100 PIPS BEFORE BREAKFAST™

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100 Pips Before Breakfast™

Coffee, Toast, Cereal and Pips

100 Pips Before Breakfast™

PROFESSIONAL FOREX TRADING STRATEGY

100 Pips Before Breakfast™

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www.100PipsBeforeBreakfast.com

EMAIL: CONTACT@100PIPSBEFOREBREAKFAST.COM

Contents

Chapter 1

Welcome To 100 Pips Before Breakfast™

Welcome to 100 Pips Before Breakfast™!

You are about to be taught a trading strategy that is all about finding very low-risk opportunities for high-probability trades.

You will probably notice that this is not a long eBook. The reason for this is that we will be teaching you one simple, tried, tested, profitable and proven strategy. You have made an investment in us and we are going to give you the best value we can offer for this.

We have the highest respect for you in that you have chosen to invest your hard-earned money in 100 Pips Before Breakfast™. There is a lot of stuff out there on learning to trade – some good and some not so good.

After this short introduction we will dive straight into the strategy. No fluff. No pre-amble. Just straight to learning. For this reason some readers may find some of the things we talk about unfamiliar. For this eBook we have presumed you know about a bit about Forex and trading already.

If there is anything you don't understand you will probably find it on Google. However, if it is about the strategy itself, you can contact us directly - we will do our best to answer your questions should you have any.

There is no need to rush through this eBook; the Forex market is not going anywhere anytime soon. So take your time and make sure you understand each part of everything we introduce as you go through.

The core of this book is the real trade examples that we will go through with you. We have squeezed in as many actual trade examples as we thought necessary to give you some experience of each and every market situation you are likely to encounter. Each trading day is unique and so we can never cover *everything* – but we've done as best we could for you.

Onwards!

Chapter 2

The Strategy

Two things we will address now before we start explaining the strategy:

#1 – Some of you, once we start explaining the strategy, might think, 'Is that it?!!'… and that's fine – we're prepared for that. So for those of you who think that we have somehow "misled" you or even "scammed" you into thinking we were going to give you some fancy-hi-tech-latest-space-age-titanium-coated trading strategy we are sorry to disappoint. However, we *will* teach you a TRIED, TESTED and PROVEN PROFITABLE strategy that can give you steady gains each and every day (if you choose your trades carefully – but more on that later…). Sound good?

#2 – For those who may be thinking that we have "padded" this eBook out with charts so that we didn't have to write much… well, the truth is, we really didn't have to write much! As you will see, the method is ridiculously simple, and so we only need to spend minimal time on this. We have however spent a great deal of time and effort going through our real-trade examples to show you every little detail and nuance of the strategy.

Basically, what we're trying to say is, this is a very simple strategy – and if you just go off and trade it before you've finished reading the whole eBook – we can't guarantee your success. However, follow everything that we will spend our time teaching (i.e. all the little details, tips, tricks, etc.) and your chances of success are probably a thousand times greater!

Throughout this eBook we will stick to 5-minute and 15-minute charts. There is nothing special about these charts other than the short time-period that each bar represents on the chart.

If you have a charting platform that only gives you 10-minute and 20-minute charts – that's fine. It really does not make a difference what timeframe you use; you could use a 7-minute chart and the same underlying principles that make this strategy will still hold true.

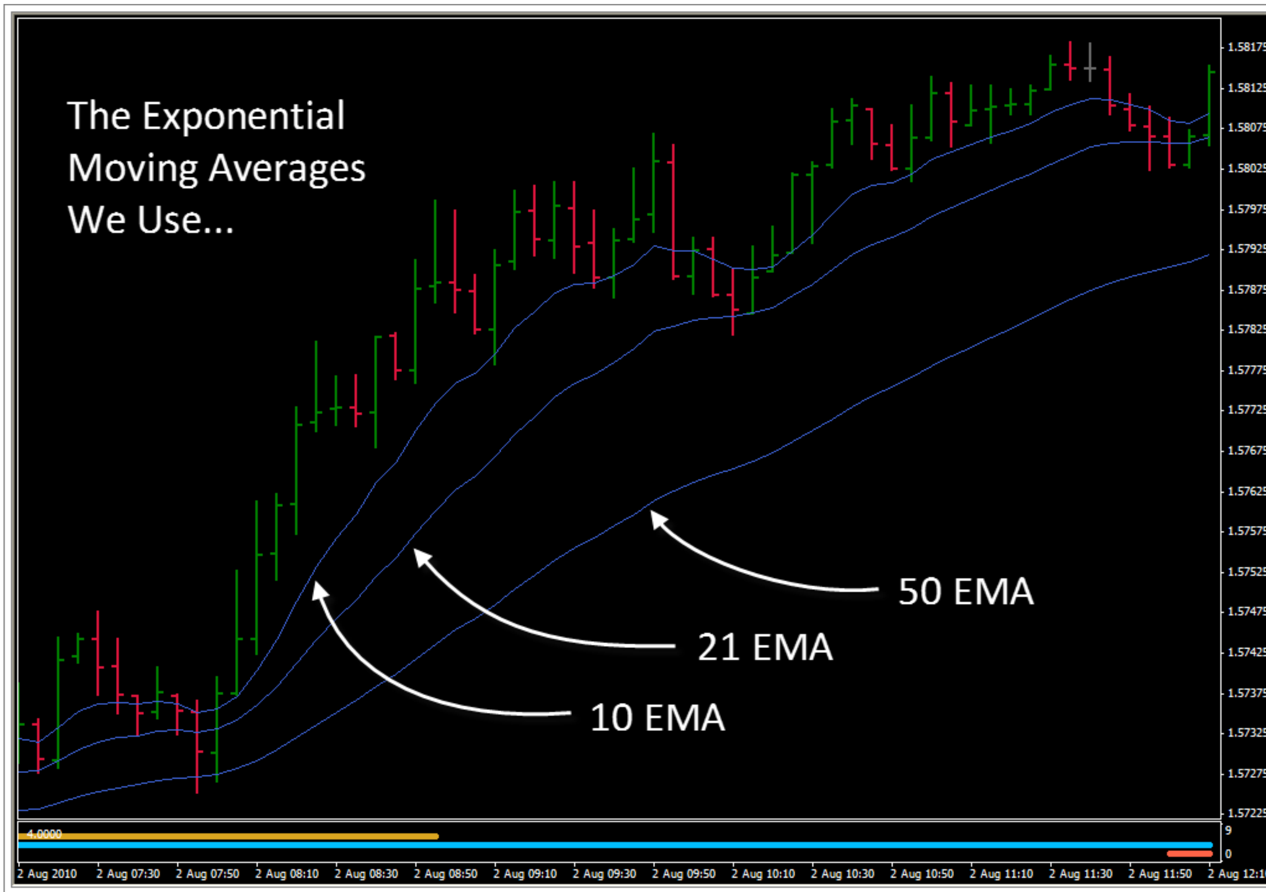
This strategy is based on sound market factors that occur in all markets (not just forex!) – as a result we can change small parts of the strategy and it still works. If you have a strategy whereby changing any part of it results in the strategy not being near as effective as it was – then you don't have a solid strategy!

The Basic Concept

We wait until price is making a move in a particular direction – and then we buy (or sell) a pullback when particular set of circumstances occur – this enables us to enter with very low risk.

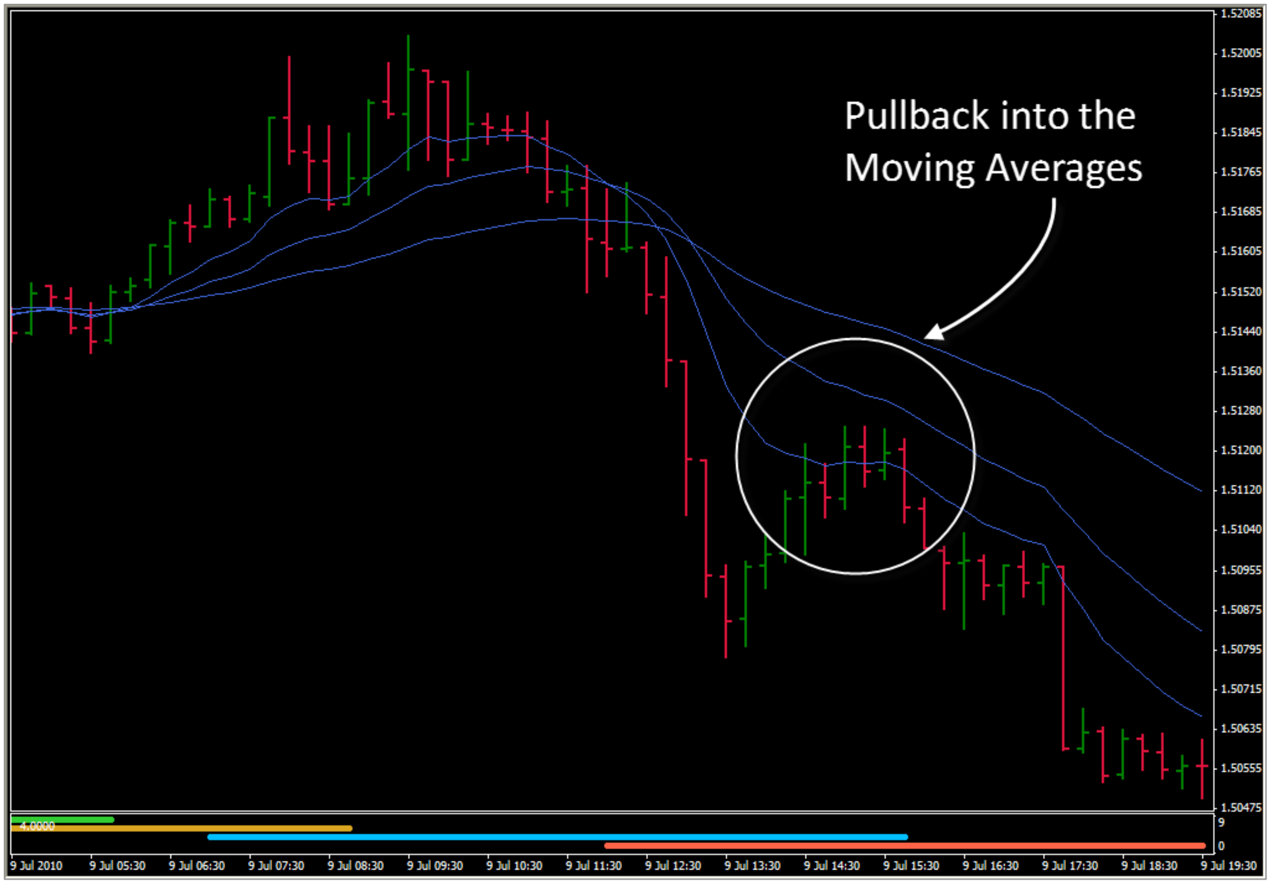
We use 3 Moving Averages. There is nothing particularly special about these. There is no "magic" number we use for them or anything like that – being the smart traders that we (and you!) are we know better than to think such things. We know that trading profitably is about common sense, and doing *what works*, right? Good.

We use the 10, 21 and 50 Exponential Moving Averages. Here is a typical example of the MAs on the chart:



The Moving Averages (GPB/USD 5-min)

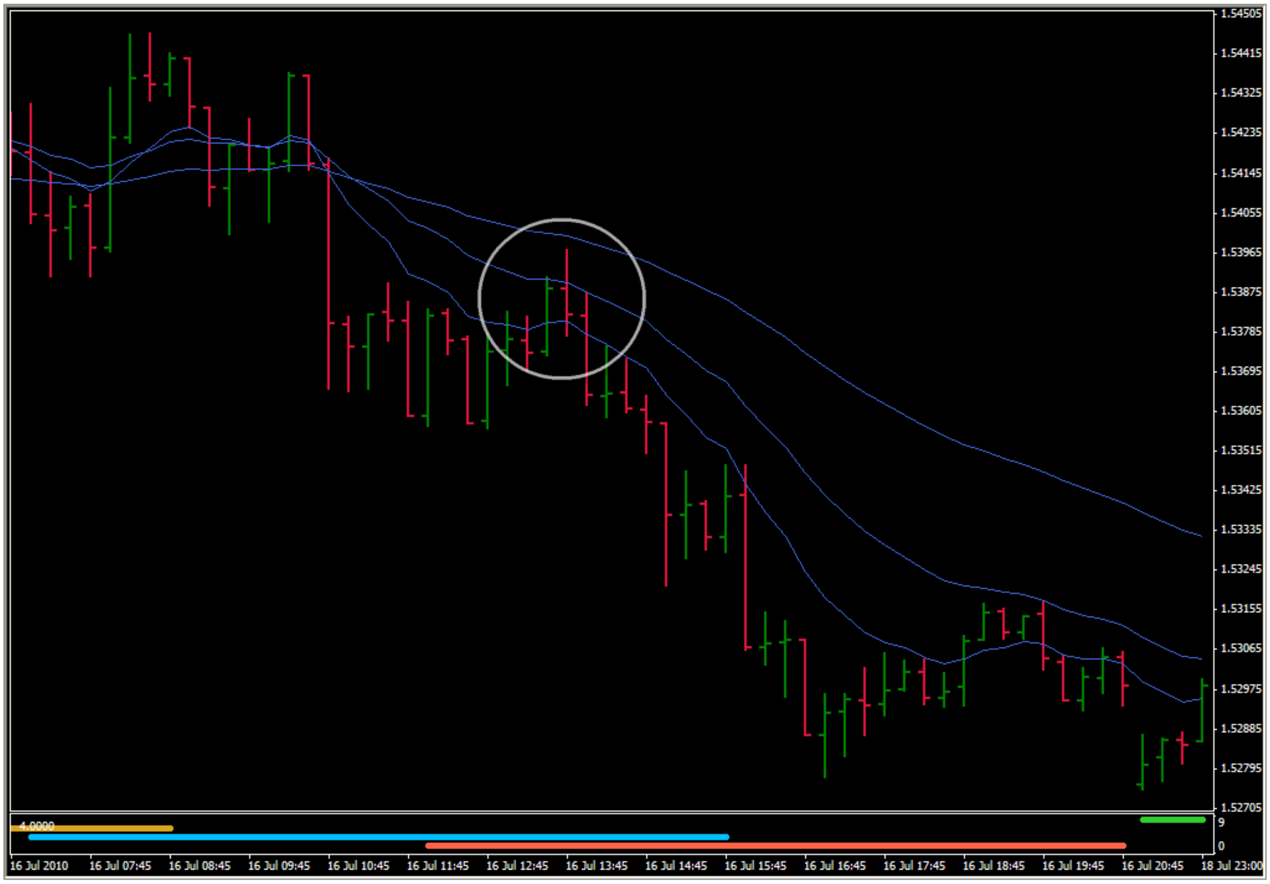
Here is another example of the MAs on the chart:



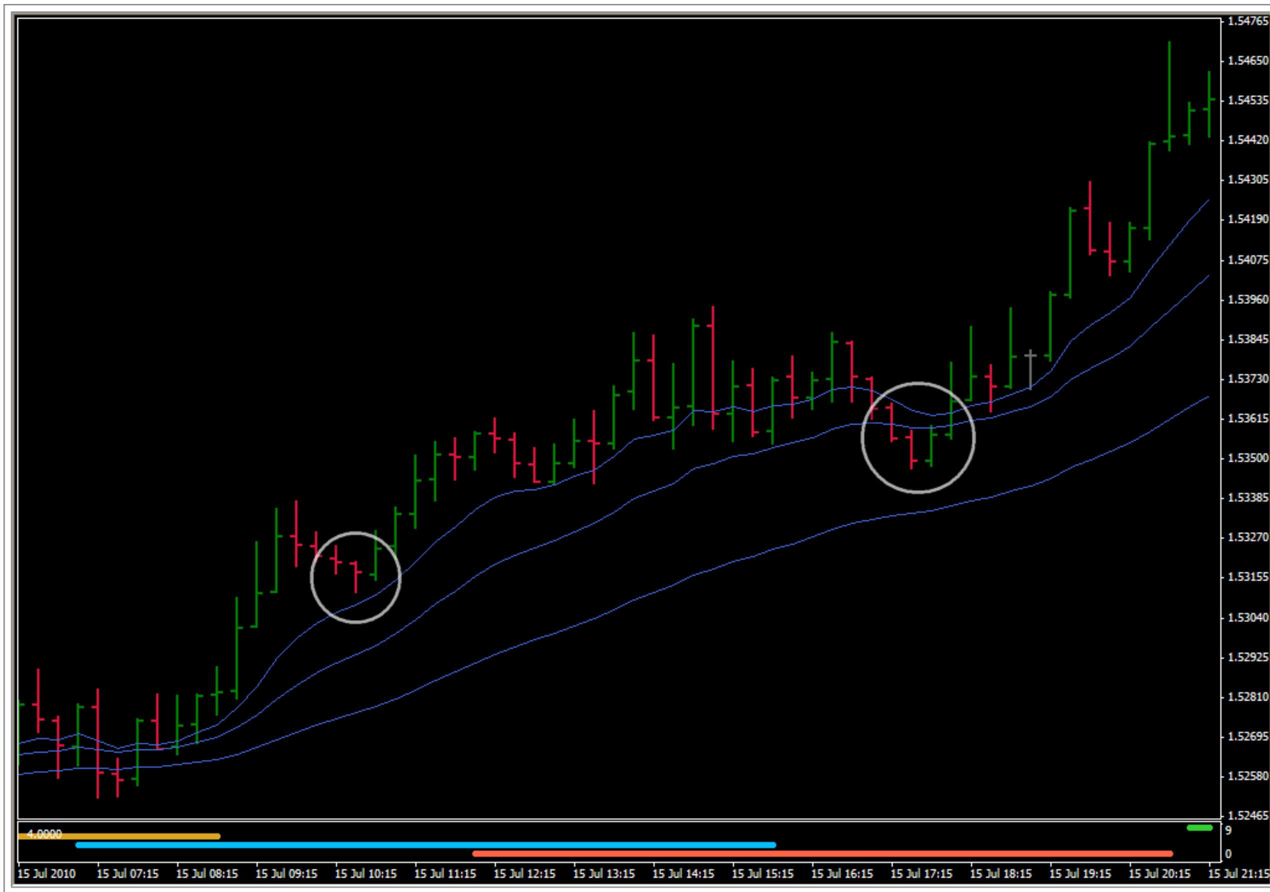
Pullback Into MAs (GBP/USD 15-min)

Now, observe the circled area, this is what we are typically looking for – price coming back into the MAs after making a move. There is a lot more to it than price simply coming back into the MAs but this is the *basis* of the strategy.

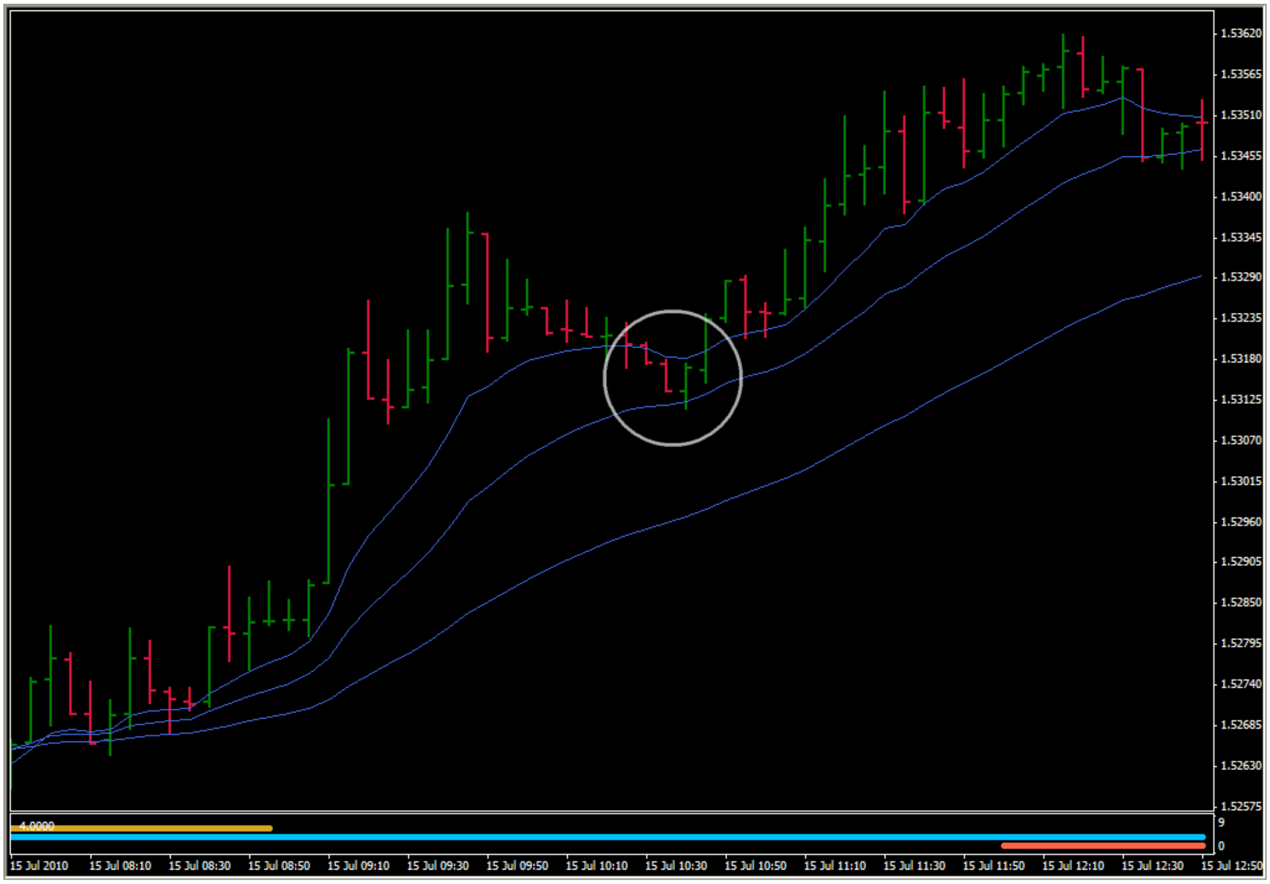
Some more examples of the type of pullbacks we are looking for:



Pullback Example #1 (GBP/USD 15-min)



Pullback Example #2 (GBP/USD 15-min)



Pullback Example #3 (GBP/USD 15-min)

Getting Specific

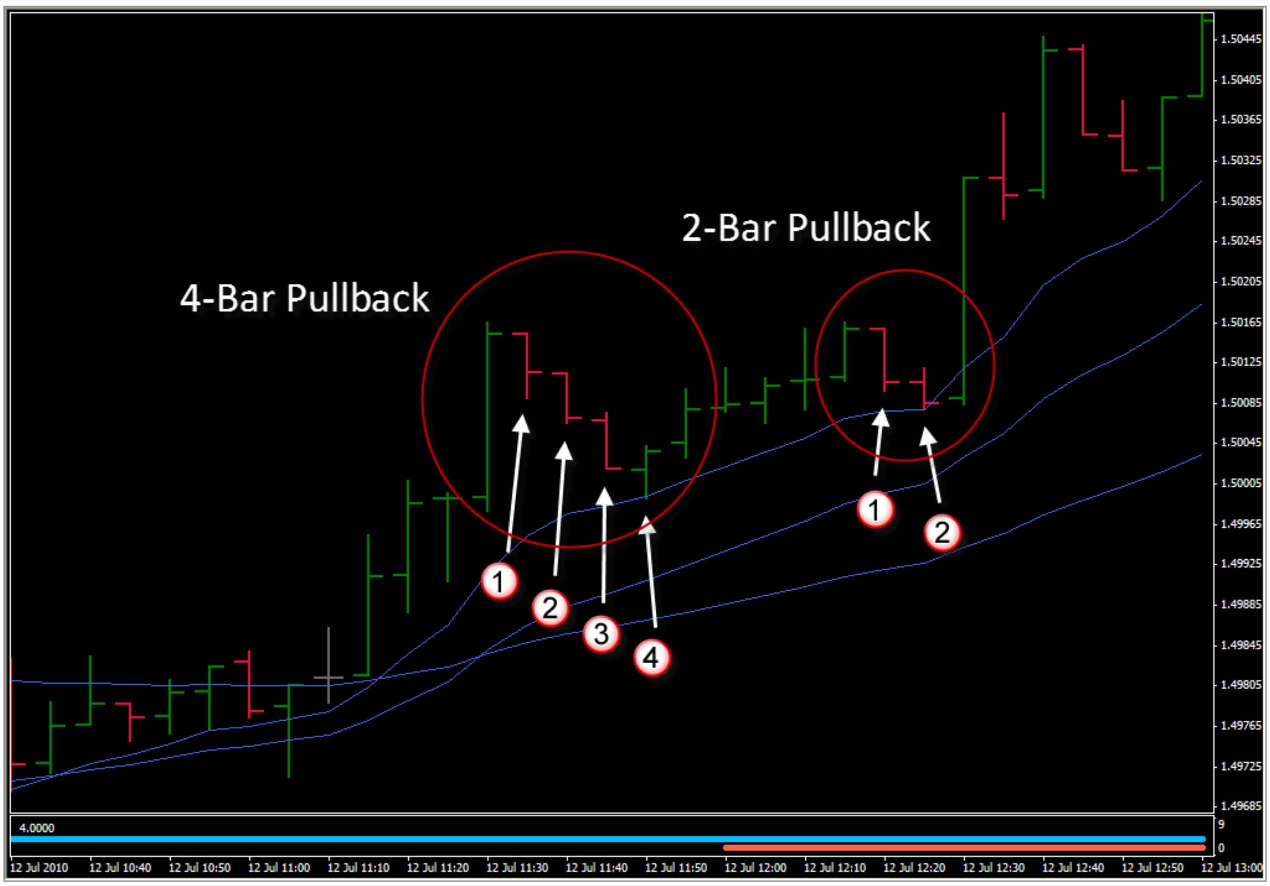
When price has moved up we will only be looking to BUY on pullbacks.

…and similarly…

When price has moved down we will only be looking to SELL on pullbacks.

