

#22057

Feb 20, 2009 4:15pm



ghous

every day a new day...

Member Since Jan 2008

[1,411 Posts](#)



Quote:

Originally Posted by **Piproo**

Good luck to the trades ghours. Btw, I am a bit confused on ur cad/j SL, can u explain a bit more on this please?

thanks

Sorry for the late reply Piproo, I've been struggling with electricity problem

I know what the confusion is about, I didn't place my SL below the low of the Pb is it?

I'll often do that and on most occasions it has worked for me.

It's nothing new just a slightly more aggressive way of managing your trade.

Important thing is you don't merely place them somewhere between the nose of the Pb,

I have a checklist of a couple of points that **must** be met for such a stop placement (otherwise it's just below the low/high of the Pin Bar)

1) The right/left eye has to be quite evident and neatly formed just like in the cad/jpy pin bar. The idea is to place an SL just below it since this eye's high/low is often another important source of support/resistance for price if it threatens your trade hence a SL **below** it gives you some protection.

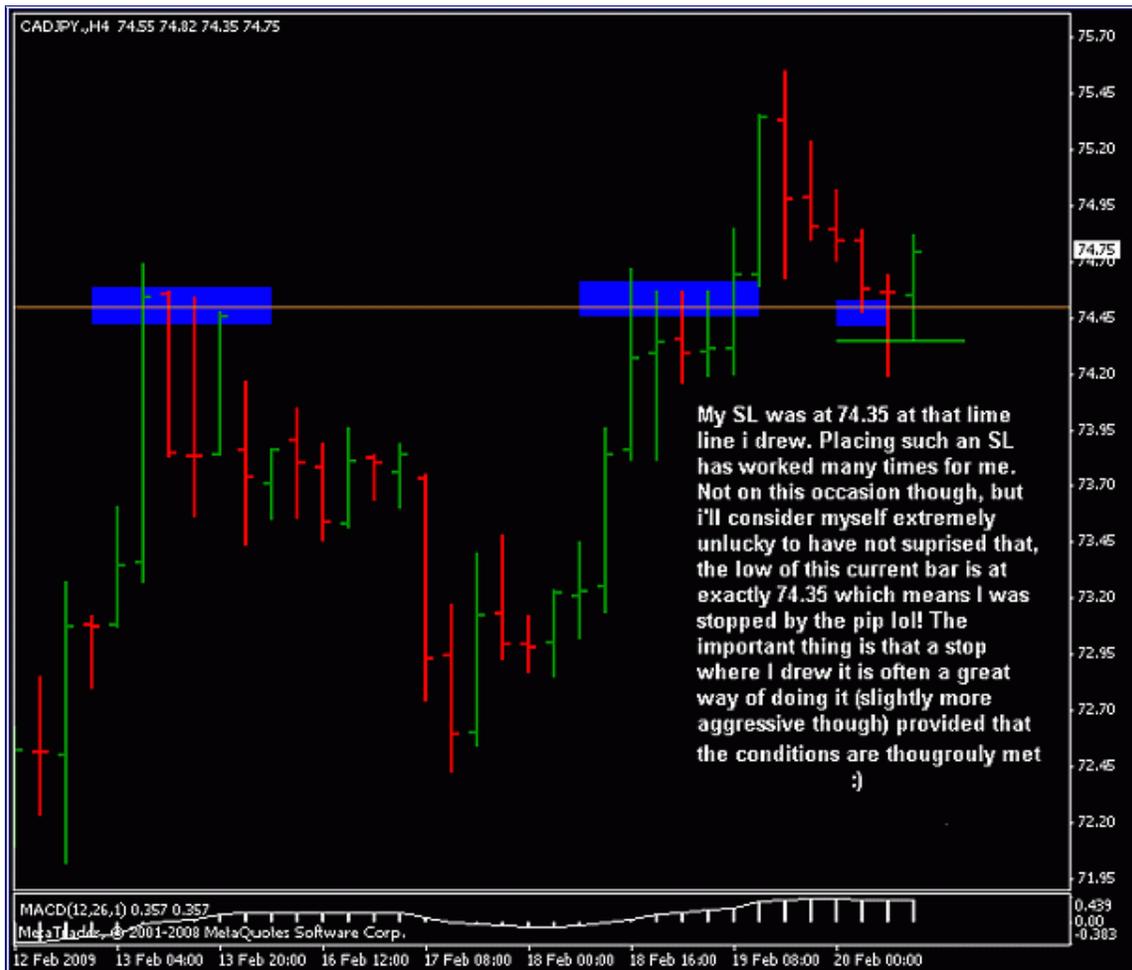
2) The eye has to be around a major ppz or a responsive round number, often this is the easier of the 2 conditions to be met as the pin bar itself is usually formed at some sort of support/resistance, but this isn't always the case. If a pin bar forms in such a way that the ppz area of which it formed was at the end of its nose common sense should obviously tell you to place the SL below/above this ppz.

If any of the 2 conditions fail to be met properly I go by placing a place below the low or above the high of the nose i.e the conventional way of doing it.

Note that in this Cad/Jpy pin bar setup, we had a nice decent eye, plus some lovely support of the 74.5 region.

Regards,
Ghours.
Attached Thumbnails





#19711
Jan 28, 2009 4:53am



mbqb11
Resident Elmer Fudd

Member Since Aug 2006
10+y 2,184 Posts

Quote:

Originally Posted by **lolpie**
Cool thread, I'm learning a lot

One question though, what's the logic behind pin bars and inside bars and why do they work?

Hey lolpie,

Pinbars are exhaustion bars. Located at the right place they tell a good story. Basically price is trying to push one way, and is rejected over a certain period time(considered quickly), to produce our pinbar. Basically price is lying where it really wants to go. This can happen for numerous reasons. Take a simple example. Price is consolidating in a range. This is known as a typical area for traders to watch. They look for a breakout of this range. Many times orders pile up on both sides. Say price tries to breakout LONG out

of this range. Well if the proper order flow has built up you can have what many refer to as a false breakout. This may come in the form of what we say as a pinbar. So the dynamics behind the bar can be numerous but located at the right places give great hints to market action.

Inside bars are consolidation bars. The bar itself is within the prior bar. This means the range is shrinking. Generally speaking when things shrink down or consolidate a breakout or "move" follows at some point. Think of it as squeezing the last bit of toothpaste to the top and holding your finger over the end. Eventually the toothpaste will make its way out, or breakout.

Again these are simplistic examples, but should give you a general idea

Take care
Mike

#14627 
Oct 22, 2008 9:34pm

 **james16**
wizard in training

Member Since Feb 2005
[10+](#) [1,494 Posts](#)

 chart

chart
Attached Thumbnails



Pinbar statistics (do your own homework/testing)

[charlies](#)
 Member
 Member Since Jul 2006
 1 V 103 Posts

PIN stats

Quote:

Originally Posted by [ianf0ster](#)

'What does everyone think about the daily pin on USD/CAD?' ... the Wizard

Hi Wiz,
 I am new to this thread. The Pin looks very good to me - it went up throught the 13dma in a similar way to the good one back on 11th May.
 The major down trend is awesome, so I am in.

My only problem is with a TP and a SL.

I have read that James16 starts to take money off after 20-30 pips - that seems a rather poor profit for an 80+ pip risk. (Assuming you set SL above end of Pin and only entered upon break of Pin).

Any thoughts anyone?

I have been taking all daily PINs for almost two months. I set the first take profit at the first support & resistance level, often 20-40 pips away & then trail the stop on the remainder at the previous days high or low (with only a couple of minor exceptions).

For trades in the direction of the trend, 83% of them have hit the first target & 67% of them have continued far enough for the second lot to be closed in profit (when they hit trailing stop).

For trades against the trend, the equivalent figures are 67% & 33%.

For any one trade (such as the USDCAD PIN), you can't tell what will happen. But over time, these stats will swing the odds in your favour.

#4548
Jul 13, 2007 11:49am

[charlies](#)
Member

Member Since Jul 2006
103 Posts

 **Daily PINs - month 2 update**

The results of my second month of trading daily PINs are in.

This month, I identified 37 daily PINs, that would have produced +598 pips to first target & 402 pips on trailing stop (with 4 trades still open, this might improve slightly). That gives a monthly return of 6.5 times the risk per trade on a completely mechanical / rules based trading approach.

The first set of results were exceptional, and I think this months results are probably more representative. This month, there were 10 losing trades that were stopped out before hitting the first target, and fewer trades that ran on for many days.

I changed my strategy this month, and tried to select the best PINs to trade. Unfortunately, my method of selection didn't work well. The 11 PINs that I didn't trade performed better than the ones that I did take - Murphy's law strikes again!

I am convinced that my overall strategy is right (and is supported by the stats that I have collected), I just need to improve on my PIN selection.

For the next month, I plan to start trading the PINs in my real account, but with reduced size. We will see how that goes.

And for anyone not yet convinced of the merits of trading daily PINs, take a look at this daily chart of GBPUSD (and guess which PINs I didn't take):

Attached Thumbnails



#8826
Jan 21, 2008 4:17pm



bundyraider
'Try-hard' extraordinaire...

Member Since Feb 2006
10+V 1,184 Posts

Quote:

Originally Posted by **SeekingLight**

Just a reminder as to why there is NOTHING WRONG WITH HIGH TIMEFRAMES.

For anyone still having trouble with the temptation to trade 'faster' on the shorter time frames, I have one good tip! 😊

Grab a notepad and draw up two columns.

Mark one 'Profit', and one 'Loss'. (...believe me, this is worth it. 😊)

Scroll through the various time frames counting pinbars.

Put a mark in the 'Good' column whenever a pin is followed by a useful/profitable move. Mark the other column whenever the pin is a failure. Ignore pins that you know (Or SHOULD know) are in the wrong place. i.e. Bearish pin in the MIDDLE of a down move etc.

This wont take as long as you think it might and it's extremely worth it. Do this for Dailies, 4 Hourlies, 1 Hourlies and 15 minute charts. Go through say 6 months to a year on the hourly, 1 - 2 years on the 4 hour etc. You don't need to go through a mind numbing amount of history to get the point.

You'll get a great insight into why the smaller time frames are very much a case of playing with fire.
As a bonus, you'll also be enlightened as to why money management and risk are such a vital ingredient in becoming successful. Anything below 1 hour screws with your odds. You don't particularly need that!!

(Speaking of odds. Try this if you like... Do the same again for one of your hourly charts, but this time, use a complementary bar/candle as a filter. i.e. wait for a bearish bar after a bearish pin. One that breaks the pin's low. Taking the best ones that haven't moved too far . Watch what difference that can make to your odds. 😊)

And that's BEFORE adding confluence etc!

If you think this contradicts my statements on 15 min charts in a few posts I've got here. ...Well...Yeah. It does!! LOL
....Honestly. I get away with it only through LOTS of screen time being clocked up and it's more hard work than any of us probably needs. 😊Currencies and the 15 min / 5- min charts always seem a LOT harder than in other markets too. If you aren't in the habit, keep it that way! 😊

Another thing Seeks touched on in his post above. Don't trade against a weekly pin. ...Not just that.... Trading from the top charts down is always a good move. You'll see possible support resistance clearer for starters. I made this mistake late last week. Not leaving enough room for a trade to get into profit quickly. (GBP/JPY is STILL scurrying around the same support area!)

Cheers,
B

[SeekingLight](#)

Charts + PA > *

Member Since Jul 2006
10+1 3,189 Posts

 **Just thought I'd post some more examples...**

Hi!

I wouldn't recommend trading under 4h and even that can be VERY tricky if the "outside" timeframes strongly disagree with what you're seeing inside...

1H I find to get overruled and fail so often I don't even bother, 4h is sort of ok as you will see by the chart and Daily is basically "where it's at". Of course this means larger stops and most importantly tons of patience, but it also means being able to get additional money by having a day job or a life and bolstering profits that way, too 😊

Check out swissy for some really nice PA examples I made, hope I didn't get too much wrong 😊 (keep in mind Asia is always a bit more tame and highly likely to produce I4Bs on 4H due to that)

I only managed to trade the DBLHC live (it came just before news) but at least that was rather fun to see in action =D

Glossary:

PB=pin bar

DBLHC=double low, higher close

TBH=two bar high

I4B=inside bar, smallest of 4

BEOB/BUOB=bearish/bullish outside bar (aka engulfing candle in candlestick)

All explained in this same thread. Read read read 😊

I constantly read and reread it over and over again to try and burn these patterns into my mind. Inside bars are most easily missed and can lend themselves to some excellent breakout setups BUT you have to look at the surrounding "boundaries" to avoid fakes. I prefer to sacrifice some pips for more certainty. I am NOT experienced yet, just observing, learning. 😊

Best of luck learning and trading,

SeekingLight

Attached Images



Divergence kills in trending market



james16
wizard in training

Member Since Feb 2005
10+ v 1,494 Posts

Great question and it shows that j is ahead of most people. Divergence will kill you in a trending market and many many traders in the futures markets have learned that the hard way by using it blindly. Divergence is a great tool however when combined with price action analysis.

it simply gives confluence or gives weight to a good bar set up.

jim

Quote:

Originally Posted by **jarroo** >
Hi Jim.

It's always great when a James16 chart is posted.

But this one has me confused. Isn't divergence a dangerous indication, especially in a strong trending market? What make this divergence different?

I hope you got to see some of my eariler posts. I hope I'm explaining Price Action with the respect that it deserves.

Thanks,

Jim

PPZ, S/R, and Round Numbers



mbqb11
Resident Elmer Fudd

Member Since Aug 2006
10+ v 2,184 Posts

Quote:

Originally Posted by **aSandman** >
Thank you Bundy! I still don't really know what a ppz is. From reading back threw the thread I would venture a guess that its a "price pivot zone" and is an area that has acted as both support and resistance? Thank you so much for the chart. I am attaching a chart for critique please and tell me if I have the idea correctly.

yes a PPZ is simply an "area" where there is a flip b/w support and resistance

These can be zones, and are often not one specific point. Often times they line up with other things such as round numbers

Posts that best explain it

<http://www.forexfactory.com/showpost...postcount=9035>

<http://www.forexfactory.com/showpost...postcount=9037>

<http://www.forexfactory.com/showpost...postcount=9038>

<http://www.forexfactory.com/showpost...postcount=9040>

<http://www.forexfactory.com/showpost...postcount=9041>

<http://www.forexfactory.com/showpost...ostcount=12722>

Tips on drawing them is to zoom out so you can step back and see the price flips. There are both major and minor PPZs

#14847
Oct 31, 2008 2:08am



mbqb11
Resident Elmer Fudd

Member Since Aug 2006
10+V 2,184 Posts

Quote:

Originally Posted by **eltrot1979**

So its just like another PPZ to watch out for? When I looked at my USDCAD charts I didn't note much action around the 2400 area so didn't have any PPZ lines pencilled in, but I've just gone back and looked at the monthly chart and I can see there was some nice reaction at that area back in 1992-93, 1988 and the early 80's! That's quite a few years back! If it wasn't a round number, would you say PPZ levels going that far back would still be significant today?

Thanks for your time

When PPZ and round numbers line up it is even better places to watch. What i mean on a smaller level is intraday these round numbers are also important. Basically you have orders piling up on both sides of this number. So for example lets put out a hypothetical situation for this USD/CAD to illustrate what I mean.

