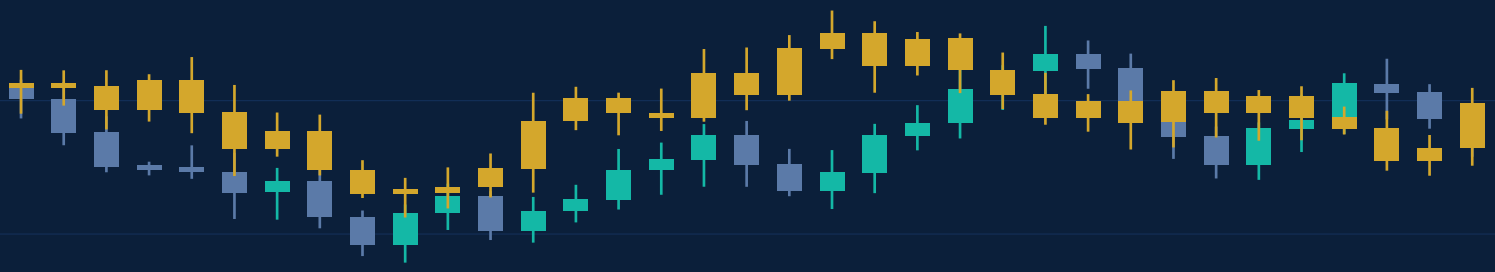
STEVE BUSINESS | TRADING EDUCATION

THE PRICE ACTION PLAYBOOK

A visual guide to reading charts, market structure and disciplined setups.



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Edition 1.0 | November 2026

LEARN. ANALYSE. MANAGE RISK.

Educational material only. This is not financial advice. Trading leveraged products carries a high risk of loss and is not suitable for everyone. Never risk money you cannot afford to lose.

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Before You Begin

Welcome, Trader-in-Training

Most beginners start with a platform, a deposit and a hope. This playbook starts somewhere else: with **understanding**.

You will not find promises of fast money here. You will find a clear, step-by-step method for reading a price chart the way a disciplined trader does: what the candles are saying, where the trend is, which areas matter, and how to risk a small, planned amount on a trade only when your conditions are met.

Every chapter is short on purpose. Read it, look at the figure, tick the checklist, then practise on a **demo account** before you ever place a live trade.

KEY IDEA

The philosophy behind this playbook

Learn first. Analyse patiently. Plan the risk. Execute only when your conditions are met.

- **LEARN:** understand the market, the tools and the terms before real money is involved.
- **ANALYSE:** read structure, areas and behaviour on the chart, top-down and without hurry.
- **MANAGE RISK:** decide what you can lose before you decide what you hope to win.

How This Playbook Is Organised

The nine parts follow the order in which a beginner actually needs the skills. Do not skip ahead to entries: Parts 1 to 4 are the foundation that makes Parts 5 to 7 make sense.

Part	Title	By the end you can…
1	Start Trading from Zero	Explain forex, pips, lots, spreads, leverage and margin in plain words
2	Set Up Your Trading Apps	Open a demo account, connect MetaTrader 5 on iPhone, understand Binance basics
3	Read the Chart	Read candlesticks and timeframes, and judge patterns by their location
4	Understand Market Structure	Mark trends, swings, BOS, CHOCH and displacement
5	Find Important Areas	Mark Fair Value Gaps, Order Blocks and Supply & Demand zones
6	Read Price Behaviour	Spot liquidity sweeps, pullbacks, retests and confirmation
7	Build a Trading Plan	Run an H4 → H1 → M15 process and size every trade
8	Protect Your Capital	Apply risk rules, manage your psychology and keep a journal
9	Complete Scenarios & Next Steps	Walk through full bullish and bearish examples, and use the final checklists

Important Risk Notice

RISK WARNING

Read this before anything else

- **Trading can lose you money, quickly.** Leveraged products such as forex and CFDs magnify losses as well as gains. Regulators in many countries require brokers to disclose that a majority of retail accounts lose money, commonly somewhere between roughly 70% and 90%.
- **This playbook is education, not advice.** Nothing here is a recommendation to buy or sell anything, and no method shown is guaranteed to work.
- **All price examples are hypothetical.** They are drawn to teach a concept. They are not signals and not a record of real trades.
- **Slippage, gaps and spreads are real.** Your stop-loss may fill at a worse price than you set, especially around news and market opens.
- **Availability differs by country.** Brokers, exchanges, products and leverage levels are regulated locally and may be restricted or unavailable where you live. Check the official website and your local law before opening any account.
- **Only risk money you can afford to lose.** Never trade with rent, food, school fees, borrowed money or emergency savings.

A Realistic Study Plan

Skill takes repetition. This pace suits a beginner studying a little each day.

Weeks	Focus	Your task
1	Parts 1 and 2	Learn the terms. Open a demo account. Place five demo trades just to learn the buttons.
2	Part 3	Mark 20 candlestick patterns on historical charts. Note where each one sits.
3	Part 4	Mark structure on H4 and H1 for three pairs. Label every BOS and CHOCH.
4	Parts 5 and 6	Mark FVGs, Order Blocks and liquidity on past charts. Screenshot your best examples.
5	Part 7	Write your own trading plan on one page. Practise position-size calculations.
6 to 8	Parts 8 and 9	Trade the plan on demo. Journal every trade. Review at the end of each week.

PRO TIP

Start the journal today

Open a notebook or spreadsheet now and write your first entry: *why you want to learn trading* and *the maximum amount you could lose without it affecting your life*. You will use that number in Part 8.

PART

01

Start Trading from Zero

The vocabulary, the maths and the realistic expectations every beginner needs before touching a platform.

WHAT YOU WILL LEARN

- What trading is, and how it differs from investing
- How forex works: pairs, pips, lots, bid, ask and spread
- What leverage and margin really do to your risk
- What you need before you start



1.1 What Is Trading?

Trading means buying or selling a financial instrument with the aim of profiting from changes in its price. A trader does not need to own the asset for long. Many retail traders use **contracts for difference (CFDs)**, where you speculate on the price direction and settle the difference with your broker.

- **Buy (go long):** you expect the price to rise.
- **Sell (go short):** you expect the price to fall.
- **Trader vs investor:** a trader focuses on shorter-term price moves and manages risk trade by trade. An investor usually holds for years.

Markets you can trade include forex (currencies), cryptocurrencies, stock indices, commodities such as gold and oil, and shares. This playbook uses **forex** and **crypto** because they run on the platforms covered in Part 2, but the price-action ideas you will learn apply to any liquid market.

RISK WARNING

Reality check

Trading is a skill business, not a lottery and not a salary. Most beginners lose money in their first year because they trade too big, too often and without a plan. Your first goal is **not to make money**. It is to **survive long enough to learn**. If anyone promises guaranteed profits, daily income or a "secret" system, walk away.

1.2 Forex Basics

The **foreign exchange (forex, FX)** market is where currencies are exchanged. It is decentralised, which means there is no single exchange. Banks, funds, companies and retail traders trade through networks of brokers and liquidity providers. It is open 24 hours a day from Monday to Friday.

Currency pairs

Currencies trade in pairs. In **EUR/USD = 1.0850**, EUR is the **base** currency and USD is the **quote** currency. The price means *1 euro costs 1.0850 US dollars*.

- **Buy EUR/USD:** you are buying the euro and selling the dollar. You profit if EUR/USD rises.
- **Sell EUR/USD:** you are selling the euro and buying the dollar. You profit if EUR/USD falls.

Group	Examples	What to expect
Majors	EUR/USD, GBP/USD, USD/JPY, USD/CHF, AUD/USD, USD/CAD, NZD/USD	Tightest spreads, deepest liquidity. Best for beginners.
Minors (crosses)	EUR/GBP, EUR/JPY, GBP/JPY	Wider spreads, can be more volatile
Exotics	USD/ZAR, USD/TRY and other emerging-market pairs	Wide spreads, sharp spikes, higher costs. Avoid at first.

Trading sessions

Activity changes through the day. These times are approximate and shift with daylight saving, so confirm them in your platform.

Session	Approx. hours (UTC)	Character
Asian (Tokyo, Sydney)	00:00 to 09:00	Often quieter, tends to build ranges
London	07:00 to 16:00	High volume, many daily highs and lows are set
New York	12:00 to 21:00	High volume, strong moves around US data
London / New York overlap	12:00 to 16:00	Usually the most active hours

1.3 Key Terms You Must Know

Learn these until you can explain them without looking. Every later chapter relies on them.

Term	Meaning	Example
Pip	The standard small price step. 0.0001 for most pairs, 0.01 for JPY pairs.	EUR/USD from 1.0850 to 1.0860 = 10 pips
Lot	Trade size. 1.00 lot = 100,000 units. 0.10 = 10,000. 0.01 (micro) = 1,000.	0.05 lot = 5,000 units
Bid	The price at which you can **sell**	Bid 1.0849
Ask	The price at which you can **buy**	Ask 1.0851
Spread	Ask minus bid. A built-in trading cost.	1.0851 - 1.0849 = 2 pips
Leverage	A multiplier that lets you control a larger position than your deposit	1:100
Margin	The deposit your broker holds while a leveraged trade is open	See the example below
Equity	Account balance plus or minus your floating profit or loss	Balance $1,000, floating -$50 = equity $950
Free margin	Equity minus margin already in use. Your room for new trades.	
Margin level	Equity ÷ used margin × 100%. Falls as losses grow.	Equity $500, margin $100 = 500%
Margin call / stop out	Broker warning level, then forced closure of trades at a set level	Levels differ by broker
Swap	A fee or credit for holding a trade overnight	Varies by pair and direction
Slippage	Fill at a different price from the one you requested	Common in fast markets
Gap	Price jumps from one level to another with no trading in between	Weekend and news gaps
Market order	Trade immediately at the current price	
Pending order	An order that waits: limit (better price) or stop (breakout price)	Buy Limit, Sell Stop
Stop Loss (SL)	An order that closes your trade at a set loss	
Take Profit (TP)	An order that closes your trade at a set profit	

WORKED EXAMPLE

Pips and money

On a USD account trading EUR/USD, one pip is worth roughly **$10 per 1.00 lot**, **$1 per 0.10 lot** and **$0.10 per 0.01 lot**.

- Trade size 0.10 lot, price moves 25 pips in your favour: 25 × $1 = **+$25**.
- Same size, 25 pips against you: **-$25**.

Pip values differ on JPY pairs, gold and crypto. Use your broker's calculator for those.

WORKED EXAMPLE

What leverage does

You open **1.00 lot** of EUR/USD at 1.0850 with **1:100** leverage.

- Position value: 100,000 × 1.0850 = **$108,500**
- Margin required: $108,500 ÷ 100 = **$1,085**
- A 1% adverse move on $108,500 is **$1,085**, which equals your entire margin for that trade.

Leverage did not give you "more profit potential" for free. It handed you a position that can wipe the margin with an ordinary price move.

RISK WARNING

Leverage, gaps and slippage

- Higher leverage does not make you a better trader. It only shrinks your margin for error. **Control risk with position size, not with leverage.**
- A stop-loss is an instruction, not a guarantee. In a gap or a news spike it can fill far from your price.
- Spreads widen at rollover, around news and during thin liquidity.
- Leverage limits for retail clients differ by country and by broker.

