

FX REPLAY

Break Theory + Heikin Ashi Trading Model

Checklist and setup guide

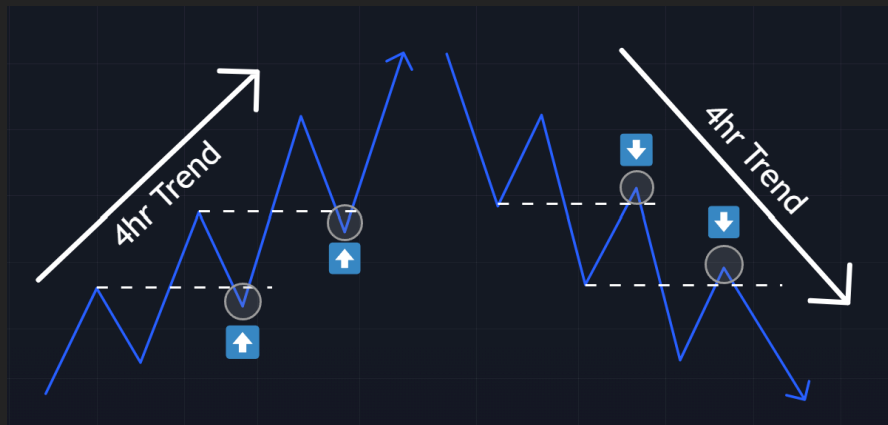


Strategy Details

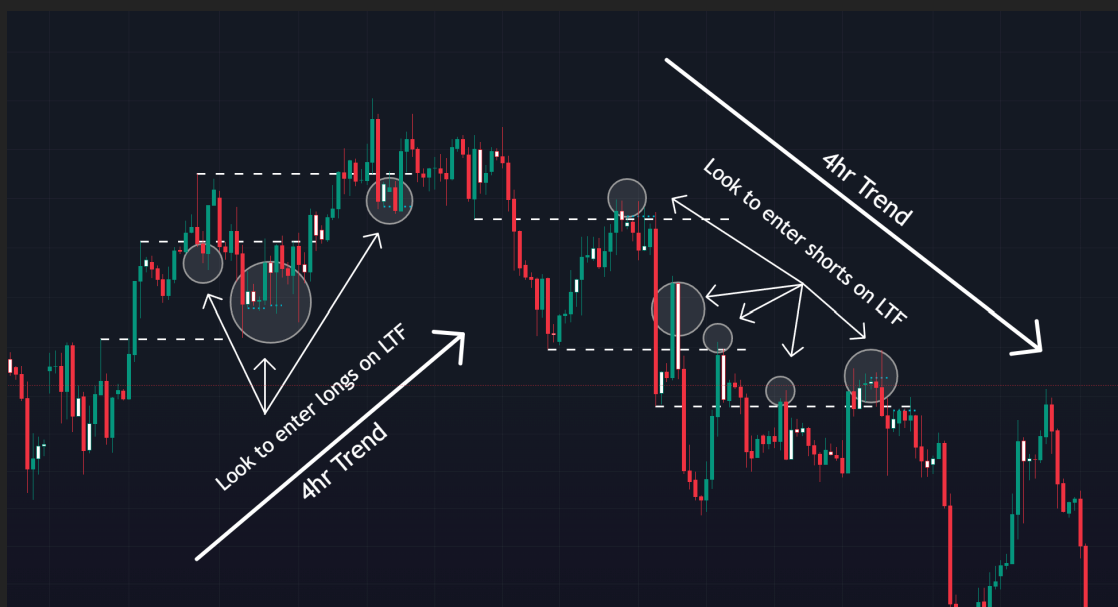
General parameters: 4hr for directional bias, 5m for entries. Asset will be GBPUSD or 6B1! from 7:30am - 1pm ET (NY session). You can trade this strategy on other pairs & sessions as well.

4hr Trend and Break Theory: This is a continuation model, and we'll be using the 4hr trend to determine trade direction. Use the 'Supertrend' indicator to identify 4hr trend, and mark out recent failed H/L in line with the trend. Also mark out any potential inside bar H/L.

