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Trading Education Series

Trading Strategies & Systems

Complete Systems, Real Entries, and Proven Setups

Volume 4

From theory to profitable execution

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2026 Edition

Free Educational Resource

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INTRODUCTION

From Theory to Profit

Volumes 1–3 gave you the foundation: market mechanics, technical analysis, and risk management. This volume is where everything comes together into actionable, testable trading strategies that you can take to the market today.

A trading strategy is a complete, repeatable system for finding, entering, managing, and exiting trades. It is not a single indicator or a “trick” — it is a defined process with specific rules. The best strategies are simple, rules-based, and tested.

This book covers the four major strategy families (trend following, mean reversion, breakout, and price action), then teaches you how to combine them, manage trades, and build your own personal playbook. The final chapter gives you 5 complete strategy templates ready to backtest.

By the end of this volume, you will not be asking “what should I trade?” — you will know exactly which strategy to use, when, and how.

> DID YOU KNOW?
>
> The best traders do not have the best indicators. They have the best process. A simple strategy executed with discipline beats a complex strategy executed emotionally. This book is about building that process.

This is Volume 4 of the Trading Education Series. We assume familiarity with Volumes 1–3: market basics, technical analysis (MA, RSI, MACD, Bollinger, Fibonacci), and risk management (position sizing, R-multiples, drawdown control).

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CHAPTER 01

What Makes a Strategy Work

Before learning specific strategies, you need to understand what separates a real strategy from a random collection of rules. A working strategy has:

1. A Defined Edge

An edge is a statistical advantage. It means that over a large sample of trades (100+), the strategy produces more money than it loses. The edge comes from exploiting a repeatable market behavior — trending, mean-reverting, breaking out, or overreacting.

2. Positive Expectancy

Expectancy = (Win Rate × Average Win) – (Loss Rate × Average Loss). A positive expectancy means every trade is worth taking, regardless of whether it wins or loses individually. Without positive expectancy, no amount of risk management can save you.

3. Clear Rules

If you cannot write your strategy on an index card, it is too complicated. A good strategy answers exactly five questions:

- What market condition? (trending, ranging, volatile, calm)
- What setup? (specific conditions that must be present)
- What entry trigger? (exact event that gets you in)
- Where is the stop? (invalidation point)
- Where is the target? (exit strategy)

4. Tested Performance

A strategy must be backtested (200+ historical setups) and forward-tested (50+ live/demo trades) before you risk real money on it. If you cannot show a positive track record on paper, you should not trade it live.

> KEY TAKEAWAY
>
> A strategy is not an indicator, a feeling, or a tip from the internet. It is a complete, tested system with defined rules, positive expectancy, and a documented track record. If yours does not have all four elements, it is not a strategy yet.

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CHAPTER 02

Trend Following Strategies

Trend following is the oldest and most consistently profitable approach to trading. The core principle is simple: identify the trend, trade in its direction, and ride it until it ends.

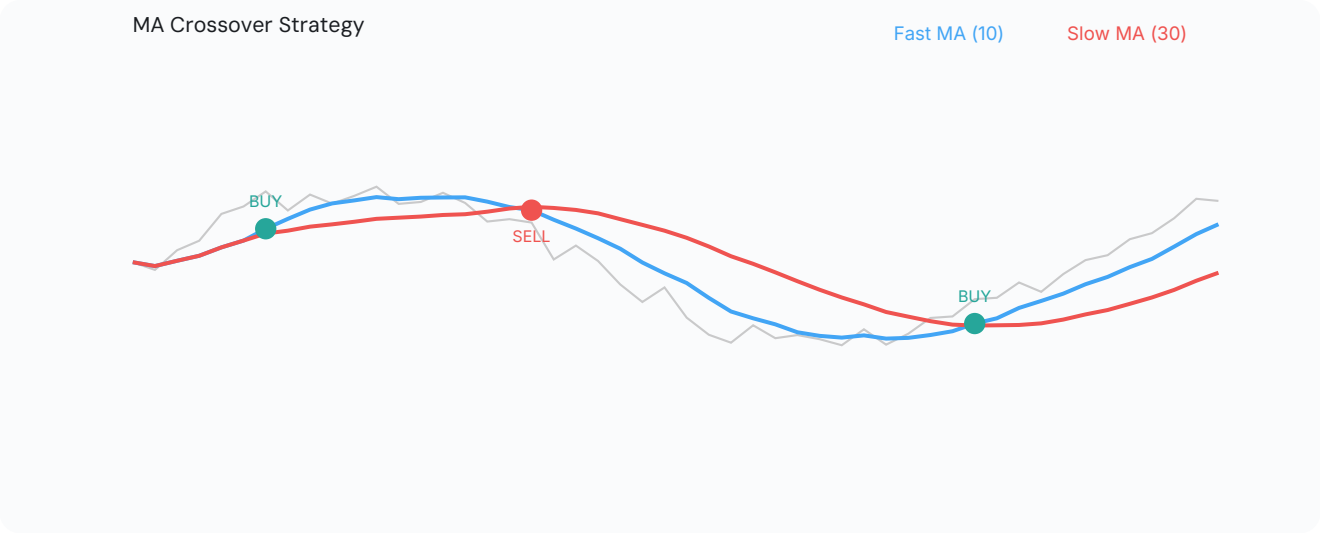


Fig 2.1 — MA crossover strategy: buy when fast MA crosses above slow MA (green), sell on cross below (red).

