"BUNNY CROSS SYSTEM"

for Cable and other pairs

Enter short eur/usd 20 pips below the level of wma5 & wma20 cross.

Enter long eur/usd 24 pips (20 + spread) above the level of wma5 & wma20 cross.

Entry for usd/chf & gbp/usd is 30 pips below the cross for short, 35 pips (30 + spread) above the cross for long.

The waiting pips are a good filter for whipsaws.

Initial stop loss is the level of the cross.

I trail my stop loss at the end of every 30 mins, moving it to the extreme of the last 30 mins unless it was a longer than average bar, when I move stop loss to halfway up the bar. I also move down to 5 mins with same averages to help with better exit.

I use a 30 minute chart.

My first target is 30 pips, then 50 pips, then 100 + pips. Any suggestions on adding to trades & especially on exits would be much appreciated.

I have found the cross to be even more effective using DMS. Sometimes it gets me in a little earlier (sometimes too early) . The cross works pretty well on the 5 minute chart with a 10 pip filter as well.

I agree 5 minute chart can be used if you are trigger happy and like scalping. I prefer the easy life now and go for the big runs. There's usually at least one trade per day on each pair which is quite enough for me. I look for the 5 minute chart closing above/below the wma20 for exit after a good run of 50 pips or more. I also use a number of other things to help with my exits/targets.

A word of caution if you intend to try this system - do make sure that the wmas have actually crossed. It is very easy to jump in just because the PRICE has crossed the wma20 by 20 or 30 pips. In a fast moving market the wmas may well be still a few pips apart and have not crossed. DO NOT ENTER. You will see that the price will return and range for a while until wma5 has crossed - then it is safe to enter.

Another word of caution - you will see by looking back at the charts some very big moves around the cross area. It looks great on a 30 minute chart but these can be very volatile (but great fun if you're looking for 50 pips in about 30 minutes.

The entries are 100% mechanical and as the wma20 moves very slowly there is plenty of time to prepare for whichever way the market moves. One of the best times to look for the cross is around Europe open, especially if Asia has been flat and the market is ranging. The wmas may cross several times during a ranging market, but more often than not the filter will keep you out of trouble.

I have been trading this system since April last year. Almost a year to the day. I was able to back-test for 1 month as that was all my charts would allow on 30 minutes.

I use a 20 pip filter on eur/usd & 30 - 35 pips on other pairs. I didn't pull these figures out of a hat. They have been fine-tuned after an initial 3 months of backtesting and one year of live trading.

Before pulling the trigger and losing your life savings please be proficient in entering the trades e.g. be aware of any economic data due to be released never turn your volume off on your live news feed. use your common sence as to get a feel for the markets that day and depending on the movement in the market that day.

I watch to see the wma cross in realtime. If this happens in the early part of the 30 minute bar then I will enter without waiting for close of bar as by the end of that 30 mins I should be in profit with a chance of getting out with at least breakeven should it reverse. I never enter a trade in the last 5 minutes of a 30 minute bar as if a reversal follows in the next bar it leaves me straight away with waiting to see if stop will be hit.

If entry level is hit in the last 5 minutes I prefer to wait for next 30 minute bar and either enter on breakout of that bar or if price does retrace when the original entry level is hit for second time.

My initial stop is the level of the cross, so if I enter 20 pips away then 20 pips it is, If I enter 40 pips away then 40 pips it is. The longer you dither the larger the stop, but never jump the gun & enter early - the farmer gets his rabbit pie every time.

My opinion is to never decide in advance the profit target. In the long term I've found the predefined profit targets get used to average so badly that the result will be more or less flat. The best way what I've found to do the exists are the "waves". This mean little support and resistance levels which will be generated by the time when it goes on. I calculate these levels by watching the higher highs and lower lows. I do not exit the trade immediately after lower low (when long and vice versa). Normally I watch 1-3 bars back. When the market moves slowly I use 3 bars and when fast then 1 bar. When the bar is really long (news etc.) I simply use trailing stop for about 20% of its size. After exit you can re-enter if the bounce will dry and the new higher highs exists. This is very simple technique and you do not need any indicators and it really works.

The rule of thumb I use for eur is :

initial stop 20 pips
10 pips profit move to breakeven
30 pips profit lock in 10 pips
30 - 50 pips profit lock in 30 pips
50 - 100 pips lock in 50 pips
over 100 pips lock in 100 & trail by 10 pips from there

Te grey area is between 10 pips & 30 pips profit...this is where I move down to 5 min chart to look for clues...often a bounce off wma5 or wma20 will keep me in the trade.

The same rule applies to the other pairs except initial stop is at 30 pips.

Without a trailing stop you have no hope of making a profit.

More than 2 crosses on any pair in one day is a sign of a ranging market & entry should be with caution & finger on the trigger.

On the days there are no crosses this is because the cross is still in play from the previous day and by this time you will have locked in some serious profit.

