

THE TRADING FIELD MANUAL

A VISUAL FOUNDATION FOR MARKETS, PRICE ACTION & RISK

Concise, visual, actionable — a field manual for traders who prefer clarity over noise. This guide delivers one idea per page: concept, definition, visual, and the single takeaway that matters.

AURUM

WHO THIS IS FOR

- **Newer traders** who want a visual foundation
- **Experienced traders** who need a refresher and tighter process
- **Anyone** who prefers one concept per page over long chapters

HOW TO USE THIS MANUAL

01

SCAN

Skim each page—title, definition, visual, takeaway

02

APPLY

Mark 1–2 ideas to test this week; write your rules

03

REVIEW

Journal results, refine micro-rules, repeat

INSIDE THIS MANUAL

- Market Fundamentals
- Orders, Bid/Ask & Leverage
- Candlesticks: Anatomy & Psychology
- Pattern Encyclopedia (Selected)
- Price Action: Structure, S/R & Trends
- Risk Management: Survival First
- Execution, Psychology & Cheat Sheets

WHAT THIS BOOK IS

Trading is not prediction. It's a repeatable process: **READ** → **PLAN** → **RISK** → **EXECUTE** → **REVIEW**. Learn to translate market information into disciplined decisions.



READ

Observe structure, liquidity, and context.



PLAN

Define setup, entry, invalidation, and targets.



RISK

Size positions by risk, not desire.



EXECUTE

Follow the plan; limit emotion.



REVIEW

Record results and refine the process.

 **Key takeaway:** Process > prediction. Trade the plan, not the feeling.

READ

Scan the market for structure, support/resistance, trend direction, and liquidity. Use multiple timeframes to answer the core questions: Is this market in an uptrend, downtrend, or range? Where are the key levels? Is there enough liquidity to enter and exit cleanly?

PLAN

Before you enter, define the complete trade setup. Write down the setup, entry, stop loss, target, and risk/reward ratio. This forces clarity and removes emotion.

RISK

Calculate position size based on your risk tolerance, not your desired profit. $\text{Position Size} = \text{Risk Amount} \div \text{Stop Distance}$. Example: if you risk \$100 and your stop is 50 pips away, you size for 2 contracts or 2 shares, depending on the instrument. Never size based on greed.

EXECUTE

Place the trade exactly as planned. No deviations. No "just a little more." No moving the stop to "give it room." Follow the plan. This is where discipline separates winners from losers.

REVIEW

After the trade closes, journal it. Record the setup, entry price, stop price, target price, actual exit price, P&L, emotion during the trade, and one lesson learned. Over 50+ trades, patterns emerge. This is how you build edge.

THE TRADER'S FRAMEWORK

Seven layers that structure a trade: Market → Structure → Setup → Entry → Risk → Execution → Review. Stack them; a missing layer breaks the system.



Takeaway: You don't need certainty. You need positive expectancy, controlled risk, and repeatability.

WHAT EACH LAYER DOES

1. MARKET

Identify the market type – stocks, forex, crypto, or another instrument – then define the regime: trending, ranging, or volatile. Check liquidity before anything else. Ask whether the market is liquid enough to trade and what the volatility profile looks like.

2. STRUCTURE

Map support and resistance, then mark the sequence of higher highs and higher lows in an uptrend, or lower highs and lower lows in a downtrend. The question is simple: what is the current structure, and where are the key levels?

3. SETUP

Wait for a specific price action pattern or condition that fits the structure. That might be a pullback to support in an uptrend or a break of resistance with confirmation. Ask whether the setup has edge based on historical context.

4. ENTRY

Define the exact price or condition where you enter. Be precise: enter on the close above resistance, or on the retest of broken support. Ask: where exactly do I pull the trigger?

5. RISK

Place the stop where the thesis is invalidated, not at an arbitrary distance. For example: stop below the swing low that defines the setup. Then size the position so the loss is a fixed percentage of the account.

6. EXECUTION

Place the order, manage the trade, and stick to the plan. Do not move stops randomly. Do not add to losers unless a new plan justifies it. Ask: am I following my rules?

7. REVIEW

Journal the trade. Record the setup, entry, stop, target, result, emotion, and lesson. This is where edge is built: through pattern recognition over time.

MARKET FUNDAMENTALS – QUICK DEFINITIONS

Short, platform-friendly definitions for every major market type.



