

## BunnyGirl's FAQ

Rev 1.0

### Basic Entry & Exit Conditions

- Pairs traded **EUR-USD, GBP-USD & USD-CHF. EUR-JPY** traded sometimes. Other pairs have been tested for this strategy but were deemed not suitable.
- 5 WMA crosses 20 WMA on 30 min chart + Filter
- Filter is used to minimize whipsaws. Based on eyeballing past crosses looking for failures and seeing how many pips on average the move made before failing. Filter currently (28/08/04) set for 20 pips for Eur & 25 for the other pairs. If going long add spread to filter. Spread is not added for shorts.
- Chart set up: 5min, 30 min, 4hr & daily charts with:
  - 5, 20 and 100 WMA.
  - 2 x Stochastic: 5,3,3 and 50, 3,3
  - RSI 14
  - Bollinger Bands 20, 2
- Forex is a 24hrs market but take 00:00 GMT as the Daily open. Take long crosses above the daily open, short crosses below the daily open unless they're say 50 pips or more away. I don't take crosses that head smack bang into the open because it's too risky.
- Stop loss is the cross ( but use judgment if cross is close to daily open, 100wma etc)
- 1st target is the bollinger band, 2nd target is 100 pips from top/bottom, 3rd target is wma20 on the daily
- Stops: move to break even after +20 (+10 if trade stalling)
- I trade 4 lots - 1st lot out at +30; When you have 30-50 pips set stop to 30pips; 2nd lot out at +50; When you have 50-100 pips set stop to 50pips; 3rd lot out by trailing extreme of previous bar if average length (minimum +30); When you have 100 pips or more set the stop to 100 and trail it every 10 pips.
- Never enter in the last 5 minutes of the 30 minute bar, wait for the next bar to break the lower low or higher high of the previous 30 min bar
- Don't enter when the 100wma is near to the cross, if the price is heading towards it (the distance has to be more than 20pips)
- Don't enter if there is strong resistance nearby, or if it is heading against the daily trend or hovering around the entry level for quite some time (2 - 3 hours)
- A bounce is treated like the cross
- If you're stopped out would you have to wait for the another cross or bounce and enter if it makes a lower low or a higher how on the 30min bar or 20 pips (which ever is the least pips)
- When all 3 pairs reach entry level at the same time, take all 3 pairs as this is one of the best signals
- If you have entered and the market has not moved for some hours will you move down to a 5 min bar to take a quicker exit rather than let it hit the initial stop.

### Bunnyisms

**Three in a bed:** wma5, wma20 & wma100 all in the same area

**In the dark:** middle of a 30 min bar

**Shadow zone:** Daily chart - created when the price moves up/down then retraces back to the opening price.

**The 5:10:** 5.10 is going home time (London), an important time on the 5 min chart for maybe scalping or even a bigger move, stops get moved in tight at end of day, then they get taken out

**Mr Sheen:** after a large move, price generally retraces i.e. "in the dust". I like to see it retrace at least 25 -30 pips. The ideal set up for Mr Sheen is when the 5 min bar makes a reversal by bouncing off the wma20 or wma100, then take the breakout of that bar. If the reason for entry is the bounce down on 5 mins chart, then the stop should be just above the high it made on the retrace on the 5min

## The Nuances

I trade normally from 7am GMT until 5 pm GMT, sometimes 6am depending how the night before has been. I usually take a peek around 1am to see the daily open.

**Q:** Do you prefer certain days?

**A:** Tuesday & Wednesdays are my favourite days but I trade all 5 days.

I'm normally here in chat from around 7am GMT until 5pm GMT trading.

I aim for 1 trade per pair per day, but sometimes 2 trades. 50 pips per day is a realistic goal & 50 pips per day is my target. I look for 250 pips per week minimum.

Best time to trade generally is 06:00 - 09:00 GMT and 12.30 - 15:00 GMT. Be wary of entries between 10:00 - 12.30 GMT and after 16:00 GMT. Europe & US openings are the most reliable. Be aware the trend can change when a new market opens.

The cross is my main tool in the box, but I also use several others i.e. Mr Sheen, Gimme bars (<http://www.trading-naked.com/JoeRossGimmeeBarSetup.htm>). The cross is for trends, Gimme bars are for ranging & Mr Sheen is for big news & re-entering the cross if stopped out

I use fibs at the start of the day. I use fibs whenever I see a nice top or bottom

Watch for a fib retrace when market opens - the market does that at that time of the morning, moves just enough to make you think it's going one way, then 7.30 hits & it turns and goes back in its pre-open direction.

RSI 14 - I like the crossing of the 50 line best

A pattern that you will see all the time is the price will come back to test the cross or the wma20 & sometimes cross by just a few pips.....that's because there will be a lot of stops located there. Once those are taken out it will carry on it's way ...put your stop at 10 pips past the wma20.

Try not to exit (or enter) in the last 5 min of a 30 min bar. Try to wait to see what next 30 mins brings and trail stop down to high of last 30 mins if you are short. Opposite for a long.

I always look too for the struggle at 100+ levels. If the price has moved 100 pips from a top or a bottom in the day there's usually a bit of a struggle where people are taking profit or cutting losses. The round numbers can stall it for a while too.