We were in a very strong up trend, and then price temporarily exhausted giving what we call here a pinbar. At the low of the pin(the daily low), was just above the round number 1.24. So now the next trading day starts. You have a bunch of people look at their charts saying. Ok right below yesterdays low, people have their stops. They say ok if yesterdays low breaks I am out. Now you also have people who placed limit buys just ahead of the round number. So price breaks the low, sellers come in, but buyers come in to absorb this liquidity to get in long. All the while 1.24 is NEVER even hit. The orders ahead of this number prevent price from going lower, pushing price up higher and invalidating our pinbar. Now does this always happen, NO. There are a ton of various scenarios. But from my experience the fact that order flow clusters around round numbers gives us incentive to help us a little bit more. In the case of buying and selling, my order always goes

above(when I am buying), and below(when I am selling), a round number.

There are many other scenarios why round numbers don't get breached. Sometimes it is option barrier protection, etc.

On the longer term you might see round numbers line up with PPZ, but they also play a role intraday.

Hope that helps a bit

Mike

#15829
Nov 27, 2008 3:45pm



raczekfx
Pip crawler

Member Since Oct 2005
10+ v 1,632 Posts



Quote:

Originally Posted by **Lyra** >

Thanks raczekfx for the prompt reply. Do you have criteria when selecting the support/resistance you are going to place your limit order? In other words how do you find an efficient support/resistance? Your performance really amazed me. Thanks. 😊

start with monthly tf and look for s/r, go down to weekly, daily and do the same thing. If s/r on a higher tf corresponds to one on the lower tf, you have much better chances it will hold again. When doing this, I had about 80% W/L ratio. If you just pick a random s/r on lower tf, chances it will hold are dramatically lower. If you pick s/r 'with a trend' (on price retrace), your odds are much greater than playing one against the trend.

If you're fairly new to trading, I'd forget about playing s/r until until you make money consistently using your own system. Generally speaking this way of trading carries great risk of losing money quickly, but everything can be mastered with patience, practice (on demo) and proper MM. The PROPER way of playing S/R is waiting for a PA around those levels before trading. Hope this helps. I have posted many chart examples in this thread, some of them live, but you'd have to do some searching.... 😊

#9035
Feb 7, 2008 5:48pm



james16
wizard in training

Member Since Feb 2005
10+ v 1,494 Posts



i know one of the others would jump in eventually cos but since i worry about people confusing these please allow me. When you see someone say pivot zone they are not necessarily referring to classic pivot points or floor trader pivots. It's a term i use for flips in support and resistance over time. Sometimes they do line up with a floor trader pivot. (I'm old school so that's what i call them), but price pivot zones are my term for this phenomenon. i will post a couple of charts. Been a while since I've done that here .

jim

Quote:

Originally Posted by **cosgrove**

I understand that you guys are using pivots for S/R, but are they weekly or monthly pivots on those daily charts?

#9037
Feb 7, 2008 5:56pm



james16
wizard in training

Member Since Feb 2005
10+V 1,494 Posts

pivot zones

Pivot zones. They are not a defined single pip values but have a range of width based on time frame. Many times they are almost to the pip and easy to see and sometimes not.
Attached Thumbnails



#9038
Feb 7, 2008 6:07pm



james16
wizard in training

Member Since Feb 2005
10+V 1,494 Posts

pivot zones

Pivot zones and price action for confirmation. Dump your freakin indicators and moving average cross systems they kill 99 percent of all traders. Trending markets make any system work but all markets spend most of there time in consolidation and consolidation is the system killer. After some practice this material makes trading consolidation areas easy. simplicity, focus, discipline, practice, common sense and a true business like approach and you might make it. Might.

Attached Thumbnails



#9040
Feb 7, 2008 6:16pm



james16
wizard in training

Member Since Feb 2005
10+V 1,494 Posts

pivot zones and price action

chart

Attached Thumbnails



#9041
Feb 7, 2008 6:24pm



james16
wizard in training

Member Since Feb 2005
10+ v 1,494 Posts

chart

chart

Attached Thumbnails



#12722
Aug 16, 2008 8:53am



james16
wizard in training

Member Since Feb 2005
10+ 1,494 Posts

a pivot zone can vary in size of pips depending on time frame and whether or not it is located very near a big round number (a lot are). it can be a very small range or a larger one but it gives you a great way to predict price movement whether your entering or managing a trade.

Quote:

Originally Posted by **lose_again** >

Hi, James,

Thanks for your great chart and explanation. Now I follow your thread day by day.

Hope you don't mind asking a question, The problem here is how to define PPZ, The

definition I learned from Jarooo is the area right below the ppz box you draw on your chart. draw a box around bars which have same high/low. If the definition of PPZ is arbitray, it will cause confusion.

Attached Thumbnails



IBs



james16
wizard in training

Member Since Feb 2005
1044 1,494 Posts

Quote:

Originally Posted by **scpeter**
James, could you comment on my take on this chart and your notes. You expect a possible bounce off of the pivot line. You wait for the 2 or possibly more inside bars. The inside bars tell you a good break is about to happen. Because you were already looking for a bounce off of the pivot line, you take the trade long now because the inside bars add a little more confirmation to the trade. Is this your thinking on this trade?

First of all inside bars are very commonly known and used by many traders. What blew my mind when i first joined this forum was i had forgotten what it was like to be new and not have a clue as to what an inside bar or any other bar meant. Pivot levels are where a ton of orders are placed. i won't explain pivot levels just do a quick Google search and you will have a complete education in about 15 minutes. Inside bars show a tug of war developing between buyers and sellers. The more in a row you get the tighter it gets and when it breaks out it tends to move hard and fast. What everyone should do is go look for these on any time frame you want. Particularly look for the sideways pyramid shape when you get two or more, they are easy to spot. When price moves down to a pivot level a ton of buy orders are triggered which tends to send it up. BUT NOT ALWAYS. I don't like to hope when I trade I like to know as sure as i can that what i want to happen is going to happen. That's why i try to stack things in my favor. For example the confluence i keep talking about. it could be 2 fib ret close together. It could be a pivot and fib close together. it could be any one of these combined with divergence. Then you take it one step further and look for price action to confirm at these levels. it's really not that hard. Go to your charts plot your fibs and pivots on tomorrows blank page. Then sit back and wait for price action to interact with these levels and make a smart trade not a guess. It will work on any time frame you choose. jim

#21625
Feb 17, 2009 2:07pm



Jigsaw
Every piece has its puzzle . . .

Member Since Nov 2008
134 303 Posts

Quote:

Originally Posted by **Jlr** 
[Attachment 206513](#)

Is this a valid inside bar trade? Looked like a good trade at a swing high, wasn't sure though. Just learning inside bars, and lower timeframes, so didn't trade this. Can anyone help me out please?

It's a valid inside bar, in my opinion the fact that inside bars are at Swing highs it does not make a difference.

For me to trade an inside bar I need two things.

- 1) Bias in the direction it is going to go in.
- 2) An important PPZ / Psychological level to protect my SL on the other side of the inside bar from being hit.

The thing about inside bars is, it's not just about seeing an inside bar and going "I will trade that". After a while you will start getting an idea when it's good to see an inside bar. Examples are after a 4HR Bearish outside bar which has a psychological level running through it, the next bar is a 1HR inside bar. Trade in the direction the the bigger PA is telling, and Place your SL behind the psych level for better protection.

Just my thoughts. .

Jig

"very few will believe that profitable trading can be simple. Most are looking for some special complex answer. It isn't there!"

-Peter Crowns

#17570

Dec 29, 2008 8:09am



ghouz

every day a new day...

Member Since Jan 2008

2 v. 1,411 Posts

Quote:

Originally Posted by **ljr**

Hi All

I've been reading and learning from this thread for a while now and would like to start participating a bit more. Thanks very much to James16 and all the other regular contributors. The information and knowledge here is truly outstanding.

Going through my charts this evening, the AudCad price action looks interesting on the Weekly chart. The 8500 area has been rejected twice recently and last week has formed an inside bar so I am favouring a short position below the 8200 area.

Concerns would be that last week was Christmas week so...

Hi Ljr,

It's great to see that as time passes more and more ppl want to come in and be a part of this mega thread! I hope you'll be around in future too 😊

ABt the Aud/Cad situation I am taking this week off as well, and will begin my trading 5th of Jan, the reason obviously being the low volatility which is still lurking around the markets. The IB you see off the weekly chart may well have occurred as a result of this lack of momentum, and reading that you realize this I am not sure why you still want to consider this.

End of story...but...

For a moment let's take the end of year circumstance out of the question...

For an IB to be an IB all you need is a high and low of the bar to be totally engulfed by the previous bar. For an IB to qualify for a trade the open and close IMO are also important.

In this case, i don't see why this IB should help me to go short. Given that we don't see a pin bar this week or any other additional PA signal that may influence my descion i may very well want to take the trade with the trend at any possible signs of the breaking of 0.84.

When you're going against the trend you need more then that to be sure of a trade.

Since this also qualifies for the type of trades Rac and Jeff take they may also want to shed some light here...

Below are 3 charts. 1 is the original chart where i want you to look at the IB which you're talking abt and the overall momentum that it dispalys. the second chart is the same chart with the IB erased and a new IB in place of it that i would loved to have seen. Chart number 3 is the Eur/chf chart displaying the power of a perfect IB. (the IB is bearish, and the opend and close are far apart hence a strong signal to go short 🤔)

Regards,
Ghous.

Attached Thumbnails







mbqb11
Resident Elmer Fudd

Member Since Aug 2006
10+V 2,047 Posts



Quote:

Originally Posted by **vlazaf**

Can someone please explain and maybe give an example as to what an IB4 is and what are the necessary requisites. I have searched the forums without success. Thanks.

An I4B is simply when you have an inside bar that has a smaller range(high - low) then the previous 3 bars. Although you can have an I5B and I10B etc.

Here is an example on the GBP/usd today

Attached Images





bundyraider

'Try-hard' extraordinaire...

Member Since Feb 2006
Posts: 876



Quote:

Originally Posted by **aSandman**

Hello all,

James said that most traders get killed in a ranging market because they don't know how to trade it. What is the J16 way to trade a Ranging/consolidating market?

Second question, Do you guys set profit goals each week? And if so do you stop trading when you hit them? My pattern has been when I make a few really good trades my discipline get's lax and I give it all back. I have exceeded my weekly goal of .5 % ,up about 7 % for this week. I am thinking of just sitting on my hands for the rest of the week. Thank you all in advance 😊

Jason

Hi Jason,

Trading any market type is a lot easier when you mark out prospective support/resistance flip areas. When you plan ahead and are waiting for an event to happen it's a lot easier to pull the trigger with confidence and stick to your trade management ideals.

Without the drawn in blue lines, the U/J 4 hour chart looks like an undecided mess. Get good at reading this aspect of your charts and you'll find a way to trade sideways price action too.

Given chart...

Yellow arrows point to hint of a good pivot zone forming. This type of respect (second arrow and pin that formed) tells me it's a good "trading zone". Yellow "x" marks are bars that showed further respect. Later on, two further pins would have given great trades.

The two dotted blue lines are also minor pivot areas that act as guides (for me).
...Personally, I am very weary of entering too close to price 'traffic jams' such as these.
...**BUT** also, plotting these can give you confidence to wait out price move pauses and quick, temporary rebounds, etc. If you are expecting a short move, exiting at these is an option. Even taking part profits and so on. (On lower time frames they will become trading zones.) Your preference. Yours to practice.

Lots of ways to trade all these of course, but the key is seeing those pivot areas and looking for the potential in any possible move first before waiting for your great entry.

Remember that it's *still* all about picking the best trades, no matter what type of market condition you are trading.

I'm watching this chart to see what happens. 😊

Attached Thumbnails



#14072
 Sep 30, 2008 10:32am (32 hr ago)

 **bundyraider**
 'Try-hard' extraordinaire...

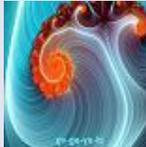
Member Since Feb 2006
 Posts: 876

Quote:

Originally Posted by **raczekfx** 
another trade...

 Ya back!Good to see ya man. 

#14073
 Sep 30, 2008 10:44am (32 hr ago)

 **jarroo**
 Senior Member

Member Since Sep 2005
 Posts: 3,370

Quote:

Originally Posted by **bundyraider** 
Hi Jason,

Trading any market type is a lot easier when you mark out prospective support/resistance flip areas. When you plan ahead and are waiting for an event to happen it's a lot easier to pull the trigger with confidence and stick to your trade management ideals.

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*The two dotted blue lines are also minor pivot areas that act as guides (for me).
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...BUT also, plotting these can give you confidence to wait out price move pauses and quick, temporary rebounds, etc. If you are expecting a short move, exiting at these is an option. Even taking part profits and so on. (On lower time frames they will become trading zones.) Your preference. Yours to practice.*

Lots of ways to trade all these of course, but the key is seeing those pivot areas and looking for the potential in any possible move first before waiting for your great entry.

Remember that it's still all about picking the best trades, no matter what type of market condition you are trading.

I'm watching this chart to see what happens. 😊

Tell me you played the double barrel 4 hour PBs. Doesn't get any easier then this. 🤖
Attached Images



Jan 16, 2009 7:59am (37 hr ago)



james16
wizard in training

Member Since Feb 2005
10+V 1,439 Posts

chart

chart
Attached Thumbnails



Sep 30, 2008 11:32pm (19 hr ago)

[aSandman](#)
Member

Member Since Aug 2008
Posts: 54

[cluelessbroadband](#)

Quote:

Originally Posted by [cluelessbroadband](#)
Anyone have any thoughts on this daily pinbar on ibfx? Thanks!

