Opening Range Breakout Day-Trading System User Guide

Version 4.96, Update 1.08.02

Release Date: January 16, 2024

Update Notes: (v 4.91)

a) Select few inputs were adjusted for current observed NASDAQ-100 volatility
b) Removed March 2023 & added September 2023 Contracts

Update Notes: (v 4.92)

a) Select few inputs were adjusted for current observed NASDAQ-100 volatility
b) Removed September 2023 & added December 2023 Contracts

Update Notes: (v 4.93)

a) No trading on Mondays & Wednesdays
b) One trade per day max – at least thru this Summer
c) Inputs were slightly adjusted for current observed NASDAQ-100 volatility

Update Notes: (v 4.94)

a) Exit for 2nd contract is now set to FAST DMZ

Update Notes: (v 4.95)

a) Summer is over and we are back to 2nd trade, if the first trade is a loser

Update Notes: (v 4.96)

a) Mondays are active trading days now
b) Added a new exit "DMZ Cross"

New Version Import and Installation:

As this strategy evolves and market conditions change, new versions will be sent out that need to be installed into your TradeStation and applied to your chart. First, you will need to download the new version 'ELD' file onto your computer. Then click the 'ELD' file to start the install wizard. Once it has been installed, open the strategy workspace, right-click on the chart, and go to 'Studies~Edit Strategy', remove the old version and click 'Close'. Then right-click on the chart again and select 'Studies~Add Strategy', select the new version, then re-enable the strategy automation checkboxes, and click 'Close'. You are now ready to trade.

Please review our Disclaimer page located here:

Options & Futures trading contains substantial risk and is not for every investor. An investor could potentially lose all or more than the initial investment. Risk capital is money that can be lost without jeopardizing one's financial security or lifestyle. Only risk capital should be used for trading and only those with sufficient risk capital should consider trading Options & Futures.

Be sure to read each of the "Important Notes" below:

This daytrading system runs on Windows 11 *Pro* & TradeStation v10 Update 73 (10.00.07.1025) released on January 11, 2024. Please make sure your TradeStation version matches ours.

Avoid using MSFT OneDrive and/or DropBox:

It is highly recommended that cloud storage services like MSFT OneDrive or DropBox NOT be used as the default drives for accessing files related to TradeStation. Your TradeStation has to be installed AFTER these cloud services are disabled. THIS IS CRUCIAL. Using these services can cause unstable behaviors that can be difficult to troubleshoot. Always use your local hard drives (preferably SSDs) for TradeStation installation, backups, and all other supporting files. Use a thumb drive to keep a copy of your most recent TS Archives outside of your trading PC in case of massive crash or ransom-ware attack.

Strategy Goals and Description:

This day-trading strategy is a long-short multi-contract opening range channel breakout strategy designed exclusively for the NASDAQ Futures (NQ or MNQ). The entry levels are identified in the first few bars of the regular stock market session starting from 9:30 am ET. The trade entry signal is only active for a limited time, after which this strategy will not trigger any entries in that session.

It is important to note that this updated version of ORB strategy needs to use the 'Globex' overnight session symbol: (e.g., MNQH24 or NQH24). Note: The TradeStation .D extension to the symbol is NOT allowed.

The strategy has multiple layers of safety stops and profit target exits, based on the number of contracts specified at each of the three exit levels.

Once the first stop loss is hit, the strategy is finished trading for that day or depending on market conditions, the strategy can reverse in the opposite direction of the first trade when the opposite opening range channel is hit.

Please Note: There is no way anyone or any system can always be perfectly aligned with an ever-changing "Market Texture", of price action and volatility.

What this system attempts to provide is an evidence-based back-tested set of rules and historical "baseline" performance that occasionally over time will need to be adjusted and tweaked to help better reflect current market conditions.

One Winning Trade Per Session:

This strategy is designed to capture one **winning** trade per trading session. Once the strategy closes a winning, the strategy is done for the session.

Reversing: (for version 4.95 & later)

Second trade is no longer on hold. Summer is over and v4.95 & later will take a second trade if first trade is a loser.

