POSITION TRADING STRATEGY HANDBOOK

All the important stuff to watch, read and in what order to do it!

The MARKET STRUCTURE TRADER.com

WHAT IS THIS DOCUMENT?

This PDF will hopefully serve as a kind of "quick start" guide combined with the most frequently asked questions about the position trading strategy and the market reversal alerts EA that is designed to automate entries with the strategy.

THE RECOMMENDED LEARNING PATH

To fully understand how to position trade you need to put the time in. There are no shortcuts, no just buying an EA and sticking it on your chart to make a fortune. While you CAN just buy the Market Reversal Alerts EA and stick it on a chart and load a set file of course at some point you will need to get involved in a trade that goes wrong. If you have not learned WHAT the EA is doing on your account and WHY it's doing it, you will not understand what to do when things start to go wrong.
Also, if you do not understand the strategy being traded and the risks involved you will potentially setup the EA incorrectly or trade the strategy manually in a way that will result in heavy drawdown very quickly or worse, blow your account completely.

I trade daily in the live rooms, offering education and analysis of how I see the market. I'm not qualified in anything but experience of more than 15 years in this industry. Trades I take, products I use and analysis I provide are completely for my own use and for educational purposes to demonstrate how I make money in the financial markets. Any trades you take with products you purchase, on your own trading accounts is down to you as an individual and I will not be held responsible for any losses incurred by your trading activities.

IF, HOWEVER you follow the path laid out below, WATCH all the content I provide, READ all the documentation on the products you use to trade you CAN be successful in this business.

This document lays out the path I recommend you take, if you choose to follow it completely you will be able to follow what I do every day and UNDERSTAND what I do, and why, with 100% clarity.

So, with that said this is how I would recommend you start your journey into position trading BEFORE you purchase anything or place any trade on your chart. This will take you around 12 -13 hours to complete and by that time you will have everything you need to be successful.

1 - DOWNLOAD THIS PDF - 10 minutes
https://themarketstructuretrader.com/5-steps-to-becomming-a-profitable-trader/
This explains the cycle you are stuck in, why you have not found what you want yet and why you never will.

After you have read that PDF, watch the first two videos below which are related to that, they cement that cycle you are in and will hopefully get you out of it.

2. WATCH THIS ABOUT CONTROL - 10 minutes
https://www.youtube.com/watch?v=rCP5yw2sWg4
This explains how you have no control over the market, you can't predict the future.

3. WATCH THIS ABOUT SYSTEM HOPPING - 8 minutes
https://www.youtube.com/watch?v=ajSwumgROOs
This explains why we system hop and never find what we are looking for, and you never will find what you are looking for.

Now that's out the way, get some basic knowledge which you will need to understand the position trading bootcamp. These videos cover what I think is important for all traders to understand, the rest is just fluff and as the market is random and unpredictable it's debatable whether this is important either! However, if you want to understand the content in the bootcamp you need this education first.

4. WATCH THIS MARKET STRUCTURE - 3 minutes
https://www.youtube.com/watch?v=booJ3OF633k
Short and to the point, that's it, it's not complicated, its highs and lows.

5. WATCH THIS ABOUT M.T.F. - 7 minutes
https://www.youtube.com/watch?v=pDSlIUjHNTI

You need to determine which timeframe you will trade based on how long you can watch charts for. You need to know this so you can choose a strategy to position trade with.

6. WATCH THIS ABOUT WHAT A SYSTEM IS - 12 minutes
https://www.youtube.com/watch?v=HBBfau_uZe8
To be able to trade a system you need to know how it's made up and what each part is.

7. WATCH THIS ABOUT REVERSAL PATTERNS - 5 minutes
https://www.youtube.com/watch?v=6bl56N9Aex0
The main indicator I use is designed to help you spot reversal patterns on any time frame. You need to know what a reversal pattern looks like and why they are formed.

8. WATCH THIS ABOUT MEAN REVERSION vs TREND - 31 minutes
https://www.youtube.com/watch?v=FdOWR6BQePM
First video you might need a coffee for! Position trading works in mean reversion strategies, you need to know what the difference is and more importantly why you should be choosing mean reversion over trend.

