

Double Dipping

By Karen Wong

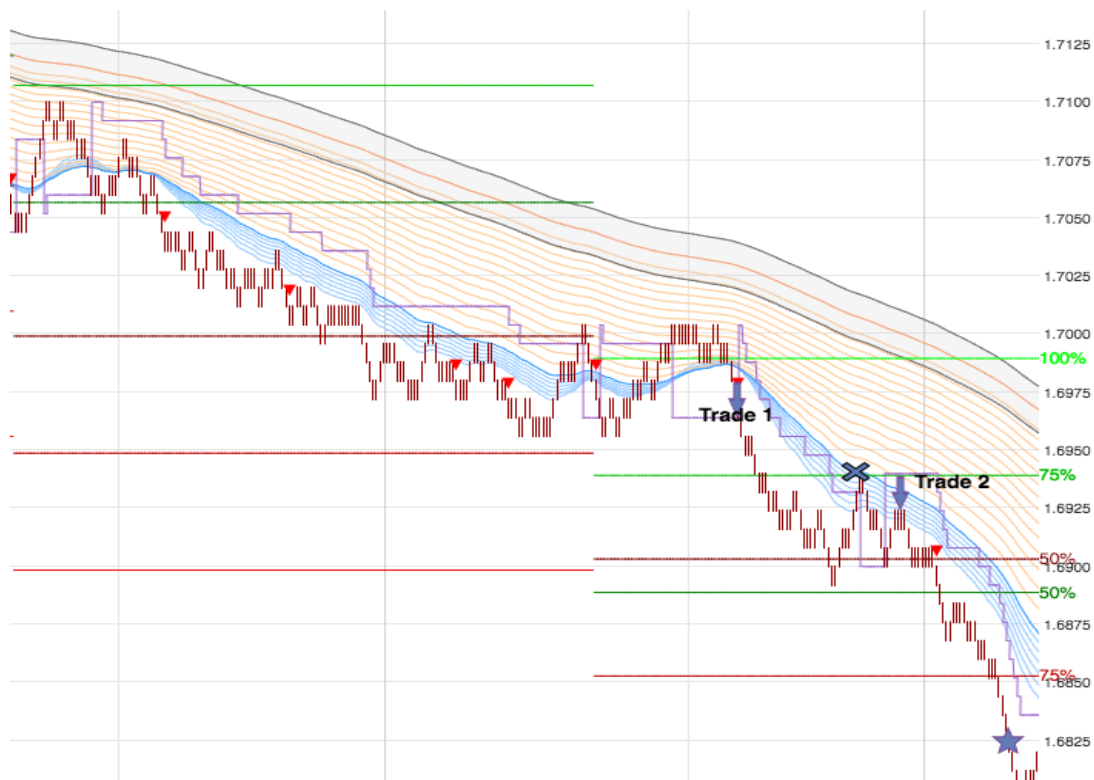
In Western society 'double dipping' is seen as a social faux pax. Dipping a food item like a chip into a food dip after having already taken a bite is generally frowned upon. Not necessarily so when it comes to trading. The following GBPCAD ANTSSYS trade demonstrates how you can return for a second dip even after you have already taken a bite.

This recent trade referred to Oanda trade notes on the GBPCAD. The classic ANTSSYS method was used to capture the maximum number of pips. An ATR trailing stop loss was used once the trade moved into profit. For more details on the ANTSSYS Strategy readers can download a PDF on the following link:

<http://www.antssys.com/resources/ANTSSYS-Strategy-Guide.pdf>

For this trade I used a 10R chart for the long term time frame, the 5R chart for medium term confirmation of the direction on the 10R and a 3R chart for my entry.

GBPCAD 10R Chart



On the 10R chart as shown above, the SlowGuppy (blue lines) have compressed in the area marked by the first purple arrow on the left. Further downside movement is anticipated. The SuperGuppy (orange lines) are well separated showing continued good support for the downtrend. The same can be seen on the 5R chart confirming the general downtrend direction.

GBPCAD 3R Chart



We look for an entry point on the 3R chart. A change in the colour of price is occurring from green to purple to red adding further confirmation that this trade is in line with the longer term trend.

Entry for Trade 1 is made when the first red ant fired, marked by the purple arrow. Despite this red ant signal firing below the boundaries of the trading zone I still entered the trade based on the high probability of trend continuation. On

the 3R chart the SlowGuppy has compressed and crossed down through the SuperGuppy which has also compressed. I opened a short position at 1.6960 with a profit target of 1.6821 and a stop loss of 1.7012. Risk/reward of 1 to 2.67. As Trade 1 moved into profit an ATR trailing stop loss on the directional 10R was employed to manage the trade in order to protect profit. Knowing that news of the Canadian New Housing Price Index was imminent, Trade 1 was closed early at 1.6942 for 18 pips to avoid any price reaction.

Price movement to the news was not extreme. After price had settled I took the opportunity to open Trade 2. A red ant fired within the trading zone close to the 300 EMA giving me another opportunity to open a short position at 1.6921 with a profit target @ 1.6821 and a stop loss @ 1.6950. Trend continuation was highly probable given the nicely separated downward sloping SlowGuppy and SuperGuppy lines on the 10R long term confirmation chart. Target price was achieved at 1.6821 for 100 pips. Together Trade 1 and Trade 2 together totalled 118 pips.

As Timmy challenged George Costanza in this exchange taken from a Seinfeld episode:

"Did you just double-dip that chip?"

"Excuse me?"

"You double-dipped the chip."

"Double-dipped? What are you talking about?"

"You dipped the chip, you took a bite, and you dipped again."

"So?"

"That's like putting your whole mouth right in the dip. Look, from now on when you take a chip, just take one dip and end it."

Except don't just end it. Double dipping in trading can be done if the conditions are right. Despite already taking a bite, going in for the second dip was definitely worth it in this case.