



Mastering SPB Price-Based Setups

with Frank Ochoa
AKA PivotBoss

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Secrets of a Pivot Boss introduces four powerful price-based setups, which can be used to identify and trade high probability opportunities in any market and any timeframe. These setups help to identify opportunities that are based purely on price, which helps to reveal a market's underlying psychology, thereby helping you forecast future price behavior and direction with greater clarity.

1. Price-based setups are purely based on price patterns in the chart, which can be one or more bars in succession
2. Price-based setups reveal a market's psychology, which is a driving factor behind every price move (fear, greed, and uncertainty)
3. Price-based setups reveal when a market is experiencing rejection or exhaustion of a price move
4. When properly qualified, price-based setups can offer high probability opportunities in all timeframes and markets
5. Price-based setups are perfect for creating market scans, signals, and fully automated trading systems
6. Price-based setups are perfect for all traders, from scalpers to active investors



Tips for Using Price-Based Setups



Understanding the best way to use price-based setups in your trading will ultimately allow you to become a more consistent and profitable trader. Following these tips will not only allow you to trade price-based setups in a more meaningful way, but they will also allow you to approach all trading opportunities like a true professional trader.

- Buy pullbacks in an uptrending market (Markup Phase)
- Sell pullbacks in a downtrending market (Markdown Phase)
- Fade (sell) resistance at clearly established areas of rejection
- Fade (buy) support at clearly established areas of rejection
- Buy after expansion from an Accumulation Phase; look to fade (buy) the first retest after expansion
- Sell after expansion from a Distribution Phase; look to fade (sell) the first retest after expansion
- Use a set of pre-defined trade management techniques to execute entries and exits for each trade; consistency matters
- Just because a setup triggers, does not mean it is meant to be traded. All setups should be scrutinized and further qualified.

The SPB Price-Based Setups

The SPB price-based setups are designed to identify market tendencies that reveal certain behaviors and psychologies that, when paired with clearly established overvalued and undervalued areas, can prove to be quite powerful. These setups can be used in all timeframes and all instruments, which makes them perfect for all traders, from scalpers to active investors.

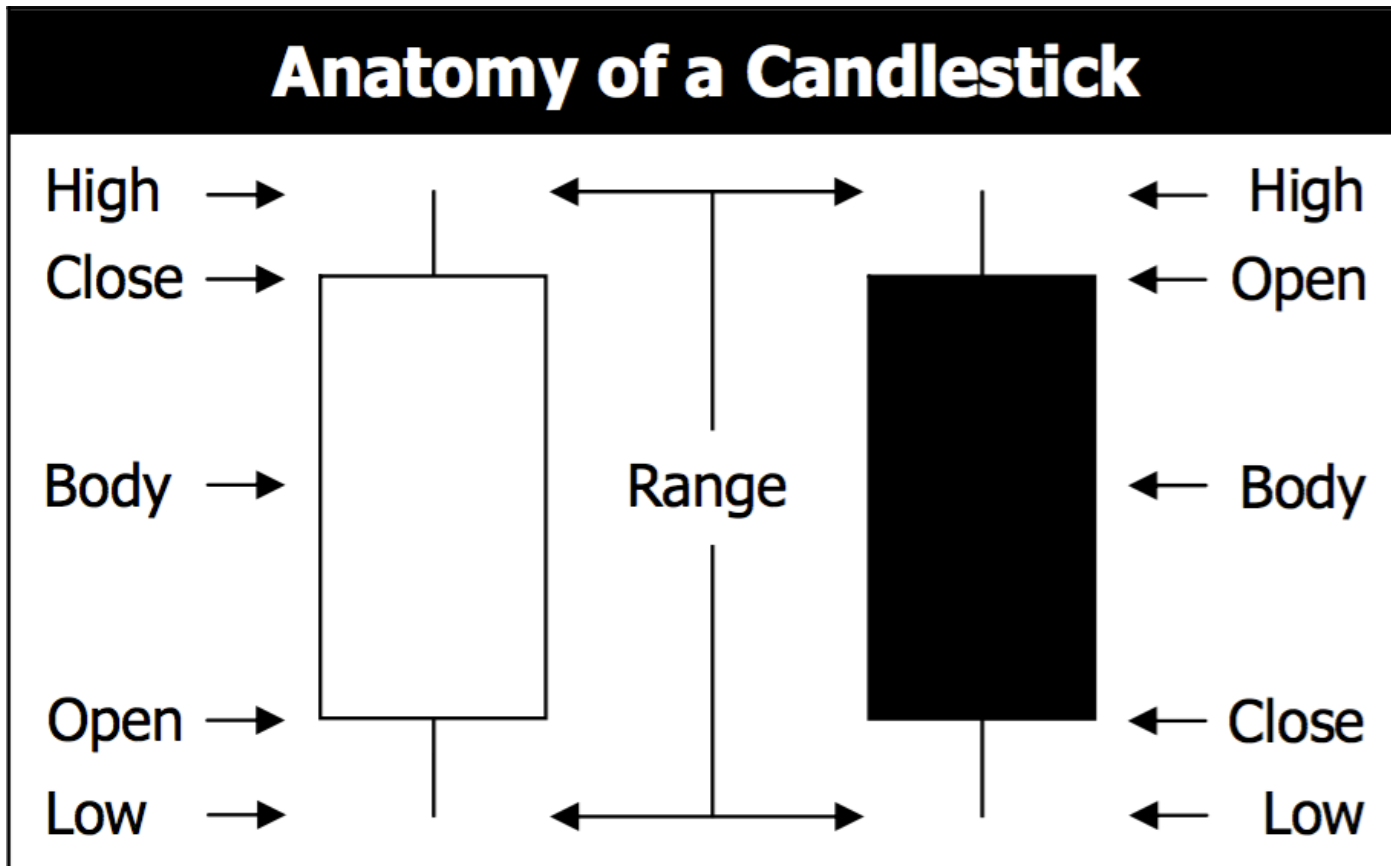
1. Wick Reversal Setup
2. Extreme Reversal Setup
3. Outside Reversal Setup
4. Doji Reversal Setup



“The best traders are those that can quickly discern the pattern of the market and successfully deploy their capital at the best price.” – **Frank Ochoa, AKA PivotBoss**

The Anatomy of a Candlestick

Candlesticks come in all shapes, sizes, and combinations. Each price-based setup has a specific set of variables that qualifies a signal, which are based off the bar's range, body, and more. Your ability to quickly piece together the market's puzzle using this vital information will be extremely beneficial to finding and trading high probability opportunities.



Qualifying Price-Based Setups

While price-based setups offer great signals to trade from, a trader must be disciplined to further qualify these patterns. Fortunately, there are many ways to qualify these patterns to filter out the noise and bring the best trading opportunities to the forefront.



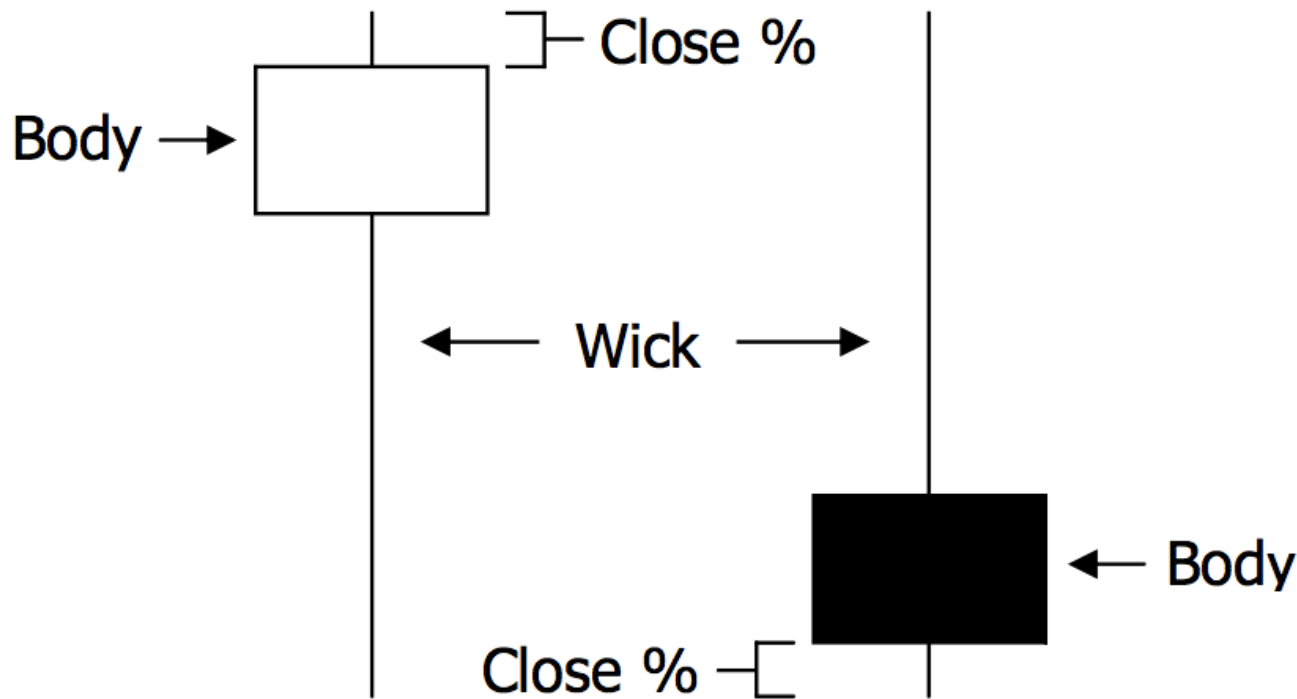
- 1. Trade only smooth moving charts.** The majority of false signals can be eliminated by simply trading charts that exhibit smooth price characteristics, rather than erratic price swings.
- 2. Trade signals at clearly established areas of rejection.** Price-based setups work best at the extremes of an established price range – support/resistance, overvalued/undervalued price zones.
- 3. Trade signals in the direction of an established trend.** Price-based setups work best at pullback zones during Markup/Markdown phases.
- 4. Trade signals at the extreme of a significant move.** Price-based setups work best after significant exhaustion has been seen, typically after a prolonged or sudden price move.
- 5. Trade signals that occur at confluence zones.** Signals with additional confirmation offer higher probability odds of success – i.e.: pivot-based, value-based, volume-based confluence zones.
- 6. Avoid signals in the middle of congestion.** Signals that occur within price congestions tend to exhibit whipsaws and false moves. Remember, these signals are meant to trade rejections.



Wick Reversal Setup: Anatomy

The Wick Reversal setup is one of the most visually compelling candlestick patterns due to its long price tail, which identifies rejection and highlights key reversal opportunities. This pattern can go by a variety of names, like *hammer* and *inverted hammer*, and must have a minimum wick-to-body ratio of 2:1.

Anatomy of a Wick Reversal



“Finding the best reversal wicks at important undervalued or overvalued areas will be vital to your success with this pattern.” – **Frank Ochoa, AKA PivotBoss**

Wick Reversal Setup: Variables



There are four main variables to consider for the Wick Reversal setup, which allow traders to adjust the setup to various specifications. It is important to emphasize the different components of the setup, as varying conditions will lead to varying levels of success with this pattern.

