

dsugums Auto-trader User Guide

This EA attempts to automate the system described at

<http://www.forexfactory.com/showthread.php?p=4815898&highlight=intraday>

I use the term “describe” loosely; dsugums releases information in a drip-feed, so here is my understanding of the system (bearing in mind that I may have miss-understood :some of it):

1. Intraday trading of EU.
2. The idea is to catch the main move of the day, which normally happens sometime between the start of the Asian session and roughly the end of the London session. Monday and Friday are bad days for this trading because there is insufficient liquidity in the markets; dsugums trades Tuesday to Thursday.
3. M5 chart, using 3 simple moving averages and one LWMA:
 - 133
 - 222
 - 4
 - 60 period LWMA (Linear Weighted Moving Average) for another form of stop loss.
4. Trades are taken when the MA 4 breaks through the other two:
 - $133 > 222$: trade short after the MA4 breaks down through both from above.
 - $133 < 222$: trade long after the MA4 breaks up through both from below.
5. Send two trades:
 - First with a take profit of 30.
 - Second with a take profit of 100.
 - When the first trade hits its target, move the stop of the second to breakeven and allow it to run.
 - Coding two trades to be sent simultaneously is impossible in mql4, so ds gets around this by sending a single trade at double your selected lot size and closing half of it at the initial tp.
6. Stop loss is no more than 30 pips – the default. ds will also close the trade if the previous candle closed on the wrong side of the 60 lwma. This is the 'Stoploss moving average' displayed in the screen feedback on your charts.

Strategies do not come much simpler than this. The thread appears to have died; I think that is most likely because the main contributors have set up a skype discussion group and are probably carrying on in private.

Either that or the strategy is crap and nobody is using it any more. I do not think this is the case. xlitang pm'd me a couple of weeks ago to ask me to code an EA for this. I had a look straight away, and did a successful trade within minutes. I was busy with Aurora at the time and so put this project away.

When I returned to it, I was able to take a trade within minutes, shortly after the start of the Asian session; this hit its 100 tp quickly. Later in the day, I had a second opportunity; here it is (note there is no 60 LWMA on these charts; dsugums passed on this tip subsequently to my composing this document):



The two vertical turquoise lines outline the trade. MA133 is yellow; white is the 222; turquoise the 4. A marks the trade open; B marks its close.

You can see that I actually took the trade a fraction early and should have taken it two candles later after the 4 had broken below the 222. I forgot, and entered when the market pierced the 222 rather than the MA4:

- A) marks the trade entry.
- B) marks the exit. I had already closed half the trade at +30 and was following it down with a close trailing stop – this was a Friday so I was mindful that dsugums does not normally trade this on Friday.
- C) Marks a retrace that would not quite have taken out the remainder of trade at breakeven had I not followed it down with the ts.
- D) After that, the market resumed its downward move, so D marks the low point – some way beneath the take profit, so this trade would have hit its +100 if left alone.

Using the MA4 as the trade trigger rather than price, is the stroke of genius in this strategy. Here is a picture of the expanded chart:



Look at E – you may need to zoom in to see it properly. Using price as the trigger, I would have taken the trade and been stopped out a few candles later. The MA4 kept me out.

As you can see, in between D and E, the market criss-crossed the two MA's and would have allowed some successful trading, but the system rule is: trade when the MA4 *first* crosses the 133, *then* crosses the 222, not the other way around. dsugums the EA trades this way.

Alex's EU scalper (<http://www.forexfactory.com/showthread.php?p=4983989#post4983989>) uses PSAR (Parabolic Stop and Reverse indi that comes with

MT4) to trigger trades and trail the stop when the trade is successful, trailing at two dots away from the current candle. Asjeff sent me a video a few months ago, in which the presenter described a 'chandelier' trailing stop. As chandeliers hang down from the ceiling, it is easiest to imagine this in the context of a sell trade.

- Your trade is in profit and the market is moving down, so you are adjusting your trailing stop periodically.
- The move begins to weaken, so your stop moves closer and closer to the market.
- Eventually, the market retraces and your trade closes. Your stop was not a fixed x pips which would have lowered your profits, but instead decreased in pips as the move weakened.

This is a great idea but I could not work out how to implement it in my robots. Dimwit that I am, I never thought to ask for ideas at FF. It turns out that PSAR does the trick. Here is my trade again, but with PSAR added (the white dots):



PSAR would have kept the trade open until it hit my tp. Nice.

So, a PSAR chandelier trailing stop is part of the EA, even though not of the original strategy.

Chart setup

Set up an EU M5 chart with the three moving averages and a Parabolic Stop and Reverse. The PSAR inputs are not the defaults. They should be:

- Step: 0.1
- Maximum: 0.11

There is a template attached to post 1 that will do all this for you. Download it into the Templates folder of your platform (the main platform folder, not the one in Experts).

All the MA/PSAR EA inputs are configurable for the inveterate tinkerers at FF. Posting rights in the thread are restricted to contributors who have something useful to offer. If you are one of these but are currently denied the ability to post, how to get around this is described in the 'Posting restrictions' section of post 1.

Stealth Technology

Most of the time, you want your criminal to be as deeply in the dark as possible about your activities. ds has some pretty nifty stuff under the hood to help with this.

