FREE Indicator for TradingView

BOWMAN BOARD OF TRADE

SPY Options Strategy

BACKED BY ALGORITHMIC PROOF

Percentage Profitable
85.07%

Profit Factor
3.184

Average Weekly Growth
17.57%

BBOT PERSONAL EMA CLOUDS   Deep Backtesting

Overview   Performance Summary   List of Trades   Properties

Net Profit	Total Closed Trades	Percent Profitable	Profit Factor	Max Drawdown	Avg Trade	Avg # Bars in Trades
171.17 USD 0.02%	67	85.07%	3.184	23.68 USD 0.00%	2.55 USD 0.19%	16

DARREN BOWMAN

TABLE OF CONTENTS

DISCLAIMER

The information provided in this document is for educational and informational purposes only. I am not a financial advisor, and the content of this document does not constitute financial, investment, or other professional advice. While I strive to provide accurate and up-to-date information, I make no warranties of any kind, expressed or implied, about the completeness, and reliability of the information contained in this document. Any reliance you place on such information is therefore strictly at your own risk.

The trading strategies, algorithm details, and other financial information shared in this document are based on my personal experiences and research. Individual results may vary, and past performance is not indicative of future results.

Trading financial instruments, including stocks, options, and futures, involves substantial risk and is not suitable for every investor. You should carefully consider your financial situation, risk tolerance, and investment objectives before engaging in any trading activities. It is essential to conduct your own research and seek independent financial advice from a qualified professional before making any investment decisions.

INTRODUCTION

Welcome to my algorithmic trading framework designed based on 2.5 years of strict execution on the S&P 500. Through years of experimentation and trial-&-error, I've tried strategies and trading concepts which were both fundamental and ineffective in generating consistent results. After years of literally shooting in the dark, I began an extensive journaling process of my losing trades to understand the biggest components that were keeping me stuck in this cycle of losses. I found that almost all my losing trades had one thing in common, I was fighting against the natural flow of the market. And when I did find myself in a winning trade, I had no strategy for taking profits causing me to exit a trade for FAR less than what the market provided, or giving back trades that were significantly in profit.

As I wrestled with these issues and tweaked my process, I realized the only way I could be sure these improvements actually worked, was to to run a computer simulation across months and years of past market data and see how the overall performance statistics changed. This was by far the most eye-opening trading exercise I have ever conducted and eventually led me to my current strategy which consistently executes trades trades at an 85% win-rate.

The purpose of this document is to provide you with this beginner friendly, scalable trading strategy backed by an algorithm demonstrating the long-term profitability and repeatability of this edge. At the end of this guide, you will understand the core principles behind the trading strategy and have actionable steps to confidently execute trades on your own.

While I truly believe what I am giving you is GOLD, there are two major components needed to make progress as a trader which have a far greater impact on your success than any course or strategy. DETERMINATION and HARD WORK. Without one of these traits, you will be incapable of executing a repeatable strategy and will continue to sabotage your results.

What is Algorithmic Trading?

Algorithmic trading utilizes computer algorithms to automate the trading process. These algorithms follow a strict set of predefined rules which allows them to operate in a very predictable manner leading to a logical and disciplined execution of any trading strategy. Their ability to analyze large datasets in milliseconds and identify repeating patterns makes their execution faster and more efficient than any human.

Another massive benefit of using a trading algorithm is that it eliminates emotional biases that often affect human traders. Emotions such as fear, greed, and overconfidence can lead to poor decision-making and significant losses. Algorithms, on the other hand, operate based on logic and predefined criteria, ensuring consistent and objective decision-making. This reduces the risk of impulsive trades and helps maintain discipline in executing the trading system. Most traders never get to see how good their strategy is because emotions cause them to break or bend their rules.

The BBOT algorithm is unique in that it includes indicators on the chart to help you understand WHY the algorithm is placing a trade. This allows you to benefit from the logical process and repeatability aspect of an algo, while simultaneously teaching you HOW to trade on your own. Our algorithm also enables continuous back testing data showing you the live updated performance statistics as the algorithm navigates changing market conditions. Having direct access to this information will solidify your trust in the trade signals and help remove the doubt and hesitation component of entering the market.

KEY TOOLS AND INDICATORS

The strategy uses the 5, 20, and 50 Exponential Moving Averages to calculate the strength or weakness of the bullish or bearish conditions. A moving average is simply a plotted line representing the average price over that selected interval.

For example: The 5EMA represents the average price over the last 5 bars, The 20EMA line represents the average price over the last 20 bars. And the 50EMA represents the average price over the last 50 bars.

5 EMA

20 EMA

50 EMA

These moving averages help us see if price is trading at, below, or above the average price of several different intervals. It also shows us how the short-term trend is changing with respect to the longer-term trend. This algorithm seeks out entry opportunities whenever the shorter EMAs cross over the longer EMAs. This is what we define as a "shift in conditions".

What is an EMA cloud?

