

May 27, 2026

How to Qualify a Trade Before Entering:

Context, Location, and Risk Considerations

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As with all investments, your capital is at risk

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How to Qualify a Trade Before Entering

Context, Location, and Risk Considerations

CONTEXT MATRIX	
MARKET STRUCTURE (BULLISH/BEARISH)	BOL > PFIK
VOLATILITY REGIME (HIGH/LOW)	YRW > POR
VOLATILITY REGIME (HIGH/LOW)	BOL > LOW

CONTEXT MATRIX	
MARKET STRUCTURE	BUL = BER
MARKET REGIME	YES > NO
VOLATILITY REGIME	YES > SER
VOLATILITY REGIME (HIGH/LOW)	YES > LOW



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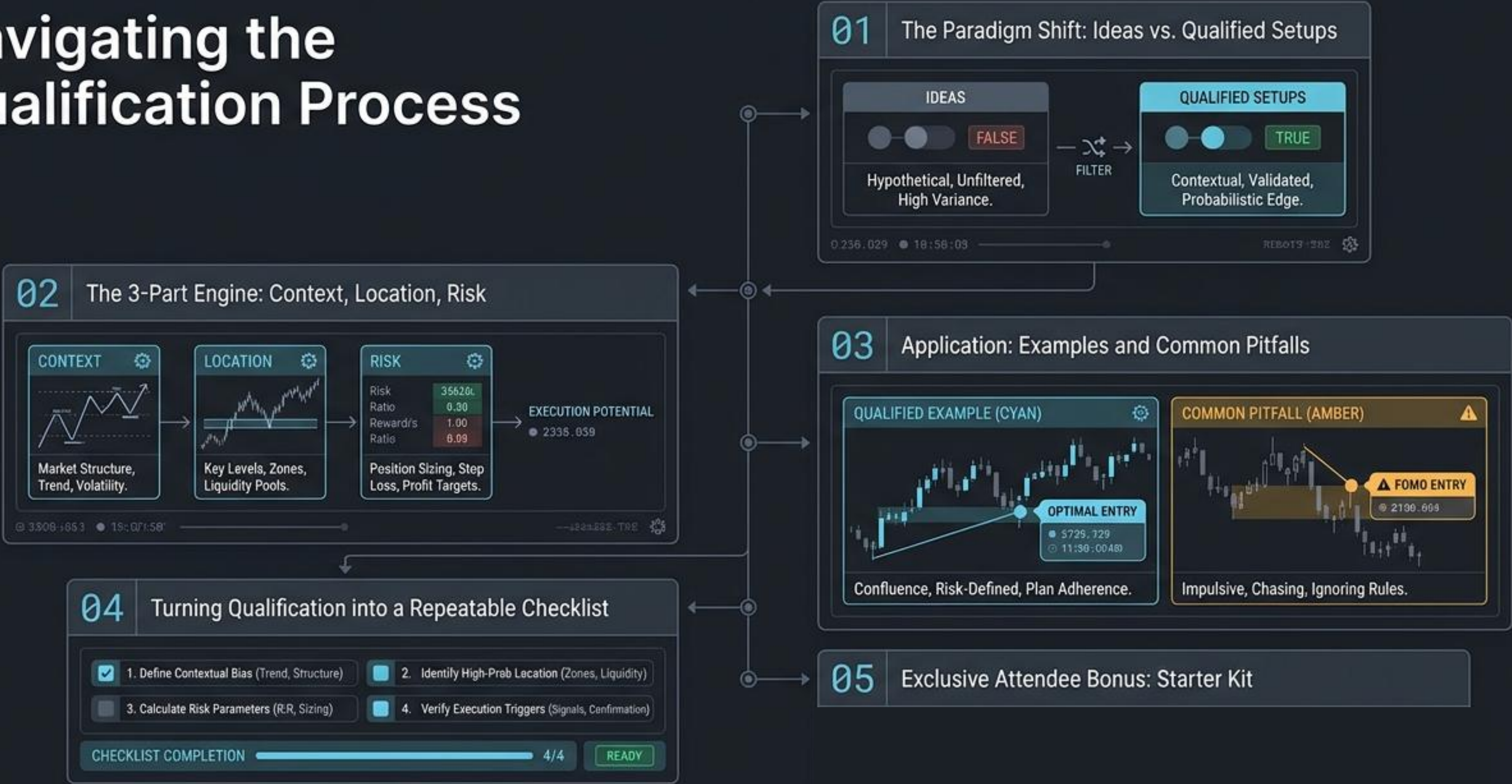
Jose Blasco, MBA, CQF, RAI
Quantitative Strategist
Derivatives Trader
Professor & Author

