

Six Figures From Scratch

Four Ordinary Men. Four Strategies. Four
6-Figure Accounts.

Written by

Peter Visser, Zack van Niekerk, Simon Pullen, Alex Morris, Denislav Dantev, and Sid Naiman

Copyright © 2025, The Trading Cafe Limited

All rights reserved. No part of this publication may be reproduced, distributed, or transmitted in any form or by any means, including photocopying, recording, or other electronic or mechanical methods, without the prior written permission of the publisher, except in the case of brief quotations embodied in critical reviews and certain other noncommercial uses permitted by copyright law.

Published by The Trading Cafe Limited

U.S. Address:

The Trading Cafe Limited

1065 SW 8th St. PMB 5135, Miami, Florida, 33130, United States

Hong Kong Address:

The Trading Cafe Limited

Unit 1603, 16th Floor, The L. Plaza, 367 - 375 Queen's Road Central, Sheung Wan, Hong Kong

Email: info@thetrading.cafe

Website: TheTrading.academy

Disclaimer: The information provided within this book is for general informational purposes only. While the author has tried to ensure the accuracy of the information, there may be errors, omissions, or discrepancies. Neither the author nor the publisher will be held liable for any damages arising from the use of this book.

Table of Contents

Table of Contents	3
Introduction	5
Chapter 1: The Reality Check	10
Chapter 2: The Science That Underpins Trading	23
Chapter 3: Why Does Price Action Trading Work?	34
Chapter 4: Will It Go Up Or Down? The Science Behind Market Direction	49
Chapter 5: Scientifically Tested Entry Signals	60
Chapter 6: Quick Win Strategies to 6-Figures	73
Chapter 7: M-Tops & W-Bottoms by Simon Pullen	80
Step #1: Identify The Reversal Pattern	84
Step #2: Set Your Pending Order & Stop Loss	92
Step #3: Work Out Your Risk	96
Step #4: Set Your Take Profit	99
Step #5: Invalidated Setups & Trades	102
W & M Strategy Results	105
Chapter 8: Free Goodwill	113
Chapter 9: The SID Method by Sid Naiman	115
Step #1: RSI Level	119
Step #2: MACD Crosses Over	120
Step #3: Reversal Pattern	123
Step #4: Exit Levels	124
Overbought & Oversold Strategy Results	126
Chapter 10: Supply & Demand by Alex Morris	136
Step #1: Identify Areas of Supply & Demand	138
Step #2: The Retest	147
Step #3: The Reversal Candle	148
Step #4: Set Your Stop Loss & Take Profit	152
Step #5: Enter The Trade	153
Supply & Demand Strategy Results	155
Chapter 11: The Bollinger Band Strategy by Deni Dantev	163
Step #1: Set Up Bollinger Bands	172
Step #2: Scan The 4HR Chart	174
Step #3: 1HR Pullback	176
Step #4: Wait For The Entry Setup	179
Step #5: Targets & Stop Loss	184
Step #6: Enter The Trade	188
Step #7: Trade Management	191
Bollinger Band Strategy Results	195

Chapter 12: How To Learn These Strategies Correctly	199
The Demo Trading Fallacy	199
How To Learn Properly	202
How To Practice One Component At a Time	207
How To Backtest Properly	219
The Barriers You Will Face When Learning	227
Chapter 13: Switching To Live Trading	229
Chapter 14: The Key to Living Off Your Trading Income	245
Chapter 15: Get Funded	250
Prop Firm Funding Rules	253
Picking Your Prop Firm Checklist	261
Scaling Your Income	263
Chapter 16: What To Say To Your Family	271
The 6-Figure Checklist	279
Chapter 17: What should you do now?	280
Are you sure you want to learn to trade?	290
How do you Invest Properly?	301
Millionaire Concepts	302
What's Between You and Success	313
Your Next Steps	322
How We Can Teach You	328
Closing Remarks	356

Introduction

This book exists for two reasons.

Reason #1: In my grueling search for a profitable trading strategy over the years, I have stumbled upon a real love for bringing people together in a trading community. My sincere hope is that you will join me and others in this growing pool of students as a consistently confident – and profitable – trader. We'll talk about that throughout the book.

Reason #2: I've found that giving you **Results in Advance** as quickly as possible is the best way to persuade you to try Reason #1.

Within the first minute of reading this book, you'll probably notice that it's going to be short and to the point. My aim is to write something you can read in a short afternoon. According to Google, it should take roughly 1.5 - 3 hours to read fully.

You'll also discover I'm going to be fully transparent, honest, and blunt with you at times.

You'll learn more ugly truths about me than most authors will ever admit to. However, I feel full honesty is the best way to help you learn and overcome your own personal challenges.

And since we're on the topic of radical honesty and transparency, we'll even take a look at why you might NOT want to use the information in this book. I'll discuss why trading may be a complete waste of your time, even if you can make money from it.

You see, I am not a trading guru. I wasn't raised on Wall Street, and I certainly didn't learn any "secrets" that I am going to reveal to you today.

Instead, through a series of unprecedented events, I stumbled upon four men in their 40s, 50s, and 60s. They didn't know about one another at the time. You would walk them by in a cafe and never know that they were comfortably trading six-figure accounts (\$100,000+). All built from scratch.

They don't have a big YouTube following, a large social media following, or a best-selling book on Amazon (yet).

In fact, no one knew them. They lived quiet lives with their families.

What they achieve on a daily basis, however, is something that I never thought to be possible.

"Surely, no retail trader can make such a return from trading?" I asked myself when I first met them.

Like a lot of people, I have been fed one lie after another in this industry. I can't even begin to describe what garbage I've been forced to consume over the years.

It seems like, when it comes to trading the forex or stock markets, it requires you to get scammed at least ten times in various ways. Everyone seems to go through it.

The result is that you're guarded (and rightly so).

However, that guardedness makes it difficult for you to have the confidence to execute something without that nagging voice in the back of your head. So let me put you at ease.

It is the same nagging voice that led me to a series of discoveries I am going to reveal to you today. My skepticism and mild obsession dragged me down this road. However, my optimism that there is a light at the end of the tunnel is what kept me going.

So, with that in mind, I want to share those discoveries with you.

However, before I reveal what I have found. There's something else I have to tell you. It's something that "gurus" in this industry never say.

If you don't have an income or a job, I would strongly suggest you focus on that before reading another word. I say that out of love. I don't want you to spend another minute on learning how to trade if you do not have some kind of stable cash flow - from a job, a business, or retirement.

We are not in the business of saying "*anyone can do this, simply buy my course*". It's unethical.

Instead, I only want you to consume this information when you are ready. As an organization, we are strict in our approach and we are obsessed with structured learning.

This was my first discovery. After talking to thousands of traders it's clear that the only successful ones followed a rigid process. There is no other way. As you read the pages in this book you'll swiftly come to understand why this is a good thing - *a great thing, in fact*. It eliminates distraction and

points you in a single direction. In the spirit of honesty, if you are not ready to become a student - in every sense of the word - then this will not work for you.

Second, you'll discover why it's so difficult to learn trading online. The perverse incentives in this industry mean the odds of you finding a genuine trader who knows how to teach are almost zero. We ended up reaching out to 5 million traders in order to find four who fit our strict criteria of being "legitimate".

You will quickly recognize the importance of learning from people who avoid the 'limelight of social media'. Quiet traders who make money for their families without big followings, fans, or websites. It is their knowledge that built this book.

Second, I want to reveal the science that underpins trading. Unknown to most traders - *whether you are experienced or just starting out* - there are volumes and volumes of scientific papers testing every single trading component under the sun. You'll come to understand that there's no such thing as a "secret trading strategy".

The four traders we found all use overlapping principles, yet they have never met or even heard of one another.

After that, I'll make a case for using scientifically peer-reviewed principles in your trading. These principles are used by ordinary people to make extraordinary returns. I personally believe it will be the answer to most of your financial problems. In fact, you'll soon find those problems are simply a symptom of decisions you made - many times unknowingly - long ago.

We'll also break down four different trading strategies by the four 6-figure traders. We asked them to divulge the most practical and simplest

components of their methods. The kind of information they wished they knew 10 years ago.

Finally, we will discuss how you can grow an account from scratch to six figures (\$100,000) using a group of simple tools and techniques.

You can use them to genuinely retire within the next five years. In fact, there are specific “boosters” you can deploy, which means you could reach that figure in just 14 months in a best case scenario, even if you start from scratch. This was only possible by combining the knowledge of all four six-figure traders.

Most shockingly (at least to me), you’ll quickly come to realize that you don’t need to make more than 2-3% per month return in your account to achieve these goals. Even a modest return is enough to make an income from trading.

And finally, I’ll share my own rather revealing conclusion. A confession that I was asked to leave out of this book. Not a single person thought this was a good idea. However, I promised you honesty, and that’s what you’re going to get.

HOW SHOULD YOU USE THIS BOOK?

Do not place another trade until you’ve read the book in its entirety. This book is designed to be a manual and a practical toolkit. Start at the beginning and work your way through each chapter in sequence. Follow the instructions given, read it in one sitting, and use it to achieve your goals.

Chapter 1: The Reality Check

Look, there are plenty of ways to make money in this world. Please don't feel pressured to use this method. But of course, since I'm writing a book on it, I firmly believe it's the best way to make money as a retail sit-at-home trader.

I've seen it work too many times now and read too many papers by data scientists to believe otherwise. I get messages from other traders who have turned their lives around on a regular basis.

Still, you have an option not to do this. You have the freedom to do something different. And by no means does that mean you'll fail at life. Trading can be hard. You're going to want to quit. It's OK if you do, and it's OK if you don't.

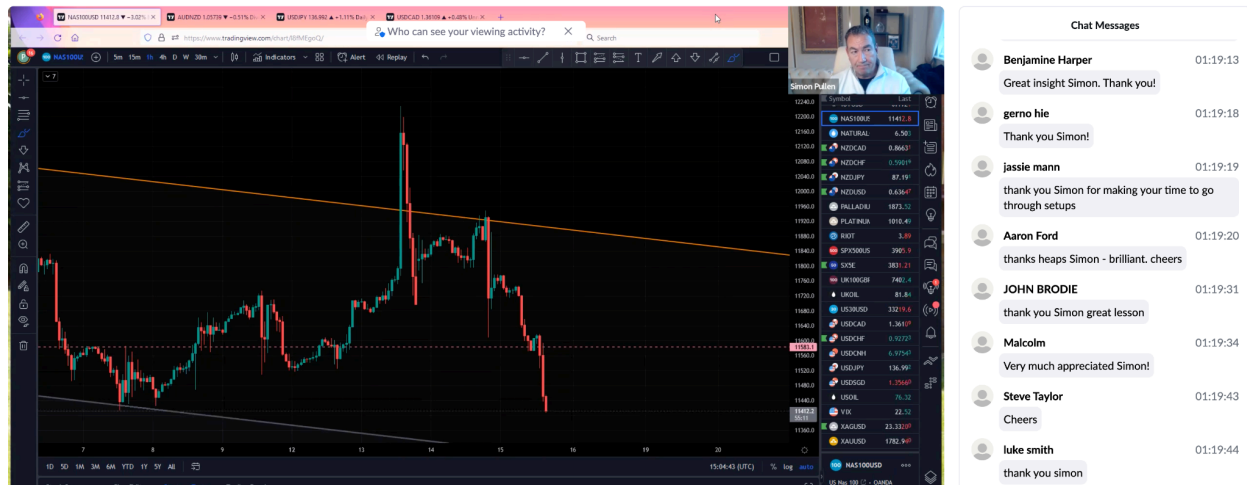
I can't stand the "get-my-system-or-you'll-be-broke-forever" messages online these days. It drives me mad.

Instead, I'm going to give you a different message. It's a reality check of a different caliber.

Here it is.

Simon Pullen is a trader from a small town in England called Grantham. 127 miles north of London.

At 3pm one afternoon, a week or so away from Christmas, he was at a Zoom meeting with 32 other traders. In a single hour of trading, Simon closed out roughly £7,000 in profits (that's \$8,528 at the time). Here is a screenshot of him at this meeting.

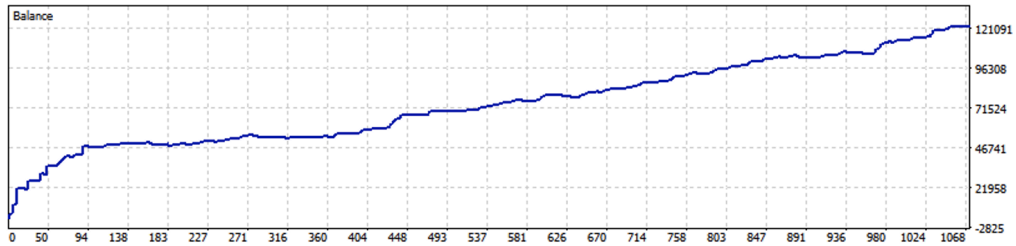


And let me tell you something.

This was live in front of a bunch of traders. He was making live calls and putting his own money on the line. It is impossible to fake, manipulate, or wriggle your way out of something in this type of situation.

And yet he did it calmly. As if there was no pressure at all. It was like watching an electrician change a light bulb.

To top it off, Simon shared an in-depth analysis of how he made £84,166.67 from 836 trades in four and a half months. That's \$102,548.25 USD.



Results

Total Net Profit:	84 166.67	Gross Profit:	118 044.83	Gross Loss:	-33 878.16
Profit Factor:	3.48	Expected Payoff:	100.68		
Recovery Factor:	35.31	Sharpe Ratio:	0.17		
Balance Drawdown:					
Balance Drawdown Absolute:	0.00	Balance Drawdown Maximal:	2 383.64 (15.37%)	Balance Drawdown Relative:	23.25% (1 577.22)
Total Trades:					
	836	Short Trades (won %):	199 (65.83%)	Long Trades (won %):	637 (61.85%)
		Profit Trades (% of total):	525 (62.80%)	Loss Trades (% of total):	311 (37.20%)
		Largest profit trade:	2 712.00	Largest loss trade:	-911.49
		Average profit trade:	224.85	Average loss trade:	-108.93
		Maximum consecutive wins (\$):	19 (8 184.07)	Maximum consecutive losses (\$):	14 (-1 600.00)
		Maximal consecutive profit (count):	8 184.07 (19)	Maximal consecutive loss (count):	-1 781.40 (6)
		Average consecutive wins:	4	Average consecutive losses:	2

He explained how this is only one of three big trading accounts he holds.

A few weeks later, Simon was live again. In late January, he went on Zoom every single day from Monday to Friday for an hour - executing trades with a live audience in front of him.

Inside TheTrading.cafe school, Johnathan posted about it. You can see the post here:

The screenshot shows a social media post from 'The Trading Cafe' community. The post is by Johnathan Van Niekerk, posted 7 days ago in a 'Live training' session. The title is 'Live Market Action with Simon Pullen - Replay'. The post content includes: 'This week Simon is up 9.1%!!!!', 'Today's session focused on the practical implementation of Simon's watertight trading strategy.', 'We went through all his trades for this week in great detail, looked at trades made by Trading Cafe members.', 'We got great insight into the ongoing market manipulation by major banks.', 'Simon has shared with us some of the most exciting trading opportunities I have seen in a LONG time.', and 'You don't want to miss this.' A Zoom link is provided at the bottom: https://us06web.zoom.us/rec/share/qZg01H_P74xdbY-7zDkiLz71DDeCv4QdbD...

“This week Simon is up 9.1%!!!!

Today’s session focused on the practical implementation of Simon’s watertight trading strategy.

We went through all his trades for this week in great detail, looked at trades made by The Trading Cafe members.

We got great insight into the ongoing market manipulation by major banks.

Simon has shared with us some of the most exciting trading opportunities I have seen in a LONG time.

You don't want to miss this.”

I know your initial reaction is to wonder how Simon is doing this. However, I want you to restrain your curiosity for a moment. We'll get to that. Entire chapters of this book will be dedicated to Simon's strategy.

Instead, I want you to realize something. I want to give you that reality check I promised.

There are many traders out there like Simon who trades from home and make this kind of money. It is just fiendishly difficult to find them.

Let me explain.

In 2019, a bunch of data scientists wrote a paper called "Day Trading for a Living?"⁽¹⁾.

They studied thousands upon thousands of day traders in Brazil. All of these traders took a course from a trading guru.

99.5% of the traders lost money over the course of 2 years. The 0.5% that made money made less than that of a bank teller. Only 0.1% (or 1 out of every 1,000) were actually successful.

It turns out that the 1 out of 1,000 didn't end up using the strategy the guru gave them. They figured out their own way to trade.

My point is this.

If you want to learn how to trade, you need to find a profitable trader. The 1 in 1,000.

Then, somehow, you have to find one who's also good at making courses, setting up a teaching business, and running successful advertising to get your attention.

Let me make this point another way.

There are thousands upon thousands of YouTubers who claim to be profitable traders. They also happen to be excellent at editing videos, putting together PowerPoint slides, throwing up websites, navigating Google's algorithms, managing staff, and sales copywriting.

What a fantastic coincidence.

When I met Simon, he didn't have a YouTube channel. He had no website. In fact, nobody knew about him except for his friends and family.

He's been a professional full-time trader for 15 years. He quit his job (as did his wife), and he simply trades from home by himself. He's been living off his trading income for a decade and a half without selling a book, course, or signals.

Those are the true traders you need to be learning from. This is what was missing from my life for years (and probably yours).

But how do you find them? How the hell do you go about finding people who aren't trying to get found?

Even when you do, how do you get them to spill their guts and reveal their 'secrets'?

The answer lies in a trading course I took in 2008. I borrowed \$15,000 from my parents to learn from a trading master. Or so I thought. The whole thing

was a complete failure. The trading strategies didn't work. They hired fake coaches who turned out to be salespeople. They had sales quotas to upsell their 'students' from one program to the next.

I fell for it: hook, line, and sinker.

Unfortunately for me, I would fall for one marketing trick after another over the years. I simply could not get this trading thing to work. For years, I would try. Again and again and again.

I could have bought two houses with the money I had wasted.

During this time in my life, I was learning the art of entrepreneurship, as trading was making no money. I started understanding business, marketing, systems, processes, and standard operating procedures (SOPs).

I quit trading for a really long time. And it felt good. I was happier.

I was talented at business and marketing, and I was starting to make waves, small ones, but they were getting noticed.

I was recently married, living in the US, and starting to thrive. Most of my time was spent working with law firms and using my business skills to help build businesses.

Suddenly, my life took a turn that I didn't expect. As luck had it, I was approached by a trader who asked for help getting their marketing and sales systems set up.

Go figure.

My experience working with him gave me an insight into the industry that most people never see. *I saw it all.*

I saw all the gimmicks. The marketing scams. The tricks. Everything.

This person will remain nameless. There were a few things I simply didn't like, that I couldn't get past, and so we parted ways. He did genuinely try and help his students, but in the end, he fell short of the standards I wanted.

This led me to a partnership that changed the trajectory of my life, and it happened with one phone call.

I was speaking with an old friend of mine, an education expert and entrepreneur, Zack van Niekerk. Our conversations took many turns and curveballs, but it led us to one stark realization.

The trading education industry was broken.

We both could see this with acute clarity.

The statistics were horrible. We knew that most that wanted to trade were lost.

We knew what happened behind the scenes.

We knew that most people teaching on YouTube and other social media platforms were better marketers than traders.

We could see it as clear as day, and we wanted to change it.

After thrashing around the idea for months, we finally came up with a plan.

First, we would find real traders. The guys that were behind the scenes that nobody knew about. The guys that didn't have YouTube channels. Didn't have fake accounts. Genuine people trading real money with genuine results.

We established a series of criteria:

1. They had to be trading with a live six-figure account.
2. They had to be generating a six-figure income from trading.
3. They had to have a proven track record of consistency for over twelve months.

Once we found them, the second step was to turn them into world-class educators.

The plan was clear but nonetheless daunting.

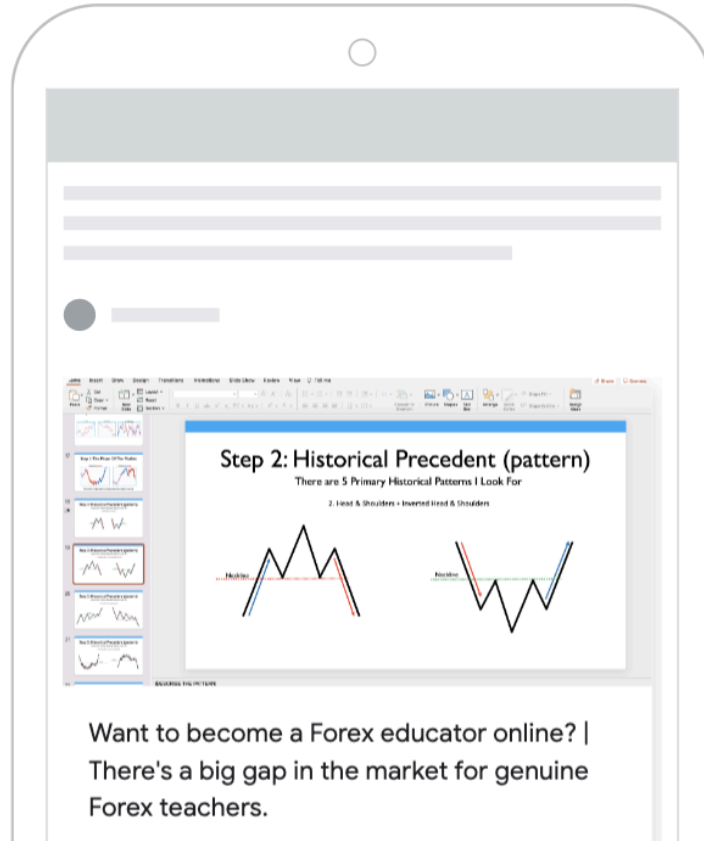
How on earth were we going to find them?

Then it struck me.

What if I used the knowledge I had of business systems to find them? What if I used Google's incredible algorithm to find profitable traders who are currently unknown?

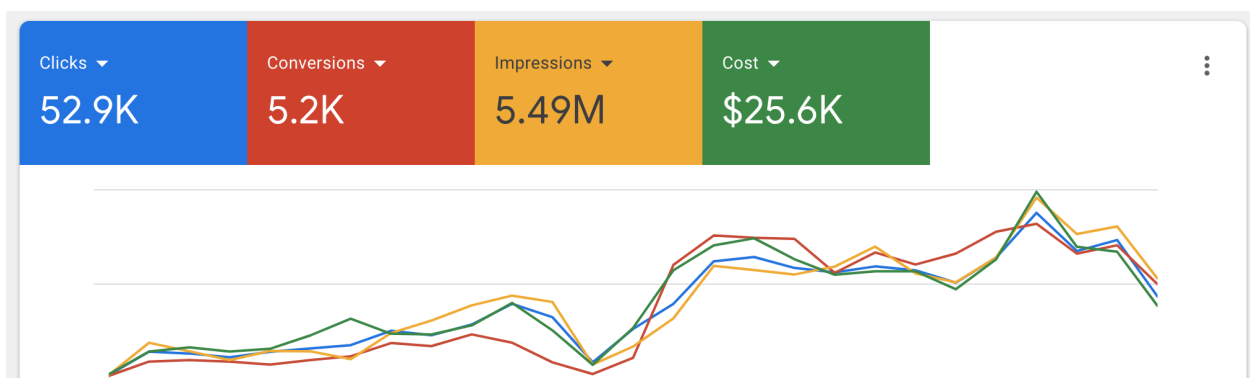
This is what we did.

Shortly afterward, we launched an advertising campaign on Google. Below is a screenshot of one of our ads.



We would simply show our ads to millions of traders, and hopefully, Google will bless us with a couple of good eggs.

It cost \$25,600 for Google to show our ads 5.49 million times. We got 52,900 visitors to our landing page and 5,200 of them showed interest.



As you can tell, this method casts a much wider net than stumbling upon someone on YouTube. Or “hearing about a guy on Telegram”. And as it turns out, the \$25k is a lot cheaper than the money I wasted on trading courses and programs in the past.

The program Zack and I set up for traders was difficult. It took months to put together, and only the ones who really knew what they were talking about came out of it alive.

One of the programs is called The Expertise Extraction Framework. It takes about 6 weeks to complete and painstakingly pulls all of their expertise from them and puts it into a document. By the time they finished, we knew everything about them, and they knew everything about themselves.

Most of those who wanted to teach couldn't do it, but there were a few that did complete it.

The end result was incredible. We would regularly ask for trade results and verify track records. After lots of group coaching sessions, meetings, and 1-1 sessions, we had a dozen or so traders who genuinely knew how to trade and were interested in educating others.

Think of it as an ethical ‘guru factory’. Nothing like this has ever existed before. Yet, we didn't stop there. Zack and I decided to launch a free school for traders called TheTrading.cafe.

The big idea was to give away genuine trading education at no cost. The kind of education that others are charging thousands for. We wanted to build a place where our educators could share their knowledge. Helping people who genuinely needed help.

When we pitched this idea to the traders, we were prepared for a bunch of objections and that we'd have to "sell" them on it.

It turns out they didn't need any convincing. They were ready to change the industry with us and were thrilled to share their knowledge within our new school.

At first, this seemed strange. However, trading is a lonely game. These profitable traders are longing to share their knowledge. Nothing, and I mean it when I say NOTHING, gives you more fulfillment than passing on your knowledge. It is baked into our human DNA.

I remember being surprised by two traders saying the exact same thing on separate occasions.

"I think I'm going to learn a lot from teaching this to others."

And so, TheTrading.cafe was born.

Shortly after launch, it was filled with thousands upon thousands of traders who were ready to learn from our educators - proving that there was a huge demand for something like this.

So here, with all the dogmatism of brevity, is my reality check to you.

Finding one great trader is difficult.

Finding one great trader who can teach is ten times harder.

Finding multiple great traders that can do this is almost impossible.

Now, let's get down to business.

Are you ready?

Chapter 2: The Science That Underpins Trading

Not many know the legendary name of Homma Munehisa. At one time he held the name of “God of the Markets.”



(本間 宗久, *Honma Munehisa*) (also known as Sokyū Honma, Sokyū Honma) (1724-1803).

He became so widely known and respected for his brilliance at trading that the Japanese government at the time bestowed him with the title of Samurai. It was treated like a knighthood back in the day. The kind David Beckham got from the late Queen Lizzie.

Here's what he did:

Munehisa was a simple rice merchant.

Living in Sakata, Japan, he would often travel to the bigger rice markets in Osaka to trade and then travel back to his hometown. This is when he spotted an opportunity.

Back home in Sakata, rice was traded on the spot at a set price. But Osaka was a bustling city with more traders than you could shake a stick at.

So they allowed them to use “coupons”. Instead of buying and selling there and then, you could trade rice that had yet to be delivered to the port.

Sound familiar? As far as we know, these were some of the world’s first futures contracts.

Homma had the idea of trading rice from Osaka back to where he lived, where the price was set in stone.

Now, the biggest problem was that Sakata (his home) and Osaka (where the markets were) were miles apart.

This was pre-internet, pre-phone, pre-fax, pre-everything. That’s when genius struck. Homma hired a team of flag bearers to stand on rooftops from his hometown all the way to the markets.

They’d wave their flags in various patterns in a row to transmit data on what was happening in the markets in Osaka. This allowed Homma to make decisions based on what his flag-bearers were telling him.

He’d plot the info on a chart and essentially created the first candlestick charts.

What’s more:

He'd go back and analyze weather patterns and pricing patterns dating hundreds of years back. He would plot how each event affected price. Then, using nothing but price action, he ended up making \$10 billion per year in today's money.

His story is legendary. Although some of the details are disputed, there is one thing that rings true. He used past prices to predict the future movement of the market. Something that should technically be impossible.

So, did he get lucky? Is the story fabricated? Or is there something to it?

For you to make money in the markets, there are two things that have to be true. Two facts that underpin everything.

#1. To make profits in the markets, you need to make an educated "prediction" on where the market is going to go.

#2. To do this, past prices need to reveal something about the future.

If either of these two things isn't possible, then we can kiss trading goodbye. So the overarching question is this:

Is it possible to use past prices to predict, with scientific significance, where the market is going to go?

Stories like the one about Honma Munehisa are alluring, but they aren't enough. It's not even real evidence. This is the internal struggle I faced when deciding whether or not to pursue trading. I had lots of anecdotal evidence but no actual proof.

When you don't have 100% faith in the trading strategy you're executing, you will fail. You'll jump around from system to system and try out new things all the time.

You'll question yourself and others and let bad trading psychology infiltrate you.

That's why this chapter made it into the final version of this book. I am about to spill all the scientific evidence that I know about in a succinct manner. Allowing you to form your own opinion. This chapter may decide whether you should continue trading or quit altogether.

First, let's go back in time.

In 2007, a professor called Dr. Irwin published a meta-analysis of 95 studies looking at the effectiveness of price action⁽²⁾.

Price action can also be referred to as technical analysis. According to Dr. Irwin's definition, it is:

"...a method of forecasting price movements using past prices".

At any given point throughout history, professional traders on Wall Street and other financial centers claimed that they used technical analysis to trade the markets profitably.

For example, in 1965, a guy called Smidt surveyed commodity traders and found that over half of them used technical analysis⁽³⁾. Another survey in 1994 found pretty much the same. Interestingly, roughly 60% of traders relied exclusively on technical analysis⁽⁴⁾.

Other surveys conducted in 1997 ⁽⁵⁾, 2001 ⁽⁶⁾, and 2003 ⁽⁷⁾ found that 30-40% of foreign exchange traders believe that technical analysis could predict currency price movements for up to 6 months.

Therefore, it's safe to assume that traders have been using technical analysis for decades. There was a consensus among traders that it works.

However, not everyone agreed. Non-traders who knew a bit about finance, like academic researchers, thought the traders had it wrong. Specifically, they thought that Wall Street traders were full of hot air and lied about their success.

Remember those professors with their Ph.D's I mentioned earlier? Yes, those academics. The ones teaching finance at prestigious universities.

What is it that convinced them the traders were deluded? After all, they taught them. Most Wall Street traders actually came from these universities. However, once they settled into their jobs, they did something different to what they were taught.

It seems like the academics didn't like this. They felt ethically and morally obliged to prove that Wall Street was pulling the wool over the eyes of investors.

And it made sense. Wall Street wasn't exactly a poster child for ethical behavior. There are countless examples of bankers lying about their performance to get their hands on that juicy investor money.

So, in 1970, a mathematician (Dr. Fama) wrote a paper about The Efficient Market Hypothesis in The Journal of Finance⁽⁸⁾.

In that paper, he stated, *“it is futile to attempt to make profits by exploiting currently available information such as past price trends...”*

The idea is this: whatever information you have at hand right now will already be reflected in the price. Therefore, you cannot predict where the market is going to go based on past information such as past prices, patterns, and historical accounts.

Dr. Fama’s hypothesis was backed up by lots of evidence. There were negative findings in several early and widely cited studies of technical analysis and price action in the stock market, such as Fama & Blume (1966⁽⁹⁾), Van Horne and Parker (1967⁽¹⁰⁾, 1968⁽¹¹⁾), and Jensen & Benington (1970⁽¹²⁾).

Let’s take the study from Dr. Fama and Dr. Blume, published in 1966.

They looked at using price action across 30 securities and compared it to a buy-and-hold strategy. Only 3 strategies yielded a better result than the market overall. And if you take into account brokerage fees, then the result is either worse or equal to the buy-and-hold strategy.

In other words, don’t waste your time. Buy and hold is better because there is less room for error and smaller brokerage fees. The pipe dream of using past prices to determine future ones was a fantasy.

So you had these two opposing camps.

In the first camp, you had the traders. They firmly believed and told everyone that they could make money from price action.

In the second camp, you had the academics who firmly believed they just got lucky (or lied) and the market is too efficient to be exploited in this way.

However, there was one phenomenon the academics could not explain.

In Dr. Irwin's meta-analysis, he made an observation.

"...Early studies indicate that technical trading strategies are profitable in foreign exchange markets and futures markets, but not in stock markets."

For example, in 1972, a guy called Dr. Leuthold tested one of the price action trading strategies. He found that technical analysis can *"generate an annual net return of 115.8%"* in the Forex markets. This research factored in the brokerage fees and spread⁽¹³⁾.

Weirdly, this was discovered by him while looking into live cattle futures markets. Either way, this directly went against everything the academics were saying up until that point.

Dr. Irwin identified seven more research papers that showed "substantial net profits" in the Forex markets:

- Smidt, 1965⁽³⁾
- Stevenson and Bear, 1970⁽¹⁴⁾
- Cornell and Dietrich, 1978⁽¹⁵⁾
- Dooley and Shafer, 1983⁽¹⁶⁾
- Irwin and Uhrig, 1984⁽¹⁷⁾
- Sweeney, 1986⁽¹⁸⁾
- Taylor, 1986⁽¹⁹⁾

In other words, for some reason the efficient market hypothesis didn't apply to the Forex markets and massive returns could be made using past prices.

It made no sense because the Forex markets are supposed to be way more efficient and liquid than the stock market. The academics couldn't explain why.

This led to an explosion in scientific research.

According to Dr Irwin, *“The controversy about the usefulness of technical analysis has led to a **voluminous literature on the subject.**”*

*Empirical studies have investigated the profitability of technical trading rules in a variety of markets for the purpose of either **uncovering profitable trading rules or testing market efficiency, or both.**”*

So far, I have listed a lot of complicated and potentially boring scientific information. So, let's do a quick recap.

- Traders believe they can make money from the markets using past prices.
- Academics didn't believe them and did a bunch of studies proving them wrong.
- But then the academics found that the traders were right when it came to the Forex & Futures markets. For some reason, they could make a lot of money using past prices.
- This crazy rollercoaster of scientific events leads to an explosion of new research.

So what did the new research reveal?

When Dr Irwin looked into this, he made a shocking discovery.

In his own words, he said:

“This conclusion [to the efficient market hypothesis] should be tempered in light of several limitations in the testing procedures of early studies. First, early studies generally consider a small number of trading systems, typically investigating only one or two trading systems. Thus, even if some studies demonstrate that technical trading rules do not generate significant profits, it may be premature to dismiss technical trading strategies.”

In other words, early academics were so intent on proving their point that they didn't even test all the strategies.

Only some strategies were tested, and mostly, ones that real traders knew didn't work.

And there were four other cardinal sins committed by the early academics.

1. They didn't conduct statistical tests of significance. So, there was zero proof that the market efficiency hypothesis was even real.
2. They didn't control the risk when testing technical analysis. Something that's the cornerstone of any good trading strategy.
3. The results are reported in averages. So “on average”, technical analysis didn't work. That meant there could have been some cases where it did work.
4. They didn't have mechanisms that dealt with data snooping.

As a result of that, researchers started dismissing the studies from the old academics.

“The explosion in the literature on technical analysis in recent years is especially noteworthy. About half of all empirical studies conducted after

1960 were published during 1995–2004 [...] which in contrast to earlier studies found significant technical trading profits...

“Among a total of 95 modern studies, 56 studies find positive results regarding technical trading strategies, 20 studies obtain negative results, and 19 studies indicate mixed results.”

Even without scientific evidence. The market is clearly not perfectly efficient.

Let's look at three recent examples.

Firstly, the case of Zoom Video Communications, which went public in 2019 with shares rising rapidly and currently has a market cap above \$180 billion.

However, confusion arose as the best ticker symbol, ZOOM, was already taken by another company named Zoom Technologies. Investors got their tickers mixed up and started buying ZOOM shares, leading to a 70,000% increase in price. This is not what one would call an "efficient market."

Secondly, the conversion of Blackstone Group from a publicly traded partnership to a corporation. Despite the fact that this change resulted in the company paying more in taxes and lower profits, shares jumped higher on the news.

This was due to rules that prohibit institutional money managers and market indexes from buying shares in partnerships but allow them to buy shares in corporations.

Finally, the third example is the GameStop short squeeze, where retail investors coordinated on social media platforms to drive up the stock price

of the company, causing significant losses for short-sellers. This is a clear demonstration of market inefficiency caused by human behavior and irrational actions.

So, let's go back to our question at the start of this chapter.

Is it possible to use past prices to predict, with scientific significance, where the market is going to go?

The answer is an unequivocal YES.

It is vitally important that you take this to heart. One of the major differences between traders who make it and those who quit is commitment. Nothing breeds commitment more than an unshakeable belief that this trading thing actually works.

And if you're thinking, *"but Peter, the latest study you have referenced is from 2007... things have surely changed since then."*

Don't worry. We've got some more ground to cover.

However, instead of chronologically going through each study, I'll only pick the ones that explain the strategies I am going to reveal in this book. We'll both save time and have more fun that way.

Chapter 3: Why Does Price Action Trading Work?

We've established that price action works. The research is pretty clear. However, it is critical that you understand why. It's the last piece of the puzzle. Once you understand the 'why' behind everything it'll make it easier to commit to becoming a better trader.

I've come across countless stories from traders who failed because they didn't have confidence in the methods they were being taught.

Here is a list of the problems the typical trader encounters because of this.

1. **You'll strategy hop** - meaning you will never stick to a strategy even if it's profitable.
2. **You'll typically exit trades early** - meaning your reward:risk ratio will suffer, rendering your strategy useless.
3. **You'll chase the market** - trying to force a trade to happen.

All of this leads to frustration, a lack of discipline, and a failed attempt at making this trading thing work.

I posted about this inside the TheTrading.cafe school once. Ted, one of the more active members inside the school, wrote a response that I'd like to include here.



Ted Staub · 15h

I have a story about commitment Peter. For me it was a lack of commitment that led to a lack of confidence not the reverse. It's impossible to be successful if you always have one foot in and one foot out. I didn't realize that was a problem for me until someone from my church was working with me and we uncovered a situation from my high school days where i made a decision and a vow that has stuck with me for decades. I don't know if this is something that you want in your book but if you want to explore it further let me know. By the way, it's completely resolved now and I have no issue with commitment.

“I have a story about commitment Peter. For me it was a lack of commitment that led to a lack of confidence not the reverse. It's impossible to be successful if you always have one foot in and one foot out. I didn't realize that was a problem for me until someone from my church was working with me. [We] uncovered a situation from my high school days. [Back then I] made a decision and a vow that has stuck with me for decades. I don't know if this is something that you want in your book but if you want to explore it further let me know. By the way, it's completely resolved now and I have no issue with commitment.”

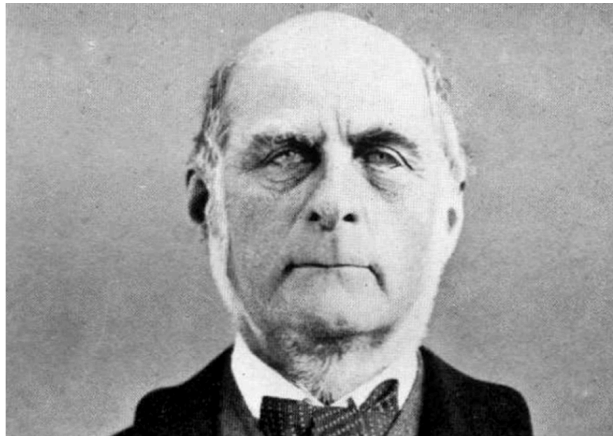
I have to give a lot of credit to Ted. Jumping into something with both feet and committing like that is not a trait that many people possess. Had I done that, I would have become a profitable trader long ago. I simply couldn't do it without understanding why it worked.

In this chapter, I want to give you the gift of understanding why.

You'll learn what moves the market and why it thrashes around in a seemingly random manner. You'll discover that it's not actually random at all. There is a reason behind every tick, every spike, and every pattern. It is my sincere belief that you'll be able to use this knowledge to make significant gains in the markets.

Let's dive in.

The best way I've found to describe this is with a story about Francis Galton. In 1906, he observed a competition to guess the weight of an ox at a county fair.



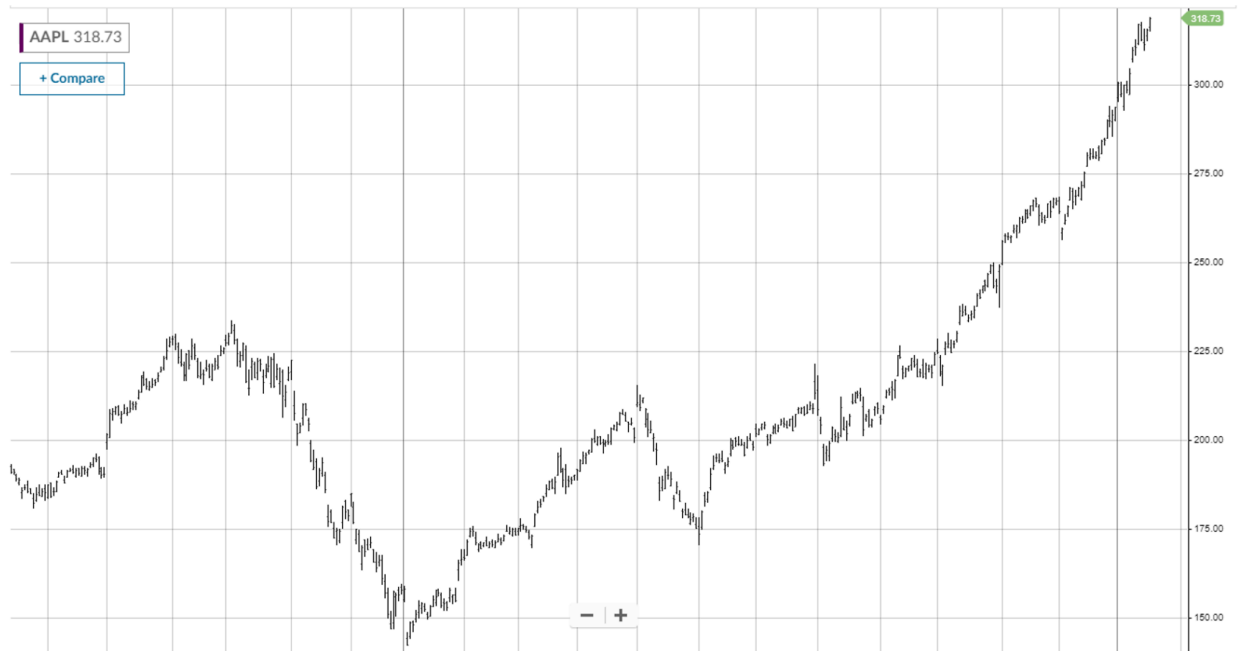
Eight hundred people entered. Since he was a statistician, he ran a statistical test on the numbers. He discovered that the average guess (1,197lb) was 1lb different from the actual weight of the ox (1,198lb).

Although nobody guessed the weight correctly, the average came within 0.1% of the actual weight.

The people who guessed the weight could be seen as 'the market'.

Francis Galton, who wrote down the answers, can be seen as 'the chart'. He simply recorded the information coming out of the market.

Take a look at the chart below. It shows the movement in the stock price of Apple.



A computer simply recorded what people were willing to pay for this Apple stock. It is just like the people guessing the weight of the Ox at the country fair.

The price of something is determined by the people who are buying and selling that something.

If information comes out that makes people believe price is going to go down, then price goes down. If information comes out that makes people believe the price is going to go up, then prices go up.


So what you are seeing here are people's beliefs based on all of the information out in the market right now. This is where people believe that price should be.




It is a collection of human emotions based on information. Every single article, analyst report, and government action is priced into this chart.





Therefore, when a specific set of events happens in a specific order, you get market participants who act in a specific way.

Broken down into its simplest form, the market is a mix of good, bad, and neutral information.

Let's say the information streaming into the marketplace goes like this:

Information	Price movement
Good	
Bad	
Bad	

Bad	
Good	
Bad	
Good	

Good	
Neutral	
Bad	
Bad	

You end up with a pattern that looks like the illustration above.

Now imagine that good, bad, or neutral information comes out every single hour of every single day.

By having all that information happening in a somewhat repeatable sequence creates repeatable results. These past prices can give you a clue to what's happening in the future.

However, this still doesn't quite explain everything.

If good, bad, or neutral information was the only thing guiding the market, then it should be a lot smoother.

Yet, if you've been trading for any period of time you'll know that the market sometimes jumps around a lot. There's a thrashing up and down. Breaking lows and breaking highs. This happens even when there is no news or information coming out.

To find out what truly happens behind the scenes, I had to talk to an investment banker. He's been working in the City of London for over 20 years for some of the biggest banks and trading houses in the world.

Unfortunately, I can't reveal his identity. He asked to remain anonymous, so I'll refer to him as Rogue Trader. It's not that what he's revealing is some big dark secret. It's because people in the financial industry are basically not allowed to publicly talk about anything.

They aren't even allowed to buy and sell shares in the stock market for themselves. They need permission before buying any stock. Even though it is their own money.

Nevertheless, talking to him has revealed something fascinating. An entire book can be written on this topic. However, only some of the information is pertinent. I'll keep this as simple as I can.

There are clients, dealers, and market makers.

Clients put in orders, and the dealer tells the market maker what the order is.

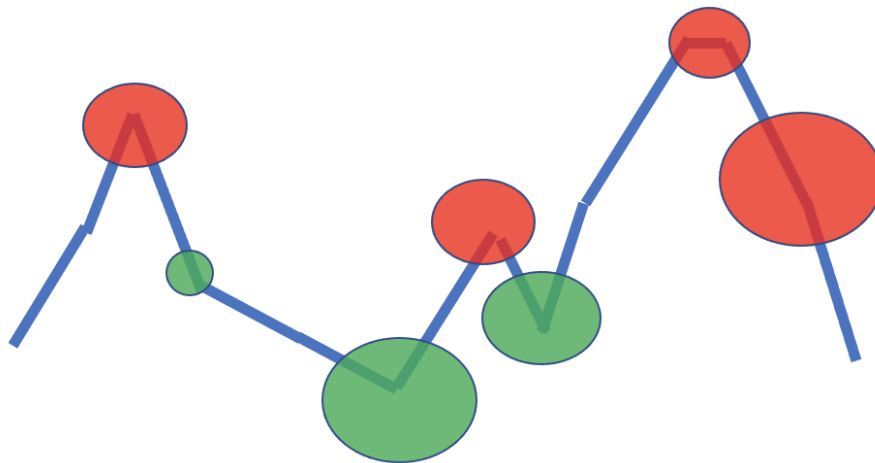
On any given day there are a bunch of limit orders that need to be filled by the market maker. This is what makes the market.

Some of those orders are high, and some of them are low.

The market maker has a purse of money. They will use that purse to push the market to fill the orders they have been given, regardless of the overall direction or trend.

Have a look at the following illustration. It is the same as the one I displayed when explaining the three types of information: good, bad, and neutral.

However, this time, I put a bunch of circles on there. The red circles represent sell orders, and the green ones represent buy orders.



The market maker will deliberately push price up to the red circles in order to fill a bunch of sell orders. They know the market is going to go back down, so they will also put in their own sell orders. This makes them money, replenishing the cash they spent pushing the market up. Their purse is full again.

They will also deliberately push prices down towards the green circles in order to fill buy orders. They will keep doing this for as long as they get orders coming in.

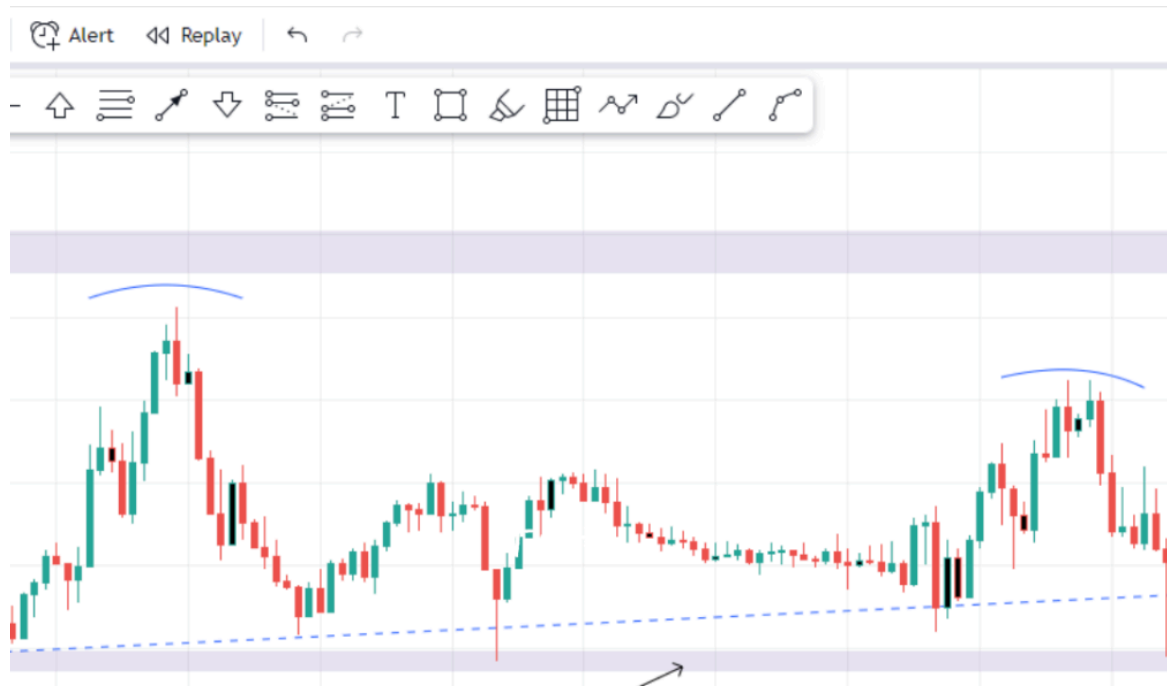
For example, the purse for GBPUSD (British Pound VS U.S. Dollar) is about \$55 billion USD. When that purse is spent, it equates to a move of roughly 55 pips. Most moves in GBPUSD happen in bursts of 55 pips before taking a break. Only extraordinary events will move it further.

Now, if more sell orders come in than buy orders, the market maker will try their best to fulfill both sides. However, ultimately, the price will rocket downward. That's why you often see price thrash around a bit before just dropping out of nowhere.

This explains a lot of the random movement in price. According to the regulations, the market maker is the only participant in the market that's allowed to trade this way. Because without them, the entire system breaks down.

This often looks and feels like market manipulation, but these guys and girls are just doing their jobs.

For example, take a look at the chart below.



Price is thrashing around, going sideways. The market makers are pushing it up and down to fill all the orders on their books. Orders they get from dealers who in turn get them from big institutions and companies.

However, at the same time, this is forming a pattern. A relatively predictable pattern that shows us a big move is coming up.

On one Tuesday afternoon, a trader named Gordon Pettet spotted this exact price action pattern in EURCHF. The pattern suggested that there is a good chance the Euro was going to weaken against the Swiss Franc.

Gordon decided to sell short and pocketed a nice profit. He posted about it in our school.

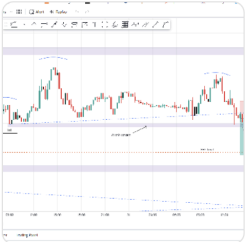
ago in Win
IF
e trade S
gressive
2
eve Coop
ago in Win
; winne
alf of the
in
2
ames Pit
ago in Win
- WIN -
n after th
lose abo

Gordon Pettett
7d ago in Winning Trades

Watching (2) ...

EURCHF

The same trade Simon was discussing this afternoon but this is on the 15m.
I have a rather aggressive stop. 😊



3 Liked 3 2 comments Sort: Discussion ▾

Peter Visser · 4d
Wow straight to the finish line with that one 🔥

0 Reply

Now, Gordon knows all of the information I have revealed in this book so far. He understands the scientific research I have referenced. He also understands the very reason why the market moves the way it does.

I know this because I posted an entire course on it in our premium school. He was one of the first to comment.

He said:



Gordon Pettett · 5d

Thank you Peter that was a brilliant watch. I'm feeling a lot more confident with the scientific information which confirms all the methods we are using in the trading cafe.

👍 1 Reply



Peter Visser · 5d

@Gordon Pettett that's fantastic! It only scratches the surface tbh.

👍 0 Reply

I'd like to think this helped to give him some of the confidence he needed to execute this trade on EURCHF.

Here is a visual of the chart in full. You can see where he entered and exited this trade for a profit.



About 24 hours before I sat down to write this particular chapter, Gordon posted another winning trade. I'd like to use this example to put an exclamation point on this chapter.

Based on a simple pattern he spotted on AUDCAD (Australian dollar vs Canadian dollar), he believed it was going to go down.

The image is a screenshot of a social media post from a user named Gordon Pettett. The post is titled "AUDCAD H&S" and contains a text-based update and a technical chart. The text says: "After Simon's live session today, I realized there was an area of value right before H&S target, so closed out at 1.7%, So thank you Simon for your wisdom." The chart shows a price movement with a red shaded area indicating a trade exit point. Below the chart, there are engagement metrics: "Liked 5" and "4 comments". The post also shows "Watching (4)" and a "Sort: Discussion" dropdown menu.

Although he was correct, he closed out this trade early because it hit an “area of value”. That’s an area where the market makers are about to fill a bunch of buy orders. Price will most likely bounce off it. And it did.

Have a look at the full chart below. Gordon exits right on the low. After he exited, price then shot up. Had he stayed in the trade, it would have eaten up the vast majority of his winnings.



So how did Gordan know this was going to happen? Which patterns can determine the direction of the market like this? Let's move on to the next chapter and take a look.

Chapter 4: Will It Go Up Or Down? The Science Behind Market Direction

There really are only three major steps to every single successful trading strategy.

Step #1. Where is it going? Pick the direction of the market.

Step #2. When is it going? Use an entry signal to confirm the start of the next move in that direction.

Step #3. When will it stop going? Your exit levels when things go right or wrong.

Direction. Entry signal. Exit levels.

Underneath each step, you have several confirmations that will reinforce your decision. That's where the nuance of the strategy usually comes into play.

The next two chapters will look at these major steps and the science behind them. Pay close attention, because this will be the bedrock of all your trading going forward.

Let's start with picking the direction.

The most robust study about this came out in 2009 ⁽²⁰⁾. Dr. Friesen and a couple of other data scientists looked at 35,000 trading scenarios involving two reversal patterns.

They found that when a scientifically valid double top/bottom or head & shoulders formed, price would continue in that direction for 100 days.

