I SPEAK CANDLESTICK

LEARN THE LANGUAGE OF THE MARKETS

PART 3 · MODULES 10–14



STUDY GUIDE



STUDY GUIDE

I Speak Candlestick

Learn the language of the markets. Part 3: Modules 10–14. The companion study guide to the 14-module I Speak Candlestick course.

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Chart examples are simplified illustrations, not records of real trades.

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Part 3: Modules 10–14

This book contains Modules 10–14: timing, retests, contextual charts, risk and psychology. It builds on everything in Parts 1 and 2, so start there if you haven't.

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M01 The Anatomy of a Candlestick — PART 1

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Glossary of terms — SEPARATE BOOK

BEFORE YOU START

How to use this guide

The app teaches each idea in a short lesson and a scored quiz. This guide covers the same fourteen modules in the same order, with more room: extra explanation, worked examples, labelled diagrams and the common mistakes beginners make.

Use the two together

Read a module here, then take that module's quiz in the app. If you score below 70%, come back to the module, reread the sections the answer key points to, and retake. The modules build on each other, so don't skip ahead.

What's in each module

- **Learning objectives**: what you should be able to do by the end.
- **Numbered sections** with diagrams, tables and worked examples.
- **Callouts**: green for tips, red for common mistakes, grey for context.
- **Key takeaways**: the points to remember if you remember nothing else.
- **Check your understanding**: the same ten questions as the app quiz, with answers and explanations at the back.

Four books

Part 1: Modules 1–3 (free). **Part 2**: Modules 4–9. **Part 3**: Modules 10–14. Plus a separate **Glossary of terms**, A to Z.

The big idea

The whole course builds towards one framework. The market only does three things: it **breaks out and continues**, it **breaks out, fails and reverses**, or it **consolidates**. A confirmed retest of a key level tells you which one is most likely next. Everything before Module 9 gives you the vocabulary to see it; everything after shows you how to act on it, how to manage risk when you're wrong, and how to keep your discipline while you do.

It all starts with a single candle.

STAGE 6 · SESSION TIMING · MODULE 10 OF 14

10

Session Timing & the Opening Range

When to trade: Asia, London and New York.

- App lesson: 12 min
- Study time: 30 min
- 10 review questions

BY THE END OF THIS MODULE YOU WILL BE ABLE TO

- Name the three major sessions, when they open in UK time, and their typical character.
- Explain why volatility arrives in waves around session opens.
- Mark an opening range and describe the Opening Range Breakout (ORB).
- Combine the ORB with structure, bias, the three scenarios and a retest.
- Recognise when not to trade.

10.1 Why session timing matters

The market doesn't move at a constant pace. Volatility and volume arrive in waves, and those waves are tied to the opening bells of the world's major financial centres. When a session opens, institutional money flows in, liquidity increases, and the market tends to make its most decisive moves.

Understanding when these windows open, and how to trade within them, is one of the most practical edges available to a retail trader. It also connects back to Module 4: the quiet hours are contraction, and the opens are where expansion usually happens.

10.2 The three major sessions

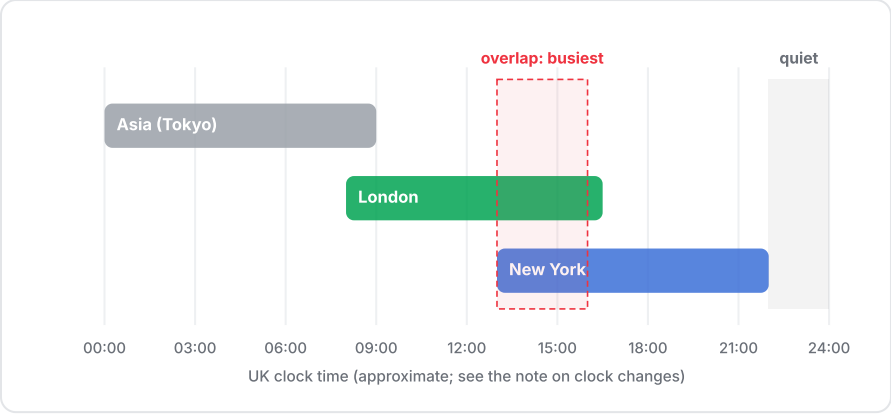

Figure 10.1 The trading day in UK clock time. Asia is quiet; London sets the tone; the London–New York overlap is usually the busiest window; the late evening is thin.

SESSION	OPENS (LOCAL)	OPENS (UK CLOCK)	CHARACTER
Asia (Tokyo)	09:00 Tokyo	00:00 in winter · 01:00 in summer	Typically the quietest of the three. Range-bound price action is common, and it often sets the range that London will later break.
London	08:00 London	08:00 all year	Often sets the tone for the day. High volume, particularly in GBP, EUR and JPY pairs, and frequently produces the session's directional move.
New York	08:00 New York	13:00 most of the year	Volume peaks during the overlap with London (roughly 13:00–16:00 UK time). Major US economic data is released at 08:30 New York time (13:30 UK) and can cause sharp, sudden moves.

CLOCK CHANGES

Japan doesn't use daylight saving, so the Tokyo open moves from 00:00 to 01:00 on UK clocks when British Summer Time starts. The UK and US change their clocks on *different* dates: the US moves about two to three weeks earlier in spring and one week later in autumn. For those few weeks, New York events happen an hour earlier on UK clocks (e.g. data at 12:30, not 13:30). Always check the current offset before trading.

NOT JUST CURRENCIES

These are the main currency-market sessions. Stock indices follow their own exchange hours: US stock markets, for example, open at 09:30 New York time (14:30 UK most of the year), and that open has its own opening range. The principles in this module apply to whichever market and open you trade.

10.3 The Asian range and the London open

Because Asia is often quiet, its high and low form a natural range by the time Europe wakes up. London traders frequently treat those levels as the first reference points of the day.

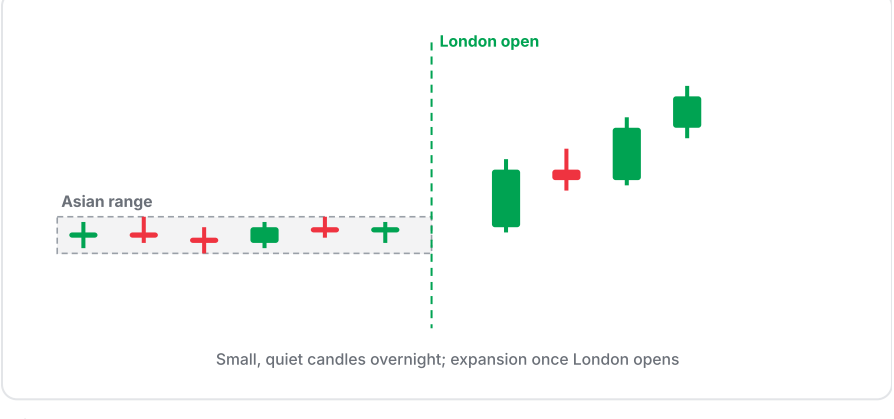

Figure 10.2 Overnight contraction inside the Asian range, then expansion as London opens. Whether that break holds is a three-scenario question.

Notice that this is Module 6's idea on a daily scale: the Asian session can play the role of the range (accumulation), and the London open often

provides the sweep or the break.

10.4 The opening range

The **opening range** is the high and low of the first period after a session opens, commonly the first 15, 30 or 60 minutes. This range often acts as a reference point for the rest of the session.

Opening Range Breakout (ORB)

A popular strategy: wait for the opening range to form, then trade the breakout of that range in the direction of your bias.

But the ORB alone is not enough. Many opening range breakouts fail without confirmation. The real edge comes from combining it with everything you've already learned:

1. **Structure** (Module 7): is the market making higher highs and higher lows, or lower highs and lower lows?
2. **Bias** (Module 8): is price above or below a relevant moving average?
3. **The three scenarios** (Module 9): a breakout of the opening range can lead to continuation, a failed break and reversal, or consolidation.
4. **Retest confirmation** (Module 11): wait for price to retest the broken opening range level before entering. This confirms the break was real.

10.5 The high-probability setup

- Identify the market structure and bias **before** the session opens.
- Let the opening range form (e.g. the first 30 minutes of London).
- If price breaks the opening range in the direction of your bias, **wait for the retest**.
- If the retest holds (a rejection candle, no reclaim), enter in the direction of the breakout.
- Your stop goes below the retest candle (or the opposite end of the opening range).
- Your target is at least 2× your risk.

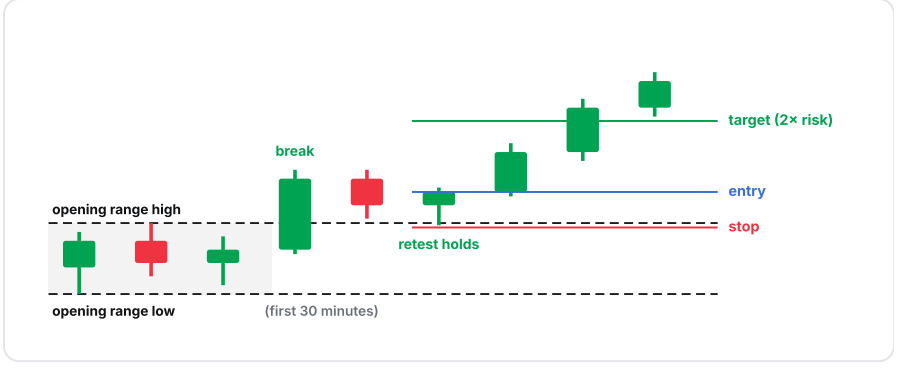

Figure 10.3 The full setup. Break above the opening range, retest that holds, entry on the retest candle's close, stop just below it, target at twice the distance to the stop.