LOCATION ANALYSIS	
SUPPORT/RESISTANCE ZONES	1.50 > 3.5
LIQUIDITY ZONES	2.00 > 2.85
LIQUIDITY LEVELS	1.25 > 2.17
LIQUIDITY LEVELS	10 = 0

RISK PARAMETERS	
R/R RATIO (MIN 1:2)	1.25 = 1.35
POSITION SIZE CALC	2.100
POSITION SIZE CALC (ATR-BASED)	0.000
POSITION SIZE CALC	0.000

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Navigating the Qualification Process



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The Architect

Jose Blasco, MBA, CQF, RAI

- Quantitative Strategist
- Derivatives Trader
- Professor & Author

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Trading is a Business, Not a Guessing Game

The Guessing Game



Eliminates Randomness

Unqualified trades rely on luck. Opening a trade without data is like picking a restaurant location at random—doomed to fail.

Protects Capital

Reduces the frequency of taking low-probability trades based on emotional opinions rather than measurable edges.

Builds Consistency

Creates an objective, repeatable sample size to evaluate your true expectation over a series of trades.

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Replacing Subjective Ideas with Objective Setups

A Trading Idea	A Qualified Setup
Subjective Opinion & Prediction	Objective Data & Probabilities
"What I think will happen (Opinions)"	"What the market is statistically doing"
Random entry and undefined risk	Mechanical entry, defined target, and strict stop loss
Emotional & Irrational	Detached & Systematic

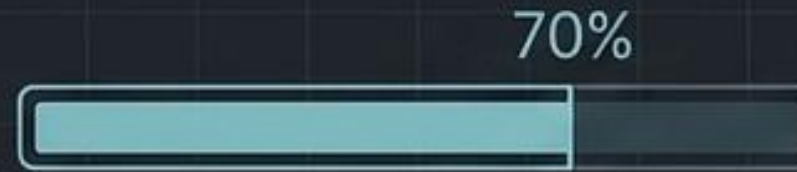
Defining the Macro Market Climate

Directional Trend



Statistically defining whether the overarching environment is moving Up, Down, or sideways within a Range.

Sustainability



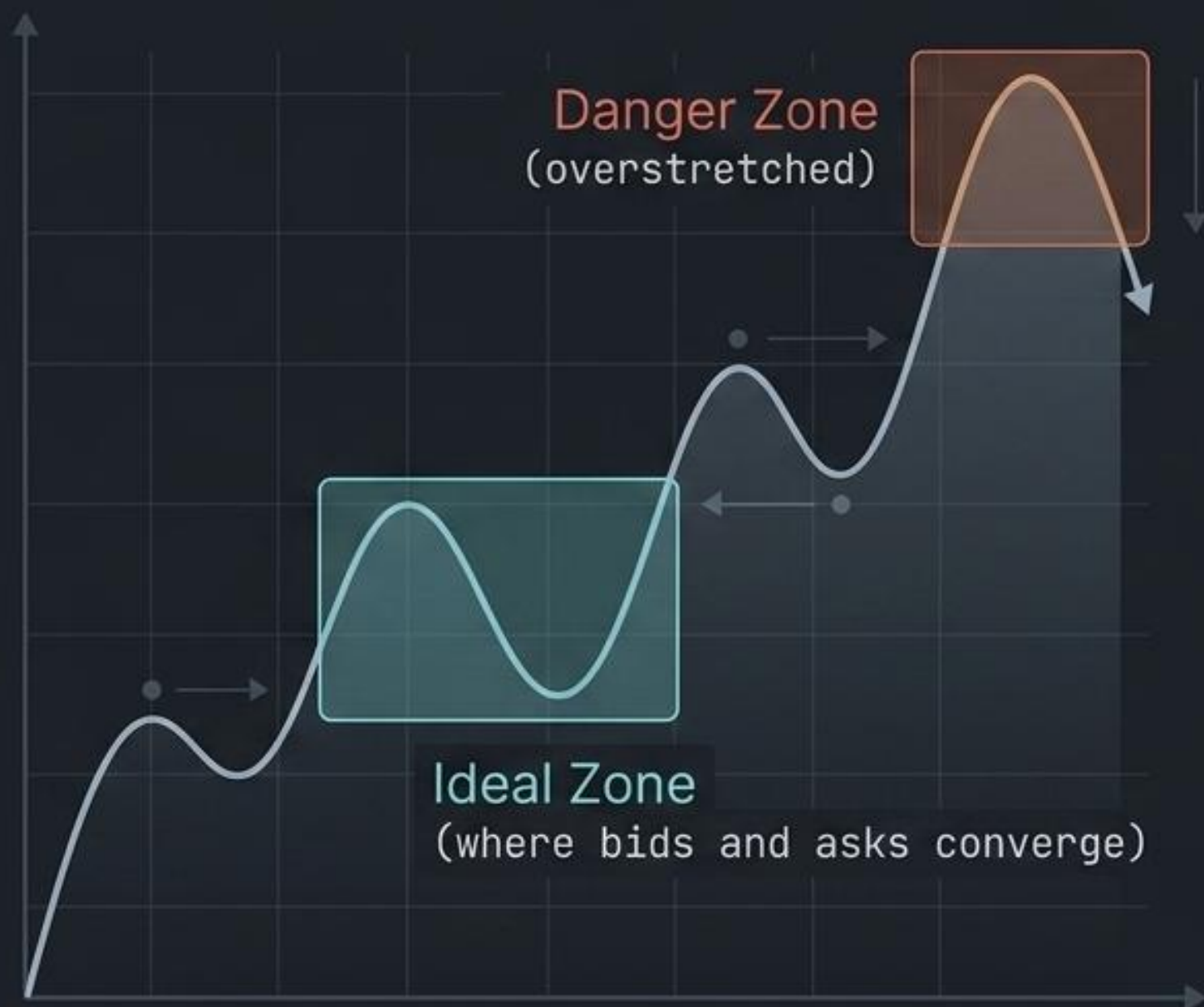
Measuring the distance and time spent in the current direction to gauge if the trend is fresh or overextended.