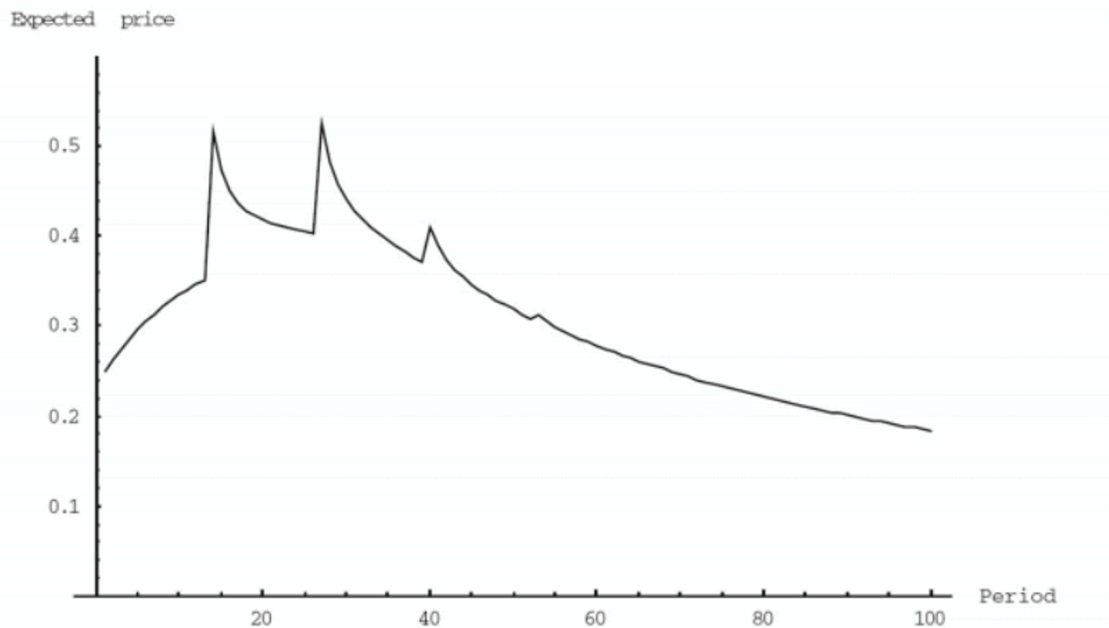


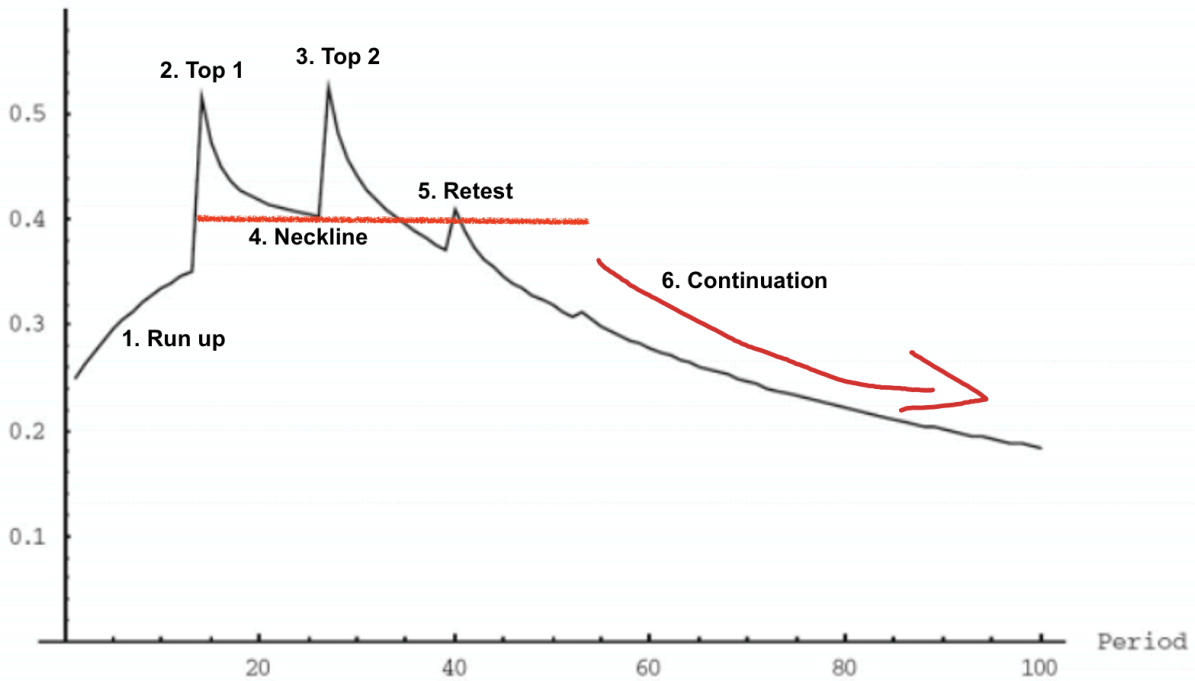
Figure 9. “Double-top” price pattern. This plots the expected price path conditional on an initial L -signal ($L = 0.5$). The parameter values were chosen as in Figure 3, except that all M -signals arrive at intervals of 13 periods.

(Screenshot from the study)

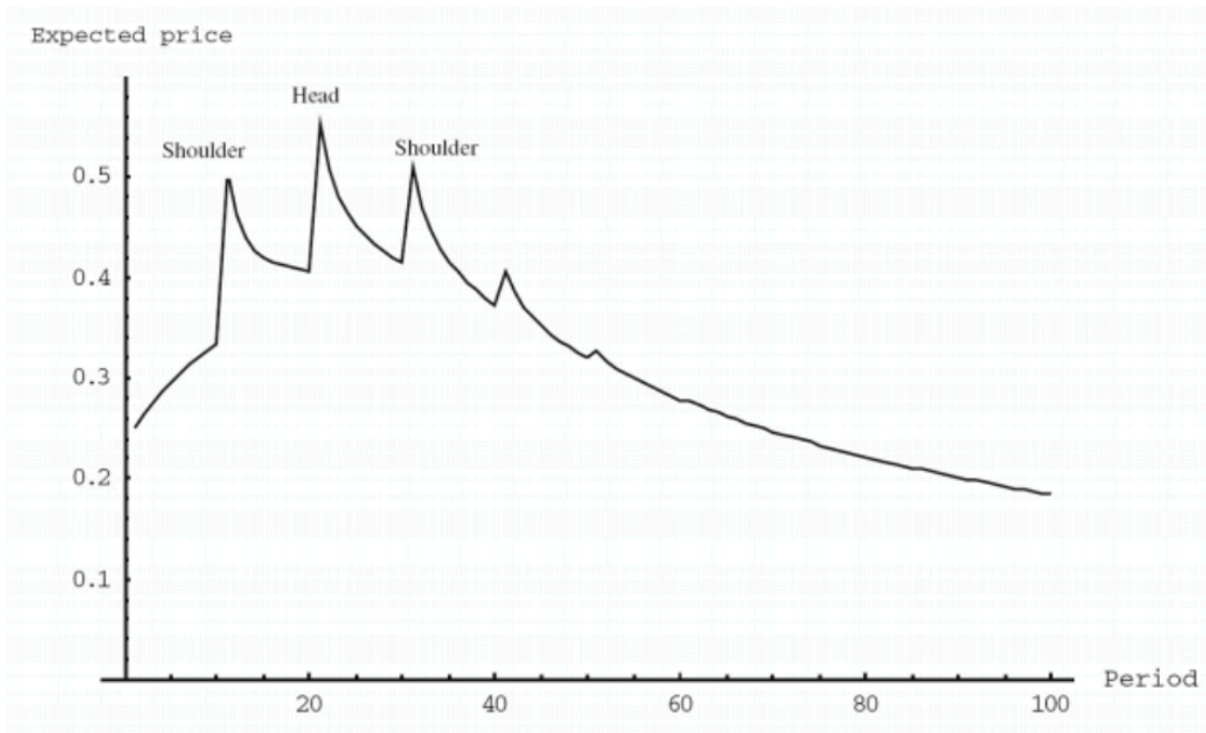
Notice that I said a “scientifically valid double pattern”. The image above shows the expected price path of 35,000 scientifically valid double tops. However, you need 6 stages to happen before it’s scientifically valid.

1. Run up of price.
2. Top 1 - this is the first reversal in price.

3. Top 2 - this is the second reversal of price.
4. Neckline - this is created by the two tops.
5. Retest - Price then breaks the neckline and retests it.
6. Continuation - Price continues in the direction for a period of time.



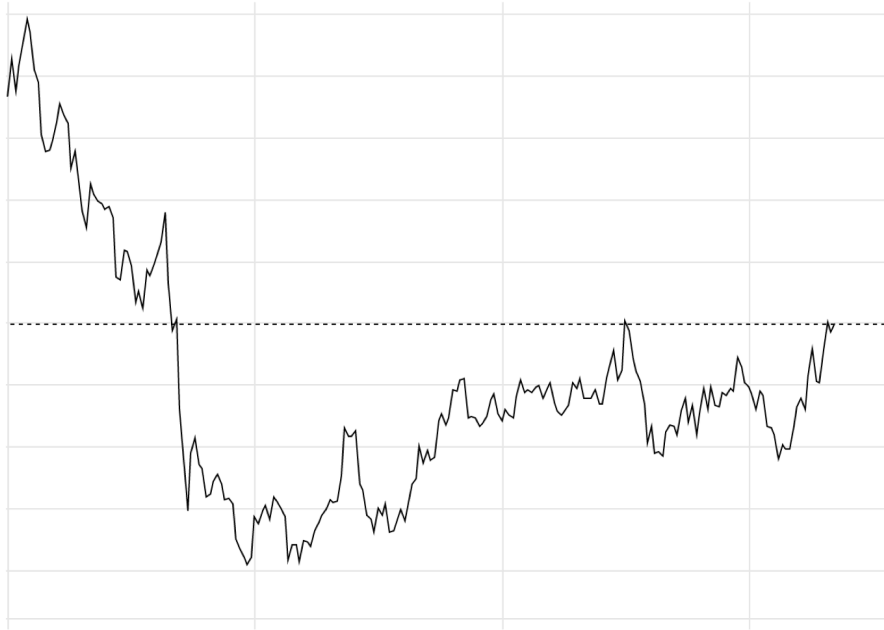
The same is true of the head & shoulders, except there's an additional top. Instead of two bounces, there are three.



Remember, this is the average price path. The average move. It is not a guaranteed move. Nothing in trading is guaranteed, ever.

It's kind of like a compass. If you're walking through The Rocky Mountains the compass is useful in giving you your general direction. However, there are many mounds, rivers, valleys, and other obstacles in the way. You have to navigate them using different tools.

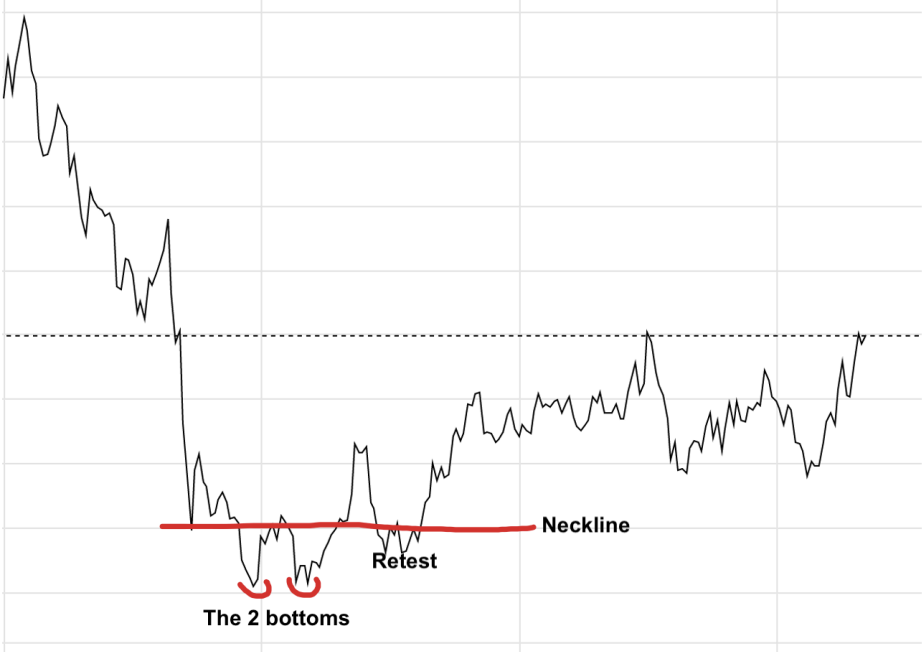
For example, take a look at this chart. It shows a scientifically valid double bottom. It has all the same 6 stages but in reverse.



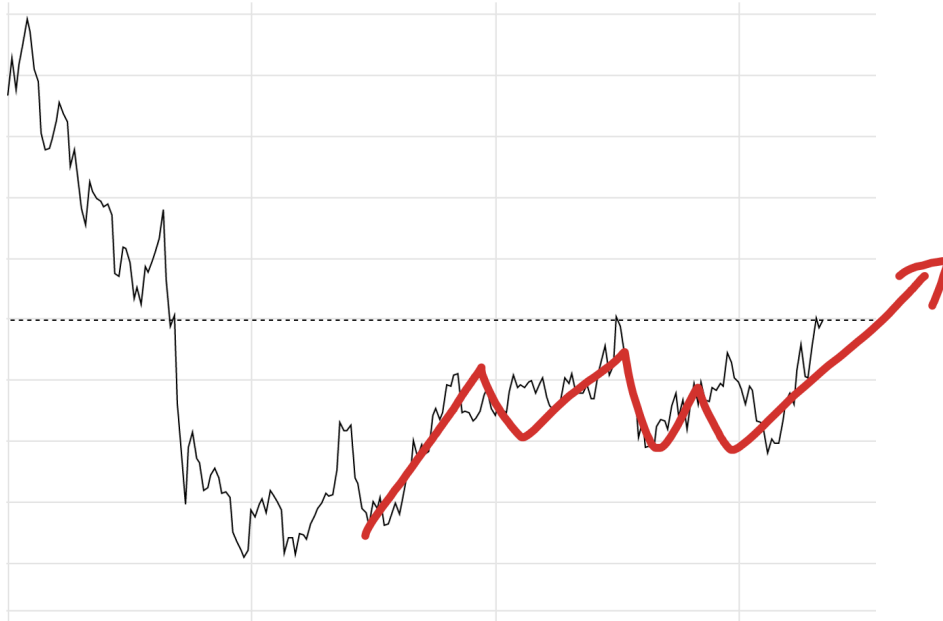
Let's draw in stage 1. The run down in price.



Now, let's draw in stages 2-5. The two bottoms, the neckline, and the retest. You're probably already noticing that it's not perfect.



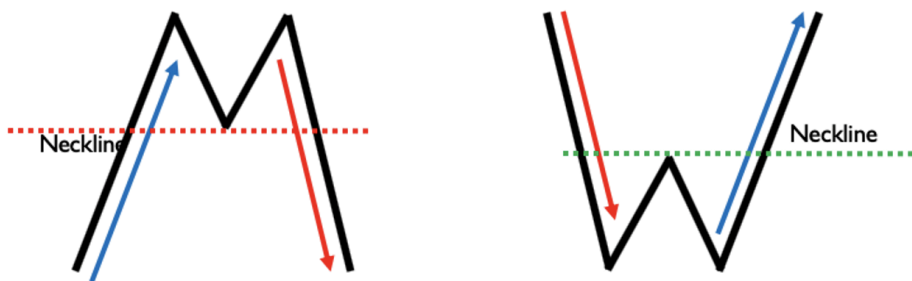
Does price continue moving up after this pattern is formed? Yes, of course. Is it in a straight line? Not even close.



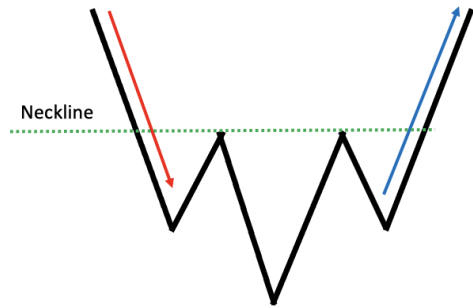
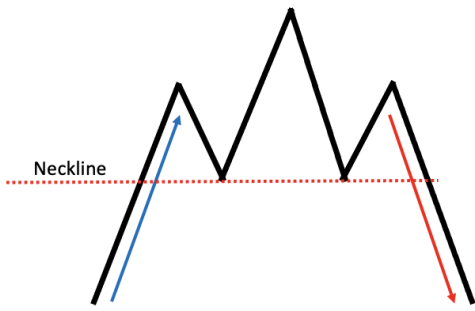
Real life is never as smooth as a scientific study that plots 35,000 trading scenarios. Averages can be misleading. However, just like a compass is useful when you're on a hike, so are these directional patterns when you are trading.

Below is a list of scientifically tested price patterns. It's not an exhaustive list (I may include this later), but it's a great starting point.

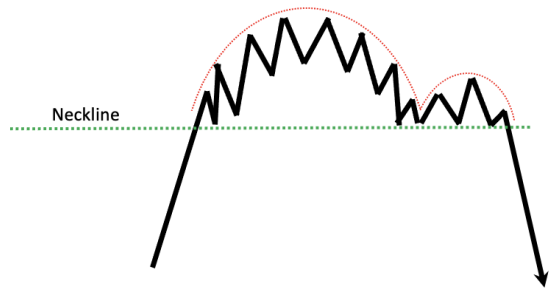
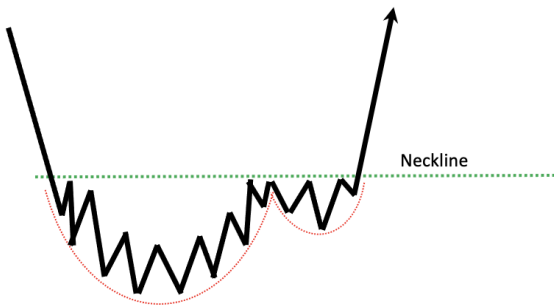
Double tops & bottoms



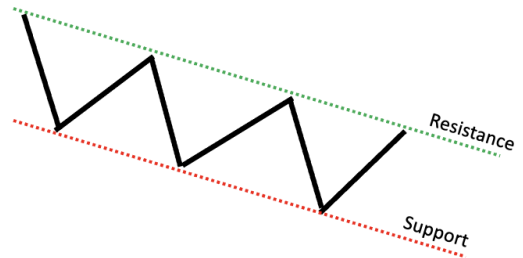
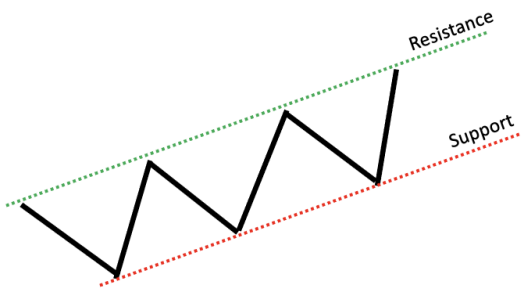
Head & Shoulders



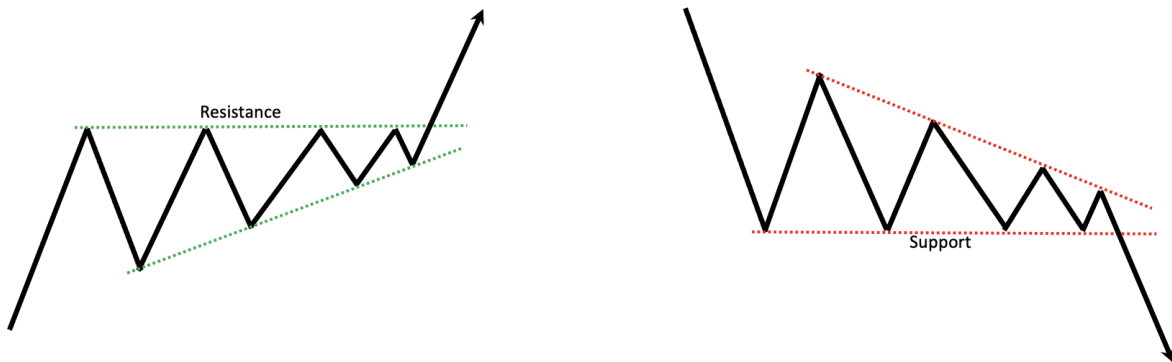
Cup & Handle



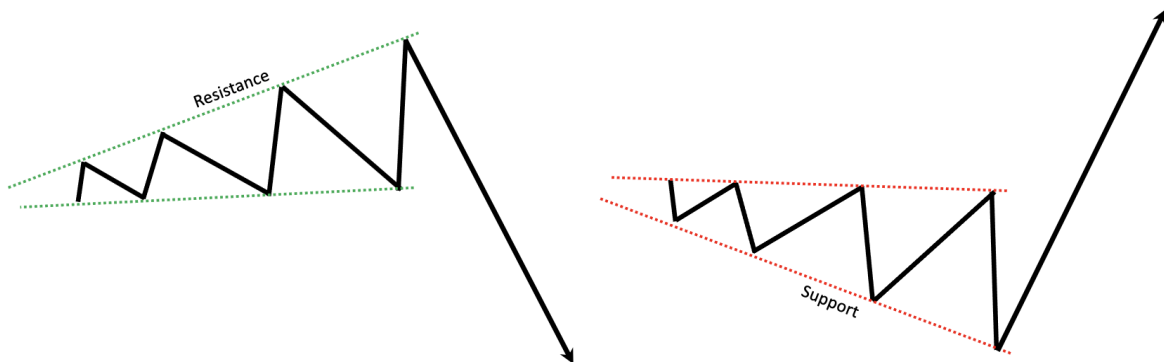
Channels



Ascending & Descending Wedges

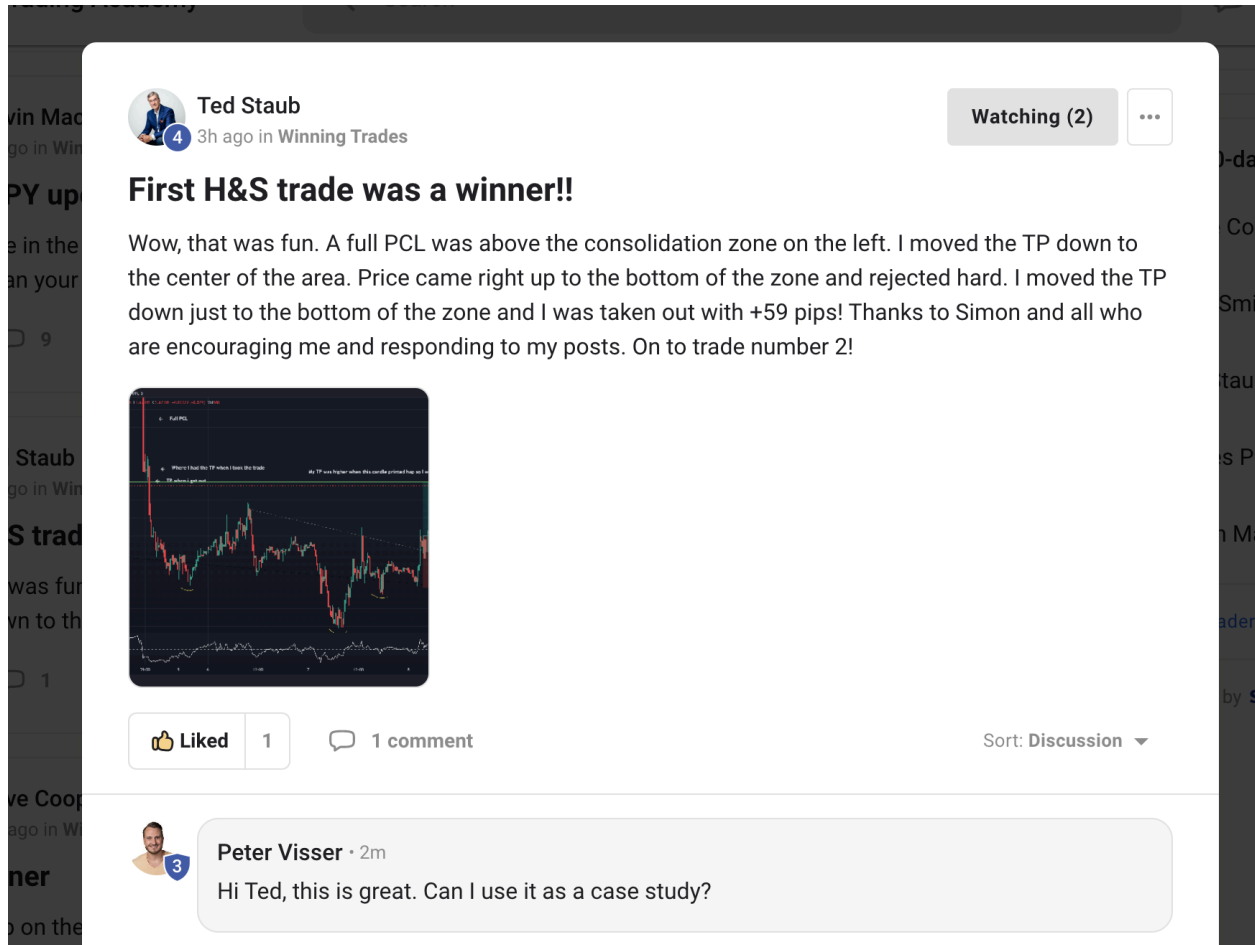


Broadening Tops/Bottoms



You don't have to use all of them. In fact, I would recommend using just one or two. The more focused your trading, the better you'll become at spotting them. Sid Naiman is one of the best stock traders I know, and he looks at two-directional patterns. Simon Pullen looks at just one. You'll get to know about both their strategies in a moment.

For example, Ted Staub is a member of one of our premium communities. He posted this winning trade a few hours before writing this chapter.




The image is a screenshot of a social media post from a trading community. The post is by Ted Staub, who has 4 followers and posted it 3 hours ago in the 'Winning Trades' category. The post title is 'First H&S trade was a winner!!'. The text of the post describes a trading strategy: 'Wow, that was fun. A full PCL was above the consolidation zone on the left. I moved the TP down to the center of the area. Price came right up to the bottom of the zone and rejected hard. I moved the TP down just to the bottom of the zone and I was taken out with +59 pips! Thanks to Simon and all who are encouraging me and responding to my posts. On to trade number 2!'. Below the text is a candlestick chart with a green line representing the price and a red line representing the profit. The chart shows a consolidation zone on the left, followed by a price rise and a rejection. The post has 1 like and 1 comment. The comment is from Peter Visser, posted 2 minutes ago, asking 'Hi Ted, this is great. Can I use it as a case study?'. The post also has a 'Watching (2)' button and a 'Sort: Discussion' dropdown menu.

Ted Staub 3h ago in Winning Trades Watching (2)

First H&S trade was a winner!!

Wow, that was fun. A full PCL was above the consolidation zone on the left. I moved the TP down to the center of the area. Price came right up to the bottom of the zone and rejected hard. I moved the TP down just to the bottom of the zone and I was taken out with +59 pips! Thanks to Simon and all who are encouraging me and responding to my posts. On to trade number 2!



Liked 1 1 comment Sort: Discussion

Peter Visser · 2m
Hi Ted, this is great. Can I use it as a case study?

Below is an image of his chart. He saw a pattern forming and executed the trade. It was just one pattern. Not two or three. Just one.



Chapter 5: Scientifically Tested Entry Signals

In the previous chapter, I revealed that all successful trading strategies have three major steps.

Step #1. Where is it going?

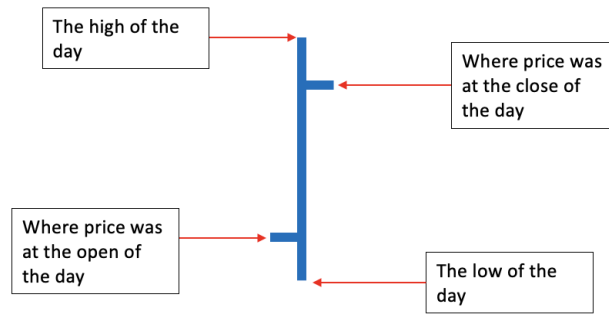
Step #2. When is it going?

Step #3. When will it stop going?

This chapter will be dedicated to step #2.

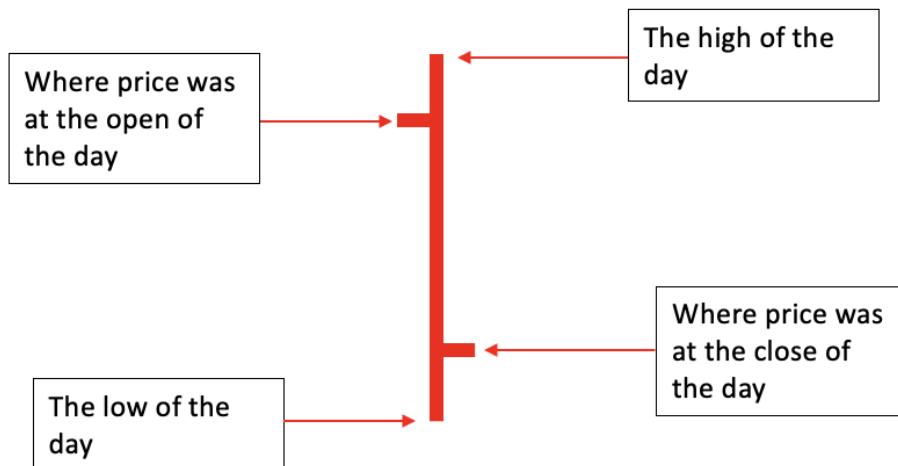
To understand this next bit you have to be familiar with bar charts and candlestick charts. Let's start with the bar chart.

Below, you'll see an illustration of an OHLC bar. It shows you the **O**pen, **H**igh, **L**ow, and **C**lose of price for a given day.



The color of the bar is determined by whether it was an up or down day. If the close is higher than the open, the bar is usually blue or green. The reverse is true for a down day.

If, at the close of the day, price is lower than the open of the day, then the bar will be red.



Let's take a look at an example.

The New York Stock Exchange opens at 9:30am EST. Wherever price is at 9:30am is where the bar will open. The stock market closes at 4:00pm. Wherever price is at 4:00pm is where the bar will close.

Below is a chart showing Apple stock. I've annotated a couple of bars to give you a visual illustration.

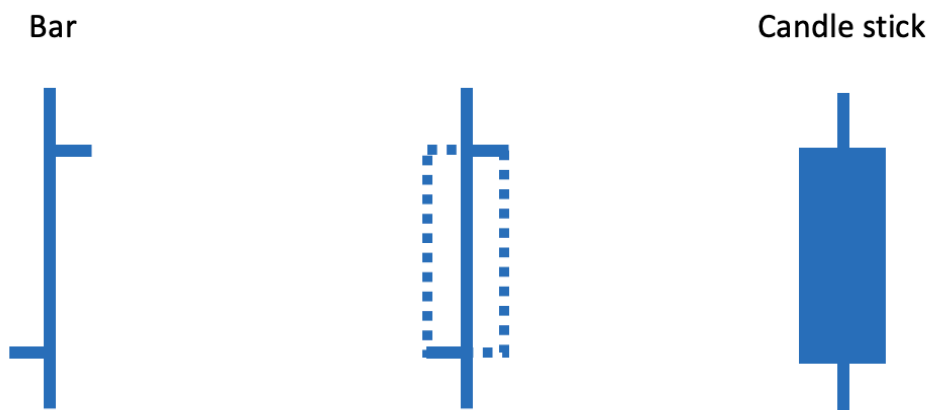


In this example, each bar represents a day of price action. You can also have 4-hour charts where each bar will represent 4 hours of price action.

At the 4-hour mark, the bar will close and then open a new bar. So on and so forth.

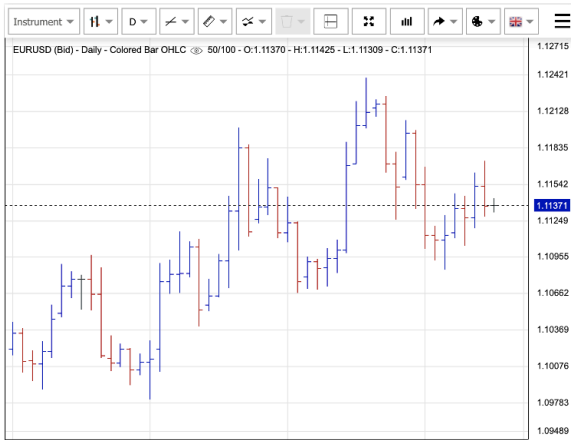
You can go all the way down to a 1-minute chart where every single bar shows one minute of price action. Most of the traders inside our school trade the daily, 4-hour, 1-hour, or 15-minute charts.

Candlestick charts display the same information as bar charts. The only difference is that their bodies are colored in.



The bar is simply colored in.

The image below shows both of them side by side. You can use whichever one you want, it's absolutely your own choice.



Below, you can see a post by a trader called Ashley Page. He suggested going short on GBPAUD. If you look closely at the post you'll see that he prefers candlestick charts.

Ashley Page 2d ago in Ashley Trades Watch (1) ...

Pending Sell on GBPAUD


I have placed a Pending Sell on GBPAUD - chasing the Daily 382 see the parameters on the screenshot of the chart

Below, you'll see a post from Steve Cunningham. He is a trader who prefers using bar charts.

Steve Cunningam 22h ago in General discussion Watch (2)

AUD JPY ADDED ANOTHER POSITION

Price has squeezed up into this pattern and is now breaking out. There was a bearish engulfing bar on the 15 min



Let's take a quick look at a head & shoulders example using a 15-minute candlestick chart. Each bar below represents 15 minutes of price action. You can see how price moved up and down over time to form a head & shoulder.



Simon Pullen entered a trade long based on this pattern. In the bottom right-hand corner of the image you can see he wrote the word “Tweezer”. That right there is an entry signal.

He spotted the direction of the market and then waited for the market to give him the “go-ahead”.

You see, right before the market is about to move, it'll give you between one and three bars that signal you to enter the trade. It's kind of like getting the green light from the market makers that they have filled all their orders and they are ready to let prices run.

The first rigorous testing of these 1-3 bar entry signals was done from 1992 to 1996 by two data scientists from Pittsburgh University, Caginalp, and Laurent ⁽²¹⁾. They looked at all the stocks in the S&P 500 over that period of time.

In their paper, they state,

“...a trader who has the same information as others plus the knowledge of this method will have a competitive advantage... On a yearly basis each unit of capital would be compounded into 202% to 259% of the initial investment.”

If you had invested \$5,000, you would end up with \$15,100 after one year, \$45,602 after two years, and \$137,718.04 after three years (just 36 short months).

Naturally, people were skeptical.

“But what about other markets? And other market conditions?”

The rush to disprove this strategy started with two mathematicians, Yung-Ming Shiu and Tsung-Hsun Lu. They tested it in the Taiwan stock market from 1998 to 2007 ⁽²²⁾.

They not only agreed with the results of the researchers at Pittsburgh University, they actually compared a boatload of other strategies. Their conclusion?

“[...]This strategy is more frequent and most trustworthy according to our results.”

One by one, more studies came out. And they’re still testing it every few years. In fact, there have been 179 follow-up research papers since Caginalp and Laurent published that first one.

Here are more recent examples.

In 2018, the International Journal of Economics and Business Research published a scientific paper by Chin et al testing this method in the Malaysian Stock Market ⁽²³⁾.

Later that same year, the Journal of Insurance and Financial Management published a peer-reviewed paper that proved it worked in the Vietnamese Stock Market ⁽²⁴⁾.

Two other researchers from India, Prasad and Murugaiah, tested it in the Indian Stock Market and published their results in an investment journal called Wealth ⁽²⁵⁾.

At the time of writing, there have been 179 follow-up papers referencing that original paper.



The predictive power of price patterns

[G Caginalp](#), H Laurent - *Applied Mathematical Finance*, 1998 - Taylor & Francis

Using two sets of data, including daily prices (open, close, high and low) of all S&P 500 stocks between 1992 and 1996, we perform a statistical test of the predictive capability of candlestick patterns. Out-of-sample tests indicate statistical significance at the level of 36 standard deviations from the null hypothesis, and indicate a profit of almost 1% during a two-day holding period. An essentially non-parametric test utilizes standard definitions of three-day candlestick patterns and removes conditions on magnitudes. The results provide ...

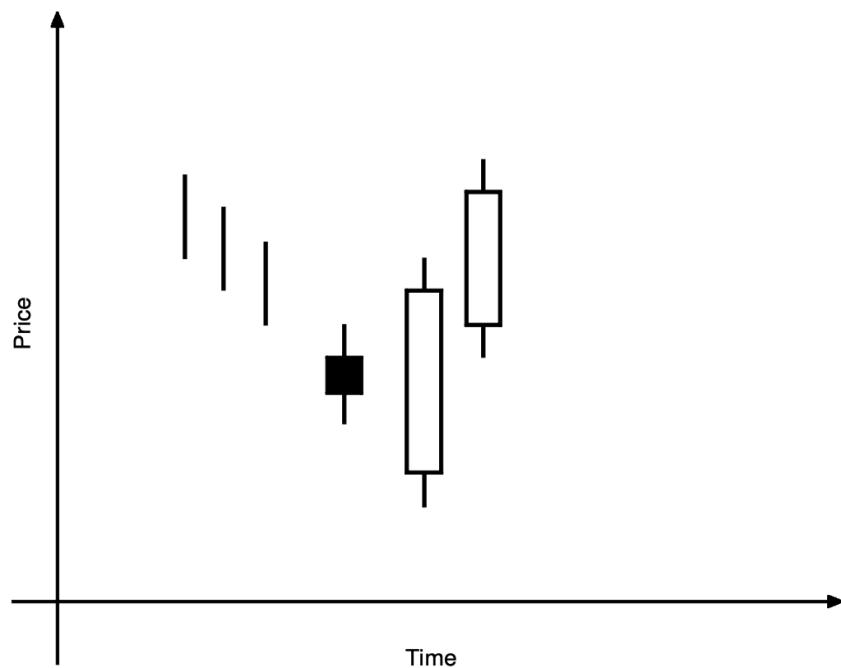
☆ Save Cited by 179 [Related articles](#) [All 21 versions](#)

Showing the best result for this search. [See all results](#)

icles

patents
citations

So, let's take a look at one of the scientifically tested entry signals using candlestick charts. The following 3-bar pattern is called Three Outside Up. There is a small narrow-range candle, followed by an engulfing candle and a confirmation candle.

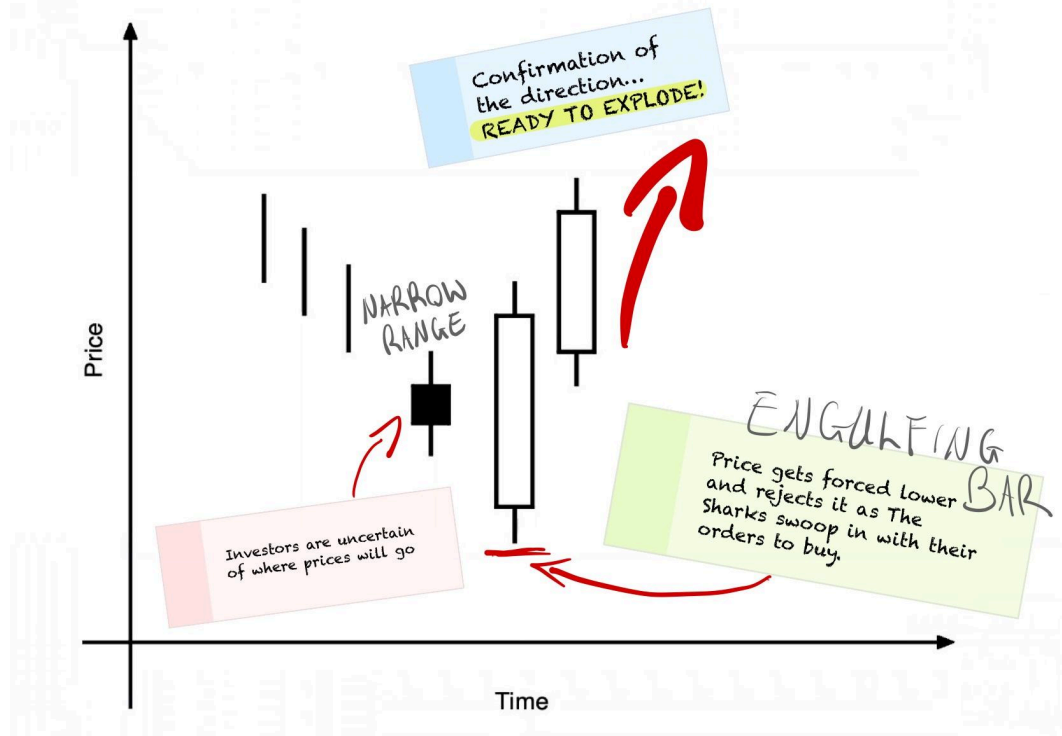


Why does this work so well?

The small narrow-range candle represents a build-up of energy. For a period of time, the market is being squeezed into a very tight range. This doesn't last long. At the very next candle price jumps down and opens lower.

The market makers fill a bunch of buy orders down there, and price shoots up. The candle goes so high that it completely engulfs the previous candle. This is a signal that the market is about to jump higher. The next candle breaks the high again, and you've got yourself a Three Outside Up pattern.

When you combine this with a longer-term pattern, then you've got yourself an entry. A lot of the traders in our school will go on the second candle. They won't even wait for the third one.



Below is an illustration of all the scientifically tested entry signals from the original study.

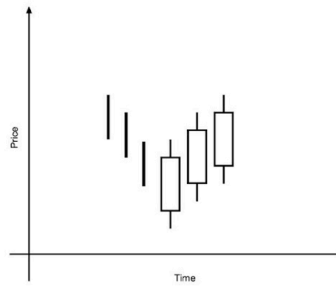


Fig. 4. Three white soldiers.

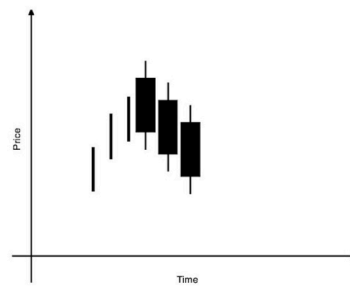


Fig. 5. Three black crows.

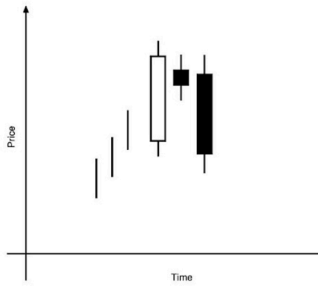


Fig. 7. Three inside down.

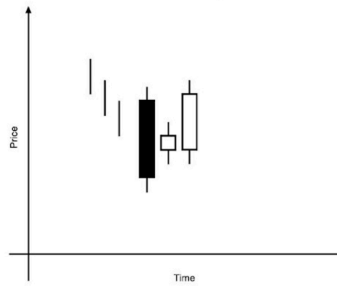


Fig. 6. Three inside up.

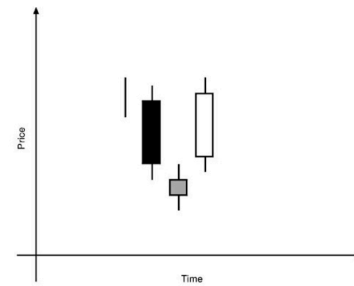


Fig. 10. Morning star.

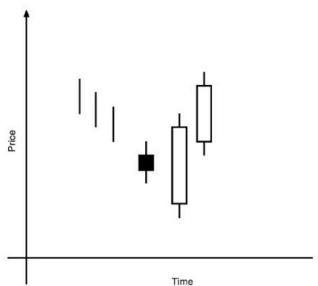


Fig. 8. Three outside up.

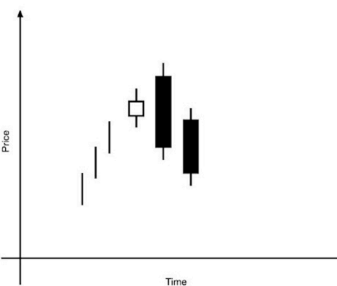


Fig. 9. Three outside down.

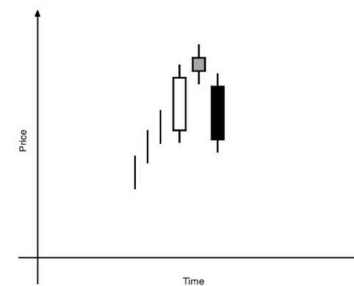


Fig. 11. Evening star.

I know that this is a lot of information. If you're feeling confused or overwhelmed, then don't worry. Everything will become crystal clear by the time you finish this book.

Let's summarize what we know so far.

- Past prices have a predictive quality about them.
- Use tested patterns or "levels" to find direction.
- Use entry patterns to find "entries".

You'll notice that we've only covered two of the three steps so far. I haven't talked about exit levels much.

In the next few chapters, I'm going to walk you through four trading strategies by four very successful traders. That will include four incredibly robust exit methods. So, whatever you do, don't stop reading now.

Chapter 6: Quick Win Strategies to 6-Figures

We asked each of the 6-figure traders the following question.

“If you could go back in time to a younger you, what’s the most practical and simplest component you would teach yourself?”

Here’s why.

Each of the traders had developed a sophisticated and holistic way of looking at the markets. That’s a fancy way of saying *“they know a lot of stuff”*.

To learn everything that’s in their heads will probably take several years or. Instead, Zack and I wanted something practical and quick. Something you can learn and use right away.

The traders divulged the simplest and most useful component they could think of. A component their younger self would have found priceless.

We call these components Quick Win Strategies.

These are the strategies we will be revealing in this book. Even though they are simply “components” of the entire trading method used by our six figure traders. They are incredibly powerful all by themselves.

Let me prove it.

After launching the first version of this book, we started The Trading Academy. It's a premium school that uses structured education to teach the trading methods revealed in this book.

Inside one of our Legacy courses there is a backtesting project. The students have to find and backtest at least 300 trades using the strategies they learned.

Some of them only use the Quick Win Strategies you're going to learn in this book. Below is an image of the "project post".

The screenshot shows a social media post from 'The Trading Academy' dated August 24. The post title is 'Project Post: Project D -> Complete your backtesting'. The text of the post reads: 'Dear Trading Academy Student, **POST YOUR PROJECT AS A COMMENT BELOW**'. It lists three instructions: 1. Post your completed project by creating a COMMENT below (do NOT create a new post). 2. Please look through other students' projects and see what you can learn from what they did. Can you help them in any way? Is there anything that you can learn from them? Keep it positive and focused on progress. 3. Once that's done, you can either repeat the module and project or move on to the next module. Remember to always sti... See more. The post has 8 likes and 174 comments. A comment from 'Matheus Vilela' dated Sep 24 is visible, stating: 'It seems I will have the honour to start Project D tread :, which I am sure will be followed by many other Project D backtesting! Here is the summary I have exclusively used the base Alex's supply and demand strategy with no outliner, orderblock, flip zone or mechanicals. I have done bar-per-bar replay (totally worthy) and trading time between 6 AM to 5 PM, except Friday after 3 PM. Also, I have not retrofit any non-taken trade, If I missed it, I missed it. I have done approximately 40 trades per ... See more'. The comment has 9 replies.

Matheus was the first to test 300 trades of Alex Morris' Supply & Demand strategy (chapter 10).

His total return was 234.88%, with a win rate of 59.37%.

Next, was John Hayes who backtested The Bollinger Band Strategy (chapter 11). He got a total return of 124% and a win rate of 68% over the 300 trades.

Then there's Ramon Hagelen, who tested Sid's Oversold & Overbought strategy (chapter 9). He got a 192.54% return and a win rate of 78.02%.

Jon Dodd tested Simon's W & M strategy (the next chapter in this book). He got a return of 178.2% and a win rate of 77%.

And this is just a small sample of students. There are hundreds of other examples.

In each of the corresponding chapters we will look at the trade results in more detail for the specific strategy.

However, I have to be brutally honest and transparent with you. It's a promise I made to you at the beginning of the book, and I intend to keep it.

I know of traders who have tried to use these components and failed. I also know of traders who have made it an outrageous success. Some are on their way to living off their trading income after starting from scratch.

Therefore, before we dive into the strategies, you need to know what may hold you back from turning them into an income.

There are specifically three barriers. I fell victim to all three at one point and it cost me dearly. Ignore this section of the book at your own peril.

Complexity Bias:

Complexity Bias is when people think something simple is harder than it really is. It's like choosing a long, winding road even when there's a short, straight path that gets you there faster.

This is an innate human trait that helps blow up trading accounts.

There's a misconception that if something is more complicated, it must be more advanced or superior. This can stem from the notion that progress inherently involves increasing complexity.

Think back to school. The teachings became more complex over time. The later years were more advanced and gave you superior knowledge.

I fell victim to this with the very first strategy you will learn today. I dismissed double tops and bottoms because I thought they were too simple.

I knew about them for years. Yet, I never even tested them.

Don't let the YouTubers and social media 'gurus' fool you. Complex stuff isn't always superior.

Novelty Bias:

Novelty Bias is when people are drawn to new things just because they're new, even if the old stuff works just as well or better. It's also known as 'shiny object syndrome'.

Neurological research has shown that the human brain responds positively to novelty. For instance, new stimuli can activate the brain's reward system, releasing dopamine.

You may even have experienced some of this while reading this book. The 'new' concepts have made you excited. New things can also promote attention and information retention.

Here's the problem. Eventually, the new information in this book will become old information. Perhaps you already know some of the components we are about to unveil.

Once you have taken your 20th trade, you will likely be 'bored' or looking for a way to optimize the strategy.

This is a surefire way to lose in the long run. Stick to the tried, tested, and even boring stuff, and you'll be fine.

Dunning-Kruger Effect:

The Dunning-Kruger Effect is when people who know a little think they know a lot, while experts often think they know less than they do.

In 1999, two scientists, Dunning and Kruger, did a study at Cornell University. Here's what they found:

- Some people who didn't do well on tests actually believed they nailed it.
- On the flip side, the top performers thought what was easy for them was easy for everyone.

- The reason some overestimated themselves? They couldn't see their own mistakes.
- Good news: when these overconfident people got more training, they got better at understanding their true skill level.

This can derail you in 5 ways.

1. **Overconfidence in Limited Knowledge:** Traders with limited experience or understanding might think they have a comprehensive grasp of the market. This overconfidence can lead them to dismiss simple strategies because they believe they're "above" such basic approaches or that they can devise a better, more complex strategy on their own.
2. **Underestimating the Efficacy of Simple Strategies:** More experienced traders, aware of the complexities of the market, might assume that a simple strategy can't possibly be effective. They might believe that the markets are too complex for a simple strategy to work, even if empirical evidence suggests otherwise.
3. **Not Recognizing Your Own Limitations:** Less competent traders might not even realize when they're making mistakes. If they use a simple strategy and don't see immediate results, they might blame the strategy rather than their own implementation of it.
4. **Resistance to Feedback:** If they're overconfident in their abilities, traders might resist feedback from peers, mentors, or the market itself. This can prevent them from seeing the merits of a simple and effective strategy presented to them.
5. **Chasing Complexity:** We've talked about this one before. Driven by the Dunning-Kruger Effect, a trader might think that complexity

equates to sophistication or higher returns. They might overlook or dismiss a simple strategy in pursuit of a more intricate one, thinking it will yield better results.

So, whatever you do. Embrace the simplicity and practicality of what you are about to learn.

It is designed to give you a quick and easy win, hence the name “Quick Win Strategies”.

Chapter 7: M-Tops & W-Bottoms by Simon Pullen

One of the best traders I have ever seen in my life is Simon Pullen.

At 58 years young, Simon hails from the UK and calls the small town of Grantham home. The same place that Margaret Thatcher came from.

Simon has been married for 18 years and has two kids that keep him on his toes. With his kids aged 11 and 9, he is lucky enough to have a job that allows him to spend lots of time with them, even if that means running around like a madman taxi driver.

However, over 15 years ago, Simon was working hard as a financial advisor, traveling all over the place for clients. He was feeling pretty fed up about the fact that he was having trouble getting his clients a decent return on their investments. It was a tough time, with house prices not going up, money in the bank being useless, and the stock market being as exciting as watching paint dry.

One day, a guy walks into his office who was dabbling in the wild and crazy world of spread betting. If you don't know, spread betting is when you bet on whether something will go up or down - stock market, commodities, currencies, you name it.

Simon started to think that this might be the solution to his problems.

After all, no matter how good Simon's advice was, if the stock market was tanking, his clients were gonna take a hit. And he figured, why not try and make some money for himself while he's at it? So he dove headfirst into the world of spread betting, eager to learn all he could.

Fast forward a few months, and Simon was convinced he could make this work. He even quit his job and went full-time with it, but he quickly learned that he still had a lot to learn.

The first year was a complete disaster, with him realizing that he didn't know as much as he thought he did.

He spent countless hours analyzing charts and testing different strategies, but nothing seemed to stick for long. Every time he thought he had found a winning formula, it would suddenly stop working, leaving him back at square one.

It wasn't just a matter of putting in the hours either. The constant ups and downs of his search for a reliable strategy took a toll on his mental health. To make matters worse, he had quit his job, and his wife's income wasn't enough to support them.

For the first 18 months, Simon wasn't making any money, and the stress of that situation weighed heavily on him. Every night, he went to bed thinking about how he needed to turn things around. It was a challenging time.

But he was determined to keep going, even if it meant dipping into his savings.

And just when he thought he had found his way, his wife stopped working due to her pregnancy. Suddenly, the pressure was on. He had to bring in enough money each month to cover the bills and some.

Every month felt like a race against time. He had to bring in enough money within the first two weeks, or he'd be facing a loss for the month. The mental strain of constantly having to make money was somewhat overwhelming. Despite the difficulties, Simon soldiered on, determined to make it work.

Even in the toughest times, this guy just wouldn't give up on his dream of making money through trading. Despite those moments of doubt, he always felt like he'd eventually find a way. This blind optimism paid off.

One thing that really helped him turn things around was his newfound love for taking notes on all his trades. He jotted down everything from which days were the best for trading to which strategies worked best for him. He even set up a handy spreadsheet to keep track of all the info.

