

Introduction to Confluence Trading



MINDJACKED

Background

This is an introductory course

I am going to share some basic concepts and talk about how I use them to find areas of confluence on a chart that I can use to find potential trades

If you find the tools useful then spend the time and effort to learn more about them and practice/backtest using them on real charts

There is no replacement for consistent effort!

Sources/inspiration for my TA:

I have learned from so many different sources that it would be impossible to list them all

However some of my heaviest influences have been:

- Chartchampions.com
- Tradingriot.com
- Mindset_BTC
- All of Crypto Twitter, for better or worse!
- The members and superstars in the MindJacked Discord
- Oh and George. Can't forget George (no matter how hard I try!)



Part 1: What is Confluence Trading?

“This term can be used when employing technical analysis, by looking at charts with multiple indicators or overlays and developing levels where different indicators are combined to help identify possible opportunities.”

- From Investopedia.com

In short:

We are using various technical analysis (TA) tools to understand the context on the chart and to find areas where multiple levels line up in such a way that we can create areas on the chart that, depending on the reaction in that area, we are interested in participating in the market

Just like when your mom said “tidy desk, tidy mind” and you thought it was bullshit...

It doesn't take long for anyone with any experience in trading to understand that you're going to make better trading decisions if your chart looks like this:



Part 1: What is Confluence Trading?



Part 1: What is Confluence Trading?



- Instead of this

Both charts contain the same technical analysis but one of these things is not like the other!

Part 1: What is Confluence Trading?

Remember:

1. You don't always have to be participating in the market

As traders we have the luxury of deciding when we want to get into the market, hopefully extract capital, and get out again

Don't give up your power to choose just because that little excitable monkey inside you wants to get involved

Do you think pro poker players go "all in" on shitty hands just because they're bored?

2. If you're not participating at a specific level then it's fine not to understand why anyone else would and stay out

We want to wait for areas on the chart where we can participate with an edge based on our experience and statistics

Just because there's a lot of volume/interest in a specific level doesn't mean you need to get involved if you don't understand the reasons why those people/algos are participating there

"FOMO is the mind killer" - Dune (probably)



Part 1: What is Confluence Trading?

Once we understand that we can use the various tools in our TA toolbox (which may or may not be relevant depending on the current context) to find levels on the chart that we have a high conviction will give us a trade if/when price reaches that area we can keep our charts clean

IF A LEVEL DOESN'T GIVE YOU A POTENTIAL TRADE, IT DOESN'T BELONG ON YOUR CHART

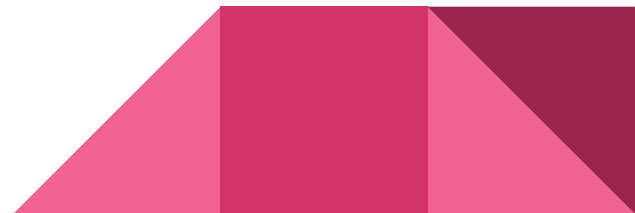
If you're even a little into your trading journey then you'll recognize the "paralysis by overanalysis" syndrome that I think every trader goes through:

"Ok so it looks like we're going down here but then again we've got a Daily level right here and there's a fib level just below us and the volume is fading and and and and"

And...you miss your trade!

Or, you take your trade and then obsess about whether you were right or not and don't let it develop according to your original plan

Overmanaging and overthinking trades can be just as harmful as taking bad trades, since they often amount to the same thing



Part 1: Getting TradingView Setup Correctly

So now that you understand what we're trying to achieve here, before we look into the specific TA tools we will be using to create our confluence areas on the chart, like any good workperson (see, I can be woke too!) we're going to make sure our tools are well understood and well organized

The main tool we are going to be using all throughout this course is TradingView

I am a paid subscriber (and suggest anyone serious about trading makes this one of their first paid investments - not financial advice!!) however for the purposes of this video I have created a brand new FREE account on TradingView

This way anyone with a computer and an internet connection will be able to use all of the free tools we cover

If I demonstrate tools that are only available on paid plans, I will make that clear during that section

So, let's get into it



Part 1: Getting TradingView Setup Correctly

Look and feel

This is very individual so I will share my main setup

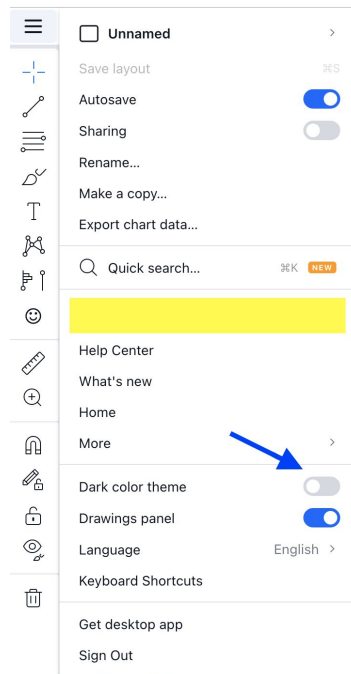
If you're going to be getting seriously into trading you're likely to be spending many, many hours looking at the chart

So to save your eyes (they're still going to suffer - blue light blocking glasses are a must!) it makes sense to me to have a dark theme

Step 1

Click the "Hamburger" menu in the top left

Select "Dark color theme"



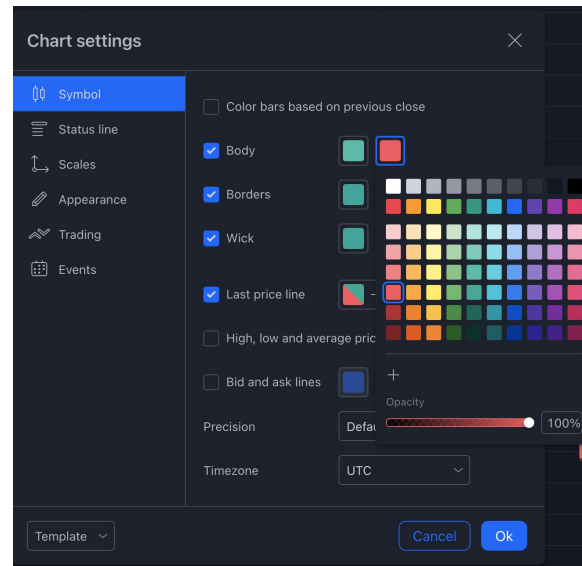
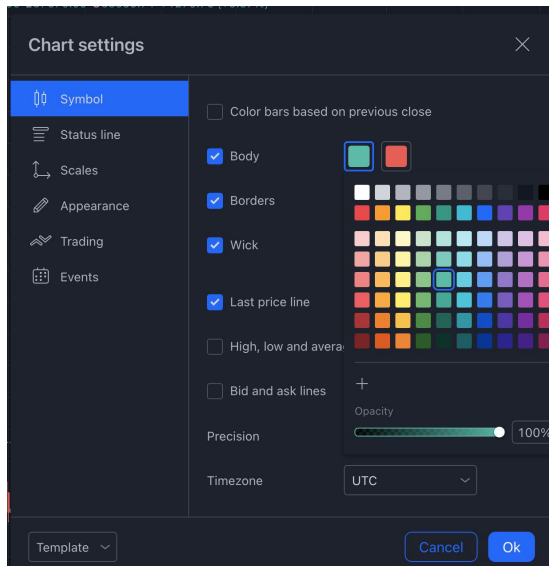
Part 1: Getting TradingView Setup Correctly

Symbol>Colors

You can just leave them as they are but personally I just like them to be a little softer

You will need to repeat this on:

- Body
- Borders
- Wicks

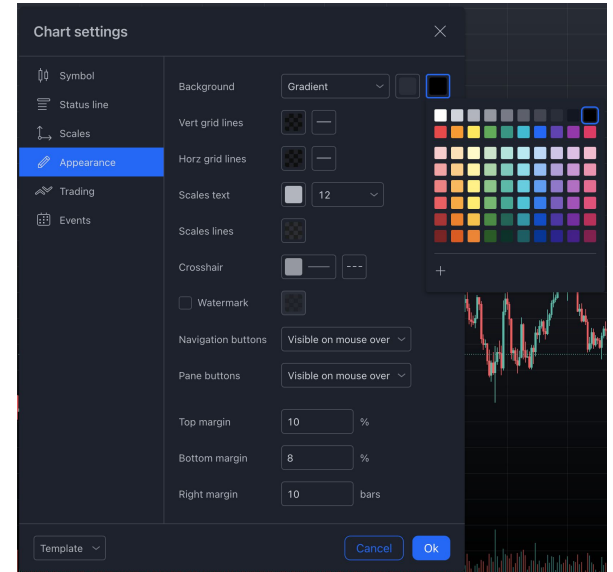
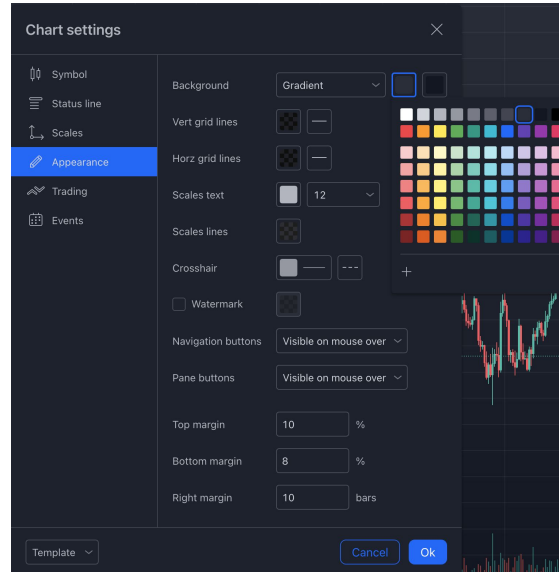


Part 1: Getting TradingView Setup Correctly

Appearance>Background

For me it's easiest on my eyes if I use a slight gradient

You can play around with this to get it to your liking



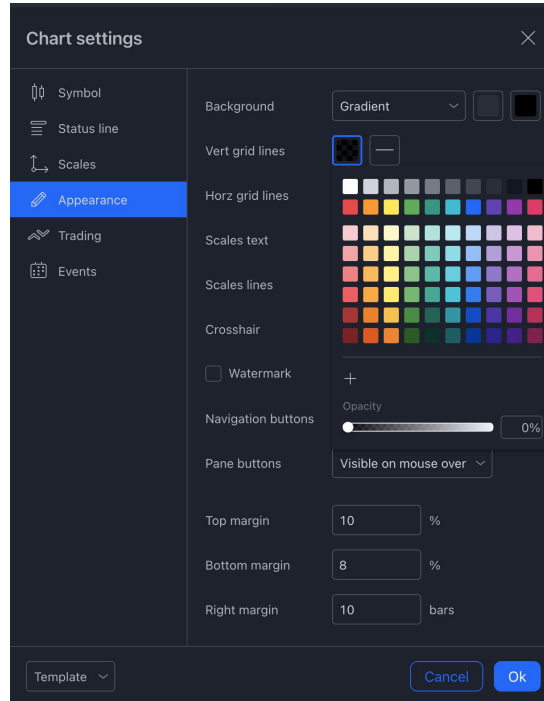
Part 1: Getting TradingView Setup Correctly

Appearance>Vert grid lines and Horz grid lines

Listen, I don't make the rules

But ain't nobody taking you seriously
if you leave on the grid lines

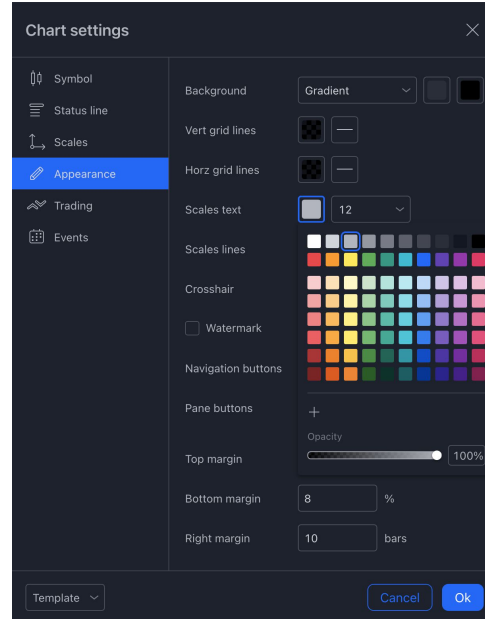
So set the Opacity for both to 0%



Part 1: Getting TradingView Setup Correctly

Appearance>Scales text and Crosshair

In case it isn't already like this by default I like to use this color for these two options



Part 1: Getting TradingView Setup Correctly

Saving

Now that we have this main setup, we want to save it

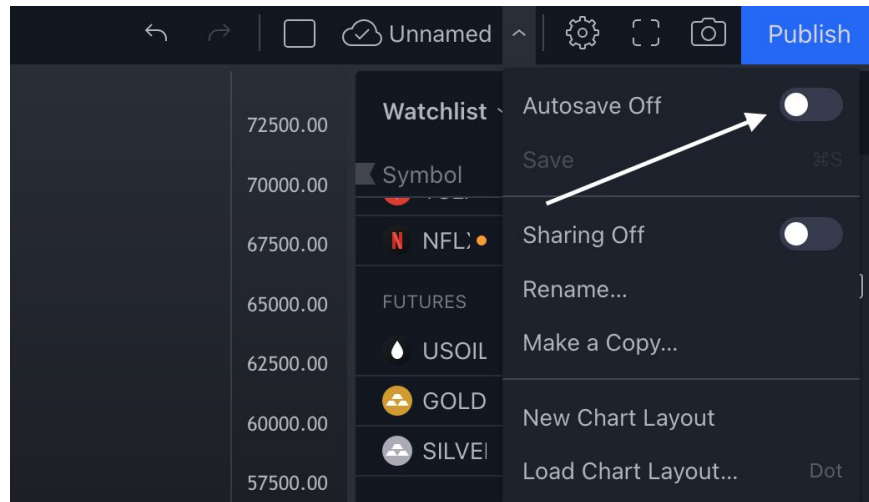
TradingView has likely already saved it so do yourself a favor right now and turn Autosave OFF

I can't tell you how many times I've seen people lose all their work because something happened and TradingView saved over their chart

Just remember to save manually every time you make a major change

You can save anytime by using Ctrl/Command+S

Or just clicking where it currently says "Unnamed" at the top

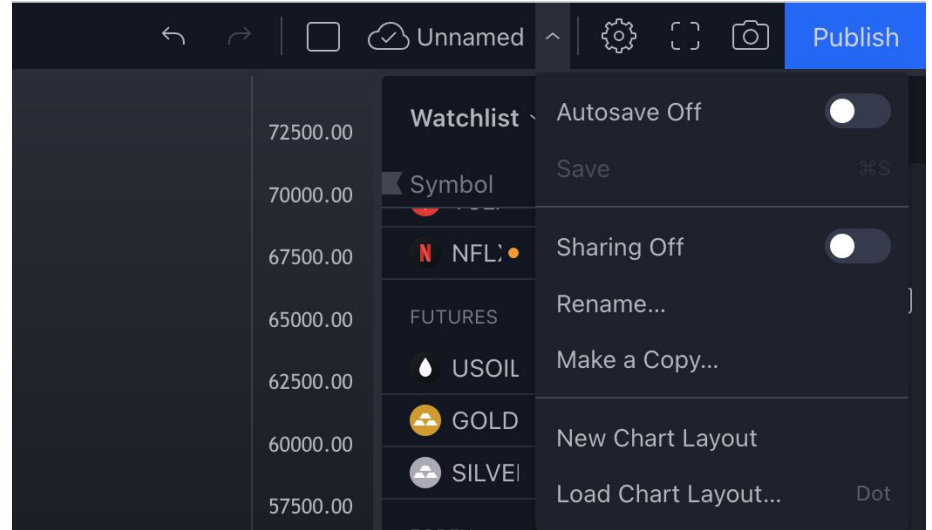


Part 1: Getting TradingView Setup Correctly

Rename

Next click Rename

Call the chart something you can remember as being your “Main” setup



Part 1: Getting TradingView Setup Correctly

And now we have something resembling a workable setup!



