

Basics of: “Range Guides”

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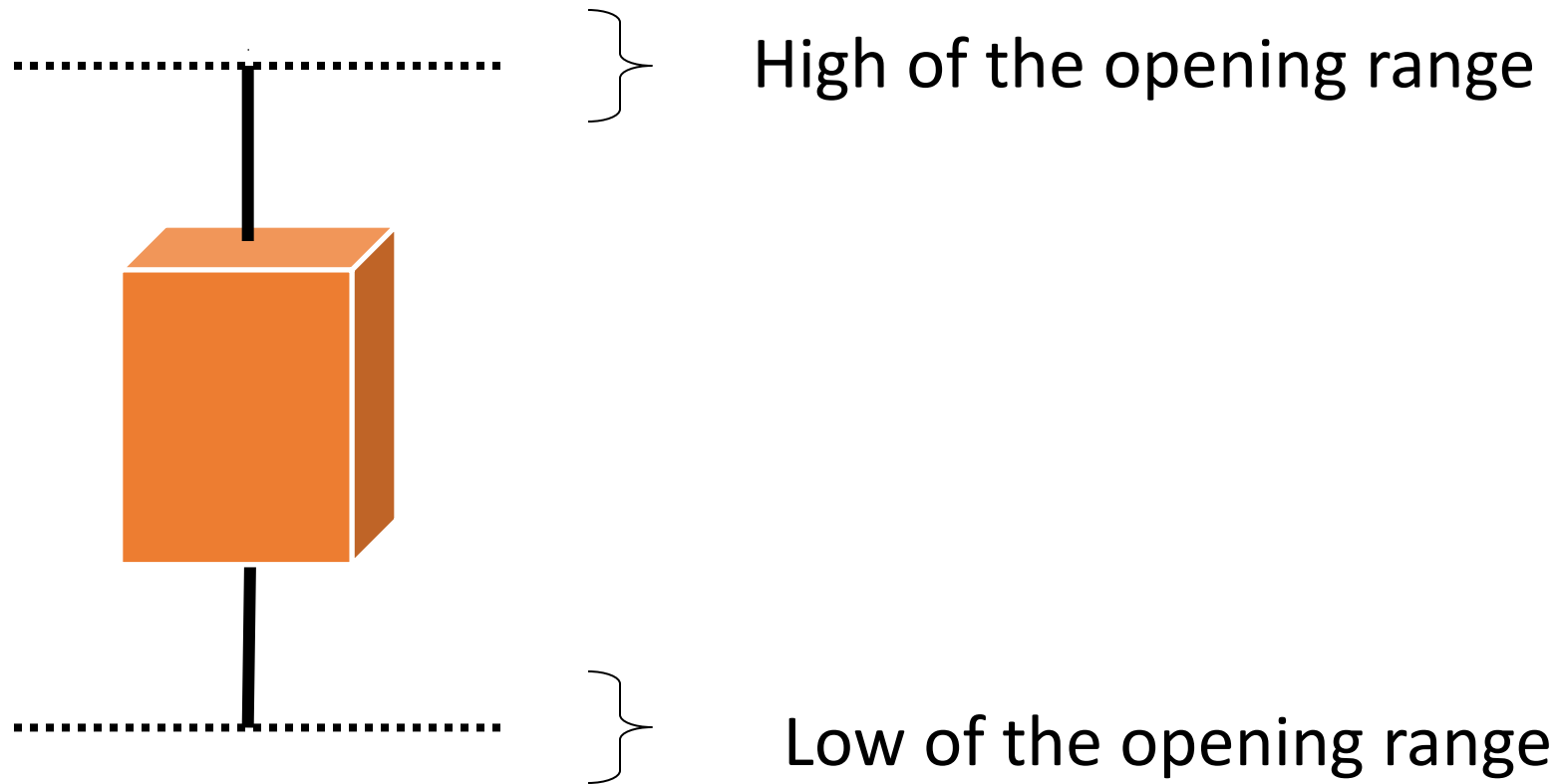
Agenda