As the months went by, he accumulated a ton of data and finally took a closer look at that spreadsheet. That's when he noticed something interesting - one of his strategies was winning more consistently, even though the overall profit wasn't any higher.

So, he did some digging and discovered his biggest problem - he was terrible at cutting trades short. Whenever he saw a trade start to show a profit, he'd get too eager and close it, thinking that would help him pay the bills. But he kept a column in that spreadsheet to track the potential profits he missed out on, and boy, was he surprised - he was only making a quarter of what he could have if he let those trades run their course.

And just like that, a lightbulb went off. He realized that as long as he had proper take profit and stop loss levels set, he should just leave his trades alone. Sure, he's still tempted to cut them short sometimes, but it takes a pretty compelling reason for him to do so now.

Since then, Simon has developed a very sophisticated and holistic trading method. He trades reversals, continuations, institutional zones, patterns, etc.

Yet, when we asked him what the easiest, simplest, most practical part of his strategy was, I was genuinely surprised. Simon's most practical method is almost a carbon copy of the methods in the research papers I have been going through at the time.

Yet, Simon hadn't read or researched any of the papers. He came across this by simply testing everything under the sun. Years and years of painstakingly recording notes on different reversal patterns got him to the same conclusion as researchers.

Personally, had I not seen the evidence, I would have dismissed this strategy entirely. It's incredibly simple. It gives you this feeling of "surely not".

It can be broken down into 4 steps.

Step #1: Identify The Reversal Pattern

Step #2: Set Your Pending Order

Step #3: The Take Profit

Step #4: Invalidated Setups & Trades

Simon's Preferred Timeframe

Simon is available all day. He likes trading this strategy on the 1-hour timeframe. Now, since this strategy requires a pending order, you don't have to sit in front of the charts.

You can add your orders and let it run. You need to check in on the trade every 15 hours or so, but usually, they go to the profit target within 10-12 hours.

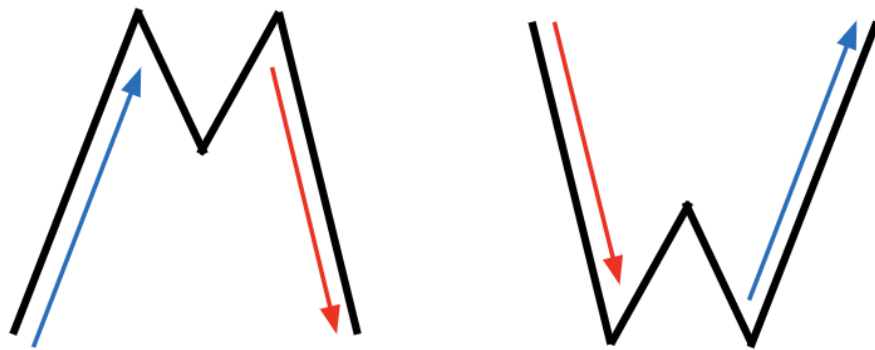
Therefore, even if you have a limited window each day, you may be able to use the 1-hour timeframe for yourself.

Step #1: Identify The Reversal Pattern

In the opening chapters in this book we looked at the research behind W and M tops. They are probably the most common and simplest patterns in the market. However, when analyzing a chart, they can be difficult to spot.

In this chapter, we will solidify your understanding of them in a more practical way.

The illustration below shows a simple M top and W bottom. They are also known as double bottoms and double tops. The M represents a reversal to the downside. When you see this pattern, you can prepare yourself for a short trade (sell). The W bottom represents a reversal to the upside. You would be looking to go long (buy) when this pattern forms.



Let's take a look at the example below. Can you spot the M top?



Look for a run-up in price. There has to be a noticeable move, two peaks, and a downward push. See the example below.



On the same chart, can you spot a W bottom? The same rules apply but in the opposite direction. You need a noticeable downward run in price and two bottoms of roughly equal length. Have a look at the example below.



At this point, it may seem like an easy and obvious thing to spot. However, when you look at the charts live, they won't look quite so clean. Let me explain.

In the chart below, you can see a run up of price and one peak. Price is starting to come down. Now, we have to wait for the second peak before we can decide whether or not this is an M top.



After waiting a couple of bars, you get to see that price is retracing to maybe form the second peak. You don't know for sure whether or not this is an M top yet. First, we need to wait for confirmation that price is going to move down.



A few bars later and we see this.



Price has formed a second peak, but is it actually an M top? The answer is, not yet. However, if price was to move down below the neckline of the pattern then it would be. To gauge you can draw an M on the chart and see whether or not price will form an M top if it goes down from here.



If it looks like an M, you're onto a potential trade and can move on to the next step. First, let's do the same with the W bottom.

First, we need to see a rundown of price and a bounce, forming the first bottom or trough. Notice that it doesn't look like a W at all at this point.



We have to wait for a second bottom to form. Price has to come back down and retest that bottom. When you look at the example below, you still can't really see that it's a W.



However, when we draw a W on the chart, we can see the potential for one.



If price follows the direction of the arrows on the chart, then you have a trade. If not, then we don't enter. Let's take a look at that in the next step.

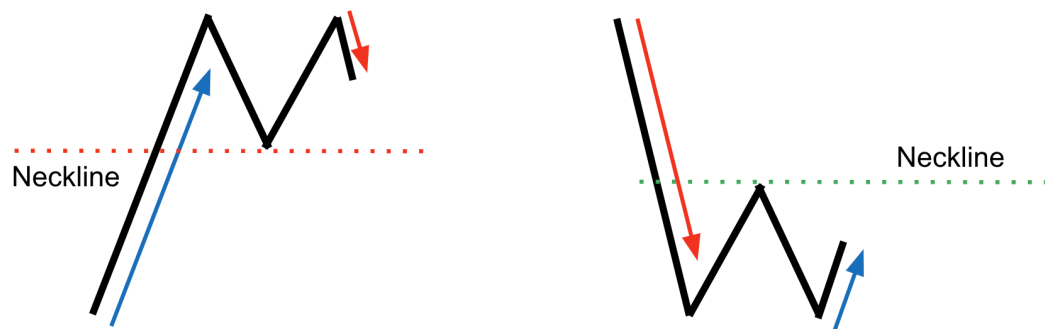
Step #2: Set Your Pending Order & Stop Loss

A pending order is like a note to your broker that says *"buy or sell something when the price gets to a certain level."*

If you want to buy, you use a "buy stop" order that triggers when the price goes up to that level.

If you want to sell, you use a "sell stop" order that triggers when the price goes down to that level. This helps you buy or sell at the price you want, even if you're not watching the market all the time.

With this strategy, you will set your pending order at the neckline of the W bottom or M top. Identify the neckline by drawing a horizontal line across the middle peak (W bottom) or trough (M top).



You can ignore the wicks when adding in a neckline. Simply place it at the bodies like in the examples below.



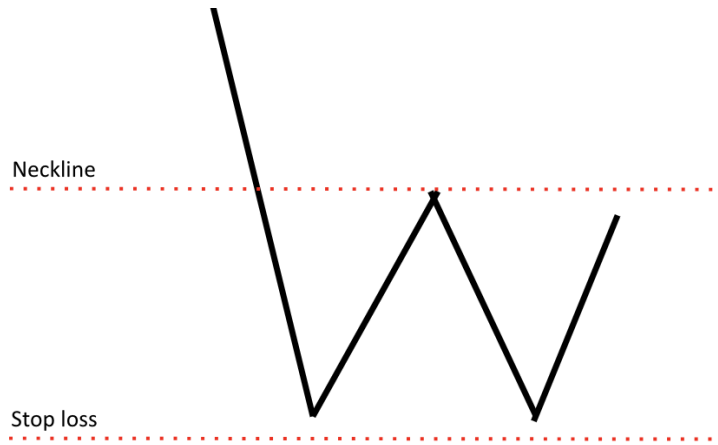


Now it's time to add your stop loss.

With an M top, you will put it 2-3 pips (+ the spread) above the highest peak.



With a W bottom, you will put it 2-3 pips (+ spread) below the lowest peak.



Here is an example of what this would look like on a chart.



Step #3: Work Out Your Risk

Now, before entering the trade, you need to understand risk.

To properly manage risk, it's important to determine the appropriate position size or volume to enter the market at. This will vary for each trade and depends on factors such as the instrument being traded and the stop loss level.

It's important to get this right, as risking too much can be detrimental to your account if you experience a series of losing trades. It's recommended

to use a demo account if you're inexperienced in this type of entry criteria until you're comfortable making consistently correct trading decisions.

When transitioning to a live account, it's crucial to start with caution and risk only a small percentage of your capital per trade. For the first 100 trades, it's recommended to risk no more than 0.5% per trade and gradually increase this percentage over time.

For example, for a \$10,000 account, risking 1% per trade would mean risking \$100. It's not advisable to risk more than 1% per trade, even for experienced traders. Some experienced traders may risk up to 2% in rare circumstances, but this is after years of trading the same patterns. Risking too much can affect your mental state.

Here are some risk guidelines:

- Trade on demo until you are comfortable.
- Risk 0.5% for your first 100 trades.
- Risk 0.75% on your next 100 trades.
- Risk about 1% from then on.
- The lower your risk the easier it is on your trading psychology.

To figure out your risk, simply write down your stop loss and entry. Subtract them from each other, and you'll have your risk.

Here are a few examples.

EURUSD short

Entry: 1.2343

Stop loss: 1.2383

Risk: 40 pips

EURGBP long
Entry: 0.8792
Stop loss: 0.8773
Risk: 19 pips

Let's take the first example. Now that we know our EURUSD trade has a 40 pip risk, we can work out our position size.

1% of our \$10,000 account is \$100.

\$100 divided by 40 pips is 2.5

Therefore, our position size will be \$2.50 per pip. Or 0.25 lots.

There are many position size calculators online that can do this calculation for you automatically.

MyFXBook has one for Forex.

Let's quickly recap this step.

1. Write down your stop loss and entry to determine your risk.
2. Use a trade size calculator to determine trade volume by inputting your stop loss (in pips), account size, and % risk that you are willing to take on the trade (usually 0.5-1.0%).
3. Open your broker's trade execution window.
4. Enter the trade details into the trade execution window of your trading platform - set the type of order (a buy/sell stop order), set the entry

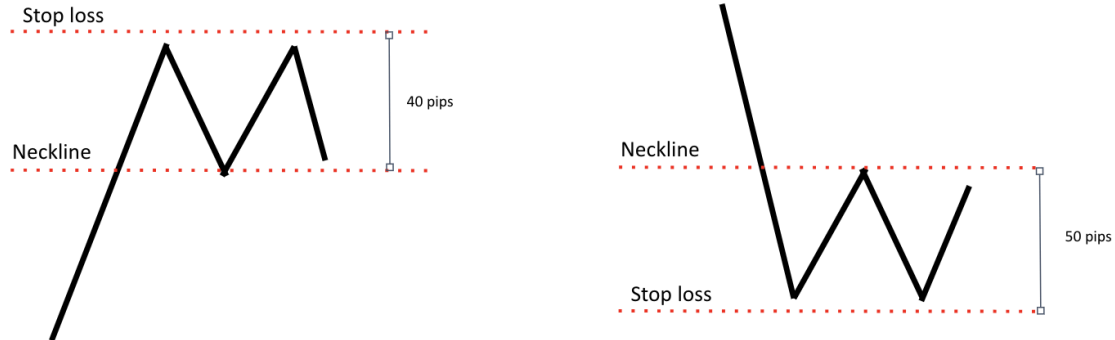
level (at the neckline), set the trade volume (from your risk calculator), input the predetermined stop loss and you are done.

Step #4: Set Your Take Profit

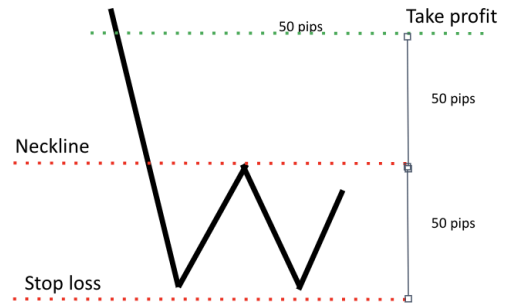
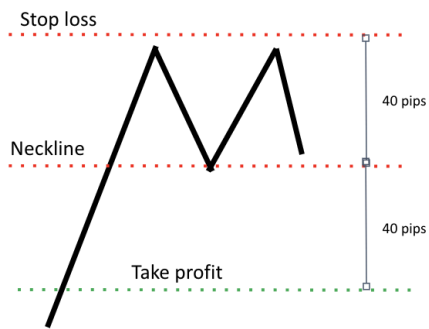
The Take Profit locks in profits by setting a clear target price, which can help you manage your trades and avoid the temptation to exit a trade too early or too late.

Your target is going to be 1:1. If you risk 25 pips, then your profit target will also be 25 pips.

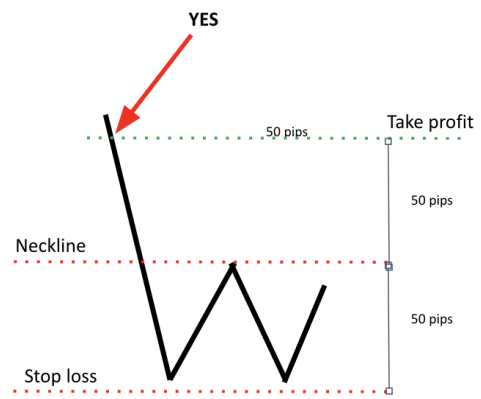
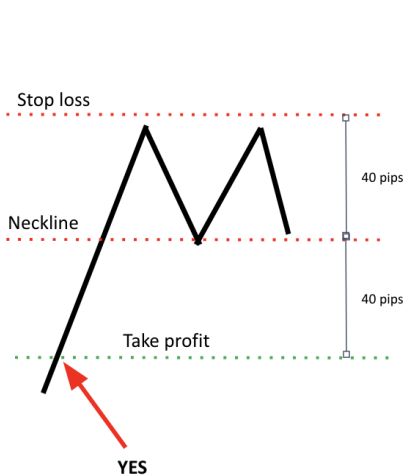
To do this, first measure the distance from the neckline (your potential entry point) to the stop loss.



Add that distance to the neckline to find the take-profit level.



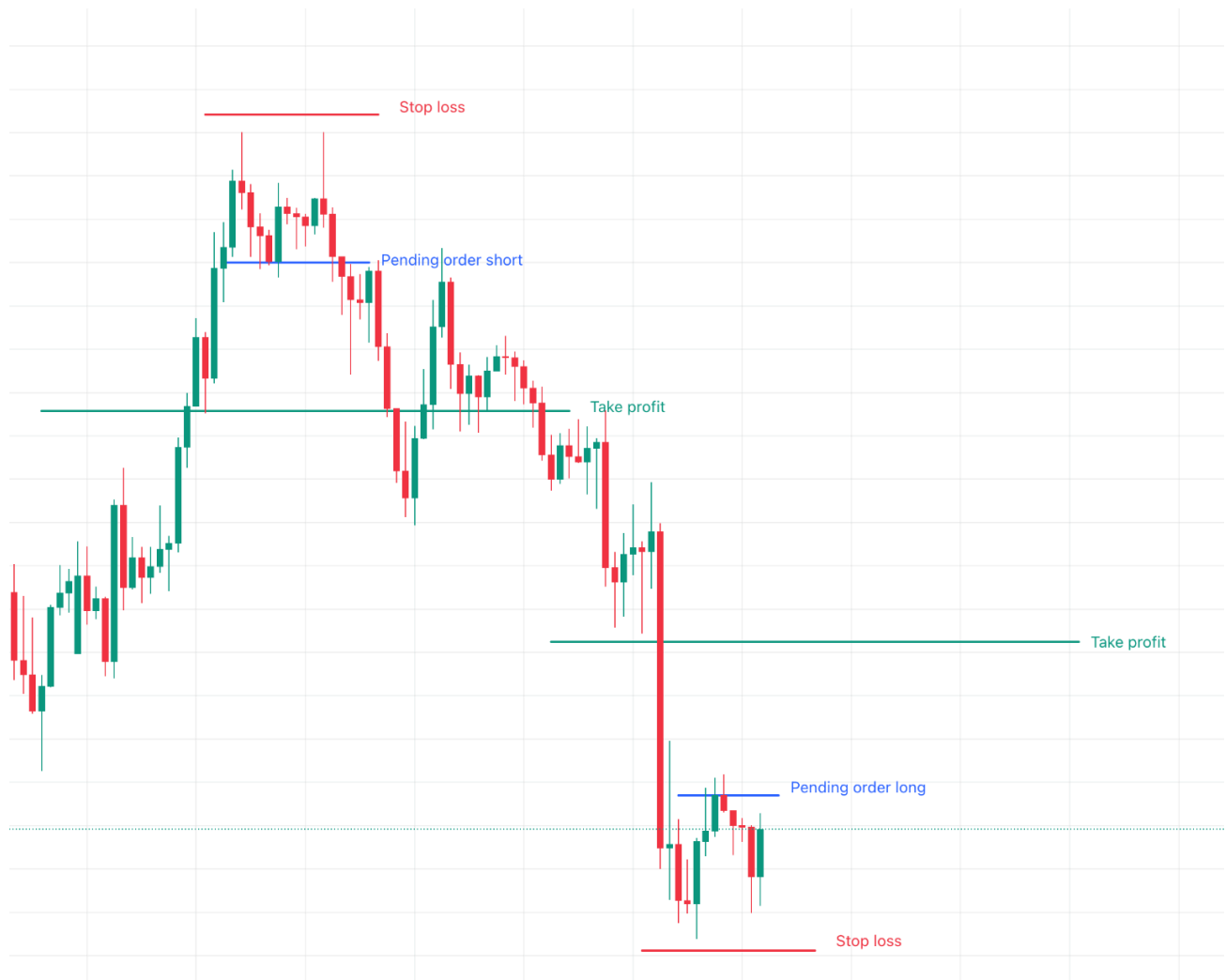
Next, we need to establish if price has a history of going to your take profit level. To do this, look left to see if price has been there before.



On a real chart, it would look like this for an M top. You can see that when the green take profit line is extended to the right, it cuts through price. That confirms that the trade target is realistic.



Here's what it looks like for a W bottom.

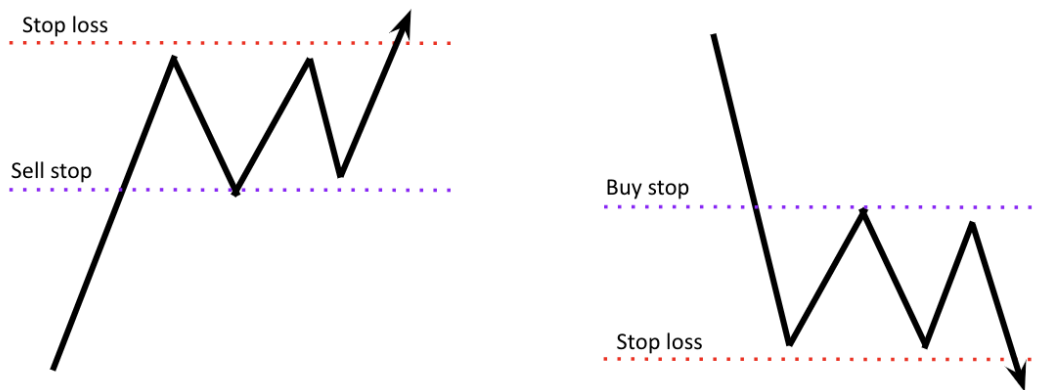


Once you have set your levels, you simply wait for price to knock you into the trade.

Step #5: Invalidated Setups & Trades

Sometimes pending orders need to be canceled, or you need to exit your trades early. It is important to know when the setup is no longer valid in order to avoid 'bad' trade entries and be able to move your focus to new potential setups. The rules for this are simple.

Scenario #1: If price breaks above the top of the M or below the bottom of the W, go to your broker platform and close the relevant pending order.



Scenario #2: If price moves sideways for an extended period of time (15+ candles as a rough guide) then the pattern is invalidated. Go to your broker platform and close the relevant pending order.



Scenario #3: Sometimes, you will get triggered into the trade, and then price will move sideways for 15 bars or more. When this happens, close the trade out early to protect yourself. If price is slowly making progress towards the target, then this is okay. It can take longer than 15 bars to get there.



To do this, simply count the bars from when price starts to go sideways.



And there you have it. Simon Pullen's W and M top strategy.

W & M Strategy Results

In the previous chapter we talked about students from The Trading Academy who have tested this strategy. One of the students we mentioned was Jon Dodd. He posted the following:



Jon Dodd · Nov '24 (edited)

Hi

here is my 300 trades on M & W 1H

i basically wanted to keep it simple so all trades 1% risk and all RR 1:1

also tried to grade the setups using PPA/divergence / roadblocks etc..

feeling so much more confident in these patterns now. i feel ready to move on!

[https://docs.google.com/spreadsheets/d/1Fy-](https://docs.google.com/spreadsheets/d/1Fy-BjlXzumGpu19859WrU7BTctvd8A_wE2MncyBW3vk/edit?usp=sharing)

[BjlXzumGpu19859WrU7BTctvd8A_wE2MncyBW3vk/edit?usp=sharing](https://docs.google.com/spreadsheets/d/1Fy-BjlXzumGpu19859WrU7BTctvd8A_wE2MncyBW3vk/edit?usp=sharing)

<https://docs.google.com/document/d/1d0kqPIQyF3tRz6DYm9n3Nih0NoGwRWCPBxfNJv12mlo/edit?usp=sharing>

👍 4 Reply



Zack Van Niekerk · Nov '24

@Jon Dodd Awesome work Jon. Well done sir!

Now onto the next course; demo trading.

Stay calm and carry on!

👍 1 Reply



Simon Pullen · Nov '24

@Jon Dodd - incredible work Jon - going the extra mile again, as I have come to expect from you. I have reviewed a good selection of your setups and I am struggling to find fault with them. This bodes very, very well for teh future. I can't wait to see how you get on with the forward testing!

Have you analysed your back testing results in detail? If so - what are your conclusions. I did a quick analysis and the results are enlightening.

👍 1 Reply

↳ View 3 more replies

Below is an image of Jon's spreadsheet. Don't worry, there are chapters dedicated to how to put these together. For now, let's just look at the results.

It may be difficult to see, so let me explain it quickly.

1	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q
	TICKER	Order	Entry tim	Date Entered	Date Exit	Entry	Stop Loss	% Risk	Pip Risk	Exit price	G	Pip Gain	Trade RR	% Return	Win/Loss	Screenshots	
2	Example			from 1 feb 2023													
3	1 EURUSD	LONG	7.00	13/02/23	13/02/23	1.0680	1.0654	1.00%	25	1.07042		24	1.0	0.97% Win	https://www.tradingview.com/x/iS2xc5U/		
4	2 EURUSD	LONG	20.00	15/02/23	15/02/23	1.0683	1.0658	1.00%	25	1.07071		25	1.0	1.00% Win	https://www.tradingview.com/x/WwoFVJZ/		
7	3 EURUSD	Short	8.00	07/03/23	45/110	1.0673	1.0698	1.00%	25	1.06493		24	1.0	0.95% Win	https://www.tradingview.com/x/YJBGokMW/		
8	4 EURUSD	Short	8.00	13/03/23	13/03/23	1.0717	1.0739	1.00%	22	1.06940		23	1.0	1.02% Win	https://www.tradingview.com/x/d4GM6Mv/		
9	5 EURUSD	LONG	4.00	13/04/23	13/04/23	1.0988	1.1007	1.00%	-19	1.10074		19	-1.0	-1.00% Loss	https://www.tradingview.com/x/d4GM6Mv/		
10	6 EURUSD	Short	12.00	14/04/23	14/04/23	1.1047	1.1081	1.00%	34	1.10130		34	1.0	1.01% Win	https://www.tradingview.com/x/YfMbeX3sp/		
11	7 EURUSD	LONG	2.00	15/05/23	15/05/23	1.0861	1.0842	1.00%	19	1.08820		21	1.1	1.08% Win	https://www.tradingview.com/x/tpOPPHneQ/		
12	8 EURUSD	LONG	7.00	19/05/23	19/05/23	1.0777	1.0757	1.00%	19	1.07978		21	1.1	1.09% Win	https://www.tradingview.com/x/yoVNN3vZ/		
13	9 EURUSD	Short	2.00	31/05/23	31/05/23	1.0776	1.0749	1.00%	32	1.06800		36	1.1	1.12% Win	https://www.tradingview.com/x/tpQ024Fe/		
14	10 EURUSD	Short	3.00	09/06/23	45/175	1.0779	1.0788	1.00%	9	1.07590		20	2.1	2.12% Win	https://www.tradingview.com/x/HOEBH9/		
15	11 EURUSD	Short	3.00	16/06/23	16/06/23	1.0941	1.0955	1.00%	14	1.09547		-14	-1.0	-1.00% Loss	https://www.tradingview.com/x/7NKGQRv/		
16	12 EURUSD	Short	7.00	03/07/23	44992	1.0901	1.0923	1.00%	22	1.08790		22	1.0	1.00% Win	https://www.tradingview.com/x/ZL7TooGN/		
17	13 EURUSD	LONG	2.00	23/08/23	23/08/23	1.0852	1.0840	1.00%	12	1.08402		-12	-1.0	-1.00% Loss	https://www.tradingview.com/x/O62SLipn/		
18	14 EURUSD	Short	2.00	30/08/23	30/08/23	1.0920	1.0947	1.00%	27	1.08896		30	1.1	1.12% Win	https://www.tradingview.com/x/plvVlVm/		
19	15 EURUSD	LONG	16.00	12/09/23	12/09/23	1.0723	1.0704	1.00%	18	1.07412		19	1.0	1.01% Win	https://www.tradingview.com/x/FB3wVLa/		
20	16 EURUSD	Short	3.00	13/09/23	13/09/23	1.0753	1.0766	1.00%	13	1.07395		14	1.1	1.02% Win	https://www.tradingview.com/x/EUJ71Jq/		
21	17 EURUSD	LONG	3.00	15/09/23	15/09/23	1.0643	1.0630	1.00%	12	1.06562		12	1.1	1.10% Win	https://www.tradingview.com/x/FGItG185/		
22	18 EURUSD	LONG	9.00	28/09/23	28/09/23	1.0515	1.0488	1.00%	28	1.05475		32	1.2	1.16% Win	https://www.tradingview.com/x/cHkqQMGS/		
23	19 EURUSD	LONG	8.00	10/11/23	10/11/23	1.0672	1.0654	1.00%	18	1.06921		20	1.1	1.12% Win	https://www.tradingview.com/x/ITKDrzm/		
24	20 EURUSD	Short	9.00	15/11/23	16/11/23	1.0868	1.0894	1.00%	26	1.08935		-26	-1.0	-1.00% Loss	https://www.tradingview.com/x/BfS2N6iO/		
25	21 EURUSD	Short	0.00	04/12/23	04/12/23	1.0870	1.0896	1.00%	26	1.08419		28	1.1	1.10% Win	https://www.tradingview.com/x/qVnE21LD/		
26	22 EURUSD	Short	0.00	15/12/23	15/12/23	1.0982	1.1011	1.00%	29	1.09517		30	1.0	1.03% Win	https://www.tradingview.com/x/8jncdn1/		
27	23 EURUSD	LONG	8.00	26/12/23	26/12/23	1.0847	1.0815	1.00%	32	1.08798		32	1.0	1.00% Win	https://www.tradingview.com/x/8jncdn1/		
28	24 EURUSD	Short	4.00	16/02/24	16/02/24	1.0759	1.0785	1.00%	26	1.07332		26	1.0	1.02% Win	https://www.tradingview.com/x/7InM26Rw/		
29	25 EURUSD	Short	18.00	26/02/24	26/02/24	1.0846	1.0861	1.00%	15	1.08612		-15	-1.0	-1.00% Loss	https://www.tradingview.com/x/L6AqH2/		
30	26 GBPUSD	LONG	12.00	06/02/23	06/02/23	1.2067	1.2017	1.00%	50	1.20170		-50	-1.0	-1.00% Loss	https://www.tradingview.com/x/XF7h44P/		
31	27 GBPUSD	LONG	20.00	15/02/23	15/02/23	1.2029	1.1989	1.00%	40	1.20739		45	1.1	1.12% Win	https://www.tradingview.com/x/ZL798PH/		
32	28 GBPUSD	Short	12.00	20/02/23	20/02/23	1.2020	1.2060	1.00%	40	1.20596		-40	-1.0	-1.00% Loss	https://www.tradingview.com/x/pUD5c0D/		
33	29 GBPUSD	LONG	8.00	27/02/23	27/02/23	1.1963	1.1920	1.00%	43	1.20085		45	1.0	1.04% Win	https://www.tradingview.com/x/CZ4E0Z4Z/		
34	30 GBPUSD	LONG	3.00	01/03/23	01/03/23	1.2032	1.2010	1.00%	22	1.20572		26	1.2	1.19% Win	https://www.tradingview.com/x/lqcpw8/		
35	31 GBPUSD	Short	23.00	28/03/23	28/03/23	1.2336	1.2352	1.00%	16	1.23172		19	1.2	1.16% Win	https://www.tradingview.com/x/NoEnwse/		
36	32 GBPUSD	Short	6.00	13/04/23	13/04/23	1.2484	1.2498	1.00%	14	1.24980		-14	-1.0	-1.00% Loss	https://www.tradingview.com/x/nhKHQ8R/		
37	33 GBPUSD	Short	6.00	07/06/23	07/06/23	1.2419	1.2441	1.00%	22	1.23982		23	1.1	1.05% Win	https://www.tradingview.com/x/7hwZkXR/		

Every single one of the 300 trades has to be a valid entry. You have to go back in time and use a function called BarReply. Which means you don't know what's coming.

You get pulled back in time, and you take trades as if they happened. This is called backtesting.

The student has to take a screenshot of every single trade so that we can give them feedback on what they did.

For example, on the very EURUSD entry from Jon, he got a 0.97% gain. He won the trade.

Here is the screenshot he provided.



If we blow it up a little you can see the strategy in action. Price came down, formed a W bottom, and then reversed.



There are 300 examples inside of Jon's spreadsheet. Every single student of The Trading Academy has full access to all of Jon's projects. They can see it, verify it, and learn from it.

What were Jon's results?

Trade R	0.59
Total R	178.2
Win rate	77%
Reward:Risk	1
Ave. # of Days	1

Here's what these numbers mean:

Trade R: This is the average return from all trades, including losers. It is also known commonly as 'expectancy'. It's what Jon can expect to make, on average, with every trade he places.

Total R: This is Jon's total return over the 300 trades. If he risked 1% per trade he would have made 178.2%. If he risked 0.5% per trade, he would have made an 89.10% return.

Win rate: The percentage of trades that won.

Reward:risk: The potential reward compared to the potential risk. Simon's Quick Win strategy has a 1:1 ratio. If you risk 50 pips, you can gain 50 pips.

After completing the project Jon said, ***“Feeling so much more confident in these patterns now. I feel ready to move on.”***

Jon isn't the only student who has backtested this strategy. Below is an entry from Matthew Sparkes. He backtested 328 trades, got a 72.2% win rate, and a total R of 172.



Matthew Sparkes · Dec '24

Hi all, I have completed backtesting the M&W strategy which has taken a few weeks. I have a summary table in the attached link. As I progressed through the backtesting and gained experience I become more disciplined specifically with identifying Roadblocks and thus being more selective on trades taken. I tested 14 currency pairs, Gold, Silver and US Oil.

Trades - 328

Win rate - 72.3%

Total Return - 172%

All my testing results and analysis are in an excel spreadsheet which I am happy to share but does not attach very well to this format

<https://docs.google.com/document/d/1g-o56bxalxCxVDzkzKSRJgf3KRqy7KbyXpeABJDqzTk/edit?usp=sharing>

👍 5 Reply



Johnathan van Niekerk · Dec '24

@Matthew Sparkes Fantastic work!!!

👍 1 Reply

Another diligent student who completed the project was Sally Hills. You can see her entry below.



Sally Hills · 13d



Yay!!! @Simon Pullen I have finally completed the backtesting course and this mammoth project! In total I backtested 341 trades of which 191 were short trades and 150 were long trades.

Results:

Number of trades: 341

Total R: 305.6

Average R per trade: 0.896

Win rate: 84.2%

However, many of these trades would have been entered during the night (UK time) and I do want to get some sleep! So I analysed the results just between the hours of 6am - 9pm.

These results are as follows:

Number of trades: 238

Total... [See more](#)

4 Reply



Zack Van Niekerk · 13d

@Sally Hills Well done Sally! Congratulations → your next step is the demo course and we have a BIG surprise in the pipework for everyone that has reached Project A in the demo course. So get started and keep your eyes peeled for the Academy All Hands meeting next week.

1 Reply

Let's take a look at her comment in more detail.

Results:

Number of trades: 341

Total R: 305.6

Average R per trade: 0.896

Win rate: 84.2%

However, many of these trades would have been entered during the night (UK time) and I do want to get some sleep! So I analysed the results just between the hours of 6am - 9pm. These results are as follows:

Number of trades: 238

Total R: 223.75

Average R per trade: 0.94

Win rate: 85%

Not only did she test the strategy as a whole. She also tested it only during her own waking hours.

WARNING: These are backtested results. It's only here to demonstrate the potential of the strategy. Tested or simulated results don't represent the emotional toll that live trading will take on you.

That's why we're very strict with our students and actively tell them to stop trading until they have properly mastered the strategy and the psychological components. More on that later.

Learn Simon's Method With Structured Education

There are two ways to learn more from our traders.

#1. **TheTrading.cafe** - This is our free school. Join fully vetted 6-figure traders live on Zoom every single week. They'll share their results, strategies, and future trading opportunities.

#2. Or go to **TheTrading.Academy/join** - This is our premium school where our students get 13 live sessions per week, step by step courses, and practice projects. Find out more at TheTrading.Academy/join.

Chapter 8: Free Goodwill

People who help others (with zero expectation) experience higher levels of fulfillment, live longer, and make more money. I'd like to create the opportunity to deliver this value to you during your reading or listening experience.

In order to do so, I have a simple question for you. Would you help someone you've never met if it didn't cost you money, but you never got credit for it?

If so, I have an 'ask' to make on behalf of someone you do not know. And likely, never will. They are just like you, or like you were a few years ago: less experienced, full of desire to help their family and financial situation, seeking information but unsure where to look... this is where you come in.

The only way for us at The Trading Cafe and Academy to accomplish our mission of helping traders is, first, by reaching them. And most people do, in fact, judge a book by its cover (and its reviews).

If you have found this book valuable thus far, would you please take a brief moment right now and leave an honest review of the book and its contents? It will cost you zero dollars and less than 60 seconds.

Simply go to thetrading.cafe/review

LIFE HACK: If you introduce someone to something of value, they will associate that value with you. If you'd like goodwill directly from a friend or a trader - send this book their way.

Thank you from the bottom of our collective hearts. Now, back to our regularly scheduled programming.

- Your biggest fan, The Trading Cafe Family

Chapter 9: The SID Method by Sid Naiman

In all of my time trading, I have never come across a strategy that is as simple as Sid Naiman's. Like I said earlier in the book, every single strategy has two major steps. Pick the direction of the market and then find an entry point. Everything in between is a confirmation of one or the other.

The more valid confirmations you have, the higher your success rate. However, each layer of confirmation adds another substep to your strategy. This makes it more complex. Therefore, the simpler a strategy, the less confirmations it'll have.

However, the fewer layers within each of the steps, the lower the win rate. Not with Sid's strategy. It is unbelievably simple, with very easy-to-follow steps, yet maintains a sky-high win rate.

For example, in one month, I personally witnessed Sid take 14 trades. He won 10 of them, giving him a win rate of 71%. Not only that, his average losing trade was \$158.60, and his average winner was \$357.54, giving him a risk:reward ratio of 1:2.

Those are simply the trades I personally witnessed. Sid posts all his trades as he takes them live in a premium school. Below is an example.

The screenshot shows a trading post from Sid Naiman, posted 14 hours ago in the 'Sid Trades' group. The post title is 'SID Method Trade: Selling Puts on TNA'. The details provided are: Date/Time: 3/20/23 12:55 pm Pacific Time; TNA Current Price: \$29.58; Trade: Sell 4 contracts April 21 2023 expiration 27 strike put; filled 1.72/contract. There is a 'Watch (1)' button and a three-dot menu icon.

Therefore, every single trade gets verified by dozens of other traders who are following him. There's no room for manipulation. His strategy actually does produce these unbelievable results despite being so simple.

I then personally backtested 5 years of trading history in Coke, IBM, Dow Jones, and GBPJPY. The results were astonishing. The expectancy was 0.49% per trade.

So, every trade you execute makes 0.49%. Take ten trades, and you will have banked 4.9% in your account.

Take 100 trades, and you would be up by 49% uncompounded and 163% compounded. Sid takes roughly 100-150 trades per year.

Here's how it all came about.

About 5 years before Sid and I met, he was in the sun-kissed tropical paradise of Hawaii. Sid and his wife strolled along the pristine beaches with warm sand between their toes. However, despite being on vacation, he couldn't help but feel a sense of excitement and urgency as the charts called to him. With an insatiable desire to conquer the markets, he decided to check his trading account and found Rambus, a stock that promised great returns.

Now, at the time, Sid's charts looked like a spaghetti factory. There were indicators and lines all over the place. He would look at dozens of different levels of confirmations. He spotted a potential trade setup in Rambus, an American technology company that designs, develops, and licenses chip interface technologies.

And Sid nailed it. His trade resulted in an astounding \$30,000 in profits. Imagine that. You're on holiday, and you pull in \$30,000 from a single trade. How confident would you feel while you and your wife are sipping on cocktails at the hotel pool bar?

He felt good. He felt confident in his abilities. He would simply repeat the exact same thing week in and week out.

The following week, the harsh reality of the market had other plans for Sid. He found himself entangled in a series of trades that quickly turned sour. He watched in horror as his hard-earned profits from Rambus began to disappear, dwindling down to a heartbreaking loss of \$20,000.

This is an all too familiar story. One that Sid would learn more than once. However, he was an engineer by trade. A very methodical person who would peel back the layers of something if it wasn't working. He decided to apply that same logic to his trading.

He looked at his charts with all the indicators, patterns, trendlines, and other components that made up the spaghetti factory on his screen. He thought, "why don't I just test everything?"

And so he did.

He peeled off one indicator at a time and backtested it 1, 2 or even 5 years back. Every time an indicator couldn't show a long-term profit he would bin it, removing it from his screen forever.

Slowly but surely, Sid kept removing indicators. His screen became simpler and cleaner with each indicator he dragged to the trash can. Out of dozens, he was left with just two.

Then, he decided to do the same with chart patterns. One by one, he back-tested them. It comes as no surprise that the scientifically tested patterns were the same ones Sid identified as working.

Then, he simply combined two chart patterns with the two remaining indicators. And The Sid Method was born.

If he saw the chart pattern and the two indicators lined up, he would take the trade. That's it!

He backtested this method over and over again on stocks and indices. It kept winning. It kept producing stellar profits.

Sid then forward-tested it with real money for an entire year, yielding him the impressive track record he now has with a 70% win rate. He called his strategy The SID "Sucking In Dollars" Method.

It breaks down into the following four steps.

Step #1: RSI level

Step #2: MACD crosses over.

Step #3: Reversal pattern.

Step #4: Exit levels.

He uses this strategy to trade U.S. Stocks, ETFs, and indices.

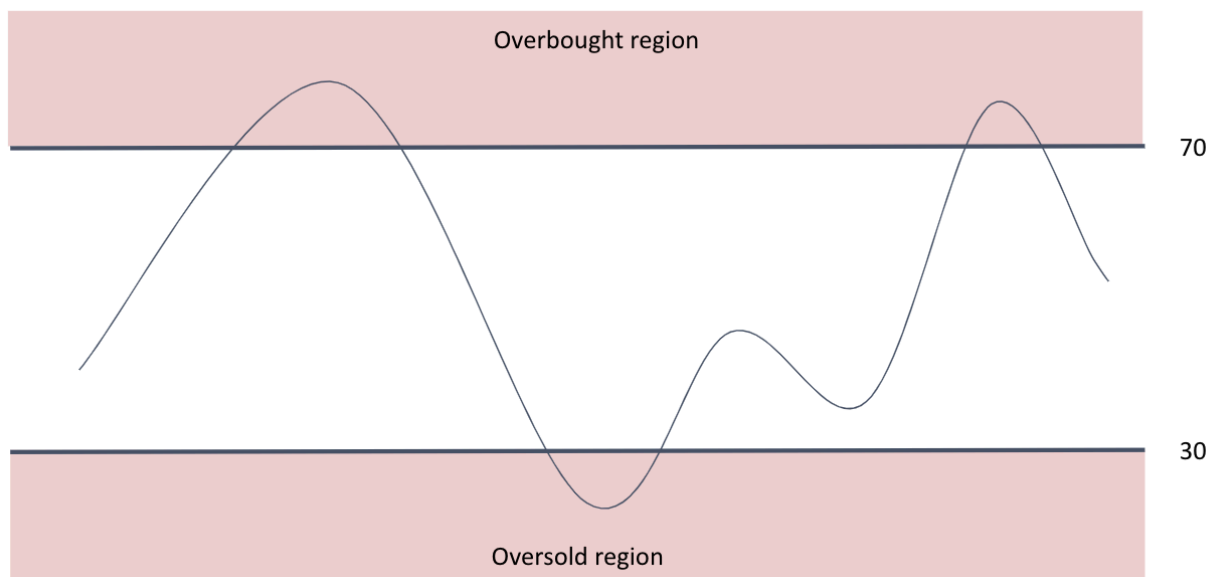
Step #1: RSI Level

RSI = Relative Strength Index.

It is an indicator you can add to your charts. Sid uses it on stocks.

It works by looking at how much the price of something has gone up or down over the past 14 days. If something has gone up a lot, the RSI will tell us that it might be too expensive, and we could potentially short it. If something has gone down a lot, the RSI will tell us that it might be too cheap, and we could consider buying it because it might be a good deal.

In other words, it indicates whether a stock is overbought or oversold. Have a look at the illustration below.



If the RSI is below 30, Sid will look for a long trade. If it's above 70, he will look for a short trade. Simple.

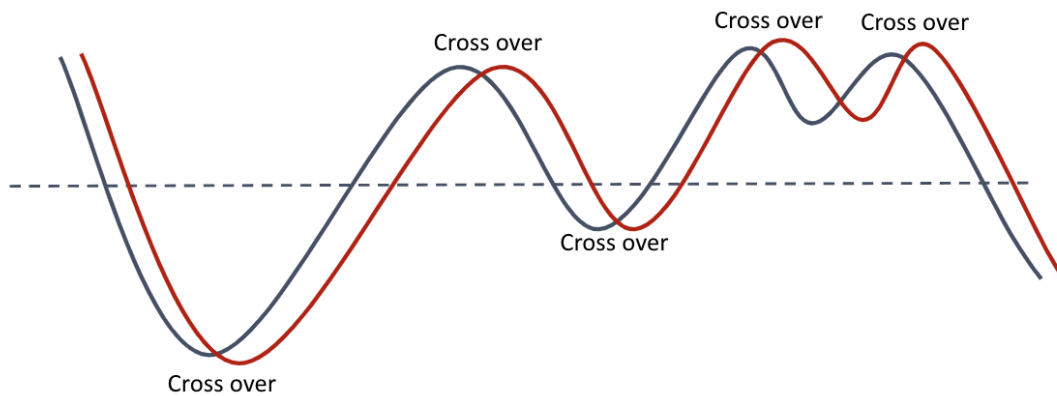
Step #2: MACD Crosses Over

MACD stands for Moving Average Convergence Divergence, which is another tool that helps people who buy and sell things like stocks figure out when to buy and sell.

It uses two different moving averages that show the price trend of a stock over different time periods.

For example, the MACD might compare the price of Apple stock over the past 12 days and the past 26 days. If the shorter moving average (12 days) crosses above the longer moving average (26 days), it's a sign that the price of Apple stock is trending up, and it might be a good time to buy. On the other hand, if the shorter moving average crosses below the longer moving average, it's a sign that the price of Apple stock is trending down, and it might be a good time to sell.

See the illustration below.



So, the MACD can help traders and investors make informed decisions about when to buy or sell Apple stock. It acts like a compass that helps them navigate the ups and downs of the stock market. By using the MACD along with other technical analysis tools, traders can make better-informed decisions about their trades and investments.

Sid uses it as a confirmation.

The RSI tells him something is overbought or oversold. Then, he waits for the MACD lines to cross in the same direction the RSI is going.

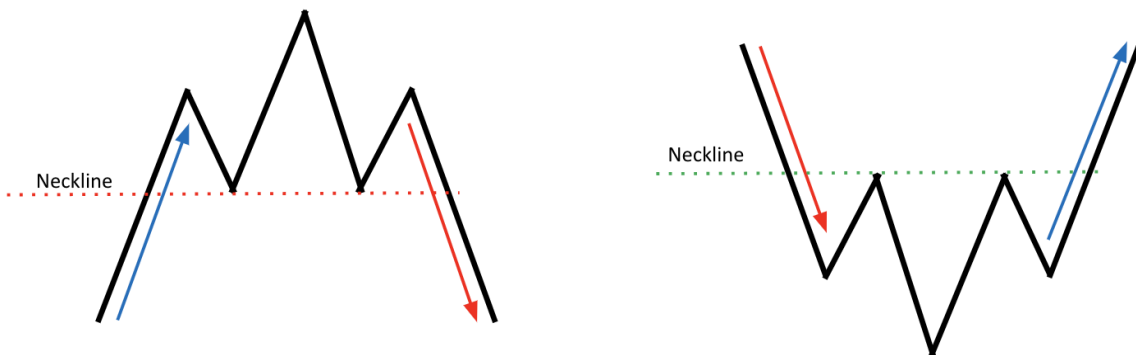


These two indicators can be found on all charting platforms. It's important to note that Sid uses the default settings. There's no need to tinker with anything.

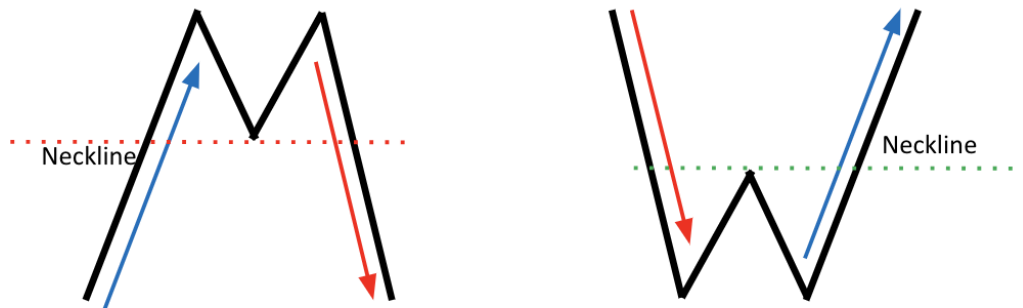
Step #3: Reversal Pattern

This is another level of confirmation. Sid uses the Head & Shoulders and Double top/bottom reversal patterns. They aren't strictly required when using this method, but they are recommended.

Head & Shoulders



Double top/bottom



Let's quickly recap.

For a long trade:

- RSI below 30.
- Wait for MACD to cross over.
- Reversal pattern confirmation.

For a short trade:

- RSI above 70.
- Wait for MACD to cross over.
- Reversal pattern confirmation.

Step #4: Exit Levels

Before you enter the trade, you need to know your exit levels. True to form, Sid uses the simplest exit rules imaginable.

For a long trade, place your stop loss below the low when RSI is 30 or lower.

For a short trade, place your stop loss above the high when RSI is above 70.

Below is an illustration with some examples. The stop losses have been drawn in.



Once you're in the trade, you will close your position once RSI reaches the level 50. This is the same for both long and short.



Overbought & Oversold Strategy Results

Every single week inside of The Trading Academy, there are 8 Question Sessions for students.

And these sessions have two purposes.


#1. To answer questions.

#2. To demonstrate how the instructor picks trades.

They go into the live markets and give the students in attendance their “top picks”.

These are their absolute favorite setups.

After the session we post them inside of The Trading Academy community feed. See an example of one of Sid's below.

 **The Trading Academy**
19h ago in Academy Setups

Sid Naiman Top Pick Jan 21 2025

Dear Academy Students,

As discussed on today's live Question Session, here is today's top pick for Sid Naiman:

Trade Details

Top Pick Ticker: XLP

Direction: Long (buy)

Timeframe: Daily

Methodology: SID method


What are we waiting for: RSI pointing up; MACD crossed up.

Observations on the trade: Coming out of a price consolidation sideways price pattern.

Problem Areas: Volatile market so RSI could reverse for early exit.

--IMPORTANT--

These are opportunities in the live market that our instructors are look... [See more](#)



There's a simple description and an image. You can also watch the replay of the session where he explains the trade.

But here's the crazy part. Since we started doing this, Sid's top picks have had a 90% win rate. You can go into The Trading Academy and search "Sid's top picks", and you will see a long list of them.

Here's why they are so successful.

Sid is only allowed to have one "Top Pick" in each session. That's how a top pick works. There has to be one setup that stands out above the rest.

Those are the trades that have a 90% win rate.

Normally, Sid gets between 75% to 80% win rates.

One of our students who learned Sid's strategy, Ramon Hagelen, got a 78.02% win rate. He posted his backtested results in The Trading Academy.



Ramon Hagelen · Oct '24

Hi All,

Here is my scrutinous backtesting result.

It was hard work, but totally worth it.

Especially the conformity check was worth the work for confirming the consistency in the applying the rules.

Very much looking forward to the forward testing and seeing how that will teach me something new....

Another building block placed!

https://docs.google.com/spreadsheets/d/1b1srrf7F3iW_kgVGS4npXweekCfildl4XiwESHuie_/edit?usp=sharing

4 Reply



Simon Pullen · Oct '24

@Ramon Hagelen - loving your work Ramon

1 Reply

The total gain for the trades was 192.54%.

		Target
Win	71	
Loss		
Success	<u>78.02%</u>	
Long		150
Short	150	150
Sum RR	166.59	
Average RR	0.516	0.2
Average Trade Duration	7.000	
Total %	<u>192.54%</u>	

Just like the students we mentioned in Simon's chapter, Ramon took a screenshot of every single trade. Here's a screenshot with several trades on DIA (The Dow Jones).



Let's blow up each one so you can see Sid's strategy in action.







Another student, Abdulazeem Abubakar also backtested 300 trades of Sid's strategy.



Abdulazeem Abubakar · Dec '24

I'm happy to have completed my 300 trades of the @Sid Naiman strategy. please find below my backtesting sheet and result analysis. @Alex Morris I would really appreciate your feedback to see if I'm on the right track. Average return is 0.6 and win rate is 76%. The average risk to reward seems a bit strange to me "2.26:1". @Sid Naiman is this usually the case??

<https://docs.google.com/spreadsheets/d/1Dc5yQuIOYHTmZprYkxXXY04oD03b0hYcccLQVaaXa4E/edit?usp=sharing>

https://docs.google.com/document/d/16lDfPyl8Sip-2_uLX1Wck_mRq1g-ZZuoy6TrvKeq0AE/edit?usp=sharing... See more

6 Reply

He ended up getting a 76% win rate and a total R of 170.

Trade R	0.6
Total R	170.2
Win rate	76%
Reward:Risk	1:2.26 (because profit is taken when RSI hit 50)

Learn Sid's Method With Structured Education

There are two ways to learn more from our traders.

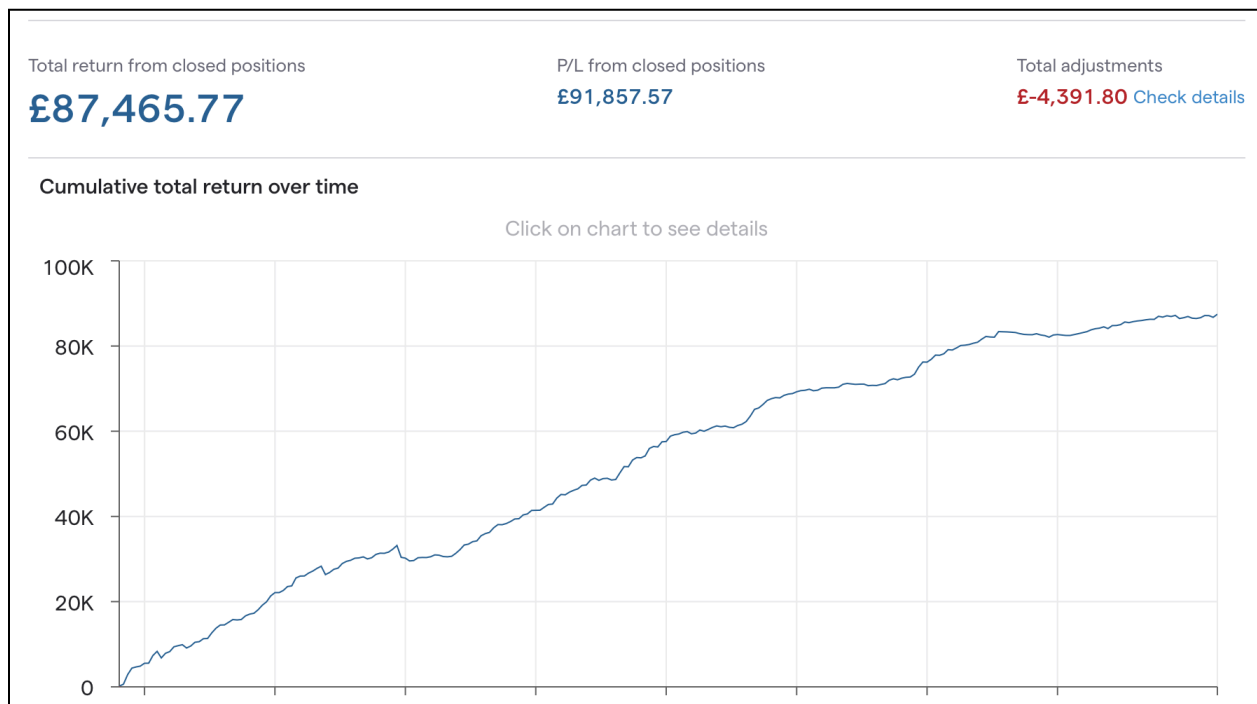
#1. **TheTrading.cafe** - This is our free school. Join fully vetted 6-figure traders live on Zoom every single week. They'll share their results, strategies, and future trading opportunities.

