

The 4-Hour Range Break System

Complete mechanical rules, in the order they are applied.

Timeframe	The four hour chart. The rules are written for it and do not carry across to another one.
Instruments	Markets with a habit of trending and breaking out, rather than fading back into their range.
Indicator	ACB Breakout Arrows at its default settings, which draw the range, the signal, the stop and the targets.
The range	The recent range the indicator draws: its highest high and its lowest low, not counting the candle being judged.
Long signal	A candle closes above the range high, and the previous signal was a sell or there was none.
Short signal	A candle closes below the range low, and the previous signal was a buy or there was none.
Direction rule	A buy cannot follow a buy and a sell cannot follow a sell. The market has to break the other way first.
Entry	Market, at the open of the candle after the signal candle. Never mid candle, because the signal is a close.
Stop loss	Below the recent swing low the indicator marks for a long, with a small buffer. Mirrored above for a short. Placed at entry and not moved.
Stop distance	From the entry to the stop. Every target is measured in it.
Target	The final target the indicator draws, a little beyond the stop distance. Placed at entry and not moved.
Exit	The stop or the target, and nothing else. An opposite signal while a position is open does not close it.
Risk	1% of the account per trade, sized from the entry to stop distance.

The two other targets

The indicator also draws a target at a quarter and at a half of the stop distance. Both pay less than they risk, and a quarter of the stop needs four wins in five just to stand still before costs.

Know these before you start

- The direction rule declines the second and third break in the same run, which are the continuation entries.
- It removes between two thirds and three quarters of the raw signals.
- A signal cannot be acted on until the candle closes, so every entry is at the next open.
- Trades hold for days, through weekends and through several sessions.

The trade, in one picture

target, the final target the indicator draws

entry, the open after the signal candle

stop, beyond the recent swing

The full method, the charts and the worked examples:

keenbase-trading.com/4-hour-breakout-strategy/

Keenbase Trading Lab