

# Opening Range Breakout Pattern

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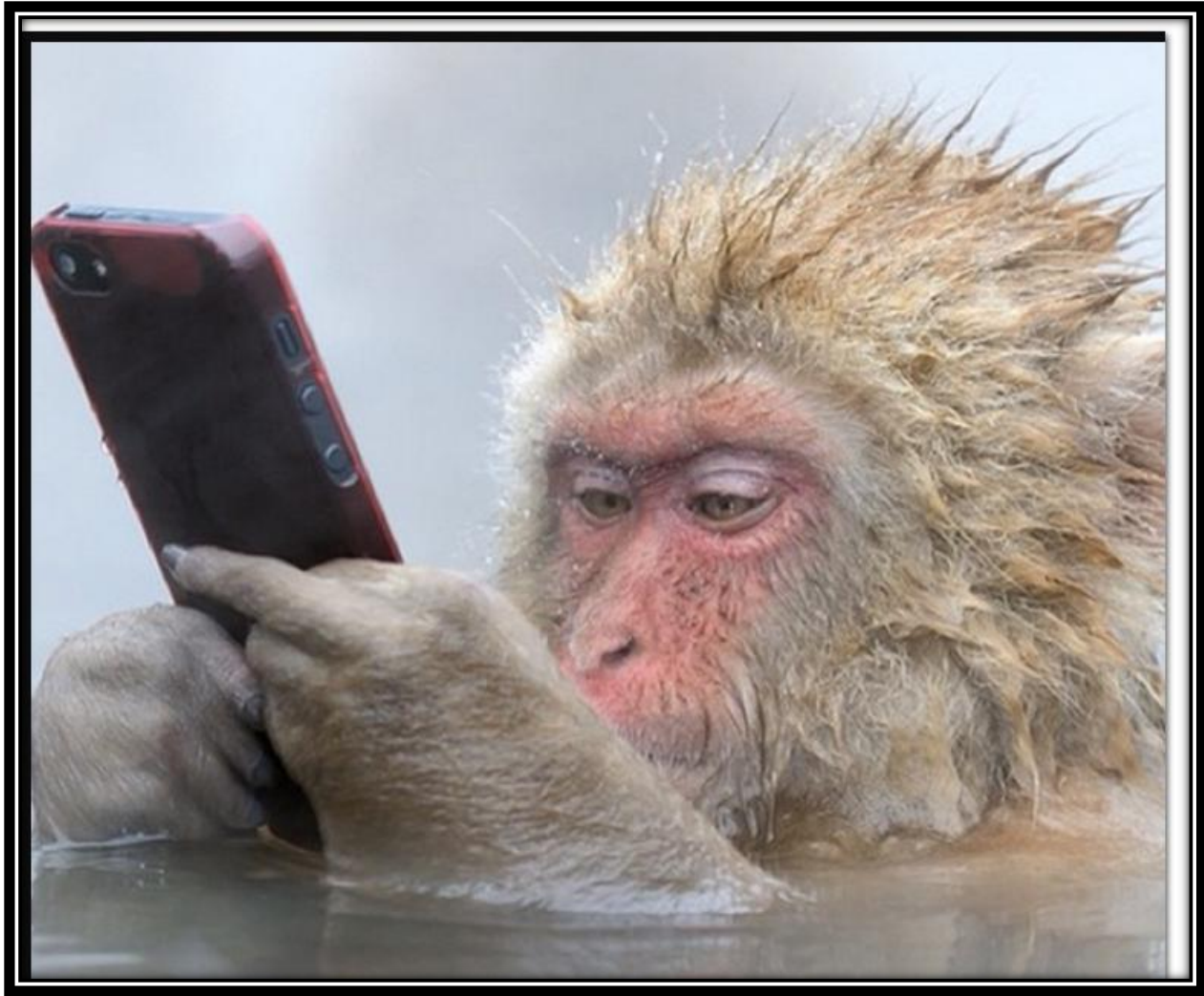
# Disclaimer:

- Education purposes only, Not an investment advice.
- All investments involve risk, and the past performance of a security, industry, sector, market, financial product, trading strategy, or individual's trading does not guarantee future results or returns. Investors are fully responsible for any investment decisions they make. Such decisions should be based solely on an evaluation of their financial circumstances, investment objectives, risk tolerance, and liquidity needs.

