Techniques with Analysis

Table of contents **Page**

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Introduction
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I would like to introduce myself before move to the following techniques & analysis. I have been trading for few years. And I'm looking for better trading return & good system to manage my trades. There are so many developed systems in the market and beginner traders are not affordable to purchase the system. Therefore, I have developed some systems by using visual basic 6 for market analysis. The systems are Statistics Analysis, Back-testing, Portfolio Analysis and Trading Platform. So I'm going to demonstrate & explain in details by using my created system in order to provide you the substantial evidence of how market reacts/works/behaves.

Reason Why Traders Lose Money
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Beginner Traders

1. Not acquire the knowledge of Technical Analysis
2. Strategy follow macro/minor news – Go long/short position instantly after news announcement
3. Follow rumors
4. Emotions Trading – Hold earning position until become losing trades
5. Gambling Behavior – Anyhow entry & exit position randomly
6. No planning - No ideas what is going to do
7. No discipline – No follow plan, strategy & trade all games
8. No management – Do not care about capital protect & keep trying losing
9. No analysis – Do not have analysis about trend behavior, distant/range for time bar

Intermediate Traders

1. Apply Technical Analysis in various situations – Anyhow use to fulfill a trade
2. Emotions Trading – To exit position early due to worry about trades could turn into losing case
3. Partial Planning – Do not have consistent growth of trading return ,with/without monitoring games strategy
4. No discipline – Do not follow plan, strategy & trade all games
5. No analysis – Do not have fully evidence to sustain the strategy works
6. No back-testing – Do not know the final return of strategy for long period of trading games
7. No management – Return drawdown sharply without hedging or capital protect

Trading Analysis

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Traders could setup a good strategy with/without monitoring the charts/games. But I'm going to setup no monitoring games strategy instead of sitting in front of computer all the time & have the flexible/free time to do other stuffs.

Understand market behavior is the crucial part before setup a good strategy. Even if traders could setup a strategy without analysis/understand the reason behind of market trend behavior, traders might/might not do their best in trading result. The trading result could be not the consistent return or maybe is zigzag return (Earn during a period of time & lose for another period of time). Therefore, analysis should be done here. I'm going to choose the following instrument & product for the analysis.

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Instrument: FOREX
Product: EURUSD
Data: Jan 2004 to Dec 2011 (2083 days in 7 years)

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FOREX is 24 hours market. Trading hours is from Sunday 1700 EST to Friday 1700 EST. Trading opportunity is better than the other instruments.

Before I'm going to demonstrate the statistics analysis for daily trend behavior, I would like post S&P 500 & EURUSD performance during 7 years running. This is to prove that the trading result from analysis could perform good result in trading no matter how is the market/situation.

S&P 500 price chart

EURUSD price chart

Statistics Analysis 01

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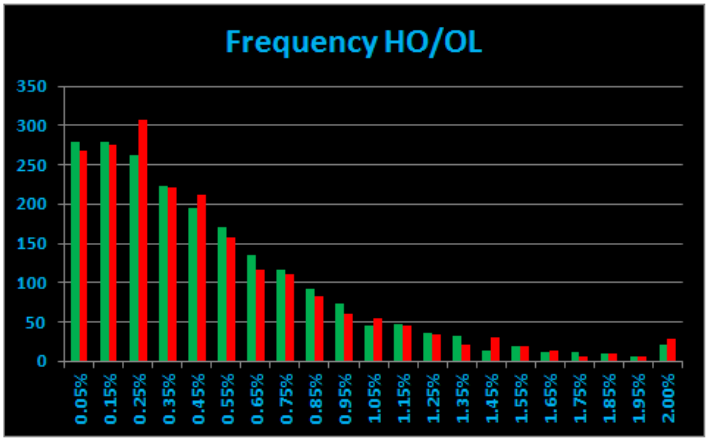
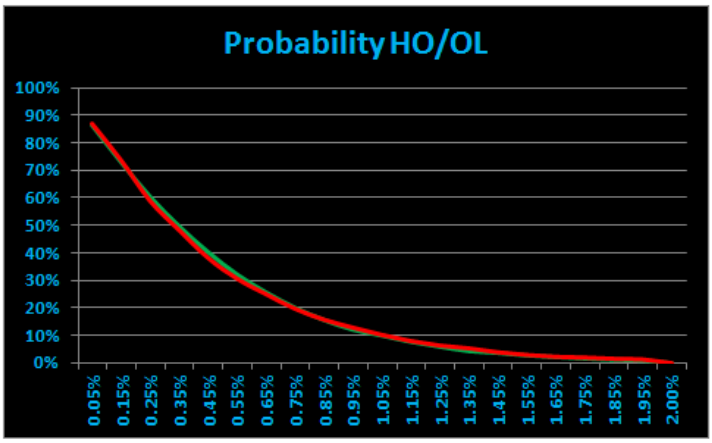
This illustrates the analysis of distant/range for daily bar. Screenshot below shows the daily frequency & probability for high to open (HO) & open to low (OL) distant/range





			Frequency				Probability %			
Range %		Mean	HO	OL	CO+	CO-	HO	OL	CO+	CO-
0.00%	0.10%	0.05%	279	267	154	153	87%	87%	85%	85%
0.10%	0.20%	0.15%	279	276	115	145	73%	74%	74%	71%
0.20%	0.30%	0.25%	262	307	147	120	61%	59%	60%	59%
0.30%	0.40%	0.35%	223	221	120	96	50%	48%	49%	50%
0.40%	0.50%	0.45%	195	211	90	90	40%	38%	40%	41%
0.50%	0.60%	0.55%	170	157	94	79	32%	31%	31%	33%
0.60%	0.70%	0.65%	135	117	63	56	26%	25%	25%	28%
0.70%	0.80%	0.75%	116	111	63	57	20%	20%	19%	22%
0.80%	0.90%	0.85%	92	82	40	47	16%	16%	15%	17%
0.90%	1.00%	0.95%	73	61	40	39	12%	13%	12%	14%
1.00%	1.10%	1.05%	45	55	35	20	10%	10%	8%	12%
1.10%	1.20%	1.15%	47	46	25	27	8%	8%	6%	9%
1.20%	1.30%	1.25%	37	34	12	22	6%	6%	5%	7%
1.30%	1.40%	1.35%	33	21	6	13	4%	5%	4%	6%
1.40%	1.50%	1.45%	14	30	13	10	4%	4%	3%	5%
1.50%	1.60%	1.55%	19	20	6	11	3%	3%	2%	4%
1.60%	1.70%	1.65%	12	14	4	10	2%	2%	2%	3%
1.70%	1.80%	1.75%	11	6	1	7	2%	2%	2%	2%
1.80%	1.90%	1.85%	9	9	5	5	1%	2%	1%	1%
1.90%	2.00%	1.95%	6	6	3	4	1%	1%	1%	1%
2.00%		2.00%	21	28	12	10	0%	0%	0%	0%

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HO = Daily (High – Open) in green color bar/line

OL = Daily (Open – Low) in red color bar/line

Vertical axis: Frequency/Probability

Horizontal axis: Distant/Range in %

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Explanation:

1. Frequency & probability tends to decrease with ascending of ranges in %
2. Strategy stop loss should set at low probability price. Reason is stop loss is hit less frequently in order to provide better chance for target to be achieved.
3. Inversely, strategy target should set at high probability price. Reason is target is provided to hit more frequently.
4. Entry should also set at high probability price. More entry chances provide more earning possibilities.
5. High risk (Stop loss range is far = Bigger range %) high return (Target range is near = Smaller range %)

Below is the evidence to sustain the above statements by using back-test system

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Target distant/range

Position = Long & short

Entry = 0.00% which is at daily open price

Stop Loss = 0.75% which is at 0.75% range from open price

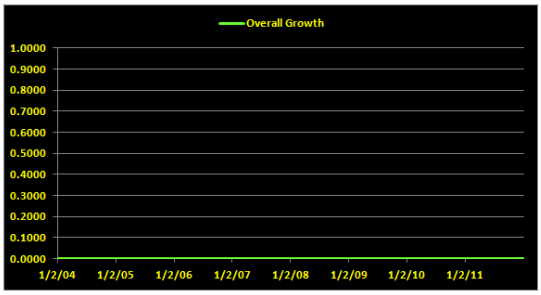
Case	1	2
Target distant/range	0.75% range from open price	0.20% range from open price
Total Return	USD$ 0.00	USD$ 6268.27

Explanation:

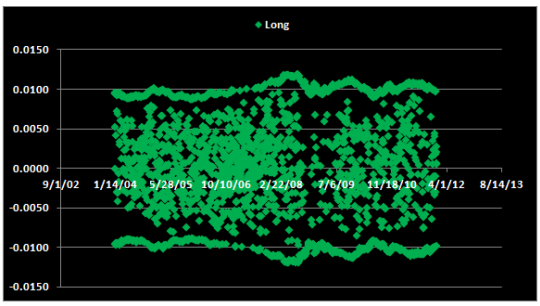
Compare to the two screenshot below. Result for target distant/range 0.20% is better than 0.75%. So based on the statistics analysis, high probability % for target distant/range contributes to higher return.