Hiya clueless,

Just wanted to take a second to echo what others have said. Its not the formation as much as the **LOCATION**. I have been trading hammers for years some of which where pinbars. However I did not know they were pinbars till I ran into J16 here at FF The point being that I tested hammers, not just one or two, more like 2 or 3 thousand of them. I tested across all increments and all time frames. In my research I believe in being thorough. I went back as far as 1914 DJIA data. The things I found to filter good ones "A grade" and not so good were echoed here in J16 thread. That was one way I knew that these guys were the real deal here at J16. Its why I joined FF! For example

MBQ likes to talk about space between his pinbar and prices. I had found the exact same thing. Another word for "space" is time. If you have a pinbar at a swing low and it is taking out an important stop pocket and it has been some time like over 13 bars since price has tested that S/R it tends to be a better signal. Mike's video example is more like 53 bars :P. Now if you take away the term Pinbar and add any reversal pattern, the same rules apply. For that matter a good trader can turn a profit with nothing but a line chart. I spent years totally eat up with patterns and indicators. I wish I would have spent that time studying what makes a good market and support and resistance. Hindsight is 20/20 lol

Jason

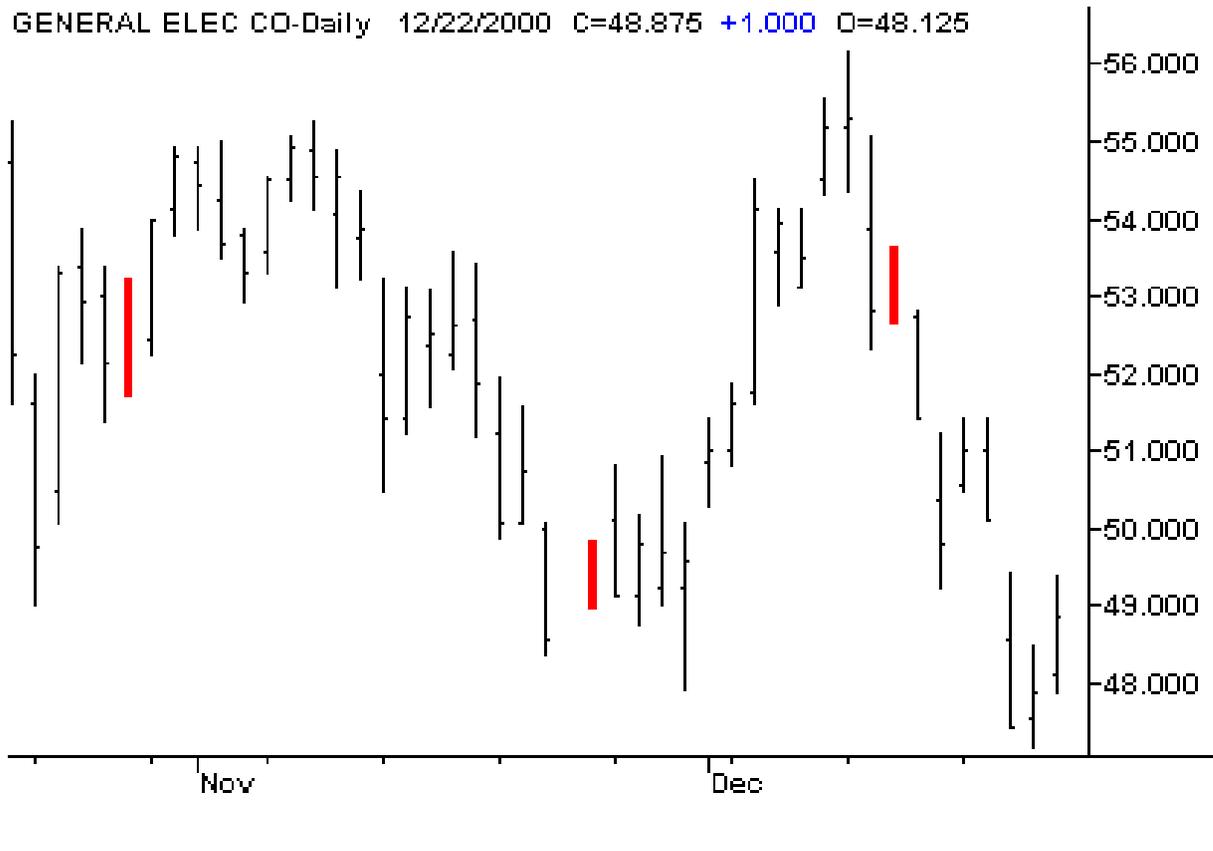
Finding my center

From the Naked site

Inside bar - current bar's range is within the previous bar's range. Another way of saying the same thing - an inside bar has a low greater than the previous bar's low and a high less than the previous bar's high.

- ▶ Narrow range 4 - current bar's range is the smallest range of any of the last four bars.
- ▶ Inside/NR4 bars are a sign of indecision with the current trend ... or it's a consolidation prior to a breakout.

The price bars marked in RED are the Inside/NR4 bars for General Electric, GE.



► For entry and initial stop placement: buy as the stock trades above the Inside/NR4 bar, sell as the stock trades below the Inside/NR4 bar.



If you can see this pattern on a chart, then you know that the possibility of a very profitable trade is very high.

What makes this pattern so successful?

For one, an inside bar means that there was just not enough interest in the stock to move it decisively one way or another. As sure as day follows night, so does an increase in volatility follow the restricted trading of an inside day. The stock becomes like a race horse ready to hit the ground running out of the gate.

The other half, the narrow range bar tells us that the stock has consolidated relative to its recent action.

You understand that inside/NR4 bars are the perfect setup for a low risk entry into a stock. Start to spot this little pattern on a stock chart. It's the secret key to picking tomorrow's winner's - today!

Breakouts

	<p>mbqb11 Resident Elmer Fudd</p>	<p>Member Since Aug 2006 10+V 2,184 Posts</p>
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Quote:

Originally Posted by **Forex007** 

Hi guys,

Do you consider TL breakout as a PA? If so, do you still look for additional confirmation of the trade, or take it "as it happens".

This is a style thing, but regarding Breakouts I prefer to always wait for a pullback and PA at the pullback. The pullback can happen on horizontal breakouts(ppzs), trendlines etc.

This gives me the confidence in the trade and a specific point for my stop.

Breakouts occur on different orderflow levels.

For example.

Say we have a breakout short, and price moves up quickly. This could be the triggering and cascade of stop loss orders that sit below a clear support level (plus other sell orders, take profit etc,). Price then is rejected upwards after the burst down, and back into the former breakout area. Many would call this a "false" breakout.

Now in scenario two, price breaks short out of the support area triggering the order flow below. Price is then rejected up again like in scenario one, but as price comes back towards the former breakout area that it broke from we once again Find NEW sellers(this is the flip of support to resistance). We see this in the form of PA, and this gives us confidence in the validity of this breakout as being sustainable rather than a "false".

This is simply the mechanics behind what a chart can tell us.

Nothing is a guarantee but this can help give us stricter areas to look for trades with definable stop and entry points.

Yes there are MANY many ways to play all kinds of price action. Here is just another way that I find works for me.

Here is an example
Attached Thumbnails



#13108
Aug 25, 2008 7:24pm



mbqb11
Resident Elmer Fudd

Member Since Aug 2006
10+V 2,184 Posts

Quote:

Originally Posted by **fxgrinder** >
great post ...

so when price just goes zooming on down, you are standing aside and then just look for another set-up? or do you have somewhere else you might jump on board? last dumb question ... you are watching price from the hourly for the 4hr trade? or even lower TF?

*i know that it takes time to make these posts and they are appreciated greatly.
thanks. 😊*

I rarely enter on a PURE breakout. I have certain criteria where I will make exceptions.

Normally I am scanning my charts for breakouts with the trend. So for example on the gbp/usd I posted, I saw a breakout formation forming on the 4hr. I will then drop down in timeframes too look for price action on the pullback (after the initial burst). Sometimes you find PA on the pullback on a lower timeframe, sometimes on the same timeframe you are looking at.

Again that is the basics of it. Another example I was watching this weekly eur/gbp for a break long. Today we got a push outside my area and price quickly pulled back. But since I wait for a pullback I didn't get caught in the initial move. Now there is a way to not have to look for PA on this type of false. You can buy a break of the new high (which would be buying when price breaks above today's high. Then you can use today's low as your stop point (if price breaks that high tomm). That is my least favorite way, but this is what I call sometimes buying a failed pinbar. So if today's bar is a pinbar, I wouldn't short it, rather look to play a break of the high (a failed pinbar).

Now all that happens is I will keep this in my watchlist. I have a watch list I make and set alerts for areas to watch for price action after the break.

Generally though

If I am looking for a breakout + pullback on the weekly. I will use the daily and rarely the 4hr for a trigger point (pa)

If the BO formation is on the daily I will use the daily/4hr and rarely the 1hr

For the 4hr - 4hr/1hr/rarely 30min/15min

For the hourly I will use the 1hr/30mins/15min with the rare 5 min.

Attached Thumbnails



mbqb11
Resident Elmer Fudd

Member Since Aug 2006
104 V 2,184 Posts

There were a few posts here about playing continuation pinbars. I thought I would chime in how I play these. These can also look like pinbars in traffic.

The way I play them is part of breakout trades I take. If you look for a breakout then a

pullback. At this pullback area you can look for price action. Here are the gbp/usd charts with the BO + Pullback

Breakouts make up the large majority of my trading. These bars by themselves are traffic pinbars that I personally could never pull the trigger on. But by looking deeper into S/R and what price is doing I play them as part of my breakout trading. Traffic does not matter in Pullbacks for me.

Best

Mike

Attached Thumbnails





#13537
Sep 9, 2008 1:37am



mbqb11
Resident Elmer Fudd

Member Since Aug 2006
10+
2,184 Posts

Quote:

Originally Posted by **giraia_br**

Mike sorry, but i read it many times and i can't get it. Could you explain with a example? If you can't find one, a example made in Paint Brush with 2, 3 bars is enough.

sorry for bothering you again.

best regards.

Basically we are just selling a new high/low on a breakout trade.

So here on the nzd/jpy. Price broke out and the pinbar was formed and also part of the pullback (marked by the red x). Now say we get no good price action at the pullback area(former support trendline) where is where I like to look for Price action. We can now also just sell a new low of the breakout, or in other words the low of the pinbar, which would be a "failed pinbar". I rarely trade these but sometimes it is the only way in a breakout I have been watching.

Mike
Attached Thumbnails



#14031
Sep 29, 2008 4:49pm



mbqb11
Resident Elmer Fudd



Quote:

Originally Posted by **ghous**

Hi guys, a nice breakout trade waiting to happen on the Usd/cad...Mike you watching it?

Hey Ghou,

Yes I have been watching this (posted a pic a few pages back in this abyss :P)

But I only trade breakouts especially shorter term with the trend. They are usually more sustained and you can avoid fake outs such as below. Granted there was no good pullback on the long so that should have kept you out. I would much rather fade breakouts against the trend, but that is another story.

As for gbp/usd SL asked me also about gbp/usd. It was definitely a valid setup with the daily trend. Not one I would have taken though. Just didn't look right, but glad you guys made some nice pips.

Take care

Mike

Attached Thumbnails



A word on Gaps



[mbqb11](#)
Resident Elmer Fudd

Member Since Aug 2006
1044 2,184 Posts

Quote:

Originally Posted by [the_wizard](#) >

Mike,

Are you trying to tell us that you went long because of the gap and you are still holding 1,000 pips lower?

No my gap plays are completely different than those is discussed on this thread. I scale into my gap positions in very small chunks and is the only time i do this.

Mike

here is my post from the j16 site for those interested

Quote:

Originally Posted by [mbqb11](#) >

This is a continuation of a question from another thread.

Gap trading can be extremely profitable. It has treated me and many others on this site very well. One trader (rockrat - check out his journal for another way to play them) ONLY(as far as I remember) trades gaps. Like everything else in the trading world, everyone is going to have their own take on it.

But I will give you the run down on how I trade gaps. It really is the most discretionary part of my trading.

Firstly I only trade large gaps. large enough that you can see the gap on the 4hr chart. A lot of times you get these 20 pt gaps around and they usually fill too, but I have a problem with trading them. Liquidity is usually very thin during the opening on Sunday which means wide spreads, and slippage. So they aren't worth it to me.

Next what I do is see how large the gap is about. For example the gbp/jpy is around 150 pips. I use this as my starting point. I then take that ~ stop size and get a position size. Usually 2%. I then cut that into quarters and put my first position on right when I am at my computer/broker opens.

So the key to me for gap trading conservatively is to scale into your position. Instead of sticking the whole 2% on right at the open, scale in and feel it out. This way when it tumbles you don't panic. You can simply wait it out. And use fibs/ppzs/PA to begin to try to time entries with each piece of your risk. If it ever comes to the point where I have around 3% almost about to be hit in the negative, I tend to throw on one last position and max out around 4-5%. With that said only once have I ever taking a full loss, and it was I just couldn't take the pain of the trade anymore during a summer gap I believe. Shortly after it filled.

So yes a lot of times you put your first .25% on and it closes and you make very little. But I would always rather be safe then sorry. There are a few other things I do here

and there, but really I think that is all I need to explain as far as how I do it. No exact science, and I tend to never wait for a complete fill. Sometimes I build up such a nice position I don't even wait for a fill cause I might end up +4-6% because I scaled in so well.

So overall, wait for larger gaps. Enter your first position. Then scale in y our other positions slowly and spaced out. This way even 300-400 pips on a pair doesn't bother you. Of course the other way is to just try to put all your position at once and draw a line in the sand(s/r or ppz for a stop like anything else). I just think you are going to have much larger drawdowns that way.

Mike

Psychology of Losing and accepting a loss

<http://www.forexfactory.com/showpost...postcount=5006>

<http://www.forexfactory.com/showpost...ostcount=20876>

<http://www.forexfactory.com/showpost...ostcount=12690>

<http://www.forexfactory.com/showpost...ostcount=15563>

<http://www.forexfactory.com/showpost...ostcount=18600>



bundyraider
'Try-hard' extraordinaire...

Member Since Feb 2006
10+V 1,184 Posts

Quote:

Originally Posted by **max pips** 

Perhaps then a fixed stop loss of say 30 pips is in order, as if it does not rocket away, the trade was not as good as first thought? The point of a pinbar for instance is that it shows a change in momentum, if it then retraces the length of the pinbar, surely that move is over. Just thinking out loud

max

Trade isn't as good as first thought? Then be pickier! 

A good trade is always a good trade, whether you loose or not.

Some trades just don't work out. The point is that you are supposed to be so picky that the loosing trades are rare, but acceptable when they happen because you know you traded smart and patiently.

If you trade a pin bar and it gets taken out next bar, it's highly probably that you didn't take it in a good position and should have ignored that particular one in the first place and waited for another opportunity.

Yes a pin bar signals a change in momentum, but one bar is only capturing a moment in time. It's the position on the chart that should give you the reason to trade. Not the bar itself. The bar (once closed) is just the reason to pull the trigger. 

#12690
Aug 15, 2008 9:47pm



james16
wizard in training

Member Since Feb 2005
[10+ v](#) [1,494 Posts](#)

HANG ON ITS OK

HEY GUYS/GALS,

Of course these bars and the methods i use to trade them (pivot zones, confluence, etc..) fail from time to time EVEN WHEN THEY ARE PERFECT BARS IN PERFECT PLACES.

This is not the holy grail of trading. No such system/method exists.

You all know that.

This thread is popular and has been since the very early days of forex factory for one basic reason.

A LOT OF PEOPLE HAVE FOUND IT IS A RELIABLE WAY TO ENTER AND MANAGE THERE TRADES. IT IS ALSO EASY TO LEARN AND IMPLEMENT.

They have also learned that even less than perfect setups have a high odds of success.

Success being defined as a move off of the bar reaching a first level of support and resistance based on how i approach/teach s/r.

I don't expect every post in this thread to be a positive one but i would always like to see the negative ones coming from a place of maturity and respect for the years of hard work with this thread and the countless hours of personal time i have spent helping people for free.

I spend just as much time responding to requests for help from this thread as i do from the group.

Its ok everyone, it's all ok.

#15563
Nov 20, 2008 10:52pm



james16
wizard in training

Member Since Feb 2005
[10+ v](#) [1,494 Posts](#)

Here ya go. Please remember that this takes a little time and practice. price should have reached the 5100 level so no excuses from me i would just ask one question if i were talking to some of you that took this trade.

IF IT HAD reached 5100 (it was 27 pips short) and reversed what would you have done?

once again THIS WAS a failed pin bar but there are always things to learn from them.

things that might have kept you out or prevented a loss if IT HAD reached 5100..

jim

Quote:

Originally Posted by **bertie123**

Jim,

Would just like to echo Jarroo(also a great man!) comments.....you keep us imbued with hope and optimism when we feel a little lost and all alone! Would love your critique of the failed 1day pin on the EUCHF today if you have the time,

best wishes,

berti

Attached Thumbnails



James16 Trade Strategy

#20335
Feb 4, 2009 7:49am



james16
wizard in training

Member Since Feb 2005
10+V 1,494 Posts



Wow one of those posts that could get my juices flowing.

Everyone thought the world was flat until they sailed over the "edge".

You would be correct Mr. sing.

Let me ask all of you something.

Is a real trader someone that takes 2 or 3 trades a month and goes months without a loss?

Is a real trader someone that trades 1 hour and sits up all day and night losing all of there money over and over?

Is a real trader someone that takes 20 trades a day trying to eek out a living after taxes and commissions?

Being a real trader does not mean a thing to me. i am only interested in one thing. Am i successful trader? Is how I'm trading producing consistent positive results and making money AND is it working in all market conditions. Sideways and trending?