The stop and the 2× target are the subject of Module 13. For now, notice the logic: the stop sits where the setup would be proven wrong (Module 5's invalidation point), and the target is set so that one win pays for two losses.

10.6 When not to trade

- Don't trade the breakout blindly. Many opening range breakouts fail without confirmation.
- Avoid trading in the dead zone between one session's close and the next open. Volume is thin and moves are unreliable.
- Be cautious around major news releases. They can create false breakouts and **slippage** (your order filling at a worse price than expected).

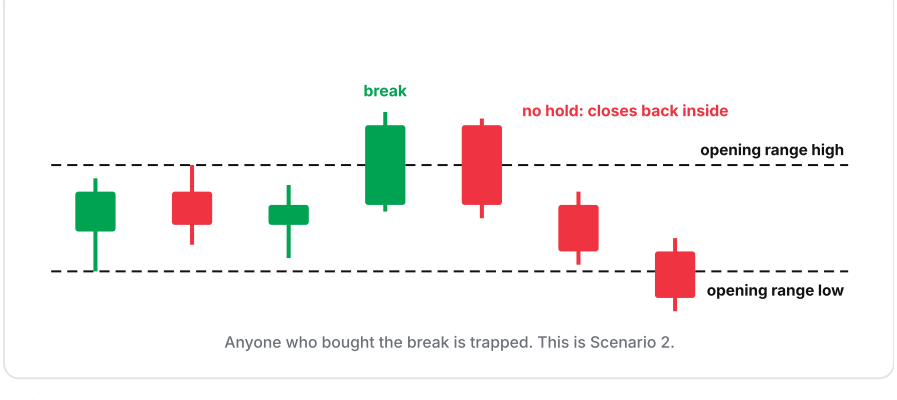

Figure 10.4 The opening range breaks, but the next candle closes straight back inside and price runs to the other side.

KEY TAKEAWAY

- Session timing gives you the **window**.
- Structure, bias and retest confirmation give you the **trade**.
- Together: trade at the right time, in the right direction, with confirmation.

Check your understanding

Module 10 · 10 questions · answers on page 52

1 What is the 'opening range'?

- (A) The range between the Asian high and low
- (B) The high and low of the first period after a session opens
- (C) The full day's high-to-low range
- (D) The distance between two moving averages

2 What should you do before the session opens?

- (A) Ignore the session timing entirely
- (B) Identify the market structure and bias
- (C) Place your trades immediately
- (D) Wait for the session to close

3 Which session typically has the lowest volume and volatility?

- (A) The Asian (Tokyo) session
- (B) The New York session
- (C) The London session
- (D) The overlap between London and New York

4 Why is the opening range breakout strategy not enough on its own?

- (A) The opening range never forms
- (B) It requires too many indicators
- (C) It only works on weekends
- (D) Most breakouts fail without confirmation from structure, bias, and retest

5 When is the highest-volume period of the trading day?

- (A) During the Asian session
- (B) Before the London open
- (C) After the New York close
- (D) During the London and New York overlap

6 What happens at the London and New York opens?

- (A) Only doji candles form
- (B) The market closes
- (C) Volatility decreases
- (D) A surge in volume and volatility produces the day's largest moves

7 **Which session is typically the quietest?**

- (A) London open
- (B) London close
- (C) Asian session
- (D) New York open

8 **Why is session timing important for trading?**

- (A) It tells you when there is enough volume to fuel a move
- (B) It determines the trend direction
- (C) It guarantees a profit
- (D) It is not important at all

9 **After an opening range breakout, what confirms the continuation?**

- (A) A new range forms
- (B) The session ends
- (C) Price retests the broken range level and holds
- (D) Price immediately reaching the target

10 **What is an Opening Range Breakout?**

- (A) A breakout that happens at the session close
- (B) A breakout with no volume
- (C) Price breaks the range established in the first 30 minutes of a session
- (D) A breakout that only happens in the Asian session

Your score ____ / 10 · Aim for 7 or more, the same pass mark as the app. Below that, reread the sections the answer key points to.

STAGE 7 · CONTEXTUAL CHARTS · MODULE 11 OF 14

11

Level Retest Confirmation

The single most important action: wait for price to come back and test the level it just broke.

- App lesson: 9 min
- Study time: 25 min
- 10 review questions

BY THE END OF THIS MODULE YOU WILL BE ABLE TO

- Explain what a retest is and why broken levels flip roles.
- Read a retest as a hold (continuation), a reclaim (reversal) or neither (consolidation).
- Judge a retest candle by its close, not its wick.
- Apply the four-step decision framework.
- Accept that some breakouts never retest, and why that's fine.

11.1 Why the retest is everything

A breakout tells you a level was crossed. A **retest** tells you whether that break was real. When price returns to the level it just broke and **holds** (for a continuation) or **reclaims** it (for a reversal), you have confirmation. This is where the probability lives.

Module 9 ended with a decision flow whose second question was "does the retest hold?". This module answers it.

11.2 What a retest is

After price breaks a level, it very often **comes back** to that level before continuing. Broken resistance tends to become new support; broken support tends to become new resistance. That return is the retest.

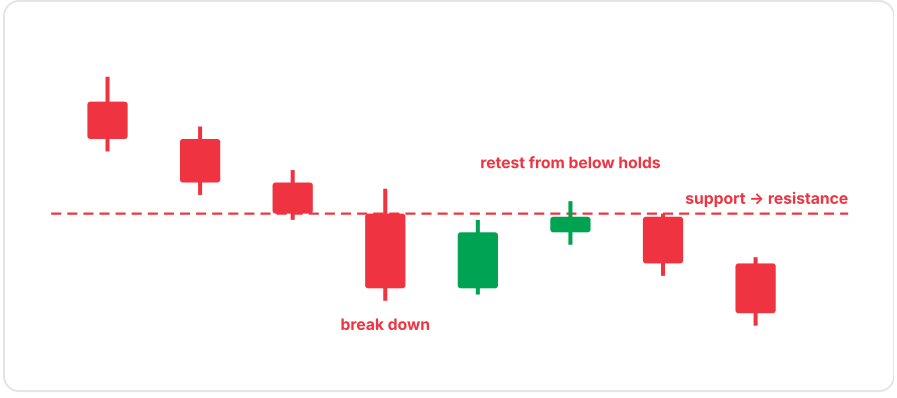

Figure 11.1 The flip works in both directions. Here support breaks, price rallies back up to it, and it now acts as resistance.

Why do levels flip? Traders who sold at resistance and watched it break are now losing; many will buy back if price returns to their entry, to get out at break-even. Traders who missed the breakout wait for a second chance at the same price. Both groups put buy orders at the old level, and it becomes support.

11.3 Three possible outcomes

Confirming continuation: the hold

Price breaks a level, pulls back to retest it, and **holds**. You see a rejection candle (a hammer, an engulfing, a wick) with no close back through the level. The break is confirmed real, and the most likely continuation is in the breakout direction.

Confirming reversal: the reclaim

Price breaks a level, pulls back to retest it, but this time **reclaims** it: price closes back through to the other side. The breakout failed. The most likely move is now a reversal to the opposite side of the range.

Confirming consolidation: neither

Price breaks a level, comes back, breaks the other side, comes back again, and neither holds. The market is just ranging. No retest confirms, so no high-probability trade exists. **Waiting is a position.**

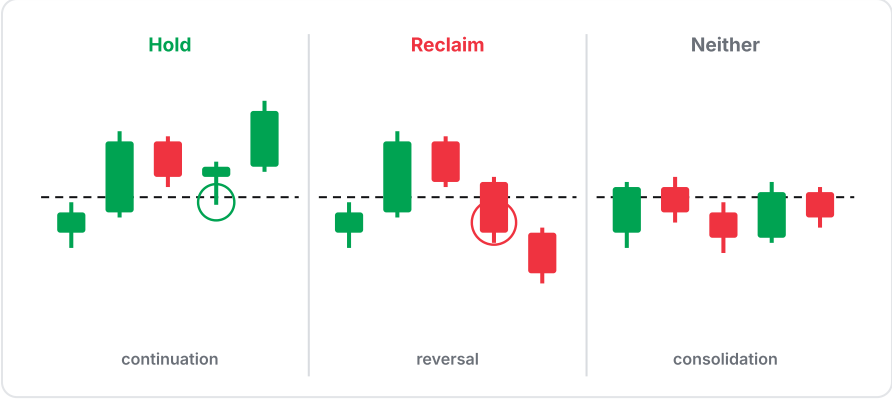

Figure 11.2 Same level (dashed), three outcomes. Left and centre break up then retest; the circled retest candle decides the scenario. On the right, nothing holds on either side.

