
PRICE
ACTION
5

© Copyright PriceAction5.com

All rights reserved. Unauthorised resell or copying of this material is unlawful. No portion of this eBook may be copied or resold without written permission. PriceAction5.com reserves the right to use the full force of the law in the protection of its intellectual property including the contents, ideas, and expressions contained herein.

Disclaimer

This report is designed to provide helpful advice regarding the subject matter(s) covered. The author and distributors do not engage in the practice of providing legal or professional advice and that the laws and regulations governing the subject(s) covered in this report may vary from state to state, and country to country. It is understood that the author and distributors of this report specifically disclaim any liability that is incurred from the use, application, or recommendations of this report. The author and distributors make no representations, warranties, or claims whatsoever regarding the accuracy, effectiveness, legality or completeness of the information included in this report, include any and all links, references, content, and recommendations therein. The author and distributors shall in no way be held liable for any loss or other damages, including but not limited to special, incidental, consequential, accidental, or other damages. Legal, professional, tax, accounting, and any other forms of advice should be sought from a professional and is in no way implied in this report. Any and all links and recommendations are for instructional and informational purposes only and are not warranted or guaranteed for accuracy, content, reliability, or reputation, or any other expressed or implied purpose.

U.S. Government Required Disclaimer - Commodity Futures Trading Commission Futures and Options trading has large potential rewards, but also large potential risks. You must be aware of the risks and be willing to accept them in order to invest in the futures and options markets. Don't trade with money you can't afford to lose. This is neither a solicitation nor an offer to Buy/Sell futures or options. No representation is being made that any account will or is likely to achieve profits or losses similar to those discussed on this web site. The past performance of any trading system or methodology is not necessarily indicative of future results.

CFTC RULE 4.41 - HYPOTHETICAL OR SIMULATED PERFORMANCE RESULTS HAVE CERTAIN LIMITATIONS. UNLIKE AN ACTUAL PERFORMANCE RECORD, SIMULATED RESULTS DO NOT REPRESENT ACTUAL TRADING. ALSO, SINCE THE TRADES HAVE NOT BEEN EXECUTED, THE RESULTS MAY HAVE UNDER-OR-OVER COMPENSATED FOR THE IMPACT, IF ANY, OF CERTAIN MARKET FACTORS, SUCH AS LACK OF LIQUIDITY. SIMULATED TRADING PROGRAMS IN GENERAL ARE ALSO SUBJECT TO THE FACT THAT THEY ARE DESIGNED WITH THE BENEFIT OF HINDSIGHT. NO REPRESENTATION IS BEING MADE THAT ANY ACCOUNT WILL OR IS LIKELY TO ACHIEVE PROFIT OR LOSSES SIMILAR TO THOSE SHOWN.

No representation is being made that any account will or is likely to achieve profits or losses similar to those shown. In fact, there are frequently sharp differences between hypothetical performance results and the actual results subsequently achieved by any particular trading program. Hypothetical trading does not involve financial risk, and no hypothetical trading record can completely account for the impact of financial risk in actual trading. All information on this website or any e-book purchased from this website is for educational purposes only and is not intended to provide financial advice. Any statements about profits or income, expressed or implied, does not represent a guarantee. Your actual trading may result in losses as no trading system is guaranteed. You accept full responsibilities for your actions, trades, profit or loss, and agree to hold ForexMobster.com and any authorized distributors of this information harmless in any and all ways. The use of this system constitutes acceptance of our user agreement.

Price Action 5™ Copyright © 2011

www.PriceAction5.com

Email: contact@priceaction5.com

Contents

Disclaimer 3

Welcome, Trader! 7

You Need To Know This 8

- Price Action 5 Is Not A "System" 8
- Demo, Demo And Demo Again 8
- Risk 9

The Method 10

- Support & Resistance 10
- Trendlines 10
- Psychological Numbers 11
- Fibonacci Levels 11
- Confirmation Bars 11

Support & Resistance 13

Trendlines 21

Psychological Numbers 27

Fibonacci Levels 30

Confirmation Bars 34

- The Pin 34
- The Outside Bar 35

Pulling It All Together – The Real Trades 37

- EUR/USD Trade On 4-Hour – Classic Setup 38
- GPB/USD Trade On 1-Hour – Huge Reward For Small Risk 46
- AUD/USD Trade On Daily – Trading Without A Trend 55
- EUR/JPY Trade On 4-Hour – Trading Minor S/R Levels 65
- USD/JPY On The 4-Hour – A Short Setup 76

Some Parting Thoughts 83

Welcome, Trader!

So you've decided to take you trading seriously? Good decision – a very good decision in fact!

This is probably one of the most un-hyped eBooks you will ever see.

I'm not promising riches and instant success; I do however promise to guide you to what is probably the most likely way you are going to make consistent returns in the markets.

I've compiled my years of personal trading experience, and what has worked for me, into this relatively short but comprehensive eBook.

This eBook is for those who have a day job and are on the path to ultimately quitting their jobs – it can be done but it takes time.

This eBook outlines a single trading method; it is nothing 'unique', 'secret' or 'magical'… but it is a method that works!

Don't expect overnight success – but DO expect to gain knowledge that you will use in your trading for the rest of your trading days.

I wrote this eBook for the aspiring trader who is working hard to do what it takes to make it. I would love to hear your feedback on what you think of this eBook.

Please visit http://www.priceaction5.com/feedback.html and send me your comments and feedback on how this eBook has helped your trading.

Let's get started…

You Need To Know This

There are a few things I need to tell you before we start learning the method.

Price Action 5 Is Not A "System"

This is not a "paint by numbers" trading system; there are no buy-when-this-indicator-turns-green type rules in Price Action 5™.

I will guide you on how to use five separate concepts that you will bring together to build a solid trading method.

There is discretion required in this trading method and you will have to gain experience with it – but the experience for you will be invaluable.

Demo, Demo And Demo Again

I highly recommend that you trade on demo with this method before you subject your real cash to the risks of the market.

Like I have said previously, it will take a little time to get to grips with this method, but I guarantee it won't take as long you think before you really start getting a feel for it!

If you must trade with real money, and I have to admit that in my experience this works better for some traders, then use a small amount of capital initially.

You've invested in this eBook because you're taking your trading seriously, right? Well you must take your money seriously as well – respect it!

Risk

When you do start trading with real money then you need to consider your risk very carefully.

As any good trader knows: The #1 rule of trading is capital preservation – once money is in your trading account it ceases to become money; it is now a tool.

There has been a lot written on risk, or money management as it is often called, but it's actually very simple.

If you have a solid trading method, and are making it work for you, then all you have to do is use a low-risk percentage per trade.

A good guide is 1 or 2 percent on any single trade; this is not conservative – it is typical.

The Method

We're now going to learn about the five critical components of the Price Action 5 method™.

The method can be used on most timeframes – but to be absolutely honest the 4-hour and daily chart are by far the best. Because of this we will be sticking to these timeframes.

Another reason we are sticking to these timeframes is that this eBook is really aimed at those traders who are not trading full-time and typically have day jobs.

I will give an overview of each component before we then start really digging into the details of each one.

Support & Resistance

The core to the method is support and resistance (S/R). The other components are still extremely important (as you will see) but S/R is at the top of the priority list for us.

Trendlines

We use trendlines for two reasons:

#1 – They help keep us on the right side of the market; one of the core elements of Price Action 5™ is that we only trade with the trend.

#2 – A great majority of traders watch trendlines and so they can adhere to a self-fulfilling prophecy – you will see this in action later.

Psychological Numbers

Psychological numbers, or Round Numbers as they are sometimes called, are a very obvious part of trading that many, many traders often miss.

A Psych. Number is a significant number such as 1.4100 or 1.3500; it is easier for people (including traders) to remember numbers such as these than numbers such as 1.4137 or 1.3572.

This perhaps sounds too simple but it works and will show you this later.

Fibonacci Levels

There are some traders who don't believe in Fibonacci levels; and that's fine – but, as with the trendlines, enough traders watch them that they become significant to us.

Confirmation Bars

For any trade we take we will be looking for confirmation in the form of a bar pattern. Bar charts will be used throughout this eBook – but candlesticks would work equally well.

I am not going to go into a huge amount of detail on how to interpret these patterns – I will assume you know about them. If you are not too familiar with candlestick analysis then I advise that you learn – it is critical to Price Action 5™.

NOTE: You can find and excellent product on Candlestick patterns at www.ForexCandleStickMastery.com and I can highly recommend it.

So that's an overview of what you will be learning in Price Action 5™; we will now go through each of these components in detail and fit these together to build the method itself.

After this we will start going through actual trade examples to solidify the method for you.

Support & Resistance

S/R is great… and not so great.

It's great because it is very effective – but it's not so great because it can be a little subjective.

Before we begin on S/R I would like to say right now that learning to use S/R effectively in your trading will take a little time and experience – but once you start to get the hang of it you will be unlikely to ever regret spending the time to learn it!

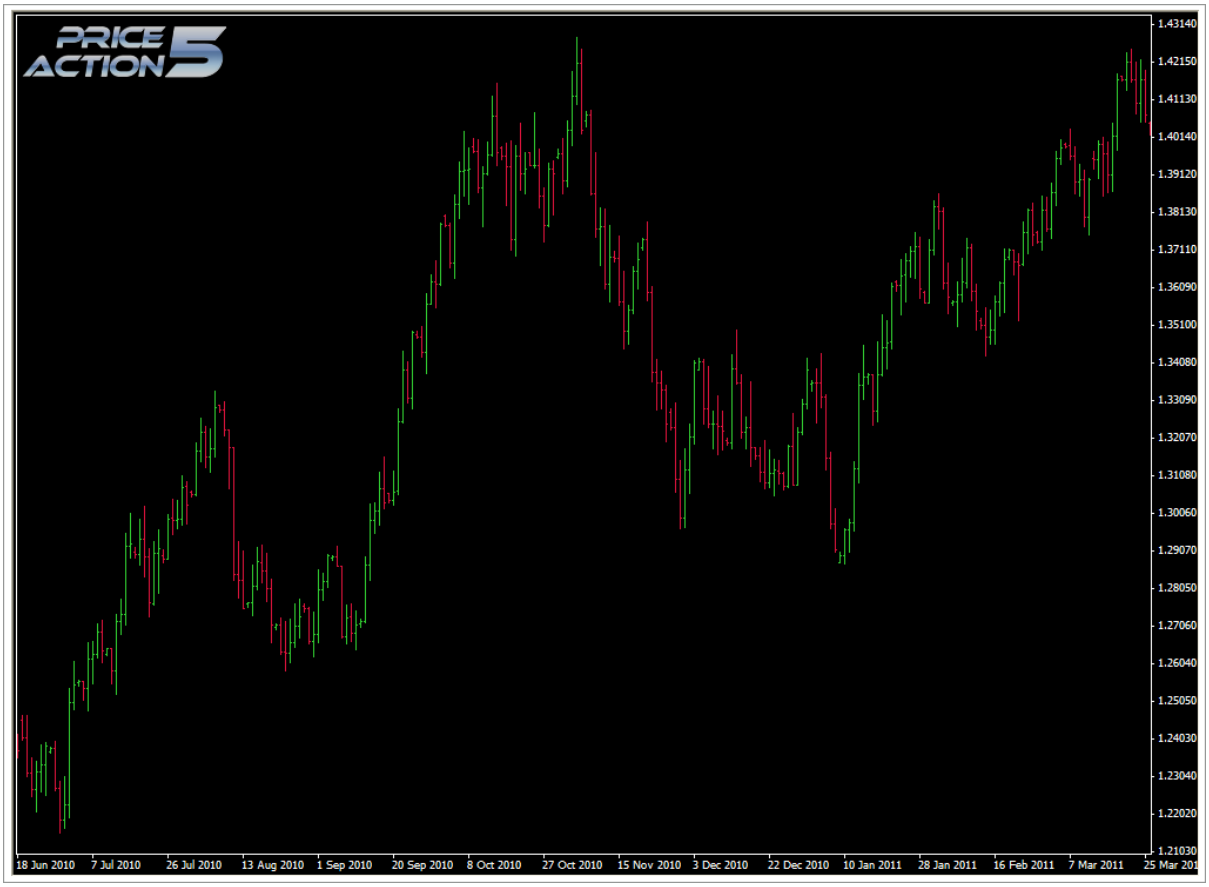
To help us avoid the subjectivity of S/R I am going to show you how to identify the levels that stand-out; the more obvious the S/R level then the more likely it is to hold as S/R in the future - and an S/R level holding is what we ultimately want!

Don't worry too much right now about getting your S/R identification perfect – just absorb what you can from this eBook and your abilities in S/R will progress over time. I promise!

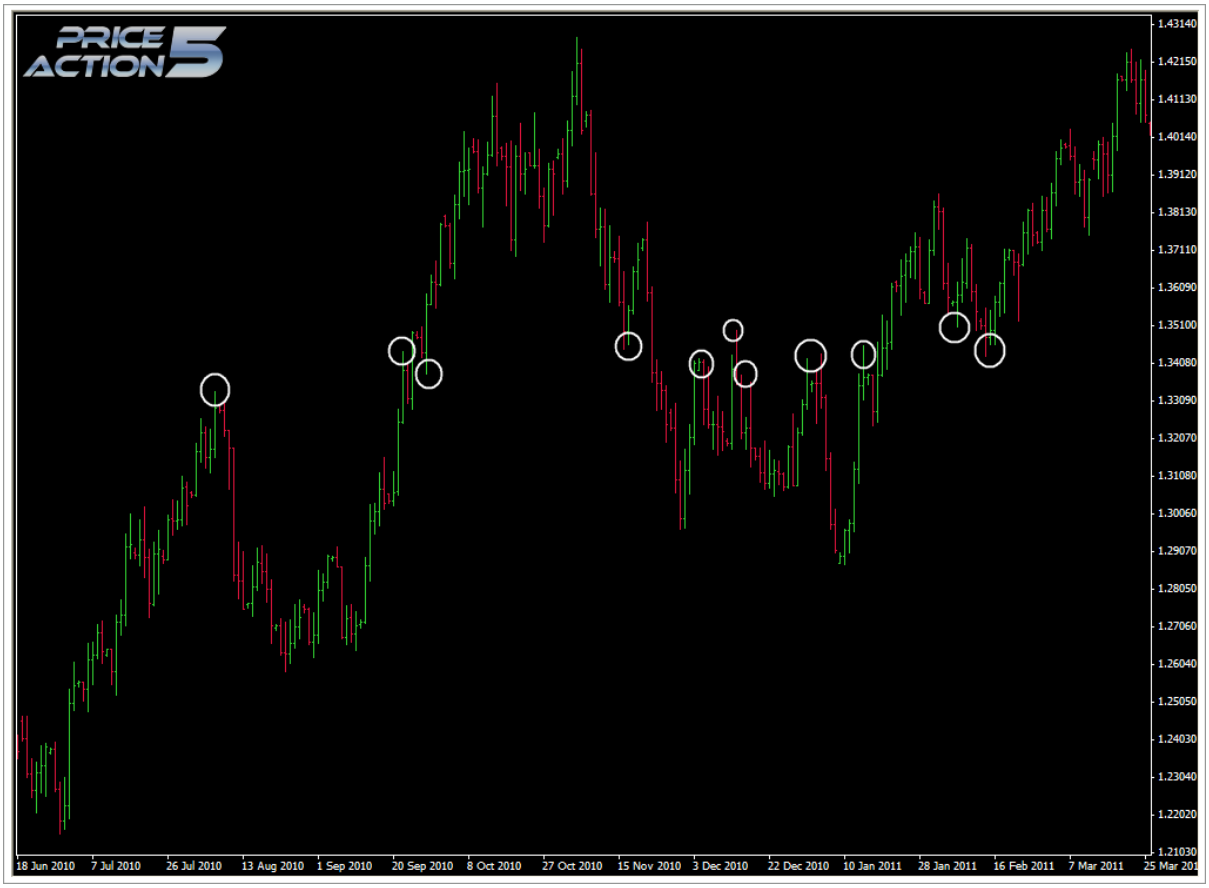
The only real way I can show you how to identify S/R correctly is through chart examples.

Over the next few pages I will go through a number of examples on how to identify S/R.

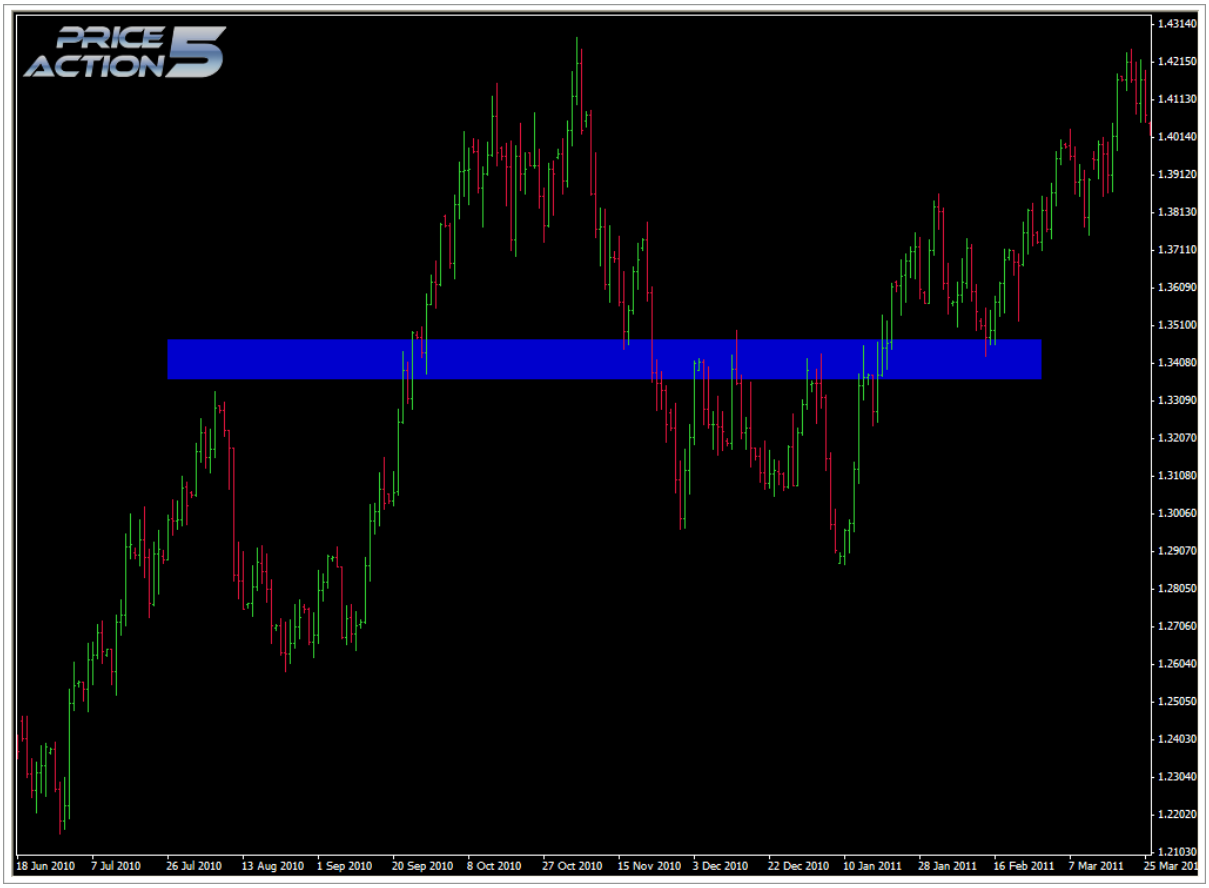
We will start with a blank chart:



We will now find the first main S/R area. To do this we start to identify area what price has reacted:

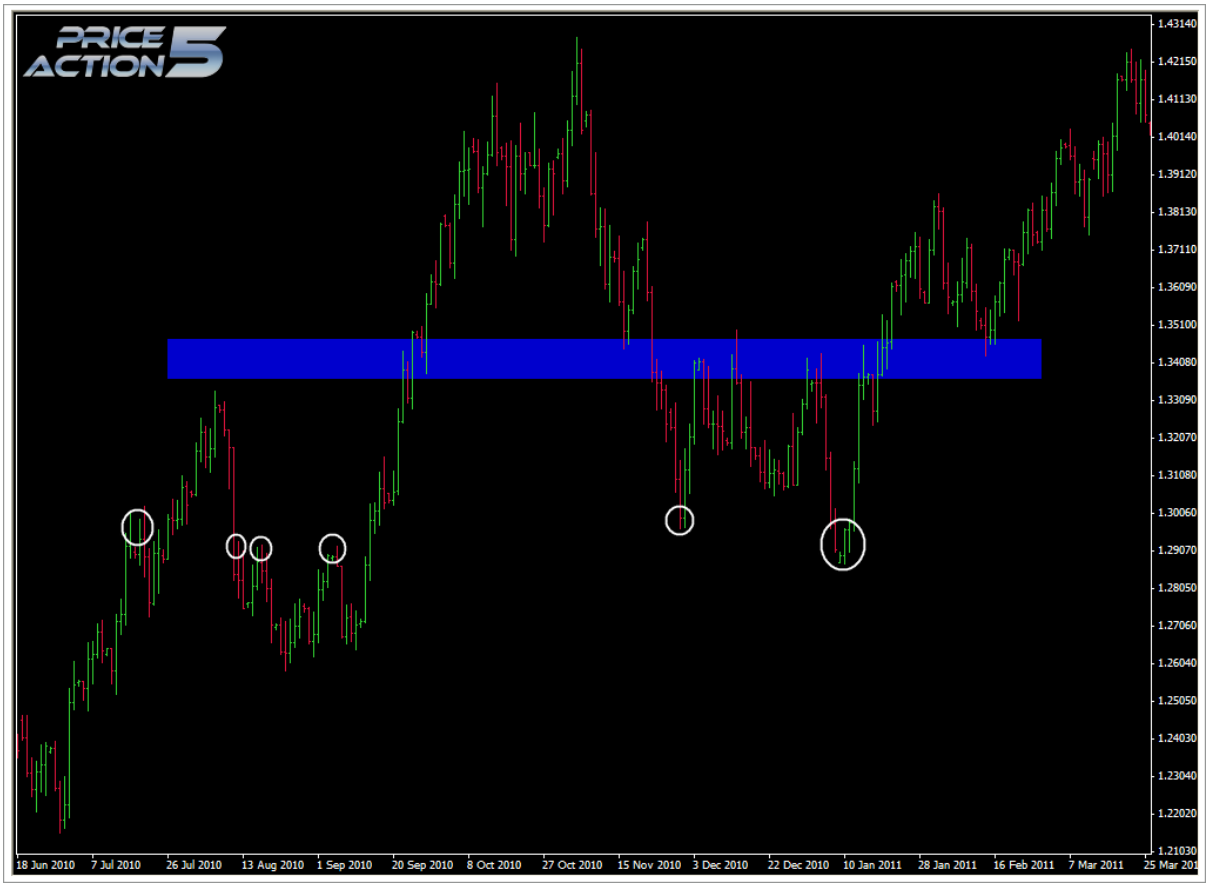


We can clearly see an area where price has found resistance and support on the chart and we can mark it in as shown below:

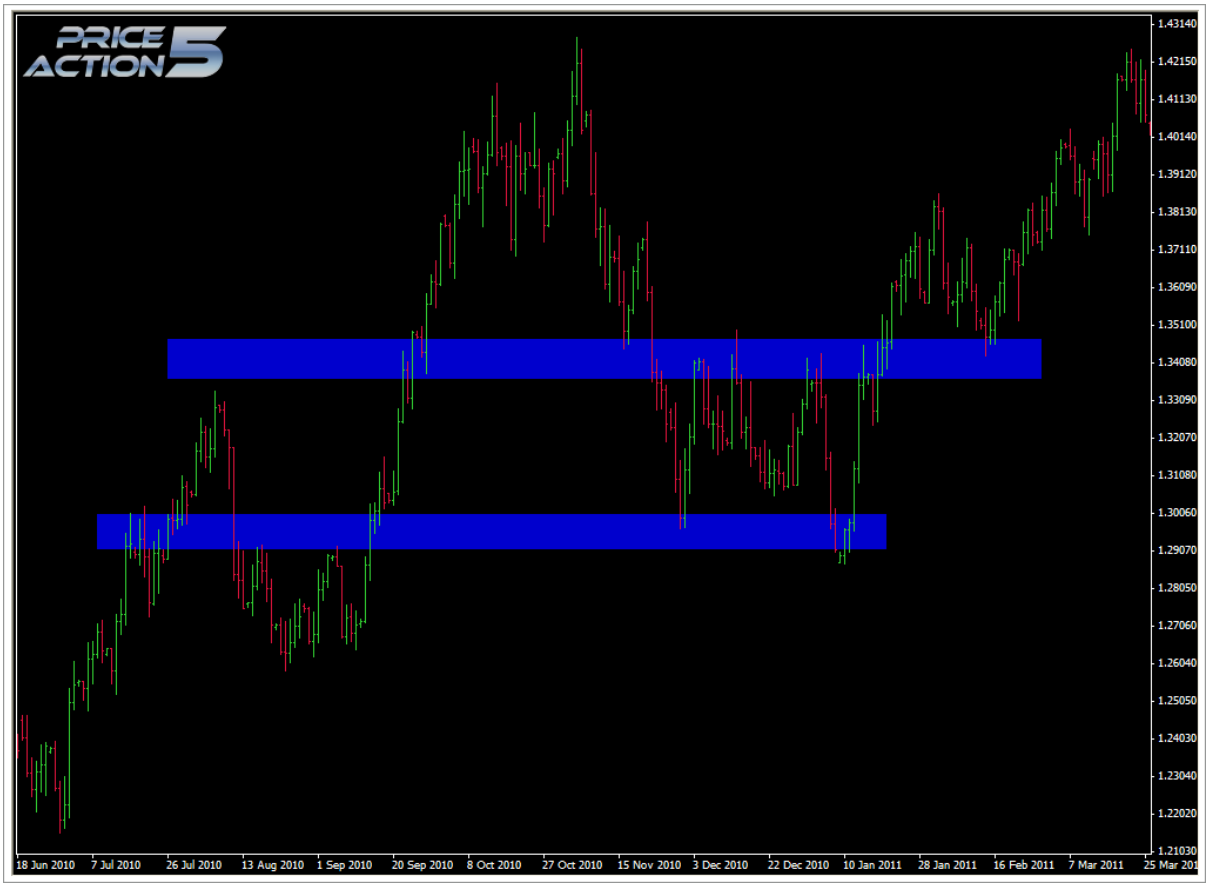


There are some more significant S/R areas on the chart – can you find them?

