

How to trade with the Pips Collector indicator

It is very simple to trade with Pips Collector. Just follow the signs in your charts.

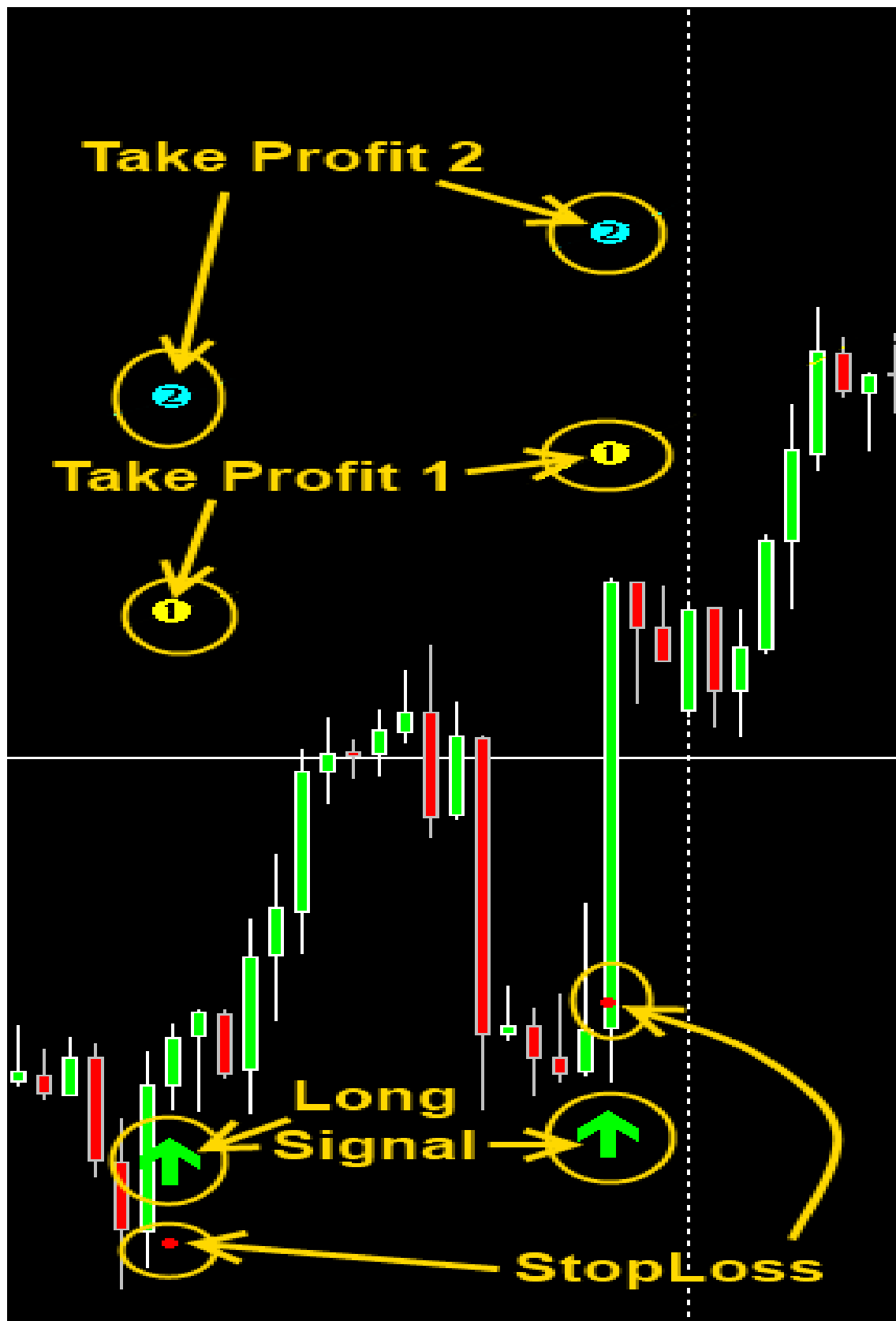
First, you should load the attached template file to each and every chart you are going to trade (please note that Pips Collector works on any time-frame but is optimized to work on the 1H and 4H chart periods!).

