

RENKO basics and setting up the charts

- Renko charts consist of brick-shaped bars, stood on end..
- Each brick represents x pips of movement up, or x pips of movement down. x is a user input. In this picture, each brick is 10 pips.



Renko charts are independent of time-frames. A new brick only starts when the previous one has moved x pips. The yellow arrow is pointing towards a brick under formation. It looks like the standard candle we are all used to seeing, because the price has to move a full x pips (in this case 10) either up or down from its open price before it becomes a brick and the next one forms.

As illustrated, the bricks do not show the full extent of up and down movement in the price whilst they have been forming. It is possible to generate bricks that also show wicks.



Whether to have, or not have, wicks is a personal choice that depends on what you are trying to do. The *body* of the brick always represents your choice of x pips movement either up or down.

Why do some traders use Renko bricks? Primarily, this is because each brick represents solid movement in the direction of the brick.

- Rising bricks are only created when the market has moved x pips up from the close-high of the previous one.
- Falling bricks are only created when the market has moved x pips down from the close-low of the previous one.
- The price has to move x times 2 (20 pips on this chart) for the bricks to change colour.

This means we are basing our trading decisions on pure price action; time does not come into the equation.

- In a quiet market, bricks will take a long time to form.
- In a rapidly-moving market, they will form quickly.

Setting up your Renko charts

There is no facility within MT4 to create Renko charts, so we need some extra software to do this. RenkoLiveChart_v3.2 does this and is attached to post 1 in the thread from which you downloaded this pdf. Download it to the Experts folder of your MT4 platform. If you do not know how to do this, the Google 'installing mt4 experts' to find sites that will explain this simple process.

Each pair we want to trade will have two charts:

1. A 1 minute time-frame chart
2. A second, offline chart

Imagine you are going to set up a GU Renko chart.

Step 1 is:

- load a new chart
- change to the M1 time frame
- turn off chart shift and auto-scroll. You will see the buttons at the top of the chart; they look like this:



- use the scroll out tool (usual spyglass tool used by most Windows software, found next to the auto-scroll/shift buttons I showed above) to scrunch the chart up as much as you can.
- Press the Home key until the chart has shifted back a few days.
- Right click on the chart and select 'Refresh'. This makes the platform update the M1 history with missing bars – click on the Journal tab to see how many bars have been added. You need to do this to ensure that prior bricks are created from the most accurate tick data possible. It *probably* doesn't matter how accurate the historical data is, but better to leave nothing to chance.

Step 2 is:

- Go to the Navigation window and open up Expert Advisors. Drag an instance of RenkoLiveChart_v3.2 onto the chart – all you have to decide is whether you want to display the wicks or not. You can always change your mind later on.
- Once the M1 chart receives a tick, you will see a comment instructing you to open an offline GU M4 chart, so:
 - click Files, then Open Offline. After a few seconds, that offline chart window will fill with a list of available charts – this might take a while.
 - Scroll down to the M4 GU and open the chart.

The offline chart off which you will take your trades will appear. From here, you set it up as candles/bars etc with your choice of colours as usual.

Remember: the M1 chart hosts RenkoLiveChart_v3.2 that constructs the bricks on the offline chart. It is of no further use to you, so simply leave it doing its thing and ignore it. You trade from information gained from the offline chart.

Another thing to remember is this: indicators, scripts and ea's *appear* to work on the offline

chart using Renko bars, as the do on 'normal' charts. Unless this is proven otherwise, I am assuming this to be true.

Have fun.