9. WATCH THIS ABOUT ADR (AVERAGE DAILY RANGE) - 35 minutes
https://www.youtube.com/watch?v=QdocXjseYkQ
EVERYTHING I do revolves around ADR, you need to fully understand what it is, how it's calculated, WHY it's used and how I got my numbers, so you have confidence in using it. This is not an option, if anyone asks me about ADR ever again this is where you will be sent! This is covered in the bootcamp, but this will cement your understanding 100 times faster if you watch this first.

Now you have watched all that this next video is going to blow some of that out of the water and will hopefully make sense as to why I do what I do....

10. WATCH THIS VIDEO - RESET YOUR THINKING - 25 minutes
https://www.youtube.com/watch?v=k7cD7I9Zu5c
Now you have all that, this video will make sense, and this explains why you need to STOP what you are doing and go to the next page in this document and really get started in your trading journey!

SO FAR YOU HAVE PUT IN ROUGHLY 2.5 HOURS.

THE NEXT PART IS 10 HOURS 20 MINUTES

If any of that rings a bell or makes sense the position trading bootcamp is your next step. Watch every one of these 5 videos at least once, ideally twice. Only after watching these should you look at buying anything if you want to. If you want the EA, it will automate this for you, if you want to trade my strategies manually the indicators will help you. If you want to convert your existing mean reversion strategy to a position trading strategy you can. But until you have watched this you should not buy anything or attempt to follow anything I do in the live rooms as you MUST HAVE a FULL understanding of what I'm doing and why I'm doing it which is in this bootcamp. You should not put the market reversal alerts EA on your chart until you have watched this in full so you understand what the EA is doing and why. With that said, here is the bootcamp.

Day 1 - https://www.youtube.com/watch?v=pgDac6A6D8Y - 1hr 45mins

Day 2 - https://www.youtube.com/watch?v=JjHZeLGEJaY - 1hr 5mins

Day 3 - https://www.youtube.com/watch?v=T7CizQR1szs - 2hr 30mins

Day 4 - https://www.youtube.com/watch?v=Fm6X3eVidQs - 2hr 50mins

Day 5 - https://www.youtube.com/watch?v=rKQK0eAXxf0 - 2hr 10mins

Once you have watched that you know how to position trade in theory.

Finally - https://youtu.be/t2t-h1RF-kA - 30 minutes
This video covered aggressive drawdown control in more detail. This is an area that needs real focus as it's an important part of managing trades that go wrong and cements how it's done with a real-life example.

Your decision now is how you implement position trading, your strategy converted, my strategies traded manually or my strategies using automaton.

THE LIVE ROOMS

I trade every day in the live room which you can access here:
https://themarketstructuretrader.com/the-live-room/

The live rooms are a place to ask questions based on the strategies I cover in the bootcamp and trade every day.

You will see me managing positions taken with the MRA EA, doing drawdown control and general analysis based on the strategies I teach. I also scalp the indices using another strategy called the opening range breakout strategy and may well be doing other things as time goes by, trading strategies change, get improved and replaced and you will often see me talking about or testing other strategies and EAs I develop. If they work out, I use them, if not I scrap the ideas and move on.

IMPORTANT POINT ABOUT THE LIVE ROOM:

I am not offering financial advice and am not qualified in any way to trade financial markets apart from my own experience gained over the last 15+ years trading. Trading financial markets carries significant risk of loss. The live room is an educational space. I trade my own accounts in private, and in these live rooms I run multiple strategies on different demo accounts. These accounts are set up to take every trade, so we can see how every position plays out that you may have taken as a result of trading these strategies, good, bad and the terrible! The idea of these accounts (running on demo) is to demonstrate how my strategies work, you can see how I would get into and handle each position as the trades unfold. These accounts will get over-leveraged at times due to the fact they trade every pair, you should manage your exposure and risk as you deem fit and ideally as per the bootcamp rules, link to the bootcamp is above! I take no responsibility for any profit or losses incurred by anyone as a result of duplicating the trades taken in the live rooms on these demo accounts, or by using my personal analysis of the markets using the strategies being traded by me.

SINCE THE BOOTCAMP WAS RECORDED....

