

High Probability Tactics for Trading without Indicators

NAKED



TRADING

An ex-Wall Street Trader Reveals How to Get An
Additional 4 Winning Trades Per Month

Free Trading Signals, Trading Guide
and Video Tutorials Included

mark shawzin

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My Trading Philosophy: The “Market is Always Right!”

- The market tells you (actually points in the direction) where it wants to go.
- As markets move they leave behind what I call a “footprint”, this footprint is price action and it sometimes leaves us clue as to which direction it is heading next. These “clues” are known as price action trading signals / price action patterns / price action setups or price action trading strategies.
- What we are seeking is a price pattern and a price action signal to give us some “confirmation” for an entry into the market.
- The key principle of my Price Action Strategy is to keep things simple. I am against over complicating trading. In my opinion, the simpler the trading method is, the more effective it will be. With my Price Action trading strategy I aim to keep my charts as clean as possible (just price & time...NOT (lagging) indicators).
- My job as a trader is not to will the market to go where I want it to go, but rather to discover which way the market is going and join it – get in step with it.

That means total surrender of my will to that of the market. Surrender to it and go with it. If you set your will against the market, you will invariably be smashed. Forget being right! Concentrate on the fact that the market is always right.

- I look at price patterns and market action (NOT indicators) as it is occurring NOW!
- I look at a clean (“naked”) price chart consisting of just at PRICE & TIME goes to the core of my trading philosophy and approach, which basically says that I look to the market itself for my decision-making process.
- My strategy is to let the market put me in trades, and the market to take me out of trades.
- This objective analysis enables me to have a sizable edge in terms of identifying market break-outs and/or reversals (turns) very early.
- Implicit in my approach is that it is more important to determine *where* a market is going (up or down) rather than the *why* behind it. I am indifferent to the direction of markets or the reason(s) for it going up (or down), rather my focus is on the precision of my entry points and controlled risk.

TRADE WITH INSURANCE®

IT IS ABSOLUTELY NECESSARY TO HAVE AN EDGE...

"You can't win without an edge, even with the world's greatest discipline and money management skills. If you could, then it would be possible to win at roulette (over the long run) using perfect discipline and risk control. Of course, that is an impossible task because of the laws of probability. If you don't have an edge, all the money management and discipline will do for you is to guarantee that you will gradually bleed to death."

Incidentally, if you don't know what your edge is, you don't have one.

Trading With an Edge

Unsuccessful traders are obsessed with market and data analysis. They crave the sense of certainty that analysis appears to give them. Although few would admit it, the truth is that the typical trader wants to be right on every single trade. He is desperately trying to create (the illusion) of certainty where it just doesn't exist. The irony is that if he completely accepted the fact that certainty doesn't exist, he would create the certainty he craves: He would be absolutely certain that certainty doesn't exist.

You either get this, or you don't.

Conversely, traders who have learned to think in **probabilities** are confident of their overall success, because they commit themselves to taking every trade that conforms to their definition of an edge. They don't attempt to pick and choose the edges they think, assume, or believe are going to work and act on those; nor do they avoid the edges that for whatever reason they think, assume, or believe aren't going to work. If they did either of those things, they would be contradicting their belief that the "now" moment situation is always unique, creating a random distribution between wins and losses on any given string of edges. They have learned, usually quite painfully, that they don't know in advance which edges are going to work and which ones aren't. They have stopped trying to predict outcomes. They have found that by taking every edge, they correspondingly increase their sample size of trades, which in turn gives whatever edge they use ample opportunity to play itself out in their favor, just like the casinos.

If you are one of those who has released the desperate need to be right on every trade and is confident you can consistently apply tactics that will keep the odds in your favor no matter the market does next, you get it.

If you are one of those who is still chasing after the "neural network" system that will somehow accurately predict what the market is going to do next (good luck with that!), or

who in general still believes there **must** be some way to know the unknowable (what the market will do next), or who sees no way that straightforward tactics-based technical trading methodology could possibly work, then you don't get it. Trading will always be frustrating for you.

Understanding these paragraphs, quoted above, and applying these truths to trading, **is the Holy Grail**. It's sitting right in front of you. All you have to do is pick it up and drink from it.

The crazy thing, though -- almost no one will!

Introduction

After over three decades trading all markets, I have evolved a **Simple, Powerful, and Effective** trading and risk strategy – and one in which puts the *probabilities* in your favor.

Learn to trade with assurance, but best-of-all, learn how to **Trade with Insurance®**. Using my methodology you are put in market ahead of the really BIG moves and with very acceptable risk to your trading account. After all, isn't that the Holy Grail trader's are constantly searching for?

In this e-manual I will illustrate how I a) analyze the markets, b) identify high-quality risk:reward trade set-ups, and, c) precisely assess the risk on each trade.

However, as opposed to most “teaching” or “mentor” courses, my interest is not to dwell or rely on hypothetical or static market analysis. Instead, I will demonstrate on live charts the exact patterns and entry points I use to successfully trade the markets.

Best-of-all, my trading approach does NOT require: a) endless hours sitting at your computer until “your eyes bleed”, b) the use or analysis of sophisticated (useless) historical and lagging indicators, moving averages, stochastics, or, c) costly software.

In fact, all you need to apply my trading and execution strategies is **15 minutes each day** and a **clean price chart**.

My trade strategy is designed to capture both medium-range (60-150 pips), and **really BIG moves** that occur in the Forex market – not the intra-day “gambling” strategies promoted by most signal services or EA's (that don't work). I've sat in trades for over 10 days that have made over 1,500 pips or 16% - in ONE trade.

I can tell you from many years experience that successful trading is about developing your ability to **analyze price, maintain discipline, and generally just control yourself in the market**.

Nothing else. Don't let fancy sounding indicator-based or EA systems fool you. I was fooled by them early-on in my career, they did not help me achieve success in the markets, **learning to read price action did**.

Naked Trading

My **3-Step Naked Trading Plan** uses only **price action** in its trading approach . I use only "clean" charts with just **price and time** and I do not use any technical or "lagging" indicators to analyze the market. When price action is confirmed by my unique pending order-execution strategy, **my price action methodology puts you in the market at precisely the right time**, and with very acceptable and pre-determined risk criteria.

I trade FX currency pairs principally using **Daily bar charts**. (you can use the **3-Step Naked Trading Plan** to trade any market - stocks, commodities, forex, etc). I provides you with a mechanical trade entry, and exit, strategy. Does the system work 100% of the time? No, but my strategy is very successful in a majority of trades, and, with effective money management, can be very profitable. My strategy is very effective for catching strong trends and short-medium market-momentum moves.