1.4 What You Need Before You Start

CHECKLIST

Ready-to-start checklist

- ☐ I am of legal age to trade in my country and can provide valid ID and proof of address.
- ☐ I have checked that my broker or exchange is allowed to serve clients in my country.
- ☐ I have a smartphone or computer and a stable internet connection.
- ☐ I have a notebook or spreadsheet for my trading journal.
- ☐ I will use **risk capital only**: money whose loss will not harm my life or my family.
- ☐ I have set aside time each week to study and review charts.
- ☐ I commit to **demo trading first** and will not go live until I follow my plan consistently.

Setting expectations on capital

- A small account makes small absolute profits even when you trade well. Chasing big numbers on a small account is the fastest way to blow it up.
- Learning costs something. Treat early live trading as paying for tuition, with the smallest size your broker allows.
- Time is the other capital. Plan for months of practice, not days.

PRO TIP

Your first real decision

Your first trade is not a position. It is the decision to study before you spend. Everything in the remaining eight parts builds on that choice.

PART

02

Set Up Your Trading Apps

A step-by-step walk through an Exness demo account, MetaTrader 5 on iPhone and the basics of Binance for crypto.

WHAT YOU WILL LEARN

- How to choose a broker sensibly and verify an account safely
- Opening an Exness account, starting with a demo
- Installing and using MetaTrader 5 on iPhone
- Binance basics: spot trading, security and common traps



2.1 Choosing and Preparing Your Platforms

Pick the tool after you understand the job. A platform is only a window onto the market, and no app will make you profitable. Compare these points on the official website of any broker or exchange before you register.

CHECKLIST

Broker and exchange checklist

- ☐ **Regulation:** which authority regulates the entity that will serve you, and does it accept clients from your country?
- ☐ **Costs:** spreads, commissions, overnight swaps, and deposit and withdrawal fees.
- ☐ **Withdrawals:** which methods are available to you, and how long do they take?
- ☐ **Demo account:** is a free practice account available on the platform you want?
- ☐ **Security:** two-factor authentication, clear account recovery, a support channel you can verify.
- ☐ **Product rules:** leverage limits, margin call and stop-out levels, and anything restricted in your region.

DISCLOSURE

Referral links in this playbook

Steve Business may earn a commission or referral reward if you open an account through the Exness invite link or the Binance referral link shown in this playbook, at no extra cost to you. That relationship does not change the education in these pages. Compare providers yourself, confirm they are allowed to serve your country, and never open an account you do not fully understand.

RISK WARNING

Phishing is the first risk

Fake broker and exchange sites are common. Type the official address yourself or use the official app from your phone's app store. Never log in from a link sent in a message, and never share your password, one-time codes or recovery phrase with anyone, including people who claim to be support staff.

2.2 Exness Account Setup, Step by Step

Exness is a retail forex and CFD broker that offers MetaTrader 4 and MetaTrader 5. Screens and menu names change over time, so treat the steps below as a guide and follow what you see on the official site.

NOTE

Your invite link

Open your Exness registration through this invite link: [ADD YOUR EXNESS INVITE LINK]

Official site for reference: https://www.exness.com

1. **Open the registration page.** Use the invite link above or go to the official site. Check the address bar carefully before you type anything.
2. **Register.** Choose your country of residence, enter your email and create a strong, unique password. Confirm your email when the message arrives.
3. **Complete the profile.** Brokers must ask about your trading experience and finances. Answer honestly. These questions exist to protect you.
4. **Verify your identity.** Upload a valid ID document and proof of residence. Verification is usually needed before you can deposit or withdraw real money.
5. **Secure the account.** In the security settings, switch on two-step verification using an authenticator app rather than SMS alone. Save your recovery details somewhere safe and offline.
6. **Open a demo account first.** In your Personal Area, choose to open a new account, select **Demo** and **MetaTrader 5**, pick the simplest account type, set a virtual balance close to the amount you might actually trade, choose a modest leverage and create a trading password. Write down the **login number**, **server name** and **trading password**.
7. **Learn the platform on demo.** Practise on demo until you follow your plan consistently (see Part 8).
8. **Go live only when ready.** The live account uses the same steps. Deposit methods depend on your country. Start with a small amount you can afford to lose, and test a small withdrawal early so you understand the process before you need it.

RISK WARNING

About Exness and your region

Account types, spreads, leverage and payment methods differ by country and by regulatory entity, and some services are not offered in every jurisdiction. Always read the account comparison and the risk disclosure on the official site. If anyone offers to "manage" your account, sell you signals with guaranteed returns, or asks for your password, treat it as a scam.

2.3 MetaTrader 5 on iPhone

MetaTrader 5 (MT5) is the trading app that connects to your Exness account. Menu labels can differ slightly between app versions.

1. **Install.** Open the App Store, search for **MetaTrader 5** by MetaQuotes Ltd. and install it. The official download links are also on https://www.metatrader5.com.
2. **Add your account.** Open the app, go to **Settings**, choose **New Account** (or *Manage Accounts*, then the plus button) and search for **Exness**.
3. **Pick the right server.** Choose the server that exactly matches the one shown in your Personal Area. Demo servers usually contain "Trial" and live servers contain "Real", followed by a number.
4. **Sign in.** Enter your login number and trading password, and choose *Sign in*. If it fails, the server name is the usual culprit.
5. **Find your symbols.** The **Quotes** tab lists instruments. Tap the plus button to add EUR/USD, GBP/USD, gold and others. Some account types add a letter to the symbol name.
6. **Open a chart.** Tap a symbol and open its chart. Switch to **candlesticks** and change the **timeframe** (M1 to MN) from the toolbar. Use the drawing tools for horizontal lines and rectangles to mark areas.

7. **Place a demo order.** On the **Trade** tab or from the symbol, choose *New Order*. Select *Market Execution*, enter the **volume** (for example 0.01), set a **Stop Loss** and a **Take Profit** as prices, then tap **Sell** or **Buy**.
8. **Use pending orders.** Change the order type to Buy Limit, Sell Limit, Buy Stop or Sell Stop to wait for price to reach your level.
9. **Manage or close a trade.** On the **Trade** tab, tap the position to modify the stop or take profit, or to close it. The **History** tab keeps closed trades for your journal.

PRO TIP

Phone for monitoring, large screen for analysis

Do the real chart work on a tablet or computer where you can see structure clearly. Use the phone to watch open trades, set alerts and place pre-planned orders.

CHECKLIST

Demo drill for week one

- ☐ Sign in to the demo account and add three symbols.
- ☐ Switch a chart through M15, H1 and H4, and back.
- ☐ Draw a horizontal line and a rectangle on a chart.
- ☐ Place and close a 0.01 lot market order with a stop and a target.
- ☐ Place a pending Buy Limit and delete it.
- ☐ Find the trade in History and write it in your journal.

2.4 Binance Basics for Crypto

Binance is a cryptocurrency exchange. Where forex through MT5 is usually traded as CFDs, crypto on a spot market means you actually buy the coin. The principles of price action are the same, but the risks and tools are different.

NOTE

Your referral link

Create your Binance account here: [ADD YOUR BINANCE REFERRAL LINK]

Official site for reference: https://www.binance.com

1. **Register on the official site or app.** Use the referral link above or go to the official address. Create a strong, unique password.
2. **Verify your identity (KYC).** Complete the verification the exchange requires for your country. Unverified accounts may have limits.
3. **Secure the account.** Turn on two-factor authentication with an authenticator app, set the **anti-phishing code**, and enable a **withdrawal address whitelist** if offered.
4. **Fund the account.** Options differ by country: bank or card purchase, peer-to-peer trades, or depositing crypto you already hold. Start small.

5. **Start with spot trading.** Choose a pair such as BTC/USDT. Learn the order types: **market**, **limit** and **stop-limit**. Note the trading fee on each order.
6. **Read the chart.** The in-app charts offer candlesticks, timeframes and drawing tools. The structure concepts in Parts 3 to 6 apply directly.
7. **Withdraw carefully.** Always select the **correct network** for the destination wallet. A wrong network can mean permanent loss of funds. Send a small test first.

	Forex CFDs (Exness with MT5)	Crypto spot (Binance)
Ownership	A contract on price. You do not own the currency.	You own the coin
Hours	24 hours, Monday to Friday	24 hours, 7 days a week
Typical risk	Leverage, spreads, news gaps	Volatility, scams, custody and wrong-network errors
Short selling	Built in	Not on spot. Needs derivatives.
Good first step	Demo account	Small spot purchases with a limit order

RISK WARNING

Crypto futures and leverage

Futures and margin products can liquidate your whole position in one move. **Stay on spot until you have a proven plan and a journal that shows it works.** Never share API keys, and never send coins to anyone who promises to multiply them. Rules and product availability differ by country, so check what is permitted where you live.

PART

03

Read the Chart

Candlestick anatomy, timeframes and the core patterns, always judged by where they appear.

WHAT YOU WILL LEARN

- What each part of a candle tells you
- How timeframes change what you see
- Support and resistance as zones, not lines
- Core reversal and continuation patterns, and why location decides their value



3.1 Anatomy of a Candlestick

A candlestick summarises one time period (one minute, one hour, one day) with four prices: **open, high, low and close**.

- **Body:** the distance between open and close. A green (bullish) body closes above its open. A red (bearish) body closes below it.
- **Wicks (shadows):** the thin lines above and below the body, showing the highest and lowest prices reached.

Anatomy of a candlestick

One candle = one period of trading. Body size shows conviction, wick size shows rejection.

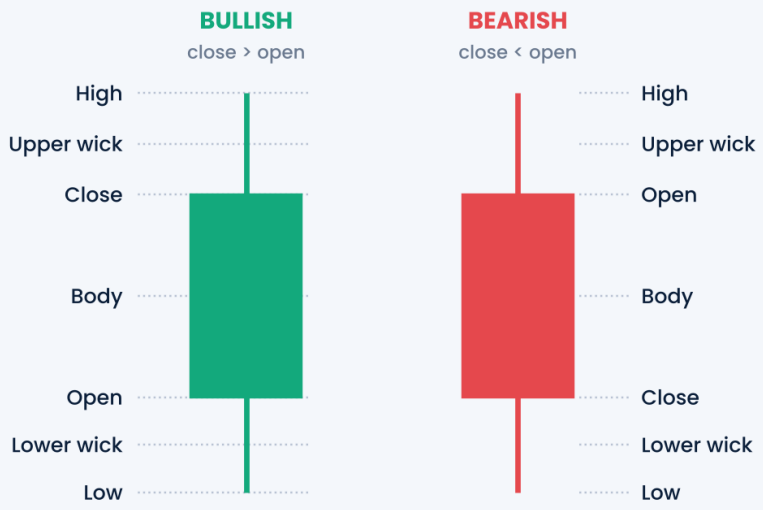


Figure 1. Anatomy of bullish and bearish candles

READ THE CHART

How to read one candle

- **Large body, small wicks:** one side dominated the period. Strong conviction.
- **Small body, long wicks:** price travelled but was pushed back. Indecision or rejection.
- **Long upper wick:** buyers pushed price up and sellers rejected it.
- **Long lower wick:** sellers pushed price down and buyers rejected it.
- **Colour is not a signal.** A green candle can still sit inside a downtrend.

