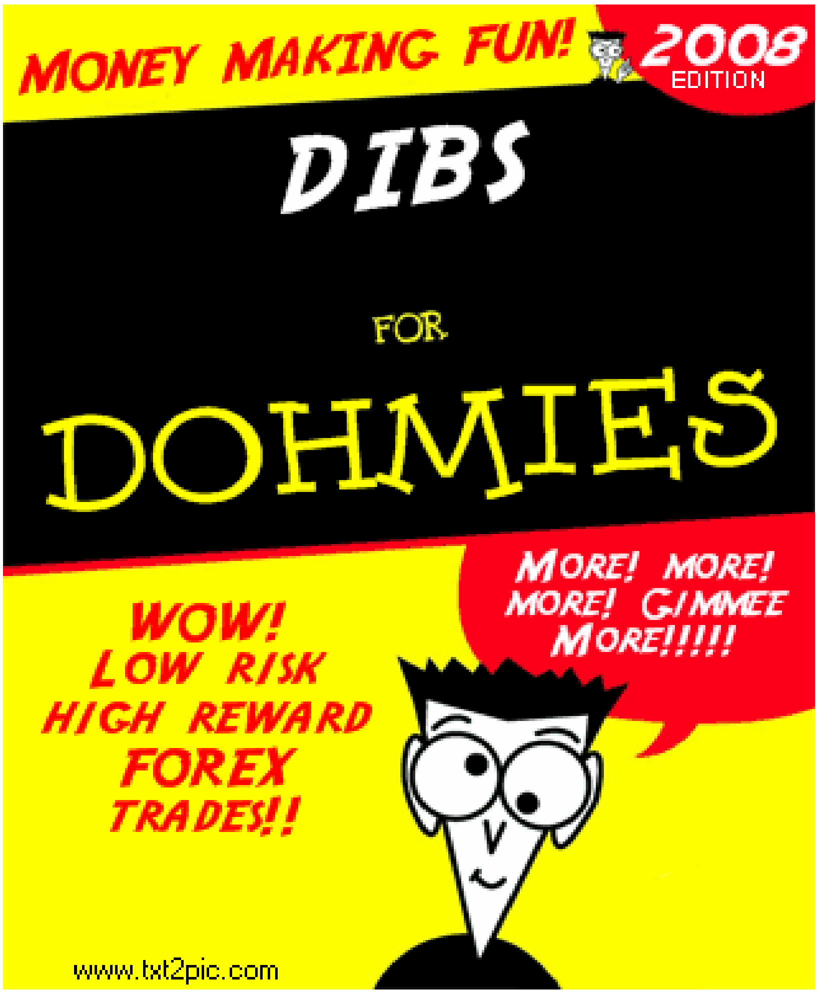
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D. I. B. S.

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 inclanation 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
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-

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TRT-

PeterCrowns
PeterCrowns

Member Since Mar 2008
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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-

____

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PeterCrowns
PeterCrowns

Member Since Mar 2008
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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, ***<u>not all breakouts are the same</u>***. 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-

____

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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-

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PeterCrowns
PeterCrowns

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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-

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 PeterCrowns
PeterCrowns

Member Since Mar 2008
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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

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PeterCrowns
PeterCrowns

Member Since Mar 2008
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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-

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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

____

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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-

____

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PeterCrowns
PeterCrowns

Member Since Mar 2008
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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

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PeterCrowns
PeterCrowns

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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 "**D**aily **IB**ar **S**etup" 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-

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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 trades ....OR 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
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Member Since Mar 2008
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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 insipired 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 particualr 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 necesarily 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 necesarily 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-

____

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PeterCrowns
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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-

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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
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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 arbitary 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 summise that most trading methods are one of three, trend folliwing 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
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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 (significanty 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-

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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-

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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
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Member Since Mar 2008
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-

____

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Long/Short?

Quote:

> Originally Posted by **Freestyler**
> *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 catastrophy) 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
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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-

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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-

____

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

Quote:

> Originally Posted by **Bemac**
> *Officialy, I am happy where this thread progessed to.*
> *Unoffocially, I am dissapointed that it has become a "Journal" thread rooted in the Rookie forum.*
>
> *Please don't missunderstand 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-

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PeterCrowns
PeterCrowns

Member Since Mar 2008
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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-

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PeterCrowns
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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***

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PeterCrowns
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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-

____

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PeterCrowns
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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

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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 mangement 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 essesence 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-

PinMan
Member

Member Since Oct 2009
13 Posts

What a great forum!

Hi All,

First post - but I thought I'd drop in to say how great this forum is. I've perused a lot of the posts in this forum, notably the posts by PeterCrowns, Bemac, TheRealThing, and RazorTrader. There's a lot of good sense in here. I've been successfully using IB trading for the last four years and I've seen an average 4x per annum growth on my account - I started out with £500 and used a spread bet platform rather than a broker (after initally getting hacked off with requotes), I'm not here to boast but I'll let you do the math! I've done this allied to working for a living, so that restricted me to 4H or higher TF trading.

My rules:

- Only a single EMA on the chart, as my exit signal.
- I trade IBs at 7am, 11am, 3pm and 7pm. I've found I take on average about 7 trades a week.
- I trade the main pairs. A lean spell in one is more than offset by the movements in another.
- Free trades at 1:1 reduce the mental stress of trading.
- Losing trades are the cost of doing business.
- Trading against the trend rarely produces the winners, you are more likely to hit your SL, let the reversal establish first, you won't lose out by exercising caution!
- You can lose 2 in 3 trades and still make good money (I lose or break even on 6.46 out of 10 trades), as long as you let the profits run to your exit rules.
- Learn to visualise what a chart is telling you: eg. A 4H bullish candle with small tails followed by a 4H bearish candle with small tails is an 8H pin bar.
- I trade at 2% initial risk, reducing to 1% after the free trade kicks in. If the IB is a pin, I increase that to 3% and 1.5%.
- Learn to understand your emotions - read 'trading in the zone', it is the most useful trading book you'll ever read.
- Once you think you've found an edge (such as IBs), work the edge, don't fret about the series of losses when you hit the lean patches (far easier to say than do).

PinMan
Member

Member Since Oct 2009
13 Posts

I will try to share about me, but let me also say that it's important, in the best possible way, that you don't try to trade someone else's method or system (for example, fretting if you haven't taken a trade that RazorTrader has in his journal). Look at it this way - we all know that if to use an EMA as an exit signal, and in general this system, will see some winning trades turn to losers or break-even. When I started out a ran a really small EMA to try to minimise my losses. After three months of this with my account only having grown by 12%, I wondered why. So I revisited my trades and realised that I was never letting my winners run. So I re-ran the same trades against an EMA double what I actually used. I would have increased the number of losing or break-even trades by 20%, but by allowing my winners to run, I would have got nearly 50% account growth.

I also back-tested my first three year's trades using a very very high EMA. I'd have made even more than I did, but there is no way I'd have been able to stomach over 85% of the trades not making a profit and relying on those 10x R:R (and better) trades making all the profit, since I would be living in fear of missing a trade which would have clouded my decision-making.

I use a particular EMA, not because it works or doesn't work according to some backtest (because it isn't 'the system' that will cause you to lose money, it is your emotions and ability to place or close the trade) but because I can trade it without emotion clouding my judgment. The other thing is that whatever EMA line you use, it shouldn't affect the number of losses you have, just the number of BE trades. And if using IBs has an edge (which I think we can all conclude it does) then the laws of probability mean that each losing or break-even trade brings you closer to the next winner. As long as you practice strict money management you'll be fine in the lean periods.

The final trick is not to sit there looking at the chart. As I said in my first post I do this as well as working, so that means checking the market before I leave for work and setting up any orders and adjusting stops on open positions, followed by checking again at 11am and 3pm, and then a final check at 7pm. My other job keeps me sufficiently busy that I don't have time to get sweaty-palmed about wherever my position is - and it keeps me from thinking I should always be taking trades.

PinMan
Member

Member Since Oct 2009
13 Posts

Reply to Bakuli

Bakuli (hi mate) PM'ed me but I've not posted enough so I can't PM back. So I'll post his questions and my reply here.

I recently came across your interesting and helpful post in the DIBS thread and am very interested to learn more about your way of trading DIBS using the 4 hr timeframe. I have always been interested in trading DIBS following Peter Crown's rules ie using the 1 hr TF but unfortunately I haven't really been able to get it to work for me as I hold a full time job (so I can't trade when London is open as I am UK based). I thought about the 4 hr TF but haven't really much of a clue how to go about it until I came across your post. I wonder if you could answer a few questions to help me out. It would be very much appreciated.

I have done backtests on DIBS and understand that there will always be more losers/breakevens than winners but if left to run, the few winners will make the startegy a profitable one.

1) Could you please tell me, from your experience, the best way to determine the direction of the DIBS trade in the 4 hr TF. Do you use an EMA to determine the trend ie for eg you would only trade a long if it's above the EMA and vice versa for short ?

I run a smaller EMA signal, taken off the average of high and low, rather than the close. Generally I'll take a dib in the direction of the last three bars' average, but also look to higher TF as a guide as well. Either way, sometimes it will break hard the other way. Such is trading.
2) I gather you use the EMA as an exit signal . What is the "best" EMA to use trading the 4 hr TF and by how many pips would you allow the trade to cross over the EMA before you would exit the trade ?
There isn't a best one – it what suits your style. If there was an exact system to trading, we'd all be millionaires, right? The emotion kicks in and we make mistakes, not taking trades we should have and vice versa. If you choose a small EMA, you'll have more small winners but your account won't grow very much. If you choose a large EMA, you'll be relying on too few trades to make you money as (theoretically) you'll be taking loads of free-rides for no profit. With regards to when to get out, when the price has passed through the EMA line by a third of my position size, my stop moves to about a quarter of my size the other side of the line. That way I track the EMA. The last thing I'd want to do is be long on a run of higher highs and higher lows and get out too soon – let the trend run!
3) This question relates to the size of the inside bar. Do you have a limit on the size of the 4 hr bar when trading DIBS ? Or do you trade all inside bars irrespective of size?

In a dull sideways market I'll avoid big pip positions. I always size my positions to my money management rules. A huge couple of bars preceded by a load of small ones isn't likely to move anywhere soon and will probably hit you SL before your BE, as there is localised S/R in there.

4) Last question is about your trading platform. Are you saying you are now using a spreadbetting one ?
For the first few months I got re-quotes whenever I was up on the broker I used. Realising that MT4 has the 'virtual dealer plugin' so the broker can slow down your trades is a concern. The proprietory spread bet platforms seem to be far less trouble, I'm not going to name names but the one I use doesn't offer the tightest spreads, but I've found to be the most reliable. I'll sacrifice an extra pip a trade to be sure I can exit the trade.

Sorry for all theses questions but it would really help me to put all the pieces together after 2 years of not beng consistently successful at trading (a lot of it due to poor mindset as I lost all my hard earned savings when I first started trading - by the way I have taken your advise and bought Trading in the Zone)

It's all down to mindset. I reckon you could take near-random entries (just going with the most recent three bars' direction as an example) and still make money if you accepted that you'd lose or break even about 75% of the time, as long as you let the winners run. Dibs is an edge on that, nothing more.
Cheers
Pinman

PinMan
Member

Member Since Oct 2009
13 Posts

Quote:

Originally Posted by **ab1**
Hi All

Been laying low for a few weeks, considering things with Forex, but back in action again with Dibs !

Just like to say that I feel for you guys/girls that are using this method and not on the GMT time zone. I mean its hard enough getting up pre 6am living in London, but to be up at like 1am...wow, you deserve a medal. It must be real tough when youve had a bad week...you must be thinking is it all worth it ! So you have my total respect.

Going back to basics with this system though, Have I read it wrong here but could some of the failures that we experience be attributed to that some of us (meaning me) are taking IB's that are not valid. In post #1, I thought it said that we only take Long positions if the IB occurs above the open for the day and vise versa for short. So if the opening candle lets say has the open at the bottom of the candle and has risen in the first hour, shouldnt we then only consider IB's above that open and only go long for example that day? or have I read that wrong.

Reading a few recent threads I just wanted to add that for a system to be successful its all about Risk/Reward Ratio & money management.

Risk Reward because......If you find any system that will give you only 50% wins and apply a 2:1 Risk/Reward Ratio, then you will not lose. ie : 10 trades at say $100 each, 2:1 RR, with 50% wins = $500 profit.....

And money management so you dont blow your account due to opening to large a position and getting a margin call, should the trade go against you. Ive done that before and then seen only a few moments later it reverse again and go into massive profit. So my previous poor MM has cost me, because I tried to increase my account to quickly.

I always remember reading that with only a $2000 account and only making 10 pips per day using just 2% MM, your account will grow to $250,000 in one year....still got to prove that one out in reality , but on paper the math is true.....

