Set & Forget
Online Trading Community

LIMITED EDITION FREE eBook

SUPPLY AND DEMAND

THE BASICS

by ALFONSO MORENO

HOW THE MARKET WORKS

The methods described within this eBook are the author's thoughts. They are not intended to be a definitive set of instructions for this project. You may discover there are other methods and materials to accomplish the same result. The methods described within this eBook are the author's thoughts. They are not intended to be a definitive set of instructions for this project. You may discover there are other methods and materials to accomplish the same result. This is a free eBook. You are free to give it away in the unmodified form to whomever you wish.

Legal disclaimer

Any advice or information on this eBook is General Advice Only - It does not consider your circumstances. Please do not trade or invest based solely on this information. By viewing any material or using the information within this eBook and www.set-and-forget.com, you agree that this is general education material and you will not hold any person or entity responsible for loss or damages resulting from the content or general advice provided here by Set and Forget its employees, or fellow members. Futures, options, and spot currency and stocks trading have large potential rewards and large potential risk. You must be aware of the risks and accept them to invest in the Forex and futures markets. Don't trade with money you can't afford to lose. Set and Forget website and trading community is neither a solicitation nor an offer to Buy/Sell spot Forex, Cryptocurrencies, CFDs, Stocks or other financial products. No representation is being made that any account will or is likely to achieve profits or losses similar to those discussed in any material on this website. The past performance of any trading system or methodology is not necessarily indicative of future results.

High-Risk Warning: Forex, Cryptocurrencies, Futures, and Options trading have large potential rewards but also large potential risks. The high degree of leverage can work against you as well as for you. You must be aware of the risks of investing in Forex, Cryptocurrencies, Futures, and Options and be willing to accept them to trade in these markets. Forex trading involves a substantial risk of loss and is not suitable for all investors. Please do not trade with borrowed money or money you cannot afford to lose. Any opinions, news, research, analysis, prices, or other information contained on this website is provided as general market commentary and does not constitute investment advice. We will not accept liability for any loss or damage, including without limitation to any loss of profit, which may arise directly or indirectly from the use of or reliance on such information. Please remember that the past performance of any trading system or methodology is not necessarily indicative of future results.

CFTC RULE 4.41 - HYPOTHETICAL OR SIMULATED PERFORMANCE RESULTS HAVE CERTAIN LIMITATIONS. UNLIKE AN ACTUAL PERFORMANCE RECORD, SIMULATED RESULTS DO NOT REPRESENT ACTUAL TRADING. ALSO, SINCE THE TRADES HAVE NOT BEEN EXECUTED, THE RESULTS MAY HAVE UNDER-OR-OVER COMPENSATED FOR THE IMPACT, IF ANY, OF CERTAIN MARKET FACTORS, SUCH AS LACK OF LIQUIDITY. SIMULATED TRADING PROGRAMS, IN GENERAL ARE ALSO SUBJECT TO THE FACT THAT THEY ARE DESIGNED WITH THE BENEFIT OF HINDSIGHT. NO REPRESENTATION IS BEING MADE THAT ANY ACCOUNT WILL OR IS LIKELY TO ACHIEVE PROFIT OR LOSSES SIMILAR TO THOSE SHOWN.

Copyright and Ownership

Please respect my efforts, and keep this information and content to yourself and within our community. Please do not consider stealing it, redistributing it, or copying it in any way, shape or form.

If you choose to ignore the above requests, I am in a financial position to pursue legal action and any other action required against any person who seeks to breach the terms of copyright and privacy.

Alfonso Moreno
CEO, Founder & Community Manager
info@set-and-forget.com

1. Introduction

First of all, let me introduce myself and Set and Forget's approach trading the financial markets.

My name is Alfonso Moreno**.** I'm a full-time trader, expert technical analyst and founder of Set and Forget supply and demand online trading community back in October 2013. I have been trading the financial markets using exclusively supply and demand imbalances, a proprietary strategy developed by myself over the years that helps locate turning points in any market where professional and institutional traders plan their trades.

I've been done many things in the past. I've been a salsa dancing teacher, a casino croupier, a web designer and a photographer, most of these jobs seem unrelated, but they have something in common. They always allowed me to do what I loved and I felt passion for. Trading is not something I love, but it is the means that help me fulfil my passions. Like any other trader, I've gone through almost all known stages, from trading intraday and scalping to adding all kind of colourful and lagging indicators to my charts which hardly allowed me to see candlesticks.

How can an ex-dancing teacher and photographer teach you about trading and economics? The answer should be another question. Why not? It's simple. I've spent many years studying the charts on my own and coming up with a series of rules that have helped me understand how the markets move most of the time. This work has paid off, and now I have an edge and a mechanical approach to the markets that enables me to plan trades with surgical accuracy. Not all of them will play out, that's obvious, but they will more often than not. You don't need to have a PhD in economics or be a banker to become a trader. Becoming a trader is a huge challenge, but you do not need to cloud your mind with information and knowledge that you don't need to place a trade. You can make a living trading the markets without reading any book or applying complex strategies.

Time and experience help all of us to evolve in our careers. In the years that I've been a trader, I've grown and evolved a lot as a trader and person. My evolution helped me realize that trading the bigger timeframes fits my personality, and it is where the high probability trades play out better. Does it mean that trading the smaller timeframes will not work? Not at all. It means that I have more free time to spend quality time with my family and friends. Money is essential, but it is not the most important thing in life. A lot of money and a good job do not necessarily make you a happier person. But it helps a hell of a lot. Why would we want a lot of money, a big house and a nice car? To show off to our neighbours and friends? To feel good with ourselves and feed our ego? I have my ego under control, I have tamed it over the years, and it hasn't been easy at all. I don't need such things to become a trader and a better person.

In my beginnings, as a trader, I use to trade smaller charts like M5 and M15 timeframes using someone else's strategy that used MACD, Bollinger Bands, and 6/12 EMA crosses to locate new trade opportunities. I must say I made it work for a few months, but I had to spend many hours a day watching the charts. It was very stressful. Personal needs and life itself put everything into context; I had not found what I was looking for until I heard about supply and demand.

Staying away from the charts and letting the trade breathe is something we often forget about as traders. You should trade a trading strategy that fits your personality. You must feel comfortable with the rules and the time you spend to make it work. You must prioritize your needs; you must find your why. Why do you want to become a trader? To make money alone? That's not enough of a reason. Everyone wants money and a good job. There must be something else. You must listen to yourself and learn why you want to become a trader first and then choose the strategy that fits your personality and gives you enough time to achieve moments of happiness by sharing quality time with your beloved ones. Time to give and receive love. That's all there is, my friend.

I used to trade a lot in the past, achieving 4-6% a month and sometimes even more. That was a bit of an unrealistic attitude and approach to the markets. Now I know what I want and how I want it done. I have developed my proprietary trading strategy based on the pockets of supply and demand, I've managed to master it, and that's all I needed. I don't care or follow anyone else's trading ideas; I only focus on my own rules and trading plan. I ultimately ignore the news and fundamentals since the rules that I trade were developed without considering them. Why should I use fundamentals now? It would be ridiculous; moreover, fundamental analysis will already be priced when strong imbalances are created. You just need to pay close attention to the charts and see what happens when news is released or earnings for a given stock have been published.

I don't need to spend hours in front of my treading platform every day; I just need to trade about 30 minutes every 1-2 days, set my alerts, set and forget my trades and walk away to let the trades breathe and play out. Some of these trades will be winners, others will be losses, but the profit from the winners will be at least two or three times the initial risk. There is nothing else we can do. We don't have the superpower to move the candlesticks with the power of my mind. So, we play my cards using supply and demand imbalances and hope for the best in every trade; we must think in probabilities and not consider the outcome of just a few trades.

Trading the financial markets is not a 100 meters hurdles race with hurdles every 10 meters, but a marathon race with hurdles every 100 meters.

Life is karma, and life is a boomerang. So, whatever you do in life, it will be returned to you ten times stronger. Hopefully, this eBook will change the lives of many traders.

Trading is all about putting your emotions aside to prevent them from affecting your trading decisions. Unfortunately, a trading plan and a good trade management plan are executed and managed by a human being driven by emotions. Unless you work to control those emotions, success in trading will be unreachable no matter how much you want it or how good your edge and trading strategy is.

I've just taken the time and put in the hard work to put all of the pieces of “my puzzle” together in a set of mechanical rules and worked very hard to backtest them in the live markets and over the years. I've built tools and screeners that have saved me a lot of time doing my job. Supply and demand is the law that governs the markets. I just created my version based on price action and thousands of interactions with the pockets of imbalance that have been made over the years. The vocabulary used throughout this eBook may sound familiar to you if you have enrolled in other trading courses. A new level is a fresh level. A rally in price is a rally in price, same for a drop. I did not invent those terms; many traders around the world commonly use them.

2. What to expect from this introductory eBook

Congratulations on beginning your journey towards learning how to trade the financial markets with Set and Forget! Supply and Demand trading can be pretty overwhelming like any other trading strategy. This introductory eBook aims to give you an overall basic view of the methods we are using to trade any market and asset that will hopefully open your eyes to trading supply and demand imbalances.

Learning how to trade is not easy and will never be easy. Nothing worthwhile will ever be. In writing this eBook, I've made some assumptions about you. Here is what we've assumed about you, the prerequisites:

- **You know the basics**. You know concepts like what a candlestick is, a pip, a tick, leverage, what an exchange is, a contract or a lot, reward risk and the like.

- **You have some experience.** You should be familiar with the stock and Forex markets and the risks and rewards it presents. As an investor, you seek ways to manage those risks and rewards. If you are into cryptocurrencies, you should know the basics.
- **Ready to put aside what you know about the markets**. Learning a strategy is way too complicated, but trading other strategies simultaneously are even worse.
- **You have a computer and Internet access**. We can't imagine Trading or investing without a computer and reliable access to the Internet . . . so we assume you have both.
- **You are not looking for the holy grail.** There is no holy grail strategy. Many strategies work. However, I also believe that it's all about your mindset and how committed you are to become successful at something by doing the same thing over a very long time (many months and even years). Experience and willingness to learn and sacrifice yourself are paramount.
- **You don't expect to learn how to trade overnight**. Few people realize exactly 'who' they're up against. It will take many months, probably years, until you master and gain the confidence to trade any strategy. Your brain needs to create the proper habits and patterns that do not happen out of the blue or over a short period.
- **You use a broker**. I assume you have a comfort level with your broker's trading platform or web platform. It may serve as a resource for some of the ideas covered in the core strategy.
- **Trading platform**. You have access to a trading platform. I use TradingView online charting software to do my analysis and Interactive Brokers to plan my trades.
- **You don't expect to learn how to trade by just reading this eBook**. Instead, this eBook is an introduction to the supply and demand concepts. This eBook will not provide you with the complete trading plan you need to place trades with high probability. However, it will show you how powerful these imbalances are and why you should always trade with them and not against them.

This eBook is designed to help you become familiar with supply and demand concepts. Understanding how these imbalances work is paramount to becoming a more effective trader and gain an edge in the markets. Like any tools, one must learn how to locate and grade the quality of these imbalances. For example, a power saw has many advantages over a handsaw for cutting wood. However, if you don't learn how to use a power saw, you can cut your fingers off.

Similarly, those that do not understand how and why supply and demand rule the markets and our lives will put themselves at risk. For the most part, brokers are correct in advising their clients to stay away from trading. They know most traders will want to grab hold of the "saw" without learning how to use it; they won't care much about that. Instead, they are more interested in the commissions they make with every trade.

Access to the trading community and core strategy will provide you with step-by-step criteria that will help you select and validate candidates, establish loss limits and profit goals, and enter and exit each trade with laser-beam accuracy. In addition, you'll learn what takes most traders many years to discover through trial and error. This introductory eBook will show you how powerful these levels are and why you should know where they are so that either you stop trading against them or use them to place new trades.

Before we commence, I would like to state that successful traders realize that they are not in the trading business to trade, but rather to make money, and to do that, they need patience. A patient trader with a second-rate system will generally outperform an impatient trader with a better system. Your trading system and the trading plan still have significance but not the way you think or as much as you might think. Its significance lies in the fact that your system gets you out of losers quickly and keeps you in the winners, the exact opposite of what most losing retail traders do in their trading careers. The system will help you take the emotion out of the trade, remove the fear and greed, and build your confidence in the rules and your trading plan, but only if you are patient enough to keep trading the same trading strategy for an extended time. Unfortunately, most retail traders will keep on jumping from one strategy to another, trying to find the perfect one, the famous non-existent holy grail.

Maximum results in minimum time are not the essence of this eBook and should not be the essence of any trading related document. Why? Because there are no shortcuts or quick ways to learn a trading strategy. Time can't be warped, at least on a macro scale. Our brains have certain limitations we just can't overcome. If you can grasp that, you have taken the first vital step to achieving your trading goals.

This is an eBook for those of you who want something special. It is for the typical trader who has wasted his time trying to improve his understanding of the financial markets, spent thousands of dollars in education and workshops, joined several online services and trade signal services, but still needs a trading plan and an edge and a strategy that works overtime in any market.

It isn't an eBook for someone who only ever follows the path of least resistance because there is no path of least resistance in learning. So, if you feel identified, put this eBook away now and move on to reading someone else's ideas that tell you what you want to hear, not what you need to hear.

The financial market is a world where we should not foster mediocrity or sell you easy shortcuts. It is a place where everyone is equal as long as they are prepared to bust their arses with hard work and commitment. No matter who you are in the 'real world', when you step into the supply and demand domain, you join them, or you fail.

There is no room and no time for debate or arguments. Save that for the social media wannabes and charlatans who waste their lives talking and chattering rather than doing. This is the world of results and the opportunity for those willing to finally make a change in their trading. Some of you will go all in and transform your trading and results. Most will fail because they won't be able to muster the level of commitment to master a trading strategy. You just get out what you put in, and if your ambition is modest, then your output will also reflect that modesty. This eBook is not here to judge. It is here to get you the basic trading skills that your efforts deserve.

This book is just a basic introduction to some of the supply and demand concepts learned in the Set and Forget trading community.

The examples laid out in this eBook are based strictly on the use of supply and demand imbalances. However, the concepts can be applied to any market, asset and timeframe.

- No lagging colourful indicators or oscillators used.
- No volume analysis.
- No overbought or oversold oscillators.
- No news releases or fundamental analysis needed.
- No earnings announcements.

This short eBook alone is useless. You need to watch the free material available on Set and Forget's YouTube channel, read and learn from my daily analysis blog, Instagram, Twitter or Facebook. Knowledge and confidence in a strategy will not happen overnight. It will take you months to learn the basics, but once you've done that part, it will change the way you look at the charts and the markets.

3. The use of lagging indicators or oscillators

Have you been searching for the right way to profit from crypto trading but haven't found it yet? You can take advantage of strong moves without being in front of your trading platform or using indicators or oscillators.

You can outperform other traders and investors by learning how to trade with the smart money on your side. Most traders love technical indicators and oscillators. I have seen traders having this kind of excitement when they discover a new tool to drag on their charts, adding all sorts of colours, lines and indicators all over the place. However, the absolute truth is that everyone is searching for a fictitious "holy grail indicator" that will remove the anxiety from making an educated trading decision.

An indicator or oscillator is a mathematical calculation based on a security's price and/or volume. The result of this calculation is used to "predict" future prices. Common technical analysis indicators and oscillators are moving averages, MACD, RSI, CCI Bollinger Bands, etc. However, most indicators are derived from prices on the chart, meaning that they are "unnecessary" and reflect past information that can be read on the charts.

As you probably know too well, your relationship with indicators will likely develop into a love/hate relationship when nothing lives up to your expectations. And then this relationship will escalate into a vicious hunt for the "perfect indicator" – expending a lot of wasted energy searching for the perfect one to provide you high probability entries without any effort.