Part 1: Getting TradingView Setup Correctly

Indicator Templates

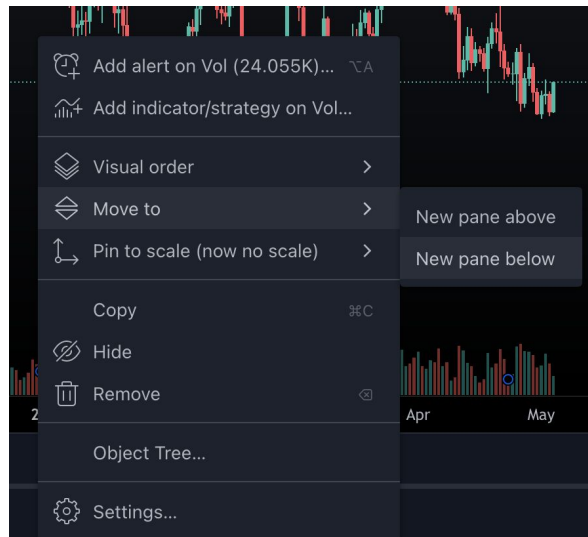
The next thing we need to do is get our indicator templates setup correctly

This will allow us to quickly switch between different indicator setups that we might use for different environments, systems or trade types without a lot of messing around

First of all, let's create a basic one with volume and a VWAP and get it into our menu bar

Hover the mouse over the volume bars at the bottom until the cursor becomes a hand

Right click>Move to>New Pane Below



Part 1: Getting TradingView Setup Correctly

Indicator Templates

Now we have volume in a separate pane below which, for me, is more useful because that way I can very quickly put volume on and off by double clicking on the main pane (the one with the candlesticks)

But the volume pane is far too large for my liking so put your cursor over the dividing line and drag it down to make it more of a reasonable size

You can always make it bigger if/when you need to and then put it back to where it was once you're done looking at the volume



Part 1: Getting TradingView Setup Correctly

Indicator Templates

So now we have a chart that looks something like this



Part 1: Getting TradingView Setup Correctly

Indicator Templates

Let's add a standard session VWAP to the mix

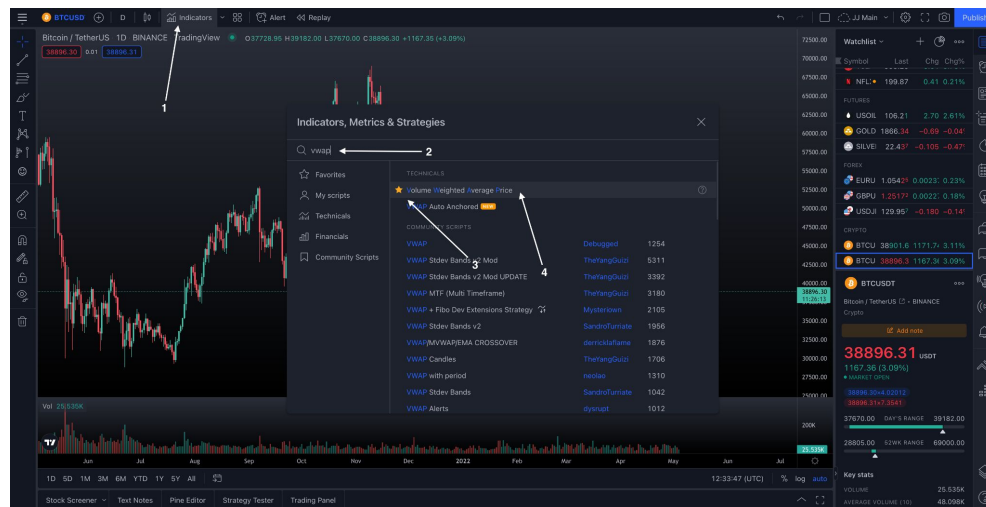
1 - Click "Indicators" at the top

2- Type "vwap" into the search bar

3 - Click the star to the left of Volume Weighted Average Price" (this isn't essential, just puts it in your "Favorites" section that you can see on the left, making it easier to find again later)

4 - now click on the "Volume Weighted Average Price" to put it on your chart

5 - Click the "X" on the top right to exit



Part 1: Getting TradingView Setup Correctly

Indicator Templates

Now your chart should look like this

But where is the VWAP?

It's there! But probably almost impossible to see on a Daily timeframe

So let's go down to the 30m timeframe



Part 1: Getting TradingView Setup Correctly

Indicator Templates

Now we can see this

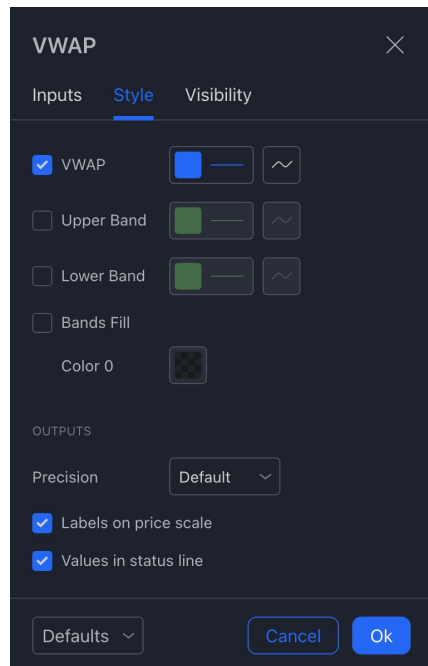
Go to the top where you can see “VWAP session” and click on the gear icon to get to the settings



Part 1: Getting TradingView Setup Correctly

Indicator Templates

On the “Style” section untick the “Upper Band” the “Lower Band” and “Bands Fill” options and click “Ok”



Part 1: Getting TradingView Setup Correctly

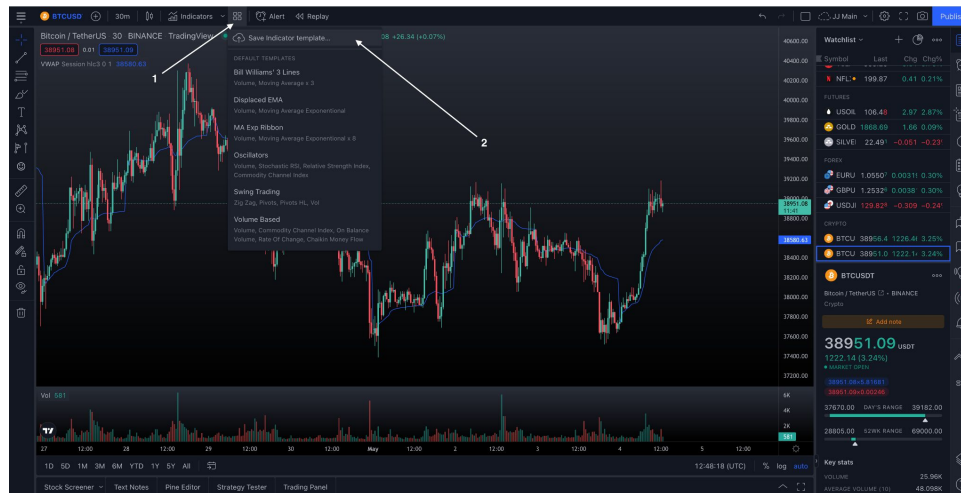
Indicator Templates

So now we have a basic template with volume in a separate pane to the candles and a basic session VWAP

