

The STRAT Algo

The Price Action Trading Strategy

TheStratAlgo.com



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Introduction

The STRAT Trading Strategy is based on Price Action and is a reaction to price trading where there is no guessing or prediction.

THE STRAT classifies the Candlesticks into types named "1", "2" and "3" and also utilizes multiple Time Frame Analysis and levels, Time Frame Continuity in order to provide you with accurate signals that you can rely on while trading.

This is a Quick Guide to get you started Trading The STRAT Algo which makes it easier to make and keep more of your Profits.



CHAPTER 1.

THE STRAT ALGO CandleSticks



Ch. 1

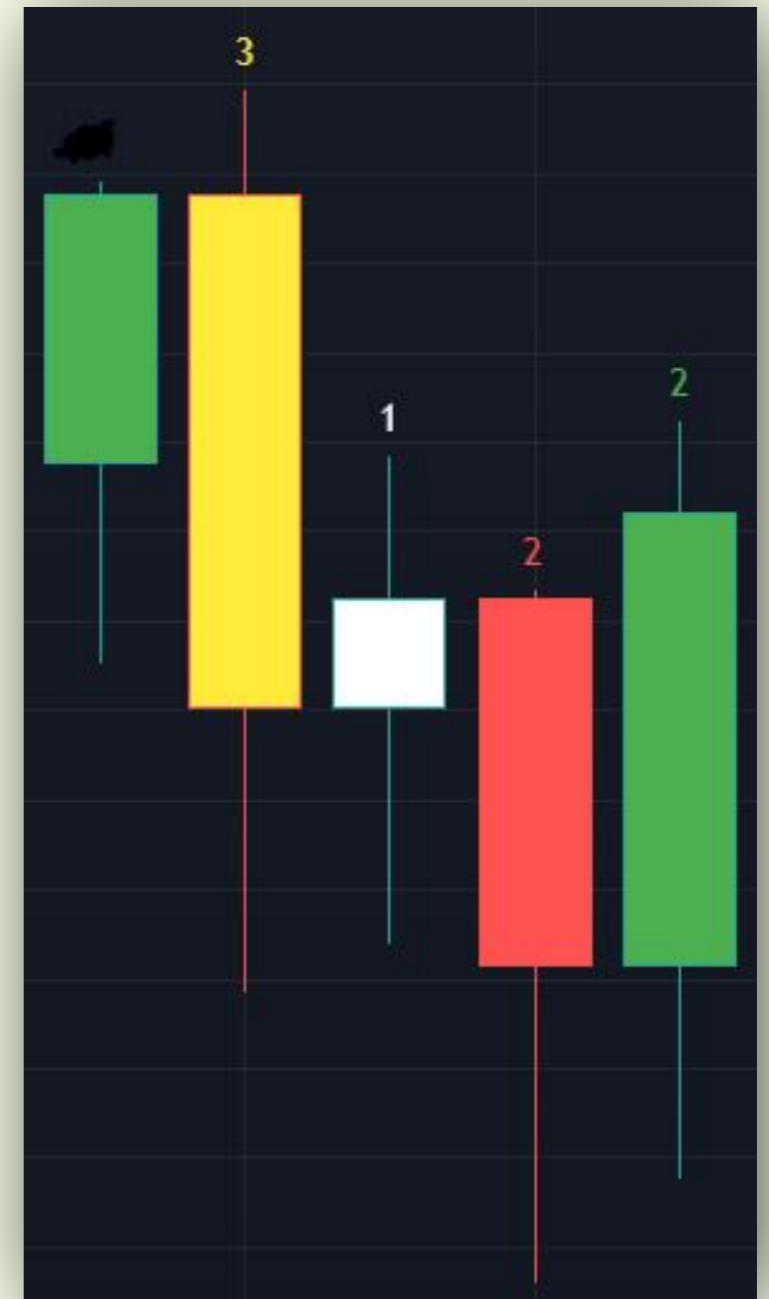
THE STRAT CandleSticks (1, 2, 3)

The STRAT CandleSticks are classified into one of these three candles based on the relation to the previous candle.

CandleStick 1: Also Called Inside Candle in relation to the previous candle and is colored in **WHITE**. Inside Candle is weak and considered indecisive price action (The candle High and Low are within the previous candle High and Low prices)

CandleStick 2: Also Called Directional Candle in relation to the previous candle and is colored **GREEN** or **RED** depending on direction. Directional Candles are strong and drives the direction of the price Up or Down (The candle is GREEN if it breaks the High of previous Candle Only and RED if Price Breaks previous Candle Low only instead.)

CandleStick 3: Also Called Outside Candle in relation to the previous candle and is colored in **YELLOW**. Outside Candles are strong and usually means Reversal in Price Action (The candle High and Low Broke the previous candle High and Low prices)