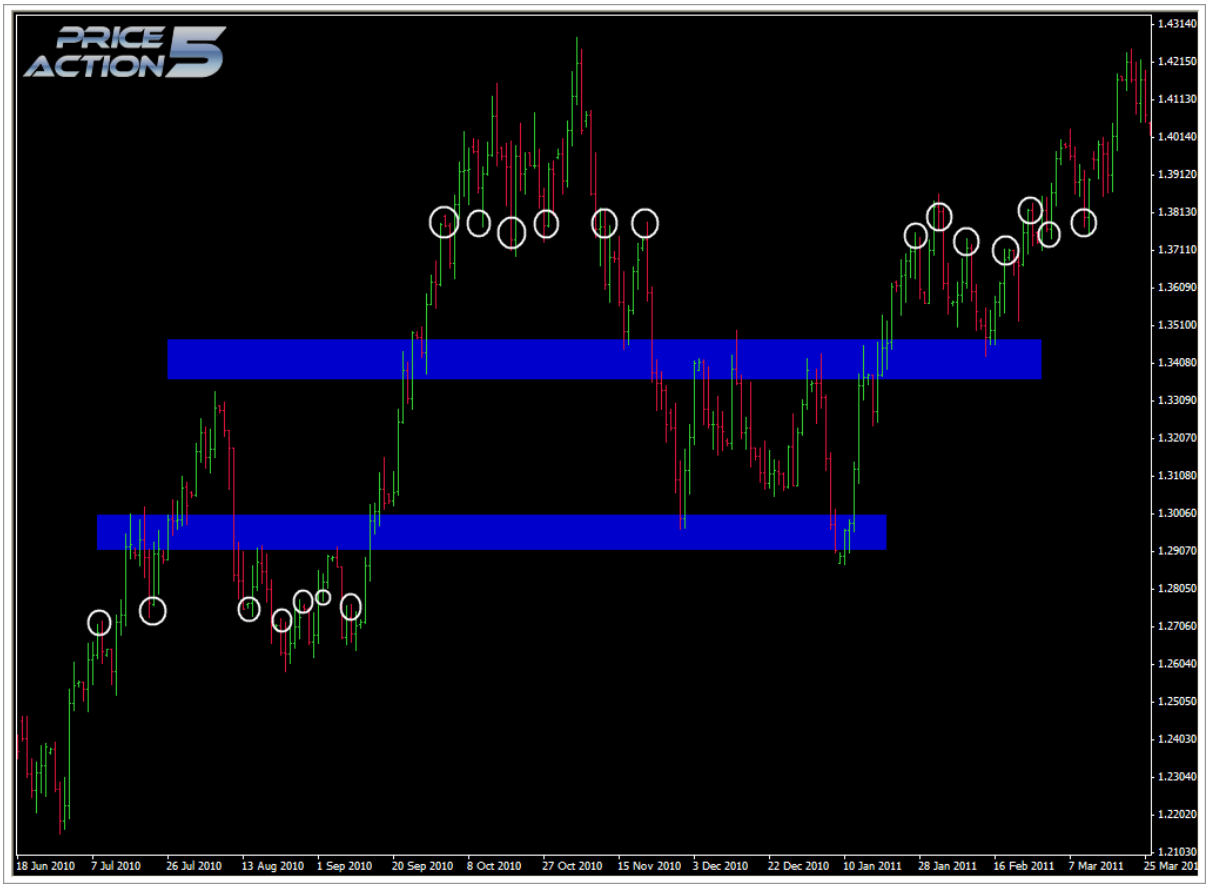
Let’s identify another S/R area:



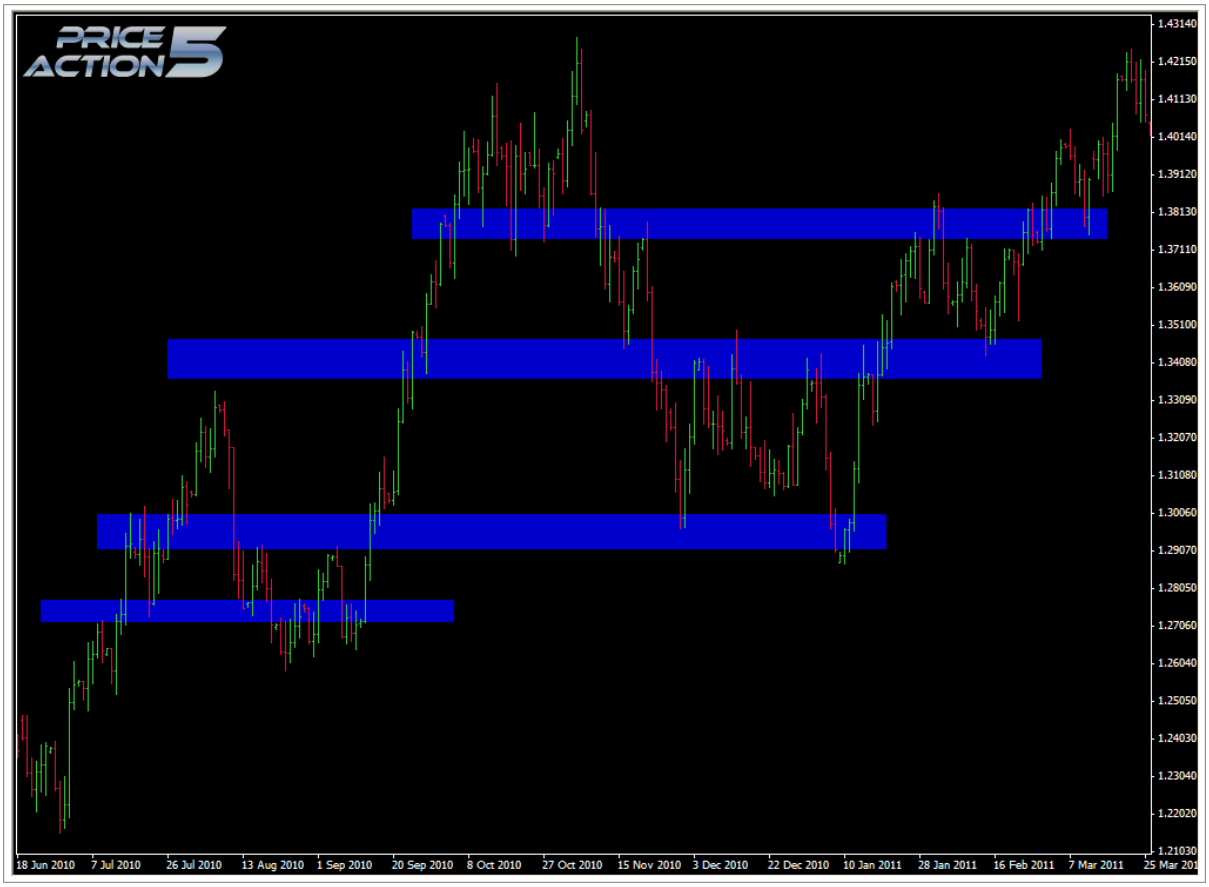
So we now have this for our chart with S/R drawn-up so far:



What we have so far are what we would call major S/R levels. There are a couple more minor levels on the chart:



And so we finally have our full S/R analysis for the chart:



Although that's pretty much all there is to S/R it will take a little time for you to get familiar with it.

Trendlines

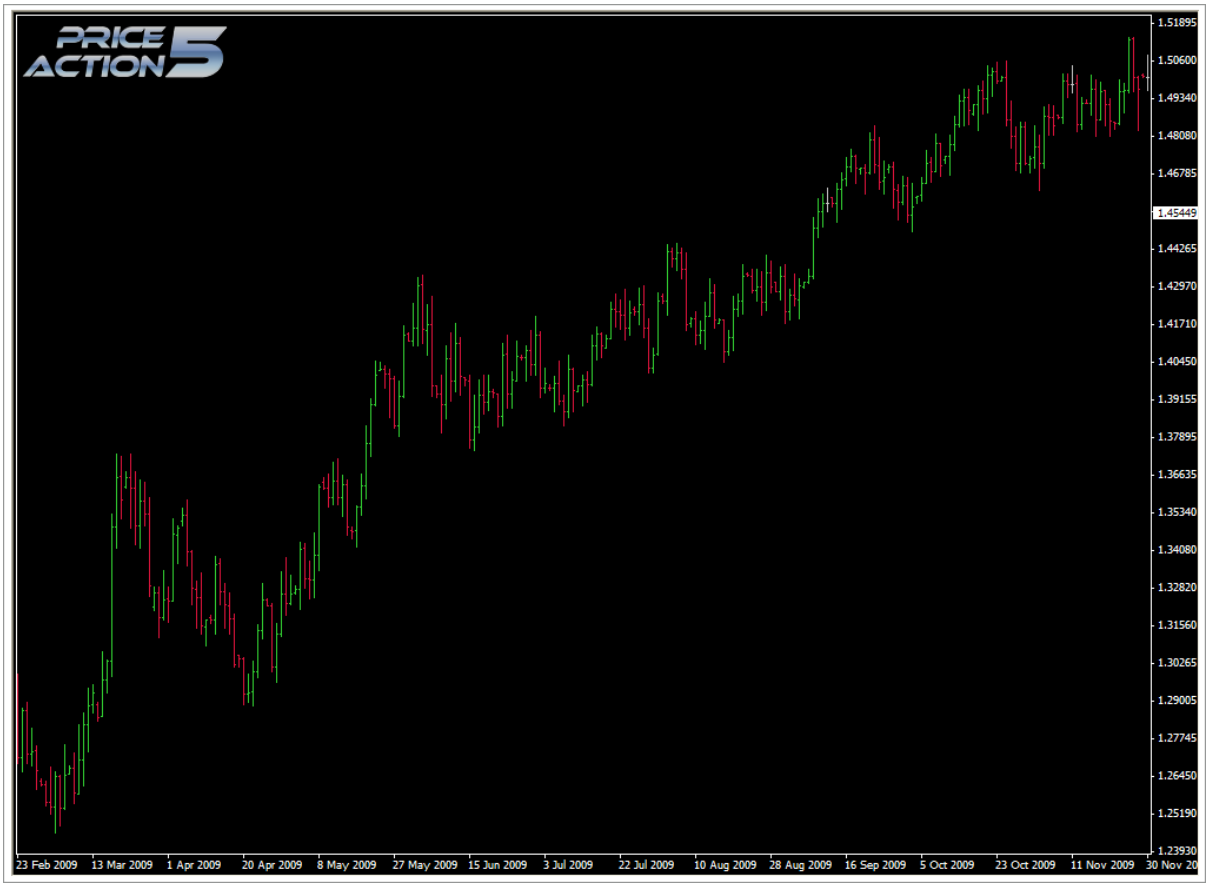
Trendlines are fairly easy to be honest; you just have to make sure of two things:

#1 – Stick to the most obvious areas where trendlines can be drawn. You can draw trendlines on almost any area of any chart – but only the most obvious will have significance.

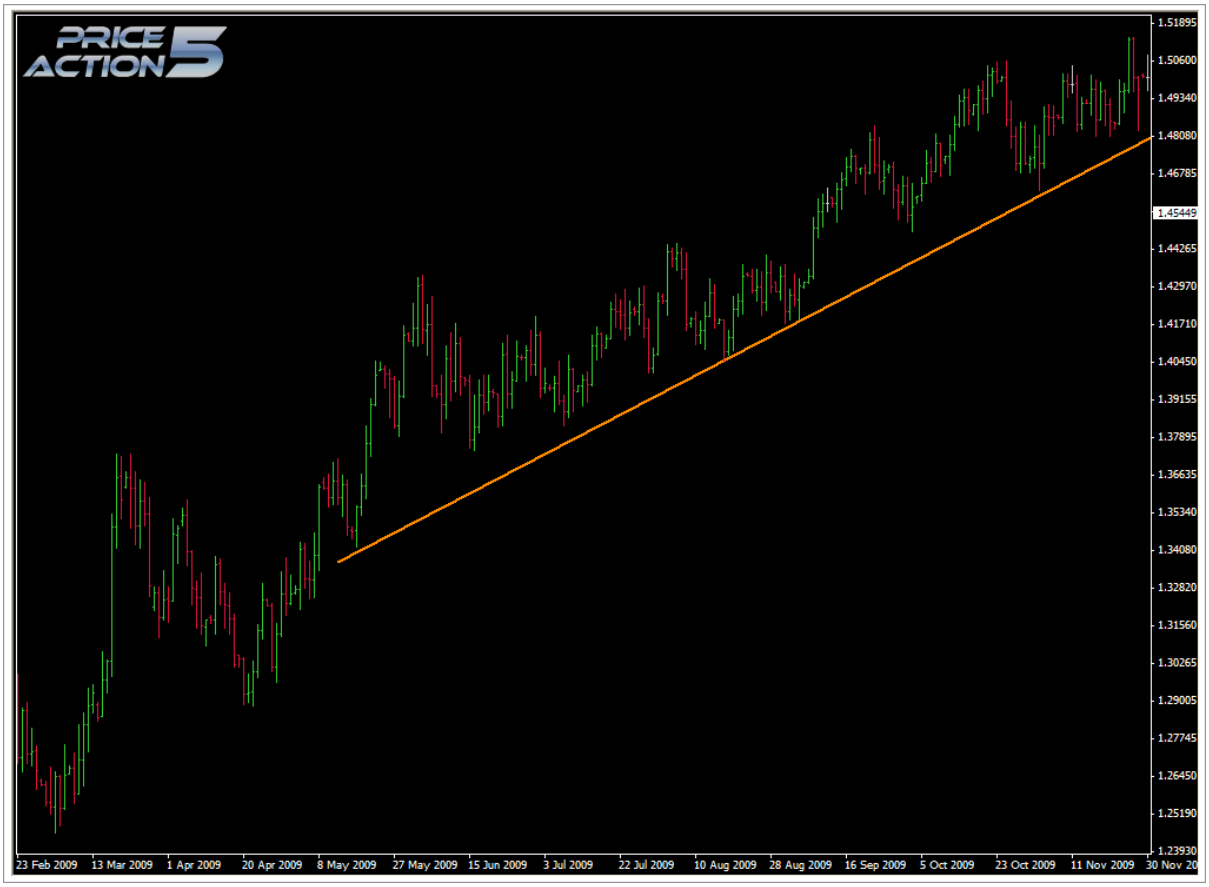
#2 – You have to use a little give-and-take when drawing them. No trendline will be perfect and so you have to do a “best fit” for your trendlines.

We’ll run through a few examples and then move on as they really aren’t too difficult.

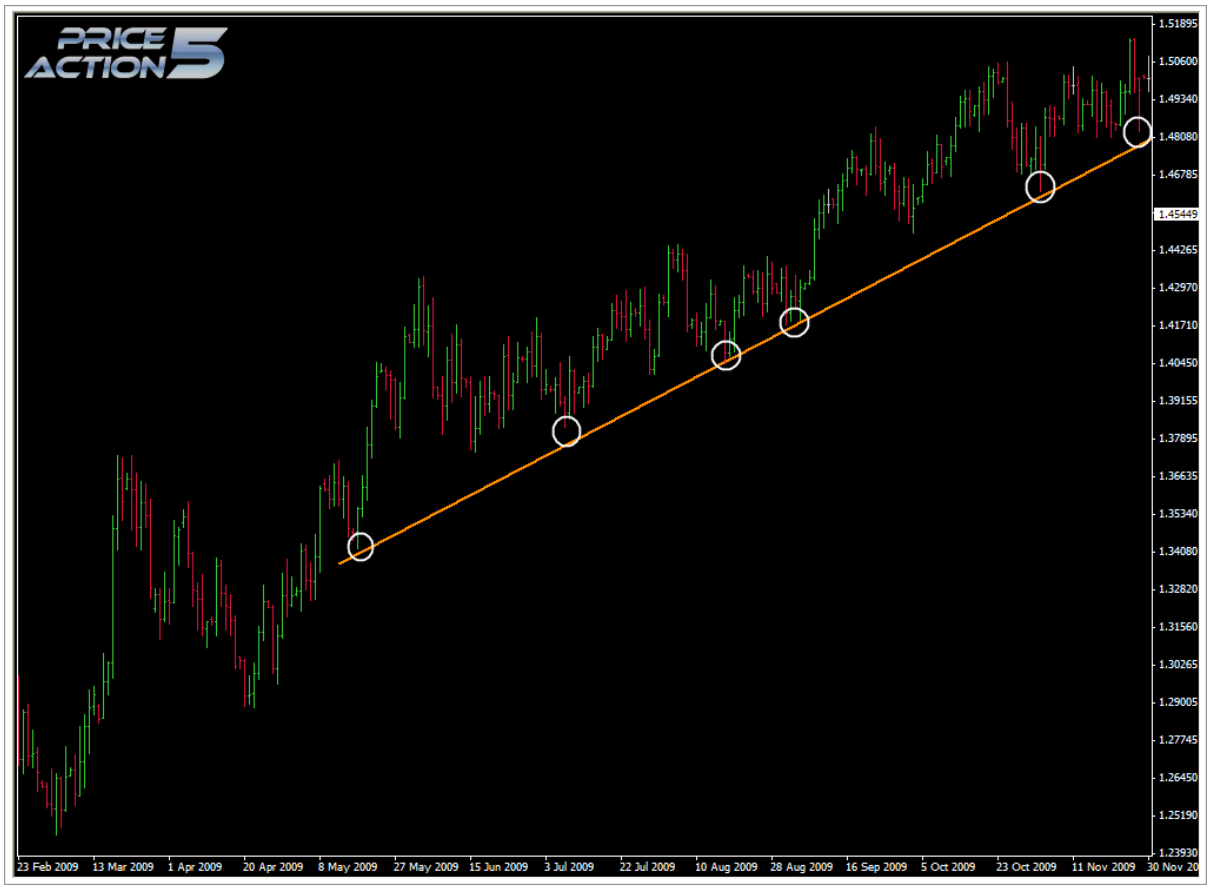
Take the following chart:



There is one significant trendline we can draw on it and it is as follows:

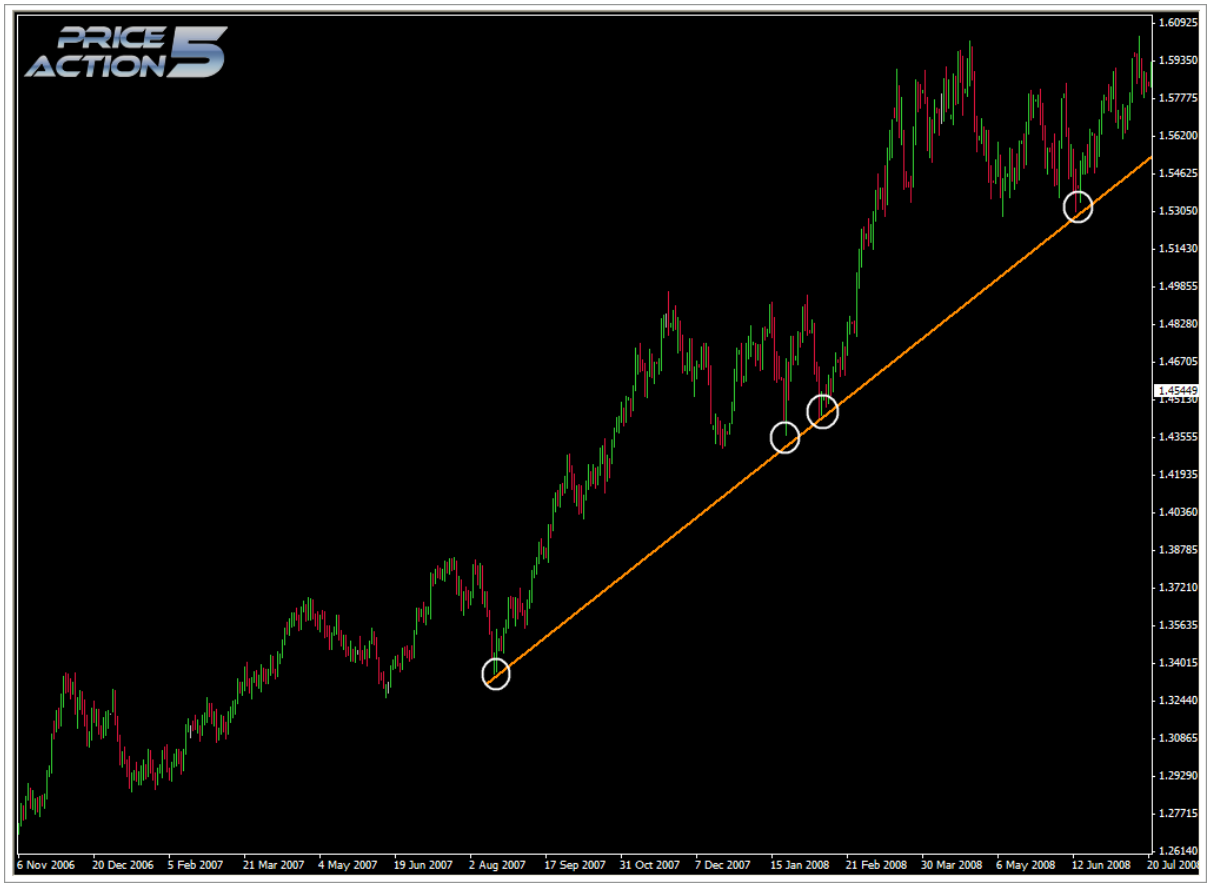


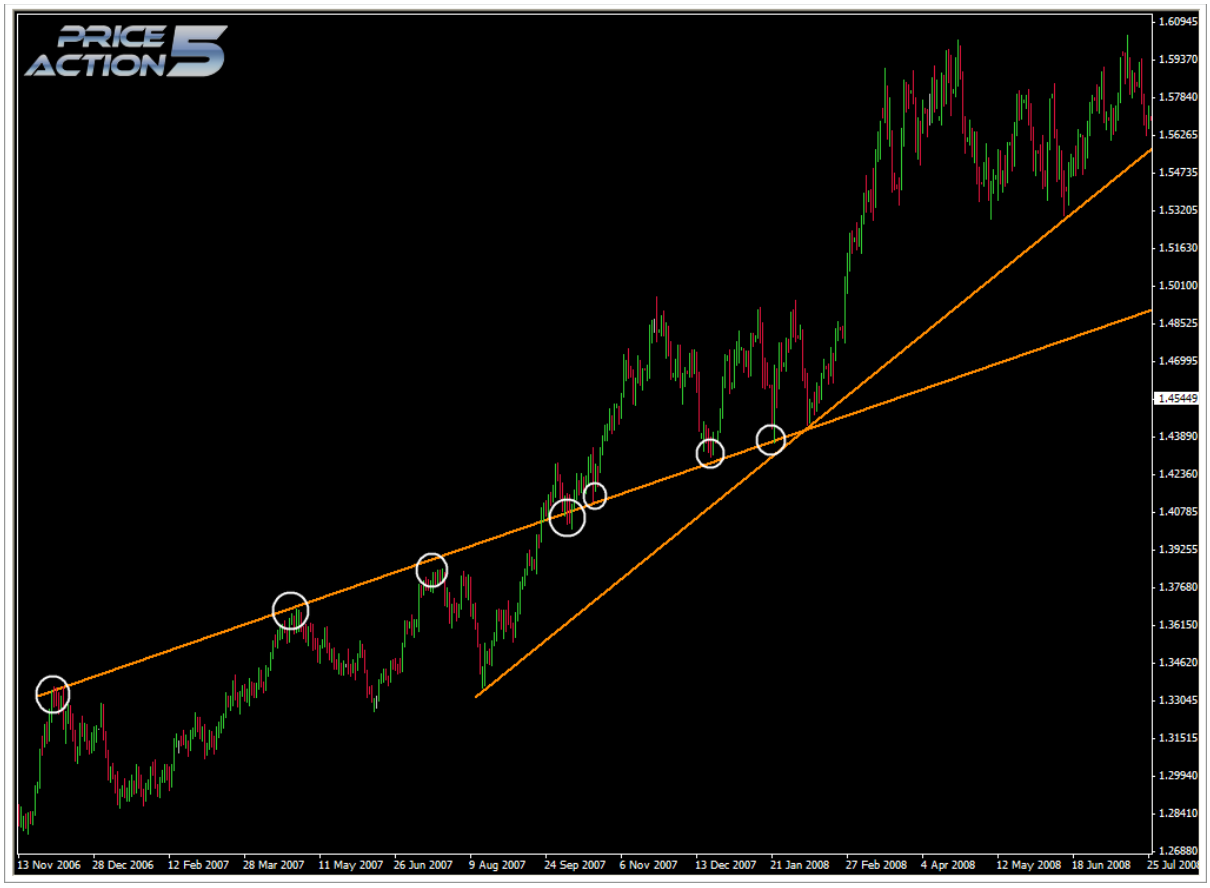
This is an example of a very consistent trendline in that there were many close touches to form the trendline:

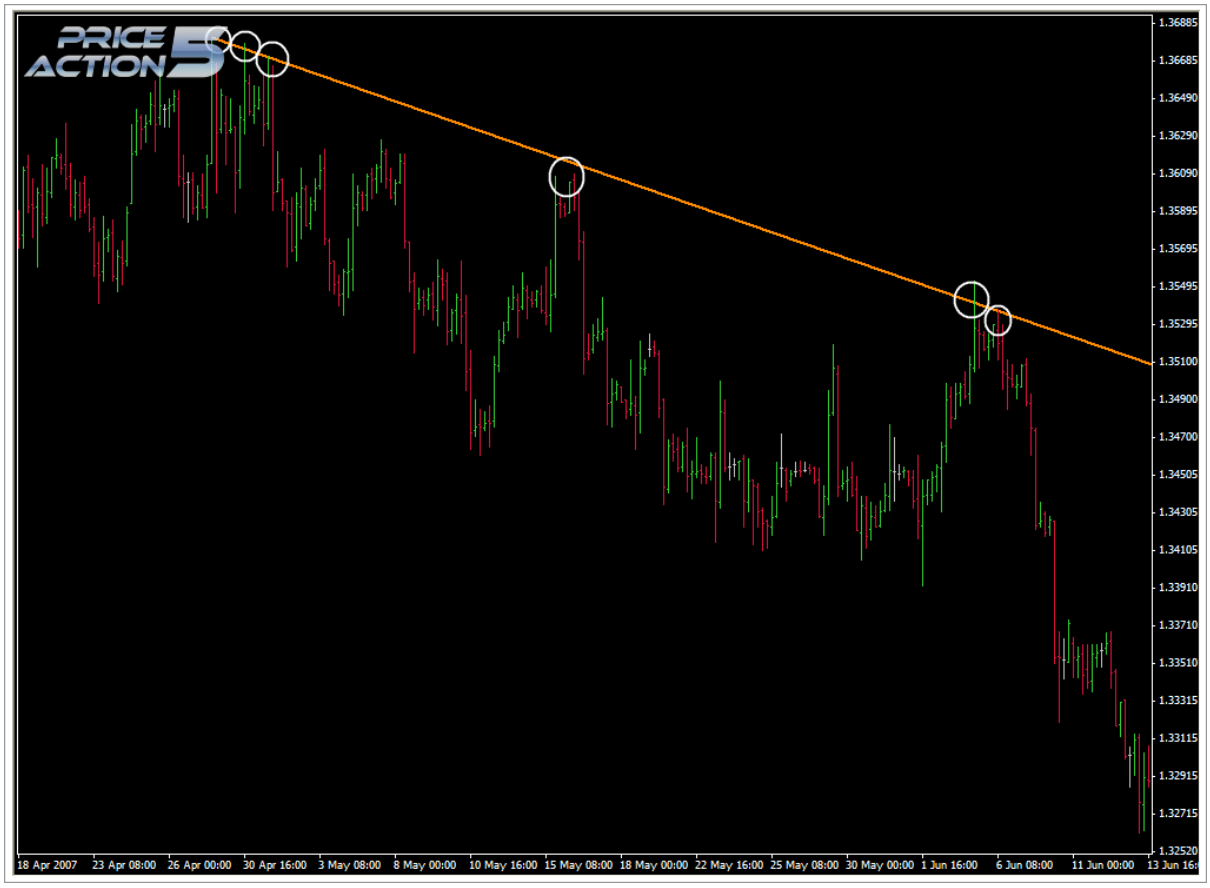


You see? Simple!

I'll just run through a number of quick examples to make sure you're getting it – but we'll be going into trendlines in more details in the trade examples.