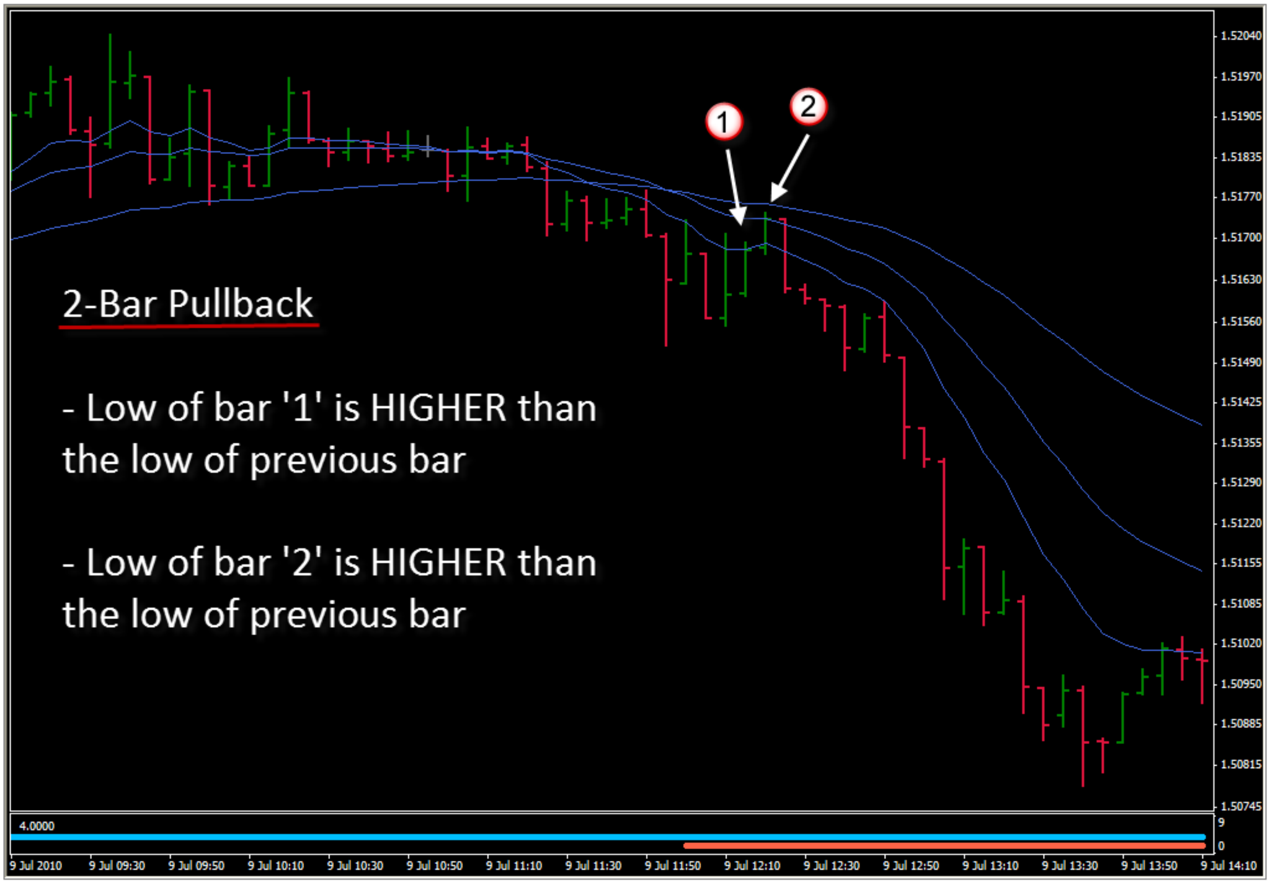
So let's say price has made a move up - we will be *looking* to BUY when price pulls back at least TWO bars on the chart we are looking at. More importantly the HIGH of each bar must be LOWER than the high of the previous bar throughout the pullback.

Let's take look at an example:



Minimum Of 2-Bar Pullback (GBP/USD 5-min)

Here are two more examples:



Ideal 2-Bar Pullback (GBP/USD 5-min)

If you start looking through charts right now you will see situations like this, price pulling back into the MAs, everywhere on various pairs and on various timeframes.

But our strategy is all about being able to pick a place to enter the market for a very low risk and with a high-probability of the trade working out.

How do we achieve this? We do this by making sure there are a few more factors of the setup in our favor before making the trade (although the strategy is simple there are a few things that you need to know in addition to the main strategy).

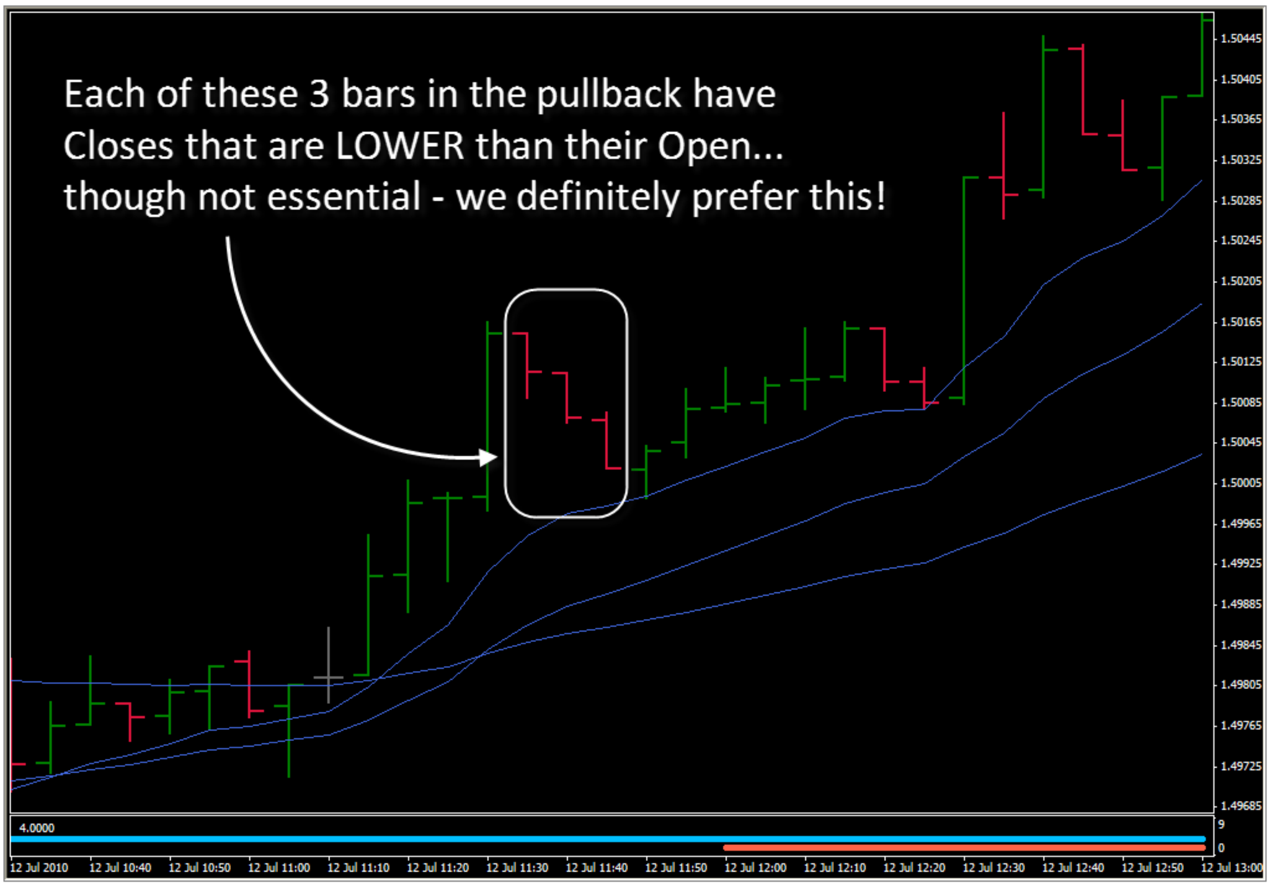
Consecutive Down-Closes (or Up-Closes)

For the pullback we are looking for the highs of the price bars to be lower and lower (for a long entry); and the lows of the price bars to be higher and higher (for a short entry).

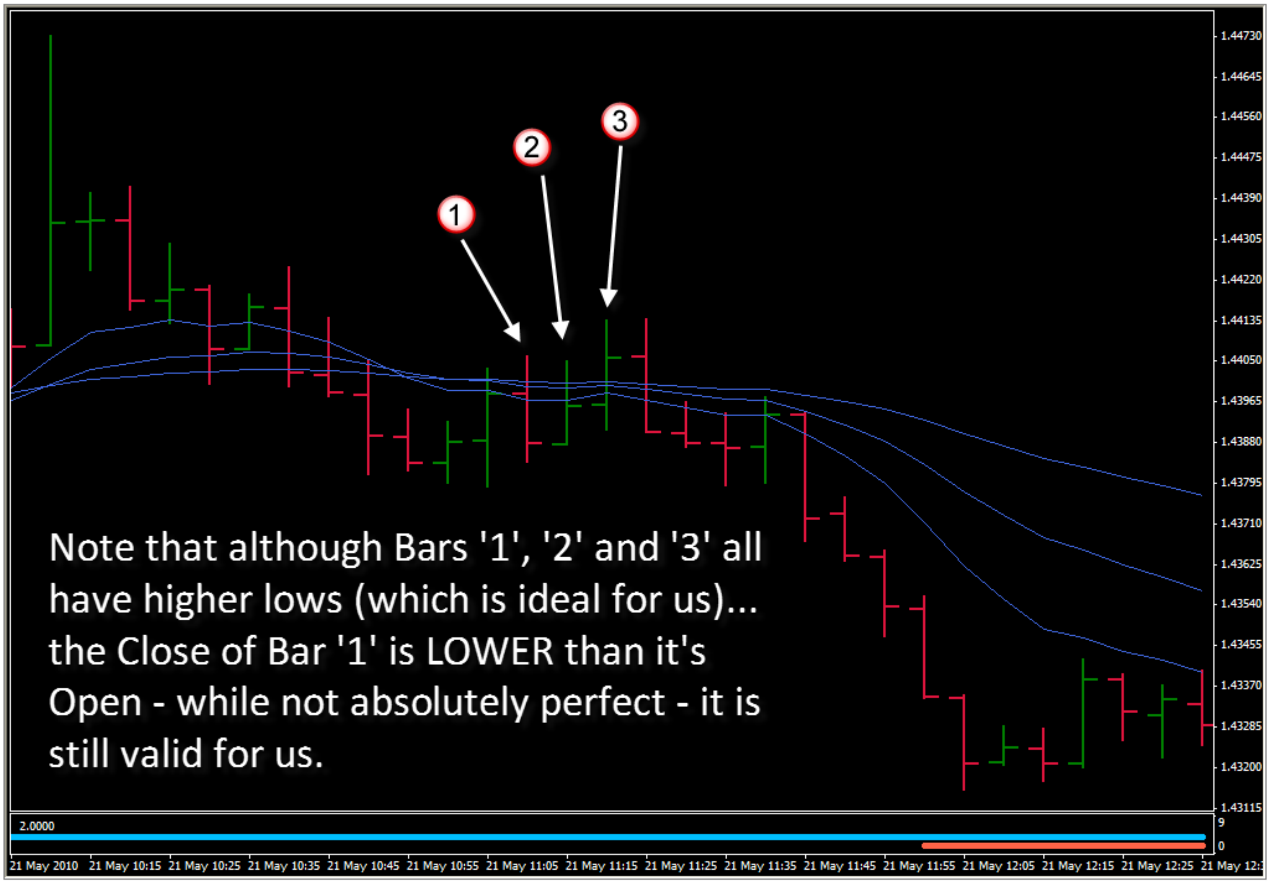
In addition to this it is preferable (but not essential) that, for the bars making lower highs, the bars close down as well. In other words, as each bar's high is lower than the previous bar's high, the close of any bar should also be lower that it's open. This is for the case of a long entry.

For a short entry it is the same: we want each bar's low to be higher than the previous low; and we also ideally want the close of each bar to be higher than the open of that bar.

The above is far easier to see in some examples….



Perfect 3-Bar Pullback Example (GBP/USD 5-min)



Pullback Without Ideal Opens & Closes

Round Numbers

Another factor that we look out for, but again is not essential, is price to be pulling back to what is termed a round number (these are sometimes called 'psychological numbers').

For our strategy we class every 25 pips as a round number. So during a pullback we might look out for price pulling back to number such as 1.3575, 1.3600, 1.3625, 1.3650, 1.3675, and so on.

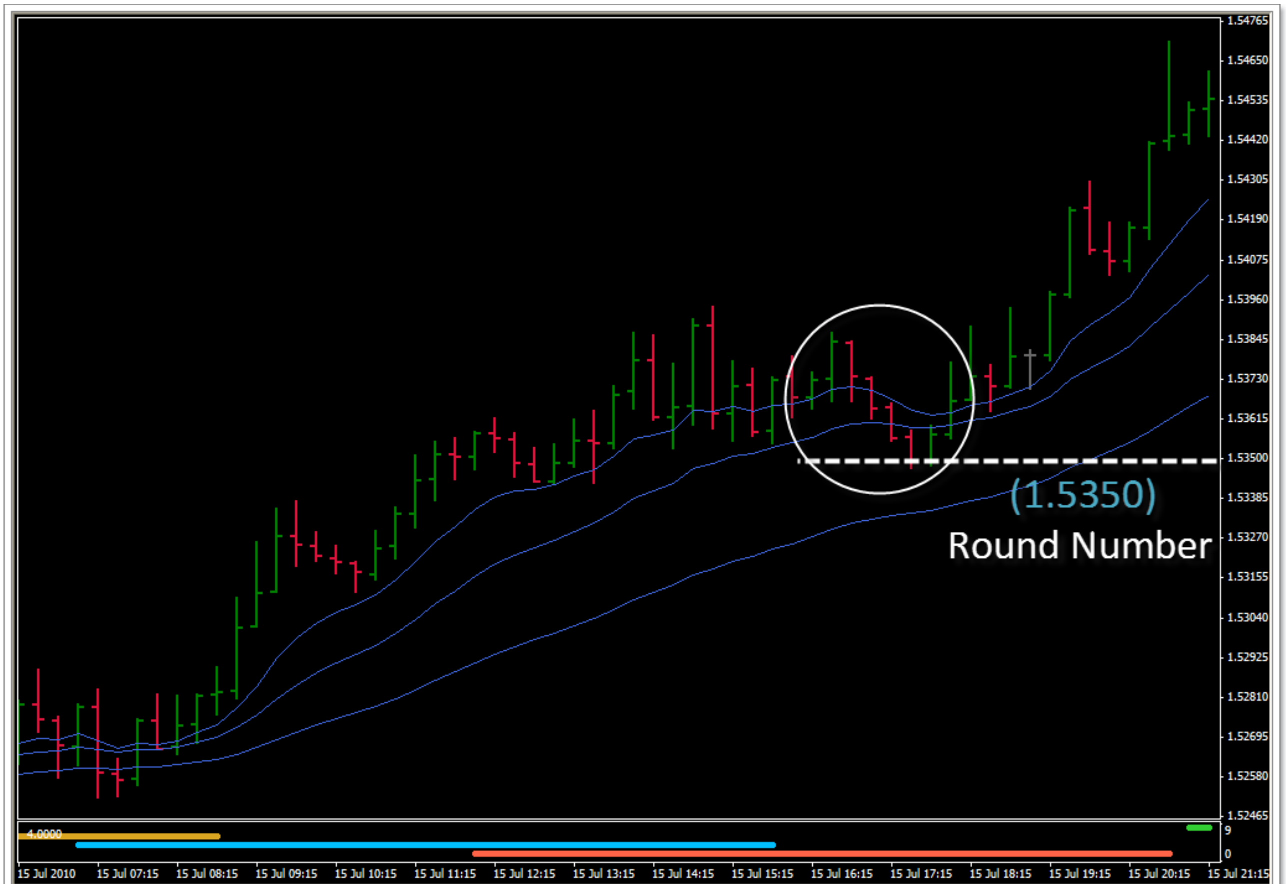
Why round numbers? Let's say you buy a television and it costs you $799.99. When someone asks you how much it cost do you say, "seven hundred and ninety-nine dollars and ninety-nine cents"? No. Most people would just say, "eight hundred dollars". People generally round up or down to the nearest *manageable* number (what we call a 'round number').

