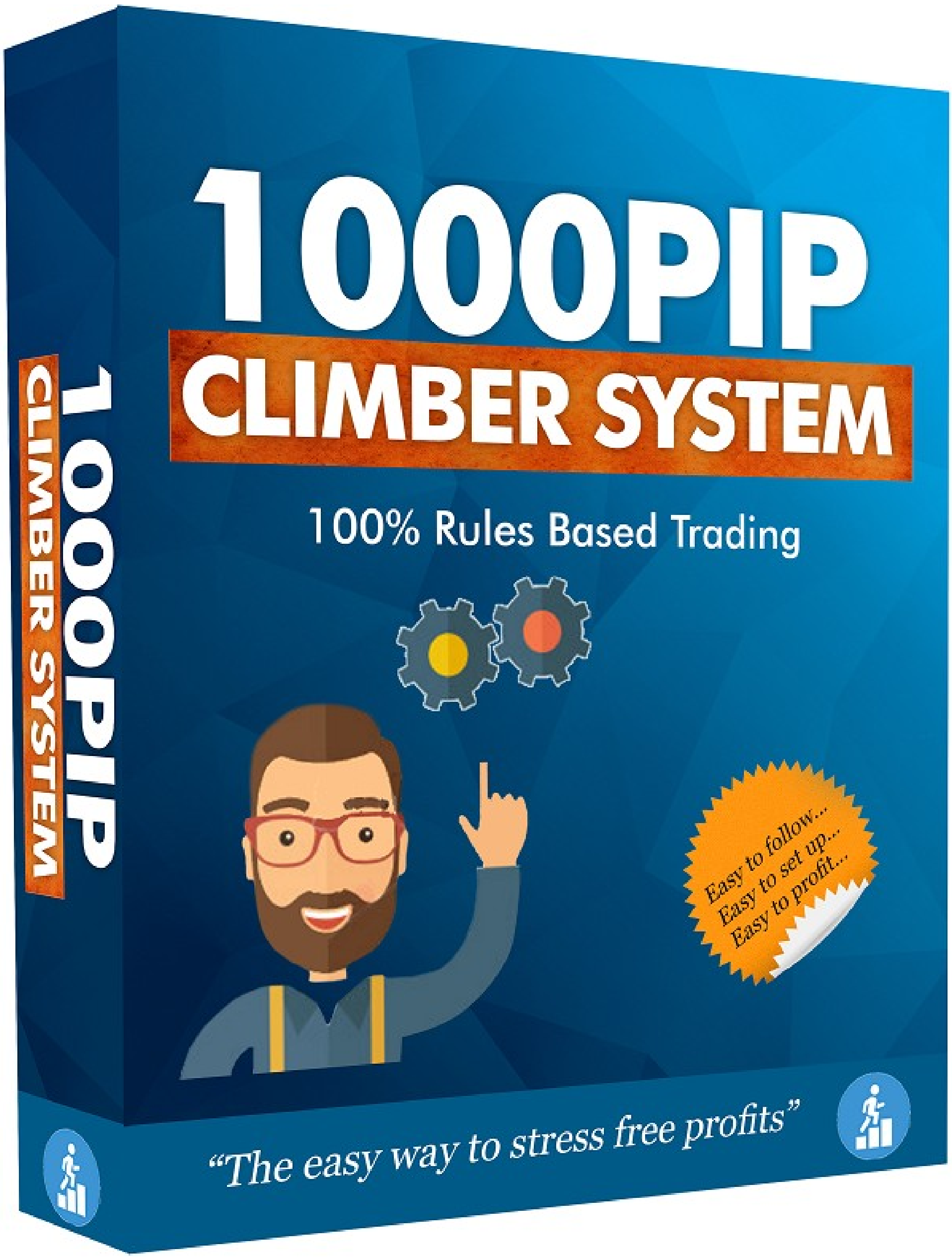
1000PIP
CLIMBER SYSTEM
100% Rules Based Trading
Easy to follow...
Easy to set up...
Easy to profit...
"The easy way to stress free profits"
1000PIP
CLIMBER SYSTEM

1000pip Climber System

Welcome to the 1000pip Climber System (PCS). Hopefully you have already watched the set up video and have the system installed on MetaTrader 4.

This book will teach you the basics of Forex trading and explain how to follow the system. The first section of the book is written for the inexperienced Forex trader. It will give you the foundations you need so that you can follow the system successfully. If you are familiar with 'pending orders', 'stop loss' risk etc. then you may want to skip this section and go directly to section 2. The second section of this book explains how the PCS works and how you can follow it.

The PCS system has been highly profitable over the last few years and I hope that you will be able to gain as much from it as I have.

Jim

Disclaimer

U.S. Government Required Disclaimer - "Stocks, Options, Binary options, Forex and Future trading has large potential rewards, but also large potential risk. You must be aware of the risks and be willing to accept them in order to invest in the stock, binary options or futures markets. Don't trade with money you can't afford to lose especially with leveraged instruments such as binary options trading, futures trading or forex trading. This website is neither a solicitation nor an offer to Buy/Sell stocks, futures or options. No representation is being made that any account will or is likely to achieve profits or losses similar to those discussed on this website. The past performance of any trading system or methodology is not necessarily indicative of future results. You could lose all of your money fast due too: poor market trading conditions, mechanical error, emotional induced errors, news surprises and earnings releases."

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Terms of use

Section 1

An introduction to Forex trading

An introduction to Forex

'Forex' (foreign exchange) is the term used when one currency is traded for another. So in order to understand Forex we must first explain what a currency is. Currency refers to the unit of money issued by a country or region. We use currency to buy products and services etc. So if you are in from Spain and use Euros (€) and then visit the USA it is necessary to exchange your Euros for US dollars. Globally around $3-5 trillion is exchanged per day. Banks, governments and business are the primary market participants.

As you can see from the example above, currency transactions are carried out between pairs of currencies and with one currency being bought and the other sold. In the example above, Euros are being sold and US dollars are bought.

Forex traders usually refer to the two currencies being exchanged as a 'currency pair'. The exchange rate (often called the 'price') of the currencies determines the amount of currency you can buy when selling another.

Summary: Forex describes when one currency is exchanged for another. The exchange rate of two currencies is called the 'price' of the currency pair.

Price changes and profit

Over time, the price of a currency pair can fluctuate. For example, on 17th February 2016 the price of a Euro – US dollar currency pair was 1.11, but by 2nd August 2017 the price had gone up to 1.12.

Using Forex spread betting companies, we can use the fact that the price fluctuates to make money without having to buy / sell any real currency. We can place a bet on whether the price of currency pair will go up or down. We do not actually need to buy / sell any real currency.

For example; if we bet that the price of the US dollar - Swiss Franc currency pair will increase, and the price changed from 0.91 to 0.97, we would make profit.

Importantly we can also profit if the price fall. So, if we bet that the price of the US dollar - Swiss Franc currency pair would fall, and price fell from 0.95 to 0.88, we could also make profit. It is possible to make money even if the price falls. When Forex traders bet on whether the price of a currency pair will change they usually referred to as 'trading' a currency pair.

Summary: We can make money by betting on whether the price of a currency pair will go up or down

Calculating how much profits / losses

It is straight forward to calculate the amount of profit that is made by multiplying the money you have bet by how much the price has changed. But it is important to note that you can also lose money from Forex trading. If the price moves in the direction you bet in, you will make money but if the price moves in the opposite direction to the direction you bet in, you will lose money.

Forex traders use the 'pip' as a unit to measure price changes. This unit is usually defined as the fourth decimal place of price*. This means that 1pip is 0.0001. For example, if the price of the Euro : US dollar pair changes from 1.1517 to 1.1511, the price has decreased by 0.0006, which is 6 pips. It is important to note that if a currency pair is expressed to 2 or 3 decimal places by the spread betting company, a pip is usually the second decimal place of the price. To be 100% sure, you will need to check with the spread betting company you are using to be sure of how they define a pip.

When betting on Forex you will need to specify a 'stake size'. This is the amount of money you want to bet per pip that the price changes. Your stake size will be in the same currency as your trading account regardless of the currency pair you trade (for traders using the MetaTrader trading platform it is a slightly different process to enter trades and the user must specify a 'lot' size. For more information on this I suggest you visit http://www.metatrader4.com/).

If you then make a bet with a spread betting broker, it is open until you decide that you want to close it. It is only when you close a bet that you take your profits or losses. The equation to calculate profit can be summarised as follows:

Profit = Stake Size x Change in price (measured in pips)

An important but often overlooked aspect of trading is that whenever you trade using a spread betting company, the price at which you will be able to buy a currency pair (called the 'Ask' price) will be slightly different to the price at which you are able to sell a currency pair (called the 'Bid' price).

The Ask price will be higher than the Bid price and the difference between the Ask and the Bid price is called the 'spread'. Most currency pairs have a typical spread of 1-3 pips. This is effectively the commission that you pay the spread betting company for making a trade.

