

# Sym Liquidity Grab Trader 1 and 2

**The Software is for Educational Purposes Only. Please read our Risk Disclosure for complete risk details.**

Understanding when the Market is in an accumulation or distribution phase can help maximize trading opportunities. Our dual trend filter with our software helps in identifying these opportunities by keeping the user in the direction of the overall trend and establishing when the market is in a chop to stand aside. This creates opportunities to only look at setups with the market's overall trend direction or tone of the market. Our main setups are v tops and v bottoms in the direction of the dual trend filter. Once a v top or v bottom has been established, our liquidity grab software then can be used to spot setups. Knowing how to see buy and sell order block liquidity grabs with these trends gives traders an edge. This software can do this for traders on shorter or longer chart sizes by showing when these buy and sell order blocks are taking place, thus catching the wrongly positioned traders. A liquidity grab happens when a distortion in price occurs against the overall trend. These are called stop hunts. These stop hunts prey on the counter trend traders going against the overall trend of the market. When this distortion of price occurs, counters are trying to push the market against the overall trend and trying to catch a bottom or top. This is validated when the distortion in trend occurs only to resume the original trend. This is when traders get caught in a stop hunt or liquidity grab. This can happen just outside of major demand and supply areas. These are seen by spikes on the chart against the trend, only to close back on a closing basis with the trend. This sudden surge in price and volume distortion against trend is followed by a reversal with trend. This is the liquidity grab or what I call the LG. The software can spot when a v top or v bottom occurs with our yellow trigger bars and spot when the first liquidity grab occurs after these v bottoms and tops. Users can elect to use the liquidity grab trader strategy as an order management system by toggling it on after a v bottom or v top with overall dual trend filter trend on smaller Renko size charts. The strategy can be enabled with a click of a button under the strategy tab Ninja Trader control panel. The software will manage the entry, stop and targets. The larger Renko sizes produce less liquidity grabs which can produce larger trend moves. The software can pick these liquidity grabs up even on a larger chart. Traders that do not want a lot of high frequency liquidity grab setups can use the larger Renko charts to smooth trend and price action. These larger Renko charts will show less liquidity grabs for more pronounced trend moves and less noise in the market. I will go over them in this PDF and how to change parameters to view these smoothed liquidity grabs.

Our software shows daily accumulation/distribution phases every trading day with our dual trend filters and our 4 phase setups. During these 4 phases, certain patterns repeat daily. The software recognizes these patterns and plots these out for traders to have a daily edge. The charts will show you the same cycle that repeats daily in all markets. If the Market is in a major accumulation phase, the dual trend filter will be green/green and if it's in a major distribution phase, then it will show red/red. If the trend cycle is at the end, a chop market could be coming, it will show opposite color dot green/red. These opposite color dots can be

viewed as a no trade zone with liquidity grab strategies. In other words, if the dual trend filter is showing green/green then v bottom and liquidity buys should only be taken. If the dual trend filter is showing red/red, then v tops and liquidity grab sells should only be taken. If the dual trend filter is showing red/green or green/red, then the software is indicating chop, and no v tops/bottoms or liquidity grabs should be taken. Enabling/disabling the LG1 and LG2 strategies is a simple click on and off under the Ninja Trader control strategy panel. It will strategies will be green when turned on.

## Key Takeaways

- Markets move in four phases with our software.
- In the accumulation phase, this is when our dual trend filter turns green/green. Only buy setups can be taken when our YELLOW ENTRY candle fires. This will be on our 1/20/20 chart in the live room. These setups are called v bottoms and can drive the market higher on shallow (SWEET SPOT) or deeper normal retracements. These v bottoms setup up the liquidity grab stop hunts in the markup phase.
- In the mark-up phase, this is when the counters are getting hit with buy stops as they try and catch highs only to be stopped out creating speed to the upside. I call this a self-generating trade because most technical indicators try and catch tops in a run a way train, such as pivots, Fibonacci levels, only to be stopped out. In this phase the market will have shallow/deep pullbacks against our dual trend filter convincing the counters to get short only to have a hard reversal liquidity grab stop hunt. This is the drive phase. The market is now in a momentum move higher until the next v bottom occurs. These are shown by our momentum (Momo) yellow trigger candles after the v bottom.
- In the distribution phase, sentiment turns bearish, sellers prevail, and our dual trend filter turns red/red. Only sell setups can be taken when our YELLOW ENTRY candle fires. These setups are called v tops and can drive the market lower for shallow (Sweet Spot) or deeper retracement shorts. These v tops set up the liquidity grab stop hunts in the markdown phase.
- In the mark-down phase, the counters are getting hit with sells stops as they try and catch the lows, only to be stopped out thus creating a self-generating speed in the market. Once again, most technical indicators try and catch the falling knife or bottom, only to be stopped out. In this phase, the market will have shallow/deep pullbacks against our dual trend filter thus convincing the counters to buy the lows only to see a hard reversal liquidity grab stop hunt. This is the drive phase. The market is now in a momentum move until the next v tops occurs. These are shown by our momentum yellow MOMO trigger candles.

THEN THE CYCLE REPEATS.

This 4 Phase Cycle repeats itself daily on all markets. I have put together our proprietary Dual Zone Trend Filter to not only catch the accumulation/distribution phase, but also to know

when the market is in its chop/transition cycle. These cycles repeat daily. I have built the Algo to show the same cycles with a YELLOW trigger/entry candle to reflect these cycles.

DUAL TREND FILTER:

RED/RED=Distribution Phase

GREEN/GREEN=Accumulation Phase

GREEN/RED=CHOP

This is where the LIQUIDITY GRAB TRADER STRATEGY can assist traders in fills, stops and targets to manage positions when these drive phase occurs.

The LG (Liquidity Grab) Trader was designed to capture distortion of prices or stop hunts. It will recognize when the market is trying to capture liquidity on a pullback. This is what some call the smart money order blocks. The market will counter itself against the overall trend, only to grab liquidity from the counters, and then resume the up or down trend. We have programmed two liquidity grab strategies.

1. LG1-This will enter all liquidity grabs that occur.
2. LG2-This will only enter on the FIRST liquidity grab after a trend change.

I will go over them both below.

Let's go over how we educate on how to use the LG1 and LG2 strategy.

1. We have tons of videos on how to look for v bottom or tops with our software. We will not go into detail on that. Please go to [www.daytradingthefutures.com](http://www.daytradingthefutures.com) and click videos. We update these videos all the time and will help traders how to utilize the LG trader strategy with the v bottoms and tops software. Additionally, we are in the live room showing the ES on Wed, Thursday and Fridays at 815am est. to help train and educate traders on how to use the software.
2. The first way to use the LG1 or LG2 strategies is to wait until the software fires a v bottom or v top yellow trigger candle on our 1/20/20 chart. The best v top or bottom will be with our dual trend filter trend and will be a Sweet Spot v bottom or top or a zero-turn candle v top or bottom. This is when the user can turn on the LG1 or LG2 strategy to manage the entry, stop and targets. The preset stop and targets will be set already from the user, and the strategy will auto in on the FIRST LIQUIDITY GRAB. If using the LG1 strategy, the strategy will keep taking all liquidity grabs until a trend change occurs. If using the LG2 strategy, the strategy will only take the first liquidity grab only and then wait until a color trend change occurs. I prefer the LG2 because it takes the FIRST liquidity grab and then see if the runners can hold.
3. If manually using the LG strategies to toggle on or off when a v top or v bottom occurs, we educate only going with the DUAL trend filter when its green/green for buys and red/red for sells. Wait for the first v bottom and top and then then turn on the LG trader to manage the position. The strategy can be used as a toggle on and off switch with the Ninja Trader strategy control tab.

4. Some traders will not want to turn the strategy on or off after a v top and bottom and want to use the LG trader to run x number of hours thus taking all trades. Those traders will need to use a larger Renko chart to take out the noise in the market. Smaller Renko sizes produce a lot of noise and more liquidity grabs than larger Renko sizes. Smaller Renko sizes such as the 1/1/20 on the ES produce noise due to the many smaller retracements. This is why we educate waiting for a v top or bottom with our dual trend filter trend and then let the LG1 or LG2 manage the entry, stop and exit. By doing this, users are not enabling the strategies in a chop market when the trend filter is not agreeing. Larger Renko sizes can be used to smooth out the noise. To do this, the parameters must be changed to fit the user's desired trading method. We will go over this below.

#### Summary:

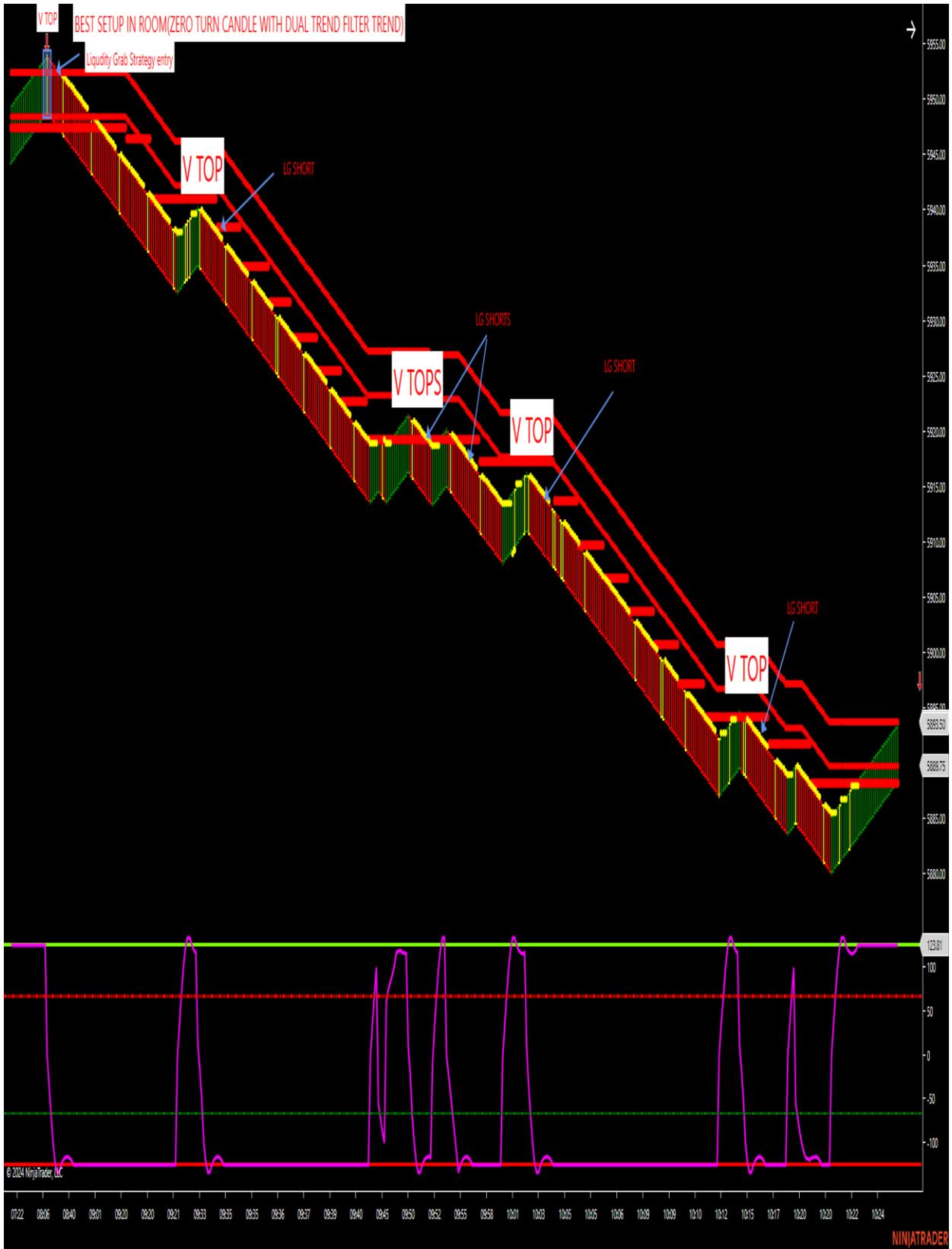
1. Use the LG1 or LG2 to manually turn on to manage entries, stops and targets ONLY after a v bottom or top has occurred with the software. In other words, once a v bottom or v top occurs, click the software on and let the software enter the position, place the stop and targets. This is best used ONLY WITH the dual trend filter direction. We have several videos that help with this, and I help traders in the live room too. Some traders will enter half the position on the v bottom or top yellow trigger entry and the other half on the liquidity grab. This will be up to the user and his/her trading plan. Other traders will simply wait for a v bottom or top to occur then toggle on the order management system to manage the entry, stop and targets for the liquidity grab trades only.
2. Use the larger Renko sizes to find LESS LIQUIDITY GRABS. These settings are for traders that want a larger stop and let the strategy run for a certain period during the day. I will go over how to change those parameters below. When doing larger Renko sizes, users should still maintain a 5 to 1 risk to reward max.

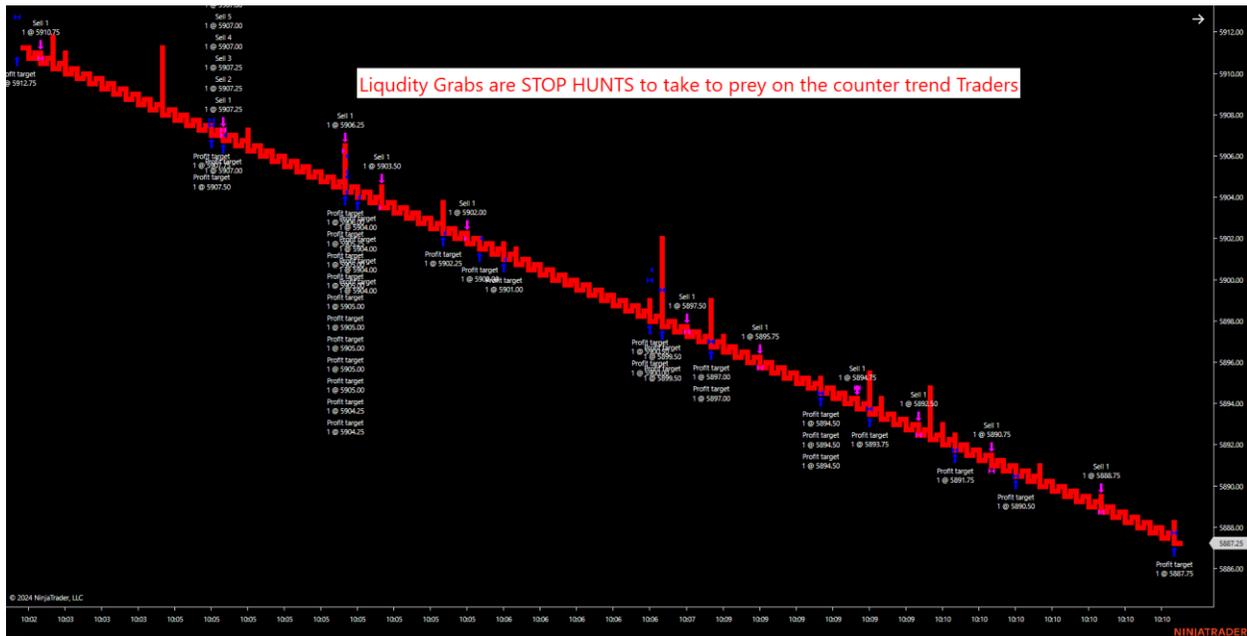
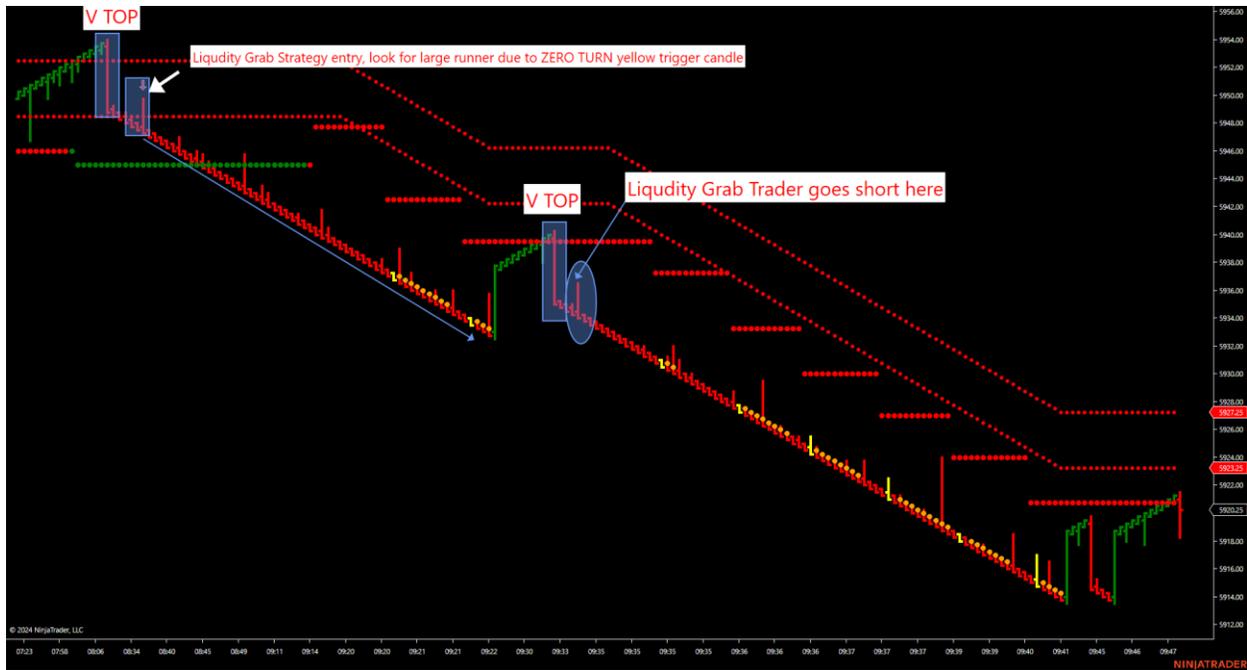
Let's look at some charts and put this all together.

