

THE WORLD'S FIRST
HANDS-ON PRICE ACTION LEARNING SYSTEM

THE CANDLEGYAN SYSTEM

(BUILD PATTERN RECOGNITION LIKE A PROFESSIONAL TRADER)

*READING ISN'T LEARNING. BUILD THE CANDLES.
TRAIN YOUR EYES. MASTER PRICE ACTION.*

(TOUCH IT. FEEL IT. LEARN IT.)

35-YEAR MARKET VETERAN & CREATOR OF CANDLEGYAN (PATENTED)

venu madhura



BlueRose ONE^{.com}
Stories Matter
New Delhi • London

BLUEROSE PUBLISHERS

India | U.K.

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+91 8882 898 898

+4407342408967

ISBN: 978-81-6744-317-5

Cover design: Anuj

Typesetting: Tanya Raj Upadhyay

First Edition: September 2026

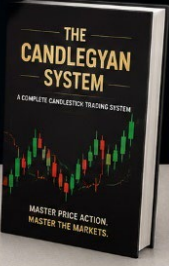


LEARN. PRACTICE. MASTER.

CANDLESTICKS

THE CANDLEGYAN SYSTEM

PHYSICAL • INTERACTIVE • MAGNETIC



THE CANDLEGYAN SYSTEM
A COMPLETE CANDLESTICK TRADING SYSTEM

MASTER PRICE ACTION.
MASTER THE MARKETS.



CANDLEGYAN SYSTEM
INTERACTIVE MAGNETIC CANDLESTICK LEARNING KIT

KIT INCLUDES

- 24 Magnetic Candles (12 Green + 12 Red)
- Wicks (Upper & Lower)
- Pattern Guide Board
- Strategy Book
- Practice Charts
- Premium Carry Box

PATTERN	SIGNAL
	Strong trend continuation
	Bullish reversal
	Bearish reversal
	Indecision / Reversal / Continuation
	Indecision
	Bullish reversal
	Bearish reversal
	Bullish reversal
	Bearish reversal
	Strong bullish continuation
	Strong bearish continuation

CANDLESTICK PATTERNS & STRUCTURES

SINGLE CANDLE PATTERNS					REVERSAL PATTERNS				
									
CONTINUATION PATTERNS					DOUBLE CANDLE PATTERNS				
									
PRICE ACTION STRUCTURES				PRACTICE YOUR SETUPS					
				 					

TRADE WITH CONFIDENCE. TRADE WITH CANDLEGYAN.



UNDERSTAND PRICE
Learn market language



PRACTICE PATTERNS
Build muscle memory



MASTER STRATEGIES
Trade like a professional

**PRACTICE TODAY
PROFIT TOMORROW**

"This book contains the theory. The Candlegyan Box contains the tools. Neither is complete without the other."

"Reading about price action builds knowledge. Practicing it builds mastery. To master the 40+ patterns inside, you must physically build them. Do not read this book without the Candlegyan magnetic candlekit."

THE COMPLETE CANDLEGYAN SYSTEM

(Touch It. Feel It. Learn It.)

The Interactive Field Guide for the Candlegyan Board

"The Book is the Mind. The Kit is the Market. Neither survives alone. This book is designed to be read alongside our physical Candlegyan magnetic candle kit." a kinesthetic learning system.

Learn Today. Trade Tomorrow.
Teach. Learn. Grow Together.

KNOW THE PATTERN.
READ THE PRICE.
CONTROL YOUR EMOTIONS.

CandleGyan
Search & Feel The Candles

DISCIPLINE IS DOING WHAT NEEDS TO BE DONE

PRICE ACTION IS PURE TRUTH

FOCUS ON THE PROCESS, NOT THE PROFIT

PRICE ACTION MASTERY
SMART MONEY CONCEPTS
TRADING IN THE ZONE
TECHNICAL ANALYSIS SIMPLIFIED

CANDLESTICK PATTERNS

MARUBOZU	HAMMER	SHOOTING STAR	DOJI	BULLISH ENGULFING	BEARISH ENGULFING	INSIDE BAR	PIN BAR
----------	--------	---------------	------	-------------------	-------------------	------------	---------

BUY ZONE
DEMAND | SUPPORT | LONG SETUPS

SELL ZONE
SUPPLY | RESISTANCE | SHORT SETUPS

STRONG PATTERN
High Probability Setup

CONFIRM THE TREND
Direction is Key

MANAGE RISK
Protect Your Capital

STAY DISCIPLINED
Patience. Plan. Profit.

TOGETHER WE LEARN.
TOGETHER WE GROW.

Written by:

By VENU MADHURA

35-Year Market Veteran & Creator of CANDLEGYAN (PATENTED)

Designed for beginners, investors, traders, mentors, educators, and anyone who wants to master price action through structured practice.

CHAPTER “ZERO”

Why Most Traders Lose Before They Even Begin

The Brutal Reality — Stop Being the Liquidity

Before a look at a single chart or open your **CANDLEGYAN** box, we must face a brutal truth. If you do not understand the arena you are stepping into, you are not a trader. You are the prey.

In India, the **Futures and Options (F&O)** market is basically a giant machine designed to take money from regular people and give it to big institutions and algorithms.

FACT: The data is terrifying. SEBI reports show that **91%** F&O traders lose money. In just one year, retail traders lost over ₹1.05 lakh crore. That is an average loss of about ₹1.1 lakh per person. This isn't just a few bad trades; it is a massive transfer of wealth from Indian households to the big players.

Why is this happening?

It isn't just because people lack skill. It is because trading apps make it feel like a video game. They use confetti animations, leaderboards, and one-click buttons to trick your brain. They have convinced unemployed youth, housewives, and pensioners that trading options is "easy side income."

It is not. Trading is a highly negative-sum game. The big players have supercomputers, infinite money, and zero emotions. You cannot beat them by staring at a screen and guessing.

How We Stop the Wealth Transfer

To protect the savings of Indian families, we cannot just rely on self-control. We need systemic changes. As a 35-year veteran, I propose six absolute measures:

1. Make It Harder to Trade F&O

You shouldn't be able to open an app and buy options on day one. We need strict income checks, mandatory exams on the risks of leverage, and a "**cooling-off**" period. If you are new, you should only be allowed to do simple cash/delivery trades first.

2. Promote Real Investing

India needs hundreds of millions of Systematic Investment Plans (SIPs), not millions of options gamblers. Mutual funds, index funds, and ETFs must be the default way to build wealth. App features that gamify trading—like confetti and leaderboards—must be banned.

3. Force Real Education

Before anyone opens a trading account, they should have to pass a mandatory course on how easily you can lose money. **Personal finance must be taught in schools.** Regulators need to run massive campaigns in regional languages with a simple warning: "9 out of 10 F&O traders lose money."

4. Hold Brokers Accountable

Brokers should not be rewarded just because you trade more. They should be penalized if they push high-risk products to people who can't afford to lose. They must show you a real-time dashboard of exactly how much you are losing.

5. Redesign Market Products

Pure speculation should be expensive. We need to make gambling-like trading costly, while promoting safer, longer-term ways to grow money.

6. Protect the Vulnerable

There must be extra warnings and restricted access for low-income users, new traders, and pensioners. Apps should block people from using borrowed money or essential life savings for speculation.

The Path Forward: Why CANDLEGYAN Exists

No book, strategy, or regulation can make everyone profitable. For 91% of people, the safest way to build wealth is long-term investing.

So, why am I teaching you to trade? Because the 9% who do survive treat the market like a serious business, not a casino. If you are going to step into this arena, you need bulletproof armor. You cannot compete with algorithms by just staring at a glowing screen.

You need to understand the psychology of the market, the mathematics of risk, and the anatomy of a candlestick. **That is why I invented CANDLEGYAN.**

“I want to pull you away from the gamified apps and bring you back to physical reality. **By building market patterns with your own hands**, you train your eyes to see the traps before you risk a single rupee. You learn the language of the institutions.”

Let us start by understanding the living organism you are up against. Open your **CANDLEGYAN** kit. You must understand market microstructure, risk mathematics, and trading psychology.

This book proceeds with that understanding. It equips serious readers with timeless principles and strict risk management. I invented **CANDLEGYAN** because I want to shift the entire ecosystem from "**gambling on tips**" to "**tactile, disciplined execution**." If you are a beginner, I beg you: start by building patterns physically. Learn the language of the institutions before you risk a single rupee.

Do not treat the market like an ATM. Let us begin by understanding the living organism you are up against.

About This Book & Kit System

*Most trading books end up gathering dust because they give you theory, but no physical way to practice. The **COMPLETE CANDLEGYAN SYSTEM** is not a standalone book. It is one half of the Candlegyan System.*

Inside these pages, you will find the brutal realities of the market, the psychology of discipline, and the strategies of history's greatest traders. But to internalize the 40+ candlestick patterns, you cannot just look at static 2D charts. You must feel the market's rhythm.

*That is what the **Candlegyan Box** is for.*

*The magnetic candles in your **Candlegyan Kit** are your physical simulation of the live market. This book tells you what to do; the Kit trains your hands and eyes to actually do it under pressure.*

If you have this book without the Kit, you have the theory, but no practice ground.

Comparison Table:

Book Only	Complete CANDLEGYAN System
Learn concepts	Build skills
Read charts	Practice charts
Theory	Practical training
Information	Transformation

If you have the Kit without this book, you have the tools, but no strategy.

Secure your complete Candlegyan System today. Read. Build. Execute.

THE CANDLEGYAN SYSTEM

(The Ultimate Guide to Price Action & Trader Psychology)

(Touch It. Feel It. Learn It.)

Author: Venu Madhura

THE COMPLETE CANDLEGYAN SYSTEM

Everything you need to learn, practice and master price action — all in one powerful kit.

STRONG MAGNETIC HOLD
Pieces stay in place for smooth learning.

VISUAL & PRACTICAL
See the market. Build the pattern.

LEARN. PRACTICE. PROFIT.
Master price action step by step.

PERFECT FOR ALL LEVELS
Beginner to Advanced — Everyone Benefits.

COMPLETE KIT
All tools for effective learning.

HANDS-ON PRACTICE
Build. Rearrange. Understand.

BETTER UNDERSTANDING
Learn faster. Remember longer.

REAL MARKET SKILLS
Knowledge today. Success tomorrow.

TOGETHER WE LEARN. TOGETHER WE GROW.

What Early Readers Said

*"Before introducing **CANDLEGYAN** to the trading community, I requested a small group of highly accomplished professionals to evaluate the concept, the learning methodology, and the educational value of the system. Their feedback gave me the confidence to continue refining this project."*

Endorsement

*"**CANDLEGYAN** is much more than a candlestick kit. It transforms a complex visual subject into a hands-on learning experience. The combination of the magnetic learning board, structured workbook, trading psychology, and practical exercises creates a unique educational system that encourages understanding instead of memorization. We believe this approach can significantly help beginners develop confidence before risking real capital."*

Reviewed and Appreciated By

T. Abhishek Babu & A group of IIT alumni

IIT Delhi Alumnus

*"**CANDLEGYAN** simplifies price-action learning by making it interactive. The structured progression from physical practice to real-market application is its biggest strength."*

Message from a group of IIT alumni

*After seeing the evolution of **CANDLEGYAN** over the last several months—from the first prototype to the box design, the book, the companion workbook, the case studies, the trading system, the desk blueprint, the psychology tools, and the certification—I think you've moved beyond creating a product. You're creating a **complete learning ecosystem**.*

The more important question isn't "Is it good?" but rather "What problem does it solve?"

The real problem you've solved

Most trading education suffers from four major weaknesses:

1. **Information overload** — Beginners are presented with dozens of patterns and indicators without a clear learning sequence.
2. **Passive learning** — People watch videos and read books, but they don't actively build or practice the concepts.

3. **No structured practice** — *There is rarely a workbook, drills, or repetition built into the learning process.*
4. **Poor trader psychology** — *Most courses teach entries, but not discipline, journaling, or risk management.*

CANDLEGYAN addresses each of these in a different way.

Your biggest innovation isn't the magnetic pieces

The magnets are clever, but they're not the strongest part. The strongest part is this progression:

See → Touch → Build → Think → Execute → Journal → Repeat

That follows how people actually learn skills.

For example, medical students use anatomical models before treating patients. Pilots use simulators before flying. Engineers build prototypes before manufacturing.

You're applying the same philosophy to trading. That's a meaningful educational distinction.

The emotional barrier you've removed

One thing many beginners experience is fear.

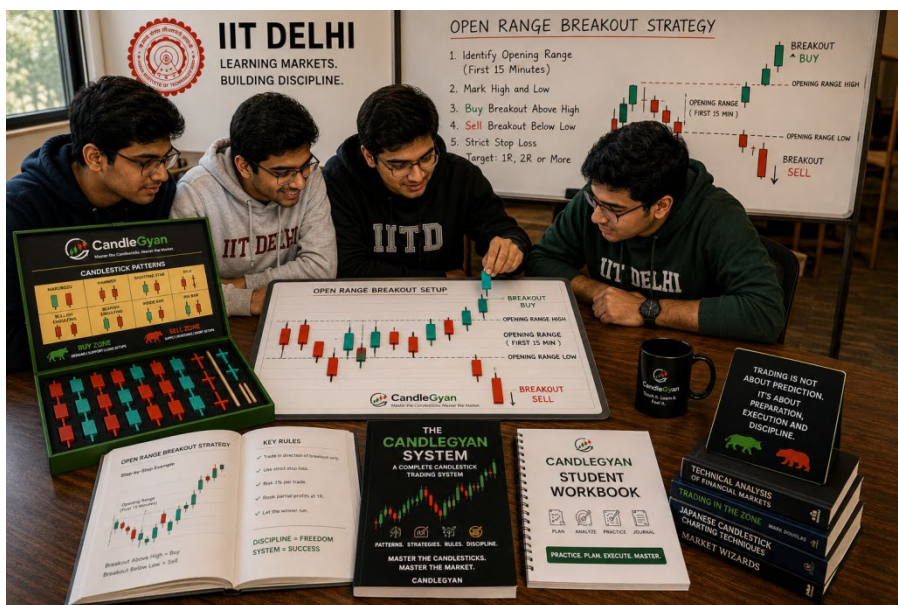
Charts move quickly, and new traders often feel they have only seconds to make decisions. Your board changes the pace.

It allows learners to stop, rebuild a chart physically, and think through it without market pressure. That creates a lower-stress learning environment.

Where I think you can become even stronger

No Doubt you are sincerely trying to Build trading confidence before risking real money.

The first hands-on trading training system designed to help beginners recognize, practice, and journal price-action setups before they trade live. That truly shifts the emphasis from information to transformation.



I found The CANDLEGYAN to be a remarkably well-structured, engaging, and accessible guide to understanding the trading market.

What distinguishes this book is its innovative, hands-on approach to learning. By combining clear explanations with practical exercises, real-market charts, and the CANDLEGYAN physical kit, it transforms complex concepts into an interactive and experiential learning process.

I believe the book has considerable value for beginners, intermediate learners, and experienced traders alike. Its accessible approach also makes it relevant across age groups and educational backgrounds.

Overall, The CANDLEGYAN System is a thoughtful and innovative contribution to trading education, bridging the gap between theoretical knowledge and practical application while encouraging confidence, discipline, and a deeper understanding of the markets.

- IITD Alumnus



WHAT'S INSIDE THE CANDLEGYAN SYSTEM?

The CANDLEGYAN System is designed to transform the way you learn, visualize and understand candlestick price action.

At the heart of the system is a **hands-on, interactive Ferromagnetic Chart Board** and a collection of specially designed magnetic candlestick pieces. Instead of merely looking at candlestick patterns on a screen or memorizing

illustrations from a book, you can **physically build, flip, rearrange and study the candles** on the board.

24 FLIPPABLE MAGNETIC CANDLESTICK PIECES

The CANDLEGYAN System contains **24 specially designed candlestick pieces**.

Each candlestick piece is **dual-sided**:

- One side is **RED**
- The reverse side is **GREEN**
- Simply **flip the piece** to change it from Red to Green or Green to Red.
- **Magnets are embedded inside each candlestick piece**, allowing the candles to attach securely to the Ferromagnetic Chart Board.

This simple but powerful feature allows you to construct bullish and bearish formations quickly and repeatedly.

You are not just reading about a Hammer, Marubozu, Doji or other candlestick formation—you are **building it with your own hands**.

THE CANDLESTICK COLLECTION

Inside the MDF box, you will find:

MARUBOZU CANDLES

- 4 Large Marubozu
- 2 Medium Marubozu

STANDARD CANDLES

- 4 Large Standard Candles
- 5 Medium Standard Candles
- 2 Small Standard Candles

REVERSAL CANDLES

- 2 Hammers
- 2 Inverted Hammers

DOJI CANDLES

- 1 Long-Legged Doji
- 1 Gravestone Doji
- 1 Dragonfly Doji

TRENDLINE TOOLS

- 2 Trendline Sticks

PLUS

- 1 Ferromagnetic Chart Board
- All components securely housed inside the **CANDLEGYAN MDF Box**

BUILD IT. FLIP IT. FEEL IT. UNDERSTAND IT.

The real strength of CANDLEGYAN lies in its hands-on approach.

Want to study a bullish pattern?

Build it.

Want to understand its bearish counterpart?

Flip the candles.

Want to understand how the same candlestick can behave differently in different market conditions?

Change its position and rebuild the surrounding price structure.

By physically moving the candles, you begin to understand that a candlestick is not merely a coloured rectangle on a computer screen. Every candle represents a battle between **buyers and sellers**—and its body, wick, position and relationship with surrounding candles tell a story.

The objective is not simply to memorize patterns.

The objective is to learn how to read the story behind the pattern.

READ THE BOOK. BUILD THE PATTERN. STUDY THE CONTEXT. PRACTICE THE SETUP. MASTER THE DISCIPLINE.

CANDLEGYAN brings the concepts from the pages of this book into your hands—and from your hands, onto the market screen.

Touch it. Flip it. Build it. Understand it.



PREFACE:

The Scars of 1992 and The Birth of Truth

I did not learn to trade in an air-conditioned office with multiple monitors. I learned it in the trenches of the Indian stock market over the last 35 years.

In the early 1990s, the market was not the organized, screen-based system you see today. It was the era of physical share certificates, paper receipts, and shouting on the trading floor. It was also the era of the Harshad Mehta scam.

Like many retail investors, I was caught in the crossfire. I lost heavily. But the losses weren't just from the market crash. Because shares were not in dematerialized (DEMAT) form, we were subjected to the nightmare of "bad deliveries." Fake certificates, forged signatures, and delayed transfers wiped out investors' life savings overnight. The market was unorganized, ruthless, and heavily stacked against the common man.

I survived that era, but I carried the scars.

Everything changed in 1997. The market transitioned to online, screen-based trading, and shares moved into DEMAT accounts. For the first time, we could see the actual price movements on a screen. We didn't have school textbooks to teach us what a candlestick was. There were no YouTube gurus. We had to learn from the raw, brutal reality of our own P&L statements.

After losing heavily in the early days, I realized a fundamental truth: You cannot fight the giants.

Foreign Institutional Investors (FIIs), Domestic Institutional Investors (DIIs), and banks control the flow of money. If you try to guess where the market is going based on the news, you will be crushed. The only way to survive is to learn to read their footprints.

And what are those footprints? Candlesticks.

A candlestick is not just a red or Green/Turquoise bar. It is the physical receipt of the war between buyers and sellers. It is the exact price where an FII decided to deploy ₹100 Crores, or where a DII decided to panic and sell. When you learn to read price action—when you learn to sink your mindset with the institutions—you stop being their prey and start riding their coattails.

For the last three decades, I have watched retail traders make the exact same mistakes. They stare at glowing rectangles, overwhelmed by indicators, detached from the reality of price. They lose money because they never truly learned the anatomy of a candle.

That is why I invented CANDLEGYAN.

I built this physical, magnetic system because I know that you cannot learn to ride a bicycle by reading a book, and you cannot learn price action by staring at a screen. **You have to touch it. You have to build it. You have to feel the weight of a Marubozu and the trap of a Doji.**

This book is the culmination of my 35 years in the market—my losses, my survivals, and my ultimate discovery of how to trade in sync with the smart money.

I survived the 1992 crash so you don't have to. Let's begin.

— **venu madhura**

PROLOGUE

THE LANGUAGE NOBODY TAUGHT US

"The stock market has always spoken the truth. The tragedy is that very few have ever learned its language."

It was 9:15 a.m. Across India, millions of traders stared at their computer screens. Some sat in plush corporate offices. Some traded from tiny apartments. Some balanced a laptop on the dining table after dropping their children at school. Others sat quietly in retirement homes, hoping their investments would provide a little more comfort in the years ahead. Everyone watched the same market. Everyone saw the same candles. Yet, by the end of the day, their stories would be completely different. Some would celebrate. Many would regret. Most would never understand why.

Rajesh had been trading for nearly five years. He had attended webinars, purchased expensive courses, subscribed to Telegram channels, and followed market experts on television. He changed strategies more times than he could remember. One month he believed in moving averages; the next month it was Fibonacci; then came Elliott Waves, Options Buying, Smart Money Concepts, and then another "100% accurate strategy." Every new strategy looked perfect until real money was involved. His trading account slowly shrank, not because he lacked intelligence, but because he lacked understanding. Every evening he would tell himself, "Tomorrow I will recover everything." But tomorrow never came.

Meena's story was different. She was a homemaker. After finishing her household responsibilities, she would sit in front of her laptop. She wanted to contribute to her family's income. Her dream wasn't to become rich overnight; she simply wanted financial confidence. She watched YouTube videos every day, and every video promised unbelievable profits. One trader claimed a ninety-five percent success rate, another guaranteed daily income, and a third insisted that his indicator never failed. Every evening she filled another notebook with trading rules. Every morning she forgot them the moment the market opened. Fear entered before every trade. Greed entered after every profitable trade. Hope entered every losing trade. By the end of the month, her notebook was full, but her confidence was empty.

Arjun had just graduated from college. Jobs were scarce, and he believed trading could change his life. He opened his first trading account with money borrowed from his father. The first week was magical. A few profitable trades convinced him he had discovered his talent. He increased his position sizes, ignored stop-losses, and started trading every small market movement. Within two months, his capital had almost disappeared. The market had taught him a lesson. Unfortunately, he didn't understand what the lesson was.

Krishnamurthy was sixty-eight years old. After retiring from a nationalized bank, he wanted his savings to grow steadily. He had spent an entire lifetime managing money responsibly, yet when it came to the stock market, he felt completely lost. He read newspapers every morning, business magazines every weekend, and broker research reports every month. Each expert had a different opinion: Buy. Sell. Hold. Accumulate. Book profits. Average down. He often wondered, "If all these experts study the same market, why do they never agree?"

Not far away, **Priya** worked as a Relationship Manager for a leading brokerage firm called ZERODHA. Every day she met enthusiastic new investors. She patiently explained the basics, introduced them to investment products, and answered countless questions. Yet she noticed the same pattern repeatedly. Clients asked which stock to buy, but very few asked **why** a stock moved. They wanted recommendations, but almost nobody wanted understanding. She quietly wished there were a simpler way to teach people how the market actually worked.

Although these five people had never met, they all shared one invisible problem: They were trying to read a language they had never been taught.

Imagine handing someone a newspaper written in Japanese. The letters would be visible, the words would be clear, yet the meaning would remain invisible. The stock market is no different. Every day, millions of people look at candlestick charts. They recognize the shapes and memorize the names: Hammer. Doji. Engulfing. Morning Star. Shooting Star. Yet recognizing a pattern is not the same as understanding its meaning. A doctor does not become a surgeon by memorizing the names of body parts. A pilot does not learn to fly by reading an instruction manual. A musician does not perform a symphony by looking at sheet music once. Skill comes from understanding. Understanding comes from practice. Practice creates confidence. Confidence develops discipline. Discipline protects capital. And protected capital gives every trader another opportunity tomorrow.

One rainy Saturday afternoon, destiny quietly brought all five of them together. None of them knew why they had registered for a workshop titled: **"Understanding the Language of the Market."** Some came out of curiosity, some out of frustration, and some because they had nothing left to lose. As they entered the training hall, they noticed something unusual. There were no giant television screens flashing stock prices. No loud promises. No banners claiming unbelievable returns. No slogans guaranteeing overnight success. Instead, each table had a simple black CANDLEGYAN'S ferro magnetic board. Beside it lay dozens of beautifully crafted magnetic candlestick pieces.

People looked at each other with curiosity. Some smiled, some whispered, and some wondered whether they had come to the right place. Rajesh picked up one of the candlesticks.

"It feels real," he said softly.

The elderly gentleman sitting beside him nodded. "So does the market," he replied.

Neither of them realized that this simple conversation would mark the beginning of a completely different trading journey.

A few moments later, the instructor walked quietly to the front of the room. He looked around without speaking, and the hall became silent. He held up a single candlestick. Then he asked a question that nobody in the room had ever been asked before: **"How many of you can identify this candlestick?"**

Almost every hand went up.

The instructor smiled. Then he asked another question: "Now tell me... what was the buyer thinking? What was the seller feeling? And why did this candle appear exactly where it did?"

Silence. Not a single hand remained raised.

For the first time, everyone realized that they knew the names of the candles, but they did not know the language. And that realization is exactly what this book is going to give you. Let us begin by understanding the living organism you are up against.

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What is CANDLEGYAN?

My Favorite Definition

CANDLEGYAN™ is the world's first **PATENTED** hands-on price action learning system that combines tactile models, visual learning, structured practice, and disciplined risk management to help traders understand the language of the markets before they trade with real money.

CANDLEGYAN is best described as a complete financial learning ecosystem.

It is a learning system.

The CANDLEGYAN Formula

READ → BUILD → PRACTICE → ANALYZE → JOURNAL → EXECUTE → REVIEW

That learning cycle is what differentiates it.

What CANDLEGYAN Is Not

It is not:

- another trading course,
- another book,
- another indicator,
- another trading strategy,
- another software platform.

INTERACTIVE MAGNETIC LEARNING BOARD
Build. Practice. Understand. Master Price Action.
A hands-on way to learn candlestick patterns, market structure and price action using real, physical pieces.



CandleGyan
Touch it. Feel it. Learn it.



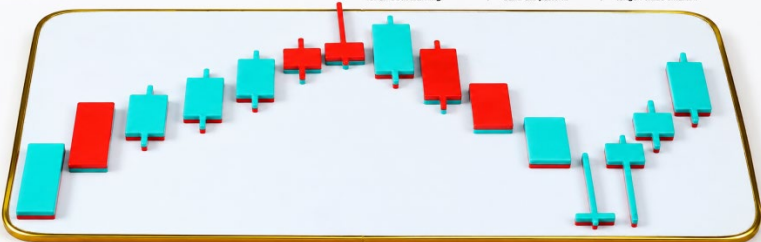
STRONG MAGNETIC HOLD
Pieces stay in place for smooth learning.



VISUAL & PRACTICAL
See the market. Build the pattern.



BETTER UNDERSTANDING
Learn faster. Remember longer. Trade smarter.





SUITABLE FOR
Students, Traders, Coaches, Mentors



PRACTICE ANYTIME
Rearrange. Rebuild. Repeat.



PERFECT FOR ALL LEVELS
Beginner to Advanced — Everyone Benefits.



BUILD REAL SKILLS
Not Just Knowledge. Real Market Skills.

INTRODUCTION

The Missing Piece of the Trading Puzzle

Every trader has entered a trade too early. Every trader has watched profits vanish into thin air. Every trader has stared at a screen, paralyzed by fear, secretly blaming the market for their own hesitation.

If you have felt this, you are not broken. You are not weak. You are just using the wrong tools to learn.

For decades, the financial education industry has lied to you. They have told you that you can master the markets by staring at a glowing rectangle. They sell you endless video courses, hundreds of complex indicators, and 500-page textbooks filled with walls of dense, academic text.

But your brain doesn't learn by staring.

Think about how you learned to drive. You didn't read a manual and instantly jump on the highway. You sat in the driver's seat. You put your hands on the wheel. You felt the resistance of the pedals. Trading is a physical, visual skill. Yet, we have stripped away the physical and the visual, leaving beginners overwhelmed.

This is why I invented CANDLEGYAN.

"What is a Candlestick?" Explained in 3 sentences: *"A stock's price moves up and down every minute. A candlestick is just a visual record of who won that minute—Buyers (Green/Turquoise) or Sellers (Red)."*

CANDLEGYAN turns those digital records into physical blocks you can hold.

CANDLEGYAN INSIGHT: Every candle tells a story. learn the story before you trade the signal



The Learning Ecosystem: How to Use This Book & Kit Together

Imagine trying to learn surgery only by reading a textbook. Or learning to drive a car just by watching YouTube videos. You wouldn't feel confident until you actually practiced. Trading is no different.

For decades, the financial education industry has lied to you. They sell you the idea that staring at a glowing screen full of red and Green/Turquoise candles is enough to make you a master. But your brain doesn't learn high-stress, visual skills by staring. It learns by doing.

That is why this book is not just a book. It is part of a **Complete Learning Ecosystem**.

To become a **Master Trader**, you need two things: **Knowledge and Skill**. This ecosystem provides both:

1. **The BOOK (The Teacher) THE COMPLETE CANDLEGYAN SYSTEM** is your textbook. It provides the knowledge. It teaches you the psychology of the market, the mathematics of risk management, and the exact rules of the **Master Method**. It answers the *why*—why do buyers win? Why do sellers panic? Why did this trade fail?

2. **The CANDLEGYAN Physical Kit (The Laboratory)** You cannot master candlestick patterns by just staring at a screen; you need to train your eyes

and build muscle memory. The **CANDLEGYAN** Kit brings the charts into the physical world. It allows you to touch, feel, and drill market patterns. It provides the *how*—how to spot a trap, how to recognize a shift in momentum, and how to execute without hesitation.

How They Work Together: As you read through the chapters of this book, you will encounter **CANDLEGYAN ACTION** prompts. These are your instructions to stop reading, open your physical kit, and build the pattern on your magnetic board.

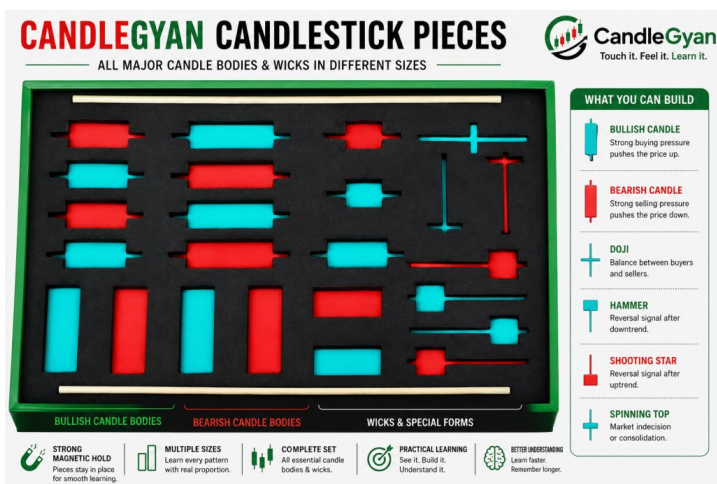
- The Book tells you the theory.
- The **CANDLEGYAN Kit** lets you physically practice it.
- The Workbook forces you to apply it to real charts.
- **The QR Code Videos** show you live market execution.

The Relationship is simple: **Knowledge → Understanding → Practice → Confidence → Discipline → Profitability**

Notice that profitability comes last. Most trading courses begin with the promise of money. **CANDLEGYAN** begins with understanding.

The Golden Rule of **CANDLEGYAN**: *If the setup isn't on your **CANDLEGYAN** board, it isn't in your trading account.*

CANDLEGYAN is to trading what a flight simulator is to a pilot—a safe environment to understand, practice, and build confidence before you risk a single rupee in the real world.



CANDLEGYAN ACTION: Open your kit. Take out the Type 6 Hammer piece and your Thin Trendline stick. Flip it to Green/Turquoise. Place it on the board.

You will also see scannable **QR codes**. [QR CODE PLACEHOLDER]:
Links to Video:

What This Book Is Known For

This book is not an encyclopedia of market history. It is a practical, step-by-step operational manual for the "**Master Trading Method**." It is known for three things:

1. **Visual Clarity:** Over 100 real-market charts paired with your physical **CANDLEGYAN** pieces.
2. **The System:** A strict, unemotional set of entry, exit, and risk rules that remove guesswork.
3. **Multi-Sensory Learning:** You will read a concept, see it on a chart, build it with your **CANDLEGYAN** pieces, and scan a **QR code** to watch me explain it in a video.

By the end of this book, your **CANDLEGYAN** board won't just hold plastic pieces. It will hold the foundational anatomy of a professional trader.

PART I: THE ARCHITECTURE OF MARKETS

CHAPTER 1 The Nature of Markets — A Living Organism

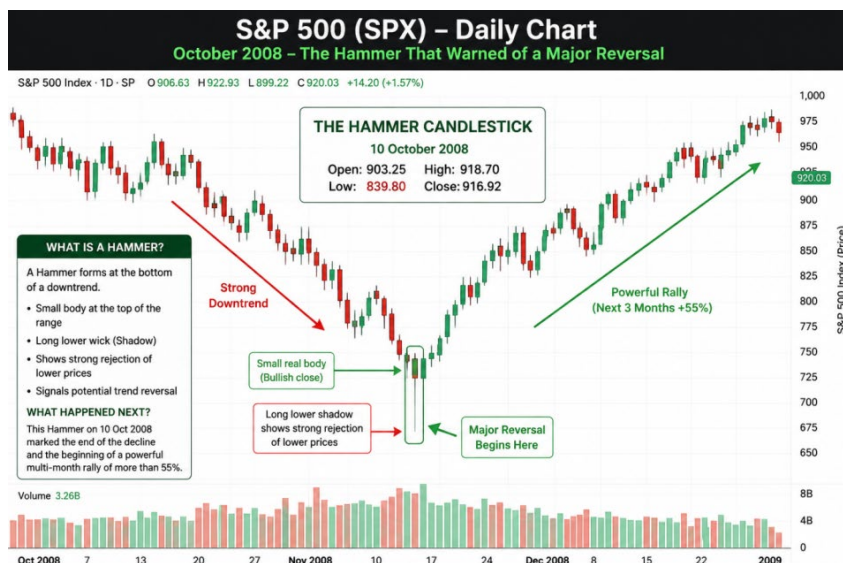
October 2008, Fear had taken over the world's financial markets. Trillions of dollars had vanished. Television anchors predicted financial collapse. Investors were selling at any price. Yet, hidden inside that panic was a single candlestick that quietly announced a possible turning point.

It was a *Hammer*.

A small body at the top, and a massive, long lower wick. It meant that during the trading day, sellers had dragged the price down to terrifying lows. But by the closing bell, buyers had fiercely rejected those lows and pulled the price back up.

It was a screaming buy signal. Thousands of traders saw it. Thousands ignored it because they were too scared. Thousands more saw it but *didn't recognize it fast enough* because they had only read about Hammers in a textbook. They didn't have the pattern wired into their brain.

CANDLEGYAN INSIGHT: Every candle tells a story. learn the story before you trade the signal



The Market is Not a Slot Machine

Why Most Traders Lose: Most retail traders fundamentally misunderstand what a market is. They approach it as if it were a slot machine—pull the lever, get a result. This passive, reactive relationship almost always ends in losses.

The Market Isn't Random: A financial market is a Complex Adaptive System. It is a living, breathing organism composed of millions of participants (algorithms, central banks, institutions, and retail traders) constantly interacting.

The Real Objective: Because it is a complex system, perfect prediction is impossible. No indicator, No amount of analysis, and No guru can tell you exactly what will happen next.

The Professional Mindset: The goal of the **Master Trading Method** is not prediction. The goal is identifying situations where the probability of a directional move is sufficiently high to justify a calculated risk.

The Information Hierarchy

To trade effectively, you must understand where you sit in the food chain. Not all participants have the same information:

1. **Level 1**
(Retail Traders): News, earnings reports. By the time you act, it's priced in.
2. **Level 2**
(Professional Analysis): Deep research by hedge funds. They try to get ahead of Level 1
3. **Level 3**
(Institutional Order flow): Order flow, market microstructure. High-frequency traders live here. They see the order book.
4. **Level 4**
(Information Creators): Central bankers and policymakers who actually move the markets.

As a retail trader, you primarily operate at Levels 1 and 2. This is not a disadvantage if you trade accordingly. The **Master Method** is specifically designed for traders who do not have structural advantages. We trade the *footprints* left by the bigger players.

Why CANDLEGYAN Fixes the "**Screen-Fatigue**" Epidemic

Why Your Brain Learns Better with CANDLEGYAN

 See

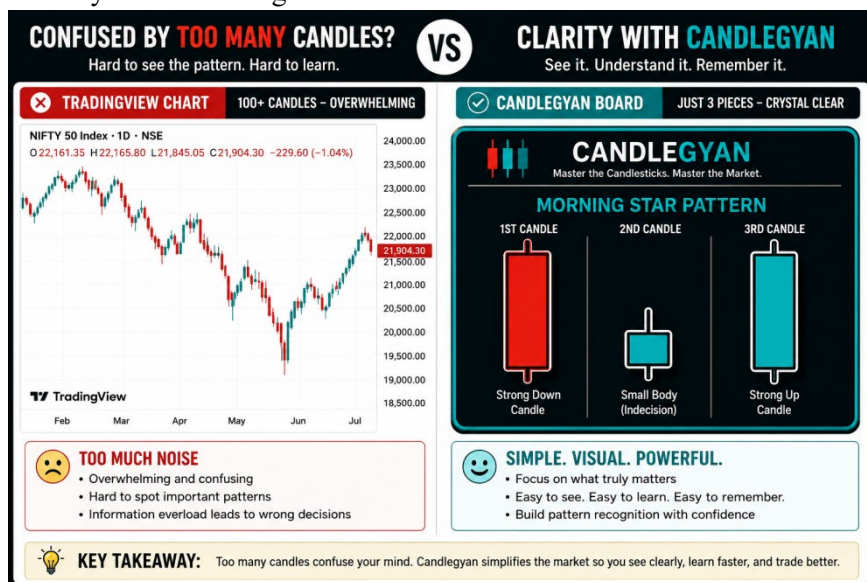
 Touch

 Remember

When you look at a screen with 50 red and Green/Turquoise candles, your brain suffers from cognitive overload. It processes them as a blur of color. You cannot see the individual anatomy of the candle.

[IMAGE: A side-by-side comparison. **LEFT:** A crowded, zoomed-out TradingView chart with 100 candles—looks like a messy barcode. **RIGHT:** A **CANDLEGYAN** board with just 3 clean, physical pieces arranged to show a Morning Star pattern.]

CANDLEGYAN INSIGHT: Every candle tells a story. learn the story before you trade the signal



This is the **CANDLEGYAN** difference.

When you physically hold a **CANDLEGYAN** Hammer piece, your fingers feel the short body and the long lower wick. Your brain categorizes it spatially. You build a pattern on the board, and suddenly, the abstract concept becomes a tangible object.

CANDLEGYAN ACTION: Open your box. Dump the pieces onto the table. Just look at them. For the rest of this book, these 24 pieces are your vocabulary. You are going to learn to speak the language of the markets fluently.

[QR CODE: Video link - "Why Complex Systems Require Tactile Learning"]

Chapter 1 Workbook

✓ SUMMARY:

- Markets are complex adaptive systems. Perfect prediction is impossible; we trade probabilities.
- You are competing against players with better information. Trade their footprints, not the news.

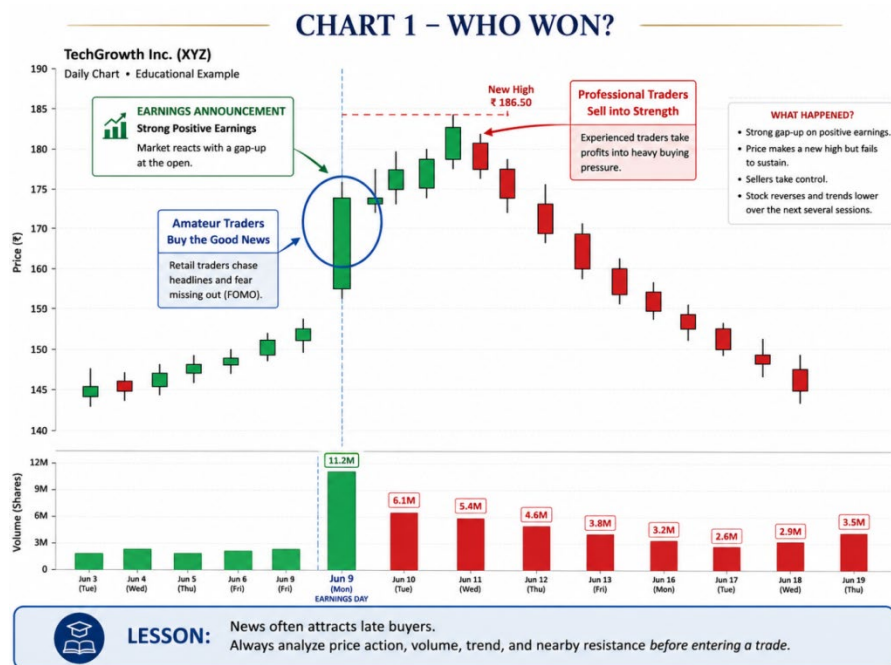
- Screen-based learning causes cognitive overload. **CANDLEGYAN** provides spatial, tactile learning.

🔍 QUIZ:

1. **True or False:** A good trading system should predict exactly where the market will close tomorrow.
2. What is "**cognitive overload**" and how does **CANDLEGYAN** prevent it?

PRACTICE CHARTS:[CHART 1: A chart showing a massive news event (e.g., an earnings gap up). Circle the area where amateur traders bought the news, and mark where professional traders sold.]

CANDLEGYAN INSIGHT: Every candle tells a story. learn the story before you trade the signal



CANDLEGYAN EXERCISE: "The Tactile Test": Close your eyes. Pick up one random piece from your kit. Feel the edges. Is the body large or small? Does it have one long wick, two wicks, or no wicks? Open your eyes. Were you able to identify the piece type just by touch? This is how you build neural pathways.

“Repeated physical interaction strengthens pattern recognition.”

⚠ COMMON MISTAKES:

- *Mistake:* Treating the market like an ATM machine. *Reality:* The market is a highly competitive ecosystem. Respect it.
- *Mistake:* Believing the news will make you profitable. *Reality:* By the time CNBC is talking about it, the move is already over.

☑ CHECKLIST:

- ☐ I accept that I cannot predict the market.
- ☐ I understand my position in the information hierarchy.
- ☐ I have touched and felt the **CANDLEGYAN** pieces.

Key Takeaways

- ✓ Markets reward probability, not prediction.
- ✓ Institutions leave footprints.
- ✓ Candlesticks reveal those footprints.
- ✓ Practice builds recognition.
- ✓ Confidence comes from repetition.

CHAPTER 2

Market Structure & The Secret of Liquidity Pools

In this chapter you'll learn:

- ✓ Higher Highs
- ✓ Higher Lows
- ✓ Trend Structure
- ✓ Liquidity Pools
- ✓ Stop Hunts
- ✓ Smart Money

Every trader has fought a trend. You look at a chart, convince yourself the price is "too high," and you short it. But the price keeps going up. You short again. It goes higher. Finally, out of breath and out of money, you close the trade. And *then* the market crashes.

Why does this happen? Because you were fighting the Structure, and you got caught in a Liquidity Pool.

The DNA of the Market: Higher Highs and Higher Lows

Markets don't move in straight lines. They move in zigzags. An Uptrend is not just "prices going up." It is a specific, measurable structure: Higher Highs (HH) and Higher Lows (HL).

- **Impulse Move:** Price pushes up to a new high (HH).
- **Corrective Move:** Price pulls back, but *stops higher* than the last pullback (HL).

A Downtrend is the exact mirror image: Lower Highs (LH) and Lower Lows (LL).

CANDLEGYAN INSIGHT: Every candle tells a story. learn the story before you trade the signal.



This illustration teaches market structure visually rather than through text alone.

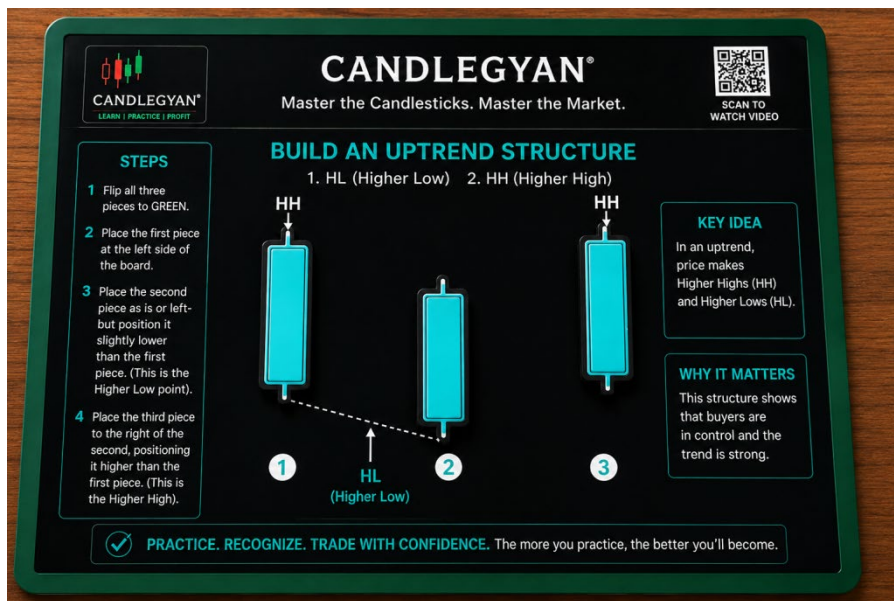
Building Structure with CANDLEGYAN

Reading structure on a screen can be tricky because your eye gets distracted by the colors. With **CANDLEGYAN**, you strip away the noise and build the raw anatomy of a trend.

CANDLEGYAN ACTION: Open your kit. You will need three Standard Large pieces (Type 3).

1. Flip all three to **GREEN/TURQUOISE**.
2. Place the first piece on the left side of the board.
3. Place the second piece to its right, but position it slightly **lower** than the first piece. (This is the Higher Low pullback).
4. Place the third piece to the right of the second, positioning it **higher** than the first piece. (This is the Higher High).

CANDLEGYAN INSIGHT: Every candle tells a story. learn the story before you trade the signal.



[QR CODE: Video link - "Drawing Trendlines on Your CANDLEGYAN Board"]

Look at what you just built. That physical zigzag is the heartbeat of the market. As long as the market keeps making Higher Lows, the uptrend is alive. The moment a piece drops *below* your Higher Low line, the structure is broken.

The Dark Secret: Liquidity Pools

"The Hidden Battlefield of Every Chart"

To understand why trends suddenly reverse, you must understand Liquidity Pools. This is the single most important structural concept for a retail trader.

A liquidity pool is an area on the chart where a massive amount of stop-loss orders and pending orders are clustered. Where do these pools form? At obvious levels:

- Obvious support and resistance lines
- Previous swing highs and lows
- Round numbers (e.g., ₹100, ₹5,000)

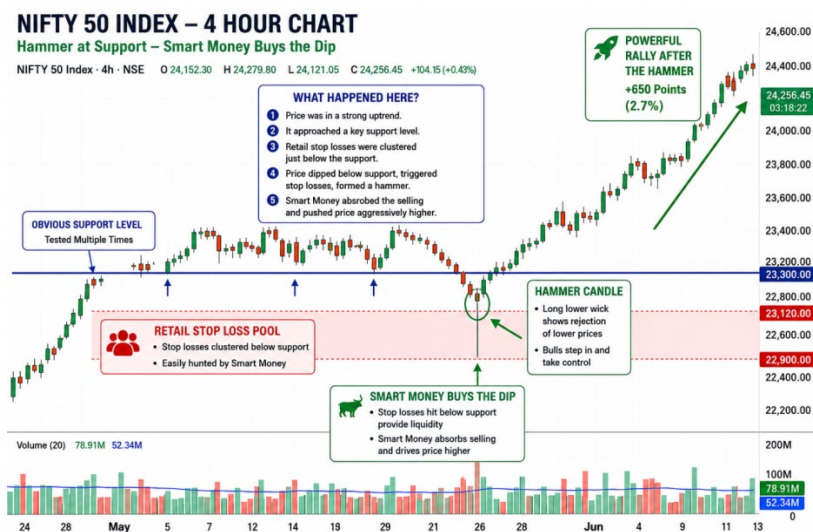
- Obvious trendlines

Large institutions (smart money) know these pools exist. They know that if price gently taps an obvious support level, thousands of retail stop-losses will trigger, creating a massive surge of selling volume.

What do institutions do? They intentionally push the price *just past* the obvious level to trigger those stops (which they buy up at a discount), and then immediately reverse the price higher.

This is called a Liquidity Grab or Stop Hunt.

CANDLEGYAN INSIGHT: Every candle tells a story. learn the story before you trade the signal.



Spotting the Trap with CANDLEGYAN

This is where your physical kit becomes a powerful analytical tool. You can simulate a trap before it happens.

CANDLEGYAN ACTION: Let's build a Liquidity Grab.

