

How to Trade Forex

Pin Bars for Consistent Profits

MESSAGE FROM THE AUTHOR

I've been involved in the financial markets since 2002 and actively trading Forex since 2007 and I'm absolutely thrilled to be your coach throughout this course on pin bars.

I first achieved consistent profits in the Forex market since 2010 but this wasn't always the case. In fact, the first three years was a struggle. I jumped from strategy to strategy, tried every time frame and even bought several expert advisors – I didn't make a dime, but I sure did lose a few.

It wasn't until I discovered the power of price action in 2010 that I began to profit consistently. As a matter of fact, within 4 short weeks of learning about strategies like the pin bar, I saw my profit curve start to rise, fast!

In those early days I traded nothing but pin bars and was extremely profitable. That just goes to show you that you don't need a complex trading strategy or proprietary indicator to make money in Forex.

With that said, I want you to think of this course as more of an “execution plan” rather than just educational material. In other

words, start putting what you learn here to work right away in your demo account. It may take you a couple reads to fully understand the strategy, and that's okay, but there's no faster way to learn something new than through practice.

Speaking of practice, you should always practice on a demo account until you're comfortable and confident enough to move to a live account. Unfortunately, there is no set way of knowing exactly when you are ready to make the move to trading real money. However, from my own experience I can tell you that you will know when it's time to make the move once your trading becomes effortless. That is, your demo account consistently grows without much effort on your part.

By the end of this execution plan you will have an in-depth understanding of what pin bars are, why they're so effective, how to identify valid setups and of course how to enter and exit the market for a profit.

Let's get started!

Justin Bennett

DPA Founder and Coach

GETTING THE MOST OUT OF THIS COURSE

As mentioned previously, I want you to think of this as more of an execution plan by which you can put these practices to use in your own trading. Therefore, the best way to digest this course is through a 5-part process.

Study – Read through the entire course from start to finish. This will get your mind engaged and set the stage for the next step. You may need to read through the course two or three times to fully understand each topic.

Plan – Begin writing a draft trading plan for trading pin bars. This doesn't have to be anything formal or even lengthy. Half a page will do. If you need some guidance on writing a trading plan, visit this lesson.

Finalize – Compare your trading plan to the course material to see if any changes need to be made. Don't feel it necessary to

have it perfect at this point. You don't want to get caught up in analyzing every little aspect of your plan; revisions can come later.

Trade – Once satisfied, start looking for pin bars at support or resistance as part of your daily routine. If you spot one that compliments your trading plan, trade it on a demo account according to the guidelines in this course. Be sure not to deviate from your trading plan. After the trade you will want to review the outcome to analyze what worked well and what didn't work so well.

Revise - This is where you can begin to perfect your trading plan. Review past trades as well as this course to compare. Note where changes can be affected and then implement those changes in your plan to be tested the following week.

Like anything in life, practice makes perfect. The more you study this material, analyze your charts and improve your

trading plan, the more effective you will become as a price action trader.

Trade well

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GETTING STARTED

No course on pin bars would be complete without first discuss how to identify **key levels**. This is what makes trading pin bars so powerful – their ability to tell us whether a key level is strong enough to be traded.

The best way to identify these key levels is to use the swing highs and swing lows on the daily chart. I don't know about you but I learn best when I can see something in action. As such I've prepared a short video describing how I identify these levels on my own charts.

[How to Draw Support and Resistance Levels](#)

I hope you now have a better understanding of how to identify key levels on your charts. This should be the very first thing you do for all of the currency pairs you intend to trade.

Just remember that a pin bar is only as good as the level at which it occurs. In other words, make sure you are only trading pin bars at key levels in the market; the more obvious the better.

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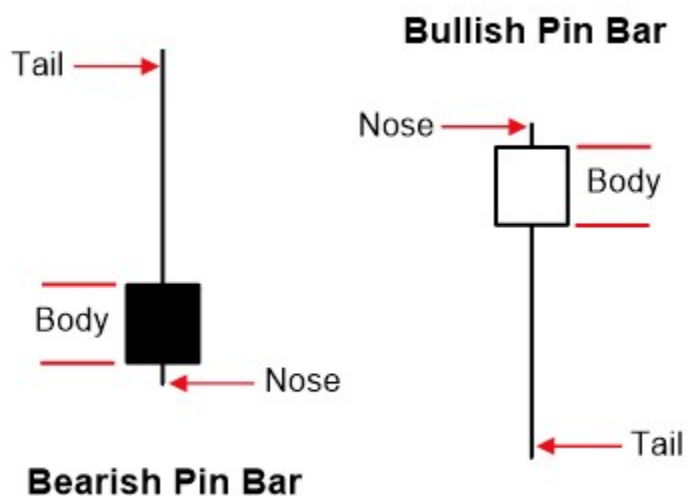
FIRST LESSON: ANATOMY OF A PINBAR

First things first. In order to trade (and profit from) pin bars you first need to become familiar with the characteristics of a pin bar. This will not only help you identify true pin bars on your chart, but will help you understand the terminology used on this site.

Here's a brief video that explains the attributes of a pin bar...

[Pin Bar Explanation](#)

And here's a visual of the characteristics...



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The image above illustrates a bullish and bearish pin bar with each part labeled. The pin bar consists of the **tail, body and nose**.

Let's start with the "tail" of the pin bar, which is its defining characteristic and also sometimes called the "wick" or "shadow". The tail of a pin bar should be at least $2/3$ the length of the entire bar. The longer the better, but it must make up at least $2/3$ of the bar from end to end. Notice in the image above, the tail is about $3/4$ of the entire bar, so this qualifies.

The "body" of a pin bar is also important as it represents the open and close of the pin bar. The open and close should be close together; the closer the better. The body should also be close to the end of the pin bar. Notice where the body is relative to the range (high and low) of the bar in the example above.

Last but not least, the "nose" of the pin bar. While not as important as the tail or body, the nose is important only as it relates to the tail and body. This is because if the tail is at least $2/3$ of the entire bar and the body is small, then the nose should

also be relatively small. Also know that a pin bar doesn't need a nose to be a pin bar. Sometimes it's non-existent if the open or close occur at the extreme end of the pin bar. The smaller the better.

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LESSON 2: WHAT MAKES PINBARS SO PROFITABLE?

To successfully trade pin bar setups, you first need to understand what makes them profitable. In other words what sets a pin bar apart from any other candle on a chart besides the way it looks?

In this lesson I'm going to explain the dynamics of the pin bar to illustrate what makes it such a valuable formation.

We previously discussed the anatomy of a pin bar. If you haven't read this lesson, please do so first as I'll be referencing some of the characteristics here.

At this point we know what a pin bar looks like, but what significance does it carry?

This is probably one of the more important lessons because it focuses on what makes pin bars so effective rather than how to trade something called a "pin bar", which is really just the shortened version of "Pinocchio Bar", a term that was coined by **Martin Pring**.

The point of this lesson is to be able to read a pin bar rather than just take a trade because a certain candle looks like a pin bar.

You'll find that this type of education will extrapolate into other areas of your trading – learning to actually read price action that is.

Supply and Demand Are King

Everything we do in Forex comes down to two terms, supply and demand. It's what makes the market move up and down and it's also what gives us price action signals such as pin bars.

Here's the basic idea behind the two terms...