Not a lot has changed since the bootcamp but here are a few points:

1. I have switched to the H1/M5 mean reversion strategy as my main “bread and butter” strategy now instead of H4. No real reason, just like more entries and faster but I am using the 21 H1 RSI and the 75/25 levels for entries. I am using the EA to get in spacing my trades a minimum of 0.75 ADR apart.
2. I have decided to be more pro-active with drawdown control. I am letting the EA handle most of the DD control for me as the trade plays out. I am scaling out of 30% of a trade if it goes 1 ADR against me. This keeps the drawdown more manageable and consistent but reduces overall profitability slightly, however lower DD is more important to me personally, no right, no wrong just preference.
3. I still focus on exposure, but I am less worried about getting into trades with exposure in both directions. In the bootcamp I teach 2 trades in one direction then ignore that currency. I still follow that but if a good setup happens and I can trade the other way while still having exposure on in the opposite direction I will. One will work, the other will go into DD, I deal with the one that doesn’t work as I need to.
4. I have developed a different version of the M5 hedging strategy as I didn’t like it or use it much. This trades on the H1 chart and just gets in and out on reversal alerts. You may see this in the live room, it’s in development and if you don’t see it, well it failed and was scrapped. 😉
5. The gap indicator shown in the bootcamp was removed from the marketplace by the author. I found another on which I re-wrote to my requirements and combined all the other small indicators into it, added more and automated support and resistance too. This new version of the propulsion gap indicator is on the marketplace here: https://www.mql5.com/en/market/product/97246

Other than that, it’s business as usual. Markets still move the same way; volatility still is measured in ADR and if people have a differing opinion on which way to go the markets will continue to push and pull creating market structure, we can exploit to our benefit with position trading.

THE NEXT PAGES ARE DESIGNED TO BE A QUICK REFERENCE AND FAQ SECTION

READ, LEARN & WATCH EVERYTHING ABOUT THE INDICATORS AND THE MRA EA

This is another 5+ hours of work to watch all the indicator videos and understand them all, if you are going to use them to trade you need to understand them. Spend the time, save yourself from confusion!

INDICATORS:
EVERY indicator has at least one video on the website on it's page that explains what it does and how it works and why I use it. WATCH those videos and make sure you fully understand all the settings and what it's doing.
https://themarketstructuretrader.com/the-indicators/

The Market Reversal Alerts EA Manual:
The EA page has a lot of video content, all worth watching to understand how the indicator and EA works.
https://themarketstructuretrader.com/the-indicators/market-reversal-alerts-ea/
It has a HUGE manual explaining EVERY input, what it does and how you can use it, READ that manual and fully understand it before you use it.
The manual is here: https://www.mql5.com/en/blogs/post/745502

The Market Reversal Alerts EA Settings Video:
There is a 2.5 hour video explaining everything visually and in minute detail. Watch this if you are going to automate position trading with the EA. This is your FLIGHT MANUAL, do NOT take off without it!
https://www.youtube.com/watch?v=KSHfyMt1bCk

MAIN POSITION TRADING RULES

When people get hurt position trading these are the reasons, ALWAYS!

SIZING

Keep your lot size small. Normal risk should be 0.25% of your account on your initial trade based on 0.50 ADR in price movement. If you want you can use less or more but that's a good "sweet spot" I find as long as you stick to exposure rules. TEST with the EA to see what happens with different risk.
i.e. if you were going to place a trade with a stop loss it would be half an ADR away from the entry price risking 0.25% of your account balance.

SPACING

Space your trades out in your positions a MINIMUM of 0.50 ADR apart but ONLY take a trade when you get a reversal alert from the market reversal alerts indicator. We want the market moving in our direction when we get in, this is the whole point of the market reversal alerts indicator. The closer your trades are the more drawdown you will experience and the faster it will happen if you get squeezed.

EXPOSURE

Follow the 2-trade rule on a single currency. If you have exposure long twice on the USD, the USD is off limits for long positions until one of those closes. If you want, you can take a short on the USD as hedging in this way means one of those positions will win. Over exposure in a squeeze WILL blow your account.
If you do want to trade every FX pair though I don't see an issue with that if you reduce your risk. You can get exposed 7 times on a single currency, therefore if you trade every pair you need to reduce your risk per trade by at least a factor of 3. E.g. 0.25% risk over 0.5ADR becomes 0.25% risk over 1.5 ADR.

