

PRICE ACTION PIN BAR STRATEGY



Price Action Trading is
one of the simplest forms of trading the Market.

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In this Strategy report, we will teach you a great price action strategy that is simple to learn and not confusing mainly because it does not require any indicators on your chart.

Now I am not knocking indicators in any way. Many people use indicators to trade the market. In fact we even have indicators that we developed that help traders.

Some people just like the clean look of the charts with no indicators, which is why we developed this strategy for you.

Before I get into teaching you this great strategy, I am going to explain to you the core elements in price action so that you, as a trader, can be fully equipped to trade the strategy I am teaching.

What is Price Action?

In a broad definition, Price action is simply how the price will react at certain levels of resistance or support.

This technical analysis approach will help you learn things from the price history and identify the swing high/swing low, trend lines, and past support or resistance areas.

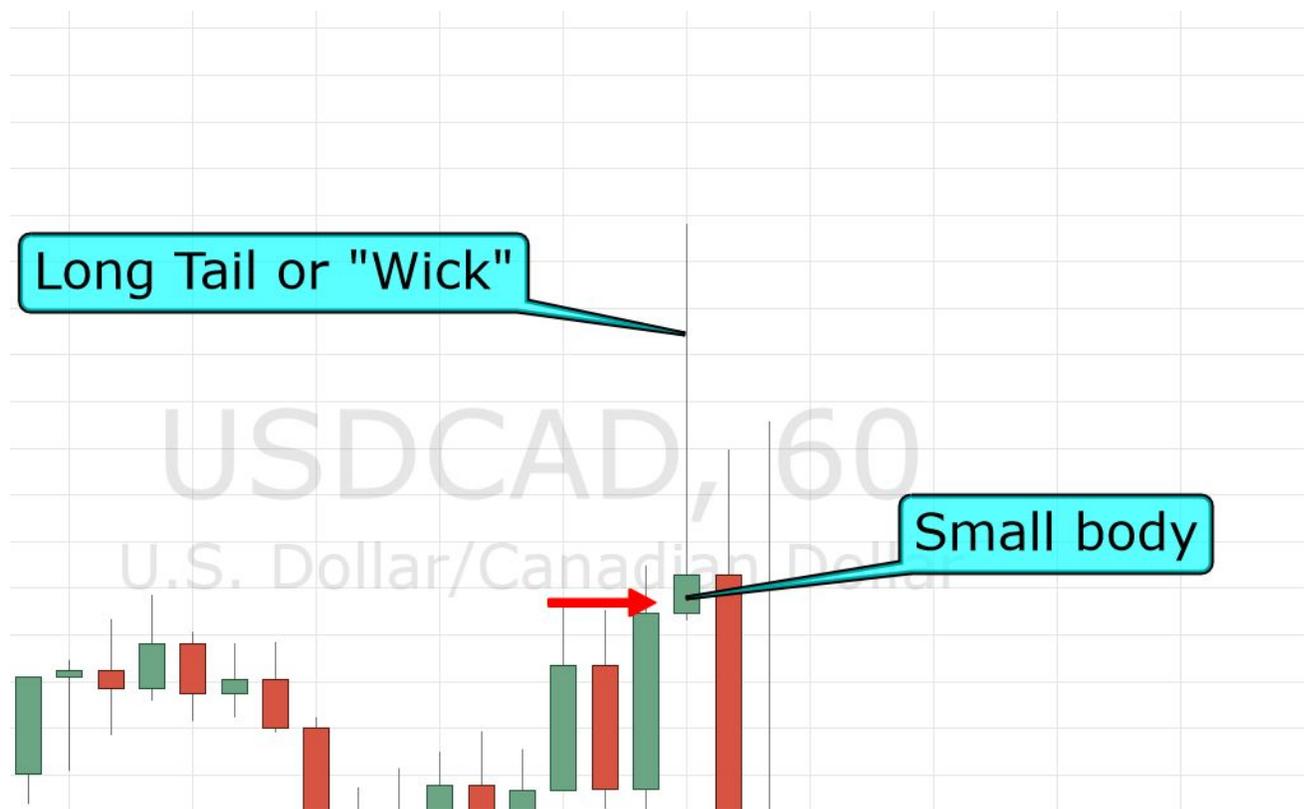
Now, this could be the price testing a support or resistance area. It could even be when the price movement creates a **swing high or swing low**.