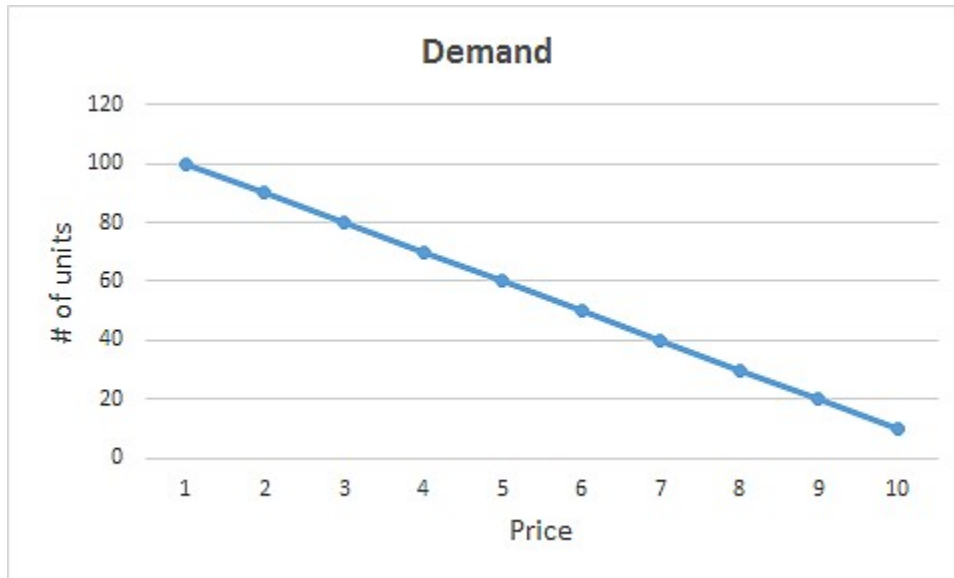
Supply is the amount available at a certain price. As price increases so too does the supply as traders are more willing to sell their positions.

This is what gives us swing highs. The market reaches its “saturation point” so to speak as traders begin to sell their positions, increasing market supply and driving price down.



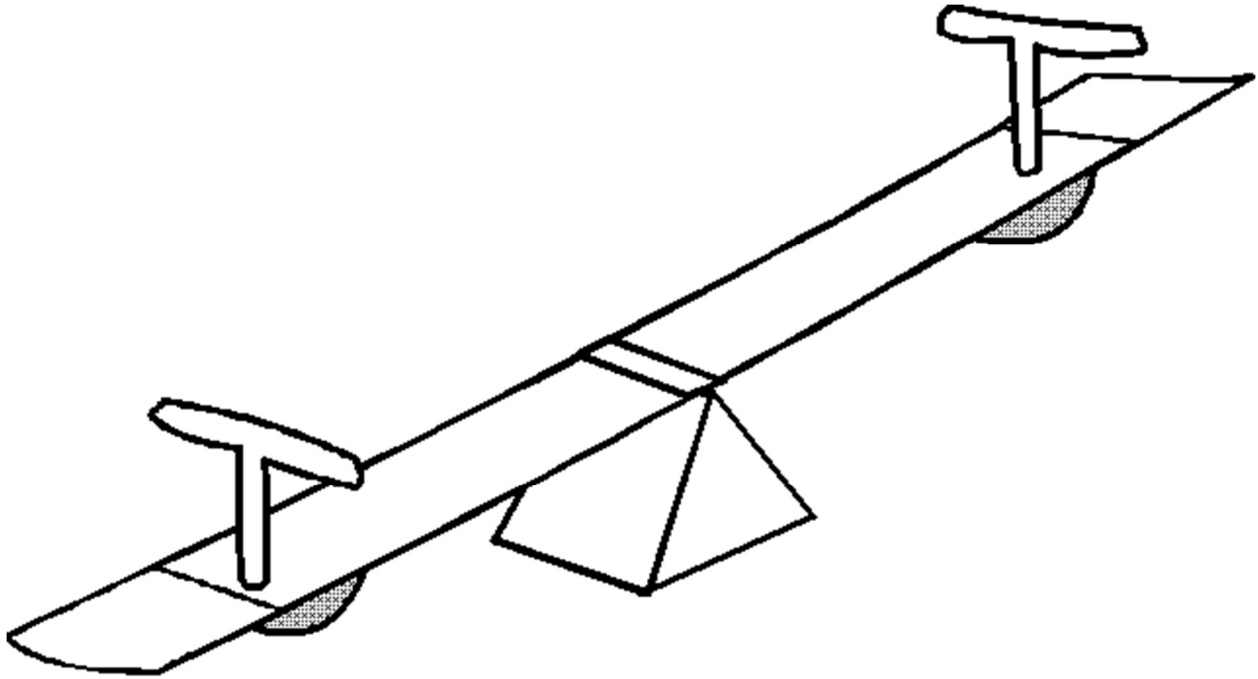
Demand is the amount wanted at a certain price. As price decreases so to does the demand as traders are more willing to buy or add to current positions.

This is what gives us swing lows. The market reaches a price at which the majority of traders feel is of “value” and begin to buy more, which removes market supply and drives prices up.



Now that we've covered supply and demand, let's take a look at how these two concepts apply to pin bars.

A bullish pin bar forms when the market peeks below a key level and is met with a barrage of buy orders, driving price back above the level. When this happens the demand side of the seesaw begins outweighing the supply side, thus we get a rally.



The same applies to a bearish pin bar. When a market peeks above a key level and is immediately met by sell orders, the market loses ground. This is when the supply side of the seesaw begins outweighing the demand side. When this happens the market drops.

When either of these scenarios happen, it's an indication of market sentiment. In the bullish scenario the market believed that anything under a certain price, our key level, was worth buying. Just as traders believed anything above our key level was worth selling in the bearish scenario. So who are these traders?

Always Make the Second Move, Never the First

Most pin bars that form on the daily charts are a result of the big boys (banks, hedge funds, etc.) buying or selling. That means large, pending orders that get triggered at a specific price.

How do I know this?

Because the tail of most pin bars is formed in a matter of hours and usually involves 50 pips or more. Only market movers like large banks and hedge funds can cause that sort of movement.

But that's okay. In fact it's ideal. As retail traders we aren't interested in those 50+ pips that form the tail of a pin bar. What we're interested in is the follow through that happens after the pin bar forms. Of even greater interest is what I just mentioned...

Pin bars give us (retail traders) insight into where the big boys are positioned. This is where the real value lies – that pin bars show us the levels, or areas, at which the banks and hedge funds feel are overvalued or undervalued. What more can we ask for as retail traders?

What's even better is that these areas often occur around support and resistance levels. This makes our job as retail traders that much more advantageous. We're no longer wandering about the

market trading areas we think should act as support or resistance. Instead we're identifying our levels up front and then letting the big boys show us the way.

By doing this we're trading what is happening, not what we think should happen.

I hope you enjoyed this lesson.

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LESSON 3: ENTRY STRATEGIES

Before we get into all the juicy details about pin bar entry strategies, we need to discuss a very important subject, the *Risk reward ratio*.

Please do not skip ahead because the pin bar entry and exit strategies we're going to cover in this module won't make much sense without understanding the risk to reward ratio.

Not only that, but the proper risk to reward ratio is crucial if you want to succeed as a Forex trader. I truly believe that this is the **missing link** for many traders who are struggling.

Risk to Reward Ratio

So what is a “risk reward ratio”?

A risk reward ratio is simply the amount of capital risked to achieve a desired gain.

Because it's a ratio we represent it as follows:

1:2 (in this case the “1” is our risk and the “2” is our reward).

An example would be risking \$50 for a potential gain of \$100. Let's look at another way to represent the risk reward ratio.

R-Multiple

Don't worry, it isn't as scary as it sounds. The R-multiple is simply the ratio converted to a multiple. So in the case of our example above, the 1:2 ratio becomes 2R. Let's convert a few more before moving on.