AT THE RETEST	CONFIRMS	SCENARIO (MODULE 9)
Holds: rejection candle, no close back through	Continuation	1
Reclaim: candle closes back through the level	Reversal	2
Neither holds; price chops both sides	Consolidation	3

11.4 Reading the retest candle

Everything from Modules 1 to 3 comes together here. The question at the retest is simple: **where did the candle close?**

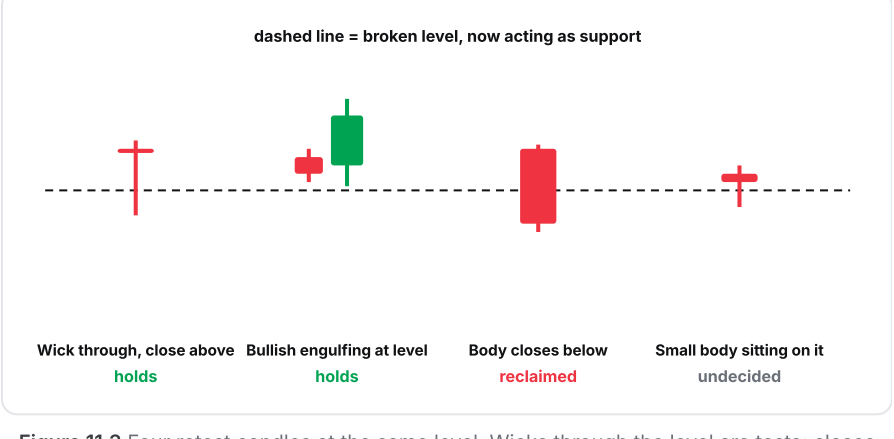

Figure 11.3 Four retest candles at the same level. Wicks through the level are tests; closes through it are verdicts.

- **A wick through, close back above** (a hammer): sellers tried and were rejected. That's a hold, and a strong one.
- **A bullish engulfing at the level**: buyers took control right on the level. A hold.
- **A body closing through the level**: the level failed. That's a reclaim.
- **A small body sitting on the level**: undecided. Wait for the next candle.

LEVELS ARE ZONES, NOT LINES

Price rarely touches a level to the exact tick. Allow a little room either side and judge by where candles close relative to that zone. A wick a few points beyond the line, followed by a close back on the right side, is still a hold.

11.5 The decision framework

1. **Identify the level** and the structure around it.
2. **Wait for the break**, then **wait for the retest**. Do not chase the breakout candle.
3. **Read the retest candle**: rejection and no reclaim = continuation. Reclaim = reversal. Neither = consolidation.
4. **Confirm with bias**: do the moving average and the structure agree with your read?

11.6 Why this tilts the odds

You are no longer betting on the breakout, which fails often. You are betting on the **retest**, which has already shown you whether the level holds. You trade the confirmation, not the hope.

It also helps with risk. At a retest, your invalidation point is right there: just beyond the level, or beyond the retest candle. A nearby, clearly defined stop means a smaller loss when you're wrong, which Module 13 shows is what makes a 2× target achievable.

NOT EVERY BREAKOUT RETESTS

Sometimes price breaks a level and simply keeps going. If you're waiting for a retest, you'll miss that move, and that's fine. Missing a trade costs you nothing; chasing one without confirmation can cost you a lot. There will be another setup.

CONFIRMATION ISN'T CERTAINTY

A retest that holds can still fail later. Confirmation improves the odds; it doesn't guarantee the outcome. That's why every trade still needs a stop.

KEY TAKEAWAYS

- The **break** tells you a level was crossed; the **retest** tells you if it was real.
- **Hold** at the retest = continuation. **Reclaim** = reversal. **Neither** = consolidation.
- Judge the retest by the **close**, not the wick.
- Never chase the breakout candle. Wait for the retest, and accept that some never come.
- Confirm the read with structure and moving-average bias.

Check your understanding

Module 11 · 10 questions · answers on page 52

1 **What does a retest tell you that a breakout alone cannot?**

- (A) The moving average value
- (B) The exact price target
- (C) The time of the next move
- (D) Whether the break was real

2 **Why is trading the retest higher probability than trading the breakout?**

- (A) Retests do not need structure
- (B) Retests are always faster
- (C) Breakouts never work
- (D) You trade the confirmation, not the hope

3 **At a retest, price holds with a rejection candle and no reclaim. This confirms:**

- (A) Continuation
- (B) A range
- (C) Reversal
- (D) Consolidation

4 **What should you do when a retest confirms neither a hold nor a reclaim?**

- (A) Trade the breakout immediately
- (B) Wait: no high-probability trade exists
- (C) Reverse your position instantly
- (D) Add another moving average

5 **At a retest, price closes back through the level to the other side. This confirms:**

- (A) Consolidation
- (B) Reversal
- (C) Continuation
- (D) A strong trend

6 **Why is the retest considered high probability?**

- (A) Because it requires no analysis
- (B) Because it only happens in trends
- (C) Because it confirms the breakout with a second test of the level
- (D) Because it always works

7 **After a failed retest, what is the likely outcome?**

- (A) The market consolidates indefinitely
- (B) Continuation in the original direction
- (C) A new breakout occurs immediately
- (D) A reversal to the opposite side of the range

8 **What signals that a retest has failed?**

- (A) Volume decreases
- (B) Price holds at the level
- (C) Price reclaims and closes back through the broken level
- (D) A rejection candle forms

9 **What confirms a retest for continuation?**

- (A) A doji forms at the level
- (B) The market goes quiet
- (C) Price breaks through the level again
- (D) The level holds with a rejection candle and no reclaim

10 **What is a retest in trading?**

- (A) Price returns to a broken level to test it from the new side
- (B) A second quiz attempt
- (C) A second attempt to break a level
- (D) A new high is made

Your score ____ / 10 · Aim for 7 or more, the same pass mark as the app. Below that, reread the sections the answer key points to.

STAGE 7 · CONTEXTUAL CHARTS · MODULE 12 OF 14

12

Reading Contextual Charts

Put it all together: candles, structure, bias and retest confirmation in one read.

- App lesson: 8 min
- Study time: 30 min
- 10 review questions

BY THE END OF THIS MODULE YOU WILL BE ABLE TO

- Run the six-step top-down read in order.
- Apply it to a continuation, a failed breakout and a chart with no trade.
- Explain why each step works as a filter.
- Use the pre-trade checklist at the end of this module.

12.1 Everything at once

You have learned the pieces. Now you read them **together**, in the order the market actually reveals them.

12.2 The top-down read

STEP	ASK	MODULE
1 · Structure	Higher highs and higher lows, lower highs and lower lows, or equal (range)? This sets your bias.	7
2 · Bias	Is price above or below a moving average? Does the MA agree with the structure? Agreement raises conviction.	8
3 · Level	Where is the most recent swing high or low that price is approaching? This is where the decision will happen.	7, 11
4 · Scenario	Is price breaking, retesting or ranging right now? Which of the three is unfolding?	9
5 · Candle	What is the retest candle telling you? Rejection or reclaim?	1–3, 11
6 · Confirm	Only when the retest confirms do you have a high-probability read.	11

WHERE TIMING FITS

Session timing (Module 10) isn't a separate step; it's a condition on steps 4 to 6. A break and retest during the London or New York session carries more weight than the same pattern in the thin hours before Asia opens.

12.3 Worked example 1: continuation

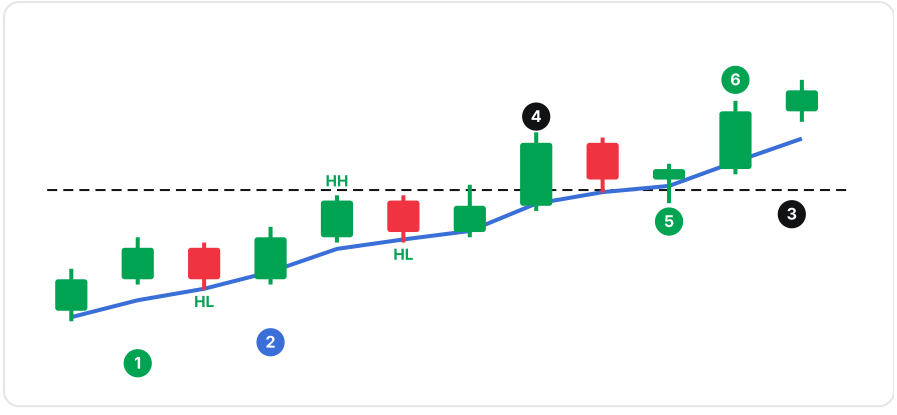

Figure 12.1 The numbers match the six steps. (1) Higher highs and higher lows. (2) Price above a rising MA. (3) The level: the last swing high (dashed). (4) Price breaks it. (5) The retest candle wicks into the level and closes above. (6) Confirmed: continuation.

The market is making higher highs and higher lows: an uptrend. Price is holding above a rising moving average, so the bias is bullish. Price approaches the last swing high and breaks through. It pulls back to retest the broken level. At the retest, a hammer forms and price holds, with no reclaim. Structure says uptrend, the MA agrees, the retest confirms. **Continuation** is the most likely scenario.

12.4 Worked example 2: failed breakout

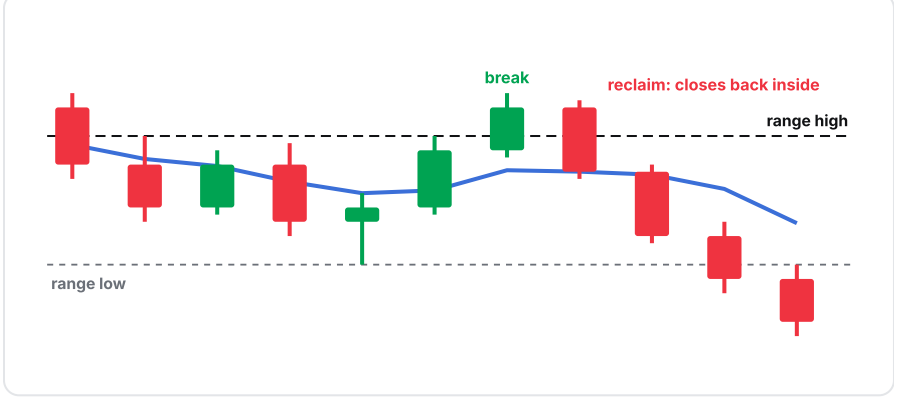

Figure 12.2 A ranging market with a flat, wandering MA. Price breaks above the range high, but the next candle closes straight back inside, and price heads for the range low.

