

# Lift Off Trading System

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Trending break out system

Enters new positions in the direction of the trend

### **Trend Direction**

Trend is based on the close of the current bar compared to the close (x) number of bars ago.

**Uptrend** = close greater than close(x)

**Downtrend** = close less than close(x)

Only long trades can be taken if the trend = Uptrend

Only short trades can be taken if the trend = Downtrend

## Entry Signals

Entry signals are determined by the location of price within a specified range. The range is calculated by locating the high and low points of the last x number of days. These high/low points are then used to find the midpoint of the range which forms the platform for the Lift-Off strategy.

To begin we start with the Platform calculation:

$$\text{Platform} = (\text{Highest High of the last } x \text{ bars} + \text{Lowest Low of the last } x \text{ bars}) / 2$$

Now a volatility measure is needed to add and subtract from the Platform price to find the next entry price. The average true range of the last 21 days will be used to form the volatility measure. The last thing that's needed is a multiple input value to multiply with the average true range.

ATR = average true range of the last 21 bars

ATRs = [input] value that will be multiplied with the ATR

Now that everything has been calculated, the buy and sell prices can be determined like this...

If Trend is Up then take long trades

Buy Price = Platform + Average True Range \* ATRs

If Trend is Down then take short trades

Sell Price = Platform - Average True Range \* ATRs

## Exits

Exiting a position is simply taking the opposite buy or sell price which was calculated in the entry process. The difference with the exit is the trend direction is not used. Our only concern is with the current position.

If current position is Long, place a sell stop at the SellPrice.

If current position is Short, place a buy stop at the BuyPrice.

Taking the Buy Price and Sell Price from the entry calculations the exits are determined as follows:

Buy Price = Platform + Average True Range \* ATRs

Sell Price = Platform - Average True Range \* ATRs

When either of these orders is triggered the position will go back to flat. At that point we go back to the entry process and look for trend direction followed by the entry calculation.