PRICE ACTION 5
1.60925
1.59350
1.57775
1.56200
1.54625
1.53050
1.51430
1.49855
1.48280
1.46705
1.45449
1.43555
1.41935
1.40360
1.38785
1.37210
1.35635
1.34015
1.32440
1.30865
1.29290
1.27715
1.26140
6 Nov 2006
20 Dec 2006
5 Feb 2007
21 Mar 2007
4 May 2007
19 Jun 2007
2 Aug 2007
17 Sep 2007
31 Oct 2007
7 Dec 2007
15 Jan 2008
21 Feb 2008
30 Mar 2008
6 May 2008
12 Jun 2008


PRICE ACTION 5
1.60945
1.59370
1.57840
1.56265
1.54735
1.53205
1.51630
1.50100
1.48525
1.46995
1.45449
1.43890
1.42360
1.40785
1.39255
1.37680
1.36150
1.34620
1.33045
1.31515
1.29940
1.28410
1.26880
13 Nov 2006
28 Dec 2006
12 Feb 2007
28 Mar 2007
11 May 2007
26 Jun 2007
9 Aug 2007
24 Sep 2007
6 Nov 2007
13 Dec 2007
21 Jan 2008
27 Feb 2008
4 Apr 2008
12 May 2008
18 Jun 2008


PRICE ACTION 5
1.36885
1.36685
1.36490
1.36290
1.36090
1.35895
1.35695
1.35495
1.35295
1.35100
1.34900
1.34700
1.34505
1.34305
1.34105
1.33910
1.33710
1.33510
1.33315
1.33115
1.32915
1.32715
1.32520
18 Apr 2007
23 Apr 08:00
26 Apr 00:00
30 Apr 16:00
3 May 08:00
8 May 00:00
10 May 16:00
15 May 08:00
18 May 00:00
22 May 16:00
25 May 08:00
30 May 00:00
1 Jun 16:00
6 Jun 08:00
11 Jun 00:00

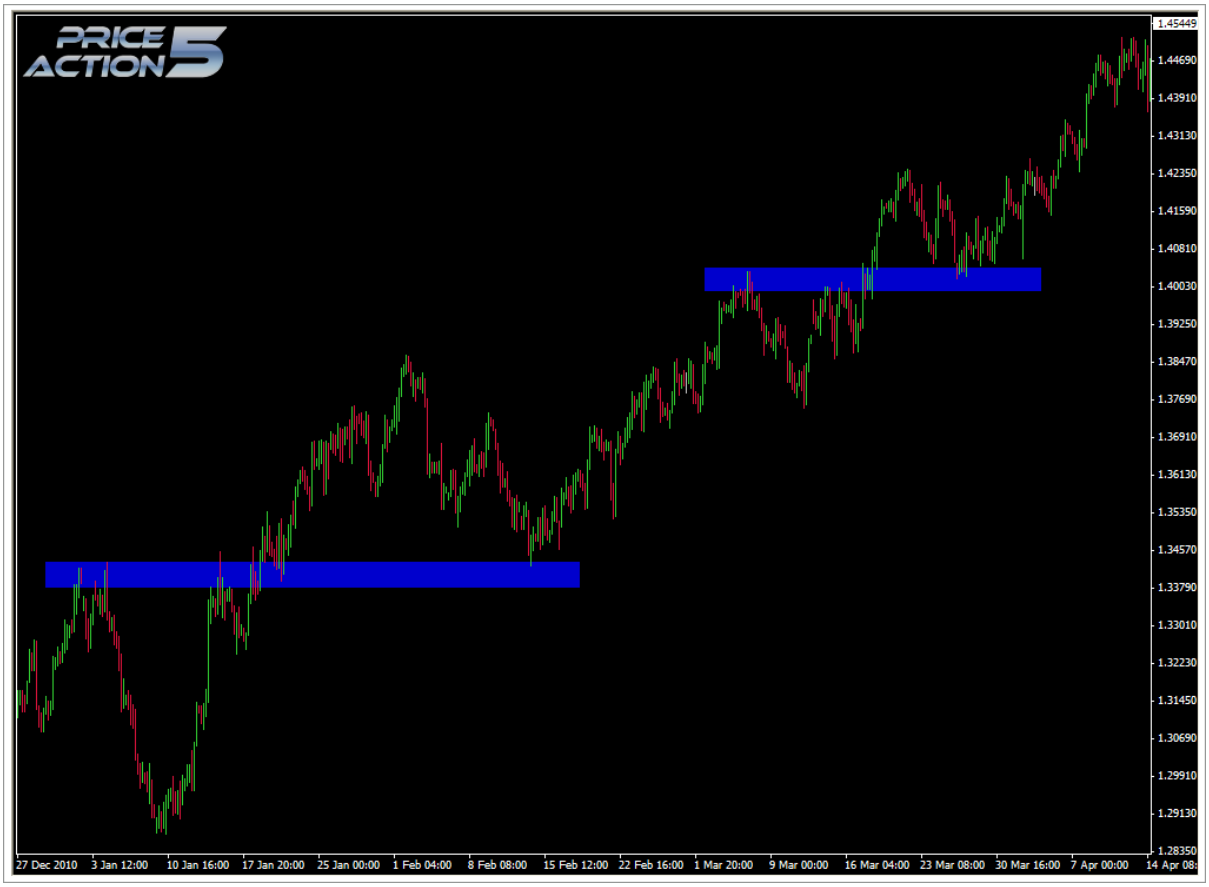
Psychological Numbers

Psych. Numbers are pretty self-explanatory but I'll go through one example just to give you an idea of how we will use them later.

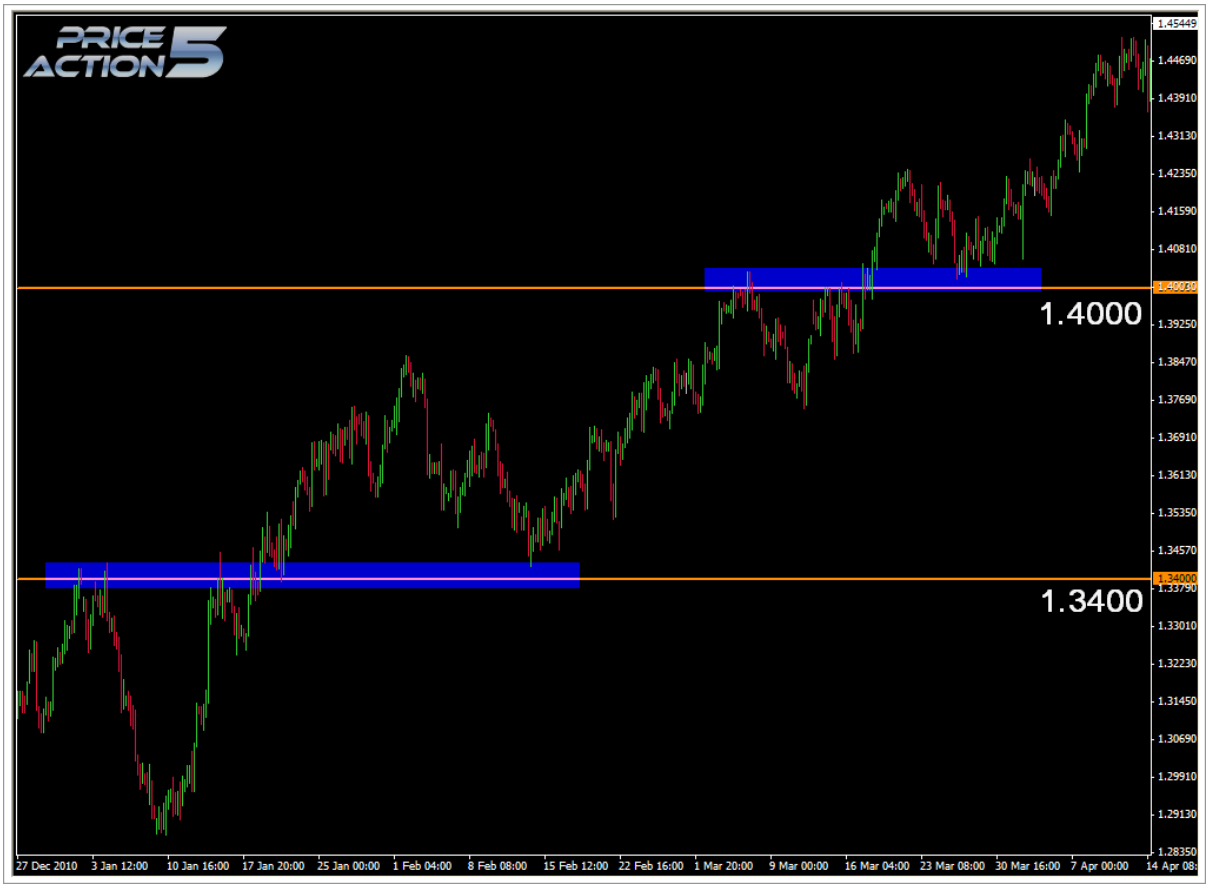
Take the following chart:



We then draw a couple of S/R areas (you now know how to do that!):



Then we take a look closer look at the number where these S/R levels are occurring:



We can see that the S/R levels formed very close to the Psych. Numbers – this is not coincidence.

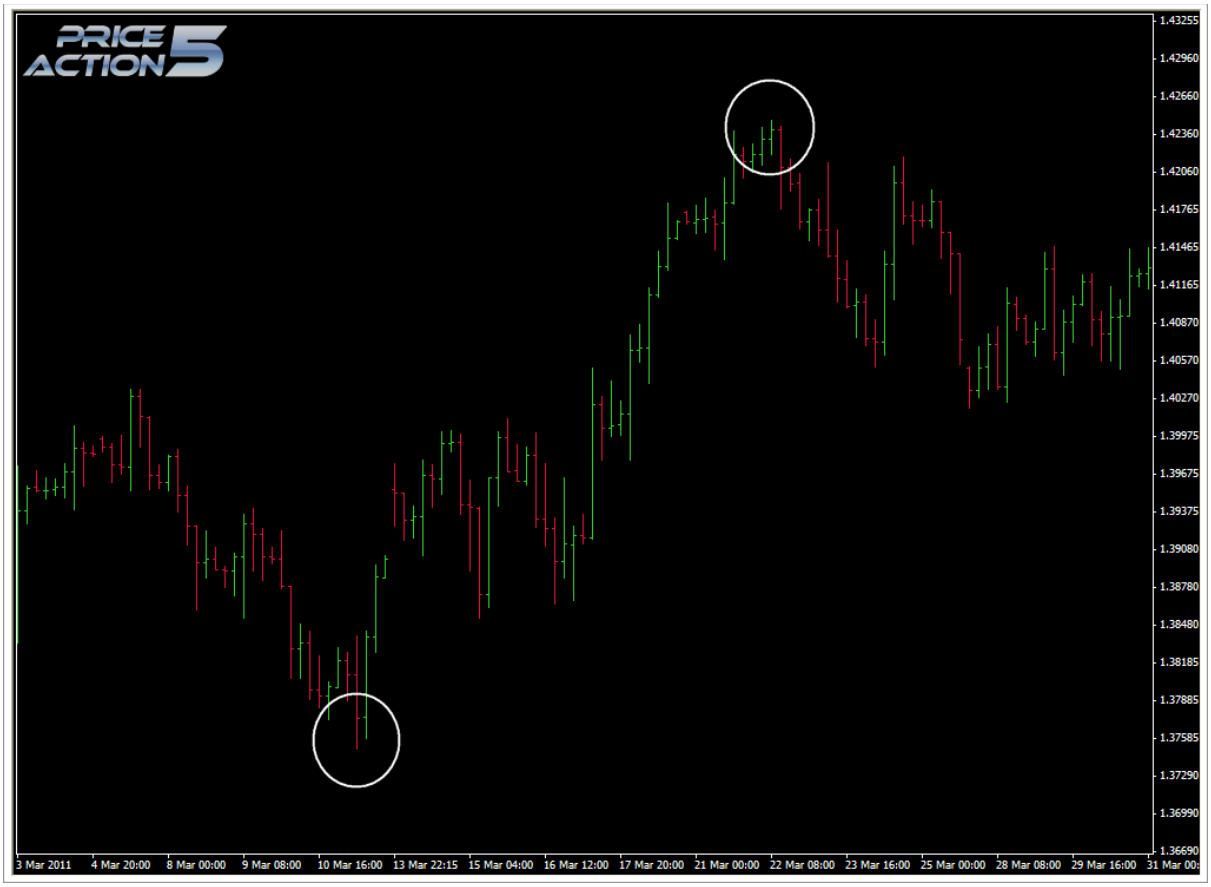
Fibonacci Levels

If you're not familiar with Fibonacci levels then listen up...

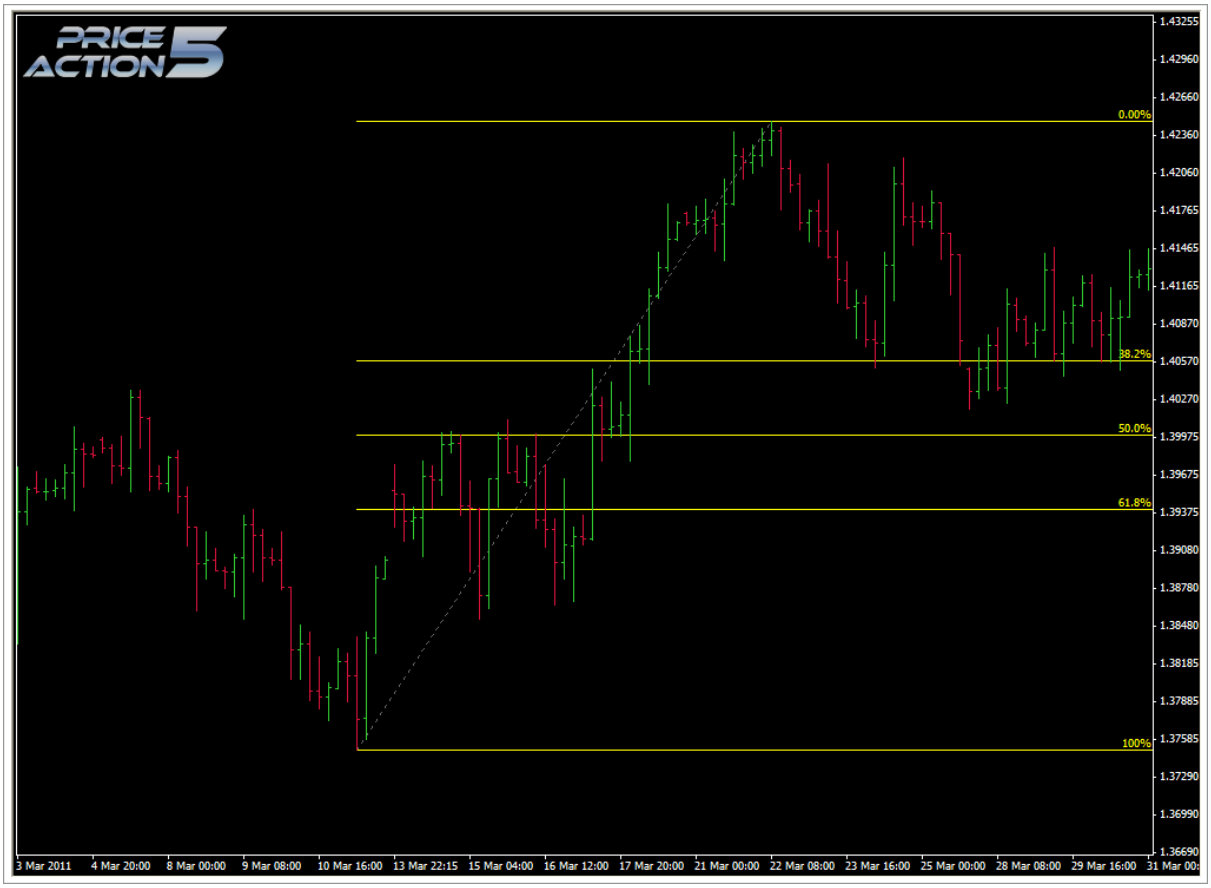
The Fibonacci tool on your charting package measures the level of retracement that price makes.

It is purely subjective but quite easy once you have practiced a few times.

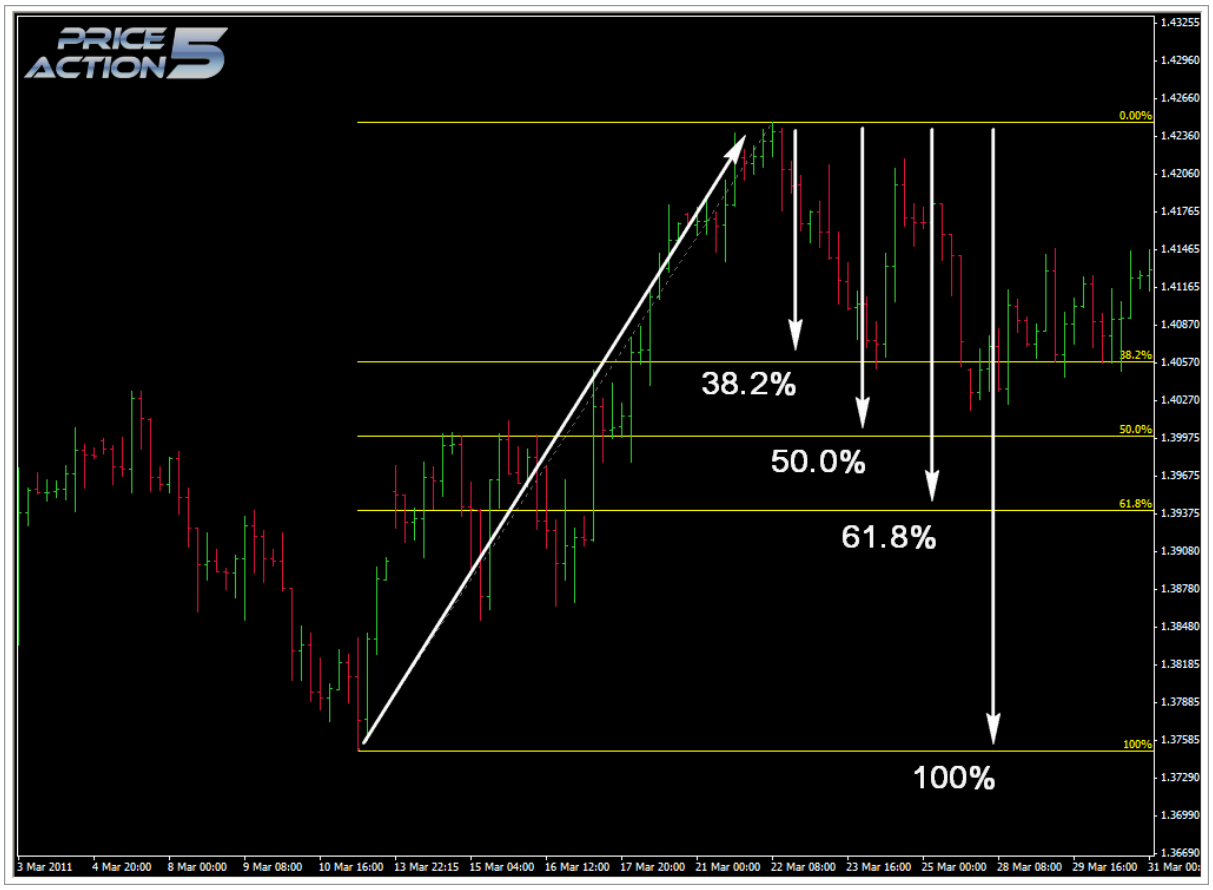
We first identify the nearest significant high and low to the area we are looking at – these are circled on the following chart:



We then use the Fibonacci tool to draw from the low to the high to get the following:



The levels on the chart are the percentage that price moves back to with respect to how far it has already moved:

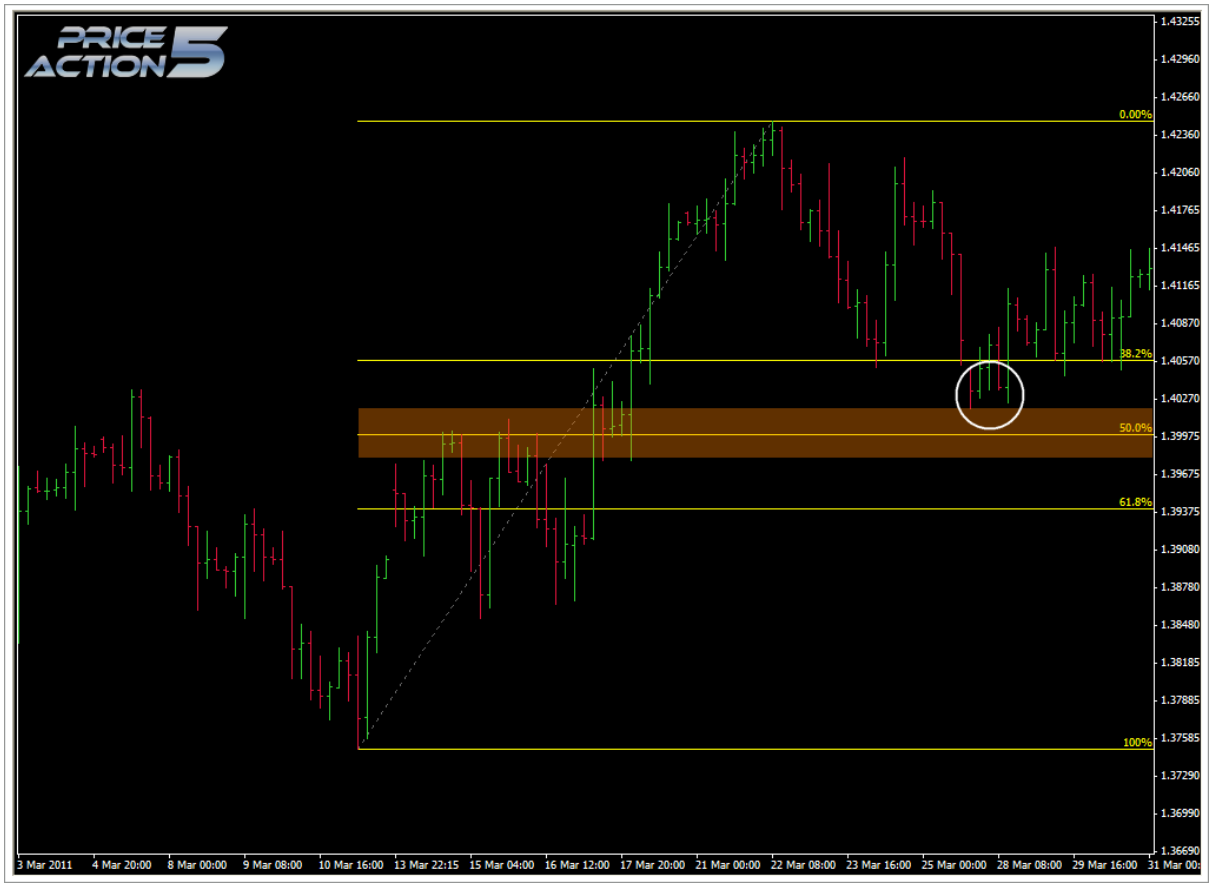


Now, there are other Fibonacci levels but we are mainly concerned with the 38.2%, 50.0% and 61.8%.

We are in fact almost exclusively concerned with the 50.0% retracement. The other two levels, 38.2% and 61.8%, are something we watch out for – but not as important as the 50.0% retracement level.

The way we will be using Fibonacci is looking for price to come back to the 50.0% *area* – not the 50.0% level exactly – the rough area is good enough as you're never going to get it perfect.

So in our example from above we can see that price has come pretty close to our 50.0% level:



That's all there is to Fibonacci in the way we will be using it.

Confirmation Bars

The fifth and final critical concept in Price Action 5™ is the formation of particular price bar patterns.

We look for these patterns as the final "trigger" to enter a trade after we have enough supporting evidence for a valid trade setup.

There are two main bar patterns we look out for – the Pin and the Outside Bar.

Both of these bars have Bearish and Bullish versions.

The Pin

The Pin comes it two types; the Bullish Pin and the Bearish Pin:



In is not critical that the close be above the open of a Bullish Pin but it is a nice confirmation to have it. This is the same for a Bearish Pin; the close need not be below the open.

The Bullish Pin indicates to us that price fell but then buyers came in and push price back up again – this is bullish market behaviour.

The Bearish Pin indicates to us that price rose but then sellers came in and pushed price back down again – this is bearish market behaviour.

The Outside Bar

Outside Bars also come in two variations; the Bullish Outside Bar (BUOB) and the Bearish Outside Bar (BEOB).

A BUOB is defined by a bar that has a low that is lower than the previous bar and a high that is higher than the previous bar; the bar's open must be in the lower half of the bar and the close must be in the upper half of the bar.

Here is an example of a BUOB:



Bullish Outside Bar (BUOB)

A BEOB has a high that is higher than the previous bar and a low that is lower than the previous bar; the close of the BEOB must be in the lower half of the bar and the open must be in the upper half.

BEOB example:



Bearish Outside Bar (BEOB)

Now, the above examples were perfect bars, but obviously this won't always happen.

As you will see in the examples we have to use discretion in selecting which setups trade; this means that if certain factors in the setup are strong we can be a little less strict on other factors. We will see this in trade examples.

Pulling It All Together – The Real Trades

We've now covered the five critical components of Price Action 5™.

Now it's time to pull all the components together and start going through real trade examples.

We all know that very rarely will there be anything that comes close to an ideal trade setup – there is always something missing or not right.

However, by having a very specific ideal trade in our mind, we can fill-in-the-blanks when dealing with a trade setup in real conditions that are not quite perfect.

So, when looking for a trade setup, we should keep the following in mind as our ideal setup for a buy trade…

1 – Price has made a significant S/R level and is trading above it.

2 – We can draw a clear upward-rising trendline below price indicating an uptrend in place.

3 – The S/R level is around an area that is also a Psychological Number.

4 – We can draw a Fibonacci from a clear low to a clear high and the S/R and Psychological levels are near the same price as the 50.0% retracement level.

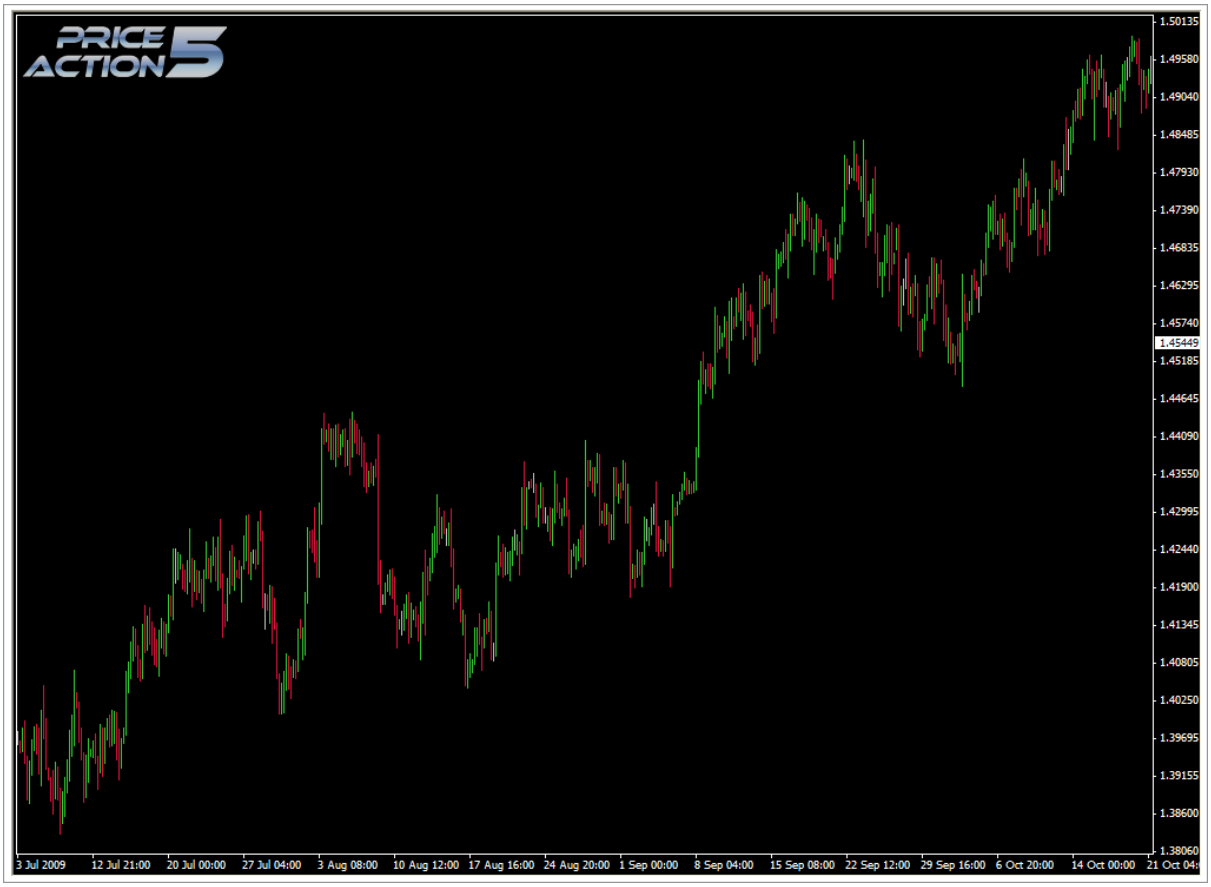
5 – Price comes back down to where the S/R, trendline, Psych. number and 50.0% retrace all meet together and forms a Pin or BUOB.

