



D. I. B. S.

D. I. B. S. method



[PeterCrowns](#)
PeterCrowns

Member Since Mar 2008

[40 Posts](#)

My first post at this great forum....

Quote:

Originally Posted by **Bemac**

Nothing to do with PA, FA or TA,,,

This is about understanding the human Element in the Pit. {of Dispair to Pr. Bride. movie fans}

Pit Traders. {You really think they are rookies?}

They have to eat, they have to pee and they have to get a grip on the Market direction. After all, this is not their first venture into the Market.

Evoloution told them to pee at the same time as other traders because they understood...that's when they get their ass whipped.

Eating is optional. Market direction is in their hands.

So...

As an Outsider,

{never had an inclination to stand in, or trade from, a Pit. All posts from the exposed Waaayyy more than welcome}

I have observed the following.

8:00 AM Open to 10:00 AM = Rape, Pillage OR Stalk

11:30 AM Spike = Goin' to lunch and need some profit to Close.

1:30 PM Correction = OK, We're back and we're gonna move it as much as we can. {wtf were you guys thinkin'}

3:00 PM slowdown is caused by Daytraders getting out Early and Swings/Carry doubting their Trade will now Mature.

If the above is a revelation to you, YOU still don't know the Market.

To the others.... Correct my times if you feel the need.

Now that you feel slammed...

The Truth.

Guess what. The pressure on a Pit Trader is {Guesstimate Only} 1,000 times the pressure on you. {No consideration to Significant Other Pressures you may be under}

There are numerous Small Windows / Day that will return you Profit. Not easily. But with study on Your Pair, it will become Obvious what Time of day your Trades have More POTENTIAL

"Ohhh, Friday @ 3:30 PM EST and I only need 50 more pips to hit my TP...."

"Good Luck but I know you will hit it on a Good day."



That is the way I remembered it.

I've been away from the CME for 9 years. I much rather trade from my home office. Less noise.

The only pressure on me is what I place on myself. A truth that has always held true, even if I didn't recognize it.

Peter



[PeterCrowns](#)
PeterCrowns

Member Since Mar 2008

[40 Posts](#)



Quote:

Originally Posted by **Bemac**

Hi Peter, Welcome to Ye Ole FF. I love your last line.

Q1) How long were you in the Pit?

Q2) Did you jump from Pit to Pit during the day or week?

A1) I was in the Pit for 8 years. Traded the Swissy and DM primarily. I traded directional breakouts. Actually I trade the same way now from electronic terminals with less hassle.

A2) I would trade the "hot hand". The strongest/weakest market got my business. Still does.

I traded simple, robust breakout setups that I had to wait for. I can't tell much change in profitability to right now.

I actually think it is easier to trade profitably now with forex. More choices, and you have much more variability in position size options.

Peter

To profit the most: your trading personality must match the market. It is always right. - TRT-



[PeterCrowns](#)
PeterCrowns

Member Since Mar 2008

[40 Posts](#)

Busy week!

Quote:

Originally Posted by **Bemac**

Hi Peter, are you interested in having the ability to post in the Trading Room?

I'm sure you would have little trouble in aswaying any doubts any member may have.

As an incentive {to you} I have already offered my vouch because I feel anyone who says they "Traded the DM." has been around a while.

I see BWR beat me to it but that's OK. 2 more to go Unless you say NO.

edit

Ohhh, wouldn't it be nice to see an Unclutered thread named...

"Experiences of a Pit Trader."

end edit

Thanks for your interest and support.

I'm sorry I haven't replied to any posts as the past week has been a gusher. Plenty of risk, that's true; but enough movement to make a poor trader with a simple moving average system (with stops) some money.

Thanks everyone for the vouches for 1KT status.

I probably have taken more than 70,000 individual trades. Not hard to do when you have a unique vantage point with limited risk. I don't trade as frequently anymore, but actually make more. By trading less for bigger profits per trade.

I miss the pit sometimes, but change is the constant, not the exception.

News Trading - Not what you might think!

All traders in the pit followed the news. The pit is/was surrounded by every possible news service that exists. When news comes out, positive or negative for something, the pit traders have first advantage to position themselves correctly for the avalanche of orders that typically come pouring in after JQ Public hears it on the radio. Tough to lose with that advantage.

The big players in the pit don't use the news coming out the way the small players do. They operate a couple of steps ahead of the pit and the public. You, the off-floor forex trader, can operate like them.

The big players take note of the time that the "news" comes out, the price of the tradable -- and trade the breakouts of the price area of the trades within 10 minutes after the news is out. Huge profits are possible from *these* trades.

I love the polarizing effect of news on a market. The recent Bear-Stearns fiasco/bailout is an example of news that forces all players to take their stand in a short period of time. In all related markets. It makes it easy for forex traders to trade the "new" movements after the news is all out and there are no more shoes to drop.

After everybody has voted with their money, they are either right or wrong.

If they are right, they will push their position. If they are wrong, they will bail out because they don't understand any more what is going on and they will have to re-evaluate or reverse position if they have assets to preserve.

Either way, the forex trader gets a fantastic opportunity whenever you get major news. News that is unique enough that it can't ever happen again and be unique.

News like the Intel chip years ago that had math computation problems and the stock dived. Also, "Mad Cow" for cattle traders..., the list could go on for hours.

Now we have the Bear Stearns move, because the Fed showed it really would intervene any time there might be a threat of problems.

Back to trading. Have a good day.

PeterCrowns

To profit the most: your trading personality must match the market. It is always right. - TRT-



[PeterCrowns](#)
PeterCrowns

Member Since Mar 2008

 [40 Posts](#)



Quote:

Originally Posted by **Bemac** 

Thanks for this post Peter. I can see glittering fragments exposed on the surface with the invitation to Dig Deeper to find 'The Load'.

Would like to expound on the "Source Info/Timing aspect of Profiting from Spikes."

*I understand delay of making public Current Data Analysis, but, have you consolidated a method that allows you a lower risk of loss while Trading these vehicles on the **E-market**?*

Trading the "hot hand": Trading the strongest/weakest market is actually really simple. For example, yesterday (25/03/2008) the Eur/Usd was up more proportionately than the Usd/Chf was down. This was because the Usd/Chf wasn't even a down day. Definitely off its highs but not down relative to last week's close. The Eur/Usd was up, up and away! So that is the market you buy.

And I did! I'm sure I had company from this group.

In the pit the first thing you learn --- when you are ready to actually make money..., and stop the bleeding, is:

- **Only be willing to buy a market if it is up on the day.**
- **Only be willing to sell a market if it is down on the day.**

Obviously, it would logically follow that the currencies which are up more are better buys and the ones down more are the better shorts. So basically, if you get a buy setup forming on two strong currencies, take the trade on the one up most on the day.

This actually means that you never go short a currency unless it is "down" relative to yesterday's close; or go long for any reason unless the market is "up" on the day.

Review for yourself how many large losses you could've eliminated from your past trades if you followed these rules. At the same time, I am certain you would have eliminated very few of your biggest winners by doing this.

Think about this for a while. I have for decades. The power of this simple concept still amazes me.

I'm sure this sounds simplistic to everyone, and maybe this stuff is obvious to you all, but I doubt it. How many times do you find yourself buying a weaker currency instead of the stronger one, thinking that the weaker one "has" to catch up, or the stronger one has already moved as much as it is likely to already.

Always buy setups in the strongest daily markets, always take sell orders in the weakest daily markets.

And yes, I have come up with very simple methods to exploit this. Breakouts of inside bars on hourly charts is one very useable technique I use a lot. Pennants of various constructions work very well too. Once you know which markets to trade, and in which directions --- it is a pretty simple job.

After all, trading is just risk control. Unfortunately it can take a while for us to learn to use the simple tools we have available. 😊

-Peter-

To profit the most: your trading personality must match the market. It is always right. - TRT-



[PeterCrowns](#)
PeterCrowns

Member Since Mar 2008

[40 Posts](#)

👤 **Hourly Inside Bar Breakouts with Up-day/Down-day filters**

Quote:

Originally Posted by **Jay Walker**

Quote:

Originally Posted by PeterCrowns

- **Only be willing to buy a market if it is up on the day.**
- **Only be willing to sell a market if it is down on the day...**

Very simple but the implications are very deep at the same time...if that makes any sort of sense.

I would love to be a fly on the wall for just an hour when you're trading. I feel like I would learn heaps.

Quote:

Originally Posted by PeterCrowns

And yes, I have come up with very simple methods to exploit this. Breakouts of inside bars on hourly charts is one very useable technique I use a lot.

Could you elaborate on that? Pretty please? 😊

A chart picture is the best thing I can do.

The chart I am attaching is a snap of the hourly GBP/USD for this week.

The white dotted lines, which are 24 hours long, start at the close of the previous day, at Midnight. I am only looking to go long on a breakout (blue line) of an inside bar if that breakout is above the previous close.

Likewise, I am only interested in selling a downside breakout (red line) if the breakout is below the previous close.

You will notice that almost all of the breakouts were significant enough for you to make a very good shorter term trade, some you could have trailed most of them with a form of trailing stop (moving average) and still be in hundreds of pips after entry with a small stop at the other side of the inside bar.

(I did get an email from a reader of this thread (Matt) who also used to be on the floor. He wasn't exactly happy that I was telling these details of floor trading. Well, my answer was: "These are very big markets and anything I might reveal is unlikely to matter much since very few will believe that profitable trading can be simple. Most are looking for some special complex answer. It isn't there!")

One last tip: You want to be particularly interested in the inside bar breakouts which meet the conditions early in the session, namely the first 9 - 10 hours.

Knock-em dead.

Trading doesn't have to be tough to work.

I won't wish you luck. You won't need it now. 😊

-PeterCrowns-

Attached Thumbnails



To profit the most: your trading personality must match the market. It is always right. - TRT-



[PeterCrowns](#)
PeterCrowns

Member Since Mar 2008

10+y 40 Posts

Sorry I wasted your time!

Quote:

Originally Posted by [fsiltd](#)

*No offense meant to all you current/ex-floor/pit traders, but is it really such a "big secret" anymore? It's not like simple break-outs, of **any** kind are something new and unique.*

Which session are you referring to? 9-10 hours of "a" session, is pretty much "all" of the session, or am I missing some other floor secret here 😊. Just kidding. Is it the terminology maybe? I assume you mean session, like the rest of us know "session" ie. Asia / Europe / US?

The golden nugget.

Don't worry- I won't bother you with any more breakout ideas.

-Peter-

To profit the most: your trading personality must match the market. It is always right. - TRT-



[PeterCrowns](#)
PeterCrowns

Member Since Mar 2008

[40 Posts](#)

I'd love to answer....

Quote:

Originally Posted by **Bemac**

Hi Peter,

Thank you for the Very Detailed Explanation of your Break Play. Also, thank you for the chart explaining it.

Not sure about the others around here but I personally think your last couple of posts to this thread are in my personal Top 20% of Usefull Posts to The Forum.

*Q) Did you ever have any kind of indication that bellowed Reversal on a Swing Trade Base?
Thanks for your time.*

Bemac--

Could you spell out your question a bit more? I just don't understand it very well....

-Peter-

**To profit the most: your trading personality must match the market. It is always right. -
TRT-**



[PeterCrowns](#)
PeterCrowns

Member Since Mar 2008

[40 Posts](#)

Good question!!!