All of us can become a consistently profitable supply and demand traders, but we lack a strict set of rules to lean on to plan our trades. Supply and demand, together with price action, are some of the best edges you could ever possibly have, although for obvious reasons, not the only one. It is effortless to get lost and distracted by reading dozens of books or surfing the Internet to find all kinds of resources and fancy and colourful indicators that only tell you what has already happened. RSI, CCI, Bollinger Bands and a long plethora of indicators are just telling us what is already known to big investors that trade on basic principles. They just buy low and sell high. It is as simple as that. That does not mean that strategies using indicators will not work, all the contrary. There are uncountable trading strategies that work. You just have to focus on one for as long as you need to make it work for you.

What I am trying to say is that you don't need indicators and oscillators. Of course, you could use them, but you would not want to add more complexity to my decision process when you already know where you want to buy or sell based on supply and demand imbalances, would you?

An image is always worth a thousand words, and a video recording is worth a thousand pictures. Find below **Apple Inc (NASDAQ: AAPL)** monthly timeframe. You will see a blue rectangle drawn at $213.90. That's the kind of price action and imbalances (call them levels or zones) we want to trade. Do we need any indicator to tell us we can trade it? Nope! Not a single one. The image below is a simple raw chart just showing candlesticks on the monthly timeframe.

Let's add a few of the most common indicators to the same monthly chart for **Apple Inc (NASDAQ: AAPL)**. The chart below shows the newly added indicators. I have added the popular 20 and 50 exponential moving averages, MACD and Bollinger Bands. What do all those indicators tell you? Well, it will depend on your trading strategy and how you relate the indicators with each other. For example, 20 and 50 EMA are crossed up, MACD is also crossed up, but it was probably crossed down by the time the price reached monthly imbalance. What about Bollinger Bands? The lower band isn't even pierced! So, can you buy at the imbalance according to those indicators? I don't think so unless you use smaller timeframes. On top of that, the strong bearish impulse was happening with the "coronavirus effect" and fear taking over the financial markets.

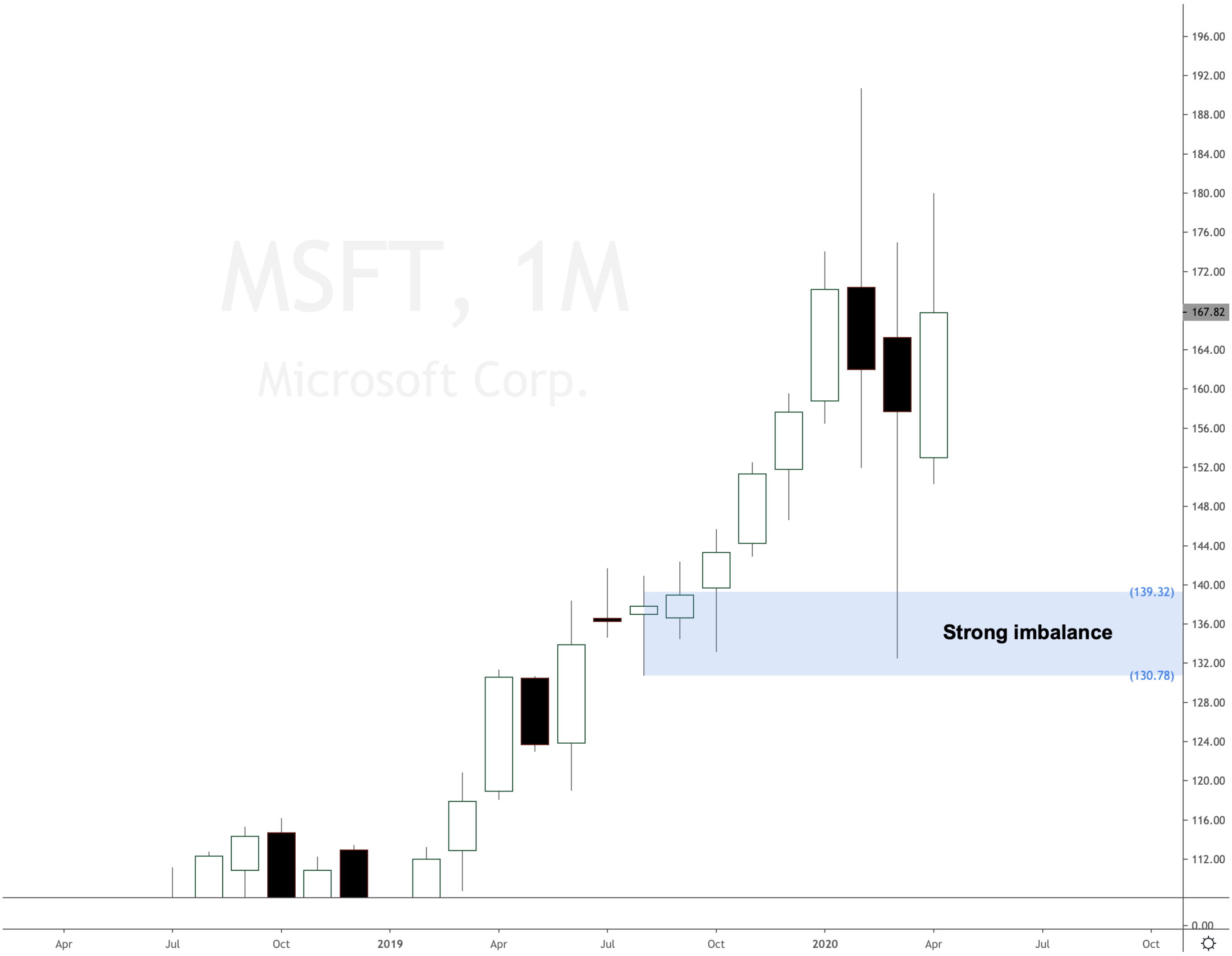
Well, the analyses above would mean nothing if Apple's imbalance had not been discussed and reviewed in one of the many videos that I publish on [Set and Forget's YouTube channel](). Most published videos are recorded before the actual imbalance is reached. Thus, anyone can plan a trade in retrospect when the trade is playing out in one's favour!

Did we need to consider any indicator or even the coronavirus fear that took over the whole world? Nope, we didn't. Instead, it was a clear imbalance on the monthly timeframe in a long-term bullish bias. The financial market was in a panic. Still, that imbalance played out nicely.

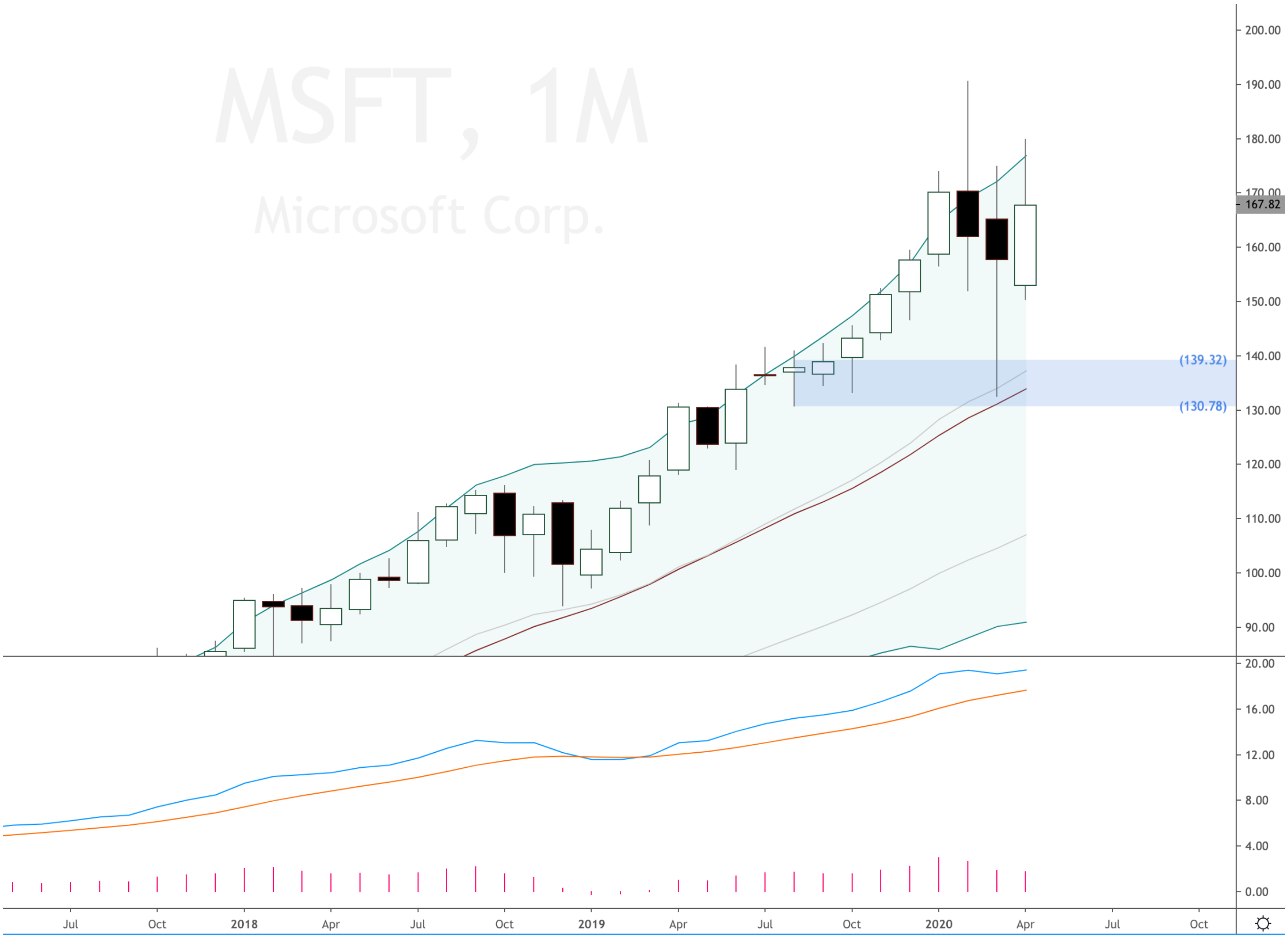
[WATCH APPLE VIDEO ANALYSIS](). You can also read the original article posted on Set and Forget's blog. In addition, you can [read it here]().

Let's have a look at one of the most commonly traded smaller timeframes, the hourly chart (H1, 60 minutes). See the chart below. Every candlestick represents one hour. The blue rectangle is the monthly demand imbalance drawn in the previous Apple (NASDAQ: AAPL) analysis. If you try to sell around #1, lower or higher, you would have lost those trades. Most traders will be looking at the smaller timeframes without realizing a bigger picture trend and strong imbalances gaining control. Alternatively, had you known there was such a strong imbalance, you could have purchased Apple shares (NASDAQ: AAPL).

Let's have a look at another example, this time using **Microsoft (NASDAQ: MSFT)**. The analysis is also done on the monthly timeframe. Unfortunately, the highest timeframe most traders look at, or trade is daily. The monthly timeframe is probably science fiction to most retail traders. Unfortunately, most traders will miss these trading opportunities. They will have losses trying to short the markets when the overall picture is bullish and a strong imbalance has just gained control. The chart below shows Microsoft's imbalance.



Let's add a few of the most common indicators again. The chart below shows the newly added indicators. I have added the popular 20 and 50 exponential moving averages, MACD and Bollinger Bands. What do all those indicators tell you? Well, it will depend on your trading strategy and how you relate the indicators with each other. For example, 20 and 50 EMA are crossed up, MCAD is also crossed up, but it was probably crossed down by the time the price reached monthly imbalance. What about Bollinger Bands? The lower band isn't even pierced! So, can you buy at the imbalance according to those indicators? I don't think so unless you use smaller timeframes. On top of that, the strong bearish impulse was happening with the "coronavirus effect" and fear taking over the financial markets.



Let me ask you the same question again? Did we need to pay attention to any indicator or even take the COVID-19 variable into account to place a trade? Nope, we didn't. It was a clear imbalance on the monthly timeframe in a long-term bullish bias.

A video of this analysis was posted before the fact a few weeks ago. You can WATCH MICROSOFT VIDEO ANALYSIS. Watch it and see what I said and why I said it. The proof is there.

There is not a single trading strategy that will provide you with 100% winners. There will be losses because losses are part of the trading game. You can't win if you don't lose and put your capital at risk, as simple as that. No risk, no gain.

I could continue showing you dozens of examples of similar imbalances and how they played out, but it goes beyond the scope of this introductory eBook. Complete analysis and trading opportunities are being shared in Set and Forget's trading community daily and weekly. If you are serious about learning how to trade supply and demand, you are welcome to **JOIN US**. You will have access to the complete core strategy to trade stocks, cryptos, Forex or any asset. An archive of hours of video analysis, webinars together support your learning, correction of your errors, feedback on your trades, and a long etcetera.

Remember that the more indicators you add to your charts, the more rules you will have to add to your trading plan. Therefore, adding more layers of complexity to your trading decision is not a good idea.

Adding an indicator means you will have to add new rules when to use it and when not to use it and synch it with all the other variables or indicators used in your trading plan. If you add too many indicators, you will be flooded with variables and decisions to be taken in every trade, resulting in over-analysis and trading paralysis.

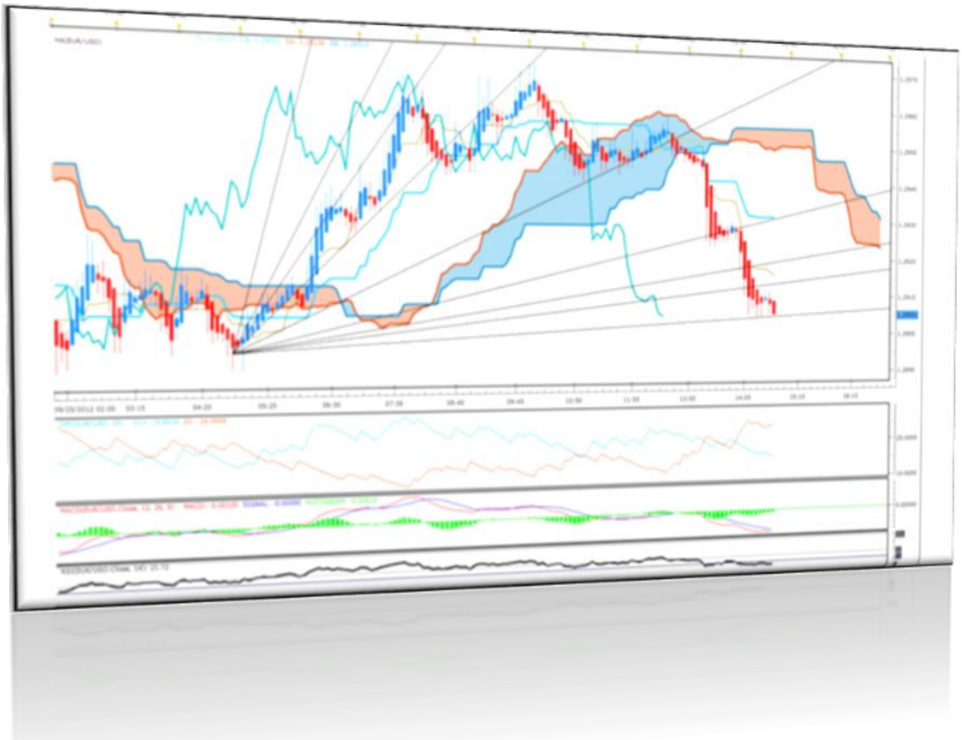
Let's have a look at one of the most commonly traded smaller timeframes, the hourly chart (H1, 60 minutes). See the chart below. Every candlestick represents one hour. The blue rectangle is the monthly demand imbalance drawn in previous Microsoft analysis. If you try to sell around #1, lower or higher, you would have lost those trades. Most traders will be looking at the smaller timeframes without paying attention to the bigger picture trend and strong imbalances in control. Alternatively, had you known there was such a strong imbalance, you could have purchased Microsoft shares at #2 or even #3.

By the way, adding moving averages, MACD and Bollinger Bands or any other indicator wouldn't have helped much, as you can see in Microsoft's H1 chart below. 20 and 50 EMA were down at #2, Bollinger Bands unpierced, and MACD crossed down at #1. There was a sell bias if those were taken into consideration.

