

THE MILLION TEAM

#TheMillionTeam #ForNoReason





FOREX TRAINING

Facilitator: Reabetsoe Nkopane (Ria)

Instagram: tforex_n

Basics

- Forex stands for **Foreign Exchange**, which is exchanging one currency for another.
- You sell one currency and buy another currency simultaneously and once you do so you have essentially involved yourself in the forex market
 - e.g. USD/ZAR – When you go to USA you have to exchange/**SELL** the **ZAR** and **BUY** the **USD** in order for you to make transactions in USA.

Basics

- The market is open 24-hours a day, 5 days a week and has different **sessions** depending on what time it is.

[illegible]

Basics Cont.

- Forex is the most liquid financial market with a **daily turnover** of more than \$5 trillion.



Basics Cont.

- Currencies are always quoted in pairs, such as USD/ZAR, where you buy one currency and sell another simultaneously.

e.g.

- $\text{USD/ZAR} = 13.3979$

USD: Base Currency

ZAR: Quote Currency

Terminology

- **Base Currency:** The base currency is the “basis” for the buy or the sell.

e.g.

If you buy **USD**/ZAR this simply means that you are buying the base currency and simultaneously selling the quote currency.

- **Quote Currency:** The quote currency is the second currency in any currency pair
- **Long/Bullish:** In trader's talk going long/Bullish means **BUY**
- **Short/Bearish:** In trader's talk going Short/Bearish means **SELL**

Terminology Cont.

- **Pip: Percentage In point** – A pip is the smallest price movement available in a currency.

The 4th decimal number e.g. USD/ZAR = 13.397**9**

If USD/ZAR moves from 13.397**9** to 13.398**0** = 1 pip

(Helps you measure profit or loss).

Instances where you have USD/JPY = 100.50**9** use 3rd decimal number as your pip

- **Lot Size:** Value used to determine profit or loss.

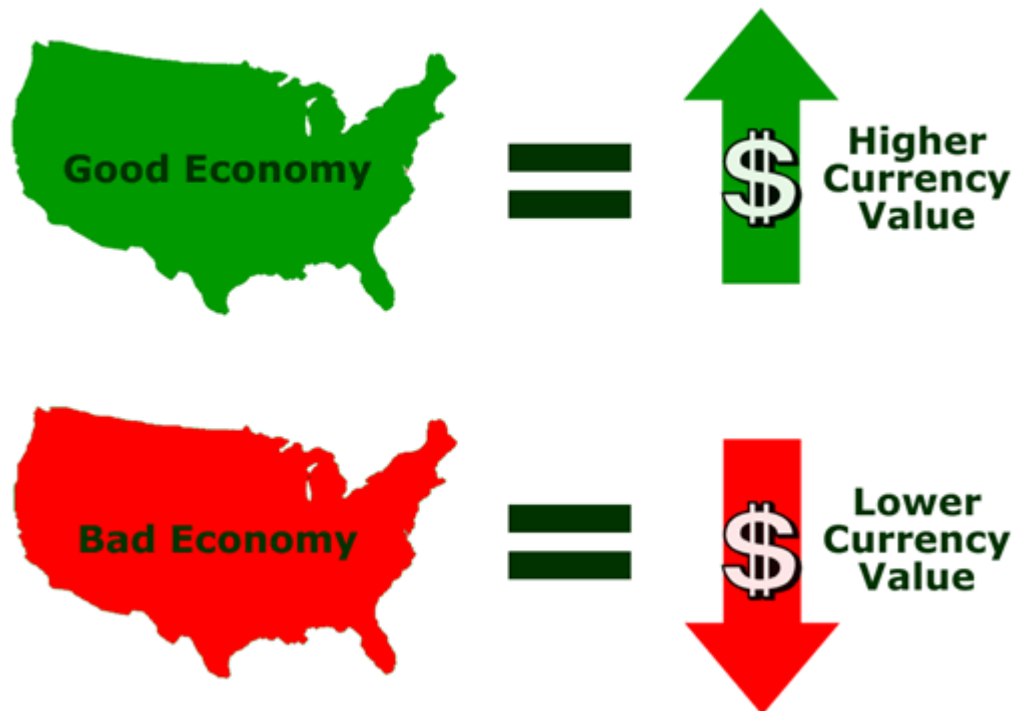
Standard Lot size	: 1.00 = \$10 per pip
Mini Lot size	: 0.10 = \$1 per pip
Micro Lot Size	: 0.01 = 10 cent per pip

Types of Orders

- **Market Order:** A market order is an order to buy or sell at the current market price.
 - **BUY:** USD/ZAR Current Market price = 13.3979
- **Take Profit:** A level where you decide to exit a trade with profit
- **Stop Loss:** A level where you decide to exit a trade with a loss

Types of Trading

- **Fundamental analysis:** Fundamental analysis is a way of looking at the market through economic, social and political forces that affect supply and demand.



Types of Trading Cont.

- **Technical Analysis:** Technical analysis is the study of price movement. In one word, technical analysis = charts

▼ USDJPY-,H1 104.552 104.615 104.551 104.605





PRICE ACTION

What is Price Action?

- Price action is a trading technique that allows the trader to analyse the market and make subjective trading decisions based on past and present price movements.
- Price action trading uses tools like chart patterns, candlestick patterns, trendlines, support & resistance and many more.



PRICE AND CHARTS

Bar Chart

- Shows opening price, while simultaneously showing the closing price, as well as the highs and lows.



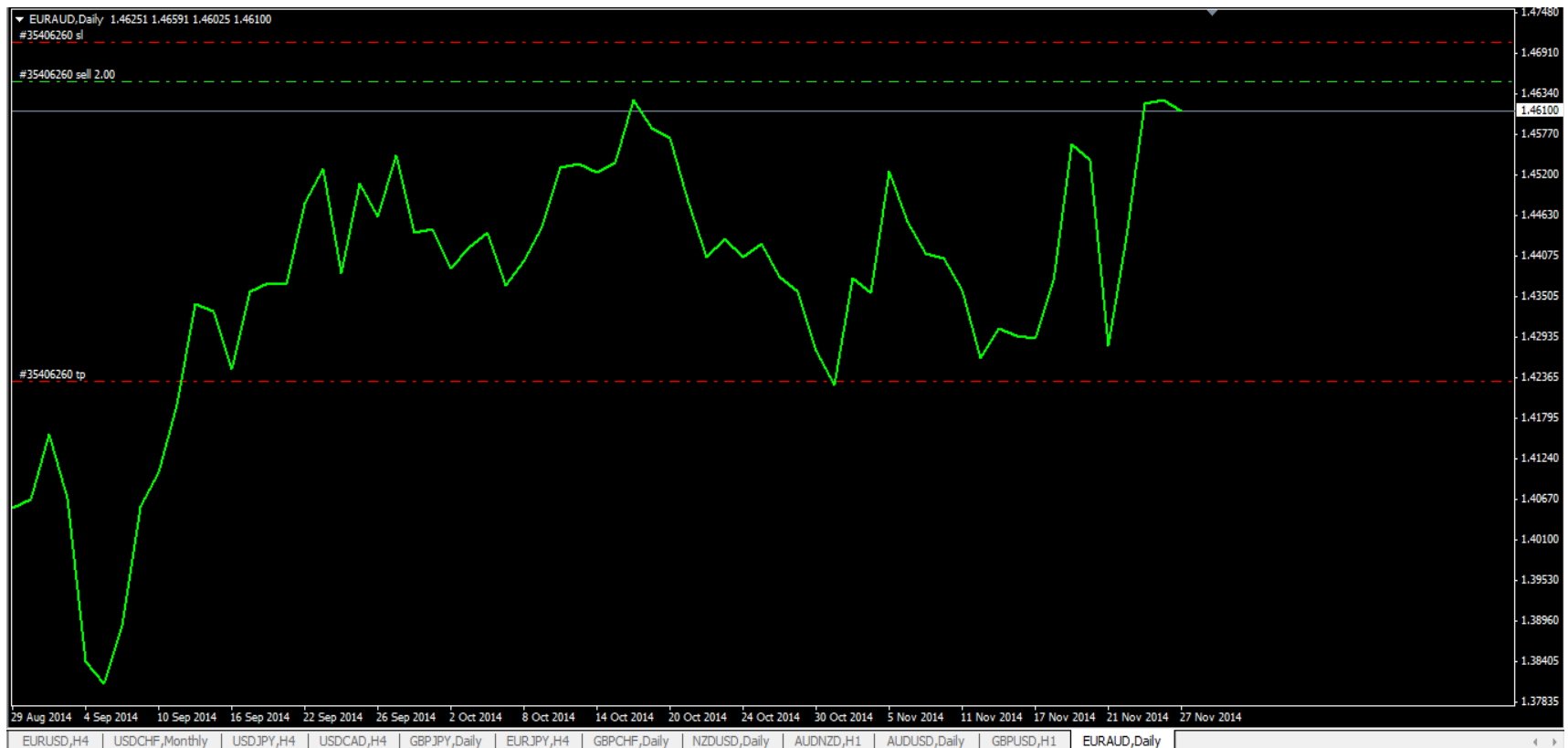
Candlestick Chart

- Also shows opening price, while simultaneously showing the closing price, as well as the highs and lows.



Line Chart

- A simple chart that draws a line from one closing price to the next closing price.

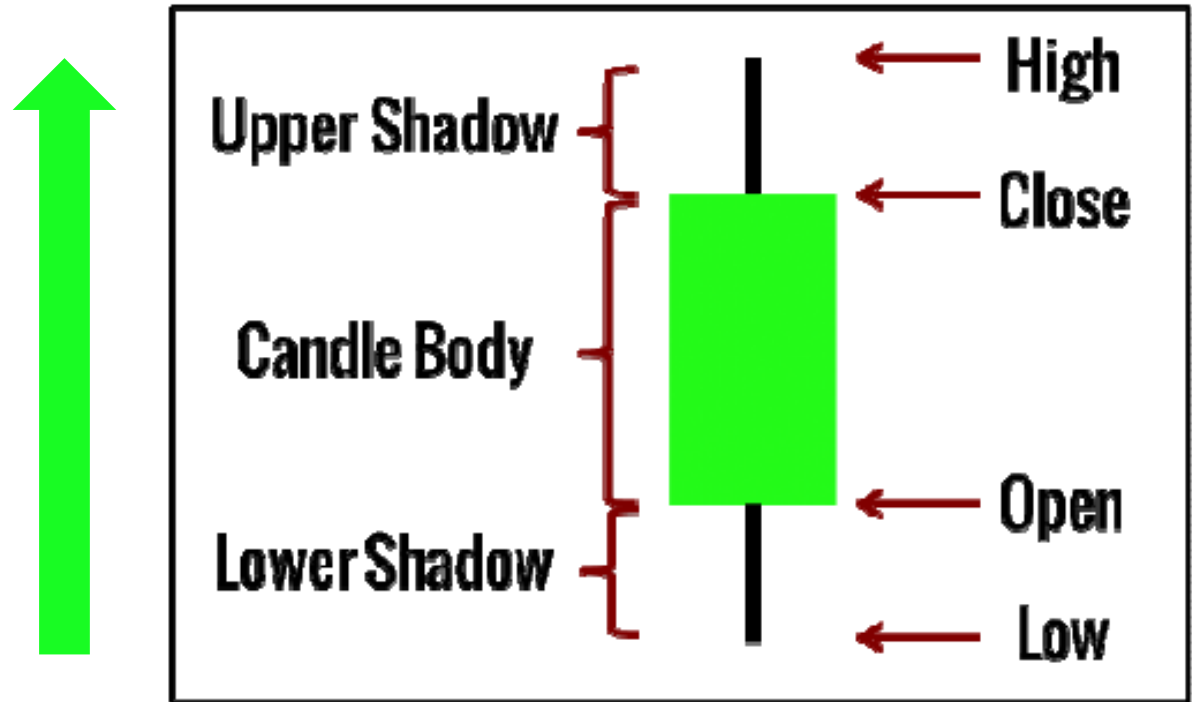




CANDLESTICKS

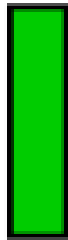
Bullish Candlestick (BUY)

- A Bullish candlestick simply means the price opened lower and closed up higher after a certain time period.

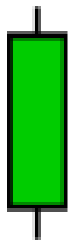


Bullish Candlestick (BUY)

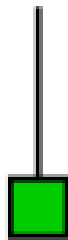
High and Close
Low and Open



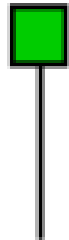
High
Close
Open
Low



High
Open and Low
Close

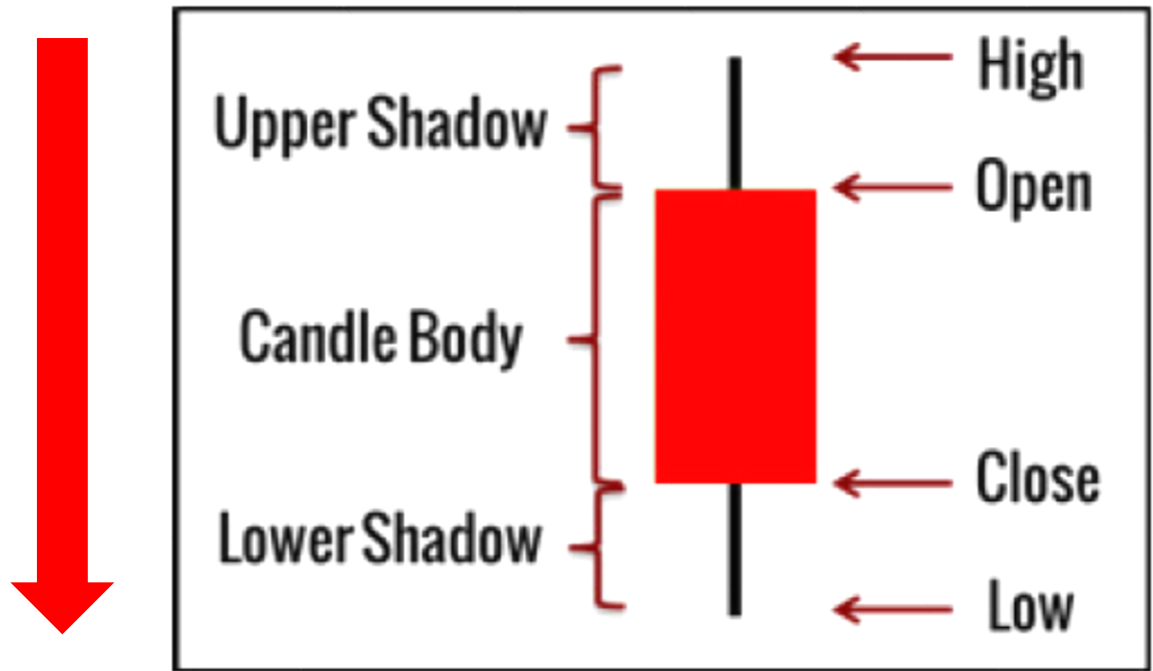


High and Close
Open
Low



Bearish Candlestick (SELL)

- A bearish candlestick simply means that the candlestick opened up at a high price and closed lower after a certain time period.




Bearish Candlestick (SELL)


High
and
Open
Low
and
Close



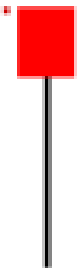
High
.....
Open
Close
Low



High
.....
Close and
Low
Open



High
and
Open
Close
Low

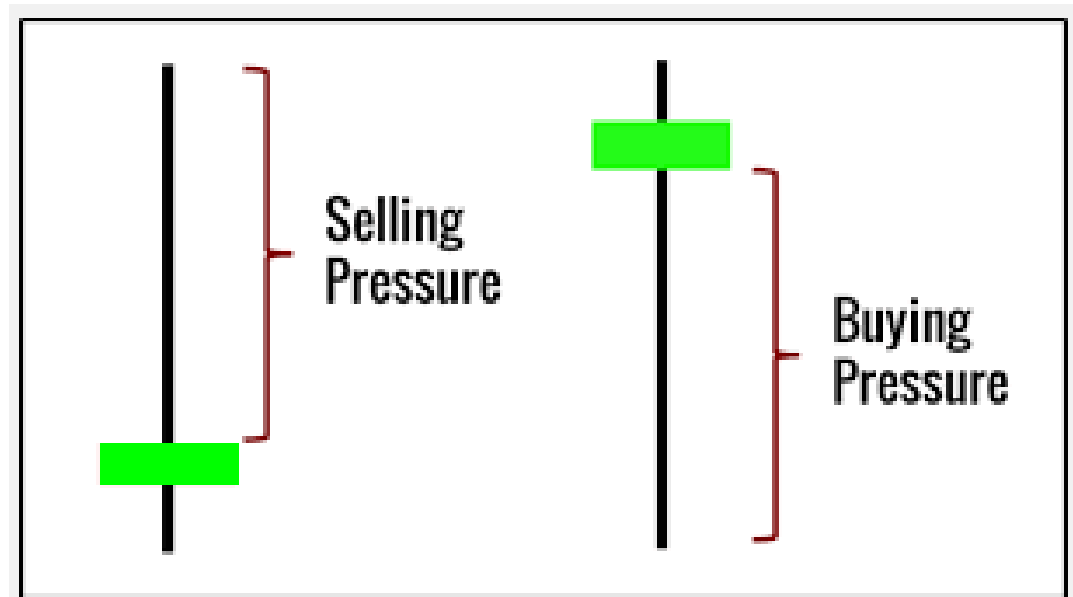


Buying & Selling Pressure

- Understanding buying and selling pressure on candlesticks.
 - Every candlestick that forms tells you a story about the battle between the Buyers (**Bulls**) and Sellers (**Bears**), who dominated the battle, who is weakening and who finally won.