STEP	READ
1 · Structure	Lower highs into a range: no clean uptrend
2 · Bias	MA flat to falling: no bullish confluence for an upside break
3 · Level	Range high
4 · Scenario	A break, but against the structure and the MA: be suspicious
5 · Candle	Bearish candle closes back below the level: a reclaim
6 · Confirm	Scenario 2: failed breakout, target the opposite side of the range

Notice that steps 1 and 2 had already warned you before the break happened. A breakout that fights the structure and the bias is the one most likely to fail.

12.5 Worked example 3: no trade

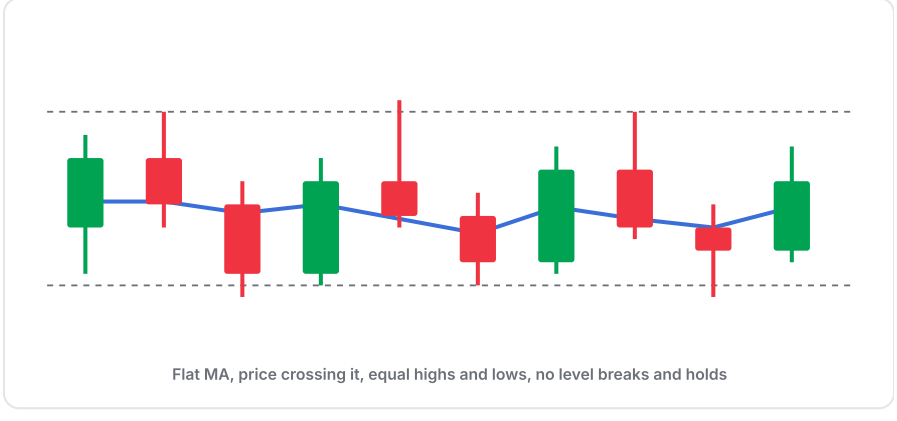

Figure 12.3 Nothing lines up, so there is nothing to do.

Equal highs and lows. A flat MA that price crosses every few candles. No level breaks and holds, and no retest confirms anything. This is Scenario 3, and the correct action is no action. As Module 11 put it: **waiting is a position**.

MOST CHARTS LOOK LIKE THIS

Beginners expect to find a setup every time they open a chart. In practice, many sessions offer nothing that passes all six steps. Learning to close the chart and walk away is part of the skill.

12.6 What separates this from guessing

Every step is a filter. Structure filters the direction. The MA filters the bias. The level filters *where* to act. The retest filters *when*. By the time you act, several separate checks have agreed. That is what probability looks like.

SEPARATE, NOT FULLY INDEPENDENT

Structure and moving averages are both built from the same price data, so they often agree for the same reason. That's why the retest, an actual test of how price behaves at the level, matters most. It's the one check that waits for the market to show its hand.

12.7 The discipline

Many avoidable losses come from skipping steps: chasing a breakout before the retest, or trading against the structure because a single candle looked promising. The framework only works if you run it in order, every time.

YOU WILL STILL HAVE LOSING TRADES

Following every step doesn't make a trade a winner. It means that when you lose, you lose on a setup that was worth taking, with a defined stop. A good process produces losing trades too; what it avoids is *bad* trades. Module 13 shows how to survive the losing ones.

12.8 Pre-trade checklist

Copy or print this and run through it before every trade. If any line is a "no", there's no trade.

✓	CHECK
☐	I know which timeframe I'm reading, and the higher-timeframe structure agrees.
☐	Structure is clear: HH/HL or LH/LL (or I'm deliberately trading a range edge).
☐	Price is on the right side of a sloping MA in the direction of my trade.
☐	I've marked the level, and price has broken it with a candle close.
☐	Price has retested the level, and a rejection candle has closed with no reclaim.
☐	It's an active session, and there's no major news release about to hit.
☐	I know my stop (beyond the retest candle or level) and my target (at least 2× risk).
☐	My position size risks no more than my fixed percentage of the account (Module 13).

KEY TAKEAWAYS

- Read top-down: **structure → bias → level → scenario → candle → confirm**.
- Each step is a filter; agreement between them is what creates probability.
- The retest is the final confirmation. Never act before it.
- "No trade" is a valid, frequent and correct outcome.
- Discipline in the order is what turns this from guessing into a process.

Check your understanding

Module 12 · 10 questions · answers on page 52

1 **Which step is the final confirmation before you act?**

- (A) Naming the scenario
- (B) Drawing the moving average
- (C) Identifying the market structure
- (D) The retest of the level

2 **In this framework, 'confluence' means:**

- (A) Trading against the trend
- (B) A single very strong candle
- (C) Multiple independent reads all agreeing
- (D) A moving average crossing over

3 **Most trading losses come from:**

- (A) Skipping steps in the framework
- (B) Reading too many candles
- (C) Trading on high timeframes
- (D) Using too many indicators

4 **What is the correct top-down order to read a chart?**

- (A) Structure → bias → level → scenario → candle → confirm
- (B) Bias → candle → structure → level
- (C) Candle → level → structure → bias
- (D) Level → candle → bias → structure

5 **Why is a contextual read more reliable than any single signal?**

- (A) Because it combines multiple independent confirmations
- (B) Because it uses more indicators
- (C) Because it is always correct
- (D) Because it ignores the chart

6 **What does a rejection candle at a retest tell you?**

- (A) The market is ranging
- (B) The level held and sellers/buyers were rejected
- (C) The level failed
- (D) A new trend is starting

7 **What provides the entry trigger in a contextual read?**

- (A) The trend direction alone
- (B) A moving average crossover
- (C) The session open only
- (D) A retest of a broken level that holds

8 **What provides the bias in a contextual read?**

- (A) The volume
- (B) The session time
- (C) The candlestick pattern
- (D) Price holding above or below a moving average

9 **What confirms the trend in a contextual read?**

- (A) A single candle
- (B) The session time
- (C) The moving average alone
- (D) Market structure: higher highs and higher lows

10 **What does 'reading in context' mean?**

- (A) Combining structure, bias, retest, and candle signals together
- (B) Looking at one candle in isolation
- (C) Only using moving averages
- (D) Only trading the daily chart

Your score ____ / 10 · Aim for 7 or more, the same pass mark as the app. Below that, reread the sections the answer key points to.

STAGE 8 · RISK MANAGEMENT · MODULE 13 OF 14

13

Risk Management: The Other Half

Stops, position sizing and risk-to-reward.

- App lesson: 15 min
- Study time: 40 min
- 10 review questions

BY THE END OF THIS MODULE YOU WILL BE ABLE TO

- Place a stop at the point where the trade idea is invalidated.
- Calculate a position size from your account, risk percentage and stop distance.
- Explain risk-to-reward, break-even win rates and positive expectancy.
- Explain why small risk per trade matters, using drawdown and losing streaks.
- Write your own trading plan.

13.1 The half you can't skip

Placing a trade is only half the story. Risk management is the other half, and arguably the more important one. With a 2:1 reward-to-risk, a 40% win rate can be profitable over time. With poor risk management, such as winners smaller than losers, even a 60% win rate can lose money.

This module covers the three pillars: **stop placement**, **position sizing** and **risk-to-reward**. It also ties up every module before it. The invalidation point you met in Modules 5, 6 and 11 is where your stop goes; the retest gives you a nearby one; the 2× target from Module 10 is explained here.

13.2 Stop placement: the point of invalidation

Your stop-loss goes at the point where your trade idea is **invalidated**. Not at a random round number. Not at a fixed number of pips. At the level

where the structure or setup you based your trade on is proven wrong.

TRADE TYPE	LONG (BUY)	SHORT (SELL)	WHY THERE
Trend continuation	Below the most recent higher low	Above the most recent lower high	If that swing breaks, the structure has changed (Module 7)
Breakout retest	Below the retest candle's low	Above the retest candle's high	If price moves through the retest candle, the retest failed (Module 11)
Range reversal	Just below the range low	Just above the range high	If price breaks out and holds, the reversal idea is wrong (Module 9)

WHAT NEVER TO DO

- **Don't move your stop further away** to "give it room". If the trade needs more room, the entry was wrong.
- **Don't remove your stop.** "I'll just hold and see" is how small losses become account-ending ones.
- **Don't use a fixed pip amount** that ignores the structure. The market doesn't know how many pips you can afford to lose.

A LITTLE ROOM BEYOND THE LEVEL

Module 11 said levels are zones, not lines. Place the stop a small buffer beyond the invalidation point, not exactly on it, so that a wick testing the level doesn't stop you out of a trade that is still valid.

13.3 Risk-to-reward

A **2:1 reward-to-risk** means you risk 1 unit to make 2. Traders call the distance from entry to stop **1R**; a target twice that distance is **2R**.

