

WELCOME!

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"DOUBLE BARREL GUN" SHORT-TERM STRATEGY BY A.BULANOV

Strategy equity chart (conservative MM)





- 1. Brief introduction to the strategy
- 2. Strategy rules
 - a) Defining the direction of trend
 - b) Volatility of the instrument
 - c) Rules for opening and closing a position
- 3. Money management
- 4. Strategy performance indicators



1.Methods of analysis (25%)

2.Money management (25%)

3.Psychology of trading (50%)

Building a trading strategy

Investment instruments

- Method of analysis
- Operating principle
- Time frames
- Analytical tools
- Trading rules
- Money management
- Strategy performance indicators



FOREX FUTURES STOCKS



Fundamental Analysis(FA)

Technical Analysis(TA)

Quantitative Analysis(QA)



Trend following strategies

Range-bound strategies

Other strategies

Trend following strategies







LONG

SHORT

NO TRADE

Analytical tools:

- *****SMA(10m)200
- *****EMA(10m)200
- *****EMA(10m)20
- *****ADV(D)10



Min: 1m-2m-3m-4m-5m-6m-10m-12m-15m-20m-30m

- Hour: 1H-2H-3H-4H-6H-8H-12H
- Day: D
- Week: W
- Month: M
- Quarter: Q
- Year: Y

"Double Barrel Gun" trading strategy (MT4)







DEFINING THE DIRECTION OF CURRENT MARKET TREND

EUR/USD SMA(D)200+EMA(D)200



EUR/JPY SMA(H)200+EMA(H)200





BRENT SMA(10)200+EMA(10)200



GBP/USD SMA(1)200+EMA(1)200





- **SMA Simple Moving Average**
- EMA Exponential Moving Average
- WMA Weighted Moving Average
- DMA Displaced Moving Average
- VMA Variable Moving Average

"Golden Cross" Signal



"Dead Cross" Signal



False Signals



Termination of downtrend



Termination of uptrend





Uptrend



Downtrend





No Trade – sideways trend







RULES FOR POSITION OPENING AND CLOSING



Close LONG Position

***Open SHORT** Position

Close SHORT Position

LONG trade setup (S&P 500)



SHORT trade setup (XAUUSD)





Setting orders





Setting IF DONE orders (MT4)



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Volatility of the instrument





((H1-L1)+...+(Hn-Ln))/n

Average daily volatility (ADV)




Average daily volatility (ADV)



Instrument	ADV	Spread	Ratio		
EURUSD	0.0100	0.0002	50		
USDJPY	1.07	0.0002	50		
GBPUSD	0.0108	0.0002	50		
EURJPY	1.24	0.04	30		
GBPJPY	1.70	0.05	40		
XAUUSD	20.50	0.5	40		
BRENT	2.30	0.05	50		
S&P500(ES)	25.00	0.5	50		
DJI(YM)	200	5	40		





RULES FOR SETTING ORDERS

LONG position layout





Scenario 3

SHORT position layout



Trend termination criteria





Gap size more than 10% ADV = Trend direction change

	PRC	OPR	ADV	MMUP	MMDW	%ADV	BUF	OPEN	T/P	S/L	LOT	1PIP	RSK	RWD	M/OPEN	M/RSK	M/TGT	M/RWD SPR
		BUY		7751	7746		5	7769	7803	7725		2.00	87.50	69.30	7746	42.00	7781	114.8
AUD	0.72		105			10	11				20							2
		SELL		7849	7840		9	7824	7790	7872		2.00	95.5	69.30	7849	46.00	7814	118.8
		BUY		13185	13180		5	13204	13241	13157		1.52	70.53	56.50	13180	34.24	13217	92.79
CAD	1.32		113			10	11				20							2
		SELL		13015	13010		5	12993	12956	13040		1.52	70.53	56.50	13015	37.27	12978	89.76
		BUY		9480	9474		6	9499	9538	9451		2.06	100.21	78.93	9474	47.84	9515	131.30
CHF	0.97		116			10	12				20							2
		SELL		9242	9236		6	9219	9180	9267		2.06	100.21	78.93	9242	51.96	9201	127.18
		BUY		11267	11257		10	11289	11334	11240		2.00	98.50	89.10	11257	34.00	11302	153.60
EUR	1.12		135			10	14				20							2
		SELL		11067	11060		7	11040	10995	11096		2.00	112.50	89.10	11067	58.00	11022	143.60
		BUY		15376	15369		7	15399	15444	15342		2.00	113.90	90.42	15369	54.80	15417	149.52
GBP	1.54		137			10	14				20							2
		SELL		15714	15703		11	15682	15637	15743		2.00	121.90	90.42	15714	58.80	15669	153.52
		BUY		12000	11990		10	12019	12059	11967		1.67	85.917	65.92	11990	37.67	12030	114.17
JPY	120)	113			10	⁻ 11				20							2
		SELL		11950	11940		10	11923	11884	11975		1.67	85.917	65.92	11950	41.00	11910	110.83
		BUY		6670	6660		10	6688	6722	6639		2.00	97.50	69.30	6660	42.00	6695	124.80
NZD	0.63		105			<u>10</u>	<u>11</u>		_		20	_				_		2
		SELL		6661	6656		5	6640	6604	6684		2.00	87.50	73.50	6661	46.00	6624	115.00
	PRC	OPR	ADV	MMUP	MMDW	%ADV	BUF		T/P	S/L	LOT	1PIP	RSK	RWD	M/OPEN	M/RSK	M/TGT	M/RWD SPR



