

The *Expert4x* Daily Pivot Expert Advisor



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Overview of the course and Expert Advisor.

Thank you for your investment in the Daily Pivot Expert Advisor.

The Daily Pivot Expert Advisor course consists of:

1. **The Expert Advisor and licence files:** Using the instructions provided in the user manual these need to be loaded into your normal MetaTrader installation and the EA Testing MetaTrader installation you will create using Guide 2.
2. **A user manual:** The user guide explains how to load the Expert Advisor and explains the setting used by the expert advisor. You will see the settings used in the Guides that follow which will give you more confidence when using them.
3. **Guide 1:** This guide gives you an introduction to the course and to the **volume trading principles** used by the Daily Pivot Expert Advisor.
4. **Guide 2:** The guide will help you find good **testing data** and help you create a separate EA Testing MetaTrader installation.
5. **Guide 3:** This guide will introduce you to the **Strategy Tester** and show you how to test your Daily Pivot Expert Advisor.
6. **Guide 4:** This guide will help you **optimise and find the best settings** for any currency using any timeframe and to apply this to the Daily Pivot Expert Advisor.

The course attempts to teach you NOT to blindly implement the Expert Advisor using the default or even the recommended settings. That is pretty much what occurs with most Expert Advisors and you are almost guaranteed to fail using that type of approach with this Expert Advisor too.

The course (written in UK English) is about teaching you how to find the best setting for any currency and timeframe using the MetaTrader Strategy Tester with sound data. The best settings are not always the historically optimised ones. This way you can start on the right foot and manage the Expert Advisor continuously over the years.

Highly experienced traders many not learn that much, traders who have never used EA before or have used them very badly may find the course highly enlightening and in some cases life changing. Beginner traders may find the concepts overwhelming. No matter into which group you fall we hope that you find the course and EA worthwhile and that it adds to your Forex Trading experience and future success. At times this course might feel like hard work, but remember you don't get strong from hiring someone else to do your push-ups. You will benefit from everything that you do.

To quote Shakespeare:

Brutus: “There is a tide in the affairs of men. Which, taken at the flood, leads on to fortune; Omitted, all the voyage of their life Is bound in shallows and in miseries. On such a full sea are we now afloat, And we must take the current when it serves, Or lose our ventures.”

[Julius Caesar Act 4, scene 3, 218–224](#)

We hope that this timely course will help you find opportunities that lead to your success.

Introduction to the Daily Pivot Expert Advisor

The Daily Pivot Expert Advisor is based on a very simple concept that attempts to identify the tops and bottoms of Daily trading. Although there are many ways of determining these turning points this Expert Advisor focuses on the use of increased volume to identify the turning points. Although not 100% accurate (what system is) it is accurate enough to generate good gains over time.

The technique is called the Daily Pivot technique. Pivot means turn. Our system attempts to identify major turning points (Pivots) in the Forex market. It have very little to do with the Pivot Points technical analysis system

In his book "*The Encyclopaedia of Technical Market Indicators*" Robert Colby analysed 127 of the best and most popular Technical indicators using almost 100 years of stock market information. He compared his results to a Buy and Hold strategy. In other words, the increased value of the investment if held for +/- 100 years was determined. This value was compared to the value if you had used technical indicators to buy and sell during that particular period. Some indicators gave negative returns and others positive returns. Strangely enough the final results showed some shocking results.

The Moving average crossover system filled the top 2 spots in the list of 127 indicators tested. (+\$77Mil and +\$51Mil) The next best indicator was +\$12Mil – a considerable amount less than the top 2. **Moving averages** were one of the very first and also one of the simplest indicators ever used by technical analysts.

Why are we telling you this? The moral of this analysis is that **very often the simplest indicators or techniques do the best jobs** when using technical analysis.

The Daily Pivot system is such a very simple concept. Don't for one moment think that if something is simple, it will not work.

The Daily Pivot technique

The concept of using volume to determine turning points in the market has been covered in many of our courses and extracts of these are included in the appendix. In a nutshell many turning points occur in the following way.

