PriceAction Secret Indicator

INTRODUCTION

Dear fellow trader, thank you for buying the PriceAction Secret Indicator. You have successfully taken a step in the right direction in your journey to successful consistent trading. We particularly developed this product in order to help developing traders identify manipulation of big banks and institutions to form their bias correctly. It is our firm belief that our secret indicator will help you like no other tool you have ever used to form a directional bias. This PDF is dedicated to further explain on the usage of our indicator, so without any further a dig a little deeper.

WHAT TO EXPECT FROM THIS INDICATOR?

Is this the holy grail you were looking for? Is this the solution to all your constant losses? The short answer is no, but it can be if you use it wisely. The long answer is, successful trading is not solely about technical analysis in the charts. It involves a lot of moving parts like trade management, risk management, position sizing, trading psychology, adapting to different phases of the market, staying disciplined, handling losing streaks etc. All of these are very crucial and vital components of long term consistent trading. Now, a lot of these components are easy to manage once a trader is picking more selective and high probability trades. What happens when you pick more high probability trades is that your trade management, risk management, discipline improves as a by product, you face losing streaks less often. On the other hand, it is the complete opposite when you select mediocre trades or put on trades just for the sake of taking trades. Traders tend to form habits of overtrading, lack of discipline, risking big as a direct result of not being able to select lesser, but high probability trades. THIS is the part where our secret indicator can play the most vital role.

PriceAction Secret Indicator will indicate when a market move is sponsored by the biggest players in the market. Hence, you, as a trader, can take an educated decision on which way to form your bias in, should you look for a buy or a sell, should you wait or should you get aggressive. All in all, it will help you choose the directional bias of the market in the first place, then you can look for more confluences from your own trading plan and if the dots connect, you should have a high probability trade. As traders, we are all speculating. All we try to do is pick directions and entries where we have the highest probability of winning. Thus, increasing our chances of staying a winner over a longer period of time.

To sum it up, what you can expect from this indicator, is that PriceAction Secret Indicator will help you select a direction in which you should look for a trade using your own trading plan confluences. Bonus : We will share some of our confluences too that we look for, in later parts of the pdf 😉

HOW IT WORKS (TECHNICAL BREAKDOWN)

Before we dig deep into how our indicator actually predicts the direction from a more technical standpoint, we would like to mention that it is not mandatory to understand the technical logic of the indicator in order to use the indicator successfully in your trading. However, the understanding of the underlying algorithm of the indicator will help you to better understand how and why our indicator works and why you can trust the visual data of the indicator with your live funds.

The formula we arrived at to measure professional accumulation and distribution is calculated by finding the difference between the asset's candlestick high and low for the timeframe. We then find the difference between the candlestick close an open for the timeframe. We now have two numbers, one telling us the total range in that timeframe, the other showing the net change from the opening to the close of the candlestick in the timeframe.

The next step is to divide the close-to-open distance by the high-to-low distance. This resulting figure is the percentage of net buying or selling for the day.

The third and final step is to multiply current candle's net volume by the figure we just obtained. Our resulting answer shows how much volume was buying or selling volume for the candlestick. This net Accumulation/Distribution figure is then added or subtracted to a cumulative Accumulation/Distribution flow line which results in the the visual format of how you see the indicator.

If the opening price is lower than the close, your net volume figure for the candlestick will be positive or a buying figure. This number is added to the existing flow line. If the close is below the opening, it is a negative number showing more selling volume. The figure is subtracted from the previous candle's flow line.

WHY DO WE USE VOLUME?

It is possible to use just the price difference between the opening and close to get a feel for the amount of accumulation taking place in an asset. However, only volume moves asset prices and frequently, as the realities of the market place show, volume gives signals of an impending move as it represents what big professional money is doing. By tracking volume we can visually see what the mutual funds, specialists and large investors are doing with their money.

This is important. As an example, if an asset is up ‘X’ pips/points from its opening two days in a row, it’s hard to tell which of these days saw the most accumulation. But if we know the volume was 200k one day and 500k the next day, it’s an entirely different story. We then know which day saw the most accumulation despite the fact the price move was equal on both days.

HOW WE USE THE FORMULA AND THE FLOW LINE TO GENERATE TRADING IDEAS?

The central idea to our formula is that it locates professional buying aka accumulation. If we can locate institutions in action, we can quickly align our directional bias with theirs and proceed accordingly. Now let's dig deeper how you can locate professional buying and selling from the charts using our indicator.

