

REAL FOREX TRADING TOOLS FOR REAL PEOPLE

PipBoxer Trading Tools

PipBoxer
Trend Following EA

A Guide to PBTrend

©2007 www.pipboxer.com

Table of Contents

Introduction	3
Attaching an EA to a Chart.....	5
The Location of EAs on Your Computer	5
EA Formats.....	5
Compiling an EA	6
Attaching the EA	7
Changing the Properties of an Attached EA.....	10
The PBTrend Strategy	11
Visual Aid	11
Risk Management Tool.....	12
How PBTREND Manages a Trade	12

Introduction

If you are familiar with trading for a while you have probably heard about “Money Management”. A retail trader usually overlooks this term but a professional trader knows that in a risky environment the ability to manage your money is very important.

Money management is a series of techniques that help you to get the most of your trades and/or investment. It is about how you take care of your portfolio. It is a very interesting subject in finance. As a trader you need to know where to allocate your money, when transfer your money from once source of income/investment to another, and much more. When it comes to a single trade you need to know how to enter and exit a trade to get the most of it. It is not about the strategy of taking a trade but how to deal with it to make the most of it.

For example suppose you buy a standard lot of British Pound vs. US Dollar (i.e. GBPUSD) at 1.9320. What would you do if the price drops to 1.9220 (this is equivalent of losing \$1000). Do you stay in the trade? Do you close it? Do you buy another lot in the hope that price goes up and you can average out two trades? Do you sell half a lot and keep the other? If you do not have the answer to this question upfront you'd better not to enter the trade in first place.

Money management answers such questions. With money management techniques in place you setup proper Stop Loss and Take Profit levels in place and change them properly according to price movements. With solid criteria in place you get less excited about what happens in a single trade. You watch the market carefully and exit the trade according to what you have planned long before entering the trade.

Of course money management is beyond managing the exit strategy but for sure a good exit strategy depends on proper money management techniques in place.

When I first designed PipBoxer v2.0 I realized – with the help of Forex Factory members – the more sophisticated the exit strategy the more profitable trades can be. Therefore PipBoxer v2.0 takes several steps to exit a trade as safe as possible. I am very happy with the results. On the other hand there are many people who do not use

PipBoxer or even if using PB they also enter some of the trades manually. I am a member of second group. PBTREND is a tool that helps you to achieve this goal. It uses the PipBoxer technology to help you exit a trade as safe as possible no matter how you entered it and no matter how you set up the initial SL and TP levels.

This guideline helps you to understand the mechanism, usage, and installation of PBTREND.

Notes:

1. Do not use this tool for scalping and exiting trades with SL and TP levels less than 15 pips.
2. PBTREND is not a complete trading package. You need to open the trade yourself. It just helps you exit the trades in a better way.
3. PBTREND is a freeware. Feel free to distribute and send it to your friends. However, it's under www.pipboxer.com copyright. You are not permitted to sell this program or use reverse engineering techniques to extract the code.
4. PBTREND is written for MetaTrader 4 build 201 or a later release. It might not work properly on other releases of the MT4. For the latest updates refer to www.pipboxer.com.
5. You are using this tool at your own discretion. Neither www.pipboxer.com nor the author of this tool shall not hold responsible for your losses due to the usage of this tool. I recommend forward testing it several times to make sure this is the solution you are looking for.

Attaching an EA to a Chart

Since PBTREND is an Expert Advisor for MT4 the following section shows you how to use an EA in general. You may also refer to MetaTrader 4 online help or manuals for more information about using Expert Advisors.

One of the reasons that MetaTrader 4 (MT4) is a highly regarded trading station is its capability to automatically run trading orders. The tool that traders use to conduct such automated trades is called an EA (Expert Advisor).

An EA is a software program that a trader can use within the MT4 terminal. A trader may use an EA for different reasons, included but not limited to analyzing the market and creating trading signals, conducting fully automated trades, defining complex criteria for running a trade, and so on.

In order to be able to use an EA you must attach it to a chart. If you attach an EA to a chart it uses the chart tick movements to analyze the market and do its job. For example if you attach an EA to the USDJPY chart the EA will run every time the price of USDJPY moves. Let's see how to attach, compile, and use EAs.

The Location of EAs on Your Computer

You need to place your EAs in the “experts” folder. If for example you have installed MetaTrader in a folder called “My Trading Station” under drive C: the address to this folder could be “C:\Program Files\My Trading Station\experts\”.

If an EA needs to use one or more custom indicators place the custom indicators in a folder called “indicators” under the “experts” folder (e.g. “C:\Program Files\My Trading Station\experts\indicators\”).