Location and context are essential, so you'd better have the tools that help you to pinpoint where these imbalances are located. For instance, you could be buying into a bigger timeframe supply imbalance after a strong rally in price. But, of course, doing that is not a good idea.

You don’t need any unique tool or indicator to trade imbalance. Any trading platform will do as long as you can draw lines or rectangles. Trading View, Trade Station, Trade Tiger, Think or Swim, Interactive brokers, any will do.

Avoid cluttering your charts with a plethora of indicators. Each indicator is a variable that needs to fit in your trading plan together with all the other variables. Have a clean chart to see price action itself because price action is the only non-lagging indicator that exists. If a daily candle closes at 00:00, then it cannot unclose the next day at 00.30. Indicators displaying arrows to buy and sell will change their reading depending on the volatility and how fast the price is moving. You don't want your charts to look like the one below.



4. What markets can I trade with supply and demand?

As technology increases and trading innovation continues, the world sees an expansion in the types of trading instruments that can be used. For example, an investor no longer needs to buy physical gold or even from a futures contract. Instead, he can simply buy an exchange-traded fund (ETF) to participate in the movement of gold prices. Considering that similar scenarios are possible with currencies, commodities, stocks, cryptocurrencies and other investments, traders can fine-tune their trade and tailor it more to their circumstances.

Supply and demand imbalances can be located on all the markets. The basic laws of supply and demand can be applied to any market and asset. This is great because you don't need to focus exclusively on trading stocks, Forex or futures. You can add cryptocurrencies, ETFs, metals or even bonds. You should only invest right where you see the high probability opportunity. We should not have a personal fight against Microsoft #MSFT, Tesla #TSLA, the Euro or Bitcoin. If there is no clear opportunity, why waste your precious time chasing a trade on Microsoft #MSFT? Why not trade ETFs like Nasdaq #QQQ, S&P500 #SPY, new crypto or a new biotechnology stock? Ignore the noise and unclear scenarios. Put your money at risk right when and where a great opportunity is found.

What markets can I trade then?

Depending on your education and experience, a person may not even be aware of the investments or trading vehicles accessible with a click of the mouse.

These are the different markets we can trade:

- **Stock Market.** We can buy or sell shares of a company.
- **Forex Market**. The largest and most liquid market. The Forex market facilitates the exchange of one currency for another currency. Currencies are always traded in pairs, with many potential combinations available, but not all are liquid.
- **Contract for Difference (CFD).** A hybrid of the stock, forex and options market allows participants to place trades in a derivative product based on an underlying asset. Generally, the

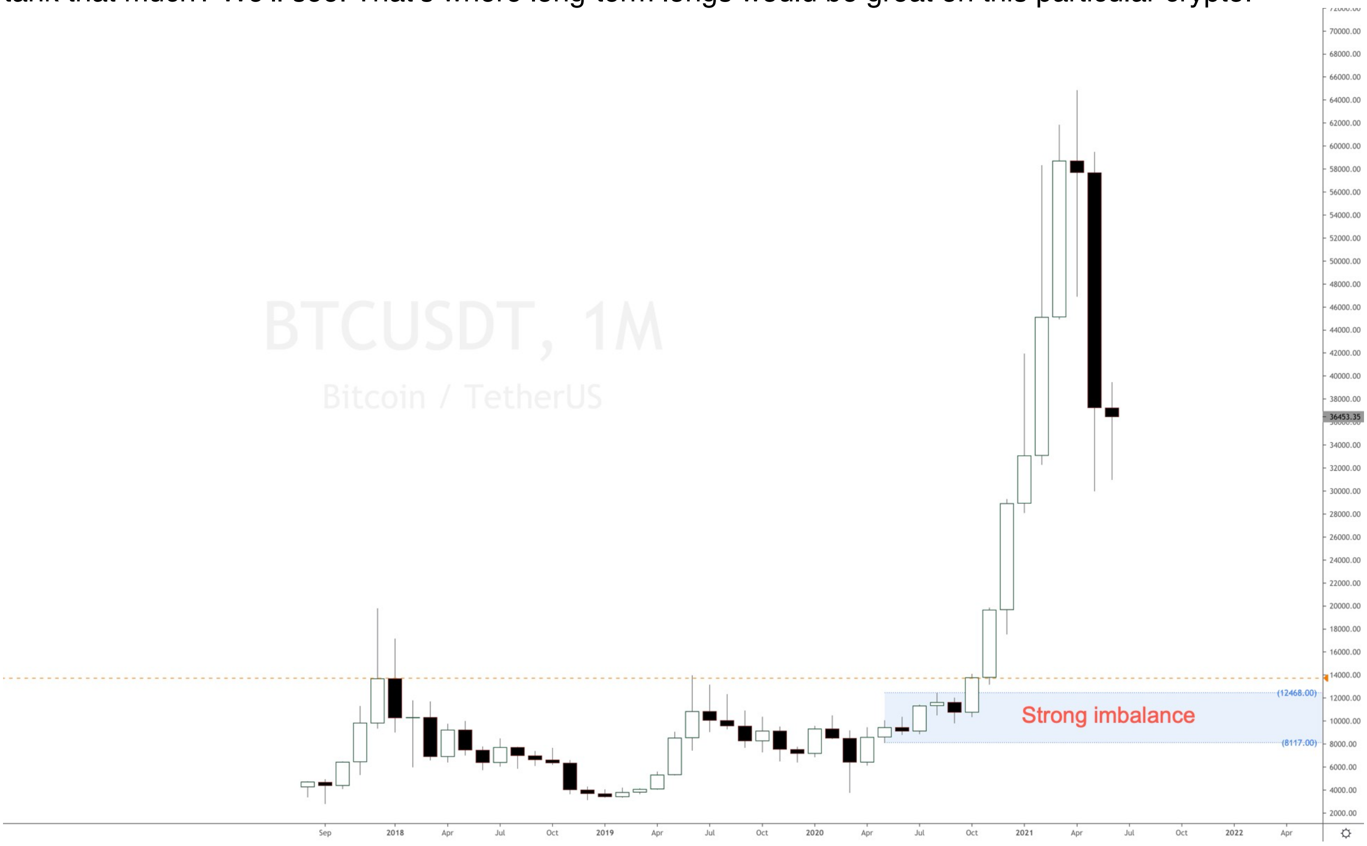
CFD does not have an expiry date, premium or commission, but they are not regulated or allowed in many countries. The U.S. is one of those countries.

- **ETF (exchange-traded fund)**. Funds are representing all sorts of sectors, industries, currencies and commodities. ETFs also allow a trader to partake in other markets, such as the movement of oil, gold, silver or stock indexes.
- **Futures and Commodities.** A futures market is an auction market in which participants buy and sell commodities and futures contracts for delivery on a specified future date.
- **Options Market**. A market that allows participants to undertake positions in the derivative of an asset by buying time instead of the underlying asset.
- **Cryptocurrencies**. A cryptocurrency is a digital asset designed to work as a medium of exchange that uses strong cryptography to secure financial transactions, control the creation of additional units, and verify the transfer of assets.

The same applies to cryptocurrencies like **Bitcoin #BTCUSD**. Take a look at the chart below. It represents Bitcoin's monthly timeframe and two strong imbalances at #1 and #2 that I called not only in Set and Forget's trading community but also on my [YouTube channel](). It's funny because I got many private messages and comments telling me that Bitcoin couldn't drop to those price levels. Well, the proof can be found in my video analyses.

You can watch the before and after the fact video analyses that I recorded for Bitcoin a few months ago. Bitcoin dropped exactly to those price levels and started to react strongly to them as soon as they were in control. There is no after the fact trading, you can watch the videos on my YouTube channel, videos that were recorded months before BitCoin pulled back to those levels.

As of the 10th June 2021, Bitcoin is trying to drop to a very strong imbalance of around $14.000. Will it tank that much? We'll see. That's where long-term longs would be great on this particular crypto.



WATCH BITCOIN VIDEO ANALYSIS

Hopefully, you will see the strength of supply and demand analysis and why you should not trade against those strong imbalances. But, unfortunately, most traders won't even know there was an imbalance in the first place. You can find many other examples on Set and Forget's YouTube channel.

5. I have a full-time job. Can I become a trader?

The supply and demand methodology is ideal for those working full-time or part-time. You don't need to sit in front of your computer all day long trying to move candlesticks and price action with the power of your mind. Mutants only exist in the movies. The less time you spend in front of the computer, the higher your odds of becoming a profitable trader. The less, the better.

Are you worried that you will not learn how to trade or manage your trades because you have a job? Your job is not a handicap. It is actually a blessing. Why am I saying this? Because you don't need much time to do a supply and demand multiple timeframe analysis, set and forget your trades. Having a job is a positive thing because it will help you to detach from the charts and let the trade breathe and play out. You do not need to spend hours a day analyzing the markets to become a profitable and successful trader.

The Set and Forget supply and demand trading strategy can be used on any timeframe and market. The type of trader you are is directly related to the timeframes that you choose to trade. It will determine the kind of trades you take, how long you will hold them and how you will manage them. Once you have decided which type of trader you are by determining the timeframes that fit your personality, you should stick to them and not deviate from them. Otherwise, you will constantly be second-guessing your trading decisions, leading to emotional distress and unnecessary losses.

By leaning on supply and demand imbalances on bigger timeframes like the daily or even higher timeframes, there will only be one new candle a day on every asset you trade. For this reason, your decision-making process will be swift and will help you finalize your daily analysis routine in a short time.

Why should you spend a few hours a day analyzing the smaller timeframes? If you are allowed to trade 6-8 hours a day to reach a 5% profit on your account's equity, or 30 minutes a day to obtain the same result, which one would you choose? I know which one I would choose. I made that decision a long time ago because there is a life out there. Trading is just a means to reach a goal and not the goal itself. **Having quality time to spend with your beloved ones and friends is way more important than anything else.** Passing away as the wealthiest person in the cemetery should not be your goal.

6. Supply and demand basics

Understanding what is happening behind the scenes is the key to developing any trading methodology. Don't look at candlesticks on your trading platform as just red and green pictures and pattern. Seen the right way, these candlesticks can depict an imbalance. Understanding these concepts will make a big difference in your trading career. It will give you the ability to trade based on what the market is expressing through price action.

The only reason why price moves in any markets is the imbalance in supply and demand. The greater the imbalance, the greater the movement in price.

Why do imbalances occur?

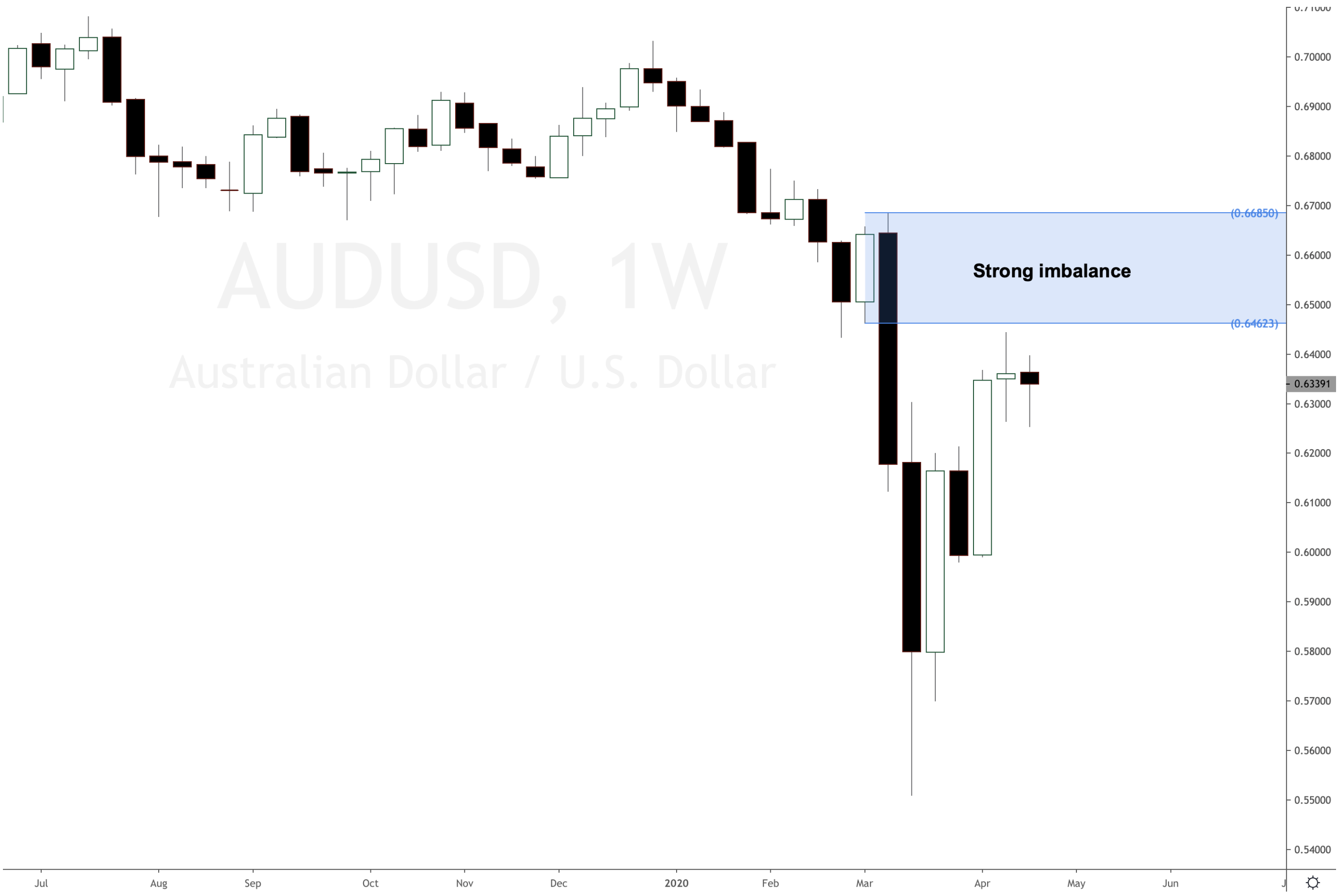
- The currency market, the financial world in general, is dominated and ruled by big investors, institutions, central banks and professional traders. They have the ability and capacity to move and change the markets with thousands of orders. These orders can create so-called supply and demand imbalances.
- Daily news occurs and affects the world's economies.
- Positive news usually increases demand and reduces supply, leading to higher prices.
- Negative news usually decreases demand and results in an increased supply.
- The retailer and small investor end up becoming the bait, the liquidity the professional traders need to fill many of their orders. They can't sell if there are no buyers interested

Every trader and institution have a different perception of fair price and future value. Supply is simply the amount available, while demand is the amount that is wanted. Thus, supply is the amount available at a special price, while demand is desired or desired at a specific price.

As prices increase, a seller's willingness to sell products will also increase. The opposite of this shows that as costs increase, we see demand reduces. Buyers will demand more when prices are lower

Supply and demand are perhaps one of the most fundamental economics concepts, and it is the backbone of a market economy. Capitalism rules the markets in much the same way as the law of gravity rules our planet and lives. Buyers and sellers are in a constant and never-ending battle trying to agree on a fair price on the traded product.

What does an imbalance look like on a price chart? We can see an example of a strong imbalance on AUD/USD (Australian Dollar versus the American Dollar) in the weekly timeframe analysis in the chart below. That's the kind of imbalances we are interested in and against which we should not be trading.



Supply and demand are two factors that can be thought of as two forces. The principle of supply and demand is that if one or both changes, there will be a temporary imbalance in the number of product manufacturers are prepared to sell and the quantity that consumers (as a whole) are ready to buy. This imbalance will cause the market price to rise or fall as needed until the amounts are equal.

Although supply and demand is an economic theory, it is directly relevant to any company competing in a market. Understanding the specific supply and demand issues affecting both sales and purchases can help smarter business decisions. We are lucky since we don't need a PhD in economics to locate these supply and demand pockets on a price chart. There are easier ways to spot these imbalances.

Understanding a concept from a theoretical perspective is not synonymous with integrating it into practice and your daily trading routine. We need to break down the dynamics of price action, and with the help of many examples on the charts, you will thoroughly understand this concept and learn how to trade with it. This new knowledge will make you look at the charts with a new sense of objectivity and eventually trade more relaxed and proactive.

