

## 50 PIPS A DAY - BASIC RULES

### 12 Candle Window - 15 Minute Charts

#### MAIN PAIRS TRADED

GBPUSD

GBPJPY

GBPCHF

GBPCAD

GBPAUD

GBPNZD

#### 1. STRUCTURE / PATTERN

Do we have any larger geometrical patterns?

- Head and Shoulders / Sell (Reverse Head and Shoulders / Buy)
- Descending Triangle (Sell) Ascending Triangle (Buy)
- Double Bottoms (Buy), Double Tops (Sell)
- Rectangles (Continuation / Reversal)
- Helps us identify geometric patterns for potential measured move profit targets for asymmetrical risk / reward.
- **I am mainly focused on horizontal ranges no matter what the geometrical pattern is.**  
(The high and the low of the structure, typically this will be numbered “boxes” of 25-50-100 pips.) Numbers are horizontal.
- **I DON'T TRADE DIAGONAL TREND LINE BREAKS**

#### 2. HOD / LOD

Where is the high, where is the low?

There is a high and a low that the market is trading inside of. The market is either in a consolidation or a break out. The current HOD and LOD may be inside of a larger rectangle.

### 3. TIMINGS

My focus is on the 3 hour window. 1 hour before the equity markets open, the hour of the equity market opens, and the hour after the equity markets open. Hence 12 - 15 minute candles.

- ASIA 8-11pm NY EST
- EUR / LONDON 2-5 am NY EST
- NEW YORK 8-11am NY EST

This allows me to have laser-like focus for some simple recurring setups that occur frequently enough for selling, buying or trend trading setups. This repeatable cycle is recurring in all 3 12 candle windows. Whether or not the range, the pattern and a good risk / reward trade setup is in each window is unpredictable.

### 4. ROUND NUMBERS

Typically these trades will come off of round numbers, specifically 00's and 50's. The quarter levels, 25 and 75 will often be a "stop hunt" extension of a 50 or 00 trading box.

### 5. PRICE BEHAVIOUR FOR TRADE SETUPS

I look for engulfments and pin hammers. These can be "with trend" trades, or reversals, for stop hunts or in a trading range.

I look to ENTER the majority of my trades "AT OR NEAR" numbers. ie 25, 50, 75, 00. Sometimes I may limit order these trades, others I may just get filled at market.

- "M" PATTERNS - TYPE 1,2,3
- "W" PATTERNS - TYPE 1,2,3

### 6. RISK MANAGEMENT / PROFIT TARGETS

My average STOP LOSS is 1 ATR. For most of the pairs it will be 20 pips. The GBPAUD, GBPNZD may be 25. Depending on the level of volatility on the day, on the pair, it may be a bit more or less give or take. Typically though, I am looking for a 1 bar stop. Position sizing can depend on the type of setup, and the size of stop loss.

The minimum **PROFIT TARGET is usually 50 pips**. Sometimes a market may hit a previous day's high or low, or the current day's high or low, OR SIGNIFICANT ROUND NUMBERS, 00, 50, and the market may stop there. I may only be up 40 pips. When those levels are prominent, it may be necessary to adjust that target on the day, based on **HOW PRICE BEHAVES** when it gets to those levels.

Other trades (Measured Moves) may be in the area of 50-75 or a 100 or more pips. Again, depending on the setup and how that pair is trading on the day.

## 7. TRADE MANAGEMENT / SELF MANAGEMENT

Once I am in the trade, I will fight every urge that I have to interfere with it. I review the trade setup and thesis that I have for the trade. I monitor the behaviour initially based on my thesis. I will typically leave the screen, or watch, and monitor myself, self talk, do meditation, and possibly review the other pairs to identify any other setups.

I will normally NOT ADJUST my stop loss to BREAK EVEN UNTIL, the market has broken a high or low boundary, ( I wait for the 15 min candle to close) OR it has CLOSED 30 pips or more, breaking into the next quarterly range.

At 40 pips, depending on if the market has moved (fast or creeping) I will potentially look to LOCK IN 40 pips if the market has "two-sided" trading occurring near my profit target. So, to clarify, if it has spent 30 minutes near my target without hitting it, I will be watching closely to "LOCK IN" profits, in case the market is preparing to reverse.

When you are up 40 pips, YOU NEED TO GET PAID.

### SELF MANAGEMENT

Self talk

Meditation

Preparation

## THINGS THAT YOU NEED TO BE AWARE OF THAT SHOULD BECOME UNCONSCIOUS IN YOUR MIND

**WHERE ARE THE PROFITABLE EXISTING TRADES?**

## **The HOUR BEFORE AND THE HOUR AFTER THE 12 CANDLE WINDOW**

**“717” This is the HOUR BEFORE** the 12 candle window. (7pm, 1am, 7am NY EST “717”)

There will often be a “STOP HUNT” to the high, to the low, or back against the trend in the hour before the 12 candle window. It will be a 1-2-3 style of stop hunt. (**See The THREE BAR PATTERN That Will Change Your FOREX TRADING video**)

**WHY IS THIS IMPORTANT TO KNOW?** Because this possibly sets up a “**FIRST HOUR**” trade.

**HOURLY ROTATION** Timings are critical. The market is very predictable in terms of timings. When the equity markets open, these pairs move. Either to continue an existing trend, to reverse it, or to trap traders. Typically these moves will either be at the end of the hour (15 minute charts) or the beginning of the hour, (first candle.)

EVERY SESSION has a STOP HUNT / TRAP / and a TRADE setup. This doesn't mean EVERY PAIR will set up perfectly for you!

There is usually ALWAYS ONE PERFECT SETUP though. It is my job, to the best of my ability on that day, at that moment, to identify what I consider to be the BEST setup, and then execute my trading process as flawlessly as possible.

If there isn't something I would consider to be part of my “BEST TRADING SETUPS” scenarios, then I am comfortable with WALKING AWAY FROM THE SCREEN.

My job IS NOT to try and trade every move in the market. It is to IDENTIFY THE BEST SETUPS that are in MY PLAYBOOK, and then execute as flawlessly as possible.

MY GOAL IS NOT to trade every move, MY GOAL IS TO TRADE MY BEST SETUPS INCREASING SIZE.

**TIME DECAY** (Considering that trade was entered correctly.)

First 30 Minutes trade should have shown positive movement in the direction of my trade. (If not reassess / exit trade.)

If the trade is not in profit after 1 hour - cut the trade. (Exception if entered early but trade thesis is still positive.)

Profit target not hit after 2 hours - take profit or exit trade. (Especially if the market is in consolidation.)

### **MARKETS ONLY DO THREE THINGS**

1. MARKETS BREAK OUT - PULL BACK AND CONTINUE - **TREND**
2. MARKETS BREAK OUT - AND THEY REVERSE - **FALSE BREAK REVERSAL**
3. MARKETS BREAK OUT - PULL BACK - GO INTO A **TRADING RANGE**

**EVERY TIME A market moves 50 or more pips** and goes into consolidation, the market is preparing for another move. **Possibly to the extremes of the previous high or low of daily levels.**

**WHENEVER A DAILY HIGH OR LOW IS BROKEN** the market is now attracting “other time frame” traders into the market. End of day, institutional traders, big money, larger players, that may potentially be behind or add strength to a market move that day. In either direction. (Reversal or trend)

### **The MARKET TRADES OFF OF THE NUMBERS**

**MOST STOP HUNTS ARE 25-50 PIPS** (Look at the number levels)

**JOURNAL EACH DAY ALL YOUR TRADE(S) / PERFORMANCE AND MINDSET**