When we open a trade we have to use the Ask / Bid price but when you close this trade you will have to use the other price (Bid / Ask). This means that we will always close a trade with less pips than the price has moved. The example below shows this in more details

Currency pair: GBPUSD

Bet: Price will increase

Prices at Time of opening trade
Ask price: 1.3022
Bid price: 1.3020

Prices at Time of closing trade
Ask price: 1.3043
Bid price: 1.3041

Pip unit: 1 pip is defined as a 0.0001

Spread: 2 pips

Profit (in pips) = Bid price at close - Ask price at open
= 1.3041 - 1.3022
= 0.0019
= 19 pips

Actual change in price = Ask price at close - Ask price at open
= 1.3043 - 1.3022
= 0.0021
= 21 pips

As we can see the Ask price actually increased 21 pips but because of the 2 pip spread, we only made 19 pips profit because we had to close the trade at the Bid price, which is 2 pips lower than the Ask price.

Summary: Profit is equal to the stake size multiplied by the change in price (in pips). When we open a trade we have to use the Ask / Bid price but when you close this trade you will have to use the other price (Bid / Ask)

The importance of using a stop loss and take profit

It is very important to control our potential losses when trading. It is essential that we decide upon a price at which we will close the trade if the price moves in the opposite direction to which we predicted. If this price is reached then we will close the trade and minimise out losses.

This price is called the stop loss price. Spread betting companies will allow us to specify this price when a trade is opened. The spread betting company will then automatically close the trade if this price is reached (we then say that the trade was stopped out)

It is also possible to set a price at which we want the trade to close if the price moves in the direction we predicted (i.e. the trade will close in profit). As with the stop loss, the spread betting company will allow us to specify the take profit price when we open a trade, they will then automatically close our trade if this price is reached.

Summary: We can reduce our potential losses by setting a 'stop loss' price. Setting a 'take profit' price enables us to automatically exit profitable trades.

Trailing stop loss and take profit

Some brokers will also allow a 'trailing stop' to be set on a trade. A trailing stop is similar to the stop loss, in that it is a price level at which the trade will automatically close if the price of the currency pair reaches this level. But rather than being set at a constant price level, the trailing stop can move, but only in the direction in which we have opened a trade.

The trailing stop is set to be a fixed number of pips away from the maximum / minimum price that the currency pair has reached after a trade is opened. This means that as the price moves in the direction in which we opened a trade, the trailing stop will move in that direction too, and by an equal amount.

For example, we open a Sell trade on the Euro Pound – US dollar pair at a price of 1.3015 and set a trailing stop of 10 pips. The stop will initially be at 1.3025 (10 pips above the opening price).

If the price of the currency pair falls 15 pips to 1.3000, the **trailing stop will have moved** to 1.3010. This is 10 pips above the minimum price achieved since we entered the trade.

If the price of then pair rises, the trailing stop will stay at the same price level and will automatically close the trade if the price reaches 1.3010.

Summary: It is essential that a stop loss price is set when entering any trade. A take profit price can also be set. A trailing stop is a moveable stop loss.

How to make a trade on a spread betting platform

Each spread betting company's website (commonly called platform) is slightly different but we will now discuss what generally happens when a trade is opened.

1. Choose a currency pair to trade.

The names of currency pairs listed on a spread betting platform are typically shortend to 6 characters long. For example the British pound sterling – US dollar currency pair is shortend to GBPUSD, and the Euro – US dollar currency pair is shortend to EURUSD

Typically, if we click on a currency pair a 'deal ticket' will pop up. This is where we set the requirements about a trade before we open it.

2. Select a stake size

When entering a trade the first thing we should specify is the 'stake size' of the trade.

In order to input the correct stake size, it is essential that we know what pip unit the spread betting company is using for the currency pair that we want to trade. If this is unclear from their website, contact the spread betting company, they will be able to advise further.

3. Specify the stop loss

We will need to specify the price of our stop loss

4. Specify the take profit level

We will need to specify the price of our take profit

5. Open the trade

Market order – If you want the trade to open immediately at the current market price then you typically need to follow the following steps:

To bet that the price will **rise**, we will click on a button that says **'Buy'**. We will have opened a **'buy trade'**.

To bet that the price will **fall**, we will click on a button that says **'Sell'**. We will have opened a **'sell trade'**.

Pending order – It is also possible to specify a price at which the trade will only be opened if the price reaches specified level. This type of order is called a pending order. There is often a tick box in the deal ticket that can be selected if you want to use a pending order. If a pending order is selected you will then need to specify the requested open price of the trade. The PCS system is designed for use with pending orders. You will learn later in this document that the entry price for Buy trade will be *above* the current market price and the entry price of a Sell trade will be *below* the current market price.

6. Close the trade

If we wish to close the trade before the price reaches the stop loss or take profit level, this usually involves opening the deal ticket again and selecting 'Close'.

Choosing a financial spread betting company

Your choice of financial spread betting company is extremely important. There are four things you must think about before choosing one

1. Spread on the currencies you want to trade – you want this to be as small as possible because this is how much you are charged every time you trade.

2. Minimum stake size – you want the minimum stake size to be equal to or less than the stake size you are want to trade with.

3. Ease of use of platform – you need to have a platform where you can easily open / close trades, and change stops.

4. Regulation – If you should check that the broker you are using has sufficient regulation and that client funds are kept separate.

For the trading strategy described in this guide it is important to use a reliable broker that has low spreads on a number of different currency pairs. 1000pip Climber regularly check which broker is the best to trade with. The one that we currently recommend (and are using ourselves) will be detailed in the introductory email that was sent to you. We strongly recommend that you use this broker in your trading so that you can achieve the best results with the system.

Summary: It is very important to choose the right spread betting company to trade with

Which currency pairs to trade

There are a vast number of different currency pairs that can be traded. A key part of trading profitably is choosing the right currency pairs to trade. To trade successfully you do not need to trade a vast number of different currency pairs. The more pairs you trade, the less time you can dedicate to understanding each pair. Most institutional traders will only trade one or two currency pairs. We suggest that you choose between 2-6 currency pairs to monitor and consider trading.

When choosing a currency pair to trade there are two key things to consider:

You only want to be trading currency pairs that have a **low spread** (1-3 pips). The lower the spread the better.

It is best to trade a currency pair that has at least **one of the major currencies** in it (Euro, US, dollar, Japanese Yen). These pairs are the most widely traded and are less susceptible to erratic price movement.

The PCS has been specifically designed for operation on the following currency pairs: EURUSD, EURJPY, AUDUSD, USDCAD, USDJPY, USDCHF.

Each currency pair has its own 'character'. This means that the price of different currency pairs will change by different amounts and at different rates. The PCS is designed to take this into account when identifying signals for each currency.

Summary: We only want to bet on widely traded currency pairs that have a low spread. You only need to trade one currency pair to be successful.

Price charts

In order to trade successfully we will need to look at how the price of a currency pair has changed over time. In order to do this we will be using charts showing price versus time.

The websites of most spread betting companies can provide such charts. As the price of a currency pair displayed at different spread betting companies will be almost exactly the same we can look at the charts from one spread betting company and place our trades with another.

The most useful charting package is MetaTrader 4 (MT4).

MT4 is provided free of charge by a number of spread betting companies and it is recommended that you use MT4 for your price charts. The MT4 package also has the benefit of using only a small amount of processing power when compared to other charting packages.

Our recommended broker provides the MT4 charting package free of charge and can be downloaded from their website.

Summary: To analyse how price has changed we will use charts showing price over time. The best charts to use for this are provided by Metatrader.

Candle price charts

The best type of price vs time chart to use when trading is a 'candle chart'. The example candle chart below shows the price of the currency pair on the vertical axis and time on the horizontal axis. This chart shows price movement over 24 hours but it is possible to view how price has changed over a considerably longer time period.

The **red and green bars (called candles)** show how **price has changed during a particular time period**. You can see that the period of the candles is 15 minutes because there are four candles for every hour that has passed. A 15 minute candle will start from 0, 15, 30 and 45 minutes past the hour e.g. 9:00, 9:15, 9:30, 9:45, 10:00 ...

Common time periods expressed with candles are 5, 15, 30 minute, 1 hour and 1 day. It is easy to switch between periods.

Summary: We use candle charts with price vs time to analyse how price has changed

Candles

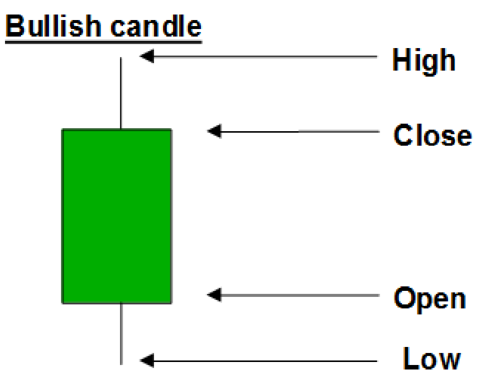
Each candle can tell us four key things about price over a chosen period.

