ALETHIA

Al Brooks Price Action Trilogy Handbook

Version 1 - Phase I Knowledge Base

A practical study companion built from our teaching sessions across
Trading Price Action Trends, Trading Price Action Trading Ranges, and Trading Price Action Reversals.

Purpose: compress book knowledge into a retrievable decision framework for 5-minute ES trading.

Study edition - October 2026

How to use this handbook

This is an interpretive study aid based on the Al Brooks material you supplied and our chapter-by-chapter teaching discussions. It is not a reproduction of the original books, is not affiliated with or endorsed by Al Brooks, and intentionally paraphrases concepts rather than reproducing book text or figures.

The job of this handbook
Use it to refresh a concept, test recall, and return to charts. Do not turn it into another object of passive study. The sequence is REVIEW -> RETRIEVE -> APPLY -> REVIEW ERRORS.

- Read the Core Framework first. It is the compression layer that all later sections plug into.
- Use the Trends, Trading Ranges, and Reversals sections as reference modules, not as material to reread linearly every day.
- When a live chart is confusing, return to State -> Control -> Strength -> Location -> Attempt -> Follow-through -> Failure.
- At the end, use the recall prompts without looking at the answers. If retrieval is slow, revisit only that module.
- All schematic diagrams and memory hooks in this handbook are original study aids created for this program.

Phase I status: COMPLETE

Next phase after this handbook: Brooks Master Framework -> personal ES playbook -> active recall -> frozen-chart drills -> replay -> simulator -> smallest live size -> statistical validation -> gradual scaling.

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Organization note: the Trends and Trading Ranges sections follow the sequence and concepts of our tutoring sessions rather than reproducing the books' original tables of contents. The Reversals section follows the chapter sequence we studied. Chapter 23 was not part of our core Phase I ES teaching sequence and is therefore not expanded here.

PART A

The Core Grammar of Price Action

Before pattern names, there is a small set of recurring questions. Master these and most Brooks terminology becomes a description of the same underlying auction behavior.

- State: trend, range, breakout mode, or transition?
- Control: Always In Long, Always In Short, or genuinely uncertain?
- Strength: what has each side actually accomplished?
- Location: where is price relative to structure, magnets, extremes, and breakout points?
- Attempt and response: what is price trying to do, and did it receive follow-through?
- Failure and traps: who is now forced to exit or chase?
- Trader's equation: does probability x reward justify risk?

CORE FRAMEWORK

1. Price action is participant behavior, not pattern decoration

Price action is the record of a continuous auction. Every bar contains buyers and sellers, and every move is a claim about value. The useful question is never merely whether a bar is green or red; it is what participants attempted, whether the market accepted the attempt, and what the losing side must do next.

Read the behavior

A bull breakout is a claim that the market is too cheap. A bear reversal is the opposing claim that the breakout has gone too far. Follow-through shows whether the market accepts the first claim. Failure creates trapped traders, and their exits can fuel the opposite move.

What to look for

- Ask what traders expected before the move.
- Separate effort from accomplishment. Large effort with little progress is information.
- Track who is trapped in a trade and who is trapped out of a trade.
- Treat labels as shorthand for behavior, not as causes.

Common error

Pattern-first thinking: seeing H2, wedge, double top, or breakout and assuming the label itself creates an edge.

Memory hook
ATTEMPT -> RESPONSE -> ACCOMPLISHMENT -> NEXT THESIS

CORE FRAMEWORK

2. Context means what the market has already proven

Context is the accumulated evidence that changes the meaning of the next bar. It includes market state, Always-In direction, trend maturity, prior pressure, location, session phase, and recent successes and failures. The same signal bar can be excellent in one context and terrible in another.

Read the behavior

A strong bear reversal bar inside a fresh AIL spike is usually a pullback candidate. The same bar after a mature wedge top, trend-line break, weak test of the high, and repeated bull failures can be a legitimate reversal trigger.

What to look for

- Current market state.
- AIL/AIS or uncertainty.
- What the dominant side has accomplished.
- What the opposing side has accomplished.
- Where the setup sits relative to extremes and magnets.
- Whether the move is early, mature, climactic, or already two-sided.

Common error

Treating context as a vague feeling instead of an explicit ledger of evidence.

Memory hook
CONTEXT = WHAT THE MARKET HAS ALREADY PROVEN

CORE FRAMEWORK

3. Market state: trend, trading range, breakout mode, transition

Every bar and series of bars can be simplified into trend or trading range behavior, with breakout mode and transition as useful practical states. State comes before setup because the correct execution style changes with it.

Read the behavior

In a trend, market inertia favors continuation and most countertrend attempts fail. In a range, neither side has durable control and most breakouts fail. In breakout mode, the correct stance is uncertainty until one side earns follow-through. Transition is the period when a prior trend is being damaged but a new trend has not yet been established.

What to look for

- Trend: directional closes, urgency, shallow pullbacks, repeated with-trend success.
- Range: overlap, tails, repeated reversals, failed breakouts, flat EMA.
- Breakout mode: compression with credible potential in either direction.
- Transition: meaningful countertrend accomplishment, but control not yet fully flipped.

Common error

Using a trend setup in range context or fading a strong trend because price looks extended.

Memory hook
STATE FIRST. SETUP SECOND.

CORE FRAMEWORK

4. Always-In direction: the control question

Always-In is the answer to a forced-choice question: if you had to be long or short right now, which side would you choose? It is a control framework, not a requirement to remain positioned at all times.

Read the behavior

AIL can persist through several bear bars if bears have not accomplished enough to flip control. AIS can persist while a trading range begins forming, but location becomes increasingly important as the range matures. A convincing flip usually requires a meaningful breakout or spike and acceptable follow-through.

What to look for

- Who owns the most recent strong breakout?
- Where are recent closes relative to structure and EMA?
- Did the opposing side get follow-through?
- Did the old side fail to resume after being tested?

Common error

Flipping AIL/AIS because of every countertrend bar or refusing to flip after the market has clearly changed.

Memory hook
CONTROL CHANGES ONLY WHEN THE OTHER SIDE EARNS IT

CORE FRAMEWORK

5. Strength, weakness, urgency, and effort vs accomplishment

Strength is not a single large bar. It is cumulative evidence: closes near extremes, consecutive trend bars, follow-through, gaps, shallow pullbacks, successful breakouts, bad fills for traders trying to enter with the trend, and repeated failure of the opposite side.

Read the behavior

A market can look violent because the opposing side temporarily disappears. That is a vacuum, not necessarily durable control. Conversely, a slow grind can be very strong when pullbacks repeatedly fail and countertrend traders cannot accomplish anything.

What to look for

- Strength of closes and follow-through.
- Depth and quality of pullbacks.
- How much progress each new breakout makes.
- Whether repeated attempts achieve less despite similar effort.
- Whether traders are forced to chase or accept bad fills.

Common error

Equating bar size with strength without considering location, maturity, and follow-through.

Memory hook
ASK: WHO ACCOMPLISHED WHAT?

CORE FRAMEWORK

6. Follow-through is market acceptance

The first breakout bar is a claim. Follow-through tells you whether the market accepts that claim. Strong follow-through raises the probability that the move is not merely a test or vacuum; weak follow-through makes failure and reversal more likely.

Read the behavior

A huge bear bar in AIL does not automatically flip the market. If the next bar is weak or bullish and the bear attempt fails, the failed near-flip can become a strong continuation setup. Strong breakout plus strong follow-through justifies more aggressive entry; weak follow-through demands better price and more proof.

What to look for

- Next-bar behavior.
- Ability to hold beyond the breakout point.
- Depth of the immediate pullback.
- Whether the old side can quickly reclaim the breakout.

Common error

Admiring a beautiful signal bar after the market refuses to confirm it.

Memory hook
BREAKOUT MAKES THE CLAIM; FOLLOW-THROUGH EARNS BELIEF

CORE FRAMEWORK

7. Failure, trapped traders, and the fuel mechanism

A failure occurs when traders reasonably expected something to happen and the market did not deliver it. The failed traders must exit; new traders enter to exploit the new information. That combination often accelerates the opposite move.

Read the behavior

Failed breakouts, failed reversals, one-tick failures, failed wedges, failed final flags, and failures of failures are variations of the same behavioral engine. The important question is what was supposed to succeed and who is now trapped because it did not.

What to look for

- Expected target that was not reached.
- Breakout that could not hold.
- Countertrend signal that triggered and immediately failed.
- Second attempt that also failed.
- Stop-run that reverses back into the original trend.

Common error

Calling every loss a failure pattern. A useful failure requires a clear prior expectation and identifiable trapped participants.

Memory hook
EXPECTATION -> FAILURE -> TRAP -> FORCED EXIT -> FUEL

CORE FRAMEWORK

8. Location, magnets, and unfinished business

Location changes the trader's equation. A strong bull bar in the middle of a range is different from the same bar breaking above a major range after repeated failures. Magnets are destinations where business is likely to occur; they are not automatic reversal levels.

Read the behavior

Prior highs/lows, breakout points, range boundaries, measured moves, EMA, trend lines, overnight extremes, prior-day extremes, and round numbers can all attract price. A near-miss can remain unfinished business and lead to another attempt.