Let's set it up as a template we'll call "Basic"

1 - Click the 4 squares in the menu bar

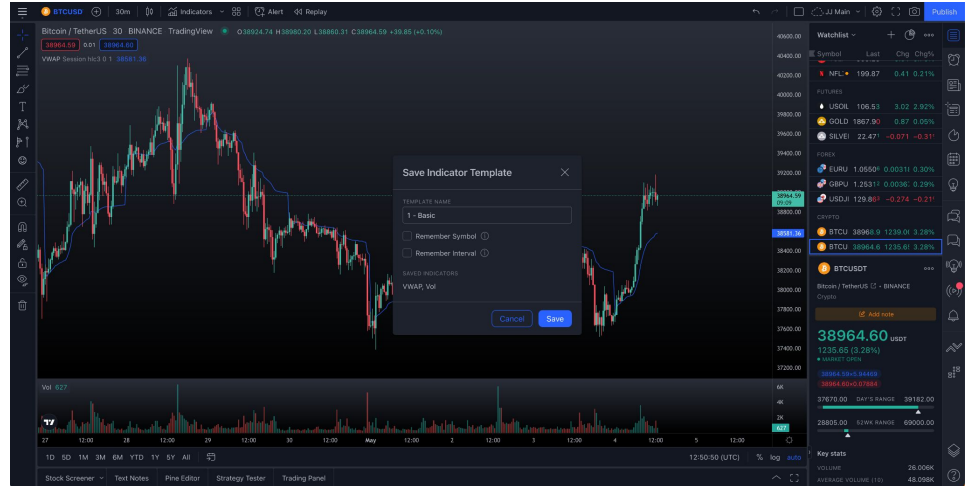
2 - You'll see some "default" templates below, you can play around with them later if you like but for now just click "Save Indicator template"



Part 1: Getting TradingView Setup Correctly

Indicator Templates

Under “Template Name” enter “1 - Basic” and click “Save”



Part 1: Getting TradingView Setup Correctly

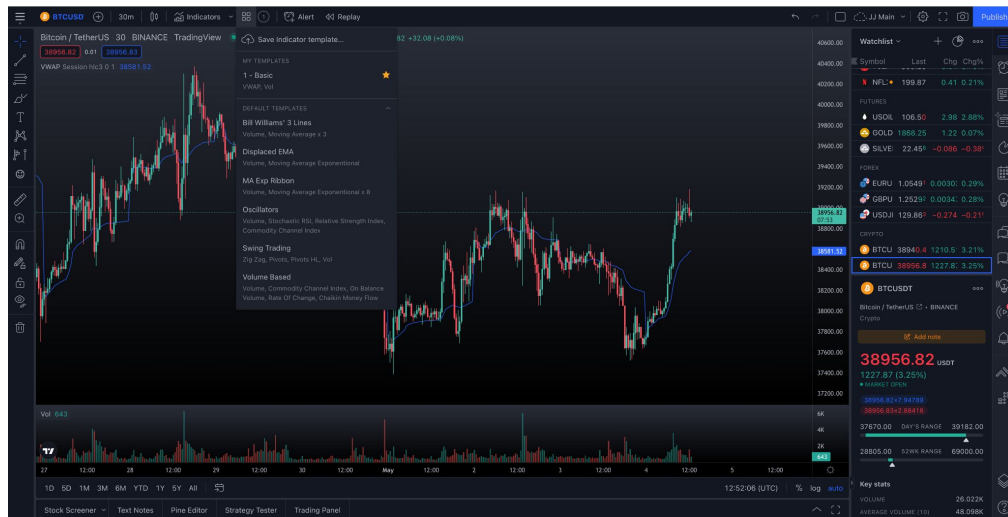
Indicator Templates

Now go back to the four squares in the menu bar and next to “1 - Basic” click the star

Now you'll see a 1 in a circle next to those 4 squares

Congratulations, that's your first indicator template!

Now, to setup multiple templates you'll need have a paid plan but then you can have as many as you like and easily switch between them!



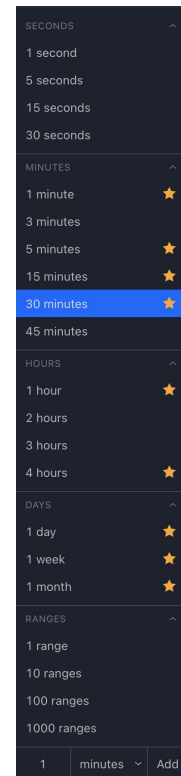
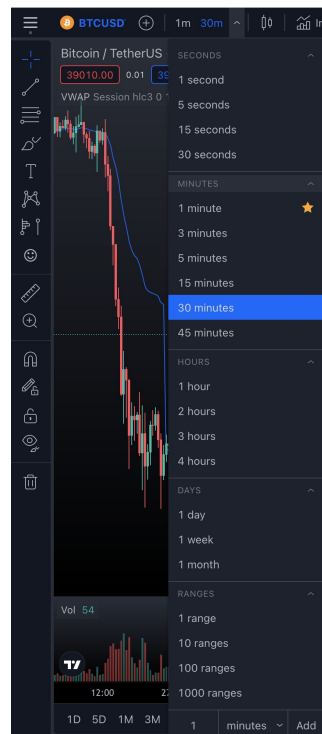
Part 1: Getting TradingView Setup Correctly

Timeframes

Having your most used timeframes in the menu bar can be a big timesaver

So we're going to select the ones I use most, of course feel free to select your own

We do this by clicking on the current timeframe in the menu bar in the menu bar then selecting our "favorite" timeframes by clicking the star to the right of each one



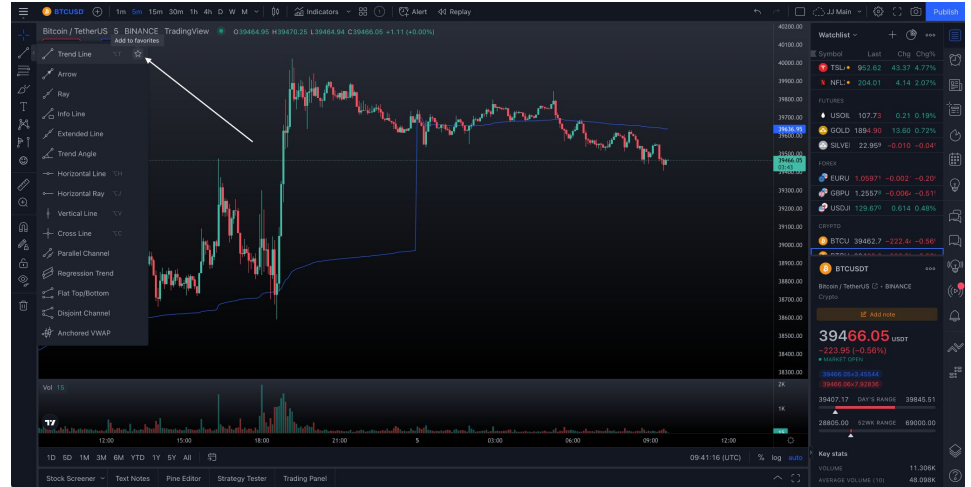
Part 1: Getting TradingView Setup Correctly

Favorite Tools

This one is really individual and my own favorites tend to change over time

But let's get some basic tools in a favorites bar to streamline our TA

We're going to do this by selecting the various tools from the menu on the left side of the screen and clicking the star to the right of each one



Part 1: Getting TradingView Setup Correctly

Favorite Tools

These tools should be good enough to get started!