Quote:

Originally Posted by **Bemac**

Sorry Peter, my cryptic side was rolling to the surface. 😊

You explained how you indentify Direction for a Session. My question basically is;

*Can the same or similar method be used in timeframes greater than 1Hr for Swing Trades?
ie. Can it be applied to 4Hr or even Daily?*

Absolutely!

A method is pretty hard to trust if it only works on one timeframe.

For the 4/6/8 hour charts and daily charts you check to see if you are up or down versus last week's close. Take buys if you are above, sells if you are below.

Monthly position can also be checked, depending on how long term you are willing to be. Personally, I am not willing to remain in a trade 1 minute longer than absolutely necessary if it is going against me, but I'm willing to hold for months if a trade is going my way in a larger trend.

Swings and all. You do get used to them after you start collecting some gargantuan profits.

And a few words about the alleged "pissing match", "war of words", etc., someone might think was going on....

I take trading seriously. I don't believe in wasting my time. Others can, but trading is my livelihood. I don't screw around in word or deed. I make mistakes. Maybe posting here was one of them. I am quick to correct my mistakes.

There are "secrets" of trading that are known to a few of us. These secrets buy our multi-million-dollar homes and lives of relative security.

Some of them are very simple - but not known or able to be exploited by many. You actually only need one good one to gain entry to a world that no one ever really sees, until you're there yourself.

Winners tend to hang out with winners. When other winners see you're capable, and can execute consistently for a few years, they want to know you, what you are doing. They share what they are doing, because they know you won't be cavalier and shit on them or others like them.

And, contrary to some common beliefs, **not all breakouts are the same**. I know which breakouts have 2 - 5 times the edge of similar-looking breakouts others take, get frustrated with, and likely lose money trading if they don't have perfect skills.

I'm happy to help people if they aren't idiots and if I have some free moments.

I definitely don't know everything; in fact I know very little for sure, and even less the longer I live. When I'm wrong, I correct myself quickly with no ego involvement. Hesitation has little reward in life and none in trading. In trading I stay wrong for only brief periods of time and encourage you to act the same.

Have a good trading day.

-Peter-

To profit the most: your trading personality must match the market. It is always right. - TRT-



[PeterCrowns](#)
PeterCrowns

Member Since Mar 2008

[40 Posts](#)

I Agree--

Quote:

Originally Posted by **Big Wave Rider**

I think we can use some of that free coffee right about now.

I'm getting one right now. Before the price goes up more.

-PeterCrowns-

To profit the most: your trading personality must match the market. It is always right. - TRT-



[PeterCrowns](#)
PeterCrowns

Member Since Mar 2008

[40 Posts](#)

The coffee is good-

Quote:

Originally Posted by [fsiltd](#)

Do you see "a session" as a 24-hour period, is that why the 9-10hour window is significant to you?

-fsiltd-

Yes, since forex is definitely a 24 hour/day proposition with no let-up in sight, I consider the whole 24 hour period as a session.

The first 6 - 9 hours of the trading day are the most powerful, as the "money" trades then.

Some people prefer to trade the weaker part of the 24 hour session, after 1600 - 1700 Central Standard Time. And, there are those who like to tattoo themselves, put studs in their tongues and rings through their lips, and not buy the strongest markets or sell the weakest ones.

About the other things you mentioned above, everyone has their own opinion and definitely have the right to it. Thank goodness for free speech. It helps make the markets as deep as they are, due to different opinions.

When you want to buy, there is someone, for some reason --- willing to sell.

Here is a huge benefit we have going for us today:

On the trading floor, if you are successful and trade big size, the pit figures it out quickly. They make it difficult for you to get your full positions easily because they don't want to be "the rube" in the equation. Many who have no real clue down there act like "bottom feeders" in that they ape your positions. You come in there wanting to buy, so they buy, etc.

Since we now have the anonymity of trading platforms and can buy however much we want from 3 - 5 brokers simultaneously, you get filled immediately without difficulty.

Another huge edge over the pit. Isn't technology great?

-Peter-

To profit the most: your trading personality must match the market. It is always right. - TRT-



[PeterCrowns](#)
PeterCrowns

Member Since Mar 2008

[40 Posts](#)

Simple Quant

Quote:

Originally Posted by **pippero**

Peter,

thanks for posting your thoughts, they are indeed valuable.

I am kind of surprised to see you post an Oanda chart after 8 years in the pits; does that mean you've given up on futures in favor of spot? You mentioned using multiple brokers, would you mind if I asked which ones you prefer?

Thanks again for the thread.. and the coffee

Edit: I checked your profile and it says you prefer MB trading, sorry i wasted your time... but now something else got me curious... you mention using a Quant style, but then you also say that breakouts are your favorite strategies.. are breakouts considered quant these days? I thought you needed to use more greek letters for that..

-pippero-

Thanks for the questions---

I actually like Oanda as a platform too, besides MB Trading and a few others in CH with very low (~.5 pips) spreads, but large capital requirements.

And yes, I have basically abandoned most of my CME contracts for Forex vehicles. Why not? They have tons of advantages that futures can't match. And just some of the problems. Size isn't one of them.

About breakouts --

Breakouts are terrific entries and usually simple in practice. And yes, quants are all over them at MIT, trying to figure out every little thing that you've probably already figured out.

I've found "elegantly simple" in trading is best.

And I am a simple quant.

PeterCrowns

To profit the most: your trading personality must match the market. It is always right. - TRT-



[PeterCrowns](#)
PeterCrowns

Member Since Mar 2008

[10+y](#) [40 Posts](#)

I couldn't resist posting these trades in Eur/Usd-

I mentioned last week that the best trades are usually early in the day..., buying breakouts of inside hourly bars if the prices are "up" on the day, and selling downside breakouts of inside hourly bars if the prices are "down" on the day.

I just was able to take the most recent trades of this style in the Eur/Usd.

I thought the screenshot of the setup might be useful to some. These types of trades are simple, low-risk and potentially high reward. The only problem is you do have to be conscious when they happen so you can take the trade!

Have a good trading day.

-Peter-

Attached Thumbnails



To profit the most: your trading personality must match the market. It is always right. -

TRT-



[PeterCrowns](#)
PeterCrowns

Member Since Mar 2008

[10+y](#) [40 Posts](#)

Today's PitTrade special--

I was compelled to include this chart of today's action in the Eur/Usd.

For the record, I personally took every one of the indicated breakout trades -- sells and the buy today, obtaining at the bare minimum a 1:1 reward/risk ratio per trade, and on most of them, a 2:1 or 3:1 reward to risk ratio -- because of the speed and distance the market moved after the breakouts.

What I like about these simple trades is the tendency to be able to cover your risk quickly by exiting half of your position at 1:1, allowing you to hold the remaining position with the initial stop (the other side of the inside bar) as a virtual "free trade".

In a larger term time frame you can stack on quite a position over a period of a few weeks with these "free trades". If the market quickly goes against you, you have the stops already in place. Then it is back to work building these structures up again until a huge move which is your payoff move of thousands of pips on large size.

Thanks for all the kind comments and messages sent to me about this. You have all been very generous in allowing the posts about this style.

Have a great rest of the week.

-Peter-

Attached Thumbnails



To profit the most: your trading personality must match the market. It is always right. - TRT-



[PeterCrowns](#)
PeterCrowns

Member Since Mar 2008

[40 Posts](#)

Simple works....

I'm glad some of you have found the recent posts useful.

Simple works in the markets, because they are very simple.

Most traders complicate things incredibly. Because their minds probably can't handle the truth yet that the markets basically feed where the orders are.

If there are plenty of individuals who will take some action when the market goes lower, the market will go lower. If there is an even larger number of individuals (and their money) who will take some action if the price is higher, the market will head up to facilitate trade.

All trading systems or methods are just some structure humans need to use to aggregate results. I use them too. But I use the simplest structures I can because those are the ones the markets can "understand" the best.

It's been a good week.

I love report days like today. Everybody gets a chance to vote in the market and most of them tend to be wrong long enough for tactical traders to extricate decent profits.

And - **Jay Walker** -, congratulations on the 150 pips of profits you gained from the technique. That is what cements this technique into your being, using it.

It sometimes seems **TOO** easy. That's ok. It helps make up for the times where you get small losses over and over and over again.

-PeterCrowns-

To profit the most: your trading personality must match the market. It is always right. - TRT-



[PeterCrowns](#)
PeterCrowns

Member Since Mar 2008

 [40 Posts](#)



Quote:

Originally Posted by **Freestyler** 

Great posts Peter. I tested your method on a few pairs, and they worked out pretty well, as long as one has the patience to sit and wait for the right opportunity. Your insights, along with a few select others on this website, are the only ones worth reading, over and over again, IMHO. I sincerely hope you stick around and keep this thread going.

From your experience, do you think it's prudent to place the SL on the other side of the outside bar (left side) instead of the inside bar, in order to decrease the frequency of getting stopped out? At the beginning of each trading session, when price is moving just under or above (sometimes both) yesterday's close, do you look for breakouts in one direction? both directions? or wait until the price has moved far enough to offer a clear direction?

-Freestyler-

Nice to hear from you..., and your first post too!!! Welcome aboard.

Concerning the stops for the inside bar breakouts --- you can do either of the possibilities you mentioned. They will both work. The tradeoff with having greater stop distance is the less potential profit/risk. The only benefit is a higher win rate.

Win rate is not the most important factor in finding a good trading method. ***Profit potential/risk is.***

The psychologically hardest one to trade is the one I use. I use the other extreme of the inside bar for my stop point.

The risk is as low as it is going to be and ***the best trades for us are the ones that don't give you ANY retracement after the breakout.*** Yes, you get stopped out a bit more than if you had the stop a bit farther away. We are trading to risk as little as possible for the greatest amount of potential gain.

Imagine the overall success rate of someone taking the opposite side of these breakout trades and only exiting when we exit. They would be trading with unlimited potential risk and only could look forward to very limited potential profits.

Apply the above thought structure to any system you can analyse and see which system would be the most dangerous to fade. That is the system you wish to trade.

The method we have been discussing is one of these extremely "dangerous-to-fade" systems.

For this question:

At the beginning of each trading session, when price is moving just under or above (sometimes both) yesterday's close, do you look for breakouts in one direction? both directions?

Yes, at this point I am looking to buy above an inside hourly bar where the breakout point is above yesterday's close (and today's open) or sell below the low of an hourly inside bar below the open of today.

These trades have the MOST potential for the day. Think TREND DAY!

Thanks for the questions. I'm glad I could answer them.

- PeterCrowns -

To profit the most: your trading personality must match the market. It is always right. - TRT-



[PeterCrowns](#)
PeterCrowns

Member Since Mar 2008

 [40 Posts](#)



Quote:

Originally Posted by **forextrader0** >

Peter,

I am genuinely impressed with your posts. I am amazed by some of the people on this Forum. Peter, I read your posts and then see how I can apply it to my trading/ investing. All I can say is keep up the good work and a great job!

- **forextrader0** -

Thanks for the nice words.

The markets have been quite profitable this week using this method, but you really had to be on your game.