Anyway had some profit yesterday from the EURJPY, let see how dibs performs for the rest of the week 🙂 *Good luck !*

ab1.

I run at an actual win/no-win ratio of less than 50%.

Typically I have about 35% of trades that get stopped out for a -2:1 loss (i.e. the free trade didn't kick in)
About 25% of trades stop out for no loss (i.e. the free trade kicked in but then my stop was hit, so 1:1 win and then a -1:1 loss)
The rest of my trades I exit according to my EMA line, which typically means the running trade being closed at somewhere between 0.5:1 and 6:1 (on top of the 1:1 I already took for the free trade cushion). The best was one I let to run to 15:1.

My rules for entry are to go with the trend if it is observably present, e.g. what have the previous three bars done, what has been the overall range of the last six bars and where in that range is the IB? If it's near the top of that range I'll take the long break, conversely at the bottom and heading south I'll take the short. If it's slap bang in the middle, I'll go either way and I'll either get lucky and be going with the start of a new trend. If I'm heading into an obvious S/R area I might make my free trade point somewhere just inside this. But - and this is the thing - I do lose, regularly, and that's the cost of trading - my 'rent' to the market if you like.

DIBS are great because they show indicision in the market, and give you a handy trade sizing method as well. For me, Peter Crowns' most telling post was the one that alluded to taking the direction of the trend in the bigger picture. Ultimately that's the way it's probably going to go!

But, I would say as a general thing to anyone using this system, stop looking at Peter Crowns' posts for pearls of wisdom and for a 'trading manual' - it isn't because Peter is a person and his psychology affects his trading. My interpretation of a DIBS trading method works for me and stops me getting sweaty palms looking at the market. Find one that works for you and you'll make steady pips over time.

Cheers
PinMan

PinMan
Member

Member Since Oct 2009
13 Posts

Quote:

> Originally Posted by **james996**
> *I've said it before and after reading the most recent posts I feel it's necessary to state it again. This method will not work if your not going to accept the losses. No filter in the world is going to change this reality. The more your try to avoid this fact the more your going to lose. The key to successful trend following methods is taking all of your trades and letting the winners run. The problem most people share is the fact they can't accept the losses. I think the quick answer has always been to downsize your trading size. Think about the following: If you sized your trades to represent only a max loss of 1/8 to 1/4 of 1 percent of your account you might find this game a lot easier on you life. Imagine risking 1/4 unit and facing 6 losses in a row that would equal only 1.5 percent of your account balance. You will find this is the answer your seeking. It's all about money management.By the way my recent equity high was made on September 12, after that I went into a drawdown of about 8 percent during the following 4 weeks. I then downsized from a 1/2 unit sizing scheme to a 1/4 unit sizing scheme, as I type this I,m within 2 percent of the Sept egutiy high.Once the previous high is attained I will racket back to my normal 1/2 unit size. This is the propper way to trade. Not trying to guess what the next trade is going to do.This is the easiest way to make money if your willing to subject your will to the will of the markets. You must accept what the markets will give you. After placing thousand upon thousands of trades I gave up on trying to think what migth happen next and have fully accepted the fact I never know. Just take all the trades and follow the plan. I'll get off my soapbox now.*

Genius Post.

PinMan | Member Since Oct 2009
Member | 13 Posts

Quote:

Originally Posted by **lynnsmom**
I just want to say how thankful I am for all you wonderful forex traders!...

This system, DIBS, is known to have an edge. But everything I'm seeing on here is about traders trying to improve their win/loss ratio and generally to avoid losses. Let me spell it out in clear terms: HAVING A WIN/LOSS RATIO OF GREATER THAN 50% WILL NOT AUTOMATICALLY MEAN THAT YOU ARE PROFITABLE. I lose regularly, small and often, and I occasionally win big. I can only do that by cutting my losses and letting the profits run. At the end of the day, every time you take a trade, one of two things will happen: you'll either be stopped out for your accepted loss, or you won't. The point at which you take profit is what will determine your success, because the temptation is to never let a winning trade turn into a losing one. Pschologically this is very difficult, so the free trade concept at 1:1 helps as you'll still lose often, but a good percentage of the non-winning trades will be for no loss.

With the exception of some scalping and contrarian systems, the only way to make money is to ride the trend. You have to stay on the trend, and add to it if you get further signals to do so. Invariably you'll give up some of your high-profit point when you hit your exit signal, in my case an EMA line.

As a test, pick a smaller EMA line as your exit trigger and backtest a year of 4H candlestick charts on any major pair - you can do this with any MT4 demo account. Some of the more ranging markets will be slightly more profitable, or lose less, but if you trade 5 or 6 major pairs (which is what I do) this is more than offset by letting the big trends run, rather than exiting them early when what looks like a reversal turns out to only be a retracement.

I'd say to Lynnsmom - stop 'testing' in demo, and get trading with a micro broker or spread bet platform where your risk per trade is not enough to hurt you financially, but enough to 'irritate' you when you lose. As an example, start with a $500 account and risk 2%, taking half as profit at 1:1. Your risk at the start is $10 per trade. Get used to losing money, and follow your rules rigidly - the entry, direction, where there is anything filtering against the trade, and the exit strategy. Get used to seeing a trade that once it has gone free and is up to 2:1 then gets stopped out. That's how it works - you've got to get to the point where you just go 'ah, well, never mind'… Only when you are comfortable with the 3-steps-back-4-steps-forward that is trading should you increase your account. If you have sweaty palms, you aren't trading 'lucidly'. If you follow your rules, the likelihood is that you'll be up after about 3 months. You'd be unfortunate to be break even, and you'd be very fortunate if you'd doubled your money. I've been trading for four years and I had three months with only 20% growth and a different 3 months with nearly 80%. It's not a smooth growth line.

I'm now at the point where I'm risking over £2000 per trade, and there is no way I'd be able to trade this position size 'lucidly' if I'd just funded my account to the tune of £100k (not that I had that kind of cash lying around!). I'm not meaning this as a boast, I'm trying to make the point that I started out with a small account and it has grown over years of patient and methodical trading. So the feeling I have now when I risk £2000 is the same as when I was risking £10, £20, £50, or £100, because I am staying in my 2% rule. For me this isn't about yachts and supercars, it's about my kid's education and to be financially independent rather than 'filthy rich'. I'm also clear that it will take another four years of patient dibbing to get there.

Finally - to those that have messaged me to what my exit EMA is: I've explained why I use the one I use is personal to me in my previous posts, and why mine isn't necessarily going to work for you.

PinMan

PinMan
Member

Member Since Oct 2009
13 Posts

MT4 Indicator Question

All,

I've been having a chat privately with another member today and one thing that is useful would be a trend gradient indicator.

I'm no programmer so does anyone know how to program an oscillating indicator that shows dy/dx (i.e the gradient) of the line, be it EMA or SMA or whatever? It would need to be able to be user-configurable to set the size of the MA.

Anyone able to help?

Cheers
PinMan

PinMan
Member

Member Since Oct 2009
13 Posts

Quote:

> Originally Posted by **geoffrod**
> *I think PM might be eludng to this being of use for determining the direction in which to take the break, or at least aid in that decission.*

Actually, it's a rubbish idea - I can just look at the gradient of the MA and work out whether the general trend is up or down, strengthening or fading out. The reason I was asking was I won't trade against the trend in a strong trend, but I will when it looks like it is weakening. Even then though, it's sometimes only a retracement and I get knocked out.

PM.

PinMan
Member

Member Since Oct 2009
13 Posts

Quote:

Originally Posted by **razorboy**
is it just a good way to:

a. Develop a structure to control your risk via a limited number of entry opportunities,
b. control risk because it gives you a specific kill point for a trade;
c. trade with the trend, or
d. let profit run when using a trailing or time based stop.

So, what am I getting at? I see that Pinman plays IB's one way, and James plays them another (kudo's on both of your success, but the common feature between the two is a mechanism to trade with the trend, limit risk and let trades run. Maybe that is as complicated as it needs to be

In addition to dibs, I use a daily system that enters two trades a day on the GBP/USD pair - 32 pips from the open of the day on my metatrader chart - 6 pm est right now (one long and one short) - stop loss is the reversal point (so 64 pips) and I close at the end of day - almost all the same components as dibs (yes, I use a time based closed, but I make money when things bounce back and forth)

(Why 32 pips? Because I know that 50% of the time the open price is 31 pips away from either the high or low of the day on the GBP)

Yes, today was crappy - had 6 full stop outs, but such is life.

So what is it about simple structures that people don't want to understand?

Cheers mate, thanks for the comment, it IS that simple. As an aside, I have been frustrated by some of the people who have PM'ed me. Some have asked sensible questions, others just want that 'print money' button. It isn't so much that I don't want to give them it (although I don't) it is that I can't - if you can't stomach the thought that making enough money to be financially secure in (say) 10 years is going to cost you time and money in the beginning... I can't fathom such people. Sadly I didn't find this forum before I started, or I wouldn't have made the errors I did in the beginning before using my variation on the method. There again, I might well have owing to my own hubris at the time...

Not every IB is a 'good' IB, but some which look 'less good' turn out to be great. I'd suggest to everyone who is still on demo to get some small-account experience - stick $1000 (or similar, or you could use less if you like) in a micro broker and take the IB according to PCs rules. Start out using 1% risk, so taking off 0.5% at break-even. You'll get lots of losses, but if you let the winners run you'll be up over time. If you are lucky with this money management, you'll be up about 50% in a year. A lot of work for $500, but it's money not spent in trading badly with sweaty palms through risking too much money at the start or with too bigger %equity resting on each trade. What you will learn will set you up for trading 2% or 3% of equity, and you'll now be so used to accepting the losses you'll be able to handle it like water off a duck's back as they continue to occur.

I'm lucky in that I've been doing this long enough that I can look at a chart and get a feel of the market, which has improved my decision-making a little bit. BUT THAT'S ALL. The INNATE edge of IB when trading with the trend exists even without this if you are prepared to do it for long enough and rigidly follow your rules, you'll end up up.

And as someone else said, read Mark Douglas - Trading in the Zone. It will be the best $20 you've ever spent.

Simple really.

PinMan.

PinMan
Member

Member Since Oct 2009
13 Posts

Quote:

> Originally Posted by **razorboy**
> *The right side of the moving average.... when price is above moving average go long..........below, go short*
>
> *as for the moving average..........build your own model and find out*

I'm interested as to why you'd use this as a filter. Say you are using a 36 or 45 EMA, or even one as low as 20, and you get an entry the right side of the line and for whatever reason (news most likely) you get a big move in your favour that takes you through the MA line. Say this is the start of a nice big trend, such as GBPUSD in the summer of 2008, and you have loads of entries with the trend as each entry goes free and you can add to your position. All these additional entries are on the wrong side of the MA according to this rule.

I bring this up as it seems directly contrary to PCs method of adding to winning positions; for me the summer 08 on this pair nearly doubled my equity with all the entries with the trend (over 30:1 on the combined positions before my sell EMA was triggered). My other big equity-increasing trades also exhibited this type of adding to winning positions.

PinMan
Member

Member Since Oct 2009
13 Posts

Long Tails

I thought I'd share a bit of information based on my early trading experiences. It's based on research I did to understand why I nearly caned my account the first time, hence my focus in earlier postings here on psychology rather than method. I understood that understanding 'how the market works' wasn't going to make me profitable, after all, it is just the actions of several thousand irrational human beings reacting to various things (and a few automated trading systems). What I needed to understand was how to make me a better trader and how to react to my emotions. It's also (partly) why I trade the 4H candle rather than the hourly - aside from me not being able to do the hourly owing to my job, I reckoned the time requirement any candle is about 15 minutes - I could therefore trade for 75 minutes a day to cover the five candles rather than double that, and have usable free time between each candle. It doesn't feel like 'real work' so

I don't feel like the market owes me anything.

Firstly I created a 'trade expectation calculator' in Excel, which sequences trades and gives a profit or loss by a certain R:R amount based on a random number (This is something you'll see reference to if you read Taleb's work). It's very useful to sit there, hitting F9, and seeing the possible range of outcomes to (for example) having your trade hit stop-loss 50% of the time, free-trade 25% of the time, and for the remaining 25% varying levels of R:R profit, compounded over several thousand trades. It's easy to write one if you have a basic knowledge of Excel functions.

Second was a bit of research which made me realise why the 'long tails'/'letting the winners run' can make you so much money. Set up a profile in MT4 (or any other platform) covering a few major pairs (eg the main dollar pairs plus GBP/EUR) on 4H, and apply a 45 EMA and a 360 EMA. Save this profile. Now change to a weekly timeframe, get rid of the 45EMA, and change the 360EMA to 12EMA (30 4H periods in 1 trading week, so the line will be roughly the same on both timeframes). Save this weekly profile.

