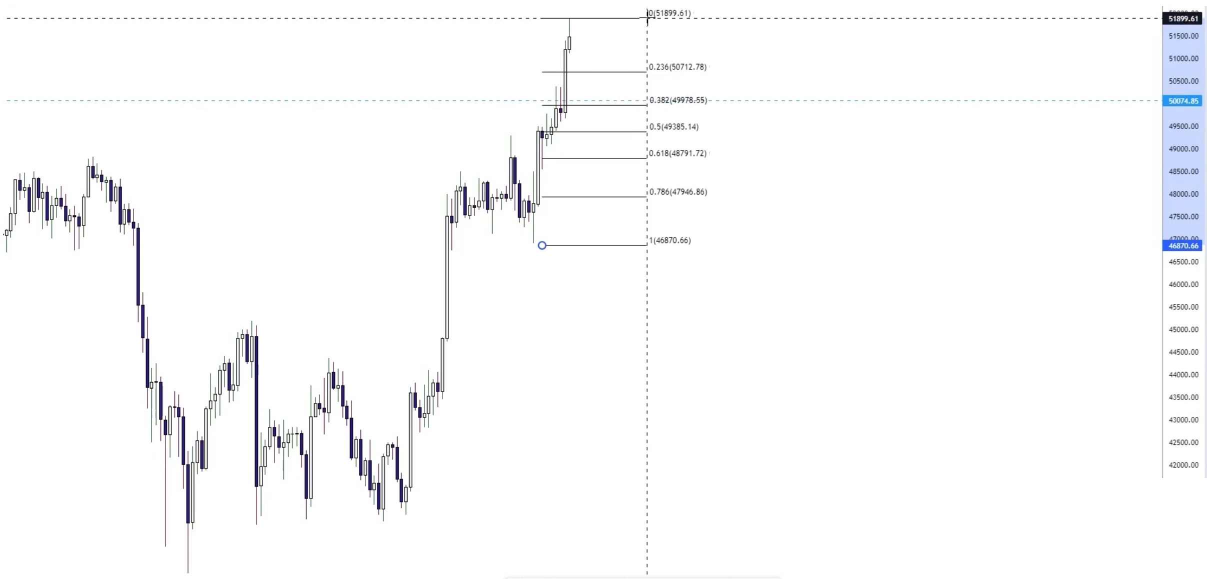
Example 2: Let’s look at the next attempt to break the $50k level.

- By looking just at the 1D below, our candlestick analysis looks great with some big bullish candles.
- Let’s see what extra information we can glean from looking at the 4hr chart

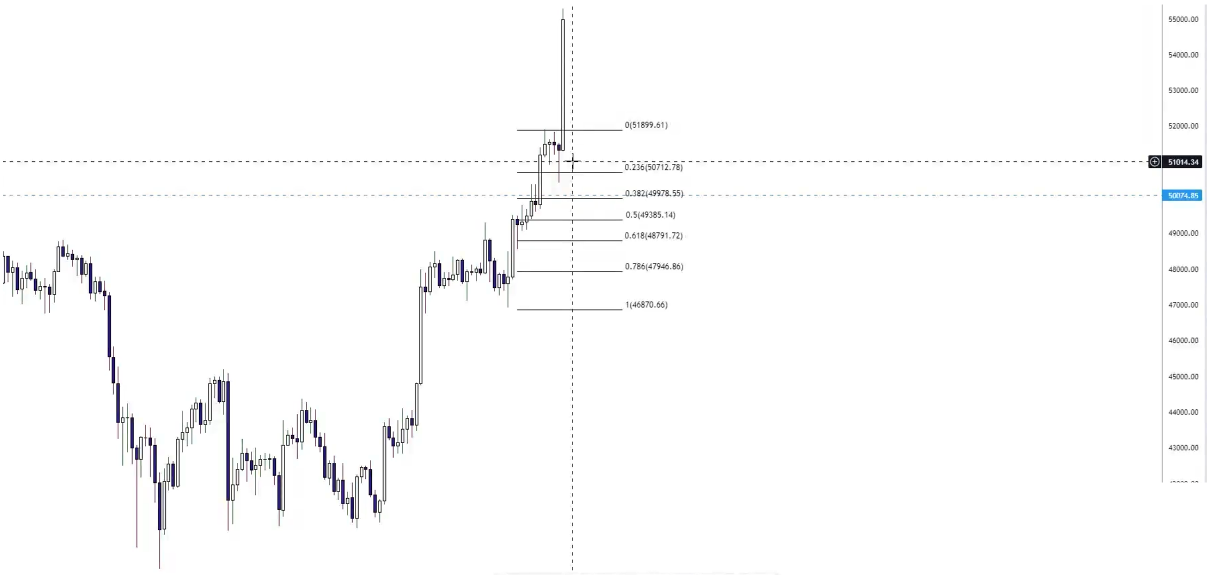
- Looking below we can see the first move had a 0.236 retracement before travelling up again.
- This shows a strong trend.



- Then from the next move, we can barely even find a 0.236 retracement because the move is so strong.
- Again we have a very strong trend



- Then we can see below that the price bounced up very strongly from the 0.236 level
- Again we can only pick this up from using the lower time frame.



8.2 ANALYSIS PROCESS

Now finally, the moment we've all been waiting for putting together everything we've learned for a step by step analysis process.

STEP 1: ESTABLISH A TREND

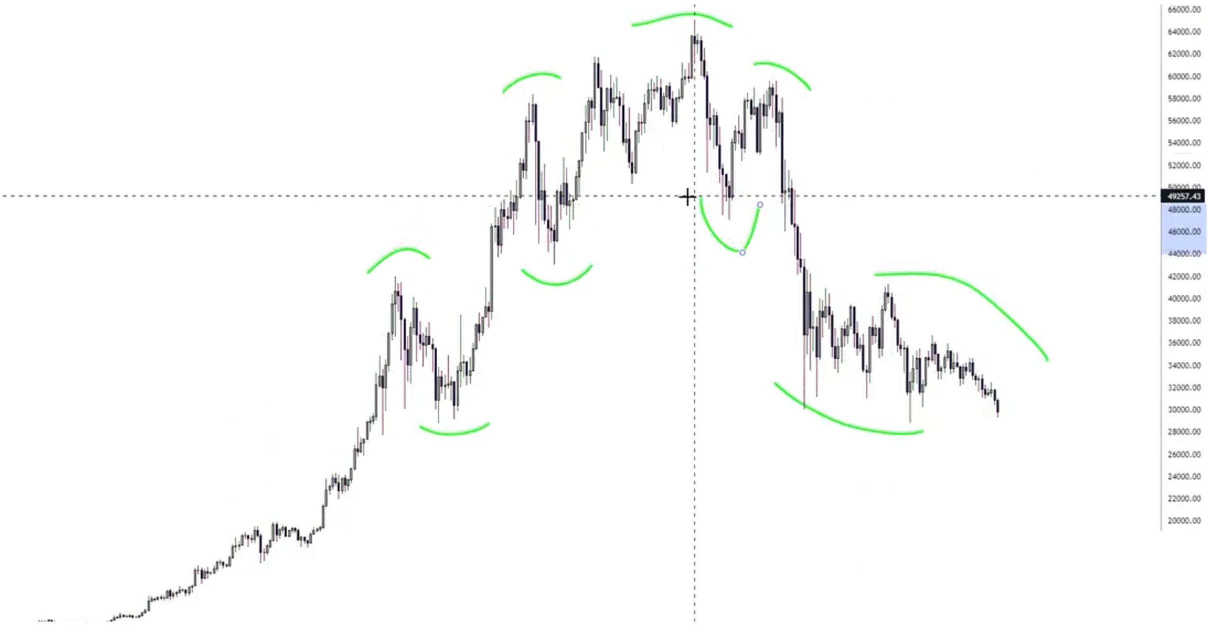
We will add each of these one by one to establish a full understanding of the trend

- **Market Structure**
- **Moving Averages**
- **Fibonacci Levels**
- **Candlestick Patterns**

We will use our higher time frame for this step.

Market Structure

- We label all the key areas of interest on the chart on the image below.
- We have a clear uptrend.
- Followed by a sideways motion.
- Which swapped into a downtrend when our key structural levels broke.



