

THE "PIP NAILER" SYSTEM

Dear fellow traders,

This is a system that I developed in late 2007. The system itself is relatively simple; it uses three main indicators, found in every platform.

1. Awesome Oscillator
2. Accelerator Oscillator
3. Parabolic SAR

I'm using Metatrader 4, since I consider it to be the most intuitive and customisable platform, and of course it's free. Indicators are all default MT4 settings.

Right, so how does this system work? Firstly, it works on any timeframe, and any pair. However, I would advise that people focus on higher timeframes, and on those pairs that tend to trend more. Lower spreads always help of course. You can use MT4 as the demo account, and an ECN broker as the live account if you so wish. There are some MT4 brokers that also have pretty low spreads for the Major Pairs, you can do your own research for which ones they are.

ENTRY RULES

We're looking for an entry when all 3 indicators line up on EXACTLY the same candle. So, for example for a SELL, then we'd go short when the PSAR appears above the candle, the AO turns red, and the AC turns red. When this happens, I call it a Nailed Candle. We only enter at the close of the "Nailed candle", i.e. at the start of the next candle.

Here is an illustration on the EUR-USD, hourly chart. Notice how all three indicators changed color/position at EXACTLY the same bar. This is very important. Anything else is not a valid signal or a nailed candle.



EXIT RULES

Ok, as for exit, you can use a variety of different techniques. Exits are the hardest part, and if you can master exits, you've virtually mastered trading. Stops are usually very tight – I tend to make my Stop Loss at the high of the nailed candle. Set your Take Profit at the same number of pips as the Stop Loss. So if your SL is 30 pips, then your TP would also be 30 pips. You can also let the trend continue, and then exit when both the AO and the AC have changed color. These rules allow for a totally mechanical system.

Opposite rules for buy of course.

Remember, MONEY MANAGEMENT, and test this in demo first! Never risk more than 2-3% of your account on a trade.

Good luck!

Ash

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