STOCKS

Shares representing company ownership; tradeable on exchanges.



FOREX

Decentralized currency market; high liquidity, 24/5.



COMMODITIES

Physical assets (gold, oil) priced on supply/demand fundamentals.



INDICES

Basket of securities representing a market segment.



CRYPTO

Decentralized tokens—volatile, high-beta to macro events.



FUTURES

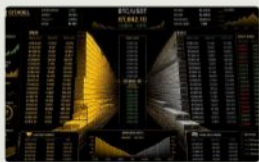
Standardized contracts to buy/sell at a future date; margin-based.

LONG VS SHORT



Takeaway: Long = profit when price rises. Short = profit when price falls. Execution and risk are identical responsibilities.

ORDERS, BID/ASK & LEVERAGE



BID / ASK / SPREAD

Bid: highest buyer price. Ask: lowest seller price. Spread = cost to cross the market.



ORDER TYPES

Market: immediate. Limit: price-specific. Stop: triggers a market or limit on break.



LEVERAGE

Magnifies position exposure and P&L. It does not create an edge – it magnifies outcomes.

Bid / Ask / Spread: The bid is the price buyers are willing to pay. The ask is the price sellers want. The spread is the difference between the two. Tighter spreads usually mean lower trading cost and less friction; wider spreads mean higher friction. Liquid markets tend to have tight spreads.

Order Types: A market order prioritizes instant execution, so it fills fast but can suffer slippage in fast or thin markets. Example: buying at the best available price during a breakout. A limit order gives price control, but it may not fill if the market never trades there. Example: placing a buy limit at \$49.50 and waiting for price to come to you. A stop order is trigger-based and is often used for risk management. Example: a stop loss below support can help cap downside if price breaks against you.

Leverage: 2:1 leverage means you control \$2 of exposure with \$1 of capital. Leverage amplifies gains *and* losses equally, which is why it can help performance and destroy accounts just as quickly. Overleveraging is one of the main reasons traders blow up accounts.



Leverage magnifies losses. Use position sizing to control exposure.

Example: You have \$1,000. You want to buy a stock at \$50. With 2:1 leverage, you can buy 40 shares (\$2,000 exposure) with \$1,000 capital. If the stock rises to \$55, you gain \$200 (20% return on capital). If it falls to \$45, you lose \$200 (20% loss). Leverage magnifies the math.

Takeaway: Know the mechanics before you size a trade: order type, spread, and leverage change execution and risk.

CANDLESTICKS – ANATOMY & PSYCHOLOGY

Open / High / Low / Close. Body shows conviction. Wicks reveal rejection or exhaustion. Always read a candle in context.



BULLISH VS BEARISH

Bullish closes above open. Bearish closes below open. Size matters – long bodies = strong conviction.



BODY & WICKS

Short body + long wick = rejection or pause. Long body = commitment to direction.

OHLC: Open is where the period started. High is the highest price reached. Low is the lowest price reached. Close is where the period ended. Together, OHLC tells the full range of the session.

Body: The rectangular part between open and close shows the net result. A long body signals strong conviction in one direction. A short body suggests indecision or consolidation.

Wicks: The thin lines above and below the body show rejection. A long upper wick means sellers stepped in at higher prices. A long lower wick means buyers stepped in at lower prices. No wicks means price moved one way with little pullback.

Reading in context: A single candle is just one data point. Ask where it appears: uptrend, downtrend, or consolidation. Volume matters too – a large body on high volume is more meaningful than the same candle on low volume. Pattern matters as well: compare it with the candles before it.

Example: A hammer (small body, long lower wick) at support suggests buyers rejected lower prices. But if it appears in the middle of a downtrend with no other confirmation, it's just noise. The same hammer at support after a series of lower lows, with volume, becomes a potential reversal signal.

☐ **Takeaway:** Candle = information. Use it to read pressure; don't treat patterns as guarantees.