- **PeterCrowns** -

To profit the most: your trading personality must match the market. It is always right. - TRT-



[PeterCrowns](#)
PeterCrowns

Member Since Mar 2008

[40 Posts](#)



Quote:

Originally Posted by **Bemac** >

AND... btw. Peter... If you are listening... I {again} would like to say "Thank You. Because I didn't get that Play until you explained it."

Bemac

Thanks for the nice sentiments. Something so simple is better in the hands of those who appreciate "simple".

In my view, the market is "simple". It only goes where it is fed.

I got a few emails asking for additional clarification about how one trades the inside bar setup mentioned previously (Now officially called the **Daily IBar Setup**) when the markets are as choppy as they've been recently.

The answer is: the same as any other time, but especially focus on trades that setup "early" in the day. Meaning within 6 - 7 hours of the open.

The open I look at is **00:00 CST** or **01:00 EST**. This would also translate to **06:00 GMT**. Now if you wish to declare another time the official open of the day, it is your choice and your money.

I do have a friend who believes that 00:00 GMT is the official day's open, and he's had some success trading with that concept. But he trades the JPY pairs more than 60% of the time, which may be a mitigating factor.

I've found that you are always better using an opening time period that fits closely to the normal biological tendencies of the greatest amount of people who control the money in the world.

That would not indicate using the Japanese open @ 00:00 GMT.

Back on to the choppy markets we're seeing.

I've attached an hourly chart screen snap of the past 2 days in the GBP/USD.

One of my favorite trading markets, it was pretty rambunctious yesterday and today. Which is usually good for trading.

You can see that the **Daily IBar Setup** works best earlier in the day. The first trade yesterday was an immediately loss, the sell taking place directly after the first hour of day's action. Then there was a reversal buy within minutes which you could have held for the entire day profitably.

And then a second buy a couple of hours later above a second inside bar.

Today, it was a simple case of taking the first **Daily IBar Setup** sell, taking half of the trade off at 1:1 and letting it ride.

Other markets weren't as nice as the Pound, and had a lot more 1:1 profit targets hit and then subsequent stopouts.

The second chart below is the Eur/Usd "free trade" I took in that market today. The trade happened a little later in the day than I would normally operate, but the range was so narrow, the other pairs were gaining on the dollar. I also knew that with no previous defining trade today, there would be tons of sell stops below the low of the hourly inside bar at 1.5788. There were. Minutes later the trade went 1:1 risk/reward and I had another free trade.

Now I wait. Seems to be the story of my life. 😊 By the way, that is the story of being a trader--- waiting for the trades you are in to work out, or not.

The secret to success as a trader, in my humble opinion, - is find a very low risk method to enter the markets..., and learn to wait.

Have a good week.

-PeterCrowns-

Attached Thumbnails



To profit the most: your trading personality must match the market. It is always right. - TRT-



[PeterCrowns](#)
PeterCrowns

Member Since Mar 2008

[40 Posts](#)

Clarification to the DIBS Method

Quote:

Originally Posted by **CHECKstar**

I really want to express my gratitude to you with the knowledge that you have shared with the greater FF community, and was hoping that you could clarify and maybe expand on the following questions:

- 1. You mentioned earlier that you only buy on up days and sell on down days. You also said that you look for entries in the first 9 hours of a trading day. How soon into the trading day can you determine whether the day is an up or down day and not an outside bar?*
- 2. Once you have established whether it is an up day or down day, is it just a simple case of waiting for an inside bar to form, then placing an order to the topside (on an up day) or downside (on a down day) and wait for it to be filled?*
- 3. Are stops on longs placed just below the low of the inside bar and vice versa for shorts, or are you more discretionary with your stops?*

-CHECKstar-

Thanks for the questions in such a logical order.

1. You mentioned earlier that you only buy on up days and sell on down days. You also said that you look for entries in the first 9 hours of a trading day. How soon into the trading day can you determine whether the day is an up or down day and not an outside bar?

I see where the difficulty is. As traders we have no idea if a day will be an "up" day or a "down" day. (*Actually, that isn't absolutely correct, but for the purposes of this method it is.*)

If you know what the opening price of the day (and the closing price of yesterday) is, you know at any moment if the price is "up" or "down" vs. yesterday's close .

RULE:

For the "Daily IBar Setup" or **DIBS Method** --- only take an upside breakout of an hourly inside bar if the breakout price is higher than the day's open and downside breakouts of an hourly inside bar only if the breakout price is lower than the day's open.

And as mentioned a number of times before, the resulting trades have a higher potential if they take place in the first 6 - 9 hours of the day.

2. ..., is it just a simple case of waiting for an inside bar to form, then placing an order to the topside (on an up day) or downside (on a down day) and wait for it to be filled?

With deference to my first answer, **yes**.

3. Are stops on longs placed just below the low of the inside bar and vice versa for shorts, or are you more discretionary with your stops?

Yes. There is no need to be discretionary with the stops.

Where every trader tends to get discretionary is with how they handle the profits. That is one of the beauties of the **DIBS method**. The trades happen often enough that the opportunities exist for you take similar trades over and over again. If a trader gets comfortable with a take-profit concept and a decent trailing mechanism, incredible things can happen because of the operation of time improving the value of the surviving trades.

It works on various timeframes. I personally would never use it for less than 1 hour bars, but some do use it on 30 or 15 minute timeframes. It would require your having a firm where trading spreads are very small.

About the short trade displayed yesterday entering the EUR/USD which I turned into a "free" trade. I waited and it stopped me out. That is the result of many of these trades, but definitely not all.

If you enter these trades in the direction of a longer term trend, and trail a number of them, the position you can accumulate over a few weeks and months can be tremendous. So are the profits!

-PeterCrowns-

To profit the most: your trading personality must match the market. It is always right. - TRT-



[PeterCrowns](#)
PeterCrowns

Member Since Mar 2008

 [40 Posts](#)



Quote:

Originally Posted by [mbqb11](#) 

Peter,

Thanks for all your posts, they are great info!

How many pairs do you watch?

Have a great week

Mike

-mbqb11-

I still watch the 4 majors (USD/JPY, USD/CHF, EUR/USD, GBP/USD), and sometimes the Pound/Yen.

I tend to focus on the ones in the best trends and then, lowest costs of trading - in that order. If a market has a better trend but worse costs, I will move up in time frame to 3 or 4 hour charts to compensate. The trend is who pays you.

-PeterCrowns-

To profit the most: your trading personality must match the market. It is always right. - TRT-



[PeterCrowns](#)
PeterCrowns

Member Since Mar 2008

[40 Posts](#)

Quote:

Originally Posted by **bundyraider**

Peter,

A question I've been wondering about regarding open trades.

In a series of long trades for example, do you trail your stops at each new IB setup?

i.e You're in a long trade based on an IB, with your stop currently just below that IB. You get another I.B. later on in the same direction and set up for an additional trade.Do you then move your stop from the previous position to the new stop level?

Does this trailing also define your profits?

Do you ever close a trade for any other reason? i.e. End of Day.

My understanding is you hold indefinitely, letting the market close you out naturally on your stacked tradesOR if you start getting set ups in the opposite direction, closing out all previous positions from the old direction.

-bundyraider-

Thanks for the comments.

You are basically quite correct about my being willing to hold indefinitely. My understanding of how I ultimately profit from my style of trading requires it. This is all part of the most important area of study I know of for a winning trader- Utility Theory.

Utility Theory

People generally are unaware of the amount of time involved in a long secular trend, and usually are unwilling to hold winning positions long enough to profit to the degree possible. (This is a good thing for professional traders--)

It would take too long here to do a good job of explaining it. A friend who traded with me in the pits wrote an article in "*Trader's World*" on the subject and gave me permission to attach the PDF of the article here in FF. It is titled: **Trading for Infinite Yield: Utility Theory and You.**

That is what makes the markets so challenging, enticing, and yes--- so profitable. Because of the learning curve of the participants. Most people coming to forex want their profits daily or hourly. They're mistaking trading for a job.

Trading is a business where it really pays to pay attention and learn from the market every day. You will know just that bit more than the others who think they can just enter some magic numbers in a computer. (I am now thinking of some of the lame forex systems I've seen being sold: forex robot trader, forex killer, etc.)

Your questions-

1. *In a series of long trades for example, do you trail your stops at each new IB setup? i.e You're in a long trade based on an IB, with your stop currently just below that IB. You get another I.B. later on in the same direction and set up for an additional trade.Do you then move your stop from the previous position to the new stop level?*
2. *Does this trailing also define your profits?*
3. *Do you ever close a trade for any other reason? i.e. End of Day.*

Good questions!

1. Each trade is handled separately. If I turn it into a "free trade" by dropping off half @ 1:1, I let each trade ride or get stopped out by the existing stop -- **OR THE TRAILING MECHANISM I AM USING FOR THAT MARKET, WHICHEVER GETS HIT FIRST!** The trade has to stand on its own, or be stopped out!
2. Yes, my trailing stops ultimately define my profits.
3. Sometimes, but not very often.... I sometimes lighten up positions when I go on vacation, which doesn't happen often enough.

The thing you need to be thinking of, if you are interested in doing something like this -- is find some robust method for trailing your longer term positions, that you can live with for a very long time! Some use moving averages, some "turtle-type" stops, others use trendline stops on daily and weekly charts.

The key is you. You ultimately decide everything about your trading experience.

The way you think is what defines how profitable you will be. You need to let the market pay you. You shouldn't limit what it will give you.

-PeterCrowns-

To profit the most: your trading personality must match the market. It is always right. - TRT-



[PeterCrowns](#)
PeterCrowns

Member Since Mar 2008

[40 Posts](#)

Response to -kermut-

Quote:

Originally Posted by [kermut](#)

Well, this thread really should deserve more attention than it is now. Very valuable information

being shared by someone who actually has useful information to share, rather than just theorizing on charts once the moves have happened. I really thank you Peter, and Bemac for starting this thread that inspired Peter to actually contribute.

(The rules itemized were correct--Peter)

Now to the questions:

1. What do we do about gaps, eg, on Mondays, when price can open as much as 50-60 pips gap, so price may be below yesterday's close, but due to the gap being filled is above today's open price

2. If we get consecutive inside bars, as there were on your last chart, do we keep moving the orders to the most recent inside bar? This would usually indicate a really good trade anyway, as there would be a wedge forming.

Next, questions unrelated to the Daily IBar method. You have stated that you very rarely trade this method below 1H. I am assuming that you have other methods on your bag that can be traded below 1H. What I have wondered is that the ppl who will facilitate large orders, ie provide the momentum in any particular direction, do they look at placing orders based on time, or on price? eg, 15M candle breaking/or close beyond a particular price? Or is the hourly chart the most reliable one to use, for momentum? Since what we really are looking for momentum and be part of that momentum. I have often heard many respected traders here on FF say they do not trade anything less than 1H. Then I have seen quite a few that seem to be doing reasonably well trading less than that.

What I am really getting at is this, my theory is that we are small fish, and to make money in forex, we need to be on the same side as the larger players when they start to push/move price? Now what are these larger players looking at? Not necessarily indicators, but the time frame?

Hope I have made myself clear, and really looking forward to your reply.