#2. Or go to **TheTrading.Academy/join** - This is our premium school where our students get 13 live sessions per week, step by step courses, and practice projects. Find out more at TheTrading.Academy/join.

Chapter 10: Supply & Demand by Alex Morris

It's a warm Monday afternoon, and I get a 'ping' on Slack from a guy called Alex Morris. He's a forex trader with 3 young boys and a full-time job. He trades just one hour per day.

The message contained a screenshot of his trading history.



He'd made about £87,000 in the last year from trading a fairly simple continuation strategy. That's \$109,727.12 in a year.

Alex is a curious one.

He's about 25 years younger than Sid and Simon. Conventional wisdom dictates that he should be more emotional, riskier, and a rule breaker. Yet, the opposite is true.

Alex is an accountant with unbelievable discipline in the markets. Despite making enough money from trading to live off, he still works for a modest salary. Saving, scaling his account, and compounding his returns.

On YouTube, Instagram, and TikTok, you will often see young traders showing off how much money they are making. They impulsively buy luxury watches, cars, and vacations. Then, for a price they will sell you their secrets.

In reality, genuine traders are not impulsive. They have learned to curb their enthusiasm for money. Instead, they treat it like Alex treats his - like a set of accounts.

When an accountant looks at a balance sheet, they don't get overly emotional about it. When they enter an expense into the profit and loss statement, they don't flinch. If a big invoice gets paid by a customer and the business has an influx of cash, the accountant simply shrugs and gets on with their day.

This is Alex. He would make fat profits and simply treat it as a spreadsheet entry.

Trading has always been in his blood. His dad worked as a trader for a big investment bank in London for decades. He was 6 years old when he first went onto the trading floor.

He compiled all the knowledge he learned from his dad over the years and applied his own style to it. Like the accountant he is, Alex tested one thing after another and documented the results. Years of backtesting, forward testing, and analysis yielded an astonishingly simple Supply & Demand strategy.

He simply looks at the levels where big institutions are buying or selling a currency.

When price goes back to that level, he waits for a reversal bar and then enters the trade.

Here are his steps:

Step #1: Identify the supply or demand area.

Step #2: Look for the first retest of this area.

Step #3: Wait for a reversal candle.

Step #4: Set a stop loss and take profit level.

Step #5: Enter the trade.

Alex trades this strategy on the hourly chart. Each bar represents an hour in time.

Step #1: Identify Areas of Supply & Demand

"Supply" refers to how much of a currency is available for sale. It's the amount that's out there, ready to be traded.

An "area of supply" is like a warning zone on a price chart. When the price of a currency reaches this zone, it has recently faced a lot of selling.

Imagine a room where everyone is quietly trading, but suddenly, many decide to sell at once. This causes a quick drop in price. This "room" or zone became known as an area of supply because a lot of selling happened there. When the price comes back to this zone later, traders are cautious, expecting potential selling again.

On the other hand, "demand" is about how much of that currency people want to buy. It indicates the desire or need for that particular currency in the market.

An "area of demand" is like a safety net on a price chart. When the price of a currency drops to this zone, it has historically found many buyers.

Picture a falling apple, but just before it hits the ground, a crowd rushes in to catch it. This sudden catch causes the apple (or price) to bounce back up. This "catch zone" becomes known as an area of demand because, in the past, a lot of buying happened there. When the price drops back to this zone later, traders expect it to bounce up, as it's a place where the currency previously found strong support or buying interest.

In other words:

- Demand = going up
- Supply = going down

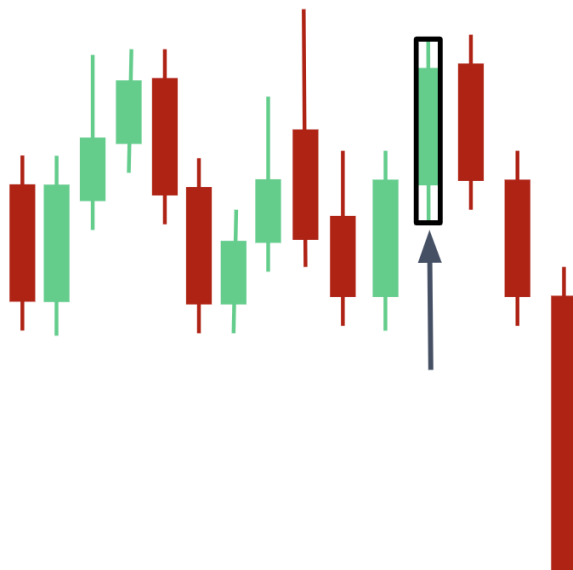
Let's take a look at an illustration.

Supply is an area where price has noticeably pushed lower. There was a period of consolidation, but price has now broken downwards.



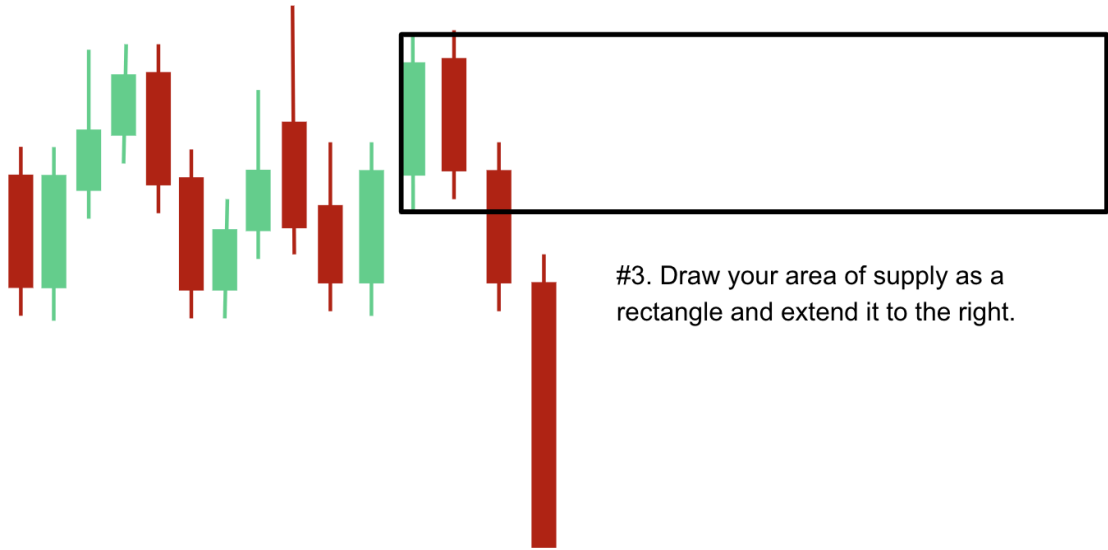
#1. Price has broken out of a consolidation downwards.

Now, just before this big push downwards, there would have been a green (or bullish) candle. This was the last time that buyers were in control.



#2. Spot the last bullish candle

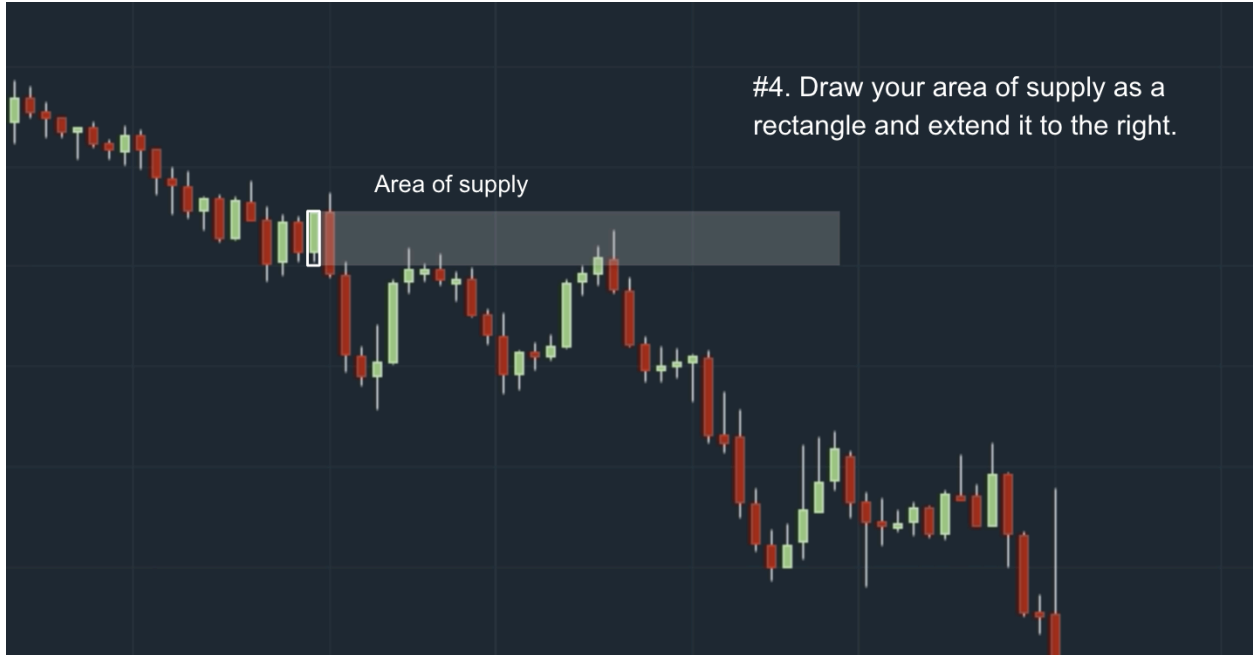
The length of that green bar, from wick to wick, is known as the area of supply. Simply extend the area to the right and you have your supply zone.



Let's take a look at a real example of a supply area - step by step.







Identifying the area of demand is the opposite.

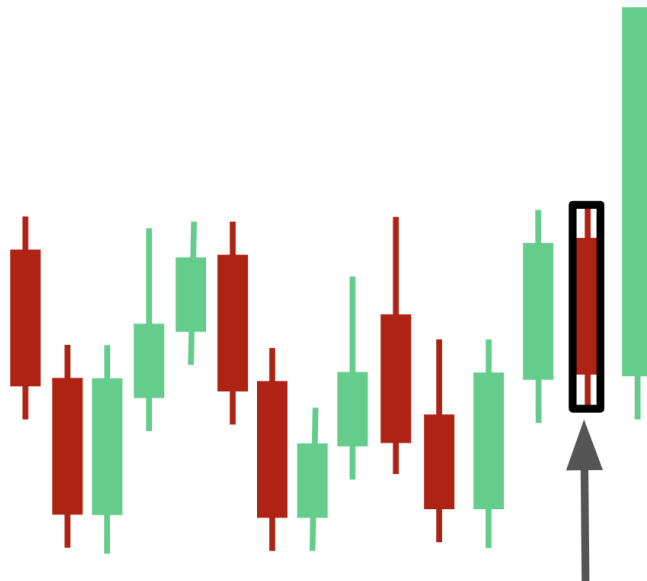
First, spot an area of consolidation. Price has to go sideways for at least two candles (or bars). Then, wait for price to noticeably break upwards out of the consolidation.

#1. Price has broken out of a consolidation upwards:



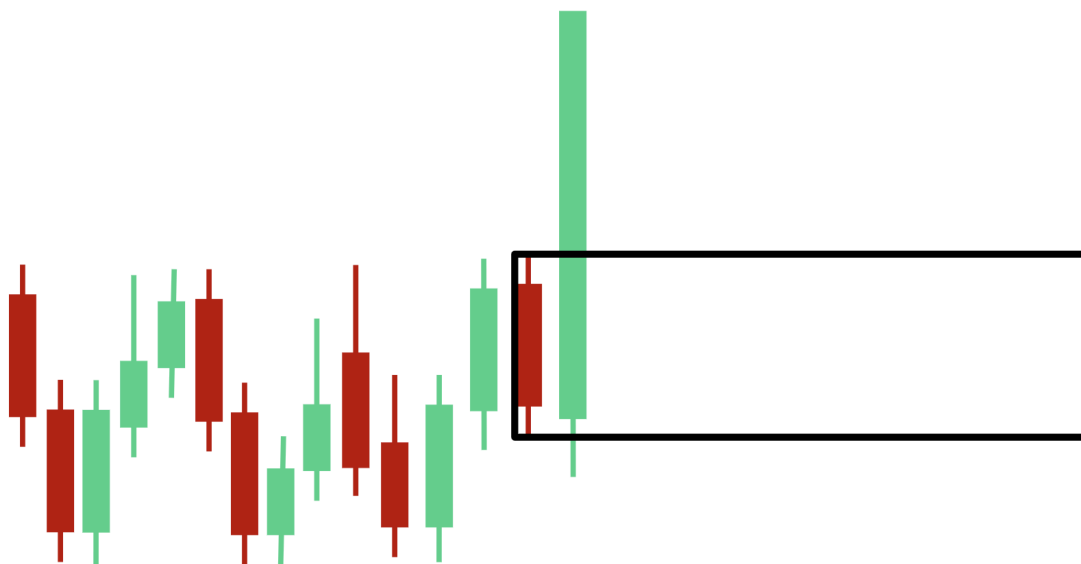
Just before the big push upwards, there should be a red candle. It was the last time that the sellers were in control.

#2. Spot the bearish candle



The length of that red bar, from wick to wick, is known as the demand area. Extend it out to the right.

#3. Draw your area of demand as a rectangle and extend to the right



Let's take a look at a real example, step by step.







Step #2: The Retest

Once you have identified the supply or demand area, you have to wait for price to retrace to it.

Take a look at the illustration below.

Price shot out of a consolidation at the top to form a supply area. Then, it shot out of the consolidation below to create a demand area.



Now, you have to wait for price to go back to one of those areas. In the illustration below we can see that price has moved back up to the supply area. You are now almost ready for a short trade.



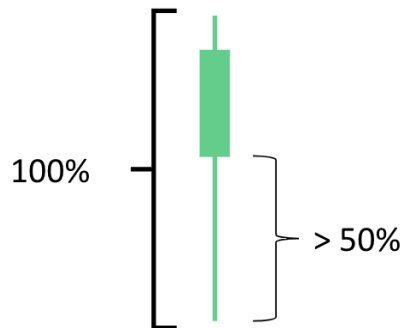
Below is another illustration, but this time it shows the opposite. Price has retraced its steps to the demand area. You are now almost ready for a long trade.



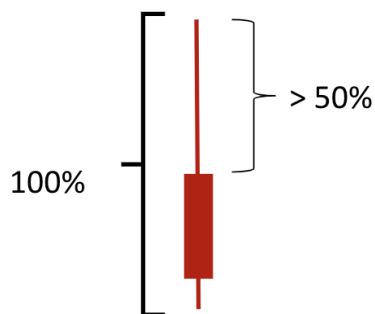
Step #3: The Reversal Candle

Once price has gone back to the area of supply and demand, you need to see some kind of 'bounce' or 'rejection' before you can enter your position. There are many scientifically tested reversal candles for you to choose from. Alex generally focuses on three of them.

For long trades, a pin bar with a long wick below the body is ideal, while for short trades, a pin bar with a long wick above the body is preferred.



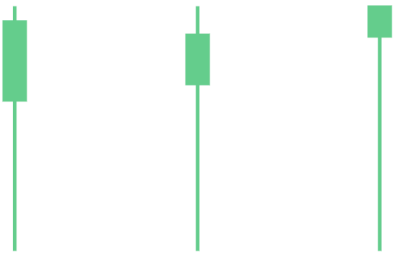
A long individual candle that has a wick (shadow) that is more than 50% of the overall range of the candle



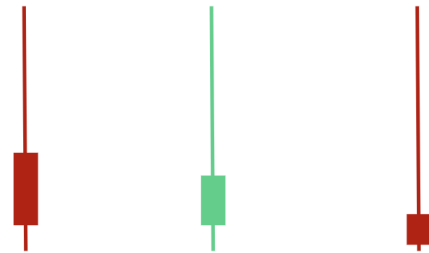
The short bar is exactly the same, except the body is at the lower end of the bar.

They can have different body sizes or wick lengths, but as long as the wick meets the 50% threshold and the bar is broken above (for longs) or below (for shorts), it's a valid setup candle.

Long (buy) examples



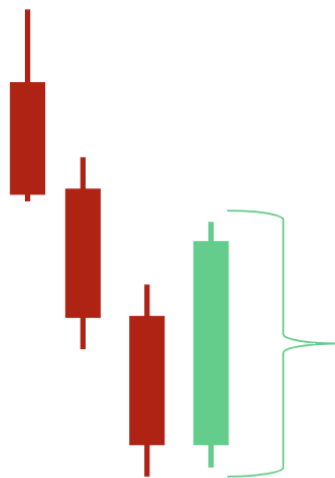
Short (sell) examples



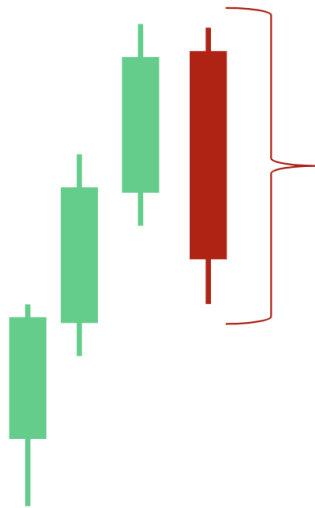
It's important to note that the color of the candle doesn't matter as long as the wick is on the right side for the type of trade being considered.

Not every candle with a long wick is a pin bar, as it needs to meet the 50% threshold.

Let's take a look at another candle pattern called an engulfer. After a retest, we are looking for an entry, and we find it in the form of an engulfing candle. It completely engulfs the body of the previous candle.



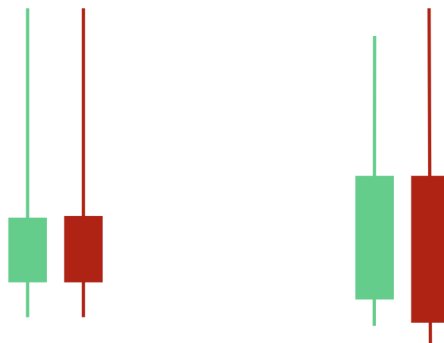
It has a big body and engulfs the previous candle and closes above the wick.



If it is a bearish engulfer then price must close below the low of the previous candle (including the wick).

The third and final entry pattern we're going to look at are called tweezers. They are 2 'longish' wick candles next to each other (they don't have to be pinbars). It is best if the bodies of the candles are roughly at the same level as each other.

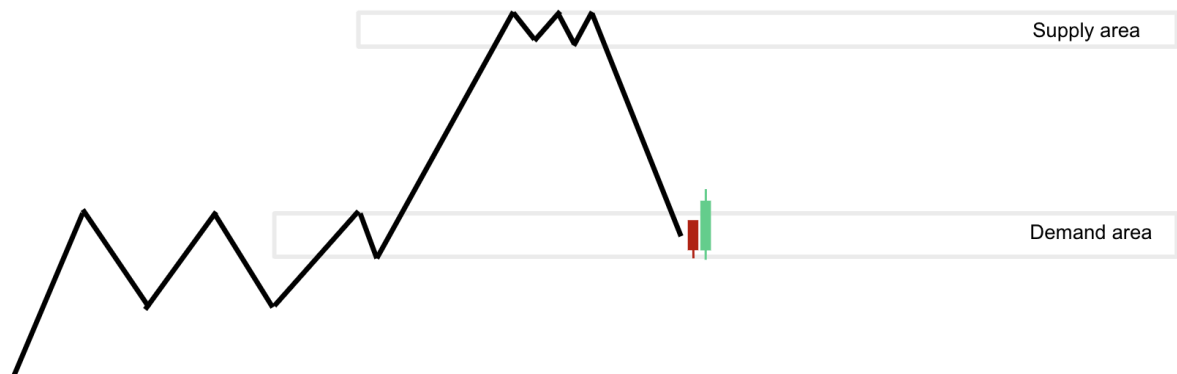
The two on the left are "perfect" tweezers. In real life, you're more likely to experience the ones on the right.



Let's go back to our illustration of the retest. When price retraces, we wait for the reversal candle. Below you can see an engulfer.



Here is an illustration of a retrace and an engulfer, but with price rejecting the demand area.



Step #4: Set Your Stop Loss & Take Profit

When going short, your stop loss will be a few pips above the reversal candle. It doesn't have to be above the supply area. Your take profit will be just above the closest demand area.



When going long, your stop loss will be a few pips below the reversal candle. Your take profit will be just below the nearest supply area.



PLEASE NOTE: Once you know your stop loss level, you can work out your position size.

Step #5: Enter The Trade

The entry is simple. As soon as the reversal candle closes, you can enter the trade.

Short illustration:



Long illustration:



After years of testing, Alex has uncovered a few additional rules that will invalidate the trade. Make sure you adhere to them because they will protect your account.

Rule #1: A trade has to have a risk-reward ratio of 1:2 or higher. The potential reward must be at least twice as large as the risk.

Rule #2: Only use fresh areas of supply or demand. If price has bounced off an area once, then you cannot use it again to enter a trade.

Rule #3: Do not trade during big news events. Check ForexFactory.com for red news days and avoid them.

Supply & Demand Strategy Results

The most astonishing thing about Alex's Supply & Demand strategy is his Risk:Reward.

His trades often get 1:2 and can even go further. Let's look at some examples.

Nadia posted the following backtesting project in The Trading Academy.

Her win rate was 62.67% and her total R was 387. That means, if she risked 1% per trade it comes out to a whopping 387% return over 300 trades.



Nadia Castellanos Robles · 26d (edited) ⋮

Hi, here is my backtesting project D on [@Alex Morris](#) Supply and Demand strategy - 300 trades... wow!

I had a total of 300 trades (150 long and 150 short)

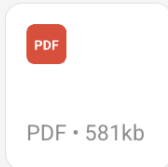
My risk per trade vary depending on the trade set up.

Total R 387.3

Win rate 62.67%

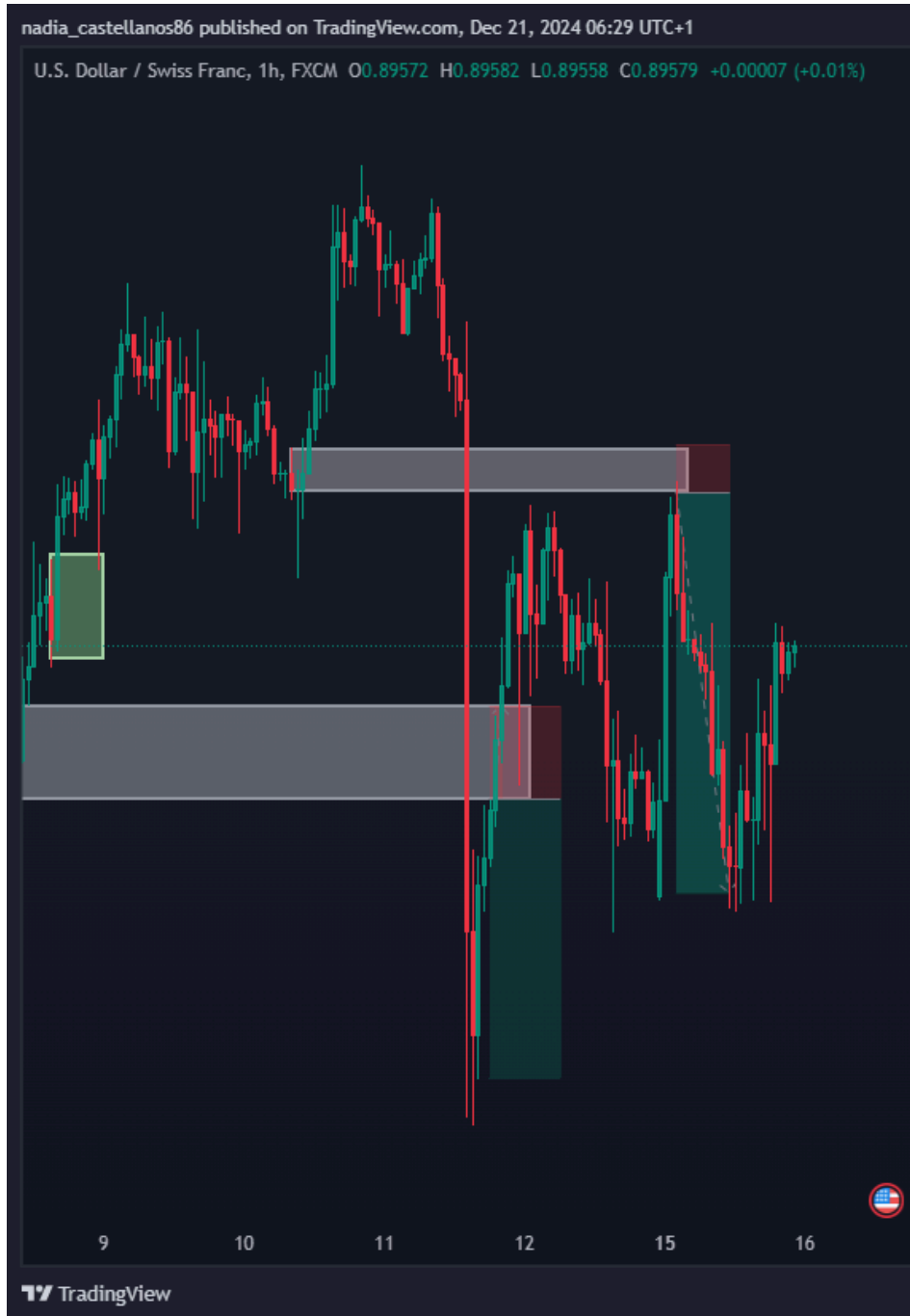
Backtesting sheet

https://docs.google.com/spreadsheets/d/14qq_IrNrOkNBMZ4pnAXkv31eosISynzGEsbDHgJS4pY/edit?usp=sharing



👍 4 Reply

Her best trade out of the 300 was a USDCHF short trade. In her screenshot, you can see this enormous move in action:



This is called a “Flip Zone”. Alex teaches this in his course inside of The Trading Academy. It’s where a demand and supply zone flips. They usually provide a very good Risk:Reward.

In this case, she pulled in a whopping 6.41%.

This is pretty advanced and requires a lot of practice. Most profitable trades are more likely to look like this:



Price bounced off a demand zone with an engulfing candle. Nadia targeted a 1:2 risk:reward.

Here's a reminder that all our students in the Legacy Program have to do very detailed backtests before they can move on to the next stage. This includes entries, exits, and screenshots. Below is a glimpse at what Nadia's looks like.

	F	G	H	I	J	K	L	M	N	O	P	Q		
	Date	Exit	Entry	Stop Loss	% Risk	Pip Risk	Exit price	Pip Gain	Trade RR	% Return	Win/Loss	Duration	Screenshots	Notes
2	Friday, April 28, 2023	1.09840	1.09714	0.50%	13	1.10218	38	3.0	1.50%	Win	0		https://www.tradingview.com/x/DgMvzvH/	Bullish trend, good demand area. 5th confirmation candle on fri
3	Wednesday, May 10, 2023	1.09662	1.09870	0.50%	21	1.09870	-21	-1.0	-0.50%	Loss	0		https://www.tradingview.com/x/nF8hAJE/	Ranging price action with bullish sentiment on HTF. weak supp
4	Tuesday, May 16, 2023	1.08685	1.08992	1.00%	31	1.08992	-31	-1.0	-1.00%	Loss	1		https://www.tradingview.com/x/Yz0NVz2PE/	Evident switch to bearish on the LTF. Good supply area as price
5	Wednesday, May 24, 2023	1.07896	1.08052	0.75%	16	1.07584	31	2.0	1.50%	Win	0		https://www.tradingview.com/x/awgm7Wan/	Bearish momentum continued. weak supply area as not breaking
6	Friday, May 26, 2023	1.07223	1.07455	0.75%	23	1.07455	-23	-1.0	-0.75%	Loss	1		https://www.tradingview.com/x/iplhNsGa/	Price keep on making LL's. Price retraced withing 3 candles, re
7	Tuesday, May 30, 2023	1.07359	1.07447	1.00%	9	1.07049	31	3.5	3.52%	Win	1		https://www.tradingview.com/x/EhNtH1GoA/	Price just about made LL's. Targeting previous lows
8	Wednesday, May 31, 2023	1.06920	1.07065	0.75%	15	1.06628	29	2.0	1.51%	Win	0		https://www.tradingview.com/x/RM0Z3eSQ/	Price making LL's. reduced risk due to news
9	Tuesday, June 13, 2023	1.07987	1.08146	0.50%	16	1.08146	-16	-1.0	-0.50%	Loss	0		https://www.tradingview.com/x/3auzFA/	weak supply area from couple of weeks ago. 5th confirmation i
10	Monday, June 26, 2023	1.08690	1.08409	0.75%	28	1.09532	84	3.0	2.25%	Win	3		https://www.tradingview.com/x/m03ScvZn/	bullish sentiment aligned with HTF. good demand area, reduced
11	Thursday, July 27, 2023	1.10443	1.10112	1.00%	33	1.11254	81	2.5	2.45%	Win	2		https://www.tradingview.com/x/FCCBP5x/	Good demand area, strong impulse up. pin bar rejection, target
12	Friday, July 28, 2023	1.09700	1.09401	0.75%	30	1.10300	60	2.0	1.51%	Win	0		https://www.tradingview.com/x/BYCX0z/	Good supply area. Strong rejection
13	Thursday, August 10, 2023	1.09450	1.09276	0.50%	17	1.09974	52	3.0	1.51%	Win	2		https://www.tradingview.com/x/bUihRsv1/	weak demand area from 3 weeks ago. reduced risk as there ar
14	Wednesday, August 16, 2023	1.09295	1.09546	0.50%	25	1.08792	50	2.0	1.00%	Win	1		https://www.tradingview.com/x/DBB1NaTC/	Bearish sentiment with HTF bias. News coming up, reduced ris
15	Tuesday, September 20, 2023	1.07192	1.07391	0.50%	20	1.06592	60	3.0	1.51%	Win	0		https://www.tradingview.com/x/WswmGc4/	Strong bearish sentiment. good supply area. Pin bar rejection a
16	Thursday, October 12, 2023	1.06117	1.06439	1.00%	32	1.05470	65	2.0	2.01%	Win	1		https://www.tradingview.com/x/QDw6RTCH/	Good supply area. Strong rejection
17	Wednesday, November 1, 2023	1.05525	1.05726	0.50%	20	1.05726	-20	-1.0	-0.50%	Loss	0		https://www.tradingview.com/x/mf8s610V/	Weak supply area. news coming up, reduced risk
18	Friday, December 1, 2023	1.09477	1.09609	0.50%	13	1.08957	52	3.9	1.97%	Win	1		https://www.tradingview.com/x/78kLcio7/	flip zone. price made HH's and then dove through the area. t
19	Tuesday, December 19, 2023	1.09238	1.09489	0.75%	25	1.09489	-25	-1.0	-0.75%	Loss	0		https://www.tradingview.com/x/PhyAIFB/	flip zone from a good demand area. trade against sentiment, re
20	Friday, December 29, 2023	1.10653	1.10412	1.00%	24	1.10412	-24	-1.0	-1.00%	Loss	0		https://www.tradingview.com/x/GhnbG97/	Good demand area breaking previous highs. recent bullish sen
21	Friday, January 5, 2024	1.09471	1.09749	0.75%	28	1.08914	56	2.0	1.50%	Win	0		https://www.tradingview.com/x/zAbz2am/	Weak supply area as price not breaking previous lows. 4th con
22	Thursday, January 18, 2024	1.08683	1.09078	0.50%	20	1.08491	39	2.0	1.01%	Win	0		https://www.tradingview.com/x/abHLYz2/	reduced risk as price did not touch the supply area
23	Tuesday, January 23, 2024	1.08977	1.09106	0.50%	13	1.09106	-13	-1.0	-0.50%	Loss	1		https://www.tradingview.com/x/N2NuXvCz/	weak supply area, price breaking recent lows but withing rangi
24	Monday, January 29, 2024	1.08723	1.08895	0.75%	16	1.08200	52	3.2	2.42%	Win	3		https://www.tradingview.com/x/YfMB8YFE/	weak supply area, price did not break recent lows. price did not
25	Tuesday, January 30, 2024	1.08614	1.08887	0.50%	27	1.08068	55	2.0	1.00%	Win	1		https://www.tradingview.com/x/8ccqCw/	good supply zone as price broke recent lows. bearish sentim
26	Friday, February 16, 2024	1.07612	1.07888	1.00%	28	1.07888	-28	-1.0	-1.00%	Loss	1		https://www.tradingview.com/x/9nNekCBB/	bearish sentiment. supply area did not break previous lows, ck
27	Wednesday, February 28, 2024	1.08525	1.08913	0.75%	39	1.08024	50	1.3	0.97%	Win	6		https://www.tradingview.com/x/9WYv9oAs/	good supply zone, price breaking recent lows. strong rejection i
28	Wednesday, March 27, 2024	1.08553	1.08655	1.00%	10	1.08136	42	4.1	4.09%	Win	1		https://www.tradingview.com/x/3CIC2oCNC/	ranging price action with bearish sentiment dominating. good s
29	Wednesday, April 3, 2024	1.07659	1.07818	1.00%	16	1.07818	-16	-1.0	-1.00%	Loss	1		https://www.tradingview.com/x/9qW2Np2v/	good supply zone, price breaking recent lows. strong rejection i
30	Tuesday, April 16, 2024	1.06379	1.06558	0.75%	18	1.06021	37	2.0	1.50%	Win	0		https://www.tradingview.com/x/9em2Np2v/	supply zone barely broke recent lows but good opportunity as
31	Wednesday, May 2, 2024	1.06882	1.06698	0.75%	18	1.07251	36	2.0	1.50%	Win	0		https://www.tradingview.com/x/9qW2Np2v/	potential long opportunity against recent sentiment. reduced ris
32	Thursday, May 9, 2024	1.07511	1.07327	0.75%	18	1.07327	-18	-1.0	-0.75%	Loss	1		https://www.tradingview.com/x/9qW2Np2v/	change of sentiment on the hourly but bias against HTF. reduce
33	Thursday, May 23, 2024	1.08346	1.08210	0.75%	14	1.08210	-14	-1.0	-0.75%	Loss	1		https://www.tradingview.com/x/QNXhWtHX/	confirmation candle not the best, reduced risk.
34	Monday, June 3, 2024	1.08370	1.08253	0.50%	12	1.08796	43	3.6	1.82%	Win	0		https://www.tradingview.com/x/CvR3FE/	price did not touch demand area but strong confirmation on the
35	Tuesday, June 11, 2024	1.07536	1.07223	0.50%	31	1.07223	-31	-1.0	-0.50%	Loss	1		https://www.tradingview.com/x/FiR6Rse/	reduced risk as market open with a gap and the demand area s

In later chapters, we will show you how this is done.

Another student, Greg Price, got very interesting results in his backtest of the Supply & Demand strategy.

His win rate was only 39.3%. That means he lost the majority of his trades.

However, this doesn't matter much since he still achieved an 85.08% return. See the image below.



Greg Price · Nov '24 (edited)

Hi all, after many weeks, at last, I have completed the 300 trades for the Backtesting Project. I used Alex's Strategy (S&D and Flip).

High Level Results:

Win Rate - 39.30%

Return % - 85.08%

Workflow:

- I used a 12 month period and went through 28 currency pairs. However, in the last 25 or so trades I had to extend the timeframe as I ran out of currency pairs
- For S&D, I only entered trades between 7am-9am and 7pm-9pm
- For Flip Zones, I only entered if I would have noticed the flip zone forming during 7am-...

[See more](#)

8 [Reply](#)



Simon Pullen · Nov '24

[@Greg Price](#) - great project and post Greg. This is a huge achievement - well done.

1 [Reply](#)

Here's how this is possible.

As explained with Nadia's results, Alex's strategy has a very high reward when it wins.

A winning trade can be 2, 3, or even 6 times bigger than a losing trade. This means you don't need a win rate above 50%. You can lose the majority of your trades and still come out on top.

Let's take a look at one more student, Matheus Vilela. He was the very first person to complete a backtesting project inside of The Trading Academy.



5

Matheus Vilela · Sep '24

It seems I will have the honour to start Project D tread :), which I am sure will be followed by many other Project D backtesting!

Here is the summary

I have exclusively used the base Alex's supply and demand strategy with no outliner, orderblock, flip zone or mechanicals. I have done bar-per-bar replay (totally worthy) and trading time between 6 AM to 5 PM, except Friday after 3 PM. Also, I have not retrofit any non-taken trade, If I missed it, I missed it.

I have done approximately 40 trades per pair, which mostly cover from Feb 2023 till Ago 2023, few cases went to December :|

Outcome

Trades - 347 - # Short - 197 // # Long - 150

Total R - 234.88%

Trade R - 0.68%

Win Rate - 59.37%

Reward Risk - 2.45

Average Days - 0.85

Monthly R - 13.37%

of months below 3% - 3 months, (20%)

of months below 0% - 1 month, (6.7%)

I found GBPCAD particularly difficult to trade, AUDUSD does not fully respect the S/D and I found more pleasant trading with EURAUD, EURNZD, GBPJPY

<https://docs.google.com/document/d/1b9L4F87LmiwdymzjM53wrtrQrO6VhNQs5nN7Z5kwzA/edit?usp=sharing>

As discussed with Alex, I will start the forward test for 2 weeks and hopefully a small account at the end of the month.

I suppose the biggest challenge now is to replicate it on a slow-paced hourly chart without messing it up!!! Oh Lord... God help me, please!

@Alex Morris @Denislav Dantev @Zack Van Niekerk - I just want to say that I very much appreciate your support so far!

↓ Jump to latest comment

👍 9 Reply

He did 347 trades with a total R of 234.88%.

What's interesting about him is that he also posted the monthly return this would get him. It was 13.37% per month. Compounded, that's 350% per year.

Surely this can't be?

We talk a lot about the monthly return you should aim for later in the book, but for now we have to explain the insane results that the backtesting students are getting.

Backtesting is you *practicing the strategy* - it's not in real time. In live trading you will miss some opportunities.

Matheus and the other students will only get half or a third of the trades they find in their backtesting.

Finally, their risk is most likely going to be lower in the real markets - reducing the overall gain.

Learn Alex's Method With Structured Education

There are two ways to learn more from our traders.

#1. **TheTrading.cafe** - This is our free school. Join fully vetted 6-figure traders live on Zoom every

single week. They'll share their results, strategies, and future trading opportunities.

#2. Or go to **TheTrading.Academy/join** - This is our premium school where our students get 13 live sessions per week, step by step courses, and practice projects. Find out more at TheTrading.Academy/join.

Chapter 11: The Bollinger Band Strategy

by Deni Dantev

Deni is different from the other traders in this book.

His trading strategy follows a lot of the same principles as the others, and he is also trading an account bigger than 6-figures.

However, unlike Simon, Sid, and Alex, Deni is an expert in trading other people's money.

Here's what happened.

Zack called me up over the weekend.

"Pete, you wouldn't believe what I found out" he started.

"Hey Zack, I'm well, thanks for asking" I answered cheekily.

He laughed. You can always tell when Zack is excited about something because he would just skip all formalities and hellos.

"So, you know, funded accounts..." Zack continued.

"Yep" I quickly replied.

In case you didn't know, there are these companies called Prop Firms. If you can trade according to their rules and make money, they will fund you. Sometimes with a lot of money.

All you have to do is pass a test by trading an account they give you. Then, every time you make a predetermined return, they would give you more money. They split the profits with you, and everybody wins. That's the theory, anyway.

Zack continued, "Well, I just spent the last 3 days going to every single prop firm I could find. I went through all their contracts and looked at all their rules. I must have gone through about ten of them. And I think the whole thing is a racket".

What Zack told me on that phone would set in motion the thing that brought us to Deni.

You see, at this point, our school (The Trading Cafe) had grown to 7,500 traders. Zack is very sensitive to their needs. He spends day and night thinking about how to best serve the majority of them. That includes protecting them from the scams out there.

A lot of them were talking about getting funded. So, Zack, being Zack, ruined his weekend plans with his fiance to read contracts.

Here's what he found.

The majority of the prop firms were simply there to get money from the tests they were running.

You would pay \$400, take a test and fail.

Then, you would pay another \$400, and perhaps you pass.

But their rules would be so onerous that you would be kicked out again.

The business model was to have thousands upon thousands of uneducated traders take tests. Over and over again.

However, here's the crazy part. Once you passed the test and got "funded". The vast majority of the prop firms would only give you demo money, knowing that there was a great chance you would fail eventually.

Their random and arbitrary rules were meant to make it harder for you to succeed.

For example, you can't hold trades overnight. That cuts out about 80% of all profitable strategies out there.

Or, you have to make 10% within 30 days, or you are kicked out. It's wild.

And Zack felt compelled to expose the industry. To tell everyone the truth.

However, before he did that, we decided to make use of the combined knowledge of the 7,500 traders in our school.

The very day after our phone call, Zack put out a poll inside of The Trading Cafe asking people if they are funded.

22 said yes.

Zack directly contacted all 22, and only 2 of them agreed to speak to Zack on a Zoom call.

One of them was Deni Dantev.

Zack grilled him. He peppered him with questions.

“Is your funded account with live money?”

“Are you making money right now?”

“How much are you making?”

“Can you show me your account?”

And so on and so forth.

It turns out that Deni has tried over 12 prop firms, passed 54 funded challenges, and is currently funded with over \$200,000 of other people’s money.

He also confirmed that everything Zack found out about the industry is true.

However, like in most industries, there are good companies and bad companies.

Since this is a young and unregulated industry, the bad seem to outweigh the good.

Deni spent 2 years finding one that is genuine.

The company Deni was funded by is called The 5%ers (the5ers.com). I want to make something clear. We do not have an affiliate arrangement with them. There’s no financial incentive for us to give you their name.

As tempting as it may seem for you to run off and take their tests. Wait just a minute. Just because they are a legitimate prop firm does not mean you will pass their test and start making money right away.

There's a lot more you need to learn. This fact became crystal clear to Zack after his conversation with Deni.

We wanted to make Deni an offer to join our team to help people get funded in the right way.













He seemed like an incredibly genuine guy, but we're very protective of our students (free and paid). So, Zack spoke to the CEO of the prop firm. Deni was one of their stars and had an incredible relationship with him.

After the conversation, Zack asked me to jump on a call with them too. So, he had another 45-minute chat about all sorts of things.

The transparency was exactly what we wanted.

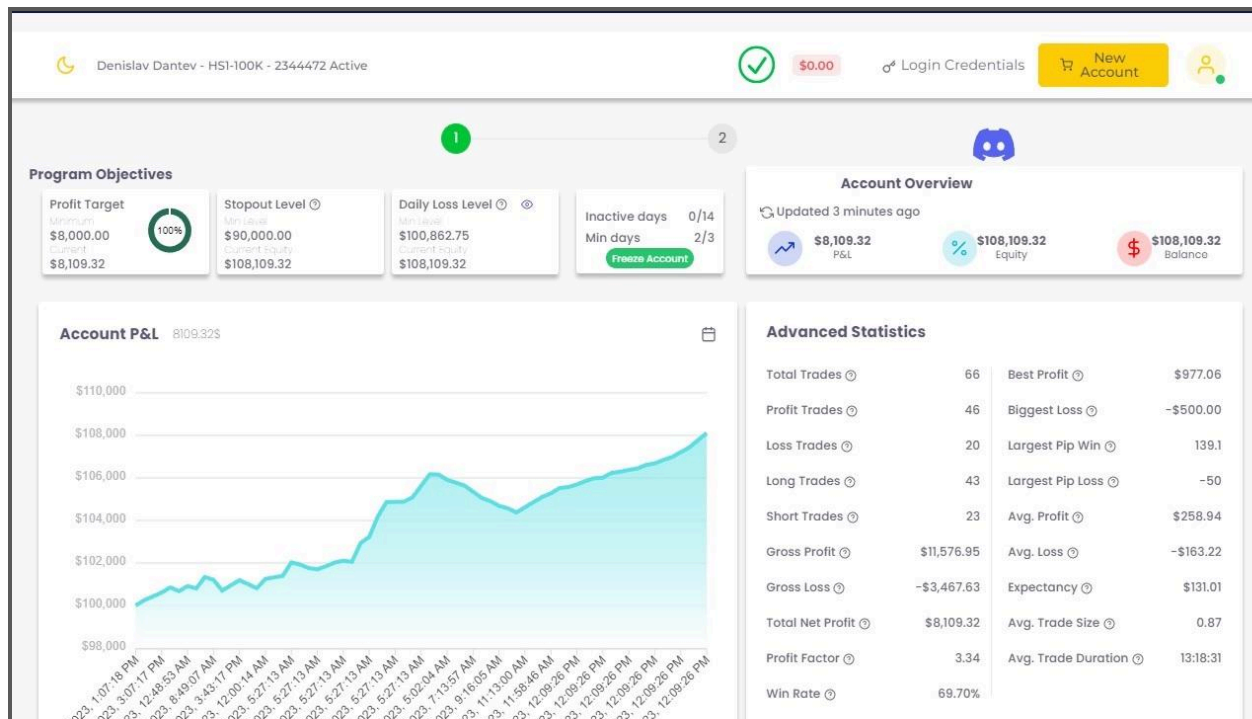
In the coming weeks, Deni provided us with all the challenges he's passed with the 5ers.

Denislav Dantev's Certificates: 54

 <p>04 June 2021 Instant Funding Download Preview</p>	 <p>15 July 2021 Instant Funding Download Preview</p>	 <p>08 September 2021 Instant Funding Download Preview</p>	 <p>05 November 2021 Instant Funding Download Preview</p>
 <p>28 December 2021 Instant Funding Download Preview</p>	 <p>16 March 2022 Instant Funding Download Preview</p>	 <p>05 April 2022 Instant Funding Download Preview</p>	 <p>21 April 2022 Instant Funding Download Preview</p>
 <p>17 May 2022 Instant Funding Download Preview</p>	 <p>01 June 2022 Instant Funding Download Preview</p>	 <p>15 June 2022 Instant Funding Download Preview</p>	 <p>05 July 2022 Instant Funding Download Preview</p>

169

He also shared his funded accounts with us (yes, he has multiple).



So naturally, we extended Deni an offer to join our team as an educator. To our absolute delight, he accepted it, and we're off to the races.

We asked Deni the same question we asked all our educators.

“If you could go back to a younger you, what his simplest and most practical trading method you could teach yourself?”

Deni got to work. He pulled out his most practical trading method and distilled it into a few steps. Our team got to work and put a module together.

It was released on August 11th. By August 23rd, the following comment was posted:



Don Parker

16d ago in Legacy Student Hangout Room

DENISLAVs BOLINGER BANDS STRATEGY

JUST BEEN BACK TESTING THIS STRATEGY "WOW" need i say more 🤩



3



9



Last comment 16d ago



DENISLAVs BOLINGER BANDS STRATEGY

Watch (3)



Don Parker · 16d

ive been doing a bit this morning, ive done 50 trades up to yet, 39 winners 11 losers Steve 78% up to yet, but ive had to keep the rule book by my side as it is a bit tricky to start with, but hey ill keep practicing 👍



1

Reply



Steve Hives · 16d

good odds let me know how you go looks like it might be a good strategy



0

Reply



Fraser McLean · 16d

Hoping to begin learning this strategy soon, I have watched the introduction and will likely need to have the crib sheet too!



0

Reply



Don Parker · 16d

[@Fraser McLean](#) Hi Fraser, it seems very good, but its easy to forget the rules and make mistakes on entry, so i need the rules at side of me until its second nature 👍



0

Reply

Today, you're getting Deni's strategy inside of this chapter.

It consists of 7 steps.

Step #1: Set Up Bollinger Bands

Step #2: Scan The 4HR Chart

Step #3: 1HR Pullback

Step #4: Wait For The Entry Setup

Step #5: Targets & Stop Loss

Step #6: Enter The Trade

Step #7: Management

Step #1: Set Up Bollinger Bands

Bollinger Bands are a technical analysis tool, essentially a set of lines plotted on a forex chart.

Imagine you have a rubber band wrapped around a rolling ball. As the ball moves up and down, the rubber band stretches and contracts with it.

Like a rubber band, Bollinger Bands consist of:

- A middle line which is a simple moving average (usually a 20-period average).
- An upper band is calculated as the simple moving average plus a certain number of standard deviations (usually two).
- A lower band is calculated as the simple moving average minus a certain number of standard deviations.

This is what it looks like on the chart.



They are incredibly common and can be added to all charting softwares we know of.

In a way, it's fairly similar to RSI.

They were developed by John Bollinger in the 1980s. He was searching for a way to measure the volatility and relative price levels, and his system quickly became popular because of its ability to adapt to changing market conditions. Bollinger's goal was to create a tool that would provide a relative definition of high and low prices. His bands did just that by automatically adjusting in response to market volatility.

For Deni's strategy, you simply need to know a couple of things.

If the upper and lower bands are expanding, it means you have increased volatility (price is moving in either direction quickly).

When they contract, you have decreased volatility (price tends to consolidate and move slowly).

Deni uses Bollinger Bands to determine whether or not price has woken up from its slumber.

Quick note: from now on, we will refer to Bollinger Bands as “BB” for short. Let’s move on to the next step.

Step #2: Scan The 4HR Chart

Go to your 4-hour chart (where each bar = 4hrs in time) and scan for a strong move in either direction.

This should be:

- Two or more long solid bars.
- Expanding BBs.
- Angled MA in the direction of the move.

Ideally, you have all three.

Have a look at the chart below. You have several long solid bars. The upper and lower bands are expanding (the purple ones). The moving average line (white) is angled in the direction of the move.



Let's look at another example. This one shows the same situation. All 3 boxes are ticked. Two solid bars, expanding BB, angled moving average.



Let's look at an example in the opposite direction. You have two long solid red bars. The bands are expanding. The moving average is angled down.



Step #3: 1HR Pullback

You have established that there is a big move happening on the 4h chart. Now, drop down to the 1hr chart and wait for price to pull back.

The idea behind this is that the market moves in waves. An initial price swing can be unpredictable and erratic. When we wait for the pullback we can get a much better entry in a calmer market.

A pullback means:

- Price retracing back to and touch (or come within 5 pips) of the MA.
- This should be a slow move without much momentum - a sideways/corrective move.
- Bands should begin to contract during this pullback.

Let's take a look at an example. Price has moved sideways and comes within 5 pips of the moving average (the white line). In this case, it actually touches it. This is a slow move without much momentum. The purple bands are contracting.



Here's another example. It's the same kind of situation. Price has moved sideways and touched the moving average. Bands are contracting.



Here is a short example. See if you can go through the 3 rules of a pullback and spot why this one fits the bill.









Step #4: Wait For The Entry Setup

Once you have scanned the 4h chart, dropped down to the 1h, and waited for a pullback, it's time to wait again.

There are three valid entry patterns you can use at this point.

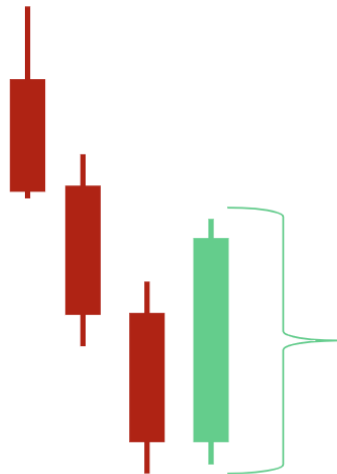
1. Engulfing candle
2. Three bar reversal pattern
3. Pin bar entry options

	Engulfing	3-Bar Reversal	Pinbar
Long			
Short			

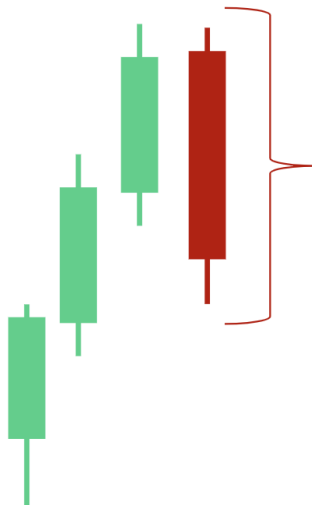
Let's take a look at them one by one.

You should already be aware of the Engulfing Candle. We've covered it extensively in the previous chapters. However, here is a quick refresher.

It completely engulfs the body of the previous candle.



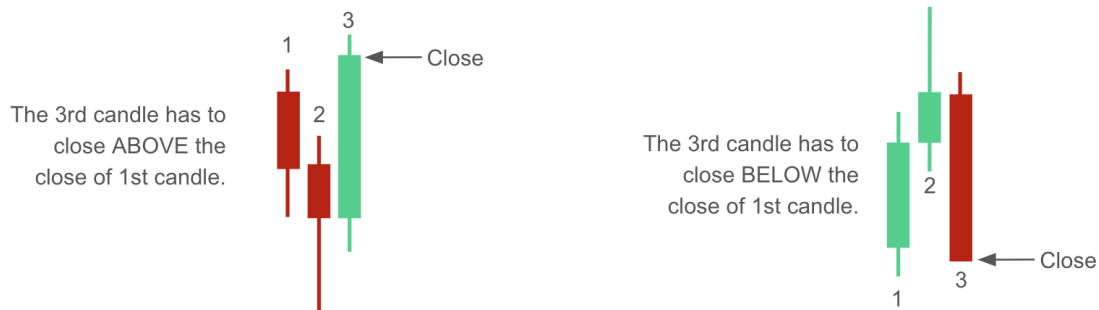
It has a big body and engulfs the previous candle and closes above the wick.



If it is a bearish engulfer then price must close below the low of the previous candle (including the wick).

