



RENKO OMEGA DELTA

Part 1

System Details

Part 2

Money Management (MM) system w/ Multi-Stage, Averaged-in Position Taking specific to Renko Omega Delta

Introduction

Welcome to Renko Omega Delta. This system utilizes Renko blocks coupled with a host of trend-finding indicators to produce profitable, trend-based long/short signals. This isn't scalping, as block formations may take anywhere from 30 minutes to several hours to properly form. Time is not a factor in Renko Omega Delta, just price action. A single block of Renko represents 5 pips. Blocks are not formed unless PA has adjusted to this standard. What this accomplishes produces a vivid chart of PA trend, eliminating the chop and non-standardization of a standard candlestick chart. Every Renko block will be of the same magnitude, 5 pips. Followers of other trend-following systems will enjoy this system. The overlay of the including indicators accurately identifies high-probability locations of inter-day trend changes, and separates chop/consolidation from a legitimate trend change.

The only time factor involved with this system is the course of a standard day. The "day" can be different for you; but as myself and my broker are situated on the East Coast of America, my FX day begins @ 8:00 PM EST and ends @ 5:00 PM EST. During the course of this day, we will normally see at least one high volume trend. EURUSD was chosen for this purpose, as most significant movement occurs in one or two (sometimes three) obvious trends. What Renko Omega Delta signals is a high probability trade location for when this trend does change.

Disclaimer

*Your profit expectations should be conservative with this system. This isn't a Forex get-rich-quick system. The nature of the system precludes pin-point accurate back testing, so most experience will need to occur live. I have been trading this system for a few weeks, and have averaged almost 100 pips a day, but your results may vary depending on your commitment and skill. I have included a basic money management scheme, specifically to use with this system for those that can't seem to wrap their mind around proper fiscal conservation. However coupled with prudent capital concern and Renko Omega Delta, your trading account should grow steadily. If **YOU** blow your account **YOU** most likely observed poor non-fastidious money management; overleveraging into positions and not setting stop-losses.*

System Cheat Sheet

- Currently, system is only applied to **EURUSD** pair. (Due to low spreads of 1-2 pips). Others may be included in future, but based on larger Renko blocks to take into account the larger spread(s); e.g. EURJPY with a 4 pips spread of GBPUSD with the 3-4 pip spread.
- *Most* profitable signals will consist almost entirely of sequential homogenous blocks (e.g. Long trade: all black blocks) → a “checkerboard” of white and black blocks is consistent with an imminent trend change; be it minor or major.
- *Most* profitable signals will have the SDL(100) change shortly after the HMA(10) change
- *Most* **high volume** profitable signals will contain one or more HMA(10) interrupts of 1-3 blocks. These interrupts are not to be taken as trades, and need to be identified as such. They are, at best, recommended points to exit and re-enter.
 - *Some, but not all, interrupts may be identified by the Trix Fast (Tf); the Tf will not change when the HMA(10) interrupt occurs (but sometimes will).*
- With Renko(5), a profitable signal is said to be worth 20+ pips; with some high volume signals being worth several times that (60-90 pips).
- There *should* be at least **one** high volume (50+ pips) signal during the course of the day; SDL(100) maintains trend for more than 10 blocks.
- It is still a good idea to look to buy at support levels and sell at resistance levels (pivot points)
 - A long signal SDL(100) change normally will occur below the FPV, on or around a support level. A short signal SDL(100) change normally will occur above the FPV, on or around a resistance level.
- Buying above SDL(100) [sea green] on HMA(10) long signals. Selling below SDL(100) [light coral] on HMA(10) short signals
- There **will** be days when PA is overall flat in a plateau. Given the lack of a definite trend, profits will be minimized but not entirely removed. These days normally mark an imminent change in the daily trend (known as a doji formation in candlestick patterns). The following days will normally trend well, albeit in the opposite direction.
- HMA(10) will need to have intersected and surpassed the SDL(100) before the latter may change.
- Drawing trend lines on a HMA(10)'s Renko block direction is a useful way to confirm a trend change; when the trend line is broken by a subsequent block/HMA(10) change, the new trend has begun (confirm with a SDL(100) Δ however).

Assumptions

- User has been following the "CoG + UltraTrend" thread in systems in FF.
- User is familiar with Renko blocks, their time independence, and how they are formed.
*I'm including a tutorial on how to actually go about creating a **VALID** streaming "offline" Renko chart, as there has been much confusion.*
- User is familiar with CoG levels, and how they should influence trading behavior.
- User is familiar with Trix system, be it utilized alone or most notably in the THV system on FF.
- User is at least somewhat familiar with DSS, but I'll go in depth how it specifically is used in this system.

Setup

1. The first and most important step is creating a **VALID** streaming offline chart. If you create the offline chart using any method other than the below listed, the historical data on the chart will be **GROSSLY INACCURATE**; providing a poor back test and entries towards "live" PA.
 - a. Go to... Tools → Historical Data → Download as much historical data from **EURUSD M1** as possible from your broker. The M1 data is the closest we can get to the past ticks, which ARE NOT AVAILABLE unless you used an external program to capture and then import them.
 - b. Open a **EURUSD M1** online chart.
 - c. Add the RenkoLiveChart v.2.1 onto the **EURUSD M1** chart. A dialog box will pop up, allowing you to modify the system parameters. Ensure that the block size is set to **5**. Also ensure that "import .dll" is checked. Go ahead and click OK to officially add it onto the chart.
 - d. At the top left-hand corner of the chart, instructions in white lettering should appear, informing you which **OFFLINE** chart you'll need to open to access the Renko blocks, along with new streaming blocks. It should be the **EURUSD M2 Offline Chart**.
 - e. Go to File → Open Offline Chart and select the appropriate chart.
 - f. This is the basic Renko block chart, looks pretty clear under a trend perspective right? This is why we are using Renko. Breathe a sigh of relief, as we are almost done with the setup.
 - g. Assuming you properly downloaded the indicators and template files, you shouldn't have any problem with the following...Go ahead and right click on the **Offline EURUSD M2 chart** → select Template → and add the RenkoOmegaDelta template file to the chart.
 - h. If successful, your chart should look like the following, and you'll notice PA fluctuating as your offline chart is being streamed live data.



Trading This System

There are three ways to trade this system. The first and most straightforward is to trade on SDL(100) trend change confirmations. The second is to trade the first way, but exiting and re-entering on legitimate HMA(10) pullbacks. The third and most complicated way is the first and second methods, along with identifying profitable counter-trends within the SDL(100) and trading those too. I would recommend starting with the first, and moving into the second method once you are comfortable with Renko and have watched PA pull back to the black Cog and into the CoG's upper and lower bounds. The third method is slightly risky, and won't be included until later. This third method I'll include later in a "Renko Omega Delta extreme" section.

Method One

Since I'm assuming that the user is competent with most of the indicators and Renko, this explanations will be brief, as the signals are fairly obvious.

- SDL(100) trend changes, with the HMA(10) intersecting and trending past SDL.
- Trix (slow) is in same trend as SDL(100) trend change. This breaks up most of the invalid SDL(100) trend changes. Most SDL(100) changes will be accompanied with a Trix cross in the direction of the new trend. This may occur slightly before the SDL(100) change however.
- DSS is trending in direction of SDL.

And that's it! Pretty simple, at first. This is only method one, and I kept it simple for a reason. There are better ways to trade this system, method two and three; but for the time-being this will suffice for most people. I want to physically post good setups and trends as they happen in the FF forum. If you want a glimpse into further additions to this system, look to the cheat sheet above.