Strategy Restrictions:

This strategy is provided to you with the following restrictions:

1. The strategy does NOT run on Wednesdays.
2. You are urged to avoid 'holiday' days with short sessions
3. The strategy can only be run on only **one** trading account
4. The strategy can only trade the number of contracts allowed
5. The strategy can only trade the 'NQ' or 'MNQ' NASDAQ-100 futures
    a. Current Contract TradeStation Symbols are:
        i. NQH24 & MNQH24 – good through Friday March 8th
        ii. NQM24 & MNQM24 – starting Monday March 11th
6. The strategy will only operate on a '3-minute' interval chart
7. The strategy can only trade 3 NQ or up to 30 MNQ Futures contracts
8. There may be other size restrictions depending on your level of service

Entry Window:

The strategy calculates an opening range channel that enters long at the upper end of the channel and enters short at the lower end of the said channel. The channel levels are built from 9:30 am ET until the trade window start time at 9:39 am ET. The trade window is open from 9:39 am ET until 10:30 am ET. After 10:30 am ET, no new entries are allowed.

Strategy Inputs:

TradeUnits(3)

The TradeUnits input allows you adjust the trade size when ONLY trading the Micro NASDAQ contract (MNQ). You can set the trade units for up to 30 micro contracts, (which is equivalent to 3 E-mini; NQ contracts). The TradeUnits input value must always be divisible by 3.

The current strategy as licensed allows you to only trade a maximum or the equivalent of 3 E-mini 'NQ' futures contracts.

Trade Size Structure:

The strategy divides the initial entry trade size into a three-level multi-level exit system. The contracts in each exit group will exit based on the various profit exit schemes described below.

>   Exit Unit One Contracts – 1/3 of initial position.
>   Exit Unit Two Contracts – 1/3 of initial position.
>   Exit Unit Three Contracts – 1/3 of initial position or any remaining contracts.

Safety Stops:

There is always a fixed dollar safety 'stop loss' money management exit that is active from the point of entry until the first profit target is hit. This amount can be slightly different for a long or a short position. The stop loss exit closes the entire initial position.

Risk Management:

Based on current market conditions, the system stop loss is set at $3,000 for 3 E-mini (NQ) long trades, and $3,000 for 3 E-mini (NQ) short trades. Similarly, it is set at $300 for 3 E-mini micro (MNQ) long trades, and $300 for 3 E-mini micro (MNQ) short trades. There is also a fixed time exit at 12:00 pm ET which closes all remaining contracts regardless of the current profit or loss. The safety Stop Loss exit is no longer relevant once the strategy hits the first unit one profit exit. Once the first unit profit exit is hit, the remaining units are protected by a trailing breakeven (BE) stop.

Reversing Rules are ON in v4.95 & later:
The Maximum Loss per day is now $6,000 for 3 NQs, and, $600 for 3 MNQs.

Profit Targets:

Each exit group has a unique set of rules for capturing profits.

      Profit Exit One:

            Early Exit Unit One Rule:

1. An Early Fixed Profit Target based on current market conditions is set to close 'unit 1 contracts' long (E-mini NQ) with an $1,100 profit and close 'unit 1 contracts' short (E-mini NQ) with a $1,100 profit. And similarly, an $110 profit for long for (MNQ) contracts and a $110 profit for short (MNQ) contracts.

Note: Once the unit one profit targets have been hit, the strategy puts in place a breakeven trailing stop on balance of contracts to protect and locks in a profit for that day.

      Profit Exit Two: (active only after the early profit exit above has been hit)

            Unit Two Exit Rules: there are two potential exits.

1. DMZ indicator exit – exit long or short 'unit 2 contracts' when price hits the fast DMZ level.
2. DMZ indicator cross exit – exit long or short all remaining contracts when fast DMZ crosses the slow DMZ.

            Note: These 'Unit Two' exits are only active after the 'Unit One' exit above has been filled.

Profit Exit Three: Any and All Remaining Profitable Units:

1. Breakeven trailing stop closes all remaining contracts.
2. Fixed time exit at 12:00 pm ET closes all remaining contracts.
3. DMZ indicator cross exit – exit all remaining contracts when the fast DMZ crosses the slow DMZ.

Signal Names:

Each time the strategy generates a filled strategy trade, 'Signal' names are displayed in the chart to show you which signal in the strategy logic generated the order. The number you see with the signal name is the number of remaining contracts the strategy is still long or short after that signal.

