

## BunnyGirl Bunny Cross (BGX) Trading Framework

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Originator: BunnyGirl

### INTRODUCTION

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BunnyGirl is a Forex day trader who frequents the MoneyTec.com and StrategyBuilderFX.com trading forums. She was active from about November 2003 to April 2005, though she recently added a new post as this document was being written. Her most remarkable accomplishment was starting the "wma cross" thread in April 2004. As of September 16, 2005, the thread has nearly 1000 replies, 125 pages, and 310,308 views, three times the views of the next most popular strategy thread.

BunnyGirl proposed a straight-forward, easy-to-follow framework for trading. She explained to others, in great detail, how she trades the three major market types: trending, ranging, and news breakouts. The predominant aspect of her strategy incorporates a moving average crossing. Her suggestions and recommendations should be properly termed a "framework" as she frequently interjected aspects of her own trading style into the methodology and encouraged others to deviate from the framework where it was necessary in order to fit within their own styles. Her approach was shown to be profitable as she made live calls in the chatroom and, on one post, indicated that she had a 90% trading success rate and a streak of 46 wins that had recently ended at the time of that posting.

BunnyGirl's influence on the Forex trader community is significant as she has a large number of successful traders who started by using her system. Her original strategy thread has spun off numerous related threads and has helped countless other traders formulate basic rules for MA crossing strategies.

This document will detail the "BunnyCross" or "bgx" methodology. Note that this document explains the most recent strategy definitions for bgx, and may not include BunnyGirl's earlier thinking. For instance, BunnyGirl originally used Bollinger Bands for exits, but moved away from them as she learned better exit techniques.

There was one primary thread that BunnyGirl posted on, and another secondary one because it provides updates to some of her trading strategies. References to specific posts are included in this document. The notation includes the thread ("a" is for the primary thread - <http://www.strategybuilderfx.com/forums/showthread.php?t=7916> and "b" for the secondary, update thread - <http://www.strategybuilderfx.com/forums/showthread.php?t=13362>) and the number of the post within the thread.

## BASIC CONSIDERATIONS

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### Suggested Currencies (a1,a53)

- EUR/USD
- GBP/USD
- USD/CHF
- EUR/JPY (a53,a158)

### Recommended Trading Sessions (a11, a158, a520)

- European
- US
- Avoid no touch days (b197)
- Daily open is 00:00 GMT (a334)

### Primary Charts

- 30m for crosses (a11)
- 5m for scalping and exiting (a11, a52)
- Daily for longer term trends (a334)

BunnyGirl originally recommended trading 4 currency pairs – EURUSD, GBPUSD, USDCHF, EURJPY. These pairs were considered to be the ones most likely to respond to her methodology, based on her own back testing of BGX. However, as recently as April 2005, BunnyGirl had temporarily discontinued trading the cable (b340), which had previously been her favorite.

BunnyGirl maintained that the best times to trade were the European session and the open of the US session. Specifically, she indicated that the best time for crosses was at the beginning of the European session after a flat Asian session (a11, a99, a520). Additionally, she recommended observing "no touch" days. These are days where the daily or 4-hour bar does not touch the WMA5. She clarified that this was more relevant to the cable than the other pairs (b197).

BunnyGirl uses 30 minute charts to determine crosses and 5 minute charts for exiting and scalping. She used daily and 4-hour charts to plot resistance points, fibs, and to check for no-touch bars.

## THE BASIC CROSS

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### Chart Setup (a1, b342)

- 30 minute, candlestick
- WMA 5
- WMA 20
- WMA 100
- RSI

### Go Long

- WMA5 Crosses above WMA20
- WMA5 and WMA20 above WMA100
- RSI signals divergence or is above 50

### Go Short

- WMA5 Crosses below WMA20



Basic Cross 1

- WMA5 and WMA20 below WMA100
- RSI signals divergence or is below 50

#### Filters

- Use a filter to eliminate frequent stops and catch the trend at the right time
- EURUSD: 25 points plus the bid/ask spread
- Other recommended pairs: 30 points plus the bid/ask spread
- These filters can and do change
- Cancel the trade if the filter price has not been reached before 5 minutes remaining on the 30 minute bar.
- Filters on other pairs can be determined (see "Advanced Topics")

#### Orders

- If bull cross, place a buy stop order at the filter+spread.
- If a bear cross, place a sell stop order at the filter+spread.
- When the filter price is reached and the order engaged, place a stop loss at about the original crossing. (Can go as much as pips away on the other side of the crossing.)