I place my trades when price-patterns, price-action and precise risk levels align at their optimum levels. My system is, thus, very visual and takes only moments to assess any market or trading instrument (Forex, Stocks, ETFs, Futures etc). In addition to a sound trade trading plan, it is essential to have the necessary patience, discipline, and **good money management** to be successful over the long-term.

In over three decades that I have been trading the markets, I have observed that there are just a few elements one needs to identify a profitable trade:

- ❖ Time
- ❖ Price
- ❖ Risk

To find and successfully execute a trade set-up requires just three simple steps:

- ❖ Determine the market direction, up, down or sideways
- ❖ Have an entry strategy
- ❖ Have an exit strategy

That's it! It's not more complicated than that.

My Trading EDGE

- ❖ Identify - (VERY early) - change in market direction or onset of major trend
- ❖ Order execution strategy puts you in the market at the right *time* with low risk
- ❖ Captures really *BIG* moves in forex market (100-500+ pips)
- ❖ Monster ROI with only a 60%+ winning trades

Price Action Trading - Why It Is the ONLY Way to Trade!

Price Action Trading (P.A.T.) is the discipline of **making all of my trading decisions from a stripped down or “naked” price chart**. This means NO lagging indicators outside of maybe a few lines to help identify dynamic support and resistance areas and trend.

I believe price charts reflect the beliefs and actions of all participants (human or computer) trading a market during a specified period of time, and these beliefs are portrayed on a market's price chart in the form of “price action”.

So, whilst economic data and other global news events are the catalysts for price movement in a market, we don't need to analyze them to trade the market successfully. The reason is pretty simple; **all economic data and world news that causes price movement within a market is ultimately reflected via price action on a market's price chart**.

Since a market's price action reflects all variables affecting that market for any given period of time, using lagging price indicators like stochastics, MACD, RSI, and others is just a **flat waste of time**.

Price movement provides all the signals you will ever need to develop a profitable and high-probability trading system. These signals collectively are called price action trading strategies and they provide a way to make sense of a market's price movement and help predict its future movement with a high enough degree of accuracy to give you a **high-probability trading strategy**.

Despite all the hype you might have heard, most trading systems or EA's (expert advisors) have an expiry date. They are generally tailored ("curve fitted") to the market conditions at the time they are developed, but literally "crash and burn" when market conditions change.

The markets are dynamic in nature. An important benefit price action trading is that it's compatible with changing market conditions because price action trading is dynamic itself.

So, unlike trading "systems" or "EA's", that are based on fixed constraints, I use price action to identify strong trending conditions, markets that are turning (bullish-to-bearish or bearish-to-bullish), ranging markets, and even market crashes with great success.

A lot of people truly believe to become a professional trader, you need to have some high level commerce, mathematical or economic degree. This is due to a huge misconception that Forex trading is complicated. FALSE!

It's not a prerequisite to have any fancy university degrees, or other qualifications in any special fields to become a trader. In fact, the 'high school dropout' has just as good of a chance of becoming a successful trader as any doctor, engineer or physicist would.

The simple nature of price action gives everybody an equal opportunity to become a successful in this industry. Regardless if you're a single mom, studying full time, or even have a day job.

So as you can see (Forex) trading does not have to be complicated or involve plastering messy and confusing indicators all over my charts. Once you master a few solid price action setups, you will be well on your way to becoming a more confident and profitable trader, just remember, mastering these setups will require patience, dedication and discipline.

My **3 Step Naked Trading** plan is a unique trading methodology and order-entry execution strategy, that incorporates **price action, pending-order execution and risk management**. Each layer of my naked trading plan is designed to give you the **power to capitalize on explosive market movements**, and limit your risk.

The “Market is Always Right!”

Your job as a trader is not to will the market to go where you want it to go, but rather to discover which way the market is going and join it – get in step with it.

That means total surrender of your will to that of the market. Surrender to it and go with it. If you set your will against the market, you will invariably be smashed. Forget being right! Concentrate on the fact that the market is always right.

That is the primary distinction of my trading philosophy and methodology with most other (forex) trading strategies. Instead of looking at external variables (news, reports, lagging indicators, etc.), I focus on the market, or **price action** as it is occurring NOW! I believe this enables me to have a sizable edge in terms of identifying market break-outs and/or reversals (turns) very early.

The fact that I look just at **price and time** (and don’t use any indicators) goes to the core of my trading philosophy and approach, which basically says that I look to the market itself for my decision-making process.

Effectively, my strategy is to **let the market put me in trades, and let the market take me out of trades**.

Implicit in my approach is that it is more important to determine *where* a market is going (up or down) rather than the *why* behind it. I am indifferent to the direction of markets or the reason(s) for it going up (or down), rather my focus is on the precision of my entry points and controlled risk.

“Naked” (Clean) Chart Analysis

In order to “see” what the market is telling me, I need to be completely objective and impartial. I need to remove opinion, mind “clutter” and personal interpretation. Focusing only on market **price action** is the primary distinction of my trading philosophy and methodology

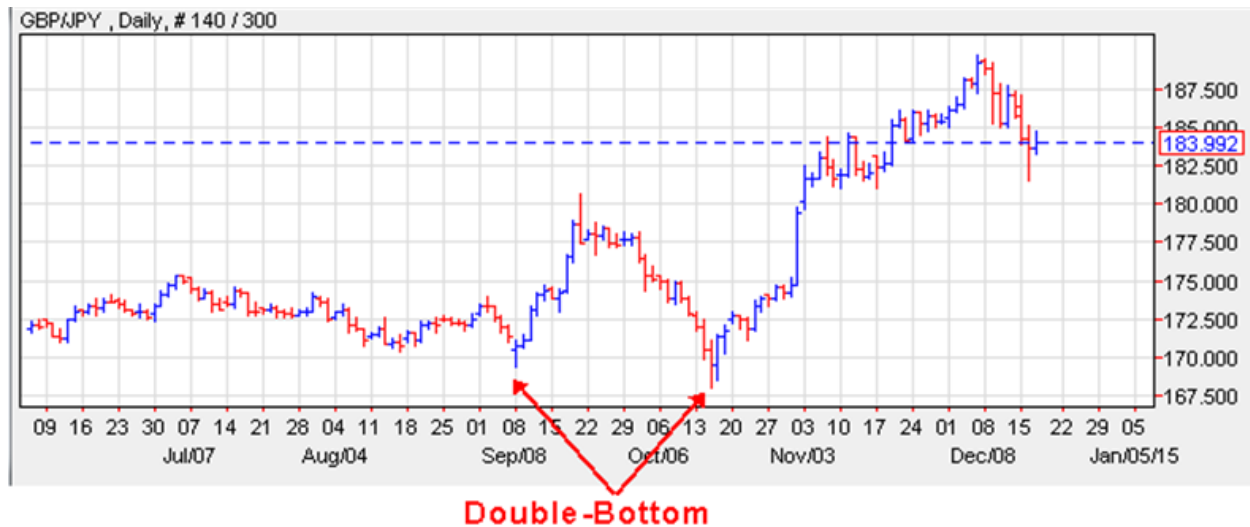
When you use indicators you are, in effect, making an interpretation. Which indicators to use? What time-frame? etc.

