

# Trading in SPACE

A New Approach to Price  
Action Trading

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## Welcome

Welcome to what will be a simple yet powerful journey into financial freedom. You have come to me obviously because you are after something more from life. Something you feel you deserve... financial freedom!

I'm here to tell you, "You CAN have it." It isn't going to be easy yet it isn't as difficult as others would have you think. You've put your trust in me and I don't want to let you down.

I won't bore you with pages of useless information designed to confuse you either. I see this all too often with other trading systems. I will get to the system and details right away. I will show you some examples and I will give you all you need so you can go out and find your own setups.

It still takes time and still requires you to do your back test and forward testing. However once you do this, you will be on your way to freedom.

## About me!

I have over 9 years online trading experience yet you would more than likely never heard of me. I keep things quiet, live a normal family man life with my wife and children and that's what makes me happy.

I have put together many trading systems in my time. Some systems don't work as well today as they did 6 years ago because the markets have changed, yet some do work just as well because of the price action structure setups. Most systems I came up with I couldn't use because of the time zone I live in and time required to trade them. So I would show others from the US and let them use them successfully.

I once lost more than 10k in a matter of seconds due to a poor internet connection and have gone through every imaginable hurdle trying to figure out how to trade consistent and profitably.

I've seen countless scam artists come and go trying to sell rubbish trading systems and in most cases succeeding. I've also seen the rare few that are honest and can trade and it has been a pleasure to find them.

It took a while but I came to the conclusion that although it is true that the system, method or set up you decide to focus on and trade is important, your psychology or mind is often the biggest hurdle you need to master. You must realise that trading is often about emotion and human behaviour for it is in most part what drives the markets. Trading is also best looked at as a steady business and you need to treat it as such. Take smart and calculated risks without emotions clouding your view. You will have winners and losers, trust your back and forward testing results, trade with the correct amount of risk (often less than others tell you) to ride out the losses and it will work out in the long run.

That is part of the journey I have had! I hope the system I present at very least gives you the confidence to move along the correct path and shorten your trading learning curve. Learn a system that works, then all you need to master is your emotions. Sadly most are trying to do both at the same time and it is VERY difficult to say the least.

## This Course

What I am going to present in this book/course is a price action trading method that is powerful and can be used across many time frames. Although I may will use illustrations of similar time frames (daily and 4hr charts for example) you are more than welcome to look across multiple time frames for the same set ups. Just try to keep the ratios of time frames (setup and entry charts) similar to the ones I show is all I ask. Also, as you go lower in time frames, more often the charts/candles become less smooth making charts at times messy or a little harder to read. It can be done and still will work however I find the daily charts to be ideal for this system as things are usually smooth.

This book was **not** intended to give someone reading it the very basics of trading including how to use particular trading platforms. If you are after that sort of beginner's information, you will find some great free courses on [Udemy](#) as well as [BABYPIPS](#). Go visit those sites if you need, then return here!

I am only too happy to answer any questions you may have however I do ask please look through those beginner courses first.

## **A word of WARNING**

Please don't go looking through too many forums. People want you to believe they have the next BIG system and it is very easy to get suckered into thinking their system is better than the one you have just learned. They will show amazing winning trades (demo accounts only and after the fact) and give stats and details that are convincing. You will waste valuable time and energy trying their new system with all its promises and you might even go LIVE with it risking real money. You may lose money and will certainly lose valuable time and when all the highs turn to lows, the system creator will explain either you took the wrong signal and it's your fault... or they might say they have moved on to another system... Or they will simply leave the forum; until they have the next big breakthrough. This alone can be the biggest challenge for many, staying away from the snake oil system creators on forums.

Also,

Ask yourself, "Could banks or brokers benefit from continually making up systems that appear good and posting them on popular forums?"

Could they even benefit from looking through popular forums to discover strategies traders are using?" The answer of course is YES. They soon get to know where people place orders and stops and they will take you out of the trade at any chance.

Now let's get to the system already!

## Price action and the Equilibrium of the Charts

For those who have never really stood back and simply looked at a currency chart, let's begin there! No indicators or distractions on the chart. Nothing but the chart! (You might need to zoom in to see and I am sorry for that)



What do you see when you look at the above picture? What stands out on the chart? Think of price movement and what you feel should be normal behaviour.

Still unsure? Let's look at another chart on the next page; let's see if it becomes clearer.



Do you see it now we are a little closer? It's right there.

What you should take note of are the unusually large candles that look out of character in comparison to the other candles around them. See the picture attached, I have circled them.



As you can see, price was moving reasonably steady prior to those large moves. Price should move somewhat smooth with steady fluctuations as traders enter and exit the market.

