

## Market Profile Trading Rules

I will teach you only 3 setups that happen on a daily basis in my live trading room based upon order flow. These setups are the key to success in my live room because they show where the footprint of the big players have left their tracks to give us high probability areas of rejections and turning points. High Volume and Low Volume nodes/areas act as key levels for future turning points. Traders need to realize that the market is supply based. If the market has more supply then the market falls, if the market has less supply then the market gains. We will educate you to trade those volume areas or turning points on the first test to the EXACT BAR. Once these levels have been tested once, we will look for our breakout trade. This may come as a big surprise to what you think you know and that is exactly why these breakout trades can explode 40-60 ticks in minutes. Why?? ORDER FLOW!!!! Once the order flow has been taken out then new orders must come in that takes prices higher or lower to fills orders. We are not trying to tell the market what to do, we are letting the market tell us where to enter to the EXACT BAR based upon the market becoming balanced to imbalanced based upon the supply or demand of the market. My three key setups are based off of market order flow and are very leading indicators. These are not your typical lagging indicators. These levels will give you a big heads up at key levels that should be traded. This gives my members the daily edge needed over their trading opponents. Remember, Trade the Plan and Don't Let the Plan Trade You!

**\*\*LOG IN TO THE ROOM** and look at the 5 minute chart. Look at the **MAGENTA moving average** on the **5 minute chart** and determine if, one, the market is in a **Trend mode** or two, a **Range/Chop mode**. You must know this to execute my trading plan for the day. You cannot execute the plan without knowing the current market structure. The market can only do 2 things. It can trend or chop. Meaning it goes vertical or it remains sideways. It only takes a split second to view the structure. Once this is known then we can predict the exact bar entry based on my key setups.

- 1. Trend market = Magenta moving average** will be angled up/down 35-45 degrees with spread between the moving averages (will look like car tracks). If the magenta ma is angled hard up then this tells you to take zero shorts. If the magenta is hard angled down then this indicates no longs. The trend market will tell us to ONLY TAKE trend trades of #1, #2, and #3 trades. For example, if the market is in a hard uptrend then we will look to only buy **LVA** not short **HVA**. We will look to buy the breakout at HVA with the #2 trade. Leave the scraps for the counter trend traders who always try to fade the trend. (**LVA = Low Value Area = Green Horizontal Printed Levels.**) (**HVA = High Value Area = Red Horizontal Printed Levels.**)
- 2. Range or Chop Market = Magenta moving average** will be horizontal with very little to no spread between the moving averages. This tells the trader to sell the FIRST TEST OF the HVA or buy the FIRST TEST of the LVA with the 89 tick entry. After the FIRST TEST then look for a #2 trade.

**Stop**-Maximum 15 tick hard stop in both Crude Oil and Gold.

**Entry**-The #1 and #3 trades require a color reversal bar off the 89 tick. These two setups do not require the symmetry dots off the 89 tick for entry. They just require a color reversal bar at the key trade setup levels. The #2 trade **DOES REQUIRE** the symmetry dots for entry to time the breakout trade. A 2/3<sup>rd</sup> body candle close(wicks don't count) above or below the symmetry dots will time the entry for the #2 trade. I want to see the symmetry dots at or above HVA for breakouts and at or below LVA for breakdowns. Within 5 ticks of the HVA or LVA is desired to time the entry.

**Targets**-The 89 tick symmetry dots act as entry levels on a #2 momentum trade and act as targets to scale after entries after a #1,#2 and a #3 trade. Typically, trader will have an automated 8-10 tick first target then target my symmetry dots as scale contracts. If you are a multiple contract trader then the second set of my symmetry dots is a great place to scale 75% of the contracts and the final target being the 5 minute key blue or red roller. The key is to never turn a winner into a loser and my symmetry dots do a great job of doing just that

Below is a summary of the #1, #2 and #3 setups. The #1 and #2 trades are very powerful setups because they catch the wrongly positioned traders at my key levels which can move the market. Remember, know your bias first. Use the magenta ma to confirm the trend or chop market. #2 trades require the ma's to be crossed in the direction of the break.

**If the market is in a downtrend then only 3 rules**

1. Sell HVA first test with 89 tick red pull in bar
  2. Short LVA with symmetry dot entry breakdown
  3. Retest LVA
- NOTICE ONLY SHORTS

**If the market is in an uptrend then only 3 rules**

1. Buy LVA in uptrend with green pull in bar on first test
  2. Buy HVA with symmetry dot entry breakout
  3. Retest of HVA
- NOTICE ONLY LONGS

**If the market is flat or chop then only 3 rules**

1. Buy first test of LVA
2. Short first test of HVA
3. Look for a #2 breakout with symmetry dot entry at HVA or LVA

Please print out the quick sheet with the above rules at  
[www.daytradingthefutures.com/resourcespage.html](http://www.daytradingthefutures.com/resourcespage.html)

This sheet should be placed in front of your computer daily to remind you of these basic powerful setups.

**I label my setups in the room as number 1-3 so we can recognize daily setups. These do not change. This way my members can talk about the same setups.**

**#1 TRADES-RETRACEMENTS**

This is a retracement trade that is used as a ***first test*** of the HVA or LVA with 5 min. trend. The only requirement is that you get an 89 tick color reversal bar at the key level. I like to use the bottom indicator on the 89tick chart to confirm divergence as the key HVA and LVA is being approached. This shows more supply for shorts and more demand for longs at the key levels. An additional filter that you can watch for before the red or green reversal bar is a doji, spinning top or hammer to confirm a possible reversal at the key levels before the color reversal bar.