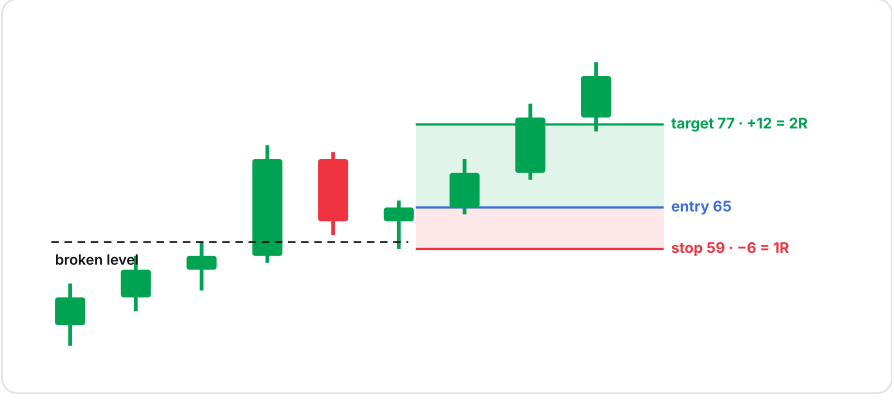

Figure 13.1 A long at the retest. Entry 65, stop just below the retest candle at 59 (6 points of risk), target at 77 (12 points of reward): 2R.

WHICH WAY ROUND?

You'll see this written both ways. This course writes reward first: "2:1" means 2 units of reward for every 1 of risk. Many books and platforms write the same trade as a risk-to-reward of "1:2". Both describe the same trade. If in doubt, think in R: a 2R target is twice as far away as your stop.

The maths of positive expectancy

The higher your reward relative to your risk, the fewer trades you need to win to break even:

REWARD : RISK	BREAK-EVEN WIN RATE	CALCULATION
1:1	50%	1 ÷ (1 + 1)
2:1	≈ 33%	1 ÷ (1 + 2)
3:1	25%	1 ÷ (1 + 3)

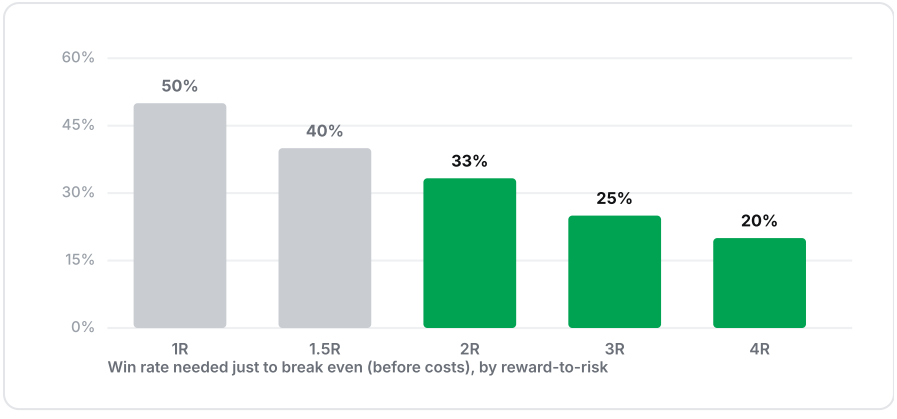

Figure 13.2 Break-even win rate falls as the reward per trade rises. These figures are before costs.

Expectancy is what you make on average per trade, in R. At 2:1 with a 40% win rate: out of 10 trades, 4 winners make +8R and 6 losers cost −6R, a net +2R, or +0.2R per trade. At 1:1 with the same 40% win rate, you'd lose 0.2R per trade.

The reward-to-risk and win-rate matrix

Every cell shows the **average result per trade, in R**, for a given win rate and reward-to-risk. +0.20R means that, on average, each trade makes a fifth of what you risk on it. Risking £100 a trade, that's +£20 per trade, or +£2,000 over 100 trades.

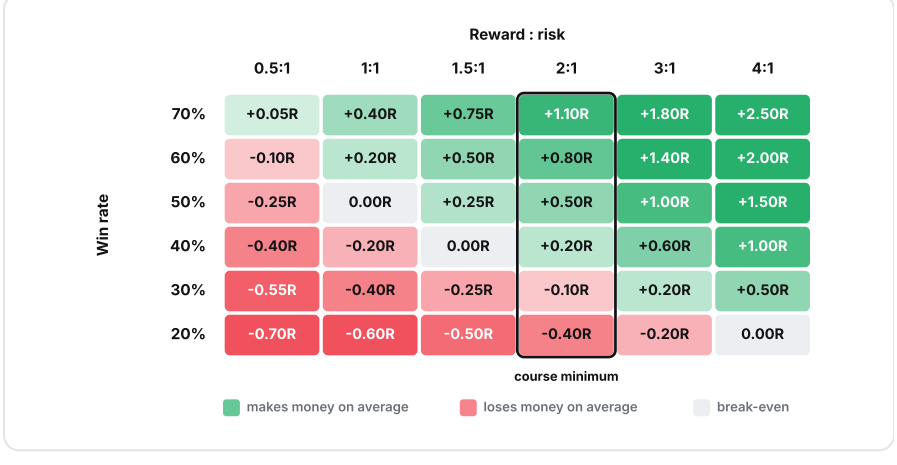

Figure 13.3 Expectancy per trade = (win rate × reward) − (loss rate × 1R), before costs. Read across to see how a bigger reward rescues a low win rate; read down to see how a falling win rate eats a small reward.

Three things to take from it:

- **A high win rate isn't enough on its own.** At 0.5:1, even winning 60% of the time loses money.
- **A low win rate can still work.** At 3:1, winning just 30% of trades is profitable on average.
- **The 2:1 column is forgiving.** Anywhere above about a 33% win rate is positive, which leaves room for the losing streaks you will have.

Your win rate isn't something you choose; you find it out from your journal over 30 to 50 trades. Your reward-to-risk *is* something you choose, on every trade, before you enter.

COSTS MOVE THE LINE

Every trade has costs: the spread, commission, and sometimes overnight financing. They eat into each winner and add to each loser, so your real break-even win rate is a little higher than the table shows. The smaller your stop and target, the bigger the share costs take.

Setting your target

Your target should be at a structural level, not an arbitrary distance. Look for:

- the next swing high or low;
- a previous support or resistance level;
- a measured move (project the height of the range from the breakout point).

If there isn't a logical target at least 2× your risk distance away, **don't take the trade**. Don't stretch the target to make the numbers work; that's just moving your hopes instead of your stop.

13.4 Position sizing: 1–2% per trade

Widely used guidance is to risk no more than **1–2% of your account** on any single trade. The course suggests scaling within that band by conviction:

- **1%**: your standard risk for most setups. Sustainable over a long career.

- **1.5%**: for high-conviction setups where multiple confirmations align (structure, bias, session timing, clean retest).
- **2%**: your maximum. Reserve it for your highest-conviction trades only.

FOR YOUR FIRST MONTHS

While you're still learning to judge "conviction", consider using a flat 1% on every trade. It removes one decision, and early judgement about which trades are "best" is often wrong.

Why this matters

Losing streaks are normal. With a 40% win rate, the odds of a run of five or more losses at some point in 100 trades are well over 90%, and a streak of eight or more is roughly a coin flip. Your risk per trade decides whether a streak like that is an annoyance or a disaster.



Figure 13.4 Ten losses in a row on a £10,000 account. At 1% risk you'd have about £9,040 left; at 2%, about £8,170; at 10%, about £3,490.

The maths of drawdown recovery is brutal: the deeper the hole, the harder the climb out. A 50% loss needs a 100% gain just to get back to where you started.

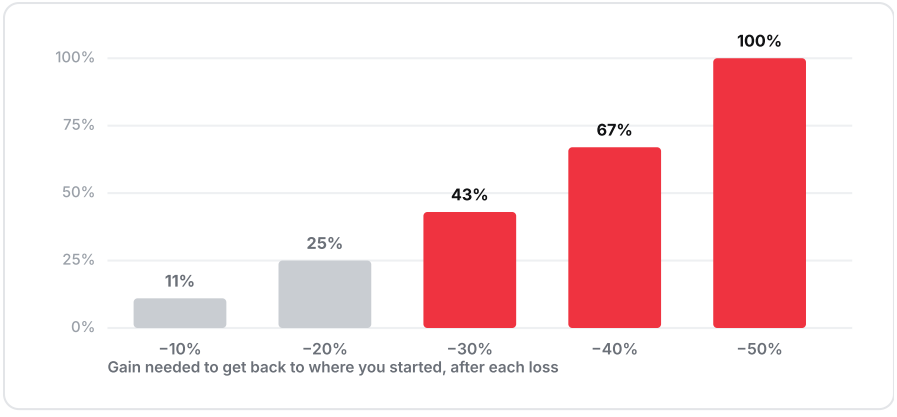

Figure 13.5 The gain needed to recover rises much faster than the loss. Small, consistent risk keeps drawdowns shallow and recovery realistic.

RISK PER TRADE	AFTER 5 LOSSES IN A ROW	GAIN NEEDED TO RECOVER
1%	down ≈ 4.9%	≈ 5.2%
2%	down ≈ 9.6%	≈ 10.6%
10%	down ≈ 41%	≈ 69%

How to calculate position size

> Position size = (Account balance × Risk %) ÷ (Entry price − Stop price)

Two worked examples on a £10,000 account risking 1% (£100):

MARKET	ENTRY → STOP	RISK PER UNIT	SIZE
Shares	£5.00 → £4.80	£0.20 per share	£100 ÷ £0.20 = 500 shares
Index spread bet	7,500 → 7,470	30 points	£100 ÷ 30 ≈ £3.33 per point

For currency pairs, the same idea is expressed in pips:

> Lot size = (Account balance × Risk %) ÷ (Stop distance in pips × pip value per lot)

Pip value depends on the pair and your account currency, so let your broker's position size calculator do this part. The point is: **calculate it before every trade, not after.**

LEVERAGE MAGNIFIES EVERYTHING

CFDs and spread bets are leveraged: a small deposit controls a large position. That magnifies losses as well as gains, and UK providers are required to publish the share of their retail clients who lose money. Correct position sizing is what keeps leverage from deciding your risk for you. The percentage you risk is set by your stop and your size, not by how much your broker will let you borrow.