1:3 becomes 3R

1:2.5 becomes 2.5R

1:4 becomes 4R

etc.

We're essentially just placing an "R" after the second number (reward) in the risk reward ratio. Because the risk is always represented as the number one, the reward will always be divisible by itself. It's just an easier way to represent the risk reward ratio.

The reason I mentioned that the proper risk reward ratio, or R-multiple as we now know it, is critical to your success is because **it allows you to have more losers than winners and still come out ahead.**

How is that possible?

By maintaining a 2R minimum per trade. If you maintained a 2R average, **you could actually lose 65%** of your trades and still come out ahead.

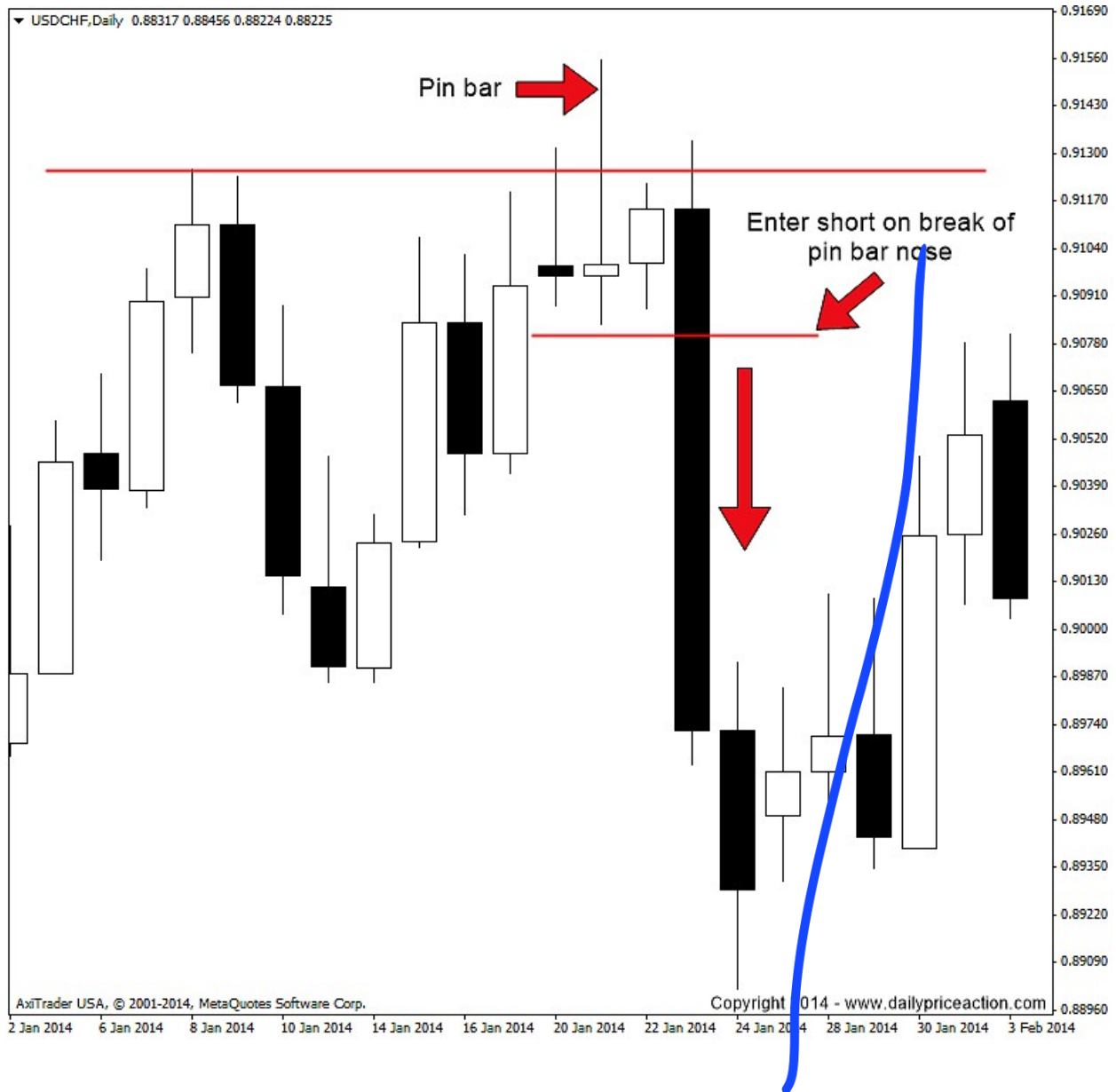
Now that we understand R-multiples and the benefit of maintaining a 2R minimum, let's get into pin bar entry strategies. The rest of this lesson will assume that we have already gone through our confluence checklist and are now ready to place the trade.

Pin Bar Entry Strategies

There are two common ways to enter a pin bar trade. Both have merit and really depend on the trader as well as the market conditions.

Strategy #1: Break of Pin Bar Nose

There are two common ways to enter a pin bar trade. Both have merit and really depend on the trader as well as the market conditions.



Entering on a break of the pin bar nose involves placing a **stop order** just beyond the nose of the pin bar. In the example above, we would place a sell stop just below the pin bar nose.

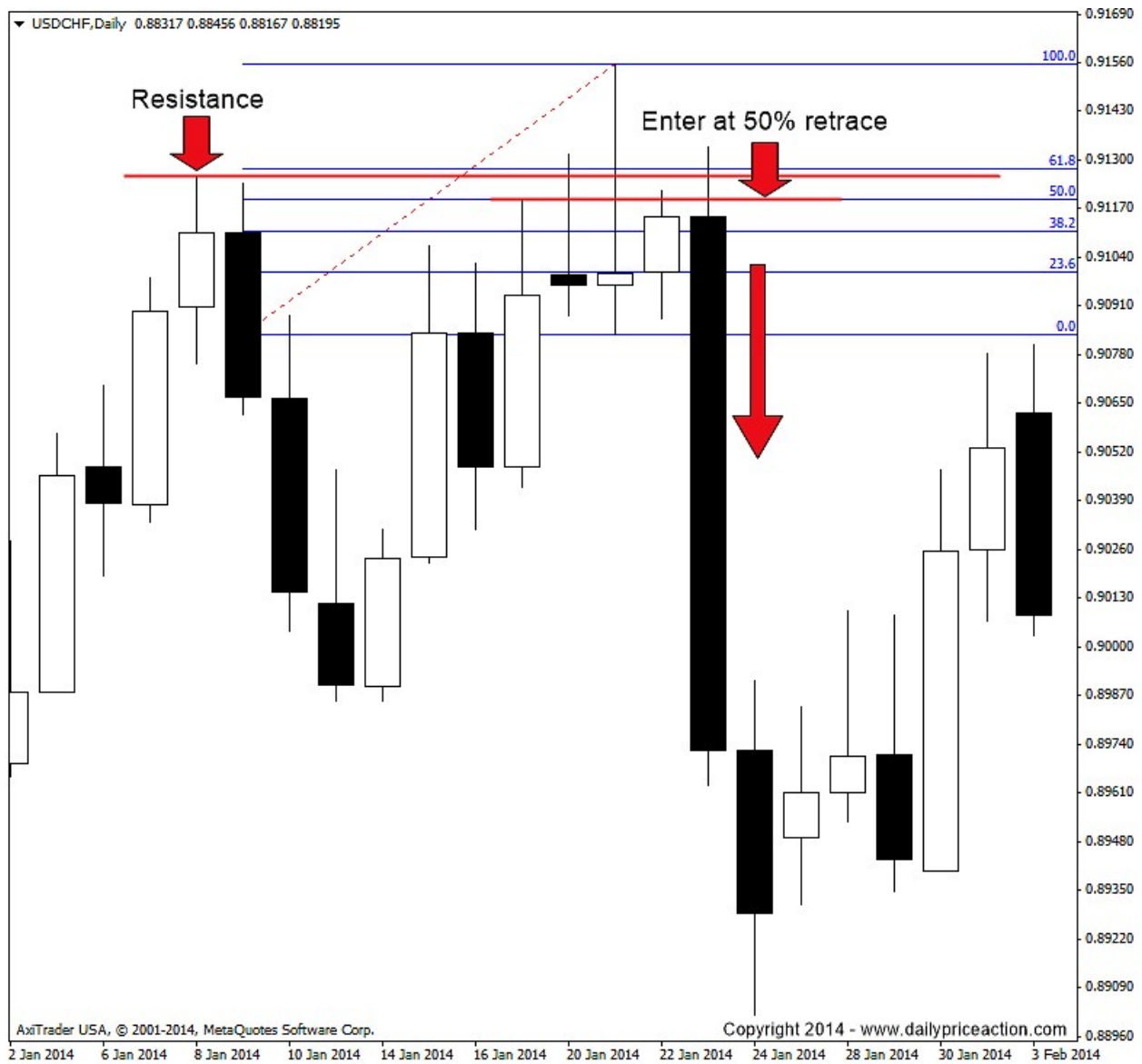
The distance at which you place the order is really a personal preference and depends on the currency pair traded, but a good rule of thumb is **5-10 pips**. This allows for some room in case of a false break.