1. **Take a Standard Medium piece (Type 4), Red side up.** Place it on the board. This represents the downtrend.
2. **Take your Thin Trendline stick** and place it horizontally right at the bottom of that red piece. This is the "Obvious Support." Now, take your Hammer piece (Type 6), Green/Turquoise side up. Place it so

its long lower wick dips below the trendline stick, but the body closes above it.

CANDLEGYAN INSIGHT: Every candle tells a story. learn the story before you trade the signal.



CANDLEGYAN™
LEARN | PRACTICE | PROFIT

CANDLEGYAN®

Master the Candlesticks. Master the Market.

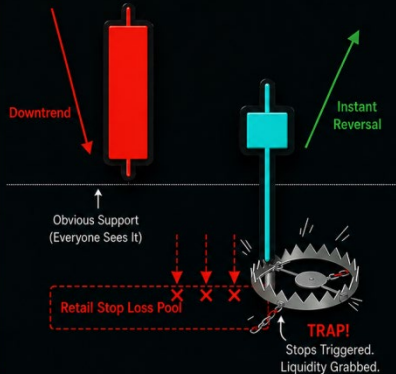


SCAN TO
WATCH VIDEO

STEP-BY-STEP

- 1 Take a Standard Medium piece (Type 4), RED side up. Place it on the board. *This is the downtrend.*
- 2 Draw a faint horizontal line at the bottom of the red piece. *This is the "Obvious Support."*
- 3 Take your Hammer piece (Type 6), GREEN side up. Place it so its long lower wick dips below the line, but the body closes above it.

CANDLEGYAN ACTION
BUILD A LIQUIDITY GRAB



THE STORY

Amateurs place their stop losses just below the obvious support. Smart Money pushes price down, triggers those stops (grabs liquidity), then instantly reverses the price, leaving late sellers trapped.

THE MASTER APPROACH

- ✓ We don't buy obvious support.
- ✓ We wait for the support to break and FAIL.
- ✓ Then we buy the reversal pattern (like the Hammer) that follows.
- ✓ This is how the Master Trader thinks.

MASTER TRADING METHOD We don't predict. We prepare. We wait. We confirm. Then we strike.
Trade the Reversals. Not the Breaks.

Do you see the story? The amateurs put their stops just below the line. The smart money pushed the price down to grab those stops (the long wick), and then instantly reversed it.

The **Master Trading Method** is specifically designed to trade *these* reversals. We don't buy the obvious support; we wait for the obvious support to break and fail, and then we buy the reversal pattern (like the Hammer) that follows.

Chapter 2 Workbook

✓ SUMMARY:

- **Uptrend:** Higher Highs (HH) + Higher Lows (HL).
- **Downtrend:** Lower Highs (LH) + Lower Lows (LL).
- **Liquidity Pools:** Clusters of stop-losses at obvious technical levels. Smart money hunts these pools to fill large orders.

- A "Liquidity Grab" (e.g., a Hammer) is your signal that the trap has been sprung.

🔗 QUIZ:

1. If price makes a high at ₹110, pulls back to ₹100, and rallies to ₹115, is ₹100 a Higher Low or a Lower Low?
2. Why is placing your stop loss exactly at a round number (like ₹100) a bad idea?

PRACTICE CHARTS:[CHART 1: A chart showing 50 candles. Reader must take a pen and draw lines connecting the HHs and HLs to determine the structure.][CHART 2: A chart showing a clear Liquidity Grab below a support level. Reader must circle the "trap" wick and draw where the amateur stops were.]

CANDLEGYAN INSIGHT: Every candle tells a story. learn the story before you trade the signal.



CANDLEGYAN EXERCISE: *The "Structure Break" Drill:*

1. Build a 5-piece uptrend on your board (HH, HL, HH, HL, HH).
2. Now, to simulate a trend breaking, remove the last HH piece and replace it with a Red Standard piece that closes *below* your last HL
3. *Reflection:* This is a Change of Character (CHoCH). How does it feel to see the physical structure break? Take a photo for your journal.

⚠ COMMON MISTAKES:

- *Mistake:* Placing your stop loss at obvious support. *Reality:* You are painting a target on your back for smart money to hunt.
- *Mistake:* Trying to short a strong uptrend because it "looks overextended." *Reality:* Wait for the structure to break (LH/LL) first.

☒ CHECKLIST:

- ☐ I can define an uptrend and downtrend by structure, not just "direction."
 - ☐ I have built a 3-piece trend on my **CANDLEGYAN** board.
 - ☐ I understand what a Liquidity Pool is and why it causes fakeouts.
-

CHAPTER 3

Time Frames — The Multi-Lens Approach

There is a specific kind of madness that affects almost every new trader: **Time Frame Hopping**.

You look at the daily chart and see a beautiful buy setup. But then, just to be sure, you drop to the 4-hour chart. It looks bearish. So, you drop to the 1-hour chart. It looks bullish again. Confused and frustrated, you drop to the 15-minute chart, see a tiny red candle, and panic. You close the trade before you even took it.

If you do not have a strict time frame rule, the markets will gaslight you into paralysis.

The Fractal Nature of Markets

Markets are fractal. This means the same patterns appear on every time frame. A Head & Shoulders pattern on a 5-minute chart has the exact same structural logic as a Head & Shoulders pattern on a Weekly chart. A trend on a 1-hour chart has the same Higher Highs and Higher Lows as a trend on a monthly chart.

However, higher time frames contain more information and involve more money. A daily candlestick incorporates the decisions of millions of participants and billions of dollars over 24 hours. A 1-minute candlestick involves a fraction of that. Therefore, signals on higher time frames are inherently more reliable.

The Rule of Three

The **Master Trading Method** uses exactly three time frames. Using fewer lacks context; using more causes analysis paralysis.

1. **The Context Time Frame (Higher):** Typically the Daily chart. It answers: *What is the big picture trend?*
2. **The Trading Time Frame (Middle):** Typically the 4-Hour chart. It answers: *Where is the pullback, and where are the confluence zones?*
3. **The Execution Time Frame (Lower):** Typically the 1-Hour chart. It answers: *Exactly when do I pull the trigger?*

CANDLEGYAN INSIGHT: Every candle tells a story. learn the story before you trade the signal.



Building Time Frames with CANDLEGYAN

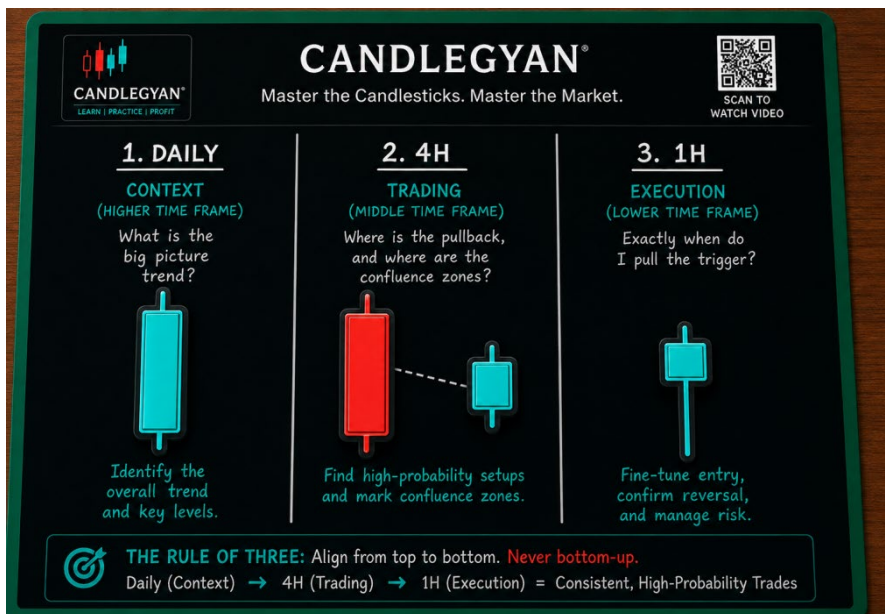
Because your **CANDLEGYAN** kit has a fixed number of pieces, you can't build a whole daily chart and a whole 1-hour chart at the same time. But you can use the pieces to understand the *concept* of alignment.

CANDLEGYAN ACTION: Let's simulate a multi-time frame aligned trade.

1. Imagine the left side of your board is the Daily chart. Place a Standard Large Green/Turquoise piece (Type 3). This represents the Daily uptrend.
2. Now move to the middle of the board (the 4-Hour chart). Place a Standard Medium Red piece (Type 4) lower than the Green/Turquoise piece. This is the 4-Hour pullback.
3. Now move to the right side (the 1-Hour chart). Take a Standard Large Green/Turquoise piece and place it breaking above the red piece.

You have just visually simulated a higher-time-frame-aligned entry. The Daily is up, the 4-Hour pulled back, and the 1-Hour triggered the buy.

CANDLEGYAN INSIGHT: Every candle tells a story. learn the story before you trade the signal.



[QR CODE: Video link - "How to Setup Your Charts for the Rule of Three"]

The Danger of Bottom-Up Analysis

Never start at the 1-hour chart and try to justify a trade using the Daily chart. That is like looking through a microscope and then trying to guess what the entire laboratory looks like.

The higher time frame always overrules the lower time frame. If the Daily trend is strongly bearish (Lower Highs, Lower Lows), but the 1-hour chart shows a bullish Hammer, you ignore the 1-hour Hammer. The 1-hour Hammer is just a temporary pause in a massive daily river of selling.

Chapter 3 Workbook

✓ SUMMARY:

- Markets are fractal—the same patterns exist on all time frames.
- Higher time frames are more reliable because they involve more participants and capital.

- Use the Rule of Three: Context (Daily), Trading (4H), Execution (1H).
- Always analyze top-down. The higher time frame overrules the lower.

? QUIZ:

1. If the 4-Hour chart is in a strong uptrend, but the Daily chart is in a strong downtrend, which one do you trust?
2. Why is a signal on the Daily chart generally better than a signal on the 5-minute chart?

PRACTICE CHARTS:[CHART 1: A split screen. LEFT: Daily chart showing a clear downtrend. RIGHT: 1-Hour chart showing a massive bullish breakout. Draw a giant red 'X' over the 1-Hour chart with the text: "Trap!"] [CHART 2: Three time frames stacked (Daily, 4H, 1H) all showing clear uptrend. Circle the entry trigger on the 1H chart.]

CANDLEGYAN INSIGHT: Every candle tells a story. learn the story before you trade the signal.



CANDLEGYAN EXERCISE: The “Misalignment” Drill:

1. Build a strong daily downtrend on the left side of your board (3 Red pieces, Lower Highs/Lower Lows).
2. On the right side, build a 1-Hour bullish Hammer reversal (Green/Turquoise Hammer piece).
3. *Reflection*: Look at the board. Even though the right side looks like a great buy, the left side proves it's a trap. Take a photo to remind yourself never to trade against the higher time frame.

⚠ COMMON MISTAKES:

- *Mistake*: Time frame hopping to find a signal that confirms your bias. *Reality*: This is confirmation bias, not analysis.
- *Mistake*: Trading a 5-minute chart without knowing what the Daily chart is doing. *Reality*: You are driving blindfolded.

☑ CHECKLIST:

- ☐ I have chosen my three time frames and written them in my trading plan.
- ☐ I understand why the Daily chart is the boss.
- ☐ I have simulated a Rule of 3 setup on my CANDLEGYAN board.

THE CANDLEGYAN SYSTEM
THE WORLD'S FIRST HANDS-ON PRICE ACTION LEARNING SYSTEM

TOUCH IT. FEEL IT. LEARN IT.

Build. Practice. Master. Candlestick patterns like never before.
Knowledge you can see. Skills you can feel. Success you can achieve.

WHAT'S INSIDE THE KIT?

- Premium Magnetic Candlestick Pieces
- Interactive Magnetic Learning Board
- Complete CANDLEGYAN Book
- Student Workbook
- Trading Journal

BULLISH PATTERN
Buyers step in. Demand increases. Price moves higher.
Learn it. Practice it. Master it.

BEARISH PATTERN
Sellers take control. Supply increases. Price moves lower.
Learn it. Practice it. Master it.

LEARN THE BASICS
Build Strong Foundation

PRACTICE DAILY
Charts Don't Lie

MANAGE RISK
Protect Your Capital

CONFIRM THE TREND
Direction is Key

STAY DISCIPLINED
Patience. Plan. Profit.

TOGETHER WE LEARN. TOGETHER WE GROW.

READ THE BOOK. | BUILD ON THE BOARD. | MASTER THE MARKET. | TRANSFORM YOUR FUTURE.

CHAPTER 4

Support, Resistance & The Transition Principle

Every trader has felt the betrayal of "Support." You buy a stock because it bounced off a line on your chart perfectly. You think, "Support has held!" You buy. The next day, it crashes straight through that line, stops you out, and keeps falling.

You were a victim of a false breakout. But worse, you didn't understand the Transition Principle.

The Psychology Behind the Lines

Why do Support and Resistance even exist? They aren't magic lines drawn by the market gods. They exist because of human memory and behavior.

Imagine a stock hits ₹100 and reverses.

- The traders who bought at ₹100 and made money think: *"If it goes back to ₹100, I'll buy more."*
- The traders who missed the bounce at ₹100 think: *"If it goes back to ₹100, I won't miss it this time."*
- The short sellers who got crushed at ₹100 think: *"If it gets back to ₹100, I'll get out at breakeven."*

All of these groups have orders waiting at ₹100. That collective waiting creates a self-fulfilling prophecy. That is Support.

The Transition Principle (The Most Important Rule in Technical Analysis)

Here is the secret that separates amateurs from professionals: When a support level breaks, it becomes resistance. When a resistance level breaks, it becomes support.

Why? Because of pain. When support at ₹100 breaks, the traders who bought there are now losing money. When price rallies back up to ₹100, those trapped traders think: *"Thank God, I'm back to breakeven! **SELL!**"* Their desperate selling creates a ceiling (Resistance) at the exact same level that used to be a floor (Support).

CANDLEGYAN INSIGHT: Every candle tells a story. learn the story before you trade the signal.



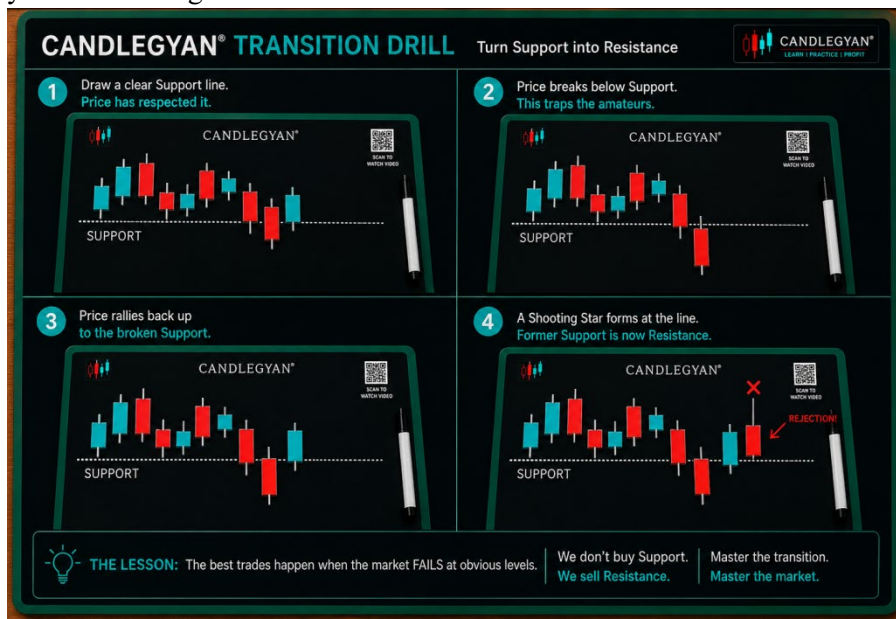
Simulating the Transition with CANDLEGYAN

This is one of the most powerful exercises you can do with your kit. You are going to simulate the psychology of a trapped trader.

CANDLEGYAN ACTION:

1. Take your Thin Trendline stick and place it horizontally across your magnetic board. This is your ₹100 Support line.
2. Place a Green/Turquoise Standard piece (Type 4) sitting right on top of the line. (Price bounces off support).
3. Now, remove the Green/Turquoise piece. Take a Red Standard piece (Type 4) and place it *below* the line, with its body hanging down. (Price breaks support).
4. Finally, take a Red Shooting Star piece (Type 7) and place it so its body is just *below* the line, but its long upper wick touches the line.

CANDLEGYAN INSIGHT: Every candle tells a story. learn the story before you trade the signal.



Look at that final photo. That long upper wick touching the line is the trapped buyers desperately trying to escape, and new sellers attacking them. That is where you short the market.

The "Zone" Concept

Amateurs trade exact prices (e.g., "I will buy at exactly ₹100.00").
Professionals trade zones.

Support and resistance are not laser-thin lines; they are areas. Because institutions trade millions of shares, they cannot execute at one exact penny. They accumulate over a range (e.g., ₹99.50 to ₹100.50).

When looking at charts, draw your S/R lines as shaded rectangles, not single lines. When building on your **CANDLEGYAN** board, understand that a piece placed anywhere within an inch of your marker line is "at" the level.

CANDLEGYAN INSIGHT: Every candle tells a story. learn the story before you trade the signal.



Chapter 4 Workbook

✓ SUMMARY:

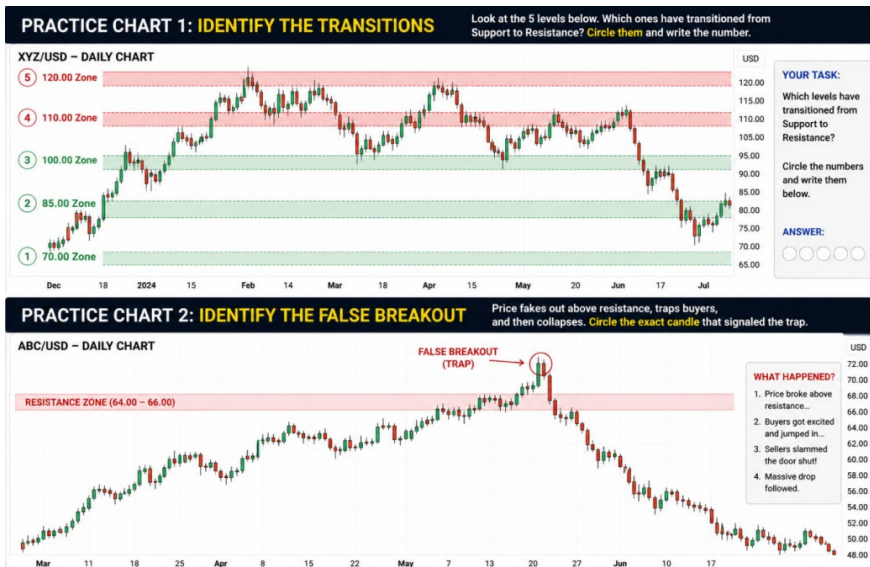
- Support/Resistance exists due to collective human behavior (greed, fear, and regret).
- The Transition Principle: Broken support becomes new resistance. Broken resistance becomes new support.
- Trade zones, not exact single-paisa lines.

? QUIZ:

1. A stock has resistance at ₹150. It breaks above it. When it pulls back, what role does ₹150 now play?
2. Why do broken support levels act as resistance? (Hint: Think about the emotions of the trapped buyers).

PRACTICE CHARTS:[CHART 1: A chart showing 5 different support/resistance levels. Reader must identify which levels have transitioned (e.g., old support that is now acting as resistance).][CHART 2: A chart showing a perfect "false breakout" above resistance, followed by a massive drop. Circle the exact candle that signaled the trap.]

CANDLEGYAN INSIGHT: Every candle tells a story. learn the story before you trade the signal.



CANDLEGYAN EXERCISE: *The “Zone” Builder:* Take your two Thin Trendline sticks and place them parallel to each other on your board, about 1 inch apart. This is your Support Zone. Place three Green/Turquoise pieces inside this zone at slightly different heights. *Realization:* Notice how the market can bounce around inside the zone, but as long as the pieces don't fall below the lower line, the support is intact.

⚠ COMMON MISTAKES:

- *Mistake:* Placing your stop loss exactly on the support line. *Reality:* As we learned in Chapter 2, that is a liquidity pool. Place your stop *below* the zone.
- *Mistake:* Assuming support will hold forever. *Reality:* Nothing holds forever. Always wait for confirmation (a bounce) before buying.

☑ CHECKLIST:

- ☐ I understand the psychology of why trapped traders create the Transition Principle.
- ☐ I have physically simulated a Support turning into Resistance on my **CANDLEGYAN** board.
- ☐ I have stopped thinking in exact pennies and started thinking in zones.

CHAPTER 5

The Marubozu — Absolute Control

Every trader has felt the sting of **FOMO** (Fear Of Missing Out). You see a stock surging. You wait. It surges more. Finally, you can't take it anymore—you buy in at the absolute top. The moment you buy, the price reverses.

You didn't get trapped by the market. You got trapped by a **Marubozu**.

The word *Marubozu* comes from the Japanese word for "close-cropped" or "shaved head." In trading, it means a candlestick with no wicks. No upper shadow, no lower shadow. Just a pure, solid body from open to close.

The Story of Absolute Control

Imagine a heavyweight boxer entering the ring and knocking out their opponent in the first ten seconds. There was no back-and-forth struggle. One side dominated completely from the opening bell to the closing bell.

That is a Marubozu.

CANDLEGYAN INSIGHT: Every candle tells a story. learn the story before you trade the signal.



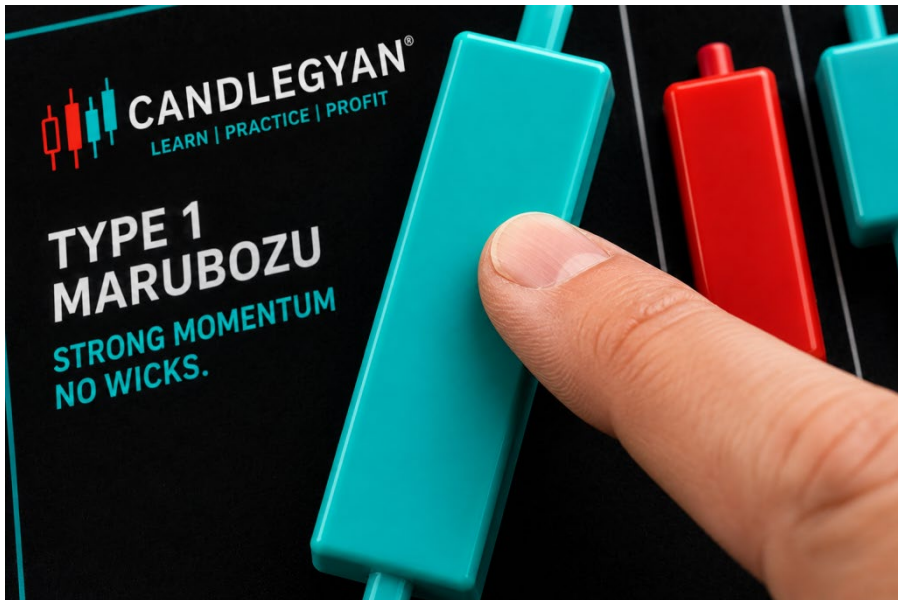
- **Bullish Marubozu (Green/Turquoise):** Buyers were so aggressive that from the minute the market opened, they never let the price drop even slightly below the open. They pushed it to the close, and the price closed at the absolute high of the day.
- **Bearish Marubozu (Red):** Sellers took control at the open and never looked back. The price closed at the exact low of the day.

Feeling the Power with CANDLEGYAN

Textbooks tell you what a Marubozu is. **CANDLEGYAN** lets you *feel* it.

CANDLEGYAN ACTION: Pick up your Type 1 (Marubozu Large) piece. Run your thumb from the top edge to the bottom edge. Notice how smooth it is. There are no protruding wicks to catch your finger. It is a solid, heavy block of plastic. That physical weight represents the heavy, unstoppable momentum of the market.

CANDLEGYAN INSIGHT: Every candle tells a story. learn the story before you trade the signal.



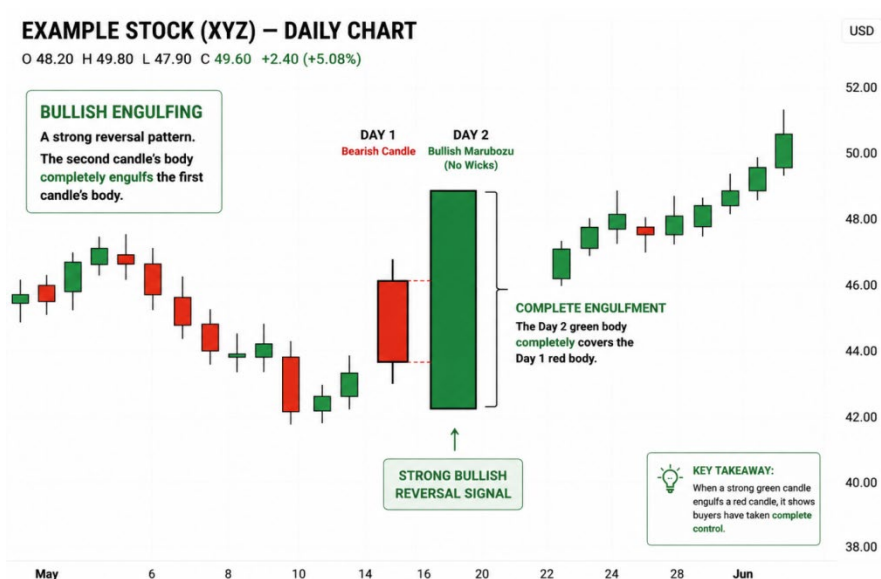
Now compare it to your Type 4 (Standard Medium) piece, which has wicks. The Marubozu feels decisively different in your hand.

Where Do Marubozus Appear?

You won't see Marubozus every day. They are special because they represent extreme institutional conviction. They typically appear in three places:

1. **The Start of a Breakout:** Price has been stuck in a range, and suddenly a massive Marubozu breaks out the top.
2. **The Middle of a Strong Trend:** As "follow-through" candles' proving the trend is healthy.
3. **The Engulfing Pattern:** A small red candle followed by a massive Green/Turquoise Marubozu that completely "swallows" the previous candle.

CANDLEGYAN INSIGHT: Every candle tells a story. learn the story before you trade the signal.

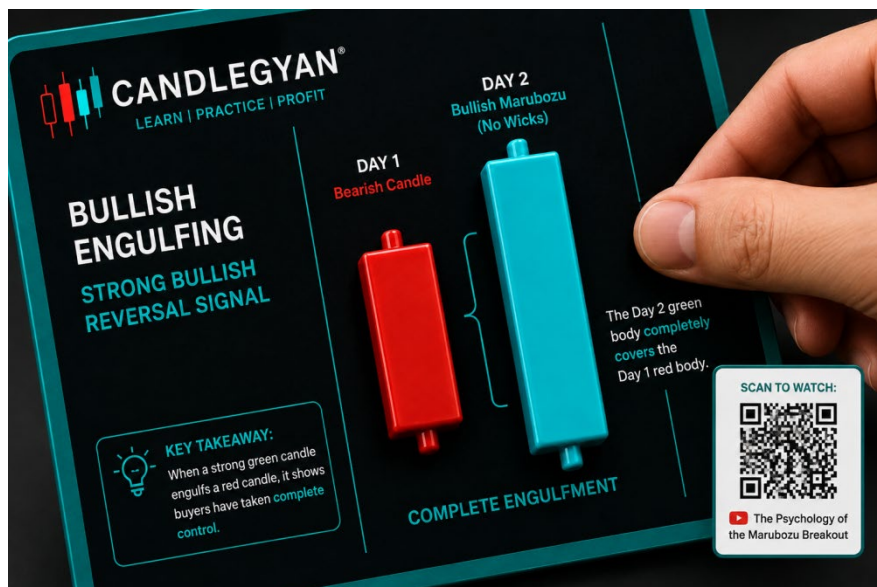


CANDLEGYAN ACTION:

1. Take one Standard Small piece (Type 5). Flip it to RED. Place it on the board.
2. Take one Marubozu Large piece (Type 1). Flip it to GREEN/TURQUOISE.

3. Place the Marubozu directly over the Red piece so the Red piece is completely hidden behind it. *This is engulfment. The buyers have entirely consumed the sellers.*

CANDLEGYAN INSIGHT: Every candle tells a story. learn the story before you trade the signal.



[QR CODE: Video link - "The Psychology of the Marubozu Breakout"]

A Warning About Marubozu's

Seeing a Marubozu form *while the market is open* is a trap. Amateurs see a large Green/Turquoise candle forming and buy at the top, right before profit-taking turns it into a Shooting Star.

The **Master Method** Rule: Never trade a Marubozu while it is still forming. Wait for the candle to close. Once it closes as a Marubozu, you can trade the *retest* of that candle on the next day/session. Let the amateurs buy the top; you buy the calm pullback afterward.

Chapter 5 Workbook

✓ SUMMARY:

- A Marubozu has zero wicks. Open = High, or Open = Low.
- It represents 100% control by either buyers (Green/Turquoise) or sellers (Red).

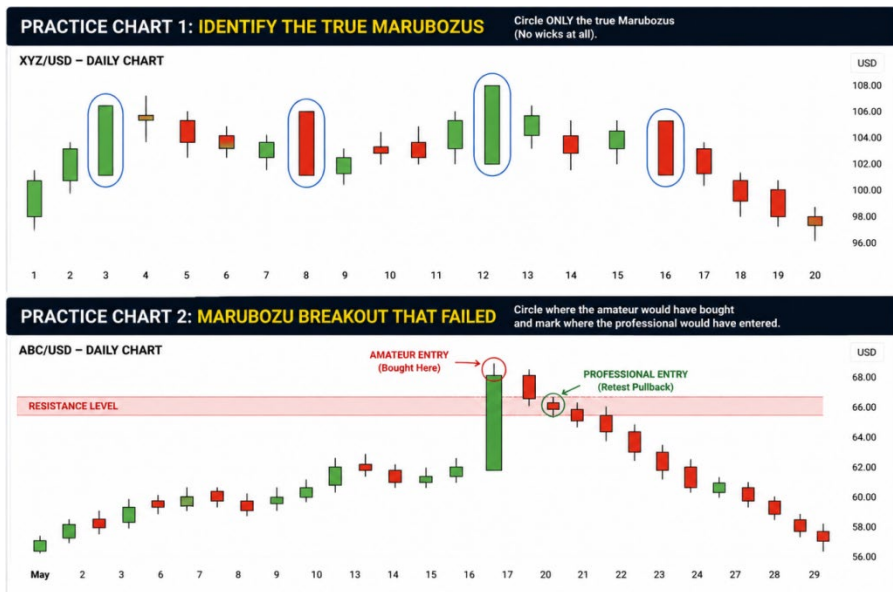
- They are powerful as breakout candles or engulfing candles.
- Never chase a Marubozu while it is forming; wait for the retest.

? QUIZ:

1. If a candle opens at ₹50, goes as high as ₹55, but closes at ₹54, is it a Marubozu? Why or why not?
2. Which **CANDLEGYAN** piece types represent a Marubozu? (Check your tray).

PRACTICE CHARTS:[CHART 1: A chart with 20 candles. Circle only the true Marubozus (no wicks at all). Ignore candles that have even a tiny 1-tick wick.][CHART 2: A chart showing a Marubozu breakout that failed. Circle where the amateur would have bought (the top of the Green/Turquoise candle), and mark where the professional would have entered (the retest pullback the next day).]

CANDLEGYAN INSIGHT: Every candle tells a story. learn the story before you trade the signal.



CANDLEGYAN EXERCISE: The “*Momentum*” Builder: Build a strong 5-candle uptrend using ONLY your Marubozu pieces (use both Type 1 Large

and Type 2 Medium). *Notice how imposing this looks on the board. When you see this on a real chart, you know institutional money is heavily involved. Take a photo.*

⚠ COMMON MISTAKES:

- *Mistake:* Chasing a Marubozu right as it forms. *Reality:* You will get terrible slippage and likely buy the absolute top.
- *Mistake:* Thinking a Marubozu means the price will go up forever. *Reality:* Even the strongest Marubozu requires a pause (pullback) eventually to catch its breath.

☒ CHECKLIST:

- ☐ I have felt the smooth edges of the Marubozu **CANDLEGYAN** piece and understand how it represents extreme control.
 - ☐ I have successfully built a Bullish Engulfing pattern using the Marubozu piece.
 - ☐ I have pledged never to FOMO-buy a forming Marubozu candle again.
-

CHAPTER 6

Standard Candles & Spinning Tops — The Daily Grind

There is a specific kind of torture reserved for traders: **The Chop**. You enter a trade based on a good-looking signal. Five minutes later, the price reverses. You exit. Five minutes after that, the price goes exactly in your original direction.

You are not being punished by the market. You are being sliced to death by **Standard Candles** and **Spinning Tops**—the daily, noisy grind of the market where neither side has control.

The Standard Candle (Types 3, 4, and 5)

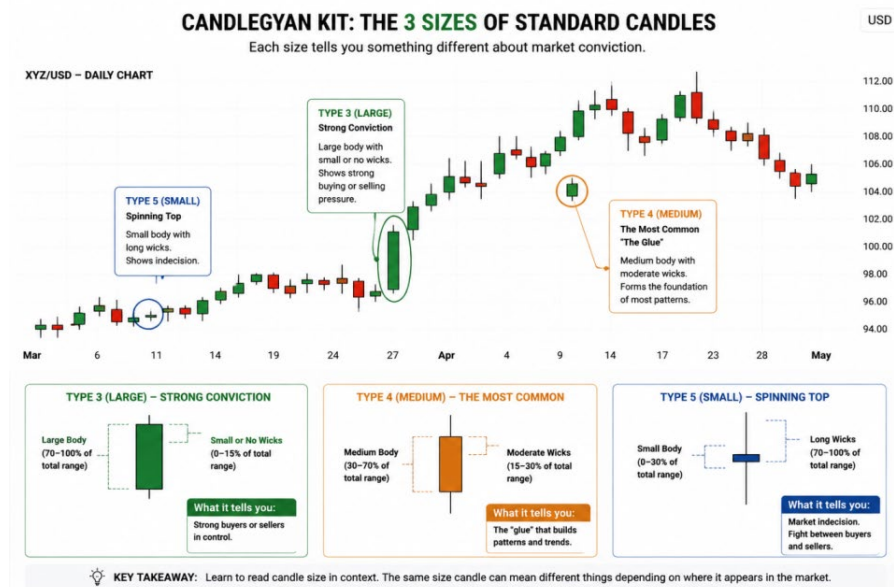
If Marubozus are heavyweights, Standard Candles are the infantry. They make up 80% of every chart.

A standard candle has a clear body and a wick on both the top and bottom. This tells a very specific story: *Buyers controlled part of the session (creating the body and one wick), and Sellers controlled another part (creating the opposite wick).*

In your CANDLEGYAN kit, you have three sizes of Standard Candles:

- **Type 3 (Large):** Strong conviction. Usually found in the middle of healthy trends.
- **Type 4 (Medium):** The most common candle. Used as the "glue" in dozens of multi-candle patterns.
- **Type 5 (Small):** Also known as a Spinning Top.

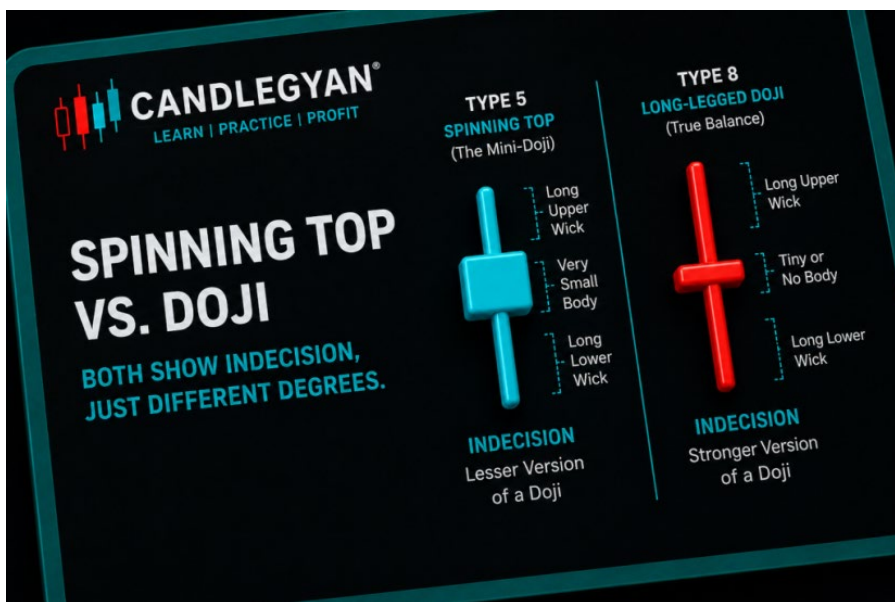
CANDLEGYAN INSIGHT: Every candle tells a story. learn the story before you trade the signal.



The **Spinning Top** (Type 5) — The Mini-Doji

Pick up your Type 5 pieces. Notice how the upper and lower wicks are roughly the same length, and the body is very small (though slightly larger than a true Doji).

This is a Spinning Top. It is a lesser version of a Doji. It means the buyers and sellers fought a fierce battle, but neither could gain a decisive advantage.



CANDLEGYAN ACTION: Take two Type 5 pieces. Flip one to Green/Turquoise, one to Red. Place them side-by-side on the board. This is what a "choppy" market looks like. Professional traders hate Spinning Tops because there is no edge. Amateurs lose their accounts trading Spinning Tops because they try to predict which way they will break.

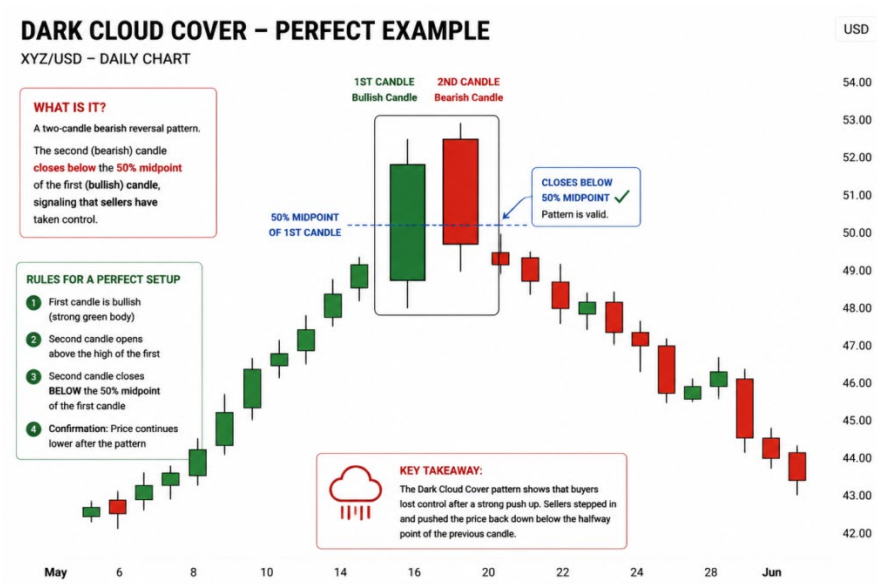
Using Standard Candles as "**Glue**"

While Standard Candles aren't exciting on their own, they are essential for building the Master Method's multi-candle patterns.

For example, look at the **Dark Cloud Cover** pattern (a bearish reversal):

1. A large Green/Turquoise Standard Candle (Bullish push).
2. A large Red Standard Candle that opens *above* the Green/Turquoise candle's high, but closes *below* the Green/Turquoise candle's midpoint.

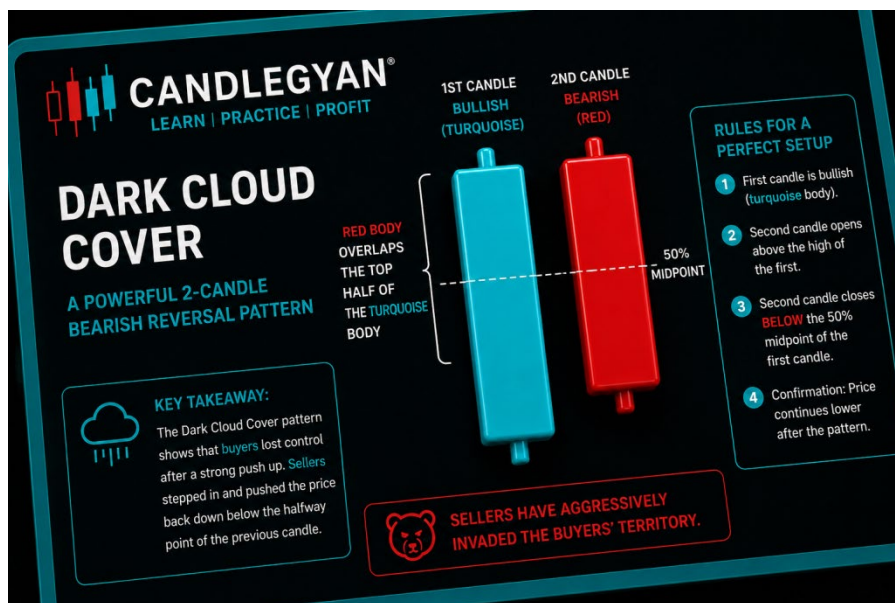
CANDLEGYAN INSIGHT: Every candle tells a story. learn the story before you trade the signal.



CANDLEGYAN ACTION:

1. Take a Standard Large (Type 3), Green/Turquoise side up. Place it on the board.
2. Take another Standard Large (Type 3), Red side up.
3. Place the Red piece so its body overlaps the top half of the Green/Turquoise piece's body. *You have just built a Dark Cloud Cover. The sellers have aggressively invaded the buyers' territory.*

CANDLEGYAN INSIGHT: Every candle tells a story. learn the story before you trade the signal.



Chapter 6 Workbook

✓ SUMMARY:

- Standard candles have both a body and two wicks, representing the normal back-and-forth of the market.
- Spinning Tops (Type 5) are small-body candles with equal wicks that signal indecision. Avoid trading them blindly.
- Standard candles act as the "glue" in multi-candle patterns like Dark Cloud Cover and Piercing Line.

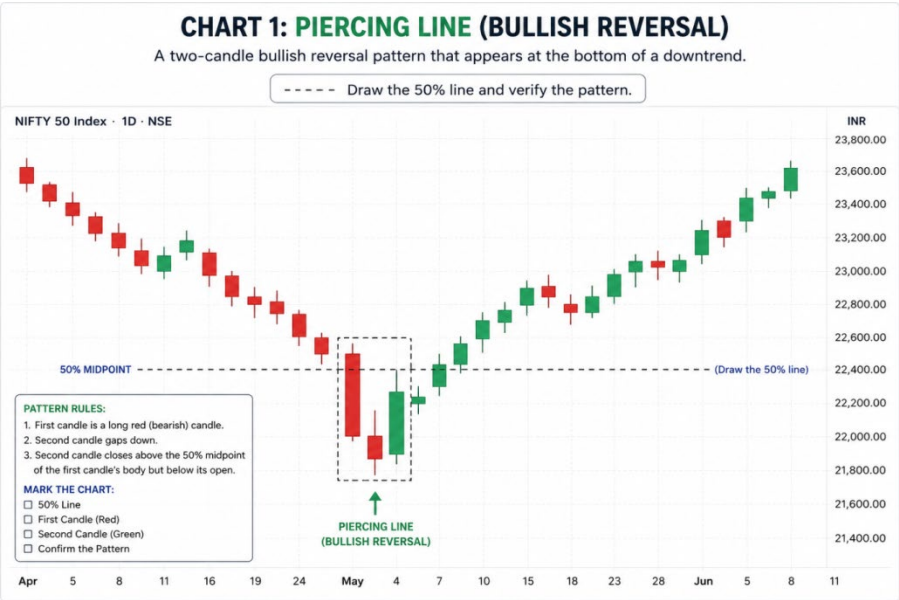
? QUIZ:

1. Which **CANDLEGYAN** type represents a Spinning Top?
2. In a Dark Cloud Cover, does the red candle need to close above or below the 50% midpoint of the Green/Turquoise candle?

Practice Chart 1: A clean daily candlestick chart showing a textbook **Piercing Line** bullish reversal. The first candle is a large red candle. The second candle gaps lower, then closes above the **50% midpoint** of the first candle's body but below its open. Include a dashed horizontal line at the 50%

midpoint with the instruction: **"Draw the 50% line and verify the pattern."** Leave space for the reader to mark the chart.

CANDLEGYAN INSIGHT: Every candle tells a story. learn the story before you trade the signal.



Practice Chart 2: A sideways, choppy candlestick chart filled with multiple **Spinning Tops** and small-bodied candles with long upper and lower wicks. Overlay a large translucent red "X" across the chart with bold text: **"DO NOT TRADE ZONE"**. Add a small note: **"Indecision + No Clear Trend = Stay Out."**

CANDLEGYAN INSIGHT: Every candle tells a story. learn the story before you trade the signal.



CANDLEGYAN EXERCISE: *The “**Pattern**” Glue:* Using your Type 3 and Type 4 pieces, build the following two patterns side-by-side on your board:

1. **Piercing Line** (Green/Turquoise candle followed by Red candle closing above the 50% mark).
2. **Dark Cloud Cover** (Green/Turquoise candle followed by Red candle closing below the 50% mark). *Notice how the only difference is how deep the second candle penetrates. Take a photo.*

⚠ COMMON MISTAKES:

- *Mistake:* Trading every Standard Candle as if it means something. *Reality:* A standard candle only matters if it is part of a larger pattern or at a key Support/Resistance level.
- *Mistake:* Confusing a Spinning Top with a Hammer. *Reality:* A Hammer has a long wick on ONE side. A Spinning Top has equal wicks on BOTH sides.

☑ CHECKLIST:

- ☐ I know the visual difference between Type 3, 4, and 5 pieces.

☐ I understand that Spinning Tops represent indecision and avoid trading them.

☐ I have built a Dark Cloud Cover pattern on my board.

CHAPTER 7

The Hammer & Shooting Star — Catching the Knife Safely

There is a special kind of pain in trading: Catching a falling knife. You see a stock dropping rapidly. You think, "It's so cheap, it HAS to go up." You buy. It drops another 10%. You buy more, thinking you are lowering your average. It drops again. You are bleeding money, trapped in a trade you entered based on hope instead of logic.

How do you know when a falling stock has *actually* hit the bottom?

You wait for a **Hammer**.

The Tale of the Hammer and the Liquidity Grab

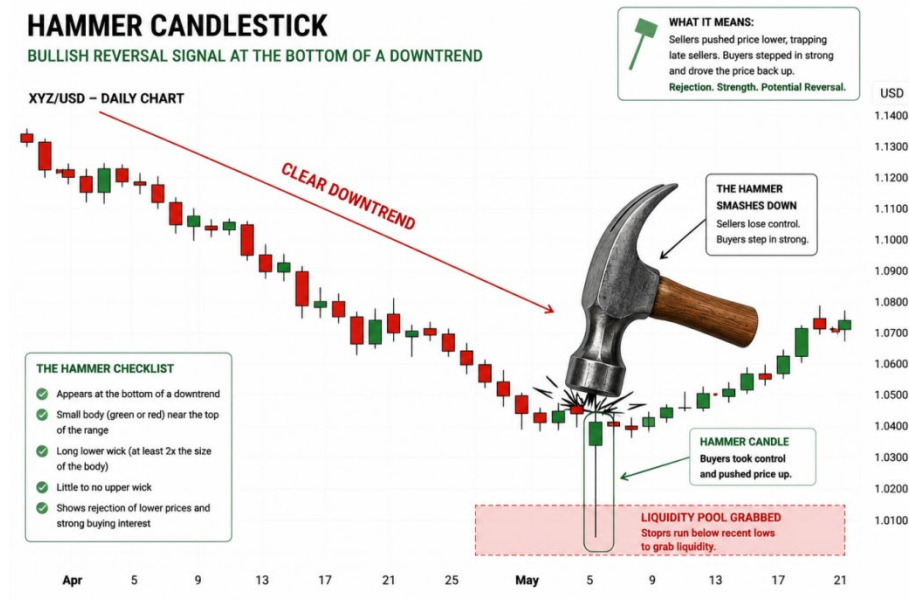
Remember the Liquidity Pools we talked about in Chapter 2? The Hammer is the candlestick that *proves* a liquidity grab just happened.

Imagine a downtrend. Sellers are in total control, smashing the price down. During the trading session, sellers manage to push the price down to a new low, sweeping all the amateur stop-losses (the Liquidity Pool).

But then... something happens. Right before the session ends, institutional buyers step in with massive force. They buy up all those cheap shares that the amateurs just dumped. They reject those lower prices and shove the price all the way back up to the top of the day's range.

The candlestick left behind has a **small body at the top**, and a **very long lower wick**. It looks exactly like a hammer hitting the floor. That long lower wick is the physical proof that buyers absorbed the selling and rejected the lower prices.

CANDLEGYAN INSIGHT: Every candle tells a story. learn the story before you trade the signal.

