

Hard1Head1 Inside Bar Trading System

I have been asked several times about this trading technique, so I have decided to start a thread. All you need for this is a 30 Minute chart, Daily Pivot Points and the ability to draw trendlines on your chart. So join in and we will graduate to the higher charts together. Once we get several people together, we will assign different pairs to watch so we can catch them all. Below you see an example of an Inside Bar trade that is triggered to the low side. Once the Inside Bar is formed, you take the High and the low of the previous candle. When the price breaks to the low side 3 pips below the trigger candle low a stop is placed 5 pips above the high of the same candle and the opposite is the same for longs. Entry will vary, you can put a T/P at the nearest Pivot point or you can watch the trade and try to ride it out. You can pull your stop to B/E and just wait for the big ones or you can just settle with 10 or 15 Pips. There are many ways to make it work so lets give it a try.

Profit Targets: If you are trading 1 mini then you have no choice but to target the ATR value at the time of the IB as shown in the 2nd chart below, or the first line of support or resistance, such as a Pivot Point or a distinct low or high.. If you can pull profit, then you would pull 1/2 of your profit off at the ATR or first line of support or resistance and move stop to B/E and let the other 1/2 run to Support or resistance or double the ATR.

On the third chart you see a plethora of opportunities:

IB 1) No long here, only short. You see there is plenty of room to the trendline. Counter trades can be profitable especially trading away from the DPP. ATR says 38 and there is at least 60 to the UTL. Nice trade for 38 pips.

IB 2) Nasty head-fake here and I probably would not have taken 2 counters in a row. If I did, it would have been a loser. No long trade here because there is no room to the DPP.

IB 3) A double header and you always take the longer trigger bar. You would check and see that the ATR is 36 and the M3 Mid Pivot is 47 away. A good trade that nets 47 pips.

IB 4) This is a trade within a trade, ATR is 36 but M3 is only 26 so we settle for 26 here. A good trade at 26 pips.

IB 5) Another Double Header and by rule we take the first trigger bar and ignore the other IB. Trading away from the 89 and M3 we have a good 80 pips to the DPP. This one does not spring back to hit your B/E stop and ATR is 40 so you pull 1/2 profit at 40 and let the other run. A good trade at 120 total pips.

IB 6) This trade is ignored because you are already in a counter and you are getting to close to DPP.

231 Pips in one morning, didnt even break a sweat.

Pairs Traded here: USD/JPY

EUR/USD

GBP/USD

USD/CHF

USD/CAD

AUD/USD

EUR/JPY

GBP/JPY For expierenced traders only

EUR/CHF

CHF/JPY

EUR/GBP For expierinced traders only

NZD/USD

LONG STOPS ARE 5 PIPS BELOW THE TRIGGER BAR LOW.

SHORT STOPS ARE 5 PIPS ABOVE THE TRIGGER BAR HIGH + Spread.

If there is anyone who could help me moderate this room, please send me a message as I can not be here 24 hours a day.

There is one more thing, Stay out of IB's when the sessions open and close. Wait and trade the momentum. I have seen this method fail a few times and they happen right at the opening of a certain session.

See post #665 for directions on Trailstop E.A.

5 Questions to ask myself before pulling the trigger!!

1) Am I trading trendwise or at least with T.O.M. (Trend of the Moment)?

2) Am I trading away from my trendlines?

3) Am I trading during any news releases?

4) Am I trading just before session opens.

5) Am I clear of the DPP and the 89 SMA?

T.O.M. = Trend of the Moment

IB = Inside Bar

DPP = Daily Pivot Point

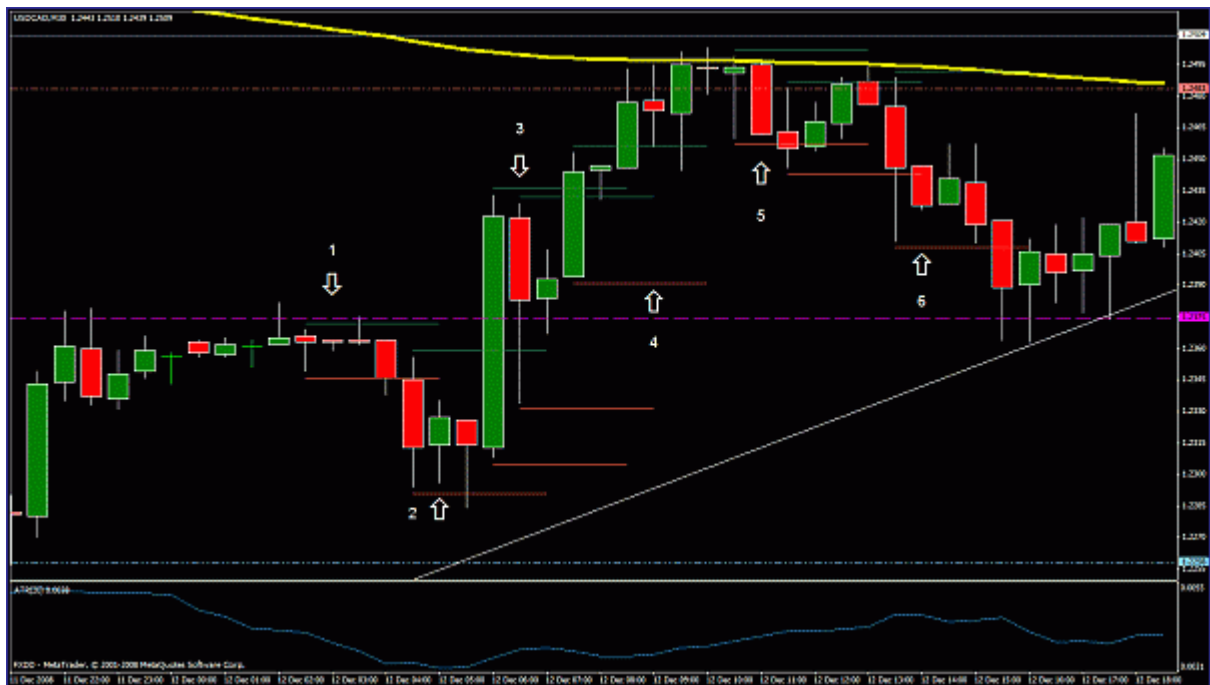
DT = Double top

TT = Tweezer Tops

UTL = Up Trendline

DTL = Down Trendline





Inside bar trade set up on KIWI.

My Entry .5305 T/P .5285 Stop .5340



I am pulling this one off the table, It may come through, but just to much consolidation for me

This Is Still A Trading System, Although Simple,
We Still Want To Try To Stay With The
Predominant Trend, Or The Trend Of The
Moment!!!