Consider this situation, fundamentally something big and positive happens in a certain economy, and suddenly the sentiment of the market is positive towards XXXYYY currency pair. Everyone is looking to buy. By everyone, we mean both the institutions and the retail traders. Retail traders like you and I can just hit a button in our mobile phones and get in a buy position, but the banks cannot do it so easily. As they have to place orders worth millions of lots, they have to slowly scale in their positions. There is another problem, when every trader is looking to buy, how will their millions of lots get filled? There ARE NO SELLERS in the market, right? If this makes sense till now, you will understand the concept of manipulation now.

We have established 2 very significant facts till now. 1. Banks need to slowly scale in their position. 2. Banks need to bring in sellers in the market when everyone is bullish on an asset in order to fill their buy orders. How banks do it is by setting up 2 traps for the retail traders.

1. Banks grab stop losses of retail buyers (Yes, banks know where most stop losses are. Your buy stop loss hit = you sold your position = banks forcefully brought in sellers in the market)
2. Banks take advantage of common trading patterns retail traders use (Support, Resistance, Triangles etc)

Let's elaborate more on the 2 points now..

Banks grab stop losses of retail buyers/sellers

Ever wondered why price moves the opposite way sometimes when there is a very bullish news? Ever felt like the market is chasing your stop loss and just after hitting your stop loss price eventually moves according to your bias? Yes, we’ve all been there, but only a few know how and why this happens. There is a logical explanation.

The whole retail trading industry is conditioned in such a way that every beginner to intermediate trader is using more or less similar strategies. As a huge pool of audience is using the same strategies, banks can easily identify where traders have placed their stop losses. As explained in the example given above, banks need tons of sellers in a bullish market sentiment to fill / accumulate their buy positions, the way the do it is by going for retail stop losses first, once price reaches those SL areas / liquidity areas, suddenly all the SLs bring tons of sell orders in the market = liquidity for the banks to fill their orders. This is how and why retail stop losses are grabbed.

Banks take advantage of common trading patterns retail traders use

You learned your patterns from babypips, backtested them on the charts, but it seems as soon as you place a trade, they don't seem to work. Why is that?

As we have already established, banks are dependent on retail money to fill positions. When they need to buy, they need to induce sellers in the market. When they need to sell, they need to induce buyers in the market.

Consider this situation, you spot a major resistance in the charts in an important area. You wait for the market to tell you what to do. You see the market is starting to break the resistance, a candle has just closed above the resistance. Probability dictates that price should continue upwards, after all this is the theory we've all been taught right? You place a buy order, place SL below the resistance that is now the 'new support'. All of it, only to see the next candle closing below the resistance to continue moving downwards.

This was a manipulation by the banks. Yes, there are times when after a resistance break, price continues to go up. **But how do you know when the breakout is real and when it's manipulation?**

Consider another situation, you spot a beautiful triangle/flag pattern price action is forming, you wait for the market to tell you what to do. You see price breaking out to the downside violently, you think to yourself, this is the volatility you had been waiting for, THIS IS THE MOVE. You enter the sell, only to realize price went the opposite way eventually. **This was a manipulation by the banks.** Yes, there are times when after a triangle/flag breakout to the down/upside, price continues to go down/up respectively. **But how do you know when the breakout is real and when it's manipulation?**