Am i consistently taking money out pf the market and does my method allow me to ignore market condition or movement?

I'm not interested personally in trying to win 60 percent of the time and using good MM to make it work.

I'm interested in going months without a loss and days if not weeks if I'm daytrading.

markets change and if you don't use a method that can ignore market changes and win a very high percentage of the time you're going to lose EXPECIALLY if your daytrading.

Trading is hard for those of you with small accounts and a lack of discipline. Don't feel bad I've been there.

trading is not hard for those with large accounts because when 2 or 3 trades a month makes you 200 pips total and its worth more than what your regular job pays in a year waiting and being disciplined is easy.

i heard rob booker say one time that virtually every system ever developed could be succesful if an ultra disciplined approach was used and only 2 or 3 of the best set ups a month were taken. i agree but with one addition.

lets go back to the 2 or 3 trades a month statement i made earlier. YOU MUST UNDERSTAND BEING STOPPED OUT AT BREAKEVEN IS NOT A BAD THING.

i rarely let a trade run off of a DAILY chart more than 30 or so pips without moving my stop to breakeven and taking some profit. because i am ultra ultra picky its almost a 100% guarantee that I'm rarely going to lose trading like that.

What's going to happen is this. im going to get stopped out a lot but when that 1 in 5 runs for a 100 pips or more im going to bank 10 or 20 grand.

i took 3 trades in January and all were winners. 1 of them i posted here. they were dirt simple high odds trades. 2 of the 3 i took partial profit at roughly 30 to 40 pips and was stopped on the rest. 1 of them ran i think about 100 pips to a strong s/r area and i got out.

i daytrade the mini dow with the same thought process. Where most are taking 15 trades a day I'm taking 1 or 2 if that.

it is VERY VERY difficult for a small account holder to trade like this. I KNOW FROM EXPERIENCE.

Very very few people trade like i do.

I'm not worried about ratios or winning percentages.

I'm focused on not losing.

Not losing is not hard if your focus is directed with common sense and refusing to let a winner turn into a loser. trading just to trade is not common sense and hoping for more is how you let winners turn into losers.

i will take my 2 or 3 forex trades a month along with my other ultra careful trading and keep waking up every morning with the freedom to do what i want.

jim

Originally Posted by **mrsingha** 

James,

would I be correct in saying that 95% of traders KNOW trading is difficult. But the 5% who are successful have realized it doesn't have to be.

Steve.

#14427 
Oct 15, 2008 5:51am



james16
wizard in training

Member Since Feb 2005
 1,494 Posts

Trend questions are always hard for me to answer because i don't trade like 99.9 percent of other traders. Most of my trading could be considered "daytrading" off of a daily chart. Other than myself and those i have taught I'm not aware of anyone else that approaches trading like i do.

with forex i trade a large enough pip size that a half or one or two day move off of a great daily bar is more than enough to make a significant profit and i catch more than my share of great moves. Risk reward also means nothing to me. Why would it when I'm 95 percent sure or more that I'm gonna get some profit or at the very least plenty of time to get my stop to breakeven on the entries i take?

i wait for the set up and if it does not happen i simply do not trade. i check the bars integrity, check for divergence, check fibs, check my pivot zones and if it's there it's there and if it's not it's not.

i trade the mini dow a little bit differently but not much. i daytrade that market with a 2000 tick chart and look for the above mentioned confluence at round numbers. 50,00 etc. I'm the only person on the planet i think that daytrades that market with a 2000 tick chart but i quit trying to be like most traders a long time ago anyway. 😊

Quote:

Originally Posted by **sonicdeejay** 
James.

So u r not keen on the Short side???

*Glad to see u ard, Sir..
Sonic*

#14434 
Oct 15, 2008 6:28am



james16
wizard in training

Member Since Feb 2005
 1,494 Posts

See this "means" a lot to me because if you don't understand by experience like some of these guys/gals do then YOUR NOT gonna "get" what I'm saying. This was very hard for me early on with this thread and the group.

What i do is simple but some of it just has to happen for you with actually doing it before you will understand. it used to drive me crazy trying to implant into people's brains that much of what you have been taught is simply flat out garbage.

Things like complication equates to better, risk reward is key, brokers are out to get me, why did the market turn where it did, lower time frames give more trades and will make you more money, the market is random and therefore impossible to trade. Blah, blah, blah. For god's sake what a bunch of bullshit.

Markets are about price and support and resistance. If i look at a bar and take a trade and watch it go 75 pips into profit and then take a loss I'm a damn fool and i need to quit and go find out what's causing me to be a damn fool.

Treat this as a business. Don't trade with real money until your proven, trade simple, trade less and trade smart and it helps to have a large account.

Anything else is a waste of your time and will probably end in a waste of your money.

jim

Quote:

Originally Posted by **bundyraider** 

Jim on Risk Reward...

I've been on both sides of the fence now. Narrowing down to good R/R trades has helped a lot in the past, but I've found as I've gotten more proficient with choosing the correct bar based trades, and managing them correctly that I've been able to put that further into the background. Especially when you start to trade pullbacks of bars more successfully and choose those well also.

I guess what I'm saying is , I started using PA to improve what I already had learnt, but now I'm growing more and more into your type of trader. ...very smart.

Sneaking it in! ...We're on to you now... ... You'll have many, many clones in the years to come for your evil plans. lol

Raczekfx Trade Strategy

<http://www.forexfactory.com/showpost...ostcount=15825>

<http://www.forexfactory.com/showpost...ostcount=17523>

<http://www.forexfactory.com/showpost...ostcount=17524>

video <http://www.forexfactory.com/showpost...ostcount=18036>



raczekfx

Pip crawler

Member Since Oct 2005

 [1,632 Posts](#)

Quote:

Originally Posted by **Lyra** 

Hi raczekfx,

could you please elaborate a bit on how u manage the SL and TP based on this support/resistance trading? Thank you. 

When trading S/R, my stops are no greater than 35ps. The larger position, the smaller my stop is, and I'm very picky with S/Rs setups. If I do my homework properly, they're rarely hit. TPs are usually next S/R levels, unless something tells me to close early. I close half and move stop to BE +2 at that time.

When trading PA, I place stops 10-20ps below 'the setup bars' (PB, be/uovbs, IBs, etc) and sometimes they can be as large as 300ps as it was the case with cable's beovb on Nov.9, 2007. Hope this helps.



#17523 

Dec 25, 2008 5:55pm



raczekfx

Pip crawler

Member Since Oct 2005

 [1,632 Posts](#)



Quote:

Originally Posted by **ghous**

Hey Rac,

I have a question abt your Eur/chf trade though. ..What convinced you that the daily is gonna close the way it did?

...

*What i know off is that this is what is often termed "one of the biggest mistakes of a trader" **that he wants to anticipate something to happen in future for which he acts in the present** I am obviously not saying that you are making a mistake (how dare i!), i am just curious how you get out of this?*

I haven't changed my long term trading method in almost two years. It's all in this thread.

This is not jankone's 5min style, so it's probably boring for many of you, but **it works for me..**

<http://www.forexfactory.com/showpost...postcount=8096>

<http://www.forexfactory.com/showpost...ostcount=15877>

<http://www.forexfactory.com/showpost...ostcount=15889>

<http://www.forexfactory.com/showpost...ostcount=15799>

the one above triggered 2000 pips move north

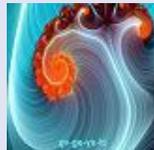
<http://www.forexfactory.com/showpost...ostcount=15789>

<http://www.forexfactory.com/showpost...ostcount=15662>

<http://www.forexfactory.com/showpost...ostcount=15636>

#17524

Dec 25, 2008 6:14pm



jarroo
Senior Member

Member Since Sep 2005
 [4,367 Posts](#)



Quote:

Originally Posted by **raczekfx**

I haven't changed my long term trading method in almost two years. It's all in this thread.

*This is not jankone's 5min style, so it's probably boring for many of you, but **it works for me..***

I liked these two. There are many more.

<http://www.forexfactory.com/showpost...postcount=5295>

<http://www.forexfactory.com/showpost...postcount=5329>

#5295

Aug 8, 2007 7:33pm



raczekfx
Pip crawler

Member Since Oct 2005
10+ 1,632 Posts



this is a good pair to practice PA.
Plenty of setups and it's slower then G/J.
Attached Images



#5329
Aug 9, 2007 4:56pm



raczekfx
Pip crawler

Member Since Oct 2005
10+ 1,632 Posts

Eur / chf

Quote:

Originally Posted by **raczekfx**
*this is a good pair to practice PA.
Plenty of setups and it's slower then G/J.*

...

Attached Images



#8096
Dec 7, 2007 1:12am



raczekfx
Pip crawler

Member Since Oct 2005
10+ Member
[1,632 Posts](#)

Quote:

Originally Posted by **SeekingLight** [▶](#)
Yes about UJ.

I think the current move up looks more like a 5 count itself, which is worrying.

Even if it were an ABC the c would be way, way, way too short yet.

.....

I see, you still enjoy woodo waves.... 🤖

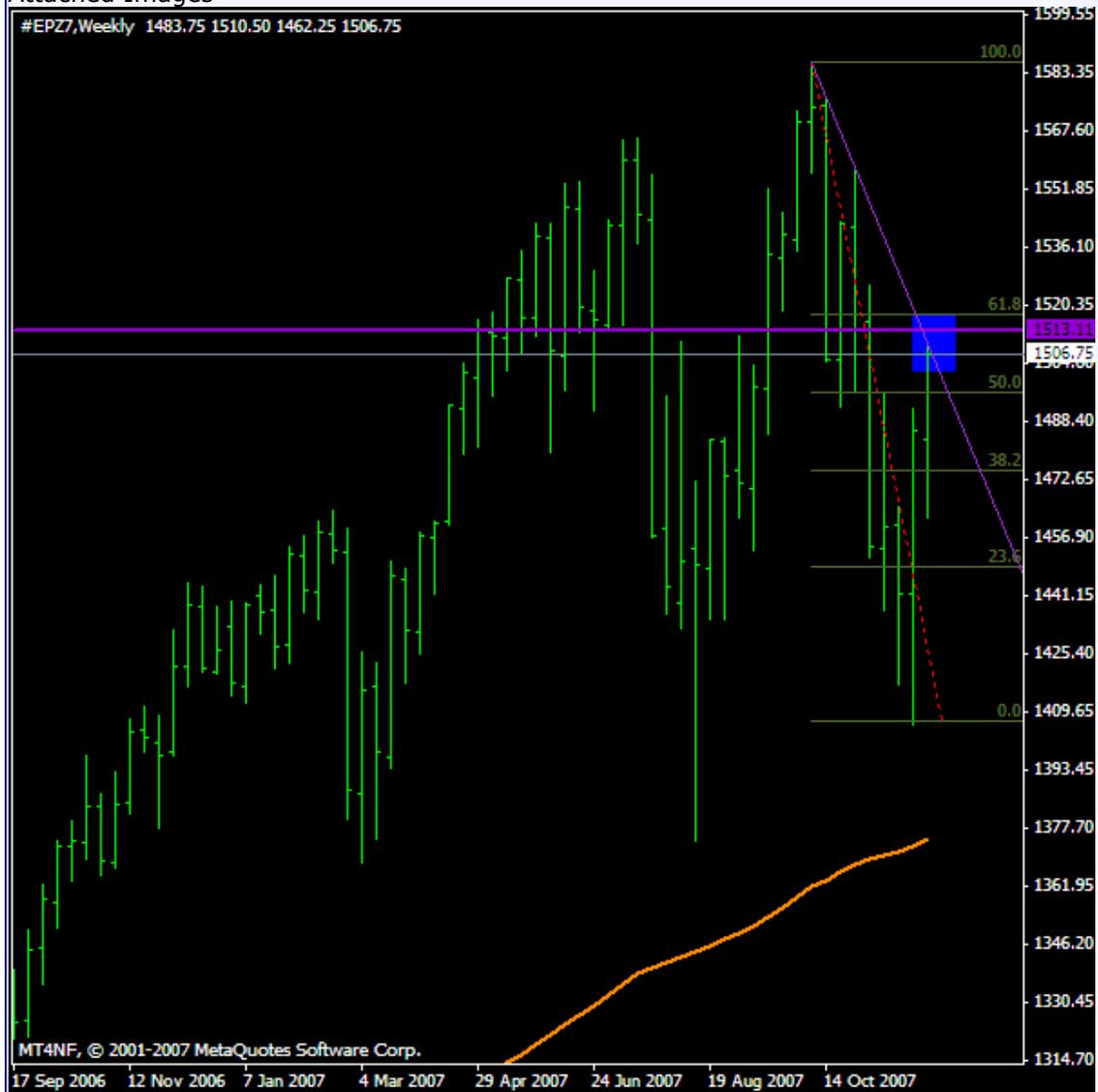
Let's have a look at s&p instead.... !

Price is sitting just few points away from my favored confluence;
weekly ppz, 50/61 and TL.....

What PA we'll get out of this, how will affect our jpy and \$?... we'll find out soon enough.... 😊

p.s. How do you think, [this](#) will affect the us stock market SL?... Not sure about others, but I can't see champagne flowing..

Attached Images



#15877
Nov 28, 2008 4:55pm



raczekfx
Pip crawler

Member Since Oct 2005
10+ W 1,632 Posts

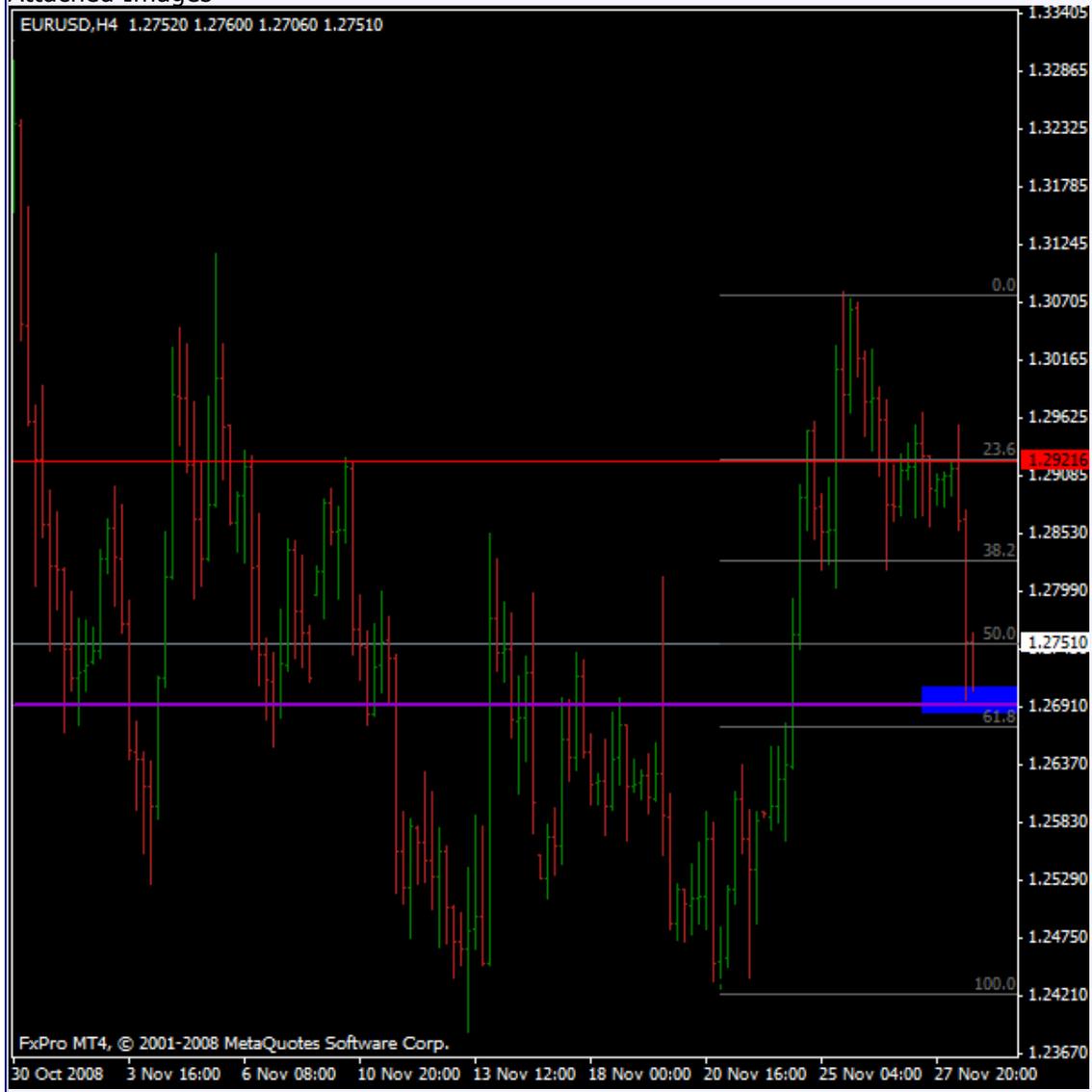


Quote:

Originally Posted by **raczekfx**
eu (alert areas)

Price bounced off area where we'd expect it to.
4hr ppz, 1d ppz, 50/61 fib and something else, confluence.
Good target and quick aggressive long off 2700.

p.s. I was short cable and fiber from 1.2925 last night, but closed too soon
Attached Images





#15889 
 Nov 28, 2008 5:33pm



raczekfx
Pip crawler

Member Since Oct 2005
 1,632 Posts

Watch how the weekly gold bar closes today. It might gives us some tips where \$\$ is headed next week. Price was rejected right at 61fib and price pivot confluence.