Probability Alignment



Only entertaining long or short trades that align strictly with the established, objectively measured climate.

Isolating High-Probability Price Zones



Ideal Entry Price

Identifying specific locations where buyers (bids) and sellers (asks) provide high-probability engagement zones.

Avoiding the Overstretched

Ruling out trades entirely if the current price has moved too far from the ideal mathematical location.

Patience is an Edge

Allowing price to reach the optimal location naturally, or aggressively moving on to scan another asset.

Quantifying Exposure and Invalidation

$$\text{Total Risk} = \text{Trade Size} \times (\text{Entry Price} - \text{Stop Loss Price})$$

Constant Exposure

Methodology stability requires trade risk exposure to remain as close to constant as possible across all setups.

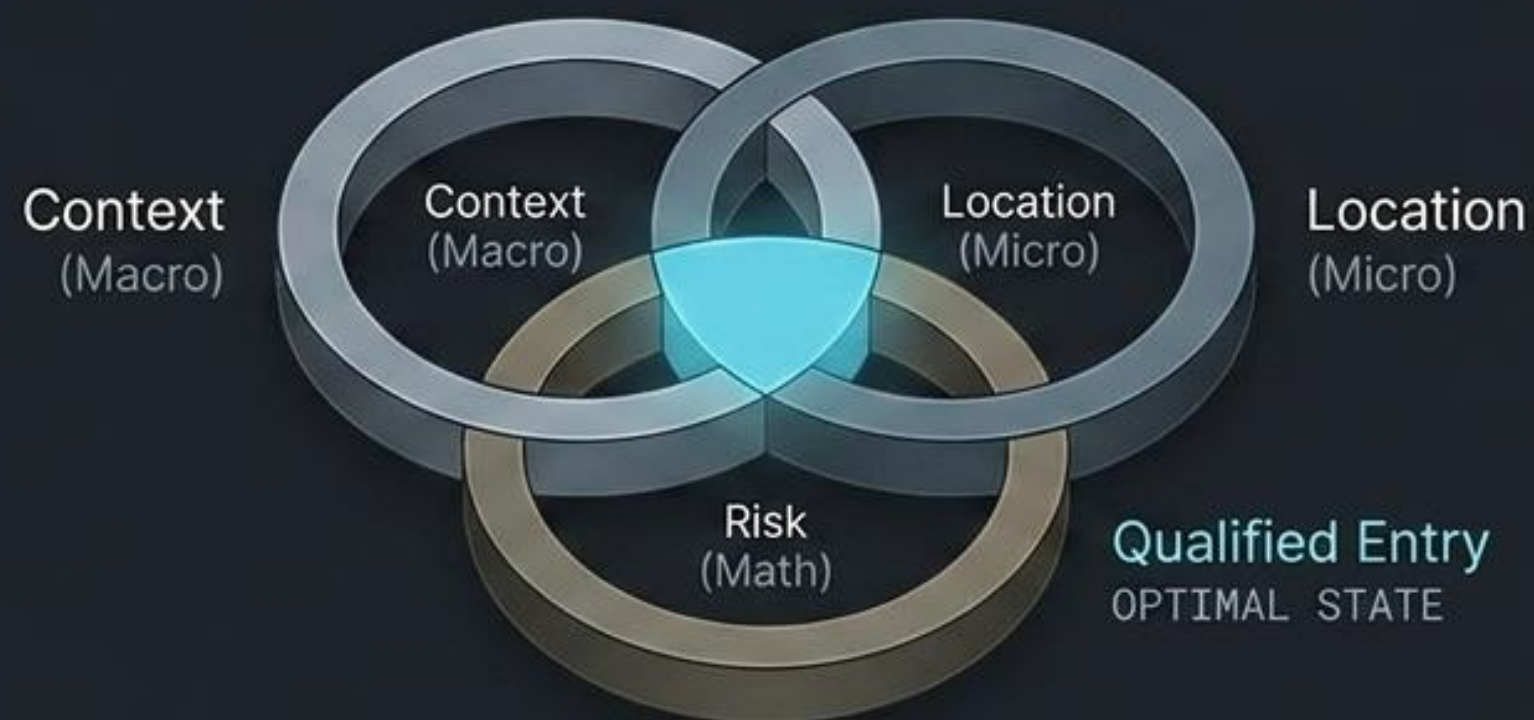
The Invalidation Point

The stop loss must be placed precisely where the original trade context is proven definitively wrong.

Scenario Planning

If changing market conditions invalidate the parameters during initial planning, the execution is immediately canceled.

The Complete Qualification Engine



Context

Validates the direction and general probability.

Location

Validates the price efficiency and timing.

Risk

Validates the math and absolute capital protection.