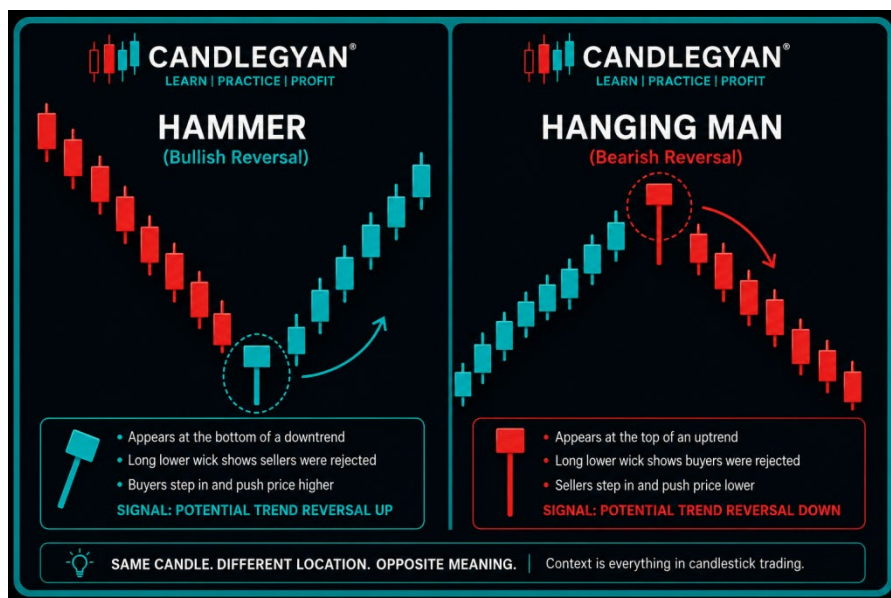


The Dual Identity of Your CANDLEGYAN Piece

Look at your **Type 6 piece** in the tray. It says "Hammer / Hanging Man."

This is one of the most important lessons in trading: **A candlestick's identity depends entirely on WHERE it appears, not what it looks like.**

CANDLEGYAN INSIGHT: Every candle tells a story. learn the story before you trade the signal.



- **At the Bottom of a Downtrend = HAMMER:** A buy signal. The knife has hit the floor, stops were grabbed, and buyers took control.
- **At the Top of an Uptrend = HANGING MAN:** A sell signal. The buyers tried to push higher, got rejected, and the bulls are losing their grip.

CANDLEGYAN ACTION: Take your 6piece. Flip it to GREEN/TURQUOISE. Now, build a simple 3-candle downtrend using red pieces (Lower High, Lower Low). Place your Green/Turquoise Hammer piece at the very bottom. *Feel the contrast.* The heavy red pieces pushing down, and the Hammer piece stopping the bleeding.

The Shooting Star: The **Inverted Hammer**

Now pick up your **Type 7 piece**. This is the mirror image of the Hammer. Small body at the bottom, long wick at the top.

CANDLEGYAN INSIGHT: Every candle tells a story. learn the story before you trade the signal.



During the session, buyers tried to rocket the price higher, grabbing the liquidity pool above the previous high (creating the long upper wick). But by the close, sellers crushed the rally, pushing the price all the way back down to the bottom.

- **At the Top of an Uptrend = SHOOTING STAR:** A strong sell signal (Liquidity grab above the high).
- **At the Bottom of a Downtrend = INVERTED HAMMER:** A weak buy signal (Requires much more confirmation than a normal Hammer).

The Master Method Rule: Wait for Confirmation

Amateurs see a Hammer and buy immediately. Professionals know better.

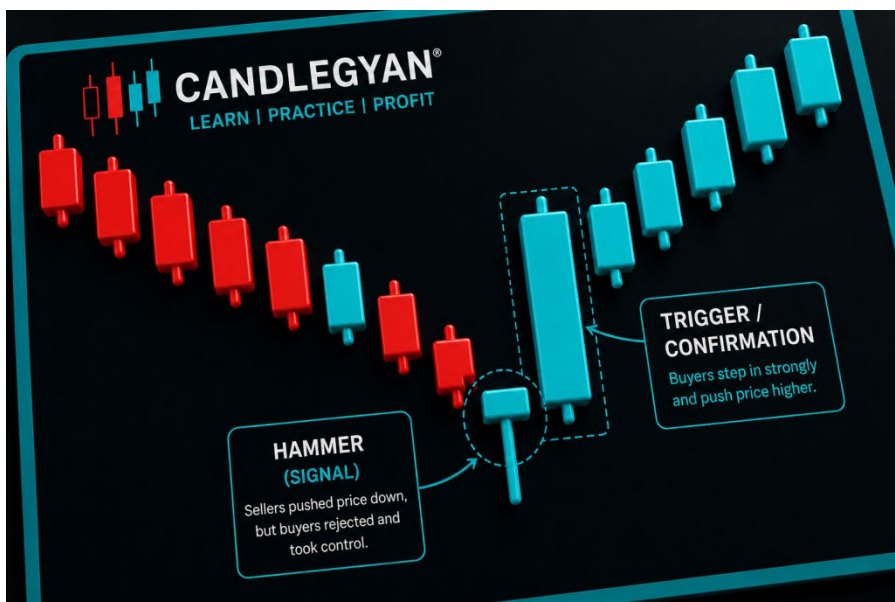
A Hammer is a *signal*, not a guarantee. The long wick proves buyers stepped in, but it doesn't guarantee they will show up again tomorrow. The Master Method requires **confirmation**.

If you see a Hammer form at the bottom of a downtrend, you do not buy the Hammer. You wait for the *next* candle to close as a strong bullish candle (a Break of Structure).

CANDLEGYAN ACTION:

1. Place your Green/Turquoise Hammer (Type 6) on the bottom right of the board.
2. Next to it, place a Standard Large Green/Turquoise piece (Type 3) that closes *higher* than the Hammer's small body. *That second piece is your confirmation. That is where you safely buy.*

CANDLEGYAN INSIGHT: Every candle tells a story. learn the story before you trade the signal.



[QR CODE: Video link - "Why You Must Never Trade a Hammer Without Confirmation"]

Chapter 7 Workbook

✓ SUMMARY:

- **Hammer:** Small body top, long wick bottom. Bullish reversal at the bottom of a downtrend (proves a liquidity grab).
- **Shooting Star:** Small body bottom, long wick top. Bearish reversal at the top of an uptrend.
- Context is everything. A Hammer at the top of an uptrend is actually a bearish Hanging Man.

- NEVER trade a reversal candle without a confirmation candle (BOS) immediately following it.

🔍 QUIZ:

1. You see a Hammer form, but it appears in the middle of a trading range. Should you buy? Why or why not?
2. What does the long lower wick of a Hammer actually represent in terms of institutional money flow?

PRACTICE CHARTS:[CHART 1: A chart showing 4 different Hammers. Two are valid (at the bottom of trends). Two are invalid (in the middle of ranges). Reader must circle the valid ones.][CHART 2: A chart showing a perfect Shooting Star, followed by a confirming red Marubozu. Draw an arrow pointing to the exact entry point for a short trade.]

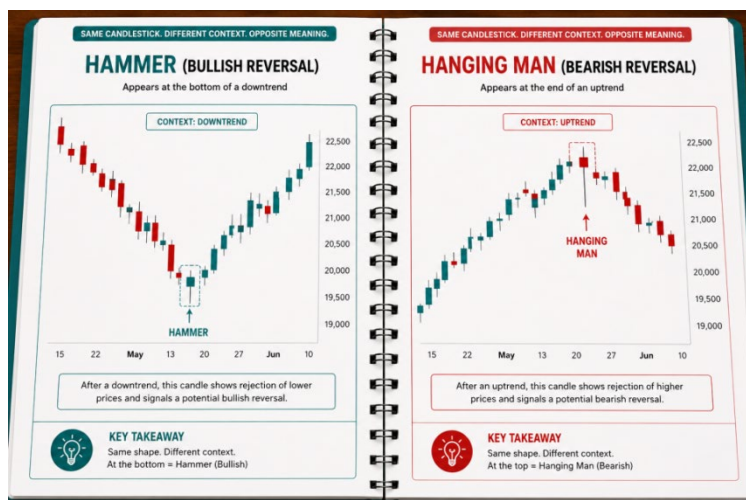
CANDLEGYAN INSIGHT: Every candle tells a story. learn the story before you trade the signal.





CANDLEGYAN EXERCISE: The “*Context*” Drill: Take your Type 6 (Hammer/Hanging Man) piece.

1. Build a scenario where it is a valid Hammer (at the end of a downtrend). Take a photo.
2. Clear the board. Build a scenario where the exact same piece is a dangerous Hanging Man (at the end of an uptrend). Take a photo.
Paste both photos side-by-side in your learning journal. This visual will lock the concept of "Context" into your brain forever.



⚠ COMMON MISTAKES:

- *Mistake:* Buying the Hammer candle itself. *Reality:* The Hammer only shows rejection. The next candle proves if the rejection was strong enough to reverse the trend.
- *Mistake:* Ignoring the length of the wick. *Reality:* A valid Hammer must have a lower wick that is at least *twice* the size of the body. If the wick is short, it's just a standard candle.

☒ CHECKLIST:

- ☐ I understand that a Hammer and Hanging Man are the exact same physical shape.
- ☐ I know that the long wick represents a Liquidity Grab.
- ☐ I have built a confirmed Hammer setup (Hammer + Confirmation candle) on my **CANDLEGYAN board**.

CHAPTER 8

The Doji Family — The Art of Indecision

Every trader knows the feeling of staring at a screen, completely paralyzed. The market is bouncing up and down violently. Your indicators are mixed. Your trendlines are broken. You have no idea whether to buy, sell, or walk away.

When this happens on a massive scale across the market, it leaves a distinct footprint on the chart: **The Doji**.

A Doji is a candlestick where the opening price and the closing price are virtually identical. The body is so small it looks like a flat horizontal line or a tiny dash.

The Story of the *Tug-of-War*

Imagine a massive tug-of-war between 1,000 bulls and 1,000 bears. They pull hard to the right (price goes up). They pull hard to the left (price goes down). But at the end of the match, the rope is exactly back where it started.

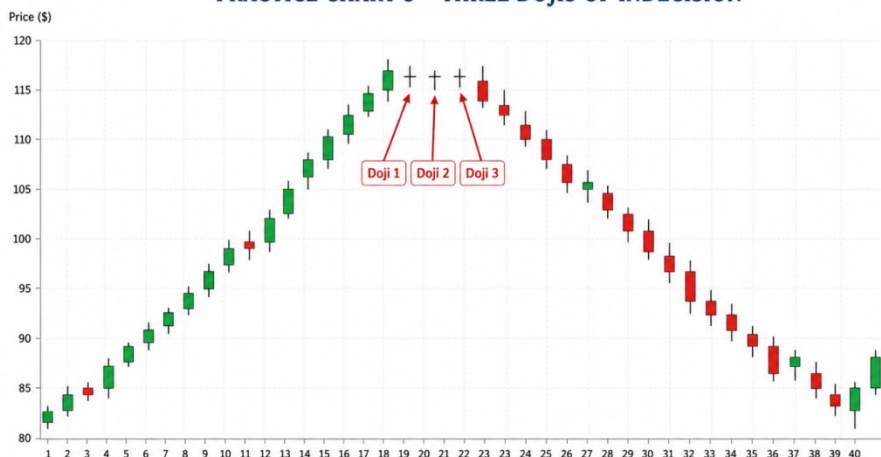
Neither side won. That is a Doji. It represents **pure, absolute indecision**.

CANDLEGYAN INSIGHT: Every candle tells a story. learn the story before you trade the signal.

CHART – Three Consecutive Dojis (Indecision Zone)



PRACTICE CHART 3 – THREE DOJIS OF INDECISION



Lesson: Three consecutive Dojis after a strong trend indicate increasing indecision. Wait for a decisive breakout before considering a trade.

Meet Your Doji CANDLEGYAN Pieces

Open your CANDLEGYAN kit. Look at your tray. You have three very unique, strange-looking pieces: Types 8, 9, and 10.

Run your finger over their "bodies." They don't really have bodies, do they? Just a thin 3mm ridge.

CANDLEGYAN PHOTO – Type 8 Long-Legged Doji

An ultra-realistic macro product photograph of the CANDLEGYAN Type 8 – Long-Legged Doji magnetic piece.

Subject

The Type 8 Long-Legged Doji features:

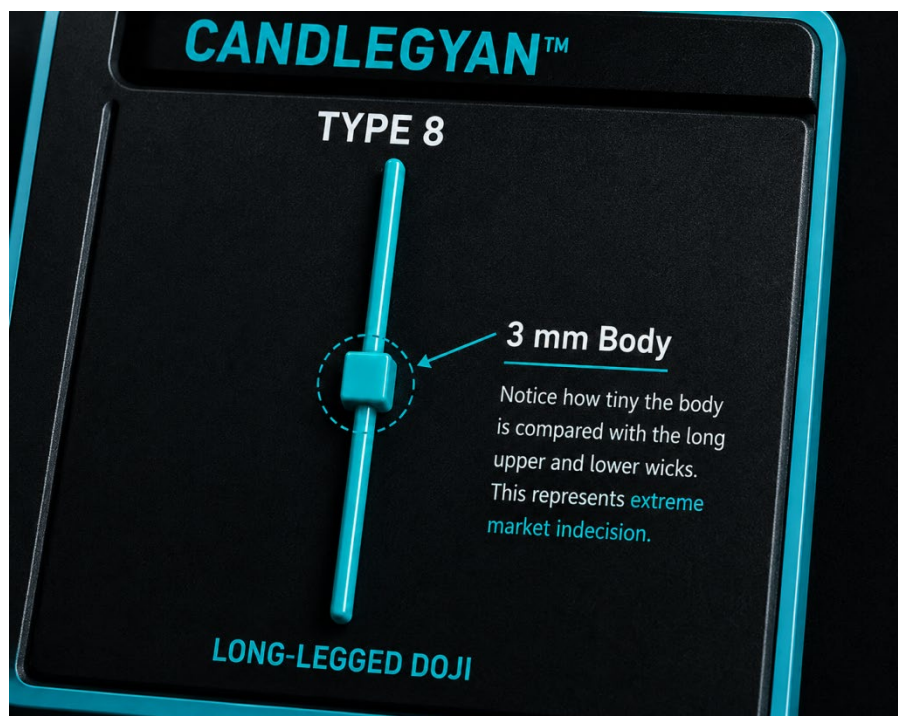
- Very long upper wick
- Very long lower wick
- Tiny **3 mm ABS plastic body** positioned exactly in the center
- Satin-finish Green/Turquoise ABS plastic
- Crisp edges
- Premium molded texture
- Small embedded magnets hidden from view

ANNOTATION

Notice how tiny the body is compared with the long upper and lower wicks. This represents extreme market indecision.

Purpose: The defining feature of the Long-Legged Doji is its **extremely small 3 mm body** compared with its exceptionally long upper and lower wicks.

CANDLEGYAN INSIGHT: Every candle tells a story. learn the story before you trade the signal.



1. The Long-Legged Doji (Type 8)

This piece has equal, long wicks on the top and bottom. Buyers pushed high, sellers pushed low, and it ended in a tie. This is the ultimate "I don't know" candle. If you see this in the middle of a trend, tighten your stop loss and be prepared for a reversal.

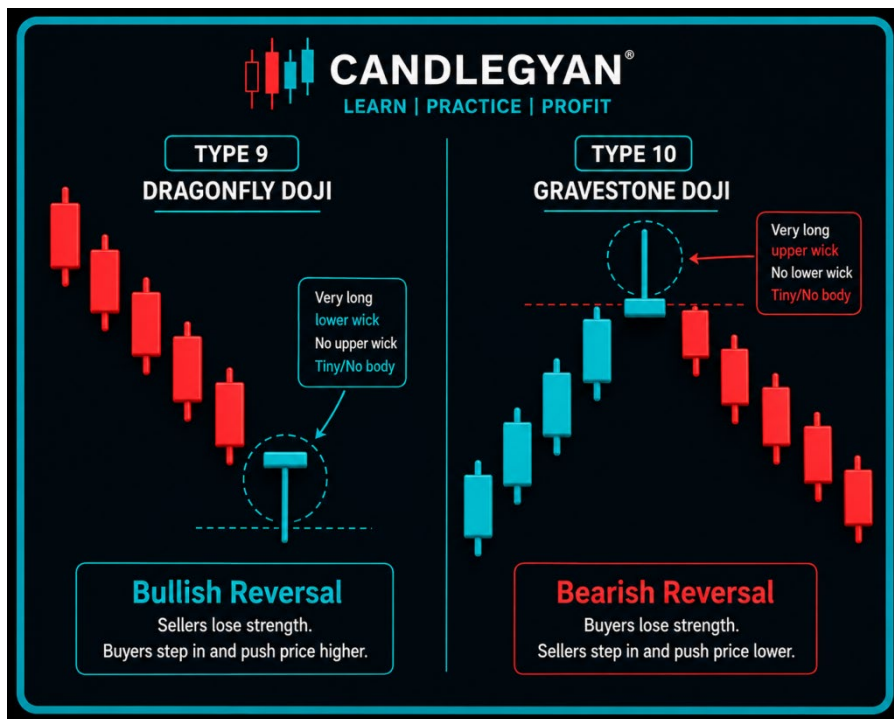
2. The Dragonfly Doji (Type 9)

Look at Type 9. It has a tiny body at the top, and a massive lower wick. **The Story:** Sellers crashed the price down (grabbing liquidity), but buyers mounted a heroic defense and pushed it all the way back up to the open. **Signal:** When this appears at the bottom of a downtrend, it is a very powerful bullish signal (essentially a Hammer with zero body).

3. The Gravestone Doji (Type 10)

The exact mirror of the Dragonfly. Tiny body at the bottom, massive upper wick. **The Story:** Buyers tried to rally (grabbing liquidity above the high), but sellers crushed them back down to the open. **Signal:** When this appears at the top of an uptrend, it is a severe bearish warning (essentially a Star with zero body).

CANDLEGYAN INSIGHT: Every candle tells a story. learn the story before you trade the signal.



CANDLEGYAN ACTION: Place your Type 8 (Long-Legged Doji) on the board. Stare at it. A Doji by itself is meaningless. It only means something if it appears after a trend. It tells you the trend is exhausted and the market is pausing to figure out its next move.

[QR CODE: Video link - "Trading the Doji: Warning Signs vs. Traps"]

The Master Method Rule for Dojis

Never trade a Doji in isolation. A Doji is a warning sign, not an entry trigger.

If you see a Doji form at the top of an uptrend, do not immediately short it. Why? Because the very next day could be a massive bullish Marubozu that continues the trend. The Doji only meant the market took a one-day breath.

The correct way to trade a Doji:

1. Spot the Doji at a key structural level (top of an uptrend).
2. Wait for the *next* candle.
3. If the next candle is a strong bearish candle that breaks the Doji's low (a Change of Character), *then* you short.

CANDLEGYAN ACTION:

1. Build a 3-piece uptrend.
2. At the peak, place your Gravestone Doji (Type 10, Red side up).
3. Next to it, place a Red Standard piece (Type 4) that closes *below* the Doji's tiny body. *Take a photo. You have just built a textbook, confirmed Doji top-reversal setup.*

Chapter 8 Workbook

✓ SUMMARY:

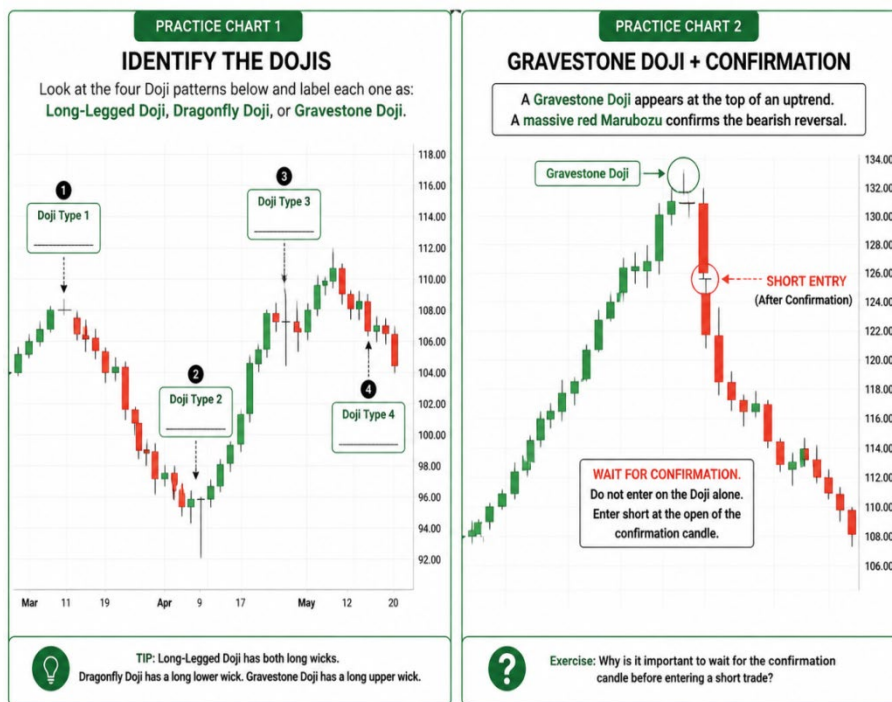
- Dojis have no real body (Open $\approx$ Close). They mean the market is completely undecided.
- Dragonfly (Type 9): Long lower wick. Bullish reversal signal at the bottom.
- Gravestone (Type 10): Long upper wick. Bearish reversal signal at the top.
- Dojis require a confirmation candle to act upon them.

? QUIZ:

1. If you see a Dragonfly Doji form in the middle of a trading range, should you buy?
2. Which **CANDLEGYAN** piece looks like a perfect "T" shape when flipped to red?

PRACTICE CHARTS:[CHART 1: 4 different Dojis on a chart. Reader must label them as Long-Legged, Dragonfly, or Gravestone.][CHART 2: A chart showing a Gravestone Doji at the top of an uptrend, followed by a massive red Marubozu. Circle the entry point for a short trade.]

CANDLEGYAN INSIGHT: Every candle tells a story. learn the story before you trade the signal.



CANDLEGYAN EXERCISE: The "*Exhaustion*" Build:

1. Build a strong 3-candle uptrend using Green/Turquoise pieces.
2. At the peak, place your Gravestone Doji (Type 10, Red side up).

3. Next to it, place a Red Standard piece that closes below the Doji. *Take a photo. You have visually locked in the psychology of trend exhaustion.*

⚠ COMMON MISTAKES:

- *Mistake:* Trading a Doji the moment it closes. *Reality:* Indecision can last for multiple candles. Wait for the market to pick a direction (confirmation).
- *Mistake:* Thinking a Doji guarantees a reversal. *Reality:* Sometimes the market just takes a one-day breath (Doji) and then continues the trend with a Marubozu.

☑ CHECKLIST:

- ☐ I can physically identify all 3 Doji pieces in my **CANDLEGYAN** tray by touch alone.
- ☐ I understand the difference between a Dragonfly and a Gravestone.
- ☐ I know to wait for a confirmation candle before entering a Doji trade.

PART III: THE MASTER TRADING METHOD (The System)

CHAPTER 9 Dual & Triple Patterns — Building the Master Setups

Single Candle



Dual Patterns



Triple Patterns



Continuation



Reversal

Every trader remembers their first big win. It usually comes from spotting a multi-candle pattern. You see a small red candle, followed by a tiny Doji, followed by a massive Green/Turquoise candle. You buy. The market rockets. You feel like a genius, like you have cracked the code to Wall Street.

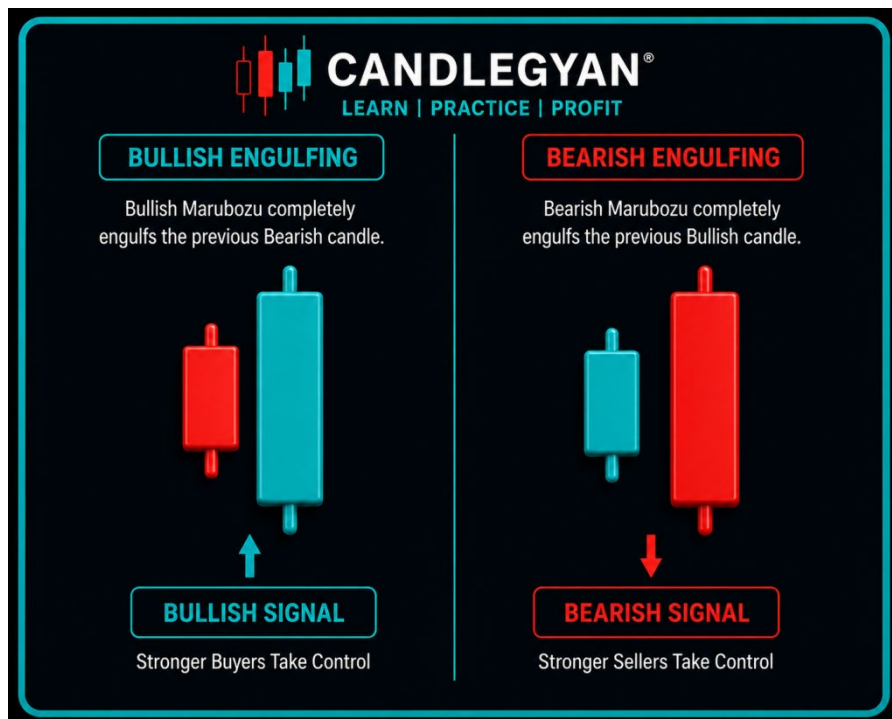
Single candles give you hints. Multi-candle patterns give you convictions.

This is where your **CANDLEGYAN** kit truly shines. Trying to memorize multi-candle patterns from a dense textbook is like trying to learn chess by reading about it. When you build them physically on your board, the logic of the market becomes undeniable.

The Engulfing Patterns (Dual Candle)

We touched on this in Chapter 5, but let's formalize it. An Engulfing pattern happens when a large candle completely "swallows" the body of the previous small candle.

CANDLEGYAN INSIGHT: Every candle tells a story. learn the story before you trade the signal.



The Psychology : The first day, the dominant side is in control. The second day, the opposing side comes in with overwhelming force, erasing all the previous day's progress. This is a massive shift in momentum and a clear signal that the tide is turning.

The Morning Star & Evening Star (Triple Candle)

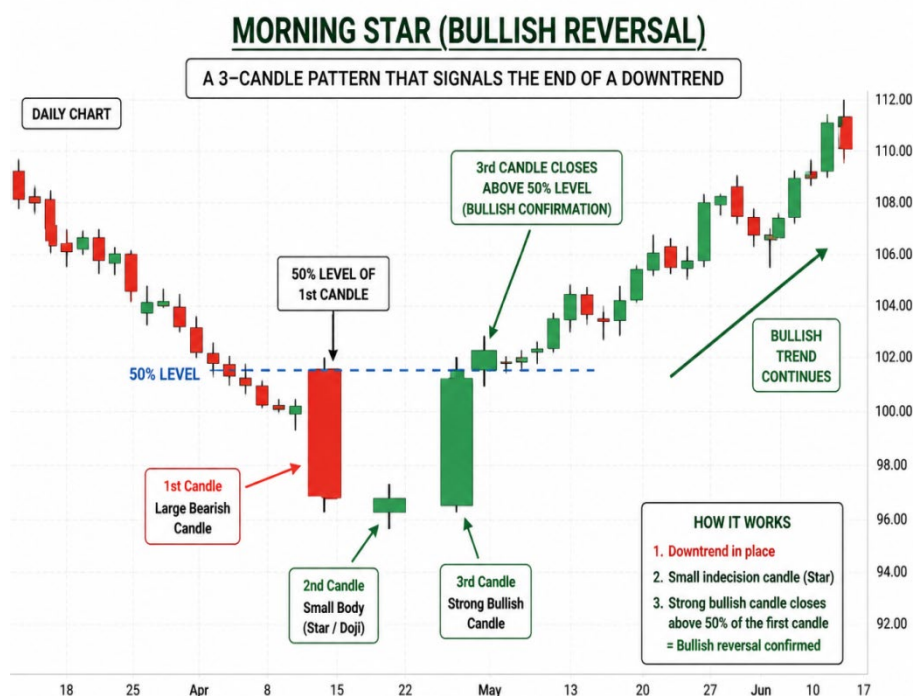
These are the most powerful reversal patterns in trading. They represent a precise, three-act play.

The Morning Star (Bullish Reversal at the bottom of a downtrend):

1. **Act 1 (Despair):** A large Red Standard candle pushing the trend down.
2. **Act 2 (Hesitation):** A small candle (the "Star") that gaps down. Buyers and sellers freeze. This star can be a Doji, a Spinning Top, or a small Standard piece.

3. **Act 3 (Hope):** A large Green/Turquoise Standard candle that closes above the midpoint of Act 1. The bulls have taken the steering wheel.

CANDLEGYAN INSIGHT: Every candle tells a story. learn the story before you trade the signal.



CANDLEGYAN ACTION: Let's build a Morning Star.

1. Take a Standard Large (Type 3). Flip to RED. Place it on the left.
2. Take your Long-Legged Doji (Type 8). Place it to the right, positioned slightly lower than the red candle (simulating a gap down).
3. Take a Standard Large (Type 3). Flip to GREEN/TURQUOISE. Place it on the far right, ensuring its body reaches above the middle of the first red piece.

CANDLEGYAN INSIGHT: Every candle tells a story. learn the story before you trade the signal.



CANDLEGYAN™
LEARN | PRACTICE | PROFIT

BUILD A MORNING STAR

A 3-CANDLE PATTERN THAT SIGNALS A BULLISH REVERSAL

STEP 1

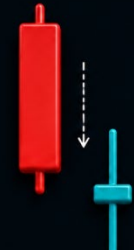
Piece 1
Large **Red** Candle



Large Red Candle

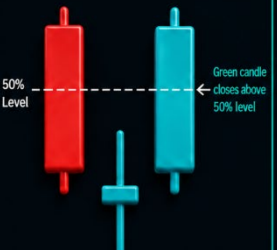
STEP 2

Piece 1 + Piece 2
Add Long-Legged **Doji** (Gap Down)



STEP 3

Piece 1 + Piece 2 + Piece 3
Add Large **Green** Candle



1. Place a Large **Red** Candle (Type 3) on the left.

2. Place the Long-Legged **Doji** (Type 8) lower to create a gap down.

3. Place a Large **Green** Candle (Type 3) on the right. Ensure it closes above the 50% mark of the first candle.

★ REMEMBER

The 3rd candle must close above 50% of the 1st candle to confirm the Morning Star.

[QR CODE: Video link - "Building the Morning Star Step-by-Step with CANDLEGYAN"]

The Evening Star (Bearish Reversal at the top of an uptrend): The exact mirror image.

1. Large Green/Turquoise candle.
2. Small Star candle (Type 8, 9, or 10) gapping up.
3. Large Red candle closing below the midpoint of the first Green/Turquoise candle.

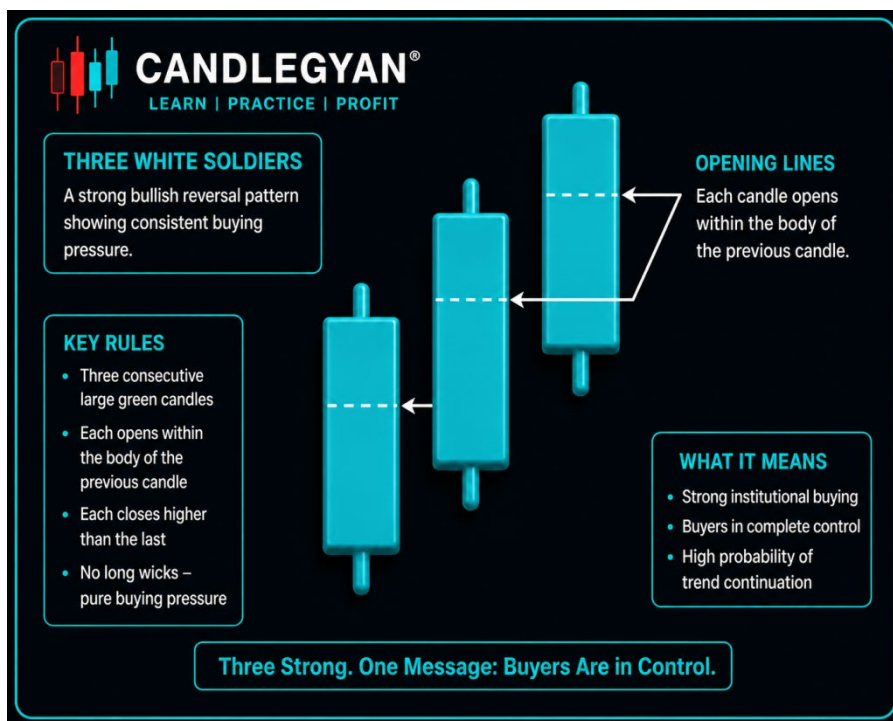
CANDLEGYAN ACTION: Clear your board. Now build the Evening Star using the same logic, but flipping the colors. Use a Gravestone Doji (Type 10) as your star for extra bearish aggression.

Three White Soldiers & Three Black Crows

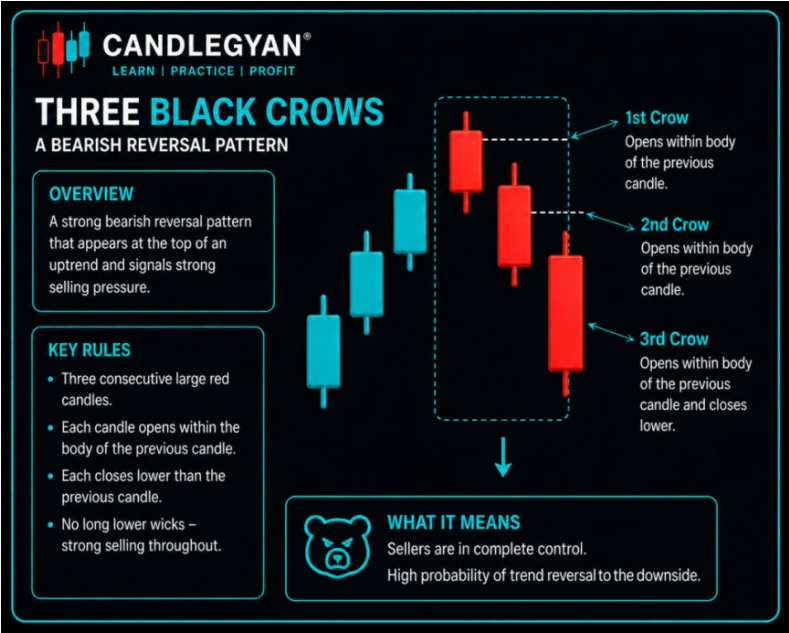
These patterns signal relentless, aggressive continuation. There is no hesitation here.

Three White Soldiers: Three consecutive large Green/Turquoise Standard candles, each opening within the body of the previous candle, and closing progressively higher. There are no long wicks—just pure, institutional buying pressure.

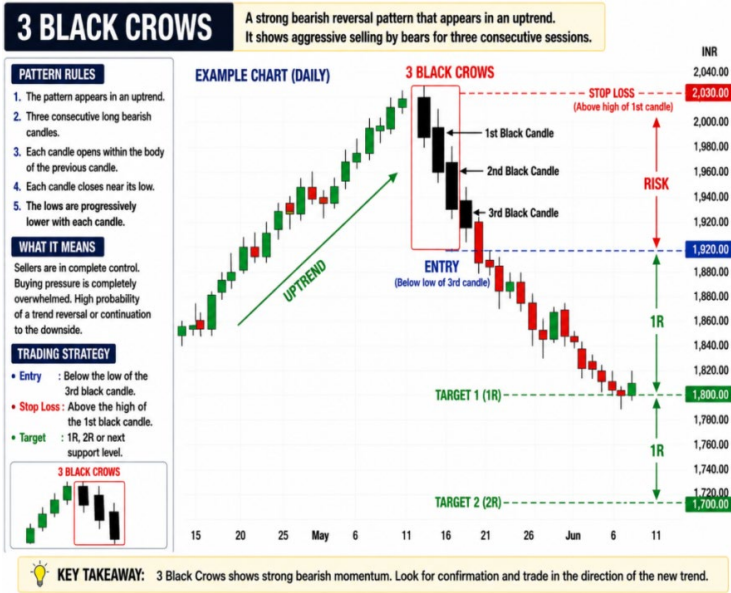
CANDLEGYAN INSIGHT: Every candle tells a story. learn the story before you trade the signal.



Three Black Crows: Three consecutive large Red Standard candles with the same structure. Relentless, panic-driven selling.



CANDLEGYAN INSIGHT: Every candle tells a story. learn the story before you trade the signal.



The Master Method Rule for Multi-Candle Patterns

Context is King, and Volume is the Jury. A Morning Star is only valid at the bottom of a downtrend. An Evening Star is only valid at the top of an uptrend. If you see a Morning Star form in the middle of a trading range, ignore it—it is meaningless noise.

Furthermore, while your **CANDLEGYAN** pieces can't show volume, you *must* look at the real chart. The third candle of the Morning/Evening star **MUST** be accompanied by high trading volume to confirm that institutional money is actually behind the reversal, not just retail hoping for a bottom.

Chapter 9 Workbook

✓ SUMMARY:

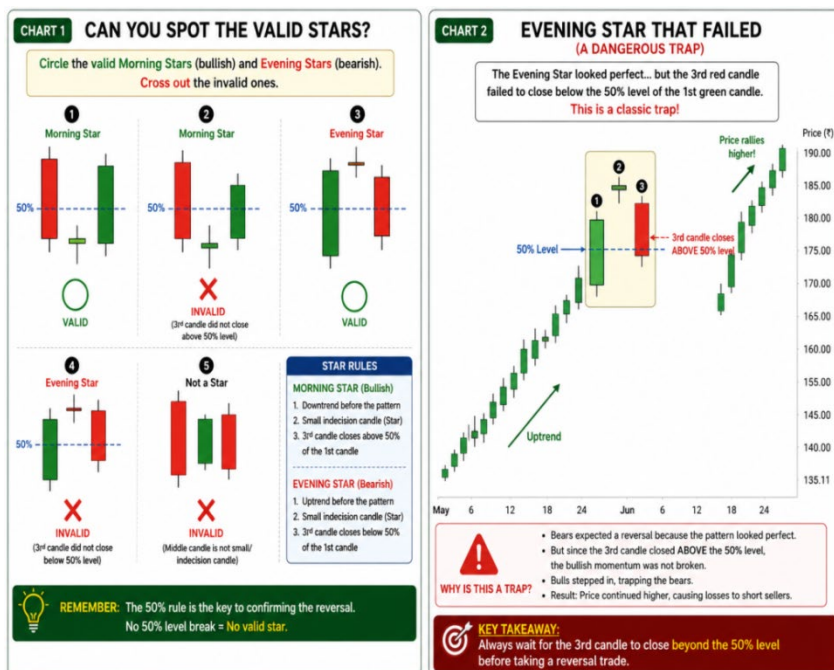
- **Engulfing:** A large candle swallowing a small one. Strong momentum shift.
- **Morning/Evening Star:** 3-act reversal play. Small star in the middle, large confirmation candle at the end.
- **Three Soldiers/Crows:** 3 consecutive large candles showing relentless trend continuation.
- **Multi-candle patterns** require strict context (trend location) and volume confirmation on the real chart.

? QUIZ:

1. What is the difference between a Morning Star and a Bullish Engulfing pattern?
2. In a Three White Soldiers pattern, where should each successive candle open?

PRACTICE CHARTS:[CHART 1: A chart with 5 different 3-candle combinations. Reader must circle the valid Morning/Evening stars and cross out the invalid ones.][CHART 2: A chart showing a perfect Evening Star that failed (the third red candle didn't close below the 50% mark). Explain why this is a trap.]

CANDLEGYAN INSIGHT: Every candle tells a story. learn the story before you trade the signal.



CANDLEGYAN EXERCISE:*The “Master Builder” Challenge:* Without looking at the book, try to build the following 5 patterns from memory on your board:

1. Bullish Engulfing
2. Bearish Engulfing
3. Morning Star (use the Doji as the star)
4. Evening Star (use a Spinning Top as the star)
5. Three Black Crows *Check your builds against the photos in this chapter. Grade yourself out of 5.*

⚠ COMMON MISTAKES:

- *Mistake:* Ignoring the 50% rule. *Reality:* The third candle of a Star pattern **MUST** close past the midpoint of the first candle. If it doesn't, the pattern is invalid.
- *Mistake:* Trading the Star pattern before the third candle closes. *Reality:* You are just guessing. Wait for the confirmation candle.

☒ **CHECKLIST:**

- ☐ I have physically built all 5 major multi-candle patterns on my **CANDLEGYAN** board.
- ☐ I understand the 3-act psychology of the Morning Star.
- ☐ I know to check volume on the real chart when my board tells me a pattern is complete.

CHAPTER 10

The 3 Indicators You Actually Need

Most traders believe adding more indicators increases accuracy. The Opposite is true

Every trader has committed the cardinal sin of indicator clutter. You open your charting software. You add a Moving Average. Then an RSI. Then MACD. Then Bollinger Bands. Then a Stochastic. Soon, your chart looks like a painter's palette threw up on it. You have so many lines crossing that you can't even see the price action anymore.

Here is the brutal truth about indicators: They are derived from price. They lag behind price. They do not predict price.

If a stock crashes, the RSI will eventually tell you it crashed. But the **CANDLEGYAN** Hammer piece you built in Chapter 7 told you the crash was being rejected *in real time*. Price action always comes first.

However, indicators are not useless. They are tools to measure specific dimensions of the market—specifically Trend, Momentum, and Volatility. The **Master Trading Method** uses exactly three indicators. No more, no less.

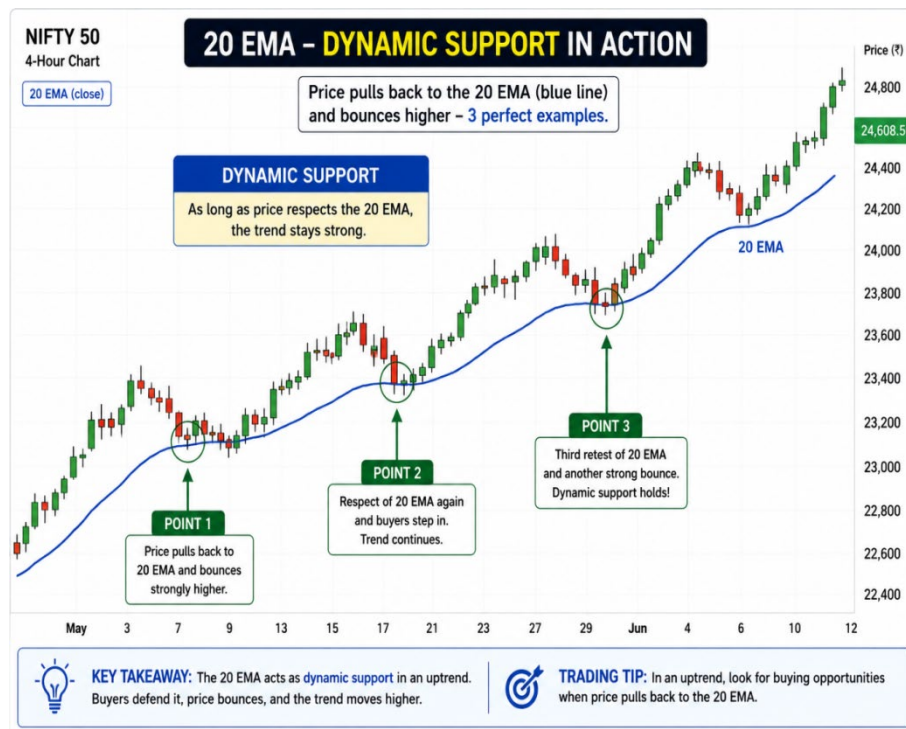
Indicator 1: The 20 EMA (Trend Direction)

EMA stands for Exponential Moving Average. It smooths out price data to show you the general direction of the trend. We use the 20-period EMA on the 4-Hour chart.

- Price **above** the 20 EMA, EMA sloping up: **The trend is bullish.**
- Price **below** the 20 EMA, EMA sloping down: **The trend is bearish.**

The 20 EMA also acts as dynamic support and resistance. In a strong uptrend, price will often pull back to the 20 EMA and bounce, exactly like a rubber band snapping back.

CANDLEGYAN INSIGHT: Every candle tells a story. learn the story before you trade the signal.



Indicator 2: The RSI (Momentum & Divergence)

RSI stands for Relative Strength Index. It measures the speed and magnitude of recent price changes on a scale of 0 to 100.

- **Above 70** = Overbought (Traditionally).
- **Below 30** = Oversold (Traditionally).

But the **Master Method** doesn't use RSI for overbought/oversold. In a strong trend, RSI can stay above 70 for weeks. If you sell just because RSI is above 70, you will miss massive profits.

We use RSI for one magical thing: Divergence.

- **Bearish Divergence:** Price makes a Higher High, but RSI makes a Lower High. This means the price is going up, but the *momentum* behind the move is dying. The trend is exhausting.

- **Bullish Divergence:** Price makes a Lower Low, but RSI makes a Higher Low. The price is falling, but the selling pressure is fading. A reversal is likely.

CANDLEGYAN INSIGHT: Every candle tells a story. learn the story before you trade the signal.



Indicator 3: The ATR (Volatility for Stop Losses)

ATR stands for Average True Range. It tells you how much a market typically moves in a given period. It does not tell you direction—only how "jumpy" the market is.

- **High ATR**= High volatility (Large candlesticks, wide swings).
- **Low ATR**= Low volatility (Small candlesticks, tight consolidation).

Why do we care? Because ATR tells us exactly where to place our Stop Loss. You cannot place a ₹1.00 stop loss on a stock that moves ₹5.00 a day on average; you will get stopped out by normal noise. You cannot place a ₹5.00 stop loss on a stock that moves ₹0.50 a day; you are taking unnecessary risk.

The **Master Method** places stops at a multiple of the ATR (usually 1.5x to 2x ATR) away from your entry.

CANDLEGYAN INSIGHT: Every candle tells a story. learn the story before you trade the signal.

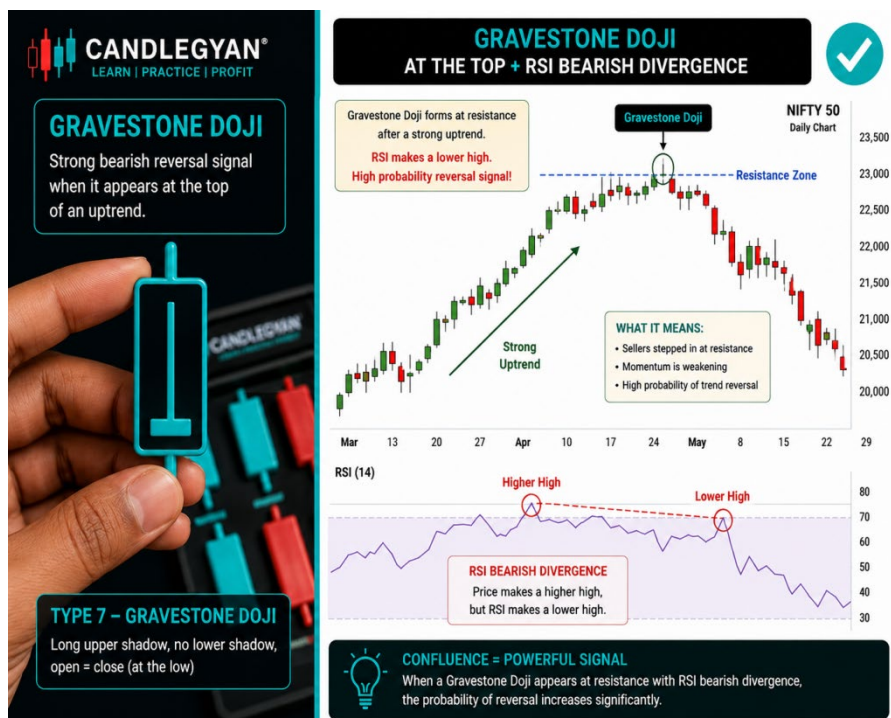


Connecting Indicators to CANDLEGYAN

Your **CANDLEGYAN** pieces don't have indicators drawn on them. They represent pure price anatomy. But you must train your brain to merge the two.

CANDLEGYAN ACTION: Hold your Gravestone Doji (Type 10) in your hand. Look at a chart on your screen that shows this exact pattern at the top of an uptrend. Now, look at the RSI indicator on that chart. Do you see Bearish Divergence? *This is the "Confluence" we will talk about in the next chapter. The **CANDLEGYAN** piece gives you the pattern. The RSI gives you the momentum confirmation. Together, they form a high-probability trade.*

CANDLEGYAN INSIGHT: Every candle tells a story. learn the story before you trade the signal.



[QR CODE: Video link - "How to Setup the 20 EMA, RSI, and ATR on TradingView"]

Chapter 10 Workbook

✓ SUMMARY:

- Indicators lag price. Price action (and your **CANDLEGYAN** pieces) are primary.
- **20 EMA:** Tells you the trend direction and acts as dynamic support/resistance.
- **RSI:** Used **ONLY** for spotting Divergence (exhaustion), not for overbought/oversold.
- **ATR:** Measures volatility. Used to mathematically calculate your Stop Loss distance.

