Summarize

Hi Feb and All,

I will try to summarize few things which in my opinion are the key of the system. (Feb sorry for hijacking 😀). I am still at the middle of the thread reading…

1. This is essential of a "break out system". One of my best friends and the best trader I know says "Only breakouts give pips".

2. 20/20 rule. It is not so important if the stop and target will be 21, 21, 22… The hint is that we are aiming small part of the 5m TF trend, if happen (don't be greedy Lol). Also we are giving the market enough space to breathe (sound like guru's bullshit but true). Everybody knows that! But where is the hint if the RR ratio=1? The hint is in trailing stop. Even in choppy market the breaks give pips. And the trail reduces the risk and increases the RR (magic 😊). Forex market is a Zero win game with RR=1. Only brokers are taking their spread from the traders. But the trailing is the key in this system.

3. Stop 20 target 21. First that came in my mind – "Why target is not 20?" Believe or not this one pip is the cherry of the cake. If you are full time trader you will make enormous amount of trades every month. When you earn with your 20p target it usually means you have a trend and the price gave additional 20, 50, 100p. (don't be greedy again). So when we have a winner this pip is only for us as a gift (buy some new toys 😉)

4. Experiment:

I made a small two day experiment on a demo assuming that I am a pro trader and I have to do more trades. Believe or not everything is based on statistics. So I opened few pairs, I took a short view and put the Skyline's EA with individual settings for each – 20 stop for the slowest and 35 stop for the fast (e.g.GJ). If want to be more precise should base the settings on average daily range for every pair (my style). After that I am waiting for the swings, get the lot size from the EA and place the orders (ok I made few mistakes with the size first 🐔). I was not sticking hard to nothing (e.g. 30-40p. swing). Only looking for breakouts in both up and down. Also I didn't care to enlarge the stop depending on the deepness of the pullback. It is only a short experiment right? Here attached is the result. The report says to me: THIS ONE IS WORKING.

Enjoy!

P.S.

Feb – great system! I admire you!

Skyline – The EA is working like a swiss watch ☺!

Moneda – I have the same trading simulator. Just saw you already posted it.

P.P.S

Sorry for the boring long post – this is the short version. Lol

😊

Attached Files

📄 DetailedStatement_systray.doc (132.5 KB, 433 views)

Quote:

Feb, the hit is yours. I only summarize 🤷
The experiment is the best illustration:
-Risk 3% (hard rule) on each trade
-Winning positions: 50% (as I mentioned zero win game).
-9 pairs traded - means I did not "analyze" anything. I even didn't wait of A+++ setups
-More than 10% earning in just 2 days

Impossible is nothing 🙆

systray   Member Since Jan 2009
Member   6 Posts

Quote:

Skyline, my experiment is half based on your EA. If I have to calculate everything for nine pairs - too hard.
Anyway I have a challenge for you:
I am messing around with forex for 6 years already (only hobby) and I know quite a lot about brokers. The broker is not your friend. One of the weak points of the system is that if you show the stop to your broker and the lot is big and few other people do the same, he will hunt you down. During these two days I saw this twice. The stop was hit 1 tick (~20p. tick Lol) after break out. The best way to protect this is to make the EA with hidden **stops and targets**. After that the problem will be that the EA will try to execute SL and TP with market order. The broker's weapon here is REQUOTE. Means the EA has to have slippage function on both TP&SL. I know this sounds pretty complicated but when all of you guys became very rich and trading with 100k live account and your orders will be HUGE you will face the broker on the battle field.
For me it is just a hobby 😌

From now on I prommise I will stick to the main idea of the thread only!
Regards

Reduce trading

I need one volunteer for an experiment. Here is the guide:
Place pivot line (only one).
Above pivot look only for long swings>30p.
Under pivot look only for short swings>30p.
If the swing start under the pivot and end above pivot -take it and vice verso.

I think this simple rule will reduce the number of trades during choppy market.
Please respond results.
Remember: do not be greedy.
Only 5% earning per day will make you millionaire within 2 years max.

