WRITTEN BY MARK CHAPMAN

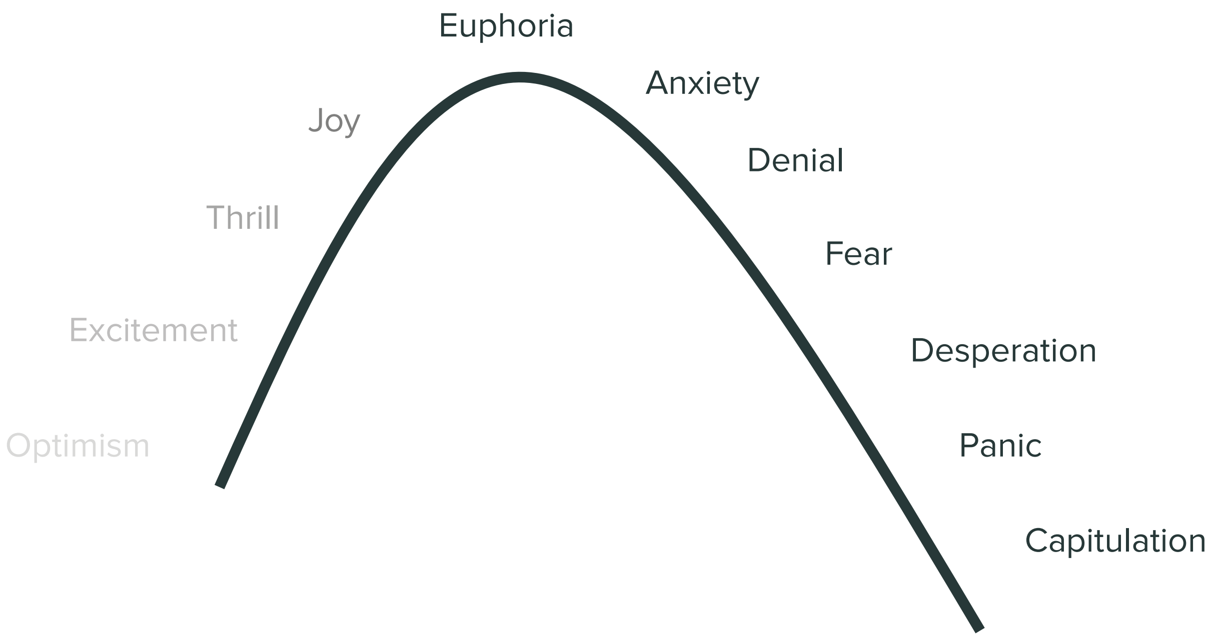
TRAPPED TRADERS

THE ULTIMATE TRADING STRATEGY

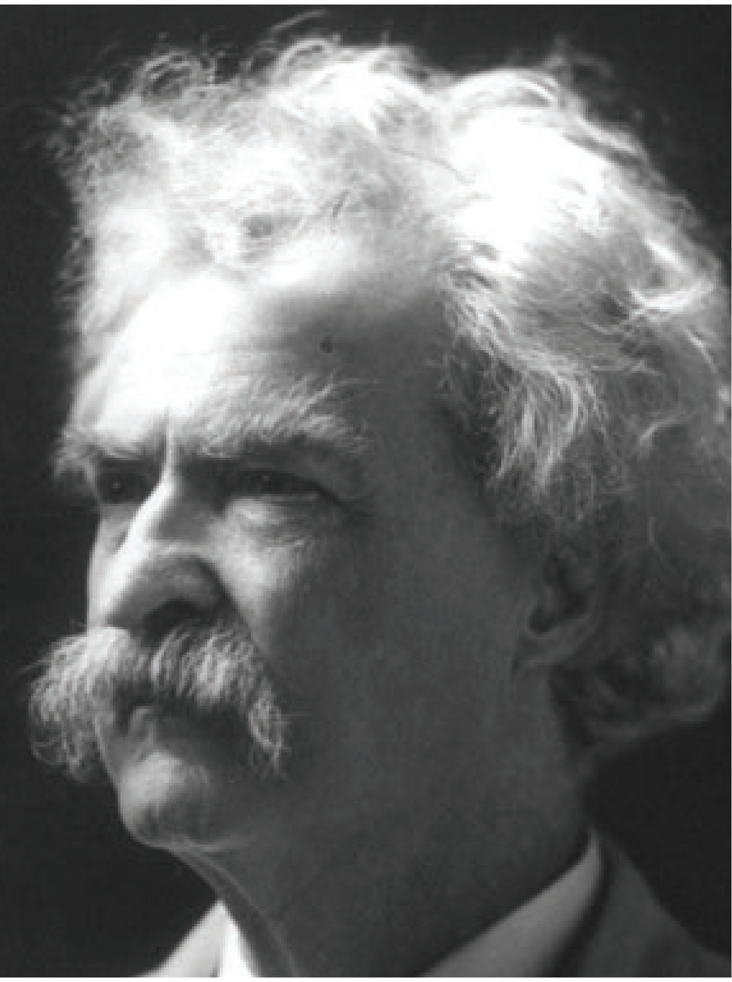
TRADING HACKS - VOLUME 1

TRAPPED TRADERS
THE ULTIMATE TRADING STRATEGY

MARKET PSYCHOLOGY



> Whenever you find yourself
> on the side of the majority,
> it is time to pause and reflect.
>
> *Mark Twain*



TO MAKE MONEY YOU MUST TAKE MONEY!

If you want to become a professional trapped trading protagonist you are going to have to start thinking like your opponent. In order for you to make money trading the forex markets, you have to take money from others. As the title suggests, to make money you have to take money!