What to look for

- Distance to nearby support/resistance.
- Whether price is entering or leaving a fair-value area.
- Whether the magnet has actually been tested.
- Response after the test: acceptance, rejection, or continuation.

Common error

Shorting merely because price reached a measured move or buying merely because price touched support.

Memory hook
MAGNET = DESTINATION FIRST, TRADE SECOND

CORE FRAMEWORK

9. Trader's equation: probability, reward, risk

A trade is justified by its expected value, not by winning percentage alone. High-probability trades can tolerate smaller reward relative to risk; lower-probability trades require larger potential reward. The premise, target, stop, and management must remain internally consistent.

Read the behavior

A 40% opening reversal can be attractive if the swing reward is many times the risk. If you enter for that asymmetry and then scalp out for a small profit, you destroy the equation that justified the trade. Likewise, a small countertrend scalp may win often yet still have poor long-run mathematics.

What to look for

- Probability estimate based on context.
- Structural stop distance.
- Realistic destination before resistance/support.
- Planned management: scalp, swing, or combination.

Common error

Changing a swing into a scalp because the open profit feels fragile, or widening the stop because the trade is losing.

Memory hook
PROBABILITY x REWARD MUST JUSTIFY FAILURE x RISK

CORE FRAMEWORK

10. Structural invalidation, stops, and position size

The market does not know your entry price, breakeven point, or account balance. Stops belong where the trade premise becomes invalid. Your risk budget determines size, not the other way around.

Read the behavior

If the correct stop is four times wider than usual, reduce size rather than moving the stop closer. A trade that tests your entry price is not necessarily failing; evaluate structure. If you would not enter the same trade now while flat, exit rather than anchoring to breakeven.

What to look for

- Define invalidation before entry.
- Use smaller size when structural risk is wider.
- Do not move to breakeven simply because price moved slightly in your favor.
- Re-enter later if the thesis becomes valid again.

Common error

Using hope, breakeven obsession, or dollar discomfort as market structure.

Memory hook
STRUCTURE DECIDES STOP; RISK BUDGET DECIDES SIZE

PART B

Trends - Our Study Modules

This section compresses our Trends teaching sequence into functional modules. The emphasis is not on chapter labels but on recognizing control, strength, trend phase, pullbacks, continuation, and the conditions that justify a change of bias.

TRENDS STUDY MODULE T1

Trend versus non-trend

A trend is a period in which one side repeatedly gets better outcomes and the other side repeatedly fails. The central practical distinction is not pattern name but whether you should trade with direction or fade extremes.

Read the behavior

Strong trends create urgency, repeated bad fills for late entrants, shallow pullbacks, and failed countertrend attempts.

What to look for

- Dominant direction and Always-In state.
- Quality of pullbacks and opposing attempts.
- Follow-through after with-trend and countertrend breakouts.
- Phase: fresh spike, channel, mature trend, or range transition.

Common error

Reacting to isolated bars without reference to the trend phase and cumulative evidence.

Memory hook
TREND = ONE SIDE KEEPS WINNING THE NEGOTIATION

Study source: Trading Price Action Trends - concepts studied in our tutoring sequence

TRENDS STUDY MODULE T2

Reading trend strength

Strength is cumulative: strong closes, follow-through, gaps, consecutive trend bars, small pullbacks, microchannels, successful breakout tests, and weak opposing legs.

Read the behavior

Do not downgrade a trend because one attractive countertrend bar appears. Ask whether the opposing side accomplished structural damage.

What to look for

- Dominant direction and Always-In state.
- Quality of pullbacks and opposing attempts.
- Follow-through after with-trend and countertrend breakouts.
- Phase: fresh spike, channel, mature trend, or range transition.

Common error

Reacting to isolated bars without reference to the trend phase and cumulative evidence.

Memory hook
STRENGTH IS A SERIES OF ACCOMPLISHMENTS

Study source: Trading Price Action Trends - concepts studied in our tutoring sequence

TRENDS STUDY MODULE T3

Swings, legs, pullbacks, and functional structure

Terminology matters less than function. A swing, leg, or pullback describes movement inside a larger auction. Two legs are common because markets often try a failed idea again.

Read the behavior

Ask whether the current move is a correction inside the larger trend or a new directional move that has damaged the prior structure.

What to look for

- Dominant direction and Always-In state.
- Quality of pullbacks and opposing attempts.
- Follow-through after with-trend and countertrend breakouts.
- Phase: fresh spike, channel, mature trend, or range transition.

Common error

Reacting to isolated bars without reference to the trend phase and cumulative evidence.

Memory hook
FUNCTION OVER LABELS

Study source: Trading Price Action Trends - concepts studied in our tutoring sequence

TRENDS STUDY MODULE T4

H1/H2 and L1/L2: second-entry logic

Second entries matter because markets frequently give one failed attempt and then try again. H2s in bull context and L2s in bear context often align with inertia.

Read the behavior

The count itself is not the edge. Context, location, signal quality, and what the first attempt accomplished determine whether the second entry matters.

What to look for

- Dominant direction and Always-In state.
- Quality of pullbacks and opposing attempts.
- Follow-through after with-trend and countertrend breakouts.
- Phase: fresh spike, channel, mature trend, or range transition.

Common error

Reacting to isolated bars without reference to the trend phase and cumulative evidence.

Memory hook
SECOND ATTEMPT = MORE INFORMATION

Study source: Trading Price Action Trends - concepts studied in our tutoring sequence

TRENDS STUDY MODULE T5

Microchannels

A microchannel is repeated strength with little opportunity for the other side. First reversals usually fail and become with-trend opportunities.

Read the behavior

A microchannel can also become unsustainable when it persists too long. Watch for the first meaningful break and subsequent test rather than blindly fading the first countertrend bar.

What to look for

- Dominant direction and Always-In state.
- Quality of pullbacks and opposing attempts.
- Follow-through after with-trend and countertrend breakouts.
- Phase: fresh spike, channel, mature trend, or range transition.

Common error

Reacting to isolated bars without reference to the trend phase and cumulative evidence.

Memory hook
MICROCHANNEL = STRENGTH UNTIL PROVEN OTHERWISE

Study source: Trading Price Action Trends - concepts studied in our tutoring sequence

TRENDS STUDY MODULE T6

Spike and channel

A spike creates urgency and establishes direction; the channel is a slower, more two-sided continuation phase. Pullbacks become deeper, but the spike still biases the channel.

Read the behavior

The channel eventually often transitions into a range. The first countertrend move usually fails; a successful break can lead to a test of the spike start.

What to look for

- Dominant direction and Always-In state.
- Quality of pullbacks and opposing attempts.
- Follow-through after with-trend and countertrend breakouts.
- Phase: fresh spike, channel, mature trend, or range transition.

Common error

Reacting to isolated bars without reference to the trend phase and cumulative evidence.

Memory hook
SPIKE ESTABLISHES; CHANNEL MATURES

Study source: Trading Price Action Trends - concepts studied in our tutoring sequence

TRENDS STUDY MODULE T7

Small-pullback trends and bad fills

In strong trends, ideal pullbacks may never arrive. Traders are trapped out and forced to enter with bad fills, which itself is evidence of urgency.

Read the behavior

Do not require a perfect signal bar in a strong trend. Reduce size if the structural stop is wide and use context to accept imperfect entries.

What to look for

- Dominant direction and Always-In state.
- Quality of pullbacks and opposing attempts.
- Follow-through after with-trend and countertrend breakouts.
- Phase: fresh spike, channel, mature trend, or range transition.

Common error

Reacting to isolated bars without reference to the trend phase and cumulative evidence.

Memory hook
BAD FILL CAN BE GOOD TRADE

Study source: Trading Price Action Trends - concepts studied in our tutoring sequence

TRENDS STUDY MODULE T8

EMA, gap bars, and trend weakening

The EMA is evidence, not authority. A meaningful close through the EMA after a mature trend can show weakening, especially if it is part of broader structural damage.

Read the behavior

A single MA gap bar is not a reversal. Expect a test of the old extreme and evaluate the quality of that test.

What to look for

- Dominant direction and Always-In state.
- Quality of pullbacks and opposing attempts.
- Follow-through after with-trend and countertrend breakouts.
- Phase: fresh spike, channel, mature trend, or range transition.

Common error

Reacting to isolated bars without reference to the trend phase and cumulative evidence.

Memory hook
EMA BREACH = INFORMATION, NOT FLIP

Study source: Trading Price Action Trends - concepts studied in our tutoring sequence

TRENDS STUDY MODULE T9

Trend line versus trend-channel line

A break of the trend line suggests the trend may be weakening. A break beyond the trend-channel line is acceleration in the original direction and can be either strong continuation or climax.

Read the behavior

If a channel-line overshoot fails back inside, the opposite side of the channel becomes relevant.

What to look for

- Dominant direction and Always-In state.
- Quality of pullbacks and opposing attempts.
- Follow-through after with-trend and countertrend breakouts.
- Phase: fresh spike, channel, mature trend, or range transition.

Common error

Reacting to isolated bars without reference to the trend phase and cumulative evidence.

