



*The* ***Breakout*** *Package*

Webinar 2: Breakout Strategies and Entries

# Introduction

- Welcome to Seminar 2 of the Breakout Package Education Series.
- This presentation will focus on the strategies included in the Breakout Package.



Get recordings, slides and files at:

[www.nirvanasystems.com/course/finding-the-best-breakouts-seminar-1/](http://www.nirvanasystems.com/course/finding-the-best-breakouts-seminar-1/)

# The Breakout Package Strategies

- The Breakout Package(BP) includes three strategies that are designed to find different types of breakout trades.
  - The BP Donchian Strategy
  - The BP Reversal Strategy
  - The BP Compression Range Strategy

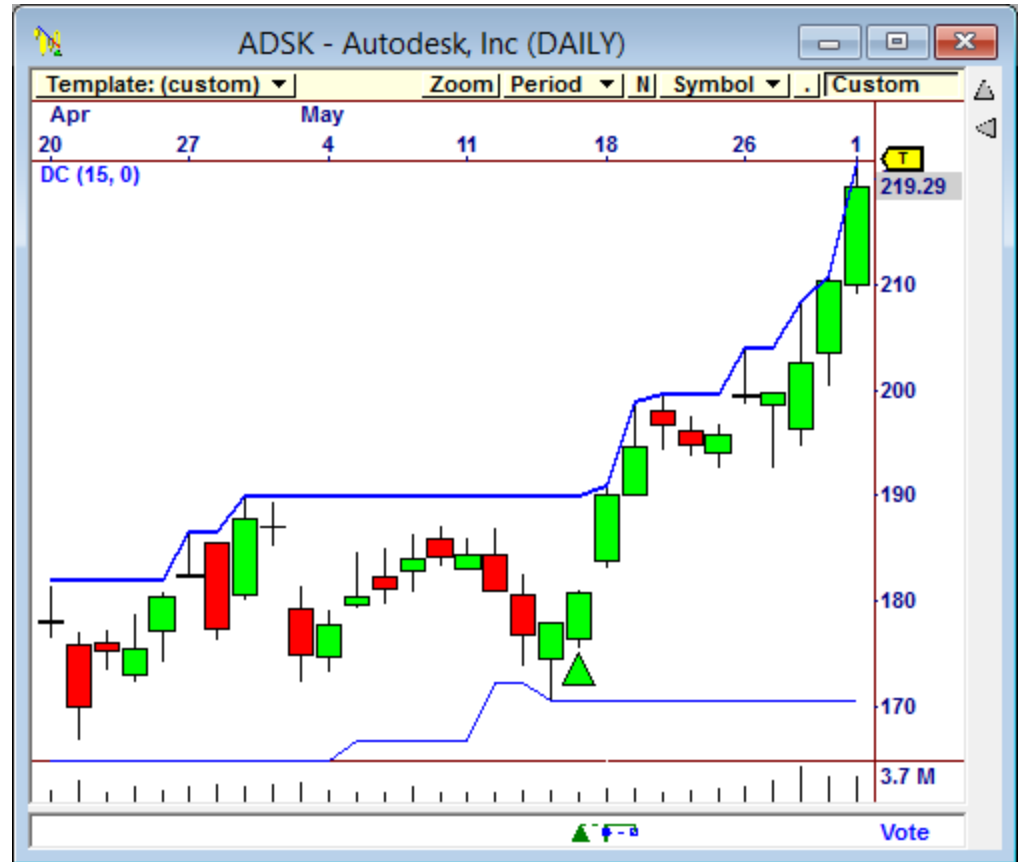


Strategy	Back Test					
	NT	PT	HR%	ANP%	PPT%	ABT
All Strategies	2,633	1,770	67.22	37.94	1.56	21
BP Compression Range	1,062	612	57.63	13.93	1.40	32
BP Donchian	1,319	965	73.16	16.51	1.35	9
BP Reversal	996	722	72.49	33.98	3.68	37

