

PK Trend Trading Idea (Renko Optional)

Concept

- Price seldom Closes on the days Open price
- We want to capture the trending days and avoid ranging or retracement days where we can.
- In a trend price is more likely than not
 - If it opens in the direction of the trend it will continue on
 - Provide quick NB recovery opportunities if trading in the direction of the trend
- This approach could be coded and traded with or without out Renko however using Renko makes it visually easy to understand the strategy.

Note 1.

This is a trend trading idea. To avoid trading in ranging markets I think the following will help avoid excess entries

- Having a minimum pip size above open before entry
- Only opening in the direction of a trend
- Using an optional filter to avoid entering within x pips of the trend defining ema
- Using recovery rather than a stop loss as price most likely to revert back to the mid point if ranging

Other ideas more than welcome

Note 2.

I have not traded this strategy, its simply as idea that visually appears to work especially as we have been in a trending period.

It will need refinement. However its simple and doesn't use indicators and fulfils the basic idea of attempting to capture pips in trends and avoiding retracements and ranging periods where possible.

Note 3.

This seems a pretty obvious strategy so I am not suggesting it hasn't been tried before. However, I think it can work with the NB recovery system while I'm not so sure with a stop loss.

Trend Definition

- Define trend by a EMA - for concept 750EMA on Renko blocks has been used – defining as a variable may allow a better trend method to be used
- Where Open is above MA trend is up, when Open below MA trend is down

Buy

- Uptrend
 - When Open greater than MA buy on the close of the second block in trend direction

- If using a 10 pip block that would be open + 20 pips
- Reverse for downtrend

Take Profits

- Partial close at two variable Take Profit levels eg
 - TP 1 = 30% at 40 pips
 - TP 2 = 30% at 60 pips
 - Remainder has a trailing stop of say 30 pips
- Close remainder at close of day (define as an variable as may want to bring forward to say 22 hours) if in profit
- If in loss or breakeven leave the trade open so that becomes the trade for the following day. In this situation the open for day 2 would now be the open price to be used.

Additional Ranging Filter

To avoid trading in ranging markets an optional filter option to prevent trading within x pips of the trend ema could be applied. For example if the entry price is within 200 pips of the 750ema do not enter.

Trading Example



Stop loss

- No stop loss but use NB hedging (see below)

Additional thought.

It may be worthwhile to consider an optional close at breakeven if price has moved more than say 30 pips and is retracing to avoid the need for potential recovery. I'm not sure this will add value but could be worth considering for testing.

General Requirements

- Allow for 5 digits
- Allow for ECN
- In any given day period we are trading long or short (can't do both in a same day period (MA may cross over open but we disregard this for the one day period)

Hedging Strategy

The key to this strategy is the use of the recovery system. We are trading off draw down for hopefully regular wins.

While we will have draw down using relatively low lot sizes allows us to manage recovery. I think the NB recovery system will work (outlined in the PDF) with the placement of the hedge buys depending on each pairs likely range.

Alternative Recovery Approach (with Renko smoothing around the open)

I have been trying to develop a way to have a tighter approach which I have outlined below. Its possible that this approach could eventually work better than NB but it needs some more thinking to decide the best placement for the recovery trades.

- Hedge placement
 - In an uptrend place the hedge 1 bar under the open. Trade is neutral less unrealised loss of 3 x block size
- Hedge removal
 - Remove hedge trade at close of block = open price

- At removal of hedge place order for 2 x hedge order, close at BE of hedge amount (1 bar + slippage + spread) which should be slightly greater than 1 bar
- If price reverses once new hedge reversal trade placed hedge the new trade at – 2 blocks
- When block close = open commence a new trade at 2 times hedge amount
- If hedge trade removal fails again repeat
- Allow a variable # of hedge removal attempts (say 3) before requiring manual intervention. Position should be neutral less 2x block size for each additional hedge
- Where manual intervention required do not enter additional trades or close open trades.
- Allow for existing open trades to be managed manually or by EA
- Where price changes form downtrend to uptrend need to allow for hedge trade reversal in opposite direction