You can find them by matching up their icons in the different tool folders in the menu on the left side of the screen

Now we can move this favorites bar around whenever we need by grabbing the area to the left (where the arrow is) with the mouse and dragging it to wherever we want on the screen



Part 1: Getting TradingView Setup Correctly

Tool Templates

As we go through this course we will often be using the same tool but in very different ways

To allow us to do this, we will need to change the settings in that tool's menu

This can be done manually every time but that is far from efficient

So instead we will set up "templates" for each tool

To demonstrate this, we will now create a new template for the "trend line" tool



Part 1: Getting TradingView Setup Correctly

Tool Templates

First we will select the trendline tool and draw a trendline

(Tip - hold SHIFT while drawing a trendline/channel etc to make it perfectly horizontal)

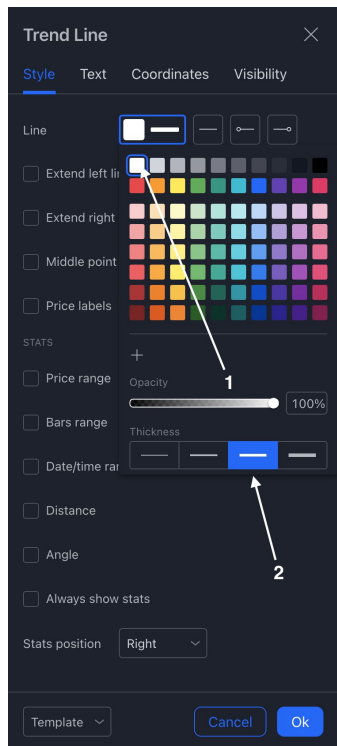


Part 1: Getting TradingView Setup Correctly

Tool Templates

Next we will double click on the trend line to bring up the settings

Change the color to white and the thickness to the third one along

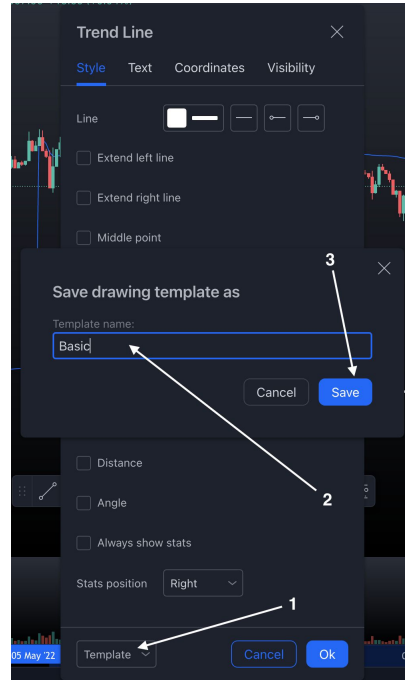


Part 1: Getting TradingView Setup Correctly

Tool Templates

Now click Template>Save As

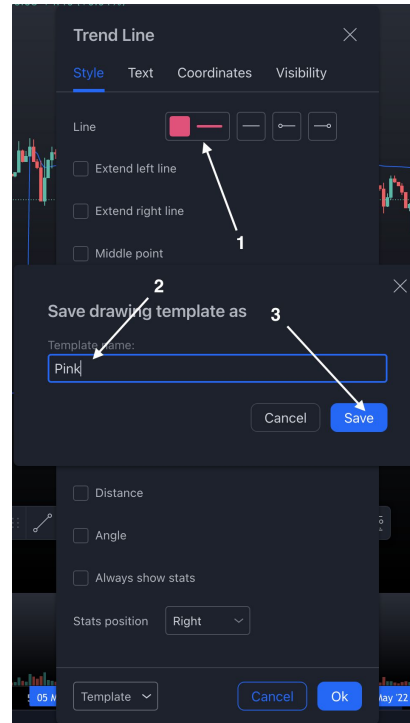
In the popup under “Template Name:” type “Basic” and click “Save”



Part 1: Getting TradingView Setup Correctly

Tool Templates

Now we're going to change the line color to pink and save this one as "Pink"



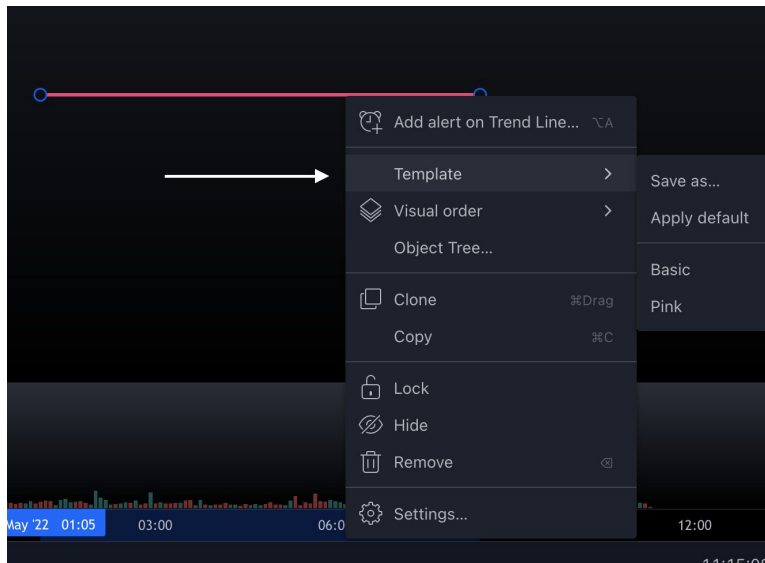
Part 1: Getting TradingView Setup Correctly

Tool Templates

Now on any trend line you draw you can right click and go to Template

Then you can very quickly switch between the two templates

Although this is a very basic demonstration, this setup of creating templates can be used for any tool and for any variety of different settings



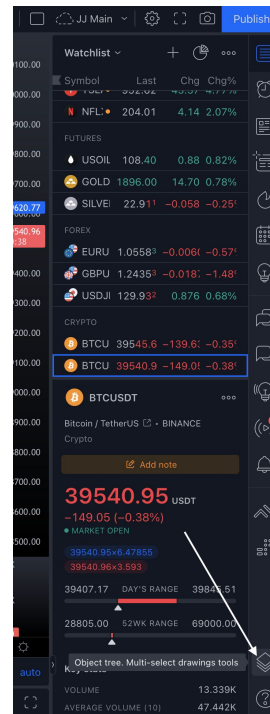
Part 1: Getting TradingView Setup Correctly

Object Tree

Now we get to what I believe is a highly underutilized tool on TradingView

The Object Tree allows us to see all of our TA, name each one if we wish, group them together in separate folders and turn them off and on with a single click

