

## **NICOTINA'S GBPJPY STRATEGY**

### **SAAEDB'S EA BACKTEST**

PERIOD JUNE 1<sup>ST</sup>, 2007 – NOVEMBER 30<sup>TH</sup>, 2007

- Please, consider the following study as “open for debate”, as there are potential errors associated with the EA execution, the settings used and the data feed.
  - Any suggestions intending to improve the study is welcome.
- There are further studies that must be carried out in order to improve the efficiency of the strategy.
  - This is a preliminary study only and shall not be used as basis for trading
- The study applies for GBPJPY only. The results shown not necessarily mean the strategy will show similar results for any other pair.

#### 1. The study

I back tested nicotina's strategy with the following variations.

- 100 pips Stop Loss / no re-enter after stopped out
- 50 pips Stop Loss / re-enter after stopped out.

The remaining variables were left fixed:

- Range: 18 to 2 gmt (IBFX data feed)
- Entry buffer = 0
- Maxrange = 300

Number of lots fixed in 0.1 mini lot ( $\pm$  \$0.089 / pip)

## 2. Results

### 2.1 – 100 pips Stoploss, no re-enter

Month	Profit (\$)	Loss (\$)	Net P/L (\$)	# of trades	winning		losing		consec win	consec loss	Acc P/L (\$)
June, 2008	59,28	(47,87)	11,41	20	11	55,0%	9	45,0%	4	3	11,41
July, 2008	58,45	(59,84)	(1,39)	20	9	45,0%	11	55,0%	3	4	10,02
August, 2008	128,74	(26,93)	101,81	18	13	72,2%	5	27,8%	9	2	111,83
September, 2008	80,74	(75,82)	4,92	19	9	47,4%	10	52,6%	2	3	116,75
October, 2008	85,22	(91,25)	(6,03)	21	10	47,6%	11	52,4%	2	3	110,72
November, 2008	106,23	(71,82)	34,41	20	12	60,0%	8	40,0%	3	3	145,13

Risk:Reward *	Capital (\$)	ACC P/L (\$)	Ending Balance (\$)	ROI
Starting 5% risk	200,00	145,13	345,13	73%
Starting 2% risk	500,00	145,13	645,13	29%
Starting 1% risk	1.000,00	145,13	1.145,13	15%

\*Considering 0.1 lots fixed, not adjusting with the growing/shrinking balance

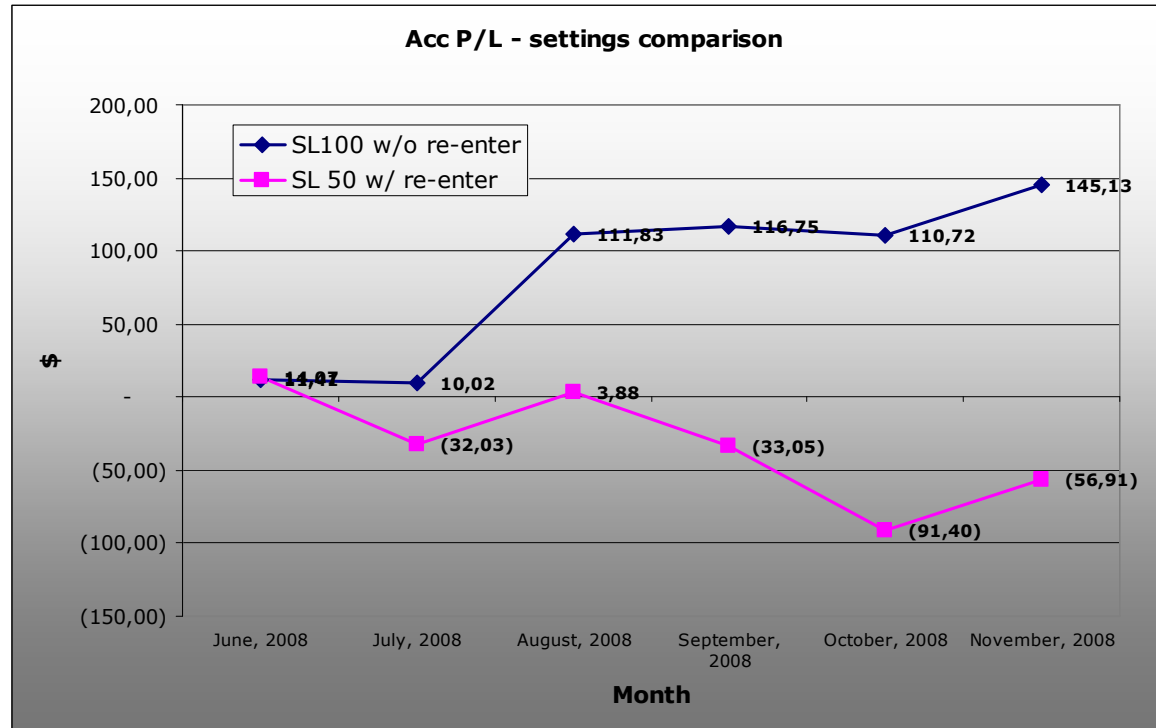
### 2.2 – 50 pips Stoploss, with re-enter

Month	Profit (\$)	Loss (\$)	Net P/L (\$)	# of trades	winning		losing		consec win	consec loss	Acc P/L (\$)
June, 2008	76,06	(61,99)	14,07	29	14	48,3%	15	51,7%	4	3	14,07
July, 2008	46,27	(92,37)	(46,10)	29	13	44,8%	16	55,2%	2	5	(32,03)
August, 2008	107,74	(71,83)	35,91	28	12	42,9%	16	57,1%	4	6	3,88
September, 2008	75,22	(112,15)	(36,93)	34	9	26,5%	25	73,5%	2	7	(33,05)
October, 2008	71,80	(130,15)	(58,35)	37	8	21,6%	29	78,4%	2	8	(91,40)
November, 2008	124,24	(89,75)	34,49	34	14	41,2%	20	58,8%	3	3	(56,91)

Risk:Reward *	Capital	ACC P/L	Final Balance	ROI
Starting 5% risk	200,00	(56,91)	143,09	-28%
Starting 2% risk	500,00	(56,91)	443,09	-11%
Starting 1% risk	1.000,00	(56,91)	943,09	-6%

\*Considering 0.1 lots fixed, not adjusting with the growing/shrinking balance

## 2.3 – Chart



### 3. Commentaries

- Study restrained to June to November 2007 for this is the range IBFX data feed has for H1 chart.
- I did not went through all the trades to check whether or not the stop orders were placed accordingly. The EA, however, is placing the stop orders accordingly in the recent days in the live trading
- I am surprised to notice that the initially proposed setting (50 pips stoploss / re-enter) has shown to be not consistently profitable in the automated backtesting. If there is an opposing result made, showing that this is a profitable strategy, best way is to confront both results
- "Discretion" during trading time is off the study, since the EA place and execute the orders automatically. Therefore both profit and loss can be improved by discretionary action from traders during the trading session
- The 100 pips Stoploss strategy has shown to be consistently profitable, yet showing months with net loss. The importance of this result is that the strategy must be carried out for the long term, in spite of losses that appear on the way. Even with the smallest initial risk of 1%, the ROI was 15% for the entire period.

### 4. Further studies needed

- Varying the lot size as to keep the risk per trade fixed.
- Run the back test with a larger period

< Open for debate >

**CÉSAR NC**

FF: cesarnc