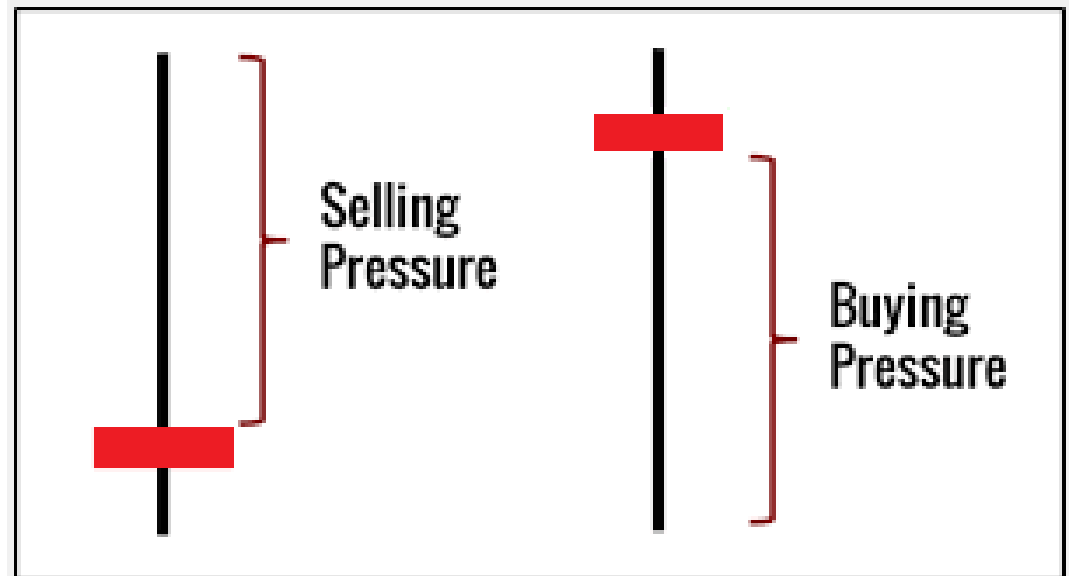
Buying & Selling Pressure

- The first green candlestick on the left tells you that sellers(**bears**) were dominant.
- The second green candlestick tells you the buyers(**bulls**) were dominant.



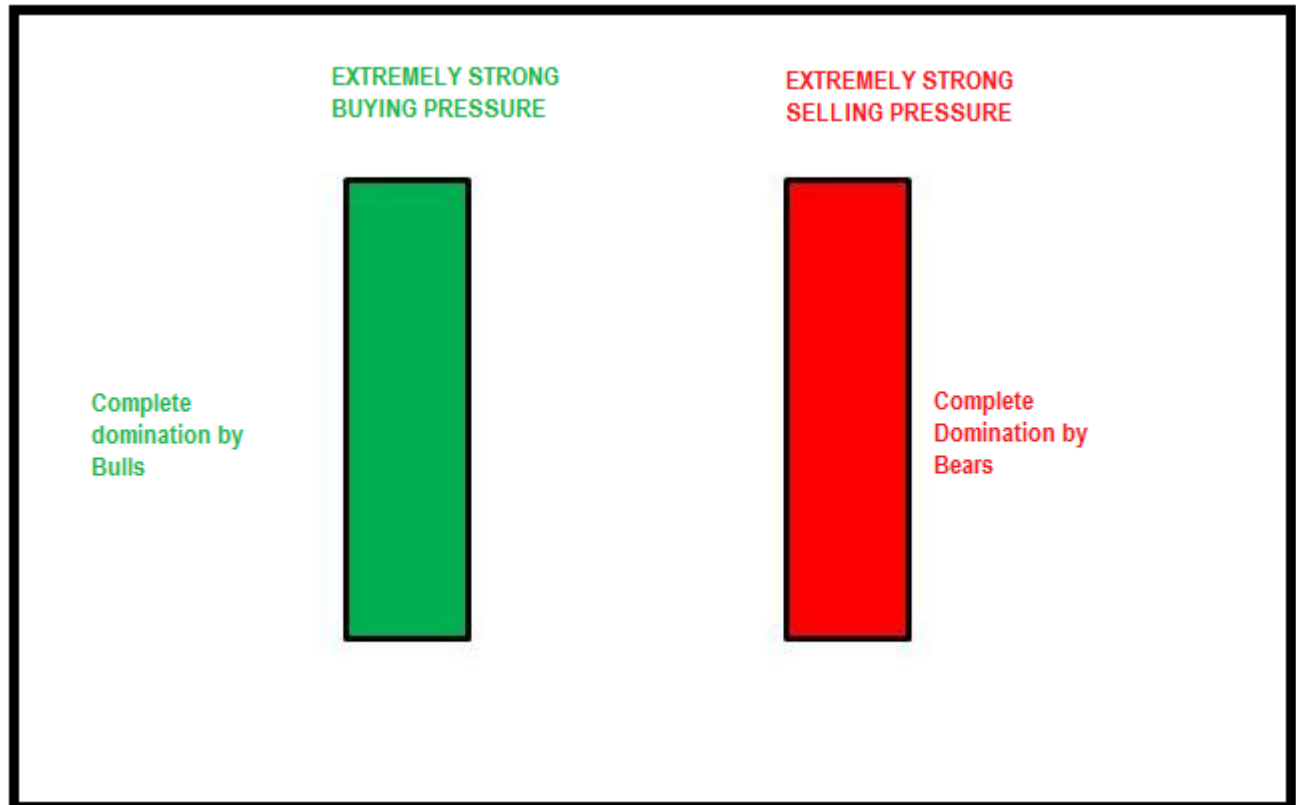
Buying & Selling Pressure

- The first red candlestick on the left tells you that sellers(**bears**) were dominant.
- The second red candlestick tells you the buyers(**bulls**) were dominant.



Buying & Selling Pressure

- The longer the body of the candlestick the stronger the buying or the selling pressure.

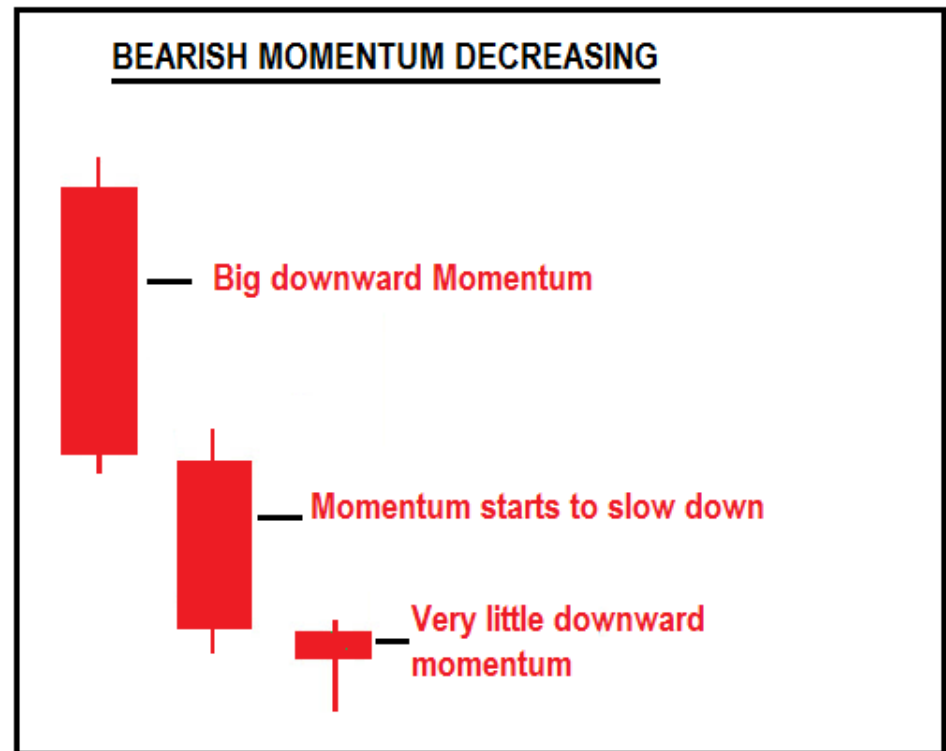


Buying & Selling Pressure

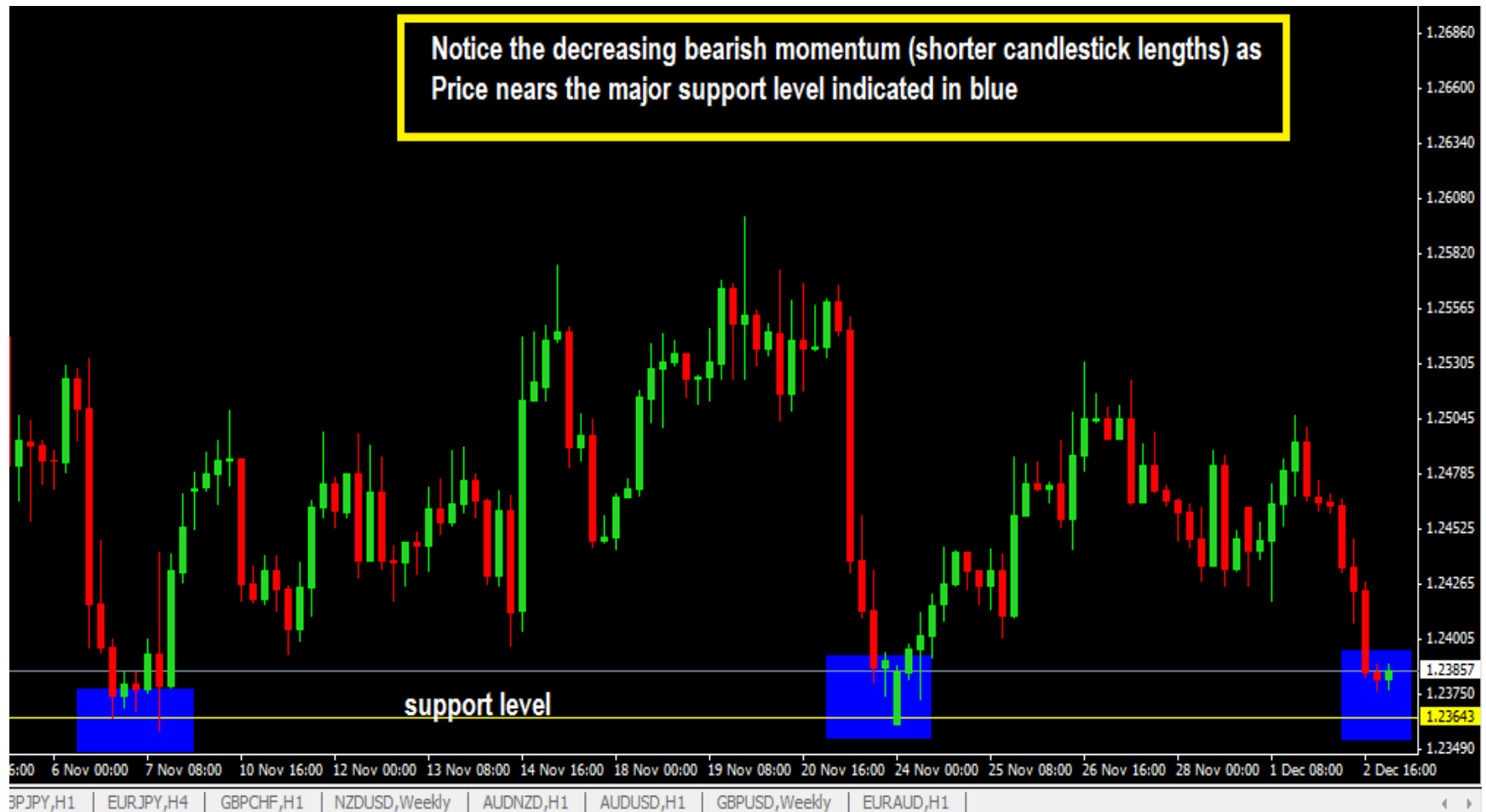
- So far we have been looking at individual candlesticks, what if we combine more than one candlestick? What does that show us?
 - A group of candlesticks can show you how strong or weak a bullish or bearish move is.
 - They can also show us if a bullish or bearish move is weakening.
 - The word used to describe such a situation is momentum.

Buying & Selling Pressure

- 3 Bearish candlesticks in a downtrend, each with a decreasing body length.
- This is a signal that the downtrend is weakening
- Around support level be on the lookout for a bullish reversal candlestick.

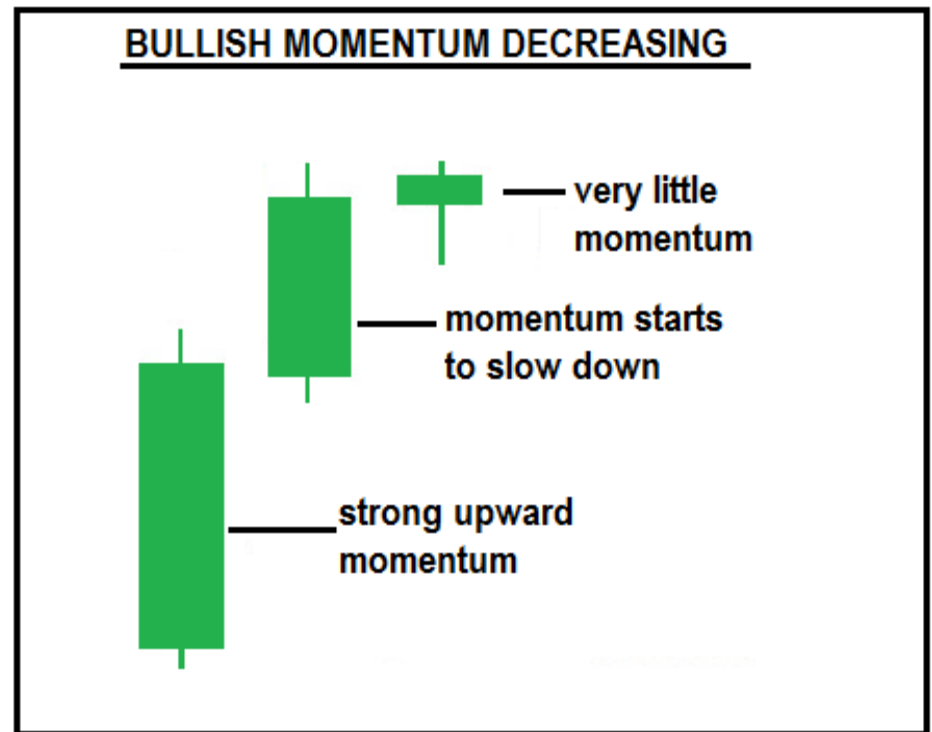


Buying & Selling Pressure

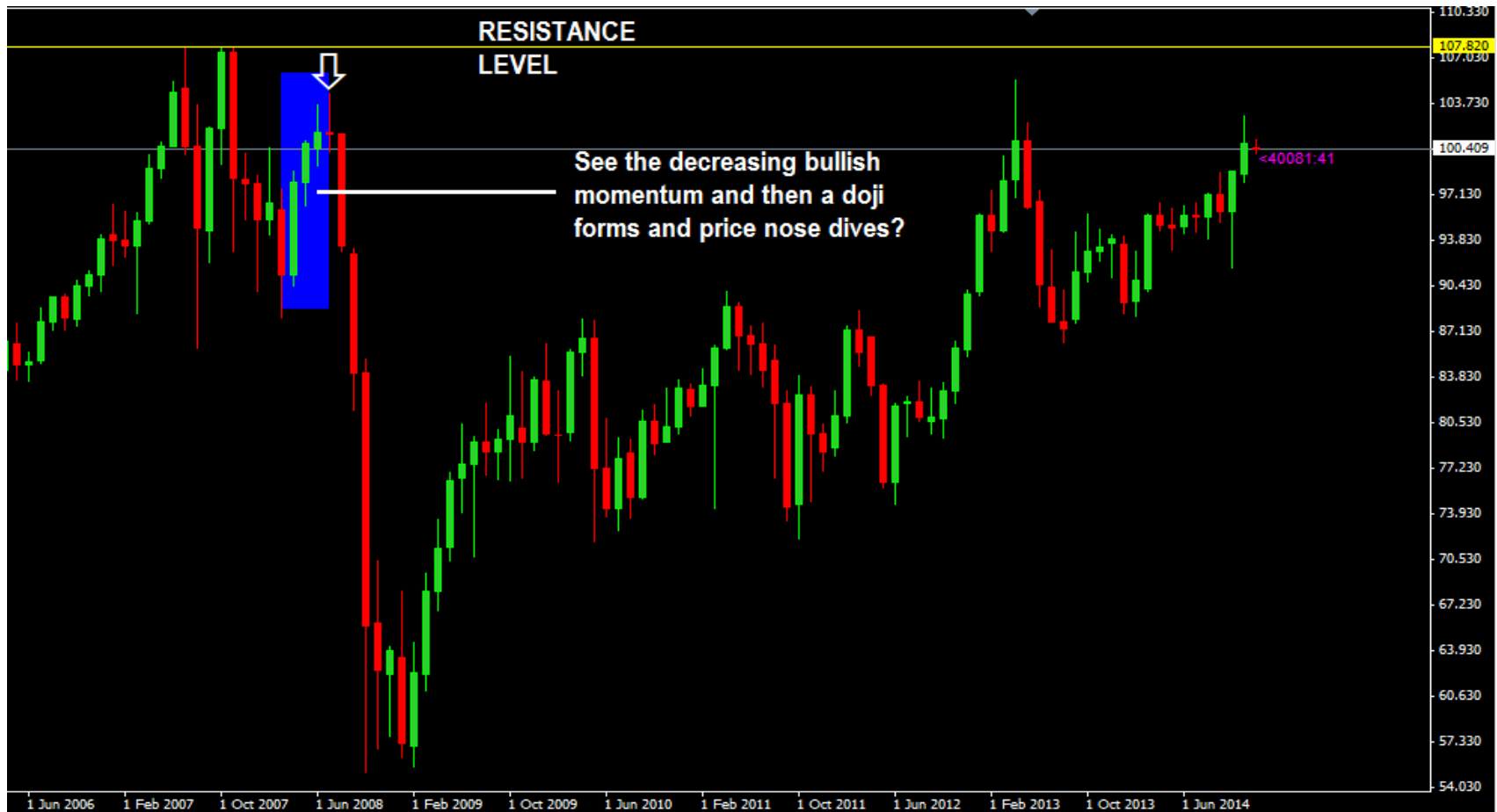


Buying & Selling Pressure

- 3 Bullish candlesticks in an uptrend, each with a decreasing body length.
- This is a signal that the uptrend is weakening
- Around resistance level be on the lookout for a bearish reversal candlestick.