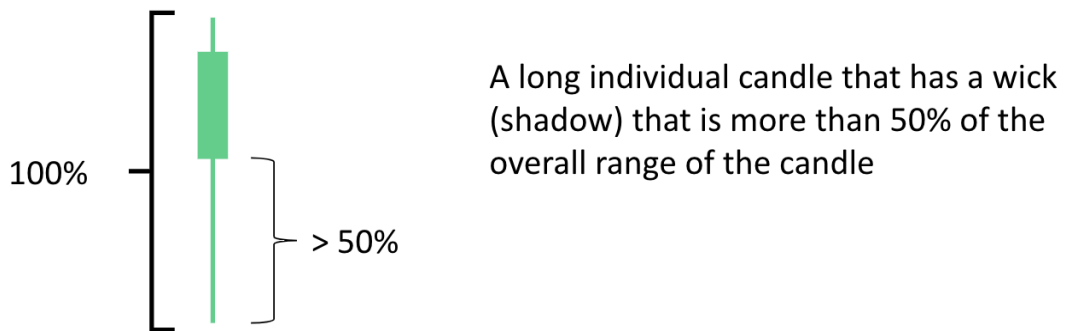
Next, we have the 3-Bar Reversal Pattern. In the scientific literature, it's known as Three Outside Up (for long trades) or Three Outside Down (for short trades).

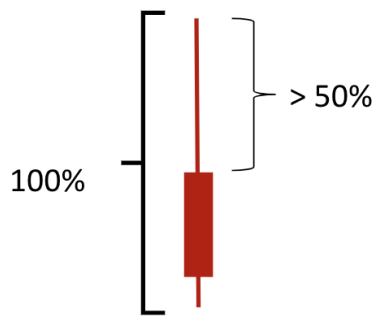
Below, you will see an illustration. The one on the left shows a buy signal. The one on the right shows a sell signal. The basic rule is that the 3rd candle needs to close above/below the 1st candle.



The third entry pattern is the pinbar.

For long trades, a pin bar with a long wick below the body is ideal, while for short trades, a pin bar with a long wick above the body is preferred.





The short bar is exactly the same, except the body is at the lower end of the bar.

They can have different body sizes or wick lengths, but as long as the wick meets the 50% threshold and the bar is broken above (for longs) or below (for shorts), it's a valid setup candle.

Let's take a look at some real examples. Below is a potential short trade. We have a green bar, then a small red bar, and then another red bar. Notice that the very last red bar closes below the last green bar. This is a 3-Bar Reversal. Also, it engulfs the 2nd bar, so it is technically an engulfing bar as well.



Let's take a look at a long example. Price gets within 5 pips of the white moving average line. Then it reverses. The very next bar closes above the first red bar. Again, you have 3-Bar Reversal.



Step #5: Targets & Stop Loss

First, let's add your stop loss.

For the short trade, you would place it above the recent swing.



For a long trade, it'll be below the recent swing.



Your target will be 1:1. That means if the distance from your entry to stop loss is 50 pips, your target will also be 50 pips.

This is the same method used in Simon's Quick Win Strategy.

Let's look at some examples. Below, you can see a long trade. The entry happened when price touched the moving average and formed an engulfing candle. The stop loss is below the recent swing low. The take profit is the same distance as the stop loss.





Step #6: Enter The Trade

The trade entry happens on the close of the reversal pattern. So, on a 3-bar reversal, you will enter the trade on the close of the last bar. This requires you to figure out your stop loss and position size before entering the trade.



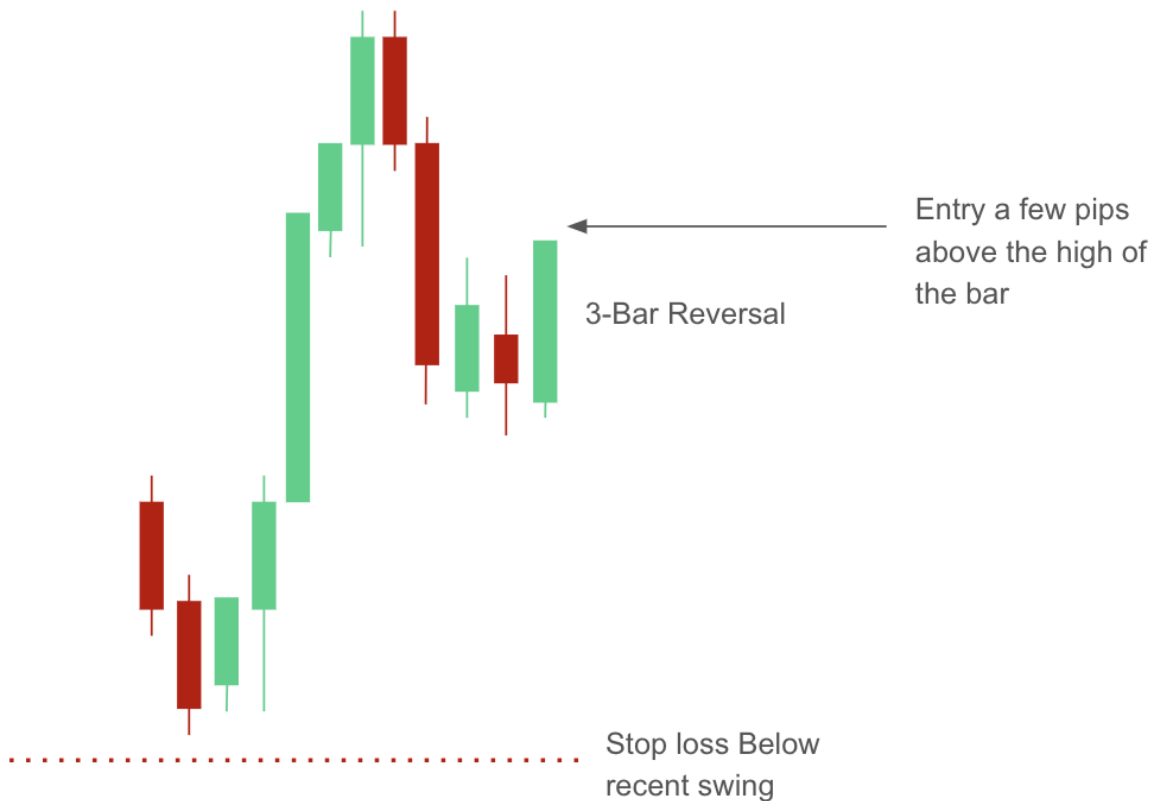
Here's another quick illustration. A pinbar entry will require you to enter on the close of the pinbar.



However, if you want to, you could wait for price to break the high or low of the entry pattern. This will give you a little more time to figure out your stop loss and target levels.

To do this, simply wait for the entry pattern to form, then place a pending order (buy stop for long, and sell stop for short) a few pips away from the entry bar.

Here is a quick buy-stop illustration.



Here is a sell-stop illustration.



Step #7: Trade Management

This part is a little more advanced. However, it's a useful method in order to capture larger moves in the market.

Here are the trade management rules:

1. Close half of your position when price reaches your 1:1 target.
2. Trail your stop loss for the remainder of your trade until you get stopped out.

Let's start with the first part: Closing half your position.

This is known as a partial close. In most broker platforms, you are able to tell them how much of the position you want to close.

Let's say you entered a trade for 0.5 lots on GBPUSD.

It's 50 pips in profit and so you are \$250 in the green.

You open up your trade ticket and close 0.25 lots.

You will see \$125 added to your account balance. The remaining \$125 profit is still open and could go up or down depending on what the market does next.

This allows you to bank profits, protecting some of the money you made while allowing you to capture an even bigger move with the position that's left open.

For this strategy, Deni sometimes closes half the position once price has reached the 1:1 target.

Once you do that, you need to trail your stop loss, limiting how much the remaining position is able to lose. You have a few options for trailing your stop loss:

- Move your SL with each market pivot (new highs or lows).
- Move your SL with the upper/lower band at your entry time frame (the 1H chart)

Let's take a look at an example of the first one. Below, you will see the initial trade.



Then, once price hits the 1:1 target you close out half the position (point 1 on the chart).



Move your stop loss below the most recent low after price hits the 1:1 target (point 2 on the chart).

As price keeps moving you will see it creates higher lows. Each time there is a higher low, you move the stop loss again (point 3).

Then, eventually, the price will come back down and stop you out (point 4). But now you have a higher profit than you would have had because your stop loss has been moved so much.

Let's take a look at the other way of trailing your stop loss. It's a little simpler.

In this example, once price has hit the first target and you closed out half your position, move your stop loss a few pips below the lower band. Keep moving it every 3-10 bars.



For a short position, just do the opposite. Move your stop loss a few pips above the upper band.

IMPORTANT RULE: Only ever move your stop loss in the direction of the trade. Never move it backward. If you go long, only move your stop loss upwards. If you go short, only move it downwards.

Bollinger Band Strategy Results

I want to start this section with the results posted by Jeff Boldrick.



Jeff Boldrick · 6d (edited)

Attached is my back testing project D for @Denislav Dantev 's Bollinger Band strategy.

I have traded 4 pairs using Denislav's Bollinger Band Strategy, from January 2018 up to the end of 2024 covering 7 full years of charts. I did take every trade I thought would be profitable no matter the time of day at the suggestion of Denislav so that I internalize the process despite the fact that I would not take them in real life.

He backtested 7 full years of trading and got an annual return of 48.67% compounded on 4 currency pairs.

In real life this result will be a little different, however he should be able to trade more than 4 currency pairs.

Here are his full results of 406 trades:

Trade R	0.7
Total R	286.4
Win rate	80.78%
Reward:Risk	1:1

Next we have Manet. She recorded a total of 309 trades with a total return of 212%.



Manet Kateb • Oct '24

Hello, my backtesting peers.

I am excited to share that I have completed my backtesting project for the Bollinger Bands (BB) strategy. 😄😄😄

I must honestly say that the process required significantly more effort during the analysis of the results than I initially anticipated. I had to revisit my findings and run additional tests after refining my rules defined in project C several times.

The results are summarised in the attached assessment document:

<https://docs.google.com/document/d/1wb0epCICDAFvljJyGRzT72xgPGatYKcDkrVhsN8uyl/edit?usp=sharing>

- A total of 309 trades (150 long and 159 short).

- The matching test across three batches of samples yielded approximately 65%. I recognise the variations that may arise during the validation of setups.

John Hayes got a win rate of 68% and a total R of 124%.

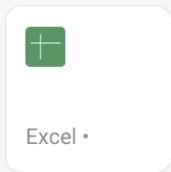
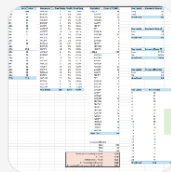


John Hayes · Oct '24 (edited)

I have completed my 300 back test on the BB strategy and include the links below.

This was a big old challenge and so very useful for intensely exercising the strategy and exploring nuances and behaviours of the markets.

I have added several new filters and rules to ensure I only pick out the best opportunities and also realised during the process that the cases where I am itching to get involved in price action where the BB does not tick all the boxes are great opportunities for Order Blocks (nic... [See more](#))



👍 5 Reply

At the time of writing this chapter we have a total of 174 comments under this backtesting project. More and more students complete this every week.

The Trading Academy
Aug '24 (edited) in The Study Room

Project Post: Project D -> Complete your backtesting

Dear Trading Academy Student,

👉**POST YOUR PROJECT AS A COMMENT BELOW**👉

Here's what to do:

1. Post your completed project by creating a COMMENT below (do NOT create a new post).
2. Please look through other students' projects and see what you can learn from what they did. Can you help them in any way? Is there anything that you can learn from them? Keep it positive and focused on progress.
3. Once that's done, you can repeat the module and project or move on to the next module. Remember to always

👍 Liked 8 **174 comments**

Learn Deni's Method With Structured Education

There are two ways to learn more from our traders.

#1. **TheTrading.cafe** - This is our free school. Join fully vetted 6-figure traders live on Zoom every single week. They'll share their results, strategies, and future trading opportunities.

#2. Or go to **TheTrading.Academy/join** - This is our premium school where our students get 13 live sessions per week, step by step courses, and practice projects. Find out more at TheTrading.Academy/join.

Chapter 12: How To Learn These Strategies Correctly

What happens next could completely derail your progress to becoming a 6-figure trader unless you pay very close attention to the rest of the book.

In fact, the information you have received up until this point is downright dangerous if you leave it there. We've seen this happen time and time again.

Here's why.

At this point you may feel excited. You've been given very clear instructions on how these trading strategies work.

Your natural reaction would be to go find a broker and open a demo account to place some simulated trades. This seems like a sensible first step. You will not be risking real money.

However, if demo trading was the best way to learn, then we would have millions of successful traders.

The Demo Trading Fallacy

Trading requires you to master two sides of a coin. The *strategy* and the *psychology*. When trading a demo account, you are attempting to master both those sides at the same time. This usually ends in failure.

To prove it, let's take a look at a sample of 20 trades from Alex's Supply & Demand strategy:

1	-1.00%	Loss
2	-1.00%	Loss
3	-1.00%	Loss
4	-1.00%	Loss
5	2.42%	Win
6	-1.00%	Loss
7	5.33%	Win
8	2.13%	Win
9	-1.00%	Loss
10	-1.00%	Loss
11	2.79%	Win
12	-1.00%	Loss
13	-1.00%	Loss
14	3.02%	Win
15	-1.00%	Loss
16	2.23%	Win
17	2.82%	Win
18	2.34%	Win
19	-1.00%	Loss
20	-1.00%	Loss

These are real trades that happened over a period of a month. I cherry-picked this month because the return was a whopping 11.08%. This is known as a *best-case scenario*.

In a demo account, this would take 4-5 weeks to accumulate. Each trade lasts between 24-36 hours.

So far, so good. But let's take a closer look.

You are totally new to Alex's strategy. You are unlikely to get the same results he gets right away. It'll take some time. It's why you are practicing in a demo account, after all.

However, it gets worse. Let's say you could magically be perfect and get the same results as Alex from the get-go.

The first trade is a loss. You understand that losing is part of it, but you feel a little deflated. You pull yourself together and take another trade.

Another loss.

You waited hours and hours in front of the chart for the price to set up correctly. Your only reward is a second stinking loss. Since you are new to the strategy, you might think you are doing something wrong. Perhaps you missed something?

No, you double-checked the rules, and you followed them correctly. You spot a third trade.

Another loss.

Three in a row. Your brain is screaming, "I hate this!". An entire week has gone by, and you have nothing to show for it. How could 3 trades in a row go straight to the stop loss?

It's almost like the market knows when you enter. You decide to do another trade nonetheless. You wait over 5 hours for the right setup.

It's a loss too.

You are battling the feeling of defeat. Every single piece of feedback you are getting over five excruciating days is negative. You don't have a single positive thing to cling on to. This makes you vulnerable. Marketing guys are sending you emails with 90% win rate strategies.

“Just copy my trades for \$50 per month”.

Messages like that become appealing to you.

YouTubers keep showing off their massive wins. I came across one who claimed to have a 100% win rate. This video got 110,000 views. Unbelievable.

Don't forget, this is what you are going through in a month that would have yielded an 11% gain. Even the ideal scenario is difficult.

Practicing the strategy on a demo account means that you cannot practice the psychological side of trading.

It makes you vulnerable to overtrading and strategy hopping. You fall victim to recency bias. Meaning that the latest thing you see is always the greatest thing you see.

Don't get me wrong. Demo trading has its place, but it's not where you should start.

How To Learn Properly

One of the biggest shifts we try to make in The Trading Cafe and Academy is to replace the word trading with learning.

Let's prove it. We'll quickly map out how this small shift leads to a full-time income.

Let's start by looking at the phrase: *"Learn to trade"*.

Change that to: *"Learn to learn"*.

This is called **Metacognition**.

A teaching guidance report was published in April 2020 by Evidence for Learning⁽²⁶⁾.

They said, *"Evidence from our Teaching & Learning Toolkit suggests that the use of metacognition and self-regulation can lead to learning gains of +7 months over the course of a year, when used well."*

Let that sink in. Students who are aware of the process behind learning gain 7 months of additional education in a year. In other words, you learn 58.3% more by simply understanding this concept.

It's the biggest shortcut in the world, yet not a single YouTube trading channel talks about it.

This isn't new information either. A research paper from 1979 by Dr. Flavell was the first one who looked at metacognition⁽²⁷⁾. It is a well established concept.

By being aware of how to learn and the process behind learning it increases focus. It means less distractions. You can zero in on each step of the learning process because you know what it is.

First, let's dive into the structure of learning so that you can become a great trader as fast as possible.

After that, I will give you a practical step-by-step guide on how to achieve this within TheTrading.cafe.

Technique #1. Master individual components & practice them.

This method was proven in a research paper published by Dr. Ericsson and his colleagues in 1993⁽²⁸⁾. They wanted to see what impact this had "*in the acquisition of expert performance*" of a skill.

The concept is very simple. Take the skill and break it down into its component parts. Learn and practice each component separately.

Most newbie traders open a demo account like we discussed earlier or start by backtesting an entire strategy. Research shows that this is not the best way to learn something.

Break that strategy apart and learn each component individually. You will halve the time it takes to learn it.

Technique #2. Get feedback from genuine experts.

Once you have learned and practiced a component, you are likely to have questions. Students who spend time with experts and ask them questions get far better results than those who don't.

If you look at the 2007 research paper published by Dr. Hattie and Dr. Timperley in a journal called Review of Educational Research, you will see how the power of proper feedback is the difference maker between those who succeed and those you fail⁽²⁹⁾.

However, this is only the case if they learned the components correctly - one at a time.

Here's why:

If you ask the wrong question at the wrong time it can lead you down the wrong path. Or worse, you end up doing something out of sequence before you are truly ready to take that step.

A great example of this is, "*Which broker should I use?*" when, in fact, you shouldn't be trading a live or demo account at all.

Ask the right question, within context, and you can rapidly speed up how quickly you learn. We'll look at this in more detail a little later.

Technique #3. Identify barriers.

This is the most overlooked aspect of learning properly. Have you ever tried to learn something, but you ran out of time? Or perhaps you got really tired? Maybe you needed to attend to someone? It could be a parent, your kids, or a friend?

These are known as barriers. Research has shown that by identifying and acknowledging your barriers increases the effectiveness of acquiring a skill.

Dr. Sternberg proved this in a research paper published all the way back in 1998. They found that this "improved problem-solving and critical thinking skills"⁽³⁰⁾.

By writing down your barriers, you can then ask an expert (like a 6-figure trader) how they coped with it. The power of identifying barriers is that you can solve them.

Technique #4. Keep repeating.

This seems obvious, but many traders skip this part entirely. By repeating something over and over again, your brain gets numb to it. The spikes in dopamine get less and less. A study in 2008 by Karpicke & Roediger, proved that this not only led to better retention but better regulations of emotions⁽³¹⁾.

Think of pilots. A newbie pilot gets a real thrill from flying. One with 5,000 hours under his belt is just doing another flight. They have done it so many times it's almost second nature, but they also regulate their emotions when something happens.

Think about how important this is in trading. Regulating your emotions, staying calm, being almost robotic in your execution of trades, these are all hallmarks of a 6-figure trader.

Technique #5. Follow a Step-by-Step Path

In 2004, a professor, Dr. Mayer, published a research paper that made the case for 'guided learning'. Essentially, you give a full step-by-step plan to their end goal⁽³²⁾.

Bad teachers would tell students to learn something for the sake of learning it. We all remember this in school.

Great teachers will lay out all the steps from start to finish. You'll get this by reading the book in its entirety.

We've only scratched the surface of the research that backs up this approach to learning, but hopefully, you get the point.

This method is the quickest way known to man for learning trading (or any skill for that matter).

Here's a quick summary of how it works in a nutshell:

1. Break the skill up into component parts - *a trading method for instance.*
2. Learn a component of a strategy - *like a reversal pattern.*
3. Then, practice that component over and over again.
4. Get feedback from experts who have done it before you.
5. Identify the barriers in your way. Go back to step #1 and do the next component.
6. Repeat steps 1-5 until you have mastered a full strategy.

How To Practice One Component At a Time

In the next few pages you will receive practical instructions on exactly where you should start and how to put this into practice. So far this chapter has focussed mainly on theory and research. That changes now.

Let's use Alex's Supply & Demand Strategy.

If you go back to his chapter, you will notice that there are five steps to his Quick Win Strategy:

- Step #1: Identify the supply or demand area.
- Step #2: Look for the first retest of this area.
- Step #3: Wait for a reversal candle.
- Step #4: Set a stop loss and take profit level.
- Step #5: Enter the trade.

First, you have to break this up into its component parts. For example, the first components are supply and demand areas.

You have to get really good at finding them before the rest of the strategy will work for you.

Find 20 to 50 supply and demand areas each and draw them. Pick a chart like EURUSD, go to the 1h chart, and pull it backward in time. We use TradingView to do this.



Click on the BarReplay button at the top here.



It'll come up with a scissor line. This line will cut off the “future”, so you can't see the bars that are coming.

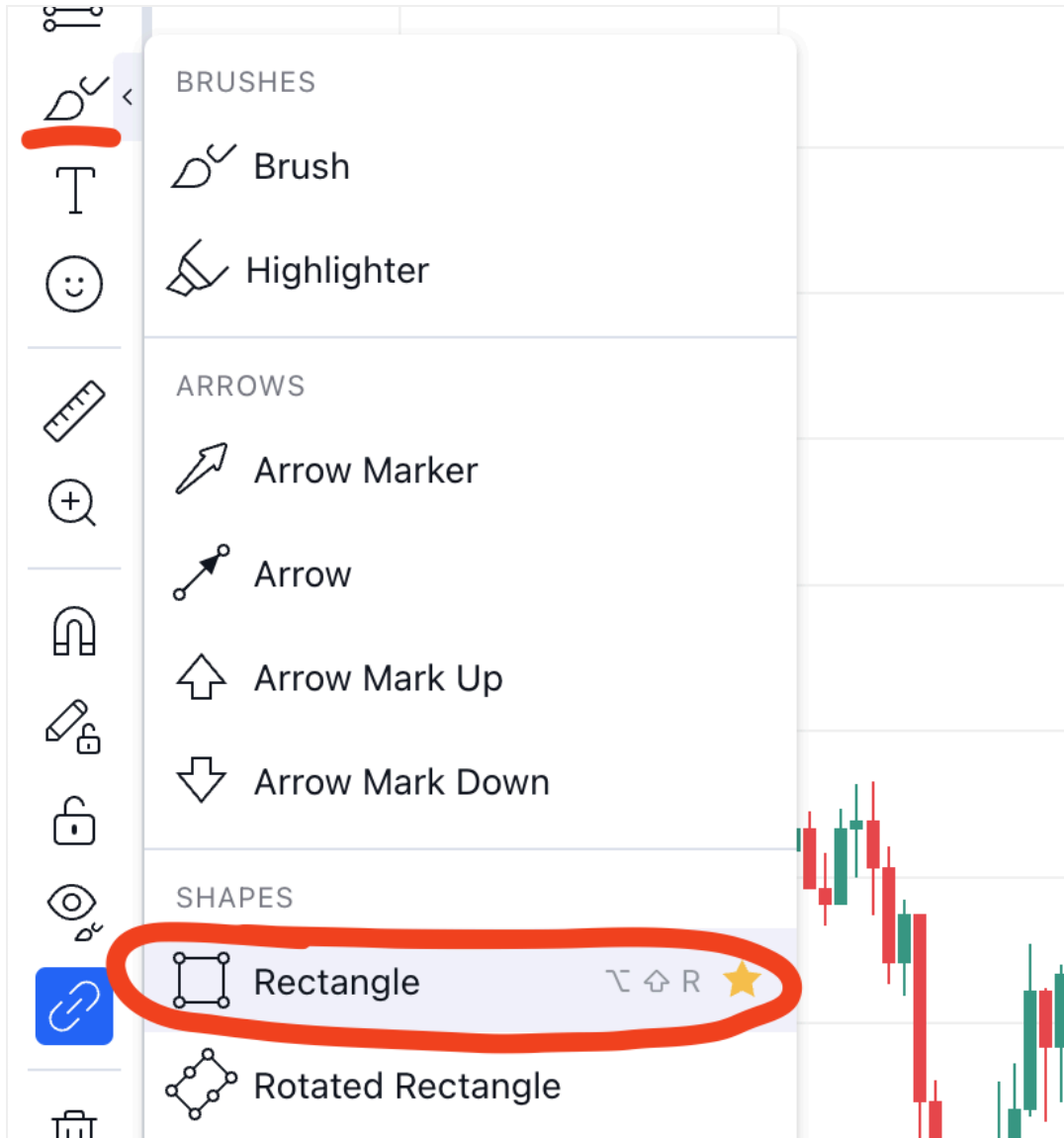


You are now able to use BarReplay. Simply click on the “Forward” icon, and a new bar will appear.

In this case, it’ll be a 1h bar.



Now, we're ready to practice Alex's component: Drawing supply and demand areas. To do this we're going to click on "Brushes" and select the Rectangle.

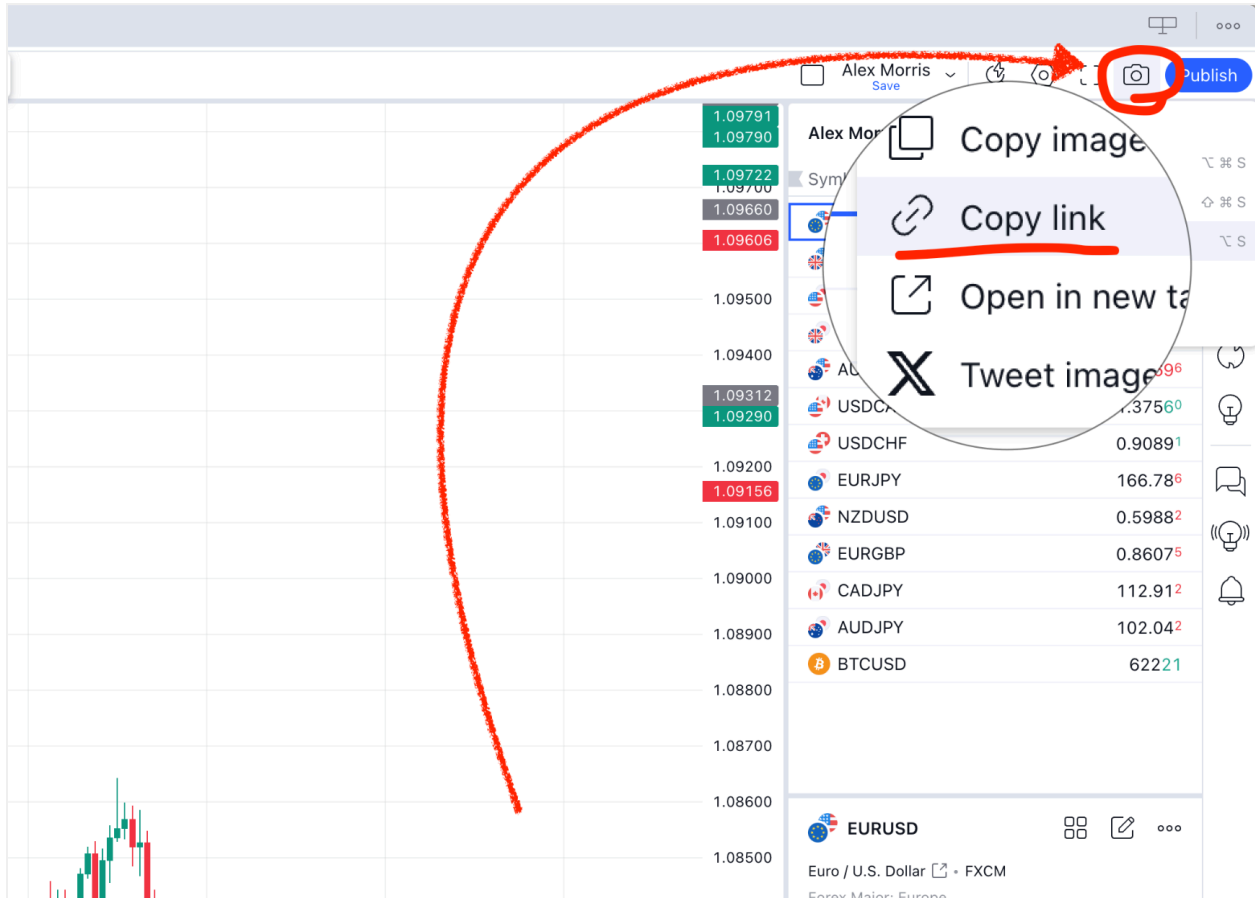


You can now draw the latest supply area according to the rules of the strategy. As we can see there was a push downwards out of a consolidation. Therefore, the last green bar is our area of supply.



Take a screenshot of this supply area before you move on. To do this, there's a camera icon in the top right-hand corner.

It'll give you several options. We would recommend copying the link to the image.



When you have copied the link, place it in a spreadsheet or document of some kind. Below is an example of what this looks like in Google Sheets. You can also use Excel.

	A	B	C	D
1	#	Currency	Supply/Demand	Image
2	1	EURUSD	Supply	https://www.tradingview.com/x/UYwFIG72/
3				
4				
5				

Keep doing this until you have found the 20 supply and demand zones. The more you do, the better you will become at this component. Stretch it to 50 or even 100 instances if you have time.

Let's keep going. Pierce went into a consolidation and then shot back up. This has created a demand zone. We take the total height of the last red bar and draw a green rectangle.



Screenshot it and add it to your document. Slowly but surely, your spreadsheet will fill up.

Component Practiced: Supply & Demand ☆ 📁 ☁

File Edit View Insert Format Data Tools Extensions Help

🔍 Menus ⏪ ⏩ 🖨 🗑 100% ▾ | \$ % .0 ← .00 → 123 | Defaul... ▾ | - 10

C13 ▾ | fx

	A	B	C	D
1	#	Currency	Supply/Demand	Image
2	1	EURUSD	Supply	https://www.tradingview.com/x/UYwFIG72/
3	2	EURUSD	Demand	https://www.tradingview.com/x/9d5lr38S/
4	3	EURUSD	Demand	https://www.tradingview.com/x/yBN019BK/
5	4	EURUSD	Demand	https://www.tradingview.com/x/TBxsDwM8/
6	5	EURUSD	Demand	https://www.tradingview.com/x/mo7DQ8td/
7	6	EURUSD	Supply	https://www.tradingview.com/x/Xzf7vLye/
8				
9				

Notice that you are not looking for trades. You are simply practicing the component. As you're going through this process, you're going to have questions. Write them down in a document and save them for later.

At this point, you have two options.

#1. Join a live session with Alex inside of TheTrading.cafe and ask him the questions you have written down.

#2. Watch a previous live session. It's very likely that he has already answered your questions in this session.

In fact, inside of The Trading Cafe Classroom you get access to hundreds of hours of free live session recordings. Alex, Simon, Deni, and Sid can all be found in one place.

The screenshot shows the 'The Trading Cafe' website interface. At the top, there is a navigation bar with the site logo, a search bar, and notification icons. Below the navigation bar, there are tabs for 'Community', 'Classroom', 'Calendar', 'Members', 'Leaderboards', and 'About'. The main content area is divided into a left sidebar and a main video player. The sidebar lists various live sessions, with 'Trading Supply and Demand May 8 2024' highlighted in yellow. The video player shows a live session with two participants, a play button in the center, and a progress bar at 1:00:34. Below the video, there is a section titled 'This session covers:' with a bullet point: '• Who is Alex'.

Every time you finish practicing a component, go into the Vault and watch a previous live session. It's the easiest way to power through your education. Repeat this process until you have gone through the entire strategy.

This will be tough. It takes time. You will get frustrated. It will take 4 weeks to go through an entire Quick Win Strategy. These are all barriers that you will face. Identify them and write them down.

Then, remind yourself that there are no shortcuts. Doing this properly, systematically, and with structure is the only way to succeed. Join the next live event and get feedback on this question from one of the 6-figure traders.

You can register for the next one at thetrading.cafe/live

How To Backtest Properly

Here's a warning. Do not backtest the strategy as whole until you have learned each component individually using the instructions I've laid out.

To backtest the strategy as a whole you need to combine all the individual components you have learned. You cannot do this properly without fully understanding them.

Let's take a look at the chart below. There's a supply area, price retested it with an engulfing candle. Therefore, it's ready for a trade short.



Go to the "Projection" button, and you will see "Long Position" and "Short Position".

The image shows a trading software interface with a menu open. The menu is divided into several sections: PROJECTION, VOLUME-BASED, and MEASURER. The 'Short Position' option is highlighted with a red circle. The background shows a candlestick chart with a grid.

- PROJECTION
 - Long Position
 - Short Position**
 - Forecast
 - Bars Pattern
 - Ghost Feed
 - Projection
- VOLUME-BASED
 - Anchored VWAP
 - Fixed Range Volume Profile
 - Anchored Volume Profile
- MEASURER

For this trade we're going to go short. You can see an example on the chart below. Since you have practiced each component separately 20-50 times, this will be very easy to spot.



Then, use the “Forward” button to see what happens to this trade. In this case it went to our profit target.



Now, just like before, we're going to record this result. This time, we want a lot more data. Here's a list of what you should be recording.

- Number
- TICKER
- OrderHour Bar
- Date Entered
- Date Exit
- Entry
- Stop Loss

- % Risk
- Pip Risk
- Exit price
- Pip Gain
- Trade RR
- % Return
- Win/Loss
- Duration
- Screenshots
- Notes

Below is an example of what this looks like using Alex's Supply & Demand Strategy.

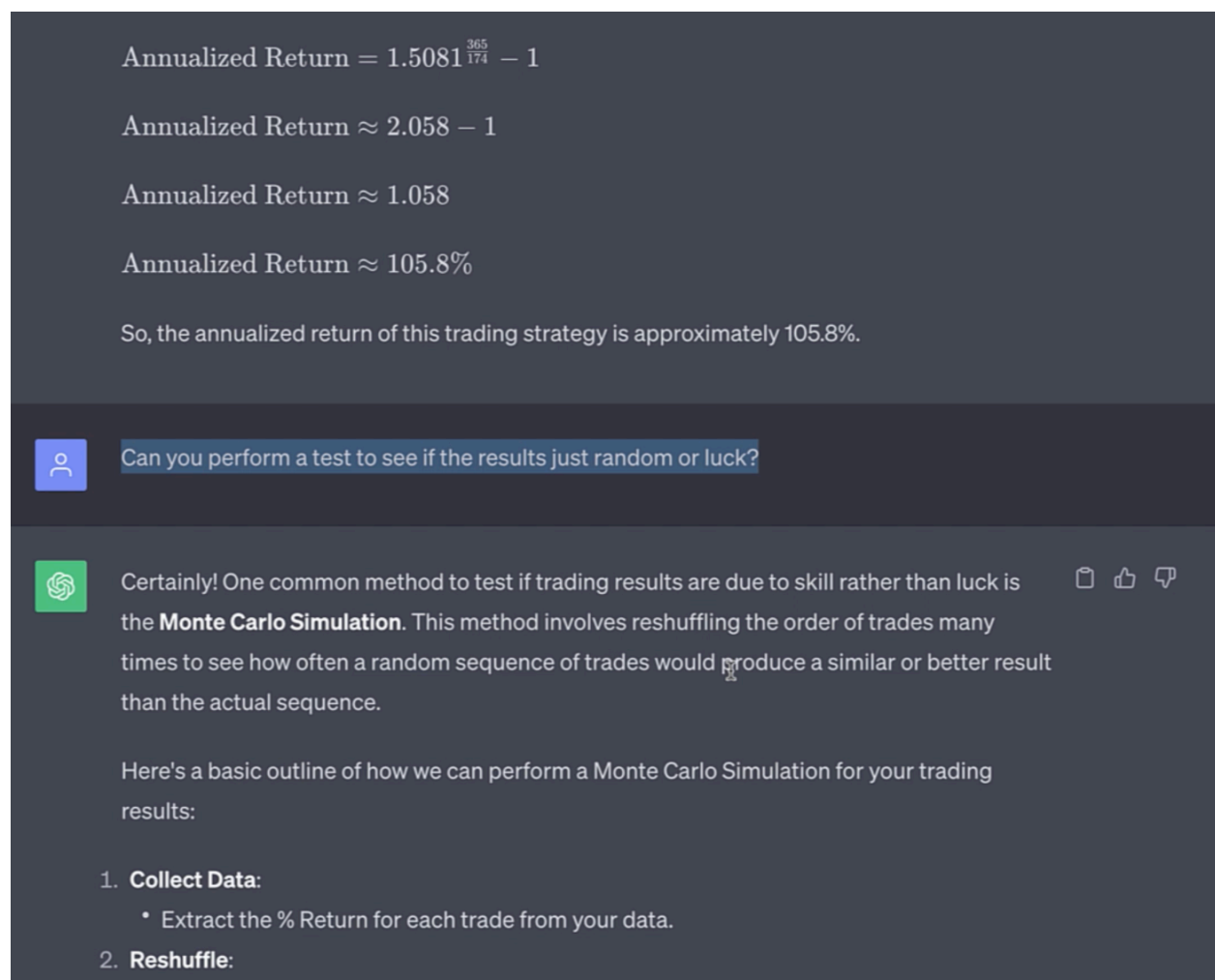
#	TICKER	Order	Hour Bar	Date Entered	Date Exit	Entry	Stop Loss	% Risk	Pip Risk	Exit price	Pip Gain	Trade RR	% Return	Win/Loss	Duration	Screenshots
1	EURUSD	Short	13:00	Apr 18, 2023	Apr 19, 2023	1.0966	1.0985	1.00%	19	1.0928	38	2.0	2.00%	Win	1	https://capture.dropbox.com/dycycjQckPOPIUs
2	EURUSD	Long	13:00	Apr 19, 2023	Apr 19, 2023	1.0931	1.0914	1.00%	17	1.0972	41	2.4	2.41%	Win	0	https://capture.dropbox.com/dycycjQckPOPIUs
3	EURUSD	Short	3:00	Apr 25, 2023	Apr 25, 2023	1.1056	1.1070	1.00%	14	1.0986	70	5.0	5.00%	Win	0	https://capture.dropbox.com/YPh09aczskGHR6E
4	EURUSD	Short	3:00	Apr 28, 2023	Apr 28, 2023	1.1026	1.1040	1.00%	14	1.0979	47	3.4	3.36%	Win	0	https://capture.dropbox.com/YHm9awc6v30QGUl
5	EURUSD	Long	14:00	Apr 28, 2023	Apr 28, 2023	1.0984	1.0959	1.00%	25	1.1034	50	2.0	2.00%	Win	0	https://capture.dropbox.com/QTWmZUGAWQmXHzng
6	EURUSD	Long	15:00	May 9, 2023	May 11, 2023	1.0962	1.0937	1.00%	25	1.0937	-25	-1.0	-1.00%	Loss	2	https://capture.dropbox.com/mxv9RECB9kEYXXMNI
7	EURUSD	Short	11:00	May 16, 2023	May 16, 2023	1.0893	1.0909	1.00%	16	1.0857	36	2.2	2.25%	Win	0	https://capture.dropbox.com/1MX9cazafm7zqz3
8	EURUSD	Long	15:00	May 23, 2023	May 23, 2023	1.0781	1.0760	1.00%	21	1.0760	-21	-1.0	-1.00%	Loss	0	https://capture.dropbox.com/1TqH1w1ToYGS9wRkYq
9	EURUSD	Long	16:00	May 25, 2023	May 26, 2023	1.0728	1.0705	1.00%	23	1.0705	-23	-1.0	-1.00%	Loss	1	https://capture.dropbox.com/GdR9GvEz189okK
10	EURUSD	Short	8:00	May 29, 2023	May 29, 2023	1.0736	1.0743	1.00%	7	1.0717	19	2.7	2.71%	Win	0	https://capture.dropbox.com/dM1b1Bf05r9vzJ0LY
11	EURUSD	Long	11:00	May 31, 2023	May 31, 2023	1.0675	1.0650	1.00%	25	1.0650	-25	-1.0	-1.00%	Loss	0	https://capture.dropbox.com/dN1lmyfGdVyoLSTU
12	EURUSD	Short	9:00	2 Jun, 2023	5 Jun, 2023	1.0761	1.0782	1.00%	21	1.0686	75	3.6	3.67%	Win	3	https://capture.dropbox.com/1lbuZTm1TjzSE7B
13	EURUSD	Short	16:00	30 Jun, 2023	3 Jul, 2023	1.0910	1.0933	1.00%	23	1.0933	-23	-1.0	-1.00%	Loss	3	https://capture.dropbox.com/1DGpmz48G0eizG2
14	EURUSD	Long	7:00	28 Jul, 2023	28 Jul, 2023	1.0985	1.0943	1.00%	42	1.0943	-42	-1.0	-1.00%	Loss	0	https://capture.dropbox.com/FAz3YM3sqERIAWg
15	EURUSD	Long	16:00	8 Aug, 2023	9 Aug, 2023	1.0945	1.0925	1.00%	20	1.0989	44	2.2	2.20%	Win	1	https://capture.dropbox.com/1DM260N8BqDaXB
16	GBPUSD	Long	23:00	16 Apr, 2023	17 Apr, 2023	1.2414	1.2397	1.00%	17	1.2397	-17	-1.0	-1.00%	Loss	1	https://capture.dropbox.com/1pXNc0YRFpPYBKKI
17	GBPUSD	Short	3:00	25 Apr, 2023	25 Apr, 2023	1.2495	1.2519	1.00%	24	1.2430	65	2.7	2.71%	Win	0	https://capture.dropbox.com/1JkH0GueGRV5gE8
18	GBPUSD	Long	18:00	1 May, 2023	3 May, 2023	1.2495	1.2474	1.00%	21	1.2474	-21	-1.0	-1.00%	Loss	2	https://www.dropbox.com/1574wx76PN9Byzwo
19	GBPUSD	Long	16:00	11 May, 2023	11 May, 2023	1.2523	1.2496	1.00%	27	1.2496	-27	-1.0	-1.00%	Loss	0	https://capture.dropbox.com/1vLXEP6rmkTWCoLY
20	GBPUSD	Long	17:00	18 May, 2023	18 May, 2023	1.2421	1.2394	1.00%	27	1.2394	-27	-1.0	-1.00%	Loss	0	https://capture.dropbox.com/8Dw8KbCRNuxNEN
21	GBPUSD	Short	10:00	26 May, 2023	26 May, 2023	1.2353	1.2375	1.00%	22	1.2375	-22	-1.0	-1.00%	Loss	0	https://capture.dropbox.com/8SO8U7ZzYEkuRyGu
22	GBPUSD	Short	14:00	30 May, 2023	31 May, 2023	1.2423	1.2454	1.00%	31	1.2358	65	2.1	2.10%	Win	1	https://capture.dropbox.com/8KYLm8Uz18kuRyGu
23	GBPUSD	Short	19:00	13 Jun, 2023	14 Jun, 2023	1.2605	1.2627	1.00%	22	1.2627	-22	-1.0	-1.00%	Loss	1	https://capture.dropbox.com/1Mm8RpRipVpgrD
24	GBPUSD	Short	19:00	30 Jun, 2023	4 Jul, 2023	1.2705	1.2730	1.00%	25	1.2730	-25	-1.0	-1.00%	Loss	4	https://capture.dropbox.com/8ibuzTm1TjzSE7B
25	GBPUSD	Long	16:00	27 Jul, 2023	27 Jul, 2023	1.2848	1.2821	1.00%	27	1.2821	-27	-1.0	-1.00%	Loss	0	https://capture.dropbox.com/8VOLGGGtpnJURJH
26	USDJPY	Short	22:00	19 Apr, 2023	20 Apr, 2023	134.66	134.90	1.00%	24	134.90	-24	-1.0	-1.00%	Loss	1	https://capture.dropbox.com/ALw46R0KYNmagaB
27	USDJPY	Short	14:00	24 Apr, 2023	25 Apr, 2023	134.50	134.74	1.00%	24	133.92	58	2.4	2.42%	Win	1	https://capture.dropbox.com/1G348R0KYNmagaB
28	USDJPY	Long	9:00	7 Jun, 2023	7 Jun, 2023	139.43	139.08	1.00%	35	139.08	-35	-1.0	-1.00%	Loss	0	https://www.dropbox.com/1dtevy59q3d5Screen%20Shot%201
29	USDJPY	Short	22:00	7 Jun, 2023	8 Jun, 2023	140.06	140.27	1.00%	21	138.94	112	5.3	5.33%	Win	1	https://capture.dropbox.com/1p409FkVwP5SjUL
30	USDJPY	Long	2:00	9 Jun, 2023	9 Jun, 2023	139.03	138.72	1.00%	31	139.69	66	2.1	2.13%	Win	0	https://capture.dropbox.com/POT0an8LYndAyf
31	USDJPY	Long	2:00	16 Jun, 2023	16 Jun, 2023	140.15	139.93	1.00%	22	139.93	-22	-1.0	-1.00%	Loss	0	https://capture.dropbox.com/1vLXEP6rmkTWCoLY
32	USDJPY	Short	10:00	16 Jun, 2023	16 Jun, 2023	141.03	141.42	1.00%	39	141.42	-39	-1.0	-1.00%	Loss	0	https://capture.dropbox.com/1vLXEP6rmkTWCoLY
33	USDJPY	Long	4:00	27 Jul, 2023	27 Jul, 2023	139.76	139.34	1.00%	42	140.93	117	2.8	2.79%	Win	0	https://capture.dropbox.com/8EK0YQX9P80eYQ
34	USDJPY	Short	0:00	31 Jul, 2023	31 Jul, 2023	140.83	141.20	1.00%	37	141.20	-37	-1.0	-1.00%	Loss	0	https://capture.dropbox.com/1ba1ndaZDwvnxS

The data that you gather here is crucial. Not only will you know the strategy like the back of your hand, but it'll give you the confidence to move onto the next step.

You can run very sophisticated statistical tests of significance on your back-tested data. As we established earlier, confidence in your strategy is key.

Luckily, you don't have to have a Ph.D. in mathematics to do this.

For example, on Alex's Supply & Demand strategy, we ran it through several tests. Below, you will see us using the new Data Analysis feature inside of OpenAI's ChatGPT.




Annualized Return = $1.5081^{\frac{365}{174}} - 1$


Annualized Return $\approx 2.058 - 1$

Annualized Return ≈ 1.058

Annualized Return $\approx 105.8\%$

So, the annualized return of this trading strategy is approximately 105.8%.

 Can you perform a test to see if the results just random or luck?

 Certainly! One common method to test if trading results are due to skill rather than luck is the **Monte Carlo Simulation**. This method involves reshuffling the order of trades many times to see how often a random sequence of trades would produce a similar or better result than the actual sequence.

Here's a basic outline of how we can perform a Monte Carlo Simulation for your trading results:

1. **Collect Data:**
 - Extract the % Return for each trade from your data.
2. **Reshuffle:**

We'll copy and paste exactly what the AI's analysis told us. It ran three tests.

#1. Monte Carlo Simulation

Purpose: To determine if the trading results could have been achieved by random chance.

Findings: The actual cumulative return of 50.81% was higher than 97.7% of the simulated outcomes. This places the actual return well above the 95th percentile of the simulated distribution.

Conclusion: Given that the actual return is in the top 2.3% of the simulated outcomes, it suggests that the results are less likely to be due to random chance and more likely due to skill.

#2. T-Test

Purpose: To determine if the average trade return is significantly different from zero.

Findings: The t-statistic calculated was 11.12, which is much greater than the critical t-value of 2.000 for a 5% significance level.

Conclusion: The average trade return is significantly greater than zero, suggesting that the trading strategy might have an edge and the results are less likely to be due to random chance.

#3. Sharpe Ratio

Purpose: To measure the performance of the trading strategy compared to a risk-free asset after adjusting for its risk.

Findings: The Sharpe Ratio was calculated to be 6.75.

Conclusion: A Sharpe Ratio of 6.75 is considered excellent, indicating that the returns of the trading strategy are exceptionally well-compensated for the level of risk taken. This provides further evidence of a genuine edge in the strategy.

We then asked the AI what its overall conclusion is of this strategy.

It said, ***“All three tests—Monte Carlo Simulation, T-Test, and Sharpe Ratio—provide evidence suggesting that the trading strategy has a genuine edge and that the results are not merely due to luck or random chance. While these tests offer a robust statistical perspective, it's essential to remember that past performance is not indicative of future results, and trading always comes with inherent risks.”***

Let me ask you this. How would you feel if you learned a strategy properly and ran it through tests like this? What would happen?

You would most likely have unshakable confidence. Your trust would skyrocket. It will allow you to relax and follow the rules more easily. It will reduce the temptation to jump from one strategy to the next.

Instead of messing around with demo accounts and live trading scenarios you are able to learn and build confidence without ever risking a penny.

The Barriers You Will Face When Learning

During this process, you will face many barriers. Let's identify a few of the major ones. Make a note of them, and more importantly - *push through when you encounter one.*

Barrier 1 - Skip a step: It'll become boring after a while. The temptation to skip ahead will, at times, become overwhelming. Yes, it feels long, but in the grand scheme of things one to two months spent on this could save you a lifetime of frustration. Give yourself a full month or even two to do this. Set your expectations that it will take a long time. The end result is financial freedom. It's worth it.

Barrier 2 - Demotivated by losers: Believe it or not, you will get emotional about losing streaks and excited by big winners. Even though it's a spreadsheet. The speed at which you see results in backtesting is extra fast. You will get a dopamine hit to your brain when you win. And this can become addicting.

Although this is a good motivator during winning streaks, you will suffer the opposite during losing streaks. You will want to give up. When you find this happening, take a break. Go outside, walk, exercise, and have a coffee.

Perhaps even take the rest of the day off and tackle it again tomorrow. It's better not to rush this. Otherwise you will let your emotions dictate the backtested trades. This leads to mistakes.

Barrier 3 - Influenced by others over time: As the days go by you may learn a thing or two extra from live sessions or people in the school. This will warp your view of your strategy. Recency Bias will creep in. This is where the latest thing you see is the greatest thing you see. Avoid this by revisiting your rules sheet every single time you start backtesting. Say a mantra to yourself, *"Data is bigger than my feelings; stick to the rules to get the best data"*. It sounds silly but that reminder will help you to keep perspective.

Barrier 4 - Monotony: Monotony will creep in. Your eyes look at the charts for so long that you start seeing things that aren't there. You get into a

robotic state. Although you feel like you are making progress, you are actually speeding through and making mistakes. Avoid this by taking regular breaks. Use the Pomodoro Technique: Every 30 minutes, take a 5-minute break. Then, every 2 hours, take a one-hour break or call it a day.

Chapter 13: Switching To Live Trading

At this point, you should have a clear understanding of how to learn these trading strategies. Perhaps you have done some backtesting, and you feel like jumping into a live account. However, the shift from backtesting to demo to live is fraught with dangers.

As I sat down to write this chapter a comment popped up in TheTrading.cafe from a student. It's as if the universe knew I needed to demonstrate this point somehow.



Comment by [User] · 1d

I must admit I am encountering a lot more difficulty in live trading than I had expected. Backtesting Sids method over 6 years on over 50 stocks and I almost always end up with a good win rate (usually 65%+, sometimes over 80%) and a profitable return, but going with live trading all my trades seem to be getting hammered by news events I wasn't aware of. Of the 15 trades I ran in the last 3 weeks, only 3 went to profit, and only 2 hit the rsi 50 target the strat uses. All the rest turned before rsi 50 and several hit the stops. I'm guessing I don't see that sort of thing in back testing because I am only testing a single stock at a time, so market wide events don't all pile up in one big hit. I'm seeing some weird patterns in the last couple of weeks that I didn't see in my testing that now has me questioning things. I'd be happy with a few wins and a few loses, but when a single day ends up being entirely losses it makes it hard to stay emotionless.

“I must admit I am encountering a lot more difficulty in live trading than I had expected. Backtesting Sids method over 6 years on over 50 stocks and I almost always end up with a good win rate (usually 65%+, sometimes over 80%) and a profitable return, but going with

live trading all my trades seem to be getting hammered by news events I wasn't aware of. Of the 15 trades I ran in the last 3 weeks, only 3 went to profit, and only 2 hit the RSI 50 target the strat uses. All the rest turned before RSI 50 and several hit the stops.

I'm guessing I don't see that sort of thing in back testing because I am only testing a single stock at a time, so market wide events don't all pile up in one big hit.

I'm seeing some weird patterns in the last couple of weeks that I didn't see in my testing that now has me questioning things. I'd be happy with a few wins and a few losses, but when a single day ends up being entirely losses it makes it hard to stay emotionless.”

This student's experience isn't uncommon. In fact, it's a recurring barrier that many face. In previous chapters we talked about the importance of identifying and overcoming barriers. And this is a perfect example of why.

Wouldn't it be nice to start trading with a live account and instantly start making profits? Not only is this possible, but it's necessary for success. The key lies in having a solution to the barrier before it happens.

Let's start by looking at what “profitable” means.

Simon Pullen sent a message in our internal Slack channel (it's how we communicate within our organization).

He had a decent start to the month with two trades. Here is a screenshot from his DM:



Simon Pullen 12:59 PM

Off to a decent start in my 1st full day back - refreshed, and the patterns are playing ball! June could be a blinding month - it often is!

3 files ▾




1.28151	1.27658
2353.40	2337.66
2353.24	2337.70




Simon's "decent start" is £2,695.52 in profits from three trades. That's \$3,449.16 USD at the time of writing. Let's blow up the image for you.

12:10:24	1.27675	0.00	0.00	0.00	1 537.30
10:41:22	2337.77	0.00	0.00	0.00	642.84
10:41:24	2337.77	0.00	0.00	0.00	515.38
		0.00	0.00	0.00	2 695.52
Closed P/L:					2 695.52

And then there's Alex. He sent us several trades in a row. For some of them he waited for an entire month before getting triggered.

 **Alex Morris** 8:56 PM
CAD/JPY good example of being patient - limit order triggered after holding for 1 month!

8 files ▾



At the bottom of the grid, there are three interaction icons: a heart icon with the number '2', a clapping hands icon with the number '1', and a smiley face icon with a plus sign.

His total haul in this message was £1,719.60.

And then there's Sid with \$661 in profit in a day:



Sid Naiman 11:27 PM

Some trading results:

PDF ▾



Sid Method Trade Results PG, CVS, HUT 5-28-24....

PDF

SID Method Trade Results

PG	puts	\$ 289
CVS	sold puts	\$ 113
HUT	sold puts	\$ 259
Total		\$ 661



And Deni pulled in several thousand dollars via his funded account. He sent us this message:



Deni Dantev 11:36 AM
Some more DXY goodies

3 files ▾



2 ❤️ 1 🔥 🗨️

1 reply 7 days ago

Now, it's hard to put Deni's results into this book. As you can see the image comes out rather small. But let's try.