The price of a Forex currency cross starts trending. As it reaches certain sensitive support or resistance areas it starts getting the attention of the bigger players in the market. In most cases the bigger players do not like unexpected, strongly trending markets and they will start intervening to slow the trend down, stop it or reverse it. The only way they can do this is by pumping very big orders in the opposite direction. Huge, big orders that can occur at ANY time.

These huge, big orders are shown as spikes in the volume on the volume indicator/meter on MT4 shorter term charts. So when we trade against the trend as a huge increase in volume occurs, we are backing the sentiments of the major players in the Forex market. These spikes also give the other big players in the market a message. Often they support this reversal sentiment resulting in a strong reversal of market direction.

Like the simple moving average crossover system tries to identify changes in direction the simple volume indicator helps us find turning (Pivot) points in the Forex market.

Now most traders who have never used the volume indicator will immediately ask questions like –

- How can we trust the volume generated on the MT4 charts?
- How do we know that the volume is accurate?
- How do we know that the increased volume is indeed backing a direction against the trend?
- Is the volume the same for all MT4 brokers?

The short answer is – does it matter? If this technique is making money does it really matter?

So let's turn our attention and focus to what makes money and what we can control.

For more information on volume and trading the volume indicator we have extracted the key sections from our

- Long candle Forex Trading course and
- the 7 simple ways of finding turning points in the Forex Market

And included them in the Appendixes.

Please click here to view them : [Volume Extracts](#)

Are you a total beginner?

In many ways you are lucky because you will learn an approach to successful Forex trading by following a step by step approach. We will try to keep things simple so that you can succeed by merely following the directions. Please bear in mind that this is not a beginner's course and if you would like a comprehensive introduction to Forex Trading please use the beginner's course available on our www.Expert4x.com website.

You have the advantage of not having the baggage and battle scars of more experienced unsuccessful Forex traders who may have turned their knowledge and experience into a liability rather than an asset.

You would do well to follow the directions as given. Resist the temptation to try to learn everything there is to learn about everything as quickly as possible as you progress. Please use the support provided if you need to.

Always remember to use your common sense and other resources such as Google and YouTube to resolve gaps in your Forex Trading knowledge.

You may have to review the course material more than once so that you can see the big picture and how the details fit into the big picture. If you still have questions after going through the course at least twice please send your questions using the support provided.

Expert Advisors are only trading robots that are taking trading decisions we would have made if we were trading manually. Please remember that you are their master and they are your slave. Not the other way round. You have to make the Expert Advisor do what you want it to do. You have to remain in control and provide leadership. Once your slave understands who is in control it will service you well.

This course shows you how to take control, take responsibility for your own trading, take ownership of your decisions, develop trust and confidence in your decisions and above all have fun and enjoy yourself.

Installing your Expert Advisor and Activation Files

Your welcoming letter will contain the actual Expert Advisor and the activation files. The activation files will ensure that your EA is a valid copy and ensure that it is used on only one IP address. After 5 days of purchase we will send you a new activation code to ensure continued use of the EA. The same will occur in 30 days and 60 days after purchase – after that your EA will be permanently activated.

For more information on the Expert Advisor and the activation files please refer to the user manual.

Overview of Settings and Variables

The Expert Advisor variables are discussed in the User manual. Below is a further discussion which may result in an element of duplication.

Knowing that a sharp increase in the volume of orders entering the market is the main trigger to trading this system the most important variable is in fact the volume indicator. We are looking at finding volume levels that will show exceptional orders that may cause a reversal of trend.

Other critical variables, other than volume levels, are:

- The **Currency** cross used
- The **Time frame** used
- The Size of the **Stops**
- The Size of the **Targets**
- The **Day** of the week
- The **number of active deals** allowed
- The **Hours** of the day traded
- The size of deals in terms of **lots**

With so many variables there are a huge number of potential profitable combinations of the above settings. This EA is not only about automating trading the market but the EA itself helps you find these potentially profitable combinations. The information contained in the other Guides about using good test data and optimising and testing the EA should help you find many other combinations and manage the EA on a continuous basis.

We do provide some optimised combinations as at September 2012 which will get you going immediately. It would however be in your best interest to use the optimisation techniques to manage the Daily Pivot technique on an ongoing basis or to find alternative profitable settings.