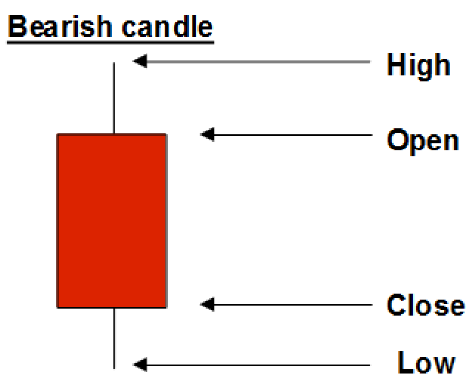
Price at the **start** of the period (candle open price)

Price at the **end** of the period (candle close price)

Highest price reached during the period (commonly called the 'high' of the candle)

Lowest price reached during the period (commonly called the 'low' of the candle)





The coloured rectangular part of the candle is called the 'body' and the colour of the body indicates whether the closing price was higher or lower than the candle open price.

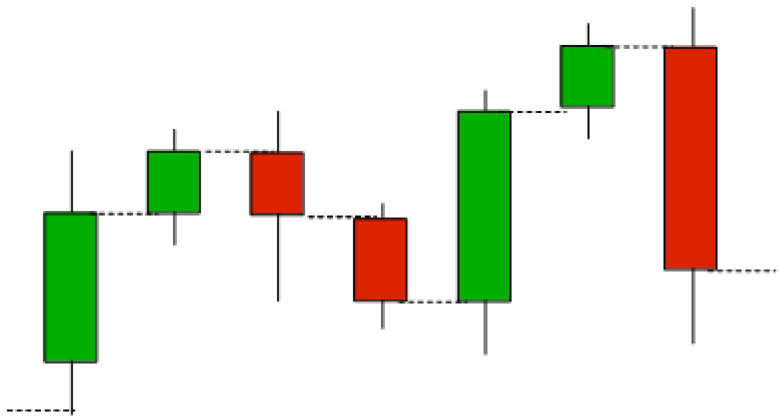
You can set your own choice of colours, but within this document if the closing price was higher than the opening price, the body will be green (a bullish candle). If the closing price was lower than the opening price, the body will be red (a bearish candle). Price fell during a bearish candle and rose during a bullish candle.

The spikes coming out of the top of the candle are called the 'wicks'. The highest point of the top wick is the Highest price reached during the period. The Lowest point of the bottom wick is the lowest price reached during the period.

Summary: Each candle shows us the opening, closing, high and low price reached during the candle period

Joining up candles

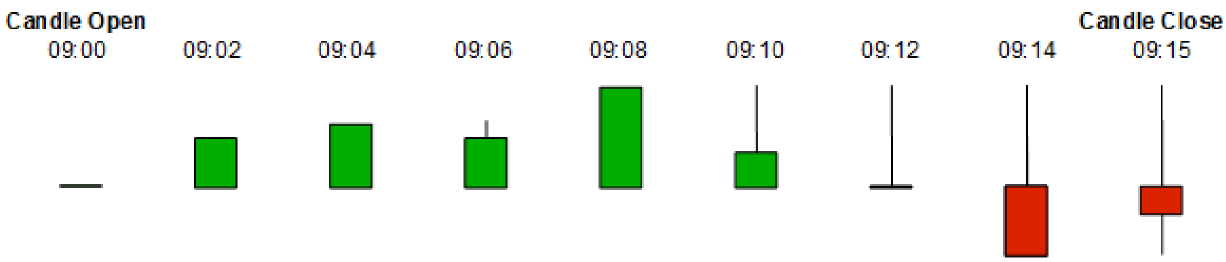
Once one candle closes another candle opens. This means that it is possible to join up the closing price of one candle to the opening price of the following candle. The dotted line in the diagram below joins up the closing price of one candle to the opening price of the next candle



Summary: Each candle joins up with the previous and following candles to show the continuous price movement.

Candle shape over a period

Once a new candle opens its shape will change as price changes. Only when the time period is over and the candle closes is the shape fixed. The example below shows snapshots of the typical formations that you would see between the candle opening and closing. This candle opens at 9:00 and closes at 9:15.



Summary: Only when the time period is over and the candle closes is the shape fixed

Macro economic data releases

The price of a currency pair is influenced by macro economic factors. As such, when governments release macro economic data there can sometimes be a rapid change in the price of a currency pair.

Typically, a country's economic data releases will only cause movement in currency pairs that involve the country's currency. For example, GDP figures for the UK may cause movement in the GBPUSD currency pair but not the US dollar – Yen currency pair .

It is not important for us to understand the data contained within these economic releases, but it is important to know when they are being released so that we can manage any open trades accordingly.

The DailyFX economic calendar (www.dailyfx.com/calendar) lists when data is to be released and how important the data is.

The more important the data release the more likely that it will cause a rapid move in the price.

Sometimes there is very little price change *before* a major news announcement.

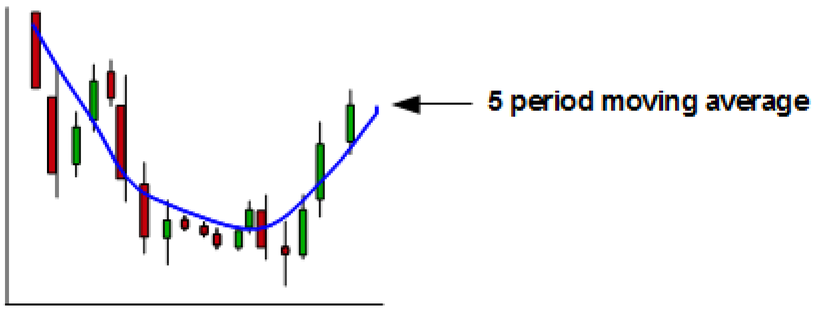
Summary: It is important to know when macro economic data is being released, as this can cause the price of some currency pairs to rapidly change

Technical indicators

The definition of a technical indicator is that it is a metric, the value of which is derived from the historical price of a currency pair. In practical terms, a technical indicator is a line graph that can be added to a price chart and is often used by new home traders to determine when to open trades.

Most spread betting companies will have a facility to add a number of indicators to the price chart automatically.

An example of an indicator is the 5 candle simple moving average line. This indicator will plot a line on the price chart where each plot will have a value equal to the average of the closing price of the last 5 candles.



There are many more complex indicators, such as Bollinger bands and Stochastics but the thing they all have in common, is that the values of the indicator are derived from the historical price of the currency pair.

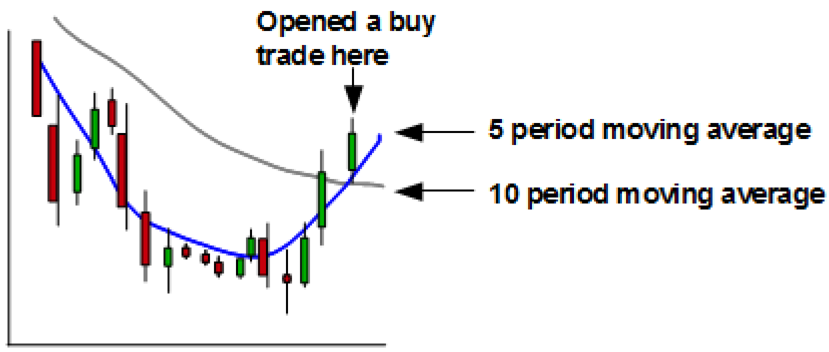
These indicators have primarily been developed in order to describe how price has historically moved and are **not designed to predict future price movement.**

However, new home traders are often encouraged to use indicators alone to determine when to open trades. And many trading strategies that are taught are based around following the progression of one or more indicators.

The diagram below shows one of the classic indicator based strategies that new traders are taught; the moving average line crossover.

This strategy states that a trade should be opened when the 5 period moving average line crosses the 10 period moving average line.

The strategy states that the direction of the trade (i.e. to buy or sell the currency pair) should be in the buy direction if the 5 period line is above the 10 period line and vice versa for a sell trade.



When the lines cross it means that, in the short term, price had moved in the opposite direction to the longer term trend.

But if we think about it logically, just because price is moving in the opposite direction to the long term trend why would we expect price to **continue** to move in the direction opposite the long term trend? The truth is, we wouldn't. There is no reason to believe this. This is just one example, but the same argument can be used for all indicators.

Summary: Indicators can be very useful in assessing historical price movement but they cannot be used alone to determine when to open trades.

Supply and demand – the key driver of price movement

The important thing for us to know about currency is that it is a commodity. Calling a product a commodity, means that there is little differentiation in the characteristics of a commodity coming from one source and the same commodity from another source - two 1kg pure gold bars are basically the same, regardless of their sources.

As with gold, two $1 US dollar bills are basically the same, regardless of whether they are in your wallet or held by a central bank.

As there is very little to differentiate commodity products of the same type, the primary driver of price is supply and demand. Therefore, as currency is a commodity, its price is driven by supply and demand.

Demand for a currency is defined by the amount of currency people are trying to buy during a particular period of time.

Supply for a currency is defined by the amount of currency people are trying to sell during a particular period of time.