But then something out of character happens... The price gets a forceful push or pull in one direction. It is manipulation by someone or something out there. Who or what moved the market like this, I do not know, however we surely can use that movement to our advantage. You see, once the market moves like this, the market will often correct itself and go back to where it should be. Unless there has been terrible news come from a country that has had a direct impact on this pair, markets should not have any logical reason to move like this. So once they do, price will often go back to the level it should be at, once that manipulation has ended.

*This price stretching and returning is the basis of this trading system or method. Once we accept it for what it is and we learn to read the market a little more we can capitalise from it. And it happens enough that we can be active in the market trading regularly even when looking at higher time frames to trade from.*

So let's go through some rules and scenarios to help us find a tradable pattern.

## From the beginning!

When first looking at the charts, the first thing we want to identify is the beginning of a manipulated move. In particular, we want the candles (in this situation I will use daily candles) to be noticeably larger than the other candles to the left of it. Often the candles I look at can either be 1 large candle to 3 candles. It doesn't matter really, so long as you can see the candles moved a long way in comparison to the candles prior to them.

In the picture below, I have marked those manipulated moves.



As you can see from the arrows, price was moving somewhat smooth prior to those violent and manipulated moves and then for some unusual reason price took off fast. Let's look at a few more to see if you can easily spot them.



I hope you can them easily. They must POP out at you to become valid. Remember it is a manipulation, not a typical movement or fluctuation.

***Trading In SPACE?*** (DO NOT underestimate the importance of this rule)

The next thing that we want to look for to make this manipulation in price to become a tradable method is SPACE. We want there to be a significant amount of space to the left of our candles if we are going to prepare for a trade. There is no set amount of space or candles I can tell you to make it valid, it must simply have an obvious amount of space.

Look at the following picture to help.



See how the arrows are in SPACE? There are no candles in those areas and this is exactly what we want to see to make this method work. **In fact if you learn only this simple rule when deciding to trade any reversal system, it will put you on the right side of winning trades.**

Another picture to help!



## **Recap!**

So we now have the first 2 criteria's we are looking for. A violent and obvious manipulation in price that has made price move uncharacteristically larger than normal and **also** we want there to be space to the left of the candles. Simple right?

Believe it or not, those two characteristics are enough to support a workable trading system. I will add a few more criteria's; however those two characteristics of the market are the backbone to this particular course.

## **Psychology in action!**

Another thing we want to be aware of when looking for this particular trade setup is the power of psychology. It is human behaviour that moves markets at times and the market manipulator knows this so they often move the market in a particular way to trap more traders into a bad trade. This is a little trickier to distinguish when looking at it all unfold in a live market however once you do see it, it will ensure you get into the trade at the best time and avoid many losses. I'm talking of a DOUBLE thrust move. Let me show you a picture to help understand!



Notice how we have a thrust (at no. 1 starting from left hand side of chart) then there is a period of consolidation then another thrust? (at no.2)

As you can see, this happens over and over. It's not 100% of the time however it does happen many times. This we can use to our advantage.

But why 2 thrusts you might be thinking? In a word... emotions.

**Let me try my best to explain** on the next page...

The market manipulators first thrust the market into a direction they choose.

They know many of the traders out there want to get in on a trend and are looking for that opportunity. The market thrusts ahead without warning and then stalls. Trend traders begin searching for a signal to enter as they missed the first thrust. On top of that, the traders currently in a draw down (losing trade due to the first thrust) are looking to exit or a sign price will reverse so they can recover some loss.

The market stalls so those still in a losing trade wait to see if price will return. They are hurting however remain faithful of their losing position.

What then often happens is the market gives hints that it is going to reverse via reverse candle patterns etc. This triggers additional swing traders into the market who believe the market is going to reverse and the existing traders hold on longer to their losing position in hope it is reversing. And it does appear it will!

However, the market manipulators then thrust once again in the original direction.

This takes out all the swing traders without warning (as most expected it to reverse) and trend traders fearing they are going to miss the ride jump onto the trade late. They have also been trapped as most get on this movement late as there were no signs of a trend continuation. The market manipulators in their double thrust move have just taken out the original traders who could not stay in the losing trade any longer, the new swing traders who thought the

market was reversing; the trend traders have now entered however price won't go far as they entered late. Now price will...

Reverse to the correct price/position from where the manipulation began.

The market will often give reversal trade clues after the 2<sup>nd</sup> thrust however now the swing traders are reluctant to take a reversal trade as they were recently taken out of the market with a loss and now have fear of more loss. NEW trend traders looking for trend continuation trades don't get on board either as price has reversed. The trend traders trapped into the trade late now go into drawdown as their late entry trap is sinking its teeth into them. They will exit with a loss at some point! Now the market has reversed... and price returns to where it should. The traders have all been shaken out and often don't re-enter due to fear. They are unsure of their original analysis and are reluctant to trade again until the mess clears. They now often miss good trades due to manipulation and fear of another loss!