Strategy #2: 50% Entry

This is my favorite way to enter a pin bar trade. It's my favorite because it allows for a more favorable entry price, thus increasing the potential R-multiple.

This means that on a potential 2R trade using the break of pin bar nose method, you can now potentially get 3R or better using the 50% entry method on the exact same trade setup.

If used properly, the 50% pin bar entry can have a drastic effect on your account balance over time.



Although the 50% entry can provide better returns, it's not without flaw.

About half the time (even less on some currency pairs) the market won't retrace 50% of the pin bar, *leaving your buy or sell limit order unfilled.*

This means that if you find an exceptional pin bar setup and decide to use the 50% pin bar strategy, there's a chance your order may not get filled and you'll be left behind.

There's nothing worse than waking up in the morning to see the market has run 200 pips in the desired direction but missed your limit order by 5 pips. But it's a chance that many, including myself, are willing to take in order to squeeze out a higher R-multiple.

That wraps up this lesson on pin bar entry strategies.

In the next lesson we'll take a look at some possible ways to exit a pin bar trade.

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LESSON 4: PINBARR EXIT STRATEGIES

This is where we bring it all together. The reason I titled this section exit “plans” and not exit “strategies” is because I want it to be clear that you must have an exit plan before entering a pin bar trade, or any trade for that matter.

The saying, “**plan your trade and trade your plan**” could not be more true for those who have found success in the Forex market.

There are **two types of pin bar exit plans**. This may seem a bit obvious but I’m going to list them anyway.

- Exit for a loss
- Exit for a profit

Simple enough.

You may be wondering why I listed exiting for a loss first. It’s no secret that our minds naturally gravitate toward thinking about profits first, and the possibility of losing second. But in order to become a successful Forex trader, you need to play defense 100% of the time, and that means putting the potential for loss first.

Always, always, always identify your exit plan for a loss first, and then identify your profit target.

It will take some time to adjust to this way of thinking, heck I even catch myself thinking about profits first from time to time. But I promise that this one small change will make a HUGE improvement in your trading as it will force you to think defensively, making you a more diligent and disciplined trader in the process.

Okay, now that I'm off my soap box (it happens from time to time) let's move on.

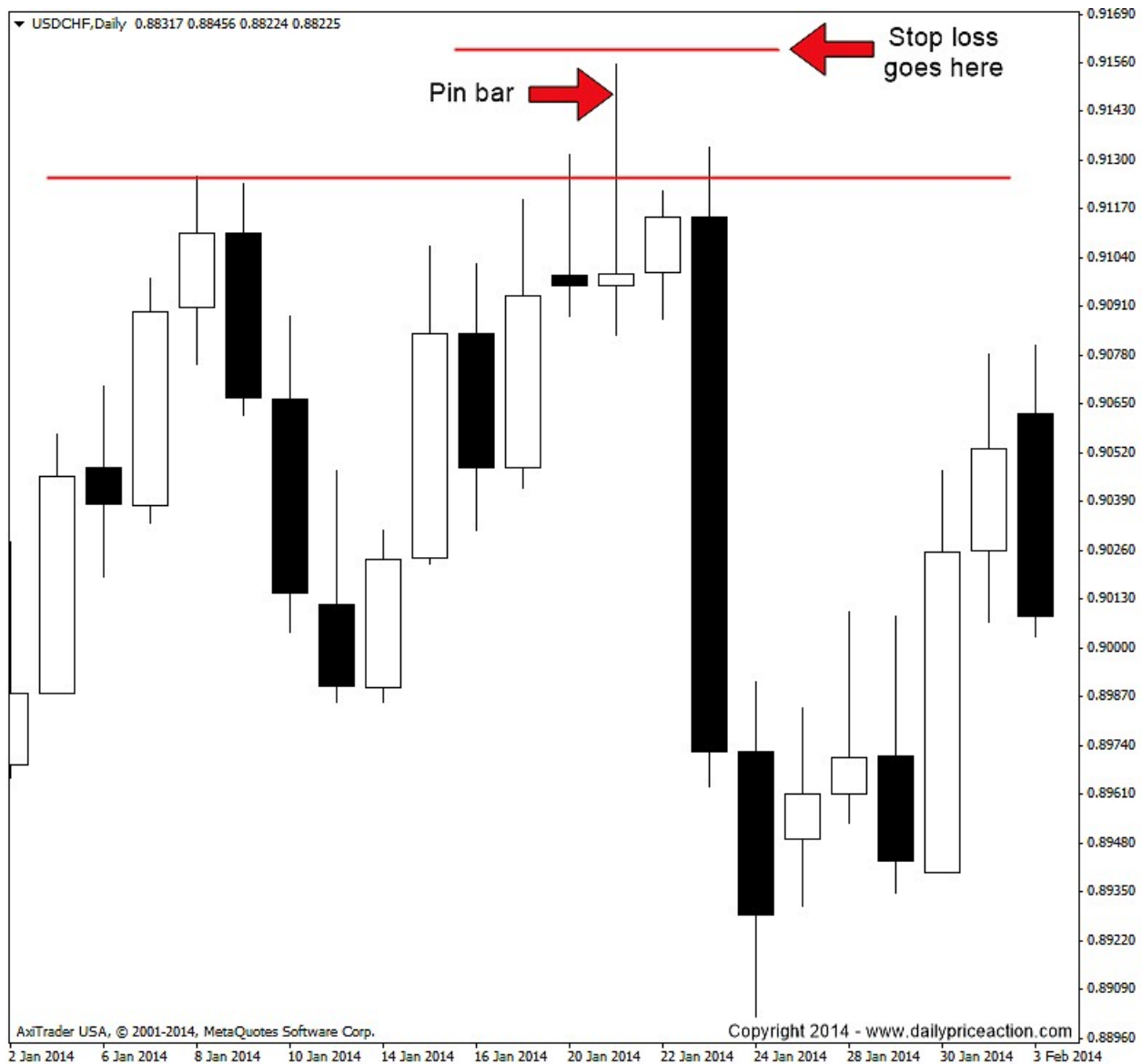
Setting a Pin Bar Stop Loss Order

So how do we plan for a potential loss on a pin bar setup?