Here are the signal names that can generated by this strategy:

> **Entries:**
> > "LE" – Long entry
> > "SE" – Short entry
>
> **Safety Stops:**
> > "StopLoss" – Both long and short safety stop on the bar of entry only
> > "Stp LX" – Long safety stop on all other bars
> > "Stp SX" – Short safety stop on all other bars
>
> **Profit Targets:**
> > "EarlyPrft LX" – Long Fixed Profit Based on Stop Loss amount
> > "EarlyPrft SX" – Short Fixed Profit Based on Stop Loss amount
> > "DMZ LX" – Long profit momentum-based on fast DMZ - unit 2 contracts
> > "DMZ SX" – Short profit momentum-based on fast DMZ - unit 2 contracts
> > "DMZX2 LX" – Long profit momentum-based on DMZ down-cross for all contracts
> > "DMZX2 SX" – Short profit momentum-based on DMZ up-cross for all contracts
> > "DMZX3 LX" – Long profit momentum-based on DMZ down-cross for all contracts
> > "DMZX3 SX" – Short profit momentum-based on DMZ up-cross for all contracts
> > "BETrl LX" – Long profit breakeven trailing exit for any remaining contracts
> > "BETrl SX" – Short profit breakeven trailing exit for any remaining contracts
>
> **Time Exit:**
> > "EOS LX" – Long end-of-trading-session window exit for any remaining contracts
> > "EOS SX" – Short end-of-trading-session window exit for any remaining contracts

Important Note: If the first profit target is never hit, it is possible that the 'Exit 3' time exit could close all contracts for a profit or loss. But that loss would never be more than the safety stop that is in place.

Important Note: If for any reason you still have any open contracts or strategy orders after 12:16pm ET, you need to manually close those contracts, cancel any open strategy orders, and then try to determine why that happened.

Important Note: You should NEVER EVER manually trade the same symbol (NQ or MNQ), in the same account, that this strategy is actively automating. This will certainly result in the strategy getting mixed up and orders will not be generated correctly. If you do decide to intervene, be sure to turn off the strategy automation FIRST before making any manual trades.

Important Note: Keep in mind that fast market conditions, software, power outage and other technical issues can result in order confusion, or, in larger than expected losses. Losing internet or broker connectivity is the primary risk when running a trading system, as are all orders generated from your computer. It is advised that you always be present when the strategy is running and that you have the broker's mobile app and phone number ready in case positions need to be closed or orders cancelled manually.

Strategy Automation Best Practices

a. **Always be present when the strategy is actively generating orders.**
b. **Make sure your cell phone is receiving TradeStation order notifications.**
c. **If you are away from your computer during active automation (bad idea), or you lose connectivity to TS for any reason; you can always stop the strategy by logging onto the TS mobile device, which will disconnect your computer/strategy from TradeStation, you can then close positions and cancel orders.**
d. **We recommend that you automate the strategy initially in the TradeStation trade simulator until you are familiar with the workspace, automation settings, and order behavior.**
e. **Run the strategy for a while on the micro symbol MNQ (1/10 the size of NQ) until you are very comfortable with strategy setup, monitoring order behavior, and shutting the strategy down if necessary.**

Workspace Layout:
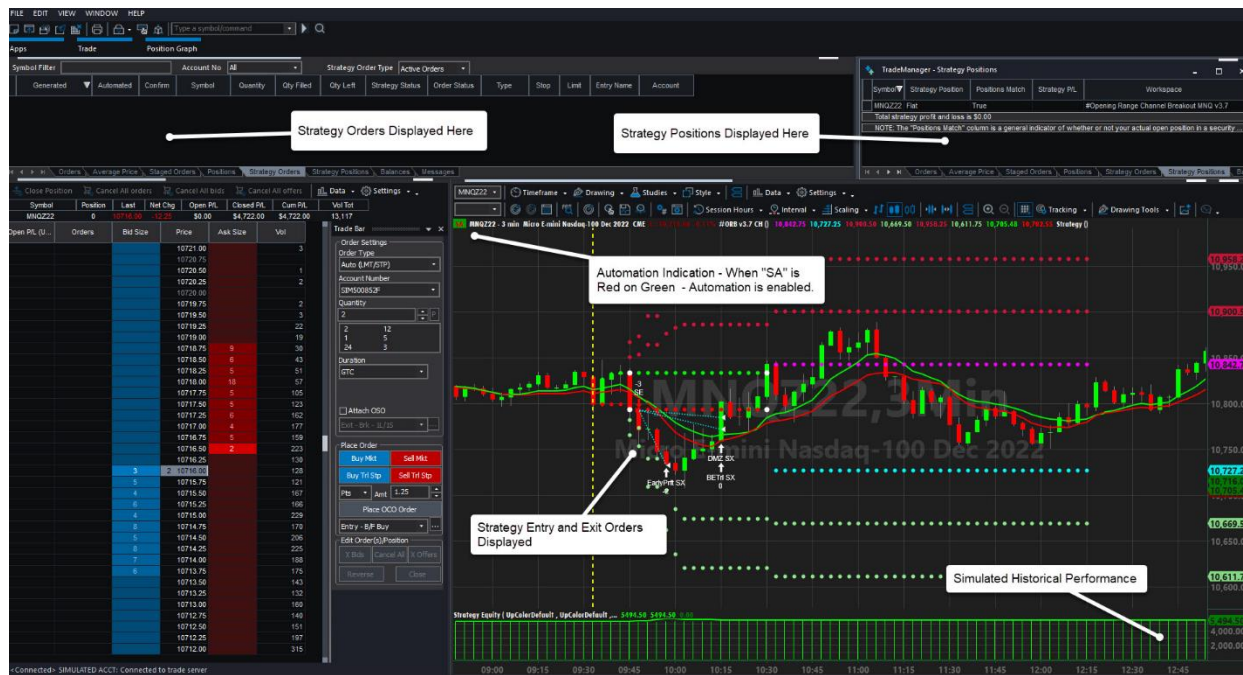
We recommend that you use the provided workspace for order automation, and DO NOT SAVE this workspace when exiting TradeStation, to preserve the original workspace provided with your subscription.

