

Setup:

100 Simple Moving Average
Damiani Volatmeter
MACD - 15,26,9
4 hour chart - EURCHF

The 100 Simple Moving Average serves as a support/resistance line as it is known to be used by major banks and financial institutions, a self-fulfilling prophecy, so to say.

System Rules

Long: Take a long trade when price closes above 100 SMA and MACD histogram goes above 0 line.

Short: Take a short trade when price closes below the 100 SMA and MACD goes below 0.

Re-entry: When the price, once has given a long or short signal, retraces back to the 100 SMA, re-enter the direction you went the first time. It is recommended to do it the first 2 times the price hits the 100 SMA and keep a watch thereafter.

Retrace entry: When a bar is over 100 pips, wait for a retracement to occur towards the 100 SMA line and then enter. This will save you from unnecessary draw down.

Exit rule

Scaling: I personally take 3 positions per trade. I set my first TP to 40, 2nd TP to 70 and let the third position run with Stoploss at breakeven.

As an example, once my trade hits the first target, I moved the second position to breakeven and leave the third as it is. When the 2nd position is hit, I move the 3rd to breakeven, giving the trade enough room to breathe. I then look for the price to come back, to add to the position, if it is open. At times, when price comes back to the 100 SMA, I get stopped out at breakeven, giving me 100 pips on 2 positions.

This is a trend following system, and has it's bad days. To avoid getting trapped in a range, I use the Volatmeter indicator. It is, so far the best indicator I have seen that helps detect a ranging a trending market.

I will try and attach a couple snapshots of past trades, so the whole idea becomes clear. The blue box is the main entry and the yellow, you can see, is the re-entry.

Attached Images



This is the continuation of the first re-entry. Notice a second re-entry. There is a third box I have drawn. It is a false signal.

Note: I take only one position while trading re-entries.
Attached Images

