

THETRADINGBOOK.COM

MARKET CONTEXT

Date

OVERVIEW

1. Conceptualize market context

i Required for the completion of the NinjaTrader automated platform

2. Define for each day the relevant market context

i For each day, a check list defines the likely direction of volume on the trading day

3. High-Level Requirements

i Define likely direction of the velocity of money during the trading day

The addition of the market context for the trading day

- Allows admin users to define the day to generate the trade directions and targets
- Can allow traders to operate without the knowledge of the noted admin direction of likely velocity of money flow
- Interfaces with the underlying automated software signal generation

4. Deliverables

i For each day, present the protocol that will define daily direction

1. Define overall market motion for the recent past – Record the lowest low of the last five candles and the highest high at the open of the current day - candle 'n' (n-5, n-4, n-3, n-2, n-1) – these will be initial breakout or breakdown levels for the trend

Note the current 5EMA of candle 'n' –

- a. If the close of candle 'n-5' is less than the current 5EMA, the trend is positive with the support edge at the lowest low of (n-5, n-4, n-3, n-2, n-1). A break of this low sends us to a YELLOW or WAIT state for a positive trend
- b. IF the trend is defined as positive, entries will be defined as follows-
 - (a) If VWAP is above the daily open, engage at the test of the VWAP long, and add to the position any test of the VWAP to max size with 1st target at prior day's high (if it is higher) or the highest high of the n-5, n-4, n-3, n-2, n-1 candles -where we take ½ position and trail position by 20 ticks.

- (b) Automatic stopout – loss of the prior day's low. Alternate exit at 20 ticks below the 5EMA, or if the VWAP drops below the daily open, or if the price loses the low of the measured sequence of n-5, n-4, n-3, n-2, n-1 before any of those.

- (2) The reversal of this would be the short environment.

SPECIAL EVENTS-in either the long or short environment

- (3) If the chart gaps down at the opening tick but is above the low of the prior 5 days, there will a countertrend bounce into the moving averages – short at the open of the prior 4 hr candle close or long at the opening tick with the stop at the low of the prior 4hr minus 6 ticks into the first target of either the VWAP or 5EMA on the 4hr chart then trail 16 ticks. This trade can be taken repeatedly as long as the 4hr low of the prior candle holds.
- (4) The reverse will hold true on a gap up that is below the high of the prior 5 days, there will be a countertrend fade into the moving averages.

5. Affected Parties

i All standard users not taking automated trades, and automated traders engaged in using the signals

6. Affected Business Processes or Systems

i TBD

7. Specific Exclusions from Scope

i TBD

8. Implementation Plan

i TBD

9. High-Level Timeline/Schedule

i Delivery of the market context on March 1, 2020 – working with Gerry Zhou on Mar 7,8,9

APPROVAL AND AUTHORITY TO PROCEED

We approve the project as described above, and authorize the team to proceed.

Name	Title	Date

Approved By	Date	Approved By	Date
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