How do we do this? By first understanding the core disciplines every trader on Earth employs in one form or another. And while there are an endless amount of possible trading strategies, there are only a handful of trading disciplines and this incorporates Technical Analysis and Fundamental Analysis.

Let's take a look at what these are and how we can use them to our advantage by essentially reverse engineering the trading methodologies of others. If you lack experience, then I suggest that you spend sometime becoming familiar with the 3 core disciplines of trading we are trying to exploit which I will explain shortly.

3 MAJOR TECHNICAL DISCIPLINES

Our goal is to think about our own past experiences with these trading disciplines so to position ourselves in the mind-set of those traders. If you have trading experience, then I would wager that you have tried to trade all of these different forms of trading in one degree or another. What this valuable insight will provide for you is the ability to quickly spot on a chart where and when these traders are making their moves.

You will be able to do this because you have done this in the past. You were a breakout trader, you were a retracement trader, you were a support and resistance trader. Take those skills and apply them to price charts with the view of only observing these patterns. Then, at the point where you would of historically taken a trade you do nothing! You simply sit on your hands and watch as the show unfolds before your eyes.

This shows (which will present you with clarity) where your opponents have taken trades and now price is going against them and they are losing money. You now know certain insights about those traders which those traders simply can't know about you. They are losing, they are under mental stress, they are haemorrhaging outside of their trading processes by potentially adding to a loser, cancelling stop losses etc.

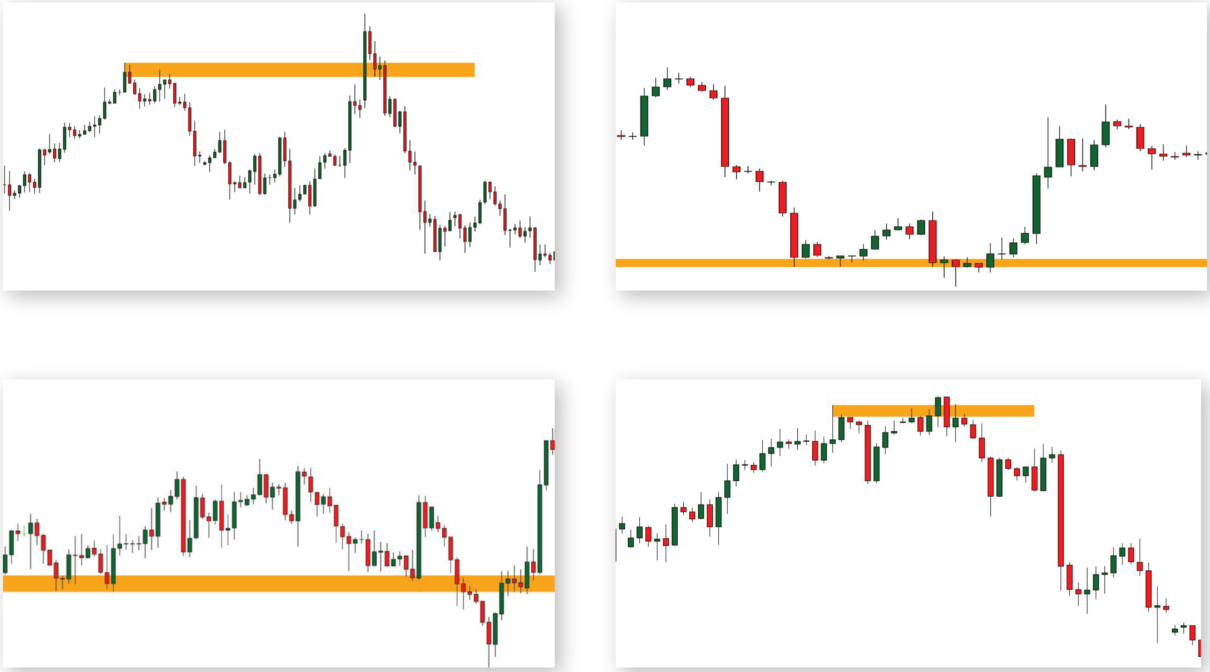
THE ANATOMY OF A BREAKOUT

This is an example of a typical breakout trade that worked. For a breakout to be considered genuine, you would want the level in question to be touched a minimum of two times. The more the level is touched, the better off you will be because more traders will have eyes on that level.

Remember, we want to obverse these situations on charts where our opponents would likely consider taking a trade, due to the fact it looks like the potential to make some money is presenting itself.

If no one has eyes on a level, then it would follow that not many traders would see it and if not many traders would see it then not many traders would trade it and the trap wont be as good as it could be due to this lack of volume. We want obvious levels on charts, we want traders to be aware of these common obvious patterns because that will mean the quality of the trap will be increased and our conviction level on that set-up should increase.

THE ANATOMY OF A FAILED BREAKOUT



In the 4 examples you can see, that there are a number of different types of breakouts that can present themselves in any given situation. The key points to consider is that the more a level if touched the better the level, as that context prior to the breakout failing is critically important as I've already mentioned but it's worth another mention here.

Next you have to realise that each trap will present itself slightly different, however the core principle of a trapped market never changes. This should not be considered a bad thing, rather a major positive because it's not obvious to our opponents and they will continue to fall into traps.

Break outs can be present by a single small candle spiking (not closing) above or below a level of support and resistance which has been touched a minimum of 2 times. It can present as a large spike above or below the level. It can be several candles spiking, all with different sized shadows etc.

Another way that a breakout can present itself is with a single candlestick closing above or below the level. This can also vary in the way that it presents, it can barely close beyond the level or it can close very convincingly beyond the level. You can have 2/3 candles call closing beyond the level, you can even have more. What's important is what happens next I.e. does the market then reverse hard and drop and close and trade inside the level in question?