This is our ideal long trade setup – a short trade setup is the same except inverted.

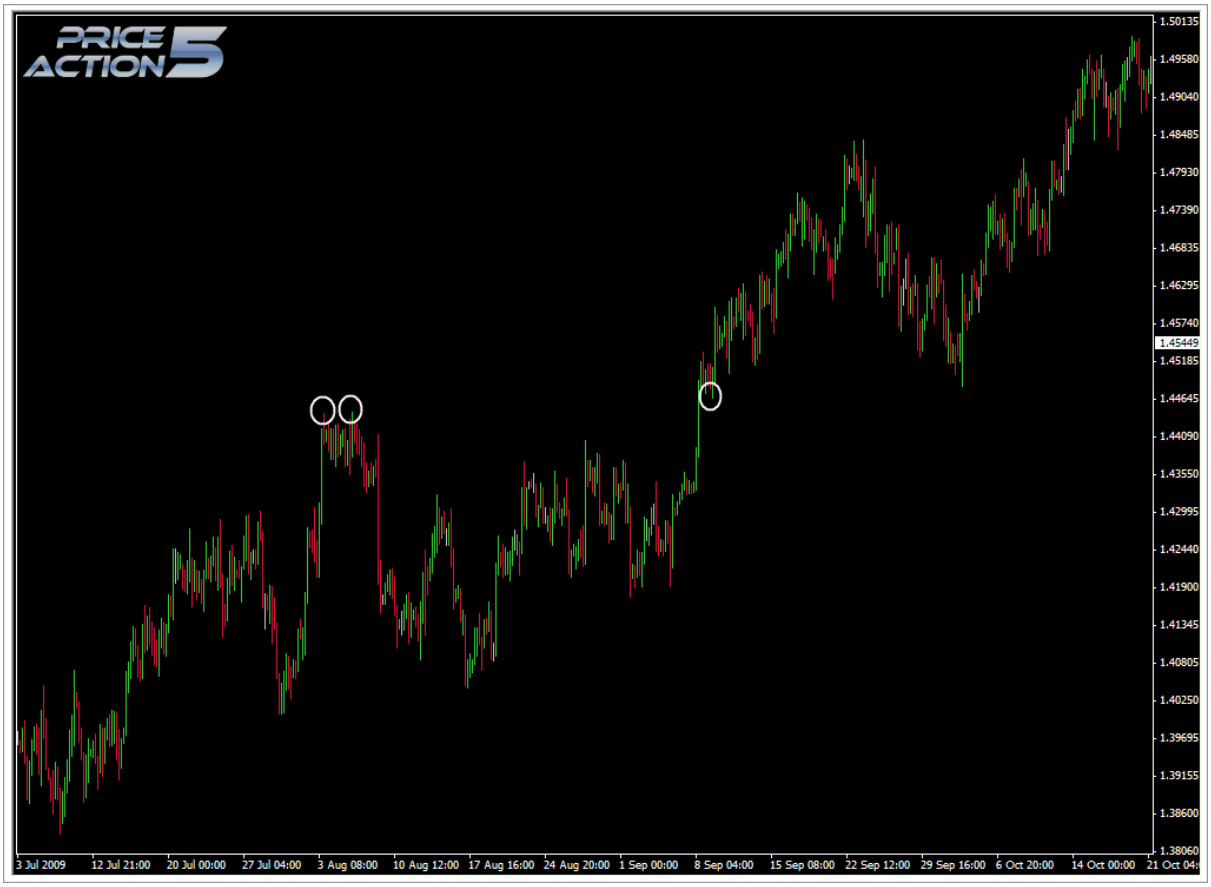
EUR/USD Trade On 4-Hour – Classic Setup

The first trade we'll go through occurs is in a fairly solid uptrend.

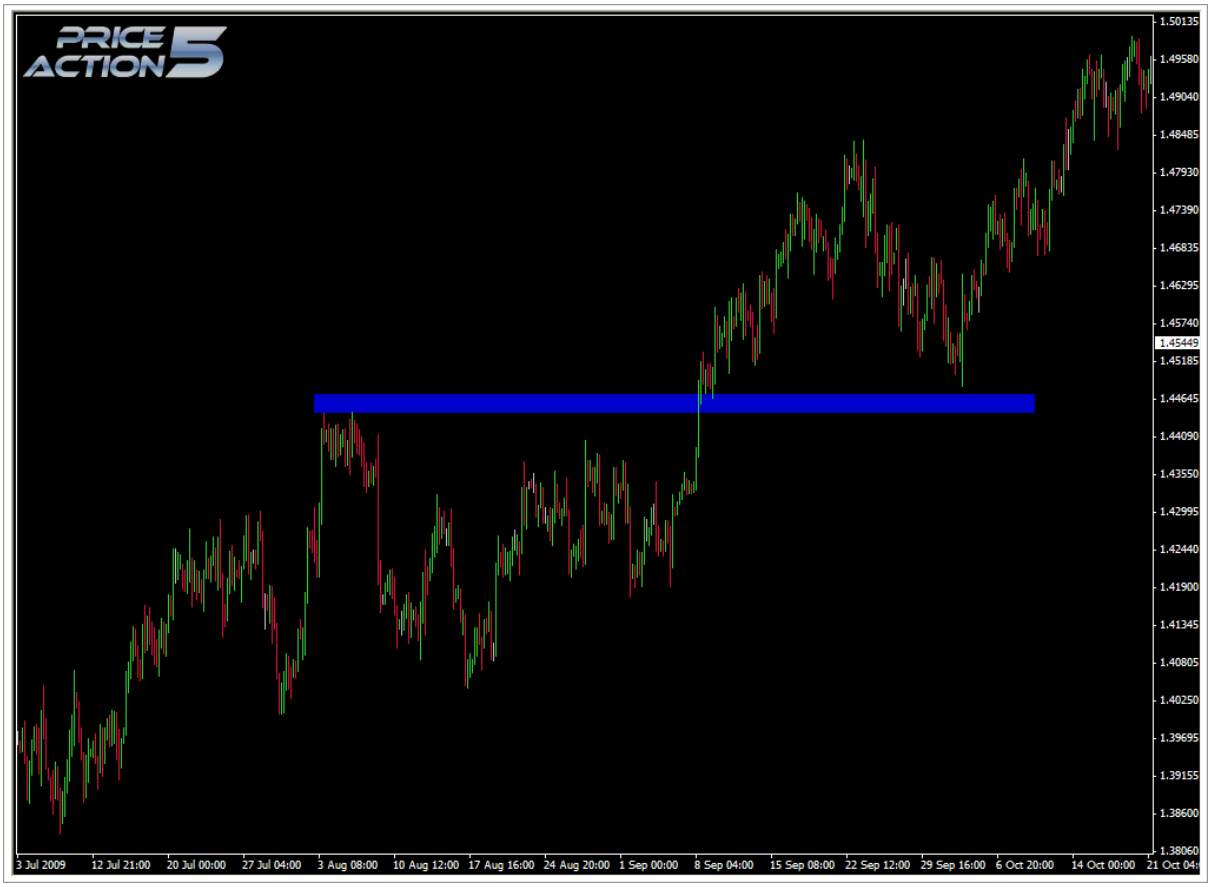
Take a look at this chart:



The first thing we do is mark the S/R areas:

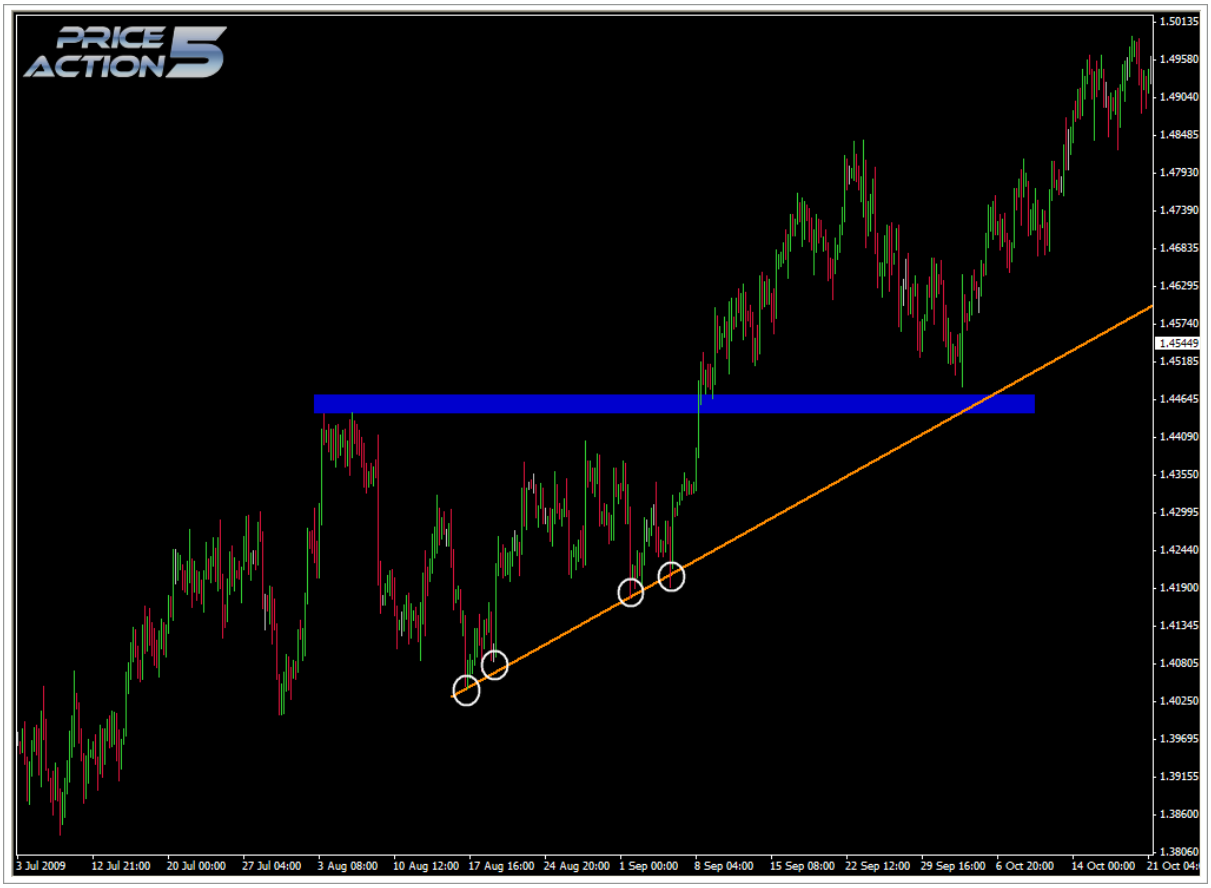


We can then mark our S/R area which will be the core of the trade:

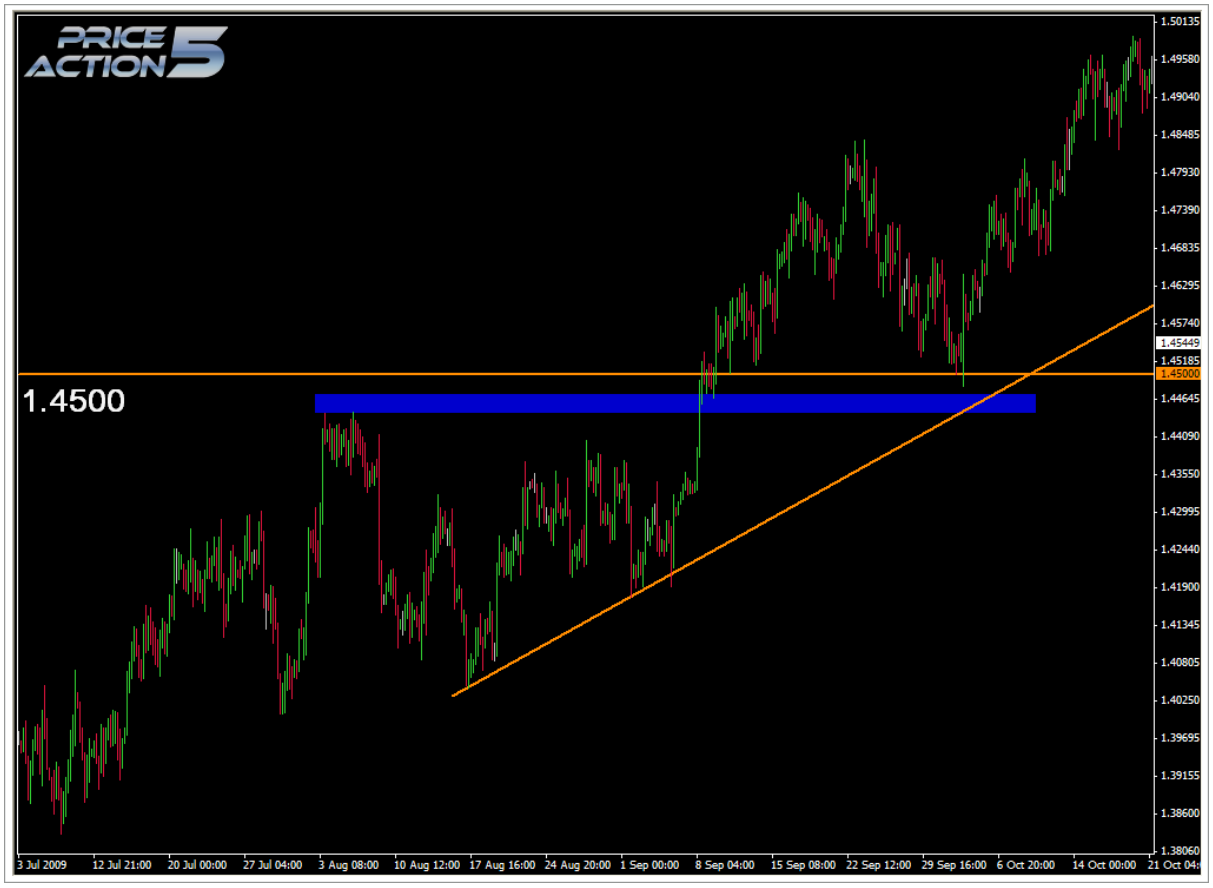


You should now be able to start seeing the trade taking shape; we are looking for price to come back down to the S/R area.

We then look to see if there is any sort of obvious trendline that we can use to add further confirmation to a potential setup:

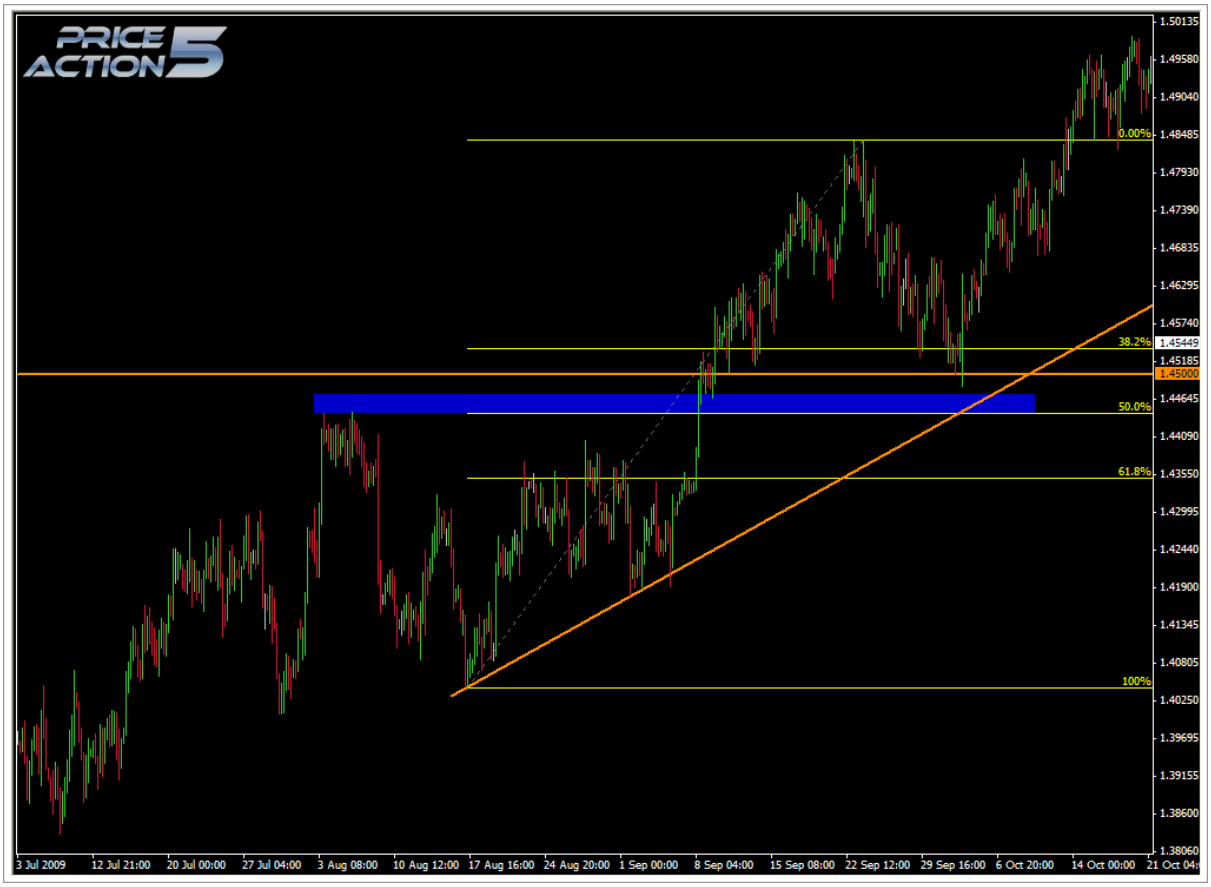


We're now really starting to get factors in our favour. Next up is our third critical component – the Psych. Number. We get a very big number near the S/R area of 1.4500:



Now we look to see if there is a retracement in the 50.0% area.

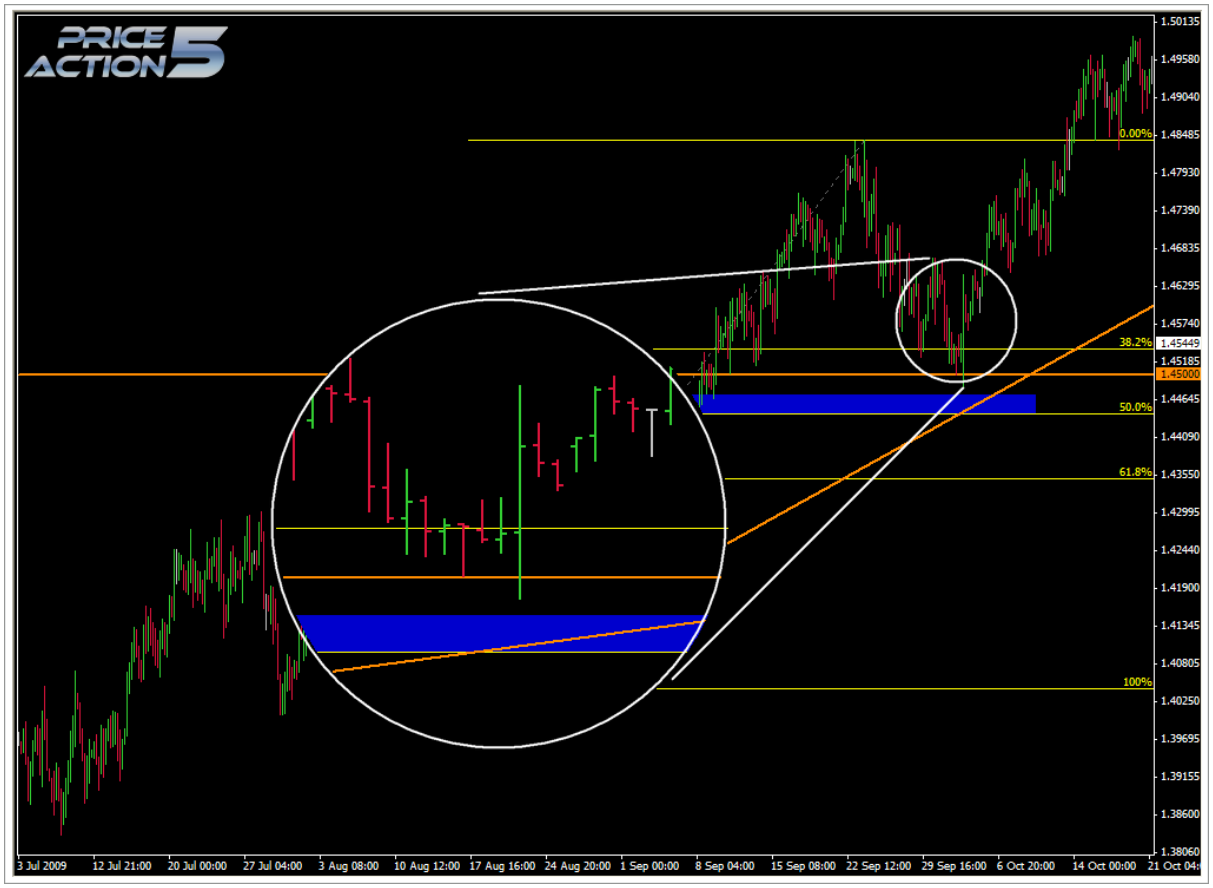
We do have a retracement – but it does not quite reach the 50.0% area. This is still okay; we would prefer the market to retrace too little rather than too much – it is a sign of a strong market!



So we now have all the makings of a very reliable trade setup occurring.

We are now looking for the fifth and final critical component – the *confirmation* bar.

The market gives us a relatively large BUOB:



To actually enter the trade we basically have three possible options:

#1 – Buy right after the BUOB is confirmed when it closes.

#2 – Buy when the high of the BUOB is broken.

#3 – Buy when price falls a little after the close of the BOUB.

There are no strict rules for when to enter as some traders will find that they are more comfortable entering one way more so than another.

The actual entry point is not too critical for this method as we have waited for all the other five critical components to go in our favour – the trade has a fairly high chance of working out already regardless of where you enter.

Placing an initial stoploss is simple: we place it below the confirmation bar (for a long) and above the confirmation bar (for a short).

This is as complicated as the stoploss gets – this is the point where the market tells you that you're wrong and you get out for a small loss.

Once you are in a trade you then need to manage it – we will go over that in the next example.

GPB/USD Trade On 1-Hour – Huge Reward For Small Risk

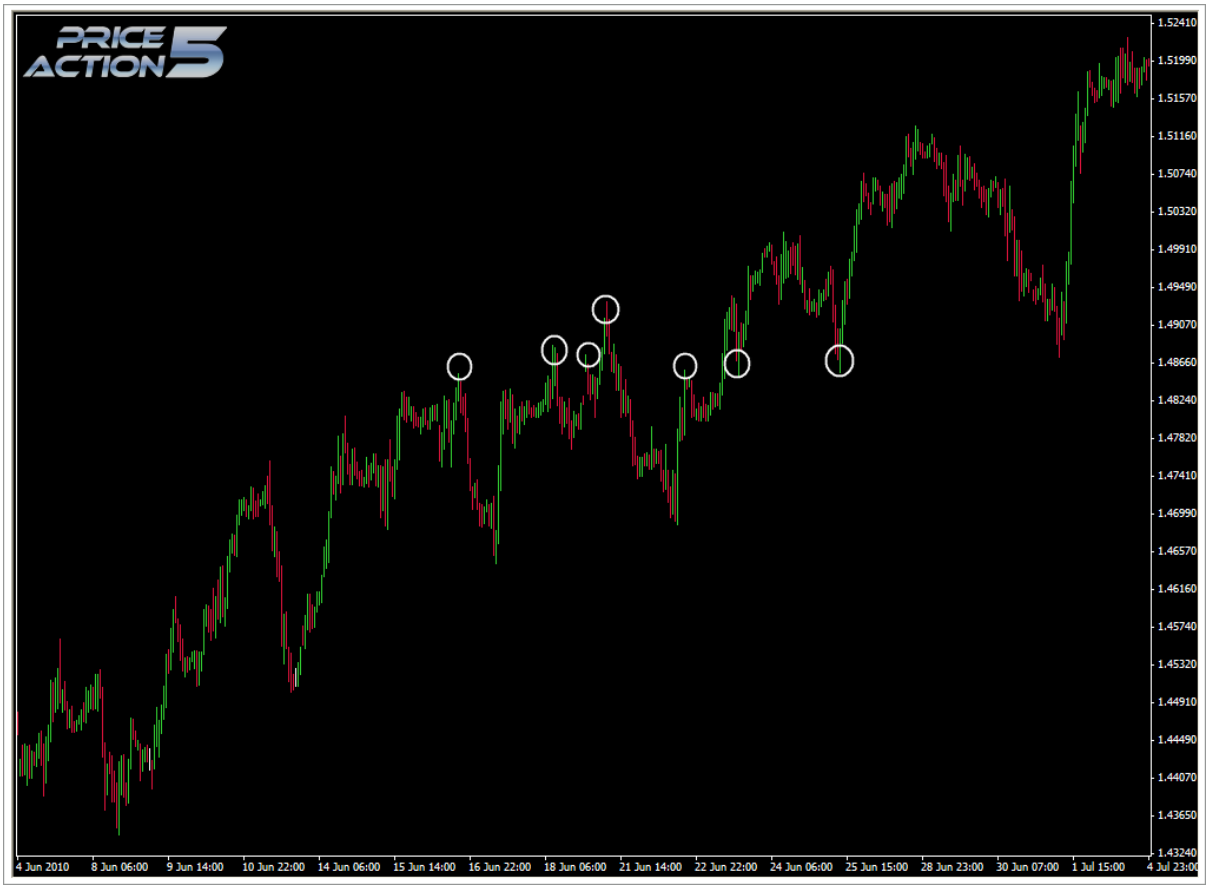
Although I said we mainly stick to the 4-hour and daily timeframes there are still extremely good opportunities on the lower timeframes.

This example on the 1-hour timeframe is an absolutely perfect setup – we could not ask for much more than this.