*Regards,
K.*

-kermut-

Again, very good questions. And thanks for the interest. It looks like there are a number on FF who aren't just looking for the "perfect robot". 😊

--What I have wondered is that the ppl who will facilitate large orders, ie., provide the momentum in any particular direction, do they look at placing orders based on time, or on price? eg, 15M candle breaking/or close beyond a particular price? Or is the hourly chart the most reliable one to use, for momentum? Since what we really are looking for momentum and be part of that momentum. I have often heard many respected traders here on FF say they do not trade anything less than 1H. Then I have seen quite a few that seem to be doing reasonably well trading less than that.

What I am really getting at is this, my theory is that we are small fish, and to make money in forex, we need to be on the same side as the larger players when they start to push/move price? Now what are these larger players looking at? Not necessarily indicators, but the time frame?

Without mirth, what you need to accomplish as a trader is get aboard a move before everyone else does, and not get bucked off by some swings after you get on. That may translate to "momentum" to you, but not to someone else.

There is a "cost" to trading. Time, execution costs, capital costs --- but mainly time. Time you could be doing something more constructive perhaps, like a job where you make sure money. (That has to do with "utility" too.)

It basically comes down to you having an edge that you are aware of that others aren't. You take your trades, the market facilitates you, and you profit because the majority of market participants really don't have much of a clue, even if they have been operating for a long time.

If you start with an incorrect premise: thinking that trading should be like a job, and you'll end up with a mistaken conclusion..., and losses. There are many on the FF forum who will chase their tails forever, or until they lose all the money or interest they ever had in this endeavor.

1. The BIGGEST money is mostly interested in, and trades on what they KNOW. News, facts, inside information that they confidently can trade on. They enter today knowing what will be released in hours or days from now.
2. The second biggest money trades primarily on price. They are the banks who offer a bid and ask to big and small traders. This is a huge business and is like a casino who has an edge on every transaction. They enter when others enter, they are only limited in profits by how many people they can get in their nets.
3. The third biggest quantity of money is the funds who ride the bigger moves. They trade on price and time, breakouts of price/time periods or moving averages, which also are a price/time function.

None of the above care about 15 minute charts.

Small traders have the worst of it and the best of it.

We have the right and ability to not trade. We can wait until conditions suit us perfectly to trade. Big firms do not have that luxury. We need to use time and price periods that allow trading to "pool" in and then trend from.

Hence, hourly charts. We need significance to be on our side.

Those were great questions, -kermut-. 😊

-PeterCrowns-

To profit the most: your trading personality must match the market. It is always right. - TRT-



[PeterCrowns](#)
PeterCrowns

Member Since Mar 2008

[40 Posts](#)

Now the GBP/USD short from yesterday is at 210+ pips or 5.5:1

Quote:

Originally Posted by **Freestyler** 

I might be getting trader's insomnia, you know, fear of missing out on a good trade setup while sleeping. Those of you on the east coast know I'm talking about. Woke up extra early this morning, and was rewarded with catching the downtown express on cable (IB at 9 GMT). Risk was only 37 pips, for a very nice gain so far (+3x risk). This is a very nice tool to add to anyone's trading toolbox, as long as you're awake & alert when the setup takes place.

It was a great trade! I'm glad you caught it too.

A large percentage of the best trades do happen while most of America sleeps. What is good about the DIBS method is that after you get entered you can usually go to sleep. Either the trade will go 1:1 (or whatever your target figure is for 1/2 of your position) or it won't and you will get stopped out.

The trade is simple and perverse at the same time. It also gives some of the best risk/reward trades possible and always ensures that you are with the daily trend. If you are also in tune with the weekly and monthly trends is when it gets exciting!

This one is a good example. The weekly trend on the GBP/USD is still officially down. This trade has potential "legs".

I attached a snap of the GBP/USD and the EUR/USD DIBS trades I personally took. The blue and red breakout lines are trades I took. Obviously some of the trades had their potential "trails" killed.

So what. 

All of the trades went 1:1 on before stopping out. I personally would and will do this forever. Until they shut me down and lock up my mouse.

Have a good day.

-PeterCrowns-

Attached Thumbnails



To profit the most: your trading personality must match the market. It is always right. - TRT-



[PeterCrowns](#)
PeterCrowns

Member Since Mar 2008

[40 Posts](#)



Quote:

Originally Posted by [fxtrader42](#)

Peter,

Great job thus far... I have just looked at this thread for the first time and I have to say I have enjoyed what I have read thus far. I havent got through the entire thread but I have a question about this post and was hoping you could clear this up for me. On April 2, it looks like the second bar would have been an inside bar that would have created a sell signal using your strategy. Am I missing something here? If so, what am I missing and if I am not missing something why didnt you draw a red line or why didnt you enter a trade at that point? Thanks and all the best!

-fxtrader42-

As there was no chart for April 2 in the post above, I'm not sure what you mean. Perhaps you meant April 22? If so, then which chart are you refering to? The GBP/USD or EUR/USD?

(Edit: [I looked back to my April 3rd post and think I've found the chart you were describing.](#) The second bar was indeed an inside bar, but since the market didn't fall below the inside bar there was no selling event. There was no buying event above the second bar because the high of the inside bar was BELOW the open of the day signified by the dotted line. The 10th bar of the day was an inside bar and I actually bought the upside breakout of that bar for a profit. Hope this helps.)

Also, these are all the breakout trades I actually took. It is possible for me to miss one or two others from time to time.

BTW -- The Eur/Usd short is still cranking away profits. It looks like this is going to be a very nice week. 😊

-PeterCrowns-

To profit the most: your trading personality must match the market. It is always right. - TRT-



[PeterCrowns](#)
PeterCrowns

Member Since Mar 2008

[40 Posts](#)



Answers to questions----

Quote:

Originally Posted by [kermut](#)

Hello Peter,

... Now, as always with great replies, follow more questions.

There's something in your reply that had me a bit confused, the main one being your comment:

Without mirth, what you need to accomplish as a trader is get aboard a move before everyone else does, and not get bucked off by some swings after you get on. That may translate to "momentum" to you, but not to someone else.

How does one get onto a move before everyone else does? My reading has led me to surmise that most trading methods are one of three, trend following long-term, breakouts, and waiting for a pull back once a move has started. The only thing that I can see as getting into a move before a move starts is the break out, but I have seen more breakouts being false breaks than real breakouts. Hence, wouldn't it be more prudent to actually wait for a move to start, wait for a pullback and then get in on it?

It basically comes down to you having an edge that you are aware of that others aren't. You take your trades, the market facilitates you, and you profit because the majority of market participants really don't have much of a clue, even if they have been operating for a long time.

Now, first I thought you were talking about the majority being the retail traders who are just doing this for a hobby and trying to make a small amt here and there. But the last part of the line made me think again. For me the majority in the market are the big boys, and since they have been operating for a while, surely they would have a clue. If they don't have a clue, there isn't much hope for me 🙄.

You gave me a list of the big boys, putting them in 3 categories. I couldn't think of who fits in the first category, but the second one is obviously the banks, and who as you said provide the liquidity, so they make their money regardless. It is the third category that I am interested in, ie funds. If they trade on price and time, and any derivative of these two, why is it they do not have the "luxury" of us smaller traders of have the option to wait till conditions suit us? Wouldn't they have strict criteria for entering, hence probably having to wait more than the retail trader who can probably exercise a bit of "faulty" discretion?

Lastly, about what you stated as being the open of the session. Was that 6am London time or GMT time, as there is a 1 hr difference b/w them now due to day light savings? Also, will you take trades before the session opening bar, and after your arbitrary 9-10 hours have passed from the day before? ie say, at about 4am there is a valid entry signal, will you take that or wait till after 6am to take ur trades?

As always, looking forward to your reply.

-kermut-

First thanks for the reply to the other questioner above. You definitely have the spirit of the **DIBS** method.

Thanks for the questions. I'll try to make the answers as clear as possible.

First--

Quote:

How does one get onto a move before everyone else does? My reading has led me to surmise that most trading methods are one of three, trend following long term, breakouts, and waiting for a pull back once a move has started. The only thing that I can see as getting into a move before a move starts is the break out, but I have seen more breakouts being false breaks than real

breakouts. Hence, wouldn't it be more prudent to actually wait for a move to start, wait for a pullback and then get in on it?

It is a matter of time frame of those holding and entering trades. The least informed, worse capitalized traders enter last. If you are to be successful trading, you have to find a way to "beat" the majority of money into the preferred trading direction (the market dictates this) so that it can continue the trend after you are in. Whether you accomplish this by entering on pullbacks or direct breakouts like I do it, is a matter for you to decide. To be the most successful overall you probably should chose the method the fewest other traders would prefer --- the toughest to accomplish psychologically or physically. ie: staying up at odd hours to accomplish your business.

That which pays me gets my business.

Second--

Quote:

But the last part of the line made me think again. For me the majority in the market are the big boys, and since they have been operating for a while, surely they would have a clue. If they don't have a clue, there isn't much hope for me

Just because an entity is big doesn't make it smart. Thank goodness. Otherwise we would all be toast in the trading business. If you become good at trading it will ultimately be because you have learned to pick Bank's pockets.

The banking system has loads of money available to it, but the surest money available to them is to profit from commissions and carrying charges otherwise known as the "carry trade". The people who work for banks are not the Einsteins many feel they must be. *They don't have to do anything creative. Governments need them so much they guarantee them profits, inside information and freedom from failure. Jobs for life.*

Third--

Quote:

It is the third category that I am interested in, ie funds. If they trade on price and time, and any derivative of these two, why is it they do not have the "luxury" of us smaller traders of have the option to wait till conditions suit us? Wouldn't they have strict criteria for entering, hence probably having to wait more than the retail trader who can probably exercise a bit of "faulty" discretion?

They have too much money to place on trades to get "cute" with order placement. You might not have thought much about this yet, but when you finally get to be successful at this, you are going to have many trading opportunities closed to you that **NOW** you can just trade blithely with a small account.

The **DIBS method** is not a method that funds are likely to trade. Not that they wouldn't like to. It just takes too many people with too much individual control to accomplish that. They need to trade large quantities on methods that have reasonable edges by traders that have little control that earn enough for them to maintain a hold on the money they manage.

A fund that has \$500 Million in assets throws off 2% management fees a year (\$10 Million) and the fund receives about 20% of profits made in addition. But the guaranteed \$10 Million is what the fund wants to be sure to keep. They can use ANY strategy that can make an average of 10 - 20% annually, and doesn't require much trading in and out. They're happy if they luck into a big yearly trend. Otherwise, just holding their own and the capital under management is their main

goal.

Long-term moving average systems fill that bill quite nicely, have worked for a long time and keep bringing home the sure money. Why would they want to fool around waiting for trades in the middle of the night when a principal of the fund can make 3 - 5 million by hiring a 70K forex trader who executes a dead-simple system (10 trades a year) that the principal can tell immediately if he is doing his job right by checking a platform 1 minute a day?

Not all funds are alike of course. There are "niche" funds who do have 40-50 guys trading for them. They do make a lot of money sometimes, but they tend to be smaller (< \$100M) and as they get bigger, they expand to slower methods.

Fourth--

Quote:

Was that 6am London time or GMT time, as there is a 1 hr difference b/w them now due to day light savings? Also, will you take trades before the session opening bar, and after your arbitrary 9-10 hours have passed from the day before? ie say, at about 4am there is a valid entry signal, will you take that or wait till after 6am to take your trades?

