

Apocalypse Now? Trading through a coming correction...



The Horror....The Horror....

Apocalypse Now? Trading through the coming correction

- **Who am I?**
- **Why a correction?**
- **The first casualties?**
- **What I'm looking for**
- **The HoZ account**

The "I Love Me" Slide – My Journey



trading
beliefs



My Trading approach?

“It takes ten years to be an overnight success!”

- Describe myself as a discretionary based method trader
- Simplicity is Key (Fear Based Trader)
- Fundamentals, Technical, Sentiment, Geo-Political
- Primarily FX, Indices & Commodities
- Trading Philosophy: Buy Strength. Sell Weakness.
- Use Pullbacks for entries
 - Focus on STAM (Strength, Trend and Momentum) on Weekly Charts – Picture Building
 - Execute & Manage on Daily & 4 Hour charts
 - Use simple Price Action techniques for entry

You say there'll be a correction? Paul, you must be mad!



Why do I think a correction is coming? June 27 2017

Did Janet Yellen Just Signal the Beginning of a Stock Market Crash?
By Benjamin A. Smith | July 3rd, 2017



Yellen's "Not In Our Lifetimes" Quote May Portend a Market Top and Subsequent Stock Market Crash
She finally did it. Federal Reserve Chair Janet Yellen uttered the types of words that rational investors should find worrying. Her recent "Not in our lifetimes"

The Best Contrarian Indicator a Crash Is Coming? Janet Yellen



Fed's Yellen expects no new financial crisis in 'our lifetimes'

Reuters Staff

2 MIN READ



US Federal Reserve chair Janet Yellen does not expect there to be another financial crisis 'in our lifetime'



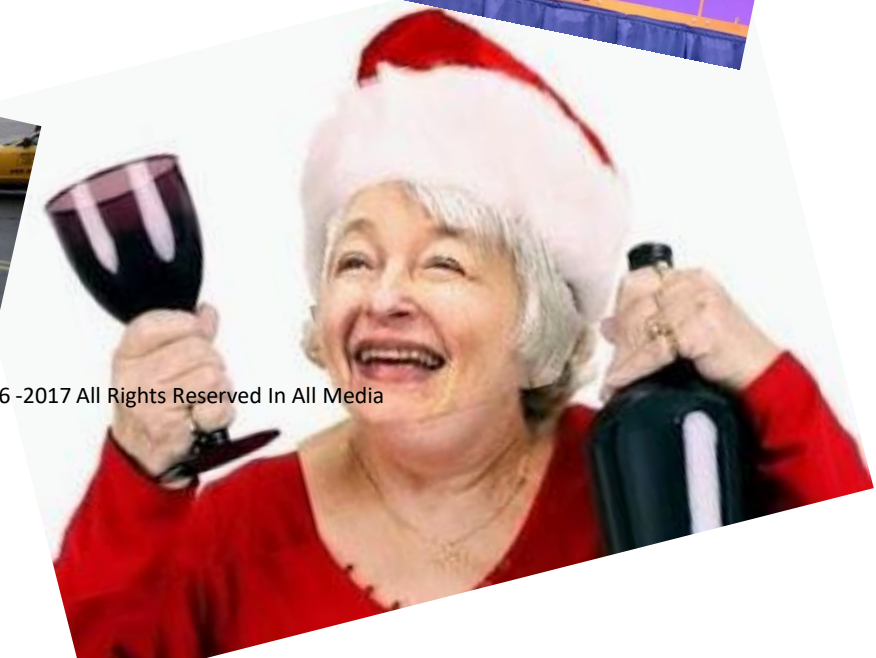
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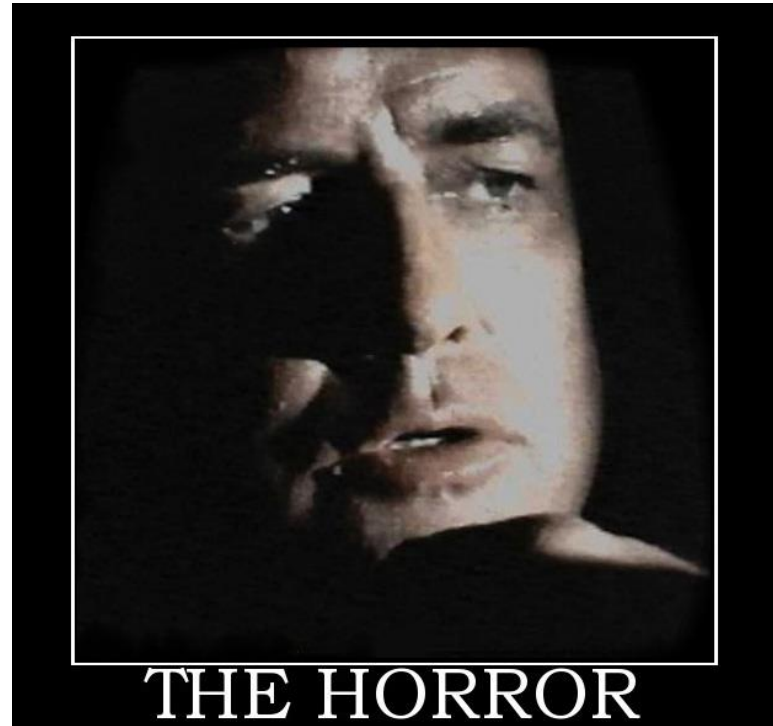
“Taxi for Yellen?”