13.5 The trading plan

Before you ever trade in a live market, you should have a written trading plan that clearly defines:

1. **What you trade**: instruments, timeframes, sessions.
2. **When you enter**: your setup criteria (structure, bias, level, retest confirmation).
3. **Where your stop goes**: the invalidation point, every time.
4. **How much you risk**: your fixed percentage, never negotiable.
5. **Where you take profit**: your target logic and minimum reward-to-risk.
6. **When you don't trade**: your filters (major news, wrong session, no clear structure).

A trading plan is not a suggestion. It is the contract you make with yourself. Every trade should be evaluated against it before, not after, you click buy or sell.

PRACTISE FIRST, AND KEEP A JOURNAL

Most platforms offer a demo account with virtual money. Run your plan there until you can follow it consistently. Record every trade: the setup, entry, stop, target, result in R, and whether you followed your plan. After 30 to 50 trades, your journal will tell you far more about your edge, and your habits, than any single trade can.

Your trading plan

ITEM	MY RULE
Instruments	
Timeframes (map / trigger)	
Sessions I trade	
Entry criteria	
Stop placement	
Risk per trade	
Minimum reward-to-risk	
Target logic	
No-trade conditions	
Daily / weekly loss limit	

13.6 The bottom line

Risk management is what keeps you in the game long enough for your edge to play out. Without it, no strategy, however good, will survive.

KEY TAKEAWAYS

- Your **stop** goes where your idea is invalidated, not at a convenient number.
- Risk **1–2%** of your account per trade; start with a flat 1%.
- Target a minimum **2:1 reward-to-risk** at a structural level.
- Losing streaks are normal; small risk is what makes them survivable.
- Write a **trading plan**, practise it, journal it, and follow it.

Check your understanding

Module 13 · 10 questions · answers on page 52

1 **Where should your stop loss be placed?**

- (A) You don't need a stop loss
- (B) At a fixed number of pips from entry
- (C) At the point where your trade idea is invalidated
- (D) At a round number for convenience

2 **What is the minimum recommended reward-to-risk ratio?**

- (A) 1:1
- (B) 0.5:1
- (C) 1.5:1
- (D) 2:1

3 **What should you have before trading in live markets?**

- (A) A funded account with a large balance
- (B) A trading robot or automated system
- (C) A proven high win rate
- (D) A written trading plan with risk management clearly defined

4 **What percentage of your account should you risk per trade?**

- (A) 1–2% of your account, scaled by conviction
- (B) 5–10% of your account
- (C) 10–20% of your account
- (D) Whatever feels right for the trade

5 **Why is a 50% account loss so dangerous?**

- (A) It is impossible to recover from
- (B) Your broker will close your account
- (C) It requires a 100% gain just to break even
- (D) It doesn't matter if you use stops

6 **What does 'invalidation' mean for a trade?**

- (A) The price level where the trade idea is proven wrong
- (B) The market is closed
- (C) The stop is too tight
- (D) The trade is guaranteed to lose

7 **Why does a 2:1 reward-to-risk work even with a 40% win rate?**

- (A) Because the winners are twice the size of the losers, producing positive expectancy
- (B) Because the stop is never hit
- (C) Because it doesn't
- (D) Because 40% is actually a high win rate

8 **If your stop is 10 pips and your target is 20 pips, what is the reward-to-risk?**

- (A) 0.5:1
- (B) 1:1
- (C) 2:1
- (D) 3:1

9 **What is the minimum reward-to-risk ratio for a good trade?**

- (A) At least 2:1
- (B) It doesn't matter
- (C) 0.5:1
- (D) 1:1

10 **Where should a stop-loss go for a long entry at a retest?**

- (A) At the opening range high
- (B) Below the retest candle's low, where the trade idea is invalidated
- (C) At the moving average
- (D) Above the entry

Your score ____ / 10 · Aim for 7 or more, the same pass mark as the app. Below that, reread the sections the answer key points to.

STAGE 9 · TRADING PSYCHOLOGY · MODULE 14 OF 14

14

Trading Psychology: The Mind Behind the Method

Think in R, prove your edge before you risk money, and let the numbers carry you through the losing streaks.

- App lesson: 15 min
- Study time: 40 min
- 10 review questions

BY THE END OF THIS MODULE YOU WILL BE ABLE TO

- Measure every trade in units of risk (R) rather than pounds or dollars.
- Explain why a strategy must be backtested and forward tested before live trading.
- Recognise the strategy-hopping trap, and know how many trades it takes to judge a strategy.
- Set long-term targets from your strategy's expectancy, not from what you'd like to earn.
- Use circuit breakers to stop revenge trading before it starts.
- Treat waiting for your setup as a skill, not a failure to act.

14.1 The half nobody teaches

The first thirteen modules gave you a method: read the candles, read the structure, name the scenario, wait for the retest, size the trade. Plenty of people learn a method like that and still lose money. Usually it isn't the method that fails; it's what they do with it.

They move a stop because the loss feels too big. They skip a valid setup because the last two lost. They take a trade that isn't there because they're bored. They abandon a sound approach after a bad week and start again with something new. Each of these is a psychological decision, and each one quietly destroys the maths that Module 13 showed you.

This module is about protecting that maths from yourself.

14.2 Think in R, not in money

Module 13 introduced **R**: the amount you risk on a trade, from entry to stop. A trade that hits its stop is −1R. A trade that hits a 2:1 target is +2R. Professional traders record and think about their results this way, and there are good reasons for it.

THINKING IN MONEY	THINKING IN R
"I just lost £100."	"That was −1R, exactly what I planned to risk."
A £300 loss feels three times worse on a bigger account, so you hesitate	−1R is −1R, on a £1,000 account or a £100,000 one
Results can't be compared as your account grows	This month's +4R and last year's +4R mean the same thing
Money invites "what I could have bought with that"	R keeps attention on whether you followed the plan

A loss in R is just a cost of doing business, decided before you entered. That's the emotional shift: you accepted the loss when you placed the stop, so when it happens nothing has gone wrong. The plan worked as designed.

PRACTICAL HABIT

Record every trade in your journal in R, not money. Some traders hide the money column on their platform altogether while they're trading. If you can't watch a position without thinking about the pounds, your size is probably too big.

14.3 Losing streaks are part of the maths

Here is the hardest truth in trading: **a strategy with a real edge will still have long losing runs**, and you can't know in advance when they'll come.

Take the strategy from Module 13: a 40% win rate at 2:1, which averages +0.2R a trade. Below are five possible sequences of the *same* strategy

over 100 trades. Nothing differs between them except luck in the order of wins and losses.

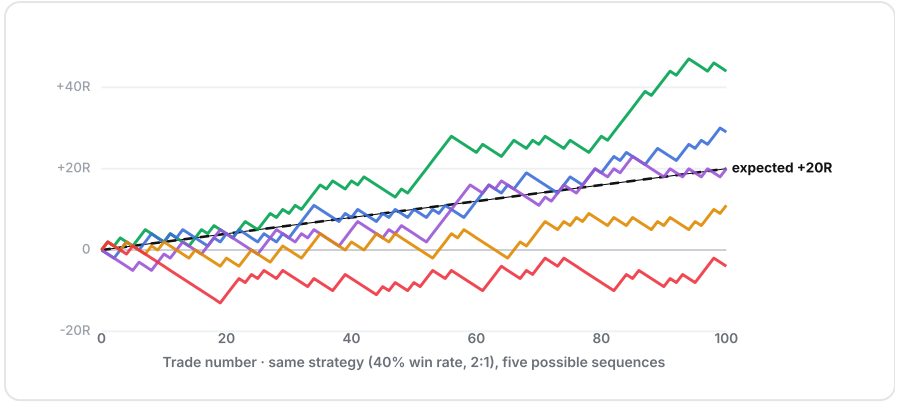

Figure 14.1 Same rules, same edge, five different experiences. One trader finishes up 44R; another is still below zero after 100 trades. The dashed line is what the maths expects on average.

We ran this strategy through 100,000 simulated sets of 100 trades. Over 100 trades:

WHAT HAPPENS	HOW OFTEN
At least one run of 5 losses in a row	about 98% of the time
At least one run of 8 losses in a row	about 49%, a coin flip
At least one run of 10 losses in a row	about 21%
Typical deepest drawdown from a peak	about 10R (1 in 10 runs: 16R or more)
Still in a loss after 20 trades	about 25%
Still in a loss after 100 trades	about 9%

Read that again: with a genuinely profitable strategy, one trader in four is behind after 20 trades. If you judge a strategy on its first few weeks, there's a real chance you'll throw away a good one.

WHY 1% RISK MATTERS HERE

A 10R drawdown at 1% risk is roughly a 10% fall in your account: painful but survivable. At 5% risk, the same normal run of bad luck takes away around 40%. Small risk per trade is what lets you stay in the game long enough for the edge to show up.

14.4 Prove it before you pay for it

Confidence that survives a losing streak doesn't come from hope or from someone else's results. It comes from your own evidence that the strategy has a positive expectancy *in your hands*. You build that evidence in stages, with real money last.

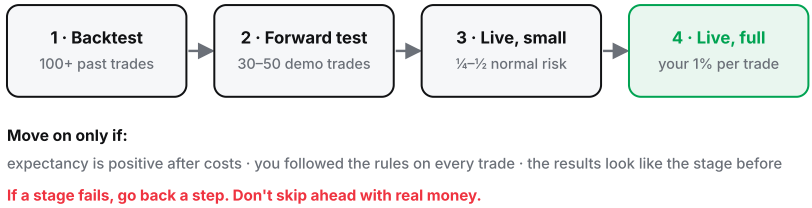

Figure 14.2 Four stages from idea to full-size live trading. Each stage has to pass before you move to the next.