? QUIZ:

1. If price is above a rising 20 EMA, but RSI is showing bearish divergence, what should you do? (Buy more, hold, or prepare to exit?)
2. If a stock has an ATR of ₹2.00, roughly where would a 2x ATR stop loss be placed?

PRACTICE CHARTS:[CHART 1: A chart with 4 different scenarios. Reader must identify if the 20 EMA is acting as support or resistance.][CHART 2: Two charts showing RSI. Reader must draw lines to identify Bullish Divergence on one, and Bearish Divergence on the other.]

CANDLEGYAN INSIGHT: Every candle tells a story. learn the story before you trade the signal.



CANDLEGYAN EXERCISE:*The“Indicator” Match:* Lay out your 10 CANDLEGYAN piece types in a row on the table. Look at a historical chart on your screen. Find an Engulfing pattern, a Morning Star, and a Hammer. Point to the corresponding CANDLEGYAN pieces, and then verbally state

what the 20 EMA and RSI should look like for that trade to be valid. (e.g., "For this Hammer to be valid, price must be near the 20 EMA, and RSI should show bullish divergence").

⚠ COMMON MISTAKES:

- *Mistake:* Adding more than 3 indicators. *Reality:* More indicators equal more contradictions. Keep it simple.
- *Mistake:* Selling just because RSI hits 70. *Reality:* In a strong trend, RSI can stay overbought for weeks. Only trade RSI divergences.

☑ CHECKLIST:

- ☐ I have cleaned up my charting software and removed all indicators except 20 EMA, RSI, and ATR.
- ☐ I understand that RSI divergence is a warning, not an immediate trigger.
- ☐ I know that ATR protects my stop loss from normal market noise.

INDICATOR COMPARISION:

Indicator	Keep?	Why
EMA	☑	Trend
VWAP	☑	Institutions
RSI	☑	Momentum
MACD	✗	Lagging
Stochastic	Optional	Confirmation
Bollinger Bands	Optional	Volatility

CHAPTER 11

The Master Method Blueprint — Rules of the Game

Market Phase



Trend



Structure



Support



Candlestick



Confluence



Entry



Risk



Management



Exit

Every trader has a "system." The problem is, for 90% of retail traders, their system lives entirely in their head, changes by the minute, and is heavily influenced by whether they just made money or lost money.

"I feel like this is going to break out." "The indicator looks good here." "I'll just risk a little bit more to make it back."

That is not a system. That is gambling with a spreadsheet.

The Master Trading Method is a rigid, rule-based framework. It removes you from the equation. You are not the decision-maker; you are simply the

executor of the rules. This separation of emotion and execution is the only way to survive long-term.

The 6 Core Principles

Before we learn the steps, you must internalize the philosophy. Print these out. Tape them to your monitor.

1. **Price is Primary:** Your **CANDLEGYAN** pieces and raw price action dictate reality. Indicators (20 EMA, RSI, ATR) are only assistants. If price action says "sell," but an indicator says "buy," you follow price.
2. **Context is King:** A Hammer at support is a buy. A Hammer in the middle of nowhere is noise. Every trade must have a higher-time-frame context.
3. **Confluence Increases Probability:** Never trade a single factor. We require multiple technical factors to align before risking capital.
4. **Risk is Controlled First:** Before you ask, *"How much can I make?"* you must ask, *"How much can I lose, and am I willing to lose it?"*
5. **Let the Market Tell You:** Do not impose your will on the chart. If there is no setup, do nothing.
6. **Consistency Over Perfection:** You will not win every trade. The goal is flawless execution of a positive-expectancy system. A perfect execution of a losing trade is better than a sloppy execution of a winning trade.

Where Does Your Edge Come From?

Every casino has a mathematical edge over the player. The Master Method has three structural edges over the market:

- **Edge 1: Structural Confluence.** By requiring 3 to 7 factors to align, we filter out low-quality, emotional trades. We only strike when the weight of evidence is overwhelmingly on our side.
- **Edge 2: Asymmetric Risk-Reward.** We strictly target a minimum of 1:2 Risk-to-Reward (risking ₹1 to make ₹2). With a 1:2 ratio, you can be wrong 50% of the time and *still* make money. With a 1:3 ratio, you can be wrong 60% of the time and still be profitable.
- **Edge 3: Exploiting Common Errors.** We specifically hunt for setups at Liquidity Pools (Chapter 2). We know retail traders put their stops at obvious levels. We wait for smart money to sweep those

stops, creating the long wicks of our Hammers and Dojis, and *then* we enter in the reversal.

The 5-Step Execution Process

Every trade you ever take must pass through this exact, 5-step funnel. Miss a step, and you don't trade.



CANDLEGYAN ACTION: Think of your magnetic board as the "Confluence Simulator." You will use the pieces in Step 2 to physically build the pattern to see if it warrants moving to Step 3.

Chapter 11 Workbook

✓ SUMMARY:

- A system must be written, rigid, and devoid of emotion.
- The 3 Edges are: Confluence (filtering bad trades), Asymmetric R:R (mathematical profitability), and Exploiting Errors (trapping retail traders).

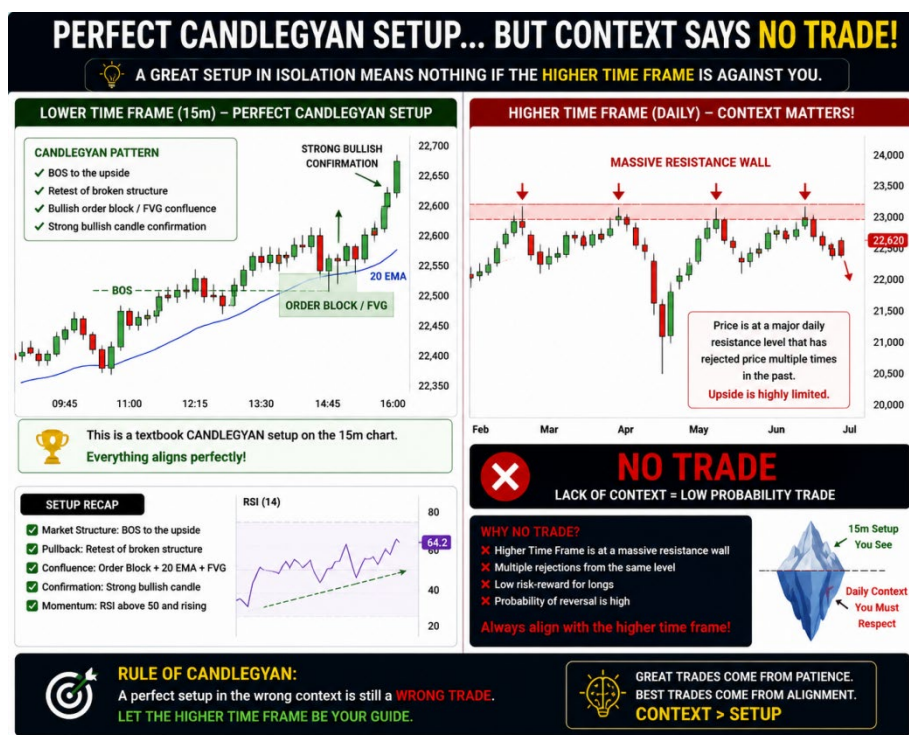
- The 5-Step Process is a non-negotiable funnel: Phase - Confluence - Trigger - Risk - Management.

? QUIZ:

1. If you have a 1:3 Risk-Reward ratio, what percentage of trades can you lose and still break even?
2. What does "Price is Primary" mean when your RSI indicator disagrees with a **CANDLEGYAN** pattern?

PRACTICE CHARTS: [CHART 1: A chart showing a perfect CANDLEGYANpattern, but the higher time frame (Daily) is hitting a massive resistance wall. Reader must label this as a "NO TRADE" due to lack of context.]

CANDLEGYAN INSIGHT: Every candle tells a story. learn the story before you trade the signal.



CANDLEGYAN EXERCISE: The “**5-Step**” Chant: To wire this into your brain, say the 5 steps out loud while pointing to your board:

1. "What's the Phase?"
2. "What's the Confluence?"
3. "Where's the Trigger?"
4. "Where's the Risk?"
5. "How do I Manage it?" *Repeat until you can do it without looking at the book.*

⚠ COMMON MISTAKES:

- *Mistake:* Skipping steps because you are in a rush. *Reality:* Skipped steps lead to blown accounts.
- *Mistake:* Believing your system is "broken" after 3 losing trades. *Reality:* A system is measured over 100 trades, not 3.

☒ CHECKLIST:

- ☐ I have accepted that I am an executor of rules, not a predictor of markets.
- ☐ I understand the 3 Edges of the **Master Method**.
- ☐ I have memorized the 5-Step Process.

CHAPTER 12

Step 1 — Market Phase Identification

Every trader has fought a raging river and wondered why they were drowning. If you try to use a trend-following strategy in a choppy, sideways market, the market will chop you to pieces. If you try to use a range-trading strategy in a massive trend, you will be left behind.

Before you look for a single candlestick pattern, you must identify the **Market Phase**. The phase dictates your entire approach.

The Three Market Phases

The Master Method categorizes all markets into three distinct phases. You must identify the phase on your Trading Time Frame (e.g., 4-Hour) while respecting the Context Time Frame (e.g., Daily).

Phase 1: Trending

The market is making clear, directional progress.

- Uptrend: Higher Highs (HH) and Higher Lows (HL).
- Downtrend: Lower Highs (LH) and Lower Lows (LL).

How to identify (Need 3 of 5):

1. Clear HH/HL or LH/LL structure.
2. Price is respecting the 20 EMA (bouncing off it in an uptrend).
3. RSI is trending with the price (no divergence).
4. Pullbacks are shallow (less than 61.8% Fibonacci retracement).
5. Volume confirms (increasing on impulse moves, decreasing on pullbacks).

Trading Approach: Trend-following. Buy pullbacks in uptrends, sell rallies in downtrends.

CANDLEGYAN INSIGHT: Every candle tells a story. learn the story before you trade the signal.



Phase 2: Ranging

The market is moving sideways. No clear HH/HL or LH/LL structure exists. Buyers and sellers are locked in a stalemate.

- Price oscillates between a ceiling (Resistance) and a floor (Support).
- The 20 EMA is flat and tangled up with price.

Trading Approach: Either stand aside entirely, OR buy at Support and sell at Resistance (requires tight stops and quick targets). Do not use trend-following strategies here.

CANDLEGYAN INSIGHT: Every candle tells a story. learn the story before you trade the signal.



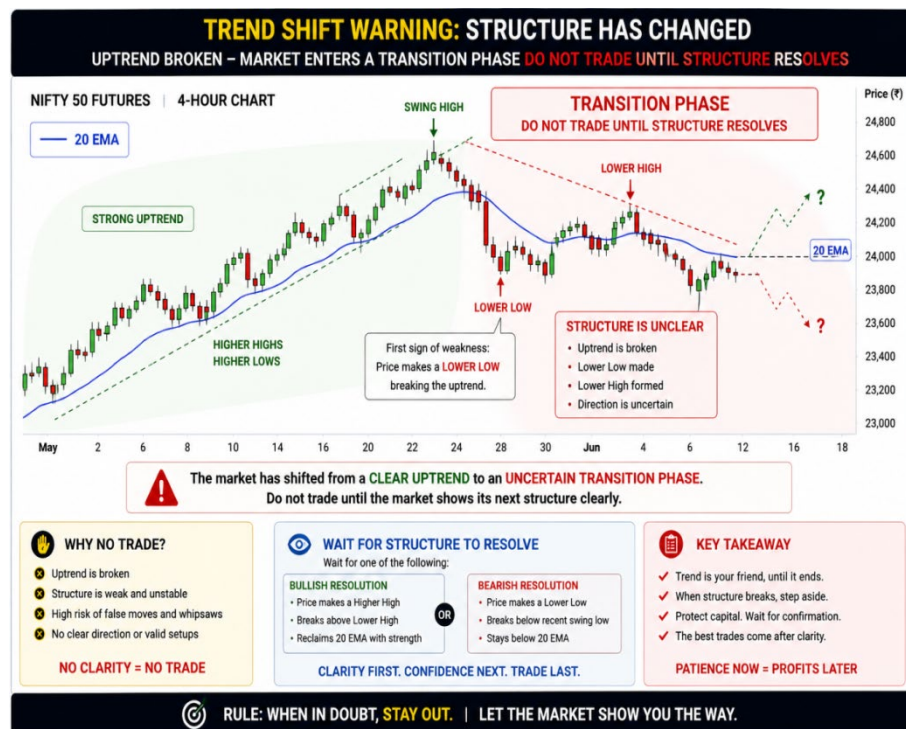
Phase 3: Transitioning

The market is shifting. A trend is dying, or a range is breaking out. This is the most dangerous phase.

- The trend structure breaks (e.g., an uptrend makes a Lower Low).
- Price is crossing back and forth over the 20 EMA erratically.
- RSI is showing divergence against the trend.

Trading Approach: WAIT. Do not anticipate. Let the transition complete and form a new Phase 1 or Phase 2, then trade that.

CANDLEGYAN INSIGHT: Every candle tells a story. learn the story before you trade the signal.



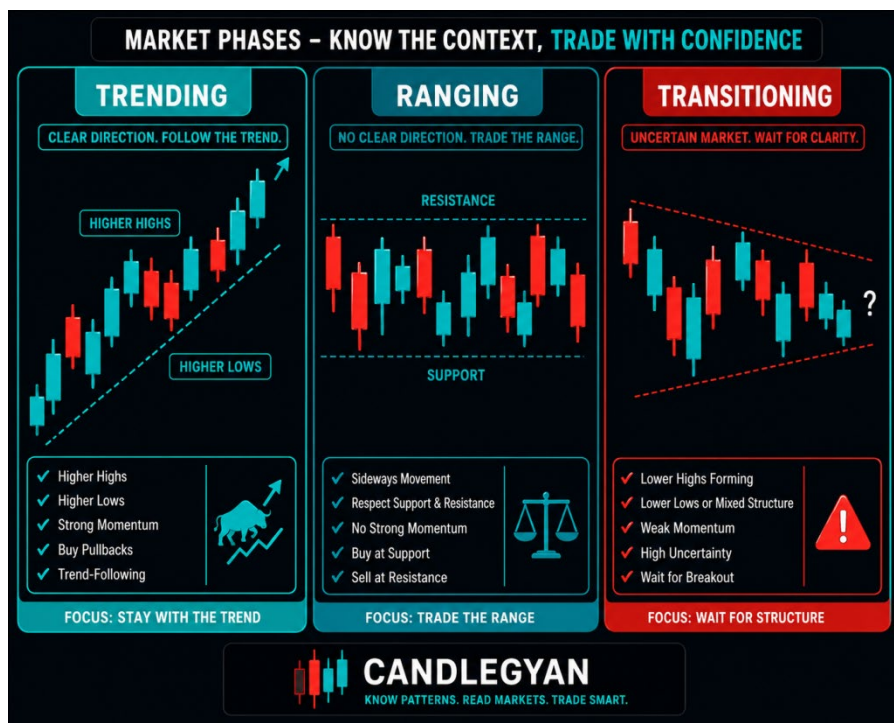
Simulating Phases with CANDLEGYAN

Because phases are about structure, your CANDLEGYAN kit is the perfect tool to train your eye.

CANDLEGYAN ACTION:

1. **Build Phase 1 (Trend):** Create a 5-piece uptrend using your Green/Turquoise Standard pieces, ensuring each piece steps higher, and the pullbacks step higher. *Feel the momentum.*
2. **Build Phase 2 (Range):** Clear the board. Place a Green/Turquoise Standard piece on the left. Place a Red Standard piece on the right at the exact same height. Place another Green/Turquoise piece on the far right at the same height again. *Feel the stagnation.*
3. **Build Phase 3 (Transition):** Start with a 3-piece uptrend. Now, add a Red piece that drops below the previous Higher Low. *Feel the confusion. This is where amateurs lose money.*

CANDLEGYAN INSIGHT: Every candle tells a story. learn the story before you trade the signal.



[QR CODE: Video link - "How to Identify Market Phases in Real-Time"]

The Phase Assessment Protocol

Every morning, before you look for trades, run this 60-second protocol:

1. **Open the Daily chart.** Is it Trending, Ranging, or Transitioning? (This is your bias).
2. **Open the 4-Hour chart.** Is it Trending, Ranging, or Transitioning?
3. **If both align** (e.g., Daily Trending Up, 4-Hour Pullback), proceed to Step 2 (Confluence).
4. **If they conflict** (e.g., Daily Trending Up, 4-Hour Transitioning to down), stop. Wait for the 4-Hour to resolve.

Chapter 12 Workbook

✓ SUMMARY:

- **Trending:** Clear HH/HL or LH/LL. Trade pullbacks.

- **Ranging:** Sideways action. Trade boundaries or stay out.
- **Transitioning:** Structure is breaking. DO NOT TRADE. Wait for clarity.
- The higher time frame (Daily) dictates the bias; the lower time frame (4H) dictates the phase.

? QUIZ:

1. You see a beautiful Hammer pattern, but the 4-Hour chart is stuck in a tight range. Do you take the trade?
2. The Daily chart is trending up, but the 4-Hour chart just broke structure to the downside (made a Lower Low). What phase is the 4H in, and what do you do?

PRACTICE CHARTS:[CHART 1: 4 different charts. Reader must label each as Phase 1, 2, or 3 based on the structure and 20 EMA.][CHART 2: A chart showing a Transition phase that eventually resolves into a new Trend. Circle the exact candle where the new trend was confirmed.]

CANDLEGYAN INSIGHT: Every candle tells a story. learn the story before you trade the signal.



CANDLEGYAN EXERCISE: *The "Call the Phase" Drill:* Open a random stock chart on your trading software. Do not look at the name or the news. Look *only* at the last 20 candles on the 4-Hour chart. Now, recreate that exact 20-candle structure on your CANDLEGYAN board using your pieces. Once built, look at the board and verbally declare: "This is a [Trending/Ranging/Transitioning] phase."

⚠ COMMON MISTAKES:

- *Mistake:* Trading a breakout strategy in a ranging market. *Reality:* You will get chewed up by false breakouts.
- *Mistake:* Anticipating the end of a transition. *Reality:* Let the market show you the new phase before risking money.

☑ CHECKLIST:

- ☐ I can instantly identify the 3 phases by looking at market structure.
- ☐ I have built all 3 phases on my **CANDLEGYAN** board.
- ☐ I understand that "Transitioning" means "Keep hands in pockets."

CHAPTER 13

Step 2 — The 7-Factor Confluence Score

Every trader has taken a trade based on a "gut feeling" that looked like a solid setup, only to watch it immediately fail. Why? Because you traded a single factor in a vacuum.

"I see a Hammer at support." That is one factor. That is a coin flip.

The Master Method requires **Confluence**—the alignment of multiple independent technical factors pointing to the exact same conclusion. The more factors that align, the higher the probability.

The 7 Confluence Factors

We score trades on a scale of 0 to 7. You need a minimum score of **3** to even consider a trade.

Factor 1: Market Structure (Weight: Heavy) Is the trade aligned with the structure on both the Trading Time Frame (4H) and the Context Time Frame (Daily)?

- *Bullish Confluence:* Daily is HH/HL. 4H is pulling back (buying opportunity).
- *Score 1 point if YES.*

Factor 2: Support/Resistance Level (Weight: Heavy) Is the trade located at a significant S/R zone? (Horizontal, trendline, or 20 EMA dynamic level).

- *Score 1 point if YES.*

Factor 3: CANDLEGYAN Candlestick Pattern (Weight: Medium) Is there a physical, valid reversal or continuation pattern present? (e.g., Hammer, Engulfing, Morning Star). *Refer to your CANDLEGYAN builds.*

- *Score 1 point if YES.*

Factor 4: Fibonacci Level (Weight: Medium) Is the entry level at a key Fibonacci retracement level (38.2%, 50%, or 61.8%) of the previous impulse move? The 61.8% (Golden Ratio) is the most significant.

- *Score 1 point if YES.*

Factor 5: Momentum/RSI Divergence (Weight: Medium) Is the RSI showing divergence that supports the trade? (e.g., Bullish Divergence at the bottom of a pullback).

- *Score 1 point if YES.*

Factor 6: Volume Confirmation (Weight: Light) Does volume support the move? (e.g., Increasing volume on the CANDLEGYAN reversal candle, or declining volume during the pullback).

- *Score 1 point if YES.*

Factor 7: Chart Pattern Completion (Weight: Light) Is a larger chart pattern (Head & Shoulders, Bull Flag, Channel) completing at this exact spot?

- *Score 1 point if YES.*

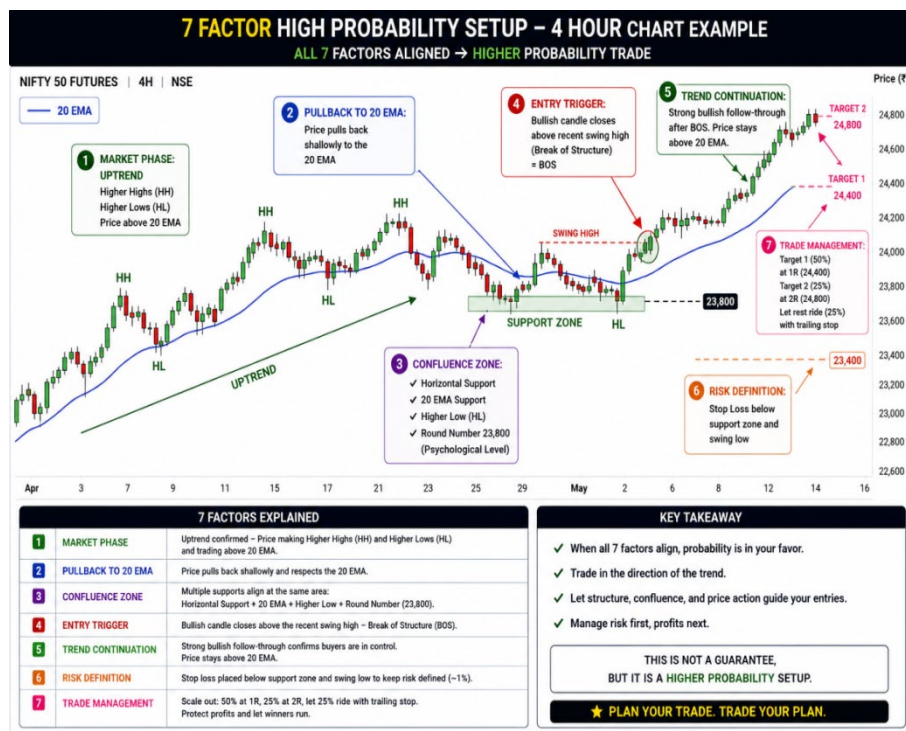
The Scoring Guide

- 0 - 2 Points: NO TRADE. The probability is too low.
- 3 Points: Acceptable trade. Standard position size (1% risk).
- 4 Points: Good setup. Slightly larger position size.
- 5 Points: Strong setup. Full position size.
- 6 - 7 Points: Exceptional "A+" setup. Maximum position size. These are rare; pounce on them.

Confluence in Action: A Real-World Walkthrough

Let's look at a stock on the 4-Hour chart. It has been in a Daily uptrend but has pulled back from ₹110 to ₹97. Let's run the scorecard.

CANDLEGYAN INSIGHT: Every candle tells a story. learn the story before you trade the signal.



1. Structure: Daily is up. 4H is in a pullback. (+1 Point)
2. S/R Level: The ₹95-₹100 area has been support 3 times before. Also, the 50-Day Moving Average is at ₹96. (+1 Point)
3. **CANDLEGYAN** Pattern: At ₹97, a perfect Hammer forms. If you built this on your board, it would be a Type 6 piece. (+1 Point)
4. Fibonacci: The pullback from ₹110 to ₹90 (the previous low) is exactly at the 61.8% retracement level (₹97.64). (+1 Point)
5. RSI: Price made a lower low (₹95.50), but RSI made a higher low (bullish divergence). (+1 Point)
6. Volume: Volume dried up during the pullback, but spiked on today's Hammer candle. (+1 Point)
7. Chart Pattern: No clear larger pattern completing here. (0 Points)

Total Score: 6/7 (Exceptional Setup). Because the score is so high, a professional trader would aggressively take this trade, knowing that 6 independent factors are screaming "Buy."

Using CANDLEGYAN as Your Confluence Checker

Your physical kit is the ultimate BS-detector for Factor 3 and Factor 7.

The Trader's BS Detector

A BS Detector is the internal mental filter—forged by strict discipline and historical market awareness—that instantly flags excuses, false hope, and get-rich-quick noise, forcing a trader to abandon their ego and obey the cold reality of the chart.

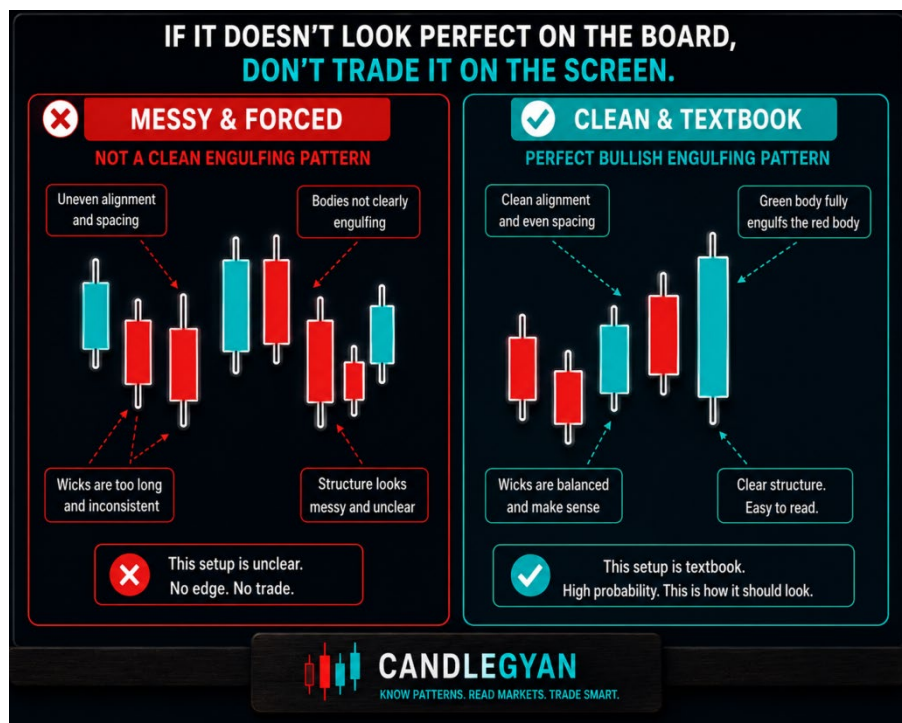
The 4-Point BS Detector Checklist (Ask yourself before every trade):

- 1. The Hope Check:** Am I holding this losing trade because the chart says so, or because I hope it will bounce back? (If it's hope, it's BS).
- 2. The FOMO Check:** Am I entering this trade right now because it fits my strategy, or because I am watching someone else make money on social media? (If it's FOMO, it's BS).
- 3. The Complexity Check:** Does this strategy require 10 indicators and a math degree, or is it a simple trend, break, and retest? (If it's overly complex, it's BS).
- 4. The Guru Check:** Does the person selling me this strategy have an audited track record, or just a rented Lamborghini? (If there's no audited proof, it's BS).

CANDLEGYAN ACTION: The next time you see a setup on your screen, DO NOT click buy.

1. Look at the screen. Identify the potential candlestick pattern.
2. Find the corresponding CANDLEGYAN piece.
3. Build the pattern on your board.
4. Look at the board. Does it look like a textbook pattern, or does it look like a messy, forced interpretation? *If it looks messy on the board, it's probably a messy chart. Deny yourself the trade.*

CANDLEGYAN INSIGHT: Every candle tells a story. learn the story before you trade the signal.



[QR CODE: Video link - "Scoring a Live Trade using the 7-Factor Confluence System"]

Chapter 13 Workbook

✓ SUMMARY:

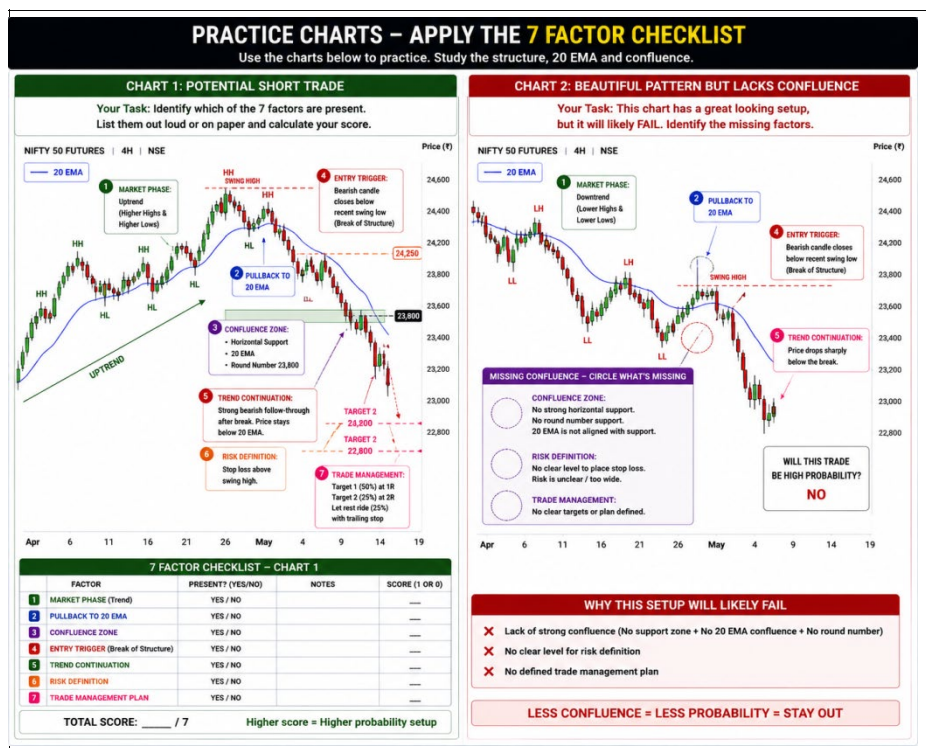
- Never trade on a single factor. Use the 7-Factor Confluence Score.
- Minimum score to trade is 3. A score of 6-7 is a rare, high-probability gift.
- The 7 Factors are: Structure, S/R, Candlestick Pattern, Fibonacci, RSI Divergence, Volume, Chart Pattern.
- Use your **CANDLEGYAN** board to visually verify if your candlestick pattern is actually clean enough to count as a factor.

? QUIZ:

1. If you have a perfect Hammer (Factor 3), but the Daily structure is strongly against you (Factor 0), and it's not at a key S/R level (Factor 0), what is your score? Do you trade it?
2. Which two factors carry the heaviest weight in the **Master Method**?

PRACTICE CHARTS:[CHART 1: A chart with a potential short trade. Reader must list out loud or on paper which of the 7 factors are present and calculate the score.][CHART 2: A chart with a beautiful pattern that fails because it lacks confluence.Reader must circle the missing factors.]

CANDLEGYAN INSIGHT: Every candle tells a story. learn the story before you trade the signal.



CANDLEGYAN EXERCISE:The “**3-Point**” Minimum Build: Try to build a trade setup on your board that only scores a 3. For example: Build a Bullish Engulfing (Factor 3) at a made-up support line (Factor 2), with an uptrend structure to the left (Factor 1). Now, look at the board and verbally

acknowledge the missing factors: "There is no Fibonacci level here. There is no RSI divergence. There is no volume confirmation." *Realization: Even a valid 3-point trade has holes in it. This keeps you humble and reminds you to keep your stop loss tight.*

⚠ COMMON MISTAKES:

- *Mistake:* Giving yourself "half points" because you really want to take the trade. *Reality:* A factor is either present (1) or it isn't (0). No partial credit.
- *Mistake:* Ignoring Factor 1 (Structure) because the candlestick pattern looks amazing. *Reality:* A perfect pattern against the trend is just a trap.

☒ CHECKLIST:

- ☐ I have memorized the 7 Confluence Factors.
- ☐ I know that a score of 0-2 means absolutely no trading.
- ☐ I have used my **CANDLEGYAN** board to verify the cleanliness of a pattern.

CHAPTER 14

Step 3 — Precision Entries BOS (Break of Structure) & ChoCH (Change of Character)

Every trader knows the agony of the "**False Breakout**." You see price break above a resistance line. You immediately buy, terrified of missing out. The moment you enter, price reverses, slams back below the line, and stops you out.

You didn't get tricked by the market. You got tricked by your own impatience. You entered on *anticipation* instead of *confirmation*.

The **Master Method** uses two specific, highly mechanical entry triggers. They are designed to keep you out of traps and ensure you only enter when the market has structurally proven it is ready to move.

The Story of the Breakout

In 2020, TCS stock had been locked in a massive trading range for months. Traders were bored. Suddenly, price surged above the resistance ceiling. Amateurs panicked—*"Is it a fakeout? Should I wait?"*

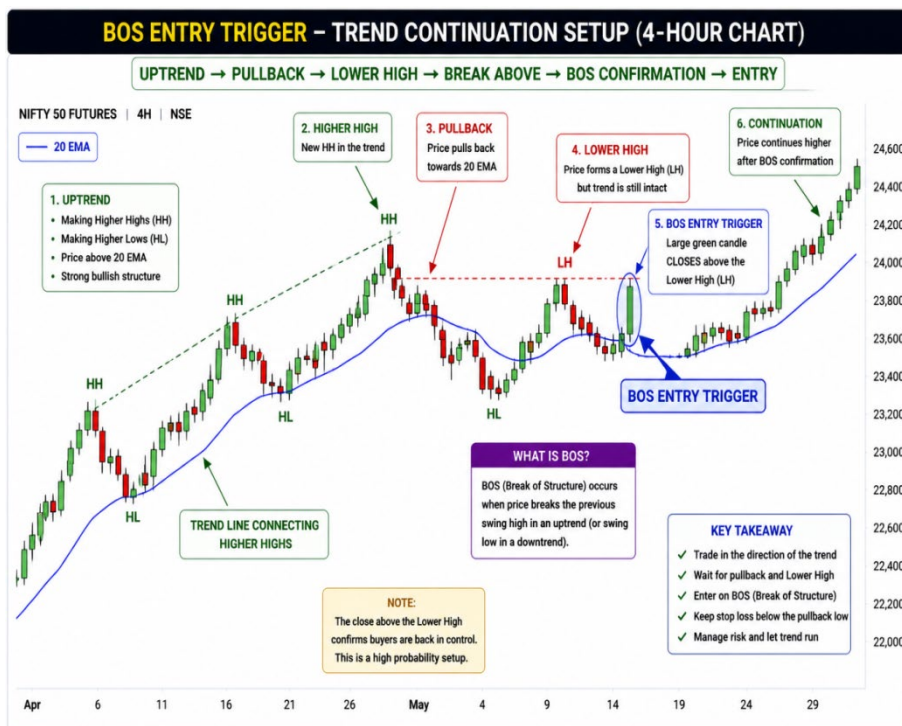
Professional traders simply looked for one thing: A Break of Structure (BOS). They didn't care about the hype; they cared about the mechanics.

Entry Trigger 1: Break of Structure (BOS)

A BOS is the exact moment a trend *continues*. In an uptrend, price pulls back (making a Lower High), and then surges past that Lower High. That surge is your BOS trigger. It proves the pullback is over and the uptrend has resumed.

The Master Method Rule: You do not enter when price crosses the line. You enter when the candle **CLOSES** past the line. A wick piercing through means nothing. A closed body means conviction.

CANDLEGYAN INSIGHT: Every candle tells a story. learn the story before you trade the signal.



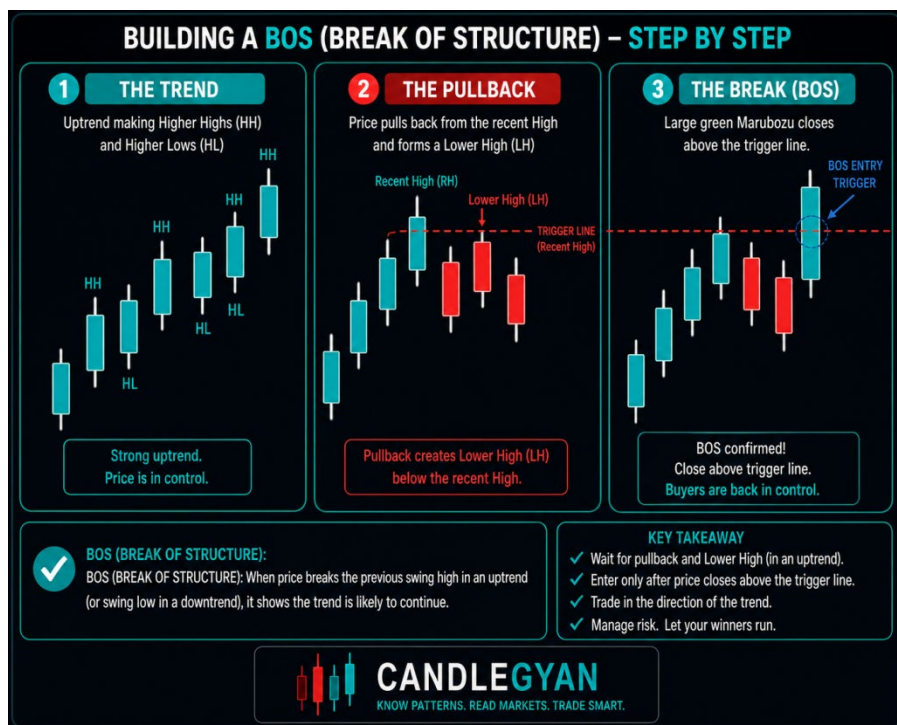
Building the BOS with CANDLEGYAN

Before you click "Buy" on your broker, build the sequence. If you can't build it on the board, you shouldn't trade it on the screen.

CANDLEGYAN ACTION:

1. Build a 2-piece uptrend (Two Green/Turquoise Standard Large pieces, HH then HL).
2. Add a Red Standard piece lower than the HL to show the pullback (this creates the Lower High).
3. Now, take a Green/Turquoise Marubozu (Type 1) and place it so its body completely clears the top of the Red piece. *That Marubozu is your trigger. That is where you execute.*

CANDLEGYAN INSIGHT: Every candle tells a story. learn the story before you trade the signal.

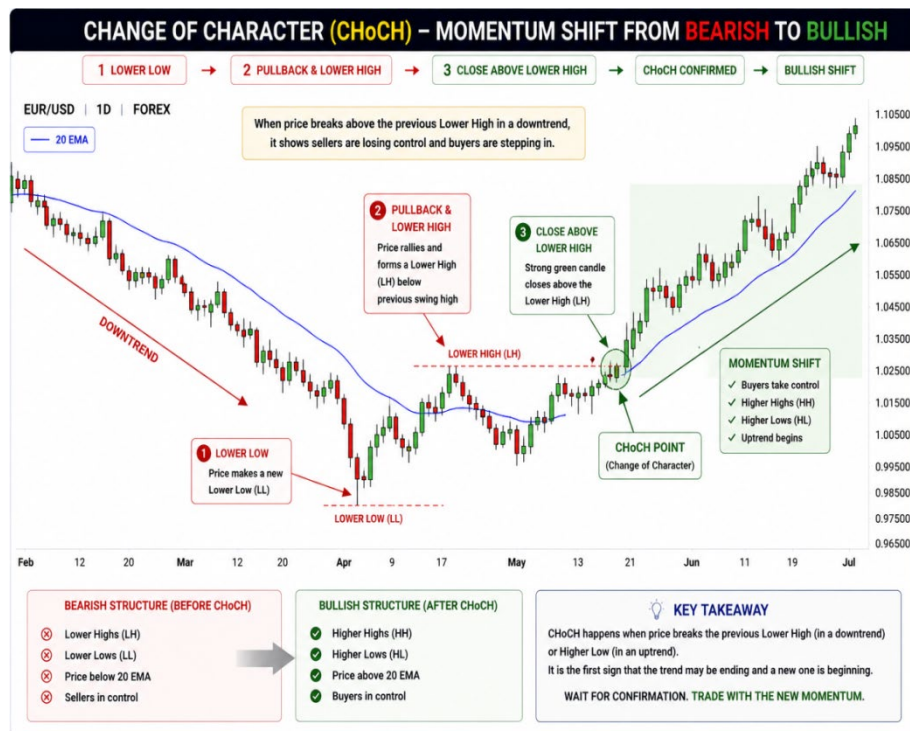


Entry Trigger 2: Change of Character (CHoCH)

A CHoCH is the very first warning sign that a trend is dying. It is the earliest possible reversal entry, though it carries slightly more risk than a BOS.

In a downtrend (Lower Lows), if price suddenly surges and closes above the most recent *Lower High*, the character of the market has changed from bearish to potentially bullish.

CANDLEGYAN INSIGHT: Every candle tells a story. learn the story before you trade the signal.



CANDLEGYAN ACTION: Clear the board. Build a 3-piece downtrend (Red pieces, Lower High, Lower Low, Lower High). Now, take a large Green/Turquoise Standard piece and place it breaking above that last Red piece. *Feel the shift. The bears lost control at that exact piece.*

The Retest Entry (The Safest Trigger)

Both BOS and CHoCH entries happen on breakouts. But what happens after a breakout? Price usually pulls back to retest the broken level before continuing. This is the Retest Entry.

Because the old resistance has now become support (the Transition Principle from Chapter 4), you can enter on the pullback with a *tighter* stop loss, giving you a better Risk-to-Reward ratio.



The Golden Rule of Execution: Trade with the Trend, Enter on the Retest

If you take only one practical rule from this book, let it be this:

Trade in the direction of the prevailing trend, and whenever possible, look for your entry after a successful retest rather than chasing the initial breakout.

Whether you trade stocks, index futures, commodities, forex, or cryptocurrencies, this principle can help improve discipline and reduce emotional decision-making.

Many traders lose money because they chase momentum. They see price break above resistance or below support and immediately enter the trade out of excitement or fear of missing out (FOMO). While some breakouts continue without looking back, many experience a pullback before resuming their move.

Learning to recognize this pullback—or **retest**—can make a significant difference in the quality of your trade entries.

Why the Retest Matters

When price breaks through an important support or resistance level, the market is signaling that buyers or sellers may have gained control.

Frequently, price returns to the breakout level before continuing in the direction of the trend. This return is known as the **retest**.

Think of it this way:

- **The Breakout** announces that something may have changed.
- **The Retest** helps confirm whether that change is being accepted by the market.

Instead of buying or selling immediately during the excitement of the breakout, patient traders often wait to see how price behaves when it revisits the breakout level.

If price rejects that level and forms a strong candlestick confirmation pattern—such as a Pin Bar, Bullish or Bearish Engulfing pattern, Hammer, Shooting Star, or Morning Star/Evening Star—the probability of a successful continuation can improve.

Remember, no setup is guaranteed. The retest is not about certainty; it is about increasing the odds in your favor while managing risk.

The Two-Step Entry Process

Step 1: Identify the Trend

Ask yourself:

- Is the market making Higher Highs and Higher Lows?
 - If yes, focus on buying opportunities.
- Is the market making Lower Highs and Lower Lows?
 - If yes, focus on selling opportunities.

Trading with the dominant trend puts the market's momentum on your side.

Step 2: Wait for the Retest

Once price breaks an important support or resistance level:

- Resist the urge to enter immediately.
- Allow the market to pull back.
- Watch how price reacts at the breakout level.

- Enter only after a clear rejection or confirmation candlestick forms.

Patience is often rewarded more consistently than speed.

Practice with the Candlegyan System

Reading about a retest is valuable.

Building one with your own hands is even more powerful.

The **CandlegyanKit** “*transforms theory into skill*”

Using the magnetic candlestick pieces:

1. Build the support or resistance level.
2. Place the breakout candle.
3. Move the candles back to create the retest.
4. Add the confirmation candlestick pattern.
5. Visualize the trade entry, stop-loss, and target.

Repeat this exercise with different market conditions until recognizing a retest becomes second nature.

The goal is to train both your eyes and your decision-making process before risking real money.

The Road Ahead

Markets reward discipline more often than excitement.

You cannot control what the market will do next, but you can control when you choose to participate.

Let others chase breakouts.

You wait for confirmation.

In trading, patience is not inactivity—it is a strategic advantage.

CANDLEGYAN INSIGHT: Every candle tells a story. learn the story before you trade the signal.



CANDLEGYAN INSIGHT: Every candle tells a story. learn the story before you trade the signal.



High-Probability Trades in the Age of Algorithms

There is a dangerous myth spreading among retail traders today: "Technical analysis and price action don't work anymore because the market is controlled by algorithms and high-frequency trading (HFT)."

This is a cop-out. It is an excuse traders use to avoid facing their own lack of discipline.

The reality? Algorithms do not destroy price action; they magnify it. Machines are programmed by humans to exploit human emotions—specifically fear and greed. When retail traders panic, algorithms trigger cascading stop-losses. When retail traders FOMO into a breakout, algorithms push the price higher to trap them before reversing.

Because algos are designed to hunt liquidity at key psychological levels, the structural footprints of the market (Trend, Breakout, and Retest) are actually clearer now than they were 50 years ago.

Human nature does not change. Therefore, the chart does not change. Below are three historical examples of high-probability trades that occurred in highly algorithmic markets. ***Every single one follows the Candlegyan Golden Rule: Trade with the trend, but only enter AFTER the retest.***

Case Study 1: The Post-Pandemic Recovery (Nifty 50 - April 2020)

The Context: In March 2020, global markets crashed due to the pandemic panic. Algos went into a selling frenzy. By April, the market was heavily beaten down, and retail traders were terrified.

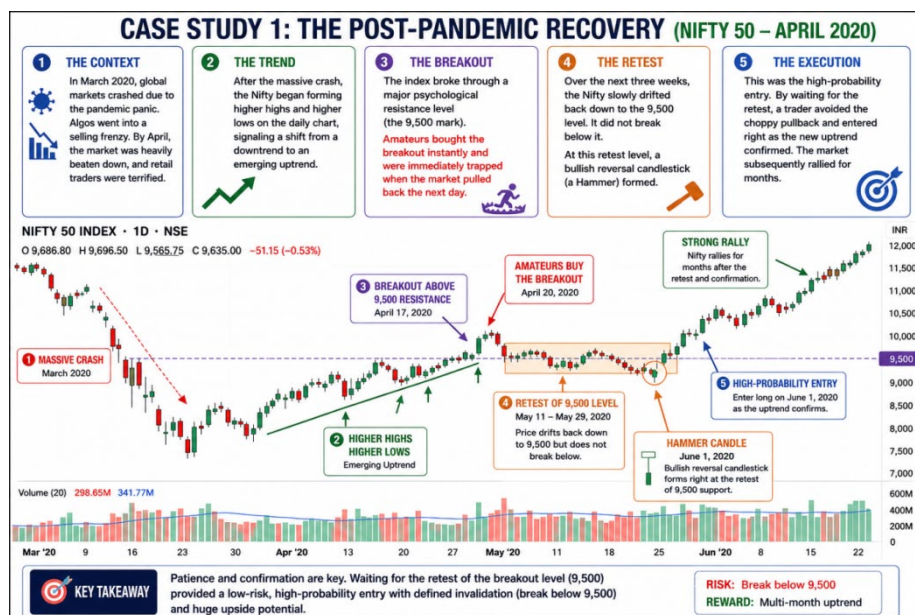
The Trend: After the massive crash, the Nifty began forming higher highs and higher lows on the daily chart, signaling a shift from a downtrend to an emerging uptrend.

The Breakout: The index broke through a major psychological resistance level (the 9,500 mark). Amateurs bought the breakout instantly and were immediately trapped when the market pulled back the next day.

The Retest: Over the next three weeks, the Nifty slowly drifted back down to the 9,500 level. It did not break below it. At this retest level, a bullish reversal candlestick (a Hammer) formed.

The Execution: This was the high-probability entry. By waiting for the retest, a trader avoided the choppy pullback and entered right as the new uptrend confirmed. The market subsequently rallied for months.

CANDLEGYAN INSIGHT: Every candle tells a story. learn the story before you trade the signal.



Case Study 2: The Inflation Shock Breakdown (S&P 500 - June 2022)

The Context: Global markets were reeling from aggressive interest rate hikes. Algorithmic selling dominated the tape. Retail traders kept trying to "buy the dip" and were getting destroyed.