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This is what happens when you spend too much time on your own!



Try and avoid going a bit ***“Colonel Kurtz”***

“Terminate his command...with extreme prejudice”

- Hedge Fund Manager Hugh Hendry throws in the towel
- Made his name shorting banks during GFC
- Taken approx. \$1.3billion down to \$30 million
- Decided to close his fund
- What can we learn?
- Interview at FXTraderPaul.com

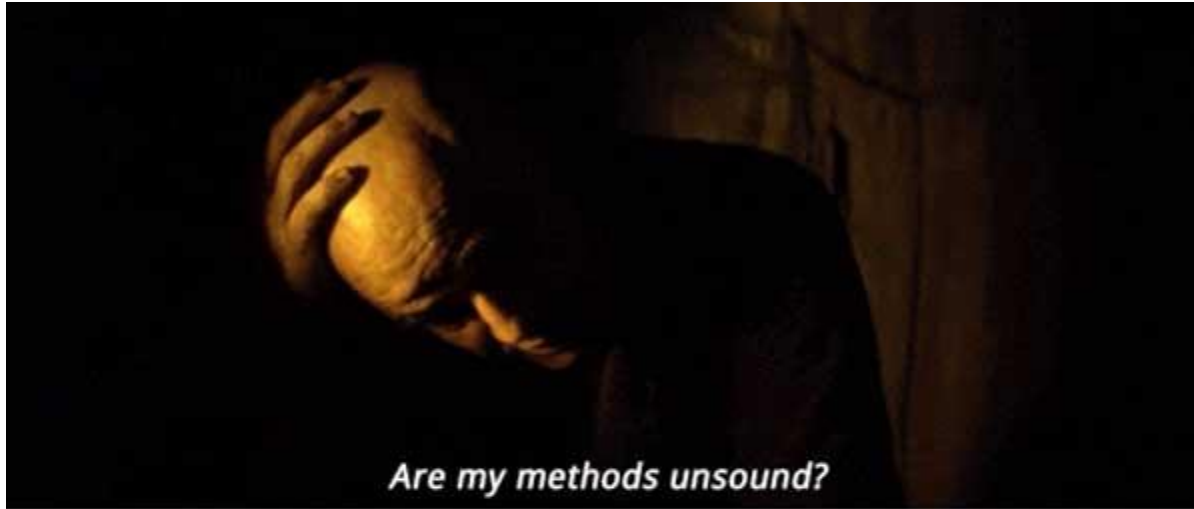


“Terminate his command...with extreme prejudice”

- Hedge Fund Manager Hugh Hendry throws in the towel
- Took \$1billion down to \$30 million
- *“I died in active combat”*
- *“Markets are wrong!”*
- *“I was successful in being idle”*



“Terminate his command...with extreme prejudice”



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Into the heart of darkness...