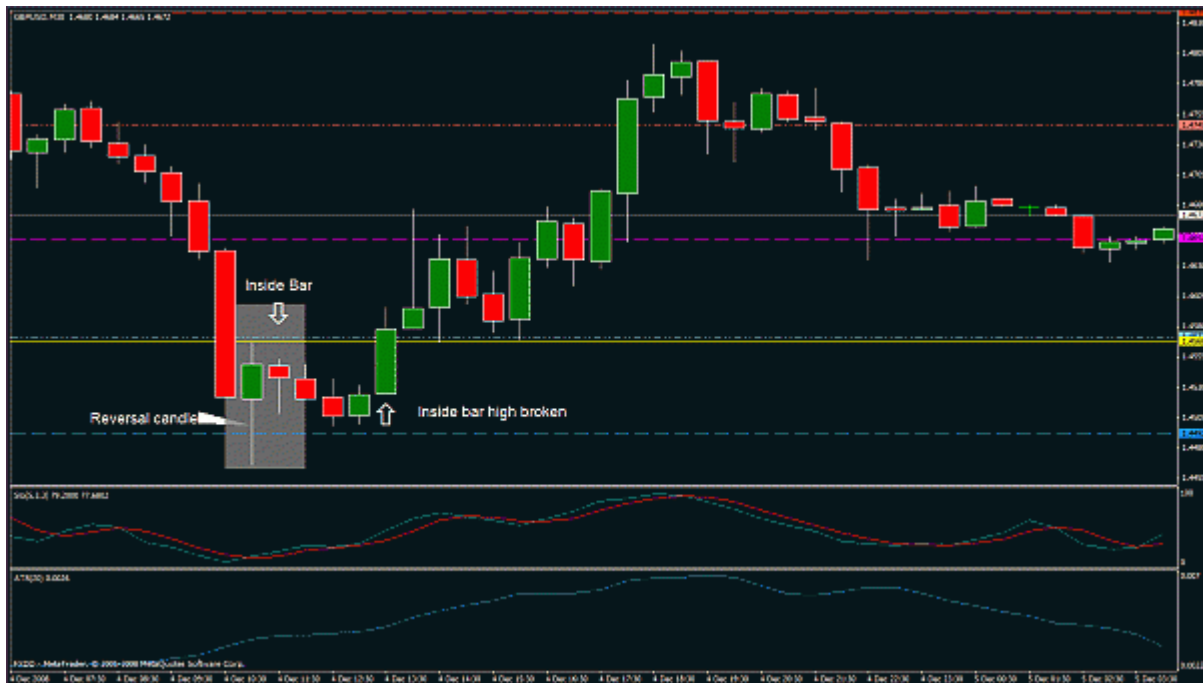


Below is an example of an inside bar setup for a directional change. The market is slow tonight and Im going to get a nap. Later on.

Quote:

Originally Posted by **LasVahGoose**

How often does an IB signal a change in trend? Is there a way to tell if a particular IB is going to change 'trend of the moment UP to Down'?



Yes, but its a little more Risky. We can usually tell which way to set the limit order by looking at the preceding candle, EXA; Example in my last post.

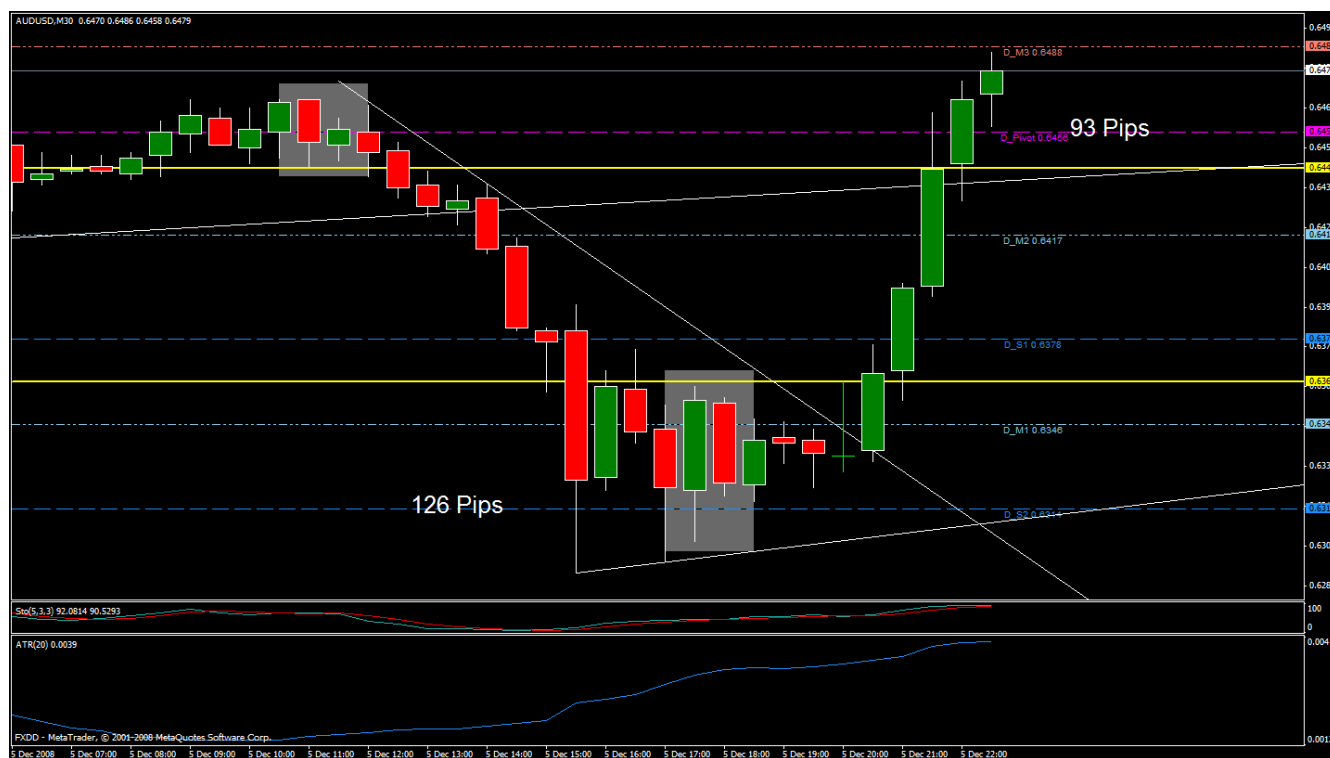
Jim

Quote:

Don't Worry If You Only Get 15 Pips, Just Bank The Pips And Start Looking For The Next One.

Be sure to draw your trendlines on your charts as possible targets.