- Downtrend: once price revisits a prior low watch for shorts
- Uptrend: once price revisits a prior high watch for longs
- Inside bars also often see a H/L sweep before 4hr trend continues

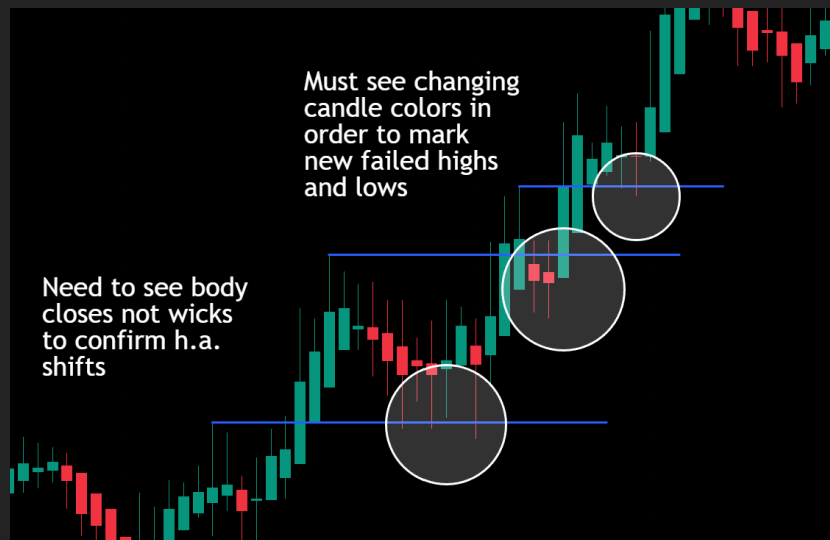


How this looks on an actual chart:



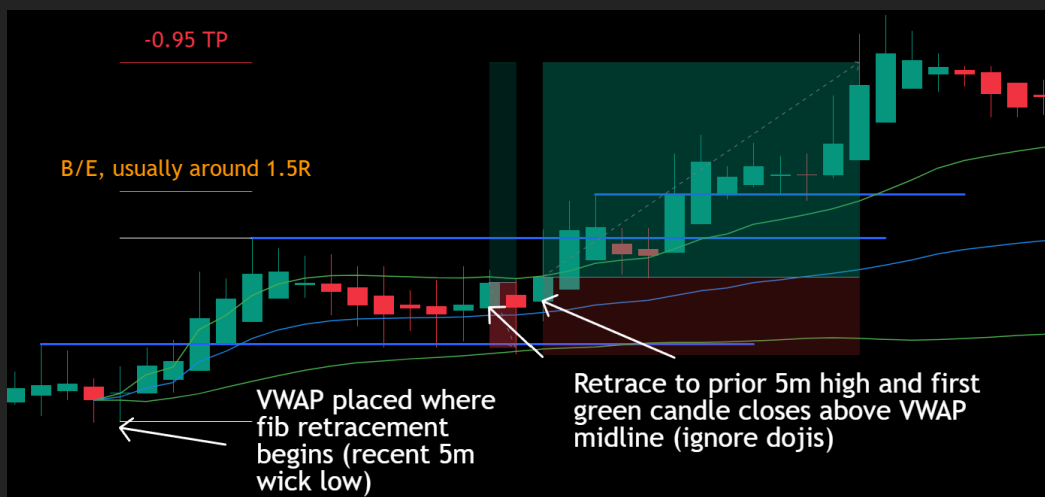
Strategy Details

Break Theory applied to 5m Heikin Ashi chart: Now zoom in on the 5m timeframe using Heikin Ashi candles (h.a.). These candles show average price and are helpful to reduce some noise. After price has visited an area of interest on the 4hr chart, we want to apply break theory to our LTF chart for potential entries. The only difference now is that in order to properly identify new failed highs and lows, you must see a change in candle color with the h.a. candles.



5m Heikin Ashi Entry Model: Wait for price to retrace to a prior 5m H/L in line with the 4hr trend and then enter after the candle changes color.

- Use a fib retracement from left to right of the most recent 5m H/L, with settings 0, 1, -0.25, and -0.95.
- The entry candle must close on the correct side of the VWAP midline. Place the VWAP where you started your 5m fib retracement



Strategy Details

Entry and stop loss: stop loss at pullback H/L, enter on first 5m h.a. candle that closes in line with trend.

*Since h.a. candles display averages, the 5m h.a. close price is usually not exactly the same as regular candle close price. Due to this, you may need to use a market or limit order. In FX Replay account settings, toggle on 'show ask line' with 0 spread to see current price.

Take profit and trade management: Take a fib retracement from left to right from recent 5m H/L, and target the -0.95 fib level. Breakeven at -0.25.

