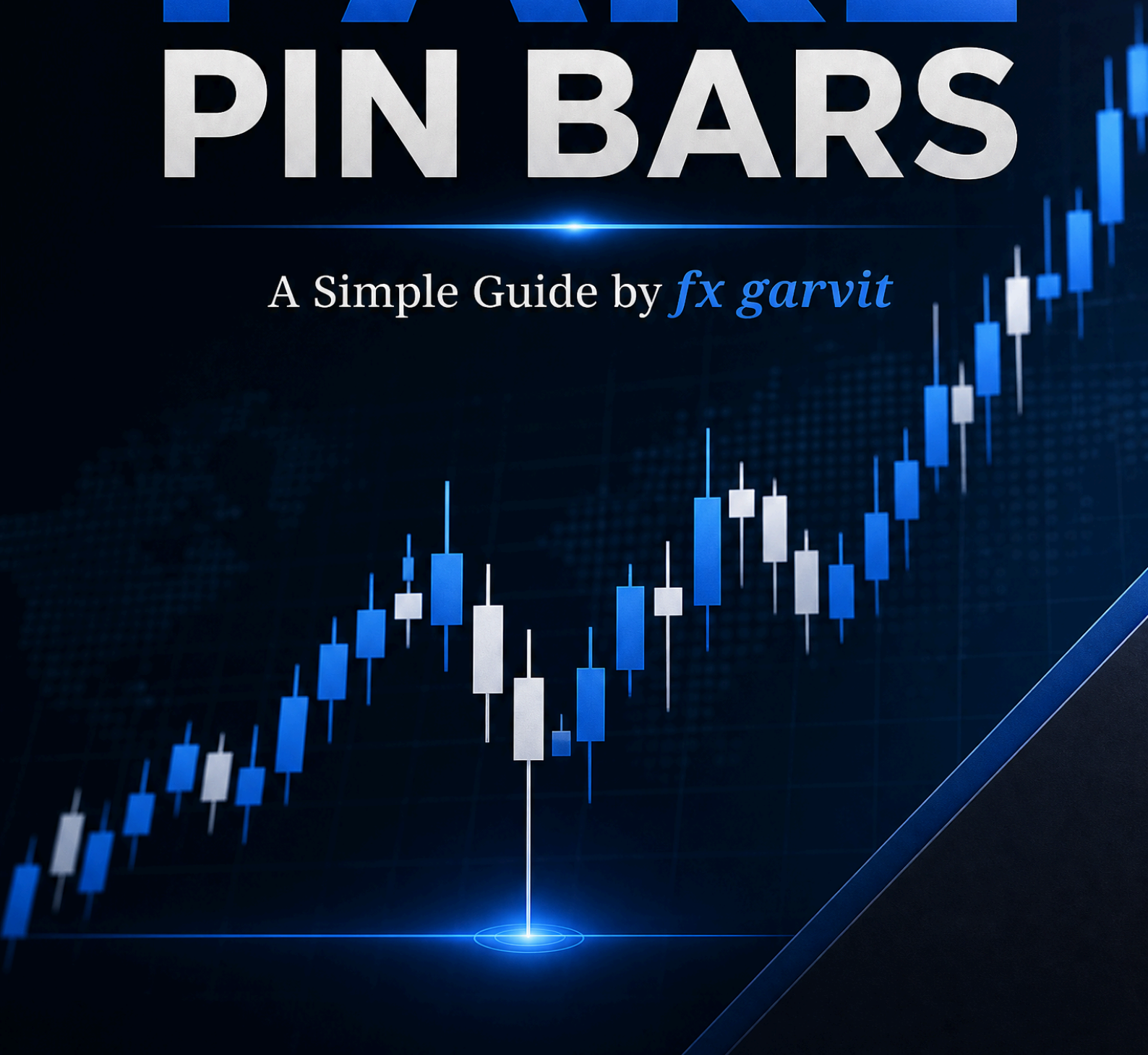


# HOW TO TRADE FAKE PIN BARS

A Simple Guide by *fx garvit*



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# 1 Introduction

In the world of trading, understanding how prices move is very important. One special pattern that traders look for is called a **Pin Bar**. A Pin Bar can tell us that the market might change direction soon. It's like a hint that something new is about to happen.

## 2 What is a Pin Bar?

A Pin Bar is a type of candlestick on a chart. It has a very long 'wick' (or shadow) that sticks out, and a small 'body'. Imagine a candle with a very long nose – that's kind of what it looks like! This long wick usually means that prices tried to go in one direction but then quickly changed their mind and went the other way.

For a Pin Bar to be considered 'real', its long wick should clearly stand out from the other recent price movements. This shows that the market made a strong move in one direction, but then buyers or sellers stepped in powerfully to push the price back, creating that long wick.



图 1 A genuine Pin Bar setup sticking out from price action.

## 3 What is a Fake Pin Bar?

Sometimes, you'll see a candlestick that looks a lot like a Pin Bar because it has a long wick. However, if this long wick doesn't clearly stick out from the prices that were just traded, we call it a **Fake Pin Bar**. It's like Pinocchio's nose, but it's not quite long enough to be a clear sign of a 'lie' in the market.