Ch. 1

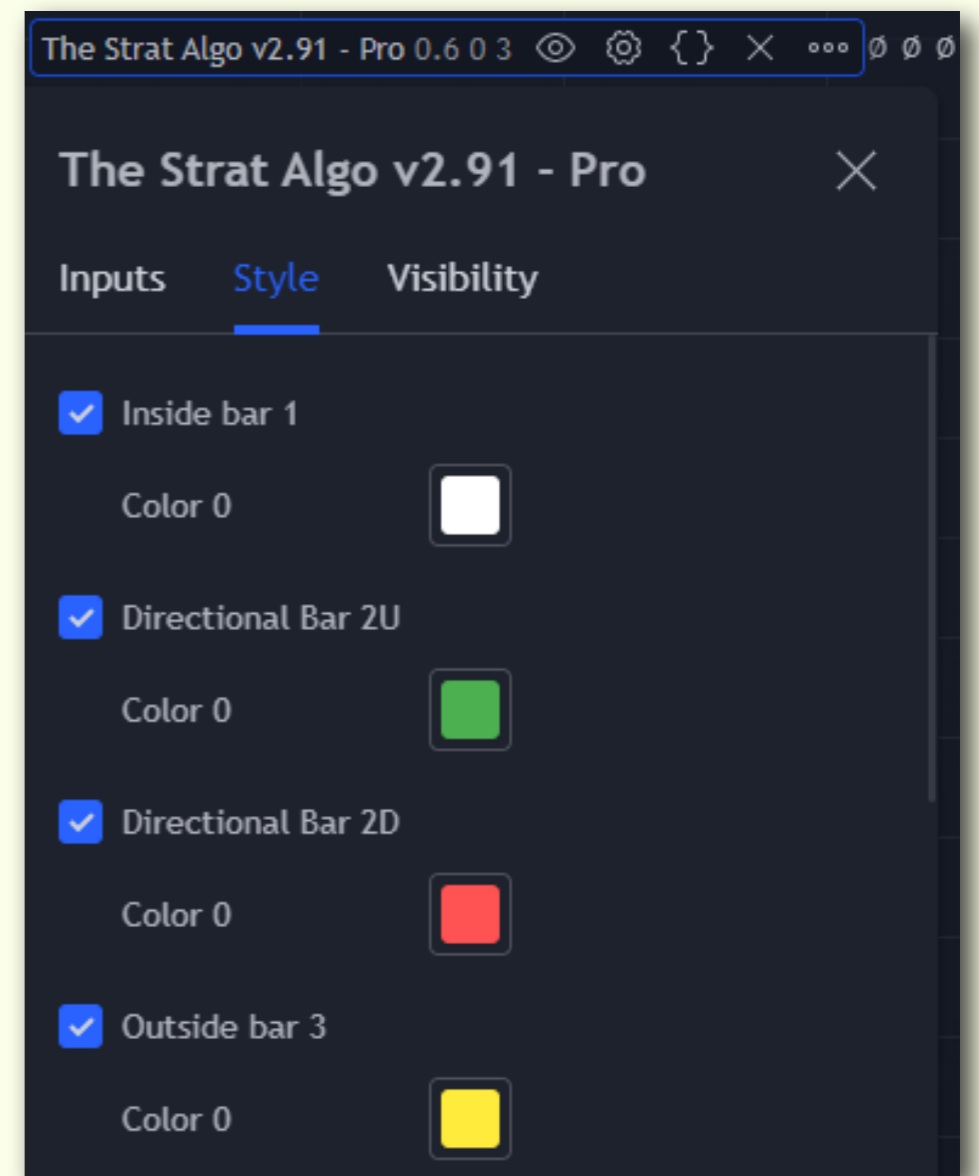
Candlesticks Customization

Customization of the Candlestick colors is easily done by following below instructions.

Go to Gear Setting ⚙️ on The Algo/Indicator > Click Style > Change any Candlestick color per description shown

#Tip:

- Make sure you setup the colors to your like and save any customization you do so you don't loose it.



THE STRAT ALGO Signals



Ch. 2

THE STRAT ALGO Signals

THE STRAT ALGO Signals are based on specific patterns of candlesticks, These Patterns have some combinations based on the 1, 2, 3 CandleSticks explained earlier in [Chapter 1](#).

These Signals are combined into Bearish Reversal, Bullish Reversal and Reversal. Also, Part of The STRAT Algo are the Bottom and Top Signals.

Bullish Reversal Signals: There is a Reversal happening to the Upside and price will go Up.

Bearish Reversal Signals: There is a Reversal happening to the Downside and price will go Down.

Reversal Signals: There is a potential Reversal that could be happening to either side Up or Down.

Top Signal: This means that potential Top price is in, Could be indication of pullback or price going back down.

Bottom Signals: This means that potential Bottom price is in, Could be indication of price going back Up.

Bullish Reversal Signals ▲

2d-1-2u Bullish Reversal: 2 Down Candle followed by inside 1 Candle then 2 Up Candle start building up by breaking high of inside 1 Candle.

Entry: High Breakout of inside 1 Candle.

Target/Exit: High of Original 2 Down Candle.

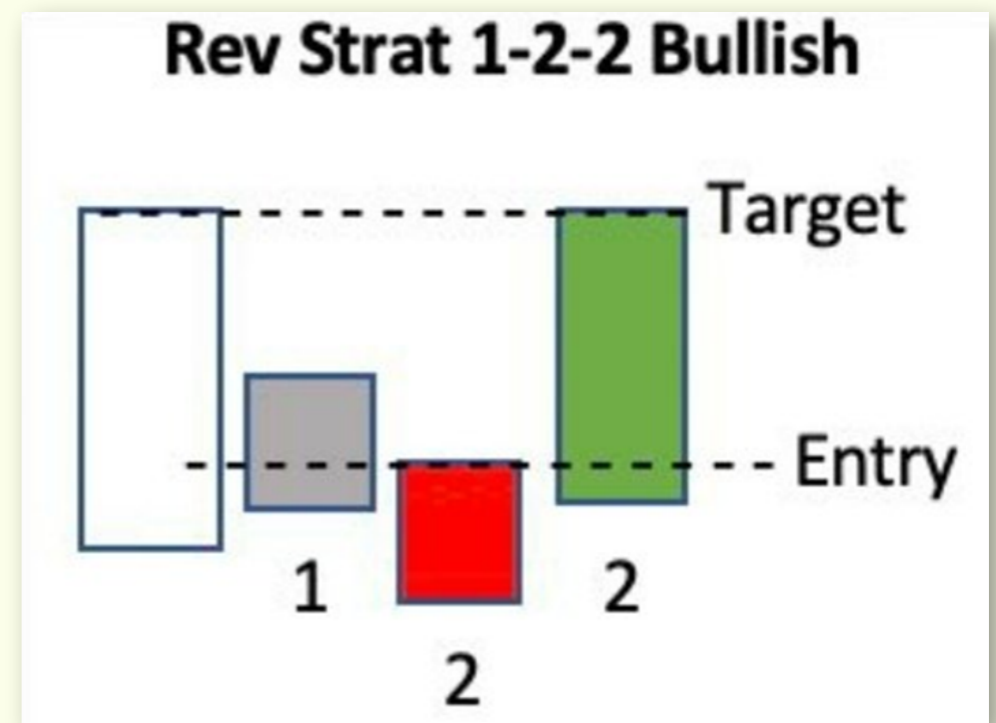
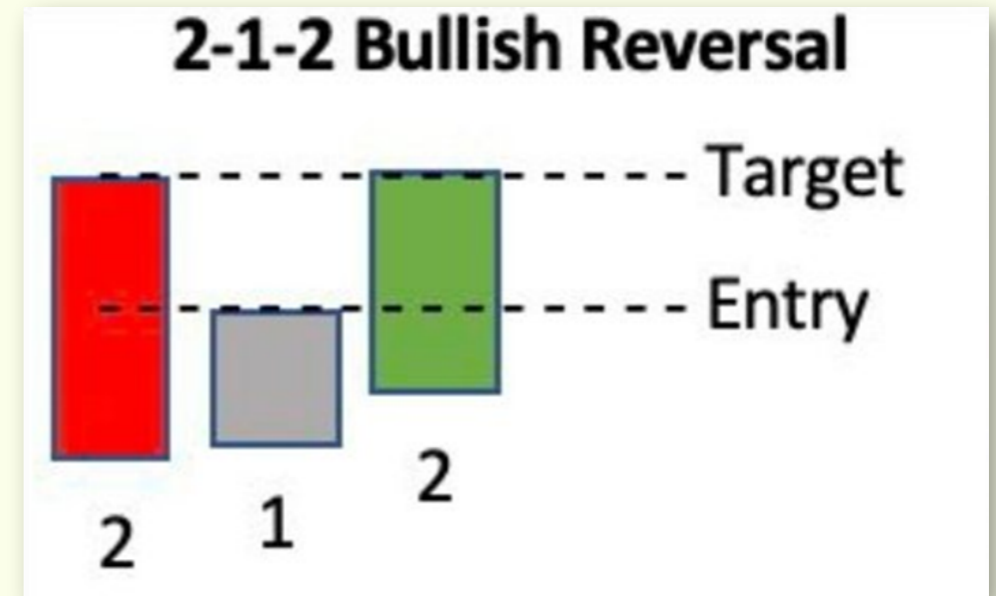
Stop Loss: Low Of Previous 1 Candle.