#### Stop Loss

- 5 pips beyond the cross (or bounce) price (a806)

#### Trading Around Daily Open (a766)

- Daily Open = open price at 00:00 GMT (a334, a378, a766)
- Make sure there is room enough for profit targets between filter (entry) price and daily open
- If the cross is on one side of the daily open and the filter is on the other, than this is OK to trade.



Basic Cross 2

Additionally, the **best signal** to receive is when multiple pairs are crossing at the same time.

#### Figures

*Basic Cross 1* shows a normal initial cross. The crossing occurs at point A. The filter is at point B. While the price is heading toward the WMA 100, the filter would likely catch any bounces. A trader would exercise caution until the price is beyond the WMA 100.

*Basic Cross 2* shows the result, in which the price ran for nearly 200 more pips after the filter.

## BOUNCES

### Summary

A "bounce" occurs when either the price, or one of the WMA lines bounces off another WMA line or the daily open. Following are some examples:



WMA5 bounces off WMA 20 and heads up



WMA5 bounces off WMA 100 and heads down



Price bounces off of Daily open, then heads up.



Prices bounces off of WMA 100 then heads sharply down.

## Trading

- Bounces treated the same as crosses
- Set filter based on direction of the bounce

## EXITS

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### Lots

- Trade multiple lots – 3 to 4.
- "Peel" out of trades. Liquidate lots as you go to lock in profits. For example, open trade with 3 lots. At first target, close 1 lot. Close another lot at second target, and the last one at the third target.

### Exit Options

BunnyGirl's primary challenge was not entering, but exiting, the market. She openly sought advice for ways to exit the market such that she could maximize her trading profit. As a result, many exit strategies were devised and tested for and by BunnyGirl. There was no resdution. However, the following is from one of the final posts on exits that she described ([@524](#)).

1. Trade 4 lots
2. Close the 1<sup>st</sup> lot at 10-30 pips profit, depending on the speed of the move.
3. Move a stop loss for the remaining lots to the breakeven point.
4. Close the 2<sup>nd</sup> lot at 30-50 pips.
5. Move a stop loss for the remaining lots to breakeven +10.
6. Close the 3<sup>d</sup> lot at 50-100+ pips.
7. On the 4<sup>th</sup> lot, trail using the extreme of the previous bar, or the halfway point of the previous bar if it's longer than the average bar.

Additionally, BunnyGirl commented:

"Quite often I'll take half out at 10 - 30 pips and then trail with 3rd & 4th lot."

Also, in the case of a slow moving market ([@233](#)):

"The first time I move stop is usually to b/e. The exception to this is if the trade is taking a long time to move and the market is flat. If I have entered and the market has not moved for some hours I will move down to a 5 mins bar to take a quicker exit rather than let it hit the initial stop."

## CAUTION

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Never trade these scenarios: (a806)

- Do not enter a trade if heading into daily open. If daily open is **near** the filter price, do not place the trade going toward the open. A trade can be placed if the daily open is between the cross and the filter price, or, if there is enough room between the filter price and the daily open to capture one or more profit targets.
- Do not enter a trade if heading into the WMA 100. If WMA 100 is <10 pips away from the WMA 5 and/or WMA 20, do not place a trade toward the WMA 100. (a233, a374)
- Do not trade news reports with the BGX (a54).
- Do not enter a trade if the price filter was reached in the last 5 minutes of the bar.

Be cautious in these scenarios:

- When trading toward WMA 100, always be careful of a bounce. It's best to trade toward the WMA 100 if there are enough pips before WMA 100 to capture your profit target. For instance, if your first profit target is 15 pips, then the WMA 100 must be at least 15 pips away from your filter (entry) price.
- When trading toward the daily open, always be careful of a bounce.
- When the price spikes past the WMA 20, but does not cause a crossing (Baruch bar).
- When strong support/resistance is nearby.
- The chart looks like a squashed centipede (e.g. lots of ranging).
- When multiple crosses for the day have already occurred.

Be aggressive when:

- Multiple pairs have crossing signals at the same time. It's OK to take all the pairs. This is a strong crossing signal. (a233)
- When there is a "3 in a bed" look for a strong breakout. "3 in a bed" occurs when the WMA 100, WMA 20, and WMA 5 are all within a few pips of each other. The price will range until there is a breakout.