Strategy 2A: Moving Average Crossover

Component	Rule
Market	Any trending instrument (forex, crypto, indices)
Timeframe	Daily or H4
Indicators	10 EMA (fast) + 50 SMA (slow)
Buy signal	10 EMA crosses above 50 SMA
Sell signal	10 EMA crosses below 50 SMA
Stop loss	Below most recent swing low (or 2x ATR)
Take profit	Trail using 10 EMA — exit when price closes below 10 EMA
Expected win rate	35–45%
Expected RR	1:2 to 1:5 (few winners, but they are large)

The MA crossover works because trends persist. When the fast MA crosses the slow MA, it confirms that momentum has shifted. The trade rides the trend until momentum fades. The win rate is low (many false signals in ranging markets), but the winners are significantly larger than the losers.

Strategy 2B: Donchian Channel Breakout

The Donchian Channel plots the highest high and lowest low of the last N periods. A breakout above the upper channel = buy signal. Below the lower channel = sell signal. Richard Dennis used this system (the "Turtle Trading" rules) to turn $400 into $200M.

Component	Rule
Channel period	20 days (classic Turtle setup)
Buy	Price closes above the 20-day high
Sell	Price closes below the 20-day low
Stop loss	10-day low (for longs) or 10-day high (for shorts)
Position sizing	ATR-based: risk 1% of account per 1 ATR of stop distance

When Trend Following Fails

Trend following performs poorly in ranging markets (also called "choppy" or "sideways" markets). The strategy generates multiple false signals as price oscillates without trending. Experienced trend followers use a filter (e.g., ADX above 25) to avoid trading in range-bound conditions.

PRO TIP

Trend following requires patience. You will have many small losses while waiting for the next big trend. The money is made in 2–3 trades per year that catch a major move. The rest is noise you must survive through.

Strategy 2C: Price Above 200 SMA Filter

The simplest trend-following system: only take long trades when the daily close is above the 200 SMA. Only take shorts when below. No crossover needed — just a directional filter. This one rule alone eliminates most losing trades for beginners.

Combine this with ANY entry signal (pin bar, engulfing, RSI bounce) and you have a complete trend-following strategy. The 200 SMA filter is the closest thing to a "cheat code" in trading.

Trend Following Performance Across Asset Classes

Asset	Works Well?	Notes
Forex majors	Yes	Trends often last weeks; carry trade supports direction
Crypto	Excellent	Massive trends; BTC/ETH trend for months
Indices (S&P;, DAX)	Yes	Long-term bullish bias; trend with the market

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Commodities	Yes	Oil, Gold trend strongly on macro narratives
Individual stocks	Variable	Sector rotation creates short-lived trends

KEY TAKEAWAY

Trend following is the simplest and most robust strategy family. It works across all markets and all timeframes. The key is letting winners run — most traders fail at trend following because they take profit too early. Expect 35–45% win rate with 1:2–1:5 RR.

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CHAPTER 03

Mean Reversion Strategies

Mean reversion is the opposite of trend following. It exploits the tendency of price to return to the average after stretching too far in one direction. If trend following asks “where is the market going?”, mean reversion asks “how far can it stretch before snapping back?”

Strategy 3A: Bollinger Band Bounce

Component	Rule
Market	Ranging instruments or indices in consolidation
Timeframe	H4 or Daily
Indicators	Bollinger Bands (20, 2) + RSI (14)
Buy signal	Price touches lower BB AND RSI below 30
Sell signal	Price touches upper BB AND RSI above 70
Stop loss	Below lower BB by 0.5x ATR (for longs)
Take profit	Middle band (20 SMA) or opposite BB
Expected win rate	55–65%
Expected RR	1:1 to 1:1.5

Mean reversion has a higher win rate than trend following but a lower average reward-to-risk ratio. The trade-off is more frequent, smaller wins vs fewer, larger wins.

Strategy 3B: RSI Extreme Fade

When RSI reaches extreme levels (below 20 or above 80), price has stretched far from the mean and a snap-back is likely. This strategy fades the extreme:

- Buy: RSI crosses back above 30 from below (was oversold, now recovering).
- Sell: RSI crosses back below 70 from above (was overbought, now declining).
- Stop: below/above the extreme candle’s low/high.
- Target: RSI returns to 50 (the “mean”).

WARNING

Mean reversion strategies are dangerous in trending markets. Buying a dip in a downtrend is catching a falling knife. Always confirm that the market is ranging (ADX below 20, flat MAs) before using mean reversion.

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Strategy 3C: VWAP Mean Reversion (Intraday)

VWAP (Volume-Weighted Average Price) acts as the intraday "fair value." Price tends to return to VWAP throughout the day. When price stretches far from VWAP (1.5–2 standard deviations), a snap-back is likely:

- Buy: price touches lower VWAP band in an overall bullish day (above VWAP at open).
- Sell: price touches upper VWAP band in a bearish day (below VWAP at open).
- Target: VWAP itself (the mean).

VWAP reversion is heavily used by institutional traders and works best on indices and liquid stocks during high-volume sessions.

Mean Reversion vs Trend Following: Which to Choose?

Factor	Trend Following	Mean Reversion
Win rate	35–45%	55–65%
Average RR	1:2 to 1:5	1:1 to 1:1.5
Holding period	Days to weeks	Hours to days
Emotional challenge	Many small losses before big win	Temptation to hold losers too long
Market condition	Works in trends	Works in ranges
Personality fit	Patient, can handle losing streaks	Prefers frequent, smaller wins

Neither is better — they are complementary. Having one of each in your playbook lets you trade in more market conditions.