Introduction to specific settings and variables

Hours of the day

<input type="checkbox"/> ServerHourFrom	0
<input type="checkbox"/> ServerHourTo	22

The Expert Advisor allows the user to limit the hours of the day in which transactions will be opened. The idea is that certain traders may only want to have transactions opened in the UK or US sessions. These are optimisation fields and it would be best to initially leave these settings at 0 and 22 and only refine these settings once other settings have been optimised.

Days of the week

<input type="checkbox"/> Monday	1
<input type="checkbox"/> Tuesday	0
<input type="checkbox"/> Wednesday	0
<input type="checkbox"/> Thursday	0
<input type="checkbox"/> Friday	0
<input type="checkbox"/> Saturday	0
<input type="checkbox"/> Sunday	0

The EA user can set the days on which trading should occur. Enter 0 for No and 1 for Yes. Some days can be more profitable than others and using these settings can provide improved profitability.

Limiting the number of trades

<input type="checkbox"/> TotalOpenOrdersLimit	1
<input type="checkbox"/> OneTradePerDay	0

The EA user can use the TotalOpenOrdersLimit to control the total number of simultaneous orders that can be open at any one time on the trading account. Theoretically, there could be 10 trades open at any one time but this is very unlikely when trading only one currency. Enter the number of transactions you want to use as a limit.

Besides controlling the total number of deals that can be open one can also limit the number of deals that can be opened in one day using the OneTradePerDay setting. Enter 0 for No and 1 for Yes.

<input type="checkbox"/> BuyOpenOrdersLimit	1
<input type="checkbox"/> SellOpenOrdersLimit	1

EA users can also limit the number of open buy and sell orders using these settings

Volume Trade levels

<input type="checkbox"/> BuyVolume	700
<input type="checkbox"/> SellVolume	700

These settings are the basis of this Expert Advisors. These are the exceptional volume levels that trigger trend reversals. These settings will vary considerably depending on the time frame used. As we are essentially trying to catch a spike in these volumes the shorter the timeframe the more efficient the EA could be. This setting is best used on the 15 minute time frame but could be efficient on the 1 min and the 5 min charts. The spike effect becomes lost on 30 min and 1 hour charts. It is not recommended on the 4 hour and daily charts.

So how does one find a possible starting point. This is done visually by looking at the chart of the currency and the timeframe the user wants to use. By finding the highest top 5% volume levels one can find these exceptional volume levels.

The 15 min chart below of the EURUSD shows how a line can be used to find exceptional volume levels.



The volume input levels are best determined by the optimisation process. The the above approach just gives a good starting point.

Stops and targets

<input type="checkbox"/> BuyTakeProfit	150
<input type="checkbox"/> BuyStopLoss	70
<input type="checkbox"/> SellTakeProfit	150
<input type="checkbox"/> SellStopLoss	70

The EA user can enter the take profit and stop loss for both buy and sell transactions. Determining the best values to use can be a huge challenge. Rather than guessing, optimisation can give considerable guidance in this area.

Transaction sizing

<input type="checkbox"/> BuyLots	0.1
<input type="checkbox"/> SellLots	0.1

The EA user can set the transaction size to be used.

The 2 step order submit

<input type="checkbox"/> TwoStepOrderSubmit	false
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Use this setting if you want to manually confirm the orders raised by the EA.

Optimising your Daily Pivot Expert Advisor

The profitability of the daily Pivot Expert Advisor is mostly dependent on getting the following major settings / variables right for the currency and timeframe used:

- The buy and sell volume levels
- The buy and sell stops
- The buy and sell targets

In addition each day of the week can be optimised using the above.

Optimisation occurs using the standard Strategy Tester available on any MetaTrader 4 platform.

See Guide 4 for more details.

Trading strategies

The following strategies can be used by the Daily Pivot Expert Advisor

- One trade a day. The EA will limit the number of trades to one. It can be a sell or a buy.
- Two trades a day: the EA will allow one buy and one sell to take place on any one day.
- Trading on specific days using one trade only. The user of the EA can limit trading to one transaction on Monday only, for instance.
- Trading on specific days using 2 trades. The user of the EA can limit trading to two transactions on Monday and Wednesday, for instance.