EA Formats

EAs are available in two different formats: the raw format (or source code) and the compiled format (or executable version). The file extension for EA source codes is *.mq4 (e.g. PipBoxer.mq4) and the file extension of EA compiled programs is *.ex4 (e.g. PipBoxer.ex4). The default location for both formats is the “experts” folder.

You cannot use the source code to run the EA. You must compile the source code first to make it an executable file. On the other hand the compiled (*.ex4) format is ready to use. You don't need the source code to run the compiled format. So eventually all you need is the compiled file.

As I mentioned before if you receive the source code you need to compile it first to be able to use it in MT4.

Compiling an EA*

If you place an error-free source code in "experts" folder and then start MT4 it automatically compiles the EA and creates the *.ex4 file. You may also compile the EA yourself as follows.

When you install your MT4 trading terminal you also install an application called MetaEditor. The installation is done automatically. You can use MetaEditor to develop EAs. You also use MetaEditor to compile EAs. So if you receive the source code of an EA (i.e. the *.mq4 file) use the following steps to compile it. If you already have the compiled file in hand skip this procedure.

1. From the MT4 terminal run MetaEditor. You can find the MetaEditor icon on the Standard toolbar of the MT4 terminal (Figure 1).



Figure 1

2. In the MetaEditor window open the EA source code. You can either use the File>Open to locate and open the file or double-click the file name in the "Navigator" window. This window is located on the right side of the MetaEditor window by default.
3. On the MetaEditor toolbar click the "Compile" button (Figure 2).

* I distribute PipBoxer v2.0 in compiled format so you do not need to compile it. I just keep this section for those who want to know how to compile an EA.

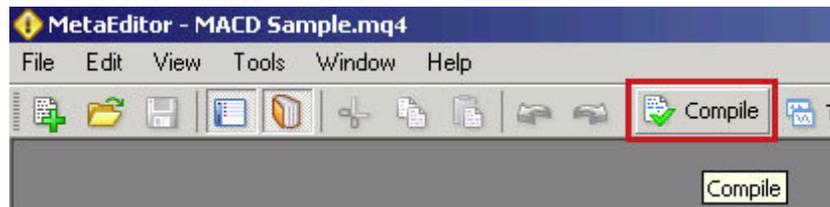


Figure 2

4. If the code contains no errors the application creates the compiled (*.ex4) file and you are ready to use the EA. The error messages appear on a window called “Toolbox” embedded in the MetaEditor environment. If you receive a message similar to the one shown in Figure 3 you are good to go. If not, you either need to fix the error yourself or contact someone who is an MQL developer.

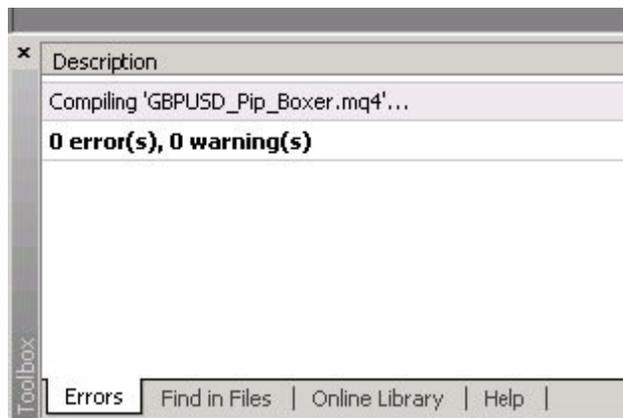


Figure 3

5. Close MetaEditor.

Now you are ready to use the EA.

Attaching the EA

To attach an EA to a chart use the following steps.

1. In the MT4 terminal open the desired chart.
2. Select the proper time frame by clicking one of the icons on Periodicity toolbar or Chart > Periodicity menu. The current time frame for PipBoxer is M15 (or 15 minute charts).
3. Make sure that the “Navigation” window is open. The default location of this window is below the “Market Watch” window on the left side of the MT4 terminal (Figure 4). If the “Navigation” window is not open either press Ctrl+N or from the View menu select Navigation.



Figure 4

4. In the “Navigator” window click the “+” sign next to “Expert Advisors”. The list of current EAs appear in the window.
5. From the list either drag-and-drop the EA to the chart or double-click it. A dialog box appears.
6. On the “Common” tab select the “Allow live trading” option (Figure 5). If you do not select this option the EA does not enter trades automatically.