1-2d-2u Bullish Reversal: Inside 1 Candle followed by 2 Down Candle then 2 Up Candle start building up by breaking high of 2 down Candle.

Entry: High Breakout of 2 Down Candle.

Target/Exit: High of Original Candle before Inside 1 Candle.

Stop Loss: Low Of Previous 2 Down Candle.



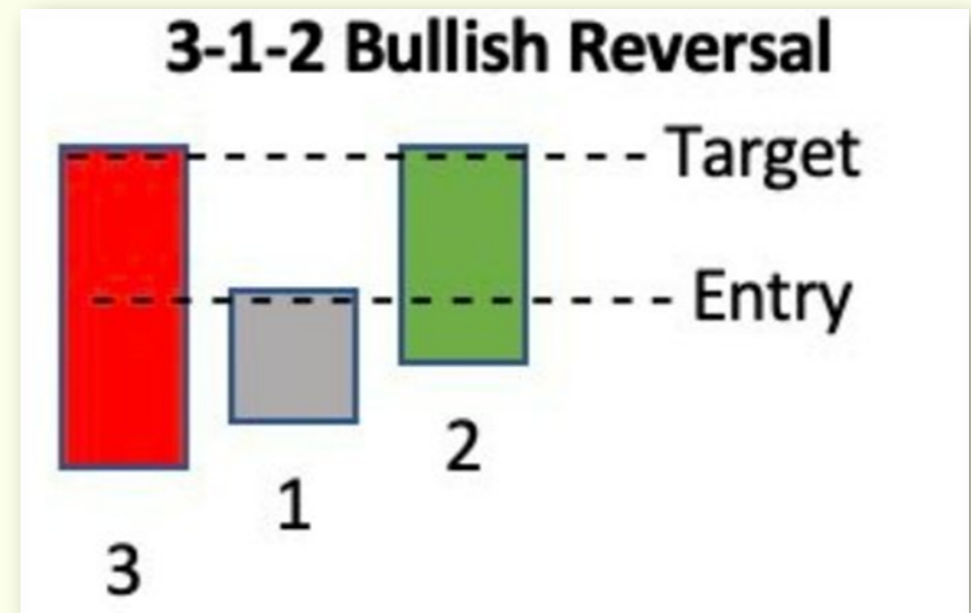
Bullish Reversal Signals ▲

3-1-2u Bullish Reversal: Outside 3 Candle followed by inside 1 Candle then 2 Up Candles start building up by breaking high of inside 1 Candle.

Entry: High Breakout of 1 Candle.

Target/Exit: High of Original 3 Candle.

Stop Loss: Low Of Previous Candle 1.

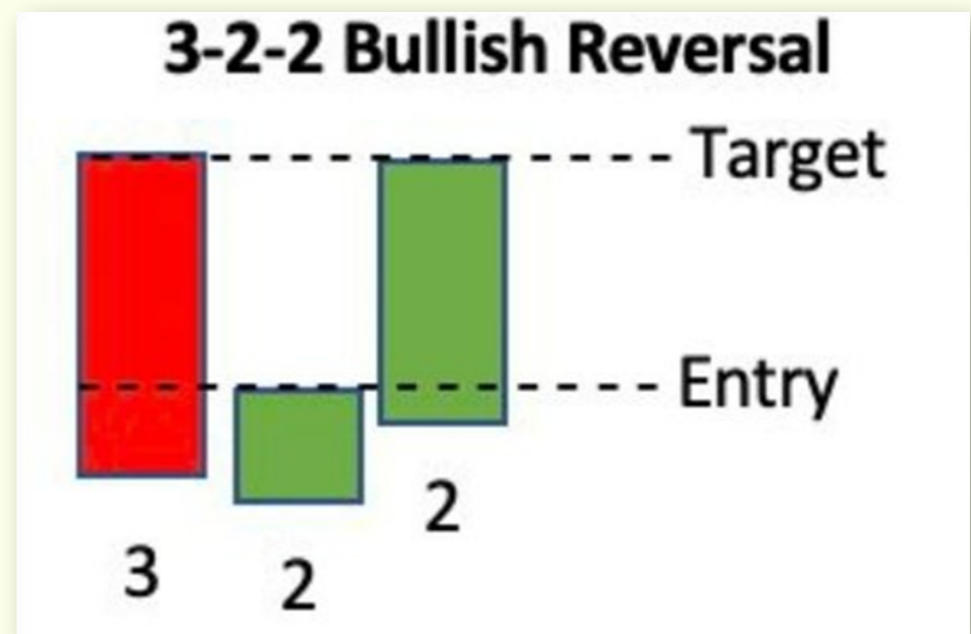


3-2d-2u Bullish Reversal: Outside 3 Candle followed by 2 Down Candles then 2 Up Candles start building up by breaking high of 2 Down Candles.

Entry: High Breakout of 2 Down Candles.

Target/Exit: High of Original 3 Candle.

Stop Loss: Low Of Previous 2 Down Candles .



Bullish Reversal Signals ▲

2d-2u Bullish Reversal: 2 Down Candle followed by potential 2 Up Candle by breaking high of 2 Down Candle.

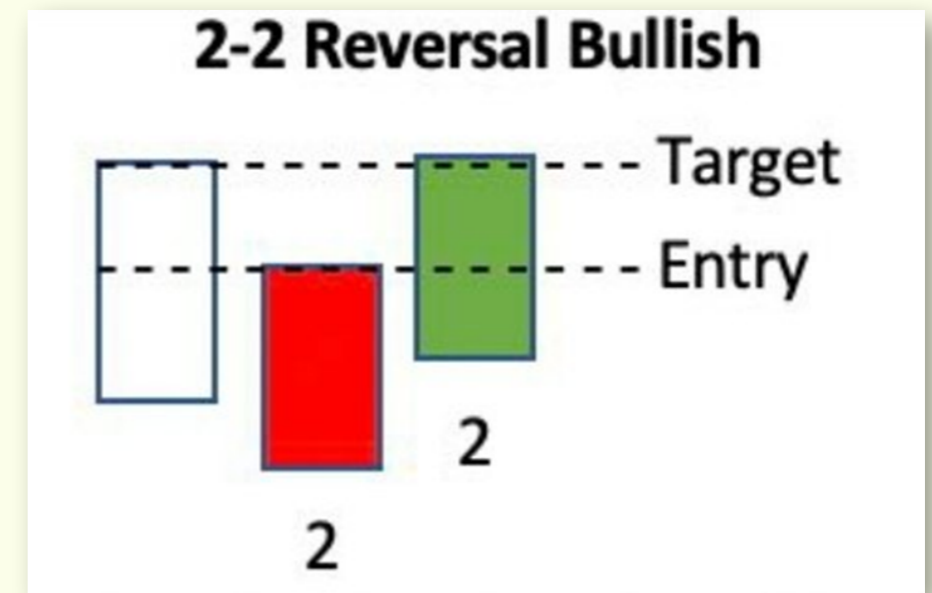
Entry: High Breakout of 2 Down Candle.