When there is more demand than there is supply, the price will go up.

Price will increase because sellers can charge a higher price for the currency they are selling. The sellers know that buyers will be willing to pay more in order to buy some of the currency.

When there is more supply than there is demand the price will go down.

Price will decrease because sellers cannot find enough buyers for their currency. In order to sell, they make the currency more attractive by decreasing the price at which they are prepared to sell.

If we can identify when there is high demand and low supply we know that the price will rise. By entering a buy trade at this point we will be able to make money. The argument is the same for when there is low is demand and large supply.

Summary: The price of currency is driven by supply and demand. If we can identify when there is high demand and low supply we know that the price will rise.

Scalping trading

Scalping is when you trade over very short periods of time and aim to exit a trade with a small number of pips profit.

Typically a scalper will open a trade with a stop loss between 10 and 15 pips and close the trade when they have made 4 to 5 pips.

This type of trading is **very high risk** as you are always risking more money than you could make on any single trade. In order to counteract this imbalance you must have a very high win rate.

In the example above, at least three out of every four trades would have to be profitable just to break even!

If the currency pair being traded has a 2 pip spread, then even if the price moves 5 pips and you close the trade, you will only make 3 pips profit after the spread has been taken into account.

This type of trading can be profitable but it requires an excellent feel for the short term movement of the price, which can only be learnt through years of experience. A background of forex trading at a bank is almost essential. Even with all this experience there **can be long periods of losses**.

Summary: Scalping trading is very risky and there can be high transaction costs.

Risk management

As a home forex trader it is extremely important that we understand how much we risk losing with each trade. We don't want to find that after losing a few trades in a row that we have no money left to trade with.

It is also important to consider how we can best increase our stake size, so that we can make more money.

When you first start trading with real money it is recommended that for the first couple of months you use the minimum stake size possible at your chosen spread betting company.

It can be quite difficult for some new traders to make the leap from demo trading to trading with real money. Starting with a small stake size is the best way to make the transition.

When you start trading above the minimum stake size, I recommend that you should risk at most 0.5 – 1% of your total trading account in a single trade. This means that if you have a trading account of £1000 you should be risking at most £10 per trade.

To calculate your stake size you need to divide the amount you are risking per trade by the stop loss for each trade. For example if you are entering a trade with a 20 pip stop you should use a stake size of 50p per pip (£10 ÷ 20 = 50p).

Some traders also like to have a maximum risk exposure per day. This means that if they lose a certain amount of money during the day they will stop trading for that day.

In order to grow your account effectively and make more money, we recommend that all profits are re-invested back into your trading account.

Every month you should recalculate your stake size so that you gradually increase the stake size as your account grows (the percentage risk should still remain at 0.5-1%). Doing this will allow you to steadily become financially independent.

Summary: You should only start trading with real money when you can trade profitably using virtual money. When trading with real money, you should risk at most 0.5-1% of your trading account on each trade

Trading psychology

It can be stressful when you first start trading with real money. For some people the thought of losing money can be too much for them and they will close trades early or use smaller stop losses.

This is not the best way to trade profitably. To be successful you need to accept that there will be losing trades. That is just part of trading.

To trade effectively, it is essential that you keep a cool head and do not get flustered if you have a losing trade. This way you will make the best decisions on when to open trades.

When trading it is possible to have losing days and even losing weeks. If you do have a poor week you should always remember that this is a part of trading and by trading properly you will have more winning weeks than losing.

Likewise if you have a really good week you need to remain calm so that you don't get overly optimistic. You need to have confidence in the PCS and your ability to trade, but overconfidence can lead to you opening trades incorrectly.

Summary: To trade successfully, you need to keep a cool head and have confidence in the PCS strategy

Section A Summary

Forex describes when one currency is exchanged for another. In this exchange one currency is bought and the other sold.

The two currencies being exchanged are often referred to as a 'currency pair' and the exchange rate of two currencies is called the 'price'.

We can make money by betting on whether the price of a currency pair will go up or down. Profit is determined by how much the price changes and how much we bet.

We can reduce our potential losses by setting a 'stop loss' price and automatically exit profitable trades using a 'take profit' price.

Spread betting companies charge a fee to make trades and it is very important to choose the right spread betting company to trade with.

To analyse how price has changed we can use candle charts showing price over time. Each candle shows us the opening, closing, high and low price reached during the candle period.

The price of currency is driven by supply and demand. If we can identify when there is high demand and low supply we know that the price will rise.

It is important to know when macro economic data is being released as this can cause the price of some currency pairs to rapidly change.

The psychology of trading is very important and to make good trading decisions you need to have a clear head and not be driven by emotions.

Section 2

Using the 1000pip Climber System

1. Why the PCS is so powerful
2. How to follow the PCS system
3. Trading practicalities

Why the PCS is so powerful

The signals produced by the PCS are determined by a unique Forex trading algorithm that I have personally developed over many years. The algorithm has been rigorously tested and over the last two and a half years has produced over 40,000 pips profit.

The first part of this book explained that the key driver of price movement is supply and demand. The algorithm that the PCS uses has been designed to identify key areas of supply and demand build up (pressure zones). The algorithm then calculates the probability that trending price movement will develop out of the pressure zone. The algorithm does this by analysing the price movement over short, medium and long time frames. Even if you are trading over a short time scale it is important to look at the longer term price movement in order to truly determine whether a trade may be successful.

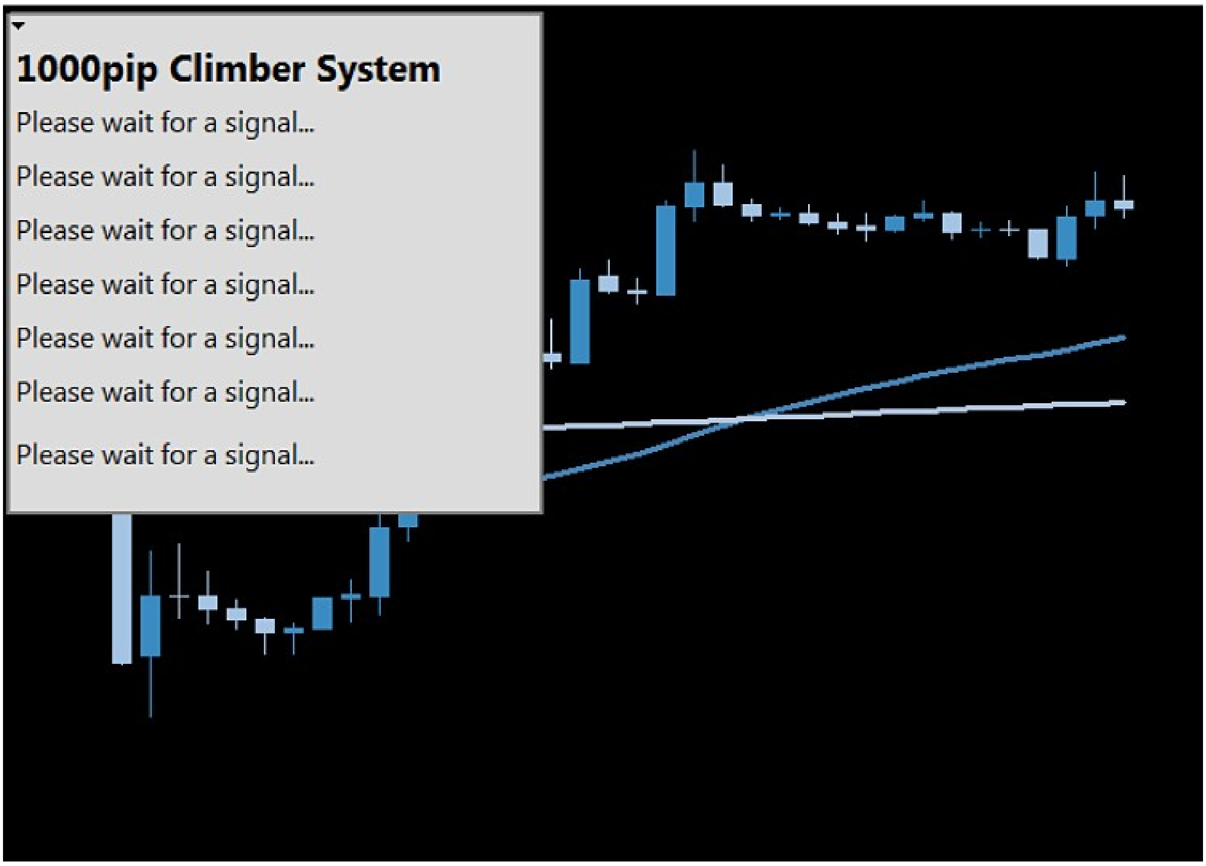
If there is a strong likelihood that a trending move will develop once the pressure zone is breached, then the system will create a signal and the trading information will be displayed on the screen.

The take profit and stop loss targets will vary for each currency pair and will also depend on which time frame the system has been set to. The default values have been determined using statistical analysis of historical price movement out of similar pressure zones.

