NY Open Expansion Model - Trading Guide

This document summarizes the NY Open Expansion Model discussed in the conversation. The model focuses on volatility expansion that occurs after the market open and captures impulsive moves using ATR-based filters and liquidity sweeps.

1. Market Phases Around NY Open

Time (EST)	Phase	Description
9:30 - 9:31	Liquidity Shock	Overnight orders executed, volatility spike.
9:31 - 9:33	Liquidity Sweep	Stops above/below range are triggered.
9:33 - 9:37	Expansion	Institutional move begins with strong impulse candle.

2. Setup Structure

Step 1: Define a micro range using the first candles after the open (example: 9:30–9:32).
Step 2: Watch for a liquidity sweep where price briefly breaks the range high or low.
Step 3: Wait for a strong impulse candle signaling the start of expansion.

3. Impulse Candle Rule

An impulse candle confirms institutional participation. A common quantitative rule is:

Impulse Size >= 1.6 × ATR(14) on the 1-minute chart.

If a breakout candle is smaller than this threshold, it may be a fake expansion.

4. Entry Rule

Enter the trade when price breaks the high or low of the impulse candle in the direction of the expansion. This confirms continuation of momentum.

5. Stop Loss Placement

Place the stop loss above the liquidity sweep wick (for shorts) or below the sweep wick (for longs). This keeps the stop tight while protecting against trap reversals.

6. Trade Management

Position Portion	Target
50%	Take profit at 1R
25%	Take profit at 3R
25%	Trail position for trend expansion

7. Advanced Filters

Additional filters used by professional traders:

- ATR must be rising (volatility expansion phase).
- Trade in the direction of EMA slope.
- Confirm break of previous 3-candle structure for stronger momentum.

8. Typical Outcome Probabilities

Outcome	Approx Probability
Stop Loss	45%
Small Win (~1R)	25%
Large Expansion (5R+)	30%