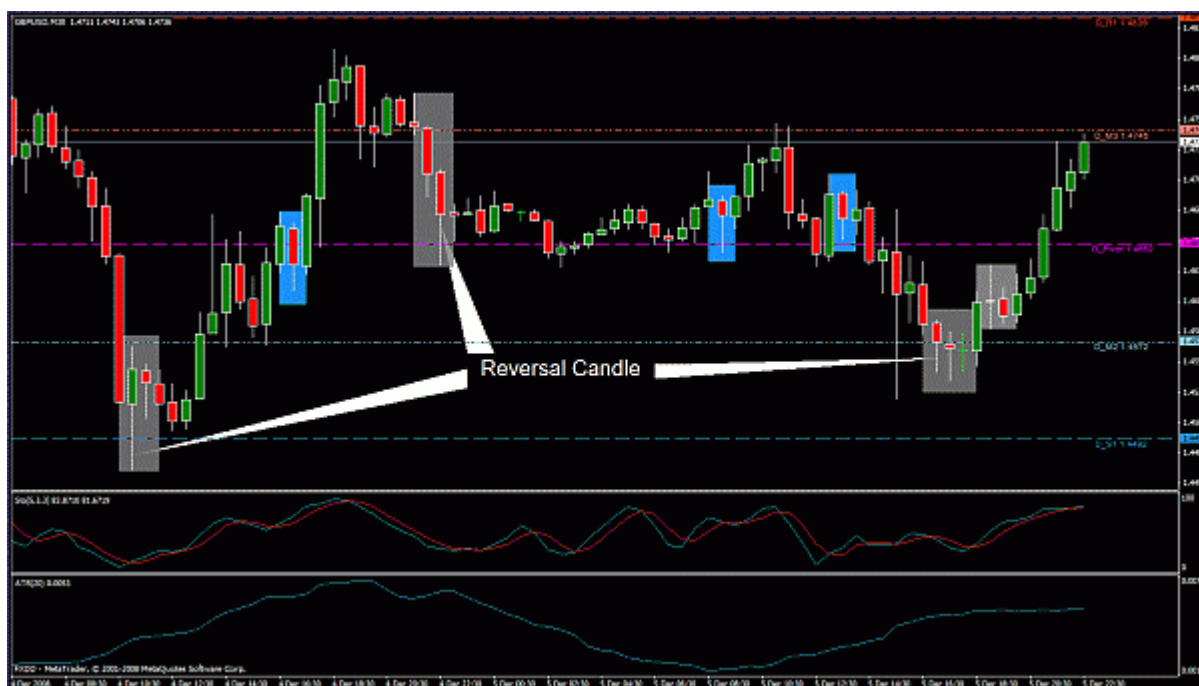
2 Trades today, guys. Totaling 219 pips if you used my entries and traded Pivot Point to Pivot Point pulling your stop up behind the previous candle each time a new one formed. I can not stress enough, you may have to pull your trade at the next high or low. Be prepared.



Keep drawing immediate trendlines as you go. Move to larger timeframe and put some of the closer ones on. This we will rely on instead of lagging indicators. We want to know what the market is doing now, not 30 minutes ago.

As long as you know its ranging, you won't have a problem. As I said before, you may only be able to trade to the last high or low. That's why we need to get our accounts to the point where we can trade 2 micros or 2 minis, whatever the case may be. That way, if it goes 10 pips with 2 on, we can pull 1/2 off and pull stop to B/E and catch the rest in case it does go the distance.

Check out these reversal candles in gray and see if you can figure out what they all have in common and why they are different from the blue ones. The diff. is they are following a move down, where the blue ones are not. These are the little things that will help us succeed. Notice how the moves up are more defined. Let's take the first candle in gray as early morning turns into U.S. session 4 AM EST forms a nice inside bar 1 candle later. Excellent choice for a IB trade. The next is a blue shadow and same kind of candle meaning something totally different. All this is, a simple pause in the move up, but possibly confirmation the move will continue. Next gray shadow 4-4:30 PM respectively. Not a good time to trade this even though a IB is formed and finally does produce profit of about 37 pips. The next blue is the London open sparking a little volatility with an IB worth taking for a quick 54 pips up to the Pivot M3. The next blue is similar to the first as it is in the middle of a move down. The next gray is that graveyard made up of a reversal candle, a hammer and a doji. Here we get the reversal candle telling us the bears are losing steam at the bottom of that Non Farm drop, ok, we are looking for an IB and we get it in the form of a doji. The rest is history, and we even get another confirmation IB 1 hour later telling us to stay with it.



I am not the best at teaching and that is why I am doing the hands on thing in the thread. I learn better doing as I go along and I am sure you will see what I mean. For Exa: I know we have an IB, (Blue Shadow), at 16:00 and that is fine. The next one came at 18:00 and the next one in the blue shadow was at 19:00. I saw the trendline and took the earliest entry that was outside of that Down Trendline. The one at 19:00 triggered **BEFORE** the trendline was completely broken. And the one at 16:00 would have been later again and resulted in less pips because we would have not gotten in until .6391. Again, I am not going to get greedy and I will suggest more often than not, that, if you are going to push for more pips, then your in the wrong thread. I will take the safest entry and there will be losses, I'm not going to blow sunshine up your butt and lie to you.