Moving Averages

- Next, we will add our moving averages for confirmation.
- They agree with our previous analysis.
- Strong uptrend as moving averages move further apart.
- The trend starts to weaken as the averages move closer together.
- Then when the cross we have a strong downtrend as the trend reverses

Fibonacci Levels

- We take our Fibonacci levels from the most recent move down and remove any levels that are not relevant.
- We can see that the 0.382 level has held strong and that it isn't looking good for the bulls.

Candlestick Patterns

- The first move down is very strongly in favour of the bears, they are very clearly winning the war.
- The next is move is a little less one-sided, the war is consolidating and it is not as aggressive in one direction or another,

STEP 2: ESTABLISH KEY LEVELS

- **Support and Resistance**
- **Psychological Levels**
- **Key Structural Levels**
- **Key Fibonacci Levels**
- **Key Moving Average Levels**

We will look at many of these in combination as they tend to interact with one another.

Support and Resistance/ Psychological Levels

- These two tend to go hand in hand so we will label them at the same time
- $40k is highly important, it has multiple data points supporting it and a key psychological level
- $30k is also important, it hasn't broken for a very long time, has multiple data points supporting it and is a very key psychological level.
- $22k is minorly important as is it has been used as a support previously. Will become important if the $30k level breaks.
- Finally, $50k is important, with multiple data points supporting it plus a key psychological level.

Key Structural Levels

- $40k is hyper important as it has two structural levels using it as resistance, is a key psychological level and it is confluent with the 0.382 level marked earlier.
- $30k is also important as it has two structural levels lining up with it and again that key psychological level

Note: You could make the argument that 32k is a support due to many wicks bouncing off of it. But that's an isolated argument, it doesn't have as many data points and it doesn't look as clean as the rest of what the chart presents us.

Key Fibonacci Levels

- We are going to add back all our Fibonacci levels and see which ones are strong and we will keep on the chart
- 0.236: Not a great level as it gets cut up a lot - **REMOVE**
- 0.382: We have already spoken about this level - **KEEP**
- 0.5: Hits the $45k level nicely, and acted as a support early on - **KEEP**
- 0.618: A little bit of support here, but not extremely key - **KEEP**

- 0.786: Gets chopped up quite a bit - **REMOVE**

We will also clean up the chart to be left with the image below.

Key Moving Average Levels

- Finally, we will bring in the moving averages to see which levels they support.
- The moving averages are lagging so they follow along after the price.
- The 100 moving average (100 MA) is moving slowly towards that 0.382 level making it even more significant.

Conclusion

Lets combine all our data and choose the most significant levels

- **Most important:** 0.382 as so many different arguments line up with it.
- **Next most important:** $30k level

STEP 3: ESTABLISH SCENARIOS

We are going to create a hypothesis for how we think the market is going to play out. These hypotheses are going to be the foundation of our trading systems that will make us money.

- **What are the conditions for a neutral case?**
- **What are the conditions for a bear case?**
- **What are the conditions for a bull case?**

What Are The Conditions For A Neutral Case?

- What would we need to happen for this to remain a sideways market?
- Our $30k level needs to hold with a reasonable bounce
- The price stays between $40k and $30k

With regards to trading my style is a trend trader. So I don't plan to trade from this case but I do need to know when the trend is sideways.

What Are The Conditions For A Bear Case?

- The $30k level breaks with conviction.
- No need to overcomplicate this one.
- And the 4hr if we stay below the 100 MA
- Remember this is just the condition I have set you can decide your own.

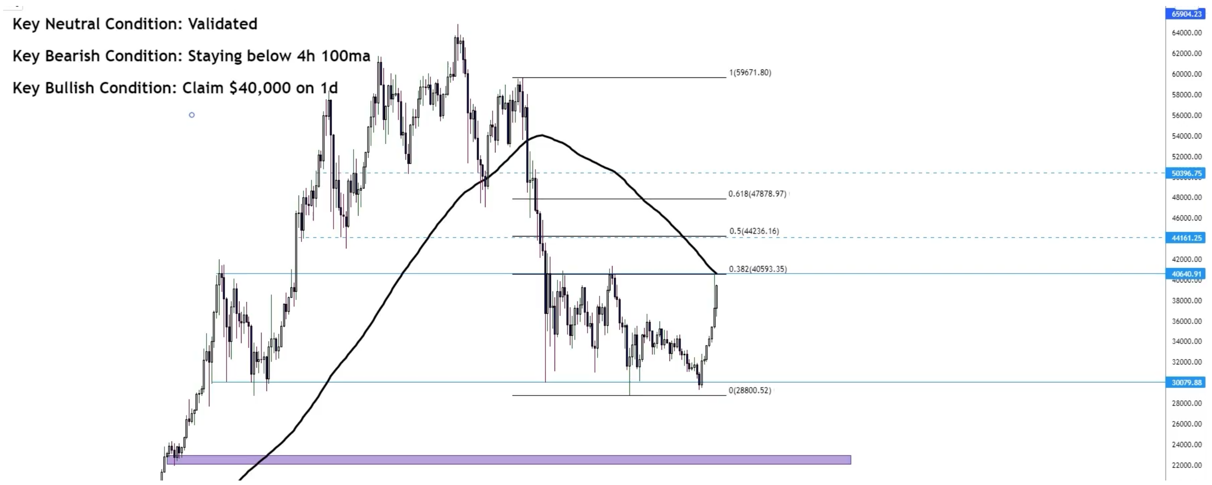
What Are The Conditions For A Bull Case?

We need a significant shift to consider the bull case

- $40k level breaking with strength on the 1d

This leaves us with our conditions.
- **Bear Case:** Staying below the 100 MA on 4hr
- **Bull Case:** Claiming $40k level on 1d
- **Neutral Case:** Claiming $36k level on 1d

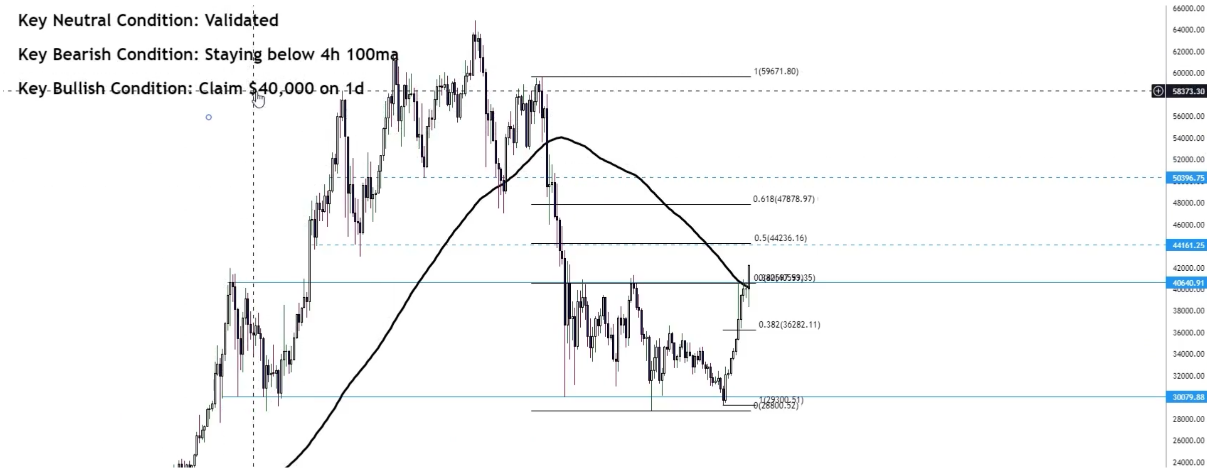
Let’s watch this play out on the 1d chart:
- $36k level claimed, and the neutral case is validated
- Let’s zoom in to the 4hr to see a little more detail.



