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# The VLAD Trading System: A Structured Approach to Trading Gold

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## 1. Introduction

### What is the VLAD Trading System?

The VLAD Trading System is a disciplined, structured methodology crafted for trading gold (XAU/USD), rooted in the same processes that banks and large institutions employ daily. At its core, it decodes market behavior through repeatable cycles: expansion (establishing a base), testing and breaking key levels, pullbacks, and eventual crashes. These cycles manifest across daily, weekly, and monthly timeframes, offering a clear framework to interpret gold's price action. Whether you're analyzing the Asian session's range or a monthly benchmark, this system provides a reliable lens to navigate market noise and achieve consistent results. Developed through years of real-world observation and price action mastery, the VLAD Trading System is not derived from books or gurus but from hands-on experience, making it both unique and effective.

### Why Focus on Gold?

Gold (XAU/USD) stands out as an exceptional trading instrument due to its high liquidity and volatility, presenting frequent opportunities for profit. Its price movements closely align with

institutional trading patterns, consistently respecting key technical levels, which makes it an ideal fit for the VLAD Trading System. By focusing exclusively on gold, traders can deeply understand its nuances, leading to sharper decision-making and enhanced profitability. Gold's responsiveness to global economic events and its role as a safe-haven asset further amplify its appeal for disciplined traders.

## The Backbone of the System

The VLAD Trading System is built on a clear understanding of four core market phases:

- **Expansion:** The market sets its high and low boundaries, establishing a range.
- **Testing and Breaking:** Price challenges these boundaries, often breaking out with momentum.
- **Pullbacks:** Post-breakout retracements create strategic entry points.
- **Crashes:** Volatility peaks, often concluding the cycle with sharp, decisive moves.

This framework serves as a roadmap, enabling traders to anticipate and capitalize on gold's dynamic price action.

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## 2. The Trader's Mindset

### Keys to Success in Trading

Success in trading requires more than technical skills—it demands a resilient mindset. The VLADTrading System emphasizes four essential principles:

- **Focus on One Instrument:** Specialize in gold to master its unique behavior.
- **Stick to One Strategy:** Consistently apply the VLAD Trading System without deviation.
- **Stay Disciplined:** Execute your trade plan with precision and repetition.
- **Accept Losses:** Embrace setbacks as learning opportunities, persisting until mastery.

**Motto:** "Sticking to my trade plan is sticking to my promises." This mindset fosters clarity and confidence, ensuring traders remain grounded in volatile markets.

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## 3. Foundational Concepts

### Market Sessions and Their Importance

The forex market operates in three primary sessions, each playing a distinct role in gold's price action:

- **Asia Killzone (AKZ):** 08:00–12:00 Shanghai time (GMT+8). This session establishes the daily high, low, and mid levels, forming the day's benchmark and setting the tone for subsequent price movements.
- **London Session:** Known for high liquidity, it drives breakouts and pullbacks, offering prime trading opportunities.
- **New York Session:** Finalizes daily trends, often extending prior moves or triggering reversals.

Mastering these sessions allows traders to time their trades with precision, aligning with market momentum.

### Key Levels in Gold Trading

Key levels are critical price points where gold exhibits strong reactions, such as rejections, breakouts, or reversals. Mark these daily on your charts:

- **Previous Day High (PDH):** Red line.
- **Previous Day Low (PDL):** Blue line.
- **Previous Day Mid (PDM):** Green line.
- **Previous US End High, Mid, Low:** Purple lines.
- **Asian Session High, Mid, Low:** Orange lines.
- **Weekly High, Low, Mid:** Red, blue, green lines.
- **Monthly High, Low, Mid:** Consistent color coding.
- **Yearly High, Low, Mid:** Follow the same color scheme.

These levels serve as high-probability zones where price action is likely to pivot or accelerate, guiding trade decisions.

### Understanding Benchmarks

Benchmarks are reference ranges established over specific periods, providing context for price targets and reversals:

- **Daily Benchmark:** Defined by the Asian session high, mid, and low (HOD, MOD, LOD), shaping the day's trading range.