'Hard' stop and take profits are sent with the trade, but these are set at a more distant price than the *actual* sl/tp. The real sl/tp's are represented by dashed lines – red for sl and green for tp. When the market touches/breaks either of these lines, ds closes the trade (or half of at the initial tp).

You can select and drag the lines to any desired price; ds will respond to their new price.

There is a downside to Stealth; it only works whilst your EA is running, your computer connected to the Net and your platform connected to your crim's server – that is why we keep 'hard' stops in place at all times.

I strongly recommend you apply stealth to all aspect of your trades. This is why MagicNumber and TradeComment inputs are set to zero/blank.

Potential EA problems

There are two issues that might need attention:

1. dsugums says he takes one live trade a day. The EA will take every opportunity that presents itself. It remains to be seen whether this is an advantage or not.
2. Imagine the 133 is above the 222, so that ds is looking for a sell trade. If the MA4 is above the 133, ds sets an internal flag that says, "Yes. The market has been above the 133 and so a sell is appropriate." This flag is lost if the bot has to be restarted whilst the MA4 is in between the 133 and 222. We shall have to see whether this is a problem that needs solving.

Inputs

Please note that pip inputs are 'proper' pips not the 'piplets' so beloved of the wally-plonker-dipstick criminals. The inputs, along with their defaults are:

- **General inputs:**
 - **Lot=0.1**; remember this is doubled because ds is simulating a two-trades system.
 - **StopTrading=false**; tells ds to stop trading but to continue to manage an open trade.
 - **TradeLong=true; TradeShort=true**; allow you to control trading direction should you wish to.
 - **MagicNumber=0**;
 - **TradeComment=""**;
 - **CriminallsECN=false**; set this to 'true' if your crim insists on two-stage order-sending. IBFX are ECN even though they do their best to hid this, for reasons best known only to their lunatic inner psyche; dsugums detects IBFX automatically.
 - **MaxSpread=40**; the widest spread you will accept before a trade is cancelled.
 - **MaxChannelDepth=30**; Human dsugums talks about there not being too much of a gap in between the channel. ds will not take the trade if the distance between the 133 and 222 is greater than value of MaxChannelDepth. The default is pure guesswork and is one of the features we need to refine.
- **Take profit and stealth**
 - **InitialTakeProfit=30**; the first profit target. On hitting this, ds closes half the trade and moves the stop to breakeven + BreakEvenPips.
 - **TargetTakeProfit=100**; your ultimate take profit target.

- **HiddenPips=20**; the number of pips to add to your 'hard' sl and tp. Tp and sl lines are then drawn at this figure away from the 'hard' stops.
- **BreakEvenPips=2**; added to the stop loss at breakeven time, to lock in a little extra profit.
- **StopLossFrom133=10**; the pips to adjust the stop loss taken from the MA133.
- **Trailing stop**
 - **Candlestick trailing stop**: trails a successful trade at the hi-lo of CsTrailingStopDistance candles ago.
 - **UseCandlestickTrailingStop=false**;
 - **CsTrailingStopDistance=2**;
 - **PSAR trailing stop**: described earlier in this document. Leave these inputs alone unless you know what you are doing:
 - **UsePsarTrailingStop=true**;
 - **PsarTf=0**; Time frame defaults to chart tf
 - **PsarStep=0.1**; Indi Step input
 - **PsarMaximum=0.11**; Indi Maximum input
 - **PsarTrailingStopDistance=2**;
- **Moving averages**: leave these alone unless you know what you are doing
 - **FastMaTdTF=0**; Time frame defaults to current chart
 - **FastMaTdPeriod=133**; indi Period setting.
 - **FastMaTdShift=0**; The MA Shift input
 - **FastMaTdMethod=0**; the indi MA method setting.
 - **FastMaTdAppliedPrice=0**; the indi 'Apply to' setting
 - Treat the inputs for the other moving average inputs in the same way.
 - **60 LWMA**: this is a further trade filter. For a sell, lwma must be below the 133. For a buy, it must be above. Turn this filter off by entering 0 into LwmaTdPeriod.
- **Trading hours**: these are inputs in your own local time. Therefore you need to know what the time is in your home, when Asia/Europe gets going and London closes. The defaults represent my favoured trading hours here in the UK – the European session.
 - **TradeMonday**: defaults to false to turn off trading on Monday.
 - **TradeFriday**: defaults to false to turn off trading on Friday.

Disclaimer and Risk Disclosure:

Trading foreign exchange on margin carries a high level of risk, and may not be suitable for all investors. The high degree of leverage can work with as well as against you. Before deciding to invest in foreign exchange you should carefully consider your investment objectives, level of experience, and risk appetite. The possibility exists that you could sustain a loss of some or all of your initial investment and therefore you should not invest money you cannot afford to lose. You should be aware of all the risks associated with foreign exchange trading, and seek advice from an independent financial advisor should you have any doubts.

I will put this a tad more bluntly:

Most Forex traders lose all their money.

- Using dsugums in trading Forex does not guarantee success.
- Trading with dsugums could lead to serious financial loss.
- Trading dsugums without understanding its underlying trading strategies *guarantees* traders will lose their money.

Good luck. Have fun.