For example, traders that are following the 1/20/20 v Bottoms or v Tops in the live room on the ES, put up a 1/1/20 for the LG1 or LG2 strategy when manually toggling on or off the strategies with overall dual trend filter trend. Look at the chart below.

1. Our dual trend filter was red/red. This indicates a sellers' market and more supply than demand. Only v tops, liquidity grab shorts and Momo shorts are to be taken.
2. Notice the upper left of the chart. A yellow trigger zero turn v top fires. A zero-turn candle occurs when the dual trend filter is red/red or green/green and the FIRST hammer (Doji) occurs with a yellow trigger candle. These can create major tops and bottoms with the dual trend filter trend.
3. Immediately after the zero-turn v top, the LG1 or LG2 strategy can be turned on to manage the first liquidity grab that occurs. The software will manage the stop, entry and targets. Remember, the best liquidity grabs will occur after a v top or v bottom occurs ONLY WITH dual trend filter trend and not chop. They will typically fire between the yellow trigger candle v top or bottom and the next yellow trigger Momo candle. Notice my red arrows that I marked up showing where the LG1 or LG2 software fired the entry after the v tops with dual trend filter trend.

4. Multiple Momo yellow trigger candles fire after the v tops on this chart indicating extreme selling pressure. It is BETWEEN THE v top and v bottom and the yellow trigger MOMO candle is where the FIRST liquidity grab occurs. This is where the LG1 and LG2 software can manage the entry, stop and targets. Traders can wait until a v top or bottom occurs then click and enable the LG1 or LG2 strategy. Leave the strategies Trend toggle unchecked if manually entering off these trades with only v tops and bottoms. This can be done by turning the software on and off for only qualified trades. Additionally, the rule of thumb is that if a v top occurs, the third yellow trigger candle that fires after that v top, indicates extreme selling pressure and a possible parabolic downside move, or climax selling is occurring. This occurred a few times on this chart and started after the first v top zero turn candle. The count on the Momo setups starts after a v top or bottom. The count will start over after the next qualified v top or bottom.
5. The selling pressure will continue until the dual trend filter turns an opposite color such as red/green. This indicates chop and to stand aside. Advanced traders in the room can look for my failure setup only when this chop occurs. Traders can wait until the market turns back to green/green for buys or red/red for shorts again if they do not elect to trade in the chop and trade a failure setup. The cycle then will continue to repeat itself.
6. New traders to the system should focus on staying only with the dual trend filter trend and using the LG2 strategy which focuses on the FIRST liquidity grab after a v top or bottom with that trend. New traders should avoid all chop trades when the dual trend filter is opposite colors. The chop market is where our failure setup occurs and is a more advanced setup once traders get a better feel for the system. The LG1 and LG2 will pick up the failure setup those traders that know how to spot 2-3 candle close outside of the zone. I have included a moving average toggle switch on the strategies to not take counter liquidity grabs and only liquidity grabs with the dual trend filter. Traders can change these settings to match the chart size they are using to only take the trend trades that match with the dual trend filter. This way when toggled on, it will not counter trade against the trend filter. Most traders, just leave it unchecked and wait for a v bottom or top to occur then enable with a click of a button under the Ninja Trader control panel.



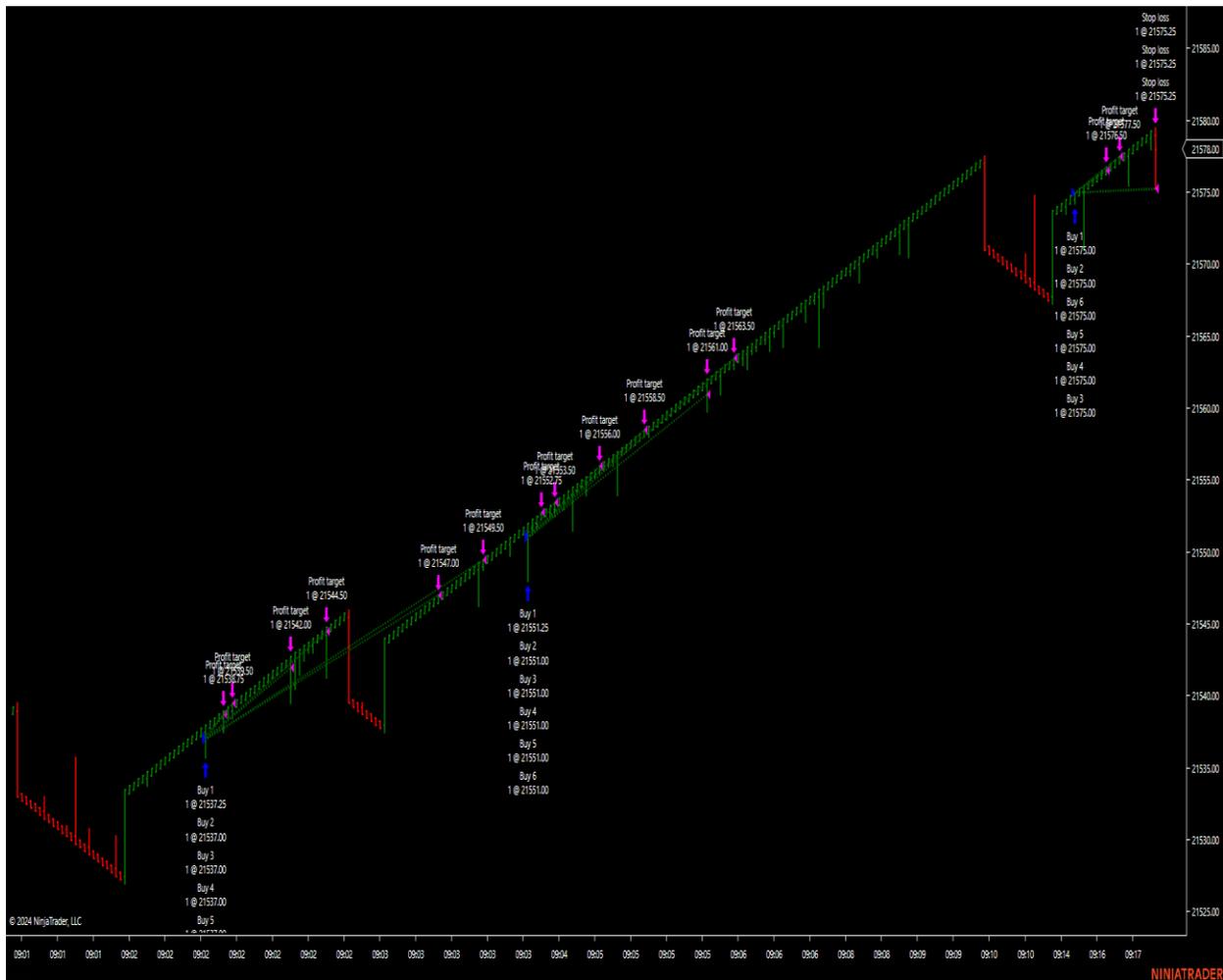


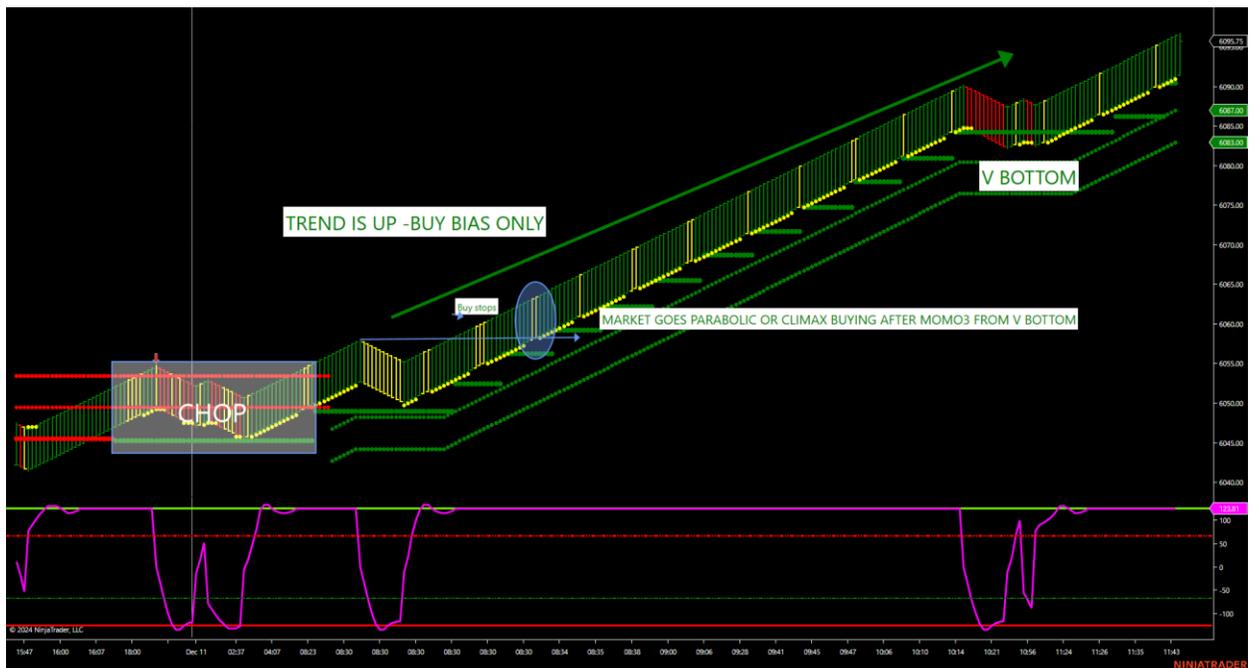
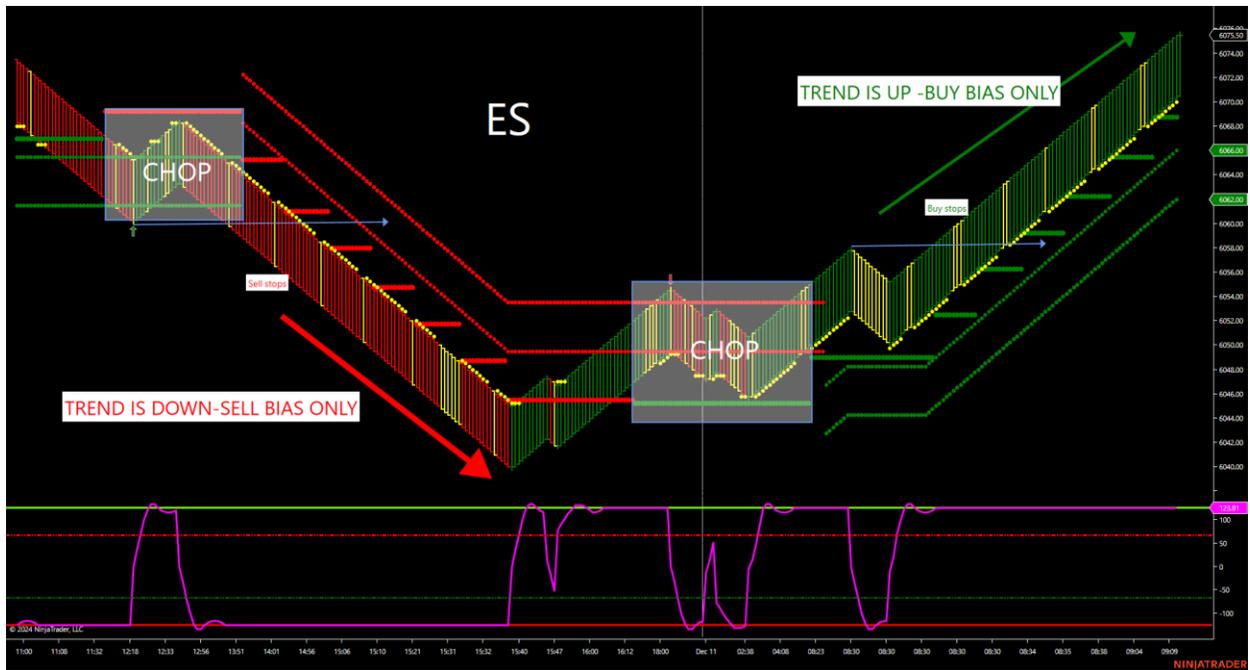
The two charts above show when the LG1 or LG2 strategies can be used on smaller Renko sized charts. This is a 1/1/20 Uni Renko chart. Notice the dual trend filter was red/red for the LG shorts and a v top came in first. Users can elect to use the LG1 and take multiple liquidity grab after this v top like the 2<sup>nd</sup> chart shows or elect to use the LG2 and only take the FIRST liquidity grab after the v top. Notice how the red inner SYM dots indicate a weak market structure because the v top occurs and reverses before a 2-candle close above.



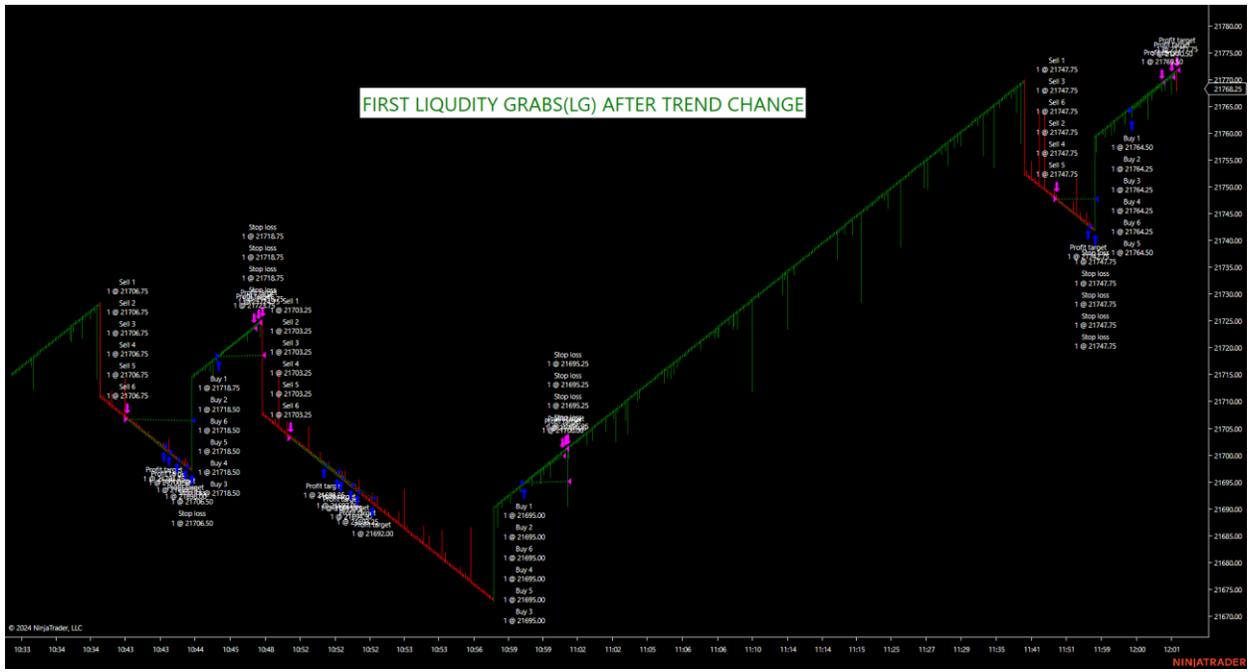
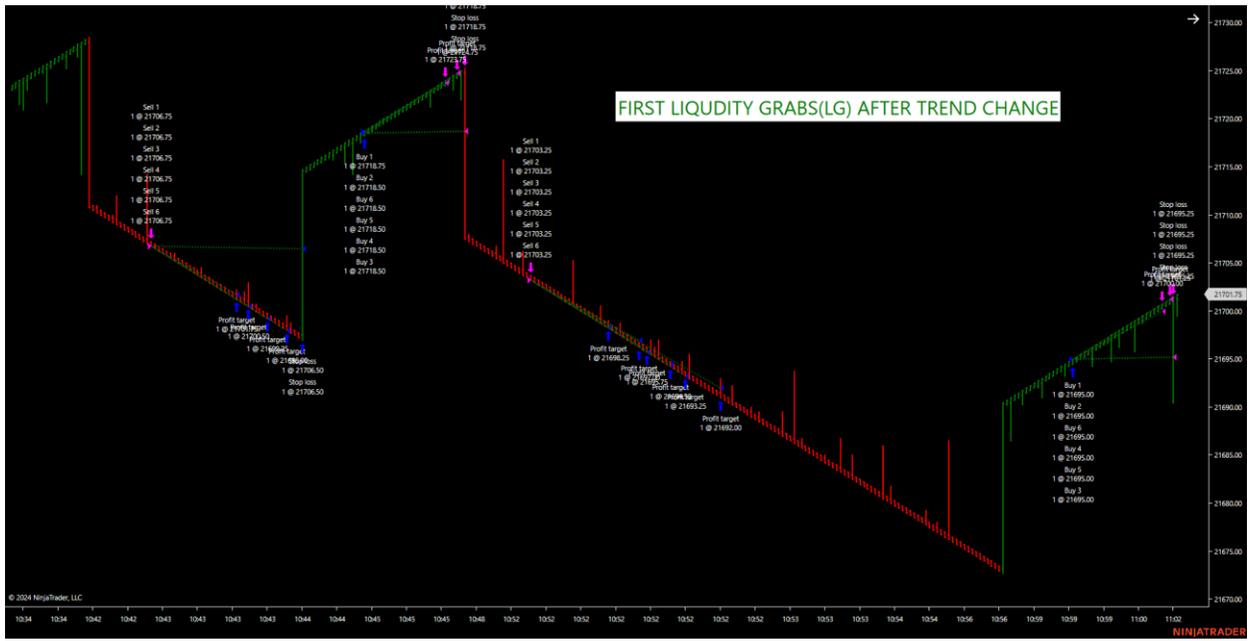


The LG1 and LG2 strategies have an additional moving average filter where the strategy will only take setups in the direction of that trend for traders using these different Renko sizes. I prefer to use this on the larger Renko sizes as you will see below. As long as the trader waits until a v top or bottom has occurred, the LG1 and LG2 trend toggle can stay disabled. Notice the chart below, the small pull backs in price were not executed on the LG1 or LG2 because it was against the moving average overall larger trend. The smaller Renko sizes will take all counter and trend setups so moving averages help to reduce the noise and can simply just go in the direction of the dual trend filter by the user. Depending on the size of the chart, traders can match it up with the trend of our dual trend filter.