*Results over last 10 years on stocks in the NASDAQ 100.*

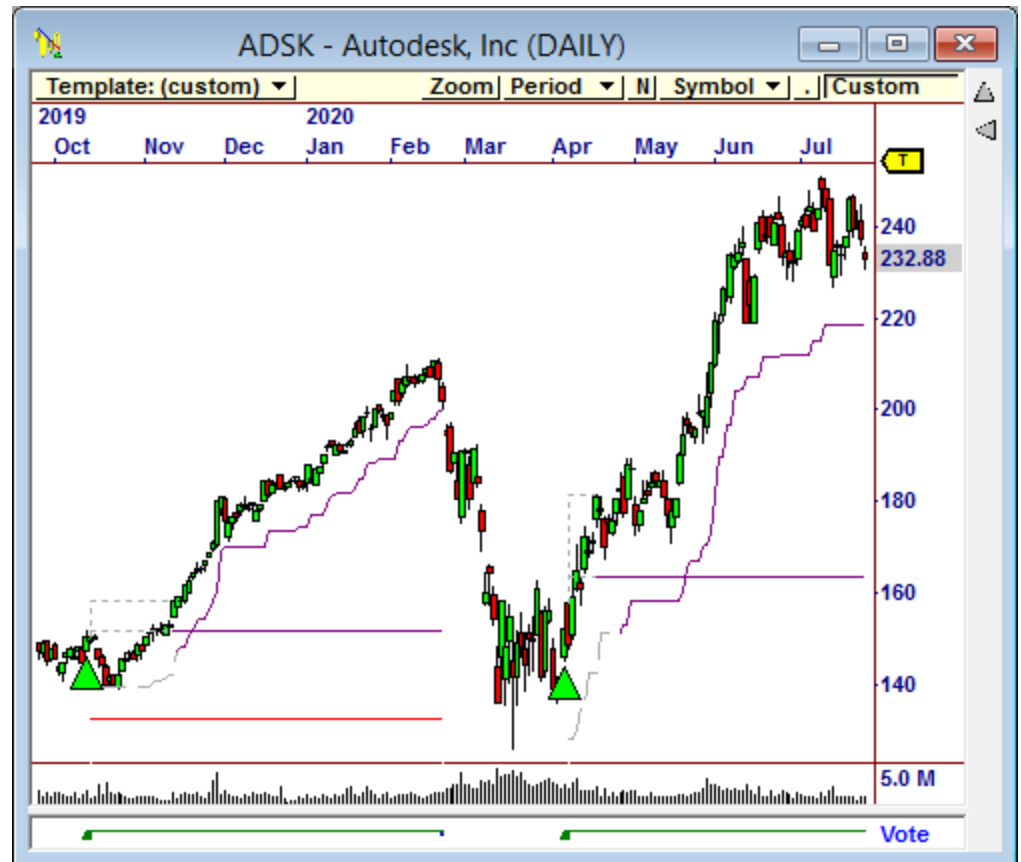
# The BP Donchian Strategy

- The BP Donchian Strategy uses the Donchian Channel for entry and exits.
- Entries fire when price has penetrated the halfway point of the channel.
- Profits are taken when price reaches the other side of the channel.



# The BP Reversal Strategy

- The BP Reversal Strategy uses the BP Donchian System for entries.
- It's looking to capture long term trend trade profits.



# The BP Compression Range Strategy

- The BP Compression Range Strategy looks for a classic breakout move from a tight range.
- The strategy looks to capture longer term trend trades following these explosive moves.



