

EURUSD H1 BACKTEST REPORT — 2025

(Final Concluding Report)

Objective:

To analyze all **EURUSD H1 A+ setups** from **January–December 2025** and extract:

- statistically valid SL requirements
- DD (MAE) behavior
- reversal characteristics
- execution-safe exit rules
- no-trade conditions

This report converts raw backtest data into **actionable trading rules for 2026**.

Dataset Overview

- **Instrument:** EURUSD
- **Timeframe:** H1
- **Period Tested:** Jan 2025 – Dec 2025
- **Total Trades Analyzed:** 80
- **Setup Type:** H1 A+ (filtered, discretionary, non-random)
- **Sessions Covered:** London, NY, Overlap
- **RR Model Tested:** Fixed 1:2 baseline, extended exits evaluated

Note: All trades were evaluated with full candle-by-candle DD tracking, not hindsight eyeballing.

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3. Definitions & Terminology (IMPORTANT)

- **Played:**
Market respected the level and produced a directional move.
- **Tradable:**
A realistic entry was possible (no news spike, spread issue, one-tap candle, Non- Trading Time).
- **DD after Entry (MAE):**
Maximum adverse movement (in pips) against entry **before TP/SL outcome**.
- **SL Needed:**
Minimum SL required to survive noise *if original SL was hit but setup later worked*.
- **Reversed After:**
The number of pips price moved in favor **before meaningful reversal began**.
- **DD Type:**
Wick-based / Body-close / News-driven.
- **Consolidation Zone:**
Market phase where multiple consecutive A+ setups failed due to compression, not bias error.
- **Extreme Levels:**
When **two levels of the same time frame** are formed close to each other **without either being invalidated**, both levels remain valid.
 - For example, in a **bullish structure**, if I mark a **Higher Low (HL)** as a buy zone and price reacts from it, then later forms **another HL nearby** while maintaining bullish structure, **both HLs are valid buy zones**.
 - In such cases, the **combined area acts as a stronger demand zone**, offering better probability trades.
 - In Report Used as: Ex.T2, Ex.QML
- **Opposite Level:**
If the **trend shifts**, but a **level from the previous trend** is still **untested (pending)** and price comes **close to it**, there is a **high probability that the level will still react well**
 - In Report Used as Opp.T2.

4. High-Level Observations (BIG PICTURE)

- H1 levels usually give a **25–30 pip move** most of the time before reversing. (15/80)
- **Wait for extreme levels** when price is nearby (*within a 5–10 pip zone*) → gives **better entries and improved risk–reward ratio**. (8/80)
- It's **better to take trades on a penetrative tap**. (4/80)
- **Keep stop-loss tight**. If the level gets tapped wick-to-wick and hits SL, **exit early** and plan a **better re-entry** after a proper **penetrative tap or liquidity sweep**. (7/80)
- **Avoid trading between 00:00 IST and 05:30 IST**. (5/80)

5. SL Requirements (Data-Backed)

5.1 Minimum Effective SL

- Most A+ EU H1 trades required **12 - 15 Pips SL** to survive noise.
- SL below this range caused **false invalidation**, not real failure.

5.2 SL Needed vs Outcome

- Trades that needed extra SL but later worked reveal **noise zones**, not bad setups.

Conclusion:

SL must be **structure + statistical tolerance**, not comfort.

6. Reversal Zone Analysis (EXIT LOGIC)

6.1 Average Reversal After Move

- Majority of reversals began around **24–27 pips**
- Very few clean continuations beyond **30 pips without pause**

6.2 Implication for Exits

- Fixed 1:2 aligns well with EURUSD behavior
- Extended holds require **trend + momentum confirmation**

Key Rule:

EURUSD H1 is a **rotation pair**, not a runner by default.

7. Consolidation & No-Trade Zones

- Identified periods where:
 - 4–6 consecutive A+ setups failed
 - Zooming out revealed compression
- These zones must be marked as NO TRADE

Rule:

During compression, accuracy drops regardless of setup quality.

8. Final Trading Rules for EURUSD H1 (2026)

8.1 Entry Rules

- Trade only H1 A+ setups (T2, QML, Extreme Levels, Opposite Levels).
- Prefer Extreme Levels (Ex.T2 / Ex.QML) when price is within 5–10 pips of the zone.
- Penetrative taps have higher probability than wick-to-wick taps.
- Entry must be tradable (no news spike, spread expansion, or one-tap candle).
- Avoid trading between 00:00 IST – 05:30 IST.
- **LONDON** Session is most preferred for EU.

8.2 Stop-Loss Rules

- Minimum SL: 12-15 pips (data-backed noise tolerance).
 - SL below this range often results in false invalidation, not setup failure.
 - If structural SL is less than minimum required SL, skip the trade.
 - Wick-based SL hits do not automatically invalidate the setup.
 - Body-close SL beyond statistical tolerance = genuine failure.
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8.3 Exit & Take-Profit Rules

- Default RR: 1:2.
 - Primary management zone lies around 24-27 pips (average reversal area).
 - EURUSD H1 is a rotation pair, not a runner by default.
 - Extended holds beyond 1:2 require:
 - clear trend continuation
 - momentum confirmation
 - No emotional TP extension without HTF alignment.
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8.4 Re-Entry Rules

- If SL is hit on a wick-to-wick tap Entry, exit at a tightest possible SL early.
 - Wait for:
 - penetrative tap, or
 - liquidity sweep + confirmation before considering re-entry.
 - Re-entry must be treated as a new trade, not revenge.
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8.5 No-Trade Conditions

- Identified consolidation zones where 4–6 consecutive A+ setups failed.
 - Poor liquidity sessions.
 - News-driven taps without structure.
 - Compression phases where accuracy statistically drops.
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8.6 Core Principle

**EURUSD H1 rewards precision, patience, and statistical exits,
and punishes comfort-based SLs and emotional trade management.**

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