It can be found by clicking the icon shown in the picture



Part 1: Getting TradingView Setup Correctly

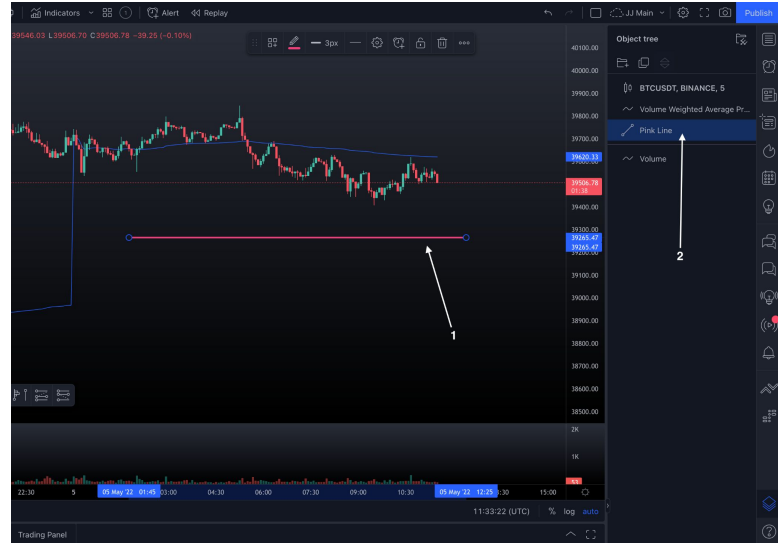
Object Tree

Firstly select the Trend Line tool and draw a Trend Line anywhere

Then (if not already Pink) right click the Trend Line>Template>Pink

You'll see this trendline highlighted in the Object Tree called "Trend Line"

Right click it in the Object Tree>Rename>type "Pink Line">Return



Part 1: Getting TradingView Setup Correctly

Object Tree

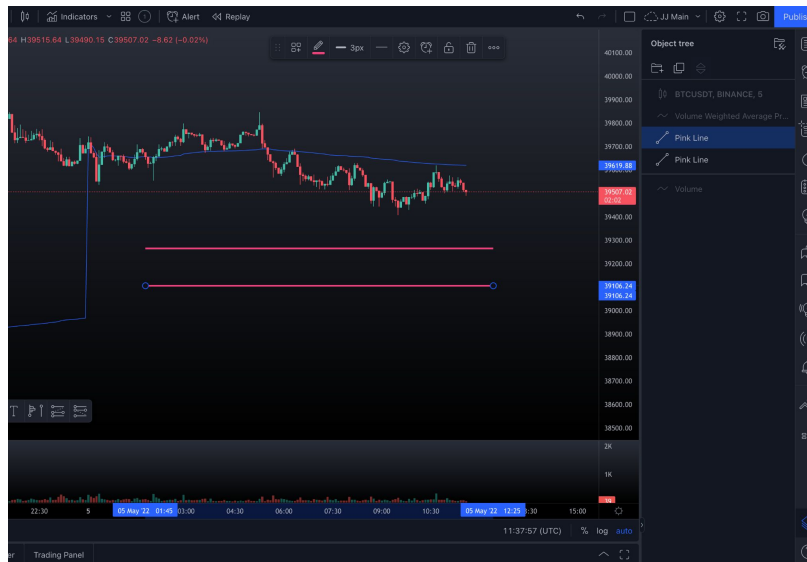
Now we're going to draw another Trend Line

We could just select the Trend Line tool but because we already have a Trend Line handy on the chart we can just copy it

Click on the Pink Trend Line so it's active (you'll see little circles on both sides to indicate it's active) > Hold down Command/Ctrl > Drag up/down

You will now have 2 Pink Trend Lines

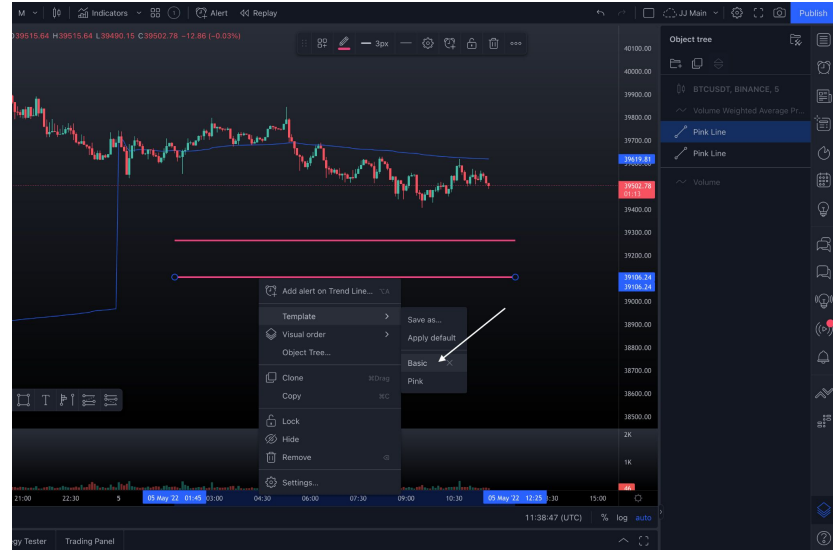
The newest one will be highlighted in the Object Tree



Part 1: Getting TradingView Setup Correctly

Object Tree

We want to use a different Template for this new Trend Line so we select it>Right Click>Template>Basic

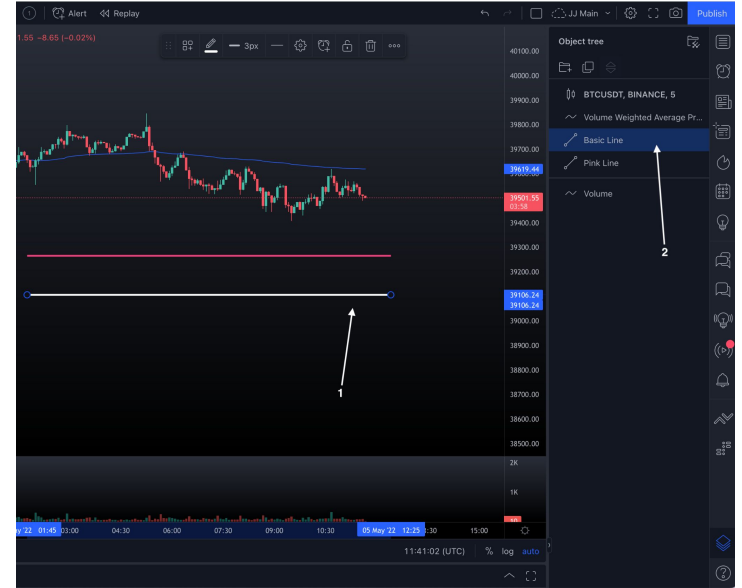


Part 1: Getting TradingView Setup Correctly

Object Tree

Now click on the Basic Trend Line again to make sure it's active and now highlighted in the Object Tree

In the object tree Right click>Rename>Type "Basic Line">Return



Part 1: Getting TradingView Setup Correctly

Object Tree

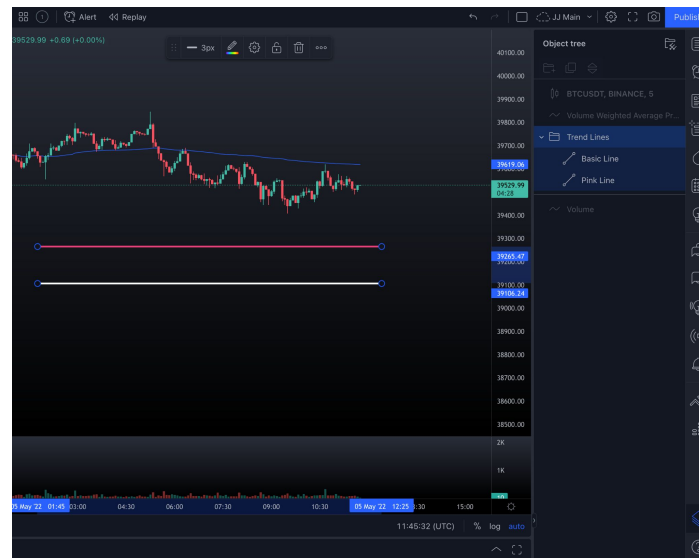
Now we have two Trend Lines in our Object Tree we can group them together in a single folder

First hold Shift>Click both Trend Lines in the Object Tree>Let go of Shift>Right Click>click "Create Group of Drawings">where it says "Group 1" Right Click>Rename>type "Trend Lines">Return

Now Save the chart!