If it does, and it was a strong brutal drop or rise in price back through the level then you have yourself a trap. The more vicious this move, the better. The bigger the candles, the faster the price prints are all contributing factors which will help improve the quality of the trap.

If you consider any trap in life, the best traps are the ones that you don't see coming. The ones that trap you in a fast and brutal way - SNAP! You are caught, you are in trouble, and you are now losing money. This is a thing of beauty in the eyes of a trapped trading protagonist which you will learn to spot with easy as you progress.

RETRACEMENT TRADING

THE ANATOMY OF A RETRACEMENT

When analysing trades where retracement traders will be considering an entry, always do so with the confluence of a prior level of historical support or resistance.

In particular, when a prior level of support is broken and price then retraces back into that level from which it broke, this is said to be new resistance. Please note, this is not precisely something I subscribe too, however there are instances where this is suitable advise.

The fact is other traders believe that it's so, and that's good enough for us because this means they will eye these level up and consider them for trade entries. What we are waiting for, is this process to play out and realise they are entering into a trade.

The key is been aware of these set-ups so that we can witness them, and then allow them to unfold by simply waiting. By exercising patience we gain the edge over our opponents and this is precisely what we want to do.

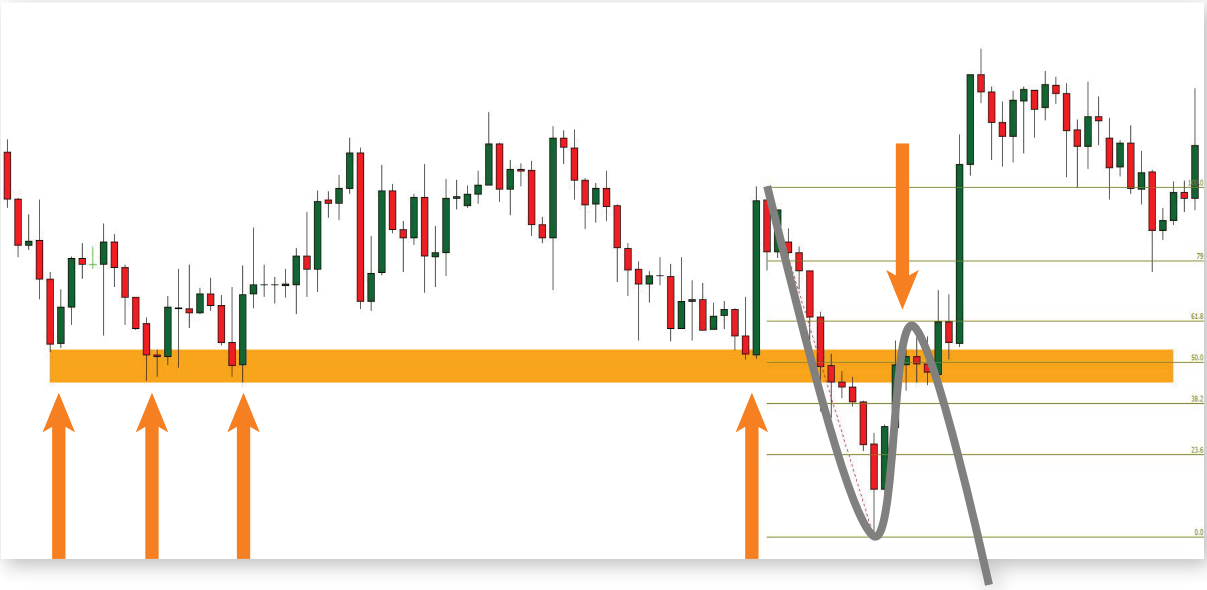
There are examples and moments when traders will take retracements at certain key Fibonacci levels without any other supporting confluence in the form of a prior level of support and resistance.

However unless this is a very clear and a pretty example (by pretty I mean price really reacts off of key Fibonacci levels e.g. 61.8%) Then you are best advised to leave those alone.

There is a quality element to all trades, and one of the major contributing factors to this process is confluence. I.e. several reasons to take a trade is better than one, and when all the stars align that trade should generate a higher than normal potential for profit.

So when considering your analysis in relation to retracements, always make sure you think about this quality factor and select only possible trades where retracements occur into historic levels of support and resistance.

THE ANATOMY OF A FAILED RETRACEMENT



As you can see, we had a very defined level of support which eventually broke to the downside as price made new lows. Price then retraces back into that prior level of support and it's at this point, that retracement traders would believe this would be a location worth doing business at.

However, price did start to sell off from that level but no sooner did traders commit capital and enter into those sell trades the market turned up and moved aggressive against them trapping those traders short.

This is a great example of what you need to look out for. Notice the brutal move, which was fast and vertical in nature. If this process also occurred quickly, the better. However, this factor can't be understood in hindsight, you must witness that in real time in order to be sure that there was a speed element to the move.

The faster price moves against those seller, the better as this will trigger a tirade of different emotions and circumstances which will likely catch the retracement seller off guard. This is to be considered a good thing.

LEVEL TRADING

THE ANATOMY OF A LEVEL

When analysing trades where level traders are considering trades, always make sure that the level has been touched a minimum of 2 times. 3/4/5/6 etc. is preferable. Anything less than this and you could be in danger of selecting trades where not enough level traders are aware of the set-up.

As I stated before, if nobody is aware of a level or a set-up then it logically follows that less traders will end up taking those trades, if less traders end up entering into those trades then less traders get trapped and if less traders get trapped then less volume on the buy/sell side will be in play and that's not good for us.