- **Weekly Benchmark:** Formed by the high, mid, and low of Monday and Tuesday, setting the week's framework.
- **Monthly Benchmark:** Established by the first two weeks of the month (or the first two days if early in the month).
- **Yearly Benchmark:** Based on the high and low of the first two months of the year.

These benchmarks act as anchors, helping traders anticipate key price levels and market shifts.

## Big Round Numbers (BRNs) and Round Numbers (RNs)

- **BRNs:** Major psychological levels in gold, marked every 25 points (e.g., 1900, 1925, 1950, 1975, 2000). These act as strong reaction zones for bounces, rejections, or breakouts, often targeted by institutions.
- **RNs:** Smaller round numbers, marked every 5 points (e.g., 1905, 1910, 1915, 1920). Useful for identifying micro-reactions and intraday turning points.

Why Use BRNs and RNs? They help with planning entries and exits, setting take-profit and stop-loss levels, spotting reaction zones, and building daily/weekly trading strategies.

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## 4. Technical Tools

### Indicators: Parabolic SAR, EMAs, and Fibonacci Retracements

The VLAD Trading System employs a streamlined set of technical tools to analyze and execute trades:

- **Parabolic SAR (0.05, 0.1):** Designed for intraday trading with sensitive settings. Dots appearing below candles signal a buy trend, while dots above indicate a sell trend. This indicator is ideal for scalping and capturing short-term reversals.
- **Exponential Moving Averages (EMAs):**
  - **8 EMA (Blue):** Tracks short-term momentum, reacting quickly to price changes.
  - **13 EMA (Red):** Signals early trend shifts, often used for entry confirmation.
  - **21 EMA:** Filters medium-term trends, providing context for trade direction.
  - **50 EMA:** Defines long-term trends, acting as a broader trend filter.
  - **200 EMA (Black, Thick Line):** Serves as a reference for price extensions or reversals, particularly on M15 (15-minute), M5 (5-minute), and M1 (1-minute) timeframes. This thick black line helps traders gauge potential price targets or reversal zones in intraday trading.

- **Fibonacci Retracements:** Pinpoints retracement zones and take-profit levels, aligning with gold's natural price rhythm. Key levels include:
  - **0%:** Range start (e.g., AKZ low).
  - **23.6%:** Shallow retracement, often a minor pullback.
  - **38.2%:** Weak retracement, a potential sell zone in uptrends.
  - **50%:** Midpoint, a critical decision level for trend continuation or reversal.
  - **61.8%:** Strong retracement, signaling potential reversals.
  - **78.6%:** Deep retracement, often the trend's last stand.
  - **100%:** Range end (e.g., AKZ high).
  - **138.2%:** Psychological barrier, a key extension level.
  - **161.8%:** Golden ratio, a strong extension for trending moves.
  - **200%:** Take Profit 1 (TP1), a common institutional target.
  - **261.8%:** Robust trend continuation zone.
  - **300%:** Take Profit 2 (TP2), for extended moves.
  - **361.8%:** Aggressive trend target.
  - **400%:** Take Profit 3 (TP3), for significant expansions.
  - **423.6%:** Parabolic spike zone, rare but powerful.
  - **500%:** Take Profit 4 (TP4), for extreme moves.
  - **600%:** Take Profit 5 (TP5), the furthest target in strong trends.

Draw Fibonacci from the AKZ high to low to identify support, resistance, and profit targets.

## Setting Up Your Charts

To prepare your trading platform (e.g., MT4/MT5), follow these steps:

- Add Parabolic SAR with settings 0.05 and 0.1 for sensitivity.
- Apply EMAs: 8 (Blue), 13 (Red), 21, 50, and 200 (Black, Thick Line).
- After the AKZ concludes, use the Fibonacci tool to mark levels from the session's high to low, setting the stage for trade planning.

Tip: Customize colors for visibility (e.g., bright blue for 8 EMA) and ensure your broker's time zone aligns with your charts (e.g., GMT+3 for AKZ at 03:00–07:00).

