

# **Shotgun Strategy**

Disclaimer: Do not trade this strategy until you have tested it out or understand that you will follow your rules.

## **Philosophy**

Identifying setups to trade in the direction of the trend after a pullback. This is a short-term trading strategy with the ability to create longer term trades.

## **Charting Elements:**

HMA (89)

Stochastic (5,3,3) with level at 50

1-hour chart

## **Setup**

### **LONG:**

- HMA(89) Blue
- Stochastic below 50 level

### **SHORT:**

- HMA(89) Red
- Stochastic above 50 level

## **Entry Trigger**

### **1. Fade**

- Multiple candle pull backs (entering as counter trend price action develops at various levels)
  - If Long and price is above the HMA, can trade any candle color
  - If Long and price is below the HMA, must wait for a bullish candle (doesn't have to close)- i.e. showing strength
  - If Short and price is below the HMA, can trade any candle color
  - If Short and price is above the HMA, must wait for a bearish candle (doesn't have to close)- i.e. showing weakness

### **1.1 Builds**

- When stochastic indicator is moving up

## **2. Scalp**

- Single candle pull backs (entering during formation of candle)
    - If Long and candle is above HMA, enter trades during the pullback (lower ½ of candle range)
    - If Long and candle is on the opposite side of the HMA (89) i.e. below HMA (89), wait for a proper candle for the trade direction (bullish candle)
    - If Short and candle is below HMA, enter trades during the pullback (higher ½ of the candle range)
    - If Short and candle is on opposite side of the HMA (89) i.e. above HMA (89), wait for a proper candle for the trade direction (bearish candle)
- NOTE: Want minimal “white” space (If larger “white” space price action must show a pull back, not sideways movement)

## **3. Take Profit**

- If spread < 1.5 then 3 pip take profit
- If spread >1.5 then 5 pip Take profit
- If spread >2.5 then 8 pip Take Profit

- 4. Place up to 3 trades at a time (based on risk assessment of no total position greater than 0.5% of account)

## **Exits**

### **Shorter Term:**

Initial Stop Loss- 50 pips (only used as a placeholder for SL)

If the HMA changes color:

move stop loss to last swing/support level

### **Longer Term:**

Initial Stop Loss- Place below last significant swing low or high/ support or resistant area

As the price action trends in direction of the position, move Stop Loss up to each significant swing as it forms

When HMA (89) changes color, move Stop Loss above or below the most recent areas of support or resistance

When leaving trade overnight, move Stop Loss to most recent areas of support or resistance, or break even if able

Must have a minimum of 1:1 R:R ratio

### **RISK:**

If daily return approaches 1.5% loss

Identify trades to adjust stop loss- place Stop Losses above or below last support or resistance area

Risk per position:

Determine distance to last major swing- calculate size of position based on risk tolerance per trade: Total positions per pair may not exceed 0.5% of account

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First 30 Days:

Only trade 0.01 lot sizes until good stats are realized (Positive Expectancy over 100 trades Plus 30 days)

Trade 5 pairs (EUR/USD, EUR/JPY, GBP/USD, GBP/JPY, USD/JPY)

Max of 3 trades per pair for short term

Max of 1 trade per pair for long term

At the end of every trading session, analyze the losing trades

Later: Analyze-

Was there a way to minimize some of the losses, i.e. like not trading on the opposite side of the HMA

What can I do to maximize trades when they move in my favor (longer term positions)