ORB Strategy

By natemadden1994 · April 24, 2023

Opening Range Breakout (ORB) Strategy - (Updated: April 24, 2023)

-The Opening Range Breakout traditionally takes the high and low of the first 30min candle of the day as your opening range, and then you move down to a smaller time frame (2min for me) and get long or short at the retest of the break of the high or low of the range, assuming we get a candle closure outside of the range.

Example: April 24, 2023 - High of 30min **4163.25** - Low of 30min **4152.75**

Before taking this trade...

- Is there any expected news catalysts between 10am - 11am? If so, it is probably wise to avoid this trade or scale down to avoid risk as this trade likely needs at least an hour to play out

- Is the ORB in the direction of the recent Micro trend? If **YES**, this trade is probably more likely to work and potentially merits sizing up. If **NO**, are we at least at the side of the Micro channel where there is room for a Pullback/Push Up within the trend
- If the market has been ranging (DAILY), this stratgey might be less effective (more testing needed)

Entry Requirements

1. Opening Range broken?
2. Candle closure outside of the Opening Range?
3. Retest of the Opening Range
4. Key Level(s) at/near entry point? If so, probably more likely to work and potentially merits sizing up
   VWAP? 50 EMA? 4151.75 PM key level? (Example from 5min chart April 24, 2023 in photo below)
5. Are Market Depth Indicators showing weakness/strength in the direction of the ORB?
6. Are the Sectors showing confirmation of the directional move? (Offensives moving higher on breakouts of the ORB, Defensives moving higher on breakdowns of the ORB)

The more of these entry criteria that are in play, the more risk can be put on to this ORB trade **(Manditory Entry Requirements: 1,2,3)**

NOTE I do not yet have a specific criteria for a stoploss for this ORB strategy, but i feel like the logical stop should be a 2min candle closure back inside the Opening Range

The exit for the ORB trade is much more difficult to determine and may be different amongst different market conditions.

Possible Exit Reasons

1. Candle closure above/below 9ema (more conservative)
2. Candle closure above/below 21ema (more liberal) **(2min chart photo below)**
3. Entering Previous Demand/Supply Zone **(5min chart photo below)**
4. Uptrend/Downtrend Broken
5. Key Level
6. Incoming News Catalyst

Exit should be at least a 2:1R as historically the ORB strategy has a 42-45% win rate


MESM23 - 5 min L=4,148.50 -8.25 -0.20% O=4,150.25 PC=4,156.75 Hi=4,165.00 Lo=4,133.25
4,175.00
4,170.00
4,165.00
4,160.00
4,157.08
4,155.00
4,151.82
4,151.05
4,148.50
4,145.00
4,140.00
4,135.00
40,000
2,383
MESM23 - 2 min L=4,148.50 -8.25 -0.20% O=4,150.25 PC=4,156.75 Hi=4,165.00 Lo=4,133.25
4,154.00
4,152.79
4,152.00
4,151.07
4,150.00
4,148.50
4,148.00
4,146.59
4,145.86
4,145.01
4,144.00
4,142.00
4,140.00
2,383
-1,000
10:30
10:45
11:00
11:15
11:30
11:45
12:00
12:15
12:30
12:45