

BullPips Trading Strategy



Introduction

Welcome to BullPips and thank you for joining us! Over time we aim to grow the BullPips user base and evolve into one of the leading online trading communities.

No matter where you are on your trading journey, we want to ensure that it is BullPips that take s you to the next level – the level of consistent profitability.

We aim to keep this guide, short and to the point, giving you the information that you need to get started without fluff and filler. We know that you just want the good stuff and not to read about our life stories! All periphery information and support is contained in the secondary pdf document simply entitled 'BPsupport'.

As we mentioned on the website, we are here to help you. We want you to be a success in your trading and will help in any way we can.

As you will soon see the BullPips trading strategy is very simple to execute. It is easy to learn and can be mastered quickly. Having said that we know that all of you are at different levels of skill, knowledge and experience with trading and we sometimes forget that the things we have known and taken for granted for many years may seem alien to you new traders .

With that in mind we have tried to write these guides with the newbie in mind however if we haven't explained ourselves or you are struggling with any aspect of trading, whether it is the system itself, getting set up, trading psychology or anything else then please get in touch and we will help if we can. You can find a contact form on the website.

Do not panic if any of it goes over your head as we have also explained some parts of the system in detail for more experienced traders. You do not need to know about Fibonacci or CCI for example – the indicators do the calculations for you – you just need how to read them...

While BullPips is mechanical and easy to follow, you will need to work a few things for yourself which we have no control over. These include exact stop loss and take profit levels and are dependent on you as a person, your comfort zones and risk tolerance. More on this below.

BullPips Explained

BullPips is based upon multiple market corrections over different Fibonacci periods on the 15 minute chart.

Any market is moved by the collective force of equity currently being traded at one time from traders around the world. All being human, we possess predictable behaviour patterns which are repeated time and time again.

You can see examples of this everywhere and it is no different when it comes to trading. If you study any price chart you can see example after example of repeated behaviour patterns of price movement. The study of this phenomenon is called technical analysis and the two non-lagging indicators that we use for BullPips help us in the quick identification of certain patterns.

Once we have established the correct setup we enter the market without hesitation as our signal is an edge designed to make us profit over time. As every moment in the market is unique, we can never know beforehand which trades will work and which won't. This is true for all trades no matter which strategy you use and something that you must get ingrained in your mind!

You cannot and will not have a system that creates 100% winning trades. Remember some traders out there have win rates of only 20%, yet they profit over time as their wins far outweigh the losses.

BullPips and any other method is not to be outguessed, it is a mechanical strategy that looks for collective price patterns repeating themselves which historically have a greater chance of repeating themselves than not. That is all so don't "guess" which entry may or may not work, if it is an entry according to the criteria – take the trade. Execute your trades correctly with appropriate money management and you have the recipe for financial success.

We use a CCI (Commodity Channel Index) indicator to determine the current price in relation to a moving average of the price and deviations from the price. This is calculated by the following formula:

$$CCI = \frac{\text{Price} - \text{MA}}{0.015 \times D}$$

The visual look of the indicator with its four red/blue boxes may be understandably mistaken for a multi-timeframe indicator; it is not multi-timeframe but multi-fibonacci. The setting of the CCI is set to 4 variables of the Fibonacci sequence (see link in BPSupport document) which are 13, 34, 55 and 89. While CCI is common and used by many traders in many markets, the set-up of this indicator is unique and has been changed from MTF to Fibonacci. It is one component of what makes BullPips unique and profitable.

CCI gives us a good understanding in simple visual form of cyclical trends and more importantly as a tool to identify the potential peaks and troughs in the price from which we can benefit.

The Retracement Finder indicator is also CCI based and gives an extra means of finding retracements in price behaviour. This indicator has also been quite popular in recent times

and combining it with our unique multi-fibonacci set up provides a powerful combination. We have altered the standard RF setting to provide quick retracements.

These indicators form a consistent edge from which BullPips is founded and in addition we have two moving averages to help us pinpoint entries more effectively. BullPips also have a unique way of using both of these indicators for determining trades.

If you are new, moving averages show in visual form the average value of an instruments price over a set period. They are mostly used to measure momentum and define potential areas of support and resistance.

