

THE COMPLETE TRADING COURSE

PRICE PATTERNS, STRATEGIES,
SETUPS, AND EXECUTION TACTICS

COREY ROSENBLUM, CMT

The Complete Trading Course

*Price Patterns, Strategies, Setups,
and Execution Tactics*

COREY ROSENBLUM



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Preface

When you first look at a stock chart as an opportunity to make money, where do you start? How do you classify all the conflicting signals, cut through the noise, and get straight to the point of what matters most? How do you structure your analysis? And when you find what you think could be a trading opportunity, how do you enter, manage, and exit the trade most efficiently?

The Complete Trading Course answers these common questions of traders from all experience levels and provides you a specific pathway for analyzing your chart to find specific trading opportunities. These opportunities are built on time-tested price principles that winning traders have used for many years, but have been buried under the information overload of today's high-speed, indicator-driven markets. Building from a foundation of price principles that guide your analysis, the book then overlays specific strategies onto the developing structure from insights in candlestick charts (showing not just the pattern, but how the pattern forms and its importance in assessing turns in price), price patterns, and Fibonacci retracements, all of which fit into the specific context of the life cycle of a price move on any timeframe. Knowing where the chart exists in the life cycle of a price move reveals what strategies are most effective and what indicators reveal the best setups, which guide your specific decisions on where to enter, place stops, play for a specific price target, or hold for a larger gain as you monitor open positions as new data emerges on the chart in real time.

Knowing how to identify trades based on price trend, momentum, and volatility are all foundation concepts which are covered in detail in the first part of the book. The section on edge reveals specifics of trade execution tactics geared to your unique personality, which is not covered in most trading books that reveal "buy here, sell there" strategies that do not take into account the unique experiences and personality of the trader putting on the position. If you do not understand why you are entering a trade, you will almost certainly not be successful in that trade, as you will lack the confidence and edge necessary to recognize a proper opportunity, manage it in real time, and exit the position properly without emotion negatively affecting your decision. This book specifically addresses the importance of combining objective chart information with your understanding and experience; as such, the confidence you have in your strategies and methods will combat the natural tendency to enter when you feel most confident and

exit when you feel the most pain, both of which allow emotions to erode your accuracy and monetary trading edge.

I wrote this book from my combined experience and education as a Chartered Market Technician and trader of many markets and strategies; I wish this book had existed when I began my journey as a trader, as it would have saved me countless hours of wasted time and effort. What separates today's traders from those 50 years ago is the sheer amount of information, webinars, seminars, books, courses, blogs, web sites, ebooks, and so on that inundate the new trader with too much information, and too many voices saying their methods are the best. Lured by the promise of instant riches, a new trader buys a new indicator or attends a single expensive seminar, only to find the information too complicated to apply, or worse, absolutely ineffective in a real-time, fast-paced trading environment.

No one book, indicator, or seminar can teach you all you need to know to be a successful trader. Instead, your goal should be to learn foundation price principles, effective strategies, how to assess your edge, and then incorporate your unique personality, experiences, stage in life, risk-tolerance, and individual psychological make-up into a lifetime of learning, starting with the basics and building a unique creation from there as you progress month to month and then year to year as a developing trader. Trading is a performance discipline, not unlike the training and commitment required to become a professional athlete, physician, scientist, or musician. All professionals must start with the basic, time-tested principles of their respective disciplines, and then carve out their own specialty with the information they have learned and the methods that appeal to them—or “speak to them” as it has been said. Some methods will speak to you while others will not; learn more about trading methods that call to you and interest you as you develop as a trader. This book lays the basic foundation upon which to build a life-long trading career.

While each chapter could probably be a whole book in itself, and there are in fact several books written on the specific material I cover in this book, what I do for the reader in *The Complete Trading Course* is cut through the theoretical aspects and esoteric information, such as candle patterns not even professional technical analysts use, and combine only the most important information from a variety of disciplines such as Fibonacci retracements, Elliott wave, popular price patterns (such as the head and shoulders and bull flags), and effective candle signals. Unlike other books, I focus on the logic behind the pattern, how it fits into the broader context on a price chart, and how to assess the integrated whole of the chart, within the context of guiding price principles that underscore all trading decisions. In fact, the strategies and setups all derive from the specific principles you will learn, and in so doing, you will increase your confidence and learn how to manage open positions effectively, using the objective chart evidence rather than your emotions.

I show examples on multiple timeframes because the principles and strategies apply to all timeframes, from the one-minute intraday charts in a hyper-fast day-trading

environment to the more deliberative, longer-term positions you can identify and manage on the weekly or even monthly charts. This is another way *The Complete Trading Course* appeals to all traders, as the strategies cut to the heart of what moves price—the supply and demand relationship of buyers and sellers.

