

# **Creative Breakthrough, Inc.**

**Technical Research Publications & Technical Trading Systems**

Here is one of the most basic systems in use. This basic concept is the essence of all volatility breakout systems in use today and it is used by most, if not all, of the "top shelf traders".

1. Calculate the difference between the high and low of the previous day.
2. Multiple that difference by a factor of .90 or 90 percent.
3. Take that product and add it to the open of the next day to project your entry buy stop; and take the same product and subtract it from the open of the next day to project your entry sell stop. (For those of you who have only traded stocks long, in futures you have the opportunity to make money when the market declines by selling first to cover later.)
4. If the market hits the buy stop first, exit long on the first profitable higher opening or if the market hits the entry sell stop first, exit on the first profitable lower open.
5. The highest high for as short or the lowest low of 3 days back is used as the stop loss.

The markets that have a large high to low range can be used to day trade this formula with an exit market on close (moc).

The variations on this breakout concept are many, have a go.

Many thanks,

Jack F. Cahn, CMT