Ask yourself, when does the market open? I use 00:00 CST or 06:00 GMT as my open. Believe me, if you are off 1 hour due to Daylight Savings time it is not going to be a problem.

No, I don't take trades before the session opening bar. I will take trades within the opening session bar, if the previous hourly bar is an inside bar.

Think I'm being arbitrary about being willing to trade just the first 9-10 hours? Check out the last 20 years of intraday market action. The first 10 are the hours when 90% of the trends that actually develop WILL develop.

Think about that for a few minutes. Perhaps you might figure out other strategies that might be profitable to you.

I hope some of this has been helpful to some of you.

Thanks again **-kermut-** for the great questions.

-PeterCrowns-

To profit the most: your trading personality must match the market. It is always right. - TRT-



[PeterCrowns](#)
PeterCrowns

Member Since Mar 2008
 [40 Posts](#)

Thanks for giving it a try!!!

Quote:

Originally Posted by [billflet](#)
Peter

It's not easy to ditch what I've spent years learning. But...

I started filtering my normal trades by applying your Up Or Down On The Day Rule. I'm sure you can guess my results--fewer trades, higher (significantly higher) win to loss. That rule alone made a measurable difference in my trading.

Now I'm taking more and more DIBS setups, again with very pleasing results. Not to mention the simplicity eliminates a lot of stress. I'm finding the DIBS setups get me into the trade a lot quicker than my everyday method. My normal way signals a lot of the same trades, but many pips behind, depending on the length of the breakout bar.

To anyone else following this thread: Do yourself a favor and trade the most active hours no matter how tough that seems. It makes a world of difference. There's nothing more discouraging than watching a seemingly good trade wither on the vine during the late NY afternoon.

Thanks again Peter--this is good stuff.

-billflet-

The **DIBS method** is one of the surest "unknown" methods available for making money in Forex. I wish I had invented it.

I got it from a generous trader years ago when I needed to be successful in the pits eons ago (it seems like forever sometimes). He posts in FF once in a while, aptly enough under the moniker, **TheRealThing**.

Having traded the concept personally for more than 15 years, I know how good and also how irritating it can be. As you mentioned, trading during the active hours is key to the best trades. It is hard to beat the combination of low risk and high probability.

It is much more powerful than any of the methods I've seen promoted in FF. And easier to implement. Yet it stays in obscurity, which is the way of all good methods.

-PeterCrowns-

To profit the most: your trading personality must match the market. It is always right. - TRT-



[PeterCrowns](#)
PeterCrowns

Member Since Mar 2008

 [40 Posts](#)

 **The DIBS trade of the Month!**

And it is only the 1st of the month.

“Give me a place to stand, and I will move the Earth.” - Archimedes (Grecian Mathematician , 280-211 BC)

This was the best **DIBS** trading day I've had in a month. *(See Usd/Chf hourly chart below)* Regardless of what it may appear, this post is not to gloat, but to show the virtually perfect **DIBS** trade and why you have to trade the earliest breakouts possible for the greatest possible gains.

Thank goodness I was awake and trading this morning!

While the Eur/Usd and Gbp/Usd both had good **DIBS** trades this morning, and I took them too-- my most effortless and hugely profitable trade was buying the Usd/Chf at 1.0354. Just 30 minutes into the day, the market took out the high of the previous hour's inside bar, putting me long. Because the bar was so narrow, my protective sell stop was ONLY 6 pips below my entry. Since the risk was so low I was able to multiply my size accordingly, and had 4 times the position I typically have on these trades.

It took off so quickly I didn't even drop off half of my position until 1.0499. Yes, 145 pips later and at the round number: **1.0500**. (What a great problem to have!!!)

As I'm writing this the profit from the trade exceeds 25 times the risk taken. The day is not over. And the month has JUST begun.

If you look on a daily chart (*also inserted below*) you can see that there is a clear breakout to the upside on the Usd/Chf. Having gotten in before the breakout gives us a comfort zone, something that is rare and usually significant this early in a month.

What if this market goes up to 1.0750 or 1.1100 (**66:1/125:1 return on risk**) or even higher? What if this is the beginning of a serious turn in the dollar for a while?

And remember, this is just 1 trade. If this should be the beginning of a longer trend, profits on this one trade could be enormous. Other add on trades could make a huge pile by the time the trend ends.

If the trade fails, ie: gets stopped out – no problem. There will be others that will work.

If the market doesn't reverse and take out the initial trade stop, I will use the 20 period moving average (displayed) as a trailing stop. I have seen just one trade like this one provide half the year's profits for a good trader, by just following it up with a trailing stop.

Obviously, finding the low risk “place to stand” is crucial. For me, DIBS has proven to be one. It is definitely not a method to “fade”.

This trade is an actual working example of how you can, with a simple but durable methodology, expect to make profits from long tails.

There are consequences for trading correctly. Exponential profits!

-PeterCrown-

Attached Thumbnails



To profit the most: your trading personality must match the market. It is always right. - TRT-



[PeterCrowns](#)
PeterCrowns

Member Since Mar 2008

[40 Posts](#)

Money makes the trading world go round!

Quote:

Originally Posted by [soso](#)

Hello Peter, great thread and strategy, I didn't thought someone posting a trading strategy can catch my attention anymore. I was wrong! 😊

I have a question, using 06:00 GMT as the start of the trading day, do "european" pairs (cable, euro) work better than say usdjpy or audusd?

Thanks!

-soso

Good question, **-soso-**

I don't trade the Aud/Usd that much. The Usd/Jpy trades just fine using **DIBS**. And yes, the European pairs seem to work better than average then. What follows is the likely explanation.

To quote Monk (from the USA Network TV series), "Here's the thing"-- currency pairs that have more **money** interest behind them move more. And they will move more when the locations that house the **money** have daylight.

So, when the first major money center opens, Britain and Europe -- that is when the viable currencies get their boosts, up or down. As the sun moves to the Americas the final major thrust of money flows into monetary concepts, either bullish or bearish.

Not that many people in the world care about the New Zealand or Australian currencies except as to how they may interplay with specific businesses. There are charts that deal with how much trading volume goes to specific currencies worldwide. Others who have good access to them can post them, please.

As a simple rule of thumb, look at the spreads to trade a certain pair. If it is wide there isn't as much interest. That doesn't mean that it can't be volatile, but the risk may well overwhelm the potential.

I know that the main currencies are these: **Eur/Usd, Gbp/Usd, Usd/Chf, Usd/Jpy**. I trade them almost exclusively.

I will occasionally plant long term trades in Gbp/Jpy to take advantage of carry, but have been out of that for months until recently, as you can easily imagine why.

About the long Usd/Chf trade I took the other day, May 1st. It's still going strong. I did add to it on May 2nd to make an additional free trade. (See chart snap below- the first buy of the day was a loser, the second was the big winner converted into a **free** trade--by the way, notice how much bigger the risk per trade became, so much smaller size was traded---)

I'll see how the Usd/Chf looks in a week. A week can seem almost like forever in the currencies. At least, this is the kind of trade set up you look for to get big profits from small risks.

Jesse Livermore said it a long time ago, and it loses no truth by being an old saying, that profits are made by sitting, not trading. The following quotation comes from *Reminiscences of a Stock operator.* (If you need a copy- PM me for where you can get a perfect electronic one for free.)

Quote:

And right here let me say one thing: After spending many years in Wall Street and after making and losing millions of dollars I want to tell you this: **It never was my thinking that made the big money for me. It always was my sitting. Got that? My sitting tight!**

It is no trick at all to be right on the market. You always find lots of early bulls in bull markets and early bears in bear markets. I've known many men who were right at exactly the right time, and began buying or selling stocks when prices were at the very level which should show the greatest profit. And their experience invariably matched mine that is, they made no real money out of it.

Men who can both be right and sit tight are uncommon. I found it one of the hardest things to learn. But it is only after a stock operator has firmly grasped this that he can make big money. It is literally true that millions come easier to a trader after he knows how to trade than hundreds did in the days of his ignorance.

I've been accused by my friend **-TheRealThing-** that I am one of the most reluctant traders he's known. Even more reluctant than him.

I don't think that is bad. I only like to take trades that have low risk and are in the direction of least resistance, the main trend.

Thanks again **-soso-** for the question.

Now I have to watch the Kentucky Derby the sport of kings, and recliner bound traders after a long spring----

-PeterCrowns-

Attached Thumbnails



To profit the most: your trading personality must match the market. It is always right. - TRT-



[PeterCrowns](#)
PeterCrowns

Member Since Mar 2008

10+y [40 Posts](#)

What is Discretionary?

Quote:

Originally Posted by **Mgh**

Your kindness in sharing your knowledge is most appreciated.

Two questions please.

Do you ever use discretionary trading based on your years of trading experience to attempt to pick relative tops or bottoms for long term (multi-year) trades?

It appears to me that using the DIBS method would by default, place a trader in a long term trade. Do you find this is so with your long term experience trading the DIBS method?

Good luck on that CHF trade

-Mgh-

Good questions, and a great place for me to make a serious point.

By my understanding, all trading is discretionary.

No one forces anyone to trade any style or quantity or system or timeframe. So anything or any

method you chose is by your own discretion.

I trade to be on the winning side, and to make money, period. Not to see the elegance of a trading method. The only elegance I care about is a much larger elegant account after my efforts. I will use ANY true advantage I can get, inside information, perfect mathematical tipping points in the direction of where the market is destined to go (my usual edge), bad traders, and any news from major banking institutions (when they are forced to tell their positions it gives you a HUGE edge).

All winning traders that I know of are systematic in their trading. Either they trade a "system" or they trade a market concept virtually perfectly over and over.

I have bought many exact bottoms in markets that 99% of other traders with their analysis would claim was a bear market, but in my systematic analysis was just a bottom in a **v-e-r-y** long term bull market.

It is very possible for a strongly bearish trader **and** a strongly bullish trader to both be right and actually profit from the same trade opposite each other because of operating on different time frames. Of course, as the time frame continues after a trade at the same price, it would become less likely that both would profit.

Even though I entered trades on the floor like the other floor traders, I wasn't a scalper, or someone who constantly was "at the offer" and "at the bid". When I got my signals to trade, I would pay up (give up the spread) to get filled now, just like outside traders who paid the bigger commissions.

My edge was a longer time frame (potentially days instead of minutes) and the speed advantage over the outside screen traders, for whom it might take a full 30 seconds to 90 seconds to be sure of a market order fill when they saw a signal.

You guys don't even realise how good you have it with instant fills that we all enjoy now. But you also don't realise how much disadvantage you suffer from trading against old pros who used to trade off floor with a 90 second disadvantage and still made 100% return on their money every year. They still are out there and cleaning up now that they have the advantage of instantaneous fills.

At the very least, **DIBS** makes sure you are with the daily trend. Which means that you have a good chance of being in the direction of the main trend because the market should go up a higher percentage of the time when the trend is up and the market should go down a higher percentage of time when the trend is down.

Thanks -**Mgh**-

-**PeterCrowns**-

To profit the most: your trading personality must match the market. It is always right. - TRT-



[PeterCrowns](#)
PeterCrowns

Member Since Mar 2008
 [40 Posts](#)

Long/Short?