Strategy Property Settings: (General Tab)

You can find the strategy properties button on the Customize Strategy dialog.

By default, the workspace provided has the proper TradeStation 'General' strategy property settings selected. It is recommended that you do not change these settings.

Make sure that the "Use Look-Inside-Bar Back-Testing" check box is always **unchecked.**

Strategy Property Settings: (Automation Tab)

There are three strategy properties tabs; General (settings not used), Backtesting (settings not used) and 'Automation' (proper settings required).

You can find the strategy properties button on the Customize Strategy dialog.

By default, the workspace provided has the proper TradeStation 'Automation' strategy property settings selected. It is recommended that you do not change these settings.

Verify that the second radio button for Strategy Fill Logic is selected and that the Send Stop Orders to TradeStation checkbox is unchecked. As shown here below.
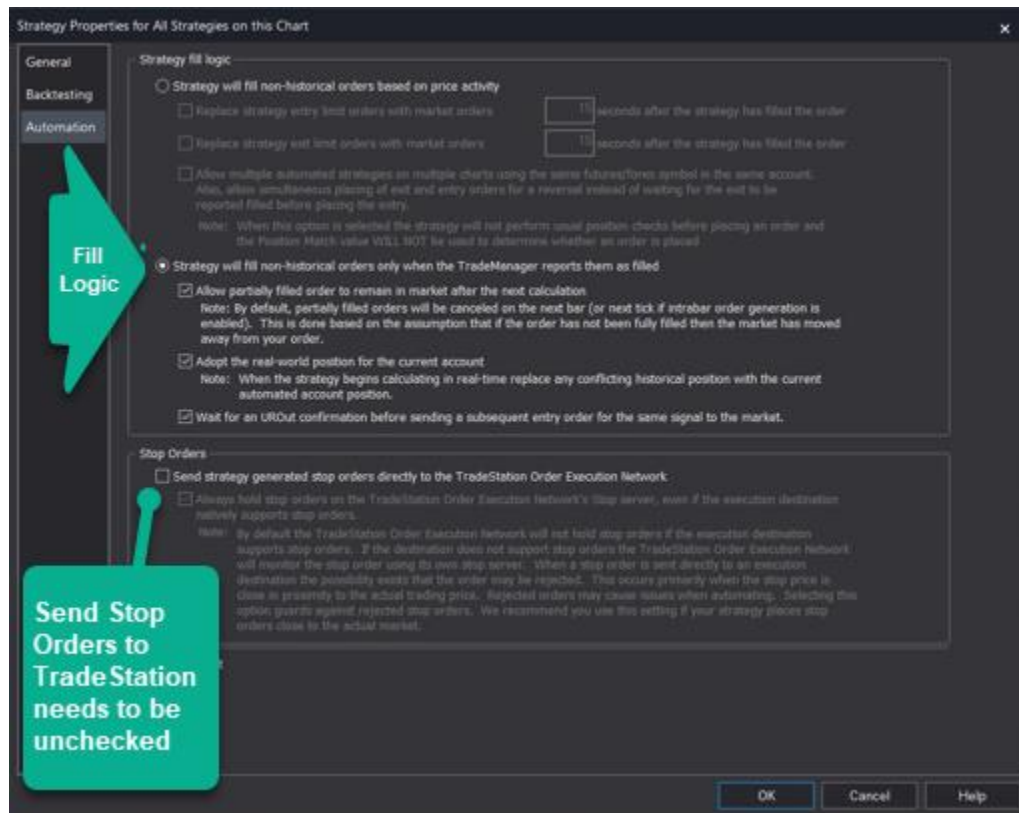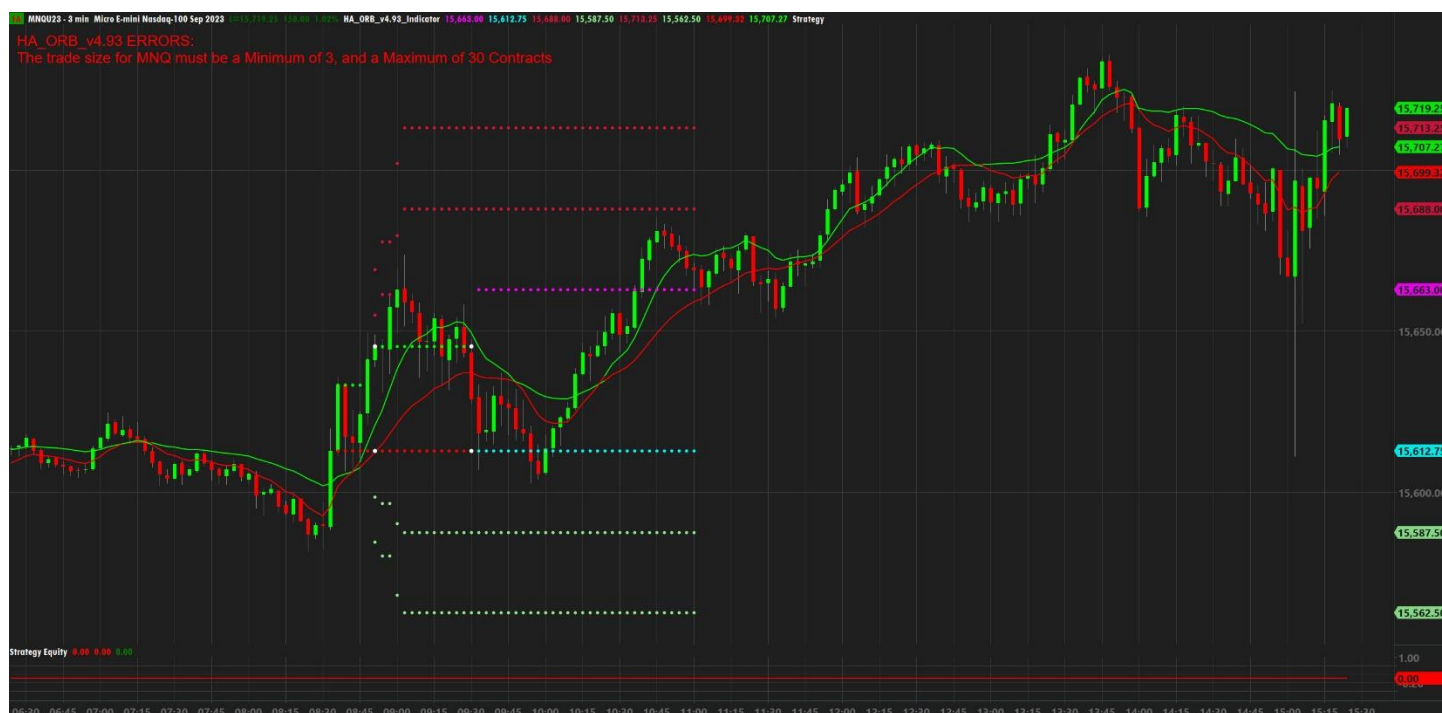