Demand refers to how buyers desire much quantity of a product or service. The quantity demanded is the amount of a product people are willing to buy at a specific price; the relationship between price and quantity required is known as the demand relationship*. Supply represents how much the market can offer*. The quantity supplied refers to the amount of particular good producers are willing to provide when receiving a specific price. Price, therefore, is a reflection of supply and demand.

When it comes to trading the financial markets, demand usually causes quite the opposite effect on the value of a given stock than the scenario that was mentioned in supply above. If the need for a particular stock heightens, this will cause the stock to gain additional value. The opposite is also valid. If the demand for a specific stock lowers, this will usually cause the stock to lose a portion of its value.

Supply represents the extent to which a specific asset is available in the market at any time. If the supply of a particular stock rises, this will cause the stock to become of lesser value. The opposite is also true. If the supply of a specific stock drops, this will usually cause the stock to increase in value.

The law of demand states that if all other factors remain equal, the higher the price of a good, the fewer people will demand that good. In other words, the higher the price, the lower the quantity ordered.

Like the law of demand, the law of supply demonstrates the quantities sold at a specific price. This means that the higher the price, the higher the amount supplied. Therefore, producers provide more at a higher price because selling a higher quantity at a higher price increases revenue.

The effects of supply and demand mean that businesses have to keep an eye on two different forces. On the demand side, an increase in demand (such as a product becoming quite popular) will raise the price and vice versa. On the supply side, increasing supply (such as OPEC countries increasing oil production) will force the price downward. In contrast, a reduction in supply (such as a competitor going out of business) will push prices upward. This is because most of the money a company spends, including raw materials and machinery, is finished in a market that contains its supply and demand.

Every trader/institution has a different perception of fair price and future value. Supply is simply the amount available, while demand is the amount that is wanted. Thus, supply is the amount available at a special price, while demand is desired or desired at a specific price.

As prices increase, a seller's willingness to sell products will also increase. The opposite of this shows that as costs increase, we see demand reduces. Buyers will demand more when prices are lower.

See below what usually happens in a supermarket when products are cheap, or there is a lot of demand, supply runs out. The whole world has seen a lack of supply and an increase in price since the coronavirus COVID-19 shattered our world at the beginning of 2020. It's a clear example of supply and demand and how it affects our daily lives.

Let's use a real-life example. Let's imagine that your partner asks you to purchase some meat for dinner. You dash down to the nearest supermarket and learn that the price of the steak you usually buy has almost doubled! It's now going to cost you twice as much to enjoy a romantic dinner with your wife; you quickly begin to think how valuable that steak might be. So you start to look at alternatives, such as hamburgers or even chicken; replacement products with which you can get a similar result at a far lower cost.

While you may decide to pay the increased price of that steak, you have to think of the market dynamics at work. Not every steak buyer would be interested in doing this; many would opt for replacement products because they could not afford the new higher price. This is a living example of supply and demand. As the steak price increases, demand for steak decreases.

What about this scenario? After a week, you happen to go to the supermarket again only to find out that the same steak is half the price of what you usually pay for it; it's 50% off of last week's worth. Won't you think differently now? You will probably be thinking that you can buy a couple of steaks instead since they are very cheap. Other customers will be buying while prices are affordable. If you don't act fast, all of the discounted meat will be gone before you buy any of it.

This is demand at work again. As the price of steak lowered, demand increased, not only for you but for all the customers in general. This example is very similar to what we see on the stock market or when looking at the price chart of a Forex currency pair or a cryptocurrency like Bitcoin or Ethereum. What we perceive as the personality of a stock is just the manipulation of it.

If the retail investing and trading crowd would only approach Trading and investing from a consumer point of view, they would do so much better. Do you want to buy retail or wholesale? That's all there is to it.

If you are not new to Trading, you will probably have been introduced to various trading strategies over time and learn how to enter and exit your positions. Some of these trading strategies were complicated. Others were probably a bit more technical and easier to assimilate and relied on various indicators or oscillators to get the correct trading signal. However, over time you will have realized the most important thing a trader needs to accomplish in his daily routine is the ability to recognize an opportunity and take it blindly whenever they see it, no second thoughts, just take it, and that's it.

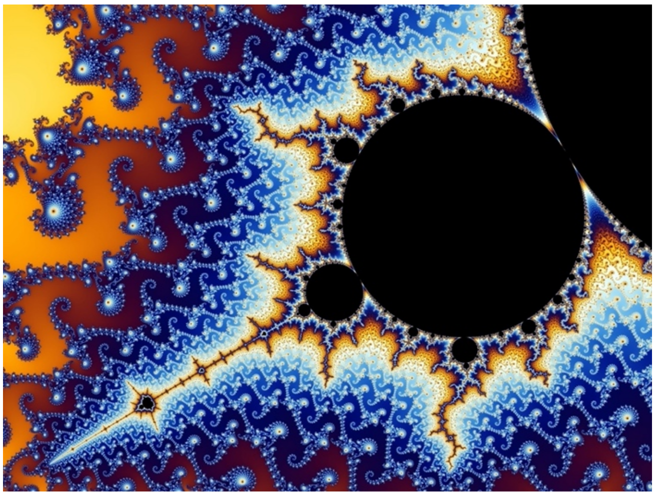
The longer it takes you to decide, the more signals you require, the more emotional you will get and the more complex the trading decision becomes. This is one of the main reasons why you need to keep things as simple as possible and allow yourself to recognize trading opportunities as objectively as possible when you spot them and execute your plan without any emotions involved. This may seem easy, but it's a complicated process.

8. Price is fractal

Let's start by defining what market fractals are. Markets move in cycles, and these cycles show patterns that tend to repeat themselves. Cycles repeat, and the patterns inside these cycles also repeat over and over in time. The fractality of price will also affect the underlying trend of every timeframe. Thus, each timeframe can have a different trend. Multiple timeframes trends are happening right now for every asset that exits. **Price is fractal**. Fractal meaning that there are structures within structures. The same patterns repeat over and over on all timeframes when we drill a candlestick down to a smaller timeframe. Multiple timeframe analysis is needed to make a high probability trading decision.

It's important to note that price action is cyclic. That is, the same patterns will repeat over and over on every timeframe. It is essential to choose the right side of the market and understand its cyclic nature because our trading decisions will be based on supply and demand and price action.

The figure below displays a Mandelbrot fractal geometry. The discovery of fractal geometry has made it possible to explore rough irregularities in nature mathematically. Structures within structures, price charts are not an exception to this geometrical theory.



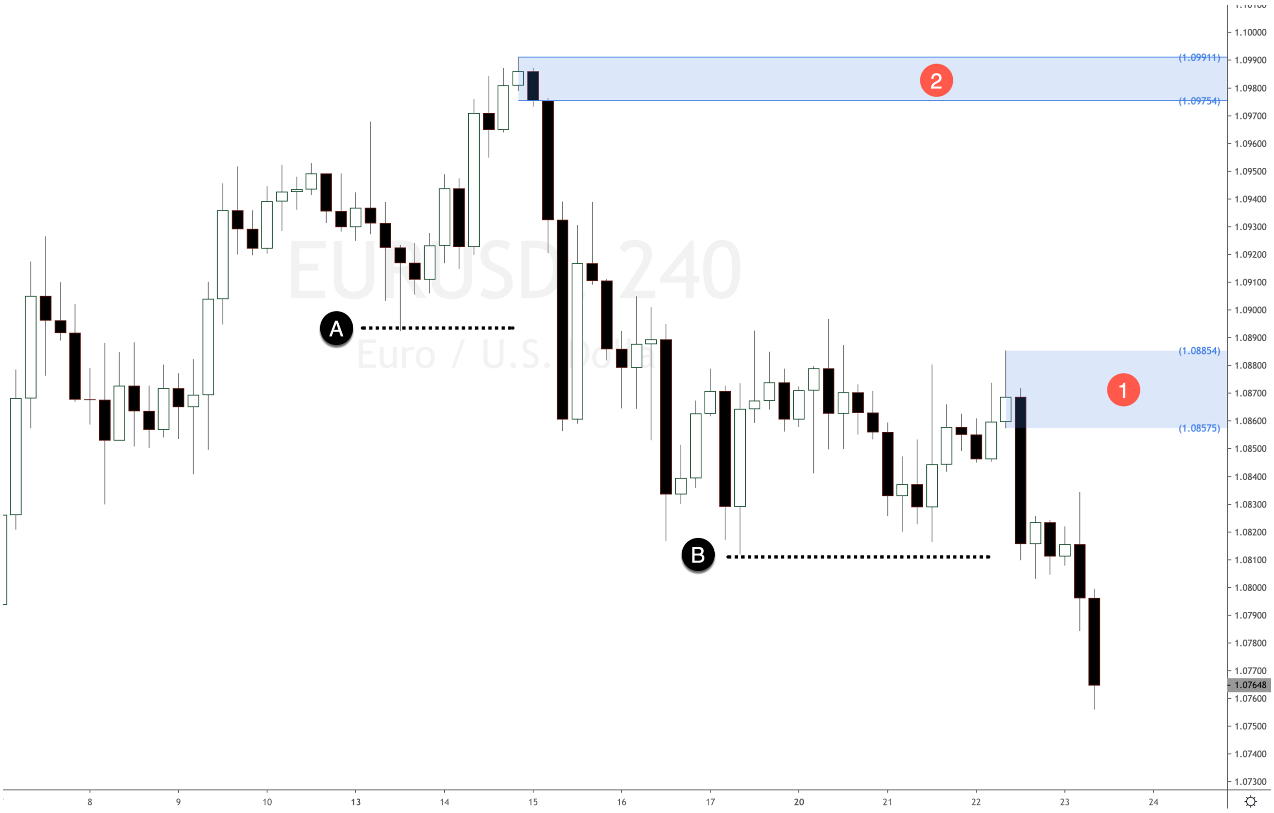
Alternatively, you can watch this fractal video showing these mathematically generated geometrical patterns and cycles. We like it or not, markets move in cycles, and these cycles offer patterns that tend to repeat themselves. These cycles repeat, and the patterns within these cycles also repeat over and over.

You must bear fractals in mind because a cycle is a measurable phenomenon that occurs consistently in frequent time intervals.

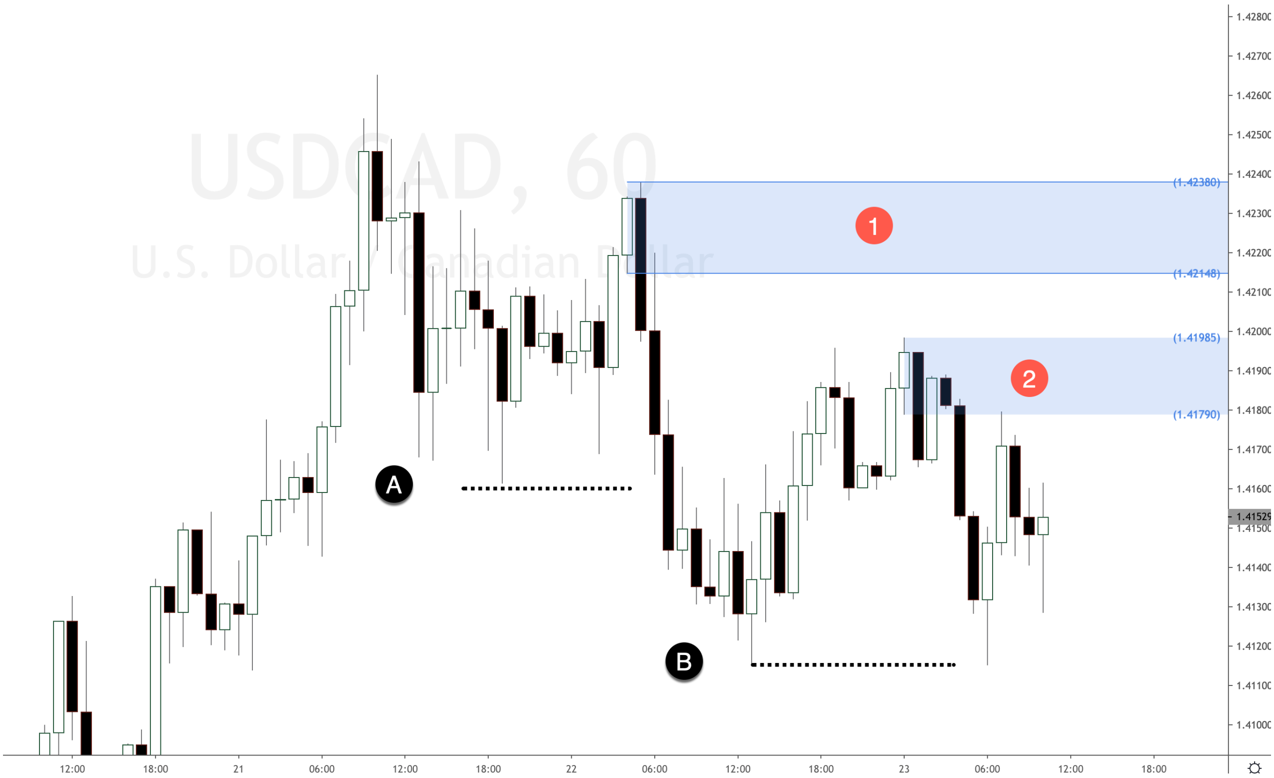
8. Types of imbalances

I will be talking about the most apparent type of imbalance in this introductory eBook. I call them personally valleys and peaks. You can see them swing lows or swing highs, Yin Yan or any term you want. It does not matter as long as you understand the rationale behind them.

An image is always worth a thousand words, so let me show you a few examples of these valleys and peaks in the pictures below. The first example shows **EUR/USD Forex cross** pair H4 chart (four hours). A peak or swing high must create a bearish impulse strong enough to print a low lower than the previous bullish impulse. We can see two examples at #1 and #2 where the bearish impulses were strong enough to print a low below A and B.



Let's look at a second example. This time we will be looking at **USD/CAD Forex cross** pair H4 timeframe, the same timeframe used above for EUR/USD. Again, a peak or swing high must create a bearish impulse strong enough to print a low lower than the previous bullish impulse. Again, we can see two other examples at #1 and #2 where the bearish impulses were strong enough to print a low below A and B.

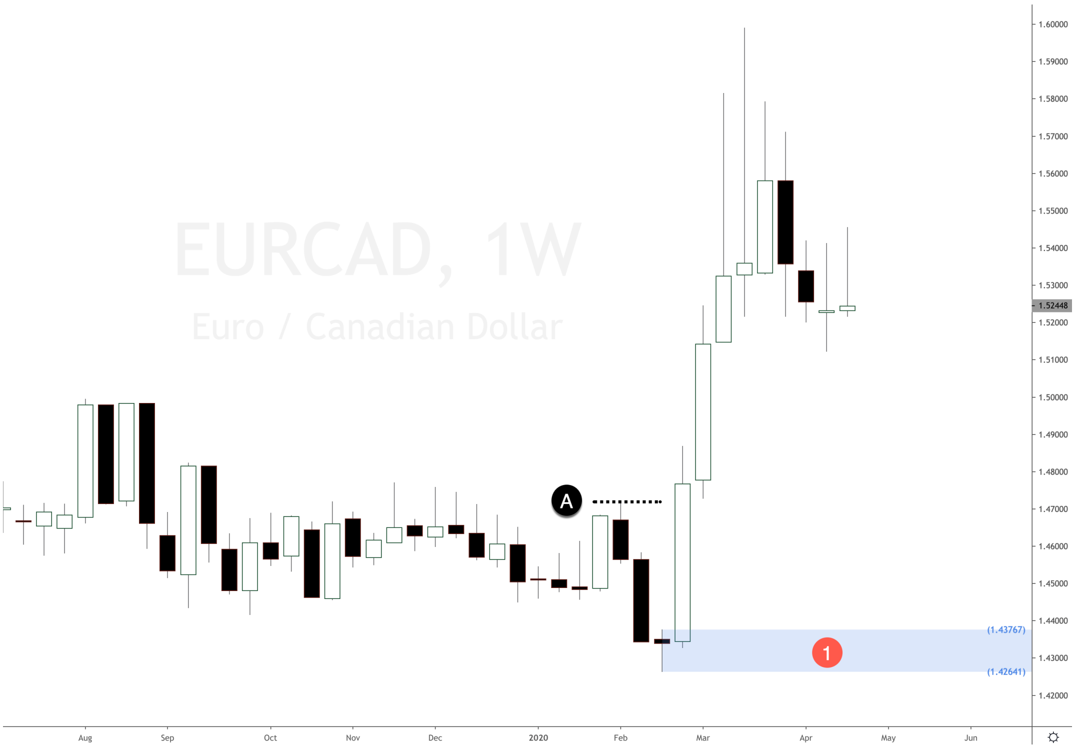

USDCAD, 60
U.S. Dollar / Canadian Dollar
1
2
A
B
(1.42380)
(1.42148)
(1.41985)
(1.41790)
1.41529
12:00
18:00
21
06:00
12:00
18:00
22
06:00
12:00
18:00
23
06:00
12:00
18:00

I don't need to remind you that the Forex market is not the only market that shows this kind of structures. As I said, you can call them the way you want. It doesn't matter as long as you understand the simple logic laid out in the two examples above for **EUR/USD** and **USD/CAD**. These structures are fractals and can be found on any timeframe, no matter how high or small it is.