If the wma5 is above the opening I take long crosses and if the wma5 is below the open I take short crosses. Then if & when it hits the wma5 I wait to see if it reverses, especially if the wma5 is in the 20 - 40 pips zone away from the opening.

Why 2 different slow stochs? Because 1 is slower than the other, but when both are at extremes I don't ignore them. When both have turned at the extreme (both at top or both at the bottom), then watch what happens around 2 - 4 bars later. Also watch for divergence on the stochs.

**Q:** Do you consider the stochs and rsi only on the daily or all timeframes?

**A:** All timeframes, usually gives me 1 to 4 bars warning of what's about to happen

**Q:** Am I right in saying that you have to wait for rsi to cross 50 after the stochs make extremes, even though the stochs may be in the middle by the time the rsi is crossing the 50 line?

**A:** The more evidence you have the lower the risk, when you see both stochs turning wait for it to break the high/low of the last 4 bars

**Q:** What do you do when you arrive at your charts in the morning and find that the cross has already happened and the filter has been filled and now the price is 10 pips or so past the filter. Do you jump in or wait for the next train

**A:** I wait for a new bar to begin & take the breakout of the previous bar

**Q:** does fibs prevent your entry sometimes?( when the cross and 20 pip criteria has been met)

**A:** Only the daily open prevents entry for me these days

**Q:** Have you ever found that the price has moved in your favour by 10 pips at which point you move our stop to B/E, only to find that the price has come back to take you out before continuing on its way in the original direction? What do you do about it? Do you ALWAYS ALWAYS move stop to B/E at +10 pip

**A:** No I don't, it all depends where in the 30 mins I am. If it's in the dark then I'll hold to see how the 30 mins ends, if it's close to the 30 mins end then I might move SL in tight. I would prefer to take part profit at +10 & then move stop, at least you make some pips

**Q:** Do you reject many crosses that are in your preferred times?

**A:** No, I prefer to go in with smaller stake & see than not enter at all (Toe in the Water)

**Q:** Whilst trading the Cross + filter, do you only look at the 5 min chart after you have had your run of greater than 50 pips? Are there any other circumstances where you would look at the 5 min chart before the 50 pips have been achieved?

**A:** Yes ...when it stops moving.

**Q:** OK, so when the 30 min chart is dragging its heels, you move down to the 5 min to see when you should exit. This is done by looking for a bar to open on the opposite side of the wma 20. Is this all correct?

**A:** Sometimes I just look for a reversal bar on the 5 mins, it maybe nowhere near the wma20. Using the 5 mins is 1 way of exiting; there are loads more you can use. The other exit methods are approaching the 100wma, bounce off the BB (gimme bar), 100 pips from high/low, approaching open of day, approaching local Res levels and pivots, round numbers. And the opposite end of the previous bar. I split my exits into 4 parts, 1 strategy for each part. I find that the best exit has a different strategy every trade; there is no best way to exit, so by splitting the exits I try to get the best somehow.

**Q:** What charting software do you use?

**A:** I use [NetDania](#) charts.

**Q:** What broker are you using?

**A:** I go with [Saxo Bank](#) and [CMC](#).

**Q:** Are you full-time trader?

**A:** Yes I am.

- *A discussion about a new 30 min candle & setting of SL.*

**Q:** Is the latest SL 5 pip below cross or at the cross?

**A:** I give it a little elbow room, but no more than a few pips especially if it's coming to the end of the 30 mins. If the new 30 mins breaks out then I'm out like a shot.

**Q:** So if you see a breakout, it could be the beginning of a candle and then if you get out, you may find its turned around, do you get that a lot?

**A:** If I'm waiting to enter I wait for it to go the wrong way & then enter when it crosses back over the open of the bar, but when it's near the stop it either has to turn in the right direction on the 1st pip of the new candle or I'm out.

**Q:** So if prices retrace back to the cross, you have a few pips spare. Is there any condition you would get out before it even hit the SL?

**A:** If you think about it...if it's gone back to just beyond the cross & closed it needs to turn back straight away otherwise you're heading for the entry in the opposite direction and that's exactly what we were talking about this morning...if it closes beyond the cross without hitting the filter, you can jump the gun on the breakout so you could even say stop & reverse if it closes just beyond the cross & then breaks out.

**Q:** What's a measuring bar bunny

**A:** A large candle that subsequent prices either open or close within the range of that candle.

**Q:** What's the significance of it?

**A:** Whilst prices stay within measuring bar we're stuck in a range.

**Q:** What do you use to make the trend vs. range determination?

**A:** mainly bolls & staying above the wma20 If we get gimme bars bouncing from one side to another then we're in a range & if we get the measuring bar like on gbp today we're in a range.

**Q:** Do you use daily chart for positional trading?

**A:** When the 30 mins, the 4 hour, & the daily are all crossing then I go for the long term if I can. On the day of the crossing of the daily chart, I use the previous day's high/low as the stop. The target will depend on where in the band the cross is & what pattern candles we have & where the RSI is & how important a level it's at, where the daily wma100 is...how many times has it been hit before? I use the previous day's high/low as the stop.