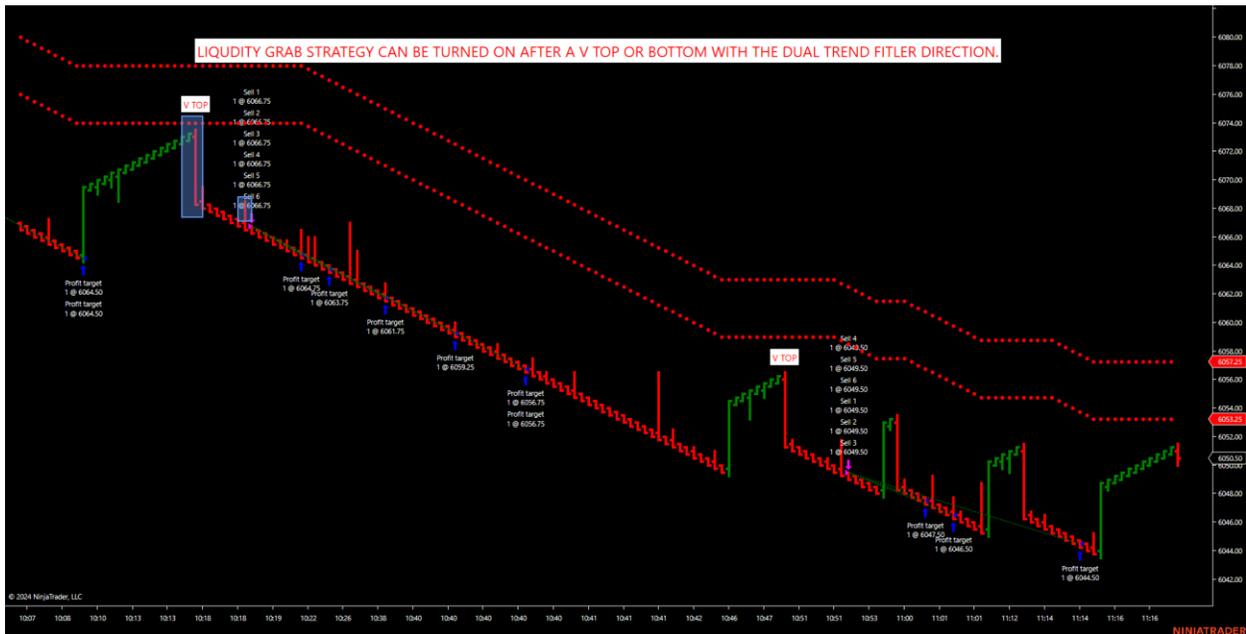
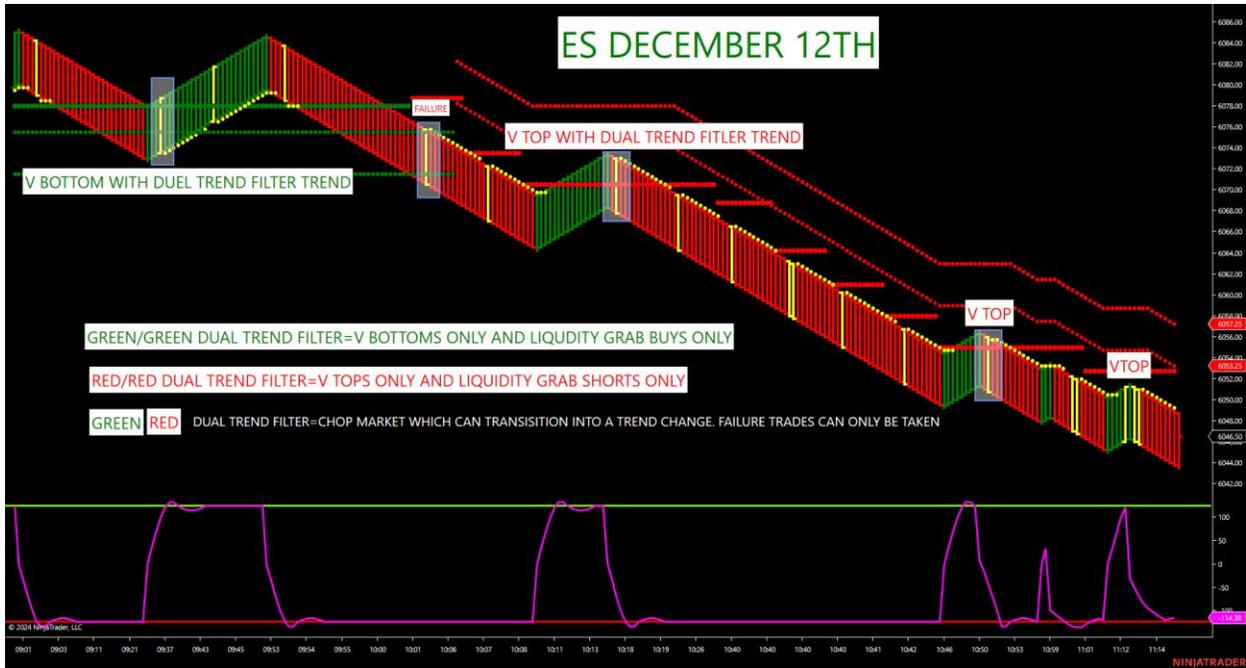




Looking at the charts above, the optimal time for the LG1 and LG2 strategies would be with the overall dual trend filter and should not be toggled on in chop markets when the dual trend filter does not agree. The only way to get through these chop areas and let the strategy trade over a certain number of hours would be increasing the Renko parameters to take out the noise of the small shallow retracements with larger Renko sizes.



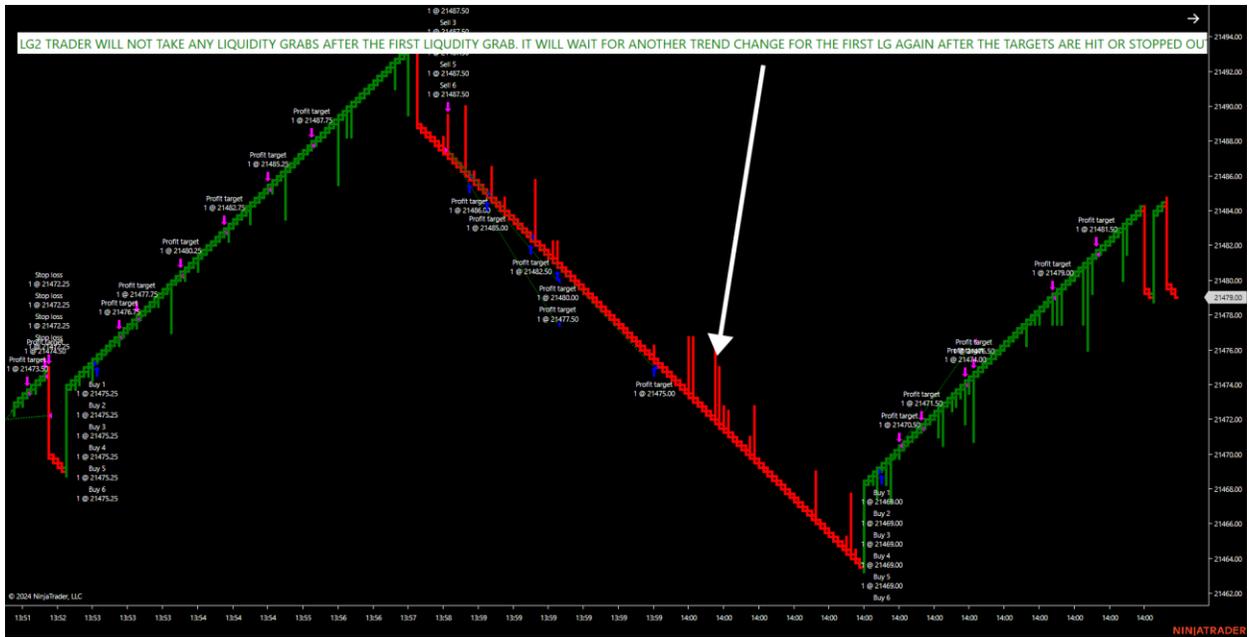
The LG2 strategy was designed to ONLY take the FIRST liquidity grab after a trend change.



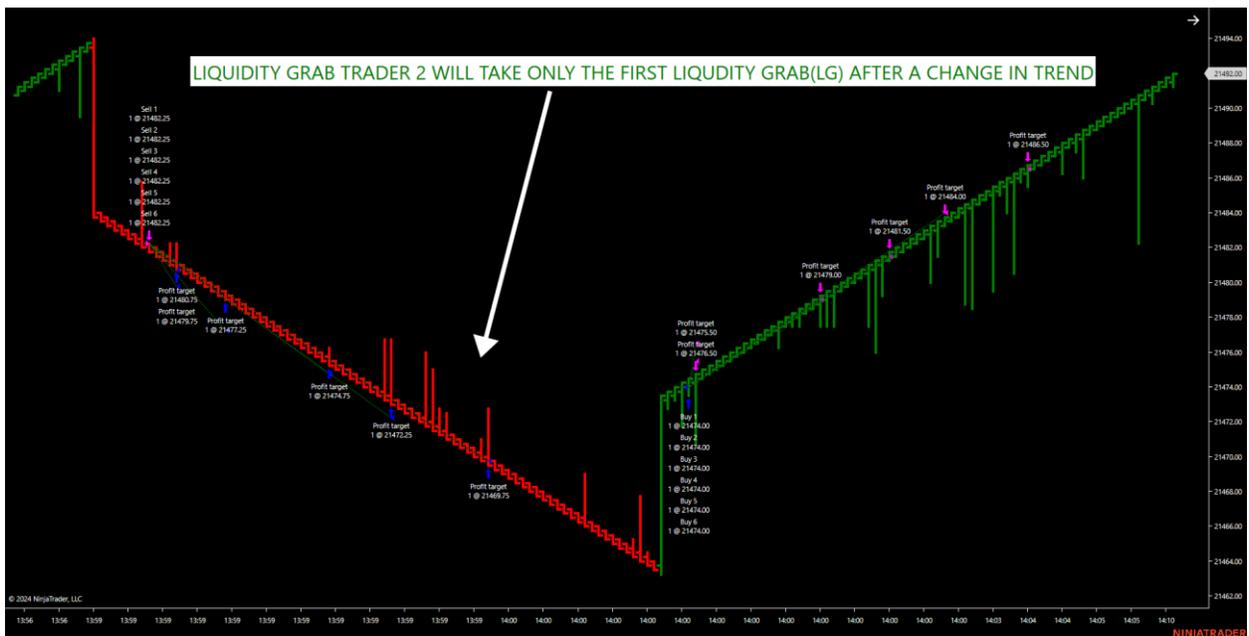
Look how the two charts above have synergy. Combining the v tops and bottoms with the dual trend filter trend, users can spot where the highest probability liquidity grabs can occur. This lessons market risk by avoiding all liquidity grabs and only selecting the ones with the dual trend filter trend and qualified v tops and bottoms. This is a 1/20/20 on the ES for the v tops and a 1/1/20 for the liquidity grab entry for LG1 and LG2 after the two v tops. Look how they match up. Notice how the charts match up to let the strategy manage the

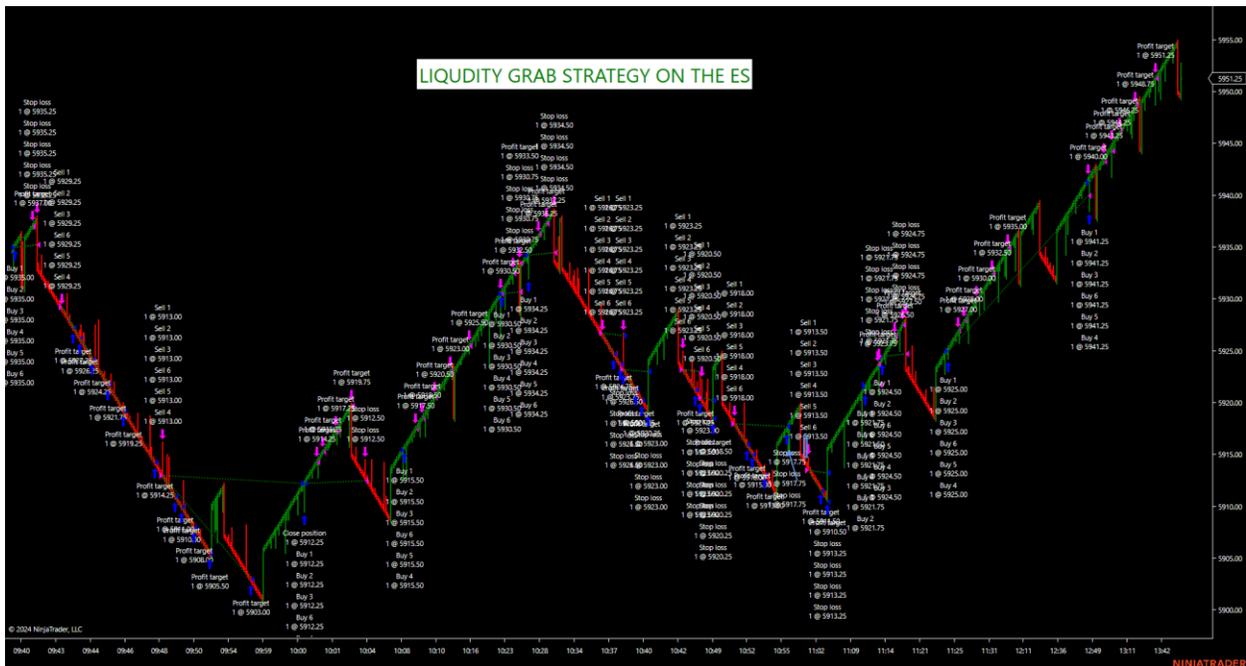
entry, stop and targets. This is the best way for smaller Renko charts due to the noise on shallow retracements. Larger sized Renko charts smooth the noise out due to less shallow retracements and don't require turning the software on and off but require larger stops. Larger stops should still be in the 5 to 1 risk to reward max. even if trading the larger Renko sizes. *The advantage of the LG1 and LG2 strategies is the speed of the fills and to remove the emotion out of the trade on stops and targets for traders. For example, today on Non-Farm payrolls, the 1/1/20 produced 10 LG2 trades in a row in the live as I walked through every one of the v tops and bottoms as they occurred. I showed traders not to enable on chop markets and only enable on the v bottom and v top trend markets. The system hit 10 in a row with trend only.*





Remember, LG1 will take all liquidity grabs and LG2 will ONLY take the FIRST liquidity grab after a trend change.





Notice the chart above on the ES. When using the LG1 or LG2 and running around the clock, without toggling on or off on a smaller Renko chart, will produce a lot of liquidity grabs because it's looking at all the retracements shallow and deep. This produces way too

much market risk. Instead, qualify the liquidity grab by a v bottom or v top with the dual trend filter trend when enabling the strategy. Using it to just execute every liquidity grab around the clock on smaller Renko charts will produce too much noise in the market and increase market risk by not qualifying the liquidity grab. Filtering out most of the liquidity grabs by the dual trend filter and the v top and bottoms, increases the probability of the move on these smaller Renko charts. Remember, the less liquidity grabs that are qualified tend to produce the highest probability setups. These typically occur right after a v bottom or top with the overall dual trend filter. Users that want to run LG1 or LG2 for x number of hours a day without turning the strategy on or off after a v top or bottom, need to increase the Renko size to take out the noise and view only a few liquidity grabs during the session. I provide settings to start out with on the ES below on the larger Renko size. This will be up to the user/trader as increasing the Renko size will increase the stop which I will go over below but it does not mean that one must go over the max. 5-1 risk to reward on the first targets. The disadvantage is a larger stop, the advantage is larger trend moves with less liquidity grabs due to the nature of the retracements. Micros now give the traders an advantage of using these larger Renko charts due to the 1/10<sup>th</sup> size of the stop and profit from the normal contract size. Noise then can be reduced using strategies such as the LG1 and LG2. For those that are interested in Funded accounts, Apex or Top Step and other firms can assist traders in the normal contract sizes as well as the micros. Traders will just have to follow their overall trading rules and guidelines. Apex uses a trailing drawdown where Top Step is a fixed drawdown. I go over strategies below and tips for using the LG1 and LG2.