By always making sure we have a stop loss order in place.

The best place to set your stop loss on a pin bar trade is **above or below the pin bar tail.**

This is true regardless of the entry strategy you utilize.



For a bullish pin bar setup we would place the stop loss just below the pin bar tail.

The distance at which you place the stop loss depends on your comfort level as well as the currency pair being traded, but a good rule of thumb is 5-10 pips from the end of the pin bar tail.

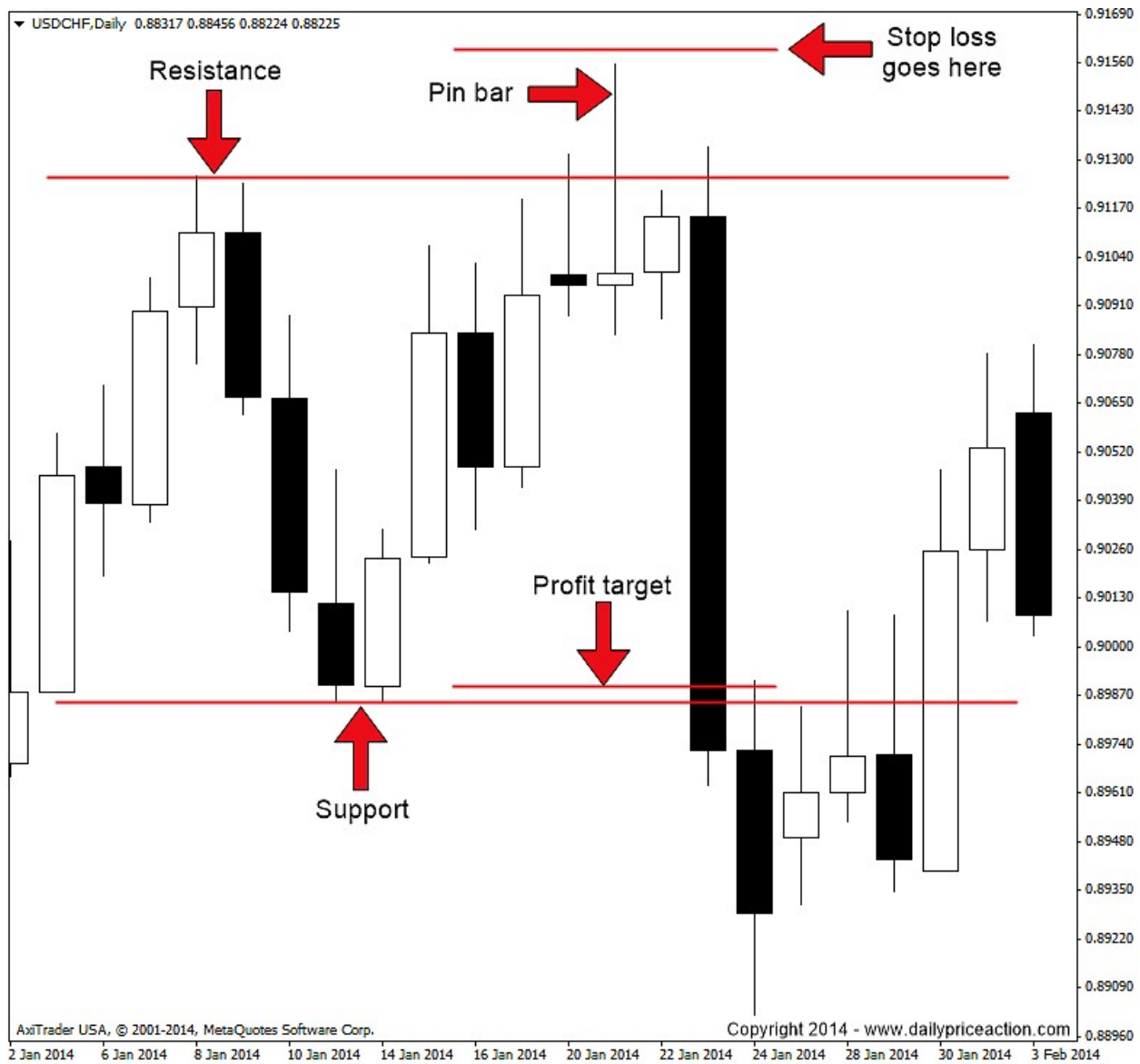
Setting a Pin Bar Take Profit Order

Now for the really fun part, setting the take profit order for our pin bar trade. This can be a little harder to explain, but I'm going to try and make it as straight forward as possible.

The first thing you want to do is to *identify the support and resistance levels* on the chart.

In reality this would be the very first step, even before identifying a potential pin bar setup. This is because in order to know if a pin bar setup is valid you would need to know if it has confluence, and would have already drawn your levels on the chart.

While this is true, I always look for additional levels on a chart once I've spotted a potential pin bar setup. I do this to make sure I didn't miss any key levels that may affect the validity of the pin bar setup.



Using the same pin bar setup as before, the first level of support looks like it would come in around the .8987 level, so this would be a safe place to take profit.

In hindsight the market did drop further, but it's always a good idea to set your take profit at the first area of support or resistance.

Once you get really good at the pin bar strategy, it's possible to let some trades run further by watching how price reacts to a level, but for now just focus on taking profits at the first level.

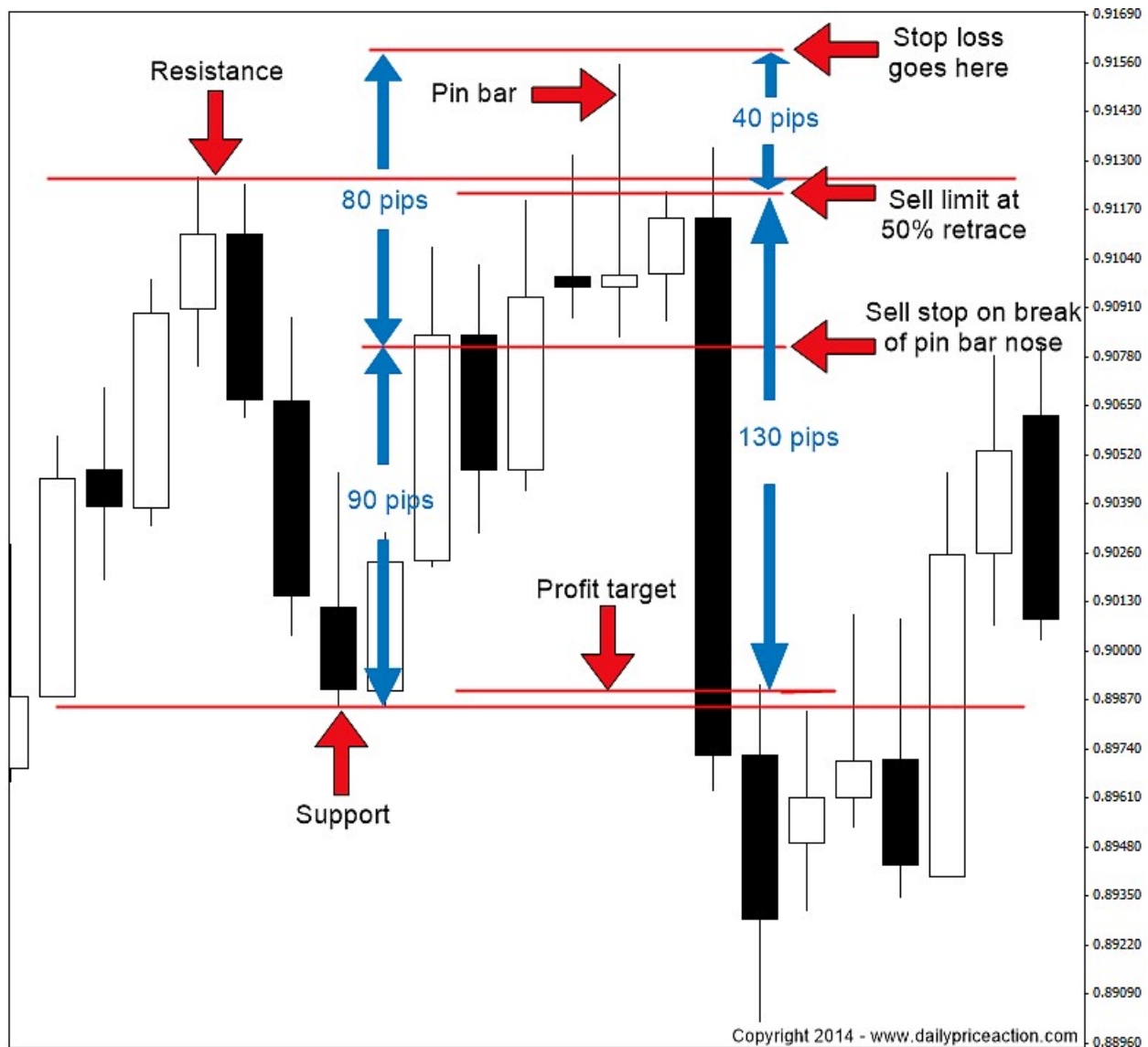
Now that we understand how to enter a pin bar setup and how to exit one, I have a test for you. What if we used the break of pin bar nose entry for the pin bar setup above...anything wrong with that? I'll give you some time to analyze it...