So you trade off the 4H chart and you take the trades in the direction of the 45EMA line, if it is almost flat you take either break. A lot of the time your trade makes a bit then retreats, either leaving you with a free-trade or not. But if you catch that 'winner' at the start of a big trend, and keep adding to it as you get further IBs in that direction, you can realise returns of better than 50:1, probably on about 1 in 100 trades. That's probably only a few trades a year, on average, that will give you this level of return, the rest not making much at all. Switching between the 4H and weekly profiles shows you where the 360EMA exit line is taking you, you've taken very small risks, 40 or 50 pips on each trade, to return thousands of pips.

Theoretically you could trade this size EMA, but it would very difficult psychologically (I couldn't do it, I use a much tighter MA). Putting this in practice and taking the repeated losses is hard and it takes a strong stomach to tolerate the small but repeated drawdowns. But the main thing you can see from this is that eliminating a slightly more frequent occurrence of losses doesn't improve your bottom line, if anything it worsens it if you try to overcomplicate it. Just go with the short-term trend and you'll get lots of free trades; if that is already, or turns into, the long term trend you are more likely to win big. Simple. But it's nothing to do with being a clever trader or anything else, I believe that this isn't a black art, but the psychology of trading is very difficult to master.

PinMan
Member

Member Since Oct 2009
13 Posts

Quote:

Originally Posted by **Sauron**

takingthepip, I will try to make it easier by speaking about facts and not the usual crap about emotion and personality.

Take any breakout after an IB according to the rules of PC for one pair during one year.
You'll find out that the number of trades who lost is equal (little more or little less) to the number of trades who reached their breakeven point. This means that the enter doesn't give you an edge.

If the entry is "edgeless", why entering all the trades? Wouldn't be better just to wait till a trade reaches its breakeven point...

Interesting post - although I think your tagline says more about your opinion of 'Gurus' rather than your post itself. Would you like to expand on your trading experience and account performance? I don't mean to be harsh but very few people seem to have come onto this forum with the sole intention of shouting down others - the only raised voices are directed at those who can't be bothered to plough through the thread.

Maybe it is aimed at me (I don't consider myself a 'Guru' at all, btw, I'm a complete amateur), but I'd love you to tell me how a newbie could hope to trade a large enough account to make big money straight away (or alternatively taking too large a position size) without emotion coming into it. Hence my advocating not doing so. In my first year I could have traded my way to $1m as my trades seemed to have the midas touch, but if I'd started a year later I'd have blown my account within 3 months.

I don't think anyone is claiming the entry on DIBS itself has an edge. Okay, according to candlestick theory it shows a consolidation in the market, but nothing else. For a non-pro trader like me it's just a very useful position sizing tool and enough backtesting has been done to show it has its use. My edge IS taking frequent losses and occasional big winners. I'm not asking you to agree with me, but my account seems to suggest it works - I win less frequently than I lose, but I still make good money year-on-year.

PinMan
Member

Member Since Oct 2009
13 Posts

Quote:

Originally Posted by **Razorman**
Has anyone tested this method on a 5 min chart ?

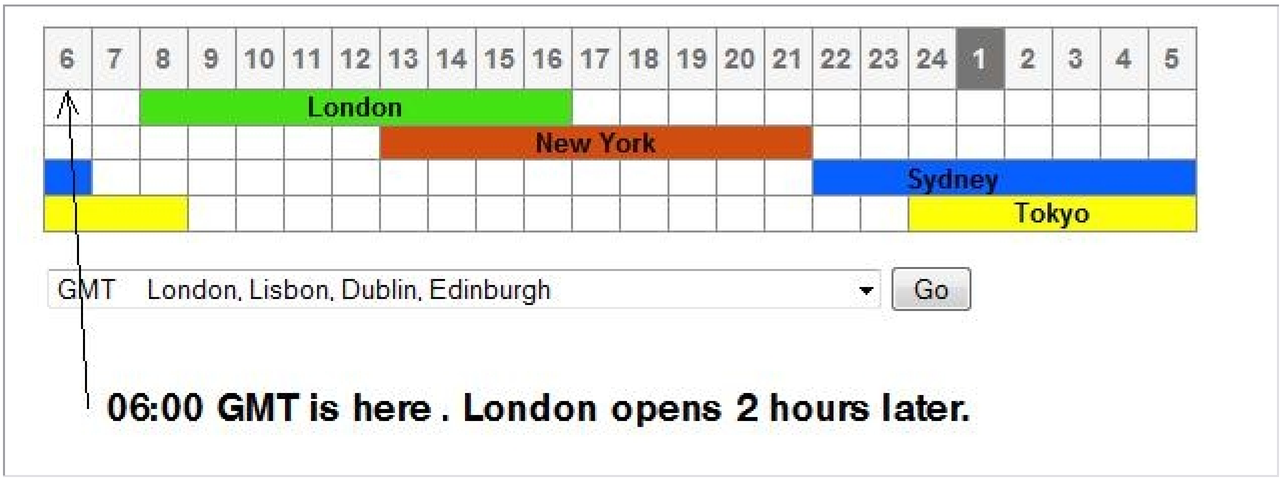
Having looked at other threads on FF regarding the behaviour of certain brokers and SB providers, the problem with working on a 5-min basis (lots of entries and intraday exits) is that they regard you as a 'scalper' rather than a trader, and they don't like it. Consequently they'll put you on manual dealing or the infamous MetaTrader Virtual Dealer to slow your trades down.

PinMan
Member

Member Since Oct 2009
14 Posts

Quote:

Originally Posted by **albertsy2**
Correct me if I'm wrong, but London opens 1 hour after Frankfurt. (DST has ended so London opens earlier by 1 hour now referencing my timezone, but still....) London's trading day starts at London's 8am (0800GMT). So why would PC start his day when London has not yet opened? Is it because his start of day coincides with Frankfurt open?



You are talking about the exchange open times for equities. If you go to any trading floor in London the FX Spot desk traders are in and at work by 7am and there's usually one of them in a bit earlier than that. The other side of it is that there is macro news coming from eurozone at 8am on some occasions, companies are required to make important announcements an hour before exchange opening for equities, and all this can have an effect on FX.

james996
Member

Member Since Jun 2009
23 Posts

Well all I like to state is the fact that I've been trading IB's on the hour charts on the major pairs for the last six years and have experienced nothing but positive growth in my account. The hardest part of trading is sticking with something long enough to experience a positive outcome. I'm not trying to convince anyone this is the holy grail but it does represent the bulk/core of my trading and has provided my family and myself a really good standard of living. I encourage all to do a backtest of five years or more and than decide the merits of such a system for themselves. Well thats my 2 cents for whatever it's worth. Hope this helps/ encourages someone.-james

james996
Member

Member Since Jun 2009
23 Posts

The hardest part of trading is sticking with something long enough to experience a positive outcome.

To summarize what I mean. It takes time and patience to stick with a given methodology. All proven methods have there strengths and weaknesses. One must find what works with there personality and back test it. Then back test it again and again and again. Then one needs to allocate a time frame long enough to reap the rewards. I'm not talking about a few months here either. Do you think personal financial freedom is achieved by trading for a few months? How about a few years? It's like any other business, one must pay their dues and put in their time. There will be times when no profits are made even though you have done all you could do(following a proven and back-tested method). It's part of the game. I think most people get into trading desiring the so-called life style it can offer. The problem arises when reality sets in. Trading is not about a life style of leisure but like all other careers. One must work hard to achieve success. All successful traders I know spend or have spent an incredible amount of time back testing various methods. It's hard tedious work that for the most part is manually done. I'm talking about hundreds of hours of work.This is what gets you through the drawdowns. Lossing is part of the game and one must get over it and get on with it. Also contrary from what is printed in books out there I dont know of anyone risking more than 1/4 to 1/2 percent on a given trade. The real treat given to this forum from Peter was the ideal of reaching a free trade status. The rest is all about trade management. As I type this I'm in 3 of them. I have no ideal what will happen to these trades but it's mentally easy to let them play out when in the worst case I will b/e. Thats all you need. Something to think about. Oh and I put in an average of 11 hours a day trading.Getting up at 2:30 in the morning to 1pm. Not exactly what is potrayed by the marketing gurus out there. I will get off my soapbox now.

james996
Member

Member Since Jun 2009
23 Posts

Quote:

> Hi, James!

I am glad that someone else is using so simple (and as we can see profitable) trading methodology. I understand that this is your technic, and probably (as I can see) you would not want to share it with us.
But, if you are already succesfull trader, you may forget, how not simple but very tough it was to reach such place in world of profitably trading.
You can see here a lot of people, who want to learn how to trade profitably and consistently. If you did hint us about Inside bars profitably trading (with your methodology), and did...

No problem in asking and you have not offended me. I will take time over the weekend and try to organize my trading rules in a way that you could go and back test for yourself. The point I was trying to make before is the fact that most people will not succeed in this venture/trading because they will not accept the fact that there will be losses. You just cant get away from it. Also even if you are trading correctly(cutting losses and letting your winners run) you still will not make money all the time. This has been a fantastic year for trading currencies but money wasn't made every day or even every month. But since coming back from a two month vacation in Europe my account is up over 37 percent since mid June alone and I trade using only 1/2 units(r=1/2) of yearly starting balance. It takes time doing the same thing over and over until the payout comes back. One must stick with something long enough to see it work. Hope this helps you out somehow.

james996 | Member Since Jun 2009
Member | 23 Posts

Thanks all for the kind words. For many personal reasons I've decided to try to give something back. My family and friends have convinced me that for the most part I've spent the better part of my life as a selfish greedy bastard. The truth be told they were right. So after stumbling across Forexfactory and reading all the comedy here Ive decided to hop in and speak up. Learning to trade was actually pretty easy for me. After college way back in 1994 I was fortunate to land a job at a major bank. Within one year I found my way at a trading desk. While at said job I was a part time flight instructor at a local airport. Long story short one of the original Turtles showed up and wanted to earn their private pilots license. Within a few months I was working for him as a order clerk/trader. It was there that the importance of back testing was brainwashed into me. Also the importance of acquiring the confidence in your methods. It's your confidence that allows you to step up to the plate and place the next trade after 10 maybe even 18 losing trades in a row. It's your confidence in your methods that get you through the losing periods. I've seen losing periods back in the late 90's that lasted up to two years. Throw in the flat go nowhere periods and it's not exactly a walk in the park. But If you persevere the rewards are waiting for you. But lets be real here. I read posts in this forum about people believing and preaching that risking 2,3 even 5 percent of capital is normal to successful trading. Also I see people take perfectly good methods and try to change them to avoid losses. It just amazes me. So if one is willing to listen with an open mind ,do the homework and put in -the time(manual back testing) and accept the reality of trading I will TRY to -offer up some of the wisdom I have acquired through the years. Up until 2003 My methods basically revolved around Break outs. I traded all domestic commodities and financials including the all the major currencies. My largest trades/profits where in Coffee , the collapse of the Russian Ruble ,Yen, 9-11,and of course the last 18 months of shear chaos. Sometime around 2003 I came across the ideal of taking trades of Inside Bars. Shortly after I was trading IB's on the currency futures and then in the Forex. Trading with these methods are some of the most tried and tested methods out there. The key is risk management and order placement not how to avoid losses. Get that straight and you might have a chance. I will post more tm. Oh and I expect someone probably some of those self serving want-a-be's /vendors to question my motives and back ground, Thats fair.. Anyone that wants to join me in NYC or my house in Ct to watch how I trade is welcomed. While the weather holds out I try my best to trade on my boat presently kept in City Island. If your from NYC/CT you know where that is. PM or just call me at 917-578-9986. See you later and let the fun begin.

james996 Member Since Jun 2009
Member 23 Posts

Quote:

> Does it matter if that bar closes on an uptick or a down tick?

No

Quote:

> Question #2. Is there any reason the DIBS method wouldn't work with futures?

No

james996 Member Since Jun 2009
Member 23 Posts

Quote:

> Thank you for sharing and being open about your trading experience. But can i ask that we keep all personal issues (private jets, boats, phone numbers, mansions etc) away from the thread.

I was just outlining my past experiences about how I arrived here and offered up an open invite to all in my neck of the woods. Sorry if it came off as being snobbery. I will try to delete my number and cancel my invite. I was very fortunate to have meet certain people who took me under their wings earlier in my career and was going to try to give something back. I realize that there are a lot of pretenders and bad apples out there so I gave the invite for all those in my area to come on by and see what trading is and what it is not about.

My basic/ core trading rules as promised with some thoughts.