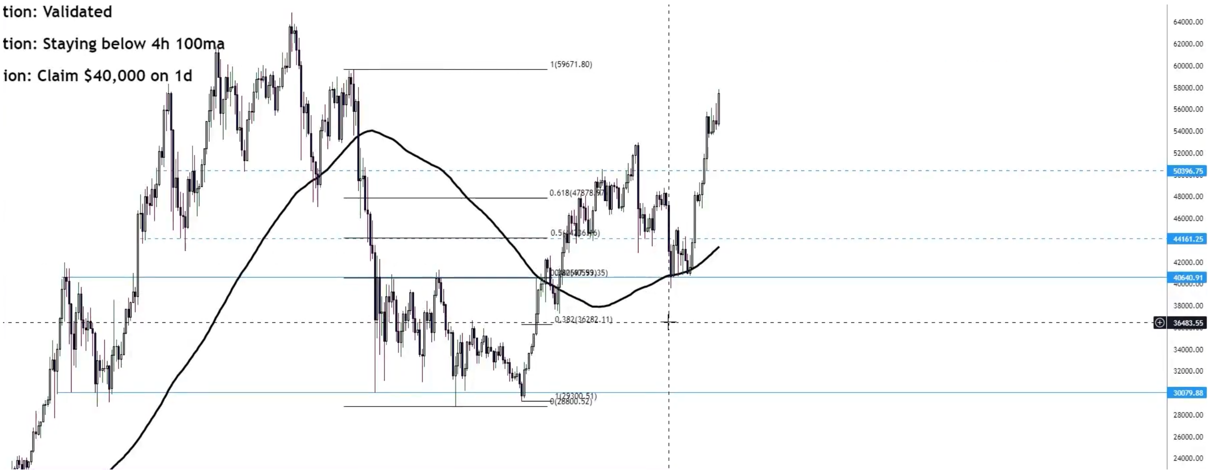
- Our price crossed with our 100MA invalidating our bearish condition.
- If we use Fibonacci we can see that the 0.382 level lines up with $36k

- Moving back to the 1d we will add back the 0.382 to see how it interacts with the price.
- Now we will watch time play out slightly

- Below we now have a 1 day claim of the $40k level
- Our bias has now shifted to bullish.



- We will now watch as our price continues to interact with the levels we have marked out.
- Even after a month has passed.



- **Final point:** When the price broke $50k as shown below we would have done a fresh analysis to see where the price is likely to go

You now all have a complete analysis system good enough to make serious money in the markets.

CHAPTER 9: FINAL THOUGHTS

9.1. What Now?

Congratulations on finishing this book!

It’s important to remember that your study of the markets does not stop here. You need to be disciplined and consistent. You need to be prepared to take this on for a long time.

You’ve taken the most important first step that so many fail to take. I’ve seen people make simply life changing generational wealth here. But I've seen countless people lose the same amount of money twice as fast as they've made it.

You may now have the question, “how long will it take to become a profitable trader?” Some talented folks might be able to do it in three to six months. For others, it might take years. But I promise you that if you enjoy the journey it is truly worth it. Be prepared to fail countless times and don't rush it.

If you’re still reading to the end, I appreciate you. Best of luck on your journey into the market. Know that I am rooting for you.

ASSIGNMENTS

ASSIGNMENT CHAPTER 1

Text one friend that you will be reading this book. Get them to join you on this journey. Explain why you are reading this book and ask them to hold you accountable for keeping on reading and completing the assignments.

ASSIGNMENT CHAPTER 2

This assignment will be a self assessment designed to solidify your understanding of the lesson as well as bring awareness to your current strengths and weaknesses.

Intention and Awareness: Self-Assessment

- On a scale of 1-10 rate your current level of trading skills?
- How much time a week do you intend to dedicate to this book?
- What do you expect to find easiest?
- What do you expect to struggle most with?

How to Make Money Trading: Self-Assessment

- In your own words tell me why buying and selling limited edition Yeezys is not a foolproof way to make money.
- Why does the casino always win?

ASSIGNMENT CHAPTER 3

These assessments are split into two categories. The platform assessment is designed to make sure you can navigate mentioned platforms and the knowledge will make sure you understand key concepts thoroughly.

Platform Assessment

I want everyone to familiarize themselves with CoinMarketCap. All the below questions can be answered with data on the platform.

1. Identify 3 coins in each category:
    a. The Majors:
    b. The Large Caps:
    c. The Mid Caps:
    d. The Small Caps:
    e. The Micro Caps:
2. What is the total crypto market cap?
3. What is the current Bitcoin dominance?

Knowledge Assessment

1. How do you calculate market cap?
2. Why do larger assets (assets with higher market cap) have less volatility?
3. If Bitcoin goes down aggressively, what do you expect to happen to mid caps? Why?
4. What is a stablecoin?
5. Describe, in your own words, how money flows in the crypto market between fiat, majors, large caps, mid-caps, small caps, and micro caps? Try to write out the psychology of the market participants through every stage. Explain how a bull market starts, cycles and eventually ends.
6. BONUS: What is the difference between fully diluted market cap and market cap?

ASSIGNMENT CHAPTER 4

ASSIGNMENTS

This lesson is the foundation for all trading strategies we'll explore in future lessons. If you really want to become a profitable trader, it's very important to understand the basics of candlesticks and the principles of data analysis we explored in this book. We designed this assignment to make sure you've mastered everything you need to know.

This assignment is split into two categories. The **Practical Assessment** and the **Chart Assessment.**

The practical assessment will reference the **TradingView Tutorial** in the recommended readings and make sure you have completed the most important steps. The chart assessment will give you an opportunity to demonstrate your knowledge of support and resistance, candlesticks, and principles of data analysis.

Practical Assessment

Watch this **TradingView Tutorial** and make sure you've customised the settings to your liking. I recommend using my settings which I will walk you through setting up in the video and then tailoring to your specific needs after.

The list of questions below will help guide your customisation. We will be using the settings described in this video when explaining all the trading strategies in the future so please make sure you have completed this assignment.

1. Have you adjusted your background from *gradient* to *solid*
2. Have you changed your green candles to white?
3. Have you changed your red candles to dark blue?

BONUS: Can you explain the reason why we change our candlestick colours?

4. Have you *favorited* the following tools and do you know how to apply each of these to a chart?
    a. Fibonacci Retracement
    b. Horizontal Ray
    c. Horizontal Line
    d. Long Positions
    e. Short Positions
    f. Price Range
    g. Rectangle
    h. Brush
5. Have you adjusted the settings to your Fibonacci retracement?
6. Do you know how to add indicators to your chart?

    a. Try adding the *Exponential Moving Average (EMA)*
    b. Try hiding the *Exponential Moving Average (EMA)*
    c. Try adding *Volume*
    d. Try hiding *Volume*
7. Do you know how to save and rename your chart layout?

Chart Assessment

1. Find the ticker BTC/USD

BONUS: find the ticker symbol for one *large cap* and one *small cap*. (Hint: [CoinMarketCap]() might help here!)

2. Change the chart to a 4 hour time frame
3. Change the chart to a daily time frame

BONUS: Which time frame, the 4 hour or daily, has more noise? Why?
4. Are four 15 minute candlesticks the same as a single 1 hour candlestick? Why or why not?
5. Go to the hourly chart on BTC/USD on 17 November 2021 at 10:00AM UTC and identify the following:
    a. Open
    b. Close
    c. High
    d. Low
6. What are the four principles of data analysis?
7. Can you explain why all data isn't created equal?
8. We have 3 rooms.

   Room 1 has 5 randomly selected people from the US population.
   Room 2 has 80 randomly selected people from the US population.
   Room 3 has 30 randomly selected crypto traders with 2+ years experience.

   We ask each room what they think is going to happen next in the market?
   Using the key principles of data analysis tell me which room you trust the most and why. (Answer below)

We'll keep it simple.

Room 1: Sample size is small, only 5 people. Quality of the data is weak as we have no idea if these random people even know what crypto is. The opinion of this room is going to be almost completely useless.

Room 2: Context 80 people vs 5 people more than room 1. Quality of the data is weak as we have no idea if these random people even know what crypto is. Sample size is larger than room 1 so at the very least we will trust this more than room 1.

Room 3: Context 30 people is less than room 2 more than room 1. Our population is also derived from crypto traders vs room 1 and 2. Quality is high as these people have 2+ years of experience. Sample size is decent at 30 relative to the 5 from room 1 but not as high as room 2. Regardless I would trust the information from this room the most.

ASSIGNMENT CHAPTER 5

ASSIGNMENT

This assignment is critical. Using the key principles of data analysis and the army metaphor is a fantastic way to visualise all candlestick patterns successfully without needing to memorise anything. Getting comfortable with this strategy is the foundation to all technical analysis like support & resistance, which we will cover in later, so it's crucial to make sure you understand this concept thoroughly. We have taken extra care to design this assignment in a way that will ensure you have mastered this strategy. Let's go!

This assignment is split into two categories. The **Information Assessment,** the **Fill in the Blank Assessment**.