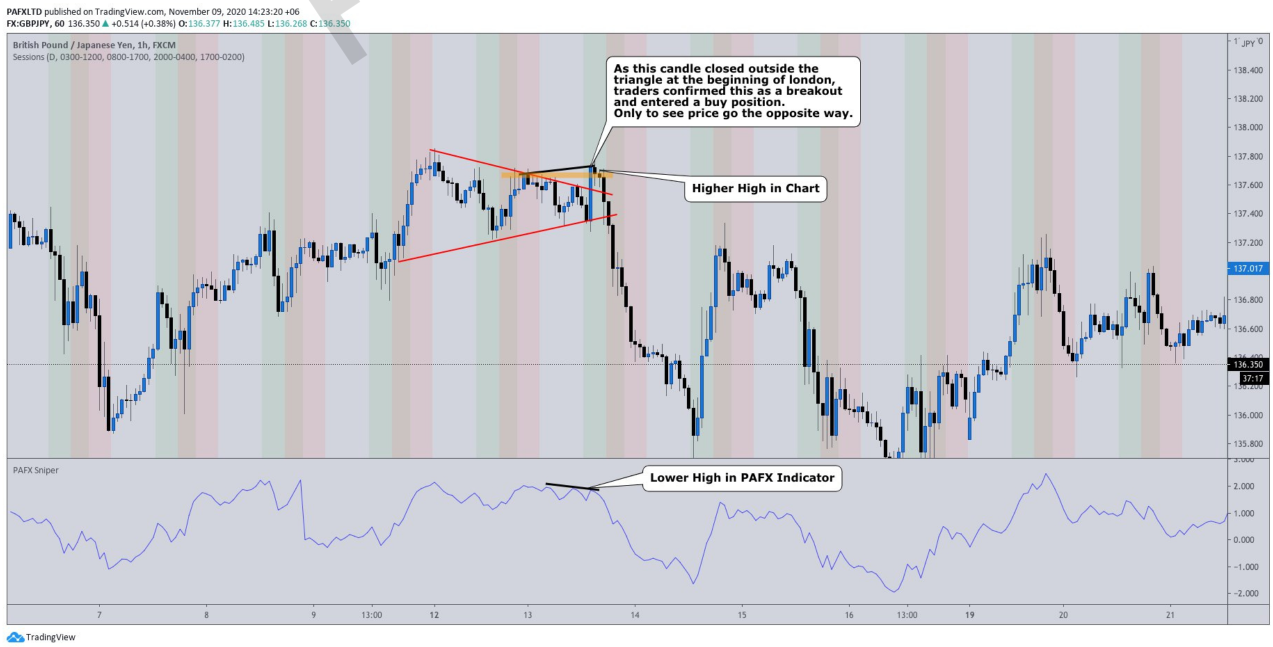
YOU KNOW BY SPOTTING PROFESSIONAL MONEY FLOW / PROFESSIONAL ACCUMULATION IN THE CHARTS, BY DETERMINING WHICH WAY BANKS ARE LOOKING TO TAKE PRICE. THIS IS EXACTLY WHAT PRICEACTION SECRET INDICATOR DOES USING THE SECRET FORMULA WE DEVELOPED WITH TOOLS NOT ALL TRADERS HAVE ACCESS TO.

Let’s now dive into the good stuff that all of you have been waiting for...

HOW TO USE THE INDICATOR

We have established a few things till now in this pdf. The primary idea behind the explanations in the last segment were to make you understand 2 things. 1. Determining professional buying and selling is the key to picking directional bias; and 2. Locating manipulation in the charts during key 'times of day' (more on this later) is key to picking proper entries.

Now what you have to do is locate areas where a lot of retail traders would enter ie support, resistance, chart patterns etc. Let's explain this with an example:



If you notice correctly, price was creating a retail pattern; triangle in this case (red lines). A lot of traders were waiting for a break out either to the upside or to the downside. London session started. Price moved up, 1h bullish candle closed above the triangle. The candle close created a new high (higher high). Tons of retails buyers came in the market. But banks were looking to bring price downwards. How could have you determined that you should probably not enter a buy from this breakout but a sell? If you look at our indicator it clearly indicated using our formula that banks were actually in distribution phase and there was much more selling pressure than buying pressure. So this breakout is a fake breakout. Simple formula is stated below :

1. **Bearish Divergence : When higher high is created in the chart but not in our indicator, it indicates a fake breakout to the upside and a potential down move.**
2. **Bullish Divergence : When lower low is created in the chart but not in our indicator, it indicates a fake breakout to the downside and a potential move up.**

As simple as that. We are literally representing an advanced smart money idea in a very simple manner. It doesn't have to look very hard for it to work.

