

Contents

Preface	xi
Acknowledgments	xv
PART I The Foundation of Technical Analysis	
<hr/>	
CHAPTER 1 The Trader's Edge	3
Defining a Trading Edge	4
Finding and Developing Your Edge	7
General Principles of Chart Reading	8
Indicators	12
The Two Forces: Toward a New Understanding of Market Action	13
Price Action and Market Structure on Charts	15
Charting by Hand	28
CHAPTER 2 The Market Cycle and the Four Trades	31
Wyckoff's Market Cycle	32
The Four Trades	40
Summary	45
PART II Market Structure	
<hr/>	
CHAPTER 3 On Trends	49
The Fundamental Pattern	49
Trend Structure	51
A Deeper Look at Pullbacks: The Quintessential Trend Trading Pattern	65

	Trend Analysis	77
	Summary	95
CHAPTER 4	On Trading Ranges	97
	Support and Resistance	97
	Trading Ranges as Functional Structures	113
	Summary	120
CHAPTER 5	Interfaces between Trends and Ranges	121
	Breakout Trade: Trading Range to Trend	122
	Trend to Trading Range	134
	Trend to Opposite Trend (Trend Reversal)	137
	Trend to Same Trend (Failure of Trend Reversal)	143
	Summary	145
PART III	Trading Strategies	
<hr/>		
CHAPTER 6	Practical Trading Templates	149
	Failure Test	150
	Pullback, Buying Support or Shorting Resistance	154
	Pullback, Entering Lower Time Frame Breakout	162
	Trading Complex Pullbacks	165
	The Anti	170
	Breakouts, Entering in the Preceding Base	174
	Breakouts, Entering on First Pullback Following	181
	Failed Breakouts	183
	Summary	186
CHAPTER 7	Tools for Confirmation	189
	The Moving Average—The Still Center	190
	Channels: Emotional Extremes	195
	Indicators: MACD	202
	Multiple Time Frame Analysis	213
CHAPTER 8	Trade Management	231
	Placing the Initial Stop	232
	Setting Price Targets	235

	Active Management	240
	Portfolio Considerations	251
	Practical Issues	253
CHAPTER 9	Risk Management	263
	Risk and Position Sizing	263
	Theoretical Perspectives on Risk	279
	Misunderstood Risk	282
	Practical Risks in Trading	283
	Summary	290
CHAPTER 10	Trade Examples	291
	Trend Continuation	293
	Trend Termination	313
	Failure Test Failures	319
	Trading Parabolic Climaxes	323
	The Anti	327
	Trading at Support and Resistance	336
	Summary	343
PART IV	The Individual, Self-Directed Trader	
CHAPTER 11	The Trader's Mind	347
	Psychological Challenges of the Marketplace	348
	Evolutionary Adaptations	349
	Cognitive Biases	353
	The Random Reinforcement Problem	356
	Emotions: The Enemy Within	357
	Intuition	360
	Flow	364
	Practical Psychology	367
	Summary	372
CHAPTER 12	Becoming a Trader	375
	The Process	376
	Record Keeping	385
	Statistical Analysis of Trading Results	388
	Summary	397

APPENDIX A	Trading Primer	399
APPENDIX B	A Deeper Look at Moving Averages and the MACD	409
APPENDIX C	Sample Trade Data	425
	Glossary	427
	Bibliography	443
	About the Author	447
	Index	449

<http://www.pbookshop.com>