We are not going to move a multi trillion dollar market by ourselves, we are going to need some help so the more a level is touch the more obvious it is the better, because if the level fails and traps traders then it follows more traders took those trades.

THE ANATOMY OF A FAILED LEVEL

CONFLUENCE IS KING

As discussed there are 3 major disciplines which all traders employ in order to take trades. However, some traders do also use some common tools and concepts to add weight to their trading decisions.

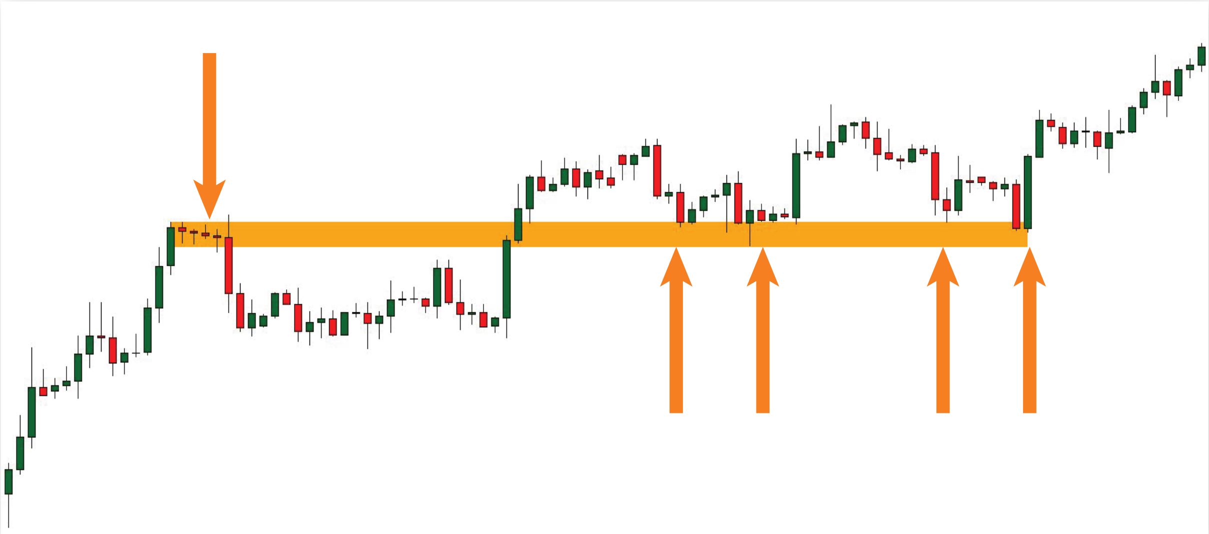
I'm not talking about random indicators with individualised settings which no one cares about or is not watching. So we only consider the commonly employed ideas which can help us to spot where traders are trapped.

Please note - these additions are not separate to the 3 major core disciplines, rather they are complimentary. It's important to understand that they are not necessary, all you need is the 3 core concepts however if you find them helpful then by all means use them.

USE ADDITIONAL TACTICS TO TRADE AGAINST YOUR FOE

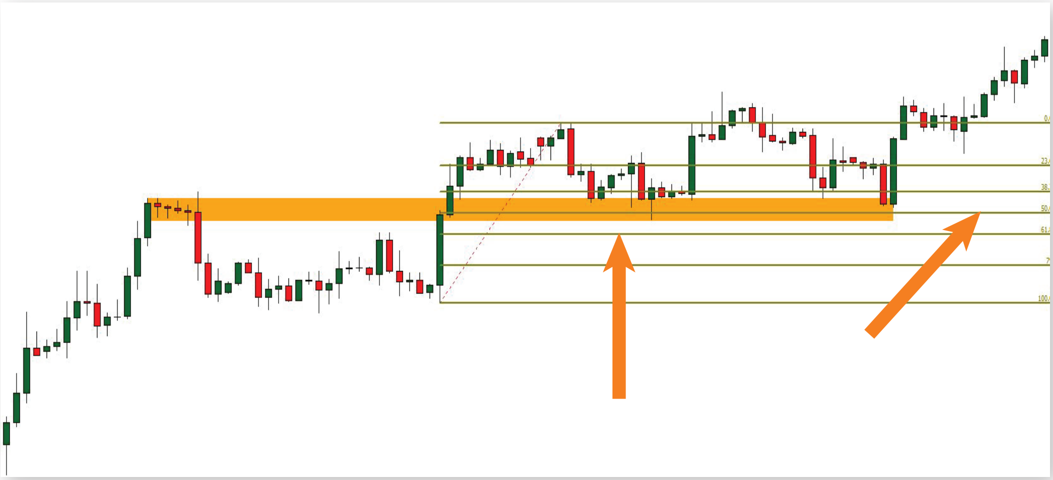
- Support & Resistance
- Fibonacci
- Trend lines
- Moving averages
- Stochastics