Stage 1: Backtest

Go back through historical charts and apply your rules, bar by bar, as if it were live. Record every setup that met your criteria, not just the good-looking ones, with entry, stop, target and result in R. Aim for at least 100 trades across different market conditions: trends, ranges, quiet and volatile periods.

BACKTESTING TRAPS

- **Hindsight bias:** it's easy to "see" the setup once you know what happened next. Scroll the chart forward one candle at a time, and hide what's to the right. Most charting platforms have a bar replay tool for this.
- **Cherry-picking:** every valid setup counts, including the ugly losers.
- **Forgetting costs:** subtract spread and commission from every trade.
- **Curve-fitting:** tweaking the rules until the past looks perfect. A strategy tuned to fit history usually fails on the future.

Stage 2: Forward test on a demo account

Now trade the strategy in real time on a demo or simulator account, with exactly the same rules and position sizing. This tests two things a backtest can't: whether you can spot setups as they form, without hindsight, and whether you can follow the rules in real time. Aim for 30 to 50 trades.

Don't expect the forward test to match the backtest exactly. Over 50 trades, even our profitable example strategy is still behind about 16% of the time. What you're looking for is that the results are *broadly consistent*, and that you followed your rules on every trade.

Stage 3: Live, at reduced size

Demo money doesn't make your heart rate go up. Real money does. Start live trading at a quarter to half of your normal risk, so the first real emotions arrive while the stakes are small. Most traders find their discipline changes here, which is exactly why this stage exists.

Stage 4: Live, full size

Only once you've followed your rules consistently at reduced size do you move to your full risk per trade. Keep journalling. Your live results are now the most valuable data you have.

The payoff from all of this comes later, at the worst moment. Six losses in a row hurts less when you know, from your own 150 recorded trades, that

runs like this are normal for your strategy and that it has recovered from them before.

14.5 The strategy-hopping trap

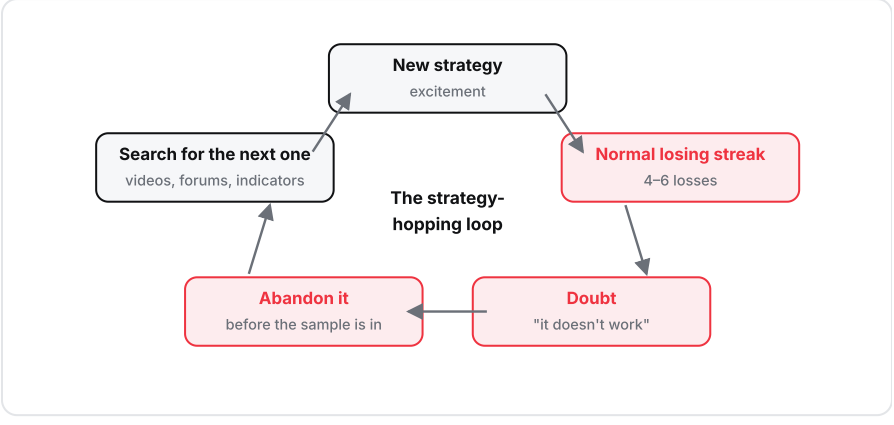

Figure 14.3 The loop that keeps many new traders busy, and broke, for years.

A new trader finds a strategy and is excited. A normal losing streak arrives, the kind Figure 14.1 shows is almost certain. Doubt creeps in. The strategy is abandoned before enough trades have been taken to judge it, and the search begins for the next one. Every restart resets the clock, so the trader never gathers enough evidence to know whether *anything* works.

The cure is a decision you make in advance:

- **Commit to a sample size.** Decide now that you'll judge the strategy over at least 50 to 100 trades, not over a week.
- **Judge execution separately from outcome.** A trade where you followed every rule and lost is a *good* trade. A trade where you broke the rules and won is a bad one.
- **Change one thing at a time, and only after the sample.** If the data says something needs adjusting, adjust one rule and start a new sample, rather than switching to something completely different.

14.6 Targets from expectancy, not from wishes

Many new traders decide what they want to earn ("£100 a day") and then trade to hit it. That puts the market on the hook for your goals, and the

market doesn't care about them. On a day when your setup doesn't appear, the target pushes you into trades that aren't there.

Instead, work forwards from your evidence:

> Expected result = expectancy per trade (R) × number of trades × amount risked per trade

INPUT	EXAMPLE
Expectancy (from your tests, after costs)	+0.2R per trade
Setups per month (from your journal)	15
Expected per month	0.2 × 15 = +3R
At 1% risk on a £10,000 account (£100 = 1R)	about +£300 a month, *on average*

"On average" is doing a lot of work there. Here's what a year of that same strategy can look like, month by month:

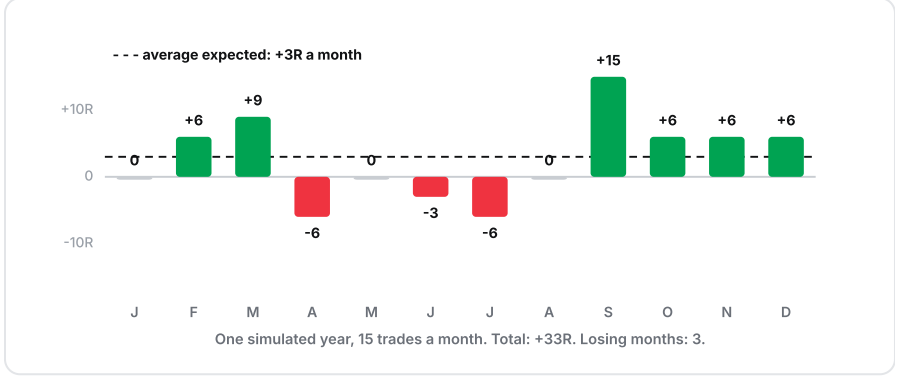

Figure 14.4 A simulated year of the example strategy. The year finishes roughly where the maths expects, but three months lose money, and the best month is worth five ordinary ones.

With 15 trades a month, roughly one month in five loses money even though the strategy is profitable. So:

- **Set targets over long periods**, a quarter or a year, or a block of 100 trades. Never a day.
- **Set process goals for the short term**: "follow my plan on every trade this week" is fully in your control; "make £500 this week" isn't.

- **Let the numbers set your expectations.** If £300 a month sounds disappointing, the answer is more capital or more time, not bigger risk.

BE HONEST WITH THE INPUTS

These figures are only as good as your tests. Plenty of strategies turn out to have zero or negative expectancy once costs are included, and finding that out on a demo account is a success, not a failure. Never plan around a number you haven't measured yourself.

14.7 Revenge trading and circuit breakers

Revenge trading is trading to win back a loss: taking a setup that isn't there, doubling the size, or removing the stop, because a loss feels like something to put right. It is the single fastest way to turn a normal losing day into a damaging one.

You won't out-think the urge in the moment. Decide your limits beforehand, write them in your trading plan, and treat them as automatic:

CIRCUIT BREAKER	EXAMPLE RULE
Daily loss limit	Stop for the day at −2R or −3R
Consecutive losses	After 3 losses in a row, close the platform and review tomorrow
Weekly loss limit	At −5R for the week, stop and review the journal before trading again
Size never increases after a loss	Risk per trade is fixed by your plan, not by your mood
Break a rule, take a break	Any trade outside the plan ends the session, win or lose

None of these limits are about the money; they protect your decision-making. A trader who is down and angry reads charts differently from one who is calm. The limit takes the decision away from the version of you least able to make it.

14.8 Mastering doing nothing

Most of trading is waiting. Your setup, a confirmed retest at a key level, in line with structure and bias, during an active session, might appear a few times a week. The rest of the time the correct action is no action, and that is surprisingly hard.

Boredom produces trades. So does the feeling that sitting at the screen without trading is wasted time, or the fear of missing a move that's already running. Each of these leads to setups that pass three of the six steps from Module 12 instead of all six.

- **Redefine productive.** A session where no setup appeared and you took no trade is a successful session. Record it in your journal as one.
- **Use alerts, not attention.** Mark your levels, set price alerts, and walk away. Let the market call you when something is worth looking at.
- **Set fixed trading hours.** Decide which session you'll trade (Module 10), and close the platform outside it.
- **Remember the missed trade costs nothing.** A move you didn't take loses you zero. A forced trade can cost you 1R, and often more if it pulls you into the revenge cycle.

> *The market will offer you another setup. Your job is to be there, with your rules intact and your account intact, when it does.*

14.9 The psychology checklist

✓	BEFORE YOU TRADE LIVE, CAN YOU SAY YES TO EACH?
☐	I record every trade in R, and I know my average result per trade.
☐	I've backtested at least 100 trades and forward tested at least 30, after costs.
☐	I know the longest losing run and deepest drawdown my strategy has had in testing.
☐	I've committed to judging this strategy over at least 50–100 live trades.
☐	My targets are long-term and based on measured expectancy.
☐	My daily and weekly loss limits are written in my trading plan.
☐	I have set trading hours, and I'm comfortable ending a session with no trades.

KEY TAKEAWAYS

- **Think in R.** A loss you planned is a cost, not a failure.
- **Losing streaks are normal**, even for a profitable strategy. Expect them.
- **Backtest, forward test, then go live small.** Confidence comes from your own evidence.
- **Don't hop.** Judge a strategy over 50–100 trades, not a bad week.
- **Set targets from expectancy** over months and years, not from what you want today.
- **Circuit breakers** stop revenge trading before it starts.
- **Waiting is a position.** No setup, no trade.