> KEY TAKEAWAY
>
> Mean reversion works in ranging markets. It answers the question "how far can price stretch before snapping back?" Higher win rate, lower RR. Filter out trends before applying. VWAP reversion is the institutional favorite for intraday.

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CHAPTER 04

Breakout Strategies

Breakout strategies capitalize on the explosive moves that happen when price escapes a consolidation zone. After spending time in a tight range, price builds energy (like compressing a spring) and then releases it in a sharp directional move.

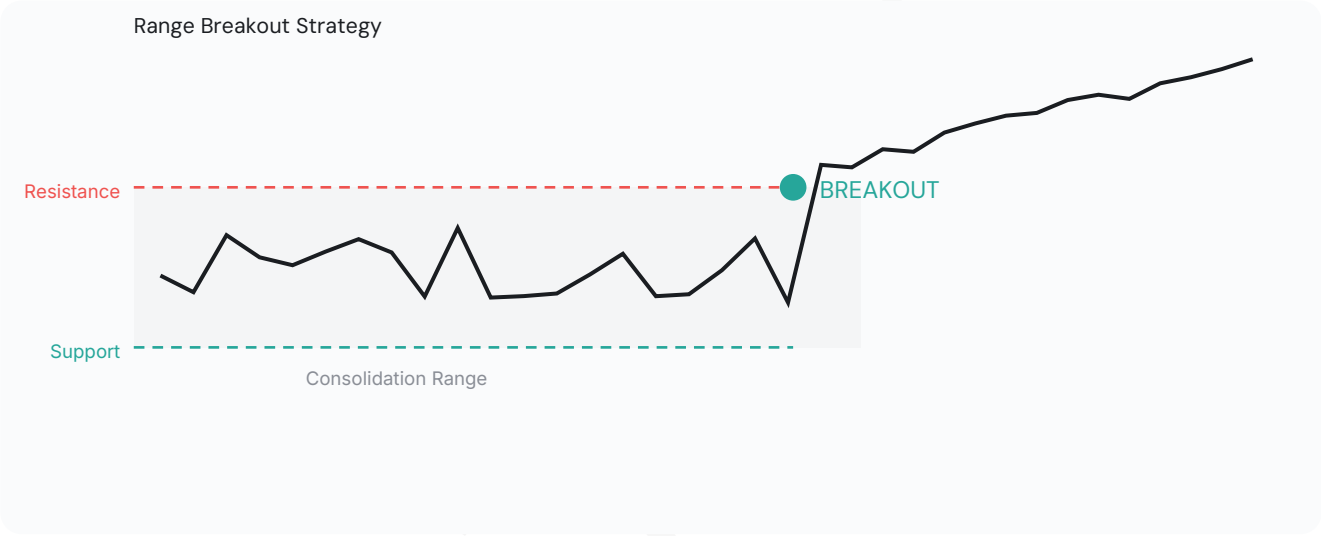


Fig 4.1 — Price consolidates in a range, then breaks above resistance with momentum.

Strategy 4A: Horizontal Range Breakout

Component	Rule
Market	Any instrument after extended consolidation
Timeframe	H4 or Daily
Setup	Clear horizontal resistance/support tested 2-3 times
Entry	Candle closes above resistance (or below support) with increased volume
Confirmation	Volume on breakout candle is 1.5–2x average
Stop loss	Inside the range (middle of the consolidation zone)
Take profit	Range height projected from breakout point (measured move)
Expected win rate	40–50%
Expected RR	1:2 to 1:3

Strategy 4B: London Session Breakout

This is one of the most popular intraday strategies. It exploits the fact that the London session (08:00–10:00 UTC) often sets the direction for the rest of the day:

- 1. At 08:00 UTC, mark the high and low of the preceding Asian session (00:00–08:00 UTC).
- 2. Buy when price breaks above the Asian high; sell when it breaks below the Asian low.
- 3. Stop: opposite side of the Asian range.
- 4. Target: 1–1.5x the Asian range width, or close at 16:00 UTC.

False Breakouts

The #1 risk with breakout strategies is the false breakout (also called a “fakeout” or “bull/bear trap”). Price briefly pierces a level, triggers breakout traders’ entries, then reverses sharply. To reduce false breakouts:

- Wait for a candle close beyond the level, not just a wick.
- Require volume confirmation (breakout candle volume > average).
- Use a buffer zone (e.g., close must be 5+ pips beyond the level).
- Consider retest entries: wait for price to break out, pull back to the level, and bounce. More conservative but higher probability.

KEY TAKEAWAY

Breakout strategies capture the explosive moves after consolidation. The key is volume confirmation and patience — wait for the close, not the wick. Retest entries are safer than breakout entries for beginners.

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CHAPTER 05

Price Action Strategies

Price action trading uses raw price movement — candlestick patterns, support/resistance, and market structure — without relying on lagging indicators. It is the purest form of technical analysis.