Price action requires no lagging indicators or moving averages to distract you from the price. The chart will have a clean look to it. It's refreshing sometimes to see a clean chart with no indicators. In fact, some traders make a living trading without ever looking at an indicator.



Pin Bars

This price action strategy will focus entirely on a price pattern called pin bars. This candle is simply the price hitting a certain level and being "rejected" from it. This bar has a long tail on it with a small little body. A pin bar can look like this:



There are different types of characteristics of a particular pin bar.

For instance, the long end of the candle is the wick, while the small end (the opposite side of the body) is called the nose.

Most agree that the long tail or "wick" will be at least two-thirds the total length of the pin bar itself. The other part of the pin bar will naturally be, at the most, one-third of the candle then. The open price of the candle and the close should be relatively the same price. This forms the 'Body.'

To confirm a pin bar, you must wait for the candle to close. Just because the current candle "looks" like a pin bar does not necessarily mean it is one. In the example above, the price movement could have continued upward and closed at the top of the candle which in turn would not be considered a pin bar.

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Basic Guidelines For this Strategy:

- Timeframe-ANY
- Market- ANY
- Indicators- NONE
- OTHER- Trend lines, horizontal lines, support resistance lines (anything to help you find these areas)

Step 1: Find a Pin Bar On Your Chart

What you need to do first is identify a pin bar that has formed. In the example, I will show you this will be considered a bullish pin bar because of the long wick below the body.