## LATE ENTRIES AND REENTRIES

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### Last 5 Minutes (a51)

BunnyGirl advised to never trade when the price reached the filter (entry) point within the last 5 minutes of a bar. Following are the steps to enter for this scenario.

1. Wait for the 30m bar to close in which the filter point was reached. This is the entry bar.
2. If price retraces, wait for the original filter (entry) point to be hit again and place the trade.
3. If the price does not retrace, place the trade on the breakout from the entry bar. This has not been defined. Assume 1-2 pips beyond the low or high of the entry bar, depending on the direction of the cross.

### Late Entry (a159)

If a cross is missed, follow these steps to reenter:

1. Wait for the price to consolidate.
2. When the price or WMA 5 bounces off of WMA 20, reenter.
3. Don't trade the opposite direction of the original cross, unless another cross actually occurs. In other words, trade with the cross until a cross in the opposite direction occurs.

The exception to this is if the market begins to range and you would like to scalp using the Gimme Bar method.

### Stopout after profit (a233)

This occurs when, after locking in an initial profit, the rest of the trade gets stopped out at breakeven (see "Exit Options". BunnyGirl always took an initial profit of 10-20 pips, and then moved the rest of the stops to breakeven.)

- Note the recent low, if short cross, or recent high, if long cross.
- Reenter 2 pips below the recent low, or 2 pips above the recent high, depending on the direction of the original cross.

### Stopout no profit (a806)

This occurs when the price retreats immediately after hitting the filter (entry) price and before profit is locked in. Normal crossing rules apply, e.g., wait for another cross or another bounce. If it is bouncing, enter when the price breaks the WMA 20 line.

### Recently missed cross (a410)

This scenario can occur if a cross, not related to news, occurs quickly, or while the trader is away. Traders must make certain judgments as to whether or not to enter. Advice from BunnyGirl follows:

" If it's not too far away I wait for possible retracement back to the cross & then 2nd chance at entry. If it's already well into the move I use Mr. Sheen."

### Delayed Entry WMA 100 (a800)

This scenario occurs when a cross occurs, but the proximity of the WMA 100 prevents an entry.

- Wait to see if price closes beyond the WMA 100.
- If it closes 10 pips or more beyond WMA 100, wait for a pullback and use the WMA 100 as an entry point as a bounce is likely. Use a 5 min chart for precise entering.
- If a pullback occurs beyond the WMA 100, wait to see where the close is. If it closes on the other side of the WMA 100, use the same rules as previously.

## NEWS AND ECONOMIC REPORTS

### Summary

Never use the BGX approach to trade major news and economic reports. While the system looks reasonable, the sudden movement and reversals of such events make it difficult to establish a trend direction.

### Trading – Mr. Sheen

BunnyGirl recommends using the "Mr. Sheen" method of trading during news events. Following is a description of "Mr. Sheen" (a256, a558 a574)

- A. This is the close of the "news" bar.



- B. This is the high point of the news bar.
- C. This is the target.

1. Enter is at 1 pip above point A, the close of the "news" bar. Notice in this example that we're observing a 5m chart.
2. Target is the high of the news bar.

## ADVANCED ISSUES

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### Finding filters for other pairs (a234)

- Look back at the last month on a 30 minute chart for the target pair.
- Note how many pips the pair makes beyond the cross before it turns back.
- Also check each bounce and do the same.
- Note how many failed versus good crosses occurred.
- If there were many more failed crosses than good ones, this may not be a good pair to trade the BGX with.

### Exhaustion bars (a438)

"An exhaustion bar comes at the end of a trend and is usually a spike. (Well that's what I look for anyway)."

Exhaustion bars are a good way to determine whether or not a trend is ending or nearing an end. As noted earlier, BunnyGirl used lots of fundamental technical analysis techniques, such as support, resistance, candlesticks, etc., in her entry and exit analysis (a719, a812, a813).

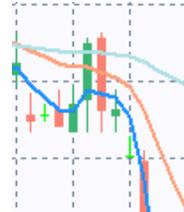


### Baruch bars (a438)

BunnyGirl termed a bar in which the price significantly crosses the WMA 20, but fails to result in the WMA 5 crossing, a "Baruch Bar." The bar was named after a forum poster who suggested that the price be used for crossing, rather than the WMA 5. The poster argued that such an event, where the price crosses the WMA 20 but the WMA 5 does not, would be impossible. BunnyGirl followers recognize that this event is not only possible, but quite common, often resulting in a bounce, or a slow cross.