SUPPORT AND RESISTANCE



Support & Resistance

FIBONACCI



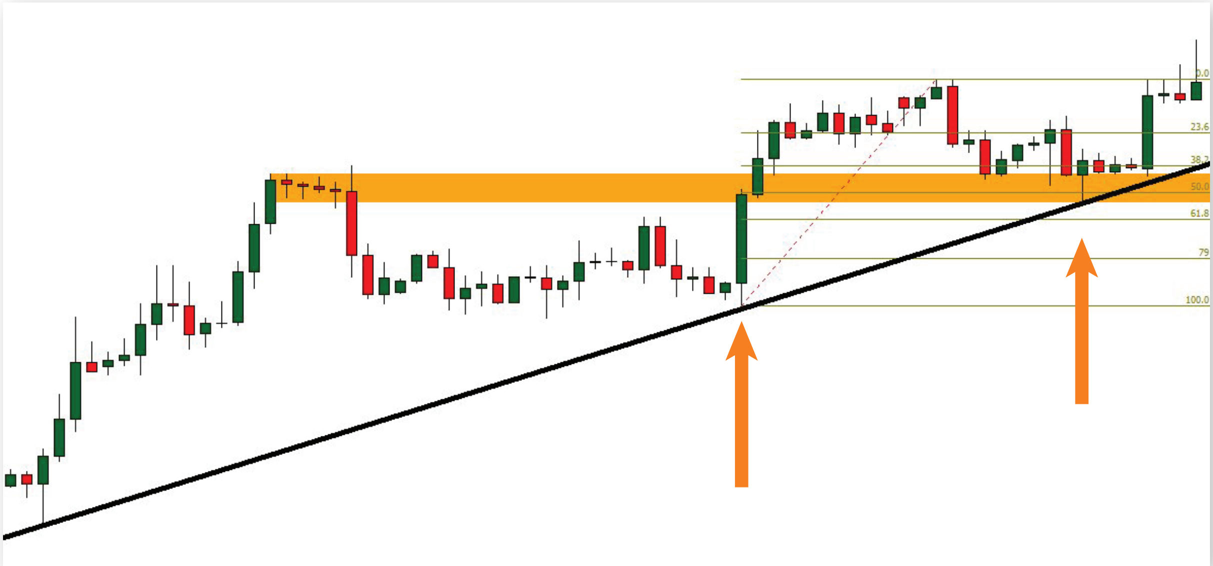
50%

Support & Resistance

+

Fibonacci

TREND LINES



Support & Resistance

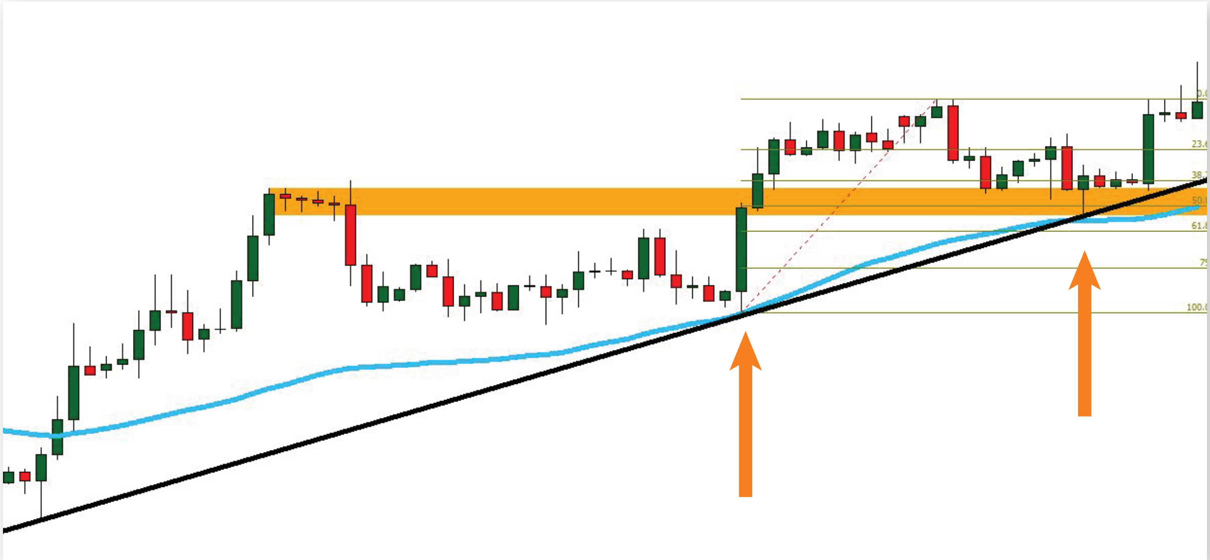
+

Fibonacci

+

Trend lines

MOVING AVERAGES



Support & Resistance

+

Fibonacci

+

Trend lines

+

Moving averages

STOCHASTICS

Support & Resistance

+

Fibonacci

+

Trend lines

+

Moving averages

+

Stochastics

THE ANATOMY OF A ENTRY CHEESE

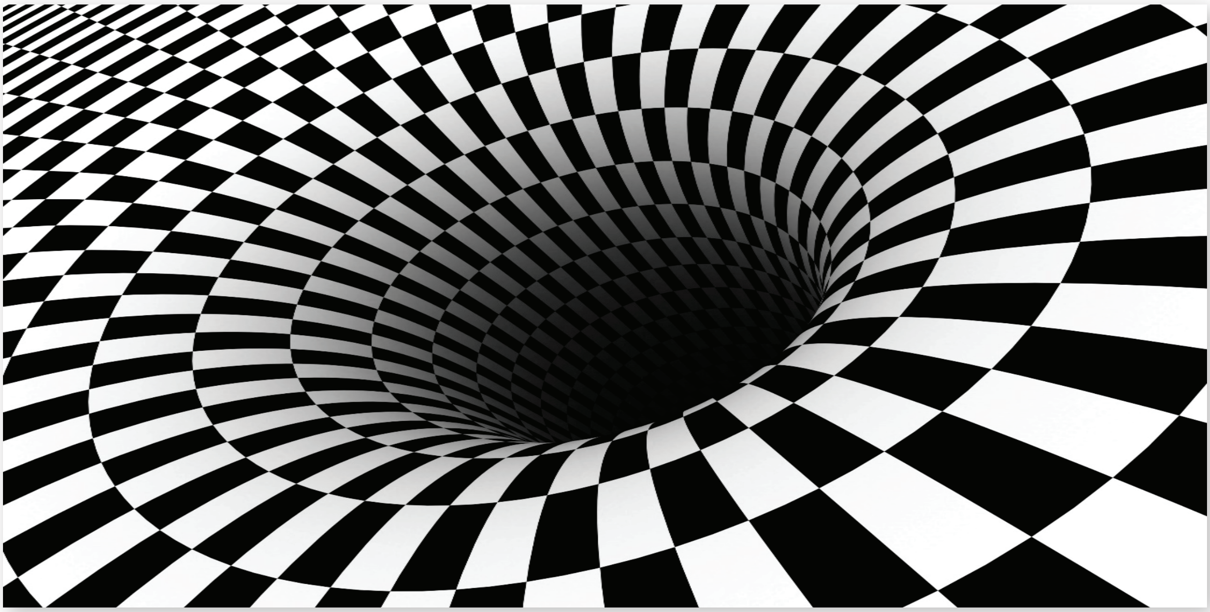
Entry cheese is the representation of confirming price action which convinces the trader into taking some risk. Without it, the trader will simply analyse a set-up but fall short of pulling the trigger because price action wont give the trader any confidence to enter the trade.