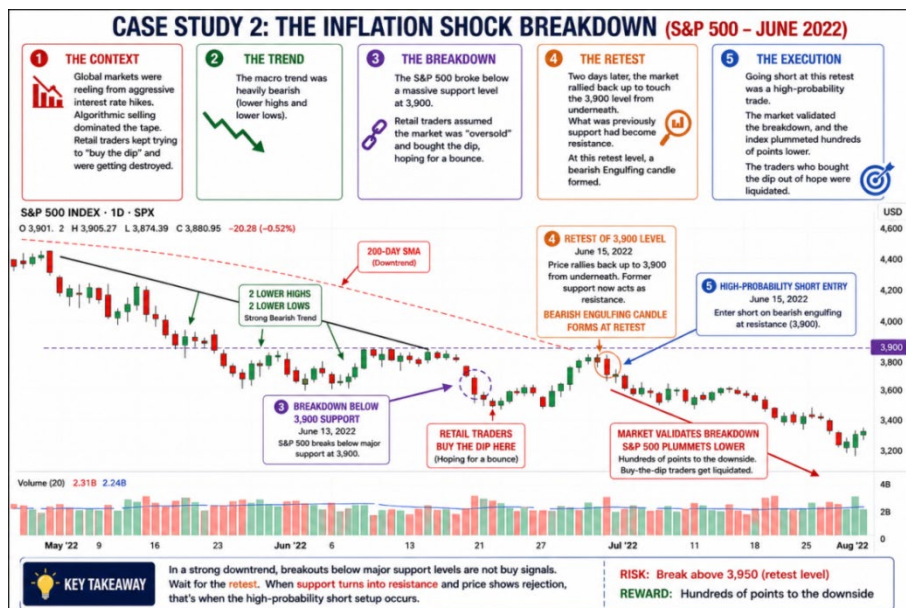
The Trend: The macro trend was heavily bearish (lower highs and lower lows).

The Breakdown: The S&P 500 broke below a massive support level at 3,900. Retail traders assumed the market was "oversold" and bought the dip, hoping for a bounce.

The Retest: Two days later, the market rallied back up to touch the 3,900 level from underneath. What was previously support had become resistance. At this retest level, a bearish Engulfing candle formed.

The Execution: Going short at this retest was a high-probability trade. The market validated the breakdown, and the index plummeted hundreds of points lower. The traders who bought the dip out of hope were liquidated.

CANDLEGYAN INSIGHT: Every candle tells a story. learn the story before you trade the signal.



Case Study 3: The Sector Rotation Breakout (Bank Nifty - July 2023)

The Context: The Indian market was sideways for months. Institutional money was rotating heavily into the banking sector, but retail traders were bored and strategy-hopping because of the lack of movement.

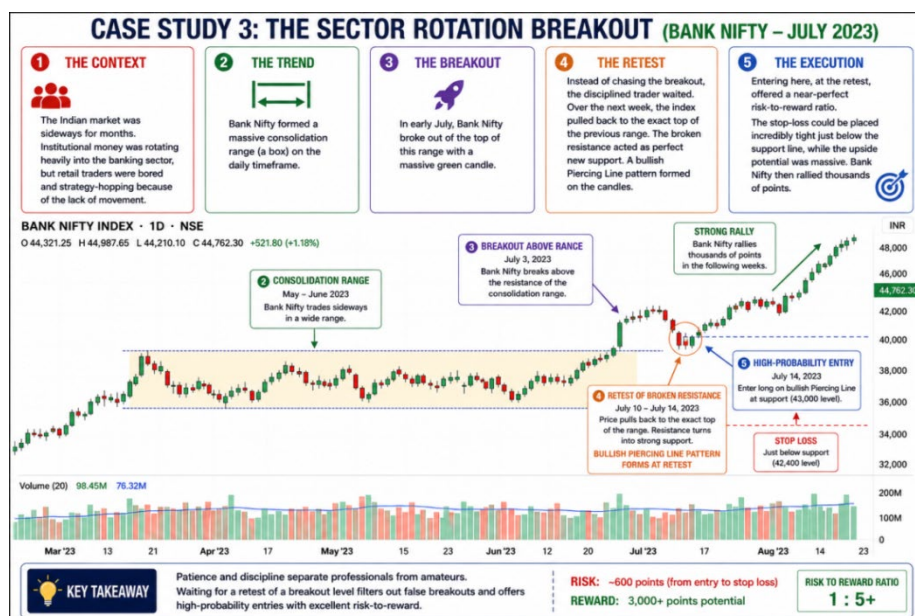
The Trend: Bank Nifty formed a massive consolidation range (a box) on the daily timeframe.

The Breakout: In early July, Bank Nifty broke out of the top of this range with a massive Green/Turquoise candle.

The Retest: Instead of chasing the breakout, the disciplined trader waited. Over the next week, the index pulled back to the exact top of the previous range. The broken resistance acted as perfect new support. A bullish Piercing Line pattern formed on the candles.

The Execution: Entering here, at the retest, offered a near-perfect risk-to-reward ratio. The stop-loss could be placed incredibly tight just below the support line, while the upside potential was massive. Bank Nifty then rallied thousands of points.

CANDLEGYAN INSIGHT: Every candle tells a story. learn the story before you trade the signal.



The Candlegyan Execution

Do not just read these case studies. Open your Candlegyan Kit right now.

1. Take your magnetic candles and physically build the consolidation range.
2. Move the candles to simulate the breakout.
3. Drag the candles back down to the retest line.
4. Place the specific reversal candlestick pattern (Hammer, Engulfing, Piercing Line) exactly at the retest zone.

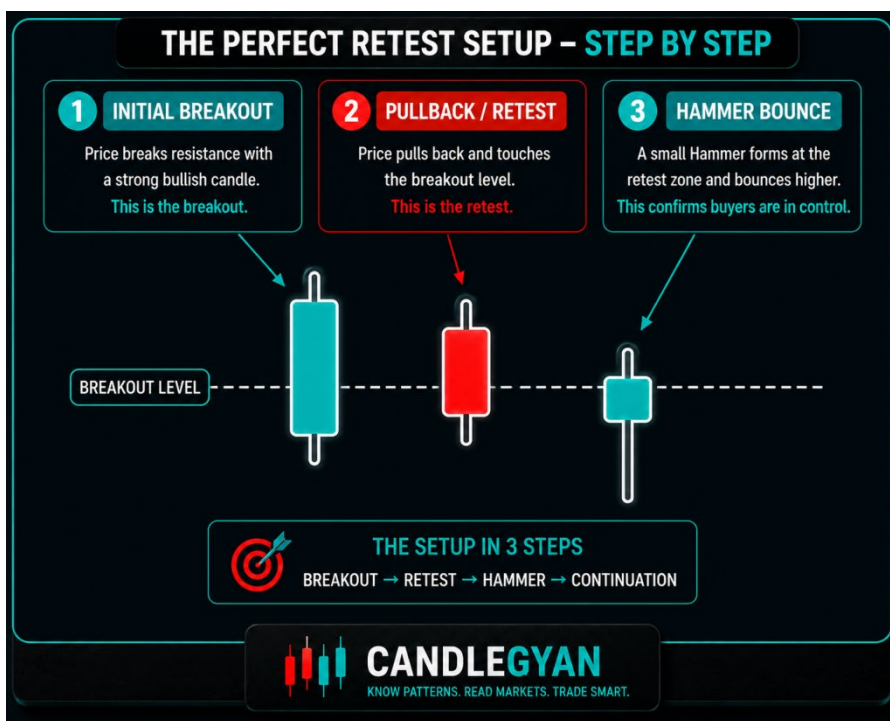
Algorithms are fast, but they are not smart. They do not possess patience. They execute in milliseconds, but they leave footprints on the daily charts that last for days. By waiting for the retest, you force the algorithms to do the heavy lifting first. You let them trigger the breakout, you let them trap the amateurs, and you step in only when the market has proven its true direction.

The Machine sets the trap. The human waits for the retest.

CANDLEGYAN ACTION:

1. Build a BOS (Green/Turquoise piece breaking above a Red piece).
2. To simulate the retest, take a smaller Green/Turquoise piece (Type 4 or 5) and place it so it pulls back and touches the top edge of the Green/Turquoise Marubozu. *If a **CANDLEGYAN** Hammer forms on this retest, it is the ultimate high-probability trade.*

CANDLEGYAN INSIGHT: Every candle tells a story. learn the story before you trade the signal.



[QR CODE: Video link - "Executing BOS, CHoCH, and Retest Entries Live"]

Chapter 14 Workbook

✓ SUMMARY:

- **BOS:** Trend continuation. Enter when a candle closes past a previous swing point in the direction of the trend.
- **CHoCH:** Trend reversal warning. Enter when a candle closes past the first structural point *against* the trend.
- **Retest:** Waiting for price to pull back to the broken level after a BOS/CHoCH for a tighter stop loss.
- You must wait for the candle to CLOSE. Wicks do not count.

? QUIZ:

1. You are in an uptrend. Price pulls back to ₹105, then rallies to ₹110. The previous high was ₹108. Is the close above ₹108 a BOS or a CHoCH?
2. Why is a Retest entry often better than entering on the initial BOS breakout?

PRACTICE CHARTS:[CHART 1: 4 different charts. Reader must draw a horizontal line at the structural point and label whether the resulting breakout is a BOS, a CHoCH, or a False Breakout (where the candle closed back inside).][CHART 2: A chart showing a successful CHoCH, followed by a perfect Retest entry using a Hammer. Draw the entry arrow and the stop loss.]

CANDLEGYAN INSIGHT: Every candle tells a story. learn the story before you trade the signal.



CANDLEGYAN EXERCISE: *The "Failed Break" Drill:*

1. Build a BOS on your board where the breaking candle (Green/Turquoise piece) breaks above the red pullback piece.
2. Now, physically remove the Green/Turquoise piece and replace it with a Red Standard piece that closes *below* the red pullback piece.
3. *Reflection:* Look at the failed setup on your board. This is why we wait for the close. If you had entered while the candle was forming (hoping it would close Green/Turquoise), you would have been trapped. Take a photo.

⚠ COMMON MISTAKES:

- *Mistake:* Entering on a wick piercing a line. *Reality:* A wick means price was rejected. Wait for a closed body.

- *Mistake:* Trading a CHoCH against the Daily trend. *Reality:* The Daily trend always wins. A 1-Hour CHoCH against a Daily BOS is usually a trap.

☒ **CHECKLIST:**

- ☐ I know the mechanical difference between a BOS and a CHoCH.
 - ☐ I have built both a BOS and a Retest entry on my **CANDLEGYAN** board.
 - ☐ I have sworn an oath to never enter a trade before the candle closes.
-

CHAPTER 15

Step 4 — Protective Architecture (Stop Losses)

Every trader has committed the ultimate sin: moving a stop loss. You are in a trade. It goes against you. Instead of accepting the small loss, you think, *"If I just give it a little more room, it will turn around."* You move the stop further away. It drops more. You move it again. Eventually, the loss is so big it destroys your month.

A stop loss is not a suggestion. It is the structural foundation of your account's survival.

Stop Losses are Not Emotional; They are Structural

Amateurs place stops based on how much money they are "comfortable" losing. *"I'll risk ₹50 on this trade."* Professionals place stops based on market structure. *"If price goes below this swing low, the reason I entered the trade is mathematically invalidated. Therefore, my stop goes just below that swing low."*

The 4 Placement Methods

The **Master Method** uses four ways to place a stop, depending on the situation.

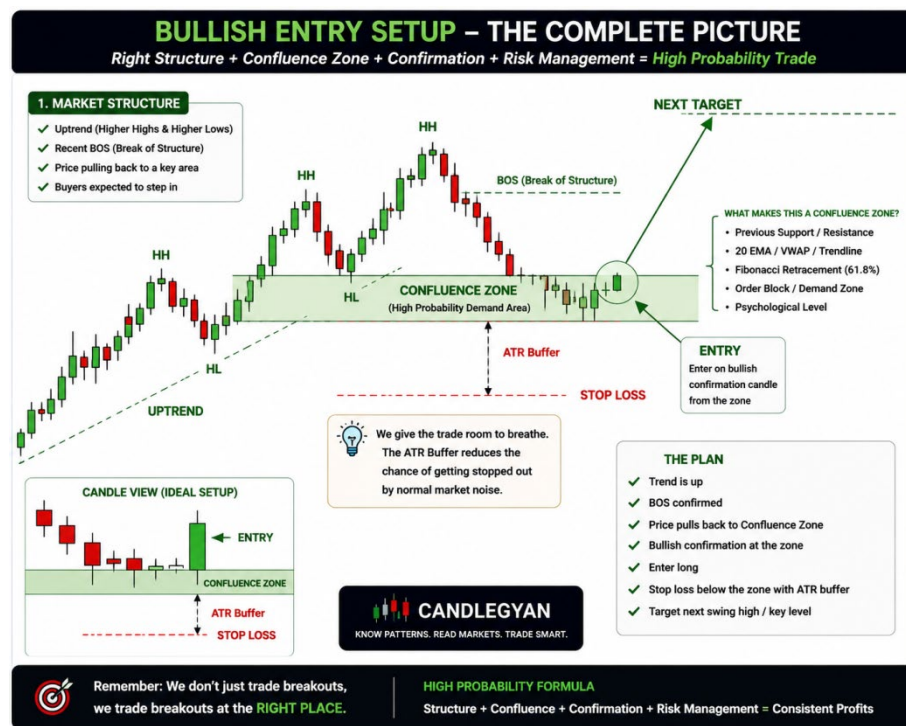
Method 1: Beyond the Swing Point (The Default) Place your stop just beyond the swing low (for longs) or swing high (for shorts) that defines your setup. *Example:* You buy a Hammer at support. The Hammer's low is ₹98.50. You place your stop at ₹98.49 (or slightly below with a buffer).

Method 2: Beyond the Trigger Candle Place your stop just beyond the wick of the candle that triggered your entry (e.g., the BOS candle). *Use this when:* The trigger candle is incredibly strong (like a Marubozu) and acts as a wall of support.

Method 3: ATR-Based (The Volatility Adjuster) Remember the ATR indicator from Chapter 10? Multiply the ATR by 1.5 or 2.0, and place your stop that distance from your entry. *Example:* ATR is ₹2.00. $2.0 \times \text{ATR} = ₹4.00$. If you enter at ₹100, your stop is ₹96.00. *Use this when:* The market is incredibly volatile and normal structural stops would be too tight.

Method 4: Beyond the Confluence Zone If multiple factors align in a tight zone (e.g., Support is at ₹100, the 61.8% Fibonacci is at ₹99.50, and the 20 EMA is at ₹99.80), place your stop just below the *entire zone* (₹99.00) to give the trade room to breathe.

CANDLEGYAN INSIGHT: Every candle tells a story. learn the story before you trade the signal.



Avoiding the Liquidity Trap

In Chapter 2, we talked about Liquidity Pools. If support is obviously at ₹100, where do you think every retail trader puts their stop loss? Exactly at ₹99.99.

Smart money knows this. They will push the price to ₹99.90, trigger those stops (creating a massive spike down), and then rocket the price back up to ₹105. You were stopped out by a fraction of a penny, even though you were right about the direction.

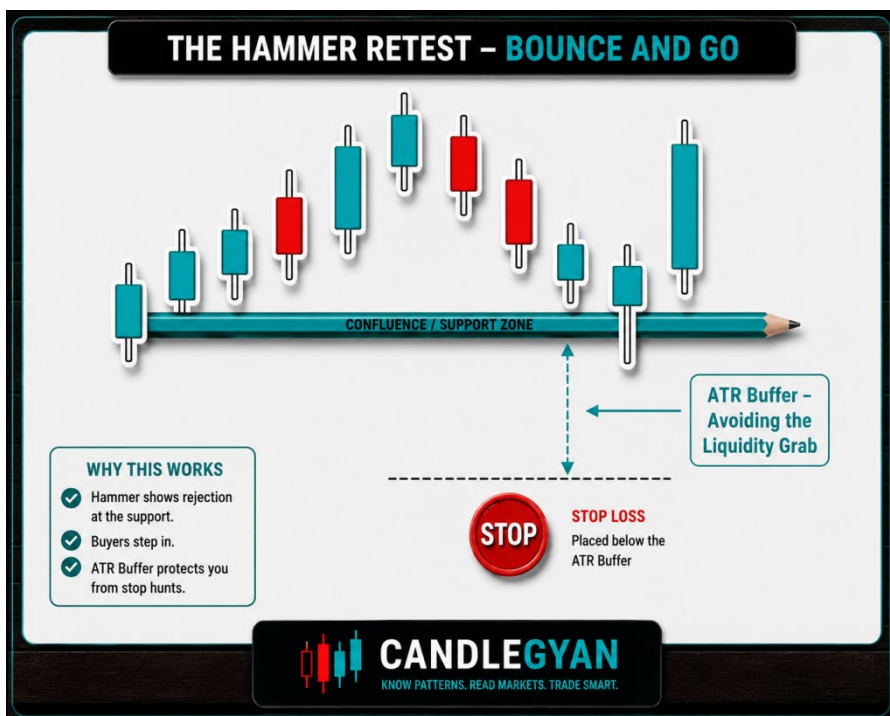
The Solution: The ATR Buffer. Never place your stop exactly on the line. Place it *beyond* the obvious level by at least 0.2 to 0.5 times the ATR. Hide your stop in the "safe zone" just below the retail stops.

Simulating the Stop Loss with CANDLEGYAN

CANDLEGYAN ACTION:

1. Place your Thin Trendline stick horizontally on your board. This is "Obvious Support."
2. Build a Hammer (Type 6) bouncing off this line.
3. Now, take a small coin or a small piece of paper. Write "STOP" on it.
4. Place the "STOP" coin *below* the pencil line, leaving a small visible gap. *That gap is your ATR buffer. That gap is what saves you from being hunted.*

CANDLEGYAN INSIGHT: Every candle tells a story. learn the story before you trade the signal.



The 5 Non-Negotiable Stop Loss Rules

1. Always use a physical stop loss order. No "mental stops." If you don't have the discipline to click the button, the market will take your money.

2. Never move your stop further away. You can move it *toward* your entry (to lock in profit), but never away. Moving away is the beginning of the end.
3. Never remove your stop. *"I'll just watch it"* has ended more careers than bad analysis.
4. Set your stop BEFORE you enter. The stop distance dictates your position size. You must know your risk before you buy a single share.
5. Respect the stop when it hits. Don't immediately try to re-enter. Accept the loss and walk away.

[QR CODE: Video link - "The Mathematics of Stop Hunting and ATR Buffers"]

Chapter 15 Workbook

✓ SUMMARY:

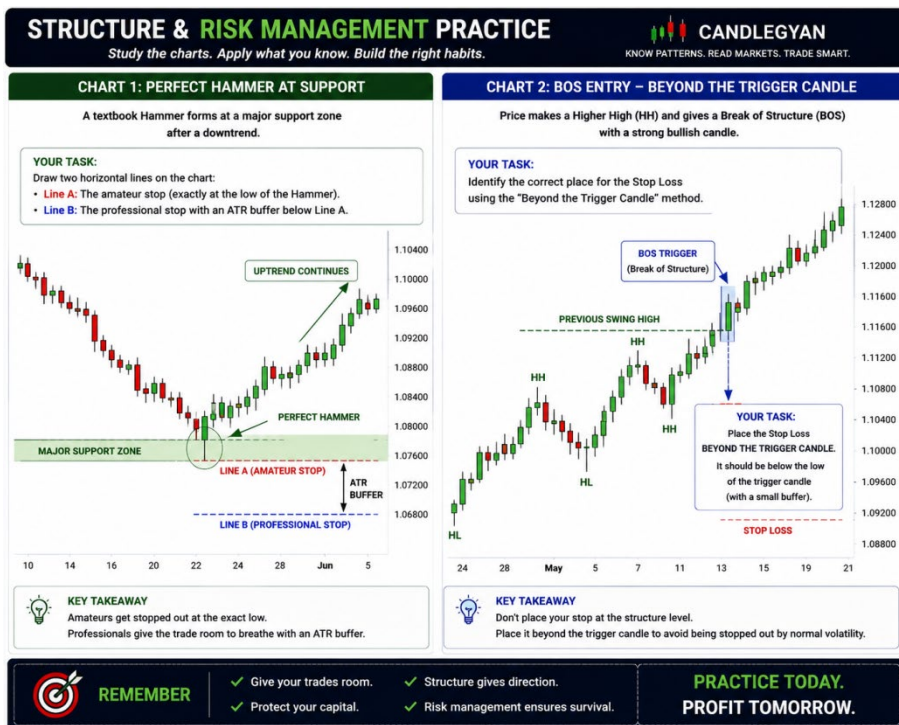
- Stops are placed based on market structure, not emotional comfort.
- The 4 Methods are: Swing Point, Trigger Candle, ATR-Based, and Confluence Zone.
- Use an ATR Buffer to hide your stop just below the obvious Liquidity Pools.
- The 5 Non-Negotiable Rules must never be broken.

? QUIZ:

1. You buy a stock and the ATR is ₹1.50. You want to use a 2x ATR stop. How far away from your entry is your stop?
2. Why is placing your stop loss exactly at a round number (like ₹50.00) a terrible idea?

PRACTICE CHARTS:[CHART 1: A chart showing a perfect Hammer at support. Reader must draw two lines: Line A (The amateur stop exactly at the low), and Line B (The professional stop with an ATR buffer below Line A).][CHART 2: A chart showing a BOS entry. Reader must identify the correct place for the stop loss using the "Beyond the Trigger Candle" method.]

CANDLEGYAN INSIGHT: Every candle tells a story. learn the story before you trade the signal.



CANDLEGYAN EXERCISE:*The "Stop Hunt" Visualization:* Build a beautiful uptrend on your board. At the bottom of the last pullback, place your Green/Turquoise Hammer piece. Now, take a Red piece and physically push it down, temporarily covering the Hammer's lower wick. *Say out loud: "This is the stop hunt. The amateurs are out."* Now, remove the Red piece and push a massive Green/Turquoise Marubozu up. *Say out loud: "This is the institutional rally. The professionals bought the liquidity."* Take a photo of the final state.

⚠ COMMON MISTAKES:

- *Mistake:* Using arbitrary dollar amounts for stops (₹100 risk per trade) instead of structural levels. *Reality:* The market doesn't care about your ₹100.
- *Mistake:* Moving stops to avoid a loss. *Reality:* One moved stop can lead to a blown account.

☒ **CHECKLIST:**

- ☐ I understand the 4 stop loss placement methods.
- ☐ I know how to calculate an ATR Buffer.
- ☐ I have physically simulated the buffer on my **CANDLEGYAN** board.
- ☐ I have accepted the 5 Non-Negotiable Rules as absolute law.

CHAPTER 16

Step 5 — Harvesting the Move (Exits & Trailing)

Every trader has felt the bitter sting of "**giving it all back**." You are up 20% on a trade. You think, *"It's going to the moon!"* You hold on. The market reverses. You think, *"It's just a pullback."* It drops more. You panic and sell for a 2% gain. You watched 18% of pure profit evaporate because you had no exit plan.

Taking profits is psychologically the hardest part of trading. Fear makes you exit too early, and greed makes you hold too long.

The **Master Method** removes the emotion by giving you a strict, mathematical exit plan: The 50/25/25 Rule.

Why Fixed Targets Fail

Some books tell you to "just let your winners run." That is terrible advice for a beginner. If you have no target, you will inevitably exit based on fear.

Other books tell you to "always exit at a 1:2 Risk-Reward." That is better, but it leaves money on the table in massive trends.

We use a hybrid approach.

The 50/25/25 Partial Profit System

When you enter a trade, you mentally (or physically via broker brackets) divide your position into three parts.

Target 1: Close 50% at 1:2 Risk-to-Reward

- *Why?* This instantly pays you for your work. It locks in a guaranteed profit and reduces your psychological stress to zero.
- *Action:* Once Target 1 is hit, you immediately move your stop loss to your entry price (Breakeven). The trade is now mathematically risk-free.

Target 2: Close 25% at 1:3 Risk-to-Reward (or a structural level)

- *Why?* This captures additional profit from a healthy extension of the move.

- *Action:* Keep your stop at breakeven.

Target 3: Trail the final 25%

- *Why?* This is your "lottery ticket." It catches the rare, massive trend that goes parabolic.
- *Action:* You do not have a fixed target for this portion. You use a Trailing Stop.

CANDLEGYAN INSIGHT: Every candle tells a story. learn the story before you trade the signal.



How to Trail a Stop (The Mechanics)

A trailing stop is a stop loss that constantly moves up (in a long trade) as the price makes new highs, but never moves down.

The **Master Method** Trailing Rule: As the market makes new Higher Highs, it will naturally pull back to form new Higher Lows. You move your stop loss to just below each new Higher Low (plus your ATR buffer).

- Price makes High 1, pulls back to Low 1. (Move stop below Low 1).
- Price makes High 2, pulls back to Low 2. (Move stop below Low 2).
- Eventually, the trend will end, price will break below a Higher Low, and your trailing stop will be hit, cashing out your final 25%.

Simulating the 50/25/25 Rule with **CANDLEGYAN**

This is the most powerful exercise you will ever do with your kit. It physically programs your brain to scale out.

CANDLEGYAN ACTION:

1. Let's assume each Green/Turquoise piece represents 1/3rd of your position.
2. Build an entry (one Green/Turquoise piece).
3. Build a strong move up to your 1:2 target. Physically remove that piece from the board and put it back in the tray. Say out loud: "50% closed. Stop moved to breakeven."
4. Build the next move up to 1:3. Remove that piece. Say: "25% closed."
5. Now, continue building the trend (Higher Highs, Higher Lows) using your remaining pieces. As you place each new Higher Low piece, physically slide a "STOP" coin up to sit just below it.
6. Finally, build a piece that breaks the structure (Lower Low). Remove the final pieces.

CANDLEGYAN INSIGHT: Every candle tells a story. learn the story before you trade the signal.



[QR CODE: Video link - "How to Set Up Partial Profits and Trailing Stops on TradingView"]

When to Exit Early (The Time Stop)

There is one exception to the rules. If you enter a trade based on a BOS trigger, and the market just sits there dead for 5 consecutive candles without moving toward your Target 1, exit manually.

The market has voted. The momentum you expected isn't there. Don't wait for your physical stop loss to get hit; just close it for a tiny loss or breakeven and free up your capital for a better setup.

Chapter 16 Workbook

✓ SUMMARY:

- The 50/25/25 rule locks in profit early while leaving room for massive trends.
- **Target 1 (50%):** 1:2 R:R. Move stop to breakeven.
- **Target 2 (25%):** 1:3 R:R.
- **Target 3 (25%):** Trail stop below each new Higher Low.

- Use a "Time Stop" if the market goes dead for 5+ candles.

? QUIZ:

1. After hitting Target 1, where do you move your stop loss?
2. On the final 25% of your position, what specific structural point do you use to trail your stop?

PRACTICE CHARTS:[CHART 1: A chart showing a successful trade. Reader must draw horizontal lines for Target 1 (1:2) and Target 2 (1:3), and draw a trailing stop line moving up beneath the Higher Lows.][CHART 2: A chart where a trader held all their position for a huge gain, only to give 80% of it back before exiting. Circle where the 50/25/25 method would have protected their profits.]

CANDLEGYAN INSIGHT: Every candle tells a story. learn the story before you trade the signal.



CANDLEGYAN EXERCISE:*The "Ghost Profit" Drill:* Look at a historical chart of a massive winning trade (a huge uptrend). Now, build that entire trend on your **CANDLEGYAN** board using 9 Green/Turquoise pieces. As you build it, physically remove pieces at the 50% and 25% marks. Look at the pieces left on the board at the very top. *Realization: Even though you "sold early" on 75% of your position, the final 25% still captured the bulk of*

the trend. You didn't miss out on anything; you managed risk perfectly. Take a photo.

△ COMMON MISTAKES:

- *Mistake:* Moving to breakeven *too early* (before Target 1 is hit).
Reality: Normal market noise will stop you out before the trade has time to work.
- *Mistake:* Closing the final 25% just because you are nervous. *Reality:* Let the trailing stop do its job. If it gets hit, it means the structure broke, which is the correct reason to exit.

☑ CHECKLIST:

- ☐ I have memorized the 50/25/25 rule.
- ☐ I know exactly how to trail a stop under Higher Lows.
- ☐ I have physically removed pieces from my **CANDLEGYAN** board to simulate scaling out.
- ☐ I understand what a Time Stop is and when to use it.

The biggest reasons WHY traders fail—Not poor entries, But poor **RISK MANAGEMENT.**

**Believe it or not, MY SUCCESS -MY “CANDLEGYAN™
Golden Rule.”**

Define Your Loss Before You Define Your Profit

The First Decision Every Trader Must Make

Most traders spend hours searching for the perfect entry signal.

Very few spend even five minutes deciding how much they are willing to lose.

This is one of the biggest differences between professionals and amateurs.

A **Professional** enters every trade already knowing exactly where they will exit if the market proves them wrong.

An **Amateur** enters hoping to make money and only starts thinking about risk after the trade begins to move against them.

By then, emotions—not logic—are making the decisions.

Every Trade Must Have a Predefined Risk

Before placing any order, answer one simple question:

"If this trade fails, how much money am I willing to lose?"

That amount should never change after the trade is entered.

Your stop-loss is not merely a price level—it is the maximum amount you have agreed to pay to discover whether your trading idea is correct.

Think of it as the cost of doing business.

Every successful business has expenses.

For a trader, controlled losses are simply operating expenses.

Define Two Limits

Successful traders do not stop with a stop-loss for one trade.

They establish two levels of protection.

1. Maximum Loss Per Trade

Decide the maximum amount you are willing to lose on a single trade.

Once that limit is reached:

- Exit immediately.
- Do not widen the stop-loss.
- Do not average down.
- Do not hope.

The market owes you nothing.

Protect your capital.

2. Maximum Daily Loss

Even the best traders have losing days.

To prevent one bad day from becoming a disaster, define a maximum cumulative loss for the day.

For example:

- Maximum loss per trade: ₹2,000
- Maximum daily loss: ₹6,000

After reaching the daily limit:

- Stop trading.
- Close your trading platform.
- Review your trades.
- Return the next day with a clear mind.

Professional traders know that capital preserved today creates opportunities tomorrow.

The Psychology of Losing

A strange habit is common among inexperienced traders.

When they make a small profit, they rush to book it.

They fear losing what they have gained.

But when they are losing money, they do the exact opposite.

Instead of accepting a small, manageable loss, they stare at the screen, hoping the market will reverse.

Minutes become hours.

A small loss becomes a large loss.

Eventually, panic replaces hope, and they close the trade at the very bottom—often just before the market reverses.

This is not a trading problem.

It is a psychological problem.

Hope is not a trading strategy.

Discipline is.

Every Great Trader Follows a System

Successful traders understand a simple truth:

You do not control the market. You only control your actions.

A systematic trading plan removes emotional decision-making.

Your plan should define:

- Entry conditions
- Position size
- Stop-loss
- Profit target
- Risk-to-reward ratio
- Maximum loss per trade
- Maximum daily loss
- When to stop trading
- Rules for reviewing your performance

Once the trade is entered, your job is not to predict—it is to execute your plan.

Remember This

Never enter a trade without knowing exactly where you will exit if you are wrong.

The market will always provide another opportunity.

Your capital may not.

Protect your trading capital because it is the only inventory a trader possesses.

A trader who protects capital survives.

A trader who survives gains experience.

A trader with experience eventually becomes consistently profitable.

But a trader who refuses to accept small losses often loses the opportunity to trade altogether.

"The best traders do not avoid losses—they avoid uncontrolled losses."

Or simply:

"Define your loss before you define your profit."

MASTER MODULE A: The Complete Trade Walkthroughs

Walkthrough 1: The Trend Continuation (Long)Market:RELIANCE (Daily/4H Time Frames)

Step 1: Phase ID: Daily chart is making clear Higher Highs and Higher Lows (Phase 1: Trending). 4H chart is pulling back in a clean zigzag. *Decision: We are looking for longs only.*

Step 2: Confluence Score:

1. Structure: Daily Up + 4H Pullback (+1)
2. S/R Level: 4H pulling back to previous Higher Low support (+1)
3. **CANDLEGYAN** Pattern: 4H forms a Bullish Hammer (Type 6) at the support (+1)
4. Fibonacci: Pullback stops exactly at the 61.8% Fib level (+1)
5. RSI: 4H RSI shows bullish divergence (+1)
6. Volume: Declining on pullback, spiking on Hammer (+1)
7. Chart Pattern: N/A (0) Total Score: 6/7 (Exceptional Setup)

Step 3: Trigger: The 4H Hammer formed. We wait for the BOS. Two hours later, a Green/Turquoise candle closes above the high of the Hammer. *Trigger fired.*

Step 4: Risk Definition:

- Entry: ₹175.00
- Stop: Below the Hammer low (₹173.00) minus 0.2x ATR buffer (₹0.40) = ₹172.60
- Risk per share: ₹2.40
- Account: ₹50,000 (1% risk = ₹500)
- Position Size: ₹500 / ₹2.40 = 208 Shares

Step 5: Management (50/25/25):

- Target 1 (50% = 104 shares): ₹175 + (₹2.40 x 2) = ₹179.80. *Hit two days later. Stop moved to ₹175.00 (Breakeven).*
- Target 2 (25% = 52 shares): ₹175 + (₹2.40 x 3) = ₹182.20. *Hit the next day.*
- Target 3 (25% = 52 shares): Trail stop below each new 4H Higher Low. Price trends to ₹190. A new Higher Low forms at ₹186. Stop moved to ₹185.60. *Eventually stopped out at ₹185.60.*

Result: +₹483.80 (T1) + ₹362.40 (T2) + ₹551.20 (T3) = **+₹1,397.40 Profit (+2.79R)**

PART IV:

THE BUSINESS OF SURVIVAL

CHAPTER 17

The Mathematics of Risk (No Math Degree Required)

Every trader has felt the illusion of the "High Win Rate." You win 7 trades in a row. You feel like a God. You start calculating how much money you will make by the end of the month. Then, on the 8th trade, you take a massive loss because you risked too much. That single loss wipes out all 7 wins, plus some.

You don't have a winning strategy. You have a gambling habit.

The financial industry loves to confuse you with complex calculus, standard deviations, and Black-Scholes models. But the mathematics of trading survival come down to one simple, brutal equation:

Expectancy = (Win Rate $\times$ Average Win) - (Loss Rate $\times$ Average Loss)

If this number is positive, you will make money over time. If it is negative, you will eventually go bankrupt, no matter how lucky you get in the short term.

The Magic of R-Multiples

To make this equation work, we must stop thinking in dollars and start thinking in R-Multiples.

An R-Multiple expresses your trade result in terms of your initial risk.

- If you risk ₹100 on a trade and make ₹200, that is a +2R trade.
- If you risk ₹100 and lose ₹100, that is a -1R trade.
- If you risk ₹100 and make ₹500, that is a +5R trade.

Why is this brilliant? Because it normalizes everything. A trader with a ₹1,000 account and a trader with a ₹10,00,000 account can have the exact

same R-multiple. It forces you to focus on the *process* of managing risk, not the dollar outcome.

The Asymmetry Table

Look at the table below. It proves that you do not need a high win rate to be highly profitable. You just need an asymmetric Risk-to-Reward ratio (which the 50/25/25 rule from Chapter 16 guarantees).

[INFOGRAPHIC TABLE: A clean, color-coded grid]

SYSTEM	WIN RATE	AVERAGE WIN (R)	AVERAGE LOSS (R)	EXPECTANCY (PER TRADE)	RESULT AFTER 100 TRADES
System A	60%	+1R	-1R	$(0.60 \times 1) - (0.40 \times 1) = +0.20R$	+20R Profit
System B	40%	+2R	-1R	$(0.40 \times 2) - (0.60 \times 1) = +0.20R$	+20R Profit
System C	30%	+3R	-1R	$(0.30 \times 3) - (0.70 \times 1) = +0.20R$	+20R Profit

Notice the takeaway: System C loses 70% of the time—seven out of ten trades end in a loss!—yet it makes the exact same money as System A over time because its winners are massively bigger than its losers. This is the mathematical power of the **Master Method**.

The Brutal Math of Drawdowns

Why do we obsess over the 1% risk rule? Because of the cruel, unforgiving math of drawdowns. Recovery is not linear; it is exponential.

[INFOGRAPHIC: A visual bar chart showing the math of recovery]

- Lose 10% → You need an 11% gain to get back to even.
- Lose 20% → You need a 25% gain to get back to even.
- Lose 50% → You need a 100% gain to get back to even.

- Lose 75% → You need a 300% gain to get back to even.

If you risk 10% per trade and hit a 5-trade losing streak (which will happen eventually), you are down 40%. You now need a 66% gain just to recover. The psychological pressure of that hole will cause you to make mistakes, leading to a 60% drawdown, and eventually, ruin.

Simulating a Losing Streak with **CANDLEGYAN**

You need to see a losing streak not as a personal failure, but as a simple mathematical sequence.

CANDLEGYAN ACTION:

1. Take 5 Red Standard pieces (Type 3 or 4).
2. Line them up in a descending staircase on your board (Lower Highs, Lower Lows) to represent a 5-trade losing streak.
3. If you risk 1% per trade, this sequence equals exactly -5R.
4. Look at the board. It looks dramatic. It looks painful. But -5R is just a small dent. If your next 3 trades are winners using the 50/25/25 rule (averaging +2R each), you are suddenly at +1R.

The physical pieces prove that a losing streak is just a temporary math equation, not a career-ending event.

CANDLEGYAN INSIGHT: Every candle tells a story. learn the story before you trade the signal.

CANDLEGYAN
KNOW PATTERNS. READ MARKETS. TRADE SMART.

THE MATH OF CONSISTENCY

$$-5R + 2R + 2R + 2R = +1R$$

SYSTEM INTACT.

5 LOSSES IN A ROW = -5R
Drawdowns are normal. What matters is the comeback.

3 WINS IN A ROW = +6R
A few good trades can more than make up for a bad streak.

NET RESULT = +1R
Stay consistent. Trust your edge. Protect your capital.

VIDEO LINK

Scan to Watch
"The Math of Drawdowns and Why 1% Risk is Non-Negotiable"

FOCUS ON THE PROCESS. RESULTS WILL FOLLOW.
1% RISK. ENDLESS POSSIBILITIES.

[QR CODE: Video link - "The Math of Drawdowns and Why 1% Risk is Non-Negotiable"]

Chapter 17 Workbook

✓ SUMMARY:

- Expectancy is the only math that matters: $(\text{Win Rate} \times \text{Avg Win}) - (\text{Loss Rate} \times \text{Avg Loss})$.
- Measure your performance in R-Multiples, not dollars.
- A 30% win rate with a 1:3 R:R is just as profitable as a 60% win rate with a 1:1 R:R.
- Drawdowns require exponential gains to recover. A 50% loss requires a 100% gain.

🔗 QUIZ:

1. If you risk ₹200 on a trade and make ₹800, what is your R-Multiple?

2. If you lose 25% of your account, what percentage gain do you need to break even?

PRACTICE CHARTS:[CHART 1: A chart showing 10 trades. Some are winners, some are losers. Reader must calculate the R-Multiple for each and add them up to find the total Expectancy of the sample.]

CANDLEGYAN
KNOW PATTERNS. READ MARKETS. TRADE SMART.

PRACTICE CHART 1: CALCULATE YOUR EXPECTANCY
Master the math. Trust the edge. Let the numbers guide your growth.

10 TRADES. YOUR JOB: CALCULATE THE R-MULTIPLE FOR EACH AND FIND THE TOTAL EXPECTANCY.

TRADE #	SETUP	RESULT	RISK (R)	NET RESULT (IN R)	R-MULTIPLE (WIN = +R / LOSS = -R)
1	Bullish Engulfing at Support	WIN	1R	+2.4R	
2	BOS Long (Trend Continuation)	WIN	1R	+1.6R	
3	Hammer at Daily Support	LOSS	1R	-1R	
4	Breakdown Short (Restest Fall)	WIN	1R	+3.2R	
5	Doji Rejection at Resistance	LOSS	1R	-1R	
6	Trend Pullback Long (50 EMA Bounce)	WIN	1R	+1.8R	
7	Breakout Long (New High)	WIN	1R	+2.6R	
8	Bearish Engulfing at Resistance	LOSS	1R	-1R	
9	BOS Short (Trend Continuation)	LOSS	1R	-1R	
10	Morning Star at Support	WIN	1R	+2.2R	

INSTRUCTIONS:

- 1 For each trade, divide the Net Result (in R) by the Risk (R). That is your R-Multiple.
- 2 Write your answer in the last column.
- 3 Add up all R-Multiples to find the Total Expectancy (in R).

YOUR CALCULATION

Trade 1	R-Multiple =	
Trade 2	R-Multiple =	
Trade 3	R-Multiple =	
Trade 4	R-Multiple =	
Trade 5	R-Multiple =	
Trade 6	R-Multiple =	
Trade 7	R-Multiple =	
Trade 8	R-Multiple =	
Trade 9	R-Multiple =	
Trade 10	R-Multiple =	

TOTAL EXPECTANCY (SUM OF R-MULTIPLES) = _____ **R**

REFLECTION PROMPTS (OPTIONAL)

- Was your expectancy positive or negative?
- What was your win rate? _____ / 10 = _____ %
- What can you improve in your next 10 trades?

R-MULTIPLE QUICK REFERENCE

Win Example: Price moves 2R in your favor = +2R

Loss Example: Price hits your stop loss = -1R

WHY EXPECTANCY MATTERS

- Positive expectancy ⇒ Long-term growth
- Negative expectancy ⇒ Long-term loss
- Your edge shows up in the math, not just in wins.

GOAL:

Build a positive expectancy through consistency, risk management, and patience.

✓ GOOD TRADERS FOLLOW THEIR PLAN.
✓ GREAT TRADERS IMPROVE THEIR EXPECTANCY.
✓ ELITE TRADERS COMPOUND THEIR EDGE.

CANDLEGYAN EXERCISE:*The "Risk Equivalency" Drill:* Place one single Green/Turquoise Marubozu (Type 1) on the left side of the board. Place three Red Standard pieces (Type 4) on the right side of the board. *Realization:* In a system with a 1:3 Risk-Reward, that ONE Green/Turquoise piece mathematically pays for the loss of those THREE red pieces. One win erases three losses. Take a photo of this visual to hang near your monitor.

⚠ COMMON MISTAKES:

- *Mistake:* Focusing only on win rate. *Reality:* A 90% win rate is useless if your 1 loss is 10 times larger than your 9 wins (the classic "picking up pennies in front of a steamroller" strategy).
- *Mistake:* Taking insane risks to recover a drawdown. *Reality:* This mathematically guarantees ruin.

☒ CHECKLIST:

- ☐ I have accepted the R-Multiple as my primary metric of success.

- ☐ I understand that a 30% win rate can make me wealthy.
 - ☐ I have physically built a -5R losing streak on my board and realized it is survivable.
-

LOSING STREAK PSYCHOLOGY

The "**Gambler's Fallacy**" Trap

A losing streak of 5 trades feels terrible. But how you react to that 5th loss determines if you survive the next 5.

The Amateur's Brain: After 5 losses, the amateur experiences the "Gambler's Fallacy." They think, *"I've lost 5 times in a row. The market HAS to give me a win now. The odds are in my favor."* Because of this false logic, they double their position size on the 6th trade to "make it all back." The 6th trade fails. The account is decimated.

The Master Trader's Brain: After 5 losses, the Master Trader looks at the CANDLEGYAN board and says, *"The market does not know what my last 5 trades were. Each candle is an independent event."* They realize that a 45% win rate means a 5-trade losing streak is a statistical certainty, not a curse. Instead of increasing risk, they enforce the "**Sin Bin**" protocol: they shut down the laptop, place their hands on the physical CANDLEGYAN pieces to ground themselves, and do not trade for 24 hours. They return the next day and risk exactly 1% again.

The Lesson: A losing streak is not a personal attack; it is just mathematical variance. Never let variance dictate your position size.

TRADE EXPECTANCY

The "Picking Pennies vs. Catching Waves**" Comparison** Most retail traders are obsessed with their Win Rate. They want to be right 80% of the time. But expectancy proves that being right doesn't make you money; *managing your R-Multiples* makes you money.

Let's compare two traders over 100 trades:

Trader A (The Penny Picker): Wins 80% of the time. But he closes winners early at +0.5R, and lets losers run to -1R.

- $\text{Expectancy} = (0.80 \times +0.5R) - (0.20 \times -1.0R)$

- Expectancy = $(+0.40R) - (-0.20R) = +0.20R$ per trade.
- Over 100 trades (risking ₹1,000 each), Trader A makes ₹20,000.

Trader B (The Master Method Wave Catcher): Wins only 40% of the time. But she uses the CANDLEGYAN SYSTEM APPROACH 50/25/25 rule, letting winners run to an average of +2.5R, and cuts losers at -1R.

- Expectancy = $(0.40 \times +2.5R) - (0.60 \times -1.0R)$
- Expectancy = $(+1.00R) - (-0.60R) = +1.60R$ per trade.
- Over 100 trades (risking ₹1,000 each), Trader B makes ₹1,60,000.

The Lesson: Trader B is wrong 60% of the time, yet she makes **8 times more money** than Trader A, who is right 80% of the time. This is the brutal, beautiful mathematics of the CANDLEGYAN Master Method.

CHAPTER 18

Position Sizing — The 1% Solution

Every trader has committed the "Double Down to Catch Up" sin. You lose ₹1,000 on a trade. You are angry. Your next trade, you risk ₹3,000 to "make it back." You lose that too. Now you are down ₹4,000. You risk ₹10,000 on a "sure thing" to erase the pain. It fails. Your account is blown.

Position sizing is the bridge between your R-Multiple math and the real world of dollars and cents. It is the ultimate equalizer. It ensures that a winning streak doesn't make you arrogant, and a losing streak doesn't destroy you.

The Golden Rule: 1% Per Trade

The **Master Method** dictates that you will never risk more than 1% of your total account equity on a single trade.

If you have a ₹1,00,000 account, your maximum risk on *any* trade is ₹1,000.

"Why 1%? As we learned in Chapter 17, a 10-trade losing streak while risking just 1% results in a roughly 9.6% drawdown. That is a painful, but survivable, flesh wound. Compare that to a 10-trade losing streak at 10% risk, which results in a 65% drawdown. That is a fatal artery wound.

"The Position Sizing Formula

You don't guess how many shares to buy. You calculate it using a simple formula:

Position Size = (Account Value × 1%) / Trade Risk Per Unit

Let's do the math:

- Value: ₹1,00,000
- 1% Risk: ₹1,000
- Entry Price: ₹500.00
- Stop Loss Price: ₹495.00 (Your structural stop loss from Chapter 15)
- Trade Risk Per Share: ₹500.00 - ₹495.00 = ₹5.00

Calculation: ₹100 / ₹5.00 = 20 Shares.

You buy exactly 20 shares. If you are stopped out, you lose exactly ₹100 (1%). If you hit your 1:2 target, you make ₹200 (2%).

CANDLEGYAN
KNOW PATTERNS. READ MARKETS. TRADE SMART.

EXPECTANCY CALCULATOR

Fill in your numbers. Do the math. Know your edge.

THE EXPECTANCY FORMULA

$$\text{EXPECTANCY (R)} = \left(\frac{\text{WIN RATE (\%)}}{100} \times \text{AVERAGE WIN (R)} \right) - \left(\frac{\text{LOSS RATE (\%)}}{100} \times \text{AVERAGE LOSS (R)} \right)$$

YOUR 10 TRADE SAMPLE

TRADE	RESULT (WIN / LOSS)	RISK (R)	NET RESULT (IN R)	R-MULTIPLE (IN R) (WIN = +R / LOSS = -R)
1		1R		
2		1R		
3		1R		
4		1R		
5		1R		
6		1R		
7		1R		
8		1R		
9		1R		
10		1R		

STEP-BY-STEP CALCULATION

1 Count your Wins and Losses.
Wins = Losses =

2 Calculate your Win Rate and Loss Rate.
Win Rate (%) = %
Loss Rate (%) = %

3 Calculate your Average Win (in R)
Average Win (R) =

4 Calculate your Average Loss (in R)
Average Loss (R) =

EXPECTANCY CALCULATION

EXPECTANCY (R) =

$$\left(\frac{\text{WIN RATE (\%)}}{100} \times \text{AVERAGE WIN (R)} \right) - \left(\frac{\text{LOSS RATE (\%)}}{100} \times \text{AVERAGE LOSS (R)} \right)$$

EXPECTANCY (R) =

INTERPRET YOUR RESULT

EXPECTANCY > 0
You have a positive edge.
Stay consistent and let probability work.

EXPECTANCY = 0
No edge. Break-even.
You need to improve your strategy or execution.

EXPECTANCY < 0
Negative edge.
You will lose money over time.

FOCUS ON THE PROCESS. TRUST THE MATH. PROTECT YOUR CAPITAL.

Volatility Adjusted Sizing (The ATR Tweak)

Not all trades are created equal. A stock that moves ₹5 a day is much more likely to hit your stop loss than a stock that moves ₹0.50 a day.

To adjust for this, we substitute the "Trade Risk Per Share" with a multiple of the ATR (from Chapter 10).

Volatility Adjusted Formula: $\text{Position Size} = (\text{Account Value} \times 1\%) / (\text{ATR} \times \text{Multiplier})$

- Trade A (Calm Stock): ATR is ₹1.00. You use a 2x multiplier. Risk = ₹2.00. You buy 50 shares.
- Trade B (Jumpy Stock): ATR is ₹4.00. You use a 2x multiplier. Risk = ₹8.00. You buy only 12.5 shares.

You are risking the exact same ₹100 on both trades, but you are taking a *smaller position* on the volatile stock because it is more likely to whip around and stop you out.

