Fractals–Orderflow Algorithm — 1-Hour Backtest Performance Report

Strategy / timeframe: Fractals + Orderflow (1-hour candles)
Data used: (600,000 raw trades fetched); backtest executed over candle window.
Test period (deduced from trade timestamps): 35.08 days
Trades executed (sample): 37 trades
Initial equity: $1,000.00
Final equity: $1,384.97
Net P/L: $384.97 (≈ **+38.50%** total)

Executive summary

Over the ~35-day test window the 1-hour fractals–orderflow algo increased capital from $1,000 to ~$1,385 (≈ +38.5%) across 37 trades, producing a high win rate (≈ **86.5%**), profit factor ≈ **5.9**, average trade expectancy ≈ **$10.40**, and very shallow maximum drawdown (~**–1.34%**).

Key performance metrics (raw)

- Trades: **37** (≈ **1.05 trades/day**)
- Wins: **32**; Losses: **5** → **Win rate = 86.49%**
- Avg win: **$14.48**; Avg loss: **–$15.68**
- Avg net P/L per trade: **$10.40**
- Profit factor (gross wins / gross losses): **≈ 5.91**
- Sum Net R after fees: **≈ 32.85** (reported avg R ≈ 0.888)
- Largest win: **$16.74**; Largest loss: **–$15.93**
- Max drawdown: **–$16.61** → **≈ –1.34%** of equity peak
- Equity curve: steady, mostly monotonic upward progression with shallow pullbacks

Interpretation & practical takeaways

- **Positive signals:** High win rate, positive expectancy, high profit factor and small drawdown are all favorable signs. Conservative per-trade sizing (dollar risk ~$10–$13) kept drawdowns small while letting positive expectancy compound. The fact that fees

(0.02%/side) and slippage (0.04%/side) were modeled increases confidence this is a fee-aware edge.

- **Operational viability:** The low drawdown and consistent wins suggest the method could be scaled carefully, but real-world frictions (order book depth, partial fills, latency, market impact in live order routing) need deeper simulation.

Risks, limitations & statistical concerns

1. **Small sample size:** 37 trades is inadequate to fully characterize tail risk or rare adverse sequences.
2. **Regime bias:** Test period is a single ~35-day window; strategy may perform differently in other volatility/trend regimes.
3. **Potential overfitting / selection bias:** Need to ensure rules were not tuned to this window.
4. **Execution realism beyond modeled slippage:** True live slippage, partial fills, maker/taker fees, and exchange limits can further affect results.
5. **Sequence risk:** The order of wins/losses matters; Monte-Carlo re-sequencing can check drawdown tails.

Recommended robustness tests (next steps)

1. **Walk-forward / out-of-sample validation** across multiple non-overlapping time windows.
2. **Parameter sensitivity sweep** (fractal size, orderflow thresholds, stop/tp sizes) and heatmap presentation.
3. **Monte-Carlo trade resampling** to estimate distribution of max drawdowns and CAGR.
4. **Slippage / impact stress tests** (increase slippage / model partial fills) to test fragility.
5. **Longer sample backtest** using the 600k tick dataset to expand coverage and test different market regimes.
6. **Add per-day trade/time filters and live execution simulation** for greater realism.

Conclusion

This 35-day proof-of-concept demonstrates a **clear short-term edge** for the 1-hour fractals–orderflow algo: strong expectancy, excellent profit factor, and very low observed drawdown in the tested window. However, because the sample is small and the period short, annualized performance figures are misleading — treat them as illustrative only. The recommended next steps (walk-forward, parameter sweeps, Monte-Carlo re-sequencing and extended tick-level testing) will convert this promising result into a robust performance case suitable for a portfolio or production rollout.