Memory hook
TREND LINE BREAK = WEAKENING; CHANNEL OVERSHOOT = ACCELERATION

Study source: Trading Price Action Trends - concepts studied in our tutoring sequence

TRENDS STUDY MODULE T10

Broad versus tight channels

Tight channels favor one-sided trading and make countertrend trades poor. Broad channels permit more two-sided trading and often support scalps against the dominant direction.

Read the behavior

Match execution to channel width. Do not use range-style scalps in a tight channel or trend-style chasing in a broad channel near extremes.

What to look for

- Dominant direction and Always-In state.
- Quality of pullbacks and opposing attempts.
- Follow-through after with-trend and countertrend breakouts.
- Phase: fresh spike, channel, mature trend, or range transition.

Common error

Reacting to isolated bars without reference to the trend phase and cumulative evidence.

Memory hook
CHANNEL WIDTH CHANGES THE EQUATION

Study source: Trading Price Action Trends - concepts studied in our tutoring sequence

TRENDS STUDY MODULE T11

Trending trading ranges

A trending trading range is directional but still heavily two-sided. Price tends to move from one range to the next, often with magnets at prior value areas.

Read the behavior

Favor the dominant direction, but expect overlapping trade and be realistic about swing versus scalp objectives.

What to look for

- Dominant direction and Always-In state.
- Quality of pullbacks and opposing attempts.
- Follow-through after with-trend and countertrend breakouts.
- Phase: fresh spike, channel, mature trend, or range transition.

Common error

Reacting to isolated bars without reference to the trend phase and cumulative evidence.

Memory hook
DIRECTIONAL RANGE = BIAS WITHOUT URGENCY

Study source: Trading Price Action Trends - concepts studied in our tutoring sequence

TRENDS STUDY MODULE T12

Measured moves in trends

Measured moves provide reasonable destinations based on spikes, ranges, or prior legs. They are targets, not reversal signals.

Read the behavior

Scale out or reassess at the objective. Reverse only if price action provides independent evidence of a change in control.

What to look for

- Dominant direction and Always-In state.
- Quality of pullbacks and opposing attempts.
- Follow-through after with-trend and countertrend breakouts.
- Phase: fresh spike, channel, mature trend, or range transition.

Common error

Reacting to isolated bars without reference to the trend phase and cumulative evidence.

Memory hook
TARGET IS NOT A REVERSAL

Study source: Trading Price Action Trends - concepts studied in our tutoring sequence

TRENDS STUDY MODULE T13

Traps, missed entries, and failure fuel

Strong trends often trap traders out because pullbacks are too small and trap countertrend traders in because reversal bars look attractive. Their eventual chasing and covering fuels continuation.

Read the behavior

Ask who is uncomfortable and what orders they will need to place if the move continues.

What to look for

- Dominant direction and Always-In state.
- Quality of pullbacks and opposing attempts.
- Follow-through after with-trend and countertrend breakouts.
- Phase: fresh spike, channel, mature trend, or range transition.

Common error

Reacting to isolated bars without reference to the trend phase and cumulative evidence.

Memory hook
TRAPPED OUT + TRAPPED IN = TREND FUEL

Study source: Trading Price Action Trends - concepts studied in our tutoring sequence

TRENDS STUDY MODULE T14

Trend maturity and cumulative countertrend pressure

As trends mature, strong trend traders increasingly take profits at new extremes and countertrend traders become willing to initiate positions. Repeated opposing attempts matter cumulatively.

Read the behavior

Do not reverse merely because the trend is old. Demand meaningful damage, then evaluate the test.

What to look for

- Dominant direction and Always-In state.
- Quality of pullbacks and opposing attempts.
- Follow-through after with-trend and countertrend breakouts.
- Phase: fresh spike, channel, mature trend, or range transition.

Common error

Reacting to isolated bars without reference to the trend phase and cumulative evidence.

Memory hook
MATURE DOES NOT MEAN REVERSED

Study source: Trading Price Action Trends - concepts studied in our tutoring sequence

TRENDS STUDY MODULE T15

Time corrections and sideways pullbacks

A pullback can occur through price or time. Sideways action after a strong move can be a sign that the opposing side cannot even create a price correction.

Read the behavior

A sideways pause that later breaks with the trend is a time correction. A sideways area that becomes deeply two-sided can evolve into a trading range.

What to look for

- Dominant direction and Always-In state.
- Quality of pullbacks and opposing attempts.
- Follow-through after with-trend and countertrend breakouts.
- Phase: fresh spike, channel, mature trend, or range transition.

Common error

Reacting to isolated bars without reference to the trend phase and cumulative evidence.

Memory hook
SIDEWAYS CAN BE A PULLBACK

Study source: Trading Price Action Trends - concepts studied in our tutoring sequence

TRENDS STUDY MODULE T16

Trend resumption, reversal day, and stairs

Late in the day, the market may resume the morning trend or complete a genuine reversal. Stairs preserve the dominant structure while repeatedly testing breakout points.

Read the behavior

Use follow-through and structural damage to distinguish continuation from transition. Do not cling to the morning thesis after repeated failure.

What to look for

- Dominant direction and Always-In state.
- Quality of pullbacks and opposing attempts.
- Follow-through after with-trend and countertrend breakouts.
- Phase: fresh spike, channel, mature trend, or range transition.

Common error

Reacting to isolated bars without reference to the trend phase and cumulative evidence.

Memory hook
THE DAY TYPE EVOLVES; YOUR THESIS MUST TOO

Study source: Trading Price Action Trends - concepts studied in our tutoring sequence

PART C

Trading Ranges - Our Study Modules

Ranges require a different mental model from trends. The default assumption is that neither side has durable control, locations matter more, strong-looking breakouts often fail, and traders must resist buying high or selling low.

TRADING RANGES STUDY MODULE R1

Trading-range mindset

A trading range is an area of agreement where both sides repeatedly find acceptable prices. The default strategy is buy low, sell high, and be suspicious of breakouts until follow-through proves a state change.

Read the behavior

In a range, bullish bars near the top can be poor buys and bearish bars near the bottom can be poor shorts.

What to look for

- Location within the range.
- Strength and follow-through of any breakout.
- Whether the breakout point holds on test.
- Who is trapped after a failed attempt.

Common error

Applying trend logic inside a mature range or range logic after a successful breakout has clearly established trend control.

Memory hook
RANGE = LOCATION BEFORE MOMENTUM

Study source: Trading Price Action Trading Ranges - concepts studied in our tutoring sequence

TRADING RANGES STUDY MODULE R2

Breakout mode

Compression, triangles, ii/iii patterns, and tight ranges can create breakout mode where either direction is plausible. The correct stance is uncertainty until one side earns acceptance.

Read the behavior

A good breakout changes the state. A weak breakout is often just another trap.

What to look for

- Location within the range.
- Strength and follow-through of any breakout.
- Whether the breakout point holds on test.
- Who is trapped after a failed attempt.

Common error

Applying trend logic inside a mature range or range logic after a successful breakout has clearly established trend control.

Memory hook
BREAKOUT MODE = WAIT FOR PROOF

Study source: Trading Price Action Trading Ranges - concepts studied in our tutoring sequence

TRADING RANGES STUDY MODULE R3

Breakout strength

A strong breakout shows displacement, strong closes, follow-through, ability to hold beyond the boundary, and weak pullbacks. The more signs of strength, the less attractive fading becomes.

Read the behavior

Strength is measured by response, not the beauty of the breakout bar alone.

What to look for

- Location within the range.
- Strength and follow-through of any breakout.
- Whether the breakout point holds on test.
- Who is trapped after a failed attempt.

Common error

Applying trend logic inside a mature range or range logic after a successful breakout has clearly established trend control.

Memory hook
BREAKOUT QUALITY = DISPLACEMENT + FT + HOLD

Study source: Trading Price Action Trading Ranges - concepts studied in our tutoring sequence

TRADING RANGES STUDY MODULE R4

Failed breakouts

Range breakouts fail often. A breakout that cannot hold traps breakout traders and can create a fast move back through the range.

Read the behavior

The best failures occur at meaningful extremes with clear rejection and follow-through back inside.

What to look for

- Location within the range.
- Strength and follow-through of any breakout.
- Whether the breakout point holds on test.
- Who is trapped after a failed attempt.

Common error

Applying trend logic inside a mature range or range logic after a successful breakout has clearly established trend control.

Memory hook
RANGE EXTREME + FAILURE = HIGH-VALUE INFORMATION

Study source: Trading Price Action Trading Ranges - concepts studied in our tutoring sequence

TRADING RANGES STUDY MODULE R5

Failure of failure

If a breakout fails but the reversal itself cannot continue, the failure has failed and the original breakout resumes as a breakout pullback.

Read the behavior

Second failures provide additional information and often have better reliability than the first signal.

What to look for

- Location within the range.
- Strength and follow-through of any breakout.
- Whether the breakout point holds on test.
- Who is trapped after a failed attempt.

Common error

Applying trend logic inside a mature range or range logic after a successful breakout has clearly established trend control.