The chart, after you loaded the template, will look similar to this:

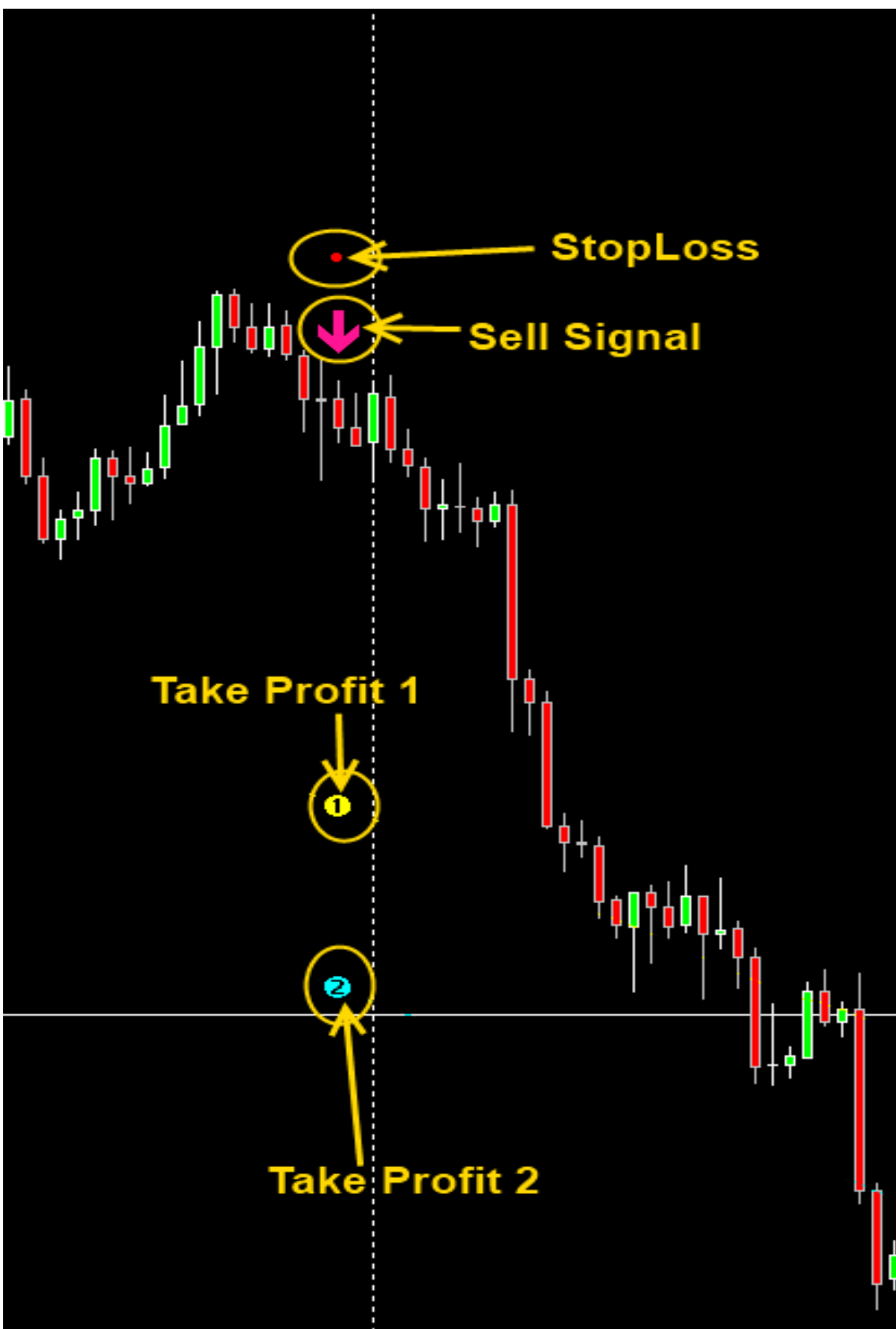


Now you just wait until you get a signal...