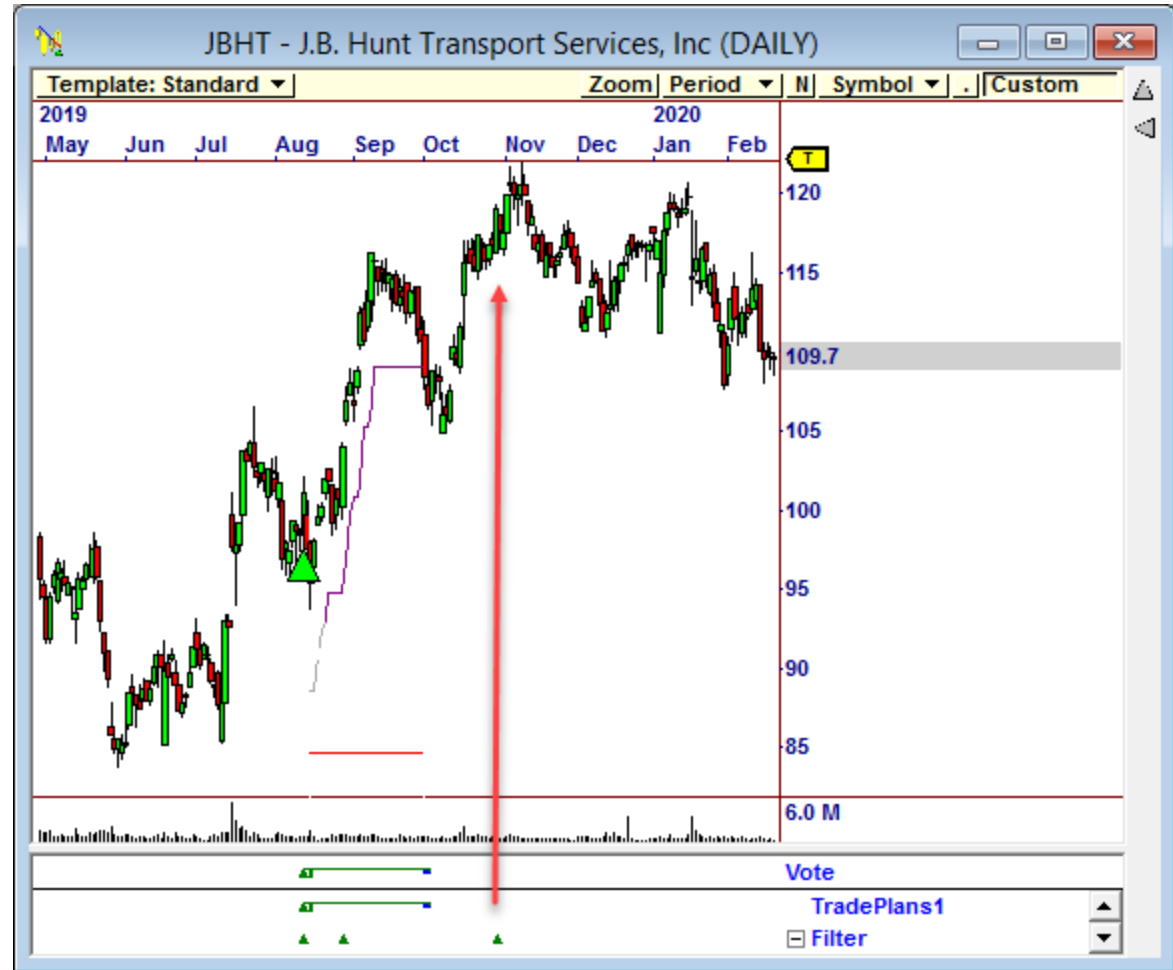
# BP Compression Range Example

- The BP Compression Range System compares the recent price range vs. its “typical” range.
- It’s looking for the current range to be a fraction of the typical range.
- A signal is generated once price breaks out of the current range.



# Playing the Pull Back

- Many traders look to play the pullback after the breakout move.
- We can use Limit Orders for this type of entry.