We also have a **BONUS Battlefield Assessment** for those students who want to reinforce their understanding of the concept and go above and beyond.

The information assessment will ensure you understand the four key principles of data analysis that are the foundation to technical analysis. The fill in the blank assessment will give you an opportunity to analyse real candlestick patterns using the key principles of data analysis and army metaphor. The bonus battlefield assessment will ask you to apply your knowledge of the army metaphor by diving into the chart in real time!

Information Assessment

1. Can you draw the following candle on a scratch piece of paper? This is to test your knowledge of candle bodies and wicks.
    a. Open: $10
    b. High: $14
    c. Low: $6
    d. Close: $7
2. Explain what the relative size of the body AND what the relative size of the wick tells you about this candle. More specifically:
    a. Is the price certain or uncertain?
    b. Is the price volatile or not volatile?
    c. What does a small wick vs large wick tell you about price?
3. Using the army metaphor we learned in this book, explain whether this candle is a bullish or bearish candle? Why?
    a. If you said this candle was bullish, does this mean the price will go up?
    b. If you said this candle was bearish, does this mean the price will go down?
    c. What other information would you need if any to make your decision?
4. Draw the Bear and Bull Meter and explain how to interpret this meter in

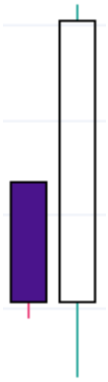
your own words. Why is this meter important?
5. What are the four key principles of data analysis? Please write and define each principle in your own words.
   - Principle 1:
   - Principle 2:
   - Principle 3:
   - Principle 4:

Fill in the Blank Assessment

Koroush explained how to use his army metaphor to interpret not only individual candles but also candlesticks in context. Below, you'll find a few examples of candlesticks and candlesticks in context and be asked to explain what is happening in battle using the army metaphor and key principles of data analysis. Some candles you may have seen before, and others you will have to use your knowledge of the bull and bear meter and army metaphor to arrive at your own conclusion.

Part 1: Candlesticks

1.



Looking ONLY at these two candles, what is currently happening in the battlefield? Is the bull army or bear army winning the war? Why?

2.

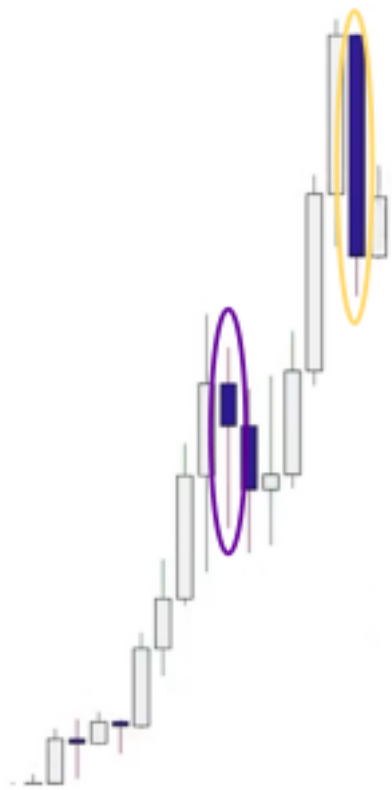
Looking ONLY at this one candle, what is currently happening in the battlefield? Is the bull army or bear army winning the war? Why? (Hint: you haven't seen this exact candle before, but have seen something similar)

3.

Looking ONLY at this one candle, what is currently happening in the battlefield? Is the bull army or bear army winning the war? Why? (Hint: you haven't seen this exact candle before, but have seen something similar)

Part 2: Charts

1.



You'll notice two circled arrows in purple and gold. Use the principles of data analysis below to explain which candle is more bearish.

Candle (purple circle):

- Context:
- Sample Size:
- Quality:
- Keep it Simple:

Candle (golden circle):

- Context:
- Sample Size:
- Quality:
- Keep it Simple:

Which candle is more bearish? Why?

2.

Explain whether the candle circled is bullish, bearish, or neutral using the principles of data analysis:

- Context:
- Sample Size:
- Quality:
- Keep it Simple:

What does the relative size of the candle body tell us?
What does the relative size of the candle wick tell us?

3.

Explain whether the candle circled is bullish, bearish, or neutral using the principles of data analysis:

- Context:
- Sample Size:
- Quality:
- Keep it Simple:

What does the relative size of the candle body tell us?
What does the relative size of the candle wick tell us?

4.

Explain whether the candle circled is bullish, bearish, or neutral using the principles of data analysis:

- Context:
- Sample Size:
- Quality:
- Keep it Simple:

What does the relative size of the candle body tell us?
What does the relative size of the candle wick tell us?

BONUS Battlefield Assessment

Koroush looked at the BTC Weekly chart starting from April 2019 and told the story of the battle between bulls and bears up until May 2021. Now, it's your turn to do the same.

Pick any crypto asset that is currently in the top ten by market cap and write down the story of battle on the Weekly chart from April 2019 until May 2021. This assignment, if done correctly, will take time and energy, but it is the BEST test as to whether you have understood the concept or not. Here are a few tips to proceed:

- Look at each weekly candle and assess whether it is considered bullish, bearish, or neutral by using the principles of data analysis: ○ Context:
    - Sample Size:
    - Quality:
    - Keep it Simple:
- Don't focus on whether the candle is bullish or bearish. Focus on your reasoning using the principles of data analysis above. ● Try to watch out for anomalies - for example, if you spot a large bullish candle but then price continues downwards, try to identify why this may have been the case. Was the candle an anomaly? Was the sample size too small? Challenge yourself.
- If you want to take this one step further, use the replay feature on TradingView and record yourself explaining the battle between bulls and bears.
- Repeat this exercise as many times as you'd like with different crypto assets. The more you do this, the more comfortable you'll be with future lessons on technical analysis.

ASSIGNMENT CHAPTER 6

This assignment is essential. Using the key principles of support and resistance along with the framework of the bull and bear army, you'll take the lessons you learned to the charts. We have taken lots of care to design this assignment to be extremely practical. Therefore, if you complete everything that has been assigned to you, you'll have a robust understanding of not only how to identify key levels of support and resistance, but also interpret what these key levels suggest about the price of any asset you're trading. Let's go!

This assignment is split into three categories.

- **The Consistency Assessment**
    - The consistency assessment is a quick one-step assignment to make sure you set your future trader self up for success.
- **The Theoretical Assessment**
    - The theoretical assessment will ensure you have mastered the theory behind support and resistance specifically through the lens of the bull and bear army. It will ask you to explain key definitions and concepts.
- **The Practical Assessment**.
    - The practical chart assessment will ask you to apply your theoretical knowledge to the charts and put the power in your hands to draw key levels. It will also give you a chance to think about support and resistance from first principles. Remember, the more you practice, the higher the chance you'll master this lesson.

Consistency Assessment

One of the biggest mistakes many traders make is relying on technical analysis whilst market sentiment. This takes a consistent commitment to build.

We're going to start doing this TODAY.

Subscribe to the free Market Meditations Newsletter:
https://koroushak.substack.com
You'll get access to:

- **Essential Weekly Key Events Calendar**
- **Top Global Events for Traders and Investors**
- **Technical and Fundamental Analysis**
- **Education and Self-improvement**

Here are 3 specific approaches to analyse market sentiment depending on how seriously you plan on trading the crypto market.

Full Time: 10 minutes a day set aside to read the daily newsletter. No missed days, no excuses.

Part Time: Calibrate yourself with the Monday edition paying close attention to the key events calendar. Then, hop on a few newsletters that sound interesting during the week. Read the Saturday letter that recaps the events of the week.

Minimum: Read EVERY Monday letter to start the week and EVERY Saturday letter that recaps the events of the week.

If you don't have 20 minutes a week to keep up to date on crypto events then seriously consider if you have time to learn trading.

Theoretical Assessment

Key Definitions:

1. What is "Support?"
    - Would you expect the bull or bear army to win the battle at support and what would a "victory" look like on the chart?
2. What is Resistance?
    - Would you expect the bull or bear army to win the battle at resistance and what would a "victory" look like on the chart?
3. Why are Support and Resistance important?
    - Bonus: can you explain why psychological levels (e.g. BTC $50k, ETH $2k, etc) often act as support and resistance?