Okay, I'll give you a hint, it begins with "R" and ends with "multiple", oh and there's a "-" in between.

If you knew that, great job! Because our first level of support (profit target) is so close to the pin bar setup, an entry on the break of the pin bar nose would violate our 2R minimum we set previously.

What to do?...if you said use the 50% entry method, you are spot on, good job!

Here's what the two strategies would look like in action...



Hopefully the illustration above doesn't look like something out of John Madden's playbook. But in case it does, let me break it down.

Using the break of pin bar nose entry strategy, we get a stop loss of 80 pips and a potential profit of 90 pips. As mentioned previously, this violates our 2R minimum as our profit target

would need to be at least 160 pips away, so there's no trade using this type of entry.

Using the 50% entry strategy, we end up with a 40 pip stop loss and a potential profit of 130 pips! See the power of the 50% pin bar strategy?

As an R-multiple, the break of pin bar nose entry becomes a 1.1R, while using the 50% entry becomes a 3.25R. If risking \$100, that's about a \$110 profit using the break of pin bar nose entry strategy and approximately a \$325 profit risking the same \$100. That's why I prefer the 50% pin bar entry; it's powerful!

So there you have it, our two pin bar entry strategies and our two pin bar exit strategies.

Here are some important points to take away from this lesson:

- Think of every trade in terms of an R-multiple
- Always maintain a 2R minimum on every trade
- Use the 50% entry strategy whenever possible to maximize your R-multiple

- Place stop loss orders 5-10 pips away from the tail of the pin bar
- Always account for potential loss before potential gain
- Use the next level of support or resistance as your profit target when trading pin bars

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LESSON 5: DETERMINING THE QUALITY OF A PINBAR

There are **four main qualities** I look for when it comes to pin bars. These are qualities that I've found to add conviction to any pin bar setup. As such, they aren't necessarily "must haves", but they can turn a B+ setup into an A+ setup – which is what we want to trade.

In this lesson we're going to focus on the shape of the pin bar as well as how and where it forms relative to surrounding price action.

Therefore, we'll assume that all support and resistance levels are in fact "key" levels and that all setups are with the trend.

Size of the Nose

You should know by now what a pin bar looks like from LESSON 1: Anatomy of a Pin Bar. But where the pin bar closes can also tell us a lot about the quality of the setup. This goes

back to the core of what makes pin bars so profitable - the balance of supply and demand.

From other lessons we know that when demand outweighs supply the market goes up. Inversely when supply outweighs demand the market goes down.

Of course, there are varying levels of demand outweighing supply and supply outweighing demand. In other words, the strength or weakness of a market (or key level) varies depending on the circumstances.

So what does this have to do with the shape of a pin bar?

To answer that question, we have to look at how the market reacts to the high or low of the pin bar.

Does it close at or near the high or low of the day, or does the market back off leaving us with a large pin bar nose?

Let's take a look at both examples...



Even though pin bar 2 did back off from the low of the day, notice how the nose is smaller than pin bar 1. This is what we want to see from a pin bar. The smaller the nose, the better.

Pin bar 1 was still extremely profitable even with the larger nose. Therefore, this quality isn't something that a pin bar must have, but it certainly helps.

The only time the nose of a pin bar is a “make or break” quality is when its size brings into question whether or not the

formation is a true pin bar (tail at least 2/3 the length of the range).

Relative Size Matters

This is one that I had to learn the hard way. When I first started trading price action I was so anxious to take trades, that I was often trading pin bars setups that weren't A+ setups simply because the *pin bar was too small*.

Too small compared to what, you ask?

The previous period's range.

Or, the size of the last few candles that preceded the pin bar in question.

A good analogy is attempting to cross a street at a crosswalk when a bus is still speeding toward you. If you're like most people, you want to see that bus starting to come to a complete stop before you take those first steps to cross the street.

It isn't enough to see the bus tap the brakes, especially when its momentum hasn't slowed.

A small pin bar relative to surrounding price action is similar to the bus example. When the market has momentum, and puts in a 200 pip day, the last thing you want to do is trade a 50 pip pin bar in the opposite direction.

These pin bars can sometimes work out in your favor, but it's been my experience that these pin bars can just as likely fail.

What you want to see is a pronounced pin bar that stands out from the surrounding price action. *If you have to search hard to find a pin bar, it probably isn't worth trading.*

Here's an example of an obvious bearish pin bar on the daily chart.



Notice how far the tail sticks out from surrounding price action and how much larger the candle is compared to previous candles.

This is the kind of obvious pin bar **we want to trade**.

Price and Time

Like the topic of relative size, price and time is all about reading market momentum (supply and demand).

The Forex market is all about price and time. Every chart has a Y axis and an X axis. The Y axis is represented by price while the X axis is represented by time.