Memory hook
BO -> FAILURE -> FAILURE OF FAILURE -> RESUMPTION

Study source: Trading Price Action Trading Ranges - concepts studied in our tutoring sequence

TRADING RANGES STUDY MODULE R6

Breakout pullbacks and tests

After a successful breakout, price often returns to test the breakout point. The key question is whether the old side can undo the breakout.

Read the behavior

A successful test holds beyond the old range and finds with-trend participation. A deep re-entry into the range weakens the breakout thesis.

What to look for

- Location within the range.
- Strength and follow-through of any breakout.
- Whether the breakout point holds on test.
- Who is trapped after a failed attempt.

Common error

Applying trend logic inside a mature range or range logic after a successful breakout has clearly established trend control.

Memory hook
TEST ASKS: ARE THE NEW PARTICIPANTS STILL THERE?

Study source: Trading Price Action Trading Ranges - concepts studied in our tutoring sequence

TRADING RANGES STUDY MODULE R7

Magnets and unfinished business

Range highs/lows, prior fair value, unfilled gaps, measured moves, and prior breakout points attract price because traders have unfinished business around them.

Read the behavior

Near-miss is not the same as rejection. Price can pull back and return to complete the test.

What to look for

- Location within the range.
- Strength and follow-through of any breakout.
- Whether the breakout point holds on test.
- Who is trapped after a failed attempt.

Common error

Applying trend logic inside a mature range or range logic after a successful breakout has clearly established trend control.

Memory hook
UNFINISHED BUSINESS PULLS PRICE BACK

Study source: Trading Price Action Trading Ranges - concepts studied in our tutoring sequence

TRADING RANGES STUDY MODULE R8

Measured moves from ranges

A range breakout often projects approximately the height of the range, but targets are guides rather than promises.

Read the behavior

Scale out, reassess, and watch follow-through at the destination. Do not automatically reverse.

What to look for

- Location within the range.
- Strength and follow-through of any breakout.
- Whether the breakout point holds on test.
- Who is trapped after a failed attempt.

Common error

Applying trend logic inside a mature range or range logic after a successful breakout has clearly established trend control.

Memory hook
MEASURED MOVE = MAP, NOT COMMAND

Study source: Trading Price Action Trading Ranges - concepts studied in our tutoring sequence

TRADING RANGES STUDY MODULE R9

Vacuum moves and stop runs

A violent move into an extreme can be caused by the temporary absence of opposing traders rather than overwhelming directional conviction.

Read the behavior

Wait for the response after the stop run or vacuum. A strong rejection can create the real trade.

What to look for

- Location within the range.
- Strength and follow-through of any breakout.
- Whether the breakout point holds on test.
- Who is trapped after a failed attempt.

Common error

Applying trend logic inside a mature range or range logic after a successful breakout has clearly established trend control.

Memory hook
VIOLENCE CAN MEAN ABSENCE, NOT CONTROL

Study source: Trading Price Action Trading Ranges - concepts studied in our tutoring sequence

TRADING RANGES STUDY MODULE R10

Range extremes and second entries

Because first breakouts and first reversals fail often in ranges, second entries near extremes can provide more information.

Read the behavior

The second attempt tells you whether the same side was unable to accomplish its goal twice.

What to look for

- Location within the range.
- Strength and follow-through of any breakout.
- Whether the breakout point holds on test.
- Who is trapped after a failed attempt.

Common error

Applying trend logic inside a mature range or range logic after a successful breakout has clearly established trend control.

Memory hook
TWO FAILED ATTEMPTS STRENGTHEN THE OPPOSITE THESIS

Study source: Trading Price Action Trading Ranges - concepts studied in our tutoring sequence

TRADING RANGES STUDY MODULE R11

Three pushes, wedges, and range context

Three pushes inside a range can create useful reversal structures when they occur near an extreme and show declining accomplishment.

Read the behavior

Three pushes in the middle of a range are usually less meaningful than location at the boundary.

What to look for

- Location within the range.
- Strength and follow-through of any breakout.
- Whether the breakout point holds on test.
- Who is trapped after a failed attempt.

Common error

Applying trend logic inside a mature range or range logic after a successful breakout has clearly established trend control.

Memory hook
COUNTING MATTERS LESS THAN WHERE AND WHAT WAS ACCOMPLISHED

Study source: Trading Price Action Trading Ranges - concepts studied in our tutoring sequence

TRADING RANGES STUDY MODULE R12

Fair value and return to prior ranges

Markets often revisit prior ranges because they represent accepted value and contain many participants with different reasons to transact.

Read the behavior

When a trend reaches an old range, expect interaction and possible slowing, but not an automatic reversal.

What to look for

- Location within the range.
- Strength and follow-through of any breakout.
- Whether the breakout point holds on test.
- Who is trapped after a failed attempt.

Common error

Applying trend logic inside a mature range or range logic after a successful breakout has clearly established trend control.

Memory hook
OLD VALUE AREAS ARE TRANSACTION MAGNETS

Study source: Trading Price Action Trading Ranges - concepts studied in our tutoring sequence

TRADING RANGES STUDY MODULE R13

Opening gaps: accept, reject, or fight

Treat overnight displacement as a claim. The regular session may accept it, reject it, or spend time fighting over it in a range.

Read the behavior

Gap direction is context, not destiny. Read the opening response.

What to look for

- Location within the range.
- Strength and follow-through of any breakout.
- Whether the breakout point holds on test.
- Who is trapped after a failed attempt.

Common error

Applying trend logic inside a mature range or range logic after a successful breakout has clearly established trend control.

Memory hook
GAP -> ACCEPT / REJECT / RANGE

Study source: Trading Price Action Trading Ranges - concepts studied in our tutoring sequence

TRADING RANGES STUDY MODULE R14

Fractal legs and two-legged corrections

What appears to be a complete leg on one timeframe may be a sub-leg of a larger correction. Two-legged behavior is common because markets often retest a failed idea.

Read the behavior

Do not force exact counts. Use the count as a way to ask whether the correction has had enough opportunity to complete.

What to look for

- Location within the range.
- Strength and follow-through of any breakout.
- Whether the breakout point holds on test.
- Who is trapped after a failed attempt.

Common error

Applying trend logic inside a mature range or range logic after a successful breakout has clearly established trend control.

Memory hook
LEGS ARE FRACTAL; FUNCTION BEATS COUNTING

Study source: Trading Price Action Trading Ranges - concepts studied in our tutoring sequence

TRADING RANGES STUDY MODULE R15

Barbwire and tight ranges

Heavy overlap, tails, flat EMA, and repeated reversals create the worst environment for stop entries. The correct skill is often waiting.

Read the behavior

Confusion is information: if you cannot determine control, the market is telling you it is two-sided.

What to look for

- Location within the range.
- Strength and follow-through of any breakout.
- Whether the breakout point holds on test.
- Who is trapped after a failed attempt.

Common error

Applying trend logic inside a mature range or range logic after a successful breakout has clearly established trend control.

Memory hook
TIGHT RANGE TRUMPS EVERYTHING

Study source: Trading Price Action Trading Ranges - concepts studied in our tutoring sequence

TRADING RANGES STUDY MODULE R16

Range-to-trend transition

The crucial moment is when a breakout stops behaving like the prior range. Strong follow-through, successful breakout tests, and failure of the opposite side can shift the market into AIL/AIS.

Read the behavior

Once the state changes, stop fading every move and trade with the new control.

What to look for

- Location within the range.
- Strength and follow-through of any breakout.
- Whether the breakout point holds on test.
- Who is trapped after a failed attempt.

Common error

Applying trend logic inside a mature range or range logic after a successful breakout has clearly established trend control.

Memory hook
WHEN THE RANGE STOPS ACTING LIKE A RANGE, CHANGE WITH IT

Study source: Trading Price Action Trading Ranges - concepts studied in our tutoring sequence

PART D

Reversals - Chapter-by-Chapter Synthesis

Reversals are not defined by a single opposite-colored bar. The dominant framework from our study is DAMAGE -> TEST -> FAILURE -> FLIP. Most reversal attempts fail, so the opposing side must earn the right to change control.

REVERSALS CHAPTER 1

Reversal foundations and market inertia

Most reversal patterns are really continuation patterns until they succeed. A trend has inertia; one opposing bar is usually a claim, not a new trend.

Read the behavior

Treat the first reversal attempt as information. Strong old trend + weak opposing attempt usually produces a flag and continuation.

What to look for

- What was the old trend doing before this?
- What meaningful countertrend accomplishment has occurred?
- Was the old extreme tested, and how strong was the test?
- Did the new side get follow-through and hold its gains?

Common error

Calling a reversal from shape alone, before the old trend has been damaged and the new side has earned control.

Memory hook
MOST REVERSALS FAIL; START WITH INERTIA.

Study source: Trading Price Action Reversals - Chapter 1 (as studied in Phase I)

REVERSALS CHAPTER 2

Signs of a strong reversal

A high-quality reversal combines meaningful countertrend displacement, follow-through, structural damage, and a weak response from the old trend.

Read the behavior

Close beyond meaningful prior structure matters more than a wick. The stronger the old trend, the more evidence the reversal needs.

What to look for

- What was the old trend doing before this?
- What meaningful countertrend accomplishment has occurred?
- Was the old extreme tested, and how strong was the test?
- Did the new side get follow-through and hold its gains?