# What is Opening Range(OR)?

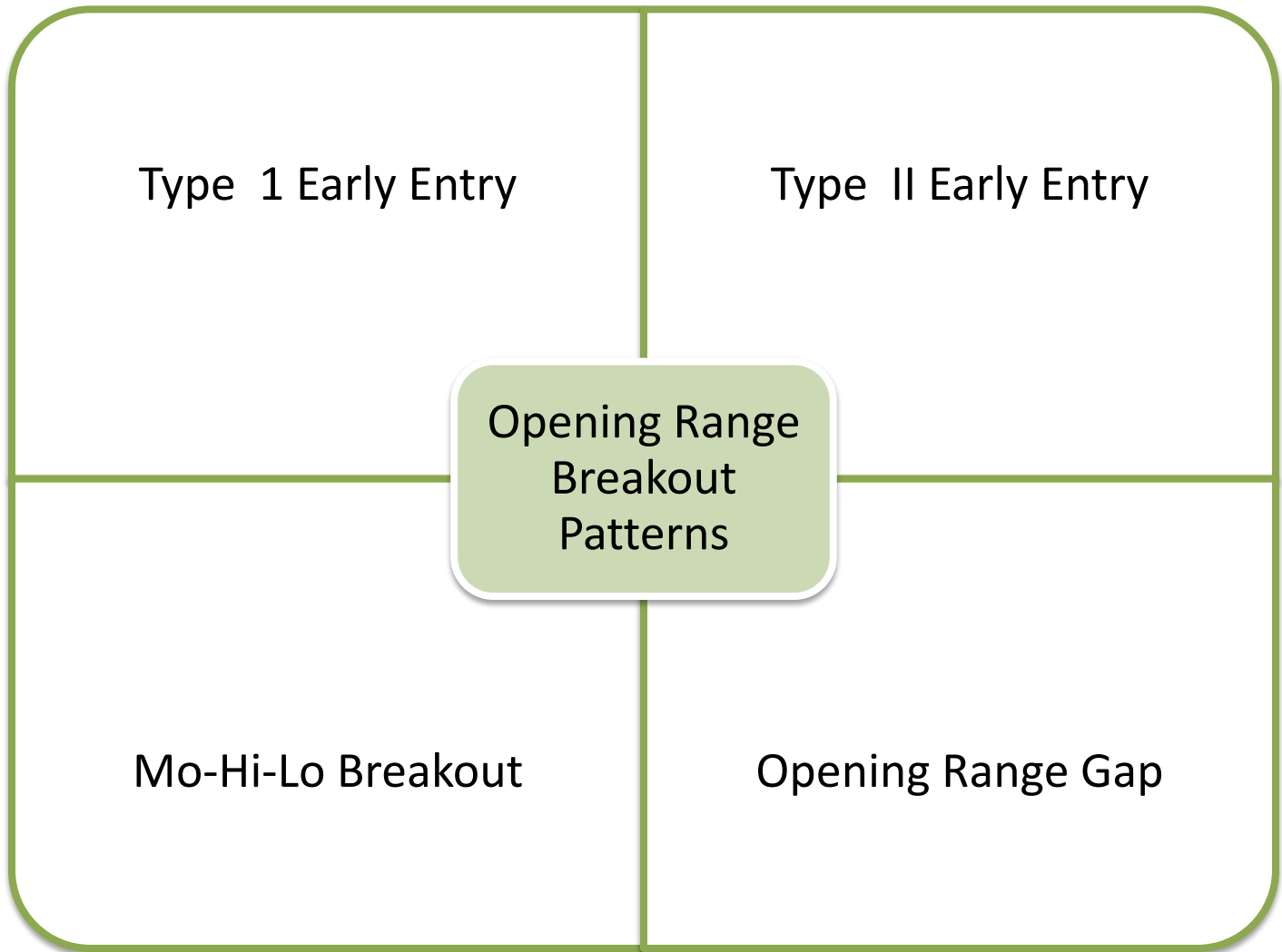
- The price range of the market at open, based upon your choice of timeframe.
- Most volatile time of the day.
- Works with all markets and most time frames.