Target/Exit: High of Original Candle before 2 Down Candle.

Stop Loss: Low Of Previous 2 Down Candle.

#Tip:

- Bullish Reversal Signals indicated by **GREEN UP Arrow ▲**



Bearish Reversal Signals ▼



Bearish Reversal Signals ▼

2u-1-2d Bearish Reversal: 2 Up Candle followed by inside 1 Candle then 2 Down Candle start building up by breaking Low of inside 1 Candle.

Entry: Low Breakout of inside 1 Candle.

Target/Exit: Low of Original 2 Up Candle.

Stop Loss: High Of Previous inside 1 Candle.

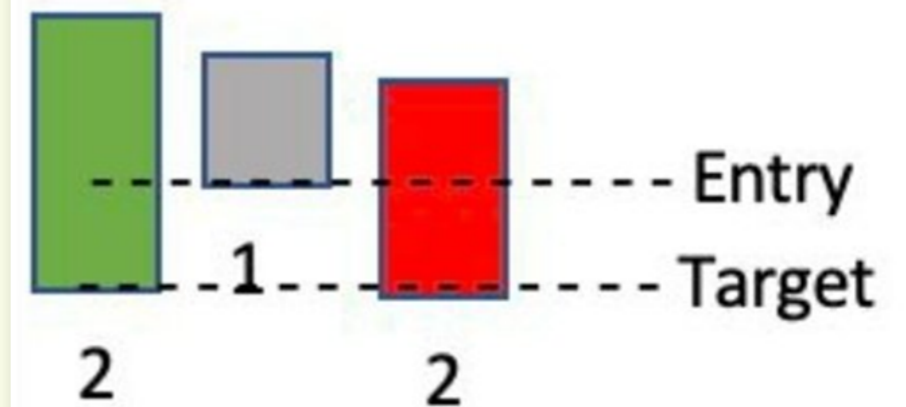
1-2u-2d Bearish Reversal: Inside 1 Candle followed by 2 Up Candle then 2 Down Candle start building up by breaking Low of 2 Up Candle.

Entry: Low Breakout of 2 Up Candle.

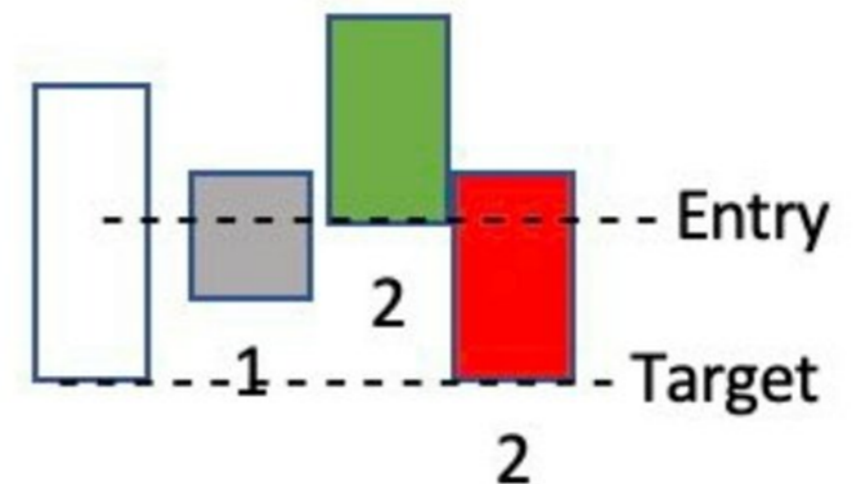
Target/Exit: Low of Original Candle before Inside 1 Candle.

Stop Loss: High Of Previous 2 Up Candle.

2-1-2 Bearish Reversal



Rev Strat 1-2-2 Bearish



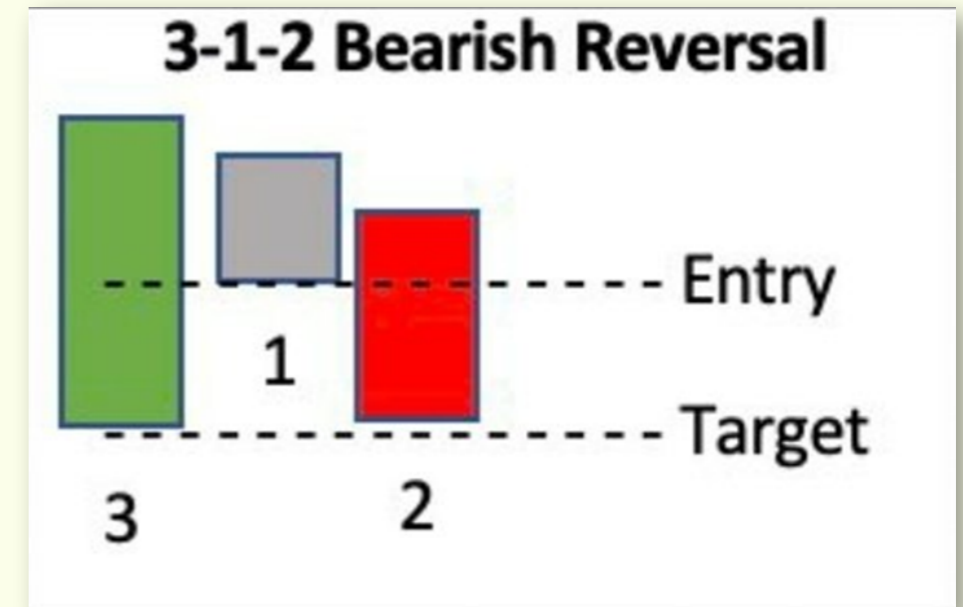
Bearish Reversal Signals ▼

3-1-2d Bearish Reversal: Outside 3 Candle followed by inside 1 Candle then 2 Down Candle start building up by breaking Low of inside 1 Candle.

Entry: Low Breakout of inside 1 Candle.

Target/Exit: Low of Original 3 Candle.

Stop Loss: High of Previous Candle 1.