However with it, they will certainly take action, and by action I mean take risk and enter trades. As trapped we simply wait and watch to see our opponents hang themselves by been sucked into trades based on the analysis lining up with their trading strategies.

The coup de grâce comes in the form if entry cheese, that confirming price action which tempts the trader in off the side-lines into the market. Once in, the money is now fair game and they are at risk of losing it.

Always remember, to make money you have to take money but if you don't take risk then the money never comes into the market in the first place. Your opponents need to be utterly convinced that they are doing the right thing by taking a trade, otherwise why would they bother?

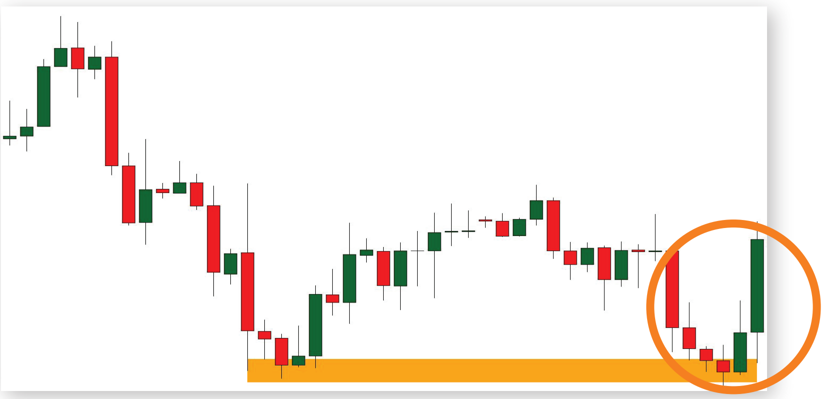
TEMPTATION IS AN ILLUSION



BREAKOUT ENTRY CHEESE

RETRACEMENT ENTRY CHEESE

LEVEL ENTRY CHEESE



HUMAN BEINGS ARE VERY PREDICTABLE

Who is Anna Chapman? And why should you care... She was a Russian Spy who was arrested but later released in a spy swap with the US. She is known in espionage circles as “A honey trap” which refers to a strategy whereby an attractive person uses his or her powers of seduction to coerce someone into doing or revealing something top secret.

Humans tend to repeat old past behaviours, good and bad! So we are going to use this to our advantage. As in the case of Government employees are fully aware that honey traps exist, some of them still won’t be able to resist the advances of a beautiful man or women, and this will never change.

Traders have a similar problem – Greed! And it’s those core principles why traps exist, and why these methods will stand the test of time. Entry cheese acts like a honey trap, it tempts the trader into taking some risk. The trader believes that that course of action will lead them to profits, and that’s why this works over and over again.

Think of this process like an optical illusion. You believe one thing, yet the opposite occurs! This is why it's so important for you to become familiar with the different ways entry cheese presents itself so that you can understand fully the predicament your opponents find themselves in by simply reading the chart.

THE ANATOMY OF TRADING TRAPS

Now let's take a look at 3 new trading traps! And remember, the more pretty the set-up the better. So the context of the market prior to the trap setting is important, as is the quality of the trap itself and any levels we maybe trading from. And finally, the exit from the trap itself.