- *“I wanted a trade, and for my sins they gave me one. And after this trade I’d never want another...”*
- (With apologies to AN!)

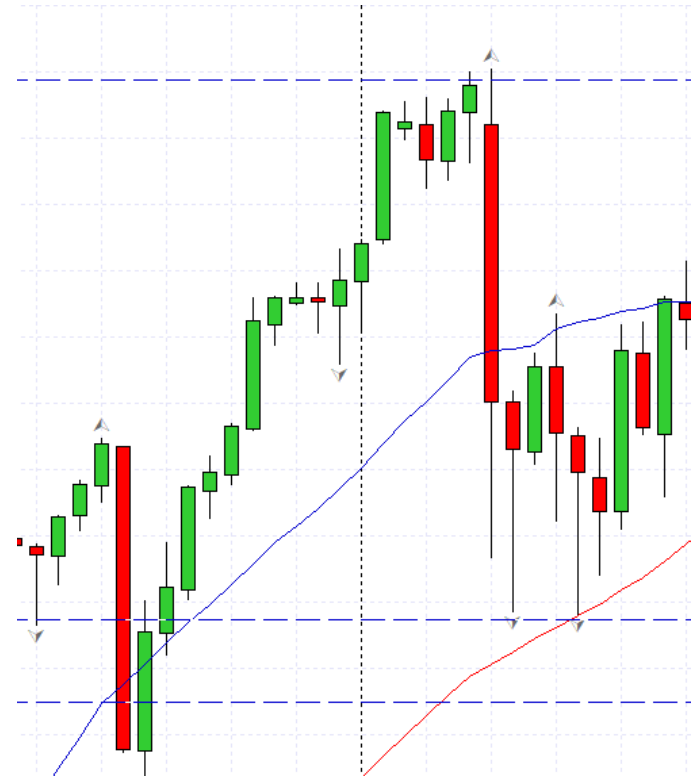
Apocalypse Now? Trading through the coming correction

- **The Set-Up**
- This is a discretionary method
- I am looking for a reversal that comes from a confluence of events
- I'm not trying to pick the exact top (Mugs game)
- Waiting for the market to play its hand



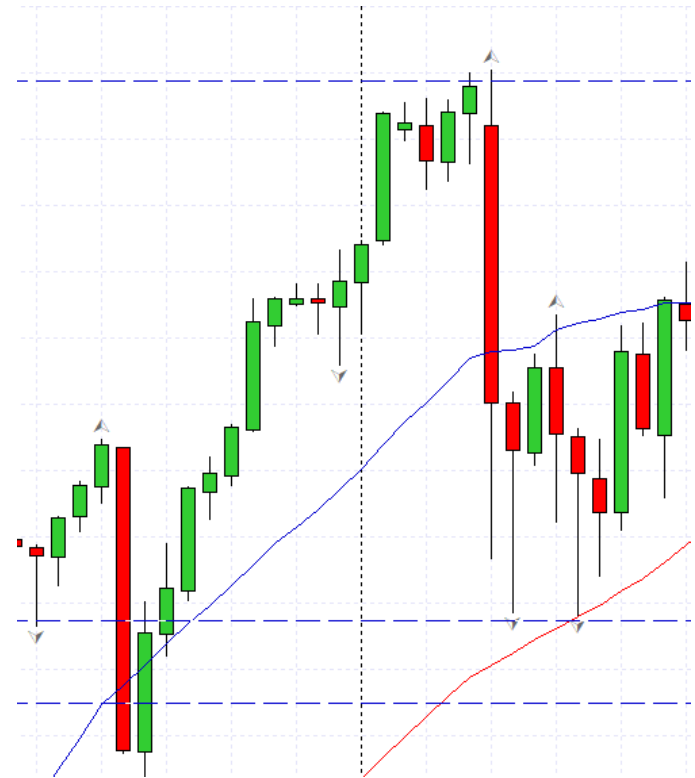
Apocalypse Now? Trading through the coming correction