- Opening Range Basics
- Understanding the Range Guides
- Summary

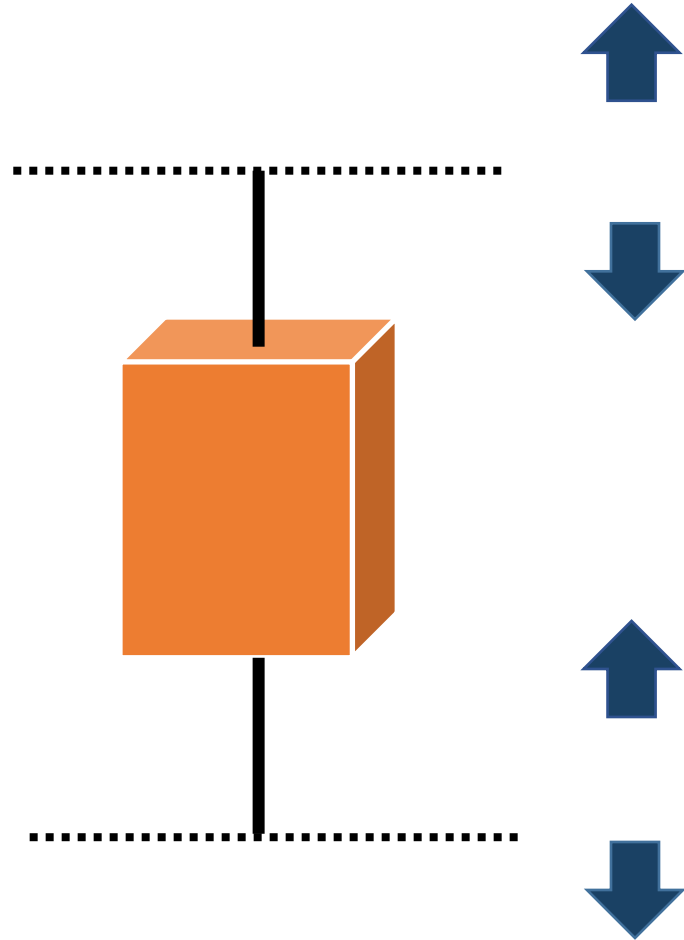
Opening Range Basics

What is an Opening Range?

Opening Range Candle



Four Trading Opportunities



High Breakout
(Long)

Place a **Buy Stop** order 1 tick above the high

High Fade
(Short)