Lagging indicators confirm long-term trends, they don't predict them. Lagging indicators are just that. Since these indicators lag the price, a significant move will generally occur before the indicator generates a viable signal.

To me, using a lagging indicator is like driving a car while looking in the rear-view mirror.

Clean Chart vs Indicators

In my analysis I *only* look at a "clean" chart consisting of **PRICE & TIME**...like this one:



In contrast, this is an example of what a lot of traders charts look like (cluttered with indicators and studies):



I don't know about you, but this gives me a headache to look at, and I can't fathom how this kind of analysis will succeed over the long-term.

Set-and-Forget Forex Trading

The best part of following my **3-Step Naked Trading Plan** is it requires very little of your effort and very little of your time (10-15 minutes per day). Simply enter the trades and stops I send you, and walk away until the same time the next day.

Set and Forget Forex Trading is as simple as its name implies; you simply “set” the trade up and then “forget” about it for a period of time. This has two major benefits: it makes it far easier to stay emotionally disciplined and it also allows you to go about your life as you normally would, because you will not be spending hours in front of your computer over-analyzing the markets...

My Trading Process for Trading Success

Each day I begin my analysis of potential trade set-ups, by consulting the chart patterns on about 18 major currency pairs and crosses, using only the **Daily time-scale**.

I don't use candlesticks. Instead I use a "clean" chart using only **Daily (HLC - High, Low, Close) bar charts** - NO indicators, moving averages, stochastics, etc.

I use the **HLC Daily bar charts** for two main reasons:

- I can see the price action more clearly, without clutter or other "visual distractions";
- It is my view that the market actually "points" in the direction it wants to go. Therefore, it is crucial to my methodology to see where the **market closes on the Daily bar** (relative to the high and low price). If you are looking to go long (short), you (preferably) want to see the close in the upper (lower) quartile of the Daily bar price range



In my view the market actually "points" to the next direction it intends to go in. In this graphic, I compare the major (or minor) reversals in price direction to that of a seesaw. When the market closes at the opposite end of its high (or low), it "tips" the balance in the favor of the direction of the close.

The larger the size (or range) between the High price and Low price of the Daily bar, the more reliable or strength of the signal as to the likelihood of a change in direction of the underlying trend.

This is the website address to an excellent and FREE charting website that I use in my Daily analysis:

<http://www.netdania.com/Products/live-streaming-currency-exchange-rates/real-time-forex-charts/FinanceChart.aspx>

On the **NetDania** chart website, to access the charts to the Major FX pairs and crosses, including spot Gold, Silver, and Crude-oil, just click on the "Instruments" tab as shown below:



And now for what you have been waiting for, please let me introduce you to the revolutionary....

Mark Shawzin's - 3-Step Naked Trading & Execution Plan

My trading and risk plan and implementation requires just these **THREE** steps:

1. Analyze Daily (time-frame) charts to assess current market condition or "phase" (ie is market trending, or is it turning from bearish-to-bullish (or bullish-to-bearish)
2. Seek to corroborate Step 1 analysis by identifying an "Insurance Day Bar"
3. Enter pending order (including prescribed lot size), stop-loss and take-profit (TP)

Step 1. Analysis of Daily Price Chart

To my mind there are **five primary phases or trading "conditions"** that a market can be in at any one point in time. They are; 1) **Trending up**, 2) **Trending down**, 3) **Turning from bullish-to-bearish**, 4) **Turning from bearish-to bullish**, or 5) **Going side-ways**.

In essence, markets are either trending up (down), turning from a bull market to a bear market, turning from a bear market to a bull market, or going sideways.

A trending market is fairly easy and intuitive to spot. This is a market that, over many weeks, months, or even years, goes to increasing higher high's (in an up-trending market)/increasing lower-low's (in a down-trending market). We look at continuation pattern's (such as **wedge's** or **flags**) or **key reversals**, to alert us to entry points in a trending market.

To detect (major) turning points in market direction, I look for these **common price patterns***:

- Double-bottom's/double-top's
- Head-and-shoulders/inverted head-and-shoulders
- Ascending/descending wedge's

The fact is, the FX (and most) markets spend much more time in a consolidation or "sideways" mode than they do in a trending mode. This is when prices are trading sideways or ranging, and usually occurs after a large price move, wherein the market looks to "consolidate" that move.

The key in these periods to exercise great discipline and know how (and when) to trade during these periods.

In order to find and select a trade that meets my criteria, I begin with an analysis of a Daily chart (six-month minimum timeframe). I look for historical price patterns (Double-top (bottom), Head-and-Shoulders, Descending Wedge, etc) to determine market direction and/or price continuation or momentum (trend).

* For a more comprehensive overview on the common price patterns we utilize, please consult the Glossary section.

Step 2. Wait for a Daily “Insurance Bar”™

Once I’ve identified a “fertile” set-up or price pattern that leads me to believe a market will break in a particular direction, I wait for price action setups consisting of a number of daily bars, or **one particular bar** with daily range (high-low-close) that indicates, a) that **momentum is likely to be in my favor** (right away), and, b) where to place my stop-loss.

My definition of an “**Insurance Day Bar**”™, is usually a) a **key reversal**, or b) an **inside day bar** (or **NR4 bar** - the narrowest range in last fmy trading days). Consult or Glossary for full definition of terms).

I call this bar an “**Insurance Day Bar**”™, because the presence of this bar **CONFIRMS** the market **MOMENTUM** and puts the odds very much in my favor. Importantly, the “**Insurance Day Bar**”™, also defines for me a specific price to set my stop-loss order for a very acceptable risk. Essentially, the “**Holy Grail**” of any trading plan.