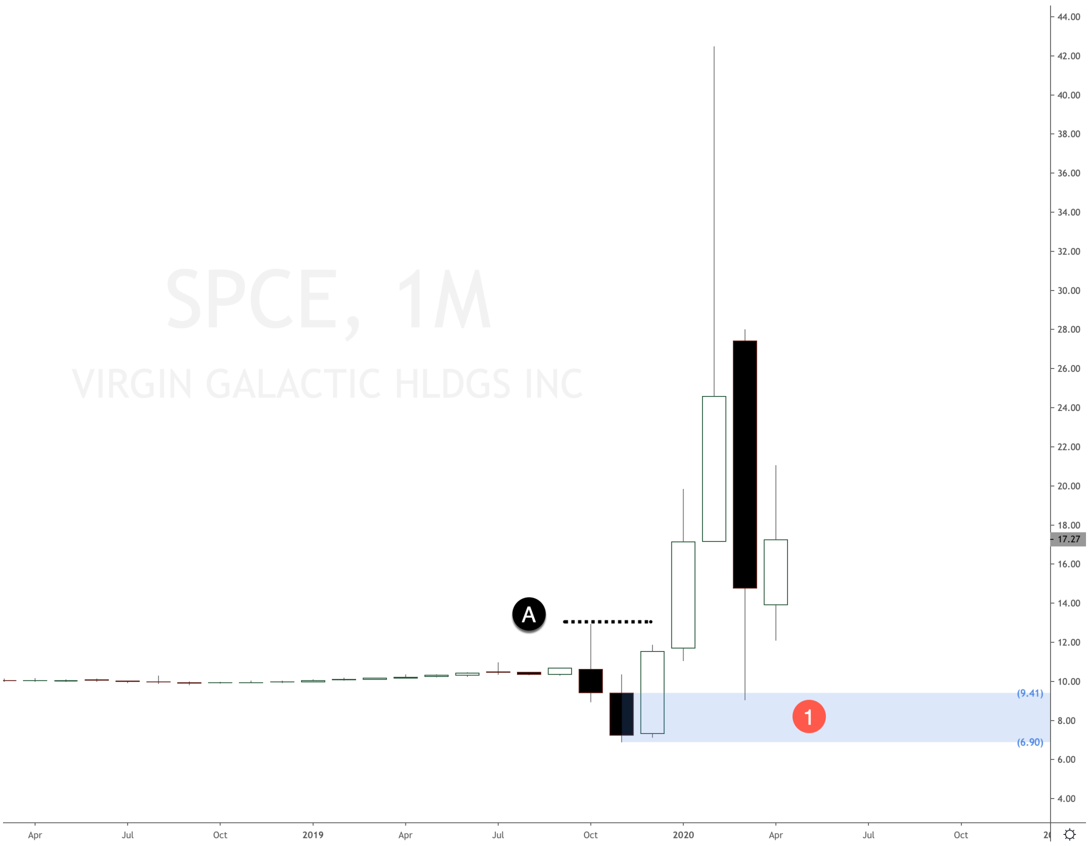
Let's have a look at **Ford Motor Company (NYSE: F)** stock. This time the analysis will be done on a monthly timeframe. That is, every single candlestick represents a month. But, again, we can see the same structure, a powerful bearish impulse at #1 that printed a low lower than A.

The previous examples were peaks. What about valleys. It would precisely the same approach but upside down, meaning that the new bullish impulse (valley or swing low) would have to print a high higher than the previous bullish impulse. Let's have a look at a couple of examples.

The first example of a valley or swing low can be seen in **EUR/CAD Forex cross pair** weekly timeframe. That is, every single candlestick represents a week. We can see the valley structure, a powerful bullish impulse at #1 that printed a high lower than A.



Let's take a look at another example of a valley using a stock. This time the turn goes to **Virgin Galactic Holdings (NYSE: SPACE)**. The same structure can be seen at #1, a solid impulsive move that broke above the last bearish impulse at A.



It doesn't get more complicated than this, really, and these are the basics. No need for special tools is needed to spot these impulses. I am pretty sure you have seen them everywhere, and you might even be trading these with your strategy, and that would be great. However, having a solid impulse does not mean that we can place a trade right within it. There are a few other variables we need to take into consideration before pulling the trigger.

Together with a top-down analysis and the reasons to trade and why not to trade them, this kind of imbalance is the kind of things we are doing daily and weekly in Set and Forget's trading community. These imbalances and potential trade setups are always posted before they happen, not after the trade is playing out. Anyone can share a winning trade once the trade is making money.

As shown at the beginning of this eBook, when going over Apple, Microsoft and Bitcoin analyses, those imbalances are predictions done weeks and months before price pulled back to them. That does not mean that similar imbalances will always work, not at all. No strategy will provide you with a 100% win/loss ratio and success. It just doesn't exist.

9. Strength of the impulse

The strength of the impulsive move is one of the most essential characteristics of an imbalance, but not the only one. It's one of the most critical features for an imbalance, though. However, as you will have probably seen if you've been trading imbalances for some time, there are times where a super-strong imbalance is just ignored and eliminated.

There are a few possible reasons that could help the imbalance to be eliminated. The most important one is putting the imbalance into context and against the overall trend of the asset. But, unfortunately, many traders will forget about doing such a simple thing.

Bear in mind that the movement's strength is only one of many other variables that need to be considered before placing a trade and pulling the trigger. So it's not as simple as locating the imbalance and pulling the trigger blindly. If you do that, you will be blowing your account up very quickly and easily.

You will probably be tempted to trade on the way to the impulse believing and assuming that the pullback will happen. That's the wrong approach because you think that price will move on the way to the imbalance and that the imbalance will be hit and play out as expected. You are assuming both the pullback to the imbalance and the reaction to it. Two big mistakes that most traders will make. You just can't have two different biases in the same asset. My grandmother used to say that we can't have the sheep and the mill simultaneously. What does that mean? If you want to eat the meat, you have to keep the sheep and have no milk. If you're going to drink milk every day, then avoid killing the poor sheep.

Let's have a look at a few examples of these strong impulse moves. They will look obvious to you, but when you sit in front of your trading platform loaded with all kind of indicators and lines all over the place, you will be missing the most critical thing, price action itself.

Without further ado, let's have a look at a few examples of supply and demand imbalances. A supply imbalance is always bearish. A demand imbalance is always bullish. Although we've already seen a few of them, all the examples shown in this eBook are strong impulses.

Let's start **with Shopify (NYSE: SHOP).** Shopify Inc., a commerce company, provides a cloud-based multi-channel commerce platform for small and medium-sized businesses in Canada, the United States, the United Kingdom, Australia, and internationally.

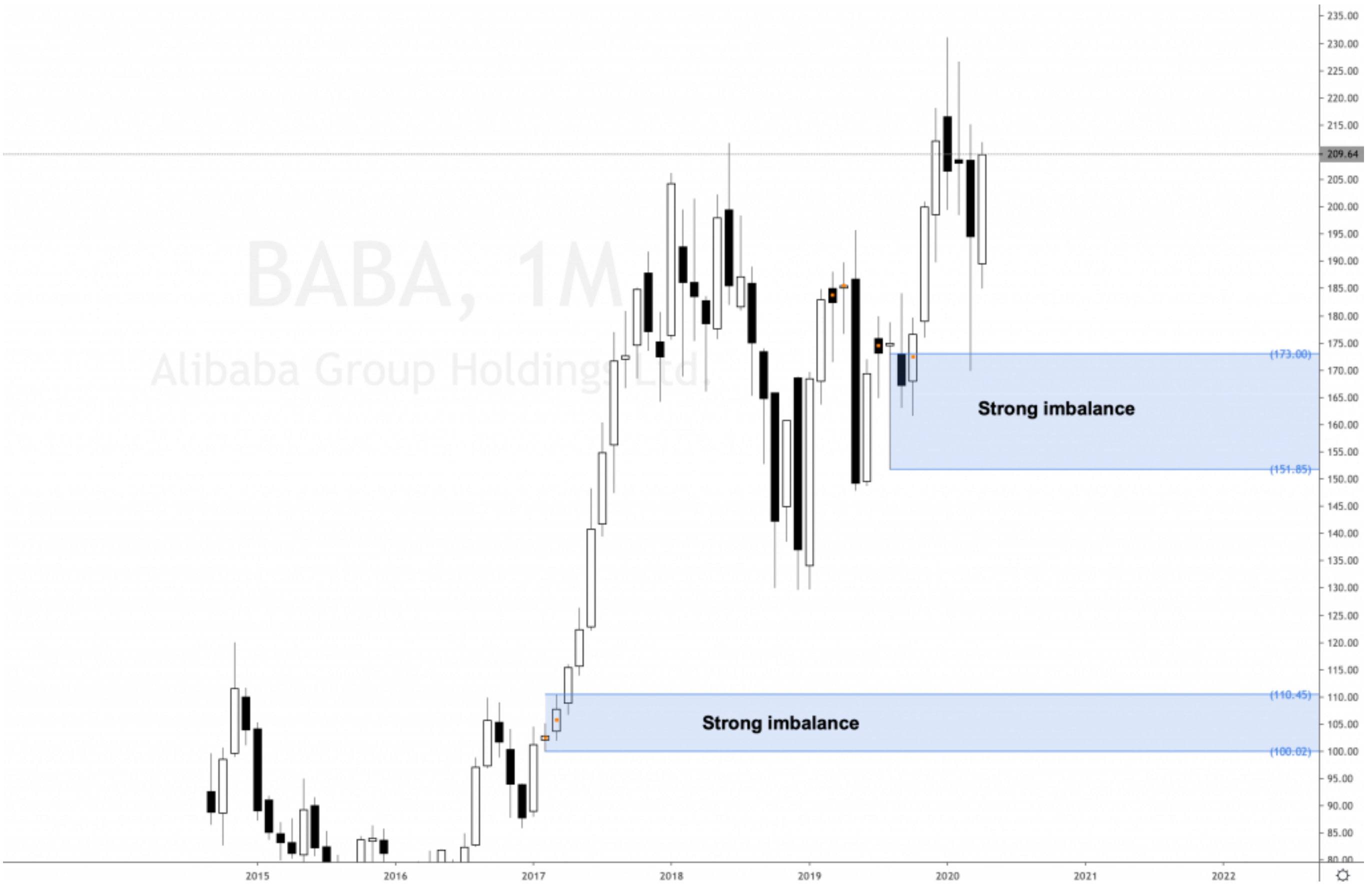
The chart below shows a powerful bullish impulse on the monthly timeframe around $313 per share, where longs would have been possible again long term—going short on Shopify (NYSE: SHOP).

Let's show a shorter-term demand level on Netflix (NASDAQ: NFLX). I am pretty sure you all know this company. Netflix, Inc. provides subscription streaming entertainment service. It offers T.V. series, documentaries, and feature films across various genres and languages. With coronavirus pandemic, half of the world is locked down at home watching T.V. more often than usual.

We don't need to pay attention to fundamental stock analysis on Netflix to make a trading decision. For example, it does not matter if it's estimated that Netflix (NASDAQ: NFLX) will spend $2.5B less this year and be close to free cash flow positive. Remember that a single timeframe is not enough to make a trading decision. You need to put the imbalances into context because you pull the trigger.

What about **Alibaba Group (NYSE: BABA)?** I am sure you all know the Alibaba Chinese website; you've probably used it already. The company provides online and mobile commerce businesses in the People's Republic of China and internationally by operating in four segments: Core Commerce, Cloud Computing, Digital Media and Entertainment, and Innovation Initiatives and Others.

The monthly timeframe is shown below. Alibaba Group (NYSE: BABA) is one of the few companies that was not much affected by the coronavirus COVID-19 crash of the market in March 2020. And this fact makes it particularly interesting to analyze the prospects of the company. New imbalances being created and respected. We were looking to go long long-term at the first demand imbalance at the bottom of the chart around $110 per share, but it failed short of retracing to it last January 2019. It's a pity because it would have been a great opportunity. If we can say that the peak of the COVID-19 pandemic has passed, that is only in the case of China.



We will be looking at Forex examples as well, but before let me share another example of a powerful bearish impulse and supply imbalance on **United Airlines (NASDAQ: UAL)**. The airline provides air transportation services in North America, Asia, Europe, Africa, the Pacific, the Middle East, and Latin America. It transports people and cargo through its mainline and regional fleets. As of February 28, 2020, the company operated approximately 791 mainline aircraft. It also sells fuel; and offers catering, ground handling, and maintenance services for third parties.

United Airlines was once the growth story among legacy carriers. The growth opportunity has now vanished. UAL may appeal to shorter-term traders, given the upside potential that the stock provides. But I am keeping my distance and waiting for a bigger pullback before trading this stock, primarily interested in shorts because there is a clear downtrend on the monthly timeframe together with a super-strong monthly supply imbalance around $86. Take a look at United Airlines (NASDAQ: UAL) monthly timeframe supply and demand analysis below.

