

# BACKHOE Strategy Handbook V.1

DATE: 24/DEC/2020

Things finalized until now:

1D – Closing partial profits on 4H

4H – Closing partial profits on 1H

1H – Closing partial profits on 15 mins

Entry:

- Entering on all mentioned timeframes
- Will be looking for directional bias on the higher time frame.
- Haven't thought of any confluence theory, well I don't think we need any other indicators to make confluence. The higher time frame renko direction should do all the work.

Hedging / counter trend trades:

- Haven't made any thoughts of it.
- But my broker allows to hedge which means I can take counter trend trades, but I am not looking to capitalize on this at the moment. The only place a counter trend is powerful when it is a large reversal.

--> Will stay invested always in the markets no matter what. Some of the trades taken on daily time frames act as a large swing or position trade. On visual backtest some trade setups stay for more than two months.

--> But we stay in positions on various time frames. So, we will be day trading as well swing trading (position trading too at times)

--> But I don't have a plan for position sizing for bigger trades, as my account is small and the stops will be fairly large so my position size will be comparatively small. That's not an issue.

--> Remaining money management is built into renko charts, when price reverses, we exit, but we always take partial profits.

Now that I have put all my findings into one place, I want to present how a typical day of mine should look like. It will be on the next page: 😊

# How a typical day will be for the next few weeks

Every day new daily candle opens at 3:30 AM (midnight) 😞 I have to wake up no other choice, but it will only be a small 5-minute work to draw or redraw boxes or even enter trades.

I haven't experienced spreads on the opening hours let me see today.

1. So, I have to wake up at 3:30 am in the night to see if any currency pair is acting up
2. Trading 12 currency pairs only
  - a. All USD PAIRS
  - b. GJ & EJ can't miss them
  - c. GOLD & US30
3. At 3:30 am I see if a candle closes as a new trend, if yes then I place a trade.
  - I trade only based of renko, I don't need any additional confirmation
  - Usually, daily time frame trades are large swings or maybe position trades so it might hurt my account with higher drawdowns/large stops. But I have to use the most minimal lot sizes to these trades.
  - I may even not enter daily trades if the stops are too big for my league.
  - Then I draw a box to represent the time frames bias, Blue for bull, Red for bear.
4. Drop down to the 4H time frame and see for entries in the direction if the trend.
  - Stops are big but. It won't hurt y account with small position sizing.
  - Several entries to be expected every week.
  - On average 1 to 2 entries every week.
  - 4H entries need to be partially profited on 1H time frame reversals, banking on the profits quickly before the move exhaust is vital.
5. Drop down to the 1H time frame
  - Take trades as usual based on the higher time frame bias.
  - There are chances that I will be missing trades on the times I am away from the charts, no problem because we are having a lot opportunities every day.
  - In fact, we only have to monitor the chart once every hour, At the candle closing time to be precise.
  - Sometimes we have to avoid setups when there is a conflicting sentiment on 4H compared to the daily time frame.
  - On average we get 1 trade per day.
  - Partial close must be done based on the reversals on the 15 minute or 5-minute time frames.

\*\*\* Keep in mind we do not use any other indicators other than renko charts to formulate our entries \*\*\*

# Principles and other details

- Renko bars show the sentiment, often called the sentiment indicator.
- We are simply following the crowd sentiment.
- We may be a little late with entries a few occasions but we will be early on a move on certain occasions.
- There is not perfect renko brick size, but there are certainly more profitable or more suitable brick sizes for each pair.
- Which is why I will dedicate weekends to do some statistical research on renko bars on different brick sizes.
- We are not some crazy analysts; we are just trend followers.
- We also do not worry about news, Renko reacts on price moves, try to manage news on my own way.

This part of the hand book is still needing more updates....

## Daily journals

I will keep two journals, both of them will be physical and every week I will log the weeks data to my online excel document.

Here is the template of my journal.

### 1. Daily morning journal

Daily morning journal

DATE	DAY	DAILY TREND			OPEN TRADES			OPPORTUNITIES			COMMENTS
SL.NO	PAIR	D	4H	1H	D	4H	1H	D	4H	1H	
1	EUR/USD	UP	UP	DOWN	YES	NO	NO	NO	YES	YES	CHECKED IN 3:30 am
2											
3											
4											
5											
6											
7											
8											
9											
10											
11											
12											

### 2. Regular trade journal

Date, pair, open price, op time, Close price, cl time, outcome, comments.

That is pretty much it. Because most people usually have their own Journal, I'll keep this simple.

# Finally

- Every night at 3:30 AM for daily candle close we have to check if the trend is continuing or the renko charts have reversed.
- Every four hour candle and one hour candle should be monitored, we might miss a few trades on one hour timeframe but it is not a problem since we have so many opportunities every day.
- Draw a colored box on the respective timeframes to clearly show the directional bias of the time frame.
- Mark running trades on tradingview with the profit and risk tool.
- Maintain daily Journal.
- This strategy is actually really easy if we have proper discipline, we need to stay in front of the chart only once every hour and it will take just five minutes of our time to check for entries and to move our stop losses and take profits.

So, this is V.1 of the strategy Handbook

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BY BACKHOE