* For a specific examples of what we mean by "**Insurance Day Bars**", please consult the Glossary section.

Step 3. Pending-Order Execution

As an additional layer of “protection” in my plan I have a specific order entry execution methodology that is designed to, a) **confirm my analysis**, and, b) **put market timing in my favor**.

So, even after I identify a price pattern, and I am satisfied that I have “drilled” down to an “insurance day bar”™, I then add a third component to my trading plan – **the pending order**.

The pending execution trade order is placed, in a LONG trade, at a specific entry point just *above* the “insurance bar” high price (a BUY stop), or, in a SHORT trade, at a specific entry point just *below* the low price (a SELL stop).

IMPORTANT – ALL open pending entry stop or limit orders - NOT triggered within the 24-hmy trading session in which the trade was initiated - must be CANCELLED before the beginning of the next trading session!

(The User Manual includes a detailed explanation of how to place a BUY or SELL stop order).

Risk Management

The final, and perhaps most underrated (or overlooked), component of any trade plan is a risk management system that ensures that even if you are wrong on a trade, or even unsuccessful on several trades in a row, that you can come back and fight another day.

I use the closing price of the previous session as an "anchor" to determine the placement of my protective stop-loss order. Remember we placed my long (short) entry order above the high (or low) price.

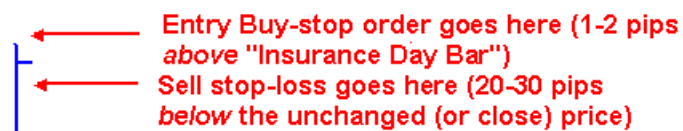
So my thinking is if my entry-order is triggered, and it is good, the momentum should continue in the favor of the direction of the trade.

If the momentum peter's out, and the trade retraces back to the previous day's close (or the unchanged level for the current session, then I want to be out of the trade.

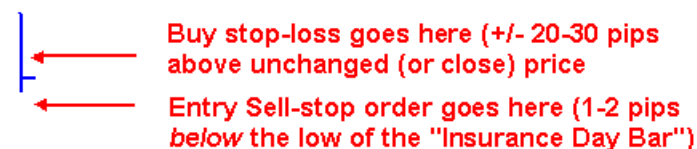
TRADING NOTE: In order not to be prematurely stopped out of a trade, **I usually set my stop-loss 25 to 35 pips *below* unchanged (if I'm long), or 25 to 35 pips *above* unchanged if I am short.**

Let me show you an example:

LONG TRADE



SHORT TRADE



Risk Management and Lot Sizing

We recommend, on any trade signal, to risk between 0.5 - 2.0% of account equity per trade.

Position Size Calculator

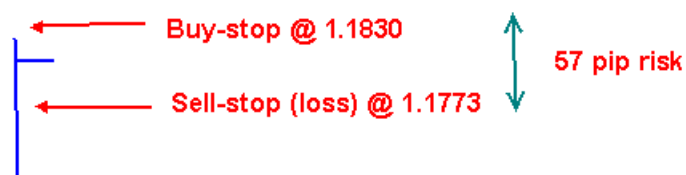
To accurately manage my per-trade equity risk, we use a **Position size** calculator — a free Forex tool that lets you **calculate the size of the position in units and lots**.

You can download a free **position size** calculator by clicking this link:

<http://www.earnforex.com/position-size-calculator>

Using these hypothetical trade parameters, this is how you would use the position size calculator to assess my lot size based on my allocated risk.

EUR/USD



Currency pair: EURUSD

Entry order: Buy-stop @ 1.1830

Sell stop: 1.1773

Risk in pips: 57

Preferred risk per trade: half-percent (0.5%)

Account size: \$5,000

Using the entry order, stop-loss, and preferred risk per trade parameters, you would fill in the blank spaces in the **Position Size Calculator** as demonstrated in this graphic:

Account currency	USD	required	
Account size	5000	required	← Enter account size here
Risk Ratio, %	.5	required	← Enter your percentage risk tolerance here (i.e. .5, 1.0 1.5, 3 etc)
Stop-Loss, standard pips	57	required	← Enter stop-loss risk in pips here
Currency pair	EUR/USD	required	
<input type="button" value="Calculate"/>			← Once you have entered your risk parameters, click this button

Results	
Money, USD	25.00
Units	4385
Lots	0.04

← Based on your risk inputs, you will enter an entry order buy-stop using a trade size of 0.04 lots. Using this position size on a risk of 57 pips, your account risk will be 0.5% for this trade

My Trade & Risk Management Execution Plan Example:

EUR/AUD currency pair - Trade set-up and pending order (April 2, 2015)



My **3-Step Naked Trade and Execution methodology** in the EUR/AUD currency pair we:

1. Identify the primary **price pattern (Ascending Triangle)** that appears to be underpinning the current price action and prevailing direction in this FX pair
2. Then we confirmed the (two) **Inside-day bar(s) ("Insurance Day Bar")**
3. Lastly, we entered a **Buy-stop pending order** one (1) pip above the high price (1.4169) of the current session. Simultaneously, we entered a **stop-loss** at 1.4144 (20 pips below the close price)

Using the position size calculator and assuming a **\$5,000 account size**, a **24 pip risk**, and a **0.5% risk per trade**, my position trade size would be: **0.13 lots**

Account currency	USD	required
Account size	5000	required
Risk Ratio, %	.5	required
Stop-Loss, standard pips	24	required
Currency pair	EUR/AUD	required
Current AUD/USD Bid price	.7581	required
<input type="button" value="Calculate"/>		

Results

Money, USD	25.00
Units	13740
Lots	0.13

And look what happened after my BUY stop got triggered in the EUR/AUD @ 1.4169 **the very next day**:



We made 186 pips in ONE day. Based on my lot size of 0.13, this move represents a profit of \$240, or almost 5% in just ONE trade in just ONE day.

This is how simple, effective and **POWERFUL** my **3-Step Naked Trading Plan** really is!!

(I vary my **Take-Profit (TP)** targets depending on market conditions.

For a more detailed explanation of my risk management and TP strategies, please contact me directly via our website).

Examples of price-action trade-set-ups and applications of my 3-Step Naked Trading Plan:

EUR/AUD - Daily Chart

Using price-pattern recognition, combined with "Insurance Bars", and a pending-order execution strategy, we were able to identify - and CATCH - many large moves - both on the Upside and on the Downside.