- **The Set-up**
- Primarily Indices Charts
- Monthly, Weekly & Daily charts
- 20,50,200 MA (Simple)
- In alignment
- Price has been in a good trend



Apocalypse Now? Trading through the coming correction

- **The Set-up**
- **Part 1**
- After a good trend I take an interest when price prints an Individual Reversal Candle on Daily and/or Weekly chart
- Could be:
 - Key Day Reversal (KDR)
 - Engulfing Pattern
 - Pin/Rejection Bar



Tools & Techniques for FX Markets - PABT – Key Day Reversal (KDR)



- A sharp reversal pattern that occurs during a trend.
- In an **uptrend**, prices **open above** the previous day's close, make a **new high** and then **close below the previous day's low**.
- In a **downtrend**, prices **open below** the previous day's close, make a **new low** and then **close higher** than the previous **day's high**.
- The greater the price range and volume on the key reversal day, the more reliable the signal.

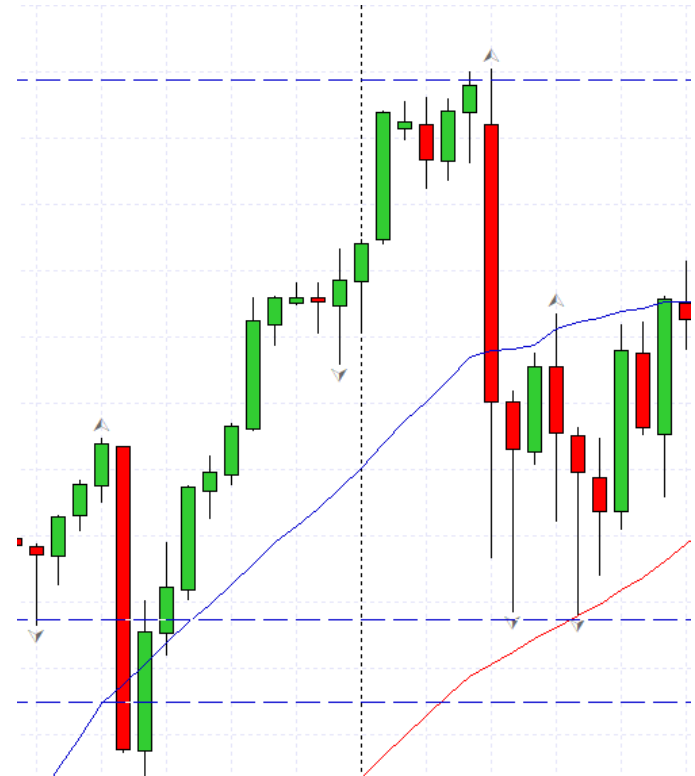
Tools & Techniques for FX Markets - PABT – Key Day Reversal (KDR)



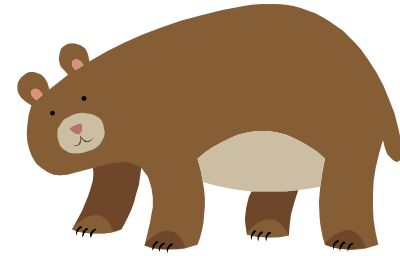
- A KDR can form in many ways
- However many times a KDR will be:
 - A pin-bar
 - An engulfing candle
 - A combination of both

Apocalypse Now? Trading through the coming correction

- **The Set-up**
- **Part 2**
- I then wait for a 1-2-3 Pattern to form
- This provides a *lower high*
- (Remember I am not trying to pick the exact top!)