# How to identify Opening Range?

- Choose a timeframe that you are comfortable with.
- Underlying instrument should be volatile.
- Identify and mark highest high and lowest low price occurred with in your time frame.
- You get 3 numbers to work with-
  1. Highest price
  2. Lowest price
  3. Range
- Calculate previous 10-day's opening range



Type 1 Early Entry

Type II Early Entry

Opening Range  
Breakout  
Patterns

Mo-Hi-Lo Breakout

Opening Range Gap

# Type 1 Early Entry

- Large price movement in one direction with in first bar.
- Larger than average price movement.
- Confirmation with next few bars in the same direction

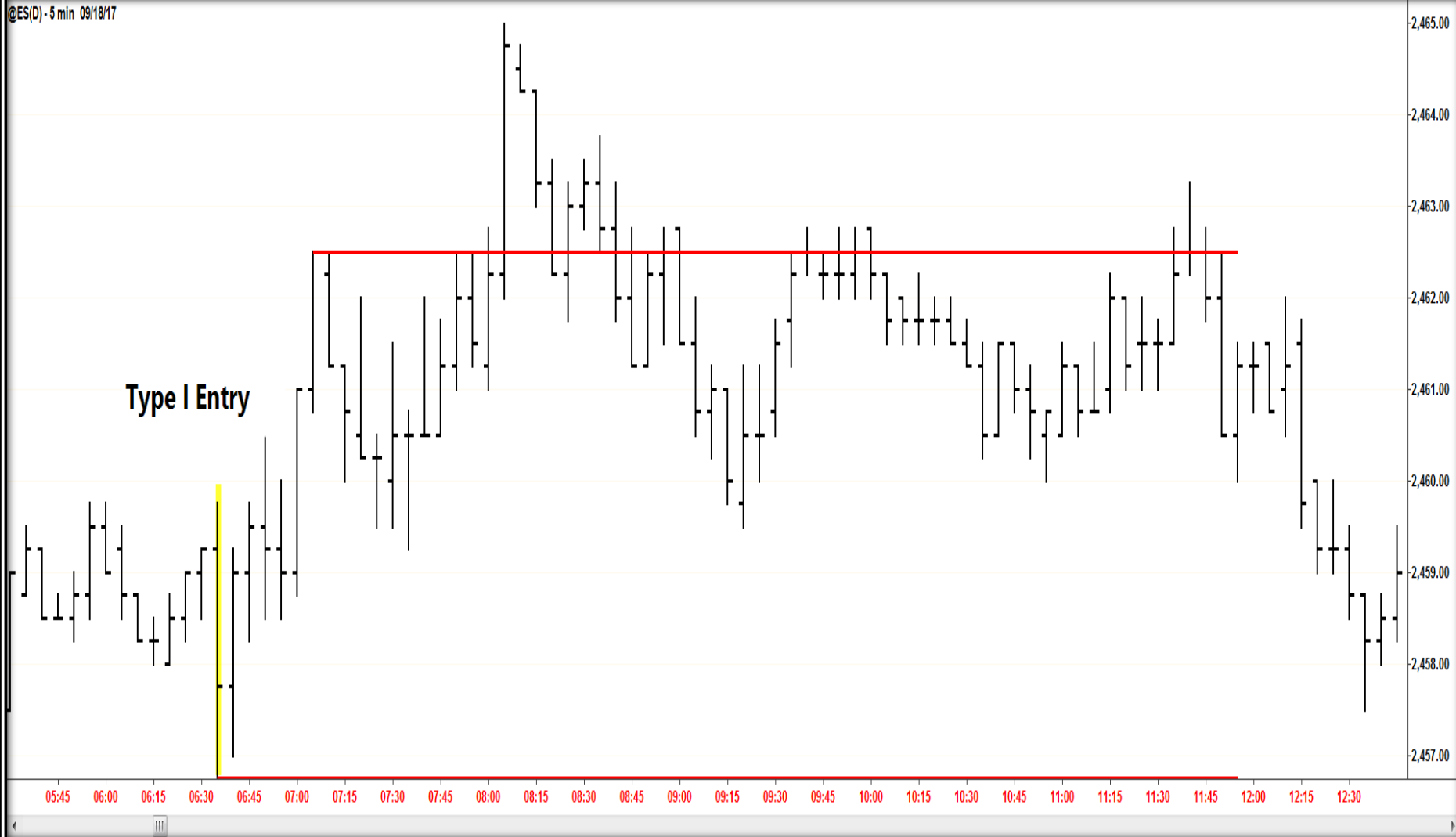
## Rules :

- Consider market bias before making an entry
- Profit target at – Previous resistance/ Entry +10 day avg range
- Stop Loss- Trailing stop/Capital preservation