A BUY signal will look like this:



And a SELL signal will look like this:



When you get a signal you just open the trade and insert the Stop Loss and Take Profit as marked by Pips Collector in the chart.

The trends we will enjoy most to trade will look like this:



Let's see an example of a good trade and a not so good trade:



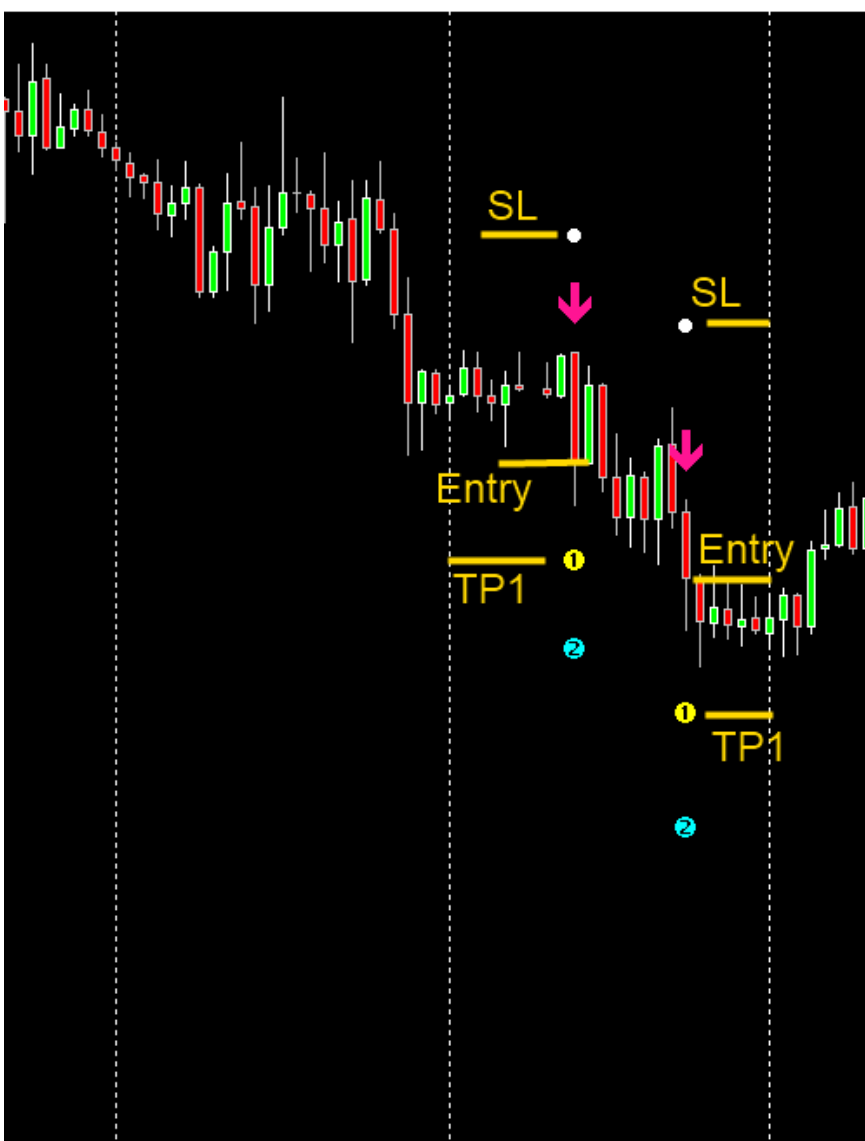
The best signals arise when the trend has already started and we get the signal early in the trend but not immediately after a reversal. Signals numbered 1, 3 and 4 are very good signals with a high possibility of success.