3.2 Timeframes

A timeframe sets how much time each candle represents. The same market looks different on each one, and **higher timeframes carry more weight** because each candle summarises more activity.

Timeframe	Each candle covers	Typical use	Noise level
M1, M5	1 to 5 minutes	Scalping. Very fast and costly. Avoid as a beginner.	Very high
M15, M30	15 to 30 minutes	Entry timing and confirmation	High
H1	1 hour	Marking areas and intraday structure	Medium
H4	4 hours	Bias and major structure for swing and intraday plans	Lower
D1, W1	1 day, 1 week	Big-picture trend and key levels	Low

KEY IDEA

Multi-timeframe thinking

Use a **higher timeframe to decide direction** and a **lower timeframe to time the entry**. This playbook uses **H4 → H1 → M15**. Never trade a pattern on M15 that fights a clear H4 trend without a very good reason.

3.3 Support and Resistance as Zones

- **Support** is an area where price has repeatedly stopped falling because buyers appeared.
- **Resistance** is an area where price has repeatedly stopped rising because sellers appeared.
- **Role reversal:** once price breaks and holds beyond a level, old support often becomes resistance and the reverse.

Draw levels as **zones**, a band of price, rather than a single exact line. Markets overshoot and undershoot, and a zone allows for that.

3.4 Core Candlestick Patterns

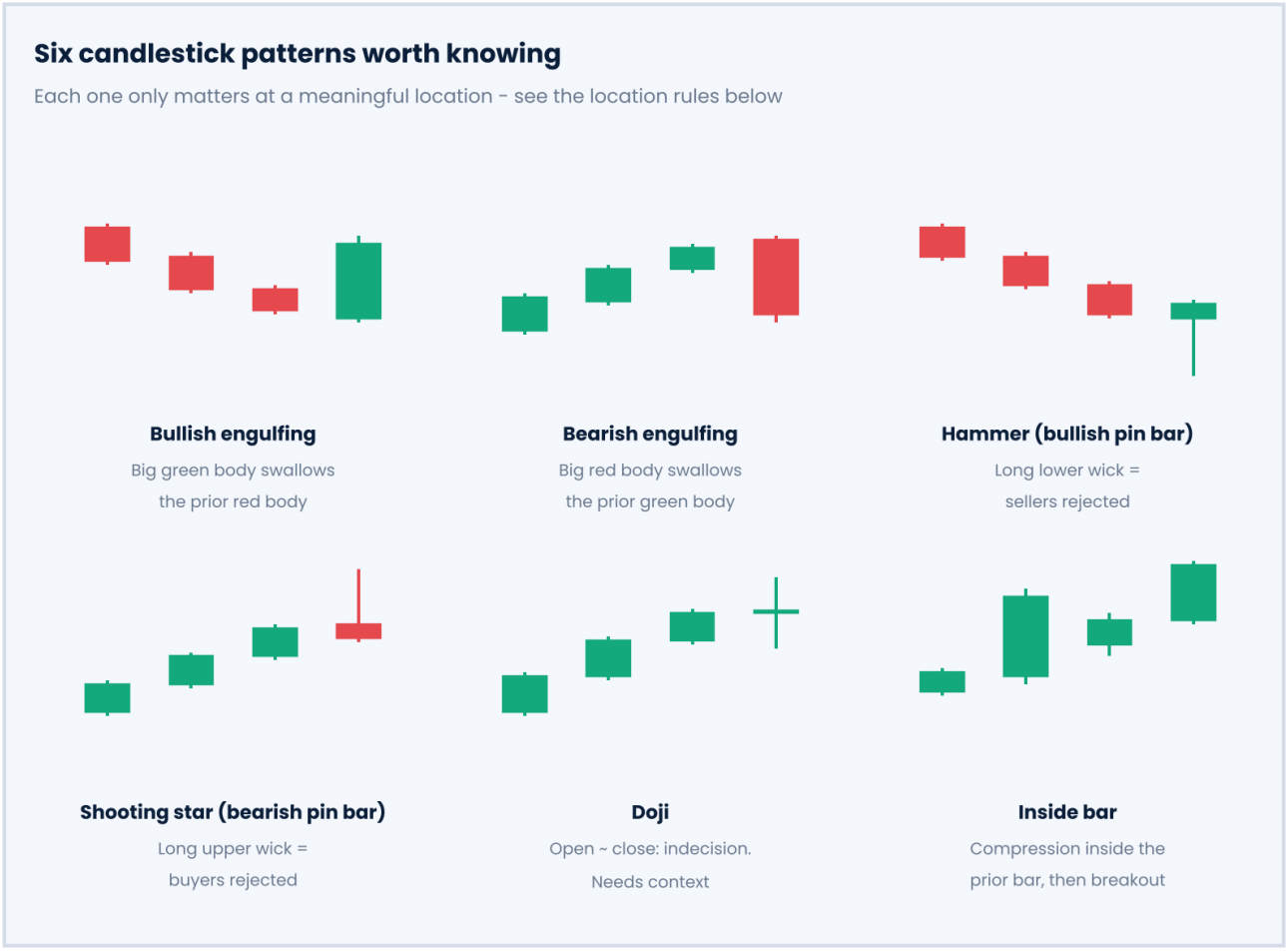


Figure 2. Six candlestick patterns worth knowing

Pattern	What it shows	Where it matters	Wait for
Bullish engulfing	A large green body completely covers the previous red body	After a decline, at support or a demand zone	A close above the pattern high, or a retest holding
Bearish engulfing	A large red body covers the previous green body	After a rise, at resistance or a supply zone	A close below the pattern low
Hammer / bullish pin bar	Small body, long lower wick: sellers rejected	After a decline, at a swept low or demand	The next candle closing higher
Shooting star / bearish pin bar	Small body, long upper wick: buyers rejected	After a rise, at a swept high or supply	The next candle closing lower
Doji	Open and close nearly equal: indecision	Only meaningful at a key level	Direction from the following candle
Inside bar	A candle contained inside the previous one: compression	At the end of a move or inside a range	A break and close beyond the mother bar
Morning / evening star	Three-candle reversal: strong candle, small candle, strong opposite candle	At the end of a clear trend, at a key area	The third candle closing past the middle of the first

3.5 Chart Patterns: Reversal and Continuation

Larger shapes form from many candles. They describe how supply and demand are shifting.

Pattern	Type	Picture it	What traders watch
Double top	Reversal (bearish)	Two highs at about the same level, a dip between them	A close below the dip level (the neckline)
Double bottom	Reversal (bullish)	Two lows at about the same level, a rally between them	A close above the neckline
Head and shoulders	Reversal	A higher peak (head) between two lower peaks (shoulders) over a flat neckline	A close through the neckline
Flag / pennant	Continuation	A sharp move, then a small tight pause against it	A break in the direction of the first move
Ascending triangle	Usually continuation up	Flat resistance with rising lows	A close above resistance
Descending triangle	Usually continuation down	Flat support with falling highs	A close below support
Range	Neutral	Price bounces between support and resistance	A break and close outside, then a retest

READ THE CHART

Picture a double top

Price rallies to 1.0900, falls to 1.0850, rallies again to 1.0900 and fails. The dip at 1.0850 is the neckline. The pattern is only confirmed if a candle **closes below 1.0850**. Before that, it is only a possibility. The second peak is also where buyers' stop-losses may sit above 1.0900, which links straight to Part 6 on liquidity.

3.6 Location Is Everything

A candlestick pattern in the middle of nowhere is noise. The same pattern at a meaningful place can be useful. Remember the rule:

KEY IDEA

Pattern + Place + Plan

- **Pattern:** a recognisable candle or chart shape.
- **Place:** a higher-timeframe level, a zone, a swept liquidity point or a pullback into discount or premium.
- **Plan:** a defined entry, stop and target, with risk set before the trade.

No place and no plan means no trade, however pretty the candle.

CHECKLIST

Pattern validation checklist

- ☐ Does the pattern form at a level or zone I marked **before** it appeared?
- ☐ Does it fit the direction of the higher-timeframe trend, or am I trading a clear reversal setup?
- ☐ Did price sweep a recent high or low just before it (Part 6)?
- ☐ Is there room to a logical target, with reward at least twice the risk?
- ☐ Has the pattern **confirmed** by a close, or am I guessing?

RISK WARNING

Patterns fail

No candlestick or chart pattern works every time, and statistics quoted online are often cherry-picked. Treat every pattern as a clue that must be backed by structure, location and risk control.

PART

04

Understand Market Structure

How to read the trend from its swings, and how to tell a continuation from a change of character.

WHAT YOU WILL LEARN

- Swing highs, swing lows and what a trend really is
- Break of Structure (BOS) as a continuation signal
- Change of Character (CHOCH) as the first warning of a shift
- Displacement: the difference between a real break and a weak one



4.1 Trends and Swings

Price moves in waves. A **swing high** is a peak with lower highs on both sides. A **swing low** is a trough with higher lows on both sides. A simple test: a candle whose high is higher than the highs of the candles immediately before and after it is a swing high.

- **Uptrend:** a sequence of **higher highs (HH)** and **higher lows (HL)**. Buyers are in control.
- **Downtrend:** a sequence of **lower highs (LH)** and **lower lows (LL)**. Sellers are in control.
- **Range:** price moves sideways with no clear sequence. Wait for a break.



Figure 3. A trend is a sequence of swings

KEY IDEA

Mark first, judge second

Before you think about entries, zoom out and mark the swing highs and lows on H4. Then ask only one question: *is price making higher highs and higher lows, lower highs and lower lows, or neither?* That answer is your bias.

4.2 Major and Minor Structure

Structure exists on every timeframe. Large swings on H4 form the **major structure**. The smaller swings inside a pullback on M15 form **minor structure**.

- Trade in the direction of the **major** structure and use the **minor** structure to time entries.
- The swing low that produced the latest higher high in an uptrend is the level the bulls must defend. If it breaks, the trend is in question. Traders often call it the **protected low**, and the mirror image in a downtrend the protected high.

4.3 Break of Structure (BOS)

A **Break of Structure** happens when price **closes beyond the previous swing in the direction of the trend**.

- In an uptrend, a candle **closes above the previous swing high**. This is a bullish BOS and shows continuation.
- In a downtrend, a candle **closes below the previous swing low**. This is a bearish BOS.

> PRO TIP
>
> **Close, not wick**
>
> A wick through a level followed by a close back inside is not a break. It is more likely a liquidity sweep (Part 6). Define BOS by the **close** and keep your rule the same every time.

4.4 Change of Character (CHOCH)

A **Change of Character** is the **first break against the prevailing trend**. In an uptrend, it is a close **below the most recent higher low** (the low that created the last higher high). In a downtrend, it is a close **above the most recent lower high**.