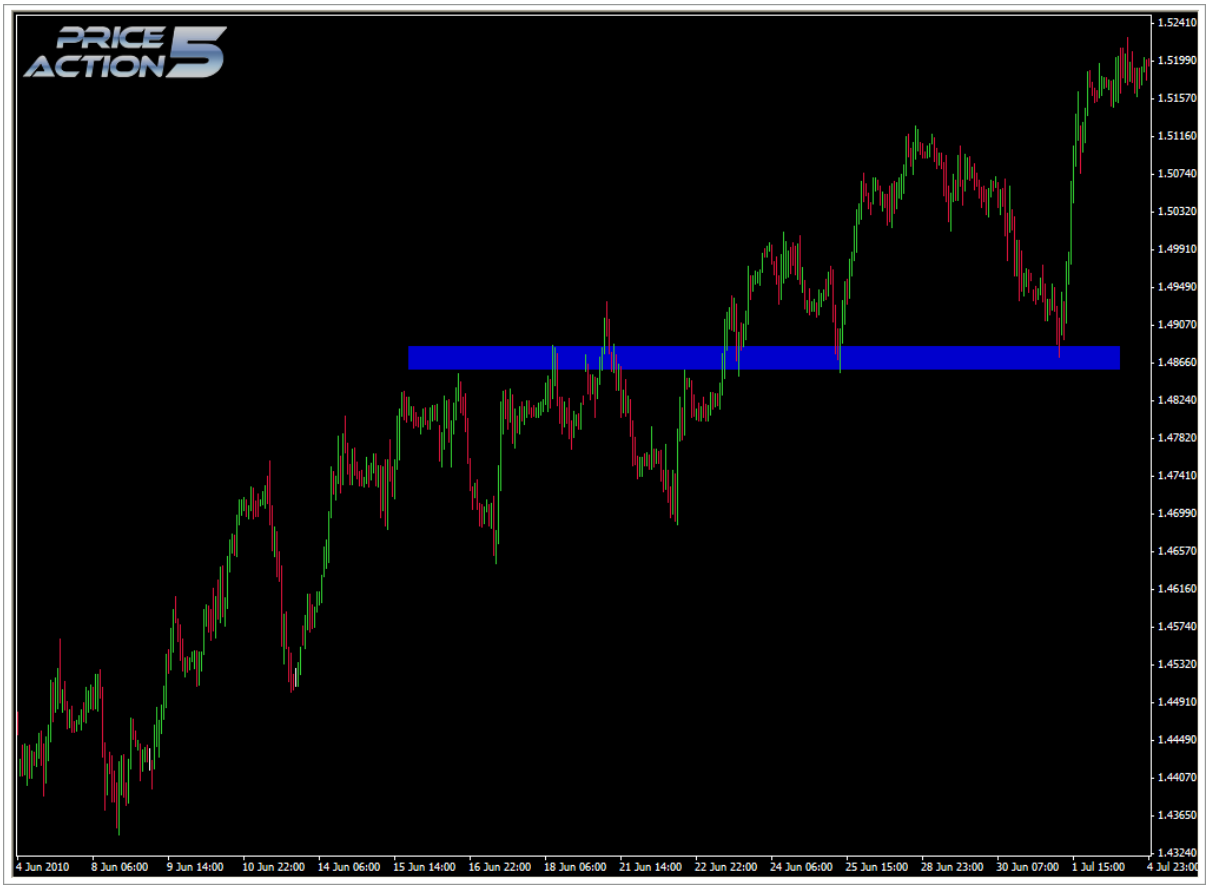
First the chart:



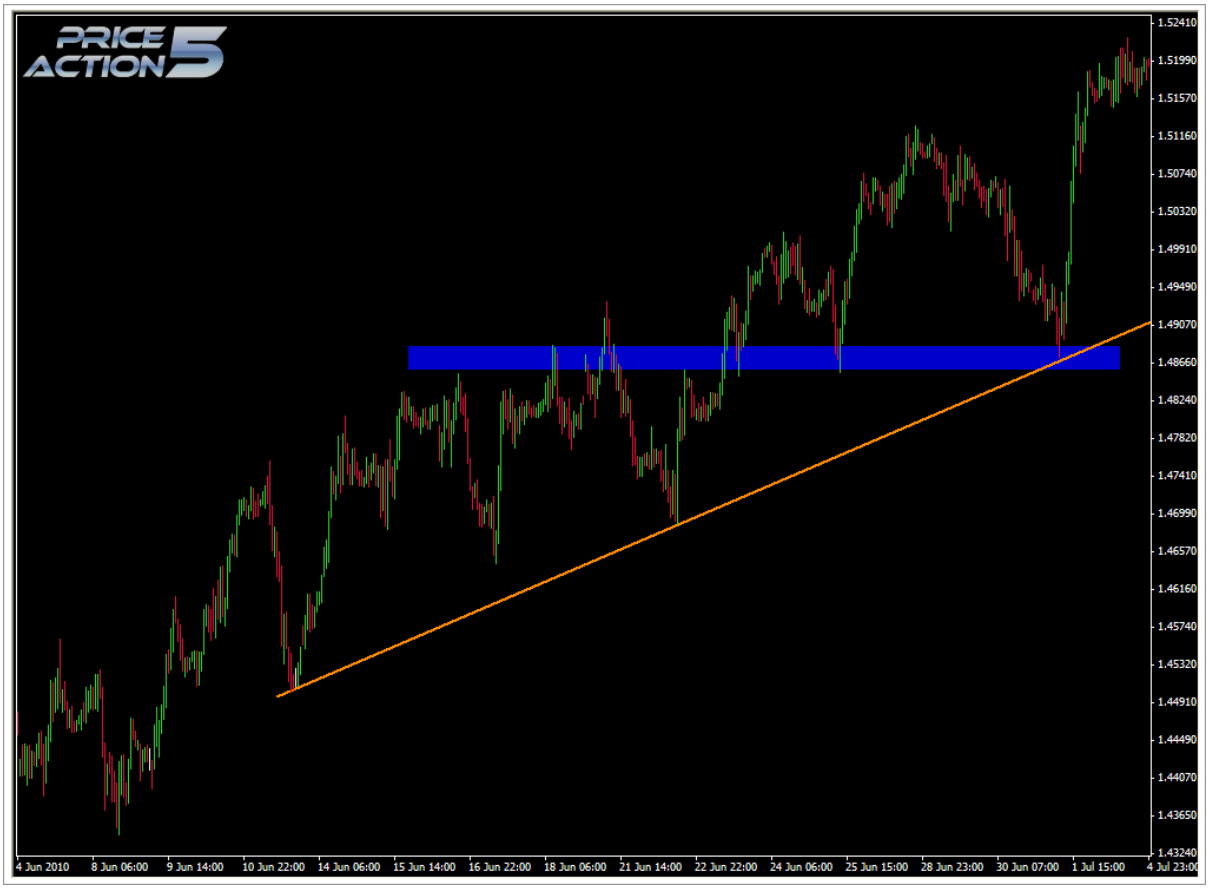
We then identify the S/R points:



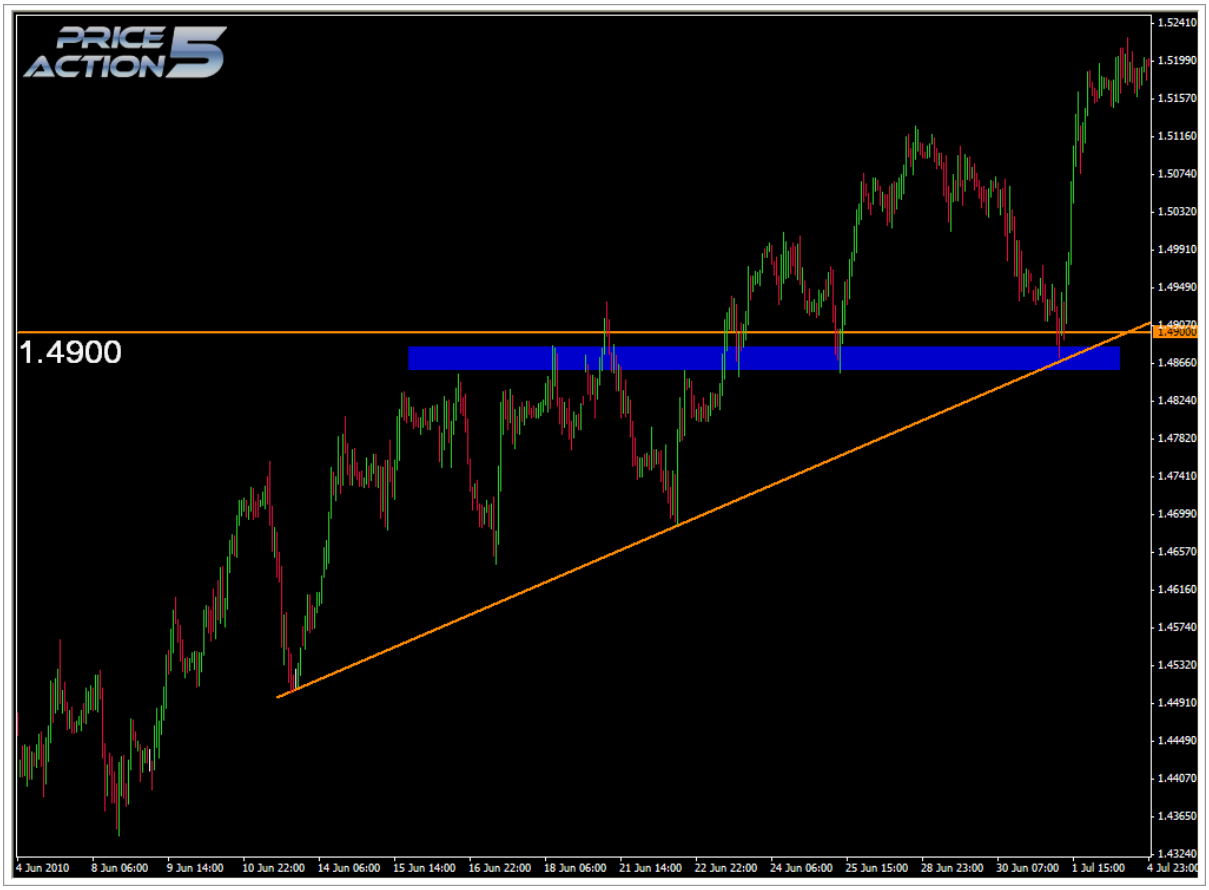
We can then draw on our S/R area:



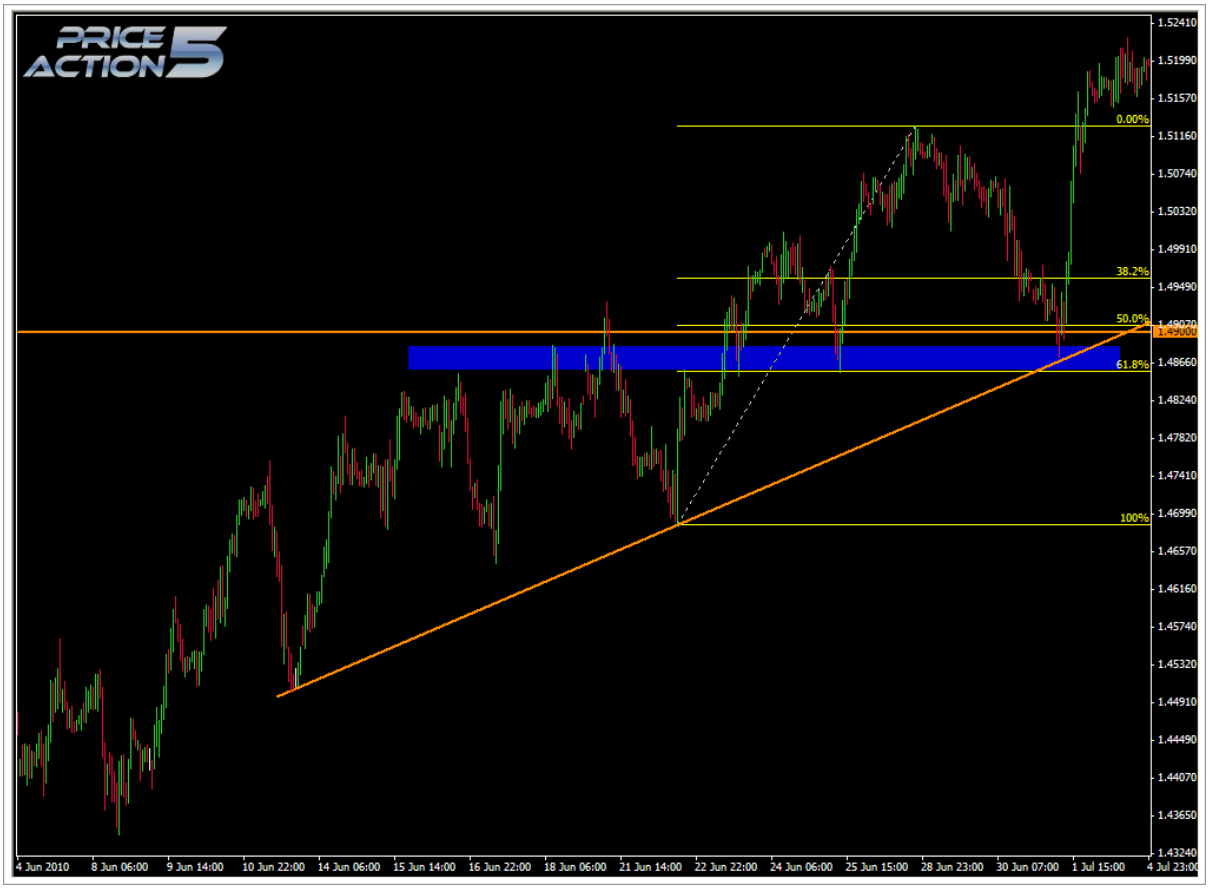
Next we see if there are any potentially significant trendlines:



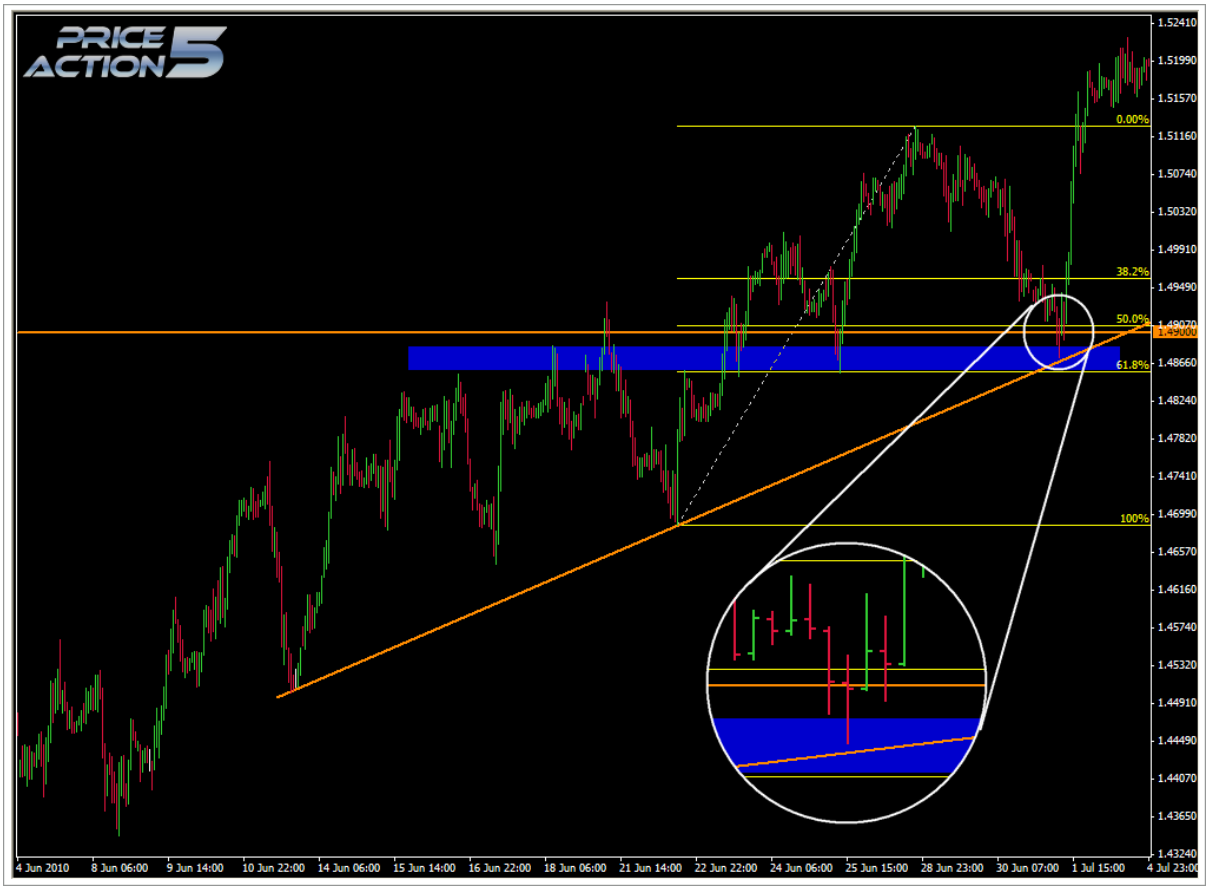
We then check for any Round Numbers nearby – we have 1.4900 fairly close (1.5000 would have been great – but no trade will be totally perfect):



The 50% Fibonacci retracement level this time falls bang on the S/R area:



We now have four of the five critical components in our favour; now we look for a confirmation bar – and we get it – a very good Bullish Pin:



You could now enter the trade. The stoploss would go right below the low of the Pin.

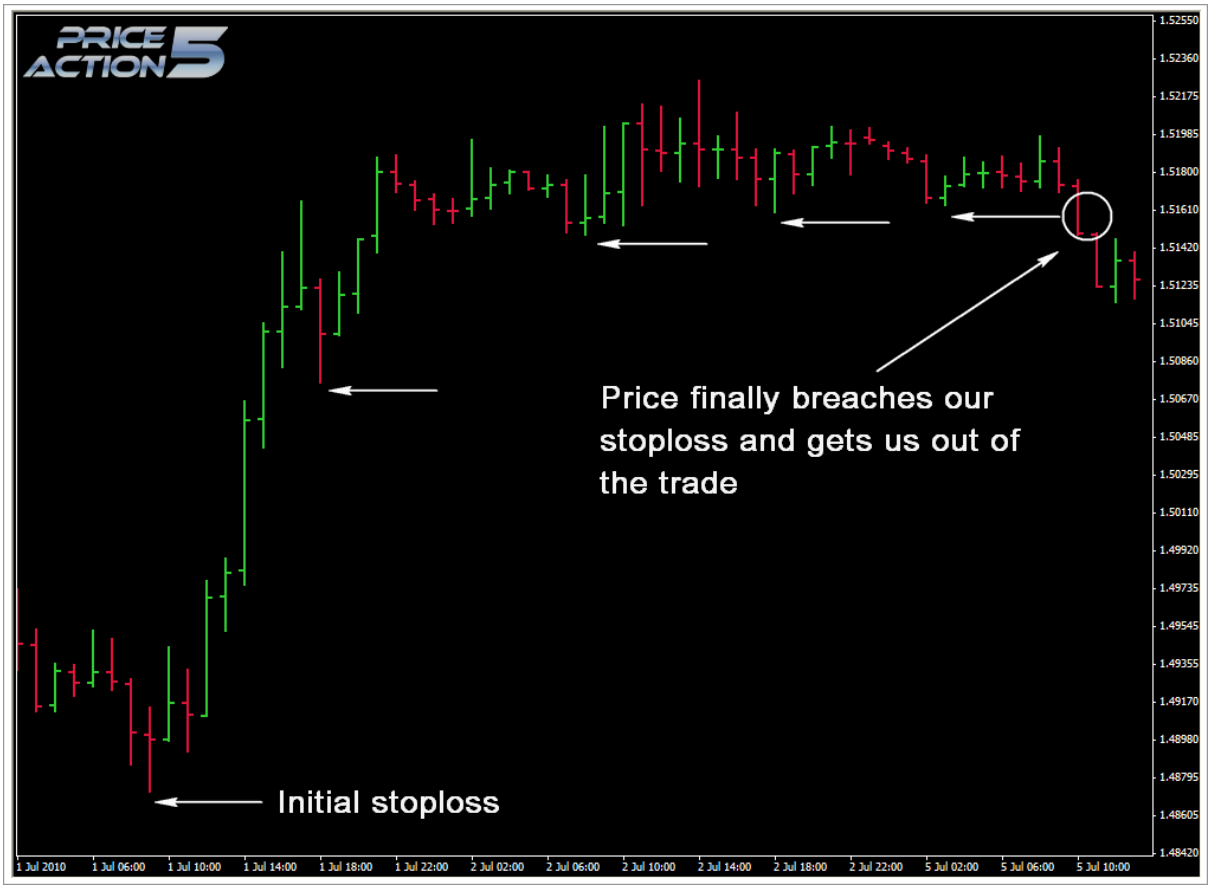
Now let's talk about managing the trade…

As with the actual entry of a trade, where there are many ways to enter, there are many ways to exit a trade too.

Again it is purely up to how comfortable you are with any particular exit strategy.

We will cover two different strategies here to get you started – but remember this is not critical to the method; you really have to find your own comfort-level for exiting your trades. Price Action 5™ can identify great trade opportunities – it is up to you to now leverage them to your advantage in your trading.

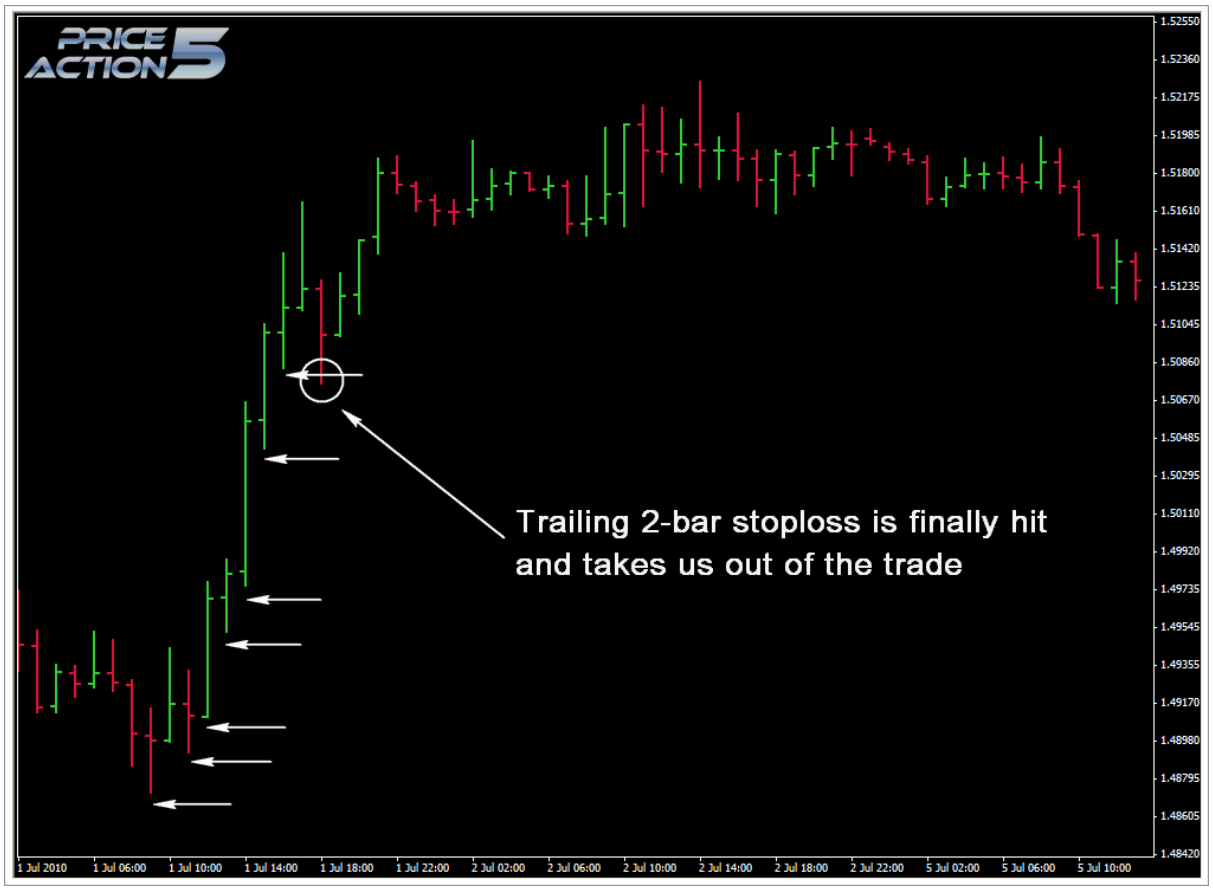
So for this particular trade we could trail the stoploss manually by moving the stoploss up as price rises – we move the stoploss below the low of each pullback like this:



The second exit strategy is to trail the stoploss behind the lowest low of the last two bars.

You could trail the stoploss behind one bar or even the last three or four bars – but I've found that trailing behind **two** bars is comfortable for me.

Let's see how this exit strategy would have worked I this trade:



You can see the difference in outcome between these two exit strategies.

This is only one example though – many times the 2-bar trailing stoploss will outperform the manual trailing stop we use on pullbacks.

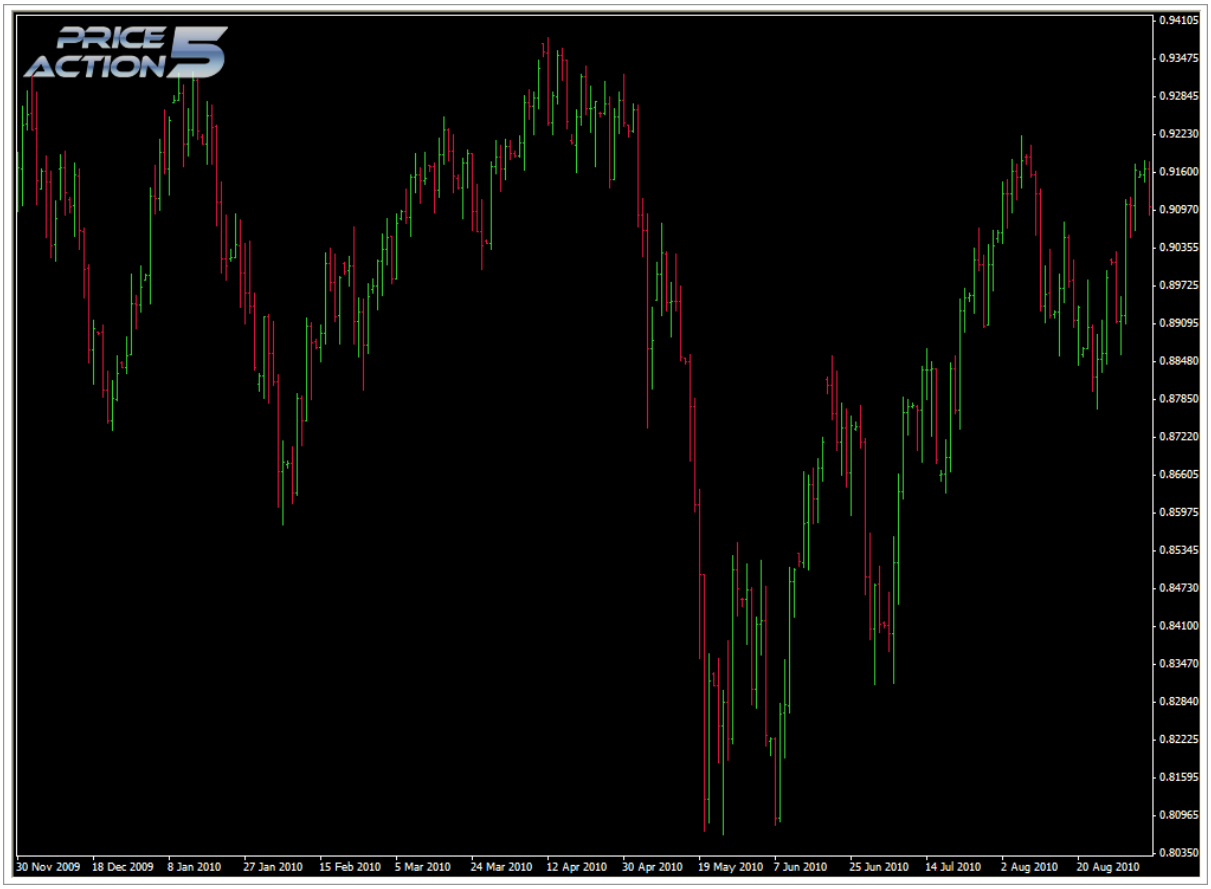
You really just have to try a number of exit strategies and see what works for you.