Common error

Calling a reversal from shape alone, before the old trend has been damaged and the new side has earned control.

Memory hook
NEW SIDE STRONG + OLD SIDE WEAK = REVERSAL QUALITY.

Study source: Trading Price Action Reversals - Chapter 2 (as studied in Phase I)

REVERSALS CHAPTER 3

Major Trend Reversal

The canonical sequence is trend -> meaningful trend-line/EMA break -> test of the old extreme -> second reversal -> enough follow-through to establish new control.

Read the behavior

The test may be a higher high, double top, or lower high at a top; geometry is secondary to whether the old trend can regain control.

What to look for

- What was the old trend doing before this?
- What meaningful countertrend accomplishment has occurred?
- Was the old extreme tested, and how strong was the test?
- Did the new side get follow-through and hold its gains?

Common error

Calling a reversal from shape alone, before the old trend has been damaged and the new side has earned control.

Memory hook
DAMAGE -> TEST -> FAILURE -> FLIP.

Study source: Trading Price Action Reversals - Chapter 3 (as studied in Phase I)

REVERSALS CHAPTER 4

Climactic reversals

A climax is unsustainable behavior, not automatically a reversal. Late acceleration can be either successful breakout or exhaustion.

Read the behavior

Use maturity, consecutive climaxes, channel-line overshoot, opposite spike, and follow-through to distinguish continuation from exhaustion.

What to look for

- What was the old trend doing before this?
- What meaningful countertrend accomplishment has occurred?
- Was the old extreme tested, and how strong was the test?
- Did the new side get follow-through and hold its gains?

Common error

Calling a reversal from shape alone, before the old trend has been damaged and the new side has earned control.

Memory hook
CLIMAX = UNSUSTAINABLE, NOT AUTOMATIC REVERSAL.

Study source: Trading Price Action Reversals - Chapter 4 (as studied in Phase I)

REVERSALS CHAPTER 5

Wedges and three-push reversals

Three pushes matter because they provide repeated opportunities for the old trend to prove itself. The quality of progress and pullbacks matters more than exact geometry.

Read the behavior

In tight trends, three pushes can simply lead to a fourth. Countertrend wedges need prior damage or stronger evidence; failed wedges can fuel continuation.

What to look for

- What was the old trend doing before this?
- What meaningful countertrend accomplishment has occurred?
- Was the old extreme tested, and how strong was the test?
- Did the new side get follow-through and hold its gains?

Common error

Calling a reversal from shape alone, before the old trend has been damaged and the new side has earned control.

Memory hook
THREE PUSHES ARE INFORMATION, NOT A TRADE.

Study source: Trading Price Action Reversals - Chapter 5 (as studied in Phase I)

REVERSALS CHAPTER 6

Expanding triangles

An expanding triangle is a trading-range structure with higher highs and lower lows that repeatedly traps breakout traders on both sides.

Read the behavior

The final swing can behave like a lower-low or higher-high MTR. A reversal pattern can later become a continuation flag if its breakout fails.

What to look for

- What was the old trend doing before this?
- What meaningful countertrend accomplishment has occurred?
- Was the old extreme tested, and how strong was the test?
- Did the new side get follow-through and hold its gains?

Common error

Calling a reversal from shape alone, before the old trend has been damaged and the new side has earned control.

Memory hook
BOTH SIDES BREAK OUT; BOTH SIDES GET TRAPPED.

Study source: Trading Price Action Reversals - Chapter 6 (as studied in Phase I)

REVERSALS CHAPTER 7

Final flags

A final flag is a mature trend pause whose next continuation attempt may be the last. Two-sided behavior, climax context, and failed breakout matter.

Read the behavior

A failed final-flag reversal becomes a breakout pullback in the original trend. Do not predict finality; read the response.

What to look for

- What was the old trend doing before this?
- What meaningful countertrend accomplishment has occurred?
- Was the old extreme tested, and how strong was the test?
- Did the new side get follow-through and hold its gains?

Common error

Calling a reversal from shape alone, before the old trend has been damaged and the new side has earned control.

Memory hook
THE LAST FLAG IS KNOWN ONLY BY WHAT FAILS NEXT.

Study source: Trading Price Action Reversals - Chapter 7 (as studied in Phase I)

REVERSALS CHAPTER 8

Double-top and double-bottom pullbacks

The new side first proves strength with a breakout, then the old side gets another chance on the pullback. If it cannot regain control, the pullback becomes a high-quality reversal continuation entry.

Read the behavior

Exact triple bottom, higher low, or slight lower low all can express the same failed third attempt.

What to look for

- What was the old trend doing before this?
- What meaningful countertrend accomplishment has occurred?
- Was the old extreme tested, and how strong was the test?
- Did the new side get follow-through and hold its gains?

Common error

Calling a reversal from shape alone, before the old trend has been damaged and the new side has earned control.

Memory hook
NEW SIDE PROVES; OLD SIDE RETESTS; OLD SIDE FAILS.

Study source: Trading Price Action Reversals - Chapter 8 (as studied in Phase I)

REVERSALS CHAPTER 9

Failures

A failure is any move that does not accomplish what traders reasonably expected. The trapped traders often become the fuel for the opposite trade.

Read the behavior

Failure to reach a target can show weakening momentum; failure of a pullback to reach EMA in a strong trend can show urgency. Always ask what was supposed to happen.

What to look for

- What was the old trend doing before this?
- What meaningful countertrend accomplishment has occurred?
- Was the old extreme tested, and how strong was the test?
- Did the new side get follow-through and hold its gains?

Common error

Calling a reversal from shape alone, before the old trend has been damaged and the new side has earned control.

Memory hook
EXPECTATIONS CREATE TRADES; FAILED EXPECTATIONS REVEAL CONTROL.

Study source: Trading Price Action Reversals - Chapter 9 (as studied in Phase I)

REVERSALS CHAPTER 10

Huge-volume reversals on daily charts

Extreme volume can indicate capitulation but is not confirmation. Price action determines whether the volume represents rejection or continuing control.

Read the behavior

Huge volume + strong opposite close is more meaningful than huge volume that still closes with the trend. Intraday, price action remains primary.

What to look for

- What was the old trend doing before this?
- What meaningful countertrend accomplishment has occurred?
- Was the old extreme tested, and how strong was the test?
- Did the new side get follow-through and hold its gains?

Common error

Calling a reversal from shape alone, before the old trend has been damaged and the new side has earned control.

Memory hook
VOLUME SHOWS ACTIVITY; PRICE SHOWS WHO WON.

Study source: Trading Price Action Reversals - Chapter 10 (as studied in Phase I)

REVERSALS CHAPTER 11

Key times of day

Session phase changes the trader's equation. Early trade is price discovery, midday tends toward two-sided negotiation, and the final third often resolves resumption versus reversal.

Read the behavior

Time of day is context, never a standalone setup. News creates conditions; price action after the news creates the trade.

What to look for

- What was the old trend doing before this?
- What meaningful countertrend accomplishment has occurred?
- Was the old extreme tested, and how strong was the test?
- Did the new side get follow-through and hold its gains?

Common error

Calling a reversal from shape alone, before the old trend has been damaged and the new side has earned control.

Memory hook
OPEN DISCOVERS; MIDDAY NEGOTIATES; CLOSE RESOLVES.

Study source: Trading Price Action Reversals - Chapter 11 (as studied in Phase I)

REVERSALS CHAPTER 12

Markets

Price-action concepts transfer across markets, but execution quality matters. Liquidity and enough readable 5-minute opportunities are more important than constantly switching instruments.

Read the behavior

One primary market and timeframe accelerate pattern recognition and reduce distraction.

What to look for

- What was the old trend doing before this?
- What meaningful countertrend accomplishment has occurred?
- Was the old extreme tested, and how strong was the test?
- Did the new side get follow-through and hold its gains?

Common error

Calling a reversal from shape alone, before the old trend has been damaged and the new side has earned control.

Memory hook
MASTER ONE LABORATORY BEFORE EXPANDING.

Study source: Trading Price Action Reversals - Chapter 12 (as studied in Phase I)

REVERSALS CHAPTER 13

Time frames and chart types

The best timeframe is the fastest one you can read correctly in real time. Smaller charts show reversals earlier but also produce far more false or irrelevant signals.

Read the behavior

Let the primary timeframe decide context. Use lower timeframe only for a predefined execution purpose, not to redefine the trade.

What to look for

- What was the old trend doing before this?
- What meaningful countertrend accomplishment has occurred?
- Was the old extreme tested, and how strong was the test?
- Did the new side get follow-through and hold its gains?

Common error

Calling a reversal from shape alone, before the old trend has been damaged and the new side has earned control.

Memory hook
LOWER TIMEFRAME MAY REFINE ENTRY; IT MUST NOT CORRUPT CONTEXT.

Study source: Trading Price Action Reversals - Chapter 13 (as studied in Phase I)

REVERSALS CHAPTER 14

Globex, premarket, postmarket, and overnight

Overnight highs/lows and structure are useful context, but the regular-session chart usually gives enough information to execute. Fast after-hours/report moves may look tradable in hindsight but be poor in real time.