**Q:** After your entry, (and 5wma came back to 20wma) when it bounces off the WMA20, would you have considered that as a new cross and started your filter again or would you have kept counting from the original cross?

**A:** If it's a bounce after the market has been flat then I would use a filter, in this case I would probably use local resistance levels.

**Q:** How would you use the LRL in conjunction with deciding when to enter?

**A:** Re-enter when a higher high was made. I also move down to a 5 min chart for a close look, you may see a cross up there.

- *A lesson on the 5 WMA & daily price action*

If you take a look at the daily chart with the wma5 & wma20 on you'll notice that the price touches the wma5 at some point on most days. Well if the wma5 hasn't already touched the wma5 that day, there's a good chance that it will. You'll also notice that a lot of the days have a spike of 30 - 40 pips. Take a look at the eur/usd & see how many days has a little spike at the top for down days or a spike at the bottom for long days. It happens on all 3 pairs though. It likes to move the wrong way those few pips first, then cross. So if the price has crossed on the 30 mins, is on the right side of the daily open & it's already touched the wma5 for the day then take it, especially if the price is crossing over the daily open as part of the filter pips for the cross & especially if the cross is happening around 00.00 GMT. If it's really slow it might not happen until around 7am GMT though. Look at the 00.00 GMT price, wait for it to

move 30 odd pips away, then wait for the turn when it crosses back over the opening price, try to hold it for the day. That's about as long term as you can get intraday. Then look to close around 4pm GMT. You can use the turning point as the stop loss (the 30 odd pips), so low risk because if it goes more than that then the day is going in the other direction. Putting the pieces of the puzzle together, those first 30 odd pips are just Mr Sheen anyway, every move is either with the cross or it's a Mr Sheen retracement.

- *A lesson on turning points.*

Shall we have a look at this chart then? OK..gbp...daily chart...wma5. Are we agreed the price likes to touch the wma5 at some point most days?

Or at least get to within a few small pips. I'll take that as a yes then.

See the 15th June - 16th July?...wma 5 is touched every day. What happens on the 19th July?...it doesn't touch. What happens after that?

Yep...goes down, we get a 600 odd pip drop. 28th July...we get a warning sign...wma5 not touched, 29th is the last down day, the bottom I mean.

Notice the difference?...19th July was a big down day...followed by big drop, 28th July was a doji day - just a warning of what was to come. So we have 1 more day on the 29th & then up it goes. 29th July - 6th August we touch wma5 every day, up nearly 500 pips in total. What happens on the 9th Aug?...wma5 doesn't touch it was a little doji, & on the 10th it drops just 300 pips this time. 16th August...wma5 not touched...what happens next? Do you see what I'm getting at? 19th Aug we had the cross down & it hasn't looked back since, that's why gbp calls had to be short today long would just be fighting the trend, unless you were scalping.

Even if you only trade the day after the wma5 doesn't touch you could make a lot of pips, but see how often it happens...nearly every time the wma5 doesn't get touched it's either a reversal or a warning of a reversal. Eureka!

Just wait for the price to go past the daily open in the right direction & Bob's your uncle. But if we know the direction of gbp we can trade the other 2 pairs most of the time. GBP daily..12th November - 9th January wma5 get's touched every day.



Here's GBP chart for today 01/09/04, as I saw it.

A - cross down at 1.8026, waiting for entry 1.8001

B - 1.8001 reached in the last 5 mins of the bar...no entry

C - entry hit again 1.8001, taken this time, closed below wma100 (good sign)

D - finally made low of 1.7917 (exhaustion bar) minimum +50 pips

E - very nice bounce down off wma100 - notice the Baruch in the previous bar  
NB: A bar that crosses down in price but the wma don't cross is known as a Baruch bar.

F - we have a wma5/20 bounce down at 1.7972, waiting for entry 1.7947 if seen

G - sorry, this arrow should be pointing to the bar before it, but I couldn't erase it - anyway - entry hit 1.7947

H - highest reached 1.7964 (still below the bounce) & closed below wma20 ( a good sign)

I - lowest reached 1.7892 (+55 pips) - if you take a look at a 5 mins chart here you'll see there was plenty of time for exit with at least +30



The chart is in UK BST time (GMT +1 hour). The reason I was keen to post this was to point out something I don't think I've covered in the thread before. If the bar that makes the cross closes in the wrong direction it may be possible to enter early if the following bar continues through the cross. I hope I'm not complicating things here...but I use the area where I would normally enter (after the filter) as my first target. If all is well with the cross it's a chance to add to positions here, but if it falters and we're in a range at least we have some pips in the bank. I would like to stress very much - this is the only

set-up I enter early without waiting for the filter.

For example:-

Look at the 15.30 bar which started out by attempting to cross down. By the close of the bar it was heading up back in the direction of the cross. I entered long just above the close of this bar at 1.2174 which was 1 pip above the wma20 at the time, with initial target of 1.2199 (previous high of the 15.00 bar) and stop at 1.2154 (1 pip below the previous 30 mins & also the wma100). It then went on to reach a high of 1.2220.