Quote:

Originally Posted by **Freestylar** 

Hi Peter:

*Quick question regarding the last chart you posted from May 2nd. On the second add-on trade that turned out to be a winner, there was a bearish bar sandwiched between the inside bar and outside breakout bar. This bearish bar actually dipped below the lows of the inside bar, wouldn't that have been a stop-out? It even went below the lows of the outside bar on the left, which, from what I understand, would invalidate the whole **DIBS** setup. Or am I missing something here? Perhaps I have been too strict with the setups.*

You are absolutely right about there being a downside breakout from the inside bar before the market turned around and took out the high of the same inside bar.

If you were trading purely mechanically, taking all breakouts that fit the DIBS concept --, you would have definitely taken that short (and been stopped out, not a major catastrophe) prior to the long trade created by the upside breakout of the inside bar. If you had absolutely no other idea about the market than **DIBS** indications you could and probably should.

I was not interested in taking any short positions in the market shown, and was just looking for buys.

I did take the first illustrated **DIBS** trade to the long side, and got stopped out. That first losing trade also had a breakout to the downside before the buy took place, the low of which I used for my risk point -- which is where I got stopped out.

Not deterred, when the second inside bar formed, I was willing to trade again -- but as stated above, only the buy side. Since the trades were still early in the day and still hovering near (but above) the day's open, the potential for a high reward trade for the day still beckoned.

Some choose to trade **DIBS** only as a daily trade concept, taking all trades it offers, long or short according to the concept and they exit big daily winners at the end of the day.

Others extend their potential by virtually turning **DIBS** into a swing trading method --- by holding on to their winners, only getting out on a following day *if* there is a **DIBS** reversal trade. You would be surprised how many times you can get into a **DIBS** trade at the beginning of one day and not get any reversal **DIBS** trades for many days after. It is usually due to major developments hitting the market. **DIBS** traders are natural profit recipients of one-way market actions. That is when your tireless actions of taking your low risk trades over and over get paid off, when the "world" now wants the position you put on with a tiny little risk days before. 😊
Got to love the perversity of the market!

-PeterCrowns-

To profit the most: your trading personality must match the market. It is always right. -

TRT-



[PeterCrowns](#)
PeterCrowns

Member Since Mar 2008

 [40 Posts](#)

A Word to the Wise is Sufficient

Quote:

Originally Posted by **Mgh** 

Peter,

You wrote

...perfect mathematical tipping points in the direction of where the market is destined to go (my usual edge),...

Would ya care to elaborate?

-Mgh-

Thanks for the perfect question for the following response--

Short answer: *no*, but I will elaborate a little on why not.

I had an interesting PM exchange with an FF member recently about what we "KNOW".

It is one thing to "*know*" something and another to act on it. Only action gets rewarded, even if your action is handing off what you "*know*" to someone else who will act.

What everyone "*knows*" is different, along with the level of certainty each person requires for themselves to "*know*" something is true and is expected to be true in the future.

I have learned the hard way that my requirements for "*knowing*" something are much higher than most traders. I encourage you to adopt the same standards.

When people are at the beginning stages of learning to trade the markets, (*I remember in horror my own ridiculous thoughts when I was new*) they see something happen 10 times and think they now "*know*" something. And then wonder why they just lost \$50K when they acted on it. In the bigger reality they don't have enough scope. If they survive, they'll maybe get it, but it always has a cost.

This is also why age and experience pay off so well in trading.

If you can get to the point where you can survive 3 or 4 years of trading, barely breaking even or losing very little while trading a few times a week; you have much additional market knowledge built up. Then, when you find a decent, trading method and couple that with the ability "tradingwise", to chew gum and walk without falling down-- you can start making real money.

It is very normal for some of the best traders to go through years of barely profitable trading and then **whosh!**-- they really take off because they finally "get it". I've have friends that didn't make any real money for 10 years, finally get themselves straight and make a couple of million every year thereafter. They finally accumulated a combination of assets that allowed them to prosper.

I got my combination put together years ago. It didn't just drop in my lap. I'll give you my secret in a minute.

I am definitely not perfect, but I do not trade on hope. Just the facts of price and statistics with no spin on them. And facts I know from other contacts I have acquired over a 20 year span. I do not want to trade unless the trade has so little overall risk that it would be stupid to not take the trade.

I still believe that most people who **"know"** they are meant to be traders should be working in real estate. They would do so much better with less risk, time and 1/10th the learning curve.

I also believe I **"know"** exactly how people could learn to trade profitably, using the least amount of time and risk. But I have no motivation to do it.

In many ways I regret mentioning anything on this forum. What you've seen in this thread is about all I'm going to say or offer. I may post from time to time, but I really don't see much benefit. [Atlas Shrugged](#) explains my overall view in this regard.

(The secret I said I'd mention)

I **"KNOW"** that people who absolutely have to find out how to trade correctly and profitably are willing to do ANYTHING to get that information, and then get it! **I was..., and got that information! You think it was free?** *(You who thought I should have put "almost" in front of "anything" in the preceding sentence-- you might want to find a kinder profession! Serious trading isn't kind to anyone involved--)*

If you are willing to pull out all the stops, you can succeed! That will be an edge you will have over the many thousands of others here who don't want to pay what must be paid.

I am sad to say my experience has been that most people in forum environments just want something for free or for someone to do all the work for them (for free) and aren't willing to put forth the real work necessary to get the benefits. So this posting adventure reaffirmed to me that it is likely a waste of time for me to continue posting.

A Word to the Wise is Sufficient

Intelligent people can take hints; they don't need to have everything explained to them at great length. I have had contacts with a number of fine people from this forum who fit that category and have no doubt they will find their way to success if they keep at it.

-Mgh- Thanks again for the interest and fine comments, and indeed all of the other great comments and assistance great people have offered on this forum.

I'm not unhappy with any responses or individuals here. I just need to get on with trading and only see any further contributions as a form of effort without compensation. I have relatives that resemble that situation already. 😊

Thanks again for having me for a short time.

-PeterCrowns-

To profit the most: your trading personality must match the market. It is always right. - TRT-



[PeterCrowns](#)
PeterCrowns

Member Since Mar 2008

[40 Posts](#)

I loved this trade too--

Quote:

Originally Posted by [jarroo](#) 
Other half stopped out at break even.

I'll take trades like these all day. I always want to give a trade a chance to run.

-jarroo- 

Good to see someone else taking the same trade I did this morning.

But I didn't get stopped out of my second piece as in your instance.

I got 20+ pips on my first half (only ~13 pip original risk) and placed my stop below the inside bar. It hasn't been hit yet, but it was **VERY** close.

You definitely have the idea and I agree- I too will take trades like this all day.

-PeterCrowns-

To profit the most: your trading personality must match the market. It is always right. - TRT-



[PeterCrowns](#)
PeterCrowns

Member Since Mar 2008

 [40 Posts](#)

 **Bemac Is Right! Even more so since he started the thread....**

Quote:

Originally Posted by [Bemac](#) 

Officially, I am happy where this thread progressed to.

Unofficially, I am dissapointed that it has become a "Journal" thread rooted in the Rookie forum.

Please don't misunderstand me, I love what has happened here. In Fact, I think it has been one of the most revoloutionary threads on this board. But, {as the author} I would ask that One of You Start a NEW DIBS Thread for all these Long&Short Calls. No Free Lunch... is not about DIBS, It's about more than that.

The Sooner you do, The less you will have to Transpose.

PC. ie Peter Crowns. Please watch for this suggested New Thread and with the Grace o... you may consider posting to both.

Seriously guys, This thread is starting to look like a Journal and closing the door to any "New Contributions."

Help me here, please.

-Bemac-

Your suggestion very smart.

I will keep an eye out for a new thread. I may be able to post from time to time.

This was a challenging week, but overall fairly profitable.

What I like is the fact I get fewer trades when the market is messy like this week.

Trend days are pretty obvious.

-PeterCrowns-

To profit the most: your trading personality must match the market. It is always right. - TRT-



[PeterCrowns](#)
PeterCrowns

Member Since Mar 2008
 [40 Posts](#)

Time matters!

Quote:

Originally Posted by **bluefox**

Hello Peter! thank you for this elegant method. I'm studying it but I'm a bit confused about the opening time you use. in later posts you stated clearly that you use GMT06:00 or EST 01:00 as your opening price. but I've noticed that in this particular chart you've used here, the white line began at GMT05:00 or EST 00:00. could you please clarify this? thanks again.

-bluefox-

The opening time is as I stated: **GMT 06:00 or EST 01:00.**

For anyone still reading this link for DIBS info:

If you have some extremely good reason (like tons of intraday data going back 35 years, and statistical variance maps that indicate something I haven't discovered already---) that indicates a different time for starting your trading day, please go ahead and use it. That will be your own little edge.

Otherwise, you might just want to try using the above mentioned starting time.

Thanks **-bluefox-** for stimulating a clarification.

-PeterCrowns-

To profit the most: your trading personality must match the market. It is always right. - TRT-



[PeterCrowns](#)
PeterCrowns

Member Since Mar 2008
 [40 Posts](#)

Difficult to Backtest-----

Quote:

Originally Posted by **Pipfetcher** 

This seems to be a very good, solid and logical system but it is very difficult to backtest because you cannot simply take the "cable" for instance and start backtesting because one of the golden rules imho of this system is to trade the currency pair that shows the most "momentum" in a certain direction and therefore it would be, for lack of a better word, "incorrect" to just trade every signal u get on any given pair without taking momentum into account.

Basically what i am getting at is that it is difficult to backtest and if anybody has any idea of what the win/loss ratio of this system is I would be very glad if they could share it. 😊

I will make one huge point at this juncture.

The fact that a promising simple system is difficult to backtest should be a flashing light to you.

A good thing.

Anything easy to implement and test is also easy to destroy. **DIBS** will be more difficult to destroy because no two of you will trade the concept the same way.

-PeterCrowns-

PS: I am impressed with the effort so many of you have expended. **-zinc6-** Within your breakdown of potential profits you have given away the greatest potential of the method. **PC**

To profit the most: your trading personality must match the market. It is always right. -TRT-



[PeterCrowns](#)
PeterCrowns

Member Since Mar 2008

 [40 Posts](#)

Quote:

Originally Posted by **joselb** 

Great thread!

I want to send my thanks to PeterCrown for this method, I like simple methods like this one.

My question would be:

why must we take the price 2 hours before London and not when London opens (2 hours later)?

Thanks a lot and keep on with this great thread.

Jose

-Jose-

That might be an interesting for you to analyse.

It is possible you might discover something completely unexpected by doing it.

-PeterCrowns-

To profit the most: your trading personality must match the market. It is always right. - TRT-



[PeterCrowns](#)
PeterCrowns

Member Since Mar 2008

[40 Posts](#)

Simple beats complex----

Quote:

Originally Posted by **Mets**

Thank you NowAndLater, and thank you so much PeterCrowns.