You will hear me referring to 'the cloud' a lot in this document. This is simply a shaded region between two moving averages (in our case the 5 and 20 Exponential Moving Average). When market conditions are bullish the cloud turns green, and when conditions are bearish the cloud turns red. During a trade, this shaded region represents a high probability area where price will bounce off and continue trending.

The EMA Cloud is also a very simple visual indicator telling us the general flow of the market. The moment the cloud changes color the trend is considered over.

Overview of the Trading Strategy

This algorithm uses a method of stacking up favorable probabilities on multiple time frames and then filtering out only the highest probability setups to execute on. The first way it accomplishes this is by scanning the daily time frame.


The algorithm has calculated that when we see a green EMA cloud on the daily time frame, there is about a 64% chance that the next daily candle will close green. On the opposite side, it calculates about a 56% chance of the next daily candle closing red while there is a red ema cloud. Using this information, the algorithm will strictly look for opportunities to LONG the market when the daily cloud is green, and will strictly look for opportunities to SHORT the market when the daily cloud is red. However, this is only the first level of stacking probabilities in our favor.

Once the algorithm has collected its LONG / SHORT bias for the day it drops down to the 5-minute time frame to scan for its entry criteria.

Trade Entry Criteria

Next, the algorithm seeks to identify a shift in conditions from bearish to bullish on the **5-minute time frame**. It does this by scanning for a multiple-EMA-crossover seen by the ema cloud turning from red to green. When this crossover is detected, the algorithm will enter a long position with a stop loss below the EMA cloud, and multiple predetermined profit taking levels based on the strength of the move.

Daily Time Frame   5-min Time Frame

LONG Entry Criteria

Daily Time Frame   5-min Time Frame

SHORT Entry Criteria
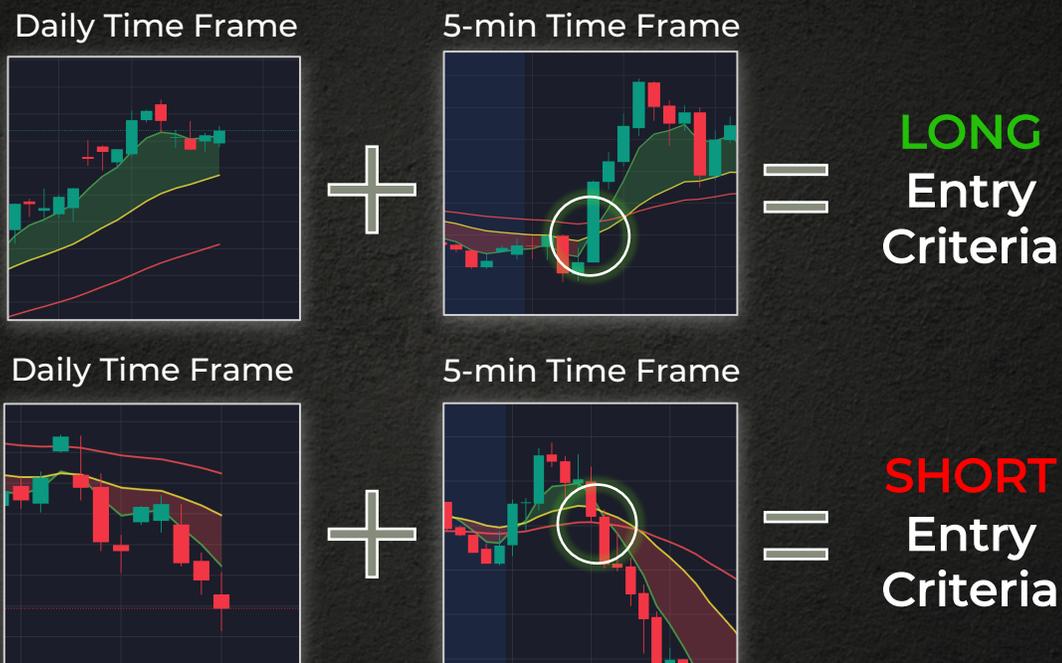
At this point we have identified the direction of the market on the higher time frame chart, AND a shift in market conditions on smaller time frames in the same direction of that strength. This is the exact process of stacking probabilities in our favor which leads to incredibly high win rates.

With all the above criteria met, there is roughly a 94% chance that price will see **at least** a small move higher.

✋ But why do we only care about a small move higher, aren't we trying to capture large price movements?

This is where the power of systematic scaling out of profits shines and is the largest contributing factor to such a high win rate strategy! Contrary to popular belief, all we really need is a high probability of a **small** move in our direction where we take profits on 20-30% of our initial position. By doing this we have greatly reduced our risk factor. Now if price does move against us, we are protected from a loss due to our strategic profit taking. And if price continues to move in our favor we are left with a risk-free trade.

At this point we have created only 4 possible trade outcomes.