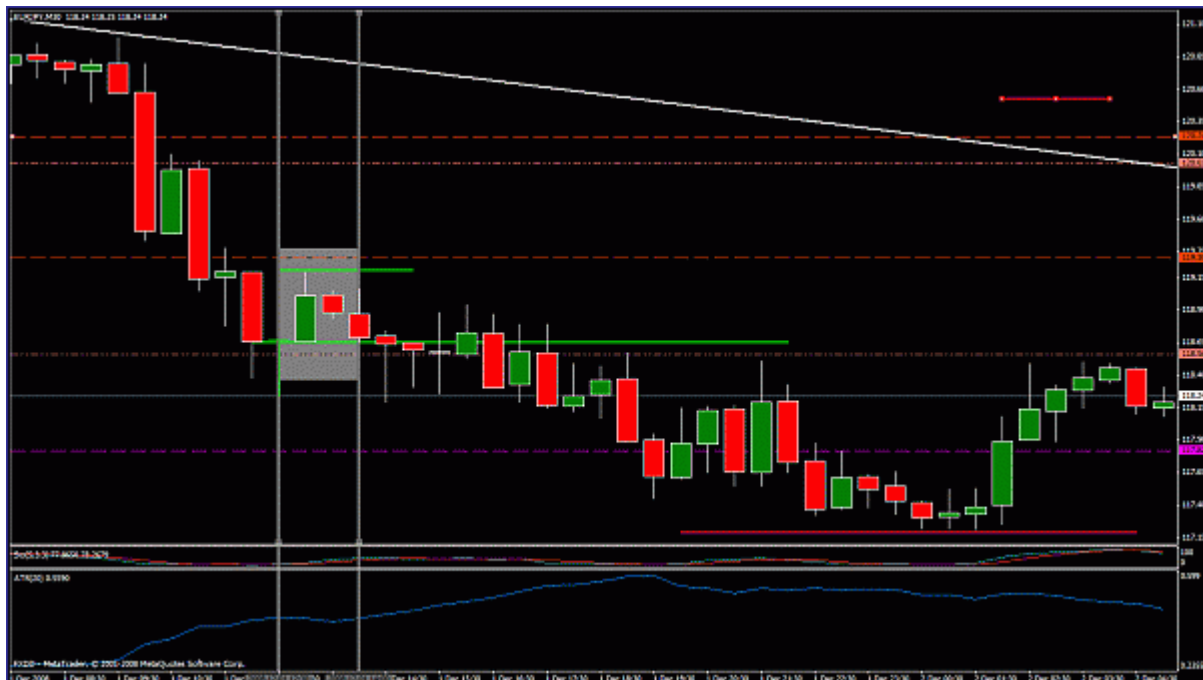


Here we have a consolidation in progress on the E/J right around Notice I drew a trendline off of 3 tops to establish resistance. The trend of the moment here is DOWN guys. We see the IB formed on the 4:00 candle. Now, we are wary of a break to the high side, it could be had, although it went only to the trendline for 25 pips.

I did this for a reason, in live trading time we probably would have only put our limit order to the downside and left the long alone. If we had done this things would have worked out great. We broke our trigger to the short side to the first PP that came our way 22 pips out we would have pulled 1/2 of our load, pulled the stop to B/E and worked it to the next PP. Bingo, another IB and down she went another 147 pips to the third line of support at 118.56. This gives us 2 minis at 23 pips equals 46, plus the garbage run on down to 118.24 for 147 more give us 193 on one move with 2 minis.



Same move down, another opportunity knocks, we see another IB at 13:30. Quickly we load our 2 minis on and we trade it to the Daily Pivot Point at 117.82, that's 82 pips times 2 equals 164. We move our stop to B/E and take half off. Since this is the DPP we probably would have settled for the 164, however, there are 64 more pips to an unknown support area in which after seeing the 2 spinners we would close the trade. We'll call it 164.

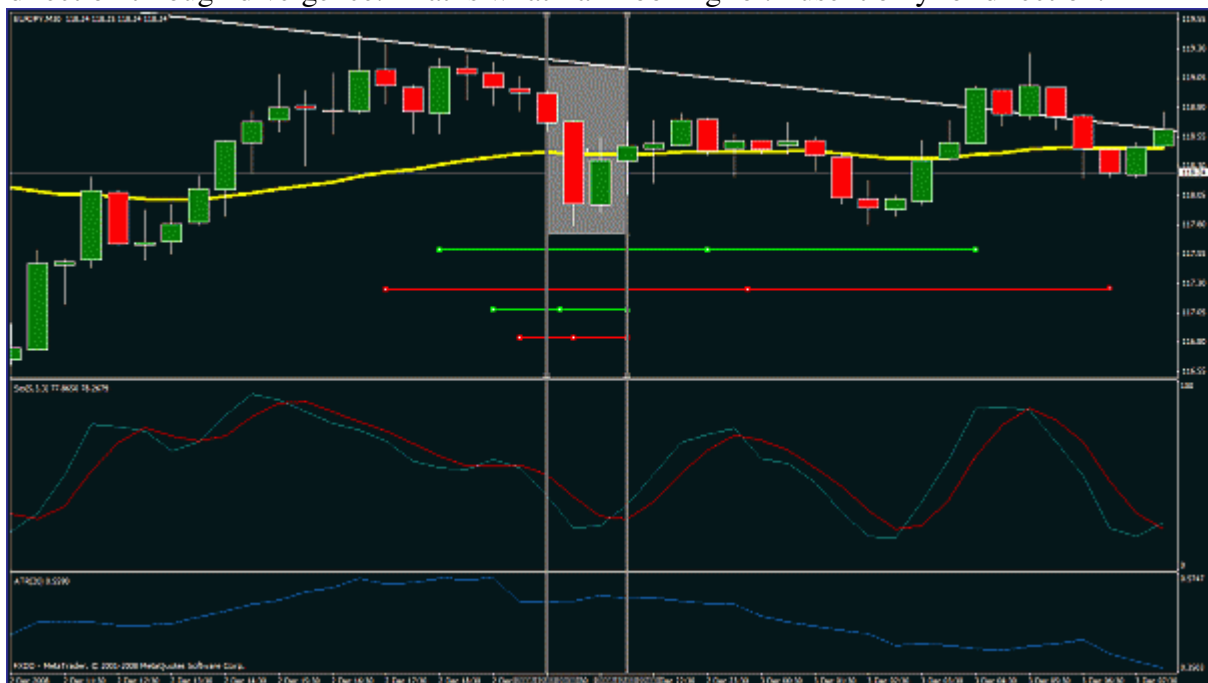


Morning star against the trend with a long red candle. Risky, especially with the 89 sitting right there. By the way, I added the 89 Smooth close in yellow. Even though this trade goes off without a hitch, it's a bad gamble. And you will soon see that you will be repaid for your patience.



We are getting tangled up in the 89 and the DTL here guys so we have to be careful. The IB here does end up getting 62 pips but the DTL is only 7 pips away. Anything long here until the DTL is broken is taboo.

By the way, I have opened up the Stochastics and even though this is a lagging indicator, it can help us with direction through divergence. That is what I am looking for. I use it only for direction.



Anything through here is risky, however most come through. You just have to be ready to pull them quick. 25 here to a recent low.



There is an IB here but we won't take it, why, because the trendline is in our face. Actually this can be taken short at the break of the trigger bottom, but there is the 89 again. Let's wait.



Ok, 89 is there but the trend of the moment is down along with the major trend. The first Exa: 15 is ok, but risky. The 2nd Exa: 16 is perfect as we break away from the 89 and the first red candle off the break is a flat bottom which means the next candle will almost always glow red. We get 72 with 2 minis and move stop to B/E. This time it comes back and we don't get stopped out at B/E and the pair moves down to

the support it just formed at 116.95 where we exit with 72 times 2 equals 144 plus the garbage pips, 37 for a total of 181 on this trade. Thanks for being patient.



OK, we move on the the next example. We got a nice long-legged hammer to signal a possible move back up to the 89 and DTL. We get an IB but we are against so we are wary. We check to see if there is any resistance and we see the 13:00 candle and quickly we see we can get 27. If we hadn't seen the inverted hammer as the trigger bar, I would say pass, but with that we could have a chance to go all the way to the 89, (Approx. 48 Pips), or possibly the DTL, (Approx. 64 pips). It does neither and we take the 1/2 off and set to B/E at the low of the 13:00 candle. It gets rejected and stopped out immediately.



Here could be the first loser we have come across. Now, here is where you use your clues to keep you out of this trade. Notice the IB candle and what do you see. This is kind of a reversal candle that says beware, we could be reversing. We stay out although 18 pips is possible but there are no targets. We sit.



