PipDaq Trading

Note – this is the free version of the Pipdaq Setups manual which only includes only 1 of the 3 setups.

Please click here for the full version…

[If the link above does not work for some reason you can copy and paste this link into your web browser – http://pipdaq.com/full_pipdaq_setups.htm]

Price action trading setups for all markets and time frames…

Introduction

With this guide, I trust that no matter what stage you are at in your trading journey, it will make you a considerably more profitable trader. If you already make a healthy profit or are still losing more than you are gaining, you can add these setups to your daily trading regimen for improved returns.

The following has been written with the novice trader in mind so please bear with me if I talk about things that you may already know.

As mentioned briefly on the website, most of the setups contained below have been passed down from floor traders from Mercantile Exchange in Chicago from the 70's and 80's and adapted more recently to technical charts. Luckily with the charting software that is available these days, we don't have to draw the charts ourselves or calculate complex formulas to plot moving averages and such.

Though the Pipdaq setups derive from a number of decades ago, they are still as valid today as they ever were. Human behaviour is still controlled by greed in the financial markets and while there are some fundamental differences to the now almost extinct floor traders, price moves in much the same fashion as it always did.

Pipdaq is technical trading using price action - this is all you need to be successful. You may have heard of similar setups to these before and dismissed them or not thought much of them, well now is the time to master them. Don't be fooled by their simplicity as they are a solid method in gaining good price action entries. If you are 100% serious about succeeding at trading then take the pledge now to devote your time, resources and capital in perfecting these trading setups. You will thank me later!

The best way to learn a new strategy is to see it visually on some charts so I have included chart examples to give you a visual representation of what you are looking for as a qualifying trade entry.

The beauty of these setups is that they are easily identifiable on historic price charts. Going back over any chart on any time frame will give countless examples of Pipdaq price entry setups. Doing this is a good exercise to ensure that you are completely familiar with spotting the patterns and where you would enter and exit. However you must be aware that naturally you will likely only be looking for winning setups which you will find more easily compared to those that didn't work out.

Therefore make sure you identify losing trades too otherwise you may give yourself unrealistic expectations going into this strategy and end up being disappointed with results.

The three Pipdaq setups which are outlined below are very straight forward and easy to identify, trade and profit from. They have really stood the test of time on all markets with ever changing market conditions. No matter whether you are a new trader or experienced, and no matter how difficult it is for you to believe - you will actually be able to conquer success with very little practice.

Having said that we recommend that while you get used to trading the setups in real time, you do

so on a demo account first before risking real capital.

Why use Pipdaq Entries/Exits?

- Pure price-action trading setups – "trade what you see". Follow the momentum and sell high and buy low at reversal points plus enter with solid trend continuation entries.
- Hours of market analysis are not required – setups can be found with a simple glimpse of the chart.
- For intra-day and day trading charts.
- Can be ideal for people that don't have much time to invest in trading and/or that have full time jobs.
- Can be used on all markets, with any charting software, on any time frame.
- Proven setups over many decades, passed down from floor traders.

Pipdaq Setup 1

Available only in the full manual here...

Pipdaq Setup 2

[Available only in the full manual here...](#)

Pipdaq Setup 3

The setups discussed so far rely on simple price action however with the third setup we use two very commonly used technical analysis indicators.

Luckily these days we don't have to calculate the algorithms behind the indicators and simply add them to the software on the chart.

So let's set the chart up:

- Add the Bollinger bands to your chart using the typical "standard" settings of Period = 20, Deviation = 2. You may wish to lower the Period figure if using low time frame charts under 15 minutes or tick charts under 500 ticks. You can tell which to use by looking at how price reacts at the middle Bollinger line. The more price respects the line, the better.
- Add a standard Stochastic Oscillator, however it is important that the settings are %K Period = 5, %D Period = 2, Slowing = 2. The levels you need are also not the standard overbought and oversold levels of 80 and 20 respectively. Change these to 35 for oversold and 60 oversold. Mid-point is 48 but that is not of importance.

Regarding the Stochastic we are actually only interested in the slow "K" line so if your software allows make the "D" line invisible.

You can add these indicators to your existing charts but I prefer them on separate charts to keep them clearer and to be able to easily identify the setups. The choice is yours.

Using the Stochastic with these settings very closely imitates the Range Expansion Index by Tom DeMark from the 90's. While the setup is similar we are not interested in where Stochastic lines cross. We use the Stochastic in conjunction with the Bollinger bands for solid trend continuation trades. These are high probability trades and less subjective than the previous setups which some people prefer.

This can be used on any chart though as usual higher time frames yield better results.