- CHOCH is a **warning**, not a guarantee. It says the old pattern has been challenged.
- After a CHOCH, price may reverse, range or resume the old trend. Wait for new structure to form.
- Some educators call the same idea a *market structure shift (MSS)*. The names differ, so pick one set of definitions and apply it consistently.

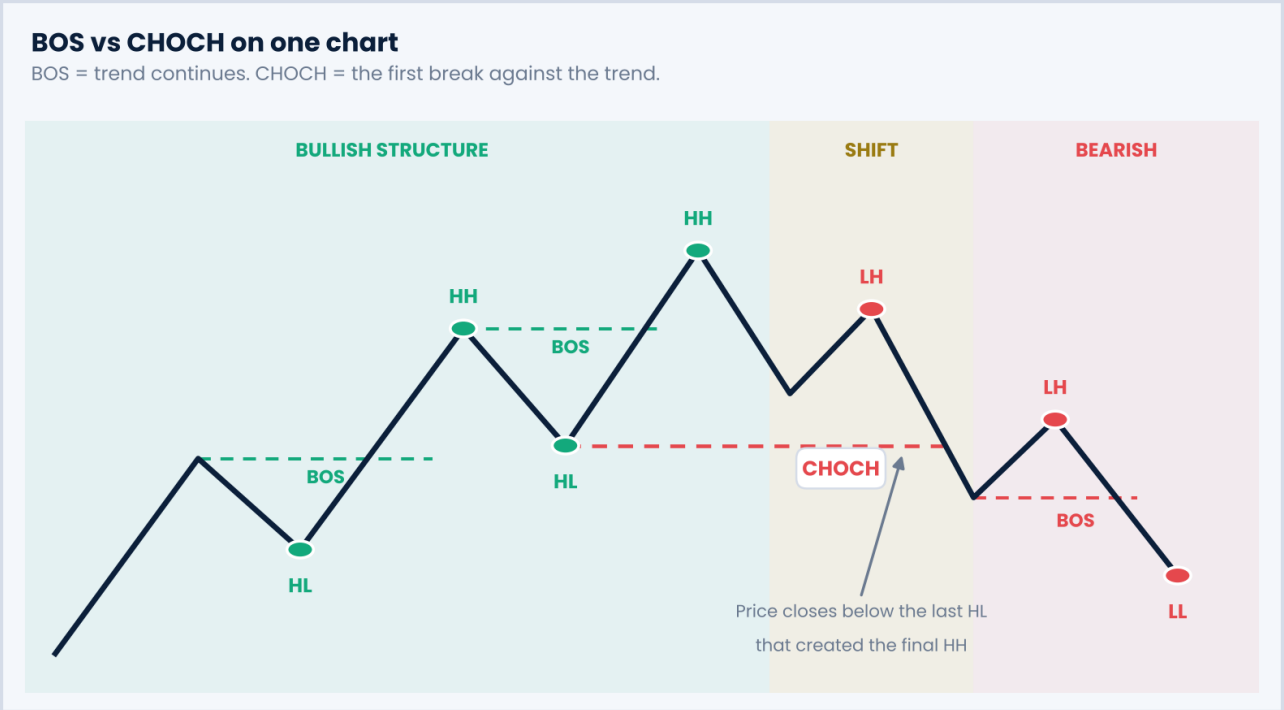


Figure 4. BOS versus CHOCH on one chart

	BOS	CHOCH
Direction	**With** the trend	**Against** the trend
Meaning	Continuation	First sign of a possible shift
Uptrend example	Close above the previous high	Close below the last higher low
Downtrend example	Close below the previous low	Close above the last lower high
Typical action	Look for pullback entries in the trend	Stop buying blindly. Wait for new structure.

4.5 Displacement

Displacement is a strong, fast move that leaves little overlap between candles. It shows urgency and usually does three things: it breaks structure, it has large bodies with small wicks, and it leaves **Fair Value Gaps** behind (Part 5).

- A **real break** is usually a displacement: decisive closes beyond the level.
- A **weak break** is a slow grind of small, overlapping candles. These often fail and reverse.
- Displacement is also what makes an area worth marking. The origin of a displacement is where you start looking for a reaction later.

READ THE CHART

Strong or weak?

Compare two breaks above the same high. In the first, two large green candles close well above it with tiny wicks. In the second, small candles creep up and poke above by a few pips before stalling. The first has displacement, so treat the break as meaningful. The second has none, so treat it cautiously.

CHECKLIST

Structure reading routine (H4, then H1)

- ☐ Zoom out so that at least 60 to 100 candles are visible.
- ☐ Mark every clear swing high and swing low.
- ☐ Label the sequence: HH/HL, LH/LL or range.
- ☐ Mark the last BOS and the protected high or low.
- ☐ Has a CHOCH already happened? If yes, note which direction is now in question.
- ☐ Write one sentence: *"H4 is bullish/bearish/ranging because…"*

Educational only. Not financial advice.

PART

05

Find Important Areas

Fair Value Gaps, Order Blocks and Supply & Demand zones: where to start watching, not where to blindly enter.

WHAT YOU WILL LEARN

- How to spot and mark a Fair Value Gap
- How to find an Order Block
- How base-and-departure zones form supply and demand
- How to grade areas so you only trade the best ones



5.1 Fair Value Gaps (FVG)

A **Fair Value Gap** is a three-candle imbalance. When price moves so fast that the middle candle leaves a gap between the **first candle's high** and the **third candle's low**, that gap marks a stretch of price where trading was one-sided.

- **Bullish FVG:** the high of candle 1 is **below** the low of candle 3. The gap is between those two prices.
- **Bearish FVG:** the low of candle 1 is **above** the high of candle 3.
- Price often returns to the gap to rebalance before continuing. It does **not** always do so.

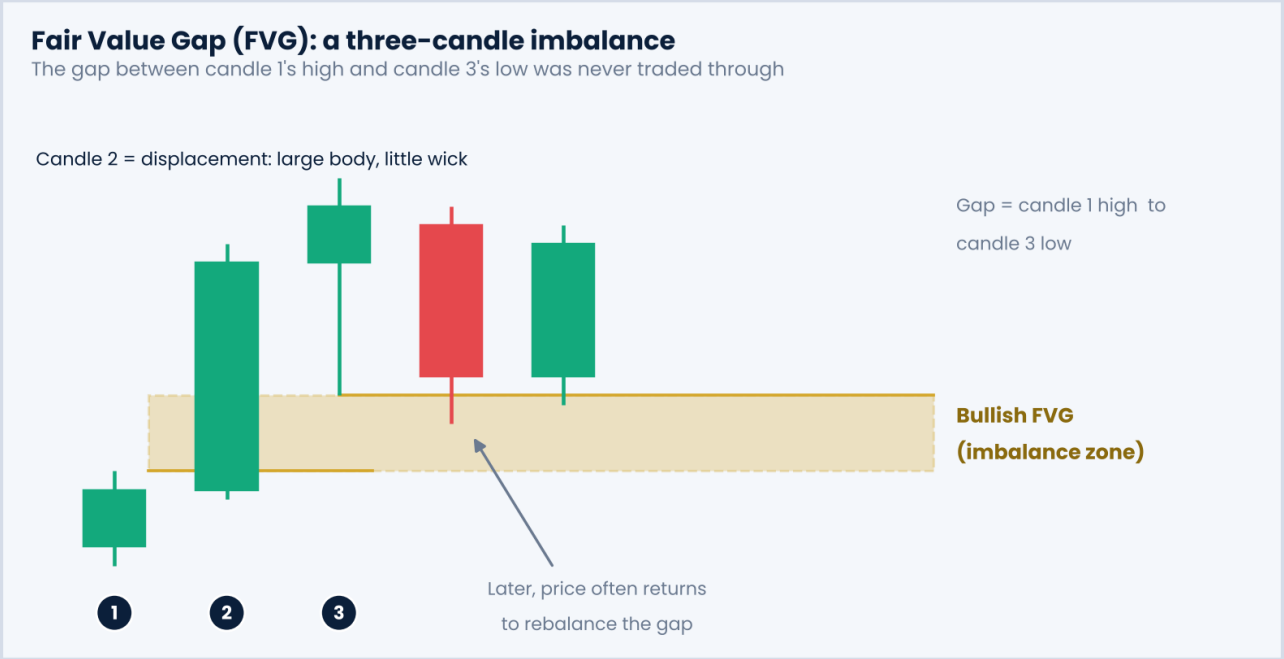


Figure 5. Fair Value Gap: a three-candle imbalance

READ THE CHART

How to mark an FVG

1. Find a displacement candle with a large body (candle 2).
2. Look at the candle before it (candle 1) and after it (candle 3).
3. For a bullish FVG, draw a rectangle from the **high of candle 1** to the **low of candle 3**, and extend it to the right.
4. If price closes completely through the gap, the idea is invalid.

Quality notes. An FVG created during a displacement that also broke structure is more interesting than one in the middle of a quiet range. A gap inside a higher-timeframe zone is stronger still.

5.2 Order Blocks (OB)

An **Order Block** is the **last opposite candle before a displacement** that breaks structure. The idea is that large participants build positions in that area, and when price returns it may react again.

- **Bullish OB:** the last **down** candle before a strong move up that breaks a swing high.
- **Bearish OB:** the last **up** candle before a strong move down that breaks a swing low.
- You can mark either the candle's body or its full range. Choose one rule and stay with it.

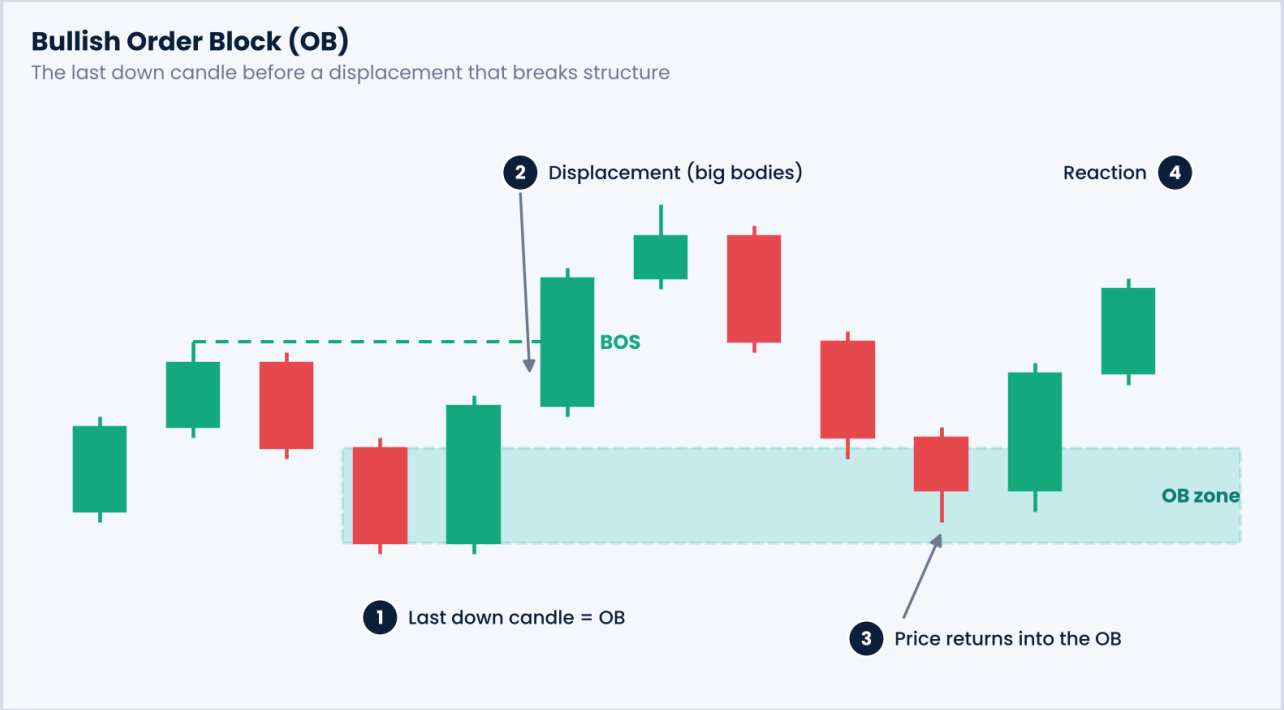


Figure 6. Bullish Order Block

KEY IDEA

Know what an OB is and is not

An Order Block is a **probable reaction area**. The reasoning about large orders cannot be verified from a retail chart, so treat it as a useful map, not a fact. It works best when it caused a BOS, sits in discount (for buys) and has an FVG nearby.