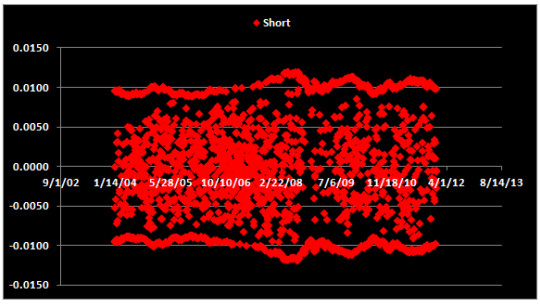
Case 1:

Return Growth



Return Distribution





Trades Summary

Date From	1/1/2004
Date To	12/30/2011
Duration (Mth)	84

Total Game	4162

Position	Hit	Count	%
Long	Entry	2081	-
	Stop	446	21%
	Target 1	459	22%
	Target 2	0	0%
Short	Entry	2081	-
	Stop	459	22%
	Target 1	446	21%
	Target 2	0	0%

Return Summary

Long Position (Pts/Pips)	0.401
Short Position (Pts/Pips)	-0.401
Total (Pts/Pips)	0.000

Leverage (1:1000)	10000
Total Return (USD$)	0.00
Monthly Return (USD$)	0.00

Drawdown

Long	Max (Pts/Pips)	-0.0119
	Count <-0.01 (Pts/Pips)	247
Short	Max (Pts/Pips)	-0.0119
	Count <-0.01 (Pts/Pips)	215

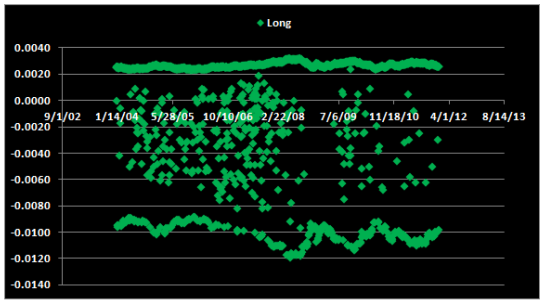
Trades Consistency

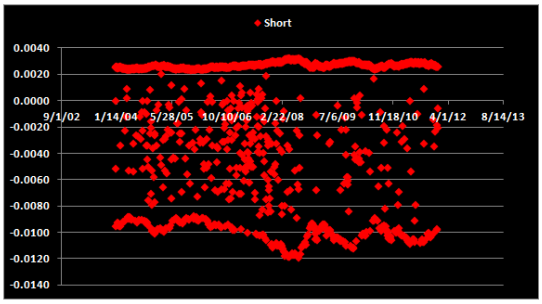
Long	Standard Deviation	0.73%
Short	Standard Deviation	0.73%

Case 2:

Return Growth

Return Distribution





Trades Summary

Date From	1/1/2004
Date To	12/30/2011
Duration (Mth)	84

Total Game	4162

Position	Hit	Count	%
Long	Entry	2081	-
	Stop	284	14%
	Target 1	1492	72%
	Target 2	0	0%
Short	Entry	2081	-
	Stop	265	13%
	Target 1	1509	73%
	Target 2	0	0%

Return Summary

Long Position (Pts/Pips)	0.277
Short Position (Pts/Pips)	0.350
Total (Pts/Pips)	0.627

Leverage (1:1000)	10000
Total Return (USD$)	6268.27
Monthly Return (USD$)	74.62

Drawdown

Long	Max (Pts/Pips)	-0.0119
	Count <-0.01 (Pts/Pips)	158
Short	Max (Pts/Pips)	-0.0119
	Count <-0.01 (Pts/Pips)	124

Trades Consistency

Long	Standard Deviation	0.46%
Short	Standard Deviation	0.45%

Stop distant/range

Position = Long & short

Entry = 0.00% which is at daily open price

Target =0.20% which is at 0.20% range from open price

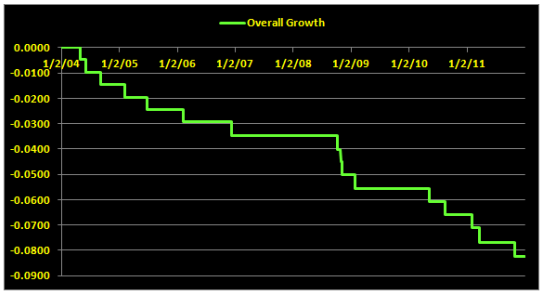
Case	1	2
Stop Loss distant/range	**0.20% range from open price**	**No Stop Loss**
Total Return	**USD$ -824.85**	**USD$ 5148.75**

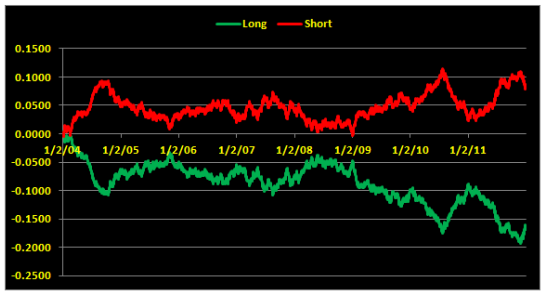
Explanation:

Compare to the two screenshot below. Result for no stop loss distant/range is better than 0.20%. So based on the statistics analysis, low probability % for stop loss distant/range contributes to higher return

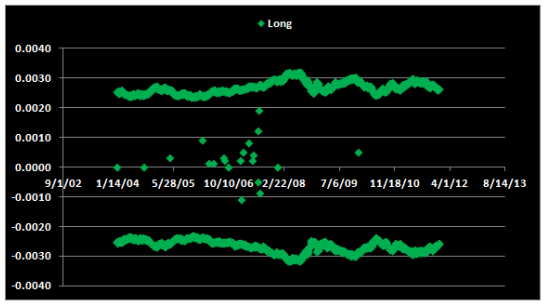
Case 1:

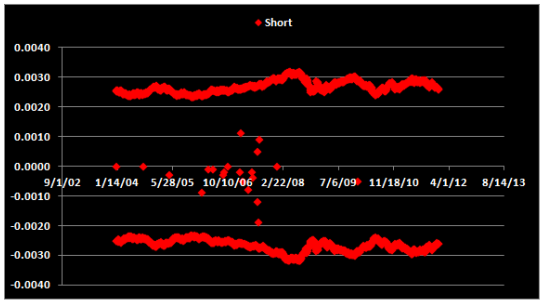
Return Growth





Return Distribution





Trades Summary

Date From	1/1/2004
Date To	12/30/2011
Duration (Mth)	84

Total Game	4162

Position	Hit	Count	%
Long	Entry	2081	-
	Stop	1064	51%
	Target 1	997	48%
	Target 2	0	0%
Short	Entry	2081	-
	Stop	1013	49%
	Target 1	1048	50%
	Target 2	0	0%

Return Summary

Long Position (Pts/Pips)	-0.169
Short Position (Pts/Pips)	0.086
Total (Pts/Pips)	-0.082