# 3 MAIN SETUPS ON ALL MARKETS WITH THE PATTERN RECOGNITION SOFTWARE DAILY SETUPS ON ALL MARKETS

1. V BOTTOM OR V TOP YELLOW TRIGGER ENTRY "WITH DUAL TREND FILTER COLOR"
2. LIQUIDITY GRAB SHOULD OCCUR RIGHT AFTER THE V BOTTOM OR TOP TO CONFIRM PUSH
3. MOMO1 WILL FIRE TO SCALE CONTRACT FROM THE V BOTTOM/TOP OR THE LIQUIDITY GRAB
4. ONCE MOMO3 FIRES, THE MARKET COULD GO PARABOLIC AND PUSH HARD WITH CLIMAX BUYING/SELLING
5. MOMO'S RESET AFTER THE NEXT QUALIFIED V BOTTOM OR TOP WITH TREND
6. ALL SETUPS "MUST" BE IN DIRECTION FO THE DUAL TREND FITLER, FAILURE SETUP BEING THE EXCEPTION



V BOTTOM YELLOW TRIGGER ENTRY

MOMO1 ENTRY

LIQUIDITY GRAB STRATEGY ENTRY

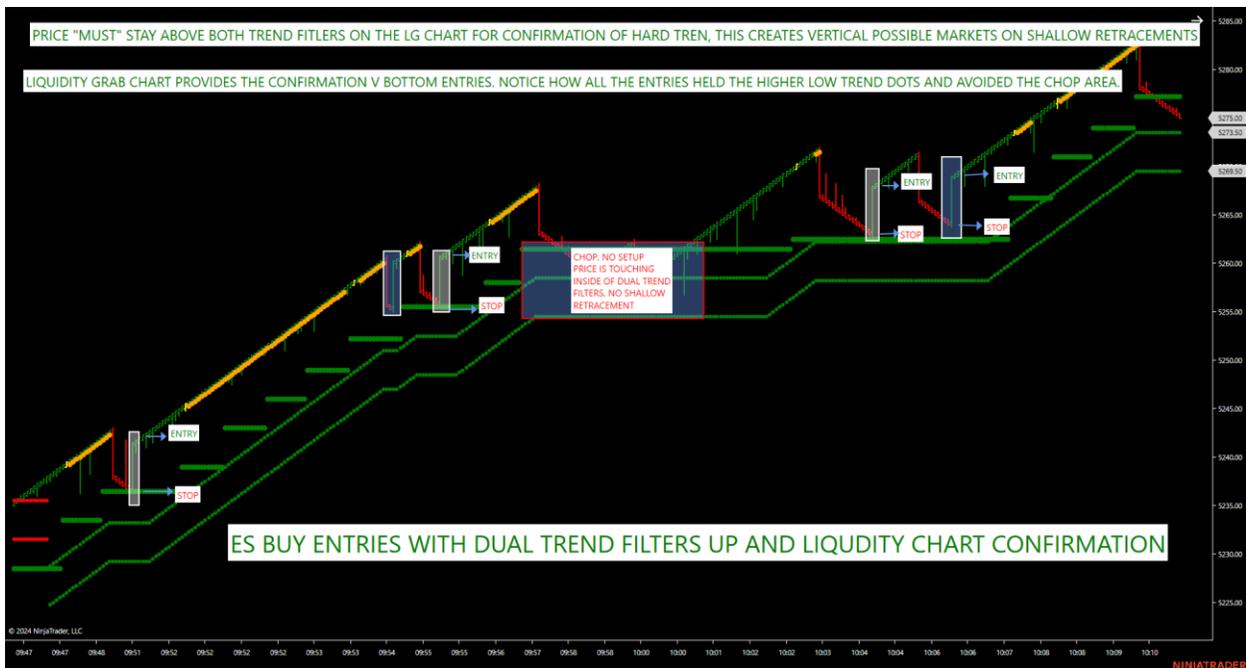
V BOTTOM YELLOW TRIGGER ENTRY

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Our pattern recognition software spots weaker and stronger daily markets with our dual trend filter. Look at the charts above and below. Staying on the right side of the market and staying away from a chop market is a big edge. Our dual trend filter helps and assists traders by showing these trend moves and chop markets. That is a major advantage over counter trend trading the markets. By recognizing the trend of the market, and by establishing when a retracement is qualified with a v bottom or top with this trend, traders then can see when liquidity grabs are taking place in the mark up or mark down phase of the markets.



Remember, look at the chart below. The market can only do 2 things.

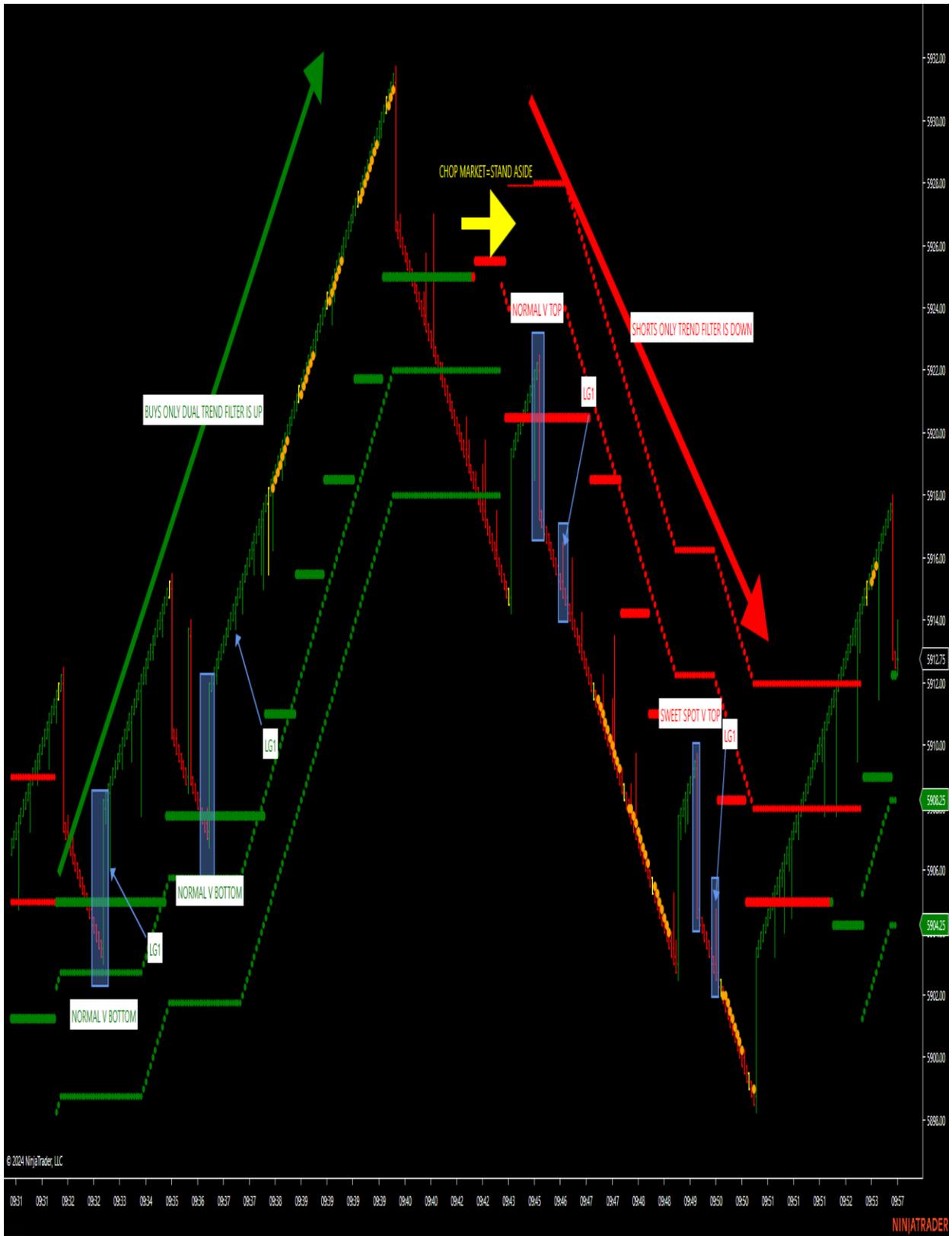
1. Trend (go vertical, red/red or green/green on our dual trend filter) This is when the LG1 and LG2 should be enabled after a v top or v bottom only with Dual trend filter green/green or red/red. Never green/red or red/green due to chop.
2. Chop (dual trend filter is red/green or green/red means to stay away or look for a failure setup)

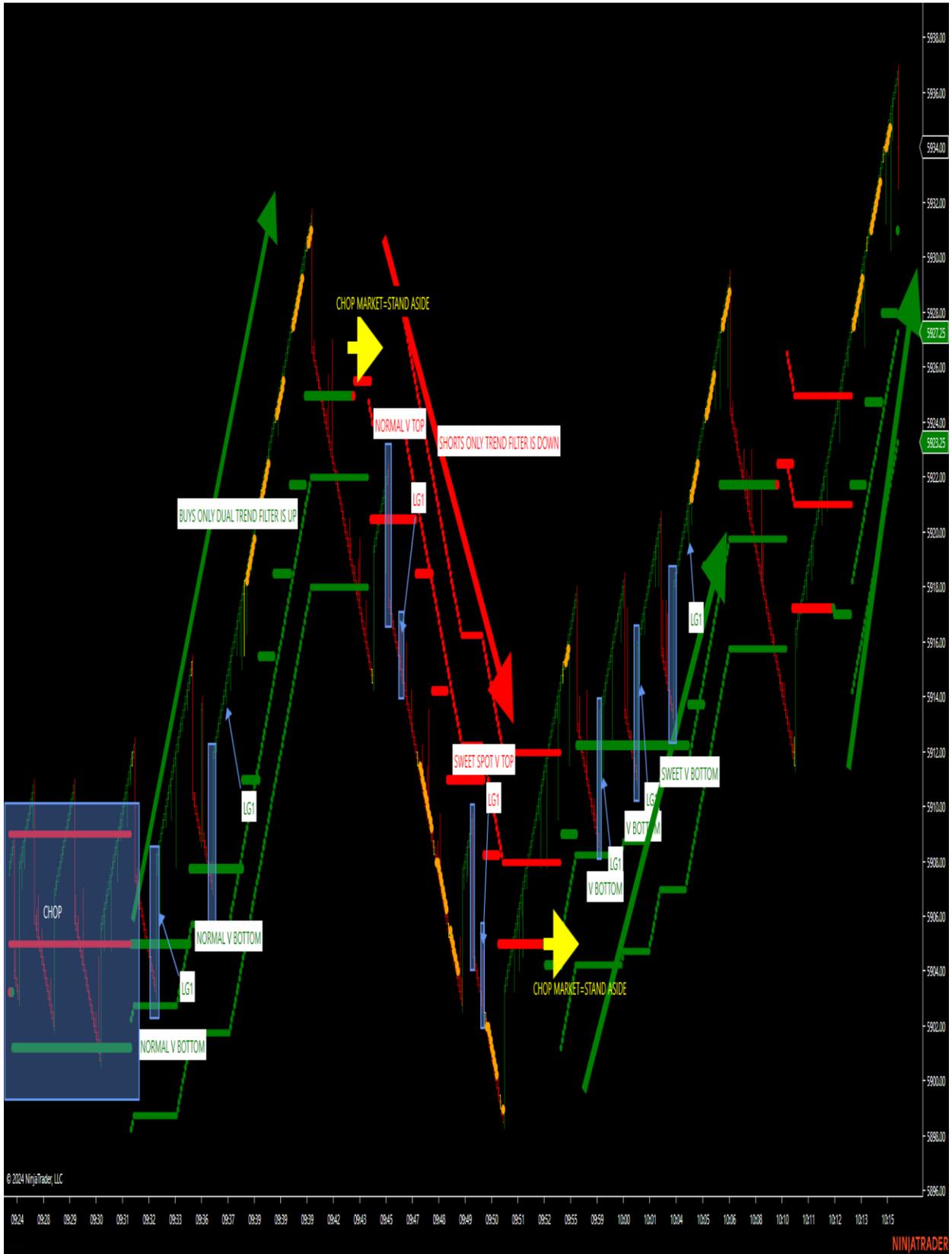
Use the dual trend filter to establish the overall trend and the bias of the markets.

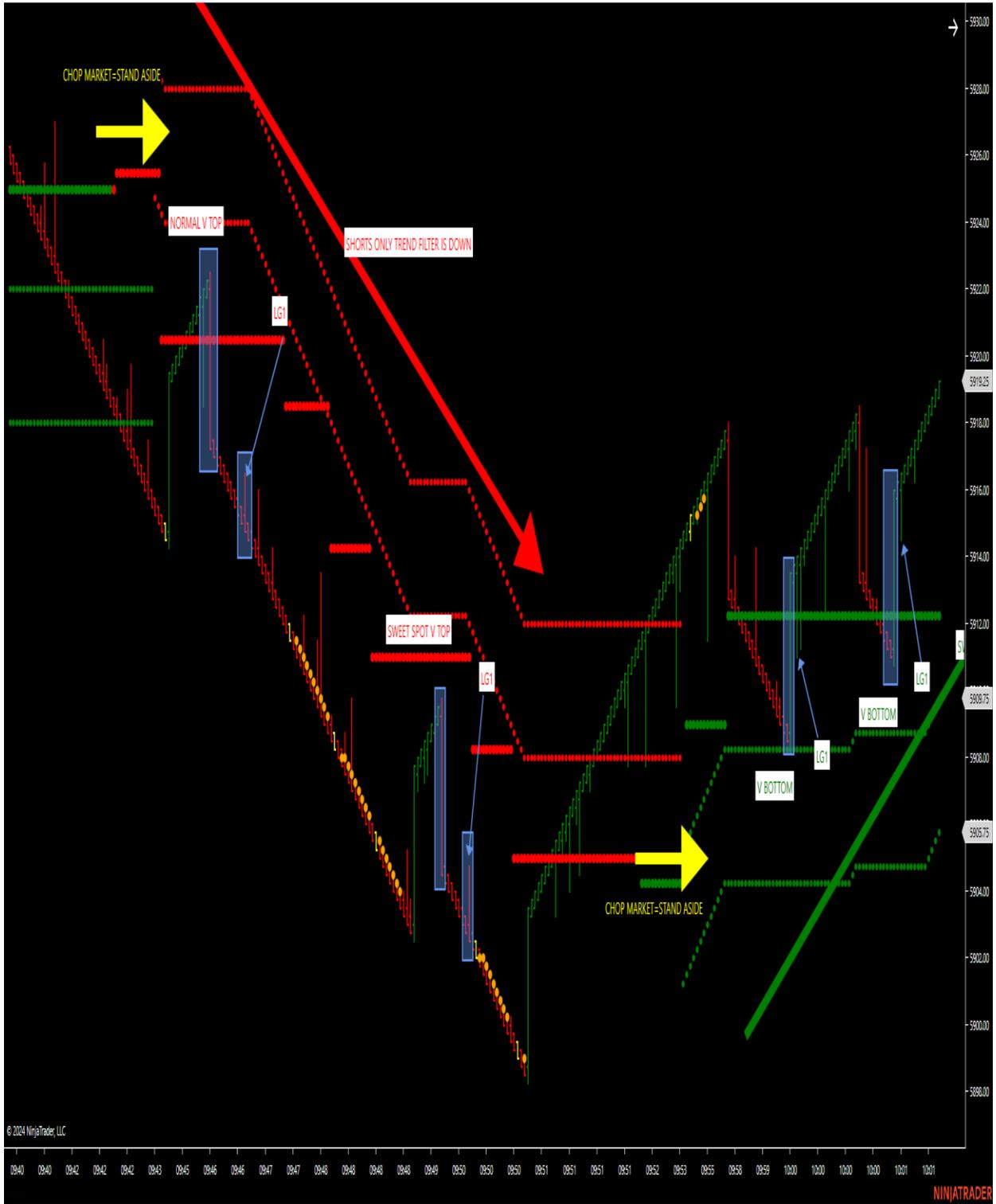
Green/Green=Buy Bias

Red/Red=Sell Bias

Red/Green or Green/Red=Chop







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**REMEMBER, THE TREND IS YOUR FRIEND UNLESS ITS ABOUT TO END. USE THE DUAL TREND FILTER TO ESTABLISH VERTICAL(TREND) OR CHOP MARKETS! AVOID CHOP WITH THE LG1 OR LG2 STRATEGIES.**

Let's now get into changing and adjusting parameters when using the free Ninja Trader Uni Renko bar. The software does not have to be used with the Uni Renko bar and works on multiple bar types. We show the Uni Renko Bar type in the live room on the ES and provide settings for both the smaller Renko and Larger Renko charts.