Here is a nice one, but the long candle is twice as long as the IB. I pass.



Back in business, we are catching a short one off the 89 and the DTL. We catch 38 pips with 2 minis but are stopped back out at BE. I will graciously take 38 here.



This trigger bar is also a reversal bar which in the position it is in it is called a shooting star. Lo and behold there is an IB in the mix. We got a target at the 89 in which we get 43 more pips and we are then stopped out at BE after we take 1/2 profit off. We will take 43.



Here we have another little one. See how targets shrink when around the 89. We will steel 27 here and be done with it. BE will be stopped out.



Jackpot, although we are just above the 89, a quick check and we see we can get a quick 26 time 2 equals 52 pips to the 89. We enter this trade thinking that we will only go to the 89 and get a bounce to be stopped out at B/E. But this is one of those equalizers that make it all worth while. After moving to the 89 we quickly move our stop to B/E, never to be hit. After taking off 1/2 at the 89 we leave the other half roll, and roll it does. Thinking it may go to the DTL or the low at 12/3 21:00 candle. We pull the trade after the Doji pulls back up. So we get 124 + 52 equals 176 pips. Are we having fun yet.



Here we see yet another, do we take this short. No, why not, because you got 3 reversal candles there to tell you not to. This is an easy no call, However, we can take this long if we can get through the DTL and trade it to the 89. Boom, this one comes back, but since we did not hit our target our stop remained there. So price comes back as we ride it out. Trades like this you want to walk away from. It misses stopping us out by 2 pips and then goes on after a DTL bounce to hit our TP at 52 pips where we pull 1/2 off and pull our stop to BE. It misses our stop again and blows through the 89 heading to the next major DTL. We pull profit at the Hammer which is a sign of reversal. No matter, we got 52 + 151 garbage pips = 203 pips.



We will take 40 here to the 89 and the bounce does not get to our BE trade. We let it run on into NFP and pull it after the spike. So we got 40 times 2 equal 80 + 153 = 233 on down.



No trade here, The stoploss would be to much for my account right now.



OK, so you got the IB part down and you understand the setup and the trigger right? Good.

Now, what Jim is saying about reversal bars, S&R, & the 89 is basically that we don't just blindly take every single IB on a collar (long and short) and then 'hope' for it to break and go in a direction far enough for our fear and/or greed to either let us take profit or get stopped out. Instead, we use price action (reversal bars) and support and resistance (pivots, daily trend line, and the 89) to give us an

indication as to what price is likely to do.

For example, if the daily trend is down and we have an inside bar form, but it is only 5 or 6 pips from the 89 - pass on it. More than likely it will hit the 89 and at least bounce off it - possibly far enough to stop us out. Instead, sit that one out and wait. Now if price drops below the 89 and the next area of support is a daily pivot 25 pips down - now we look for an IB. When we get one, place two short orders at the trigger line: The first one takes profit at the daily (first area of support), and the second one runs (with a stop at break even after the first order takes profit) to (1) the next area of support (2) till price indicates a reversal (pin bar, doji..etc) or (3) price reverses and hits our Break even stop.

nice system

not trying to change it,

But an interesting point your smoothed 89 closed

is basically the same as the 200 ema closed.

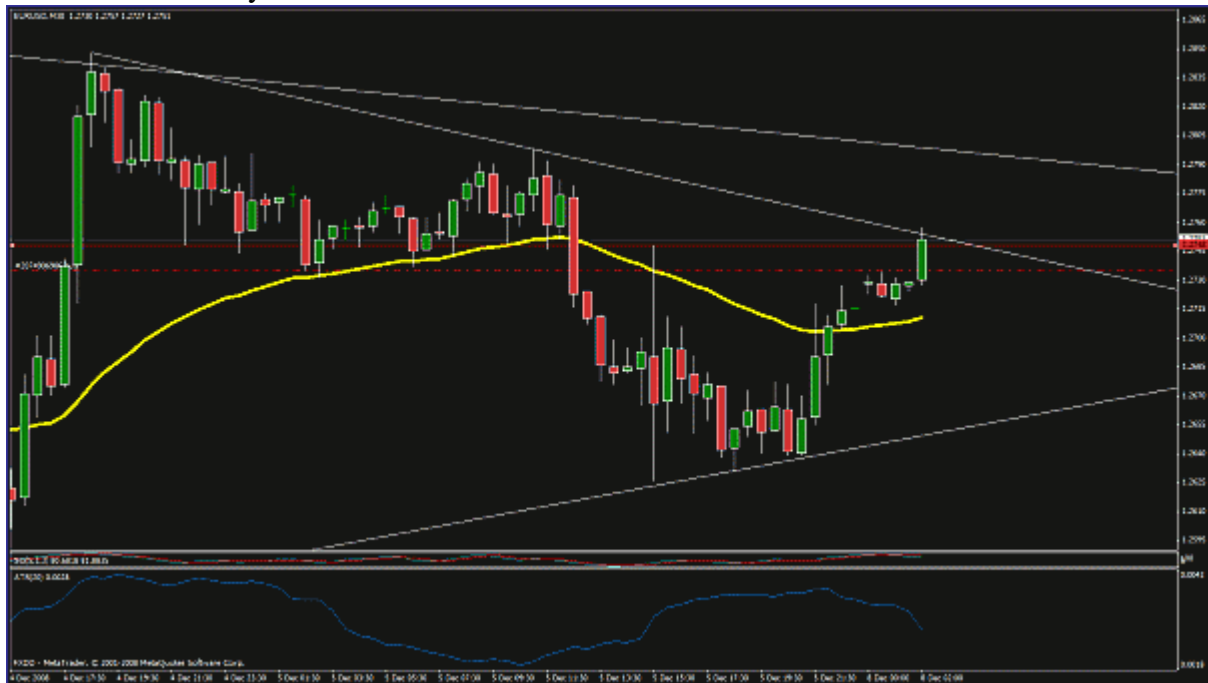
so if someone is trading on oanda (like me) you might be able to use 200 ema closed

I believe this will work with any pair. I will be looking at all pairs. With the 30 minute time frames, we will have enough time to analyze the pairs easily. I want to stick with anything with spreads 5 or less. E/ U will be the best and most efficient.