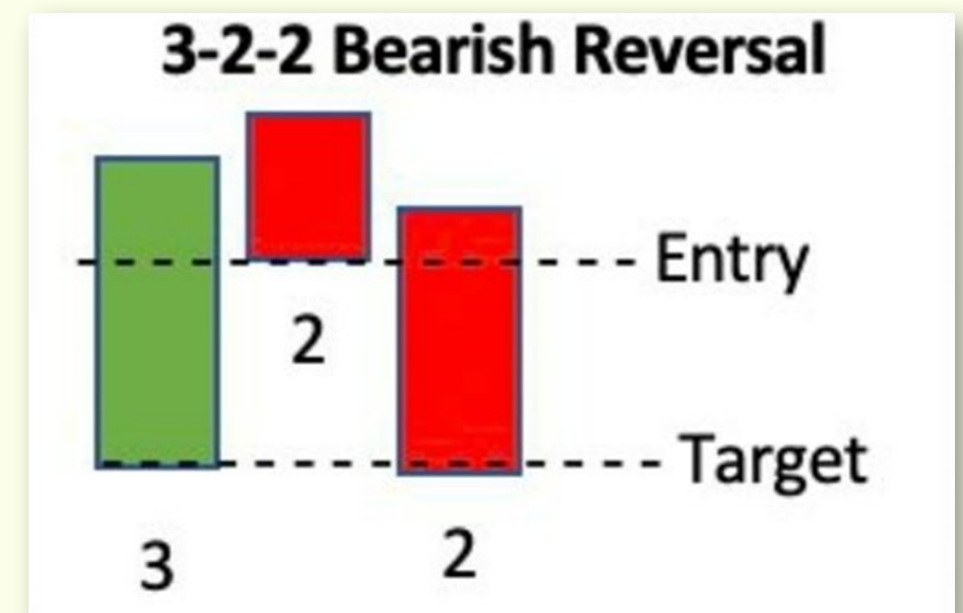


3-2u-2d Bearish Reversal: Outside 3 Candle followed by 2 Up Candle then 2 Down Candle start building up by breaking Low of 2 Up Candle.

Entry: Low Breakout of 2 Up Candle.

Target/Exit: Low of Original 3 Candle.

Stop Loss: High Of Previous 2 Up Candle .



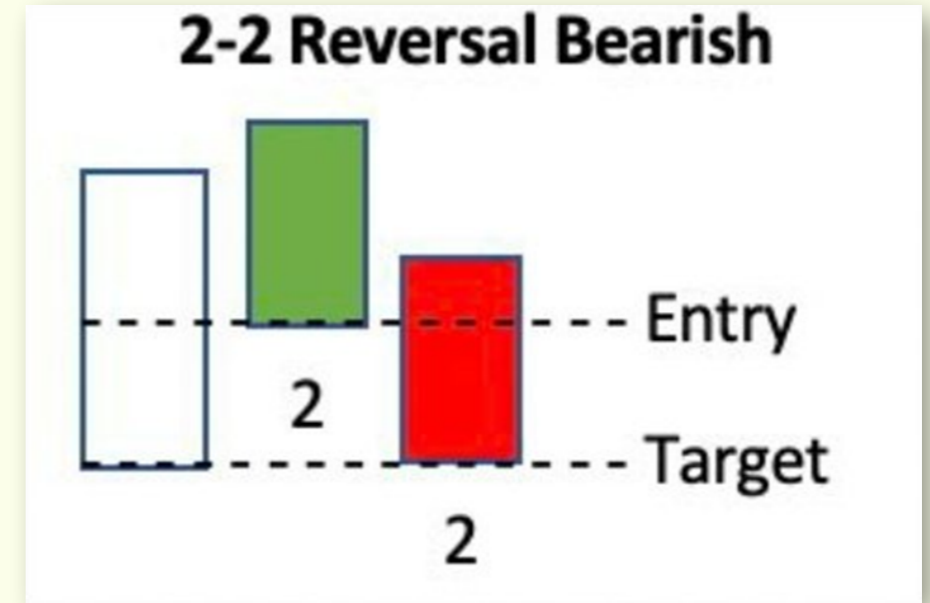
Bearish Reversal Signals ▼

2u-2d Bullish Reversal: 2 Up Candle followed by potential 2 Down Candle by breaking Low of 2 Up Candle.

Entry: Low Breakout of 2 Up Candle.

Target/Exit: Low of Original Candle before 2 Up Candle.

Stop Loss: High Of Previous 2 Up Candle.



#Tip:

- Bullish Reversal Signals indicated by a **RED DOWN Arrow ▼**

Reversal Signals (R)



Reversal Signals (R)

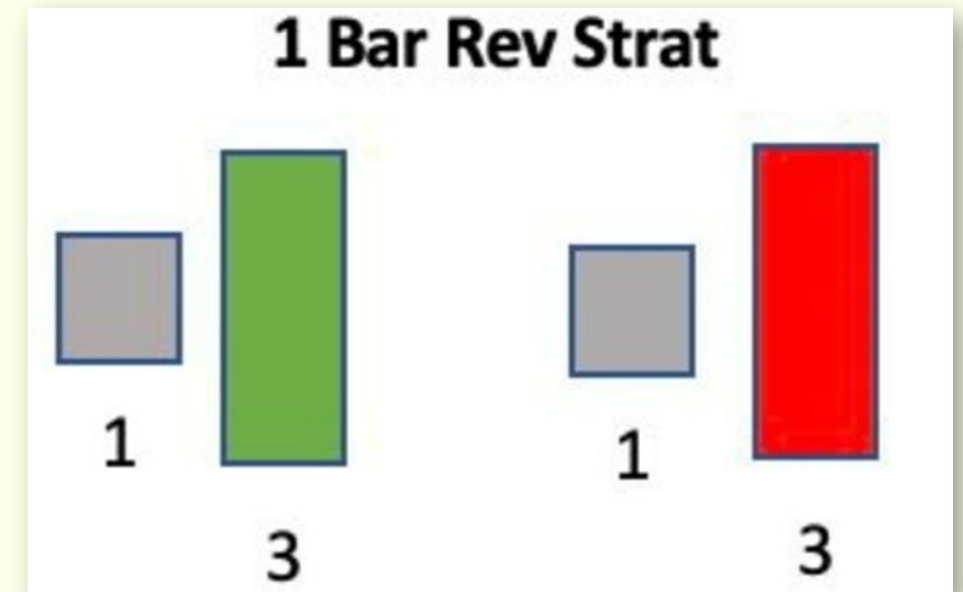
Reversal Signals: This indicates that there is a potential Reversal that could be happening to either sides Up or Down. This Pattern happens when there is inside 1 Candle followed by Outside 3 Candle.

Reversal Signal is indicated with a big **Yellow R**

Broadening Formation: Reversal Signals can also cause price action to be very volatile on an expanding range, which is also called "**Broadening Formation**"

#Tip:

- Always look for Broadening formation right after reversal signal to know your upper and lower bands.
- Do not trade outside the bands to avoid losses.
- **Yellow R** Reversal Signal followed by Bullish/Bearish signal is a strong indicator of reversing momentum.