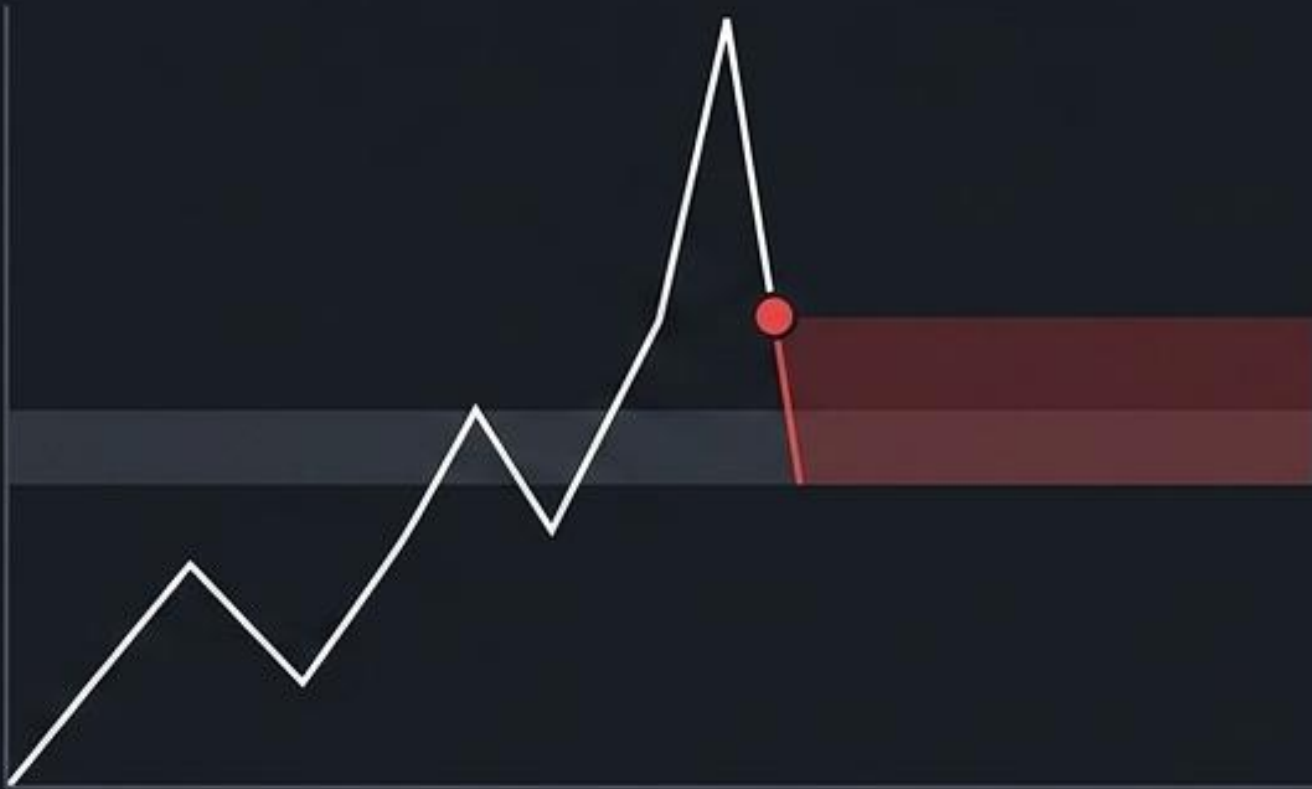
The Golden Rule

If any single gear fails to turn—or if one condition is not met—the entire trade is rejected.

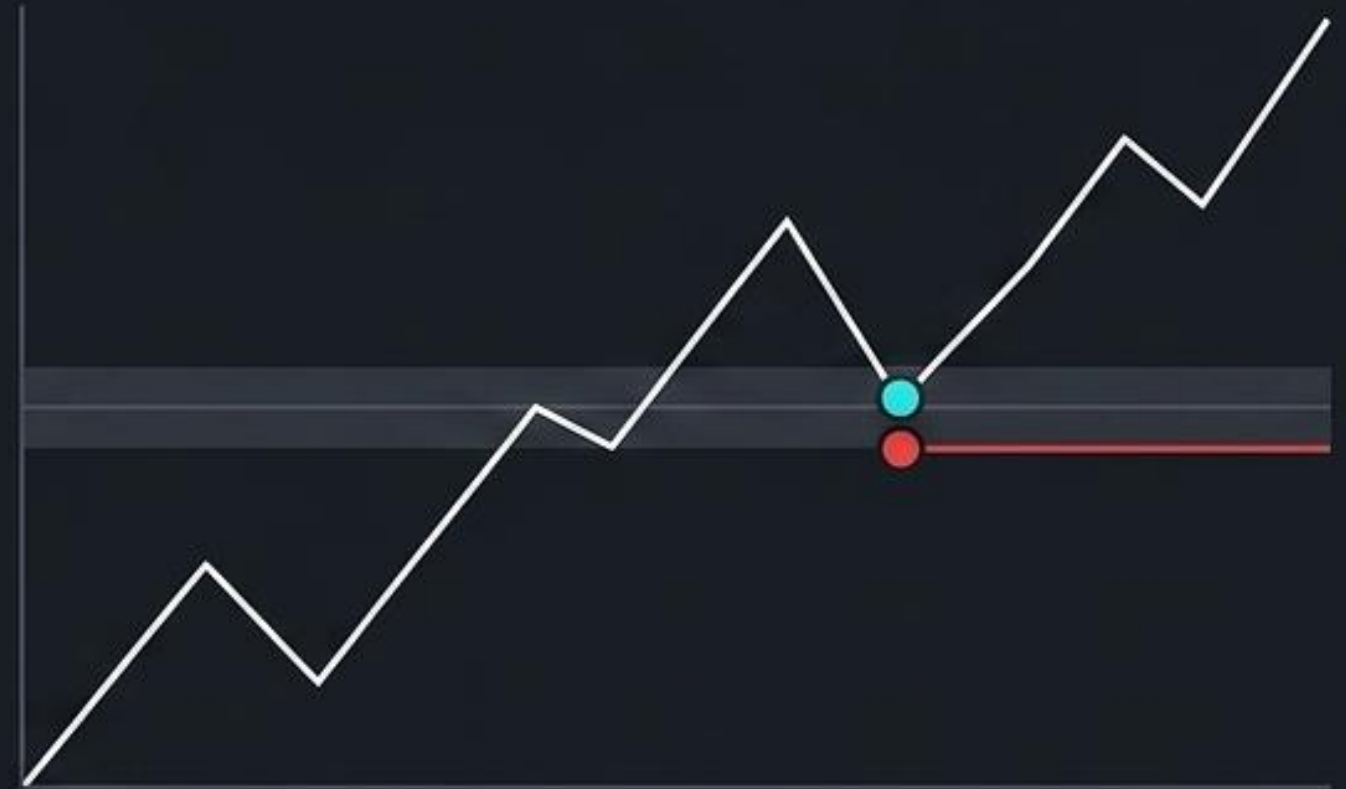
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Evaluating Setups in the Live Market

Weak Setup: Misaligned climate direction, forced entry location driven by emotion, random and uncalculated risk sizing.