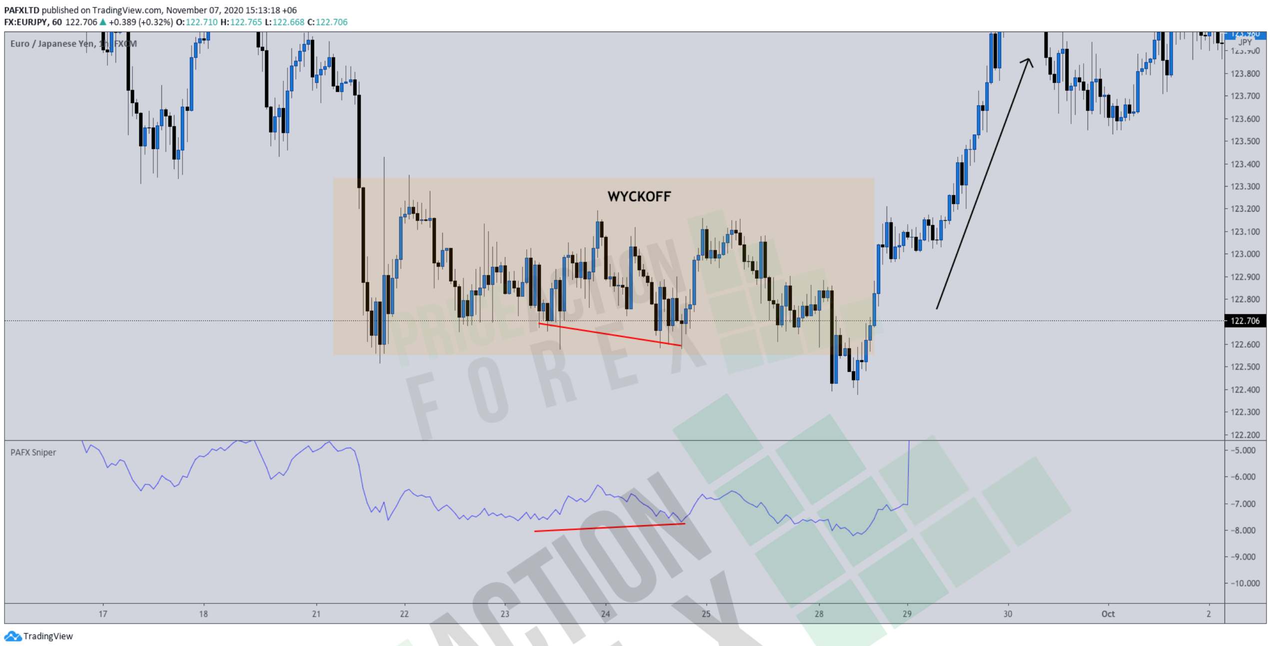
We can dive into some more examples now. As you see more and more examples of the indicator in action, you should get a feel for how to best use it combining your trading plan. After the examples, we will dive into some confluences we make sure are there before deciding to take a trade using the indicator.

ADDING CONFLUENCES

At the end of the day, trading is a game of probabilities. So we must try to have as much as probabilities or confluences in our side. We can’t just take a trade based on one confirmation.

Take a look at the ETHUSD chart. The price had a divergence with our indicator. But the price was reacting from a strong (4h) supply demand zone too.

Here in EURJPY, there was already a wyckoff accumulation phase going on. On top of that our indicator had caught a divergence. Which confirms the bullish structure.



Let's analyze EURUSD, price had finished a smaller timeframe distribution, then dropped heavily left an inefficiency in the price action. Price came back for a retest, filled the inefficiency and our indicator spotted a divergence. Now it makes sense for a bearish fall with all other confirmations.

By going through the examples mentioned above, you can understand the importance of having multiple confirmations. Our indicator will certainly help you to detect the actual market bias but you shouldn't jump into a trade. You should have multiple confluences according to your trading plan. It can be a support-resistance, supply-demand, fibonacci, chart patterns etc.

IMPORTANCE OF "TIME OF DAY"

Our indicator detects the manipulation of Banks/Financial Institutions. So, what should be the appropriate time to detect a manipulation? When the banks are active right. When the biggest banks of the world are active? At London and New York sessions. Also most of the traders trade around these hours.

LET'S SEE SOME EXAMPLES -

London Opening:

New York Opening:

SOME KEY CONFLUENCES TO ADD TO YOUR TRADING PLAN

Higher Timeframe Trumps Lower Timeframe

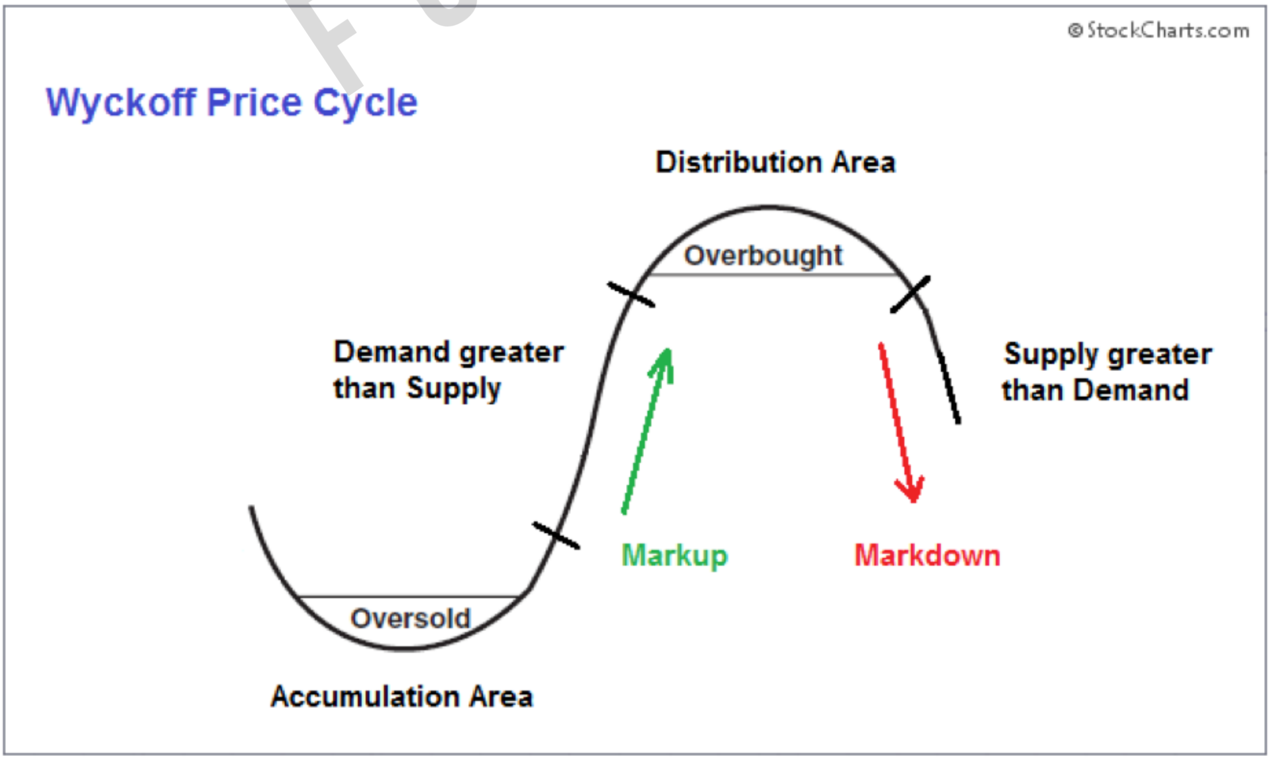
No matter what strategy, indicator, trading plan you are using, higher timeframe always trumps lower timeframe. For example, if you see that the 1h timeframe is signaling a buy but the 5m timeframe is signaling a sell in our indicator, it's probably indicating that price may move downwards in the short term, but in the longer term price should move up. Higher the timeframe, stronger the move. The indicator particularly performs almost flawlessly in 30m or 1h timeframes from as much as we have backtested.