**#2 TRADES**

**BREAKOUT TRADE ABOVE HVA**

If the magenta moving average is angled up then BUY the first test of the LVA. Use the 89 tick price bars, when they close green at the retest. This is a retracement trade. Secondly, BUY all breakouts at HVA with 89 tick SymmetryDots entry. Remember, the SymmetryDots must be at or within 5 ticks of the HVA on

the breakouts. This is a momentum trade which averages between 40-60 ticks if no resistance is above you. Once above HVA the market gets SPEED. It is the path of least resistance which creates high reward to risk trades. The key to this trade is that it must be a 2/3<sup>rd</sup>'s of a candle body close (wicks don't count) above my SymmetryDots within 5 ticks of HVA. If HVA is at 96.70 then I want to see my SymmetryDots at approximately 96.70 to 96.75 for my 2/3<sup>rd</sup>'s of a candle body close (wicks don't count) breakout. We do have the automated NinjaTrader software that has built in Targets 1 and 2 with a built StopLoss that you choose and change, which will automatically get you into the trade at these key levels when there are 2 price bar (Candles) closes above my SymmetryDots. You love to see the SymmetryDots get rejected before they break out at these key HVA and LVA levels.

**BREAKOUT TRADE BELOW LVA** If the magenta moving average is angled down, SELL the FIRST test of the HVA (Red dots) with a red bar reversal candle on 89 tick and SHORT the break below the LVA (Green dots) on the 5min chart, with the 89 tick SymmetryDots entry technique. Remember, it must be 2/3<sup>rd</sup>'s of a candle body close (wicks don't count) below the SymmetryDots at or below LVA within 5 ticks. Remember, if you see no resistance above or below the HVA or LVA then the next target will be the 5 minute rollers (red and blue thick lines on 5min) this creates a possible 40-60 tick trade. Notice the SPEED once you get above or below the LVA and HVA today. This is the natural pockets in the markets that we see every day. Remember, the markets are **balanced** if in between the HVA and LVA. Once they exceed those levels the market becomes **imbalanced** and a vertical move is expected. We use the symmetry dots to time the trade for low risk and high return. Remember; don't counter trend trade markets on trend days. Buy the LVA in an uptrend and buy the HVA breakout with SymmetryDots entry. Sell the LVA breakout in downtrends with SymmetryDots entry and sell first test of HVA with 89 tick reversal bar. Keep it simple.

### **#3 TRADE SETUP-RETEST OF LVA OR HVA**

Once market profile has been broken, a retest of the LVA or HVA will be an additional setup with trend. Use the 89 tick chart with the reversal candle close as your entry.

The number one and number two setups are my favorites because that is the strongest area of order flow. Number three trade is a retest of that area after breaking out of a number two trade. Order flow has already been taken out so a number 3 trade typically does not have the punch like a number one or number two.

**How to trade Range/Chop Markets????** If the magenta moving average is horizontal with no spread between the moving averages then SELL the FIRST test of HVA and BUY the FIRST test of LVA with the 89tick color reversal bar. The key is the first test of the new Market Profile levels. Once the first test is over, a symmetrical wedge will start forming so start watching for the breakout of the HVA and LVA with the SymmetryDots entry. The moving averages on the 5 minute chart must be crossed in direction of the break to avoid a possible failure breakout. Additionally, when taking breakout trades you don't want to be buying or selling a SymmetryDots break right on support/resistance such as the 'Previous High of Day' or 'Previous Low of Day'. You want to have a clear path on the breakout. Remember, if you have a flat magenta moving average --- Sell the First test of HVA and Buy the LVA First test until the SymmetryDots are broken at these key levels. You can get away selling or buying the 2nd test but never ever on the 3rd test. Traders, we look for SymmetryDot breakouts!

These are the hard rules in the Trade Room and they do not change. Additional setups occur on my 89 tick and 2 minute charts, such as the 'Previous High of Day' and 'Previous Low of Day' retest longs and shorts with trend and failure trades. The 5 minute and 2 minute 'Rollers' additionally supply extra trades for retest longs and shorts with trend when they are broken and retested. We use the 89 tick reversal bar for both of those trades. The 2/3rd's of a candle body close (wicks don't count) at SymmetryDots only apply to my HVA and LVA breakouts.

### **Rollers**

The best way to use the rollers is for a final target off the 5 minute chart when you are in a #1 and #2 trade setup. They are great places to look for break and retest longs and shorts with trend only on hard trend days. For more information on the rollers and the PHOD or PLOD then download my additional pdf on our resource page at [www.daytradingthefutures.com/resourcespage.html](http://www.daytradingthefutures.com/resourcespage.html)

*I'm in the Trade Room from 8:15-10:30 Est., from Tuesday - Friday. Mondays are great days for traders to spot trading opportunities together and chat back and forth about the setups. We have a great group of traders in the room that always help each other out and we will always make sure that we keep a professional environment for those traders to achieve their goals. Trading should be done between 7:45-10:45 Est., and from 1:30-2:30 Est. Between 1045-1130am est. the market tends to counter the morning move. These are great 'Heavy' volume times of the daily trading session and the Market Profile works excellent during those hours. Most days you should be done before the New York open. Trading during these times, allows you to participate in the 'Heavier' volume for your runners to run. We do keep the room open 23 out of 24 hours a day. If you ever have any questions, then please ask them in the live room or email me at **JasonWireman@hotmail.com** we want everyone to succeed and we wish you Many Ticks going forward. Jay*