When an OB is used up or invalid

- After price returns and reacts, the block is **mitigated**. A second or third return is weaker.
- If a candle **closes beyond the far side** of the block, the idea is invalid.

5.3 Supply and Demand Zones

A **demand zone** is a small area where price paused (the **base**), then left in a strong move up (the **departure**). The theory is that unfilled buy orders remain in the base. A **supply zone** is the mirror image: a base followed by a sharp drop.

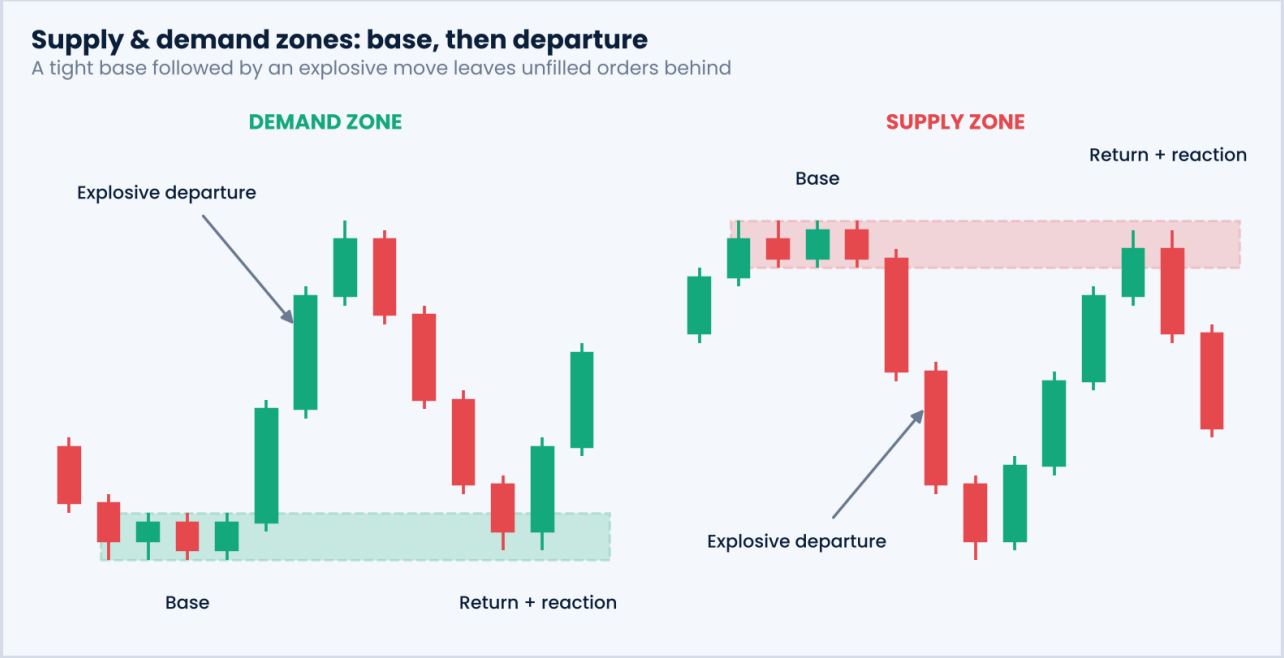


Figure 7. Supply and demand: base then departure

- **Fresh zones** have not yet been revisited. They are more interesting than zones that have been tested several times.
- A strong departure with large candles and a break of structure matters more than a slow drift.
- Supply and demand zones overlap with Order Blocks. A zone is usually a wider base, an OB a single candle inside it.

5.4 Grade Your Areas

Not every area deserves a trade. Score each one from 0 to 2 on the criteria below. Trade only the best.

Criterion	0 points	1 point	2 points
Higher-timeframe bias	Against the H4 bias	Neutral or range	Agrees with H4 bias
Departure strength	Slow, overlapping	Medium	Strong displacement that broke structure
Freshness	Tested 3+ times	Tested once	Untouched
Location	Premium for a buy (discount for a sell)	Around the middle	Discount for a buy (premium for a sell)
Liquidity taken	None nearby	Minor	A clear high or low swept beforehand
Confluence	Single idea	Two ideas overlap	OB, FVG or level, all overlap

PRO TIP

Set a minimum score

Out of 12, only trade areas scoring **8 or more** while you are learning. It will feel restrictive. That is the point: fewer, better trades.

CHECKLIST

Area marking checklist

- ☐ The area comes from a displacement that broke structure.
- ☐ I drew it as a zone, with a clear top and bottom.
- ☐ It has not been closed through.
- ☐ It sits in the correct half of the range (discount for buys, premium for sells).
- ☐ It scores 8 or more on the grading table.
- ☐ I have set an alert and will **wait**. I will not chase price to it.

RISK WARNING

An area is not an entry

Price can slice through any zone. Areas tell you **where to start watching**. The trade itself needs confirmation (Part 6) and a defined stop-loss (Part 7).

PART

06

Read Price Behaviour

Liquidity sweeps, pullbacks, retests and confirmation: how to tell a setup that is working from one that is not.

WHAT YOU WILL LEARN

- Where liquidity sits and why price is drawn to it
- How to recognise a liquidity sweep
- Pullbacks, premium and discount, and the equilibrium level
- Retests and confirmation: what to wait for before acting



6.1 What Is Liquidity?

Liquidity here means resting orders: stop-losses and pending orders sitting at obvious price levels. A stop-loss on a long trade is an order to **sell**. When many of them cluster just below a low, that low becomes a pool of sell orders, which gives larger participants someone to trade against.

Common liquidity pools

- **Equal highs and equal lows:** two or more peaks or troughs at nearly the same price.
- **Swing highs and swing lows** that traders treat as obvious.
- **Previous day, week or session highs and lows**, including the Asian range high and low.
- **Trendline touches** and **round numbers** such as 1.1000.

KEY IDEA

Why this matters

Price is often pulled toward obvious levels before the real move. A level that looks like "perfect support" to many traders can be exactly where stops are collected.

6.2 Liquidity Sweeps

A **liquidity sweep** (or stop run) is a quick push **beyond** an obvious high or low that takes the resting orders, followed by a **close back inside** the previous range.

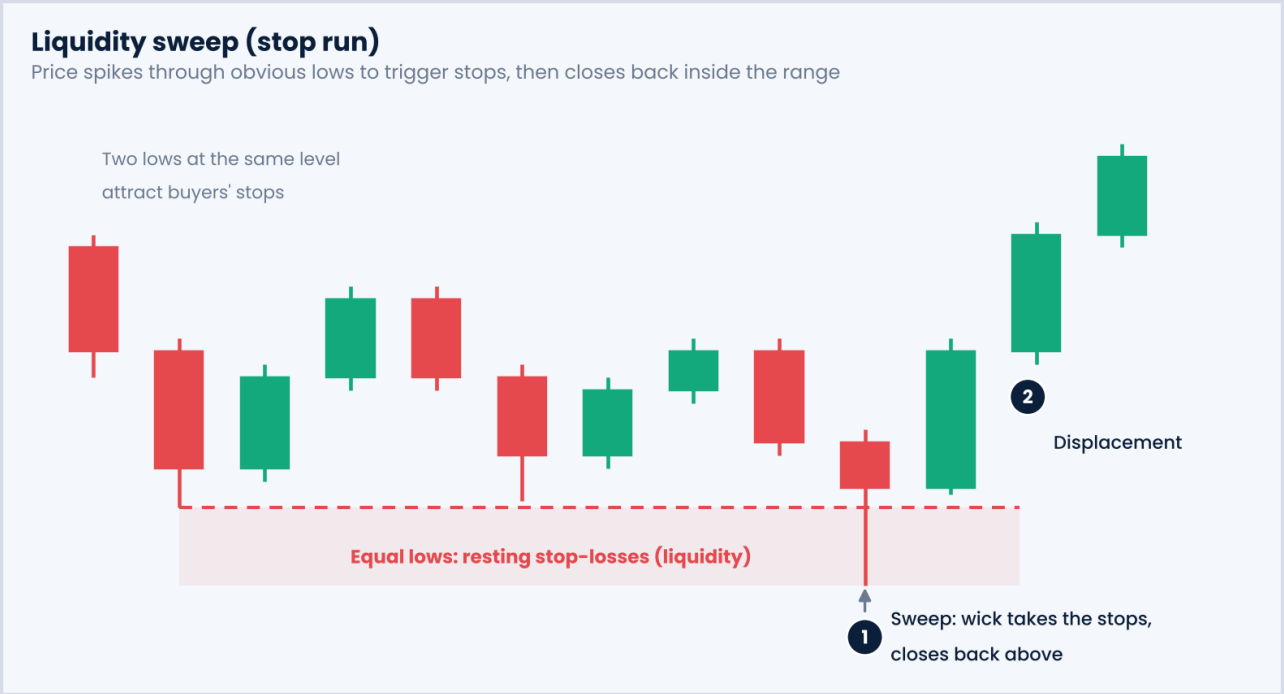


Figure 8. Liquidity sweep

	Liquidity sweep	Genuine breakout
Candle behaviour	Wick beyond the level, **closes back inside**	**Closes beyond** the level and stays
Speed back	Fast, often within one to three candles	Slow or none
Follow-through	Displacement **away** from the level	Continuation **beyond** the level, with a retest that holds
What it suggests	Stops were taken, the move may reverse	A true shift in control

READ THE CHART

Anatomy of a sweep of equal lows

Two lows form at 1.0838. Many buyers place stops just below. Price dips to 1.0833, triggering them, then closes at 1.0843, back above the lows. The next candles are strong and green. The sweep is the **clue**. The confirmation (Section 6.5) is what lets you act.

6.3 Pullbacks, Premium and Discount

After an impulsive leg, price usually **pulls back** before it continues. Where it pulls back to matters.