## **Uni Renko Bars**

The Uni Renko bar type allows the user to choose when the bar closes in the direction of the previous bar (TREND) or when it closes in the direction against the previous bar (REVERSAL). I like the bar type because I am most interested in wicks because they show real prices. This educates me where the distortion in price has occurred against overall trend only to close with the trend for a continuation if it occurs. These can be areas of liquidity grabs. Like most Renko bar types, the open is artificial so *back-testing should be with playback only*. Strategy Analyzer will not produce similar results due to the open. I always educate to run a Market Replay instead of fine tune the user's parameters for his/her trading style.

Parameters can be changed and adjusted to fit the users trading style. Below is a summary of the parameters.

Trend-Number of ticks to close in the direction of the previous bar.

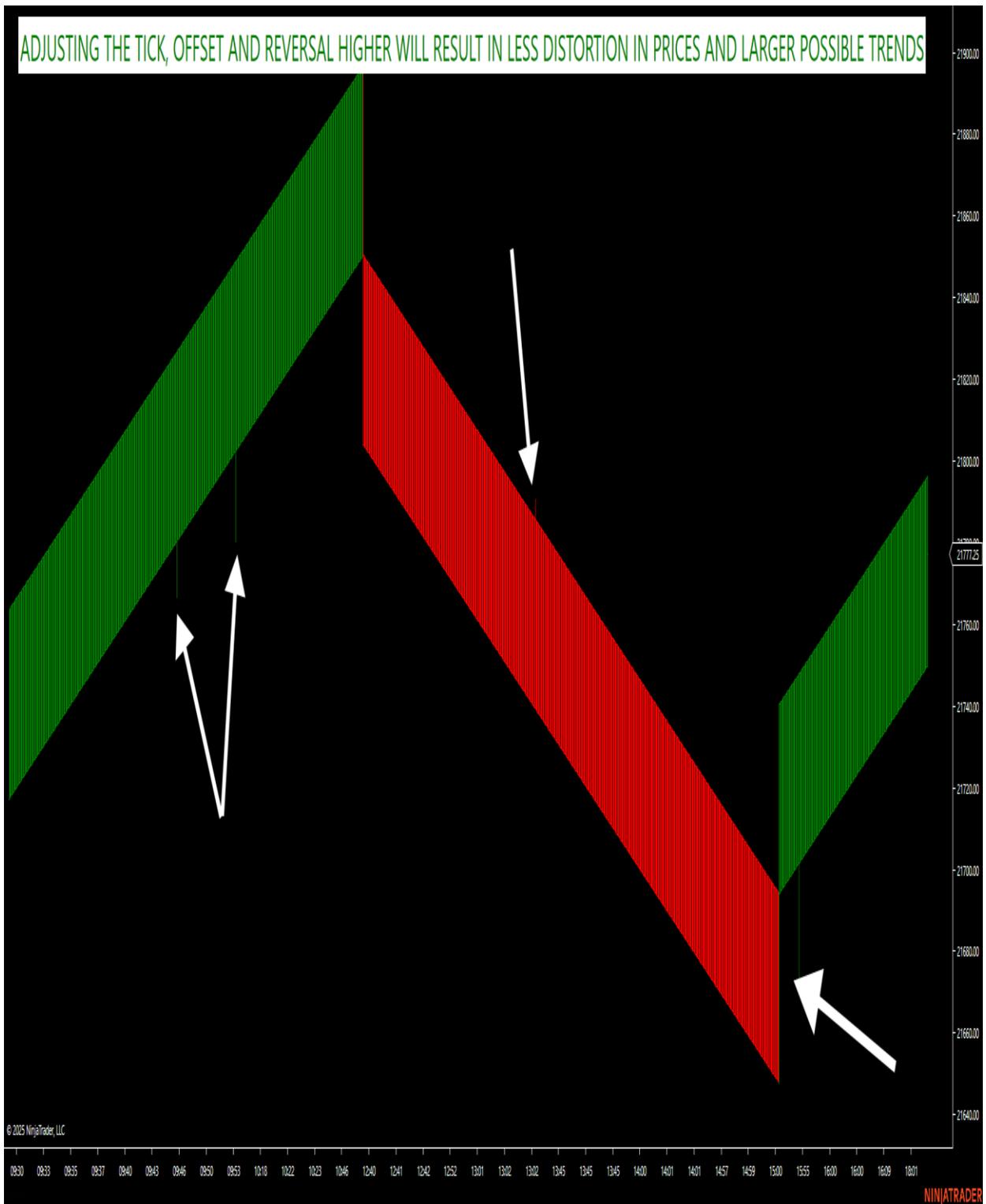
Reversal-Number of ticks to close in direction against the previous bar.

Offset-Number of ticks to draw the artificial open.

Adjusting the Trend, Reversal and Offset and running the results on market replay with the LG1 and LG2 strategies is the best way to analyze larger Renko size performance results. Smaller Renko sizes should be toggled on or off after a v top or v bottom with the dual trend filter. Market Replay is a must before using the LG1 or LG2 on larger Renko sizes. I provide a great starting point below on the ES.



Notice the tails or the wicks were against the overall trend then close with the trend. This indicates the bias in the market. This can be adjusted to the user's preference to smooth noise out. For example, I show a 1/1/150 in the live room with the ES to show the bias. This information is valuable when lining it up with the dual trend filter on small Renko sizes. If the 1/20/20 liquidity grab chart lines up with the larger trend, the strategies tend to have larger runs in this direction.



This larger Renko takes the noise out of the market. They do require larger stops so a 5-1 or better risk to reward must be used.

Getting started with the LG1 and LG2 strategy.

The liquidity grab strategy was not designed to be run 24 hours a day on smaller Renko sizes such as the 1/1/20 that we use in the live room. There is too much noise and small swings that occur on smaller Renko bars. The big difference is that the smaller Renko bar parameters will produce a lot of noise in the markets due to many small and shallow retracements. The larger Renko bars will take out most of this noise and smooth the trend out. The big difference between them is that if a trader wants to use smaller stops, a smaller Renko bar must be used because the REVERSAL parameter will be key in stop placement. Normal stops will be placed just outside of the reversal parameter. The smaller Renko bar will lead to smaller swings in the market which will create more noise, however, if the trades are qualified first by going in the direction of the dual trend filter and focusing on v tops and bottoms, then smaller Renko sizes can be qualified and used with smaller stops. The LG1 and LG2 strategy can then be toggled on with these smaller stops after these v tops and v bottoms have been qualified. For example, in the live room, we focus on the ES. The ES we show with a 1/20/20 chart for v tops and bottoms and we also show the 1/1/20 for the market structure and liquidity grabs. The normal stop on this bar type would be 20 ticks with some traders taking the top/bottom 25% of the reversal bar at 15 ticks. For example, a v top comes in and the trade is placed. The stop would be 20 ticks or a few ticks just above/below the 20-tick level. Why? The most important part of the stop placement on Renko bars is knowing the reversal bar parameter. If a stop of 10 ticks is placed on the strategy with a reversal bar of 20, many stop outs would occur even if the v top was correct because it was a 20 Renko bar reversal, not a 10. In other words, traders can adjust the chart size to his/her risk tolerance based upon the reversal bar input and determine how much noise he/she wants in here trading plan. The point is that the reversal bar is a great measurement of the stop needed under the strategy. If a trader chooses a 1/1/25 then 25 ticks stop would be standard. The advantage of smaller Renko bars would be the smaller stop but the big disadvantage is the major noise due to the many daily swings. The big advantage of the larger Renko sizes would be less noise and less liquidity grabs but the big disadvantage would be the larger stop. Both should be a 5-1 risk to reward max. or better. For example, if 12 ticks are the first targets, a max 60 reversal bar must be used or lower. If a 10 tick first target is used, a max. 50 tick reversal bar must be used. If a 5 tick first target is used, a 25-tick max hard stop must be used. This is a great rule of thumb to use with the smaller and larger Renko sizes with the LG1 and LG2 strategies. There are a lot of combinations parameters that can be used with LG1 and LG2 which is up to the user. We educate smaller stops and using the LG1 and LG2 as an order management system when a v top or bottom occurs with the overall trend filter direction. This way, the user/trader is putting themselves in the best possible liquidity grabs without all the noise on smaller Renko sizes. This is the main reason we show a 1/20/20 for our v top and v bottoms and use a 1/1/20 for our liquidity grab strategies LG1 and LG2. Traders that want to run the LG1 or LG2 for a certain period can let it run with the proper risk to reward.

3 helpful rules when using the LG1 or LG2 strategies on shorter and longer Renko charts.

1. Number of contracts per account size!

Just because the user/trader can trade up to x number of contracts does not mean that the user/trader should trade that many contracts. Why? Drawdown. Contract size comes to be a major factor in determining this. If trading an evaluation account/funded or personal account on the normal contract, 1 or 2 losers could fail the account due to the drawdown if max contracts are used. For example, a 50k evaluation/funded account allows up to 10 full sized contracts using APEX. Maxing these contracts out will only subject traders to a major drawdown threshold on losers. That account only has a 2500 drawdown threshold from the account's highs. I educate using the 1/3<sup>rd</sup> rule. If 10 contracts are allowed, then 3 would be my number. If 20 contracts are allowed due to account size, then 6 contracts etc. This will help with losers and drawdowns. The same goes with any trading account. Just because the margin allows it, does not mean that one must max it out. Always look at the drawdown and the consistency of the daily parameters. Micros can even be used which are 1/10<sup>th</sup> of loss and 1/10 of the profit.

2. Consistency!

If trading the smaller Renko sizes with the v tops or bottoms, with the overall trend filter, by taking the first liquidity grab only or taking both the v tops and bottoms and the liquidity grabs. Traders might want to just use the strategies all together and only enable them when a qualified v top or bottom occurs and toggle off when targets are hit. This way the approach is consistent daily and removes the emotion away from the entry, stop and exit. Doing a trading plan like this will be consistent every trading day. Consistency is the key. Jumping from one Renko size to the next week to week will not allow consistency. Jumping from trading failure trades one week to v tops and bottoms the next then trading only Momo's will not be a consistent plan. Write down a trading plan that you want to implement. Our software only locates a few trades setups. Traders do not need to take all the setups. Some traders will like the v bottoms and tops with the liquidity grabs only while others may add in the failure trade and the Momo setup which are more advanced. Some traders will wait until the v top or bottom has formed and only use the LG1 or LG2 strategy only in those situations if they want to use the software as a total order management system which will enter, stop and exit the setup. Doing this takes the EMOTION OUT of trading. Many traders are not consistent because of the emotional aspect of day trading. Allowing the LG1 and LG2 to remove the emotion adds consistency to the daily plan. By allowing the LG1 and LG2 strategies to only be toggled on when a qualified setup

occurs, lessons market risk and takes the emotion out of the entry, stop and targets. By doing this if the dual trend filter says it's a chop market, then don't toggle on the LG1 or LG2. Find a trading plan that fits your risk/reward tolerance and be consistent about it daily. This includes entry parameters with a fixed stop and targets. If trading larger Renko sizes, contract size is key to get through the drawdown phases of the strategy. This can be reducing the contract size to 1/3 of contracts allowed or even trading Micros which are 1/10 of the large contract.

### 3. Reward to Risk!

**Smaller Renko bars** allow for smaller stops as an advantage, but the disadvantage would be the noise that comes from shallow retracements all day long. The software will be looking at all the smaller and large swings. This creates an overabundance of liquidity grabs if using the LG1 or LG2 as a standalone strategy by itself without qualifying the setup. This means you just don't want to turn the LG1 or LG2 on and let it trade all day on smaller Renko sizes. This creates too much noise. A better way that we educate is by using the dual trend filter and v tops and bottoms to qualify the FIRST LG, this lowers the risk of catching non-qualified LG's and lowers the noise in the market considerably during the day. This puts the user/trader in the highest probability trade setup as he/she can toggle the software on and off as these v bottoms and tops occur with our dual trend filter. This will remove the emotional aspect from the setup as LG1 and LG2 will enter, stop and go for its targets. Losers are going to happen, it's the consistency to come up with a winning trading plan. This is how users can manage smaller Renko sizes with noise and show consistency. Doing this lowers market risk with non-qualified setups. The software will then consistently manage the entries, stops and targets the same way over and over. This will add to the consistency needed. By doing this market exposure is limited to high probability liquidity grabs only. We did this in the live room with non-farm payrolls on 1/10/25 and the system produced 10 LG2 trades in a row that were qualified with the dual trend filter trend and v tops and bottoms. All the chop that morning was avoided and the software educated to be turned off at that time.

**Larger Renko bars** have the advantage of taking out the noise of the market with big trends but the disadvantage of a larger stop. If trading with the larger Renko bars, contract size must be reduced or trading micros to get through the drawdown on losers. Both LG1 and LG2 strategy can reduce the contract size all the way down to 1 contract. Scroll down to order handling under the strategy and change the entries per direction from 1-6 contracts. If you want to do more than 6 contracts, then add the strategy multiple times to achieve the contract size that you want. I will go over the

larger Renko sizes and how to maximize the risk to reward when using them below.

Both smaller and larger Renko sizes we educate should be with a max of a 5-1 risk to reward when doing stop to target ratios. Meaning we educate not to risk more than 5 risk to 1 reward, even on the larger Renko charts. In other words, if trading off a 1/20/20 liquidity grab chart with the LG1 or LG2 strategies with a 5 tick first target, a max 25 tick stop should be used. Traders and Users then can adjust these targets according to this as a guideline and adjust to their own risk to reward. Most funded account or prop firms use a max 5-1 risk to reward. In other words, they won't let traders' risk more than 5 risk to 1 reward. This is just a guideline, and users/traders can adjust to his/her own risk tolerance. This is educational software that can give an edge with the right risk to reward.

Remember, contract size, consistency and reward to risk when passing any evaluation/funded account or to be consistent on any account. These are 3 key components to be consistent with the LG1 and LG2 strategies. I hope these tips will be useful in using the strategies.

When is the best time to use the LG1 vs the LG2?

Both strategies have 1 thing in common on the smaller Renko sizes, LG entries should be taken in the direction of the dual trend filter trend and avoided during the chop phase. The LG1 will take liquidity grab after liquidity grab while the LG2 will only take the FIRST liquidity grab. These are best toggled on after a v top or bottom has occurred. LG2 is my favorite because it works on chop days for smaller targets and trend days for runners because it's the first liquidity grab after a qualified v top or bottom. Test them both on the same chart settings to see the difference. For example, if the software is showing a 3<sup>rd</sup> MOMO in a row, this could be a hard trend day and multiple liquidity grabs could be occurring. On the flip side, if price is inside of Market Profile and the market is oscillating back and forth, the LG2 tends to work because it's only look for the first liquidity grab. If using larger Renko sizes for a certain period of the day such as 930 to 4 pm, both the LG1 and LG2 work with the same settings. The best way to find the setting that you want to use in your own trading plan will be Market Replay. Download the 12-24 contract data and test the last 60 days on your parameters using LG1 and LG2. Download the current contract 3-25 from 12-30-24 to the current day as of reading this PDF. This will help with seeing the results on playback. Remember, playback is the best way to test, not strategy analyzer due to the artificial open on Renko bars. Playback is

key to customizing Renko bar settings. Playback can help traders determine the risk to reward ratio they want to use on the smaller and larger Renko setups. Playback is a must if using the larger Renko sizes to test the strategies and inputs under the parameters selected.

Let's do a recap on how to use the LG1 and LG2 strategies with some 2025 setups on the ES this year.

We have two strategies that were sent out to members.

