

## **Steve Hopwood's ZigZag Swing Break auto-trading robot**

Welcome to my swing trading robot. Remember: **you use at at your own risk; using it does not guarantee profitable trading. A lot of people loose a lot of money trading Forex.** .

The robot starts by identifying the latest swing high\low on a higher time frame than the one that will actually be used for trading, then waits for a break of either the high or low of the swing.

- When a new htf swing is established, the robot cancels the momentum and awaits a fresh break. When run on a chart for the first time, most momo reading will be blank, as a break of the swing will rarely have occurred at this stage.
- When the price breaks the swing high, the robot will take the underlying market momentum to be upwards, and will look to trade long after a lower time frame swing low. It will continue to regard the momentum as up until the price breaks a htf swing low.
- When the price breaks the swing low, the robot will take the underlying market momentum to be downwards, and will look to trade short after a lower time frame swing high. It will continue to regard the momentum as up until the price breaks a htf swing high.
- From here, the robot looks at a lower time frame to actually place trades. Taking an overall long trade as an example:
  - When the robot identifies a lower tf swing low, it takes a long trade if the momo is upwards..
  - When it identifies a lower tf swing high, it closes the open long trade. It also closes the trade if it identifies a break of the htf swing low..

That's it. Pure price-action trading.

### **The Trading Method**

To summarise, the trading method is this:

- Use the ZigZag indicator to find the most recent swings high and low on a higher time frame chart.
- Go to the lower time frame chart to do the actual trading. Use the Fractals indi to spot ltf swings. Entry is:
  - Upwards momo: wait for a swing low then buy on the third candle after the fractal appears.
  - Downwards momo: wait for a swing high then sell on the third candle after the fractal appears.
  - Stop loss is a distant, 'emergency' stop in case of system failure, disconnect from the broker etc.
- Exit is:
  - hits a stop loss or take profit, calculated using Atr
  - hits a stop loss monitored by mptm
- This is intended to be a medium-term strategy but there is no harm in experimenting with, say, trading the 15M whilst using the D1 trend. The choice is yours.

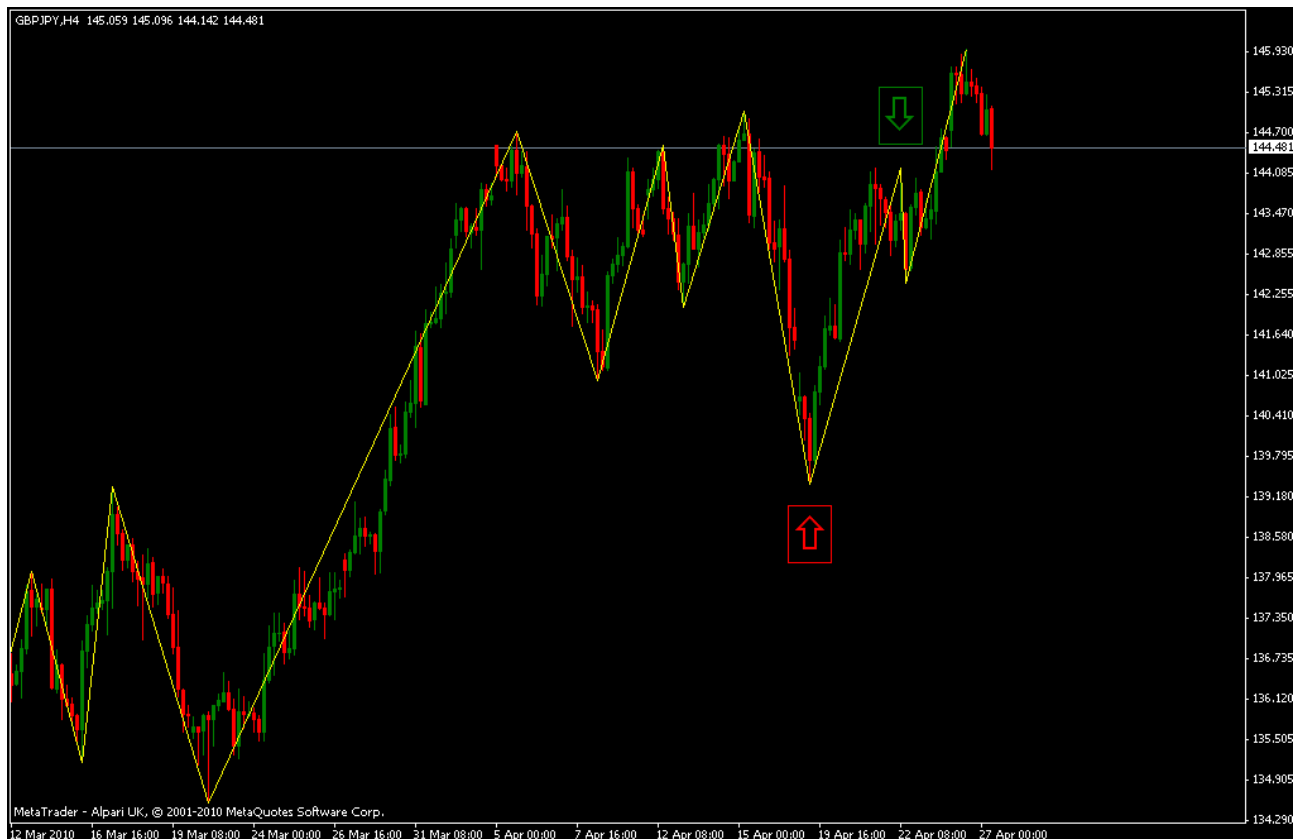
**Newbie traders** who do not understand the concept of 'swing high' and 'swing low' can read the 'Swing and Atr' pdf that is included in the zip.

