

The Bat

A Strategy by Team Aphid

This strategy was devised by Team Aphid.

It is a medium term, easy to trade system with a good win loss ratio. It is traded using an indicator that is based on the ATR trailing stop.

Correct money management and risk is an extremely important factor in the success of using this system.

Attached you will also find the BAT ATR indicator.

SET UP

1. During backtests, we used MT4 with Alpari data. You can use any MT4 platform and data feed but due to variations between platforms and data feed, traders will get different signals as ATR lines-Prices/times etc on data feeds vary.
2. Use 1 Hour Chart and start with GBPUSD. Later on, we'll discuss other currencies as well.
3. Put on the indicator **FF ATR Trailing Stop v 1**. (Set the indicator parameters to ATR Period 5 and Factor to 4.0)
4. Insert on the chart the Fib retracement tool (F and dotted lines button on toolbar.) Once the fib lines are on the chart right click on the chart and got to 'objects list' and then highlight the fib tool and click 'edit'. Go to the fibo level tab and enter or change the following.

Under:-

Level	0	Description	'Swing'
Level	0.382	Description	'38.2 - 2 lots'
Level	0.618		'61.8 - 1 lot'
Level	1		'Enter 1 lot'
Level	1.618		'161.8'

Your Chart should look like this.



Chart 1

The Blue and Red Lines are called **BAT** lines.

The Strategy

Entry

Our entry into a trade occurs when price breaks through the BAT line. If the current BAT is blue then price will be above it. As soon as price touches and breaks through the blue BAT we are going SHORT with one entry. It is a good idea to place a pending order at this BAT line to be sure not to miss the initial entry.

Once price breaks through the blue BAT line then you will notice a red BAT line starting to form. It will not happen in the current time bar but will start to form at the close of the next time bar.

The rules will be the reverse for a long trade.

Alerts

It is important to know when a trade is triggered as we then have to place pending orders. The MT platform has an alert facility in the terminal section. Please set this up to give you an alert as soon as price breaks through.

Simple Bat Trade

I will explain the simple BAT trade with the following example. See the chart 2. Price was under the red BAT line from 22/12 and on 27/12 price breaks through the red BAT line at 9589.

We now place the fib lines on the chart. We draw the fib line from the trade entry point at 9589 to a recent or significant low. In this example I will draw the fib lines to the low of the bar 26/12 19.00 at 1.9511.

See the chart 2



Chart 2

Practice drawing the fibs.

Once the trade has been triggered (we will call this entry 'trade1') we place pending orders in the following way. They will be LONG trades.

Pending order for trade 2 at the 61.8 level 1 lot, pending order for 2 contracts (trade 3 and 4) at the 38.2 level.

Our stop loss at this stage will be 10 pips below the most recent low (The low we drew the fib to) .

The strategy is to pick up more trades if price retraces to these levels.

In the simple BAT trade price does not retrace.....it just zooms through.

See chart 3...it shows that price just continues to go north. Once price hits the 161.8 level then you can cancel your pending orders.

{If price turns around from the 161.8 level then it is most likely a reversal of trend and we do not want to be adding more trades)

Once the blue BAT line has started to form and once it passes our original stop we move our stop to the level of the blue BAT line and always keep it there.

The simple BAT exit for this trade is when price breaks through the blue BAT line and will give us entries to go SHORT.



Chart 3

The 'Full Monty' Bat Trade.

This is the type of trade we want to get often.

Price breaks through the red BAT line and we enter trade 1 long at 9337 on 8/1

As soon as the trade is taken up we place our pending orders. Trade 2 enters at 9307 and trades 3 and 4 at 9289. The stop loss is initially placed at 9249. Exits for trades 2,3 and 4 are placed at the same time as the pending orders are placed and the targets are the original entry level which is 9337.

Trade 1 is left to run until it breaks through the BAT line, keeping your stop loss in line with BAT level.

Trade result here was

Trade 1 entry 9337 exit 9373

Trade 2 entry 9307 exit 9337

Trade 3 entry 9289 exit 9337

Trade 4 entry 9289 exit 9337



Chart 4

The are losses too...these are often caused by nasty little spikes but the trouble is we cannot tell if it is a nasty little spike or a brilliant breakout or just a change of trend.



HAPPY TRADING and have FUN

All questions can be answered on the forum

Cheers

Team Aphid