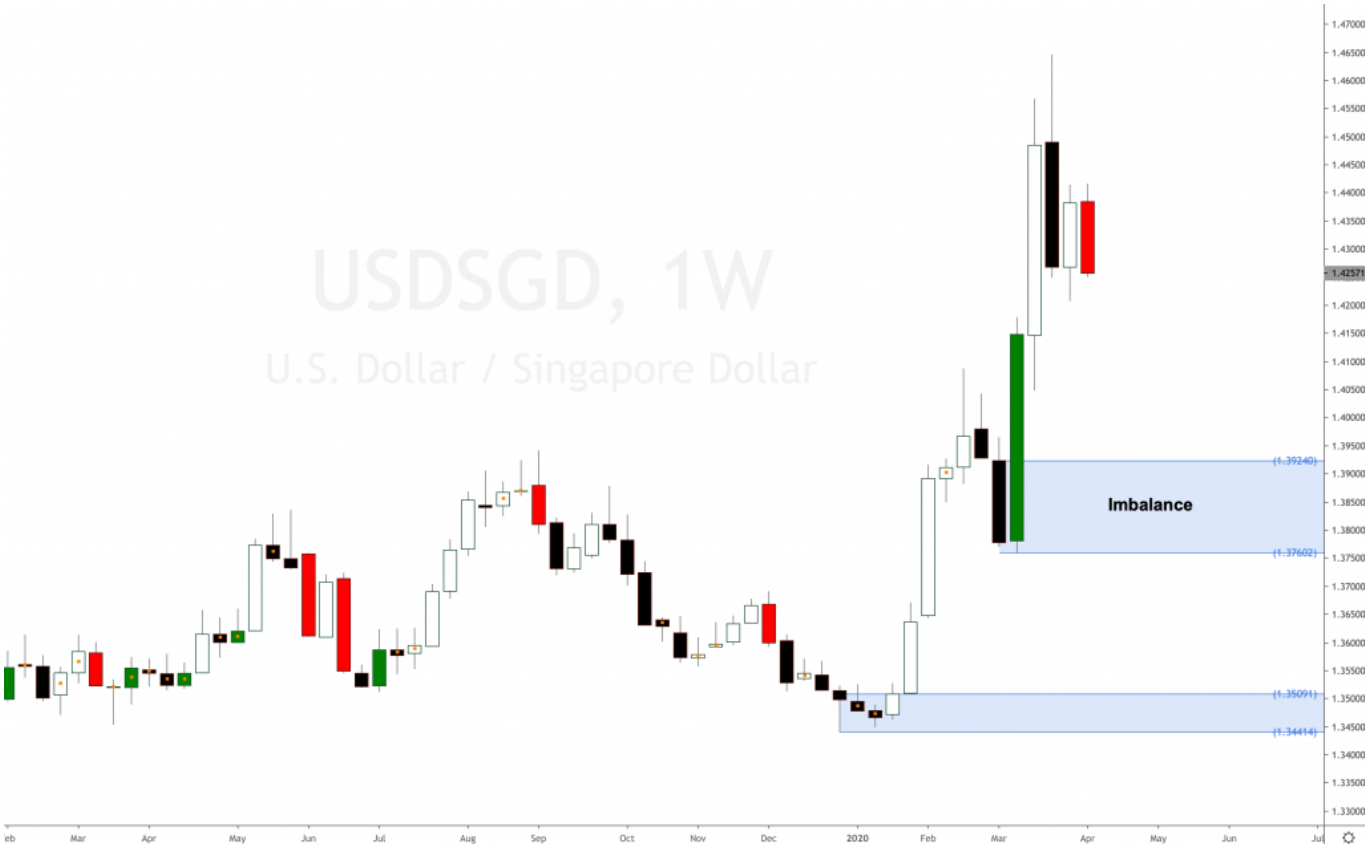
Let's have a look at another Forex cross pair again. This time the candidate chosen is **USD/CNH cross pair**. The official currency in China is the renminbi, often abbreviated to RMB, while the term Yuan can describe the base unit of the Chinese currency. When trading onshore, it is referred to as CNY, while offshore Trading is known as CNH.

This supply and demand analysis is done on USDCNH Chinese Yuan offshore. We've been following this Forex cross pair closely for the last weeks. We've seen how weekly demand imbalances were created and respected over the previous months in a clear big picture long term bullish trend.

The U.S. dollar is powerful against the Chinese Yuan offshore currency pair, the reason why the last two weekly demand imbalances around 6.91 and 6.87 have been respected. However, there is a brand-new imbalance slightly higher, around the 6.95 price level. Will this new imbalance be respected like the previous ones? We do not know, but we know that it's a strong imbalance in a clear trend. All those imbalances can be graded as strong because the strength of their impulses is pretty strong. See the weekly analysis below.

Let's look at one more Forex example using **USD/SGD Forex cross pair** this time. The USDSGD spot exchange rate specifies how much one currency, the USD, is currently worth the other, the SGD. While the USDSGD spot exchange rate is quoted and exchanged on the same day, the USDSGD forward rate is quoted today for delivery and payment on a specific future date.

USDSGD Forex cross pair has been rallying for months, creating two strong imbalances, long term directional bias on this cross pair is bullish. We don't need any indicators to tell us that USDSGD is bullish, as you can see in the monthly timeframe technical analysis below.

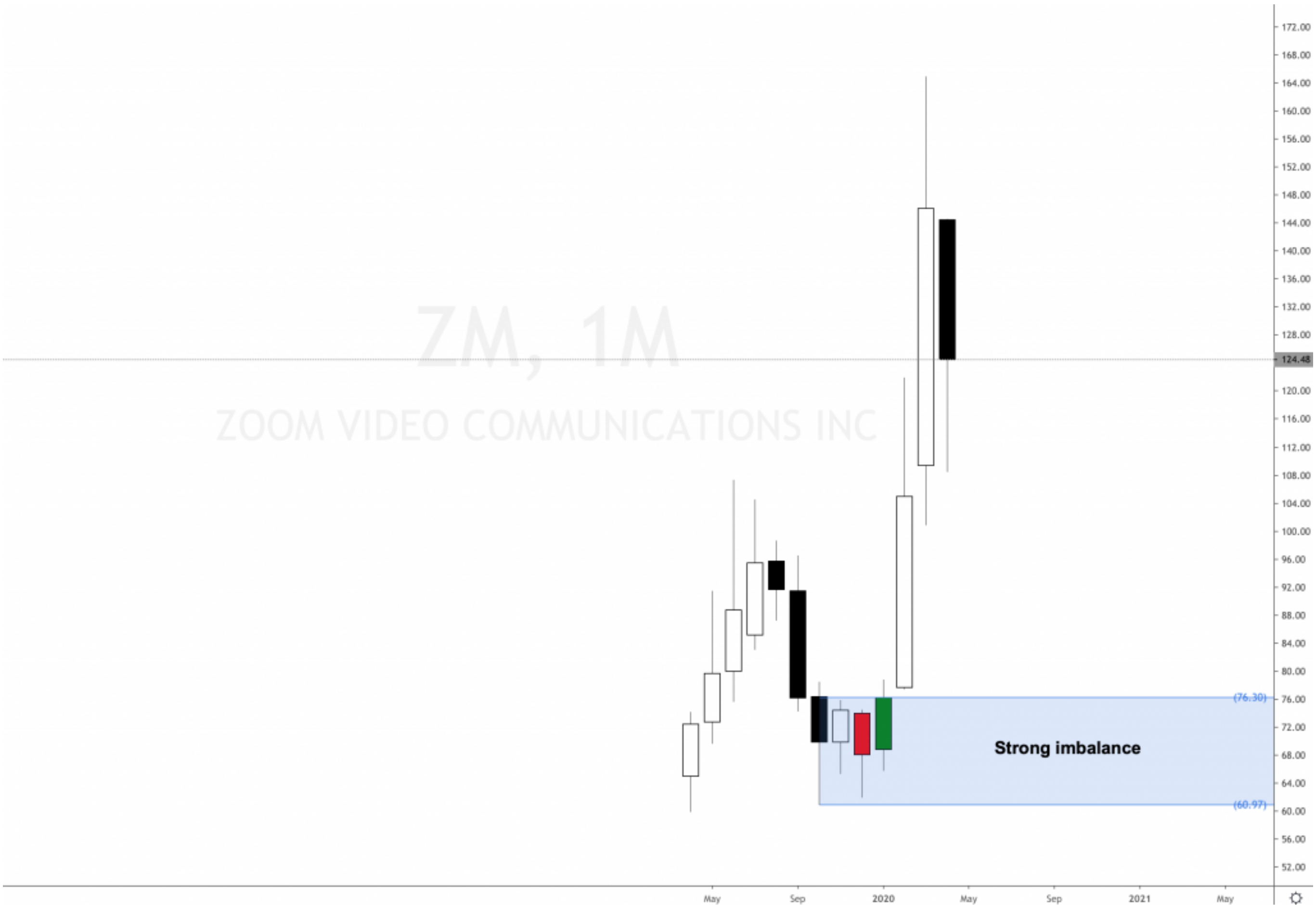


This is the kind of price action technical analysis you will learn in [Set and Forget's trading community](). You will learn how to locate new supply and demand imbalances and trade without using any indicators, no news or fundamental analysis, no earnings announcements, no volume or VSA analysis. Just supply and demand imbalances. At the same time, you will be able to take advantage of daily and weekly updates for many markets together with weekly and monthly video analysis and hundreds of hours of video analysis and webinars going over all kind of scenarios.

Trading supply and demand imbalances are ideal for beginners and those with a full or half time job. You won't need to stay in front of the computer all day long trying to move price action with your mind.

Everyone is talking about **Zoom Video Communications (NASDAQ: ZM)** lately. Zoom engages in the provision of a video-first communications platform. It connects people through frictionless video, voice, chat and content sharing. It enables face-to-face video experiences for thousands of people in a single meeting across disparate devices and locations.

Let's have a look at another example of a strong imbalance in the monthly timeframe. There is a clear long bias on Zoom Video Communications (Z.M.), with a very strong monthly imbalance created around $76 per share. It's a powerful impulse to purchase shares of stock of Zoom Video (Z.M.). The directional bias of this stock is bullish, you can use smaller timeframes and other strategies to buy stocks short term, swing trade or even scalp it. This is just an example of the kind of impulses we are interested in Trading.



It may take a few weeks or even a few months for Zoom to reach that imbalance. We are just pointing out how strong it is. Remember about Microsoft, Apple and Bitcoin's strong monthly imbalances shared at the beginning of the eBook? It's a very similar example. You might think that Apple or Microsoft would take ages to pull back to those imbalances. It only took two months. Not much really, remember that you will be looking at many other assets, not just Zoom, the Euro or Facebook.

Let's have a look at one more example. This time it will be stock in the pharmaceutical sector. The name of this company is **Roche AG Pharmaceuticals (ROG).** The company is a Swiss multinational healthcare company that operates worldwide under two divisions: Pharmaceuticals and Diagnostics. Its holding company, Roche Holding AG, has bearer shares listed on the SIX Swiss Exchange. The company headquarters are located in Basel.

Take a look at Roche AG stock monthly timeframe below. You can see how that huge imbalance has been reached and how the underlying stock price is rallying very sharply once it reached it. What else can we say about it? Fundamental analysis? Why should we pay attention to fundamental stock analysis when huge imbalances are created in a clear trend? Ask yourself that question.

That imbalances around the $270 price level were really strong. You want to read some fundamentals about the company. Here you have some.

Roche response to the COVID-19 pandemic.
Roche has accelerated the delivery and production of Actemra. In addition, Roche is working around the clock to increase the availability of COVID 19-tests. Not only that, Roche calls on governments across the world to work closely with industry to keep manufacturing and supply running.

Currently, there are no robust, well-controlled studies showing the safety and efficacy of Actemra in the clinical treatment of COVID-19 pneumonia, and Actemra is not now approved for this use. However, with the announcement of new clinical trials, and a potential increase in demand for Actemra, Roche is working urgently to accelerate manufacturing capacity to maximize production of Actemra wherever possible with the goal of increasing available supply globally.

Will the information about the company help you make a trading decision? Well, it could, of course. It didn't help me at all. We could continue posting dozens if not hundreds of examples of strong imbalances on bigger and smaller timeframes, the logic and rationale behind are always the same.

This is just the tip of the iceberg, the basics of the kind of price action technical analysis you will learn in our trading community. You will learn how to locate new supply and demand imbalances and trade without using any indicators, no news, no fundamental analysis, no earnings announcements, no volume or VSA analysis. Just supply and demand imbalances.

10. Backtesting the rules is paramount to success

It's sad to see how most traders will start trading a strategy in a live account without proving themselves for an extended period (not days or weeks, but months) that the trading methodology they have chosen to trade works for him. As human beings used to instant gratification, we are used to getting what we want NOW! We do not have enough patience to wait for the right price or scenario. We want something, and we will just get what we want.

How can you prove to yourself that a trading strategy works for you and suits your personality? There is only one way. You must backtest it over a long period without placing a single live trade until you prove that you successfully follow the strategy's trading plan.

To be a master of your craft, to be legendary, to be the best there ever was in your field, to live a life that inspires everyone around you, you've got to be willing to suffer a lot—suffering for your dreams, for your goals, for your craft, for your values.

There are no shortcuts to success and becoming a profitable trader. It's a daunting task. You will suffer a lot. You can drink no magic potion that will allow you to understand how and why supply and demand imbalances are created. We don't live in Harry Potter's world. This is real life. Practice is the mother of all sciences.

You may be wondering: why should I spend my time backtesting a strategy if somebody else has already done it for me? You probably don't want to do that hard work; it's already done for you, and you want to take advantage of it. WRONG ATTITUDE!

No matter how smart you think you are, your mind needs to create neuron connections, patterns and habits. Patterns can only be made through repetition. Practice will help you understand hundreds of different trading scenarios. It will also help you remove the fear of pulling the trigger. Only then anxiety and stress may be removed from the equation.

Backtesting is the process of applying a trading strategy or analytical method to historical data to see how accurately the methodology would have predicted actual results. What tools should we use to backtest?

There are many tools that you can use to test a trading strategy. Your trading platform might have such a tool. It's unlikely, though. Forex Tester is one of these tools. Don't let the name of this software scare you. It enables you to test any asset, not just Forex currency pairs, as long as you have the historical data. You can obtain historical data from multiple sources. Tradingview.com has a replay functionality that resembles a backtesting software, but it only works on one timeframe at a time. I don't know the names of all the tools that can help you do what Forex Tester does as default, but I am sure that you will find a few if you Google for it.

If you want to develop an effective trading strategy, learning how to utilize backtesting results can be one of the best decisions you ever make since backtesting can help you identify an incorrect or correct investment before your money is on the line. Backtesting is one vital function of developing an effective trading system. The process can be completed by taking historical data and reconstructing supply and demand trades from the past that followed the rules and the trading plan. By comparing the statistics that you gleam while building past hypotheticals, you can determine how effective the strategy would be and discover ways to refine it and pinpoint flaws in it before actually placing any solid investments or trades down with the said strategy.

The theory behind backtesting is that if it worked in the past against any kind of trading scenarios, it would continue to work in the future and vice versa. If the strategy fails to measure up in the past, it will fail if attempted in the future. We know that supply and demand are the forces that govern the markets, so we would start to backtest and trade with a significant edge here.

Many different results can be obtained if you correctly learn what data to interpret and what needs to have gleaned from the compiled data. The following are just a few tips that can help you backtest.

You need to be familiar with the first thing before using backtesting to help improve your technical analysis and price action techniques. Among the most important is the testing timeframe, the stocks that are part of the backtest. The truth is that any trading system that can be quantified can be used since mathematics will never change. On the other hand, qualitative judgments based on human decision making cannot be used since the results will vary each time.

It is also essential to understand that a backtest cannot be completed in just five minutes, at least not if you want accurate results. This is to get the best results. You will need to compile extensive details and data over a long period. However, if a significant investment is being considered, taking the time out to perform a thorough backtest can be well worth it since the results of your backtest can determine if you are making the correct decision or not. Not doing it will result in the loss of your capital.

This is why backtesting is often considered the backbone of developing and trading an effective trading system that will show results. However, if you do not have the time to perform your backtesting, you will be missing the essential piece of the puzzle for your success as a trader.

You need to gain confidence trading the rules. This is why you have to take your time and backtest these rules a couple of hours a day for months, but most traders don't want to commit to this hard work. They consider it a waste of time and very dull. They do not realize that it's the most powerful tool they have at hand. It's the best way to gain confidence in the rules and eventually becoming profitable full-time traders.

Traders feel the urge to trade without the confidence of months of backtesting the rules they will use to risk their capital, resulting in blown up accounts! Wonder why most traders fail to become consistent and profitable? Self-sabotage! Most do not want to put in the amount of work needed to become a professional trade. Still, almost everyone is happy to spend five and even more years studying a career at the university. The funny thing is that succeeding at Trading is way more complex than any university career.

You have to do your homework; nobody can do it for you except yourself. Take your time and backtest! You will see many things that you can't see now or couldn't have possibly seen the day before because your brain needs time to process all the information, don't rush. If you are not willing to spend weeks and months testing the strategy you want to trade, then I'd instead recommend you stay away from the trading world.

Psychology and control of your emotions are critical to success. Learning how to trade does not happen overnight. We're emotional beings, and as such, our emotions have a lot to say about our lives and our careers, how we behave at work, or how we deal with problems daily. Becoming a profitable trader depends on how well you control your emotions and execute the money management rules included in your trading plan.

As we're emotional beings, the money management rules in our trading plan will be managed and executed by a human being driven by emotions. It's all about how good you are controlling your greed, fears, and fears, your mindset. Many strategies work. It's all about who executes the strategy and how well he manages his emotions.

