H1 Breakout Trading Strategy

Rules, Trade Management & Chart Examples — XAUUSD (Gold)

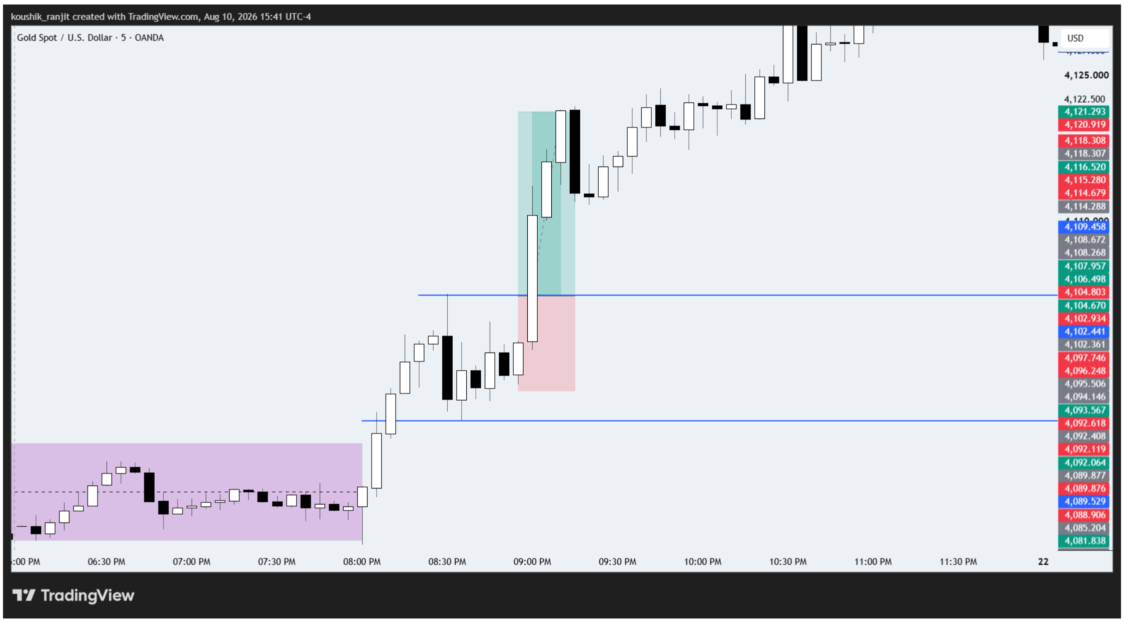
1. Strategy Overview

The H1 Breakout strategy trades directional moves that begin after price breaks out of a period of consolidation (a range) identified on the 1-hour chart. A pending stop order is placed beyond the range boundary so the trade is only triggered once the breakout is confirmed by price itself. Once triggered, the trade is actively managed using a breakeven step and a fixed-pip trailing stop, with profit taken in three stages.

Performance snapshot — live trading account data. Trade win rate, profit factor, and current winning-day streak.

2. Setup Identification

- Mark a clear consolidation / range on the H1 chart — a zone where price has been moving sideways between a defined support and resistance.
- Range should be neither too tight (noise / low reward) nor too wide (poor risk:reward).
- Note the upper boundary (resistance) and lower boundary (support) of the range with horizontal lines, as in the examples below.
- Prefer ranges that form after a strong prior move or during a low-volatility session (e.g. Asian session) ahead of a higher-volatility session (London / New York).



Example: consolidation range (purple box) on XAUUSD, followed by a breakout leg. The green/red shaded box marks the entry and stop-management zone used once price breaks out.

3. Entry Rules — Stop Order

- **Long setup:** place a Buy Stop order a few pips above the range resistance / breakout level.
- **Short setup:** place a Sell Stop order a few pips below the range support / breakout level.
- The stop order only fills if price genuinely breaks and trades through the level — this avoids guessing the breakout in advance.
- Initial Stop Loss is placed on the opposite side of the range (i.e. back inside/through the consolidation), sized to the structure of the setup.

4. Breakeven (BE) Rule — Most Important Step

Once the trade moves **15 pips** in favour of the position, the Stop Loss is moved to **breakeven (entry price)**. This is the single most important management rule in this system: it removes downside risk on the trade as early as possible, so that from this point onward the trade can only finish at breakeven or in profit.

BE is set at +15 pips — non-negotiable, applied on every trade.

5. Trailing Stop Rule

After breakeven is set, the Stop Loss continues to trail the market by **15 pips**: for every further 15-pip advance in the trade's favour, the stop is stepped forward by 15 pips. This locks in progressively more profit while still giving the trade room to run toward the take-profit targets.

6. Take-Profit Structure (Scaled Exit)

Target	Distance	Action
TP1	100 pips	Close first portion of the position
TP2	150 pips	Close second portion of the position
TP3	200 pips	Close remaining position / let final runner ride

Note: exact split size per target (e.g. thirds) is left to position-sizing preference; the pip levels above (100 / 150 / 200) are the fixed distances used for this system, as specified in the trading approach.

7. Full Trade Management Sequence

Step 1: Stop order triggers on confirmed H1 breakout of the range.

Step 2: Initial Stop Loss sits on the opposite side of the range.

Step 3: Price moves 15 pips in favour → Stop Loss moved to Breakeven (BE).

Step 4: Every further 15-pip move in favour → Stop Loss trails by 15 pips.

Step 5: TP1 hit at 100 pips → close first portion.

Step 6: TP2 hit at 150 pips → close second portion.

Step 7: TP3 hit at 200 pips → close remaining position / final runner.