Top & Bottom Signals - (T), (B)



Top & Bottom Signals

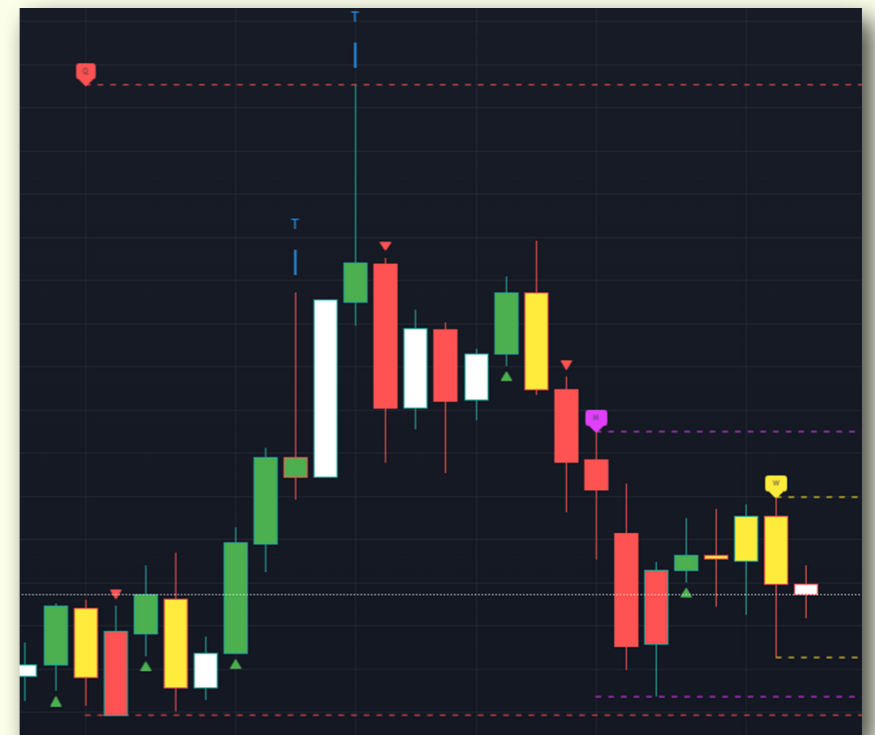
Top (T): This indicates that the candle could possibly be a Top and exhaustion of uptrend is approaching and/or reached. **example:** pic. on the top right shows 2 tops, 1st Top is not valid but 2nd Top is since it is followed by bearish signal.

Bottom (B): This indicates that the candle could possibly be a Bottom and exhaustion of downtrend is approaching and/or reached. **example:** pic. on the bottom right shows multiple bottoms, only ones valid followed by bullish signal.

#Tip:


- Top and Bottom signals are best traded with the **Bullish or Bearish patterns** along with **Full Time Frame Continuity (FTFC)** for the best results.

- Inside/Outside Indication on specific timeframe will help identify top and bottom of trading range



Top & Bottom Customization

Top & Bottom alerts frequency can be adjusted depending on your need. The higher the number the higher rate you see Top & Bottom alerts but could introduce high false positives.

1. Click on Gear  next to the Algo/Indicator > Go to Inputs > Fib Level

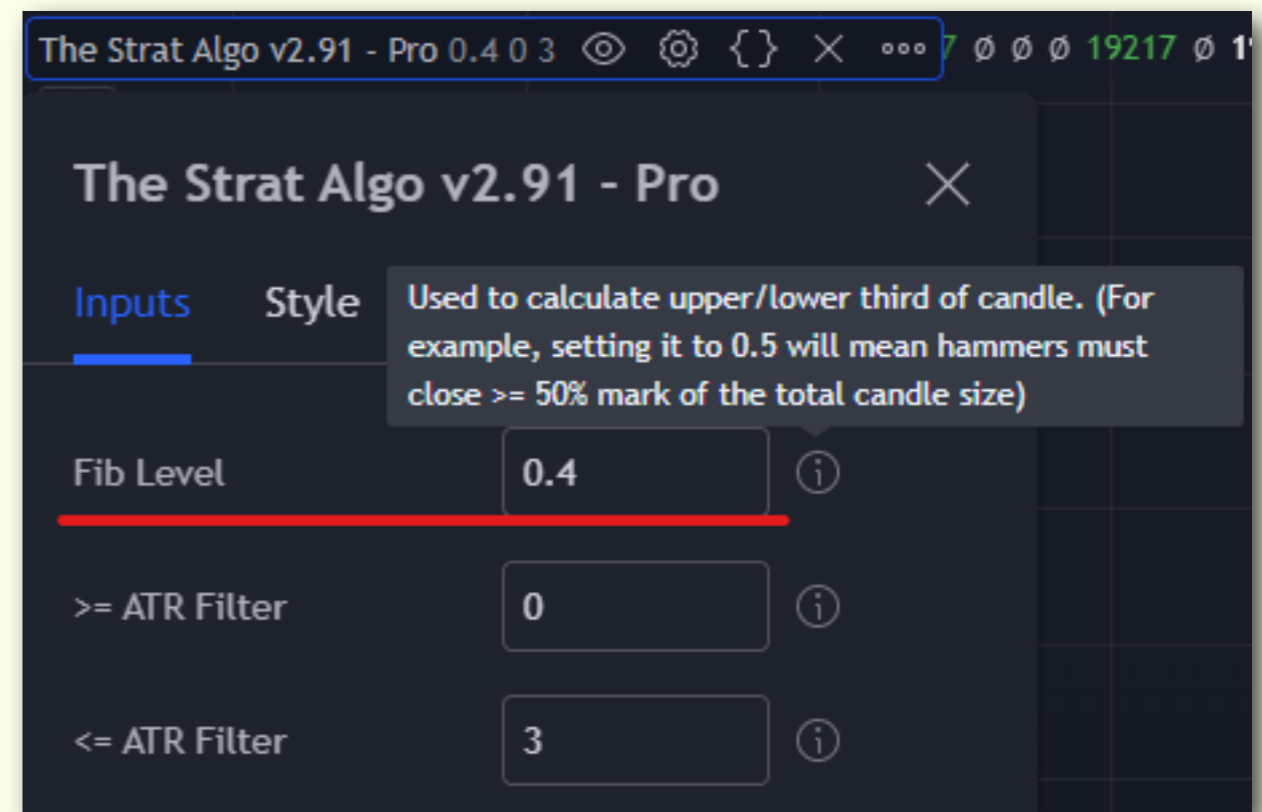
Fib Level: is % and ranges from 0% - 100%

ATR Filter: An experimental factor ranges from 0 - 3

#Tip:

Best Practices for Fib Level below:

- **Intraday** (Less than a Day) = 0.4 or Less (40% or less)
- **Daily** = range is 0.4 - 0.55 (35% - 55%)
- **High Time Frame** (Weekly or More) = 0.5 - 0.65



Time Frame Continuity & Trend-lines



Time Frame Continuity

Time Frame Continuity: This indicates the trend of the chart you are trading on the far right of the chart and is changing based on candlesticks printed in realtime.