In the example, notice the long green bar that rises well beyond the WMA 20 and the WMA 100, yet, the WMA 5 does not cross over the WMA 20.



### EMA v WMA

There was a great deal of confusion in the posts about whether to use EMA (Exponential Moving Average) or WMA (Weighted Moving Average). BunnyGirl originally posted that she recommended WMA. Later, she used EMA. As clarification, however, she stated that she was using EMA because of an issue with her platform (a766).

In posts a235, BunnyGirl clarified that WMA provides earlier entries and better exits and that in backtesting, WMA yielded 50% more profits than EMA. However, in post a800, she admitted that EMA could keep you out of bad trades and that using both is providing interesting results.

Also, all the moving averages are based on the closing price (a804).

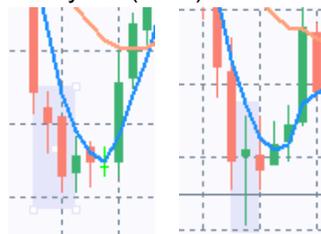
### **Fibonacci's (a813)**

BunnyGirl uses fibs on all time frames and looks for bounces off the 50% and 61% levels. (a813) She also keeps track of the 4h, daily, and weekly fibs, noting any that are near each other. She keeps the 30m and 5m charts with fibs up on different monitors (a818).

### **No Touch Day (b197, b191)**

A "No Touch Day" occurs when, on a daily chart (or others as well), a candle does not touch the WMA 5. This seems to be either a significant trend reversal indicator or one that indicates a fast moving trend in the same direction. The best explanation of this is given by Iliia (b191).

If a "No Touch Day" occurs, observe whether or not the touch was caused by a large, fast moving bar preceding it. If so, the trend will likely continue, but weaken. If not, the trend is likely primed to reverse (b191). Also, be wary of crosses that occur heading away from the WMA5 (a334).



### **Gimme Bars (a75, a81)**

BunnyGirl uses Gimme Bars as a range trading strategy. It is not part of the core BGX approach, but another trading tool used by BunnyGirl. The system uses Bollinger Bands and candlesticks to determine bounces that can result in profitable "scalping" trades. Links that define the strategy are provided on post a75.

### **3 In A Bed**

"3 in a bed" occurs when all three MA lines are in close proximity to each other. Look for strong breakout moves when this happens.

In this example, WMA 20 (Orange) crosses below WMA100 (Light Blue), indicating a strong downward line. Treat this trade as a bounce, setting up the normal filters.



### **Funniest Post**

On a personal note, I have enjoyed reading BunnyGirl's witty and charming post. Following, in my opinion, is one of the funniest posts, full of dry wit and humor, that I've read on trading, and one in which all new traders can relate to:

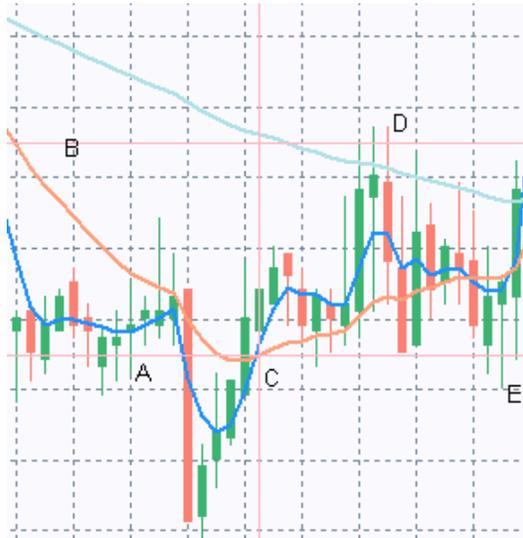
"My thinking was:- if 90% of traders lose, and I have proven to myself many times that I could lose as well as anybody else when entering impulse trades- then just go the opposite way. The only problem I found was that it was impossible to force myself to do that. So by setting an order in the opposite direction I was in a way taking the heat off myself & letting the market decide which way it wanted to go.

It's really a 'straddle' 10 pips above & 10 pips below where you are thinking of entering, then whichever way it goes you know your max risk is 20 pips. I found it much less stressful because you are letting the market decide which way you enter - passing the buck if you like!

Look for small pips initially depending on how quickly the trade turned against the way you thought it would go. Sometimes if you are really 'bad' at picking tops & bottoms you can catch the whole day's trend I didn't paper trade it, but I have used it many times on my live account. I use it mainly near support/resistance when I'm sure I know which way it's going."