@ES(D) - 5 min 09/18/17

Type I Entry



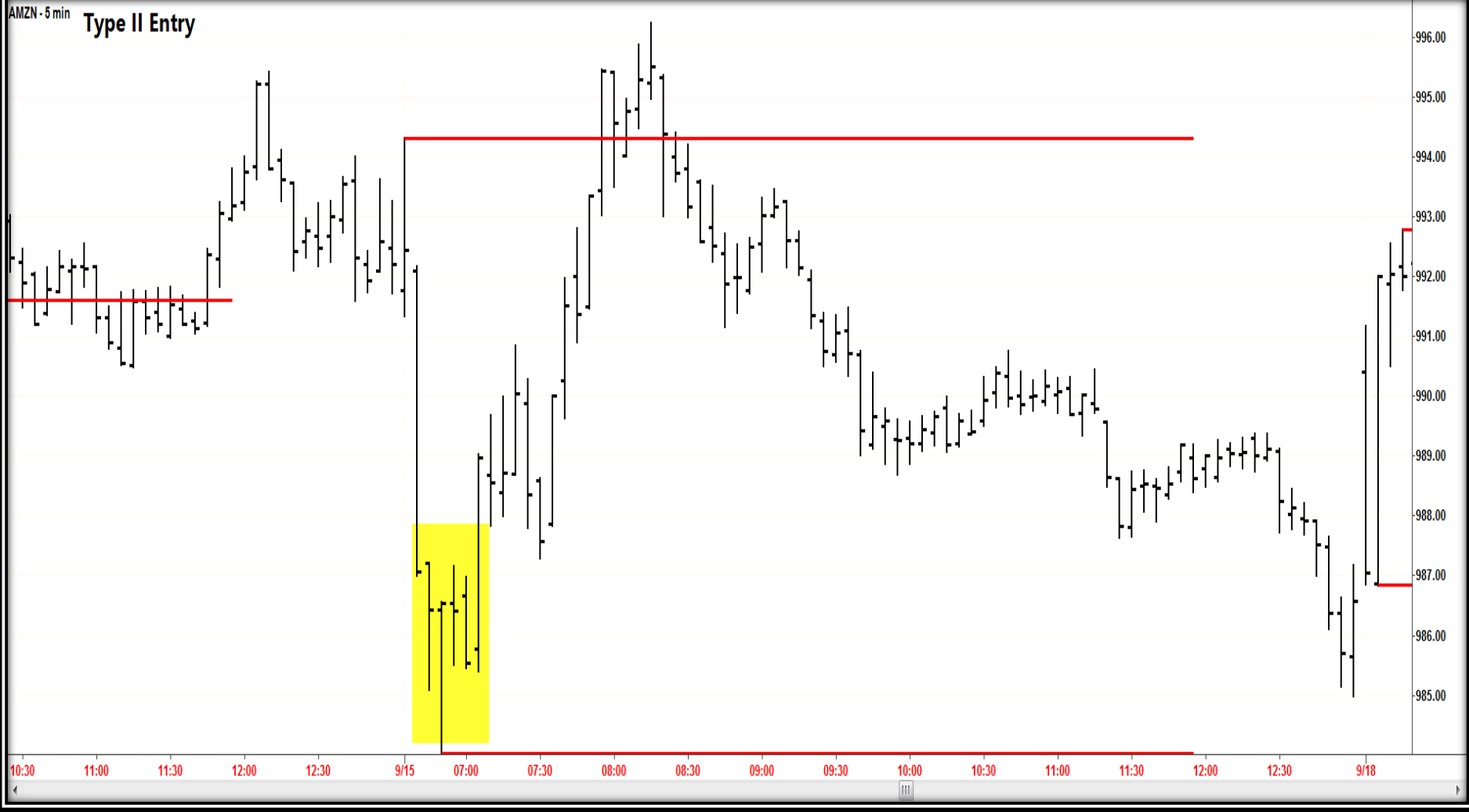
# Type II Early Entry

- Excessively large range in first bar, but no follow through.
- Retracement from first few bar's high.
- Counter move should be low in volume hence showing loss of momentum.
- Momentum must continue in same direction for next 2-3 bars

## Rules :

- Confirmed retracement (Fibonacci numbers )
- Profit Target- Entry + 10 day avg.
- Stop Loss- Trailing stop, ATR stop.