Congratulations

You now have your first nicely organized folder in the Object Tree



Part 1: Getting TradingView Setup Correctly

Watchlist

The next step is getting the Watchlist into a useable state

The setup of the Watchlist is incredibly personal and really depends on what assets you're interested in trading and monitoring most

So we will do just a basic setup and you can play around with it to set it up to your liking

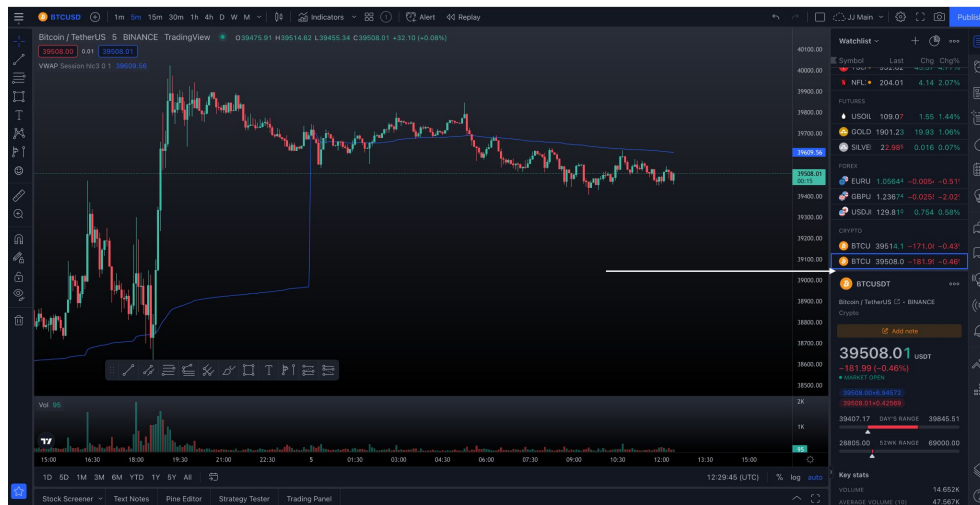
First click on the Watchlist icon on the menu on the right to activate it on your screen



Part 1: Getting TradingView Setup Correctly

Watchlist

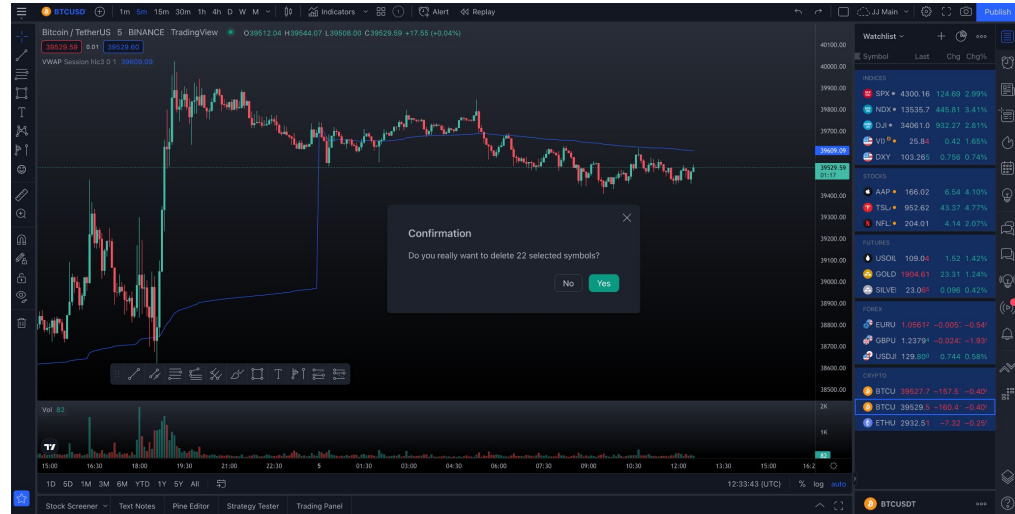
I personally don't want or use the information in the lower section of the Watchlist, so you can put your cursor on the dividing line and drag it down to the bottom to make it as small as possible



Part 1: Getting TradingView Setup Correctly

Watchlist

Next we can go select all of the data in the watchlist by clicking the first one (INDICES), holding shift, clicking the last one (ETHUSD) and hitting Delete on your keyboard>click Yes



Part 1: Getting TradingView Setup Correctly

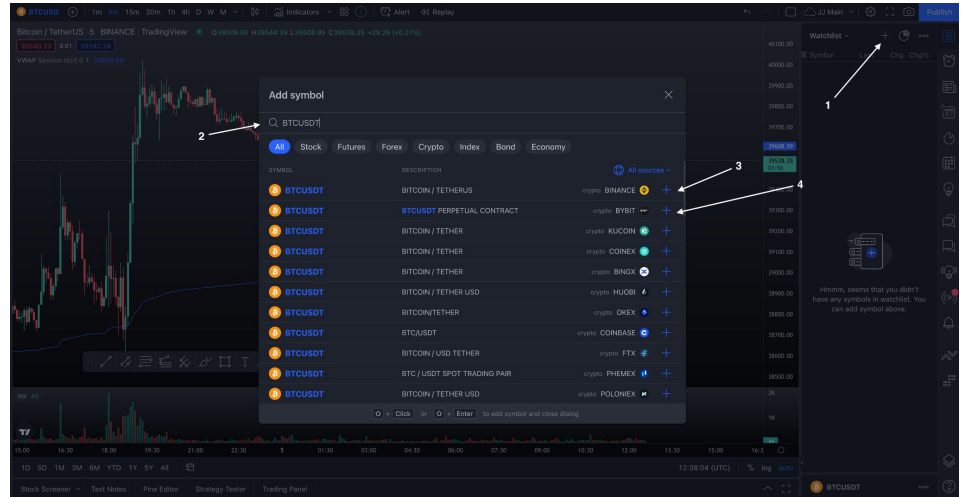
Watchlist

Now the watchlist is blank so we will add 2 tickers

1 - BTCUSDT on Binance

2 - BTCUSDT Perpetual Contract on Bybit

- Click the “+” next to “Watchlist” within the Watchlist area
- Type “BTCUSDT” into the search field
- Next to these 2 tickers click the blue “+” sign



