

Gravity: A Psychological Approach to Price Action and Volume

By Bennett Stein

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Disclaimer: The content covered in this guide is NOT explicit investment advice and I am not a registered CFA or any other type of financial advisor. The material covered within this guide is for educational purposes only. Always do your own research and only invest based on your own findings and personal judgment. Happy Trading.

The Double-Auction:

Imagine the cryptocurrency that you are trading is an item that is being traded in the same manner as an auction — with auctioneers on one side of the room shouting out prices that they are willing to buy at and auctioneers on the other side of the room shouting out prices that they are willing to sell at. If a buyer and a seller both agree to the same price, a transaction occurs.

Decades before the advent of electronic trading, this is how almost all trades were made. To this day, all major cryptocurrency exchanges use this double auction system for their order books, but instead of transacting in person, it is now done over the internet.

During this time, and still today, the best trades were made when an auctioneer took advantage of decisions made by desperate buyers and desperate sellers.

Imagine that an intelligent trader walks into this double auction market system and is looking to buy an item that is being transacted and ultimately achieve a profit. After walking in, the price of the asset begins to drop and three sellers begin making competing offers to sell to our intelligent trader. Imagine that the price of this item was normally being transacted at a price around \$50 between all other traders in the double auction. Now, the first seller offers to sell the auctioned item at \$49, trying to entice our intelligent buy-side trader to buy the item at a reduced

rate. Shortly after, the other sellers begin undercutting that offer, and the next seller offers \$48, which is countered quickly with \$47 from another seller. The desperation of the three sellers drives the price lower and lower. The intelligent trader holds stiff and allows the sellers to continue to undercut each other as the desperation of the sellers quickly turns to fear. The sellers are terrified and believe that the item will soon be worth nothing at all — they feel as if they have to sell the item.

Eventually, one of the sellers offers a rate at \$40 and the other two sellers stay silent and do not counter with an offer at a price any lower and our intelligent trader accepts the rate and ultimately buys the item at \$40.

After our intelligent trader buys the item at \$40, the price quickly moves back upward to \$45 as the desperation of the sellers has evaporated. As the price continues to bounce upward, our intelligent trader walks around and finds an eager buyer who sees the price rising and happily buys at \$45, so our intelligent buyer is left with a \$5 profit after buying at \$40 and selling at \$45.

The desperation between the sellers was taken advantage of by the patient, intelligent trader. The seller who had sold the item at \$40 asks himself, why did I ever sell at that price?

The moral of this story is: **don't be a desperate buyer or seller.** The goal of this guide is to turn you into the type of trader who buys at \$40 in the example above by taking complete advantage of desperate traders on the other side of your trade.

Imagine the retail traders of the cryptocurrency market as an embodiment of the the desperate seller in the auctioneer example. It is these types of traders whose emotional decision-making we are looking to exploit to the maximum. For, it is these traders who trade mostly on herd-like feelings of fear and end up selling market bottoms and herd-like feelings of greed and end up buying market tops.

Our aim:

To sell where the desperate buy —
And buy where the desperate sell.

It is quite easy to fall into the trap of using the same technical indicators as most other retail traders, buying when everyone around you is bullish, selling when everyone around you is bearish, and just copying other trader's charting patterns. This is a recipe for disaster, and you will end up in the same situation as the desperate seller who sold at the bottom in our auction example, feeling fearful when others were fearful and feeling

greedy when others were greedy.

Trading is a competitive game, a game where the large majority who play it in the traditional manner will lose. If you want a chance at joining the minority of traders that continually book consistent profits, then it is necessary to adopt an uncommon strategy, a strategy that acts contrary to not only how most retail traders in the market make decisions, but also contrary to how they think.

This guide features methods and strategies that you can use that will allow you to think and trade like a professional fund trader (also known as an institution) by aiming to actively exploit feelings of fear and feelings of greed within the retail trading herd. By the end of this course guide, I believe that you will have the tools and mindset necessary to think and trade just like the patient and rational auctioneer who bought low and sold high.

These strategies include both short-term and long-term analysis of identifying stop loss hunts, genuine trends, price and volume shapes, and the novel concept of price action gravity.

The first two chapters may be a review for many of you — however, they were created to provide a basis for interpreting the other six chapters.

This guide will explore how to exploit the psychology and inner dynamics of the market via the use of both written and visual examples.

To get the most out of this guide, I would recommend:

1. Completing each practice example without looking at the answer first.
 2. Taking notes on the sections of each chapter that you find most directly applicable to your trading.
 3. Watching videos associated with each topic.
 4. Using bar replay on Tradingview/manual backtesting for each concept/strategy.
 5. Participate in a forum to accelerate your learning
- Join the exclusive Gravity Discord chat
 - Private message or email me
 - Join another community of traders online or in-person

I welcome you to join me in this thorough examination of the psychology behind this crazy market we call Crypto where we buy fear and sell greed.

Happy Trading!

--- *Purchase the full Gravity e-book to learn more*