

Peaks and Valleys (Trading Naked)

Open up a line chart with average price on your ONE HOUR chart. Be sure to pick a color you like☺! Try and make the zoom pretty far out so you won't be so distracted by the noise.

What you want to look for are MAJOR peaks and valleys. What determines a “major” peak or valley is really up to the trader, but to me, it's a noticeable change in direction.



I tried to mark all examples of what I personally would deem “noticeable” or “major” with short orange and blue arrows. Near where the orange arrows are pointing are examples of valleys, and blue arrows point to peaks. The arrows are a bit inaccurate, but it's the best I can do so bear with me.

One could probably set a minimum wave size in terms of pips to determine whether or not a peak or valley would be “major”.

How to Make Pips With Peaks and Valleys

Peaks

- Place BUY orders 3 to 5 pips above each major peak (S/L = 50 pips + spread, no T/P).

When in a PEAK trade (LONG)

- Move your S/L along with each new valley point that exists (most recent valley point).
- Also, continue to place BUY/SELL orders as you go with the new peaks and valleys.

Valleys

- Place SELL orders 3 to 5 pips below each major valley (S/L = 50 pips + spread, no T/P).

When in a VALLEY trade (SHORT)

- Move your S/L along with each new peak point that exists (most recent peak point).
- Also, continue to place BUY/SELL orders as you go with the new peaks and valleys.

What we are effectively creating are trades that have a set allotted risk (50 pips) but have unlimited potential to grow (assuming the trend is your friend).

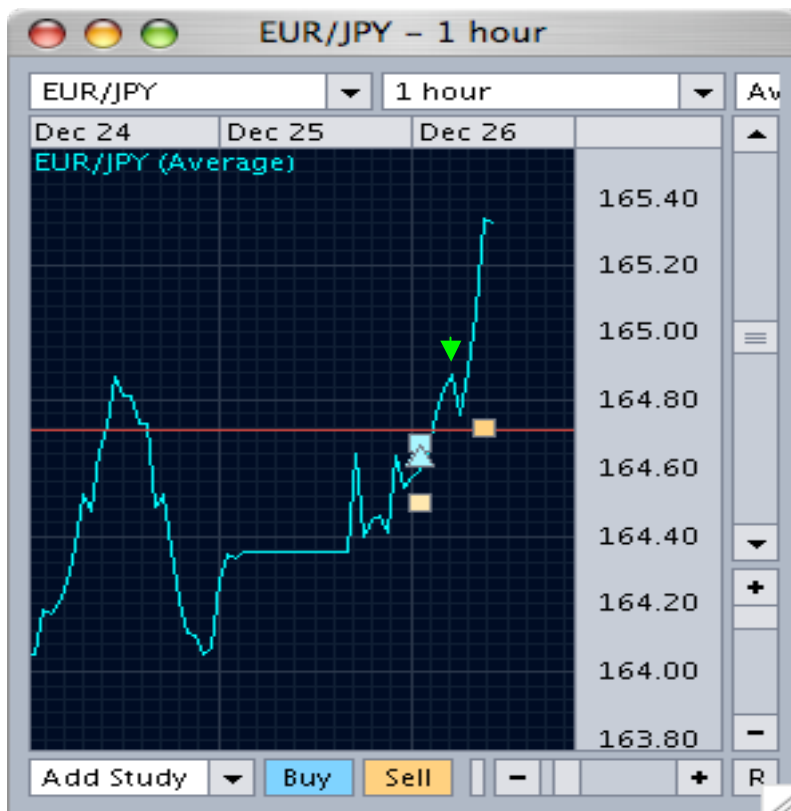
An Example

Pretend you've just woken up one fine morning, and this is the chart you have in front of you. Using Peaks and Valleys, what would I do? By the way, this is a live trade.



Most recently, we have 2 peaks at about the same price range. I usually do the higher of the two when it comes to peaks, and lower when it comes to valleys. We also have those two recent valleys right next to each other.

No need for two orders in the same price range, so just do one BUY order by the highest recent peak, and one SELL order by the lowest recent valley. So what happened after we set up the orders? Well, truthfully, I went to sleep☺, but also we had a successful trade:



As you may or may not see, the pending BUY order I had placed earlier has now been triggered. As I woke up this morning and checked my chart, I realized that I had missed a long opportunity denoted at the green arrow.

I also moved my S/L to the next valley just after the green arrow pointing to the peak, AND put in a short order for when/if my S/L is hit. This to me is a sign that the current trend has stopped producing higher high's and low's, and MAY be headed south instead.

Final Thoughts

I'm not trying to blow anybody's mind here with amazing revelations. Just trying to help. I'll leave you with a quote by Henry Ford hoping to have somehow made the world a better place with this☺

"To do more for the world than the world does for you - that is success."

--Henry Ford

Best wishes to all,

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