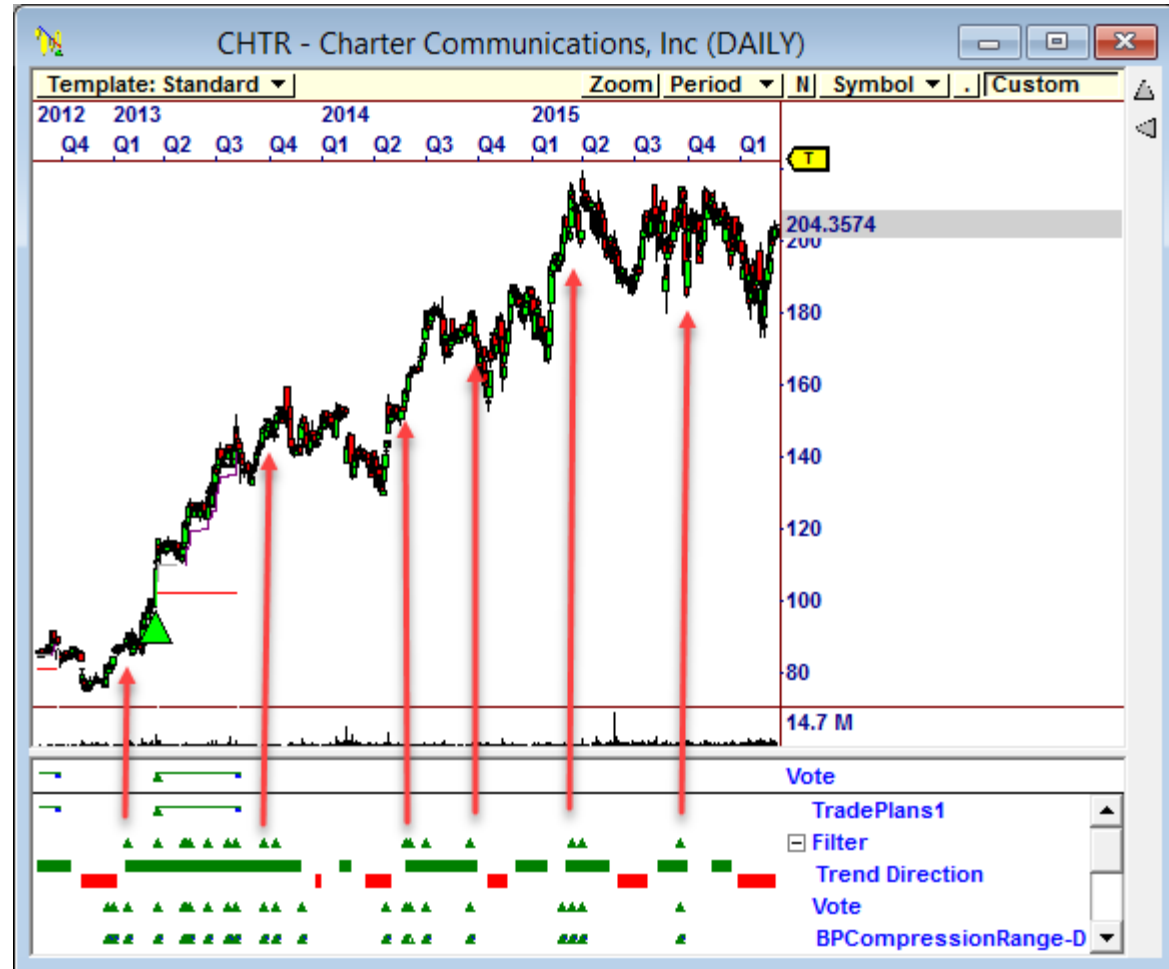
# Limit Order Entry Stats

We ran the BP Compression Range Strategy with different Limit Order entries.

Entry Point	Hit Rate	Profit per Trade
Market on Open	55.63%	1.72%
.25 ATR Below Close	50.78%	1.02%
.5 ATR Below Close	52.13%	1.47%
.75 ATR Below Close	53.39%	1.75%
1 ATR Below Close	56.47%	2.77%
1.25 ATRs Below Close	57.89%	3.09%
1.5 ATRs Below Close	53.12%	2.35%
1.75 ATRs Below Close	48.97%	2.05%
2 ATRs Below Close	54.54%	1.96%
2.25 ATRs Below Close	47.05%	1.98%
2.5 ATRs Below Close	48.14%	1.44%
2.75 ATRs Below Close	42.10%	-2.24%
3 ATRs Below Close	46.15%	-1.57%

# Waiting for the Follow Through

- We can use Stop Market orders in order to wait and enter the trade on the “follow through”.



# Stop Market Entry Stats

We ran the BP Compression Range Strategy with different Stop Market Order entries.

Entry Point	Hit Rate	Profit per Trade
Market on Open	55.63%	1.72%
.25 ATR Above Close	53.22%	1.32%
.5 ATR Above Close	55.85%	1.99%
.75 ATR Above Close	57.42%	1.68%
1 ATR Above Close	54.54%	1.47%
1.25 ATRs Above Close	58.90%	1.94%
1.5 ATRs Above Close	62.06%	2.98%
1.75 ATRs Above Close	70.45%	5.71%
2 ATRs Above Close	68.29%	4.65%
2.25 ATRs Above Close	64.70%	4.53%
2.5 ATRs Above Close	65.38%	5.38%
2.75 ATRs Above Close	60.00%	5.32%
3 ATRs Above Close	62.50%	6.72%

# Volume 60 Bars Out Pt. 2

Very large volume on the breakout bar gives better long-term results, but this doesn't happen often.

Volume Increase	Number of Samples	Hit Rate	Profit per Trade
100%	605	60%	3.34%
150%	383	65%	4.71%
200%	254	68%	5.82%
250%	162	65%	4.75%
300%	104	64%	4.22%
350%	61	64%	4.70%
400%	42	69%	6.52%

# Questions and Answers