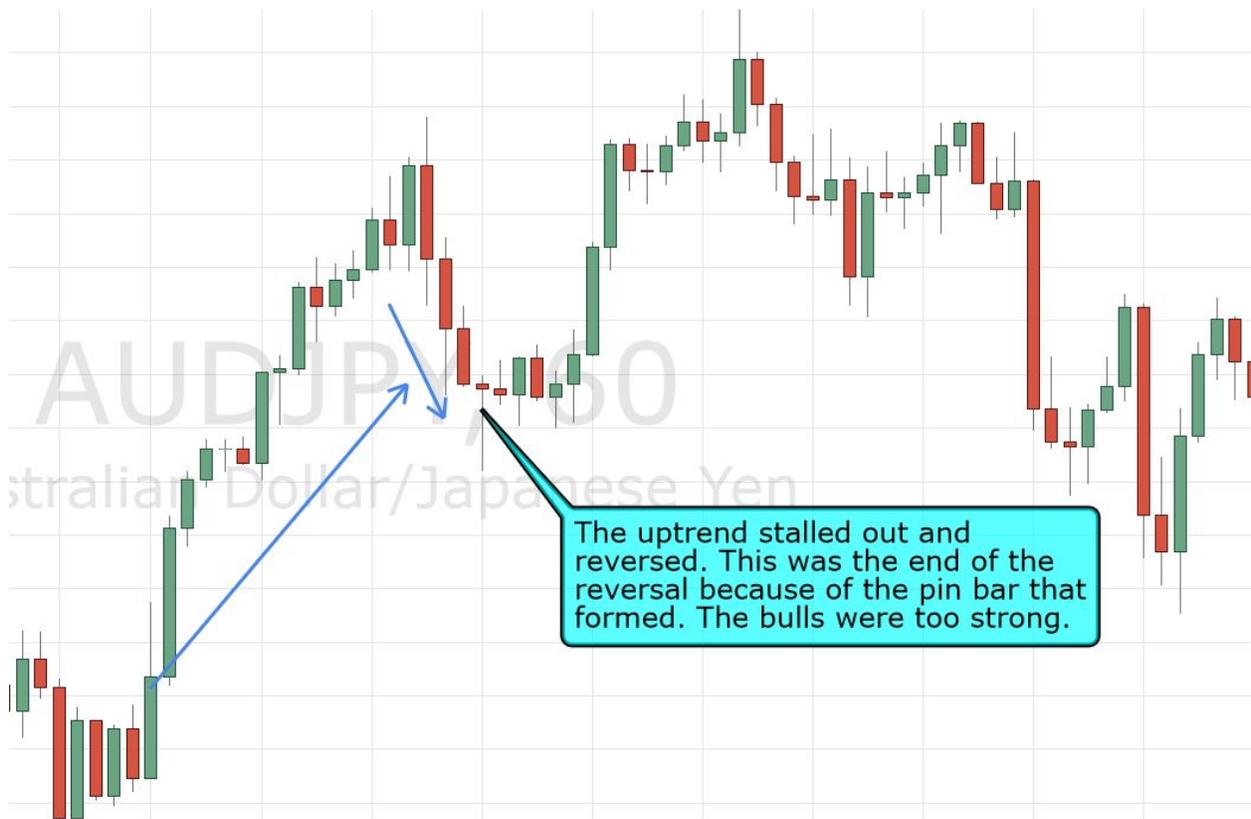


So as you can see the pin bar "wick" is below the body which is considered a bullish pin bar.

In this case, we are looking for a continuation of this uptrend. This is a 1 hour time chart AUDJPY currency pair.

You can see that the Bears tried their hardest to stop this uptrend from occurring, but the **Bulls** were too strong which is why you see this pin bar form.

This is a perfect example of a **pin bar price action reversal setup**.



So what happened?

Step 2: Look for Past Price Action to Determine Why The Pin Bar Formed.

Why did the reversal suddenly hit a price and then continue back to the upside?

Let's zoom out a bit on this one hour chart and see if we can see anything that tells you what happened.

Note** you can either look at the current time frame you are on(in this case 1-hour time period) or bump up one or two periods to gather information.



Aha! So take a look at those resistance price areas that the wick touched.

Resistance in the past can mean **support** in the future. So what happened was the price hit this level but failed to break through it.

Since the long bullish wick formed, we can now decide that it is time to enter this trade based off what we just learned from the prior days.

This is what Price Action is all about. No two trades will be the same. However, we can take what we have learned from the past and make the best judgment as to where the price may be headed in the future.

You are essentially like a detective when you trade price action. The point is to gather many pieces of evidence to back up your conclusion.

You are trading with confluence. Sometimes simple is best. Study the charts and form an educated conclusion as to what happened and where the price will go.

Step 3: Trade entry

You just enter the trade 2-3 pips from the break of the nose of the pin bar.



Step 4: Stop loss

Place the stop loss 3-5 pips away from the wick. The end of the wick will be a support area. So if this is broken the trend may continue downward. Which is why you place your stop 3-5 pips away from this.



Step 5: Exit Strategy

Your exit strategy will be when you hit the first level of support or resistance on your chart. As you can see, the price hit a point a stalled out. Once we see the price action stalling out, we exit the trade immediately.



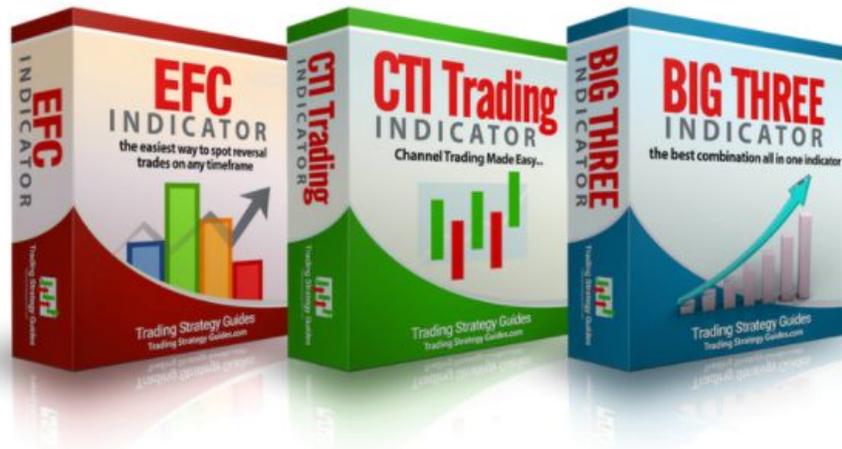
Conclusion

Price action is another fundamental element to learning when trading the market. There are thousands of strategies you can use with price action. What is important is that you find something that works for you. These pin bars are hard to miss and are relatively accurate when you learn why a pin bar formed. Pin bar candles can be seen in any time frame. The rule of thumb is, the higher the time frame, the stronger the signals. But that does not mean that this will not work on a five-minute time frame. **Do not trade every pin bar you see that formed.** Gather up key information from the charts, and form the best conclusion to determine if you should enter the trade based on the rules.

