

Horizon Break

This is a Manual addressed to ForexFactory.com. Use the EA at your own risk.

Welcome to this quick manual that will explain you how my EA works and why I started working on it.

Context:

I have been wondering, just as so many others, what was the best way to determine whether a pair was ranging or trending. Here is a theory I came across:

Instead of using complex indicators or regression models, why not just use horizontal levels and offsets from this levels to determine whether an breakout opportunity is at the corner of the current market spot?

Theory:

If the price hits a key / pivot level several times in a row, the top of our last drawn horizontal line is meant to overlap with the previous period one.

If the pair is trendy, the price action will keep on reaching new higher highs and higher lows.

Practice:

As for now, the EA will focus on the ranging case : looking for an horizontal channel that hasn't been broken in a while.

When such channel is highlighted, the EA will send limit orders to the edge of the channel, keeping a "safety offset from the top and bottom levels" so that the orders don't get noisily triggered.

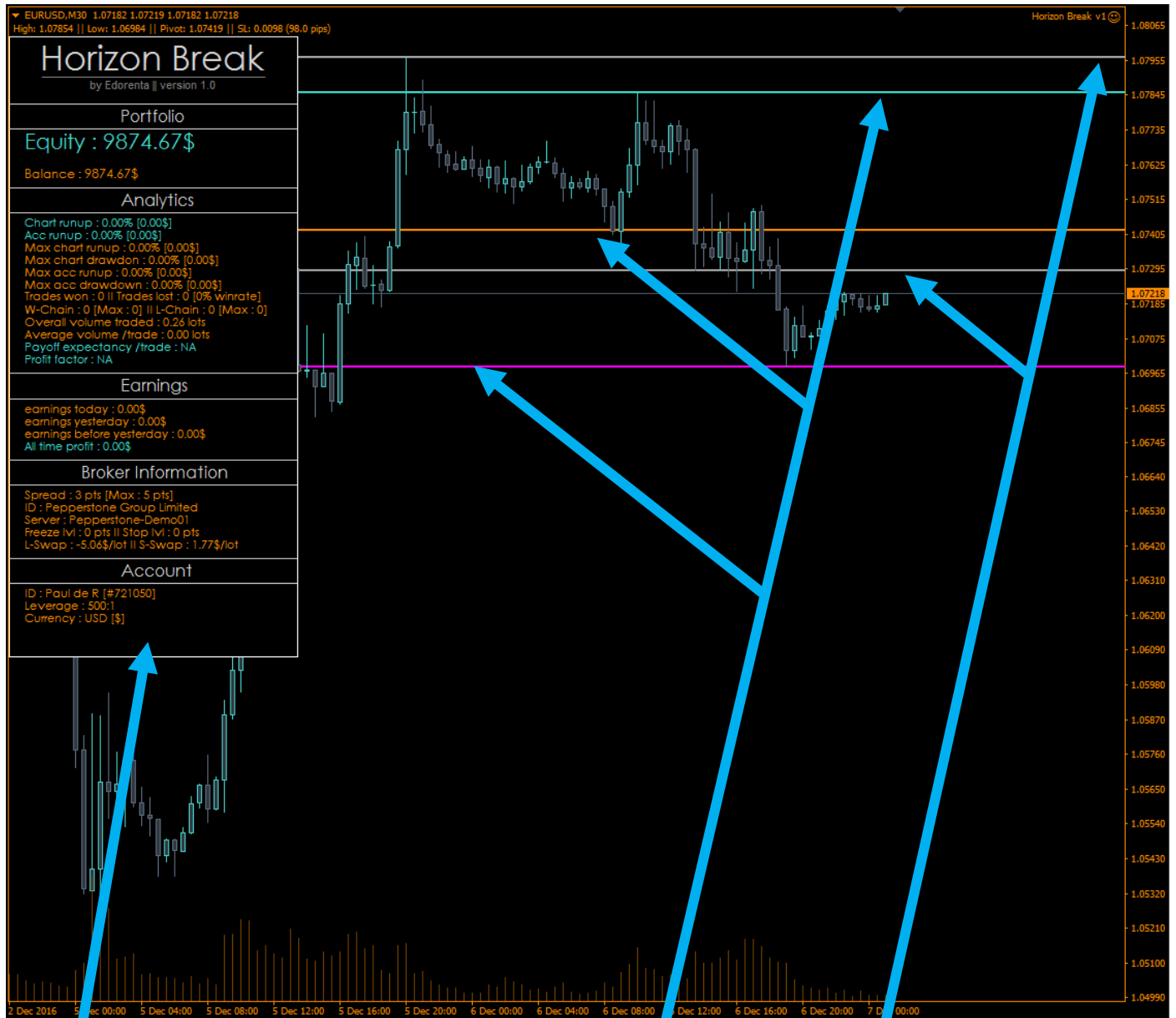
(The offset can be used negatively on a short timeframe using "reversed signal" in a way that the EA will make money of rebounds and ranging phases, but that was not my intention as I was developing it. It just appeared to me as a possibility).