Buying & Selling Pressure



Candlestick Wicks/Shadows

- A wick is a long tail outside the body of the candlestick.
- A long wick on the bottom part of the candlestick tells us that the market made a significant fall then quickly retreated and rose from this price level. This is often seen as a bullish signal.
- Long lower wicks occur when the downtrend is losing steam.



Candlestick Wicks/Shadows

- A long wick on the top part of the candlestick tells us that the market made a significant rise then quickly retreated and fell from this price level. This is often seen as a bearish signal.
- Long upper wicks commonly occur when an uptrend is losing strength.





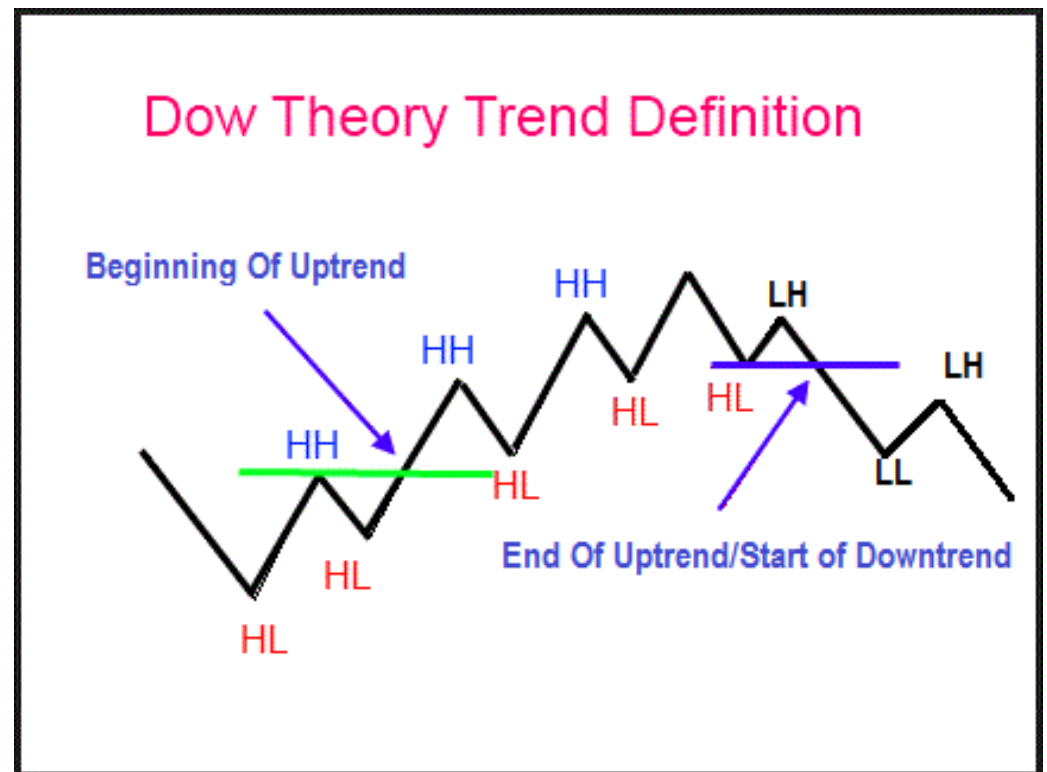
TRENDS

Trends

- A Trend is when price is either moving up, down or sideways.
 - So when price is moving up, it's called an **uptrend**.
 - When price is moving down, it's called a **downtrend**.
 - When price is moving sideways, it's called a **sideway trend/Consolidation/Lamb/Ranging**.

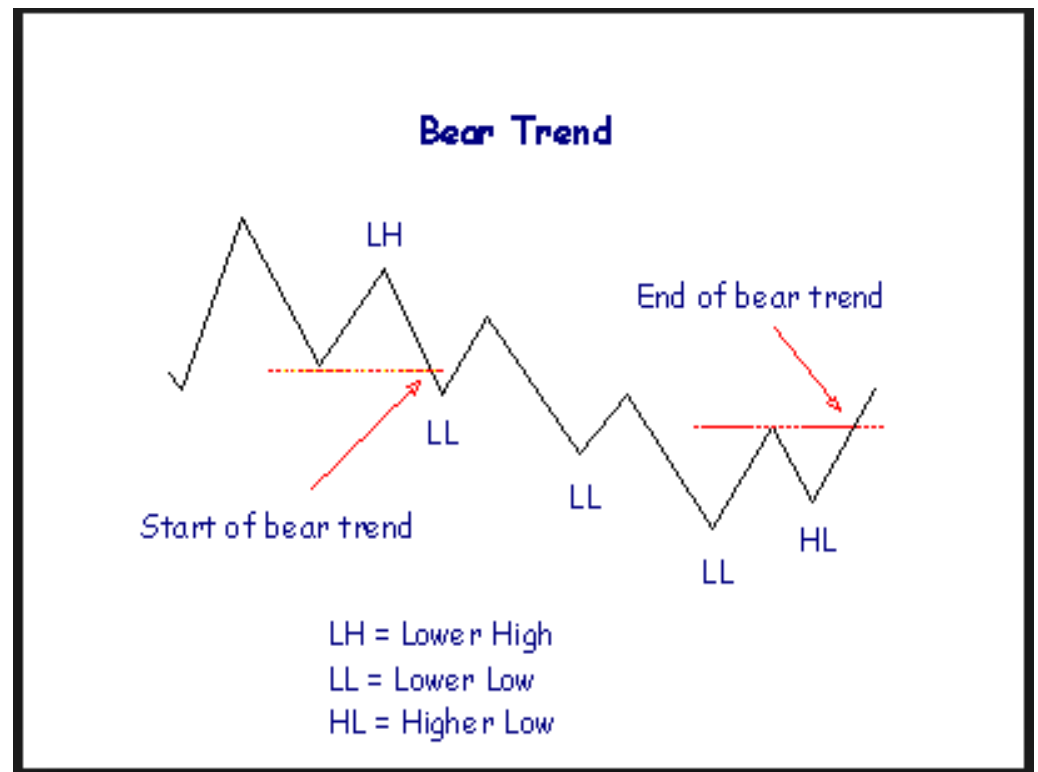
Trends

- With an uptrend market, prices will be making increasing higher highs(**HH**) and higher lows(**HL**).

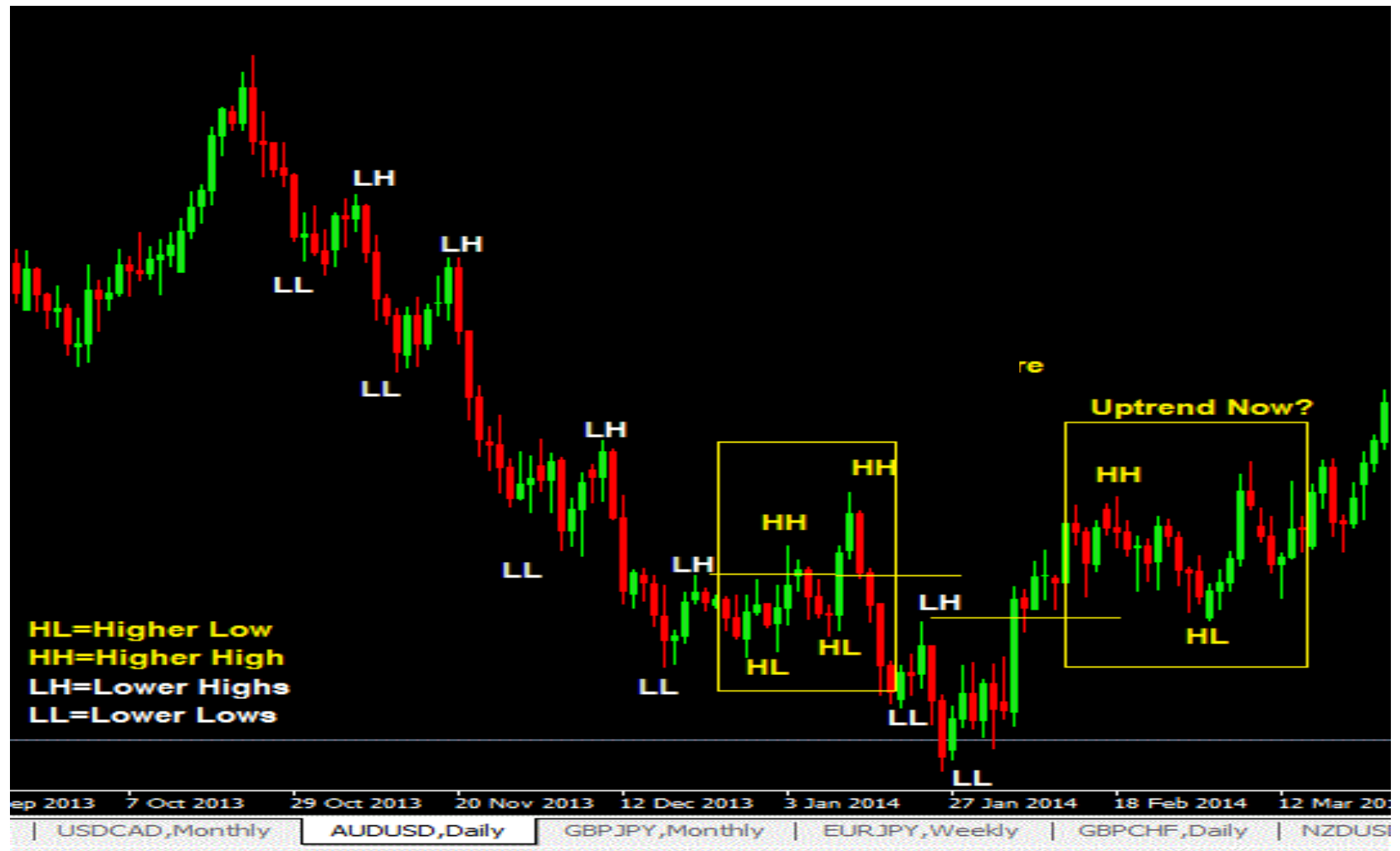


Trends

- With a downtrend market, prices will be making decreasing lower highs(LH) and lower lows(LL).

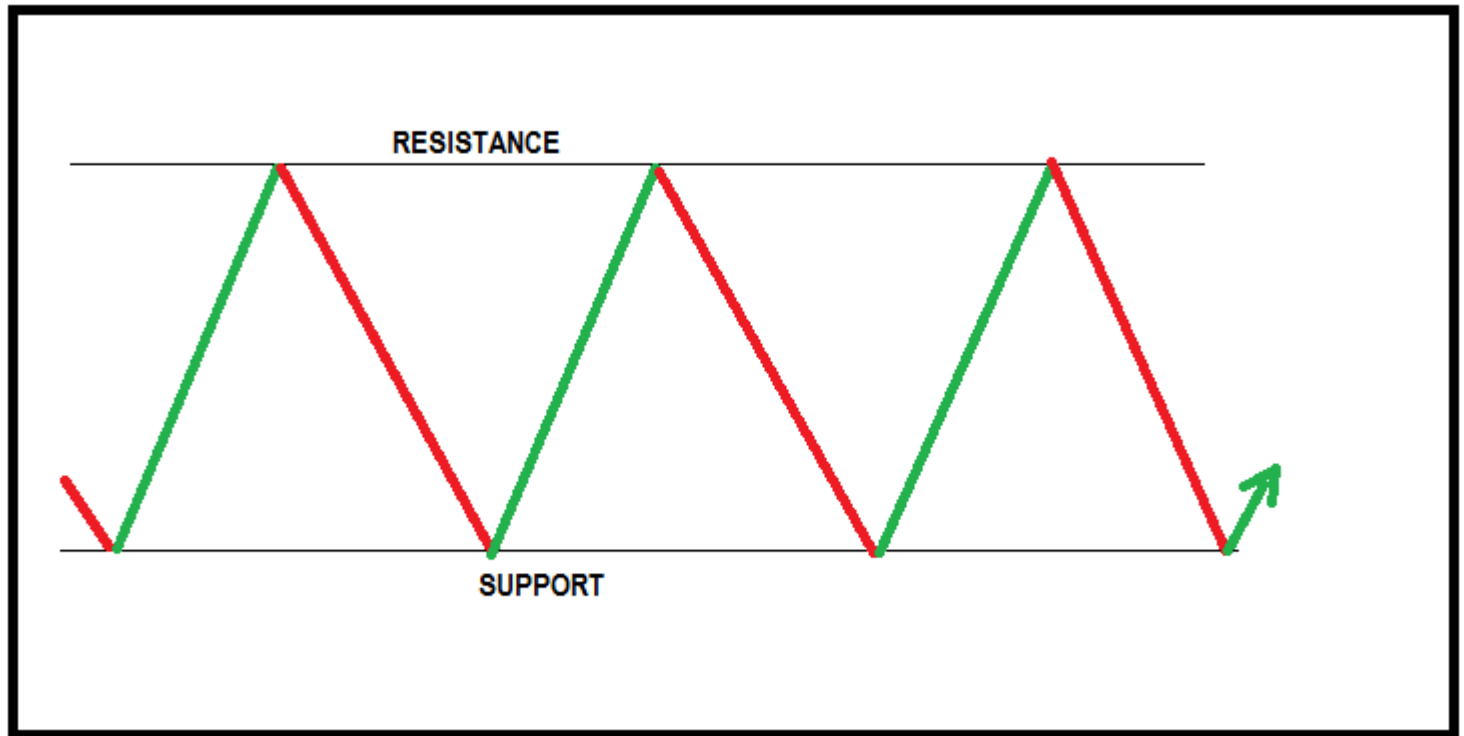


Trends



Trends

- With a Sideways/Ranging market, price moves between the support and resistance.



Trends



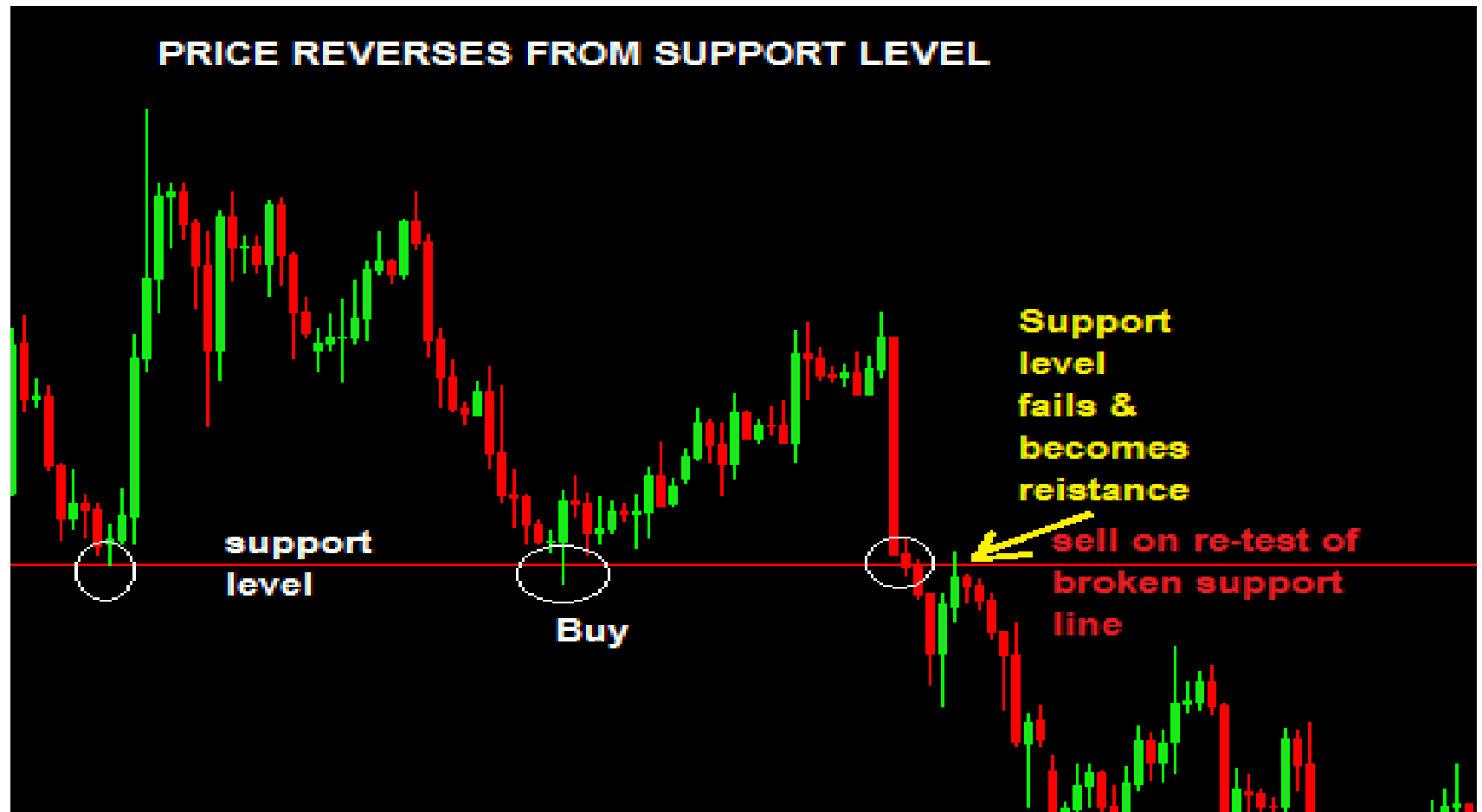


REVERSALS & CONTINUATION

Reversal

- A Reversal is a term used to describe when a trend reverses direction e.g. from an **uptrend** to a **downtrend**.
- Where can reversals happen?
 - Support Levels.
 - Resistance Levels.

