Renko Floor System

Introduction

Hi everybody, this is my 2 cents to Forex Factory community. I will try here to present my trading method. This method is the sum of 3 strategies, running on 10 pips Renko charts. I'm studying this method on the majors.

If you don't know what is a Renko chart please take a lood here:
http://www.forexfactory.com/showthread.php?t=189584

I identify the strategies with the following names: First Prize, R2D2 and Retracement. Please note that First Prize and R2D2 were built from Tom Bierovic in his famous book.

I start from the strategy presented here
http://forex-strategies-revealed.com...-trader-system
and apply some concepts from Tom Bierovic style.

I built and expert advisor to run this strategy automatically.

Money Management

In my opinion money management rules are as important as set up rules. I usually trade with 1% risk on every trade. I split every trade in 2 tranche, in this way:

	Risk	Target
Tranche 1	0.5%	0.75%
Tranche 2	0.5%	Trailing stop

In this way I have 1.5 risk/reward on Tranche 1. If the take profit is hit on Tranche 1 I'm quite sure to be flat in worst case (stop loss hit on Tranche 2). I find this rules very comfortable for my trading style.

In my expert I can set a daily target (usually 5%) and a weekly target (usually 12.5%). If these targets are hit no more trades are possible in the day or in the week. Target are calculated at London Open (on Monday for weekly target).

I'm trading 9.00 AM CET (London Open) to 21 PM CET (usually 1 hour after US data released).

DMI Spread Indicator

I try to identify the strenght of the trend using the DMI Spread Indicator (you find it attached).

The DMI spread indicator show the difference between DMI+ and DMI-, but the most important thing is to check the value of this indicator on the peak of the trend, not on the last bar.
I identify the peak of the trend with the last high fractal (low fractal for short trades). When DMI Spread is >15 the up trend is valid. When DMI Spread is <-15 the down trend is valid.

I will present set up and price rules for long trades only, please revert them to identify short trades.

First Prize

The aim of this strategy is to enter in a trend using the first window of opportunity. As explained above, take profit on half size with 1.5 risk reward and run the other half with a trailing stop based on 2 bars lowest low.

Set up

- DMI Spread must be >= 15
- Price must at least retrace in the second Fibonacci area
- First support must be respected (based on fractals)
- Fast moving average (9) > Slow moving average (18)
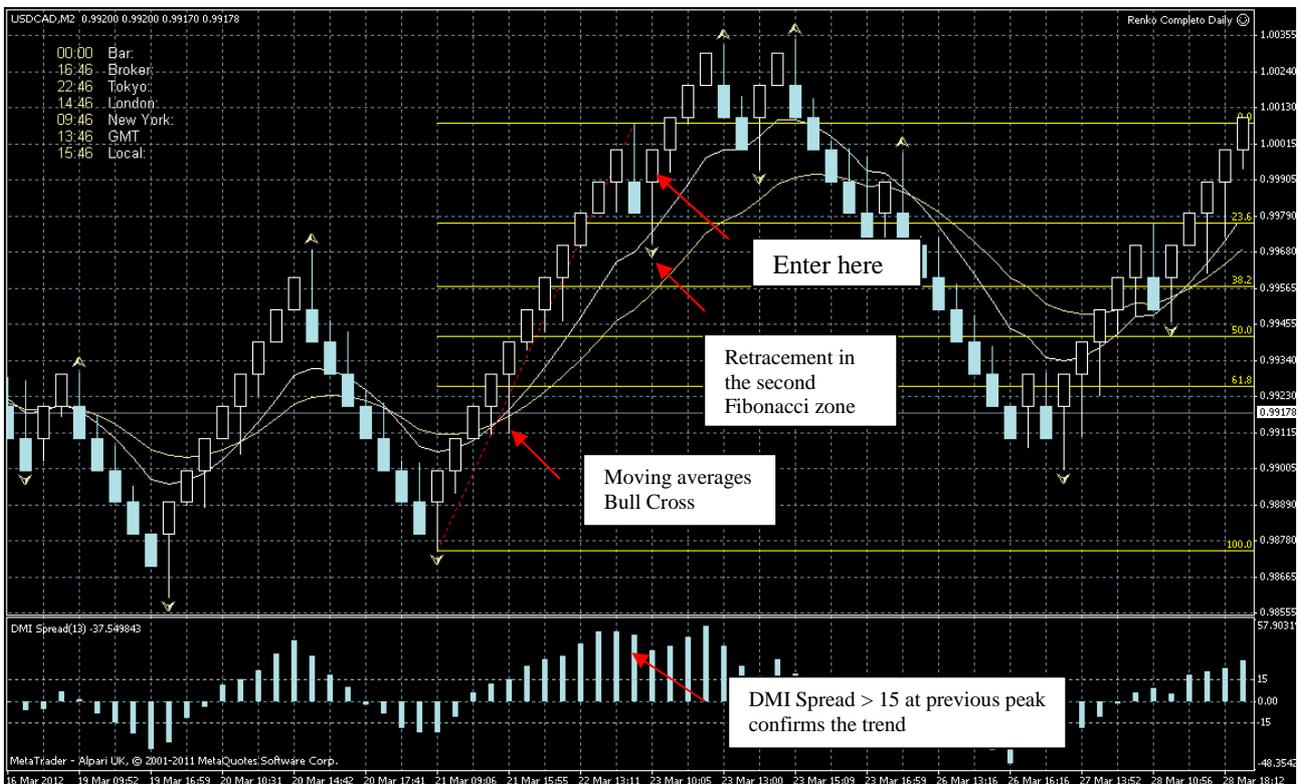- Moving Averages (9 and 18) bull cross