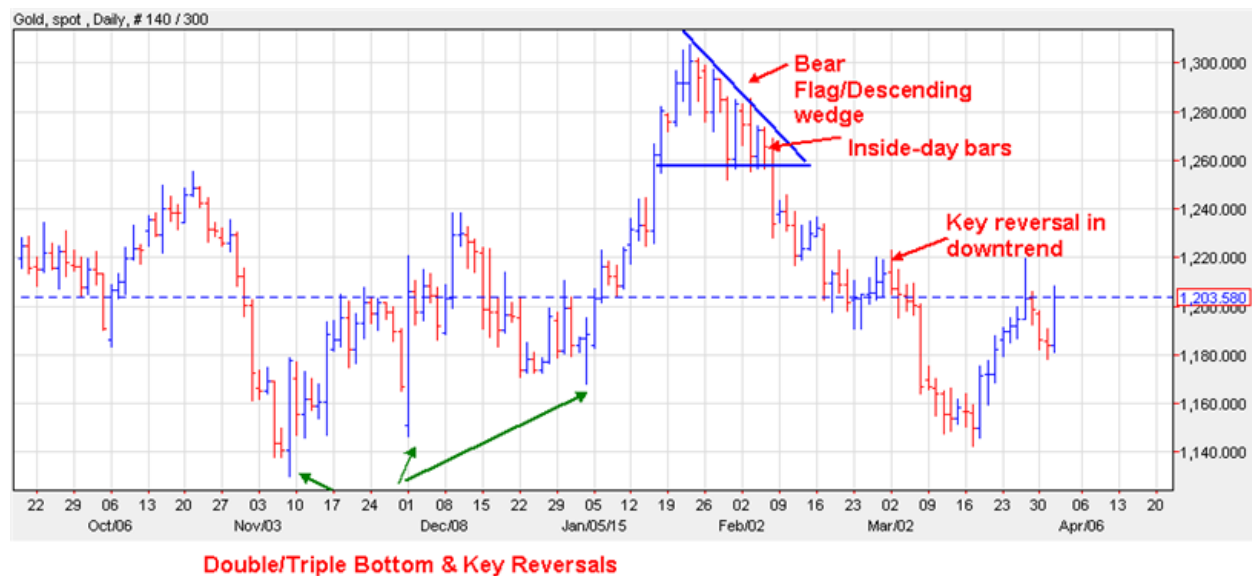
EUR/USD - Weekly Chart

Many market participants were caught by surprise at the dramatic turn and ensuing precipitous decline in the EUR/USD in the 4th Quarter, 2014. However, analysis of the long-term **Weekly chart** revealed that this pair was in a bear trend for some time.



Spot Gold - Daily Chart

Using price-pattern recognition, combined with "Insurance Bars", and a pending-order execution strategy, we were able to identify - and CATCH - many large moves - both on the Upside and on the Downside.



My philosophy of price pattern/price action trading is that **you only need to master a few solid setups to be consistently profitable**. In fact, having a simple trading method consisting of a few minimal setups will work to reduce confusion and stress and allow you to concentrate more on the psychological aspect of trading which is what separates the winners from the losers.

The first step to apply price action trading to the forex market is to setup a clean “naked” price chart and eliminate all “studies” or indicators. Next, master a few solid recurring price patterns action setups; I mainly use the Key reversals, and inside-day or narrow-range-day bars. (Consult the Appendix for a full explanation of terms & abbreviations). You can make money consistently from trading any one of these setups.

I stick to basic and time tested price action setups. **They work in all markets and all market conditions** and provide a unique market perspective that allows you to develop a highly profitable (forex) trading plan. Price pattern/price action trading is the only way I trade the markets and I have been trading these price action setups successfully for years.

Make Money and Save Time by Doing Less

I have found by trading and sticking to the plan and discipline inherent in my Trade Methodology has led to a snowball type effect of positive habits that have worked to further perpetuate my trading success.

From my long trading experience I can distill and summarize the essence of successful trading in this way; **people who spend more time analyzing market data and trying to perfect their trading system inevitably induce a cycle of emotional mistakes that work to perpetuate their trading failures and eventually result in lost money and lost time.**

People who realize that the market is uncontrollable and build their trading plan around this fact will inevitably arrive at a “set and forget” type mentality that induces an emotional state that is conducive to on-going market success and consistent profitability. The trading method used is one of the least important variables, but generally a simple method that offers a definable and profitable edge such as price action analysis is the best method to use to maintain my “set and forget” mindset.

To that end, I offer you [**the My 3-Step Naked Trading Plan for Unlimited Success and Profits.**](#)

Mark Shawzin's Naked Trading Strategy

USER GUIDE & TRADING MANUAL

THE ULTIMATE TRADING WEAPON....YOU!

Thank you for your interest in my simple, powerful and effective price pattern/price action trading strategies. I hope that your trading experience will be profitable and rewarding.

My trading philosophy is to **Trade the Best Opportunities, Get Out Quickly if it Goes Wrong and Allow Profits to Run** – I KNOW that if I do that I have won *before* I even start!

However, it is my belief that the main determinant of your trading success will always ultimately be**YOU!** What is your present state of mind? What is your belief (value) system? Do you have the discipline to stick with your trading plan? Do you have a money management system and discipline that will ensure your success (and avert a disaster)?

You can have the best entry system around and still lose money if you have not defined to yourself WHY you are in the market (most would say “to make money of course”), but my experience with many investors has revealed other more subtle and hidden motivations. Boredom, control issues, unresolved anger. What is your motivation to trade?

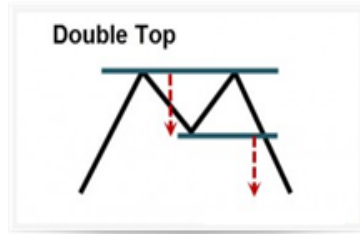
No matter what your personal trading approach or difficulties are, I have endeavored to create the **3-Step Naked Trading Plan** to be more than just a main-stream product as offered by my competitors. The **3-Step Naked Trading Plan** and **Trading Manual** and its accompanying products and services are intended to help you grow as a trader (and hopefully also as a person) by featuring trading education, price pattern and price action identification, and insightful analysis.

As always I wish you maximum health and trading success.