Leverage (1:1000)	10000
Total Return (USD$)	-824.85
Monthly Return (USD$)	-9.82

Drawdown

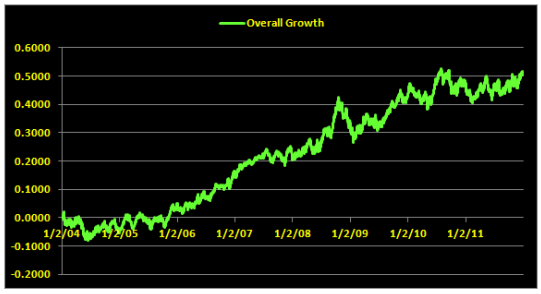
Long	Max (Pts/Pips)	-0.0032
	Count <-0.01 (Pts/Pips)	0
Short	Max (Pts/Pips)	-0.0032
	Count <-0.01 (Pts/Pips)	0

Trades Consistency

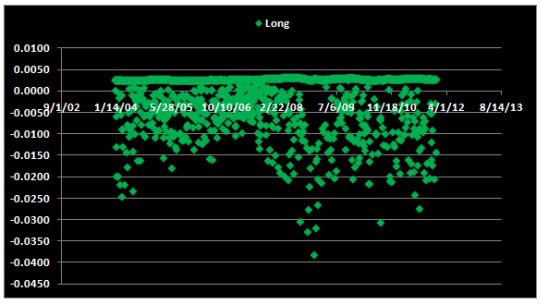
Long	Standard Deviation	0.27%
Short	Standard Deviation	0.27%

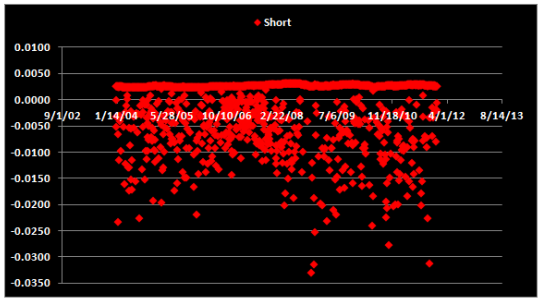
Case 2:

Return Growth



Return Distribution





Trades Summary

Date From	1/1/2004
Date To	12/30/2011
Duration (Mth)	84

Total Game	4162

Position	Hit	Count	%
Long	Entry	2081	-
	Stop	0	0%
	Target 1	1519	73%
	Target 2	0	0%
Short	Entry	2081	-
	Stop	0	0%
	Target 1	1538	74%
	Target 2	0	0%

Return Summary

Long Position (Pts/Pips)	0.129
Short Position (Pts/Pips)	0.386
Total (Pts/Pips)	0.515

Leverage (1:1000)	10000
Total Return (USD$)	5148.75
Monthly Return (USD$)	61.29

Drawdown

Long	Max (Pts/Pips)	-0.0382
	Count <-0.01 (Pts/Pips)	149
Short	Max (Pts/Pips)	-0.0330
	Count <-0.01 (Pts/Pips)	123

Trades Consistency

Long	Standard Deviation	0.55%
Short	Standard Deviation	0.51%

Statistics Analysis 02

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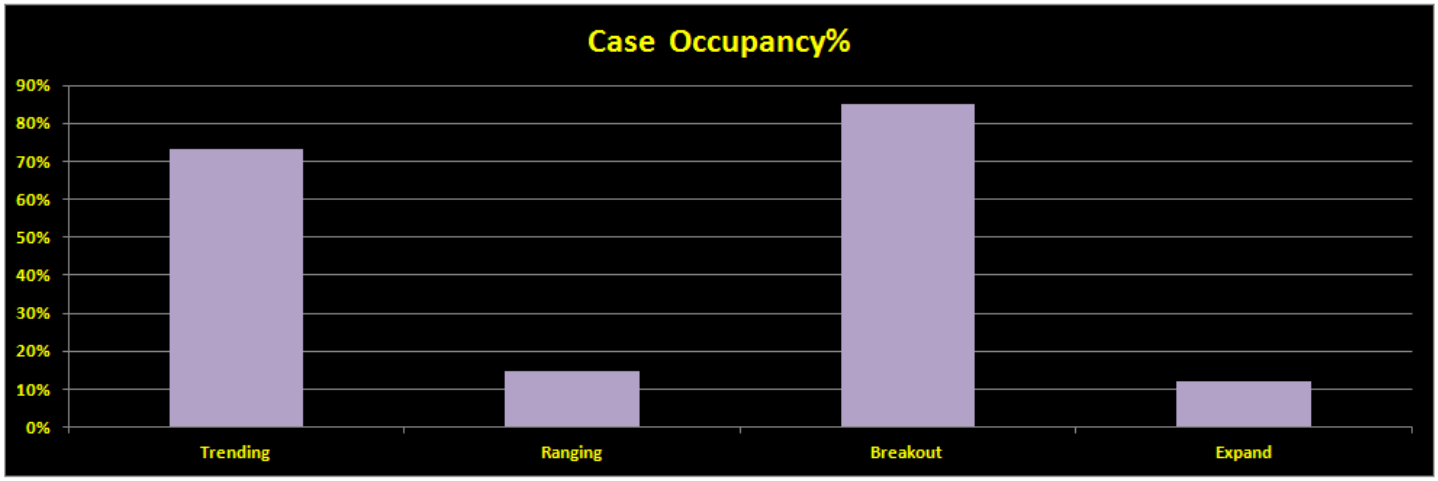
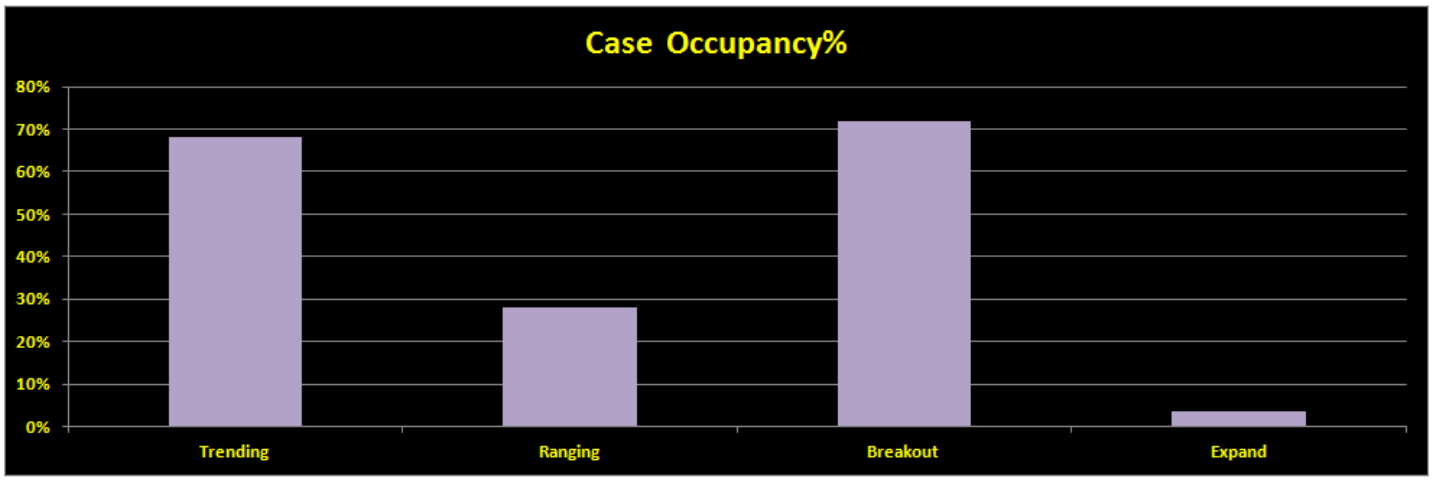
This illustrates the analysis for day-to-day trend behavior. Screenshot below shows day-to-day relationship/trend behavior for ranging, trending, breakout & expand

