

*The*  
**Catalyst**

## Developing Trading Plan

A trading plan outlines how a trader will find and execute trades, including under what conditions they will buy and sell, how large of a position they will take, how they will manage positions while in them, what securities can be traded, and other rules for when to trade and when not to.

### Trading Plan

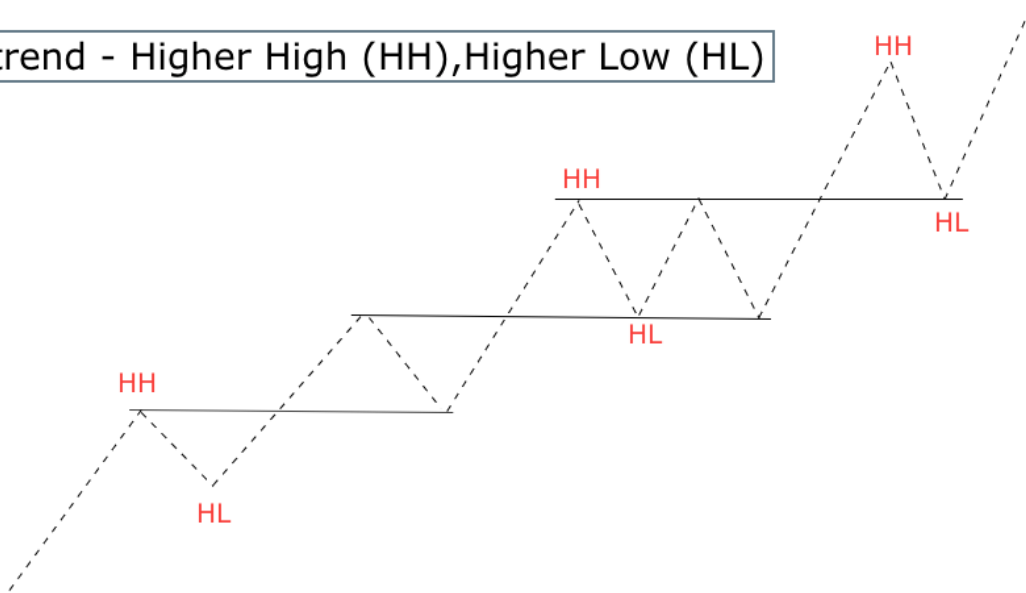
- Psychology
- Market Structure
- Psychological Levels
- Candle Stick Patterns
- Trade Management (Stop loss vs Drawdown)
- Risk Management
- Capital Preservation
- PATIENCE



# Market Structure

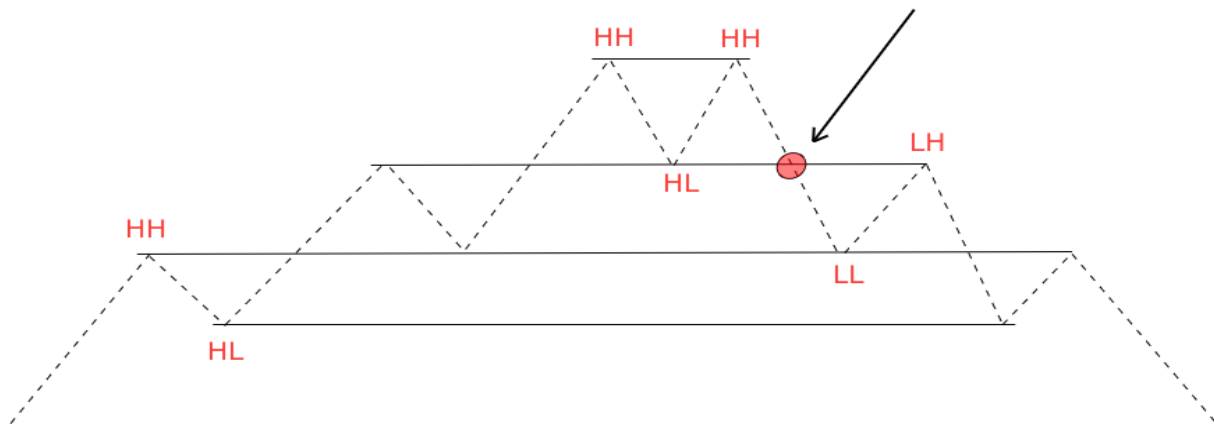
Uptrend:

Uptrend - Higher High (HH), Higher Low (HL)



An uptrend describes the price movement of a financial symbol when the overall direction is upward. In an uptrend, each successive peak and correction is higher than the ones found earlier in the trend. The uptrend is therefore composed of higher highs and higher low points. As long as the price is making these higher highs and higher lows, the uptrend is considered intact.

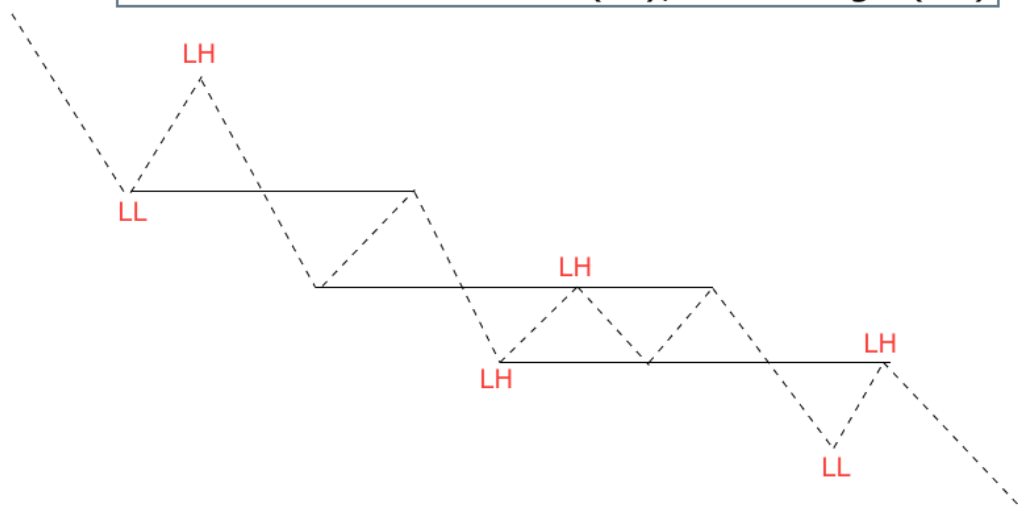
Uptrend Broken



Down Trend:

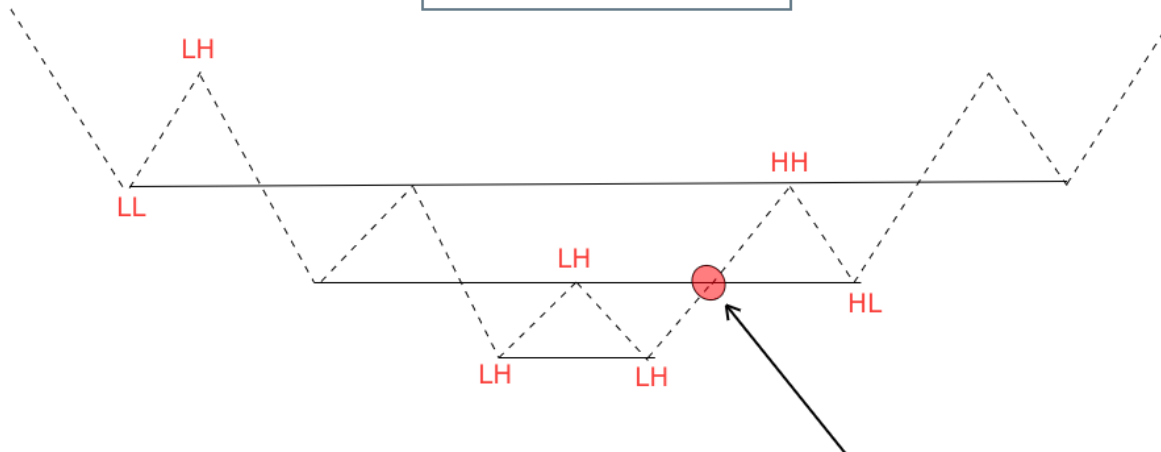


### DownTrend - Lower Low (LL), Lower High (LH)



A downtrend describes the price movement of a financial symbol when the overall direction is down. In a downtrend, each successive peak and correction is lower than the ones found earlier in the trend. The downtrend is therefore composed of lower lows and lower high points. As long as the price is making these lower lows and lower highs, the downtrend is considered intact.

### DownTrend Broken



## Psychological Levels:

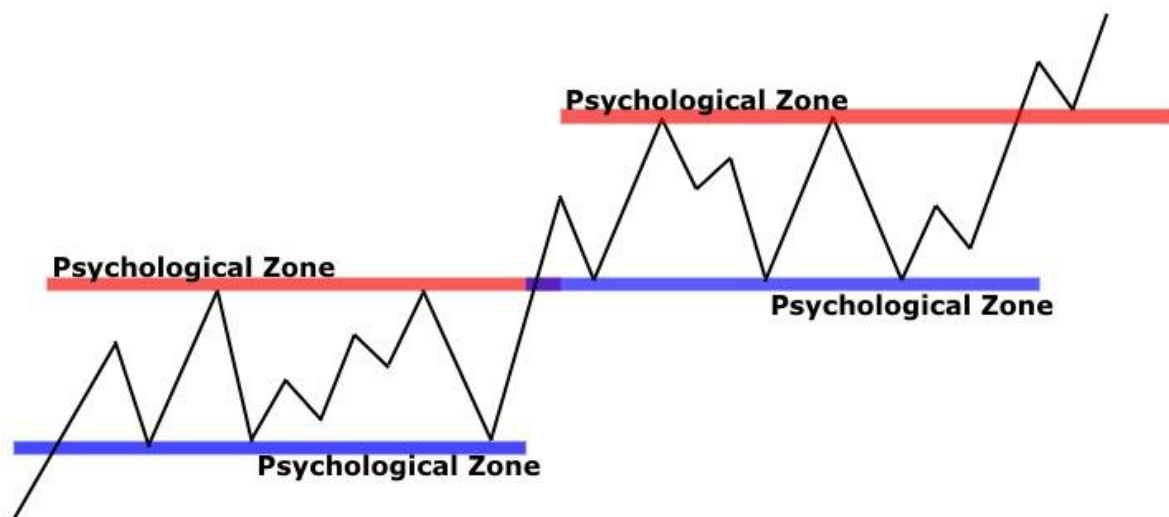
Psychological levels are market price levels which are often key levels in forex denoted by round numbers. These round numbers frequently act as levels of support and/or resistance.

Psychological support and resistance consistently work because of fundamental human disposition. Human beings value simplicity; from a trading perspective this means valuing whole numbers. Traders often use these numbers as entry, exit or stop levels. These stops and limits can alter order flow and price changes.

## IDENTIFYING PSYCHOLOGICAL LEVELS ON FOREX CHARTS

**Traders will often call these whole number intervals 'double-zeros,' as these prices are at even numbers such as 1.31000 on EUR/USD, 1.57000, on XAUUSD 1710.00 or 132.00 on GBP/JPY.**

Some traders will take this a step further by looking at the number directly in the middle of these whole numbers or 'the fifties.' These levels, such as 1.31500 on EUR/USD or 131.50 on GBP/JPY can often come into play in the same manner as the 'double-zeros.'



## Candle Stick/Chart Patterns