AMZN - 5 min Type II Entry



# Morning High and Low(Mo-Hi-Lo)

- Morning High and Low prices mark the support and resistance for this ORB pattern.
- Breakout in either direction initiates a trade.
- Direction of first few bars is irrelevant.
- Previous days' range can be used to calculate long-term support and resistance.
- Rules:
  - ❖ Entry at 2<sup>nd</sup> close after break out
  - ❖ Profit – Entry + ½ of trading range
  - ❖ Stop loss – Capital preservation/ATR stop



# Opening Range Gap

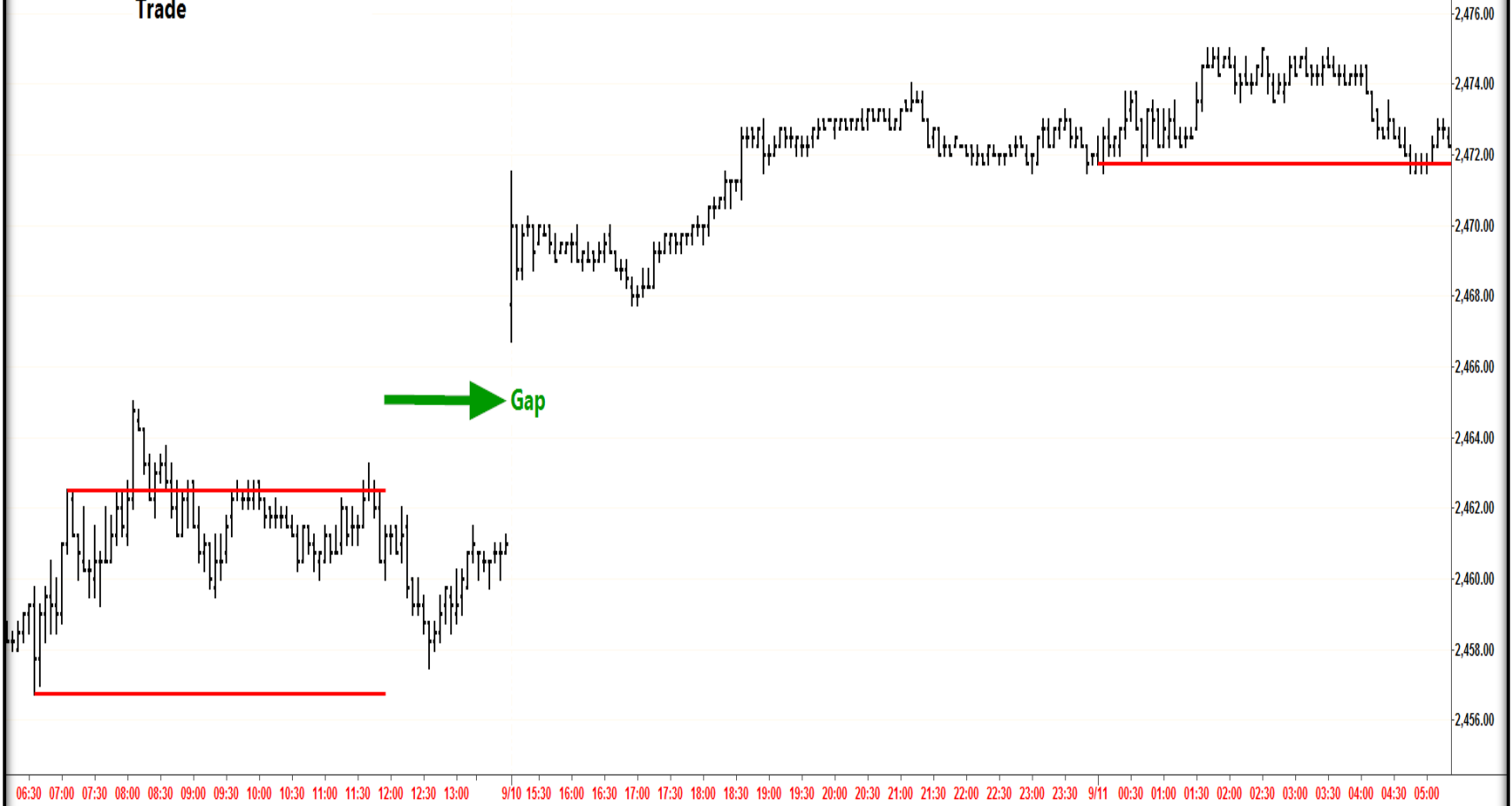
- Entry at the open in the direction of gap.