Wick Reversal Variables

1. **Wick Multiplier:** The size of the wick in relation to the body of the candlestick
2. **Close Percentage:** Where price closes in relation to the range of the candlestick
3. **Bars Back:** The lookback period used to calculate the averages of the variables
4. **Bar Multiplier:** The multiple used to qualify the size requirement for the candlestick in relation to average bar size

Default Variables

Wick Multiplier: 3.25

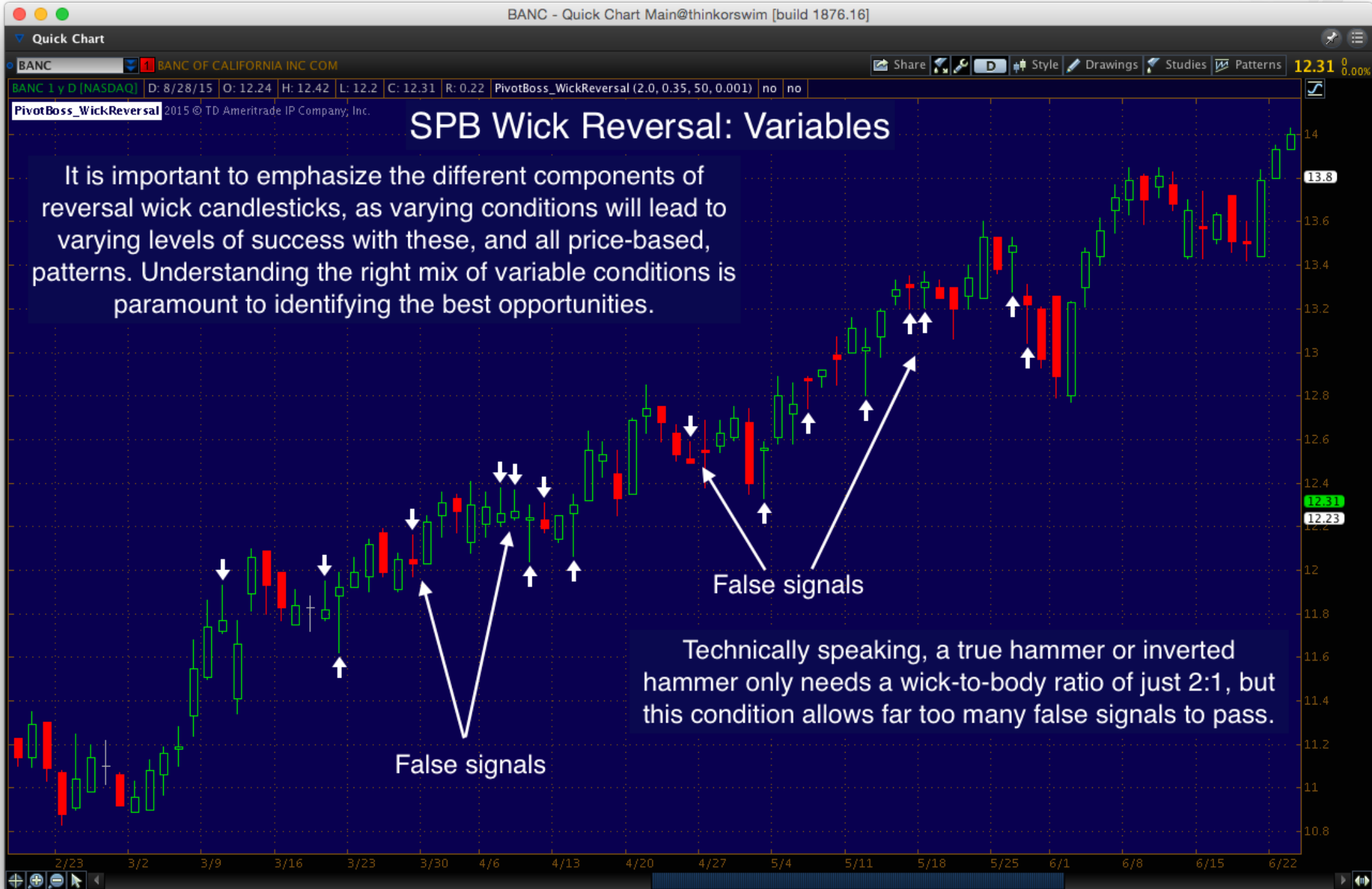
Close Percentage: .35

Bars Back: 50

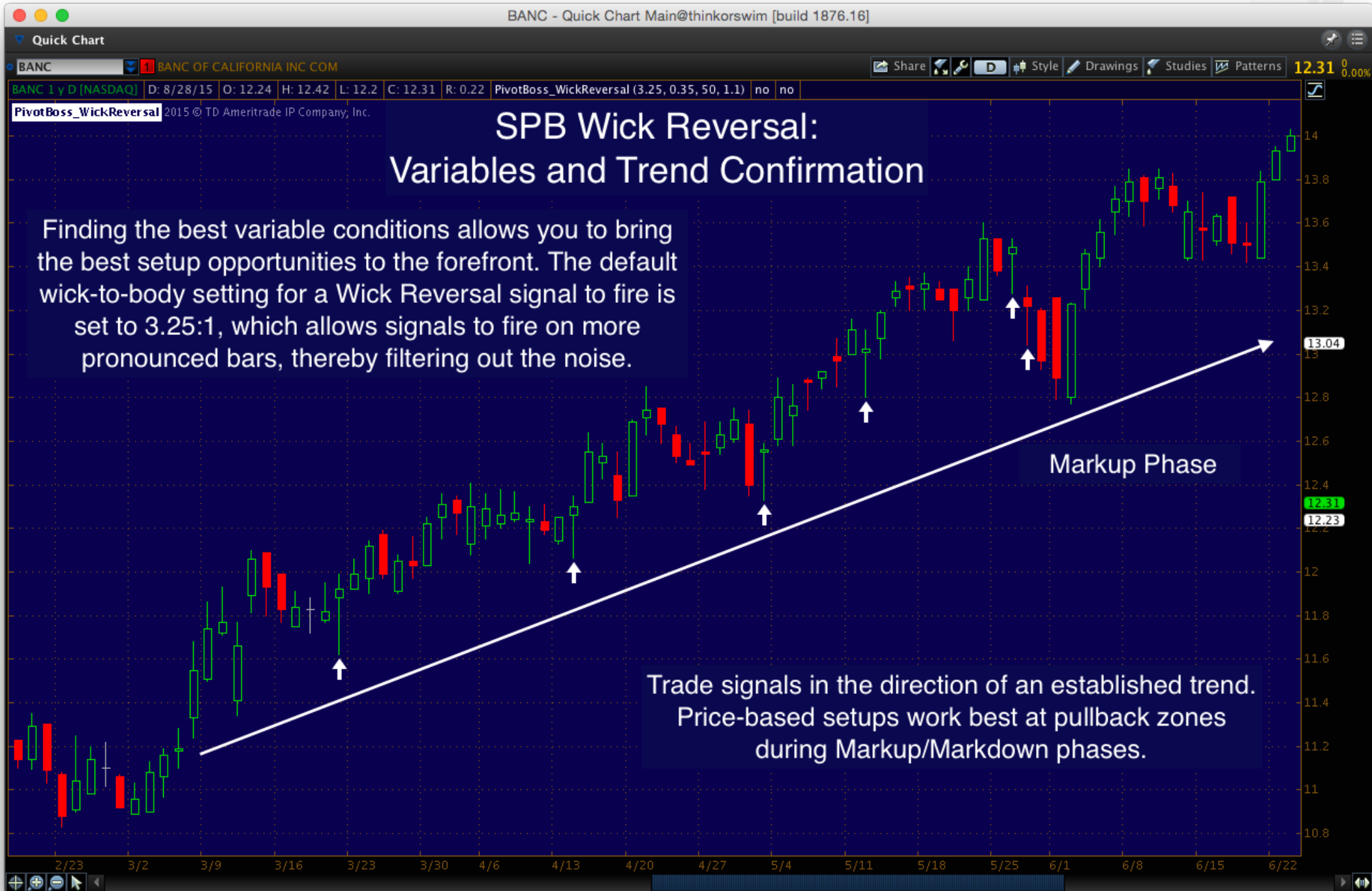
Bar Multiplier: 1.1



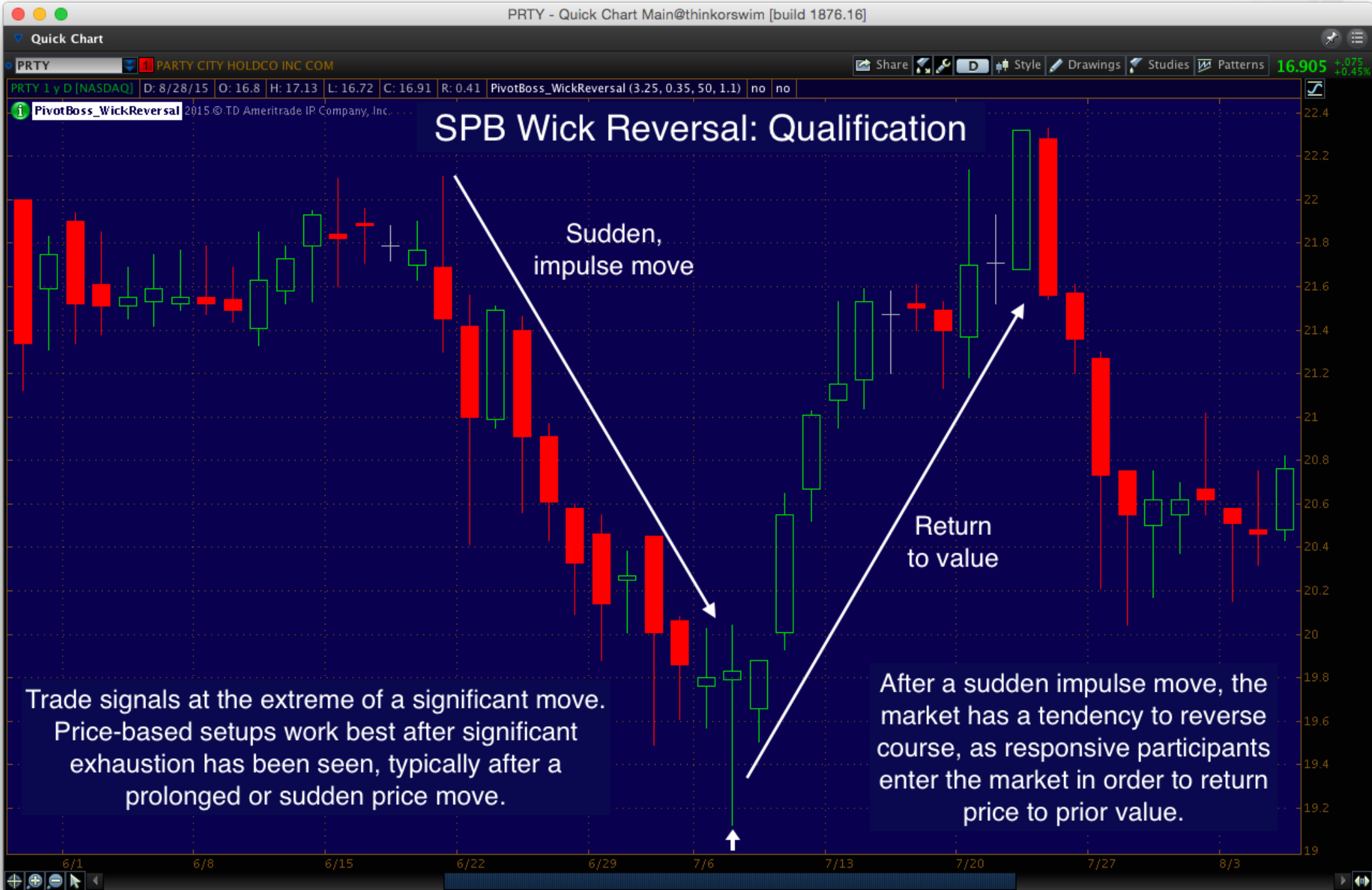