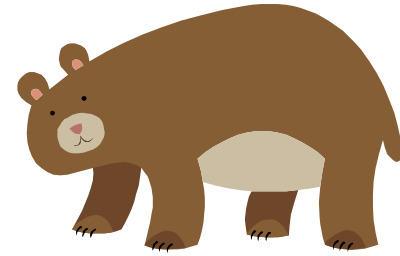
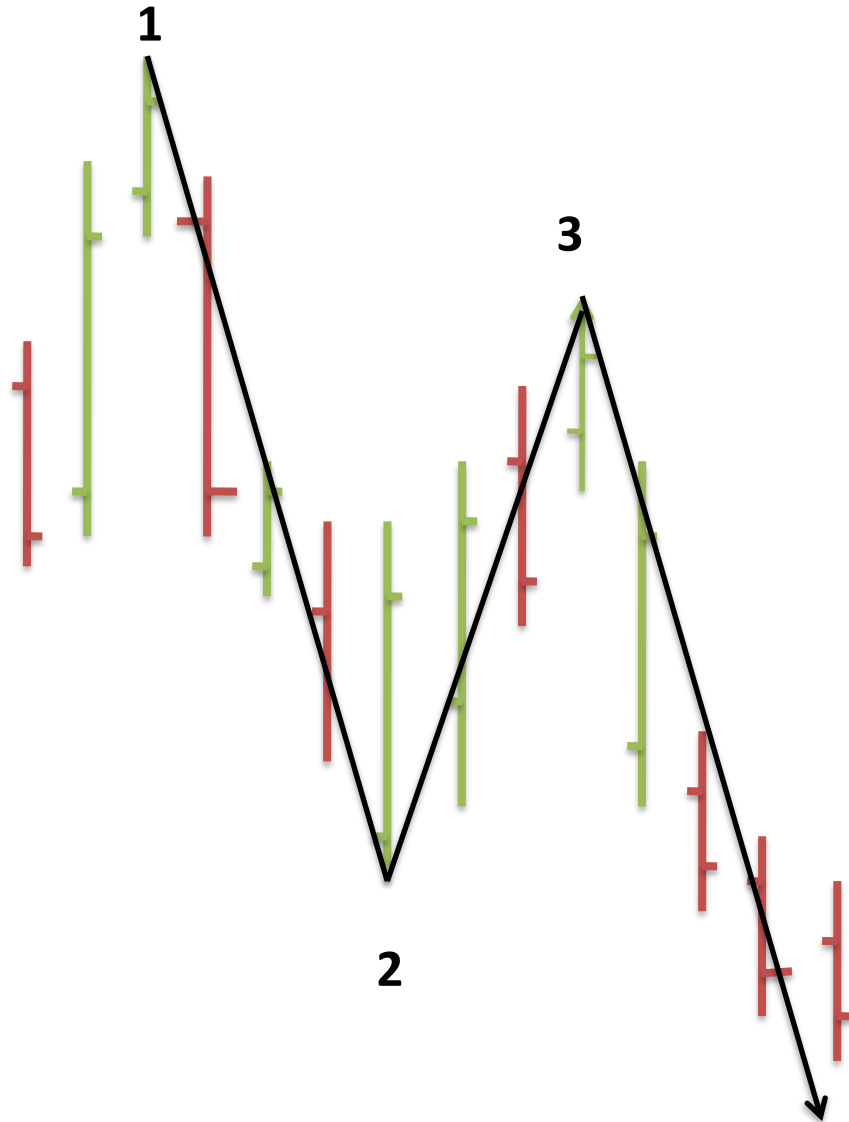


Standard Bearish 1-2-3



Describe a 1-2-3 formation?

Standard Bearish 1-2-3



Where would you sell?

Apocalypse Now? Trading through the coming correction

- **The Set-up**
- **Part 2**
- Why is a 1-2-3 pattern important?
- Because the market is providing players a last chance to get on the party bus
- “All aboard the charabanc!”