Read the behavior

Use only the extra information that changes the decision. Missing a trade is cheaper than losing the plot.

What to look for

- What was the old trend doing before this?
- What meaningful countertrend accomplishment has occurred?
- Was the old extreme tested, and how strong was the test?
- Did the new side get follow-through and hold its gains?

Common error

Calling a reversal from shape alone, before the old trend has been damaged and the new side has earned control.

Memory hook
RELEVANT INFORMATION > MAXIMUM INFORMATION.

Study source: Trading Price Action Reversals - Chapter 14 (as studied in Phase I)

REVERSALS CHAPTER 15

Always In

Always-In asks which side you would choose if forced to hold a position now. Pullbacks do not flip control unless the opposing side accomplishes enough.

Read the behavior

A near-flip that fails is often an excellent with-trend setup. Exit threshold is lower than reversal threshold: you can go flat before you are ready to reverse.

What to look for

- What was the old trend doing before this?
- What meaningful countertrend accomplishment has occurred?
- Was the old extreme tested, and how strong was the test?
- Did the new side get follow-through and hold its gains?

Common error

Calling a reversal from shape alone, before the old trend has been damaged and the new side has earned control.

Memory hook
SEE COMPLEXITY; TRADE THE DOMINANT SIMPLICITY.

Study source: Trading Price Action Reversals - Chapter 15 (as studied in Phase I)

REVERSALS CHAPTER 16

Extreme scalping

There can be dozens of technically valid scalp opportunities, but most traders should not attempt to exploit all of them. Management horizon changes the trader's equation.

Read the behavior

Use micro failures to read pressure inside the larger thesis, but do not let every one-tick battle dictate your swing direction.

What to look for

- What was the old trend doing before this?
- What meaningful countertrend accomplishment has occurred?
- Was the old extreme tested, and how strong was the test?
- Did the new side get follow-through and hold its gains?

Common error

Calling a reversal from shape alone, before the old trend has been damaged and the new side has earned control.

Memory hook
UNDERSTAND THE MICRO BATTLES; TRADE SELECTIVELY.

Study source: Trading Price Action Reversals - Chapter 16 (as studied in Phase I)

REVERSALS CHAPTER 17

Patterns related to the premarket

Globex can provide useful levels and a different visual pattern, but the day-session chart can often produce the same trade independently.

Read the behavior

After large gaps, the day-session EMA can be misleading because it ignores overnight action. Momentum and price response matter more.

What to look for

- What was the old trend doing before this?
- What meaningful countertrend accomplishment has occurred?
- Was the old extreme tested, and how strong was the test?
- Did the new side get follow-through and hold its gains?

Common error

Calling a reversal from shape alone, before the old trend has been damaged and the new side has earned control.

Memory hook
ONE PRIMARY CHART IS ENOUGH.

Study source: Trading Price Action Reversals - Chapter 17 (as studied in Phase I)

REVERSALS CHAPTER 18

Patterns related to yesterday

Today often resolves yesterday's unfinished structure. Prior channels, ranges, highs/lows, flags, and Always-In direction become the locations for today's first breakout and test.

Read the behavior

BO succeeds -> continuation; BO fails -> reversal; failed failure -> breakout pullback continuation.

What to look for

- What was the old trend doing before this?
- What meaningful countertrend accomplishment has occurred?
- Was the old extreme tested, and how strong was the test?
- Did the new side get follow-through and hold its gains?

Common error

Calling a reversal from shape alone, before the old trend has been damaged and the new side has earned control.

Memory hook
THE OPEN OFTEN RESOLVES YESTERDAY'S UNFINISHED BUSINESS.

Study source: Trading Price Action Reversals - Chapter 18 (as studied in Phase I)

REVERSALS CHAPTER 19

Opening patterns and reversals

The opening range is a fast negotiation where several plausible reversals can appear before the first reliable swing establishes control. Vacuum moves can create dramatic displacement without durable strength.

Read the behavior

Opening range size affects likely expansion. Barbwire demands patience. Remember early pressure even if it later reverses.

What to look for

- What was the old trend doing before this?
- What meaningful countertrend accomplishment has occurred?
- Was the old extreme tested, and how strong was the test?
- Did the new side get follow-through and hold its gains?

Common error

Calling a reversal from shape alone, before the old trend has been damaged and the new side has earned control.

Memory hook
AT THE OPEN, DISTINGUISH NEGOTIATION FROM CONTROL.

Study source: Trading Price Action Reversals - Chapter 19 (as studied in Phase I)

REVERSALS CHAPTER 20

Gap openings

A gap is a breakout and can be visualized as a huge invisible trend bar. The regular session then reveals whether the gap is accepted, rejected, or fought over in a range.

Read the behavior

Large gaps raise the possibility of a trend day but do not determine direction. The first several bars can still be two-sided.

What to look for

- What was the old trend doing before this?
- What meaningful countertrend accomplishment has occurred?
- Was the old extreme tested, and how strong was the test?
- Did the new side get follow-through and hold its gains?

Common error

Calling a reversal from shape alone, before the old trend has been damaged and the new side has earned control.

Memory hook
GAP = BREAKOUT CLAIM; RESPONSE DECIDES.

Study source: Trading Price Action Reversals - Chapter 20 (as studied in Phase I)

REVERSALS CHAPTER 21

Detailed day-trading examples

This chapter demonstrates integration: multiple pattern labels can all point to the same directional thesis, while competing interpretations usually indicate a range.

Read the behavior

Do not search for the single correct pattern name. Seek independent evidence converging on the same control story.

What to look for

- What was the old trend doing before this?
- What meaningful countertrend accomplishment has occurred?
- Was the old extreme tested, and how strong was the test?
- Did the new side get follow-through and hold its gains?

Common error

Calling a reversal from shape alone, before the old trend has been damaged and the new side has earned control.

Memory hook
CONFLUENCE = INDEPENDENT EVIDENCE, NOT MULTIPLE NAMES FOR THE SAME BAR.

Study source: Trading Price Action Reversals - Chapter 21 (as studied in Phase I)

REVERSALS CHAPTER 22

Daily, weekly, and monthly charts

Price action is fractal across timeframes. Higher timeframe can provide thesis and location, while the primary trading timeframe supplies execution and management.

Read the behavior

A bull trend on the 5-minute can be a pullback inside a monthly bear structure. Both can be true.

What to look for

- What was the old trend doing before this?
- What meaningful countertrend accomplishment has occurred?
- Was the old extreme tested, and how strong was the test?
- Did the new side get follow-through and hold its gains?

Common error

Calling a reversal from shape alone, before the old trend has been damaged and the new side has earned control.

Memory hook
TREND IS ALWAYS RELATIVE TO TIMEFRAME.

Study source: Trading Price Action Reversals - Chapter 22 (as studied in Phase I)

REVERSALS CHAPTER 24

The Best Trades: Putting It All Together

After the full trilogy, simplify. Favor high-quality strong-trend pullbacks, strong opening reversals, complete MTRs, strong breakouts/first pullbacks, range-extreme failures, and failed countertrend attempts.

Read the behavior

The best trade is not the most elaborate. It is the one with favorable context, positive trader's equation, and enough margin for imperfect execution.

What to look for

- What was the old trend doing before this?
- What meaningful countertrend accomplishment has occurred?
- Was the old extreme tested, and how strong was the test?
- Did the new side get follow-through and hold its gains?

Common error

Calling a reversal from shape alone, before the old trend has been damaged and the new side has earned control.

Memory hook
FEWER, CLEARER, BETTER-ECONOMICS TRADES.

Study source: Trading Price Action Reversals - Chapter 24 (as studied in Phase I)

REVERSALS CHAPTER 25

Trading Guidelines

The final chapter is about execution discipline: gray fog, small edges, with-trend bias, tight-range avoidance, small enough size, structural stops, trader's equation, patience, and the ability to do nothing.

Read the behavior

Understanding charts is only half the task. Profitability requires repeatedly executing the simple decisions you already know.

What to look for

- What was the old trend doing before this?
- What meaningful countertrend accomplishment has occurred?
- Was the old extreme tested, and how strong was the test?
- Did the new side get follow-through and hold its gains?

Common error

Calling a reversal from shape alone, before the old trend has been damaged and the new side has earned control.

Memory hook
DISCIPLINE TURNS KNOWLEDGE INTO TRADING.

Study source: Trading Price Action Reversals - Chapter 25 (as studied in Phase I)

Reversals Chapter 23 - coverage note

Chapter 23 was not part of the core ES price-action sequence we worked through in Phase I. Version 1 therefore does not invent a summary for it. This handbook intentionally contains only concepts actually taught and discussed in our program.

Source discipline
If a future revision includes Chapter 23, it should be added from the supplied source rather than reconstructed from general knowledge.

PART E

Integrated ES Decision Architecture

This is the bridge from book knowledge to Phase II. It compresses the trilogy into a sequence of questions that can be answered repeatedly during a live 5-minute ES session.