1. I take 1 hr b/o's on the major pairs. eur/usd, gbp,usd, usd,chf, usd/jpy.
2. I start trading between 2 and 3am est. -the worst part of the business!!
3. I use a sma to act as a filter.
4. Reaching a 1:1 I take half off.- this is the real key here!!.
5. Once out of the box I trail the remainder.-Key Part!!
6. Start out at beg. of year using 1/2 units.(never risking more).-key!!
7. Once in the black by 15 percent(closed profits) I'm willing to ramp up to 3/4 units.
8. When I do add on it's 1/8 and 1/4 units only.Not key!!Only if your a pig like me and unusual

events warrant such a measure.
9. I trade to 1pm.
10. I trade through Interactive Brokers using Bracket Trader as a front end.
11. Charting package is FXPro meta trader.
12 I always do the hardest thing and take all trades.(especially in chop)..
13. My definition of a inside bar can have one of the inside tails equal the previous H/L.
14. Never let the losses get to you.-Leverage down until you find your comfort level.-This is a must!! If you can't do this go get a job.
15. Seek psychological therapy when ever possible.(only kidding) but pro bally could help a great deal.- Win rates mean nothing. I avg 34 % for the last decade. Most profits will be made on less than 5% of trades.
16. Learn to play the game at whatever level your comfortable with. Even if it means scaling down to .001 per pip. Once you get it you will start to build a track record and the money will follow you. Then you will make a generous career livelihood out of it.
17.In the end the game is simple yet beyond the reach of most. My best advise is to spend 2 to 4 hours a day back testing by hand for months. This seems to make the difference between those that make it and those that don't. You must learn to accept what the markets give you. It not about you.-What do you think??

-James

james996 | Member Since Jun 2009
Member | 23 Posts

Quote:

> Success is relative. If i have to tell people i am success, then i probably am not.

Very true words my friend. But notice that's why I gave all the open invite. Trust me on this I have better things to do with my time. Maybe you will invite me to your house(s) so I could see how you trade? Once again I apologize if you found my intro too forward that wasn't the intent. If I was going to build a house, I would go check out the houses a potential contractor has built. If I was going to retain a Lawyer I would ask for references(track record). Well you get the point. Let me know what you really think of my trading rules as they pertain to IB's.

Quote:

> I am interested to know how you use an SMA to filter trades

I use it just to try to cut down on the number of trades and smooth out the equity swings/drawdowns. My Back testing shows me just to keep it simple you want to keep any method your implore robust. Subtle changes in the variables shouldn't shift the outcomes, remember your playing for the Tails. Peter's filter works well in back testing. I myself like to use a simple running average like 15 to 30sma. Anything reasonable works well. Interestingly back testing without a filter will yield some interesting results! The real gold nuggets are found on the other side of the equation and what you do about the chop. The entries are just about waking up early in the morning and order placement. Funny this is where all the time and energy is spent. Success comes to those who decide to be successful.Just my not so humble opinion. lol..

james996
Member

Member Since Jun 2009
23 Posts

Quote:

> Just that point 3 & 12 conflict, either you filter or take all trades!

There is no conflict here mate. Go re read the plan I posted. I take all IB's using common sense during a certain time period (posted this to) that passes through a filter. Very simple.

Common sense to me means I don't trade holidays,etc.

Quote:

> Very good post. Point 15 is right on the money. At the end of the day Win Loss is a shroud to informed eyes of the real game and its potential. Most love the idea of high wins but fail to see how traders get there.

Thanks Razor I know you get it. I have enjoyed reading your posts on IB's. Your ideal of taking off more than half at 1:1 during the summer chop whop was very interesting and dynamic. There's merit to approaching your MM in that way when current market conditions warrant it. As long as you keep a piece on and are ready to jump in with a add on if the market takes off it can really smooth out your curve. My opinion of course.

james996
Member

Member Since Jun 2009
23 Posts

Quote:

> How do you overcome years of losses and flat periods when there is no money coming in? Do you have other systems you trade that are profitable in those losing/flat periods and what kind of systems are those? ie S&R systems for ranging periods?

At the time I was going through those periods I still received a salary/draw from the fund I worked for. Later on I diversified into some real estate.

No other systems just basic trend following. I wish I had a grail(something that would make money every day) even every quarter would be nice to have.. I tried to learn how to day trade the sp500 a couple times and got my ass burned...Major losses....Oh then there was a supposedly hedged Yen trade that ended up not so hedge!! Still hurts to think about that one. I blow a whole year of profits on that one. lol- Funny I never met a very wealthy SP500 day trader who worked off the floor.

Quote:

> Common Sense! Am a pure technical trader, totally forgot about common sense, lol.

Something to think about. Take last Friday for instance. For me putting on a new FULL size positions was not a good ideal? Those four days a year don't hold up well to my backtesting and past experiences. How about yours? I will assume everyone knows what was special about Friday, right.. If not do not pass go and collect 200 dollars..lol

Quote:

Am a strong advocate for filtering trades and only taking trades which have the 2-5 times edge PC was talking about when he wrote the following;

Was it the filter that got him the 2-5 times the edge or the time periods he advocated? Could the answer simply be both? Of maybe it's the confidence He has obtained through experience. What's your take on this if you don't mind me asking.

If your bleeding put on a band aid. You don't have to trade in the blind. God gave you common sense for a reason. Don't be afraid to use it once in a while. Zuret In the end all I'm trying to do is give back some of what was given to me, please don't read too much into it. Except for giving some encouragement and suggestions there really isn't anything else about this. One must take the ideals and do the required homework for themselves to prove it to themselves.All I could ever really give of value is try to explain what the realities of this business is from my personal perspective not anyone else's. It all boils down to accepting many, many, small losses in hope of being around for a Tail to pay off. Nothing more nothing less. It's just like any other profession out there one must put in the required effort and stick around long enough for the pay off. I stumbled across this forum awhile back by chance. After spending a few weeks or so reading many posts I came to understand the one common theme here, almost everyone trying to get into this game makes the same mistakes, they search for the Grail in an attempt to avoid the necessary losses.This is the reason why they get taken advantage of by the hustlers out there. It's the same reason why most people will spend a lifetime working for a pay check and not step out on there own. Not easy to give up the security of a weekly pay check for the unknown. Even if the unknown is quantifiable and this really is why these techniques work.The future unknowns are quantifiable because humans are creatures of habit, history does and will repeat itself. All the trader does is try to tstick around long enough to take advantages of these traits.-Sorry for the long Rant been a long boring day.

james996
Member

Member Since Jun 2009
23 Posts

Quote:

Hey James,
Thanks again for sharing some more nuggets.........so what did I miss about last Friday?

No problem James
The event happens on the third Friday in March, June, September and December when options, index options, single stock futures and index futures all expire on the same date. Better know as Triple Witching.

It's the four times a year the Major players get to practice their black magic(manipulation) to the limit. Ooops did I just say that word. You think They give a rats ____ about what my or your hourly chart patterns tell us today? Billions and billions of extra dollars circulate through the system so the Books can be re-balanced for the next upcoming quarter.Again a little common sense and a dose of reality of whats really going on here on the Macro level can go a long way. Supply and Demand Balances and Imbalances along with market sentiment need not apply here at these precious moments. I encourage you to back test this out for yourself, it might save you a dime here and there. I had 5 losing trades on Friday the only difference is by knowing what the Animals on the farm were doing what I step into only smelled half as bad than usual. lol.

james996
Member

Member Since Jun 2009
23 Posts

Quote:

> Can I ask what your thoughts are on using an SMA 10 and 40 crossover to filter trades in terms whether to go long or short (10 over 40 long and 10 under 40 short)? Also what do you think about fixed versus variable contract sizing James?

My opinion is that you in effect want to add a second filter because you seek to avoid LOSSES. Indirectly your also trying to increase your win rate(which is really the same issue). Have you back testing just using the filter Peter gave and if you did what would YOU compare it to. Maybe a back test using no filter at all, to give you a base line to measure off of. Do that exercise and you just might be in for a surprise..

Quote:

> Also what do you think about fixed versus variable contract sizing James?

Your find out in your testing that if your not imploring some kind of sizing method your doing yourself a real disservice. The ideal of quantifying your risk per trade to your equity is the foundation to build upon, not looking for the grail entries. Sadly this is where the sheep go astray. Risk sizing allows so much flexible-think about it you could scale down in long losing periods, scale up in winning periods.Also it give you a chance when the market contracts to load the boat in a proper way and let them ride to the moon in those trades(2-3%) according to my research . It's how you REALLY MAKE MONEY in this game..

Quote:

> Peter Crown mentioned that he only buys on a up day and reverse for sells, but he said sometimes he knew beforehand that that day was going to be up or down.

Quote:

> What factors would give him and probably you as well an inkling of what the day is going to be?

That my man is a very interesting question ..lol
I can't and will not try to speak for Peter in this regard.
As for myself I have my own opions on this matter/subject and I leave it to that for now..

NEW LESSON learned today. Never turn your back on your dog when you leave your lunch next to the mouse that controls your order system!!!

james996
Member

Member Since Jun 2009
23 Posts

Hey James,

Quote:

> Thanks for your very useful posts. I am looking to implement a trading schedule just like yours, using a system based on the 1H bars that I developed myself.
>
> What kind of sleeping schedule/exercise, and/or diet do you use that gives you the stamina for

> such a long work day, on a consistent basis. Too many times, waking up at 2:00 AM, I cannot last past 7:30 AM EST.
>
> Also, what kind of activities do you do to stay sharp while waiting for the 1H bars to complete. I personally do not plan to watch charts or my P&L screen during that time.
>
> Cheers,
>
> Jacques...

Real good questions.. I try my best to get as much sleep as possible before London opens. But as you are finding out it's hard. Basically trading these time frames is the same as taking a 3rd shift job with major overtime thrown in. I've been doing this for many years and the truth is it never becomes natural. I'm fortunate in the fact that I employ a couple of interns, having them around helps greatly. As far as staying in shape goes my suggestion is to go buy a trend mill and start taking major doses of liquid vitamins. lol. Joining a chat room or skypi room can help. Talking to others during the night makes the time fly bye faster. In the end I have always found that proper trading is very boring. I also spend very little time looking at the charts and gave up thinking in terms of money a long long time ago.

james996
Member

Member Since Jun 2009
23 Posts

I've said it before and after reading the most recent posts I feel it's necessary to state it again. This method will not work if your not going to accept the losses. No filter in the world is going to change this reality. The more your try to avoid this fact the more your going to lose. The key to successful trend following methods is taking all of your trades and letting the winners run. The problem most people share is the fact they can't accept the losses. I think the quick answer has always been to downsize your trading size. Think about the following: If you sized your trades to represent only a max loss of 1/8 to 1/4 of 1 percent of your account you might find this game a lot easier on you life. Imagine risking 1/4 unit and facing 6 losses in a row that would equal only 1.5 percent of your account balance. You will find this is the answer your seeking. It's all about money management.By the way my recent equity high was made on September 12, after that I went into a drawdown of about 8 percent during the following 4 weeks. I then downsized from a 1/2 unit sizing scheme to a 1/4 unit sizing scheme, as I type this I,m within 2 percent of the Sept egutiy high.Once the previous high is attained I will racket back to my normal 1/2 unit size. This is the propper way to trade. Not trying to guess what the next trade is going to do.This is the easiest way to make money if your willing to subject your will to the will of the markets. You must accept what the markets will give you. After placing thousand upon thousands of trades I gave up on trying to think what migth happen next and have fully accepted the fact I never know. Just take all the trades and follow the plan. I'll get off my soapbox now.

james996
Member

Member Since Jun 2009
23 Posts

Quote:

Hi James
I hope u r still on this thread

I've just entered in the thread

I've seen in your post you traded for 6 years IB method on the 6 majors,but I'd like to know if u r strictly using the rules of the first post of this thread,i.e do you avoid IB candles on 6.00 GMT?

I posted my rules. Hope it helped. London opens at 3am est my time.

james996
Member

Member Since Jun 2009
23 Posts

Quote:

James......I beat you........im up for 1 am EST

I am a total zombie................

I feel your pain!!!! lol....As you know it's a 3rd shift job with major overtime.. The cool part is there is no traffic in Manhattan at these times, so the commute into the office is a breeze... Even around 1:30pm when I usually leave to go home the traffic isn't too bad. Remember to get your proper exercise and take your vitimins. really helps out. I have a trend mill in the office and try my best to use it regular.

james996
Member

Member Since Jun 2009
23 Posts

Originally Posted by **Sauron**
Quote:

My mind can't accept that there's no some filter out there which will remove a few bad trades every month. That would be enough to make it clearly profitable in the short run AND in the long run.

Hey when you find THAT filter please give me a call. I would love to sit down with you and look it over. Your office or mine.. Thanks in advance...

Quote:

I understand why some traders express their doubt and are searching for more.

I understand it too, it's because they lack Discipline!

1. Discipline to sit down and do the WORK require themselves. Imagine taking the original basic strategy given and spending about 100 hours give or take to backtest it and make it your own.- this is called required WORK.

2. Discipline to take the time to go figure out their inside tolerances to the realities of trading.(pain avoidance and certain addictive personality trait disorders).

3. Discipline to write out a business plan incorporating THEIR STUDIES.

4. Discipline to follow out their plan.

5. Oh yea there is one more thing. What was it? I remember now Discipline to accept the Losses and then to take the next trade applying their back tested work. Or simple put applying an edge in a consistence manner.