Key Concepts:

1. What are the three things price can do at support or resistance? **Please do this BEFORE looking at the next question.**
2. For each of the three things, please explain what's happening in battle between the bull and bear army at support and resistance. We've done the first one for you that you can use as a guideline.
    - Price can <u>hold</u> at support. In the context of the bull and bear army, if price holds at support then this means the bear army tried to advance into bull territory, but when bears reached the area of support in question, the bull army put up a wall of soldiers that bears were unable to get through no matter how hard they tried. The bull army fought back so hard that they were able to push the bear army away from the area of support. If price holds at support, on a chart price hits an area of support and then goes up.
    - Price can _____ at support
    - Price can _____ at support
    - Price can _____at resistance
    - Price can _____at resistance
    - Price can _____at resistance

3. Consider the following scenario in a war:
    - A bear army's homebase is at "area 100" and bull army's homebase is at "area 20." The bear army leaves homebase to advance into bull army territory, moving quickly until "area 50." At area 50, they encounter an army of bull soldiers who fight back valiantly - upon trying to break through the "area 50" the bears are violently denied and the bull armies push the bears back to "area 70." Bears try again to break through the wall of bull soldiers at "area 50" and this time succeed by pushing bulls back to "area 30." The bulls try to push bears back behind "area 50," but bears defend the area and deny the bulls.
        1. What important concept in technical analysis is being described in this situation?
        2. Can you explain what this concept suggests? (i.e. support and resistance are ________)
        3. Can you draw what this situation would look like on a scrap piece of paper?
4. Should you buy and sell using only support and resistance? Why or why not?

Practical Assessment

1. Let's put all of the definitions and concepts together and apply it to a real scenario. We have taken the liberty of drawing support and resistance on the chart below. Please identify the following:
    - Every instance of a support or resistance hold
    - Every instance of a support or resistance break
    - Every instance of a support or resistance trap
    - Every instance of a support / resistance flip

2. Now let's practice drawing our support and resistance.
    - Pick any crypto asset that is currently in the top ten by market cap.
    - Draw your support and resistance on the following timeframes:

        i. Weekly
        ii. Daily
        iii. 4 Hour
        iv. 15 Minute
    - Bonus:
        i. Can you spot instances where support held, broke, and trapped? Can you spot instances where resistance held, broke, and trapped?

1. We showed you how you could have traded the bull market from $3k to $65k BTC and from $1k to $4k ETH using just four levels of support and resistance. Now it's your turn to show us how you could have traded the bull market on another asset using just support and resistance.
    - Pick any crypto asset that is currently in the top ten by market cap and draw your key levels of support and resistance on the daily chart.
    - Challenge yourself to think about what these key levels suggest for price. Here are a few specific things you can focus on in your analysis and charting:
        i. Sample Size: how many data points support your thesis that a certain area is a key level?
        ii. Quality of Data Points:
            - Are the data points recent?
            - Are they clean?
            - Do they show strength?
        iii. Context: look at the way price interacts with your key levels of support and resistance throughout time.
            - Did support act differently depending on whether the macro trend was bullish or bearish?
            - Were there any fundamental events that impacted price and if so how did price react? (hint: compare the price action from before March 2020 to after December 2020).

ASSIGNMENT CHAPTER 7

This assignment is packed with practical exercises to ensure you have mastered all elements of trend analysis. We'll ask you to define and explain examples of different kinds of market structure. You'll practice adding and removing tools like moving averages and Fibonacci retracement levels on TradingView. You'll even have the opportunity to apply these tools to real, live examples on the chart.

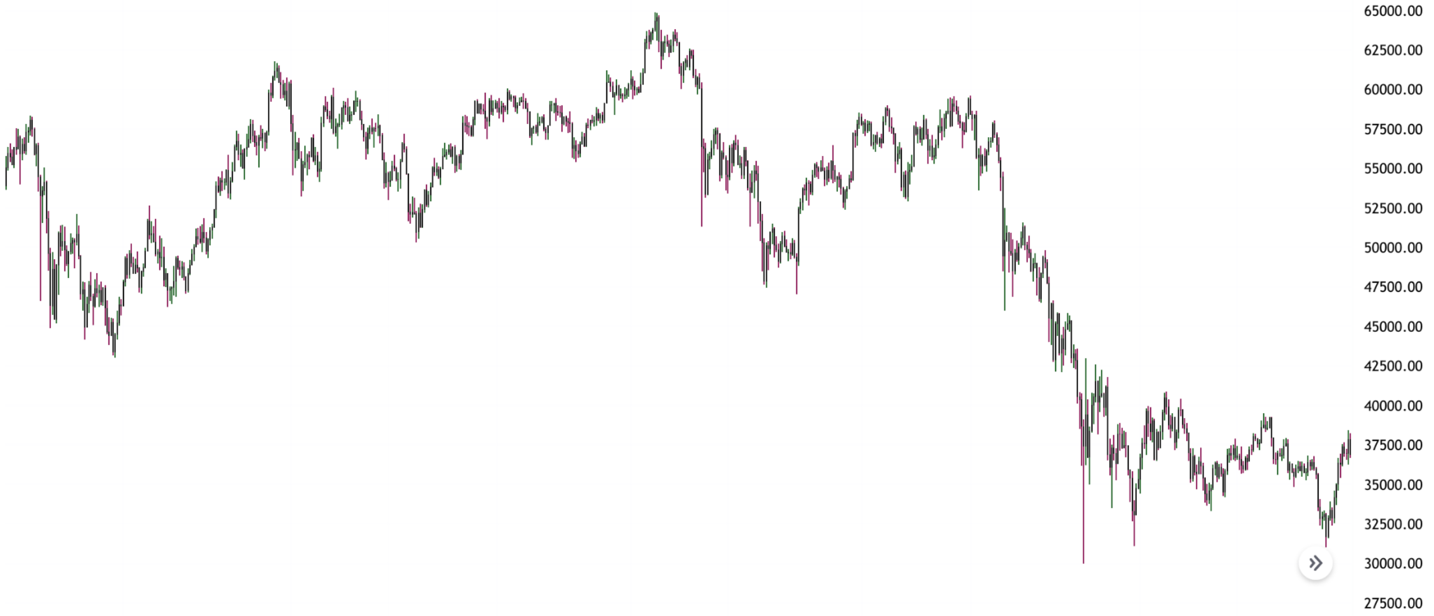
If you complete everything assigned to you, you'll be ready to tackle the final lesson in the technical analysis chapter that combines what you've learned about candlesticks, support and resistance, and trend analysis into strategies you can use to trade the crypto market.

This assignment is split into three categories:

- **Trend Assessment**
  - The trend assessment will ask you to define an uptrend, downtrend, and sideways consolidation, and ask you to identify each on a chart.
- **Moving Average Assessment**
  - The moving average assessment will not only test your understanding of why this tool is useful, but give you real scenarios in which you as a trader will have to decide the best course of action.
- **Fibonacci Assessment**
  - The fibonacci assessment will ask you to draw retracements on different time frames, identify strong and weak trends, and find proper entry and exits of hypothetical trades.

Trend Assessment

1. Define a trend
2. How many types of trends are there? Name each type.
   - An uptrend is defined as a series of higher highs and lower lows. True or false?
   - Can you draw an uptrend on a scrap piece of paper?
   - A downtrend is defined as a series of lower highs and lower lows. True or false?
   - Can you draw a downtrend on a scrap piece of paper?
   - How can you identify a sideways trend?
3. Bonus: below you'll find the current Bitcoin 4 hour chart. We've used the 4 hour chart intentionally so there is more price action for you to analyse. On this chart, you'll notice uptrends, downtrends, and sideways periods of consolidation. Review the chart starting from the candle all the way to the left through the candle all the way to the right and identify each instance of an uptrend, downtrend, or consolidation. You can specifically focus on:
   - Higher highs and higher lows
   - Lower highs and lower lows
   - Breaks in market structure (i.e. reversals)



4. Consider the following scenario: price is in an uptrend, but the distance between each subsequent higher high is decreasing. What can you conclude from this information? (hint: is the uptrend strengthening or weakening, and why?)
5. Can you explain why higher lows often hold when price is in an uptrend? Why would other market participants be buying at this higher low?
6. Consider the chart below and complete the following exercises:
    - Mark out key support and resistance levels on the chart
    - Mark out the uptrend by highlighting the series of higher highs and higher lows
        i. Bonus: is this uptrend strengthening or weakening as time goes on? Explain why.
    - Mark out the candle where this uptrend reverses.