Attached Images



#15799

Nov 26, 2008 6:27pm



raczekfx

Pip crawler

Member Since Oct 2005

[10+V](#) [1,632 Posts](#)

eu (alert areas)

Attached Images



#15789
 Nov 26, 2008 3:52pm

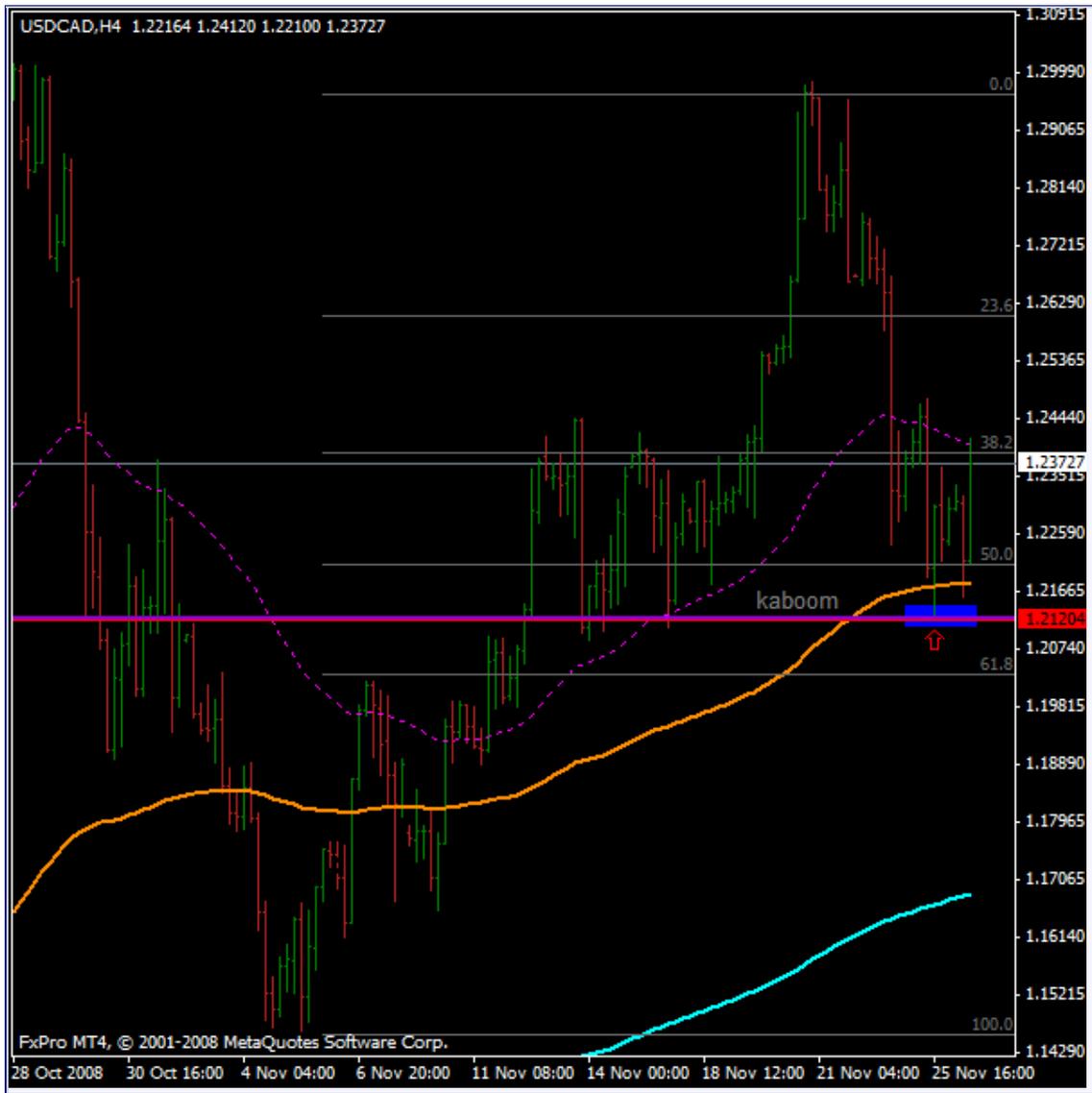


raczekfx
 Pip crawler

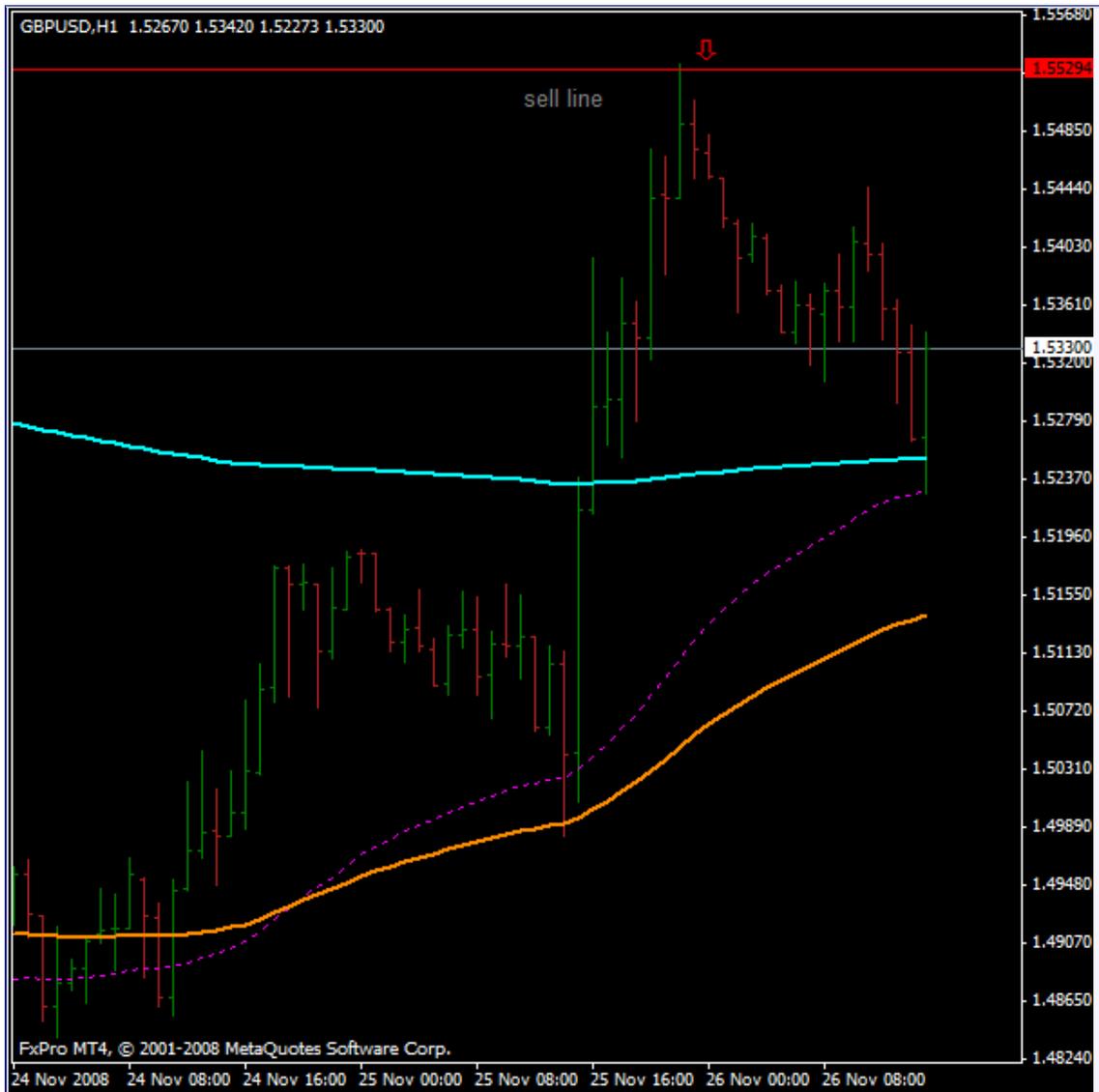
Member Since Oct 2005
 10+ 1,632 Posts

...same charts/trades as posted real time in the pf yesterday. in some instances price moved up/down almost to a pip 🤝

Attached Images







#15662
Nov 24, 2008 6:18pm



raczekfx
Pip crawler

Member Since Oct 2005
1,632 Posts

Quote:

Originally Posted by **LordElessar**
Very good trade on USDCAD, Raczekfx!

*I didn't see this beautiful double top with MACD divergence on loonie...
This makes me sad... Well let's wait to another good setup.*

*One question.
Is it important the fibo confluence marked in my chart? If I had seen this setup on*

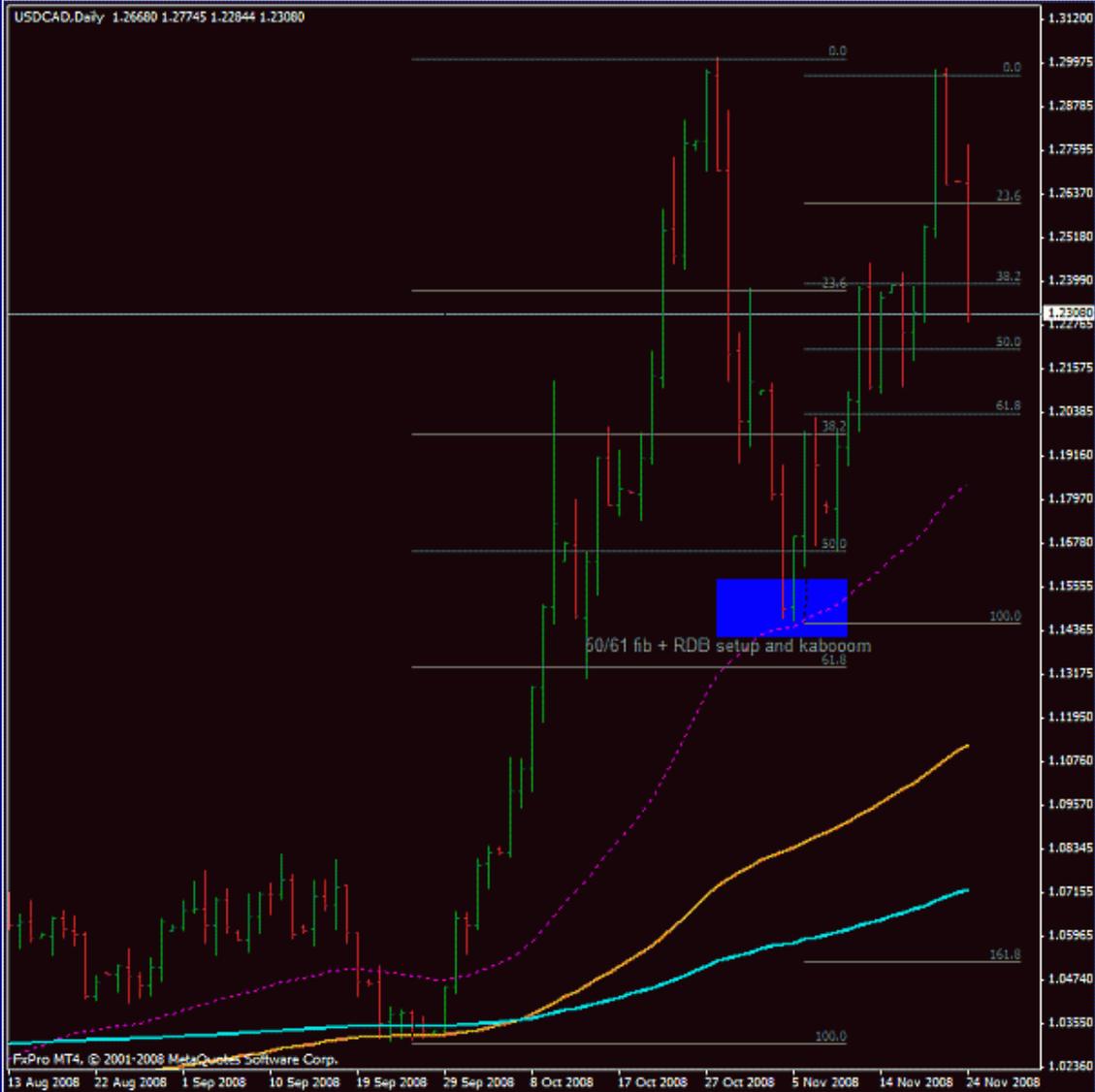
loonie, probably I would have skipped because of that confluence.

Is my fibo drawn correct?

thanks!

Can't really see numbers on your chart. Here's what my fibs look like.

Attached Thumbnails



#15636
Nov 24, 2008 12:30am



raczekfx
Pip crawler

Member Since Oct 2005
1047 1,632 Posts

G/3



mbqb11
Resident Elmer Fudd

Member Since Aug 2006
10+V 2,184 Posts

Quote:

Originally Posted by **saskgui**

I have to admit all though i understand Jim's comments on the chart very well i don't understand how to always apply mm to it. The Thursday pin was 271 pips. If you took the pin on a clean break of say 15 pips you would have a short entry of 1.4620. Now if you have you sl at the top of the pin that is 286 pips away... yes there is a potential tp level at the low of Wednesdays bar (and also confluence at the 61 fib) however that only gives you a potential 75 pips of profit.

I have usually felt an obligation to have at least 1:1 RR so my tp in this case would have been 286 pips. That probably would not have worked out to well in this scenario.

So can you trade with poor RvsR and stay alive...