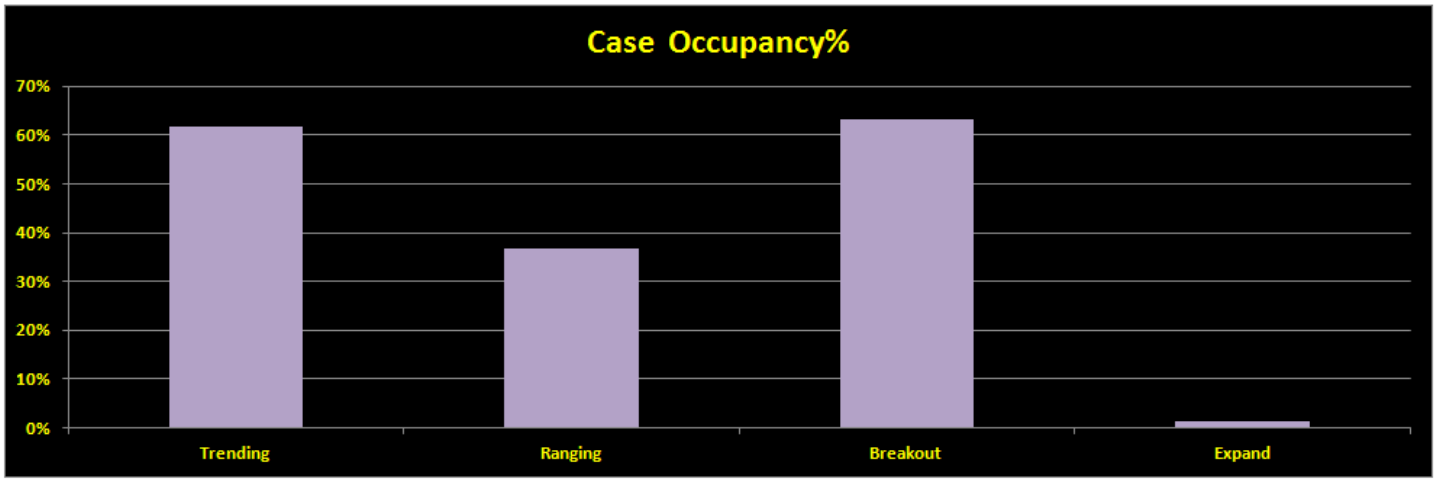
Yesterday to current day



Last 2 days to current day



Last 3 days to current day



Trend behavior:
Trending = Price break previous resistance without break support or break previous support without break resistance
Ranging = Price stay between previous resistance & support
Expand = Price break previous resistance & support
Breakout = Trending or Expand

The following screenshots illustrate the trend pattern in price chart
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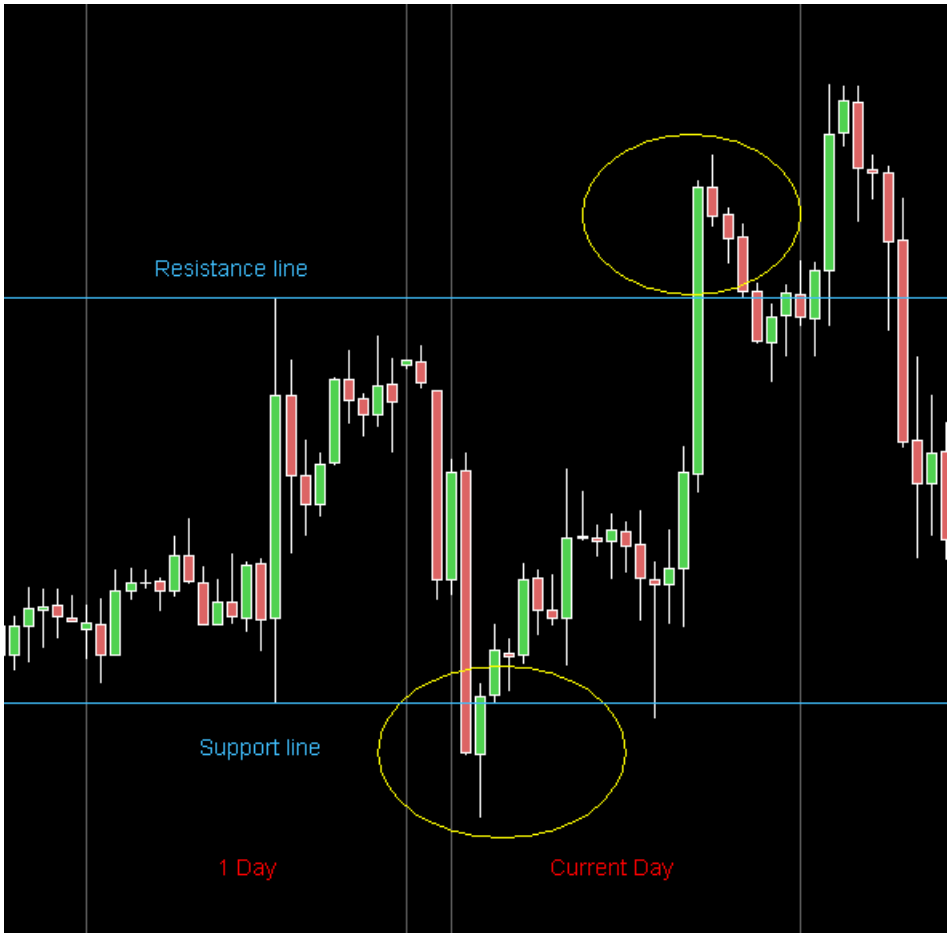
Trending: Current day trend break resistance without break support (Last 2 days to current day)

Ranging behavior: Current days trend stay between support & resistance line (Last 2 days to current day)

Expand behavior: Current day trend break support & resistance line (Yesterday to current day)



Result:

Yesterday to current day	Previous 2 days to current day	Previous 3 days to current day
Total trades: 2083 days	**Total trades: 2083 days**	**Total trades: 2083 days**
Trending: 1526 days – 73%	**Trending: 1423 days -68%**	**Trending: 1288 days -62%**
Ranging: 306 days -15%	**Ranging: 583 days -28%**	**Ranging: 765 days -37%**
Breakout: 1175 days -85%	**Breakout: 1498 days -72%**	**Breakout: 1315 days -63%**
Expand: 250 days -12%	**Expand: 75 days -4%**	**Expand: 27 days -1%**

Explanation:

1. Trending, Breakout & expand behavior tends to decrease if more past days to current day is involved. (In yellow highlighting color)
2. Inversely, ranging tends to increase more. (In green highlighting color)
3. Therefore, setup a trending/breakout strategy is the best in yesterday to current day for trend behavior. Conversely, setup a ranging strategy is the best in previous 3 days to current day for trend behavior.

