

Parabolic SAR Trading Strategy

Parabolic SAR Forex trading strategy — is a rather risky system that is based on direct signals of the Parabolic SAR indicator, which shows stop and reverse levels.

Features

- Simple to follow.
- Only one standard indicator used.
- Entry and exit conditions are given directly by the indicator.
- Indicator lag.
- Very risky.

Strategy Set-Up

1. Any currency pair and timeframe should work.
2. Add a Parabolic SAR indicator to the chart, set its step to 0.05 and maximum to 0.2.

Entry Conditions

Enter Long position when the current price touches the indicator from below and it changes its direction.

Enter Short position when the current price touches the indicator from above and it changes its direction.

Exit Conditions

Set stop-loss directly at the indicator level — above the price for Short positions and below the price for Long positions. Adjust stop-loss with each new bar.

Take-profit should be set to the same value as stop-loss but you shouldn't adjust it.

Example



As you can see on the example chart above, there are 6 entry points. The first one is bullish and leads to a profit. The second one is bearish and also reaches take-profit level. The third one is bullish and is a complete loss, as is the fourth one, which is, of course, bearish. The fifth one doesn't reach take-profit level but it closes with only a minor loss; it's bullish. The sixth one is a short position and has already reached its recommended take-profit.

Judging from above it's easy to conclude that short and long positions always follow one after another in this strategy and that it's not very reliable one.

Warning!

Use this strategy at your own risk. We can't be responsible for any losses associated with using any strategy presented on the site. It's not recommended to use this strategy on the real account without testing it on demo first.