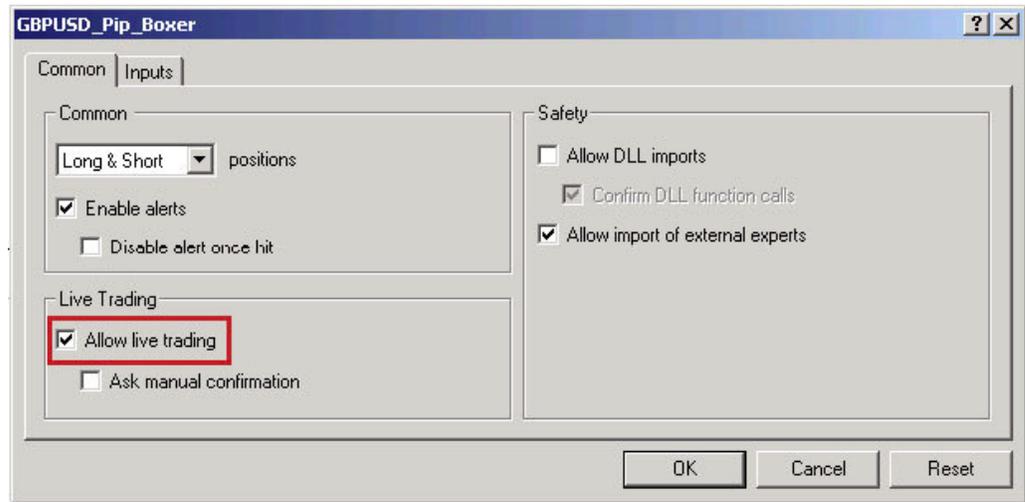


Figure 5

- On the same dialog box select the “Inputs” tab. The tab is located at the top of the dialog box. In this tab you can make any changes to external variables (Figure 6).

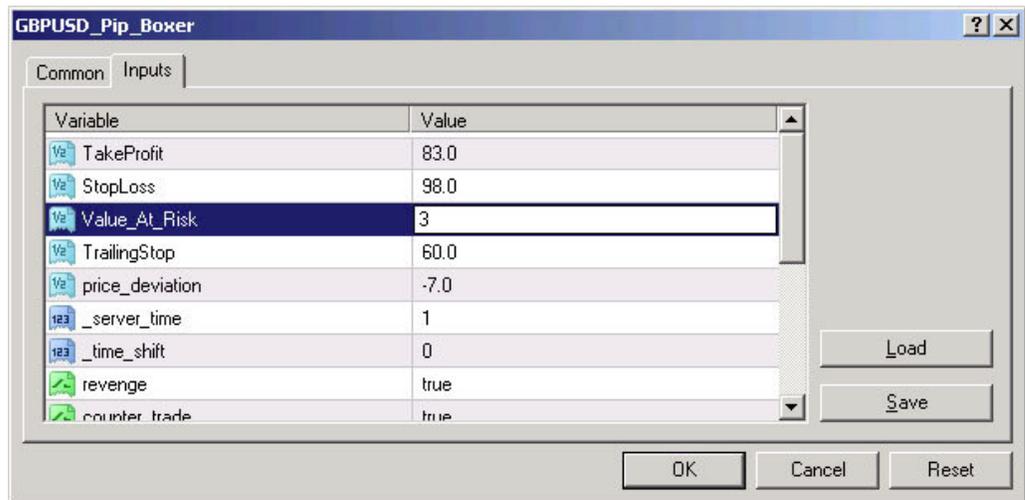


Figure 6

- Click OK. A smiley (happy face) appears on the upper right corner of the chart indicating that the EA is running (Figure 7).

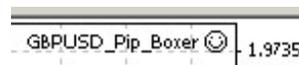


Figure 7

You may see an “x” sign instead of the happy face. This means that all of the EAs are deactivated. To activate EAs from the Standard toolbar press the “Expert Advisors” icon (Figure 8).



Figure 8

If instead of the happy face you see a sad face it means that this EA is not allowed to trade live. To enable live trading:

1. Press F7 to see the EA properties dialog box.
2. Select the “Common” tab.
3. Select the “Allow live trading” option (Figure 5).

Changing the Properties of an Attached EA

To change the properties of an EA that is attached to a chart use the following steps:

1. In the MT4 terminal open the chart.
2. Press F7 to see the EA properties dialog box. Alternatively, you may right click on the smiley and select Properties from the pup-up menu.
3. To change the values assigned to external variables, select the “Inputs” tab and make the desired changes or click Reset to restore the original settings of the EA.
4. To change other options select the “Common” tab and select or deselect desired options.
5. Click OK.

Note: Some brokers disable EAs by default. You need to contact your broker and ask them to activate EAs for your account. They usually ask you to submit a form.