## **ZigZag and Fractals**

Taken together, these look like a formidable team. Fractals are excellent for spotting the most recent swings; they ignore the longer term move and so are perfect for timing entries and exits.

ZigZag is a custom indicator that you will find in the Custom Indicators section of the Navigator window. This is fantastic for outlining the major swings. Drag both zz and frac onto the same chart and you will instantly see the difference in the way the two indis work.

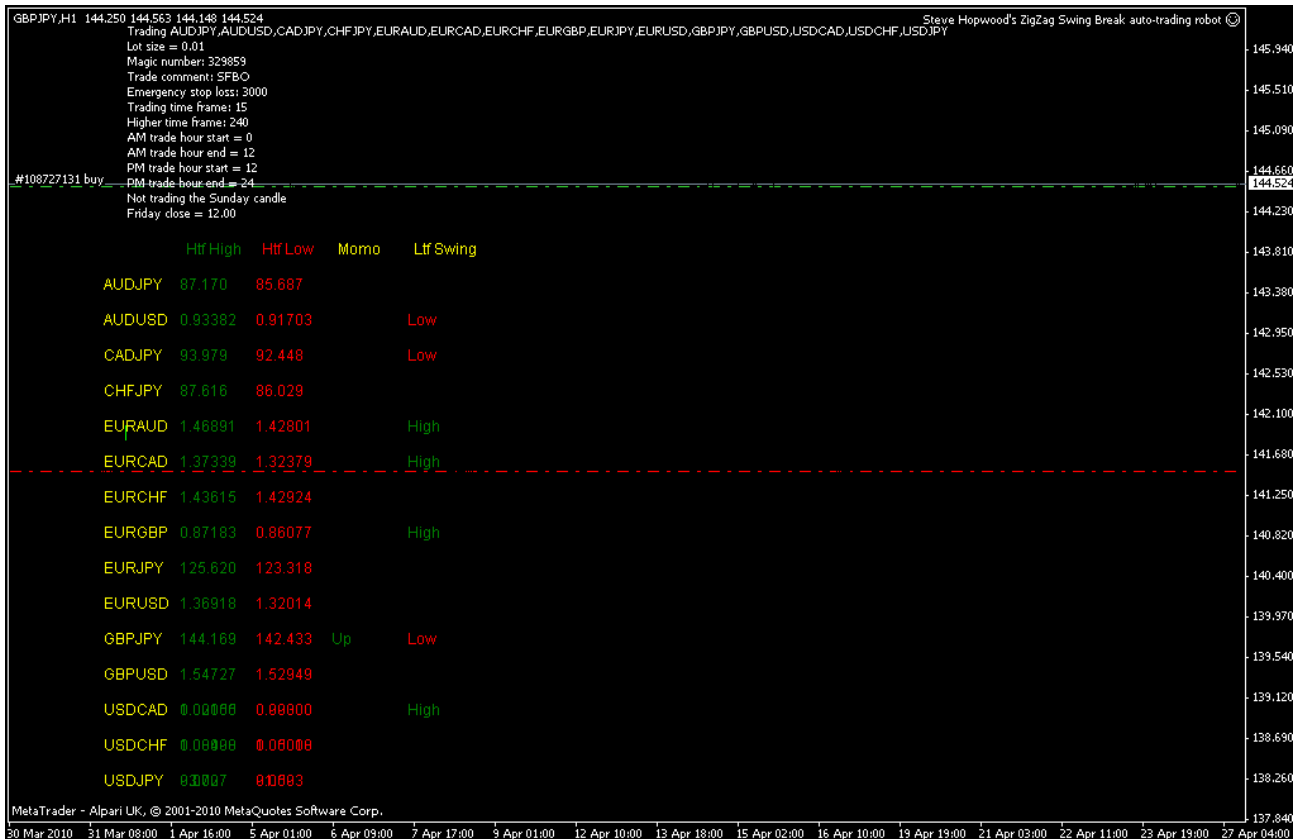
In this picture, I highlight the most recent swings – green arrow is the swing high; red arrow the swing low.