Optimised and lower risk settings as at September 2012

Optimised settings and well as lower risk settings for the EURUSD 15 minute chart over the last 2 years are available in Guide 4.

Ongoing support

We have tried to make the course material and videos as clear as possible. This has been further supplemented by user testing of the materials at all levels. Where further questions have been asked we have added a website based Question and Answer facility where you can search for a possible answer to your question. This can be found on our blog at www.Expert4x.com/DailyPivotQnA and the password is DailyPivot\$

Hopefully these sources will cover any of your questions. If you do have any further questions please use our email support.

If your question is of a technical nature relating to aspects of the technical implementation and running of the EA please contact our technical department at EAsupport@Expert4x.com . If your question is regarding the actual trading aspects of the EA please contact info@Expert4x.com . Please allow 24 hours for answers to your questions.

APPENDIX

Appendix 1: Extracts from Expert4x courses

Volume trading has been around for a considerable time and has been used and taught by Barry Thornton for many years. The concept has also been included in the Expert4x Simple-N-Easy series.

Below are extracts from these courses:-

Extracted from Barry Thornton's "Long Candle Forex Trading Course"

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Volume as a transaction confirmation signal



This chart is a bit busy and illustrates a number of areas we will cover in this course.

The MAIN POINT of this chart is to show you the importance of volume for successful and quick transactions. The actual transactions are shown on the indicator below the chart.

The GREEN transactions were the ones that were entered into on good volume and a price trend break. These resulted in a long candle within a short time. Bear in mind that this is a 30 minute chart.

The RED ones are transactions entered into using good trading signals but because there was no volume pushing these transactions they either took a very long time to move or were unsuccessful.

The volume levels are the green bars at the bottom of the price chart.

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TRADING TOOLS

USING VOLUMES AS AN INDICATOR

Using volumes as a scalping tool

I never used to pay any attention to volume signals when trading the Forex. This was mainly due to fact that very few charting systems have good volume information. I also regard volume as a lagging indicator or information when used on any other chart other than the 1 minute chart.

In my travels I was lucky enough to spend some time with a number of corporate traders. One trader stood out as being unusual. As we discussed trading I was quite surprised to hear that he did not use charts to place his deals. Most of his trading revolved around reading the price action. He was lucky enough to have high level information regarding the order flow into the market. His technique was very simple. He watched for a slow low volume trend to start. He knew that there were large players in the market watching exactly the same information. He knew that large players could impact the market with the size of their orders. He would wait until he saw a big increase in against the trend orders. He would then climb in by placing orders against the trend and invariably the prices would make a correction and he will be in and out of the market in a flash scalping a good number of pips in the process. This trade illustrates the concept of using increased volume as a SIGNAL that a bounce can be expected.



This trade is an example of some to the concepts we will cover later on in the course. A trendline violation triggered the entry. Supporting signals:- Increased volume, momentum divergence, Momentum trendline violation – entry and exit. If you add the bottom 5 candles together you get a spike which is a powerful reversal formation. Momentum making 2 or more waves made a good entry and exit signal.

There are 3 opportunities that online traders could benefit from by using basic volume information.

ONE: The one was to use the increased volume as a trading trigger to go quickly against the trend trades.

TWO: The other was to use the increased volume as a reversal confirmation signal giving weight to bounce transactions, which we will look at later on in the course.

THREE: In general, indicators and even straight line violations will not produce the same results when the signals are traded, as when there are low volumes in the market. That is why it is important to get to know when each currency is most volatile and will produce the most reliable trading signals.

Simple-N-Easy Forex

7 Great [Simple-N-Easy](#) ways to find [Turning Points](#) in the Forex market

Page 4

What Moves the Market?

Market movements are determined by the buy and sell order flow into the market – it is as simple as that. You therefore have to become an expert at understanding how the market responds to these sell and buy orders and where they are likely to accumulate.

There are 4 groups of orders.

Group 1: The Big Forex Market participants: Your worst enemy

This group consist of big players in the market who have the ability to move the market. You better believe this for your own trading sanity. How often have you been in a transaction which is going nicely positive for an hour or so and then suddenly goes 30 to 50 pips against you for no apparent reason?

