**Idea:** There is always a trend, and the quotes eventually hit the Price channel’s border and move further at least for the channels width.

**Tactics:** Open a position upon a price channel break-out in the break-out direction. Set Stop-loss (SL) and Take-profit (TP) at the channel’s width, then:

а) in case the price reaches the TP – close the position and start all over again.

б) in case the price rolls back and hit the SL, revert the position and double its volume.

Continue double reverting upon SL until TP is reached.

Since the price widens the channel, we could set our orders at the new levels of the channel, thus working in multiple channels simultaneously. However, we remove the obsolete orders when the channel is shrinking:

- If the upper price channel border moves lower, then all the orders set above are deleted;

- If the lower price channel border moves upper, then all the orders set below are deleted;

**Restrictions:**

1. Work with pending orders only, no trading by market, since the broker might re-quote, reject, disconnect, etc.
2. A pending order might be set only when the price has bounced from the channels border. The bounce value in pips is an adjustable parameter.
3. Start trading with a lot that has its stop-loss level at about 1% of the depo (Init\_Lot). There must be a limitation on the maximum reverts number. Once it is reached, the trading continues with the start lot (Lot = Init\_Lot).

**Parameters:**

N, bars – Price channel depth (54 by default);

D, % – the minimal distance between pending orders (% the current price channel, 32 by default);

Init\_Lot – the initial lot (by default – set it to win/lose 1% of the depo in case of TP/SL);

Max\_Lot – Maximum size of the single deal’s position. In case it’s reached, Lot is reset to Init\_Lot.

Min\_Channel, pips – the minimal price channel width to set the pending orders (60 by default). In case the channel is narrower – wait.

Max\_Channel, pips – the maximal channel to set the orders (250 by default). In case the channel is wider, the opposite orders – Stop-loss and Take-profit are set at Max\_Channel’s distance, not at the channel’s border.

Double\_First\_Lot, Boolean, – False means we do not double the first revert order (True by default). This approach reduces the risk of reaching Max\_Lot and corresponding losses.

**Algorithm:**

Repeat the step described below consecutively: (1) set BUY orders; (2) set SELL orders; (3) check if the orders fired and reset the Lot (in case of a TP) or set a revert in case of a loss.

**BUY:**

1. Calculate the channel’s upper border.
2. Validate:

- the channel is wider then Min\_Channel;

- the current price bounced at least the D distance from the border channel;

- there are no BUY orders set closer than D from the upper border channel.

1. In case the previous conditions are met, set a BUY order of Init\_Lot volume at the channel’s upper border. Stop-loss and Take-profit are set at the channel’s width, but not further than Max\_Channel
2. If the order in p.3 is set successfully, then remove all obsolete pending orders above the new one, except those intended to revert the position (there might be some of them).

**SELL:**

1. Calculate the channel’s lower border.
2. Validate:

- the channel is wider then Min\_Channel;

- the current price bounced at least the D distance from the border channel;

- there are no SELL orders set closer than D from the lower border channel.

1. In case the previous conditions are met, set a SELL order of Init\_Lot volume at the channel’s lower border. Stop-loss and Take-profit are set at the channel’s width, but not further than Max\_Channel
2. If the order in p.3 is set successfully, then remove all obsolete pending orders below the new one, except those intended to revert the position (there might be some of them).

**Process the orders:**

1. Check if there are new fired market orders.
2. For each new market order set a revert order at their SL level with the double volume (in case Double\_First\_Lot = False, then the first revert is not doubled).

**An example as of August 2010:**

We observe the channel of a proper width – 1.2829 / 1.2895 (short solid blue lines); we set BUY and SELL pending orders; then another channel appears – 1.2828 / 1.2891 (dashed blue lines) and we set only BUY order (D = 5%, thus we cannot set a SELL at 1.2828). To simplify the example further we track only the first two orders at 1.2829 / 1.2895.