Entry Criteria

1. We are looking to take trades in the direction of the middle Bollinger band only. If you left the settings as standard this is the 20 period moving average. This gives us short term trend direction.
2. In an uptrend we look for the Stochastic to move below the 35 oversold level – the buy zone, in a downtrend we look for the Stochastic to move above the 60 overbought level – the sell zone.
3. Price needs to have moved either to the middle Bollinger band or the lower Bollinger for a long, or the upper Bollinger for a short.
4. When these conditions are met we wait until the Stochastic "flicks" back into the direction of the trade. This must be on candle close and not simply during the candle period.

A few notes to take into consideration. If the Stochastic does not quite make the 35 or 60 line but flicks back in the direction of the trend and price action is smooth then I take those trades also.

Again it's up to you whether you want to but you should at least monitor them.

Also do not take these setups against the trend, they are strictly for trend continuation only.

Let's look at some charts so you fully understand the trade.

While the above market shows 3 very clear trends, it also demonstrates the effectiveness of this method well. This is over a 2 week period on the GBP/USD Forex spot 4-hour chart.

Here the black lines were winning trades and red losing. These trades can be determined in seconds and are high probability.
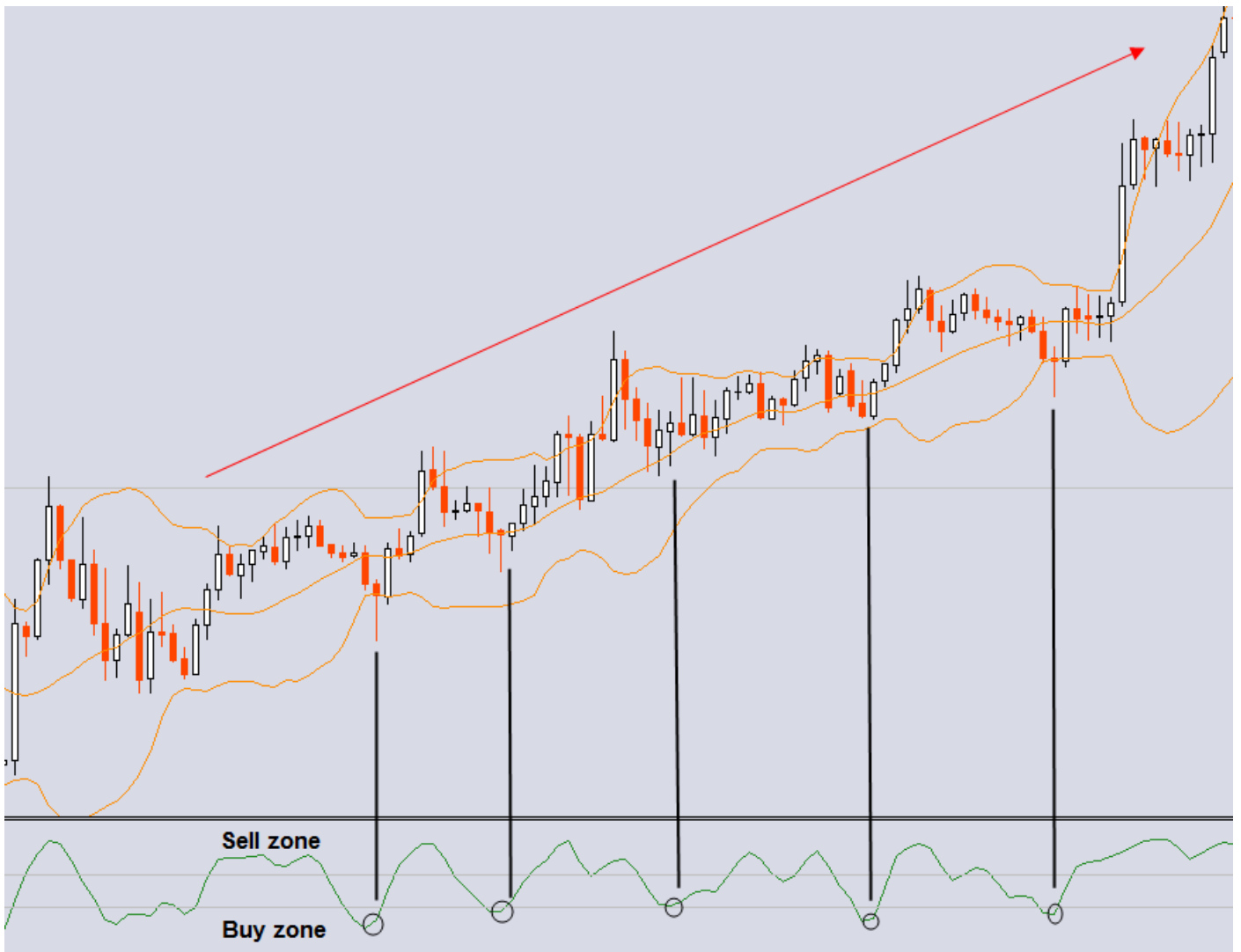
This time numerous opportunities to buy are shown on a 30 minute chart, again on GBP/USD.