Now let's see how we find trades.

Trade Entry Points

Buy Signals

- The price should be above the moving averages for a long trade.
- The CCI indicator should show 3 or 4 (not 1 or 2) blue boxes.
- There is an RF switch on the Retracement Finder indicator during the same candle as the CCI confirmation. This is signalled by a red bar up on the indicator.
- Enter on the close of the set up bar.

Sell Signals

- The price should be below the moving averages for a short trade.
- The CCI indicator should show 3 or 4 (not 1 or 2) red boxes.
- There is an RF switch on the Retracement Finder indicator during the same candle as the CCI confirmation. This is signalled by a red bar down on the indicator.
- Enter on the close of the set up bar.

An RF switch is simply when the Retracement Finder histogram shows a bar first switching from positive to negative or negative to positive as highlighted in the image below. The circled bars are RF switches.



Re-Entry Trades

Once a trade has worked out in a certain trend direction, you may also find many opportunities to re-enter the market to gain more pips from the move. Re-entry trades are determined when:

- a) In a down-trend the 3 or 4 red CCI from the original entry signal have turned back to 1, 2 or 3 blue and then re-turned back to 3 or 4 red. This is confirmed with an RF switch on the same bar.
- b) In an up-trend the 3 or 4 blue CCI from the original entry signal have turned back to 1, 2 or 3 red and then re-turned back to 3 or 4 blue. This is confirmed with an RF switch on the same bar.

Examples for buy and sell trade entries and re-entries are made clearer on the chart examples found below and in the support document.

Stop Loss, Take Profit, Break Even

Your stop loss should be set about 5 pips above the recent swing high on a sell trade and about 3 pips below the recent swing on a buy trade. The difference is due to the broker spread. You can of course adjust this until you are comfortable with your setup. Some prefer a wider stop to let the trades “breathe”.

It is important that you always place a hard stop loss limit as Forex is a very volatile market and prices can move very quickly.

Once the stop loss has been established then you should set your take profit level to a minimum of 1:1 reward/risk ratio.

For example if your stop loss was set at -20 pips then your take profit should be set to a minimum of +20 pips. Again this can be adjusted depending on your personal preference. Some traders prefer a 2:1 or 3:1 reward/risk ratio, however 1:1 must be used as the minimum.

Established traders may want to enter more than one lot and scale out of their trades, for example one lot at 1:1, a second lot at 2:1 and third lot at 3:1. This would give a total return of 6, risking 1. If you are new to trading then try out various take profit levels on a demo account to see which you are comfortable with. Remember you must trade in your comfort zone at all times!

You may also want to move your stop loss to break even at a certain level of profit though again this is discretionary between each trader. Some may be comfortable at moving the stop to break even at +10 pips for example, others at a 2:1 take profit level. As we use a short timeframe in the M15 chart you must note that moving the SL early may result in many break even trades due to volatility.

Personally we tend to move stops to break even at around the 90% take profit level.

Note - When you have a trade entry and the set-up bar has a wider spread (is a big candle) than average, you may feel uncomfortable with the size of the stop and the risk. You may want to consider placing the stop a few pips past the set-up candle rather than the recent swing high/low.

Over time trading with BullPips you will get a feel for each currency pair you use and get a better understanding of when to move your stop loss.

BullPips Trade Notes

- For major currency pairs including EUR/USD, GBP/USD, AUD/USD, EUR/JPY, USD/CHF, USD/CAD and any other financial instruments that you may consider trading.
- If you are new to trading we recommend only using EUR/USD to start with. It is worth getting a feel for one market and this has typically the lowest spread of all pairs due to the high liquidity. Also you will give your whole dedication to one chart and will minimise errors or missed opportunities.
- For use on M15 charts.
- We use the "BullPips_CCI.mq4" indicator and "Retracement_Finder.mq4" indicator on Metatrader 4 platform to determine trades. If your broker does not use MT4 then you can sign up at any number of brokers for a demo account. This way you can determine trades using the MT4 platform and place your trades separately with your broker. Recommended brokers can be found in the 'BPSupport' pdf where you can also get cash-back on each trade you make.
- If the 34 MA and 55 MA are very close together and/or mostly horizontal then market can be considered ranging. Wait until price makes a move before placing a trade, or use tighter stops. After trading BullPips for a while you will get a good "feel" for trades and the correlation between price movement and the MA's.
- In trending markets see how the price often bounces off the moving averages - these are high probability trades taken in the trend direction after a bounce from the MA. The steepness and direction of the moving averages show you the direction of the high probability trades. Look for re-entries of the trend.
- Occasionally you may find that you have entered a trade only to find that there is a signal in the opposing direction. If this happens then close your existing trade and reverse as the market and momentum may be turning.
- While BullPips works excellently in trending markets you will find that it handles ranging markets well too which is not common for many strategies. You may find during ranging days there are not many trading opportunities. Be patient as trades will soon come!
- Occasionally the CCI takes a while to refresh from blue to red and vice versa. For this reason I recommend that just before it looks like you are about to enter a trade,

