

Tokyo_5H Breakout Method

This method is used to when market is narrow ranged sideways.

First, we check the ATR(10) and ATR(20) of the H4 period and take the average of the two ATRs. For example the ATR(10) is 40pips and the ATR(20) is 35 pips, we take the average of 37pips roughly.

Using this H4 Average ATR, we look at the traded range of the first 5 hours of the Tokyo session.

For example, if the Ave ATR of EJ is about 37pips, and the TOK_5H is less than this range, we can look for a breakout of this range when liquidity increases during the day.

Sometimes, the breakout occurs just after the lunch hour of the Tokyo market session around GMT0600, i.e. before Frankfurt Open. Other times, the breakout occurs after the London Open and we can take the trade as we see the Price Action using the Price Action Channel and the TDI condition.

Most breakouts occur in the direction of the H4 TDI or what we see on the H1 TDI Green above Red above Yellow or Green below Red below Yellow.

The breakouts can happen twice in the same trading day as price may reverse during the London session and move in the opposite direction.

Always pay attention to market news affecting the currency pair you trade as often we see price volatility hitting both the TOK_5H high and low during the news release hour.

Money Management:

Use a 2-Lots entry method.

Exit 1st -Lot at +1R and BE the remaining Lot.

Exit 2nd - manage and exit using R-Multiple Method, moving your stop as price progress in your favour. Let your protective get stopped out.

Use Pending Limit and Stop Orders:

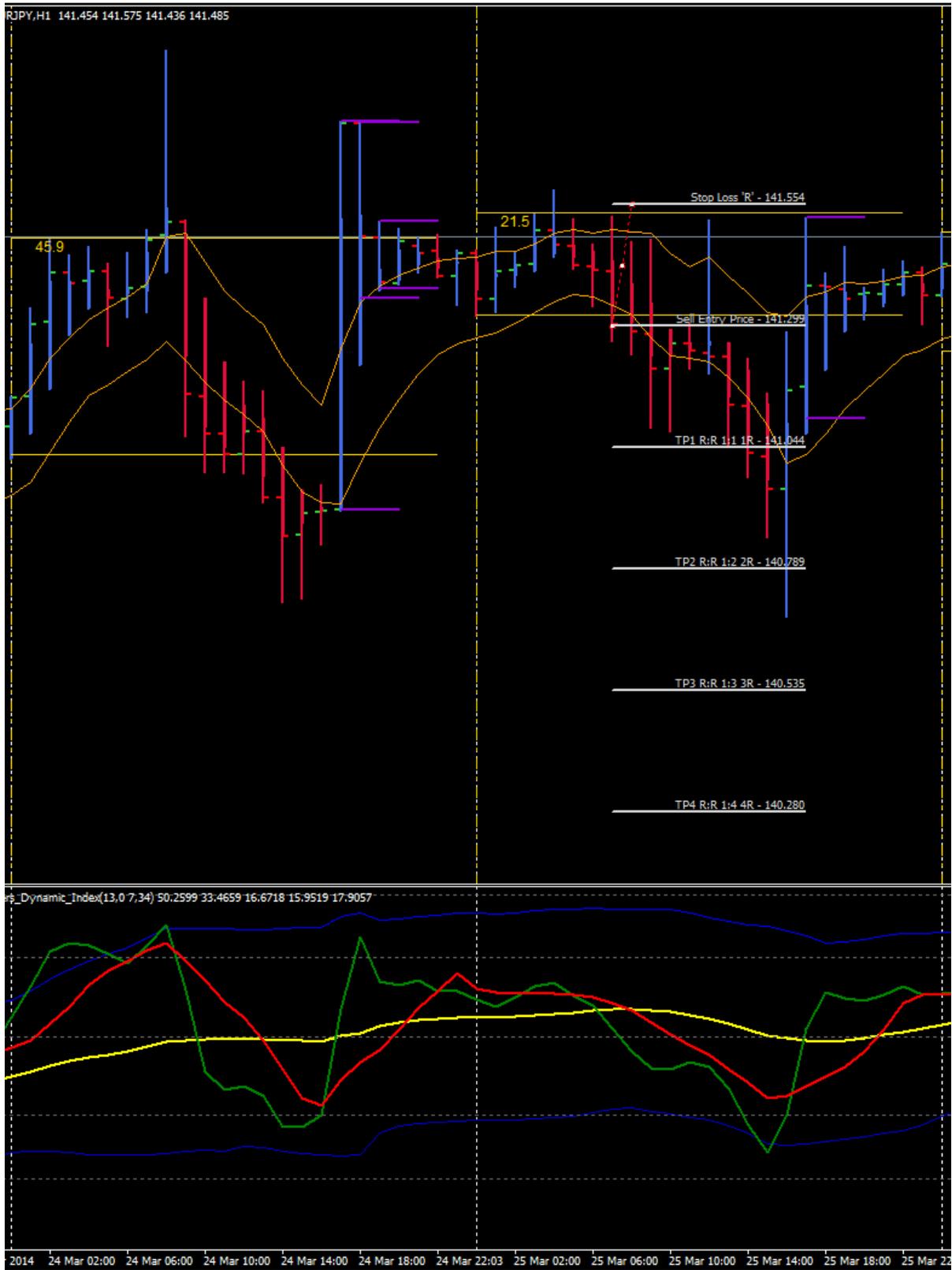
You can use pending orders once you have enough confidence in following the price action and know exactly when and where to place your pending orders at the opportune time.

