

Note the high and low throughout the first 30 minutes of trading. If at any point during the day the price breaks the high established in the first 30 minutes go long, if it breaks below the low, go short. The amount that the stock has to break the levels needs to take into account the characteristics of the stock (and that will be up to you). I would avoid currency pairs or stocks that trade in a tight range or have extremely low volatility.

Some traders advocate that if you use this strategy you should hold the purchase (or short) for the duration of the day. This is one alternative. Another option is to use profit targets. One profit target is to add (or subtract) the width of the range to (from) the breakout price. If the difference between the high and low in the first 30 minutes of trading is 50 pips (or say \$0.50 in a stock) then your profit target is 50 pips from the breakout price.

You may also choose to implement a trailing stop. Make sure your trailing stop is large enough so you are not pre-maturely triggered out of the trade by normal market movement. Looking at the ATR (average true range) indicator can help you with determining a proper trailing stop.

I trade quite "tight", if I enter a position and it falls back within the range, I will exit either flat or with a small loss, and then re-enter when it breaks the level again (some who use this strategy stipulate you should hold the position all day once the break occurs). If the stock breaks upward (enter long), and then falls back in range (exit), and then proceeds to break below the lower level you should go short. Often a failed original signal combined with a new trade signal can be very powerful. This again differs from some others who trade the strategy - some prefer that if a stock breaks one level and then moves to break the other level also, the stock should not be traded further. I view this is method as missing out on a valuable opportunity. Again, it is up to you which way you will use the strategy.

A very simple strategy that can be used on hundreds of different stocks (options, futures, commodities) everyday, on any market, as a break out could occur at anytime throughout the day on different securities.

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