- 1. Determine the current level of volatility in the instrument, ADV
- 2. Calculate the difference between EMA20 & MA200 or between EMA200 & SMA200, BUF (10% ADV max)
- **3.** Determine the level of position opening, OPEN
- 4. Determine the level of cutting losses, S/L
- 5. Determine the level of taking profits, T/P
- 6. Place all necessary orders
- 7. Correct the price values of pending orders, if needed

Conditions for opening SHORT position



Conditions for opening SHORT position



Conditions for opening SHORT position





Conditions for opening LONG position



Conditions for opening LONG position



Conditions for opening LONG position







MONEY MANAGEMENT RULES

Long term vs short term trading







CHARLES LE BEAU & DAVID W.LUCAS

Matrix of TS failure probabilities (\$25k)

P/L	% WIN										
	25	30	35	40	45	50	55	60	65	70	
750:1000	100	100	100	100	100	98	77	15	1	0	
1000:1000	100	100	100	99	92	50	7	1	0	0	
1500:1000	100	99	90	50	12	2	0	0	0	0	
2000:1000	97	79	35	9	2	1	0	0	0	0	
2500:1000	79	38	12	4	1	0	0	0	0	0	
3000:1000	50	19	6	2	1	0	0	0	0	0	
3500:1000	31	12	5	2	1	0	0	0	0	0	
4000:1000	21	9	4	2	1	0	0	0	0	0	

Strategy's Failure \$12k

Initial Balance \$25k

Strategy's Success \$50k

1. Profit/Loss Ratio **Long/Medium Term** 2:1 or 4:1 **Short Term**

2.Percent of Winners **Long/Medium Term** 30-50% **Short Term 60-70%**

3.Sufficiency of funds

Initial deposit, M=\$3000

- ✤ Max number of positions in portfolio 3
- Limit of risk per trade, R=2%
- Limit of risk per trade, R=\$3000*0.02=\$60
- Risk size (S/L), L = ¼ ~ ½ ADV, L= ½*0.0100 = 0.005(50pps)

D PARTNER

* Lot size, Q=R/L=60/0.005=12000

Leverage:

12000 units / \$3000 = 4 (4:1, если 1 позиция) 3*12000 units / \$3000 = 12 (12:1, 3 positions)

Money management (aggressive)





Roulette Strategy P/L Ratio – 1:1, P/L Probability – 50:50 1.Bet \$10 Outcome \rightarrow Loss (\$10) 2. Bet **\$20** Outcome \rightarrow Loss (\$20, Total = -10-20=-\$30) 3. Bet **\$40** Outcome \rightarrow Loss (\$40, Total = -10-20-40=-\$70) 4. Bet **\$80** Outcome \rightarrow Loss (\$80, Total = -10-20-40-80=-\$150) 5. Bet **\$160** Outcome \rightarrow Profit (\$160, Total = 160-150=\$10)



- 1.Lot \$100*100=10000
- Outcome \rightarrow Profit (33pps*\$1=\$33)
- 2.Lot \$100*100=10000
- Outcome \rightarrow Loss (45pps*\$1=\$45)
- 3.Lot \$200*100=20000
- Outcome \rightarrow Profit (33pps*\$2=\$66, Total=66-45=\$21)
- 4.Lot \$100*100=10000
- Outcome → Profit (33pps*\$1=\$33)



- 1.Lot \$100*100=10000
- Outcome \rightarrow Profit (33pps*\$1=\$33)
- 2.Lot \$100*100=10000
- Outcome \rightarrow Loss (45pps*\$1=\$45)
- 3.Lot **\$200***100=20000
- Outcome → Loss (45pps*\$2=\$90, Total=-45-90=-\$135)
- 4.Lot \$100*100=10000
- Outcome → Profit (33pps*\$1=\$33)

Initial deposit, M=\$3000

- ♦ Max number of positions in portfolio 3
- ✤ Limit of risk per trade, R=2% or 4%
- Limit of risk per trade, R=\$3000*0.02=\$60 or \$3000*0.04=\$120

- Risk size (S/L), L = ¼ ~ ½ ADV, L= ½*0.0100 = 0.005(50pps)
- * L =OPEN-STOP LOSS(LONG) or L=STOP LOSS-OPEN(SHORT)
- * Lot size, Q=\$60/0.005=12000 or \$120/0.005=24000

Leverage:

12000 units / \$3000 = 4 or 24000 / \$3000 = 8 (4:1 or 8:1, if 1 position) (2*12000 units + 1*24000 units)/ \$3000 = 16 (16:1, if 3 positions, 2+1) (1*12000 units + 2*24000 units)/ \$3000 = 20 (20:1, if 3 positions, 1+2)





