Project Report: Trend Follow Trading Strategy Indicator

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1. Introduction

This project focuses on converting a **Trend Follow Strategy** into a trading indicator. The strategy follows market trends using multiple time frames and identifies impulse and correction phases. The objective is to automate this strategy through an indicator that can visually mark key levels and trend changes.

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2. Strategy Overview

2.1 Type of Strategy

- This is a **Trend Follow Strategy**, designed to identify market trends and reversals efficiently.

2.2 Time Frames

- The strategy utilizes **multiple time frames**: **1D, 4H, 1H, 30min, 15min, 5min, and 1min**.
- These time frames will be available as options in the indicator settings, allowing the user to enable or disable specific time frames as needed.
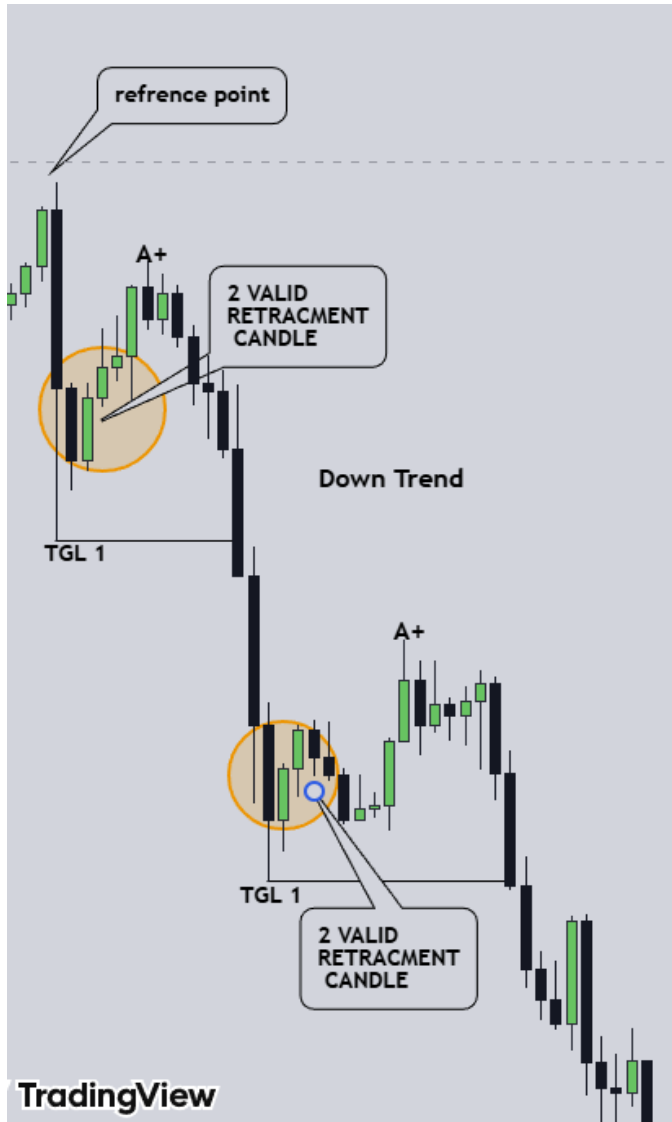
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3. Marking Process

3.1 Initial Point Selection

- **Manual Approach:** When applied manually, users select any starting point.
- **Automated Approach (Indicator):** The developer will determine the most effective starting point algorithmically.

3.2 Impulse and Correction Identification

- The market moves in an **impulse** followed by a **correction**.
- A correction is defined when **two valid retracement candles** are formed.
- **Criteria for Valid Retracement Candles:**
  - In an **uptrend**, the first retracement candle is green, and the second green candle **closes below** the low of the first candle.

- o   In a **downtrend**, the first retracement candle is red, and the second red candle **closes above** the high of the first candle.
- Once **two valid retracement candles** are identified, the **previous high (for uptrend) or previous low (for downtrend)** is marked.
- **After marking TGL 1 based on the first two valid retracement candles, the search for a new set of two valid retracement candles will not begin until the A+ level is**

marked.