Round numbers are natural for people in life in general – and they are natural for traders too! This is why we look out for them.

At round numbers traders are more likely to:

- Place their buy or sell order
- Place their stoploss order
- Place their take-profit order

The round numbers are fairly self-explanatory but here are a couple of examples so you know exactly what we're talking about:



Pullback To Round Number (GBP/USD 15-min)

Pullback To Round Number (GBP/USD 15-min)

Time Of Day

The time you take the trade will be usually be the biggest factor in determining how much profit you can take from your trade.

Whether we like it or not London is still the financial capital of the world – particularly with regard to foreign exchange.

As a result this makes the London Forex session the main session of the day. This is the session where the big moves are more likely to happen – particularly the morning where the big bank traders have orders to process. Because Forex is a distributed market and there is no single exchange then the session hours are not specific. You will find that the

London session is from *around* 06:00GMT to *around* 16:00GMT.

The US session follows a very close second to London in terms of liquidity. The US session is typically from around 12:00GMT to 22:00GMT.

The most liquid time of the trading day is when the London and US sessions overlap. This is the time where the US session starts and the London session is still open - we can expect a decent move - and thus prepare ourselves to utilize our strategy to make the most out of it.

Take a look over the charts we have presented to you so far; you will notice an indicator at the bottom. This indicator tells us when each of the four main Forex sessions are open.

You will see that…

BLUE tells us when the London session is open

RED tells us when the US session is open

GREEN tells us when the Australian/New Zealand session is open

GOLD tells us when the Asian session is open

If you checked back through the previous charts you may also have noticed that almost all the times we showed were either BLUE or RED on the indicator. This is because of most of the best strategy setups will occur during the London and US sessions.

This indicator is certainly not essential by any means. But it is handy for easily identifying the sessions times. You should have received a copy of this indicator for Metatrader™ 4 when you purchased this eBook – however, we don't provide support for this indicator, and so cannot guarantee that we will always provide it. But like we said – it's just a handy tool and not essential.

Entry Triggers

Once we have the criteria fulfilled for our strategy…

Price pulling back after making a move

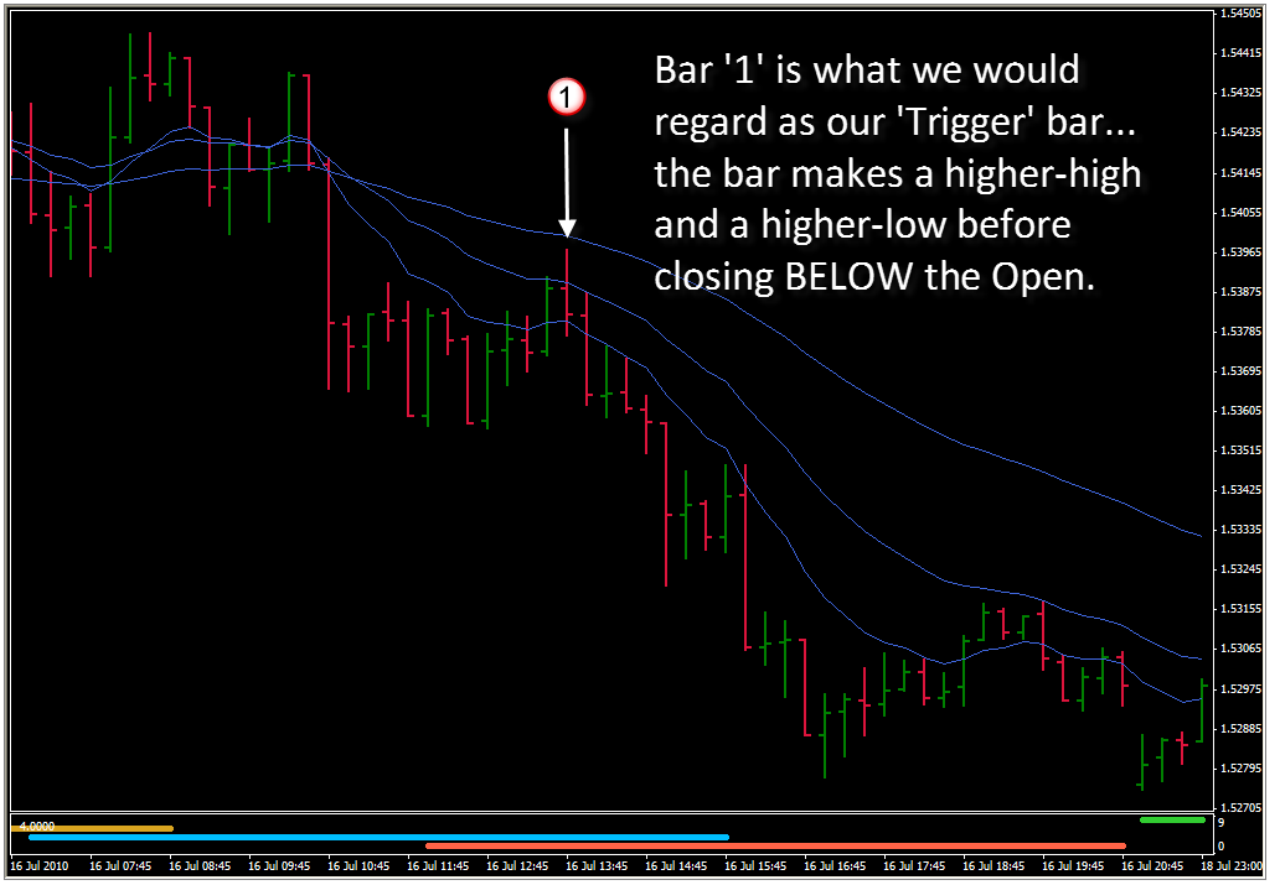
The bars in the pullback have consecutive lower highs (or higher lows for a short trade)

The bars in the pullback have closes lower than opens (or closes higher than opens for a short trade)

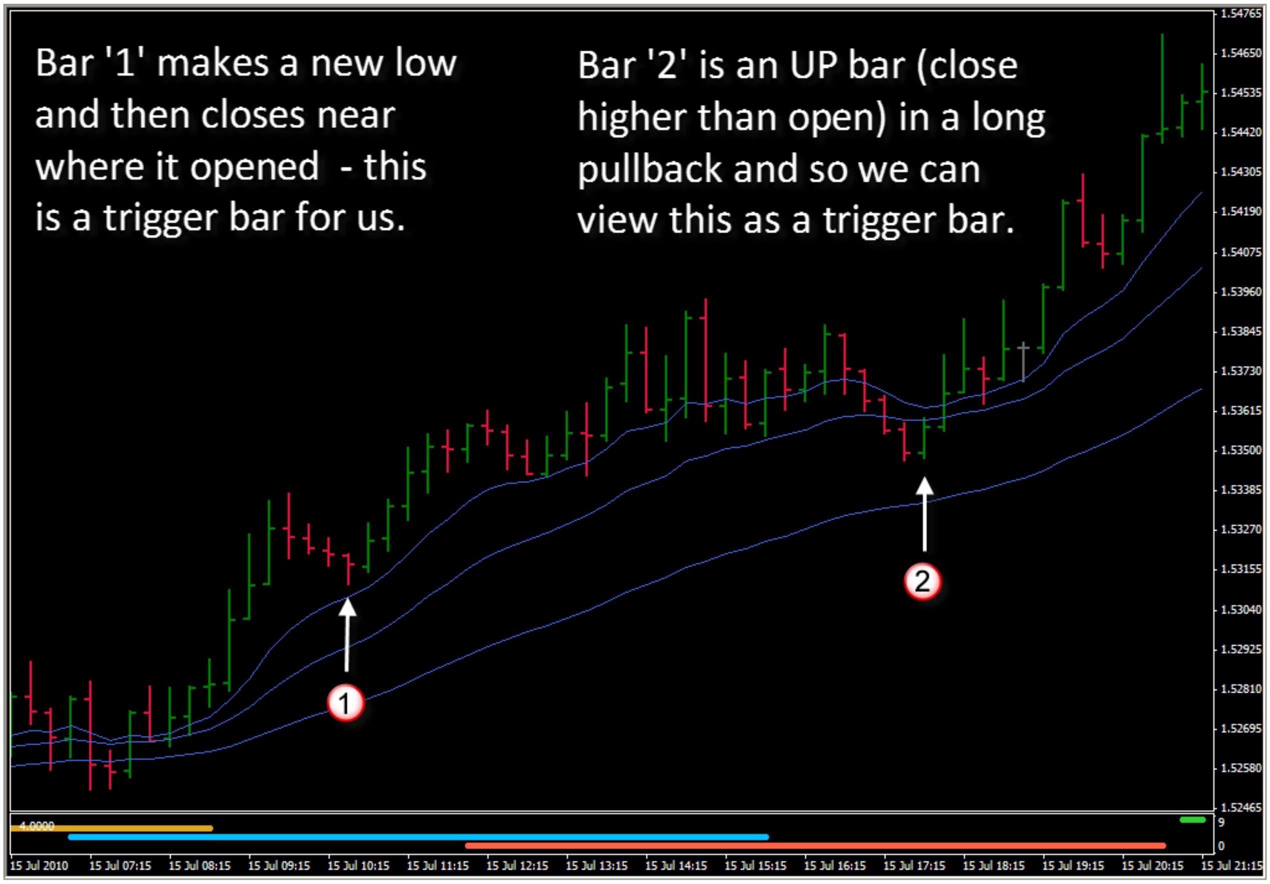
Price pulling back to a round number

…we then look for a final "trigger" to make that decision to get into the trade. Typically, but not always, that trigger will be a bar that closes a lot higher than it opens (in the case of a long entry); or a close a lot lower than the open (in the case of a short entry).

Here are some examples:



Trigger Bar Example (GBP/USD 15-min)

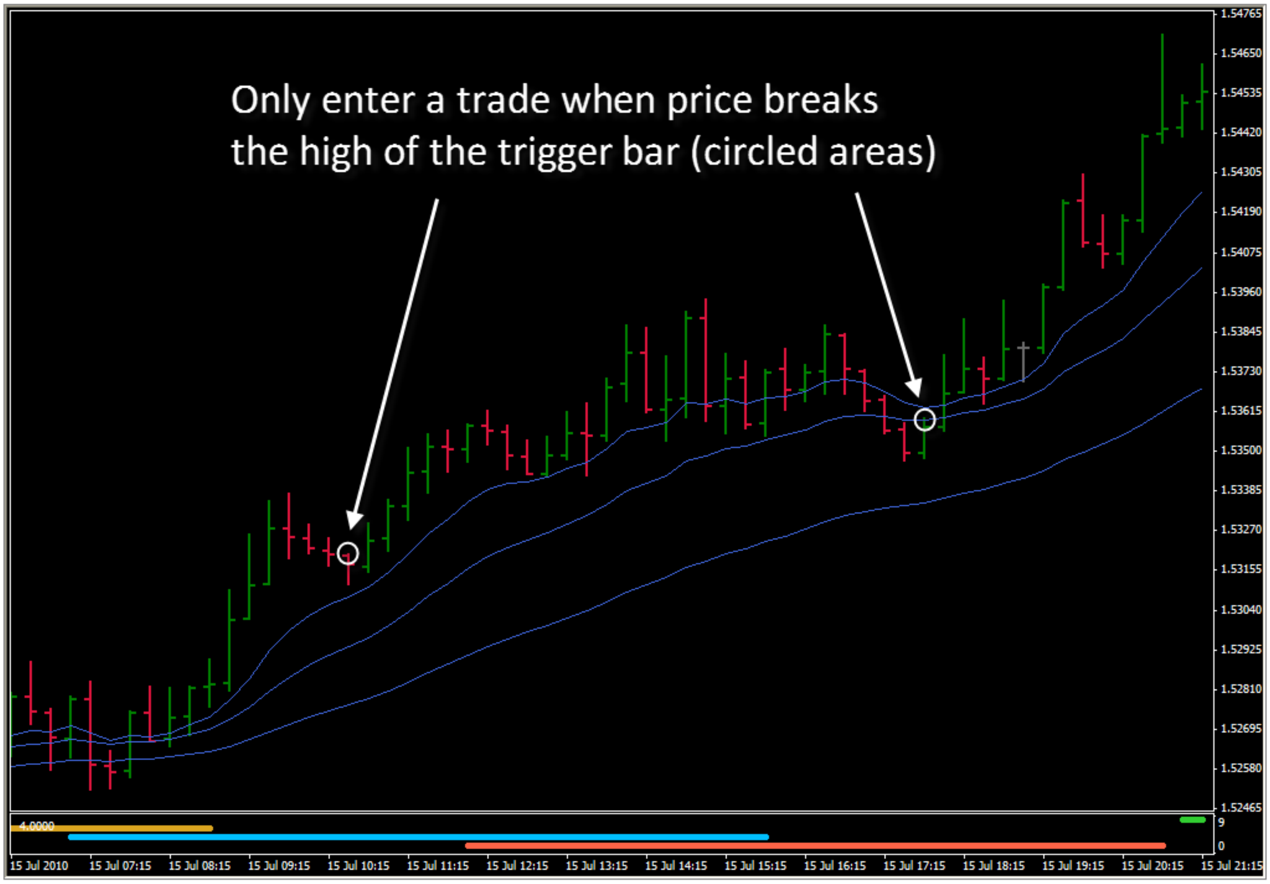


Two More Trigger Examples (GBP/USD 15-min)

Now here is a trick that can keep you out of potential losing trades. Many times we will get a trigger bar that will fail on the very next bar (i.e. not head in our direction). To help us avoid this we can apply a 'filter' to our trigger bar.