Individuals who are new to trading and cannot commit full-time to a professional trading career will benefit from learning these principles and incorporating them into a swing-trading strategy that can be implemented with evening research and placing orders before going to work to manage positions that span weeks or perhaps months at a time. The tactics also apply to those who are part-time traders with part-time jobs which provide steady income as you develop your track record as a trader before making the leap to full-time trading. The book also benefits those who are currently full time and are struggling to achieve profitability, or who feel they are being blown around by different exciting strategies while being grounded in none. This book provides a foundation to make objective, clear decisions based on trend structure, momentum, and volatility as principles to guide your specific decisions, no matter what timeframe you analyze and trade.

Day traders will benefit from understanding multi-timeframe analysis and how to set trades up intraday that take advantage of the higher timeframe structure and levels to watch, particularly on the daily chart. Day traders will be able to use leverage and more aggressive strategies that swing traders cannot, though day traders tend to hold less open positions at a time than a swing trader.

Examples in the book include stocks, ETFs, futures contracts, and inter-markets, all of which highlight the application of these principles, strategies, and setups on all markets and all timeframes. All that is required is a liquid market driven by supply and demand, with the ability to plot prices on charts, and these principles will apply, though as you develop, you will begin to specialize in the specific nuances of your chosen market, vehicle, and timeframe.

HOW THE BOOK IS ORGANIZED

The Complete Trading Course progresses from a solid foundation of time-tested price principles through modern charting strategies into specific setups, and I recommend progressing through the book in the order I have arranged the material. I sought to answer the question “where do I begin in my analysis?” and have arranged the book with the answers unfolding in a journey through the material.

We begin our journey in Chapter 1 which outlines the foremost price principle on the importance of price trends, how to define these trends, what constitutes a true reversal, and how to frame the remainder of your analysis within the context of the trend structure. After learning how to recognize trends, Chapter 2 seeks to assess the health

of a trend in motion by defining momentum and how it confirms a new trend and then disconfirms a mature trend. By learning how to identify momentum divergences, you can anticipate the end of a trend prior to the official reversal signal. Being a foundation principle, momentum's leading edge also explains why we take certain specific trade setups that we do, and how momentum factors into price patterns. The last of the price principles, Chapter 3 details the Price Alternation Principle, which explains why some indicators work well in certain environments and then fail in others. The principle also lays the groundwork for range-trading, mean reversion trading strategies, which give rise to breakout strategies that can lead to large profits at the exact genesis of a new move in the market.

Part 2 focuses on modern-day strategies and charting tactics to compliment your analysis from the foundational price principles. Chapter 4 explains how to identify effective candle patterns on the charts, and contains a unique step-inside perspective of each candle pattern described, cutting to the heart of why the pattern is important. You will undoubtedly be familiar with some of the popular price patterns in Chapter 5, but I explain not just how to recognize and trade the pattern, but how the pattern derives its application from one of the foundation price principles described in Part 1. I explain why it is not enough simply to recognize a pattern—particularly in today's sophisticated markets. Much has changed in the more than 70 years since early chartists quantified these patterns. In Chapter 6, I explain how to draw Fibonacci retracement grids, how to find Fibonacci price confluence, and how a Fibonacci retracement grid assists your trade identification, entry, and exit decisions, all while keeping the examples current and simple to understand; Fibonacci analysis need not be complex. I conclude the section on modern-day strategies by explaining the Life Cycle of a Stock move, from accumulation through realization, and into the final stage of distribution, explaining insights into how professionals behave against the crowd at all stages. The chapter includes a quick description on how Elliott Wave complements Charles Dow's original work on trends, and how both techniques combine in today's world of active trading.

No book on trading strategies would be complete without a discussion on edge, execution tactics, trade setups, and how to put the information into practice in real-time under conditions of uncertainty and heightened emotion. Part 3 begins in Chapter 8 with a detailed discussion on risk management, edge optimization, trade execution tactics, and expectancy. Unlike other books on trading tactics, I explain the importance of combining these factors into a strategy that fits your unique personality, making a careful distinction between conservative and aggressive tactics in all the trades you take. Chapter 9 combines all that we have learned in *The Complete Trading Course* into the four components of every trade, as well as the two broad categories of trade setups and the four specific types of trade setups, all of which reduces the uncertainty of a trading decision into four categories of breakouts, retracements, reversals, or fades. The final chapter encourages you to use what you have learned and create your own specific trade setups with a discussion on how to do so, and

a detailed explanation of the Impulse Buy trade, Impulse Sell, Cradle Buy trade, and Cradle Sell.

With a firm knowledge of basic price principles, specific trade strategies for today's markets, information on edge and execution, and a clear discussion of trade setups, you will be fully equipped to take your trading to the next level and formulate your own personal strategies in your trading plan that lead you on your lifelong journey to trading success.

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Writing a book is far more difficult than writing a blog post! While one person can create and maintain a blog, it is absolutely impossible for one person to do all the work necessary for a book to come to life. I especially want to thank Kevin Commins, Meg Freeborn, and Claire Wesley along with the whole staff at John Wiley and Sons for their encouragement, feedback, and time they put in assisting me with the manuscript.

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PART I

Foundational Principles