Layer	Question	Why it matters
1. STATE	Trend, trading range, breakout mode, or transition?	If you get this wrong, most later setup decisions will also be wrong.
2. CONTROL	AIL, AIS, or genuinely uncertain?	If uncertain, assume two-sided action until evidence resolves it.
3. STRENGTH	What have bulls accomplished? What have bears accomplished?	Track cumulative evidence, not isolated bars.
4. PHASE	Fresh spike, channel, mature trend, climax, range transition?	The same setup changes meaning as the move matures.
5. LOCATION	Where are we relative to range extremes, EMA, prior H/L, BO points, magnets, MM, overnight/yesterday levels?	Location changes probability and reward.
6. ATTEMPT	What is the market trying to accomplish right now?	BO, test, resumption, reversal, target, stop run?
7. FOLLOW-THROUGH	Did the market accept the attempt?	Strong FT supports continuation; weak FT increases failure risk.
8. FAILURE / TRAP	Who is trapped in or out if the attempt fails?	Their forced orders can fuel the next move.
9. DESTINATION	Where is the next reasonable magnet or unfinished business?	Targets are transaction zones, not automatic reversals.
10. TRADER'S EQUATION	Does probability x reward justify risk?	Define this before entry, not after the trade becomes emotional.
11. EXECUTION	Enter, wait, reduce size, exit, or do nothing?	The correct action is often no trade.

The compressed real-time version

STATE -> CONTROL -> LOCATION -> ATTEMPT -> FT/FAILURE -> EQUATION -> ACT

Regime comparison matrix

Regime	Default expectation	Preferred action	What often fails	No-trade clue
Strong trend	Continuation	With-trend pullbacks / BO pullbacks	First countertrend reversal	Chasing after obvious climax without room
Channel	Continuation with deeper PBs	With-trend swings; selective countertrend scalps only if broad	Good-looking reversal bars	Tight channel countertrend entries
Trading range	Breakout failure	Buy low / sell high; second entries at extremes	Momentum entries near extremes	Middle + flat EMA + overlap
Breakout mode	Either direction possible	Wait for BO + FT or trade failure	Premature directional commitment	No clear edge before resolution
Transition / MTR	Old trend damaged but not yet replaced	Wait for test and failure; then new-direction swing	Calling the first countertrend spike a flip	Strong test in old-trend direction

PART F

Core Setup Families for the Future ES Playbook

These are not yet the final personal playbook. They are the best candidates emerging from Phase I and will be validated during Phase II/III drills.

Strong-trend pullback

Qualifies when: Clear AIL/AIS; strong prior BO; pullback does not cause major damage; with-trend signal or failed countertrend attempt.

Behavioral edge: Trend inertia; trapped countertrend traders; favorable swing potential.

Disqualifier: If pullback becomes strong enough to damage structure or creates genuine two-sided control.

Breakout pullback

Qualifies when: Successful BO + FT; return to BO point; test cannot undo BO; resumption signal.

Behavioral edge: New control has already been proven, and old side fails on retest.

Disqualifier: If price deeply re-enters prior range and opposite side gains FT.

Range-extreme failed breakout

Qualifies when: Mature range; attempt beyond boundary; rejection back inside; follow-through toward range.

Behavioral edge: Breakout traders become trapped at poor location.

Disqualifier: If breakout holds beyond boundary with strong FT and successful test.

MTR: Damage -> Test -> Failure -> Flip

Qualifies when: Existing trend; meaningful opposing break; test old extreme; weak old-side resumption; strong new-side reversal/FT.

Behavioral edge: Provides information before taking countertrend risk.

Disqualifier: If the test is strong in old-trend direction or new side cannot hold its BO.

Opening reversal

Qualifies when: Important location from yesterday/overnight; opening attempt; rejection; DT/DB or second attempt; swing economics.

Behavioral edge: One of the session extremes often forms early and reward can be large.

Disqualifier: If opening BO gets strong FT and establishes trend-from-open in the other direction.

Climax / final-flag reversal

Qualifies when: Mature trend; consecutive climaxes or channel overshoot; two-sided flag or failed final BO; opposing strength.

Behavioral edge: Late trend participants shift from adding to taking profits; countertrend side becomes viable.

Disqualifier: If reversal lacks FT and becomes BO pullback in original trend.

Failure of failure continuation

Qualifies when: Original BO; first failure/reversal; that reversal fails; original direction resumes.

Behavioral edge: Second failure traps the traders who tried to fade the BO.

Disqualifier: If the failed breakout develops real opposing structure and follow-through.

No-trade filters

- Tight trading range / barbwire, especially near a flat EMA and middle of the day's range.
- Countertrend trade in a strong trend before meaningful damage.
- Middle-of-range setup with weak signal bar and poor reward to the nearest magnet.
- Huge late trend bar chased directly into a measured move, range extreme, or mature climax without room.
- Trade whose structural stop is unacceptable unless size is reduced.
- Trade taken because you have not traded recently, are down on the day, or want to recover a prior loss.
- Setup where your planned scalp/swing objective is not defined before entry.
- Any trade when you have lost contact with the market and are reacting to a sudden large bar.
- Any setup you cannot explain in terms of state, control, location, attempt, and expected destination.

A successful trading day can contain zero trades
The objective is not participation. The objective is positive trader's equation executed with discipline.

PART G

Opening Session and Time-of-Day Playbook

A practical bridge from 8:00 ET preparation to the close. Time of day modifies the trader's equation but never replaces price action.

8:00 ET premarket preparation

1. Mark prior day high, low, close, important breakout points, obvious channels/ranges, and the prior Always-In direction into the close.
2. Mark overnight high and low and note whether overnight continued, rejected, or balanced yesterday's direction.
3. Identify the opening gap relative to yesterday: gap up, gap down, inside prior range, or near an important magnet.
4. Write two or three conditional scenarios, not predictions: acceptance, rejection, or range.
5. Define what evidence would establish AIL or AIS after the open. Do not decide in advance that the market must be bullish or bearish.
6. Review the no-trade filters and commit to structural stops and risk-based sizing.

Premarket question
What prior structure is today's open likely to test, break, accept, or reject?

Opening-range decision flow

Question	Action
Opening bars overlap / tails / barbwire?	Treat as negotiation. Be suspicious of stop entries. Wait for clean BO or failure.
Strong opening spike?	Ask whether it gets FT. If yes, consider trend-from-open / spike-and-channel. If no, look for opening reversal.
BO of yesterday/overnight level?	Accept with FT -> continuation. Reject -> failed BO. Failure of rejection -> BO pullback.
Double top/bottom or second attempt at an extreme?	More information than the first reversal. Evaluate signal quality and swing economics.
AIL/AIS now clear?	Stop treating every move as a fade. Look for with-trend pullbacks and first reversal failures.

Session phases

- OPEN / FIRST THIRD - Price discovery. Largest opportunity and largest cognitive load. Look for the first reliable swing, not the first exciting bar.
- MIDDLE THIRD - More two-sided trade, channels, ranges, dojis, and failed breakouts. Reduce activity. Ask whether the morning trend is merely correcting or genuinely reversing.
- FINAL THIRD - Resolution. The morning trend may resume or the countertrend move may become a reversal day. Late trends can be relentless because of covering, momentum participation, and end-of-day risk management.

Time is context, not signal
Do not trade because it is noon, 2:00, or the final hour. Use session phase to modify expectations for the same price-action evidence.

PART H

Trader's Equation, Stops, Sizing, and Management

Knowledge does not become an edge until the trade is structured so that probability, reward, risk, and management are consistent.

The four pre-entry commitments

7. Premise: what market behavior makes this trade valid?
8. Invalidation: what structural event proves the premise is wrong?
9. Destination: where should price reasonably travel if the premise is right?
10. Management type: scalp, swing, or planned combination?

Never change the trade after entry because of fear

A low-probability/high-reward swing cannot be converted into a tiny scalp without changing the equation. A scalp cannot be turned into a hope-based swing because the stop was hit.

Trade type	Typical logic	Management	Main danger
High-probability swing	Strong context + control	Allow structural pullbacks; scale out at logical targets	Exiting too early
Low-probability swing	Large reward vs risk	Must keep enough size for large target	Turning into scalp
Scalp	High probability / small objective	Fast management; usually R around reward	Taking too many or countertrend
Scale-in plan	Only when later entry has better information and thesis remains valid	Size planned before first entry	Averaging because loss feels cheaper

The "pretend you are flat" test

When a trade is not behaving as expected, mentally remove your position and your entry price. Ask: if I were flat right now, would I initiate the same trade here, with the same thesis and stop? If yes, staying can be rational. If no, exit. This test breaks the link between market analysis and sunk-cost attachment.

Breakeven is personal; structure is public
The market does not know where you entered. Moving stops solely because price returned to your entry is not a structural argument.

Alethia execution notes from our study

Several recurring lessons from our discussions deserve to be explicit in the handbook because they affect how the Brooks framework should be executed in practice:

- Use the 5-minute chart as the primary context and decision chart. A 1-minute chart can create FOMO and too many competing narratives; if used at all, give it a predefined entry-refinement purpose.
- Do not average into a losing position merely because price is closer to the stop or because the market "should" reverse. Scale only when the original thesis remains valid and the new entry has better information.
- A stop run is not a reason to ignore invalidation. If the structural premise fails, exit; if the market later proves the thesis again, re-enter.
- Neutrality matters more than being bullish or bearish. A prior bias must be abandoned when the market proves the opposite.
- Fewer trades with a clear thesis are preferable to passive, continuous participation. The intended future playbook should remain small.