- Take the leg from its swing low to its swing high and find the **50% level**, called the **equilibrium**.
- **Discount** is the half **below** equilibrium. Buys are better value here.
- **Premium** is the half **above** equilibrium. Sells are better value here.
- Many traders watch the **62% to 79% retracement** as an "optimal trade entry" (OTE) zone. It is a guideline, not a law.



Figure 9. Pullbacks: premium and discount

PRO TIP

Buy in discount, sell in premium

In an uptrend, only look for buys when price has pulled back into discount, ideally into an area you graded in Part 5. If price is still in premium, you are paying a worse price and your stop will be larger.

6.4 Retests

A **retest** is when price returns to a level it just broke. A level that was resistance and was broken with displacement often becomes support on the return, and the reverse.

- **Break and retest:** price breaks a level with a close beyond it, returns to touch it from the other side and holds.
- **FVG retest:** after displacement, price returns into the gap and reacts. This is the entry model used in Part 9.
- If price returns and **closes back through** the level, the retest has failed. Step aside.

6.5 Confirmation: Act on Evidence, Not Hope

Confirmation is proof, on a lower timeframe, that the move you expect has begun. It trades a slightly worse entry price for a better probability.

Typical confirmations on M15 inside an H1 area

- A **CHOCH** in the direction of your idea, ideally with displacement.
- A strong **rejection candle** (pin bar or engulfing) at the area.
- A **retest** of the newly created FVG or OB that holds.

CHECKLIST

Price behaviour confirmation checklist

- ☐ Price has reached my marked H1 area. I did not chase it.
- ☐ Liquidity was taken first (an equal high or low, or a session extreme).
- ☐ A close back inside the range followed the sweep.
- ☐ M15 shows a CHOCH with displacement in my direction.
- ☐ I have a clear entry zone (an FVG or OB) and a clear invalidation point.
- ☐ The reward to the next target is at least twice my risk.

RISK WARNING

Confirmation costs something

Waiting for confirmation gives a smaller reward to a target and sometimes you miss the move. That is acceptable. **Missing a trade costs nothing. A bad entry costs money.** If you feel the urge to jump in early, close the platform and write down what you see.

PART

07

Build a Trading Plan

A repeatable top-down process: bias, area, trigger, stop, target and size. Written down before the trade, not during it.

WHAT YOU WILL LEARN

- The H4 → H1 → M15 top-down process
- Entry rules built from structure, areas and confirmation
- Placing the stop-loss and the take-profit logically
- Position sizing, so every trade risks the same small amount



7.1 Why You Need a Written Plan

A plan turns a hopeful guess into a decision you can repeat and review. Without one, every trade is a new argument with yourself, and fear and greed win those arguments. A good plan answers six questions **before** you click buy or sell:

1. What is my directional bias, and why?
2. Which area am I waiting for?
3. What must happen at that area before I enter?
4. Where is my idea proven wrong (stop-loss)?
5. Where will I take profit?
6. How much am I risking, and what lot size does that mean?

7.2 The Top-Down Process: H4 → H1 → M15

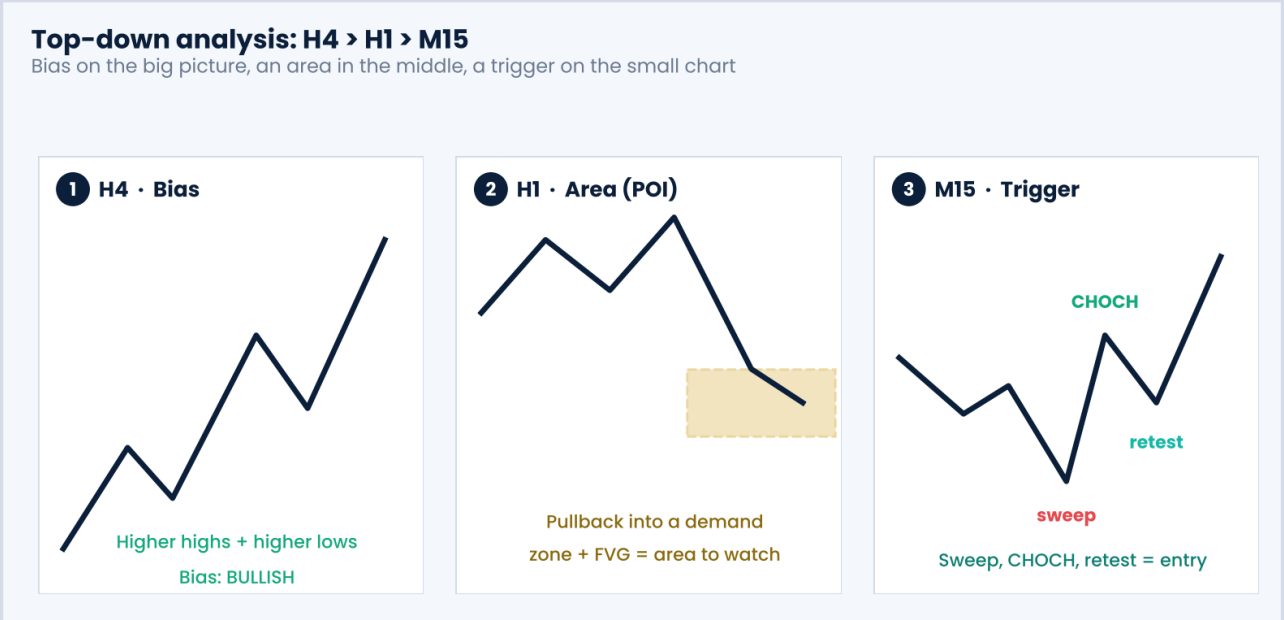


Figure 10. Top-down analysis

Step	Timeframe	Question	What you do	Output
1	**H4**	Which way is the market going?	Mark swings, BOS and CHOCH. Note the protected high or low.	**Bias:** bullish, bearish or no trade
2	**H1**	Where might price react?	Mark OB, FVG and supply or demand zones in the correct half of the range. Grade them.	**Area (POI)** and an alert
3	**M15**	Has the reaction started?	Wait for a sweep, then a CHOCH with displacement, then a retest of the FVG or OB.	**Trigger** and entry

KEY IDEA

Three decisions, three timeframes

H4 decides the direction. H1 decides the place. M15 decides the moment. If the three do not agree, there is no trade.

7.3 Entry Rules

Your entry model should read like a recipe. A beginner-friendly version for a **buy** is below. Reverse it for a sell.

1. **Bias:** H4 shows higher highs and higher lows (or a clear bullish shift).
2. **Area:** price pulls back into a graded H1 demand zone or bullish OB in **discount**.
3. **Liquidity:** a low (equal lows, session low or swing low) is **swept** near the area.
4. **Confirmation:** M15 produces a **CHOCH** with displacement, leaving an FVG.
5. **Entry:** a limit order inside the FVG or at the OB on the retest.
6. **Reward to risk** to the first target is **at least 1:2**.

If any one step is missing, there is no trade.

Entry style	How	Advantage	Drawback
Conservative	Wait for the CHOCH and a retest that holds, then enter	Stronger evidence	Misses some moves, smaller reward
Aggressive	Place a limit order at the area before confirmation	Better price, bigger reward	More losing trades when price simply keeps going

PRO TIP

Start conservative

Learn the conservative model on demo first. Aggressive entries make sense only after your journal shows you read areas well.

7.4 Placing the Stop-Loss

The stop-loss goes where your idea is **proven wrong**, not where it feels comfortable.

- **Buys:** below the sweep low or the far edge of the area, plus a **small buffer** for spread and volatility.
- **Sells:** above the sweep high or the far edge of the area, plus a small buffer.
- Measure the distance in **pips**. This number feeds your position size.
- **Never widen a stop** once the trade is live. You may only tighten it to lock in profit or reduce risk.

RISK WARNING

A stop that is too tight is not "safer"

Put the stop too close and ordinary noise takes you out repeatedly. Put it where the setup fails, then **reduce the lot size** to fit your risk. Never move the stop to fit a bigger lot.

7.5 Placing the Take-Profit



Figure 11. A trade drawn as risk and reward

- Aim at the **next logical liquidity** or level: a previous high, a session extreme or an opposing H1 area.
- Require at least **1:2 reward to risk** to the first target. If the nearest obstacle gives less, skip the trade.
- Some traders **scale out**: close part of the position at 2R and let the rest run to a higher target.
- Moving the stop to break-even is a choice with a cost. It protects capital but can stop you out of a trade that was simply retesting. Decide your rule in advance.

7.6 Position Sizing

Position size is how you turn "I will risk 1%" into a number of lots.

KEY IDEA

The sizing formula

Lot size = risk amount ÷ (stop-loss in pips × pip value per lot)

For a USD account on EUR/USD, pip value per 1.00 lot is about **$10**.

WORKED EXAMPLE

Step by step

Account **$1,000**. Risk **1%** = **$10**. Stop-loss **20 pips**.

- Lot size = 10 ÷ (20 × 10) = **0.05 lot**
- Check: 0.05 lot × 20 pips × $10 = **$10** at risk. ✓
- A target of 40 pips (1:2) earns about **$20**.

Account	Risk %	Risk $	Stop (pips)	Lot size
$500	1%	$5	20	0.02 (rounded down, about $4 risk)
$1,000	1%	$10	20	0.05
$1,000	0.5%	$5	20	0.02 (rounded down, about $4 risk)
$1,000	1%	$10	50	0.02
$5,000	1%	$50	20	0.25

Always **round down**, never up. Pip values differ for JPY pairs, gold and crypto, so use your broker's calculator for those. Notice what happens to a wider stop: the lot size shrinks, but the **dollar risk stays the same**.

7.7 Expectancy: Why Reward to Risk Matters

Measure results in **R**, where 1R is your planned risk on a trade. A loss is -1R. A winner at 1:2 is +2R.

Reward to risk	Break-even win rate
1:1	50%
1:1.5	40%
1:2	33.3%
1:3	25%

WORKED EXAMPLE

Expectancy

Win rate 40%, average reward 2R, average loss 1R:

0.40 × 2R − 0.60 × 1R = +0.2R per trade. Over 50 trades that is about +10R. At 1% risk per trade, +10R is roughly +10%, **before** spreads, commissions and slippage, which lower it.

This is an arithmetic example, not a forecast. Real results are uneven, with long losing streaks that can last many trades.

7.8 Your One-Page Trading Plan

Copy this table into your journal and fill it in with your own rules.

Item	My rule
Markets and pairs	e.g. EUR/USD and GBP/USD only
Sessions I trade	e.g. London and early New York
Timeframes	H4 bias, H1 area, M15 trigger
Entry model	Sweep → CHOCH → FVG/OB retest
Minimum area score	8 out of 12
Risk per trade	0.5% to 1%

Item	My rule
Minimum reward to risk	1:2
Max trades per day	2
Daily loss limit	2% of account, then I stop
News rule	No new trades 30 minutes before or after high-impact news
Stop-loss rule	Beyond the sweep or zone plus buffer. Never widened.