6. But why bother doing any of that stuff when you can spend your precious time criticizing someone that actually did and continues to do the required work. Not only that but then takes the time to post it for all to possible benefit from. I'm especially talking about Razor_Trader. Please tell me what I'm missing here?

Quote:

> And I'm sick of hearing that the lack of discipline is the main cause of failure. No, it is the lack of an edge

1.You can't have an edge if you don't do YOUR HOMEWORK-Doing homework requires discipline.

Quote:

> And it is hard to see the edge of this method as long as the entry and the stop loss hardly have some fundamental meaning.

Real ,real easy take the time(discipline/work) to do a proper backtest. Or just drive past my house..lol

I'm out of here..Scotty Beam Me Up.

james996
Member

Member Since Jun 2009
23 Posts

Quote:

> So, what am I getting at? I see that Pinman plays IB's one way, and James plays them another (kudo's on both of your success, but the common feature between the two is a mechanism to trade with the trend, limit risk and let trades run. Maybe that is as complicated as it needs to be

Quote:

> Maybe that is as complicated as it needs to be

One of the most intelligent posts I have ever read here. It really is as simple as that. All the info and knowledge was or has been given on this thread to become a profitable trader. But like I said before the real problem most people have is that they don't want to accept the losses that is part of the game. You think there is a better,magical way(filter) around this reality? Been at this game a long long time and I have not found it. I know some very wealthy traders some of whom are in the famous books most of the people here have read and I know they haven't found it either. Take the basic plan of any decent trend following method, size your trades to a level YOU can handle,go do a decent back test, open up an account and start trading and work on your individual psychological issues that we all have. In time you will either realize you don't want to put up with the realities of the game and give up. Or one will evolve to a point that you will accept what the markets will give you at any certain time, and embrace the markets. "you will always get what YOU really want from the markets". Razor and many other here including PC have taking the time to point some out some of these issues in their own way based on their own personal experiences.

Oh and I would like to point out one more thing. Lets be honest here a TRADER is one who has the discipline to take an edge and apply it to a market in a consistent manner to extract a profit in a measurable time frame of some sort. We measure the the skill of a trader by looking at the percentage gained or lost. All other discussions are futile attempts to disguise what is really going on here. Nothing more and nothing less.

Quote:

> My mind can't accept that there's no some filter out there which will remove a few bad trades every month.

Once one reaches a basic competence level in theire trading they will realize there are no such thing as a bad trades,only bad trading. There is a huge difference between the two. This is what seperates the ones in the know from the ones standing on the sidewalk looking into the window and wishing. There are only trades that make money. lose money and trades that break even nothing more to it. But hey what do I know..I will be out at the East end during the Thanks Giving Holiday if anyone is around in the area give me a shout out and we can talk shop at the local library or Starbucks. It really doesn't have to be hard to reach for the stars....

james996
Member

Member Since Jun 2009
23 Posts

Reas said,
Quote:

> James,
>
> Thanks for another kind invitation to us all.
> It's a pitty you live so far away, otherwise i would have liked to pay you a visit for a chat, and i'm sure i would have learned a lot.
> But if you ever come down to the Netherlands then please let me know.

I will try to do that one day, thanks for the kind words. If you want, look me up on Skype my number is listed in my profile. This goes for anyone that would like a little advise or encouragement I don't mind giving back to those that are willing to help themselves. Just let me know when.

Quote:

> Your posts speak clearly, without the BS that is usually encoded into most. Razor

Thanks Razor. I appreciate your posts also...It's great to see someone making real progress and maintaining the desire/attitude to reach back and share with others. Sad thing most will not get it. To hell with the naysayers!!! Keep up the great work and positive attitude...

james996
Member

Member Since Jun 2009
23 Posts

Razorboy said

Quote:

> ..After further review of the data, and not closing a 1/2 position at 1:1, the end result was an increase in overall pips by about 62% over the previous best results - not for the weak of heart though. You essentially have a break the bank win every 2 years

The gift giving by PC was the 1:1 matrix for half off. Makes the roller coaster easier to handle. The rest was simple trend following methodology. Ride the winners and cut the losers short. Well done.

Quote:

> There's also the general point that Peter made -- he knew the difference between an IB that was likely to fizzle out and an IB that would lead to a substantial breakout.

Maybe the answer was simply trading during the most active time period during the 24 hour period with the daily trend. Hard to believe by most but thats all it was. If you doubt that go do a proper back test. Than tell me I'm wrong. All other opinions are useless. By the waY I was wondering if anybody that posts here regularly and actively trades was going to post this year performance gain or lost for the year? After all said and done this is the only thing that really matters. What you made or lost for the year.

james996
Member

Member Since Jun 2009
23 Posts

Quote:

> I've tested taking DIBs trades in flat markets and risking 1% per trade and have 'experienced' severe drawdown on account balance

Quote:

> With the reduction in position sizing, I am trying to find a 'balance' between too low a postion size and too high.

You are on to something now!!! As far a trying to find the correct balance maybe the answer you seek is really not hard to achieve. Start out with smaller position size until you build up some nice closed out profits. Example- Start out at 1/4 units(.25 of 1%) than when your account builds up to 10% in profits start ramping up to 1/2 units. When you build up your account to 20% than scale up to 3/4 units etc,etc. Also when going through a draw down scale down after ever 5 to 10 % draw down...It's not a stationary thing. Not only will this reduce your overall draw downs to manageable level(also making it mentally easier) but the reduction in the Risk to Ruin Matrix goes down to acceptable levels as well. You will find that all money management theory comes from the gaming industry.Something to think about.

Quote:

> If the entry is "edgeless", why entering all the trades? Wouldn't be better just to wait till a trade

> reaches its breakeven point and then to enter? Real food for thought to all the "gurus" here who repeat the mantra that lots of losses and a few winnings will make you rich in the long run.

An Edge consists of a entry and a exit along with a proper money management scheme. There is no edge on any one component by itself. As far as taking many small losses and letting your winners ride looking for the occasional whale(skewed tail) trade to make you financial well off in time. Name one of the top 50 traders that don't follow this mantra. Paul Tudor Jones, Richard Dennis, Ed Soykata, George Sorros Etc,Etc. Maybe they know something most don't. Of course you could always just go out and buy that new fancy whiz bang indicator the 19 y/o kid is selling on his smart looking website. As far as real food- My family and I eat real well as it is..I'll be out this weekend in the Jersey Shore if anyone wants to hook up and talk reality...

james996
Member

Member Since Jun 2009
23 Posts

Quote:

> I don't know how the aforementioned personalities trade but I'm 100% sure that they don't lose a lot and hope for some big tail which will recover their loses. Not when some of them have billions of dollars under management.

I'm 100% sure how they trade in general seeing a had the good pleasure to work for two of them. My uncle still works for Soros and is directly resposble for at least one billion. My Ex wife works for another successful hedge fund. All that aside their methods for the most part are based on long term trend following metrics using sound money management techniques.They take many small losses in hope for the occasional outer tier trades that come around. Also one could within a couple of hours go check the performances of some of the top funds that are open to the public and look at theire equity/perforamnce curves for the last ten years and overlay them over a basic turtle break out strategy(4 week and 10 week breakouts).You would be surprised at what would stand out. They all seem to make money at the same time in the same markets for the most part. Wonder why? The main differences is their tolerences for risk. That will determine the variance on the absolute returns on equity between them...

Sauron said
Quote:

> Completely off-topic, you brought this maybe because you lack arguments.

Well Sauron all I can say is I opened my private life up to all here and gave an open invite to come into NYC to my office and check out how I trade. I asked for nothing in return.. I have tried my best to give something back. I have nothing more to give and don't wish to argue with you or anyone else. Maybe one day you will invite us to your office or home? I wish everyone here success in all your endeavors..

james996
Member

Member Since Jun 2009
29 Posts

Quote:

> I agree completely with Andy12. I have backtested Dibs and FSP on tradestation and both are LOSING STRATEGIES.

Now I don't know about FSP but I know for a fact that trading b/o's of IB's with proper mm is very profitable. Those that say other wise just did not do a proper test or don't know what there doing. I'm not trying to point anyone out but these types of blanket statements are pure BS.

As promised before note the following: 1/1/09 nav=100. 12/31/2009 nav=net of all fees and management incentives 182. Oh and these are real numbers backed by real audited statements. All other talk is just that.

For numerous reason that go way beyond the scope of this thread Trade Station has to be one of the worst ways to back test. I know many will now go on the attack but put down the kool aid and think about the following. Did any of the top traders in any of the Market Wizard Books do there backtests using store brought software. Nope!! Most did there research mostly by hand and continue do to so mostly by hand. This is a fact and I can back it up with REAL life experiences working with some of them. Even today you will not find One copy of Trade Station at the Quantum Fund (Oh and I was over there last week hanging out with two of their traders) or dare I say it- Any of the top firms.. This is not to say software can't be used to do some aspects of testing but proper testing is beyond the capabilities of most readily available software. All you need is a notebook,a copy of excell and some time to put in the Required Hard Work. The research and testing of various ideals and markets is what defines a trader. Those that sit around the screen all day are just order monkeys for the most part.I wish you all great success for the New Year. I will try to continue the open invite to all in the area to stop by the office to talk shop it was fun meeting many of you last year.

Maybe someone could start a new thread to discuss the real issue going on here.

1. How to do a proper back test
2. How to incorporate simple but effective Money Management Sizing
Schemes.
3. How to get over the Fear of Losing Money.
4. How to get over the Fear of Losing Money.
5. How to get over the Fear of Losing Money.
6. How to get off your ass and do the required work!!!-
7. The Real Reality's of Trading..
8. How to get over the Fear of Losing Money.

Or we can just continue to look for the Grail(filter) in a Vain attempt to Avoid losing money.

james996
Member

Member Since Jun 2009
29 Posts

Quote:

> I am trading the DIB. I wonder if the set up does not trigger on the third bar is it appropriate to wait intill it does , even several hours later? Or is it necessary to wait for another pattern to set up ?

In all due respect CC1 how is it that your trading this method and you don't have an answer to your own question. What does Your trading plan tell you to do. You do have a plan based on your own back testing research right? Your research would have told You how long a Ib can remain active and still offer up an edge over a reasonable sample size, right?

james996
Member

Member Since Jun 2009
29 Posts

Quote:

> I am too much of an idiot to write software code.....by the time i figured that out, I would have been done the manual back test

I'm right there with you on that one. Even if I took the time to set up all the codes I still would go over the results trade by trade manually in the end. I don't know of one large trader that doesn't do the same. Also I serious doubt most of the folks here have the required programming/ tech skills to pull it off. I would like to meet one trader that does this completely by computer and is trading a relatively medium account(1 million or more) . I've been at this for a long time and I've never seen it.

Hey Razor how the prop shop working out for you? I bet you get to see a lot of people doing some really dumb things...lol Hope your year is going well for you.

Quote:

> these days you can get some pretty good backtesting software - if you are prepared to write code.

If you don't mind me asking- what software are you talking about?

james996
Member

Member Since Jun 2009
29 Posts

Quote:

> This was of course just looking at the last 5 days so this does not constitute a representitve sample so i just wondered if anyone keeps a daily performance log of this strategy?

Lets talk about this shall we...Not only is five days Not a sample but Five years would Not constitute, a proper back-test/sample. Even if you included a proper back test on the four Major Pairs for five years you would just be crossing the minimum requirements. Not only does one need a proper sample size of the population they seek to data mine but other qualitative issues must be taken into account. Does anyone here really believe that the market's behavior that has been exhibited since 2007 is representative of the market we had from 2000 up to the current financial meltdown? Why is any of this important? The fact is the market do in fact change over time. The good news is that markets are made up of humans beings interacting with each other(greed/fear and herd mentality).So we can still exploit this for profit in the long run......

Back test, write up a plan...Follow the plan. You can't pick and chose your Ib's/trades your going to take. You can't avoid Losses you must embrace them. This is why most people will never be able to do this. The only way to overcome this is to back test and size down and get on with it.

I was thinking about putting on a trading conference in the Spring. Would anyone be interested? We could discuss trading Ib's on intra day and daily data the Pros and Cons. Then we could break up into small groups and do the back testing work. Then we will analyze the results finalize a plan and then trade live with real money....Depending on how many people we got we could do it in NYC at my office or any other place at the groups choosing(any ideals?)..Maybe someone can volunteer to step up and organize the whole thing.

james996
Member

Member Since Jun 2009
33 Posts

And before anyone insults me It will be feel to all. I will pick up the tab for the whole event...Not only that but any money made off the live trades will be given to someone at attendance by lottery/draw. How cool is that....

james996
Member

Member Since Jun 2009
33 Posts

Quote:

> u can easily lose 50-70% with a risk of 2% or more and then u will quit.
> this is my experience with a risk of 2% or more.