2756 is my TP here, the DTL on the chart. Stop is at 2712



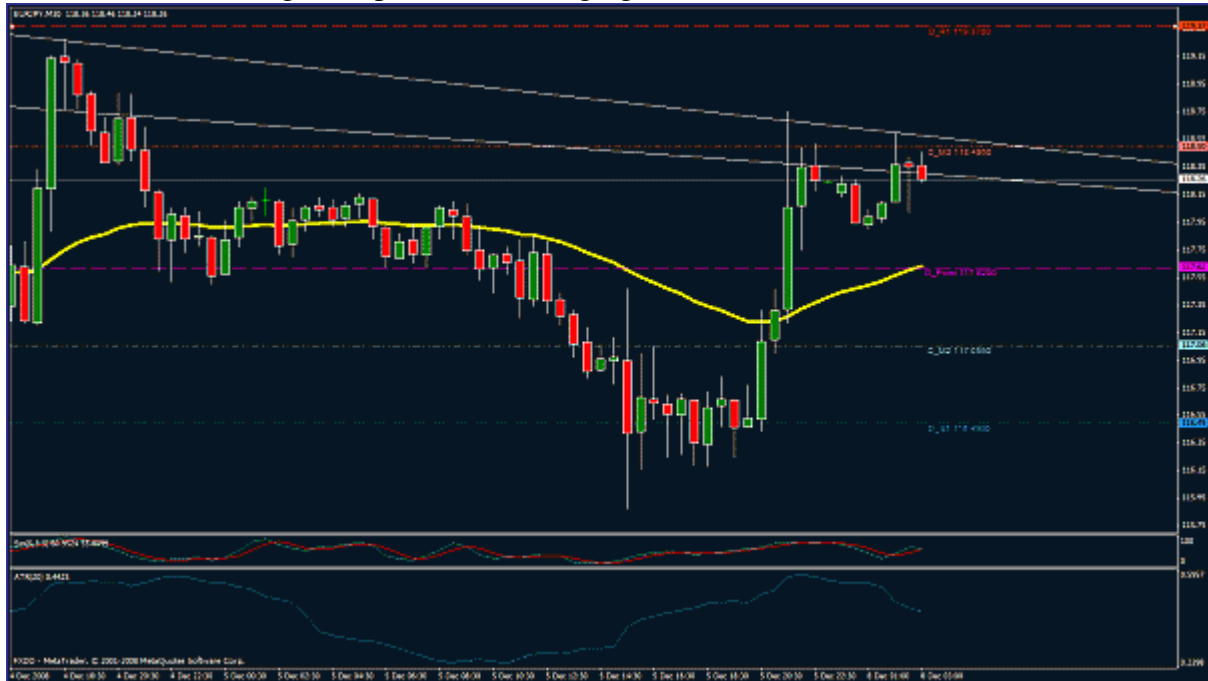
Nice, pulled 1/2 off at the DTL and moved my stop to BE at 2735. Love to see this continue on out to the 4 Hr DTL you see on this chart.



My second lot is moving on as advertised. I look for this to go all the way to that 4 Hr Down Trend Line before bouncing short. Then it don't take Einstein to tell us what we are looking for, Right. I am moving my stop up behind each candle as they close.



Look at EJ everyone and you will see what I was talking about the other day. You can see the reversal candles forming. Complete with a hanging man formation.



I got connection problems, I pulled out early on that trade when the reversal candles showed up. They showed up as Tweezer tops on the 30

We got another one brewing on U/J here everyone.



The image displays a technical analysis chart for the EUR/USD currency pair. The main chart area shows candlestick price movement from December 4, 2008, to December 10, 2008. A yellow moving average line is overlaid on the price. A blue trendline is drawn from the bottom left towards the top right. Several horizontal lines are present: a dashed blue line at 1.0500, a dashed green line at 1.0550, a dashed red line at 1.0600, and a dashed purple line at 1.0650. The price is currently around 1.05. The bottom of the chart shows the volume and a blue line representing the moving average.

Did anyone take the G/U, My computer went down. I am in U/J though, but there is not much room there. DTL in the way. Should be ok, though. Be careful, ATR on UJ is only 22



Ok Everyone, here is a good example why we must be patient. The U/J IB just now hit profit. It never did hit the stop. LOL That was 4 Hours ago when that IB triggered.

Now lets talk about the Cable. The Doji gravestone IB was all we needed. My 17 year old could have traded that one. We can get the pips, people, its just a matter of time.





This hammer told me it was about to break that little flag.



One thing to keep in mind when IB's form at or just before opening of sessions, the resulting spikes can nullify this method. This happened at 1 AM EST this morning when the IB on the E/U was triggered to the downside and the resulting spike of the opening session took me out of that trade. Hey, we learn as we go and if this is the only thing we have to worry about here, we will be fine.

That was an Ib and at the time you would have thought No trade because of the DPP at 2881, as a matter of fact it is still struggling with it. It was cool if you pulled your profit at the DPP, but I

would not have taken it because it goes against all of the rules. The trend of the moment was down, the distance from the next point of resistance was less than 20 pips. And there was news coming out. Hope this helps.

Jim

Quote:

Originally Posted by **oblo** [➤](#)
IB formed on E/U. Possible long?

NEVER, NEVER, NEVER take a trade on a pair that is expecting bad news ahead. Especially when the pair is trending in the direction of where the news is supposed to send the pair.

If Cad breaks 1.2751 we could see it go all the way to 1.2900- 1.3000 area. Check it out, a Hammer after an IB in the direction of the trend of the moment. Then it bounces off the DPP and blows right through the 89....WOW and Im in.



Was in bed, buddy...LOL gotta sleep sometime. On that trade you have to weigh the possibility and say to yourself, I got a resistance line just above what would be my entry. Is there enough pips to get enough profit there. In this case there were 24 or so. I would take that trade.