PERFORMANCE OF DOUBLE BARREL GUN STRATEGY

Strategy performance indicators

GROSS PROFIT

- □ NET PROFIT
- □ MAX PROFIT
- MAX LOSS
- □ AVERAGE PROFIT
- AVERAGE LOSS
- □ MAX NUMBER PROFIT TRADES IN A ROW
- MAX NUMBER LOSS TRADES IN A ROW
- □ MIDD-MAX INTRADAY DRAWDAWN
- **PROFIT FACTOR**
- □ ACTUAL PROFIT FACTOR
- **RECOVERY FACTOR**



Equity chart (aggressive MM)



> Searching for the Holy Grail in the market
> Discovering what makes a trader a winning trader
> Managing reward to risk in your trades

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Math Expectancy Formula

[1+(W/L)]*P-1

- Winning trade probability(P)
- Losing trade probability
- Size of average winning trade(W)
- Size of average losing trade(W)

- Winning trade probability (1/37 or 2.7%)
- * Losing trade probability
- Size of average winning trade(\$35)
- Size of average losing trade(\$1)

[1+(35/1)]*1/37-1=-0.027

- Winning trade probability(65%)
- * Losing trade probability
- Size of average winning trade(\$33)
- Size of average losing trade(\$45)

[1+(33/45)]*0.65-1=0.127

Standard deviation







Percentage of Winners Long/Medium Term 30-50% **Short Term 60-70%→65-75%**

Technical profile of the instrument





- LTS long term trading strategy «Weekly Envelope»
- MTS medium term trading strategy «MTFS»
- STS short term trading strategy «Double Barrel Gun»
- SCP scalper trading strategy«Shuriken»
- ETC other technical parameters of the instrument
- ***** BAL the balance of power within one strategy
- **SENTIMENT** the balance of power within three strategies
- Yellow neutral sentiment in the instrument /no trade
- Green the sentiment in the instrument is bullish/long
- Red the sentiment in the instrument is bullish/short

FX MAJORS (ALL VS USD)										
	ALL		LT		МТ		ST	W&L		
L Sol	61.9%		AUD	67%	AUD	67%	AUD	67%	AUDUSD	SYMBOL
JSD BUL		52%	CAD		CAD		CAD	89%	USDCAD	
			CHF		CHF		CHF	56%	USDCHF	
			EUR		EUR		EUR	44%	EURUSD	
Z			GBP		GBP		GBP	33%	GBPUSD	
9			JPY		JPY		JPY	50%	USDJPY	
			NZD		NZD		NZD	89%	NZDUSD	
NEUTRALS	34.9%					33%		110/	0.0076	ADV
			CAD		AOD CAD			11%	0.0070	
		38%		33%			CAD	11/0	0.0060	
			ELID		ELIP			56%	0.0000	
			GBP		GBR		GBP	67%	0.0003	
								44%	1 01	
			NZD				NZD	11%	0 0066	
			N2D		NED		NZD	1170	0.0000	
ARS	3.2%		AUD		AUD	%0	AUD	22%	76	
			CAD		CAD		CAD	0%	86	RATIO
B		. 0	CHF		CHF		CHF	0%	43	
Q		~	EUR	%	EUR		EUR	0%	53	
з		1	GBP	0	GBP		GBP	0%	113	
NO			JPY		JPY		JPY	0%	112	
ž			NZD		NZD		NZD	0%	47	
	ALL		LT		МТ		ST	W&L		

DARTNER

- LTS long-term strategy
- MTS medium-term strategy
- STS short-term strategy
- Yellow neutral sentiment
- 💠 Green sentiment is bullish
- Red sentiment is bearish
- Bold font sentiment is more pronounced
- ALL overall balance of power on all instruments
- W&L winners and losers

Subscription (sentiment analysis by segments)

- FOREX majors (USD/EUR/JPY/GBP/CHF/AUD/CAD/NZD)
- FOREX major crosses (EUR/JPY/GBP/CHF/AUD/CAD/NZD)
- Energy market (Brent/WTI/Natural Gas/Heat Oil/RBOB)
- Precious metals (XAU/XAG/PL/PA)
- US stock indices (DJI, S&P500, NASDAQ, RUSSEL2000)
- FOREX emerging markets currencies (CNY, BRL, INR, RUB, KRW, MXN, TRY, PLN, ZAR)
- US debt market (30YB,10YB, 5YN, 2YN)
- Base metals (Copper, Aluminum, Nickel, Zinc, Lead, Tin)
- Grains(Soybeans, Wheat, Corn, Rice, Oats)
- Meats (Live Cattle, Feeder Cattle, Lean Hogs)
- 💠 US Stocks



Profit/Loss Ratio Long/Medium Term 2:1 or 4:1 **Short Term** $\frac{2}{3}$:1 or $\frac{3}{4}$:1 \rightarrow 1:1

Risk Warning

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