The thing that first got my attention on this thread was when Peter said in post #23 "when you are ready to actually make money..., and stop the bleeding..." As a new trader, I've tried several different methods, and I even tried my own that I made up by taking bits and pieces from other individual systems. I'm an engineer, so I assumed the more technical a method was, the better it had to be. I tried complex indicators, Fibonacci numbers, you name it, but in the end all I did, even when executing the systems perfectly, was lose money. Given how knowledgeable Peter sounded and how helpful he was in explaining how his method works, I thought I should read the thread and give it a try. I am honestly utterly amazed. The Cable is up almost 150 pips as of me writing this. The method is so simple, and so correct, I actually had to work hard to understand it and remind myself that I'm actually participating in a market, not an engineering problem. I thank God for having me read this, it is truly a blessing in disguise. It should be required reading for any new trader. One more junk system for me, and I was going to need a second job. Fortunately, I think I can put the resume away 😊

Cheers, and many thanks PeterCrowns, wherever you are

-Mets-

I have sympathy for the learning curve. Technical people, especially engineers-- tend to have some difficulty in the work of trading until they finally allow the market to do the creating.

Today has been a great day so far in the Eur/Usd, Gbp/Usd, Usd/Chf. Due to the speed of the moves I went 3:1 on all of them before trailing.

You would have had to hate the market to have lost money this morning. Unfortunately, many do. So, they lose.

-Mets- I appreciate your comments, and the comments of all the others commenting here who are proving to themselves that simple (if it is statistically based) beats complex every time.

The markets are very simple interfaces. Expecting something complex from them just betrays the mind doing the expecting. It rarely results in profits.

-PeterCrowns-

To profit the most: your trading personality must match the market. It is always right. - TRT-



[PeterCrowns](#)
PeterCrowns

Member Since Mar 2008

[40 Posts](#)

I have to answer this question....(possible rant alert....)

Quote:

Originally Posted by **outapips**

Hi Peter,

Thanks for all you have shared here and for your comments on trading in general. I am learning a lot but currently trading on demo account until I feel more comfortable. So far my results have been very encouraging however the recent past has not seen too many moves that fail so I am wary of getting too carried away with things.

My question relates to your trades on June 16th specifically in regards to the eur/usd. At the start of the daily session there was an IB on the bar prior to the session start (actually it was a double IB). I traded this and ended up with a stop out long and then a break-even short before the euro took off later for a nice trade.

Did you take the entries at the start of the daily session? If not, can you elaborate on what reasons kept you out of taking these trades?

*Thank you
OP*

Multi-part rant-

-outapips-

I genuinely thank you for being brave enough to ask this question the way you did, and taking the trades you did. If anyone has asked this question before in the FF forum, I didn't see it -- *(much like the sound I hear when a tree falls in the woods when I am not there).*

In answer to your question, I didn't take the offending trades, but easily could have. You'll figure out the rest of my answer from the dialogue below.

-outapips-

Any negativity expressed here is NOT directed at you in any way, and I thank you for bringing up some material that needed to be said. In reality much of what I will say has been said, by various people, various times; but maybe not in application to something that works so well....

There will, no doubt, be those who will recognize themselves when this is read. *(Also, thanks in advance to Dr. Phil for some coming "get it" remarks.)*

Wikipedia, which is becoming the virtual source of most information that is close to trustworthy for us in cyberworld states this under the definition of **TRADER:**

*In finance, a trader is someone who buys and sells financial instruments such as stocks, bonds and derivatives. Traders are either professionals working in a financial institution or a corporation, or speculators. They buy and sell financial instruments traded in the stock markets, **derivatives markets** and commodity markets.*

Forex is a derivative market.

Nowhere is there a definition of trader where traders are those people who buy and sell without losses.

Losses are an integral part of trading, and those who spend most of their thought processes trying to figure out how to trade with the fewest losses, don't "get it".

I know that some reading this will think I am over-reacting about the question of losses and loss taking, when in reality no one seems to take the concept of losing regularly as customary.

Until you learn how to lose, you cannot win, long term, as a trader.

Take your losses for God's (and yours and your family's) sake, and then forget them. Get past them, recognize that they will happen a lot and learn to handle the one thing you are in complete control of.

How much risk you take and the size of losses you take. Then the only thing you will be left with will be profits.

What a problem!!!

When I started trading in futures you had a fairly good idea (but not perfect by any means) of how much risk you were taking on trades until you came to a day when you put on a trade and there was an air pocket where there was no trade for dozens or 50 or 100 ticks when some big news hit the market and funds gobbled up all the offered contracts. If you were a slow pit guy you "died" that day if you had too much size on.

We all have it so good today trading forex.

I'm so tempted not to even finish this post after getting this far. Why bother? Maybe most of you all need to "die" financially a few times to give you what it really takes to trade right. *(I decided to finish. Lucky you!)* 🤔

If you can't see the advantages you all have and the opportunities to cut your risk to virtually nothing (pennies a pip if you wish), and the right to hold on to your winners almost forever if you want...!

What is everybody's problem? Don't you know that only **losers** get so freaked about having losses???? **Losses are just losses.** Make sure they are smaller than your winners, in aggregate, and you're home free. *I suppress more frustration at this stupidity than you can imagine. Your mental state of trading is KEY.*

So, unknowingly risking long-term trading relationships, I bothered to help some deserving,--- *at least I thought so in the state of mind I was then---*struggling traders by showing people a way through the curtain, by showing them **DIBS**.

Officially, it was a mistake. The deserving who "get it", will get the benefit, and for that small

group, I am happy.

It is the attitude of most forum members that offends me most. Probably because it is a "loser" attitude. Trading is about proving concepts and practical application. The scientific method is the most valuable tool we need.

Did no one go to any form of school before they came to the FF forum?

I feel extremely comfortable in stating that most of you don't anywhere deserve **DIBS**. Because most of you believe that perfection needs to be changed. Try taking 100 trades (at a penny a pip even) before you pass judgement on how it should be improved.... Ego has no place in trading methodologies.

I didn't invent **DIBS**. Do I care? No.

It's like being given a Porche 911 and before you even drive it a block, you say, "I think the engine would be faster if I drained the oil and replaced it with water. That heavy oil is too sticky." Good luck on that. *(Second thanks to Dr. Phil.)*

I don't even care if you want to modify any method so it fits your schedule or situation. **But the vast majority of you reading this don't anywhere know what you don't know yet.** And you can't be bothered to

I would be very remiss if I didn't include something about the responses I've received because of **DIBS---**

Beside all the people who write me wanting me to explain how to eliminate more losses with the **DIBS** method and

They "*want this*" and "*want that*" and "*could you explain it in detail in a way I can understand, and English is my second language....*" And, "*I'm a good and deserving person so you should want to help me.*" "*God will bless you if you help me....*" Literally hundreds of pleas for me to spend **my** precious time to make it possible for **THEM** to be successful traders.

BTW: I have a great relationship with God and he never mentioned you. 😊

Did they include a name or phone number? Less than 2% as of today.

Have any idea how much time writing an email to someone takes? It is the most inefficient form of personal communication used today (outside of text messaging from your phone, which is ridiculous!). Check around with time management people. The ones you pay for. It is great for spreading notes to 10,000 different people simultaneously, but sucks for personal communication.

Email is great for people whose time isn't that valuable yet. For people who are busy doing something, it is a waste of our time.

Every message or email I replied to, except for the longer responses; cost me the equivalent of \$100 in time based on what I earn a day. I thought, maybe it'll be appreciated, and I will be able to help someone as frustrated as I was when I got going.

Then, it finally came back to me.

When I began, I struggled and spent tons of money, didn't complain to anyone (no one believed in me but me anyway) and didn't beg either. I offered real value for the value I needed to acquire.

I borrowed money to trade, borrowed money to pay for training. I did everything I had to do to succeed.

Now you can do it!

Anyone who doesn't realize that time really is money, when you are dealing in a business based on money; doesn't "get it".

Hundreds have written me-- seriously expecting me to just give them the product of more than a decade of concerted effort, 18 hours a day-- because they think they deserve and I have so much. My answer:

Read **Atlas Shrugged**. Again, if you didn't get it the first time.

I needed information about foreign markets early in my career and I hired an interpreter for 2 weeks so I could get the information I needed from a foreign concern. I profited handsomely because of **MY WORK, MY EFFORT, MY MONEY** and I didn't beg them to help me or expect something for nothing.

I understand people wanting and needing assistance. I've helped many in the past. And will in the future, maybe. When I feel it won't be such a waste of time.

To be fair, a small number of emails offered to attempt to compensate me in some way. I did appreciate that, and have the belief that they will probably succeed in this business eventually.

For those who don't "get it", I will make clear that trading forex is a business about **MONEY**.

When you make money from trading, you will use it to improve your lot and your family's lot in life. That is as it should be.

If you want to give it to a charity in my name (as was one suggestion--thanks a bunch!!! 🙏) as compensation for my personal training, check with Gates!

*Simple Recommendation: **Respect your own capital and that of others and those who have talents you may require.***

This entire response was initiated due to the concept of preventing losses.

I found out early in trading successfully that, "Your first loss is your best loss." If you don't know what that means, respectfully, look it up!

I'm cutting my losses.

Best wishes to those who "get it". I'm glad for the few great people who responded with true appreciation for the help rendered. And thanks to the genuine posters and those who wrote me who really are willing to do what it takes to become a trader. It gives me encouragement that there is some future potential out there. I will meet you on the field of battle.

Goodbye.

-PeterCrowns-

To profit the most: your trading personality must match the market. It is always right. - TRT-



[PeterCrowns](#)
PeterCrowns

Member Since Mar 2008

[40 Posts](#)

DIBS Is Alive and Well!

Hello to everyone who has contributed and benefited from this thread. I am very impressed with the size and quality of this major thread on FF.

I've never posted here, but from time to time have checked the progress of this ever burgeoning and vital thread. I can honestly tell you that many excellent and clear explanations given in this thread far exceed what my personal frustration index could have handled.

You who have contributed can be very proud of your accomplishments, especially because of the difficulty for the "average" desirous trader to become successful. "Successful" in this case means to me someone who can depend on his trading operation as a quasi-reliable income source.

There is a reason why I'm making this post.

I got an interesting email from a former IBM engineer turned trader named Nathan who visited Forex Factory 2 months ago. He read the entire link of "No Free Lunch but all the Free Coffee..." (and the "NFLbatFC..continues..."), with more than a modicum of disbelief until he kept reading and reading, and decided to do something about it.

What impressed me was the work Nathan did before contacting me. He followed the prudent process of "trust but verify". All in all, before contacting me Nathan spent more than \$3,500 in purchasing data, and 175 hours in programming and testing of the concept. He said he would have given up after just a few hours but the results of his research kept coming up better than random, something he had not experienced in his last 2 years of research of shorter term methods.

He programmed a fast computer correctly (He forwarded me his code) and went through 14 years of intraday data in the Gbp/Usd, the last ten years in Eur/Usd, Usd/Jpy and Usd/Chf to see if there was a statistical edge to the concept above that of random entry with a variable stoploss.

His conclusions: *(with his permission)*

- His version of DIBS standalone entry with no 1/2 profits taken, exit at trailing stop or entry stop- 3.7 times better than random entry/exits.
- With no curve-fitting necessary he found that virtually any logical trailing method was efficient enough to extract the edge. (moving averages, parabolic trail, time exits, etc.)
- Nathan found that there was another time period as statistically viable as the approximate 6:00 GMT timeframe disclosed in the "No Free Lunch but all the Free Coffee..." thread.
- Nathan tested futures bond, coffee, soybeans, cotton, etc. for out-of-sample testing -- with similar positive results.