Qualified Setup: Confirmed market climate, precisely located at an optimal price zone, supported by strict mathematical risk parameters.



Overcoming Psychological Execution Barriers



ERROR LOG 1: Fear of Missing Out (FOMO)

Entering a trade at a poor, overextended location simply because the price is moving rapidly.

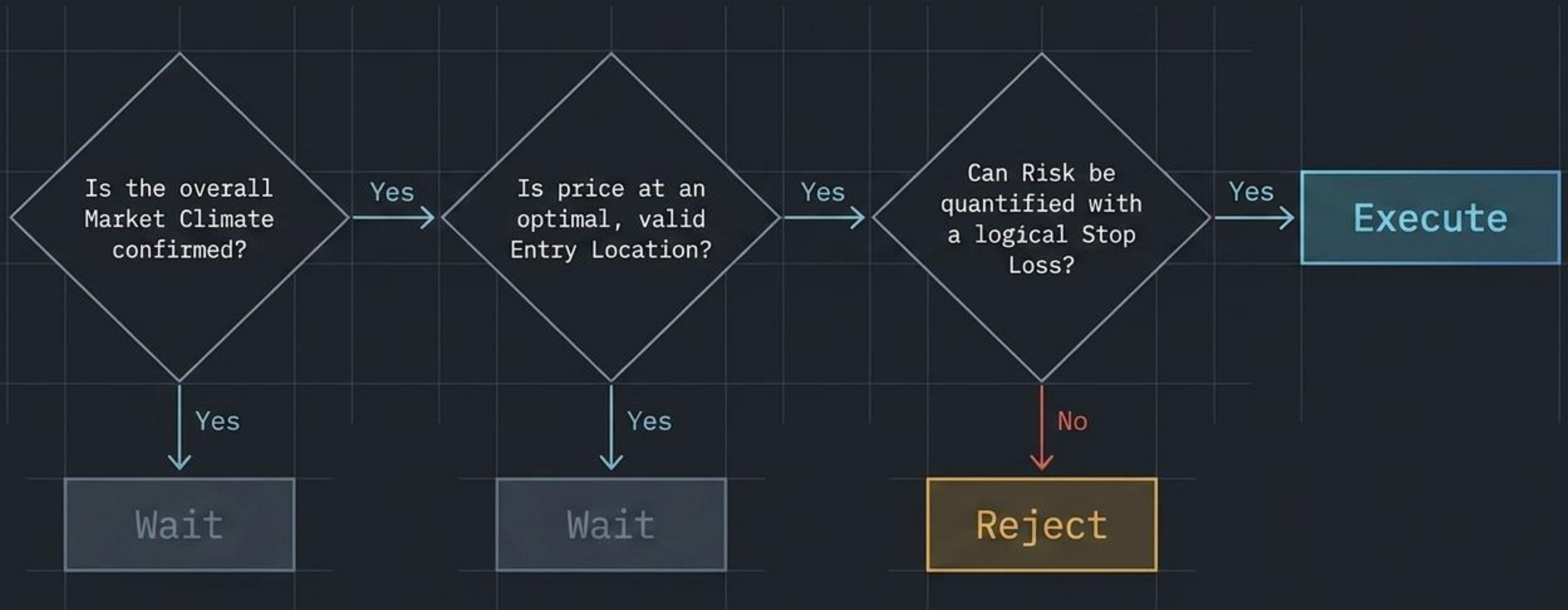
ERROR LOG 2: System Hopping

Abandoning the qualification process and giving up after a small sample size of just three expected statistical losses.

ERROR LOG 3: Lack of Discipline

Treating the mathematical trading rules as optional suggestions rather than absolute business requirements.

The Mechanical Execution Checklist



Live Trading Demonstration

Seeing the Process in Action with Real-Time Charts



Q&A + Exclusive Attendee Bonus

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