Reversal



Continuation

- Continuation is a term used to describe when a trend continues in the direction, but slows down or even pulls back a bit before continuing .

e.g.

- From a **downtrend** to a **Sideway trend** and back to a **downtrend again**.
- From a **downtrend** to a temporary **uptrend** and back to a **downtrend again**.

Continuation





MARKET SWINGS

Market Swings

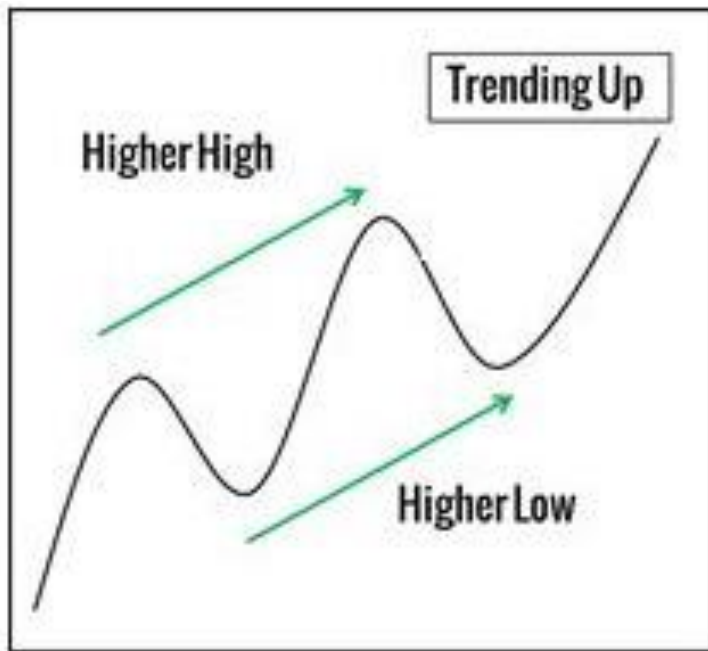
- The market price moves in swings.
- A market/price swing is when the market moves like a wave.

e.g.

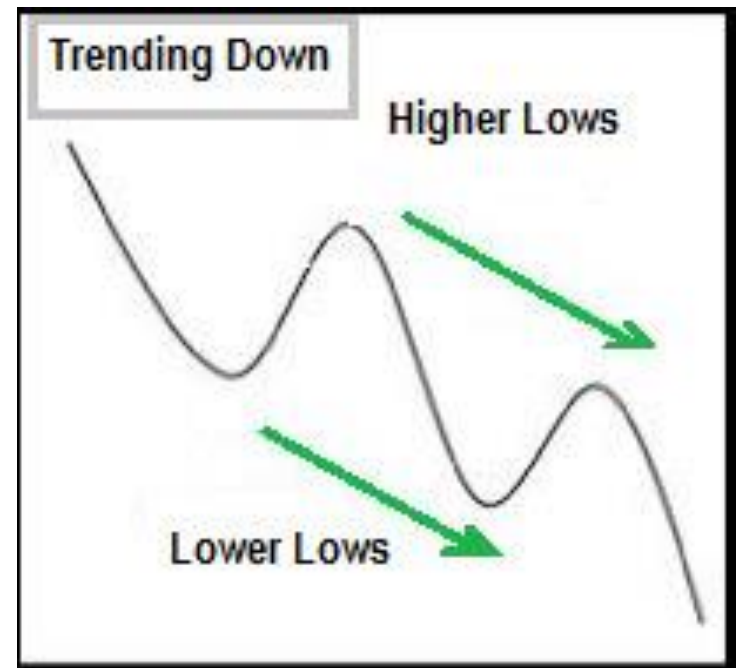
- In an uptrend, price will be making higher highs and higher lows.
- In a downtrend, price will be making higher lows and lower lows.

Market Swings

- Uptrend



- Downtrend



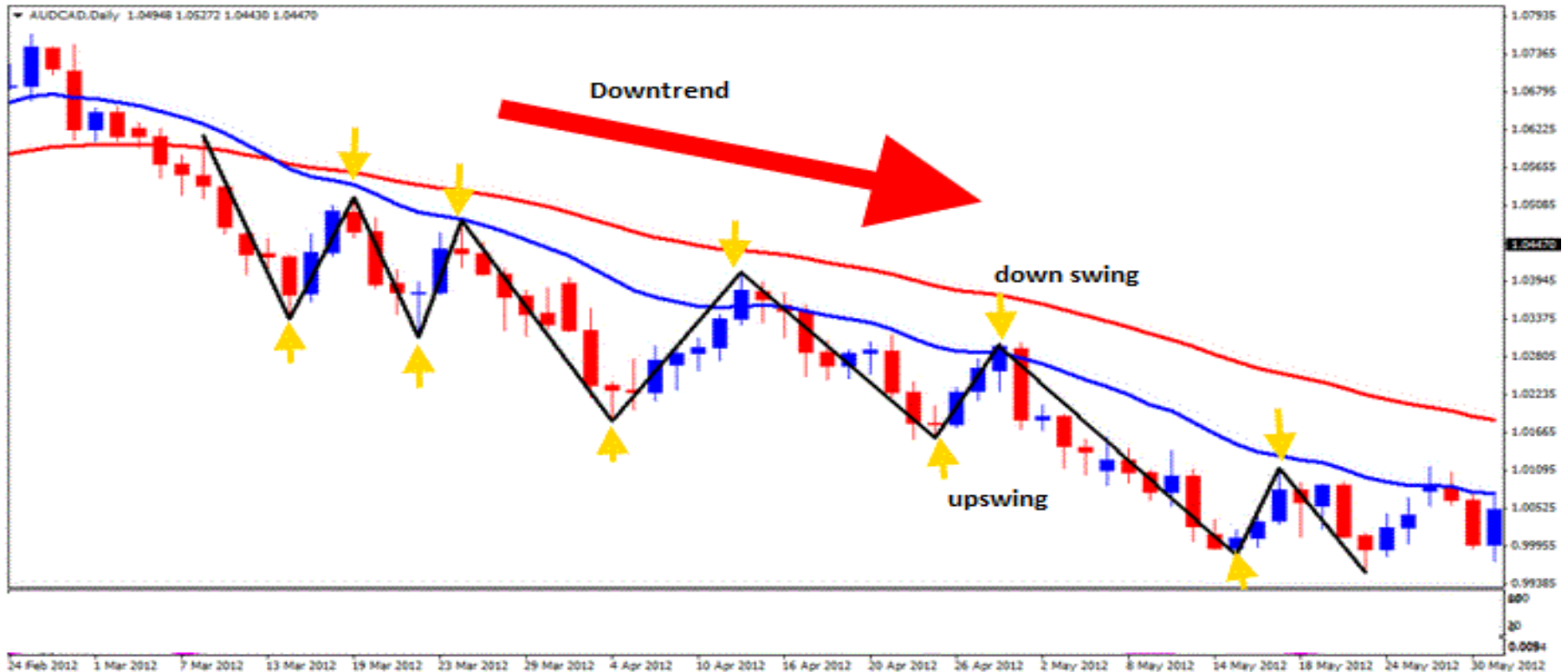
Market Swings

- Real Example: Uptrend



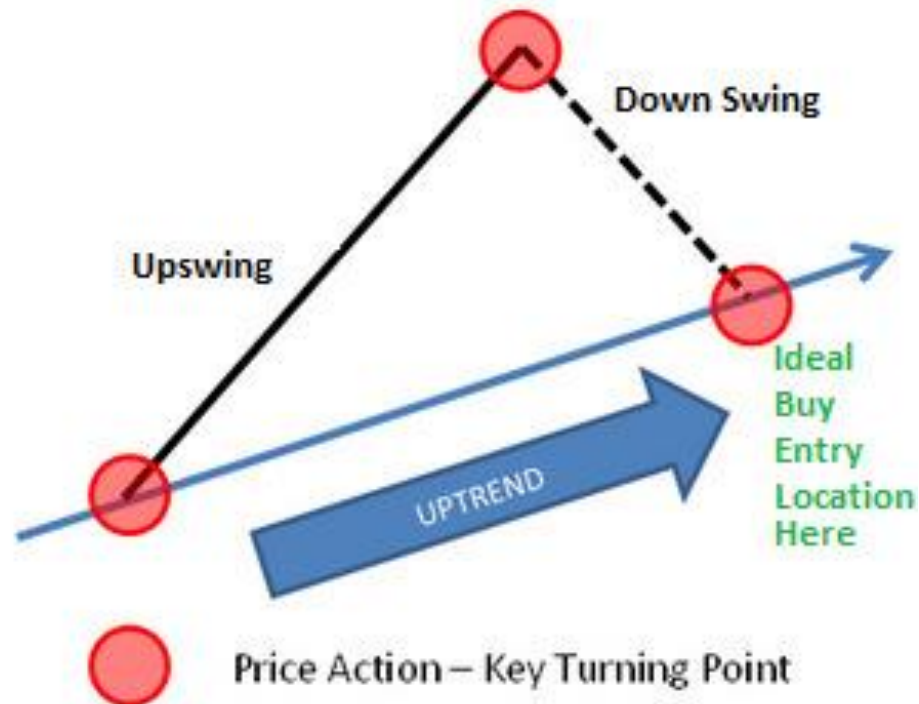
Market Swings

- Real Example: Downtrend



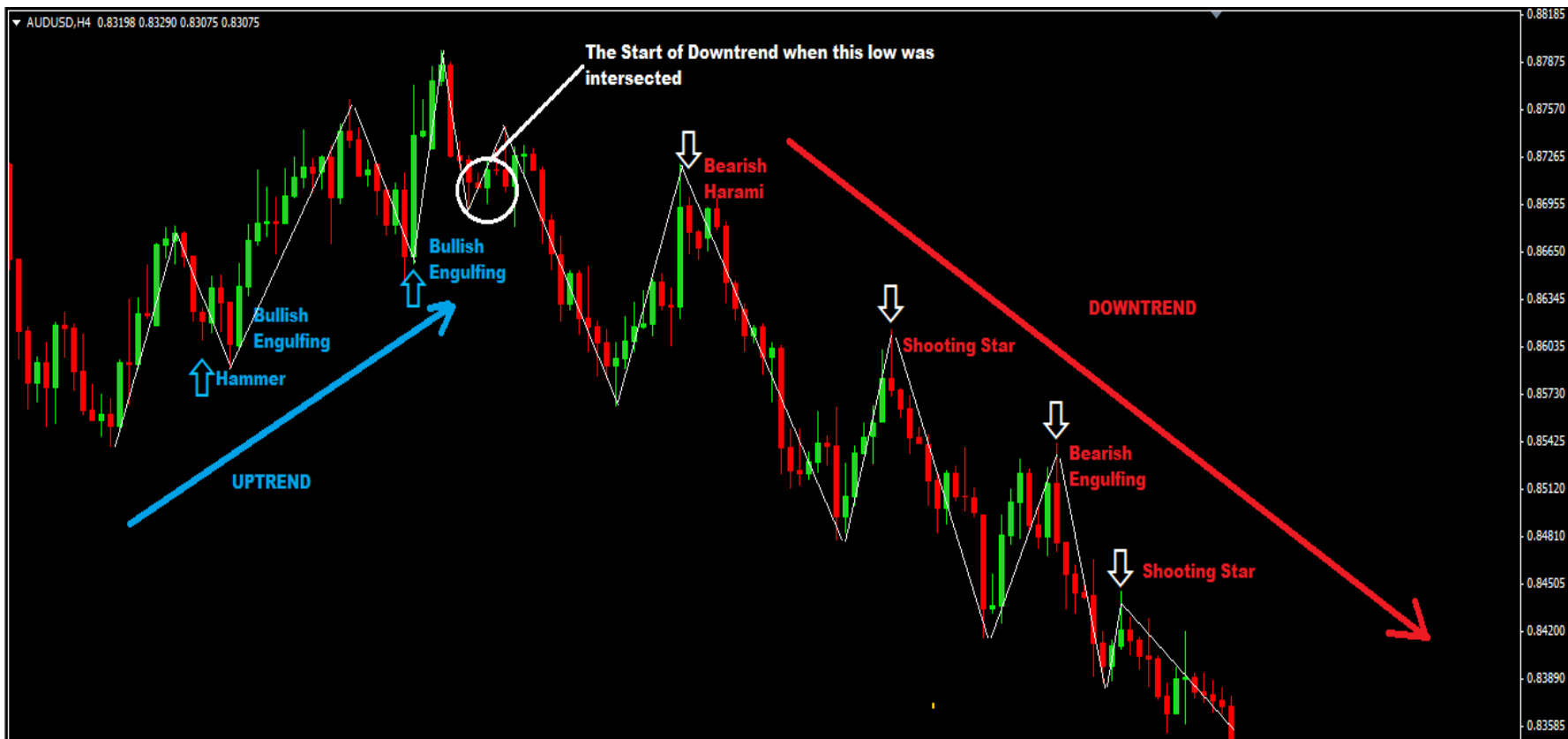
Market Swings

- Trading opportunities using market swings
 - Uptrend – **Buy** on the downswing.
 - Downtrend – **Sell** on an upswing.



Market Swings

- Ideal **Buy** and **Sell** entry locations.





SUPPORT & --- RESISTANCE

Support & Resistance

- **Support:** Lowest point the price reaches before reversing.
- **Resistance:** Highest point the price reaches before reversing.

e.g.

- Look at support as the floor in your house.
- Look at resistance as the ceiling in your house.

Support & Resistance

- We call these support and resistance area's by one word— **zones**.
- Important characteristics of zones are as follows:
 - Zones are an area, not a price point.
 - Zones are spots on the chart where price reverses, repeatedly.
 - Zones may be extreme highs or lows on the chart.
 - Zones are where naked traders find trading opportunities.
 - Support and resistance zones rarely need to be modified.
 - Line charts help naked traders find zones.

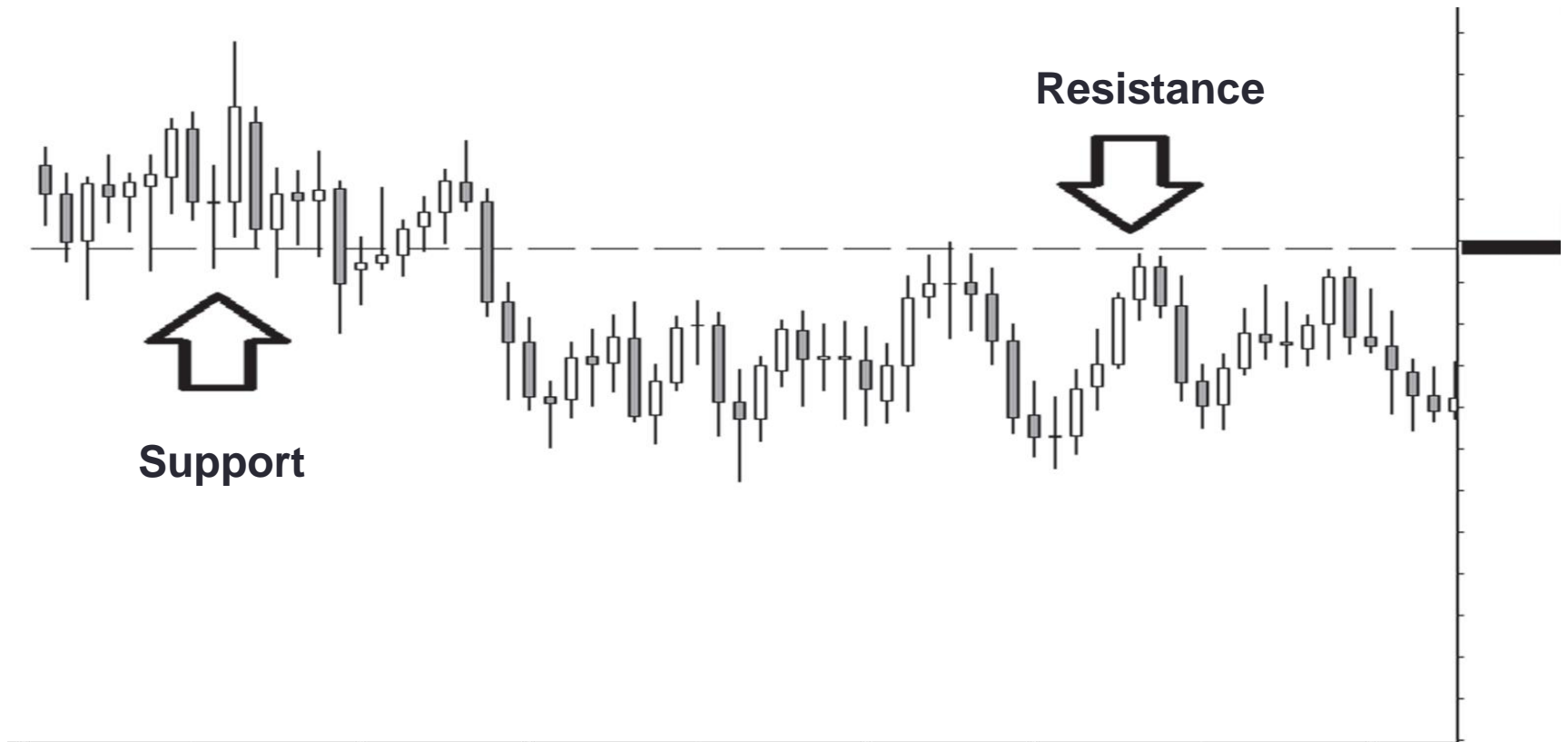
Support & Resistance

- Zones are spots on the chart where price reverses, repeatedly.