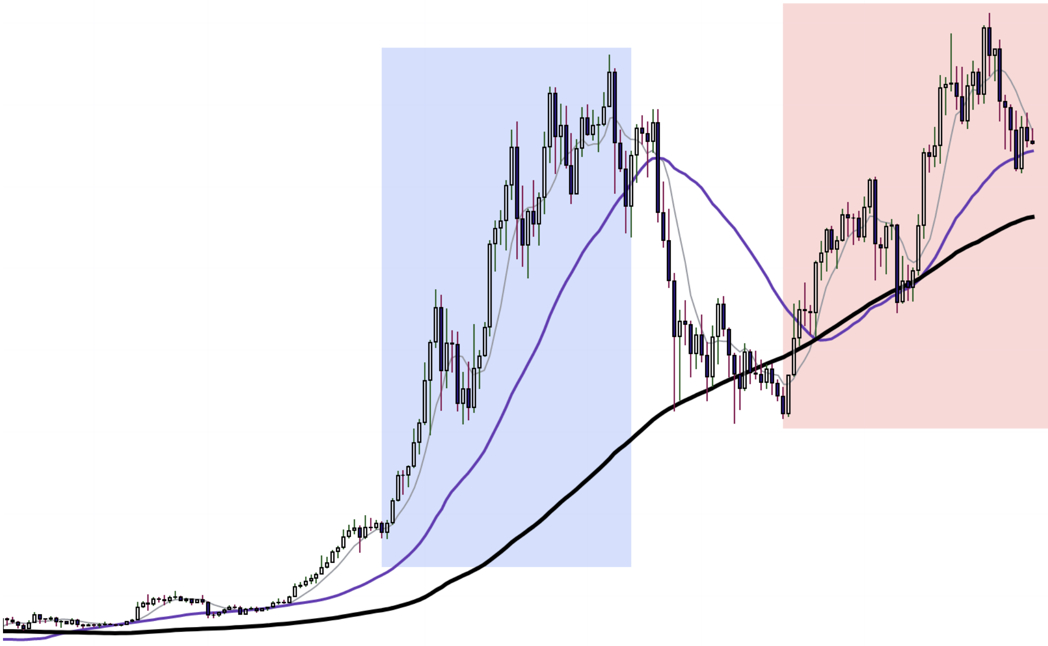
7. You’ll notice on the chart below that the price found support at the $30k level. Why is it reasonable for the price to find support here? In other words, what about the chart indicates that buyers want to buy $30k.
8. When price bounces from the $30k level, would you consider the downtrend to be over? If not, what would you need to see in order to confirm that trend has reversed from a downtrend?
9. Once the downtrend is reversed, what is the next key level price must reclaim in order to create an uptrend?

Moving Average Assessment

1. What is the purpose of a moving average
    - Hint: if you’re not sure then fill in the blank: A moving average ________ price action by filtering out _________ and highlighting the ________ of the trend
2. If a new trader were to ask you, “I’m not sure which MA to use, the 100 MA or the 200 MA,” how would you respond? Are some MAs better than others? Does it matter which you use?
3. What is the difference between a HTF and LTF moving average?
    - Which moving average is more volatile?
    - Which moving average responds quicker to price?
4. When a LTF moving average crosses over a HTF moving average what does that suggest to you about the trend?
5. What is a stronger signal that a trend is weakening? When the LTF MA crosses over a MTF MA, or when a MTF MA crosses over a HTF MA?
6. When moving averages are constantly crossing over each other, what does

that tell you about the trend of the market?

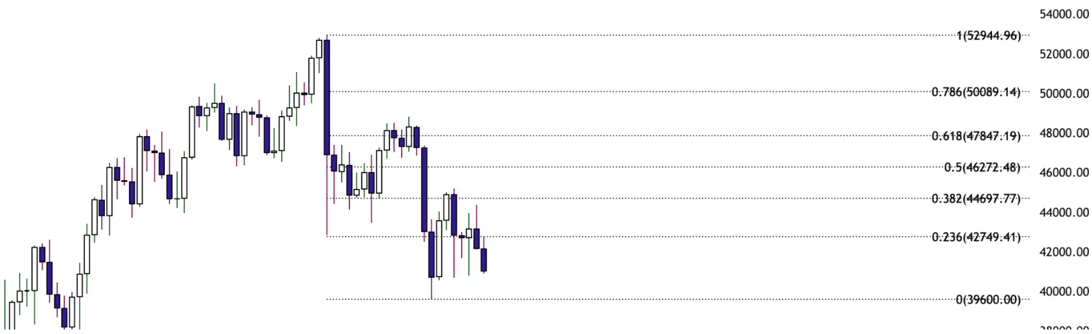
7. Analysing only moving averages, explain whether the uptrend highlighted in blue or the uptrend highlighted in red on the chart below is stronger? Why?



8. Let's put all of the information above together. Looking at the chart below, answer the following questions:
    - What is the HTF trend?
    - What is the MTF trend?
    - What is the LTF trend?
    - When the LTF MA crossed beneath the MTF MA, what could that have suggested to you about the trend?
    - When the LTF MA crossed above the MTF MA, what could that have suggested to you about the trend?
    - Price is currently breaking the LTF MA. Where might it find support? (hint: use your understanding of key structural levels and what you know about MAs to make a sound prediction)

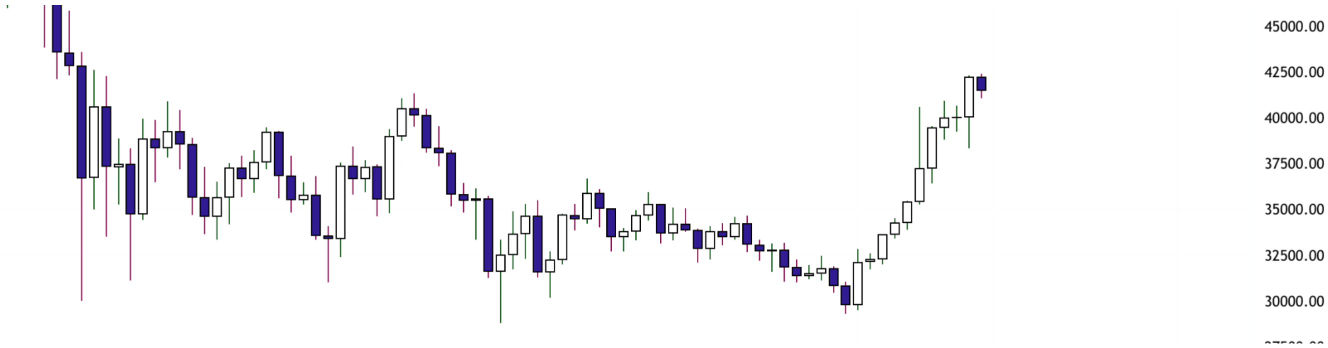
Fibonacci Assessment

1. Fibonacci levels give us key structural levels that we often expect price to _______ in a market.
2. Consider the following scenario: price is in an uptrend, forms a higher high, and retraces to the 0.236 level. What does this indicate about the uptrend?
3. Consider the following scenario: price is in a downtrend, forms a lower high, and retraces to the 0.786 level. What does this indicate about the uptrend?
4. When drawing Fibonacci levels, from where do you take your anchor point? Does it matter whether you use candle bodies or wicks?
5. Using only the Fibonacci tool and the chart below:
    - Is the downtrend currently strong or weak?
    - Would your answer change if the price came back up to the 0.618 before continuing down? Why or why not?



6. Consider the following scenario:
    - You notice on the chart below that the price has been going up and want to find an entry to go long. After 10 bullish candles (white), the 11th candle is bearish (purple).
    - Using your knowledge of Fibonacci retracement, where might you place your buy orders if you thought this was an extremely bullish uptrend?

- Where might you place your buy orders if you thought this was a bullish uptrend?
- Bonus: can you use your knowledge of support and resistance in addition to your Fibonacci tool to find any confluent data points?



ASSIGNMENT CHAPTER 8

Congratulations to everyone who made it through the Technical Analysis chapter of this course! You've learned how to analyse candlestick patterns, support & resistance, trends, moving averages, Fibonacci, and much more. Koroush demonstrated how to combine all of these critical tools into an actionable trading system you can use to analyse the crypto market.