The overall result has been reliable trade signals that have consistently achieved profit from the Forex markets. Forex trading is a game of probabilities and as with any trading system, there will be losing trades. However, the PCS is designed to stake the odds in our favour and in the long run I have confidence that the PCS will continue to strongly achieve profits.

How to follow the PCS system

Once you have watched the PCS video explaining how to set up the system your MT4 charts will look like the image below:

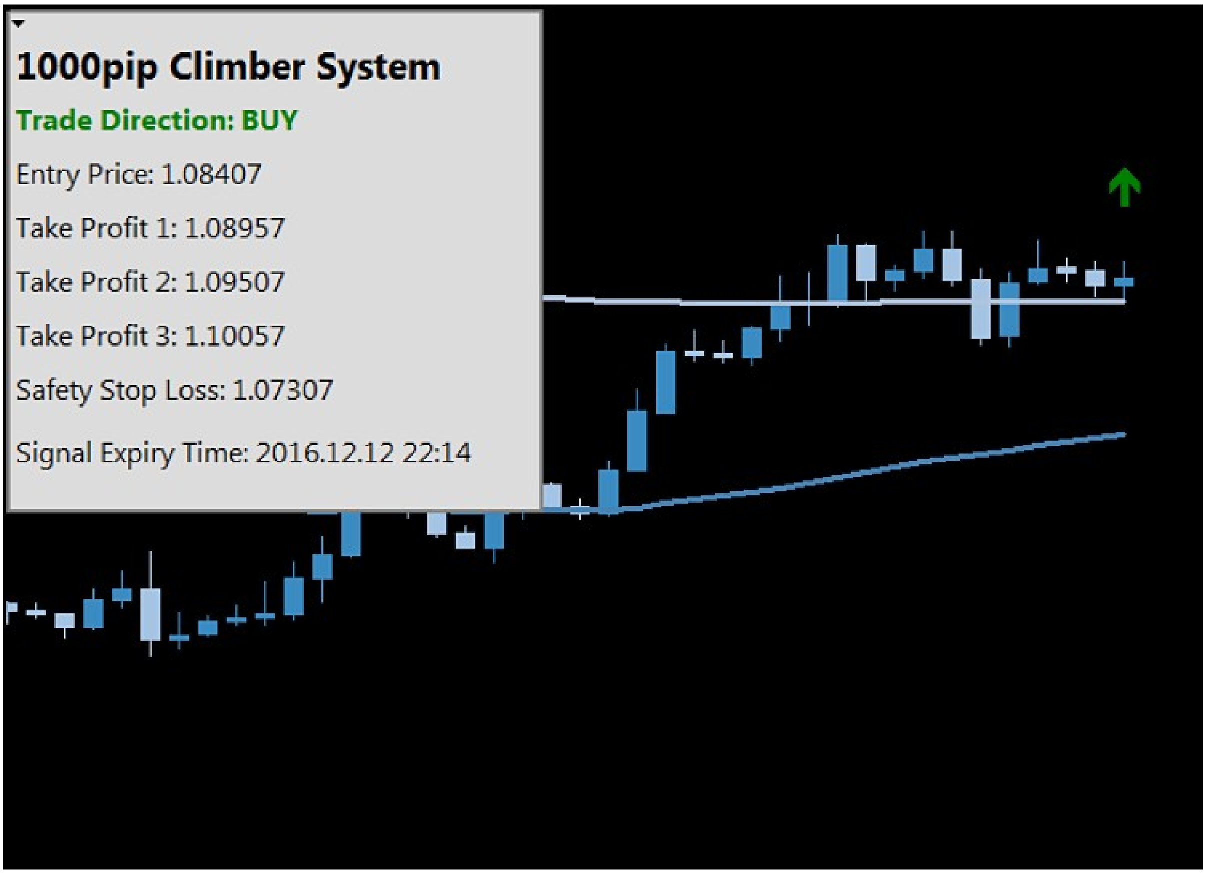


This is the initial state of the system. When the charts look like this there are currently no trade signals and the algorithm is continuing to monitor the price movement and wait for a high probability trading opportunity to develop.

A signal will only be made at the **close** of a candle on which the chart is set. For example, if the chart is set to the 15 minute time frame, the candles close at 0, 15, 30 and 45 minutes past the hour. This means that the only times that a signal could be made are 15, 30 and 45 minutes past the hour. This feature is very convenient for traders who do not want to monitor the charts very often. If you want, you can set the charts to the 4 hour time frame and you will only need to check them every 4 hours!

Once the algorithm has identified a potential trading opportunity the chart will sound an alarm, an arrow will be displayed at the entry price and the grey box will display the key signal information.

Entry Price

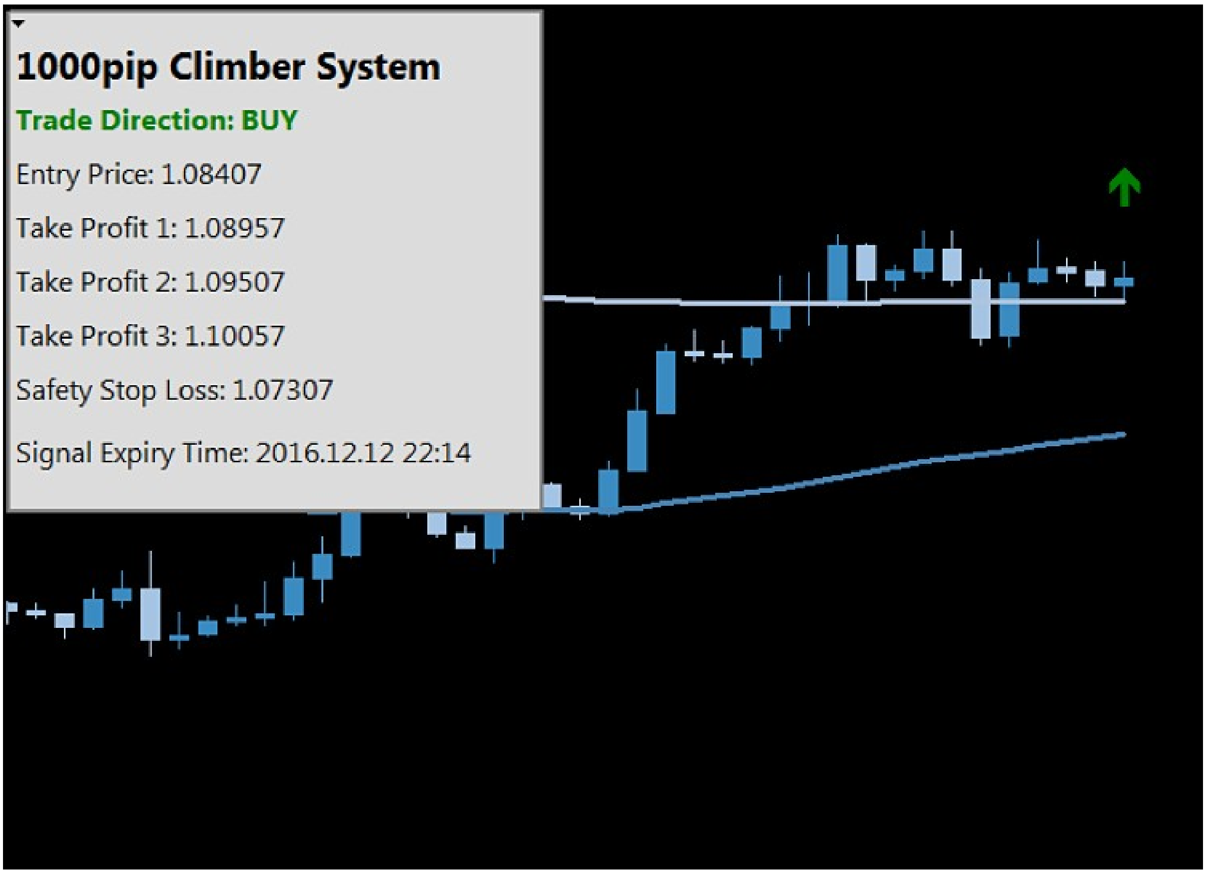


The signals produced by the PCS are for **pending orders**. As has been explained earlier in the book, the entry price for Buy trade will be above the current market price and the entry price of a Sell trade will be below the current market price. In the example above, the current market price was 1.0821 when the signal was first created by the PCS. The entry price for the Buy trade was 1.08407, approximately 20 pips higher than the current market price.

To enter a trade to follow this signal, I select 'Pending order' with my broker and then enter the entry price of 1.08407. Please note that if you are using MT4 then the pending order would be called a 'Pending Order – 'Buy Stop'. For a Sell trade it would be called a 'Pending Order – 'Sell Stop'

The entry price is usually quite a few pips above / below the current market price and I find that there is usually plenty of time to enter the details of the pending order into the broker before the entry price is triggered.

Take Profit



You will see that the PCS has 3 different take profit levels, with 'Take Profit 1' being the closest to the entry price and 'Take Profit 3' being the furthest away.