Try the price action pin bar strategy out on a demo account first and see if works for you! If you find something that you think can improve it, let us know! We love hearing from you guys.

To help illustrate to you, we have some other great examples of this strategy below.

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This Example is a AUDJPY currency pair taken on a 30 minute chart.

Step 1: Find a Pin Bar On Your Chart



Step 2: Look for Past Price Action to Determine Why The Pin Bar Formed.



Step 3,4,5: Trade entry/stop loss/ take profit: +50 pip WIN



In this example you will see a bearish trend occur, and then retracement. There was something interesting about this price action. Not only did we see one Bearish pin bar, we saw two consecutive ones. This would have been a great trade that this strategy nailed!!

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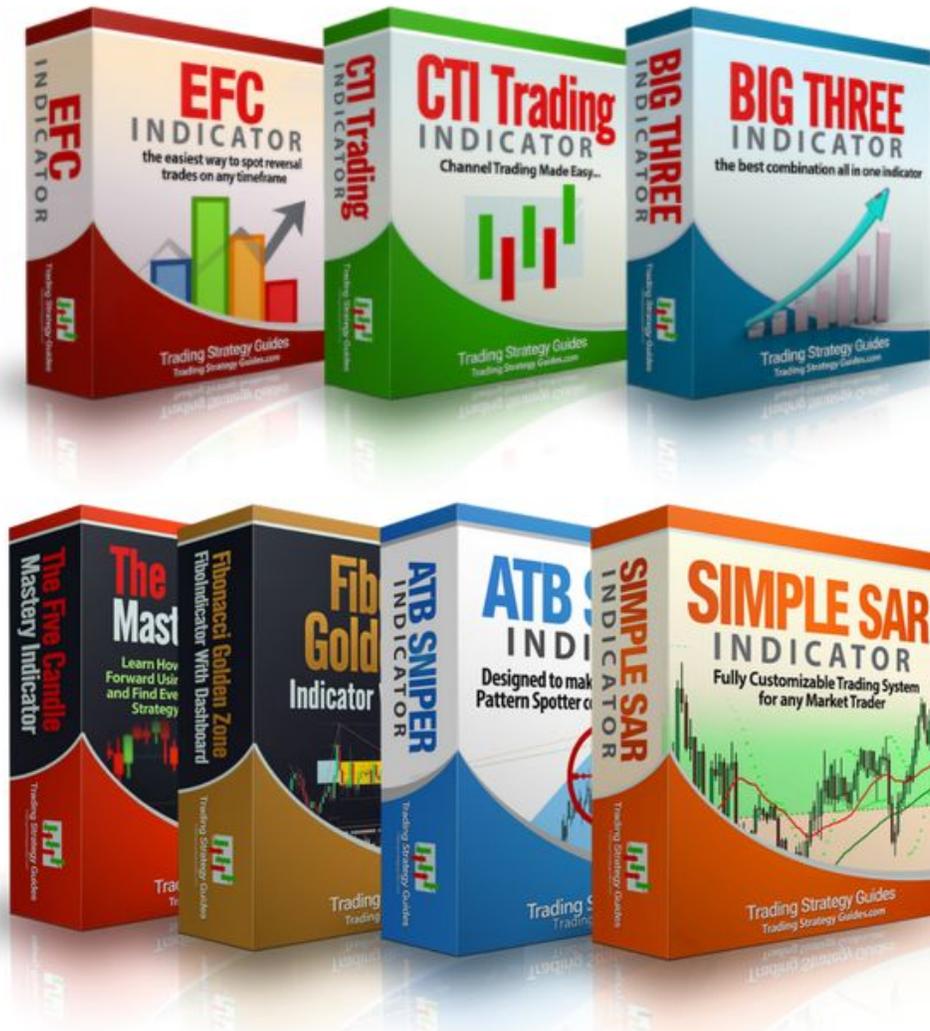


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