3.3 Marking Levels and Trend Line Formation

- The first identified level is marked as **TGL 1 (Trend Guide Level 1)**.
- When price moves and **a candle closes above TGL 1**, it is connected with a **trend line**.
- The lowest point between **TGL 1 and the candle that closed above it** is marked as **A+ level**.
- The pattern continues, repeating the same process as new valid retracement candles form.

- **Trend Line Template:** Each time frame will have a **template** for trend line drawing.

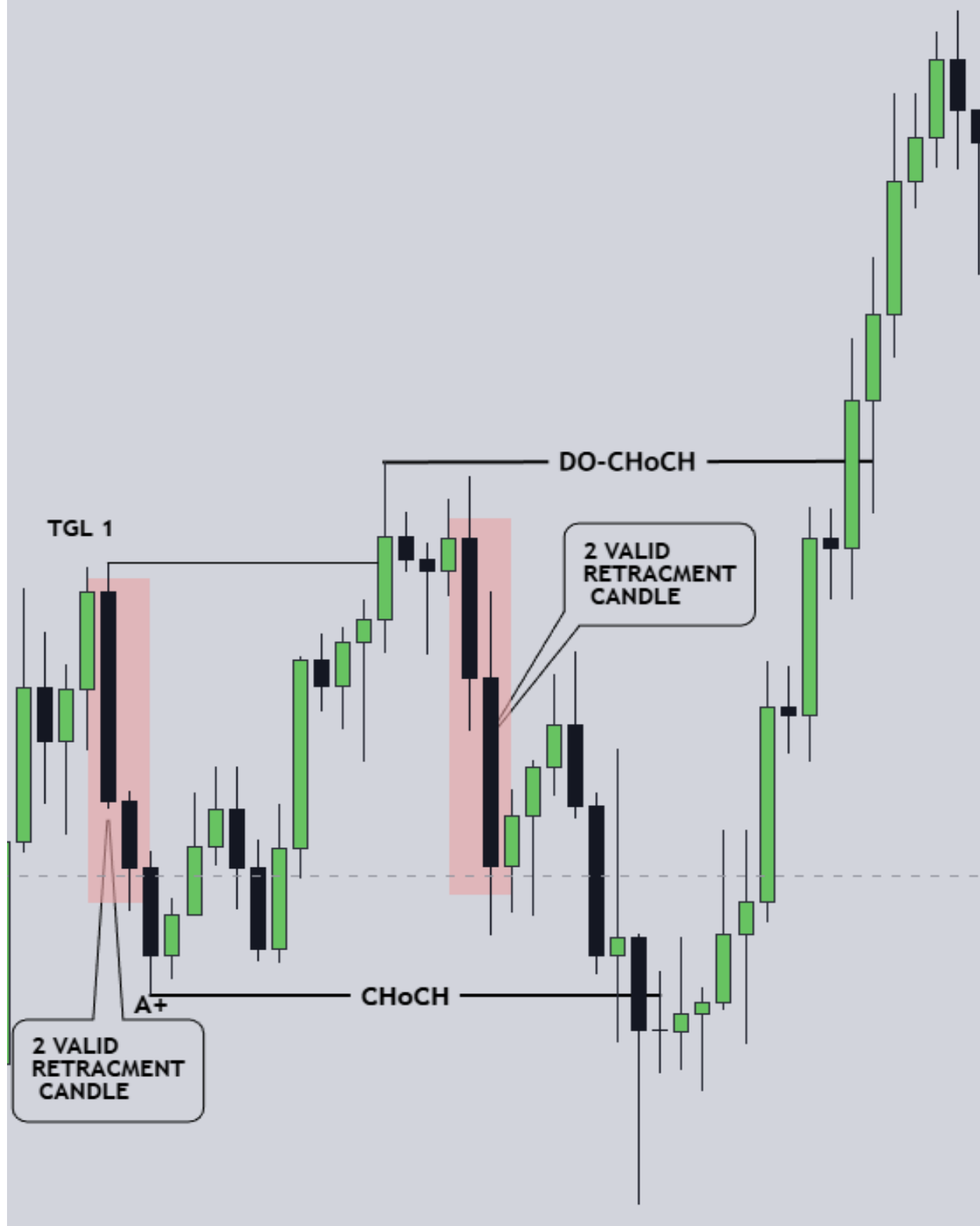# 4. Change of Character (CHoCH) and Trend Reversal