Numbers: The numbers on top indicate timeframe for Intraday (daily or less) **5min, 15min, 30min, 1H, 4H, Daily**. and for longer timeframe shows **Daily, Weekly, Monthly, Quarterly (3M)**

Color: **GREEN** = Uptrend, **RED** = Downtrend

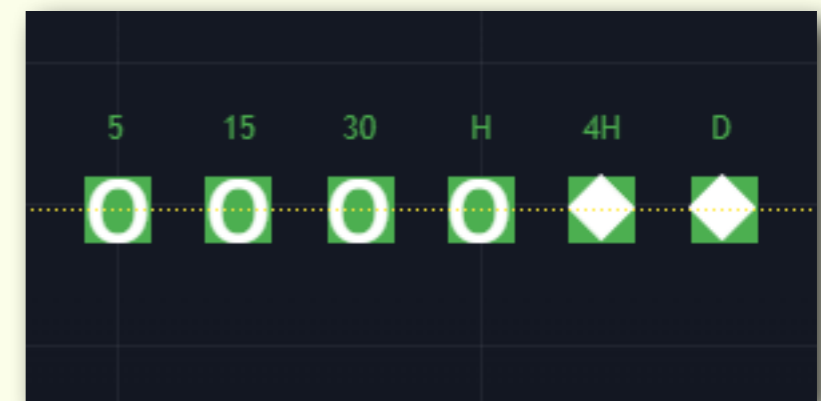
White Filling:

◆ **Diamond:** Inside Candle 1 ○ **Open Circle:** Outside Candle 3

#Tip:


- When Trading **Bullish or Bearish patterns** look for relevant **Full Time Frame Continuity (FTFC)** Which means either **ALL GREEN** or **ALL RED**

- Inside/Outside Indication on specific timeframe will help identify top and bottom of trading range



Time Frame Customization

Time Frame Customization: Everything from Colors to shapes is changeable for your convenience so you can set colors you like that work on any background you like.

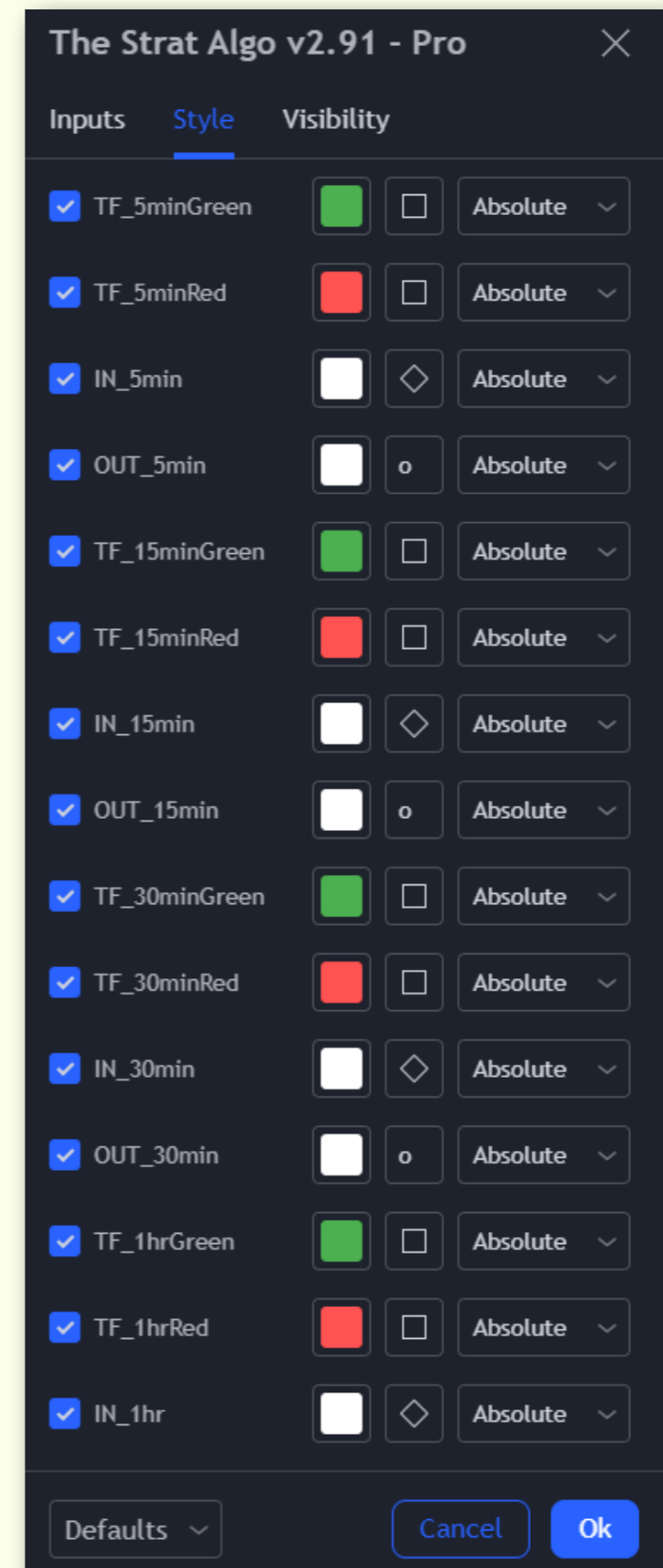
Go to Gear Setting  **on the Algo/Indicator > Click Style > Everything with TF is TimeFrame related.**

TF_15minGreen = TimeFrame for 15min when Green (Up)

TF_15minRed = TimeFrame for 15min when Red (Down)

IN_15min = Inside Candle on 15min

OUT_15min = Outside Candle on 15min



Time Frame Trend-lines

Time Frame Trend-line: The "----" dotted lines are trend-lines that indicate High and Low of Previous **D**ay, **W**eek, **M**onth, **Q**uarter (3M). This helps with identifying the upper and lower bands of each time period.

Color/Label:

D (White) = Daily Trend-line

W (Yellow) = Weekly Trend-line

M (Magenta) = Monthly Trend-line

Q (Red) = Quarterly (3M) Trend-line

Note: Colors can be changed from Algo Settings on Tradingview to fit your theme.


#Tip:


- Trading inside days use these timeframe trend-lines which will help you know the top and bottom bands.