You can think of this assignment as a comprehensive test of your knowledge on all things technical analysis – we'll review a few of the concepts from previous lessons and focus on practical exercises to make sure you know exactly how to utilize these tools effectively.

This assignment is split into three categories:

- **Chapter Review**
    - The *Chapter Review* assessment is a review of the entire Technical Analysis section of this course. Use this assessment as an opportunity to fill in any gaps in your knowledge and to show yourself just how far you've come since the beginning of this course.
- **Key Timeframe & Analysis Process**
    - The *Timeframe & Analysis Process* assessment will ask you to apply your understanding of timeframes and explain the principles behind the three step system Koroush uses to analyse the charts before taking a trade.
- **It's Your Turn!**
    - The *It's Your Turn!* assessment puts you in the driver's seat. Remember, learning and absorbing information is one thing. To truly become a profitable trader, you have to apply what you learn and practice.

Chapter Review

1. What are the four key principles of data analysis? Please write and define each principle in your own words.
    - Principle 1:
    - Principle 2:
    - Principle 3:
    - Principle 4:
2. Draw the Bear and Bull Meter
    - If you have a bullish bias, the data suggests that demand is greater than or less than supply?
    - If you have a bearish bias, the data suggests that demand is greater than or less than supply?
    - Explain how understanding the way this meter works is more helpful than memorising individual candlestick patterns.

3. Explain what the relative size of the body and what the relative size of the wick tells you about a candle. More specifically:
    ○ Is the price certain or uncertain?
    ○ Is the price volatile or not volatile?
    ○ What does a small wick vs large wick tell you about price?
4. Answer the following questions using the two candles to the right as a reference point when applicable.
    ○ How would you explain what's happening in this scenario using the bull and bear army metaphor?
    ○ Who is winning the war and why?
    ○ Imagine the next candle is a large bearish candle overtaking the large bullish candle. How would this shift your bias in who is winning the war?

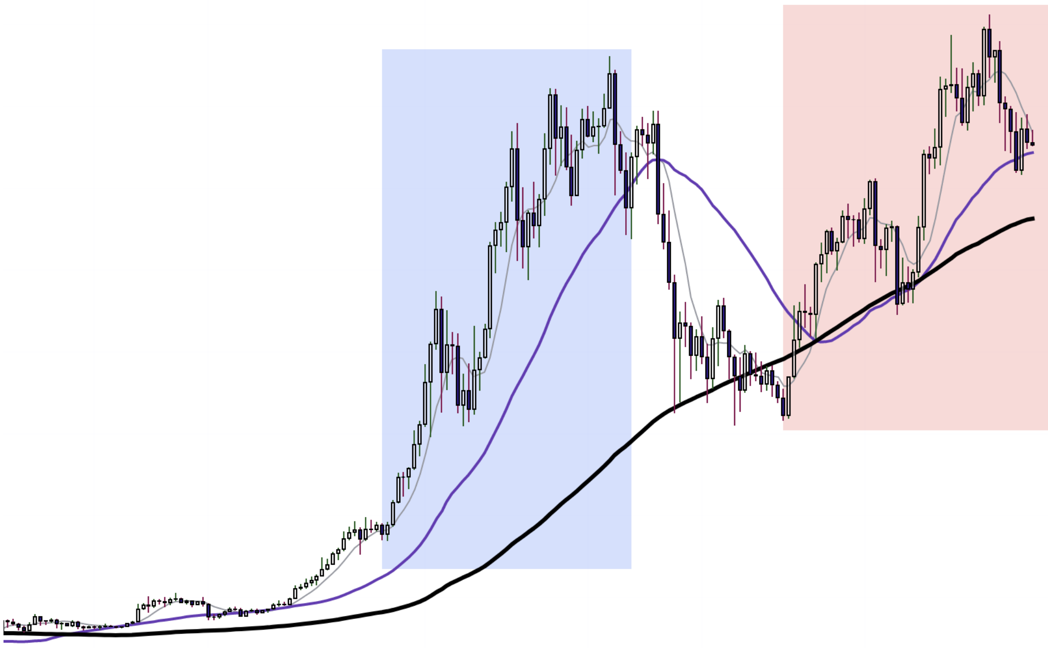
5. Explain whether the candle circled on the chart below is bullish, bearish, or neutral using the principles of data analysis:
    ● Context:
    ● Sample Size:
    ● Quality:
    ● Keep it Simple:

6. Price can either hold, break, or trap at support or resistance. For each of the three, please explain what's happening between the bull and bear army in a battle. We've done the first one for you.
    ○ Price can hold at support. In the context of the bull and bear army, if price holds at support then this means the bear army tried to advance

into bull territory, but when bears reached the area of support in question, the bull army put up a wall of soldiers that bears were unable to get through no matter how hard they tried. The bull army fought back so hard that they were able to push the bear army away from the area of support. If price holds at support, on a chart price hits an area of support and then goes up.

- Price can _____ at support
- Price can _____ at support
- Price can _____at resistance
- Price can _____at resistance
- Price can _____at resistance

7.



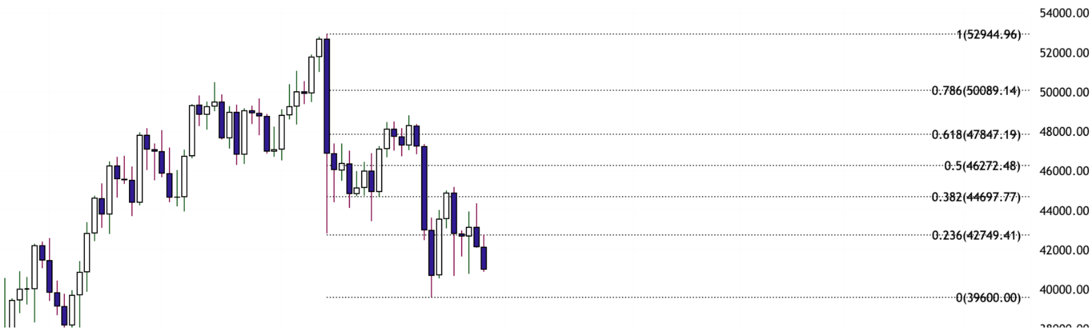
Let's put all of the information above together. Looking at the chart above, answer the following questions:

- What is the HTF trend?
- What is the LTF trend?
- When the LTF MA crossed beneath the MTF MA, what could that have suggested to you about the trend?
- When the LTF MA crossed above the MTF MA, what could that have suggested to you about the trend?
- Price is currently breaking the LTF MA. Where might it find support? (hint: use your understanding of key structural levels and what you know about MAs to make a sound prediction)

Key Timeframe & Analysis Process

1. Why do traders use multiple timeframes?
2. Consider the following trade example using the daily chart and the 4HR chart below and answer the following questions.
    - **Trade Example:** Your friend is a swing trader and comes to you with the 4HR chart - he says he wants to take an entry long on the S/R flip that he sees on the 4HR chart.
        i. What is the definition of a swing trader?
        ii. What is the difference between a swing trader, day trader, and intraday trader?
        iii. Define the high timeframe and low timeframe each of the following traders might use:
            1. Intraday:
            2. Day:
            3. Swing:
    - Using your knowledge of multiple timeframe analysis, would you consider your friend's trade to be wise in this example? Why or why not?
        i. (Hint: if you're struggling with answering this question, think about what the daily chart shows that you cannot see on the 4HR chart? Are we close to any key HTF resistances that your friend may have missed on the LTF?)

3. What are the three steps of Koroush's analysis process? Make sure to complete this question before moving on.
   - Step 1: Establish the _________
   - Step 2: Establish ______ Levels
   - Step 3: Establish ____________
4. What tools can you use to establish the trend?
   - What type of price action suggests a bullish market structure? (hint: what combination of higher highs, lower highs, higher lows, lower lows make up bullish market structure?)
   - What type of price action suggests a bearish market structure?
   - Using only the Fibonacci tool on the chart below:
     i. Is this an uptrend or downtrend?
     ii. Is this a strong or weak uptrend or downtrend?
     iii. Would your answer change with respect to the strength of the trend if the price came back to the 0.618 before continuing in the original direction? Why or why not?



5. What do the moving averages on the chart below tell you about the trend? Is this a strong trend, weak trend, or neutral trend? What would need to happen to the moving averages to change your answer?

It’s Your Turn!