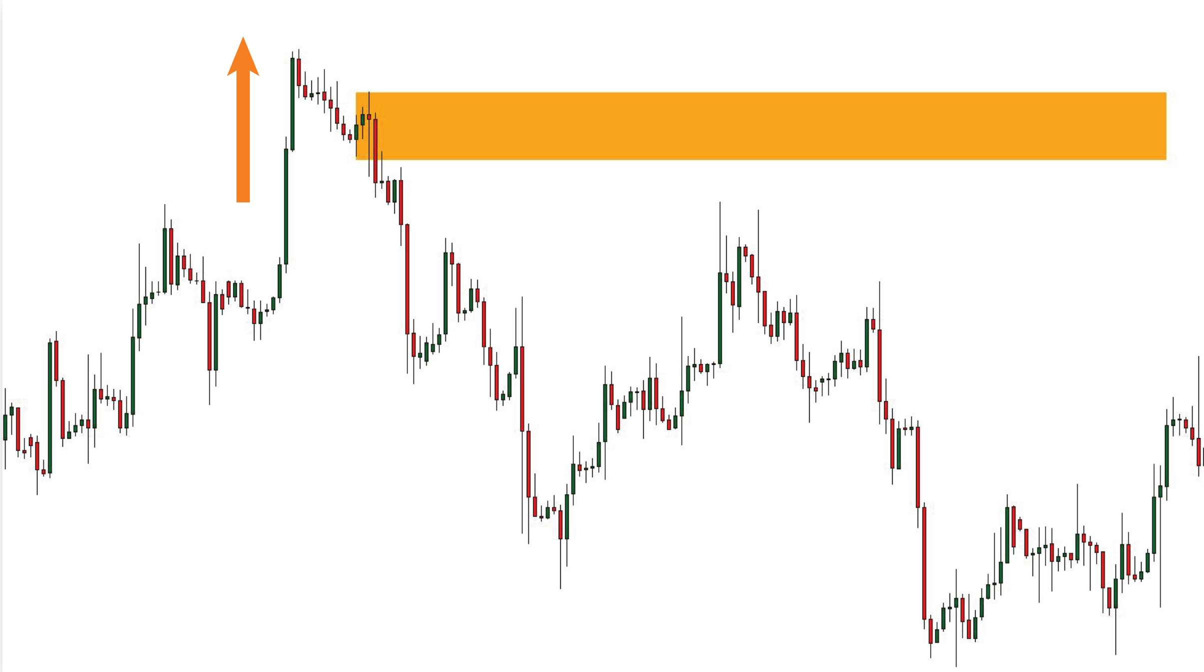
Hard in, hard out is always a good thought to keep at the forefront of your mind when considering a trap trade. Because the process by which a trader is trapped, is that they are utterly convinced of one thing, then the opposite occurs.

The faster this process plays out the better, because it will catch them off guard thus resulting in a trapped trader!

THE ANATOMY OF A MAJOR STRUCTURE FAILURE TRAP

One of the key concepts to understand when considering trading trap is the prices action, or context of price pre trap. In simple terms, if you are analysing a major structure failure trap, then it makes sense that many traders would have been interested in the set-up prior to the failure.

The way you can understand this, is that if you are able to ask yourself if this would have been a reliable entry for you if you were a retracement trader? Then you know, from the perspective of context pre trap, that traders would have been seriously eyeing up the trade because it is something that would of peaked your own interest.



A major part of trapped trading success, is your ability to put yourself in the shoes of others based on your own experiences up to this point. Become the breakout trader, become the retracement trader, become the level trader but fall short of entering the trade, just wait and analyse as the price action unfolds.

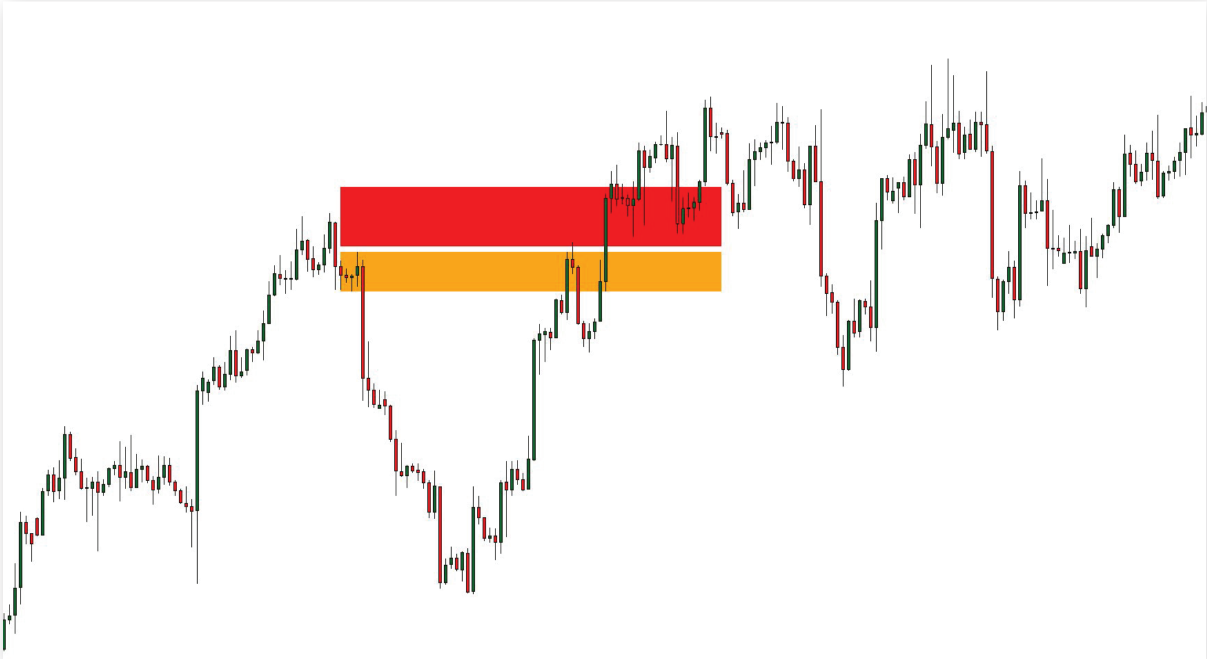
The key is to understand the process by which you would historically take a trade for yourself. If you are considering a retracement trade, generally speaking you would have noticed the possible set-up due to the strength of the move before the entry.

I.E if you are looking to buy a retracement, if price had moved up strongly in a fast and vertical fashion, then the chances are you would be highly interested in taking a buy trade and visa versa to the downside.

This is what you must look out for, when considering this kind of trap. Fast moving, eye catching price which perhaps retraces into a prior level of support or resistance. Then, price reacts providing our foe with an entry into the trade (entry cheese) and then the market moves aggressively against them trapping those traders on the wrong side of the market.