Place a **Sell Limit** order 1 tick below the high

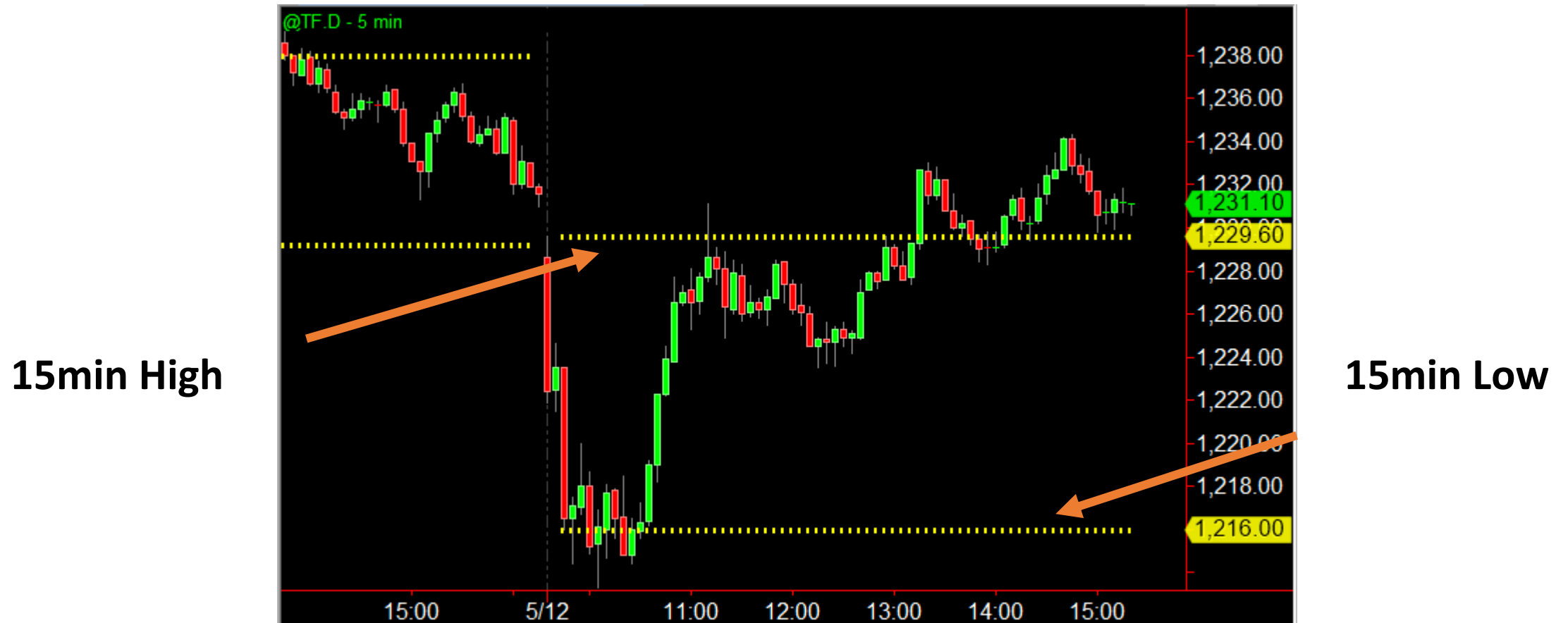
Low Fade
(Long)

Place a **Buy Limit** order 1 tick above the low

Low Breakout
(Short)

Place a **Sell Stop** order 1 tick below the low

Example of 15 min Opening Range



Understanding the Range Guides

Range Guide Overview

- Designed to assist traders with trade selection
- Goal is to help you avoid the riskiest historical setups and focus on the best historical opportunities
- Data can be used as a “guide” to decision making or a “signal” (i.e. take the trade if certain selection criteria are met)

Range Guides

May 12th, 2015
ES - E-mini S&P 500 Futures Contract (ESM15)

High Breakout (Buy)
 If Price exceeds the Range High by 1 tick, **55%** of the time it has reached the selected target, or closed higher, without being stopped.

High Fade (Sell)
 If Price touches 1 tick below the Range High, **62%** of the time it has reached the selected target, or closed lower, without being stopped.

Range Setup:
 Setup: Range - 15 Min
 Stop: 30% ATR
 Target: 20% ATR

Trade Parameters:
 BUY: 2090.75
 STOP: 2083.25
 STOP AMT: 7.50
 TARGET: 2095.75
 TGT AMT: 5.00

Trade Parameters:
 SELL: 2090.25
 STOP: 2097.75
 STOP AMT: 7.50
 TARGET: 2085.25
 TGT AMT: 5.00




Profit Factor (PF):
 High Breakout: 1.02
 High Fade: 1.26

Legend:
 PATTERN 3 DAY
 GAP ZONE
 PATTERN 15 MIN

Buttons: Special Studies, View Details

1. Today's Date & Symbol/Description
2. Trade Setup Options
3. Additional Information Buttons
4. Description & Historical Win %
5. Profit Factor Gauge & Value
6. Entry/Exit Levels
7. Individual Systems' Profitability
8. View Details & Special Studies
9. Opening Range Price Levels

System Button Colors

-  Green: Profit Factor ≥ 1.15
-  Yellow: Profit Factor ≥ 1.00 and ≤ 1.14
-  Red: Profit Factor ≤ 0.99

The colored buttons denote historical profitability 'at a glance' for each system.

