52 Week High Breakout

Introduction: -

In this project we make an automated trading strategy according to 52-week high breakout trading strategy and then backtested it on the last 15 years' data for the stocks in Nifty 50 from 2008.

To make this project we use python and their libraries like pandas, numpy etc. And to get the data we used Yahoo Finance.

For this strategy I made some rule for trading –

- Buy when the stock recent weekly closing price is above the last 52 week closing price.
- Then our initial Stop loss will be 30%.
- And our target will be 300%. So basically for trade we take initial Risk: reward ratio of 1:10.
- To protect the gains when stock moves in our direction, I used Trailing Stop Loss of last 25-week low.
- My initial Capital was 80lac. And in any trade I used only 1.25% of capital. So there will be very less risk taken in every trade. That will reduce our profit but it will insure that there will not be too much effect on our account size when we will make a wrong trade.

Results: -

Following results, we get:

- We make profit of 390lac during the last 13 years' period.
- So our absolute return was 481.2 % during that period.
- Average annual return was 37.1 %.
- CAGR for that period was 14.5%.
- Sharpe ratio was 0.82.
- Max. loss in one year -20.06% in 2020.
- Max. profit in one year 145% in 2018.
- Top performing Stock is BajFinance which give profit of 133Lac.
- Worst performing stock was Unitech which give 87k loss.