It is common for many traders to 'scale out' of a trade. This means that they will close a proportion of their position as each take profit level is reached. For example, if the trade entered on MT4 with a lot size of 3 Lots. If the price reaches 'Take Profit 1', they may close a third of their position (1 Lot), and if 'Take Profit 2' is reached they will close another 1 Lot and finally if 'Take Profit 3' is reached they will close the final 1 Lot of their trade. Scaling out of a trade is an advanced trading method but it can yield very high profits because it allows you to stay in a trade the longest and gain the maximum profit.

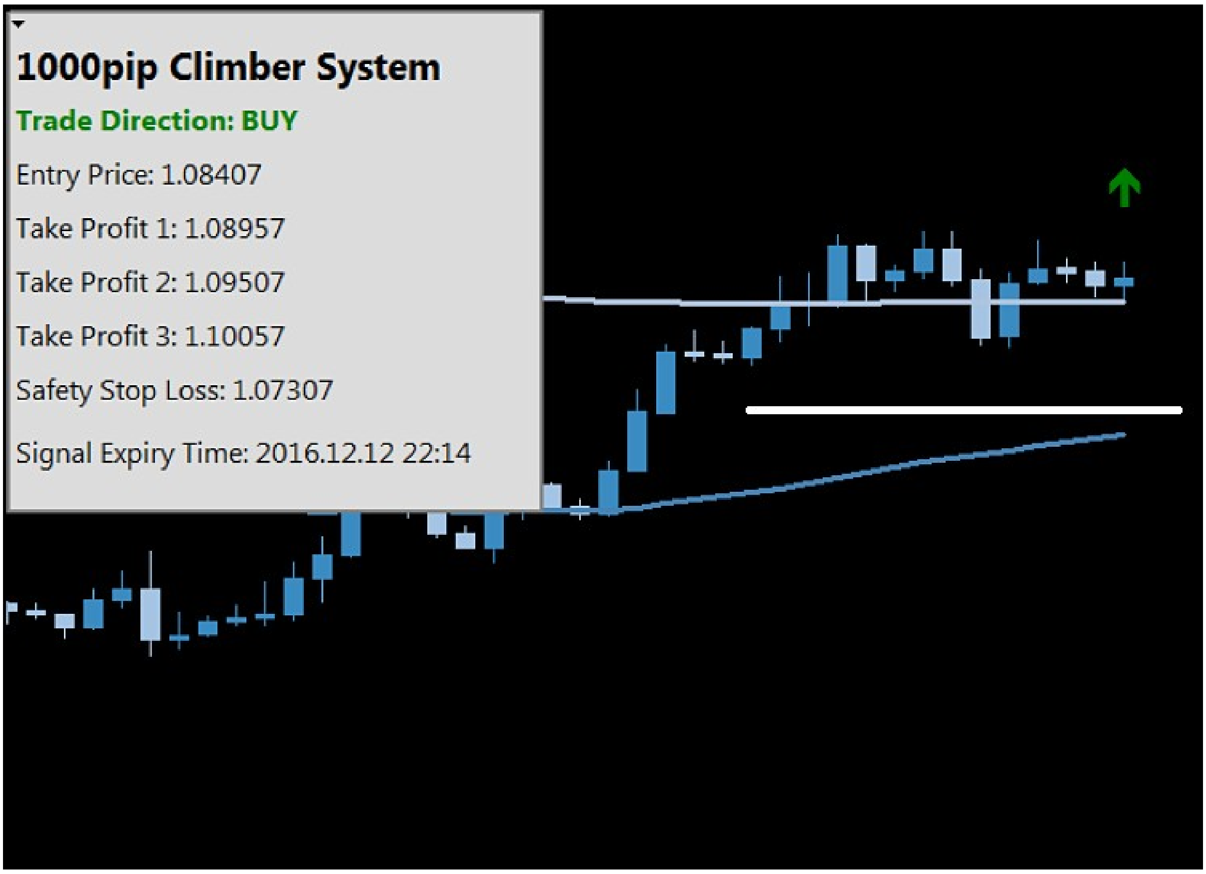
As simpler technique is to set a single take profit value. The performance results stated on the PCS website are from using a single take profit value set at the 'Take Profit 2' price. Setting the take profit value of your pending order to the 'Take Profit 2' price is the default method for the PCS.

Traders that prefer more frequent winning trades and a higher win rate may prefer to set their take profit level to 'Take Profit 1'. This value is closer to the entry price and will therefore result in a smaller profit per trade than 'Take

Profit 2' or 'Take Profit 3', but the proportion of trades that close in profit will be higher. However, the overall long term profit obtained from setting a single take profit value at 'Take Profit 1' is lower than 'Take Profit 2'

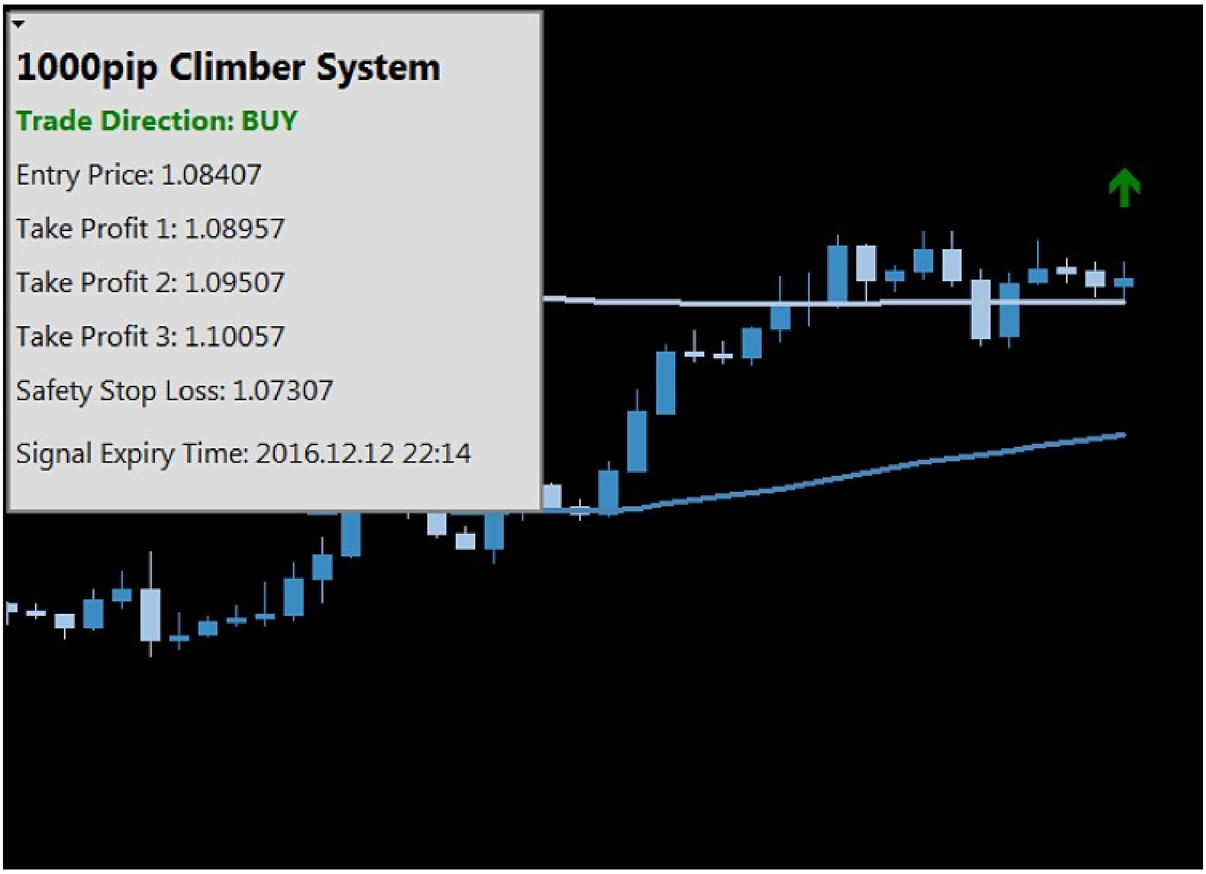
Traders willing to accept a lower win rate but prefer to obtain a larger profit per trade may want to consider setting their take profit level to 'Take Profit 3'. A few number of trades will reach the take profit level but in trending market conditions this can be a very profitable strategy as each winning trade yields considerable profit.