This orders have built-in SL and TP (hardcoded, not yet implemented for ECN brokers but that will soon be the case).

The SL is dynamically calculated using a formula I like that takes into account the current ATR/Stdev/HiLo levels. The TP is equal to $SL * RR$ (targeted Risk Reward).

Many more options will be added to the Expert, such as dynamic money management (fixed money targets and equity targets, fixed maximum risk and DD..

Charts:



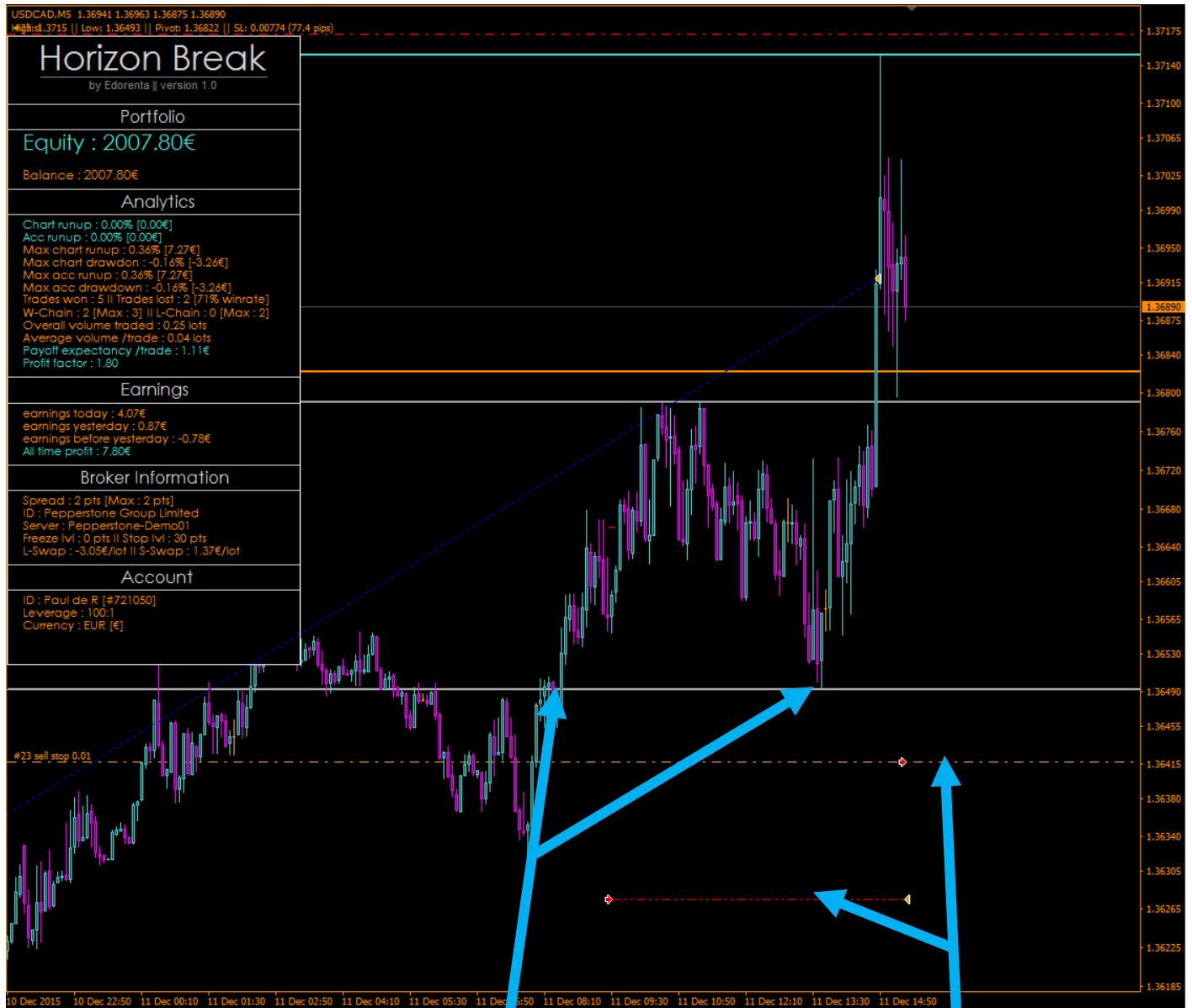
EA GUI: where you can find all the Key information about what is happening and has happened on the chart since you started the EA