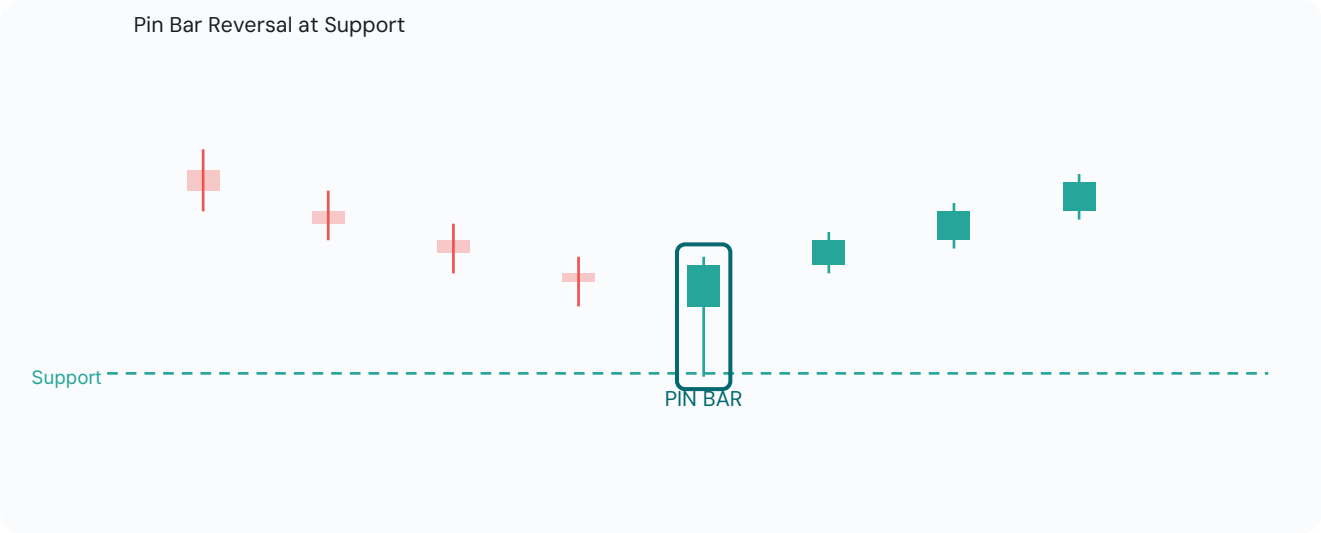


Fig 5.1 — A bullish pin bar rejecting a key support level, triggering a reversal long entry.

Strategy 5A: Pin Bar Reversal at Key Levels

Component	Rule
Setup	Daily pin bar at a key support or resistance level
Pin bar definition	Long wick (2/3 of total range), small body, wick rejects the key level
Buy trigger	Bullish pin bar at support (long lower wick)
Sell trigger	Bearish pin bar at resistance (long upper wick)
Stop loss	Below the pin bar wick (for longs) or above (for shorts)
Take profit	Next key level or 2:1 risk-reward minimum

Strategy 5B: Inside Bar Breakout

An inside bar is a candle whose entire range (high and low) is within the previous candle's range. It signals consolidation and indecision — a smaller coil within the larger move. The breakout of the inside bar triggers entry:

- Buy: price breaks above the mother bar's high (and the trend is up).
- Sell: price breaks below the mother bar's low (and the trend is down).
- Stop: opposite side of the mother bar.

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- Target: 1.5–2x the mother bar's range.

Strategy 5C: Engulfing + S/R

A bullish/bearish engulfing pattern at a key level is one of the most reliable price action signals:

- A bullish engulfing at daily support (body of green candle completely covers prior red candle) = buy signal.
- A bearish engulfing at daily resistance (body of red candle covers prior green candle) = sell signal.
- Stop below the engulfing candle's low; target the next S/R level.

The "Key Level" Requirement

Price action patterns in the middle of nowhere are meaningless. They only work at key levels — horizontal support/resistance tested multiple times, round numbers, Fibonacci levels, or moving averages. The level provides the context; the pattern provides the trigger.

> KEY TAKEAWAY
>
> Price action is clean, simple, and powerful. No indicators required. But patterns only matter at key levels. A pin bar at random is noise; a pin bar at daily support with confluence is a high-probability trade.

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CHAPTER 06

Scalping Systems

Scalping aims to capture small price movements (5–20 pips) over very short timeframes (M1–M15). Scalpers make many trades per day, relying on volume over individual trade size.

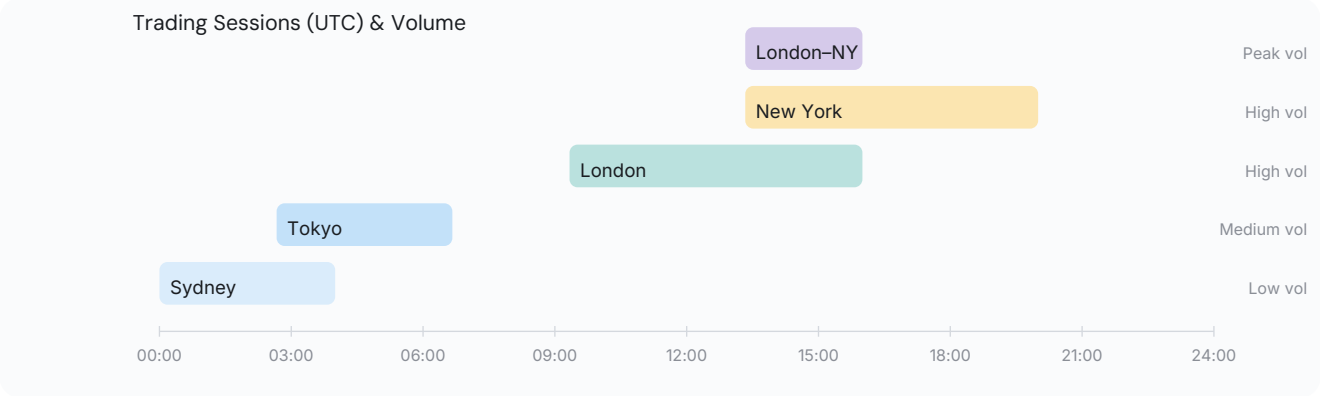


Fig 6.1 — Trading sessions and their volatility levels. Scalpers focus on London and London–NY overlap.