Wick Reversal Setup



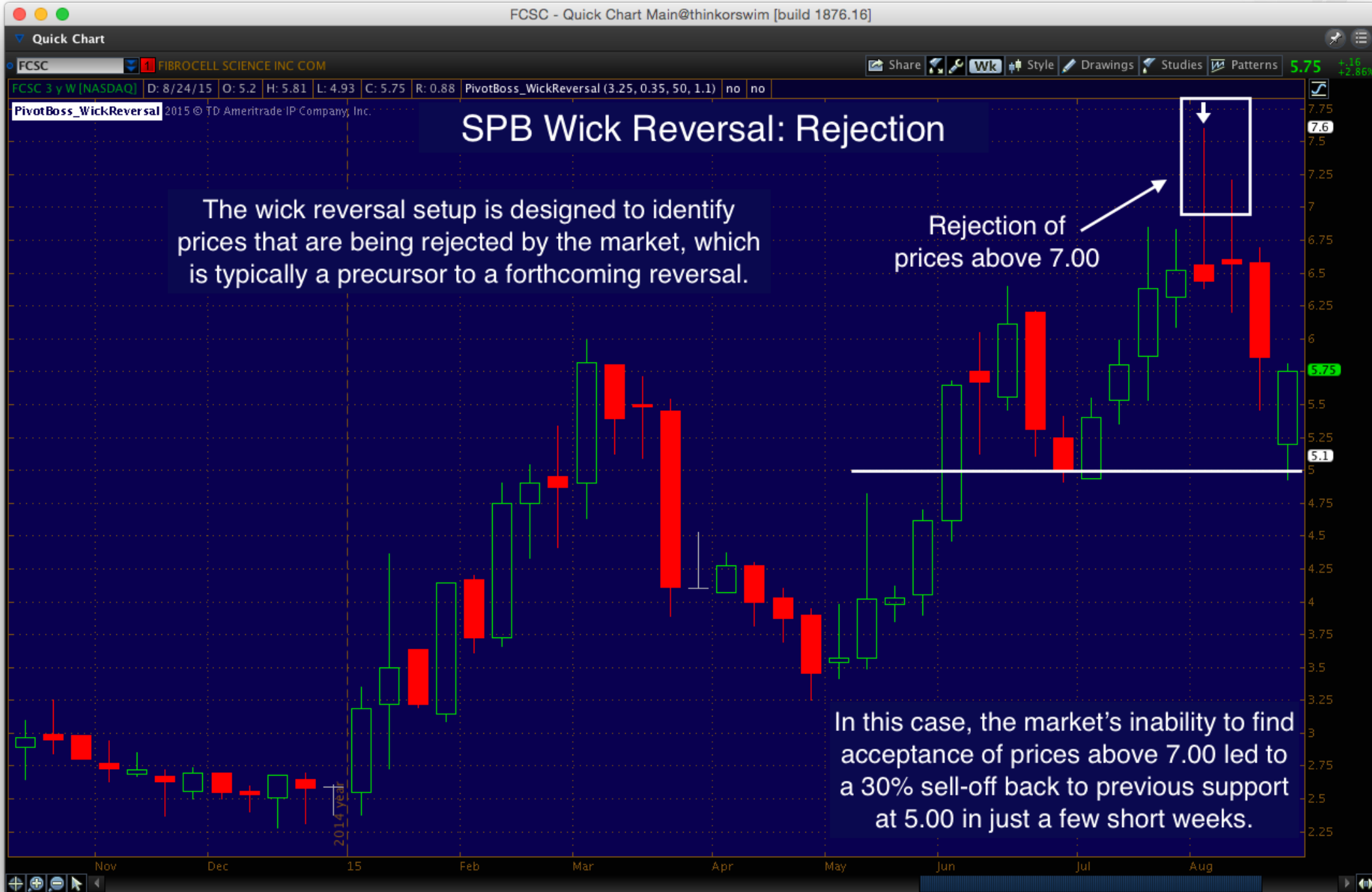
Wick Reversal Setup



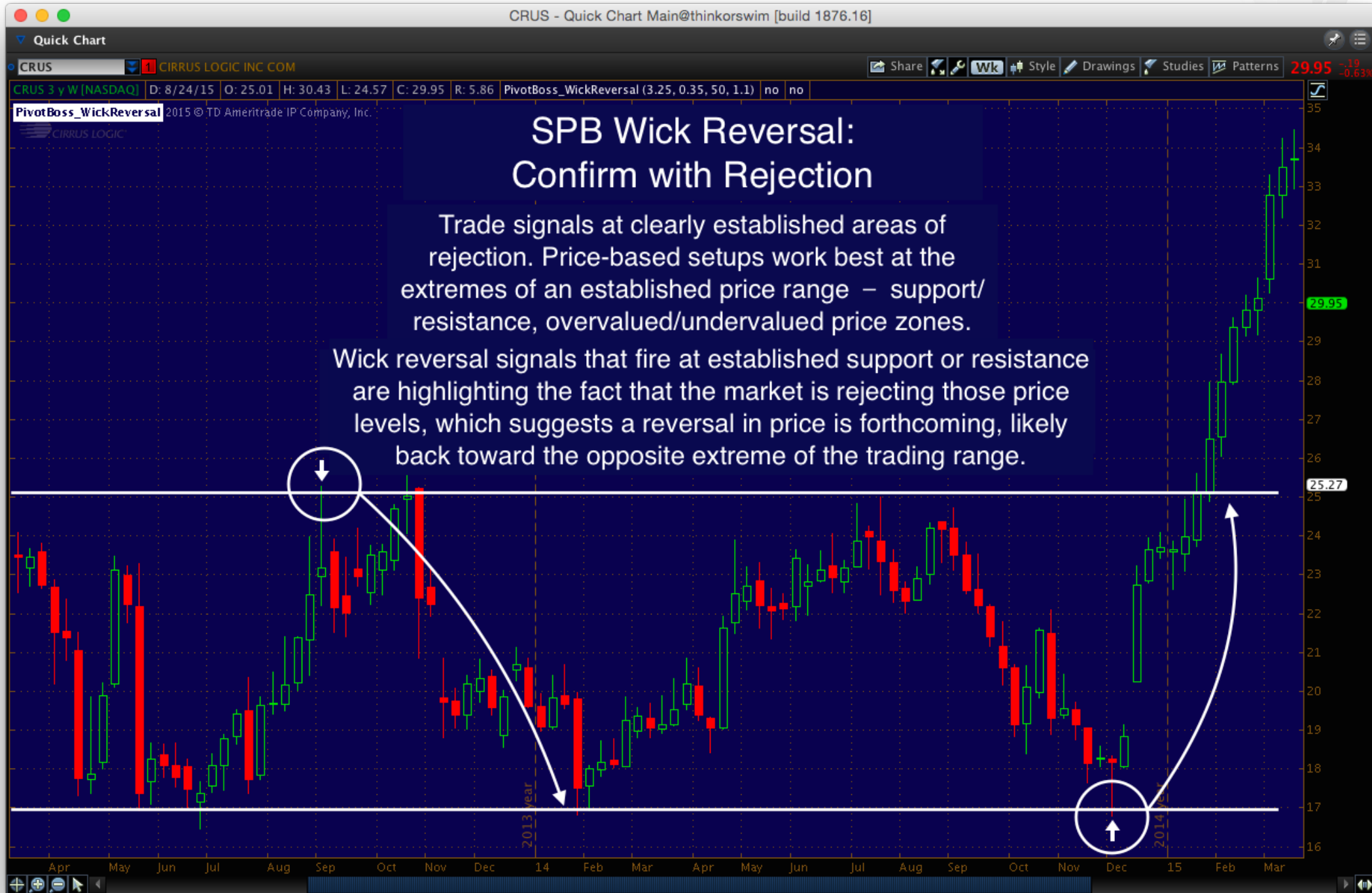
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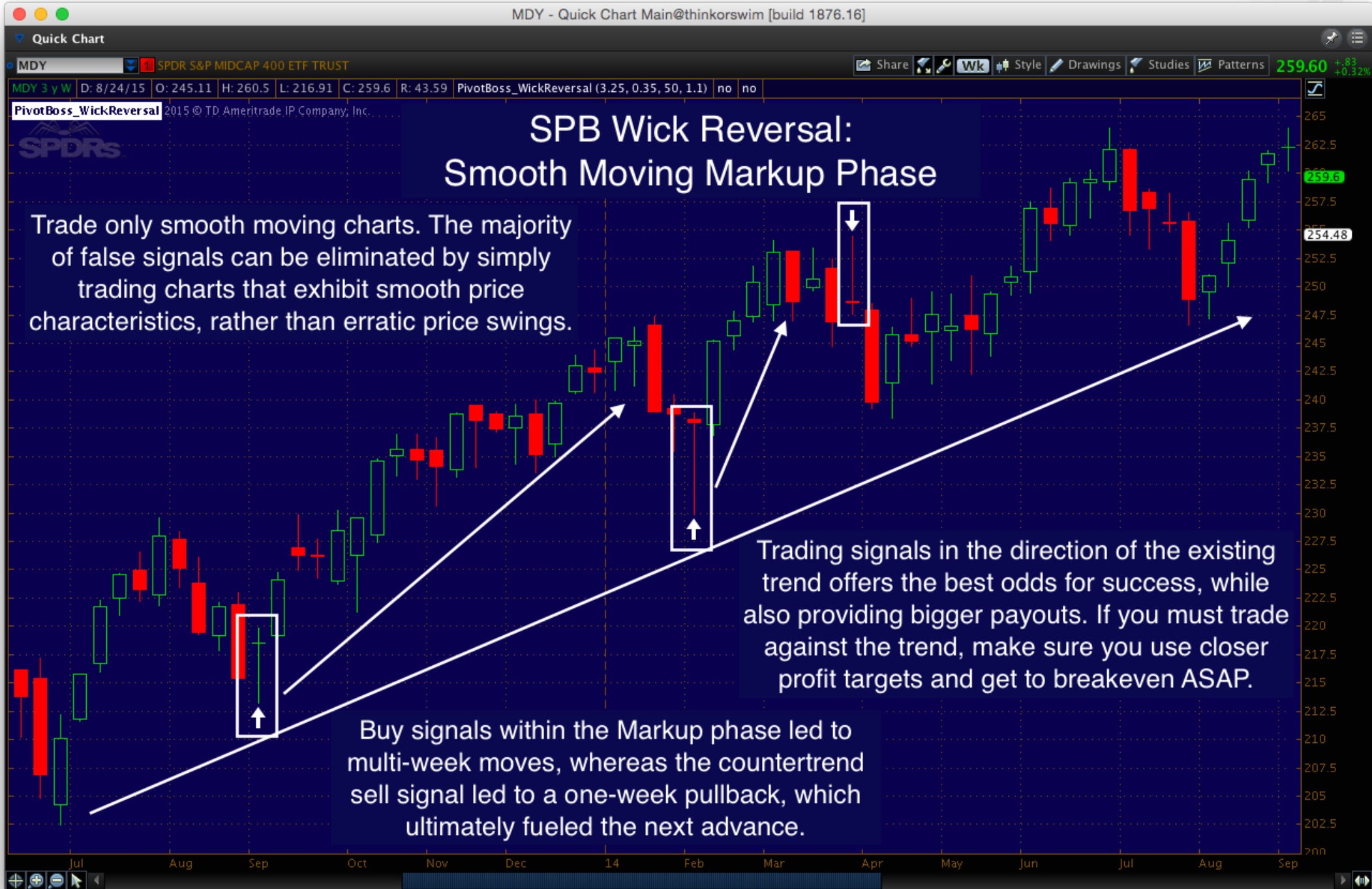
Wick Reversal Setup



Wick Reversal Setup



Wick Reversal Setup

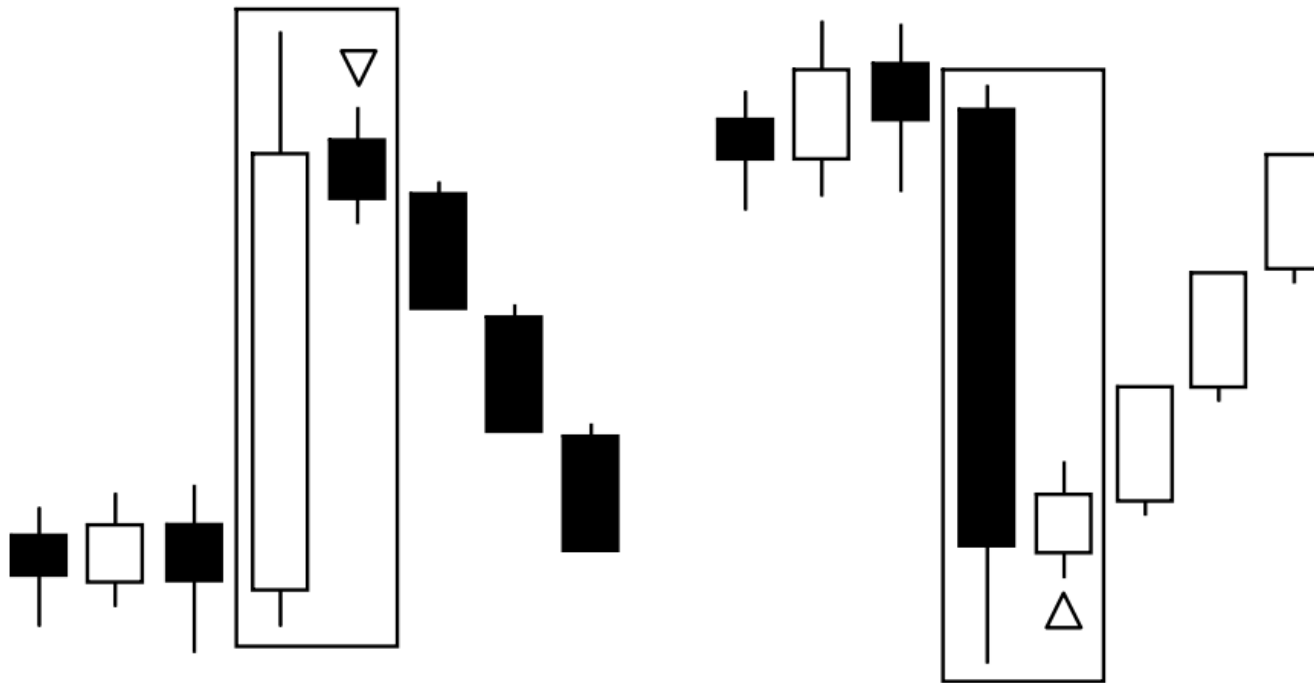


Extreme Reversal Setup: Anatomy



The Extreme Reversal setup identifies over-extended situations in the market, as responsive buyers and sellers will enter the market to push price back in the opposite direction toward prior value. This setup is a classic “rubber band” trade.