Stop loss



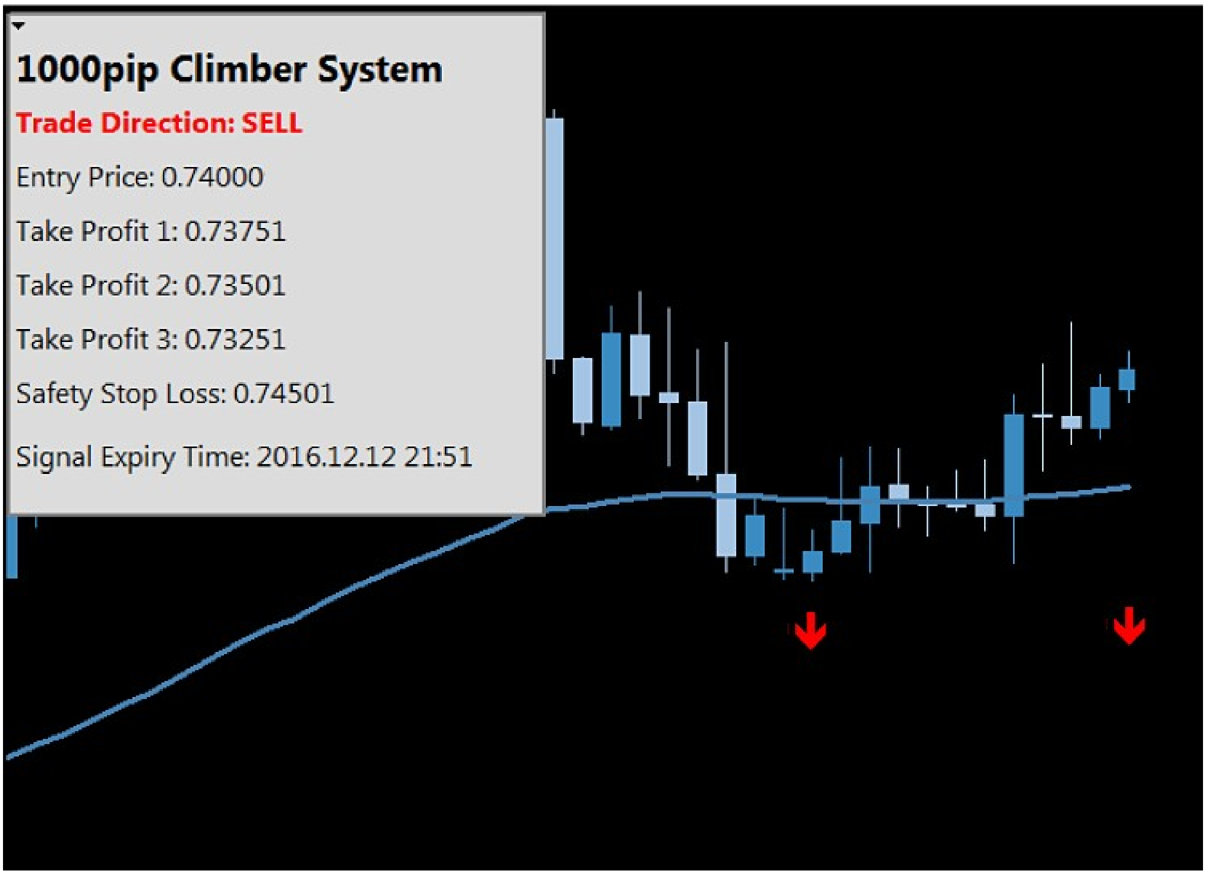
The PCS provides a 'Safety Stop Loss' for each signal. This is the default stop loss value and the performance results stated on the PCS website are based on using this default stop loss value. However, the ideal stop loss position that would maximise profits and minimise loses would be to place the stop loss value below the previous swing low (for a Buy trade). Likewise for a Sell trade the ideal place for the stop loss would be above the previous swing high. The white line on the chart above represents a good stop loss position for the example trade above. Note: The white line has been manually added, the PCS system did not create the white line. You will need to manually identify the previous swing high / low if you want to use this method to determine your stop loss position.

Signal Expiry Time



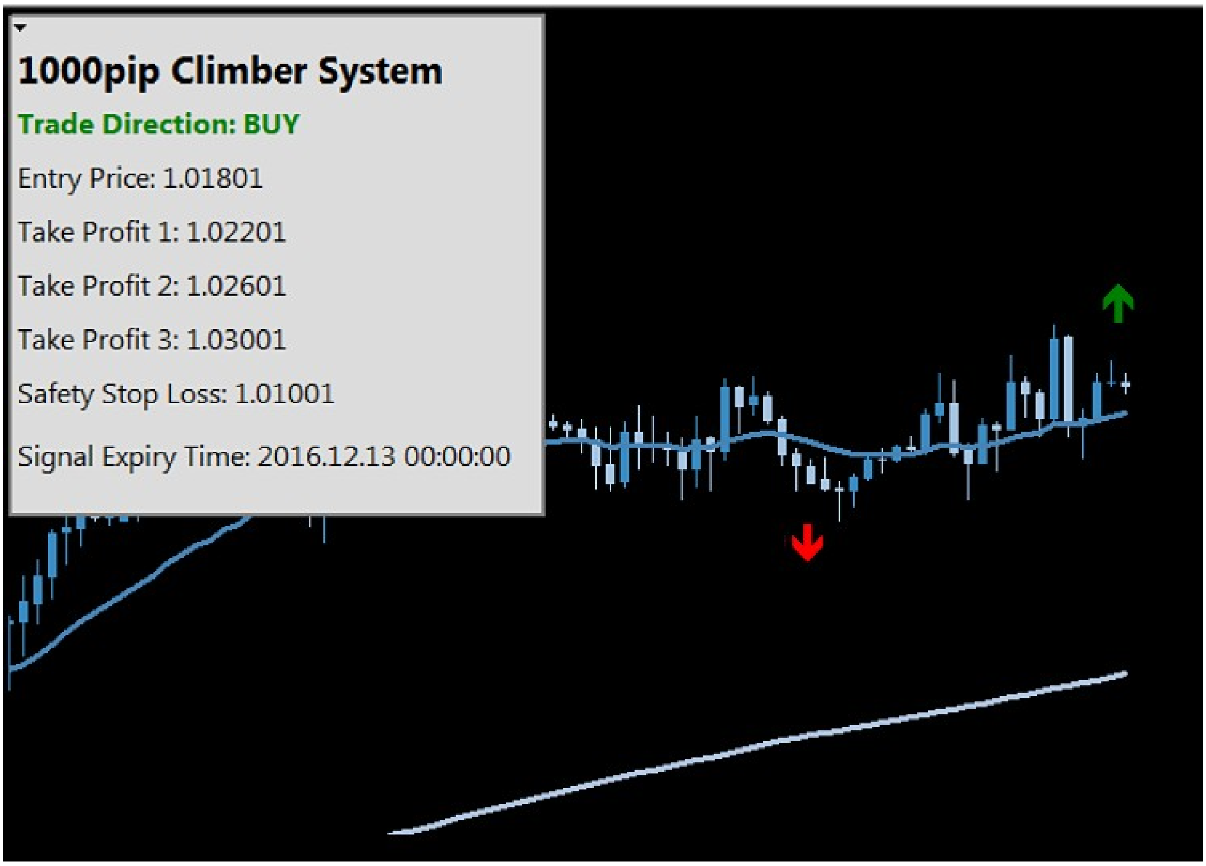
As we have already discussed, the PCS uses pending orders that are above / below the current market price. A pending order is only triggered and a trade entered if the price reaches the trigger price of the pending order. However, if the price has not reached the trigger price by the 'Signal Expiry Time' the signal is considered no longer valid and the pending order is deleted.