The circled marks on the Stochastic show the oscillator 'flick' back to the direction of the trade and giving our entry point once the bar has closed. That is as long as price has moved back to the middle or outer Bollinger which it has here.

Here are some Daily short sell trades on the USD/CAD.

The first entry criteria you should look for is a sloping middle band then overbought or oversold conditions from the Stochastic.

These trades are very easy to spot and can be easily managed on higher time frames with very little time requirement so are ideal if you can't dedicate much time to trading.

They are the perfect setups in many ways and are high probability as long as you have sound money management.

Setting Stop Loss & Take Profit

Setting your stop loss and take profit levels are really down to your own personal preference and should be adjusted to suit your own patience level and risk tolerance.

If you are unsure of where a good place to set your stop loss and take profit then we have a couple of suggestions below. You should keep in mind that whatever you finally decide on is what you should stick with. Do not keep changing the levels once they are set or close trades early. You must let your trade breath and give it time to come to fruition.

1. Swing high/low – this is a recommended setup for Pipdaq entries. Simply set your stop limit a few points above the recent swing high on a sell trade or a few points below the recent swing low on a buy trade.
2. Recent support/resistance levels – If there are obvious levels of support or resistance then you can set your stop a few points past that level.
3. Fixed stop – we do not like using fixed stops however some people may prefer it. Simply set your stop at -50, -40, -30 for example.
4. Bollinger Bands – The outer Bollingers represent the standard deviation of recent price from the moving average. Therefore placing stops outside of these can be a good option for some setups.

It is vitally important that you always place a hard stop loss limit as many financial markets are very volatile and prices can move against you quickly.

Once the stop loss has been established then you should set your take profit level to a minimum of the same figure in profit therefore giving you a minimum 1:1 reward/risk ratio. For example if your stop loss was set at -50 pips then your take profit should be set to a minimum of +50 pips.

Established traders may want to enter more than one lot and scale out of their trades. For example one lot at 1:1 take profit, a second lot at 2:1 and third lot at 3:1. This gives a total return of 6 units when risking 1.

When trading Setup 3 with the Bollinger/Stochastics, stops and profits should once again be set depending on your tolerance. I personally use a combination of setting the stop behind either the middle Bollinger band, the out Bollinger band or the recent swing. Which one depends on a trade by trade basis as the trades will obviously be different.

For profit taking using Setup 3, consider scaling out or using a trailing stop if you prefer over fixed take profit levels.

Remember you must trade in your comfort zone at all times. If you are new to trading then try out various take profit levels on a demo account to see which you are comfortable with.

Final Words

Remember trading is not an exact science and price does not always form the perfect visual patterns on the charts so don't get hung up trying to find perfect patterns! If you think that trading can't be this easy then please go and prove yourself wrong by investing a solid amount of time in trading these setups in a demo account first.

I recommend to first spend a little time simply looking out for the patterns on old historic charts before moving to a demo account. When you are confident and have made the demo account balance increase then consider moving to a live account.

I would also recommend that after reading this document that you consider just concentrating on getting one setup mastered before using all of them. That way you can give 100% to identifying and trading one setup without any conflicting thoughts or distractions from the other. When you feel totally comfortable with trading the first, then add the others.

If you like the third Pipdaq setup then why not grab the others too for a full arsenal of trend continuation and trend reversal opportunities. This will help you maximize your returns for your trading time - **Click here to download**.

Above all else enjoy the journey you are about to undertake!

Here's to prosperous trading!

Regards

The Pipdaq Team

Get the other setups in the full manual by clicking here...

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Disclaimer

Trading financial instruments on margin carries a high level of risk, and may not be suitable for all investors. The high degree of leverage can work against you as well as for you.

Before deciding to invest in foreign exchange, stocks, futures or any other financial market, you should carefully consider your investment objectives, level of experience, and risk tolerance. The possibility exists that you could sustain a loss of some or all of your initial investment and therefore you should not invest money that you cannot afford to lose. You should be aware of all the risks associated with any financial trading before taking part and seek advice from an independent financial advisor if you have any doubts.

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