USD/CAD	2024/05/28 09:35:35	Market	BUY	1	1.36256	1.36006	-	2024/05/29 12:30:01	1.36603	-\$7.00	-\$1.62	\$254.01	\$245.39	778222015609980045	7782220156097077649
AUD/USD	2024/05/28 09:34:57	Market	SELL	1	0.66629	0.66879	-	2024/05/29 12:30:01	0.66478	-\$7.00	\$0.21	\$151.00	\$144.21	778222015609980048	7782220156097077634
USD/JPY	2024/05/28 16:37:47	Market	BUY	1	156.678	156.428	-	2024/05/29 12:30:01	157.147	-\$7.00	\$5.56	\$298.44	\$297.00	778222015609980043	7782220156097085812
XAU/USD.TTF	2024/05/29 12:24:16	Market	SELL	1	2342.69	-	-	2024/05/29 12:30:01	2343.05	-\$7.00	\$0.00	-\$36.00	-\$43.00	778222015609980041	7782220156097104091
NZD/USD	2024/05/28 09:35:26	Market	SELL	1	0.61593	0.61843	-	2024/05/29 12:30:01	0.61382	-\$7.00	-\$1.63	\$211.00	\$202.37	778222015609980046	7782220156097077644
AUD/USD	2024/05/28 09:34:55	Market	SELL	1	0.66629	0.66879	0.66379	2024/05/29 12:30:01	0.66478	-\$7.00	\$0.21	\$151.00	\$144.21	778222015609980049	7782220156097077632
EUR/USD	2024/05/28 09:35:06	Market	SELL	1	1.08768	1.09017	-	2024/05/29 12:30:01	1.08474	-\$7.00	\$0.87	\$294.00	\$287.87	778222015609980047	7782220156097077637
AUD/USD	2024/05/28 18:01:31	Market	SELL	1	0.66614	0.66864	0.66364	2024/05/29 12:30:01	0.66478	-\$7.00	\$0.21	\$136.00	\$129.21	778222015609980044	7782220156097090671
GBP/USD	2024/05/28 16:36:09	Market	SELL	1	1.27959	1.28209	-	2024/05/29 12:30:01	1.27572	-\$7.00	-\$2.20	\$387.00	\$377.80	778222015609980042	7782220156097085634
XAU/USD.TTF	2024/05/29 12:23:41	Stop loss	BUY	1	2344.04	2343.03	2345.03	2024/05/29 12:24:11	2342.99	-\$7.00	\$0.00	-\$105.00	-\$112.00	778222015609970740	7782220156097104086
XAU/USD.TTF	2024/05/28 18:01:13	Market	SELL	0.5	2354.92	-	-	2024/05/29 12:16:11	2342.55	-\$3.50	\$8.16	\$618.50	\$623.16	778222015609979331	7782220156097090655
XAU/USD.TTF	2024/05/28 18:46:36	Market	SELL	0.5	2360.7	2365.6	-	2024/05/29 12:16:07	2342.66	-\$3.50	\$8.16	\$902.00	\$906.66	778222015609979315	7782220156097091993
NZD/USD	2024/05/28 18:01:56	Take profit	SELL	1	0.61532	0.61782	0.61282	2024/05/29 08:40:02	0.61282	-\$7.00	-\$1.63	\$250.00	\$241.37	7782220156099923428	7782220156097090688
USD/CAD	2024/05/28 18:02:05	Take profit	BUY	1	1.36367	1.36117	1.36617	2024/05/29 05:57:11	1.36617	-\$7.00	-\$1.62	\$183.00	\$174.38	7782220156099923459	7782220156097090695
GBP/USD	2024/05/28 18:01:50	Take profit	SELL	1	1.27757	1.28008	1.27508	2024/05/29 05:53:08	1.27508	-\$7.00	-\$2.20	\$249.00	\$239.80	7782220156099923419	7782220156097090684
NZD/USD	2024/05/28 09:35:24	Take profit	SELL	1	0.61593	0.61842	0.61342	2024/05/29 03:53:01	0.61341	-\$7.00	-\$1.63	\$252.00	\$243.37	778222015609986916	7782220156097077643
EUR/USD	2024/05/28 18:01:38	Take profit	SELL	1	1.08732	1.08982	1.08482	2024/05/29 03:12:09	1.08478	-\$7.00	\$0.87	\$254.00	\$247.87	7782220156099923394	7782220156097090679
EUR/USD	2024/05/28 09:35:04	Take profit	SELL	1	1.08767	1.09017	1.08517	2024/05/29 02:41:15	1.08517	-\$7.00	\$0.87	\$290.00	\$243.87	778222015609986883	7782220156097077636
USD/CAD	2024/05/28 09:35:34	Take profit	BUY	1	1.36256	1.36006	1.36506	2024/05/28 20:52:04	1.36504	-\$7.00	\$0.00	\$181.67	\$174.67	7782220156099868937	7782220156097077647
USD/JPY	2024/05/28 18:02:15	Take profit	BUY	1	156.858	156.608	157.108	2024/05/28 20:48:52	157.121	-\$7.00	\$0.00	\$167.40	\$160.40	7782220156099923493	7782220156097090704
GBP/USD	2024/05/28 16:37:54	Take profit	SELL	1	1.27944	1.28193	1.27693	2024/05/28 20:33:12	1.27693	-\$7.00	\$0.00	\$251.00	\$244.00	7782220156099902890	7782220156097085829
GBP/USD	2024/05/28 16:36:07	Take profit	SELL	1	1.27954	1.28204	1.27704	2024/05/28 20:04:51	1.27699	-\$7.00	\$0.00	\$255.00	\$248.00	7782220156099902204	7782220156097085630
XAU/USD.TTF	2024/05/28 18:46:31	Take profit	SELL	0.5	2360.01	2365.06	2355.06	2024/05/28 20:04:14	2354.88	-\$3.50	\$0.00	\$251.50	\$248.00	7782220156099928993	7782220156097081882

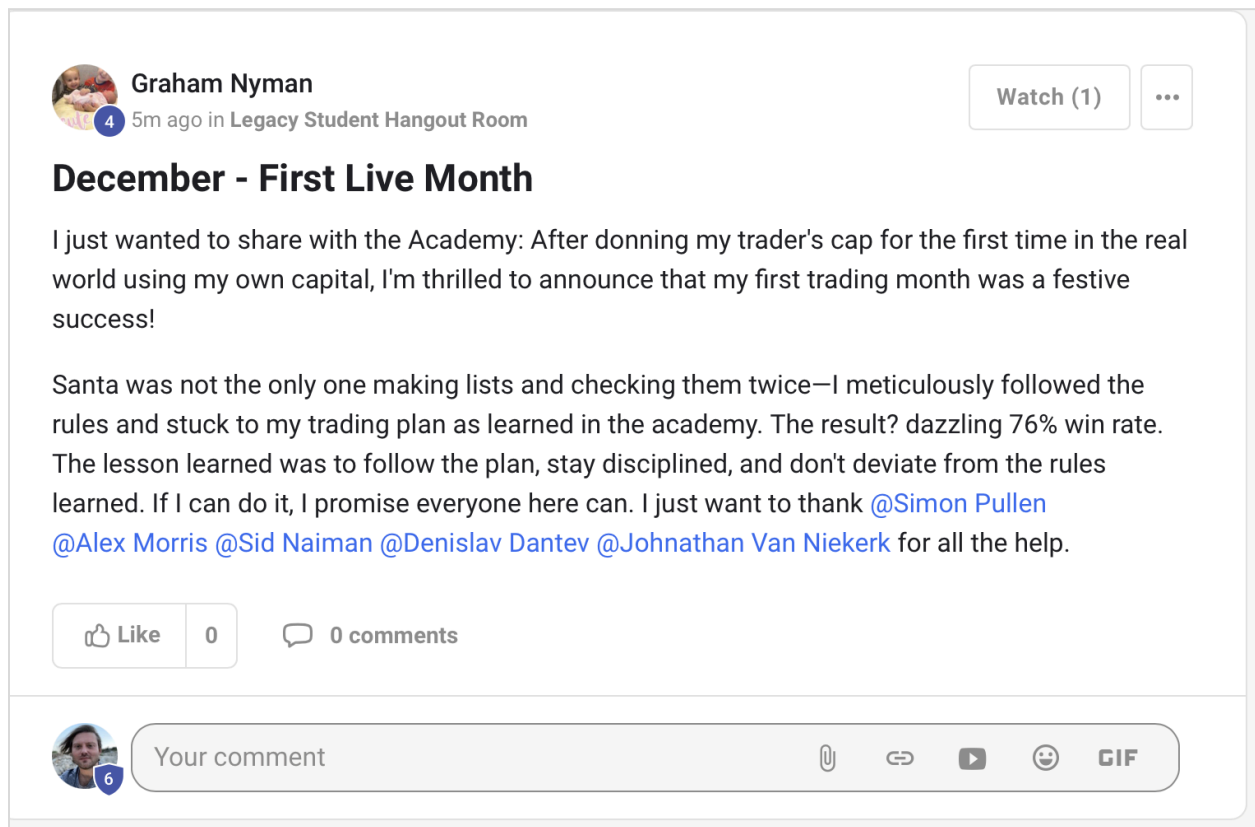
Do you see all the green numbers in the image above? Let's blow up that part of the image. We'll edit it so that you can see the assets and the dates side by side. They all happened within about 24 hours.

🇺🇸 USDCAD 🇨🇦	2024/05/28 09:35:35	-\$1.62	\$254.01	\$245.39
🇦🇺 AUDUSD 🇺🇸	2024/05/28 09:34:57	\$0.21	\$151.00	\$144.21
🇺🇸 USDJPY 🇯🇵	2024/05/28 16:37:47	\$5.56	\$298.44	\$297.00
🇺🇸 XAUUSD.TTF	2024/05/29 12:24:16	\$0.00	-\$36.00	-\$43.00
🇺🇸 NZDUSD 🇺🇸	2024/05/28 09:35:26	-\$1.63	\$211.00	\$202.37
🇦🇺 AUDUSD 🇺🇸	2024/05/28 09:34:55	\$0.21	\$151.00	\$144.21
🇪🇺 EURUSD 🇺🇸	2024/05/28 09:35:06	\$0.87	\$294.00	\$287.87
🇦🇺 AUDUSD 🇺🇸	2024/05/28 18:01:31	\$0.21	\$136.00	\$129.21
🇬🇧 GBPUSD 🇺🇸	2024/05/28 16:36:09	-\$2.20	\$387.00	\$377.80
🇺🇸 XAUUSD.TTF	2024/05/29 12:23:41	\$0.00	-\$105.00	-\$112.00
🇺🇸 XAUUSD.TTF	2024/05/28 18:01:13	\$8.16	\$618.50	\$623.16
🇺🇸 XAUUSD.TTF	2024/05/28 18:46:36	\$8.16	\$902.00	\$906.66
🇺🇸 NZDUSD 🇺🇸	2024/05/28 18:01:56	-\$1.63	\$250.00	\$241.37
🇺🇸 USDCAD 🇨🇦	2024/05/28 18:02:05	-\$1.62	\$183.00	\$174.38
🇬🇧 GBPUSD 🇺🇸	2024/05/28 18:01:50	-\$2.20	\$249.00	\$239.80
🇺🇸 NZDUSD 🇺🇸	2024/05/28 09:35:24	-\$1.63	\$252.00	\$243.37
🇪🇺 EURUSD 🇺🇸	2024/05/28 18:01:38	\$0.87	\$254.00	\$247.87
🇪🇺 EURUSD 🇺🇸	2024/05/28 09:35:04	\$0.87	\$250.00	\$243.87
🇺🇸 USDCAD 🇨🇦	2024/05/28 09:35:34	\$0.00	\$181.67	\$174.67
🇺🇸 USDJPY 🇯🇵	2024/05/28 18:02:15	\$0.00	\$167.40	\$160.40
🇬🇧 GBPUSD 🇺🇸	2024/05/28 16:37:54	\$0.00	\$251.00	\$244.00
🇬🇧 GBPUSD 🇺🇸	2024/05/28 16:36:07	\$0.00	\$255.00	\$248.00
🇺🇸 XAUUSD.TTF	2024/05/28 18:46:31	\$0.00	\$251.50	\$248.00

All the trades you have seen thus far are live. They are not backtested or demo trades. That means they carry all of the emotional and psychological baggage you can expect from live trading. The big question is, how can you replicate this in your own live account?

This chapter is going to reveal precisely how your very first month of live trading can (and should) be a big success. It's not guaranteed, but this chapter will make it as likely as possible for you.

Contrary to what most believe, your first month of real trading should not be a struggle. You should hit the ground running and win from month one. For example, Graham Nyman posted this inside of The Trading Academy:



Graham Nyman 5m ago in Legacy Student Hangout Room Watch (1) ...

December - First Live Month

I just wanted to share with the Academy: After donning my trader's cap for the first time in the real world using my own capital, I'm thrilled to announce that my first trading month was a festive success!

Santa was not the only one making lists and checking them twice—I meticulously followed the rules and stuck to my trading plan as learned in the academy. The result? dazzling 76% win rate. The lesson learned was to follow the plan, stay disciplined, and don't deviate from the rules learned. If I can do it, I promise everyone here can. I just want to thank [@Simon Pullen](#) [@Alex Morris](#) [@Sid Naiman](#) [@Denislav Dantev](#) [@Johnathan Van Niekerk](#) for all the help.

Like 0 0 comments

Your comment 📎 🔗 📺 😊 GIF

His very first month gave him a 76% win rate. Let's take a look at the process.

Step #1. Go back to the previous chapters and learn properly.

Your first step is to stop demo or live trading altogether and learn the strategies in a structured way. We covered this in detail in the previous chapters.

It should take you a few months to learn a strategy one component at a time and backtest 300 trades as a whole. If you find yourself re-reading this chapter after just a week, ready to dive into a demo or live account, then stop.

Truly ask yourself if you have mastered all the components.

Step #2. Demo testing

This is also known as forward testing. In the previous chapters we told you how dangerous this can be if you skip to this part. Demo trading is not there for you to practice the strategy. It's there for you to practice patience, discipline, and resolve.

The broker doesn't matter too much. Pick a mainstream one or read our guide "What Broker Do I Use?" in the classroom section of TheTrading.cafe.

Use a low risk like 0.5% per trade. Your aim is to make 3% per month as a maximum. Even a 1.5% return per month can make you rich eventually (more on that later).

However, one thing is certain. A demo account is not going to make you rich, no matter how high your monthly return. Trust us, making 1.5-3% in a fake money account over 30 days is not exciting.

And that's the point. You want to make the demo testing phase as boring as possible.

Here's why.

You are not practicing the strategy, the profitability, or whether you can spot trades. You did that in your backtesting phase. Your demo trading phase is you practicing your psychology.

Can you wait patiently for a trade, like Alex, who waited for an entire month to enter one of his setups?

Can you stick to your rules?

After 30 days of demo trading, do a self-assessment. Go and backtest the same 30 days that just went by. Hindsight will allow you to strictly follow the rules. Compare these backtested trades to your demo trades. Did they match up? If not, then write down why not.

This will help you to identify where you went wrong and how to course correct. Do this for 3 months. In the 3rd month, you're going to want to stop. Good. Trading should feel boring. It's the financial markets - not a skydive experience.

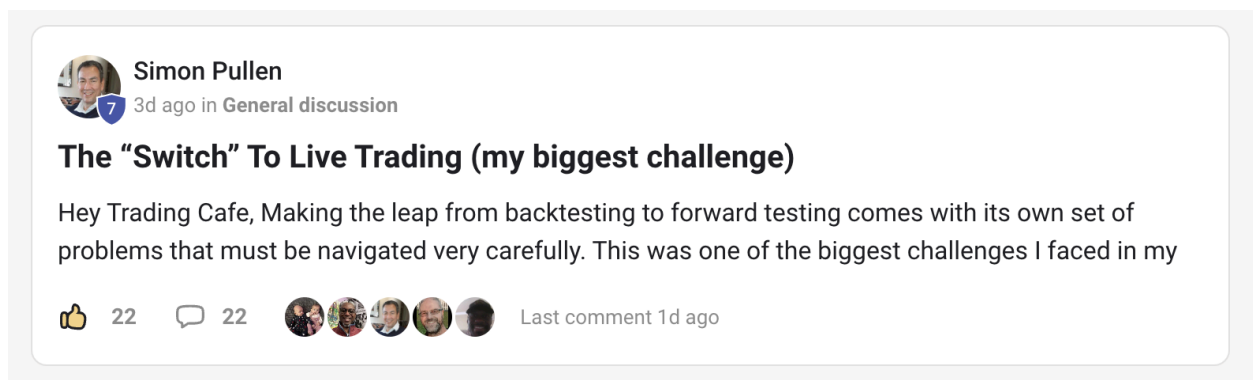
Let's make this point again. The goal of your demo trading is to test your patience and discipline. How well have you followed the rules? It's not about making money.

That's why there's one final rule you have to abide by. If you make 3% in your demo account, then stop trading for the month. In the next month, lower your risk until 3% is the maximum you can hit.

This helps you to practice controlling greed. If you can ignore profitable setups in your demo account, ones you know fit your rules, you are setting yourself up for success. Controlling your urges like this will demonstrate that you are ready to move on to a small live account.

Simon Pullen wrote a post inside of TheTrading.cafe that talks about his experience.

***** SIMON PULLEN *****



The screenshot shows a social media post from Simon Pullen. At the top left is a circular profile picture of Simon Pullen. To its right, the name "Simon Pullen" is displayed in bold, followed by "3d ago in General discussion" in a smaller font. Below this is the title "The 'Switch' To Live Trading (my biggest challenge)" in bold. The main text of the post reads: "Hey Trading Cafe, Making the leap from backtesting to forward testing comes with its own set of problems that must be navigated very carefully. This was one of the biggest challenges I faced in my". At the bottom of the post, there is a thumbs-up icon followed by the number "22", a speech bubble icon followed by "22", a row of five small circular profile pictures, and the text "Last comment 1d ago".

Hey Trading Cafe,

Making the leap from backtesting to forward testing comes with its own set of problems that must be navigated very carefully.

This was one of the biggest challenges I faced in my trading career: Forward testing introduces the unpredictability of live markets, where factors like slippage, liquidity, and unexpected news events can impact performance.

Back testing occurs in a controlled environment, with reduced emotions like fear and greed.

Forward testing exposes us to the psychological pressures of real trading, which can influence decision-making and lead to impulsive actions. The speed of forward testing is much slower; therefore, we have much more time to become emotionally involved in the trade.

Economic news, and its effect on price, is often ignored when back testing, whereas it can have a large influence on our decision making when forward testing.

In back testing, trades are executed based on predetermined criteria without concerns about order execution. Forward testing involves placing real orders in the market, which requires dealing with issues like order fills, spread widening, and price slippage.

Back testing often assumes perfect execution and adherence to exact stop loss and take profit levels.

Back testing can create a false sense of confidence if strategies perform well historically.

Forward testing exposes traders to the pressure of real financial stakes, which can lead to stress and anxiety, impacting decision-making. In the early days I struggled to get the same results in forward testing as I did in back testing.

I had to find out WHY!

When I re-visited the demo account trades (effectively back-testing my forward testing – if that makes sense) the results pretty much matched all of the previous back-testing analysis - so it was something I was doing that was causing the issue.

I was the problem - I was closing trades early or getting poor entries – there was nothing wrong with the strategy – I had to improve my execution of the strategy!

From that moment on I kept a detailed trade log that had a column highlighted in bold titled – DID I FOLLOW MY RULES? This was my most important column – quickly the results of my demo trading account started to closely match the backtest results.

I was now ready to start a small live trading account!

***** END *****

Step #5. Live testing.

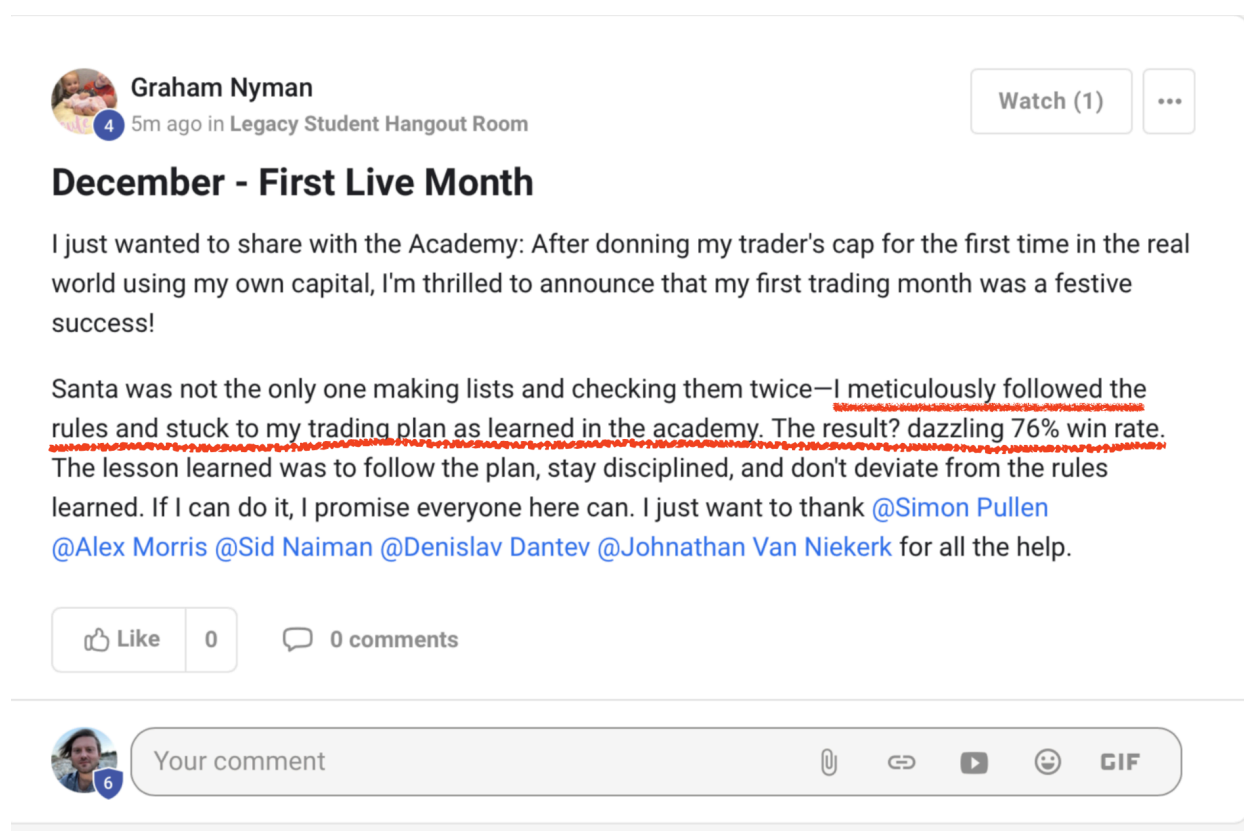
Again, this step is not about making money. It's about testing your discipline in a live market environment. You cannot make money from a small account. Stop trying. You are still in the learning phase.

I feel like I have to keep repeating this warning. Especially at this stage, because you will start to feel like you are a pro at making money. Relax. If you followed all the steps up until now then your first month of live trading should be a success. However, don't let it get to your head.

Open a small live account of \$1,000 or so. If that's a large amount of money for you, then take a few months off and save. We have a great free training inside of TheTrading.cafe free school called, "*How To Build Wealth With Trading*". It talks about how you can get your money ready for this very step while you are going through the phases of learning.

While live trading you won't be asking yourself, "*did I win or lose?*" You will ask yourself, "*did I follow the rules?*" or "*was I disciplined?*".

It's just like your demo trading phase. Let's take another look at Graham's post:



The screenshot shows a social media post by Graham Nyman. At the top left is his profile picture and name, with a notification badge showing '4'. Below the name is the text '5m ago in Legacy Student Hangout Room'. To the right of the post are two buttons: 'Watch (1)' and a three-dot menu. The main title of the post is 'December - First Live Month'. The text of the post reads: 'I just wanted to share with the Academy: After donning my trader's cap for the first time in the real world using my own capital, I'm thrilled to announce that my first trading month was a festive success! Santa was not the only one making lists and checking them twice—I meticulously followed the rules and stuck to my trading plan as learned in the academy. The result? dazzling 76% win rate. The lesson learned was to follow the plan, stay disciplined, and don't deviate from the rules learned. If I can do it, I promise everyone here can. I just want to thank @Simon Pullen @Alex Morris @Sid Naiman @Denislav Dantev @Johnathan Van Niekerk for all the help.' Below the text are two buttons: 'Like 0' and '0 comments'. At the bottom of the post is a comment input area with a profile picture, a text box containing 'Your comment', and icons for attachments, links, video, emojis, and GIFs.

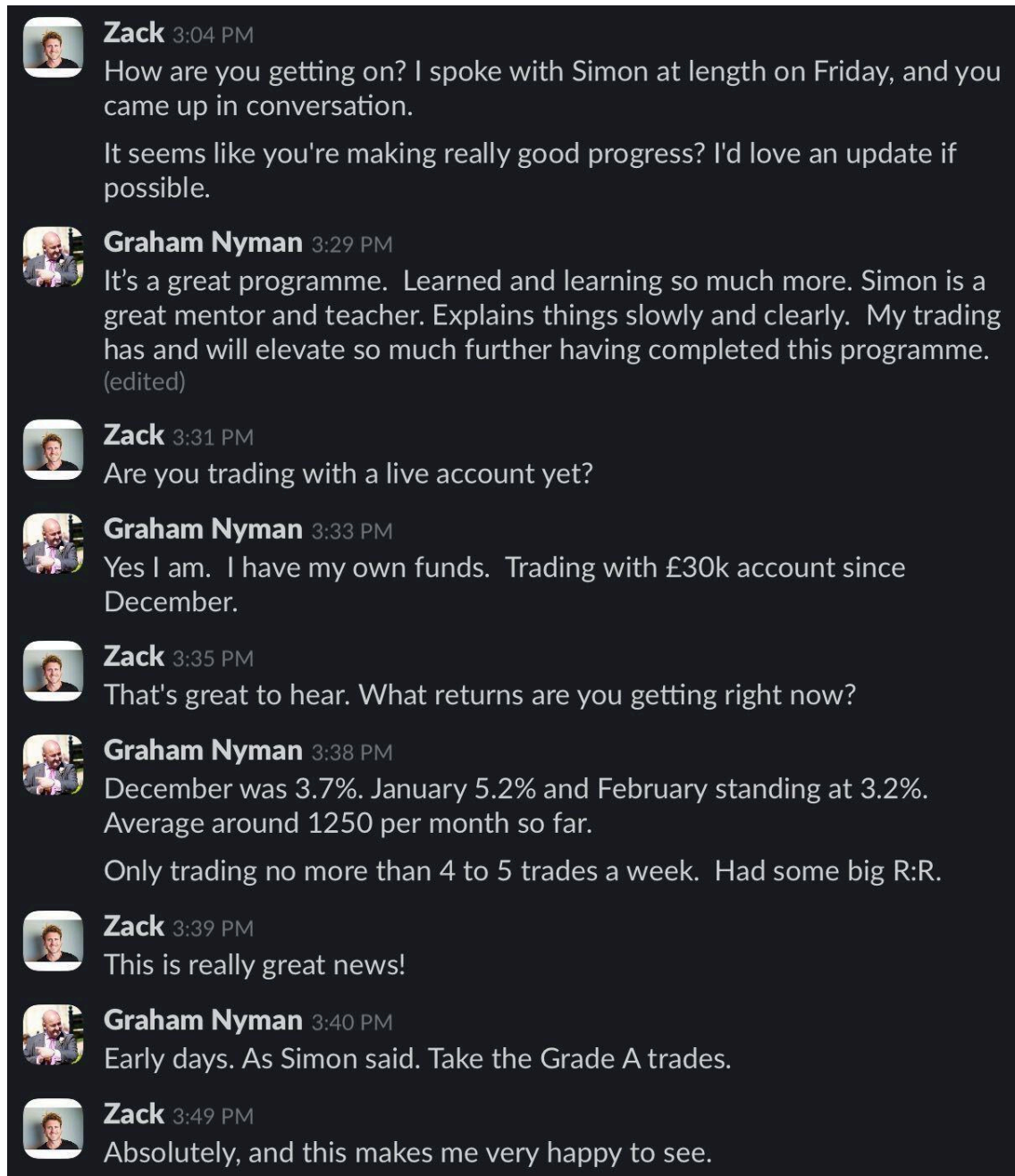
“I meticulously followed the rules and stuck to my trading plan as learned in the academy.”

That was the focus. Not whether he won or lost. However, the consequence of this was a 76% win rate.

“The lesson learned was to follow the plan, stay disciplined, and don't deviate from the rules learned.”

He didn't mention the strategy at all. The strategy wasn't the reason for the success. The months of learning each component individually, doing the practice projects, backtesting, forward testing on demo, and then finally live

testing gave him the discipline he needed. He did the right things in the right order. In case you are interested, a few months later we had another conversation with Graham. Here is a screenshot of that:



He's making \$1,250 per month, give or take.

Remember, at the end of the month, you should backtest and compare your trades. You will never stop doing this. It's your way of self-assessing your live trading. The longer you stay in this phase, the better you will become. Three months is the bare minimum.

After this, it's time to get you a large account that can pay you. In the next few chapters, you will discover how this is relatively easy. You have spent months preparing for this using the instructions up until this point. However, with that ease comes the danger of complacency.

The next couple of chapters will mentally prepare you for this, and then we will lay out the practical steps you need to take. Do not skip a single paragraph, even if it seems repetitive at times.

After working with tens of thousands of traders, we have a pretty good idea of what happens when someone skips ahead. It ends in tears.

Chapter 14: The Key to Living Off Your Trading Income

If you know how to make \$1,000 consistently in the markets, then you know how to make \$1 million consistently. The buttons are the same. You simply add three zeros to the volume.

For example, below is a screenshot of trades Alex Morris closed within a 24-hour period.

MARKET	SIZE	OPENING	CLOSING	PROFIT/LOSS
Devon Energy Corp	-1	6975	6773	£202.00
Spot Gold	-15	1756.58	1740.27	£244.65
NZD/JPY	+4	8643.7	8645.3	£6.40
Germany 40	-3	14433.5	14358.3	£225.60
NZD/JPY	+2	8643.7	8636	£-15.40
NZD/CAD	-7	8253.8	8218.8	£245.00
AUD/JPY	-6	9367.7	9333.4	£205.80
				£1,114.05

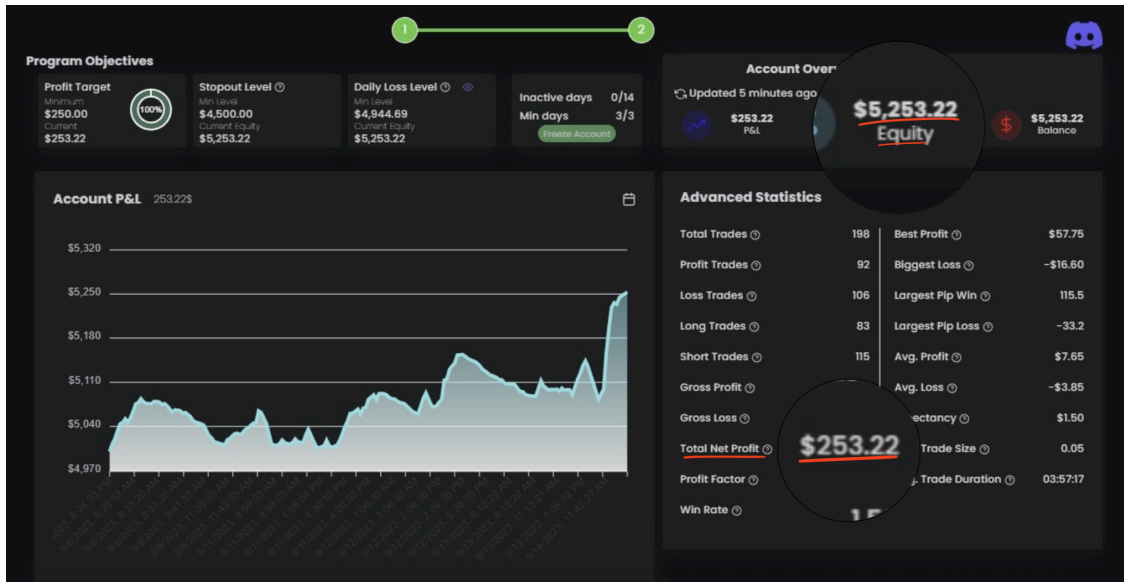
I want you to take particular notice of the 'SIZE' column. If he added a zero to that column, then he would have made ten times as much money. Instead of £1,114.05, he would have made £11,140.50.

Add two zeroes, and he would have made £111,405.00 in a single day.

The mechanics are the same. It's this weird scalable world of income that draws most of us into trading.

Here's an even clearer example by Deni (the funded trader).

Below is a screenshot of a \$5,000 funded account.

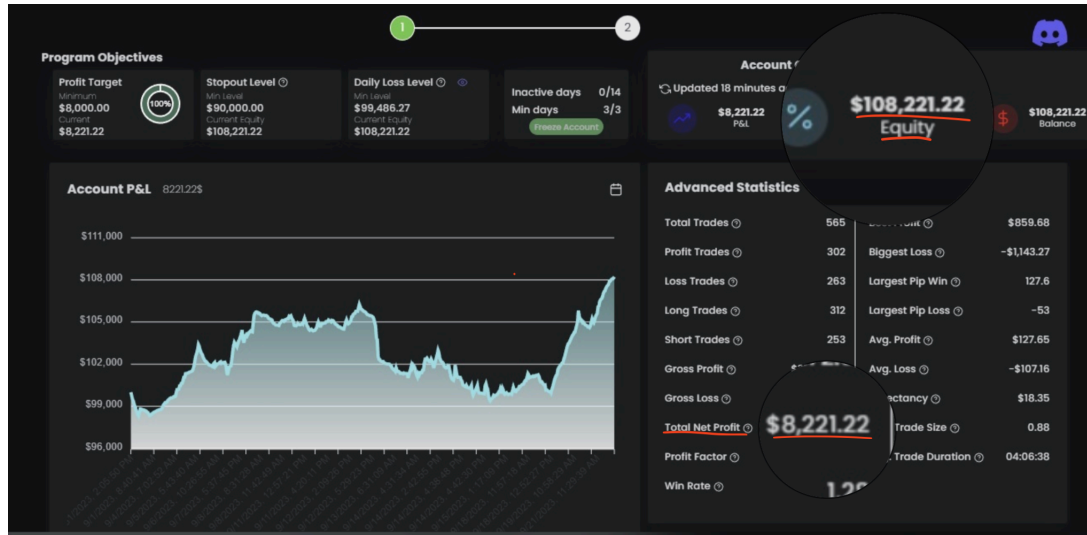


After a few weeks, the profit in the account was \$253.22.

That's a 5% increase in the account size.

Now, let's take a look at his \$100,000 account. The same buttons that made \$253.22 will now make him \$5,064.40 - big difference.

The screenshot below shows his larger account. You can see a profit of \$8,221.23.



I once saw Simon Pullen make \$36,000 in a single day. I posted about it in our school. We got over 50 comments from people giving congratulations and asking a bunch of questions. You can see the screenshot below.

53

iss
Ge
s M
nd a
in p
61

iss
Ge
ulle
n m
ack
50

iss
Ge
eal
ng C

Peter Visser

6 Mar 15 in General discussion

Watching (34)

****Simon Pullen Makes \$36k in one day** (Video inside)**

@Simon Pullen made about £30k a day or so ago (\$36k USD). He sent me this cool message in Slack. I thought I'd share some of his results and a brief video of his 9-step strategy.

I'd suggest going through The Head & Shoulders Masterclass inside The Classroom section of The Trading Cafe.

Leave a comment below to let me know if you like this kind of update :-).

P.S. Simon also uses Divergence and other advanced things I didn't have time to cover in this video, but this a basic overview of how he trades.

Yesterday - banking over £30K. Some trades were over and done with 2 of the accounts that add up to £28K here.

Account	Balance	Profit	Loss	Net
Simon Pullen	£30,000	£10,000	£0	£40,000
Simon Pullen	£28,000	£8,000	£0	£36,000
Simon Pullen	£25,000	£7,000	£0	£32,000
Simon Pullen	£20,000	£5,000	£0	£25,000
Simon Pullen	£15,000	£4,000	£0	£19,000
Simon Pullen	£10,000	£3,000	£0	£13,000
Simon Pullen	£5,000	£2,000	£0	£7,000
Simon Pullen	£2,000	£1,000	£0	£3,000
Simon Pullen	£1,000	£0	£0	£1,000
Simon Pullen	£0	£0	£0	£0

Liked

32

50 comments

Sort: Discussion ▾

↓ Jump to latest comment

Stuart Or · Mar 15

What does all this mean?

It means that to live off your trading income, there's a barrier in your way. A barrier that the majority of traders don't think about.

Most traders focus on finding a profitable strategy, but very few focus on what comes after.

And the truth is that you need a large account of 6-figures (at a bare minimum) to live off your trading income. The \$256 profit per month isn't going to get you the life you want.

Although this seems like an insurmountable task. The road to this large account is well traveled. It's not impossible, and nor does it take a lifetime.

The next few chapters will help lay this journey out for you. Make sure you read them thoroughly and do not skip ahead.

Chapter 15: Get Funded

In this chapter, you will discover how to use other people's money to fund your trading account. The truth is, if you know how to make any kind of return that's greater than the S&P index, people are willing to fund your trading.

The easiest way to do this is to pass a funding challenge.

It's important to stick to your 1.5-3% per month. It may take you 4-6 months to pass the funding challenge, but that's ok. It's tens of thousands of dollars falling into your lap, after all. There's no rush.

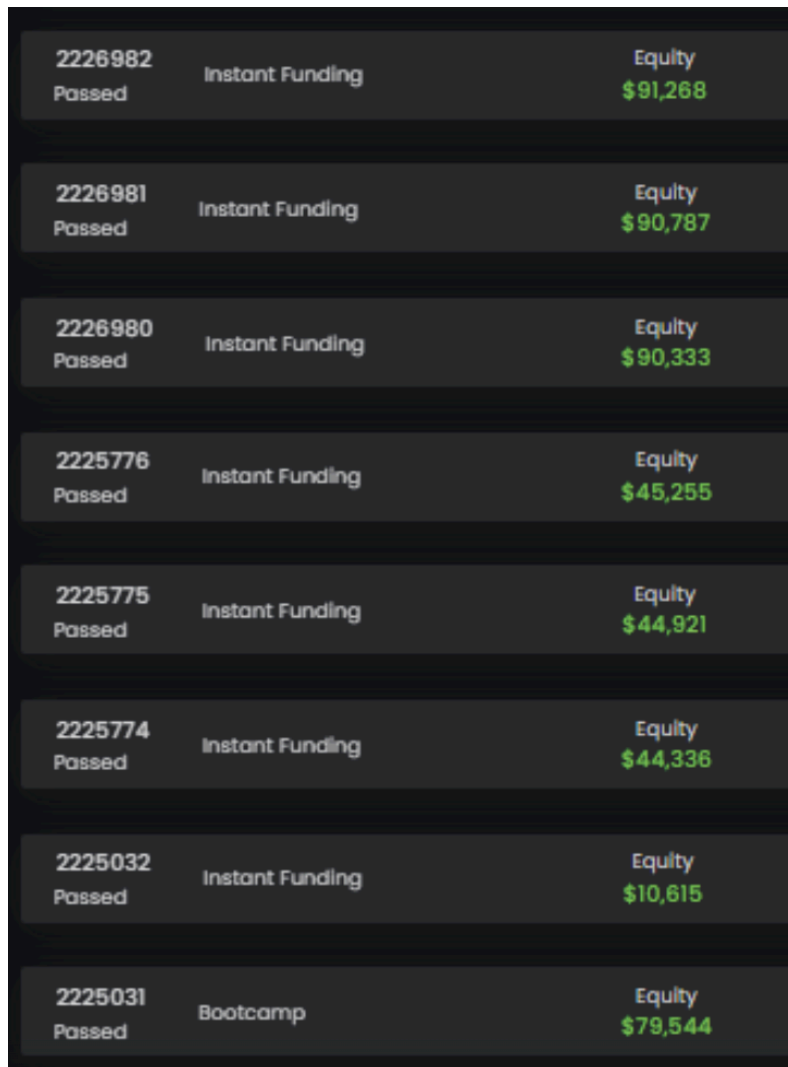
Apply the same principles you learned throughout the book to this stage. It's more crucial than ever.

Remember, massive payouts come from massive accounts, not big returns. The initial funding can be increased to \$4 million over time. Do you want 2% of \$4 million or 20% of \$4,000?

Let's put this in perspective.

- 2% of \$40,000 is \$800 per month.
- 2% of \$400,000 is \$8,000 per month.
- 2% of \$4 million is \$80,000 per month.

Have a look at the image below. This was shared by Deni. This is him getting more and more funding based on his results.



2226982	Passed	Instant Funding	Equity \$91,268
2226981	Passed	Instant Funding	Equity \$90,787
2226980	Passed	Instant Funding	Equity \$90,333
2225776	Passed	Instant Funding	Equity \$45,255
2225775	Passed	Instant Funding	Equity \$44,921
2225774	Passed	Instant Funding	Equity \$44,336
2225032	Passed	Instant Funding	Equity \$10,615
2225031	Passed	Bootcamp	Equity \$79,544

Does it really matter that it takes months and months to get this? Where else in the world could you be given this much cash to trade with?

People who strive for big 10-20% returns in their accounts are making a huge mistake. You will never achieve that. However, getting 1.75% to 3% per month is doable.

Most of the traders we come in contact with in our school are somehow trying to get these enormous returns. It's a mindset we always have to correct.

The 10-20% per month ***"has to be possible"*** they feel. How else would they grow a \$5,000 account?

The key is, of course, funding.

But then there's the other side of the coin. We have a rare few skeptics in our school who don't believe 1.75% to 3% per month is possible.

Usually, they say something like, ***"Warren Buffet makes 20% per year. You aren't going to beat him."***

Have you ever heard that? Perhaps you have even repeated this to others. It's a perfectly valid statement. He is the best-known investor in all of human history. He's personally made himself north of a hundred billion dollars. He's been executing trades since the 1950s.

But, if this is true, what are we all doing here?

In order for you to retire from trading, you would have to assume you could beat the biggest authority in the investing world - or at least match him. On the surface, this may seem arrogant, stupid, or perhaps downright idiotic.

Or is it?

To put you out of your misery, let's quote Mr. Buffett directly:

"If I was running \$1 million today, or \$10 million for that matter, I'd be fully invested. Anyone who says that size does not hurt investment performance is selling. The highest rates of return I've ever achieved were in the 1950s. I killed the Dow. You ought to see the numbers. But I was investing peanuts then. It's a huge structural advantage not to have a lot of money. I think I could make you 50% a year on \$1 million. No, I know I could. I guarantee that."

So, the answer is yes. He says he can guarantee returns in excess of 50% per year on small accounts.

Trading or investing with \$10 million is very different from \$100 billion. You have a lot more freedom in what you buy, when, how, and why. Therefore, according to the world's most famous investor, smaller accounts can make much bigger returns than large accounts.

Luckily, \$10 million is considered a small account in Buffet's world. You don't need anywhere near that much to make a decent living from trading.

That's fairly comforting. Because in order to live off your trading income in today's day and age you can get away with making way less than 50% per year.

Prop Firm Funding Rules

Usually, to get funded you will pass a challenge, be given money, and then you will have your account monitored. As long as you stay within the drawdown rules and hit certain profit targets they will keep increasing the size of your account. They make money by taking a share of your profits.

However, break the rules and you will lose your funding. That's why it's important to have a good handle on them.

#1. Funding or scaling rules.

Every prop firm will have a target. For example, to pass a challenge you need to make 10% in your account. Once you do that, you could get \$40,000 in initial funding.

Here are a few things you need to know.

- How many steps does the evaluation program have?
- What is the target profit for each step?
- Minimum trading days or minimum trades?

The last point is important. You have to understand if you have some kind of time limit to reach your target. The prop firm Deni uses has no time limit at all, giving you the freedom to be conservative with your trading.

Four to six months to pass a funded challenge is typical for traders who know what they are doing. Keep your eye on the prize and be patient.

#2. Drawdown or loss rules

Hitting the target is important, of course, but what is more important is not blowing the account up.

If we are trading a profitable strategy, we will hit our target eventually. It's just a matter of time - as long as we don't break any rules along the way.

Therefore, what's the point of risking more? Or winning more? Just do what you can on a small scale. Eventually, a ton of money will be given to you. Don't rush it and risk losing everything.

Here's what you need to ask yourself.

- Maximum account drawdown relative to account size?
- Maximum risk per trade?
- Maximum exposure per instrument? (FX pair, commodity, etc.)
- Max loss per day?
- Absolute drawdown OR NOT?

For example, some prop firms have a maximum drawdown limit of 5%. If your account hits it you will be kicked out.

Others will add in a risk per trade e.g. You can only lose a maximum of 1% per trade. Anything over that gets you kicked out. Do not be afraid to lower your risk to stay well within these boundaries.

In our chapter on "Switching To Live Trading" we stated the importance of lowering your risk to make sure you do not make more than 3% per month. It's even more important at this stage. Be even more conservative. Lower your risk per trade so that you do not exceed 2% per month for the first few months.

#3. Holding rules

Each program imposes limitations on the way you trade, some very few and some a whole lot. Certain limitations might disqualify your strategy from the challenge altogether; it is important to know that ahead of time.

Here's what you need to know.

- Instrument limitations? What are we allowed to trade?
- Trade holding limitations?
 - Can we hold overnight?
 - Can we hold during news announcements?
 - Can we hold over the weekend?
- Time limitations
 - How much time do we have to hit our target?
 - If there is a limit - Pick a different firm.
 - *Applies to Forex and CFDs trading, not necessarily to stock exchange trading (stocks, options, futures)

Write down the answers to every single one of these questions. You have done 300 backtested trades, 3-4 months of demo, and 3-4 months of live trading. Therefore, you will know whether or not the limitations will impact your strategy.

#4. Miscellaneous rules or limitations

Be mindful of any miscellaneous rules that might affect your trading or future scaling. We don't want any surprises at any point. If we are not aware of a rule, we are likely to break one and have to start over.

What falls under here?

- Multiple account trading?
- Copy or signal trading?
- Algo trading?
- Any other rules that might be imposed by a prop firm you are considering?

Be aware of firms introducing new and random rules to existing programs. This is rarely to your advantage and usually designed for you to lose your account.

If you pass a funding challenge you will see large payouts landing in your bank account. The temptation to increase risk and take more trades will be paralyzing.

Focus on the long term. Your account will start off with \$20,000 to \$100,000 most likely. Your 1.5% to 3% is only \$1,500 to 3,000. Think about the \$1 million funded account where that would be ten times as much.

Let's drive this point home. The screenshot below shows the payouts that Deni has received from his funded account.

COMPLETED	- \$5,689.12
Deposited to Deni's bank account	
COMPLETED	+ \$5,689.12
Withdrawn from the trading account	
COMPLETED	- \$4,392.82
COMPLETED	+ \$4,392.82
COMPLETED	- \$5,253.89
COMPLETED	+ \$5,253.89
COMPLETED	- \$2,348.89
COMPLETED	+ \$2,348.89

These payouts were made over the course of a week. When you see this, your brain will light up like a Christmas tree. Have a look at another image of another week of payouts.

COMPLETED	- \$7,605.54
COMPLETED	+ \$7,605.54
COMPLETED	- \$8,043.81
COMPLETED	- \$8,417.81
COMPLETED	+ \$8,417.81
COMPLETED	+ \$8,043.81
COMPLETED	- \$5,718.36
COMPLETED	+ \$5,718.36



Your brain is going to want to switch to gambling mode. All your training up until this point will be tested. A single additional trade could pay for an entire holiday or a downpayment on a luxury car.

These screenshots are from a couple of years ago. Deni lost this account, because of the very reasons we're outlining in this book. He posted something in TheTrading.cafe about this a while back.

In total, Deni lost a million dollars because he was naive to the barriers he would face once he was given a bunch of money.

The screenshot shows a forum post by Denislav Dantev, posted 9 days ago in the 'General discussion' section. The post title is 'How I lost a million dollars'. The text of the post reads: 'Hey there Trading Cafe, I hope you are ready and excited about our life session tomorrow. As you probably know already if you have heard me speak before, there is one key difference between me and the other traders on our instructor team. We all trade different strategies, have various ways of viewing and analyzing the market and generally have found our own individual approach to trading that works for each of us. The biggest difference however between me and the rest of the team is the capital we... See more'. Below the text are three screenshots of trading account equity over time. The first screenshot shows a start date of 04/06/2021. The second shows a start date of 15/07/2021. The third shows a start date of 05/11/2021. To the right of these screenshots is a vertical list of equity values: 76,793, 95,985, 79,889, and 10,898. The post has 18 likes and 10 comments.

Denislav Dantev
9d ago in General discussion

How I lost a million dollars

Hey there Trading Cafe, I hope you are ready and excited about our life session tomorrow.

As you probably know already if you have heard me speak before, there is one key difference between me and the other traders on our instructor team.

We all trade different strategies, have various ways of viewing and analyzing the market and generally have found our own individual approach to trading that works for each of us.

The biggest difference however between me and the rest of the team is the capital we... [See more](#)

Start Date	Equity
04/06/2021	76,793
15/07/2021	95,985
05/11/2021	79,889
08/09/2021	10,898
30/04/2021	
04/07/2021	
09/08/2021	

👍 Liked 18 💬 10 comments

As soon as you think, “I’ve made it”, and you get cocky, everything is likely to be taken away.

At the moment of writing this book Deni is funded again and taking a much more conservative approach. Maintaining the account is the most important aspect because 1% of a million is still a lot.

At this stage, you may even want to re-backtest after every single week of trading. Double down on your self-assessments and lower your risk even more. And remember, getting a funded account is tough. Losing one is easy.

Picking Your Prop Firm Checklist

It’s incredibly important to get this part right. You have to do due diligence on the firm you pick.

There are companies who simply want your challenge money. Being charged upfront for a prop firm challenge is not uncommon. However, some will make their rules so onerous that you are guaranteed to fail.

You want to trade with a firm that makes most of their income from profit sharing. This way they are aligned with your success. The more money you make, the more money they make.

Deni has put together a checklist he uses to evaluate prop firms.

1. Reputation and History

- Have they been in business for a long time?
 - YES: Proceed.
 - NO: Red flag! Consider another firm.

- Do traders speak well of them?
 - YES: Proceed.
 - NO: Red flag! Seek more reviews.
- What do online reviews say?
 - MOSTLY POSITIVE: Proceed.
 - NEGATIVE/NO REVIEWS: Reconsider.

2. Capital and Scaling

- How much initial capital do they provide?
 - HIGH AMOUNT: Good sign, proceed.
 - LOW AMOUNT: Look for more options.
- How fast can you scale?
 - FAST: Proceed.
 - SLOW/UNCLEAR: Investigate further.
- Is there a capital cap?
 - TRANSPARENT: Proceed.
 - UNCLEAR/NO CAP: Be cautious.
 - Too small a cap: a negative here
 - Anything below 1-2 million is not worth it.

3. Cost

- How much are the program fees?
 - REASONABLE/INDUSTRY STANDARD: Proceed.
 - TOO HIGH/TOO LOW: Red flag! Investigate.

4. Evaluations Offered

- What types of programs do they offer?
 - VARIETY: Proceed.
 - LIMITED: Reconsider.
- How many steps to get funded?
 - 1-3 STEPS: Proceed.
 - MORE THAN 3: Caution! Investigate.

- Are their rules clear and acceptable?
 - CLEAR: Proceed.
 - VAGUE/UNREASONABLE: Caution!

5. Trading Concerns

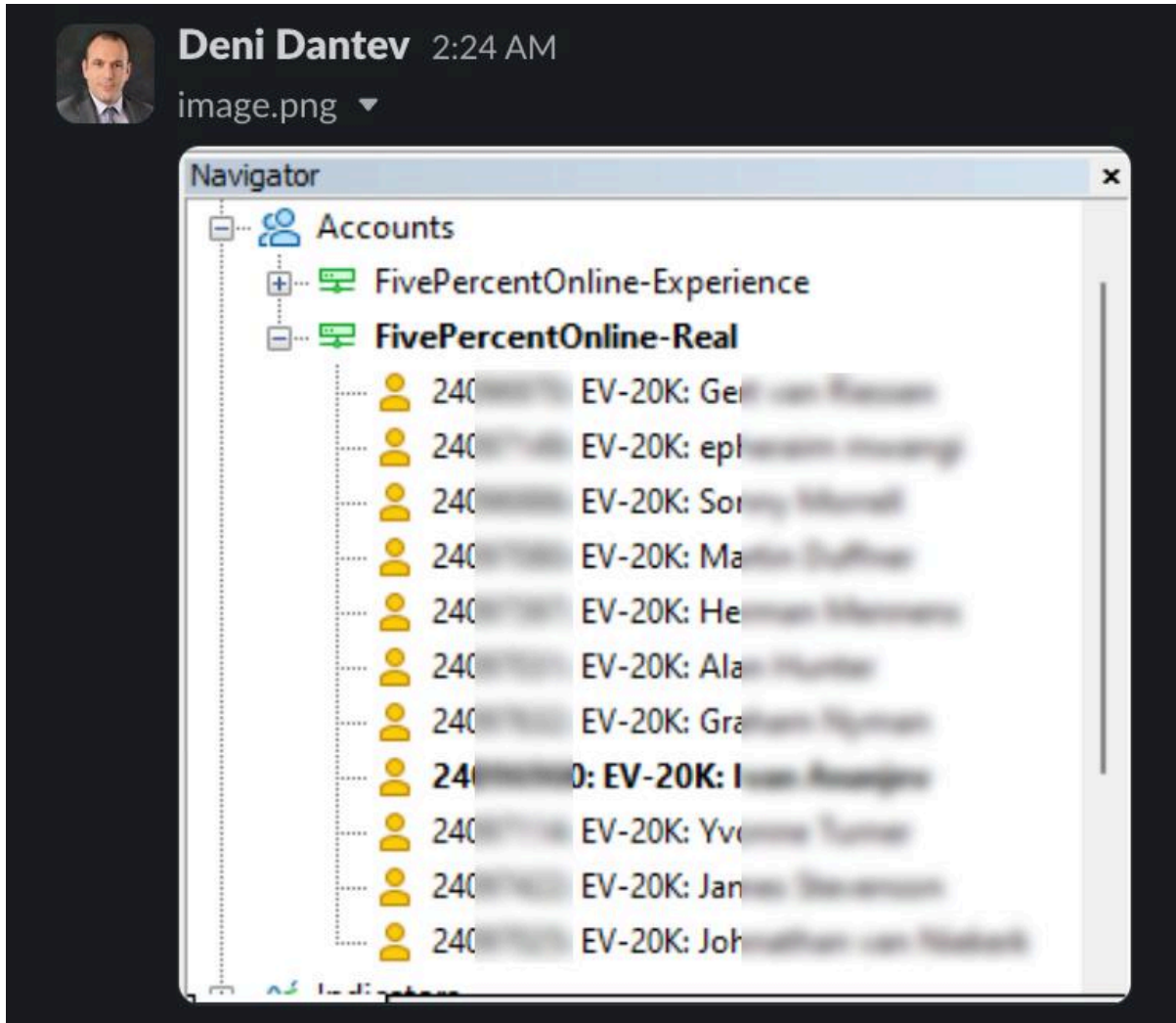
- Is there transparency in costs and potential slippages?
 - TRANSPARENT: Proceed.
 - HIDDEN COSTS: Red flag!
 - If transparent: Evaluate how competitive they are relative to other firms
- Are spreads, commissions, and slippages favorable?
 - YES: Proceed.
 - NO: Reconsider.