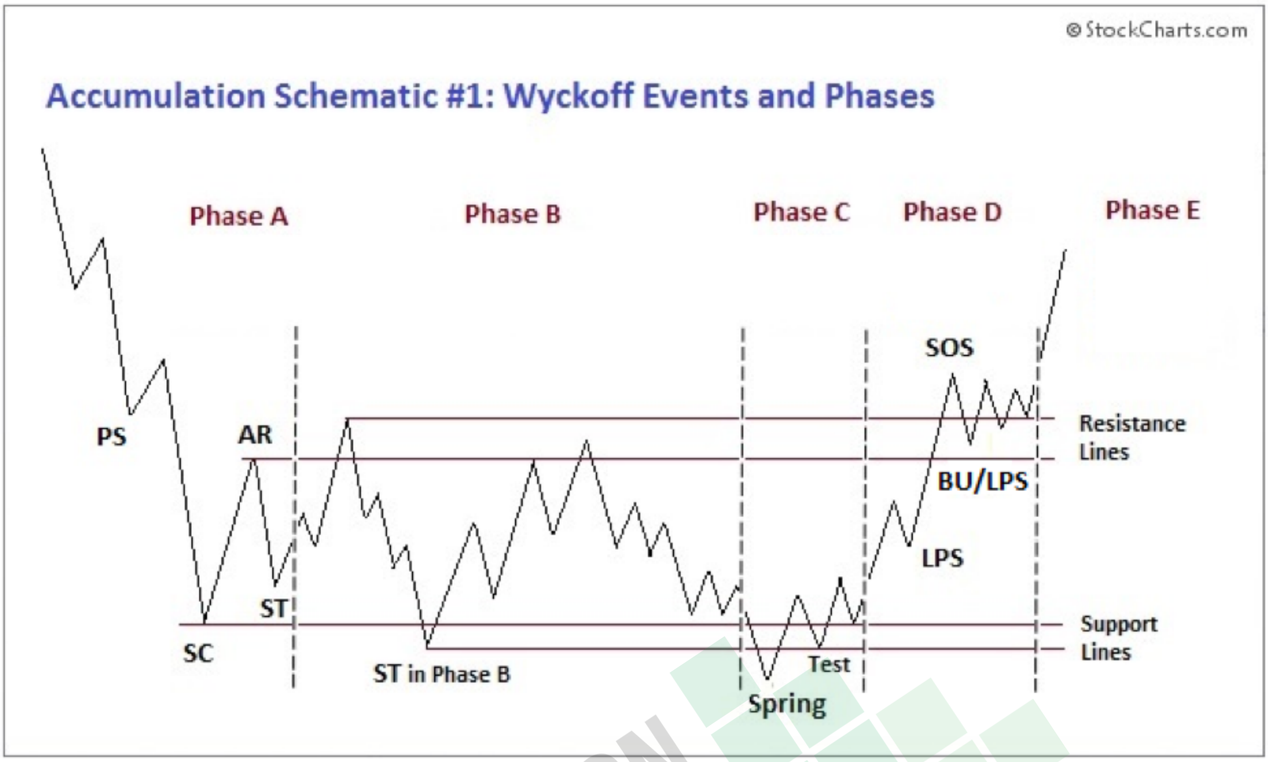
Candlestick Pattern : Engulfing Candles

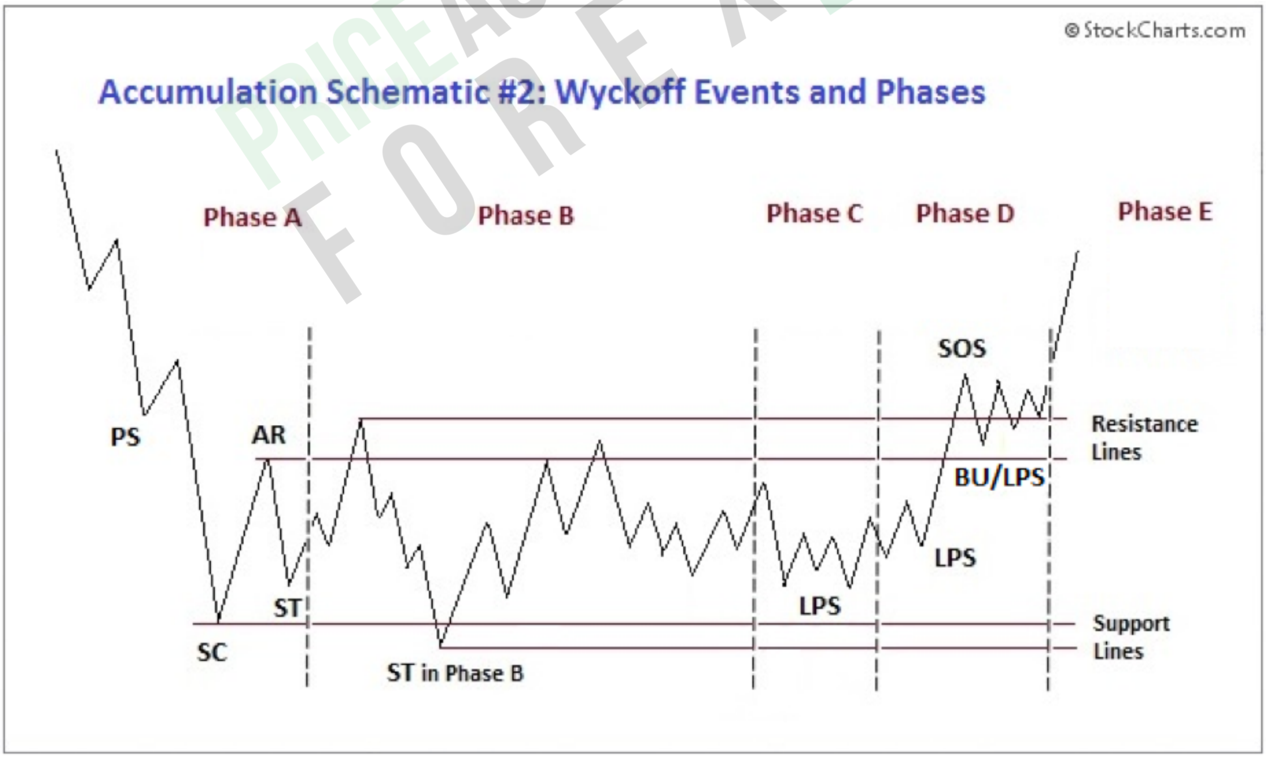
Engulfing candle formation is a common occurrence during manipulative moves of banks. As you can see from the above example, resistance breaks, traders enter long positions, next bearish candle engulfs the previous bullish candle and closes back in the range; below the resistance, then continuing downwards. If you see a divergence with our indicator at the time of this engulfing candle formation, you can enter sells as soon as the bearish engulfing candle closes and place SL above the highs.