The PBTrend Strategy

PBTREND is a trend following system for daily GBPUSD charts. It uses two Exponential Moving Averages (EMAs) one fast and the other one slow to detect the existence and direction of the trade. It also uses price action to confirm the trade. The exact settings of the EMAs and the price action indicator depend on the results that we get from our lab.

Visual Aid

When the system recognizes a trend it draws an up arrow or down arrow on the last day bar. You can turn off this feature through the Properties dialog box of PBTrend (Figure 9). To disable this feature change the value of DrawArrows to false.

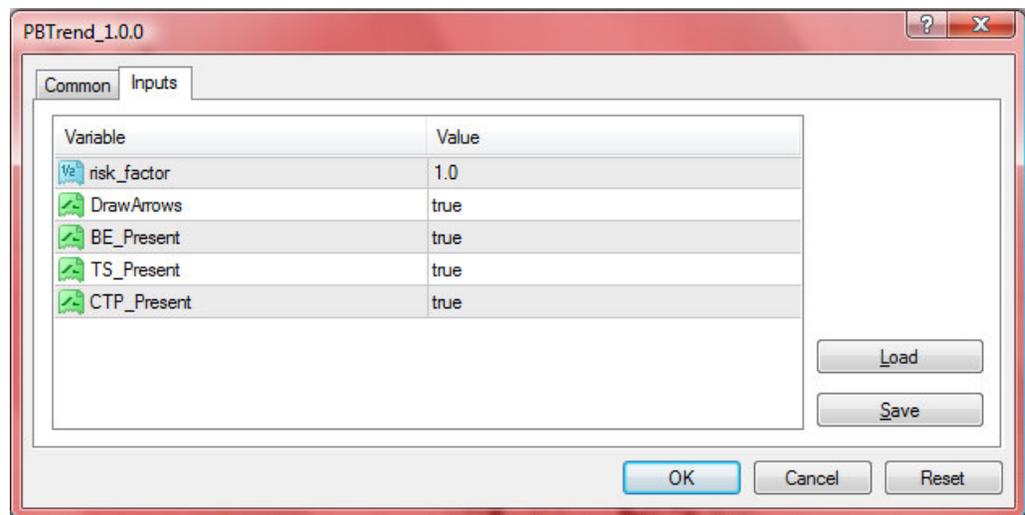


Figure 9

The arrow also helps you to manually interfere with the system. If you see the direction of the arrow is not correct – based on your own analysis – you can disable the EA for the day to stop it from trading.

Risk Management Tool

PBTrend uses a fixed ratio position sizing system to calculate the lot size. If your risk factor is 1 for every \$1000 of your account balance it trades 0.01 of a standard lot or rather 1000 units of the currency pair. If your broker does not allow you to trade 0.01 lots it automatically changes the policy and trades 0.1 lots for every \$10000 dollar in your account balance.

You can raise the change the lot size calculations with the help of the “risk_factor” variable (Figure 9). If for example, you assign 5 to this variable the system will trade 0.05 lots for every \$1000 of your account balance. You can assign any positive value to this parameter.

How PBTREND Manages a Trade

PBTrend by default assigns SL and TP to every trade. Currently the size of SL is 44 pips and the size of the default TP is 317 pips. This may change in the future.

A trade closes either when the price hits SL/TP or when the trend is finished according to the calculations made by PBTrend. The EA also uses 3 tools to move SL and TP in order to secure your profit and decrease the chances of losing money.

- **BE_Present:** If this variable is true (Figure 9), the EA moves the SL above the breakeven or rather the open price to secure your profit.
- **TS_Present:** This variable (Figure 9) enables the trailing stop and moves the SL according to price movements.
- **CTP_Present:** If the price moves against the trade significantly it moves the TP near the SL. If the price retraces in your favour you will exit the trade with less profit.

Index

`_move_to_break_even`, 12
`_move_to_mid_TP`, 12
`_trailing_stop_available`, 12
Attaching, 5, 7
brokers, 10
Common, 8, 10
Compile, 6
compiled, 5, 6, 7
Compiling, 6
dialog box, 8, 9, 10
EA, 5, 6, 7, 8, 9, 10
ex4, 5, 6, 7
executable, 5, 6
Expert Advisors, 8, 9
Formats, 5
Inputs, 9, 10
install, 6
Location, 5
market, 1, 5
menu, 7, 10
MetaEditor, 6, 7
MetaTrader, 5
mq4, 5, 6
MT4, 5, 6, 7, 10
Navigator, 6, 8
PipBoxer, 0, 5
Properties, 10
source code, 5, 6
terminal, 5, 6, 7, 10
Toolbox, 7
trades, 5, 8
www.pipboxer.com, 1