Extreme Reversal Setup



“The extreme reversal setup is a clever pattern that capitalizes on the ongoing psychological pattern of investors, traders, and institutions.” – **Frank Ochoa, AKA PivotBoss**

Extreme Reversal Setup: Variables

There are three main variables to consider for the Extreme Reversal setup, which allow traders to adjust the setup to various specifications. It is important to emphasize the different components of the setup, as varying conditions will lead to varying levels of success with this pattern.

Extreme Reversal Variables

1. **Body Size:** The body size in relation to the overall range of the candlestick
2. **Bars Back:** The lookback period used to calculate the averages of the variables
3. **Bar Multiplier:** The multiple used to qualify the size requirement for the candlestick in relation to average bar size

Default Variables

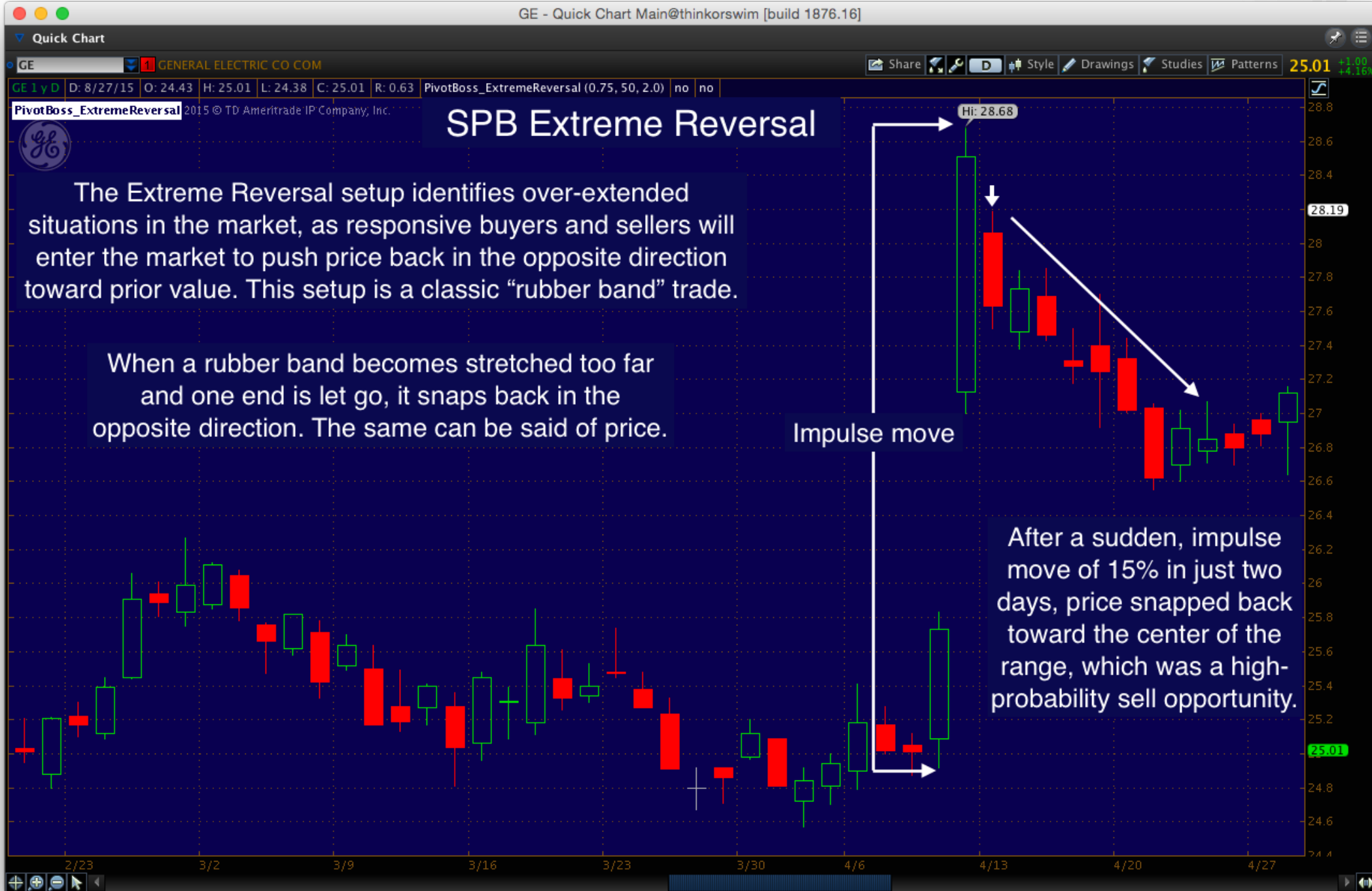
Body Size: .75

Bars Back: 50

Bar Multiplier: 2.0



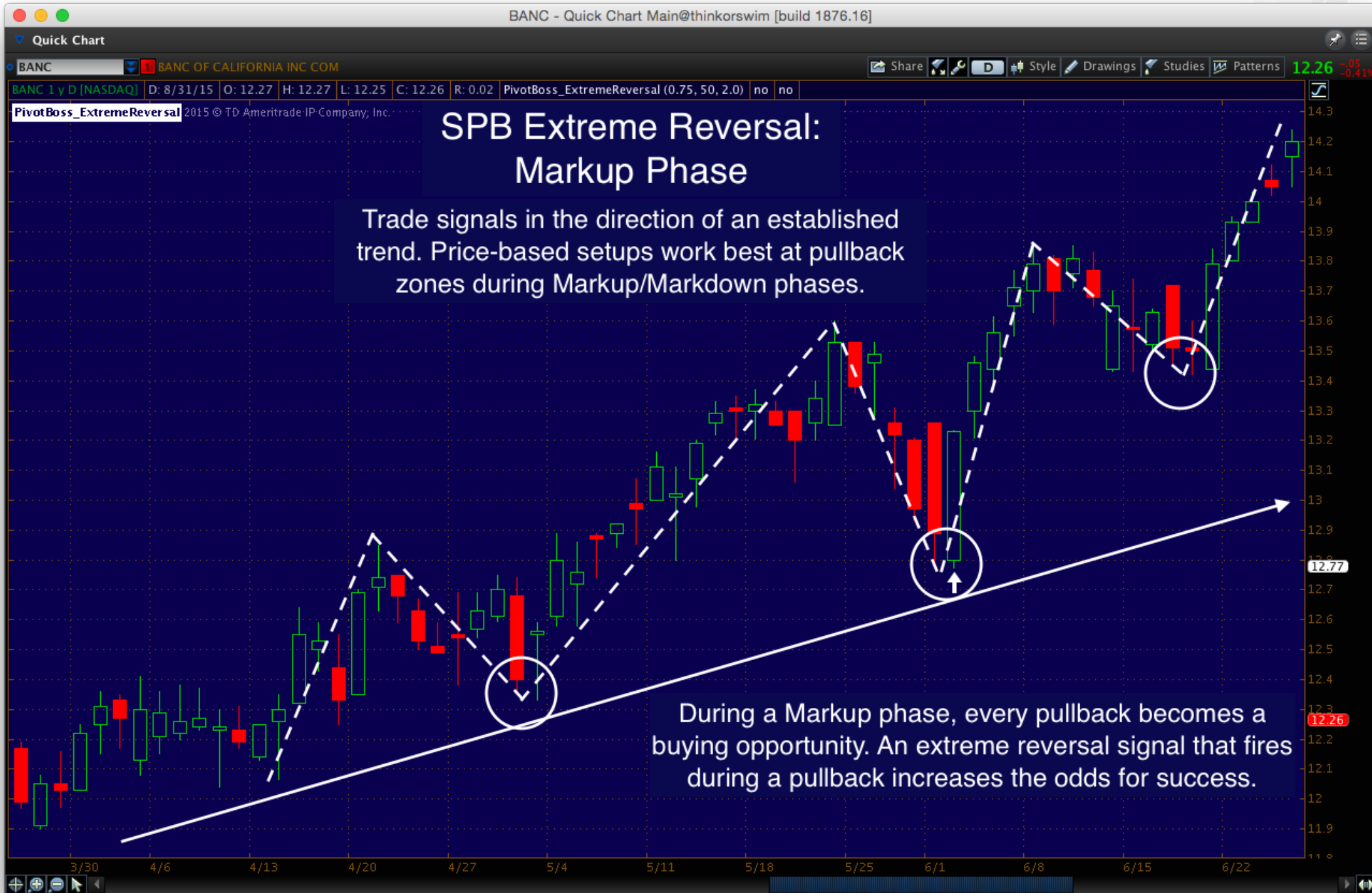
Extreme Reversal Setup



Extreme Reversal Setup



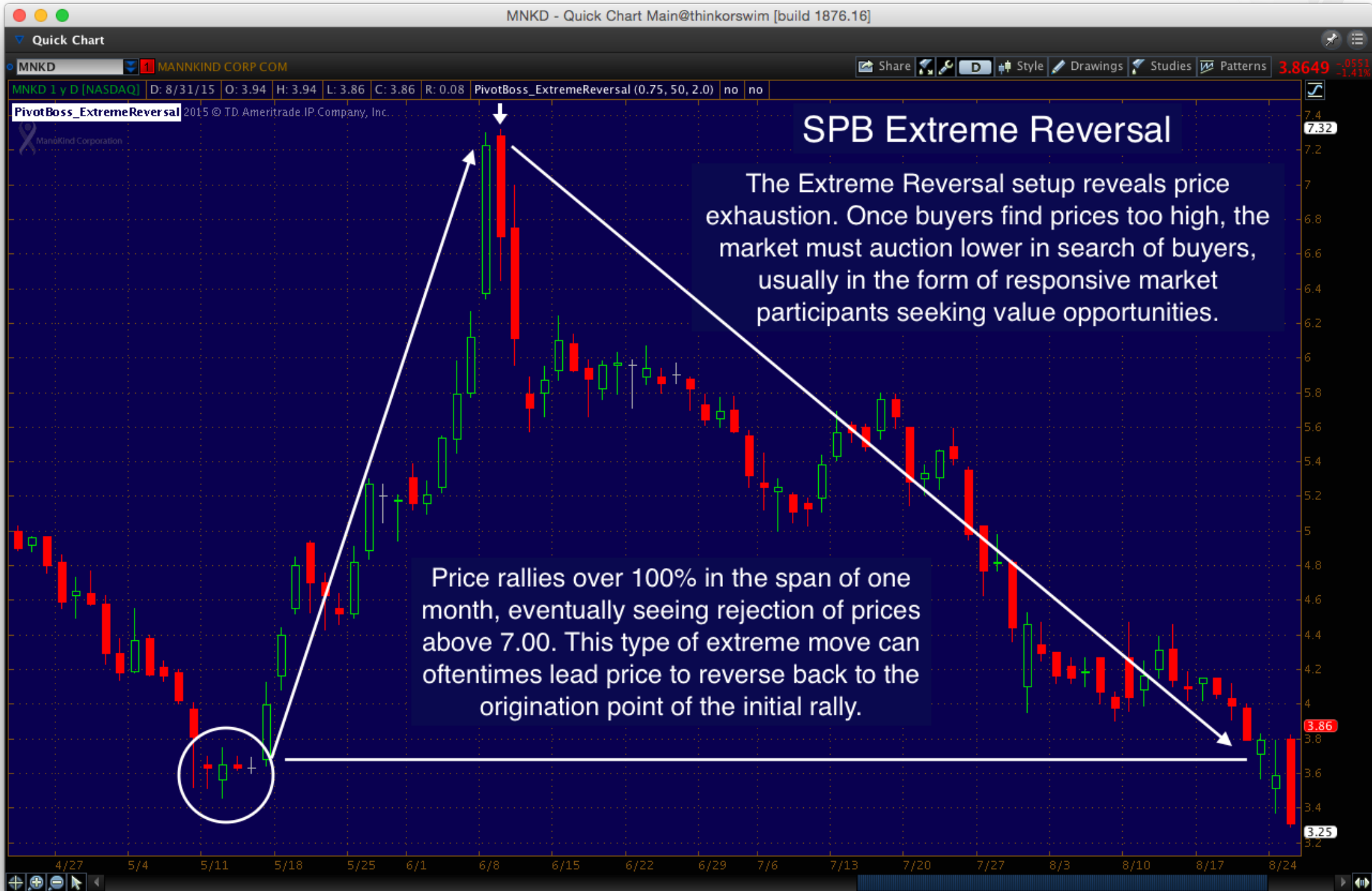
Extreme Reversal Setup



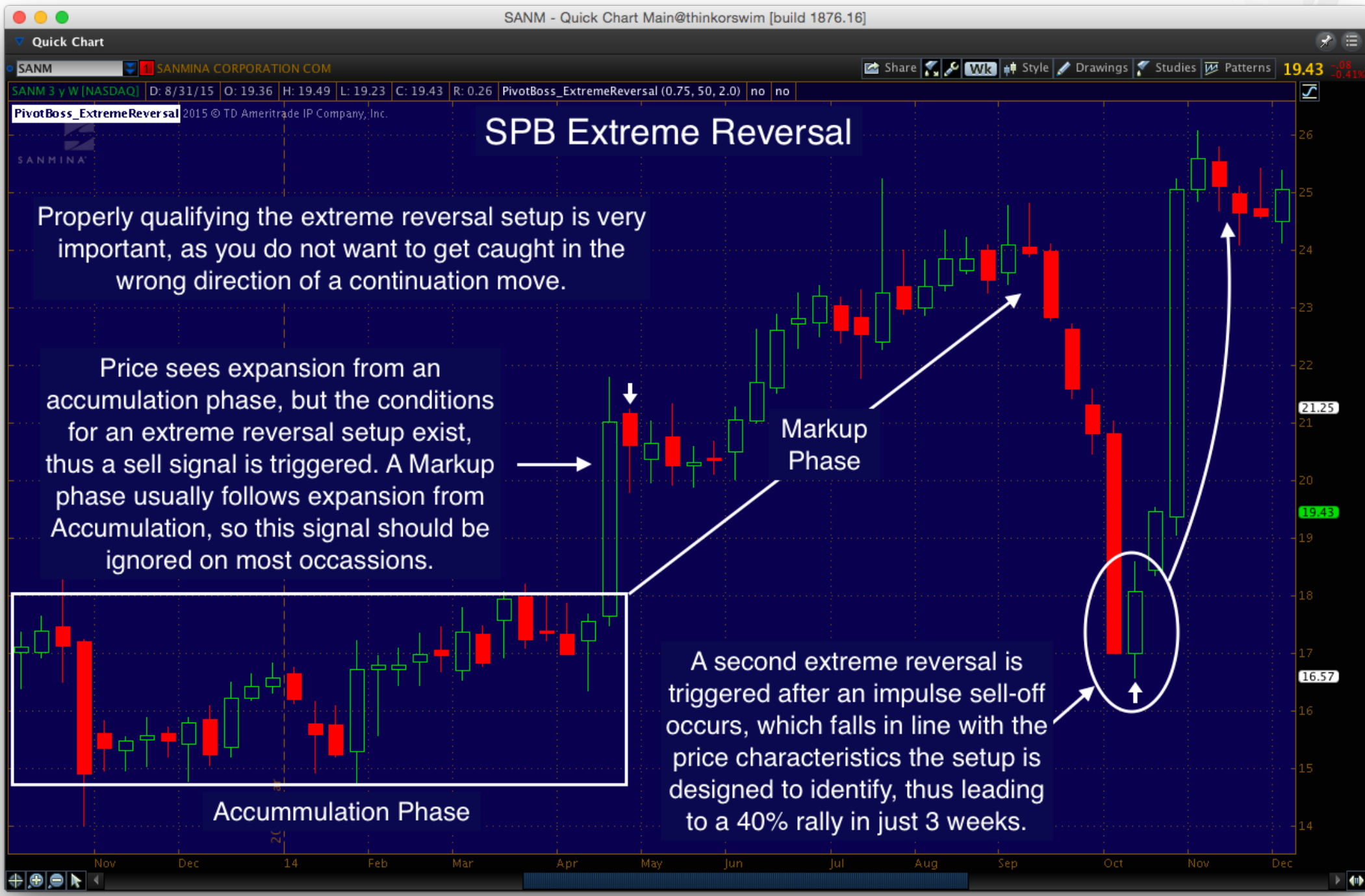
Extreme Reversal Setup



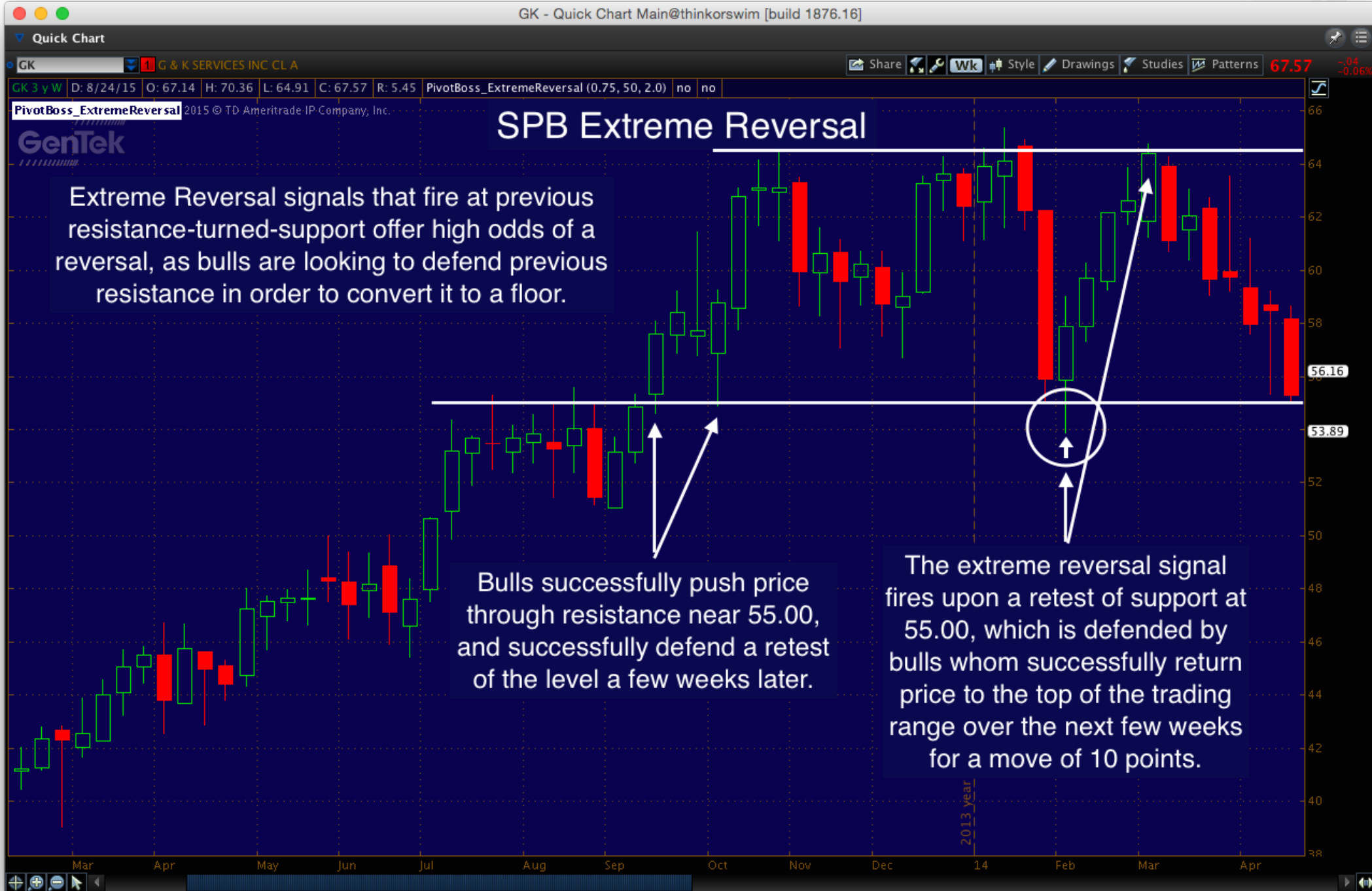
Extreme Reversal Setup



Extreme Reversal Setup



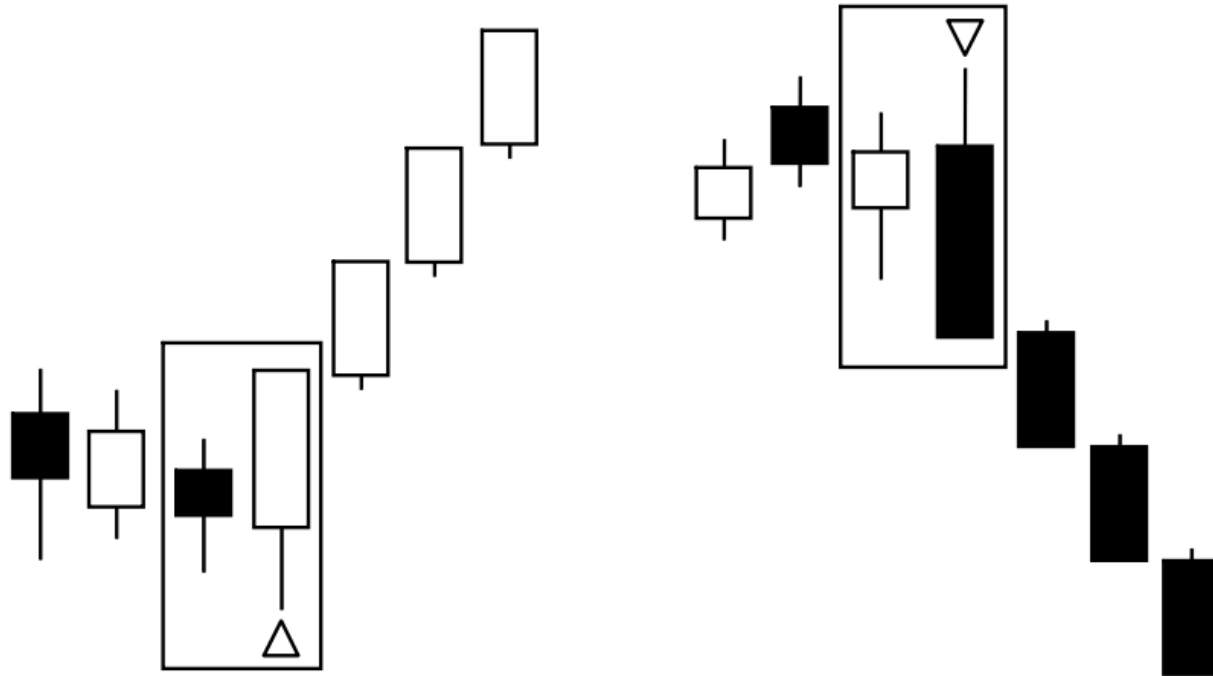
Extreme Reversal Setup



Outside Reversal Setup: Anatomy

The Outside Reversal setup takes advantage of the market's tendency to test price levels beyond current value before a reversal can occur in the opposing direction. The power behind this pattern lies in the psychology behind the traders involved in this setup.