ensure that the CCI is displaying the correct information by refreshing the chart. You can do this in two ways:

- a) Right-click on the chart and select 'Refresh';
- b) Simply switch to a different timeframe and back.

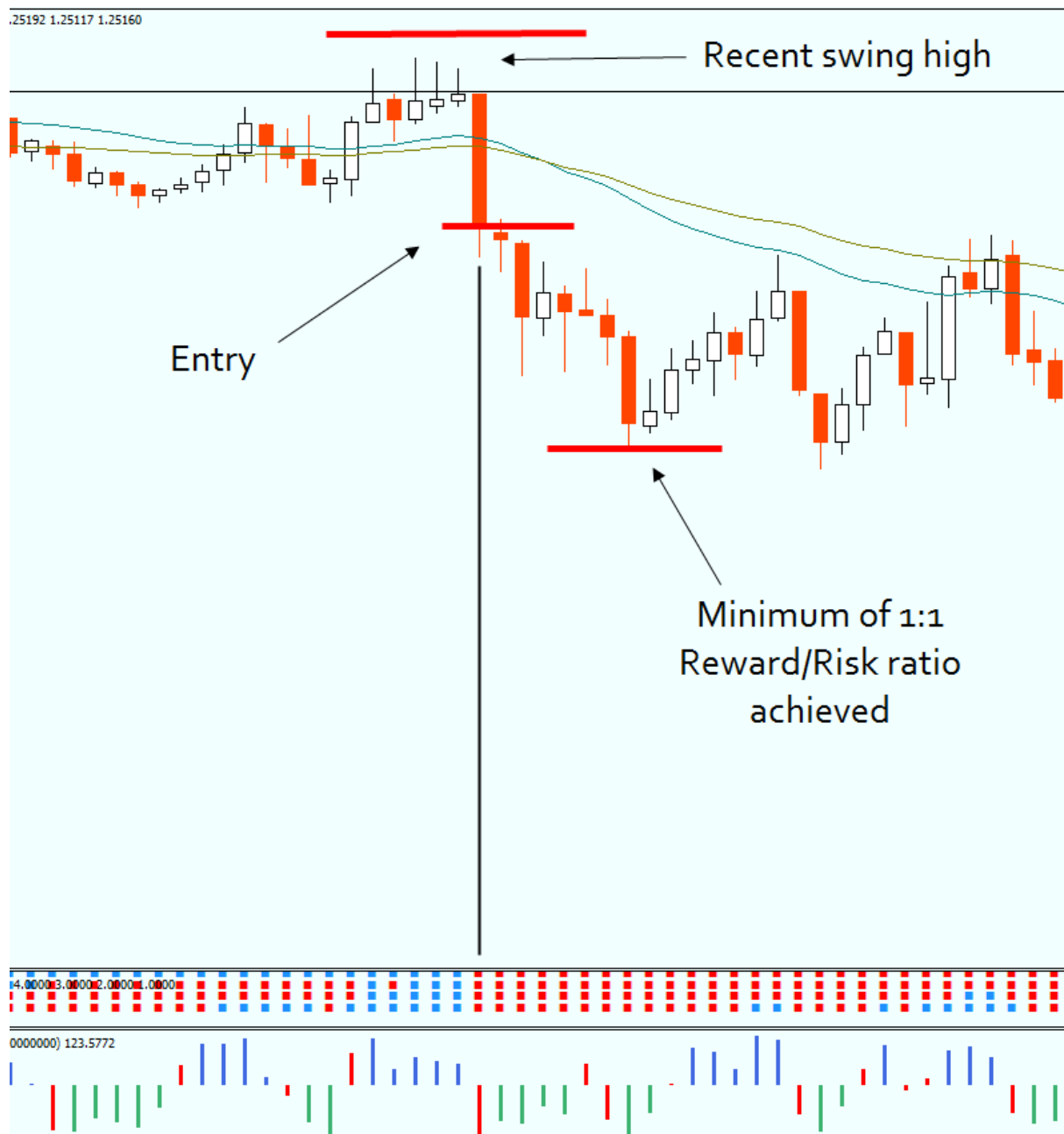
