NY 5m sweep N reverse trading strategy

Summary

This is a mechanical strategy created specifically for NY session . The trade will be taken only during the NY session hours. The backtesting is done on the currency pair EUR/USD for a duration of about 5 weeks.

Strategy Description

- Time: 17.30 IST – 2.30 IST (NY session hours)
- Timeframe: 5m
- Instrument: EUR/USD
- Entry criteria:

1. Look for 5m structures (swing highs or lows) before 17.30 IST.
2. Wait for it to be swept and a candle to close above or below the swept low or high.
3. If there is another swing level near to the marked level, wait for it too to be swept.
4. When a candle is closed above or below the swept low or high, put a buy limit or sell limit order for the entry.

- Exit Criteria:

Stoploss:

1. Place the stop below or above the low or high formed while the sweep and close back in.
2. When SL is very less, give it a minimum threshold of 4 pips.

Target:

1. Look for 3 times the reward to take profit.
2. If TP or SL is not hit, exit at 2.30 IST when NY session ends.

❖ A few more points to consider:

- If there is no proper sweep before 17.30 IST, look for sweep inside NY session but trade is always taken after 17.30 IST
- If first trade hits SL, we can look for the next setup.
- If there are multiple SL hits, look for a maximum of total 3 trades a day.

Backtesting Process

Duration: 23 June 2025 – 31 July 2025

Instrument: EUR/USD

For each potential trade setup identified by my NY 5m Sweep N Reverse strategy, I followed a systematic process to ensure objective and accurate backtesting:

1. Trade Execution

- Monitored price action around the New York session for liquidity sweeps and 5-minute structure confirmations according to predefined rules.
- Entered long or short positions only after the sweep and a qualifying 5-minute candle close above/below the relevant level.
- Marked entry and exit points visually on TradingView using position tools, ensuring every trade was clearly identified and timestamped.

2. Trade Recording

- After each trade, logged the outcome in my Excel sheet with the following details:
    - Result: Categorized as TP (Take Profit), SL (Stop Loss), BE (Break Even), or Partial/Manual Exit, based on whether price reached the stated targets or required a discretionary close.
    - RR Planned: The initial reward-to-risk ratio (typically set to 3R for all trades).

    - RR Actual: The realized reward-to-risk achieved, calculated based on the actual exit price.
    - Max RR Went: The highest reward-to-risk reached during the trade before exit, to evaluate missed potential.
- Included dates, trade notes, and all relevant statistics for comprehensive analysis.

3. Trade Visualization

- Saved and annotated TradingView screenshots for each marked position as further evidence of setup execution and decision process.
- Used these visuals to corroborate trades logged in Excel, providing transparency and context.

This dual approach ensures every trade is backed by both data and visual confirmation, facilitating transparent, verifiable backtesting and clear assessment of strategy performance.

Trade Performance Summary

Total no of trades	32
Take profit hit	17
Stoploss hit	9
Partial profit exited	6

% of profitable trades = 71.875%

Performance Analysis

The results demonstrate a favorable balance between winning and losing trades, highlighting the strategy's potential effectiveness in capturing liquidity sweeps during the New York session.

- Out of 32 trades, 17 trades successfully hit the target profit of 3R, showcasing a strong ability to reach the planned reward.
- 9 trades hit the stop loss at -1R, indicating that risk management was consistently applied according to the defined parameters.
- The remaining 6 trades were closed manually at partial profits before reaching the take profit level. Notably, all partial exits occurred at profits above 1R, except for one trade which was closed at 0.88R, demonstrating effective profit preservation while managing market uncertainties.

Overall, the strategy achieved a win rate of approximately 53% (counting only full TP hits as wins) or higher when including partial profit exits. The mix of full and partial exits illustrates practical adaptability, acknowledging that not all trades will perfectly reach preset targets.

Key insights from the performance include:

- The ability to capture significant moves after liquidity sweeps within the NY session.
- Partial exits contributed positively by securing profits well above the initial risk, thereby improving overall profitability.
- Stop loss hits were contained, keeping losses within manageable levels and preserving overall capital.

This performance indicates a promising edge with well-defined risk-reward management and realistic trade management flexibility. Further forward testing or live trading could help validate and refine these observations.