8. Chart Examples

The examples below (XAUUSD) illustrate the breakout leg, the BE/trailing management zone (shaded green), and the give-back zone the BE rule is designed to protect against (shaded red).

H1 chart: breakout above the green resistance line, with the shaded zone showing the initial move used to trigger the BE step before the position works through the higher timeframe range.

1-minute zoom of the same breakout leg — green zone shows the favourable continuation used to trail the stop; red zone shows the retracement risk the BE/trailing rule protects against.

5-minute example of a breakdown from a level: red zone marks the initial impulse used to move the stop to breakeven; green zone marks continuation that would be captured by the 15-pip trail.

5-minute breakout above a prior consolidation high — the shaded box marks the entry/management zone where the BE and trailing rules are first applied after the stop order fills.

9. Additional Filters & Execution Controls

The following are optional layers added on top of the core breakout, BE, and trailing-stop rules above. They are execution filters, not new entry signals — their purpose is to avoid low-quality conditions and to protect profit that has already been made on a trade.

Multi-Timeframe Confirmation

Before taking an H1 breakout, check alignment on a higher timeframe (e.g. H4) and a lower timeframe (e.g. M15). Only take the breakout if the higher timeframe trend/structure does not directly oppose the breakout direction, and the lower timeframe shows the move starting with genuine momentum rather than a single erratic spike.

Trailing Take-Profit

In addition to the trailing Stop Loss (Section 5), a trailing Take-Profit can be used on the final runner portion of the position after TP2. Instead of a fixed TP3 exit, the take-profit level trails behind price by a set distance, allowing strong continuation moves to run further while still locking in the improvement in profit as price advances.

Spread Filter

Skip placing the breakout stop order if the current spread is wider than a defined maximum. Wide spreads around illiquid hours or news spikes distort the true breakout level and increase effective risk on entry.

News-Event Filter

Avoid opening new positions in the minutes immediately before and after high-impact scheduled news releases (e.g. NFP, CPI, FOMC). Optionally close open pending orders ahead of the release and resume normal trading a set number of minutes afterward, once volatility has settled.

Weekend / Session-Close Rule

If it is not desirable to hold a position over the weekend, stop opening new pending orders after a defined cut-off hour on Friday, and consider closing or tightening any open trades before the weekly close to avoid weekend gap risk.

Drawdown-Based Position Sizing

Position size (lot size) can be scaled to account balance/equity and a maximum acceptable drawdown, rather than using a single fixed lot size on every trade. This keeps risk per trade proportional as the account grows or shrinks, and can include a daily maximum-drawdown cutoff that pauses new trades for the rest of the day once reached.

10. Manual Execution Checklist

This is a manual, discretionary strategy — there is no automated system placing or managing these trades. The checklist below is what to run through by hand before placing the stop order, and again after the trade is live, so the rules in Sections 1–9 are applied consistently every time.

Before Entry

[ ] H1 range is clearly marked, with support and resistance lines drawn on the chart.

[ ] Range size checked — not so tight it's noise, not so wide the stop distance kills risk:reward.

[ ] Higher timeframe (H4) and lower timeframe (M15) checked for alignment, if using the multi-timeframe filter.

[ ] Current spread checked against the maximum allowed before placing a pending order.

[ ] No high-impact news event (NFP, CPI, FOMC) due inside the news-filter window.

[ ] Friday/weekend cut-off checked if the position should not be held over the weekend.

[ ] Buy Stop / Sell Stop order placed a few pips beyond the breakout level, in the correct direction.

[ ] Initial Stop Loss placed on the opposite side of the range.

[ ] TP1 / TP2 / TP3 levels set at 100 / 150 / 200 pips from entry.

[ ] Position size checked against account balance/equity and max allowed drawdown.

After Entry

[ ] Confirm the pending order filled and that SL/TP are set correctly on the live trade.

[ ] Watch for +15 pips in favour — move Stop Loss to breakeven as soon as it's reached.

[ ] Continue trailing the Stop Loss by 15 pips for every further 15-pip advance.

[ ] Close the first portion of the position when TP1 (100 pips) is hit.

[ ] Close the second portion when TP2 (150 pips) is hit.

[ ] Manage or close the final runner at TP3 (200 pips), or trail it per Section 9 if using the trailing take-profit.

[ ] Log the trade — entry, exit, result, and any rule deviation — for later review.

Risk Disclosure & Disclaimer

Personal Trading Approach

This document describes a personal trading approach and rule set. It is a record of how trades are planned and managed under this system — it is not a signal service, managed account offering, or investment recommendation of any kind.

Not Financial Advice

Nothing in this document constitutes financial, investment, legal, or tax advice. It is provided for informational and educational purposes only. Any decision to apply these rules to real or simulated trading is made entirely at the reader's own discretion and risk.

Trading Risk

- Trading foreign exchange, commodities (including gold/XAUUSD), and other leveraged products carries a high level of risk and may not be suitable for all investors.
- It is possible to lose some, or all, of an initial investment — do not trade with money you cannot afford to lose.
- Breakeven and trailing-stop rules reduce, but do not eliminate, risk. Slippage, gaps, and volatile news events can cause fills away from the intended stop level.
- Pending/stop orders are not guaranteed to fill at the specified price, particularly during fast-moving or illiquid market conditions.

No Performance Guarantee

Past performance of this or any strategy is not indicative of future results. No representation is being made that any account will, or is likely to, achieve profits or losses similar to those shown or discussed. The performance snapshot in this document reflects results from the author's own live trading account; it has not been independently audited or verified by a third party, and results from any single account or time period are not a guarantee of future performance.

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