Support & Resistance

- Broken support turns into resistance and broken resistance turns into support.



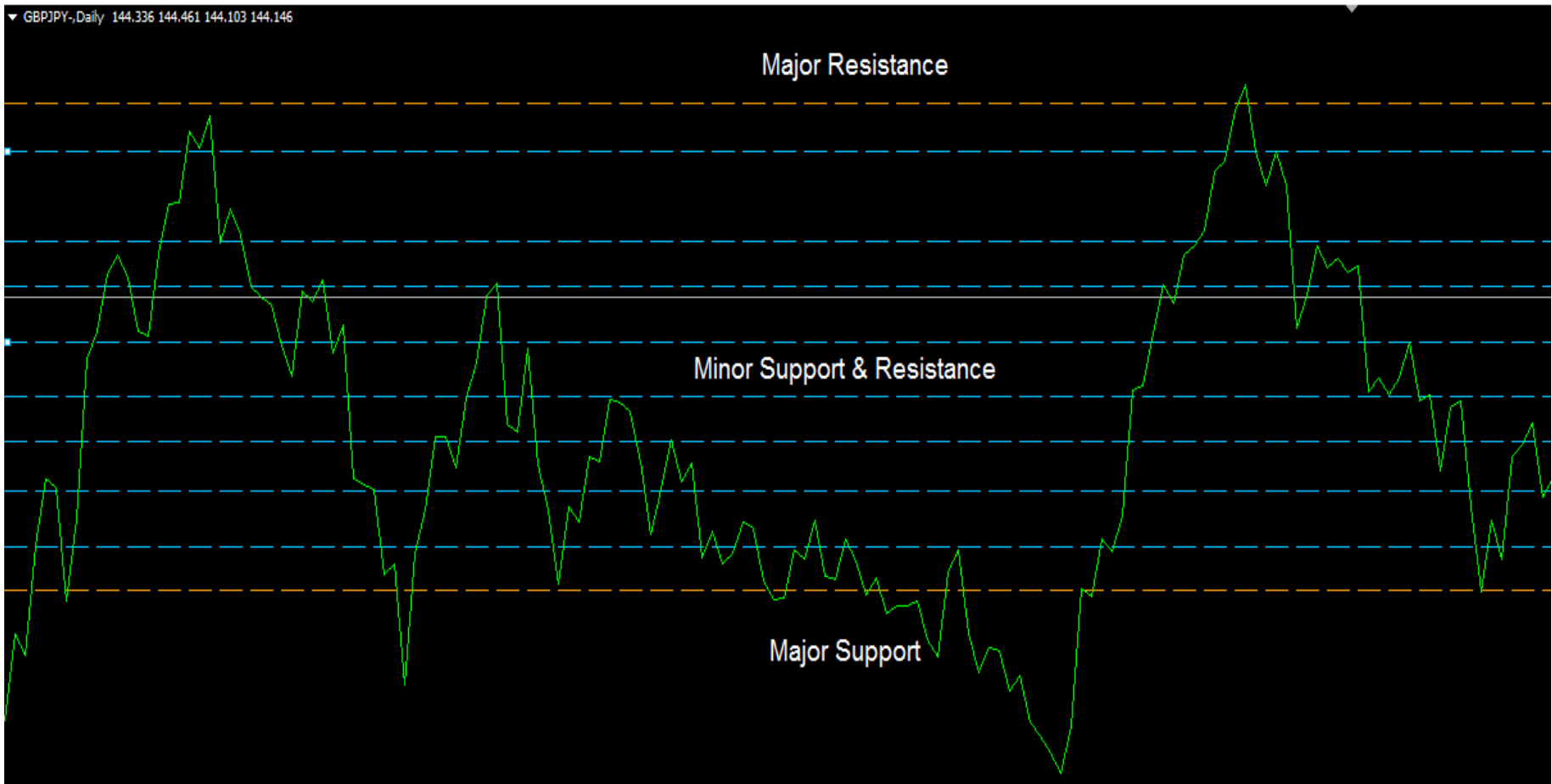
Support & Resistance



Support & Resistance

- How to find zones:
 - Start with a higher timeframe chart (4 Hour and Daily).
 - Use a line chart to find the zones on the chart.
 - Ignore minor Support and Resistance zones.

Support & Resistance



Support & Resistance



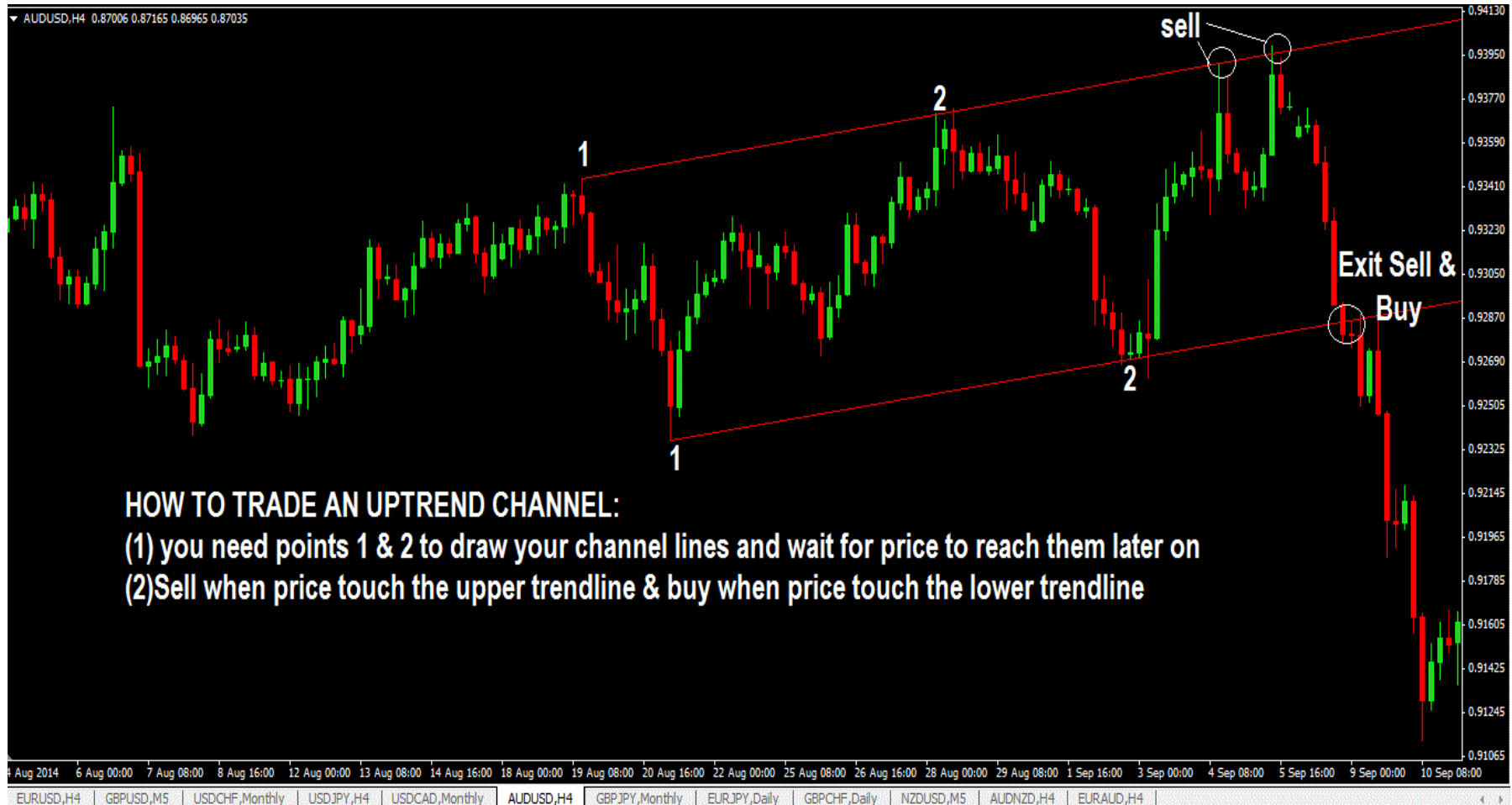


CHANNELS

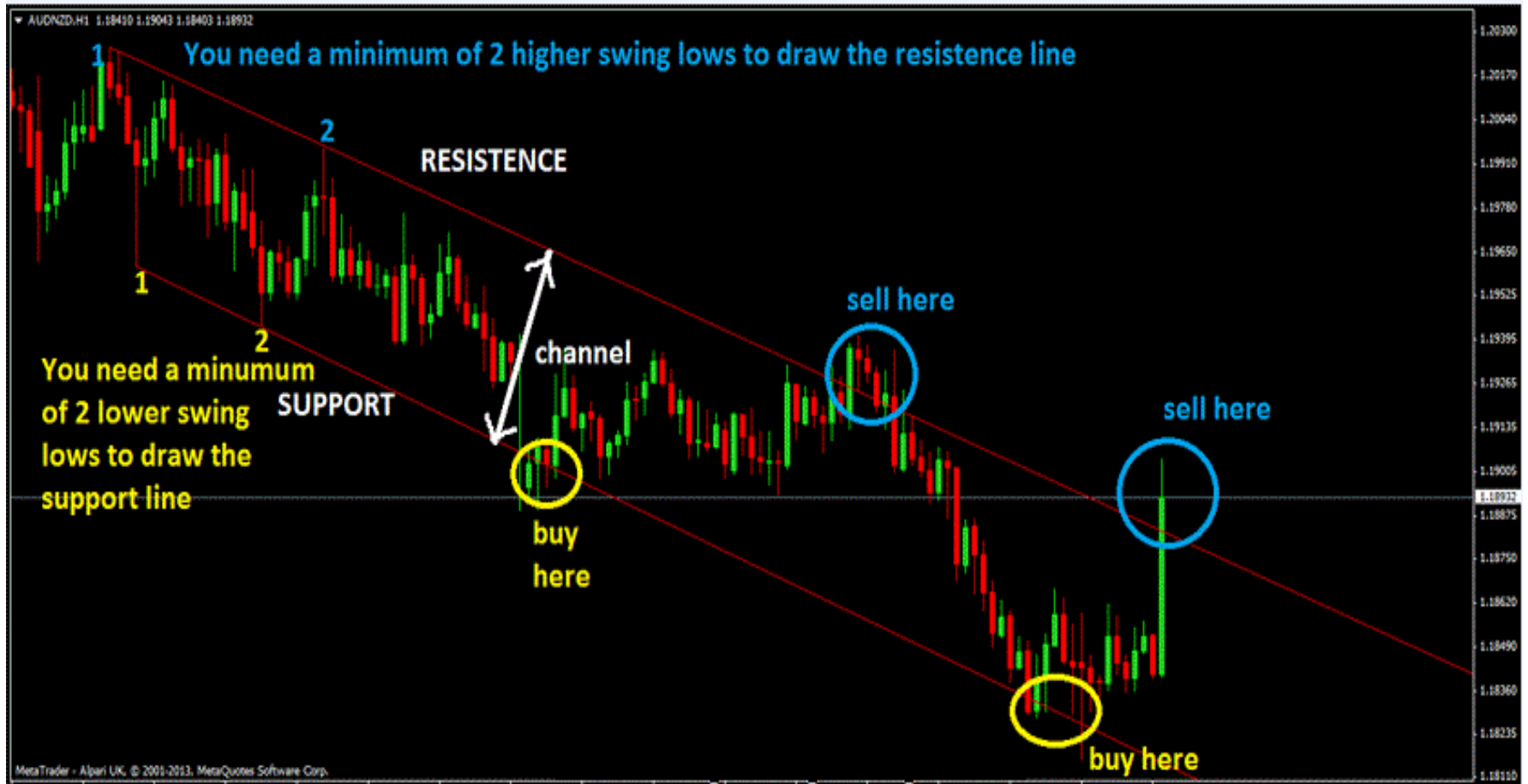
Channels

- A Channel is the path price follows and the area enclosed within it is called the price channel.
- 3 major channel types:
 - Uptrend channel
 - Downtrend channel
 - Sideways channel

Channels



Channels



Channels



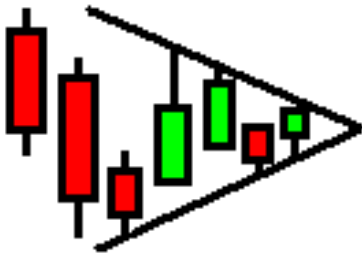


CHART PATTERNS

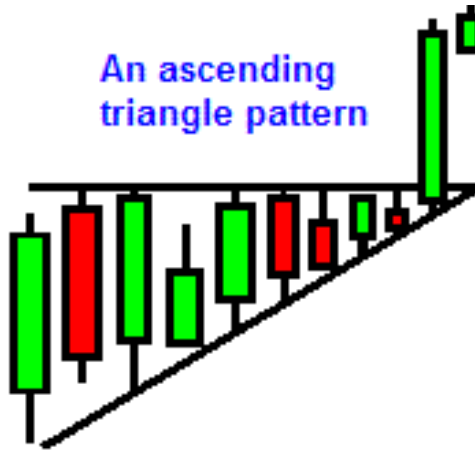
Chart Patterns

- Symmetrical Triangle
 - 3 types of triangles:

A symmetrical triangle pattern



An ascending triangle pattern



A descending triangle pattern



Chart Patterns

- A Symmetrical triangle is a continuation pattern.
 - In an uptrend, expect a breakout to the upside.
 - In a downtrend, expect a breakout to the downside.

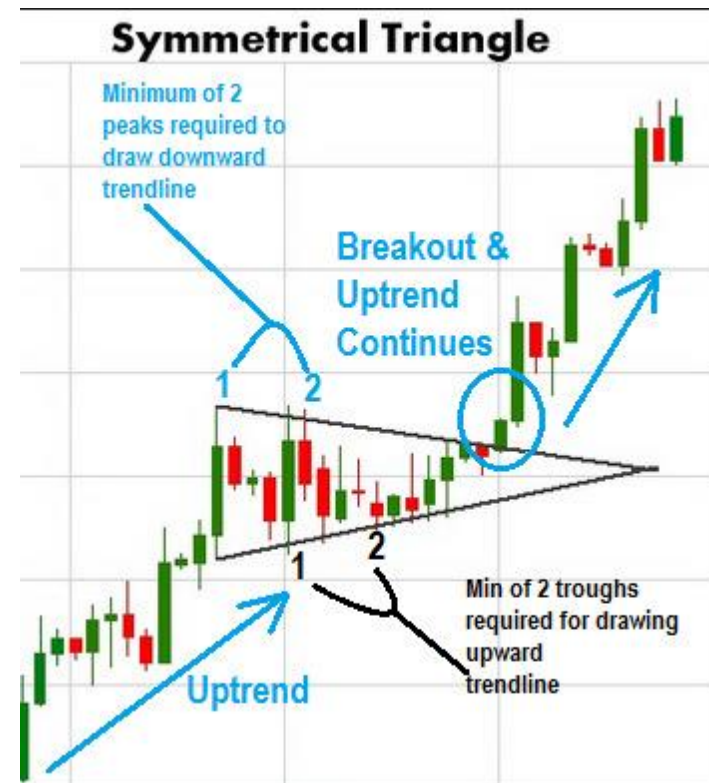


Chart Patterns

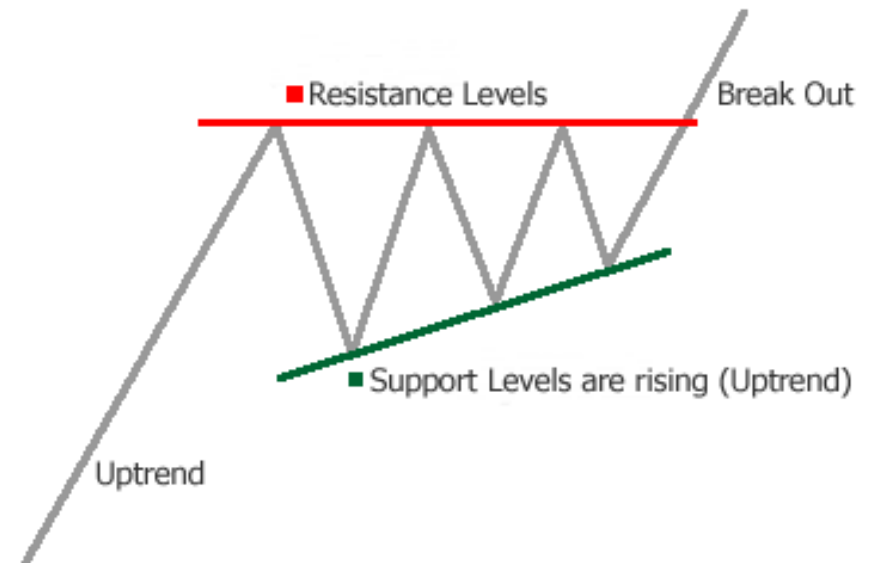
- Downtrend



Ascending Triangle

- An ascending triangle is a **bullish** continuation pattern.
 - So when you see this pattern forming in an uptrend, then expect a breakout to the upside
- However, it can also be a strong reversal signal (bullish) when you see it form in a downtrend.