4.1 Change of Character (CHoCH)

- If price closes **below the A+ level with two continuous candles**, the trend changes.
- The **A+ level and the second candle closing below A+** are connected using a trend line.
- This marks a potential **trend reversal**.
- In an **uptrend**, CHoCH is confirmed when **two valid continuous candles close below A+ level**.
- In a **downtrend**, CHoCH is confirmed when **two valid continuous candles close above A+ level**.
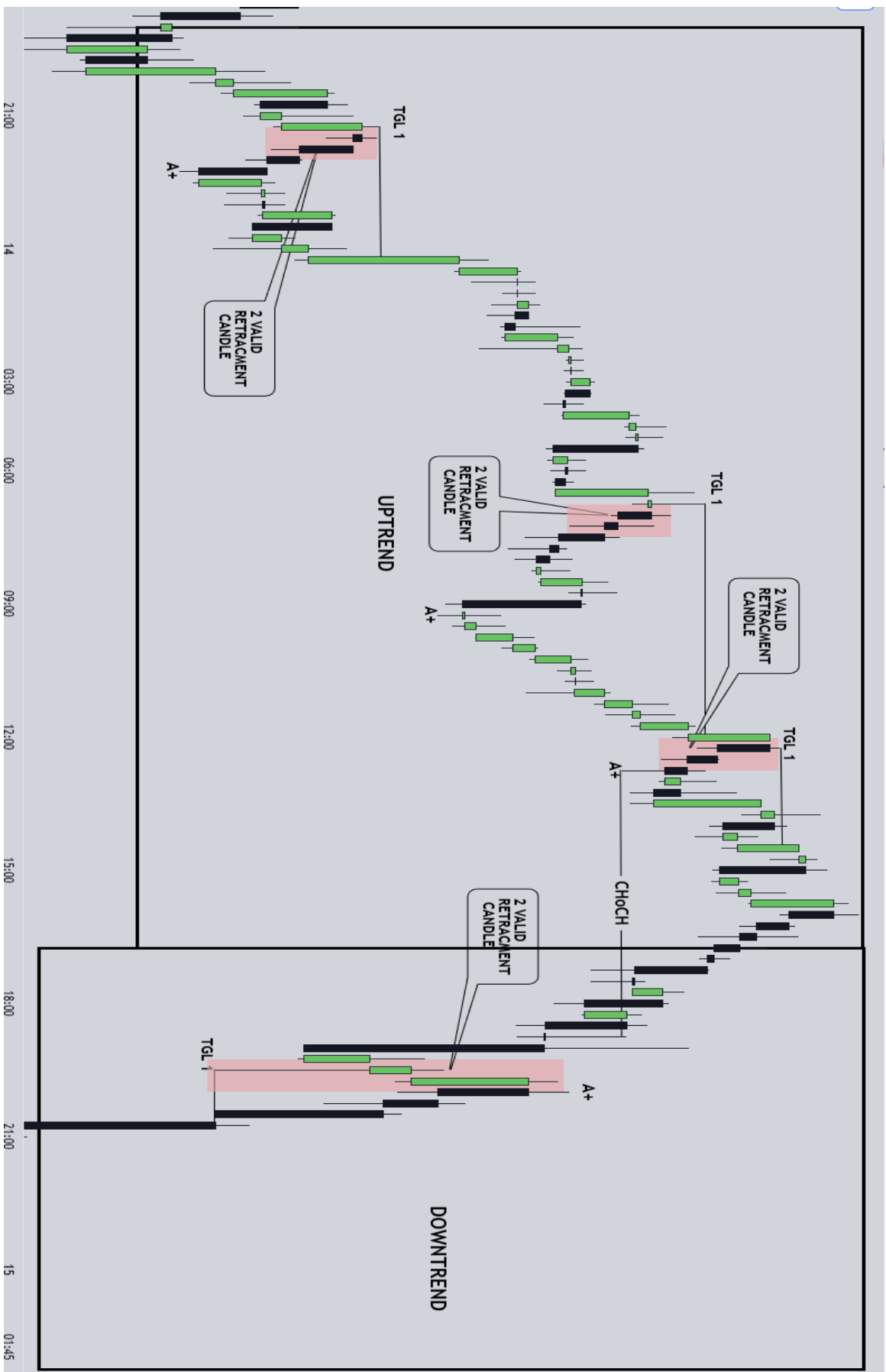- Example templates will be provided for reference.
- If price closes **below the A+ level with two continuous candles**, the trend changes.
- The **A+ level and the second candle closing below A+** are connected using a trend line.
- This marks a potential **trend reversal**.
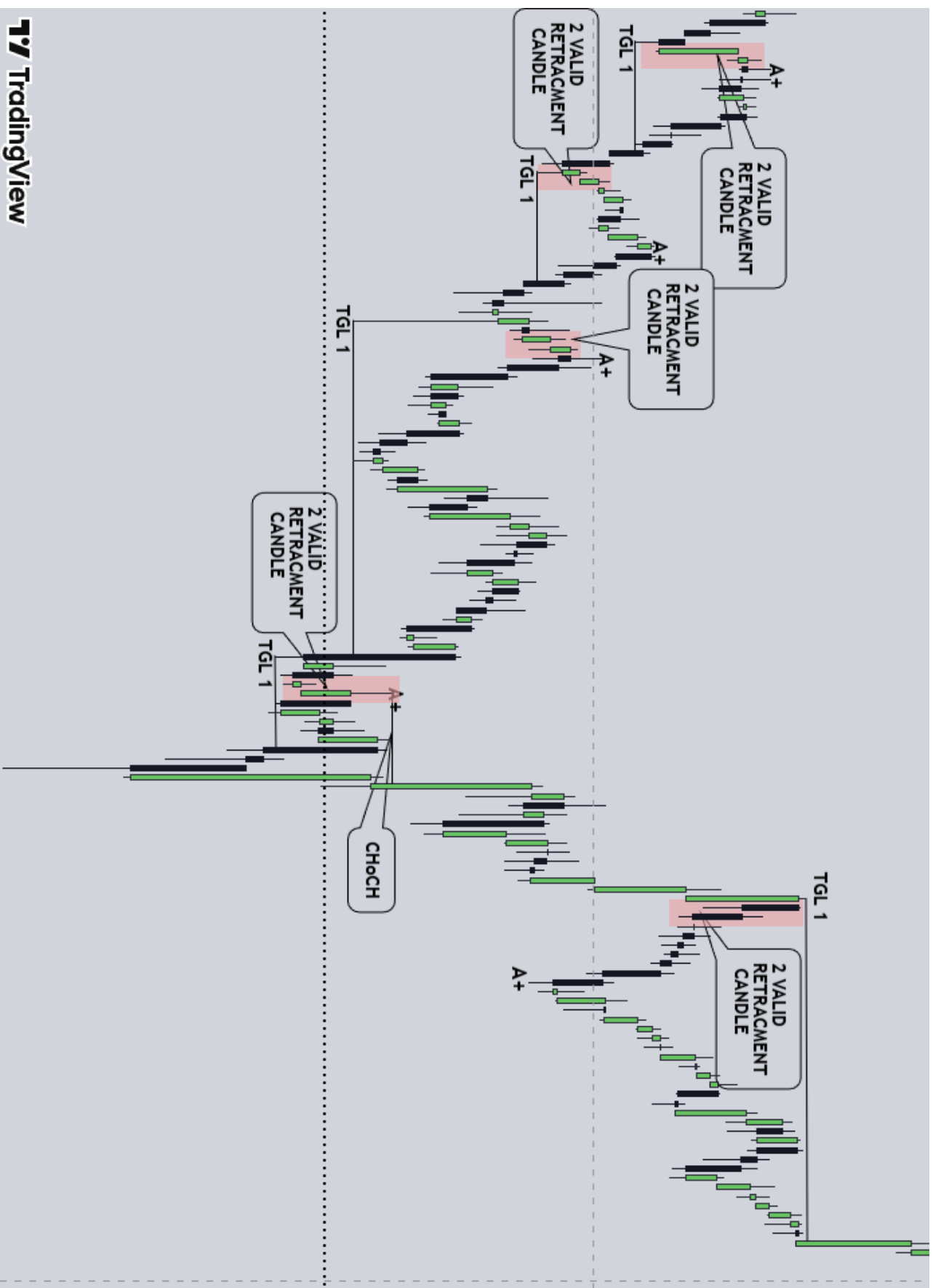- Example templates will be provided for reference.