## Rules:

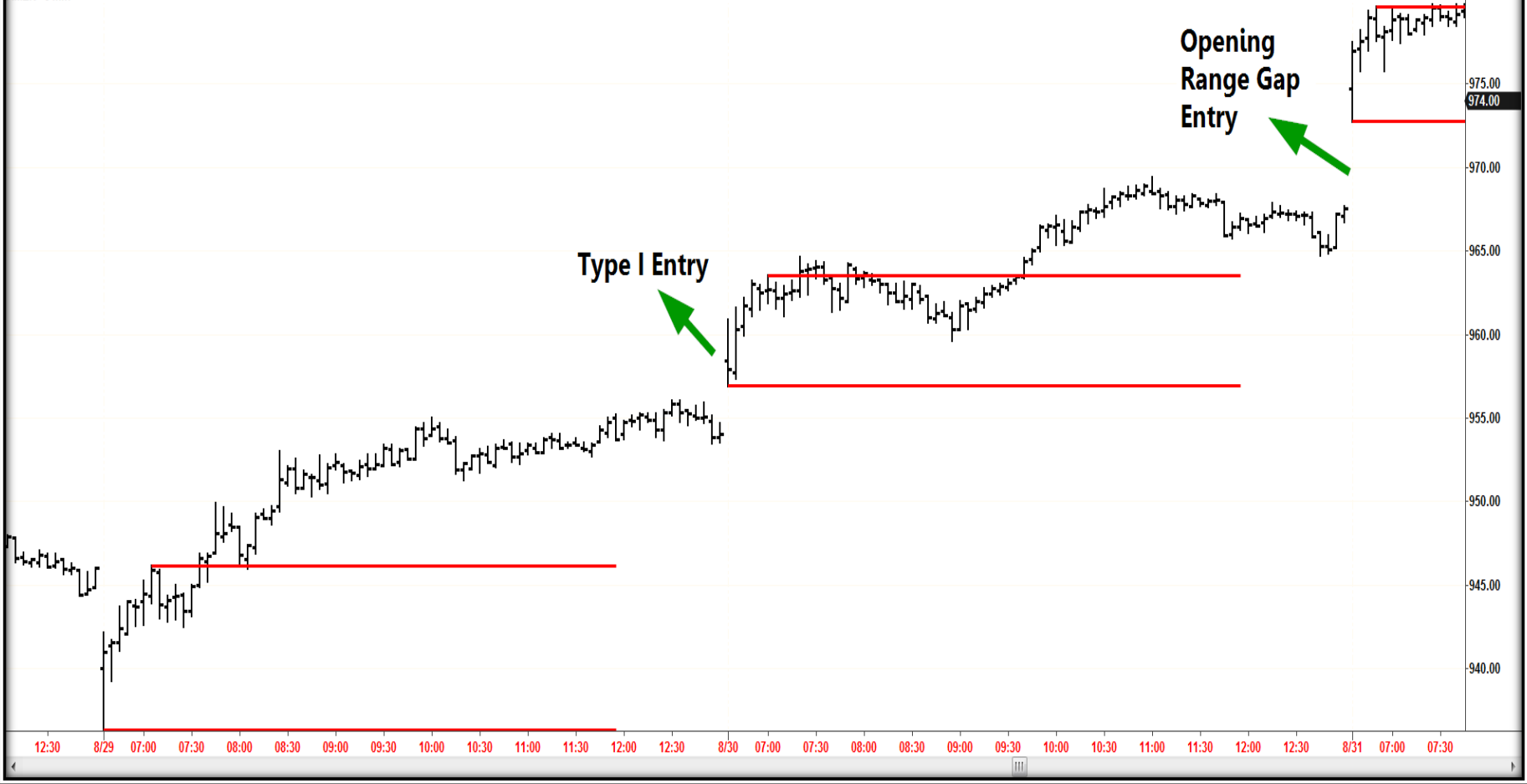
- ❖ Start with small position. Increase position if price action is confirmed with in next few bars.
- ❖ Profit target – Entry + Average range
- ❖ Stop loss- Capital preservation/Trailing/ Previous day's close