**Read that through twice.** It will give you a good understanding of human emotion and manipulator psychology. Once you look at things this way, you can begin to see the plays clearer. You can then piece together your own systems should you choose to.

Now we move onto the entry. We have had our double thrust; we have SPACE to the left so now we just need to enter the reversal trade.

## Entering the trade

Like many systems, entering into the trade can become such a focus that we do in fact go overboard trying to find the perfect entry. We often do this because we want the best risk to reward ratio per trade we enter and we want the smallest drawdown. We want the perfect entry with the exact stop loss to the pip. Although understandable, this is not the best way to trade when learning to trade and I will show you a simple alternative.

Let's look at a recent setup that took place on the USDCHF and see if we could have entered easily.



As you can, we had our thrust up followed by consolidation and another thrust up. We check and have SPACE to the left so we are good to go. Our target once we get into the trade is the beginning of the first thrusting candle, right there where the long horizontal arrow is pointing to. (Although I haven't mentioned targets yet, you will soon see from examples just how reliable this is).

For now though, we have our conditions met, we have a red reversal candle that forms and closes so we are on the lookout. (I shaded the candle area for you to see)

So let's get into a trade!

## The Beginners Entry

The easiest way to get into a trade like this is with momentum on our side. As the manipulators have done what they needed to do (make a lot of money) the orders are all pulled and price will usually quickly return to where it should be. We want to make sure the manipulation is over however, so we wait for momentum to show us the way.

We look for the first **large push/pull candle in the opposite direction to enter**. We don't have to worry about candle patterns or trend line breaks, just a good solid strong move. To make the entry a little better though, we will swap to a 4hr chart.

See picture attached on next page.



I hope you can see this chart with enough detail to pick out some large entry candles around the end of the shaded box. Zoom in if you need and try to identify candles (red ones) that seem to have given us an indication that price is going down with force. Now look at the following chart to see how you did.



Can you see how once again, compared to the other RED or bearish candles around them, the indicated candles stand out as a large price drop for the 4hr period? This is all we need to see. We enter on close of the candle. Our STOP level we place 5pips (plus spread) above the highest point above the shaded box. We target the RED arrow drawn on previously.



(See above)

If we entered on Entry no.1 we would have risked 103pips for a gain of 288pips. Very little draw down and a great trade.

If we entered on Entry no.2 we would have risked 135pips for a gain of 255pips. Still a great trade!

Let's go through some more!



In the previous GBPUSD recent chart, you can see the double thrust indicated by the numbers 1 & 2. We are trading in SPACE also! Our target indicated by the large horizontal arrow. This is decided upon due to it being the start of the first larger down momentum candle. We have the first good reversal entry candle as indicated by the shaded box. So now it's time to find an entry, for this we switch time frames.



You should be able to clearly see the entry candle without my arrow pointing to it. It is obvious and typical for this setup. It gave us a very clear entry into the market and in turn gave us a great trade.

We risked 170pips and made 630pips with almost NO drawdown. A very stress free trade and exactly how we like them, with great Risk to Reward ratio.

I hope you can see how easy yet powerful this trading system is. There are certain key aspects that you do need to assess before you enter a trade and some of it will come down to your ability to look at the charts and read the momentum. However I believe it is very simple and once you begin looking for these momentum candles and get more familiar with the setups overall, everything will flow into place and it will become effortless.

NOTHING in trading is 100% so don't expect to win them all, but do trade with the knowledge and confidence that these setups will secure your financial future as an online Trader as you quickly master this trading method.

## **EXAMPLES**

Now I will put up some recent trades with minimal indications on them. I want you to see if you can see all aspects of this trading system without my help. Where I do indicate on the chart, I also want you to see if you can work out why I have indicated or picked that point. So let's begin!



Daily Chart above ; 4hr chart below



Shaded area indicates where we began looking for entry. Two arrows on right show two good entry candles.

Results! First candle entry gave a 65pip risk with a 280pip gain. Great trade! Second entry candle gave 107pips risk with a 235pip gain. Nice trade also. With almost no drawdown on both trades, this is very much stress free trading!

## Another Example! (12hr chart)



2hr chart below



2hr chart for entry. Two obvious large green (Bullish) candles.



And the result!

Both candles gave almost the same entry (about 4pips difference). So both trades worked out to give 45pips risk with a 240pip gain. Great Trades!

## Advanced Entry

I was going to do a whole section on advanced entry techniques however have decided not to. I want the beginners to this style of trading to do as mentioned and not get confused or have a reason to stall in their learning.

I will however mention in brief how advanced traders can get into trades should they feel they need another entry method but I won't go into much detail about it. And in all fairness, I shouldn't really need to go into much detail if the person reading this is advanced. The explanation should be enough.