The most effective filter we have found is to only make the trade when the high (in the case of a long) or the low (in the case of a short) has been broken by the next bar.

Let's look again at the chart we just saw to see an example of this:



Trigger Bar FILTER (GBP/USD 15-min)

Here is a potential setup that we encountered earlier. This shows how this trigger filter can save us from a potential loss:

Trigger Bar FILTER (GBP/USD 5-min)

Strategy In Summary

Let's do a quick run-down of our strategy to make sure you are comfortable and understand all the different components…

Firstly, we look for price to be making a move in a particular direction; we then wait to see if there is a pullback into the MAs.

Secondly, we look for at least 2 consecutive bars where each high is lower than the previous bar high and the close of each bar is lower than the open of that bar (for a long entry). Similarly, for a short entry, we look for at least 2 consecutive bars where each low is higher than the previous bar and the close of each bar is higher than the open of that bar.

Thirdly, we look for the pullback to be occurring at, or near, a round number.

Fourthly, we want to take note of the time of day. We can trade this strategy at any time during Forex trading hours. However, because the way the markets work, there are going to be times when there is a higher chance of a bigger move in any trade we take.

Fifthly (and lastly), we look for some sort of trigger to give us the go-ahead to take the trade. Almost always we will be looking for a bar where the close is higher than the open (for a long) or the close is lower than the open (for a short).

It is important to understand that very rarely will ALL of the above criteria be met on any particular trade. Typically the best you will get will be three or four, out of the five criteria we have, being met.

Does this mean that the trades will not be low-risk or high-probability? Certainly not! Managing to get all five criteria met would just be the "icing on the cake" for any strategy trade.

Stoploss Placement

Placing a stoploss is mandatory.

There are no other options here.

You want to be a professional trader? Then you must do what a professional trader does!

We don't want to make a big deal about stoplosses, but trading is a serious business, and if you're not using then then you're not taking your trading seriously.

Luckily, because the way the strategy is designed, we know exactly where to place our stoploss every time.

We never have to think about it. The stoploss goes right behind our 'trigger' bar. It is as simple as that.

Our trigger bar is our exact low-risk entry-point in the strategy – this allows us to have a very small stoploss almost every single time.

In the next chapter we will show you in each real trade example where the stoploss is placed. It's very simple so you will have grasped it after a couple of these examples.

Chapter
3

Actual Trade Examples

We're going to go through a number of examples here. We really want to make sure you understand the strategy completely and get comfortable with it.

As we've said before, and you can clearly see, the strategy is very simple – but there are a lot of little things that can "trip you up". So even though we are providing you with all the following examples to really get you to understand the strategy – we will also be pointing out lots of things to watch out for that the market can throw at you.

We will be showing you lots of little things that can otherwise take you a long time, not to mention lots of dollars, to learn.

We are now going to go through back-to-back examples in the coming pages. Showing you examples of real trades is the best way for you to really get a grip on the strategy and understand all the little details of it.

As we have said before we could have just told you the basics of the strategy – but that is not in your best interest. We want you to succeed as must as you do (perhaps even more!). So we provide exactly what you need to make progress in your trading and to have the greatest chance of success.

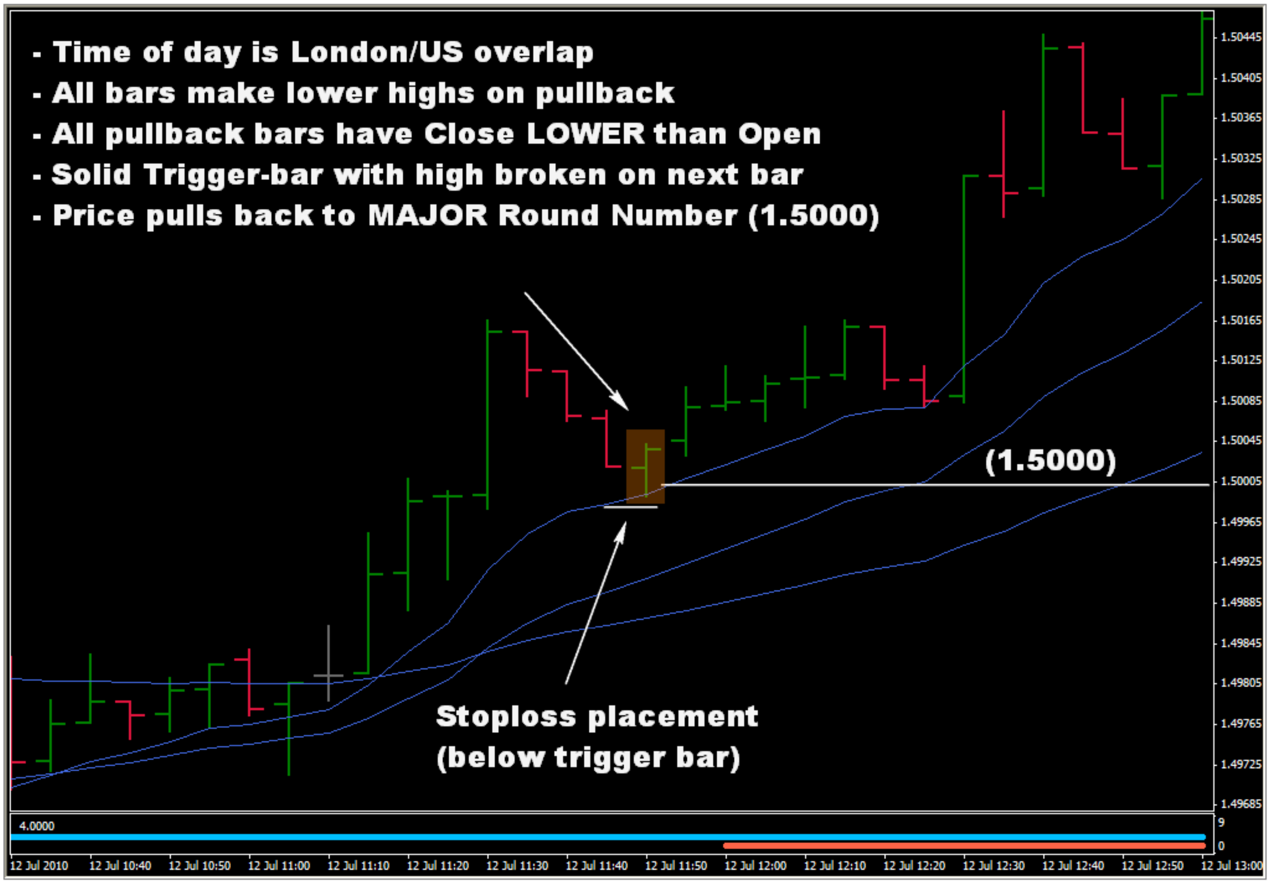
#1 – A Near-Perfect Strategy Setup

We thought we would start of the examples with a trade that fulfilled all the criteria of our strategy (we've shown this chart before – but not with us having explained the entire strategy).

This trade ticks all the boxes:

- Good time of day
- Lower-highs on pullback
- Closes lower than opens on pullback bars
- Pullback comes down to Round Number
- High of trigger bar broken on very next bar

This trade is of the GBP/USD and is a 5-minute chart.



Near Perfect Strategy Setup (GBP/USD 5-min)

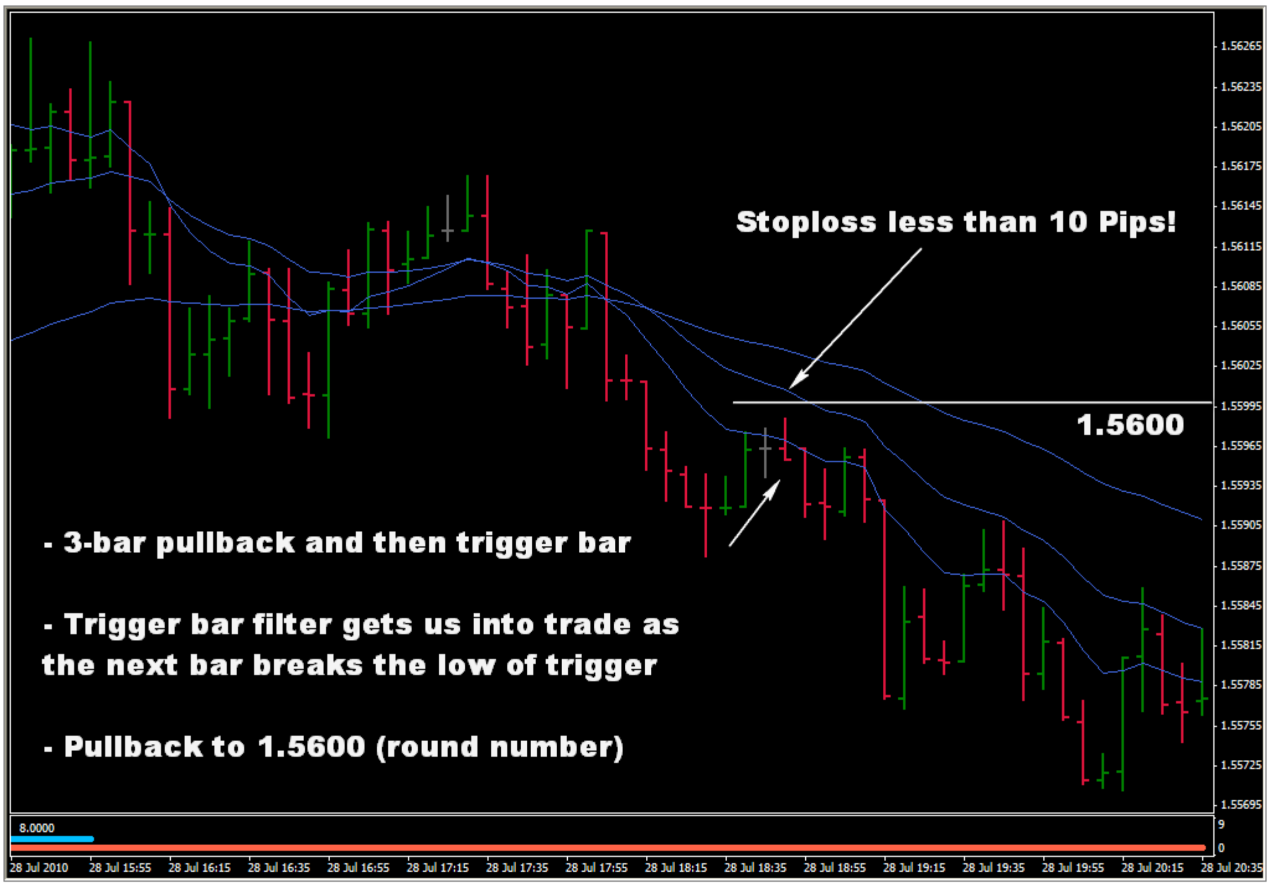
Our stoploss would be placed right behind the low of the trigger bar. We would be in profit right from the start and never be negative at all – this is important from a psychological perspective – this strategy helps remove any potentially stressful situations that can result from trades going against you right away.

Over the coming examples you will notice that very rarely does a trade not go into profit right away. Although we didn't talk much about the filter earlier – it is actually a significant part of why our strategy trades end up in profit very quickly.

#2 – A Tiny 10-Pip Stoploss

Here is a perfect example of how waiting for the strategy to tell you when to trade pays off.

This trade occurred towards the end of the US session. Now, if you look to the left of the chart, you will see that price just chopped around up-down-up-down most of the day. Taking a trade here would almost certainly get you in trouble; this is why we wait for the strategy to tell us *when* to trade.



Tiny 10-Pip Stoploss (GBP/USD 5-min)

This is a 5-min chart of the GBP/USD pair.