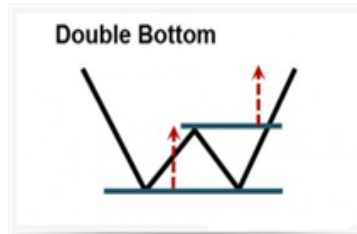
Common and Predictive Price Patterns

These are examples of some common price patterns I use to alert me to a trend direction or turn in direction in any given market (these patterns can be applied to ANY trading market, be it; gold, soybeans, IBM, crude-oil, etc):

Double Top



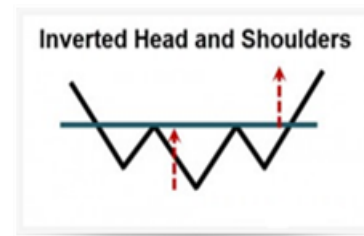
Double Bottom



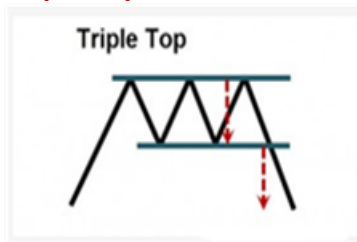
Head-and-Shoulders



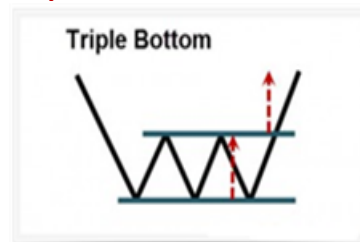
Inverted Head-and-Shoulders



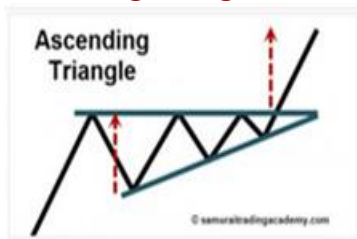
Triple Top



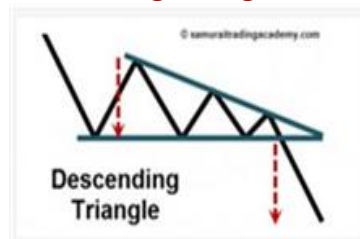
Triple Bottom



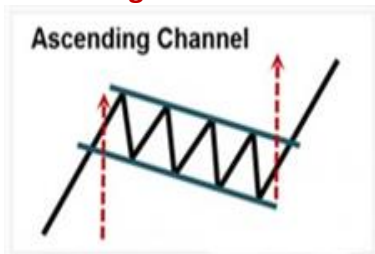
Ascending Triangle



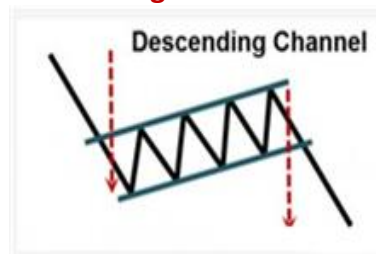
Descending Triangle



Ascending Channel



Descending Channel



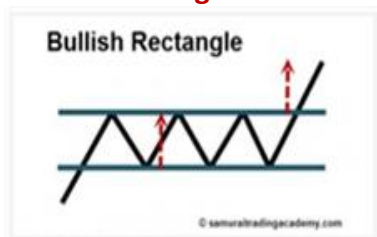
Bull Flag



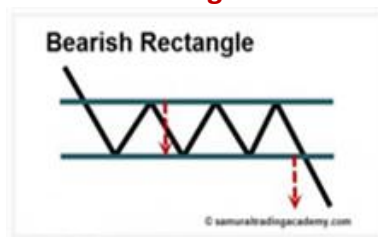
Bear Flag



Bullish Rectangle



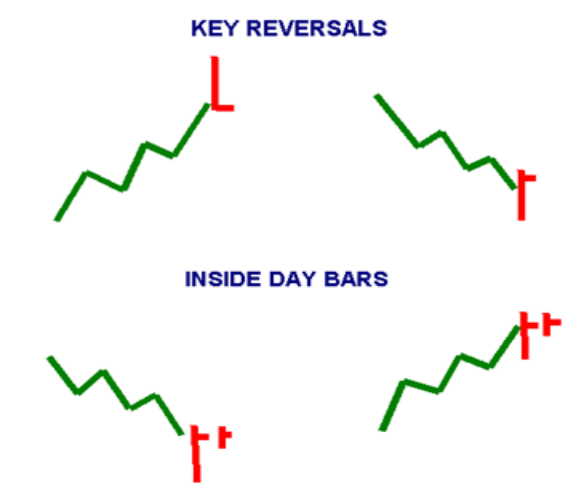
Bearish Rectangle



"Insurance Day Bars"

My definition of an **"Insurance Day Bar"**[™], is usually a) a **key reversal**, or b) an **inside day bar** (or **NR4 bar** - the narrowest range in last four (4) trading days).

I have attached a graphic example of what I mean by **Key Reversals**, or **Inside** (or narrow-range) day bars:

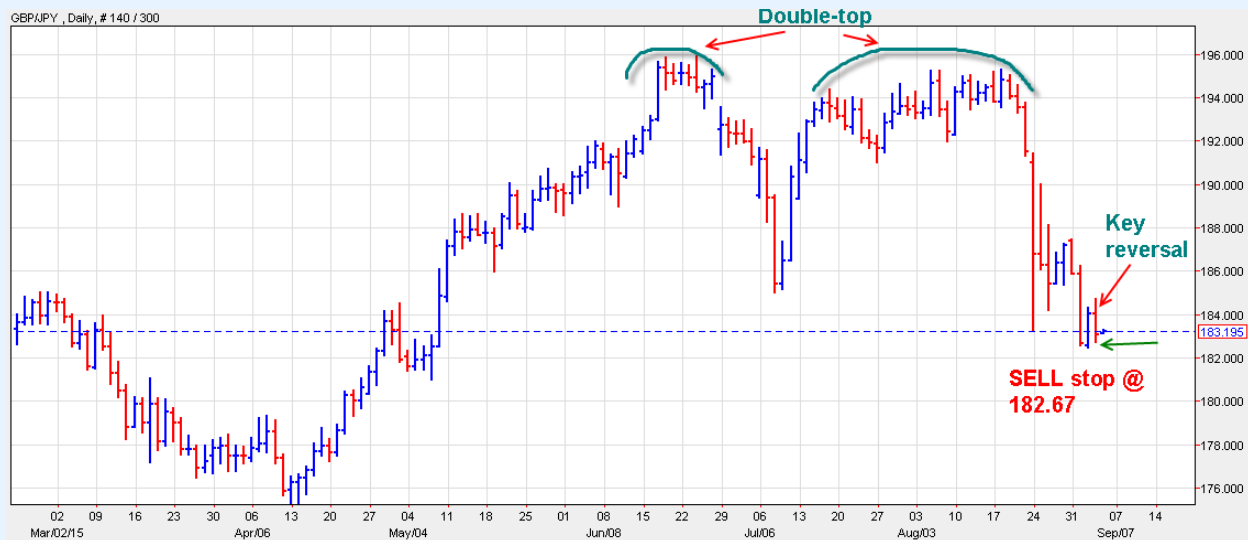


I have indicated examples of **Key Reversals**, **Inside-Day** or **Narrow-range (NR4)** bars on the live chart below:



My Trade Journal Format

This is the format of my **Daily Trade Journal** you will see in your inbox, complete with Chart Analysis, Entry Order, and Analysis:



Currency Pair: GBPJPY

Closing Price: 183.05

Entry Order: **SELL stop @ 182.67**

Stop loss: 183.55

Take profit: 178.87

Analysis: Last week this pair broke down dramatically from a double-top price pattern. After a brief consolidation at current levels this pair finished at the low of the day on a key reversal price action. This pair looks hobbled, and penetration below the last session low price could be the catalyst for (much) lower prices to come.

Daily Journal Rules and Guidelines

- 1) My Journal set-and-forget trade-set-ups will be sent between 5pm and 6pm (est).
- 2) ALL open pending orders, not triggered, should be CANCELLED before the opening of the next Daily session (24 hours from now).
- 3) On some trades, the take-profit (TP)/exit will be set at an arbitrarily large distance from my entry point. (I generally want the market to tell me where to get out). Each day, I will keep you advised on a trailing (TP) stop for those open trades that are in profit.

Pending Orders

As I look for market momentum to confirm my analysis, the majority of my entry orders are placed as a **pending order** – either a BUY stop or a SELL stop.

BUY - stop: This is an order that is placed *above* the current price in the market. This order is utilized to confirm and capitalize on an upside move or LONG trade.

SELL - stop: This is an order that is placed *below* the current price in the market. This order is utilized to confirm and capitalize on a downside move or SHORT trade.

With each Daily Trade Journal pending ENTRY order, there is always a specific and offsetting “stop-loss”, in the event the pending entry order is triggered. The stop-loss (and take profit, if given) orders and price parameters should be entered simultaneously with each pending entry order – (this is very important).

On occasion, we might issue a signal that requires you entering a trade “at the market”, or on a Buy or Sell limit price. Please consult my Appendix for the precise definition of these and other order types.

Basically enter all your orders as indicated. Go to sleep and if you are in great profits in the morning you might consider adjusting your stop-loss to break-even on a position any time you have a profit of 50 pips or more.

IMPORTANT – ALL open pending entry stop or limit orders - NOT triggered within the 24-hmy trading session in which the trade was generated - must be CANCELLED before the beginning of the next trading session!

NOTE – Please exercise care in the placement of the decimal point when entering orders for each currency pair. In most cases the platform will reject your order if incorrectly placed.

Leverage and Position Size

I have found that **money management** and **risk control** are the key determinants of long-term trading success. **It is my recommendation to maintain a trading unit size that risks no more than 1-2% of your overall equity on any given trading signal.**

It is estimated that the average risk per trade signal will be between 30 – 60+ pips. This may seem like a large risk in pips, but remember, my strategy is to identify and capitalize on large moves (80 – 500 pips) that regularly take place on the Forex market. Please use the position size calculator to calibrate lot unit size relative to your account size.

How to Enter a Pending-Order

Step 1. Open a Demo or Live Metatrader account

The most common trading platform offered by most Forex brokers around the world is the Metatrader (MT4) platform. If you don't already have an account, you will need to open a Demo or Live account to enter the trades as specified by the FX Daily Trading Journal.

Click this link to: [Open a Demo Metatrader Account](#)

Click this link to: [Open a Live Metatrader Account](#)

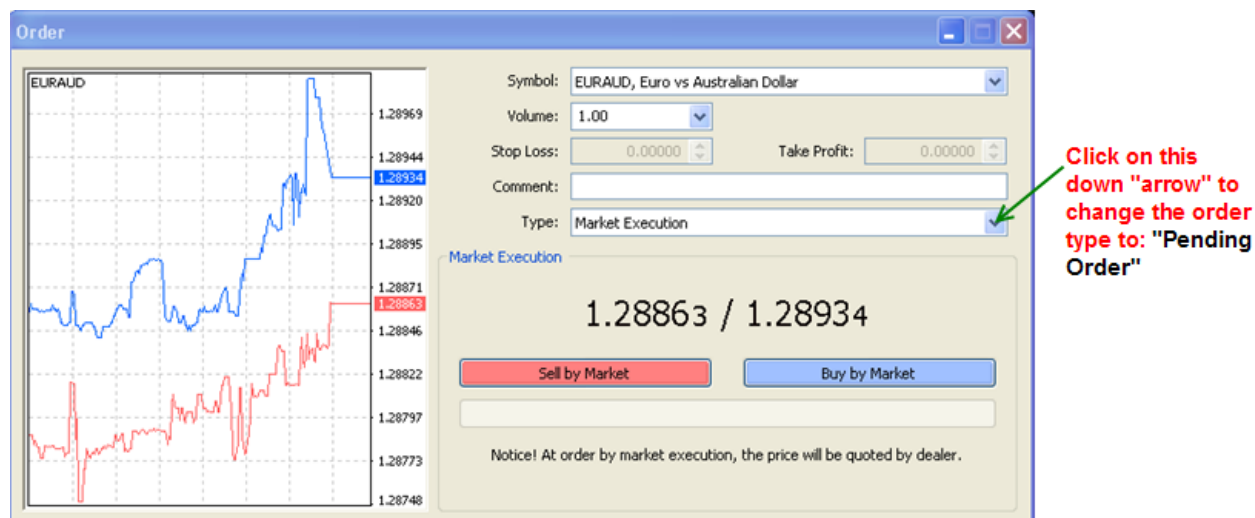
I have included step-by-step instructions on how to enter or change an order on the MT4 terminal.