Check your understanding

Module 14 · 10 questions · answers on page 52

1 **Why do traders measure results in R rather than pounds or dollars?**

- (A) R makes profits look bigger
- (B) A loss you planned is the same −1R on any account size, so it's judged by the plan, not the money
- (C) Brokers require it
- (D) R removes the need for a stop-loss

2 **A strategy wins 40% of trades at 2:1. Over 100 trades, how likely is at least one run of 5 losses in a row?**

- (A) Very unlikely, under 10%
- (B) About a coin flip
- (C) Almost certain, about 98%
- (D) Impossible if the strategy is profitable

3 **What is the correct order for testing a new strategy?**

- (A) Live full size, then demo, then backtest
- (B) Backtest, forward test on demo, live at reduced size, then live full size
- (C) Demo only, then straight to full size
- (D) Live at reduced size, then backtest

4 **Which of these is a backtesting trap?**

- (A) Recording every valid setup, including losers
- (B) Subtracting spread and commission
- (C) Scrolling forward one candle at a time
- (D) Tweaking the rules until past results look perfect

5 **What is the main purpose of forward testing on a demo account?**

- (A) To check you can spot setups in real time and follow your rules without hindsight
- (B) To make the strategy profitable
- (C) To avoid paying spreads forever
- (D) To prove the strategy never loses

6 **A new strategy loses 5 trades in a row in its first week. What should you do?**

- (A) Switch to a different strategy
- (B) Double your size to recover faster
- (C) Keep following the rules; judge it over 50–100 trades
- (D) Remove your stops until it recovers

7 **A strategy averages +0.2R per trade, with 15 trades a month, risking £100 per trade. What is the expected result per month, on average?**

- (A) +£30
- (B) +£300
- (C) +£3,000
- (D) It can't be estimated

8 **Why are daily money targets a problem?**

- (A) They make trading too easy
- (B) Brokers don't allow them
- (C) They push you to take trades that aren't there when your setup doesn't appear
- (D) They reduce your win rate to zero

9 **What is revenge trading?**

- (A) Trading to win back a loss: forcing setups, adding size or removing stops
- (B) Trading against the trend
- (C) Taking profits early
- (D) Trading only during the London session

10 **No setup appears all session and you take no trades. How should you record the session?**

- (A) As a wasted day
- (B) As a failure to find trades
- (C) As a successful session: you followed your plan
- (D) As a reason to lower your standards tomorrow

Your score ____ / 10 · Aim for 7 or more, the same pass mark as the app. Below that, reread the sections the answer key points to.

THE END OF THE COURSE

You speak candlestick

Fourteen modules, from a single candle to the mindset that keeps you trading.

You can now read what a candle says, how candles combine, how ranges contract and expand, where gaps and sweeps form, what the structure is doing, which way the bias points, which of the three scenarios is unfolding, when the session gives it fuel, what the retest confirms, how much to risk when you act, and how to keep your head when the losses come.

Knowing the language is the start, not the finish. Fluency comes from practice: backtesting, a demo account, a written plan, a journal, and patience with yourself while the losing trades teach you as much as the winners.

Come back to these pages whenever a chart doesn't make sense. The answer is usually in the basics.

A FINAL REMINDER

This guide is education, not financial advice. Trading carries a real risk of loss, and leveraged products can lose money quickly. Only ever trade with money you can afford to lose.

REFERENCE

Answer key

Each answer points back to the section that explains it. If you got one wrong, reread that section before moving on.

Module 10 · Session Timing & the Opening Range

1	B	**The high and low of the first period after a session opens** Commonly the first 15, 30 or 60 minutes after an open (section 10.4).
2	B	**Identify the market structure and bias** Know your structure and bias before the range forms, so you know which break you're interested in (section 10.5).
3	A	**The Asian (Tokyo) session** Asia is typically the quietest of the three (section 10.2).
4	D	**Most breakouts fail without confirmation from structure, bias, and retest** An unconfirmed break could be any of the three scenarios (section 10.4, Figure 10.4).
5	D	**During the London and New York overlap** Roughly 13:00 to 16:00 UK time, when both centres are open (Figure 10.1).
6	D	**A surge in volume and volatility produces the day's largest moves** The opens are where expansion typically happens (section 10.1).
7	C	**Asian session** Asia: range-bound action is common (section 10.2).
8	A	**It tells you when there is enough volume to fuel a move** Timing gives you the window; structure and bias give you the direction (Key takeaway).
9	C	**Price retests the broken range level and holds** Break, retest, hold: Scenario 1 (Figure 10.3).
10	C	**Price breaks the range established in the first 30 minutes of a session** Wait for the opening range to form, then trade a confirmed break of it (section 10.4).

Module 11 · Level Retest Confirmation

1	D	**Whether the break was real** The break says a level was crossed; the retest shows whether it holds (section 11.1).
2	D	**You trade the confirmation, not the hope** The retest has already shown you whether the level holds (section 11.6).
3	A	**Continuation** A hold confirms Scenario 1 (section 11.3).
4	B	**Wait: no high-probability trade exists** Waiting is a position (section 11.3).
5	B	**Reversal** A reclaim means the breakout failed: Scenario 2 (section 11.3).
6	C	**Because it confirms the breakout with a second test of the level** A second test shows you how the level behaves from the other side. It doesn't always work (section 11.6).
7	D	**A reversal to the opposite side of the range** A reclaim traps the breakout traders and price heads to the other side (Figure 11.2).
8	C	**Price reclaims and closes back through the broken level** A close back through, not just a wick (section 11.4).
9	D	**The level holds with a rejection candle and no reclaim** Rejection plus no close back through (Figure 11.3).
10	A	**Price returns to a broken level to test it from the new side** Broken resistance is tested as support, or broken support as resistance (section 11.2).

Module 12 · Reading Contextual Charts

1	D	**The retest of the level** The retest is step 6: only when it confirms do you act (section 12.2).
2	C	**Multiple independent reads all agreeing** Several separate checks pointing the same way (section 12.6).
3	A	**Skipping steps in the framework** Skipping steps is the most avoidable cause of loss. Even a perfect process still has losing trades (section 12.7).

4	A	**Structure → bias → level → scenario → candle → confirm** Big picture first, the candle last (section 12.2).
5	A	**Because it combines multiple independent confirmations** Each step filters out bad trades. More reliable doesn't mean always right (section 12.6).
6	B	**The level held and sellers/buyers were rejected** Price tested the level and was pushed away: a hold (Figure 12.1).
7	D	**A retest of a broken level that holds** Structure and bias set direction; the retest that holds triggers the entry (section 12.2).
8	D	**Price holding above or below a moving average** Step 2: bias confirmation from the MA (section 12.2).
9	D	**Market structure: higher highs and higher lows** Step 1: structure sets the direction (section 12.2).
10	A	**Combining structure, bias, retest, and candle signals together** No single piece is read alone (section 12.1).

Module 13 · Risk Management: The Other Half

1	C	**At the point where your trade idea is invalidated** Where the structure or setup is proven wrong (section 13.2).
2	D	**2:1** At least 2R of reward for every 1R of risk (section 13.3).
3	D	**A written trading plan with risk management clearly defined** The plan is the contract you make with yourself (section 13.5).
4	A	**1–2% of your account, scaled by conviction** Small, consistent risk keeps losing streaks survivable (section 13.4).
5	C	**It requires a 100% gain just to break even** Half the account must double to get back to the start (Figure 13.4).
6	A	**The price level where the trade idea is proven wrong** It's where your stop belongs (section 13.2).
7	A	**Because the winners are twice the size of the losers, producing positive expectancy** 4 wins × 2R − 6 losses × 1R = +2R per 10 trades, before costs (section 13.3).

8 **C** **2:1**
20 ÷ 10 = 2: a 2R target. Written risk-first, the same trade is 1:2 (section 13.3).

9 **A** **At least 2:1**
If no logical target sits 2R away, skip the trade (section 13.3).

10 **B** **Below the retest candle's low, where the trade idea is invalidated**
If price moves through the retest candle, the retest failed (Figure 13.1).

Module 14 · Trading Psychology: The Mind Behind the Method

1 **B** **A loss you planned is the same −1R on any account size, so it's judged by the plan, not the money**
R ties every result to the risk you chose in advance (section 14.2).

2 **C** **Almost certain, about 98%**
Long losing runs are a normal feature of a profitable strategy (section 14.3).

3 **B** **Backtest, forward test on demo, live at reduced size, then live full size**
Evidence first, real money last (Figure 14.2).

4 **D** **Tweaking the rules until past results look perfect**
Curve-fitting makes the past look great and usually fails on the future (section 14.4).

5 **A** **To check you can spot setups in real time and follow your rules without hindsight**
A backtest can't test your real-time execution; a forward test can (section 14.4).

6 **C** **Keep following the rules; judge it over 50–100 trades**
Abandoning a strategy over a normal losing run is the strategy-hopping trap (section 14.5).

7 **B** **+£300**
0.2R × 15 trades = 3R; 3 × £100 = £300 on average, with real month-to-month variation (section 14.6).

8 **C** **They push you to take trades that aren't there when your setup doesn't appear**
Set long-term targets from expectancy and short-term process goals instead (section 14.6).

9	A	**Trading to win back a loss: forcing setups, adding size or removing stops** Circuit breakers decided in advance stop it before it starts (section 14.7).
10	C	**As a successful session: you followed your plan** Waiting is a position. No setup, no trade (section 14.8).