Apocalypse Now? Trading through the coming correction

- **The Set-up**
- **Part 3**
- Point 3 of the 123 should be a rejection / indecision candle:
 - Pin Bar
 - Engulfing
 - Spinning Top



Apocalypse Now? Trading through the coming correction

- **The Set-up**
- Trade the break of the candle at Point 3
- Stop-Loss above the highs
- Either Target (CT261)
- Or use a 2bar trailing stop

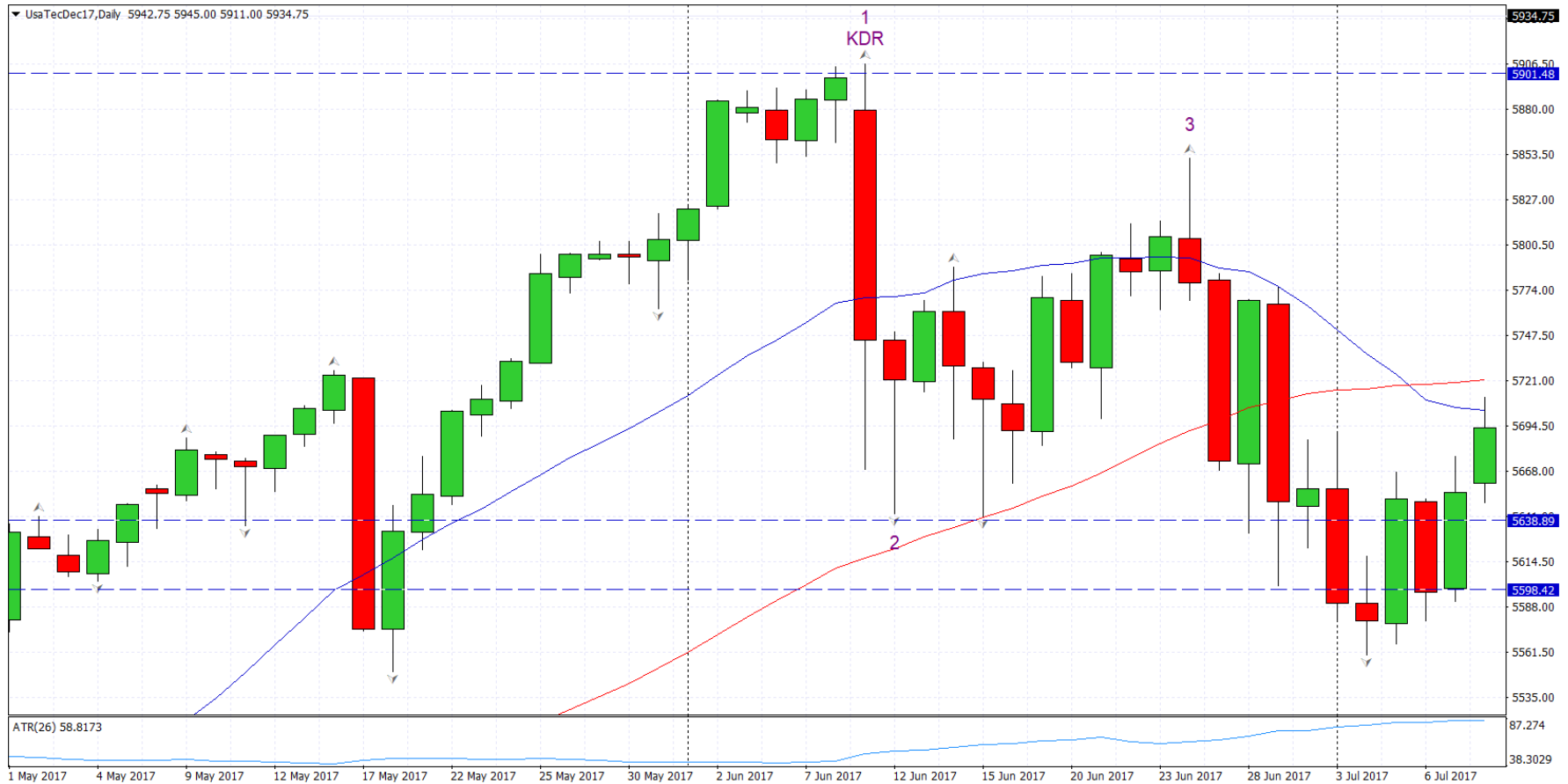


Tools & Techniques for Markets – KDR examples

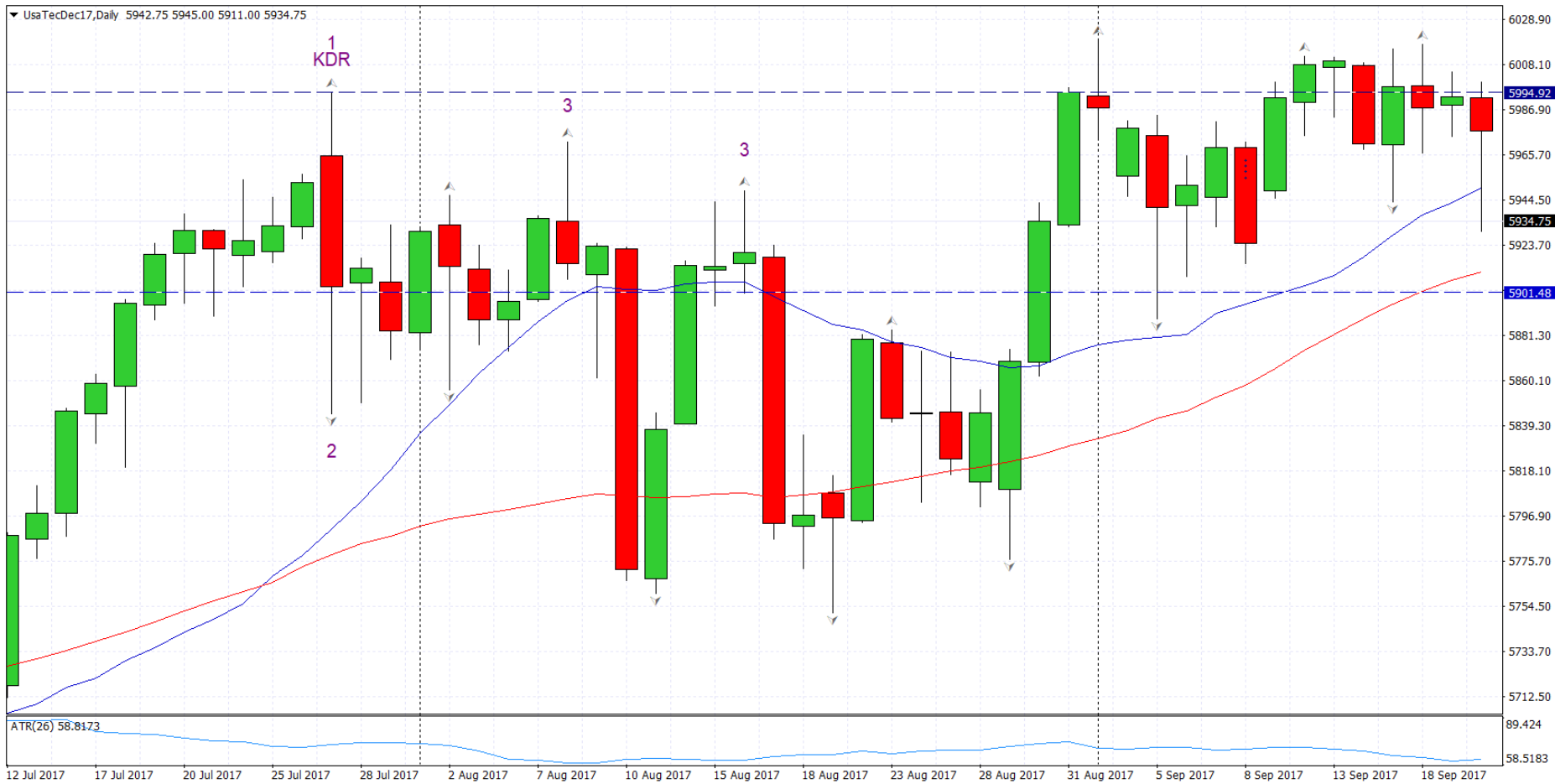


- **NASDAQ Daily KDR**
-
- After a strong uptrend a fierce sell-off creates a very strong bearish KDR