@ES(D) - 5 min 09/18/17

### Opening Range Gap Trade



AMZN - 5 min



Type I Entry

Opening  
Range Gap  
Entry

975.00  
974.00

970.00

965.00

960.00

955.00

950.00

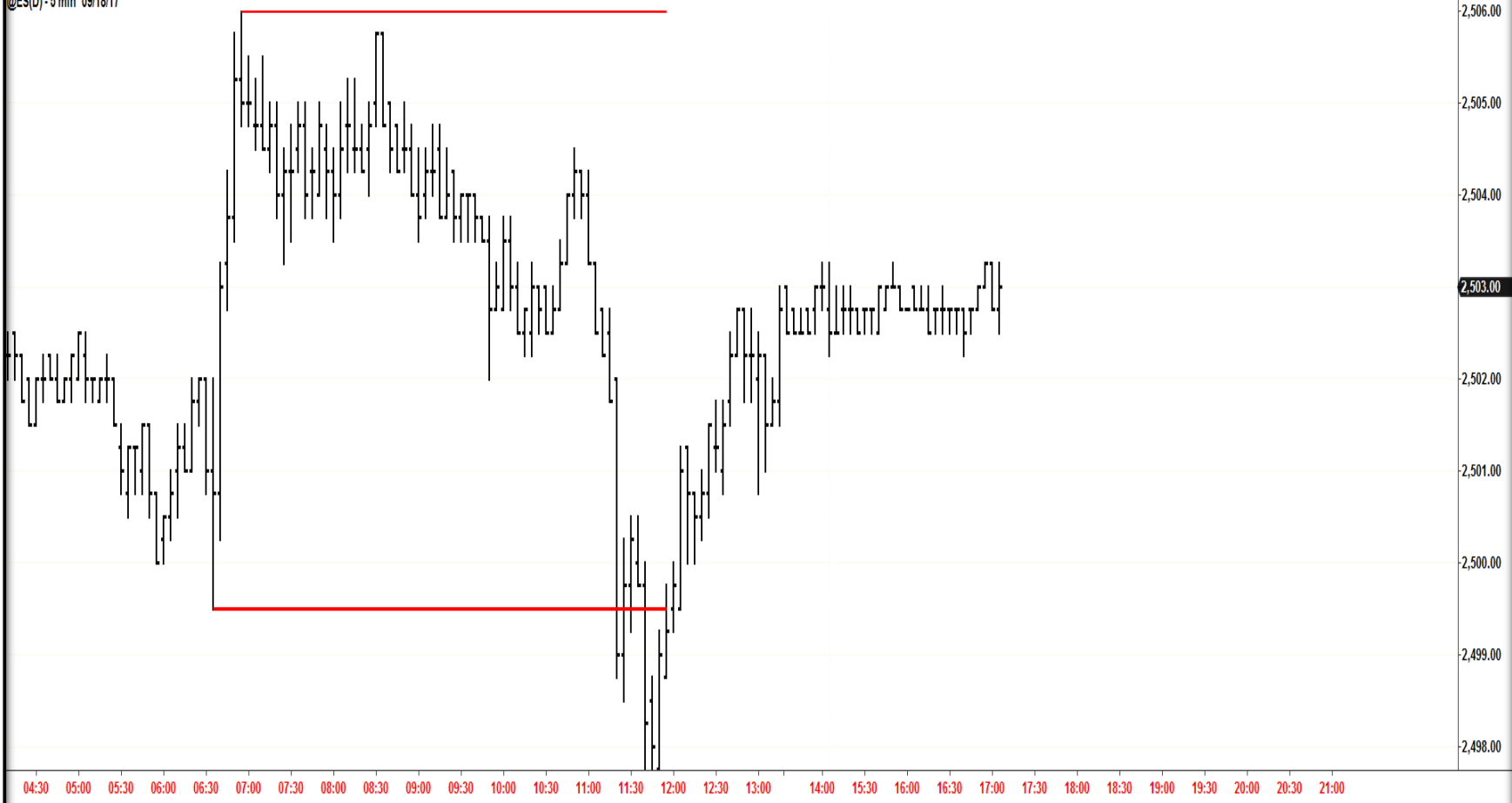
945.00

940.00

12:30 8/29 07:00 07:30 08:00 08:30 09:00 09:30 10:00 10:30 11:00 11:30 12:00 12:30 8/30 07:00 07:30 08:00 08:30 09:00 09:30 10:00 10:30 11:00 11:30 12:00 12:30 8/31 07:00 07:30