Step 2. Open the Entry-Order (Buy-stop/Sell-stop)

Follow the instructions on the graphic to locate and Open an Entry Order



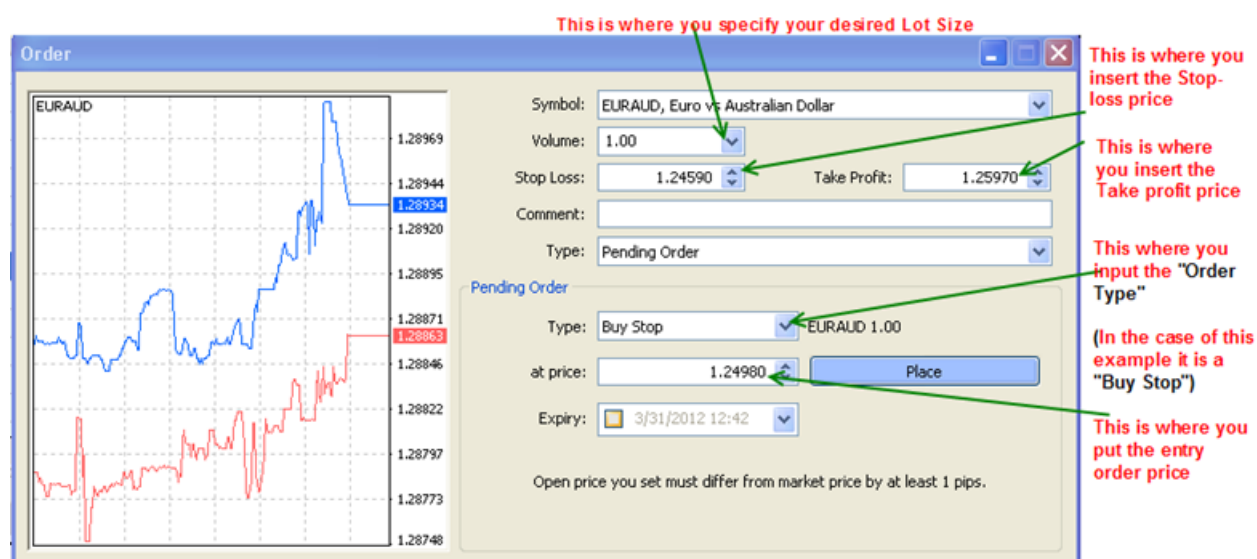
Follow the instructions on the graphic to locate and **Open a Pending Order**.



Step 4. Enter the Pending Order as specified

Follow the instructions on the graphic to enter the Pending Order, Stop loss and Take profit.

In the example below we used the exact trade and order parameters from the EUR/AUD case example above.



Step 5. Modify Stop loss (SL) and Take profit (TP)

Once a trade order has been triggered, I will modify the risk (stop-loss) prices as the trade goes deeper into profit or market events dictate.

Please follow the instructions on the graphic to change SL and TP settings.



To modify a Stop Loss or Take profit price setting, double-click on the Open trade and it will bring up this "Box" or "Field" and change or modify the SL or TP as indicated

Once you have changed the SL and/or TP settings, the "Modify" button will light up. Just click it and you are good to go.

KEY DEFINITIONS AND TRADING TERMS

Currency Pairs Traded

USD = US Dollar, **GBP** = British Pound, **EUR** = Euro, **CHF** = Swiss-Franc, **JPY** = Japanese-Yen, **AUD** = Australian Dollar, **CAD** = Canadian Dollar, **NZD** = New Zealand Dollar, **XAU** = Spot Gold

The FX Daily Trading Journal analyzes 18 currency pairs and spot Gold. These are the pair abbreviations:

EUR/USD, GBP/USD, USD/JPY, USD/CHF, AUD/USD, USD/CAD, NZD/USD, EUR/CAD, EUR/AUD, EUR/CHF, GBP/CHF, EUR/GBP, EUR/JPY, AUD/JPY, CAD/JPY, NZD/JPY, GBP/JPY, XAU/USD

Chart Analysis & Definitions

Key Reversal: I use the words Hook-up and Key reversal interchangeably. It means is a "wash-out/clear-out", for example: if we there is an established up-trend and in a given session the market sells off dramatically (80+ pips), and then reverses course and closes at or near the high end of the range (and in the direction of the underlying trend), then the market will have "Hooked up" or had a, "Key reversal in the direction of the trend".

Inside Bar: This is a bar whereby the daily range (high-low) is smaller than the range of the previous daily bar.

NR4 Bar: Much like the inside bar an NR4 bar is the smallest daily range as compared to the previous three daily pairs. It is the narrowest daily range bar for the past four (4) trading sessions. An NR4 bar is a good signal and generally increases the odds of a directional change (or continuation of trend).

"Insurance Bar": This is a Daily range bar that serves to confirm a reversal (or continuation) within a pattern or long-term price trend. Using the Daily price range of an "Insurance Bar" gives me a high-probability, low risk opportunity to get in a trade with a quick and explosive upside potential with a low and acceptable risk profile.

S-T: Stands for short-term. Example, "The key reversal in the S-T trend suggests that prices will continue higher".

L-T: Stands for long-term. Example, "The "hook-down in the L-T down-trend appears to confirm that prices will continue lower".

Types of Orders

Stop-Loss Orders: An order linked to a specific position to close that position at a specific price level and prevent additional losses. A stop-loss order placed on a buy position is an order to sell that position. A stop-loss order on a sell position is an order to buy that position. A stop-loss order remains in effect until the position is liquidated or cancelled by the client.

Limit Orders: A limit order is an order tied to a specific position for the purpose of locking in the gains from that position. A limit order placed on a buy position is an order to sell. A limit order placed on a sell position is an order to buy. A limit order remains in effect until the position is liquidated or cancelled by the client.

OCO (One Cancels the Other): A stop-loss order and a limit order linked to a specific position. One order, the stop, is to prevent additional loss on the position, and one order, the limit, is to take profit on the position. When either order is executed, closing the position, the other order is automatically cancelled.

Entry Orders: An order, stop or limit, initiating an open position and executed when a specific price level is reached and/or broken. The execution is handled by the dealing desk and the order is in effect until cancelled by the client.

Entry Limit Orders: An order initiating an open position to sell as the market rises, or buy as the market falls. The client believes the market will reverse direction at the level of the order.

Entry Stop Orders: An order initiating an open position, to sell as the market falls, or buy as the market rises. The client placing the order believes that prices will continue to move in the same direction as the previous momentum after hitting the order level.

Market Order: An order to buy or sell which is filled immediately at the prevailing currency price.

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