1. LG1-This takes all liquidity grab trades
2. LG2-This strategy only takes the FIRST liquidity grab after a trend change or v top or bottom

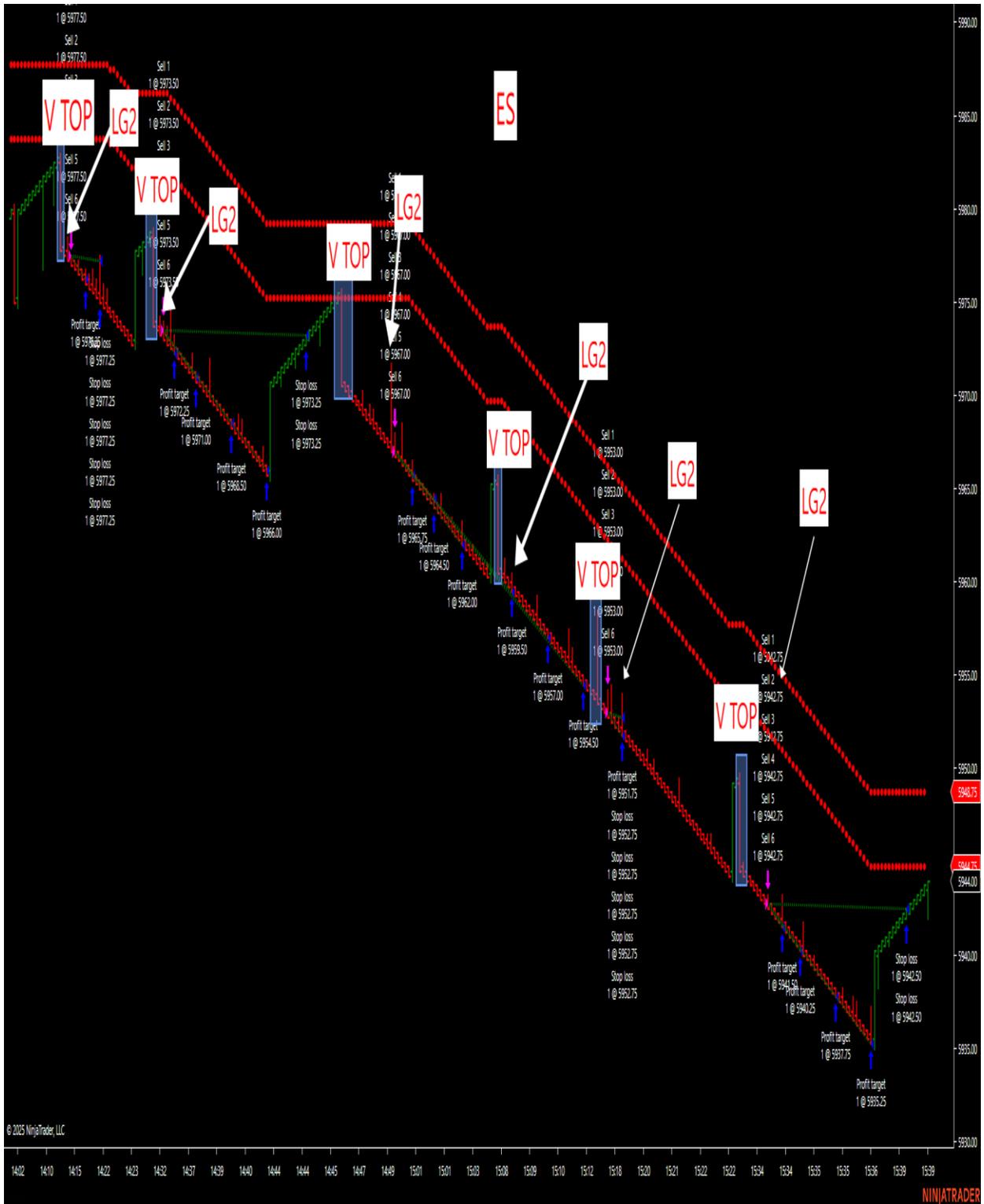
Below you will see two charts on the ES. Let's go over how to use the strategies with these two charts and why LG2 picks up some nice shorts with this strategy. Remember, the LG1 and LG2 can be used strictly as an order management system where the user turns on the toggle switch and lets the strategies enter, stop and go for the targets that the user inputs. The user/trader would watch the 1/20/20 v top and v bottom chart to qualify and then toggle on the 1/1/20 LG1 or LG2 strategy. In most cases, the LG2 can be just left on with trend like the example below because it only takes the first liquidity grab after a trend change. Most traders leave the trend toggle switch unchecked and just wait for the v top or bottom to confirm. If using the moving average filter, match the dual trend filter trend that you are using so no counters are taken on trend moves when toggled on. Match it up with the dual trend filter and the chart size you are using. It should be toggled off if chop dual trend filter occurs until trend resumes.

1. 1/20/20 UNI Renko. We show this chart in the live room to the far left. This chart shows traders when a v top or bottom occurs in the direction of our dual trend filter. The bars will turn yellow when this occurs. These v tops and bottoms can be taken before the liquidity grab occurs manually or traders can wait until these set up the liquidity grab strategies when to turn them on and let them manage the entry, stop and targets.
2. 1/1/20 UNI Renko. This chart is the chart to INSERT THE LG1 or LG2 on. Once a v top or bottom occurs on the 1/20/20, the LG1 or LG2 can be toggled switched on to manage the entry, stop and targets under the Ninja Trader control strategy tab by a simple click. I will show the settings below for new traders to get started which anyone can adjust to his/her reward to risk tolerance. I will post the settings used in the examples below on Jan. 7<sup>th</sup> ES shorts using the LG2 strategy which takes only the FIRST liquidity grab after the v bottom or top has been qualified.

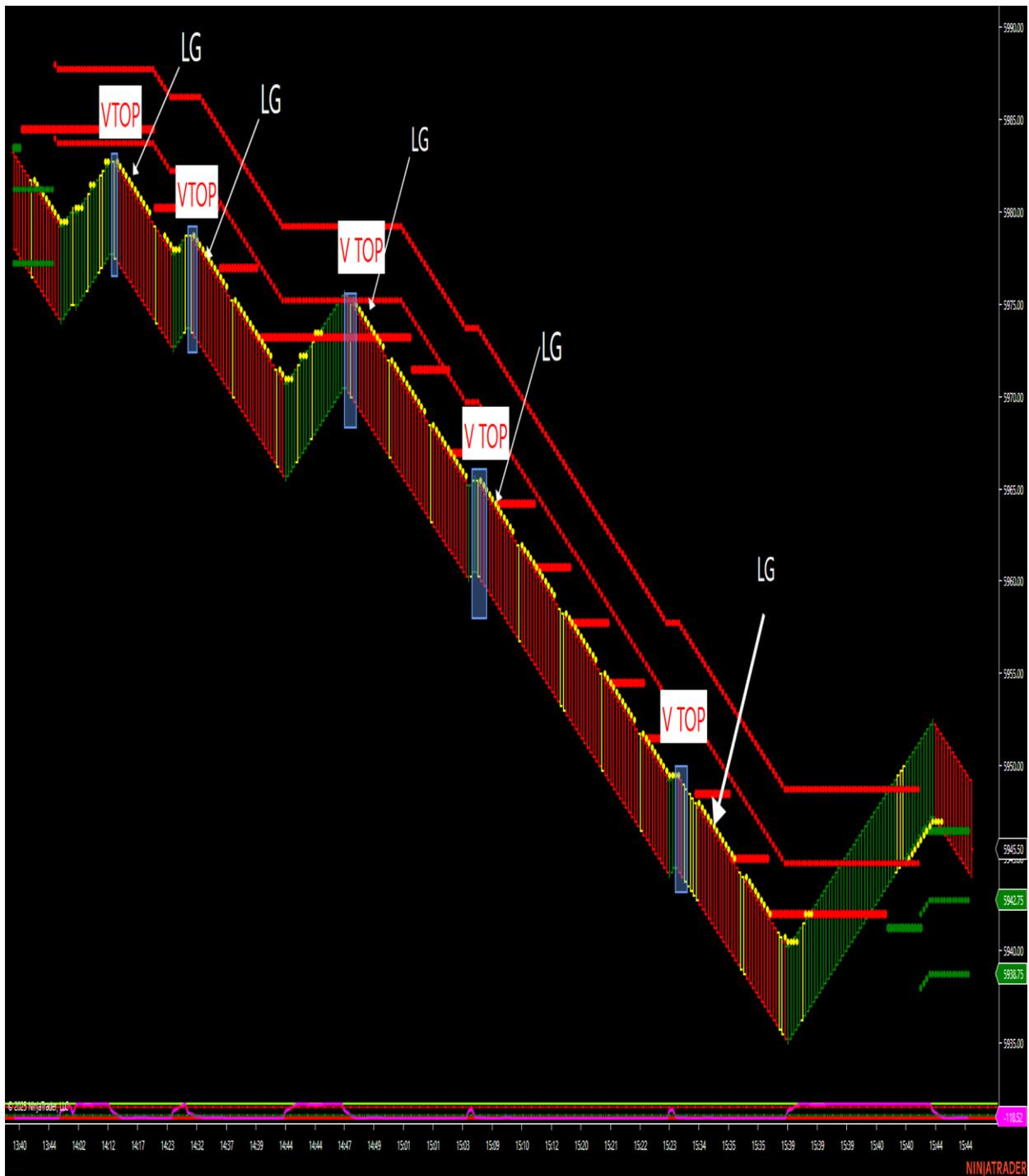
Here are the settings used on this chart.

**Trend off-Renko size ---1/20/20 Stop-20ticks (this is a max 5 risk to 1 reward on first target which can be adjusted by user) T1-5 ticks, T2-10 ticks, T3-20tick, T4 30ticks, T5 40 ticks and T6-50tick Break Even plus 1 is turned on. If leaving the trend toggle off, a v top or bottom must be in place, or the strategy will take a counter move.**

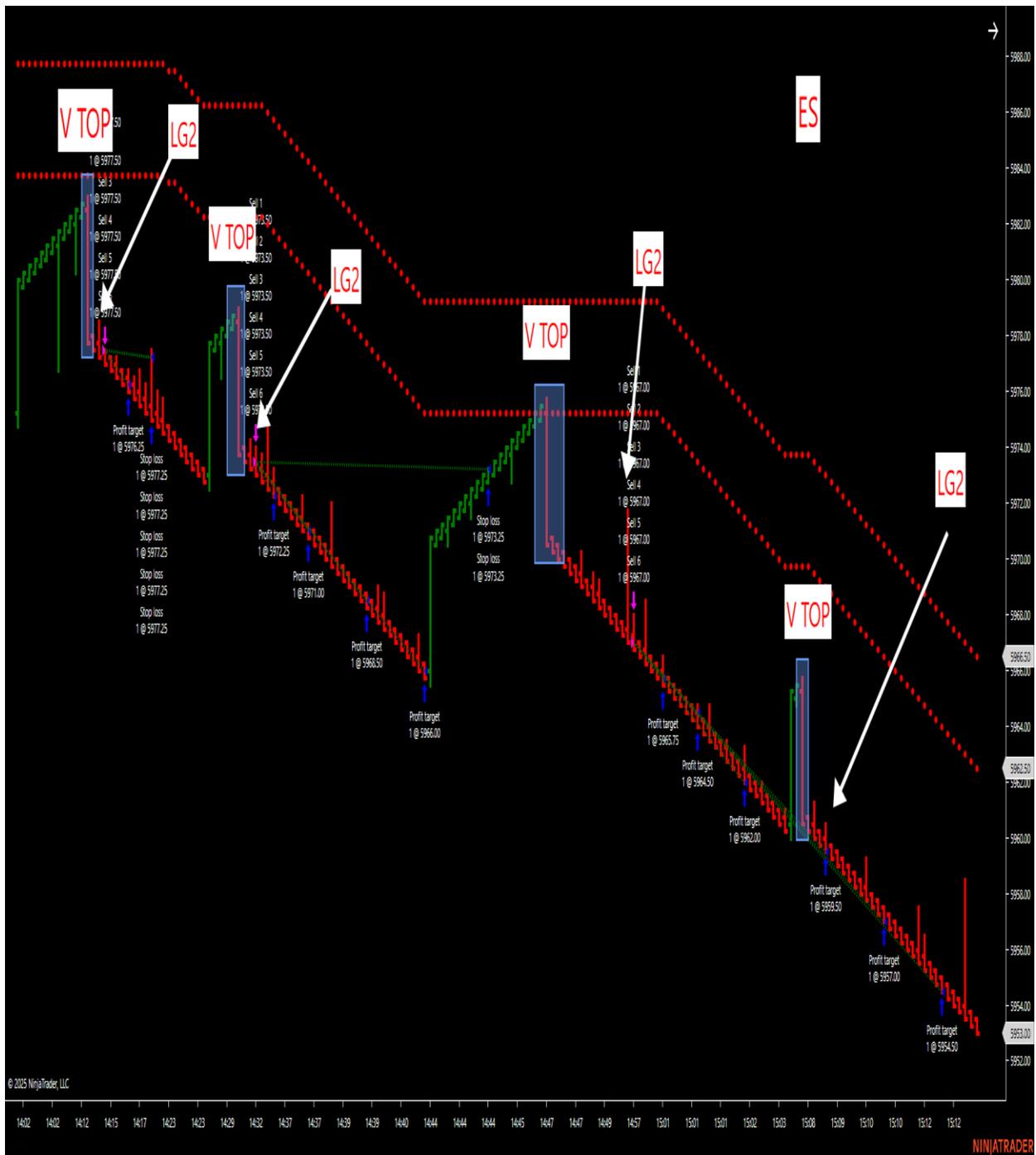
A trader would then wait until a v top or bottom occurs with the dual trend filter and then toggle on the above parameters on the 1/1/20 to match the live room. Of course, traders can play with the settings for shorter or longer Renko sizes which I will go over below. I just wanted to show the best way for new traders to filter when looking for an LG1 or LG2 entry. I prefer the LG2, only because it takes the first liquidity grab after a v top or v bottom and then looks for runners. You will notice that I have a first target of 5 ticks then breakeven plus 1 for the other 5 targets. If traders are doing evaluation accounts or funded accounts then the maximum stop must be a 5-1 risk to reward on most firms, thus the 25 tick MAX stop on the 1/20/20 chart with a 5 tick first target. If you extend the target, then you can extend the stop. If you lessen the target, then you must lessen the stop. The last runner was set to 50 ticks. Traders can adjust to his/her risk tolerance. The charts below were based off the above settings. Larger Renko size settings will be shown below and are the settings used in the playback to members recorded conference call on 1/10/2025.



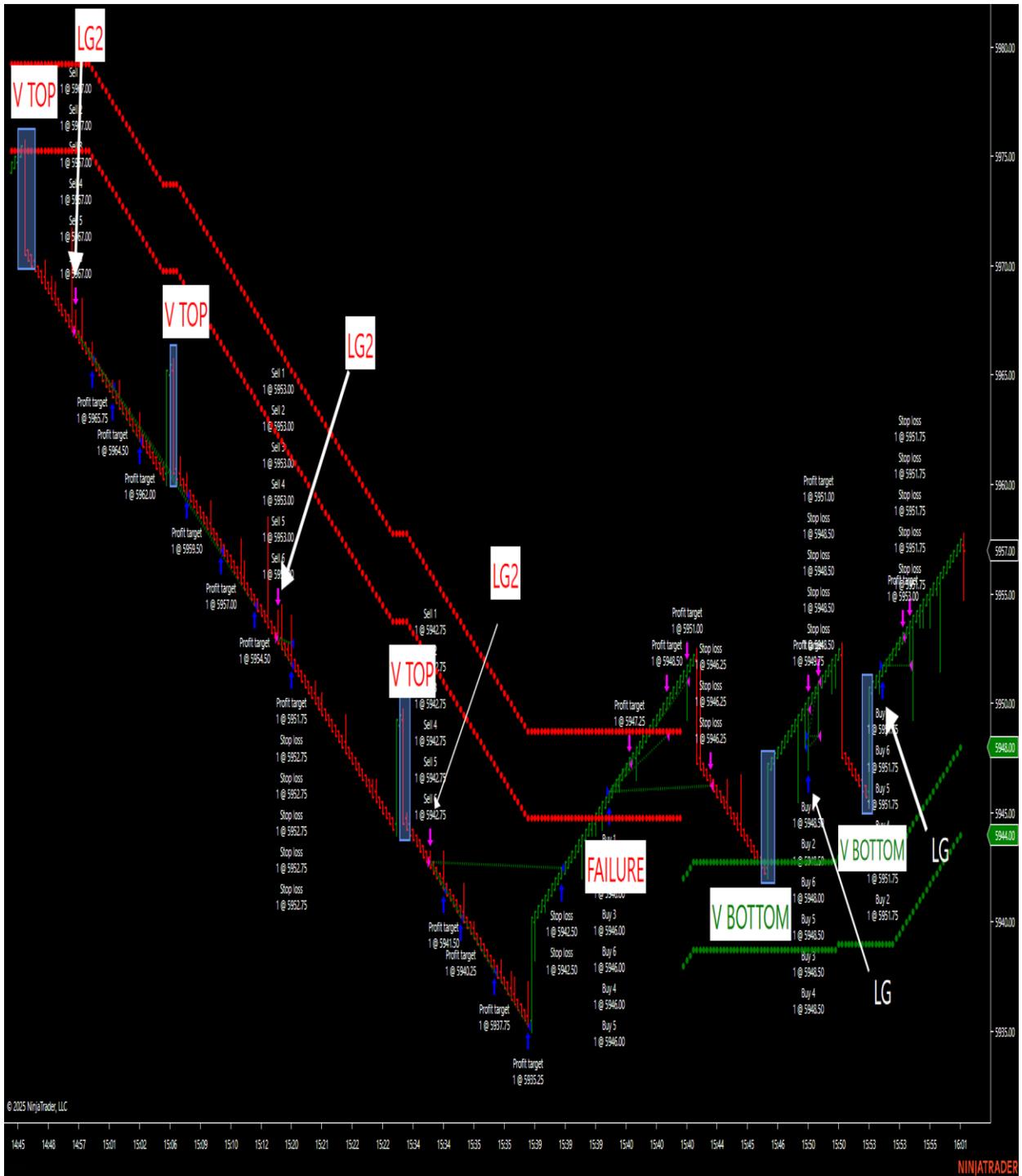
The above chart shows the 1/20/20 with the LG2 liquidity grab entries. I posted the settings used above. Notice when the liquidity occurs, right after the v top.



Now notice the 1/20/20 above with the V top and bottom chart. Notice how the v top comes first then the LG2 fires the trade setup. Traders can toggle the LG2 on after a v top occurs and let the strategy manage the position. If the market is in a hard down move, traders will leave on and wait for it to execute after the next v top.