Price Action

- Close[1] < Open[1]
- Bid >= Open[1]+Filter_In (typically 1 pip);

Stop Loss

Stop Loss is placed on minimum low calculated on the current and last bar.

Example on USDCAD

R2D2

When the trend is developing, we can try to use other windows of opportunity to capture the residual trend wave. As explained above, take profit on half size with 1.5 risk reward and run the other half with a trailing stop based on 2 bars lowest low.

Set up

- DMI Spread must be >= 15
- First support must be respected (based on fractals)
- Fast moving average (9) > Slow moving average (18)
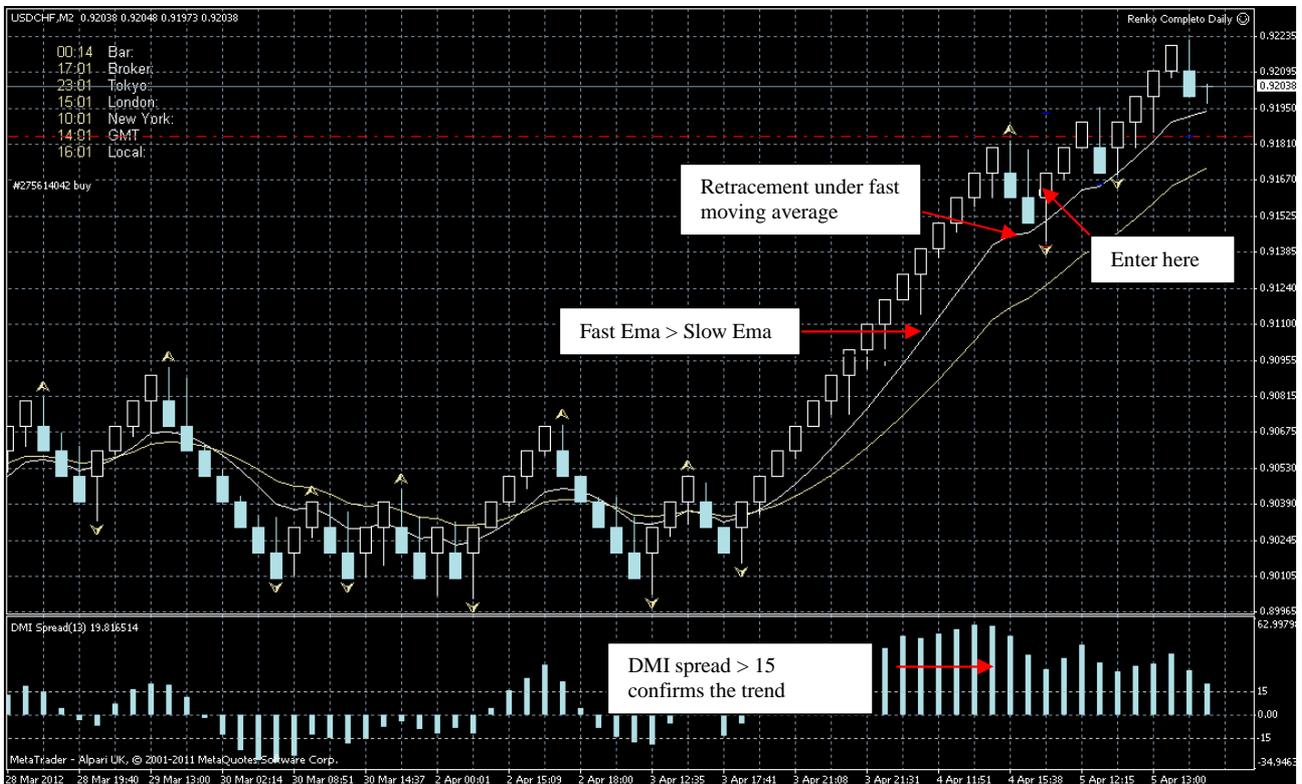- Moving Averages (9 and 18) bull cross

Price Action

- Close[1] or Low[0]<Fast moving average
- Close[2] > Slow moving average
- Close[3] > Slow moving average
- Close[1] < Open[1]
- Bid >= Open[1]+Filter_In

Stop Loss

Stop Loss is placed on minimum low calculated on the current and last bar.