Let's look into in details for the distant/range from the above analysis

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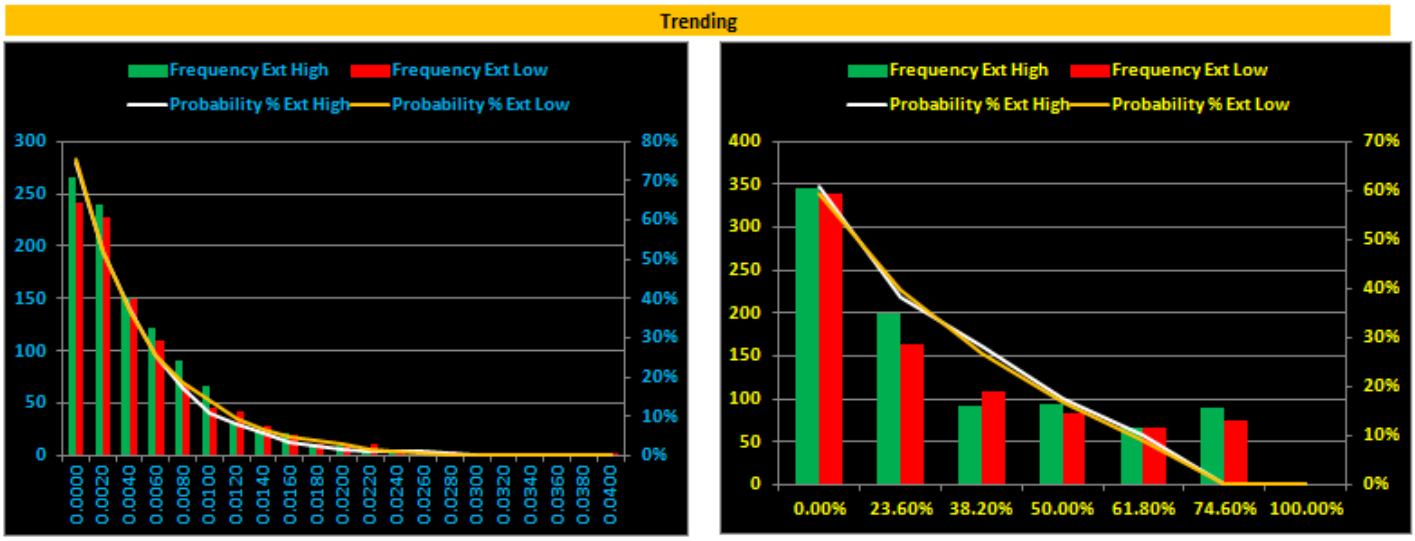
Trending trend behavior: "Yesterday to current day"



<u>Two types of measurement: Fibonacci & distant/range</u>

Frequency/Probability Ext High = Extension of distant/range from resistance line
Frequency/Probability Ext Low = Extension of distant/range from support line
Right hand chart horizontal axis = Fibonacci Extension
Left hand chart horizontal axis = Distant/range extension
Vertical Axis = Frequency/Probability

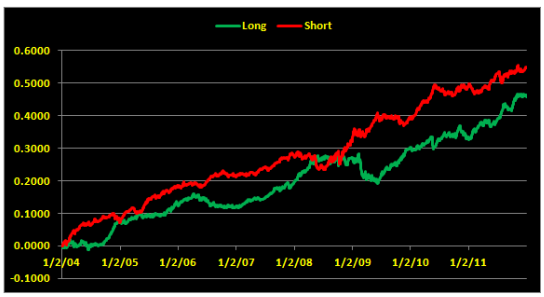
Explanation:

Frequency/Probability tends to decrease with increasing distant/range from the breakout point. Therefore, setup this strategy must have appropriate setting for stop loss/target. The screenshot below illustrates the trading result by using back-testing system after compromise with the above analysis.

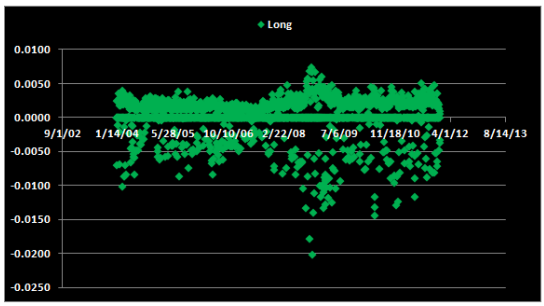
Note: The entry/stop loss/target conditions & formula is not shown here.

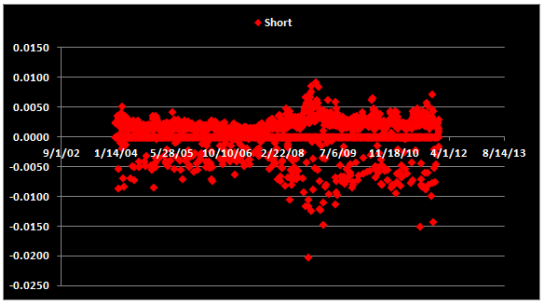
Total Return: USD$ 10093.66

Return Growth



Return Distribution





Trades Summary

Date From	1/1/2004
Date To	12/30/2011
Duration (Mth)	84

Total Game	2292

Position	Hit	Count	%
Long	Entry	1163	-
	Stop	196	17%
	Target 1	875	75%
	Target 2	0	0%
Short	Entry	1129	-
	Stop	193	17%
	Target 1	831	74%
	Target 2	0	0%

Return Summary

Long Position (Pts/Pips)	0.459
Short Position (Pts/Pips)	0.551
Total (Pts/Pips)	1.009

Leverage (1:1000)	10000
Total Return (USD$)	10093.66
Monthly Return (USD$)	120.16

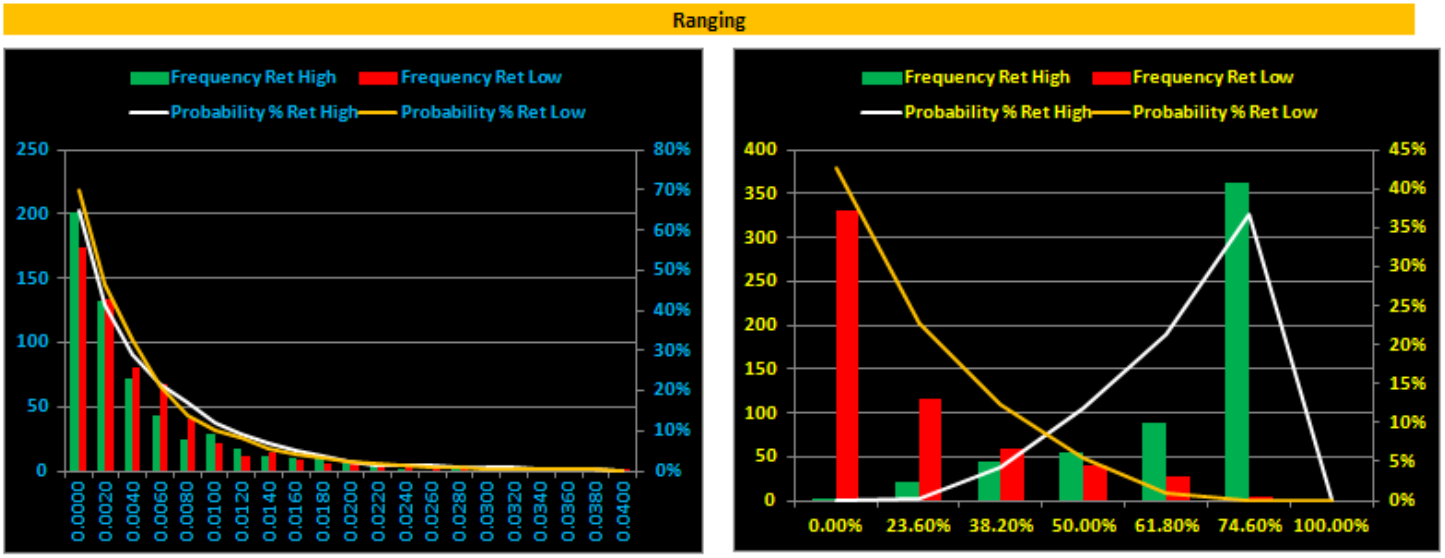
Drawdown

Long	Max (Pts/Pips)	-0.0202
	Count <-0.01 (Pts/Pips)	24
Short	Max (Pts/Pips)	-0.0202
	Count <-0.01 (Pts/Pips)	13

Trades Consistency

Long	Standard Deviation	0.27%
Short	Standard Deviation	0.26%

Ranging trend behavior: "Last 2 days to current day"



<u>Two types of measurement: Fibonacci & distant/range</u>

Frequency/Probability Ret. High = Retracement of distant/range from resistance line
Frequency/Probability Ret. Low = Retracement of distant/range from support line
Right hand chart horizontal axis = Fibonacci Retracement
Left hand chart horizontal axis = Distant/range Retracement
Vertical Axis = Frequency/Probability

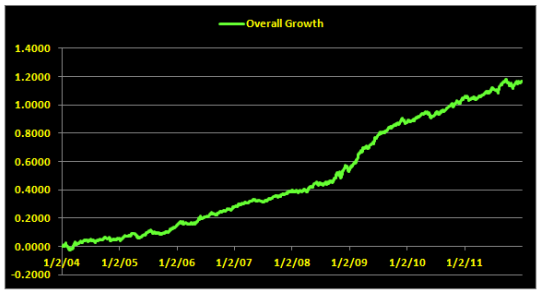
Explanation:

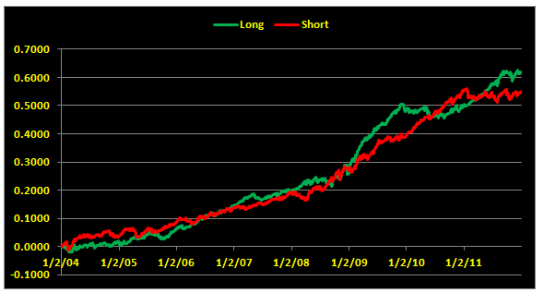
Frequency/Probability tends to decrease with increasing distant/range from the support/resistance point. Secondly, price tends to reverse/retrace at Fibonacci 23.6% & 74.6% frequently. This explains that price takes chance to pass by Fibonacci 50% is so frequent. Therefore, once should know how to setup this strategy by using appropriate setting for stop loss/target. The screenshot below illustrates the trading result by using back-testing system after compromise with the above analysis.

Note: The entry/stop loss/target conditions & formula is not shown here.

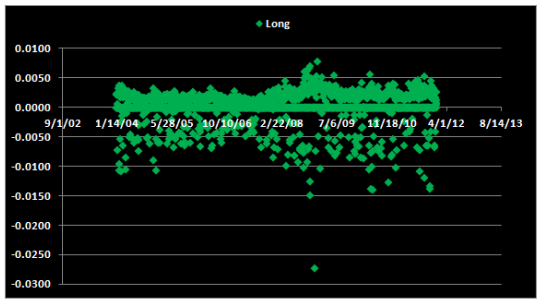
Total Return: USD$ 11700.37

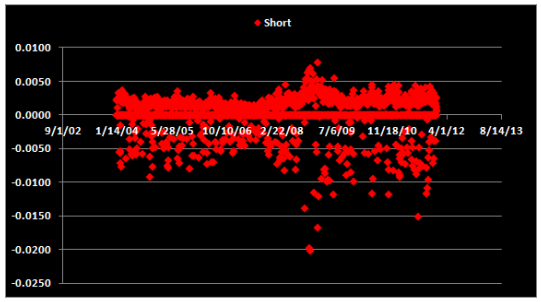
Return Growth





Return Distribution





Trades Summary

Date From	1/1/2004
Date To	12/30/2011
Duration (Mth)	84

Total Game	2292

Position	Hit	Count	%
Long	Entry	1129	-
	Stop	146	13%
	Target 1	891	79%
	Target 2	0	0%
Short	Entry	1163	-
	Stop	174	15%
	Target 1	901	77%
	Target 2	0	0%

Return Summary

Long Position (Pts/Pips)	0.620
Short Position (Pts/Pips)	0.550
Total (Pts/Pips)	1.170

Leverage (1:1000)	10000
Total Return (USD$)	11700.37
Monthly Return (USD$)	139.29

Drawdown

Long	Max (Pts/Pips)	-0.0273
	Count <-0.01 (Pts/Pips)	19
Short	Max (Pts/Pips)	-0.0201
	Count <-0.01 (Pts/Pips)	12

Trades Consistency

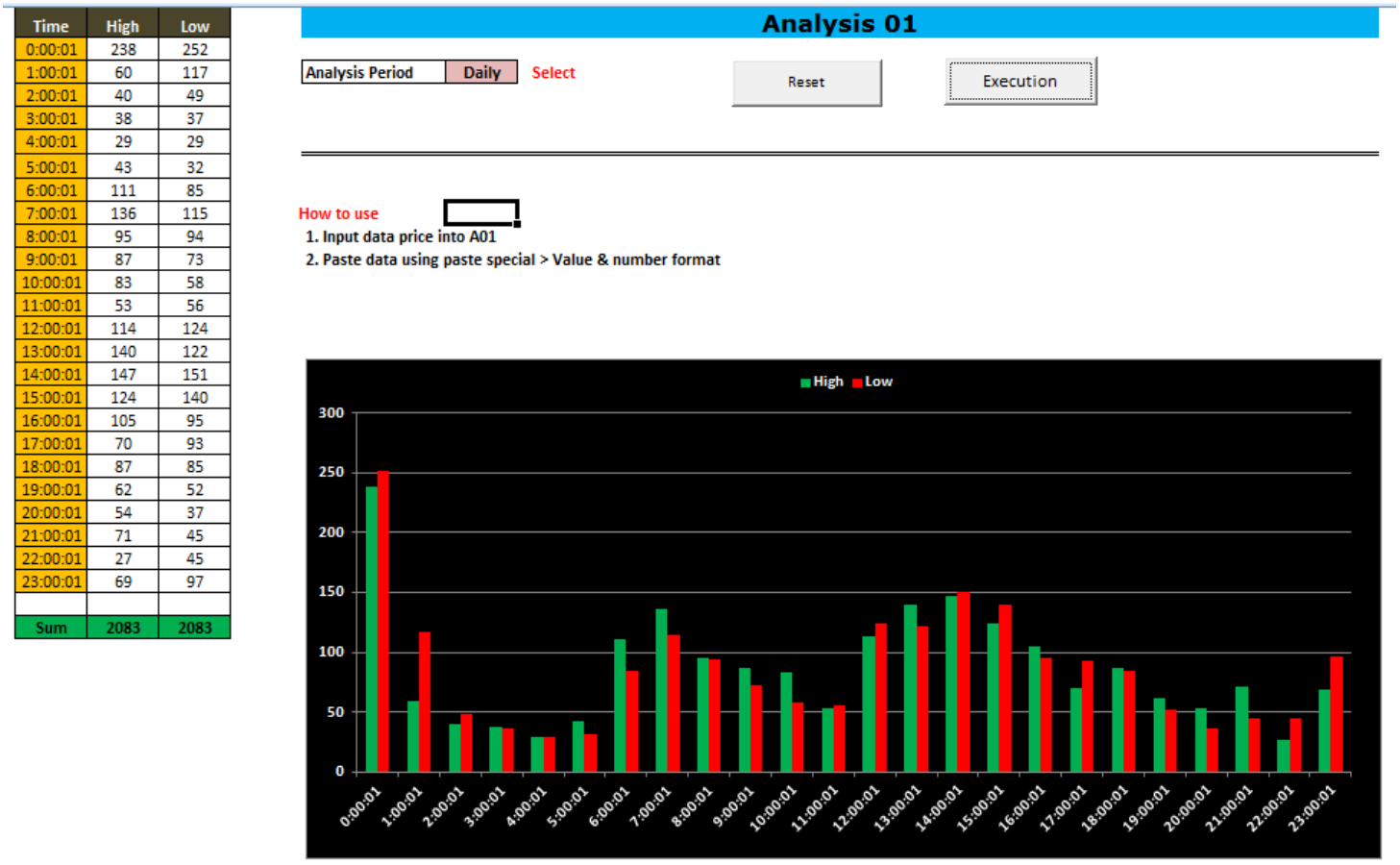
Long	Standard Deviation	0.25%
Short	Standard Deviation	0.25%

Other Analysis
****

Time of intraday trend reversal

Below screenshot illustrates the frequency of trend that reverse at respective time (GMT), which similar to how frequent for the high/low price occurs at respective time. This could tell traders how to do their scalping & buy the reversal trend at the high probability time.

Time	High	Low
0:00:01	238	252
1:00:01	60	117
2:00:01	40	49
3:00:01	38	37
4:00:01	29	29
5:00:01	43	32
6:00:01	111	85
7:00:01	136	115
8:00:01	95	94
9:00:01	87	73
10:00:01	83	58
11:00:01	53	56
12:00:01	114	124
13:00:01	140	122
14:00:01	147	151
15:00:01	124	140
16:00:01	105	95
17:00:01	70	93
18:00:01	87	85
19:00:01	62	52
20:00:01	54	37
21:00:01	71	45
22:00:01	27	45
23:00:01	69	97
Sum	2083	2083



Explanation:

The highest probability/frequency for reversal trend is at market open time GMT
Time GMT (0:00:01) is the market open time for (Eastern Country) Tokyo & Australia.
Time GMT (7:00:01) is London market open time.
Time GMT (14:00:01) is US market open time.