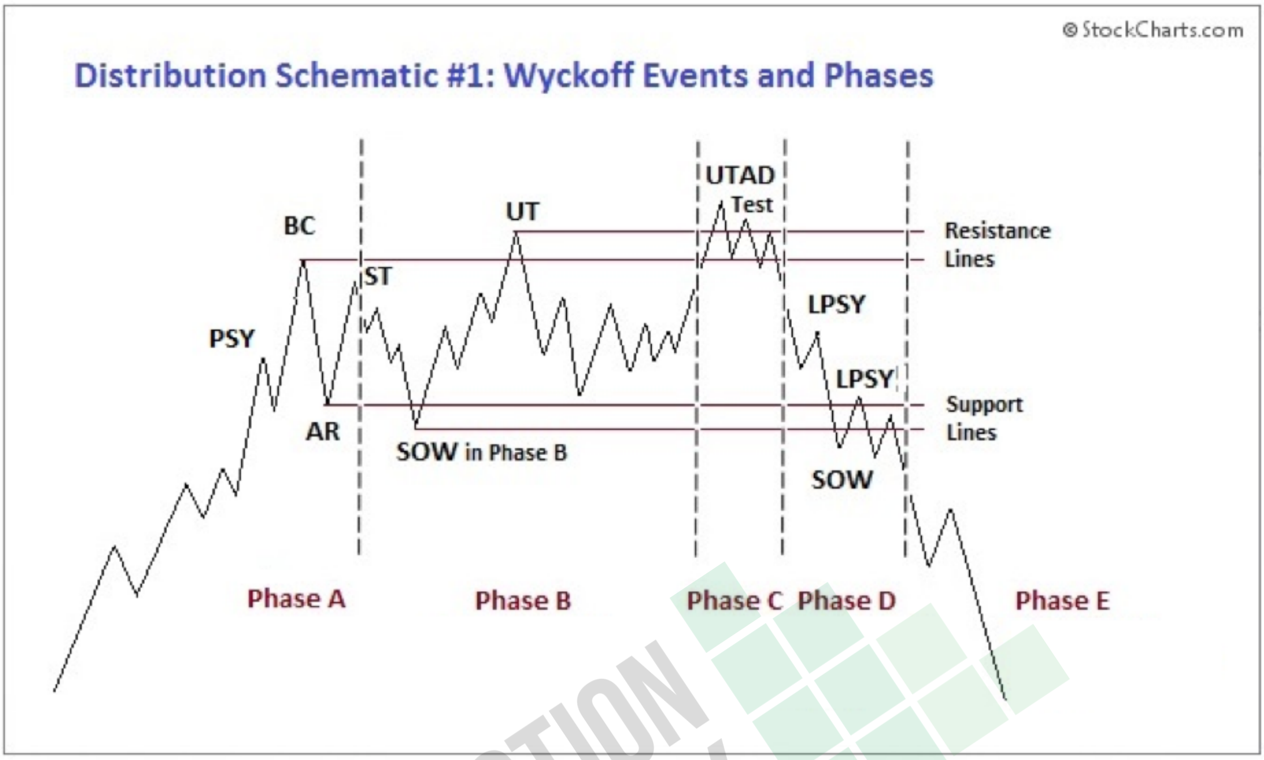
Wyckoff Events

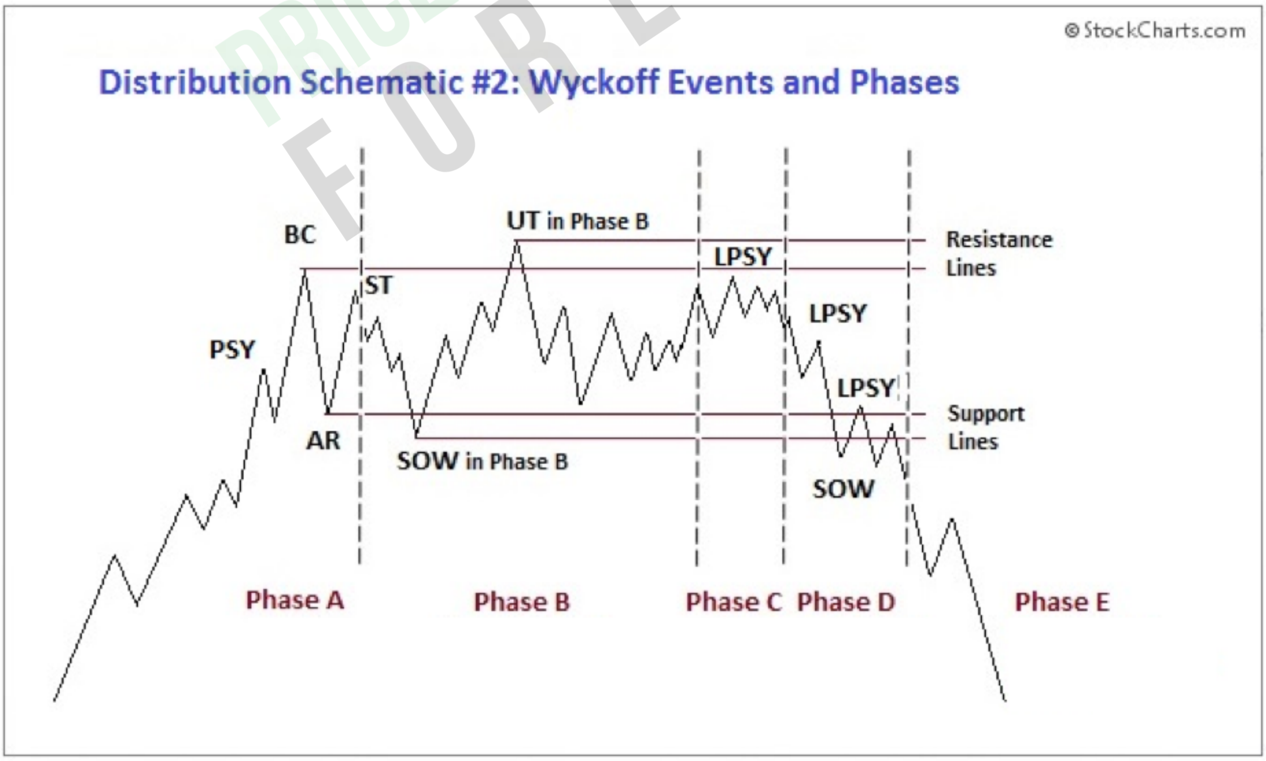
One of the most comprehensive techniques of identifying professional accumulation and distribution is the Wyckoff Schematics first introduced by the legendary Richard Wyckoff. If you can locate wyckoff accumulation or distribution phases in major areas of the chart and at the same time spot divergence in our indicator, boom; You have a high probability trade right there.




©StockCharts.com
Accumulation Schematic #1: Wyckoff Events and Phases
Phase A
Phase B
Phase C
Phase D
Phase E
SOS
PS
AR
Resistance Lines
BU/LPS
LPS
ST
Support Lines
SC
ST in Phase B
Test
Spring


©StockCharts.com
Accumulation Schematic #2: Wyckoff Events and Phases
Phase A
Phase B
Phase C
Phase D
Phase E
SOS
PS
AR
Resistance Lines
BU/LPS
LPS
ST
LPS
Support Lines
SC
ST in Phase B


© StockCharts.com
Distribution Schematic #1: Wyckoff Events and Phases
UTAD
Test
UT
BC
ST
Resistance
Lines
PSY
LPSY
LPSY
AR
Support
Lines
SOW in Phase B
SOW
Phase A
Phase B
Phase C
Phase D
Phase E


© StockCharts.com
Distribution Schematic #2: Wyckoff Events and Phases
UT in Phase B
BC
LPSY
Resistance
Lines
ST
PSY
LPSY
LPSY
AR
Support
Lines
SOW in Phase B
SOW
Phase A
Phase B
Phase C
Phase D
Phase E

We will not get into the specifics of the of how to trade using Wyckoff Schematics right now in this pdf. If you want to learn more about this, you can visit this link : The Wyckoff Method: A Tutorial

CONCLUSION

We only decided to go public with this indicator because we have backtested this and used this in live market environments ourselves. And we can assure, if your goal is to achieve a higher win rate with extremely high probability trades, then you have found a life changing tool. You certainly now have the unique ‘edge’ every successful trading plan needs. Hope this pdf module was helpful and increased your overall market knowledge. Hope you all stay disciplined, do not over trade and manage risk in your developing trading journey. Happy Trading!