Very wise words RT..

james996
Member

Member Since Jun 2009
33 Posts

Quote:

> there is a difference on risking 2% on a position based on a daily chart and a 1 hour chart - your trading opportunities are much more infrequent on the daily charts..........

Quote:

> Your analogy RB is correct - it is a shame some things are lost on some people - they don't bother to read things properly, or be guided to relevant information sources.

I'm calling bs.

There is no difference and it doesn't matter what time frame your trading. As far as the frequencies of trades that has no relevance either. Risk of ruin is just that and it does not matter what time frame your on or the amount of trading taken place. Go do your homework and check out the math you don't have a clue what your talking about.

Knight Rider if you were referring to me than all I have to say is I read just fine and I certainly don't need to be guided by you or anyone else around here also I can assure you that the info be posted here by you and some others is not relevant and just plain BS. The fact remains that taking the amount of risk on initial positions as some here promote is just plain nonsense and reckless. Unless one is trading some small account that the money just doesn't mean anything. Just don't quit your day job just yet.

Quote:

> I am also willing to bet that the 3400 pips of profit I am sitting with on my GU short is more than most people ever earn trading forex before they give up.

What this has to do with anything I can't figure out but one thing I can say I would be more than glad to take your bet! More than glad. By the way do you think that a 3400 pip trade buys you credibility or means anything?

RussiaTrader
Member

Member Since Dec 2009
32 Posts

different approach

Quote:

Originally Posted by **Razor_trader**
"I will tell the only way a trader is able to make $1,000,000 from trading.

[b]Here's an example of 10 thousand trades. Of these trades, you might lose on 6000 of them for small losses, win on 3800 of them for moderate profits, and win fairly big on 200 of them. You make your million from this series of trades by losing only $9 million on your total of losing trades while making $10 million dollars on your total of profitable trades. This means averaging $50 a trade per lot or contract (in the case of futures), which is really good after...

i disagree with mr. joel rensink.

i trade since 20 years, and since 14 years on a professional base. many trades i close with a risk/reward ratio of 2,3 or 5 times the risk.
every trade will be closed EOD.
so from 10.000 trades i would say 1.500 are equal or higher than 2.

my philosophy is i dont want to live from the few home-runs, which are very rare and seldom. i want to catch here and there my little fish a day. on some days i wont catch a fish.

two different approaches, but both work if you look at the nature and how predators survive. the shark or krokodile catch one big animal once a month.
the pelican hunts every day in a specific time for some fish. both are good survivers.

RussiaTrader
Member

Member Since Dec 2009
32 Posts

Quote:

Originally Posted by **Sauron**
You don't enter after the signal but you wait till the trade loses or reaches BE or 1:1 or how you want to call it.
If it loses you do nothing.
It it reaches BE you enter.

The stop loss is the one which you would use if you have entered.
You use the same position size as if you would have won.

So nothing changes, only the enter position.

this is not logical, because your risk will then double, and the reward stays the same. the risk/reward ratio will break down to the half.
but test it yourself and u will realize.

RussiaTrader
Member

Member Since Dec 2009
32 Posts

Quote:

Originally Posted by **Sauron**
This idea will keep you out from 20-30 losses in a row if you trade 2 pairs and you take all the signals. It will also make the equity curve smoother.
It is not a holy grail. If you don't find it usefull don't use it and take all the trades. There are some people here, me included, who like smoother curves, be them of equity or of women.

i just tested it and the result is what i thought - nothing worth for a trading strategy.

as u would say:
Do NOT come into this thread and tell us something can be done unless you have several years of actual proof and can also prove that those results are typical and not unusual.

but just think again: there are many trades BE (1:1) and then you will get **stopped out later.** so often you will **lose twice the amount of risk** compared to the original strategy from PC.

but its great that u brought in some new ideas!

RussiaTrader
Member

Member Since Dec 2009
32 Posts

Quote:

Originally Posted by **Razorman**
Has anyone tested this method on a 5 min chart ?

5min? good luck!
i wouldn't trade ANY system on 5 min., cause I love my heart.

RussiaTrader
Member

Member Since Dec 2009
32 Posts

Quote:

Originally Posted by **Razor_trader**
Aim for a pathetic 10% per year, which less than 1% per month. By doing so year in and year out you will find yourself more comfortable managing larger dollars which in turn gives you a sustainable future.
Razor

i agree, thats realistic and achievable. everything above +20% a year is an outstanding year. even with a risk of 1% per trade.

because its very, very rare that you catch the trade which makes you 10% or 20% for your account.
to my experience there are only a few (2-4 trades) a year, which will make your profits.
hundreds of trades are between with no result to your euqity. they are just there to pay the commissions and slippage.

RussiaTrader
Member

Member Since Dec 2009
32 Posts

u need a lot of disziplin to play the small edge in trading to make constant profits.
for a newbie or even experienced trader the marktes are so exhausting and though, too tough for human beings.

my experience is, that you can show your system to any trader and he will not be profitable. because in the end it has to fit to your personality.

good traders take parts of a methodology and built it into their own system, failing traders copy 1:1 a methodology.

u need to do your own research and find your own UNIQUE way. DIBS will only help you and give you ideas, like Trendlines, dojis, fibos and indicators are doing.

RussiaTrader
Member

Member Since Dec 2009
32 Posts

Quote:

> Originally Posted by **razorboy**
> *this has nothing to do with personality..........it has to do with understanding basic math..........*

when u think trading DIBS is ONLY understanding basic math then do your own experience, go ahead!
you will soon realize that there is a human being behind the math.

RussiaTrader
Member

Member Since Dec 2009
32 Posts

i think the only think worth do discuss in trading DIBS is the exit.

RussiaTrader
Member

Member Since Dec 2009
32 Posts

i am trading a combination of DOJI's, IB's or u call them DIBS, and candlestick patterns for more than 15 years. and all strategies are working - in the long run!

BUT with an exception: there are months in a row when for example DIBS doesnt work and i am constantly losing or stepping sideways.

so this is the time when newbies throw in the towel and are looking for a new strategy.

RussiaTrader
Member

Member Since Dec 2009
32 Posts

---

yes i agree.
backtesting should be done manually with an excell sheet. trade by trade.

the input is time.
the output is a better understanding of the pros and cons of your stategy AND ideas for new strategies.

RussiaTrader
Member

Member Since Dec 2009
32 Posts

Quote:

> Originally Posted by **DemoForever**
> *Hi razor*
>
> *Sorry about that its the eur/usd,buying above the weekly open and selling below.Exiting on a 40 ema.Simple works.*

13 winning/156 losing...but this is trading all about.
if i understand u right, u get 13 winning trades which make the profits over the year.
the losing trades - i guess - half of them are BE-trades?

RussiaTrader
Member

Member Since Dec 2009
32 Posts

Quote:

> Originally Posted by **Sauron**
> *13 winnings / 156 losses - that's a recipe for disaster. One win for every 12 losses, you can't recover the drawdowns. And risking only 0.3% per trade you'll have periods with 20% drawdown on the long run.*
> *It is as you would have 60% drawdown by risking 1% on every trade. You must more than double your account just to be at breakeven.*

i dont agree.
if u have for example 156 losses, u will close out about 78 trades 1:1 , and the other half (78) with a 1:1 loss.

the 13 winning trades are trailed with a 40 EMA and will be huge, i guess around 10:1 or bigger.

so u have 10 multiplied by 13 winners= 130

and losses 78 multiplied by 1= 78.

78 are breakeven (or u call them 1:1 trades)

you end up with 52 positiv numbers, comm.&slippage not included.

u should consider to sell the first half at 1:1, like PC is doing it.

RussiaTrader
Member

Member Since Dec 2009
32 Posts

Quote:

> Originally Posted by **Sauron**
> *Well, let's talk about numbers (and the fallacies)* .
>
> *I suppose that every winning trade will give you 10:1.* ***But your profit will not be 10:1 but 5.5:1 because you take half of the profits after 1:1.*** *.*
> *So 5.5 * 13 = 71.5 which is smaller than 78, the usual loss.*
> *And that's without considering spread and slippage.*
>
> *The trailing to EMA or SMA is not a good idea anyway. You will get out every time after the retracement instead of profiting from it. It is like buying on support and selling at resistance.*

i meant INCLUDED the 1:1 trades the winning trades are 10:1 (that means standing them alone they are 20:1)

RussiaTrader
Member

Member Since Dec 2009
32 Posts

Quote:

Originally Posted by **imran84**

Hi everyone am quite new to this thread still reading it and it seems interesting so far what i have learnt i am a bit confused am living in london so am trading +5 GMT and i traded Eur/usd today and so far day is bearish so according to dips method should be looking for sell trades i did it on eur.usd but it only went one pip after IB formed and then went up and touched stop/loss i just want to know where did i make a mistake if anyone can help me i will be very thankful

nothing wrong, but at least u should make 25-30 trades to move your account in the right direction.
there are often 6-7 losing trades in a row.

RussiaTrader
Member

Member Since Dec 2009
32 Posts

Quote:

Originally Posted by **JackintheBox**

ok, folks,

tired of testing lots of systems...I tried this one and again, I cannot understand the hype.

Some figures who speaks for themselves...

Trades from March2009-november2009:
At all inside Candles (only first candle 1h, based on 7GMT to 10GMT): 90
Trades possible: 52(38 not hit)
*STOP_LOSS_HIT_BEFORE_HALFPositionCl ose_Possible:39/52 (*wow*)*
Biggest win to the end of the day: 92 pips(average:56 Pips if win)
Stop_LOSS_HIT_average:-21,06 pips

at all:
*win:56*13(it's a bit less because you close half of the position after SL-loss is in the winning range but who cares at these figures):*
+728
*SL:39*21,06=-821,34*

CRV:728/821:0,88 ... ?

I don't get it, that so much traders don't backtest systems BEFORE posting here how great sth. works. Tested on EUR/USD...
Not 100% accurate, that i only do if I see it's working.

Problems on this system:
1. How Enter if the "open" (5,6 GMT) only deviate few pips. I know the rule but this is like roulette (->ahh: 2 Pips above, so it's a long day...alright)
2. What about re-enter ? I tested entering only once. Results above...
3. The argument:

Close half of the position and let the rest run ! is quite simple, but then you only earn money IF MARKET IS MOVING very strong. (500Pips away or so WITHOUT REÈNTERING YOUR ENTRY_RANGE...else you lose half SL...)

->ok, there were 2 to 3 big moves without coming back ... let's sumarize:

2 to 3 moves (2,5 a 300 Pips) ->750 pips extra

WIN:
728-300(lost because not closing endofDay)=428+750=1178
Lost:
more than -821 because other SL's will be triggered because of not closing EOday let's say: (13-2,5=10,5-21 points extra= -220,5+(-821)= -1041,05)*

At all:
1178/1045 = earned 133 pips in more than a half year...

I can understand the argument:
***"Try to stay in the market (little loss is ok) and try to catch the big moves!"** But hey... is this the answer ??*
Trading 300 Days a Year for catching one or two big moves without coming back ???

I hope this is not the "holy gral" because this kind of trading is REALLY REALLY awful...

Ok, go to bed...

this is why i postet earlier:

"i think the only think worth do discuss in trading DIBS is the exit."

u can trade (how i do it) forms of DOJIs, rangebreakouts, and variations of DIBS.
with DIBS u have **just a SETUP** - thats all!

the money comes in with **intelligent exit strategies**...and only that is worth to discuss!
u can destroy the best setup in the world if u dont exit proper.

i will tell u again and again where the money comes from: **not from DIBS!!!**

money comes from the EXITS!!!!

so please, please....**STEP BEHIND THE CURTAIN!**

i know, for a newbie (somebody with 0-5 years experience) its hard to accept this , but this is in the end the secret.

RussiaTrader
Member

Member Since Dec 2009
32 Posts

Quote:

Originally Posted by **imran84**
Hi Thankyou for your kind reply .the charts and the trade you have showed me IB formed and the very next candle after IB formed went down and then went up as a winner i did get this but what i was trying to ask is lets say IB formed and the Next candle after IB went down and end up as down bearish candle and after this candle another candle formed and went up from IB so do you think it would be a valid trade? sorry if i you didnt get it let me knwo then i can put more charts thanks for help

yes, they are valid.
no, they are not valid.
both is true.

i know people who take only the next IB and cancel after the hour the order and other who leave them there for the next hours.

the best is to find it out by your **own research.**

why? cause u will need a lot of selfconfidence in real trading and this comes only from your own analyses.

even if the best trader in the world is pinpointing on a strategy, i would **first doubt and test by myself**.
the reason is, we are human kinds and born to make mistakes. so i want rather make my own mistakes and learn from them.