Multiple Signals



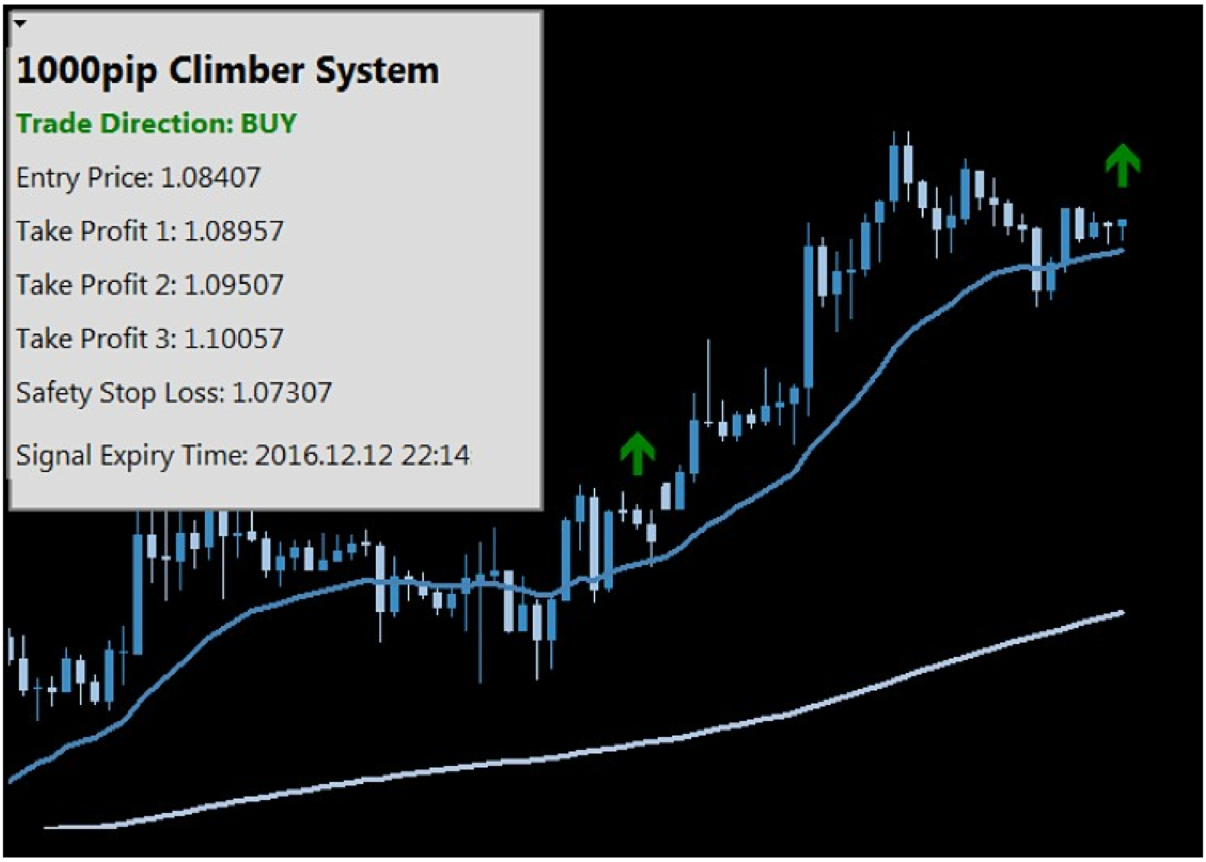
When a signal is produced by the system but the trade does not trigger soon after the pending order was set, it can be the case that another signal is produced by the system, resulting in multiple arrows on the chart. In situations like this I personally leave the original pending order unchanged and ignore the additional signals. Some traders set an additional pending order for each signal that is created. This can be very profitable if the pending orders are eventually triggered and the take profit is reached but with each pending order that is set, you are also exposing yourself to additional losses if the pending orders are triggered and the stop loss is hit. Taking the example above, if only one pending order is entered then if the trade triggers and 'Take profit 2' is reached you will make +50 pips profit, if the stop loss is hit you will lose -50 pips. Whereas, if you enter 2 pending orders you could make +50 pips on both trades (totalling +100 pips) but likewise if both trades hit the stop loss then the total loss would be -100 pips.

Signals in opposite directions



Sometimes the market is at an inflexion point and is waiting for new information before moving upwards or downwards. In this kind of situation the PCS can create a signals in one direction and then another one in the opposite direction like in the chart above. I this kind of situation I personally set a pending order for **both** trade signals. Often the price will start trending (either up or down), trigger one of the pending orders and the other pending order will be deleted at the expiry time. Some members are uncomfortable setting two pending orders in opposite directions and they decide to only set the most recent pending order. In the example above, it would be the Buy trade.

Moving average



The charts of the PCS also have two moving average lines on them; a white line and a blue line. The white line is a longer term moving average and the blue line is a shorter term moving average line. The specific values of the these lines varies depending on currency pair, time frame and market conditions.

The highest probability Buy trades are obtained when the Blue line is *above* the white line.

The highest probability Sell trades are obtained when the Blue line is *below* the white line.

I personally trade whenever there is a signal an do not use the moving average lines. But those traders that would prefer to focus only the highest probability trades may want to use this additional filter before following any trades.

Trading Practicalities

The PCS has been specifically optimised for 6 of the major currency pairs and will identify trades on 3 different time frames (15 minute, 1 hour and 4 hour). This means that there are 18 potential trading opportunities. I personally run the system with all 18 charts open on my MT4. This may sound like a lot but I like to be notified of every signal. Sometimes, signals will occur on different currency pairs at the same time. This is not a problem because the entry price is usually a far enough from the current price that there is plenty of time to set any pending orders.

Time frames
The time frames that the PCS has been designed to work on are to enable us to profit from short, medium and longer term price movement of the currency pairs. But you may want to specialise in one particular time frame depending on whether you consider yourself to be a short, medium or long term trader.

If you consider yourself a short term trader then you may want to focus on using the PCS on the 15 minute time frame only. The stop losses and take profits are usually smaller on this time frame and there are usually plenty of trades. If you still want to trade intra day but prefer to hold positions for longer, then then 1 hour time frame may be best suited for you. If you are happy to leave positions open for multiple days to and want to minimise the time spent taking trades then using the PCS on the 4 hour time frame should be considered.

Currencies pairs
If you are new to trading then you may want to focus on following the signals from only one currency pair to start with. This will allow you to be come familiar with the system, how the currency pair moves and how to use your broker. You can then add additional currency pairs as you become more confident. I find that USDJPY is a good pair to get started with.

Trading times
The system is designed to work 24 hours a day. I personally leave the system running all day with the sound on my computer turned on. If I am away from my office or asleep I can then come back to the PCS and check the signals when the alarm sounds. It is also very helpful to turn on the email facility of the PCS. This way I can be alerted to trades even when I am out of the house.

You may find it useful to run the system on a Virtual Private Server. Our recommended Forex broker offers this service for free. If you need more information on using a VPS and to find out about discounts for our recommended VPS, please contact us.

Moving the stop loss
I usually leave the stop loss at it's original value as specified by the system but many traders prefer to move the stop loss to break even (i.e. the stop loss price is the same as the entry price) when the price has reached take profit level 1 or take profit level 2. I have found this to be a less profitable method but it does help to minimise draw downs and many new traders prefer using this adaptation of the method.

When to close a trade early
The take profit values of the system are calculated using the PCS algorithm and have been very accurate but if you are able to closely follow the price charts there are certain circumstances that you may want to close the trade early.

If the price movement becomes static and range bound this could mean that the price has reached is maximum movement for time being and may start to make a small reversal. In this case you may want to consider closing the trade early.

In very rare cases the the PCS will Buy trade will trigger and letter in the day a Sell trade will trigger. I personally enter both trades and follow the system. However, some traders prefer to close the original Buy trade early and then open the new Sell trade.

The Forex markets are closed on a Saturday and Sunday. This means that if you have a trade open on Friday it will remain open until Monday. In this situation there is always the risk that some significant event over the weekend will affect the opening price of the currency pair on the Monday. For example, if you open a Buy trade in EURUSD at 1.2050 but over the weekend it is announced that Italy will be leaving the Euro this will have a significant impact on the opening price of EURUS on Monday. The price could open at 1.0050 which would be significantly lower than the stop loss for the trade and could cause unexpected losses. I personally am prepared to take this risk and I leave my trades open but other traders prefer to minimise there exposure by closing any open positions on Friday evening. Some traders then re-open these trades on Monday.

Important events to be aware of
Almost every day there are economic announcements for different countries. Typically, these take the form of important economic data like GDP or inflation. It is important that you know when these take place and how important the announcement is likely to be. The more important the announcement, the more likely that there will be significant and volatile price movement after the announcement. As I have already mentioned in section1 a good source for this information is www.dailyfx.com/calendar

The volatile price movement can cause the stop loss to be hit on any open trades. To avoid this we could close any open trades before the announcement or move our stop loss to break even. However, if the announcement causes the price to move in the direction of the open trade, we could make a large profit. It is a personal preference as to how you manage a trade in this situation. Some traders prefer the cautious approach and close trades before the news announcement and delete any pending orders but others prefer to keep trades open for all but the most important economic announcements.

It is also important to know when there are public holidays in the major Forex trading centres of the world. Often when there is a public holiday in the UK and / or the US the price movement of many Forex pairs can be range bound or move erratically. It can be undesirable to trade in such conditions because the price may struggle to reach the higher take profit targets or trades may trigger but the price may range and cause the stop loss to trigger.

Taking a long term view

The PCS has produced strong profits over the last two years and in that time there have been months with very high profits, some which have been break even and some where there has been a loss. I find it important to not let the results of any single day / week / month influence how I trade and the risk I take when trading.

If there have been a number of losing trades then it is important to remember that the PCS has been highly profitable in the long term. Even with a few losing months, like we had in 2014 and 2015, the system made over 40,000 pips in two and a half years.

If there are a couple of months where the system only makes a small profit then do not be too concerned. When the markets are fairly static or moving erratically the trading opportunities can be limited. This happened in late 2015 where there were 3 months in a row of profit less than 100pips. But after this period there were some excellent signals and the PCS made around 1000- 3000 pips per month.

If you start using the system at a particularly profitable time and find yourself making 2000+ pips per month, do not get carried away and risk more money than you should. The next month could result in a loss and if you increase your Lot size too fast, you could loose a significant amount very quickly. Trading is a long term game. Your focus should be on long term profits. Traders usually risk only 0.5-2% of their account per trade. The target is to steadily grow their accounts.

Final thoughts

The PCS is a powerful trading system that has produced significant profits. You now have the tools to be able to follow the PCS in the same way that I do. I wish you all the best with your trading and I hope that using the PCS will allow you to achieve Forex trading success.