Current Key Levels: Higher high, Lower Low and pivot over the defined period (the pivot is not used in any further calculation yet)

Previous Key Levels: Higher high, Lower Low over the previous period defined in the EA settings (Channel Shift)

No trade has yet been sent on this chart as the previous levels do not match with the current ones. See next chart for opposite case

Charts:



Current Lower Low matches with the previous Lower Low:
 A limit order has been sent accordingly

Limit Order popped up with its expiration time

Bottom "Lock-in" situation: The EA sends an order as this support seems to stand strong enough.
 The order will be cancelled as soon as a new bottom "lock-in" appears.
 The maximum number of orders Long/Short can be set in the EA settings

Settings :

Horizon Break v1
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Test
Parametres d'entrée
Optimisation

| Variable | Valeur | Valeur initiale | Pas | Stop valeur |
|--|---------------|-----------------|-----|--------------|
| <input type="checkbox"/> High / Low Horizon | 40 | 40 | 0 | 0 |
| <input type="checkbox"/> Old Channel Shift | 20 | 20 | 0 | 0 |
| <input type="checkbox"/> High Mode | Highest High | Highest High | | Highest High |
| <input type="checkbox"/> Low Mode | Lowest Low | Lowest High | | Lowest High |
| <input type="checkbox"/> Base Lots | 0.01 | 0.01 | 0.0 | 0.0 |
| <input type="checkbox"/> Money Management (Classic if > 1 trade) | Scale-in Loss | Classic | | Classic |
| <input type="checkbox"/> Martingale Multiplicator | 1.5 | 1.5 | 0.0 | 0.0 |
| <input type="checkbox"/> Scaler Increment | 0.01 | 0.01 | 0.0 | 0.0 |
| <input type="checkbox"/> ATR SL period | 30 | 30 | 0 | 0 |
| <input type="checkbox"/> ATR SL multiplier | 3.0 | 3.0 | 0.0 | 0.0 |
| <input type="checkbox"/> Risk Reward Target (SL multiplier) | 1.1 | 1.2 | 0.0 | 0.0 |
| <input type="checkbox"/> Channel Order Offset (% of Reward) | 10.0 | 15.0 | 0.0 | 0.0 |
| <input type="checkbox"/> Enable Trailing Stops | false | false | | true |
| <input type="checkbox"/> Trailing (% of Reward) | 15.0 | 15.0 | 0.0 | 0.0 |
| <input type="checkbox"/> Exp. Mins for Pending Orders | 720 | 720 | 0 | 0 |
| <input type="checkbox"/> Reverse Signal (mean reversion) | false | false | | true |
| <input type="checkbox"/> Magic Number | 123 | 123 | 0 | 0 |
| <input type="checkbox"/> Slippage | 15 | 15 | 0 | 0 |
| <input checked="" type="checkbox"/> Channel Top Color | Turquoise | | | |
| <input checked="" type="checkbox"/> Channel Bot Color | Magenta | | | |
| <input checked="" type="checkbox"/> Channel Old Top Color | DarkGray | | | |
| <input checked="" type="checkbox"/> Channel Old Bot Color | DarkGray | | | |
| <input checked="" type="checkbox"/> Channel Pivot Color | DarkOrange | | | |
| <input type="checkbox"/> Channel Style | Solid | Solid | | Solid |
| <input type="checkbox"/> Channel Levels width | 2 | 1 | 0 | 0 |
| <input type="checkbox"/> Show The EA GUI | true | false | | true |
| <input checked="" type="checkbox"/> EA's name color | LightGray | | | |
| <input checked="" type="checkbox"/> EA's balance & info color | DarkOrange | | | |
| <input checked="" type="checkbox"/> EA's profit color | Turquoise | | | |
| <input checked="" type="checkbox"/> EA's loss color | Magenta | | | |