Hey

It all comes back to win rate. If you have a poor R:R and a high win rate you are fine. James always says he doesn't care about R:R, he trades his charts. There are a million ways to skin a cat in trading. I have a lower win rate and a higher R:R, because this is how I am comfortable. People were asking me if I was trading these types of pins when they popped up everywhere, and my answer was no. B/C it didn't fit into my style. But if you do trade these, you cannot go looking for a big home run trade, you have to be well aware of the situation and at least get your stop to b/e at these areas. That is the difference in my opinion b/w a pin in traffic, and a pin not in traffic. They both offer opportunities, but it is how you handle your trade mgmt which is going to decide your profitability.

It really is just basic math in the end, if you have a win rate of 80+% you don't need to be getting 1:1 on every trade. So you have to find your style. I am very conservative in my entries, and look for entries that I feel usually give larger reward possibilities. But I still don't look to get a certain R:R.

James also always brings it back to account size. If you have a large account either A. These pip moves are going to be substantial, and you are going to take your profit at these areas, or at the least move your stops up. If you are trading a smaller account where the trade is worth 20\$, you are never gonna want to take profit b/c the money is so little. Or B. You have a large account so you are not going to take setups that you feel are iffy. Find your balance as a trader and practice practice practice.

Best
Mike

Wizard explaining exits

<http://www.forexfactory.com/showpost...postcount=3504>



the wizard
Senior Member

Member Since Jan 2007
5 751 Posts



Hi everyone,

I would like to comment on becoming a winning trader by cutting losses and letting profits ride because I strongly believe that it is one of the hardest things for a trader to actually do but one of the most vital in becoming successful.

I think it is particularly relevant to people in this thread that are just starting out because James tells us to trade only off daily and weekly bars while we are learning and he also says that once we master that we will most likely neither *want* or *need* to use lower time frames.

The problem with this however is that the really good setups do not come along that regularly and when they do, they often require a large stop. As a result, to be consistently profitable over time it is vital that trades are allowed to develop but that losses are cut short.

I originally wrote this in response to a post on FF in which a trader, who wanted to make a living off of just daily bars, said that he had had approximately thirty wins and only ten losses but had wiped out his whole account. It turns out that just three of these trades swallowed all his money because he kept thinking they would turn around.

This trader went on to say that when he had had winners, his reaction was always the same - he would see his position positive and immediately close and take the profit - only to usually end up seeing the market continue in the way he had originally thought it would.

Since letting trades run is a topic Seeking has already covered, I thought it might help people if I posted it here too. I've tried to add some new things, including charts to illustrate my points.

My answer to the trader is as follows:

If you are in a situation where the position you have taken is significantly in profit, take a minute to sit quietly and think rationally. You need to focus on the fundamental thing that your position is now telling you.

You have called the market and you are RIGHT.

We know by its very nature that the market goes up and down so when we are losing we hope at some point it will come back and if we are winning we worry that it may turn and that we may give some, or worse, ALL of our profits back.

I quote from memory of another's work (I forget the source) when I say that we are "taught" from an early age that:

a) If we lose something it will eventually come back (e.g. If you lose your car keys, not to worry, they WILL eventually turn up)

b) If you see something, take it or you might lose the chance (e.g. If you see money lying in the street, pick it up quickly because it may not be there for long)

This translates into our trading. If our position goes against us, we tell ourselves not to worry because nothing goes one way for ever and it must surely come back. If we are winning, we want to get out quickly because if we come back later, all our profit may all be gone.

The reason it is so hard to overcome this is because it has been "programmed" into us. To be a good trader, requires going against what we have had ingrained from an early age. To put it simply, it requires going against human nature - what our heads and our hearts tell us.

It's been repeated so often it's boring. And yet all traders that don't make it into the elite 5% suffer a manifestation of the same problem. They are either not cutting losses early or not letting their profits run.

Have you ever wondered why the market always reverses after you get out? Late last year I went long the GBP at around 1.90 targeting a move to \$2.

At the time the pound had made an attempt on 1.91 several times and then come off - it was like a barrier and I felt certain that once it was broken it would go straight up to \$2. This time I was convinced it would give way under the pressure of constant testing.

However, once I was long, the market began to fall. And I held and I held. Every day that it fell, I moved my stop further back, convinced that it would soon turn.

When it got down to around 1.85, I closed out. Not because I thought it would go any lower but simply because I could no longer take the pain of losing. And what happened? The market turned at almost exactly that point and only a few weeks later it was trading at 1.98 - a full 800 pips up on my original entry. (see **GBP/USD chart**)

Now whether I am right or wrong I will tell you how I see this in my head. I see it as the market having to turn because all the amateurs like me have held their position for so long, past so many logical places to get out that finally the pain is FORCING them to bail out. And once the weak having been shaken from the tree, the market is ready to move up again. As I said, this may be wrong, but this is how I like to view it.

So how do you overcome this?

Pick a point before you place a trade that, if the market hits, proves you are **WRONG** in your analysis. If you see, for example, a double top, and want to go short, place your stop a little way above the double top.

I have done this before, shorted at what I consider a top, only to see the market move up through it. Rather than close, I would then move my stop further and further away with the reasoning, this climb cannot go on, its got to fall...it's just a market fake out...it will come down.

But here is the point: Who cares if it comes down an hour later? Or the next day? Your reasoning is that the double top is the turning point. If the market trades through it, you are **WRONG**. This is **NOT** the top.

What if it was only a fake out and the market then plummets? You likely end up frustrated. What if it wasn't and you keep moving your stop back? Well that's a quick way to the poorhouse. And I know which of these outcomes I think is worse.

Remember, the market has a way of frustrating every trader but the greatest traders are flexible. If you are wrong in the short term, close your position and wait on the sidelines where you can see clearly and wait for the market to move in the direction you thought it would.

Timing is everything when you are trying to make a living do this. If your timing is wrong, then get out. Sometimes the market may give you another chance but you can bet the time you need it to

most, is the time you will get dragged out.

This may make you laugh but it took me, personally, just over two years to realize this simple truth: You have no control over the market. You cannot influence where it goes. The market doesn't *know* who you are; it doesn't *care* who you are, what you *have* or what you could *lose*. It goes where it goes and you either ride it or you get carried out.

So, that's how you should cut losses. How about letting profits run?

For me, a key thing to remember is NOT to look for reasons to exit a trade once it is going well.

I did this a few months back with the GBP/JPY. The trend overall was firmly up but it had suffered a rather sharp pullback over a few days. Then it had bounced at an EMA that I use and began making its way back up. So I got in based on this DAILY bar and near the end of the day it was up just over 100 points. Now I became enamored with this 100 point gain. I had a considerable amount of money on the table and as such I started seeing reasons to exit.

Suffice to say, I found what I thought was a good one - the stochastic was overbought on the HOURLY - it was running along steadily just above the overbought line. So, out I came. Then, in the Asian session, the price steadied and while it did this the stochastic came slowly down to oversold and then began to turn up, even though the price has suffered almost no pull back.

The next morning the market was up strong again and just a few days later it was up 1,000 ticks on my original entry. (see GBP/JPY chart)

For me, the emotional pain I felt at being in it, then exiting and missing the massive move, was the same as, if not worse to just having LOST in the first place.

I spent five months trading from home and gradually lost all my money. Looking back, that one trade could have been the difference between me being still at home trading for a living and where I am now - which is back in the daily 9-5 in an office doing a job I hate.

So, of utmost importance - remember why you entered the trade in the first place. With price action you can do this by STICKING TO YOUR TIMEFRAME. If you took a pin on the daily, do not get shaken out by a pin in the opposite direction on the hourly.

Sometimes you learn something when you least expect it. I actually had an epiphany of sorts when my girlfriend who knows absolutely nothing about the markets at all said to me: "Everyone has different reasons for doing things - they all play the game a different way."

This is the reason why the market goes up and down. Everyone is buying and selling based on different thought processes. Different strategies. Different methodologies.

But your reason is based on YOUR methodology so forget the other players. Let the market guide you.

In my opinion, a 20 tick pullback in a 100 tick move up is not a sign that the move is reversing. It is natural and it is inevitable. Consider the other market participants. In the short term they may want to scalp a small move or they may be hedging and therefore taking a position for another reason UNRELATED to profiting. These buyers and sellers will cause temporary fluctuations in price but actually exiting a good trade should be done when YOUR reason for entering is WRONG not just because it is suffering a temporary setback.

Let's look at price action since that is what James teaches.

If I enter on the break of a daily pin bar, (with a stop loss of say 100) I EXIT either when:

a) The daily bar gives me a sign the move is over and that signal is then CONFIRMED e.g. Signal may be another pin that appears, confirmation would be the break of it

b) My original stop is hit.

If I get in a trade and the market is up 300 ticks on the first day, I still have my stop loss where I could lose 100 if I get hit when the new session starts.

Each day I will trail my stop depending on the price action of the previous session. If you are long and in profit and then a bullish outside bar develops, then place your stop just underneath that bar because a reversal back underneath it means the trend is not as strong at the moment as you had thought.

But always try and remember - simply being UP is not a consideration for getting OUT.

Some people take these signals and close on the FIRST DAY because they have made a killing. Just think for a second - You are trading off a daily bar. You've had just ONE go in your favour. Try this. Look at a massive trend that you would like to have caught. (I've attached one for you - see the **Dow chart**) Look at a possible entry such as the double bottom, or any of the many swing lows. Then count how many daily bars made up the rest of the move, from bottom to top. Now consider exiting on the first one that shows a profit.

Of course some people don't like to play this way. They like to take profits or they like to scale out as it moves their way. This is all well and good if there is a valid reason other than "this has gone really far." If you trade with the trend (and in forex the markets are renowned for trending better than in other markets) you can capture a very large move simply by not being so quick to exit.

I would add finally, that it is always an eye opener when you read about how other traders have managed positions. If you research some of the best and highest earning traders in the world and follow what they did on the charts you will find as I did that if you took the same position, the moment you would look to exit is usually the moment that they are looking to ADD to their position.

Look at the traders that made a killing in the incredible fall that happened in Natural Gas futures. Go and look at a chart of that market. (see **Natural Gas chart**) On a daily you wonder how anyone that saw it didn't get rich. It's straight down. But then imagine being actually in it and seeing a sharp two day spike up from all the bargain hunters. Most, if not all of the people reading this, would, if honest with themselves, be long gone, patting themselves on the back for their profit even as the market turns and falls through the floor.

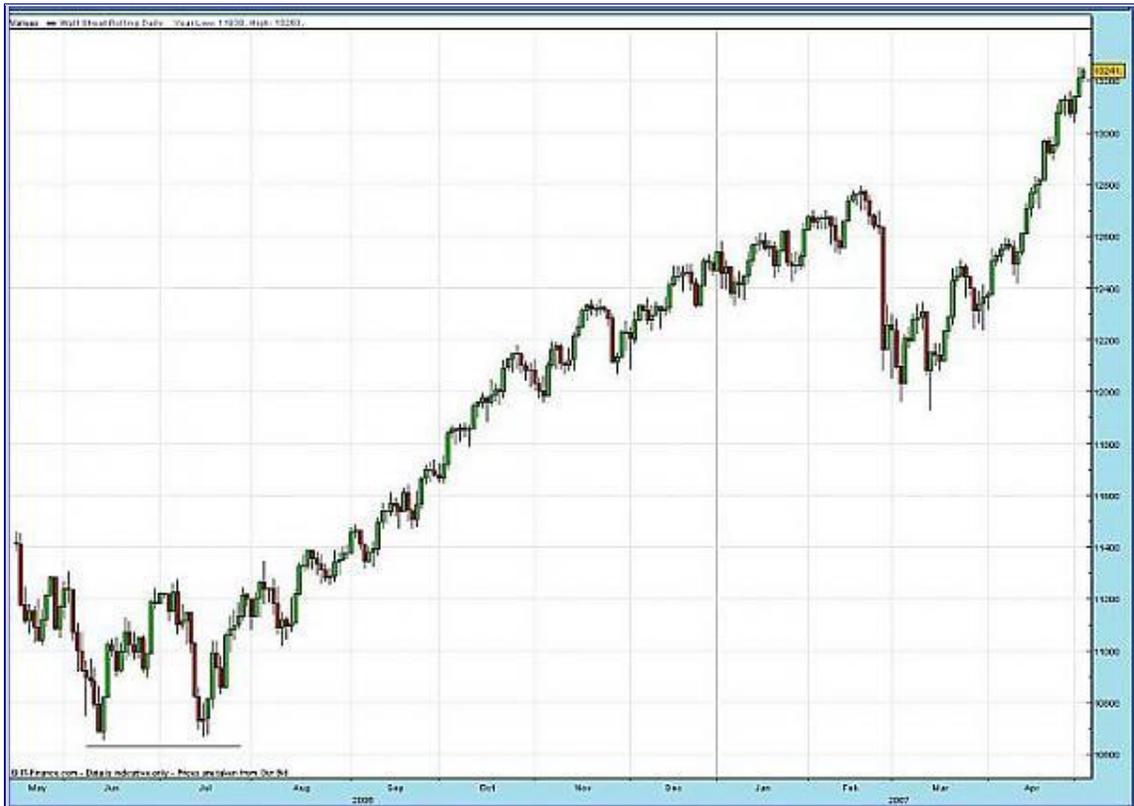
So to sum up: Have the strength of your convictions.

There are some traders that aim to take 10 pips a day and that is fine. If that is your style and you are consistently profitable then by all means do that. But if you want to trade off daily charts and make a living and if you consider that a stop on a daily chart may be 100 ticks or more, don't be rushing for the exit when you make 50.

This is not to say that any trader should hold blindly. But try and be logical. Look at price action and let it tell you where the market is going over the time frame. And remember the other participants in the market.

There is always a tug of war in the market but someone is going to win...and if you are patient, that someone may be you.

Attached Thumbnails



#3509
 May 4, 2007 12:25pm



Quote:

Originally Posted by **the_wizard** *Hi everyone,**I would like to comment on becoming a winning trader by cutting losses and letting profits ride because I strongly believe that it is one of the hardest things for a trader to actually do but one of the most vital in becoming successful.*

If I may chime in, too:

Knowing when to exit will make all the difference in the world to the bottom line and can be one of the most difficult things. It's tricky to find a balance.

One good "trick" is to monitor the weekly chart to see where you are and then consider things on your smaller timeframe entry. It can suddenly give you a whole lot different outlook than when looking at all those hundreds of 1h and 4h s/r lines, when on weekly they're nothing but small fuzz(read: don't even exist)..

Quote:

Originally Posted by **the_wizard** *The problem with this however is that the really good setups do not come along that regularly and when they do, they often require a large stop. As a result, to be consistently profitable over time it is vital that trades are allowed to develop but that losses are cut short.*

That always sounds like a challenge

April USDJPY:

-USDJPY PB, 100 pip size stop on break, 70 on retrace, moved 180 so far

-Two IBs after the PB in the retrace area, 60 pip stop on the smaller one, break moved 150

-another IB/TBH on the way, 50 pip stop, moved 70 so far

Even if closing out exactly at 1:1 with 2% risked each time, yadda, yadda, yadda...hehehe you get the idea.

There've been other trades on other pairs on daily, too, obviously =)

I don't believe 100 pips is a large stop for a daily trade if the pair has an ATR of 100.

Considering a retrace or IB entry, you're even below 100.

3 trades a month can be enough to outperform any and all hedge fund managers in the world.

Quote:

only ten losses but had wiped out his whole account. It turns out that just three of these trades swallowed all his money because he kept thinking they would turn around.

Stop size shouldn't exceed 2% AND NOT BE TOUCHED/MOVED/ALTERED ONCE PLACED - > 10 x 2% lost shouldn't blow his account..