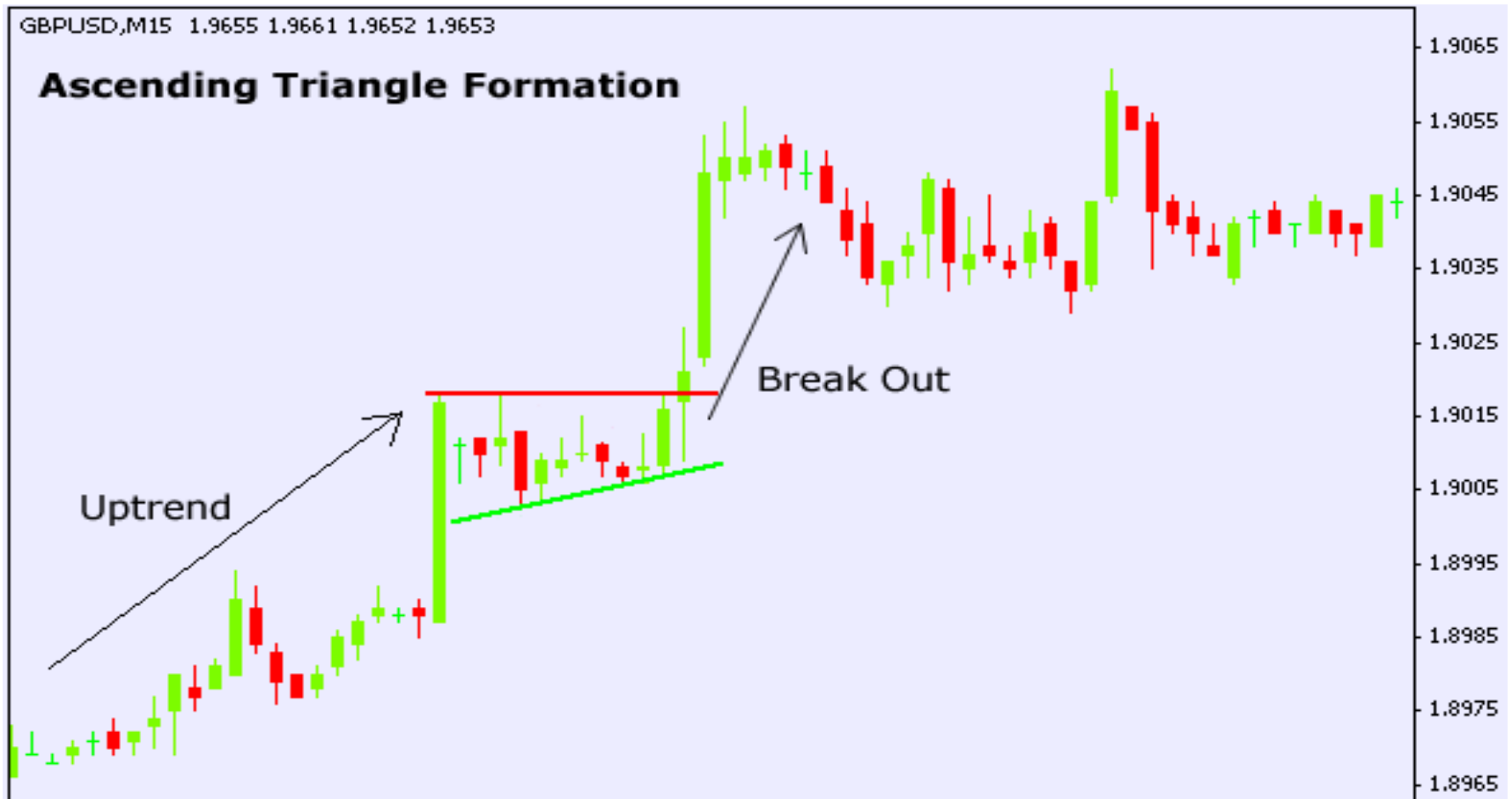
Ascending Triangle Formation



Ascending Triangle



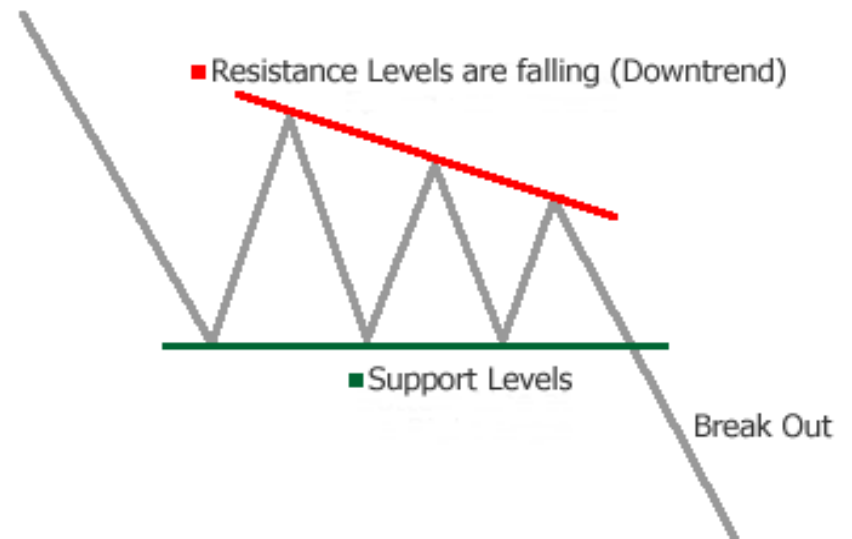
Ascending Triangle



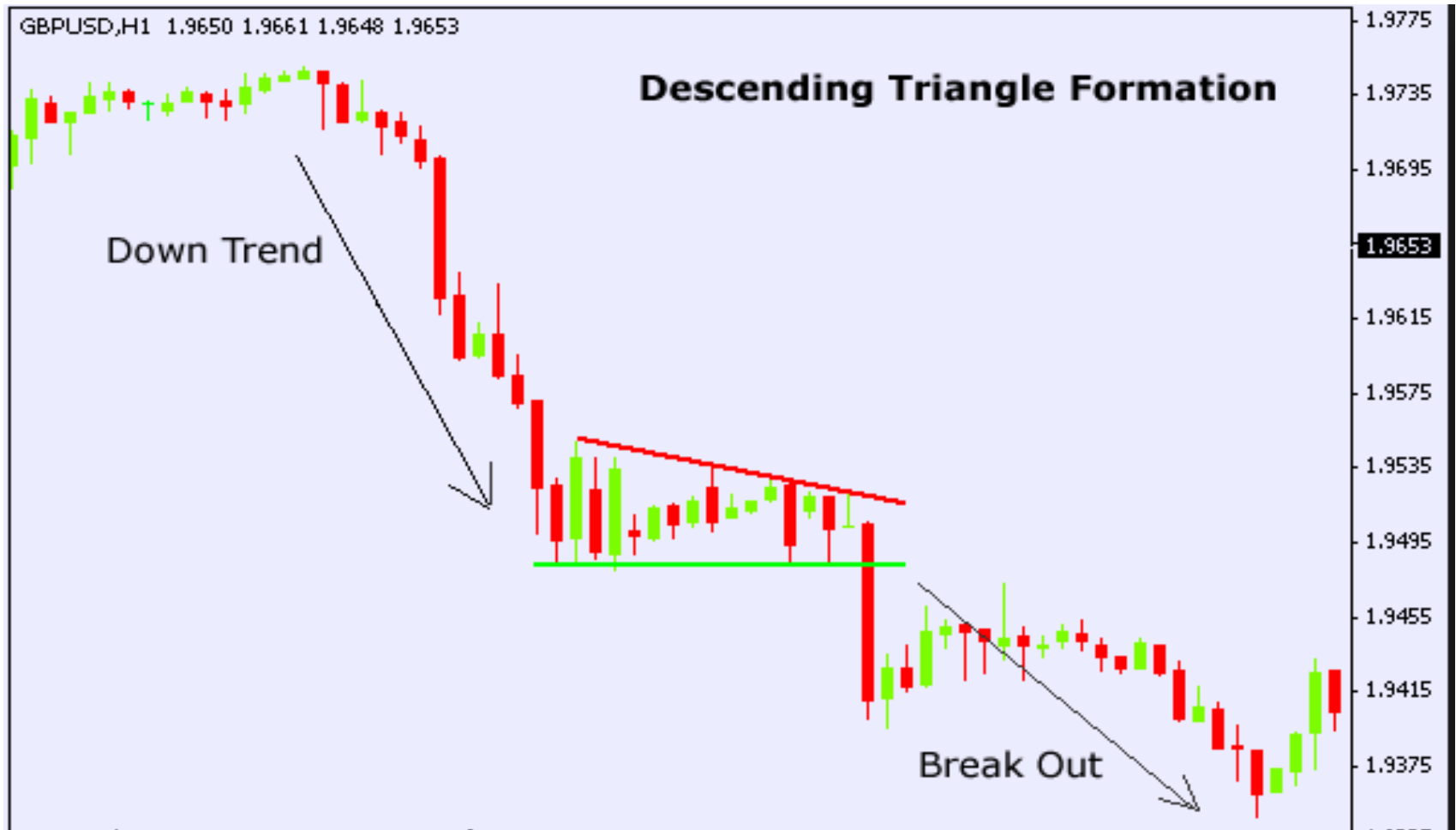
Descending Triangle

- A descending triangle is a bearish continuation pattern.
 - So when you see this pattern forming in a downtrend, then expect a breakout to the downside.

Descending Triangle Formation



Descending Triangle



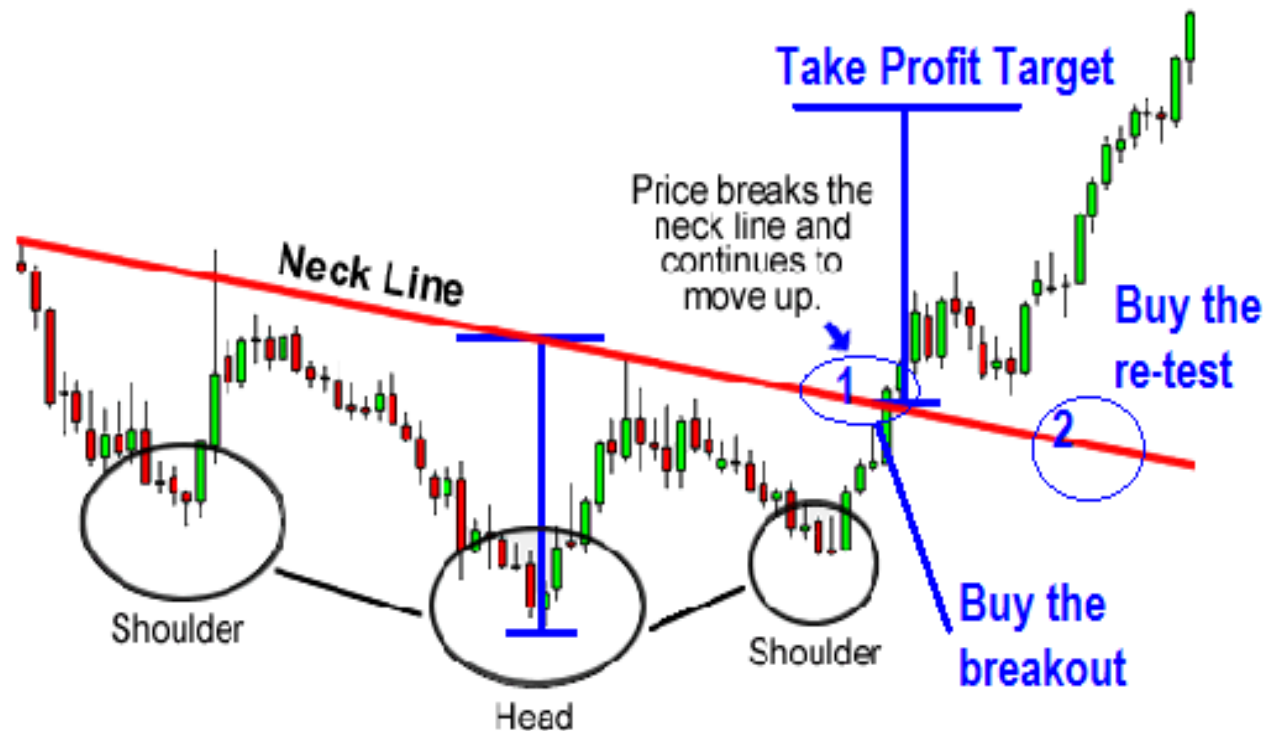
Head & Shoulders

- A head & shoulders is a bearish reversal chart pattern.



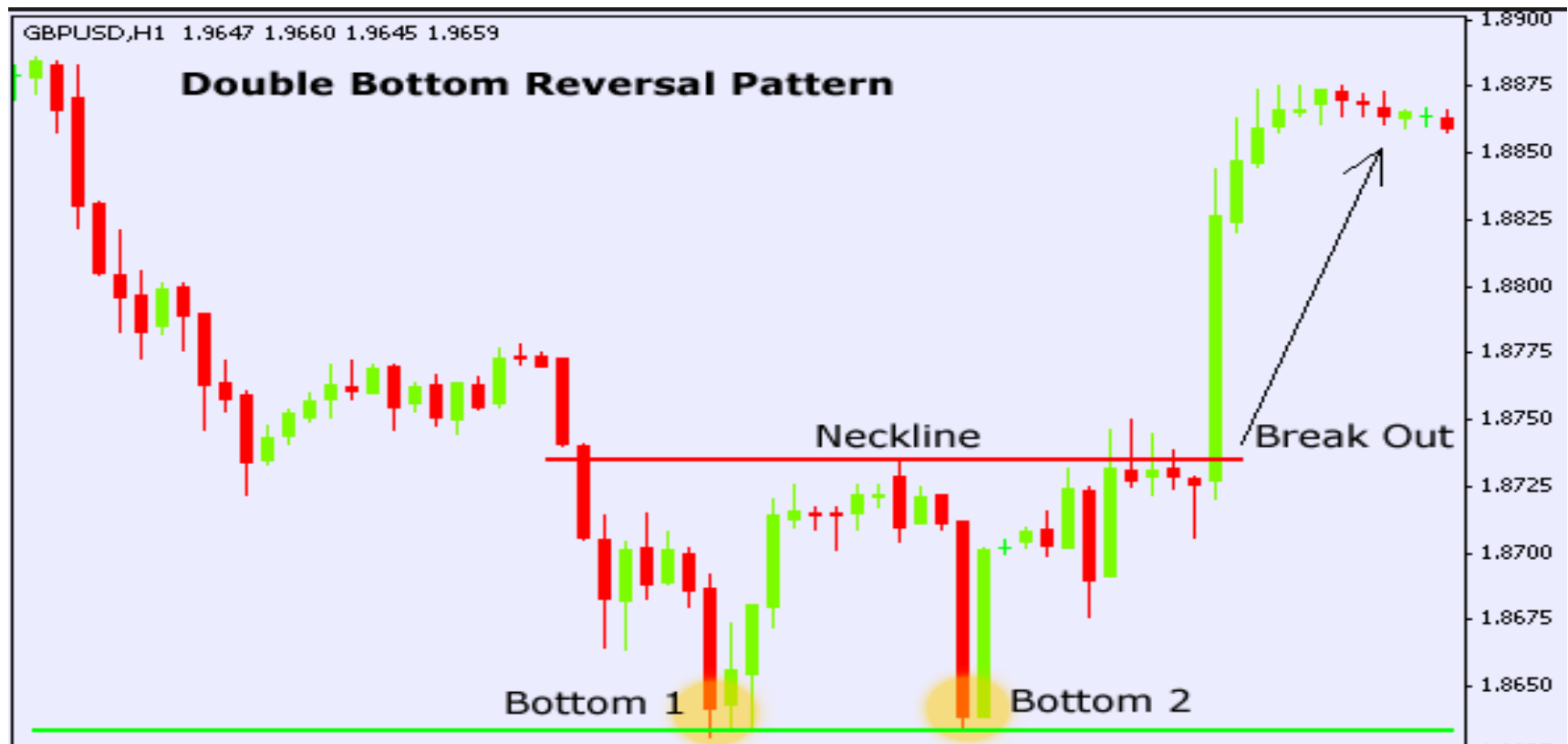
Inverse Head & Shoulders

- An inverse head & shoulders is a **bullish** reversal chart pattern.



Double Bottom

- A double bottom is a **bullish** reversal chart pattern.