Signals 2 and 5 come quite late in the trend and in those situations the possibility of a reversal or, at least, a retracement is very high. You can still take late signals because we don't know in advance how long the trend will continue but we recommend that if you do take late signals you do it with a smaller trade and trail your stop-loss more aggressively.

The second and very important parameter you should consider is the Profit/Risk Ratio. We don't want to enter a trade if it has not a good enough P/R ratio. All the signals shown in the previous chart have a very good P/R ratio.

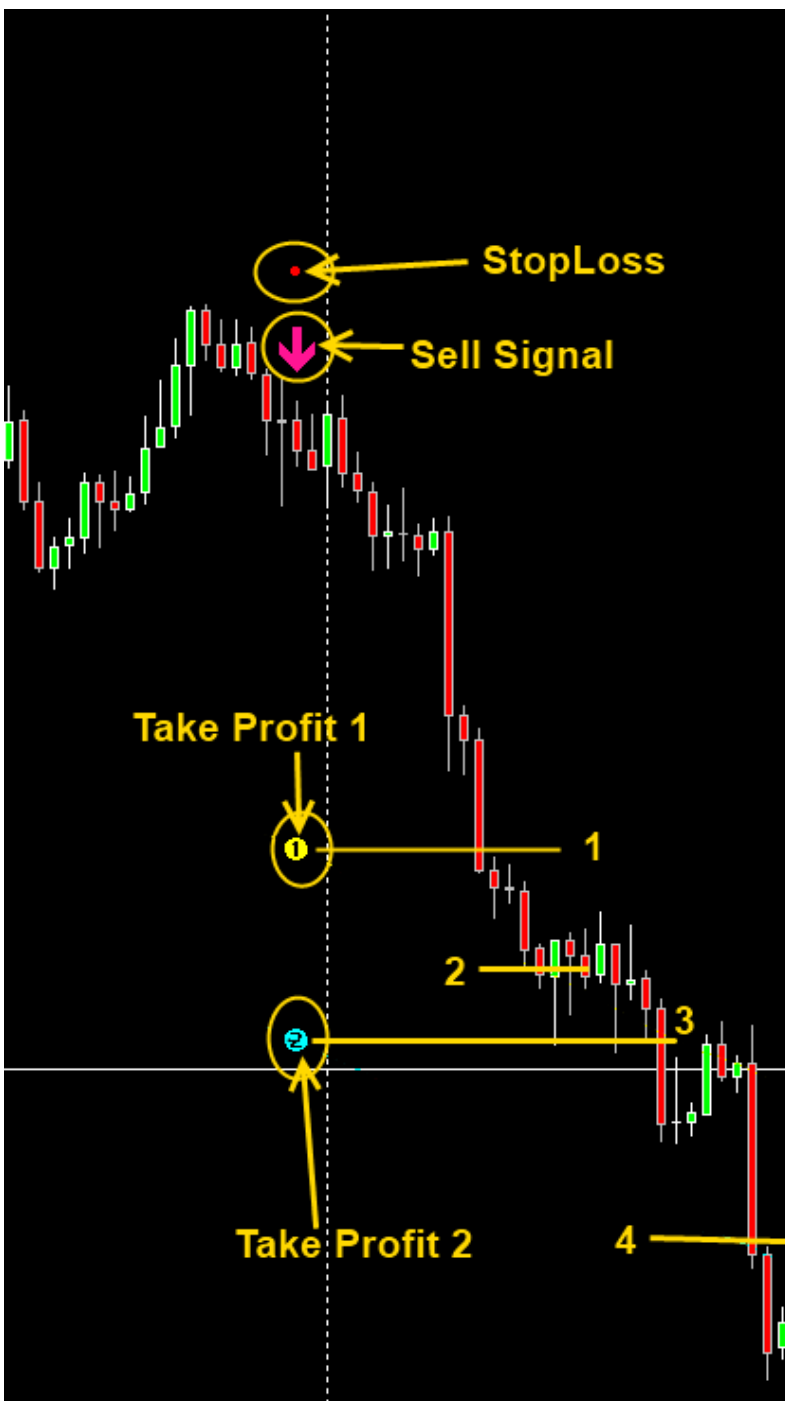
What is considered a good enough P/R ratio is very personal and is different for each trader but a rule of thumb is not to enter a trade that has a P/R ratio much lower than 1.