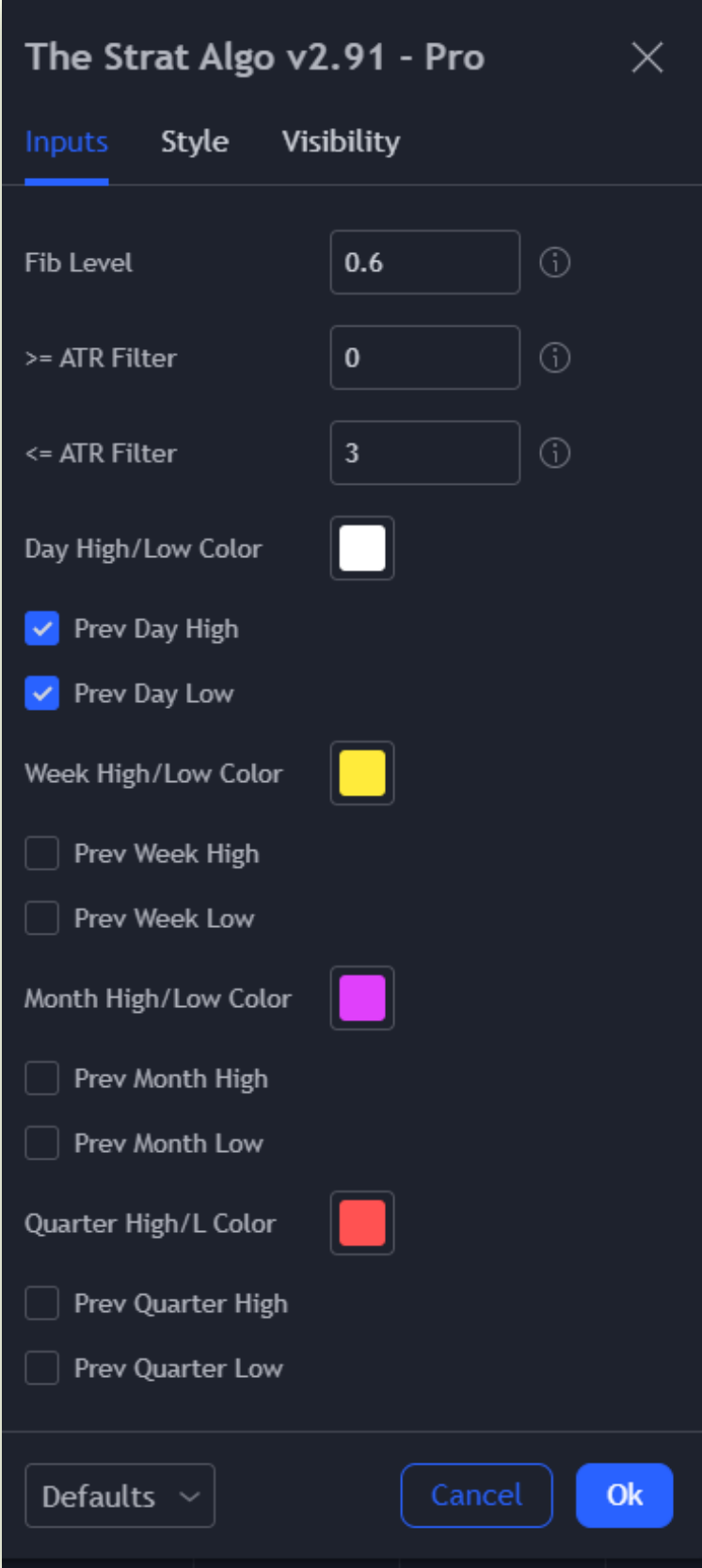


Trend-lines Customization








Trend-lines Customization: The Trend-lines Colors are customizable per timeframe, you can also control which Trend-lines appear vs Not to make it easier to trade.

Enable/Disable: Go to Gear Setting  on the Algo/Indicator > Click Inputs > Check the box next to Trend-line to enable Or Uncheck to disable

Changing Colors: Go to Gear Setting  on the Algo/Indicator > Click Inputs > Click on Colored Squares for each timeframe and choose different color.



The screenshot shows the settings window for 'The Strat Algo v2.91 - Pro'. The 'Inputs' tab is selected, showing various parameters for trend-line customization. The parameters are listed in a table-like format with input fields and checkboxes.

Parameter	Value	Info
Fib Level	0.6	
>= ATR Filter	0	
<= ATR Filter	3	
Day High/Low Color		
<input checked="" type="checkbox"/> Prev Day High		
<input checked="" type="checkbox"/> Prev Day Low		
Week High/Low Color		
<input type="checkbox"/> Prev Week High		
<input type="checkbox"/> Prev Week Low		
Month High/Low Color		
<input type="checkbox"/> Prev Month High		
<input type="checkbox"/> Prev Month Low		
Quarter High/L Color		
<input type="checkbox"/> Prev Quarter High		
<input type="checkbox"/> Prev Quarter Low		

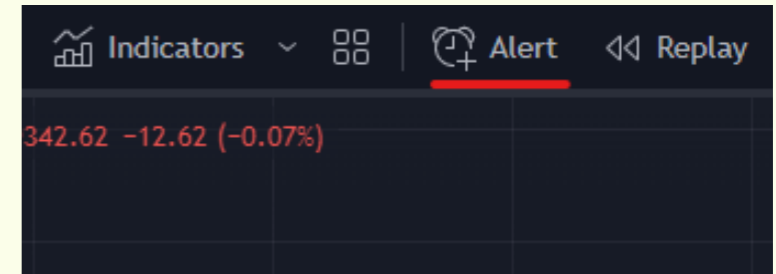
At the bottom of the window, there are three buttons: 'Defaults' with a dropdown arrow, 'Cancel', and 'Ok'.



The STRAT Algo Alerts



Ch. 5. Alerts & Notifications



Instead of Watching charts all the time and looking for patterns you want to trade, you can use Dynamic alerting.

1. **Pick your ticker > Choose TimeFrame (D, 1H, 15min .. etc.)**

2. **Alert Creation:** Find the Logo of +Alert shown and click on it.

3. **Condition:** Choose "The Strat Algo" Then Choose Whatever pattern from the dropdown menu you want to track. (Bullish, Bearish, Top or Bottom).

4. **Options:** Choose how often you want to be alerted. (Only once Or Once Per Bar are preferred options)

5. **Alert Actions:** Choose how want to be notified.

6. **Alert Name:** Set a Name for your alert

7. **Message:** Set a Message for the alert, you can use something like this `{{exchange}}:{{ticker}}, price = {{close}}`

#Tip:

- Continuous alerts pick **"Once Per Bar"** + Expiry **"Open ended"**
- Turn on **"Notify on App + Show Pop-up + Send email"**
- Create multiple alerts for multiple tickers or multiple timeframe

- Bearish 2U12D
- Bearish 2U2D
- Bearish 312D
- Bearish 32D
- Bottom
- Bullish 2D12U
- Bullish 2D2U
- Bullish 312U
- Bullish 32U
- Top

Create Alert on BTCUSDT

Condition: The Strat Algo ...

Bearish 2U12D

Options: Only Once (selected), Once Per Bar, Once Per Bar Close, Once Per Minute

Expiration time: 2022-08-02, 18:30

Open-ended

Alert actions: Notify on app, Show pop-up, Send email, Webhook URL, More actions

Alert name: [input field]

Message: Bearish 2U12D

You can use special placeholders such as `{{close}}`, `{{time}}`, `{{plot_0}}`, etc. ?

Cancel Create

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