**Here's the main difference:**

- **Real Pin Bar:** The long wick is very noticeable and extends beyond the recent price action. It's a strong signal of a possible reversal.
- **Fake Pin Bar:** The long wick is there, but it's not as obvious or doesn't extend far past the recent prices. This means the signal for a reversal might not be as strong.



图 2 Example of a Fake Pin Bar that does not stick out.

## 4 Why Fake Pin Bars Need More Care

Because Fake Pin Bars don't stick out as much, they don't give as clear a signal as real Pin Bars. This means that if you trade them, the market might not reverse as strongly or as quickly as you expect. So, you need to be more careful and look for other clues before making a trade based on a Fake Pin Bar.

## 5 How to Trade Fake Pin Bars

Even though they are 'fake', these Pin Bars can still be useful if you know how to use them. The most important rule for trading Fake Pin Bars is to **only trade them in the direction of the bigger trend**.

Let's break this down:

1. **Find the Main Trend:** First, look at your chart over a longer period to see if the market is generally going up (an **uptrend**) or going down (a **downtrend**).
2. **Look for a Fake Pin Bar:** Once you know the trend, look for a Fake Pin Bar that appears to support that trend.
  - **In an Uptrend:** If the market is going up, and you see a Fake Pin Bar with a long wick pointing downwards (meaning prices tried to go down but were pushed back up), this could be a buying opportunity. You would expect the uptrend to continue.
  - **In a Downtrend:** If the market is going down, and you see a Fake Pin Bar with a long wick pointing upwards (meaning prices tried to go up but were pushed back down), this could be a selling opportunity. You would expect the downtrend to continue.
3. **Manage Your Risk:** Always place a 'stop loss' order. This is a safety measure that closes your trade if the market goes against you too much, protecting your money. For a Fake Pin Bar, you would place your stop loss just a little bit beyond the end of the wick, in the opposite direction of your trade.



图3 Analyzing a Pin Bar for reversal potential.

## 6 Example: Trading in an Uptrend

Imagine the market is clearly moving upwards, making higher highs and higher lows. Then, you see a candlestick where prices quickly dropped but then bounced back up, leaving a long wick pointing down. This is a bullish Fake Pin Bar. Since it's in an uptrend, you might decide to buy, expecting the upward movement to continue. You'd place your stop loss just below the lowest point of that wick.

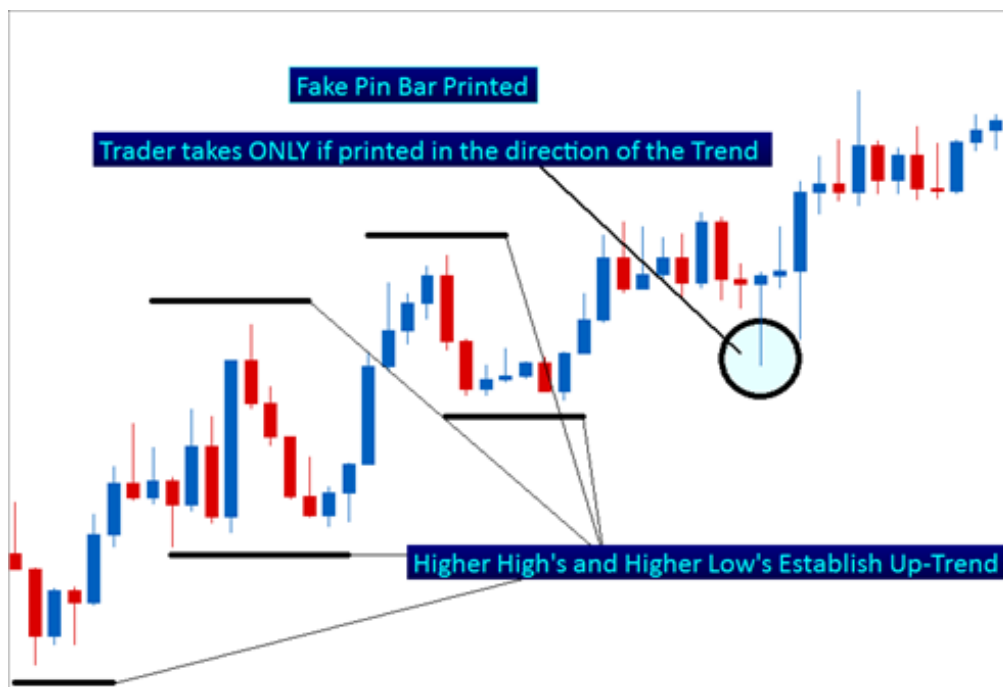


图4 Fake Pin Bar printed in the direction of an established uptrend.

## 7 Example: Trading in a Downtrend

Now, imagine the market is clearly moving downwards, making lower highs and lower lows. You then see a candlestick where prices quickly rose but then fell back down, leaving a long wick pointing up. This is a bearish Fake Pin Bar. Since it's in a downtrend, you might decide to sell, expecting the downward movement to continue. You'd place your stop loss just above the highest point of that wick.



图 5 Fake Pin Bar in the direction of a downtrend with stop loss placement.

## 8 Conclusion

Fake Pin Bars can be a useful tool for traders, but they require careful thought. By combining them with the overall market trend and always managing your risk with a stop loss, you can use these patterns to find potential trading opportunities. Remember, no trading signal is perfect, so always trade wisely and with a clear plan.