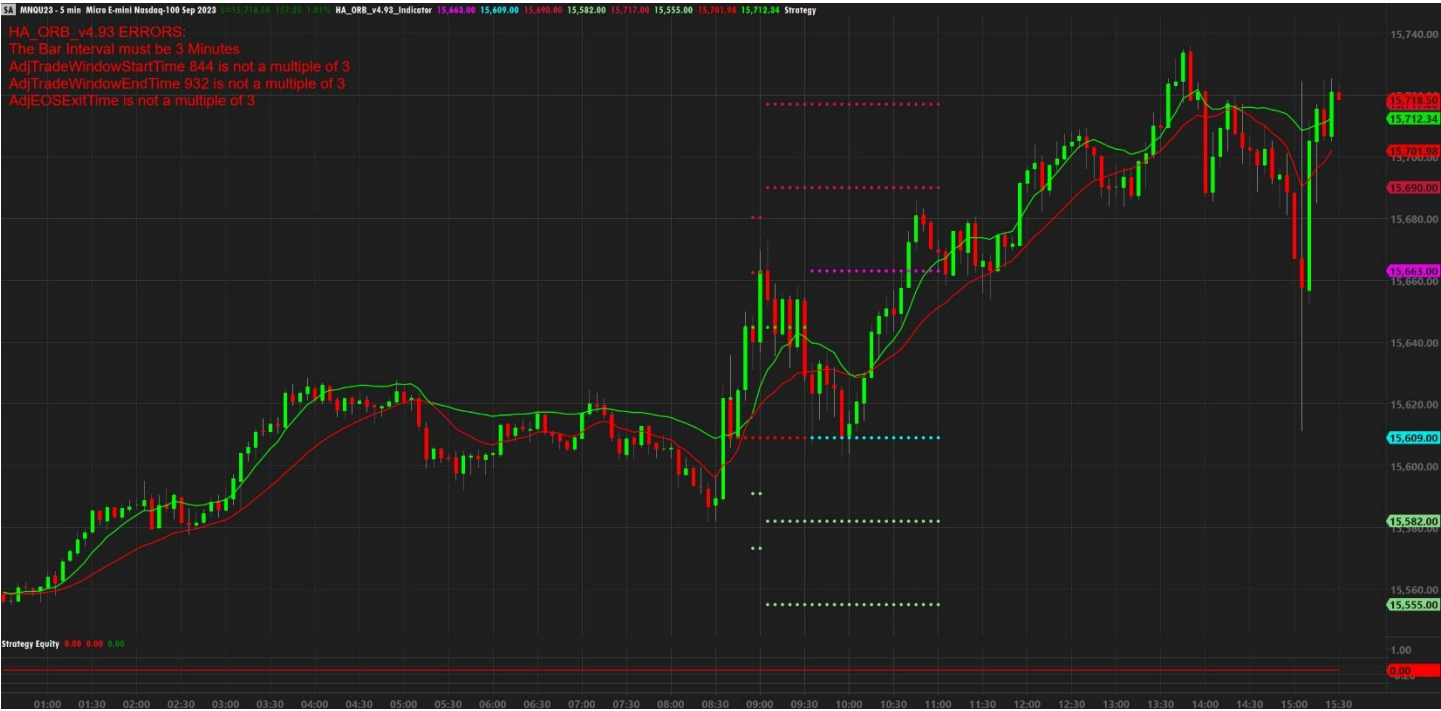**Strategy Customize Settings: (Calculation Tab)**

The current version of the strategy no longer uses intra-bar-order-generation, so this setting is not available.

Warning Messages:

Warning message will appear at the top of the chart whenever one of the following errors occur:

1. Wrong Trade Size – This can be adjusted in the strategy inputs.
2. Wrong Bar Interval – This can be adjusted in the Symbol settings or just click on the chart and type "3 min" and hit enter.
3. Wrong Symbol or Symbol Expiration - This can be adjusted in the Symbol settings or just click on the chart and type the correct symbol and hit enter.

HA_ORB_v4.93 ERRORS:
The Bar Interval must be 3 Minutes
AdjTradeWindowStartTime 844 is not a multiple of 3
AdjTradeWindowEndTime 932 is not a multiple of 3
AdjEOSExitTime is not a multiple of 3

HA_ORB_v4.93 ERRORS:
The symbol is not correct
The Correct Symbol is: NQU23 or MNQU23

Terms of Use:

Keep in mind that this strategy is always under development and refinement, and updates will be provided when available as needed. Strategy software updates are designed to adjust the strategy to reflect the current market conditions.

Hamzei Analytics, LLC, its officers and employees are not responsible for any money you may lose for any reason when trading this strategy. You alone take on the full risk and responsibility of your trades.

By trading this strategy, you agree that you understand, and agree to, all the information and conditions in this document and on our website: http://www.hamzeianalytics.com

Thank you for subscribing to this strategy.