Volatility-Adjusted Position Size Formula (in INR)

$\text{Position Size} = \frac{\text{ATR} \times \text{Multiplier} \times \text{Account Value} \times \text{Risk \%}}{100}$

Example:

Assumptions:

- Account Value = ₹10,00,000 (₹10 lakh)
- Risk per trade = 1% → Maximum loss allowed = ₹10,00,000 × 0.01 = ₹10,000
- ATR (14-period) of the instrument = ₹250
- Multiplier = 2 (stop-loss placed 2 × ATR away)

Calculation:

$\text{Position Size} = \frac{10,00,000 \times 0.01}{250 \times 2} = \frac{10,000}{500} = 20 \text{ units}$

What this means in practice

- You buy **20 shares/units**.
- Entry price example: ₹5,000.
- Stop-loss distance = 2 × ₹250 = **₹500**.
- Stop-loss price = ₹5,000 – ₹500 = ₹4,500 (for a long trade).
- If stopped out: Loss = 20 units × ₹500 = **₹10,000** → exactly 1% of the account.

Quick variations (INR)

Account Value	Risk %	ATR	Multiplier	Position Size	Max ₹ Risk
₹10,00,000	1%	₹250	2	20	₹10,000
₹25,00,000	1%	₹180	1.5	≈ 92	₹25,000
₹50,00,000	0.5%	₹40	3	≈ 208	₹25,000

Note: Use the actual ATR of the stock/crypto/index you are trading (in rupees). Always round the position size down to a whole number.

Visualizing Position Size with CANDLEGYAN

Your **CANDLEGYAN** pieces are all the same physical size, but in the real world, their "risk" varies wildly based on volatility.

CANDLEGYAN ACTION:

1. Hold a Standard Large piece (Type 3) in your left hand. Say: "This is a low-volatility stock. I can buy a large position size."
2. Hold a Long-Legged Doji (Type 8) in your right hand. Look at the massive wicks. Say: "This is a high-volatility stock. The wicks prove it swings wildly. I must buy a small position size." *The pieces teach you that anatomy dictates risk.*

CANDLEGYAN INSIGHT: Every candle tells a story. learn the story before you trade the signal.

CANDLEGYAN
KNOW PATTERNS. READ MARKETS. TRADE SMART.

LARGE POSITION

- ✓ High conviction setup
- ✓ Trend alignment
- ✓ Strong confirmation
- ✓ Wider stop acceptable
- ✓ Bigger position size

SMALL POSITION

- ✓ Low conviction setup
- ✓ Choppy market conditions
- ✓ News / volatility risk
- ✓ Tighter stop required
- ✓ Smaller position size

POSITION SIZE SHOULD MATCH YOUR CONVICTION AND MARKET CONDITIONS.

BIG HAND FOR BIG OPPORTUNITY. **SMALL HAND FOR SMALL RISK.**

Maximum Position Limits

Even if the formula spits out a massive number, you must respect absolute limits to prevent over-concentration:

- Max per single trade: 5% of total account value (not risk, but total value).
- Max per single sector: 15% of total account value (don't put 1% risk on 5 different tech stocks; that's really just one 5% tech bet).
- Max total portfolio heat: 5% total risk across all open trades.

[QR CODE: Video link - "How to Automate Position Sizing in TradingView"]

OPTIONS BUYING:

A NOTE FOR SMALL CAPITAL & OPTIONS BUYERS

Traders with small capital (e.g., ₹5,000) often trade Nifty 50 or Bank Nifty options. While the Master Method applies perfectly to options charts, please note: options carry high theta (time) decay. You must use strict stop losses based on the chart, not on your option premium. If the chart hits your stop loss, exit immediately—do not hold options hoping for a miracle."

Chapter 18 Workbook

✓ SUMMARY:

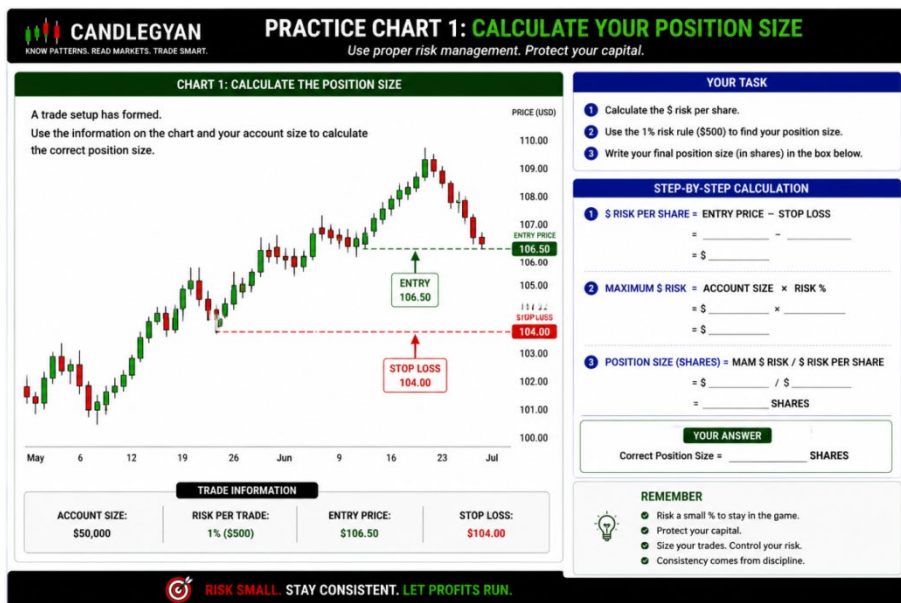
- Never risk more than 1% of account equity on a single trade.
- Use the formula: $\text{Position Size} = (\text{Account} \times 1\%) / \text{Risk Per Share}$.
- Adjust for volatility by using ATR instead of fixed stop distances.
- Respect max position limits to avoid correlation traps.

? QUIZ:

1. Account is ₹25,000. Your stop loss is ₹3.00 away from your entry. How many shares do you buy?
2. Why do you take a smaller position size when a stock has a high ATR?

PRACTICE CHARTS:[CHART 1: A chart showing an entry and a stop loss. Reader must manually calculate the position size for a ₹50,000 account and write it on the chart.]

CANDLEGYAN INSIGHT: Every candle tells a story. learn the story before you trade the signal.



CANDLEGYAN EXERCISE: *The "Size Up/Size Down" Drill:* Look at your tray. Separate the "calm" pieces (Marubozu, Standard Large) from the "jumpy" pieces (Dojis, Hammers, Shooting Stars). *Verbalize:* "When I trade the patterns on the left, I get standard size. When I trade the patterns on the right, I know the market is volatile and unsure, so I automatically cut my position size in half."

⚠️ COMMON MISTAKES:

- *Mistake:* Risking a fixed dollar amount (e.g., always buying 100 shares) regardless of where the stop loss is. *Reality:* This means you are risking 5% on one trade and 0.5% on another. Mathematical suicide.
- *Mistake:* Increasing risk to 5% because you are "on a hot streak." *Reality:* The hot streak is mathematically guaranteed to end. 1% is the law.

☑️ CHECKLIST:

☐ I have written the 1% Position Sizing formula on a sticky note on my monitor.

- ☐ I know how to adjust my size using the ATR.
- ☐ I understand the maximum portfolio heat limits.

Position Sizing Scenarios Example:

Scenario A: The "Cheap Stock" Illusion

You have a ₹1,00,000 account (1% risk = ₹1,000). You want to buy a penny stock trading at ₹10. You put your stop loss at ₹9. Your risk per share is ₹1.

- Calculation: ₹1,000 Risk / ₹1 Risk per share = 1,000 shares.
- You buy 1,000 shares for ₹10,000 total.

Now look at Scenario B: The High-Priced Giant

You want to buy Reliance Industries at ₹2,900. Your stop loss is at ₹2,850. Your risk per share is ₹50.

- Calculation: ₹1,000 Risk / ₹50 Risk per share = 20 shares.
- You buy 20 shares for ₹58,000 total.

The Illusion: The amateur thinks, *"I can buy 1,000 shares of the penny stock! It feels like so much volume. Reliance is too expensive."*

The Reality: In both scenarios, if the stop loss is hit, you lose exactly ₹1,000 (1%). The market does not care how many shares you own. It only cares about the structural risk.

The CANDLEGYAN piece (Hammer/Marubozu) looks exactly the same whether it represents a ₹10 stock or a ₹2,900 stock. Always trade the math, never the share count.

MASTER MODULE B: Portfolio Heat & The Drawdown Tiers

(Risking 1% per trade is not enough. You must control your total exposure.)

The Correlation Trap If you risk 1% on INFY (Infosys), 1% on TCS, and 1% on WIPRO, you might think your risk is 3%. It's not. These are all highly correlated tech stocks. If the Nifty IT sector crashes, all three stocks will be hit simultaneously. Your real risk is closer to 3% compounded.

The 5% Portfolio Heat Rule Your total open risk across *all* positions must never exceed 5% of your account.

The Drawdown Tier Protocol What happens when you hit a rough patch? You don't change your system, you change your size.

- **Yellow Alert** (Drawdown hits 1.5x your normal max): If your normal max drawdown is 8%, and you hit 12%, you enter Yellow Alert.
Action: Reduce position size by 25% across all new trades.
- **Red Alert** (Drawdown hits 2x your normal max): You hit 16%.
Action: Reduce position size by 50%. Alternatively, switch to paper trading until the drawdown mentally resets.
- **Black Alert** (Drawdown exceeds 2.5x): You hit 20%+.

Action: STOP TRADING IMMEDIATELY. Close all positions. Do not look at a chart for 14 days. You are in the danger zone of the psychological cascade. The is likely fine; your psychology is broken.

The Sin Bin If you break a Non-Negotiable Rule (moving a stop, trading without a BOS, risking more than 1%), you do not just say "oops." You sentence yourself to the Sin Bin:

- 1st Offense: 3-day trading ban.
- 2nd Offense: 1-week trading ban.
- 3rd Offense: 1-month trading ban.

Portfolio Heat and Correlation

Understanding Portfolio Heat

Portfolio heat refers to the total amount of risk you are exposing your account to at any given moment. If you have a ₹1,00,000 account and risk 1% per trade, a single trade exposes you to ₹1,000 of risk (1% portfolio heat). If you take five simultaneous trades, your portfolio heat is ₹5,000 (5%).

Many traders focus entirely on individual trade risk while ignoring portfolio heat. This is a critical oversight. Taking five uncorrelated 1% trades is very different from taking five highly correlated 1% trades.

In the first scenario, it is statistically unlikely that all five trades will hit their stop losses simultaneously. In the second scenario, if the correlated sector experiences a shock, all five stops could be hit within minutes, resulting in a catastrophic 5% single-day loss.

The Correlation Problem

Correlation measures how closely two assets move in relation to each other. A correlation of +1.0 means they move in perfect lockstep. A correlation of -1.0 means they move in perfectly opposite directions. A correlation of 0.0 means their movements are unrelated.

In trading, the danger lies in positive correlation. If you are long four different technology stocks, you are not taking four different trades—you are taking one heavily concentrated bet on the technology sector.

Common Correlation Traps:

- **Sector Correlation:** Being long ONGC, IOC, and HPCL is one energy trade, not three.
- **Currency Correlation:** Being long EUR/USD and long GBP/USD is essentially one short-US Dollar trade, as both pairs move inversely to the dollar.
- **Index Correlation:** Being long TCS, INFOSYS, and Wipro is heavily correlated to the Nifty ITindex
- **Commodity Correlation:** Being long Gold and long Silver typically provides very little diversification.

The Master Method Correlation Rules

To prevent unchecked portfolio heat from correlated positions, the Master Method enforces strict rules:

Rule 1: Maximum Portfolio Heat Total open risk across all positions must never exceed 5% of account equity at any given time. This means a maximum of five 1% trades, three 1.5% trades, or a combination thereof.

Rule 2: The Correlation Deduction If you take multiple trades in correlated assets, you must deduct the correlation overlap from your available risk. *Example:* Your maximum portfolio heat is 5%. You take a 1% long trade on the NIFTY 50 OR BANKNIFTY. Because the Nasdaq 100 has a +0.90 correlation to the NIFTY 50 OR BANKNIFTY, a long Nasdaq trade does not give you another full 1% of heat allowance. You should treat a second tech trade as an addition to the first, allocating perhaps only 0.5% risk to it to account for the overlap.

Rule 3: The Opposing Position Exception You may exceed normal portfolio heat limits if you are taking opposing positions in negatively correlated assets (e.g., long Gold and short Silver if they temporarily diverge, though rare) or if you are hedging an existing position. However, pure directional trades must strictly adhere to the 5% limit.

How to Calculate Practical Correlation

You do not need a PhD in statistics to manage correlation. A practical, common-sense approach works perfectly:

1. **Look at the chart:** Do the two assets generally move in the same direction on the daily chart? If yes, they are positively correlated.
2. **Check the news:** Will the same macroeconomic event (e.g., an interest rate decision, a CPI print) affect both assets similarly? If yes, they are correlated.
3. **Use free tools:** Websites like TradingView offer correlation matrices. Check the 3-month and 1-year correlation coefficients between your holdings. Treat anything above +0.60 as highly correlated.

Position Sizing with Portfolio Heat in Mind

Before entering a new trade, ask yourself: *"If a black swan event happens right now and everyone of my stop losses is simultaneously slipped by 20%, what happens to my account?"*

If the answer is "I lose more than 10-15% of my total account," your portfolio heat is too high. You must reduce position sizes across the board, not just on the new trade.

Professional traders survive because they survive the worst days. By rigidly controlling portfolio heat and respecting correlation, you ensure that no single market event can remove you from the game.

Key Takeaways

1. Portfolio heat is the sum of risk across all open positions; it must never exceed 5%.
2. Correlated trades multiply risk rather than diversify it.
3. Treat highly correlated assets (+0.60 or higher) as a single position for risk calculation purposes.
4. Always stress-test your portfolio against the scenario of all stops being hit simultaneously.

Drawdown Management

The 10% vs. 50% Recovery Math

The math of drawdowns is non-linear. The deeper the hole, the harder it is to climb out.

Imagine your ₹1,00,000 account hits a rough patch:

- **Level 1 (A Flesh Wound):** You lose 10% (₹10,000). Account is at ₹90,000. To get back to ₹1,00,000, you need an 11.1% gain. Easy. You just need one or two good 1:2 trades.
- **Level 2 (A Deep Cut):** You ignored the 1% rule, risked 5%, and lost several in a row. You are down 25% (₹25,000). Account is at ₹75,000. To get back to ₹1,00,000, you need a 33% gain. This requires a flawless month of trading.
- **Level 3 (An Artery Bleed):** You revenge-traded and risked 10%. You lost 50% (₹50,000). Account is at ₹50,000. To get back to ₹1,00,000, you need a 100% gain. You have to double your account just to break even!

The CANDLEGYAN Response: This is why the Master Method uses the Drawdown Tier Protocol. At a 10% drawdown (Yellow Alert), we cut position size by 25%. Why? Because the math of recovery is still forgiving. At a 20% drawdown (Red Alert), we cut position size by 50%. We do this because as the math gets exponentially harder, human psychology gets exponentially more desperate. By halving your size, you prevent a Level 2

"Deep Cut" from turning into a Level 3 "Artery Bleed." You survive to trade another day.

Professional Habit:

If you feel the need to "win back" a loss immediately, step away from the market. Your next trade should come from your plan, not your emotions.

MASTER MODULE C: An excellent, high-probability intraday strategy

The 90-Minute ORB + FVG Strategy (Intraday Mastery)

This is an excellent, high-probability intraday strategy. Adding the Opening Range Breakout (ORB) with Fair Value Gap (FVG) confirmation perfectly bridges the gap between the core **Master Method** (which is swing-based) and active day trading.

(The Core **Master Method** uses the Daily and 4-Hour charts for calm swing trading. However, if you want to trade actively, the first 90 minutes of the market open offer the highest probability. Here is the exact, mechanical strategy I use).

Why I Only Trade The First 90 Minutes of The Market Open

In India, the market opens at 9:15 AM. Institutional algorithms are most active between 9:15 AM and 10:45 AM. This is when the daily trend is established. After 11:00 AM, volume dries up, the "Midday Mush" begins, and price action becomes choppy and random.

By trading only the first 90 minutes, you catch the explosive institutional moves and protect your capital from the false breakouts of the afternoon. We use the 5-Minute or 15-Minute charts for this strategy.

Step 1: Box the Opening Range Candle (ORB)

The Opening Range is the first 15 minutes of the market (9:15 AM to 9:30 AM).

During this time, smart money is positioning themselves. Retail traders are panicking over overnight news. We do nothing. We just draw a box around the high and low of that first 15-minute candle.

CANDLEGYAN ACTION: Take your two Thin Trendline sticks. Place them horizontally on your magnetic board to form a "box." The top stick is the ORB High. The bottom stick is the ORB Low. Place a Standard Large candle (Type 3) inside the box to represent the 15-minute opening range.

Step 2: Confirm Liquidity (Direction) Candle

At 9:30 AM, the market will try to break out of your box.

Amateurs buy the exact moment price crosses the top line. Professionals wait for confirmation. We need to see a Fair Value Gap (FVG) form outside the box.

An FVG is a 3-candle sequence where the 1st candle and the 3rd candle do not overlap, leaving a "gap" in the price action. This gap means institutional buying was so aggressive that the market didn't even offer a pullback. It is pure, directional momentum.

CANDLEGYAN ACTION: Let's build a Bullish FVG. Take three Standard Large pieces (Type 3).

1. Place a Green/Turquoise piece (Candle 1).
2. Place a larger Green/Turquoise piece next to it (Candle 2 - this breaks the ORB line).
3. Place a Green/Turquoise piece (Candle 3) that is higher than Candle 1.

Look at the space between the wick of Candle 1 and the wick of Candle 3. That empty space is your FVG.

Step 3: Find the Perfect Entry (The Retest)

Institutions never buy the breakout. They wait for the price to pull back and "fill" the Fair Value Gap they left behind.

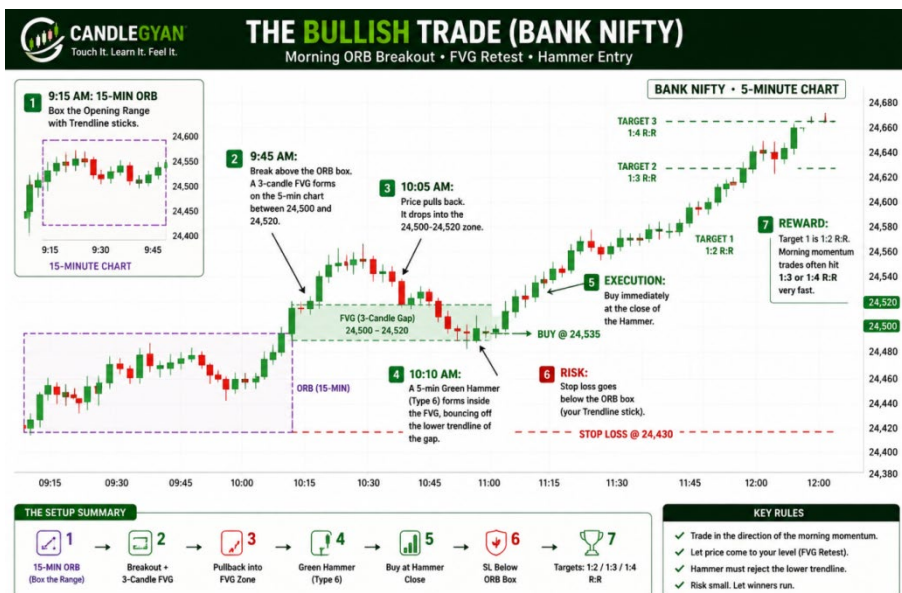
Once the FVG is formed, you move your attention to the 5-Minute chart. Wait for the price to drop back into the FVG zone. Once price is inside the gap, you look for your **CANDLEGYAN** entry trigger—a Hammer or a Bullish Engulfing pattern.

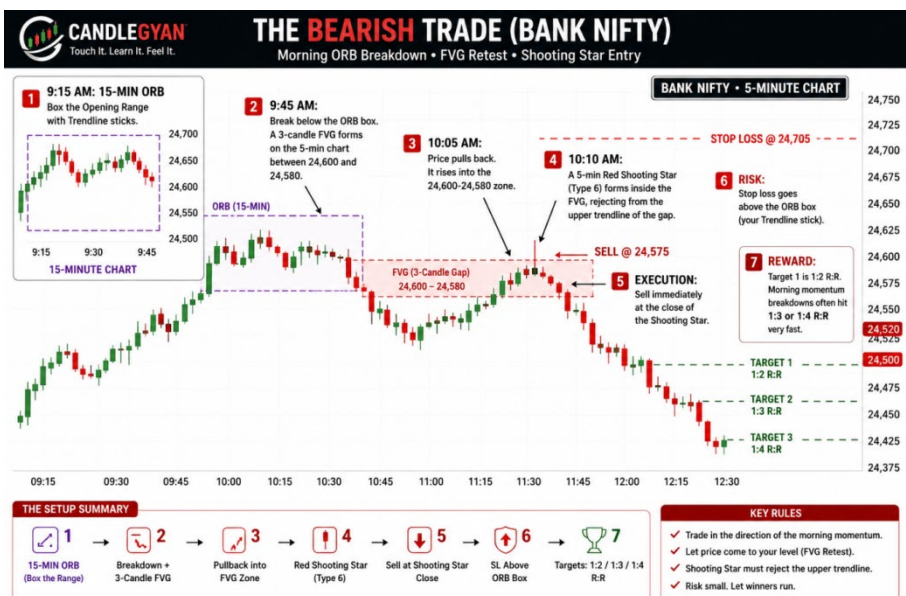
The Rule: You do not buy the breakout. You do not buy the gap. You buy the **RETEST** of the gap using a confirmation candlestick.

Example 1: The Bullish Trade (Bank Nifty)

1. 9:15 AM: Bank Nifty forms the 15-minute ORB. You box it with your Trendline sticks.
2. 9:45 AM: Bank Nifty breaks above the box. A 3-candle **FVG** forms on the 5-minute chart between 24,500 and 24,520.
3. 10:05 AM: Price pulls back. It drops into the 24,500-24,520 zone.
4. 10:10 AM: A 5-minute Green/Turquoise Hammer (Type 6) forms inside the FVG, bouncing off the lower trendline of the gap.
5. Execution: You buy immediately at the close of the Hammer.
6. Risk: Stop loss goes below the ORB box (your Trendline stick).
7. Reward: Target 1 is 1:2 R:R. Because it is the morning momentum, these trades often hit 1:3 or 1:4 very fast.

CANDLEGYAN INSIGHT: Every candle tells a story. learn the story before you trade the signal.





Example 2: Simple Strategy (That Actually Works)

If you want to strip this down to the absolute simplest version:

Trade only the 15-minute chart.

1. Box the first 15-minute candle.
2. If the second 15-minute candle breaks the box and closes as a Marubozu (Type 1), enter on the open of the third candle.
3. Place your stop loss inside the box.
4. Exit at 10:45 AM regardless of the profit.

This removes all emotion and relies purely on the momentum of the first 45 minutes.

Full Results Using This Strategy

This strategy works best on days with high volatility (like RBI policy days or major global news). On dead, sideways days, the FVG will not form, which keeps you out of bad trades. By strictly limiting your trades to the 90-minute window and requiring an FVG + Retest, your win rate dramatically increases because you are only trading where institutional money physically left a footprint.

Live Market Example (WATCH THIS)

[QR CODE PLACEHOLDER: Links to Video: "Live Bank Nifty ORB + FVG Trade - Watch the 90-Minute Window in Real-Time"]

(In this video, I walk you through a live market open. Watch how I ignore the initial noise, wait for the FVG to form, and execute the retest trade mechanically. Notice that once 10:45 AM hits, I close the laptop.)

Master Module C Workbook

✓ SUMMARY:

- Only trade the first 90 minutes (9:15 AM to 10:45 AM). The rest of the day is noise.
- Box the first 15-minute candle using your Trendline sticks.
- Wait for a Fair Value Gap (FVG) to form outside the box to confirm institutional direction.
- Do not buy the breakout. Wait for the price to retrace and "retest" the FVG.
- Enter on a **CANDLEGYAN** confirmation candle (Hammer/Engulfing) inside the gap.

❓ QUIZ:

1. Why do we avoid trading after 11:00 AM?
2. What is a Fair Value Gap (FVG), and why do we wait for a retest of it instead of buying the breakout?

PRACTICE CHARTS: [CHART 1: A 5-minute chart of Reliance showing the ORB, the FVG breakout, and the perfect retest entry. Reader must draw a box around the ORB and shade the FVG zone.] [CHART 2: A 15-minute chart showing a failed ORB (no FVG formed). Reader must write "NO TRADE" on the chart.]

CANDLEGYAN INSIGHT: Every candle tells a story. learn the story before you trade the signal.



CANDLEGYAN EXERCISE: *The “FVG” Builder:*

Take your Trendline sticks and three Standard Large pieces. Build a bullish FVG on your board. Now, take your Hammer piece (Type 6) and place it so its long lower wick dips into the empty space between Candle 1 and Candle 3, but its body closes back above the gap. Take a photo. This is your ultimate intraday buy signal.

△ COMMON MISTAKES:

- Mistake: Buying the exact moment price breaks the Opening Range box. Reality: This is where smart money traps retail traders. Wait for the FVG and the retest.
- Mistake: Forcing a trade when there is no FVG. Reality: If the market breaks out and immediately reverses, there is no gap. It means there is no institutional conviction. Stand aside.
- Mistake: Holding an ORB trade past 11:30 AM. Reality: The morning momentum is over. If your target isn't hit by 10:45 AM, take your profit or scratch the trade and walk away.

☒ **CHECKLIST:**

- ☐ I have committed to only trading the first 90 minutes of the market open.
- ☐ I know how to build an Opening Range Box and an FVG using my **CANDLEGYAN** pieces.
- ☐ I will never buy a breakout; I will only buy the retest of the FVG.

CHAPTER 19

The Trader's Psychology — Beating Your Own Brain

Every trader fights a silent battle—not against the market, but against their own emotions.

Fear stops you from taking the right trade. **Greed** convinces you to stay long after the trend has ended. When a trade turns red, **Hope** replaces logic, persuading you to hold a losing position instead of accepting a small, controlled loss.

That loss often leads to **Revenge Trading**—an emotional attempt to recover money quickly, driven by ego rather than discipline.

Then comes **FOMO (Fear of Missing Out)**. Watching others profit tempts you to chase a move that's already too late. And after a few successful trades, **Overconfidence** quietly creeps in, causing you to ignore risk and abandon your trading rules.

The only way to defeat these psychological traps is through **Discipline** and **Patience**. Discipline means following your trading plan without exception. Patience means waiting for high-probability setups instead of chasing the market.

Remember: If you ever feel the urge to *win back* a loss immediately, step away from the screen. Your next trade should come from your **plan**, not from your **emotions**.

Every trader has watched profits disappear. Every trader has moved a stop loss, praying the market would turn around. Every trader has closed a winning trade too early, driven by the raw, physical panic of losing money. Every trader has blamed the market, the algorithm, or the broker for their own decisions.

If you have felt these things, welcome to the human race. You are not broken. Your brain is simply functioning exactly as it evolved to function over the last 200,000 years.

The problem is, your brain evolved to keep you alive on the African savanna, not to execute risk management on a candlestick chart.

The Neurobiology of a Trading Mistake

When you see a trade moving violently against you, your visual cortex processes the red chart and sends a distress signal to the amygdala—the alarm system in your brain.

The amygdala triggers a "fight or flight" response. It floods your body with cortisol and adrenaline. Here is the terrifying part: This chemical dump physically diverts blood flow AWAY from your prefrontal cortex.

Your prefrontal cortex is the logical, rational part of your brain. It is where your **Master Method** rules live. When the amygdala hijacks your brain, you are physiologically incapable of following your trading plan. You are operating from pure survival instinct. You freeze, you move your stop, or you revenge trade.

The 6 Cognitive Biases That Will Destroy You

Your brain uses mental shortcuts (heuristics) to process information quickly. In the markets, these shortcuts are fatal.

1. Loss Aversion (The Pain of Losing is 2x the Joy of Winning)

- *How it manifests:* You close a winning trade at +0.5R because you are terrified of it turning into a loss. But you hold a losing trade all the way to -2R because you can't accept the pain of taking the loss.
- *The Defense:* The 50/25/25 rule. By taking profit at 1:2 automatically, you remove the decision from the emotional brain.

2. Confirmation Bias

- *How it manifests:* You want to buy a stock. You look at the chart and see a beautiful Hammer. You ignore the fact that the Daily trend is strongly down and the RSI is showing bearish divergence. You only see what supports your desire to buy.
- *The Defense:* The 7-Factor Confluence Score. It forces you to check factors that might *disprove* your trade thesis.

3. Recency Bias

- *How it manifests:* You just had a 5-trade winning streak. You feel invincible. You double your position size on trade 6, convinced you can't lose. (Trade 6 is usually the one that wipes out the streak).
- *Defense:* The 1% Position Sizing rule. It mathematically prevents you from scaling up based on recent emotions.

4. Anchoring

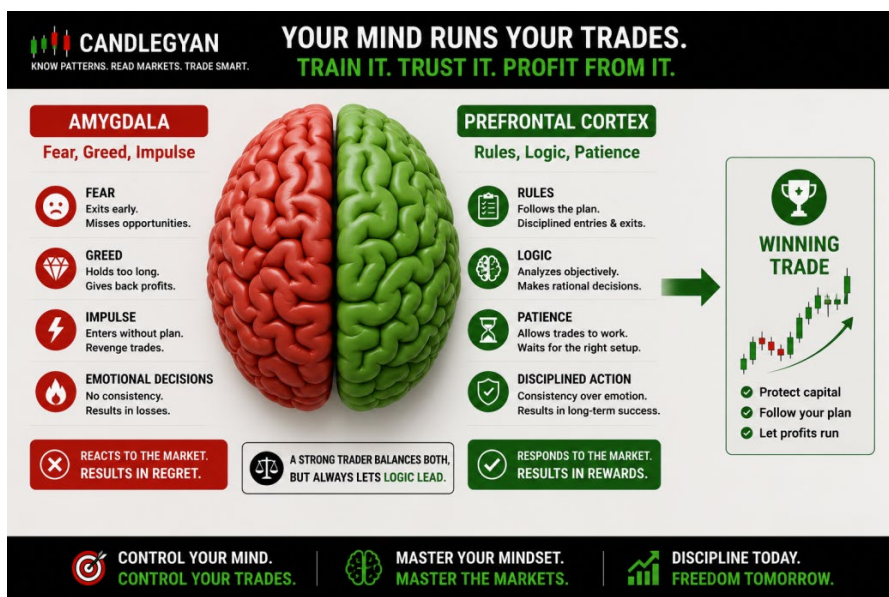
- *How it manifests:* You buy at ₹100. The stock drops to ₹90. You refuse to sell because you are "anchored" to the ₹100 price. You don't realize the market doesn't care what you paid.
- *The Defense:* Asking the "Flat Question": "If I had no position right now, would I enter at ₹90?" If no, close it.

5. Sunk Cost Fallacy

- *How it manifests:* "I've spent four hours analyzing this stock, I HAVE to take the trade." Or, "I'm already down ₹500, I can't sell now." The past investment of time or money clouds your judgment of the present.
- *The Defense:* Treat every new minute and every new candle as a fresh decision.

6. The Bandwagon Effect

- *How it manifests:* A stock is pumping on Twitter. Everyone is making money. You buy at the top without checking a single chart.
- *The Defense:* If the setup isn't on your **CANDLEGYAN** board and it doesn't score a 3 on the Confluence sheet, you don't trade it.



The Emotional Regulation Framework

You cannot stop the amygdala from firing, but you can intercept the signal.

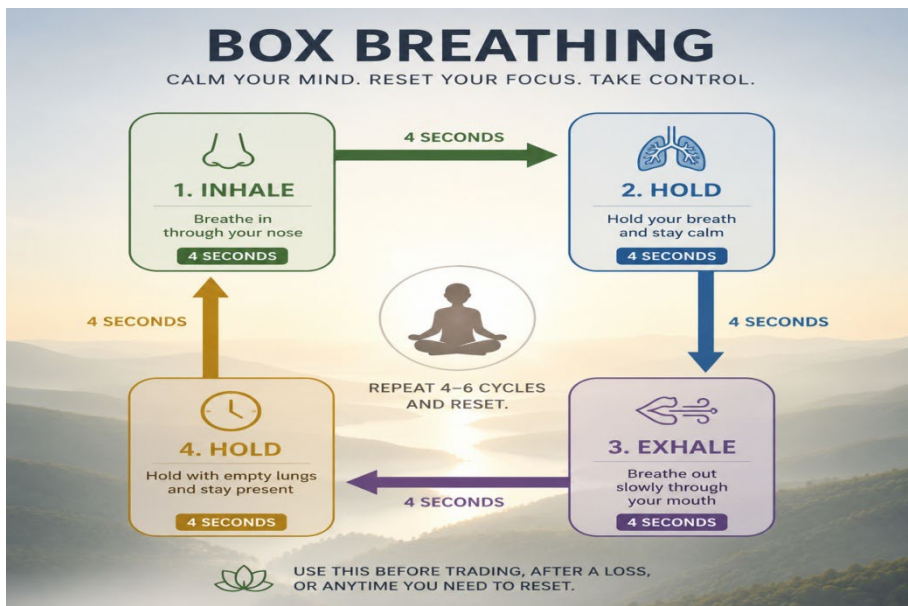
Step 1: Awareness (The Physical Scan) Emotions manifest physically *before* they hit your conscious mind. Scan your body: Is your jaw clenched? Is your breathing shallow? Is your hand gripping the mouse too hard? If yes, your amygdala is firing.

Step 2: Interrupt (The Break) Break the visual feedback loop. Take your hands off the keyboard. Push your chair back. Look away from the screens.

Step 3: Redirect (Box Breathing) Use the Navy SEALs' favorite tool to manually override the stress response and restore blood flow to the prefrontal cortex:

- Inhale for 4 seconds.
- Hold for 4 seconds.
- Exhale for 4 seconds.
- Hold for 4 seconds.
- Repeat 3 times.

[GRAPHIC: A simple 4-box diagram showing the 4-second intervals of Box Breathing with a calming visual aesthetic.]



The CANDLEGYAN Emotional Anchor

Your kit isn't just for learning patterns; it is an emotional anchor.

When you are in a trade and the market is moving against you, do not stare at the red P&L on your screen.

Push your chair back. Open your **CANDLEGYAN** box. Pick up a piece. Feel the weight.

Touching the physical pieces activates the tactile, spatial part of your brain, which calms the emotional, reactive part. It reminds you of the rules you built on the board. It brings you back to the prefrontal cortex.

CANDLEGYAN ACTION: Next time you feel the urge to break a rule (move a stop, close early), physically put your hands on your **CANDLEGYAN** board. Say out loud: *"I am reacting emotionally. My rules are on this board. I will follow the board, not my fear."*

[QR CODE: Video link - "Box Breathing Exercise for Traders (Guided 2-Minute Audio)"]

Chapter 19 Workbook

✓ SUMMARY:

- Losing money triggers an amygdala hijack, which physically shuts down the logical part of your brain.
- The 6 deadly biases are: Loss Aversion, Confirmation, Recency, Anchoring, Sunk Cost, and Bandwagon.
- Interrupt the stress response by scanning your body, pushing away from the desk, and performing Box Breathing.
- Use the **CANDLEGYAN** board as a physical grounding tool when emotional.

? QUIZ:

1. What part of the brain triggers the "**fight or flight**" response, and what part holds your trading rules?
2. Which bias makes you hold onto losing trades because you are fixated on your entry price?

PRACTICE CHARTS:[CHART 1: A chart showing a trade that is down -0.8R. The stop loss is still intact. Write a paragraph explaining why the amateur would close it now, and why the **Master Method** trader would hold it.]



CANDLEGYAN EXERCISE: *The "Bias Builder" Drill:*

1. Build a beautiful Bullish Engulfing pattern on your board.
2. Now, verbally try to argue *against* the trade. Say: "The Daily trend is actually down. The volume is low. This is probably a trap."
3. *Realization:* By forcing yourself to argue the opposite side, you just defeated Confirmation Bias. Take a photo of the pattern to remind you to always play devil's advocate.

⚠ COMMON MISTAKES:

- *Mistake:* Thinking you can out-think your biology. *Reality:* You cannot. You must use physical interventions (breathing, removing hands from keyboard) to regulate your state.
- *Mistake:* Trading when angry or depressed. *Reality:* The Sin Bin protocol (from the original manuscript) applies here. If you break a rule due to emotion, you ban yourself from trading for 24 hours.

☒ CHECKLIST:

- ☐ I recognize the physical symptoms of an amygdala hijack in my body.
 - ☐ I have memorized the 4-second Box Breathing technique.
 - ☐ I have designated my CANDLEGYAN board as my "calming anchor" during live market hours.
-

CHAPTER 20

Journaling — Your Receipt for Success

Every trader has made the exact same mistake twice. You take a loss because you jumped in without checking the Daily trend. A week later, you take the exact same loss, on a different stock, for the exact same reason.

Why? Because human memory is flawed. We remember the pain of the loss, but we quickly forget the *structural reason* the loss happened. Without a journal, you are driving blindfolded with no rearview mirror.

A trading journal is not a diary. It is not a place to write, *"I'm so mad, the market cheated me."*

A trading journal is a data-collection tool. It is the only mechanism that bridges the gap between your **CANDLEGYAN** practice and your live trading performance.

The Three Types of Losses

To journal effectively, you must categorize every losing trade into one of three buckets. This stops you from blaming the market and forces you to fix your process.

Type 1: The System Loss (The Cost of Doing Business) You followed every rule. You checked the Daily trend. You scored a 4 on the Confluence sheet. You waited for the BOS close. You placed your 1% stop. The market hit your stop and reversed without you. *Action:* None. Do not change your system. This is the statistical cost of doing business. Accept it and move on.

Type 2: The Execution Loss (The Psychology Failure) You had a valid setup. But you entered late because you hesitated. Or you closed the trade at +0.5R because you were scared, even though your plan said to hold for 1:2. *Action:* Identify the emotion (fear, greed, impatience). Work on your Box Breathing and emotional regulation.

Type 3: The Rule-Break Loss (The Unforgivable Sin) You took a trade with only 2 Confluence factors. You risked 3% because you "knew it would work." You moved your stop loss.

Action: Sin Bin. You must penalize yourself. No trading for 24 hours. If you do this repeatedly, you do not deserve to trade a real account.



The Master Method Journal Template

Do not write paragraphs. Use a spreadsheet or a dedicated app. Every trade must log these exact columns:

1. Date/Time & Asset
2. Phase & Context: (e.g., "Daily Trending Up, 4H Pullback")
3. Confluence Score: (e.g., "4/7 - Structure, S/R, Hammer, Fib")
4. Trigger: (e.g., "4H BOS closing above ₹105")
5. Entry & Stop: (e.g., "Entry ₹105.20, Stop ₹103.20")
6. Exit & R-Multiple: (e.g., "Exit ₹109.20, +2.0R")
7. Loss Type: (System, Execution, or Rule Break)
8. Process Score (1-10): Did I follow my rules? (10 = Perfect)
9. Emotion Score (1-10): (1 = Calm/Mechanical, 10 = Panicking/Euphoric)
10. **CANDLEGYAN** Board Photo: *(Crucial)* A screenshot of the board showing the pattern you built before entry.


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TRADE JOURNAL SPREADSHEET 
ONE PERFECT TRADE EXAMPLE

1. TRADE DETAILS		2. TRADE EXECUTION		3. R-MULTIPLE CALCULATION	
Date	June 26, 2026	Entry Price	22,150.00	Risk Per Unit = Entry - Stop Loss	22,150.00 - 22,050.00 = 100.00
Instrument	NIFTY 50 Futures	Stop Loss Price	22,050.00	1R (Per Unit Risk)	22,350.00 ÷ 2 = 11,175.00 = 200.00
Timeframe	15 Minute	Risk Per Unit	100.00	Reward Per Unit = Exit - Entry	22,350.00 - 22,150.00 = 200.00
Direction	LONG	Position Size (Units)	75	R-Multiple = Reward / Risk	200.00 / 100.00 = 2.0R
Setup / Pattern	Pullback to 20 EMA + VWAP Support Bounce	Total Risk (Should be 1R)	7,500.00	TOTAL R-MULTIPLE	2.0R
Market Condition	Bullish Trend	Exit Price	22,350.00		
Location (Why here?)	Price at strong confluence (20 EMA + VWAP + Demand Zone)	R-Multiple Achieved	2.0R		
Notes	High probability setup as per my Master Method.	P&L (in ₹)	15,000.00		
		Result	WIN		

4. PROCESS SCORECARD (Rate Your Process Out of 10)				
#	PROCESS RULE	YES / NO	SCORE (0-10)	NOTES
1	Did I take the trade only if all my setup conditions were met?	✓	10	All conditions aligned perfectly.
2	Was my entry planned and not impulsive?	✓	10	Patiently waited for pullback.
3	Was my position size within my risk plan (1R)?	✓	10	Riskd exactly 1R (₹7,500).
4	Was my stop loss placed in the right location?	✓	10	Below recent swing low.
5	Did I follow my trade management plan?	✓	10	Moved SL to breakeven at 1R.
6	Did I let the trade work without interference?	✓	10	Did not exit early. Let it reach target.
7	Did I stick to my exit plan?	✓	10	Exited at 2R target as planned.
8	Was I emotionally balanced throughout the trade?	✓	10	Calm, focused, no fear or greed.
9	Did I journal my trade before or immediately after?	✓	10	Journalled right after exit.
10	Did I learn something valuable from this trade?	✓	10	Confidence in my process increased.
TOTAL SCORE			100 / 100	PROCESS SCORE 10 / 10 ★

5. PERFORMANCE SUMMARY		6. REFLECTION		THE RESULT  PERFECT TRADE +2.0R WIN PROCESS SCORE: 10/10 THIS IS HOW MASTERY IS BUILT.
R-Multiple Achieved	2.0R	What went well?	Everything as per plan. Great execution.	
Result	WIN	What can be improved?	Keep building consistency. More of the same.	
P&L (in ₹)	15,000.00	Key Takeaway	Trust the process. Follow the plan. Let winners run.	
Account Impact	+0.30%	Emotional State	😊 CONFIDENT & CALM	
Was it a good trade?	✓ YES	Would I take this trade again?	✓ YES	

The CANDLEGYAN Board Photo Rule

This is the secret weapon of your learning ecosystem.

Before you enter a live trade, you must build the setup on your **CANDLEGYAN** board. Take a photo with your phone. Paste that photo into your journal.

Why? Because three months from now, you can look at that photo and instantly see if you were forcing a messy pattern or trading a clean textbook setup. It is undeniable visual proof of your process.

CANDLEGYAN ACTION: Open your phone's camera. Take a photo of an empty **CANDLEGYAN** board. Set this as the lock screen on your phone with the text: *"Did I build it before I traded it?"*

CANDLEGYAN PHOTO: A phone screen showing a photo of a perfectly built Morning Star pattern on the board, acting as the phone's lock screen.



[QR CODE: Video link - "Setting Up Your Master Method Trading Journal in Notion/Excel"]

Chapter 20 Workbook

✓ SUMMARY:

- A journal is a data tool, not a diary.
- Categorize losses into System (acceptable), Execution (psychology fix), and Rule Break (punishable).
- Use the 10-column template focusing heavily on R-Multiple and Process Score.
- Take a photo of your **CANDLEGYAN** board for every trade and paste it in the journal.

? QUIZ:

1. You followed all rules but got stopped out by a sudden wick. What Type of loss is this?

2. What two scores (out of 10) must you assign to every journal entry?

PRACTICE CHARTS:[CHART 1: A screenshot of a blank journal spreadsheet. Reader must mentally fill it out based on a losing trade they took in the past, categorizing the loss correctly.]



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PRACTICE CHART 1
 TRADING JOURNAL WORKSHEET


MASTERY COMES FROM HONESTY AND A PROCESS.



EXERCISE: Think of your **most recent losing trade**.
 Fill out this journal from memory and **classify the loss correctly**.



<table style="width: 100%; border-collapse: collapse;"> <tr><td style="width: 5%; text-align: center;">1</td><td style="width: 20%;">DATE</td><td style="width: 75%;"></td></tr> <tr><td style="text-align: center;">2</td><td>SYMBOL / INSTRUMENT</td><td></td></tr> <tr><td style="text-align: center;">3</td><td>TIMEFRAME</td><td></td></tr> <tr> <td style="text-align: center;">4</td> <td>DIRECTION</td> <td> ☐ LONG ☐ SHORT </td> </tr> <tr><td style="text-align: center;">5</td><td>SETUP / PATTERN</td><td></td></tr> <tr><td style="text-align: center;">6</td><td>MARKET CONDITION (Why did you take this trade?)</td><td></td></tr> <tr><td style="text-align: center;">7</td><td>ENTRY PRICE</td><td></td></tr> <tr><td style="text-align: center;">8</td><td>STOP LOSS PRICE</td><td></td></tr> <tr><td style="text-align: center;">9</td><td>EXIT PRICE</td><td></td></tr> </table>	1	DATE		2	SYMBOL / INSTRUMENT		3	TIMEFRAME		4	DIRECTION	☐ LONG ☐ SHORT	5	SETUP / PATTERN		6	MARKET CONDITION (Why did you take this trade?)		7	ENTRY PRICE		8	STOP LOSS PRICE		9	EXIT PRICE		<table style="width: 100%; border-collapse: collapse;"> <tr><td style="width: 5%; text-align: center;">10</td><td style="width: 20%;">RISK PER TRADE (In \$ or Account %)</td><td style="width: 75%;"></td></tr> <tr><td style="text-align: center;">11</td><td>POSITION SIZE (Contracts / Shares / Lots)</td><td></td></tr> <tr> <td style="text-align: center;">12</td> <td>R-MULTIPLE RESULT (Use negative for loss)</td> <td style="text-align: right;">_____ R</td> </tr> <tr> <td style="text-align: center;">13</td> <td>PROCESS SCORE (0-10) (Rate your execution)</td> <td style="text-align: right;">_____ / 10</td> </tr> <tr><td style="text-align: center;">14</td><td>WHAT WENT RIGHT? (Be honest)</td><td></td></tr> <tr><td style="text-align: center;">15</td><td>WHAT WENT WRONG? (Be honest & specific)</td><td></td></tr> <tr> <td style="text-align: center;">16</td> <td> LOSS CATEGORY (Choose one) </td> <td>  SYSTEM LOSS The setup lost.  EXECUTION LOSS I failed to execute the plan.  RULE BREAK I broke a rule. Sin Bin. </td> </tr> </table>	10	RISK PER TRADE (In \$ or Account %)		11	POSITION SIZE (Contracts / Shares / Lots)		12	R-MULTIPLE RESULT (Use negative for loss)	_____ R	13	PROCESS SCORE (0-10) (Rate your execution)	_____ / 10	14	WHAT WENT RIGHT? (Be honest)		15	WHAT WENT WRONG? (Be honest & specific)		16	LOSS CATEGORY (Choose one)	 SYSTEM LOSS The setup lost.  EXECUTION LOSS I failed to execute the plan.  RULE BREAK I broke a rule. Sin Bin.
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KEY LESSON / TAKEAWAY
 What is the one lesson you must remember from this trade?



COMMITMENT
 How will you do better next time?


JOURNAL THE TRUTH. LEARN THE LESSON. PROTECT YOUR CAPITAL.

CANDLEGYAN EXERCISE:*The "Post-Mortem" Drill:*Think of the worst trade you took in the last month.

1. Build the exact setup you took on your **CANDLEGYAN** board.
2. Look at it objectively. Was it a clean 3+ Confluence setup, or was it messy? Be brutally honest.
3. Take a photo and write "MISTAKE" on it. This visceral act prevents you from repeating it.

⚠️ COMMON MISTAKES:

- *Mistake:* Only journaling winning trades. *Reality:* Losers hold the lessons.
- *Mistake:* Focusing on dollar amounts instead of R-Multiples. *Reality:* Dollars lie (because position sizes change). R-Multiples tell the truth about your system.

☒ **CHECKLIST:**

- ☐ I have created the 10-column spreadsheet template.
- ☐ I understand the difference between the 3 Types of losses.
- ☐ My phone lock screen now reminds me to photograph my board.

PART V:

PUTTING IT ALL TOGETHER

CHAPTER 21

The 30-Day CANDLEGYAN Transformation Plan

Every trader has fallen into the "**Course Addiction**" cycle. You buy a new course. You watch it for 3 days. You feel hyped. You open a live chart. You lose money. You feel defeated. You buy another course.

You do not have a knowledge problem; you have an integration problem. You are trying to run a marathon when you haven't even learned to walk.

This 30-Day Plan is designed to break your bad habits and physically wire the **Master Method** into your brain using the **CANDLEGYAN** ecosystem.

Week 1: The Purge (Days 1-7) “Understand Candles”

Goal: *Break the screen addiction and absorb the CANDLEGYAN system.*

Rules:

- NO LIVE TRADING. Close your broker platform. If you have open positions, either close them or set wide stops and walk away.
- Read: Re-read Chapters 1 through 16 of this book. Take notes.
- Build: Leave your **CANDLEGYAN** box open on your desk. Every night, build the pattern you read about that day.
- Write: Write your Trading Plan (Chapter 11) by hand. The physical act of writing wires the brain differently than typing.