Learning a strategy but not working on knowing how weak you are emotionally is a recipe for failure. So, read as many books as you can on how to control your emotions if these books are trading related, even better. One of the best books on such a matter is the classic Trading in the Zone by Mark Douglas. It changed how I saw the markets when I first read at the beginning of my trading career.

11. Challenge yourself with the 3:1 Challenge

To succeed in the trading business, you need a sound methodology, an edge and a lot of common sense. Not only that but a lot of discipline and a rock-solid understanding that if you do not treat this as a business, you have a zero chance of long-term success. You must accept that being a successful trader will be the biggest challenge in our lives, more complex than anything else you've ever attempted. Do you believe that trading Stocks or Cryptos will be an exception and you will succeed after a few weeks of months of study and practice? You must be realistic, very realistic.

This is why I challenge all traders in the Set and Forget trading community to accept a challenge. I've called this challenge the 3:1 challenge because the idea is to backtest the rules, risk 1% of your account's equity on every trade and exit at three times the risk. That is, if the original trade risked $100, you would exit at $300 profit. Either you win, or you lose. This kind of approach goes in line with the teachings of Mark Douglas in Trading in the Zone. You need to do that over a long period, a minimum of 3-6 months and accumulate a sample of trades big enough to establish your progress and how well you are performing trading the methodology.

The power of reward risk is incalculable. Losing 1% of your capital in every loss and winning 3% on every winner will keep you on the positive side even with a 50% or smaller win/loss ratio. This means that even if you lose half of the time, you will still have your account in positive. I take for granted that you will be using solid imbalances and following a rigorous trading plan. Otherwise, the trades you take will be rendered useless and smash the idea behind a statistical sample of trades.

You can learn more about the 3:1 challenge in this post. Although full details of the challenge are explained there, you need time to complete it and progress. That's the reason you will need at least the standard membership (6 months) to get started.

If you are new to supply and demand trading or any other trading methodology, and/or you have had difficulty finding some consistent success, you must understand something. Trading is not a game; Trading is not gambling, and it's not a way to get rich quick, even though many educators out there are selling you just that. If you approach the trading business without a business plan and the willingness to follow it, you are almost certainly doomed to failure. A doctor or a lawyer spends ten or more years in a very steep learning curve to be successful and earn a six-figure income; anyone who thinks that their business is a couple of months down the road will have a rough time.

Below is a minimum requirement (in my humble opinion) to find out without losing your money if this trading business is for you. By following these recommendations, you will be treating Trading like a business and learning and gaining. I believe this is so important:

- **Backtest the strategy for at least three months by using a backtesting software like Forex Tester**. This software can be used to trade any instrument, not just Forex. Rules apply to any asset, Stocks, Indexes, Cryptos, Commodities or Forex. First, you need to do your homework and learn about the methodology. A couple of entirely concentrated hours a day, 3-5 days a week, should be enough. DO NOT STOP backtesting because you see that you have success after a few days or a couple of weeks. That's a big mistake. If after this process you are profitable every month, proceed to Step 2

- **Paper trade for three consecutive profitable months in a row making at least 3% a month**. Entries on H4 and D1 timeframes. Do not stop using the backtesting software while you are doing this. You do not proceed to step 3 until completed.
- **Open a small live account.** Keep on trading the same trading plan that allowed you to succeed. If you are profitable three months in a row, proceed to fund your account with more money. You will never risk more than 1% of your account on any one trade. Do not stop backtesting even if you are trading a live account. You do not proceed to step 4 until step two is completed.

Remember that Forex is not the only market you can trade. You can trade Stocks, Cryptos, ETFs, Commodities, etc.

If your trading account suffers a 10% drawdown, that is, 10% per cent of your account has been given back to the market. You must STOP Trading. PERIOD. You should revisit your trade log and analyze all of your trades to figure out what went wrong. Withdraw the money from your live account and give yourself and your family a treat. At least you will enjoy that money and not lose it doing crazy things in the market.

I am sure you can think of a million excuses for not doing this (job, kids, computer too slow, too tired after work, etc.), but you should put those excuses aside and commit yourself to work. "A journey of a thousand miles begins with a single step". Nobody said Trading was going to be easy.

Remember that it's not over until you will! That is what you should believe and be willing to die for it. No matter how bad it is or how bad it gets, you must think you will make it. So, we should be saying to ourselves day after day when we are sitting in our trading stations.

Some of you right now want to go to the next level... in our case, becoming a successful trader... But you can't get to that level economically where you want to be until you start investing in your mind, investing in yourself.

Watch the two motivational videos below by Eric Thomas and Will Smith. Watch them every day, if you will. We need to think about ourselves to become successful at any task; Trading is not an exception.

Let's talk about the basics and what you need to see on a price chart to draw your attention and potentially locate an imbalance you can trade.

Remember that a single timeframe is not enough to make a trading decision. You need to put the imbalances into context by doing a top-down analysis. That's one of the many things you will learn in the complete Set and Forget's trading methodology. This eBook will show you what these imbalances should look like and give you an overall view of what you should be looking for. Let's continue.

12. Finding your edge

The expectation that you bring with you in trading is often the greatest obstacle you will encounter. We teach you how to let go of the need to be correct. Being wrong will gradually lose its power to disturb you. You don't need to quit working. Having a full-time job is actually a blessing because you will not interfere with your trades. You will let them breathe. No matter how hard you try, you cannot move price action with the power of your mind.

To succeed in the markets, there are aspects of Trading and gambling that relate to each other, and there are some essential things we can learn from expert gamblers.

Why are we interested in learning how to trade supply and demand? Why do we have to make a trading plan? Why do we follow a set of rules to trade? The answer to all of this is "to have an edge". To identify the buy and sell signals in the market and execute trades systematically to enable consistent results in our Trading.

A trading strategy is useless if it doesn't have an edge in the markets. You can have the best risk management, correct trading psychology, but you're still going to lose money in the long run without an edge. A trading edge is not a thing that exists outside you for you to develop or discover. A trading edge is a niche in which you do something better than anyone else (or at least, better than enough other people competing for the niche that is sufficiently profitable to you).

To be more precise 'having an edge" means having probability on our side. Notice the word "probability". It's essential to understand that no edge can guarantee success; it can help only with possibility. The trader's advantage is to think in probabilities and to understand this. It is best to look at the gambling industry. The gambling industry is based on chance, with an edge in favour of the operators.

Have you ever wondered how the biggest and shiniest hotels may be in Las Vegas? It is the Casino that provides the profit to make these "dream hotels" come true. Not only do they want you to live there, so they have you close, but they also provide you with complimentary drinks so that you do not even leave the constant lure of the gambling possibilities.

Let's look at a roulette wheel. It consists of numbers from 1 to 36 and an extra 0. Eighteen numbers are in black, 18 numbers are in red with the green 0(00) numbers in green. If you bet red, it is not a 50:50 chance to win. It is the 2.7% extra edge (roulette with one "0") that the casino has over you because of the 0 falls. The casino wins as well. So, your chance to win is (47.3:52,7), and hence the Casino has the edge. Is the Casino concerned when you win against the odds a million? No, because the Casino knows that after thousands of spins, the Casino makes money back and some more. It has the edge over you and all the gamblers.

Like expert gamblers, or for that matter also the casinos, the best traders think of Trading as a number game and trade probabilities to produce consistent results. The word probability suggests inconsistency, but it can produce consistent results over a large sample of trades if the edge is good enough, applied consistently, just as with the example of the casino.

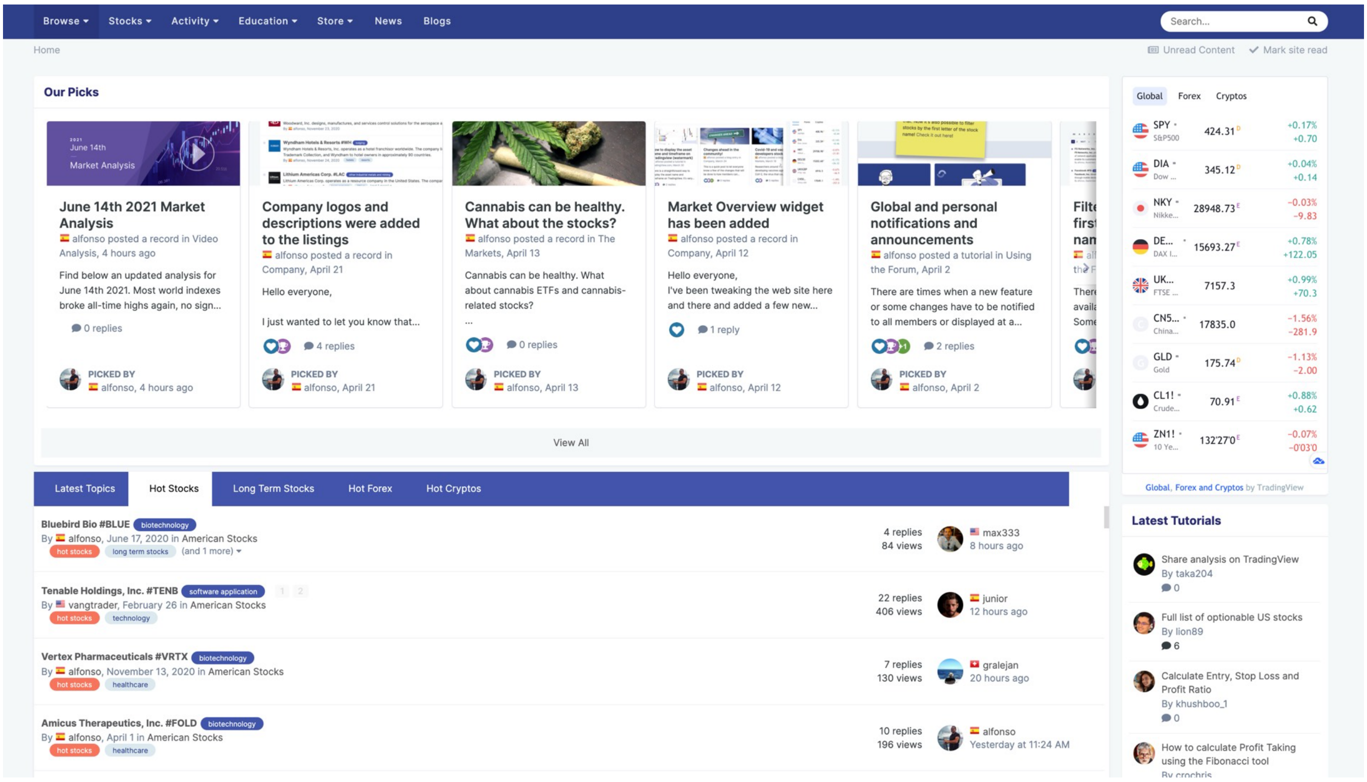
Watch this 15-minute Ted Talk video by Dylan Evans dealing with the gambling concept.

13. Online Trading community

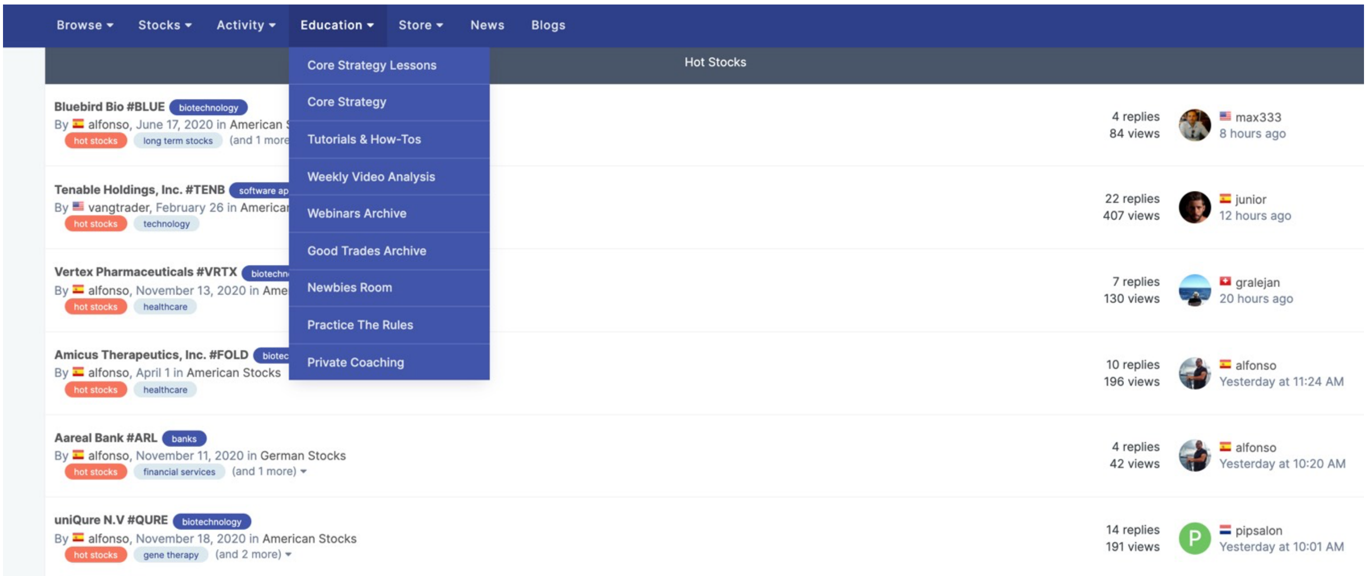
You can choose to become a member of a worldwide growing trading community of like-minded supply and demand traders, all trading with the same rules set.

Belonging to a like-minded traders community has a lot of benefits. We all trade by the same ruleset. Anything outside these rules are not permitted. You will no longer cloud your mind with multiple strategies and entries. We are all trading supply and demand imbalances with a strict ruleset. These rules and patterns can be spotted repeatedly since the markets are governed universally by supply and demand. Becoming a member grants you exclusive access to the core trading strategy, lessons, hundreds of hours of archived webinars and weekly video analysis, as well as potential 'before the fact trade setups' posted throughout the week. No hindsight.

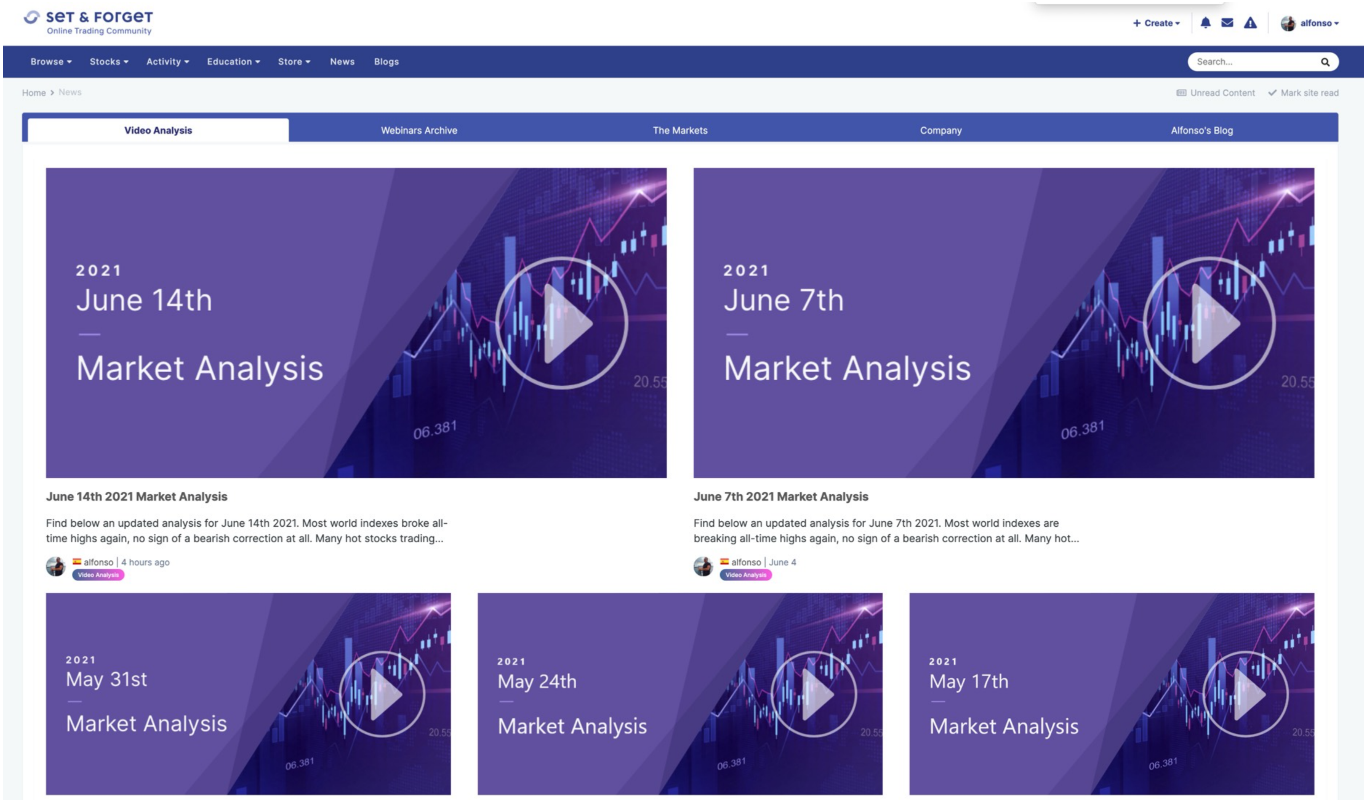
See below a screenshot of what the community’s homepage looks like. Featured topics, hot assets are good to trade because it has a significant imbalance in control, long-term stocks to be purchased, cryptocurrencies and Forex cross pairs with a high probability of reacting to new imbalances.