## SCENARIOS

### WMA 100 Too Close



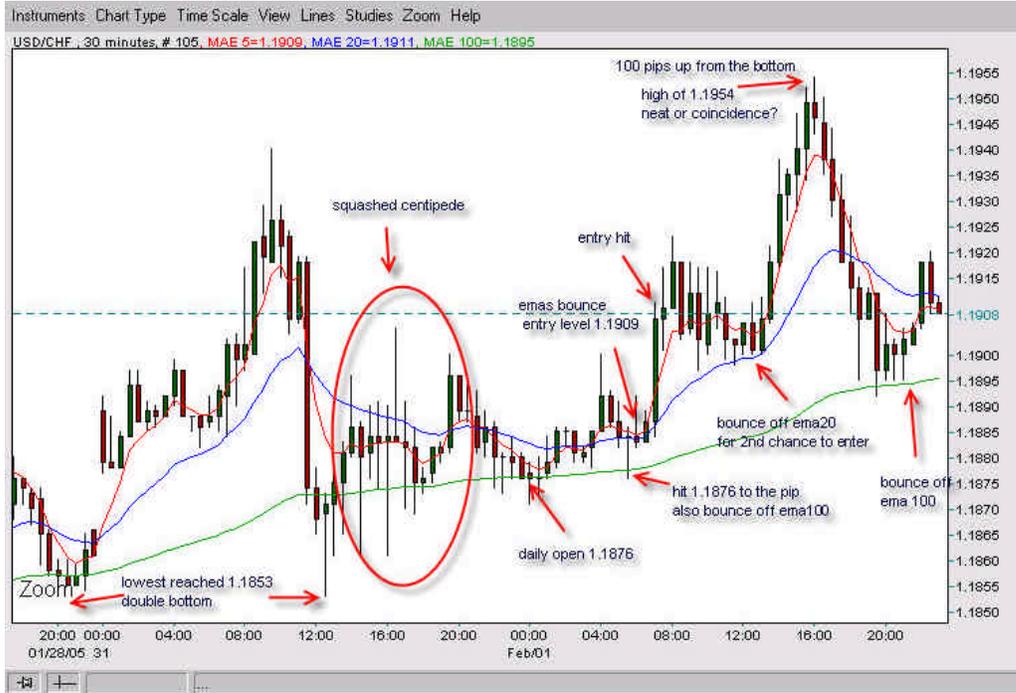
BunnyGirl advises that the WMA 100 line be at least 10 pips away from the price filter. This ensures that there is room to make profit, particularly when the cross is going against the trend. Following is an example with GBPUSD where the trade would have been stopped out.

- A. This is the price level at where the cross occurs
- B. This is the 30 pip filter for GBPUSD
- C. This is the actual crossing taking place.
- D. Notice how the price rises to the WMA 100 line and then bounces down.
- E. The trade would have been stopped out at this point.

This graph will later show the 3 MA lines converging, resulting in a much bigger profit opportunity (see figure at right). This figure shows that after the stop out at E, the WMA5 crossed above the WMA20 again. This would have been an acceptable trade as the filter would have been above WMA 100. An aggressive trader could have entered as the price rose just above the highest point in the previous trade, or at the normal filter price, after which the price then increased an additional 38 pips.



### BunnyGirl Example 1 (a808)



### BunnyGirl Example 2 (a809)



### BunnyGirl Example 3 (a734)



From BunnyGirl's post:

- A** - Low of the day 1.8624
- B** - Resistance seen at 1.8724 (100 pips exactly from the bottom), but enough to give us 1st target at 1.8719
- C** - 2nd target hit 1.8739
- D** - 3rd target hit 1.8789 for 100 pips
- E** - high of the day 1.8825 (201 pips up from the bottom - neat!)

- 1st target 1.8697 for 30 pips
- 2nd target 1.8677 for 50 pips
- 3rd target 1.8627 for 100 pips

Now we have the downside:

- G** - Cross down at 1.8752, entry short 1.8727, stop loss 1.8756 + spread.

- H** - Entry level hit
- I** - Bounce down off the 50% line gives extra confirmation
- J** - 1st target hit (on the ema100 line) 1.8697
- K** - 2nd target hit 1.8677
- L** - We have a bounce off this morning's cross up level.