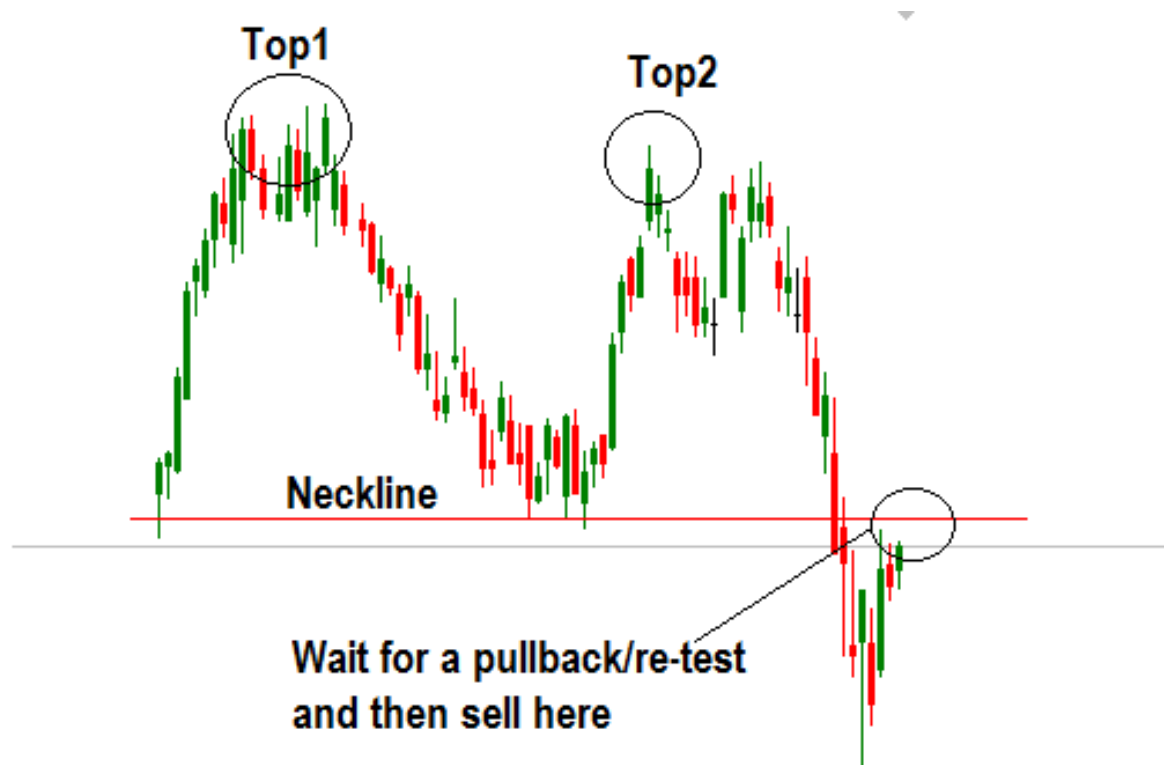
Double Top

- A double top is a bearish reversal chart pattern.



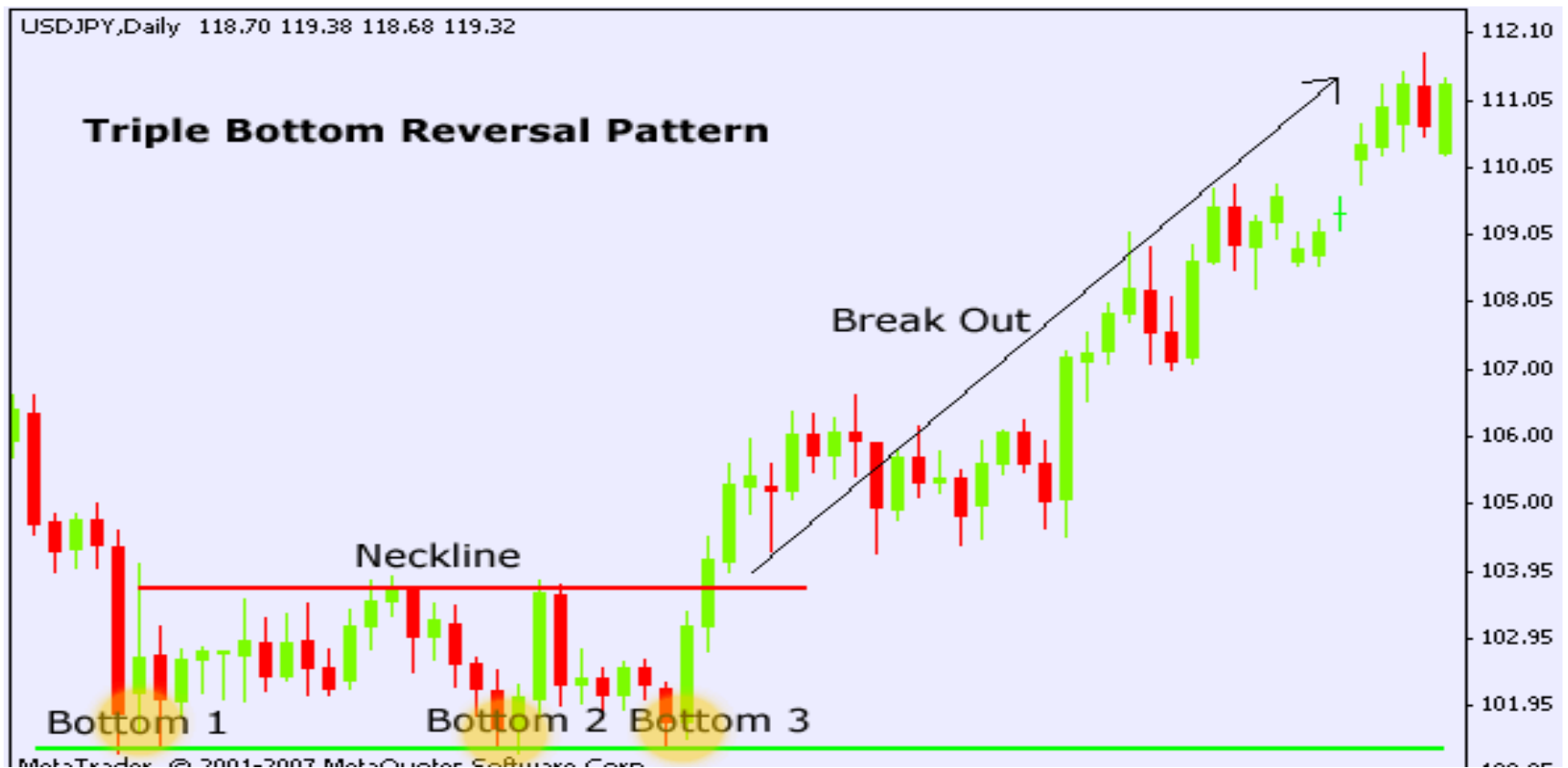
Double Top

- Sometimes price might retest the neckline before continuing with the trend.



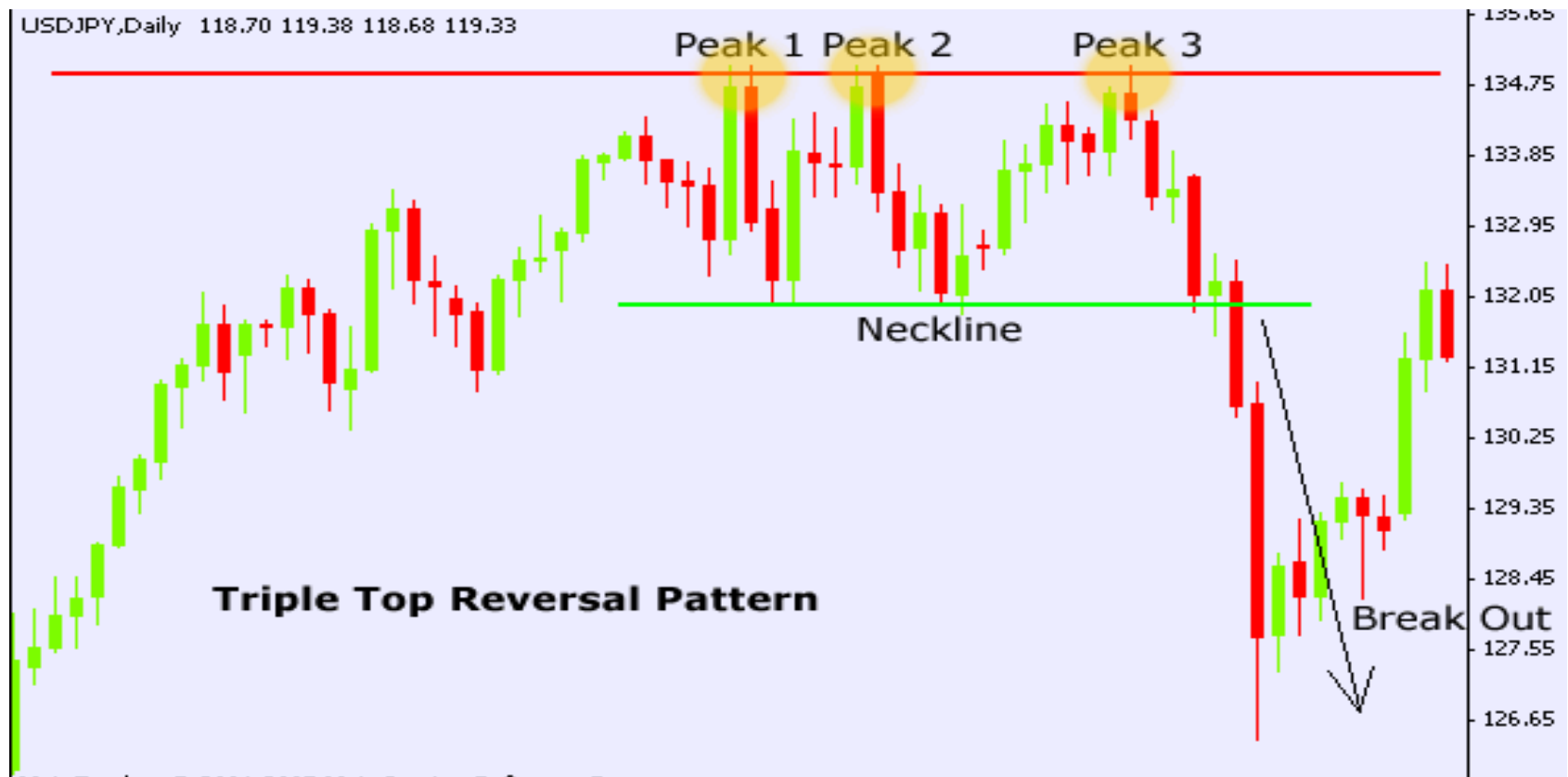
Triple Bottom

- A triple bottom is also a **bullish** reversal chart pattern.



Triple Top

- A triple top is also a bearish reversal chart pattern.





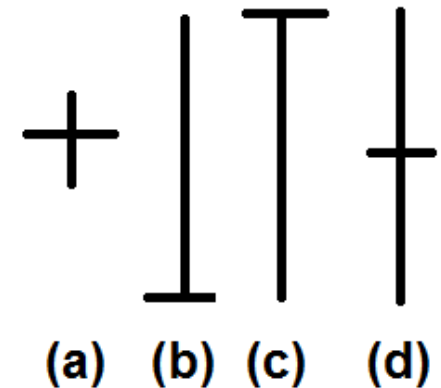
CANDLESTICK --- PATTERNS

Candlestick Patterns

- 11 important candlestick patterns:
 - Doji
 - Engulfing
 - Harami
 - Dark Cloud Cover
 - Piercing
 - Shooting Star
 - Inverted Hammer
 - Hammer
 - Hanging Man
 - Railway track
 - Spinning Top
- These candles are great entry signals when they form around Support or Resistance levels.

Doji

- A doji candlestick occurs when the open and closing price are equal.
- 4 Types of Doji candlesticks:
 - a) Bullish or Bearish signal
 - b) Bearish reversal
 - c) Bullish reversal
 - d) Bullish or Bearish depending on where it forms (Support/Resistance)

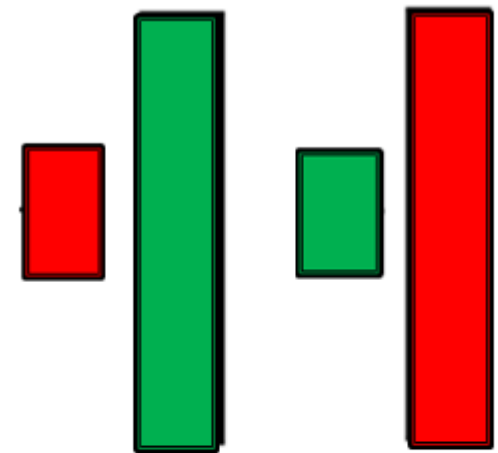


- (a) Doji
- (b) Gravestone Doji
- (c) Dragonfly Doji
- (d) Long-legged Doji

Engulfing

- Engulfing happens when the 2nd candle covers the entire body of the 1st candle.

- a) **Bullish:** When formed in a support level it can signal potential downtrend ending.
- b) **Bearish:** When formed in a resistance level, it can signal potential uptrend ending.



(a)

(b)

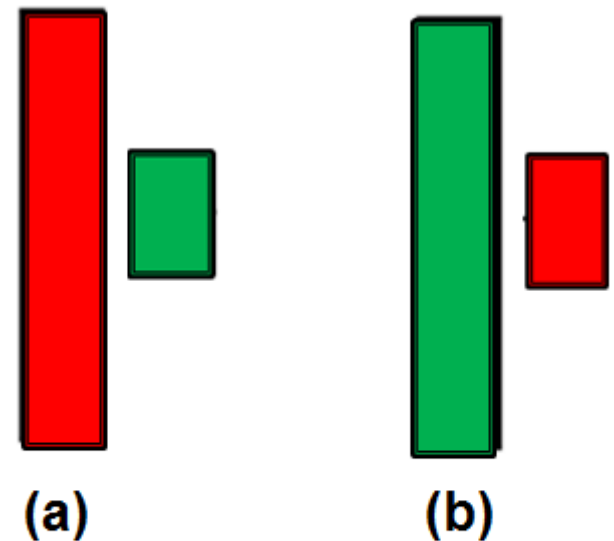
(a) **Bullish Engulfing**

(b) **Bearish Engulfing**

Harami

- Harami happens when the 1st candle covers the entire body of the 2nd candle.

- a) **Bullish:** When formed in a support level it can signal potential downtrend ending.
- b) **Bearish:** When formed in a resistance level, it can signal potential uptrend ending.



(a) **Bullish Harami**
(b) **Bearish Harami**

Dark Cloud Cover

- A Dark Cloud is a bearish reversal candlestick pattern consisting of 2 candlesticks.
 - The 1st candle is bullish showing strong uptrend momentum
 - 2nd candle is bearish and closes at about midway of the 1st candle.
 - When formed around resistance it's a signal to **SELL**.



Piercing

- A Piercing is a bullish reversal candlestick pattern consisting of 2 candlesticks.
 - The 1st candle is bearish showing strong downtrend momentum
 - 2nd candle is bullish and closes up the midway of the 1st candle.
 - When formed around support it's a signal to **BUY**.



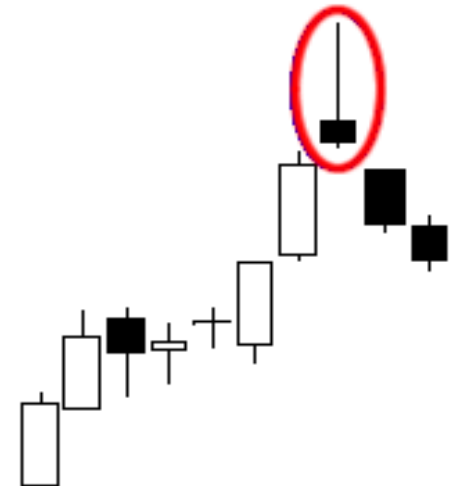
Shooting Star

- Shooting star is a single candlestick and is a bearish reversal when formed around resistance level.

Shooting Star



Shooting Star



Inverted Hammer

- An Inverted Hammer is a single candlestick and is a bullish reversal when formed around support level.

Inverted Hammer



Inverted Hammer



Hammer

- A Hammer is a single candlestick and is a bullish reversal when formed around support level.



Hammer



Hanging Man

- A Hanging Man is a single candlestick and is a bearish reversal when formed around resistance level.

Hanging Man

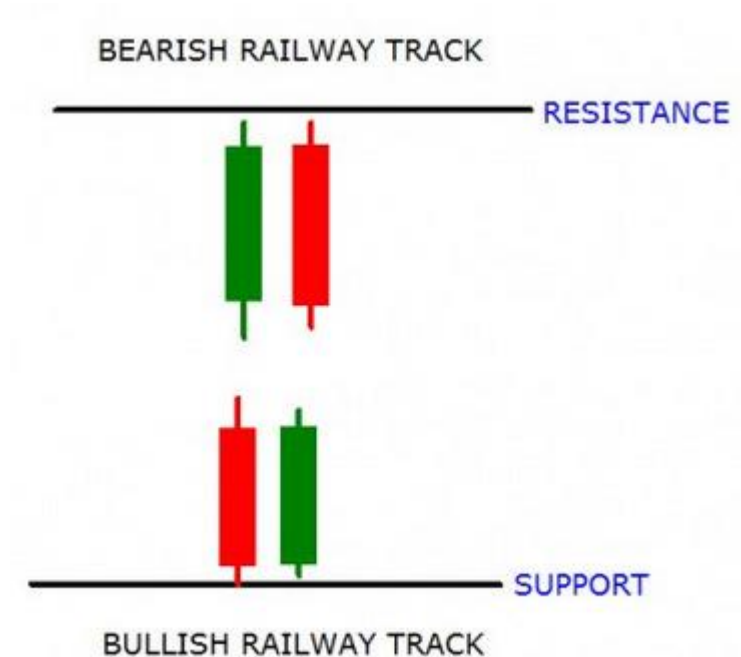


Hanging Man



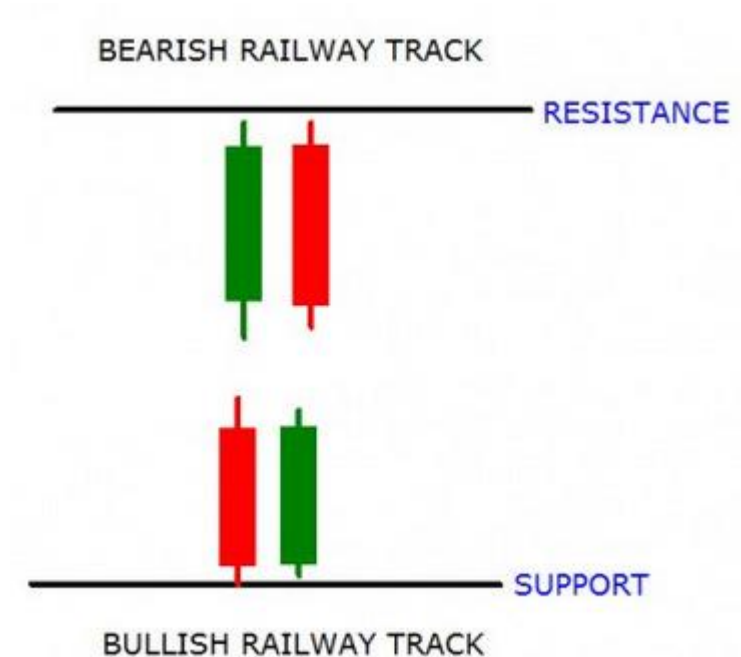
Railway Track

- A Railway Track is a candlestick pattern consisting of 2 parallel candlesticks.
- **Bearish:** The 1st candlestick is bullish followed by a bearish candlestick of the same length & body.
- When formed around resistance it's a signal to **SELL**.