For the advanced trader that does not want to use momentum to enter the trade, I suggest you look for Candle Patterns for your entry. The three patterns I use are:

1. Morning or Evening Start (most recommended)
2. Pin Bar (has to be a great pin bar though)
3. Engulfing Candle (similar to momentum)

These three candle patterns have stood the test of time and are very reliable. The only real benefit to the advanced entries is if you miss the beginner entries, you can change time frames and find another entry (sometimes). You can literally scan the different time frames to find good candle pattern entries with hopefully better risk to reward ratio. Also, at times you can often not move time frames and enter off the recommended patterns from the time frame you find the setup on.

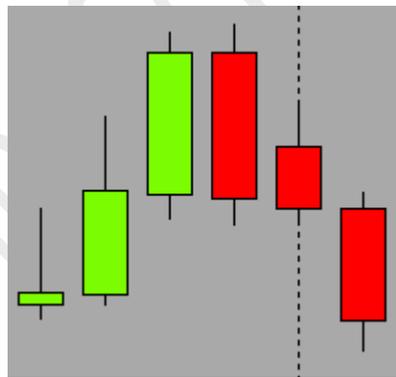
If you are a beginner and for some reason you can't enter off the beginner technique, however need more details, send me an email and I will give you more information on the advanced patterns. I don't recommend it however I do understand everyone has different situations.



**Pin**



**Star**



**Engulf**

## Stops and Targets

Stops are 5 pips plus spread above the most recent yet main high or low. In the pictures previous, the stops were usually just beyond the grey shaded area. That's all there is for stops. Keep it simple but don't have it 1 pip beyond the high/low. Forex feeds are never that accurate so give it room to breathe slightly.

I have mentioned my target a few times now however will spend a moment to clarify them. They do come down to your interpretation at times and other times they will be as clear as can be.

What I am looking for when deciding my target is the beginning of the main push/pull candles. In my analysis, I am looking for a position on the chart where it appears price was stuck and then suddenly BROKE free and created the momentum candle. If the line is difficult to distinguish, I will often use the close area of a candle or candles as closes are important prices. We will look at some examples and although it should help you, if it is difficult for you to pin point, do not stress or worry about it. Just get close enough and watch your trade as it gets close to the area. You can always bring your stop level up close as it gets close to your Take Profit level.

Look at the following pictures to help. Do not worry about the setup here, simply the target area and why it was chosen.





I hope those help. If you need further help, please email me for assistance.

### Now the BAD News

Please understand that this method of trading does have some discretion when analysing the charts. For this reason there is a real learning curve as opposed to other type of trading setups that you are supposed to enter blindly on a signal. You need to become aware of **News and major events** of the world and decide if they have had an impact on the country's currency. For example, if the pair you are looking to trade has been in an obvious longer term trend (non-manipulated) then a setup occurs, it is best to let that setup go without entering. It is simply not worth your risk as it classifies the trade to be of lower probability. “

**“Don’t chase the trade”** is possibly the best advice I can give you to help you through the learning curve. There will be enough setups for you to be picky and take only the best ones. If you miss a trade entry, do not worry about it! There will be more! There might also be another entry candle. Pick trades with great Risk to Rewards. That way if you do lose a few, the winners will easily overtake the losses.

I personally **don’t enter a trade a third time** for the same setup. So for example, if I get a double thrust, I enter and price reverses and stops me out. I will enter again if it appears the move was a triple thrust and all criteria’s are met. Often the risk to reward is a lot better when I win these trades. However if I get stopped out again, I let the setup go and do not enter again. This is discretionary and up to you however I decide at that point the trade might be a long term trend beginning so I step aside.

**Do not take big risks!** Expect losing streaks. Expect the worst! Risk 1% on your trades and learn to feel comfortable if you lose a few in a row. Once you have been trading for some time, you will know how comfortable you are with risk and drawdown and even losing streaks. It will be then that you will know how much you truly can risk per trade entered. This is another mistakes most new Traders make and it is easily avoided if you understand that trading is not a sprint to riches, it is a consistent steady stroll.

That’s all there is to it!

Thank you for trusting me with your hard earned money and time. I hope you have learned a lot from this simple and straight to the point trading course.

Trading has many elements and one of those elements is how you feel personally about the system. I know only too well how a good system for one does not mean it will fit with another. So if you are after another type of system, check over [HERE](#) as I will be offering a bunch of new systems ASAP. And not systems you are going to find on forums and looking at typical google searches. Systems proven to work as they all have particular elements that allow them to continue to work over time. I want people to learn to look at trading different than the herd mentality, because once you do; you too will begin to see how to make money anytime you want from the Forex Market.

Happy Trading and enjoy.

Matthew Bell