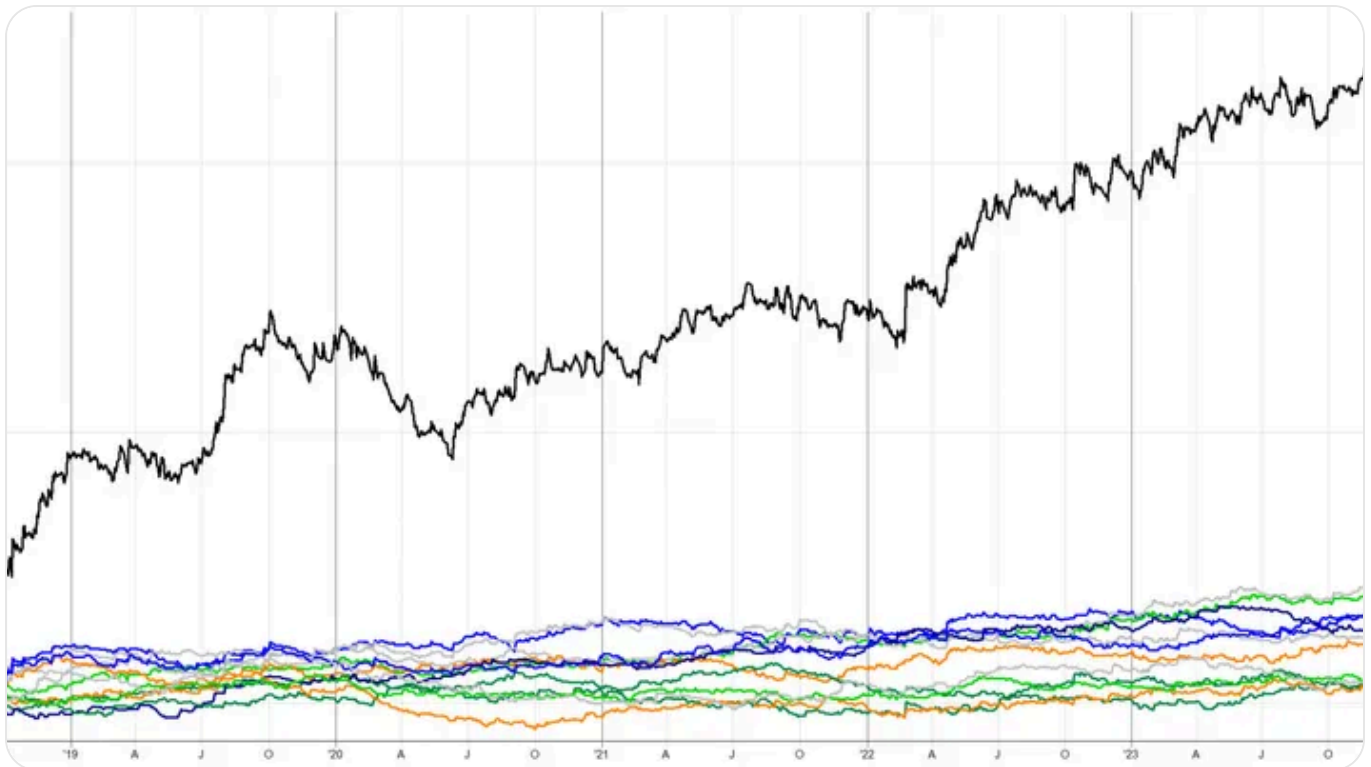


Trading Strategies · Oct 3, 2024 · 3 min read

## Day Trading Volatility Breakouts Systematically [All Rules Included]

Discover a proven intraday momentum trading system using ETFs and futures, delivering strong returns with effective risk management across multiple markets.

Peter



One of my primary approaches that I actively trade live within my systematic portfolios is intraday momentum trading. To implement this strategy effectively, I utilize Exchange-Traded Funds (ETFs) and futures contracts, as they offer greater efficiency on margin.

Below is the equity curve from a backtest conducted on the following markets:

- SPY (SPDR S&P 500 ETF Trust)

- IWM (iShares Russell 2000 ETF)
- QQQ (Invesco QQQ Trust)
- GLD (SPDR Gold Shares)
- USO (United States Oil Fund)
- DIA (SPDR Dow Jones Industrial Average ETF Trust)

Standard commissions from Interactive Brokers are included in the results. The backtests were performed using 1-minute interval data. I personally trade this strategy live and achieve similar performance characteristics.



The strategy's performance (black curve) is compared against the performance of simply holding SPY (SPDR S&P 500 ETF Trust) - orange curve. The graph is presented on a logarithmic scale for clarity.

## Backtest Results

The backtest, spanning from 2018, encompasses a robust sample of 9,023 trades. Each trade is initiated with a strict stop-loss mechanism. By risking 0.33% of the account per trade, the strategy yields an annual return of 27%, with a maximum drawdown of -32%. The Sharpe ratio stands at 1.04, indicating a favorable risk-adjusted return.

## Description of Trading System Rules and Live Trading Experience

The system employs a straightforward volatility breakout strategy. The specific rules for this model are as follows:

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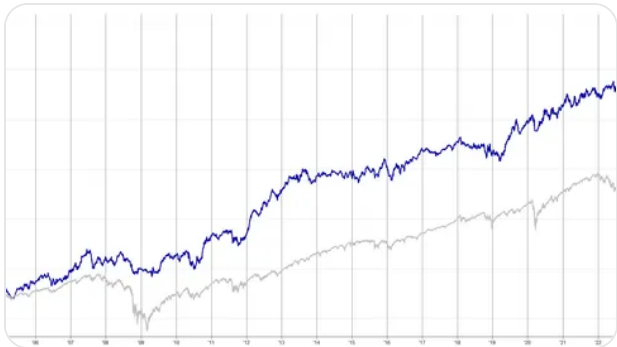
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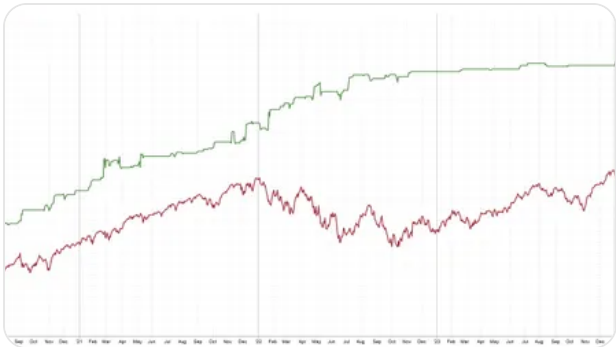
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