Scalping Requirements

- Fast execution: low-latency connection, one-click trading enabled.
- Tight spreads: scalping is uneconomical on pairs with wide spreads (>2 pips).
- Major pairs only: EUR/USD, GBP/USD, USD/JPY — highest liquidity, tightest spreads.
- Session awareness: scalp only during London or NY sessions. Asian session is too slow.
- Strict risk: 0.5–1% risk per trade. With 10–20 trades/day, even 0.5% compounds quickly.

Strategy 6A: EMA Scalp on M5

Component	Rule
Timeframe	M5 (5-minute)
Session	London or London-NY overlap only
Indicators	8 EMA + 21 EMA + RSI (14)
Buy	Price above both EMAs, RSI above 50, 8 EMA above 21 EMA, pullback to 8 EMA
Sell	Opposite: price below EMAs, RSI below 50, pullback to 8 EMA from below
Stop	Below 21 EMA (or 1.5x ATR on M5)
Target	10–15 pips or next M15 level

WARNING

Scalping is NOT for beginners. It requires fast decision-making, discipline, and the ability to accept many small losses. Most beginners who attempt scalping lose money due to overtrading, poor execution, and emotion. Master swing trading first (Chapter 7), then consider scalping.

KEY TAKEAWAY

Scalping is high-frequency, low-reward trading that requires tight spreads, fast execution, and iron discipline. Only attempt it during high-volume sessions with major pairs. Not recommended for beginners.

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CHAPTER 07

Swing Trading Systems

Swing trading holds positions for 2–10 days, capturing "swings" within the broader trend. It is the most popular style for retail traders because it does not require constant screen time, produces clean setups on H4/Daily charts, and allows for good risk-reward ratios.

Why Swing Trading is Ideal for Most Traders

Advantage	Why It Matters
Time commitment	30–60 min/day to analyze and manage trades
Signal quality	H4/Daily charts have less noise than M1–M15
Risk-reward	Wider stops allow for bigger targets (1:2 to 1:4)
Stress level	Not watching every tick; decisions made at session close
Compatibility	Can trade while working a full-time job

Strategy 7A: Daily Trend Pullback

Component	Rule
Trend filter	Price above 200 SMA on daily chart (bullish bias)
Setup	Price pulls back to 20 EMA or 50% Fibonacci retracement
Confluence	Pullback level aligns with horizontal support
Entry	Bullish engulfing or pin bar at the pullback level
Stop	Below the pullback low (or 1.5x ATR)
Target 1	Prior swing high (close 50%, move SL to BE)
Target 2	Fibonacci 161.8% extension (close remaining)
Expected hold time	3–8 trading days

Strategy 7B: Weekly Level Bounce

This strategy uses the weekly chart for levels and the daily chart for entries:

- 1. Mark the 3 most obvious S/R levels on the weekly chart.
- 2. Wait for price to reach one of these levels on the daily chart.
- 3. Look for a reversal candlestick pattern (pin bar, engulfing, morning/evening star).

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- 4. Enter on the pattern confirmation; stop beyond the weekly level.
- 5. Target the next weekly level (often 200–500 pips on majors).

This is a low-frequency strategy (1–3 trades per month) but the trades are high-conviction and high-reward. Many professional traders use a version of this approach.

> PRO TIP
>
> Swing trading on the daily chart is the sweet spot for most retail traders. You get clean signals, manageable screen time, and enough time to think before acting. If you are not sure which style to choose, start here.

Swing Trading Daily Routine

Here is a practical 30-minute daily routine for swing traders:

Time	Activity	Duration
Market close	Scan watchlist (10–15 instruments) for setups	10 min
+5 min	If setup found: draw levels, calculate position size, set alerts/orders	10 min
+15 min	Review open trades: adjust trailing stops, check for exit signals	5 min
+20 min	Update trading journal: record new trades, note observations	5 min

That is it. 30 minutes at market close (17:00 UTC for forex). No staring at charts all day. No checking your phone every 5 minutes. Set your orders and walk away. The daily chart does not change until tomorrow.

Best Instruments for Swing Trading

Instrument	Why It Works	Typical Swing Range
EUR/USD	Most liquid, tightest spreads, clean trends	100–300 pips
GBP/USD	Good volatility, clear trends, responds to TA	150–400 pips
USD/JPY	Risk-on/risk-off flows create clean swings	100–250 pips
Gold (XAU/USD)	Strong trends, safe-haven flows	30–80 dollars
S&P; 500 / NASDAQ	Bullish bias, clean pullback entries	200–500 points
Bitcoin (BTC/USD)	Massive swings, strong trends	5–20% moves

Start with 3–5 instruments and know them deeply. Better to be an expert on EUR/USD than a tourist across 30 pairs.

KEY TAKEAWAY

Swing trading offers the best balance of effort vs reward for most people. 30–60 minutes per day, clean daily chart setups, and 1:2+ risk-reward ratios. Start with the Daily Trend Pullback strategy on EUR/USD.