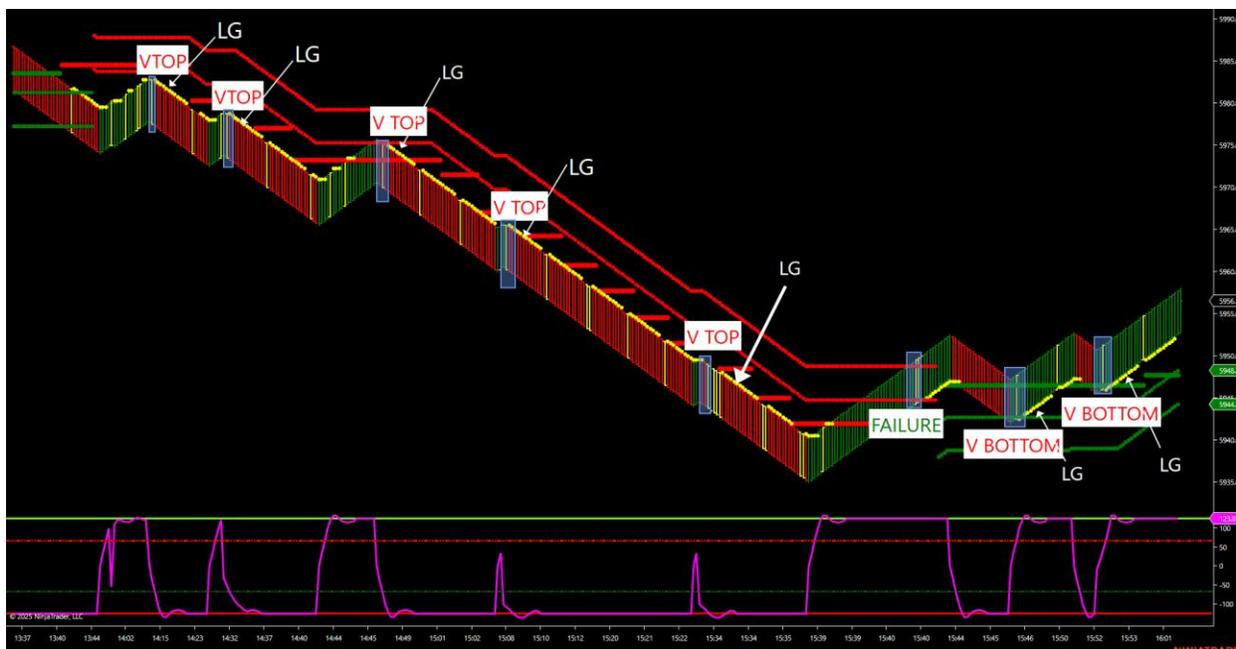
Now notice the V tops then the liquidity grabs that occur right after the v tops. These is the best time to watch for the LG1 or LG2 to fire the setup with overall dual trend filter trend.



This chart shows that the market had a trend change and the trend filter change to green. Now LG2 will look to take the FIRST liquidity grab buy after the v bottom.



The above chart shows the LG2 going short with the trend filter being red and after v tops and going long when the trend filter changes to green and after the FIRST v bottom. Having the moving average checked when letting the LG2 manage the trade helps with the strategy keeping with the trend filter trend. No need to enable if the trader waits until a v bottom or top has been qualified with the dual trend filter trend. Traders can tweak it to their own liking.



Remember, keep it simple.

1/20/20(far left chart in live room) shows when a v top or bottom occurs. This setups up the LG1 or LG2 strategy.

1/1/20(far bottom right chart) will be the chart where the LG1 or LG2 strategy is inserted. This will manage the position for the entry, stop and targets. This should be toggled on after the yellow trigger candle has fired for a v top or bottom on the 1/20/20 or just about ready to fire the v on the retracement. Just remember, if the trend toggle is off, don't turn it on too soon or it will take all counter liquidity grabs. Traders can leave it on with hard trends as it will stalk the first LGs after a v top or bottom. Chop markets with the dual trend filter indicate a sideways market and the strategies should be turned off.

On this day Aaron chooses to do 1/3 manual v tops and bottoms and 2/3<sup>rd</sup> auto liquidity grabs. Great work Aaron.

Aaron R: yeah...I'm going to remain on the sidelines here...great day today...800+ tics on the minis today :)

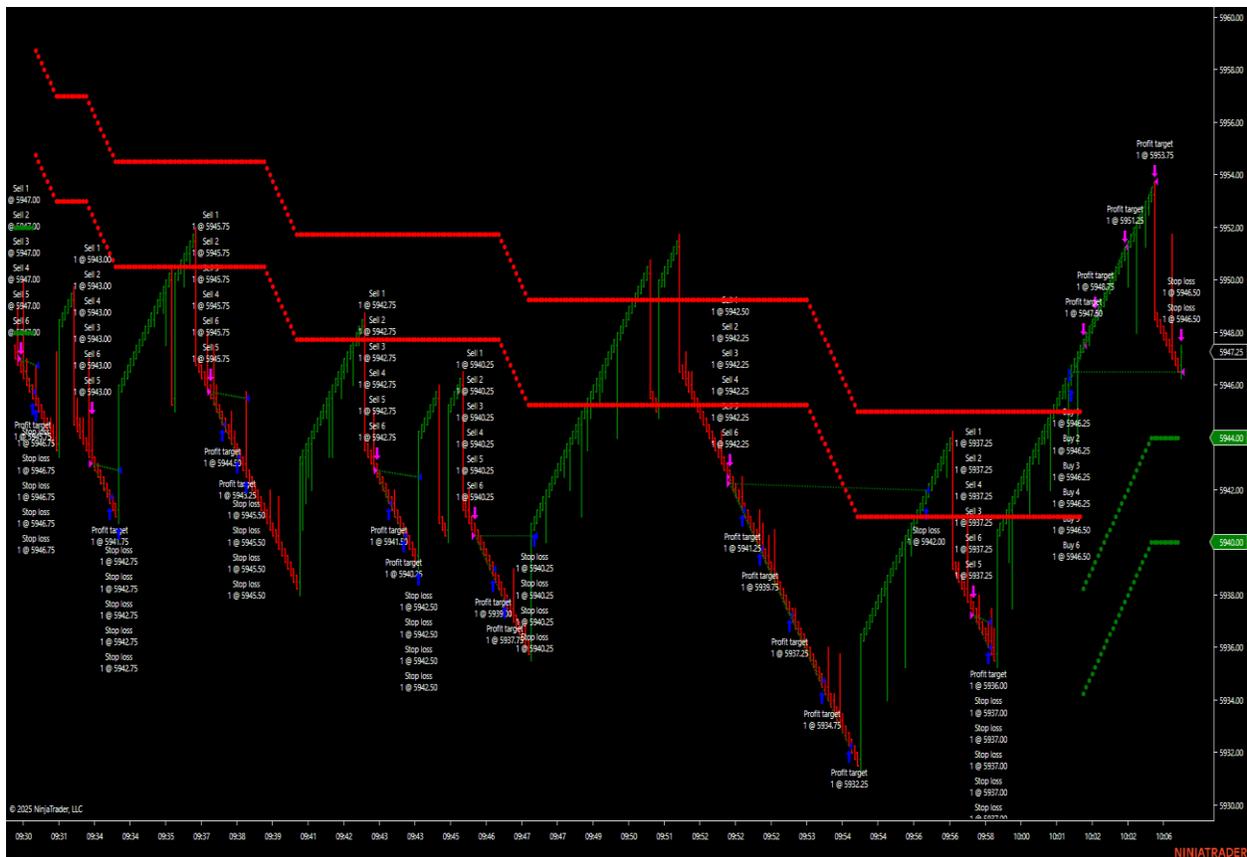
03:56 pm Jason: how much of that was auto in and out

03:56 pm Aaron R: 2/3 auto, 1/3 manual

This is a great example of how traders can either take v tops and bottoms manually or liquidity grabs with our LG1 or LG2 automated strategies. We even have a failure setup and a Momo setup that indicates when the markets could go parabolic with climax buying or selling. The point is, keep it simple. We only have a few setups that occur daily. This will be up to the user. Most will want to use the automated entry, stop and exit on LG1 or LG2 after a qualified v top or v bottom and other may choose larger

Renko charts to trade certain time periods during the day. I will go over the larger Renko charts below.

Ok, I have shown how the LG1 and LG2 strategies are able to manage the entry, stop and targets in the direction of our dual trend and stay out of chop markets if disabled when the trend filter does not agree. These strategies can be toggled on and off to place traders in the best possible position with overall trend direction with retracements with trend. We do not counter the trend of the market. Most traders try and buy low and sell high or sell high and buy lower. That is totally against the market order flow. We are educated to buy high and sell higher or short low and buy lower. This is where the stop hunts occur, and this is where our methodology wants to always be opposite of the counter trend traders. This system is all about trading the order flow of the market. Remember, the market can only do 2 things. 1. Trend and 2. Chop. Either it's going vertical or sideways, it's that simple. Our dual trend filter picks that up.

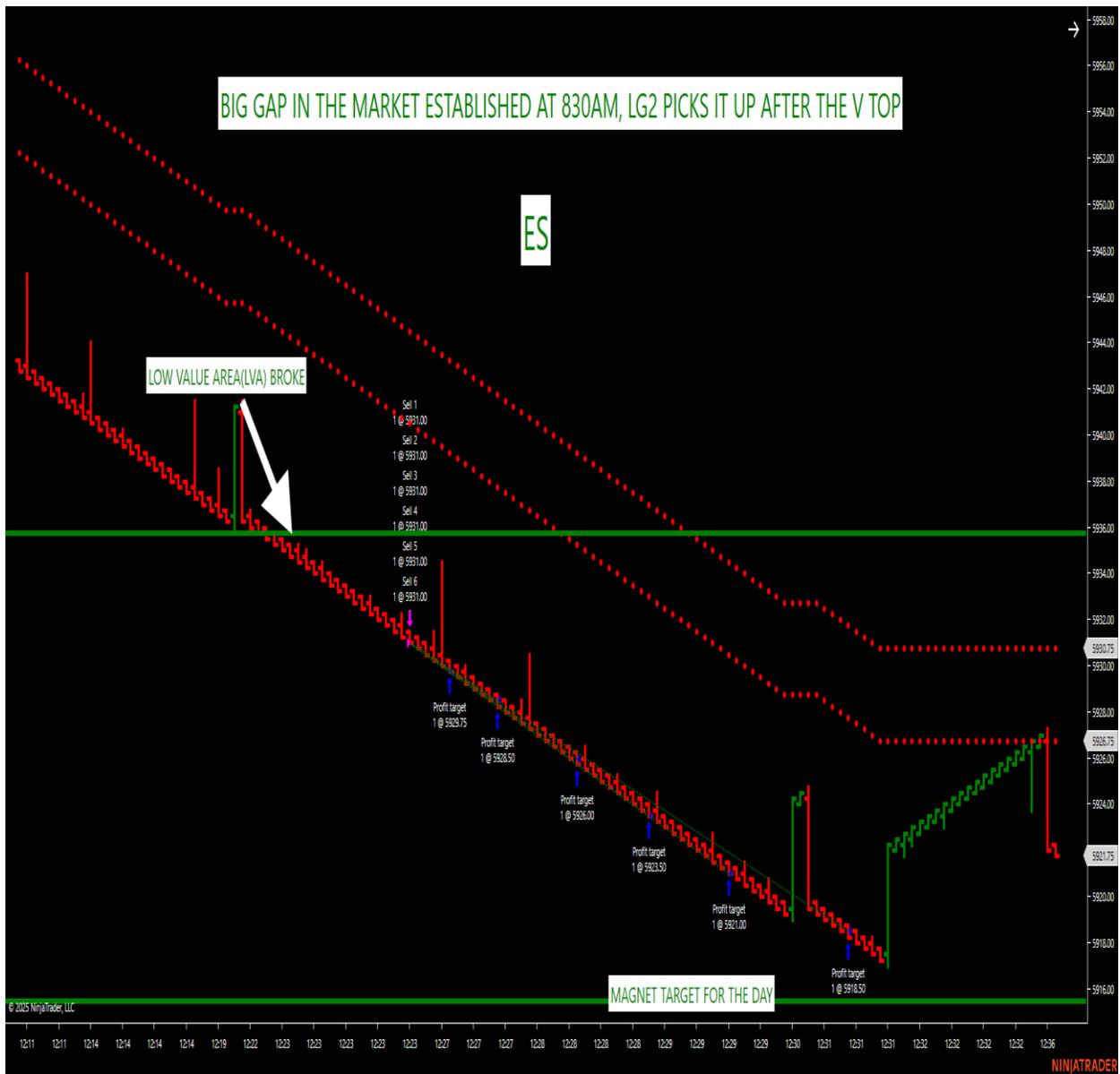


This is a great example of how to use the LG trader in a slow market. We went through all these trades live in the room on Jan 8<sup>th</sup> with the LG2 strategy. Even in a slower

market by sticking with the dual trend filter ONLY and ONLY after a v top or bottom, the strategy was able to pick up the setups for the entry, stop and exits. It's the chop markets that traders need to stand aside with the strategy and toggle off.

### **TRADING GAPS IN THE MARKET USING MARKET PROFILE AND LG1 AND LG2**

Market Profile has been around since 1985. It is our daily road map for price targets and gap fills. Daily and previous 2/4-hour profiles show our Market Profile levels where gaps can be seen with no support or resistance. These levels or gaps can be used with the LG1 and LG2 strategies. Below you will see my projected low in the am with a magnet target of 5915.5 on the ES. This was established a few hours before the gap break even happened in our live room to our members. Once the LVA Market Profile broke, the LG2 could be toggled on to pick up the FIRST liquidity grab to fill the gap. Runners in these gaps should target the ending gap as a target because it acts like a daily magnet.

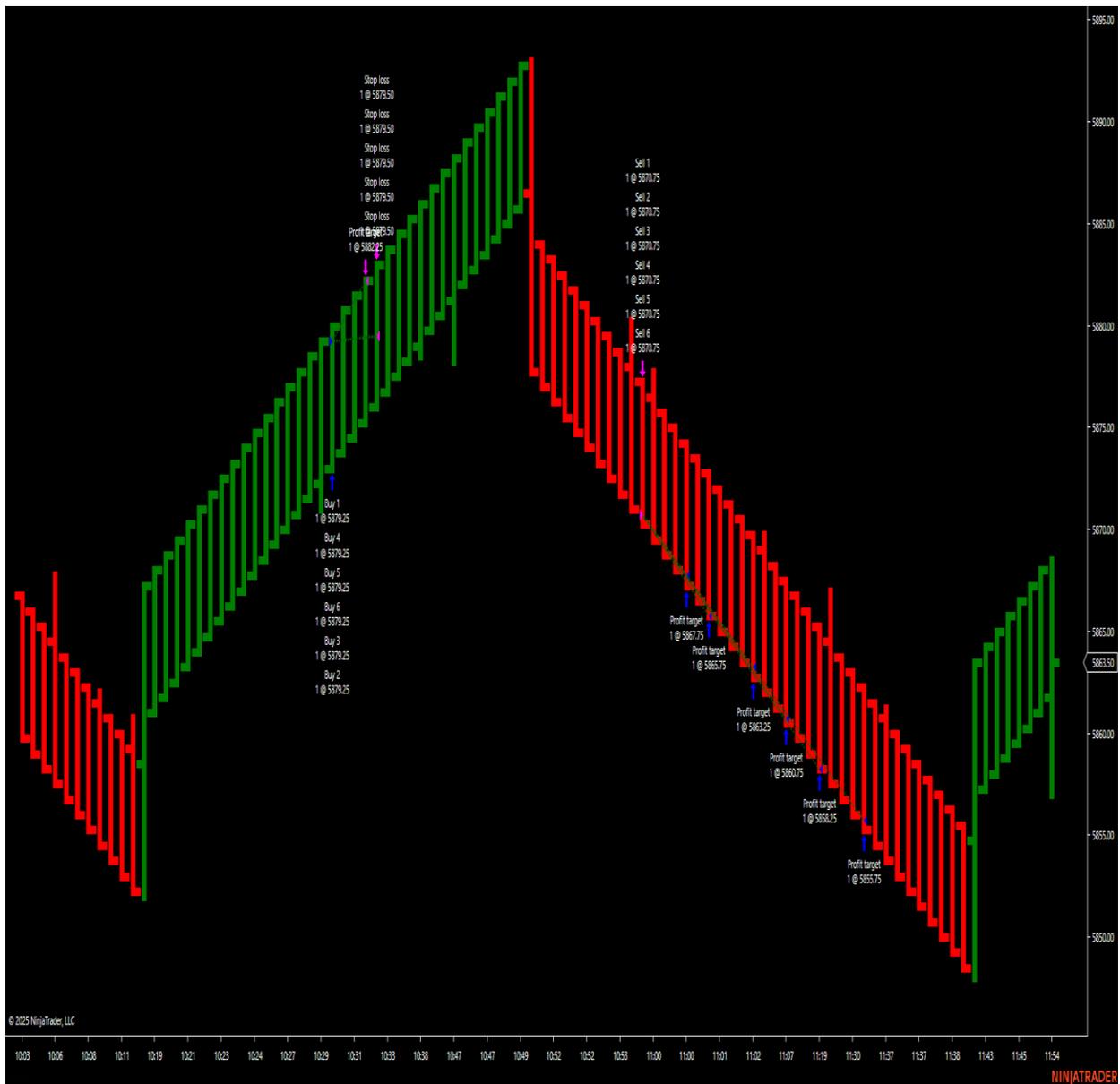


We show this Market Profile Road map to the far right in our live trading room. The LG2 picked up the short after the v top with trend.



This is the 1/20/20 UNI Renko Bar in the live room with LG2 on it. Non-Farm payroll news was at 830am est. I went through all the live trades from 830 to 10am with the members in the room. We waited until the dual trend filter turned green/green for v bottoms and waited until the dual trend filter turned red/red for v tops. LG2 was then turned on to manage the entry, stop and exit. The system had 10 successful setups in a row with the LG2 after it was toggled on right after the v top and v bottom yellow trigger candle appeared. Traders can leave the Trend checked off if waiting until the yellow trigger v top or bottom candle appears then toggle back off after the targets are hit. The dual trend filter kept traders out of all the chop today, thus not turning on the strategy.





