

Today I am backtesting a trading strategy that I found on the channel of Switch Stats, The video title is 'The Indicator That Only Successful Traders Use, Anchored Vwap.' In their video, they discuss the theory behind the Volume Weighted Average Price, also known as the VWap, They explain how it's a measure of the average price at which a stock is traded over a specific period of time, taking into account both the volume and the price of each trade. It's a great tool for traders because it gives them a sense of the overall market sentiment and can be used as a benchmark for evaluating performance. But what makes this strategy so special is the use of an anchored vwap, This means that instead of using the standard Vwap which is based on the entire trading period, the anchored V-wap sets a specific start date and end date for the calculation, This allows traders to focus on a specific time frame and can provide valuable insights into market trends and patterns. So lets get straight into the strategy, for this strategy we will use the Apple Chart on the 30 Minutes Timeframe, and we do not need to add any indicators. the strategy is really simple, first, we need to see a news event happening, to make this news events visible you need to right click on your chart, open the settings, go to the events and make sure to check those options: Dividens on Chart, Splits on Chart, and Earnings on Chart. lets take a look at the trading rules, but first please leave a like and a friendly comment to help me with the algorithm and keep me motivated to make this free backtesting videos. Okay, so here are the rules to enter a Position. First, we need to see a news event happening, here we see an E, which means that an earnings report occurred, here we will be placing the starting point for the anchored v-wap at the close of the Candlestick where the news event took place. to do this, we need to click this "Anchored V-WAP"-Tool here in the toolbar. Now lets double click the V-Wap Line and make sure the first Bands Multiplier Option is checked. since the v-wap doesn't have a value yet, we will first wait for 10 candlesticks to pass, if the first Candle that closes outside of the Bands Multiplier Line closes above this upper line after 10 candles have passed, we will enter into the position, we do this because the anchored v-wap is indicating that the trend has taken a bullish favor, we are going to place the stop loss at the recent swing low, for our take profit we are going to target a risk to reward ratio from 1 to 2. The exact opposite works for Short Trades, First, we need to see a news event happening, second we are going to place the Anchored V-Wap Tool at the candle where the news event happend, third we need to wait for 10 candles to pass, fourth we need to wait for the first candle that closes below the bands multiplier line. if all conditions are met we are going to enter a short trade, we put the stop loss at the recent swing high and we are going to target a risk to reward ratio from 1 to 2. one thing i want to mention at this point is that when i was watching the trades that switch stats took, in their video they place their swings different to how i am doing it, for me the definition of a swing low or a swing high seems to be different. for me a swing high is always the highest point of the candle, not the candle close or somewhere between, and a swing high needs to have two candles to the left which have lower highs, and two candles on the right side which have lower highs, then it is a swing high, the exact opposite is true for swing lows, a swing low is the lowest point of the candle, it needs both on the left and the right side two lows which are higher to identify it as a swing low. Okay Guys, now you know the trading rules, lets do the Backtesting while using Trader Edge, My initial Balance is 1000 USD, and I am using a Leverage of 2x. you can see i mark up every candle where an event happened with a vertical line, i also like to mark the 10th candle with a pink finger-icon, and then again mark my chart with a vertical line when i got a valid signal candle and all conditions for a trade entry where confirmed. most of the trades i have found where pretty clear, but at some points we could have said that it was not completely valid, i think it belongs to which rules you want to follow, i will explain it when we can see an example. okay, here is an example, we can see that an event happened, i waited for ten candles, i marked the 10th candle with my finger-icon, and the candle after the finger-candle was closed below the lower band, so

we could say all conditions for a short entry were met, but some maybe would say that this is not a valid signal as the candles closed bullish, in this case you maybe would not have entered a short trade and just waited for a bearish candle close, so i made two potential entries and just counted the one with the better result. By the way, if you want to watch the Trades that i took in a slower playback speed, just hover over the player and click settings at the lower right corner, then click playback speed, and select the speed at wich you'd like the video to play. Okay we finished the backtesting, but before i am going to show you the results, as always guys, leave a subscription, or i will steel your cat! okay, so here are the results, i started the backtesting in january 2020, i have found only 25 setups within 3 years, we started our account with 1000 USD, We see the win rate of 40% and we made a Profit of 34 %. We started with 1000 USD and after 25 Trades we were able to grow our Account to 1342 USD what gives us an account growth of 342 USD in 3 years. Our largest Profit Trade was 17.1 % and our largest Loss Trade was 6.7 %. If you have found a strategy that you want me to backtest, let me know in the comments section. Thanks for watching guys, i will see you in my next Video.