Outside Reversal Setup



"If you have ever participated in a breakout at support or resistance only to have the market reverse sharply against you, then you are familiar with the market dynamics of this setup." – **Frank Ochoa, AKA PivotBoss**

Outside Reversal Setup: Variables



There are two main variables to consider for the Outside Reversal setup, which allow traders to adjust the setup to various specifications. It is important to emphasize the different components of the setup, as varying conditions will lead to varying levels of success with this pattern.

Outside Reversal Variables

1. **Bar Multiplier:** The multiple used to qualify the size requirement for the candlestick
2. **Bars Back:** The lookback period used to calculate the averages of the variables

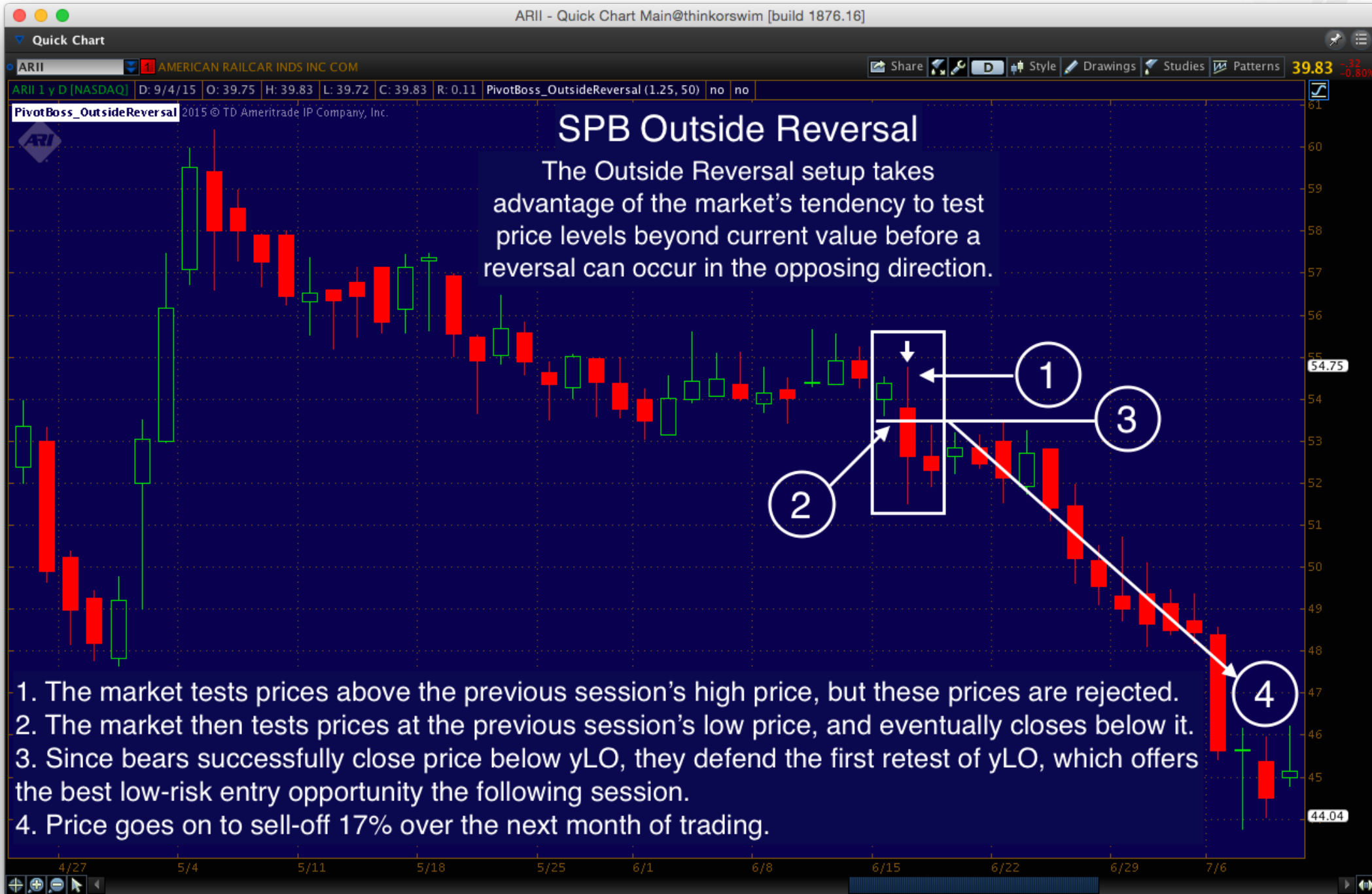
Default Variables

Bar Multiplier: 1.25

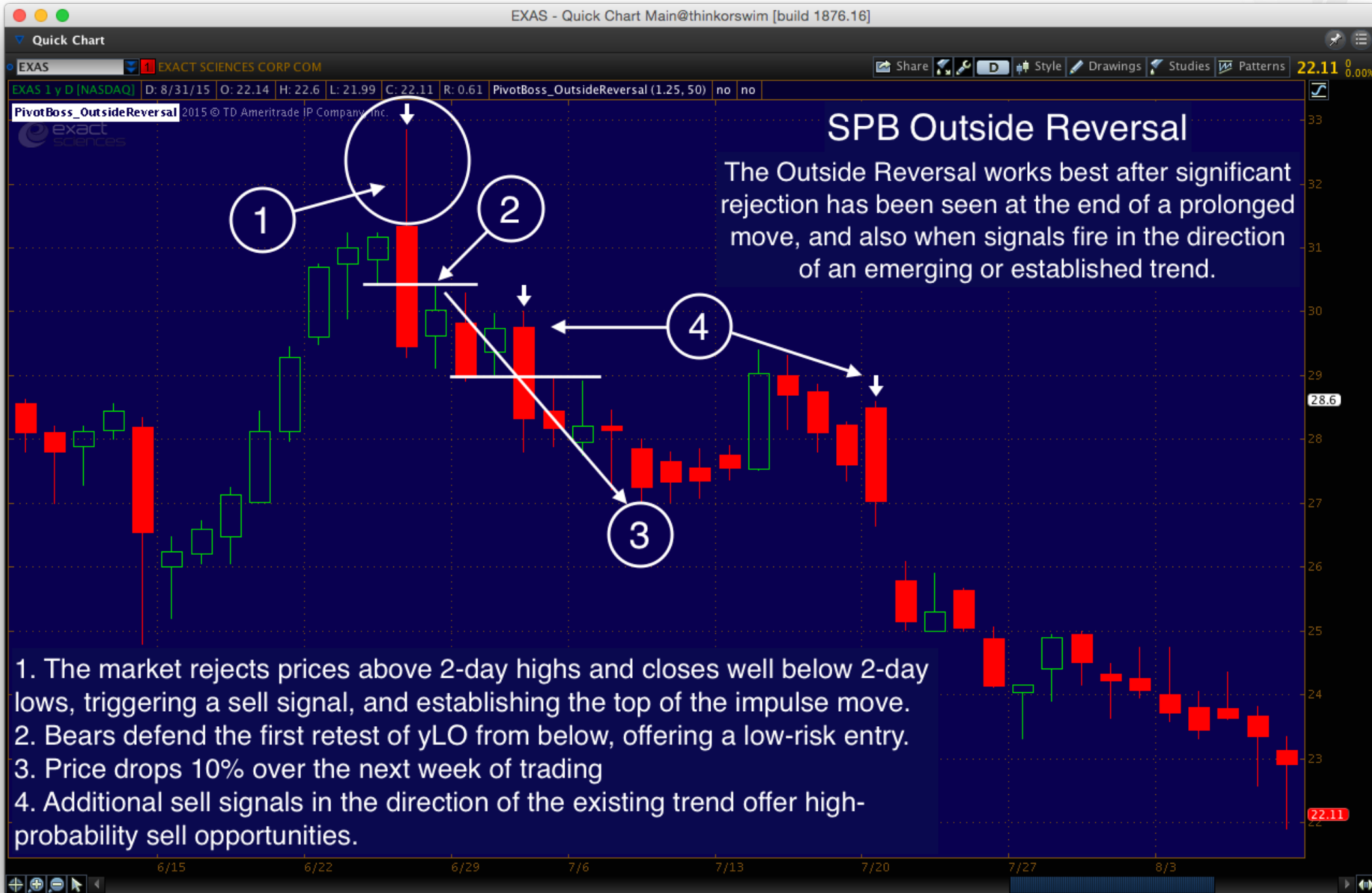
Bars Back: 50



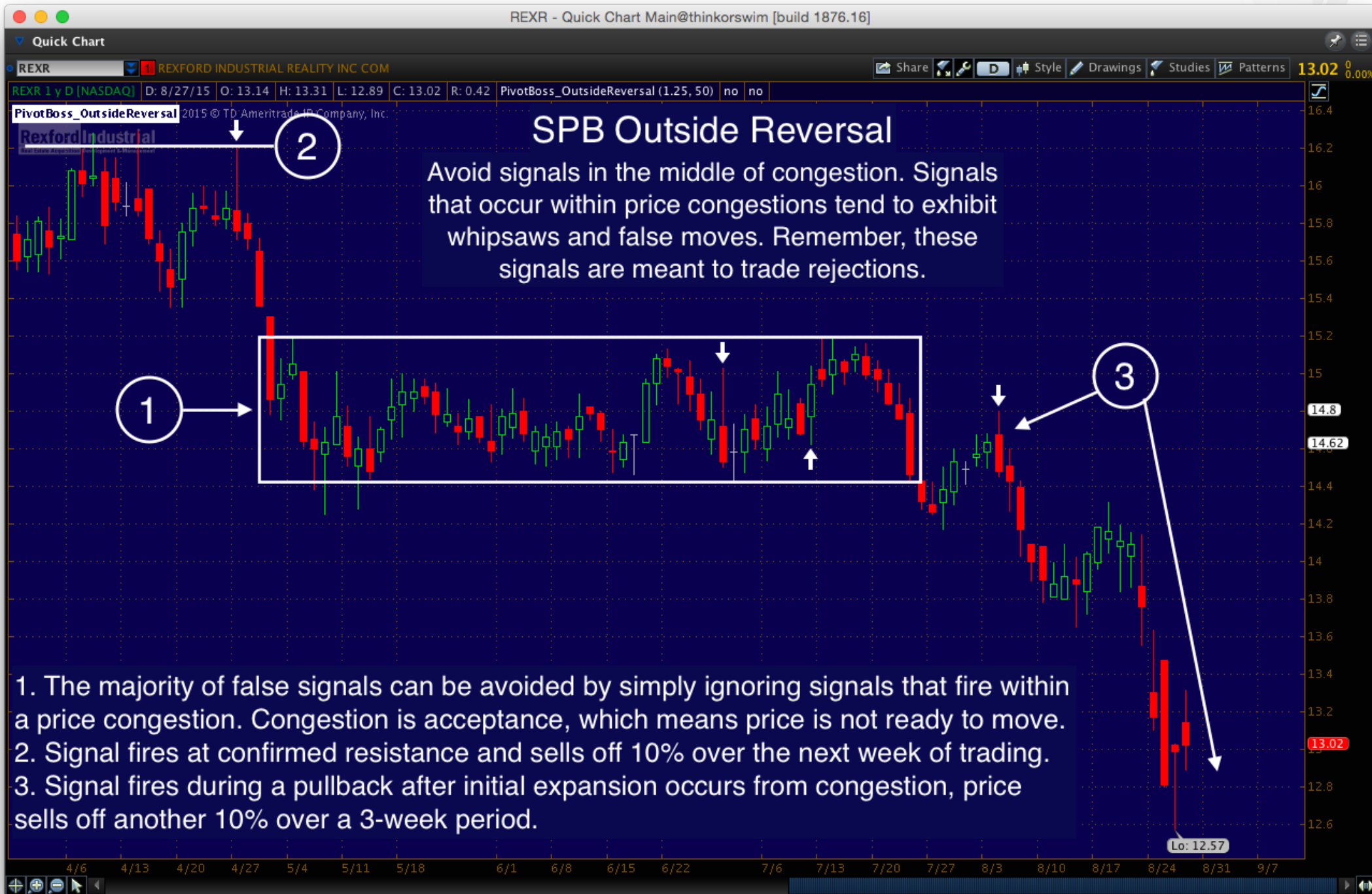
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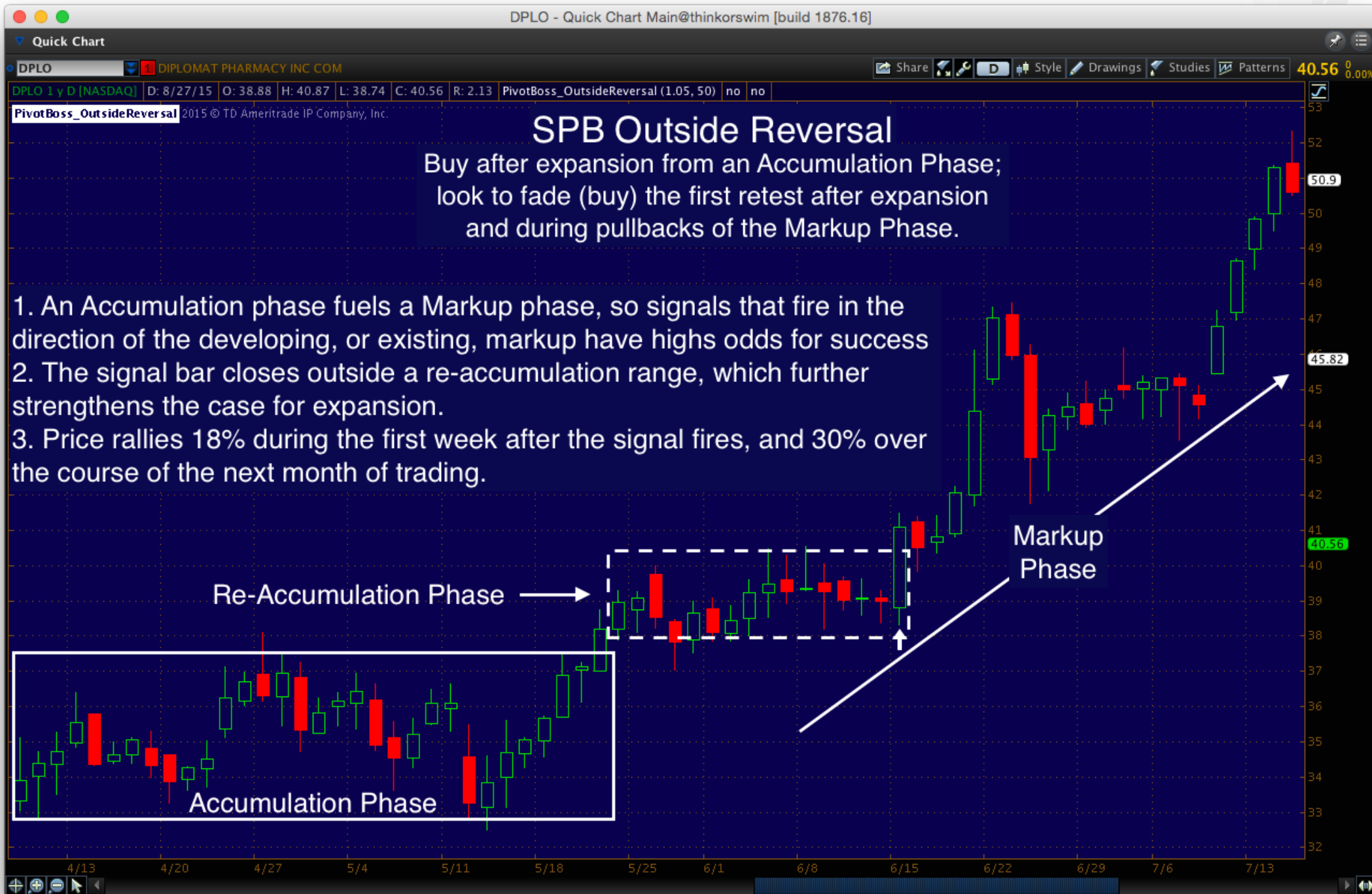
Outside Reversal Setup



Outside Reversal Setup



Outside Reversal Setup

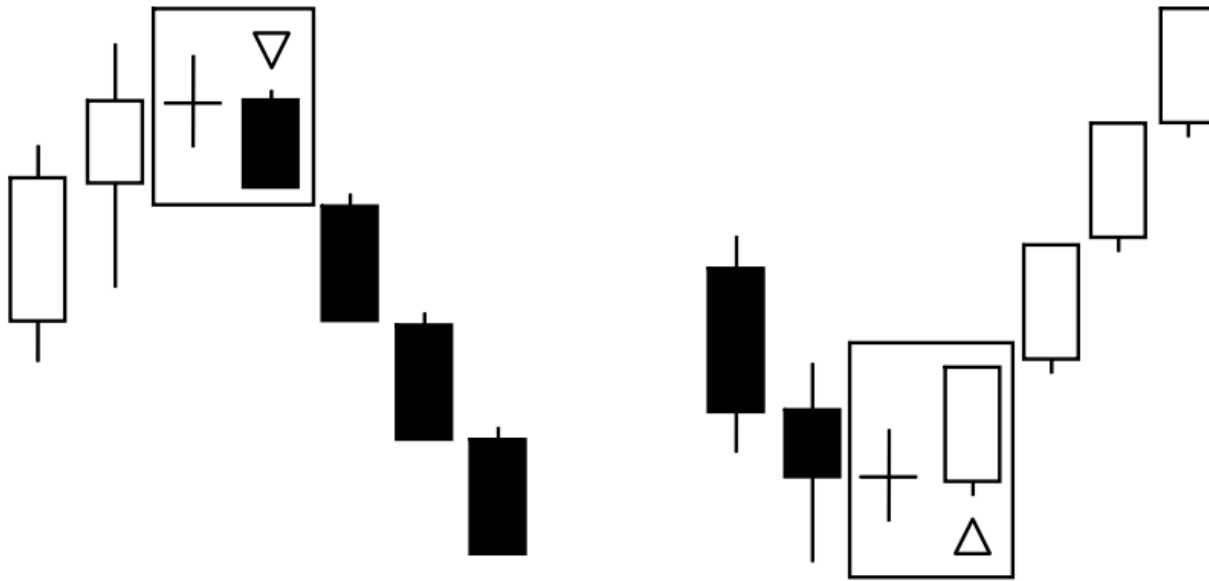


Doji Reversal Setup: Anatomy



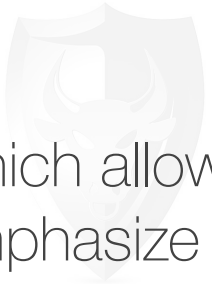
The Doji Reversal pinpoints exhaustion and embodies indecision, which can help to predict an upcoming reversal in price, especially when the pattern forms above or below value, or at the extreme of a prolonged move.

Doji Reversal Setup



“The doji candlestick is the epitome of indecision. The pattern illustrates a virtual stalemate between buyers and sellers, which means the existing trend may be on the verge of a reversal.” – **Frank Ochoa, AKA PivotBoss**

Doji Reversal Setup: Variables



There are three main variables to consider for the Doji Reversal setup, which allow traders to adjust the setup to various specifications. It is important to emphasize the different components of the setup, as varying conditions will lead to varying levels of success with this pattern.

Doji Reversal Variables

1. **Percentage:** The percentage of the body of the candlestick in relation to the overall size of its range
2. **Bars Back:** The lookback period used to calculate the averages of the variables
3. **Bar Multiplier:** The multiple used to qualify the size requirement for the candlestick in relation to average bar size