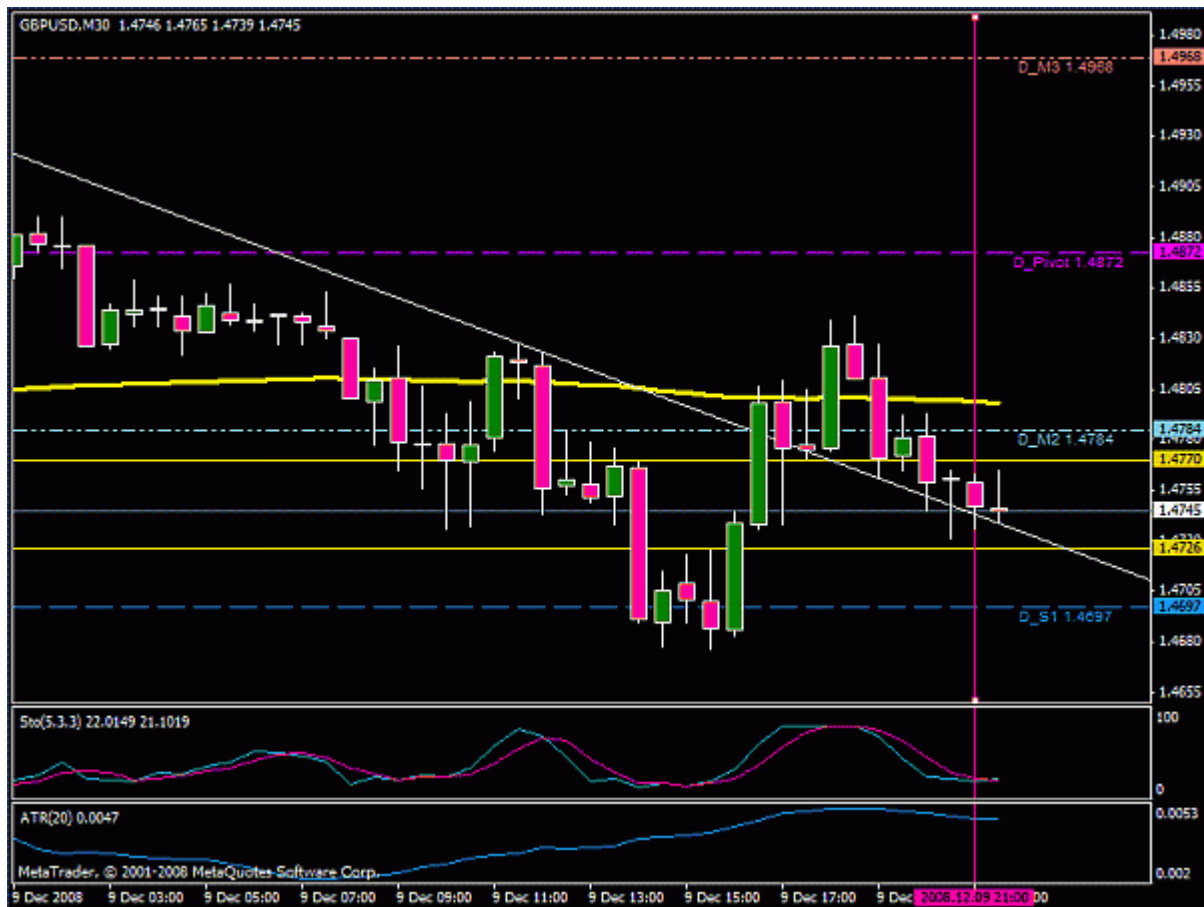
Jim

Quote:

Originally Posted by [jonaslt](#)

EURGBP 30min IB setup

right at a trendline, H1H1 shed some light on this if you have any. I'm not comfortable to attempt this one yet.



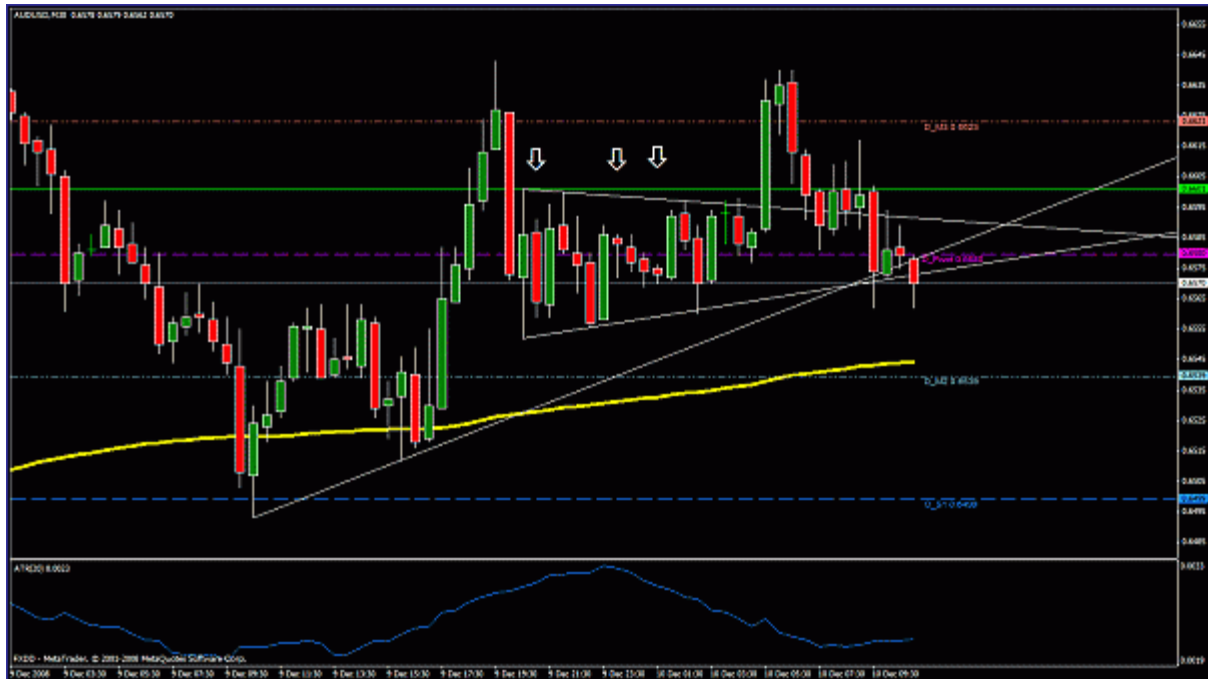
Anyone that has ever had a migraine know what I mean. I have chose to not trade today and help answer a few questions that people have been asking. How to determine which ones to take. Well, If the market is consolidating or in a triangle like the one below, you have to be choosy and you must have this mindset.

ALWAYS BE PREPARED TO SETTLE FOR 10-15 PIPS IF YOU ARE NOT SURE!!

Look at the pair below, The Aussie showed 3 IB's here, which one would you have traded and why. Anyone?

This pair was inside a triangle and you can see it better if you go to a smaller time frame. This is where the law of averages catch up to us. If you take either the 2nd or 3rd one, you could only have hoped for them to come to the top or bottom of the triangle which is actually 2 different

trendlines. The answer to the question was the 1st one. Why you ask, because that is where the line of resistance is. And if you notice it turns out to be a great trade. The 2nd one fails miserably, and why would you even contemplate that one sitting directly on the DPP. The 3rd is the same way although it trades to the top of the triangle. Bottom line, The only one I would take is the first one.



I will leave you with this. Pay attention to details. I heard someone say earlier in this thread that his definition of an IB included even candle wicks. If the wicks are even it is NOT considered an IB!! Also, you should be placing entry 3 pips beyond the High or low. There is a good reason for this, considering the wick represents some kind of resistance, you want to see that resistance broken.

This mess of candles say this pair is going long for a bit.



Overall trend is going up, trend of the moment was down.



Ranger, The only reason I use Stochs is to look for divergence, particularly on the Daily and the 4 Hr. When I see it I will show you what I mean.

LOL.... Perfect Example of 30 Min hidden divergence on the Swissy, and of course it went down.

See here, http://www.babypips.com/school/hidden_divergence.html



- price up or down on the day (or as we call it here, *The Trend of The Moment*)
- How far has each signaled pair moved during the session (I want the one moving the most)
- What is the risk? (One of the most appealing aspects of this is low risk) Sometimes the Geppy bars are so long that you can't get a tight entry.
- Since we're looking to take part off quickly, I consider the spread when comparing setups. I want to cover my risk by taking part off as quickly as possible.
- What is the potential? Which pairs are ready to bump into resistance and which ones have room. With HH's method we're always aware of the smoothed 89 close and Daily Trendline.

