

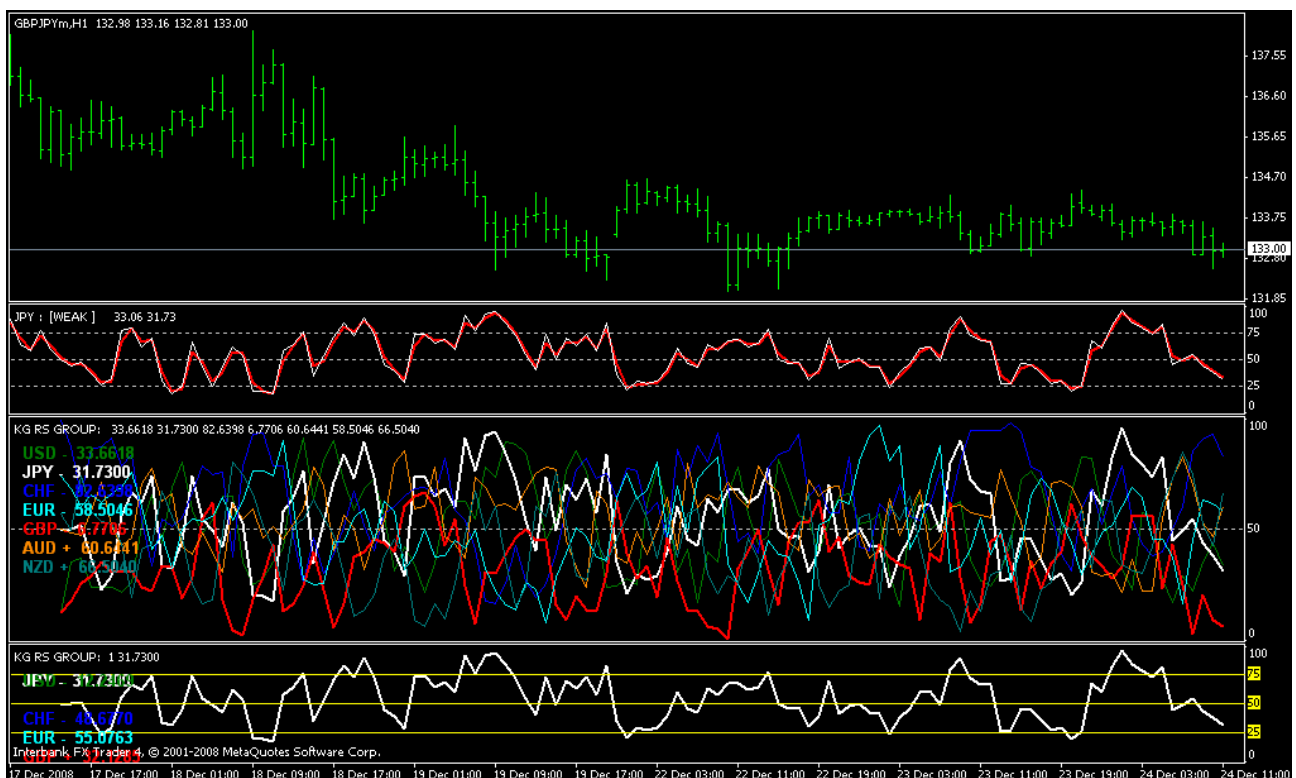
## KG basket range trading EA

For those new to this, the terminology can be confusing. The terms 'Strong' and 'Weak' refer to the trigger currency, originally the Japanese Yen (JPY), so:

- 'Strong' means the Yen is going to rise. We sell xxxJPY.
- 'Weak' means the Yen is going to fall. We buy xxxJPY.
- 'Trigger' currency is the currency whose strength is being measured against the other currencies shown in the indicator. If you do not understand *this*, then go back to the beginning of KG's thread and read it until you do.

A few of us noticed that the relative strength of the Yen tended to travel between roughly the 75 and 25 levels on KG's indicator. We started trading this, taking out a Weak basket at the 75 level, and a Strong basket at the 25 level. The picture highlights this. Look at the bottom band, where you can see a second instance of KG RS GROUP with only the JPY strength indicated. The yellow lines represent the 75, 50 and 25 levels respectively. Elchoco advocated 80\20; the EA adopts this by default.

By waiting until the strength passed the 'trigger' level then started to retrace so that we could see the white line starting to curve back, we could enter profitable baskets.