You can see that the price has broken through the swing high, so the momentum in the market is upwards and the robot will look for long trading opportunities. It will continue to do so even if the market drops below the swing high. Eventually, such a fall will create a new swing high; the robot will then await a fresh breakout.

## Using The Robot

The robot is a multi-pair trader, which means you can drag it onto a single chart (GBPJPY because it generates the highest tick volume). There is lots of screen feedback to tell you what is going on. Your chart will look something like this:



If you are unfamiliar with swing trading, I suggest you treat the robot as a single pair trader, with just one pair in the PairsToTrade input. Drag it onto the chart appropriate to the pair and add a ZigZag indi so you can see the information the robot is working with. You will not need a new magic number for each pair. The robot is independent of the chart time frame, so you can switch any number of times to different tf's to see what is going on.

Once you are confident you understand what is going on, then delete all those charts and set the robot up as a multi-trader.

Each pair displays the htf most recent swings high, low and trend. I might remove the irrelevant swing later on.

### A couple of points to note:

- If you use this robot on a live account, you will have to change the magic number. I recommend you change the trade comment as well. The idea is to hide from the criminals, the fact that a number of people are using the same trading robot.
- Changing the magic number and PairsToTrade inputs will not have an immediate effect. You need to do this:
  - make the changes
  - save the set file
  - reload the robot and load up your set file.

The robot's inputs along with their defaults are:

- **PairsToTrade = AUDJPY,AUDUSD,CADJPY,CHFJPY,EURAUD,EURCAD,EURCHF,EURGBP,EURJPY,EURUSD,GBPJPY,GBPUSD,USDCAD,USDCHF,USDJPY:** the list of pairs you wish to trade. Separate each pair with a comma. Do not add pair suffixes such as IBFX 'm'; the robot detects these and automatically adds them.
- **Lot = 0.01:** make sure this lot size is accepted by your criminal.
- **MagicNumber = 329859;**
- **TradeComment="SZBO";**
- **Atr inputs:**
  - **AtrPeriod=14:** the number of candles on which to base your Atr. 14 is the usual default when using this indicator.
  - **AtrTimeFrame=240:** the chart time frame for the Atr calculation
  - **TakeProfitMultiplier=1.5:** the robot uses this multiple when calculating the take profit using the Atr.
  - **TakeProfitMultiplier=1:** the robot uses this multiple when calculating the stop loss using Atr.
- **TradingTimeFrame=15:** the time frame you wish to trade, expressed in minutes. Default is M15, but might be better to me M30 or even H1.
- **HigherTimeFrame=240:** the higher time frame you wish to use to ascertain the trend, expressed in minutes. Defaults is H4.
- The next 4 inputs are your trading hours. The defaults allow trading all day.
  - **start\_hourm = 0;**
  - **end\_hourm = 12;**
  - **start\_houre = 12;**
  - **end\_houre = 24;**
- **FridayStopTrading=true:** tells the robot to stop trading at StopTradingHour on Friday
- **SaturdayStopTrading=false:** for those whose markets are still open on Saturday
- **StopTradingHour = 12;**
- **TradeSundayCandle=false:** tells the robot whether or not to trade the Sunday candle. This will not be relevant to you if your markets open on Monday.

As well as this list, there are the inputs that allow you to adjust display to your liking; play with them.

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