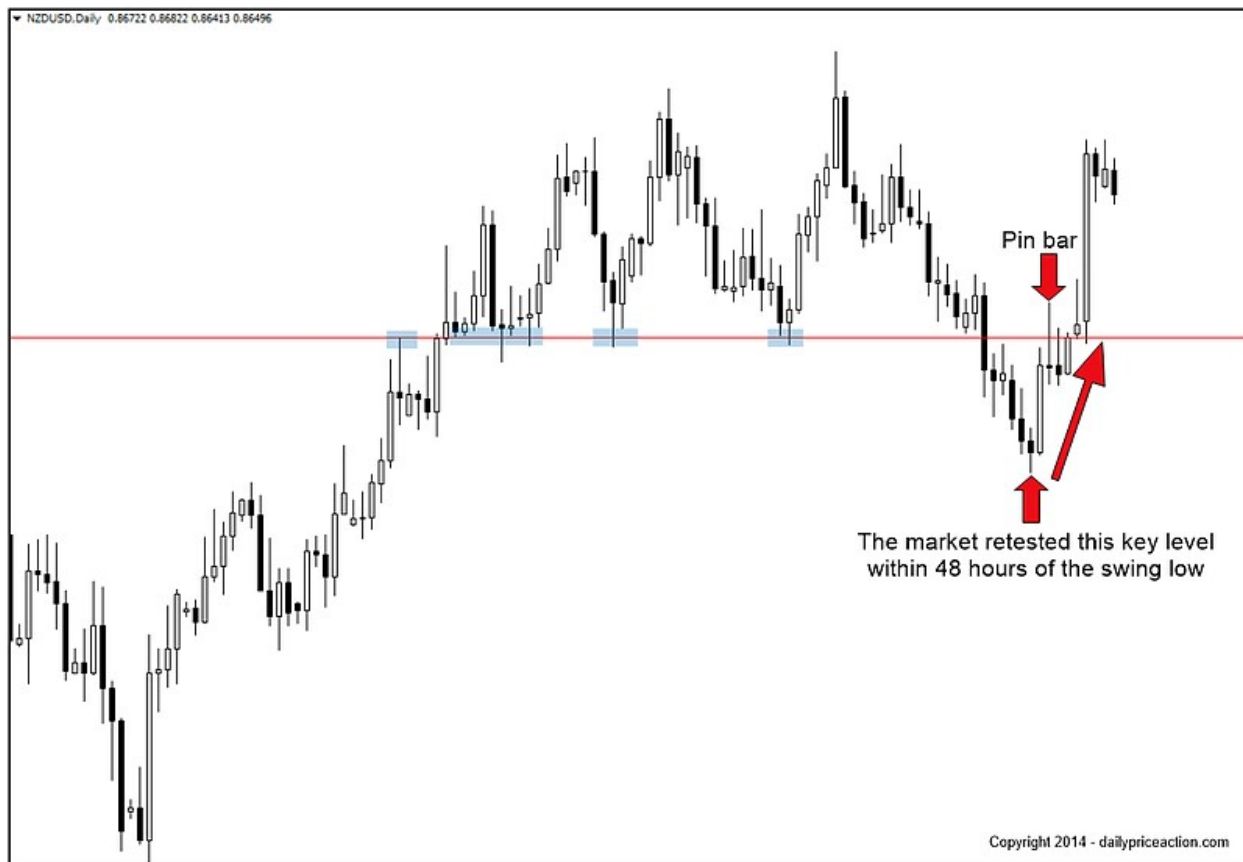
The combination of the two is what gives us the **ability to trade price action**.

Why is this important with respect to determine the quality of a pin bar?

Because if the market hasn't put in **enough price or time (possible both)** between a reversal pin bar and the last swing high or low, the quality of the pin bar can be put into question.

Below is an example of a failed bearish pin bar.

Continue reading to find out why this happened.



Notice how in this example, once the market broke the .8520 level it spent five days traveling lower. This gave us the swing low as illustrated above. From here it's perfectly logical to look for a pin bar reversal from the key level, which is the red line.

However instead of taking another five days or more to get back to this level, the market retested it in less than 48 hours. The price action was telling us that **there was significant demand below this key level.**

So when the bearish pin bar formed as noted above, the quality of the pin bar was put into question.

As we can see from the example, *the pin bar setup failed*.

The bullish momentum from the prior day was too much for the bears to handle. In essence there wasn't enough time between the swing low and the retest of the level.

A more favorable retest for a short entry would have looked like this:



Notice how much more space and time we have to work with in this example. If NZDUSD had formed this price action instead of the former, it would have made the bearish pin bar setup much more favorable.

This type of price action tells us that while demand does exist below the key level, it isn't likely to outweigh supply given the bearish pin bar that formed.

Has the Level Been Tested?

Just as a Structural Engineer uses stress testing equipment to determine the strength of a bridge, we use pin bars to test the strength of a key level. This is when the placement of a pin bar relative to a key level is important.

There are two main types of pin bars when it comes to testing a key level.

- Immediate bounce from a key level
- Tail protrudes through the key level

I find that a lot of traders believe an immediate bounce from a level to be ideal. However, in my experience the best pin bars to trade are the ones where the *tail of the pin bar protrudes through a key level*.

This isn't to say an immediate bounce is bad, but it does create a few challenges that I'll elaborate on in a moment.

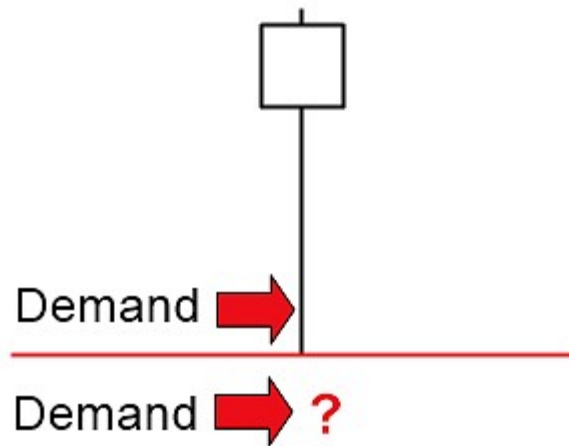
Before we go too far, let's take a look at both examples. The first example shows a pin bar that bounced immediately from a key level. The other shows a pin bar where the tail is protruding through the level.

Pin bar reacting immediately to key support

The bullish pin bar to the right is well-formed and occurred at a key level, however the market hasn't tested the entire area. The fact that the market has reacted sharply to this level shows that demand is strong above the level, but what about below it?

This is important because remember that even though we often call these levels, they are in fact areas or zones. What if in this example the real support level was 20 pips lower?

Now we have a bullish pin bar that looks great, but it isn't actually testing a key level.



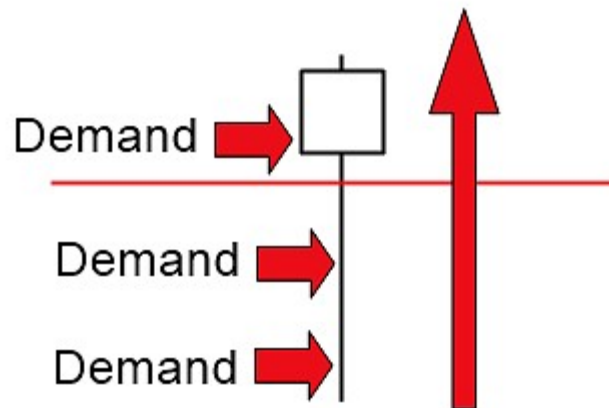
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Pin Bar Protruding Through Key Support Level

Similar to the example above, the bullish pin bar to the right is well-formed, only this time it has fully tested the entire support area.

With the tail of the pin bar protruding through the level, we can easily see that demand is strong throughout this area.

This type of pin bar tells us that there's significant demand above and below the level. Traders are showing their approval of current prices by keeping the market above the key support level.



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These are the four main qualities I look for when analyzing a pin bar trade setup. It doesn't mean I won't take a trade if all of these qualities aren't present, but the more of these qualities a setup has the more risk I'm willing to take.

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LESSON 6: TRENDLINES BREAK

The use of trend lines is something that isn't all that common among many price action traders, and to be honest I'm not sure why. It seems that in an effort to keep things simple, they've forgotten about the one of the most important levels in the market – trend lines.

Don't get me wrong, I like (and prefer) horizontal support and resistance as much as the next technical trader. But trend lines can be an extremely powerful asset when it comes to identifying pin bar setups.

A trend line break tells us that the trend is weakening. It doesn't necessarily mean that the trend is over, but it does mean we should take precaution when trading pin bars after the break.

Here's one scenario where ignoring trend lines would have resulted in a failed pin bar trade.



All things considered, this looks like a perfect setup. The trend is down and now looks to be forming a range between the levels highlighted in blue. The bearish pin bar is well-formed and below the level. The nose is a little longer than I'd like to see, but nothing that keep me out of the trade.