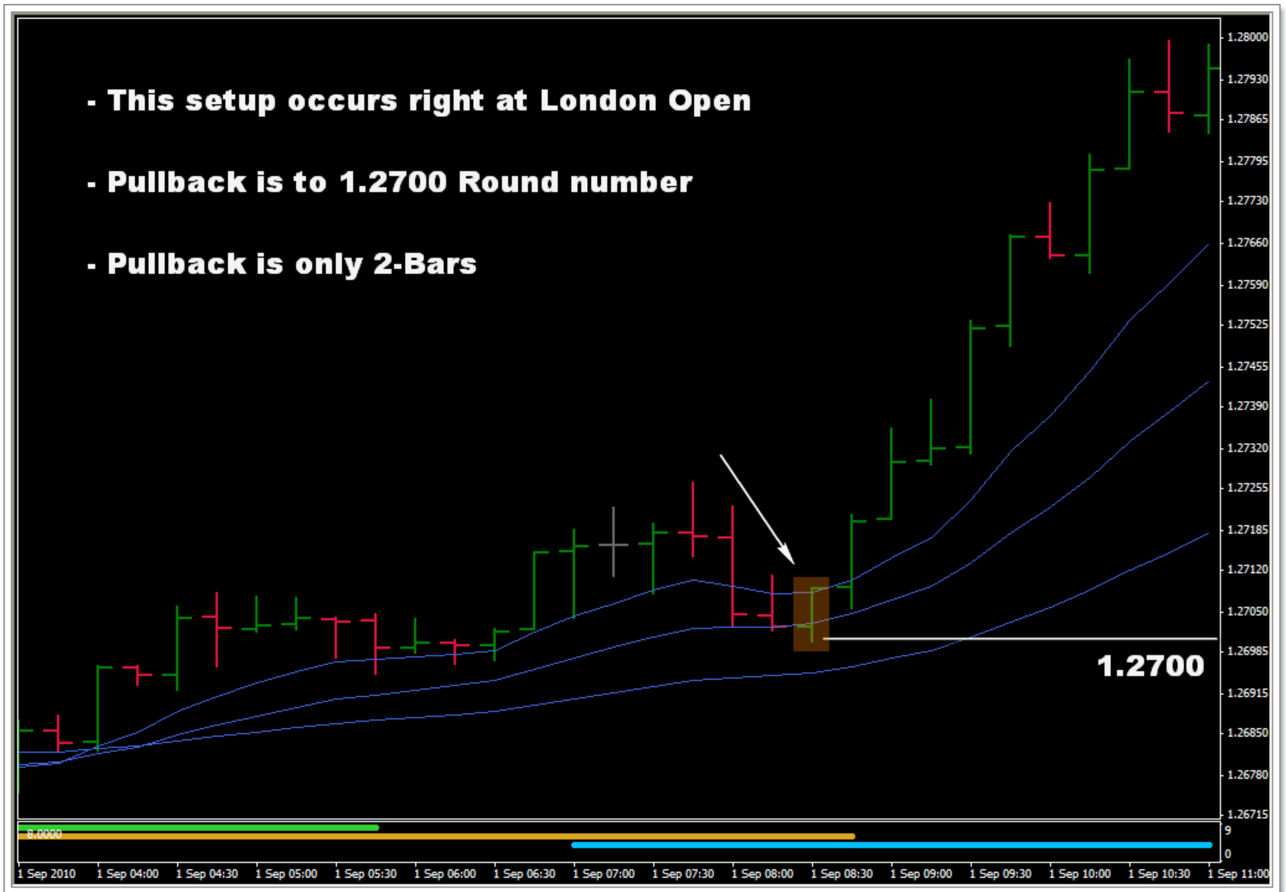
You will notice that price came back near our entry price about 15 minutes after we entered. Price floated around there for around 5 or 10 minutes before continuing down fairly rapidly. Price didn't look back after this.

#3 – Early Bird Move

This next trade example shows how effective it can be getting on a trade right at the London Open.

London is the session where the large Forex banks that move big money trade. Most days, but not always, we will get a decent move around the London Open. The following trade is a good example of leveraging the strategy to get on (and hang on!) to a decent London Open move.

The chart is of the EUR/USD and is on the 15-minute timeframe:



Early Bird Move (EUR/USD 15-min)

Because of the time of day there is a good chance that, if you get a strategy setup, you should hold on for a good-sized move. This example is fairly typical of the type of move you can get – sometimes the move won't be so quick and other times it will go like a rocket!

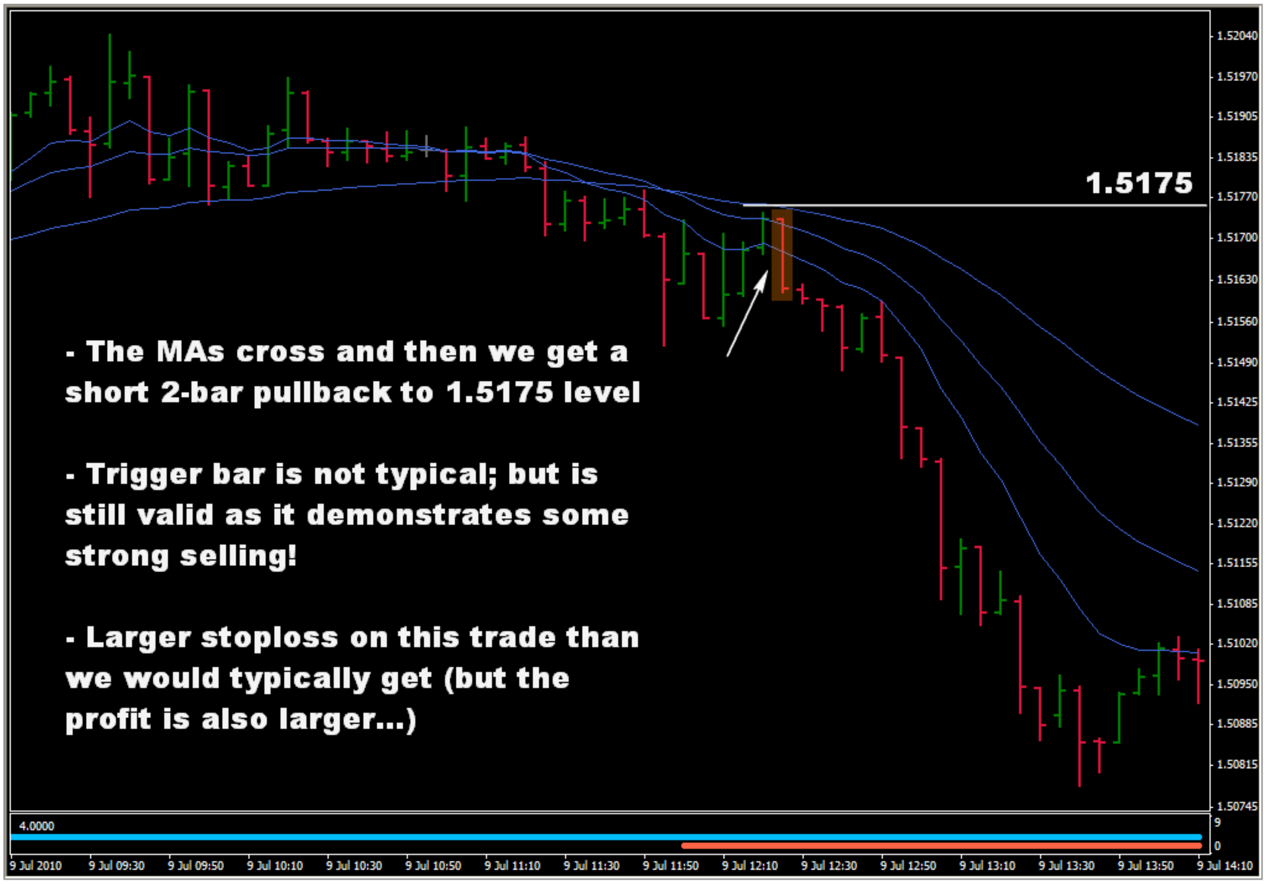
#4 – The US/London High-Liquidity Move

This trade does not have a typical trigger bar.

However, all our other criteria are met:

- Round number
- 2-bar pullback
- Higher-lows
- Closes above opens on pullback bars
- Time of day

The chart is of the GBP/USD pair on the 5-min timeframe.



High-Liquidity Move (GBP/USD 5-min)

This trade occurred during the US/London session overlap – remember, this is the most liquid time of the Forex trading day. As a result there is often a very good move around this time.

It is also worth pointing out here that many times, if the market has been heading in one direction during the London morning session, when the US session opens it can *reverse* the direction of the market.

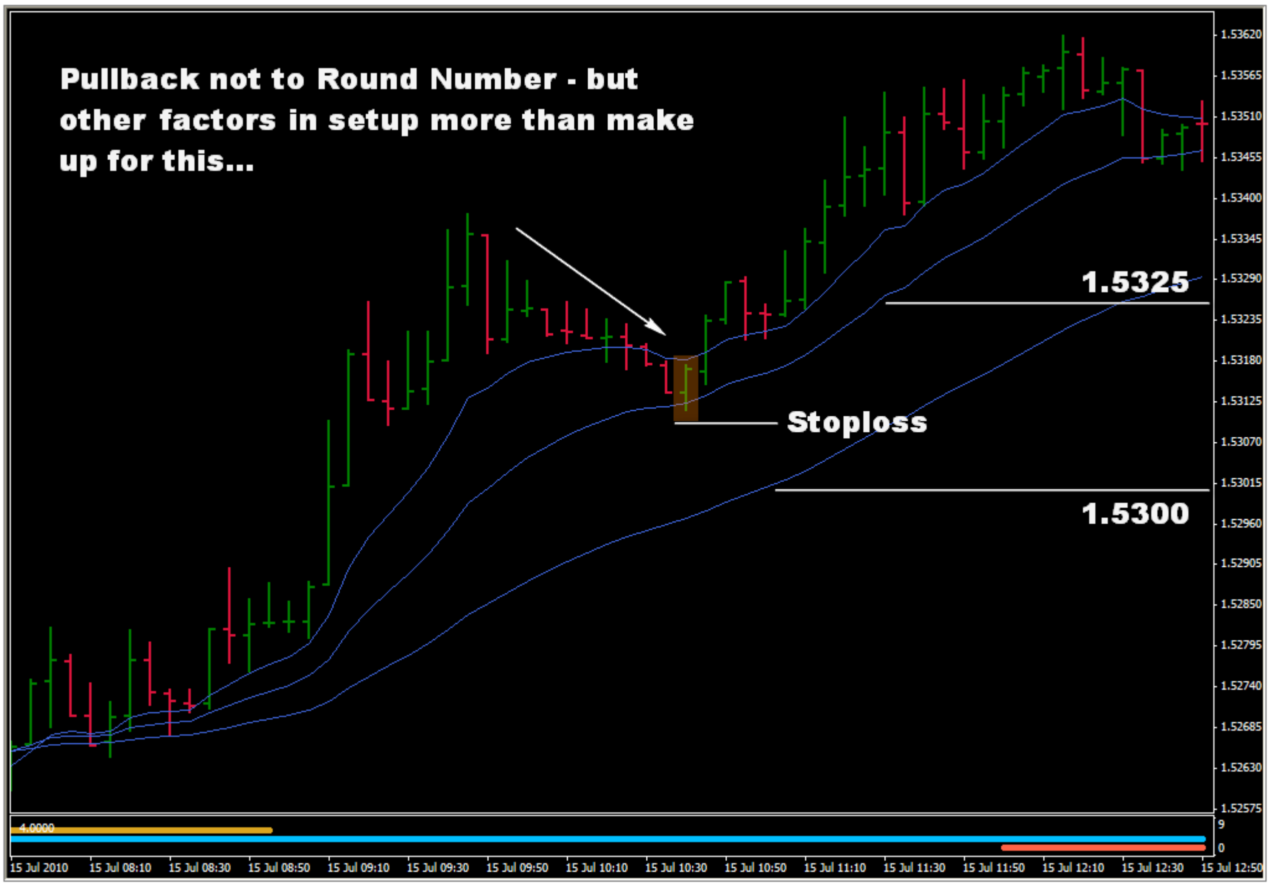
So, for example, if the market has been rising throughout the London session – quite often the market will turn and fall throughout the US session (and for the rest of the day). Again, as with everything in the market, this is not always going happen – but just knowing about it should give you another little edge in your trading!

#5 – Missing Round Number

All our examples so far have had a pullback that occurred at a round number.

But, as with the other criteria, we don't always need *every* criterion to be fulfilled to have a great setup.

The following example demonstrates this:



Missing Round Number (GBP/USD 5-min)

The above chart is of the GBP/USD pair on the 5-minute timeframe.

We can see all the other criteria were met and so the fact that our trigger-bar does not occur near a round number is not really a great issue for us.

As you have probably started to see from the last five examples – this strategy is not totally black and white. In other words: quite often you will have to make a judgment-call over whether you should take a particular trade of not.

But this is trading – this is how it works. We are teaching you a strategy that takes 90% of the decision process away from you – it is no longer your responsibility. You just have to occasionally make the "final" decision as to whether a particular strategy setup is good enough for YOU to take…

#6 – Using The MAs

The following example is the first we have encountered where the MAs have not been clear-cut.

The use of a little discretion would be required in this trade – the MAs are "bunched-up" together (but the market *has* made a little move down).

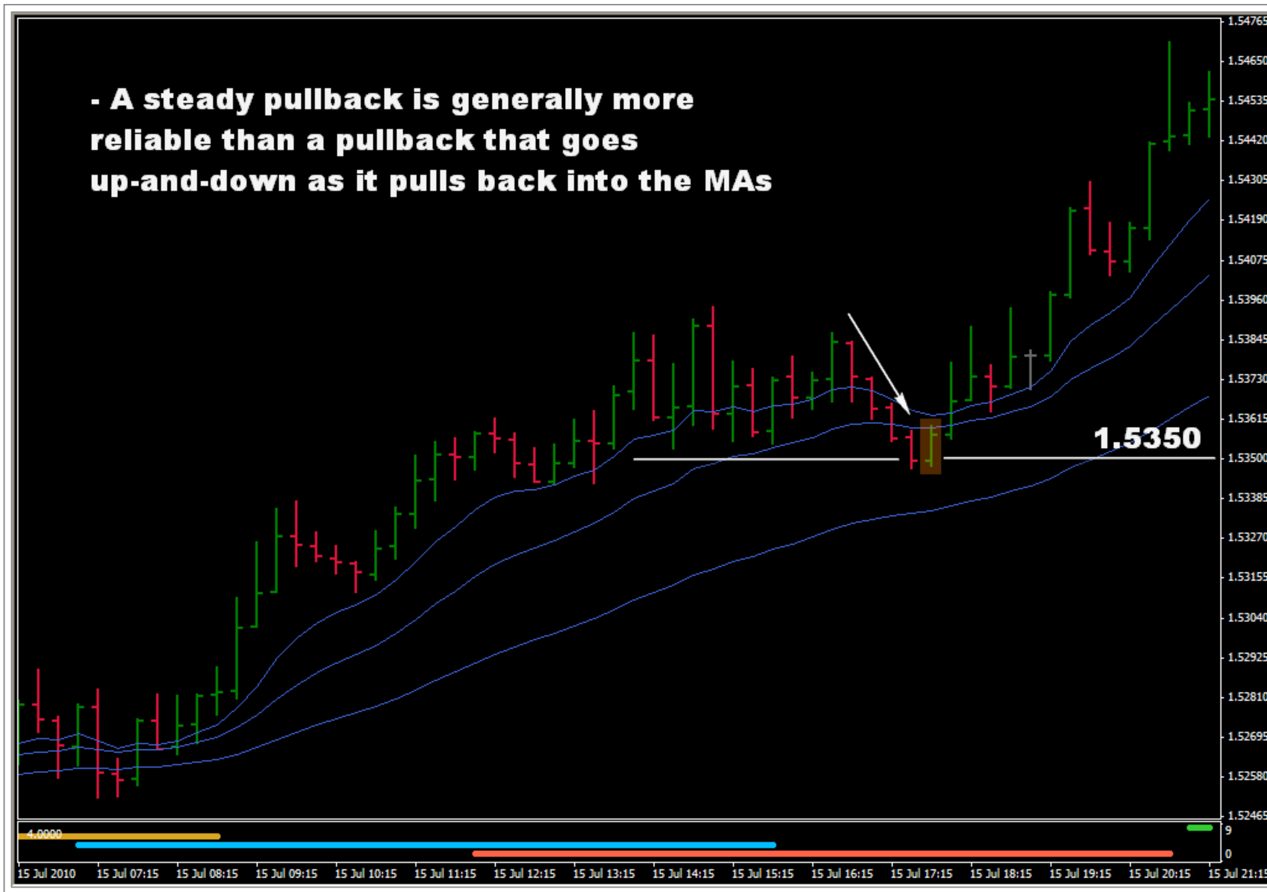
The trade is GBP/USD and is on a 5-min chart:

Using The MAs (GBP/USD 5-min)

#7 – Smooth Pullbacks

We saw the chart below in a previous chapter – but that was before we had taught you all the parts of the strategy.