AUD/USD Trade On Daily – Trading Without A Trend

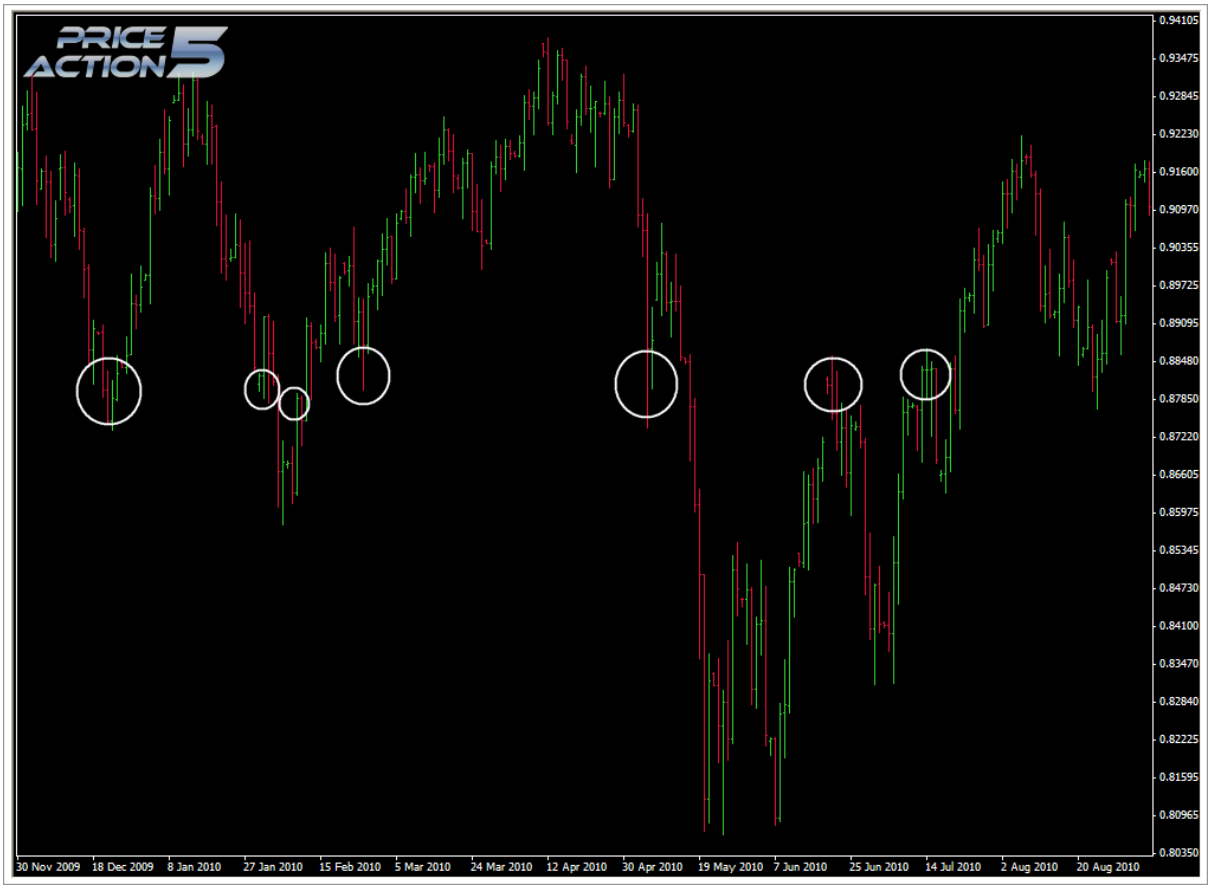
This trade on the AUD/USD daily chart is a little different to the previous trades.

The previous trades had a fairly strong uptrend in place. This trade however is in more of a range – however, it does show us that Price Action 5™, and the five critical components are still very solid, even when the market is not in a strong trend.

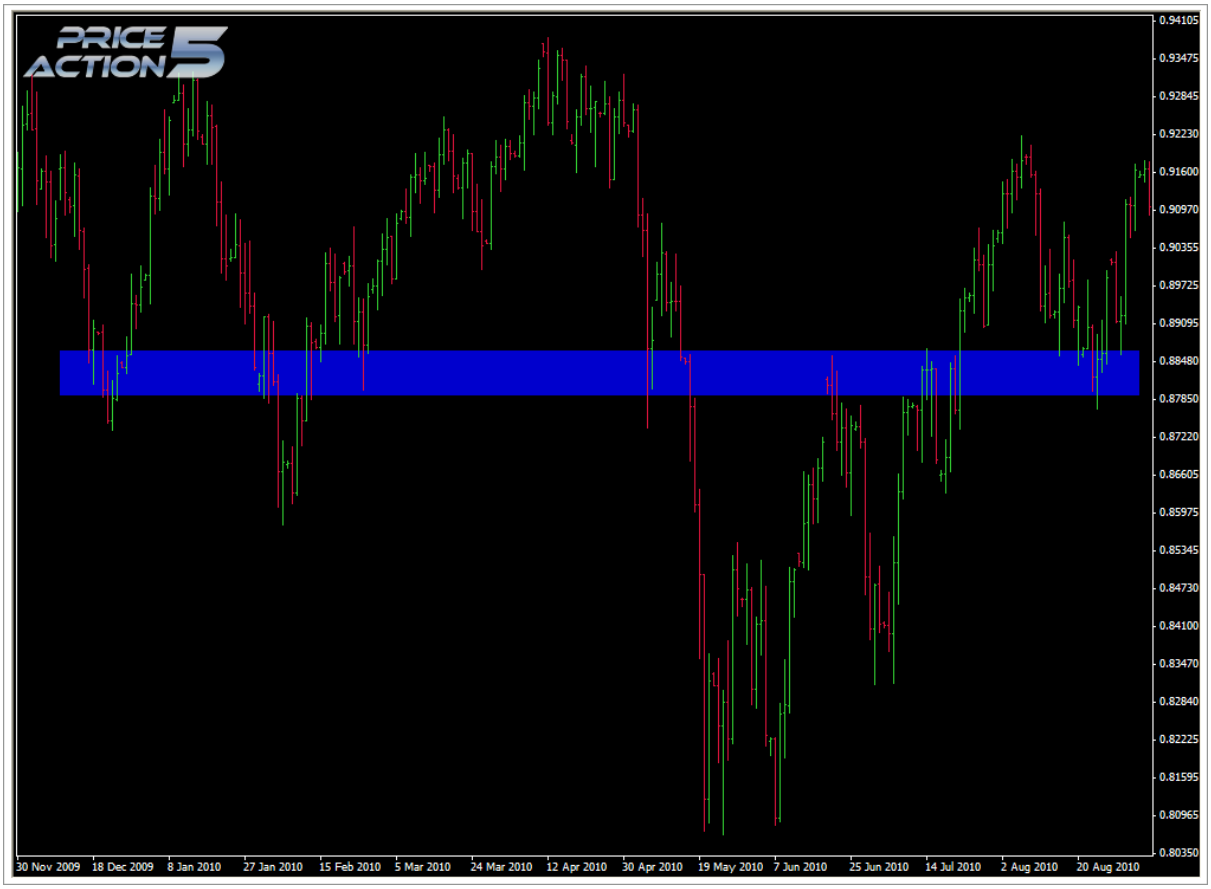
Let's start with the clean chart:



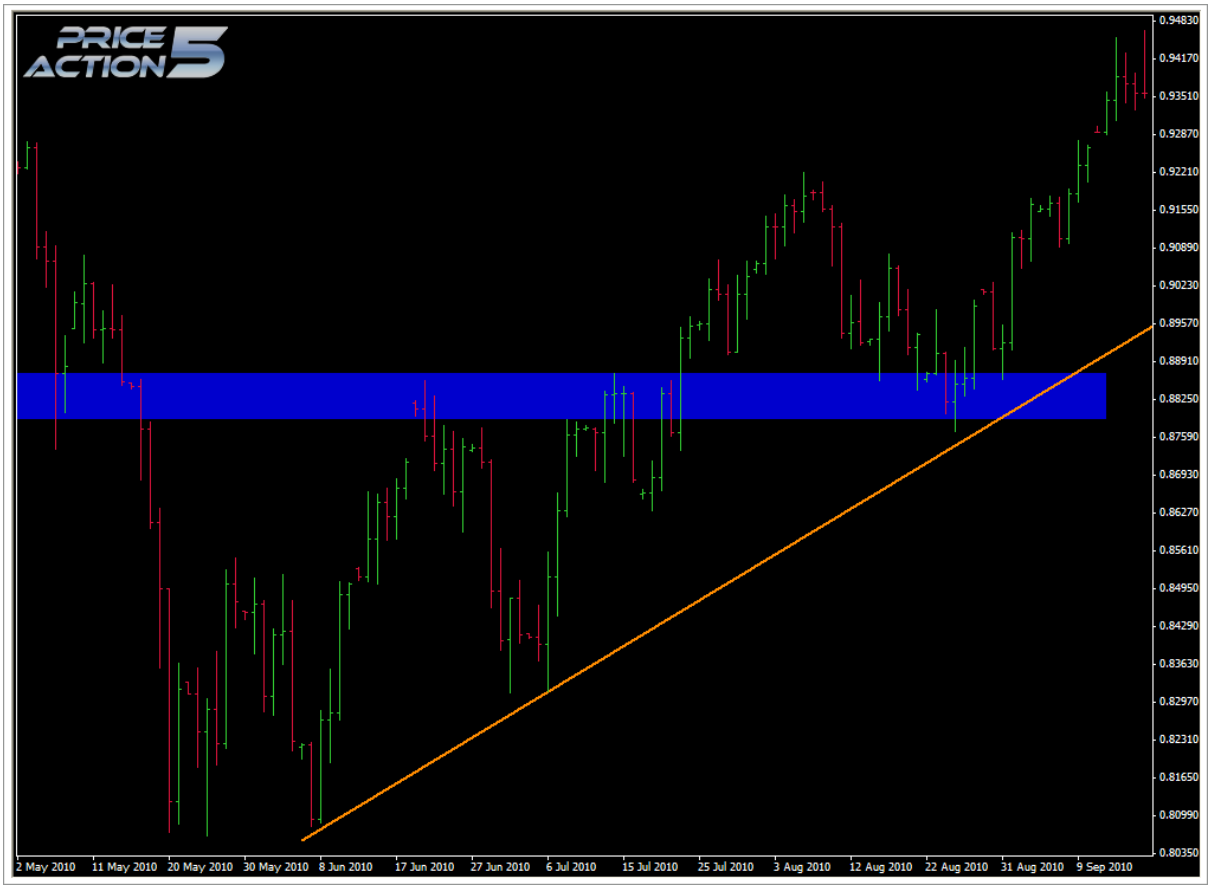
We identify the significant S/R points:



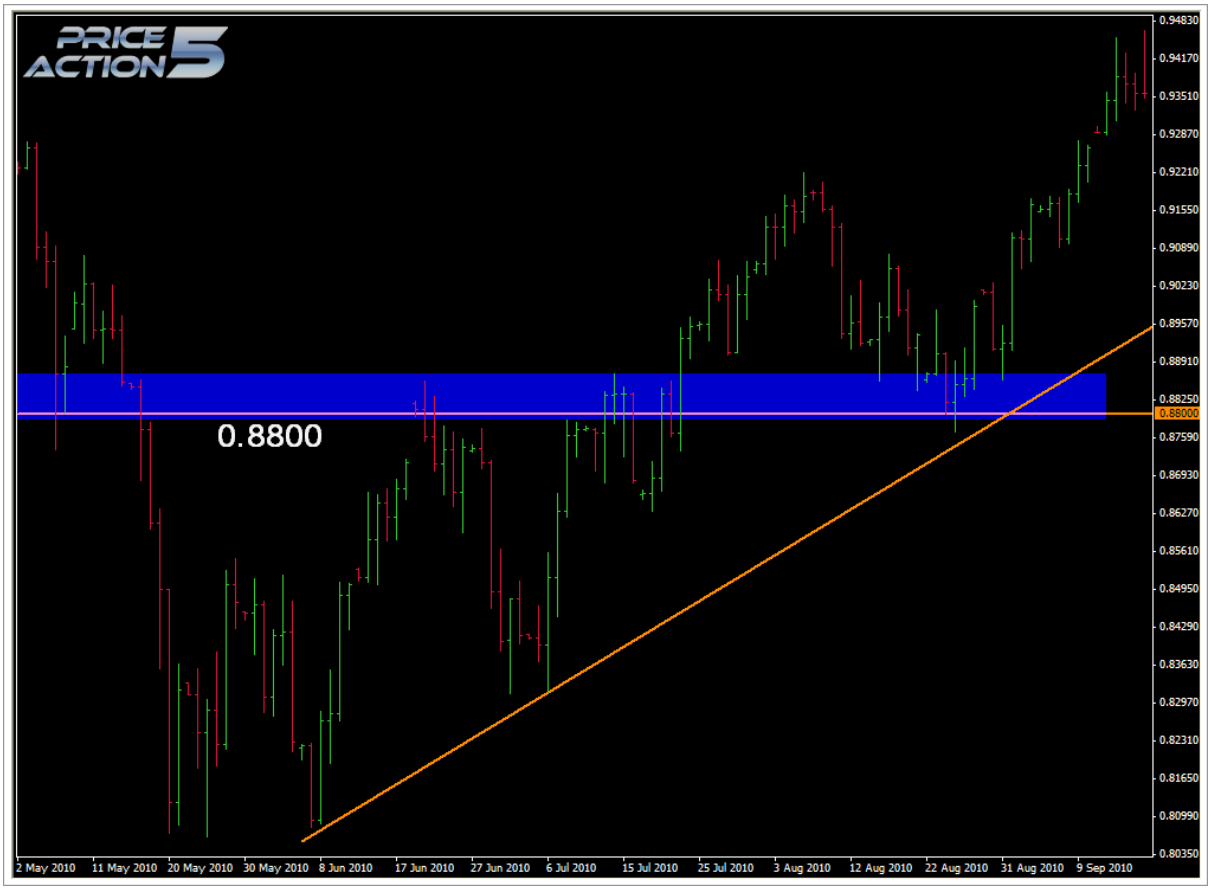
We then mark on the S/R area that is of critical importance to us:



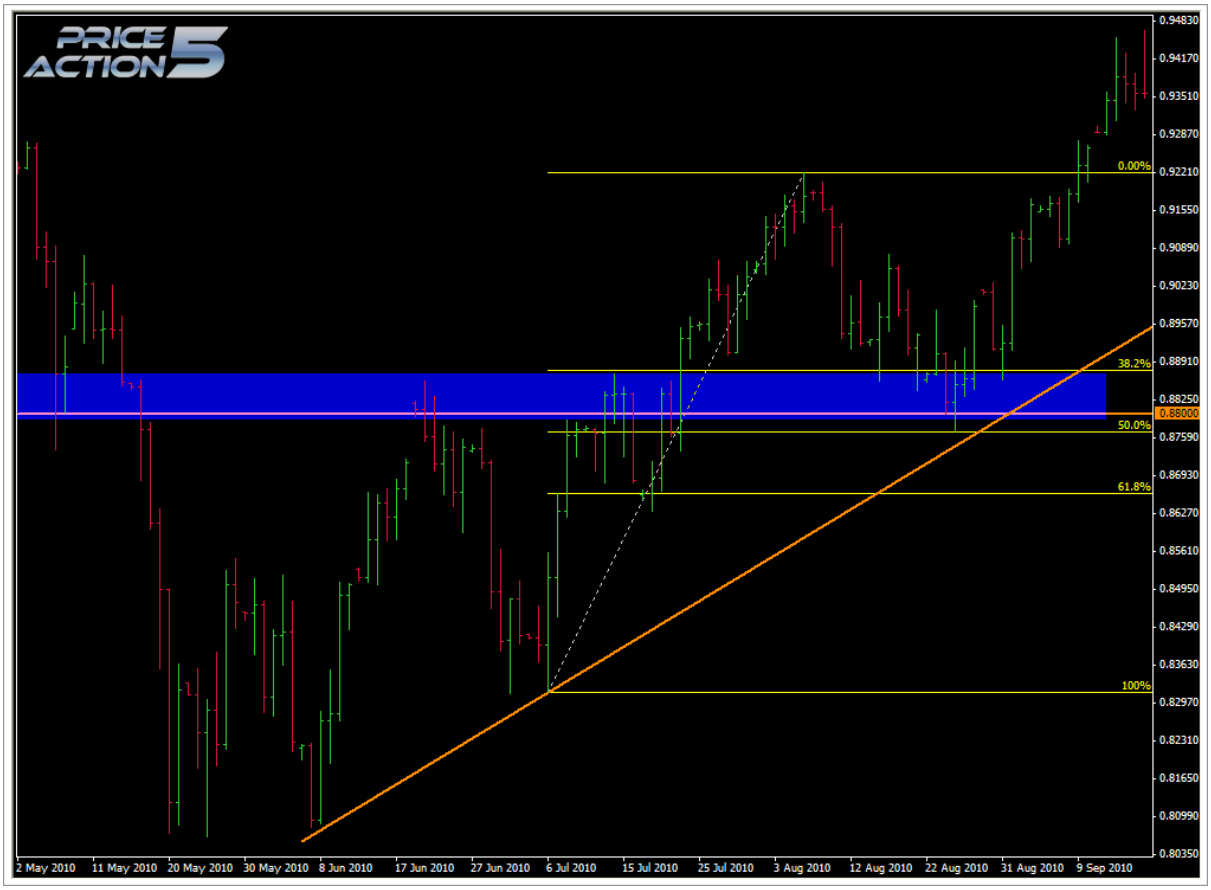
What's next? That's right, trendlines; you're getting the hang of it already!



Now to see if there is a Psych. Number for further confirmation of the area – we get a nice 0.8800 level right in the middle of the S/R area – this is good:



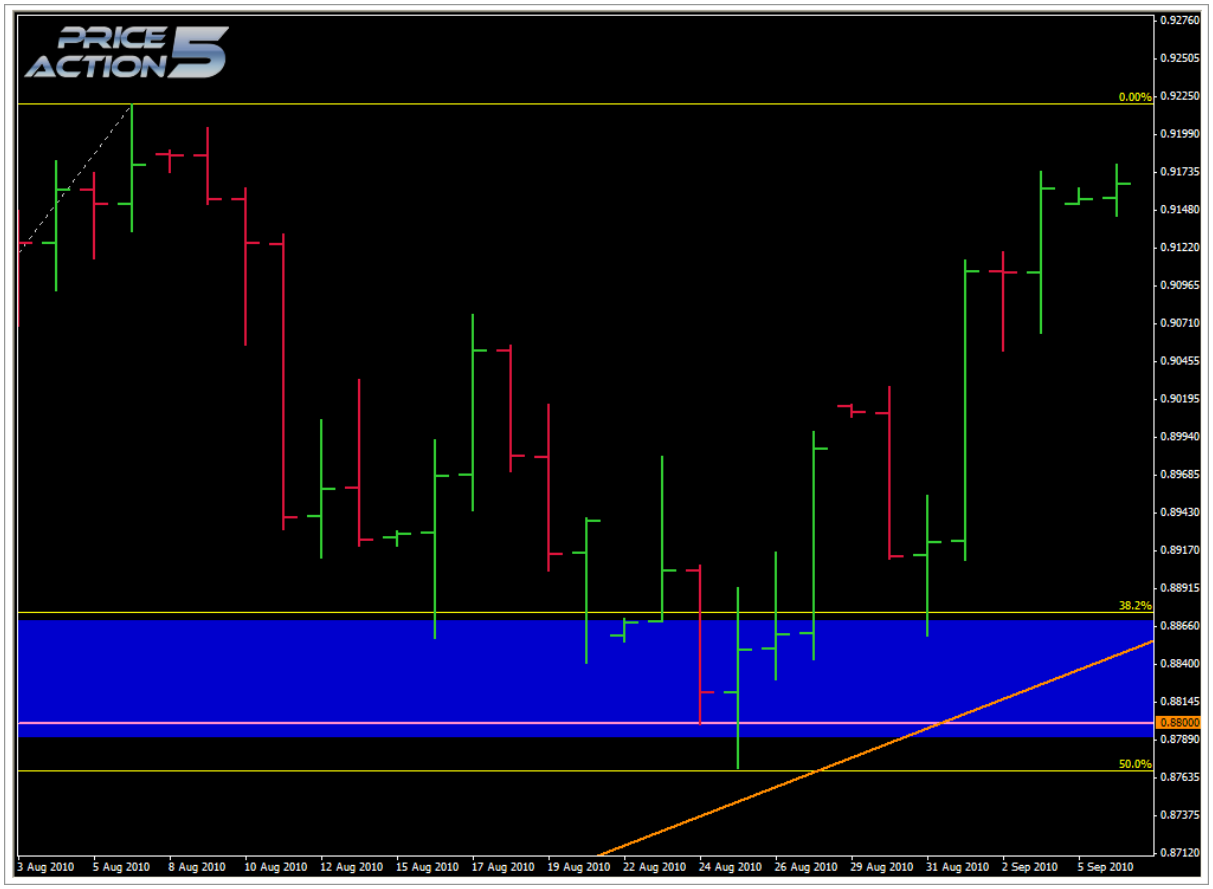
We then draw on our Fibs and see if we get a retracement level that is relevant to us… and we do, the 50.0% level, right in the middle of the S/R area:



So far we have a very powerful combination of the four critical components to provide us with a level at which we would be looking to take a long.

We now look for a confirmation bar. We get a Bullish Pin – but it is certainly not perfect. In fact, it's barely a pin at all, and could probably be regarded as closer to a BUOB.

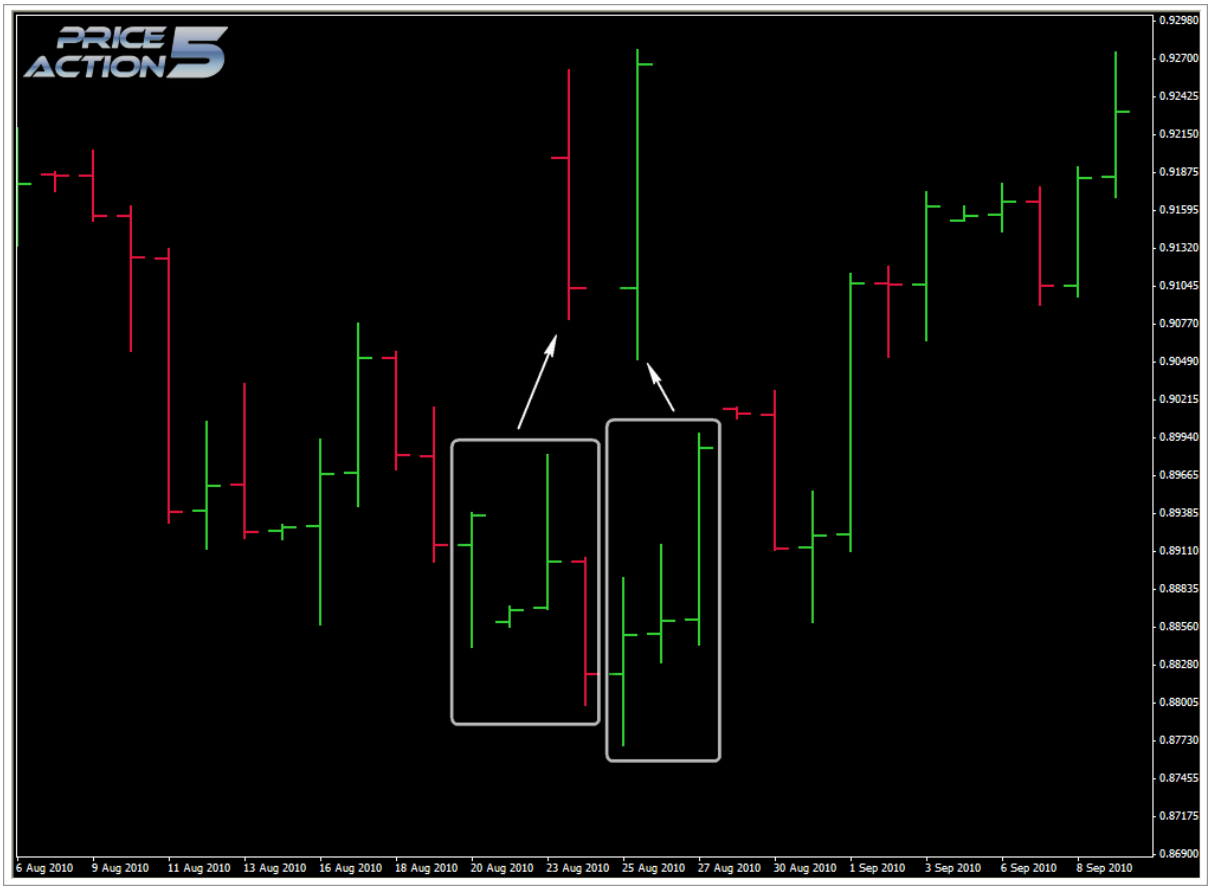
However we really need to take into account the other factors and how strong they are together in this potential setup.



No here is a little trick that you can use to figure out what the market is trying to tell you.

You can merge bars together to create a larger bar than resembles the kind of bar you want to see. This isn't cheating – but in fact a very effective technique that works very well!

So instead of looking at the lowest bar on the chart we could in fact merge a few of them together like this:



You can see how effective this is. By merging the bars we have seen “through” the candles to what the market is telling us – there is a very strong BUOB there!

Now this trade really takes-off. Using our 2-bar trailing stoploss we could manage the trade like this:



As you can see we get there is a great Reward to Risk ratio for us on this trade.