RussiaTrader
Member

Member Since Dec 2009
32 Posts

Quote:

Originally Posted by **smikester**
EUR/USD has been ranging for the past 3 days. Not a good time to trade the DIBS strategy.

but a good time to start now

RussiaTrader
Member

Member Since Dec 2009
32 Posts

Quote:

Originally Posted by **smikester**
I don't understand you. Until EUR/USD breaks out of its range then DIBS would not be a good strategy. Ranging markets create more inside bars, but they are less useful to us because they have less momentum when they break out.

what my experience is that a 3 days range market has a **high probability** to have in the very next days a **trendday.**
and therefore it is good to enter trades in DIBS after a 3 day range market.

RussiaTrader
Member

Member Since Dec 2009
32 Posts

Quote:

> Originally Posted by **sinner-**
> *...Why are all the people backtesting here doing it on H4? Doesn't make much sense to me personally. DIBS is useful because it shows both consolidations and lower TF 1-2-3s around the open, what is a H4 IB supposed to show that fits in with DIBS? How did you test EURUSD for 21 years?*

good point.
i think most of the posters here are not professional fulltime traders, nor do they have the time for h1 DIBS originally postet by Mr. Crown.
the advantage of H1 DIBS is the early trading into the virgin day **before** everybody is sitting on his desk.

and therefore i think the results of h4 differs a lot to the h1 approach.

RussiaTrader
Member

Member Since Dec 2009
32 Posts

Quote:

> Originally Posted by **Sauron**
> *Well, I've tested the last 4 years of AUDUSD Daily IB with SMA20 for trailing.*
> *If one would risk 1% per trade, he would have won:*
>
> *2009 +4%*
> *2008...*

thats why the **EXIT** is so important. i think a 20SMA is too simple.
the exit can change the result of a trading setup dramatically.

RussiaTrader
Member

Member Since Dec 2009
32 Posts

Crocodiles (Traders) don´t eat as much as hot blooded predators, like lions or tigers. They can live perfectly with one kilogram of meat per day, and they can spend months and **even one year**

without any food.

However, they usually eat as much as they can if they find a good source of food, simply **because they never know when the next big meal will show up!**

are u ready to trade DIBS?

RussiaTrader
Member

Member Since Dec 2009
32 Posts

---

why are so many posts guessing mr. crown ist doing this and mr. crown is doing that...what a bullshit.

he is a human being with a brain thinking.

u got also a brain to think and come to your own conclusions.
let us know about this and let mr. crown speak for his own!

RussiaTrader
Member

Member Since Dec 2009
32 Posts

Quote:

> Originally Posted by **highneb**
> *...DIBS is a break even strategy in the long run. (Although there may be some decent runs within this time)...*

yes, thats the point! u got it!
for example u make 100 trades and for the 98 trades its a breakeven strategy.

just 2 trades make decent runs and **THESE 2 TRADES** will make u some money.
if u miss them, then u will go breakeven!

RussiaTrader
Member

Member Since Dec 2009
32 Posts

Originally Posted by **HouseTrader**

Hot Hands...

in the example quoted:

*E/U is **above** daily open AND **above** last week's close = HOT HAND*

*U/C is **below** daily open BUT (maybe still) **above** last week's close = NOT HOT HAND... you can go short, but definitely it's not the stronger moving pair, ATM... for U/C to be considered also the Hot Hand it should be below daily open AND below last week's close...*

that's my simple understanding of it... of course, if E/U is above the daily open and U/C is not below daily open, it's much easier to spot which one is the "Hot"

Cheers...

good explanation!

for example at the moment both pound/dollar **AND** euro/dollar are **HOT HANDS**.
both are down from the open and down from the last weeks close.
so u can short both.

RussiaTrader
Member

Member Since Dec 2009
67 Posts

Quote:

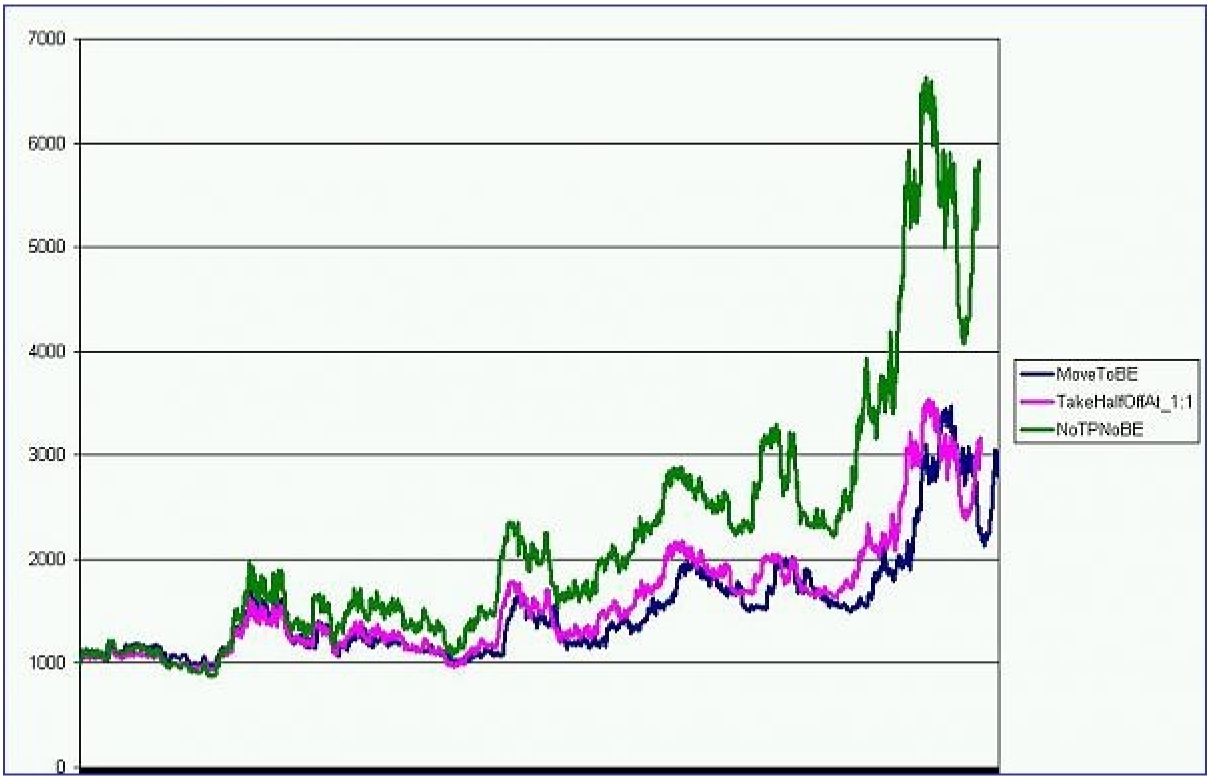
Originally Posted by **bluefish**
Sorry about the deletion. It was 2am when I was editing my original post

Maybe I can be a little help. Below is a screenshot of 3 different simulated equity curves. Testing time is 2 yrs, sample of close to 800 individual trades.

Blue - moving to BE after distance of 1:1 (R:R) has been reached
Pink - taking half off at 1:1
Green - No TP, no moving to BE

Starting equity 1000 EUR, fixed risk per position.
The backtest doesn't include swap costs (rollovers).
Tested on tick data level.

Bluefish



this is eyeopening for maybe some traders, who start trading dibs.
even after 300 trades the green line is only breakeven!

so u trade approximatly 9 month and u will have to wait for the big run of the year. and if u miss these few trades after 300 trades your account will not gain!

RussiaTrader
Member

Member Since Dec 2009
67 Posts

Quote:

Originally Posted by **dr_zeus**
bluefish,

Were you taking every DIBS, or did you filter on up and down days per Peter Crowns method?

Also, which pairs did you use in your test?

Maybe I've just been lucky and haven't tested DIBS long enough, but about 1/2 of my trades (or more) reach the 1:1 mark. It's a no brainer to take some profit there and let a smaller position try to catch the whale.

I agree with razorboy that this lets you use higher leverage, risking 2%-3% per trade.

i think nobody can trade it with 2 or 3% risk per trade. its far to0 much when u think about that the hitrate of a 1:1 trade is about 50% and if u start unlucky u will have more than 100 trades in a row with no success and trend.
u can also have a row with 10-15 consecutiv losses, which is devastating but very realistic.

u can easily lose 50-70% with a risk of 2% or more and then u will quit.
this is my experience with a risk of 2% or more.

RussiaTrader Member	Member Since Dec 2009 67 Posts

Quote:

> Originally Posted by **mike w**
> *When you trade DIBS along with other methods and higher timeframe price action, it is profitable.*
>
> *If you see a pin bar on the 4 hour, which direction do you think you should trade that dibs trade? IBs are consolidation, nothing more. They, more often than not, break in the direction of the previous trend. It's simple stuff, I don't know why everyone makes it so ridiculously difficult.*

did i say the opposite?

please, read my post again!

RussiaTrader Member	Member Since Dec 2009 67 Posts

Quote:

> Originally Posted by **razorboy**
> *close to 3000 pips now*
>
> *As this is just a small challenge account - the goal is to blow it up using dibs for the next 5 years, right now I am sometimes risking upto 6% a position*

good luck!

the markets where cosy to u in the last months. we had good trends.

what are u doing if u have 15 loses in a row?
with 6% risk per position u are very near of risk of ruin.

RussiaTrader Member	Member Since Dec 2009 67 Posts

Quote:

> Originally Posted by **bluefish**
> *15 losses in a row on D1? ... this is asking for some backtest*
>
> *Bluefish*

i wouldnt post here if i had not made these backtests years back AND experienced in my carrer these consecutive 15 losses several times.

its a simple matter of mathematics. if you have a chance of 50% that u hit the 1:1 level, then **15 losses in a row are "normal"** and to be as a serious tader expected and in the plan.

the main target in trading is to "**stay alive in bad times**". if u are not prepared for a storm then your house will blow up.

nethertheless you **can make more than 100% a year** with **risking only 1%** of your equity.
i know, this is not really related to this thread, but when i read posts of some folks here i feel it makes sense.

i think also this is the reason why some are here suggesting that dibs is not working for them. because they are expecting an 70 or 80% hitrate, means in 70% of the time u hit your 1:1 target- **this is not reality!**

RussiaTrader Member	Member Since Dec 2009 67 Posts

@razorboy and knight rider

well, do u think u cant lose 15 times in a row because u trade the daily or weekly charts?

RussiaTrader Member	Member Since Dec 2009 67 Posts

Quote:

> Originally Posted by **razorboy**
> ***based on my back testing, I know what my drawdown potential could be and I also know what my psychological limits are...***.

good point and thank u for your explanation!

RussiaTrader Member	Member Since Dec 2009 67 Posts

Quote:

> Originally Posted by **Timek**
> *Hi RussiaTrader,*
>
> *Your posts are most appreciated and provide food for thought. A couple of questions if you don't mind:*
>
> *1.) Do you trade a variation of DIBS yourself?*

2.) You mention how important the exit is. I have only tested using a 20 day M.A. but with promising results. Do you have any pointers on how to improve this?!

I got very good results with testing hourly data from 2005 but have obtained FXCM data for EURUSD, GBPUSD, USDCHF and USDJPY from mid-1999 but get almost inverse results. Let me know if you have any suggestions!

Keep...

1. yes, i trade a variation of dibs, dojis and IBs
for example i take every trade on dibs with the same charateristics peter crown would do it BUT i only take the trades which are in line with the general trend. so no trades against the general trend. the general trend is subjectiv, but thats where my experience comes in.

2. yes, i like to work with concepts of "relativ highs/lows" to trail a trade.
on youtube i found a video of a trader who is explaining it quite well.
its in german, but the picture should be enough explanation.

to follow a trend with x-ATR rebound from the high/low on the daily chart is also a nice tool.
but the important thing is to know when to use which exitrule, because every trend is different.

RussiaTrader
Member

Member Since Dec 2009
67 Posts

Quote:

Originally Posted by **james996**
I'm calling bs.

There is no difference and it doesn't matter what time frame your trading. As far as the frequencies of trades that has no relevance either. Risk of ruin is just that and it does not matter what time frame your on or the amount of trading taken place. Go do your homework and check out the math you don't have a clue what your talking about.

Knight Rider if you were referring to me than all I have to say is I read just fine and I certainly don't need to be guided by you or anyone else around here also I can assure you that the info...

very good points! everything said clear.
i didnt want to discourage razorboy, the markets will do this soon...

RussiaTrader
Member

Member Since Dec 2009
67 Posts

i took this shorttrade yesterday.
but when the IB is very small like yesterday i tend to place my stop on the high of the bar before.