If he'd let the 30 winners run even HALF his stop size, he'd be levitating around break even. He must have closed after 30 pips or something...

Quote:

This trader went on to say that when he had had winners, his reaction was always the same - he would

Quote:

see his position positive and immediately close and take the profit – only to usually end up seeing the market continue in the way he had originally thought it would.

Hey, that sounds familiar! 😊

Hence the mini-series and the constant emphasis on letting trades that are IN trend direction run if at all possible.

Quote:

But here is the point: Who cares if it comes down an hour later? Or the next day? Your reasoning is that the double top is the turning point. If the market trades through it, you are WRONG. This is NOT the top.

Exactly. Although I just read an interesting bit from a veteran trader who has a Nr 1 rule: you are WRONG until proven RIGHT. Not the other way around. A VERY interesting concept, to be honest. You have no hope to keep since you know you're playing a LOSING game in the first place and start out WRONG, and need to have the market prove you RIGHT in order to stay in....makes a much easier mindset for cutting losses / letting profits run perhaps?

Quote:

What if it was only a fake out and the market then plummets? You likely end up frustrated.

Or with a good BEOB / PB setup 😊

Quote:

For me, a key thing to remember is NOT to look for reasons to exit a trade once it is going well.

So, of utmost importance - remember why you entered the trade in the first place. With price action you can do this by STICKING TO YOUR TIMEFRAME. If you took a pin on the daily, do not get shaken out by a pin in the opposite direction on the hourly.

Good points. As said above, it's a tricky thing..

Quote:

But your reason is based on YOUR methodology so forget the other players.

Especially all those forum people in various threads =)

Quote:

So to sum up: Have the strength of your convictions.

That sounds familiar again...*smiles*

Quote:

This is not to say that any trader should hold blindly. But try and be logical. Look at price action and let it tell you where the market is going over the time frame.

All very good points =)

#5510
Aug 18, 2007 8:47pm

[SeekingLight](#)

Charts + PA > *

Member Since Jul 2006
10+V 3,190 Posts



Quote:

Originally Posted by **mamutot**
hi there folks

i entered earlier this week on the break of USDCAD monthly PB, the problem i see coming is this weekly pin bar in the other direction came off the daily TL, and pretty much of the 150ema, would like to read your comments and thoughts, thanks

Hi Mamutot.

Easiest way to deal with this sort of thing is to say: I start off entering a trade assuming I am wrong and I will allow the market to prove me right.

You entered the trade for a reason which was worth your stop to you - that in turn means if it goes sour then oh well, you gave it a shot.

Any sort of manual intervention in the "early stage" of any trade for me has just turned into loud cursing and regret when I used to do it 99% of the time, making me realize that if a trade is meant to fail it will and when it's meant to work it will, too.

Trying to stop it before it can do either simply means you're trying to fight the same "self" of you that entered the trade in the first place.

As soon as we stop expecting every trade ever to win and let go of the fear of some actually failing and move on to the next setup instead; the more detached we get, the more "mechanic" the whole "see, react, allow" process becomes, the less painful and in the end irrelevant a loss becomes and the more one realizes that it isn't singular trades but a trading path that is what matters.

Just some of my thoughts, not sure if this is "the" answer, but it is something that goes around in my head.

Take care.

SeekingLight

#4067
Jun 19, 2007 5:32am



ademac
New Market Wizard in Training

Member Since May 2006
[206 Posts](#)

Bar Count

Quote:

Originally Posted by **Tw0eleven** 

Thanks for the reply ademac. I think what I'll do is close some lots at certain smaller targets (such as 25pips or 40pips) and let the last one run with a trailing stop. But I'll also check that last lot each day to see if I should get out at a support/resistance level or not.

I noticed you mentioned "bar counts" but I'm not familiar with that term. Can you tell me a little about those? Thanks.

It's my preferred method of exiting. All i do is count back 1 bar and +/- 10 pips + spread from the high/low and set my stop there. Then each day i move it to the previous days high/low +/- 10 pips + spread.

The concept behind doing it this way, is the old traders adage "Cut your losers short, and let your winners run." I have found that it gets me out of most trades that end up losers for less than my 1% risk, it averages about 0.35%. This works for me as i am still a young trader and i need to preserve my capital as i get better but at the same time allowing me to catch a big trend that builds your account.

I know other traders that use a 2 bar count on the 4hr, so if you look into this kind of approach then back test it to see how it performs over time. and what your tolerance levels are as it may take 3/4 days before it get to break even some times, the general minimum is 2 days to break even or better

Enjoy
Ademac

"Remember the definition of a winning attitude: a positive expectation of your efforts with an acceptance that whatever results you get are a perfect reflection of your level of development and what you need to learn to do better." Mark Douglas

Live Since 21/08/2007

#6090 
Sep 17, 2007 12:58pm



[the wizard](#)
Senior Member

Member Since Jan 2007
 [751 Posts](#)



Quote:

Originally Posted by **SeekingLight** 

Or the 100 pip EURGBP I closed out - again, prematurely. Still might have soooooooo much juice left in it - the big 0.7 awaits.

Seeking, you said yourself in your journal that the price was hitting many reasons to take profit - a confluence of factors including fib extensions etc

In my opinion, there are two ways to trade. You either get in or get out when price hits your target whether it be PPZ, fib extension, TL etc or you get in and you trail your stop and ride it out for the larger move.

If your plan is to trade in the former way then you made an excellent trade with EUR/GBP and you should not think about it any longer.

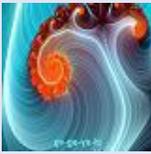
If you *want or aim* to trade in the latter way, then exiting this was a mistake. That's just the way I see it.

My problem for a long while was that I wanted to catch the huge moves. And if you trend follow and hold large stops, you can do this but I found that my trading didn't improve until I set targets and got out at them no matter where the market went after.

This is still something I am battling with.

What **I want to do** and what I have found **I am good at doing** are two very different things.

#10098
Apr 16, 2008 10:32pm



jarroo
Senior Member

Member Since Sep 2005
10+V 4,367 Posts



Quote:

Originally Posted by **temo** >

Good day.

I have been using J16 method trading futures. The great problem for me is to find the place to take profit. Can you please share the method of finding the right place to exit the trade. Do you move your stop to BE, and if yes, when is the right time to do that? Thank you in advance.

You have two novice traders entering a trade at the same time, same pair. One enters long and the other enters short. Which one is profitable?

Answer: Neither is profitable.

You have two professional traders in the same scenario. One enters long and the other enters short. Which one is profitable?

Answer: Both are profitable.

How can this be so? The answer is simple: The Exits.

Many traders concentrate on where to enter and when to enter a trade, as well they should do and practice. But more time should be spent on where and when to exit a trade. Because that's where we make the money or lose it.

I like to set a given pip amount to reach on a given pair. (Ex., GBPJPY 50-70 pips.) This would be on half the position and the other half would be set to break even. This allows me to minimize losses and let my profits run.

Jim

#13421
Sep 5, 2008 3:40am



NuckingFuts
Nudist

Member Since May 2008
893 Posts



Quote:

Originally Posted by **gagiul**

I'm done trading pin bars! tried them for 2 months, 90% failed. They suck according to current market conditions. Please spare me of all the PPZ and long nose and bla bla BS. And mostly spare me of the different [brokers](#) feeds, that's the worst excuse ever.

Why isn't James posting charts of failed Pin bars? of course, he will always find an excuse. Different broker feeds. Or risk 150 pips but take profit very quickly at 50 pips. Great MM. Whatever. Im sorry for the angry message, Im just pissed off because Im trading pin bars instead of trading the obvious.

Going back to the basics which is S/R.

I am not sure what pins you have traded in the past couple of months, but I've caught some doosies that have caught over 1000 pip moves. I have an EU short still running from 1.58. Missed the AU short, but also caught cable's, geppy's and EJ's nice run down (all had nice PB's or PA to trade).

I agree that in the past few weeks, many PB's AGAINST the minor trends have failed miserably. That's the price you pay when trying to pick tops and bottoms. If your equity cannot handle such approaches, then sit on the sideline until PA develops with the trend. Better still, demo trade until you learn to pick the best set-ups and identify the lower probability trades. James and many others have pleaded that all people begin trading PA this way.

Using PA with S/R is a powerful way to trade, sure you'll have losers, but you'll also have many great winners too. Ensure you practice strict MM and you'll live to fight another day (or 100).

Even with S/R, many recent trades would have failed you too (especially on the EU as it has broken a number of key support levels).

I am not sure who told you take profit at 50 pips. Each to their own on how you exit the trade, I personally use the DIBS 1/2 off at 1:1 approach (for the "free trade"), sometimes even 2/3's off at 1:1 to lock in some profit and let the rest ride using key S/R when moving my stops.

#22380

Feb 24, 2009 7:15pm



ghous
every day a new day...

Member Since Jan 2008
1,411 Posts



Quote:

Originally Posted by **bakko85**

Hi all, first post here!

I noticed a BEOB on the 4h time frame on the cable, what do you think about this???

I'd play it after a retracement to 38.2/50.0 Fib ret, but what TP? An intelligent SL seems to be 1,45, on the daily i can see this level as a nice PPZ.

Opinion please 😊 I'm in the learning and demoing stage 😊

Hi and welcome aboard!!

Great Trade you got there Bakku!

I missed this myself but if I were you my trade plan would be the one illustrated in my chart.

Since an SL at 1.45 would be very close to the high of the BEOB (on my feed that is) I would go with one above the high of the BEOB i.e. the conventional way. (around 1.458) However I would have moved my stop to BE by now the thing moved a good 80 pips.

With that sort of a move in your favor you can't let the market Obliterate your trade 😊

Your take profits are discretionary but as a rule the first one **has** to be at the first ppz level, this is the 1.43 level on my chart. you can either exit with your entire position here, or take a partial profit or do something completely new 😊

Let us know if we can ever serve you again 😊

Regards,
Ghous.
Attached Thumbnails



#13546
 Sep 10, 2008 5:03am


bundyraider
 'Try-hard' extraordinaire...
 Member Since Feb 2006
 10+ years 1,184 Posts

Quote:

Originally Posted by **Ryanmcd** >
*True it's whatever works, I may get sick of the 5min and go back to the daily but right now I am having fun, will I be burned out of the 5min in 6months whoknows. Also I have traded the 1min as well and still made the 10 pips a day 😊 If you can read a chart correctly you can trade any time frame. The only reason *MOST* people stick to the higher times is because you can play trades that are not as good of a setup due to a larger stop, it's not that it's any different. **Print out a daily chart and act like each bar is 5min and tell me what's different.***

Spread and the speed at which you will lose your account if you haven't got the skills yet.

I like your posts Ryan, I've been taking some notes myself 😊, but you've also probably encouraged a group of newcomers to go back to intraday charts when they haven't even learnt to manage daily bars consistently well yet.

You know yourself how hard it is to fight your natural tendencies to want fast profits. We all know where that leads. 😊

I have no problem with you posting your charts and tips etc here, they're handy, but Jim, Mike etc have put a lot of effort into keeping the focus here on the higher time frame charts where people can plan and enter their trades without the pressure of watching their screens all day. Besides, Jim's ran the group and this thread long enough now to know the best path for newcomers who are serious about making this work.

I hope this hasn't come off as an attack. 😊 I want you to stick around, but continuously pushing how easy the five minute chart is will send many down the wrong path before they are ready. You said yourself you didn't want to make this a debate about TFs. For every person who can trade the 5 minute chart successfully there are a hell of a lot of people who will blow account after account trying to do the same.

Peace man,

Bundy 😊

#13547
Sep 10, 2008 5:24am



[mbqb11](#)
Resident Elmer Fudd

Member Since Aug 2006
10+
2,184 Posts

Quote:

Originally Posted by [Ryanmcd](#)

True it's whatever works, I may get sick of the 5min and go back to the daily but right now I am having fun, will I be burned out of the 5min in 6months whoknows.

I agree PA can be applied across all timeframes. In fact I have traded the 5 min with success as well (I got burned out real fast). Heck I even started to get burned out on the 1hr. So yes PA is universal in that sense.

Here is a post I made in the beginner section over on the site. I think it is appropriate with all the timeframe talk. There is no LAW where to start, that is going to be up to everyone. But taking the recommendation of James with all his experience makes the most sense to me (especially for those that are very new to this, some people find PA that have been around the block and simply apply it to other things they know. James not only likes that but encourages people to do that). In the end everyone will have their own journey in this.

Take care,
Mike

Here is my post:

Quote:

Originally Posted by [mbqb11](#)

Q: What Timeframe should I start to learn to trade price action on?

A: James recommends as do most of us that have been here for awhile, that you

should start to learn to trade on the daily/weekly timeframe. Trading on these timeframes helps a trader for multiple reasons. I will list some.

1. The higher the timeframe the more accurate these price patterns tend to be. While you can use them on all timeframes, the larger timeframes have more information thus they tend to be much more reliable. This helps a trader gain the appropriate confidence.

2. Less of them. By this I mean, trading on a weekly and daily, you have much less to be looking at. If you try trading off an hourly timeframe, there is so much "action" and "noise" going on, it is VERY VERY difficult to be successful in the beginning. This does not mean you will never trade the 1hr, but you need to learn to do it on the higher timeframes first.

As James says, if you cannot trade profitably on the daily/weekly, most likely you will never be able to trade profitable on the lower timeframes.

3. Time. By only needing to check your charts once a day, or even once a week, you will have proper time to analyze and make the right decisions. If you check your charts on the new bar close each day, there is plenty of time (b/c it is not during main trading hours), to analyze the bars and make a well thought out decision. Once you begin trading on the lower time frames, you need your instincts and everything must be second nature, because you must react much quicker. Trading these higher timeframes is MUCH MUCH less stress and will help give you the confidence and discipline to succeed.

4. You might never leave them! Some people have a misconception that you must learn on the higher timeframes and graduate to the lower. This is absolutely NOT true. You might, and many do, decide to never leave the daily/weekly timeframes. This is perfectly fine!

5. Treat this as a business. James has laid out some of these rules and it is in your best interest to follow them.

<http://www.james16group.us/Guests/mi...uirements.html>

Best of luck and happy trading!

Mike

#13553
Sep 10, 2008 7:11pm

 **mbqb11**
Resident Elmer Fudd

Member Since Aug 2006
10+ v 2,184 Posts

Quote:

Originally Posted by [giraia_br](#)

Do you think that trade 5 min in Forex is more difficult only or really impossible in the long run?

@Mike same question 

It is certainly possible and doable. The point isn't that you can't trade the 5min, it is just to take the right steps to get to the point where you CAN trade the 5mins if that is where you want to be. Most people want to go from, reading parts of this thread, to trading the 5 min TF in their spare time after work thinking they are going to clean up. And we all know the results. Ryan has been around this game for awhile now. He knows the way this business works. There is a harsh reality to this, and the steps James recommends is to help most avoid the harsh reality and give them a fighting chance. I

The whole thing about trading higher timeframes, is to just treat this like a business and take the proper steps to help one remain in this business for a long time to come. Most of those that I know who took the right steps did graduate to a lower timeframe. Not all felt the need too. Just as a side note, one of James favorite things to do is trade intraday the mini-dow. He has been doing it for years. So I think some people are taking the whole start on the higher timeframes the wrong way.

Hope that clears it up 😊

Mike

#13557
Sep 10, 2008 8:34pm

[aSandman](#)
Member

Member Since Aug 2008
[133 Posts](#)

 5min chart true story....