Drop Down Menus & Buttons

Menu	Definition
Setup	<ol style="list-style-type: none">1. Gap Fade - Size2. Gap Fade - Zone3. Range – 15 Minute4. Range – 60 Minute
Stop	<ol style="list-style-type: none">1. 30% of 5 Day ATR2. 60% of 5 Day ATR3. End of Day
Target (Range)	<ol style="list-style-type: none">1. 20% of 5 Day ATR2. 40% of 5 Day ATR3. End of Day

Button	Definition
Learn	The learn button directs you to the IQ Support Center which contains detailed information and training about the specific setup.
Indices	Where applicable, the Indices button will appear and open a separate window showing all of the data for the specific guide in table format including a consolidated roll up table at the top.
Analysis	Where applicable, the Analysis button will appear and direct you to the expert's comments for that particular setup.

“View Details” Button

High Fade (Sell)

System Name	Win %	Profit Factor	Trades
Pattern 3 Day	58.0	1.00	38
Gap Zone	56.0	0.86	186
Pattern 15 Min	72.0	1.92	69
Weighted Avg	60.0	1.13	-
Average	62.0	1.26	-

Download ▾

“Special Studies” Button

Special Studies ×			
Unique Day	Win %	Profit Factor	Trades
Wednesday Pre OpEx, > 10 and > 200 MA	64.8	1.22	54
Unique Pattern	Win %	Profit Factor	Trades
Day After False Up Day, > 10 and > 200 MA	54.7	0.79	75

Indices “Roll Up” Page

May 12th, 2015

Average of All 8 Indices

Setup: Range - 15 Min Stop: 30% ATR Target: 20% ATR

Setup: Range - 15 Min

Stop: 30% ATR

Target: 20% ATR

Download

Roll Up Data

Opening Area	Pattern 3 Day			Gap Zone			Pattern 15 Min			Wtd Avg		Average		
	WR	PF	TRADES	WR	PF	TRADES	WR	PF	TRADES	WR	PF	WR	PF	TRADES
High Breakout	53.5	0.73	687	60.6	1.21	1110	55.9	0.99	388	58.1	1.05	56.6	0.98	2185
High Fade	61.6	1.32	705	58.1	0.89	1131	63.4	1.22	401	59.8	1.04	61.1	1.14	2237
Low Fade	61.6	1.14	750	61.1	0.95	1062	54.8	0.75	778	58.9	0.94	59.1	0.95	2590
Low Breakout	55.5	0.89	730	59.8	1.14	1035	66.3	1.55	756	61.4	1.19	60.3	1.19	2521

ES - ESM15 Stop Amount = 7.50 Target Amount = 5.00 ATR = 25.00

Opening Area	Price	Pattern 3 Day			Gap Zone			Pattern 15 Min			Wtd Avg		Average		
		WR	PF	TRADES	WR	PF	TRADES	WR	PF	TRADES	WR	PF	WR	PF	TRADES
High Breakout	2090.75	50.0	0.66	36	61.0	1.23	183	55.0	1.16	64	58.0	1.14	55.0	1.02	283
High Fade	2090.25	58.0	1.00	38	56.0	0.86	186	72.0	1.92	69	60.0	1.13	62.0	1.26	293
Low Fade	2081.25	54.0	0.84	41	59.0	0.95	175	54.0	1.11	111	57.0	0.99	56.0	0.97	327
Low Breakout	2080.75	54.0	0.80	39	57.0	1.08	167	66.0	1.10	105	60.0	1.05	59.0	0.99	311

Testing Assumptions

Test Window	Rolling 10 years from current date; updates daily.
Entry Time	Whenever price first tested the Range Level (+/- 1 tick) after completion of the time range following the market session open up until 30 minutes prior to the close of the regular session.
Exit	Trade was closed at the price equal to the selected target from entry -OR- at the price equal to the selected stop size (% of ATR) -OR- at the end of the regular session for the instrument (pit session for Futures) - WHICHEVER occurred first on the date of the historical trade.
Stop	Selectable based on user preference. X% ATR is a percent of the 5 day ATR.
Target	Selectable based on user preference. X% ATR is a percent of the 5 day ATR.
Commissions	Not included - varies by individual, account, brokerage, and exchange.
Slippage	Not included - varies by instrument, liquidity, execution technique, and brokerage.