CHECKLIST

Pre-trade checklist

- ☐ **H4 bias** is clear and written down.
- ☐ **H1 area** is marked, graded 8 or more, and in the correct half of the range.
- ☐ **Liquidity** was swept before my entry.
- ☐ **M15 confirmation** (CHOCH with displacement) has printed.
- ☐ **Entry, stop and target** are set with at least 1:2 to the first target.
- ☐ **Lot size** is calculated from my risk, not from my feelings.
- ☐ **Spread** is normal and **no high-impact news** is due soon.
- ☐ I am **calm**, rested and within today's loss limit.
- ☐ If any box is unchecked, **I do not trade.**

PART

08

Protect Your Capital

Risk rules, the maths of drawdowns, the psychology behind most losses and the journal that turns trades into lessons.

WHAT YOU WILL LEARN

- The risk rules that keep one bad day from ending your account
- Why losses are harder to recover than they look
- The emotions that wreck good plans, and how to counter them
- How to keep a journal and move from demo to live safely



8.1 The Risk Rules

Capital is your inventory. If you run out of it, you are out of business. These rules are deliberately simple. Write them on one page and keep that page next to your screen.

Rule	Guideline for beginners
Risk per trade	0.5% to 1% of the account. Never more than 2%.
Daily loss limit	2% to 3%. When it is hit, close the platform until tomorrow.
Weekly loss limit	5%. Take the rest of the week to review.
Open trades	Maximum two or three at once.
Correlated pairs	EUR/USD and GBP/USD often move together. Count them as one idea.
Reward to risk	At least 1:2 to the first target.
Stop-loss	Always set on entry. Never widened.
Averaging down	Never add to a losing trade.
Martingale	Never double the size after a loss.
News	Avoid opening trades around high-impact releases.
Spread	Check it before entry. Skip when it is abnormally wide.

RISK WARNING

The rules only work if you keep them

Most blown accounts come from **breaking** rules the trader already knew, not from lacking knowledge. Decide your limits while calm. Follow them while stressed.

Educational only. Not financial advice.

8.2 Why Losses Are Harder Than They Look

Recovering from a loss needs a **bigger** percentage gain than the loss itself.



Figure 12. The recovery trap

Account loss	Gain needed to recover
5%	5.3%
10%	11.1%
20%	25%
30%	42.9%
50%	100%

Even a normal setup will produce **losing streaks**. This table shows what ten losses in a row would do at different risk levels.

Risk per trade	Account after 10 consecutive losses	Total loss
0.5%	about 95.1% remaining	about -4.9%
1%	about 90.4% remaining	about -9.6%
2%	about 81.7% remaining	about -18.3%
5%	about 59.9% remaining	about -40.1%
10%	about 34.9% remaining	about -65.1%

KEY IDEA

Small risk buys you time

At 1% risk, a ten-trade losing streak is painful but survivable. At 10% risk, it is nearly the end. **Risk size is what keeps you in the game long enough to get good.**

8.3 Trading Psychology

Your charts do not decide your results alone. Your **behaviour** does. Know your enemies by name.

Problem	What it looks like	Counter
FOMO	Entering after the move has gone because "it's running without me"	Remember: missing a trade costs nothing. Wait for the next setup.
Revenge trading	Trading bigger or faster right after a loss to "get it back"	Rule: **stop after two losses** in a row. Walk away.
Overconfidence	Raising risk after a few wins	Keep risk fixed. Review the journal, not your mood.
Fear	Hesitating on valid setups or closing winners too early	Trade smaller until you can follow the plan calmly.
Overtrading	Taking low-grade setups out of boredom	Set a daily trade limit and a minimum area score.
Hope	Moving the stop away because "it will come back"	The stop is where the idea is wrong. It is not negotiable.
Analysis paralysis	Adding indicator after indicator, never acting	Keep the checklist short. Use only what the plan requires.

Habits that protect you

- Do a **five-minute pre-session routine**: read the plan, check the news calendar, confirm your daily limit.
- Trade only when **rested and calm**. Skip the day after a poor night's sleep or an argument.
- Judge a trade by whether you **followed the plan**, not by whether it won. A losing trade that followed the rules is a **good** trade. A winning trade that broke the rules is a **bad** one that happened to work.
- Take breaks, move your body, and keep a life outside the charts.

8.4 The Trading Journal

A journal is the cheapest mentor you can have. It turns vague feelings into evidence.

CHECKLIST

Record for every trade

- ☐ Date, time, pair and direction
- ☐ H4 bias, H1 area and M15 trigger (with a **screenshot** before the entry)
- ☐ Entry, stop-loss, take-profit and lot size
- ☐ Risk in dollars and as a percentage of the account
- ☐ Planned reward to risk, and the actual result in R
- ☐ **Did I follow my plan?** Yes or no, and which rule I broke
- ☐ My emotion before and after, rated 1 to 5
- ☐ One lesson, in one sentence

#	Date	Pair	Setup	Risk	Result (R)	Plan followed?	Emotion (1 to 5)	Lesson
1								
2								
3								

Weekly review. Every weekend, count your trades, win rate, average R, and how many trades broke the plan. Ask: *which rule do I break most, and why?* Do not draw conclusions from ten trades. Wait for at least **50 trades** before judging a method, and remember that a good sample still guarantees nothing.

8.5 From Demo to Live: A Safe Roadmap

Phase	What you do	Move on when
1. Learn	Study Parts 1 to 7 and practise marking charts on history	You can mark structure, areas and liquidity without help
2. Demo	Trade your written plan on demo with a realistic balance	At least **50 journaled trades**, following the plan in **90% or more** of them
3. Micro live	Trade the smallest lot size, risking **0.25% to 0.5%**, with money you can afford to lose	Another 50 trades with consistent rule-following and no daily-limit breaches
4. Scale slowly	Increase risk only in small steps, never after a hot streak	Your journal, not your excitement, supports the increase

RISK WARNING

Winning on demo is not proof

Demo has no fear. Live trading adds slippage, requotes and emotion. Expect your live behaviour to differ, and expect to feel it. That is why live size starts tiny.

PART

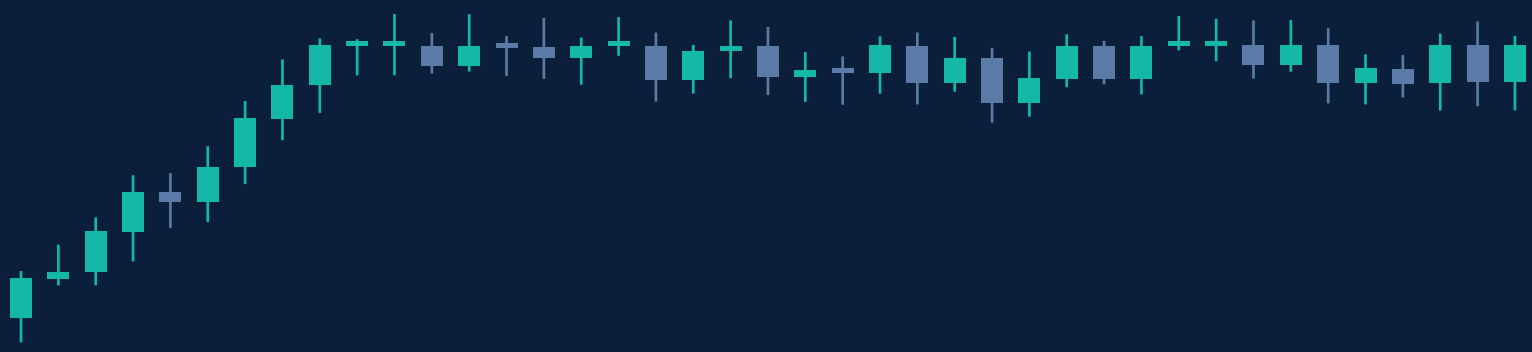
09

Complete Scenarios & Next Steps

Full bullish and bearish walkthroughs, a no-trade example, the master checklist, the glossary and your official links.

WHAT YOU WILL LEARN

- How the whole process fits together on a hypothetical buy and sell
- When the correct answer is to do nothing
- A master checklist for before, during and after every trade
- A glossary, the official resources and a 30-day action plan



9.1 Walkthrough: A Hypothetical Bullish Setup

RISK WARNING

Hypothetical example

The prices below are invented to teach the method. They are **not** a signal, not a record of a real trade, and not a prediction. Real markets rarely behave this neatly.

Situation: EUR/USD (illustrative prices). Account **$1,000**. Risk **1%** = **$10**.

Step	What you see	What you do
1. H4 bias	Higher highs and higher lows, last BOS to the upside, no CHOCH	Bias is **bullish**. Look only for buys.
2. H1 area	After a bullish BOS with displacement, price pulls back into a **demand zone at 1.0832 to 1.0858**, in discount, graded 9 out of 12	Mark the zone and set an alert
3. Liquidity	On M15, equal lows form at **1.0838**	Do not buy yet. Wait for the lows to be taken.
4. Sweep	A candle wicks down to **1.0833**, then closes back above the lows	Stops were taken. Watch for confirmation.
5. CHOCH + displacement	Strong candles close above the last M15 lower high (about 1.0861), leaving an **FVG from 1.0846 to 1.0855**	Confirmation has printed. Plan the entry.
6. Entry	Price pulls back into the FVG	**Buy limit at 1.0850**

Hypothetical bullish setup (M15, illustrative prices)

H1 demand zone, equal lows swept, CHOCH, FVG retest. Numbers are for teaching only.

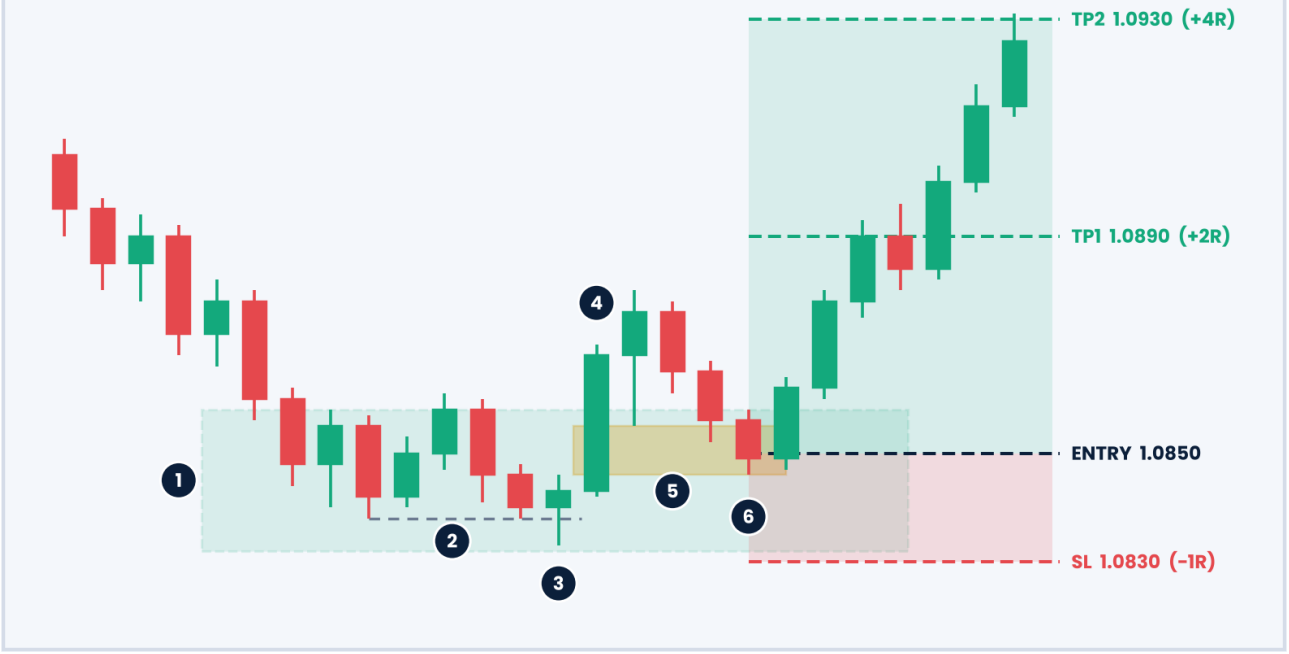


Figure 13. Hypothetical bullish setup

READ THE CHART

Reading the figure

1 is the H1 demand zone. **2** marks the equal lows at 1.0838. **3** is the sweep to 1.0833 that took the stops. **4** is the CHOCH and displacement. **5** is the FVG left behind. **6** is the entry on the retest. The red box shows risk and the green box shows reward.