Trade Examples



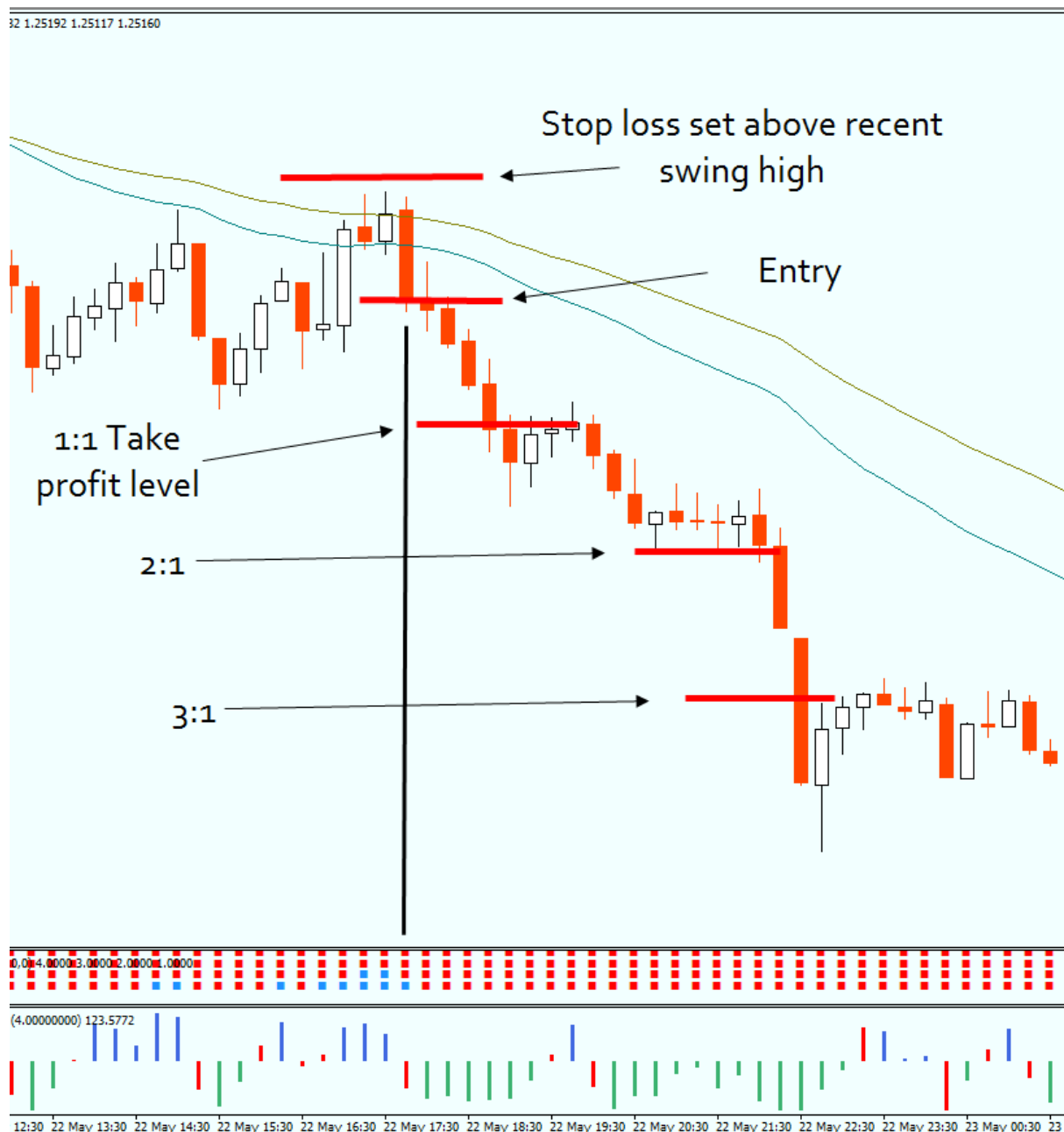
Here there is a big bearish move down signalling 4 red CCI (from 4 blue) and an RF switch. Go short on the close of the set up bar for the first trade in a trend.