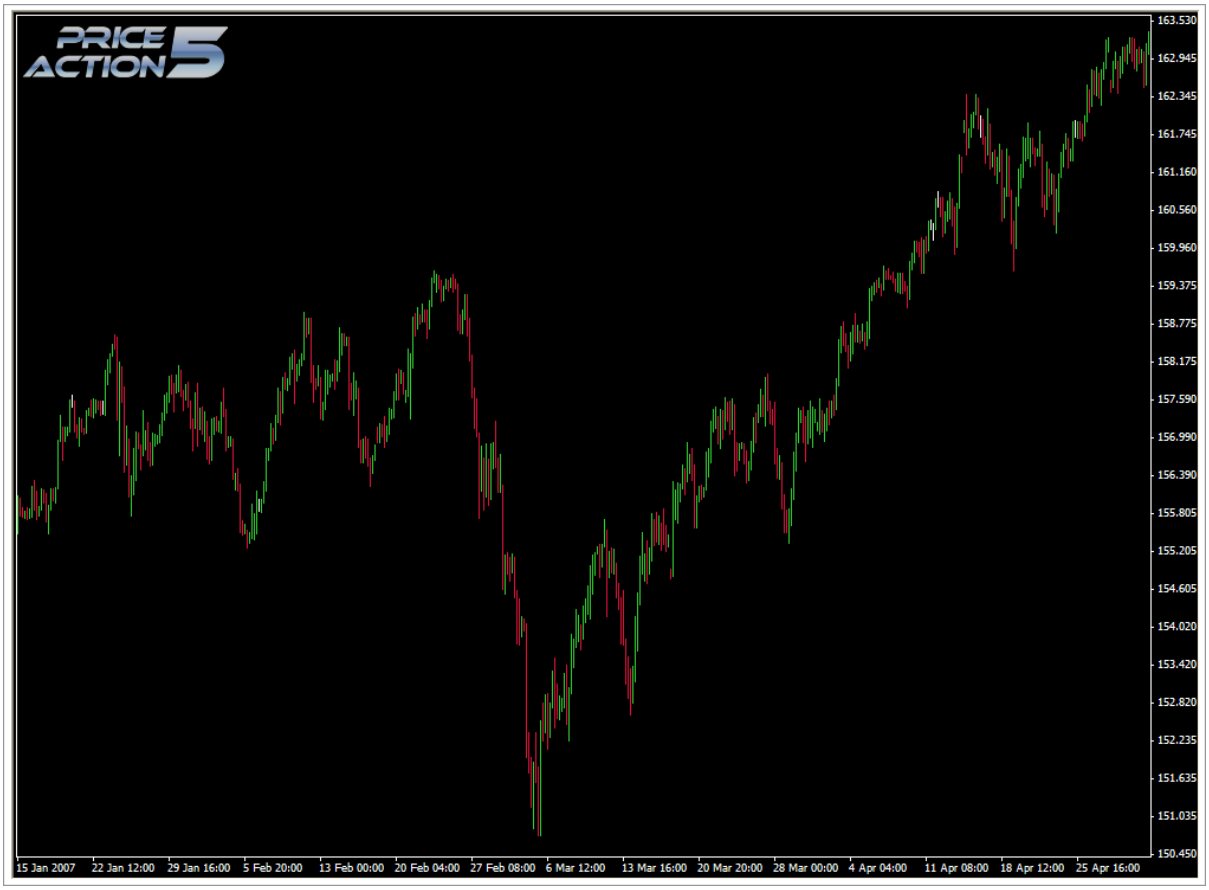
Manually trailing the stoploss would definitely keep us in this trade for longer and for a greater profit:



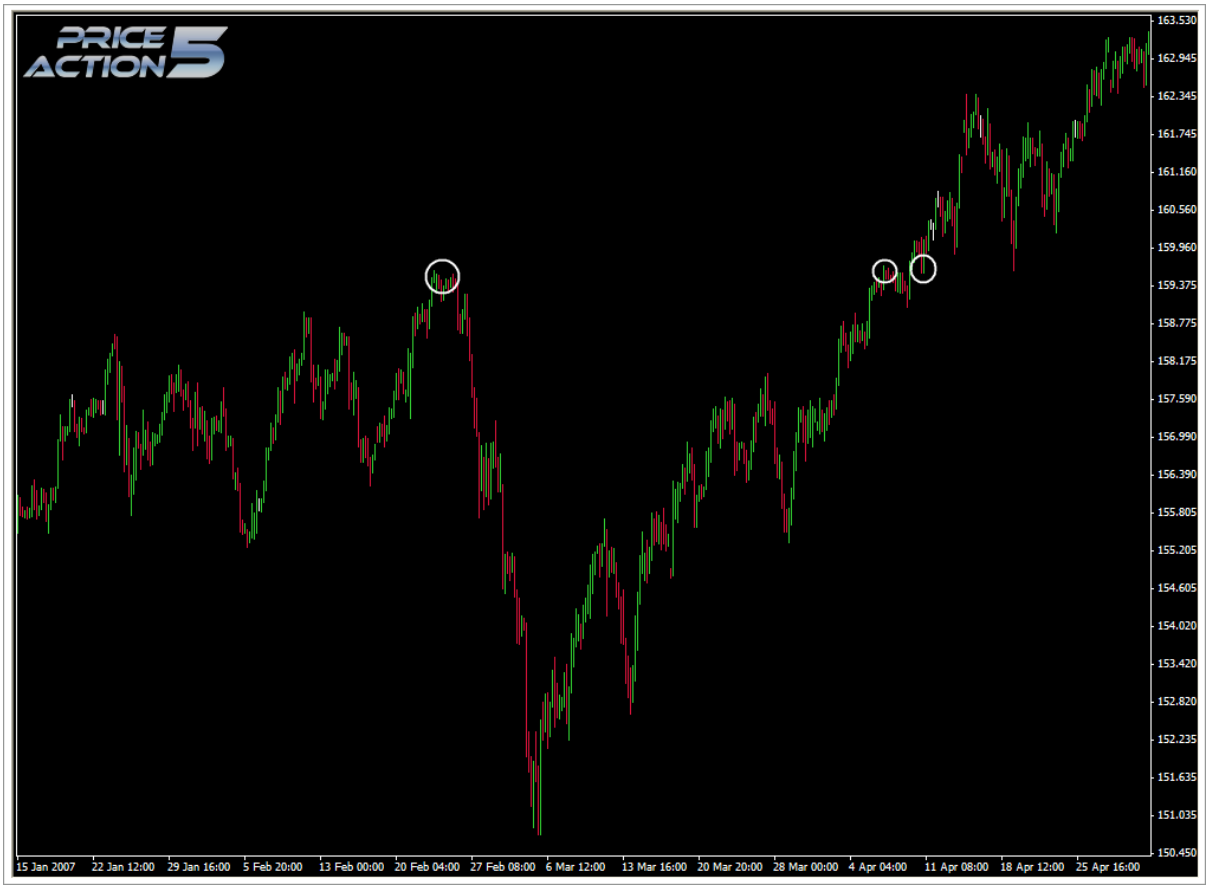
EUR/JPY Trade On 4-Hour – Trading Minor S/R Levels

This particular trade is a good example of using a very clear area of S/R – even if the S/R area has only been "tested" a few times.

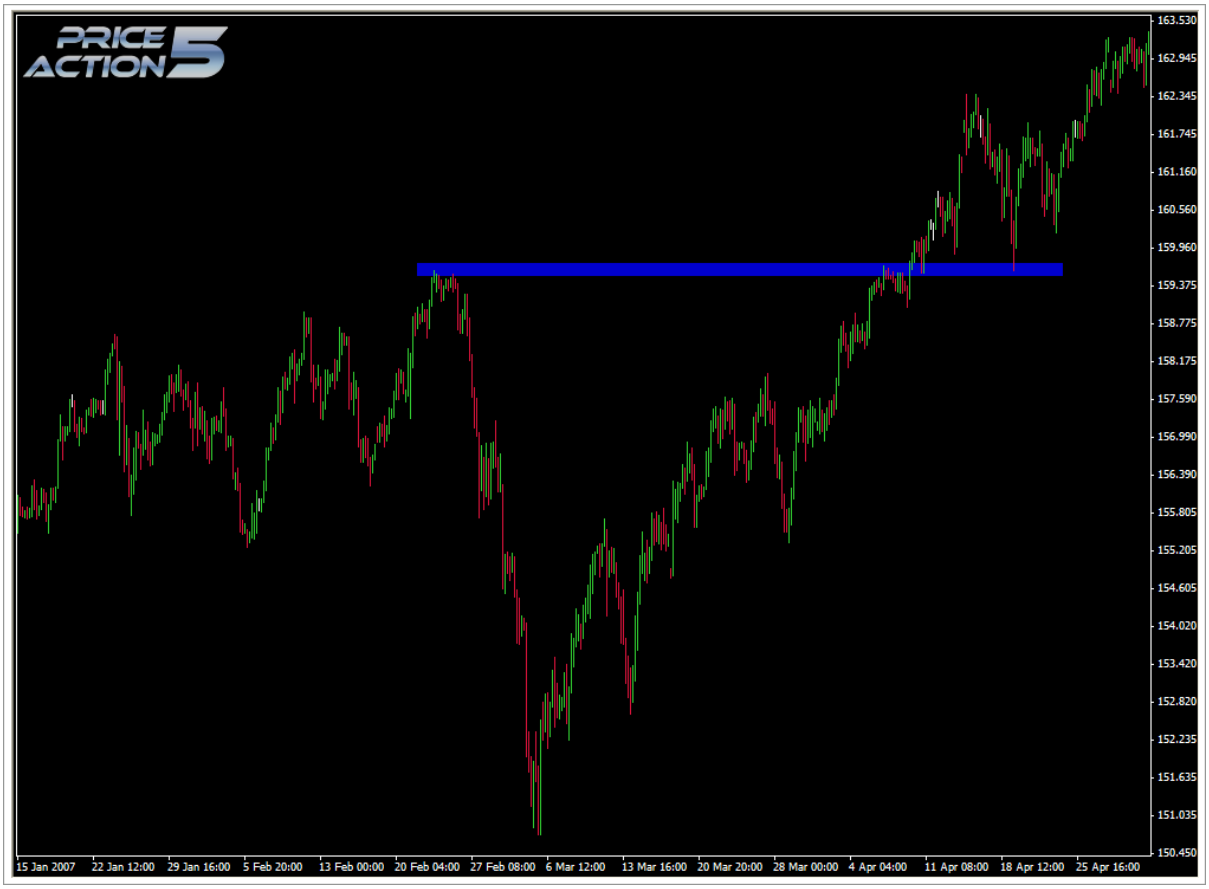
Take this chart:



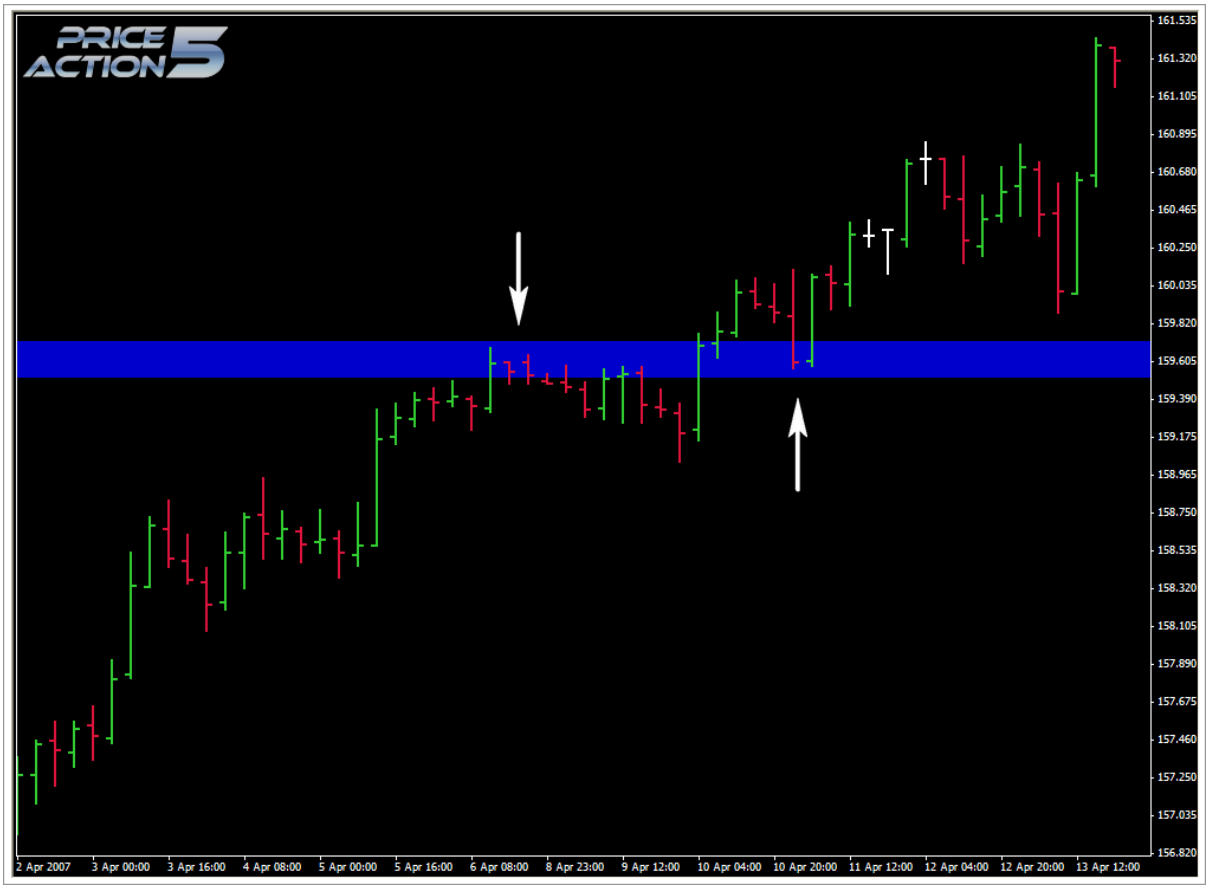
There are only a few S/R points to identify – but they are very clear to us:



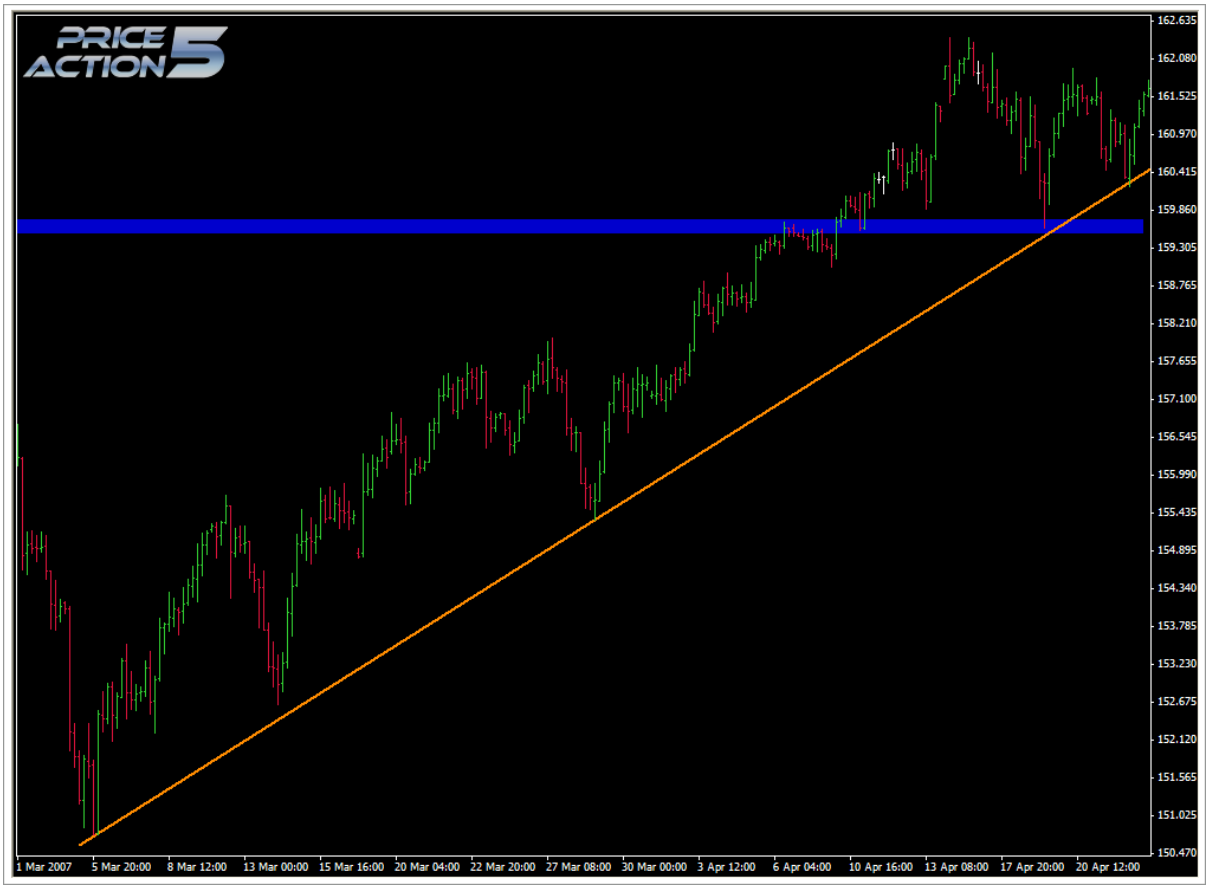
Once we define our S/R area it becomes a lot clearer:



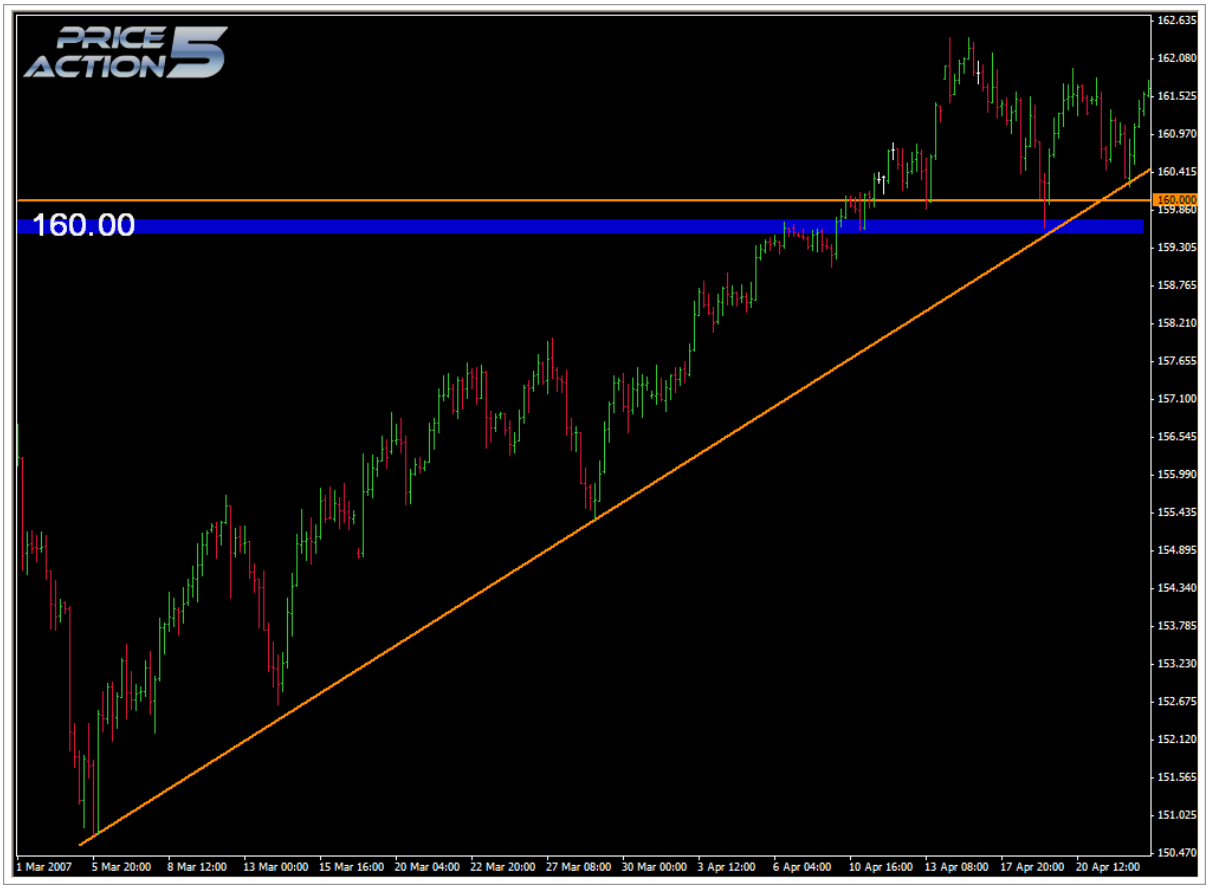
If we zoom in we can see how specific the S/R area is:



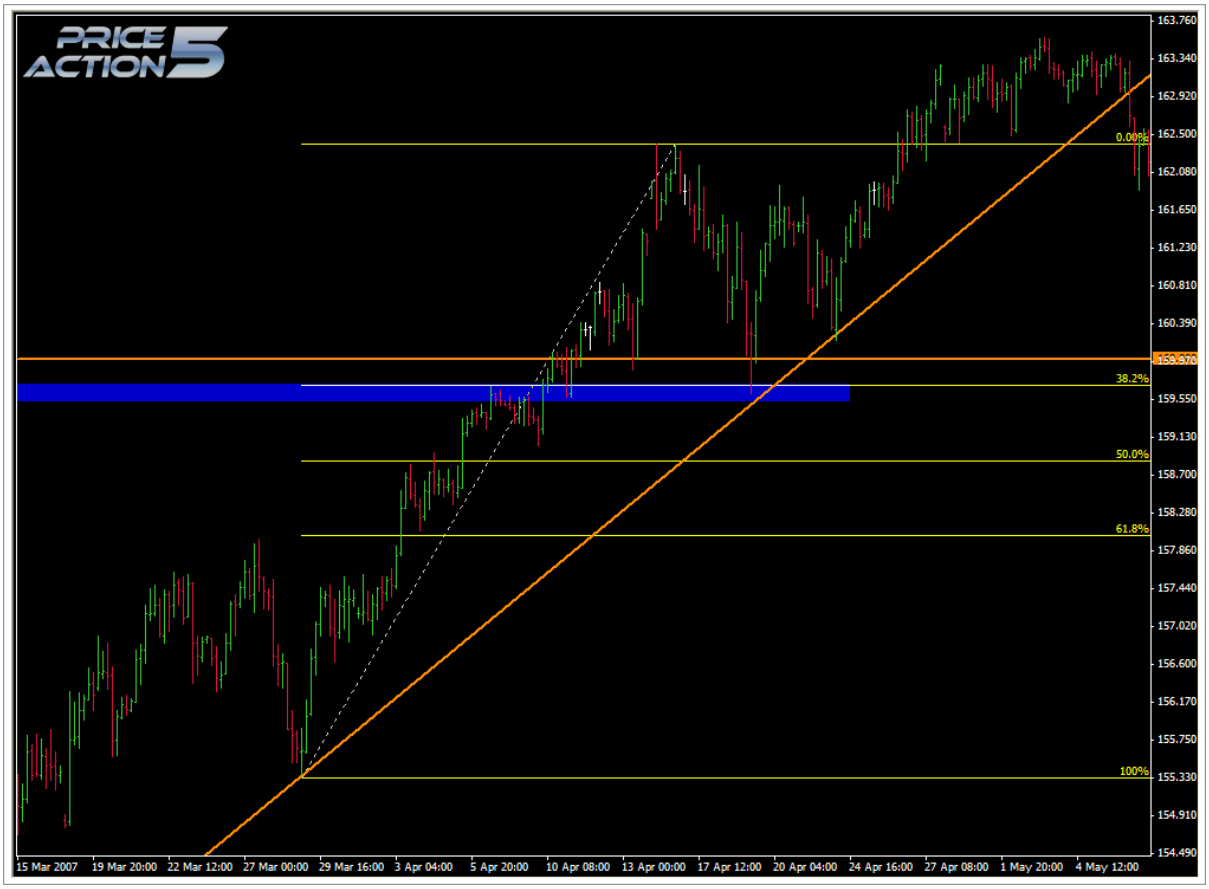
Next we check to see if there is a significant trendline:



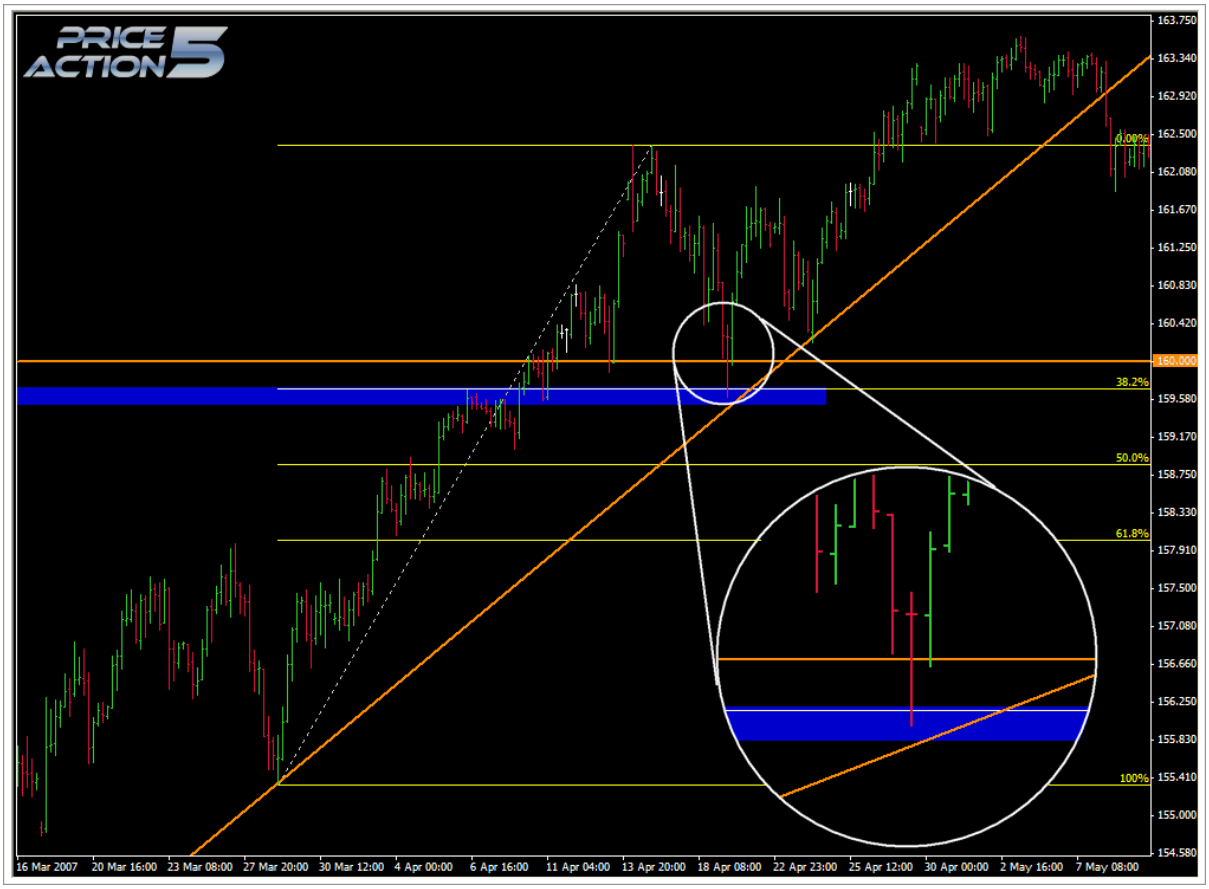
We look for a Psych. Number nearby – and we get a major one – 160.00:



Next we draw our Fibonacci levels. This time our S/R area is nowhere near the 50.0% retracement level; it is however right in line with the 38.2% level. Because of this it is still very much of interest to us:

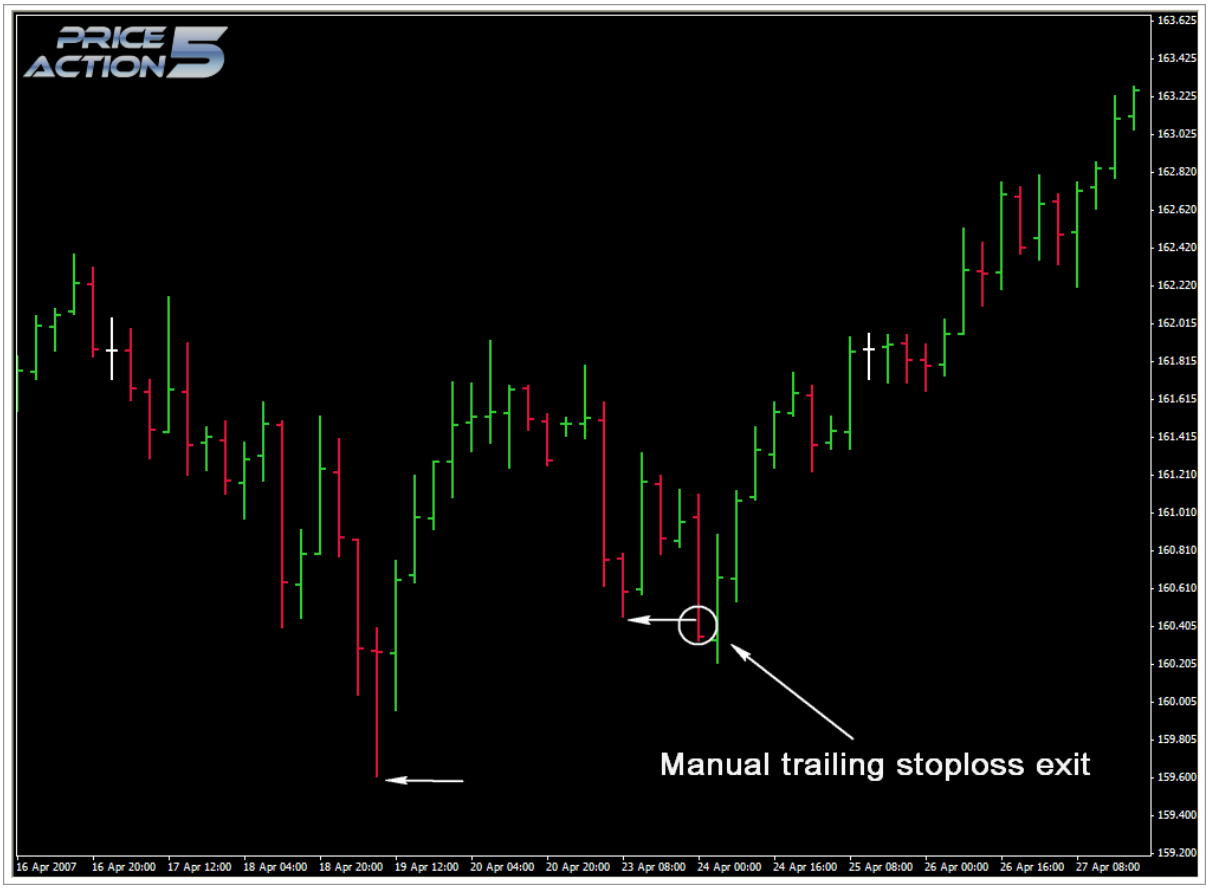


So that's our four critical components so far and now we look for a confirmation bar. We get an absolutely perfect Bullish Pin right at our main level:



For managing the exit we can see that a 2-bar trailing stoploss would have been better in this case than a manual trailing stoploss:





This trade has something very special about it though; there is a great lesson here about leaving your profits to run.