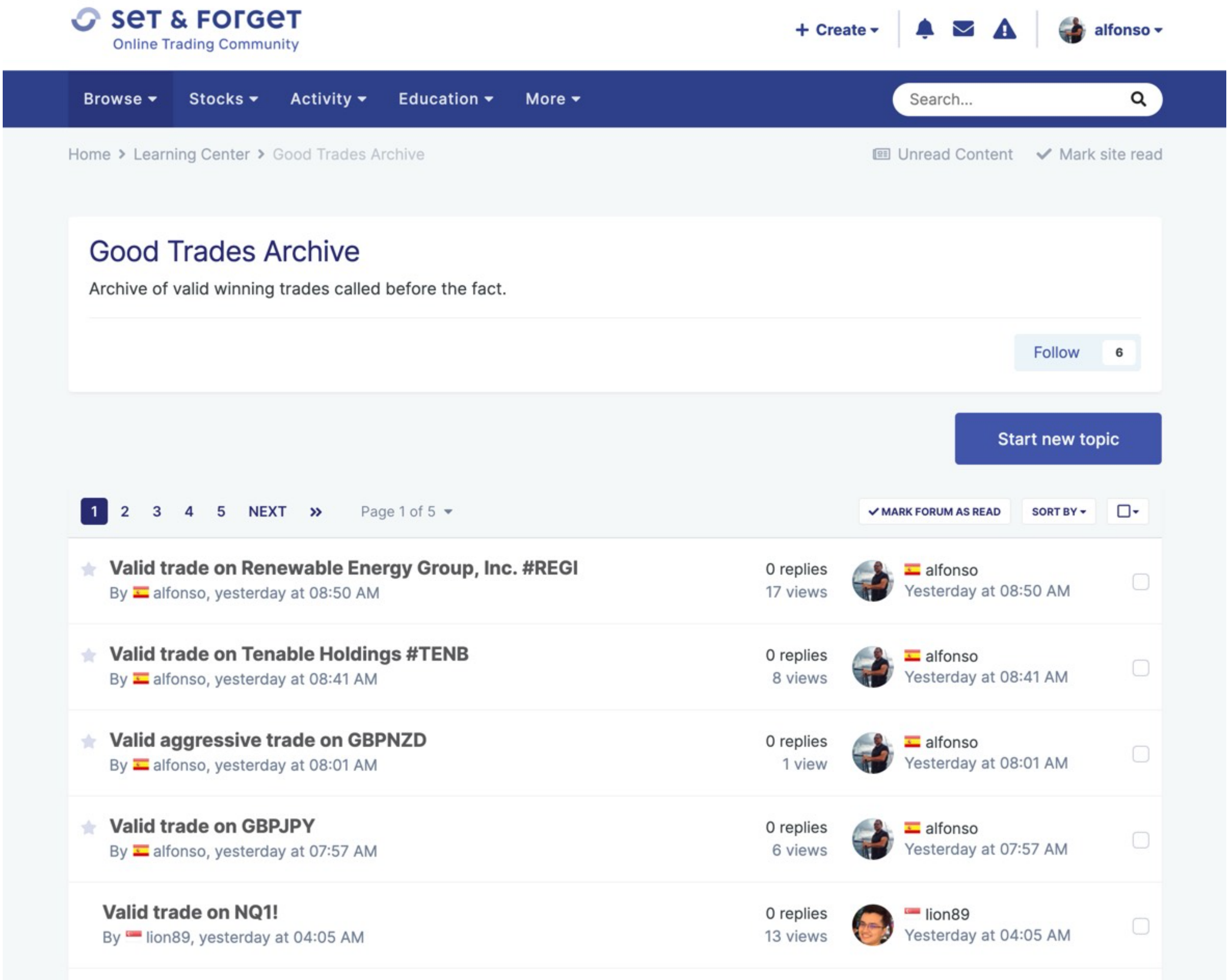
You will have access to an Education area where you will learn the core rules and will be able to practice the rules by sharing your analysis. Reading the rules is useless if you are not corrected. You might think that you are doing things correctly, but you will probably not. See below a screenshot of the options you have under education: the core strategy, tutorials, weekly video analysis, webinars archive and many other things.



You will have access to hundreds of weekly video analysis posted since October 2013. It's an encyclopedia of supply and demand trading opportunities.

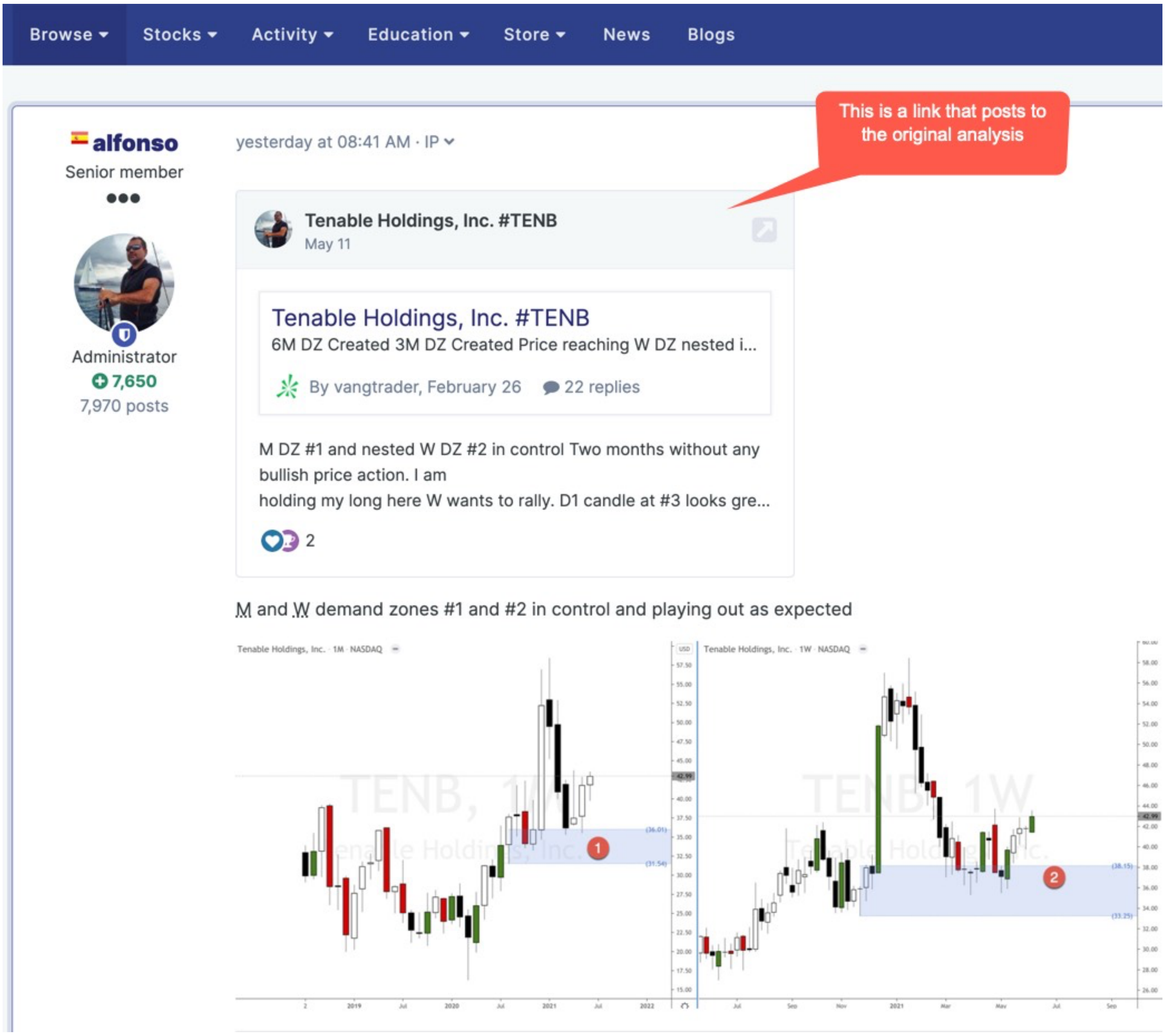

set & forget
Online Trading Community
+ Create
alfonso
Browse
Stocks
Activity
Education
Store
News
Blogs
Search...
Home > News
Unread Content
Mark site read
Video Analysis
Webinars Archive
The Markets
Company
Alfonso's Blog
2021
June 14th
Market Analysis
June 14th 2021 Market Analysis
Find below an updated analysis for June 14th 2021. Most world indexes broke all-time highs again, no sign of a bearish correction at all. Many hot stocks trading...
alfonso | 4 hours ago
Video Analysis
2021
June 7th
Market Analysis
June 7th 2021 Market Analysis
Find below an updated analysis for June 7th 2021. Most world indexes are breaking all-time highs again, no sign of a bearish correction at all. Many hot...
alfonso | June 4
Video Analysis
2021
May 31st
Market Analysis
2021
May 24th
Market Analysis
2021
May 17th
Market Analysis

You will also have access to an archive of valid trades shared with the members before the actual price is pulled back to the entry. Anyone can create a strategy and show examples of valid trades after the fact. We do NOT do that at the Set and Forget trading community. We always share the trade days, weeks and months before the price pulls back to the entries. We are 100% transparent, and we always share before and after the fact scenarios. See a couple of examples below.



SET & FORGET
Online Trading Community

See below a valid trade pasted on #TENB. The link above links to the original analysis a few months before price pulled back to the entries on the monthly and weekly timeframes.



14. Final words

Many other concepts and variables need to be considered to make a trading decision and create a solid trading plan using supply and demand imbalances. Hopefully, this introductory eBook on the basics helped you understand how important it is to trade with the trend and the strength of the newly created imbalances.

The complete Set and Forget's supply and demand trading methodology will teach you with total transparency all you need to do to master the strategy and understand the structure and context created by these imbalances.

You can find all the information about the methodology and our services on [The Membership Page].

See below what you will learn in the trading community. By practising and seeing valid trade opportunities shared by senior members with ample experience trading imbalances, you will learn by practising and seeing good trade opportunities. You will never feel alone anymore.

Remember that reading a book or a system will not magically give you the power to become successful. You need to practice a lot, be corrected, be guided. You might think that you are doing things right, but you are not. For example, reading a grammar book on Japanese will not teach you how to speak Japanese, even less speak the language fluently. The same applies to a trading strategy. Learning Japanese, considered the devil's language because it's said that only the devil can speak it correctly, is way easier than succeeding at trading the financial markets.

The supply and demand trading strategy will help you locate where professional traders such as banks, institutions and hedge funds worldwide are looking to plan their markets trade or scale in their positions. No information has been held back. All my knowledge has been included in this course, besides the strategy is discussed daily in the online community.

The trading methodology can be used to trade any market, and it's made of more than 40 lessons containing step-by-step instructions on every rule, including screenshots and video explanations of all nuances. In addition, the supply and demand trading methodology also covers various aspects of professional trading, including money management, how to change your mindset, trading psychology & how to develop a trading plan (a trend trading plan is also included). All lessons have been laid out in a simple step by step format that you will follow to trade learn as efficiently as possible. But don't expect miracles. It will take you months to learn the basics and put them into practice successfully. There are no shortcuts.

You no longer need to trade alone. You will have a community behind you every step of your journey... Our community of traders will multiply your odds of success saving you a lot of time.

Amongst many other things, you will learn:

- A systematic and mechanical set of rules.
- Locate imbalances and turning points in the market.
- When and when not to trade the imbalances.
- How to define a trend using imbalances.
- How to know if the underlying asset is too cheap to sell or too expensive to buy.
- Help you define what type of trader you are.
- Learn how to control your emotions and change your mindset.
- Think in probabilities.
- Build your trading plan based on supply and demand imbalances
- What types of imbalances there are and how to grade and qualify them as tradeable.
- Money management and risk management.
- You will learn a KISS methodology. We love keeping it super simple.

Apart from all the above, you will benefit from becoming a member of a trading community whose members are trading the same strategy and rules. More eyes will help you make a more educated trading decision. On top of the above, you will benefit from other features.

- **Hundreds of hours of video trading analysis.** You will have unlimited access to a vast resource of hundreds of hours of archived webinars, lessons and weekly video analysis. These videos have been compiled since the community was first launched and can be used as part of your learning process since they refer to past and present live scenarios.
- **Weekly and monthly video analysis.** A detailed supply and demand video analysis is posted every week, always setups before they happen, chart analysis and weekly commentary on more

than 50 different markets, including major currency pairs, commodities and stock indices. You get my expert analysis on relevant supply and demand setups, fundamental chart imbalances and trend bias. Many of my students have emailed me telling me they feel the members' weekly video analysis alone is worth the membership price.
- **Live analysis updated and posted every day**. We trade Stocks, Forex, Cryptocurrencies, Indexes, and Commodities; a wide range of instruments to help you spot specific trade setups every day. We don't believe in spending a few hours a day in a chat room talking about potential trade setups and banal things about life, resulting in no trading at all. Trading should be boring. Applying a rule set is boring. Trading is not a game; we must treat it for what it is. It is a way of making a living. It is a business and should be treated as such.
- **Monthly webinars** where all your questions and doubts will be answered.

Benefits of becoming a Member

- Learn how the market works. No **more lagging or colourful indicators**.
- Supply and Demand Trading trading methodology that will dramatically improve your understanding of market dynamics and open your eyes to the real world of professional trading.
- **The 'Set and forget trading approach** allows you to remove the potential for human error as well as catch big moves in the market, all while you are at work, resting, sleeping or travelling.
- You will **learn to anticipate future price turning points with a high degree of accuracy**. This will allow you to enter trades with confidence way before most traders.
- **No news, no volume, no earnings announcements taken into consideration.**
- **Develop a winning mindset** and learn how to manage your money like a professional.
- **Methodology ideal for those who work full time**, no need to be in front of your computer all day long like zombies.
- **Become a member of a worldwide growing community** of supply and demand traders trading with the same rules set.
- **Participate in yearly community meetups** with daily live Trading and outdoor activities in key cities around the world. Check out some photo galleries from previous events.
- **Don't believe what I say, don't believe what I do** – test it for yourself. This is key: else, we never get to build the belief in our ability to execute and manage our edge.
- **We will help you build a tailored trading plan for yourself**; give you tips to overcome your challenges and increase your profitability.
- **Grow not only as a trader but also as a human being**. Learn skills to manage your emotions and execute a daily routine that will put you on the right path.

Professional traders need to leave emotion out of their trading. Learn how to have a professional approach and stop a gambling mentality. Don't make the common mistake of believing that market success has to come to you fast. Trade small, stay in the game, persist, and eventually, you'll reach your goals.

JOIN SET AND FORGET