The trade plan

Item	Value
Entry	1.0850
Stop-loss	**1.0830** (3 pips below the sweep low, **20 pips** from entry)
Lot size	$10 ÷ (20 pips × $10) = **0.05 lot**
Take-profit 1	1.0890, **40 pips**, 1:2
Take-profit 2	1.0930, **80 pips**, 1:4

Possible outcome	Result on 0.05 lot
Stop-loss hit	**−$10** (−1R, −1% of account)
Target 1 hit	**+$20** (+2R)
Target 2 hit	**+$40** (+4R)

KEY IDEA

What makes this valid

The trade passed every gate: bias, area, liquidity, confirmation and reward to risk. **Even so, it could have lost.** The plan accepted that in advance by risking only 1%. If a close below 1.0830 had happened, the idea was wrong and the loss would have been taken without argument.

9.2 Walkthrough: A Hypothetical Bearish Setup

RISK WARNING

Hypothetical example

Again, these numbers are invented for teaching. They are not a signal.

Situation: GBP/USD (illustrative prices). Account **$1,000**. Risk **1%** = **$10**.

Step	What you see	What you do
1. H4 bias	Lower highs and lower lows, last BOS to the downside	Bias is **bearish**. Look only for sells.
2. H1 area	Price rallies into a **supply zone at 1.2692 to 1.2718**, in premium, graded 9 out of 12	Mark the zone and set an alert
3. Liquidity	On M15, equal highs form at **1.2712**	Wait. Buyers' stops sit above.
4. Sweep	A candle spikes to **1.2717**, then closes back below the highs	Stops taken. Watch for confirmation.
5. CHOCH + displacement	Strong red candles close below the last M15 higher low (about 1.2689), leaving a **bearish FVG from 1.2695 to 1.2704**	Confirmation has printed
6. Entry	Price rallies back into the FVG	**Sell limit at 1.2700**



Figure 14. Hypothetical bearish setup

Item	Value
Entry	1.2700
Stop-loss	**1.2720** (3 pips above the sweep high, **20 pips** from entry)
Lot size	$10 ÷ (20 × $10) = **0.05 lot**
Take-profit 1	1.2660, **40 pips**, 1:2
Take-profit 2	1.2620, **80 pips**, 1:4

Possible outcome	Result on 0.05 lot
Stop-loss hit	**-$10** (-1R)
Target 1 hit	**+$20** (+2R)
Target 2 hit	**+$40** (+4R)

9.3 The No-Trade Scenario

The best trade is sometimes the one you do not take. Imagine the same bullish idea with these changes:

- Price taps the demand zone but **no liquidity was swept**. It just drifts into the zone.
- The M15 break above the last lower high is **slow and overlapping**, with no displacement and no FVG.
- The nearest target is only **30 pips** away for a **20-pip** stop: a reward to risk of 1:1.5.
- A **high-impact US data release** is due in 20 minutes and the spread has widened.

Each of these breaks a rule on your checklist. **Together they make a clear no-trade.** Write it in the journal as a *skipped trade* and note what you would need to see to change your mind.

PRO TIP

Skipping is a skill

A journal with many skipped, rule-based decisions is a sign of a developing trader. Overtrading is what usually ends the learning.

9.4 The Master Checklist

CHECKLIST

Before the session

- ☐ I slept well, I am calm and I am not trading to fix a bad mood.
- ☐ I checked the economic calendar for high-impact news.
- ☐ I wrote today's loss limit and maximum number of trades.
- ☐ I marked H4 structure and bias for my pairs.
- ☐ I marked and graded my H1 areas, and set alerts.

CHECKLIST

Before every entry

- ☐ H4 bias, H1 area and M15 trigger all agree.
- ☐ Liquidity was swept and price closed back inside.
- ☐ CHOCH with displacement, and a clear FVG or OB to enter from.
- ☐ Stop-loss is beyond the point where the idea is wrong.
- ☐ Reward to the first target is at least twice the risk.
- ☐ Lot size comes from the sizing formula and risks 1% or less.
- ☐ Spread is normal. No high-impact news is imminent.

CHECKLIST

After every trade

- ☐ Screenshot saved and the trade is in the journal.
- ☐ I wrote whether I **followed the plan**, win or lose.
- ☐ I rated my emotion and noted one lesson.
- ☐ If I hit my daily loss limit, the platform is closed.

9.5 Your First 30 Days

Days	Action
1 to 3	Read Parts 1 to 3. Open a demo account. Learn the buttons.
4 to 10	Practise marking structure on history across three pairs. Label BOS and CHOCH.
11 to 17	Mark FVGs, Order Blocks and liquidity on past charts. Grade each area.
18 to 21	Write your one-page trading plan. Practise the sizing formula until it is automatic.
22 to 30	Trade the plan on demo, **two trades a day at most**. Journal every trade and every skipped setup.
Day 30	Review. How many trades followed the plan? Decide what to practise next.

KEY IDEA

The real target

Do not aim to make money in month one. Aim to **follow your plan on 90% of your trades**. Profit is the by-product of consistent behaviour, and it arrives after it, not before.

9.6 Risk Disclaimer

RISK WARNING

Please read in full

Educational purpose only. *The Price Action Playbook* is published by Steve Business for general education. It is not investment, financial, legal or tax advice, and it does not take your personal circumstances into account. Nothing in it is an offer or recommendation to buy or sell any financial instrument.

High risk. Trading foreign exchange, CFDs, cryptocurrencies and other leveraged or volatile products carries a high level of risk and may not be suitable for everyone. You can lose some or all of your money, and with leveraged products you can lose more than you expected. Do not trade with money you cannot afford to lose.

No guarantees. Examples, figures and walkthroughs are hypothetical and simplified. Past performance, whether real or illustrative, does not indicate future results. No strategy, pattern or checklist guarantees profit.

Market realities. Slippage, spread widening, gaps, platform outages and rapid price changes can cause fills and losses that differ from any plan.

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Seek advice. If you are unsure whether trading is right for you, speak to an independent, licensed financial adviser.

9.7 Glossary

Term	Meaning
Ask	The price at which you can buy
Bid	The price at which you can sell
Spread	The difference between ask and bid
Pip	The standard small price step (0.0001 on most pairs)
Lot	Trade size. 1.00 lot = 100,000 units.
Leverage	A multiplier that lets you control a larger position with a smaller deposit
Margin	The deposit held by the broker to keep leveraged trades open
Equity	Balance plus or minus floating profit and loss
Margin call / stop out	A warning level, then forced closure of positions when equity falls too far
Swap	An overnight fee or credit for holding a position
Slippage	A fill at a different price from the one requested

Term	Meaning
Gap	A jump in price with no trading in between
Candlestick	A chart bar showing open, high, low and close for one period
Wick	The thin line above or below a candle's body
Timeframe	The period each candle covers, such as M15, H1 or H4
Support / resistance	Areas where price has repeatedly stopped falling or rising
Swing high / swing low	A peak or trough with lower or higher candles on both sides
HH / HL / LH / LL	Higher high, higher low, lower high, lower low
Trend	A sequence of swings in one direction
Range	Sideways price movement between support and resistance
BOS (Break of Structure)	A close beyond the previous swing in the trend's direction
CHOCH (Change of Character)	The first close against the prevailing trend's structure
MSS (Market Structure Shift)	Another name for a CHOCH-style shift
Displacement	A strong, fast, impulsive move with large bodies and little overlap
FVG (Fair Value Gap)	A three-candle imbalance between candle 1's range and candle 3's range
OB (Order Block)	The last opposite candle before a displacement that broke structure
Supply zone	A base followed by a sharp drop. Possible resting sell orders.
Demand zone	A base followed by a sharp rise. Possible resting buy orders.
Mitigation	Price returning to an area and reacting, or using it up
Liquidity	Resting orders, such as stop-losses, at obvious highs and lows
Liquidity sweep	A brief push beyond a high or low that takes stops, then reverses back inside
Premium / discount	The upper and lower halves of a price range, split at the 50% equilibrium
Equilibrium	The 50% level of a price leg
OTE	Optimal trade entry: the 62% to 79% retracement zone
Retest	Price returning to a broken level or area
Confirmation	Lower-timeframe evidence that the expected move has begun
POI (Point of Interest)	An area you have marked and are waiting for
R / R-multiple	Profit or loss measured in units of your planned risk
Reward to risk (RR)	Distance to target divided by distance to stop
Drawdown	The fall in your account from a peak to a low
Expectancy	The average result per trade, in R, over many trades
Stop-loss / take-profit	Orders that close a trade at a set loss or at a set profit
Demo account	A practice account that uses virtual money
FOMO	Fear of missing out: entering a trade out of urgency instead of a plan

9.8 Official Links, Referrals and Resources

Resource	Link	Note
Exness official site	https://www.exness.com	Check availability and risk disclosures for your country
Exness invite link	Open Exness referral	Referral link. See the disclosure below.
MetaTrader 5	https://www.metatrader5.com	Official platform downloads and documentation
Binance official site	https://www.binance.com	Check availability and rules for your country
Binance referral link	Open Binance referral	Referral link. See the disclosure below.
Steve Business	stevebusiness33.netlify.app	Author's portfolio and more resources

DISCLOSURE

Affiliate and referral notice

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KEY IDEA

Remember the motto

LEARN. Understand before you act. **ANALYSE.** Read structure, areas and behaviour patiently. **MANAGE RISK.** Decide what you can lose first. Execute only when your conditions are met.

LEARN IN PERSON OR ONE-ON-ONE

Interested in guided learning or personal mentorship? Connect with Steve Business to enquire about one-on-one mentorship and in-person learning.

Mentorship & social links: linktr.ee/stevebusiness33

LEARN. ANALYSE. MANAGE RISK.

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