Example on USDCHF

Retracement

New trend can start in a very rapid way, so it's important to bring the train at the very first opportunity: this is the aim of this strategy. As explained above, take profit on half size with 1.5 risk reward and run the other half with a trailing stop based on 2 bars lowest low.
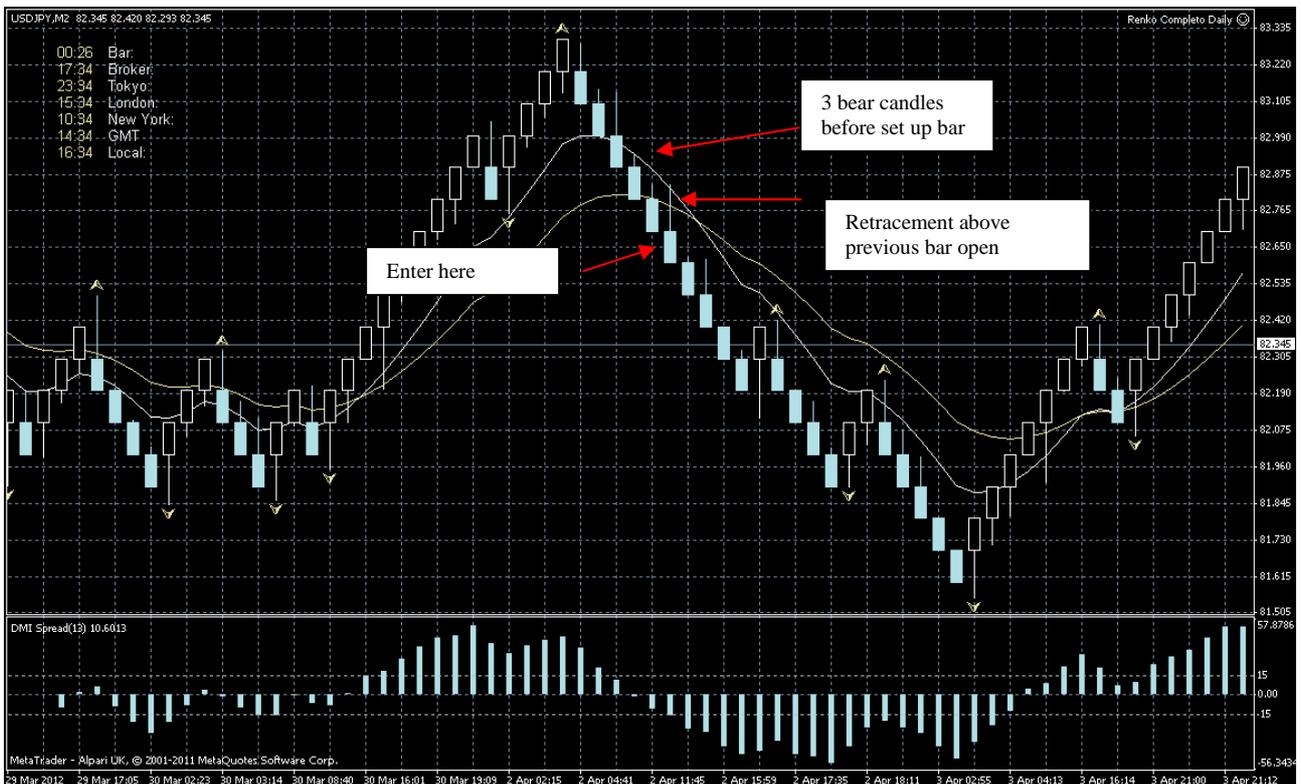
Price Action

- Close[1] > Open[1]
- Close[2] > Open[2]
- Close[3] > Open[3]
- Low[0] < Open[1]
- Bid >= High[1]+Filter_In

Stop Loss

Stop Loss is placed at bars open with a filter.

Example on USDJPY

Expert Advisor

Please note that the expert actually runs on 5 digit brokers. Otherwise a small edit is needed in Punto.mqh file.

<u>In the expert folder</u>

- Renko Weekly.mq4 (weekly and daily basis)
- Renko Daily.mq4 (only daily basis)

If you choose to trade on a weekly basis you'll have a weekly and daily target as % of you account, otherwise you'll only have a daily target.

<u>In the include folder</u>

- DMI_UP_2.mqh
- DMI_DOWN_2.mqh
- BULL_CROSS.mqh
- BEAR_CROSS.mqh
- HOUR.mqh
- Lots_Long_Euro.mqh
- Lots_Short_Euro.mqh
- Punto.mqh
- START_UP.mqh
- START_DOWN.mqh

<u>In the indicator folder</u>

- DMI Spread.mq4
- FractalLevels.mq4 (to calculate support and resistance)

<u>Input Variables</u>

- Filter_In: filter to add at entry point (default is 1 pip)
- Filter_Out: filter to add at stop loss (default is 2 pips)
- Fast_Ema: fast moving average
- Slow_Ema: slow moving average
- DMI: strength level for DMI Spread indicator
- Fractal: input to calculate support & resistance zones
- Risk: if you leave 0.5 you'll trade with 1% risk (0.5% on each tranche)
- Fibo_1: choose the retracement zone for First Prize strategy
- Ratio: risk/reward on tranche 1
- Daily_Gain: % gain on the account balance for the current day
- Weekly_Gain: % gain on the account balance for the current week