- After simulating 18,554 Forex trades he calculates the profit factor of his simple version of DIBS as 1.27. (return of 127 dollars for every 100 dollars risked. With 1/2 profit taking profit factor dropped to 1.21 but the equity curve was substantially smoother making possible greater leverage. Anyone who has done serious market modelling will realize the incredible power available from this size PF.

I was particularly impressed because his results were approximately what I had determined with even more rigorous modelling over a decade before.

Nathan has started trading DIBS live 3 weeks ago with a 50K account and is happy that he got in the big Eur/Usd trade that many of us took last Monday. The week started off with an inside hourly bar and after breaking out to the upside it has done nothing but gone higher. I'm still long because the market trend turned up over a week ago and my trail hasn't been hit. (and probably won't for a few weeks)

He asked me to thank the Forex Factory site and all of the other posters, those with positive and negative opinions, because he figured, "where there is smoke there is fire."

Why did he contact me to pass along the "news"?

He got to the point where better money management became necessary for effective trading and wondered if I could point him in the right direction. I did.

After reading the thread numerous times he's declining all the questions that would be inevitable from his posting especially since the answers would all be the same ones posted in the thread already.

DIBS is obviously still working for some of us.

The Eur/Usd breakout (chart attached) at the beginning of the week was a fun trade. I bought Eur/Usd at 1.2906, sold .5 of the position at 1.2925 for 19 pips (better than 1:1) and left the stoploss at 1.2890. I'm still long that trade as I write this. Currently Eur/Usd is at 1.3687- meaning 781 pips profit from a 16 pip risk.

Thanks Nathan, for the report on your efforts.

And thanks also to the fine individuals who have written to me with beneficial input.

Trade on.

PeterCrowns

Attached Thumbnails



To profit the most: your trading personality must match the market. It is always right. - TRT-



[TheRealThing](#)
Member

Member Since Nov 2006

[31 Posts](#)

An important note----

Quote:

Originally Posted by [leo_follower](#)

FINAL NOTE: *By no means do I want to imply that DIBS does not work. It may be a perfect and hugely profitable system. The testing period was far too short to draw any valid conclusions. In order to properly evaluate the system, you would need to extend it to at least 5 years, IMHO. Based on zinc6's results, I can only say that **it is possible** that the greatest potential of the DIBS methodology is in being ready to ride well beyond the 10R target in EVERY TRADE. **It is also possible** that exiting part of your position at a 1:1 target **might** cost you money, i.e. you have to pay for your "free" ride on the remaining portion. **In any case, you can't make a mistake by doing your own detailed research before allocating your money to trading any system or technique.***

Leonardo Follower

Since some of the cat is already out of the bag, I thought some perspective might be useful to DIBS hunters.

The secret is in long tails. No pun intended.

The important note to mention here is-- **zinc6**, in his kind, thoughtful, but extremely revealing exposure of his data, thankfully stopped at 10:1.

~zinc6~

PLEASE NOTE: This was based on Oct 07 - Apr 08 NF data - 7 months of data is most likely NOT statistically significant ... but as I said above it was a quick test to see if DIBS was viable as an entry method and 7 months is all I could easily export from MT4 at the time.

TEST PARAMETERS:

Pairs: EUR/USD, GBP/USD, USD/CHF & USD/JPY

Times: All IB's 0600 GMT - 1600 GMT ... also 0500 GMT if an IB

Daily Open: 0600 GMT

Entry: Bar High +1 if above daily open, Bar low -1 if below daily open - spread included (oanda)

Stop: At bar low/high as applicable.

As this was a quick mechanical test all I tested was what the maximum % profit reached prior

to being stopped out.

RESULTS:

Pair	#T	1:1	1:2	1:3	1:4	1:5	1:10	%1:1
EUR/USD	- 137	- 66	- 41	- 29	- 25	- 23	- 17	-----48.1%
GBP/USD	- 125	- 72	- 52	- 43	- 32	- 26	- 12	-----57.6%
USD/JPY	- 139	- 61	- 37	- 27	- 23	- 19	- 7	-----43.8%
USD/CHF	- 138	- 57	- 35	- 27	- 23	- 21	- 14	-----41.3%

In essence 50% of trades reach at least 1:1 R prior to being stopped out.

~zinc6~

Here's the important note:

How about 15:1, 20:1, 50:1, 100:1, 200:1, 300:1..., available for the "long tail" trader?

That is left up to the quiet researcher, who after seeing the actual figures attainable, stops revealing his research. Long tails, profit distribution-wise, favor extra large returns at the higher end of the X:1 spectrum.

Earlier this year, I took an average of 320:1 profits on large DIBS-initiated Eur/Usd positions accumulated 23 months before. I learned the realities of long term "carry" and anti-carry trading at the same time. In addition, I had some "not insignificant" DIBS-initiated positions still rattling around and rolled over from 2002 that were closed with an equivalent of 450:1 profits.

To put in terms your mind can grasp easily: after carry costs and interest received were adjusted; 5 regular contracts with an 11 pip risk (\$550) exited with \$257,459 in profits.

Were partial profits on the original DIBS trades taken at much lower figures?

Absolutely!

Why?

Equity swing moderation.

Unless you love jagged rip-saw equity curves and know how to best utilise their power, normal humans do what they can to smooth an equity curve.

Might there be some opportunity cost exiting some partial positions? Sometimes. But nothing like the opportunity cost of not trading a powerful method because you definitely can't handle the equity swings.

Unless you are Hellboy, you can't handle the constant drain of having decent profits at least 50-60% of the time, just to get stopped out 20 - 50 times in a row and *less than 0.5%* of your trades are the big ones that when your wife finds out forces you into new house hunting. (*How do you think I know this?*)

TRT

aka: *Leonardo*

Quote:

Originally Posted by **PeterCrowns**

Quote:

Originally Posted by **Vfforexlee**

Quote:

Originally Posted by **PeterCrowns**

Quote:

Originally Posted by **Vfforexlee**

Hi Peter,

I know you had enough being flattered by a lot of people in this board but I really want to thank you and let you know how much I have changed since you came.

I was wondering, where have you studied and what kind of degree you have studied in order to become a good trader and trade on the CME floor. I'm thinking Mathematics and Finance might be good but do you have any brief suggestions?

I'm quite honored to post you a private message 😊 and I hope someday your legacy will have an impact on all of us fellow traders who are aspiring to become a great trader.

Franklin

--Franklin--

I'm glad you asked.

Do not be put off by my response. It is absolutely the truth!

There is no degree that prepares you for trading.

It is always good to understand mathematics of course. If you need to learn a bit more about it there are always short courses you can take, to understand statistics and significance of results versus randomness.....

There are no schools or college courses to accomplish what I and other traders do. And never will be. This profession is about making money from price movement.

It is a profession that is taught to others by those who already learned how it is accomplished.

It is possible to become a self-taught trader. (But not guaranteed to be successful either.)

I don't recommend it. Why spend 20+ years (18 years of it is wasted) and lose \$500,000 making every mistake before figuring it out, when you can learn from someone who has made the mistakes. Maybe you have to pay them \$50,000 or \$100,000 for the training. It is insignificant when you can make a \$1,000,000 a year after you get your feet under you.

Spend the 20 years making money that you would have spent learning how to make money. Slam dunk.

If you want to be a trader, don't go to college, become a trader.

You can always hire a friend who went to college.

-PeterCrowns-

Peter,

I'm actually quite flattered by your post. Very well spoken and it feels like I want to post this PM in the thread, "No Free Lunch...Dibs method" since it is so meaningful.

Before the rise of computer technology and forum boards, where would you have learned these informations if you have not gone to college? Did you learn from a friend of your who has been a successful trader? Where have you learned about price movements?

I really want to be a trader and a good one. Is the Dibs method all I need to know?

Franklin

-Franklin-

First of all, feel free to post the above PM.

Quote:

Before the rise of computer technology and forum boards, where would you have learned these informations if you have not gone to college? Did you learn from a friend of your who has been a successful trader? Where have you learned about price movements?

Where there is a will there is a way. *Old saying. Never has there been a better one when you are talking about trading.*

People do a Google search about trading and think, wow! I've really searched all there is.... Its a joke. There is a lot of truth on the internet, but more lies and the best stuff about trading will never be available on the internet. So if people think they're going to learn there, they will be food for the real traders who KNOW what is going on.

If you were intrigued with the idea of trading years ago, you studied about trading in books. Where were the greatest hoards of trading books? In Chicago and New York.

I travelled to both, borrowed and read every reasonable book available about trading and trading methods. And even most of the unreasonable ones.

I went to plenty of trading seminars @ \$3000 apiece. I found people who others said were fantastic traders and found out they were just lucky, not skilled.

Then I found someone like I am-- now. Someone who KNEW how profits were extracted and the ways you could get the markets to pay you over and over again. Best day of my life.

I didn't try anything pathetic with him like asking him to give me help without corresponding compensation.

There is a "law of compensation" that works whether aspiring traders want to believe it or not. The reason I can trade at the level I do today is because of the extreme willingness I had many

years ago to compensate those who taught me.

(read this paragraph carefully)

By comparison to my own willingness "to do" then and especially now; only 3 aspiring traders I have come across in the last 15 years approach the same determination that I have.

If you want, you can post this too if you think anyone will care.

-PeterCrowns-



About PeterCrowns

I traded on the CME for 8 years. Had a lot of fun and fear and frolic. It is much easier to profit off-floor in forex than it was in the pit.

Country	United States
City/Town	Cherry Creek
Occupation	Trader

Trading Specs

Trading Experience	More than 5 years
Trading Style(s)	Quant
Preferred Trading Strategy/System(s)	Breakout systems work the best for me. Finding ranges that have to breakout are my bread and butter
Preferred Currencies	GBP, EUR, CHF, JPY
Preferred Trading Platform(s)	Tradestation
Preferred Broker(s)	MB Trading
Favorite Trading Book	Black Swan- Nassim Taleb
Other Markets Traded	Bonds, Options, Futures



About TheRealThing

I been trading professionally (for a living) for more than 2 decades. Traded on-floor and off-floor using robust breakout trading models. Check www.infiniteyieldforex.blogspot.com for FREE robust, professional forex trading systems and a real money trading challenge- \$500 to \$150K....

Birthday **Feb 29**

Country **United States**

City/Town **Minneapolis**

Occupation **Trader**

Trading Specs

Trading Experience **More than 5 years**

Trading Style(s) **Chartist, News, Quant**

Preferred Trading Strategy/System(s) **Breakout styles have proven robust for me, long and shorter term. Money management is a big factor.**

Preferred Currencies **GBP, EUR, CHF, JPY**

Preferred Trading Platform(s) **Any with tight or minimal spread. Oanda is very impressive considering its low cost entry component**

Favorite Trading Book **"Fooled by Randomness" & "Black Swan" -- N. Taleb**

Other Markets Traded **Bonds, Options, Futures**

MONEY MAKING FUN!  **2008**
EDITION

DIBS

FOR

DOHMIES

**WOW!
LOW RISK
HIGH REWARD
FOREX
TRADES!!**

**MORE! MORE!
MORE! GIMMEE
MORE!!!!**



www.txt2pic.com