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## 5. Daily Trading Routine

### Marking Key Levels

Start each trading day by plotting the following levels on your chart:

- Previous day's high (PDH), low (PDL), and mid (PDM).
- Previous US end session high, mid, and low.
- Asian session high, mid, and low (marked after the AKZ ends).
- Weekly and monthly high, low, and mid levels for broader context.

These levels form the foundation of your daily analysis, highlighting where price is likely to react.

## Monitoring the Asia Killzone (AKZ)

- **Time:** 08:00–12:00 Shanghai time (GMT+8). Adjust to your broker's time zone (e.g., GMT+3: 03:00–07:00). Verify your broker's server time using the daily open price (e.g., 01:00 for GMT+3).
- **Role:** The AKZ is the cornerstone of the daily cycle, setting the high, low, and mid levels that gold respects throughout the day. This low-volume session reveals institutional intent, making it critical for identifying the day's range and potential trend direction.
- **Steps:**
  - Observe the AKZ range to gauge whether the market is consolidating (tight range) or preparing for a breakout (wide range).
  - After AKZ ends, draw Fibonacci retracements from the session's high to low to identify expansion levels (e.g., 200%, 300%) for take-profit targets.
  - Note early price action signals, such as rejections or breakouts at AKZ high/low, to anticipate London and New York session moves.

**Example:** If the AKZ range is 1920 (high) to 1905 (low), a breakout above 1920 in the London session could target the 200% Fibonacci level (around 1935), assuming confirmation from EMAs or price action.

## Executing Trades

- **Entry:** Focus on key levels during the London or New York sessions, where liquidity and volatility are highest. Entries are based on:
  - **Rejection at Key Levels:** Look for price action signals like pinbars or engulfing candles at levels such as Previous Day Mid (PDM), Previous Day Low (PDL), or Big Round Number (BRN) levels (e.g., 1900, 1925). A bullish pinbar at PDL signals a potential buy, while a bearish engulfing at PDM suggests a sell.
  - **Breakout of Key Levels:** Wait for a clean break and candle close beyond levels like PDM, PDL, or BRN, indicating continuation. For example, a break above a BRN like 1950 with strong momentum could signal a buy, confirmed by Parabolic SAR dots below candles or an 8 EMA crossing above the 13 EMA.
  - **Confirmation:** Use EMA crossovers (e.g., 8 EMA crossing 13 EMA) and Parabolic SAR to validate entries. Ensure alignment with the 200 EMA for trend context on M15, M5, or M1 timeframes.

- **Exit:** Take profits at Fibonacci expansion levels (e.g., 200%, 300%, 400%) or near key support/resistance zones (e.g., weekly high/low). Set stop-losses above the last swing high (for sells) or below the last swing low (for buys), typically near the 21 EMA for safety.

**Example:** If price rejects at PDM (e.g., 1915) with a bearish engulfing pattern on M15, enter a sell with a take-profit at the 200% Fibonacci level and a stop-loss above the recent swing high.

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## 6. Weekly Market Dynamics

### Monday and Tuesday: Expansion Phase

The market expands its range, establishing the weekly high and low benchmarks. These days set the foundation for the week's price action, often driven by institutional positioning.

### Wednesday: Breakout Phase

Price tests the weekly high or low, frequently breaking out with significant moves ranging from 25 to 700 pips. This phase often marks a mid-week turning point, with liquidity grabs at key levels.

### Thursday: Pullback Phase

A retracement follows the breakout, presenting entry opportunities. Pullbacks may manifest as:

- **Trend Pullback:** Ideal for entering in the direction of the prevailing trend.
- **Sideways Pullback:** Consolidation, requiring patience.
- **Reversal Pullback:** Signals a potential trend change, often confirmed by price action.

### Friday: Crash and Unpredictable Movements

Volatility spikes, with erratic price action concluding the week. Known as "Crash Friday," this day can deviate from technical expectations, requiring cautious trade management.

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## 7. Monthly Market Dynamics

## **First and Second Weeks: Expansion**

The market seeks the highest and lowest points of the month, establishing the monthly high and low benchmarks. These weeks are critical for setting the month's trading range.