So what kept me out of the trade?

More importantly, why did this pin bar setup fail?

Because a long-term trend line was recently broken, which indicates a bullish reversal may be in the works.

Here is that trend line break.



Notice how just before this bearish pin bar formed, the market had broken out of this down trend.

This is an indication that the downtrend may be coming to an end, thus making the bearish pin bar less reliable.

Horizontal support and resistance are extremely important, but trend lines play an important role as well. I relate not using trend lines to driving a car with one eye closed, you can do it but I wouldn't recommend it.

I hope you've enjoyed this lesson on how trend line breaks can play an important role in determining the quality of a price action setup.

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LESSON 7: BEWARE OF HANGING MAN

In this lesson we're going to talk about the "hanging man" and how not to mistake it for a continuation pin bar.

For those of you who don't know what a hanging man is, it's basically a pin bar that forms at a swing high or low. The difference between this type of pin bar and the pin bars we want to trade is that **the hanging man is inverted**. It also typically occurs at support or resistance.

Here's an example of a hanging man at a swing high.



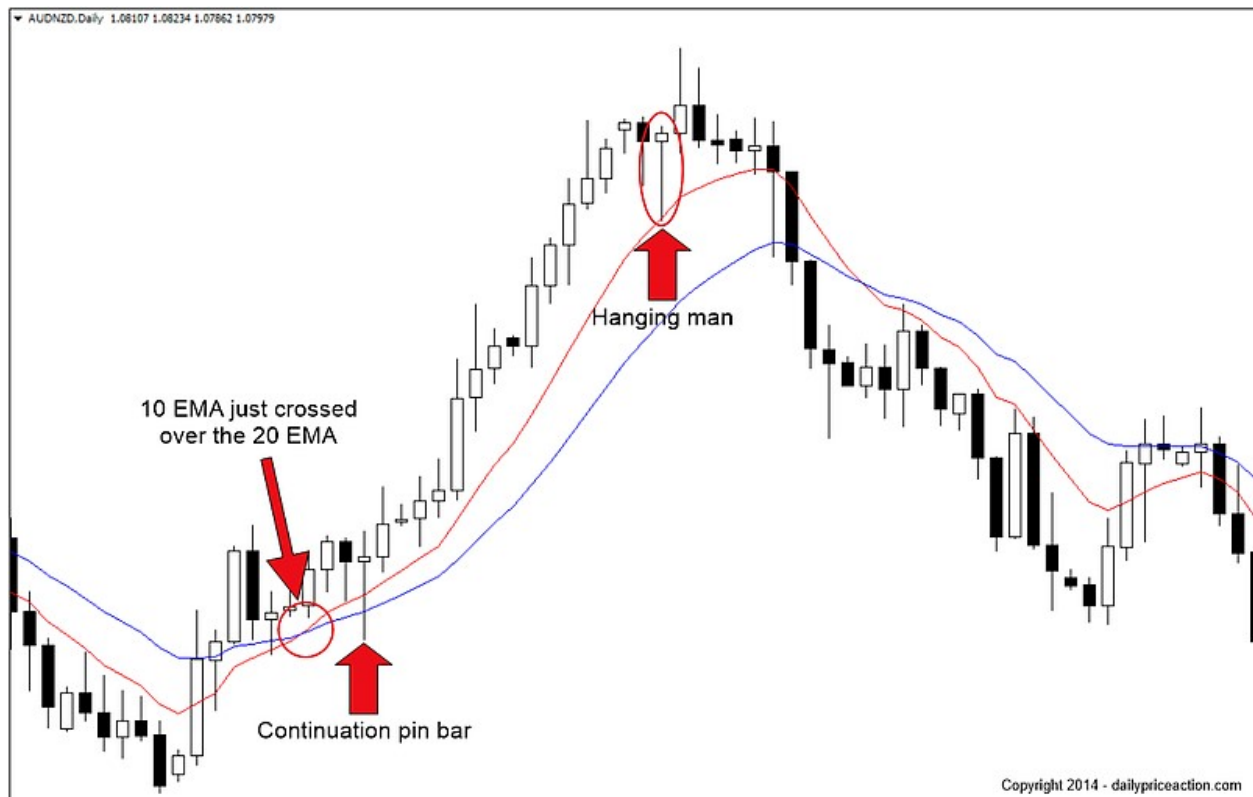
Although not as common, the hanging man can also occur at extreme lows in the market. Of course, the pattern would be the inverse of what you see above.

The hanging man doesn't mean the bulls have definitely lost control of a rally, **therefore we don't use it as a sell signal**. Instead we use it as an early warning sign that the rally may be coming to an end.

The major difference between the hanging man and a continuation pin bar is that the *hanging man occurs at extremes – when the market is exhausted*.

These points in the market are commonly found at key support and resistance levels. The continuation pin bar on the other hand occurs closer to the beginning of a trend.

Let's take a look at both of these using the same chart as above.



Notice how the continuation pin bar occurs shortly after the EMAs cross over at the beginning of a new trend. The hanging man on the other hand occurs after the market has already rallied more than 700 pips and is now exhausted.

After some practice you'll be able to easily identify the hanging man and know when to stay clear of a rally that may be about to end.

Again, **we don't use the hanging man as a buy or sell signal**. Instead we simply need to be aware of this pattern so that if we see it occur while in a trade we can react accordingly.

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LESSON 8: PUTTING IT ALL TOGETHER

This is where we bring it all together. As you can see, the pin bar setup is a simple price action strategy but one that can completely change your trading account for the better.

However, in order to truly take advantage of these setups, there are several key characteristics that should always be present before taking the trade.

You can use this checklist as part of your own pin bar trading plan.

1. The pin bar has formed at a key level

Since identifying key levels on your charts was the first thing you did, you can now look for pin bars that form at these levels. The pin bar should show clear rejection of a level as either support or resistance.

2. The pin bar has formed in the direction of the major trend

Don't fight the market's momentum. Instead, identify pin bars that form in the direction of the major trend.

That is if a market has been making higher highs and higher lows for six months, *you should only be trading bullish pin bars, so long as the trend is in tact.*

Please refer to Lesson 6 when identifying if a trend is in tact.

3. The pin bar setup allows for at least a 1:2 risk to reward ratio

Using your key levels, ensure that you can get at least a 1:2 risk to reward ratio out of a pin bar setup. In other words if your stop loss needs to be placed 100 pips away you should aim for at least 200 pips.

But this requires you to make sure that the next key level in the market is not less than 200 pips away from your entry. You may want to refer to this lesson I wrote on using a proper risk to reward ratio.

If you follow these simple rules and then use the entry and exit strategies we've discussed in this course you're sure to start profiting from pin bars.

Here is a video explaining some of the key characteristics you should be looking for.

[Pin Bar Trading Strategy](#)

Finding profiting pin bar setups is all about finding setups that have the most confluence. Finding setups that put the odds in your favor. Once you master this skill you will be **unstoppable**.

To become great at anything requires discipline, hard work and perseverance. Above all it requires practice, and becoming a great Forex trader is no exception.

The best way to learn how to trade pin bars is to immediately take what you've learned here and apply it to your trading. Start with a demo account and don't be afraid to make mistakes – sometimes that's the best way to learn.

To finish things off I leave you with the video that most likely brought you to this course. I wanted to show you this again because this represents the type of pin bar setups you should be trading. The pin bar formed with the major trend, occurred at a key level and had a favorable risk to reward ratio.

This setup also represented a breakout opportunity, so all in all it was an A+ setup.

[AUDCHF Live Pin Bar Trade](#)

To your success

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