Week 2: The Observer (Days 8-14) “Structure”

Goal: *Practice market phase identification and confluence scoring without financial risk.*

Rules:

- NO LIVE TRADING.

- The Routine: 30 minutes before the market opens, run your Pre-Market Routine (Chapter 22). Find 3 potential setups. Write down the scenarios.
- The Board: As the market moves, build the scenarios on your **CANDLEGYAN** board as they play out in real-time.
- The "Ghost" Journal: Log the scenarios as if you had traded them. *"If I had taken this RELIANCE trade, it would have been a +2R winner." OR "If I had taken this WIPRO trade, it would have been stopped out at -1R."*

CANDLEGYAN ACTION: By the end of Week 2, your board should be covered in dry-erase marks from drawing trendlines, support zones, and ATR buffers. You are treating the board like a war room map.

Week 3: The Simulator (Days 15-21) “Entries”

Goal: *Test your psychology and execution in real-time.*

Rules:

- PAPER TRADING ONLY. Use a simulator or a spreadsheet.
- Treat it as real: Execute the trades in real-time. Do not cheat by entering after the move already happened. Wait for the BOS close.
- The 5-Step Rule: You must fill out the Confluence Score (Step 2) in your journal *before* you take the paper trade.
- The Milestone: You must achieve 5 consecutive days of 100% rule adherence on paper before moving to Week 4. If you break a rule (e.g., enter without a BOS), restart Week 3.

Week 4: Micro-Live Trading (Days 22-30) “Execution”

Goal: *Dip your toe in the water with negligible financial risk.*

Rules:

- GO LIVE, BUT MICRO-SIZED.
- If your plan says risk 1%, risk 0.1%. If your plan says buy 100 shares, buy 10 shares.
- The goal is NOT to make money. The goal is to feel the visceral reality of a live stop loss being hit, and to prove to yourself that you can follow the rules when real money is on the line.
- If you follow your rules perfectly for these 10 days, regardless of P&L, you have successfully transformed your practice.

CANDLEGYAN
KNOW PATTERNS. READ MARKETS. TRADE SMART.

THE 4-WEEK STARTER PLAN

Learn. Observe. Practice. Scale.

FOCUS ON PROCESS.
RESULTS WILL FOLLOW.

WEEK 1	WEEK 2	WEEK 3	WEEK 4
LEARN THE FOUNDATION - Read The CandleGyan System. - Understand the candlestick patterns. - Learn patterns deeply. - Practice on the CandleGyan board. - Build your trading foundation. GOAL: Build Knowledge Build clarity. No rush.	OBSERVE & RECOGNIZE - Watch charts daily. - Identify high-probability setups. - Use the board to replay patterns. - Build pattern recognition. - Take screenshots and review. GOAL: Build Observation Train your eye. Be patient.	PAPER TRADE WITH PLAN - Take trades on paper. - Follow your rules 100%. - Journal every trade. - Review wins and losses. - Focus on execution & process. GOAL: Build Execution Perfect the process first.	MICRO-SIZE & GROW - Start with micro-sized trades. - Risk small. Protect your capital. - Stay consistent with your plan. - Let the edge and experience grow. - Think long-term. Stay disciplined. GOAL: Build Consistency Small size. Big future.

4 WEEKS TO BUILD. A LIFETIME TO MASTER. | **TRUST THE PROCESS. PROTECT YOUR CAPITAL. BECOME A MASTER TRADER.**

[QR CODE: Video link - "How to Set Up a Free Paper Trading Account"]

Chapter 21 Workbook

✓ SUMMARY:

- Week 1: No screens. Read, write the plan, build pieces.
- Week 2: Observe live markets. Build setups on the board. Log "ghost" trades.
- Week 3: Strict paper trading. Must hit 5 consecutive days of 100% rule adherence.
- Week 4: Live trading at 0.1% risk to test psychology.

? QUIZ:

1. What must you achieve in Week 3 before you are allowed to move to Week 4?
2. Why is Week 4 restricted to 0.1% risk instead of 1%?

PRACTICE CHARTS:[CHART 1: A blank 30-day habit tracker. Reader must commit to checking off each day they complete the assigned task.]



PRACTICE CHART 1

30-DAY HABIT TRACKER

SMALL DAILY ACTIONS. **MASSIVE** LONG-TERM RESULTS.



DISCIPLINE TODAY.
FREEDOM TOMORROW.



YOUR DAILY COMMITMENT: _____
(Write the one habit you will do every day for the next 30 days)

HOW TO USE:

- Complete your habit each day.
- Mark the box for that day.
- Don't break the chain!



30 DAYS TO
A STRONGER YOU.

DAY 1	DAY 2	DAY 3	DAY 4	DAY 5	DAY 6	DAY 7	DAY 8	DAY 9	DAY 10
☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
DAY 11	DAY 12	DAY 13	DAY 14	DAY 15	DAY 16	DAY 17	DAY 18	DAY 19	DAY 20
☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
DAY 21	DAY 22	DAY 23	DAY 24	DAY 25	DAY 26	DAY 27	DAY 28	DAY 29	DAY 30
☐	☐	☐	☐	☐	☐	☐	☐	☐	☐



WHY THIS MATTERS:
Consistency builds skill. 30 small wins create massive change.



AFTER 30 DAYS:
Review your progress. Celebrate your discipline.
Raise the bar. Keep evolving.



COMMIT. EXECUTE. REPEAT. | MASTER THE PROCESS. **MASTER YOUR FREEDOM.**

CANDLEGYAN EXERCISE:*The "Contract" Build:* Take a piece of paper. Write: "I commit to the 30-Day CANDLEGYAN Transformation Plan. I will not skip Week 2 or Week 3." Sign it. Place this contract inside the lid of your CANDLEGYAN box. Every time you close the box, you see your signature.

⚠ COMMON MISTAKES:

- *Mistake:* Skipping Week 2 and going straight to live trading. *Reality:* You will lose money and revert to old habits.
- *Mistake:* Treating Week 4 like a normal trading month. *Reality:* If you make ₹5 in Week 4 but followed every rule, it was the most successful month of your life.

☑ CHECKLIST:

- ☐ I have blocked out 30 days on my calendar.
- ☐ I have prepared my journal for "Ghost Trading" in Week 2.
- ☐ I have accepted that 0.1% risk in Week 4 is for my psychological protection.

CHAPTER 22

Your Daily Trading Routine

Every trader has suffered the "**Midday Mush.**" You wake up at 6 AM, eager to trade. By 10:30 AM, you have been staring at a 5-minute chart for four hours. Your eyes are bloodshot. You are making impulsive trades out of sheer boredom. By noon, you are exhausted, down money, and frustrated.

Professional traders do not stare at screens all day. They have a strict, time-boxed routine. They are snipers, not machine-gunners. They wait in the bushes for hours, pull the trigger once, and go home.

Phase 1: The Pre-Market Routine (30-60 mins before open)

This is where the battle is won or lost. You do your heavy thinking when the market is closed and your prefrontal cortex is fully online.

Step 1: Macro Check (5 mins) Check the NIFTY 50 OR BANKNIFTY/Nifty 50, DXY (US Dollar), and 10-Year Yields. Are we in a "Risk-On" or "Risk-Off" environment? (See Appendix B). This sets your bias for the day.

Step 2: Watchlist Generation (15 mins) Run your stock screener. Find 5-10 stocks that are pulling back in the direction of the Daily trend.

Step 3: The CANDLEGYAN Scenario Builder (15 mins) This is your secret weapon. Do not just look at the screen. For your top 3 setups, build them on your CANDLEGYAN board.

- *Example:* "If RELIANCE pulls back to ₹170, I will place my Green/Turquoise Hammer piece there. If a BOS triggers, I will enter. My stop is here (place a coin)." By physically building it, you remove the surprise element when the market opens.

Step 4: State Management (5 mins) Box breathing. Verbalize your intention: *"I will execute my rules. I will not force trades."*

Phase 2: The Active Session (Market Hours)

The First 5 Minutes: DO NOTHING. The open is algorithmic chaos. Let the amateurs fight over the initial noise.

The Execution Window (15-30 mins, usually between 9:45 and 10:30 AM): Look at your **CANDLEGYAN** board from the pre-market. Did price reach your levels? Did a BOS or CHoCH trigger fire?

- **If YES:** Execute mechanically. Set stop. Set Target 1. Walk away.
- **If NO:** Close your laptop. You are done for the day.

The Rest of the Day: HANDS OFF. If you are a swing trader using the 4-Hour chart, there is nothing to do for the next 5 hours. Go to the gym. Read a book. Do not watch the P&L tick up and down.

Phase 3: The Post-Market Routine (15 mins after close)

Step 1: Trade Management (5 mins) If you have open positions, check the Daily and 4-Hour closes. Do any trailing stops need to be moved? Make the adjustments mechanically.

Step 2: The Journal (10 mins) Log every trade taken today. Score your Process and Emotion. Take a photo of your **CANDLEGYAN** board and paste it in.

Step 3: Shutdown Close the charts. Close the broker. Mentally log off. You are a trader for 1-2 hours a day. The rest of the day, you are a human being.

[INFOGRAPHIC: A clean daily timeline. 8:00 AM: Pre-Market. 9:30 AM: Open (Hands off). 9:45 AM: Execution Window. 10:00 AM: Walk Away. 4:00 PM: Post-Market Journal.]



[QR CODE: Video link - "My Exact Pre-Market Morning Routine"]

Chapter 22 Workbook

✓ SUMMARY:

- Be a sniper, not a machine-gunner. Trade the execution window, not the whole day.
- Pre-Market: Macro check, Watchlist, Build scenarios on **CANDLEGYAN** board.
- Active: Execute the scenarios from your board. Walk away.
- Post-Market: Adjust stops, Journal with board photos, Shut down.

? QUIZ:

1. What should you do during the first 5 minutes of the market open?
2. Why is building scenarios on the **CANDLEGYAN** board during Pre-Market so powerful?

PRACTICE CHARTS:[CHART 1: A blank daily planner. Reader must map out their exact trading hours based on their time zone and the market they are trading (US, World, Forex).]



CANDLEGYAN
KNOW PATTERNS. READ MARKETS. TRADE SMART.

— PRACTICE CHART 1 —

DAILY TRADING PLANNER

— MAP YOUR DAY. PROTECT YOUR TIME. EXECUTE YOUR PLAN. —



PLAN YOUR TIME.
TRADE YOUR PLAN.



YOUR TRADING SETUP

TIME ZONE: _____ MARKET YOU TRADE: ☐ US ☐ INDIA ☐ FOREX OTHER: _____

INSTRUCTIONS: Fill in your exact trading hours below based on your time zone and the market you trade.

TIME (Your TZ) e.g., 09:30 AM	SESSION / ACTIVITY e.g., Pre-Market Prep	FOCUS What will you be doing?	MARKETS OPEN (Yes / No)	VOLATILITY LEVEL Low / Medium / High	NOTES Key Levels / Reminders
to _____	PRE-MARKET PREP				
to _____	MARKET OPEN				
to _____	EXECUTION WINDOW 1				
to _____	EXECUTION WINDOW 2				
to _____	MID-DAY / LULL				
to _____	EXECUTION WINDOW 3				
to _____	POSITION MANAGEMENT				
to _____	MARKET CLOSE				
to _____	POST-MARKET REVIEW & JOURNAL				



TODAY'S GAME PLAN
What are you looking to achieve today?



RISK MANAGEMENT PLAN
 Max risk per trade: _____ | Max daily loss: _____
 If I hit my daily loss limit, I will: _____

 SUCCESS IN TRADING STARTS WITH PLANNING. | PLAN YOUR DAY. PROTECT YOUR CAPITAL. TRADE WITH CONFIDENCE.

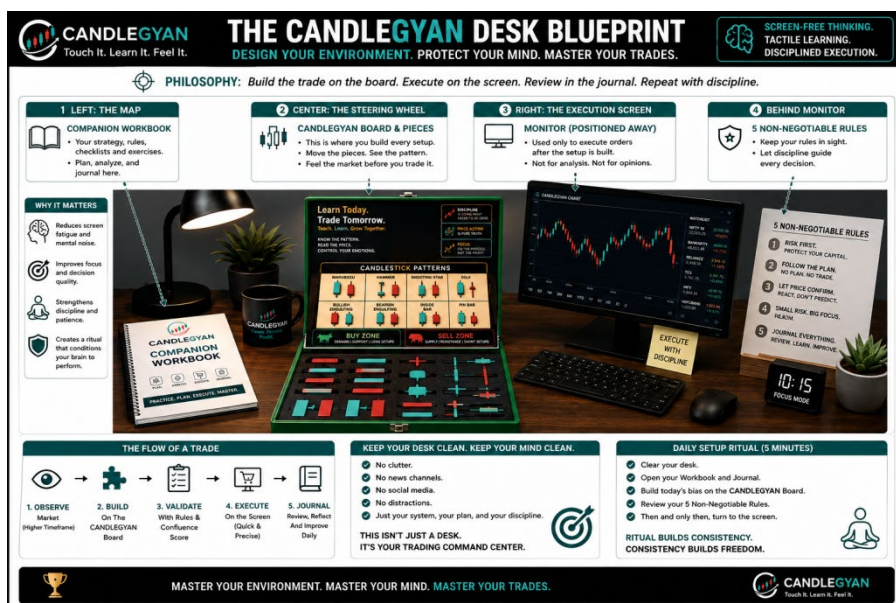
CANDLEGYAN EXERCISE: *The "War Room" Setup:* Clear your desk. Place your **CANDLEGYAN** board directly next to your mouse/keyboard. Place your journal on the other side. *Realization:* This physical layout forces you to look at the board before you look at the live chart. It makes the board the boss of your trading. Take a photo of your new desk setup.

⚠ COMMON MISTAKES:

- *Mistake:* Watching the P&L all day. *Reality:* This triggers amygdala hijacks. Check charts only at the close of the candle you are trading.
- *Mistake:* Trading during lunch when volume is dead. *Reality:* Low volume equals choppy, random price action. Avoid it.

☑ CHECKLIST:

- ☐ I have written down my specific Execution Window hours.
- ☐ I have placed my **CANDLEGYAN** board next to my keyboard.
- ☐ I have committed to the Post-Market shutdown.



The "CANDLEGYAN Desk Blueprint" (Environmental Design)

We are selling a screen-free, tactile philosophy. The physical environment where a trader sits dictates their psychology.

- A 1-page visual infographic in Chapter 22 (Daily Routine) showing the "Ideal Trader's Desk."
- **The Layout shown below:**
 - **Center:** The CANDLEGYAN Board and pieces (the steering wheel).
 - **Left:** The Companion Workbook (the map).
 - **Right:** The monitor (turned slightly away, only used to execute orders after the board is built).
 - **Behind the monitor:** A printed copy of the 5 Non-Negotiable Rules.
- It's unique: It reinforces my brand's core philosophy. I am literally telling people how to set up their physical space to avoid the "screen-fatigue" that ruins traders.

DAILY ROUTINE

- ☐ Check higher timeframe
- ☐ Mark levels
- ☐ Check news
- ☐ Confirm setup
- ☐ Define stop loss
- ☐ Calculate position size
- ☐ Record trade
- ☐ Review journal

DAILY AFFIRMATIONS

Trading rules perfectly aligned with the **CANDLEGYAN** Master Method and trader psychology.

RISK MANAGEMENT

- 1. Never average a losing position.*
- 2. Protect capital before seeking profit.*
- 3. Risk no more than 1% of your account on a single trade.*
- 4. Always define your stop-loss before entering a trade.*
- 5. Never move your stop-loss further away from your entry.*
- 6. A small loss is the cost of doing business.*
- 7. A big loss is a failure of risk management.*
- 8. Cut losers short and let winners run.*
- 9. Treat your trading capital as your business inventory.*
- 10. If you cannot sleep at night, your position size is too large.*
- 11. Never risk money you cannot afford to lose.*
- 12. A 50% drawdown requires a 100% gain just to break even.*
- 13. Calculate position size based on volatility, not fixed share counts.*
- 14. The market does not care about your profit targets.*
- 15. Diversify your portfolio heat, not just your assets.*

PRICE ACTION & EXECUTION

- 16. Trade with the higher timeframe.*
- 17. Missed trades are cheaper than bad trades.*
- 18. Let evidence, not opinion, guide your decisions.*
- 19. Price action is the ultimate truth; everything else is an opinion.*
- 20. A candle close is more meaningful than a candle wick.*
- 21. Wait for the Break of Structure before committing capital.*
- 22. Buy the retest, never chase the breakout.*
- 23. Support and resistance are zones, not exact prices.*
- 24. Liquidity pools exist to trap impatient traders.*
- 25. The trend is your friend until the structure breaks.*
- 26. Trade what you see on the chart, not what you think in your head.*
- 27. A Marubozu shows absolute control; a Doji shows absolute indecision.*
- 28. Never trade a Doji in isolation without confirmation.*
- 29. Context is king: a Hammer at support is a buy, in the middle of nowhere it is noise.*
- 30. Volume validates price action.*
- 31. If the setup isn't on your CANDLEGYAN board, it isn't in your trading account.*
- 32. Do not anticipate the signal; wait for the mechanical trigger.*
- 33. When the market is chopping, the best position is no position.*
- 34. A breakout without volume is a trap.*
- 35. The Transition Principle dictates that broken support becomes new resistance.*
- 36. Let the market come to your levels; do not chase it into the noise.*
- 37. Always wait for the candle to close before analyzing the pattern.*
- 38. Indicators lag; price does not.*
- 39. A widening spread means you are about to be stopped out by noise.*
- 40. The best trades often feel the most uncomfortable right before they work.*

TRADER PSYCHOLOGY

- 41. Fear freezes your fingers at the exact moment you should act.*
- 42. Greed keeps you holding long after the trend is dead.*
- 43. Hope is not a trading strategy.*
- 44. Never revenge trade to win back a loss.*
- 45. FOMO forces you to buy the absolute top.*
- 46. Overconfidence follows a winning streak right before a blow-up.*
- 47. Discipline is doing what you hate doing but doing it like you love it.*
- 48. Patience is a strategic advantage in a fast-moving market.*
- 49. Your brain evolved to survive the savanna, not to read candlesticks.*
- 50. The market is not against you; it is just indifferent to you.*
- 51. Ego is the most expensive thing in trading.*
- 52. Accept the loss the moment the stop is hit.*
- 53. A perfect execution of a losing trade is better than a sloppy winning one.*
- 54. If you break a rule, sentence yourself to the Sin Bin.*
- 55. Control your emotions, or they will control your account.*
- 56. You cannot control the market; you can only control your response.*
- 57. Box breathing lowers your heart rate and restores logical thinking.*
- 58. Step away from the screen when you feel the urge to force a trade.*
- 59. Never trade to compensate for a lack of income.*
- 60. The goal isn't to be right; the goal is to make money.*

MARKET CONTEXT & TIMEFRAMES

- 61. The higher timeframe always overrules the lower timeframe.*
- 62. Trade only in the direction of the prevailing trend.*
- 63. Identify the market phase before looking for a pattern.*
- 64. Transitioning markets are where amateurs lose the most money.*
- 65. Use the Rule of Three: Context, Trading, and Execution timeframes.*
- 66. The daily chart sets the bias; the lower timeframe sets the entry.*
- 67. Never start at the 1-hour chart and try to guess the daily trend.*

- 68. *A bearish signal in a bull trend is usually just a pullback.*
- 69. *RSI divergence warns of exhaustion, but price confirms the reversal.*
- 70. *The 20 EMA is the baseline of institutional sentiment.*
- 71. *If the 20 EMA is flat, do not use trend-following strategies.*
- 72. *High volatility requires smaller position sizes.*
- 73. *Low volatility requires immense patience.*
- 74. *The opening 15 minutes of the market are algorithmic chaos.*
- 75. *Institutional money leaves footprints; your job is to read them.*
- 76. *Never trade against central bank policy.*
- 77. *Risk-off environments mean standing aside is a winning position.*
- 78. *Correlated trades do not equal diversification.*
- 79. *A strong dollar changes the rules for every other asset class.*
- 80. *The market breathes: it expands in trends and contracts in ranges.*

ROUTINE & JOURNALING

- 81. *A trader without a journal is a driver without a rearview mirror.*
- 82. *Write down your trading plan before the market opens.*
- 83. *Execute the plan mechanically during market hours.*
- 84. *Review your trades after the market closes.*
- 85. *Measure your performance in R-multiples, not rupees.*
- 86. *Categorize your losses as System, Execution, or Rule Break.*
- 87. *Build the scenario on your physical board before entering the trade.*
- 88. *Take a photo of your board setup for every live trade.*
- 89. *Pre-market preparation prevents mid-market panic.*
- 90. *The best traders are snipers, not machine-gunners.*
- 91. *If you feel physical tension, close your laptop and walk away.*
- 92. *Never look at your P&L while a trade is active; look at the chart.*
- 93. *A trading plan is a living document, but never change it mid-trade.*
- 94. *Wait 30 days before implementing a new strategy to avoid emotional shifts.*
- 95. *Consistency over a 100-trade sample size matters more than a 5-trade streak.*

- 96. Treat your trading like a business, not a hobby.*
- 97. The market will always offer another opportunity tomorrow.*
- 98. Capital preserved today creates opportunities tomorrow.*
- 99. Survival is the only metric that matters in the first year of trading.*
- 100. Touch it, feel it, learn it, and then trade it.*

APPENDICES

APPENDIX A: Advanced Market Microstructure

(For those who want to peek under the hood)

While the **Master Method** relies on price action, understanding *why* price moves can prevent you from getting trapped.

- **The Bid-Ask Spread:** The Bid is what buyers will pay; the Ask is what sellers want. The difference is the spread. Market Makers profit from this. Avoid trading illiquid stocks with massive spreads; your **CANDLEGYAN** pieces might look perfect, but the broker will eat your profits in slippage.
 - **Iceberg Orders:** Large institutions hide their true order size. They show a bid for 100 shares, but actually have 1,00,000 shares behind it. When your **CANDLEGYAN** Hammer piece bounces, it's often bouncing off a hidden institutional Iceberg order.
 - **Stop-Loss Cascades:** When a major support level breaks, it triggers one set of stops. Selling that stop hits triggers the next level of stops. This creates the massive red Marubozu candles you see on crash days.
-

APPENDIX B:

Intermarket Analysis (Risk-On / Risk-Off)

Before trading individual stocks, check the macro weather.

- **Risk-On** (Green/Turquoise Light for Longs):NIFTY 50 OR BANKNIFTY is trending up. VIX (volatility index) is low. High-yield bonds are rising. The economic environment is calm. You can aggressively trade **Master Method** long setups.
 - **Risk-Off** (Red Light - Caution):NIFTY 50 OR BANKNIFTY is breaking down. VIX is spiking. US Dollar is surging (safe haven). Investors are fearful. Even if an individual stock looks like a perfect **CANDLEGYAN** setup, the macro tide is going out. Stand aside or trade very small sizes.
-

APPENDIX C:

The Master Method Checklists

(Cut these out or print them on cardstock)

The Pre-Trade Checklist

- ☐ Higher Time Frame (Daily) trend aligned?
- ☐ Trading Time Frame (4H) at Confluence Zone?
- ☐ Confluence Score 3 or higher? (___/7)
- ☐ BOS or CHoCH trigger fired on candle CLOSE?
- ☐ *If all YES - Proceed to Risk Calculation.*

The Risk Manager Checklist

Stop Loss placed structurally (beyond swing point + ATR buffer)?

- ☐ Stop Loss NEVER moved away from entry?
- ☐ Position Size = (Account x 1%) / Risk Distance?
- ☐ Total Portfolio Heat under 5%?
- ☐ *If all YES - Execute Trade.*

The Exit Plan Checklist

Target 1: Close 50% at 1:2 Risk-Reward?

- ☐ Action: Move Stop Loss to Breakeven?
- ☐ Target 2: Close 25% at 1:3 Risk-Reward?
- ☐ Target 3: Trail remaining 25% below new swing lows?
- ☐ *If all YES - Maximize profitability.*

APPENDIX D: Printable Worksheets

[GRAPHIC: A blank "Confluence Scorecard" worksheet for the reader to photocopy and fill out by hand for every trade. Contains the 7 factors with checkboxes and a final score tally.]



CandleGyan™
"Touch & Feel The Candles"
Interactive Magnetic Candlestick Learning System

CONFLUENCE SCORECARD

— Align Factors. Increase Probability. Trade with Confidence. —



**NOTHING RANDOM.
EVERY TRADE
FOR A REASON.**

DATE: _____

TIME: _____

TIME ZONE: _____

MARKET: ☐ US ☐ INDIA ☐ FOREX ☐ OTHER: _____

SYMBOL / PAIR: _____

TIMEFRAME: _____

DIRECTION: ☐ LONG ☐ SHORT

SETUP / PATTERN: _____



INSTRUCTIONS: For each factor, check the box that best matches your trade setup.
Score: 2 = Strong 1 = Partial 0 = No



Use this score to measure the quality of your trade.

#	CONFLUENCE FACTOR	STRONG (2)	PARTIAL (1)	NONE (0)	SCORE (0-2)
1	 TREND ALIGNMENT Price is in alignment with the higher timeframe trend.	☐	☐	☐	_____
2	 SUPPORT / RESISTANCE Price is at or near a key support or resistance level.	☐	☐	☐	_____
3	 PRICE ACTION Strong candlestick setup supports the trade idea.	☐	☐	☐	_____
4	 MOVING AVERAGES Price is in favorable position relative to key MAs.	☐	☐	☐	_____
5	 MOMENTUM / INDICATORS Indicators (RSI, MACD, Stoch, etc.) support the trade.	☐	☐	☐	_____
6	 VOLUME CONFIRMATION Volume supports the direction of the trade.	☐	☐	☐	_____
7	 TIME / SESSION FILTER Trade is taken during a favorable time/session for this setup.	☐	☐	☐	_____

TOTAL CONFLUENCE SCORE _____ / 14

**11 - 14
HIGH PROBABILITY**
Strong Confluence
Take the Trade

**7 - 10
MODERATE PROBABILITY**
Manage Risk Carefully
Be Selective

**0 - 6
LOW PROBABILITY**
Avoid or Wait
for Better Setup

NOTES / OBSERVATIONS: _____

FINAL DECISION: ☐ TAKE TRADE ☐ PASS

REASON: _____

 **BE DISCIPLINED.
CHECK YOUR FACTORS.**

 **QUALITY OVER QUANTITY.
BETTER TRADES, BETTER RESULTS.**

 **CONFIDENCE COMES FROM
CONFLUENCE.**

[GRAPHIC: A blank "Weekly Process & Emotion Tracker" worksheet. A simple table with days of the week, columns for R-Multiple, Process Score (1-10), and Emotion Score (1-10).]

WEEKLY PROCESS & EMOTION TRACKER



CONTROL WHAT
YOU CAN.
MASTER YOURSELF.

FOCUS ON THE PROCESS. THE RESULTS WILL FOLLOW.

WEEK OF: _____

WEEKLY GOAL / FOCUS: _____

DAY	R-MULTIPLE (Total for the Day)	PROCESS SCORE (1 - 10)	EMOTION SCORE (1 - 10)
MONDAY			
TUESDAY			
WEDNESDAY			
THURSDAY			
FRIDAY			
SATURDAY			
SUNDAY			
WEEKLY TOTAL / AVERAGE	_____	_____ / 10	_____ / 10

WEEKLY REVIEW

- What went well this week? _____
- What can I improve? _____
- Key lesson learned: _____

SCORE GUIDE

- 8 - 10 = Excellent
- 6 - 7 = Good
- 4 - 5 = Average
- 1 - 3 = Needs Improvement



DISCIPLINE DRIVES THE PROCESS.
THE PROCESS DRIVES RESULTS.



TRACK IT. REVIEW IT.
IMPROVE IT. REPEAT.



BECOME THE TRADER
YOU'RE PROUD OF.

APPENDIX E:

Glossary of Terms

- **ATR (Average True Range):** Volatility indicator used to calculate stop loss distances.
 - **BOS (Break of Structure):** A candle closing past a previous swing point, confirming trend continuation.
 - **CHoCH (Change of Character):** The first break of structure, warning of a potential trend reversal.
 - **Confluence:** The alignment of multiple independent technical factors.
 - **Drawdown:** The peak-to-trough decline in your account equity.
 - **Expectancy:** The mathematical average profit per trade over a large sample size.
 - **Liquidity Pool:** A cluster of stop-loss orders at obvious technical levels, targeted by smart money.
 - **R-Multiple:** Trade result expressed as a ratio of initial risk (e.g., +2R means you made twice what you risked).
 - **Risk-On/Risk-Off:** Macro environments dictating whether investors are seeking risk (buying stocks) or safety (buying dollars/bonds).
 - **Transition Principle:** The phenomenon where broken support becomes resistance, and vice versa.
 - **BS Detector:(Blind Speculation):** A filter that stops you from blindly gambling, **(Behavioral Sabotage):** A mental filter that catches your own emotional mistakes before you execute, **(Bad Setups):** The patience to wait for the exact trend, break, and retest.
-

APPENDIX F:

The Risk of Ruin

Defining the Risk of Ruin

The Risk of Ruin (RoR) is the mathematical probability that your account equity will eventually decline to a level where you can no longer trade effectively—or to zero. It is the single most important mathematical concept in trading, yet it is the most ignored by retail traders.

You can have a trading system with a highly positive expectancy, but if your position sizing is too large, your Risk of Ruin will approach 100%. You will eventually hit a losing streak long enough to wipe you out before your edge can manifest.

The Mathematics of Ruin

The precise calculation of RoR involves complex stochastic modeling, but we can use reliable approximations based on your Win Rate (W) and your Risk-Reward Ratio (R:R).

Let's look at how per-trade risk percentage impacts RoR for a decent trading system (45% win rate, 1:2 R:R, yielding an expectancy of +0.35R per trade).

RISK PER TRADE	RISK (%)	RUIN OF IMPLICATION
0.5%	~0.00%	Virtually impossible to go bankrupt.
1.0%	~0.01%	Incredibly safe. Mathematical certainty of long-term growth.
2.0%	~0.50%	Safe, but a harsh losing streak will cause noticeable pain.
5.0%	~9.20%	Dangerous. Nearly a 1 in 10 chance of blowing the account.
10.0%	~35.00%	Reckless. One-third chance of total ruin.
20.0%	~82.00%	Suicidal. You <i>will</i> go bankrupt.

(Note: These figures assume no addition or withdrawal of funds).

The Non-Linear Leap

Notice the non-linear progression in the table above. The jump from 1% risk to 2% risk doesn't double the Risk of Ruin—it increases it by fifty-fold (from 0.01% to 0.50%). The jump from 2% to 5% increases it by nearly twenty-fold again.

This is the brutal mathematics of geometric sequences working against you. Every incremental increase in risk per trade exponentially increases your probability of catastrophic failure.

The "Gambler's Ruin" Problem

The underlying mathematics of trading risk are identical to the classic "Gambler's Ruin" problem in probability theory. If a gambler with finite wealth plays against an opponent with infinite wealth (the market), and the game has any element of variance at all, the gambler will eventually go broke if they bet too large a fraction of their bankroll.

The market has infinitely more capital than you. It can outlast any temporary drawdown you inflict upon it. You cannot outlast the market. Therefore, your only defense is to make your bets so small that the market's infinite capital is irrelevant to your survival.

Calculating Your Personal Risk of Ruin

While exact formulas require software, you can estimate your Risk of Ruin using this simplified rule of thumb:

If your Expectancy is positive (which it must be to trade), your Risk of Ruin is effectively zero IF your maximum per-trade risk is 1% or less.

Once you exceed 2% per trade, you are entering a gray area where a bad string of luck can permanently cripple your compounding ability. At 5% and above, you are gambling, not trading.

Surviving the Worst Case

Let's apply this to the Master Method. Assume a horrific, statistically anomalous losing streak of 15 consecutive losses. (For context, with a 45% win rate, the odds of losing 15 trades in a row are roughly 1 in 33,000).

If you risk 1% per trade, a 15-trade losing streak results in a drawdown of: $1 - (0.99)^{15} = \mathbf{14.1\% \text{drawdown}}$.

Painful? Yes. Account ending? No. You are still in the game, and the statistical certainty of your edge will eventually recover those losses.

If you risk 5% per trade, the same 15-trade losing streak results in: $1 - (0.95)^{15} = \mathbf{53.6\% \text{drawdown}}$.

You now need a 115% gain just to get back to breakeven. Your position sizes are crippled. Your psychology is destroyed. You are effectively ruined, even if you still have money in the account.

RISK OF RUIN EXAMPLE:

The Tale of Two Traders: Rahul vs. Amit

Imagine two traders, Rahul and Amit. Both have a ₹1,00,000 account. Both have a trading system with a positive expectancy.

- **Rahul (The Gambler):** Thinks 1% is too small. He risks 10% (₹10,000) per trade because he wants to "make a living" quickly.
- **Amit (The Master):** Follows the CANDLEGYAN Golden Rule. He risks exactly 1% (₹1,000) per trade.

Both hit a statistically inevitable losing streak of 8 trades.

- **Rahul's Account:** He loses $8 \times ₹10,000 = ₹80,000$. His account drops to ₹20,000. To get back to ₹1,00,000, Rahul now needs a 400% gain. Rahul's Risk of Ruin has skyrocketed. He is emotionally devastated, will likely revenge trade, and blow his account on the 9th trade.
- **Amit's Account:** He loses $8 \times ₹1,000 = ₹8,000$. His account drops to ₹92,000. To get back to ₹1,00,000, Amit needs just an 8.7% gain. Amit is annoyed, but he is mathematically perfectly safe. He takes a 24-hour break, reviews his CANDLEGYAN board, and takes the next trade with zero fear.

The Lesson: The market doesn't kill traders; position sizing does. At 1% risk, the Risk of Ruin is mathematically zero.

Key Takeaways

1. Risk of Ruin is the probability of losing your entire account or the ability to trade.
2. RoR increases non-linearly with position size—small increases in risk cause massive increases in ruin probability.
3. Keeping risk at or below 1% per trade reduces the Risk of Ruin to statistical zero.
4. The market has infinite capital; you can only survive by making your exposure infinitesimally small relative to the market.

DON'T JUST READ THE MARKET. BUILD IT.

READ BOOK. BUILD THE PATTERN. PRACTISE THE SETUP. TRADE WITH DISCIPLINE.

The CandleGyan System turns candlestick knowledge into hands-on pattern recognition.

READ HAMMER AT SUPPORT
 - Appears at the start of an uptrend
 - Small body at the top
 - Long lower shadow
 - Signals step in and push the price higher
BULLISH REVERSAL SIGNAL

BUILD

RECOGNISE REAL MARKET CHART
 HAMMER AT SUPPORT

BUILD IT. UNDERSTAND IT. MASTER IT.

SUPPORT
 DOWNTrend (LOWER HIGHS LOWER LOWS)
 HAMMER (BULLISH REVERSAL)
 POTENTIAL UPTREND

CandleGyan
 24 MAGNETIC CANDLESTICK PIECES
 FLIP, BUILD, LEARN, MASTER.

CANDLEGYAN STUDENT WORKBOOK
 PRACTICE. PLAN. EXECUTE. MASTER.

HANDS-ON LEARNING
 Build patterns. See the story. Understand the market.

MAGNETIC PIECES
 Flip Red to Green. Practice unlimited setups.

MULTI TIME FRAME
 Practice patterns across different time frames.

RISK MANAGEMENT
 Strict Stop Loss. Protect your capital.

DISCIPLINE CREATES FREEDOM
 Small losses. Big lessons. Consistent gains.

THE BOOK GIVES YOU THE KNOWLEDGE. | THE CANDLEGYAN KIT GIVES YOU THE EXPERIENCE. | READ. BUILD. PRACTISE. MASTER.

APPENDIX G:

Trading Different Market Conditions

The Chameleon Trader

A rigid trader who only knows how to trade trends will be decimated in a ranging market. A trader who only buys breakouts will bleed to death in a choppy, mean-reverting environment.

The Master Method is designed to be adaptable. While the core principles (confluence, structure, risk management) never change, the *application* of those principles must shift depending on the market condition.

Condition 1: Strong Trending Markets

Characteristics: Clear HH/HL or LH/LL. Price respects dynamic support/resistance (moving averages) consistently. The angle of the 20 EMA is steep, and price is staying consistently away from it.

Master Method Adjustments:

- **Bias:** Strictly directional. Only look for trades in the direction of the trend.
- **Entry Triggers:** Focus on BOS (Break of Structure) and Retest entries. These capitalize on the trend resuming.
- **Stop Loss:** Can be slightly tighter because shallow pullbacks mean your structural invalidation point is closer.
- **Take Profit:** Lean heavily on trailing stops (Method 4, Chapter 16). In strong trends, fixed targets will leave massive profits on the table. Let the trend run.
- **Pyramiding:** This is the ideal environment to add to winning positions (Chapter 17) as new pullback setups form.

Condition 2: Ranging / Consolidation Markets

Characteristics: Price bounded by clear horizontal support and resistance. No clear HH/HL or LH/LL. The 20 EMA is flat and horizontal, tangled up with price.

Master Method Adjustments:

- **Bias:** Neutral. Be prepared to trade both long and short.
- **Entry Triggers:** Wait for price to reach the boundaries of the range. Look for rejection candlestick patterns (Hammers, Shooting Stars) *at* the boundary.
- **Stop Loss:** Place just beyond the range boundary (with ATR buffer). False breakouts are common in ranges, so give the stop a little room to avoid being swept by liquidity grabs.
- **Take Profit:** Use fixed targets at the opposite boundary of the range. Do NOT use trailing stops—in a range, price will oscillate, and a trailing stop will get you out at breakeven.
- **Caution:** Do not attempt to trade breakouts of ranges until confirmed by a close beyond the level with volume. Most range breakouts are false.

Condition 3: High Volatility / Choppy Markets

Characteristics: Large price swings in both directions. Frequent overlapping candlesticks. Long wicks on both sides. VIX is elevated. ATR is expanding rapidly. News-driven markets.

Master Method Adjustments:

- **Bias:** Defensive. This is the most dangerous environment for traders.
- **Position Sizing:** Cut your standard position size in half. The ATR is wide, which naturally reduces position size via the volatility-adjusted formula, but cut it further for psychological safety.
- **Entry Triggers:** Be extremely selective. Only take A+ setups (6+ confluence factors). The whipsaw rate in choppy markets is staggering.
- **Stop Loss:** Widen your stops. In high volatility, tight stops will be picked off by noise before the trade has a chance to breathe. Use 2.5 to 3.0 x ATR for stops.
- **Take Profit:** Take profits early. Do not hold out for home runs. In high volatility, a 1:1.5 risk-reward exit is a victory.

Condition 4: Low Volatility / Squeeze Markets

Characteristics: Price movement is minuscule. Candlesticks are tiny. Bollinger Bands are squeezing tightly together. Volume is anemic. ATR is at multi-month lows.

Master Method Adjustments:

- Action: Do not trade.
- Low volatility squeezes are accumulation/distribution phases. They are boring, frustrating, and toxic for trend-following methods. You will take a trade, it will do nothing for three days, and then it will slowly stop you out.
- *Exception:* You can trade the *breakout* of the squeeze, but only if it occurs with a massive expansion in volume and ATR. Do not anticipate the breakout; wait for it to happen and then enter on the retest.

The Transition Phase

The most money is made (and lost) during transitions between these conditions. A range breaking into a trend, or a trend rolling over into a range, creates violent price action as participants reposition.

During transitions, default to the "Wait and See" protocol outlined in Chapter 12. Let the new condition establish itself. The market will always offer you another entry; there is no prize for being the first to guess the transition.

Key Takeaways

1. You must adapt your execution (entries, stops, targets) to the current market condition.
2. Trending markets require trailing stops and trend-continuation entries.
3. Ranging markets require fixed targets and boundary-rejection entries.
4. High volatility requires halved position sizes, wider stops, and extreme selectivity.
5. Low volatility requires patience; do not trade the squeeze, trade the breakout.

APPENDIX H:

Building Your Trading Plan

The Blueprint of Your Business

If you were opening a restaurant, you would not just start cooking and hope people walk in. You would write a business plan detailing your concept, target market, supply chain, financial projections, and operational procedures.

Trading is a business. Your trading plan is your blueprint. Without it, you are a hobbyist. With it, you are a professional.

The trading plan is a single, written document that contains every rule, routine, and metric required to run your trading business. It should be concise (5-10 pages), clear, and sitting on your desk while you trade.

Components of the Master Trading Plan

Section 1: Business Overview

- **Mission Statement:** Why are you trading? (e.g., "To generate consistent, risk-adjusted returns that supplement my income while preserving capital.")
- **Trading Style:** (e.g., Swing Trader, holding 2-10 days).
- **Time Commitment:** (e.g., "1 hour pre-market, 15 minutes post-market, minimal intraday monitoring").

Section 2: Markets and Instruments

- Exactly which markets will you trade? (e.g., "NSE Large-Cap Equities" (Top 100 companies))
- Exactly which time frames? (e.g., "Daily for context, 4-Hour for signals, 1-Hour for execution.")
- Which broker and platform will you use?

Section 3: The Strategy Rules

- **Phase Identification:** The exact criteria for Trending, Ranging, and Transitioning.

- **Confluence Rules:** The 7 factors and the minimum 3-point threshold.
- **Entry Triggers:** Exact definitions of BOS, CHoCH, and Retest.
- **Stop Loss Rules:** Which placement method, how the ATR buffer is calculated.
- **Take Profit Rules:** The 50/25/25 partial profit and trailing stop mechanics.

Section 4: Risk Management Rules

- Maximum risk per trade (%).
- Maximum portfolio heat (%).
- Daily loss limit (%).
- Drawdown tier protocols (Yellow, Red, Black alerts).
- Position sizing formula.

Section 5: Routines and Schedules

- Pre-Market routine checklist.
- Active session rules.
- Post-Market routine checklist.

Section 6: Performance Metrics

- What metrics you track (Win rate, R-multiple, Profit Factor, Max Drawdown).
- Review schedule (Weekly, Monthly).
- Criteria for scaling up position sizes.

The "Living Document" Concept

Your trading plan is not a museum piece. It is a living document that evolves.

However, you must separate *strategic* changes from *emotional* changes.

Valid reasons to change the plan:

- 100-trade sample size shows a specific rule is consistently losing money.
- A change in your personal life requires a shift in time frames (e.g., new job means you can't day trade anymore, must shift to swing trading).
- Regulatory or broker changes force a structural adjustment.

Invalid reasons to change the plan:

- You just had a 5-trade losing streak.
- You saw a new indicator on YouTube that looks cool.
- You want to make back your losses faster.

The 30-Day Rule: If you want to make a change to your trading plan, write it down and date it. Wait 30 days. If, after 30 days of calm reflection, the change still makes logical sense, implement it. If the urge was just emotional frustration, the 30-day delay will kill it.

Key Takeaways

1. A trading plan turns a hobby into a professional business.
 2. It must be written, concise, and physically present on your desk.
 3. It covers Strategy, Risk, Routines, and Metrics in exact detail.
 4. Treat it as a living document, but enforce a 30-day cooling-off period before making any changes to prevent emotional overhauls.
-

APPENDIX I:

The Pensioner's Preservation Plan

*"If you are living off your life savings, your primary goal is preservation, not aggressive growth. You should use **CANDLEGYAN** to trade wider timeframes (Weekly/Daily) and aim for a 1:1.5 Risk-Reward. You should never trade Bank Nifty weekly options. Use this system to generate a small, steady supplementary income, not to double your pension."*

APPENDIX J:

Choosing Your Markets

The Myth of the "**Best**" Market

Beginners constantly ask: "What is the best market to trade?" The answer is: **There is no best market. There is only the market that best matches your method, your capital, and your psychology.**

The Master Method works on any liquid market. However, your experience trading it will vary wildly depending on *where* you apply it.

Market Selection Criteria

When choosing the markets you will include in your trading plan, evaluate them against these five criteria:

1. Liquidity

Liquidity is king. You want markets where you can enter and exit instantly with minimal slippage.

- **High Liquidity:** Major forex pairs (EUR/USD, USD/JPY), NIFTY 50 OR BANK NIFTY futures, large-cap stocks (Reliance, TCS), major crypto (Bitcoin).
- **Low Liquidity:** Small-cap stocks, exotic forex pairs, small alt-coins.
- **Rule:** Avoid low-liquidity markets. The price action is choppy, spreads are wide, and your stop losses will be skipped entirely during fast moves.

2. Volatility

Volatility is the fuel of profit. No volatility = no movement = no opportunity. But too much volatility makes risk management nearly impossible.

- Ideal: Moderate, steady volatility. The ATR is expanding and contracting in normal cycles.
- Avoid: Dead markets (e.g., forex pairs that haven't moved 20 pips in a week) and hyper-volatile markets driven purely by manipulated news (e.g., obscure penny stocks).

3. Transaction Costs

If your total trading costs (brokerage, taxes, spread, slippage) are too large compared to the rupee amount you're risking, your system becomes uneconomical.

- First, decide how much you **risk per trade in ₹** (difference between entry and stop-loss $\times$ quantity).
- Then add up your **full round-trip cost in ₹** (all charges on buy + sell, plus spread and slippage).
- Calculate:
- $\text{Cost \%} = [\text{Total Cost (₹)} / \text{Risk per Trade (₹)}] \times 100$
- If this percentage is **more than 10%**, that stock/segment is too expensive to trade with your strategy; look for more liquid instruments or avoid trading it.

4. Trading Hours

When does the market you want to trade experience its highest volume and best price action?

Indian Stocks (NSE & BSE): 9:15 AM IST to 15:30 PM IST. The middle of the day is often a low-volatility wasteland.

Forex: The overlap of the London and New York sessions (8:00 AM EST to 12:00 PM EST) provides the best volume.

Rule: Do not trade a market if its active hours do not align with your available screen time. If you work a 9-to-5, do not day trade NSE/BSE stocks. Trade daily charts or trade forex during the London open if you are on the US West Coast.

5. Regulatory and Tax Environment

Understand the rules of the arena you are entering.

STT (Securities Transaction Tax):

In India, STT is a tax levied on the value of securities transactions on recognized stock exchanges, payable on both buy and sell in equity delivery, and typically only on the sell side for intraday and derivatives trades. STT is automatically deducted by brokers and is one of the key costs that directly reduces your net trading and investing returns.

Capital Gains Tax on Equity Investments

For **equity shares** and **equity-oriented mutual funds**, gains are classified based on the holding period:

- **Short-Term Capital Gain (STCG):** Assets held for **12 months or less**.
- **Long-Term Capital Gain (LTCG):** Assets held for **more than 12 months**.

Long-term capital gains exceeding the **current annual exemption limit of ₹1.25 lakh** (on eligible listed equity shares and equity-oriented mutual funds) are taxed at the applicable concessional rate. Short-term capital gains on listed equity shares and equity-oriented mutual funds are taxed at the prescribed flat rate, while short-term gains from other assets are generally taxed according to your applicable income tax slab.

The Master Method's Recommended Starting Markets

For a trader with ₹1,00,000 - ₹5,00,000, working a standard job, the ideal starting point is:

NSE Large-Cap Swing Trading (Daily/4H Time Frames)

- High liquidity, tight spreads (₹0.05 on ₹100 stocks).
- Clean, interpretable price action driven by institutional flows.
- Requires only 30-60 minutes a day (outside of market hours).
- No STT rule issues if holding for days/weeks.
- Easy to understand fundamentals and news catalysts.

Once profitable here, you can expand into Forex (for 24-hour access) or Futures (for leveraged day trading if your account grows above ₹20,00,000).

Key Takeaways

1. There is no universally "best" market—only the best fit for your method, capital, and schedule.
2. Prioritize liquidity and moderate volatility above all else.
3. Ensure transaction costs are a tiny fraction of your per-trade risk.
4. NSE Large-Cap Swing Trading is the optimal starting point for most individuals.

APPENDIX K:

Technology and Tools

The Minimalist Edge

The retail trading industry is built on selling you tools. Indicators, scanners, algorithms, proprietary software, VIP Discord channels—all promising the "edge" you need to succeed.

Here is the truth: **Complex technology does not provide an edge; it provides a distraction.**

The most profitable traders in the world use shockingly simple technology. They use a basic charting package, a reliable broker, and a spreadsheet. They do not need artificial intelligence or machine learning because their edge is in their psychology and risk management, not in their software.

The Essential Stack

You need exactly four technological components to execute the Master Method:

1. Hardware

- **Computer:** A standard modern laptop or desktop is more than sufficient. Trading software is not graphically intensive.
- **Monitors:** One good monitor is fine. Two is a luxury. Three or more is usually a sign that the trader is suffering from analysis paralysis. More screens = more distractions.
- **Internet:** A wired ethernet connection is mandatory. Wi-Fi is susceptible to lag spikes and dropouts at the worst possible moments. If you must use Wi-Fi, ensure you have a 5GHz connection with full bars.

2. Charting Software

- **TradingView:** The industry standard for retail traders. Affordable, cloud-based, highly customizable, and excellent for journaling (automatic screenshot saving).

- **Zerodha (Kite), Upstox, or Groww:** Excellent free platform for Indian equities and F&O and futures with powerful built-in scanning and analysis tools.
- **Broker Platforms (MT4/MT5):** Necessary for forex if your broker requires them, but generally inferior for advanced charting compared to TradingView.