## **Third Week: Testing and Breaking**

Price tests the monthly high or low, often breaking out with momentum, followed by a pullback. This phase is where significant trend moves typically begin.

## **Fourth Week: Crash**

Sharp movements or a crash often conclude the monthly cycle, driven by profit-taking or economic events. Expect increased volatility in both directions.

## **Fifth Week: Continuation and Crash**

If the month includes a fifth week, expect a possible continuation of pullbacks from the fourth week, followed by a crash or significant market movement. This week can extend prior trends or trigger reversals, requiring adaptability.

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# **8. Advanced Strategies**

## **Using Fibonacci for Take Profits**

After the AKZ, set take-profit targets at Fibonacci expansion levels (200%, 300%, 400%), which often align with institutional targets and key support/resistance zones. These levels help maximize gains while respecting gold's price structure.

Example: A breakout from an AKZ range of 1900–1910 could target the 300% Fibonacci level (around 1930) as TP2, assuming strong momentum.

## **Understanding Institutional Behavior**

Institutions drive gold's major moves, often acting counter to retail traders:

- **Liquidity Hunts:** They target stop-loss clusters above resistance or below support, triggering false breakouts before reversing.
- **Order Accumulation:** BRNs (e.g., 1900, 1950) and RNs (e.g., 1905, 1910) are high-impact liquidity zones where institutions place large orders.
- **Strategic Advantage:** Institutions leverage deeper market data and execution speed, making their moves predictable at key levels if you know where to look.

**Tip:** Watch for false breakouts at BRNs or PDM, confirmed by rapid reversals or price action signals like pinbars.

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## 9. Pure Price Action (PPA)

### Bearish and Bullish Engulfing Patterns

Engulfing patterns are powerful reversal signals, particularly at key levels:

- **Bullish Engulfing:** A large green candle fully engulfs the prior red candle, indicating strong buyer dominance. Look for it at AKZ low, Previous Day Low (PDL), or 61.8% Fibonacci retracement for buy entries.
- **Bearish Engulfing:** A large red candle engulfs the previous green candle, signaling seller control. Target at AKZ high, Previous Day High (PDH), or 38.2% Fibonacci for sell setups.

**Context:** These patterns are most reliable at support/resistance zones or after extended trends, often amplified by high volume or EMA alignment.

### Pinbars: Key Reversal Signals

Pinbars highlight price rejection and potential trend shifts:

- **Bullish Pinbar:** Features a long lower wick and small body, showing buyers defending lower prices. Ideal at AKZ low, weekly low, or 78.6% Fibonacci retracement for buys.
- **Bearish Pinbar:** Has a long upper wick and small body, indicating sellers resisting a rally. Effective at AKZ high, weekly high, or 138.2% Fibonacci for sells.

**Pro Tip:** Confirm pinbars with volume spikes or EMA crossovers (e.g., 8 EMA crossing above 13 EMA for buys) to filter out false signals. On M15, a pinbar at PDL with the 200 EMA nearby adds confluence.

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## 10. M15 Range Trading

### Identifying the M15 Range

The M15 (15-minute) timeframe is ideal for range trading. To identify a range:

- Look for a clear swing high and swing low on the M15 chart, where price oscillates between defined boundaries without breaking out.
- A range typically forms after a strong trend pauses, with price moving sideways between key levels like Previous Day Mid (PDM) or Big Round Numbers (BRNs).

Example: If gold forms a range between 1910 (swing high) and 1900 (swing low) on M15, this becomes your trading zone for range-based strategies.

### Applying Fibonacci Retracements

Once the M15 range is identified:

- Draw the Fibonacci retracement tool from the swing high to the swing low (or vice versa, depending on the trend direction). Use the same Fibonacci levels outlined in the Technical Tools section:
  - 0%: Range start (e.g., swing low at 1900).
  - 23.6%: Shallow retracement.
  - 38.2%: Weak retracement.
  - 50%: Midpoint, often a decision level.
  - 61.8%: Strong retracement, a key reversal zone.
  - 78.6%: Deep retracement, indicating a potential final pullback.
  - 100%: Range end (e.g., swing high at 1910).
- Focus on the 61.8% (strong) and 78.6% (deep) retracement levels, as these are high-probability zones where price often reverses within a range.