CHOOSING A STRATEGY TO TRADE

There are 4 main strategies I teach in the bootcamp. One common misconception is that I'm saying you should trade all 4 of them. This is not the intention; the idea is you would pick a strategy that you feel comfortable with or meets the time requirements you can dedicate to trading. E.g., if you work full time, you will find it hard to trade ADR reversals so the H4/M15 mean reversion strategy is probably more suited to you.

If you do however want to trade more than one strategy that's fine but keep these key points in mind:

1. The strategies will have overlapping trades. When the RSI gets extended on the H1 chart it may also trigger an RSI extension on the H4 chart AND you may get an ADR hit that day too. This would mean you take 3 trades on the same pair on the same reversal alert, TRIPLING your exposure. If you want to trade multiple strategies either:
   a. Run multiple trading accounts, each with a different strategy on it.
   b. Ensure if you get multiple signals on multiple strategies, you only act once and take one of the trades.
2. Bad runs or squeezes happen in position trading like all systems in trading, the market will give, and the market will take depending on it's mood and this is out of your control. Running multiple strategies on the same currencies will mean you may get squeezed hard multiple times!
3. Drawdown control and aggressive drawdown control are a key part to position trading. The more positions you have on and the more strategies you deploy will mean more work for you when things get uncomfortable.

USING THE MARKET REVERSAL ALERTS EA

If you decide to use the MRA EA to automate position trading for you these are the key points you need to be aware of and check.

1. If the EA takes a trade, you are not expecting or when there was not a reversal alert 99% of the time you have an issue with magic numbers. Every instance of the EA needs a unique magic number for both buys and sells, these inputs are in the EA. These tell the terminal which trades it should manage and in which direction.
2. You are in control of exposure, read below on how to effectively use the EA and stay in control so you don't get over exposed.
3. The EA is a "blunt instrument" and designed to help you by semi-automating yourself. YOU are the trader; the EA automates things for you so you can spend less time in front of charts. Feel free to take manual trades where necessary if you feel it's a good spot to add but be aware the EA DOES NOT pay any attention to trade you take yourself or use these in profit calculations.
4. The EA will not do drawdown control for you on trades you take manually, this needs to be managed by you.

TWO MAIN WAYS TO USE THE MRA EA

Personally, I use the EA to manage my add on entries for me. I get into the market in one of two ways every time.
I either miss a trade and take a manual entry as the reversal alert has already happened or if I see an opportunity and the reversal alert has not happened, I can get the EA to take that initial trade for me.
I do not run it on every single pair constantly, although you can and there is nothing wrong with that as we've covered a minute ago if you adjust risk.
I wait for a trade setup I'm interested in (ADR hit or RSI extension) and look at my exposure. If I can take the trade and I like it, I then do one of two things.

1. If there has not been a reversal alert, I just add the EA to the chart on my VPS and tell it to take the next trade alert for me and scale in, do DD control and everything I want it to.
2. If I've missed the reversal alert I take a manual trade, add the EA to my VPS and tell it to take all ADDITIONAL trades IF the position goes against me and do the DD control etc….

AND FINALLY...

There are no right and wrong settings for the Market Reversal Alerts EA. There are starter set files available on the website on the EAs product page, follow the links, you'll find them.

TEST yourself in the strategy tester, SEE what happens when you adjust the settings, USE the settings YOU feel comfortable with.

I constantly get asked questions like:

"what set file are you currently using"

"what is the best set file right now"

"which is the best setting for the RSI"

"what time frame is best to trade with the EA"

There is no correct answer to any of those questions, what I use is not right or wrong, it's just a setting. There are just different ways to use the EA I created.

WHAT SETTINGS YOU USE, HOW YOU GET IN, WHY YOU GET IN are not important or relevant. The bootcamp will teach you this.

What happens AFTER you get in and what YOU DO after the initial entry is WHAT IS IMPORTANT. You know as much as I do about where the markets going to go next, don't ask me, I don't know!

Neither I nor anyone else you will ever meet in your trading journey can give you a crystal ball telling you what settings to use or how best to get in or out or when to do it. If they profess to know where it's going, walk away, they don't!

The markets move in random movements at random times. If they go up and down through time you can benefit. Get in, get out, make money.