Let the market breathe
Quote:

Quote:

> Originally Posted by **PistolDave** ⟫
> *Alex, Jflor,*
>
> *That is the problem I have run into many times too. You end up mostly entering trades that have a risk/reward of 1:2 of say 20 pips SL/ 40 pips TP pips to see them only go into profit by 10 or 15 pips then retrace and stop you out for a loss.* ***That's the example above I show.*** *You better have a very high hitrate if you are taking 20 pip losses and only 10 pip gains.*
>
> *The key (it would appear) is only taking setups that are more likely to produce the required 1:2 r/r ratio. I thought I understood the rules of how to do that,...*

Pistol,

Clearly I am not an expert by any stretch, but I'd like to address your concern about r/r ratio a little differently than has been explained before.

As Feb has described on numerous occasions, he believes the key to this system is the trailing stop. And I agree, because it allows the r/r to change dynamically in your favor. Let me try to explain.

With your approach 20/40 SL/TP is your *initial* r/r ratio. But in any trade this will change as the trade matures. For example, let's say that the trade goes on average 15 pips in your favor (not the 40 you expected) and then reverses. Let's further assume that 50% of the time you take the profit, and 50% of the time you let it hit your stop.

Your average win would be 15 pips, and your average loss would be 5 pips. This is because, if you are following the system strictly, you should be trailing your stop by 20 pips, *not leaving your stop static at 20 pips*.

So your r/r is 5:15, or 1:3.

Clearly, this is a simple analysis, but it should illustrate the concept. If you trail your stops, rarely will you take a full 20 pip loss. So on the "loss side" side of the r/r your average loss might be closer to 5 to 10 pips. And on the "win side" of the r/r, your average might be 15 or 20 pips (recognizing that you are not always going to hit your 40 pip target).

Don't know if this helps, but it's worth saying again, I think the key is to take all of the setups, and trail the stops. I don't think the idea (at least of System II) is to try to filter the setups. That would probably be an exercise in frustration.

Doc

Doc,

You are absolutely right. Here are some thoughts: with rule 20/20 or r/r=1 statistically you will have 50% winners. If you decrease r/r for example 20/40 this will decrease the winners %. I believe this rule 20/20 has been working on eur/usd few years ago when the average daily vola has been~120p. This means we are aiming 1/6 from the ADV. Now ADV~240p. In other words for this pair our rule should be ~ 40/40. As per my observations the best now is 35/35. Why that? Because when the market makes a break up it starts to ticking around and our trail is hit. The market breath and we should leave him enough space. What should be the swing amount. My opinion - the same - 30p.
I am working on similar break out system and I follow this thread - it gives me good ideas. Thanks again Feb!

systray   Member Since Jan 2009
Member   6 Posts

Feb,

Nice scripts there! I tried to use different EAs to handle risk management, but this is way more easy.

Regards

BenchMark Finance

Closed Transactions:

Ticket	Open Time	Type	Size	Item	Price	S / L	T / P	Close Time	Price	Commission	Taxes	Swap	Profit
20642841	2009.01.09 09:53	buy	15.21	eurusd	1.3691	1.3692	1.3713	2009.01.09 10:00	1.3713	0.00	0.00	0.00	3 346.20
												[tp]	
20641918	2009.01.09 09:18	sell	5.00	usdjpy	91.01	91.02	90.81	2009.01.09 09:52	90.81	0.00	0.00	0.00	1 101.20
												[tp]	
20641981	2009.01.09 09:19	sell	9.91	usdjpy	91.02	91.10	90.82	2009.01.09 09:52	90.82	0.00	0.00	0.00	2 182.34
												[tp]	
20641385	2009.01.09 09:21	sell	16.75	usdchf	1.0929	1.0937	1.0907	2009.01.09 09:46	1.0937	0.00	0.00	0.00	-1 225.20
												[sl]	
20641822	2009.01.09 09:17	buy stop	16.76	usdchf	1.0959	1.0939	1.0981	2009.01.09 09:32	1.0928				cancelled
20638046	2009.01.09 07:49	buy stop	12.25	gbpusd	1.5277	1.5252	1.5307	2009.01.09 09:07	1.5179				cancelled
20638011	2009.01.09 07:48	sell stop	13.96	usdjpy	91.02	91.22	90.80	2009.01.09 09:07	91.21				cancelled
20637972	2009.01.09 07:47	buy stop	7.98	gbpjpy	139.34	138.99	139.99	2009.01.09 09:07	138.47				cancelled
20637930	2009.01.09 07:45	sell stop	16.81	usdchf	1.0915	1.0935	1.0893	2009.01.09 09:07	1.0945				cancelled
20637694	2009.01.09 07:39	buy stop	15.57	audusd	0.7104	0.7084	0.7125	2009.01.09 09:07	0.7063				cancelled
20635712	2009.01.09 07:24	buy	15.86	audusd	0.7092	0.7078	0.7113	2009.01.09 07:46	0.7078	0.00	0.00	0.00	-2 220.40
												[sl]	
20635572	2009.01.09 07:20	buy	15.86	nzdusd	0.5939	0.5932	0.5961	2009.01.09 07:42	0.5932	0.00	0.00	0.00	-1 110.20
												[sl]	
20635651	2009.01.09 06:54	buy stop	17.36	usdchf	1.0972	1.0952	1.0994	2009.01.09 07:34	1.0939				cancelled
20635541	2009.01.09 06:52	sell stop	15.86	eurusd	1.3649	1.3669	1.3627	2009.01.09 07:33	1.3680				cancelled
20635521	2009.01.09 07:20	buy	15.86	eurusd	1.3690	1.3688	1.3712	2009.01.09 07:32	1.3688	0.00	0.00	0.00	-317.20
												[sl]	
20594246	2009.01.08 12:37	buy stop	8.96	gbpchf	1.6802	1.6767	1.6847	2009.01.08 15:02	1.6638				cancelled
20604383	2009.01.08	sell	9.75	gbpchf	1.6681	1.6674	1.6636	2009.01.08 15:01	1.6636	0.00	0.00	0.00	4