@ES(D) - 5 min 09/18/17

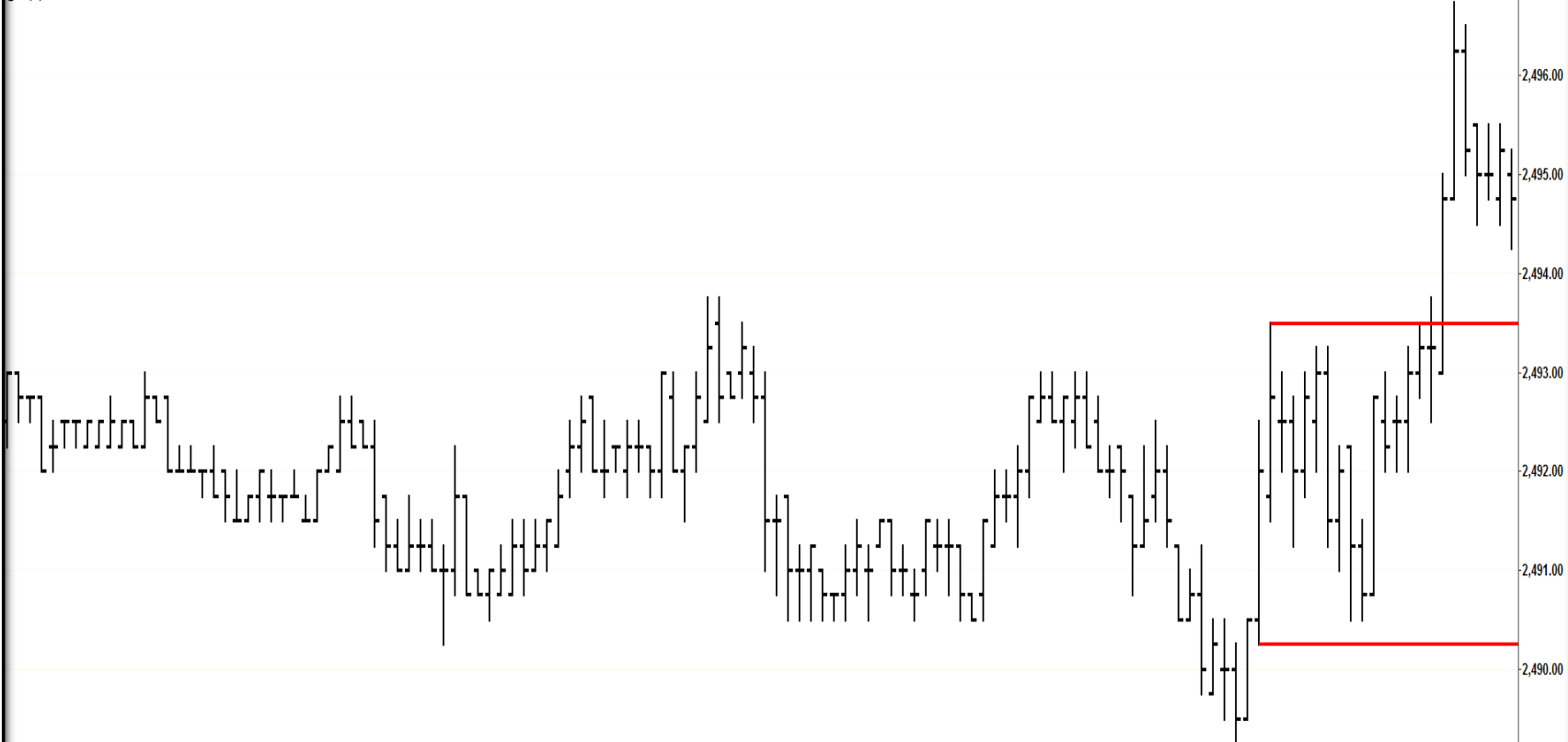


2,506.00  
2,505.00  
2,504.00  
2,503.00  
2,502.00  
2,501.00  
2,500.00  
2,499.00  
2,498.00

04:30 05:00 05:30 06:00 06:30 07:00 07:30 08:00 08:30 09:00 09:30 10:00 10:30 11:00 11:30 12:00 12:30 13:00 14:00 15:00 16:00 16:30 17:00 17:30 18:00 18:30 19:00 19:30 20:00 20:30 21:00



@ES(D) - 5 min 09/18/17



21:30 22:00 22:30 23:00 23:30 9/15 00:30 01:00 01:30 02:00 02:30 03:00 03:30 04:00 04:30 05:00 05:30 06:00 06:30 07:00 07:30 08:00

# Keep in mind:

- 1 Hour Rule
- Market Events and Bias
- Average Range
- Earlier you enter better it is

# Entry refinement ideas:

- Price patterns
- Candlesticks
- Inside day/Narrow range day

# Credits:

- Day Trading with Short term Price Patterns And Opening range Breakout. By : Toby Crabel
- Trade Chart Patterns like Pro. By : Suri Dudella