This particular trade went on to rally hard and make a real substantial move.

Letting your trades run will lower the number of trades you win because many times you will be stopped-out before you reach your profit target. But that one trade can make up for many, many losing trades.

Take a look at how this traded worked out:

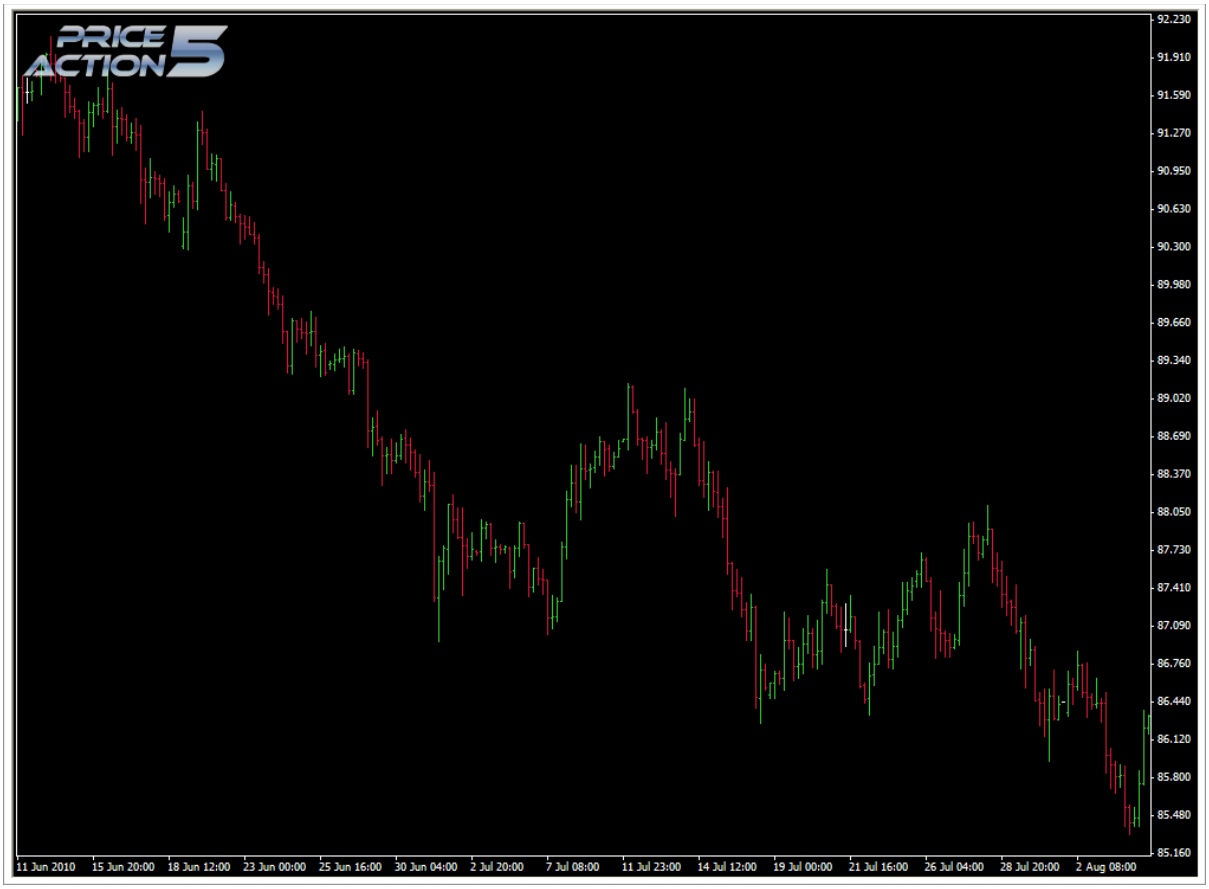


USD/JPY On The 4-Hour – A Short Setup

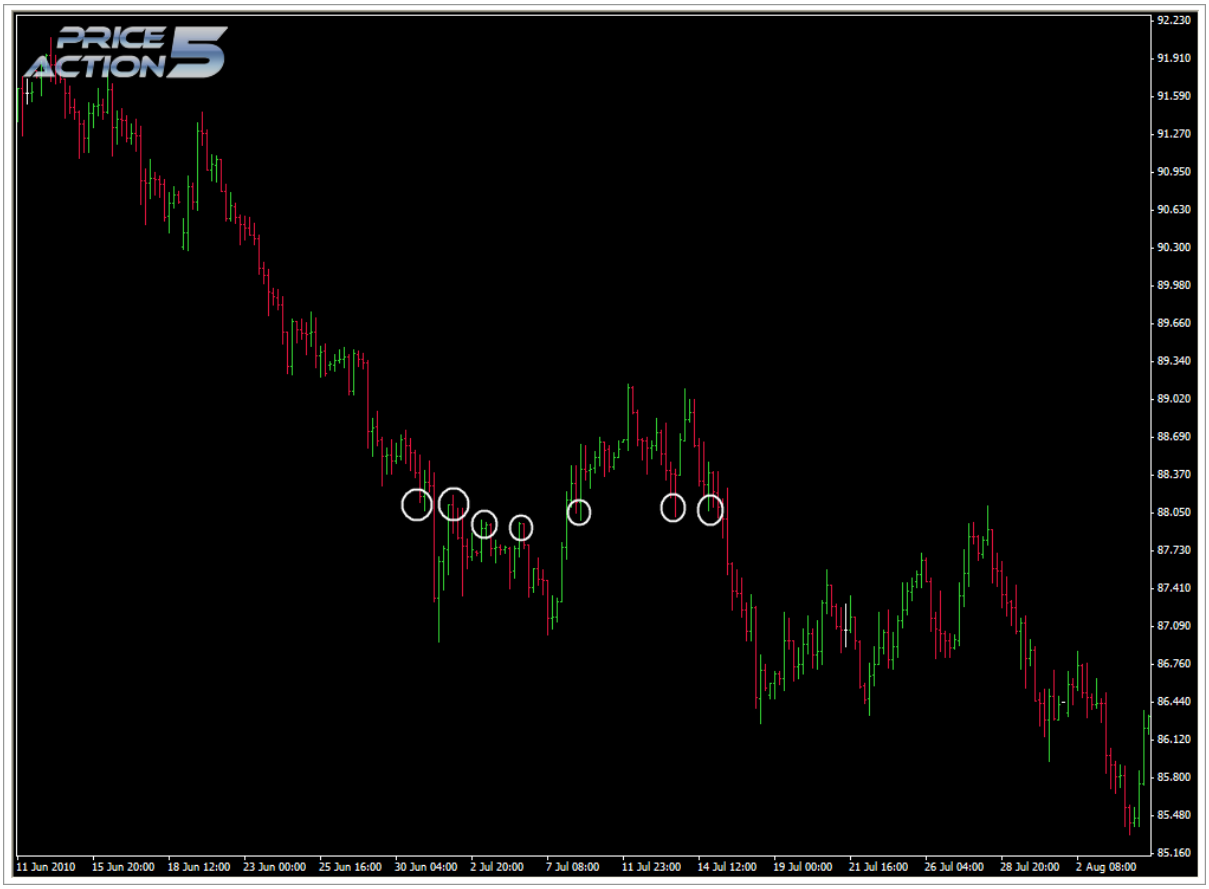
We've not done a walk-through on a short trade yet so I thought we would do that for the last example.

As you'll see, a short trade is exactly the same as a long trade, but inverted.

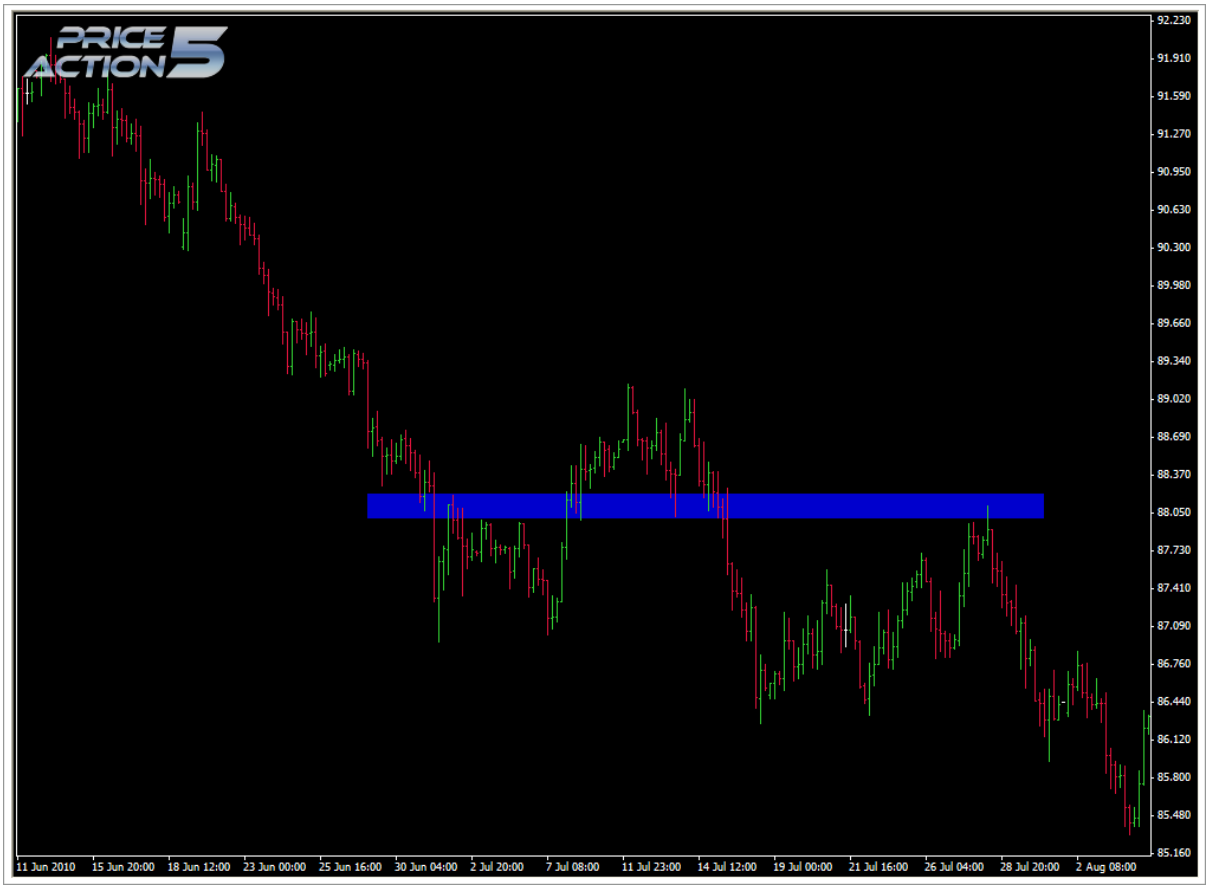
So let's start with the chart:



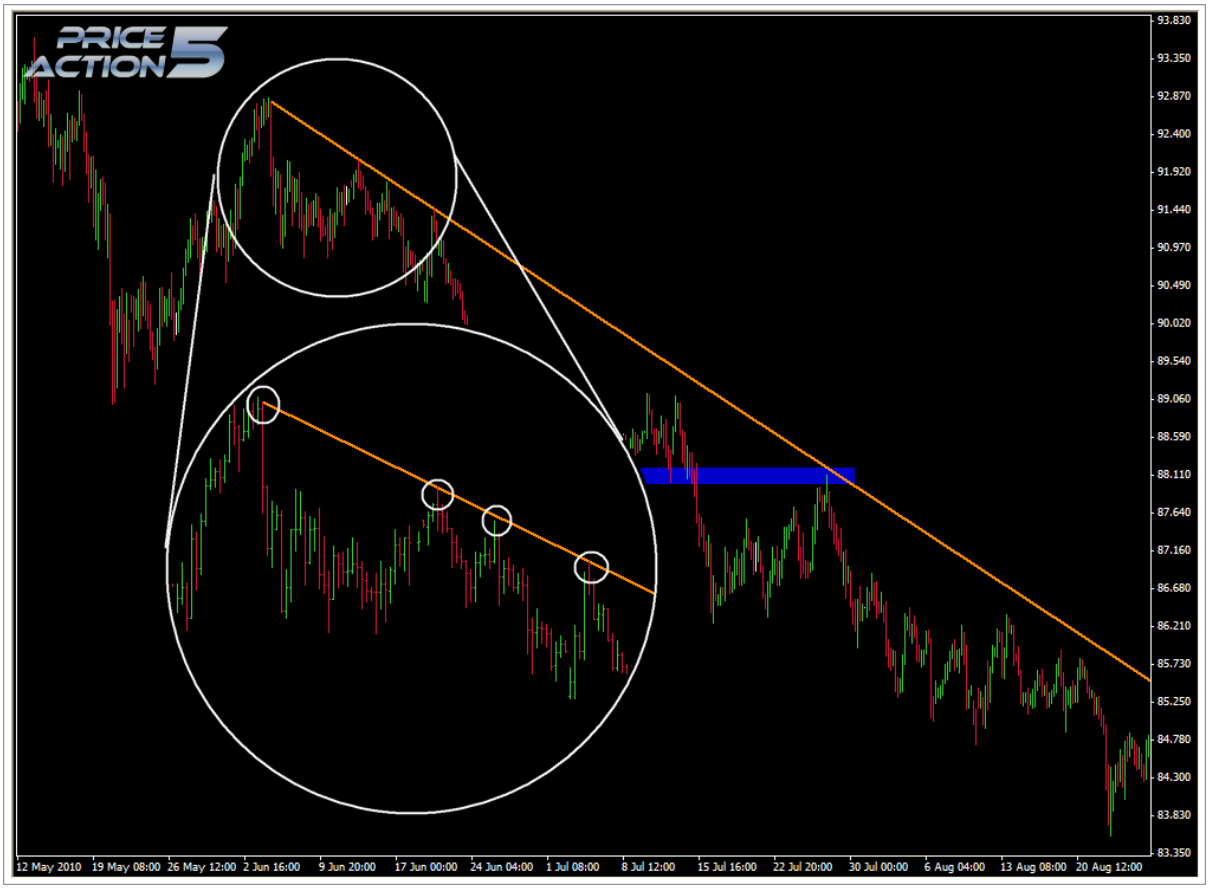
Identify the S/R points:



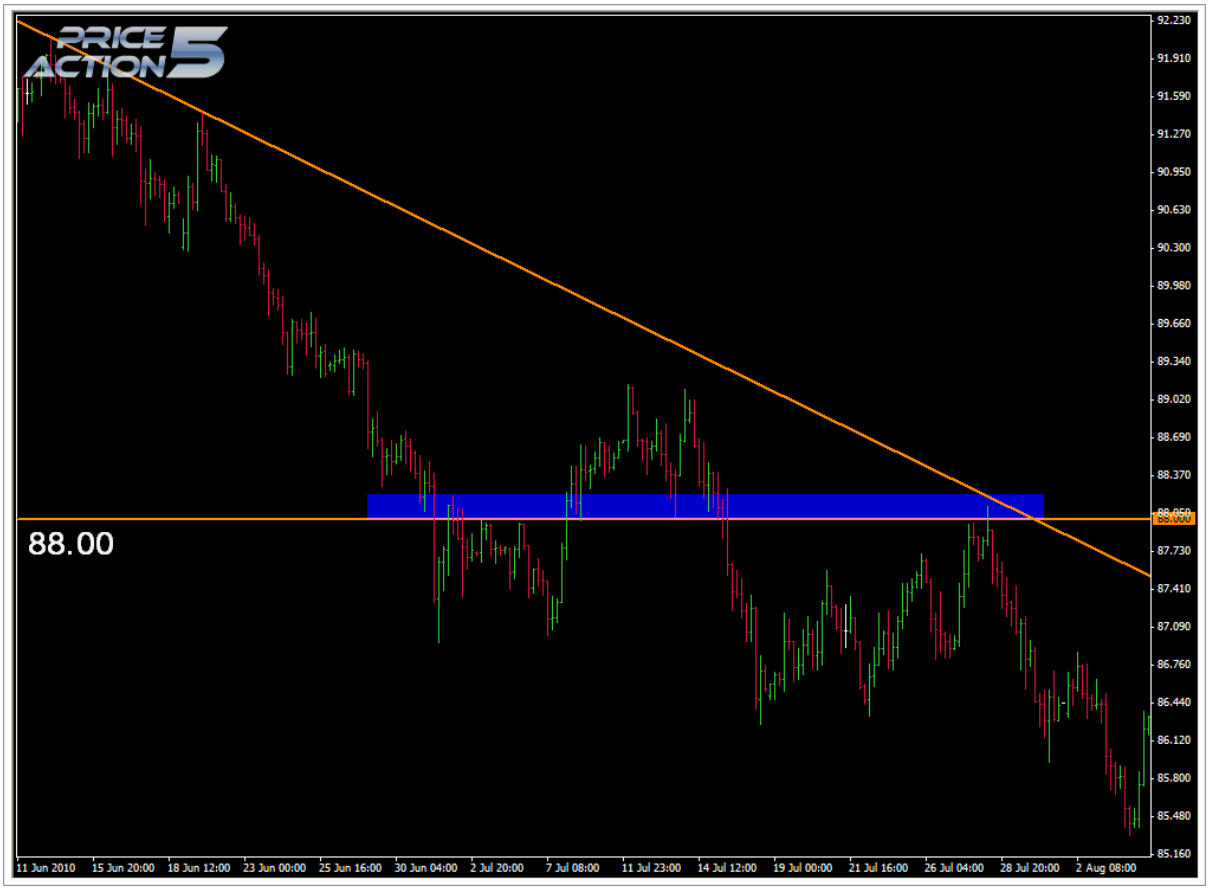
Define the S/R area:



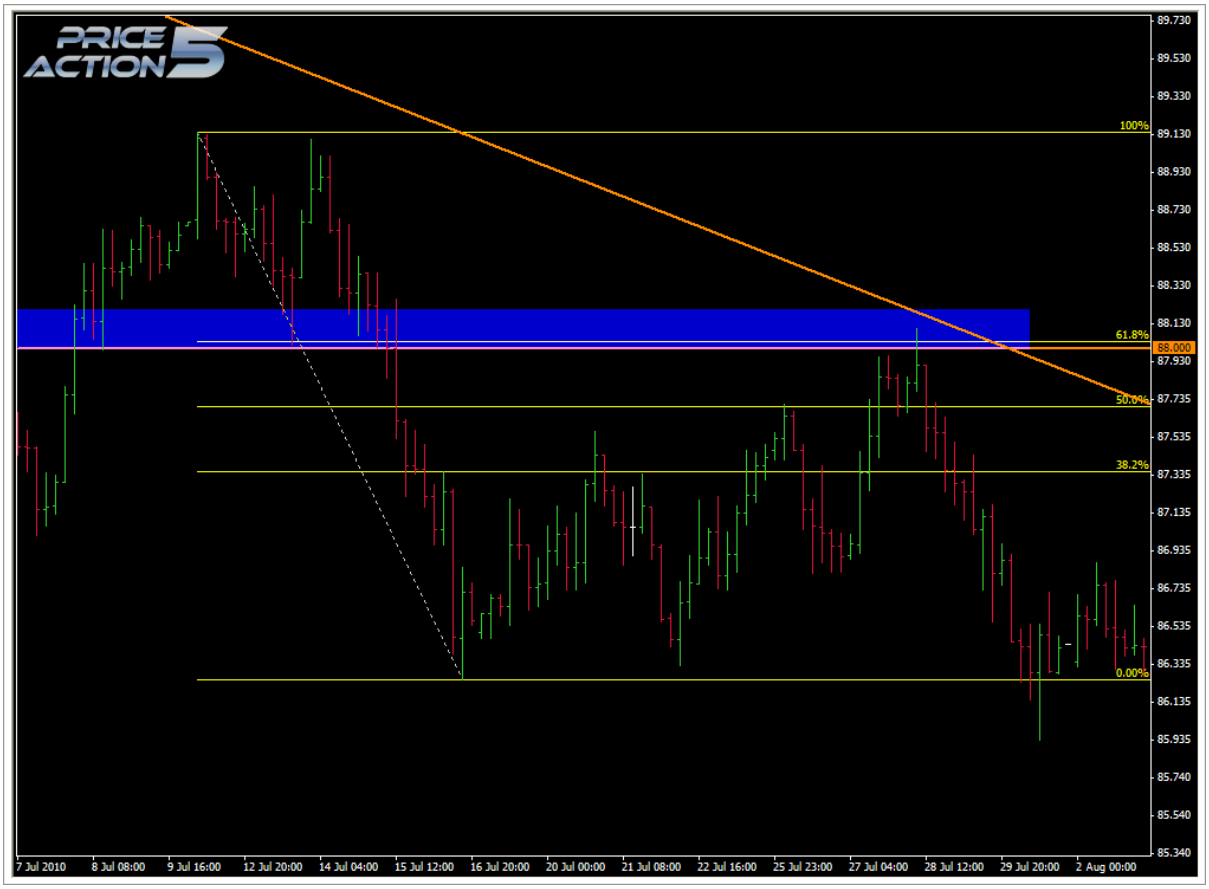
Now we check to see if the S/R area lines-up with any trendlines. We find an excellent trendline but note that we had to look a little further back – this is normal and in fact often expected:



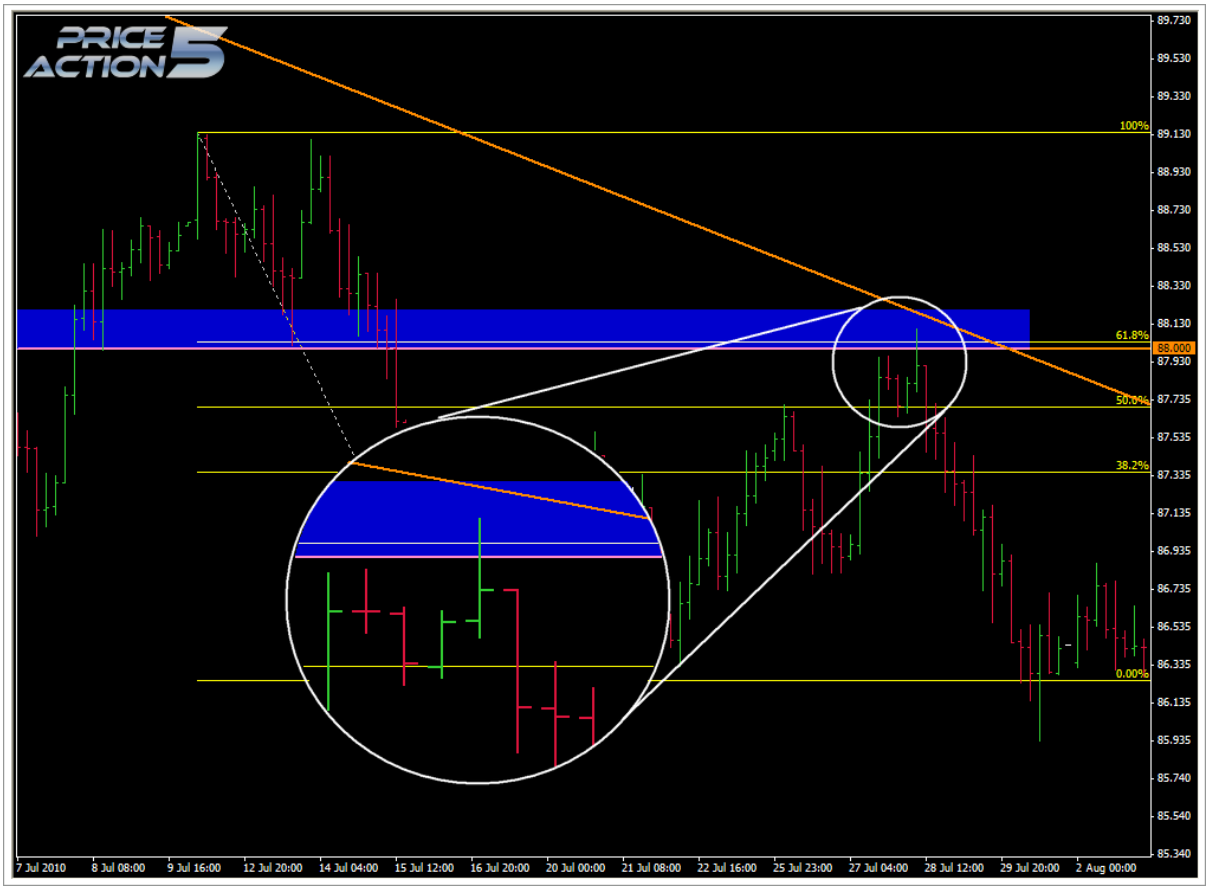
Next we look to see if a significant round number is in the S/R area and we get a very solid 88.00:



Now we draw our Fibonacci level. The 50.0% level does not line-up with the S/R but the 61.8% level matches perfectly for us – not the best but still very valid:



Finally we're looking for the confirmation to trigger us into the trade; and we get a Bearish Pin in an absolutely perfect location:



As with the previous trade example this trade makes a very decent move.

You really need to take note that a move like this, if managed correctly, can make your entire trading year. I'm not just saying that – it's a fact - plain and simple.

Some Parting Thoughts

So that's the Price Action 5™ method.

In that last example I finished saying that a trade like that can "make your year". I want to cover that again here because it is not something that should be taken lightly.

Many *extremely* successful traders (and I'm talking some of the biggest in the world!) trade methods that have perhaps one or two trades that make 80% of their profits for the year.

For example, in that last trade, the risk on our initial stoploss was around 25 pips; and the maximum available pips on that trade was roughly 755 pips. Let's say that we managed to grab just 500 of those pips.

If we do the calculation, and say we risked 2% on that trade, this works out to be a 40% increase on your capital, and for only a 2% risk – unbelievable! Do you see now why a trade like that can make your year?

Right, I'm unfortunately bringing this eBook to a close now, but it's got to be done.

It is my hope that I have given you a realistic and refreshing look at the Forex market – but more importantly I hope I have provided you with a set of tools that you can use to really start trading confidently and profitably.

I would love to hear about YOUR success and thoughts on Price Action 5™ – if you would like to leave some feedback I would really appreciate this. Please go to: http://www.priceaction5.com/feedback.html and send me your comments and feedback on how this eBook has helped your trading.

I wish you the greatest success in your trading,

Robert Jones – www.PriceAction5.com

Price Action 5™ Copyright © 2011

www.PriceAction5.com

Email: contact@priceaction5.com