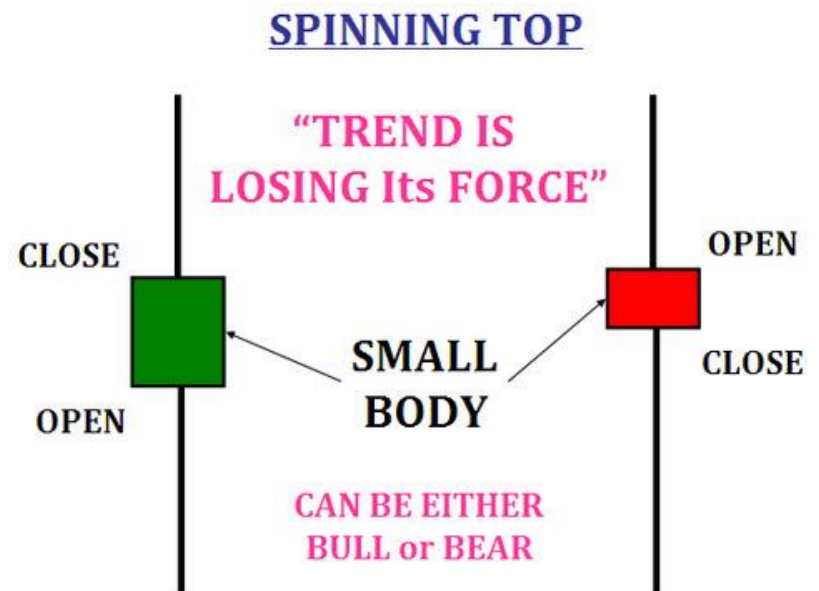
Railway Track

- A Railway Track is a candlestick pattern consisting of 2 parallel candlesticks.
- **Bullish:** The 1st candlestick is bearish followed by a bullish candlestick of the same length & body.
- When formed around support it's a signal to **BUY**.



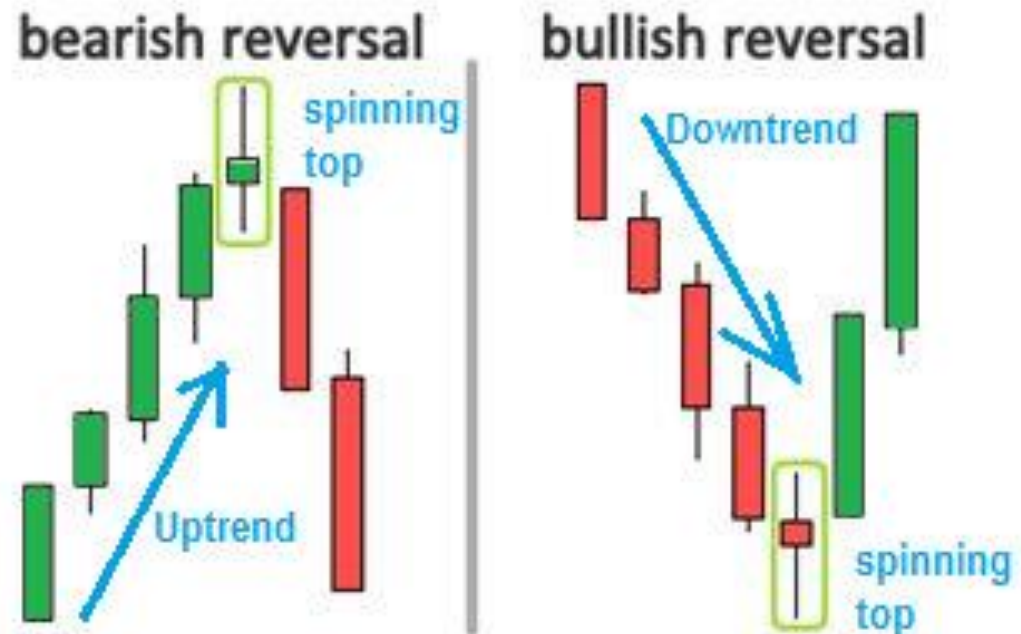
Spinning Top

- A Spinning Top is a single candlestick and can be a continuation or reversal pattern.
- A spinning top has a small body and long shadows on both sides that exceed the length of the body.



Spinning Top

- When formed around a resistance in an uptrend it's a signal to **SELL**.
- When formed around a support in a downtrend it's a signal to **BUY**.



Spinning Top





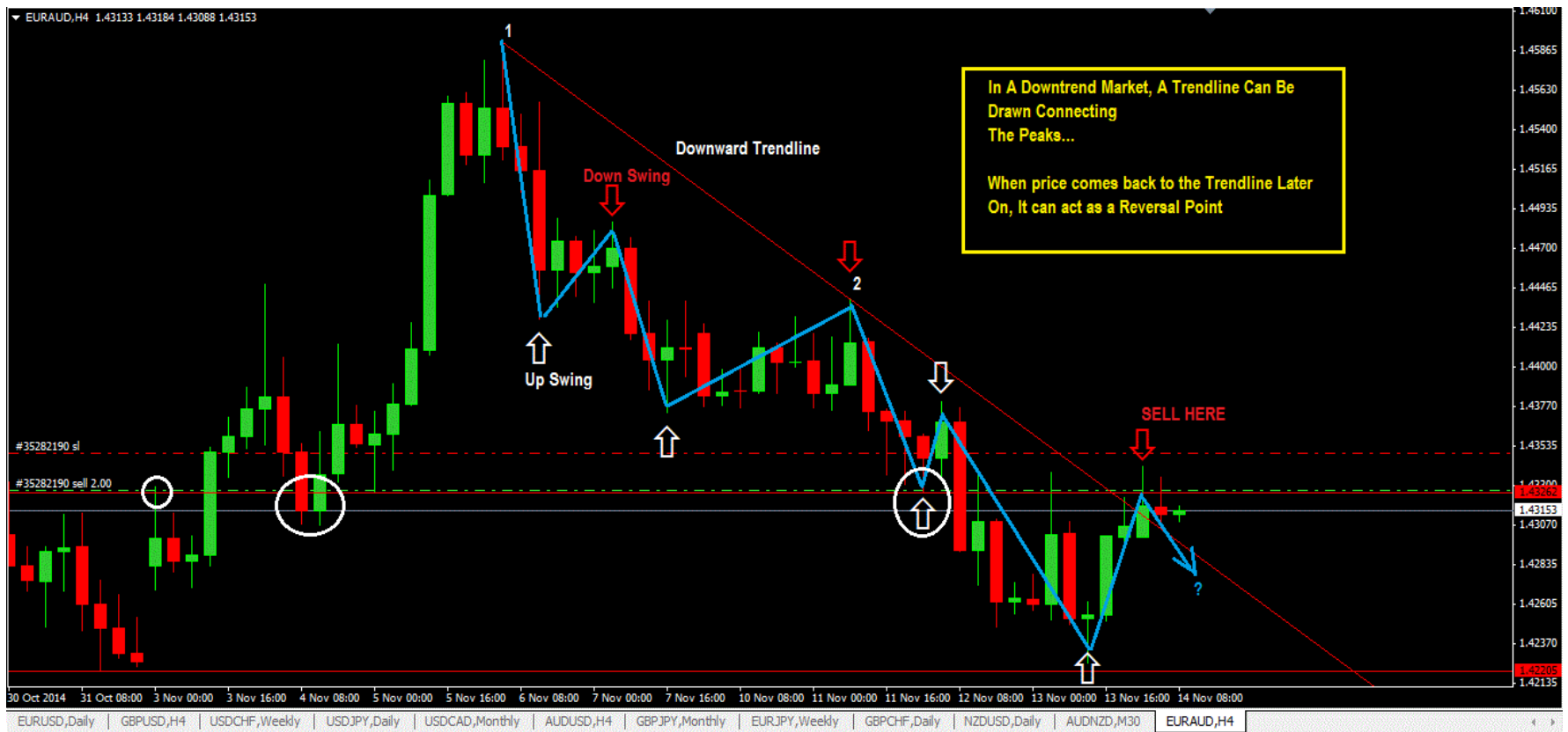
TRENDLINES

Trendlines

- Trendlines are lines that are drawn to connect the peaks that are formed by the up swings or the troughs that are formed by the down swings to help you identify where the trend is going.
- You need a minimum of 2 peaks to draw a downtrend trend line.
- You need a minimum of 2 troughs to draw an uptrend trend line.

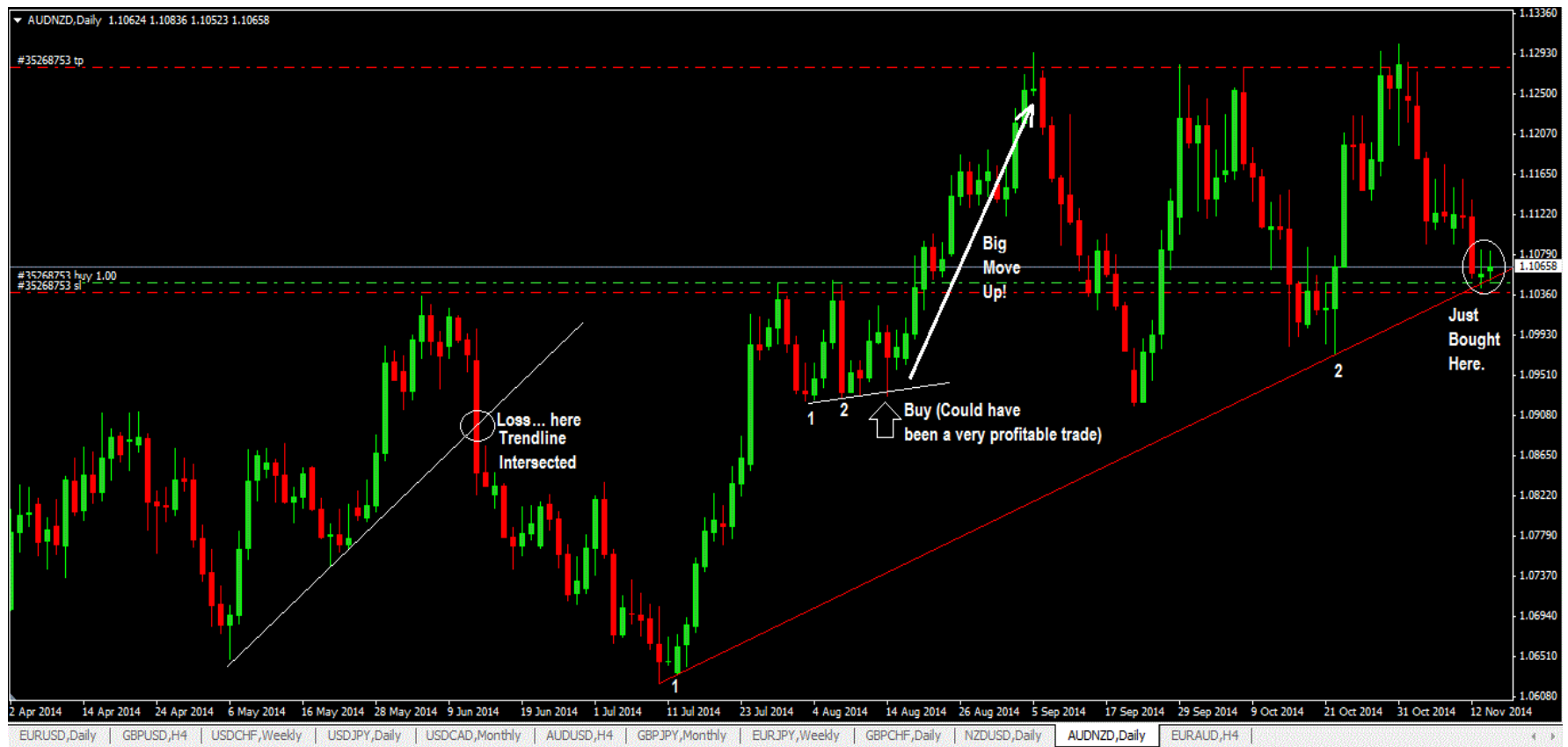
Trendlines

- Downward Trend line:



Trendlines

- Upward Trend line:



Trendlines

- What does it mean when the trend line is intersected?
 - This could mean that the trend has now changed.
 - e.g. From Uptrend to Downtrend.
 - This could mean that it is only a false breakout and price will soon head back in the original direction.



FUNDAMENTALS

Download these Apps from your App Store:

Fundamentals App: [Investing.com](https://investing.com)

Trading App: MT4

Fundamentals (USD)

- Fundamentals that affect US Dollar:
 - **Non-Farm Payroll (NFP)** - Number of paid part-time or full time jobs in the public sector, excluding the farming sector.
 - 1st Friday of each month.
 - **High Employment figure** = Positive for USD **Buy/Bullish**.
 - **Low Employment Figure** = Negative for USD **Sell/Bearish**.

Fundamentals (USD)

- Fundamentals that affect US Dollar:
 - **Unemployment Rate** –The percentage of the total work force that is unemployed and actively seeking employment.
 - 1st Friday of each month.
 - **Low Unemployment Figure** = Positive for USD **Buy/Bullish**.
 - **High Unemployment figure** = Negative for USD **Sell/Bearish**.

Fundamentals (USD)

- Fundamentals that affect US Dollar:
 - **Interest Rate** – When the Federal Open Market Committee (FOMC) members vote on where to set the rate.
 - Every 2 months.
 - **High Interest Rate** = Positive for USD **Buy/Bullish**.
 - **Low/Unchanged Interest Rate** = Negative for USD **Sell/Bearish** (Only trade gold).

Fundamentals (GBP)

- Fundamentals that affect GB Pound:
 - **Interest Rate** – Bank of England (BOE) monetary policy committee members vote on where to set the rate.
 - Every 2 months.
 - **High Interest Rate** = Positive for GBP **Buy/Bullish**.
 - **Low/Unchanged Interest Rate** = Negative for GBP **Sell/Bearish**.

Fundamentals (GBP)

- Fundamentals that affect GB Pound:
 - **Construction Purchasing Management Index (PMI)** – Measures the activity level of purchasing managers in the construction industry.
 - Every month.
 - **Positive PMI (Above 50%)** = Positive for GBP **Buy/Bullish**
 - **Negative PMI (Below 50%)** = Negative for GBP **Sell/Bearish**

Fundamentals (GBP)

- Fundamentals that affect GB Pound:
 - **Gross Domestic Product (GDP)** – Measure the value of all finished goods and services produced by the economy.
 - Every 3 months.
 - **Positive GDP** = Positive for GBP **Buy/Bullish**.
 - **Negative GDP** = Negative for GBP **Sell/Bearish**.

Fundamentals (GBP)

- Fundamentals that affect GB Pound:
 - **Manufacturing Purchasing Manager's Index (PMI)** – Measures the activity level of purchasing managers in the manufacturing industry.
 - Every month.
 - **Positive PMI (Above 50%)** = Positive for GBP **Buy/Bullish**.
 - **Negative PMI (Below 50%)** = Negative for GBP **Sell/Bearish**.

Fundamentals (EUR)

- Fundamentals that affect EUR:
 - **Interest Rate** – ECB Announcement.
 - Every 2 months.
 - **High Interest Rate** = Positive for EUR **Buy/Bullish**.
 - **Low Interest Rate** = Negative for EUR **Sell/Bearish**.



TRADING PLAN

Trading Plan

- Choose pairs to trade:
 - USD/ZAR XAU/USD (Gold)
 - GBP/JPY EUR/USD
 - USD/JPY
- When to trade your chosen pairs:
 - Draw your zones on H4 (4 Hours) /D1 (Daily)
 - When price approaches your zones, look for reversal patterns (Double Top/Head & Shoulders and vice versa).
 - Once you identify the reversal pattern, you then look for reversal candles on H1 and you enter your trade.

Trading Plan

- Where to place stop loss:
 - 1 – 2% of account.
 - Above the highest wick from previous chart movement.
- Risk Management:
 - \$150 - \$300 use maximum 0.01 x 7 at a time.
 - \$300 - \$700 use maximum 0.02 x 7 at a time.
 - \$700 - \$1000 use maximum 0.03 x 10 at a time.
- When to exit trade:
 - At the next zone (Support/Resistance).

Trading Plan

- What to ask yourself before placing a trade:
 - Where is the current price?
 - Are there any news that can affect my trade?
 - Where is my Support/Resistance?
 - Where is the trend going?

Trading Plan

- What to do when scalping:
 - Identify Support and Resistance zones on H4 or Daily timeframe.
 - Identify direction of trend on H4 or Daily timeframe.
 - Move to smaller timeframes H1, 30m, 15m.
 - **ONLY** trade in the direction of identified trend.



THANKS