The chart is of the GBP/USD on the 15-min timeframe:



Smooth Pullbacks (GBP/USD 15-min)

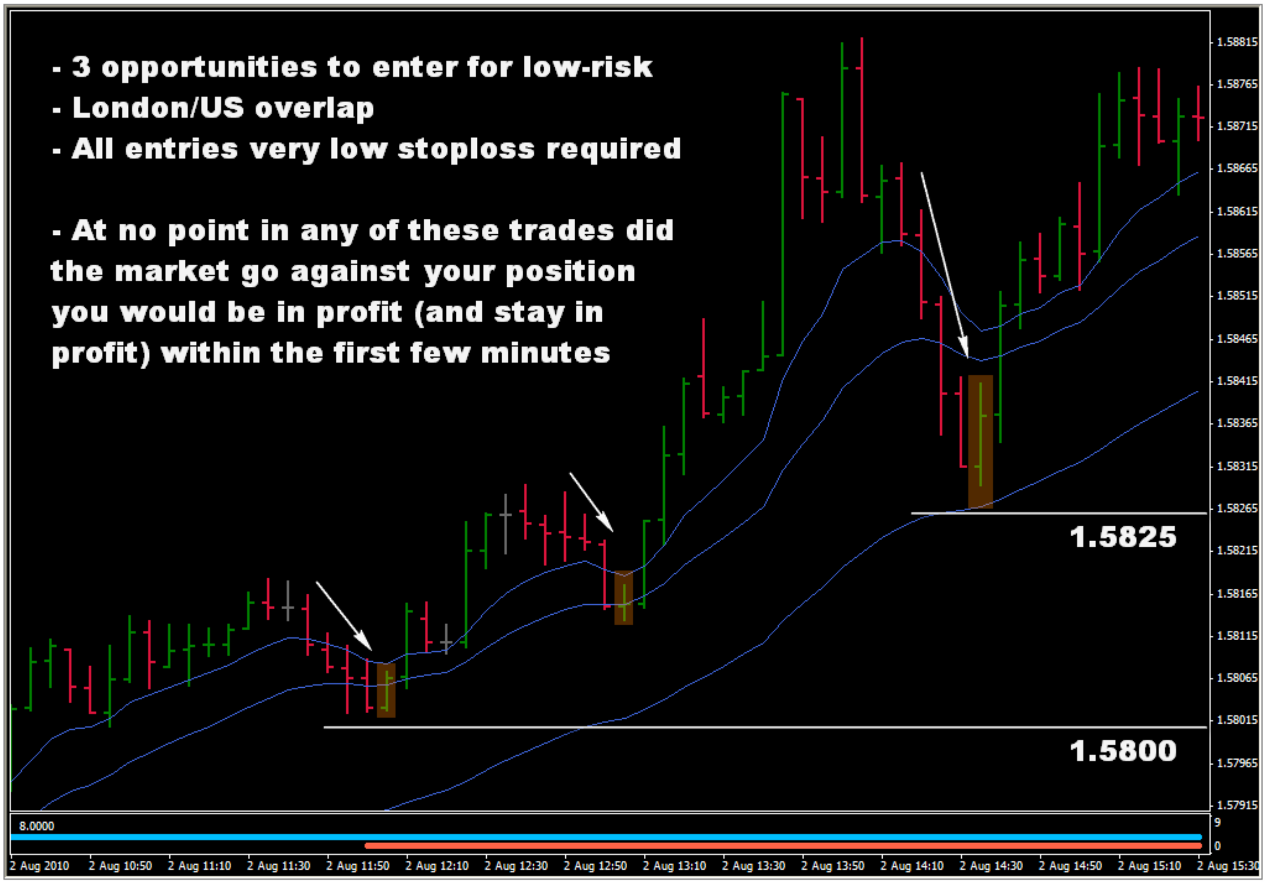
The first thing to notice is that price had been ranging in a sideways direction before we got our pullback.

Why is this relevant? Well because our strategy never provided us with a signal until **the market** was ready to make a move! We didn't end up taking false signals and getting stopped-out while the market whipped around.

As we keep saying – all the small parts that make up our strategy is what provides us with low-risk entries and high-reward trades.

#8 – Triple Trade

The markets go through different phases and cycles. It is possible that you may not get a signal for a whole day – and then you can get a day like in the chart below where you get three near-perfect signals within the space of a few hours…



Triple Trade (GBP/USD 5-min)

The chart above is of the GBP/USD pair on the 5-min timeframe.

A large part of any trading strategy is how much you are willing to let the market go against you to get a profitable trade. Because of the way we trade our strategy there is always a high-probability that you go into profit within the first few minutes of entering a trade.

Chapter 4

Exits

We're not going to spend a huge amount of time on exit strategies. Why? Well exiting a trade is one of those things that can be very specific and personal to each trader.

Some traders like to let a trade run for the whole day (which means they are going to have more break-even and losing trades) while others will just grab what they can and get out (which means these traders are going to have higher percentage of winning trades).

Because of this you will find quite quickly what you are most comfortable doing for your exits. We are just going to provide you with some ideas.

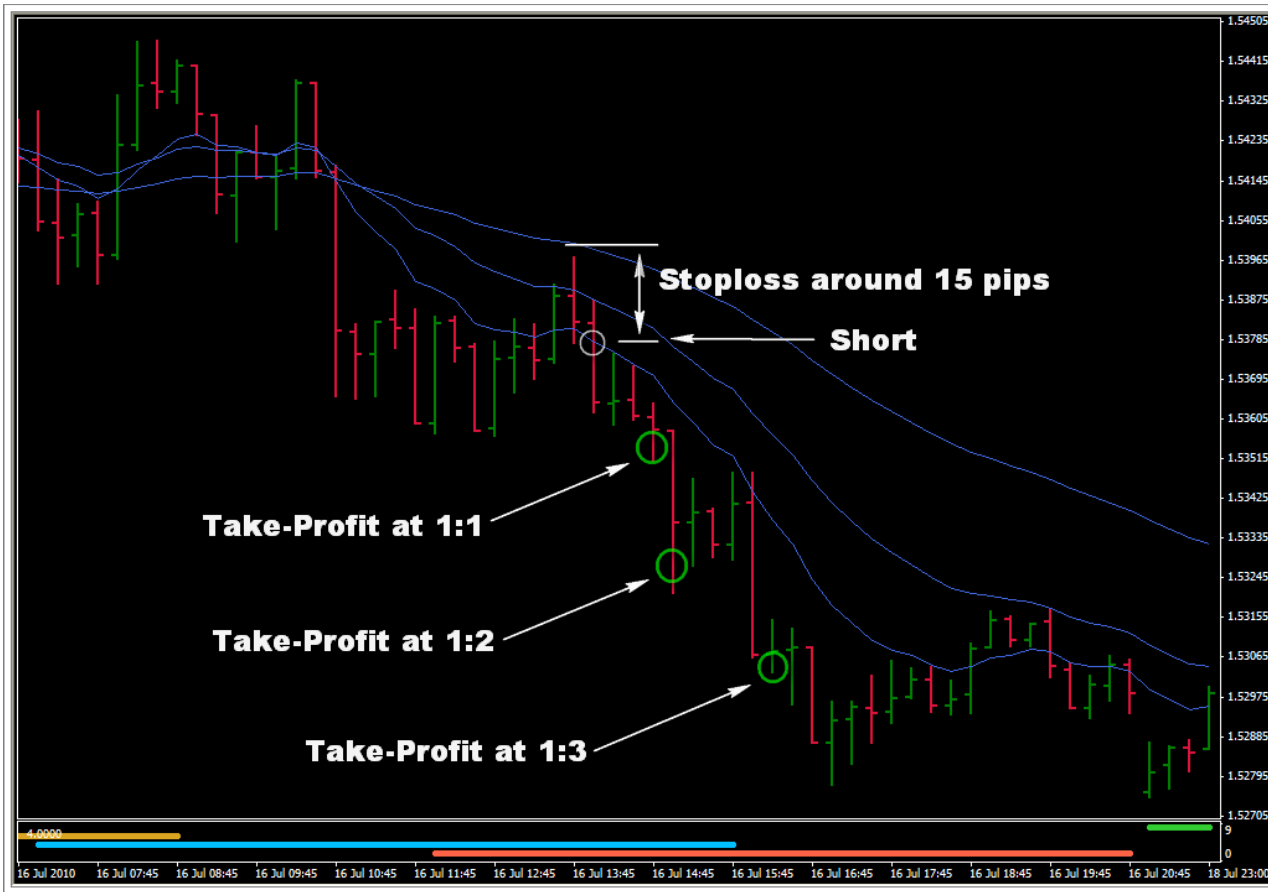
1:1, 1:2, 1:3, ...

A very simple and consistent option for exiting a trade is by closing out the trade when you are in profit by a multiple of what you initially risked.

So for example, if you decide to exit using a ratio of 2:1, you would exit when your profit is twice as much as the amount you initially risked; so if you had risked 20 pips you would only take profit once your trade was in profit by 40 pips.

You can try different ratios and find which one you are most profitable/comfortable with. Remember that, as you increase the amount of profit you try to take out of a trade, your percentage of winning trades using the strategy will decrease.

Here are a few examples of using a multiple of risk to exit your trades:



Exits: 1:1, 1:2, 1:3

End Of Day

This exit strategy will definitely not be for everyone – but it is something to consider at least.

It is simple to just exit your trade at the end of the day. The benefits of this are that you don't have to watch the trade and you know exactly *when* you are going to get out.

Many times you will see a large profit disappear as the trade fails to continue in your direction into the close. But you will also have the case where the market will continue making a huge move into the close and you will be riding it all the way!

X Pips

Simply set a number of pips you take from a trade regardless of market conditions or your initial risk.

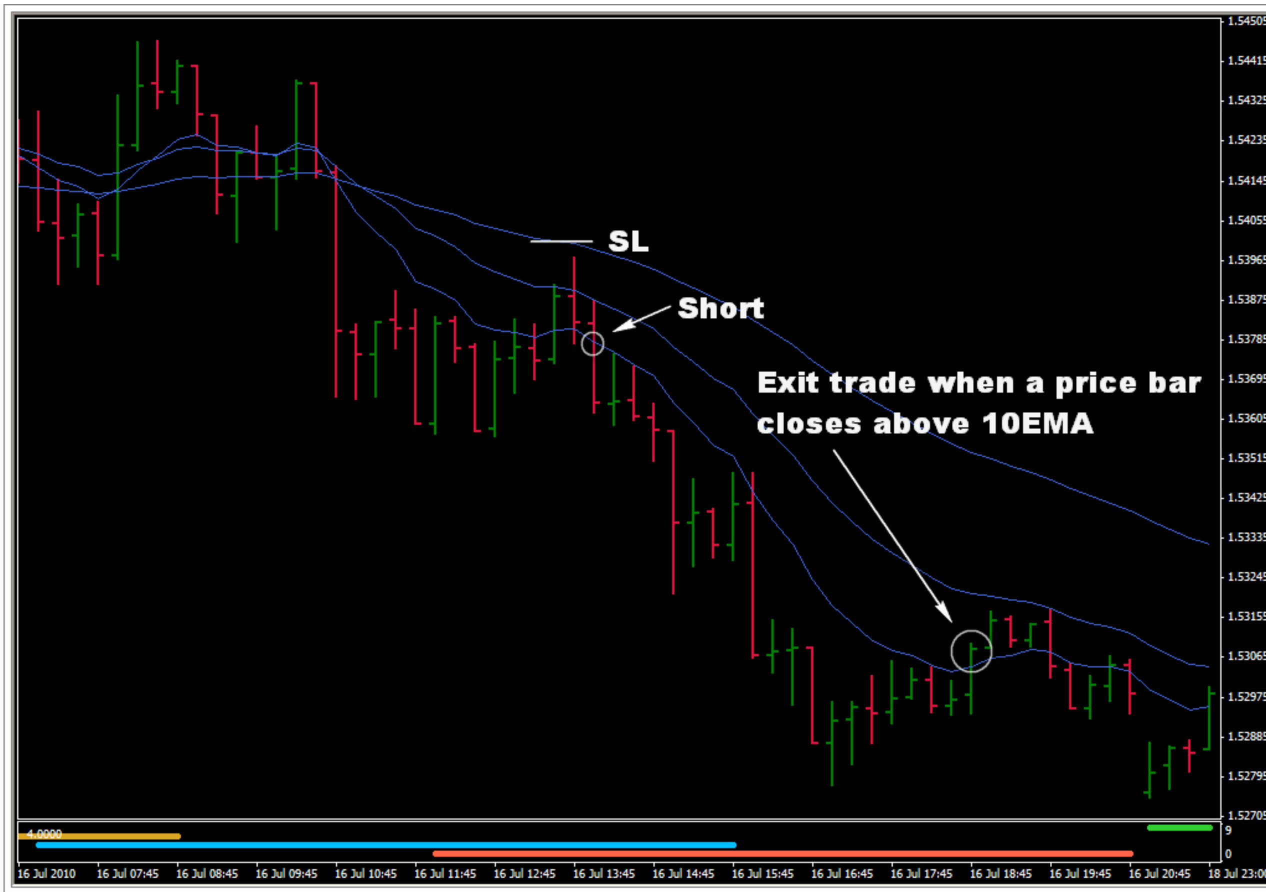
This is a great exit strategy for taking all responsibility away from your trading. You just set-and-forget the trade once you're in. The market will either give you your desired number of pips or it won't - simple.

