

(Category 1)

Trading Methods For Market Profile

Only trade in the direction of the trend (Trend is determined by a rising or falling Point Of Control/POC)

Trade setup #1a: In a down trending market, when the current session opens below the previous day's Value Area/VA enter a short trade at the previous day's lower VA and again at the previous day's POC/HVL placing a protective stop for both trades 1.5 points above the previous day's upper VA.

Trade setup #1b: In an up trending market, when the current session opens above the previous day's VA enter a long trade at the previous day's upper VA and again at the previous day's POC/HVL placing a protective stop for both trades 1.5 points below the previous day's lower VA

Trade setup #2a: In a down trending market, when the current session opens within the previous VA enter a short trade at the upper VA placing a stop 1.5 points above the Day Before Yesterday's/DBY POC or High Volume Level/HVL (the open price must be at least 2 points below the previous days upper VA)

Trade setup #2b: In an up trending market, when the current session opens within the previous days VA enter a long trade at the lower VA placing a stop 1.5 points below the DBY's POC/HVL (the open price must be at least 2 points above the previous days lower VA)

Trade setup #3a: In a down trending market, when the current session opens above the previous days upper VA and below the DBY's lower VA enter a short trade at the DBY's lower VA and again at the DBY's HVL placing a stop for both trades 1.5 points above the DBY's upper VA (if stopped out on this setup and price remains above the stop level, change directional bias for all category 2 trade setups for the remainder of the day)

Trade setup #3b: In an up trending market, when the current session opens below the previous days lower VA and above the DBY's upper VA enter a long trade at the DBY's upper VA and again at the DBY's HVL placing a stop for both trades 1.5 points below the DBY's lower VA (if stopped out on this setup and price remains below the stop level, change directional bias for all category 2 trade setups for the remainder of the day)

Trade setup #4a: In a down trending market, when the current session opens above the DBY's lower VA and below the DBY's POC enter a short trade at the DBY's POC and again at the DBY's upper VA placing a stop 1.5 points above the DBY's High Of the Day/HOD (if stopped out on this setup and price remains above the stop level, change directional bias for all category 2 trade setups for the remainder of the day)

Trade setup #4b: In an up trending market, when the current session opens below the DBY's upper VA and above the DBY's POC enter a long trade at the DBY's POC and again at the DBY's lower VA placing a stop 1.5 points below the DBY's Low Of the Day/LOD (if stopped out on this setup and price remains below the stop level, change directional bias for all category 2 trade setups for the remainder of the day)

Profit targets for all trades should be in consideration of the risk of each respective trade and should be placed in consideration of the previous days POC, VA or HVL

(Category 2)

Trading Methods For Market Profile

Category 2 trades are based off the current sessions VA, HVL and POC with profit targets of approximately 2 points (they will generally setup after steps 1 and 2 have occurred in the market profile's development)

When a Category 2 trade's entrance level matches up with a previous days HVL It is referred to as a Category 2+ trade (category 2+ trades are generally good for 3 or more points)

Step 1 being vertical movement of price and step 2 being the capping of step 1

Step 1 will generally takes place during the Initial Balance/IB period of the day (the first 60 minutes) Step 2 often occurs during the IB period as well

Step 3 is when the market begins to move more in a horizontal direction than vertical direction and the bell curve begins to take shape

Step 4 is when the bell curve is becoming fully developed and its POC tries to drift towards the center of the IB, if it is not already in the center (occasionally steps 3 or 4 do not fully develop and the market enters step 1 again, this is known as minus development)

Minus development is very helpful in showing the direction of the market