I've used my own custom software to do some very sophisticated back tests using many variations of MA cross based strategies using a Fast, Slow and Long Term MA and incorporating variations of things such as gradient, gaps between averages, price above by n pips etc, rate of increase etc. Most trend following indicators are Moving Averages (or Moving Averages in Drag)! The great news is that you can make consistent profits year on year on year.... but not trading 30 minute bars or even hour bars. You can have some spectacular months, or even quarters but you'll give it all back eventually. I got really excited with one strategy test on a month's hour bars that gave an amazing win/lose ratio of over 2:1 and average win/average lose into double figures but ran over a year it lost its shirt. The brokers always seem to make as much, or more, than the speculator too, even on the good months. Though it isn't sexy and fast the key is to trade longer bars. You CAN have reliable profits trading day bars with strategies that test back five years with consistency. I'd love to trade the shorter bars because I want to get rich quick but, sadly, it isn't a case of get rich quick vs get rich slow but more get poor quick vs get rich slow (albeit with some highs and lows along the way). Trading the short bars is the holy grail for me and I'd just love to get hold of a strategy, no matter how complex, that could be proven. The signal/noise ratio increases so much as the bar length shortens though that this has defied my best efforts (so far). Of course, the same advice occurs in many trading books and has been repeated by several "market gurus".

Did you ever heard about dead MA cross? Maybe it can filter out some bad trades, *maybe not, I didn't test it yet. Dead cross of two MA is, when each cross other as they move in opposite direction. (one moving up, second down). And this dead cross should be as a signal disregarded. But when two MA cross each other as they move in the same direction, it's a signal the currency will move in the same direction. I found this helpful advice in Luca's Trading in the global currency markets book.*

5&20 MA on the 30min is the same as 30&120 MA on the 5 min. Both shows the same, just in the second case are the MAs more accurate and more corresponding to the market.

Been doing some back testing and found the addition of a third MA can really make a difference. Try using a 4EMA, 9EMA and a 18EMA. Buy when the 4 is above the 9 and the 18 and then the 9 crosses the 18. I have found this system on it's own locks in more profit the just the 2 WMA cross. ***The trick is to use a trailing stop to lock in profit.***

I have been trading with multiple lots for over a year and find them very satisfactory. The first way to trade multiple lots is just increase your position size within your risk management tolerance and trade it as though it were a single lot. Another way to trade them is scaling out. This is the one I use. I enter two separate positions at the same time. Set my stop losses (e.g. 22 pips for euro) and set a limit exit to my first target for my first position (e.g. 50 pips for euro). As soon as both my positions move up to 20 pips I set my stop loss to break even. Once my first position reaches 50 pips and automatically exits I will either trail my stop loss or let the trade run as a free trade and use a 5/20 cross or DPO cross for exit. I have not tried this with 3 positions but will be experimenting with it in the future. The great thing about this strategy is that you lock in profits then you can relax. Sometimes the second position will be in play for 3 or 4 days. Yet another way to trade multiple lots is scaling in. This one I have not used except on demo. Each time you reach a specific target which could be based on retracements, fib levels, breakthroughs of major supports or resistances, you add to your position. The best way I have read of doing this when you are enough in profit to add another lot based on your money management criteria. Typically, unless I am position trading, the moves are not big enough for this to happen with my account size. I trade full time.

I have used multiple lots. The best way I have found of using this is in multiples of 3. For example, if the initial stop is at 30 pips, then I take 1/3 out at -10, 1/3 out at -20 and the final 1/3 out at -30. which is equivalent to 3 lots at -20 which is about as low risk as you can get in order to give it a little room to breathe.

On the profit side, multiple lots certainly helps me to hold the trade for longer. When trading single lots if it reaches +30 and I let it go back to breakeven then I always take profit too early on the next trade. However if I trade a multiple of 3 and take profit on the first lot at +30 and move the stop on the other 2 lots to breakeven then the effort and risk has paid off. I take the 2nd lot at +50 and move the stop on the 3rd lot to +30. The 3rd stop can move up to +50 as time goes on, then +100. This is usually taken out during consolidation when the market ranges whilst the wma20 catches up with the price. From here we either get 'a bounce off' or the wma5 will cross back down.

The point is by taking that initial profit on the first lot all stress is removed knowing I will make a profit whatever happens.

On the losing side, I will enter with 3 lots, but by taking 1 lot out every 10 pips I am only risking the equivalent of 2 lots. Any lots taken out can be re-entered if it turns in my favour and hits entry level again just as I would if I had entered 1 lot initially.

The one drawback with this method is if it's fairly fast moving and more than 1 pair is being traded. In these circumstances I sometimes take the initial loss in 2 halves of -15 and -30 (-10 and -20 for eur).

My winning percentage is around 90%. With that percentage and cutting losses at the cross it is very successful.

I prefer WMA to EMA because it allows earlier entries and better exits. I back-tested both over the same period of time and WMA came away with approx 50% more profit.

