

# **ANTS TRADE MANAGEMENT**

*By Daryl Guppy*

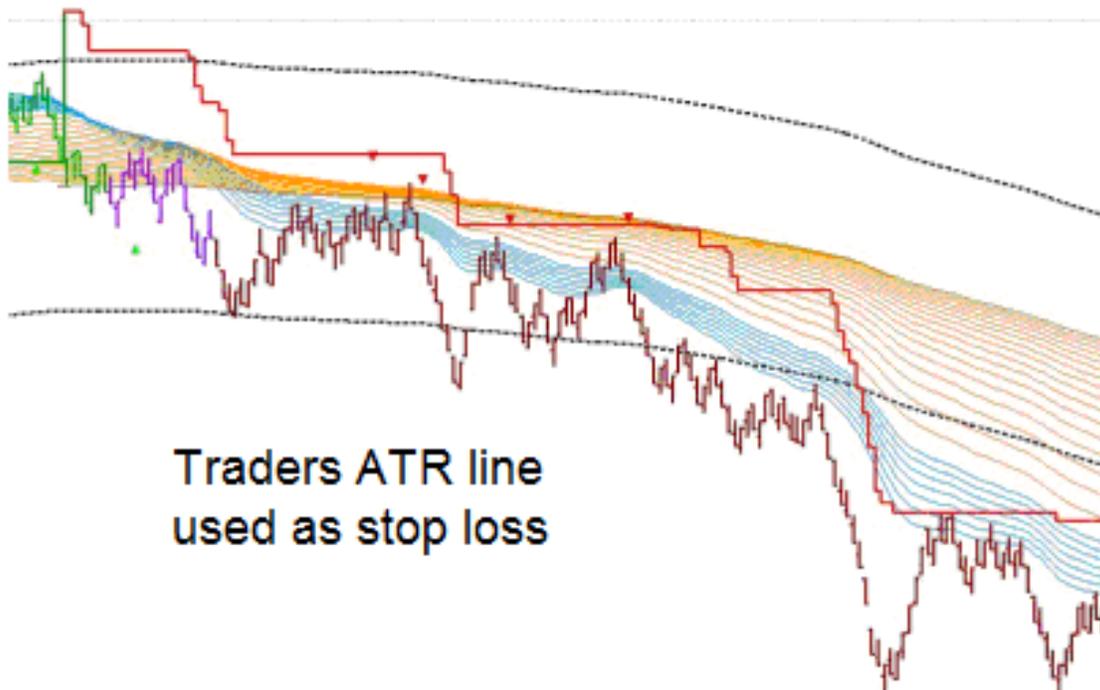
Last week we discussed the entry set up for ANTS. This week we discuss how the trade is managed using other aspects of the ANTS system. We apply ANTS system trading to FX markets and to E-minis on the DOW and S&P. The approach is most effective in deep and liquid markets. It's the depth of liquidity in the FX market that offers unique advantages for independent traders who want to trade for a living.

The ANTSSYS is designed for spot trading of currency, Index and commodity markets. This is short term trading with no overnight positions. The ANTSSYS method identifies high probability trades with an average profit of around 180 pips per trade. Entered trades have around an 85% probability of success with around 75% of entered trades closed at target or higher.

The ANTS system is now available on the MT4 platform and Oanda via ChartIQ. **Access ANTS indicators using your OANDA credentials to login directly to the ANTSSYS platform at [http://www.antssys.com/ATP\\_Login/](http://www.antssys.com/ATP_Login/)**

There are two steps in the ANTS trade management. They are:

- Use ATR as the stop
- Set a defined trade target which has a high probability of being reached.



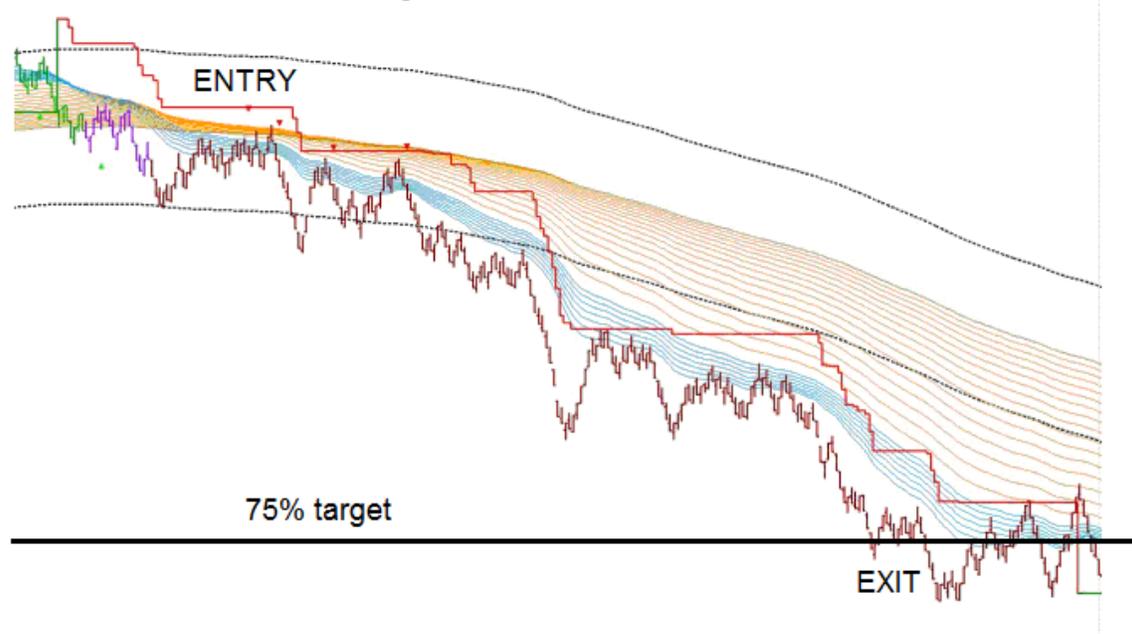
The key is the construction of the underlying range bar chart. The time frame is adjusted. During periods of no activity the time frame is compressed. During periods of high significant activity the time frame is expanded to show the price

activity The construction of the range bar captures significant movements. The shift to a new bar is determined by price activity, not by time elapsed.

This means the ATR stop is applied not to price, but to changes in the activity of price based on range breakouts. The ATR becomes a derivative of a derivative and this significantly improves reliability.

The Traders ATR calculation is applied as the stop loss once the trade is opened. The Traders ATR calculation uses the ATR value. In a short side trade this value is added to the high of the current bar. A move above the ATR line is an exit signal. In a long side trade, the ATR value is added to the low of the bar. A close below the ATR line is an exit signal.

This is a very robust stop loss method. However, in the ANTS system the ATR is applied to a range bar chart. This significantly improves the reliability of the ATR signal. Most of the false exit signals are eliminated.



The second step is to set the exit target. The 5 day trading range of price is known. Its part of the selection process for suitable currency pairs or trades. Large daily price range provides consistent opportunity.

The trade target is 75% of the 5 day average range of prices. There is an 85% probability that the 75% trade target will be achieved. Some traders tighten the stop once the 75% target has been achieved and ride the trade further. They will use the ATR as the stop loss once price moves beyond the 75% target level.

Our preference is to exit on a close below the 75% target level. Our objective is consistent trading returns. A close above the ATR line before the 75% target is achieved is an exit signal.