### BunnyGirl Example 4 (a718)



### BunnyGirl Example 5 (a719)



## APPENDIX A: IMPORTANT POST REFERENCES

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From **WMA Cross** thread (<http://www.strategybuilderfx.com/forums/showthread.php?t=7916>)

- 1 – Main strategy definition, filter, MA's, stoploss, trailing stop, pairs, targets
- 7 – 30m chart, filter
- 11- 30m chart for entry, exits (5m close above wma20), targets, caution around crossing, best time, lots
- 12 – time trading system,
- 23 – performance
- 48 – bounces
- 50 – exit issues
- 51 – cross entry, last 5 minutes, late entry,
- 52 – exits
- 53 – USDJPY unreliable. Look at eurjpy, gbpjpy
- 54 – no news
- 56 – staying in a trade
- 62 – Beachie's chandelier exit
- 75 – Beachie's links to GimmeBar docs
- 81 – GimmeBar, filter importance
- 83 – no news
- 84 – filter importance
- 86 – filters
- 92 – does not like to autotrade, backtest period
- 93 – lockins, exits, ignoring multiple crosses, ranging market signs
- 99 – trade times, explanation of specific setup (See 94 – 5-10-04, EUR, near cross)
- 104 – filter enhancing (steep wma5, flat wma20)
- 107 – cross importance
- 122 – Beachie's suggestion bgx is a "methodology", bounces, ignoring crosses
- 158 – latest filters, latest pairs and why, time, Asia flat but seeing nice entries, options during news
- 159 – re-entering a missed cross
- 160 – trailing stop, backtesting
- 169 – exits, bounce definition with example, trailing using extreme 30m, bid offer definition, engulfing candle
- 170 – her chart platform
- 171 – multiple lots, exit,
- 187 – no single exit strategy, multiple lots
- 189 – performance
- 206 – bounce, multiple bounces
- 233 – not entering a trade, price going into wma100, etc., all pairs signal, reentry, <sup>st</sup> move stop, slow moving market, recommended book
- 234 – how to find the filter
- 235 – wma vs ema, wma performance, favorite pair
- 236 – adding spread to buy stop
- 238 – examples
- 256 – gimme bar, mr. sheen news, mr. sheen reentry
- 264 – multiple lots
- 269 – tighter stops with gbp and chf
- 280 – latest exit strategy

291 – gimmebar scalping  
294 – sto's  
295 – results of last exit strategy – not so good  
300 – alerts, oco's  
301 – filter clarification  
334 – using a daily chart, daily open  
374 – no crosses near wma100, retrace after big move, trail cross  
376 – filter change on chf, gbp, mixed exits  
378 – terminology, bounce off open, 3 in a bed, Daily open definition,  
395 – Beachies filter suggestion (be flexible)  
411 – late entry possibilities  
418 – chart example, baruch bar  
422 – chart example  
438 – exhaustion bars  
520 – Times to trade  
524 – exits  
558 – Mr sheen example  
559 – Mr sheen result  
560 – Mr sheen result  
574 – Mr sheen explanation  
585 – how to confirm the method  
600 – 3 in a bed explanation. Open day  
623 – Signals – she doesn't give them.  
640 – Last post  
715 – Example EMA Cross  
716 – Example EMA Cross  
718 – Example EMA Cross  
719 – Example EMA Cross – squashed centipede  
733 – Mechanical systems OK if they work  
734 – Example  
736 – Cable 100+ pip moves, gimme bar time period long term, 5 m intraday  
758 – BunnyGirl Presentation  
766 – Daily Open rules, why using EMA, WMA 100 rules  
768 – Example  
773 – Example  
800 – WMA v EMA  
803 – sticking to the rules  
804 – MA's set to close  
806 – When not to take trade, open, stop loss, no bb's for exits, wait for pullback if miss entry, what to do if stopout  
807 – example  
808 – example  
809 – example  
810 – removing indicators.  
812 – S/R lines and trendlines for confirmation  
813 – fibs on all time frames  
818 – Keeps fib levels for 4h, daily, weekly, looking for any near each other. Keeps 30m and 5m fibs on screen  
819 – Eliminating indicators  
875 – BG Cross and ross hook, options for entering the BG Cross

From **BunnyGirl System Followers** thread

<http://www.strategybuilderfx.com/forums/showthread.php?p=107464#post107464>

197 – No touch day

340 – Holding off on cable

342 – wait for close after cross, sometimes, no stochastics, rsi14 for divergence and over 50

376 – daily open and filter