Strategy Settings:

High / Low Horizon : Period of the lookback in candles
Old Channel Shift : Shift of the previous lookback in candles

High Mode: Self-explanatory

-Highest High

-Highest Low

-Highest Close

-Highest Open

Low Mode Self-explanatory

-Lowest High

-Lowest Low

-Lowest Close

-Lowest Open

Money Management Settings:

Money Management Types:

-Classic Next lotsize is equal to the base lot

-Martingale Next lotsize after loss is equal to $\text{previous} * (\text{multiplier})^{(\text{nb of chainloss})}$

-Anti-Martingale Next lotsize after win is equal to $\text{previous} * (\text{multiplier})^{(\text{nb of chainwin})}$

-Scale-in Loss Next lotsize after loss is equal to $\text{previous} + (\text{increment} * \text{nb of chainloss})$

-Scale-in Profit Next lotsize after win is equal to $\text{previous} + (\text{increment} * \text{nb of chainwins})$

Base Lots: Initial lotsize

Money Management (Classic if > 1 trade)

Martingale Multiplier Self-explanatory

Scaler Increment Self-explanatory

SL/TP/TS Targets Settings:

| | |
|-------------------------------------|---|
| ATR SL period: | ATR period used in TP/SL/TS calculations |
| ATR SL multiplier: | 1 is equal to nearly 1 ATR, has to be over 0.6 on short TF |
| Risk Reward Target (SL multiplier): | TP will be a multiplication of this with the SL |
| Channel Order Offset (% of Reward): | Offset between the channel lines and the pending orders (xTP) |
| Enable Trailing Stops: | Self-explanatory |
| Trailing (% of Reward): | Self-explanatory |
| Exp. Mins for Pending Orders: | Expiration of pending orders in minutes (advised over 720) |
| Reverse Signal (mean reversion): | Strategy reversal |
| Magic Number: | Self-explanatory |
| Slippage: | Self-explanatory |
| Channel Top Color: | Self-explanatory |
| Channel Bot Color: | Self-explanatory |
| Channel Old Top Color: | Self-explanatory |
| Channel Old Bot Color: | Self-explanatory |
| Channel Pivot Color: | Self-explanatory |
| Channel Style: | Self-explanatory |
| Channel Levels width: | Self-explanatory |
| Show The EA GUI: | Self-explanatory |
| EA's name color: | Self-explanatory |
| EA's balance & info color: | Self-explanatory |
| EA's profit color: | Self-explanatory |
| EA's loss color: | Self-explanatory |