MAJOR STRUCTURE FAILURE TRAP

MAJOR STRUCTURE FAILURE FAILED TRAP



THE ANATOMY OF MULTIPLE STRUCTURE FAILURE TRAPS

As always, your ability to understand the context pre trap is key in this situation. Multiple structure failures occur when price has been moving in a very definite way either up or down. The more aggressive and pronounced this move, the better. Vertical price action, big candlesticks, fast moving etc.

What's different about this trap, verses a standard structure failure or major structure failure is that you have more than one example all in the same location which cascades up or down from the first failure.

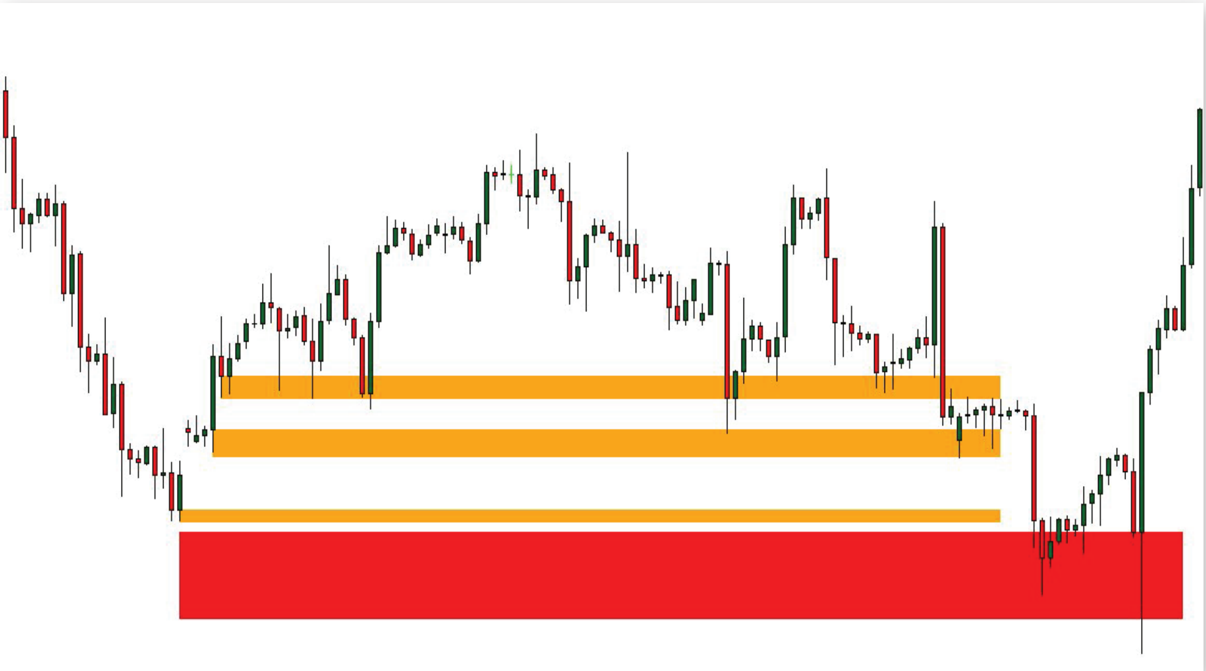
In simple terms, when a structure failure presents itself, it's essentially a failure to follow through after a new high or low in price. It traps the trader as it looks to be following through momentarily i.e. entry cheese, before reversing hard against that prior move. Multiple structure failures are just that, but the key is that price never get's above or below the prior failure.

The reason for this, is that should price trade above or below these historical traps, it will enable the traders previously trapped to release themselves from those losing positions. This is not something we want, we want our opponents to be on the hook with zero chance of reprieve.

MULTIPLE STRUCTURE FAILURE TRAP

MULTIPLE STRUCTURE FAILURE TRAP

MULTIPLE STRUCTURE FAILURE FAILED TRAP



THE ANATOMY OF TREND LINE BOUNCE TRAPS

The key elements to be able to trade trend line traps are that you will need the trend line to be touched a minimum of 2 times. You will always want the trend line to have a nice angle, this wants to be circa 45 degrees. The more touches of the line the better, as with any level when considering traps.

More eyeballs on a level, the more traders could potentially become trapped, the better off you'll be. As price trades back into the defined trend line, you will want to witness a bounce off that level. The quality of this will be important i.e. when price touches the trend line, you will want to see it react precisely off the level.

TREND LINE BOUNCE TRAP

TREND LINE BOUNCE TRAP

TREND LINE BOUNCE FAILED TRAP

YOU ARE JUST ONE "HACK" AWAY FROM MAKING QUICK & EASY PROFITS, ON DEMAND!

All you need is my new advanced trapped traders course

My story may have begun like yours.

I wanted to make a fortune . . .

. . . but I blew account after account.

I was listening and applying what the gurus were telling me . . .

But little did I know . . .

. . . I was like a lemming heading over the cliff.

That all changed one day . . .

. . . the day I met a guy name Dave who had already made $15 million by the time he was 24.

"In order to make money, you have to take money," he said.

"Easier said than done," I thought.

But then, he showed me something.

And suddenly, it all made sense.

I could see exactly why I was continually losing.

Dave had literally "hacked" what the Big Banks and Institutions were doing.

I had never thought about trading like this.

But now, Pandora's box had been opened . . .

. . . and it couldn't be shut.

His approach to "hacking" what the big traders were doing opened my eyes.

And his single idea led to me discovering 5, 10, 15 new "hacks," . . .

. . . which has made "taking money" from my opponents so easy.

Quick. Easy. Profits. On. Demand.

Want to learn more?

JUST CLICK HERE