Personal discipline goal
Wait like a turtle. Attack like a cheetah only when state, control, location, and trader's equation align.

PART I

Active Recall and the Phase II Bridge

The handbook is complete only if it becomes easier to retrieve the ideas without looking. These drills convert reference knowledge into live-market recognition.

Core retrieval prompts

11. What are the four broad market states and how does execution change in each?
12. What evidence would make you call a market AIL or AIS?
13. What is the difference between a trend-line break and a trend-channel-line overshoot?
14. Why does a strong countertrend bar not automatically create a reversal?
15. Explain Damage -> Test -> Failure -> Flip from both a bull-top and bear-bottom perspective.
16. What distinguishes a successful breakout from a vacuum or failed breakout?
17. Why can the same H2 be excellent in one context and terrible in another?
18. How do trapped traders create fuel?
19. What is unfinished business and why can a near-miss remain a magnet?
20. When is a measured move a target, and what evidence would justify reversing there?
21. Why does a tight trading range trump attractive signal bars?
22. What is the relationship between probability, reward, and risk?
23. Why is a structural stop different from a dollar stop?
24. What does "pretend you are flat" protect you from?
25. What is the opening sequence: prior context -> location -> attempt -> FT/failure -> AIL/AIS?
26. What are the signs that a trend is maturing but not yet reversed?
27. Why are three pushes not automatically a wedge trade?
28. How does a failed final flag become a continuation setup?
29. Why can the same market be AIL on 5-minute and bearish on monthly?
30. What information should make you choose WAIT instead of LONG or SHORT?

Frozen-chart answer template

Field	Your answer
STATE	Trend / range / breakout mode / transition
CONTROL	AIL / AIS / uncertain
STRENGTH	Bull accomplishments / bear accomplishments
PHASE	Spike / channel / mature / climax / range transition
LOCATION	Key levels, magnets, range extreme, EMA, BO point
PRIMARY THESIS	What should happen next and why?
ALTERNATIVE THESIS	What would the opposite side need to prove?
INVALIDATION	What evidence kills the primary thesis?
TRADE	Long / short / wait
STOP	Structural location
DESTINATION	First target / runner target
UPDATE	What did the next bars actually prove?

Phase II roadmap

31. Build the Brooks Master Framework as a single top-down decision tree.
32. Create a compact regime map and a personal ES setup playbook of roughly 5-7 families.
33. Begin mixed active-recall questions without chapter prompts.
34. Use frozen ES charts: classify, predict, reveal, update.
35. Add timed recognition: unlimited -> 2 minutes -> 60 seconds -> 30 seconds -> compressed live read.
36. Overtrain individual behaviors, then mix regimes.
37. Run full-session replay with primary and alternative theses.
38. Maintain an error database: state, control, location, FT, premature reversal, entry, stop, management, sizing, discipline.
39. Move to simulator only after recognition and process are stable.
40. Use competency gates before smallest-live-size trading, statistical validation, and gradual scaling.

Phase II objective
Transform a paragraph of conscious reasoning into a fast, reliable internal shorthand without losing the underlying logic.

Two-page quick reference - page 1: read the market

THE 11 QUESTIONS
1 STATE | 2 CONTROL | 3 STRENGTH | 4 PHASE | 5 LOCATION | 6 ATTEMPT | 7 FT | 8 FAILURE/TRAP | 9 DESTINATION | 10 EQUATION | 11 EXECUTION

- Trend: favor continuation until meaningful opposing damage occurs.
- Range: buy low / sell high; expect weak breakouts to fail.
- Breakout mode: do not invent certainty; wait for FT or trade the failure.
- Transition: damage is not a flip. Demand test + failure + new-side FT.
- Tight range: WAIT.
- Strong trend + first countertrend reversal: usually a flag.
- Range extreme + breakout failure: opposite side gains an edge.
- Target reached: scale/reassess; do not reverse without evidence.
- Wide structural stop: reduce size, not stop quality.
- Trade not behaving: pretend flat; would you enter it now?

Two-page quick reference - page 2: read the trade

- Before entry: premise, invalidation, destination, management type.
- Strong BO + strong FT: less need for perfect price.
- Weak FT: demand better location and more proof.
- Failure: identify who expected what and who must exit.
- Countertrend: no trade until the market earns it with damage.
- Scale-in: only if planned and information improves; never because the trade is losing.
- No setup is mandatory. Missing a trade is cheaper than corrupting the process.
- The best trades are often boring: clear context, clear control, structural stop, positive equation.
- The goal is not to be right about the market. The goal is to update correctly as evidence changes.

Live shorthand
STATE -> CONTROL -> LOCATION -> ATTEMPT -> FT/FAILURE -> EQUATION -> ACT

APPENDIX

Glossary and Memory Hooks

A compact vocabulary list for rapid refresh. Definitions are practical summaries from our study, not formal reproductions of book text.

Term	Working definition
AIL / AIS	The side you would choose if forced to hold a position now.
Always-In flip	A convincing change in actionable control, usually supported by a spike/breakout and follow-through.
Barbwire	Tight overlapping range with tails/dojis; poor environment for stop entries.
Breakout	Move beyond meaningful prior price/structure.
Breakout mode	State where either-direction breakout is plausible and must earn follow-through.
Breakout pullback	Return after successful breakout that tests whether new control holds.
Breakout test	A pullback close to the breakout/entry area; asks whether participants still defend it.
Climax	Unsustainable acceleration; usually followed by pause/range and sometimes reversal.
Context	Accumulated evidence that changes the meaning of the next setup.
Damage	Meaningful countertrend accomplishment that weakens the old trend but does not yet prove a flip.
Double-bottom/top pullback	New side breaks out, old side retests, old side fails; high-information continuation of reversal.
Failed failure	A failed breakout/reversal whose failure itself fails, often restoring the original direction.
Failure	An expected objective or continuation that does not occur, creating trapped participants.
Final flag	Late mature-trend pause whose continuation attempt may fail and begin a larger correction.
Follow-through	Subsequent price action that confirms and extends a claim.
H1/H2 / L1/L2	First/second attempts to resume after pullback; second attempt provides additional information.
Magnet	Price area likely to attract transactions; destination, not automatic reversal.
Measured move	Projected destination based on prior range/spike/leg; a guide rather than certainty.
Microchannel	Very tight sequence showing persistent trend pressure with minimal pullback opportunity.
MTR	Major Trend Reversal: damage, test of old extreme, failure of old trend, new-side follow-through.
Range acceptance	Price remains around an extreme/value area instead of rejecting it.
Range rejection	Price quickly moves away from an extreme with opposing strength.
Spike and channel	Urgent directional breakout followed by slower, more two-sided continuation.
Structural stop	Stop placed where the premise becomes invalid, independent of entry P&L.
Trend channel overshoot	Acceleration beyond normal channel boundary; continuation or climax depending on response.
Trend-line break	Evidence that the trend is weakening; normally followed by a test before reversal is trusted.
Vacuum	Fast move caused partly by temporary absence of the opposing side while traders wait for better price.
Wedge	Three-push structure whose significance depends on trend maturity, effort/accomplishment, location, and countertrend strength.

Memory hooks from Phase I

- Damage -> Test -> Failure -> Flip.
- Breakout makes the claim; follow-through earns belief.
- Expectation -> Failure -> Trap -> Forced Exit -> Fuel.
- Magnets are destinations, not automatic reversals.
- Context outranks pattern.
- Function outranks geometry.
- Trend line break = weakening; trend-channel overshoot = acceleration.
- See complexity. Trade the dominant simplicity.
- Use the smallest amount of information necessary to make a high-quality decision.
- The open is often yesterday's unfinished business being resolved in real time.
- Confluence means independent evidence telling the same control story.
- Structure decides stop; risk budget decides size.
- Tight trading range trumps everything.
- Wait like a turtle; attack like a cheetah only when conditions align.

The final Phase I sentence

A good trader does not search for the correct pattern name. A good trader builds a directional thesis from converging evidence, defines the trader's equation, and then updates without ego when the market confirms or invalidates it.

Source basis and version notes

Version 1 is grounded in the user-supplied Al Brooks chapter PDFs and the full Alethia teaching dialogue completed during Phase I. It intentionally emphasizes the concepts we actually studied and the corrections made during quizzes. It does not reproduce the original books' figures, long passages, or full chapter text.

- Primary source set: Trading Price Action Trends, Trading Price Action Trading Ranges, Trading Price Action Reversals - user-supplied excerpts/chapters.
- Secondary source: our chapter-by-chapter teaching summaries, quizzes, corrections, and integrated frameworks from Phase I.
- Organization: concept-first and execution-first; not intended to mirror the books page for page.
- Version 2 target: add the completed Brooks Master Framework, personal ES thesis cards, frozen-chart examples, error taxonomy, and validated playbook rules from Phase II/III.

PHASE I COMPLETE

Next: Brooks Master Framework