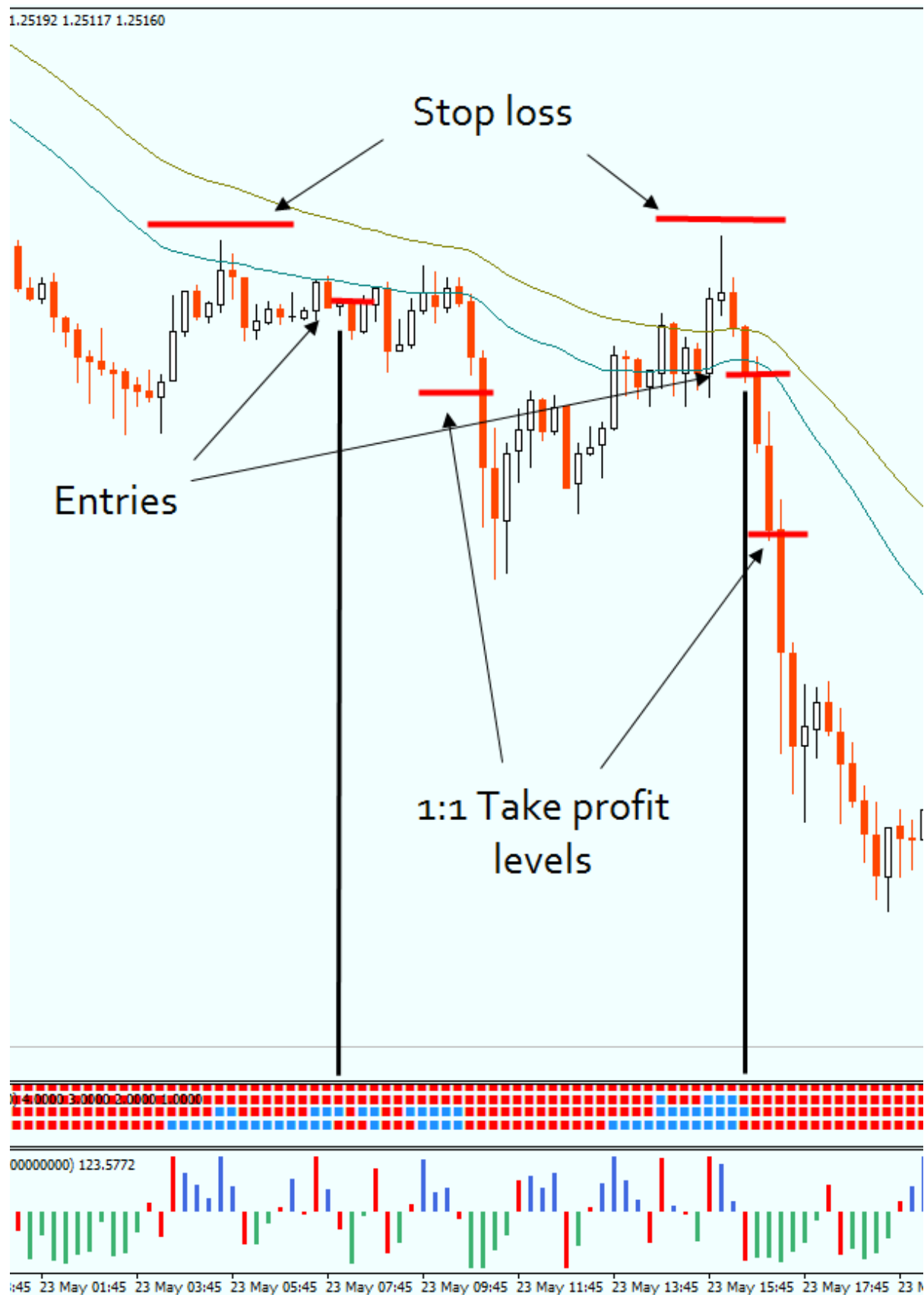
A little further on and price continues down. Here we see the price test the moving average and is rejected. 3 red on the CCI (after turning back to 2 blue) is ok for a re-entry (as it is in the direction of the trend) as long as there is an RF switch as there is here at the same time.