Invalidations:

- Choppy PA with candle color changing back and forth
- Highs and lows getting wicked/no clear body closes for structure
- Trade near 4hr H/L POI; ok to continue trend if price clears a prior H/L but don't mess with trades if price is chopping around it.
- No trade unless it provides at least 2R profit potential to -0.95 fib

Other rules:

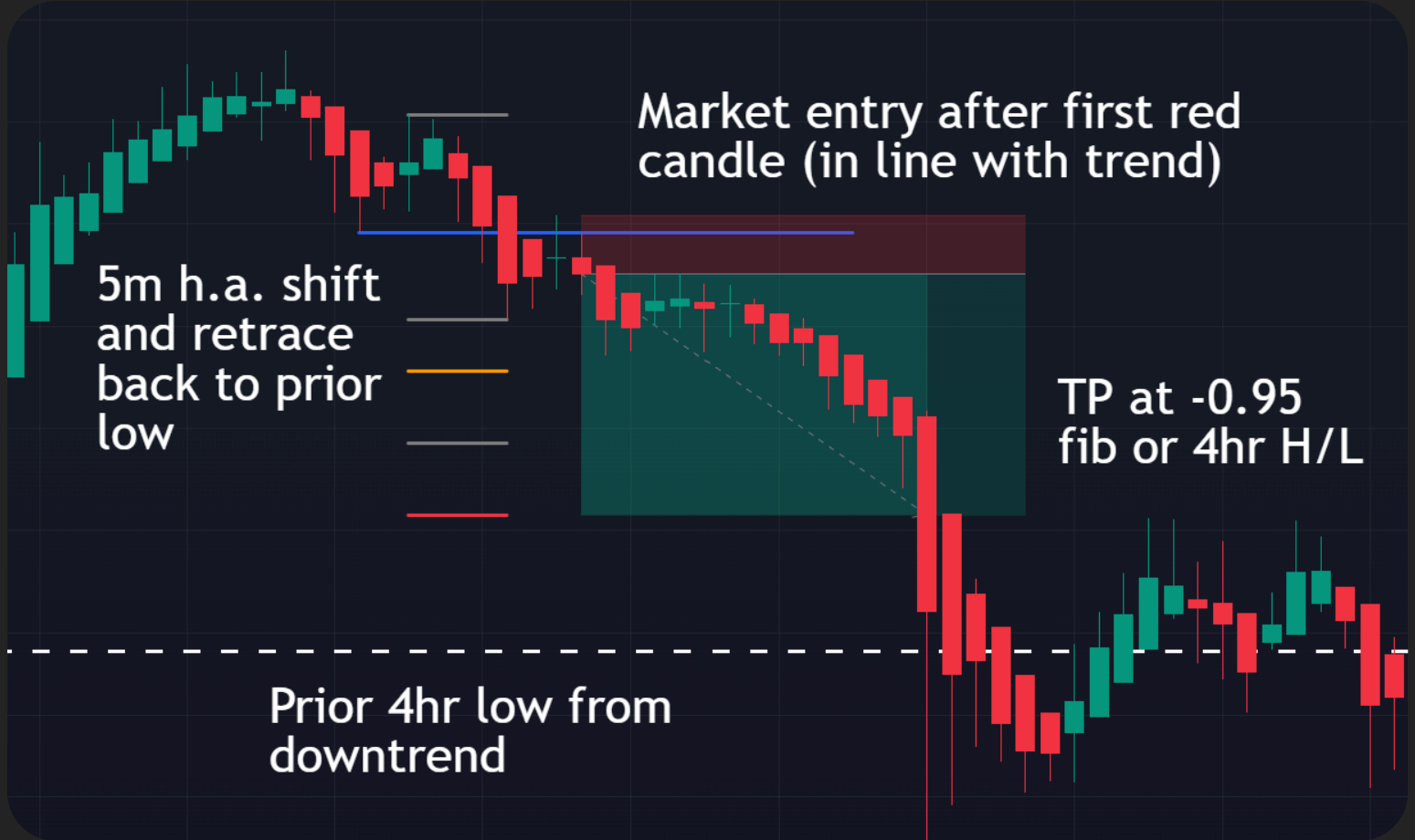
- Ignore doji candles on 5m where 90%+ of the candle is wicks; these are not valid entry candles
- It's ok to take 2 attempts per setup as long as other rules are good
- Generally good to avoid high impact news, unless you got in early and have some buffer to hold through it for larger swing targets i.e. 4hr H/L
- If price tags breakeven price level before entry, cancel the limit order

Trade Checklist

- ✓ *Map out 4hr H/L and inside bar H/L in line with 4hr trend*
- ✓ *Price has revisited prior 4hr H/L or swept an inside bar H/L*
- ✓ *5m Heikin Ashi structure shift and revisit of prior 5m H/L*
- ✓ *Check for any potential invalidations*
- ✓ *5m h.a. candle close on correct side of VWAP midline (entry)*
- ✓ *Target -0.95 fib or 4hr H/L, breakeven after -0.25 fib*

Remember, if any of the parameters are missing, the trade quality is reduced. Aim to only take A+ setups!

Examples





Now that you have a profitable strategy

it's time to practice! Luckily, we have a platform you can do that for FREE.

[Start backtesting for free](#)

What are you waiting for?

You have your strategy. Now all you have to do is test it! [Start collecting data on your new strategy for FREE by clicking here](#)

