

Backtesting GBP/USD With Stochastics

Alright, below you will find me doing backtests with the added filters of stochastics I have decided to use. I have done 9 example trades spanning from July to February. I believe the beauty here lies in the increased accuracy that we can rely on with MULTIPLE pairs. From what I can tell, every pair looks rather nice.

The two stochastics I am using are set at (25,15,15) and (5,3,3). The (25,15,15) will be used to filter our entries. If this indicator shows a positive cross, long, vice versa short. Our (5,3,3) stochastics will determine our exit. When they squeeze together and show some movement down, we exit our trades. I will explain this all in the backtests I'm about to do.



Trade #1 Long @ 1.8502

Our (25,15,15) stochastic is crossing up on a blue signal trade. The (5,3,3) stochastic moves up in our direction very briefly and then moves back down on the bar with the red line through it. This is a sign to exit at the close of the day @ 1.8357 for a 145 pip loss.

Trade #2 Long @ 1.8267

(25,15,15) stochastic is still coming up, meaning a long is in order with a white signal trade. We will use the (5,3,3) stochastic as an exit. When you see the (5,3,3) stochastic turn to cross like it does at the red line, we exit @ 1.8460 for 193 pips.

Total pips: 48

Trade #3 Long @ 1.8489

(25,15,15) stochastic is going up still on a blue signal entry. It is exited 2 days later at the same red line as #2 @ 1.8460 for a 29 pip loss.

Total pips: 19

Trade #4 Long @ 1.8535

(25,15,15) stochastic still on the rise on a blue signal. When we see the (5,3,3) stochastics kiss together like it does before we exit, this is a "WATCH OUT FOR EXIT" sign. It's when you see both lines begin to head in the direction against you that you actually exit. This instance, we exit at 1.9075 for 540 pips.

Total pips: 559



Trade #5 Short @ 1.9037

Stochastic(25,15,15) and BB signals are finally in agreement. Since Stochastic(25,15,15) is on it's way down, we enter short. When the (5,3,3) stochastic crosses up, we exit, in this instance @ 1.8724 for 313 pips.

Total pips: 872

Trade #6 Short @ 1.9012

Stochastic(25,15,15) is still telling us short on a white signal. We late exit when the (5,3,3) cross happens denoted with a green line @ 1.8864 for 148 pips.

Total pips: 1020



No trades during this time period because the (25,15,15) stoch's never agree with BB signals.



Trade #7 @ 1.9139

(25,15,15) stochastic is still positive on a blue signal. Later on, the (5,3,3) stochastic "kisses" together, and when it headed down, we exited at the red line bar @ 1.9518 for 379 pips.

Total pips: 1399



Trade #8 Short @ 1.9526

(25,15,15) is saying short, we have a short BB signal that is exited when the (5,3,3) stochastic crosses back up @ 1.9361 for 165 pips.

Total pips: 1564

Trade #9 Short @ 1.9492

(25,15,15) stochastic indicating short. Exit at (5,3,3) stochastic cross @ 1.9628 for 136 pip loss.

Total pips: 1428