[RussiaTrader](#)
Member

Member Since Dec 2009
[67 Posts](#)

Quote:

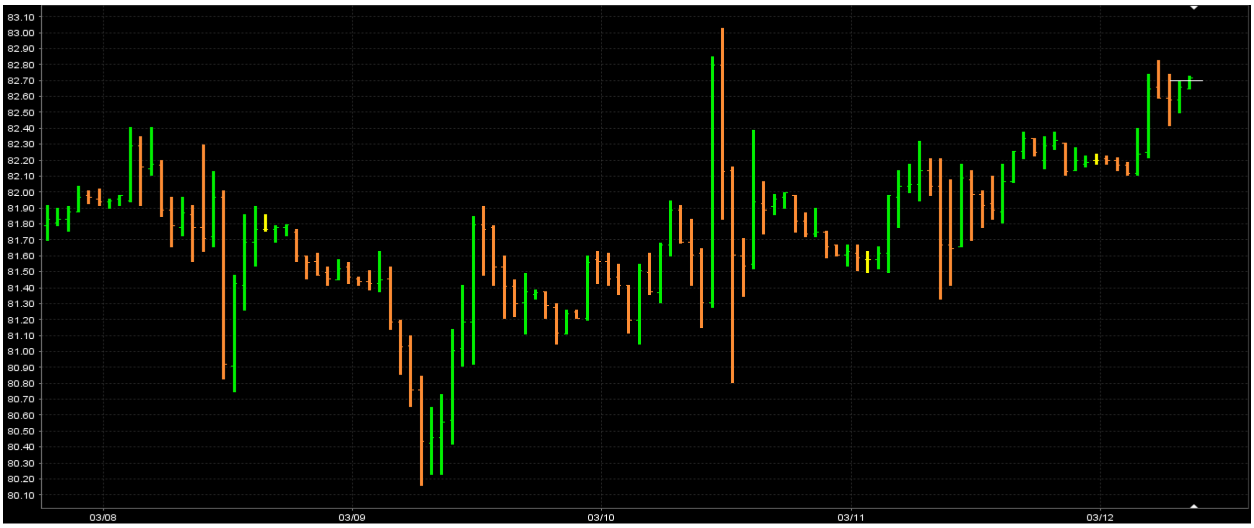
> Originally Posted by **pawpaw1000**
> *Sounds pretty logical to me mate, will definately try it that way. Hope when the others ridiculed you they gave reasons? anyways, will try your way. Any ideas on what type of R:R one achieves on average with this system???*
>
> *eg. if you risk 1% and you get average 20 trades per month you will make 20% or R:R 1:1... Not saying all will win but the ones which win will be BIG!*

from my experience with dibs 50% of the trades hit the 1:1 level, and the other 50% will result in a loss.
also you will have some slippage and commissions to pay on **every trade**.

[RussiaTrader](#)
Member

Member Since Dec 2009
[67 Posts](#)

a nice h1-IB in Oil:



RussiaTrader
Member

Member Since Dec 2009
67 Posts

Quote:

Originally Posted by **razorboy**
I think you need to be a little more specific in your parameters........what time frame were you using? Did you have any entry filters? What pairs were you playing. Did you build positions?

I back tested two pairs, daily charts, medium term MA's as trailing stops, added positions as the trend progressed and got quite the opposite result to you.

ok, we are talking about different things.
i am trading only H1 originally dibs like peter crowns described it.

i am including the slippage and commissions and add to the risk. so about 50% hit these 1:1 levels, the rest are losses.

from 100 trades i make my profits with 2 trades, so about 2% of the trades are trades above 10:1

RussiaTrader
Member

Member Since Dec 2009
67 Posts

i think the possibilities of AUD.USD to be a longterm winner is good.
another IB now!

RussiaTrader
Member

Member Since Dec 2009
67 Posts

i took these 4 great IBs this afternoon and night.
another IB is showing up now, but i am a little tired.

they are really working pretty well in the night sessions.

i think the fact that chinese are heading to a superpower will also generate a lot of serious traders in the asian area. so this time will become more and more important in trading DIBS.

[RussiaTrader](#) Member Since Dec 2009
Member [67 Posts](#)

Quote:

> Originally Posted by **smikester**
> *Interesting that the last EUR/USD H1 inside bar failed. No wonder I'm paranoid. I was lucky - I broke the rules and moved my stop.*

during the day there are more faketrades then at night when most of the traders sleep. this strategy is already followed by a lot market players.

[RussiaTrader](#) Member Since Dec 2009
Member [67 Posts](#)

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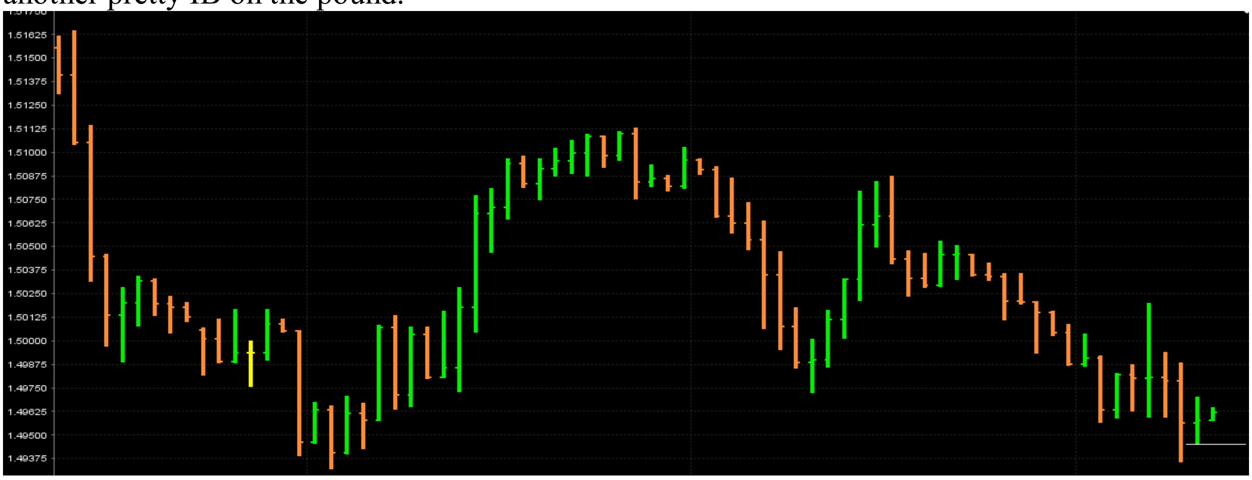
another pretty IB on the pound.



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Member

Member Since Dec 2009
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---

i took these three H1-IBs in the Yen.

the next IB is showing up now, but already 3 bars between.

i think the yen is the key currency for the next 12 month to play with for the long haul.

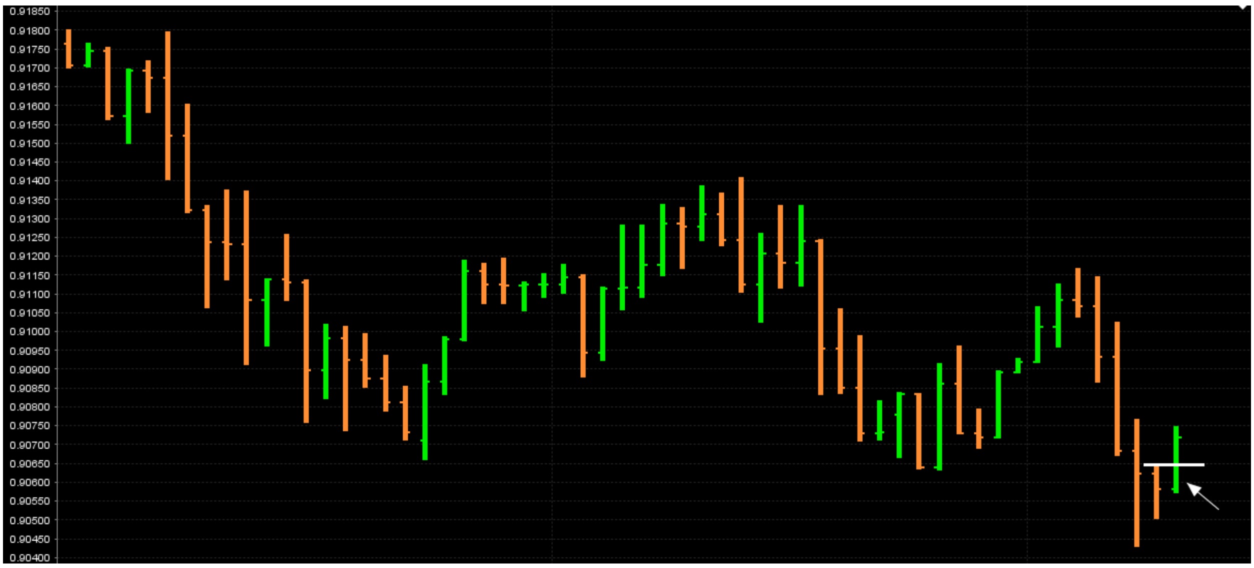
incredible week so far...

[RussiaTrader](#)
Member

Member Since Dec 2009
[67 Posts](#)

---

a nice IB in AUD/USD now.



RussiaTrader
Member

Member Since Dec 2009
67 Posts

Quote:

Originally Posted by **MattW**
I'm guessing that's a H1 countertrend? How far would you ride it?

well as the original rule, the first half @1:1 or better.
the second i would hold for months if i am not stopped out.

RussiaTrader
Member

Member Since Dec 2009
67 Posts

Quote:

Originally Posted by **MattW**
As you took that according to the rules...

I've not got a chart in front of me so apologies if I'm wrong - but if that IB is from 10am to 11am surely it's down on the day and you're looking for shorts, not vice versa?

yes, but its a discretionary system and i stretch the rules due to my experience of trading with IBs.
the AUD trade had a pin bar first and then the IB.
in these cases i go long even when the day is negativ.
the trade is already closed break even.

PeterCrowns
PeterCrowns

Member Since Mar 2008
41 Posts

You definitely caught the spirit of DIBS---

Thanks for the kind words about my posts - I'll tell **TheRealThing** later today when I call him (after the NFP action finally slows down).

Your results obviously show the benefits of being willling to hold onto winners and put up with multiple losers, over and over again.

In the for-what-its-worth department:

You really do get past the pain of losses at some point. When you finally realize that the losses are necessary discouragement to the individuals/institutions on the other side of our trades who haven't realized (or could care less about) the power of the "long tail".

It simply becomes a matter of immediately saying (internally) after a loss, **"next...."**

It's too bad that I don't get much chance to review this thread and only get to from time to time. You guys have done very well in making it possible for newer traders to see on the other side of the curtain.

(I called **TRT** a few minutes ago about how large the **DIBS** thread has gotten. He told me that it is the perfect case of "less is more", as in a few short posts inspiring some of the best traders reading it to excel. In my view, the **DIBS** concept gets all the credit. Simple maybe- but psychologically difficult to implement; just the way optimal trading really is.)

Thanks again to you and all the others who contribute to this great thread.

PeterCrowns

Quote:

> Originally Posted by **PinMan**
> *Hi All,*
>
> *First post - but I thought I'd drop in to say how great this forum is. I've perused a lot of the posts in this forum, notably the posts by PeterCrowns, Bemac, TheRealThing, and RazorTrader. There's a lot of good sense in here. I've been successfully using IB trading for the last four years and I've seen an average 4x per annum growth on my account - I started out with £500 and used a spread bet platform rather than a broker (after initally getting hacked off with requotes), I'm not here to boast but I'll let you do the math! I've done...*

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

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**

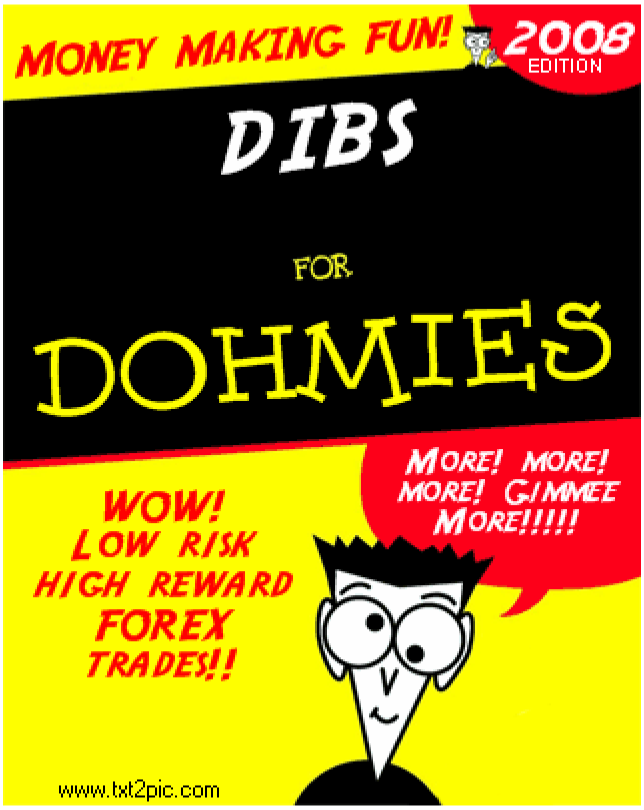
About TheRealThing

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