There was no announcement. There was no major support or resistance where the price turned. It was not at a special time of day i.e. market opening. What just happened?

What just happened is that a big player did not like the direction of a particular market trend and then boldly introduced a huge amount of orders in the opposite direction. Because the price is in the middle of nowhere these orders have an overwhelming impact and will reverse the market. They have very little risk as their deal goes profitable almost immediately. This happens 6 to 8 times a day and explains why in spite of following your trading plan to the letter your deal went bad.

We will see examples of these turning points, particularly when discussing volume techniques.

Group 2: Market behaviour based on support and resistance

The second group are orders placed by participants in the market based on Technical Analysis approaches (mainly support and resistance). These orders are placed at various strategic price levels and act as entry orders or stop orders. These orders accumulate around support and resistance levels in the market. This explains why when a certain price level is reached there is often a big move in the market as all these orders are activated at the same time. You need to be quite good at identifying these support and resistance levels so that you can anticipate these moves. A large part of the market movement is based on these price levels.

Group 3: Fear and Greed orders

These are orders that are placed in the market as a result of economic announcements and news. These kind of orders can move the market over 100 pips in 2 minutes and can also reverse the market over 200 pips in the next 5 minutes. They are orders that are placed as a result of the fear and greed reactions to current news. You need to watch the economic announcements schedule closely to make sure you are not adversely affected by these orders. When in doubt don't trade.

Group 4: Orders based on normal commercial and investment processes

These orders are processed by the financial institutions based on their actual need to buy and sell currencies in order to settle commercial trade transactions or investment money movement transactions. Many times these transactions occur when financial markets open and when they are about to close. This is why trends can occur at these times.

Trading Volumes

Remember the types of orders discussed previously. Group 1 were the Big Forex Market participants who could introduce large orders at any time they wish. This can happen subtly 6 to 10 times a day. Using market volumes is the only way of catching these turning points.

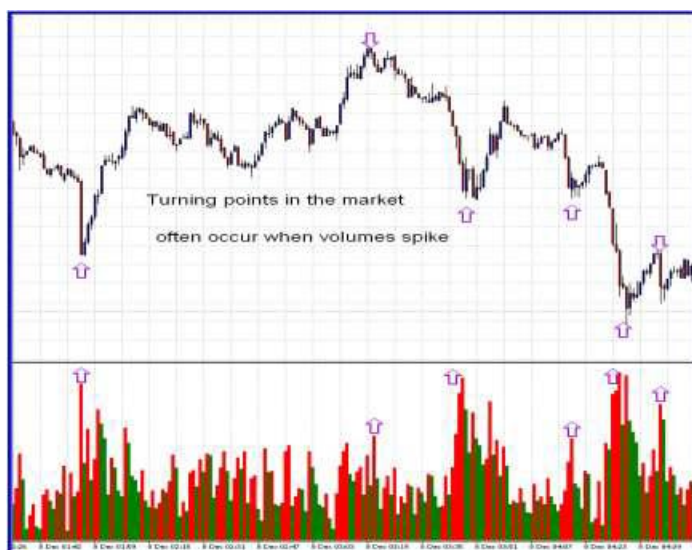
You need to have the 1 minute chart open showing the volumes being traded. A huge increase in volumes (2 or 3 times the previous bars) while the price is trending can:-

- 1) Slow the trend down,
- 2) Stop it or
- 3) Cause it to reverse.



A huge increase in volume is likely to reverse the direction of the trend. See the example shown where the volume increase by 2 to 3 times the previous bar.

You would enter a transaction when you see this happens on the 1 minute chart. You will normally have 30 to 60 seconds to enter before the reversal actual happens, so your need to be quick! The chart below shows how this can happen a number of times within a few hours.



Volume is available from most MetaTrader brokers and can be added to your charts using Insert > Indicators > Volume > Volume

This is an extreme example of a big player moving the market. Note the increase in trading volumes and the trend that developed. On a smaller scale this happens every day. Back trade your trading charts using the 1 minute charts with volume loaded. You will be surprised. Volume is actively also used in our With All the ODDS scalping techniques.