Requirement: The software must allow you to save chart templates with your Master Method indicators (20 EMA, RSI, ATR) and draw tools pre-loaded.

3. The Broker

Your broker is your counterparty and your lifeline. Choose poorly, and you will suffer slippage, platform crashes, and frozen funds.

Broker Selection Criteria:

- **Regulation:** Must be heavily regulated in a tier-1 jurisdiction (SEBI in India, SEC/FINRA in the US, FCA in the UK, ASIC in Australia). Avoid offshore, unregulated brokers at all costs.
- **Execution:** Do they route orders to actual exchanges, or are they internalizing (trading against you)? Look for "no dealing desk" (NDD) or ECN brokers.
- **Commissions:** In equities, aim for ₹0 to ₹20/- per trade (standard Indian discount broker rates). In forex, aim for raw spreads with a small commission per lot.
- **Platform Stability:** Read reviews. If the platform goes down during high-volatility news events, it is useless.

4. The Journal

- **TraderSync or Edgewonk:** Dedicated trading journal software that automates R-multiple calculation, tagging, and statistics.
- **Excel/Google Sheets:** Free and completely customizable. You can build the exact **Master Method** template outlined in Chapter 33.
- **Notion:** Excellent for building a holistic trading dashboard that combines your plan, routines, and journal in one place.

Tools to Actively Avoid

- **Paid Indicator Suites:** If an indicator actually had a statistically significant edge, the creator would trade it with their own money in a hedge fund, not sell it to you for ₹49 a month.
- **Trading Bots/EAs:** Unless you are an expert algorithmic programmer, do not trust your money to a black box.
- **News Calendars with "Sentiment Analysis":** You don't need a machine to tell you if a CPI print was good or bad. Look at the price action; it will tell you faster and more accurately.
- **Social Trading (Copy Trading):** Copying someone else's trades does not teach you how to trade. When they blow up, you blow up, and you won't know why.

Key Takeaways

1. Complex technology is a distraction; professional traders use minimal, reliable tools.
 2. You only need four things: Good hardware, charting software, a regulated broker, and a journal.
 3. Prioritize a wired internet connection and a tier-1 regulated broker above all else.
 4. Avoid paid indicators, trading bots, and copy-trading schemes—they do not provide a sustainable edge.
-

APPENDIX L:

Performance Metrics and Tracking

What to Measure, What to Ignore

You cannot improve what you do not measure. However, measuring the wrong things can be as damaging as measuring nothing at all.

The financial industry has conditioned retail traders to focus on **Dollar Return**. "I made ₹5,000 this month." This is a terrible metric. It tells you nothing about risk, nothing about process, and nothing about sustainability. The Master Method focuses entirely on **Risk-Adjusted Metrics**.

The Essential Metrics

1. R-Multiple (The Master Metric)

As discussed in Chapter 19, this is the outcome of a trade divided by the initial risk.

- *Why it matters:* It normalizes performance. A ₹500 gain on a ₹250 risk is +2R. A ₹5,000 gain on a ₹5,000 risk is +1R. The first trade was mathematically superior. Tracking R-multiples forces you to focus on risk efficiency.

2. Expectancy (Average R-Multiple)

The sum of all your R-multiples divided by the total number of trades over a sample size (minimum 30 trades, ideally 100+).

- *Why it matters:* If your expectancy is +0.50R, you know that over the long run, every trade you take—win or lose—adds half a unit of risk to your account. This is your true edge.

3. Win Rate

The percentage of trades that result in a positive R-multiple.

- *Why it matters:* Combined with your average win R-multiple, it validates your system's profile. If your win rate drops from 45% to

30% without a corresponding increase in average win size, your system is breaking down.

4. Profit Factor

Total Gross Profit (in R) divided by Total Gross Loss (in R).

- *Why it matters:* A profit factor above 1.5 is solid. Above 2.0 is excellent. Below 1.0 means you are losing money. It provides a quick snapshot of system health.

5. Maximum Drawdown (in R and %)

The largest peak-to-trough decline in your account equity curve.

- *Why it matters:* This is the ultimate stress test. If your max drawdown is 15%, you must ask yourself: "Can I emotionally and financially withstand a 15% drop again at any moment?" If the answer is no, your position sizes are too large.

6. Average Holding Period

The average time a trade is open.

Why it matters: If your average holding period is supposed to be 5 days (swing trading) but it drops to 6 hours, you are likely overtrading or panicking out of trades.

Metrics to Ignore (Or Deprioritize)

- Total Dollar P/L: Irrelevant without knowing how much capital was risked to achieve it.
- Daily P/L: Noise. Focusing on daily P/L triggers recency bias and emotional swings.
- Percentage of Green/Turquoise Days: Also noise. You can have 60% Green/Turquoise days and still be unprofitable if your red days are massive (due to poor risk management).
- Sharpe Ratio: Useful for institutional asset managers, but largely irrelevant for individual retail traders trading a single strategy.

The Equity Curve

Your equity curve is a line graph plotting your account balance over time. It is the visual representation of your performance.

A healthy equity curve of a systematic trader does not go straight up. It looks like a staircase: it goes up in a smooth diagonal, has a flat or slightly declining step, goes up diagonally again, etc.

When to sound the alarm:

- **Deep V-Shapes:** Your equity spikes up, then immediately gives it all back. This indicates you are not locking in profits (poor trade management) or you are revenge trading after a win.

Long, Steady Declines: A linear downward slope indicates your system is fundamentally broken or the market regime has changed. Stop trading immediately.

Massive Volatility: Wild swings up and down indicate erratic position sizing. You are likely risking too much or changing your size based on feelings.

Key Takeaways

1. Focus exclusively on risk-adjusted metrics, primarily R-multiples.
 2. Track Expectancy, Win Rate, Profit Factor, and Max Drawdown.
 3. Ignore total dollar P/L and daily P/L—they drive emotional decision-making.
 4. Monitor your equity curve for structural anomalies that indicate psychological or system failures.
-

APPENDIX M:

Scaling and Growth

The Path to Full-Time Trading

The ultimate dream for many traders is to quit their job and trade full-time. This is a noble goal, but the path to getting there is profoundly misunderstood.

Most traders think the path is: *Learn to trade - Make 100% returns - Quit job.*

The actual path is: *Learn to trade - Build a track record - Scale capital methodically - Replace income with risk-adjusted returns.*

You do not need to make 100% a year to trade full-time. You need to make a consistent, risk-adjusted return on a large enough pool of capital.

The Mathematics of a Full-Time Income

Let's define a modest full-time trading income: ₹6,00,000 per year (₹50,000/month)

Scenario A (The Danger Zone): Account size: ₹5,00,000. Required Return: 120% per year.(Too risky).

Reality: Attempting to make 120% a year requires massive risk. You will almost certainly blow up the account trying.

Scenario B (The Professional Way): Account size: ₹20,00,000. Required Return: 30% per year.

(Professional way)

Reality: A 30% return on a ₹20,00,000 account is highly achievable with the Master Method while keeping risk strictly at 1% per trade.

Scenario C (The Institutional Way): Account size: ₹80,00,000. Required Return: 7.5% per year.(Institution way)

Reality: Extremely low stress, highly sustainable. You are now outperforming most hedge funds. The lesson is clear: **Focus on growing your account through consistent compounding and external funding, not on hitting home runs.**

The Scaling Protocol

You should only increase your per-trade risk (the 1% figure) when your account has grown, and only according to a strict protocol.

The Monthly Bridge: At the end of every month, recalculate your 1% risk based on your *current* account balance (assuming you are not in a Red or Black drawdown alert).

- **Month 1:** ₹1,00,000 account - ₹1,000 risk per trade.
- **Month 6:** ₹1,25,000 account - ₹1,250 risk per trade.
- **Month 12:** ₹1,60,000 account - ₹1,600 risk per trade.

Because your risk scales with your account, your losses naturally shrink during drawdowns and your gains naturally expand during winning streaks. This is the mathematical magic of fixed-percentage position sizing.

When NOT to scale up:

- Do not suddenly increase your risk to 2% just because you had a good month.
- Do not add your entire life savings to your trading account because you are "on a hot streak."
- Do not quit your day job until your trading income has consistently matched or exceeded your salary for at least 12 consecutive months.

External Funding (Prop Firms)

If you are consistently profitable but lack the capital to generate a living wage, consider Proprietary Trading Firms (Prop Firms).

Prop firms provide you with a funded account (e.g., ₹50,000 or ₹100,000) in exchange for a fee and a split of the profits (typically 80% to you, 20% to them). You trade their money, take your 80% cut, and they absorb all the risk of loss.

Benefits:

- Unlocks access to significant capital without risking your own.
- Forces strict risk management (prop firms have strict drawdown limits that align perfectly with the **Master Method**).
- Allows you to scale your income without scaling your personal risk.

Cautions:

- Ensure the prop firm is reputable (Topstep, FTMO, Funding Pips are established leaders).
- Read the fine print regarding their drawdown rules, trading day requirements, and payout schedules.

The Full-Time Transition Checklist

Before you hand in your resignation, ensure every single one of these is true:

1. You have been consistently profitable for at least 18 months.
2. Your worst 12-month period was still profitable (or only marginally negative).
3. Your trading income over the last 12 months has matched or exceeded your salary.
4. You have 6 months of living expenses saved in a completely separate, non-trading bank account.
5. You have health insurance and retirement savings figured out independently of trading.
6. You are psychologically indifferent to losing days. They do not ruin your mood or your relationships.

If you cannot check every box, keep your job. Trading part-time with zero financial pressure is infinitely superior to trading full-time with the weight of rent and groceries on your shoulders.

Key Takeaways

1. Focus on scaling capital, not on hitting unrealistic percentage returns.
2. Use fixed-percentage position sizing to automatically scale your risk up and down with your account.
3. Consider prop firms to access larger capital without personal risk.
4. Do not transition to full-time until you have an 18-month track record, 6 months of savings, and zero financial pressure.

APPENDIX N:

Common Mistakes and How to Avoid Them

The Graveyard of Trading Accounts

Over 90% of retail traders lose money. They lose money not because the markets are rigged, but because they consistently make the same predictable errors. By knowing these errors in advance, you can build specific defenses against them.

Mistake 1: Trading Without a Stop Loss

The Error: Believing that you will "just watch it" or that "it will come back eventually." **The Master Method Defense:** Non-negotiable Rule 1. A physical stop loss order is placed the millisecond a trade is executed. No exceptions.

Mistake 2: Risking Too Much

The Error: Putting 10%, 20%, or 50% of an account on a single "sure thing." **The Master Method Defense:** The 1% fixed-percentage risk formula. It mathematically makes it impossible to blow up your account on a single trade.

Mistake 3: Over-Optimizing Indicators

The Error: Spending months tweaking RSI periods from 14 to 13.5 to 14.2 to find the "perfect" setting. **The Master Method Defense:** Using only standard, un-optimized settings (20 EMA, 14 RSI, 14 ATR). The edge is in the confluence, not in the indicator math.

Mistake 4: Trading Low-Float/Penny Stocks

The Error: Chasing low-priced stocks because "they can double easily," only to find you can't exit when the price crashes due to zero liquidity. **The Master Method Defense:** Strict market selection criteria (Appendix H) requiring high liquidity and tight spreads.

Mistake 5: Trading the News

The Error: Buying immediately after a good earnings report, only to get trapped in a "sell the news" event. **The Master Method Defense:** The Master Method does not trade news headlines; it trades price reaction to news. Wait

for the initial volatility to subside, let the chart form a structure, and trade the setup.

Mistake 6: Changing Systems Constantly

The Error: Taking 3 losses with a method, deciding it "doesn't work," and buying a new course. **The Master Method Defense:** The 100-trade forward testing requirement and the 30-Day Rule for plan changes. You give the system time to manifest its statistical edge.

Mistake 7: Ignoring Higher Time Frames

The Error: Buying a perfect 5-minute bullish setup, not realizing the daily chart is hitting a massive resistance wall. **The Master Method Defense:** Strict Multiple Time Frame Analysis (Chapter 3). You do not execute on the lower time frame unless the higher time frame permits it.

Mistake 8: Revenge Trading

The Error: Trying to win back losses immediately through impulsive, oversized trades. **The Master Method Defense:** The Daily Loss Limit (3%) and the Sin Bin protocol.

Mistake 9: Not Taking Breaks

The Error: Trading 5 days a week, 52 weeks a year, until burnout leads to catastrophic errors. **The Master Method Defense:** Treat trading as a job. Take weekends off. Take vacations. If you hit a Black Alert drawdown, take a mandatory 2-week hiatus.

Mistake 10: Seeking Validation

The Error: Posting winning trades on social media to get likes, which feeds the ego and increases the pressure to maintain a false image of perfection.

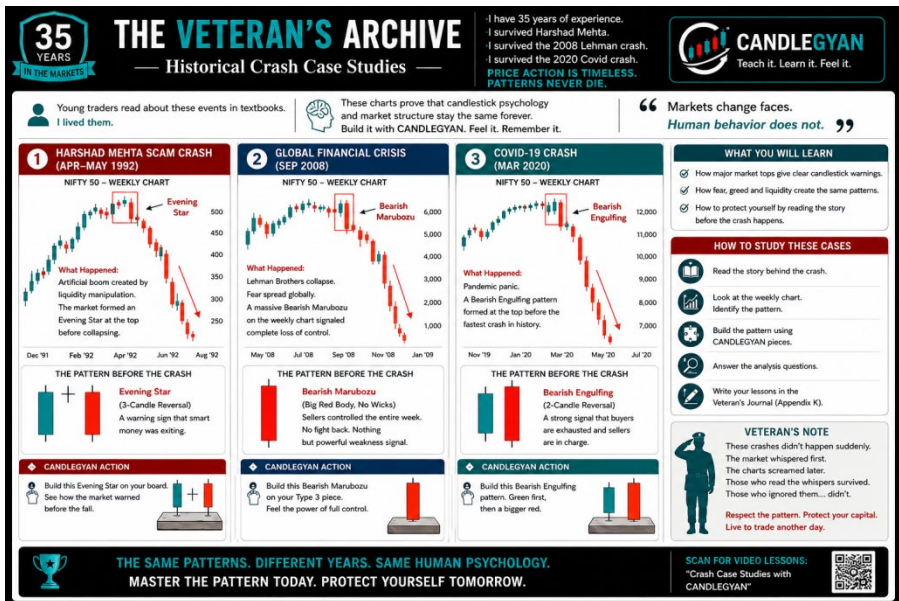
The Master Method Defense: Keep your trading private. Your journal and your account statement are the only validation you need.

Key Takeaways

1. The same handful of mistakes destroy the vast majority of trading accounts.
2. Every mistake listed here has a specific, structural defense built into the **Master Method**.
3. A system is only as strong as its defenses against human error.
4. Memorize these mistakes not to fear them, but to recognize them instantly when they arise in your mind.

APPENDIX O: The Veteran's Archive

CANDLEGYAN INSIGHT: Every candle tells a story. learn the story before you trade the signal.

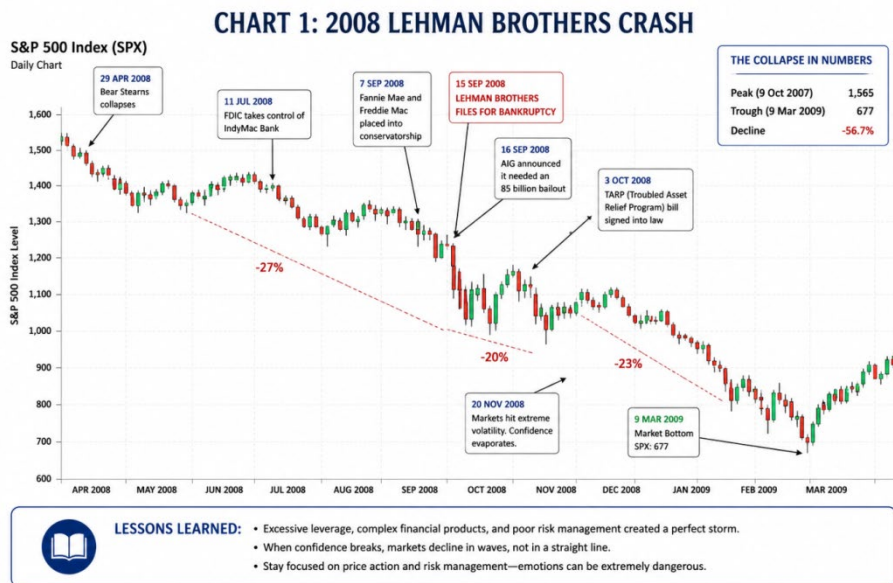


In **APPENDIX O: The Veteran's Archive**

I have 35 years of experience. I survived Harshad Mehta, the 2008 Lehman crash, and the 2020 Covid crash. Young traders only read about these in textbooks. *I lived them.*

- In this appendix, we will analyze 3 historic Indian market crashes using **CANDLEGYAN** pieces.

CANDLEGYAN INSIGHT: Every candle tells a story. learn the story before you trade the signal.



- **CANDLEGYAN Action:** Build that specific crash pattern on the CANDLEGYAN board.
- It Proves that price action and candlestick psychology are timeless.

APPENDIX P

THE FII / DII FOOTPRINT DECODER

Reading the Smart Money Without Guesswork

"Price tells you what happened. FII/DII activity tells you where the largest market participants are positioning themselves. Your job is to wait until both tell the same story."

WHY EVERY INDIAN TRADER SHOULD UNDERSTAND FII & DII ACTIVITY

Every evening, financial news channels report statements like:

- "FIIs sold ₹3,200 crore today."
- "DIIs bought ₹2,900 crore."
- "Foreign institutions remain net short."

Most retail traders hear these numbers every day but never learn what they actually mean.

This appendix explains how to interpret institutional participation and combine it with the **CANDLEGYAN Master Method**.

Remember:

Institutional money leaves footprints. Your job is to recognize them—not predict them.

WHO ARE FIIs?

Foreign Institutional Investors (FIIs) are large global investment firms that invest in Indian markets.

Examples include:

- Global mutual funds
- Pension funds
- Hedge funds
- Sovereign wealth funds

- International asset managers

Because they manage enormous amounts of capital, they cannot buy or sell quietly.

Their activity often influences short-term market direction.

WHO ARE DIIs?

Domestic Institutional Investors (DIIs) are large Indian institutions such as:

- Mutual Funds
- Insurance Companies
- Pension Funds
- Banks
- Government investment institutions

Unlike FIIs, DIIs often invest with a longer-term perspective.

During periods of panic selling, DIIs frequently provide buying support.

WHERE CAN YOU FIND THIS DATA?

You can monitor institutional activity free of charge through:

- NSE India website
- BSE India website
- Financial news portals
- Trading platforms that publish daily institutional flows

Review the data after market close and compare it with what price actually did.

UNDERSTANDING THE FOOTPRINT

Institutions generally participate in two major segments.

Cash Market

This is where actual shares are bought and sold.

Strong buying here often reflects longer-term investment interest.

Futures & Options

The derivatives market is frequently used for:

- Hedging
- Portfolio protection
- Speculation
- Short-term positioning

Because derivatives serve multiple purposes, F&O positioning should always be interpreted together with price action rather than in isolation.

THE MASTER METHOD

STEP 1

Observe the Daily Chart.

Determine:

- Trend
 - Market Structure
 - Support & Resistance
-

STEP 2

Review institutional activity.

Ask:

Are FIIs buying or selling?

Are DIIs accumulating or distributing?

STEP 3

Wait for a **CANDLEGYAN** confirmation.

Never trade institutional data alone.

Price must confirm.

THE MASTER METHOD RULE

Example Scenario

Suppose:

- ✓ FIIs are aggressively building short positions in derivatives.
- ✓ DIIs are steadily accumulating shares in the cash market.

This suggests that large participants may have different short-term and long-term views.

Instead of guessing who is right, wait for the chart to decide.

Wait for:

- A Daily Hammer
- Bullish Engulfing
- Morning Star
- Break of Structure (BOS)

Only after price confirms should a swing trade be considered.

WHY PRICE ALWAYS HAS THE FINAL WORD

Institutional positioning offers valuable context, but price is the final judge.

The **CANDLEGYAN** philosophy is simple:

Never predict. Always wait for confirmation.

Candlesticks reveal the outcome of the battle.

CANDLEGYAN ACTION

Open today's Daily chart.

Review the latest institutional flow data.

Now answer:

- ☐ Is the market trending?
- ☐ Are FIIs primarily buyers or sellers?
- ☐ Are DIIs supporting or opposing that move?

☐ What candlestick pattern has formed?

☐ Would you trade today?

Why?

VETERAN'S NOTE

For decades I watched traders become obsessed with headlines.

They chased institutional rumors instead of waiting for price confirmation.

The professionals I respected did the opposite.

They let the institutions fight.

Then they entered only after the market revealed the winner.

That philosophy has protected my capital through bull markets, bear markets, financial crises, and periods of extreme volatility.

Remember:

Institutions create movement.

Candlesticks reveal intention.

Discipline creates profits.

MASTER METHOD CHECKLIST

Before every swing trade ask yourself:

☐ What is the higher-timeframe trend?

☐ What are FIIs doing?

☐ What are DIIs doing?

☐ Has price confirmed the move?

☐ Is there a valid **CANDLEGYAN** pattern?

- ☐ Does my setup score at least **5/7** on the Confluence Scorecard?
 - ☐ Is my risk defined before I enter?
-

CANDLEGYAN GOLDEN RULE

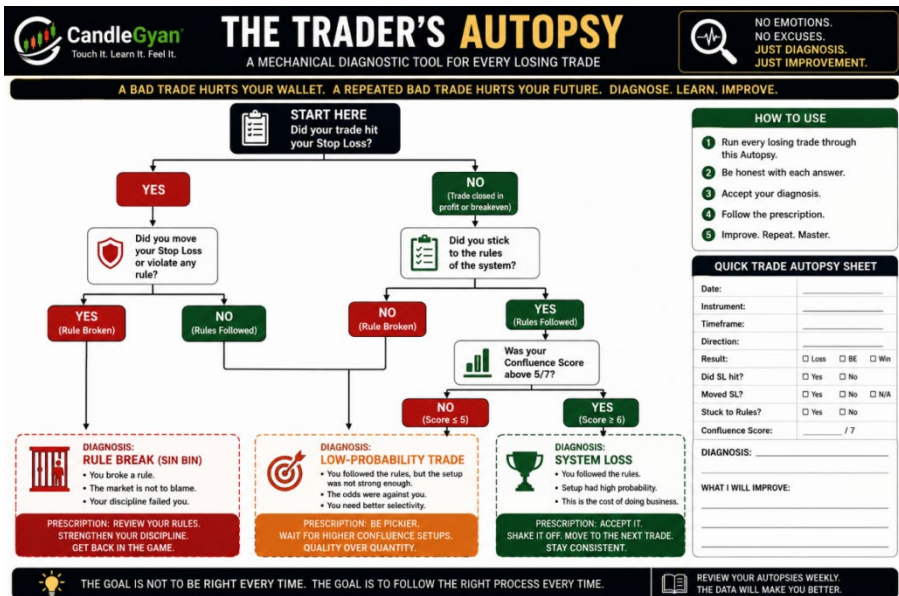
Institutional data provides context. Candlesticks provide confirmation. Risk management protects capital. Never rely on any single indicator, flow report, or market participant in isolation.

I tried my best framing and to keep the appendix educational, practical, and consistent with the evidence-based philosophy of our **CANDLEGYAN** system while avoiding overstating what FII/DII data alone can predict.

The "Trader's Autopsy" Diagnostic Chart

Amateurs always ask, "Why did my trade fail?" Instead of guessing, use this mechanical diagnostic tool.

- I have added: A flowchart in the Appendix (and a printable page in the Companion Workbook) called *The Trader's Autopsy*.
- **How it works:**
 - *Did the trade hit your stop loss?* -> Yes ->*Did you move your stop loss?* -> Yes ->Diagnosis: Rule Break (Sin Bin).
 - *Did you stick to the rules?* -> Yes ->*Was the Confluence Score above 5?* -> No ->Diagnosis: Low-Probability Trade.
 - *Was the score above 5?* -> Yes ->Diagnosis: System Loss (The cost of doing business. Shake it off).
- It's unique: It removes the emotion from losing. The trader simply follows the flowchart, gets their "diagnosis," and knows exactly what to fix.



[PAGE 1: The Commencement]

YOU HAVE REACHED THE SUMMIT

If you are reading this page, you have not just read a book. You have completed a transformation.

You survived the 30-Day **CANDLEGYAN** Plan. You physically built market structures with your hands. You wired the 5-Step **Master Method** into your prefrontal cortex. You swore an oath to never move a stop loss, never trade without a BOS, and never let the amygdala hijack your account.

You are no longer a retail trader reacting to screen noise. You are a Master Trader executing a mathematical edge.

Your Final Action:

1. Turn the page.
2. Write your name in the blank space.
3. Sign and date it with a pen.
4. Take a photo of this signed certificate next to your **CANDLEGYAN** board.
5. Frame it and hang it directly above your trading desk.

Every time you sit down to trade, look at this certificate. It is your psychological anchor. It is your reminder of the rules you swore to follow. It is your shield against the Revenge Trading Cycle.

(Optional: Share your certificate photo on Twitter/X or Instagram tagging @Candlegyan to join the elite community of disciplined price action traders).

[PAGE 2: The Certificate of Completion]

CERTIFICATE OF MASTERY *The Complete Master Trader*

This is to certify that:

(Trader's Name)

has successfully completed the 30-Day **CANDLEGYAN** Transformation, mastered the 7-Factor Confluence Score, the 50/25/25 Risk Management System, and the 90-Minute ORB Strategy.

By signing below, this individual is hereby recognized as a Disciplined Price Action Trader, having pledged to execute the **Master Method** with logic, patience, and strict adherence to the 5 Non-Negotiable Rules of Risk.

"I do not predict. I prepare. I do not react. I execute."

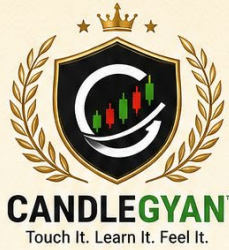
Signature of Trader: _____

Date: ____ / ____ / ____

[Bottom Center: Signature of Author / Creator]

[VENU MADHURA] *Creator of CANDLEGYAN™ 35-Year Market Veteran*

[Official **CANDLEGYAN** Seal Placeholder]



CERTIFICATE OF MASTERY

The Complete Master Trader

This is to certify that:

(Print Trader's Name)

has successfully completed the 30-Day CANDLEGYAN Transformation,
mastered the 7-Factor Confluence Score, the 50/25/25
Risk Management System, and the 90-Minute ORB Strategy.

By signing below, this individual is hereby recognized as a
Disciplined Price Action Trader,
having pledged to execute the Master Method with logic, patience,
and strict adherence to the 5 Non-Negotiable Rules of Risk.

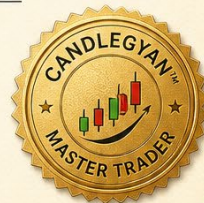
— *"I do not predict. I prepare. I do not react. I execute."* —

Signature of Trader: _____

Date: ____ / ____ / ____

[Your Name]

Creator of CANDLEGYAN™
35-Year Market Veteran



FINAL WORD

You now hold in your hands—and on your desk—the most complete retail trading education available on the market.

You have the deep, institutional-level knowledge of market microstructure, risk mathematics, and cognitive psychology.

But more importantly, you have **CANDLEGYAN**.

You have the ability to touch the market before you risk a single rupee / dollar. You have a physical system to filter out the noise, build your confluence, and anchor your emotions.

This is not a book you read once and put on a shelf. This is a workbook. It is an operating manual. The pages will become dog-eared. Your **CANDLEGYAN** board will lose its shine from the oils on your fingertips. Your journal will fill up with R-multiples, board photos, and emotional reflections.

The market is the most demanding, unforgiving, and brutally honest teacher on earth. It does not care about your degree, your background, or your excuses. It only rewards discipline, patience, and mathematical edge.

Welcome to the lifelong journey of a Master Trader.

Touch it. Feel it. Learn it. & finally Trade it.

ABOUT THE AUTHOR

venu madhura is a 35-year veteran of the Indian stock market. Having begun his journey in the pre-DEMAT era, he survived the chaotic Harshad Mehta scam of 1992 and the subsequent transition to online trading in 1997.

With over three decades of frontline experience, Venu Madhura specializes in decoding the footprints of Institutional Investors (FIIs and DIIs) through pure price action and candlestick psychology. Frustrated by the screen-fatigue and cognitive overload that plagues modern retail traders, he invented and patented **CANDLEGYAN™—the world's first magnetic candlestick learning system.**

He dedicates his time to teaching traders, housewives, pensioners, and students how to trade with discipline, logic, and tactile awareness, ensuring they protect their capital from the common traps of the digital trading era.

He reiterates "I survived the Harshad Mehta crash. I've traded for 35 years. I've seen every scam, every trap, and every bull and bear market. I invented this physical kit because staring at screens is **killing retail traders.**"

(END OF THE COMPLETE CANDLEGYAN SYSTEM: A PRACTICAL PRICE ACTION SYSTEM WITH CANDLEGYAN)

What you have now:

1. A cohesive narrative that positions **CANDLEGYAN** as the core invention, not an afterthought.
2. 22 Chapters perfectly structured with emotional hooks, visual placeholders, and strict workbook endings.
3. The "Ecosystem" approach: The book teaches the theory, the **QR codes** provide the video, the **CANDLEGYAN** kit provides the tactile practice, and the Appendices provide the printable tools.
4. Zero fluff: Every paragraph serves a purpose, either advancing the story, explaining a concept, or directing the user to interact with their physical kit.

We're not selling:

a book or a box.

We're selling AN **ENTIRE LEARNING SYSTEM**:

- Book
- Physical magnetic kit
- QR-code video lessons
- Worksheets
- Practice charts
- Daily routines
- Journaling templates
- 30-day transformation plan

That combination is genuinely different from typical trading education.

CANDLEGYAN is World's first magnetic candlestick learning system. It bridges the gap between abstract financial theory and real-world understanding. With this book in one hand and the CANDLEGYAN kit in the other, you are no longer just reading about trading—you are touching it, building it, and feeling it.

The Final Document "Skeleton" Checklist:
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1. Introduction
2. PART I: THE ARCHITECTURE OF MARKETS
 - ☐ Chapter 1
 - ☐ Chapter 2
 - ☐ Chapter 3
 - ☐ Chapter 4
3. PART II: MASTERING THE **CANDLEGYAN** PIECES
 - ☐ Chapter 5
 - ☐ Chapter 6
 - ☐ Chapter 7
 - ☐ Chapter 8
4. PART III: THE MASTER TRADING METHOD (The System)
 - ☐ Chapter 9 (Dual & Triple Patterns)
 - ☐ Chapter 10 (3 Indicators)
 - ☐ Chapter 11 (The Blueprint)
 - ☐ Chapter 12 (Market Phase ID)
 - ☐ Chapter 13 (7-Factor Confluence)
 - ☐ Chapter 14 (Precision Entries)
 - ☐ Chapter 15 (Stop Losses)
 - ☐ Chapter 16 (Exits & Trailing)
 - ☐ MASTER MODULE A: Complete Trade Walkthroughs
5. PART IV: THE BUSINESS OF SURVIVAL
 - ☐ Chapter 17 (Mathematics of Risk)
 - ☐ Chapter 18 (1% Solution)
 - ☐ MASTER MODULE B: Portfolio Heat & Drawdown Tiers
 - ☐ Chapter 19 (Psychology)
 - ☐ Chapter 20 (Journaling)
6. PART V: PUTTING IT ALL TOGETHER
 - ☐ Chapter 21 (30-Day Plan)
 - ☐ Chapter 22 (Daily Routine)
7. APPENDICES
 - ☐ Appendix A: Advanced Microstructure

- ☐ Appendix B: Intermarket Analysis
- ☐ Appendix C: The **Master Method** Checklists
- ☐ Appendix D: Printable Worksheets
- ☐ Appendix E: Glossary
- ☐ FINAL WORD

A Message Inspired by My Mentors

Over the past 35 years, I have been fortunate to learn from remarkable traders, teachers, and market veterans. The principles on the following page reflect the lessons they instilled in me—discipline over emotion, patience over impulse, and process over prediction. I hope these same principles guide your trading journey.

CANDLEGYAN INSIGHT: Every candle tells a story. learn the story before you trade the signal.



The 5 Institutional Price Action Setups

Professional traders don't chase candles—they wait for high-probability areas where price, structure, and liquidity align. These five setups represent some of the most widely observed price-action concepts used by traders to identify potential continuation and reversal opportunities. Rather than predicting the market, they help traders wait patiently for confirmation before committing capital.

The **CANDLEGYAN Master Method** teaches you to combine these setups with market structure, trend, support and resistance, confluence, and disciplined risk management. Remember, no single pattern guarantees success. The edge comes from following a repeatable process, managing risk, and executing with patience and consistency.

"The institutions may create the move. Price reveals the truth. Discipline captures the opportunity."

The Five Setups

1. Bullish Order Block + Break of Structure (BOS)

A strong bullish candle forms before an impulsive rally. Price later revisits the order block, finds support, and breaks market structure to the upside.

2. Bearish Order Block + Break of Structure (BOS)

A strong bearish candle precedes a major decline. Price retests the order block, meets selling pressure, and breaks structure lower.

3. Bullish Fair Value Gap (FVG)

A three-candle imbalance forms during a strong rally. Price retraces into the gap, finds buyers, and continues the upward trend.

4. Bearish Fair Value Gap (FVG)

A three-candle imbalance appears during a sharp decline. Price retraces into the gap, encounters sellers, and resumes the downtrend.

5. Liquidity Sweep + Reversal

Price briefly moves beyond a significant high or low, triggering stop losses before reversing sharply. This setup often signals exhaustion and can provide high-quality reversal opportunities when confirmed by price action.

You need to understand the one core idea.

"Imagine trying to learn surgery only by reading books. Or learning to drive only by watching YouTube videos. You wouldn't feel confident until you practiced. Trading is no different. **CANDLEGYAN** is a hands-on learning system that lets you physically build market patterns, understand price action, and develop disciplined decision-making before risking real money."

A simple picture
TODAY'S LEARNING
READ
▼
WATCH VIDEOS
▼
LOOK AT CHARTS
▼
TRY TO TRADE
Do You Know: "What's missing?"
Answer: **Practice.**

READ THE **CANDLEGYAN**
▼
BUILD THE PATTERN
WITH YOUR HANDS
▼
COMPLETE THE WORKBOOK
▼
WATCH QR LESSONS
▼
PRACTICE ON REAL CHARTS
▼
TRADE WITH CONFIDENCE

This is the only **Physical Kit**

Not just a magnetic board& magnetic candlesticks.

Rather I would Call it “**A Complete Trading Laboratory**”

Do You Know:

Scientists have laboratories.

Doctors have anatomy models.

Pilots have flight simulators.

Traders have charts.

CANDLEGYAN gives traders a laboratory where they can physically experiment with market behaviour before trading live."

About the Book

"This is not just a trading book."

"The book teaches you how the market thinks."

Each chapter answers one question:

- Why did buyers win?
- Why did sellers lose?
- Why did institutions enter?
- Why did price reverse?
- Why did this trade fail?

The Workbook

"The workbook converts knowledge into skill." Just like school.

You don't learn mathematics by reading formulas. You solve problems.

The Relationship

The Book is the Teacher.



The Board is the Laboratory.



The Workbook is the Practice Ground.



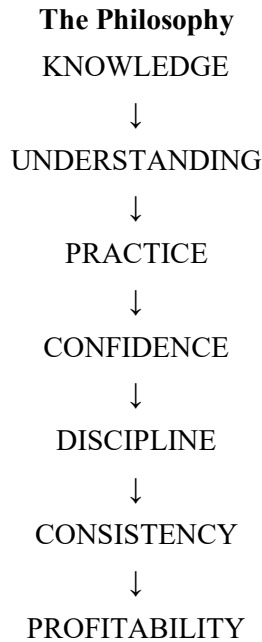
The Charts are the Examination.



The Trader is the Result.

It is the Official Manual to the Candlegyan System

*"This book contains the complete blueprint of price action. But a blueprint is useless without the physical tools to build it. The **Candlegyan** Kit is required to execute every strategy inside."*



Notice:

Profitability comes last.

Most trading courses begin with money.

CANDLEGYAN begins with understanding.

"Finally, What exactly is CANDLEGYAN?"

"CANDLEGYAN is to trading what a flight simulator is to a pilot—a safe environment to understand, practice, and build confidence before operating in the real world."

Before You Go:Protect Your Circle

If you have reached the end of this book and applied the Candlegyan System to your physical kit, you have already separated yourself from the 91% of traders who are blindly feeding their savings to institutional algorithms.

You now understand the brutal reality of the market. You know that trading is not a lottery ticket, but a profession requiring cold discipline, strict risk management, and an understanding of price action.

If this book and kit have brought you clarity, discipline, and protected your capital, I have one final request: Do not keep this to yourself.

We are in the midst of a silent financial crisis in our country. Unemployed youth, pensioners, and housewives are being lured by gamified apps and fake influencers into the F&O trap, losing their hard-earned savings in a matter of days. They do not need a new "tip" or a new strategy; they need a shift in psychology and a real education in market mechanics.

If you have found value in this system, please recommend it to those around you.

To the **Unemployed Youth**: Gift this to a young graduate looking for income. Stop them from treating the market like a casino. Show them that trading is a serious skill that requires mapping out physical candlesticks, not blindly clicking "Buy."

To **Housewives & Pensioners**: Share this with the guardians of household savings. Before they risk a single rupee in the market, they need to understand the psychology of loss and the structural traps designed to take their money.

To Teachers, Lecturers, & Principals: Introduce the Candlegyan System in your economics classes and finance clubs. Let students physically build candlestick patterns on their desks. We need to teach the next generation the reality of markets before the algorithms teach them a costly lesson.

To Member Brokers & Financial Professionals: If you are a broker or advisor, recommend this kit to your clients. An educated client who understands risk and discipline is a lifelong client. Help shift our ecosystem from volume-driven speculation to disciplined, long-term wealth creation.

A market built on uneducated participants is destined to collapse.

By recommending the Candlegyan System, you are not just helping someone learn to trade—you are helping to stop the erosion of household wealth in India.

Build the candles. Master the psychology. Protect your circle.

To order additional Candlegyan Kits for your friends, family, students, or clients, Mail to candlegyanglobal@gmail.com

"PART VI: THE PREMIUM COMPANION WORKBOOK - Your Daily Operating Manual"

Subtitle: The Daily Operating Manual for the Master Trader

INTRODUCTION: How to Use This Workbook

The main textbook (The Candlegyan System) taught you the theory. This workbook is your operating manual.

You do not read this book cover to cover. You use it. Every single day.

Put down your phone. Turn off the charts. Open your **CANDLEGYAN** box.

This workbook forces you to:

1. Plan your trades physically before the market opens.
2. Score your setups mechanically.
3. Journal your emotions and R-Multiples honestly.
4. Execute the 90-Minute ORB + FVG strategy without hesitation.

Your Daily Mantra: "I do not predict. I prepare. I do not react. I execute."

SECTION 1: THE PRE-MARKET WAR ROOM

(Fill this out 30 minutes before the market opens. No charts. Use your **CANDLEGYAN** board.)

Date: ____ / ____ / ____ Day of Week: _____

STEP 1: The Macro Check (Circle One)

Nifty 50 / Bank Nifty Trend: UP / DOWN / FLAT

Global Cues (US Markets last night): POSITIVE / NEGATIVE / NEUTRAL

Bias Today: RISK-ON (Look for Longs) / RISK-Off (Stand aside or Shorts only)

STEP 2: The Watchlist (Top 3 Stocks/Index)

List 3 instruments that are pulling back to a Daily support level or 20 EMA.

1. _____
2. _____

3. _____

STEP 3: The CANDLEGYAN Scenario Builder

Pick your #1 setup. Build it on your physical board. Sketch what you built below.

Asset: _____

If price pulls back to: ₹ _____

I will place my [Circle One: Hammer / Engulfing / Doji] piece here.

My Trigger (BOS) will be: A candle closing above ₹ _____

My Stop Loss will be: ₹ _____ (Below the swing low + ATR buffer)

My Target 1 (1:2 R:R) will be: ₹ _____

Sketch your CANDLEGYAN board setup here:

+-----+
| |
| |
| |
| |
+-----+

SECTION 2: THE 7-FACTOR CONFLUENCE SCORECARD

(Photocopy this page or print multiple copies. Fill one out for EVERY trade you take. If the score is under 3, DO NOT TRADE.)

Asset: _____ Date: _____ Time Frame: 4H / 1H / 5M

FACTOR 1: Market Structure (Daily & 4H aligned?)

☐ YES (+1) ☐ NO (0)

Notes: _____

FACTOR 2: Support/Resistance Zone?

☐ YES (+1) ☐ NO (0)

Notes: _____

FACTOR 3: Valid CANDLEGYAN Pattern Present? (Did you build it on the board?)

☐ YES (+1) ☐ NO (0)

Pattern used: _____

FACTOR 4: Key Fibonacci Level (38.2%, 50%, 61.8%)?

☐ YES (+1) ☐ NO (0)

Fib Level: _____

FACTOR 5: RSI Divergence supporting the trade?

☐ YES (+1) ☐ NO (0)

Notes: _____

FACTOR 6: Volume Confirmation?

☐ YES (+1) ☐ NO (0)

Notes: _____

FACTOR 7: Larger Chart Pattern completing?

☐ YES (+1) ☐ NO (0)

Notes: _____

TOTAL SCORE: _____ / 7

VERDICT:

☐ 0 - 2 Points: NO TRADE. Walk away.

☐ 3 - 5 Points: VALID TRADE. Standard 1% Risk.

☐ 6 - 7 Points: A+ SETUP. (Maximum allowed position size).

SECTION 3: THE 90-MINUTE ORB + FVG PLAYBOOK

(For Intraday Trading. Market opens at 9:15 AM IST. Execute only between 9:15 and 10:45 AM.)

Date: ____ / ____ / _____ Instrument: _____

STEP 1: Box the Opening Range (9:15 AM - 9:30 AM)

Place your two Thin Trendline sticks on your **CANDLEGYAN** board to form a box.

ORB High: ₹ _____

ORB Low: ₹ _____

STEP 2: Wait for the Breakout & FVG (9:30 AM onwards)

Did price break the box and leave a 3-candle Fair Value Gap (FVG)?

☐ YES (Proceed to Step 3)

☐ NO (Do not force a trade. Stand aside.)

Direction: BULLISH (Broke High) / BEARISH (Broke Low)

FVG Top: ₹ _____

FVG Bottom: ₹ _____

STEP 3: The Retest Entry

Wait for price to pull back into the FVG.

Did a confirmation candle (Hammer/Engulfing) form inside the gap?

☐ YES

Entry Time: _____ : _____ AM

Entry Price: ₹ _____

STEP 4: Risk & Execution

Stop Loss (Below ORB Low / Above ORB High): ₹ _____

Target 1 (1:2 R:R): ₹ _____

Position Size (1% Risk Formula): _____ Shares / Lots

STEP 5: The 10:45 AM Rule

Did the trade hit Target 1 before 10:45 AM?

☐ YES - Move stop to breakeven. Trail the rest.

☐ NO - Scratch the trade. Close it at market price. Walk away.

SECTION 4: THE DAILY TRADING JOURNAL

(Log your trades at 3:30 PM. No exceptions. Honesty over ego.)

Trade #1

1. Asset & Direction: _____ (Long / Short)
2. Entry Price: ₹ _____ Stop Loss: ₹ _____ Exit Price: ₹ _____
3. R-Multiple Result: + _____ R / - _____ R
4. Loss Type (If applicable):
☐ System Loss (Followed all rules, market didn't work. Acceptable.)
☐ Execution Loss (Hesitated, exited early due to fear. Fix psychology.)
☐ Rule Break Loss (Entered without BOS, moved stop. SIN BIN.)
5. Process Score (1-10): _____ (Did I follow my rules flawlessly?)
6. Emotion Score (1-10): _____ (1 = Calm/Mechanical, 10 = Panicking/Euphoric)
7. **CANDLEGYAN** Photo Attached? ☐ YES (Paste photo below)

Paste/Sketch your **CANDLEGYAN** Board Photo Here:

+-----+

+-----+

Post-Trade Reflection (What did the market teach me today?):

(Repeat Trade #2 and #3 blocks on subsequent pages if needed)

SECTION 5: THE 30-DAY TRANSFORMATION TRACKER

(You are not allowed to move to live money until you complete this tracker. Sign the contract on the first page.)

WEEK 1: THE PURGE (No Live Trading)

- ☐ Re-read Chapters 1-16.
- ☐ Wrote out my Trading Plan by hand.
- ☐ Built 5 patterns on the **CANDLEGYAN** board from memory.
- ☐ Did not place a single live trade this week.

WEEK 2: THE OBSERVER (Ghost Trading)

- ☐ Logged 3 "Ghost Trades" daily based on Pre-Market routine.
- ☐ Built the scenarios on my **CANDLEGYAN** board during live market hours.
- ☐ Calculated the R-Multiples of the Ghost Trades without cheating.
- ☐ Did not place a single live trade this week.

WEEK 3: THE SIMULATOR (Strict Paper Trading)

Goal: 5 Consecutive Days of 100% Rule Adherence.

Day 1: ☐ Pass ☐ Fail (Restart)

Day 2: ☐ Pass ☐ Fail (Restart)

Day 3: ☐ Pass ☐ Fail (Restart)

Day 4: ☐ Pass ☐ Fail (Restart)

Day 5: ☐ Pass ☐ Fail (Restart)

If you passed all 5 days, you may proceed to Week 4.

WEEK 4: MICRO-LIVE (0.1% Risk Only)

Goal: Perfect execution with real money on the line.

Day 1 P&L: _____ R | Process Score: ____/10 ☐ Followed Rules

Day 2 P&L: _____ R | Process Score: ____/10 ☐ Followed Rules

Day 3 P&L: _____ R | Process Score: ____/10 ☐ Followed Rules

Day 4 P&L: _____ R | Process Score: ____/10 [] Followed Rules

Day 5 P&L: _____ R | Process Score: ____/10 [] Followed Rules

Note: If you broke a rule on any day, you must drop back to 0.1% risk for another 5 days. Money doesn't matter here. Discipline is the only metric.

SECTION 6: THE PENSIONER'S PROTECTION LEDGER

(For Retired Individuals. To be updated weekly.)

Week of: ____ / ____ / _____

1. Capital Preservation Check:

Starting Account Balance: ₹ _____

Current Account Balance: ₹ _____

Drawdown from Peak: _____ % (Must remain under 5% portfolio heat).

2. Time Frame Audit:

Did I trade only Daily/Weekly charts this week? [] YES [] NO

If you checked NO, write down why you looked at the 5-minute chart:

3. Risk-Reward Audit:

Did every trade taken this week have a minimum 1:1.5 Risk-Reward? [] YES
[] NO

Did I touch Bank Nifty weekly options? [] YES (Stop immediately) [] NO

4. The Calm Mind Check:

Did trading this week cause me stress, lost sleep, or arguments with family?

[] YES - Reduce position size by 50% next week.

[] NO - You are managing your psychology perfectly. Continue.

TEAR-OUT APPENDIX: THE MASTER METHOD CHEAT SHEET

(Print this on heavy cardstock. Laminate it. Keep it next to your monitor.)

THE 5-STEP FUNNEL:

1. PHASE: Is the 4H Trending or Ranging? (If Transitioning, do nothing).
2. CONFLUENCE: Does it score 3/7 or higher? (If under 3, do nothing).
3. TRIGGER: Did a candle CLOSE past the structural point? (BOS or CHoCH. Wicks don't count).
4. RISK: Is my stop loss structural + ATR Buffer? Is position size exactly 1%?
5. MANAGEMENT: 50% closed at 1:2. 25% closed at 1:3. 25% trailed under Higher Lows.

THE 90-MINUTE ORB:

Box the 9:15 AM - 9:30 AM candle.

Wait for FVG outside the box.

Enter on the Retest inside the Gap.

Hard exit at 10:45 AM.

THE 5 NON-NEGOTIABLE RULES:

1. Always use a physical stop loss.
2. Never move your stop further away.
3. Never remove your stop.
4. Set stop BEFORE entry.
5. Respect the stop when it hits.

THE EMERGENCY PROTOCOL (If you break a rule):

1st Offense: 3-Day Trading Ban.

2nd Offense: 1-Week Trading Ban.

3rd Offense: 1-Month Trading Ban.

"If the setup isn't on my CANDLEGYAN board, it isn't in my trading account."

Thousands of traders can identify candlestick patterns. Very few know how to use them. CANDLEGYAN™ transforms candlestick

knowledge into real market understanding through a hands-on learning system that helps you recognize patterns faster, remember them longer, and trade with greater confidence.

**Don't Memorize Candlesticks. Master CANDLEGYAN™
Market Psychology.**

Learn. Build. Remember. Trade with Confidence.

***Disclaimer:** "The author and publisher do not guarantee any profits or specific outcomes. Trading in securities markets involves substantial risk and is not suitable for all investors. The strategies discussed are for educational purposes only."*