Larger Renko charts smooth out the price action and noise. The LG2 picks up the moves on non-farm payroll day to start out 2025. These settings are enclosed for a great starting point for traders. They can tweak the number to fit one's own reward to risk. Remember, the rule of thumb is 5 to 1 risk to reward or better when strategy trading. Market replay the settings below on the Large Renko that I provided on the ES. Traders and Users can always tweak the numbers. These parameters are a great starting point to see how liquidity grabs work on larger Renko sizes.

Here is how to change the Trend, Offset and Reversal parameters for larger Renko charts to smooth the noise out. This PDF just went over the difference in trading a smaller Renko vs a larger Renko with the LG1 and LG2 strategies. Smaller Renko charts should be qualified by using our dual trend filter bias with the daily v tops and v bottoms to set the qualified liquidity grab trades up. This will reduce market risk by trying to avoid chop markets and only looking for qualified liquidity grabs with overall trend. The entry, stop and exits are all automated and can be turned on and off by a simple click of the mouse under the strategies tab in the control panel of Ninja Trader.

What about larger Renko charts to smooth the noise out? This will require adjusting the Trend, Offset and Reversal parameters. Increasing these parameters will not only smooth the noise and trend out it will provide less distortion in prices thus producing less liquidity grabs. The downside would be the larger stops so a proper risk to reward still must be used.

Here are some examples of how to do this. Just remember, a maximum 5 to 1 risk reward applies to the smaller Renko sizes as well as the larger Renko sizes. Any risk/reward that is better than that should be guideline on all markets. This is a guideline for proper risk management.

## **TRADING LARGER RENKO SIZES**

The rule of thumb and a great starting point for trading larger Renko sized charts using the LG1 and LG2 strategies is risk to reward. Let's look at the following settings on the ES chart below. Market Replay can be used to test the trend, offset and reversal settings when customizing.

Pull up a 03-25 chart on the ES

Click the Connections tab and download Playback for each day from 12/30/2004 to as of this writing 1/9/2005 or whatever day is current when reading. Whatever the current trading day is on the March contract, download up to that day. This will show all trades after the contract was rolled over from December to the March contract.

Pull up a 12-24 chart on the ES. Now download each day going back from December 2nd to December 20<sup>th</sup> before the contract rollover. Go back as many days as desired if you want more days.

Now you can test the results with the following settings on Market Replay. This will give traders a look at the larger Renko charts vs the smaller Renko charts.

Trend-This is the number of ticks to close in the direction of the previous bar. The following example on the ES I kept it at 2 and 3. The setting of 1 to me creates too much noise and any higher number than 3 does not smooth the trends out. All three of these parameters can be tested and changed and the combinations are endless. Find the combination that fits the style of trading that fits one's own reward to risk. We provide the settings in the live room on the smaller Renko sizes and will go over how to change the parameters below for larger Renko sized charts. Just by changing the trend parameter from 1 to 2 or 2 to 3 etc. will change the chart and the performance of the LG1 and LG2. I educate to leave the trend to 1-3 when testing markets and then change the offset and the reversal. The reversal to me is key because it allows me to know where a proper stop placement should be. For example, if a reversal parameter of 20 is used, it tells me that my general stop should be at 20 ticks and the lowest target 1 would be 5 ticks. That's a 5 to 1 risk to reward, then I can adjust from there. If a stop of 30 ticks is used, then the minimum first target must be 6 ticks. If the stop is 40 ticks, then the minimum first target should be 8 ticks. This is just a general guideline to fit at least a 5 risk to 1 reward. Everyone can fit to their own risk tolerance. Just be aware, if trading funded accounts such as APEX or Top Step etc., certain guidelines must be followed for the drawdown and reward to risk. Most firms offer a 5 to 1 risk reward as a guideline or better, meaning that all trades must be no worse than a 5 to 1 risk/reward.

The best way to test these larger Renko chart sizes with LG1 and LG2 would be to put 2 charts up with the same exact settings only add the LG1 on one chart and the LG2 on the other chart. This way traders can compare the difference in performance between the 2 strategies. I would add separate charts and only do 1 contract, this can be done by adjusting the order handling in the strategies and change the entries per direction to 1.

Let's look at the contract rollover on the ES and do the following. These are settings that will educate users that changing the Trend, Offset and Reversal with larger Renko settings which can change performance. These settings can be adjusted and are just an example of how to use larger Renko settings. The combination of the Trend, Offset and Reversal parameters is unlimited. These performance numbers are in no way indicative of future results. Past performance NEVER guarantees future results, what it does is it shows how versatile the software can be on larger Renko sizes by adjusting these parameters. Let's look at the SP500(ES).

Pull up 2 UNI Renko bar charts using the 03-25 contract and do playback with it from 12/30 to today's date. Make sure you have downloaded the playback days under connection and playback. Individually download the days then click connect.

On 1 chart insert the LG1 and the other chart insert the LG2. This way you can compare both strategies with the same chart size and the same parameters. Make sure charts 24/7 under data window, 5 days back.

**You now have two charts ready for replay. Change the Trend, Offset and the Reversal parameters on the SP500(ES) UNI Renko chart to the following:**

**Trend-3** (I prefer 1-3 on this setting, 3 being my favorite on the ES)

**Offset 25 or 30** (test both for preference)

**Reversal-60** (the reversal number will have a direct impact on the stop. I add 2 ticks above/below the reversal bar for the stop)

Changing the reversal bar will change the stop and the risk to reward. First targets are typically based off the reversal bar for a max. 5 risk to 1 reward on. Changing the offset and reversal while keeping the trend between 1-3, traders can optimize any futures, stock, FOREX, currency or Crypto market depending what size of Renko chart they want to use.

We now have 2 charts with the same UNI Renko settings on the ES with the LG1 strategy on one of them and the LG2 strategy on the second.

Right click on the chart and change the settings before playback.

Settings for both charts will be the same. You can set up 4 charts if you want and put 1 contract on each strategy then the standard 6 contracts on each strategy. After the testing, traders can tweak the numbers to their own risk to reward. This is a great starting point for traders. We are doing a Market Replay on Jan. 10<sup>th</sup> on these settings that will be recorded. The settings below will be for both LG1 and LG2. Put them on different charts to see the difference. Remember, LG1 takes all liquidity grabs and LG2 only takes the first liquidity grab. These larger Renko charts do not need to be toggled on and off like the smaller Renko charts. They can be run during an x period during the day as the trader sees fit. These settings in this PDF are for the ES only since it's one of the most traded futures instruments. Feel free to insert different settings for other markets. The system works on all futures, currency, FOREX, Crypto and stocks. Here are the ES settings for the 3 Trend, 25

offset and 60 reversal UNI Renko bar. Remember, to keep in mind the 5 to 1 risk to reward or better when testing these larger Renko sizes.

**TREND-Checked on**-This will help keep out of counter liquidity grabs.

**Fast length-12**

**Slow length-40**

**Stop-62 ticks** (using the reversal bar as 60 to guide my stop with 2 ticks above my 5 to 1 risk to reward since my first target is 12 ticks, adjust up and down based upon the reversal number on the UNI Renko. Remember, larger Renko charts will have larger stops, however, a risk to reward to max 5-1 still must be used. The same applies to smaller Renko charts. Traders can fit to their own reward to risk)

**Target1-12 ticks** (this is the Max. 5 to 1 risk to reward, 5x12 ticks is 60 stop) Adjust to preference.

**Target2-20 ticks** (targets 2-6 can be adjusted. Use these to get a feel for the software on the playback)

Target3-30

Target4-40

Target5-50

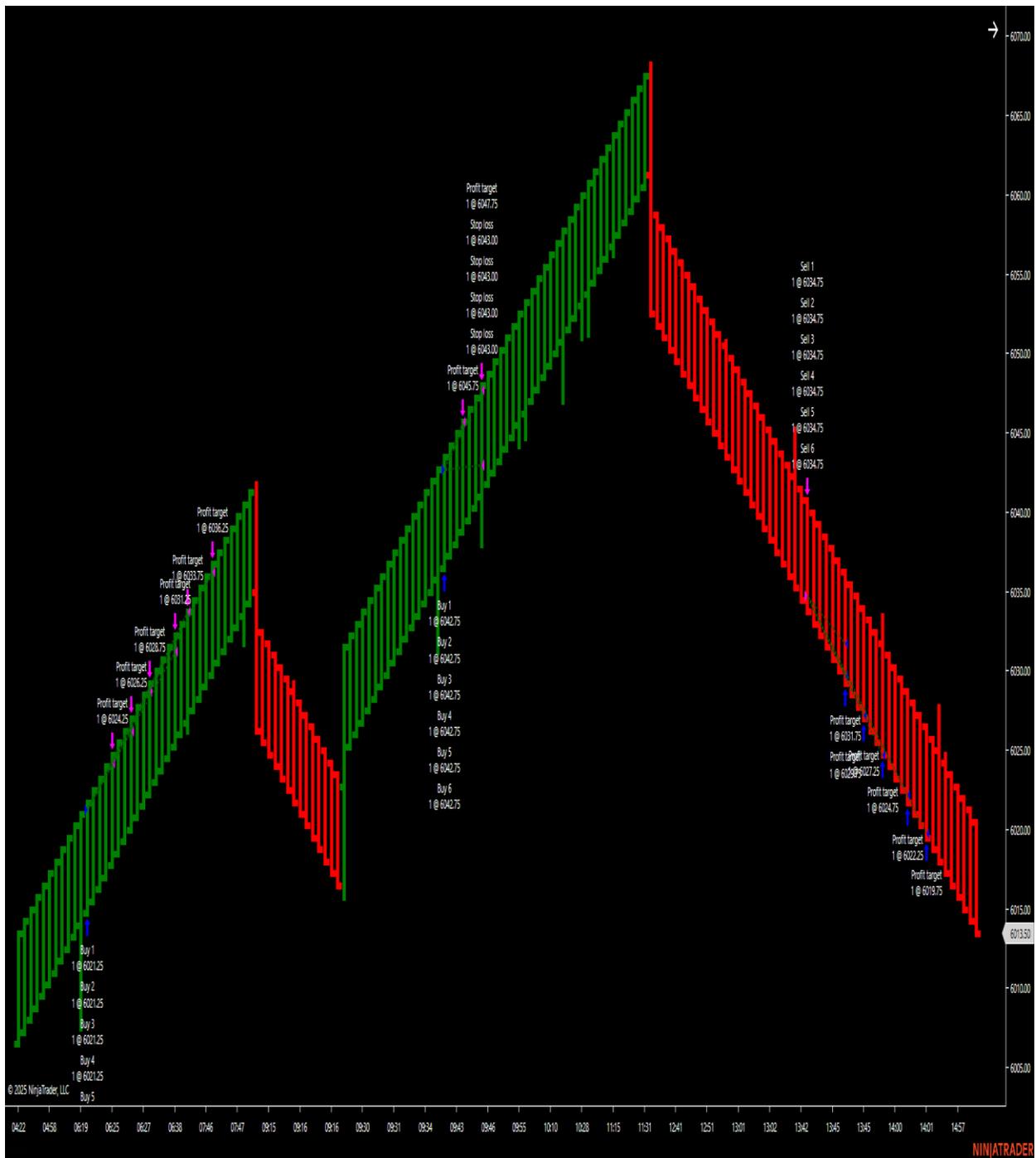
Target6-60

**Breakeven checked ON**

Enable and Playback!!!

Now on the next Playback, traders can bring the contract to only 1 contract and not 6 or whatever they wish. Go into the LG1 and LG2 strategy and scroll down to Order Handling and change the entries per direction to 1 contract. Now you can see what 1 contract would do vs 6 for risk to reward as I explained above. Contracts can be adjusted from 1-6 and for those trading Micros that want more than 6 contracts, simply, insert the strategy on the same chart as many times as you wish with the number of contracts desired. For example, if a user wants 9 contracts on Micros, insert the LG1 or LG2 with the 6 contracts then add another LG1 and LG2 and bring

the contracts down to 3 for a total of 9 contracts. This is how users can build a trading plan based upon the risk to reward they are looking for. Remember, for evaluation accounts/funded accounts or any account, I educate taking 1/3 of the max contracts the account can take as a rule of thumb. This will be up to the trader.



Larger Renko sizes provide less noise and smooth trends. The LG1 and LG2 work both on shorter and longer Renko sizes. This is for users that want to run the strategies a certain number of trading hours without disabling. I will be doing a video in the live room and recording the larger Renko sizes on playback while running it 23 out of 24 hours a day on January 10<sup>th</sup>. The video will be posted on our website. I included the settings above so members can get off to a fast start on the

ES. The combinations are endless with the LG1 and LG2. I provide settings that have been tested to assist traders out on the ES above. The system works on all Futures, Forex, Currency, Crypto and Stocks.



Contract size can be brought all the way down to 1 contract and as many contracts as you wish simply by adding in more than 1 strategy on the chart. Each LG1 or LG2 strategy can trade up to 6 contracts. If doing the Micros, simply, add the strategy multiple times with the same inputs until the desired contracts are reached. This will be up to the user. You can change the contract size under order handling.

Below you will see the LG1 and LG2 were tested in an evaluation account with APEX with a 50k account and a 150k account. Both passed the evaluation with the LG1 and LG2 strategies. Past performance is NEVER indicative of future results, and this is educational software, however, these evaluation accounts provided some great feedback on the LG1 and LG2. Remember, above the 3 key components if trading the smaller Renko charts or the Larger Renko charts. Those that are trying to pass an evaluation account with a prop firm such as APEX or Top Step or any other firm or money management on any other account, I educate these three components are key.

1. Contract Size
2. Consistency
3. Risk to Reward

Contract size is very critical when trying to pass an evaluation account or any account in general. For example, just because a 50k account says you can do up to 10 large contracts does not mean that you should. One or two losers with max contracts will almost certainly liquidate the account immediately because of the drawdown. Evaluation accounts have certain rules and guidelines and certain thresholds on a trailing drawn down or max daily drawdown. They also have a consistency risk to reward rule. If trading max contracts every time, a liquidation is almost certain. A rule of thumb is 1/3 or less contract size with what is allowed. For example, 10 contract max should be 3 or less contract size. Micros are 1/10<sup>th</sup> of the profit but also 1/10<sup>th</sup> of the loss and can be used to manage contract size and risk too. Contract size is very important in trading.

Consistency is another very critical component. This does not matter if small Renko charts are traded with only taking LG1 and LG2 trade setups with the automation or Larger Renko charts with the automation. The key is consistency. I went over this earlier in the PDF. Make a trading plan and stick with it. The LG1 and LG2 are order management systems with smaller Renko charts where when toggled on, the strategies can manage the entry, stop and exit. This is the consistency part. Make a trading plan of only trading LG1 and LG2 entries with the overall trend filter and after V tops or bottoms or just use the Larger Renko sizes to trade a certain number of hours with the settings that have been tested.

The risk to reward is another big critical factor because it manages the entry, stop and targets. 5 risks to 1 reward are a great starting point and most evaluation accounts/funded account requirements are at least a 5 risk to 1 reward or better. You will notice in the settings that I provided in the PDF are based upon this ratio.

Stops will occur and losses will occur. By adjusting the contract size, risk to reward and being consistent with the same setup to one's trading plan will find that the LG1 and LG2 can provide an edge.

A few pointers:

Visit [www.forexfactory.com](http://www.forexfactory.com) and click the funnel (looks like a tornado) and check the red impact numbers only and only against the USD. This is a free website that shows impact news events. It is very important not to run the LG1 or LG2 charts through news events. The rule of thumb is to disable 3-5 minutes before and after.

Strategy trading has many risks such as the computer turning off and many other things that are out of trader's control. We educate never to leave the computer if strategy trading and make sure you know the risks involved and practice simulation. Always have your account number handy to your broker with your account number to flatten a position if needed.

If the strategy for some reason turns off while in a position, we educate to flatten positions immediately.

Remember, this is EDUCATIONAL software that can give an edge.

We are in the live room on Wednesday, Thursdays and Fridays at 815 est. We look forward to seeing you in the room and we look forward to you enjoying the software. We do not endorse, nor do we partner with APEX. They were used for educational purposes only and how to use the LG1 or LG2 and strategies how the evaluation accounts were passed with those 3 main rules of contract size, consistency rule and 5-1 risk to reward. Traders can fit to their own risk tolerance.

We will continue to go over the LG1 and LG2 strategies on a weekly basis in the room. The SP500(ES) is one of the highest volume instruments available. Use the Larger Renko optimized settings as a great starting point to see how larger Renko sizes can also be used when using the LG1 and LG2. We will discuss other markets in the room over the coming months.

Many ticks to all!

The following evaluation accounts were passed for the simple purpose of demonstrating how the LG1 and LG2 strategies can be used. Past performance is never indicative of future performance. Please read our risk disclaimer below.

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***Jason Wireman***

***50k Rithmic Account***

*November 22nd, 2024*

Apex Trader Funding, Inc.

Darrell Martin, CEO

**[WWW.APEXTRADERFUNDING.COM](http://WWW.APEXTRADERFUNDING.COM)**

Contract size will be different for the 50k evaluation account vs the 150k account. 1/3 of the max contract rule is a great starting point in case of drawdowns or losses.



**\*\* The Software is for Educational Purposes Only. Please read our Risk Disclosure for complete risk details.**  
**\*\* The evaluation accounts that were passed were for educational purposes.**

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