

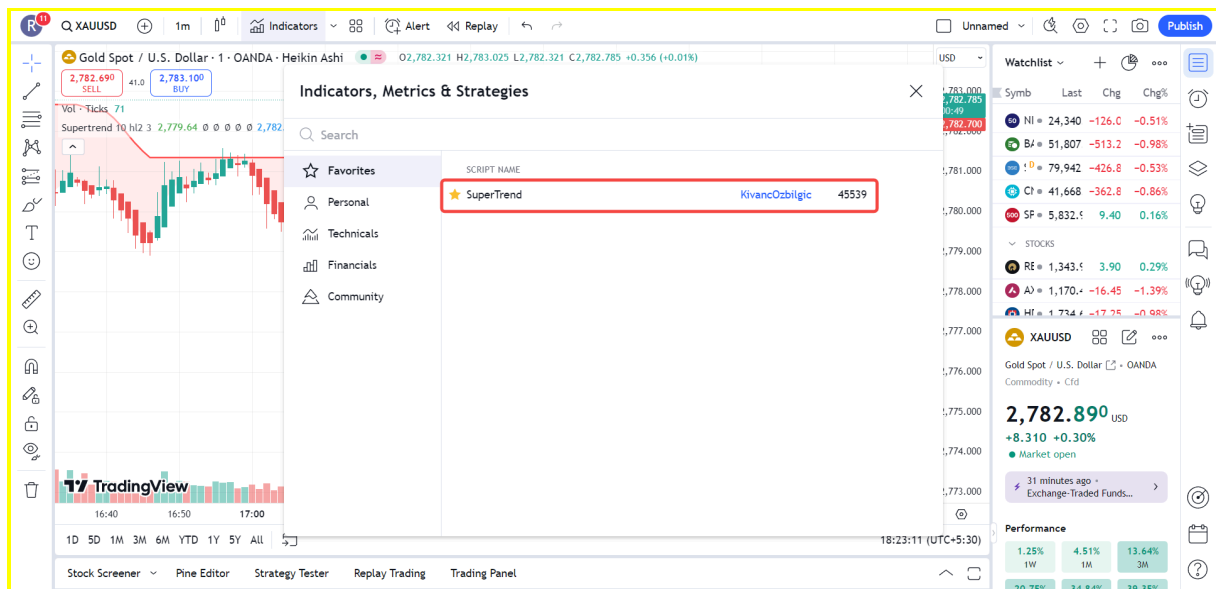
# Trading Algorithm Requirement Document - XAUUSD (GOLD)

## 1. Overview

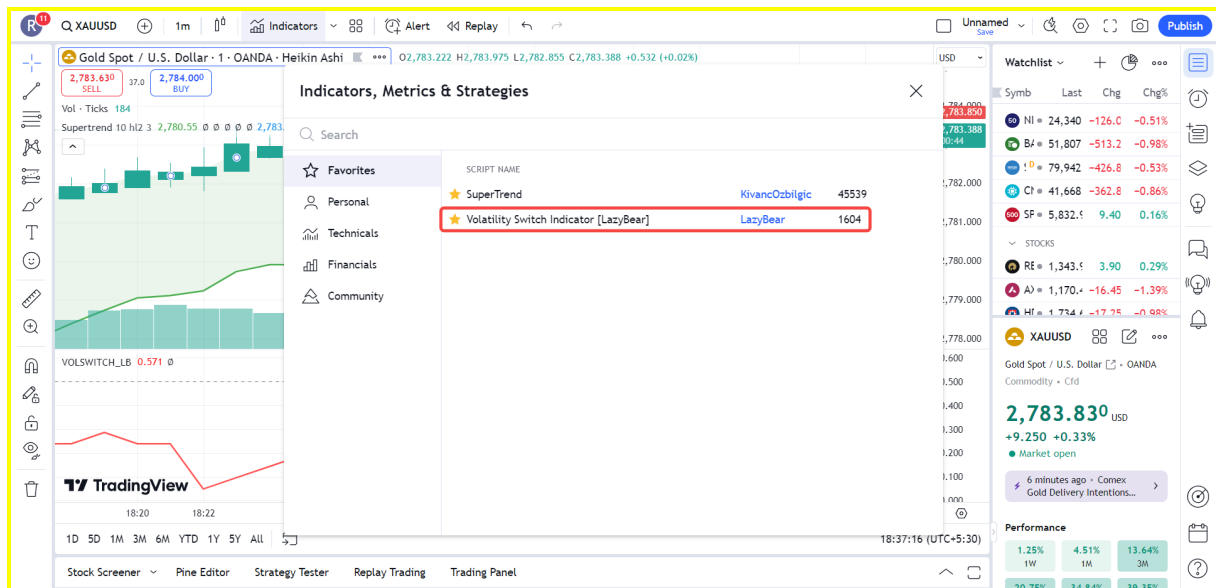
- **Purpose:** To develop and implement a real-time trading algorithm that uses specified indicators to manage trades within the Commodities market, gold especially. The algorithm will initially be tested in a **demo environment of before live deployment with real funds with 250 dollars.**
- **Scope:** The algorithm is designed to perform under specific market conditions using 5-minute trading candles, **avoiding trading during major news releases.**

## 2. Functional Requirements

- **Indicators Used:**
  - **Supertrend Indicator:** To determine the market trend and **provide buy or sell signals.**  
(We are using the below indicator on Trading view to check supertrend)



- **Volatility Switch Indicator:** To ensure market **volatility is adequate for trading, with a threshold set at 0.5.**  
( We are using the below indicator for volatility)



- **Trading Hours:** Restricted to **11 AM to 2:30 AM IST**, specifically programmed to pause during periods of major financial news releases.

### 3. Entry Scenarios

- **Activation:** The algorithm will execute trades when the **Volatility Switch indicator reads above 0.5**.
- **Trade Signals:** Direction for buy or sell is **dictated by the current signal from the SuperTrend indicator**.

### 4. Stop-Loss Scenarios

- **Buy Orders:** Stop-loss is set at the low of the previous candle.
- **Sell Orders:** Stop-loss is set at the high of the previous candle.
- **Detailed Conditions:**
  - **If stop-loss  $\leq 25$  pips, the profit target is set at 30 pips.**
  - **If stop-loss is between 25-30 pips, the profit target is restricted to 10 pips.**
  - **Maximum Stop-Loss Limit: Regardless of the previous candle's high or low, if the calculated stop-loss exceeds 30 pips, it should be set at 30 pips to maintain a controlled risk level.**

### 5. Trade Execution Strategy

- **Demo Testing:** The algorithm will first be tested in a demo account.
- **Live Trading:** Post successful demo testing, the algorithm will transition to live trading with an initial capital of \$250.

### 6. Technical Requirements

- **Platform Compatibility:** Compatibility with trading platforms that support automated trading and custom indicators.

- **Real-Time Data Access:** Continuous access to real-time Gold USD data is critical for accurate trading decisions.
- **API Utilization:** Integration with trading platform APIs for executing and managing trades in real-time.

## 7. Testing and Validation

- **Backtesting:** *To ensure the strategy's historical effectiveness against market data through Dheeraj's Trading view account.*
- **Forward Testing:** To run the strategy with real-time data in a controlled simulation before live deployment.

***Note: Trades needs to be very quick and real time to be at its best.***