Important Note;

Always check the ATR(10) and ATR(20) when you make your trading plan for the new trading day.

The usual USD majors AUDUSD, EURUSD, GBPUSD, NZDUSD and all JPY pairs can be traded using this method. You need to keep track of the Average ATR H4.

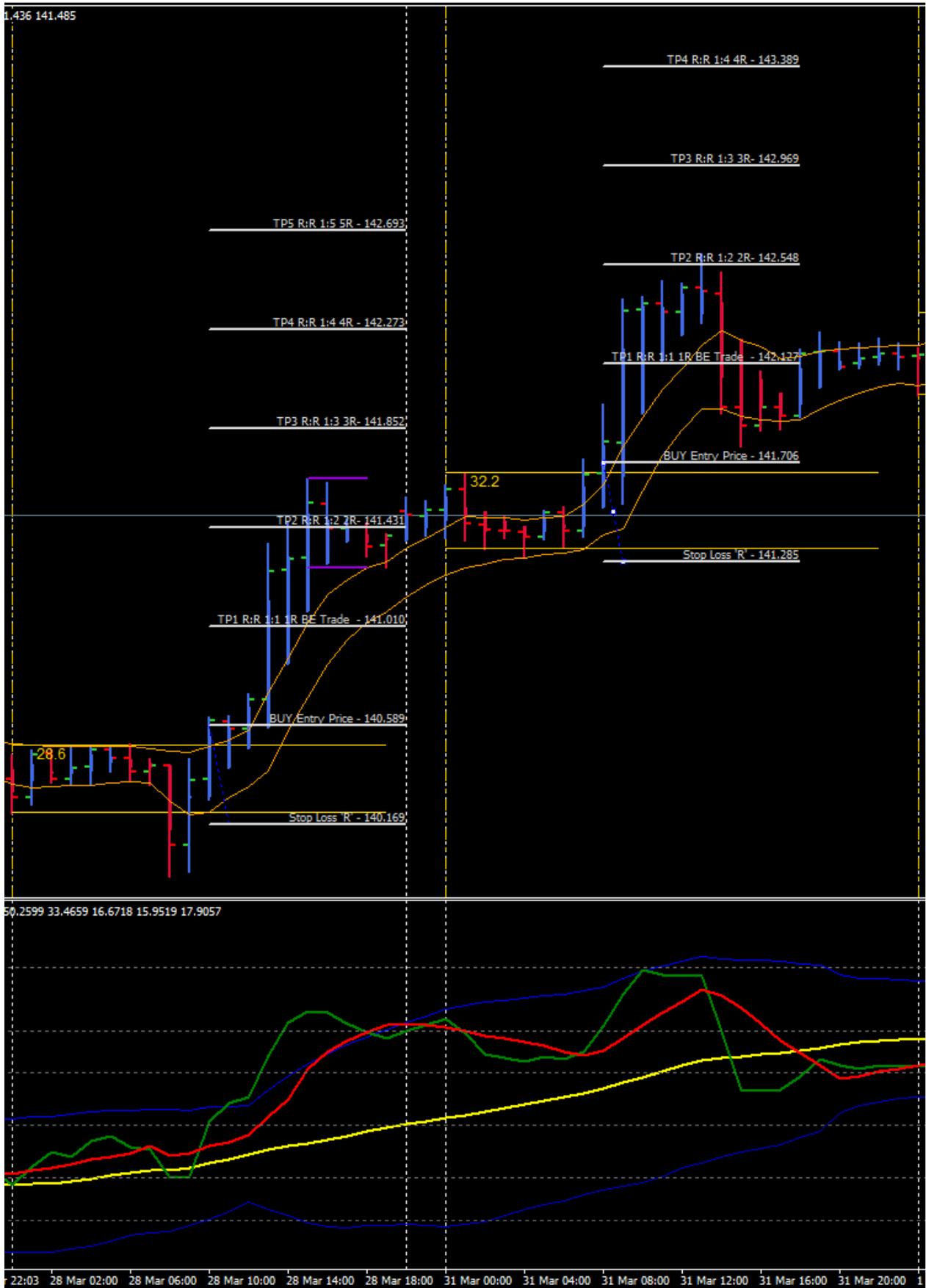
The Average ATR H4 for the EUR and GBP Cross pairs EURAUD, EURNZD, ERUCAD, GBPAUD, GBPNZD and GBPCAD are much larger than EURJPY and these Crosses are good pairs to trade using this TOK_5H Breakout.



EURJPY H1
Created for TMS







EURAUD H1

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