Performance Visualization: Fixed vs. Compounded Risk

Introduction

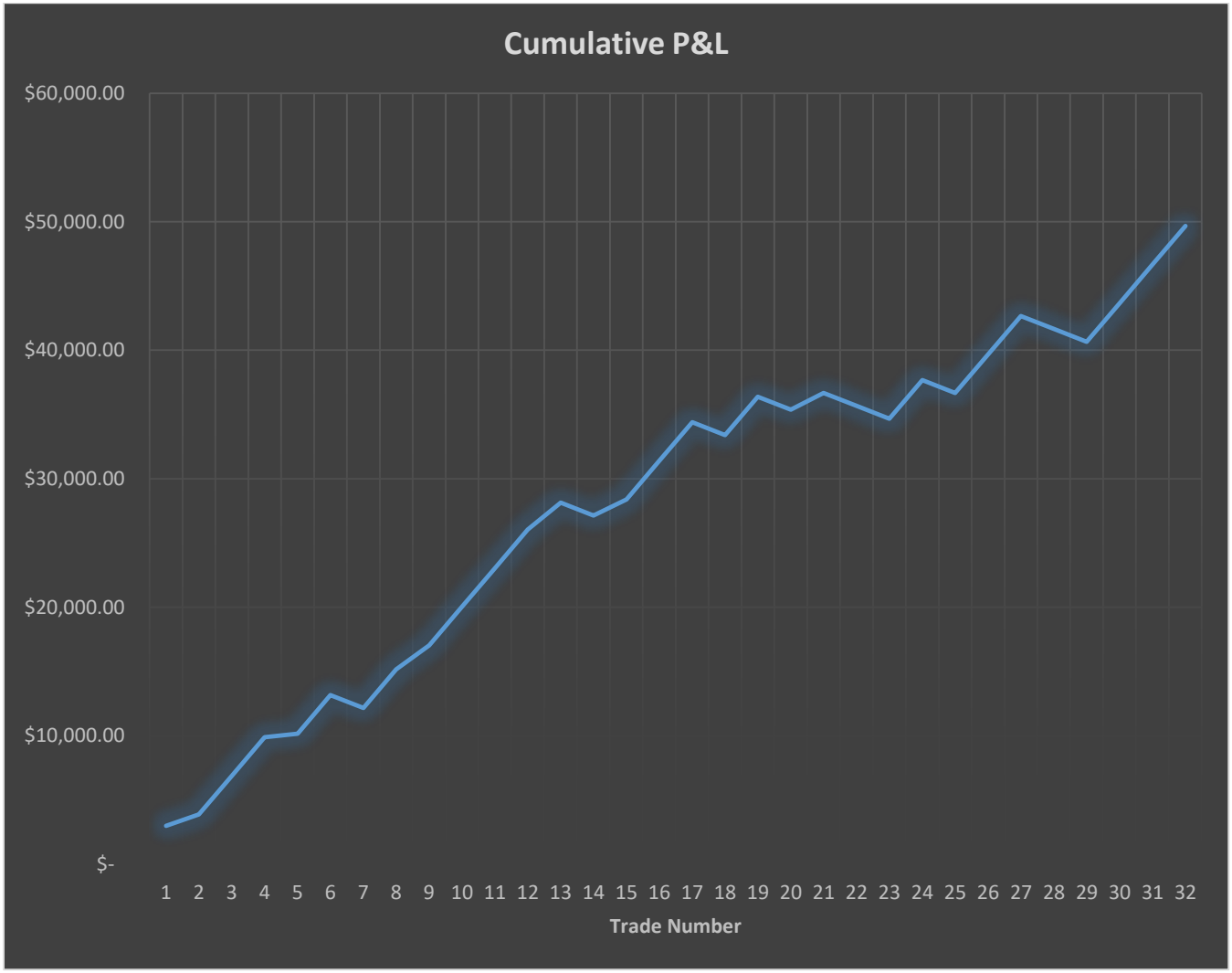
To comprehensively assess the performance of the NY 5m Sweep N Reverse strategy, two key growth curves were plotted: one using a fixed dollar risk per trade, and another utilizing dynamic position sizing by risking a percentage of the account balance. Analyzing both approaches provides a holistic understanding of the strategy's profitability, consistency, and suitability for real-world application.

Cumulative P&L Curve (Constant $1,000 Risk Per Trade)

The first graph (see below) displays the strategy's cumulative profit and loss, scaled to a constant fixed risk of $1,000 per trade. Each point on the curve reflects the running total of cumulative Reward-to-Risk multiples, showing how the account's P&L would evolve without compounding.

Interpretation:
This curve highlights the underlying statistical edge of the strategy, illustrating its ability to deliver consistent profits over a 32-trade backtest while managing drawdowns. Because the risk per trade is fixed, the effect of compounding is excluded, isolating pure strategy performance.