Following are examples of signals that I would not take because the P/R ratio is not good at all. Remember, we trade when we have the best odds in our favor! We trade to make money, not for the sake of trading!



Another very personal decision is: which Take Profit will you use to calculate the P/R ratio?, TP1 or TP2? There is not a single answer to that question. If you are a conservative trader you probably will choose to use TP1 and if you are a more risky trader you probably will choose to use TP2.

The choice is connected also with the Take Profit level you decide to go for... So, let's talk now about the Take Profits. Take a look at the following chart:



I have marked 4 possibilities (marked 1 to 4 in the chart) to take profit in this trade.

1. We draw a horizontal line on Take Profit 1 and we close the trade when it gets to this price. This is the most conservative of the 4 possibilities!

2. We close the trade when the market makes a consolidation of 5 candles or more (consolidations could be a sign that the trend is going to finish or, at least, lose power). This will usually give us a higher profit, but, it will imply that we will take a little more risk in the trade.

3. We draw a horizontal line on Take Profit 2 and we close the trade when it gets to this price. This is an even more risky possibility.

4. We close the trade on a "big candle", quite late in the trend (a "big candle" late in the trend is usually a sign of exhaustion and an imminent trend reversal). This will usually give us a higher, but, it will imply that we will take more risk in the trade. This is the riskiest possibility of all.

You can, of course, use more than one of the above possibilities.

For example, you may take profit on half the trade at the Take Profit 1 line and the second half at the Take Profit 2 line. You can also trail your stop as the trade goes your way. In fact, there are many combinations of TP1, TP2 and trailing stops that you can conceive.

You must choose the one that better fits your style of trading and your risk profile personality.

Let's now see some trade examples:



Those 3 trades have a very nice P/R.

Trade 1 comes after the trend started and made a very small retracement. It achieves TP1 very fast. We could close the trade there, at a nice profit, or let it run and hope to reach TP2 (I am a very conservative trader so I would be happy to close the trade at TP1). If you decide to let the trade run, you should trail your stop to avoid a loss in case the trend reverses.