CHAPTER 08

Position Trading

Position trading holds trades for weeks to months, capturing large macro trends. It uses weekly and monthly charts, requires very wide stops, and produces few but very large winners.

Who Uses Position Trading?

- Fund managers who cannot enter/exit quickly without moving the market.
- Part-time traders who check charts once per week.
- Fundamental-technical hybrids who use macro analysis for direction and TA for timing.

Component	Setting
Timeframe	Weekly or Monthly chart
Trend filter	200 SMA on weekly chart
Entry	Monthly support/resistance bounce + weekly candlestick confirmation
Stop loss	Below monthly swing low (may be 300–500 pips)
Position size	Very small (0.25–0.5% risk due to wide stops)
Target	Next monthly level (may be 1000+ pips)
Hold time	4–12 weeks

Position trading is intellectually simple but emotionally challenging. Holding a trade through weeks of adverse movement requires iron conviction and very strict risk management.

KEY TAKEAWAY

Position trading is for patient, low-frequency traders who want large moves. The key is tiny position sizes (due to wide stops) and the ability to ignore daily noise.

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CHAPTER 09

Choosing the Right Strategy for the Market

No single strategy works in all market conditions. The key skill is identifying the current market regime and selecting the appropriate strategy.

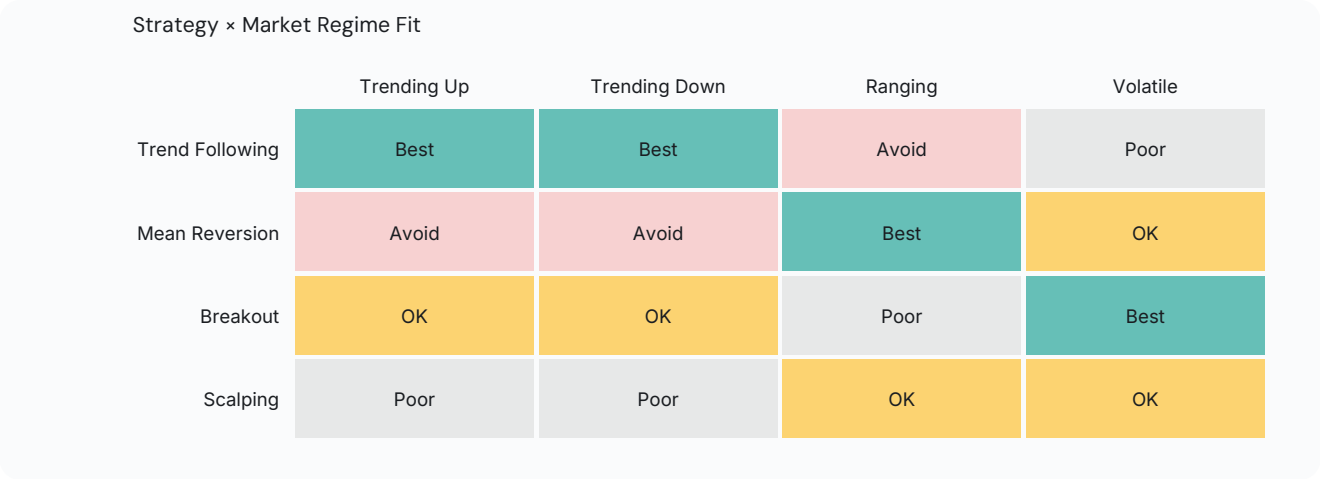


Fig 9.1 — Strategy fitness by market regime. Green = best fit, amber = OK, red = avoid.

How to Identify the Market Regime

Regime	Characteristics	How to Identify
Trending up	Higher highs, higher lows, price above MAs	ADX > 25, 50 EMA sloping up, clear structure
Trending down	Lower highs, lower lows, price below MAs	ADX > 25, 50 EMA sloping down
Ranging	Price bouncing between S/R, no clear direction	ADX < 20, flat MAs, Bollinger squeeze
Volatile	Large candles, wide ATR, news-driven spikes	ATR > 1.5x average, BB expanding sharply

The Multi-Strategy Trader

Advanced traders maintain 2–3 strategies in their playbook and rotate between them based on the current regime:

- Trending: activate MA crossover or trend pullback strategy.
- Ranging: activate Bollinger bounce or RSI extreme strategy.
- Volatile breakout: activate range breakout or London open strategy.
- Low volatility: reduce position size or sit on sidelines (no edge).

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Most traders do not need more than 2–3 strategies. The key is knowing when NOT to trade — when none of your strategies fit the current conditions, the best trade is no trade.

KEY TAKEAWAY

Match your strategy to the market regime. Trend following in trends, mean reversion in ranges, breakout in squeezes. When no strategy fits, sit out. The ability to do nothing is a superpower.

CHAPTER 10

Indicator Combinations That Work

Indicators work best in combinations that serve different purposes. The key is using indicators from different families (trend + momentum + volatility) rather than stacking redundant ones.