PATTERN FAMILIES

- **Reversal:** Hammer, Bullish/Bearish Engulfing, Morning/Evening Star – strongest at key S/R
- **Continuation:** Three Methods (rising/falling), Marubozu follow-through – best in clean trends
- **Indecision:** Doji, Spinning Top – signals pause; wait for break + confirmation

SIGNAL STRENGTH BOOSTERS

LOCATION

At support/resistance or moving average zone

TREND ALIGNMENT

With the higher-timeframe direction

VOLUME

Pattern + elevated volume beats pattern on light volume

TIMEFRAME CONFLUENCE

Same idea visible across adjacent timeframes

FOLLOW-THROUGH

Next candle closes beyond pattern's trigger level

COMMON TRAPS

Chasing long-wick candles far from structure

Entering before confirmation candle closes

Reading every doji as a reversal

Using tiny timeframes for swing trades

QUICK CHECKLIST



IDENTIFY CONTEXT

Trend or range



MARK LEVELS

Support / resistance



SPOT PATTERN + VOLUME

Confirm the signal



WAIT FOR CLOSE

Confirmation candle



DEFINE STOP + SIZE

Invalidation and risk

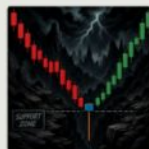
CANDLESTICK PATTERN ENCYCLOPEDIA (SELECTED)

Each pattern: name, visual, what it looks like, what it can suggest, best context, common mistake.



DOJI

What it looks like: Open $\approx$ Close; small body. Suggests indecision. Best in trend exhaustion. Mistake: treating it alone as reversal.



HAMMER

Looks like: Small body, long lower wick. Suggests rejection of lower prices. Best near support. Mistake: ignoring volume/context.



SHOOTING STAR

Looks like: Small body, long upper wick. Suggests rejection at highs. Best at resistance. Mistake: entry before confirmation.



BULLISH ENGULFING

Looks like: Large bullish candle fully engulfs prior bearish one. Suggests momentum shift. Best on pullbacks in uptrends. Mistake: ignoring trend context.



MORNING STAR

Looks like: Down candle, indecision candle, strong up candle. Suggests reversal after a decline. Best with support or oversold context. Mistake: small confirmation candle.

Reminder: Patterns are context-dependent. Pattern $\neq$ signal. Wait for confirmation and manage risk.

PATTERN RECOGNITION & CONTEXT

Pattern recognition: Patterns are visual shortcuts for market psychology. A hammer shows rejection at lower prices. A shooting star shows rejection at higher prices. But the pattern alone is not a signal — context determines whether it matters.

Context matters: The same pattern in different contexts has different meanings. A hammer at support in an uptrend after a pullback is a potential continuation signal. A hammer in the middle of a downtrend is just noise. Always ask: where is this pattern? What came before it? What's the trend?

Confirmation: Never trade a pattern in isolation. Wait for confirmation. Example: a shooting star at resistance is interesting, but wait for the next candle to close below the shooting star's body before entering. This confirms rejection.

Volume: A pattern on high volume is more significant than the same pattern on low volume. High volume = more participants agree with the move. Low volume = fewer participants, less conviction.

Common mistakes:

- Trading patterns without context
- Entering before confirmation
- Ignoring volume
- Treating patterns as guarantees instead of probabilities
- Not combining patterns with support/resistance

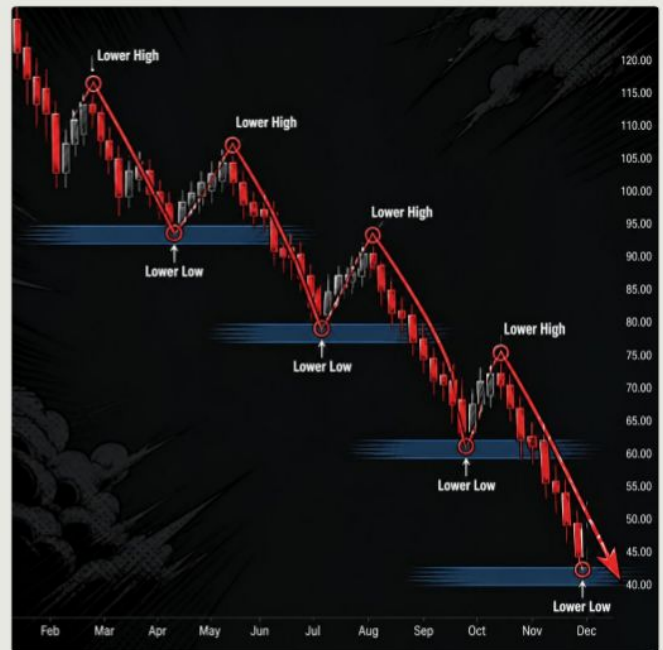
PRACTICAL TRADING CHECKLIST

1. Identify the pattern
2. Check the context (trend, support/resistance, timeframe)
3. Wait for confirmation on the next candle
4. Check volume
5. Define stop loss at a logical invalidation point
6. Calculate position size
7. Enter only if all conditions align

PRICE ACTION – STRUCTURE, S/R & TRENDS



Support: buyers step in. **Resistance:** sellers step in. **Breakout:** price moves beyond structure. **Retest:** price returns to test the broken level.