KG basket range trading EA automates the process of monitoring the relative strength of the trigger currency and placing the trades when appropriate. To date, the trigger currencies are:

- JPY
- USD
- GBP
- EUR
- CHF

The EA is not a full auto-trader. It has the facility to close a basket that hits its take profit. For more flexibility, you need either to monitor the trades manually, or use my multi

purpose trade manager.

To use the KG basket range trading EA :

- You need KG RS GROUP V1.1 copied into the Indicators folder of your mt4 platform. You do not need it on the chart.
- Drag the EA onto a 1h GBPJPY chart. Any chart will do, but this one is the most volatile, so the EA will check the relative strength more often.
- For each trigger currency you propose trading, you need two more GBPJPY charts for the multi purpose trade manager to occupy. Each trigger currency has two magic numbers – one for Strong baskets and one for Weak baskets. Drag an instance of the manager onto a chart and load it with the appropriate set file. The set files are included with the zip file you downloaded, and are named by the magic number you need. This will get you started, but make appropriate changes to the settings to suit yourself. Both the manager and its instructions manual are included in the zip, so please do not clog up the thread with questions about its use – I shall not answer them.
- Sit back and enjoy.

Here are settings in the EA that you might want to change:

- **MaxTradesAllowed=24:** if the EA discovers that there are more than this number of trades already open, it will not open a new basket. This is to avoid over-trading as new trigger currencies are added to the EA. If this figure is exceeded during a basket opening, the EA will complete the basket.
- **Lot=0.01:**
- **TradeWeak=true:** tells the EA to place Weak baskets.
- **WeakEntryPending=80:** the entry level on KG's indi that tells the EA that a Weak basket is pending. It will wait for a retrace to place the trades.
- **TradeStrong=true:** tells the EA to place Strong baskets.
- **StrongEntryPending=20:** the entry level on KG's indi that tells the EA that a Weak basket is pending. It will wait for a retrace to place the trades.
- **RetraceDistance=5:** this is the distance the trigger currency strength must retrace into the area in between 20 and 80, so:
  1. Weak baskets will be placed at 75 ( $\text{WeakEntryPending} - \text{RetraceDistance}$ ).
  2. Strong baskets will be placed at 75 ( $\text{WeakEntryPending} + \text{RetraceDistance}$ ).
- **PairSuffix="m":** use this if yours is an IBFX mini account. Change it to "" if not.
- **ShowAlerts=true:**
- **SleepMinsAtStartup=2:** this is a *really* important setting. On first starting your mt4 platform, or loading up KG's indi, the indi has a lot of work to do. The values you first see on screen are incorrect and can lead the EA to place trades incorrectly. This figure tells the EA how long to wait before starting up, and gives the indi time to sort out the correct values.
- **ShutDownOnFriday=true:** tells the EA not to trade after ShutDownHour on Fridays – an attempt to enter the weekend without an open position. I live in the UK, so 3.00 pm still leaves about 6 hours of trading before New York knocks off for the weekend. US residents will need to adjust this to suit themselves.
- **ShutDownHour=15:**
- **MaximumSpread=20:** matrixebis's indi highlighted some horrible spreads on occasions. If the broker's spread exceeds this, the EA will not place the individual trade. It will continue to place the remaining trades in the basket.

- **BasketClosureTP:** set this to 'true' to tell the EA to manage open baskets, Related inputs are:
  - **BasketStrongDollarTP:** the take profit in dollars for Strong baskets.
  - **BasketWeakDollarTP:** the take profit in dollars for Weak baskets.

Select the currencies you want to act as triggers for basket trading, by setting, for example, JpyIsTrigger to 'true'. By default, all the available triggers are set to 'true', so watch out for over-trading as more triggers are added to the EA.

You tell the EA to manage its own baskets by setting the **xxxManagedByThisEA** inputs to 'true' – for example JpyManagedByThisEA, EurManagedByThisEA etc.

The EA offers to option to suspend trading in individual pairs. This feature should become more useful as we become more sophisticated in our basket trading. IBFX do not offer CADxxx, so non-IBFX users need to remember to turn CADJPY to 'true', as the default is 'false'.

### Lot sizes

- IBFX mini account holders, where 1 pip = approx 1 cent: 0.1 lots per \$100 seems safe.
- Other mini accounts where 1 pip = approx 10 cents: 0.1 lots per \$1000 seems safe.

Remember that a basket can easily take your account into a 10% drawdown, so take care with the number of trigger currencies you use.

### And finally

If you are new to it, demo this EA for a few days to get a feel for how it works, and how it is managed by the trade manager. **DO NOT** rush straight into live trading with it – only an idiot does this.