Why These Levels? The 61.8% and 78.6% levels align with institutional order blocks and retail stop-loss placements, making them prime areas for price rejection in range-bound markets.

### Entering Trades on Rejection

- **Buy Entries:** Wait for price to reach the 61.8% or 78.6% retracement level near the swing low (e.g., 1902–1904 in a 1900–1910 range). Look for rejection signals, such as a bullish pinbar or bullish engulfing pattern, indicating buyers defending the level. Confirm with:
  - Parabolic SAR dots below candles.
  - 8 EMA crossing above 13 EMA or price holding above the 200 EMA.
  - Enter a buy trade targeting the swing high (e.g., 1910) or the 100% Fibonacci level.
- **Sell Entries:** Wait for price to reach the 61.8% or 78.6% retracement level near the swing high (e.g., 1908–1909 in the same range). Look for rejection signals like a bearish pinbar or bearish engulfing pattern, showing seller dominance. Confirm with:
  - Parabolic SAR dots above candles.
  - 8 EMA crossing below 13 EMA or price rejecting the 200 EMA.
  - Enter a sell trade targeting the swing low (e.g., 1900) or the 0% Fibonacci level.
- **Trade Management:**
  - **Stop-Loss:** Place above the swing high (for sells) or below the swing low (for buys), typically 5–10 pips beyond the range boundary to account for noise.
  - **Take-Profit:** Target the opposite end of the range (e.g., swing high for buys, swing low for sells) or use Fibonacci extension levels (e.g., 161.8%) if the range breaks.
  - **Risk Management:** Limit trades to high-probability setups and avoid forcing entries during choppy price action.

**Example:** In a 1900–1910 M15 range, price retraces to the 78.6% level (1902) and forms a bullish pinbar with Parabolic SAR dots below candles. Enter a buy at 1902.5, with a stop-loss at 1898 and a take-profit at 1910, yielding a favorable risk-reward ratio.

**Pro Tip:** Combine M15 range trading with key levels like PDM or BRNs for added confluence. For instance, a 61.8% retracement aligning with a BRN (e.g., 1900) increases the likelihood of a strong rejection.

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## 11. Practical Tips and Reminders

### Discipline and Focus

- Trade only gold and adhere strictly to the VLAD Trading System. Avoid chasing trades out of fear of missing out (FOMO), as this disrupts your plan.
- Simplify your process: Focus on high-probability levels like PDH, PDL, PDM, and BRNs to keep decisions clear and stress-free.

## Managing Emotions

- Accept losses as part of the learning curve. Stay calm and eliminate fear and greed by sticking to predefined trade plans.
- Maintain a fresh, peaceful mindset by avoiding overthinking or second-guessing high-probability setups.

## Continuous Learning

- Deepen your understanding by studying price action at key levels and analyzing historical charts.
- Leverage resources like Google, trading forums, or tools like ChatGPT to clarify concepts, but always return to the VLAD system's core principles.

Motivation: The knowledge shared here is unique, derived from two years of meticulous candlestick analysis. It's a system you won't find in books or from gurus, so invest the effort to master it.

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## 12. Conclusion

### Recap of the VLAD Trading System

The VLAD Trading System is a proven, experience-driven framework for trading gold, blending market cycles, key levels, technical tools, and pure price action into a disciplined strategy. By focusing on gold's daily, weekly, and monthly dynamics, traders can navigate the market with clarity and precision. From marking AKZ levels to executing trades at PDM or BRNs, every step is designed to align with institutional behavior and maximize profitability.

### Final Thoughts

Trading is a craft honed through dedication and practice. The VLAD Trading System equips you with a structured, low-stress approach to conquer gold's volatility. Commit to its principles, adapt to the market's rhythm, and let persistence lead you to mastery. As Miss D emphasizes, the more effort you invest, the clearer the path to success becomes.

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