- NASDAQ Daily KDR
- E: 5767.25 SL:5819.75 TGT: 5639



- NASDAQ Daily KDR
- E: 5907 SL:5947 TGT: 5805



- NASDAQ Daily KDR
- E: 5907 SL:5947 TGT: 5805



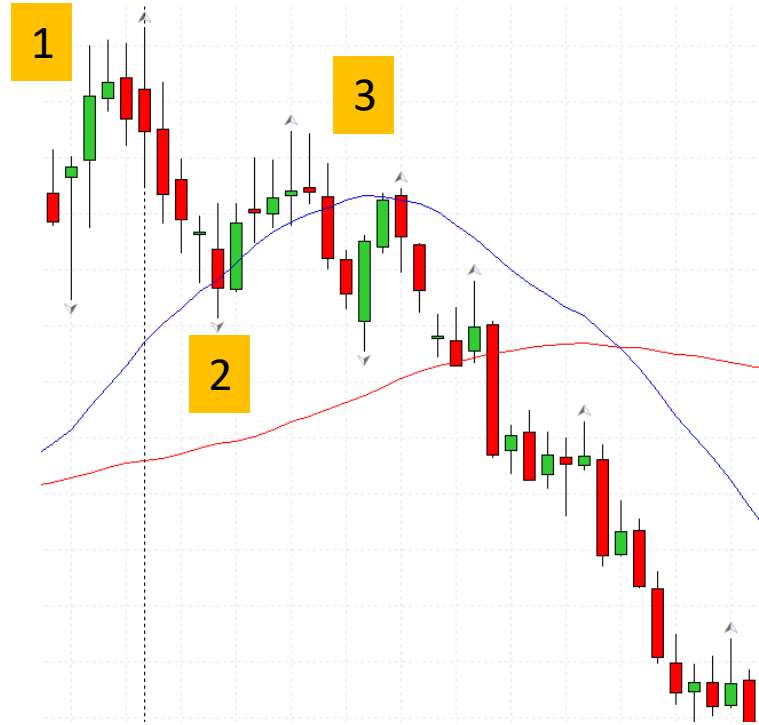
- Dow Jones MRC/PB into 123
- E: 5907 SL:5947 TGT: 5805



USDOLLAR Index 2017



Monthly Chart
Key Month Reversal



Weekly Chart 1-2-3 Pattern
With rejection candles for point 3

Apocalypse Now? Trading through the coming correction

- **Just because I believe a correction is coming don't just sell everything!**
- **Look at how I wait for a confluence of events to provide a sign**
- **I'm not trying to pick the exact top**
- **Consider having a HoZ account for the volatile days**

Apocalypse Now? Trading through the coming correction

- **The HoZ Account**
- Keep for *“The day of days”*
- During every correction there will be a day of days...
- ...there will be opportunity



Apocalypse Now? Trading through the coming correction

- **The HoZ Account**
- This is a totally separate account (with a different broker) that contains maximum 2-5% of your trading capital



Apocalypse Now? Trading through the coming correction

- **The HoZ Account**
- On those days be prepared to be a **Hero or Zero (HoZ)** by the end of the day/week.
- Hence why we only allocate a small amount of capital



Apocalypse Now? Trading through the coming correction

- **The HoZ Account**
- The aim is to aggressively attack market opportunities during topple weeks.



If you get it wrong Paul is not going to take a plastic boat 75 clicks past the Do Lung bridge to terminate your command!