Note: Not recommend to do market scalping as traders require high concentration/reaction in trading. Position open & close instantly for thousand trades. Secondly, there could have other factors to affect trading in scalping such as network connection disruption or PC malfunction/slowness.

Using Pivot Points to determine the probability

I'm not going to elaborate the details here since I find this is not my best style in trading. Furthermore, the analysis result is not substantially effective after I did some back-testing. You can check on below website link for more details.

http://www.investopedia.com/articles/forex/07/pivotpointstrategy.asp#axzz1lzesVWib

Elliot Wave

I believe this also provide good return if have done this analysis properly/fully. I'm going to plan & create a system for this analysis soon.

For more info, please refer to below website link from Professional Analyst (**Joaquin Monfort**, who I respect)

http://blog.forex4you.com/the-most-predictable-of-waves/

End of Analysis

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Trading Techniques

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Not only analysis is required before setup a logical/reasonable strategy, but also requires other techniques to multiply or double the origin trading return. I'm going to demonstrate few techniques that I used to generate more return from normal return.

Long & Short Position Together

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This technique provides many opportunities to enter position in the market & at the same time both position hedge each other if unpredictable trend behavior is happened. This is so called double win circumstances (Trade more games with risk protected, frequent entry provides more earning opportunity)

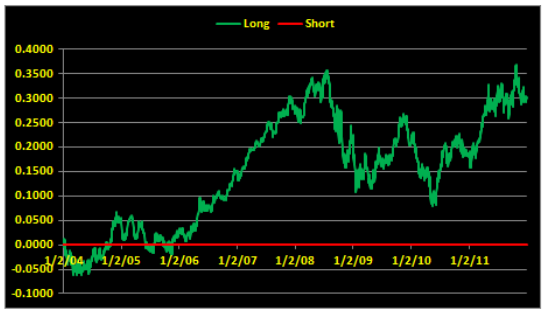
Comparison Result:

Note: The entry/stop loss/target conditions & formula is not shown here.

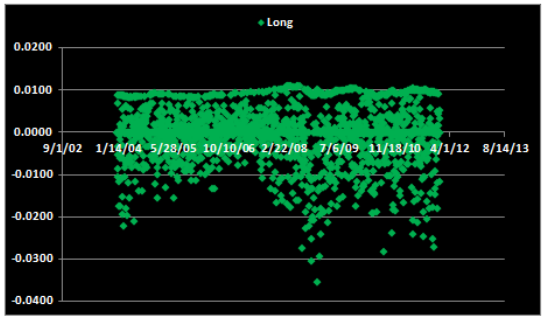
Case	1	2
Position	Long	Long & Short
Chart Performance (Overall Growth)	Shows sharply drawdown	Shows minor drawdown only
Total Return	USD$ 3009.92	USD$ 4423.76

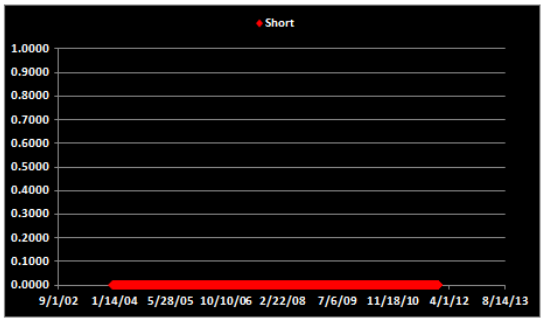
Case 1:

Return Growth



Return Distribution





Trades Summary

Date From	1/1/2004
Date To	12/30/2011
Duration (Mth)	84

Total Game	1538

Position	Hit	Count	%
Long	Entry	1538	-
	Stop	0	0%
	Target 1	361	23%
	Target 2	0	0%
Short	Entry	0	-
	Stop	0	#DIV/0!
	Target 1	0	#DIV/0!
	Target 2	0	#DIV/0!

Return Summary

Long Position (Pts/Pips)	0.301
Short Position (Pts/Pips)	0.000
Total (Pts/Pips)	0.301

Leverage (1:1000)	10000
Total Return (USD$)	3009.92
Monthly Return (USD$)	35.83

Drawdown

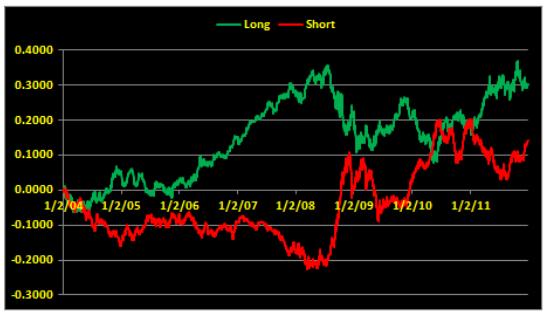
Long	Max (Pts/Pips)	-0.0353
	Count <-0.01 (Pts/Pips)	158
Short	Max (Pts/Pips)	0.0000
	Count <-0.01 (Pts/Pips)	0

Trades Consistency

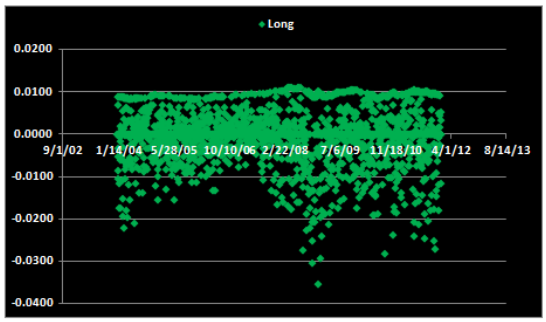
Long	Standard Deviation	0.66%
Short	Standard Deviation	0.00%

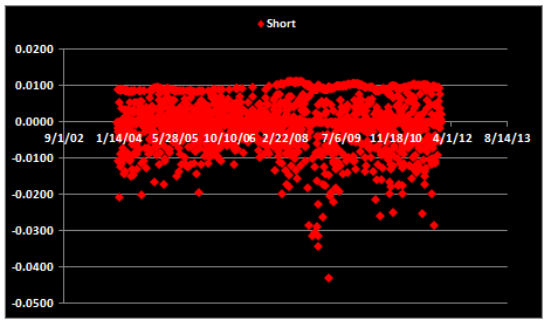
Case 2:

Return Growth



Return Distribution





Trades Summary

Date From	1/1/2004
Date To	12/30/2011
Duration (Mth)	84

Total Game	3057

Position	Hit	Count	%
Long	Entry	1538	-
	Stop	0	0%
	Target 1	361	23%
	Target 2	0	0%
Short	Entry	1519	-
	Stop	0	0%
	Target 1	340	22%
	Target 2	0	0%

Return Summary

Long Position (Pts/Pips)	0.301
Short Position (Pts/Pips)	0.141
Total (Pts/Pips)	0.442

Leverage (1:1000)	10000
Total Return (USD$)	4423.76
Monthly Return (USD$)	52.66

Drawdown

Long	Max (Pts/Pips)	-0.0353
	Count <-0.01 (Pts/Pips)	158
Short	Max (Pts/Pips)	-0.0430
	Count <-0.01 (Pts/Pips)	135

Trades Consistency

Long	Standard Deviation	0.66%
Short	Standard Deviation	0.64%

Risk to rewards ratio

****

Good management of risk to rewards ratio contributes to better return. I'm going to demonstrate example & evidence as below.