Cumulative P&L Curve – Fixed $1,000 Risk Per Trade

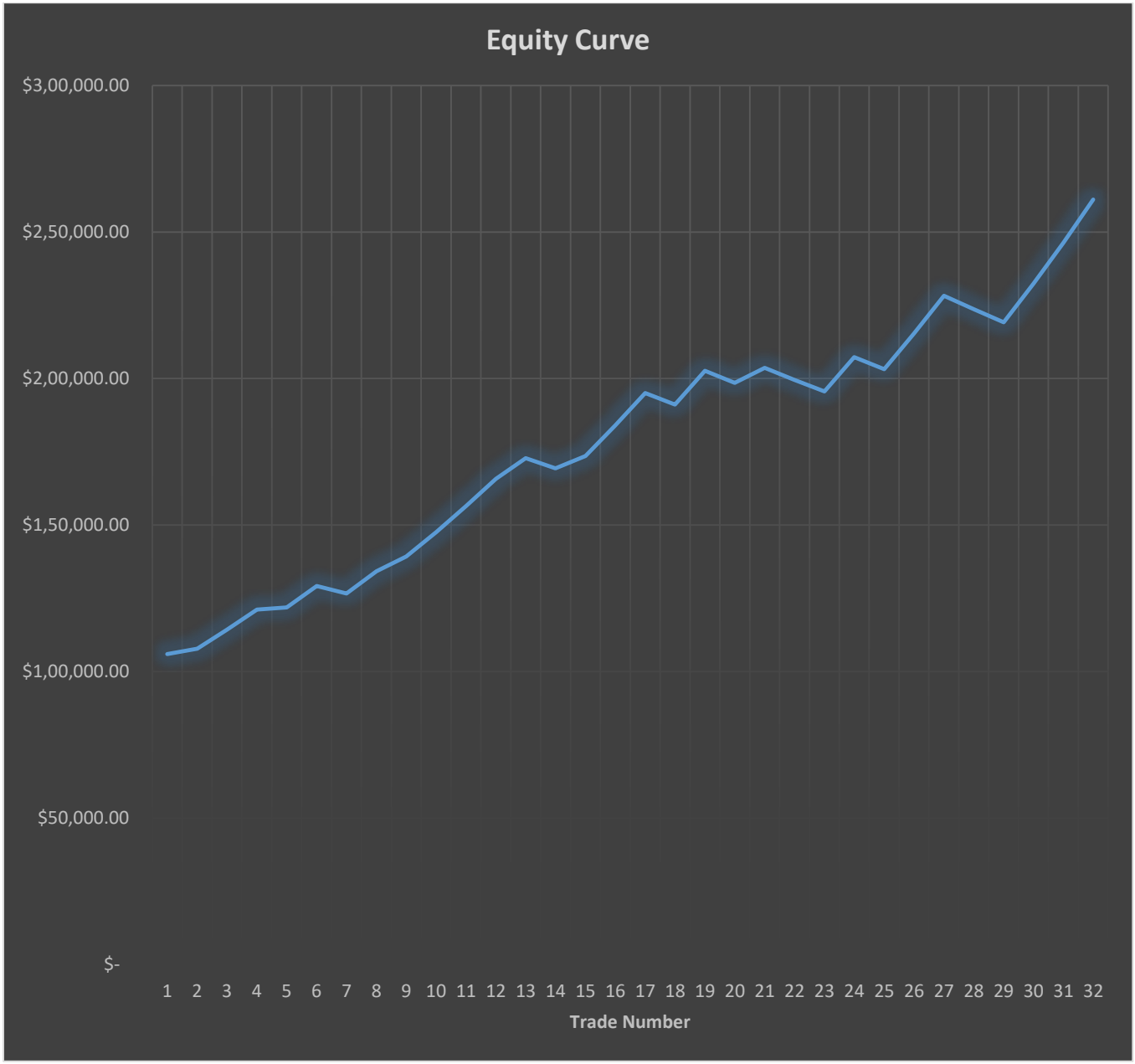


Equity Curve (Compounded, 2% Risk Per Trade)

The second graph shows the compounded equity curve where each trade risks 2% of the current account balance, starting with $100,000. This simulates live trading conditions as position sizes grow with profits and decrease after losses, creating a realistic trajectory of account growth over time.

Interpretation:
The upward curve demonstrates both the profitability of the strategy and the powerful effect of compounding on account equity. Drawdowns and recoveries are more pronounced, reflecting real-world trading dynamics and the importance of position sizing and disciplined risk management.

Compounded Equity Curve – 2% Risk Per Trade, $100,000 Starting Balance



Summary Comparison

By presenting both the fixed-risk and compounded equity curves, it’s clear the NY 5m Sweep N Reverse strategy delivers robust performance under varying risk models. While the cumulative P&L curve isolates pure statistical performance, the compounded equity curve provides an authentic view of potential account growth—critical for evaluating the real-world viability of any trading system