1. Small Loss
2. Break Even
3. Small Win
4. Large Win

1. Small Loss | 6% Probability

The algorithm enters a trade and price immediately turns against us. The algorithm will exit the trade at its predefined stop loss with no profits taken. Statistically this happens 6% of the time.

2. Break Even | 12% Probability

The algorithm enters a trade, and we see a small move up to the first initial profit target. Price then moves against us and we stop out below the ema cloud for a break-even trade. We made nothing and also lost nothing. Statistically this happens 12% of the time.

3. Small Win | 32% Probability

The algorithm enters a trade, price moves in our favor and hits the first **two** take profit levels. Price then moves against us where we exit the trade below the ema cloud for a small win. Statistically this happens 32% of the time.

The algorithm enters a trade, price moves in our favor and hits the first profit taking levels. Price then continues to move in our favor hitting all our take profit levels and we exit the trade at the largest take profit level for a massive win covering roughly 10 losses. Statistically this happens 50% of the time.

Just to reiterate, by aligning the probabilities on the daily time frame and the EMA cross on the 5-minute time frame we are left with an extremely high probability of at least a small move in our favor. It is here we take profits on a portion of our position and then let the remainder of our position ride until the EMA cloud breaks.

Hopefully it is becoming clear how big of a role profit taking is in managing risk and locking in profits when we can.

BACKTESTING DATA

One of the most powerful tools provided with the BBOT algorithm is the historical performance statics of all the trades it has taken. It is essential that you have this information for any strategy you are trading. Without a proven track record of success, it is impossible to trust the trade signals given by the algorithm. You will have access to the live win rate percentage and profit factor which are both continuously updated as the algorithm places trades. You will see the win rate fluctuate anywhere between 80% and 95% as the algorithm encounters changing market conditions.
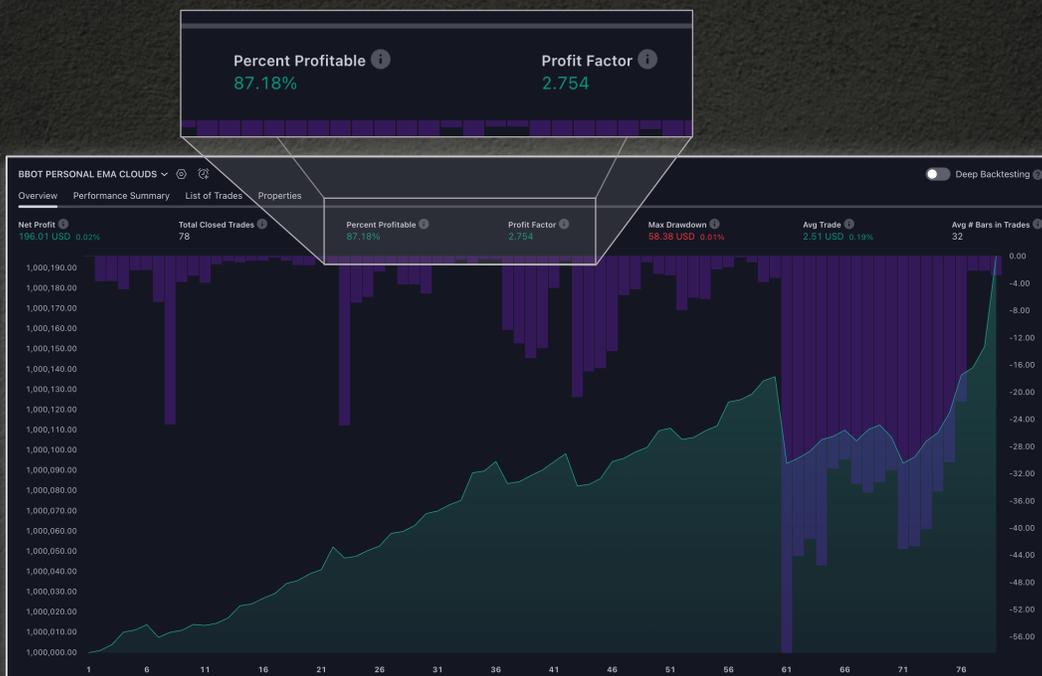
Total Closed Trades	78
Total Open Trades	0
Number Winning Trades	68
Number Losing Trades	10
Percent Profitable	87.18%

DEPLOYING THE ALGORITHM

I am 100% confident that any beginner trader can take this simple strategy and confidently execute the edge laid out in this guide. By implementing the exact entry, exit, stop loss, and profit taking criteria you will see a consistent and steady rise in your equity curve.

I am providing you these EMA Clouds for FREE, all you need is a TradingView account and you can set this up in 3 clicks.

1

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〜 **BBOT EMA CLOUDS** 🔒

```
// This source code is subject to the term
// © geekayr

//@version=5
indicator(title="BBOT EMA CLOUDS", shortti

// Define the lengths of the EMAs
ema5 = ta.ema(close, 5)
ema20 = ta.ema(close, 20)
```

↓ Expand 22 lines

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Feel free to reach out with any questions.

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