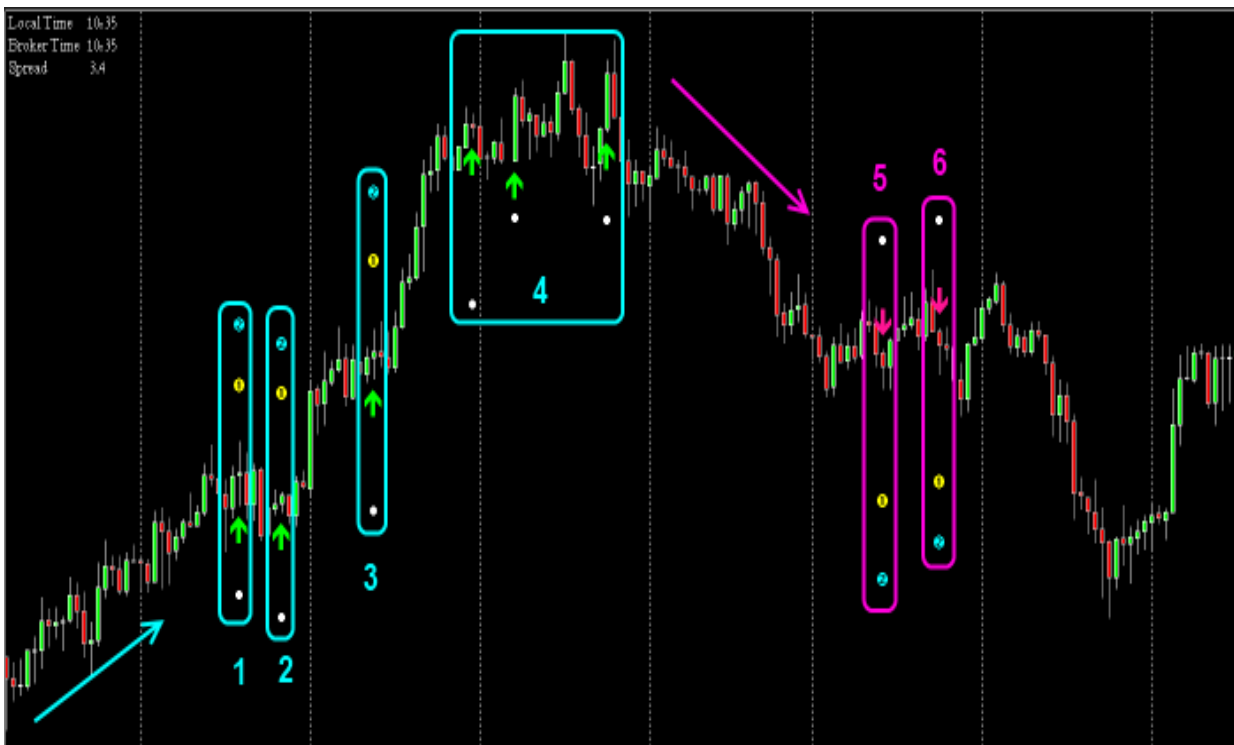
Trades 2 and 3 come right after a sharp correction. Trade 2 comes quite late in the day and I would not have taken it (again, I am very conservative). Trade 3 comes early in the morning, in the Japanese session. If you trade this session at all, you could take this signal. It has a very nice P/R, it doesn't come too late in the trend and it looks like the trend will resume. Again, if I took this trade, I would take my profits at TP1.

So, what do you do?, which trades you take and which not.

Again, as we said before, you must choose the ones that better fits your style of trading and you risk profile personality.

I am a very conservative trader so I probably just close the trade at TP1 or will take profit on half the trade and move my stoploss to break-even (the entry point of the trade). This way I am protected from a loss in the remainder of the trade and had taken a profit on half of it...

Let's see another example:



The trend is up and we get signals 1 and 2. The P/R is just OK, around 1:1 to their TP1. They come within a shallow retracement and I would take them.

Signal 3 has a little worst P/R but the trend is still up and continues to push up, so, I would take also this trade but with a smaller quantity (probably half of my normal trade).

Signals marked 4 are too late in the trend. Those are not really trades that I want to take (remember I am a very conservative trader!).

But suppose I took the trades. I can see that the market is not able to make a new high for the move! I have already made a nice profit from this trend so, I will not be greedy and I will close the trades as soon as I see the market failing to make a new high. Yes, the trades could still go well but I will not risk my money to gamble on that. I don't gamble, I trade, and when the chances are not fairly good in my favor I get out!

Another example:



Signal 1 comes early in the trend and has a good P/R.

Also signals 2 and 3 are not too late in the trend and have good enough P/R.

Signal 4 is a little too late in the trend and, if I took signals 1, 2 and/or 3, I would not take it.

Signal 5 has a very bad P/R and is quite late in the trend and signal 6 is definitely very late in the trend so I would not take them. I don't care that signal 5 reached even TP2

and I didn't take it! I made a very nice profit with signals 1, 2 and 3 for this trend and would be looking for new signals on other pairs...

I hope everything is clear and you will make a lot of pips with Pips Collector, like I do!

If you have any question, please do not hesitate to contact us at admin@PipsCollector.com and we will be happy to help you!

The PipsCollector.com Team