Here is the first trade again, zoomed in for clarity. The stop loss is set approximately 5 pips above the recent swing high (or low in a buy trade). This can be adjusted to suit your risk tolerance.



Here is the second chart from above, zoomed in. Again the stop loss is set above the recent swing high. The take profit is calculated as the same. If you were trading 3 lots here the second and third take profit levels were achieved quite quickly if scaling out.



Here's the third original chart with the 2 trades on. Again with stops set above recent swing highs, entry on the BullPips criteria and minimum 1:1 reward/risk profit achieved.

More Than BullPips

BullPips and any other trading method is the stepping-stone you need to a prosperous trading account. However we are fully aware of the role that psychology plays in trading. In fact Mark Douglas estimates that trading is made up of 30% technical skill and 70% psychology. If you have been trading for any length of time this should ring true in your mind.

Consider this:

A good trader can make a bad system work and a bad trader can make a good system fail...

Why do you think this is true? The difference is down to mentality and psychology of different traders.

While BullPips is an excellent tool to profit from some users will do better than others. Some may absolutely fly while others may make much less. Again this is down to mentality, when traders struggle in the markets naturally they believe that is the system itself at fault, when often it is them.

The problem is that the upbringing we have in society conditions us in a way that is not compatible with the mentality you need to trade successfully. That is why there are so few successful traders (under 5% are estimated to be profitable).

You can contact us and we can put you on the road to getting your trading psychology sorted. Otherwise you will move from system to system and never make any money whether it's a good system or not!

If you struggle to believe that psychology has anything to do with trading then we recommend you consider finding an alternative avenue for financial gain.

Ask traders all over the world – why is it that most traders can win time after time when using a demo account, yet when they switch to a real account they lose? After all there is no difference to what they are doing; it's just with real money! The only difference is their mindset making them choose different decisions, mostly unconscious, due to the burden of real risk, fear of loss, fear of missing out, making errors etc.

Those new to trading also please be aware of drawdowns. This is the natural negative equity that occurs with any trading method and is something that is part of trading. You must prepare yourself mentally that three or four losses in a row is normal and common. You must lose to win in trading it is part of the game.

It is imperative that you remain comfortable in your trading at all times. You must have acceptable risk that you are comfortable with so if you feel nervous or not 100% confident in your actions, then please open a demo MT4 account with a broker and trade the BullPips strategy with fake money to get the feel for it. Maybe give yourself a target of 50 trades and

see how you feel at the end of that exercise. If still not 100% confident then perform another 50 trades until you are at the point of entering each trade without hesitation.

BullPips will find you solid entry points, but you need to execute the system, it will not do it for you!

We hope you enjoy learning this great strategy and get as much as we do from it. Take your trading seriously and it will reward you for it.

We look forward to hearing your success stories and remember to ensure that you get future strategy updates and information about the upcoming BullPips community features as well as other free trading bonuses, add your name and email to the newsletter box situated to the right of the [bullpips.com home page](#). **Your email will strictly only ever be used for our newsletter communication and nothing else.**

You can also follow us on [Facebook](#) and [Twitter](#).

All the best,

BullPips Team

Disclaimer

Trading foreign exchange 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 you should carefully consider your investment objectives, level of experience, and risk appetite. 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 foreign exchange trading, and seek advice from an independent financial advisor if you have any doubts.

BullPips can accept no responsibility for your trading results either through the use of this strategy or not as we have no control over your actions and ability in executing trades appropriately.