☐ **Takeaway:** Read structure first. Trade setups that align with structure have asymmetric edge.

RISK MANAGEMENT – SURVIVAL FIRST

Risk defines survival. Every item here is built to keep you in the game.

RISK PER TRADE

Risk Amount = Account
Equity × Risk %
Example: \$10,000 × 1% =
\$100

POSITION SIZING

Position Size = Risk
Amount ÷ Stop-Loss
Distance. Size to risk,
not to reward.

STOP LOSS

Defines where the trade
thesis is invalid. Place
logically; not arbitrarily.

RISK:REWARD & EXPECTANCY

1R = your risk.
Expectancy = (Win% ×
Avg Win) – (Loss% × Avg
Loss). Example: 40% ×
2R – 60% × 1R = +0.2R

Takeaway: Protect capital first. Position size is the lever that makes an edge or destroys it.

CORE PRINCIPLES

Θ1

CAPITAL PRESERVATION

Your account is your most valuable asset. A 50% loss needs a 100% gain to recover. A 90% loss needs a 900% gain. Small, consistent losses are far better than occasional large ones.

Θ3

RISK:REWARD RATIO

Aim for at least 1:2. Better traders target 1:3 or higher. Winners need to be bigger than losers for the math to work.

Θ5

DRAWDOWN MANAGEMENT

Track peak-to-trough loss. If your max drawdown is 20%, you know the worst case historically. Size positions so a drawdown does not wipe you out.

Θ2

THE 1% RULE

Risk no more than 1% of your account per trade. On a \$10,000 account, that is a \$100 maximum loss. It also means you can survive 100 consecutive losses before blowing up.

Θ4

EXPECTANCY

The mathematical edge. Example: win 40% of trades at 2R and lose 60% at 1R = $(0.40 \times 2R) - (0.60 \times 1R) = +0.2R$ per trade. Over 100 trades, that is +20R.

Θ6

STOP LOSS PLACEMENT

Place stops at logical invalidation points, not arbitrary distances. If support breaks, the thesis is invalid. Stop goes below support.

Practical Example: \$10,000 account. You risk 1% = \$100 per trade. Your stop is 50 pips away. You're trading a 1-lot. If you win at 2:1 reward, you make \$200. Over 100 trades at 50% win rate: $(50 \times \$200) - (50 \times \$100) = \$5,000$ profit. That's 50% return on capital from disciplined risk management alone.

Closing: Risk management is not exciting. It's not about big wins. It's about surviving long enough to let your edge compound. The best traders are the ones still trading in 5 years.

EXECUTION, PSYCHOLOGY & CHEAT SHEETS

Before, during, after: a compact execution checklist and printable cheat sheets to hang on your monitor.

BEFORE THE TRADE

Identify condition → structure → setup → entry → invalidation → size → target → check risk → execute.

DURING THE TRADE

Don't move stops randomly. Don't average down without plan. Stick to your rules.

AFTER THE TRADE

Journal: setup, entry, stop, target, result, screenshot, emotion, lesson.

PSYCHOLOGY – TRIGGERS & FIXES

- **FOMO** → Chase entries → Predefine entries and wait
- **Revenge** → Increase size after loss → Stop trading after daily limit
- **Overconfidence** → Overtrade → Stick to R limits

Takeaway: Replace emotional reactions with predefined micro-rules.



FINAL PAGE – THE BRIDGE TO THE COURSE

You now understand the language of the market. The next step isn't taking random trades. It's learning how to build a repeatable process.

READY TO GO FROM KNOWLEDGE TO EXECUTION?

READY TO BUILD YOUR EDGE?

This manual is the foundation. The next step is learning the complete framework and building a repeatable system.

[Explore Aurum's Beginner Course](#)