If there are only a few setups I'm not quite as critical, but the more there are, the harder I compare. There are enough good setups that they don't need to be tweaked, e.g. *That's almost an IB*, or, *I'm going long 'cuz it's almost up on the day*, etc.

Sorry, I had to drive my Daughter to school. The reason is or was the same one I have been talking about all last night. I expected the Euro to weaken, which meant a short and it was right on top of DPP. Now after it went to the top, and formed the Hammer, Bingo a nice short. Sorry I couldn't have answered earlier.

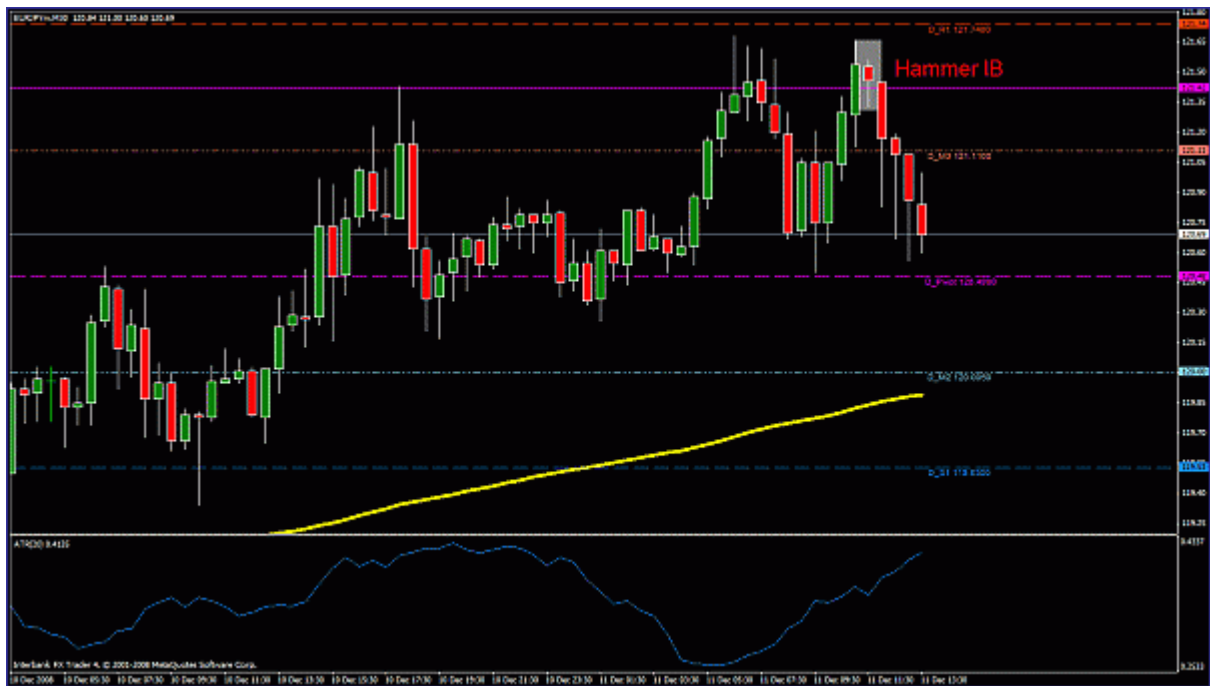
Jim

Quote:

Originally Posted by **FOURX** ➤

why not jim?

long back to 121.65?

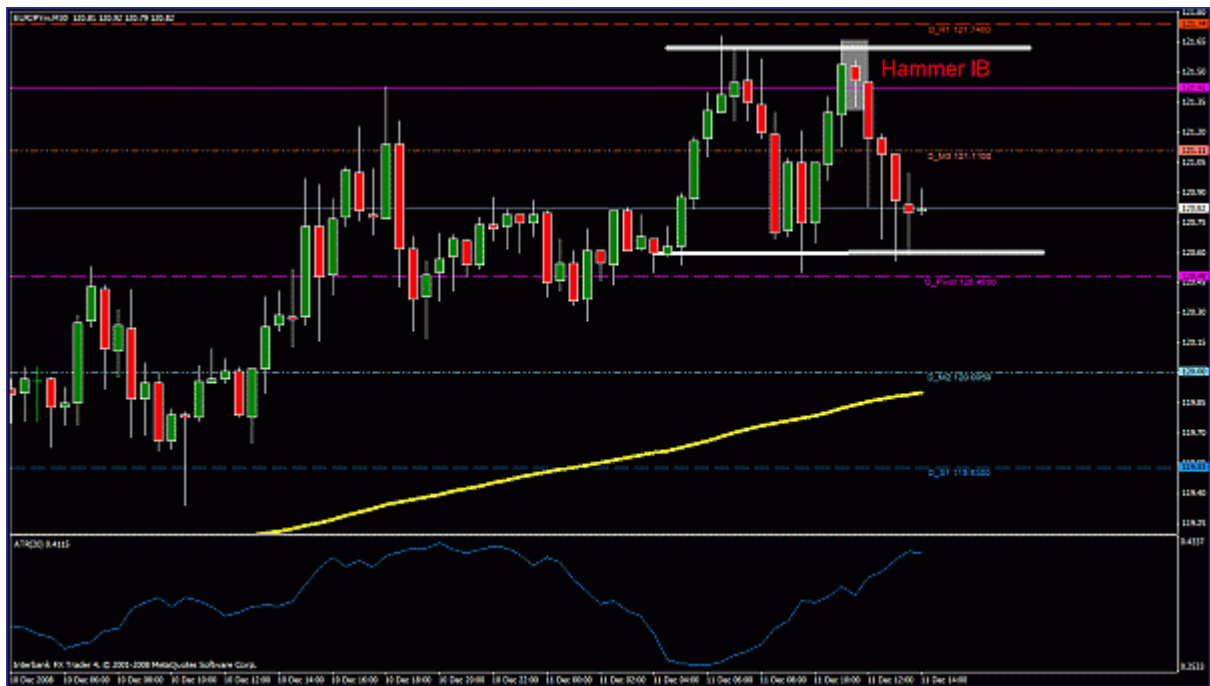


U/CAD coming down off of a Daily Triple Top blowing through the Up Trend Line as we speak.
WOW Check This out.

FYI: I took this trade short as a long term investment, this was not an IB trade.



If you get an IB at the top or bottom of this channel, trade this dam thing up and down as long as it stays in play. Got a nice support at the bottom, the DPP



Sometimes you can get a little help from candles that signal the end of a rally. I have posted some below. Notice what happens when they come up. Now, just because they pop up doesn't mean they will change direction, so look at where they make the most difference.