Range Systems

Term	Definition
Pattern 3 Day	A 3 day pattern utilizing the candlestick's of the last three days. This pattern also includes a market condition component.
Gap Zone	Today's opening IQ Gap Zone including whether the gap has filled or remains unfilled during the opening range.
Pattern 15/60 Min	A zone based pattern utilizing the opening range candlestick. The zone based concept analyzes where the open and close occur within the range of the opening range candlestick. This filter also includes a volatility function that analyzes the opening range true range vs. the 5 day ATR.

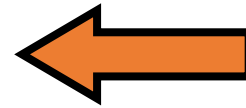
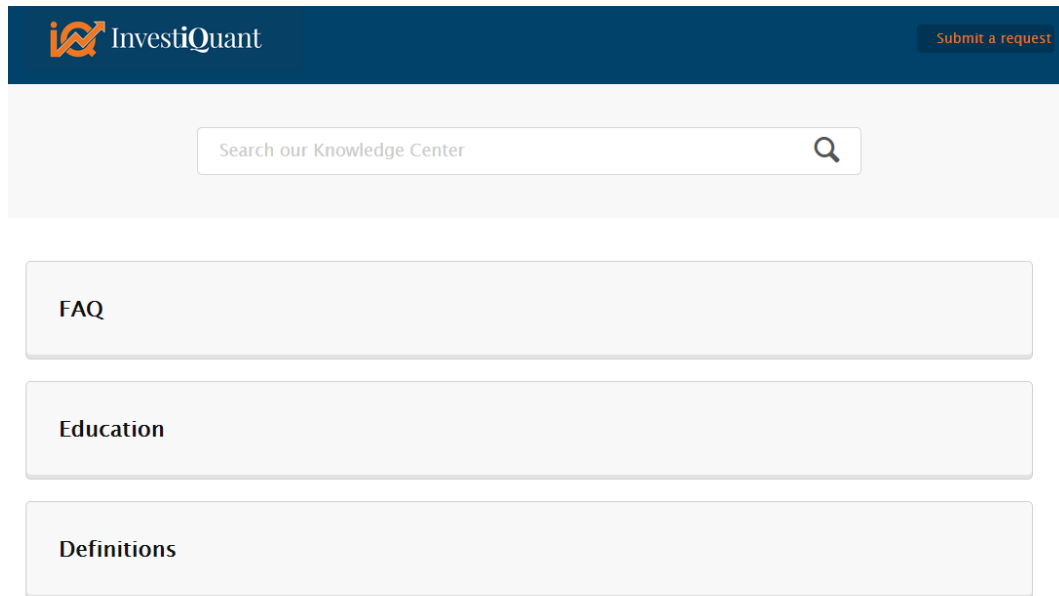
Summary

Summary

- “High probability” does NOT equal “certainty”
- No assurance future results will mimic past performance
- You must develop your own set of rules/guidelines that suit you
- Focus on your annual plan and not daily results
- Keys to success:
 - Consistency
 - Capital preservation
 - Good money management
 - Finding the right balance of risk/reward for you
- Trade at your own risk

Tips for Using Range Guides

- ✓ Pay close attention to those scenarios where the odds are greatly skewed in one direction and the multiple systems are consistent
- ✓ Be sure to check historical results using different stops and targets combinations.
- ✓ Don't over-interpret the data (*the path to the target can be quite varied and volatile*)
- ✓ Use them to help 'guide' your decision-making. Don't expect the future to perfectly reflect the past.
- ✓ When in doubt - sit it out, and wait for the 60 Minute Opening Range Guides.



Have more questions?

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<http://support.investiquant.com>