Proven Combinations

Combo	Indicators	Use Case	Win Rate
Trend + Momentum	200 SMA + RSI (14)	Filter trades by trend, time entries by RSI	50–60%
Trend + Trigger	50 EMA + MACD crossover	EMA for direction, MACD for entry timing	45–55%
Volatility + Mean Rev	Bollinger Bands + Stochastic	BB for range detection, Stochastic for entries	55–65%
Multi-MA + Momentum	20/50/200 EMA + RSI	Triple MA alignment + RSI confirmation	50–55%
All-in-One	Ichimoku Cloud	Trend, S/R, and momentum in one indicator	45–55%

What NOT to Combine

- Two trend indicators (e.g., MACD + ADX) — redundant, both say the same thing.
- Two oscillators (e.g., RSI + Stochastic) — they will agree most of the time.
- More than 3 indicators total — analysis paralysis, conflicting signals.

The ideal setup: 1 trend filter + 1 entry trigger + price action confirmation. That's it. Three tools, each answering a different question.

KEY TAKEAWAY

Use indicators from different families. One for trend, one for timing, one for confirmation. Three is the maximum. Simplicity beats complexity in every backtest.

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CHAPTER 11

Entry Techniques

Your entry technique determines the quality of your trade execution. Even with a perfect setup, a bad entry can turn a winner into a loser.

Market Order vs Limit Order

Type	When to Use	Advantage	Risk
Market order	Breakouts, fast-moving markets	Guaranteed fill	Slippage in volatile conditions
Limit order	Pullback entries, key levels	Precise price, no slippage	May not get filled if price doesn't reach
Stop order	Breakout above/below a level	Automatic entry on trigger	Can be triggered by false breakout

Scaling In

Instead of entering your full position at once, some traders enter in stages:

- 1/3 at initial signal: first entry when setup conditions are met.
- 1/3 on confirmation: add when price confirms direction (e.g., breaks structure).
- 1/3 on pullback: add on the first retracement within the trend.

Scaling in reduces average entry cost and increases conviction, but it also means you might not get fully positioned if the market moves immediately.

> PRO TIP
>
> For beginners, enter your full position at once with a predefined stop. Scaling in is an advanced technique that requires experience managing multiple partial positions simultaneously.

PREVIEW

CHAPTER 12

Trade Management

Entry is 20% of the trade. Management is 80%. What you do after entering determines whether a good setup becomes a profitable trade.

The Three Phases of a Trade

Phase	What Happens	Your Job
1. The Float	Trade is near entry, not yet clearly winning or losing	Do nothing. Trust the plan. Avoid moving stop.
2. The Push	Trade moves in your direction, showing profit	Consider partial close; move SL to BE after 1R profit
3. The Run	Trade is clearly winning, trending strongly	Trail stop, let it run, resist urge to close early

Partial Close Strategy

At Profit Level	Action	Effect
+1R	Close 33%, move SL to breakeven	Locked profit, stress-free remainder
+2R	Close 33%, trail SL to +1R	Minimum +1R locked, letting 1/3 run
+3R or target hit	Close final 33% or continue trailing	Maximum extraction from the move

When to Move Stop to Breakeven

Many traders move their stop to breakeven too early and get stopped out on normal retracements. Rules:

- Move to BE only after +1R of profit minimum (not at +0.5R).
- Move to BE only when the market provides a structural level to hide the stop behind (e.g., a higher low has formed).
- Never move to BE just because you are afraid. That is emotion, not management.

Adding to Winners

Adding to a winning position ("pyramiding") is an advanced technique that dramatically increases returns on winning trends:

- Only add to trades that are already profitable and trending in your direction.
- Each addition should be smaller than the previous (e.g., 1 lot → 0.5 lot → 0.25 lot).

- Move the stop for the entire position to protect the original entry.
- Never add to a losing position. That is averaging down, not pyramiding.

KEY TAKEAWAY

Trade management is where money is made. Enter with a plan, scale out at predefined levels, trail stops structurally, and resist the urge to close early. The best traders are excellent at managing winners, not just finding entries.

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CHAPTER 13

Building Your Personal Playbook

A Playbook is a document that contains all of your trading setups, organized as “strategy cards.” Each card describes one specific setup you are trained to execute.

Strategy Card Template

EMA Pullback Long	
MARKET	Forex majors (EUR/USD, GBP/USD)
TIMEFRAME	Daily chart setup, H4 entry
TREND	Price above 200 SMA, 50 EMA sloping up
SETUP	Price pulls back to 20 EMA from above
ENTRY	Bullish engulfing or pin bar closes above 20 EMA
STOP LOSS	Below pullback low or 1.5x ATR below entry
TARGET	Prior swing high (TP1), 2:1 RR minimum (TP2)
SIZE	1% risk per trade
WIN RATE	~50% (backtested over 200 setups)
AVG R	+1.8R

Fig 13.1 — Example Playbook Strategy Card for the EMA Pullback.

How Many Strategies?

- Beginners: 1 strategy. Master it completely before adding another.
- Intermediate: 2–3 strategies. One trend, one range, one breakout.
- Advanced: 3–5 strategies. Rotated based on market regime.

Each strategy in your Playbook should have at least 100 backtested samples and 50 live trades before being considered “proven.” Update your cards quarterly based on performance data.

> KEY TAKEAWAY
>
> Your Playbook is your professional asset. Build it one strategy at a time. Each card describes a complete, tested system. Review and update quarterly based on your journal data.

CHAPTER 14

From Demo to Live

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The transition from demo to live trading is where most traders stumble. The strategy works on paper; the trader breaks down in practice. Here is how to make the transition safely:

The Milestone Transition

Phase	Duration	Requirements
1. Backtest	2–4 weeks	200+ setups tested, positive expectancy confirmed
2. Demo trading	4–8 weeks	50+ live demo trades, following rules exactly
3. Micro live	4–8 weeks	0.01 lots, real money, same strategy. Focus on execution, not profit.
4. Mini live	8+ weeks	0.10 lots. Scale only after demonstrating consistent execution.
5. Full live	Ongoing	Standard position sizing per your risk framework.