Part 1: Getting TradingView Setup Correctly

Watchlist

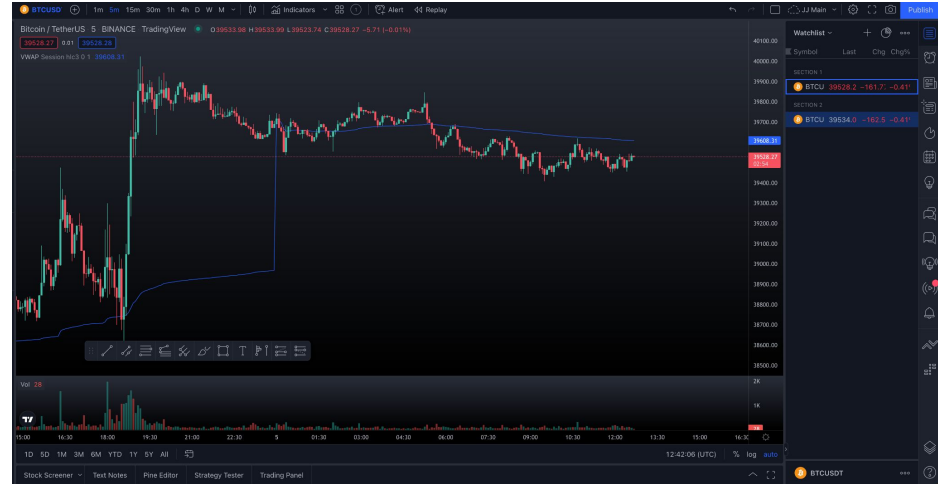
Now we will see these 2 tickers in the Watchlist but they will be very hard to differentiate just by looking at them

So we will create two sections

First, right click the first ticker (which should be BTCUSDT on Binance) in the Watchlist and click Add Section

Now do the same thing for the second ticker (which should be BTCUSDT Perpetual Contract on Bybit)

It should now look like this



Part 1: Getting TradingView Setup Correctly

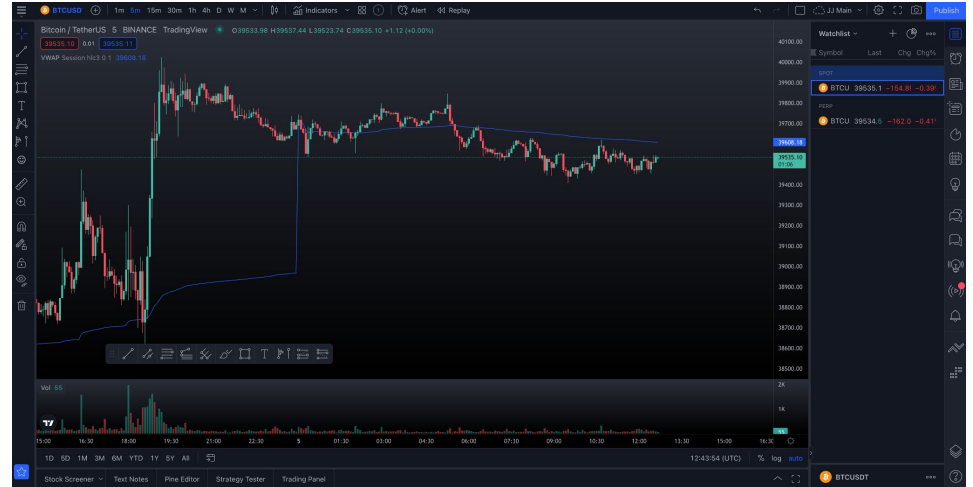
Watchlist

Right click where it says “Section 1”>Rename>Type
“SPOT”>Return

Do the same thing with “Section 2” and rename it
“PERP”

Now you have 2 tickers separated by category

Much more can be done with the Watchlist but now
you have this basic setup you should be able to
play around with it and set it up how you like



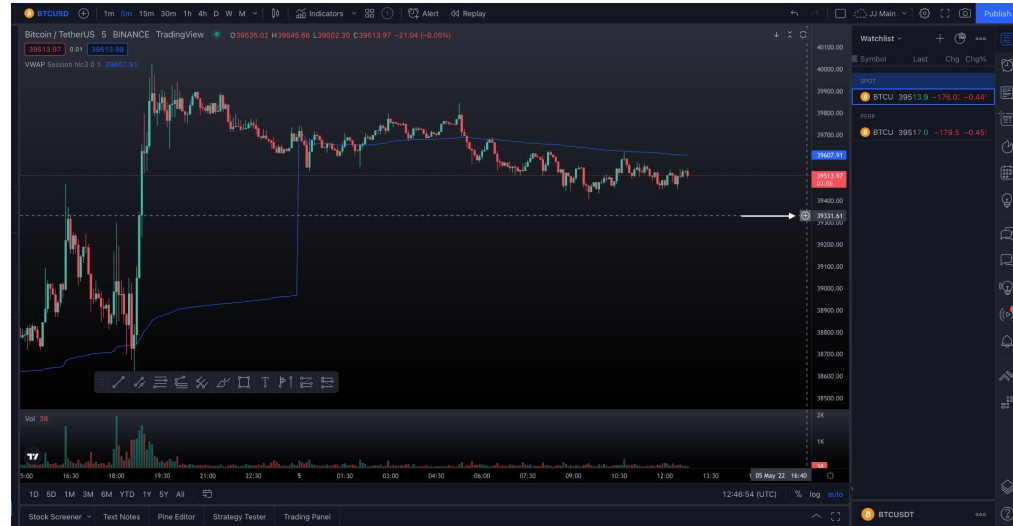
Part 1: Getting TradingView Setup Correctly

Alerts

Alerts can be used in many ways, the simplest of which is to let you know when the asset trades at the price you set the alert for which is what we will focus on here

You can set alerts by right clicking at relevant price>add alert

But I prefer to just click the “+” at the relevant price>Add alert



Part 1: Getting TradingView Setup Correctly

Alerts

You'll now get an alert line at the price you set the alert for

I don't like this because I want to keep my chart clean, so I turn the line off

You can do this by putting your cursor over the alert line>Right Click>Extend alert lines

Now you will see just a small orange arrow at the relevant price instead of the line



Part 1: Getting TradingView Setup Correctly

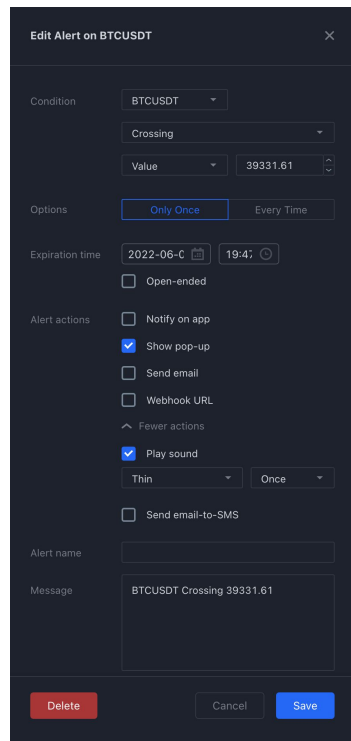
Alerts

If you double click the orange arrow the settings for the alert will pop up

Here you can select whether you want the alert to happen only once or every time the price crosses the level of the alert

You can edit the message (I often like to write what I'm looking for at that price to instantly remind me)

If you click "More Actions" you can set the alert to play a sound, which for me is important as then I am much less likely to miss it



The screenshot shows the 'Edit Alert on BTCUSDT' settings window. The 'Condition' is set to 'BTCUSDT' and 'Crossing'. The 'Value' is set to '39331.61'. The 'Options' are set to 'Only Once'. The 'Expiration time' is set to '2022-06-01 19:47'. The 'Alert actions' include 'Show pop-up' (checked), 'Send email', 'Webhook URL', 'Play sound' (checked), and 'Send email-to-SMS'. The 'Alert name' is empty and the 'Message' is 'BTCUSDT Crossing 39331.61'. The window has 'Delete', 'Cancel', and 'Save' buttons at the bottom.

Part 1: Getting TradingView Setup Correctly

Conclusion

Using TradingView is a highly personal experience and it should be set up in a way that you feel most comfortable and confident with

However my hope is that this guide provides a solid basic setup for crypto, as well as some tips and tricks to better organize data

Now that we've got our tools ready to go we can get into the fun stuff - Technical Analysis of the chart