Close Below/Above MA

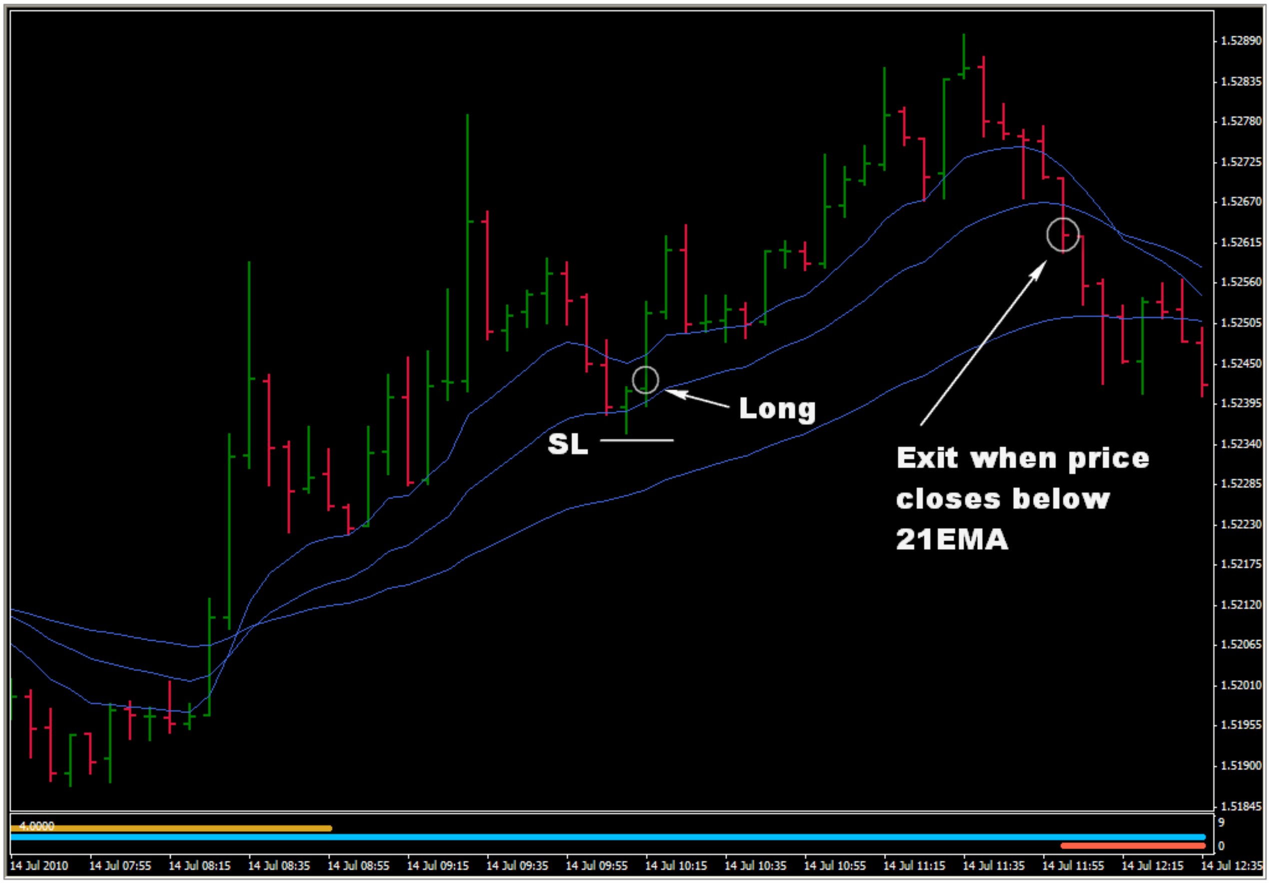
Since we use MAs in the strategy for entry they are available to us as part of an exit strategy.

A common exit strategy is to stay in a trade until a bar closes below (or above) a particular MA.

So for our charts we are more likely to catch a larger move if we trail the 50 MA than if we trailed the 10. However, by trailing the 50, you are typically going to give up a good few pips when you exit compared to if you used the 10 MA.



Exits: Close Below/Above MA

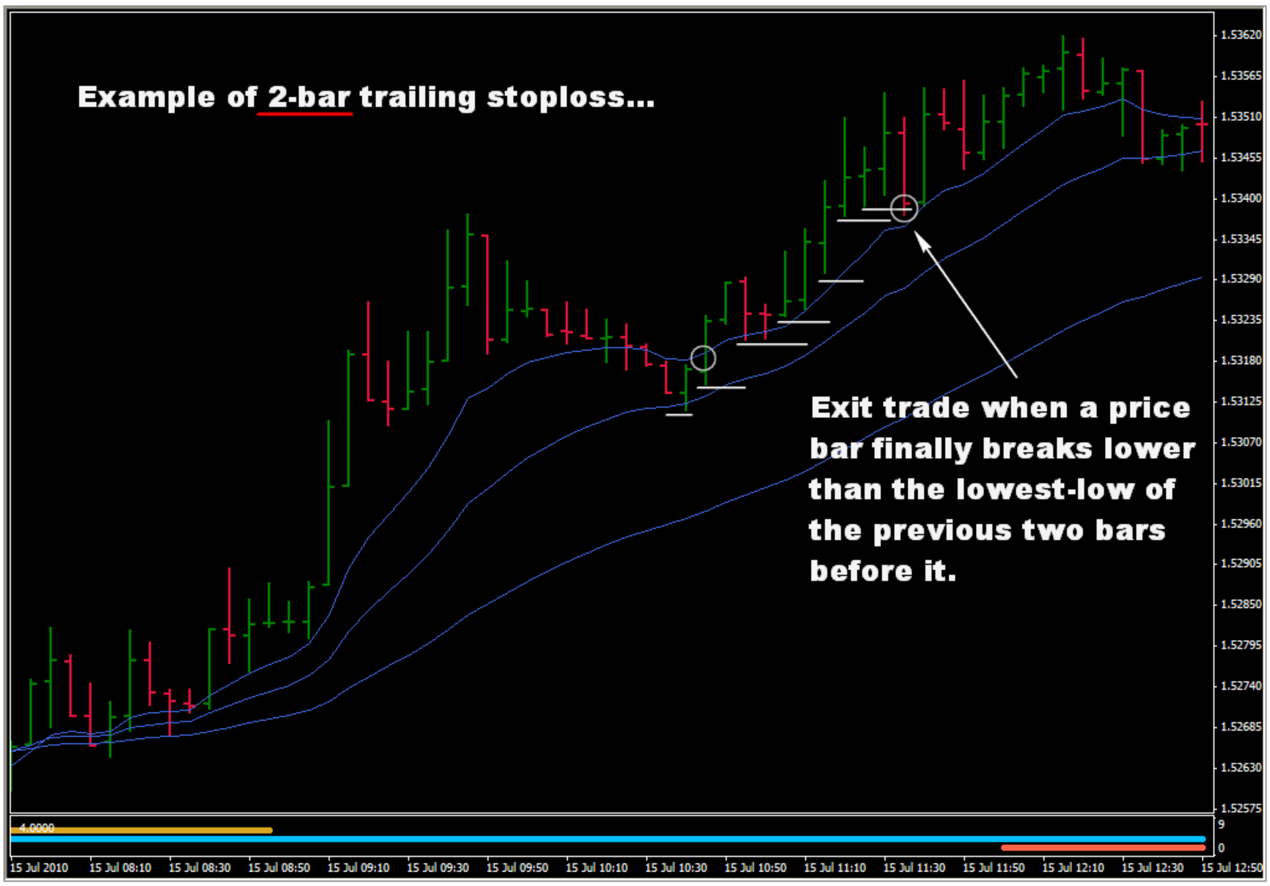


Exits: Close Below/Above MA

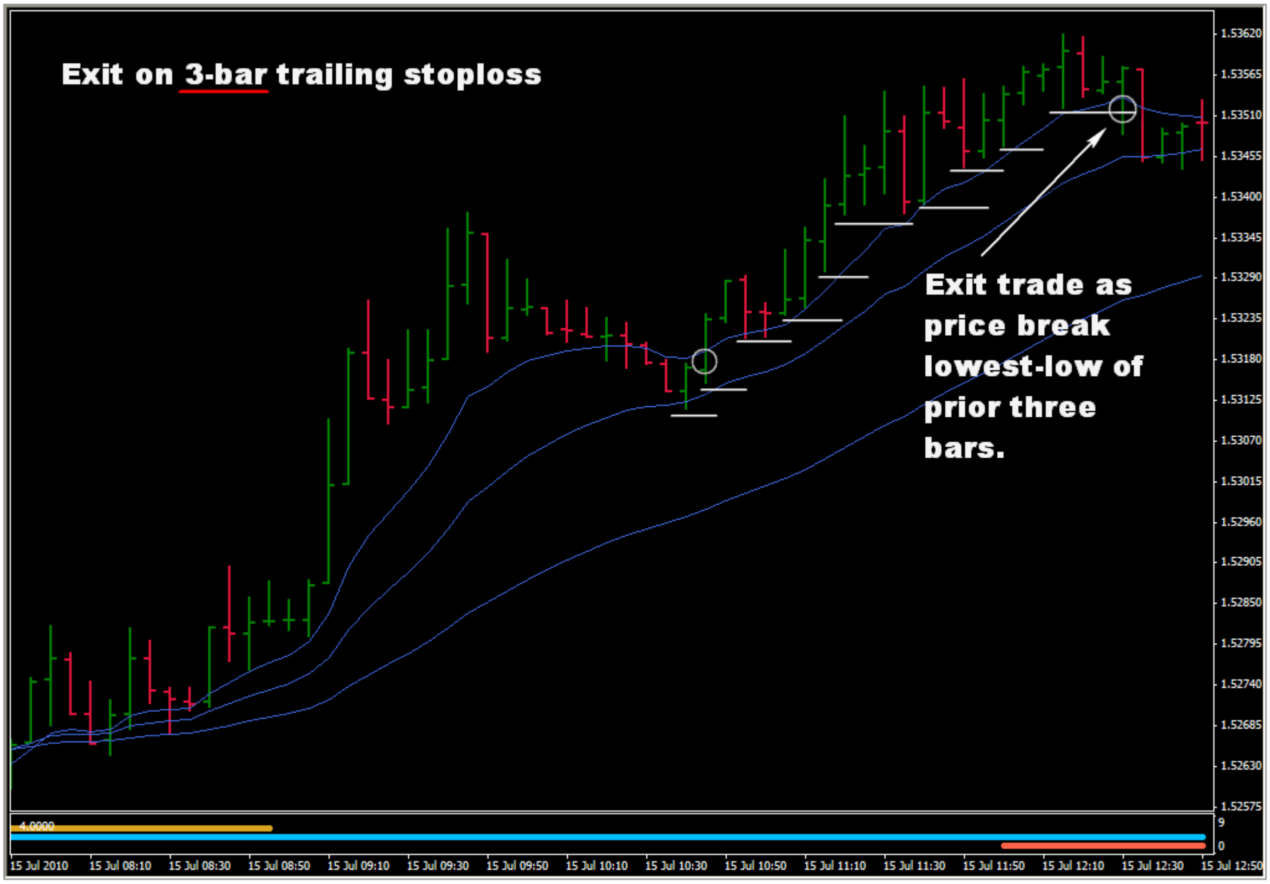
Trailing X-Bar

This is a great strategy for getting you out without a loss when the market moves against you.

You can choose a number of bars and just trail your stoploss behind the low (or high) of that number of bars. For example, if you use a 2-bar trailing exit, you would place your stoploss behind the low of the last two bars (whichever is the lowest). As each new bar is formed on the chart you move the stoploss to the lowest low of the last two bars.



Exits: 2-Bar Trailing Stop



Exits: 3-Bar Trailing Stop

Chapter 5

Final Thoughts

Unfortunately it is time to bring this eBook to a close.

We missed out the super-basic information in this eBook and only gave you the critical information you needed to know to trade the strategy profitably.

Although the strategy that we teach is very simple you will hopefully have seen that there are a good number of little things that can "trip you up" if you're not careful.

We have given you as many real-trade examples as we thought necessary for you to really learn the strategy and get comfortable with it – which should help you avoid these potential "trip ups". However, we can only do so much, you are the real trader here and it is up to you to continue on your trading journey and make this strategy your own.

It is impossible for us to teach you to be able to deal with *every* single little trick that the Forex market will throw at you. We would, however, like to think that we have managed to get about 90% there by teaching you an extremely simple, tried, tested and proven profitable strategy.

We would like to thank you once again for choosing to invest in 100 Pips Before Breakfast™. We have the utmost respect for you and the decision you have made to improve your life and financial situation by learning to trade the Forex market profitably.

If you have any questions then please contact us through our website at www.100PipsBeforeBreakfast.com.

Wishing you the greatest success in your trading, The 100 Pips Before Breakfast™ Team.

www.100PipsBeforeBreakfast.com

EMAIL: CONTACT@100PIPSBEFOREBREAKFAST.COM