Case 1:

Total trades = 100 games
Risk distant/range = 0.25%
Rewards distant/range = 0.25%
Risk to rewards ratio = 1:1

Breakeven trades	= 50 games win + 50 games lose
Wining Ratio	= 50 games win x 0.25 rewards distant = 12.5
Losing Ratio	= 50 game lose x -0.25 risk distant =- 12.5
Total Return	= USD$ 0.00

Case 2:

Total trades = 100 games
Risk distant/range = 0.25%
Rewards distant/range = 0.50%
Risk to rewards ratio = 1:2

Breakeven trades	= 32 games win + 68 games lose
Wining Ratio	= 32 game win x 0.50 rewards distant = 16
Losing Ratio	= 68 game win x -0.25 risk distant = -17
Total Return	= USD$ 0.00 (Close to)

Explanation:

From the above example calculation, case 1 requires win more than 50 games in order to breakeven losing trades. Conversely, case 2 only requires win more than 32 games in order to breakeven the losing trades. This concludes that good risk to rewards ratio is crucial for trading.

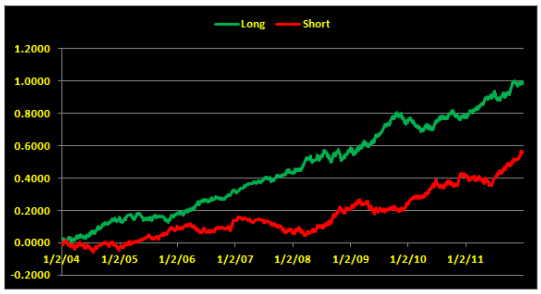
Multiple Position with different Risk to Rewards Ratio

****

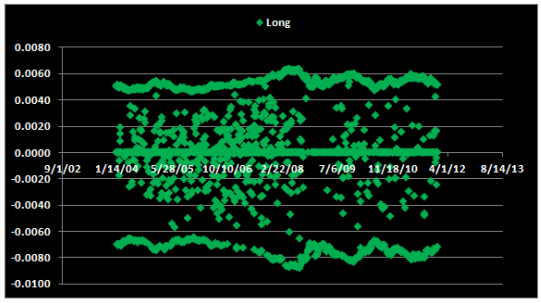
This technique is a combination of buying multiple positions with different level of risk to rewards ratio. The purpose is to capture various targets with limited/fix stop loss. Therefore, I'm going to demonstrate the total return of buying 1 & 2 sizing for both Long/Short position.

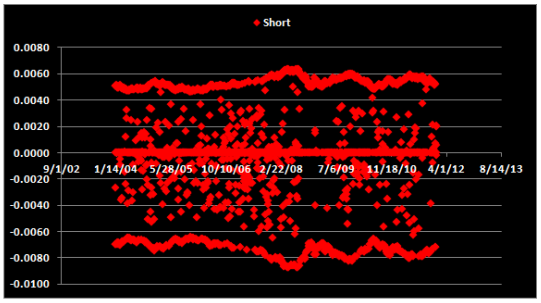
Case 1:

Return Growth



Return Distribution





Trades Summary

Date From	1/1/2004
Date To	12/30/2011
Duration (Mth)	84

Total Game	3057

Position	Hit	Count	%
Long	Entry	1538	-
	Stop	365	24%
	Target 1	713	46%
	Target 2	0	0%
Short	Entry	1519	-
	Stop	378	25%
	Target 1	688	45%
	Target 2	0	0%

Return Summary

Long Position (Pts/Pips)	0.997
Short Position (Pts/Pips)	0.562
Total (Pts/Pips)	1.559

Leverage (1:1000)	10000
Total Return (USD$)	15593.32
Monthly Return (USD$)	185.63

Drawdown

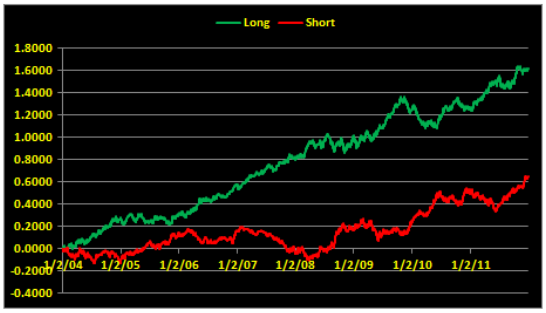
Long	Max (Pts/Pips)	-0.0088
	Count <-0.01 (Pts/Pips)	0
Short	Max (Pts/Pips)	-0.0087
	Count <-0.01 (Pts/Pips)	0

Trades Consistency

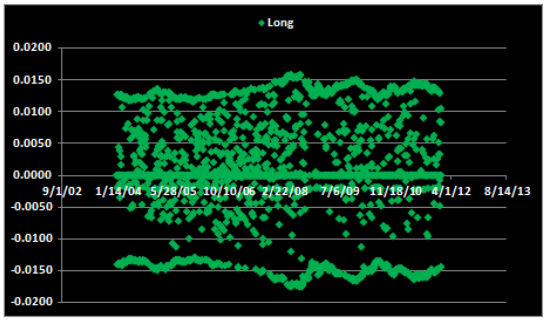
Long	Standard Deviation	0.45%
Short	Standard Deviation	0.45%

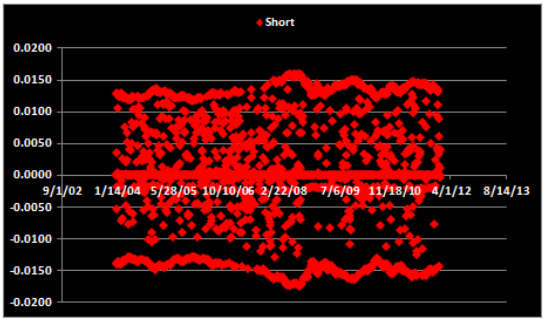
Case 2:

Return Growth



Return Distribution





Trades Summary

Date From	1/1/2004
Date To	12/30/2011
Duration (Mth)	84

Total Game	3057

Position	Hit	Count	%
Long	Entry	1538	-
	Stop	433	28%
	Target 1	713	46%
	Target 2	438	28%
Short	Entry	1519	-
	Stop	441	29%
	Target 1	688	45%
	Target 2	399	26%

Return Summary

Long Position (Pts/Pips)	1.620
Short Position (Pts/Pips)	0.647
Total (Pts/Pips)	2.267

Leverage (1:1000)	10000
Total Return (USD$)	22672.98
Monthly Return (USD$)	269.92

Drawdown

Long	Max (Pts/Pips)	-0.0175
	Count <-0.01 (Pts/Pips)	376
Short	Max (Pts/Pips)	-0.0175
	Count <-0.01 (Pts/Pips)	401

Trades Consistency

Long	Standard Deviation	0.94%
Short	Standard Deviation	0.93%

Comparison Result:

Note: The entry/stop loss/target conditions & formula is not shown here.

Case	1	2
Sizing	1 contract	2 contracts
Position	Long & Short	Long & Short
Risk to rewards ratio	1:1	1:1 & 1:2
Chart Performance (Overall Growth)	Consistent Growth	Consistent Growth
Total return	USD$ 15593.32	USD$ 22672.98

Explanation:

Total return for case 2 is better than case 1 if 2 contracts are brought with the reasonable risk to rewards ratio. Furthermore, overall growth performance shows consistent growing return and there is no sharply drawdown situation, which is the best return here.

End of Techniques

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Summary

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I am using date from Jan 2004 to Dec 2011, which is 7 years study to do my analysis. This is the best period to be chosen because economic crisis is involved with super large volatile market movement. These crises are Chinese Stock Bubble in 2007, Lehman Brother Collapse in 2008, Dubai Debt in 2009, and European Sovereign Debt Crisis in 2010.

After complete some analysis with techniques, we can compare now with the back-testing proven result based on some criteria. Total return can be managed better. Furthermore, overall growth performance absolutely is consistent growth.

These are just part of the analysis & it is not done enough. Another stochastic analysis could be done such as Portfolio Analysis. The idea is according to any best strategy performance, the portfolio analysis system would automatically choose the best combination products with low risk, high return, consistent growth, low standard deviation, best sharp ratio and etc.

Please drop me an email or forum if you have any feedback & comments.
Darren

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Trading Forum:
http://www.forexfactory.com/fx2protrader