	14:47												017.49
													[tp]
20599397	2009.01.08 13:37	sell stop	7.53	gbpjpy	139.02	139.37	138.37	2009.01.08 14:42	139.58				cancelled
20597821	2009.01.08 14:26	buy	7.41	gbpjpy	140.03	139.72	140.68	2009.01.08 14:40	139.72	0.00	0.00	0.00	-2 517.65
													[sl]
20597645	2009.01.08 14:08	sell	8.89	gbpchf	1.6704	1.6727	1.6659	2009.01.08 14:15	1.6727	0.00	0.00	0.00	-1 876.39
													[sl]
20599032	2009.01.08 13:46	buy	9.44	eurgbp	0.8947	0.8947	0.8968	2009.01.08 14:08	0.8968	0.00	0.00	0.00	3 043.58
													[tp]
20596402	2009.01.08 13:03	sell stop	9.31	eurgbp	0.8889	0.8909	0.8868	2009.01.08 13:56	0.8944				cancelled
20597259	2009.01.08 13:31	sell	0.02	eurusd	1.3671	0.0000	1.3567	2009.01.08 13:56	1.3719	0.00	0.00	0.00	-9.60
									101111			proba01	
20584160	2009.01.08 12:38	sell	0.01	eurusd	1.3619	0.0000	1.3567	2009.01.08 13:56	1.3725	0.00	0.00	0.00	-10.60
									101111			proba01	
20600222	2009.01.08 13:51	sell	16.04	usdchf	1.0921	1.0918	1.0896	2009.01.08 13:54	1.0918	0.00	0.00	0.00	440.74
													[sl]
20595876	2009.01.08 13:42	buy	14.25	audusd	0.7072	0.7072	0.7093	2009.01.08 13:51	0.7093	0.00	0.00	0.00	2 992.50
													[tp]
20597223	2009.01.08 13:40	buy	14.18	nzdusd	0.5913	0.5914	0.5935	2009.01.08 13:49	0.5935	0.00	0.00	0.00	3 119.60
													[tp]
20597889	2009.01.08 13:27	sell stop	11.40	gbpusd	1.5229	1.5254	1.5199	2009.01.08 13:43	1.5303				cancelled
20598657	2009.01.08 13:32	sell stop	14.17	audusd	0.7006	0.7026	0.6985	2009.01.08 13:42	0.7066				cancelled
20599448	2009.01.08 13:37	buy limit	14.48	nzdusd	0.5869	0.0000	0.0000	2009.01.08 13:40	0.5916				cancelled
20595979	2009.01.08 13:31	buy	11.40	gbpusd	1.5298	1.5302	1.5328	2009.01.08 13:33	1.5328	0.00	0.00	0.00	3 420.00
													[tp]
20597698	2009.01.08 13:31	sell	15.61	usdchf	1.0950	1.0965	1.0925	2009.01.08 13:32	1.0965	0.00	0.00	0.00	-2 135.43
													[sl]
20590053	2009.01.08 12:34	sell	5.00	usdjpy	91.50	91.36	91.15	2009.01.08 13:27	91.15	0.00	0.00	0.00	1 919.91
													[tp]
20594421	2009.01.08 12:39	buy stop	5.00	gbpjpy	140.04	139.69	140.69	2009.01.08 13:25	139.30				cancelled
20597589	2009.01.08 13:24	sell stop	5.00	gbpchf	1.6704	1.6739	1.6659	2009.01.08 13:24	1.6750				cancelled
20597196	2009.01.08 13:17	buy stop	14.17	nzdusd	1.5913	1.5893	1.5935	2009.01.08 13:18	0.5889				cancelled
20593215	2009.01.08 12:28	buy	5.00	nzdusd	0.5907	0.5887	0.5939	2009.01.08 13:16	0.5887	0.00	0.00	0.00	-1 000.00
													[sl]
20596282	2009.01.08 13:01	buy limit	9.31	eurgbp	0.8889	0.0000	0.0000	2009.01.08 13:03	0.8934				cancelled

| | | | | | | | | | **Closed P/L:** | | | **13 160.89** |

Open Trades:

Ticket	Open Time	Type	Size	Item	Price	S / L	T / P		Price	Commission	Taxes	Swap	Profit
							No transactions						

									0.00	0.00	0.00	0.00
									Floating P/L:				**0.00**

Working Orders:

Ticket	Open Time	Type	Size	Item	Price	S / L	T / P	Market Price	
								No transactions	

Summary:

Deposit/Withdrawal:	0.00	Credit Facility:	0.00		
Closed Trade P/L:	13 160.89	Floating P/L:	0.00	Margin:	0.00
Balance:	107 512.83	Equity:	107 512.83	Free Margin:	107 512.83

Details:

Gross Profit:	25 583.56	Gross Loss:	12 422.67	Total Net Profit:	13 160.89
Profit Factor:	2.06	Expected Payoff:	658.04		
Absolute Drawdown:	1 215.52	Maximal Drawdown:	5 249.55 (4.95%)	Relative Drawdown:	4.95% (5 249.55)
Total Trades:	20	Short Positions (won %):	10 (50.00%)	Long Positions (won %):	10 (50.00%)
		Profit Trades (% of total):	10 (50.00%)	Loss trades (% of total):	10 (50.00%)
Largest		profit trade:	4 017.49	loss trade:	-2 517.65
Average		profit trade:	2 558.36	loss trade:	-1 242.27
Maximum		consecutive wins ($):	4 (9 972.84)	consecutive losses ($):	4 (-4 873.00)
Maximal		consecutive profit (count):	9 972.84 (4)	consecutive loss (count):	-4 873.00 (4)
Average		consecutive wins:	2	consecutive losses:	2