Common Transition Mistakes

- Skipping demo and going straight to live “because demo isn’t real.”
- Going from demo to full-size live immediately (massive psychological shock).
- Changing the strategy when switching to live because “it feels different.”
- Increasing size after a win streak instead of following the milestone approach.
- Quitting after the first losing streak on live (which is normal and expected).

The Micro Account Advantage

Trading with 0.01 lots on a $500–$1,000 live account is the best bridge between demo and real trading. You feel the emotional weight of real money (even small amounts), but you cannot blow the account even with 20 consecutive losses. It is the safest way to learn live execution.

KEY TAKEAWAY

Transition gradually: backtest → demo → micro live → mini live → full live. Each stage must prove positive performance before moving to the next. Rushing this process is the #1 reason traders blow their first live account.

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CHAPTER 15

5 Complete Strategy Templates

These five strategies are ready to backtest and use. Each is a complete system with all rules defined. Pick one, test it thoroughly, and make it your own.

Template 1: The Daily Trend Rider

Daily Trend Rider	
MARKET	Forex majors, Gold, Indices
TIMEFRAME	Daily chart
TREND	Price above 200 SMA and 50 EMA > 200 SMA
SETUP	Price retraces to 20 EMA zone (within 20 pips of 20 EMA)
ENTRY	Daily bullish candle closes above 20 EMA after touching it
STOP LOSS	Below the retracement low (or 2x ATR below 20 EMA)
TAKE PROFIT	TP1: Prior swing high (close 50%). TP2: Trail with 20 EMA.
RISK	1% per trade. Max 2 concurrent positions.

Template 2: The Range Fader

Range Fader	
MARKET	Forex, Indices in consolidation periods
TIMEFRAME	H4 chart
REGIME	ADX below 20, flat 50 SMA, clear horizontal S/R
BUY	Price touches lower BB AND RSI below 30 AND at support
SELL	Price touches upper BB AND RSI above 70 AND at resistance
STOP LOSS	Below support (longs) or above resistance (shorts) + 0.5x ATR
TAKE PROFIT	Middle BB (20 SMA) or opposite BB
RISK	1% per trade. Do NOT trade if ADX rises above 25.

Template 3: The London Breakout

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London Breakout

MARKET	EUR/USD, GBP/USD only
TIMEFRAME	M15 for entry, H1 for context
SESSION	08:00-10:00 UTC (first 2 hours of London)
RANGE	Mark Asian session high/low (00:00-08:00 UTC)
BUY	M15 candle closes above Asian high with volume
SELL	M15 candle closes below Asian low with volume
STOP	Opposite side of Asian range
TARGET	1.5x Asian range width, or close at 16:00 UTC

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Template 4: The Pin Bar Sniper

Pin Bar Sniper	
MARKET	Any liquid instrument
TIMEFRAME	Daily chart (weekly for highest conviction)
SETUP	Pin bar at key support/resistance (tested 2+ times)
VALIDATION	Wick is 2/3+ of total range, body in upper 1/3 (bullish)
ENTRY	Buy at close of pin bar or limit at 50% of pin bar range
STOP LOSS	1 pip below pin bar wick
TAKE PROFIT	Next key level or 2:1 minimum RR
RISK	1% per trade. Skip if no clear key level.

Template 5: The Divergence Reversal

Divergence Reversal	
MARKET	Forex majors, Indices
TIMEFRAME	Daily chart for divergence, H4 for entry
SETUP	RSI bullish divergence at daily support (higher RSI low, lower price l ow)
CONFIRMATION	H4 bullish engulfing or morning star at the support level
ENTRY	On H4 confirmation candle close
STOP LOSS	Below the divergence low (daily swing low)
TP1	50% Fibonacci retracement of the prior decline
TP2	Prior swing high (trail stop after TP1 hit)
RISK	1% per trade. Double divergence = 1.5% max.

Your Next Steps

You now have 5 complete strategy templates spanning trend following, mean reversion, breakout, price action, and divergence. Here is what to do next:

- Pick ONE strategy that resonates with your personality and schedule.
- Backtest it on 200+ historical setups (use TradingView replay or scroll through charts).
- Forward-test on demo for 4–8 weeks, following every rule exactly.
- Review your journal after 50+ trades. Is the expectancy positive?
- If yes: transition to micro live (0.01 lots). Follow the milestone approach from Chapter 14.
- If no: review your execution. Are you following the rules? If yes, try a different template.

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Remember: no strategy works 100% of the time. Every system has losing periods. The goal is positive expectancy over hundreds of trades, not perfection on every trade.

KEY TAKEAWAY

You have everything you need. Four volumes of knowledge, five tested strategy templates, and a complete framework for risk management. The only thing left is execution. The market rewards those who do the work. Start today.

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Trading Education Series

Volume	Title	Focus
Vol. 1	Fundamentals of Trading	What trading is, how markets work, basic concepts
Vol. 2	Technical Analysis Mastery	Chart patterns, indicators, price action strategies
Vol. 3	Risk & Money Management	Position sizing, drawdown control, capital preservation
Vol. 4	Trading Strategies & Systems	Complete systems, real setups, strategy templates

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