Applying a smoothed RSI as a filter (similar to Nettx) reduced false signals from 30% to 8% in these periods. Obviously you will miss occasional big moves by doing this but there will only be occasional losses. There also appears to be a pattern (and I think BG has said this also) that after a big move the next few are often false. Avoiding the first cross after a >100 pip move takes out practically all the false signals (when using with the smoothed rsi).

The gimmee bar set up is exactly as described in the link in Blaiserboy's post and is a great tool for scalping.

Mr Sheen is just a nickname I gave to entering a trade after the dust has settled. (Mr Sheen is a brand name of polish). I use it after big news events and also any other time I see the price retracing by 30 - 40 pips after a strong move on a 30 min chart. I move down to a 5 min chart and look for the price bouncing off wma20 or wma100 and closing in the opposite direction. I then take the breakout of that bar with the initial target being the previous high/low made (around 30 - 40 pips). Stops can be fairly tight at around 10 - 20 pips depending on which pair is being traded as anymore than this would be more than a normal pullback - it would be a reversal.

Mr Sheen is also a great tool for re-entering the cross trade if stopped out anywhere along the way or if the cross was missed due to being in the wrong timezone. I take partial profit at the initial target & let the rest run for the normal +50, +100 if seen with stops moved to breakeven.
For Mr. Sheen to be used, the retrace (after 30+ pips) must hit either wma20 or wma100 and move back in the direction of the original strong move? You've got it! Allow 30 - 40 pips for chf & gbp though as they have bigger swings. Stops can be fairly tight at around 15 pips because if the pullback is any deeper than this then it's in danger of being a reversal & not retracement.

A bounce is treated in exactly the same way as the cross with the same entry rules.

If the wma100 is 10 pips or less away from the entry level I don't take the trade as it leaves no breathing space. 10 - 20 pips away I'll enter very cautiously with finger on trigger for quick exit at any sign of bouncing off it.

Here's a filter that would've prevented you from that sting .. as you call it! Put a WMA100 on the chart, and take only long crosses above the WMA100, and short crosses below the WMA100. Sure, it may lead to fewer trades. But it also keeps you out of many "false" crosses - the ones that never develop into trends. Do a back-test, you'll be surprised at how many times this simple filter would've kept you out of false moves.
By the way, the hardest part for me is keeping my fingers off the damn mouse - avoiding the temptation to take the trade, even though the filter tells me NOT to.

I don't have any set criteria for not entering a trade, but reasons for not entering that I use are:- entry level being reached in the last few minutes of the bar, strong support/resistance nearby, heading straight into the wma100, going against the daily trend and hovvering around the entry level for quite some time (2 - 3 hours). Sometimes it proves to be the correct decision, but sometimes I end up leaving pips on the table as I watch from the sidelines.

When all 3 pairs reach entry level at the same time I take all 3 pairs as this is one of the best signals.

The first time I move stop is usually to b/e. The exception to this is if the trade is taking a long time to move and the market is flat. If I have entered and the market has not moved for some hours I will move down to a 5 mins bar to take a quicker exit rather than let it hit the initial stop.

Here are some of my observations of the daily chart:

The market likes to touch the wma5 at some point most days. Make a note of the price at 00.00 GMT (the daily opening price) and take long crosses above it, short crosses below it after adding the filter. Notice how on a lot of days there is a move of anything up to 40 pips in one direction before it turns to make a Wma cross around the daily open price and then continues in that direction for the rest of the day. These 'shadows' are very common especially if the cross is around 6 - 8am GMT. Be wary of crosses if they are moving away from the wma5 and if the price hasn't touched or very nearly touched it since the open. Just some food for thought.

I know I don't get many trades in a ranging market - that's the whole point of having a filter !

I don't take the crosses that lead straight into the wma100. I find in these instances there is usually consolidation until either the entry level takes it beyond the wma100 or it fails and we end up with a bounce off instead of a cross.

I'm still using exactly the same rules, except the filter has been reduced on gbp/usd & usd/chf to 25 pips for shorts and 30 pips (25pips + spread) for longs.

Text for b-chart-1:

Here's GBP chart for today, as I saw it.

A - cross down at 1.8026, waiting for entry 1.8001

B - 1.8001 reached in the last 5 mins of the bar...no entry

C - entry hit again 1.8001, taken this time, closed below wma100 (good sign)

D - finally made low of 1.7917 (exhaustion bar) minumum +50 pips

E - very nice bounce down off wma100 (notice the Baruch in the previous bar

F - we have a wma5/20 bounce down at 1.7972, waiting for entry 1.7947 if seen

G - sorry, this arrow should be pointing to the bar before it, but I couldn't erase it - anyway - entry hit 1.7947

H - highest reached 1.7964 (still below the bounce) & closed below wma20 (a good sign)

I - lowest reached 1.7892 (+55 pips) - if you take a look at a 5 mins chart here you'll see there was plenty of time for exit with at least +30