6. Payouts

- How does the payout schedule look?
 - WEEKLY/BI-WEEKLY: Proceed.
 - LESS FREQUENT: Investigate.
- What's the profit split?
 - 50%-90%: Proceed.
 - BELOW 50%: Reconsider

Scaling Your Income

Inside of The Trading Academy Deni does daily live sessions where he helps students to get funded. At the time of writing this chapter here are all the students going through this process right now. They have been given the initial \$20,000 in funding.



These are the accounts we have access to. Other students have already moved on. One lady from Chicago (who works in the police department) currently has \$80,000 USD in funding.

Slowly, but surely, students inside of The Trading Academy are going through the steps outlined in this book.

“Slowly” is the key word.

When it comes to scaling your trading income to 6-figures you want to be cautious in your approach. In fact, to many, you may seem over-cautious.

Let me explain.

Let's say you are able to make 6% per month in your trading account on average. Some months you make 12% and others you make 3%.

You are essentially a superstar trader.

Your overly cautious side should tell you, ***“I need to reduce my risk so that the maximum I make is close to 3%.”***

If 1% risk per trade gets you 6% per month, then reduce your risk by half to 0.5% per trade. This will pull your average monthly return down to 3%.

This seems crazy to most people, but most people aren't successful traders. We have spoken to thousands of traders over the years. We have a school with tens of thousands of them.

We also have access to successful traders. Both ones we have found and others we have trained.

The difference between the masses and the few who succeed is their ability to scale their accounts properly. And scaling properly means reducing your risk.

When risking tiny amounts, you have better psychological control. A loss doesn't hurt quite as much. Winning trades are a lot smaller, meaning that you don't feel as excited by them.

The trick to getting filthy rich from trading is reducing your risk as much as you possibly can. Let's take a look at how this works in practice.

You are able to tap into about \$4 million in funding. How much money per month do you need to live off?

\$10,000 per month? \$20,000? What about \$40,000? *Be realistic.*

Let's take the high end of that - \$40,000USD per month. That's a 1% return per month.

Let's aim to make 1.5-1.75% per month on average. To do that we likely need to reduce your risk to 0.25% per trade.

When you get into this mindset, something incredible happens. Firstly, it's much easier to reach these kinds of returns. The pressure you feel to be perfect in your trading will vanish.

Secondly, this is a realistic target. You don't sound like an insane person at your summer BBQ. Your relationship with people around you will change. This will compound and turn you into an even better trader.

Scaling your account is not about the strategy, it's about discipline. And discipline is a goal that's achieved because of how you prepare your mind. Discipline is the side effect that comes with proper preparation and not cutting corners.

Now that you understand that, let's take a look at how you scale your income to over 6 figures. We will take the conservative approach.

Step #1: Aim for an average of 1.75% per month in your funded account.

If you compound this return every single month, it'll take you 5 months to make 10% in your account. Every time you make 10%, your account size will double. That's how most prop firms work.

Step #2: Take profit from your funded account and place it in an account you own.

Open a trading account you own and fund it with some money. It doesn't have to be a lot. Even \$1,000 will do. In this example, we assume that in the 9-12 months you have been practicing your trading, you have saved up \$5,000.

Your risk in this account can be a little higher. The numbers are small, and your psychology should be able to cope with making 2-3% per month. Eventually, this account will be over \$100,000 and then you want to reduce your risk per trade.

On your \$40,000 funded account (where you are keeping your risk super low from the start), you will be getting \$700 per month. The funding company usually lets you keep 50-80% of the profits. Withdraw that money and place it in the account you own.

Step #3: Scale both accounts slowly

Let's assume you can withdraw 80% of your profits from the funded account. This allows you to withdraw \$560 per month.

After six months, your \$5,000 personal account will be \$8,545, and your \$40,000 funded account will be doubled to \$80,000.

Another six months go by, and your original \$5,000 is now \$16,069. Your funded account doubles again to \$160,000. You are now a bonafide 6-figure trader.

After one more year your personal account will be sitting at \$60,688.14 and your funded account will be \$640,000.

At the three year mark your personal account will be \$238,197 and your funded account will be well into the millions.

Monthly income at year 3:

Personal account	Funded account
\$4,763.95 per month	\$17,920 per month

After this point, your funded account will go up to \$4 million. While we recommend you keep adding to your personal account, you may want to take some of the money to enjoy your life.

The funded account will be making between \$50,000 and \$70,000 per month.

Take half for yourself, let's say \$25,000 per month, and put the other \$25,000 into your personal account so that it can keep growing. Or even better, take out less and reduce your risk per trade.

In year six, your personal account should be about \$1.1 million.

At this point you probably feel one of two things.

#1. You feel excited. If that's the case, then good. Use it to motivate yourself to learn properly. Don't cut corners. Think in terms of years, not months.

#2. You feel deflated because you don't have years. You need to make this work much faster.

The truth is, where on earth could you study, find a job, and 6 years later have over a million dollars in cash plus an income that exceeds multiple six figures?

On top of that, you have complete freedom of location.

This simply cannot happen in a space of a few months. You will rush the process and fail if you try. In fact, many students inside our school have tried to get rich in 6 months. Some have been doing that for over 10 years.

Time will pass whether you take this road or not. The next 5-6 years will happen either way. You might as well do things properly during this time.

Think of it this way, at the time of writing, there are 21.6 millionaires in the USA.

1.4 million of them are worth over \$10 million dollars.

Why? Because if you do things properly and align your core values correctly, being rich is inevitable. It's not some pipedream. Millions upon millions of people have done it.

Before we move on to the next chapter, I wanted to share one more fact with you.

There are only 25,000 Americans with a six-pack. Therefore, it's 75x easier to get a net worth of over \$10 million than it is to get washboard abs. Just follow the process.

Chapter 16: What To Say To Your Family

When I got to this chapter, I received an update from Alex Morris. He made £60,401.44 in profit from his trading account in the last year. The screenshot below shows what that looked like.

Total return from closed positions

£60,401.44

P/L from closed positions

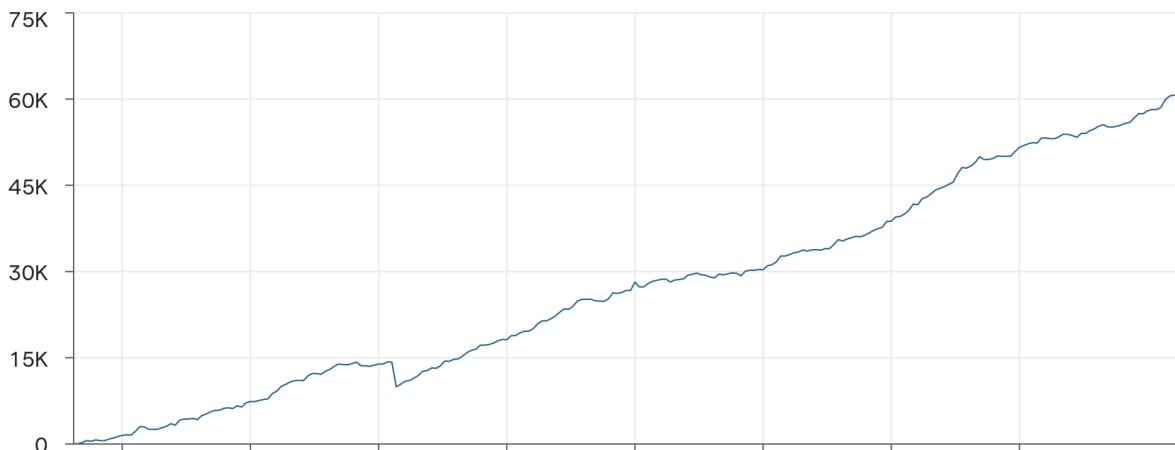
£57,608.64

Total adjustments

£2,792.80 [Check details](#)

Cumulative total return over time

[Click on chart to see details](#)



If you remember, earlier in this book, we shared a different screenshot with you. This was one where Alex made north of £87,465.77 in a year.

Which one is true?

Total return from closed positions

£87,465.77

P/L from closed positions

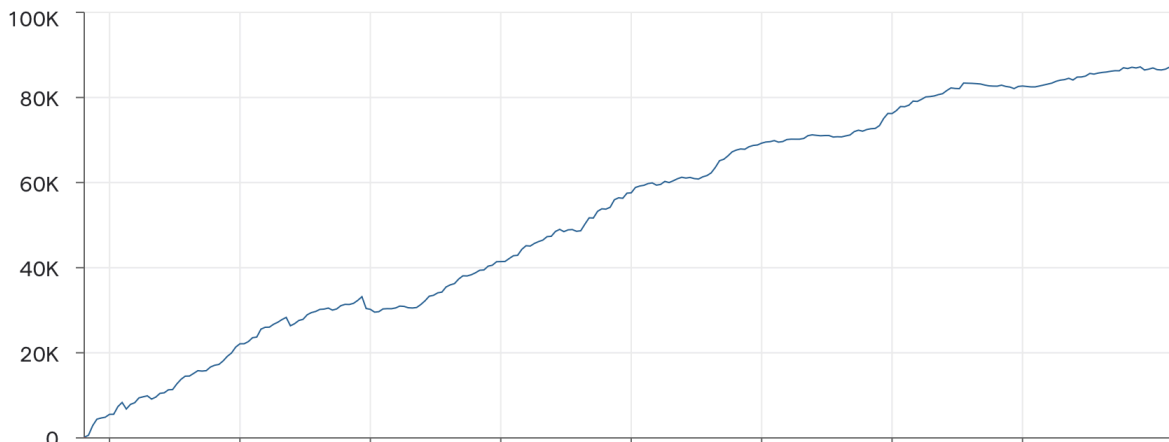
£91,857.57

Total adjustments

£-4,391.80 [Check details](#)

Cumulative total return over time

Click on chart to see details



Well, both. The fact is that we updated the book. This chapter is something we added much later. At the time of writing, Alex's profit for the last 12 months was significantly lower than the previous 12.

Why?

The reason may surprise you.

Yes, some years will give you better results than others, but the real reason is because of enjoyment.

Alex doesn't compound the growth in his trading account. He pretty much withdraws 100% of his profits and uses that money on all sorts of things.

I asked him this question a while back in our internal Slack channel. And this is what he said:



Peter 12:59 PM

Yeah perfect

Do you ever increase your position size as your account grows?



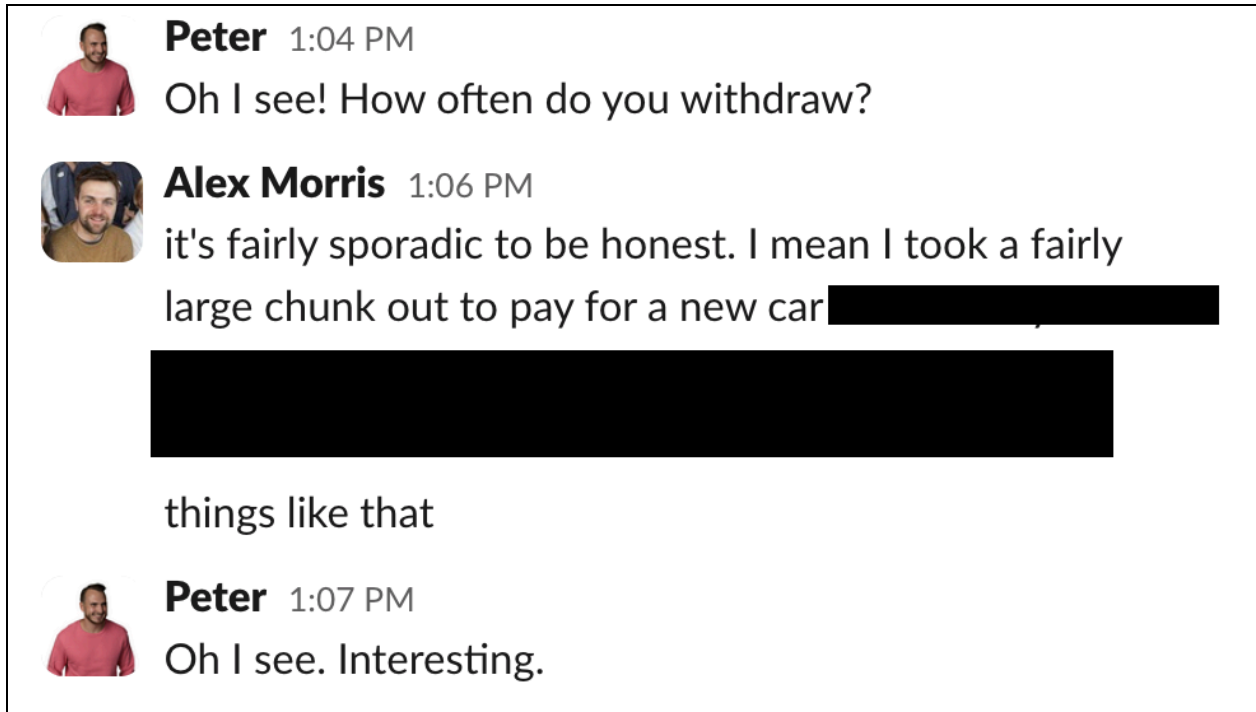
Alex Morris 1:01 PM

something I need to, and should be doing, but been using my profits to pay for kids mainly! and going on holiday etc

He's living in the moment. He could have a lot more if he simply compounded his results and stuck it out for a while, but he's in his 30s with 3 young boys and a wife.

So, he decided that he would get mega-rich later and enjoy what he has right now. At any point, he can knuckle down for 5 years and grow his account and trading income by 400-500%.

You can see this with the continued conversation below. He sporadically removes money when he needs it (we blacked out personal information in the screenshot below).



We believe that this is Alex’s true secret. He’s enjoying every single moment of his journey. It’s not perfect, but it’s what he wants to do right now.

This makes him more relaxed, gives him better results, and it probably feeds into his trading. And here’s the key. Even though this is not the fastest way for Alex to become filthy rich, it may be the only way.

By allowing yourself to enjoy the journey you increase your ability to stick with it. And more importantly it’ll allow you to get the buy-in from your family. You want to be in a place where you can look your spouse in the eyes, with a relaxed demeanor, and say, **“we’ve got this”**.

Have a look at how Alex talks about his trading and his weekend in the exchange below.



Peter 9:50 AM

Morning Alex! Hope you enjoyed the weekend with the family.
You're going live later this week in the Cafe. Is it possible to send a breakdown of your trade results for the last 30 days? You can send a CSV if you like.

New



Alex Morris 10:14 AM

Hey Pete! good weekend thanks, gave badminton a go for the first time with the boys which ended up being a disaster ha.
Is my Cafe session next Friday?
Below is an extract of the last 30 days

image.png ▼



Peter 10:21 AM

Yes next Friday. Sorry.

B I S | [Link](#) | [List 1](#) | [List 2](#) | [List 3](#) | [Code](#) | [Image](#)

Message Alex Morris

How do you get to this place where your family is brought in, they support you, and the whole journey is more relaxed?

A lot of traders eventually get into a situation where their family is tired of hearing about trading. If you aren't there yet, you may get there soon. This can really derail things - even if you are winning.

By learning to trade, you are giving up time with them and perhaps even quite a lot of money. Those are scarce resources you could have spent with them.

But, it's to give them a better future. It's a short-term sacrifice for the greater good. However, it also means the pressure is on. You have to perform. There is this huge internal need to prove to those closest to you that it's worth it.

So you get stuck in. You learn a strategy, trade it on demo for a while, and then move onto a live account. You feel like you are making progress. At each little milestone, you announce it to your spouse, kids, or siblings.

This insatiable urge to make progress leads you to rush the process. Rushing leads to overtrading, tinkering with the rules, and sometimes a blown account.

When the bad news comes, it's really hard to look your family in the eye and tell them what happened. A lot of traders will hide their losses - you suffer in silence.

When we asked Alex about this, here's what he said:

“There is always a tendency to share your good results with family/friends and not the bad. I was certainly guilty of this at the

beginning of my trading career, mainly because I didn't want my wife to feel stressed financially.

I felt like I could take all the pressure, but ultimately, it will backfire and negatively impact your trading results.

Communication is key.

Openly share your results. Who cares if you lose? It's part of trading/life. It's how you overcome these losses and what actions you put in place to ensure long-term success."

If you find yourself in this situation, here's what you need to do. Get your spouse to sit down and tell them you messed up. You got dragged through false promises in the industry. Tell them that the only way to learn to trade is via structured education.

Those two words, "structured" and "education", change the dynamics of the conversation. It allows you to let them know that you are going to stop trading and start studying.

It puts the onus on education. You don't have to share trading results anymore. Simply update your family on how your studies are going. Continuous learning and education are a virtue. People do not look down upon you for trying to improve yourself via these methods.

Inside of The Trading Academy we have a Student Progression Plan. You can get it for free in TheTrading.cafe as well or you could use this book. Both outline the same journey.

We also asked Sid Naiman about the family issue, and this is what he had to say:

“The key is to communicate the right message to family and friends. Openly discussing what you are doing with family is key so they understand and provide the support. Friends a little less open but a similar message.

Data shows that getting a college degree translates into more opportunity to make a better living than not having a degree. Of course, you don't need a degree to be successful financially, but it increases the odds (one may argue that the current education has deteriorated, but that is a different topic).

It takes 4 years (or longer) to get a degree, but every student knows it takes this amount of time. Becoming a successful trader also takes time, but it can be done, as shown by the instructors. The key to getting there is having a plan (Student Progression Plan) and the right instructors (college teachers if you want to use that analogy).

Once you follow the curriculum and complete your education with lots of support along the way, you will be able to meet your long-term goal. It should be stressed to the family that it is a long-term goal and should not be an overnight expectation.

You can review the Student Progression Plan and all of the material and support you have with your family so they fully understand the plan and your long-term commitment to meeting the goal.”

The truth is, you need to make a shift. Stop referring to yourself as a trader and start calling yourself a student. It makes it much easier to get the family on board.

The 6-Figure Checklist

Use the following checklist to keep track of your progress from start to finish. Follow this process, and don't skip a step.

- Learn how to learn a skill properly** - Break it up into components, practice properly, get feedback, and identify barriers.
- Break a trading strategy up into components** - Learn each component separately using our learning framework. There's no need to demo or live trade yet.
- Backtest the strategy on TradingView Bar Replay** - Put all the components together and practice them as a whole.
- Practice your emotions on a demo account** - See if you can execute trades according to your rules on a demo. If you remain disciplined and follow the rules, you have won.
- Practice your emotions with live trading** - You aren't trying to make money here. Take a small live account you can afford to lose and see if you can remain disciplined. This is still the learning phase.
- Get funded** - Use your new skill and fund the account yourself, or get funding from an external entity.
- Maintain and grow the account** - You will start getting paid right away from your trading. Overcome the barriers associated with that and focus solely on maintaining the account or growing it very slowly.
- Scale** - Scale the account to 6-figures. Use the profits to open another secondary account.
- Grow both accounts** - grow both the funded and personal accounts and live off your trading income.

Chapter 17: What should you do now?

The following Chapter is written by Zack van Niekerk. While I will let him make his own introduction, it's important that you understand that Zack is a one-of-a-kind guy.

He's an expert in education, yes, but more importantly, he is unmatched in his ability to spot barriers and create systems to overcome them.

He has had more one-on-one conversations with successful and unsuccessful traders than anyone I know. He's the reason why complete gamblers go from nothing to becoming highly disciplined traders.

In other words, he's the missing link who turns experience into actionable curriculums.

Whatever you do, make sure you read this chapter from start to finish. Enjoy!

FROM ZACK VAN NIEKERK

Imagine for a moment you're standing in front of a house.

The house is on fire.

Inside the house is a chest full of money.

A lot of it.

In between you and the money is a burning house.

Would you run into the building to find the treasure with no training, protective clothing or any idea of the layout of the house?

Imagine being in an airplane, and all of a sudden, the pilot becomes incapacitated, and you now need to steer the plane.

You've never flown before, and you have zero understanding of how to work a plane.

How would it go?

This is what happens to the vast majority of people as they decide to start trading.

They walk unprepared and blind into a burning building, and it leads to disaster.

It's easy, really easy to start.

What's difficult is success.

One of the main reasons we compiled this book and created the education infrastructure that we have in The Trading Cafe and The Trading Academy is to help as many people as we can to stop failing and start succeeding.

We have a desire to help as many people as possible build the knowledge and the skills necessary to build wealth over the long term.

And that's what it takes: knowledge and skill.

I wish it was a drug we could give you or a drink you could sip on, but it isn't.

It's knowledge and skill, and by knowing this, we have a chance to win. You have a chance to win.

The goal of this chapter is to provide you with hope and clarity as to what your next steps can be.

This book is the beginning of a very exciting journey for you, and what you do next will dictate whether you are successful or not in your pursuit of learning to trade.

In all likelihood, you've come from YouTube.

You've spent time on Discord.

You've entertained joining Telegram groups.

You've followed that person on Instagram.

You've done your searches in Google and you've tried using AI.

You've faced roadblocks, confusion, pain, loss, excitement, and fear.

All you want is a strategy that works. All you want is to have consistent results. All you want is to have a method of trading that allows you to spend more time with your family. You want to be proud of your trading results.

You want to attain freedom. Freedom of time, freedom of money, and freedom of location.

This is why you are here and why you want to trade.

The purpose of this book is to give you clarity on how to do that.

You learned how to trade and how to master trading, and in this final chapter, I want to make sure that as you walk away from this book, you have the highest chance of succeeding possible. Whether it's by yourself or with us.

My weird beginning

But first, who am I? My name is Zack, and at the time of writing this chapter, I'm 38, I'm married, and I'm the CEO of The Trading Cafe. I don't have any children; however, on the very day that I wrote this chapter, my wife found out that she was pregnant.

I want to be as upfront, honest, and transparent with you as I can. I love to develop long-term relationships, and although we haven't met face to face, I hope that with the work that Peter, the team, and I have put into creating this book and all of the education on the backend, we can have a solid relationship moving forward.

Helping you become wealthy, happy, and truly successful is one of my life's drivers, and it's what gets me up in the morning.

I don't want to do a death-by-life story introduction to this final chapter; however, I do want to take a moment to share the reason why I am so passionate about education, learning, and finance.

I have spent my entire life to date focused on one thing: learning.

I've been obsessed with learning and education for as long as I can remember.

Why would one person be successful and another person not be? Why was it easier for one person and tougher for another? Was there a faster way to progress? Could I learn faster?

These questions have plagued me for over 2 decades.

I truly believe that learning and structured education are the secrets to solving the majority of the world's problems.

Whether it's racism, the ability to cook, nutrition, self-confidence, or trading, successfully learning is the secret to fixing all of it.

My journey began at 7 years old.

I wanted to learn the guitar, and so the begging began. I came from a single-parent family, and we were poor. It was just me, my mother, and my brother Johnathan.

I begged my mother to let me start learning, and she finally caved in and got me a cheap guitar and some lessons.

1 month in, my mum arrived at the place where I was getting my lessons to hear my teacher call her in with an angry voice.

"I'm never teaching this boy again!" he said angrily to her.

Just 2 minutes before, he had stood from his chair, looked down at me, and screamed at me. I was seven, and the guy was fifty. To be honest, I can't remember what he said, but I do remember why he was so angry.

I hadn't practiced at home, and I'd arrived at class unready to play the stupid songs that he had given me to practice.

I hadn't practiced because he was a shit teacher, and what he was teaching me was boring.

That was my truth.

That nearly stopped me from playing until I was 12 years old.

At 12, on a random day I chose to pick up the guitar again. I picked up that same guitar I hadn't touched since I was seven and I started teaching myself using the very book I'd had back then at the age of 7 (the one that I didn't practice).

I went through the book, note by note, explanation by explanation, and within a week of playing, I could play the old folk song Greensleeves.

I was ecstatic.

This was my first taste of it: structured and focused learning.

I was hooked.

This passion led me to play in front of audiences of over 10,000 people and tour Europe multiple times. It led me to become fluent in Spanish and Chinese Mandarin by the time I was 21. It led me to write a bestselling book on language learning and teaching thousands how to master a second language. It led me to become a professional photographer in London at high-end restaurants and hotels for two years. I became a student of theology, Islam, and the Bible for many years. It led me to become an entrepreneur who has been involved in multiple seven-figure businesses. It also led me to starting The Trading Cafe.

Now I don't say this to brag, as I personally don't see any of this as any type of accolade. It's to give you insight into why I am here and why I do what I do.

I truly believe that anyone has the power to learn anything to a high standard. Whether you want to master a language, become a pilot, or learn to trade. The secret to building genuine success in life is learning.

It's not where you come from, how old you are, and what's happened before.

Your ticket out is learning.

The better you learn, the more skills you develop. The more skills you develop the more you earn.

The more you earn, the more choices you have.

The more choices you have, the easier it is to create a life in harmony with what you actually want.

This is what I believe to be the truth.

And it works.

I love learning, and I love seeing other people learn and change their lives using the skills they develop.

Over the last 2 years, I have had a unique privilege. I've spent over 40 hours per week studying two groups of people.

Highly successful traders and unsuccessful traders.

I have had hundreds of 1-1 conversations with experts as well as novices in this field.

I have spent hundreds of hours working 1-1 with multiple six-figure traders mapping out and creating structured curriculums based on their knowledge.

We have created something that I believe is going to change the industry: Structured education in trading.

No gimmicks, no BS. Genuine education that actually helps students progress.

I have seen students go from zero knowledge of trading to consistent results month on month after just six months of learning properly.

I've seen a Chicago police officer go from being completely lost in the markets to scaling a funded account not once but three times in the span of three months.

I've analyzed trades of a kamikaze gambler that would blow up account after account, despite help and guidance. I've seen him face his own internal battles and face the reality of his gambling head-on.

I have spent hundreds of hours in 1-1 conversations with people just like yourself.

I've heard everything there is to hear.

A single retiree losing their entire life savings to a scam broker.

A retired business owner who sold his business, and then lost everything to trading because he didn't know what he was doing.

The 35-year-old dad of two has been going around in circles for 5 years trying to find genuine education and getting lost in the world of prop firms, Discord and YouTube.

Thousands of hours have been spent studying both successful and unsuccessful traders and this has been both a unique and daunting privilege that has driven me on this incredible journey of creating what we have here.

And this book is just the beginning for you.

I hope that by reading it has shown you what is possible with the right help and guidance. When you learn in a focused way, you progress. And now I want to speak about what is next for you.

Are you sure you want to learn to trade?



There's a reason why throughout human history we have built lookout towers. When you can see everything, you can make much smarter choices. You can see the forest, not just the trees.

It's very easy to get sucked into the trading "hole", and lose sight of what is actually going on.

I see many genuine people who desire to be traders lose sight of what's important.

Perspective allows for truth however.

When you know the truth, then you know what to do.

We may not like the truth, but the truth allows you to make really smart decisions that end up in your favor.

So to get us viewing things from the right perspective as we end this book, I want to spend a couple of minutes doing a crash course on investing.

You may know all of it, you may know some of it and you may know none of it.

It doesn't matter.

Before you go and put into practice the contents of this book, I want to make sure that we're standing on the same team and seeing things from the same perspective.

You see, we're not taught about finance at school.

And this causes blindness.

It leads us to making bad financial decisions. Decisions that we may feel are good for us now but actually end up hurting us over time.

Whether you understand wealth-building mechanisms or not is basically the luck of a draw.

Personally, my mother knew nothing about wealth building. She came from a poorer Scottish background, and we were taught to get a normal, simple, and safe job. And that's it.

School taught me nothing about saving, debt, investment strategies, or anything of the sort.

If you learn about these things, it purely pivots down to your family and friends or whether you personally have the desire to study it or not.

So, let's cut the fluff and get to it.

The Simple Secret to Becoming Wealthy

This will be the part of the book that you will want to read the least. It will be the part of this book that you will want to skip over. Every part of your mind will be telling you to put this book down and start practicing what you have learned in this book so far.

Don't, please stay a little longer.

If this is how you feel, then I encourage you to resist that temptation.

Out of everything you will read in this entire book, this small section will be the most important one. This section if applied, will mean the difference between you building wealth or struggling from month to month.

What are we talking about? ***Saving and money management.***

Here's the truth.

If you know how to save, even if you currently have a "low" salary, with the right plan you can transform what could be a moderate monthly saving into a large nest egg that will allow you to retire comfortably.

In fact, if you know how to save and manage your money, you can become a millionaire even though you may have a low salary.

I want to change the way that the world sees saving and our first stop is to define exactly what it is.

Saving is where you spend less than you earn, and what is left you accumulate.

Saving is the foundation of wealth building for various reasons.

Reason 1: Qualities that allow you to save, allow you to be rich

If you can control yourself and demonstrate discipline, you can become extremely wealthy.

One famous study conducted at Stanford University in the 1960s, famously called The Marshmallow Experiment, sheds light on this. In this study they gave a group of children two choices. They could choose between either a small immediate reward (one marshmallow) or a larger reward if they waited for a period of time.

Follow-up studies found that the children who were able to wait for the larger reward tended to have better life outcomes, including higher academic achievements, better health, and greater wealth.

The point? Self-control leads to a better life.

A study led by Dr. Usama Bilal at Drexel University's Dornsife School of Public Health compared the life span of 6 million people in Spain and shed more light on this. They compared those that earned the least, to those that earned the most. They found that those with a lower socioeconomic status (earned less) lived between 9 to 12 years LESS than the highest bracket. They suffered from more obesity, diabetes, hypertension, and smoking.

Another study published in the famous medical journal The Lancet found that those with a lower socioeconomic status were 46% more likely to die younger.

The evidence shows us that when you get control of your life and you build wealth properly, your life is going to be longer and happier.

Reason 2: Saving gives you money to invest.

The only way to achieve the freedom you want is by having investments.

You can't invest if you don't have money.

Saving gives you money.

This is what many fail to realize.

If you want to live a life of luxury with trading, then your first step is to not just learn to trade, but you **HAVE** to get a handle on your personal finances.

Without this, you will never achieve your financial goals.

There are no ifs, buts, or maybes.

Even if you're 75 and you need to supplement your retirement income, good money management will allow you to flourish in your retirement years.

So, how do you actually save?

Let's look at the five steps that will get you there.

Step 1: Commit to managing your money and start learning to trade

Eat well and look after your body now so that you are healthy later.

What you do first impacts what happens second.

Here are two rules to help you:

Rule 1: Save before you trade.

Rule 2: Learn to trade before you trade.

If you just followed the above two rules, you would become exceptionally wealthy.

I see more people than I can count making life-damaging mistakes here.

They trade before they have saved.

They trade before they have learned how to trade.

This leads to chaos and disaster.

Sequencing for Your Success

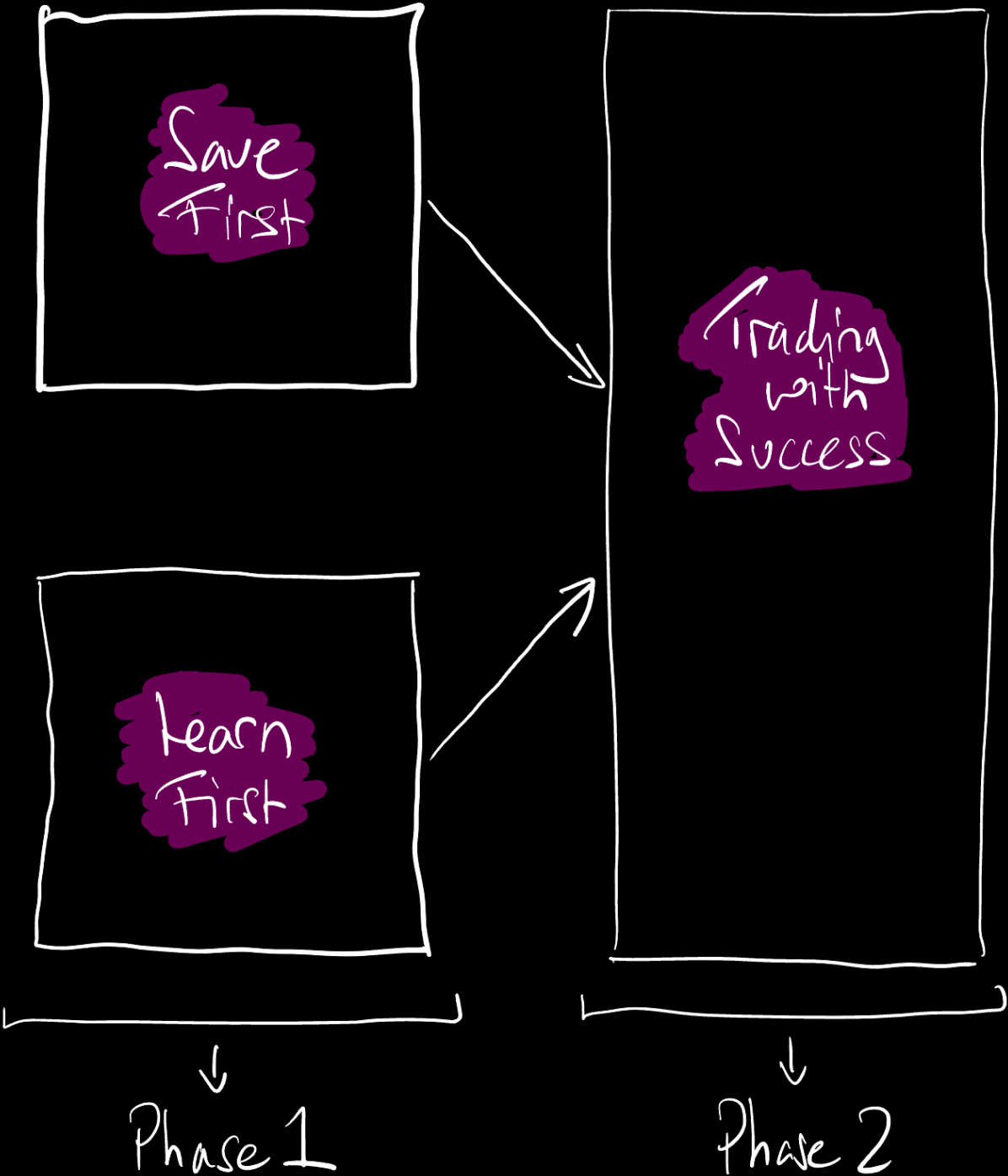
Save First

Learn First

Trading with Success

↓
Phase 1

↓
Phase 2



Your new plan involves two phases:

Phase 1: Save and learn to trade.

Phase 2: Trade with success.

Your first job is to understand, and commit to these phases starting now.

Step 2: Reduce your monthly expenses.

The best way to start saving is to spend less money. Right now you will be sitting on a gold mine that can only be tapped into if you change your spending habits and reduce them.

To put this in perspective, Warren Buffet has lived in the same house that he bought in 1958 for \$31,500 until now.

Why?

He controlled his spending habits and as he has said, he saw “no need to buy something more extravagant”

Go through what you spend, and make some cuts today.

One cut is better than no cuts.

Action wins, and so take some action right now and cancel subscriptions that you don't use.

Step 3: Earn more money. Learning to trade is going to take time. Shifting to a place where you can live from trading is also going to take time.

The simplest and fastest way for you to get money NOW, is through a normal job.

If you need money now, the fastest way for you to get it is a job.

99.9% of people will get more money in the short time working at McDonalds, than they will trading.

Why?

The average income of a McDonald's worker in the US is \$2083.20 per month with a 40-hour work week.

Most who are learning to trade don't get anywhere near that per month from trading.

Statistically, the majority lose money each month.

The fastest way for you to get MORE money is by getting a pay rise or promotion in your current job.

If you're retired and you need money, then the simplest and fastest way for you to get it is by doing a weekend job on the side.

These methods aren't sexy, but they are simple, proven, and they work.

The more time and energy you put into THIS, the more secure you will feel and the more money you will accumulate for trading.

(To get some help, we have a free four-hour course that teaches you how to do this [here](#). Please note that we do have strict guidelines for entering this free school, so please follow the instructions from our team)

Step 4: Earn more and start investing. If you keep your expenses where they are, start earning more money, you will very quickly be in a position where you can start to invest. You will be saving every month.

The money that you have in the bank will start to grow, and you will be surprised at the rate at which it can grow.

While you're doing this, you are learning the skill of trading.

The more efficiently and the more efficiently you save, the more you will be able to trade with and the more successful you will be.

This happens a lot faster than you think. I've seen people shift into this process within a 6 -12 month period.

By building your nest egg, and simultaneously building your skills, you will be in a position where you can start reaping the benefits of trading.

Step 5: Build your investment portfolio up to pay your expenses. Your ultimate goal is to let your investments pay for your monthly expenses. This is the secret to getting out of the daily grind of a "normal" job. In just a moment I'm going to walk you through the mechanics of different investment methods, however, the goal is always the same.

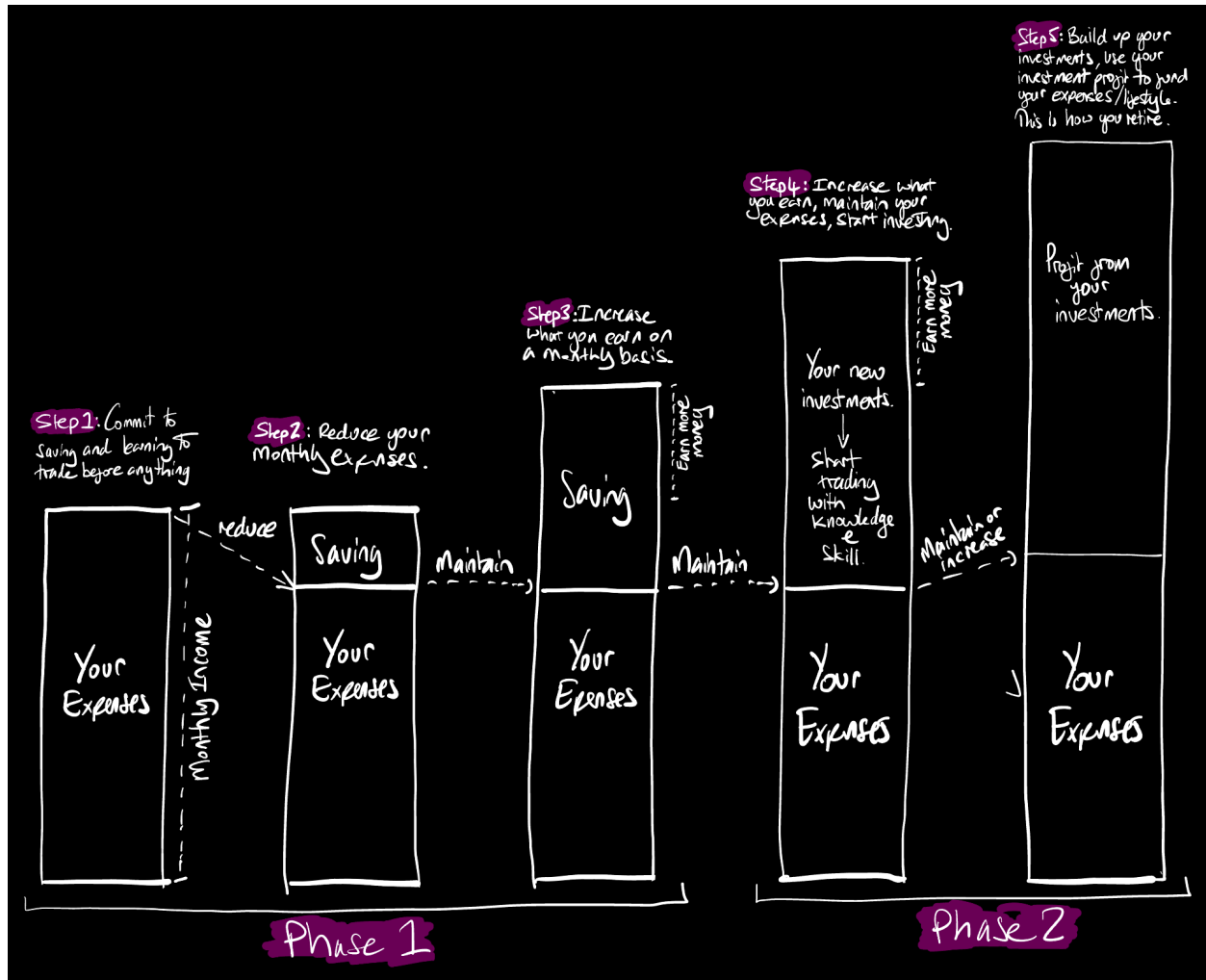
Cover your monthly expenses with your investment portfolio.

Once you reach this point, two things will happen. You can retire or continue to build your wealth.

There's a concept that I teach our students called "artificial profit".

This is where you combine your trading profit with money that you are saving from outside funds. This will allow your account to grow a lot faster, and will compensate heavily for trading with a small account (less than \$100,000).

Here is a diagram that walks you through all five steps in detail.



Can you see the power of saving?

Saving gives you money. Money allows you to invest. Investing gives you the ability to live the life you want.

Building wealth is not possible if you live hand to mouth every month. Having money accumulated is the only way for you to break away from that cycle of stress.

So if you already have money accumulated, then that's fantastic, if not then I encourage you to focus on this section again and really internalize the principles I discuss here.

How do you Invest Properly?

A job is generally where you exchange time and skill for money. If I don't go to work I don't get paid. If I don't cut hair I don't get paid. If I don't bill my client as a lawyer, I don't get paid.

The problem with a standard job is that there's a ceiling, and that ceiling is generally limited by your time. Your employer will dictate your salary, and it's very difficult and impossible in the majority of cases to break this ceiling.

This keeps people trapped in the same cycles of working to live for their whole lives.

Investments are different.

An investment is where you allocate money into an asset with the hope of achieving a profit from it, and there is no ceiling.

You could be trading a \$100,000 trading account and getting returns of \$3000 per month, or you could be trading a \$5,000,000 trading account and getting returns of \$30,000 per month.

Investing is where you allocate your funds (what you have saved) into certain assets with the hope that you will receive more money back than you invested.

You need both skill and money.

Earn and save money, invest it, and then repeat.

This is the magical cycle of wealth creation.

Once your profits from your investments outweigh what you need monthly, you have achieved genuine financial freedom. This is the simple pathway you must follow. And when you do it the right way, the life you desire can come sooner than you think.

Working allows you to live, save and invest. Investing allows you to achieve the life that you desire.

As you do the above, or if you have done the above already, then your next step is to really learn how to invest your money properly.

Millionaire Concepts

Now let's get some important investment concepts dialed in.

- **Risk and Reward/Return:** Each method of investment carries a different level of risk and also carries different potential returns. The rule of thumb generally, is that higher returns come with higher risk.
- **Liquidity:** How quickly can you access your cash? The more liquid an investment is, the quicker you can access your funds. Generally

the more liquid an investment strategy is, the more riskier it is.

- **Time Horizon:** The time horizon is the length of time you, as an investor, can expect to hold an investment before you need to access the funds. This can range from short-term (less than a year) to long-term (several years or decades). Generally, the longer the time horizon, the higher the returns are.
- **The Power of Compounding:** This is a snowball effect. When you don't withdraw money from your investments, you earn profit on your profit. If you don't withdraw your funds, then your investments grow faster. Generally, the more you put into your investments and the longer you leave them to compound, the higher your returns will be later.
- **The Value of Expertise and Advice:** Wealthy people listen to advice and get educated. Understanding is not DOING. Understanding the mechanisms of trading is different to trading successfully. The more you listen to advice and get educated from those that have done what you want to do (genuinely), the wealthier you will become.

So, with these concepts and principles under your belt, let's take a look at the different types of investment strategies available to you and make sure that you REALLY want to trade.

Investment strategy 1: Invest in a single stock

This is where you buy a piece of a company, similar to owning a slice of a pie. When you own stock, you become a partial owner of the company and can benefit from its growth and success. As the company grows in value, so does your share or stock.

Pros:

- Potential for high long-term returns potential.
- You can earn dividends
- You can have diversification across different sectors and industries.

Cons:

- High short-term volatility.
- Takes years to build significant wealth (as companies take years to grow)
- Requires serious research and market knowledge. It can be very easy to fall for hype or bad advice.
- It can cause a lot of emotional stress if the market fluctuates. This can make it difficult to wait years for the return on your money.

Average annual return: This will vary wildly depending on which stock you buy.

You must be a student of the stock market and understand the stock that you are buying. That includes understanding the company's performance, industry trends, what's happening in the news, and reading financial statements. I personally made a mistake years ago investing in the marijuana market, thinking that it was going to boom. Well, it didn't. The lesson is that this method of investing can be excellent, but you need to know your stuff and be ready for a wild ride.

Investment strategy 2: Invest in Bonds

Bonds involve lending money to a company or the government, who in turn pay you back with interest. This is akin to being a bank. Bonds are known as fixed-income financial instruments, meaning the returns are relatively stable without the extreme fluctuations seen in other investment types.

Pros:

- Comparatively stable returns over the long term.
- Lower risk compared to stocks.
- Regular interest payments provide predictable income.
- Some bonds, like municipal bonds, can offer tax advantages.

Cons:

- Lower potential returns compared to other strategies.
- Interest rate risk: Bond prices can fall if interest rates rise.
- Credit risk: The issuer could default on payments.
- Inflation risk: Fixed interest payments may not keep up with inflation.
- Liquidity risk: Some bonds may be harder to sell quickly without a loss.

Average Annual Returns: 1%-8%

Choosing the right bond is crucial. You need to review bond ratings, the financial health of the issuer, interest rates, maturity dates, and the yield to maturity of the bond you're considering. This careful selection process helps ensure a reliable and steady return on your investment.

Investment strategy 3: Invest in Real Estate

Real estate involves purchasing physical properties such as houses, apartments, land, and commercial buildings. The primary goal is to earn income through rentals or by selling the property at a higher price than the purchase cost.

Pros:

- Potential for consistent and regular long-term income.
- A wide array of investment opportunities in varied locations.

Cons:

- High upfront costs.
- Requires hands-on management.
- Demands extensive knowledge of the housing market.

Average Annual Return: 1%-8%

Investing in real estate requires a similar level of knowledge as investing in a company. You need to understand the local market, market trends, potential cash flow opportunities, property valuation methods, financing strategies, relevant laws, and effective property and tenant management strategies.

Investment Strategy 4: Index Funds

Index funds are where multiple companies' stocks are bundled together into a single fund. Investing in an index fund is like investing in a team rather than an individual player. This diversification significantly reduces risk, as it is much less likely for 500 or 3000 companies to collapse simultaneously compared to a single company.

Pros:

- Lower risk compared to almost every other investment strategy.
- High diversification.
- Low barrier to entry.
- Requires minimal research.

Cons:

- Slower growth compared to riskier investment strategies.
- Requires long-term patience and strategy, returns take time to build.
- Can be affected in the short term by market crashes and fluctuations.

Average Annual Returns: 5%-12%

Index funds are an excellent way to build wealth over the long term and should be a core component of most investment portfolios. By adopting a long-term investment strategy with index funds, you can protect yourself from market volatility and achieve steady financial growth.

Investment Strategy 4: Retirement & Pension Funds

Retirement and pension funds are investment vehicles where other parties manage your money for you, helping you save for retirement. In the US, this includes 401(k) and IRA accounts, while in the UK, it involves various pension funds. Essentially, these accounts act as piggy banks for your retirement.

One of the significant advantages is that many employers offer matching contributions. For example, if you invest \$100 per month and your employer matches this amount, you receive an immediate 100% return on your investment.

Pros:

- Tax advantages.
- Employer contributions.
- Low research and barrier to entry.

Cons:

- Penalties for early withdrawals.
- Limited investment options.
- Lack of access to your capital.

Average Annual Returns: 1%-8%.

If your employer matches your contributions, taking advantage of these funds is a no-brainer. Without employer matching, the decision depends on how much time you're willing to invest in learning other investment strategies. While other methods might offer higher returns, they require active management and a thorough understanding of your investments. This doesn't.

Investment Strategy 5: Entrepreneurship

This is where you create a product or service with the goal of generating profits. This investment strategy is one of the methods that I have personally pursued. There are a lot of similarities between this and trading (more on that in a moment).

Pros:

- Potential for astronomical returns in the short and long term.
- Can attain personal fulfillment by creating a product or service you believe in.

Cons:

- Very high risk.
- Very high failure rate.
- High stress.
- Very time-consuming, especially in your first 2-3 years of building.

Average annual returns: This will vary wildly based on industry and type of business. The returns of a hedge fund will vary wildly to opening a hair salon.

Entrepreneurship has been distorted on social media (much like trading). It's painted as this "easy way" to make money. This is not the truth. Building a sustainable business takes a huge amount of time, skill, and resilience.

Investment Strategy #6: Trading

Trading involves buying or selling stocks, currencies, commodities, and other financial instruments over a relatively short time period with the goal of making a profit. Unlike other investment strategies that focus on long-term gains, trading is generally geared towards short-term profits. This approach shares more similarities with entrepreneurship than traditional stock market investing, as it requires active management and quick decision-making. Your short-term returns can be excellent compared to other investment strategies (outside of entrepreneurship).

Pros:

- Potential for high short-term gains that can compound over the long term.
- Offers the opportunity to profit in both rising and falling markets.
- Provides immediate feedback on performance, allowing for quick adjustments.

Cons:

- Very high risk with a high failure rate.
- Requires significant emotional control and discipline.
- High barrier to success due to the need for extensive knowledge and experience.
- Can be time-consuming and stressful.

Average Annual Returns: 10%-100% per year for successful traders.

To succeed in trading, you need to develop a deep understanding of market dynamics, technical analysis, and effective risk management. Continuous learning and adaptation are crucial to staying ahead in the fast-paced trading environment.

So, what should you do with this information?

Should you focus on becoming an entrepreneur too?

Should you invest in index funds too?

Let's simplify it.

There are multiple investment strategies, some are more long-term, and others are more short-term.

Let's split them up:

A general rule of thumb is to combine long-term with short-term mechanisms. This helps you in the short term and long term, and it diversifies your risk.

So which one should you choose?

Regarding the long-term mechanisms, I encourage you to use this chapter as a basis to do your research and then pick one. Personally, I'm heavily in favor of Index funds as it's very low risk, and the amount of knowledge and skill needed to invest in an index fund comparatively is very low.

Regarding short-term investment strategies, you basically have two choices: entrepreneurship and trading.

I have spent the last 10 years of my life in the world of entrepreneurship. I love the concept of building products and services that make the world a better place, but I can also say with full certainty that it's very, very hard.

Starting a business involves serious amounts of knowledge, effort, and stress over a long period of time.

By way of an example, when Peter and I started The Trading Cafe, we invested our own money to get it started and worked for free for an entire 18 months to get it going.

We both have families and lives and so working for nearly two years 16 16-hour days with no pay, was no small feat. The reward? We have an education system that we are very proud of that is helping thousands of people live better lives.

However, it was not easy. Very few can work for this long with zero income coming in.

Starting any business is going to take a huge amount of effort and time over a long period.

Trading is still hard; however, I've seen more succeed in trading than I have in entrepreneurship. If you focus on learning to trade properly your chance of success is higher than starting a business.

Trading allows you to achieve impressive short-term results without the need to create a product, marketing, or sales system. Unlike traditional investments, you don't have to wait years to see significant returns.

Think of trading as navigating a ship through a rough sea.

You don't need to build the ship; you just need to learn to steer it effectively through the water.

The product already exists: stocks, commodities, or currencies. Your goal as a trader is to learn the elements that will impact their value and act accordingly.

As far as short-term investment strategies go, trading is difficult to beat if you learn it well.

Conclusion

I see a lot of people come to us without fully understanding what trading actually is from the perspective of a trader. This is through no fault of their own, however, if not fixed, it's problematic.

They have been brainwashed by a bunch of online gurus, and then we have the difficult task of aligning them with the truth and reality of trading.

By way of an example, one student that I spoke to recently didn't agree with the fact that we recommend what appears to be a "low" monthly return of 3% or less. Even though a 3% monthly return equates to an insane 42% annual return, which beats 99% of all other investment strategies that exist.

He said that 20% per month would be better.

What's the problem?

If you earned 20% per month profit and you started with \$1000 in 10 years, your net worth would be over \$1 trillion dollars.

You would have more money than all of the richest people on the planet combined.

This is why it's important to see the truth of trading, from a different perspective and vantage point, outside of the world of online "gurus".

Trading is an investment strategy, and you can get excellent short-term returns IF you know what you're doing.

So with that said, you're on the right track.

Learning to trade is smart, and it's even smarter if you approach learning it the right way. You can really set yourself up for a strong financial future if you do things properly.