4.2 Double Change of Character (Do-CHoCH)

- After a CHoCH event, if price moves back and **closes above the last TGL 1 level with two valid candles**, a **Double Change of Character (Do-CHoCH)** is confirmed.
- In an **uptrend**, Do-CHoCH occurs when price moves back and **closes above the last TGL 1 level with two valid continuous candles**.
- In a **downtrend**, Do-CHoCH occurs when price moves back and **closes below the last TGL 1 level with two valid continuous candles**.
- This indicates that the trend has resumed in its previous direction.
- After a CHoCH event, if price moves back and **closes above the last TGL 1 level with two valid candles**, a **Double Change of Character (Do-CHoCH)** is confirmed.
- This indicates that the trend has resumed in its previous direction.

O2,681.09 H2,689.01 L2,680.20 C2,688.43 +7.34 (+0.27%)

DO-CHoCH

TGL 1

2 VALID
RETRACMENT
CANDLE

A+

CHoCH

2 VALID
RETRACMENT
CANDLE

UPTREND

DOWNTREND

TGL 1

2 VALID
RETRACMENT
CANDLE

A+

2 VALID
RETRACMENT
CANDLE

TGL 1

A+

2 VALID
RETRACMENT
CANDLE

TGL 1

A+

ChoCH

2 VALID
RETRACMENT
CANDLE

TGL 1

A+

2 VALID RETRACMENT CANDLE

TGL 1

A+

2 VALID RETRACMENT CANDLE

TGL 1

A+

2 VALID RETRACMENT CANDLE

A+

TGL 1

2 VALID RETRACMENT CANDLE

TGL 1

A+

CHoCH

TGL 1

2 VALID RETRACMENT CANDLE

A+

TradingView

5. Customization & Features for the Indicator

- **Multiple Time Frame Support:** Users can select which time frames to enable/disable.
- **Custom Path Colors:** Different colors for impulse and correction phases.
- **Dynamic Trend Line Generation:** Automatic drawing of trend lines based on timeframe and valid retracement candles.
- **Alerts & Notifications:** Optional alerts when CHoCH or Do-CHoCH occurs.
- **Example Templates:** Predefined templates for different market conditions.

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6. Conclusion

This project aims to develop a fully functional trading indicator that automates the **Trend Follow Strategy**, making it easier to track market trends and reversals with **real-time visual markings**. The indicator will provide customizable settings to suit different trading styles.

Next Steps:

- Develop the logic for automatic marking of impulse and correction phases.
- Implement dynamic trend line formation.
- Test the CHoCH and Do-CHoCH logic to ensure accuracy.
- Integrate customization options in the indicator settings.