



Strategy: Market is Dead Scalper MDS

About the strategy: This is a scalping strategy that will almost always work, if you have a lot of experience trading, and is a way dealers can make up for lost profits in large moves. Executed manually it is obvious how to handle orders but this may not be easy to codify or quantify. This is a basic description and initial documentation or 'project supposition'. We feel it is justified to think about this because strategies will work or not work only when the market is 'dead or alive' so if we can come up with a 'market is dead or alive' indicator that is a value, that would be of tremendous value for all future strategies.

The strategy can be a module used in conjunction with other strategies, and is a strategic part of any portfolio, because in dead markets we know active trending or counter trending strategies don't work. In dead markets is where 90% of the losses occur due to false signals in 'real' strategies.

Possible Inputs: Daily Support / Resistance Levels, Daily Pivot levels

Many times, when the market is dead the support and resistance will come into play, as there is not enough liquidity to push through the large orders which create the support and resistance.

Step 1: Identify dead market

Step 2: Trade in a channel using Fibonacci lot sizing (that means you have several bands surrounding the middle of the channel, starting with 1 lot, 2 lot, 3 lot, 5 lot, 8 lot, 13 lot.

Step 3: Continue until end of channel is indicated OR 18 hours

1. How to identify market is dead
 - a) Ticks are less per bar. how many ticks in a 5 minute bar? If the average of the previous 5 hours is greater than 100 and the average of the last 30 minutes is only 10 ticks per bar, market is dead
 - b) A large move just happened and the retracement is over
 - c) It is a holiday in USA
 - d) It is an odd time such as Friday 2:00 PM EST.
 - e) Identify a NOT DEAD market by length of previous bar as % in pips
2. We begin by identifying key points. We can identify point M, XH, or XL or a combination therein. The calculations can be adjusted from the defined pivot points M, XL, XH.

There are several potential methods of identifying these points and it is not clear which is the best one. We could create logical gates to test which ones are working?? A is



Fibonacci B is support and resistance C is bar average method. Determining these points will be the first critical part of the strategy.

| | | |
|---------|------------------------|--------|
| ----- | Sell 13 lot----- | 1.3119 |
| ----- | Sell 8 lot----- | 1.3116 |
| XH----- | Sell 5 lot----- | 1.3113 |
| ----- | Sell 3 lot----- | 1.3110 |
| ----- | Sell 2 lot----- | 1.3107 |
| ----- | Sell 1 lot----- | 1.3104 |
| M----- | Middle of Channel----- | 1.3101 |
| ----- | Buy 1 lot----- | 1.3098 |
| ----- | Buy 2 lot----- | 1.3095 |
| ----- | Buy 3 lot----- | 1.3092 |
| XL----- | Buy 5 lot----- | 1.3089 |
| ----- | Buy 8 lot----- | 1.3086 |
| ----- | Buy 13 lot----- | 1.3083 |

3. Several alarms could break the market is dead strategy

- a) x number of hours is reached
- b) x number of profit is reached
- c) x number of up and down cycles is reached

It is very important to be precise with step3 because otherwise we will get caught in breakouts when the market 'wakes up' which will stop out our 13 lot position, wiping out many good profits. So we need to know when to quit.

During this period, which lasts @18 hours, EUR/USD has a range of 1.3106 - 1.3132. Once a top is defined, we can sell on the top 1 lot, and every pip above the top sell x + fibonacci lots, so we have a range of selling at the top and buying at the bottom



BUY 13 LOTS



Here, fibonacci retracement defines the middle of the channel