I know you guys don't know me from a man on the moon but I want to give back. It is one reason I started posting here after lurking for so many months. The other is want the companion ship of fellow traders.

While my ego would like to try and show off and say I know this or know that I don't really think that would serve anyone. Instead a humbling true story that might save someone some heartache just might.

I started trading in 2001 just after the bear market had really taken hold. I studied price charts for a few months and read a few books. I traded on paper and made a killing in paper profits. I then was ready (in my mind) to enter the market and make a killing!! This thing was so easy I could not believe my luck. Well I promptly opened a brokerage account with my life savings. Semi conductor stocks were the rockets back then I picked to make my fortune on. I even did the math over how many times my account would need to double before I was rich. WARNING here if you find yourself doing 2,4,8,16,32,64,128, ...etc on paper STOP. A trader I knew that blew out a few years later and gave me his books had these very numbers written on the inside flap on one of his books. A coincidence?

I was now armed with money in an account, some pitiful trading skills and I had read after Mind, Money management, technique. Get these three things correct and you got it made. Opening day.....I open the 5 min charts....

I laugh to myself as I think of the stories of people freezing like a deer in the head lights. Well you guessed it, there was a killing all right and I was the one who got killed. I lost 8% of my account in one day. That's huge!

That's my life savings I was thinking about as I lay down in the fetal position that night. I quickly did the math and knew I would lose it all in 2 weeks if I didn't make fast changes. I switched to the dailies, made rules about how many trades I could take in a week, how much risk I could take. I lost 30 percent over 6 months then climbed back up to neg 5% and pulled the plug. The game was much much more hard core than I gave it credit for. I knew I was nowhere ready yet. IF I had not switched instantly to daily or higher time

frames and reduced my position size from 2 to 1 percent I would have blown out completely. We are all as unique as a blade of grass..... If you are new and trade off 5 min charts this story could be you or worse. The tale I just told was painful to me in the recollection but if it saves even one of you then it was worth it.

Do I like rayn MCD's charts ? Yes! Do I trade off the 5 min with real money? HELL NO. Have I spent years and thousands upon thousands hours looking at charts, searching under every stone I could I find? Yes. I have made indicators then indicators plotted on indicators ever falling down the dark web of complexity. I threw out the indicators a few years ago. You have to want to win. I.e. your head has to be right. If you blow out an account it will make it much harder to get your head right.

Sorry to run on so long but I get in touch with a lot of emotion when I talk about the early days. 😊

Jason

#13233

Aug 30, 2008 3:58am



bundyraider

'Try-hard' extraordinaire...

Member Since Feb 2006

10+V 1,184 Posts

Quote:

Originally Posted by **Ryanmcd** >

If you trade the same risk % per trade don't see how a trade that lasts a few days can make more than a trade that lasts a few min. Just wanted to see if anyone else can do the 5min stuff or less but it seems most are stuck on the 4hr / daily / weekly stuff and that's fine too as long as you can lock in some profits who cares. Also PA is PA if you can read a 4hr it's the same as a 5min or a 1min chart just happens faster but I would not say it has a higher winning rate as long as you don't take dumb trades and use a few time frames to line it up.

Hi Ryan,

I'm happy to see that you've worked out a methodology that works for you on the 5 min etc. 😊

I was looking at your post with the BBs and might even check it out at some point. I've never gelled with BBs in the past and it's something I wouldn't mind conquering. 🤖

There's quite a few people that have gone through this thread over the years that can trade lower time frames successfully.

You pointed it out pretty much yourself there though.... "(that you) use a few time frames to line it up". It's also , as you say, faster. ...If you can't trade daily charts successfully for a while and show a profit, how the hell could you do it on lower time frames? All those management decisions etc have to be developed first!

You've developed skills and the ability to read price well. So will many newcomers here over time, but it is a LOT easier getting those skills down pat on the Daily and higher charts. They *ARE* more reliable in my opinion. There are factors involved in intra-day trading that make things harder, such as time of day and getting caught up in stop running, etc.

There's not a single trade I take nowadays that I don't look at the daily PA first. Even if it's just to read the 'road map' so that I can "day-trade the daily." 😊

Intra-day trading for me is more of an opportunistic thing. If it's there when I look (a good set up) , I might trade it.

For the record, I finished off the week with two 15 minute trades and on Tuesday, i think, was even trading tick charts. 🙌 heh heh heh

#13254
Aug 31, 2008 9:19pm

[aSandman](#)

Member

Member Since Aug 2008
[133 Posts](#)

 5 min time frame

I have found it's not so much that PA is harder on a 5 min time frame if there is sufficient volatility. The problem for me lies in the execution. If your profit target is say 10 pips from a break out and you give up 3 pips on entry and 3 on exit. Then if the break is really fast price might have moved your 10 pips even before you get filled. In the above example you just gave up 60% profit in the spread. If your Risk vs Reward was 1 to 1 then you lost 60 percent in the spread. If you made the same trade on a daily with 180 pip target and risk reward 1 to 1 then your 6 pips you gave up in the spread would only equal 3.3 percent of the move vs 60 percent on the 5 min chart. So you can see that the spread will play a huge part in success over long term trading campaign. Additionally you have to be very attentive and alert in front of your screen trading 5 min charts. It would stand to reason you would make more execution mistakes ... entering late etc over 1000 trades than you would on the dailys. Just what I have found anyway.

#15069
Nov 7, 2008 12:57am



[james16](#)
wizard in training

Member Since Feb 2005
[10+](#) [1,494 Posts](#)

I think ryan would be the first to say he is not the norm. if not i will say it. lol.

The vast majority of people never even get decent at trading 5 minute and i don't care how many years they try. The ones that do generally have years of experience, a large account and a complete refusal to take anything other than an A++ entry. Also don't forget they need a solid method that is based on price and not indicators. Very few people get there either.

i personally trade intraday on a tick chart and sometimes a volume chart. Sometimes it's equivalent to a 5 minute or less and sometimes a 30 minute or more. I like a 2000 tick chart and as i said one time before I may very well be the only person on the planet that uses 2000.

That was not stumbled upon, it came as a result of practicing all the things i preach over many many years. it just fits me.

It's much easier than standard time frame trading. it makes intraday forex trading a

hundred time easier, or at least it does for me.

Is there anything wrong with demo trading any time frame you want? Of course not. It's the smartest thing a new trader can do. prove to yourself early on that your much better off learning this business from a longer time frame and then over time see if you can progress down.

the problem is of course that most new traders have two or three days of success on 5 minute demo, become convinced they have found a pot of gold, open an account with rent money and lose it all within a month.

That finger points at me also but it was a while back thankfully.

jim

Quote:

Originally Posted by **Ryanmcd** 

I do better on the 5min vs the 4hr but I did trade several years off the 3min and my mentor of 20 years did the same. I think it depends on the person. I don't trade the 5min for a quick profit I trade it due to I handle is better mentally and emotionally.

In fact I signed up to J16 to try to learn how to trade the longer times so I don't have to watch it but it just did not work. 😊

#15072
Nov 7, 2008 2:00am



james16
wizard in training

Member Since Feb 2005
 1,494 Posts

I totally understand this and you make a great point. i am a lot like you to be honest. it's really not one or the other, it can be both.

when daytrading its easy for me to watch 8 hours go by and do nothing knowing that when that one great entry comes I'm going to cash in on 5 or 10 grand in an hour or less. i just simply could not force myself to be patient when that reward only meant a hundred dollars.

that's why i say all the time you can take the same trader and give him a \$500 dollar and a \$100 thousand dollar account and turn him loose to trade intraday. He will blow that 500 dollar account sure as anything. He will on the other hand have a pretty decent chance with the large account.

Why? Because it's much easier to sit on your hands waiting for a great set up when it means thousands of dollars versus 50 bucks or less.

Combine a great method with a large account and combine a burning desire to succeed. I.e. (patience, practice, demo, treat it as a business kind of stuff) and you got a shot. the small account kills people because its hard as hell to sit for hours for next to nothing. they always end up trading just to trade and thats what kills people

experienced or not.

jim

Quote:

Originally Posted by **Jankone** 

I respect you Jim, but there is one thing - it's about personality, some people, like me, are very patient, I can wait hours, days and weeks for a good setup but I'm not patient for holding trades. I feel really bad if I have trade open on daily, every time I worry about, every 10min and less i must see that trade, I'm nervous etc. Well, what happens? I can find beautiful d1 trade and then i run out quickly after some hours. When I'm trading m5-m15, I feel great, I have no problem with waiting "the one and only trade today" and it's ok when i hold this. and 2nd point is, 10 pips and 2% is the same as 600 pips and 2% (after few days) Why should i tease myself with D trades?(again, it's just about...

#16072
Dec 3, 2008 8:21pm



ghous

every day a new day...

Member Since Jan 2008
 1,411 Posts

Quote:

Originally Posted by **Greenhaze** 

Actually i was targeting the 1.4743 pivot for take profit but usually seeing that strong momentum i try to keep position a little longer. I always put 1 position on the trade and try to increase my skill in letting it ride analyzing pa on lower tf. In this case i was overcome by fear of rapid price reversing.

Considering the kind of fear you're talking abt i do get a feeling you're trading on a tf you at least presently don't belong to.

Don't take me wrong but taking the "not as good as should be" trades and bad trades on a tf you do love to trade on will only hurt your confidence more than build it. This early in your career you need as many opportunities to gain confidence as you can grab. I respect your trading personality 100% and admit that you perhaps enjoy short term day trading but you need to consider Jim's words regarding higher tf trading. I have no doubt that Jim agrees that every trader is truly unique and different in regard of his/her likes and dislikes in the variety filled markets yet he emphasizes on higher tf trading at first to all newbies! There has to be a reason for this, part of the reasoning has been mentioned above and of course there are other logics to it.

Coming to the climax I would rather advice you to trade on the higher tfs for now, looking at the trade you mentioned it is evident that you do have sufficient knowledge and skill for effective implementation on the higher tfs. I never knew how important this confidence of winning big was till i recently experienced it with a few good biggy trades on the daily tf.

Even when trading off higher tfs is against your liking this is a temporary sacrifice you should be willing to make in an attempt to groom yourself into a trader you always

wanted to become.

Do me a favor and take all of this as just a brotherly advice

Happy trading and best of luck! 🙏

Regards,
Ghaus.

#11090
Jun 4, 2008 4:30am



[bundyraider](#)

'Try-hard' extraordinaire...

Member Since Feb 2006
10+V 1,184 Posts



Quote:

Originally Posted by [Marsh](#)

I'm with you on the timeframe matter. I played a few "A" pins on the 4hr recently which has lost me money, whereas the day pins seem to play out better. I'm sure to a pro they both play out just fine, but since i am not a pro then the dailys timetable is much more reliable for me to work the trade through. It takes more patience but i think it's worth it. Until i really MASTER the daily, I think i have learned my lesson on trading anything less, which is to stay away from them until ready.

Sticking to daily charts until you are good has another purpose. I don't think I've ever read of a successful intra day method/system that didn't feature daily and higher time frames as a key to establishing the primary trade direction.

Most intra day trades I take now are due to what I see on these higher time frames and it's working for me. 😊any counter-trend trades are strong set-ups I've learnt from experience and are rarer!

So definitely learn to trade daily charts successfully first. You use them later anyway! 🙏

#14187
Oct 6, 2008 5:07pm

[Ryanmcd](#)

Senior Member

Member Since Jul 2007
3V 699 Posts



Quote:

Originally Posted by [jarroo](#)

Counter trend trading is a tough way to go.

Yep and people lose everyday on this thread doing it but they never learn. Once people understand how to trade a trend then they start to make money, until that happens they will lose over and over. I watched you post that trade and looked back and you can see 80% of the bars go lower so what makes you think it's just going to flip around?

Do this test.

Take a rock, have someone throw it at you do you move? I bet you do because the TREND is not going to change for no reason, what you are doing right now is getting hit in the head every time by the rock.

I originally fought with the idea of Trading on Daily/Weekly charts only versus Intraday Charts. Here are my views on them now.

Reasons for new traders to trade 1 hour/4 hour charts

- You'll have more setups, since more bars will close each day. But you'll be tempted to take many more of these setups, most of which will not be A+ candidates. Taking more trades does not make you a better trader. Taking better trades makes you a better trader.
- You'll be able to enter a trend earlier. True, and experienced traders do use this method of entry... But refer to #1 – not all the PA setups you'll see are valid. In fact, the reliability of a price action setup falls as we use lower timeframes.
- You need less of a pip run before you would meet your profit (because you're stop would be closer). This also works against you, since you will need less of a run to be stopped out.

Reasons for new traders to stick to the daily/weekly charts

- They are more reliable, because they incorporate more data/bar.
- You will have more time to analyze the patterns and not feel rushed.
- <http://www.forexfactory.com/showpost...ostcount=11090> As Bundy points out, you use PPZ from daily/weekly timeframes for trading intraday charts. So you might as well master this method on these longer timeframes first.

Conclusion on timeframes: I think most new traders want to use intraday charts to 1) Get rich quicker, 2) Take more trades, 3) Learn faster. These are all wrong theories. Trading is not a get rich quick scheme. As mentioned, taking more trades will not help you learn better and won't be better for your bottom line. At some point, you have to learn to ONLY take the best setups. It'll be easier if you do this right from the start. LEARN to only take the best trades. Guess although I'm not a master trader, I am a full advocate of using Day/Week charts to learn.

Favorite Quotes/memories

- Wizard getting struck by lightning
- Be a sniper, using a rifle, not a shotgun. (Not taking every set up is one of the most important things to moving forward and becoming successful. Pick and choose A+ setups only.)
- Jaroo's famous saying: "Novice traders continually monitor, analyze and alter their trades to maximize their profits. Professional traders continually monitor, analyze and alter their trades to reduce/minimize their risk and reduce losses. It's all about avoiding loses. Work on that and the profits will take care of themselves. Post 10101
- Mike's Words of Wisdom in post 13812 and 14395, "It is usually what we end up doing in between all the A+ setups that usually lead to breakeven or negative trading."
- Post 16179, Forex007, "BEVOB, Bearish Vertical Outside Bar. Hmm, do we get many horizontal or diagonal bars?"
- Rusty Jeff has been stung, sliced, and bitten. He swims AT sharks. This guy is

- crazy. But then again, James16 raises snakes, so maybe this group is crazy ☺
- Post 18710. Rusty Jeff explaining that looking at charts plastered with indicators is like wearing glasses covered in Vaseline.
 - The Raczefx Equation: PA + psychology + strong desire to learn and succeed + long TF = \$ in your account
 - The Ghous Equation: PA(location + shape) + with the trend + S/R confluence = 
 - Ryanmcd post 14187 explaining to trade with the trend. I'll let you read it. Had a good laugh. <http://www.forexfactory.com/showpost...ostcount=14187>

Complaints/Suggestions for this thread

- Use the subject/title line to note the pair and timeframe you are referencing in your post/chart.
- Wait for the bar in question to close before posting it. Often the PA isn't there when the bar closes.
- Make your charts the correct size to make reading the thread much easier.

Thanks to James16 for starting this thread. Thanks to all the posters who have made it the textbook to learn, with thousands of examples, answers to every question, insight on money management and trading styles, and lots of encouragement along the way. I have learned so much about trading in the last 2 months, all from simply reading, studying, reviewing, and applying the principles in this thread. Keep it up everybody, we've really got something amazing here 

Josh

Attached Files

-  [Pin bars-introduction.pdf](#) (175.2 KB, 7 views)
-  [Pin bars-advanced.pdf](#) (112.7 KB, 6 views)
-  [PA short summary.doc](#) (28.5 KB, 15 views)

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