The question, though, is: how?

What's Between You and Success

Learning to trade is like committing to a marriage. If you focus on building a solid relationship, you can build a beautiful family and support network. You will be happier, have more money, and live longer.

However, like marriage, there will be challenges. The better equipped you are to face them, the more chance you will have of achieving success.

Awareness and preparation for your journey ahead will ensure that your chances of success are much greater.

Your success will be a byproduct of not only what you do but what you avoid. So let's take a look.

Scams:

Trading is all about making money, and whenever you speak about making money, there's going to be scammers involved.

The trading industry is full of them.

Fake brokers, fake education platforms, fake signal services, and fake bots. The list is long.

To protect you, here are some rules of thumb to help you avoid getting caught in a scam:

1. **1-1 Conversations:** Never invest money simply because of a private 1-1 conversation on any platform. Always look at the offering holistically. Is there a website? Are there reviews on Trustpilot? How long have they been operating? They may appear to be kind, nice, and invested in you, but be very, very careful. A direct message offering you something out of nowhere is 99% of the time a scam.
2. **Brokers:** Brokers don't care if you make money or lose, they just care about volume. Choose a broker that is regulated, that has reviews and has been established for a long time. Don't follow the recommendations of people you don't personally know and trust (even if they seem nice). Follow the data. Look at reviews on TrustPilot and their track history.
3. **Influencers:** YouTubers, Ticktokers, and Instagrammers need to be experts in marketing, sales, audio, and visual equipment and are forced to "please" the social media algorithm in order to be successful. It's VERY hard to make money trading and be an influencer. Beware of anyone teaching trading who is also creating YouTube videos as well. I've personally met with two YouTubers to explore them entering into our education infrastructure. The result? They were full of BS, and when put under scrutiny, they made their

money from YouTube, not from trading. I left both conversations disappointed and, to be honest, angry that they even existed.

4. **Crazy Promises:** If someone promises higher returns than what we have mapped out in this book, they're lying. No matter how good it may seem, stay clear. If someone gets 20% returns per month in about 3 or 4 years, they would be the richest person on the planet. You read that right. They would be richer than Elon Musk. Focus on the real, not on insane promises that make you feel good.

Small Account Syndrome:

If you are starting with a small amount of capital (anything under \$100,000) you need to be very careful of how you approach your investment and learning decisions. As just discussed, real returns are going to be peaking at around 60% annually if you're in the top 1% of successful traders.

This means that with a \$10,000 account, you would earn \$6000 in an entire year. That's only \$500 per month.

This is NOT enough to live from.

This means that you may, in fact, WILL, feel tempted to explore promises of higher returns.

And as we just learned, this is going to be a scam.

This leads you down pathways that lead nowhere except to you losing money, time, and, most likely, sleep.

If you have a small account, embrace the reality of this and work smart to build it up. A small account is only a problem if you don't face the truth of it.

If you do face the reality of a small account, you actually have a chance to build wealth and grow your account properly.

Everyone starts somewhere. If you're "somewhere" is \$100, then face that truth and do the proven things to build it up to a six-figure account. We have entire chapters dedicated to the fastest way you can do this.

False Sense of Security from Small Wins

Remember this.

Your expectations will dictate your emotions, and your emotions will dictate your trading.

If a girl or a boy looks at you, does that mean you're going to get married for life and have a family?

If you get an interview, does that mean you will become the director of the company?

If you know how to drive, does that make you a Formula 1 driver?

This book will give you tools to genuinely progress and achieve results.

However, one short-term result does not mean that you have "made it". Learning to trade and building wealth with trading does take time. Don't let short-term results stop you from learning more and focusing on improving your knowledge and skill level.

As I always say: Approach it like a student, and you will become a master; approach it like a master, and you will always be a student.

Understand the Dip

Your success comes from combining a proven strategy and strong psychological processes and then sticking to them over the long term.

So many will bail from a method that they have learned because it “stops working” for a short period.

Actually, what’s happening is the natural curve of progress and results.

Nothing is ever a smooth curve in your favor, with zero losses.

Relationships, health, and trading are never a perfect curve. Ever.

Everything you do will have what we call a “dip”. This is where things don’t go as planned.

Your job?

Learn properly, then test properly, and then trade in a way that lets the averages work in your favor.

This means that if you take 100 trades, you will win 60 of them and lose 40 of them.

Here’s the clincher though: you don’t know when those losing trades are going to hit.

So many will bail when things seem to not work, and they change what they have invested so much time into learning and establishing.

They look to their left and see someone else making money and think, “What I do isn’t working, so I’m going to change and copy that person now”.

So they stop the strategy they’ve learned and tested, and they begin learning a new one.

This puts them back to square one, and they have to go through the whole process again, and many will spend years going around in this endless cycle.

Here’s what you need to do to counteract this:

Step 1: Establish your rules and make them as rigid as possible.

Learn a strategy properly.

Do this by copying what successful traders have already developed. It’s faster and less of a headache.

The Beatles did this.

For the first two years of their careers, they played every night in the German city of Hamburg. They played in front of small crowds for hours every night, and they weren’t playing the Beatles’ songs.

They were playing other people’s songs. Hit songs that had already been written.

This allowed them to understand the mechanics of a hit song. This was their foundation.

When they then made the move back to the UK and began writing seriously, they were able to build on the thousands of hit songs they had already studied and mastered.

Don't try to reinvent the wheel.

Successful traders exist, and so do successful strategies. Learn what has already been proven first before you start adding your spin on things.

Your job is to master what other successful traders have already learned and tested, and this book teaches you how to do that.

Step 2: Develop Rigidity

After you have learned how to execute a strategy, your next step is to develop rigidity while having extreme control over your risk (beginning with a demo account before moving on to a real money one).

Within a given year of trading, many things will happen.

The markets will be ripe for the taking, and they will also be chaotic, much like the seasons.

You may face an extended drawdown or a losing streak, or you may have an extended winning streak.

Your job?

Become rigid in the way you operate so that you would trade the same whether you had a \$500 account or a \$1,000,000 account.

Focus on making the following list as rigid as you can:

1. Your trading rules
2. The times you trade
3. The markets you trade
4. The asset classes you focus on
5. What you don't focus on (the trades you don't take)

Once this is established and proven on a demo account, then gradually, and with extreme patience increase your risk while building your real account.

I see traders and wannabe entrepreneurs make the same mistakes.

Wannabe entrepreneurs will start with a business idea, give it a go for a bit, hit a bump, and then either stop what they're doing or change to try something else.

Many will spend decades dipping their toes into multiple different waters, bailing when things don't work perfectly.

Nothing is a straight curve up in your favor.

There will be good times and bad times.

There will be wins and losses.

Your job?

Recognize the reality of ups and downs, establish your process, and stick to it with rigidity.

That rigidity is what will give you stability and allow you to add in different trading ideas that you may have later on down the line.

Now, this journey of establishing yourself will not happen overnight. And as you walk away from this book, what you do or don't will impact your success.

This is why we have invested heavily into other forms of education outside of this book, and I want to walk you through what that looks like.

Your Next Steps

Just because you have a guitar, that doesn't mean you will play like Jimi Hendrix or Eric Clapton. What you have learned so far in this book and chapter is powerful. However, your success will depend on what you DO with the information that you have learned here.

The number one predictor of financial success in the US is not whether your parents are together or whether you had support from your parents doing your homework.

It's the postcode or zipcode that you were born in.

Why?

The biggest factor of your success as a child is dictated more by the parents of your friends, than your parents.

What's the point of this?

You become who you hang around with.

If you're learning to trade with the right people, your chance of success is drastically increased.

The infrastructure that you have around you in your life today, your friends, and your colleagues will dictate how far you go in life.

Just look at those around you. You most likely will earn a similar salary and have a similar lifestyle to the people that you spend time with.

Finding an infrastructure where you can grow and become the best version of yourself is not easy and this is why we created all of the education that you're about to learn about.

An Education Infrastructure Built For You

Over the last couple of years, we have been building an education infrastructure that is designed to help you achieve your financial goals. I want to walk you through everything that we do, the ups, the downs, the ins and the outs, so you are completely aware of all the options available to you.

I'm going to do what very few will ever do in a book. Tell you everything.

Some of the options are paid, some are free, but all of them work. I'm going to be as open as possible with how we operate in all areas. We want you to have all the information about who we are and what we do so that you can make an informed decision about what you do next.

No surprises to be had here!

You may want to keep things simple. You may want to learn in your own way. You may want more help and guidance.

Either way, I hope that you have all the information to make an informed decision about what to do next.

What You Need to Learn Trading

Trading is a skill. If you want to become a surgeon or learn a language, you need to go through the process of learning it. It's not just a question of wanting to learn and winging it.

You must study the *right things* in the *right way*.

Tens of thousands of expats move to foreign countries like Spain and Mexico, and after two decades still don't speak the language. They are exposed to the languages, but never learn.

Millions expose themselves to trading, and after years and years of going around in circles never reach their goals.

Understanding that learning to trade is like learning another skill to a high standard will help you approach trading with the right mindset and, more importantly, with the right actions.

For trading to be taught properly, you need to have the following elements in place:

1. **Education infrastructure:** This is a structure set in place so that students actually learn. Imagine it like the “school” or the “university” structure. How you learn is just as important as what you learn. This means proven education principles should be applied to the process of learning and teaching trading. Just because someone can trade does not mean they can teach. Education infrastructure is needed to ensure the genuine progress of a student. Infrastructure implies structure. This means support, guidance, and focus in the right areas.
2. **Trading Expertise:** You need teachers who can genuinely trade. Having education infrastructure is like having a school, however, that school needs to have teachers within it. As we discuss in the first section of this book, finding such traders is not an easy endeavor.

3. **Financial Expertise:** Trading is a method of making money in the financial markets. However, it's only one component of your financial literacy. Education and expertise need to be in place to ensure that you're acting in a way that is conducive to building wealth. Some will only focus on trading, and their financial situation is poor. This is like building muscles while dying inside. Understanding the mechanisms that contribute to wealth growth and development is vital.
4. **Logistics:** We need to let people know about the school. We need to have a support and enrollment team to help students begin and continue their education journey. Running a school is not just about teaching the subject, it's about everything else that surrounds that subject.

As you can see, teaching trading properly is not a simple exercise. Nothing great ever is. Now, I want to show you how we have taken these elements that are needed and created what I believe to be the best education infrastructure on the planet to learn to trade.

Let's dive in.

How We Reach Our Students

This is going to be a curveball.

We don't have a YouTube channel.

Why?

Imagine you wanted to get ripped, get a six-pack.

So you search on YouTube, and you're faced with two videos.

The first says, “Get a Six Pack in Six Minutes”.

The second says, “Get a six-pack in a year by eating healthy, exercising two hours per day, quitting drinking, and having a strict sleeping schedule”.

Which one would you click on?

If you’re 100% honest, your mind would be tempted to click on the first one first. Even if it’s only because you are curious.

Now imagine you wanted to learn to trade, and so you also go on YouTube to do a search, and you’re faced with two videos.

“100% win rate, \$100,000 profit, in 5 minutes per day” is the first video.

“Study in a structured way for 1 hour per day, for two years and hopefully, as long as you apply yourself properly, you’ll make it” is the second one.

Which one would most likely click on?

If you’re 100% honest, your mind would be drawn to the first one.

This is why us and YouTube don’t mix.

If we posted videos with the reality of learning to trade, no one would click on them. The algorithm does not support the truth; it supports what you want to hear.

Our job is not to tell you what you want to hear but rather to tell you the truth.

A conundrum indeed.

So what do we have to do?

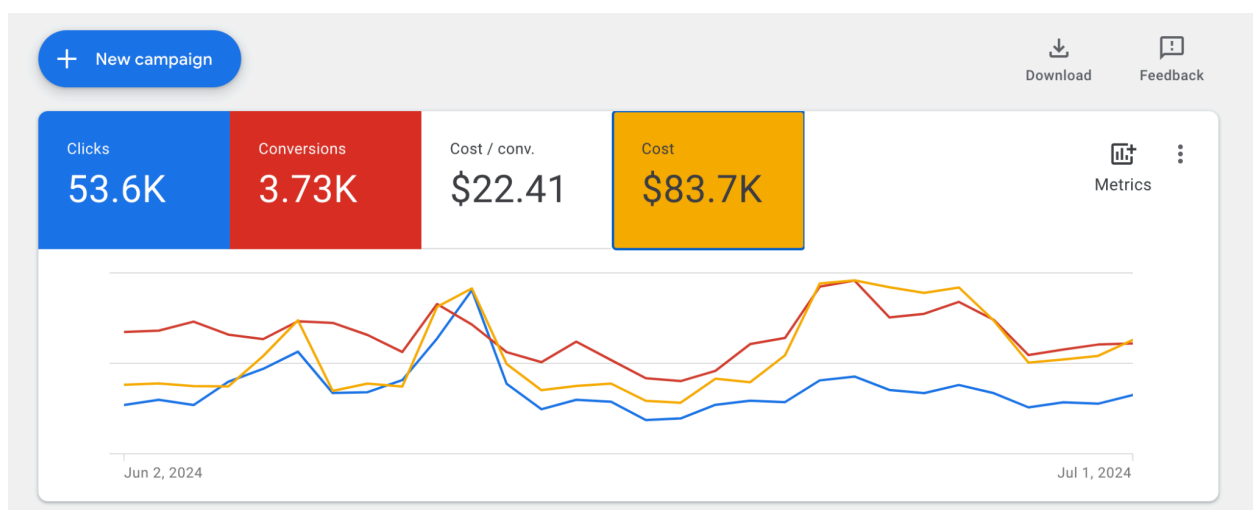
Well, we can't rely on YouTube or Instagram to share our message or education.

The truth is rarely appealing, and so instead of changing our ethics or focus and lying, we rather choose to have control over the truth.

So, we pay for it.

In fact, although you bought this book, the truth is we paid for your attention. We paid thousands to Google to show you the right way of learning to trade.

To put things in perspective, just in the month I wrote this chapter we invested around \$83,000 into sharing our message across the internet. That's just in one month. This may sound insane, however, it's the only way for us to get our genuine message out.



It has taken a huge amount of time, expertise, money and logistics to make sure that this book found its way to you.

This is the only way for us to bypass the horrid YouTube and social media algorithms and get the reality of learning to trade out there.

It's the only way for us to start reducing the 95% failure rate.

How We Can Teach You

Now that we have paid for your attention, we're here to help you.

If you progress and genuinely achieve your goals, then our mission is complete. We have invested thousands of man-hours, the combined expertise of multiple individuals, to create a system so that you can achieve your goals.

I'm going to walk you through four learning methods that you can employ starting from today. Some of them are paid, some are free and all of them work. And you can choose the right one for you.

Let's dive in.

Learning Method 1: Just use the book

This book is designed to be a self-sufficient manual that will allow you to grow at your own pace. You have strategies that are proven, mechanisms to scale your knowledge, and processes to become confident in your ability to make money in the markets.

What do you need to do?

1. **Study this book properly.** We recommend printing it out, and going through it with a pen line by line. Underline what you want to remember and take notes. Turn that printed version into your personal study manual.
2. **Apply everything that is taught** within this book to the letter. Don't skip a step, and don't skip a beat.

Learning Method 2: This Book + The Trading Cafe

Outside of this book, we will provide you access to our free education hub called The Trading Cafe.


When we launched it in 2022, we made a commitment to provide world-class help and education here for free. At the time of writing this over 22,000 people benefit from this education daily.

Let me show you what that looks like.

Education Element #1: Live Sessions with Six-figure Traders




Every week you're able to submit any questions you want to one of the traders you've been reading about in this book.

For example, here in this screenshot, you can see that 68 questions were submitted to Simon Pullen.


 **The Trading Cafe**
7d ago in **General discussion**

Ask Questions For The Next Live Session with Simon Pullen on June 27th, 2024

@Simon Pullen is going live in The Cafe next. Post any questions you have for him below. We'll go through this post during the live session on June 27th, 2024. >> Register here if you haven't already <<

 13  68  Last comment 19h ago

Around a week later, Simon went live and answered all of these questions. On top of this, he focused on helping those watching with their trading skills.

 **The Trading Cafe**
18h ago in **Live training**

Planning A Trade with Simon Pullen Jun 27 2024


Hey Trading Cafe.

Here is the replay to today's very detailed session with Simon.

This session covers:

- Who is Simon
- W/M strategy overview
- Recent trades
- Due diligence on trade setups
- Questions from the cafe

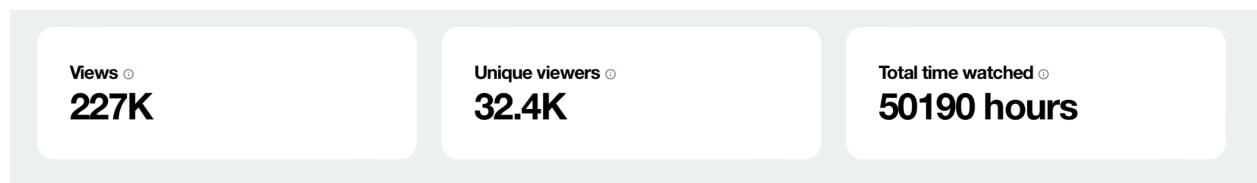
What did you learn this session? Write is down in the comments below.



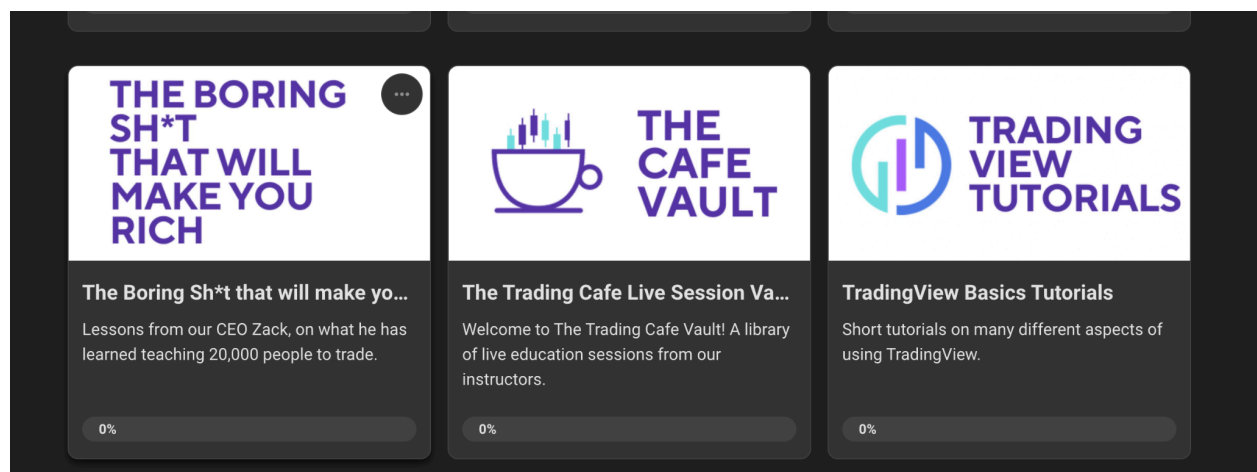
1:11:10

These sessions are not sales and marketing content; instead, they are focused on helping you.

At the time of writing this chapter, these educational videos have been watched for over 50,000 hours just in the last 6 months.



This leads me to a very exciting feature of The Trading Cafe: The Cafe Vault



The Cafe Vault contains over a hundred hours worth of live education on a whole host of topics.

This will allow you to deep dive into the way the traders you've learned about in this book operate on a day-to-day basis.

Imagine The Cafe Vault as your new YouTube. A video library of content that is genuine and that can be trusted.

Outside of this, you will find a full range of courses designed to help you:

How to quit your 9-5: This course discusses the mechanics of shifting away from a standard 9-5 job and being your own boss.

How to Build Wealth: This four hour course shows you to build up wealth within the short term as well as the long term.

The Boring Sh*t That Will Make You Rich: This is a collation of what I've learned helping 20,000 people to trade. If you just studied this, you would make incredible progress.

All of the above is just the tip of the iceberg, and it's completely free.

The Trading Cafe

Search

Community Classroom Calendar Members Leaderboards About

SCIENCE BASED TRADING MASTERCLASS

Start Here: Science Based Trading...

Start your journey in The Trading Cafe here. We're going to teach your scientific principles behind trading.

0%

HOW TO BUILD WEALTH WITH TRADING

How to Build Wealth with Trading

This 2-hour course will walk you through practical techniques of building wealth.

0%

THE CAFE TRADING GUIDES

The Cafe Trading Guides

A set of guides that do not shy away from the truth. Get invaluable insights from real 6-figure traders.

0%

HOW TO LEAVE YOUR 9-5

How to Leave Your 9-5

This series is from live sessions delivered within The Trading Academy. It focusses on the mechanisms needed to make the shift to

0%

HEAD AND SHOULDER MASTERCLASS

Head & Shoulders Masterclass

Ever wanted to know how a professional trader used this pattern to quit his job? Well, here you go.

0%

BEHIND THE SCENES

Behind the Scenes at The Trading ...

In these live videos you will see what goes on behind the scenes at the Trading Academy, with interviews, lectures and tips to improve.

0%

THE BORING SH*T THAT WILL MAKE YOU RICH

The Boring Sh*t that will make yo...

Lessons from our CEO Zack, on what he has learned teaching 20,000 people to trade.

THE CAFE VAULT

The Trading Cafe Live Session Va...

Welcome to The Trading Cafe Vault! A library of live education sessions from our

TRADING VIEW TUTORIALS

TradingView Basics Tutorials

Short tutorials on many different aspects of using TradingView.

The Trading Cafe is a safe place for you to learn all the elements of trading, wealth management, and psychology at your own pace.

We say “safe” because it is.

Although it’s a free education hub, we do have an application process to join and we are strict with it. If anyone even hints at being a scammer, they get kicked out immediately. We’re strict and unapologetically so. This means that you can study and learn in peace without getting bombarded by scammy offers.

In fact, due to how strict we are, I have personally received three death threats in the last year from scammers that were kicked out. And if you’re one of those scammers, then here’s what I tell you: Bring it on!

This is when you know you’re doing something right when you piss off dishonest people!

We’re acutely aware of where genuine students come from, and we repeatedly get told that The Trading Cafe is better than what most students have paid thousands of dollars to access.

The Trading Cafe is free, and we will do everything within our power for it to remain so.

Here’s what one student said about The Trading Cafe just two days before writing this chapter.

Renald Rivales 2d

Hello everyone. I can't believe that this kind of trading community existed where in im not surrounded with youtubers and influencers. Thank you admin for accepting me here. I've been trying out this trading career for 10 years now with no success. I have been jumping from one strategy to another, been paying from different courses to different "mentors" in the last couple years. Hopefully I will be able to find the missing link to my success in this trading community.

So this is The Trading Cafe.

A free education hub created for you to learn at your own pace. For those who want more help and support above and beyond this book and The Trading Cafe, we do have another option for you. It's what we believe to be the most comprehensive school ever created to learn trading, and we're beyond excited about.

Let's take a look.

Learning Method 2: This book + The Trading Cafe + The Quick Win Program (The Trading Academy)

The Trading Academy is unlike any other education institution that exists. We have invested hundreds of hours and hundreds of thousands of dollars into creating an education infrastructure that allows for extreme progress under the close supervision and guidance of the professionals.

Imagine The Trading Academy as going to Harvard to study trading. This is where the education and trading experience of our entire team of trading and education experts converges to provide you with the most robust system of structure that exists.

The Trading Academy is a paid education hub.

Any money that is generated from The Trading Academy is used to fund advertising, The Trading Cafe, our education team, and the support team.

Your first option in The Trading Academy is The Quick Win program.

In order for you to continue learning to trade in the right way, you need to see results when you study. If you dedicate your time and energy to learning, and you don't see progress, you will feel disheartened and either change direction or give up.

This is what leads so many to the "cycle of doom", as Simon Pullen refers to it, where they chop and change the strategy they study.

When you don't see or feel progress, you will feel that you are on the wrong track, and so you will most likely change what you're doing.

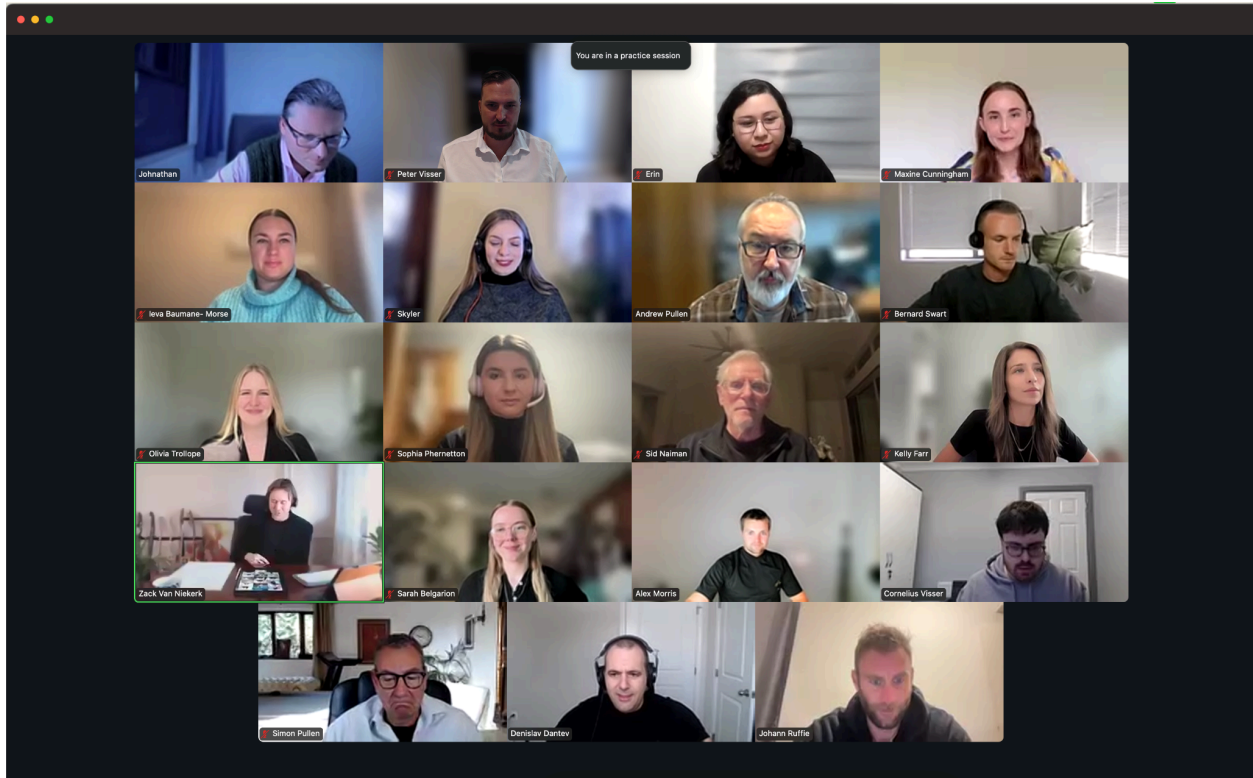
The Quick Win program is designed to counteract this.

This is a 28-day program (with some elements that last for life) that is designed to give a massive kick start in your learning journey.

There are different elements to this program, so pay close attention, and let's dive in.

Education Element #1: Your Education Advisor

Your first stop in The Trading Academy brings you into a 1-1 session with one of our education advisors.



These are support staff who are there to help you achieve success during your time within the Academy. They are on hand to answer your questions and ensure you're focusing on doing the right things.

One of the 1-1 sessions you have with your advisor is where they will walk you through your personal journey to building a six-figure account.

How long will it take you to retire from trading?

How will you personally achieve it?

What must you do based on your personal circumstances?

Where do you need to be focusing your energy to guarantee success?

All of that is discussed with your advisor.

This type of support and guidance as you learn in The Quick Win program allows for you to genuinely push forward.

Education Element #2: The Quick Win Courses

This is where you will get access to complete step-by-step courses that walk you through the most practical strategies used by our trading instructors.

These courses were created because of one question: What would be the most practical thing for someone to learn to push them forward with their trading?

The answer? The Quick Win courses.

These courses are there to help you learn practical, proven trading strategies in a structured environment, and you get lifetime access to these courses. So even though you join for 28 days, at the end, you will walk away with a robust curriculum that you can study again and again.

PRO TIP: If you combine this with using The Trading Cafe, you have an exceptionally powerful learning method.

Education Element #3: Holistic Education

We don't just teach you trading.

We also provide extensive education in other areas of your life that will contribute to your success.

This includes personal development, psychological strengthening, and money management.

Why?

You need it.

Your success doesn't just pivot around just knowing a strategy but also how other elements of your life are organized and impact your trading.

The screenshot displays the homepage of 'The Trading Academy' with a dark theme. At the top, there is a navigation bar with the site logo, a search bar, and notification icons. Below the navigation are tabs for 'Community', 'Classroom', 'Calendar', 'Members', 'Leaderboards', and 'About'. The main content area features six course cards arranged in a 2x3 grid. Each card includes an icon, a title, a brief description, and a progress bar.

Course Title	Description	Progress
START HERE Start Here: Orientation	Study this orientation to make the Academy a success.	100%
THE PSYCHOLOGICAL CARE PLAN The Psychological Care Plan	Be a student, not a gambler. This course is designed to ensure that you stay on track as a student of trader.	100%
THE STUDENT PROGRESSION PLAN The Student Progression Plan	A roadmap to take you from zero to a six-figure trader. The Academy guidebook.	100%
TRADING VIEW TUTORIALS TradingView Basics Tutorials	Short tutorials on many different aspects of using Trading View.	100%
THE QUICK WIN The Quick Win Program	The first steps to mastering the methods taught here in the Academy. Practical, easy-to-follow trading strategies.	98%
TEAM BULL / TEAM BEAR Team Bull and Team Bear	Learn about your team! Kickstart your education by posting setups!	100%

Education Element #4: Instructor Live Sessions

The Quick Win program is not just about studying courses.

We have a large amount of live sessions weekly to help you even further. During your 28 days, you will be given access to two live sessions per week with all the traders mentioned in this book.

These sessions are divided into two sections.

The first section is what we call The Barrier Half. This is where you can ask and submit any questions you want to the instructors.

Are you struggling with an aspect of their strategy? Is a part of the course confusing you? Do you have burning questions that you'd love to ask them?

Whatever you are struggling with, you can ask them eight times per week. These questions are submitted before the live session, and each live session is recorded.

Why?

You may not be able to attend the session live because of work or other commitments, and this means you can still get all of your questions answered and watch the replay in your time, at full or double speed and anywhere you want.

The second half of these 8 live sessions is The Market Section. This is where the trading instructor will dive into the markets and you will be able to see their method of trading in full action. This will allow you to see the application of everything you are learning in real-time.

Education Element #5: Support Sessions

What happens if you have beginner questions?

What if you're struggling with TradingView?

During your 28 days you will have three support sessions each week that are designed to handle other elements of your progress. Perhaps you're stuck on a technical issue or you have a "beginner" question.

These support sessions are there to help you move forward with any other question that you may have that are not instructor-specific.

Much like the other live sessions, you can submit your questions prior to the session going live (in case you're busy at the time of the session), and you can watch the replay back at any time you want.

As you can see the diary is packed every day.

Mon	Tue	Wed	Thu	Fri	Sat	Sun
29 7am - Learning Wit... +2 more	30 8am - Academy Su... 10am - Sid Naima...	1 4am - Deni Dantev ... 10am - Simon Pull...	2 11am - Alex Morri...	3 4am - Deni Dantev ... 11am - Sid Naima...	4	5
6 7am - Learning Wit... +2 more	7 4am - Alex Morris ... +2 more	8 4am - Deni Dantev ... +2 more	9	10 4am - Deni Dantev ... 11am - Sid Naima...	11	12
13 7am - Learning wit... +2 more	14 8am - Academy Su... 10am - Sid Naima...	15 4am - Deni Dantev ... 10am - Simon Pull...	16 11am - Alex Morri...	17 4am - Deni Dantev ... 10am - Sid Naima...	18	19
20 7am - Learning wit... +2 more	21 8am - Academy Su... +2 more	22 4am - Deni Dantev ...	23 11am - Alex Morri...	24 4am - Deni Dantev ... +2 more	25	26
27 7am - Learning wit... 11am - Alex Morri...	28 8am - Academy Su... 10am - Sid Naima...	29 4am - Deni Dantev ... 8am - Academy Su...	30 11am - Alex Morri... 11pm - Advanced ...	31 4am - Deni Dantev ... +2 more	1	2

You can attend these sessions live, or you can watch the replays. Every element of The Quick Win program is designed to be done if you have a busy schedule, as many of our students work full-time and have families and other obligations.

Education Element #6: The Community/The Study Room

It's no fun learning alone.

As well as this, it's not conducive to growth.

Part of our education philosophy is communal learning, and this is where our incredible community comes in.

This isn't a free for all where anything is posted, but rather it's a focused place of study.

This is where you will post your projects (homework) and your questions. Over 500 members (at the time of writing), some of which are experienced traders, will be on hand to help you.

It's an incredible place for you to collaboratively work together with other dedicated students, some of which will be ahead of you and others that will be behind you.

You will make lifelong friends with students who have the same interests, goals, and values as yourself.

Education Element #7: The Tuition

We're going to do something a little strange in this book.

We're going to tell you how much all of our tuition costs.

It may be bizarre to see this written in a book; however, it's part of our ethics.

Transparency is important in doing what we do, and we want you to have all the information available to you in all areas.

The Quick Win program has two elements to the tuition fees.

The first week costs \$10 and is called The Trial Week.

This gives you full access to everything we've discussed above but for a very low financial commitment.

Why?

If you like what you see, and you want to continue then the remaining three weeks and lifetime access to the Quick Win courses is \$390 (USD).

This puts the Quick Win tuition fee at \$400 in total.

What happens if you don't like it?

Firstly, you can cancel after the first week, and on top of that we will refund your \$10 immediately. This allows you to see what's up, without committing head on.

Second, even if you do stay on and you're still unhappy with our education, then we have a 100% no-questions-asked refund policy.

We organize our tuition fees in your favor for two reasons.

1. We stand by what we do, so you can too.
2. We know it's tough to trust anyone in this bizarre industry of trading education, and we do our best to make any paid programs we offer as transparent as possible.

So what happens after your 28 days in the Quick Win program?

At the end of the Quick Win program, there are two outcomes.

Option 1: You use the courses for life in conjunction with The Trading Cafe. This includes the live sessions as well as hundreds of hours of recordings in The Cafe Vault.

This is an excellent way of learning a huge amount in a short space of time, without investing that much money.

Option 2: If you're eligible, we will invite you to stay in The Trading Academy for life and become a Legacy member (more on that in a moment).

First, let's get this method of learning dialed in.

Using The Quick Win program in conjunction with this book and The Trading Cafe is a powerful way to learn trading. You get the initial kick start of structured learning, and then you have the ongoing education and support of The Trading Cafe at no cost.

Now let's dive into the final option, The Trading Academy Legacy Program.

Learning Method 4: The Legacy Program

This is the final education option we offer and is also the most complete and robust one available. It's impossible to say it's the best education system on the planet, but I'm yet to see anything that comes close to it. Normally most education companies will hide these programs behind closed doors.

We don't.

You buy one thing with a promise that it's "everything", only to learn that there is something else behind the smokescreen.

We have both paid and free programs, and we want you to have all the information you need on hand.

What you're about to read is not to belittle the other methods of education and learning but rather to show you a different pathway.

The Legacy Program is the most complete and extensive education program we have ever created, designed to help dedicated students reach their personal financial goals. The ultimate goal of this education program is to teach you everything four professional traders know about trading with extreme detail and structure.

At the end of this program, you will be a profitable trader and you will have successfully defined a method of trading that works well for you. This will be done under the unprecedented guidance and support of our entire team.

Education Element #1: The Legacy Courses

Imagine a master carpenter.

If you gave them a hammer, nails, and a saw, they could make an amazing piece of furniture.

Despite this, a master craftsman will still have a wide array of tools and techniques they will employ to get the job done to a high standard.

Trading is no different.

If you study the way that Simon, Sid, Alex, and Denislav trade, there's a multitude of tools and processes they use within a given year.

They've developed a disciplined mindset that can handle a wide variety of volatile markets.

They all have families and have built a foundation of stability within their lives, even though most traders suffer from extreme ups and downs.

There is complexity to being successful, and the more time you spend with them, the more you will see this.

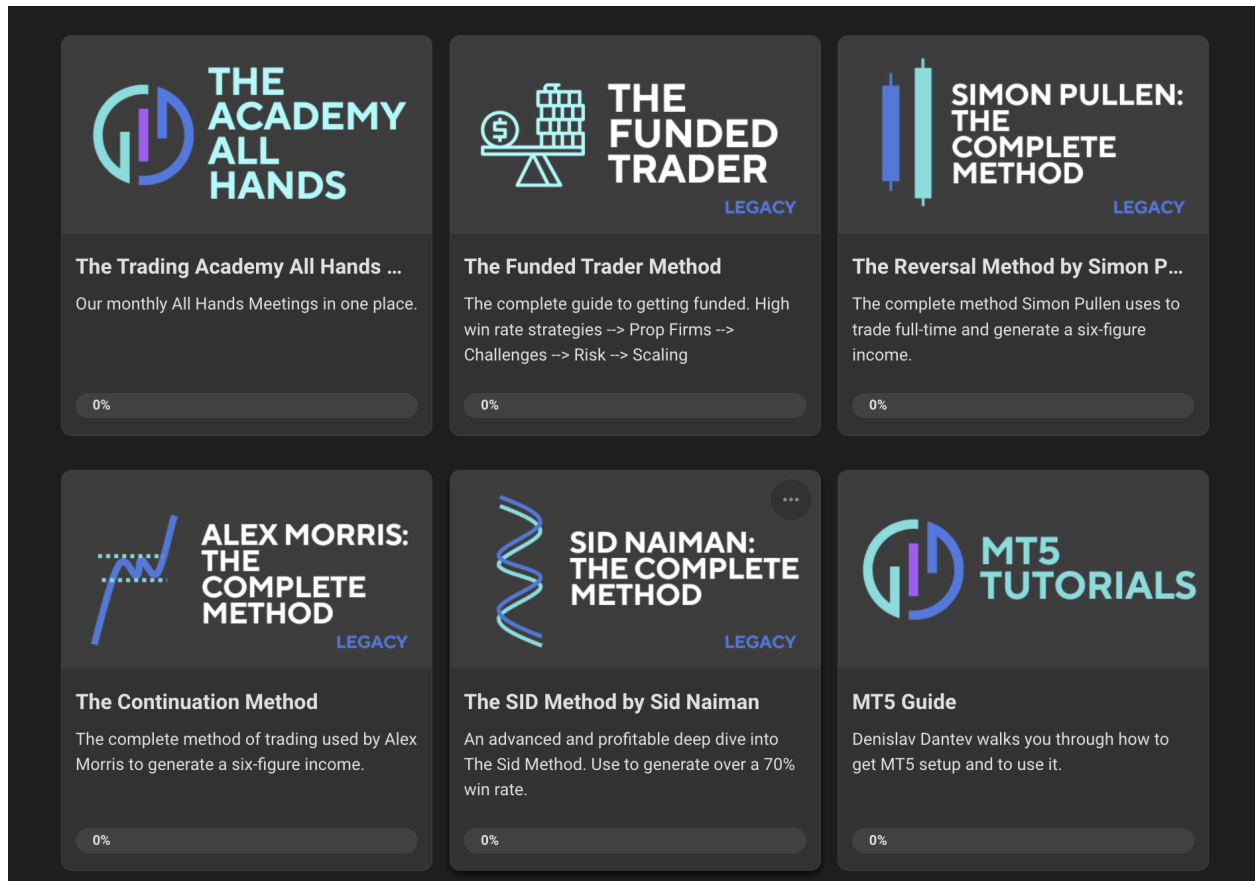
This is what sets The Legacy Courses apart from all of our other courses.

The basics, like the hammer, nail, and saw is the Quick Win program.

The Legacy is everything each trader knows, painstakingly mapped out in excruciating detail.

Nothing is held back.

Not only this, but we regularly add to these courses.



Think of it this way.

Simon Pullen has had trading as his main source of income for him and his family for nearly two decades. Within this timeframe, he has developed a wide array of tools and techniques that he uses to make money in the markets.

If you combined the years that all of our trading instructors have been involved in the markets, it would be well over fifty years.

The Legacy Courses have collated all of this into structured curriculums that you can study systematically from start to finish.

We've removed the guesswork from becoming an expert.

It takes what is notoriously a highly nuanced skill, almost an "art", and turns it into something that you can actually systematically study and learn.

Imagine taking Simon's mind, Alex's mind, Sid's mind, and Deni's mind and inserting them into yours.

This is what these courses do.

Nothing is held back.

Nothing is behind the scenes.

Education Element #5: The Community

As a Legacy Student, you will get lifetime access to The Trading Academy community. This allows you to ensure that you forge close relationships with the students that you're working with, and that you never lack support and help ever for the rest of your life.

We have such a wide array of high quality students in The Trading Academy, and by spending time with them daily, you will level up your personal success and goals.

Education Element #2: Lifetime Access

Your journey to building wealth with trading is not going to happen overnight. If you want to be in a place where you're generating six figures every year, then you need to build that up, and as you've hopefully learned in this book, that's going to take time.

The Legacy Program ensures that you get this support for as long as you need it.

For students that end up going doing this pathway, we want to make sure that you have the security of having support and education for as long as you need it.

And so we provide lifetime access to all courses with The Trading Academy Legacy Program as well as The Trading Academy community.

Education Element #4: Live Sessions and Support Sessions

As a Legacy Student, the live sessions continue. As you work your way through the courses, module to module, project to project, you will submit your questions and projects for feedback.

There's a strict focus on getting over barriers that are holding you back.

As you study something, and then practice it, you will end up with doubts at times. These sessions are in place to solve those doubts and barriers quickly.

This high level of ongoing support is designed to keep you progressing fast.

What is amazing about these live sessions is that we track every question that is submitted to be answered. We then use those questions to improve our education and revamp the courses.

Education Element #5: The Legacy Live Sessions

As a Legacy student, you will have access to ten very special live sessions per week. These are in addition to the usual live Sessions.

As you progress through the courses and make the shift to trading with a demo account and then a live account, you're going to encounter barriers.

You WILL need help as you do this, and that's where the Legacy Live Sessions come in.

You can drop into these daily sessions and have a 1-1 conversation with a six-figure trader to discuss any problems that you are facing.

It could be related to your studies, or it could be related to your trading. The trading instructor will be working with you to help you come up with a solution, and then follow up with you to ensure that you continue progressing.

Imagine it like a daily therapy session, where you can talk face-to-face with an expert whenever you want.

Education Element #6: Invitation Only

It's impossible to join The Legacy Program unless you're invited. This may seem strict, but it allows us to uphold high standards for our students and school. There's no link to join, and we don't accept applications.

If we feel like you're a good fit for studying with us long term, then we will extend the invitation for you to become a Legacy member within the Quick Win program.

We do this so that you can be confident that if you do become a Legacy Student, you are in good company.

So what are the criteria to get invited?

We are a school and we want our students to be successful and to contribute to our mission and goals. If we feel that you have the potential to be successful, then you will receive an invitation to become a Legacy member.

If we don't, then we will encourage you to use the other resources that we have created.

You can only be invited if you have joined the Quick Win program, and invitations happen on a case-by-case basis.

Education Element #7: Become a Teacher

One of our core beliefs that sits behind our education is that our education should be so good that our students become teachers.

The Legacy Program opens up an opportunity for you to work with our education team. This could be as a support staff for other students, as well as shifting into becoming an instructor. When you combine the return on investment of this, plus everything you learn about trading, becoming a Legacy member is an admirable goal for many.

Education Element #8: The Tuition

Much like we did with the Quick Win program, we're going to map out our tuition fees for The Legacy Program.

There are two components to our tuition fees, and this two-part structure allows us to provide you unprecedented lifetime access to an education infrastructure designed to teach you properly.

First, there is a one-off fee of \$4997, and this covers lifetime access to The Legacy Courses and The Trading Academy community. This is a lump sum that guarantees you access to the most robust trading courses available on the market today, as well as all future updates.

It works out at around \$72 per module. Each module contains life-changing education designed to push you forward.

Second, there is a monthly fee of \$149 that covers all live sessions, recordings, and ongoing questions in the Academy.

Why?

At the time of writing this, we provide 21 live sessions per week to our Legacy students.

This is more than any university or college.

The only way we can provide this extreme level of educational support on an ongoing basis, is by having a monthly fee. You will only pay it as long as you need it for.

You may need it for six months, and you may need it for 2 years. Everyone will be a bit different, and so this allows you to get the live help you need for as long as you need it.

You may need to pause it.

Either way, this tuition structure gives lifetime access to all elements of The Legacy Program.

Now what happens if you're invited to join, you start studying, and you feel that everything we promised was a fake?

We commit to our students, and we provide all Legacy students with a guarantee so that they can commit too once they are invited to join.

If after one year, you've studied one complete Legacy course and the associated projects (you don't need to study all of them, just one), and you're not 100% satisfied with our education, then let us know and we will refund you everything you've paid to date.

Everything.

Why do we do this? Why do we have this written in black and white?

Much like the Quick Win program, we are convinced that if you learn in a structured environment, you will make incredible progress.

It's the one thing that so many miss when they try to learn to trade.

Because we stand 100% behind everything that we do, we provide this simple guarantee written into a book that is read by tens of thousands of people.

This allows you peace of mind, always.

Now, to be even more transparent with you, any profit that we do make from The Trading Academy, goes back into our infrastructure.

We use it to get our message out to more people and avoid the deadly YouTube algorithm.

We use it to provide free education to over 20,000 people (at the time of writing) within The Trading Cafe.

We use it to provide structured education in an industry that has notoriously been chaotic.

We use it to grow and improve.

What should you do?

I hope that our motivation for providing you with all of this information upfront is clear.

There are different ways you can approach learning to trade, and we're here to support you in whatever one works for you.

Perhaps you just want to use this book.

Perhaps you want to learn for free and study at your own pace in The Trading Cafe.

Perhaps you want to invest a little bit, and do all of the above and study The Quick Win program, in conjunction with the hundreds of hours of resources we provide for free in The Trading Cafe.

Perhaps you want to really commit to learning, and you get invited to join The Legacy Program, and you commit to becoming a master of the markets.

There are different pathways that you can go down as you continue your journey.

Whatever you decide to do, you have all the information you need to make informed decisions about your next step.

Do it yourself or do it with us. Either way, we're behind you every step of the way and we're here to ensure that you are incredibly successful.

We want every single one of you reading this book to win. The journey to success is not an overnight transformation; however, it is a transformation that every single one of you can achieve.

It will depend on what you do today and what you do tomorrow, but I genuinely believe that by following the education structure we have mapped out and created for you, you will achieve it.

I hope that you've enjoyed this book, and I hope that you are excited about your future. In a world that is changing quickly, the future can seem daunting. It can be scary to think about the future of yourself and your family in a positive light.

However, as you walk away from this book, remember one thing: learning properly is always the secret to success.

You're in for a ride. And me, Peter, and the entire family and team here at The Trading Cafe and The Trading Academy are right behind you every step of the way.

I look forward to seeing your progress.

Now go and make some money.

Closing Remarks

I have a confession. One that I was asked to leave out of this book. I have stopped trading to write this and create The Trading Academy. Zack and I wanted to work with the best traders we know to build a world-class curriculum. One that'll take you by the hand and turn you into a trading master. This has required more time and energy than I anticipated. The lesson here is that it's ok not to trade. Trading isn't the only way to become fulfilled and have a great life. However, if you want to use it to become financially free, you now have a roadmap.

If you have enjoyed this book half as much as I have writing it, then I've done my job. And now that we're here, right at the end, I would like to ask you a favor.

Please give me feedback on the book. Tell others about it. At the very least, go into [TheTrading.cafe](#) and let people know what you think. I want to spread this knowledge as far and wide as I possibly can.

I feel like there are many traders who are lost. They are stuck on a hamster wheel, running as fast as they can just to remain in the same spot or worse.

Sometimes, a hamster will fly out of the wheel and go backward. I was in that spot for years. I genuinely feel like this book and the school we're building could shed some light on the situation. Perhaps you and I together can open the hamster's cage and show them a way out. A way to a better life.

A life that has been attained by Alex, Simon, Sid, and Deni via trading.

If you want to learn more from these four, there are two steps you can take today.

First, go to thetrading.cafe/live. Once per week, one of them goes live into the markets and reveals their trade results, looks at opportunities, and answers questions. It's an incredible way for you to learn from them in a live environment. It's free, which also helps.

Since the events are live, you'll most likely have to wait a few hours or days for it to take place. That's why there is a second step you can take today.

Join **thetrading.cafe** free school. There are tens of thousands of student traders there. Inside the Classroom section, you will find a mountain of training, including all the latest live event recordings.

Alright, that's enough from me. Thanks again for taking the time to read this book. I genuinely appreciate it.

Talk soon :-).

References:

1. Chague, Fernando and De-Losso, Rodrigo and Giovannetti, Bruno, Day Trading for a Living? (November 21, 2019). Available at SSRN: <https://ssrn.com/abstract=3423101>
2. Irwin, Scott & Park, Cheol-Ho. (2007). What do we know about profitability of technical analysis. *Journal of Economic Surveys*. 21. 786-826. 10.1111/j.1467-6419.2007.00519.x.
3. Smidt, S. (1965a) A test of serial independence of price changes in soybean futures. *Food Research Institute Studies* 5: 117–136.
4. Billingsley, R.S. and Chance, D.M. (1996) Benefits and limitations of diversification among commodity trading advisors. *Journal of Portfolio Management* 23: 65–80.
5. Menkhoff, L. (1997) Examining the use of technical currency analysis. *International Journal of Finance and Economics* 2: 307–318.
6. Cheung, Y.W. and Chinn, M.D. (2001) Currency traders and exchange rate dynamics: a survey of the US market. *Journal of International Money and Finance* 20: 439–471.
7. Gehrig, T. and Menkhoff, L. (2003) Technical analysis in foreign exchange – the workhorse gains further ground. Discussion paper, University of Hannover.
8. Fama, E.F. (1970) Efficient capital markets: a review of theory and empirical work. *Journal of Finance* 25: 383–417.
9. Fama, E.F. and Blume, M.E. (1966) Filter rules and stock market trading. *Journal of Business* 39: 226–241.
10. Van Horne, J.C. and Parker, G.G.C. (1967) The random-walk theory: an empirical test. *Financial Analysts Journal* 23: 87–92.
11. Van Horne, J.C. and Parker, G.G.C. (1968) Technical trading rules: a comment. *Financial Analysts Journal* 24: 128–132.
12. Jensen, M.C. and Benington, G.A. (1970) Random walks and technical theories: some additional evidence. *Journal of Finance* 25: 469–482.
13. Leuthold, R.M. (1972) Random walk and price trends: the live cattle futures market. *Journal of Finance* 27: 879–889.
14. Stevenson, R.A. and Bear, R.M. (1970) Commodity futures: trends or random walks? *Journal of Finance* 25: 65–81.
15. Cornell, W.B. and Dietrich, J.K. (1978) The efficiency of the market for foreign exchange under floating exchange rates. *Review of Economics and Statistics* 60: 111–120.
16. Dooley, M.P. and Shafer, J.R. (1983) Analysis of short-run exchange rate behavior: March 1973 to November 1981. In D. Bigman and T. Taya (eds) *Exchange Rate and*

Trade Instability: Causes, Consequences, and Remedies (pp. 43–69). Cambridge, MA: Ballinger.

17. Irwin, S.H. and Uhrig, J.W. (1984) Do technical analysts have holes in their shoes? *Review of Research in Futures Markets* 3: 264–277.
18. Sweeny, R.J. (1986) Beating the foreign exchange market. *Journal of Finance* 41: 163–182.
19. Taylor, S.J. (1986) *Modelling Financial Time Series*. Chichester: Wiley.
20. Friesen, Geoffrey C.; Weller, Paul; and Dunham, Lee, "Price Trends and Patterns in Technical Analysis: A Theoretical and Empirical Examination" (2009). Finance Department Faculty Publications. 11
21. Caginalp, G. and Laurent, H. (1998) The predictive power of price patterns. *Applied Mathematical Finance* 5: 181–205. Vol. 5.1998, 3/4, p. 181-205. 1998
22. Shiu, Y. and Lu, T., 2011. Pinpoint and synergistic trading strategies of candlesticks. *International Journal of Economics and Finance*, 3(1), pp.234-244.
23. Chin, C.L., Jais, M. and Balia, S.S., 2018. Predictive power of candlestick in Malaysia: reversal versus continuation patterns. *International Journal of Economics and Business Research*, 15(3), pp.325-349.
24. Cuong, N.T. and Tam, P.H., 2018. Effectiveness of Investment Strategies Based on Technical Indicators: Evidence from Vietnamese Stock Markets. *Journal of Insurance and Financial Management*, 3(5).
25. Prasad, K. and Murugaiah, V., 2018. An Evaluation of Single Line Japanese Candlestick Strategies in Indian Equity Market. *Wealth*, 7(3), pp.18-23
26. Evidence for Learning. (2020). *Metacognition and Self-Regulated Learning: Guidance Report*. Education Endowment Foundation. Available at: <https://evidenceforlearning.org.au/education-evidence/guidance-reports/metacognition>
27. Flavell, J. H. (1979). Metacognition and cognitive monitoring: A new area of cognitive-developmental inquiry. *American Psychologist*, 34(10), 906-911.
28. Ericsson, K. A., Krampe, R. T., & Tesch-Römer, C. (1993). The role of deliberate practice in the acquisition of expert performance. *Psychological Review*, 100(3), 363-406
29. Hattie, J., & Timperley, H. (2007). The power of feedback. *Review of Educational Research*, 77(1), 81-112.
30. Sternberg, R. J. (1998). Abilities are forms of developing expertise. *Educational Researcher*, 27(3), 11-20.
31. Karpicke, J. D., & Roediger, H. L. (2008). The critical importance of retrieval for learning. *Science*, 319 (5865), 966-968.

32. Mayer, R. E. (2004). Should there be a three-strikes rule against pure discovery learning? The case for guided methods of instruction. *American psychologist*, 59(1), 14-19.