Default Variables

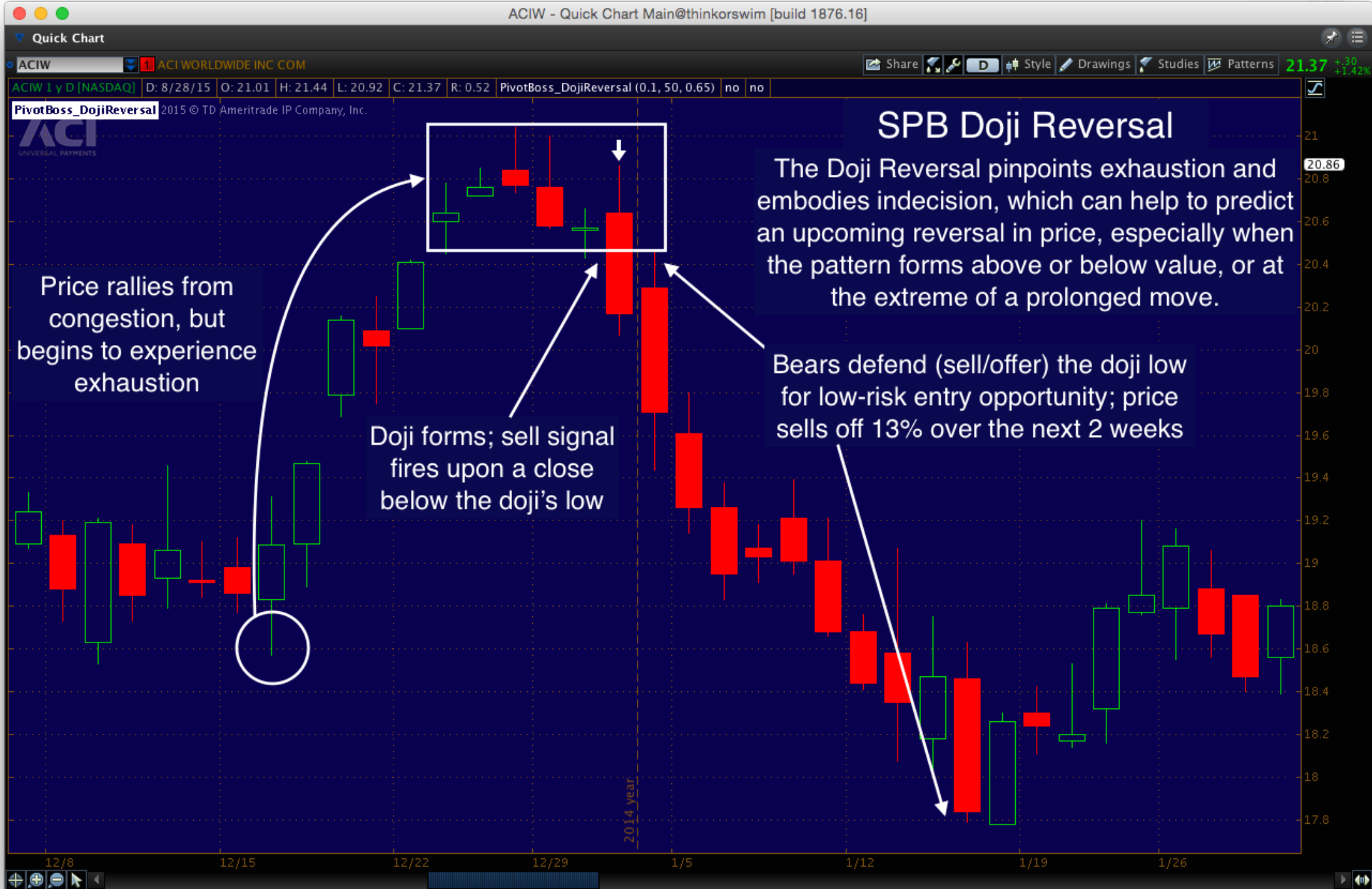
Percentage: .10

Bars Back: 50

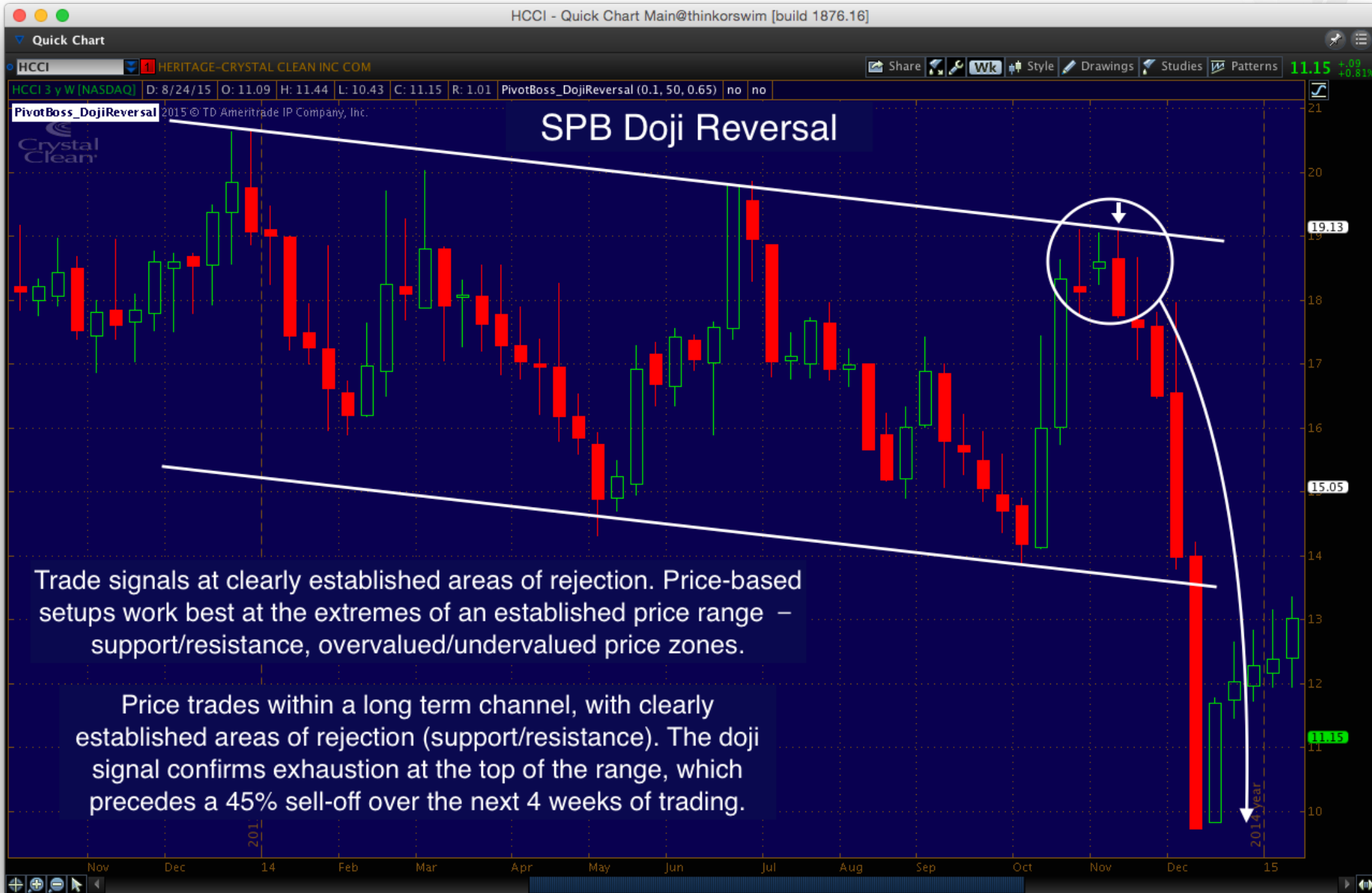
Bar Multiplier: .65



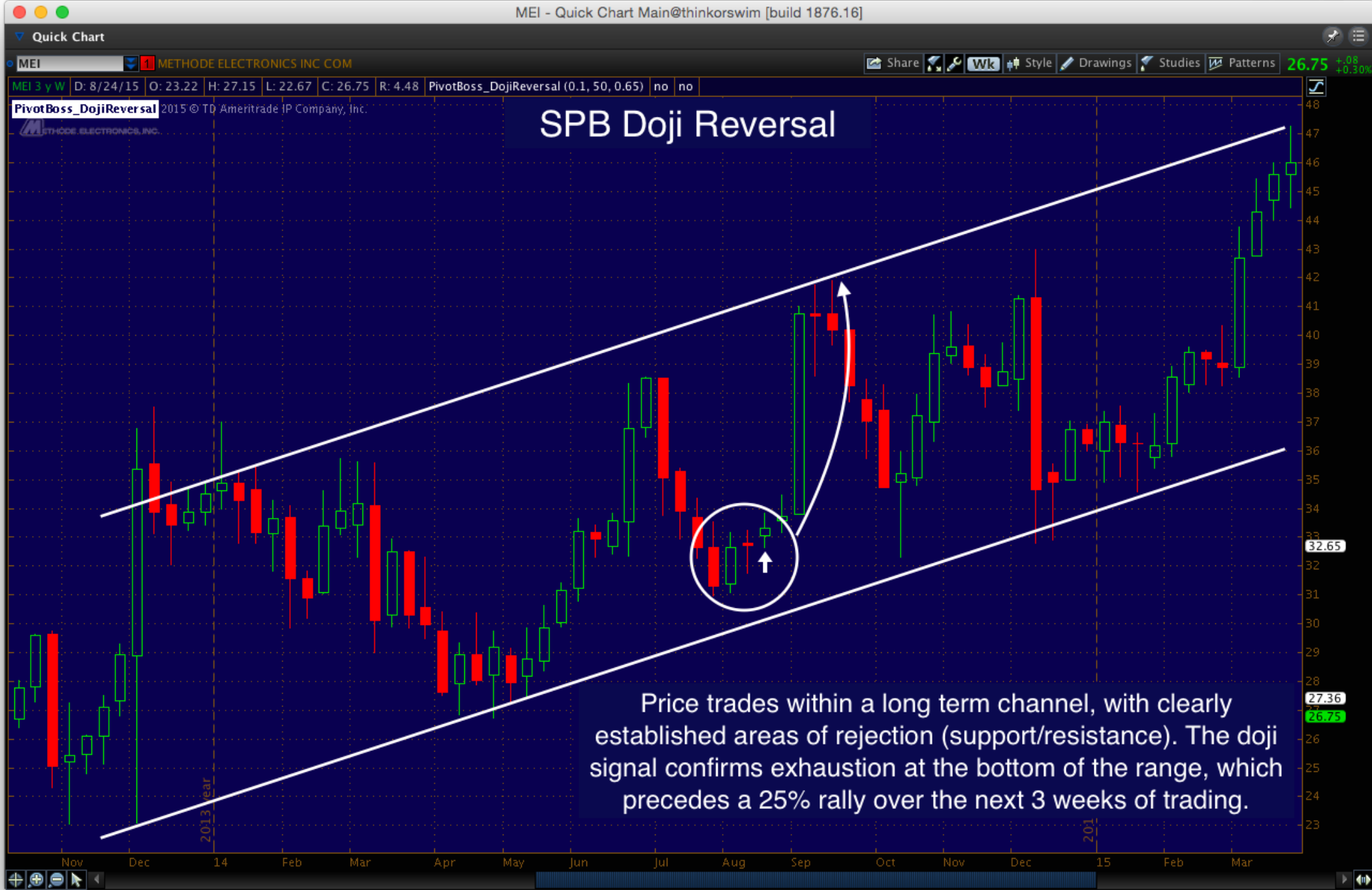
Doji Reversal Setup



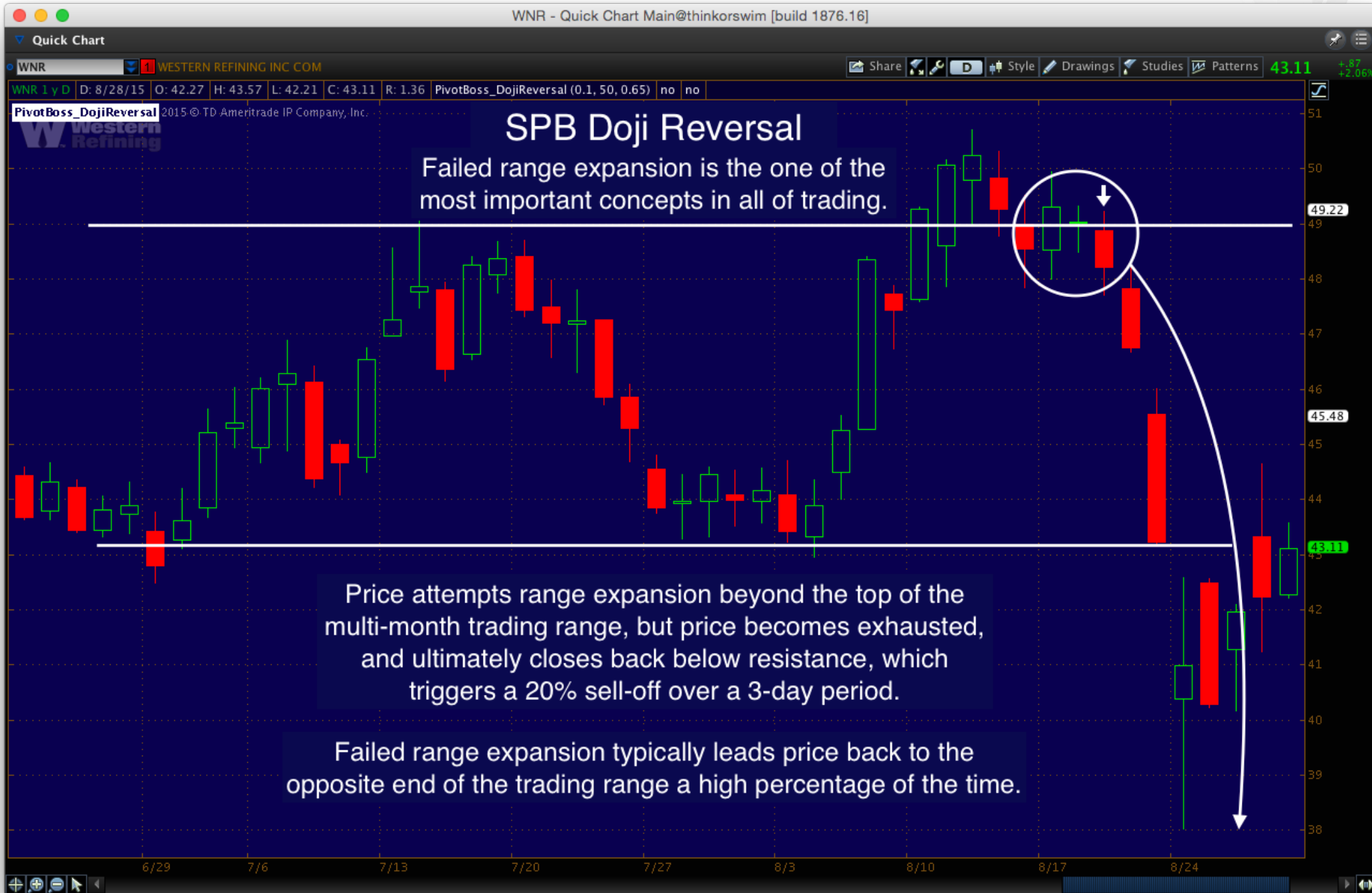
Doji Reversal Setup



Doji Reversal Setup



Doji Reversal Setup



Engaging Price-Based Setups Like a Pro

SPB price-based setups help to bring great opportunities to your attention, but your edge becomes your ability to engage these setups like a true professional, namely using proper qualification, having the discipline to sit on the sidelines, and using consistent trade management each and every time.

- Price-based setups should be properly qualified, either via market phase or by identifying confluence zones.
- Only prospect for price-based setups in charts that are exhibiting smooth moving price characteristics.
- Remember, not every signal is a trading opportunity. Reserve the right to pass on a signal.
- Use a consistent trade management approach that allows you to scale out of a position in order to reduce risk and preserve mental capital.





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