1. Now it’s your turn to take a few naked charts - a chart without any levels or indicators - and apply the analysis process in order to identify what might happen next in the price action.
    - We will give you the naked chart of the coin (in order to make sure you’re looking at the right thing) and the timeframe we would like you to apply the analysis process to.
        i. Please go to TradingView at the given date / time to complete this assignment. This way you can apply the moving averages, support & resistance, Fibonacci, etc.
    - Fill in your observations using the checklist given for each naked chart. Go candle by candle - if something like market structure, moving averages, structural levels, etc change, make sure to note this down. Your goal is to tell the story of the price action from start to finish for each of the examples.
    - Go through this exercise slowly - this may take time at the beginning, but if you put in the work now it will become like second nature to you very quickly.

Example 1

- Coin: $SOL
- HTF = Weekly. LTF = Daily.
- Dates: 6 April 2020 to 6 December 2021

Step 1: Establish the Trend

Market Structure (HTF & LTF)	
Moving Averages	
Fibonacci Levels	
Candlestick Patterns	

Step 2: Establish Key Levels

Key Structural Levels	
Key Psychological Levels	
Key Fibonacci Levels	
Key Moving Average Levels	

Step 3: Establish Scenarios

What are the conditions for a neutral scenario?	
What are the conditions for a bearish scenario?	

What are the conditions for a bullish scenario?	

Example 2

- Coin: $ETH
- HTF = 4 Hour. LTF = 1 Hour
- Dates: 20 July 2021, 04:00 UTC to 14 October 2021, 04:00 UTC

Step 1: Establish the Trend

Market Structure (HTF & LTF)	
Moving Averages	
Fibonacci Levels	
Candlestick Patterns	

Step 2: Establish Key Levels

Key Structural Levels	
Key Psychological Levels	
Key Fibonacci Levels	

Key Moving Average Levels	

Step 3: Establish Scenarios

What are the conditions for a neutral scenario?	
What are the conditions for a bearish scenario?	
What are the conditions for a bullish scenario?	

Example 3

- Coin: $AVAX
- HTF = 15 Minute. LTF = 5 Minute
- Dates: 31 October 2021, 09:30 UTC to 21 October 2021, 19:45 UTC

Step 1: Establish the Trend

Market Structure (HTF & LTF)	
Moving Averages	
Fibonacci Levels	
Candlestick Patterns	

Step 2: Establish Key Levels

Key Structural Levels	
Key Psychological Levels	
Key Fibonacci Levels	
Key Moving Average Levels	

Step 3: Establish Scenarios

What are the conditions for a neutral scenario?	
What are the conditions for a bearish scenario?	
What are the conditions for a bullish scenario?	

READING

CHAPTER 1

No recommended reading just yet.

CHAPTER 2

RECOMMENDED READING

Gambler's Fallacy - In this reading, you'll learn the definition of the gambler's fallacy and through the story of Tom's hypothetical trip to the casino, come to see how it applies to your trading journey.

EXTRA READING

Profit Protection Guide - Read about five key tips to better understand how to protect your profits with good risk management.

10 Steps to Building a Winning Trading Plan - This is a valuable summary of lessons we've learned in this book covering the basics of trading - your edge & technical analysis, risk management, and psychology.

CHAPTER 3

RECOMMENDED READING

A Brief History of Bitcoin – in this reading, you'll explore the history of Bitcoin. You'll travel through its journey of its creation, whitepaper, first trade, theft, hacks, crashes, and of course its epic pumps.

Crypto Cycle Guide – in this reading, you'll explore more details about the money flow cycle and read about actionable strategies you can use to trade these cycles profitably. Don't worry if you get lost, as we'll cover all of these strategies in details in the future.

EXTRA READINGS

Beginner's Guide to Owning Cryptocurrency – in this reading, you'll read a step-by-step guide to setting up a cryptocurrency wallet, buying your first Bitcoin, growing your Bitcoin stack, making transactions confidently, and storing your coins safely.

Market Sentiment Guide – in this reading, you'll read more about the concept of market sentiment Koroush first mentioned and how to use things like Twitter, the Crypto Fear & Greed index, google trends, and more, to your advantage.

CHAPTER 4

RECOMMENDED READINGS

Candlesticks Explained: we HIGHLY recommend you take the time to read this article. We explain the anatomy of bullish and bearish candlesticks and help you master the concept of the high, low, open, close, and body.

EXTRA READINGS

Quiz: What Type of Trader Are You?: in this article, we present a variety of questions designed to analyse your psychology and emotions and help you understand whether you’re better suited to trade intraday, daily, or long-term charts.

CHAPTER 5

RECOMMENDED READING

Bullish Reversal Patterns: this article will review a few key bullish reversal patterns and help you interpret their significance using our army metaphor.
Bearish Reversal Patterns (https://koroushak.substack.com/p/its-over-541): this article will review a few key bearish reversal patterns and help you interpret their significance using our army metaphor.

Continuation Patterns: this article will review a few key continuation patterns and help you interpret their significance using our army metaphor.

If you review and understand the principles behind the bullish reversal, bearish reversal, and continuation patterns summarised in the readings above, you'll be ready to master support & resistance.

BONUS CHEAT SHEET

Candlestick Pattern Cheat Sheet: we know you may appreciate one document where you can see several candlestick patterns by name at the same time. This type of cheat sheet is hard to come by, and the few that exist are often incomplete or incorrect. So, we've created this for you! It's an easy way to visualise neutral, bullish, and bearish reversal and continuation patterns all on one page.

CHAPTER 6

RECOMMENDED READINGS

Market Sentiment Guide: Remember, combining our technical analysis with the broader market context is critical to trading. In this guide, we show you step-by-step the most effective way to analyse and apply market sentiment to your trading. From beginners to advanced traders, the importance of this information can't be overstated.

Support & Resistance Basics: In this lesson, we covered the concept of support and resistance. This resource from Investopedia provides a good summary of what we learned – it does dive into a few advanced tactics like moving averages & Fibonacci levels all of which we'll cover in detail shortly.

EXTRA READING

The Psychology of Support & Resistance. Not only is it important to remember the definition of support and resistance, but it's also critical (perhaps even moreso) to understand why they work. This article from Investopedia dives into exactly this.

CHAPTER 7

RECOMMENDED READING

Moving Average Guide: This guide is your one stop shop for reviewing the formula for a moving average, why they can be useful, common mistakes people make trading with moving averages, actionable ways to trade with moving averages including the crossover strategy, and much more.

Fibonacci Retracement Guide: As you learned, price often retraces to key Fibonacci levels after a move up or down and depending on how far price retraces we can evaluate the strength of a trend. In this guide, you'll learn how to setup your Fibonacci tool in TradingView, draw your levels, and use Fibonacci retracement in your trading.

EXTRA READING

Volume & Open Interest: For traders who want to go above and beyond, we've prepared a guide on volume and open interest. Like our Fibonacci retracement strategy, so too can you use data from an asset's volume and open interest to analyse the strength or weakness of a trend. In this guide, we summarise the principles of volume & open interest and highlight how to use these tools as confluence in your trend analysis.

CHAPTER 8

RECOMMENDED READING

What Type of Trader Are You Quiz: In this lesson, we reviewed how the differences between intraday, day, and swing traders. While one is not at all better than another, your lifestyle, financial goals, and desires are just three of several factors that influence which type of trading you may be best suited for. Take this quiz to find out which style suits you best!

Lessons from History's Greatest Traders: Remember, it's just as important, perhaps even more important, to know how to apply your knowledge of TA as it is to learn how to draw lines on a chart. To get great at trading, you need to think like a trader. One of the best ways to begin is by absorbing information from several different successful traders – do this enough and you'll start picking things up on the chart. We've compiled key takeaways from some of the world's greatest traders like Ray Dalio, Paul Tudor Jones, and more, into one podcast episode for you. Enjoy!

EXTRA READING

Wyckoff Method Guide: One of the best things you can do for your trading career is simplify your technical analysis. You definitely do not need 10+ indicators and a chart covered in different color lines to become a profitable trader. There are, however, a variety of models that use technical analysis to try and explain price action using schematics; learning the principles behind why these models often work can be a helpful exercise in beginning to think like a trader. Wyckoff's Accumulation and Wyckoff's Distribution are two models you can use for this exercise – remember, don't memorise the pattern, but rather try to use your knowledge of technical analysis to explain why this model is logical.